

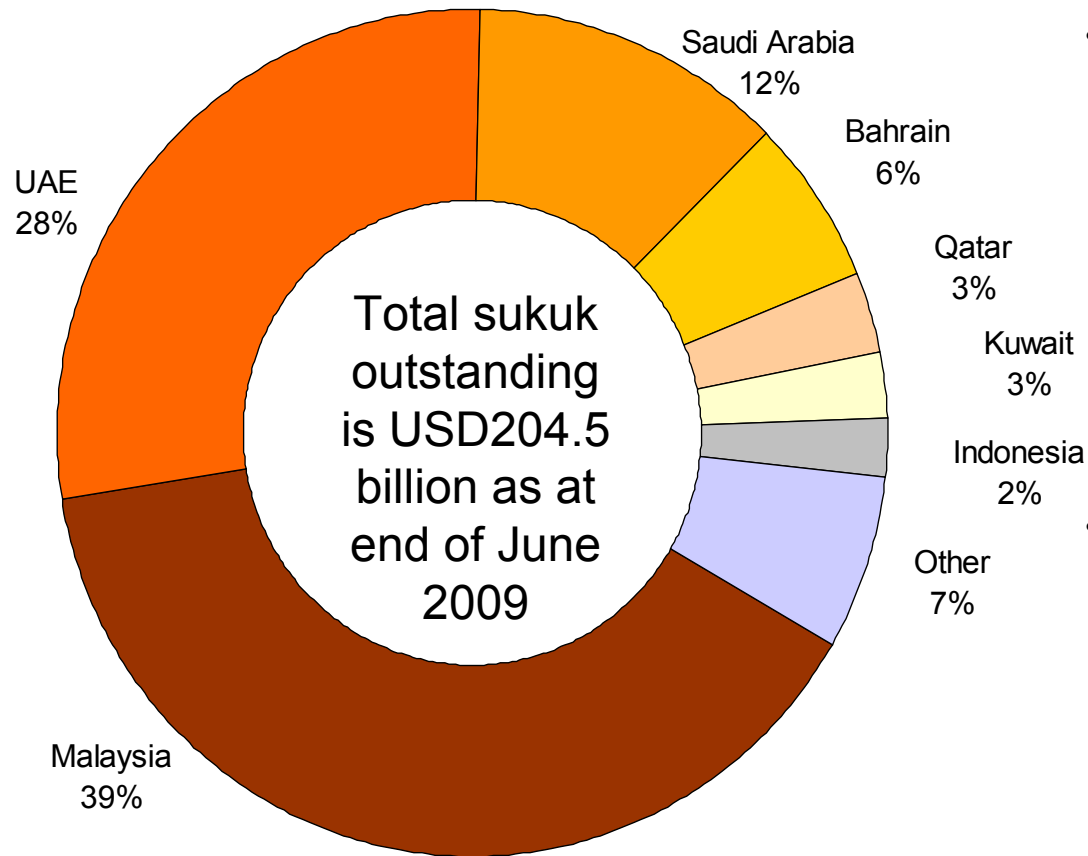
Sukuk Market

Academic Visit by INCEIF's CIFP Student
30 October 2009



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Malaysian Sukuk In The Global Market



- Malaysia is the biggest sukuk market in the world – 39% of sukuk outstanding or equivalent to USD80.2 billion, with 825 issues.
 - ✓ Issues concentrated on domestic issuance;
 - ✓ UAE is the biggest USD global sukuk issuer.
- There are 27 countries that issued sukuk so far – 12 countries with single issuance.

Source: Islamic Financial Institution Services (IFIS)

International Sukuk

<HELP> for explanation, <MENU> for similar functions. N146 nMessage
 Click on columns to sort. 94<GO> import into SRCH. 95<GO> to export to excel.

International Sukuk							Page	1 / 4
Issuer	Coupon	Maturity	Series	Cntry	Curr	ISIN		

- 1)AABAR SUKUK LTD
- 2)AAYAN FIRST SUKU
- 3)ABU DHABI ISLAMI
- 4)AL SAFEENA
- 5)ALDAR FUNDING
- 6)ALDAR SUKUK FUND
- 7)ALMANA SUKUK
- 8)AMLAQ SUKUK CO
- 9)BERBER SUKUK CO
- 10)BUKHATIR
- 11)CBB INTER SUKUK
- 12)CBB INTER SUKUK
- 13)CHERATING CAPITA
- 14)COMM REAL EST CO
- 15)DAAR INT SUKUK
- 16)DANA GAS
- 17)DAR AL-ARKAN
- 18)DEUTSCHE BANK AG
- 19)DEUTSCHE BK LOND
- 20)DEUTSCHE BK LOND

Australia 61 2 9777 8600 Brazi
 Japan 81 3 3201 8900 Sing

<HELP> for explanation.
 Click on columns to sort. 94<GO> import into SRCH. 95<GO> to export to excel.

Message

International Sukuk							Page	2 / 4
Issuer	Coupon	Maturity	Series	Cntry	Curr	ISIN		

- 1)DEUTSCHE BK LOND
- 2)DEUTSCHE BK LOND
- 3)DEWA FUNDING
- 4)DIYAAR SUKUK COM
- 5)DP WORLD SUKUK
- 6)DP WORLD SUKUK
- 7)DUBAI GLOBAL
- 8)DUBAI ISLAMIC BA
- 9)DUBAI SUKUK
- 10)DURRAT SUKUK
- 11)EAST CAMERON
- 12)EIB SUKUK LTD
- 13)FIRSAN
- 14)FIRSAN
- 15)GFH SUKUK
- 16)GOLD SUKUK DMCC
- 17)GOLDEN BELT
- 18)IDB TRUST SERV
- 19)IDB TRUST SERV
- 20)IDB TRUST SERV

Australia 61 2 9777 8600 Brazi
 Japan 81 3 3201 8900 Sing

<HELP> for explanation.

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Message

International Sukuk							Page	3 / 4
Issuer	Coupon	Maturity	Series	Cntry	Curr	ISIN		

- 1)IIG FUNDING LTD
- 2)INTL FIN CORP
- 3)INV DAR
- 4)JAFZ SUKUK
- 5)LAGOON CITY
- 6)MALAYAN BANKING
- 7)MARFA'A AL MALI
- 8)NAKHEEL DEVELO 2
- 9)NAKHEEL DEVELO 3
- 10)NAKHEEL DEVELOP
- 11)NICBM SUKUK LTD
- 12)NIG SUKUK LTD
- 13)PAKA CAPITAL LTD
- 14)PAKISTAN INT
- 15)PERUSAHAAN PENER
- 16)PERUSAHAAN PENER
- 17)PETRONAS SUKUK
- 18)PETRONAS SUKUK
- 19)QATAR GL SUKUK
- 20)QREIC SUKUK

Australia 61 2 9777 8600 Brazi
 Japan 81 3 3201 8900 Sing

<HELP> for explanation.

Message

International Sukuk							Page	4 / 4
Issuer	Coupon	Maturity	Series	Cntry	Curr	ISIN		
1)QREIC SUKUK	FLOAT	08/31/16		CAYMAN ISLANDS	USD	XS0261662331		
2)RAFFLESIA CAPITA	VAR	10/04/11		MALAYSIA	USD	XS0267121738		
3)RAK CAPITAL	FLOAT	05/28/13	EMTN	CAYMAN ISLANDS	AED	XS0366192952		
4)RAK CAPITAL	8.000	07/22/14	EMTN	CAYMAN ISLANDS	USD	XS0441229795		
5)RAKIA SUKUK	FLOAT	12/05/12		UAE	USD	XS0333617420		
6)SALAM BOUNIAN	FLOAT	03/13/18		CAYMAN ISLANDS	USD	XS0328387666		
7)SARAWAK CDRP	FLOAT	12/22/09		MALAYSIA	USD	XS0207120584		
8)SIB SUKUK CO LTD	FLOAT	10/12/11		CAYMAN ISLANDS	USD	XS0269042932		
9)TABREED 06 FIN C	FLOAT	07/20/11		UAE	USD	XS0258404960		
10)TABREED 08 FIN C	7.250	05/19/11		CAYMAN ISLANDS	AED	XS0359799136		
11)TAMWEEL FUNDING	4.310	01/23/13		UAE	USD	XS0337020274		
12)TAMWEEL SUKUK	FLOAT	07/22/13	1	UAE	AED	XS0378312630		
13)TDIC SUKUK	4.949	10/21/14	MTN	CAYMAN ISLANDS	USD	XS0457216124		
14)THANI INVESTMENT	FLOAT	09/26/12		CAYMAN ISLANDS	USD			
15)TID GLOBAL SUKUK	FLOAT	09/20/11		KUWAIT	USD	XS0265594647		
16)URC SUKUK LTD	FLOAT	06/13/12		KUWAIT	USD	XS0304511552		
17)WINGS FZCO	FLOAT	06/15/12		UAE	USD	XS0222233727		

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2009 Bloomberg Finance L.P.
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Source: Bloomberg

International Sukuk

<HELP> for explanation.

N146 n Corp LEAG

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Underwriter Rankings

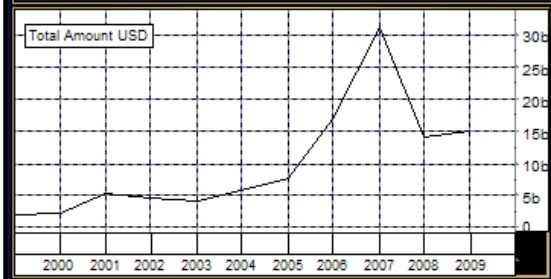
Select a Market: Debt - Islamic Bonds | Related Functions: | Output Results To: |

Exclude Self-led

Custom Date Year: 2009 | Period: Year | View: Mkt History

Historical Periods: Year Over Year - Year | Graph Choices: Amount / #issues

Year	Amount USD (Mln)	#Issues	#Und.
2009	14,923	162	32
2008	14,129	240	46
2007	31,002	253	51
2006	16,860	260	34
2005	7,594	288	36
2004	5,769	205	34



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Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1

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Corp LEAG

Click on an underwriter to view the issues they underwrote.

Underwriter Rankings

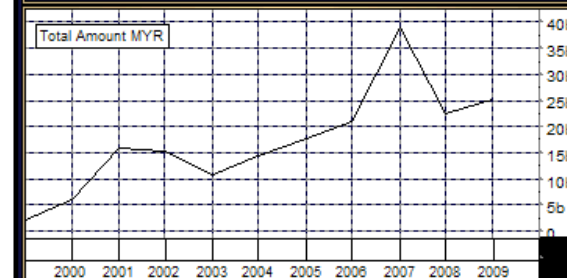
Select a Market: Debt - Malaysian Ringgit Islamic Bonds | Related Functions: | Output Results To: |

Exclude Self-led

Custom Date Year: 2009 | Period: Year | View: Mkt History

Historical Periods: Year Over Year - Year | Graph Choices: Amount / #issues

Year	Amount MYR (Mln)	#Issues	#Und.	Fees(%)	Top Underwriter (Mkt Share(%))
2009	25,257	142	12	nd	CIMB (33.1)
2008	22,574	216	16	0.500	CIMB (40.1)
2007	38,679	212	21	nd	CIMB (42.5)
2006	20,950	244	16	0.531	AmlInvestment Bank Bhd (23.6)
2005	17,479	249	21	nd	CIMB (27.1)
2004	14,231	190	15	nd	AmlInvestment Bank Bhd (28.3)



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2009 Bloomberg Finance L.P.
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Source: Bloomberg

Sukuk Index and return

SKBITR Index DES Index DES
 For more detailed information type # <GO>
INDEX DESCRIPTION PAGE
 HSBC/NASDAQ Dubai Sukuk Total Return

The HSBC/NASDAQ Dubai US Dollar Sukuk Index (SKBI) is designed as a replicable benchmark tracking the return of an emerging sukuk portfolio. It consists of USD/GBP/JPY/ EUR-denominated fixed/ floating rate vanilla sukuk.

SKBITR 116.343Y as of close 10/27 HSLB Index GPC

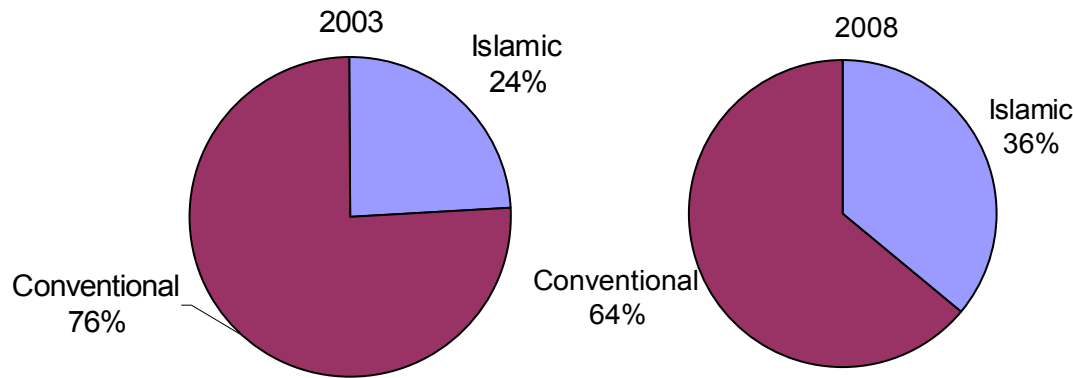


Index Characteristics		
Value		Date
3.62		10/27/09
5.62		10/27/09
337.27		10/27/09
4.01		10/27/09
91.43		10/27/09
3.52		10/27/09
Returns (USD)		
- .16	1 Year	25.62
- .25	MTD	1.13
1.24	QTD	1.13
9.38	YTD	26.16
13.14	Since Inc.	16.34

Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 100 Copyright 2009 Bloomberg Finance L.P.
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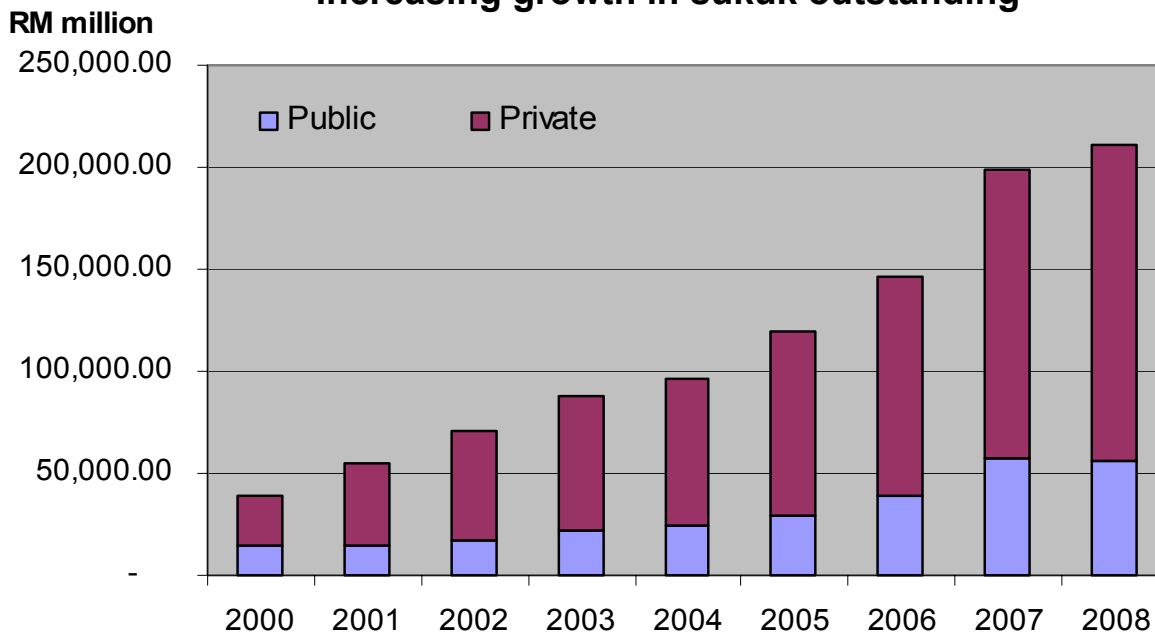
Source: Bloomberg

Composition of Malaysian Sukuk Market



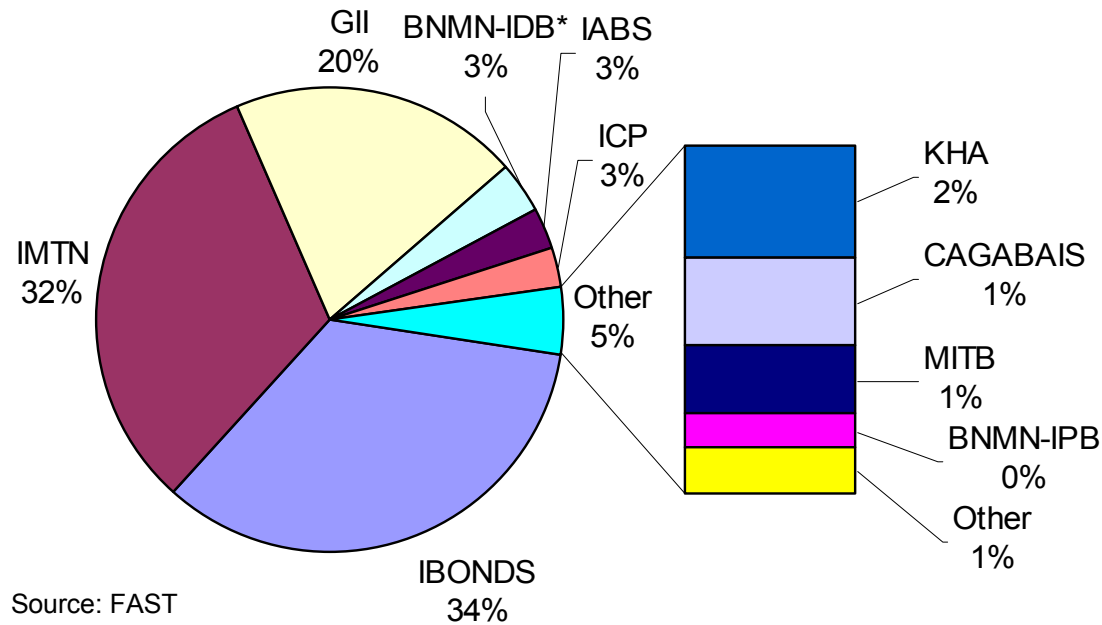
- As at end-2008, the size of Malaysian bond market stood at RM585.6 billion or 76.3% of GDP and sukuk accounted for 36% (RM211 billion) of the total market.
- Growth in Shariah compliant investment instruments provide alternative to investors.
- Large growth in corporations issuing Islamic private debt securities (IPDS).

Increasing growth in sukuk outstanding



Source: FAST, Bondinfo, AsianBondOnline

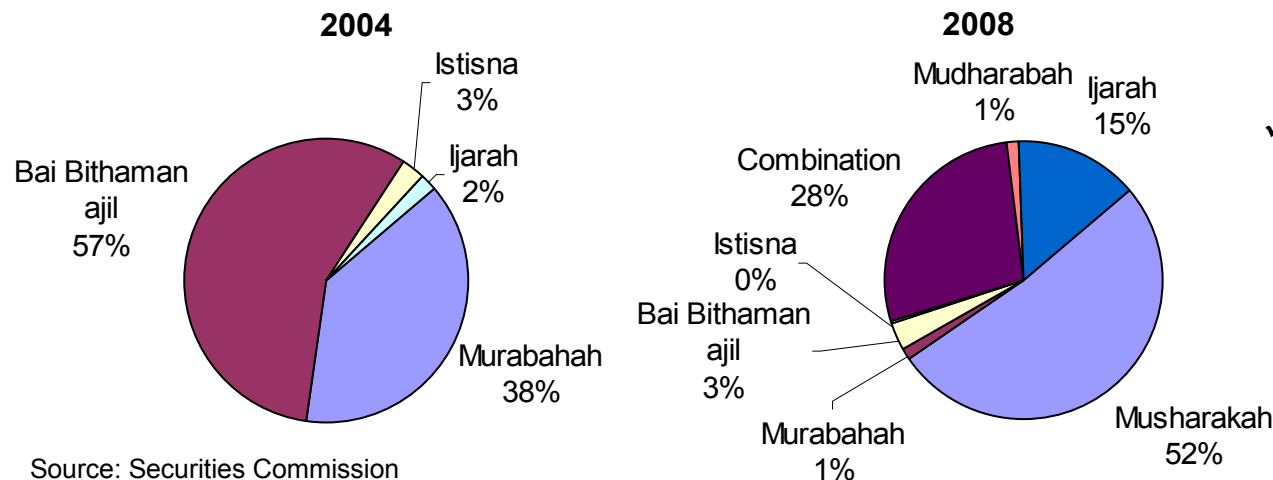
Domestic Sukuk Market Breakdown



Source: FAST

- As at end-2008, public sukuk represents 26.4% or RM55.6 billion of total sukuk outstanding.
- Private sukuk issuances have been major driver of growth in sukuk market; growth averaging 24.1% since 2001.
- Shariah principles used for sukuk issuances have also diversified over the years.

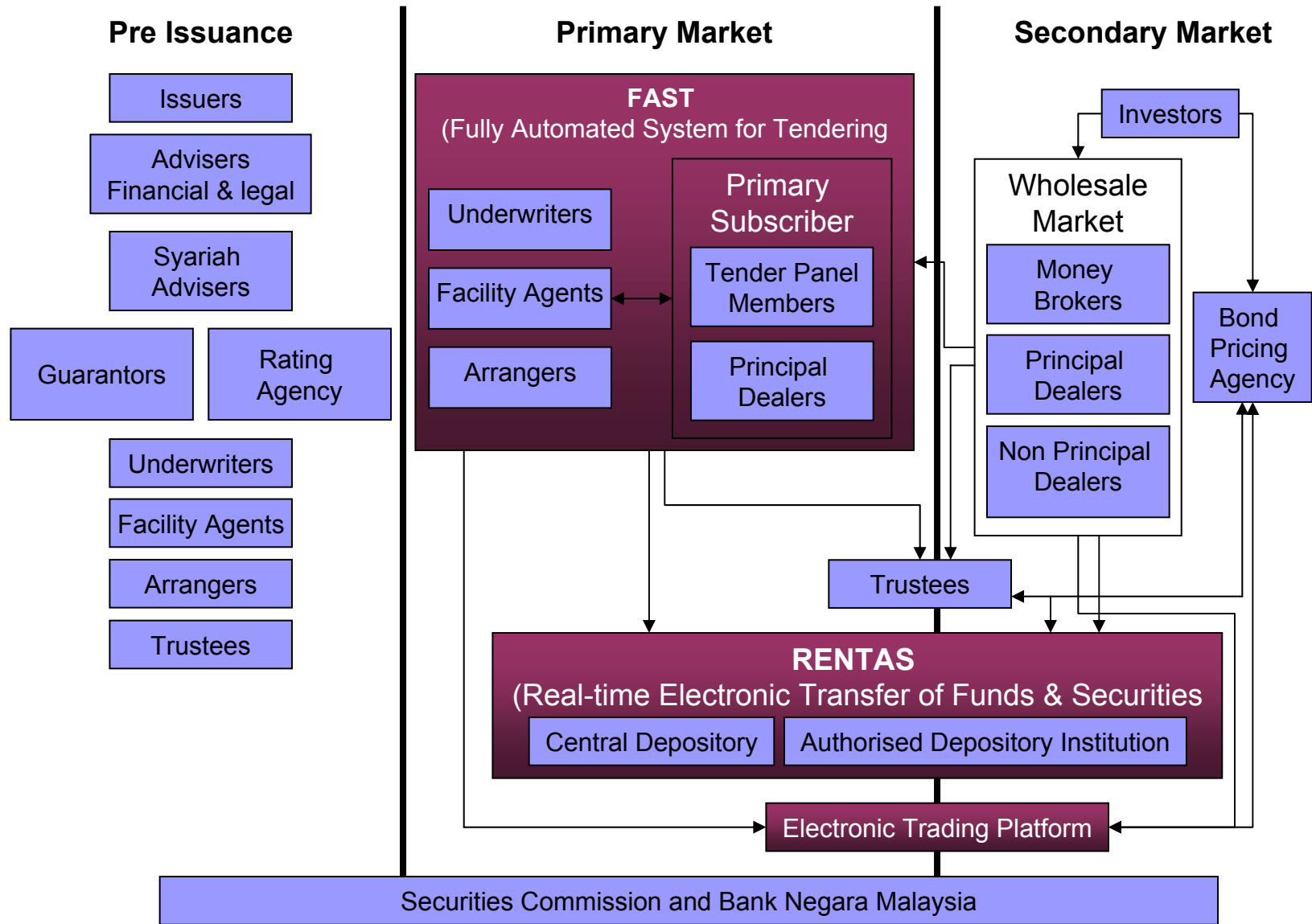
Sukuk approved by Shariah principle



Source: Securities Commission

- ✓ 6 major Shariah principles (excluding combination of principles) as compared to 4 in 2004;
- ✓ Musharakah has been used as the major Shariah principle for sukuk issuances compared to BBA in 2004.

Infrastructure of Sukuk Market

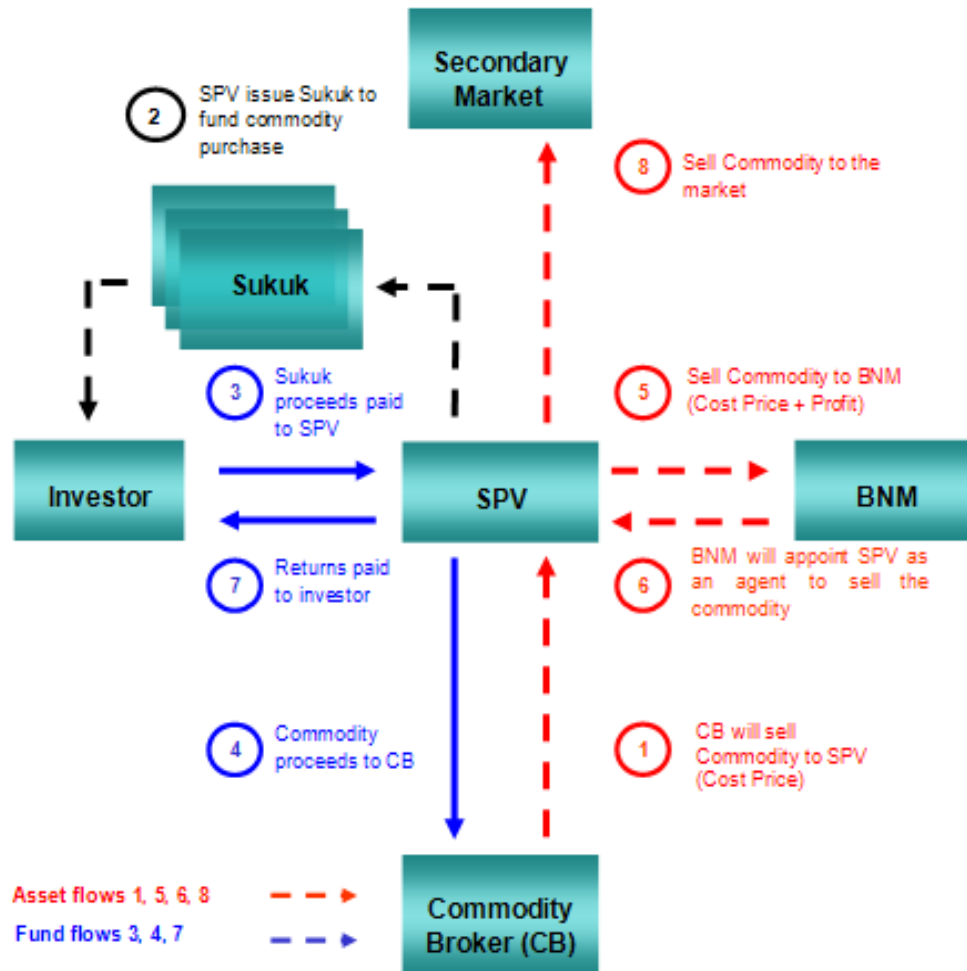


32 Islamic Market Players

Full-fledged Islamic Banks	Islamic Windows (IW)
<p>Domestic full-fledged Islamic Banks</p> <ol style="list-style-type: none"> 1. Affin Islamic Bank 2. Alliance Islamic Bank 3. Amlslamic Bank 4. Bank Islam 5. Bank Muamalat 6. CIMB Islamic Bank 7. EONCAP Islamic Bank 8. Hong Leong Islamic Bank 9. Maybank Islamic 10. Public Islamic Bank 11. RHB Islamic Bank 	<p>Domestic Bank</p> <ol style="list-style-type: none"> 1. Alliance Investment Bank 2. AmInvestment Bank 3. Aseambankers Malaysia 4. CIMB Investment Bank 5. KAF Investment Bank 6. MIDF Investment Bank 7. OSK Investment Bank
<p>Foreign full-fledged Islamic Banks</p> <ol style="list-style-type: none"> 1. Al Rajhi Banking & Investment 2. Asian Finance Bank 3. HSBC Amanah Malaysia 4. Kuwait Finance House 5. OCBC Al-Amin 6. Standard Chartered Saadiq 	<p>Foreign Islamic with Islamic Windows</p> <ol style="list-style-type: none"> 1. Citibank Berhad 2. The Royal Bank of Scotland 3. Deutsche Bank
	<p>DFI Offering Islamic Banking Services</p> <ol style="list-style-type: none"> 1. Bank Kerjasama Rakyat Malaysia 2. Bank Perusahaan Kecil & Sederhana Malaysia Berhad 3. Bank Pembangunan Malaysia Berhad 4. Export-Import Bank of Malaysia Berhad 5. Bank Pertanian Malaysia Berhad 6. Bank Simpanan Nasional Berhad

BNM has been active in developing financial instruments...

Sukuk Commodity Murabahah

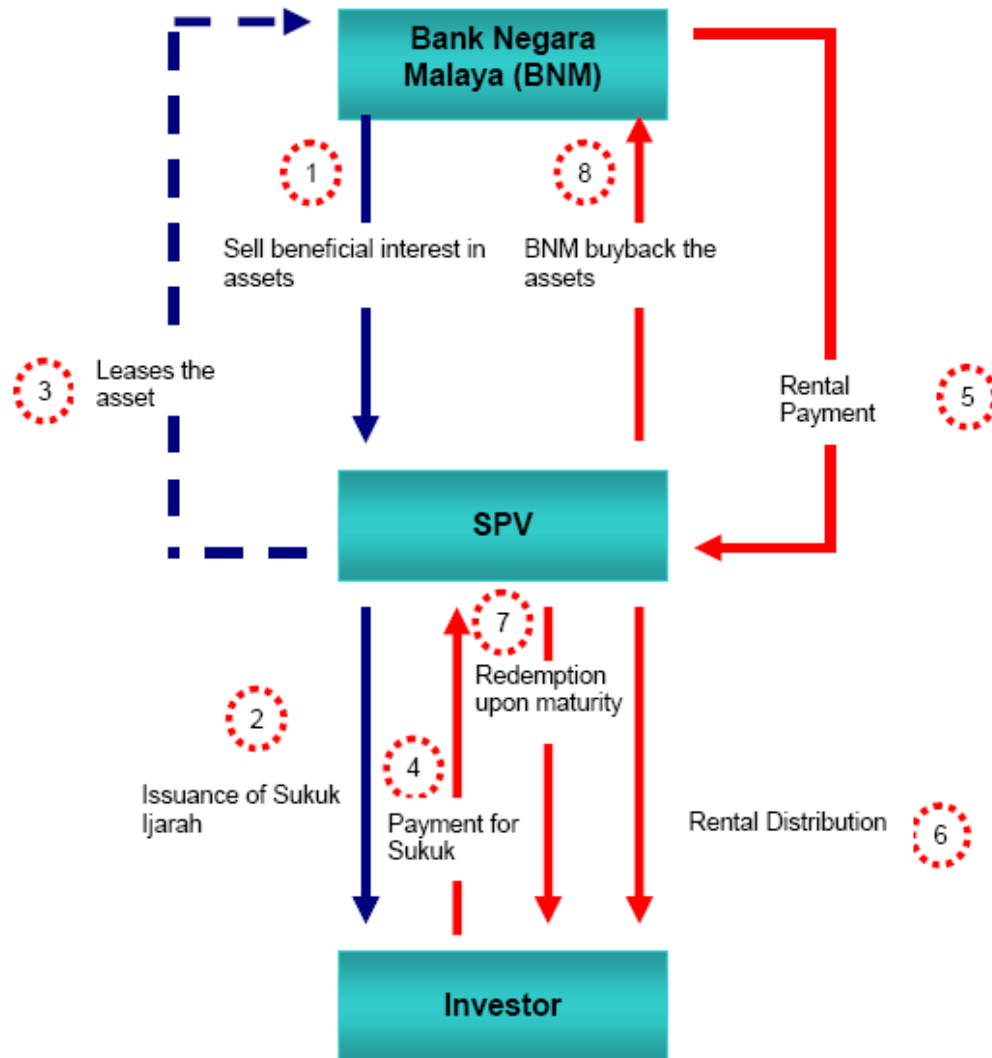


Catalyst for introducing new instruments

- Surplus liquidity has been growing over the period with more players entered the market.
- Enhance Malaysia's attractiveness as an investment destination for both domestic and foreign investors.
- Instruments that meets both investment purposes and compliance against regulatory framework i.e. Liquidity Framework.
- Ready for cross-border inter-linkages with other international Islamic financial centres.
- Extend leadership position as the centre of issuance for current outstanding sukuk in existence.

BNM has been active in developing financial instruments... cont'd

Sukuk Bank Negara Malaysia Ijarah



Catalyst for introducing new instruments

- Financial instrument to manage liquidity in the Islamic Money Market.
- Meet the needs of a more diversified group of investors amidst their growing participation in the Islamic Financial Market.
- Becomes new benchmark for the issuance of medium term Islamic bonds that would enhance market liquidity.
- Contribute towards the development of a vibrant and comprehensive Islamic financial market in Malaysia.

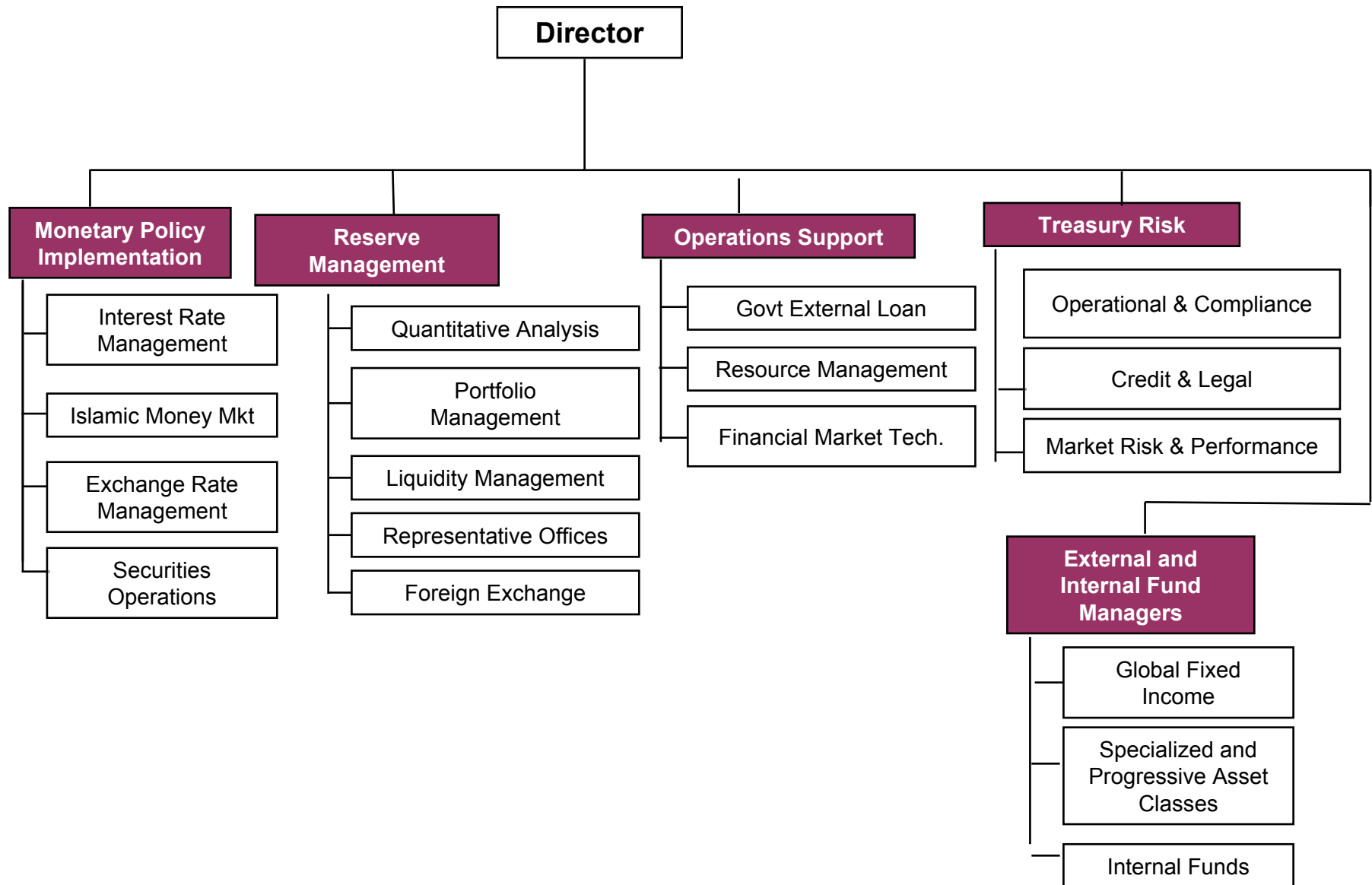
For more information on Malaysian Bond / Sukuk Market...

Websites

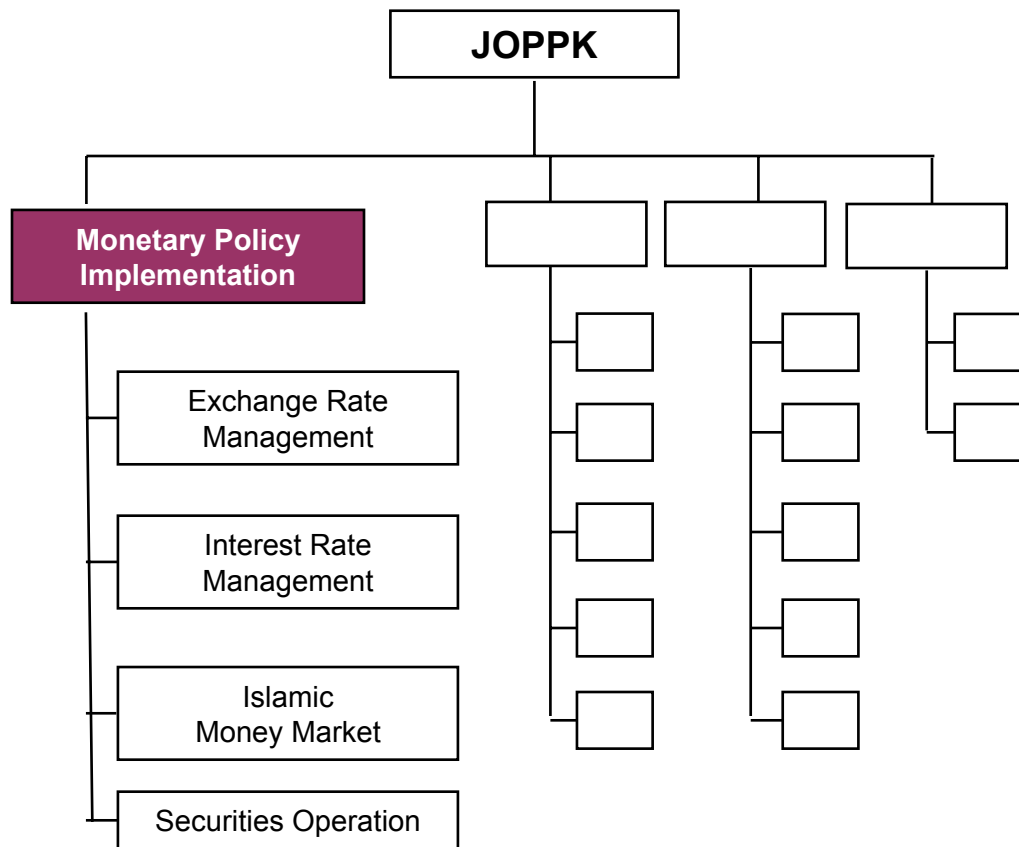
- <http://www.bnm.gov.my> - Bank Negara Malaysia
- <http://bondinfo.bnm.gov.my> - Ringgit Bond Market
- <http://iimm.bnm.gov.my> - Islamic Money Market
- <http://fast.bnm.gov.my> - Fully Automated System for Tendering
- [http:// www.sc.com.my](http://www.sc.com.my) - Securities Commission Malaysia

**Investment Operations and Financial Market
Department**

How the Department is organised...

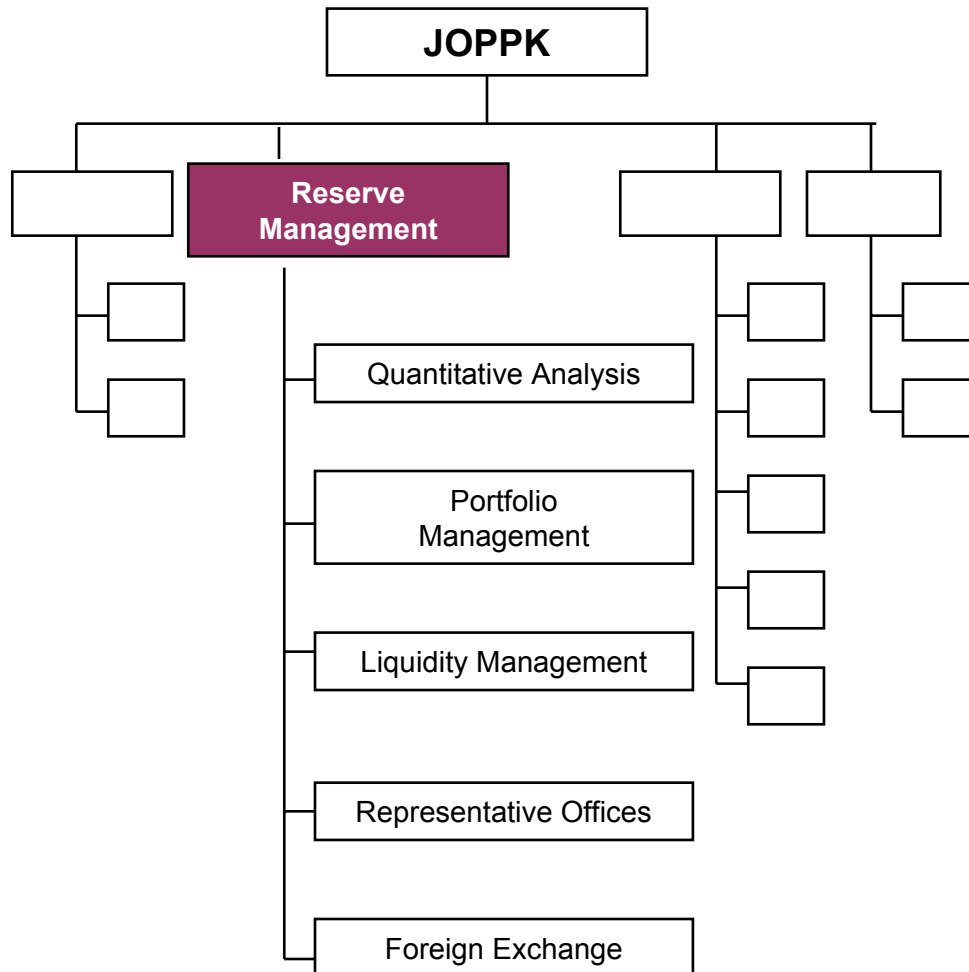


Monetary Policy Implementation



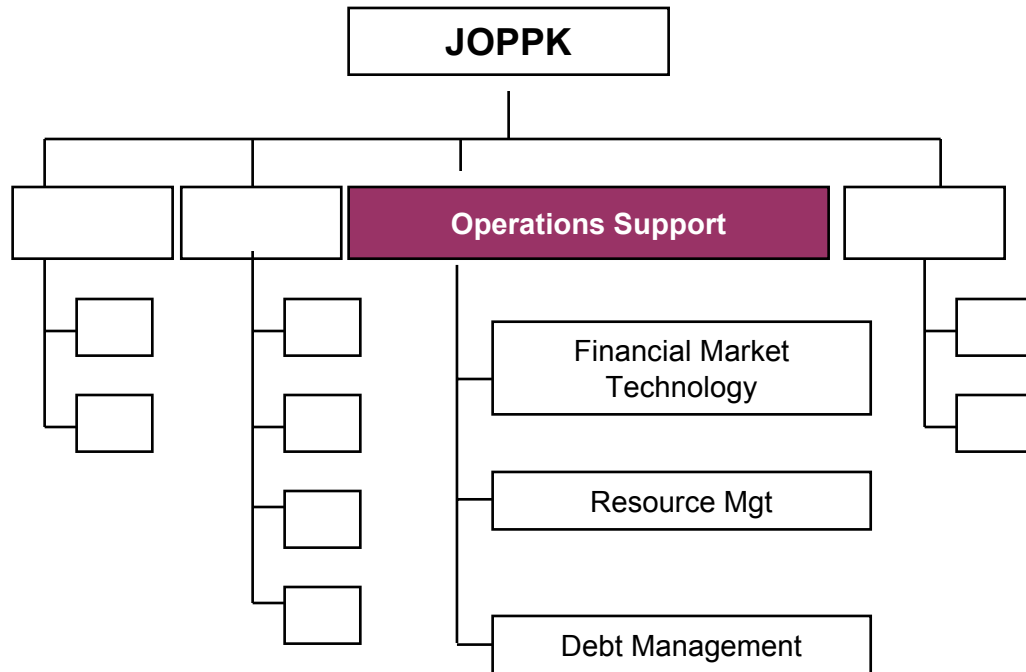
- Responsible for implementing domestic interest rate and exchange rate policies
- Ensure orderly market conditions in the domestic foreign exchange and interbank money market.
- Collaborate with related department within the Bank, other regulatory bodies and MOF to develop the domestic money and foreign exchange market by promoting financial product diversification, financial stability and fair market practices.
- Manages the issuance of short and long term domestic Government Debt Securities in capacity as financial advisor to the government.
 - ✓ **Exchange Rate Management** maintaining the stability of the Ringgit exchange rate within a managed float exchange rate regime.
 - ✓ **Interest Rate Management** reinforce monetary policy intention and maintaining stability of conventional interest rate via liquidity operators centralizing around the OPR, and achieved through a variety of instruments.
 - ✓ **Islamic Money Market** unit utilizes Islamic instruments to achieve similar objectives to the conventional money market but specifically for Islamic money market. The unit is also responsible for product development and guidelines on Islamic money market products and market practices
- **Foreign Exchange** – manages foreign exchange exposure of the external reserves

Reserve Management



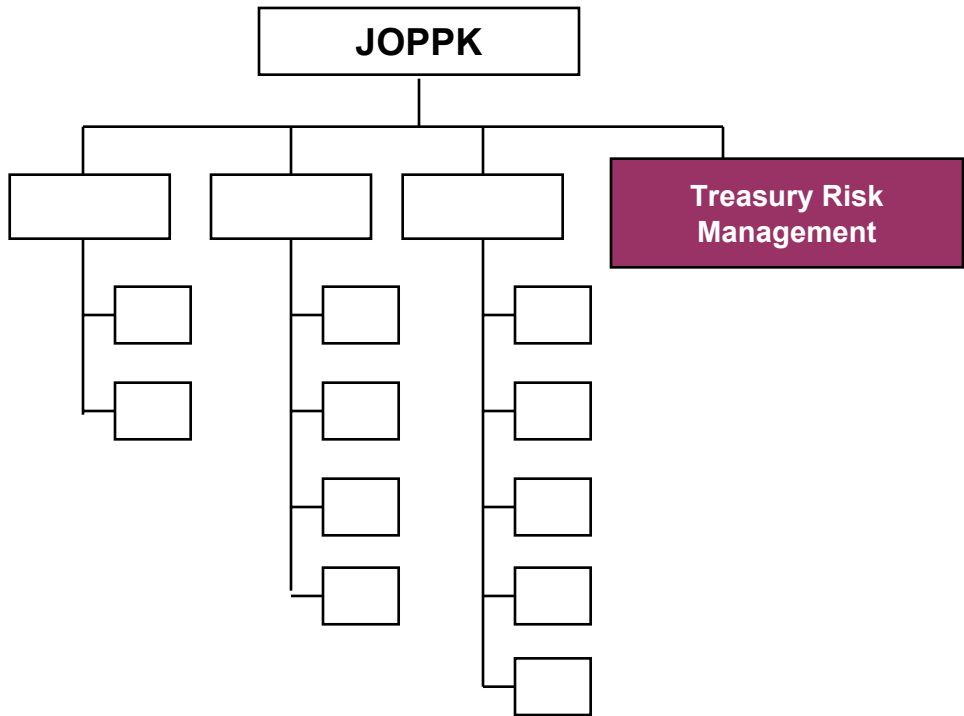
- External reserves are denominated in foreign currencies and gold. The objective of reserve management is to ensure capital preservation, sufficient liquidity and optimal returns
- **Portfolio Management** – manages asset allocation and duration of investment in foreign securities
- **Liquidity Management** – manages short-term investment to meet liquidity needs and optimise returns within the constraint of safety and liquidity
- **Quantitative Analysis** – temporary under Reserve Management I supervision. The section undertakes specialised research and acts as support team to complement the reserve management team. Coordinate and manage the department initiatives to be in line with the Bank’s strategic direction and undertake strategic research/initiating to add value to the department’s operation.
- **Foreign Exchange** – manages foreign exchange exposure of the external reserves
- **Rep Office** – BNM’s representative office in New York and London which serves as a liaison office for headquarters and manages allocated fund from reserves.

Treasury Support and Government Services



- **Resource Management** – provides general administration and training for staff in the department
- **Financial Market Technology** - System development and support for Treasury operations.
- **Debt Management** – assists the Government to raise funds from the offshore market & manages and services the Government's domestic and external loan portfolios.

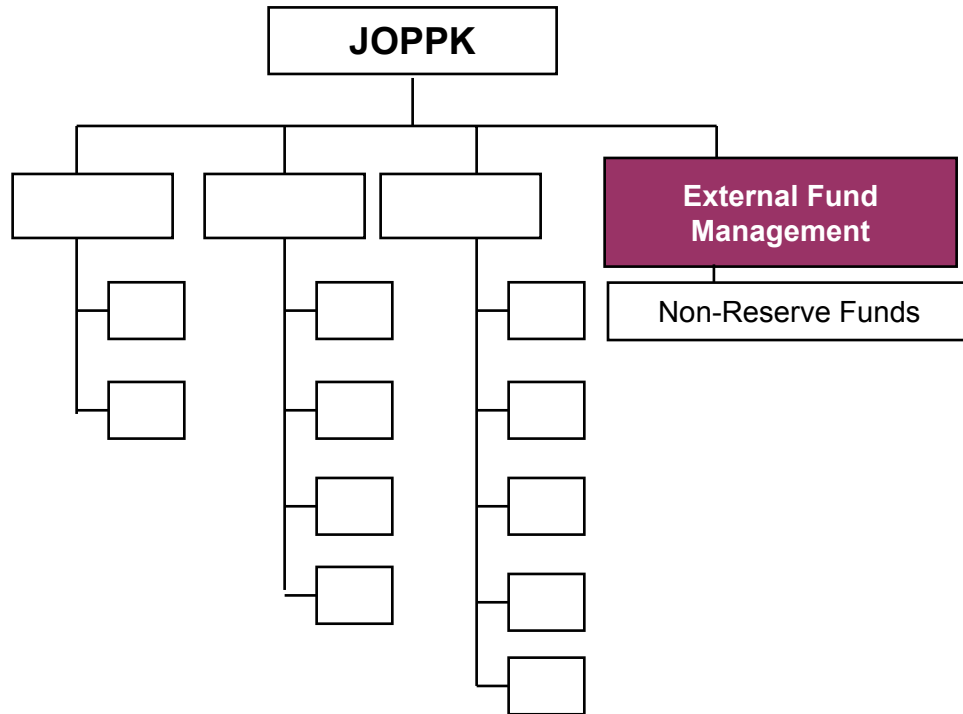
Treasury Risk Management



Treasury Risk Management – provide credibility and control over treasury operations through independent performance & risk reporting/assessment.

- **Market risk** - To monitor the various market risk exposures taken by the Reserve Management section are within the approved investment guideline and to highlight to MC any breach/potential breach of risk limits.
- **Credit risk** - To ensure the various credit risk exposures on the activities by MPI and Reserves Management section are within the approved credit policy.
- **Operational risks** - To manage the risk of financial loss arising from the processing of trades from inception through to settlement.
- **Performance measurement** - To provide accurate and fair reporting on performance attribution of the Reserves Management section.

External Fund Management



External Fund Management – External Fund Management: Decides on fund manager selection, broad asset allocation, investment objectives and guidelines for reserves that are managed by external fund managers. Focus on investments that the Bank has less experience in managing internally. Aims to enhance yield, provide diversification benefits and transfer knowledge.