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الإسلامية الدولية
International Islamic
Financial Market

IIFM SUKUK REPORT

A COMPREHENSIVE STUDY OF
THE GLOBAL SUKUK MARKET

August 2022 | 11th Edition





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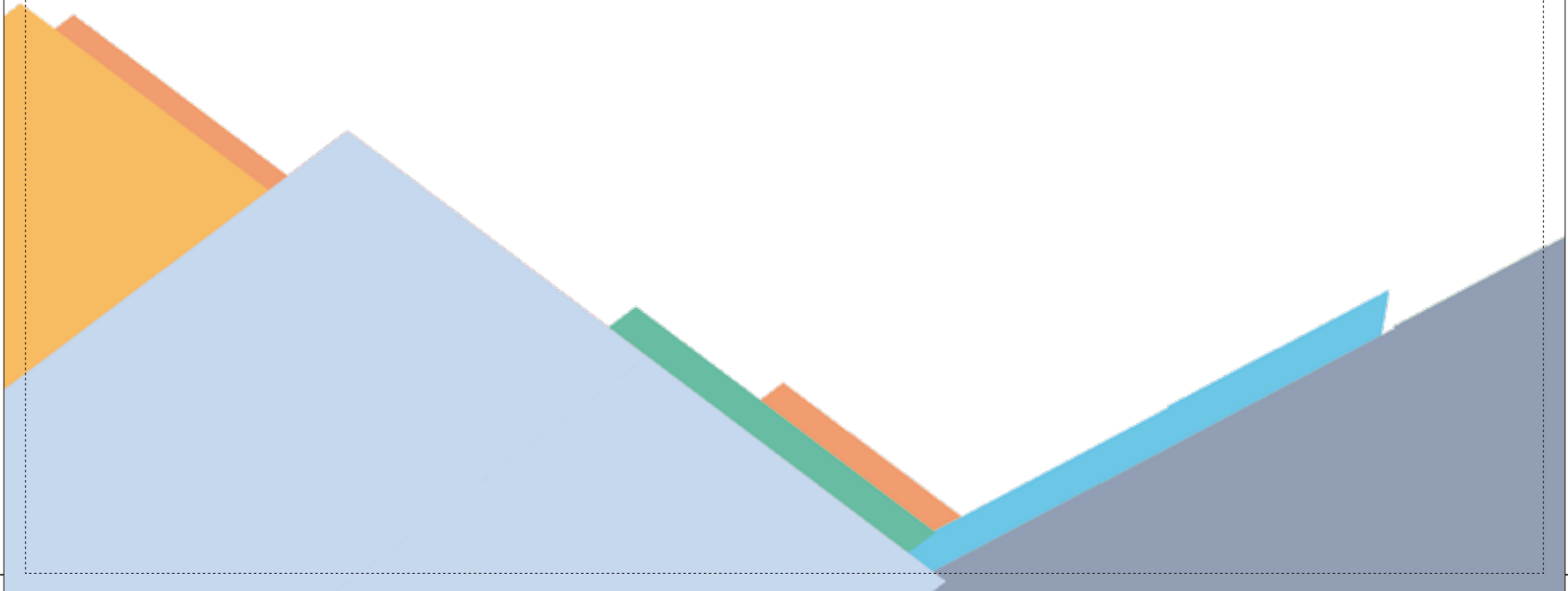


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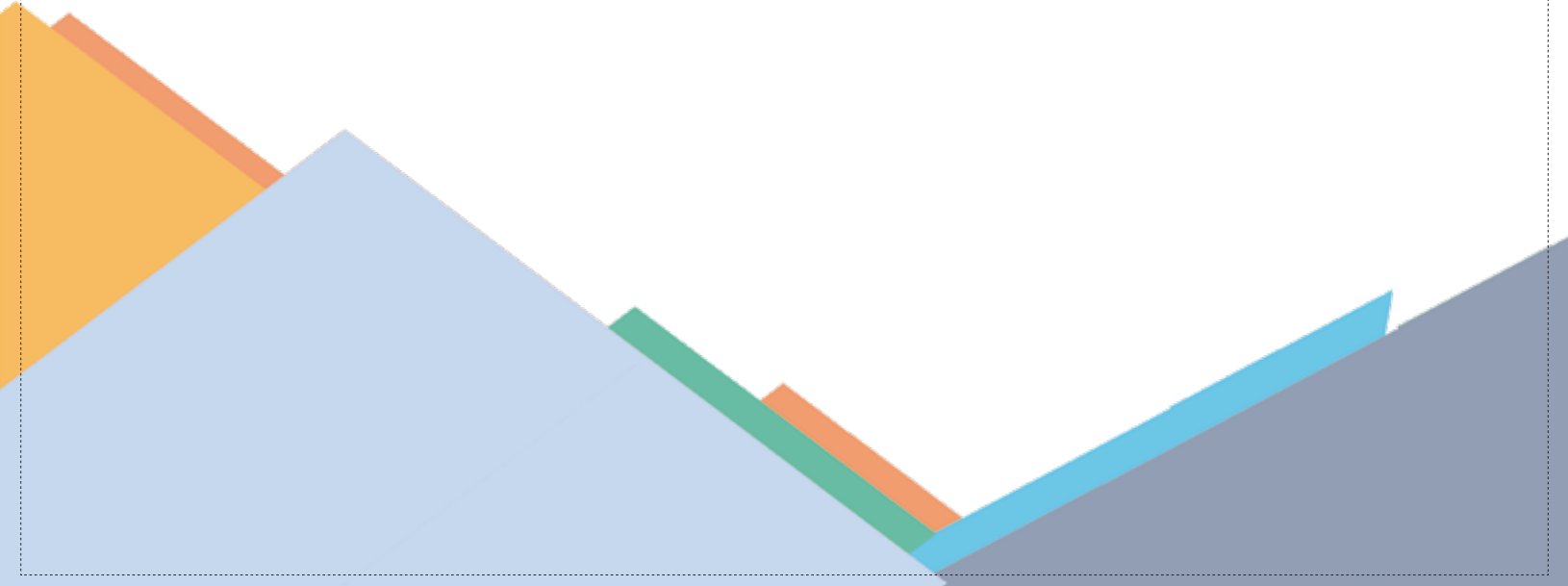
الحديث:

“الْحَلَالُ مَا أَحَلَّ اللَّهُ فِي كِتَابِهِ ، وَالْحَرَامُ مَا حَرَّمَ
اللَّهُ فِي كِتَابِهِ ، وَمَا سَكَتَ عَنْهُ فَهُوَ مِمَّا عَفَا عَنْهُ”
أَخْرَجَهُ التِّرْمِذِيُّ وَابْنُ مَاجَةَ

Al Hadith:

“The halal (i.e. lawful) is that which Allah has made lawful in His Book (i.e. The Noble Qur’an) and the haram (i.e. unlawful) is that which He has forbidden in His Book(i.e. The Noble Qur’an), and whatever He has remained silent about is part of what He has excused”

(Reported by al-Tirmidhi and Ibn Majah)



ABOUT IIFM

IIFM is a global standard-setting body of the Islamic Financial Services Industry (IFSI) focusing on standardization of Shari’ah-compliant financial documentation, product confirmation and standard related guidelines.

IIFM is hosted by the Central Bank of Bahrain (CBB) and was established under Royal Decree No (23) Year 2002 of the Kingdom of Bahrain as a neutral and non-profit international Islamic infrastructure institution created by the collective efforts of the CBB (formerly Bahrain Monetary Agency), Islamic Development Bank, Bank Indonesia, Bank Negara Malaysia (delegated to Labuan Financial Services Authority), Central Bank of Sudan and Brunei Darussalam Central Bank (formerly Autoriti Monetari Brunei Darussalam).

Besides the founding and permanent members, IIFM Board of Directors consist of Islamic and international banks namely Kuwait Finance House, Dubai Islamic Bank, Saudi National Bank, Bank ABC Islamic, Gulf Finance House, Standard Chartered Saadiq, Credit Agricole CIB, National Bank of Kuwait and BNP Paribas.

IIFM is also supported by certain regulatory and government bodies such as State Bank of Pakistan, National Bank of Kazakhstan and DIFC Authority as well as by a number of international and regional financial institutions and other market players active in Islamic finance.

MANDATE

The core mandated area of IIFM to develop standardised Shari’ah-compliant Financial Documentation, Product Confirmations and Guidelines for the Islamic Financial Services Industry (IFSI).

VALUE PROPOSITION

Focus on providing well defined services to the IFSI as follows:

- i Publish practical and ready-to-use globally standardised Shari’ah-compliant Financial Documentation, Product Confirmations and related Guidance Notes which are supported with the IIFM Shari’ah Board approval “Pronouncements” as well as jurisdiction specific Legal Opinions.
- ii Create industry awareness and share technical knowledge on IIFM Standards by organizing specialized seminars, technical workshops and standardisation specific industry consultative meetings.
- iii Practical Training for Professionals on IIFM Published Standards.
- iv Publish annual Sukuk Report and periodic Concept Papers on specific topics.

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Bank Indonesia



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RESEARCH, DATABASE MAINTENANCE & REVIEW TEAM



Mr. Ijlal Alvi



Dr. Ahmed Rufai



Mr. Ismail Dadabhoy



Mr. Usman Naseer



Mr. Babar Naseer



Mr. Tareq Fouad



Mr. Zarrar Sayyed

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ABSTRACT

This research report scrutinizes the International and Domestic Sukuk market developments, structural preferences and other relevant factors based on verified Sukuk issuance data with particular focus on the year 2021.

As the case previous year, Sukuk market maintained its positive growth trajectory and posted yet another record year of issuances which evidently put Sukuk as one of the main driving force of the industry though 2021 has being a challenging year due sharp rise in commodity prices particularly Oil and inflationary pressure on global economy.

The main objective of this publication is to create deeper understanding of Sukuk market through indepth analysis of Sukuk issuances, key trends and other market developments.

The global Sukuk market was well supported by the established and regular Sukuk issuing jurisdictions particularly Malaysia, Saudi Arabia, UAE, Bahrain, Indonesia, Türkiye, Pakistan and Qatar while relatively new entrant namely Nigeria, Bangaldesh and few other jurisdictions or entities either increased or made debute Sukuk issuances in their domestic markets.

The report also provide an overview of changing dynamic in the Sukuk market as well as it highlights the major International and Domestic issuances during 2021. The report also provide information on the outstanding Sukuk which is important from the secondary market development perspective.

This report can be used as a benchmark by all the industry stakeholders and decision makers, in particular, in new jurisdictions as well as regions which have a high concentration of the Sukuk issuances such as GCC countries and Asia.

ACKNOWLEDGMENT

The publication of this research report is made possible due to sponsorship support by DDCAP Group, Kuwait Finance House, Bank ABC Islamic, National Bank of Kuwait and Labuan Financial Services Authority.

We would also like to express our gratitude and thanks to institutions for sharing their pearls of wisdom, knowledge and experiences during the course of preparation of this comprehensive research report. We are also grateful to individuals and industry stakeholders who provided insight, comments and expertise which helped us in improving the quality of this report.

Indeed, this research report would not have been seen light without the support and contribution of such institutions, individuals and the industry stakeholders who provide us with invaluable information that helped us to complete this task through various stages.

We are extremely thankful in particular to Security Commission Malaysia, State Bank of Pakistan, Ministry of Finance, Republic of Indonesia & Bank Indonesia, Central Bank of Bahrain, Brunei Darussalam Central Bank, Capital Markets Board of Türkiye, Bangladesh Bank and Central Bank of Sudan for helping us in the Sukuk issuance data verification process.

We take this opportunity to express our profound gratitude and deep regards to the Central Bank of Bahrain (CBB) for its constant and continued support. We would also like to acknowledge thank IIFM Board of Directors, Founding Members and Members institutions for their unwavering and unreserved support to IIFM in its industry development endeavours. Lastly, IIFM is very much thankful to its research team for their review and valuable contribution to this research report.

CHAIRMAN'S FOREWORD



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the Name of Allah, the Most Gracious, the Most Merciful.
All praise is due to Allah. Peace and Blessings be upon our
Prophet Muhammad (PBUH), His Family and all His Companions

Khalid Hamad Al-Hamad
CHAIRMAN – IIFM

It gives me great pleasure to present to you the much anticipated 11th edition of the IIFM Sukuk Report. It was made possible by the dedication of the IIFM research team and the contributors of Sukuk case studies and country focus reports from around the world. We received valuable support, as always, from all the sponsors that made the production of this report and the hosting of the launch webinar possible.

During the last ten years the IIFM Sukuk report has become well established as a vital source of information on the global Sukuk market. As in previous editions, this latest edition contains key statistics and trend analysis on various Sukuk issuing jurisdictions. Such data is not easily available otherwise to industry participants for free. Additionally, contributions in the form of case studies on landmark and notable Sukuk issuances, Sukuk related articles on latest topics and trends such as Environmental, Social and Governance (ESG) and country focus reports provide valuable insights into the most popular Islamic capital market instrument.

2021 was yet another record year for global Sukuk issuances. USD 188 billion Sukuk issues in the year were 7.7% higher than a year before. The longer tenor Sukuk issuance supported by sovereign and quasi-sovereign entities helped in achieving this growth.

The Sukuk market is still fairly concentrated as over 90% of the USD 732 billion outstanding Sukuk belong to just a handful of key markets – Malaysia, Indonesia, GCC and Türkiye. However, this trend is gradually changing, with high potential jurisdictions such as Pakistan, Bangladesh, Egypt, Nigeria and a few others becoming more active in the Sukuk space.

Some of the positive developments are the issuances by relatively new entrants such as Bangladesh, Nigeria and some other countries and issuances of longer tenor Sukuk 15 years to 50 years from Malaysia, Indonesia and Saudi Arabia in particular. Moreover, Bahrain as a pioneer of short-term Sukuk issuances and countries like Brunei, Indonesia and Malaysia have continued to regularly issue short-term Sukuk.

There is a growing and increasing need to address the various challenges that come with the development and evolution of any financial instrument. The specific Sukuk related issues should be addressed through greater transparency and standardization in documentation and practices. I sincerely hope that the issuers and investors will reap maximum benefits from the Sukuk related standards published by IIFM and other standard setting organizations in the industry.

With these humble submissions I leave you with the 11th edition of the IIFM Global Sukuk Report 2022. Happy reading and please do let us know your feedback.

CEO FOREWORD



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the Name of Allah, the Most Gracious, the Most Merciful.
All praise is due to Allah. Peace and Blessings be upon our
Prophet Muhammad (PBUH), His Family and all His Companions

Ijlal Ahmed Alvi
CEO - IIFM

The publication of IIFM Sukuk Report started its humble journey over a decade ago and it is pleasing to note that due to the devotion of the research team and the support provided by contributors, data verifiers and sponsors have made the publication of this much awaited report possible.

Since beginning, the primary objective of this report is to highlight the ongoing developments in the Sukuk market while keeping away from any challenges or issues related to sukuk, as those challenges need to be tackled by standard setting organization like IIFM and other such organizations of the industry.

The report aims to create a better understanding of Sukuk structural preferences, historical issuance trends and other essential information that is based on a comprehensive and verified Sukuk issuance database of IIFM. The database includes all the public issuances (short-term and long-term) as well as Sukuk private placements by various issuers to the extent possible.

I hope that Sukuk issuers, investors and market participants will benefit to the maximum and fullest extent from IIFM's published Sukuk Al Ijarah and Sukuk Al Mudarabah Tier 1 documentation standards. IIFM intends to issue, subject to market requirements, other Sukuk documentation standards to assist in the development of a unified Sukuk market.

It is also vital that industry stakeholders remain committed to supporting positive developments in the Sukuk market particularly in the area of Fin-tech, Environmental, Social and Governance (ESG), Waqf focused Sukuk and the development of asset backed Sukuk segment. These factors present a huge potential and will play a major role in the development of Sukuk market in years to come.

I extend my profound gratitude to the Central bank of Bahrain, IIFM (host), Board of Directors, the report sponsors, members and contributors of articles, case studies & country focus reports for their support. Special thanks to the IIFM research and creative team for ensuring that the report was published as planned.

I sincerely hope that readers will find this 11th Edition of Sukuk report beneficial and a key source of reference.

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INTRODUCTION

As the case previous year, the sukuk market maintained its upward trajectory & rising popularity which is evident from the increase in total global issuances (short-term and long-term) during 2021 as compared to the previous year.

Sukuk has maintained its position as a major growth driver in the Islamic Financial Services Industry (IFSI). In addition, issuers and investors based in various established regions as well as new entrants have maintained the Sukuk's progressive trajectory.

The key objectives of this report are to identify key trends in Sukuk issuances domestically & internationally as covered in Chapter 1 and also highlighted in landmark issuances Sukuk case studies. Moreover, in order to provide direction to potential issuers, investors and other market participants, the articles and country focus articles provide technical information on types of Sukuk issued for portfolio allocation, investment, liquidity management and other perspectives.

The accuracy and verifiable Sukuk issuance data is essential to have a meaning complete analysis on Sukuk market and the Sukuk issuance data is a key element of this report. IIFM as a leading Islamic infrastructure institution is privileged to have support from regulators of major Sukuk issuance jurisdictions like Bahrain, Malaysia, Indonesia, Pakistan, Turkey, Brunei, Sudan, Bangladesh etc., in an extensive Sukuk data verification process.

Furthermore, the approach followed by the IIFM in preparing this report's Chapter One, is collating data from relevant research and literature, this includes prospectuses, publications, articles, magazines, online research and information service providers. The IIFM was able to include in its database some of the Sukuk issued on the basis of private placement, particularly from Indonesia, Malaysia and the Gulf Cooperation Council (GCC) countries. Subsequently, the collected Sukuk issuance Data was then filtered with respect to different criteria such as chronology, geographic distribution, issuer status, country of origin, etc. and depicted in the form of charts and tables for providing greater clarity and understanding.

This research report is divided into five stand-alone chapters, in addition to this introduction and a conclusion as follows:

- **Chapter One** gives a detailed overview of International & domestic issuances, structural breakdown, Sukuk maturities & outstanding and other information over the period of January 2001 to December 2021
- **Chapter Two** is on "IIFM's Role and Contribution in facilitating Sukuk development and issuances globally"
- **Chapter Three** is case studies contributions on selected Sukuk issuance during 2021
- **Chapter Four** comprises of articles (contributed by institutions and jurisdictions)
- **Chapter Five** provide highlight on the Sukuk market in selected IIFM member countries

In conclusion, this annual report on global Sukuk issuances is annually published by IIFM, to enable industry stakeholders, particularly governments, Islamic financial institutions, issuers & investors to make sound decisions regarding Sukuk issuance and policy formulation. The report also aims to guide and orient those interested in the Sukuk market from a research and educational perspective as well.

فقد تم تقسيم هذا التقرير إلى خمسة فصول قائمة بذاتها ، بالإضافة إلى المقدمة والخاتمة كالآتي:

- يقدم الفصل الأول نظرة عامة ومفصلة عن الإصدارات الدولية والمحلية، والتفاصيل الهيكلية، وأجال استحقاق الصكوك والمستحقة ومعلومات أخرى خلال الفترة من يناير 2001 إلى ديسمبر 2021.
- ويتناول الفصل الثاني دور السوق المالية الإسلامية الدولية ومساهمتها في تسهيل عملية تطوير الصكوك وإصداراتها على الصعيد العالمي.
- ويسلط الفصل الثالث الضوء على مساهمات دراسات حالة مختارة لإصدار صكوك خلال عام 2021.
- ويتضمن الفصل الرابع مقالات مكتوبة ومعدّة من قبل مؤسسات وسلطات قضائية.
- ويسلط الفصل الخامس الضوء على سوق الصكوك في دول مختارة بين أعضاء السوق المالية الإسلامية الدولية.

في الختام ، قد تم نشر هذا التقرير السنوي حول إصدارات الصكوك في جميع أنحاء العالم من قبل السوق المالية الإسلامية الدولية ، لتمكين أصحاب المصلحة في الصناعة - لا سيما الحكومات والمؤسسات المالية الإسلامية والمصدرون والمستثمرون - من اتخاذ قرارات سليمة فيما يتعلق بإصدار الصكوك وصياغة السياسات. كما يهدف التقرير إلى إرشاد وتوجيه المهتمين بسوق الصكوك من منظور بحثي وتعليمي أيضًا.

مقدمة

كما كان الحال في العام المنصرم ، حافظت سوق الصكوك على مسارها التصاعدي وسمعتها الإيجابية المتزايدة وهو ما يتضح من الزيادة في إجمالي الإصدارات العالمية (قصيرة الأجل وطويلة الأجل) خلال عام 2021 مقارنة بالعام السابق.

لا شك أن الصكوك قد حافظت على مكانتها كمحرك رئيسي للنمو في صناعة المالية الإسلامية، وقد ساعد في ذلك وجود المصدرين والمستثمرين في مختلف المناطق الراسخة بالإضافة إلى المشاركين الجدد في المسار التدريجي لإصدارات الصكوك.

إن الأهداف الأساسية لهذا التقرير هي تحديد الاتجاهات الرئيسية في إصدارات الصكوك محلياً ودولياً، و تسليط الضوء على الإصدارات المهمة من خلال دراسات الحالة، وذلك من أجل تقديم توجيهات و إرشادات ذات قيمة عالية للمصدرين والمستثمرين المحتملين وغيرهم من المشاركين في السوق، فضلاً عن تقديم معلومات تقنية وفنية من خلال مقالات و تقارير الدول لقياس أنواع الصكوك الصادرة لتخصيص المحفظة والاستثمار وإدارة السيولة وغير ذلك.

من أجل تقديم معلومات دقيقة وإجراء تحليلات حول إصدارات الصكوك العالمية، تعد دقة بيانات إصدار الصكوك التي يمكن التحقق من خلالها أمراً ضرورياً وعنصراً أساسياً للحصول على تحليل كامل وسليم لسوق الصكوك. تتمتع السوق المالية الإسلامية الدولية كمؤسسة بنية تحتية إسلامية رائدة لوضع معايير، بدعم كبير وممتاز من الجهات التنظيمية في السلطات القضائية الرئيسية لإصدار الصكوك مثل مملكة البحرين وماليزيا وإندونيسيا وباكستان وتركيا وبروناي والسودان وبنغلاديش وغيرها ، للحصول على معلومات دقيقة بشأن عملية التحقق من بيانات إصدارات الصكوك.

إن النهج الذي اتبعتها السوق المالية الإسلامية الدولية في إعداد هذا التقرير، هو جمع البيانات من البحوث والأدبيات ذات الصلة ، وهذا يشمل النشرات، والمنشورات، والمقالات، والمجلات، والأبحاث عبر شبكة الإنترنت ومقدمي خدمات المعلومات. تمكنت السوق المالية الإسلامية الدولية من تضمين قاعدة بياناتها بعض الصكوك الصادرة على أساس الاكتتاب الخاص، خاصة من إندونيسيا وماليزيا ودول مجلس التعاون الخليجي. بعد ذلك تمت تصفية بيانات إصدار الصكوك التي تم جمعها وفق معايير مختلفة مثل التسلسل الزمني والتوزيع الجغرافي وحالة المصدر وبلد المنشأ، وما إلى ذلك، وتم وضعها في شكل مخططات أو رسوم بيانية وجداول لتحقيق فهم أفضل لها.

والشركات المالية الإسلامية جهات إصدار نشطة للصكوك من أجل توفير التنوع والعمق للأسواق المحلية ، وهو أمر ضروري في تطوير سوق المال.

هناك جانب مهم آخر ، وهو أمر حاسم و بالغ الأهمية لتطوير سوق الصكوك ، وهو دور قطاع الشركات. كما هو مذكور في الجزء التحليلي من هذا التقرير ، فإن حجم إصدارات الشركات في معظم مناطق إصدار الصكوك (باستثناء ماليزيا) أقل من الإمكانيات. فمن بين أسباب ضعف أداء قطاع الشركات في إصدار الصكوك الظروف الاقتصادية والسياسات الحكومية تجاه قطاع معين وقضايا التدفق النقدي والحوافز الضريبية والأسباب الأخرى ذات الصلة.

إن أهم قضية تتعلق وتحيط بصكوك الشركات هي التخلف عن السداد (أي التقصير) وإعادة الهيكلة التي كانت مدعاة للقلق خلال الأزمة الاقتصادية العالمية لعام 2008 ولكن منذ ذلك الحين تم تحديد السوابق القانونية وقليل جدًا من الصكوك قد تعثرت وأعيدت هيكلتها أو خضعت لإعادة الهيكلة وبالتالي لم يكن لها تأثير على سوق الصكوك على هذا النحو .

تستمر سوق الصكوك في التطور ، إلا أن السنوات الأخيرة قد شهدت اعتمادًا مبالغًا على بعض هياكل معينة للصكوك مثل الوكالة والمرابحة. إن هذا التطور بشكل خاص يتطلب المراقبة ، لأن سوق صكوك العالمية في أمس الحاجة الى التنوع في الهياكل. علاوة على ذلك ، تحتاج سوق الصكوك أيضًا إلى المزيد من إصدارات الصكوك المدعومة بالأصول وربما يمكن إدخال هيكل السندات المغطاة لإصدار الصكوك وبعض الخيارات الأخرى المذكورة في هذا التقرير .

أخيرًا ، نشرت السوق المالية الإسلامية الدولية مؤخرًا اتفاقية رئيسة لصكوك الإجارة واتفاقية رئيسة لصكوك المضاربة رأس مال الشريحة الأولى ومن المتوقع أن يكون هذا العمل حافزًا مهمًا في تطوير سوق الصكوك.

بلغ إجمالي الصكوك المحلية المستحقة في عام 2021 حوالي 549.140 مليار دولار أمريكي ، وهو رقم أعلى بنحو 66.30 مليار دولار أمريكي عن العام السابق. شهدت أحجام الإصدارات ارتفاعاً في السنوات الأخيرة بقيادة الجهات السيادية وشبه السيادية والمؤسسات المالية الدولية ، ومن المتوقع أنه في عام 2021 أيضاً ستكون معظم الإصدارات من هؤلاء المصدرين بينما من المتوقع أن تكون إصدارات صكوك الشركات مثل في ماليزيا، أن تزداد تدريجياً في المدى القريب.

لا يزال الدولار الأمريكي هو العملة المفضلة لجذب المستثمرين الدوليين حول العالم. سوف تتطور الصكوك الصادرة بالعملة المحلية في السنوات القادمة مع قيام المزيد من دول منظمة المؤتمر الإسلامي بتطوير أسواقها المحلية للصكوك. وقد بدأ يتشكل هذا الاتجاه في إندونيسيا وتركيا وباكستان وأفريقيا وبنغلاديش ودول مجلس التعاون الخليجي التي تصدر صكوكاً بالعملة المحلية. تهيمن الكيانات السيادية أو المرتبطة بالسيادية حالياً على الإصدارات في هذه البلدان ويبدو أن هذا التدفق سيستمر ، نظراً لأن بعض الجهات السيادية تحتاج إلى تمويل متطلبات الميزانية لديها من خلال وضع مرجعية محلية لتمويل مشاريع البنية التحتية الضخمة.

بلغت آجال استحقاق الصكوك الدولية العابرة للحدود في عام 2021 ما قيمته 16.084 مليار دولار أمريكي في حين أن آجال استحقاق الصكوك خلال عامي 2022 و 2023 ستبلغ 22.872 مليار دولار أمريكي و 18.058 مليار دولار أمريكي على التوالي ، وعلى الأرجح سيتم إعادة إصدار الصكوك.

وبلغت آجال استحقاق الصكوك المحلية في عام 2021 20.93 مليار دولار أمريكي بينما ستكون آجال الاستحقاق خلال عامي 2022 و 2023 كبيرة بحوالي 41.013 مليار دولار أمريكي و 51.690 دولار أمريكي على التوالي التي يجب استبدالها.

تعد صكوك قصيرة الأجل ذات أجل الاستحقاق لعام واحد أو أقل ضرورية وأساسية في تطوير أسواق عمليات ما بين المصارف الإسلامية ، وتؤدي هذه الصكوك دوراً رئيسياً في إدارة السيولة للمؤسسات المالية. في عام 2021 ، كان المصدرون الرئيسيون للصكوك قصيرة الأجل هم مملكة البحرين وماليزيا وإندونيسيا وتركيا وبروناي دار السلام وبنغلاديش وعدد قليل من البلدان الأفريقية وغيرها. إن سوق الصكوك قصيرة الأجل ، على الرغم من اقتصرها على عدد قليل من السلطات القضائية ، تقدم إصدارات متوازنة من مختلف السلطات القضائية. بالإضافة إلى ذلك فإن دخول الهيئة الإسلامية لإدارة السيولة في سوق الصكوك الدولية قصيرة الأجل يساعد أيضاً على تطوير هذا السوق المهم.

إن الإقبال على الصكوك قصيرة الأجل مرتفع كما يتضح من هذه الإصدارات. الاتجاه نحو إصدار صكوك ذات أجل قصير أخذ في التحسن وهو مدفوع بشكل رئيسي من قبل جهات الإصدار السيادية على الرغم من دخول المؤسسات المالية والشركات في بعض الولايات القضائية إلى سوق الصكوك قصيرة الأجل. هناك حاجة لأن تصبح المؤسسات

في عام 2021 ، على الصعيد المحلي ، ظلت صكوك المراجعة المحلية هي الهيكل الأكثر استخدامًا مع زيادة الحصة السوقية لهذا الهيكل إلى 34% (47.266 مليار دولار أمريكي) مقارنة بـ 29% (38.097 مليار دولار أمريكي) في العام الماضي ، تليها صكوك الإجارة بنسبة 29%. (39.450 مليار دولار أمريكي) ومراجعة صكوك مختلطة / مضاربة بنسبة 15.00% (21.280 مليار دولار أمريكي).

قد شهد عام 2021 تقديم هيكل متوازن إلى حد ما ، وهو أمر مرغوب فيه ومشجع لسوق الصكوك حيث تمت معالجة مخاوف الاعتماد على هيكل معين.

في عام 2021 ، أغلق الإصدار الدولي للصكوك عند حوالي 49.427 مليار دولار أمريكي من إصدارات صكوك مقابل 42.408 مليار دولار أمريكي في عام 2020. يصل حجم إصدارات الصكوك الدولية قصيرة الأجل في عامي 2021 و 2020 إلى 14.120 مليار دولار أمريكي و 13.322 مليار دولار أمريكي على التوالي مما يعني أن إصدارات الصكوك ذات الأجل الأطول قد بلغت 35.307 مليار دولار أمريكي و 29.086 مليار دولار أمريكي على التوالي.

ارتفع إجمالي الصكوك الدولية القائمة إلى حوالي 182.950 مليار دولار أمريكي ، وهو ما يمثل تحسنا عن العام الماضي ويساعد ذلك في تقليص فجوة العرض والطلب التي لا تزال قائمة.

هناك العديد من إصدارات الصكوك العالمية البارزة من مملكة البحرين و ماليزيا والمملكة العربية السعودية وتركيا والإمارات العربية المتحدة وإندونيسيا ونيجيريا ، ومصر وغيرها ، في طور الإعداد لعام 2022 ، وهو مؤشر واضح على أن سوق الصكوك هي أكثر أنواع الأدوات بعد أدوات سوق رأس المال.

فيما يتعلق بأسواق الصكوك المحلية ، بلغت إصدارات الصكوك خلال عام 2021 ما قيمته 138.693 مليار دولار أمريكي مقارنة بـ 132.230 مليار دولار أمريكي في عام 2020. وقد حافظت ماليزيا على أكبر حصة من حيث الحجم والقيمة ، ولا تزال أكبر مصدر للصكوك محليًا بنسبة 44.01% (61.045 مليار دولار). قد بدأت تظهر دول مثل مملكة البحرين وإندونيسيا والمملكة العربية السعودية وباكستان وقطر وتركيا تبرز كرواد محتملين في إصدارات الصكوك المحلية. قد واصلت مملكة البحرين بانتظام إصداراتها الدورية للصكوك ، خاصة صكوك قصيرة الأجل وشهدت أيضا العديد من الإصدارات البارزة.

قد أصبحت سوق الصكوك المحلية ، بجانب ماليزيا ، نشطة في عدد من الولايات القضائية الأخرى، مثل البحرين والمملكة العربية السعودية وإندونيسيا وتركيا وبعض الولايات القضائية الأخرى. وتوفر البنوك المركزية سبلاً للبنوك الإسلامية والمستثمرين الآخرين لاستثمار فائض السيولة لديهم في برامج الصكوك الحكومية المصممة لتوفير ساحة فرص متكافئة للمؤسسات المالية الإسلامية. علاوة على ذلك ، فإن عددًا من البلدان مثل غامبيا وساحل العاج والسنغال ومالي والمغرب ومصر وبنغلاديش وباكستان تعمل بنشاط على تطوير أسواق الصكوك المحلية لديها.

يعد إصدار صكوك فارموسا من تايوان في يناير 2020 تطوراً إيجابياً ولكن منذ ذلك الحين لم يكن هناك إصدار لمثل هذه الصكوك على الرغم من أنه كان تطوراً إيجابياً والذي كان بالإمكان المساعدة في تطوير سوق الصكوك مستقبلاً. يبدو أن تطبيق قانون دود فرانك لتحصيل 5% من قبل الجهة المصدرة في حالة إصدار الصكوك الدولية الصادرة عن حكومة المملكة العربية السعودية بقيمة 9 مليارات دولاراً أمريكياً في عام 2017 كان حدثاً فريداً لأنه لم يتم الإبلاغ عن مثل هذه المعاملات في العام 2021 أيضاً.

خلال عام 2021 ، ظلت حصة الإصدارات السيادية في السوق المحلية قوية ؛ ساهمت بنسبة 64% (88.398 مليار دولار أمريكي) من إجمالي قيمة الإصدارات ، تليها إصدارات الشركات وشبه السيادية والإصدارات المالية الإسلامية بنسبة 17% (24.460 مليار دولار أمريكي) ، 6% (7.965 مليار دولار أمريكي) و 13% (17.870 مليار دولار أمريكي) على التوالي. من قطاع الشركات باستثناء الحكومة الماليزية أظهر بعض التحسن مقارنة بالعام الماضي لكنه ظل أقل من إمكاناته في حجم الإصدار.

في عام 2021 ، كانت الإصدارات السيادية في السوق الدولية قوية مرة أخرى حيث بلغت مساهمة الإصدار 44% (21.807 مليار دولار أمريكي) في حين كانت مساهمة الإصدارات شبه السيادية قوية أيضاً بنسبة 40% مقابل مساهمة عام 2020 البالغة 45%. وبلغت إصدارات المؤسسات المالية 14% (6.70 مليار دولار أمريكي) من إصدارات عام 2020 بنسبة 23% (9.559 مليار دولار أمريكي) بينما انخفضت إصدارات الشركات إلى 2% (1.200 مليار دولار أمريكي) من إصدارات عام 2020 بنسبة 9% (3.850 مليار دولار أمريكي).

على أساس تراكمي للفترة من 2001 إلى 2021 ، استمرت ماليزيا في الحفاظ على مركزها الأول في إصدارات الصكوك بإصدارات محلية ودولية مجتمعة بحوالي 877 مليار دولار أمريكي ، تليها المملكة العربية السعودية بـ 216.755 مليار دولار أمريكي ، وإندونيسيا بـ 148.295 مليار دولار أمريكي ، والإمارات العربية المتحدة. 102.195 مليار دولار وتركيا 84.692 مليار دولار. تواصل ماليزيا ، نظراً لقوة سوق رأس المال لديها ، الحفاظ على ريادتها على نظيراتها في آسيا ودول مجلس التعاون الخليجي ؛ ومع ذلك ، أدت الزيادة في الإصدارات من البحرين والمملكة العربية السعودية وإندونيسيا والإمارات العربية المتحدة وتركيا وغيرها إلى انخفاض حصة ماليزيا في سوق الصكوك العالمية في السنوات الأخيرة.

في عام 2021 ، حافظ هيكل صكوك الوكالة على صدارته مقارنة لهيكل صكوك الإجارة وغيرها من الهياكل باعتباره الأكثر استخداماً من قبل المصدرين في السوق الدولية بحصة سوقية تبلغ 41.00% (20.42 مليار دولار أمريكي) مما أدى إلى انخفاض طفيف بنحو 4.60% . وتليت ذلك صكوك الإجارة بحصة سوقية 14% (6.857 مليار دولار أمريكي) ثم صكوك المضاربة بنسبة 9% (4.350 مليار دولار أمريكي). هياكل الصكوك التي تشتهر بشكل كبير في السوق من حيث الإصدارات هي هياكل الصكوك الهجينة.

في عام 2021 ، ظل سوق الصكوك أداة جذابة في سوق رأس المال الإسلامي من وجهة نظر المُصدرين والمستثمرين وغيرهم من المشاركين في السوق. يعاني الاقتصاد العالمي حاليًا من ضغوط تضخمية وهناك زيادة في المعدلات المعيارية الدولية مما قد يؤدي إلى تأثير محدود على إصدارات الصكوك ، وعلى أية حال ، تحافظ الصكوك على جاذبيتها كما يتضح من إصدارات صكوك عام 2021 والمتوقع إصدارها عام 2022.

من التطورات الإيجابية الأخرى في سوق الصكوك إصدار الصكوك المرتبطة بالبيئة والحوكمة (ESG) والتي يتم إصدارها بشكل كبير في بعض الولايات القضائية المهمة في إصدار الصكوك. تتزايد حصة صكوك (ESG) ووفقًا لتقديرات السوق ، قد يتجاوز المبلغ القائم 20 مليار دولار أمريكي بحلول منتصف عام 2022.

فيما يتعلق بتحقيق التنوع في إصدارات الصكوك ، من المهم أن يواصل المشاركون في السوق بذل الجهود لزيادة الحجم الضئيل جدًا من الصكوك المدعومة بالأصول الصادرة حتى الآن. من أجل أن يتحرك السوق المدعوم بالأصول ، من المهم معالجة قضايا مثل توافر الأصول القابلة للتحويل بالكامل، والقضايا الهيكلية والتحديات القانونية ، وخاصة متطلبات نقل الملكية وإدارة مخاطر الأصول الأساسية التي تحتاج إلى معالجة.

يعد استخدام الذهب في إصدار الصكوك من قبل الهيئات السيادية مثل الخزنة التركية هيكلًا آخر للصكوك قد يحتاج مصدرو الصكوك الآخرون إلى النظر في هذا الخيار أيضًا.

من المتوقع أن يستمر اتجاه إصدار الصكوك بمعدل ربح ثابت نظرًا لحقيقة أن قاعدة المستثمرين تعد أكثر تنوعًا بكثير مقارنة بالسنوات الأولى من إصدار الصكوك عندما كان المستثمرون عمومًا مؤسسات مالية. لا شك أن الصكوك الصادرة بمعدلات ربح ثابتة تعطي المزيد من فرص التداول وتساعد كذلك في تطوير سوق الصكوك الثانوية.

بشكل عام ، لم تواجه سوق الصكوك أي مشاكل كبيرة بسبب إصلاحات أسعار الفائدة القياسية العالمية والانتقال من الأسعار المتاحة بين البنوك (ايبور) إلى المعدلات الخالية من المخاطر لأنه يتم استخدام ايبور في الغالب في إصدارات الصكوك قصيرة الأجل. علاوة على ذلك ، نشرت السوق المالية الإسلامية الدولية ورقة بيضاء حول إصلاحات المؤشرات المعيارية العالمية وتأثيرها على الصناعة المالية الإسلامية خلال أواخر عام 2020 ونشرها أيضًا معيار حلول هيكلية لمؤشر خالي المخاطر (أر إف أر) المتوافق مع أحكام الشريعة لمعاملات المربحة والإجارة بالإضافة إلى معيار الوثائق والمستندات المرجعية المتعلقة بالتحوط عام 2021 مما ساعد الصناعة المالية الإسلامية في الانتقال السلس من LIBOR إلى RFR.

إصدارات الصكوك بالعملة غير المحلية ، على سبيل المثال ، يقوم مُصدر في دول مجلس التعاون الخليجي بإصدار صكوك بالرينغيت الماليزي أو شركة ماليزية تصدر صكوكًا بالدولار السنغافوري أو اليوان الصيني إلخ ، في عام 2021 لم تتم مثل هذه المعاملة كما هو الحال في العام المنصرم .

ملخص تقرير صكوك عام 2021

فقد حافظت سوق الصكوك العالمية على جاذبيتها للمصدرين والمستثمرين على حد سواء كما يتضح ذلك من الرقم القياسي الجديد لإجمالي إصدارات الصكوك (قصيرة الأجل وطويلة الأجل) في كل من أسواق الصكوك المحلية والدولية. كما هو الحال في العام المنصرم ، لاتزال المحركات الرئيسية لسوق الصكوك خلال العام هي الإصدارات من السلطات القضائية العادية والراسخة ، ودخول العديد من المصدرين الجدد والزيادة في إصدارات صكوك المستوى 1 والمستوى 2 (صكوك متوافقة مع بازل 3) والزيادة في إصدارات صكوك طويلة الأجل مابين 30 إلى 50 عامًا، وكذلك الزيادة في إصدارات مستقرة قصيرة الأجل لإدارة السيولة وتمويل المشاريع وكذلك زيادة التركيز على إصدارات التمويل المستدام والحوكمة البيئية والاجتماعية والمؤسسية.

إن الطلب المتزايد على الصكوك من دول مجلس التعاون الخليجي المتمثلة في مملكة البحرين والمملكة العربية السعودية والإمارات العربية المتحدة وسلطنة عمان وقطر والكويت والدول الإسلامية الأخرى مثل ماليزيا وإندونيسيا وتركيا وباكستان وبروناي دار السلام وقارة إفريقيا مثل نيجيريا ومصر وغيرها، والبنك الإسلامي للتنمية وفرت الزخم لنمو أقوى في الإصدارات.

كما هو موضح في هذا التقرير ، في السنوات الأخيرة ، أصدرت بانتظام العديد من الدول الإسلامية المذكورة أعلاه صكوك مرجعية في الأسواق المحلية والدولية. قد تبنت بعض الولايات القضائية ، بما في ذلك البلدان الأفريقية ، استراتيجية مملكة البحرين في إصدار صكوك قصيرة الأجل بانتظام لدعم متطلبات السيولة والاستثمار للمؤسسات المالية الإسلامية الموجودة في ولايتها القضائية. وتعد مملكة البحرين وبروناي دار السلام وإندونيسيا وماليزيا وتركيا وبعض الدول الإفريقية من أكثر المصدرين بالإستمرار لصكوك قصيرة الأجل في عام 2021 كما كان الحال في العام المنصرم أيضًا. إن الهيئة الإسلامية العالمية لإدارة السيولة (IILM) لا تزال مصدرًا نشطًا للصكوك الدولية قصيرة الأجل، وهذا يوفر وسيلة بديلة لإدارة السيولة للمؤسسات المالية الإسلامية الإسلامية النشطة في سوق قصيرة الأجل والتي تبحث عن الأوراق المالية منخفضة المخاطر لتلبية متطلبات الأصول عالية الجودة (HQLA) للمنظمين.

قد ساهم إصدار المزيد من الصكوك الجديدة في نوعيتها وإعادة تمويل الصكوك المستحقة في الحفاظ على مسار حجم الصكوك بشكل إيجابي، ومن المتوقع أن يستمر هذا الاتجاه في عام 2022

لم تحدث المخاوف الأولية في العام الماضي بشأن التأثير المرتبط بوباء COVID 19 على الظروف الاقتصادية العالمية واحتمال حدوث تباطؤ في سوق الصكوك ، بل قد حافظت الصكوك على مسارها التدريجي في جميع مناطق إصدار الصكوك.

The background features a complex abstract design. It includes several diagonal bands with a soft gradient from white to light grey. Interspersed are various geometric patterns: green vertical lines of varying lengths, grey hatched triangles, a white hexagonal grid pattern, and green dotted patterns. Thin black and green lines are scattered throughout the composition.

CHAPTER ONE



OVERVIEW OF THE GLOBAL SUKUK MARKET

1.1 SUKUK MARKET MAINTAIN ITS GROWTH TRAJECTORY

BY: IJLAL AHMED ALVI, CHIEF EXECUTIVE OFFICER & BABAR NASEER, INTERNATIONAL ISLAMIC FINANCIAL MARKET (IIFM)

This chapter is the main section of the Sukuk Report which is being put together internally by IIFM for over a decade and is the vital source of information, analysis and emerging trends on the Global Sukuk market.

The Global Sukuk market closed the year 2021 with a yet another new record issuances and the growth rate of long term issuances slightly exceeded the growth of short-term issuances.

The year closed at an increase of around 7.72% (USD 188.12 billion) where the main factors for this growth trajectory were continuation of economic stimulus measures implemented by the governments though the global economic outlook was showing signs of inflationary pressures coupled with rising commodity prices including Oil.

Sovereign Sukuk issuances continue to be the main driver of the Sukuk market while the maturing Sukuk issuers refinancing requirements also played the role in new Sukuk issuances.

The 2022 Sukuk issuance pipeline as well as the issuances so far are indicating a stable year for the Sukuk market.

Furthermore, Sukuk continued to gain attention from new issuers, greater emphasis on ESG related issuances, increase in issuances from established as well as relatively new jurisdictions particularly from African region. Moreover, increase and diversification in investor base is also positively contributing in the development of Sukuk market.

Sukuk is now firmly established as a viable source of financing for corporate & financial institutions general purpose requirements, capital adequacy, project financing, budgetary and fiscal requirements of sovereign, liquidity management purpose etc.

The integration of environmental, social and governance (ESG) considerations into investment mandates is also driving the development of Green, sustainable & SRI Sukuk offerings. While Sukuk issuance to support financing needs of Small & Medium Enterprise (SME), Sukuk issuance via blockchain and the advent of Formosa Sukuk are positive for the Sukuk market though volumes are limited so far.

There were several events during 2021 which can be noted as landmark events such as private sector led issuance from various jurisdictions and increase in activity from countries such as Nigeria, Egypt, Bangladesh etc., Moreover, the continued interest from well-established sovereign, quasi sovereign, corporate and financial institutions issuers such as Governments of Malaysia, Bahrain, Indonesia, Türkiye, Pakistan, Oman, Saudi Arabia, United Arab Emirates, Kuwait, Brunei, Qatar and Islamic Development Bank & its Group Entities have kept the Sukuk market active.

The issuances of short term Sukuk by number of jurisdictions from Far East, GCC, Africa, Asia, IILM, Türkiye, Bangladesh etc., kept the short term Sukuk market stable though during 2021 the short term issuances were USD 54.172 billion as compare to 2020 issuances of USD 56.741 billion which translate into (-4.50%) drop in issuances. In case of financial institutions, the issuances were to support their liquidity management or in some cases investment requirements.

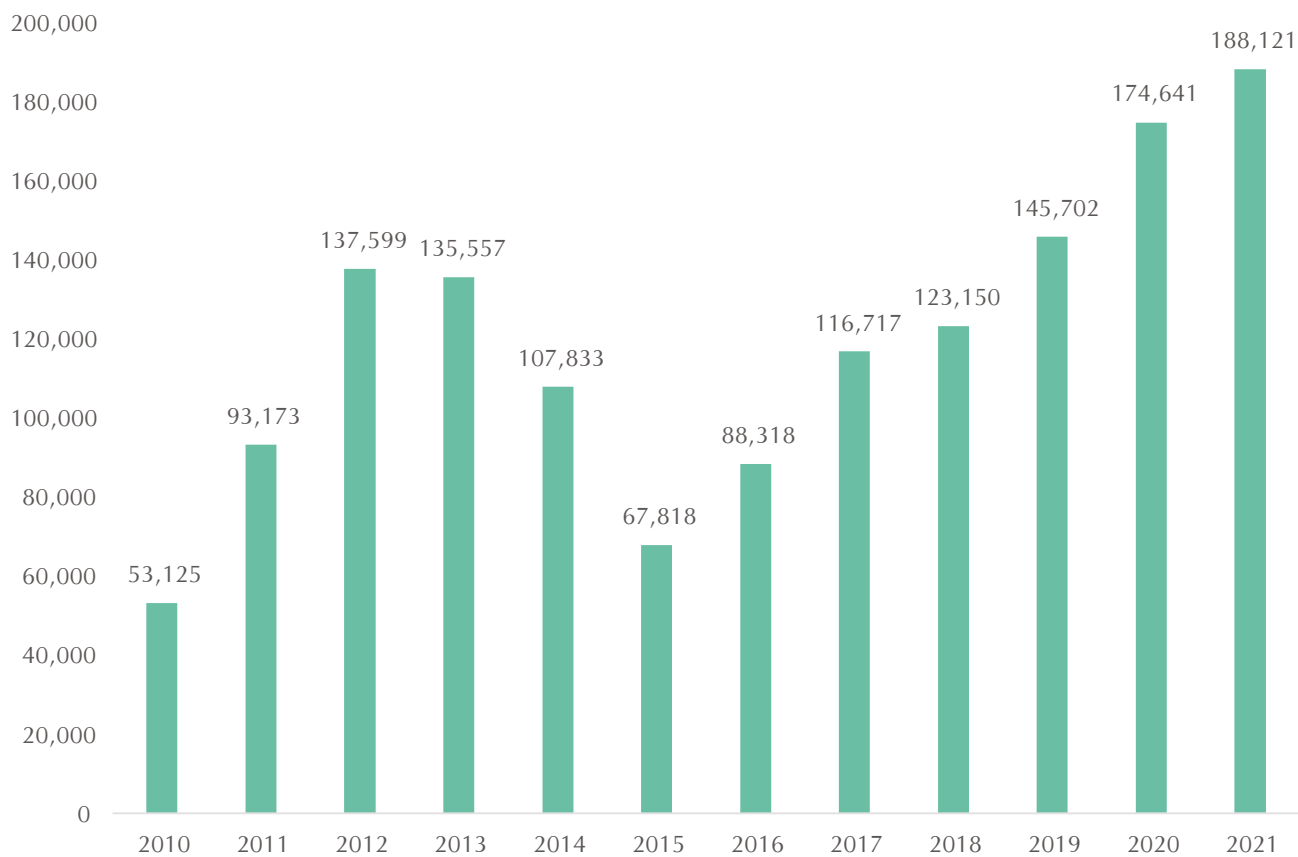
The first half of 2022 seems to indicate that the Sukuk market will remain stable or it may show moderate growth though rising global inflationary pressure and ongoing increase in benchmark rates may keep the issuances flat to a moderate growth.

1.2 GLOBAL SUKUK ISSUANCES

Total global issuance (long term & short term) amounted to USD 188.121 billion in 2021 which is, yet again, the highest value of yearly Sukuk issuances to date.

As illustrated in Chart 1A below, global Sukuk issuance has shown a single digit increase of around 7.72% p.a. or USD 174.641 billion in 2020 to USD 188.121 billion in 2021. The steady issuance volume during 2021 was mainly due to sovereign Sukuk issuances from Asia, GCC, Africa and certain other jurisdictions while Malaysia continue to dominate the Sukuk market though share of countries like Indonesia, UAE, Saudi Arabia and few others increased with good volume.

CHART 1A: TOTAL GLOBAL SUKUK ISSUANCES - ALL TENORS, ALL CURRENCIES, IN USD MILLIONS



TOTAL GLOBAL SUKUK ISSUANCE USD 1.6 TRILLION (JAN 2001 - DEC 2021)

SOURCE: IIFM SUKUK DATABASE

As illustrated in Chart 1A (I) below, in 2021 the short term Sukuk issuances in volume were USD 54.172 billion as compared to 2020 issuances of USD 56.741 billion which translate into percentage wise negative 4.74% p.a. It is worth noting that the long-term issuances recorded the double growth of 13.61% p.a. and volume wise the 2021 issuances were USD 133.948 billion as against the year 2020 issuances of USD 117.90 billion.

CHART 1A (I) : TOTAL GLOBAL LONG TERM VS SHORT TERM SUKUK ISSUNACES (JAN 2010 - DEC 2021) -ALL TENORS, ALL CURRENCIES, IN USD MILLIONS



SOURCE: IIFM SUKUK DATABASE

The following Table 1 gives a clear picture on the selected value leaders Global Sukuk issuances during 2021:

TABLE 1: SELECTED VALUE LEADERS - GLOBAL SUKUK ISSUANCES AND TRENDS (USD 500 MILLION OR >, TENOR > 1 YEAR)

ISSUE YEAR	ISSUER	ISSUANCE CURRENCY	USD MILLION OR EQUIVALENT	TENOR (YEAR)
2021	ACWA Power	SAR	747	7
2021	Ahli United Bank	USD	600	Perpetual
2021	Alinma Bank	SAR	1,333	Perpetual
2021	Arabian Centres	USD	650	6
2021	Bank Albilad	SAR	800	10
2021	Bank Aljazira	USD	500	Perpetual

Continued from previous page

ISSUE YEAR	ISSUER	ISSUANCE CURRENCY	USD MILLION OR EQUIVALENT	TENOR (YEAR)
2021	Dubai Islamic Bank	USD	1,000	5
2021	Dubai Islamic Bank	USD	500	Perpetual
2021	Dukhan Bank	USD	500	Perpetual
2021	Emaar Properties	USD	500	10
2021	Emirates Islamic Bank	USD	500	5
2021	First Abu Dhabi Bank	USD	500	5
2021	Governement of Bahrain	USD	1000	8
2021	Governement of Sharjah	USD	750	10
2021	Government of Indonesia	USD	1,250	5
2021	Government of Indonesia	USD	750	30
2021	Government of Indonesia	IDR	3,138	2
2021	Government of Bangladesh	BDT	558	5
2021	Government of Malaysia	MYR	1,320	10
2021	Government of Malaysia Sustainability Sukuk	USD	500	30
2021	Government of Nigeria	NGN	610	10
2021	Government of Pakistan	PKR	1,010	5
2021	Government of Qatar	QAR	1,080	5
2021	Government of Saudi Arabia	USD	2,000	9
2021	Government of Sultanate Of Oman	USD	1,750	9
2021	Government of Türkiye	USD	2,500	5
2021	Government of United Kingdom	GBP	686	7
2021	Infracap Resources Sdn Bhd	MYR	3,600	15
2021	Islamic Development Bank Sustainability Sukuk	USD	2,500	5
2021	Islamic Development Bank	USD	1,700	5
2021	Khazanah Nasional Bhd	USD	600	10
2021	Kuwait Finance House	USD	750	Perpetual
2021	Ministry of Finance Saudi Arabia	SAR	2,086	10
2021	Ministry of Oil Bahrain (NOGA Holding)	USD	600	8
2021	Ministry of Treasury and Finance of Türkiye	TRY	1,475	3
2021	Ministry of Treasury and Finance of Türkiye	Euro	835	3
2021	Riyad Bank	SAR	799	10
2021	Saudi Aramco	USD	3,000	10
2021	Saudi Real Estate Refinance Company	SAR	1,067	7
2021	The Saudi National Bank	USD	1,250	Perpetual

SOURCE: IIFM SUKUK DATABASE

As per the above the hallmark issuances, the year 2021 issuances were buoyed by Sovereigns, Quasi Sovereign and Financial Institutions (IFIs) while there were limited number of corporate issuances.

A standardized mechanism for Shari’ah compliant foreign currency hedging, developed jointly by IIFM & ISDA, is facilitating the issuers to issue Sukuk in other jurisdictions without exposing the Sukuk holders to foreign exchange and rate of return mismatch risk. Moreover, IIFM’s published Sukuk Al Ijarah & Sukuk Al Mudarabah Tier 1 documentation standards are available to assist the development of the Sukuk market.

The trend of fixed rate Sukuk issuances started over ten years ago has continued in 2021 though now during 2022 the developed countries central banks have started increasing the benchmark rates to curb inflation but so far impact on Sukuk issuances seems to be minimum or no real impact.

Following are landmark Fixed Profit Rate Sukuk Issuances during 2021:

TABLE 2: LANDMARK FIXED RATE SUKUK ISSUANCES (USD 500 MILLION OR >, TENOR > 1 YEAR)

ISSUE YEAR	ISSUER	TYPE OF ISSUED SUKUK	ISSUANCE CURRENCY	INTERNATIONAL/ DOMESTIC	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	RATE OF RETURN	TENOR (YEARS)
2021	Ahli United Bank	FIs	USD	International	Sukuk Al Mudharabah	600	4	Perpetual
2021	Alinma Bank	FIs	SAR	Domestic	Sukuk Al Mudharabah	1,333	4	Perpetual
2021	Arabian Centres	Corporate	USD	International	Hybrid Sukuk - Murabahah/ Mudharabah	650	6	6
2021	Bank Aljazira	FIs	USD	International	Sukuk Al Mudharabah	500	4	Perpetual
2021	Dubai Islamic Bank	FIs	USD	International	Hybrid Sukuk- Ijarah/Murabahah	1,000	2	5
2021	Dubai Islamic Bank	FIs	USD	International	Sukuk Al Mudharabah	500	4	Perpetual
2021	Dukhan Bank	FIs	USD	International	Sukuk Al Mudharabah	500	4	Perpetual
2021	Emaar Properties	Corporate	USD	International	Hybrid Sukuk - Ijarah/ Wakalah	500	4	10
2021	Emirates Islamic Bank	FIs	USD	International	Sukuk Al Wakalah	500	2	5
2021	First Abu Dhabi Bank	FIs	USD	International	Sukuk Al Wakalah	500	1	5
2021	Gouvernement of Bahrain	Sovereign	USD	International	Hybrid Sukuk - Ijarah/Murabahah	1000	4	8
2021	Gouvernement of Sharjah	Sovereign	USD	International	Hybrid Sukuk - Ijarah/Murabahah	750	3	10
2021	Government of Indonesia	Sovereign	USD	International	Sukuk Al Wakalah	1,250	1.5	5
2021	Government of Indonesia	Sovereign	USD	International	Sukuk Al Wakalah	750	3.5	30
2021	Government of Indonesia	Sovereign	IDR	Domestic	Sukuk Al Ijarah	3,138	4	2
2021	Government of Malaysia	Sovereign	MYR	Domestic	Sukuk Al Murabahah	960	5	30

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ISSUE YEAR	ISSUER	TYPE OF ISSUED SUKUK	ISSUANCE CURRENCY	INTERNATIONAL/ DOMESTIC	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	RATE OF RETURN	TENOR (YEARS)
2021	Government of Malaysia	Sovereign	MYR	Domestic	Sukuk Al Murabahah	1,320	3	10
2021	Government of Malaysia - Sustainability Sukuk	Sovereign	USD	International	Sukuk Al Wakalah	500	3	30
2021	Government of Nigeria	Sovereign	NGN	Domestic	Sukuk Al Ijarah	610	13	10
2021	Government of Saudi Arabia	Sovereign	USD	International	Hybrid Sukuk - Murabahah/ Mudharabah	2,000	3	9
2021	Government of Sultanate of Oman	Sovereign	USD	International	Sukuk Al Ijarah	1,750	5	9
2021	Government of Türkiye	Sovereign	USD	International	Sukuk Al Ijarah	2,500	5	5
2021	Islamic Development Bank-Sustainability Sukuk	Quasi Sovereign	USD	International	Hybrid Sukuk	2,500	1	5
2021	Islamic Development Bank	Quasi Sovereign	USD	International	Hybrid Sukuk	1,700	1	5
2021	Khazanah Nasional Bhd	Quasi Sovereign	USD	International	Sukuk Al Wakalah	600	2	10
2021	Kuwait Finance House	FIs	USD	International	Sukuk Al Mudharabah	750	4	Perpetual
2021	Ministry of Finance Saudi Arabia	Sovereign	SAR	Domestic	Hybrid Sukuk - Murabahah/ Mudharabah	2,086	3	10
2021	Ministry of Oil Bahrain (NOGA Holding)	Sovereign	USD	International	Hybrid Sukuk -Ijarah/Mudharabah	600	5	8
2021	Ministry of Treasury and Finance of Türkiye	Sovereign	TRY	Domestic	Sukuk Al Ijarah	1,475	1	3
2021	Ministry of Treasury and Finance of Türkiye	Sovereign	Euro	International	Sukuk Al Ijarah	835	1	3
2021	Saudi Aramco	Sovereign	USD	International	Hybrid Sukuk -Ijarah/Murabahah	3,000	3	10
2021	The Saudi National Bank	FIs	USD	International	Sukuk Al Mudharabah	1,250	4	Perpetual

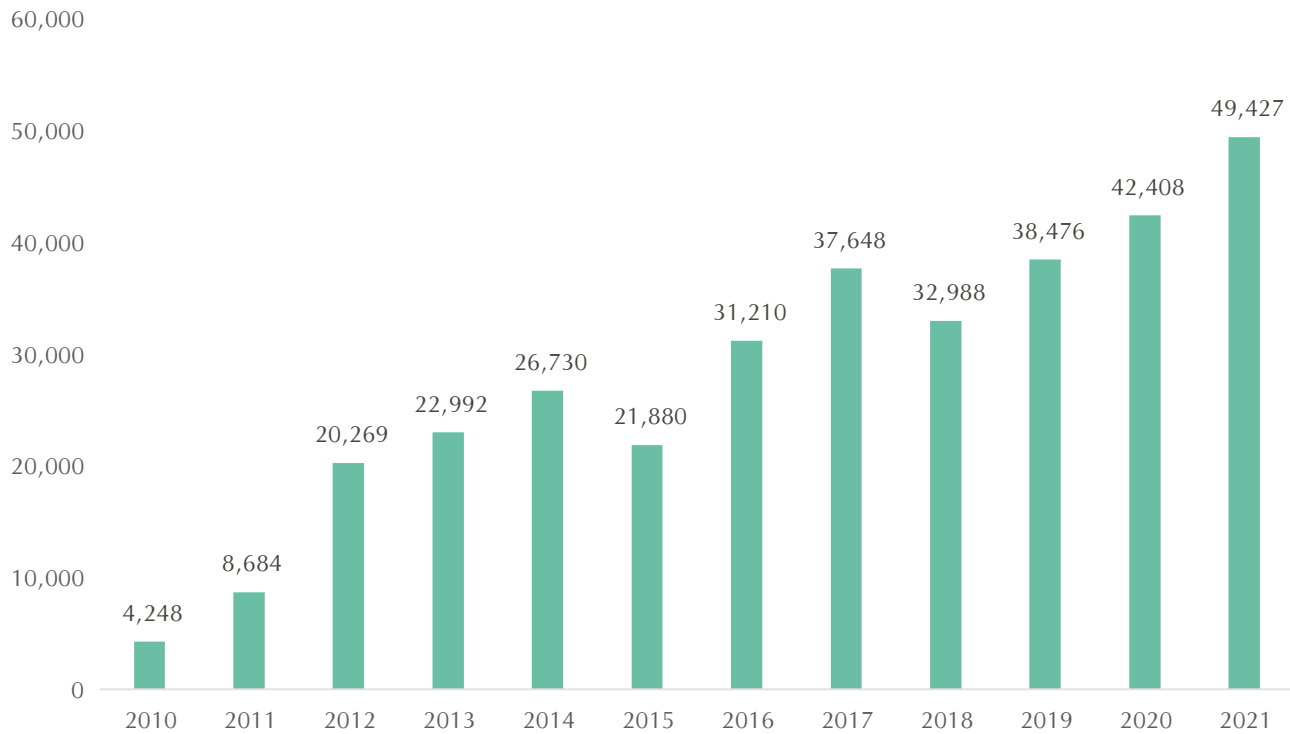
SOURCE: IIFM SUKUK DATABASE

1.3 INTERNATIONAL SUKUK ISSUANCES

Total international Sukuk issuances stood at USD 49.427 billion in 2021 which translate into an increase of USD 7.02 billion or positive 16.55% from 2020 level of USD 42.408 billion.

Though in terms of issuance volume the year 2021, yet again, recorded a new high where all the increase in volume came from the long-term issuances.

CHART 1B: TOTAL INTERNATIONAL SUKUK ISSUANCES - ALL TENORS, ALL CURRENCIES, IN USD MILLIONS

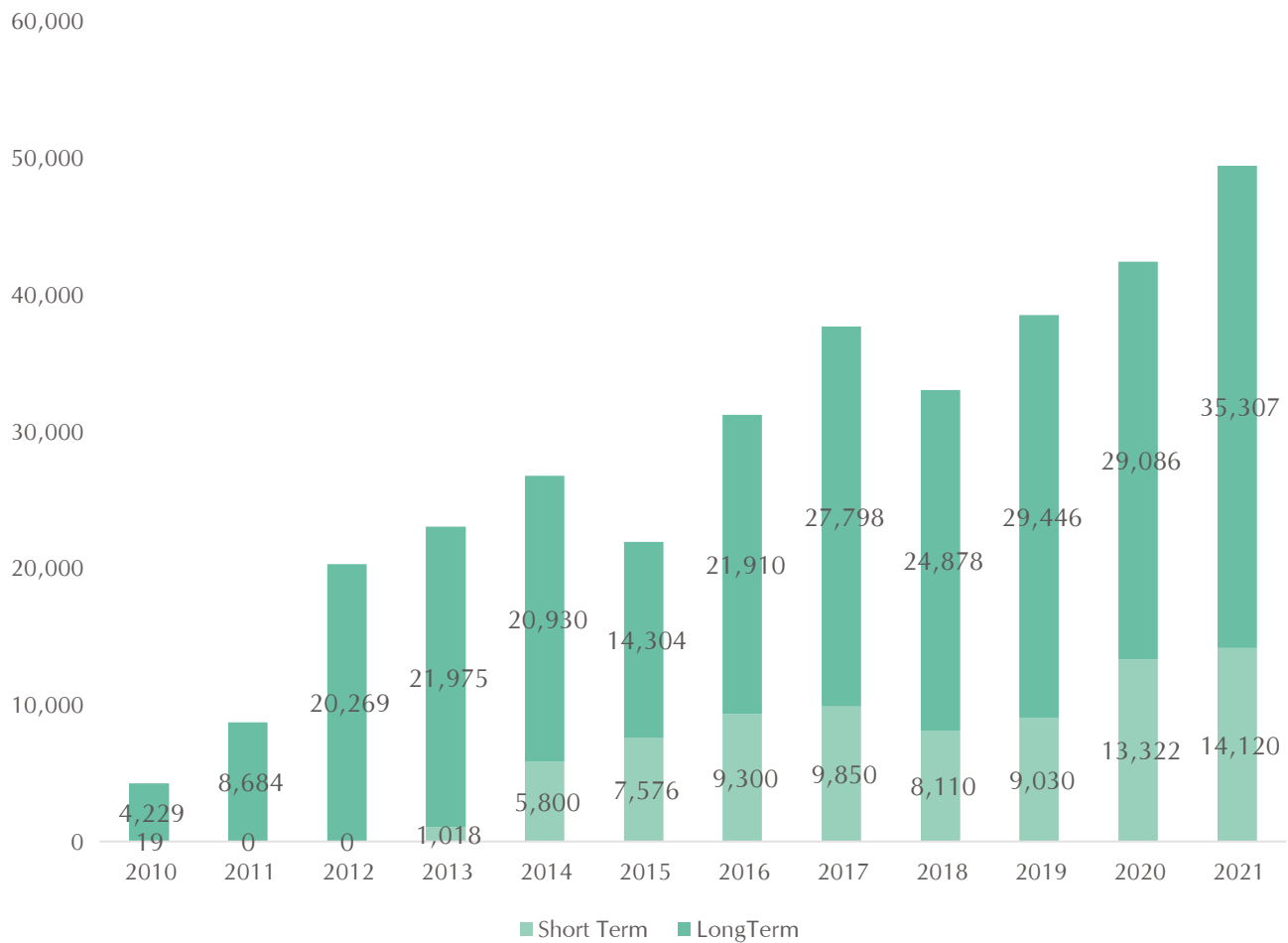


TOTAL INTERNATIONAL SUKUK ISSUANCE USD 381.75 BILLION (JAN 2001 - DEC 2021)

SOURCE: IIFM SUKUK DATABASE

The Sukuk issuances by sovereign, quasi sovereign, IFIs and to some extent by corporates mainly from GCC, Indonesia, Malaysia and Türkiye have contributed an increase of volumes hence surpassing the previous year issuances.

CHART 1B (I) : TOTAL INTERNATIONAL LONG TERM VS SHORT TERM SUKUK ISSUNACES (JAN 2010 - DEC 2021) - ALL TENORS, ALL CURRENCIES, IN USD MILLIONS



SOURCE: IIFM SUKUK DATABASE

The breakdown of long term versus short term Sukuk issuances can be assessed from the above Chart 1B (I) where in 2021 USD 35.307 billion long term Sukuk were issued against USD 14.120 Billion short term Sukuk issuances which is in percentage term the ratio works out to be around 71.34% versus 28.66% while in 2020 the long term versus short term ratio was 68.58 versus 31.41%.

During 2020 there were no Non-Local Currency Sukuk issued in a jurisdiction by a foreign issuer nor was there any Formosa Sukuk issuance.

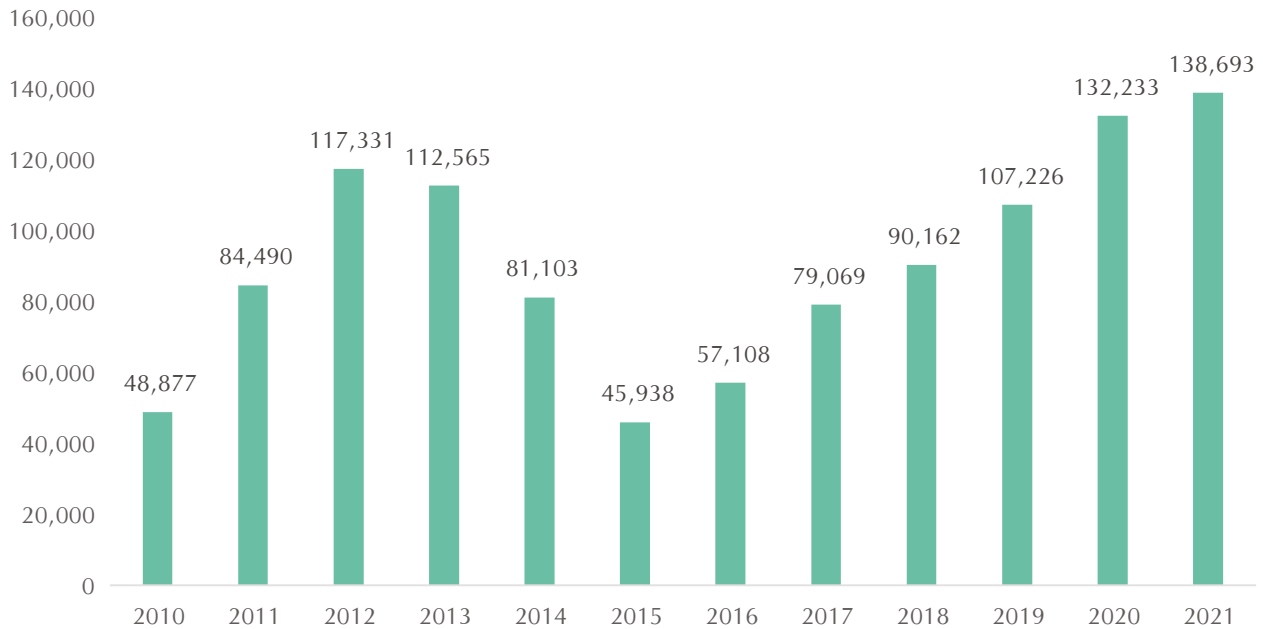
A few milestones achieved in the international Sukuk market in the year 2021 are as follows:

- a) Saudi Aramco, USD 3 billion, Hybrid Sukuk
- b) Islamic Development Bank - Sustainability Sukuk, 2.5 billion, Hybrid Sukuk
- c) Government of Saudi Arabia, USD 2 billion Hybrid Sukuk
- d) Government of Sultanate of Oman, 1.7 billion, Sukuk Al Ijarah
- e) Government of Malaysia (Sustainability Sukuk) USD 1.3 Billion , Sukuk Al Wakalah
- f) The Saudi National Bank, USD 1.2 billion, Sukuk Al Mudharabah
- g) Government of Indonesia Sukuk USD 1.2 billion Sukuk Al Wakalah
- h) Ahli United Bank, USD 600 million, Sukuk Al Mudharabah
- i) Kuveyt Turk Katilim Bankasi - Sustainability Sukuk, USD 350 Million, Hybrid Sukuk

1.4 DOMESTIC SUKUK ISSUANCES

Chart 1C below shows the domestic Sukuk issuances have modestly increased in volume from their 2020 level of USD 132.233 billion to USD 138.693 billion or around positive 4.88%; the biggest chunk of this increase is coming from the Malaysian market contribution of USD 61 billion followed by Saudi Arabia USD 27.14 billion, Indonesia USD 20.33 billion and Türkiye USD 13 billion.

CHART 1C: TOTAL DOMESTIC SUKUK ISSUANCES ALL TENORS, ALL CURRENCIES, IN USD MILLIONS

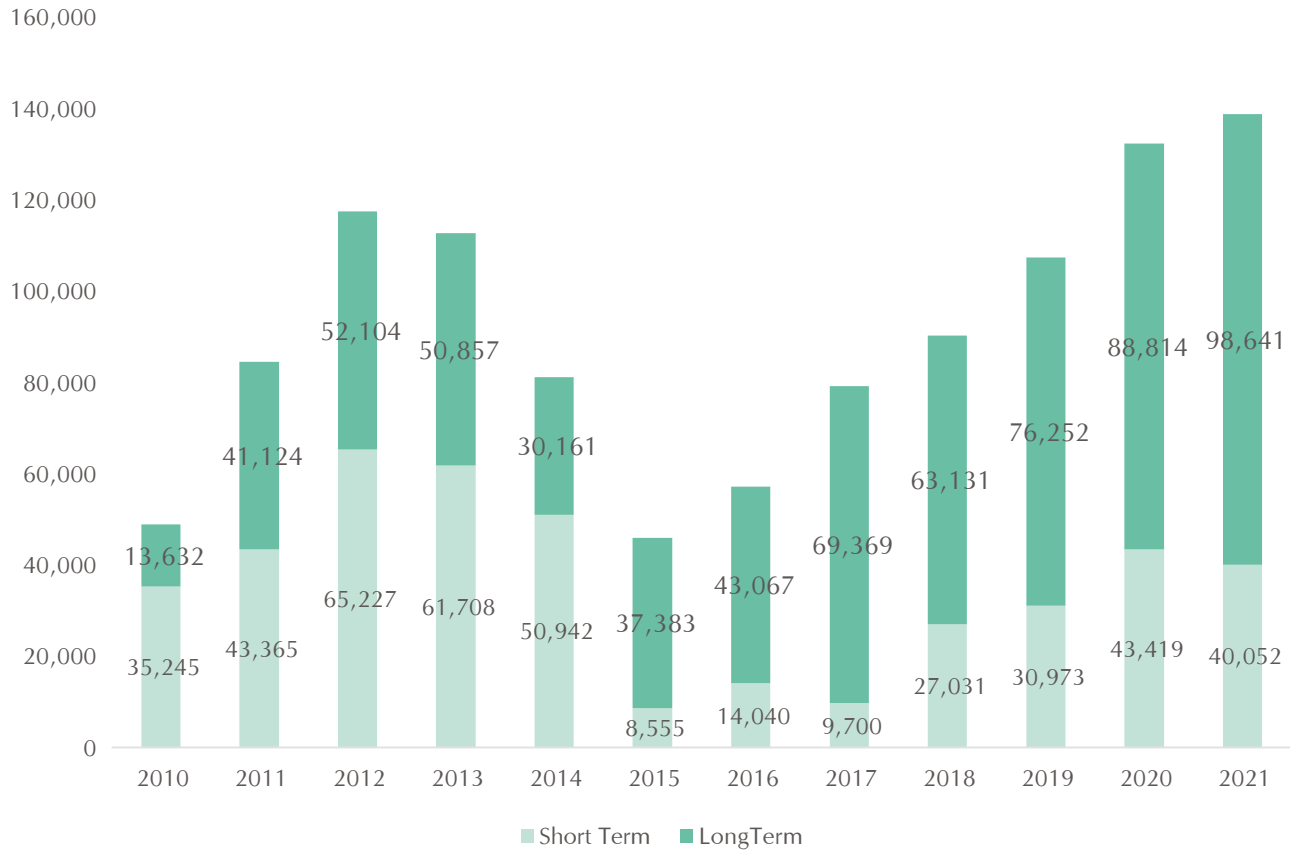


TOTAL DOMESTIC SUKUK ISSUANCE USD 1,229.28 BILLION (JAN 2001 - DEC 2021)

SOURCE: IIFM SUKUK DATABASE

If we analyze the domestic issuances ex-Malaysia, there was a rise in the domestic Sukuk issuances from the rest of the world with domestic issuances ex-Malaysia standing at approximately USD 77.64 billion in 2021 as against USD 78.48 billion in 2020. Among the major players in the domestic market outside of Malaysia are Saudi Arabia, Indonesia, Bahrain, Qatar and Türkiye while there has been steady increase in issuances from Bangladesh.

CHART 1C (I) : TOTAL DOMESTIC LONG-TERM VS SHORT-TERM SUKUK ISSUNACES (JAN 2010 - DEC 2021) - ALL TENORS, ALL CURRENCIES, IN USD MILLIONS



SOURCE: IIFM SUKUK DATABASE

The breakdown of long term versus short term Sukuk issuances can be assessed from the above Chart 1C (I) where in 2021 USD 98.641 billion long term Sukuk were issued against USD 40.052 billion short term Sukuk which is in percentage term the ratio works out to be around 71.12% versus 28.88%.

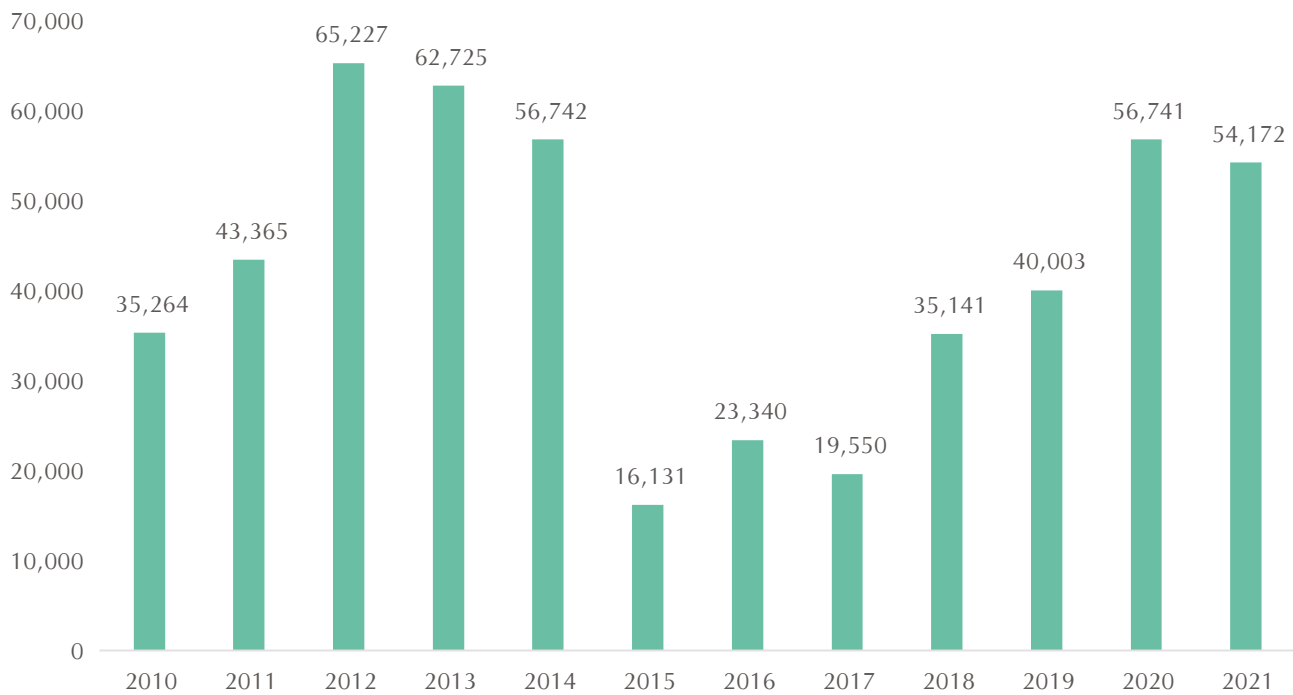
A few milestones achieved in the domestic Sukuk market in the year 2021 are as follows:

- a) Government of Indonesia, IDR 44 trillion (USD 3.1 Billion) Sukuk Al Ijarah
- b) Government of Malaysia, MYR 5.5 billion (USD 1.3 billion) Sukuk Al Murabahah
- c) Government of Nigeria, NGN 250 billion (USD 610 million), Sukuk Al Ijarah
- d) Infracap Resources Malaysia, MYR 5.5 billion (USD 3.6 billion) Sukuk Al Murabahah
- e) Riyadh Bank, SAR 3 billion (USD 800 million), Sukuk Al Murabahah
- f) Bank Albilad, SAR 3 billion (USD 800 million, Hybrid Sukuk
- g) ACWA Power, SAR 2.8 billion (USD 746 Million), Hybrid Sukuk

1.5 SHORT TERM SUKUK MARKET

Short term Sukuk with maturity of 1 year or less are indispensable in particular meeting liquidity management requirements of Islamic financial institutions. As shown in Chart 2A below, ‘total global short term Sukuk issuance’ since the inception of the Sukuk market stands at USD 556.22 billion. During 2021 short term Sukuk issuance was USD 54.172 billion against 2020 issuance of USD 56.741 billion which translate into a slight decrease of USD 2.569 billion or a decrease of negative 3.575 % p.a. of short term Sukuk issuances.

CHART 2A: TOTAL GLOBAL SHORT TERM SUKUK ISSUANCES - ALL CURRENCIES, TENOR 12 MONTHS OR LESS, IN USD MILLIONS



TOTAL GLOBAL SHORT TERM SUKUK ISSUANCE USD 556.22 BILLION (JAN 2001 - DEC 2021)

SOURCE: IIFM SUKUK DATABASE

Malaysia has been the clear value leader in the short tenor Sukuk market and its market share of the total ‘global short term Sukuk issuances’ from 2001 to 2021 works out to be 78.46% (USD 436.423 billion). Other regular issuers in the short-term market had been Bahrain, Brunei, Indonesia, Sudan, Türkiye, Bangladesh etc., Interestingly this group of issuers have formed around 99.45% of the total short-term market since the inception.

The International Islamic Liquidity Management (IILM), also based in Malaysia, started its short term issuances in the year 2013 and during 2021 it has issued the highest number of Sukuk to date. The governments of Indonesia, Türkiye and Bangladesh in particular have stepped up their short-term Sukuk issuances.

The following tables on the next page shows the regional break-up of total short term Sukuk issuance since 2001.

TABLE 3A: TOTAL GLOBAL SHORT TERM SUKUK ISSUANCES – ALL CURRENCIES ≤ 12 MONTHS (JAN 2001 – DEC 2021)

ASIA & FAR EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bangladesh	126	5,727	1.03%
Brunei Darussalam	251	13,300	2.39%
Indonesia	135	14,207	2.55%
Malaysia	4,066	436,423	78.46%
Maldives	2	21	0.00%
Pakistan	25	621	0.11%
Singapore	3	221	0.04%
Total	4,608	470,519	84.6%
GCC & MIDDLE EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bahrain	406	22,074	3.97%
Oman	1	130	0.02%
Saudi Arabia	6	1,301	0.23%
United Arab Emirates	1	100	0.02%
Yemen	1	234	0.04%
Total	415	23,839	4.3%
AFRICA	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Gambia	620	430	0.08%
Sudan	30	17,441	3.14%
Total	650	17,871	3.2%
EUROPE & OTHERS	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Türkiye	1000	43,996	7.91%
Total	1000	43,996	7.91%
Grand Total	6,673	556,225	100%

SOURCE: IIFM SUKUK DATABASE

Although a number of new jurisdictions have entered the short term Sukuk market but Malaysia's share of the short term Sukuk market including IILM during 2021 remain dominant with the total market share of around 65.76% (USD 35.625 billion).

TABLE 3B: TOTAL GLOBAL SHORT TERM SUKUK ISSUANCES – ALL CURRENCIES ≤ 12 MONTHS FOR THE YEAR 2021

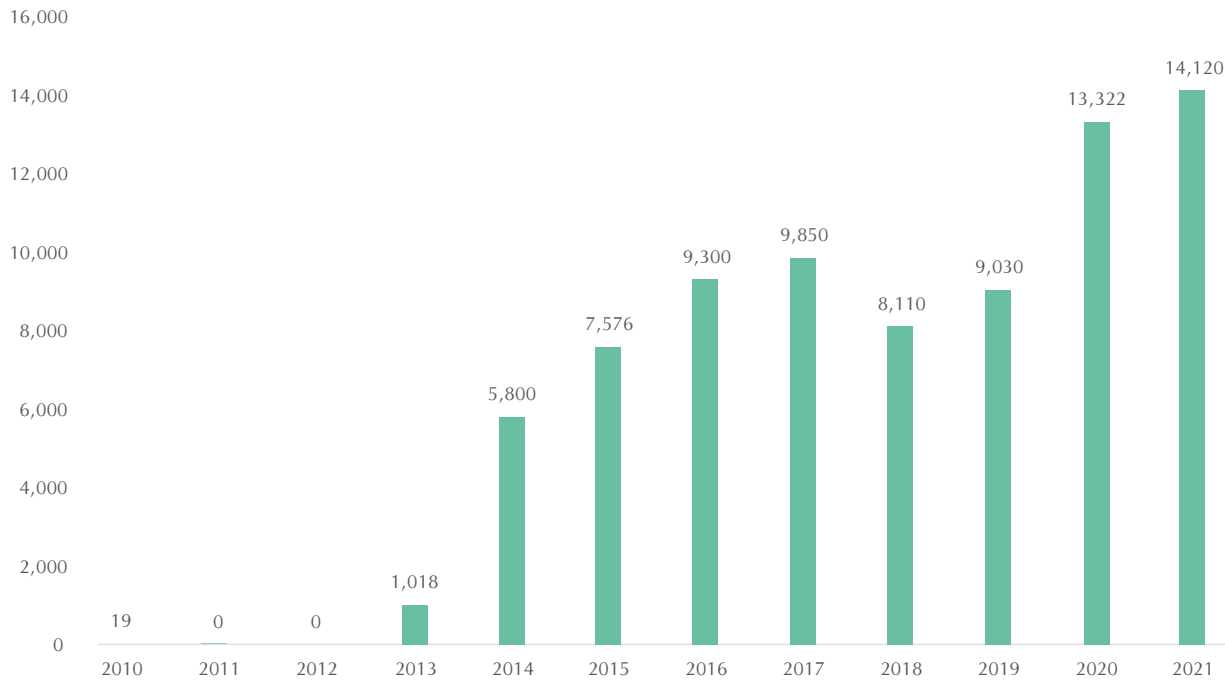
ASIA & FAR EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bangladesh	97	4,937	9.11%
Brunei Darussalam	56	1,470	2.71%
Indonesia	23	1,742	3.22%
Malaysia	423	35,625	65.76%
Pakistan	9	223	0.41%
Total	608	43,997	81.2%
GCC & MIDDLE EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bahrain	22	2,056	3.80%
Total	22	2,056	3.8%
AFRICA	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Gambia	130	17	0.03%
Sudan	4	22	0.04%
Total	134	39	0.1%
EUROPE & OTHERS	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Türkiye	422	8,079	14.91%
Total	422	8,079	14.91%
Grand Total	1,186	54,172	100%

SOURCE: IIFM SUKUK DATABASE

Chart 2B on the next page shows the international short term Sukuk issuance of USD 14.120 billion during 2021.

Central Bank of Bahrain started issuing International short term Sukuk during 2001 to 2008 period and then the issuance program totally switched to domestic currency (Bahraini Dinar) issuances and short term market was mostly domestic until 2012. During 2013, International issuances (hard currency issuances) were again offered with the advent of IILM which is now regularly issuing USD based short term Sukuk for the purpose of liquidity management in various short-term tenors. The Government of Bahrain is still a prolific issuer in the short term market, but it only issues domestic currency Sukuk while other jurisdictions namely Brunei, Malaysia, Indonesia, Türkiye, Bangladesh, Sudan etc., are now regular issuers of short term Sukuk in domestic market.

CHART 2B: TOTAL INTERNATIONAL SHORT TERM SUKUK ISSUANCE ≤ 12 MONTHS , USD MILLIONS

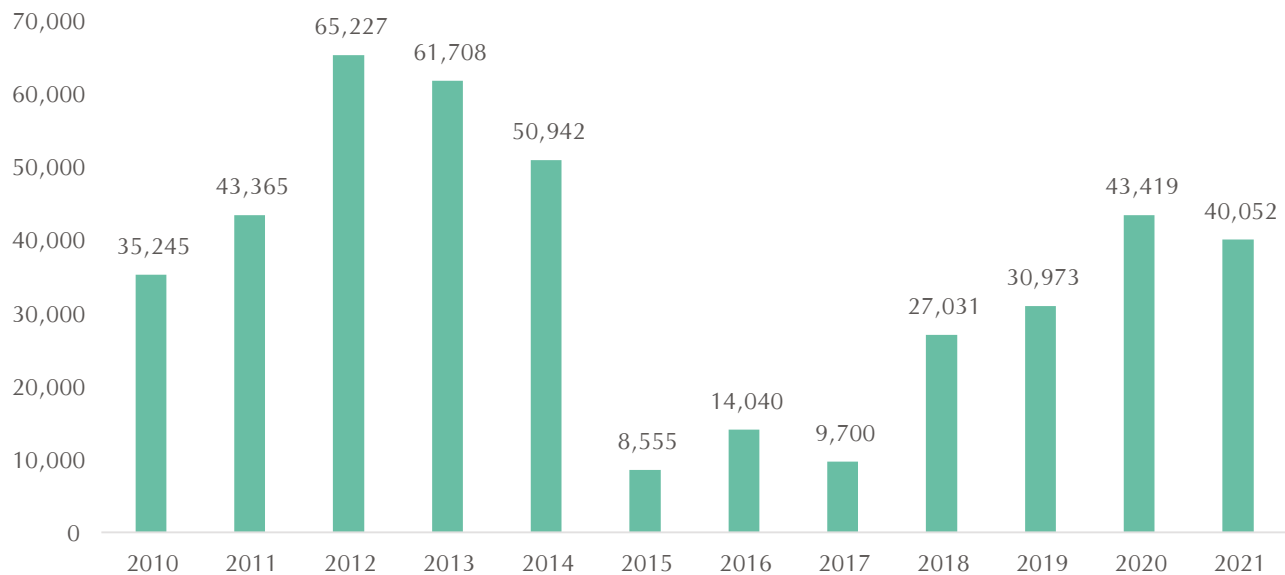


TOTAL INTERNATIONAL SHORT TERM SUKUK ISSUANCE USD 80.10 BILLION (JAN 2001 – DEC 2021)

SOURCE: IIFM SUKUK DATABASE

Chart 2C below shows that domestic short term issuances where there is a slight decrease of USD 3.367 billion in 2021 as compared to previous year which was mainly due to issuances from Malaysia, Bahrain, Brunei, Türkiye and few other jurisdictions including from Africa.

CHART 2C: TOTAL DOMESTIC SHORT TERM SUKUK ISSUANCE ≤ 12 MONTHS , USD MILLIONS



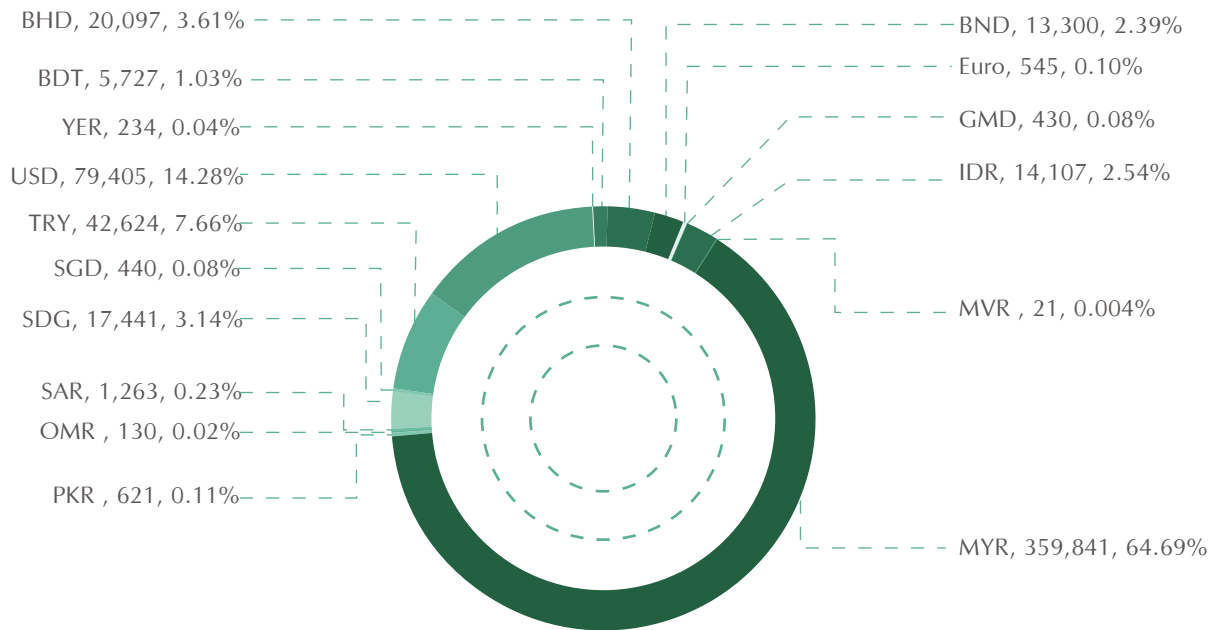
TOTAL DOMESTIC SHORT TERM SUKUK ISSUANCE USD 476.12 BILLION (JAN 2001 – DEC 2021)

SOURCE: IIFM SUKUK DATABASE

Historically, in the years from 2011 to 2014, witnessed the highest volume of domestic Short Term Sukuk issuances and during 2021 the issuance did not experience any issue.

The currency wise break-up of issuances is explained in Chart 2D (A) below:

CHART 2D (A): GLOBAL SHORT TERM SUKUK ISSUANCES ≤ 12 MONTHS, CURRENCY BREAK-UP (JAN 2001- DEC 2021, AMOUNT IN USD MILLIONS)



SOURCE: IIFM SUKUK DATABASE

As explained in the below Chart 2D (B) & Chart 2D (C) the global short term market during 2020 & 2021 where Malaysian Ringgit denominated issuances again leads the currency break-up with market share of around 31.54% and 39.70% respectively compared to US Dollar, Turkish Lira, Indonesian Rupiah, Bahraini Dinar and others issuances.

CHART 2D (B): GLOBAL SHORT TERM SUKUK ISSUANCES ≤ 12 MONTHS, CURRENCY BREAK-UP FOR THE YEAR 2020, AMOUNT IN USD MILLIONS

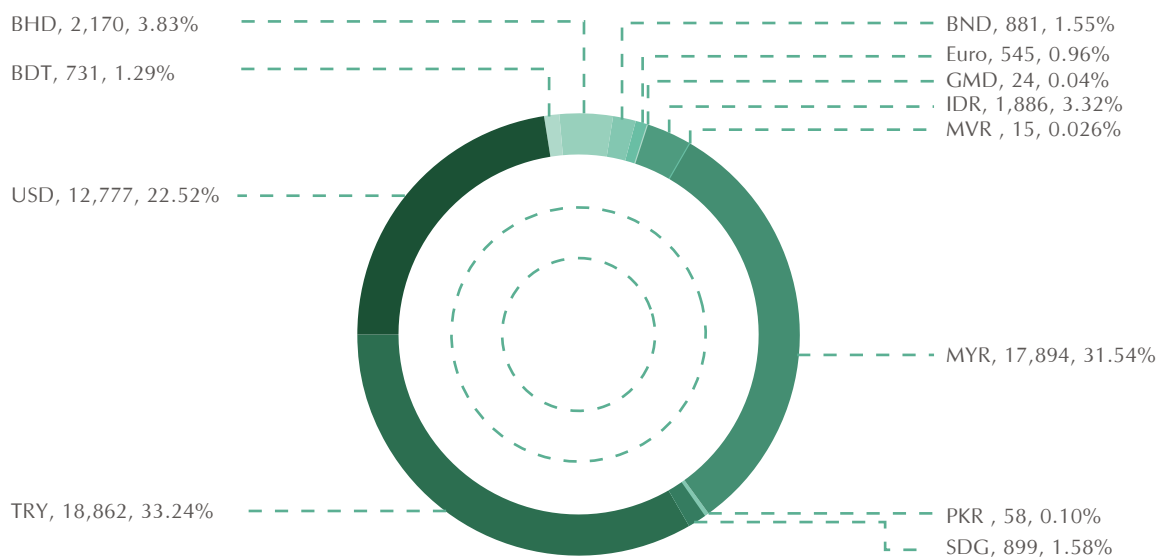
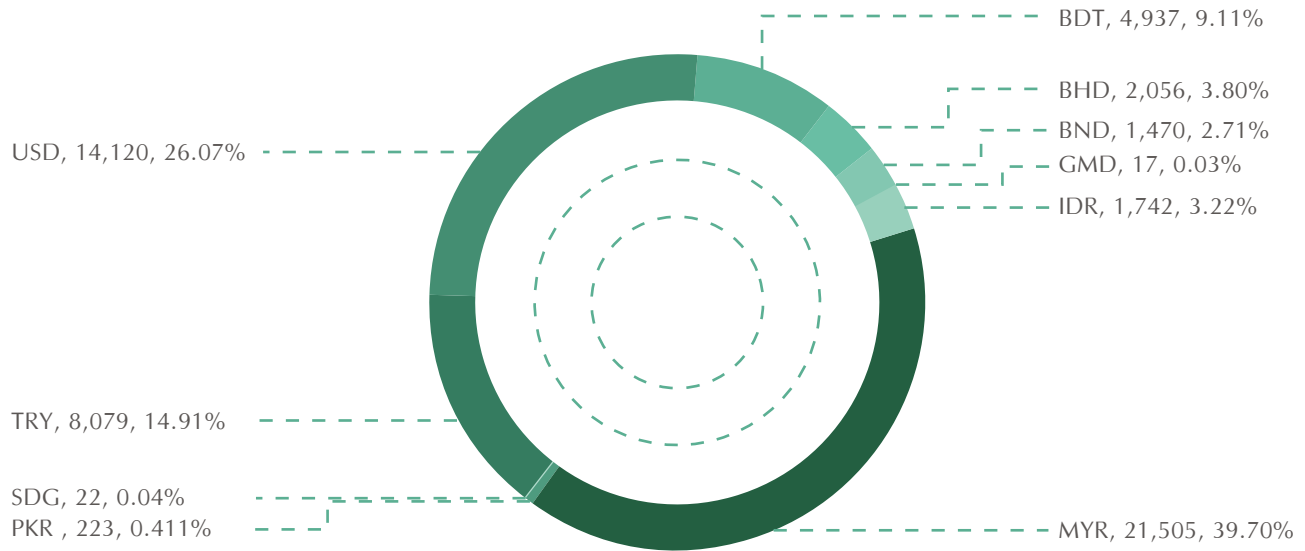


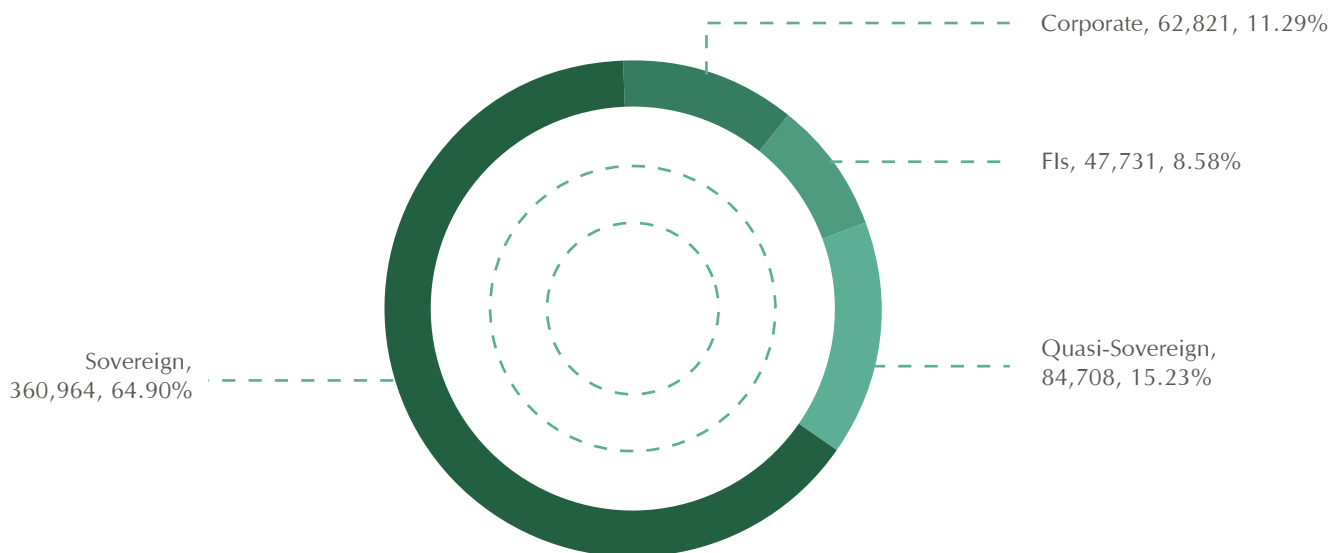
CHART 2D (C): GLOBAL SHORT TERM SUKUK ISSUANCES ≤ 12 MONTHS, CURRENCY BREAK-UP FOR THE YEAR 2021, AMOUNT IN USD MILLIONS



SOURCE: IIFM SUKUK DATABASE

Chart 2E (A) below presents the short term Sukuk issuances since inception by Sovereign, Quasi Sovereign, Financial Institutions and Corporates. Sovereign issuances maintained its lead over followed by quasi sovereign issuances which explain why support from the regulators backed by the respective governments is so critical in the development of short term Sukuk market.

CHART 2E (A): GLOBAL SHORT TERM SUKUK ISSUANCES ≤ 12 MONTHS, ISSUER TYPE (JAN 2001- DEC 2021, AMOUNT IN USD MILLIONS)



SOURCE: IIFM SUKUK DATABASE

Chart 2E (B) & Chart 2E (C) below provides information on issuances from Sovereign, Quasi Sovereign, Corporate and IFI during 2020 and 2021 respectively:

CHART 2E (B): GLOBAL SHORT TERM SUKUK ISSUANCES ≤ 12 MONTHS, ISSUER TYPE, FOR THE YEAR 2020, AMOUNT IN USD MILLIONS)

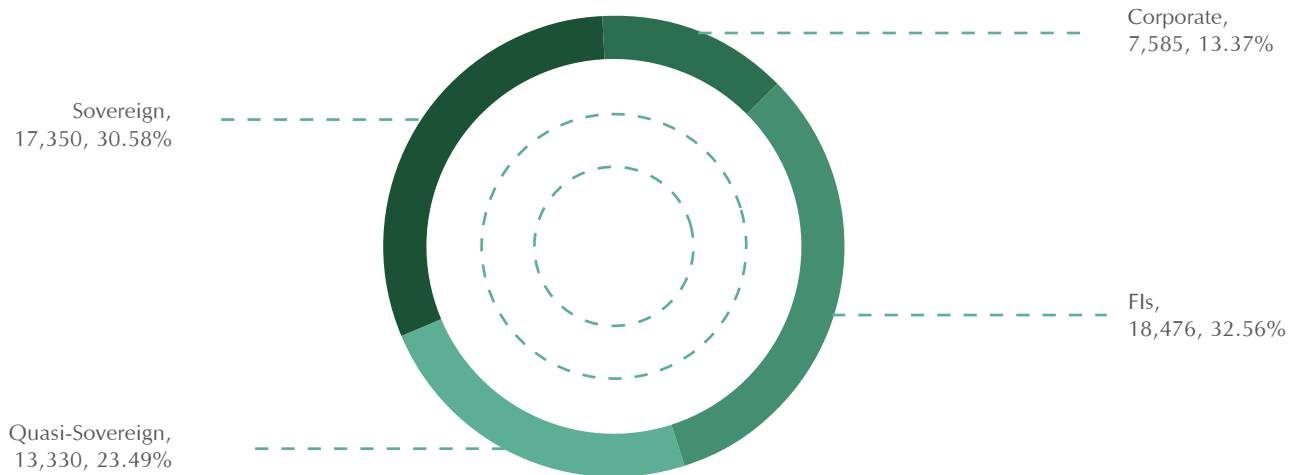
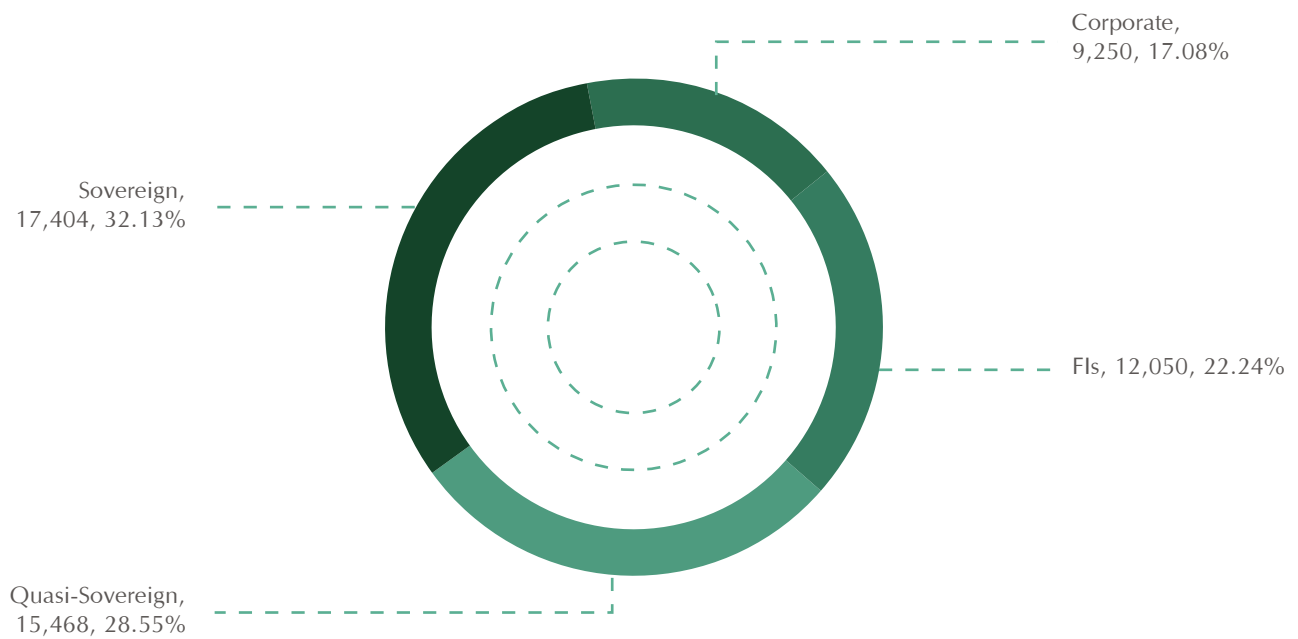


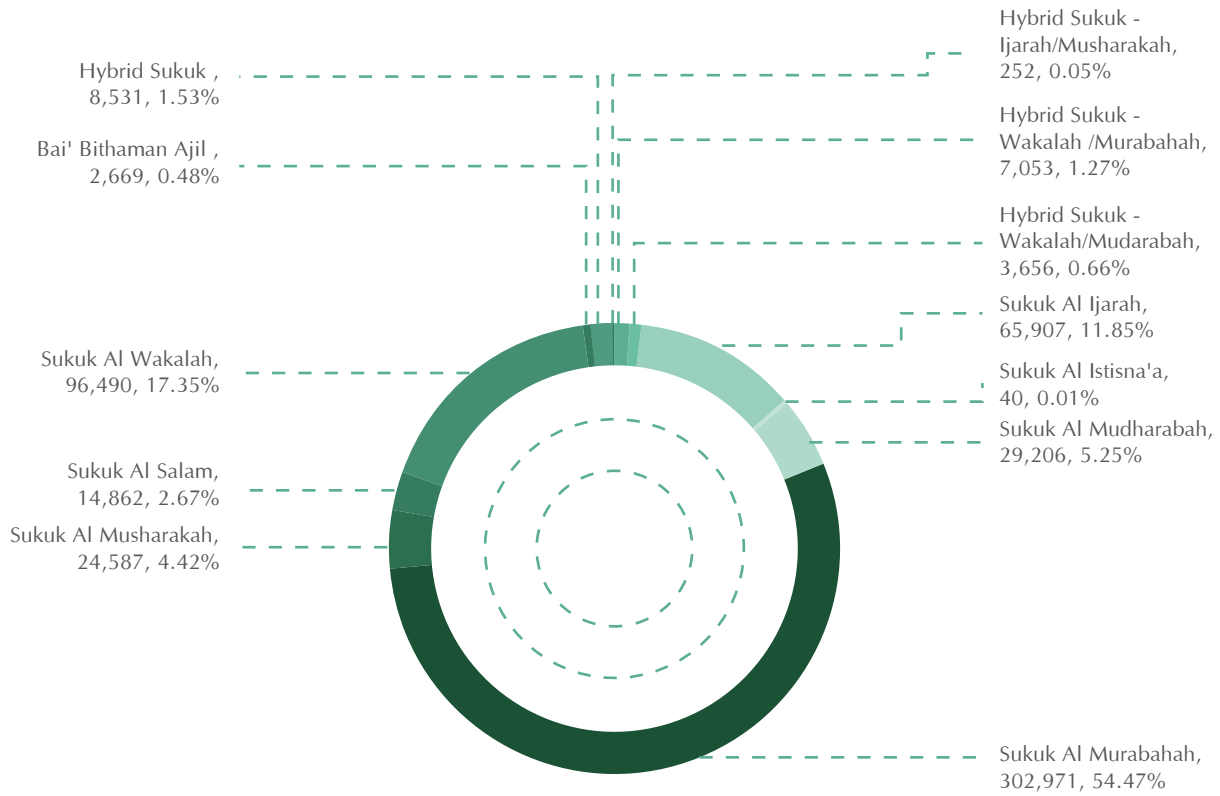
CHART 2E (C): GLOBAL SHORT TERM SUKUK ISSUANCES ≤ 12 MONTHS, ISSUER TYPE, FOR THE YEAR 2021, AMOUNT IN USD MILLIONS)



SOURCE: IIFM SUKUK DATABASE

Chart 2F (A) below provides information on structure break-up of issuances since inception where Murabahah structure maintained its leading position.

CHART 2F (A): DOMESTIC SHORT TERM SUKUK ISSUANCES ≤ 12 MONTHS, STRUCTURE BREAK-UP (JAN 2001- DEC 2021, AMOUNT IN USD MILLIONS)



SOURCE: IIFM SUKUK DATABASE

Chart 2F (B) & Chart 2F (C) below provides information on structure break-up during the year 2020 & 2021 respectively where Wakalah structure has taken a more dominant role though generally Sukuk issued under Wakalah structure involves Ijarah and Murabahah which means that the share of Murabahah and Ijarah could be higher on overall basis.

CHART 2F (B): GLOBAL SHORT TERM SUKUK ISSUANCES ≤ 12 MONTHS, STRUCTURE BREAK-UP FOR THE YEAR 2020, AMOUNT IN USD MILLIONS

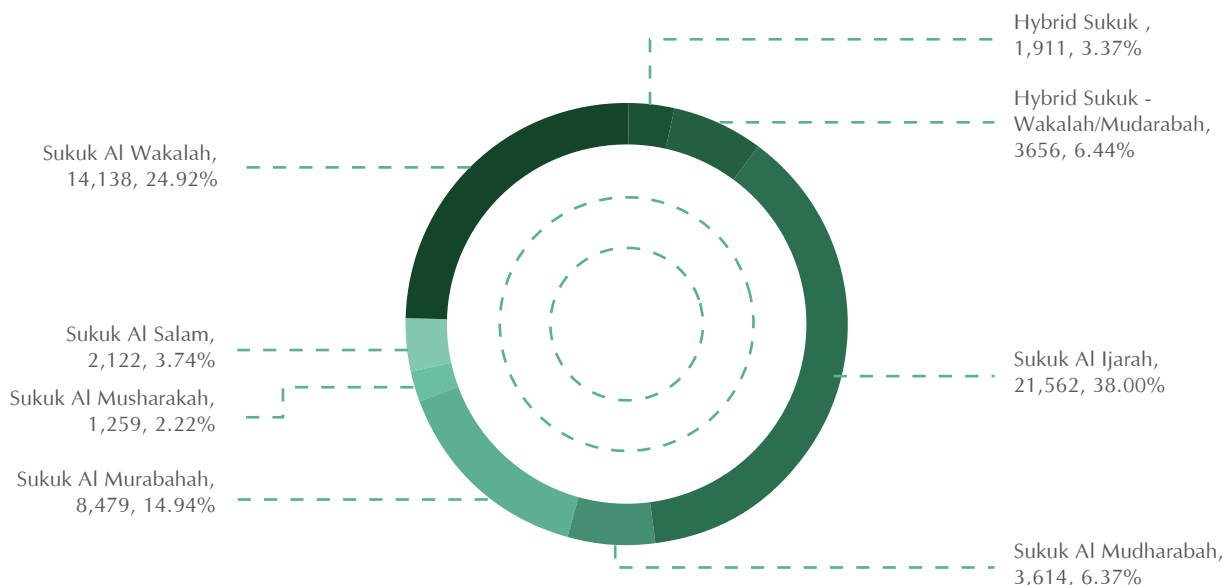
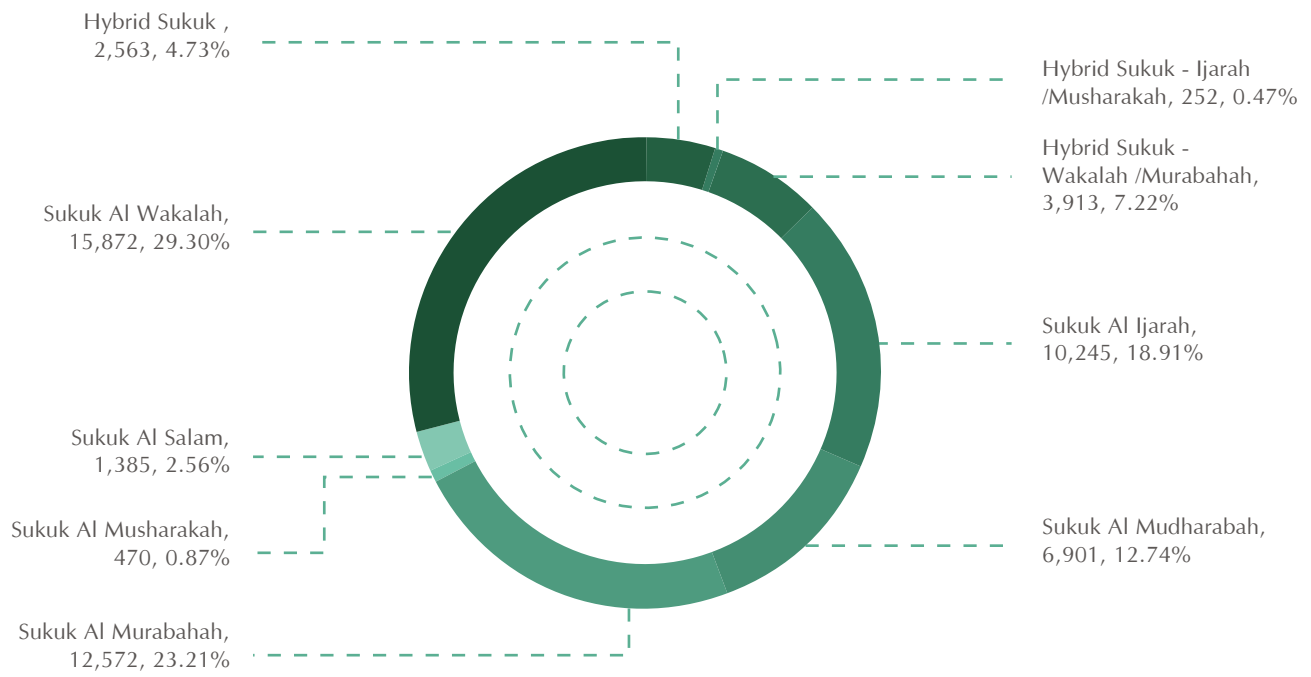


CHART 2F (C): GLOBAL SHORT TERM SUKUK ISSUANCES ≤ 12 MONTHS, STRUCTURE BREAK-UP FOR THE YEAR 2021, AMOUNT IN USD MILLIONS



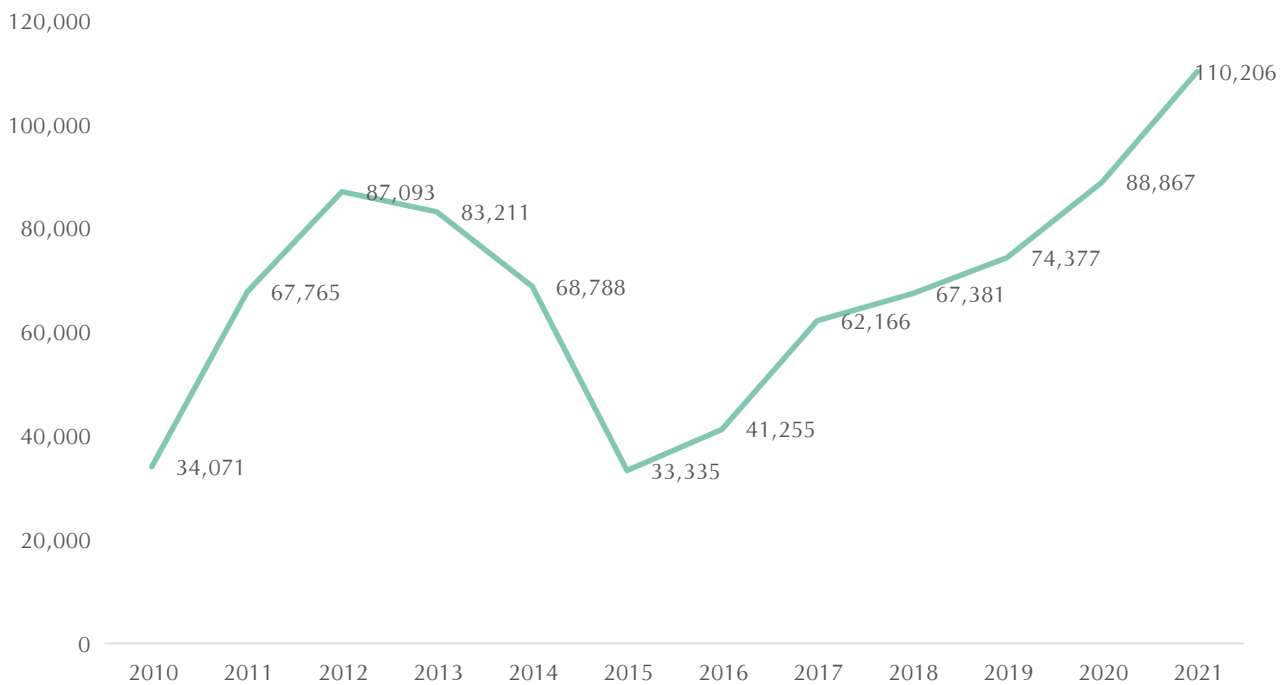
SOURCE: IIFM SUKUK DATABASE

1.6 DISTRIBUTION OF THE GLOBAL SUKUK ISSUANCE BY ISSUER STATUS

As the case previous years, the sovereign Sukuk issuances are the main contributor of the global Sukuk market progression and the sovereign issuances in 2021 grew by around 24% to USD 110.20 billion as compared to 2020 issuances of USD 88.867 billion. The sovereign issuers led by Saudi Arabia, Indonesia, Malaysia, UAE, Türkiye, Bahrain etc., continue to provide a strong foundation to the Sukuk market.

As of end 2021, total sovereign Sukuk issuance since inception stands at USD 879.81 billion, which is around 54.61% of all global Sukuk issuances. Chart 3A below shows the trend of sovereign Sukuk issuances since inception:

CHART 3A: GLOBAL SOVEREIGN SUKUK ISSUANCES ALL TENOR, ALL CURRENCIES, IN USD MILLIONS



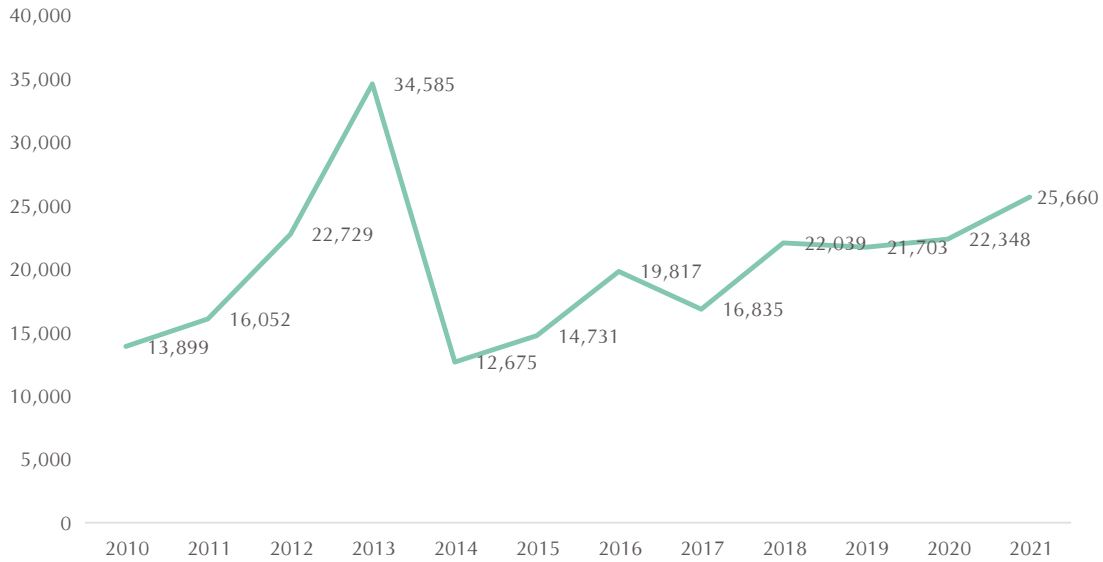
TOTAL SOVEREIGN SUKUK ISSUANCE USD 879.81 BILLION (JAN 2001- DEC 2021)

SOURCE: IIFM SUKUK DATABASE

During 2021 the global sovereign issuances maintained the strong positive trend which is continuing during 1st Half of 2022 which indicates that the sovereigns continue to issue Sukuk to meet their internal requirement though sustainable increase in oil prices may reduce the requirements of some oil producing countries.

Chart 3B on the next page shows the global corporate issuances where there is an increase of USD 3.312 billion in 2021 as compared to 2020.

CHART 3B: GLOBAL CORPORATE SUKUK ISSUANCES ALL TENOR, ALL CURRENCIES, IN USD MILLIONS



TOTAL CORPORATE SUKUK ISSUANCE USD 345.19 BILLION (JAN 2001- DEC 2021)

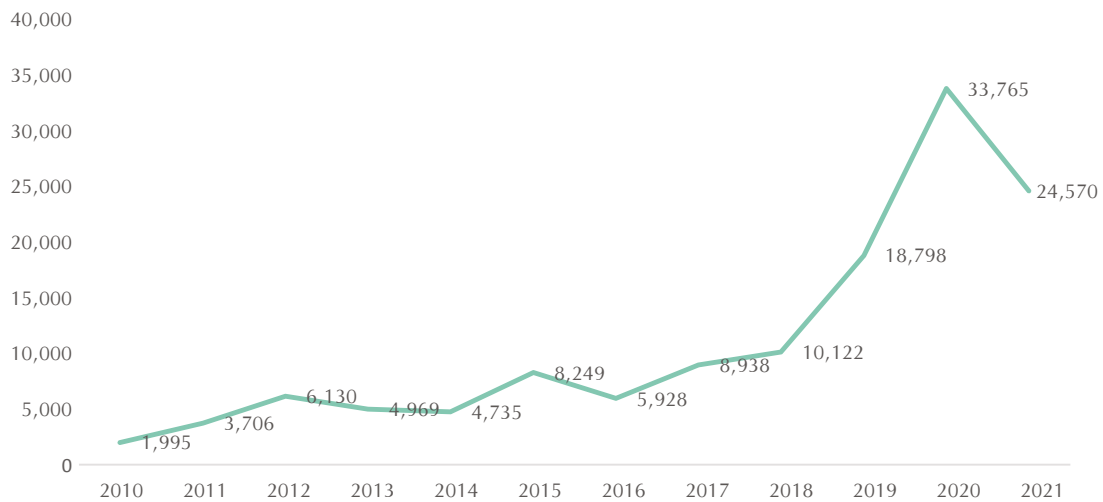
SOURCE: IIFM SUKUK DATABASE

The corporate issuances showed improvement during 2021 though the issuances yet to break the record USD 34.60 billion set in the year 2013. This is typical of corporate sector response even in the conventional world as they are first to cut back on spending and expansion and development projects in the wake of any economic activity such as global inflationary concerns which started appearing during 2021.

During 2021 beside Malaysian corporates the new issuers from Indonesia and certain other jurisdictions including GCC corporates have issued Sukuk which is an encouraging sign and may bode well for issuances in next coming years.

Currently, few corporate issuers from certain jurisdictions are facing difficulty and chance are that those need to be restructured though overall the impact on the Sukuk market is very limited or no influence.

CHART 3C: GLOBAL FIS SUKUK ISSUANCES ALL TENOR, ALL CURRENCIES, IN USD MILLIONS



TOTAL FIS SUKUK ISSUANCE 137.99 BILLION (JAN 2001- DEC 2021)

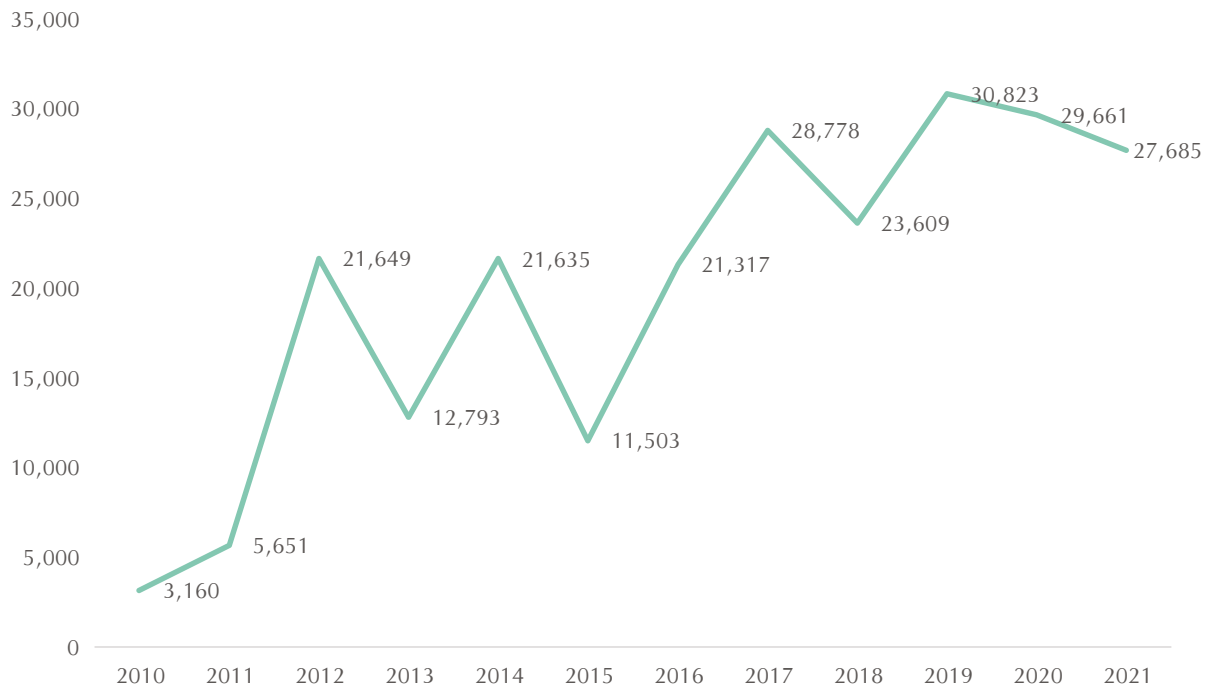
SOURCE: IIFM SUKUK DATABASE

During 2021, Sukuk issuances volume by FIs' recorded a decline of USD 9.195 billion issuance as compared to hefty increase in issuances during 2020.

The FIs (financial institutions) are active Sukuk issuers since inception and initially the issuances were on the floating profit rate basis which suited the balance sheet management of the FIs; however, starting 2010 FIs became more active as an issuer for not only liquidity management purposes but also to meet the Basel Capital Adequacy requirements by issuing Tier 1 (Perpetual) and Tier 2 Sukuk. During the year a number of FIs based in various jurisdictions have mostly issued Tier 1 Sukuk.

Chart 3D below shows the trend line for quasi-sovereign issuances since inception. The issuances are mostly from power sector, energy, aviation, financial, infrastructure development sectors while Khazanah Nasional Sovereign Wealth Fund of Malaysian government is the only sovereign wealth fund which is active issuer in Sukuk market though some sovereign wealth funds have started either investing in the Sukuk market or have issued Sukuk as per their strategic plan.

CHART 3D: GLOBAL QUASI SOVEREIGN SUKUK ISSUANCES ALL TENOR, ALL CURRENCIES, IN USD MILLIONS



TOTAL GLOBAL QUASI SOVEREIGN SUKUK ISSUANCE USD 248.04 BILLION (JAN 2001- DEC 2021)

SOURCE: IIFM SUKUK DATABASE

During 2021, the quasi-sovereign issues have mainly come from DanaInfra Nasional Malaysia, National Higher Education Fund Corporation Malaysia, The Public Sector Home Financing Board, and the Saudi based Islamic Development Bank (IsDB).

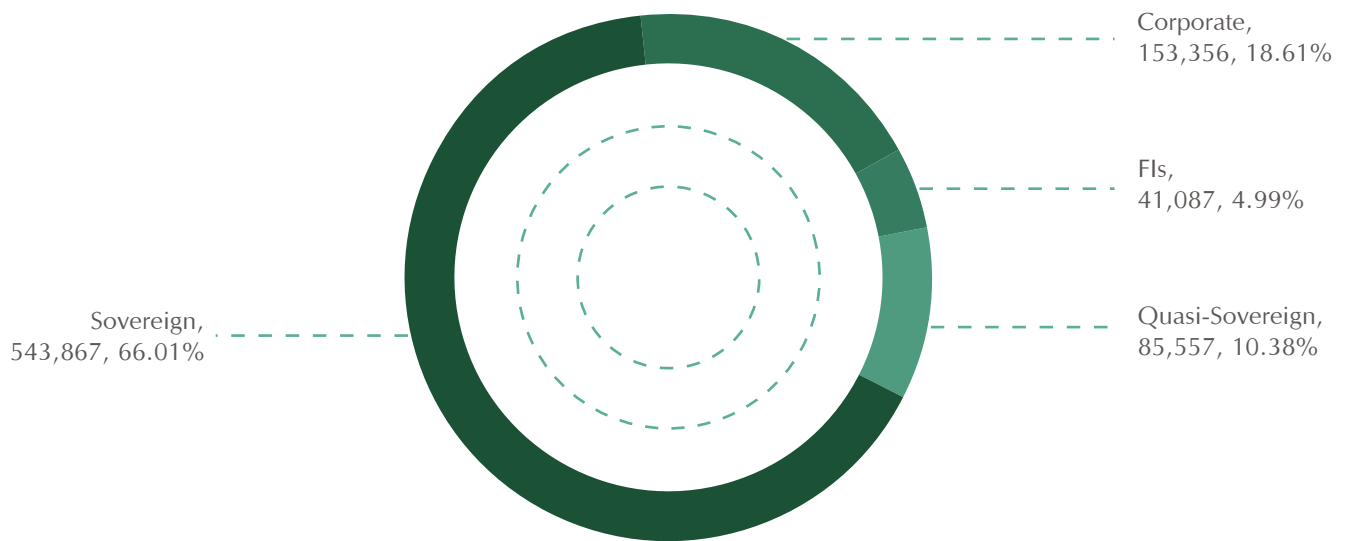
IsDB lead pack of multilateral issuers while in the past World Bank, African Finance Corporation, Khazanah Nasional etc., have issued Sukuk to fund their activities while Malaysian based International Islamic Liquidity Management Corporation (IILM) is a regular and only issuer of Short Term International Sukuk.

It is interesting to note that in both the international and domestic Sukuk markets, the mix of sovereign/quasi sovereign, corporate and FIs issuers has been following a consistent pattern and in 2021 the share of quasi sovereign, once again, had a slight decline in issuance of USD 1.976 billion as compared to 2020.

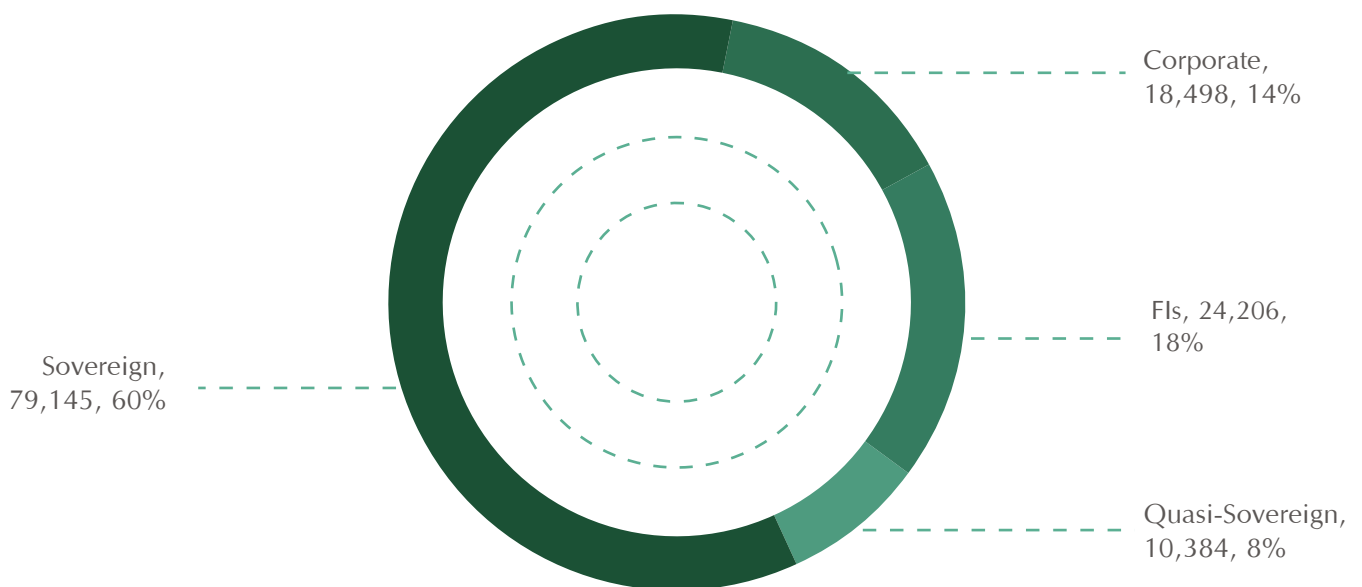
The three (3) pie charts in Chart 3E give a clear picture of domestic Sukuk issuances:

CHART 3E: DOMESTIC SUKUK ISSUANCES BY ISSUER STATUS - ALL TENORS, ALL CURRENCIES, IN USD MILLIONS

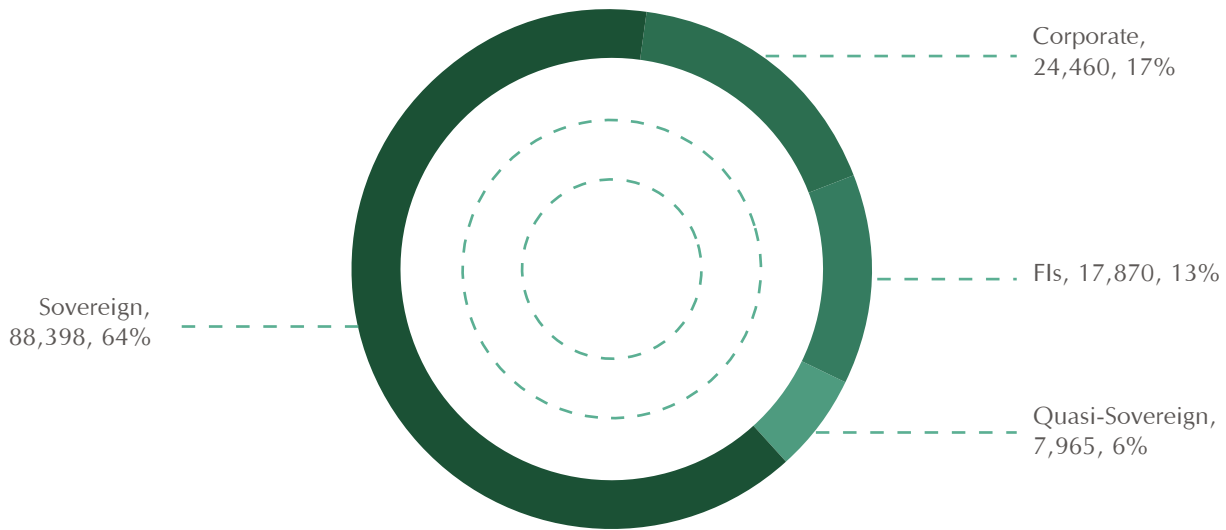
DOMESTIC SUKUK ISSUANCES JAN 2010-DEC 2019



DOMESTIC SUKUK ISSUANCES FOR THE YEAR 2020



DOMESTIC SUKUK ISSUANCES FOR THE YEAR 2021



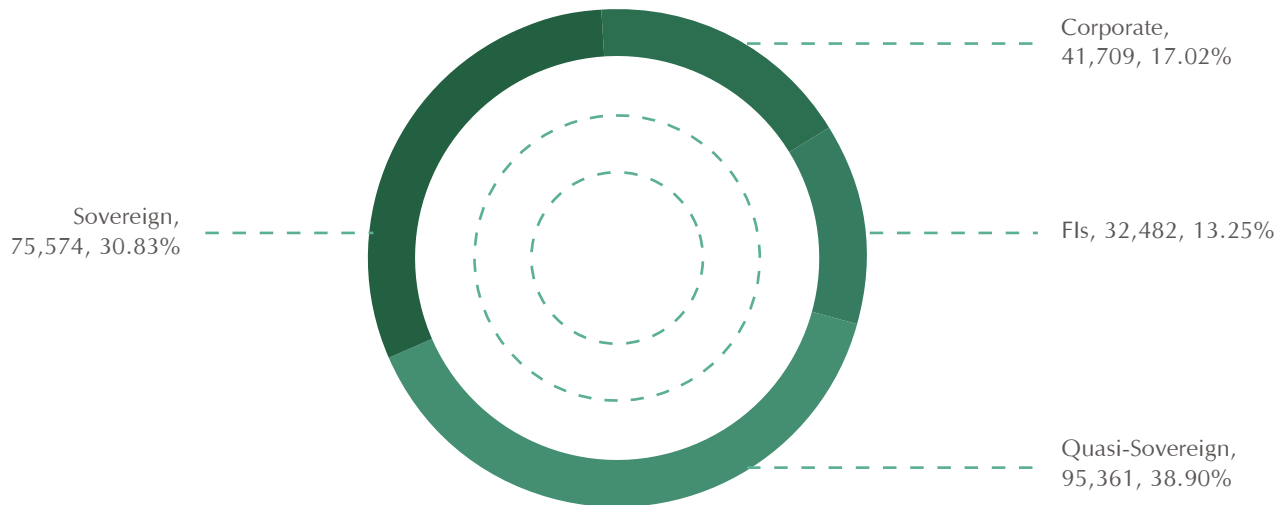
SOURCE: IIFM SUKUK DATABASE

The pie charts in Chart 3F below show the respective shares of the sovereign, quasi-sovereign, corporate and FIs issuers in the international market.

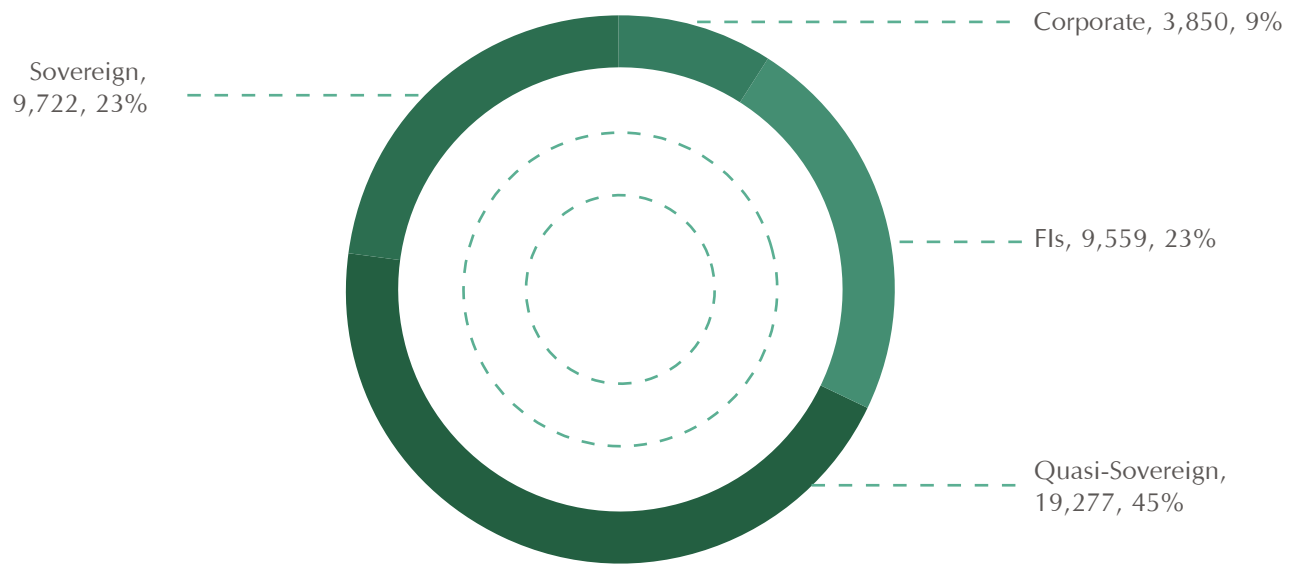
In 2021, the share of Sovereign & Quasi-sovereign issuers has maintained their dominance in issuance of International Sukuk with issuance share of 84% as compared to 69.73% for the period 2010-2019 while year on year increase between 2021 and 2020 works out to be increase of USD 12.528 billion.

CHART 3F: INTERNATIONAL SUKUK ISSUANCES BY ISSUER STATUS - ALL TENORS, ALL CURRENCIES, IN USD MILLIONS

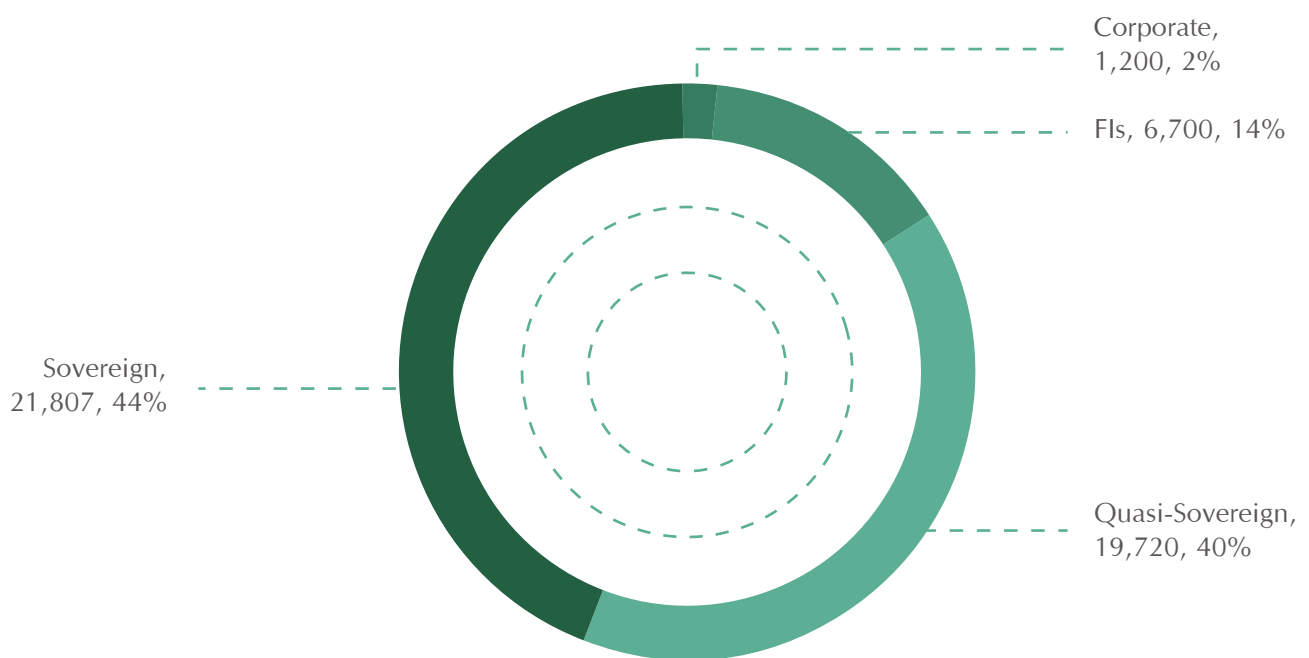
INTERNATIONAL SUKUK ISSUANCES JAN 2010- DEC 2019



INTERNATIONAL SUKUK ISSUANCES FOR THE YEAR 2020



INTERNATIONAL SUKUK ISSUANCES FOR THE YEAR 2021



SOURCE: IIFM SUKUK DATABASE

It is expected that mainly due to the economic changing landscape and geo-political conditions in different parts of the world, the growth in Sukuk market will continue to be driven by sovereign and quasi-sovereign issuers while issuances from FIs and Corporates may perform similar to 2021.

Following are lists of the Hallmark Sukuk Issuances in the Sovereign, Quasi-Sovereign, corporate, and FI categories during 2021:

TABLE 4A: GLOBAL SOVEREIGN SUKUK ISSUANCES - SELECTED VALUE LEADERS (2021, USD 500 MILLIONS OR >, TENOR > 1 YEAR)

ISSUE YEAR	ISSUER	ISSUER COUNTRY	ISSUANCE CURRENCY	INTERNATIONAL/DOMESTIC	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)
2021	Gouvernement of Bahrain	Bahrain	USD	International	Hybrid Sukuk -Ijarah/Murabahah	1000	8
2021	Gouvernement of Sharjah	United Arab Emirates	USD	International	Hybrid Sukuk -Ijarah/Murabahah	750	10
2021	Government of Indonesia	Indonesia	USD	International	Sukuk Al Wakalah	1,250	5
2021	Government of Indonesia	Indonesia	USD	International	Sukuk Al Wakalah	750	30
2021	Government of Indonesia	Indonesia	IDR	Domestic	Sukuk Al Ijarah	3,138	2
2021	Government of Bangladesh	Bangladesh	BDT	Domestic	Sukuk Al Ijarah	558	5
2021	Government of Malaysia	Malaysia	MYR	Domestic	Sukuk Al Murabahah	1,320	10
2021	Government of Malaysia - Sustainability Sukuk	Malaysia	USD	International	Sukuk Al Wakalah	500	30
2021	Government of Nigeria	Nigeria	NGN	Domestic	Sukuk Al Ijarah	610	10
2021	Government of Pakistan	Pakistan	PKR	Domestic	Sukuk Al Ijarah	1,010	5
2021	Government of Qatar	Qatar	QAR	Domestic	Sukuk Al Wakalah	1,080	5
2021	Government of Saudi Arabia	Saudi Arabia	USD	International	Hybrid Sukuk-Murabahah/Mudharabah	2,000	9
2021	Government of Sultanate of Oman	Oman	USD	International	Sukuk Al Ijarah	1,750	9
2021	Government of Türkiye	Türkiye	USD	International	Sukuk Al Ijarah	2,500	5
2021	Government of United Kingdom	United Kingdom	GBP	International	Sukuk Al Ijarah	686	7
2021	Ministry of Finance Saudi Arabia	Saudi Arabia	SAR	Domestic	Hybrid Sukuk -Murabahah/Mudharabah	2,086	10
2021	Ministry of Oil Bahrain (NOGA Holding)	Bahrain	USD	International	Hybrid Sukuk -Ijarah/Mudharabah	600	8
2021	Ministry of Treasury and Finance of Türkiye	Türkiye	TRY	Domestic	Sukuk Al Ijarah	1,475	3
2021	Saudi Aramco	Saudi Arabia	USD	International	Hybrid Sukuk-Ijarah/Murabahah	3,000	10
2021	Saudi Real Estate Refinance Company	Saudi Arabia	SAR	Domestic	Hybrid Sukuk-Ijarah/Murabahah	1,067	7

SOURCE: IIFM SUKUK DATABASE

TABLE 4B: GLOBAL CORPORATE SUKUK ISSUANCES - SELECTED VALUE LEADERS (2021, USD 200 MILLIONS OR >, TENOR > 1 YEAR)

ISSUE YEAR	ISSUER	ISSUER COUNTRY	ISSUANCE CURRENCY	INTERNATIONAL/DOMESTIC	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)
2021	ACWA Power	Saudi Arabia	SAR	Domestic	Hybrid Sukuk -Murabahah/Mudharabah	747	7.00
2021	Arabian Centres	Saudi Arabia	USD	International	Hybrid Sukuk -Murabahah/Mudharabah	650	6
2021	Bangladesh Export Import Company (Beximco) Green-Sukuk	Bangladesh	BDT	Domestic	Sukuk Al Ijarah	335	5
2021	Cagamas Bhd	Malaysia	MYR	Domestic	Hybrid Sukuk	384	3
2021	Danga Capital Bhd	Malaysia	MYR	Domestic	Sukuk Al Musharakah	360	7
2021	Emaar Properties	United Arab Emirates	USD	International	Hybrid Sukuk -Ijarah/ Wakalah	500	10
2021	Infracap Resources Sdn Bhd	Malaysia	MYR	Domestic	Sukuk Al Murabahah	3,600	15
2021	Maxis Broadband Sdn Bhd	Malaysia	MYR	Domestic	Sukuk Al Murabahah	216	5
2021	Petroleum Sarawak Exploration & Production Sdn Bhd	Malaysia	MYR	Domestic	Hybrid Sukuk	228	10
2021	Tenaga Nasional Bhd	Malaysia	MYR	Domestic	Hybrid Sukuk	288	20
2021	Yinson Holdings Bhd	Malaysia	MYR	Domestic	Hybrid Sukuk	240	5

SOURCE: IIFM SUKUK DATABASE

TABLE 4C: GLOBAL FIS SUKUK ISSUANCES - SELECTED VALUE LEADERS (2021, USD 150 MILLIONS OR >, TENOR > 1 YEAR)

ISSUE YEAR	ISSUER	ISSUER COUNTRY	ISSUANCE CURRENCY	INTERNATIONAL/DOMESTIC	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)
2021	Ahli United Bank	Kuwait	USD	International	Sukuk Al Mudharabah	600	Perpetual
2021	Alinma Bank	Saudi Arabia	SAR	Domestic	Sukuk Al Mudharabah	1,333	Perpetual
2021	Bank Albilad	Saudi Arabia	SAR	Domestic	Hybrid Sukuk	800	10
2021	Bank Aljazira	Saudi Arabia	USD	International	Sukuk Al Mudharabah	500	Perpetual
2021	Bank Pembangunan Malaysia Bhd	Malaysia	MYR	Domestic	Hybrid Sukuk	168	10
2021	Bank Rakyat	Malaysia	MYR	Domestic	Hybrid Sukuk	168	7

Continued from previous page

ISSUE YEAR	ISSUER	ISSUER COUNTRY	ISSUANCE CURRENCY	INTERNATIONAL/DOMESTIC	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)
2021	Dubai Islamic Bank	United Arab Emirates	USD	International	Hybrid Sukuk-Ijarah/Murabahah	1,000	5
2021	Dubai Islamic Bank	United Arab Emirates	USD	International	Sukuk Al Mudharabah	500	Perpetual
2021	Dukhan Bank	Qatar	USD	International	Sukuk Al Mudharabah	500	Perpetual
2021	Emirates Islamic Bank	United Arab Emirates	USD	International	Sukuk Al Wakalah	500	5
2021	First Abu Dhabi Bank	United Arab Emirates	USD	International	Sukuk Al Wakalah	500	5
2021	Kuveyt Turk Katilim Bankasi-Sustainability Sukuk	Türkiye	USD	International	Hybrid Sukuk-Wakalah/Murabahah	350	10
2021	Kuwait Finance House	Kuwait	USD	International	Sukuk Al Mudharabah	750	Perpetual
2021	Maybank Islamic Bhd	Malaysia	MYR	Domestic	Sukuk Al Murabahah	240	10
2021	Riyad Bank	Saudi Arabia	SAR	Domestic	Sukuk Al Murabahah	799	10
2021	The Saudi National Bank	Saudi Arabia	USD	International	Sukuk Al Mudharabah	1,250	Perpetual
2021	Warba Bank	Kuwait	USD	International	Sukuk Al Mudharabah	250	Perpetual

SOURCE: IIFM SUKUK DATABASE

TABLE 4D: GLOBAL QUASI-SOVEREIGN SUKUK ISSUANCES - SELECTED VALUE LEADERS (2021, USD 150 MILLIONS OR >, TENOR > 1 YEAR)

ISSUE YEAR	ISSUER	ISSUER COUNTRY	ISSUANCE CURRENCY	INTERNATIONAL/DOMESTIC	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)
2021	DanaInfra Nasional Bhd	Malaysia	MYR	Domestic	Sukuk Al Murabahah	206	15
2021	DanaInfra Nasional Bhd	Malaysia	MYR	Domestic	Sukuk Al Murabahah	168	30
2021	Federal Land Development Authority	Malaysia	MYR	Domestic	Sukuk Al Murabahah	216	15
2021	Islamic Development Bank - Sustainability Sukuk	Saudi Arabia	USD	International	Hybrid Sukuk	2,500	5
2021	Islamic Development Bank	Saudi Arabia	USD	International	Hybrid Sukuk	1,700	5
2021	Khazanah Nasional Bhd	Malaysia	USD	International	Sukuk Al Wakalah	600	10
2021	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	MYR	Domestic	Sukuk Al Murabahah	216	1.5

Continued from previous page

ISSUE YEAR	ISSUER	ISSUER COUNTRY	ISSUANCE CURRENCY	INTERNATIONAL/DOMESTIC	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)
2021	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	MYR	Domestic	Sukuk Al Murabahah	173	30
2021	Malaysia Rail Link Sdn Bhd	Malaysia	MYR	Domestic	Sukuk Al Murabahah	152	15
2021	Perbadanan Tabung Pendidikan Tinggi Nasional	Malaysia	MYR	Domestic	Sukuk Al Murabahah	168	15
2021	Prasarana Malaysia Bhd	Malaysia	MYR	Domestic	Sukuk Al Ijarah	192	8

SOURCE: IIFM SUKUK DATABASE

1.7 ANATOMY OF INTERNATIONAL SUKUK ISSUANCES

The international Sukuk market, though it forms just around 23.69% of overall Global Sukuk issuances since inception, is the real attraction and driver of the Sukuk market from global perspective. Denominated in USD and other hard or stable currencies, the international Sukuk issuances are now issued in longer tenors ranging from 15 years to 30 years as well as issuance of perpetual Sukuk with call option.

The international Sukuk with medium to long term tenors as well as perpetual Sukuk maintained growth in volume during 2021 while the size of international short term Sukuk mainly from IILM recorded a strong growth also as demand for HQLA type of assets are on the rise.

In recent years, sovereign and quasi-sovereign issuances are on the rise and forms bulk of Sukuk market. In 2021 the issuances from FIIs maintain stable flow while corporate issuances Ex. Malaysia remained below true potential though there was some improvement from this segment.

A look at Table 5A below shows us that Malaysia with 26.73% issuances has emerged as a volume and value leader in the international Sukuk market closely followed by UAE 24.51% while share of Saudi Arabia 21.05%, Indonesia 6.34%, Bahrain 4.50% and Türkiye 5.68% is continuing to rise. Together with Saudi Arabia, Qatar, UAE, Oman, Kuwait & Bahrain, the six GCC countries command over 57.77% of the entire international Sukuk issuances since inception.

**TABLE 5A REGIONAL BREAK-UP OF INTERNATIONAL SUKUK ISSUANCE
(JAN 2001 – DEC 2021)**

ASIA & FAR EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
China	1	97	0.03%
Hong Kong	5	3,196	0.84%
Indonesia	27	24,203	6.34%
Japan	3	190	0.05%
Malaysia	214	102,053	26.73%
Maldives	2	300	0.08%
Pakistan	4	3,600	0.94%
Singapore	4	711	0.19%
Total	260	134,350	35.19%
GCC & MIDDLE EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bahrain	111	17,189	4.50%
Kuwait	24	6,777	1.78%
Oman	6	5,969	1.56%
Qatar	26	16,695	4.37%
Saudi Arabia	88	80,353	21.05%
United Arab Emirates	145	93,564	24.51%
Total	400	220,547	57.77%
AFRICA	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Nigeria	1	150	0.04%
South Africa	1	500	0.13%
Sudan	1	130	0.03%
Total	3	780	0.20%

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ASIA & FAR EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
France	1	0.65	0.0002%
Germany	3	206	0.05%
Luxembourg	3	280	0.07%
Türkiye	40	21,689	5.68%
United Kingdom	12	2,455	0.64%
USA	5	1,367	0.36%
Kazakhstan	1	77	0.02%
Total	65	26,074	6.83%
Grand Total	728	381,751	100%

SOURCE: IIFM SUKUK DATABASE

In 2021, as per the Table 5B below, around 49.06% of the international issuance came from 6 GCC countries. Since inception Malaysia is active in International Sukuk issuances with a share of 33.22% followed by Türkiye of 9.65% while Indonesia continues to improve its share which stood at 6.07%.

TABLE 5B: REGIONAL BREAK-UP OF INTERNATIONAL ISSUANCES FOR THE YEAR 2021

ASIA & FAR EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Indonesia	3	3,000	6.07%
Malaysia	40	16,420	33.22%
Maldives	2	300	0.61%
Total	45	19,720	39.90%
GCC & MIDDLE EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bahrain	2	1,600	3.24%
Kuwait	3	1600	3.24%
Oman	1	1,750	3.54%
Qatar	1	500	1.01%
Saudi Arabia	10	15,000	30.35%
United Arab Emirates	7	3800	7.69%
Total	24	24,250	49.06%
AFRICA	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
	0	0	0.00%
Total	0	0	0.00%
EUROPE & OTHERS	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Türkiye	7	4,771	9.65%
United Kingdom	1	686	1.39%
Total	8	5,457	11.04%
Grand Total	77	49,427	100%

SOURCE: IIFM SUKUK DATABASE

Table 6 below gives a list of selected value leaders of Sukuk issuances in 2021. The largest of the value leaders, that is with issuance amounts of USD 200 million or greater include sovereign, quasi-sovereign, corporate, and FI entities namely the governments of Bahrain, Indonesia, Sharjah, Türkiye, Pakistan, Saudi Arabia, UAE and the Islamic Development Bank.

In 2021, the corporate & FI issuances of USD 200 million and above are, Dubai Islamic Bank, Ahli United Bank, Dukhan Bank, Emirates Islamic Bank, Kuveyt Turk Katilim Bankasi, First Abu Dhabi Bank etc.

TABLE 6: INTERNATIONAL SUKUK ISSUANCES - SELECTED VALUE LEADERS (2021, USD 200 MILLIONS OR >, TENOR > 1 YEAR)

ISSUE YEAR	ISSUER	ISSUER COUNTRY	ISSUANCE CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)
2021	Ahli United Bank	Kuwait	USD	FIs	Sukuk Al Mudharabah	600	Perpetual
2021	Arabian Centres	Saudi Arabia	USD	Corporate	Hybrid Sukuk-Murabahah/Mudharabah	650	6
2021	Bank Aljazira	Saudi Arabia	USD	FIs	Sukuk Al Mudharabah	500	Perpetual
2021	Dubai Islamic Bank	United Arab Emirates	USD	FIs	Hybrid Sukuk -Ijarah/Murabahah	1,000	5
2021	Dubai Islamic Bank	United Arab Emirates	USD	FIs	Sukuk Al Mudharabah	500	Perpetual
2021	Dukhan Bank	Qatar	USD	FIs	Sukuk Al Mudharabah	500	Perpetual
2021	Emaar Properties	United Arab Emirates	USD	Corporate	Hybrid Sukuk-Ijarah/ Wakalah	500	10
2021	Emirates Islamic Bank	United Arab Emirates	USD	FIs	Sukuk Al Wakalah	500	5
2021	First Abu Dhabi Bank	United Arab Emirates	USD	FIs	Sukuk Al Wakalah	500	5
2021	Governement of Bahrain	Bahrain	USD	Sovereign	Hybrid Sukuk-Ijarah/Murabahah	1000	8
2021	Governement of Sharjah	United Arab Emirates	USD	Sovereign	Hybrid Sukuk - Ijarah/Murabahah	750	10
2021	Government of Indonesia	Indonesia	USD	Sovereign	Sukuk Al Wakalah	1,250	5
2021	Government of Indonesia	Indonesia	USD	Sovereign	Sukuk Al Wakalah	750	30
2021	Government of Malaysia - Sustainability Sukuk	Malaysia	USD	Sovereign	Sukuk Al Wakalah	800	10
2021	Government of Malaysia - Sustainability Sukuk	Malaysia	USD	Sovereign	Sukuk Al Wakalah	500	30
2021	Government of Maldives	Maldives	USD	Sovereign	Sukuk Al Murabahah	200	5
2021	Government of Saudi Arabia	Saudi Arabia	USD	Sovereign	Hybrid Sukuk -Murabahah/Mudharabah	2,000	9
2021	Government of Sultanate of Oman	Oman	USD	Sovereign	Sukuk Al Ijarah	1,750	9

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	ISSUANCE CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)
2021	Government of Türkiye	Türkiye	USD	Sovereign	Sukuk Al Ijarah	2,500	5
2021	Government of United Kingdom	United Kingdom	GBP	Sovereign	Sukuk Al Ijarah	686	7
2021	Islamic Development Bank-Sustainability Sukuk	Saudi Arabia	USD	Quasi Sovereign	Hybrid Sukuk	2,500	5
2021	Islamic Development Bank	Saudi Arabia	USD	Quasi Sovereign	Hybrid Sukuk	1,700	5
2021	Khazanah Nasional Bhd	Malaysia	USD	Quasi Sovereign	Sukuk Al Wakalah	600	10
2021	Khazanah Nasional Bhd	Malaysia	USD	Quasi Sovereign	Sukuk Al Wakalah	400	5
2021	Kuveyt Turk Katilim Bankasi-Sustainability Sukuk	Türkiye	USD	Fls	Hybrid Sukuk -Wakalah/Murabahah	350	10
2021	Kuwait Finance House	Kuwait	USD	Fls	Sukuk Al Mudharabah	750	Perpetual
2021	Ministry of Oil Bahrain (NOGA Holding)	Bahrain	USD	Sovereign	Hybrid Sukuk -Ijarah/Mudharabah	600	8
2021	Ministry of Treasury and Finance of Türkiye	Türkiye	USD	Sovereign	Sukuk Al Ijarah	232	2
2021	Ministry of Treasury and Finance of Türkiye	Türkiye	Euro	Sovereign	Sukuk Al Ijarah	835	3
2021	Saudi Aramco	Saudi Arabia	USD	Sovereign	Hybrid Sukuk -Ijarah/Murabahah	3,000	10
2021	The Saudi National Bank	Saudi Arabia	USD	Fls	Sukuk Al Mudharabah	1,250	Perpetual
2021	Warba Bank	Kuwait	USD	Fls	Sukuk Al Mudharabah	250	Perpetual

SOURCE: IIFM SUKUK DATABASE

1.8 ANATOMY OF DOMESTIC SUKUK ISSUANCES

During 2021, the domestic market forms around 73.69% (USD 138.693 billion) of the entire Sukuk market. The domestic market consists of longer tenor as well as short term Sukuk denominated in 27 different currencies. Malaysia has continued its domination with market share of 63.07% of the total domestic Sukuk market for 2001 to 2021 period though other regular Sukuk issuance jurisdictions are increasing their market share.

In 2021, the other major domestic Sukuk issuing jurisdictions are Saudi Arabia, Indonesia, UAE, Türkiye, Oman, Qatar where Bahrain & Brunei are the most active issuers in short term market.

There is a rise in domestic Sukuk issuance in countries other than Malaysia and jurisdictions like Indonesia, Saudi Arabia, Türkiye, Bahrain are playing an active role in issuance for liquidity management, project financing, meeting budgetary requirements and other purposes. Indonesia continued to issue large size domestic Sukuk for retail investors and this model is adopted by issuers based in several other countries; moreover, issuers based in jurisdictions such as Indonesia, Malaysia and Saudi Arabia are now issuing benchmark size Sukuk with long dated tenor ranging from 15 years to 50+ years or more. During 2021, several entities based in Malaysia have issued very long dated (tenor ranging from 98 years to 100 years) Sukuk Al Musharakah denominated in Malaysian Ringgit though issuance amount in USD terms is small but this is very positive step in further development of Sukuk market.

The other welcome development is issuances of Green and Sustainable Sukuk from countries like Malaysia Indonesia, Türkiye and some GCC jurisdictions.

Table 7A below shows a regional break-up of the domestic Sukuk issuance since inception:

TABLE 7A: REGIONAL BREAK-UP OF DOMESTIC ISSUANCES (JAN 2001 – DEC 2021)

ASIA & FAR EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bangladesh	129	7,066	0.575%
Brunei Darussalam	251	13,300	1.08%
Indonesia	607	124,092	10.09%
Malaysia	8,361	775,357	63.07%
Maldives	4	37	0.003%
Pakistan	144	23,542	1.92%
Singapore	12	788	0.06%
Sri Lanka	2	5	0.0004%
Total	9,510	944,187	76.81%
GCC & MIDDLE EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bahrain	381	25,929	2.11%
Jordan	4	483	0.04%
Kuwait	2	818	0.07%
Oman	13	3,238	0.26%
Qatar	36	21,838	1.78%
Saudi Arabia	220	136,402	11.10%
United Arab Emirates	17	8,631	0.70%
Yemen	2	253	0.02%
Total	675	197,592	16.07%

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ASIA & FAR EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Egypt	3	324	0.03%
Gambia	686	448	0.04%
Ivory Coast	2	460	0.04%
Nigeria	9	1,738	0.14%
Mali	1	285	0.02%
Morocco	1	105	0.01%
Senegal	2	445	0.04%
Sudan	45	20,449	1.66%
Togo	1	245	0.02%
Total	750	24,499	1.99%
EUROPE & OTHERS	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Türkiye	1,115	63,003	5.13%
Total	1,115	63,003	5.13%
Grand Total	12,050	1,229,281	100%

SOURCE: IIFM SUKUK DATABASE

Table 7B below shows a regional break-up of the domestic Sukuk issuance during 2021:

TABLE 7B: REGIONAL BREAK-UP OF DOMESTIC ISSUANCES FOR THE YEAR 2021

ASIA & FAR EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bangladesh	100	6,276	4.525%
Brunei Darussalam	56	1,470	1.06%
Indonesia	79	20,337	14.66%
Malaysia	735	61,045	44.01%
Maldives	1	13	0.009%
Pakistan	31	4,351	3.14%
Total	1,002	93,493	67.41%
GCC & MIDDLE EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bahrain	23	2,122	1.53%
Oman	1	135	0.10%
Qatar	5	2,066	1.49%
Saudi Arabia	37	27,144	19.57%
Total	66	31,467	22.69%
AFRICA	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Egypt	1	38	0.03%
Gambia	130	17	0.01%
Nigeria	4	639	0.46%

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Sudan	5	34	0.02%
Total	140	729	0.53%
EUROPE & OTHERS	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Türkiye	440	13,005	9.38%
Total	440	13,005	9.38%
Grand Total	1,648	138,693	100%

SOURCE: IIFM SUKUK DATABASE

As mentioned before, the domestic market comprised of longer tenor as well as short term issuances of 12 months and under. In the year 2021, the selected domestic value leaders given in Table 7C below, were from Malaysia, Indonesia, Saudi Arabia, Bahrain, Qatar, Oman, Pakistan and Türkiye.

TABLE 7C: DOMESTIC SUKUK ISSUANCES - SELECTED VALUE LEADERS (2021, USD 500 MILLIONS OR >, TENOR > 1 YEAR)

ISSUE YEAR	ISSUER	ISSUER COUNTRY	ISSUANCE CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)
2021	ACWA Power	Saudi Arabia	SAR	Corporate	Hybrid Sukuk-Murabahah/Mudharabah	747	7
2021	Alinma Bank	Saudi Arabia	SAR	Fls	Sukuk Al Mudharabah	1,333	Perpetual
2021	Bank Albilad	Saudi Arabia	SAR	Fls	Sukuk Al Murabahah	800	10
2021	Bank Aljazira	Saudi Arabia	SAR	Fls	Sukuk Al Murabahah	532	10
2021	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	2,432	25
2021	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	3,138	2
2021	Government of Bangladesh	Bangladesh	BDT	Sovereign	Sukuk Al Ijarah	558	5
2021	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	1,320	10
2021	Government of Nigeria	Nigeria	NGN	Sovereign	Sukuk Al Ijarah	610	10
2021	Government of Pakistan	Pakistan	PKR	Sovereign	Sukuk Al Ijarah	1,010	5
2021	Government of Qatar	Qatar	QAR	Sovereign	Sukuk Al Wakalah	1,080	5
2021	Infracap Resources Sdn Bhd	Malaysia	MYR	Corporate	Sukuk Al Murabahah	3,600	15
2021	Ministry of Finance Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk-Murabahah/Mudharabah	2,086	10

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	ISSUANCE CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)
2021	Ministry of Treasury and Finance of Türkiye	Türkiye	TRY	Sovereign	Sukuk Al Ijarah	1,475	3
2021	Riyad Bank	Saudi Arabia	SAR	Fls	Sukuk Al Murabahah	799	10
2021	Saudi Real Estate Refinance Company	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk -Ijarah/Murabahah	1,067	7

SOURCE: IIFM SUKUK DATABASE

1.9 STRUCTURAL BREAK-UP OF GLOBAL SUKUK MARKET

In terms of Sukuk structures, features and participants there is generally difference between international and domestic Sukuk markets hence the requirements and popularity of various Sukuk financing structures also differs between the two markets.

As far as the international Sukuk market is concerned, Sukuk Al Wakalah, is most the popular structure for some time now. Chart 4A below shows the share of Wakalah among Sukuk issuances made up around 52% during 2010-2019 period. The share of Sukuk Al Ijarah continue to decline from initial years and in 2021 its share was 14% as compared to 18% in 2020.

The shift from Ijarah to Wakalah model started in 2015 and since then this trend has continued in 2021 where Sukuk Al Wakalah share stood at USD 20.420 billion (41%) of the total international issuances.

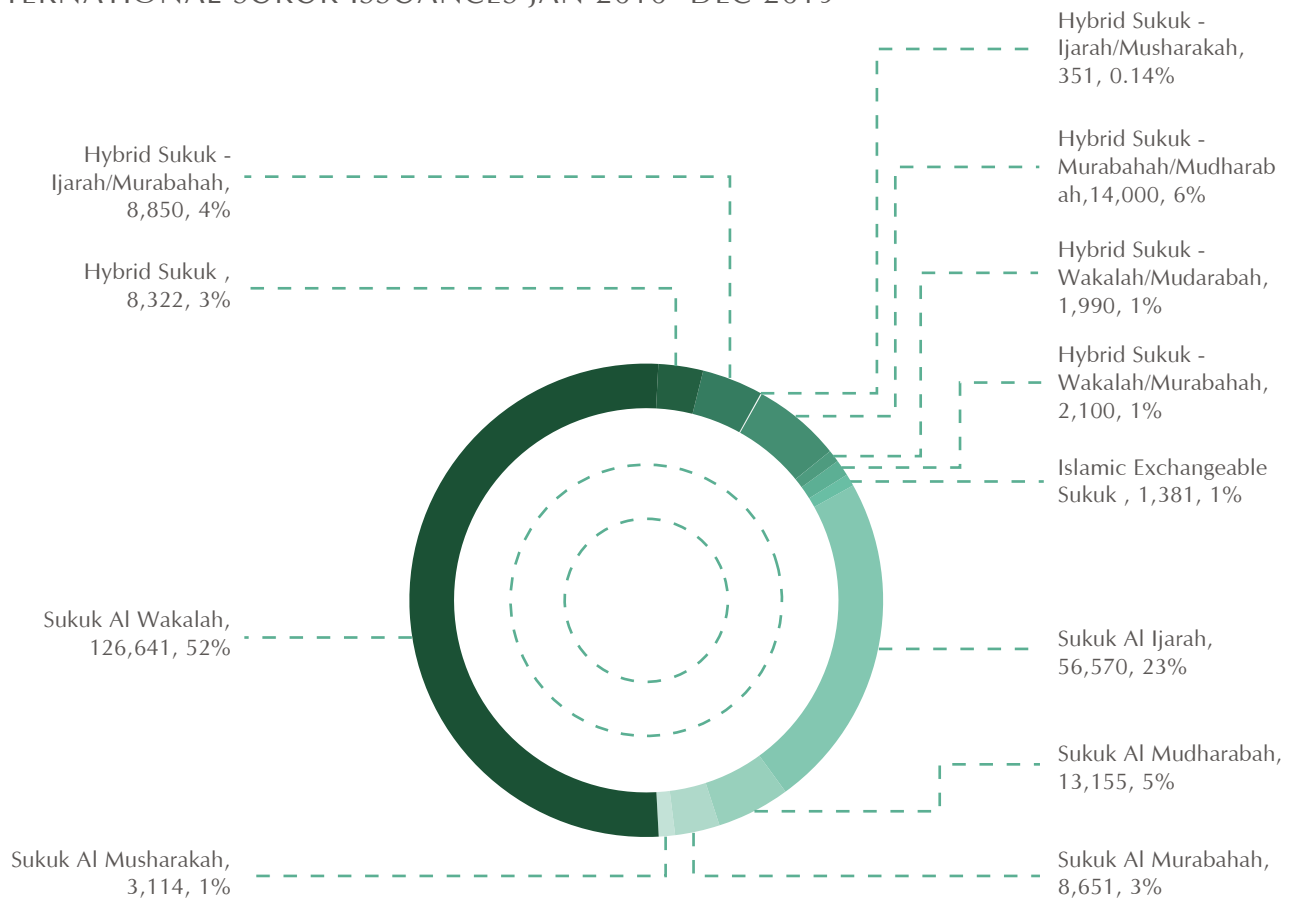
In 2017 the Issuance by Saudi Arabia led to the introduction of new hybrid structure consisting of Mudarabah and Murabahah; however, during the year 2021 there was no international issuance of this structure.

In terms of structure the Sukuk Al Wakalah is generally issued based on combination of Ijarah with Murabahah and is like a hybrid structure. The Sukuk Al Wakalah provides flexibility in structuring and the issue of shortage of available assets is abridged.

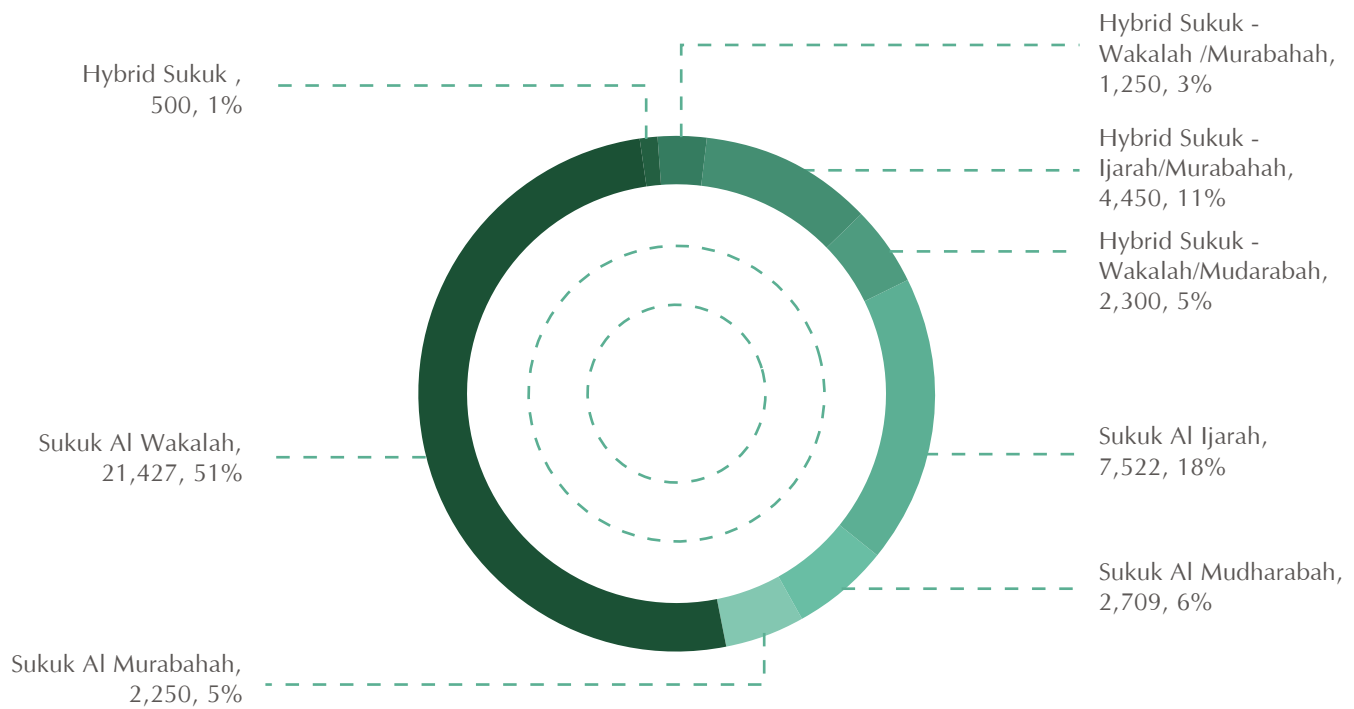
IIFM is of the view that from the industry’s development perspective over reliance on one structure needs to be collectively assessed and addressed by the industry.

CHART 4A: STRUCTURAL BREAK-UP OF INTERNATIONAL SUKUK ISSUANCES- ALL TENORS (USD MILLIONS)

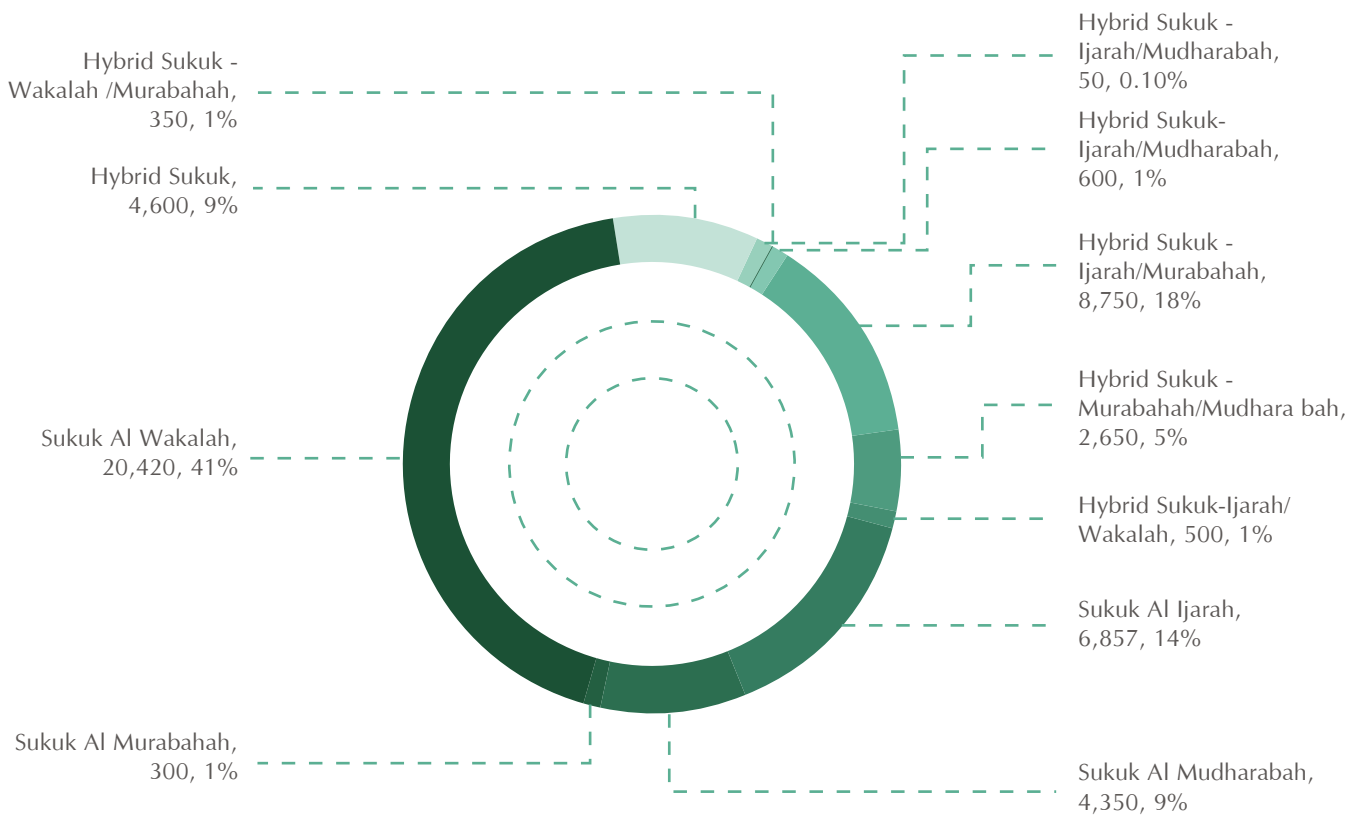
INTERNATIONAL SUKUK ISSUANCES JAN 2010- DEC 2019



INTERNATIONAL SUKUK ISSUANCES FOR THE YEAR 2020



INTERNATIONAL SUKUK ISSUANCES FOR THE YEAR 2021



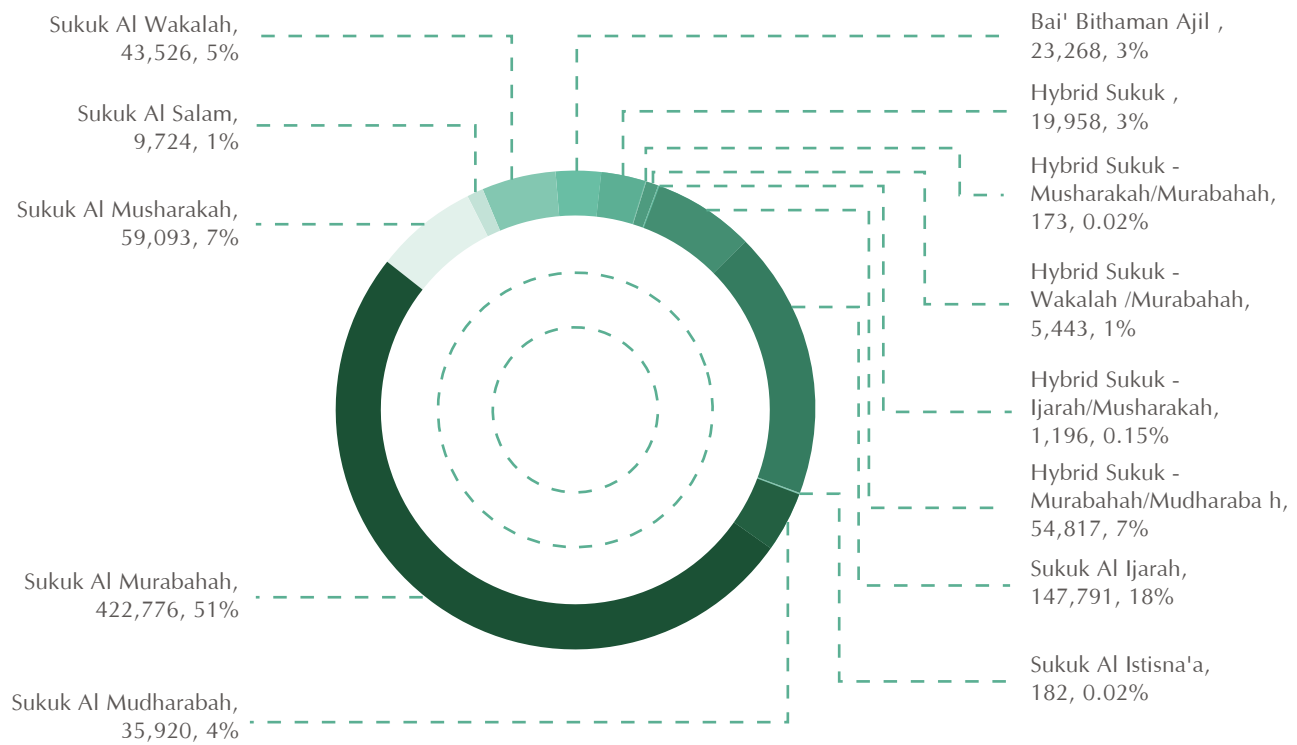
SOURCE: IIFM SUKUK DATABASE

In the domestic market, as shown in chart 4B below, Sukuk Al Murabahah has historically been the most dominant structure for Sukuk issuances even in 2021 where around USD 47.266 billion or 34% of total domestic issuances were based on the Murabahah structure. As the case in International Sukuk issuance a new hybrid Sukuk ; Murabahah & Mudharabah was added by Saudi Arabia and due to large issuances, the share in 2021 works out to be USD 21.280 billion or 15%.

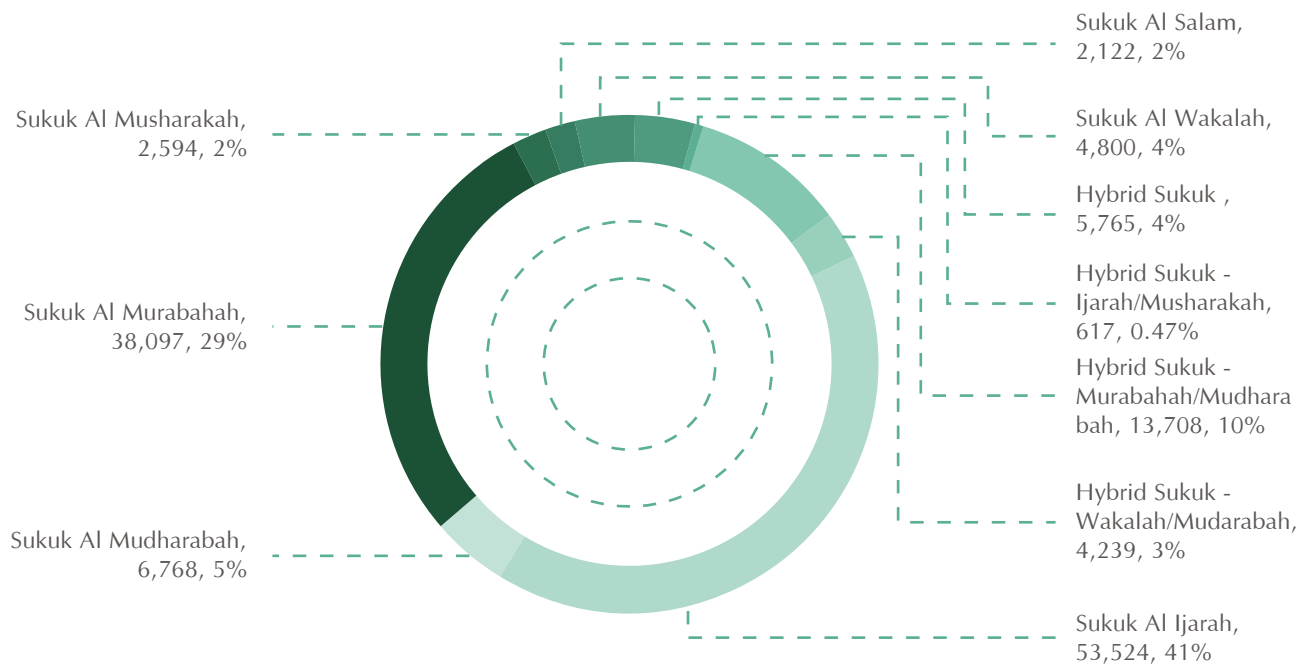
In 2021, Ijarah, Mudharabah and Wakalah are part of the structural mix which is desirable from the diversity point of view.

CHART 4B: STRUCTURAL BREAK-UP OF DOMESTIC SUKUK ISSUANCES- ALL TENORS (USD MILLIONS)

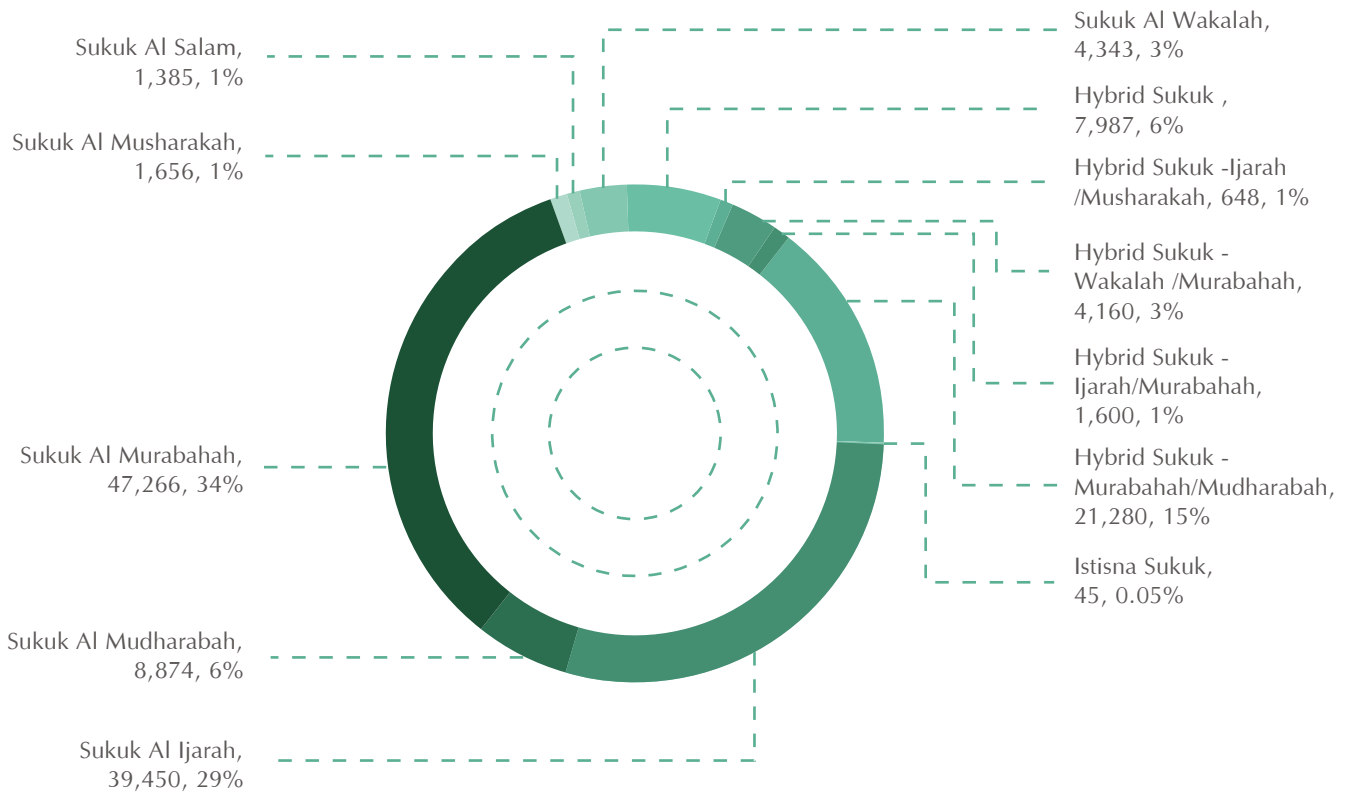
DOMESTIC SUKUK ISSUANCES JAN 2010-DEC 2019



DOMESTIC SUKUK ISSUANCES FOR THE YEAR 2020



DOMESTIC SUKUK ISSUANCES FOR THE YEAR 2021



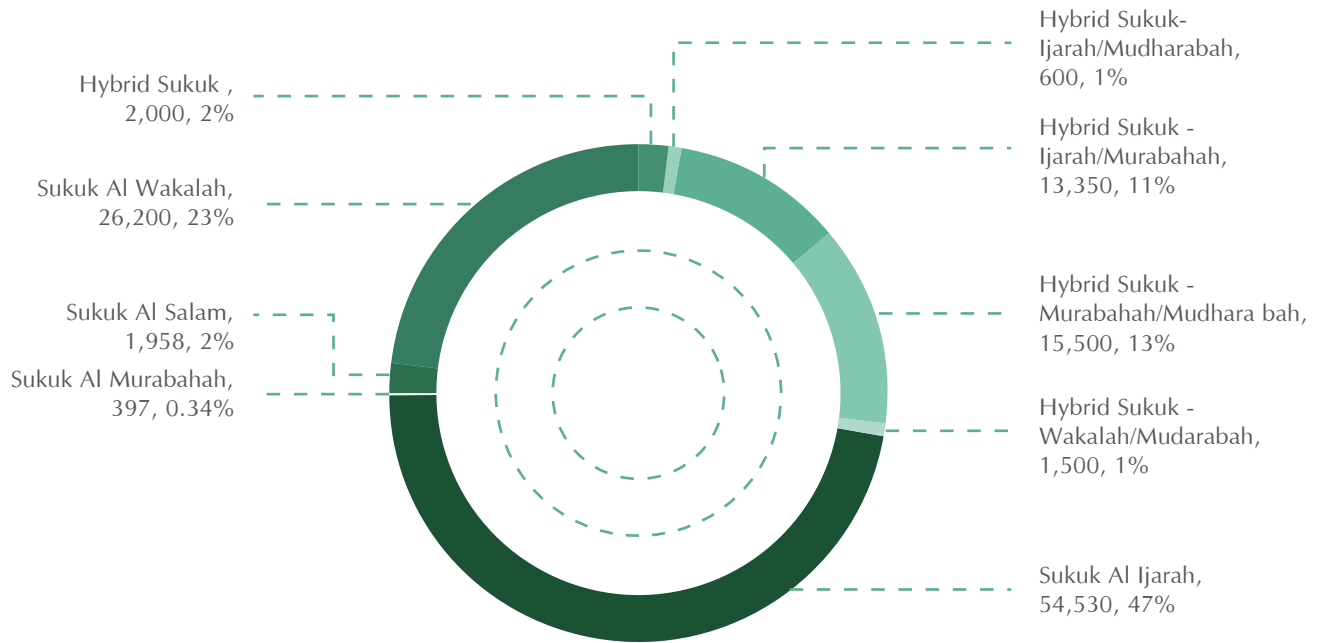
SOURCE: IIFM SUKUK DATABASE

Chart 4C below shows the structural distribution of international Sukuk issuance by the type of issuer, i.e., sovereign, quasi-sovereign, corporate and FIs issuers for the entire period covering Jan 2001-2021.

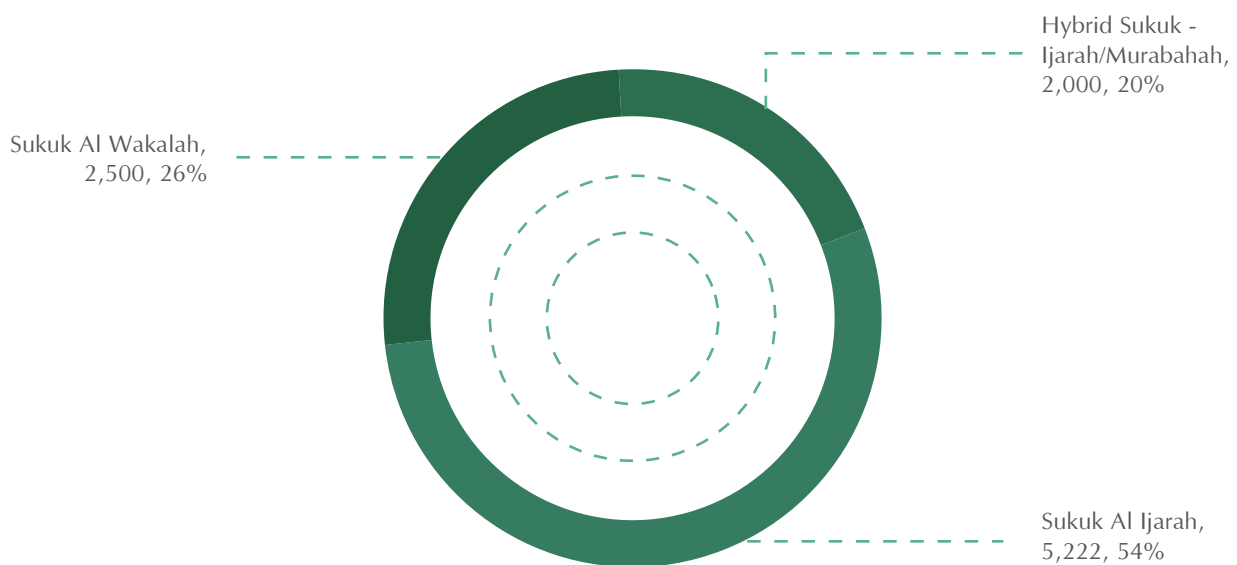
On an overall basis, the Sukuk Al Ijarah is historically been the favorite structure of international sovereign issuers with a share of 47.00 %. However, in recent years, Wakalah and Ijarah are the two most preferred structures by sovereign issuers where in 2021 Sukuk Al Wakalah share works out to be 23%.

CHART 4C: STRUCTURAL BREAK-UP OF INTERNATIONAL SUKUK ISSUANCES BY ISSUER- ALL TENORS (USD MILLIONS)

SOVEREIGN SUKUK ISSUANCES JAN 2001-DEC 2021



SOVEREIGN SUKUK ISSUANCES FOR THE YEAR 2020



SOVEREIGN SUKUK ISSUANCES FOR THE YEAR 2021

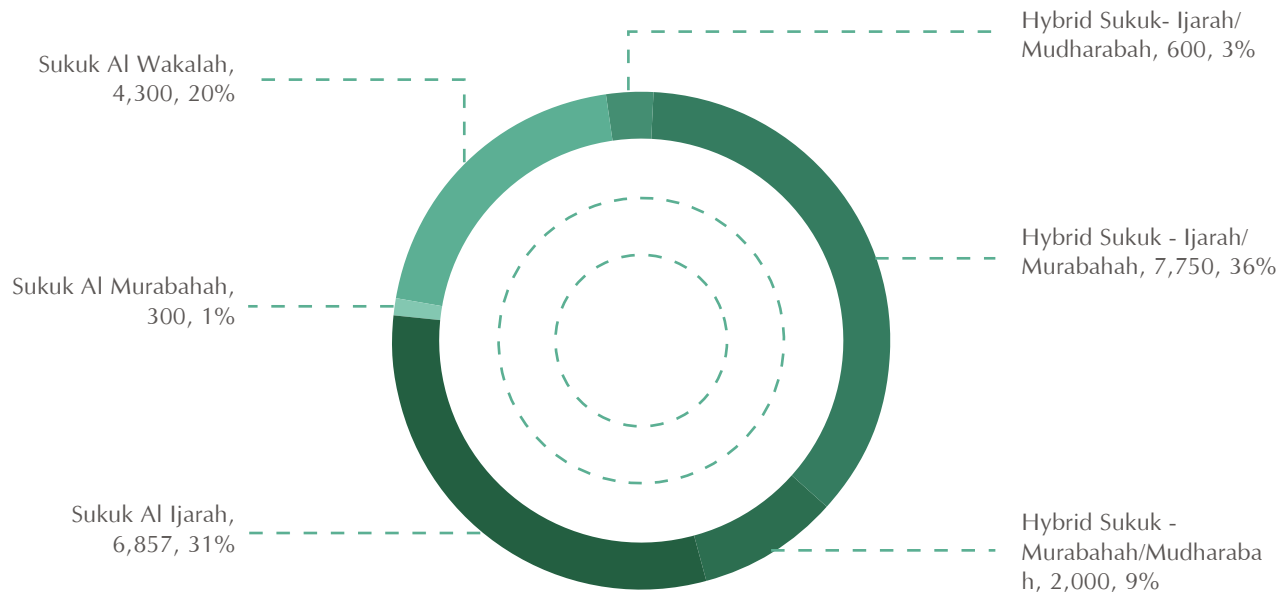


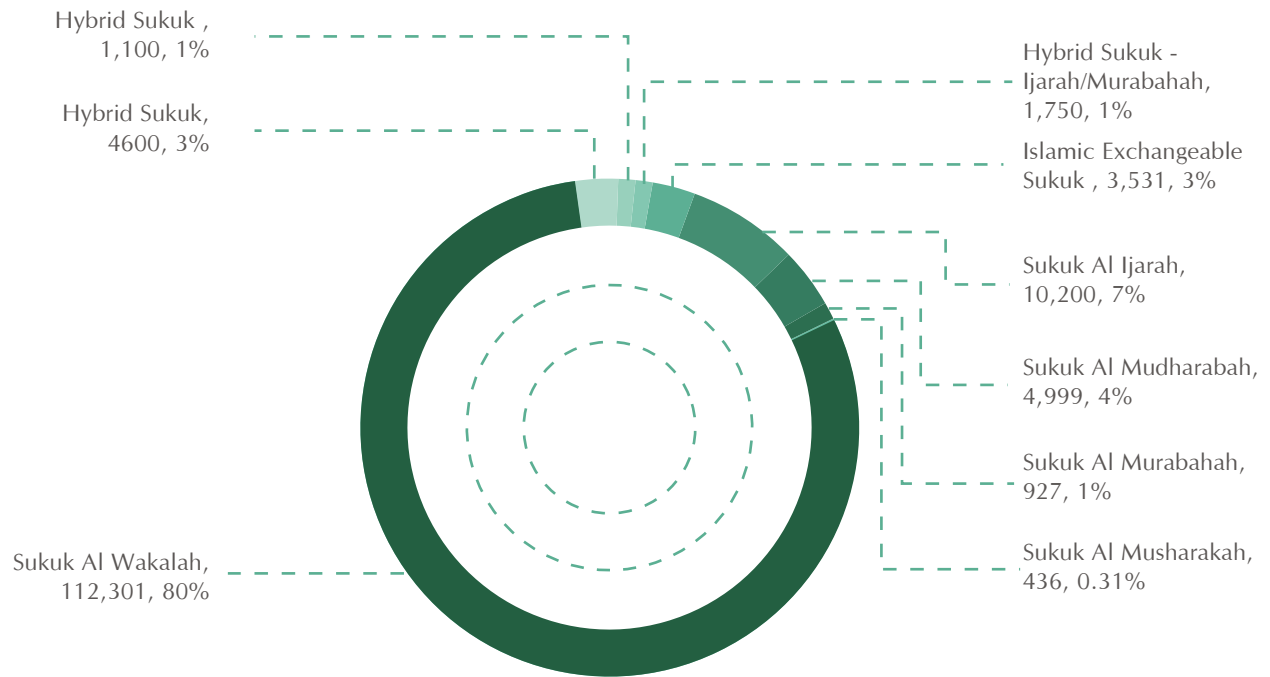
Chart 4C on the next page shows the structural distribution of international Sukuk issuance by the Quasi-Sovereign issuers for the entire period covering Jan 2001-2021.

On an overall basis, the Sukuk Al Wakalah is historically been the favorite structure of international quasi sovereign issuers with a share of 80%. However, in recent years, Wakalah and Ijarah are the two most preferred structures by sovereign issuers where in 2021 Sukuk Al Wakalah share works out to be 77%.

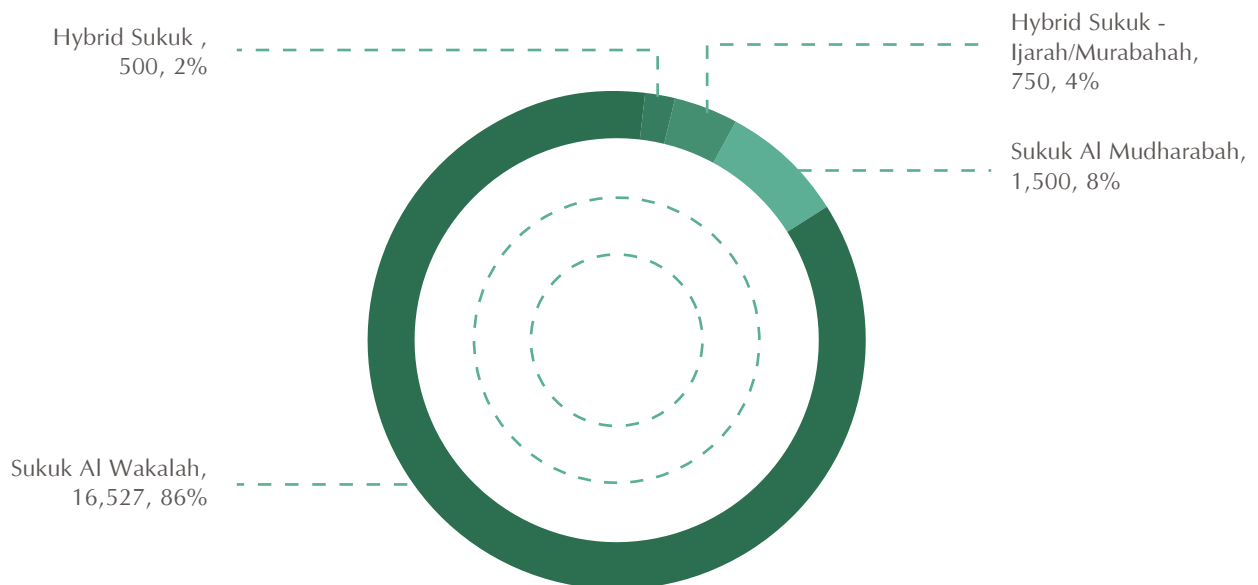
Islamic Exchangeable Sukuk is an innovative structure introduced by Khazanah Nasional of Malaysia has taken lead in issuing this type of Sukuk and as recommended in the last report perhaps this model could be replicated by quasi sovereign issuers in other jurisdictions also.

CHART 4C: STRUCTURAL BREAK-UP OF INTERNATIONAL SUKUK ISSUANCES BY ISSUER- ALL TENORS (USD MILLIONS)

QUASI-SOVEREIGN SUKUK ISSUANCES JAN 2001-DEC 2021



QUASI-SOVEREIGN SUKUK ISSUANCES FOR THE YEAR 2020



QUASI-SOVEREIGN SUKUK ISSUANCES FOR THE YEAR 2021

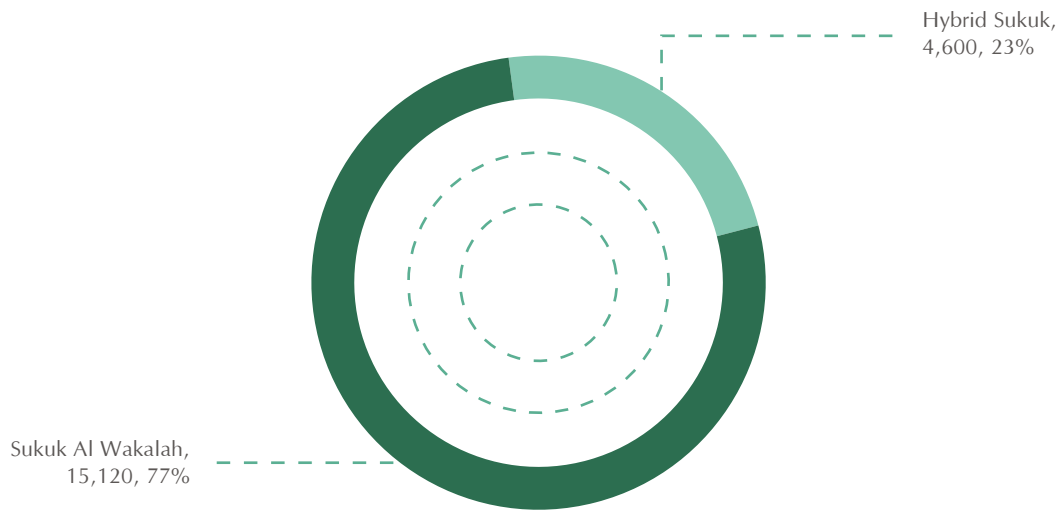
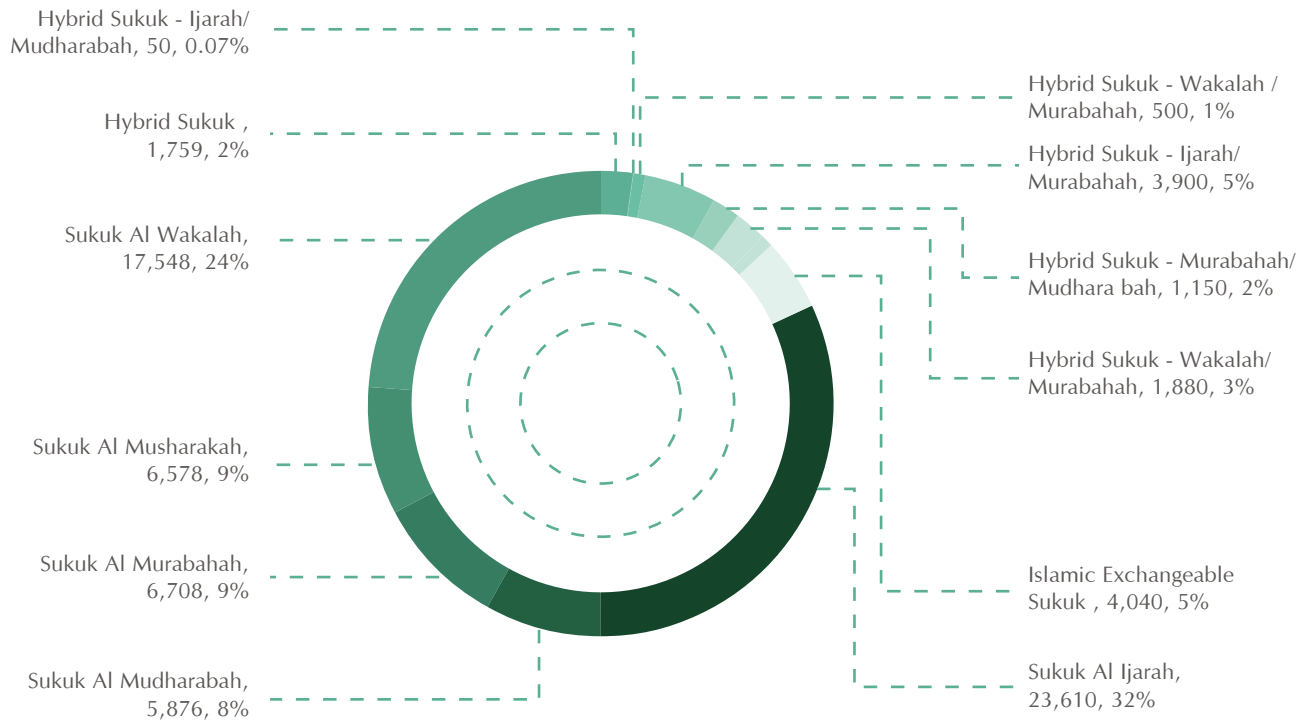


Chart 4C below shows the structural distribution of international Sukuk issuance by the Corporate Sukuk issuers for the entire period covering Jan 2001-2021.

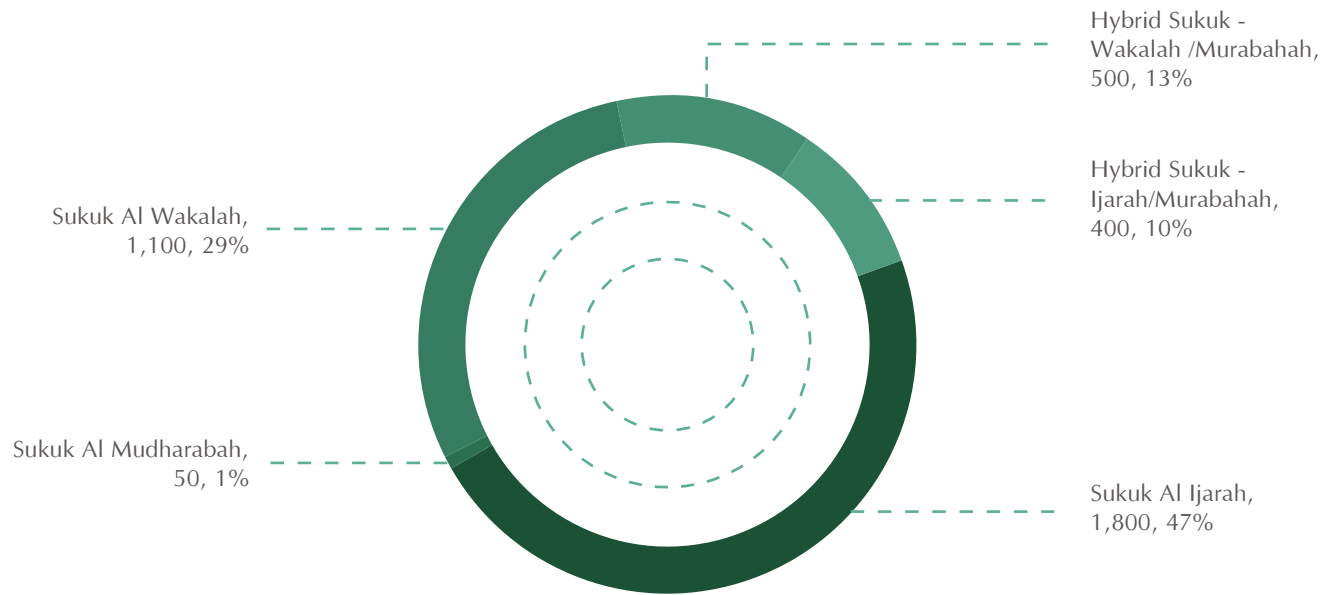
On an overall basis, the Sukuk Al Ijarah is historically been the favorite structure of international Corporates issuers with a share of 32.00 % followed by Sukuk Al Wakalah with a share of 24%. In year 2021, Wakalah and Hybrid are the two most preferred structures by corporates with share of 42% and 54% respectively.

CHART 4C STRUCTURAL BREAK-UP OF INTERNATIONAL SUKUK ISSUANCES BY ISSUER- ALL TENORS (USD MILLIONS)

CORPORATE SUKUK ISSUANCES JAN 2001-DEC 2021



CORPORATE SUKUK ISSUANCES FOR THE YEAR 2020



CORPORATE SUKUK ISSUANCES FOR THE YEAR 2021

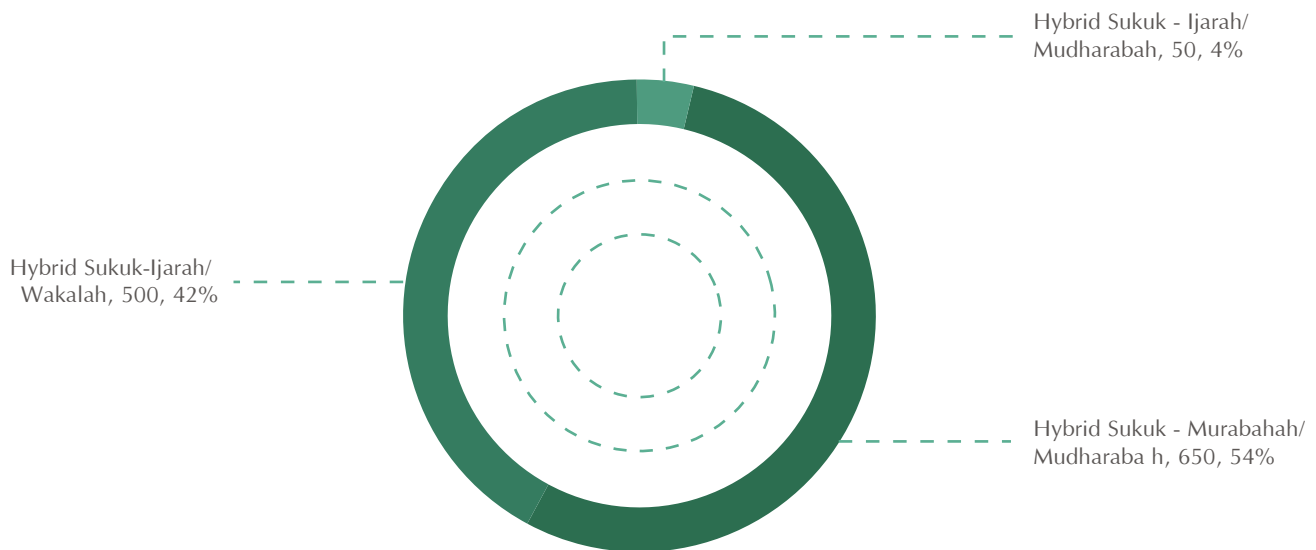
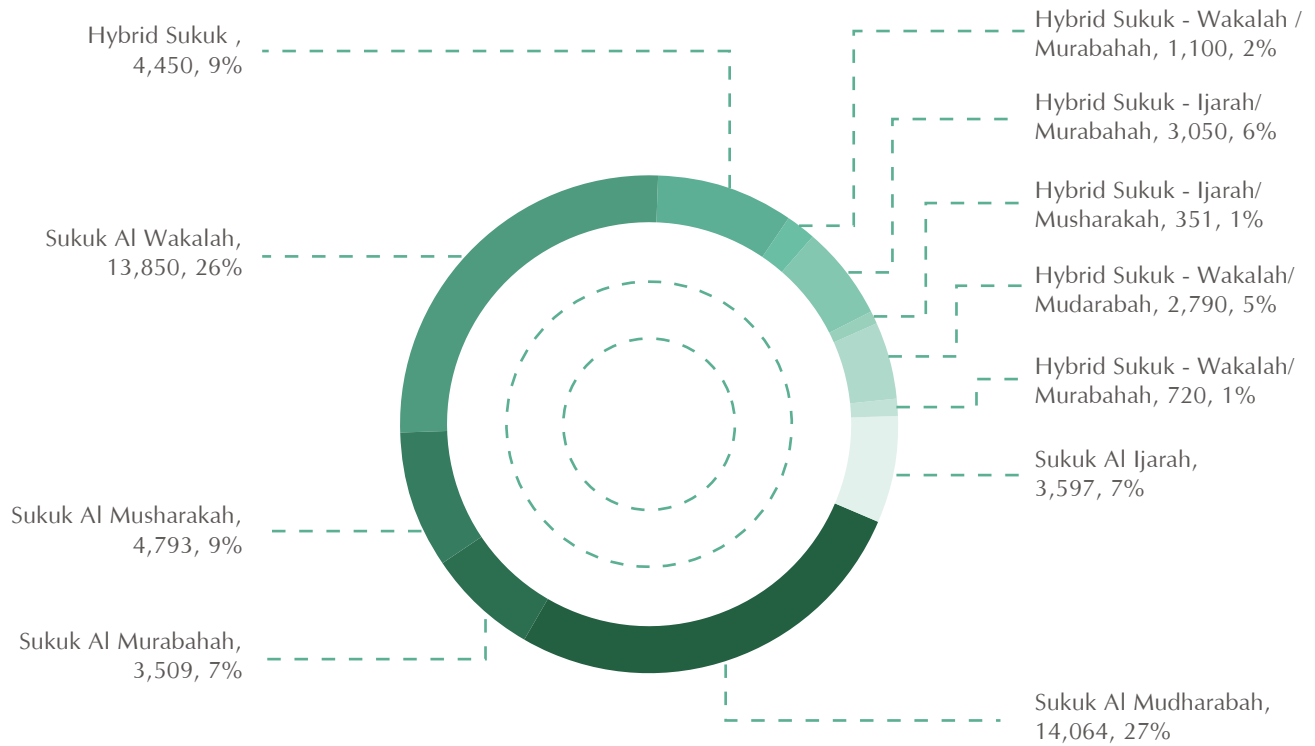


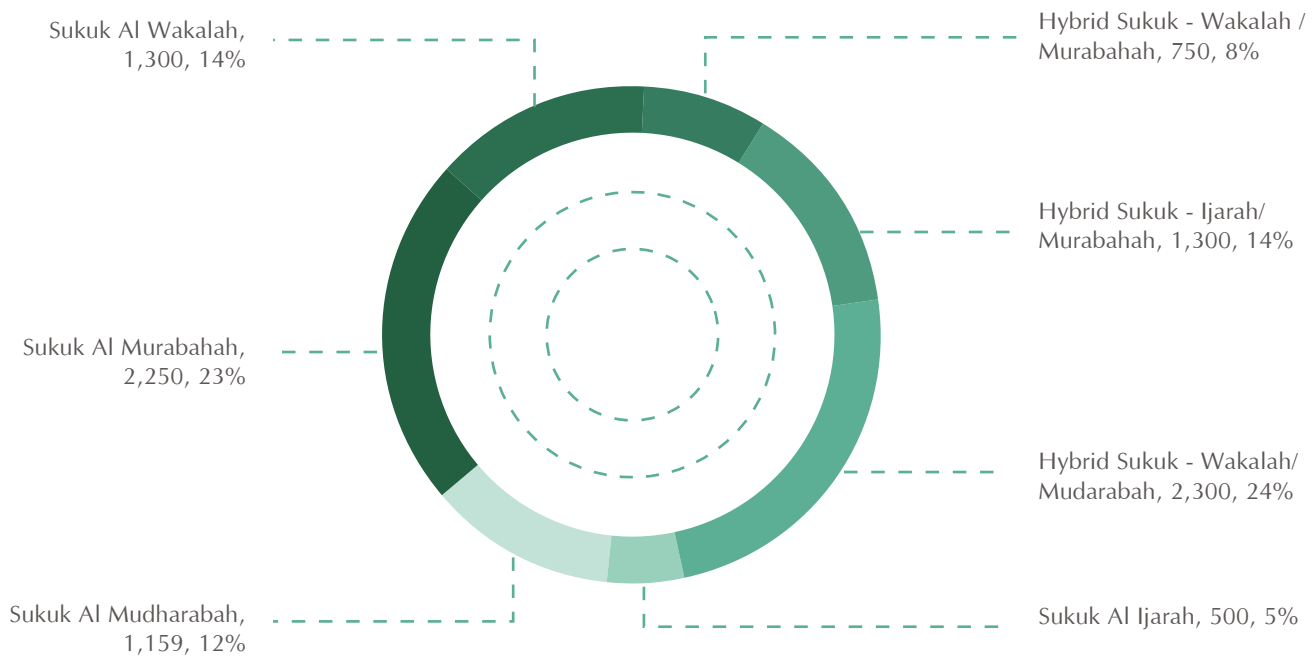
Chart 4C above shows the structural distribution of international Sukuk issuance by the FIs' Sukuk issuers for the entire period covering Jan 2001-2021.

On an overall basis, the Sukuk Al Mudarabah is been the favorite structure of international FIs issuers with a share of 27.00 % followed by Sukuk Al Wakalah with a share of 26%.. In year 2021, Sukuk Al Mudarabah is the most preferred structure by FIs with share of 65%.

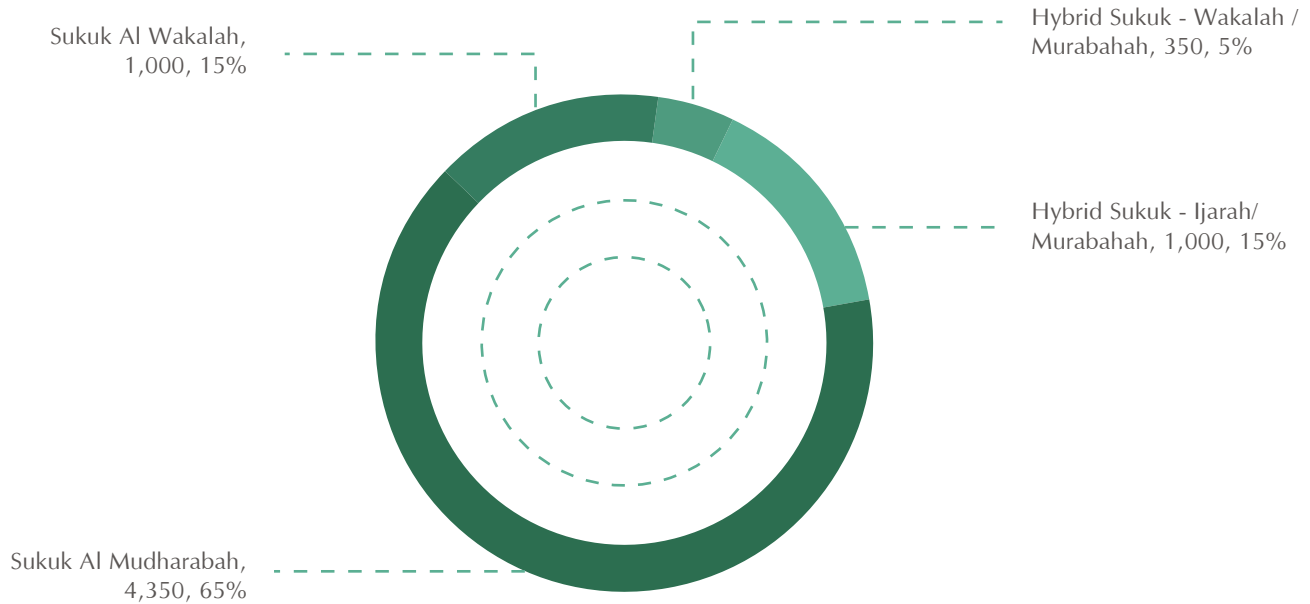
FIS SUKUK ISSUANCES JAN 2001-DEC 2021



FIS SUKUK ISSUANCES FOR THE YEAR 2020



FIS SUKUK ISSUANCES FOR THE YEAR 2021



SOURCE: IIFM SUKUK DATABASE

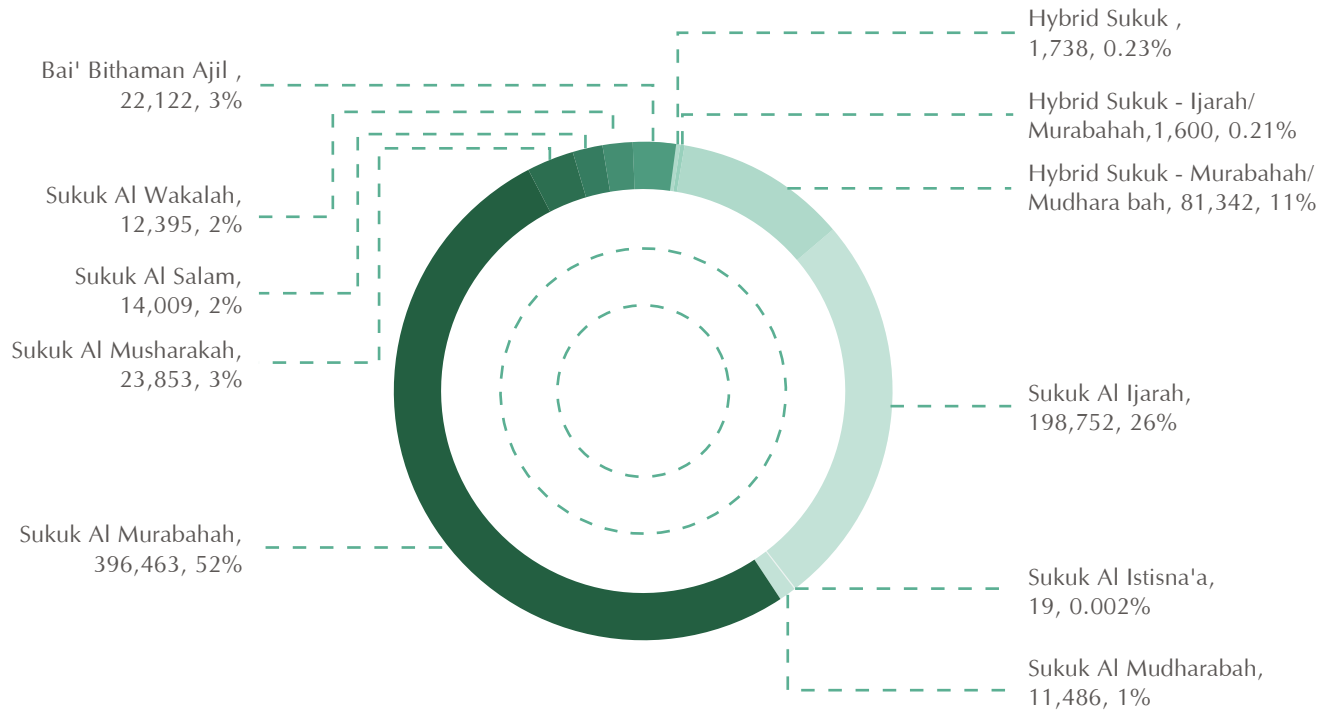
Similarly, as depicted in Chart 4D below, in the domestic market, on a historical basis, Murabahah continued to be the most favoured structure with most of the issuers namely sovereign, quasi-sovereign, corporate and FIs. The quasi-sovereign, corporate, & FIs issuers in domestic markets also use Musharakah, Mudharabah, Ijarah, & Wakalah quite extensively while sovereign issuers tend to use Murabahah structure more perhaps due to structuring ease or to preserve assets for possible International Sukuk issuance or issuances directed towards liquidity management purpose.

Saudi Arabia is one of the few jurisdictions where sovereign has used the Hybrid Sukuk or Combination Sukuk based on Mudarabah & Murabahah structure.

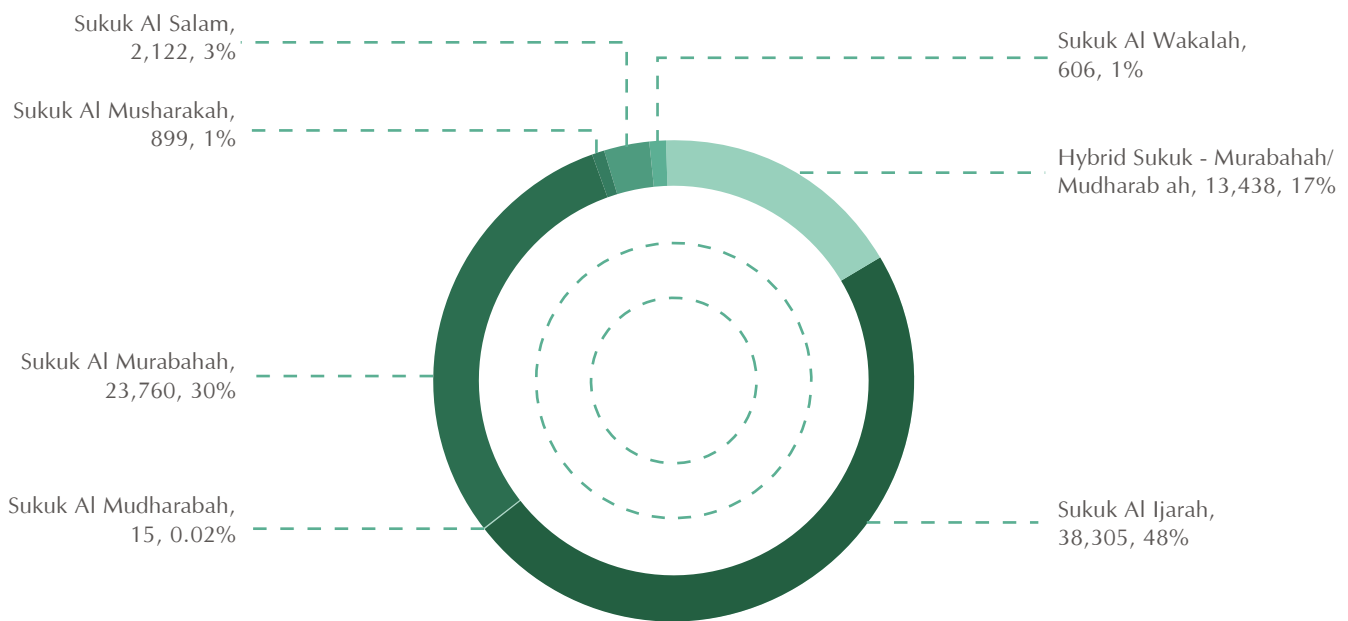
In 2021, use of Sukuk Al Ijarah by Sovereigns was 35% followed by Sukuk Al Murabahah and Hybrid Sukuk share of 29% and 23% respectively.

CHART 4D: STRUCTURAL BREAK-UP OF DOMESTIC SUKUK ISSUANCES BY ISSUER STATUS (USD MILLIONS)

SOVEREIGN SUKUK ISSUANCES JAN 2001-DEC 2021



SOVEREIGN SUKUK ISSUANCES FOR THE YEAR 2020



SOVEREIGN SUKUK ISSUANCES FOR THE YEAR 2021

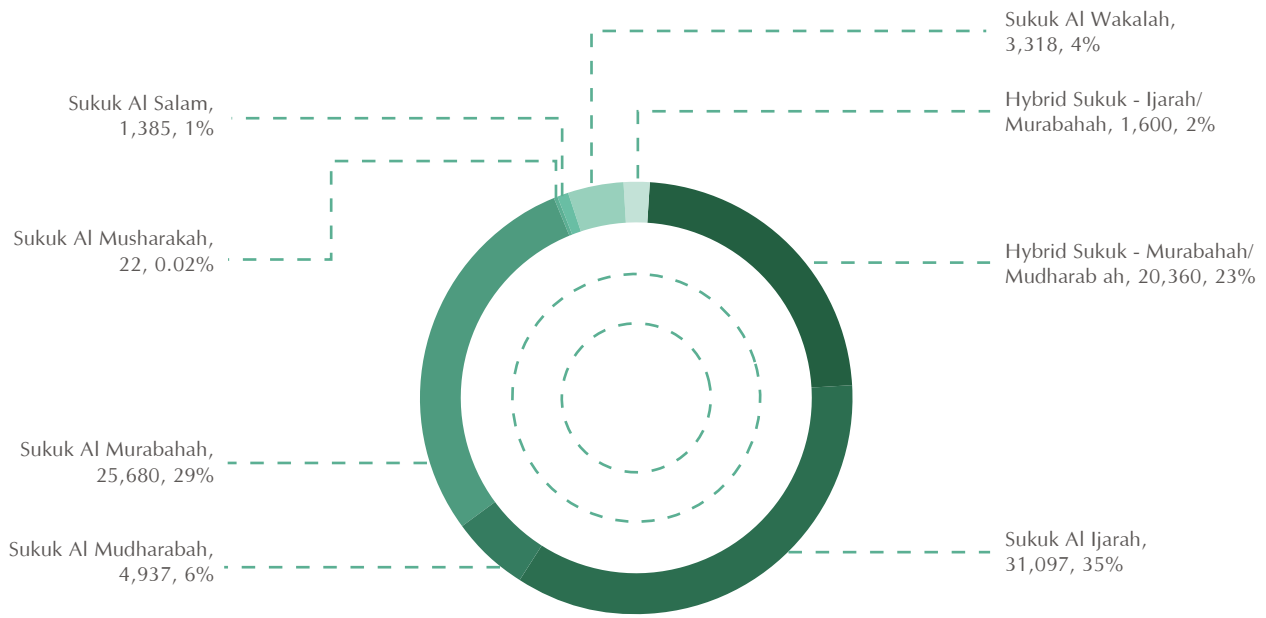
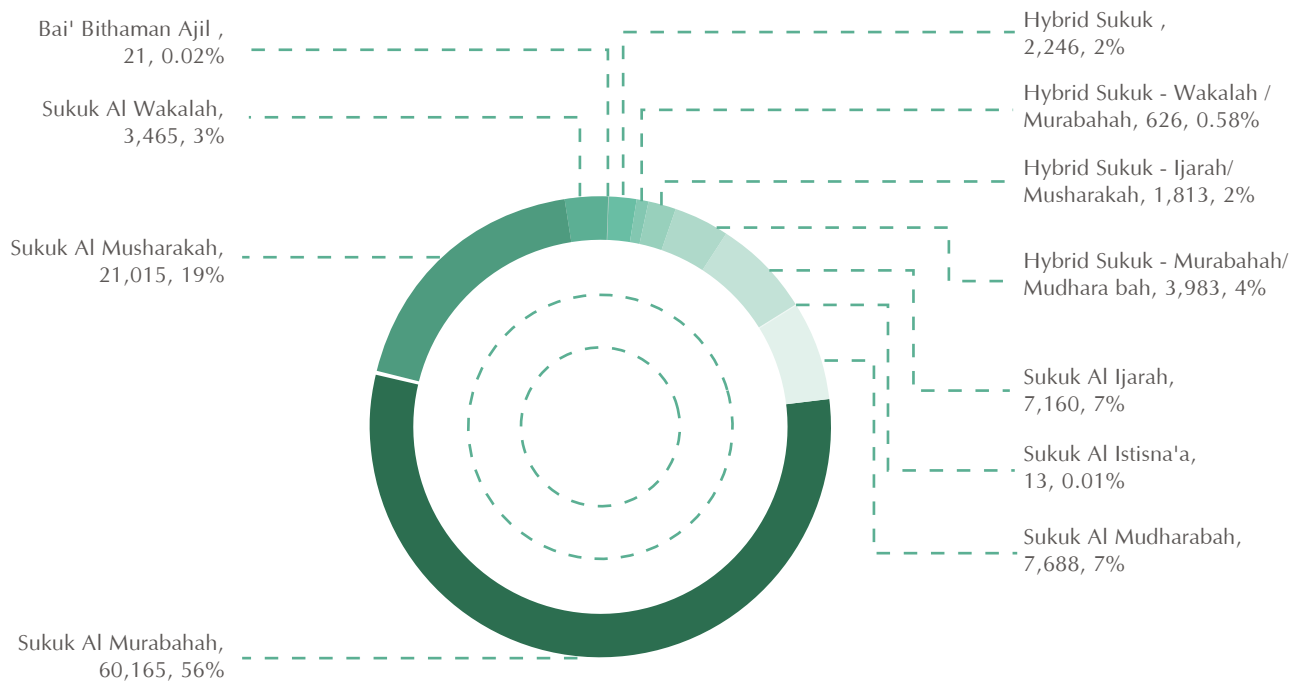


Chart 4D below shows the structural distribution of domestic Sukuk issuance by the Quasi-Sovereign issuers for the entire period covering Jan 2001-2021.

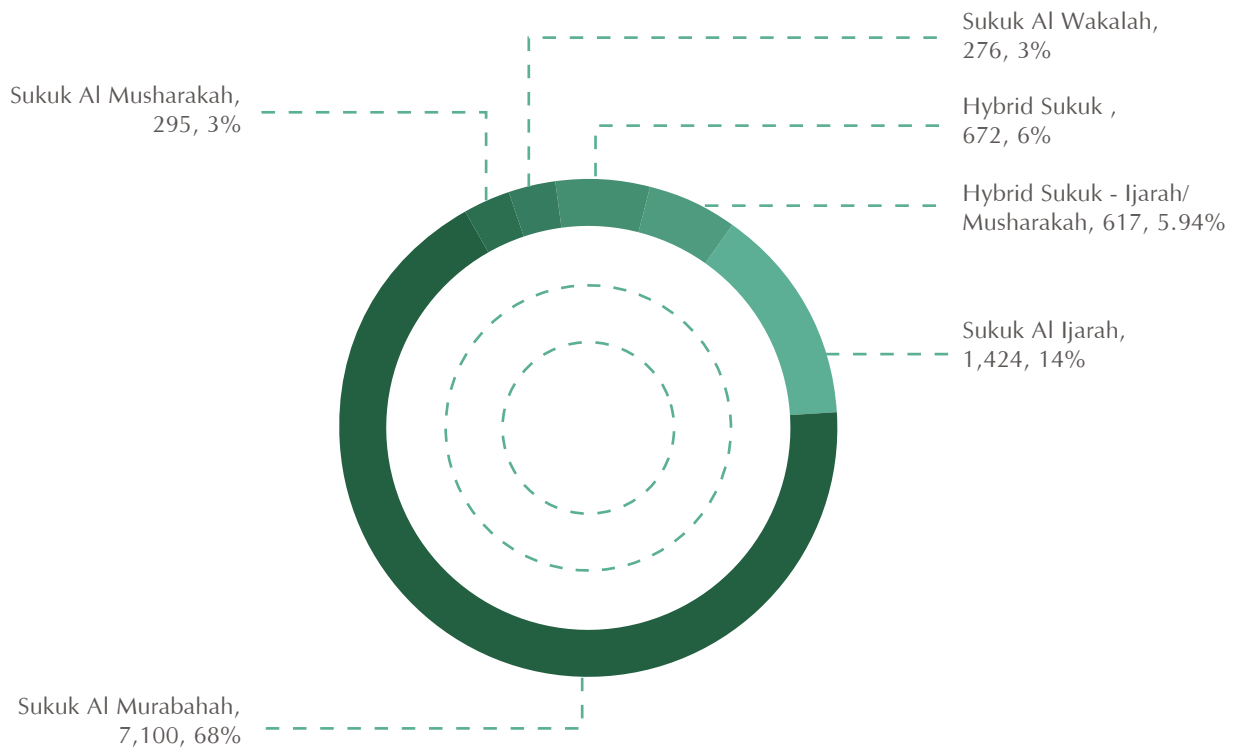
On an overall basis, the Sukuk Al Murabahah is historically been the most used structure of domestic quasi sovereign issuers with a share of 56%. In 2021 Sukuk Al Murabahah share works out to be 89%.

CHART 4D STRUCTURAL BREAK-UP OF DOMESTIC SUKUK ISSUANCES BY ISSUER STATUS (USD MILLIONS)

QUASI-SOVEREIGN SUKUK ISSUANCES JAN 2001-DEC 2021



QUASI-SOVEREIGN SUKUK ISSUANCES FOR THE YEAR 2020



QUASI-SOVEREIGN SUKUK ISSUANCES FOR THE YEAR 2021

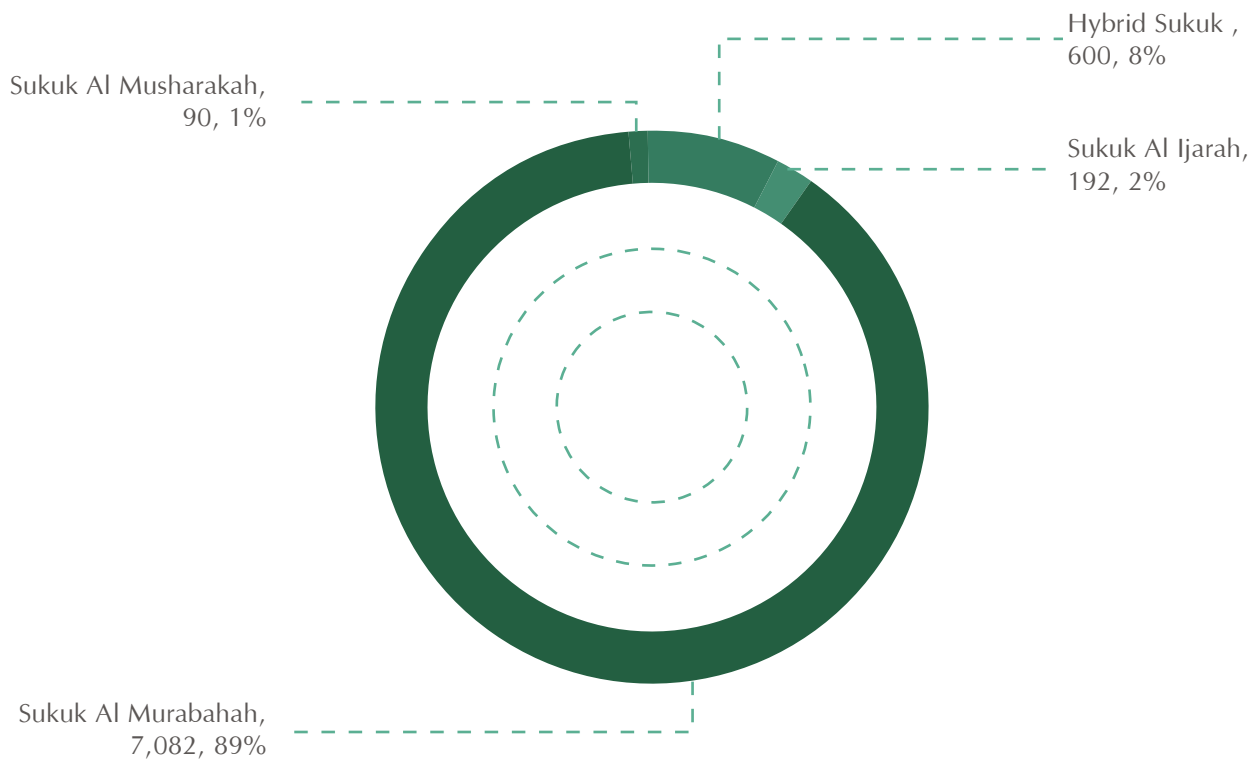
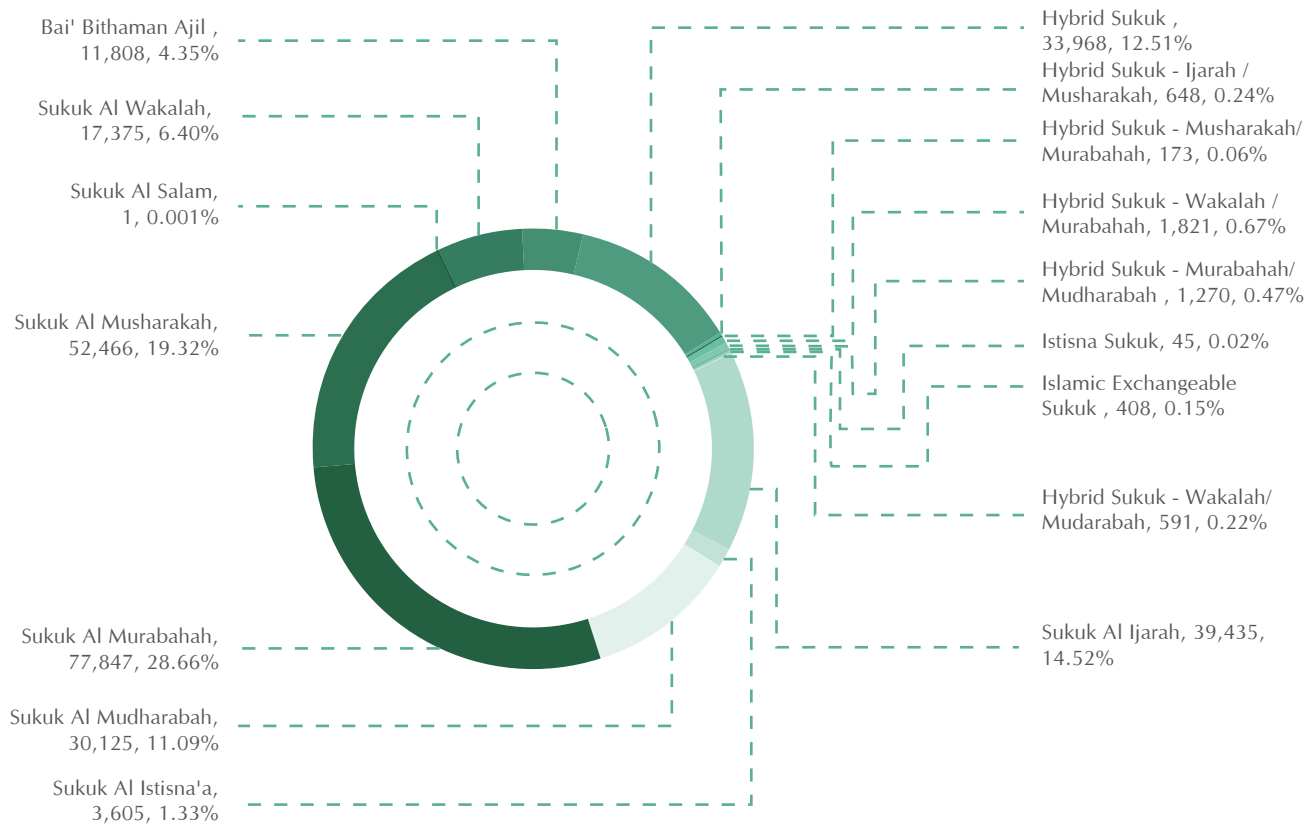


Chart 4D below shows the structural distribution of domestic Sukuk issuance by the Corporate Sukuk issuers for the entire period covering Jan 2001-2021.

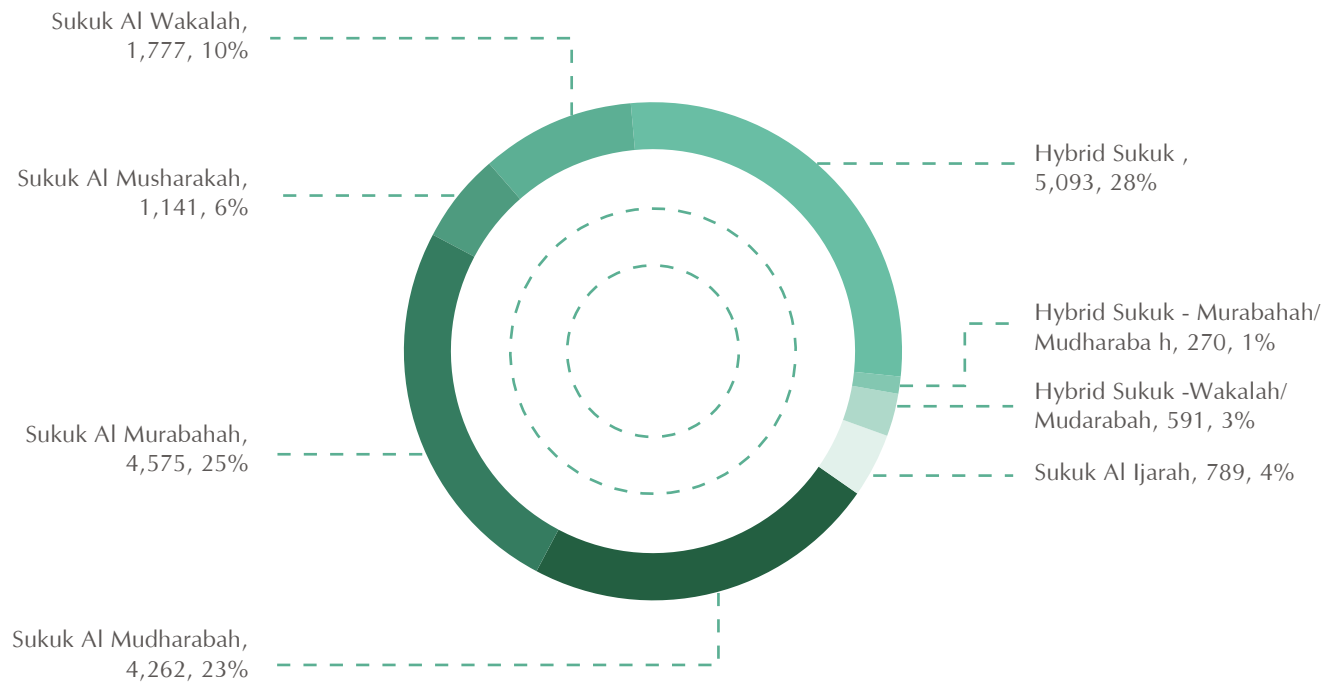
On an overall basis, the Sukuk Al Murabahah, Sukuk Al Musharakah and Sukuk Al Ijarah are historically been the favorite structures of domestic Corporates issuers with a share of 28.66%, 19.32%, 14.52% and 11.09% respectively. In 2021, Sukuk Al Murabahah structure is most preferred with a share of 46% followed by Hybrid Sukuk shares of 22%.

CHART 4D STRUCTURAL BREAK-UP OF DOMESTIC SUKUK ISSUANCES BY ISSUER STATUS (USD MILLIONS)

CORPORATE SUKUK ISSUANCES JAN 2001-DEC 2021



CORPORATE SUKUK ISSUANCES FOR THE YEAR 2020



CORPORATE SUKUK ISSUANCES FOR THE YEAR 2021

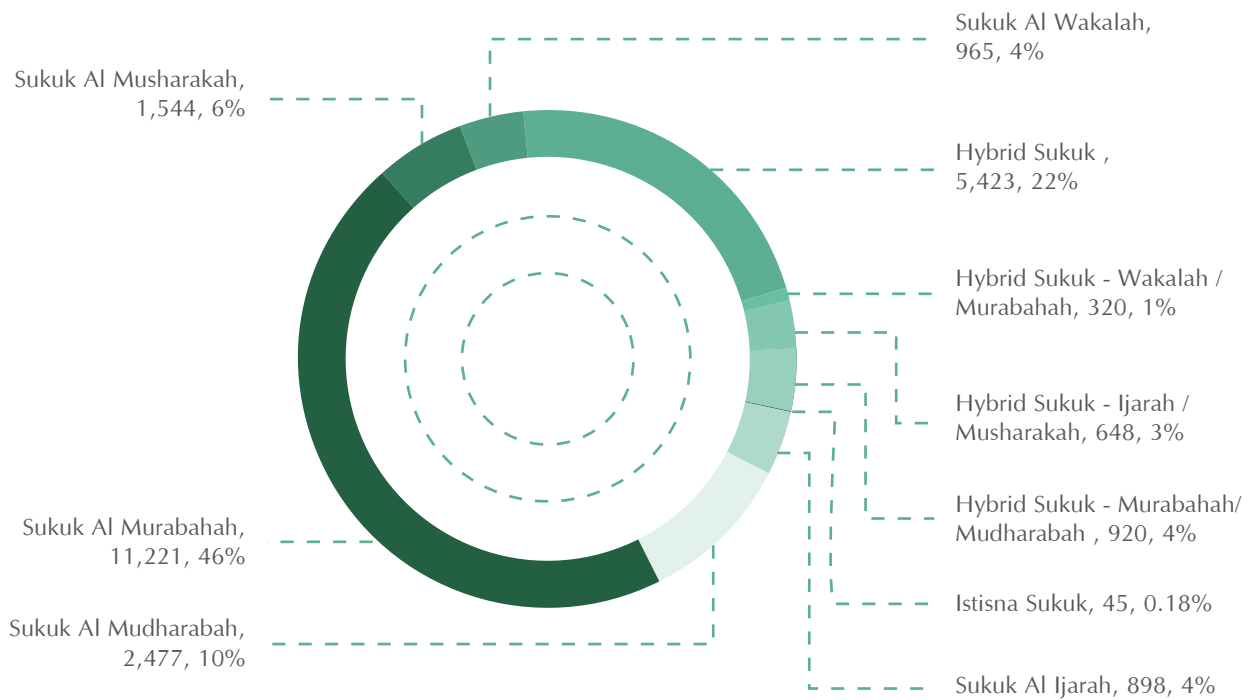
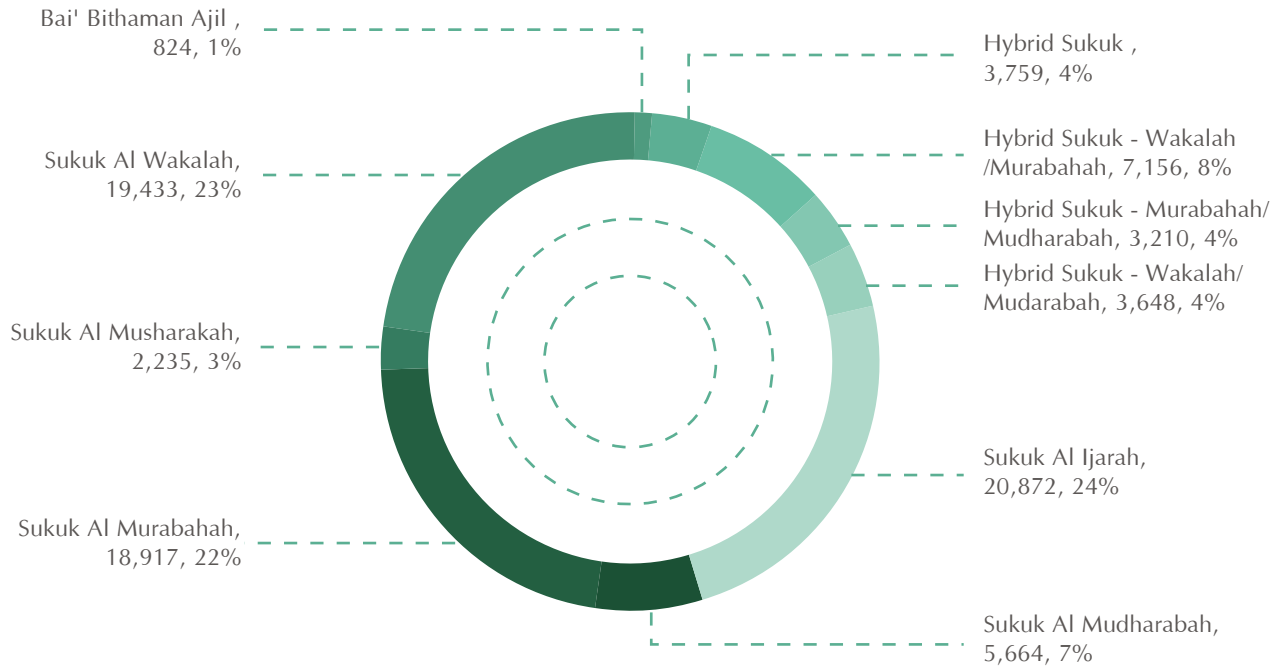


Chart 4D below shows the structural distribution of domestic Sukuk issuance by the FIs' Sukuk issuers for the entire period covering Jan 2001-2021.

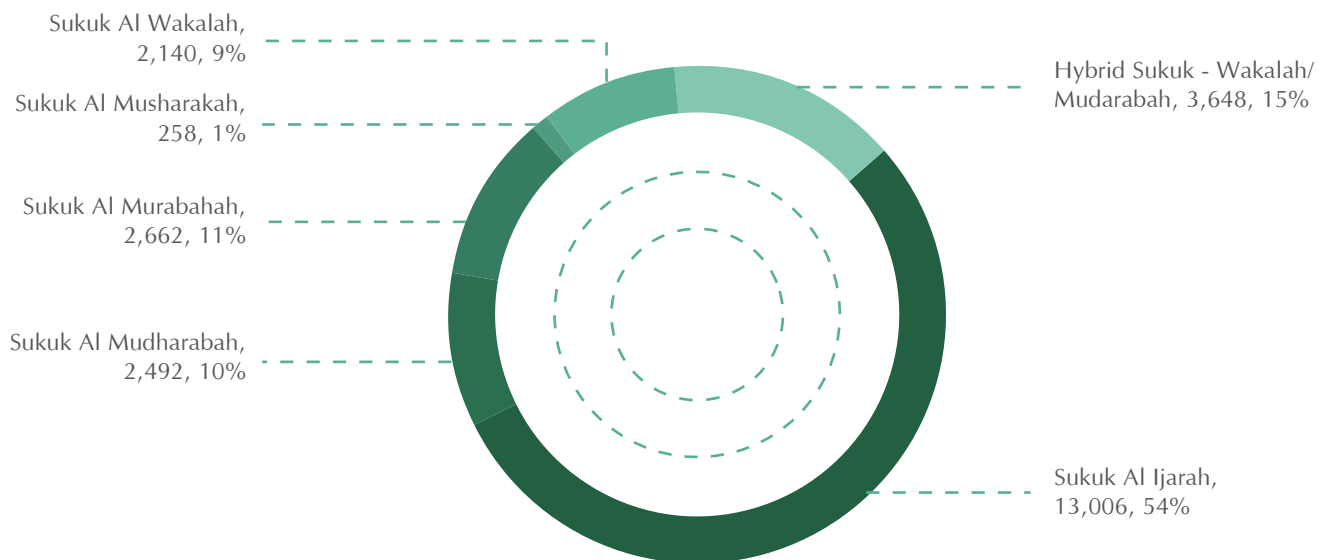
On an overall basis, the Sukuk Al Ijarah is been the favorite structure of doemstic FIs issuers with a share of 24% followed by Sukuk Al Wakalah and Sukuk Al Murabahah with a share of 23% and 24% respectively.

CHART 4D STRUCTURAL BREAK-UP OF DOMESTIC SUKUK ISSUANCES BY ISSUER STATUS (USD MILLIONS)

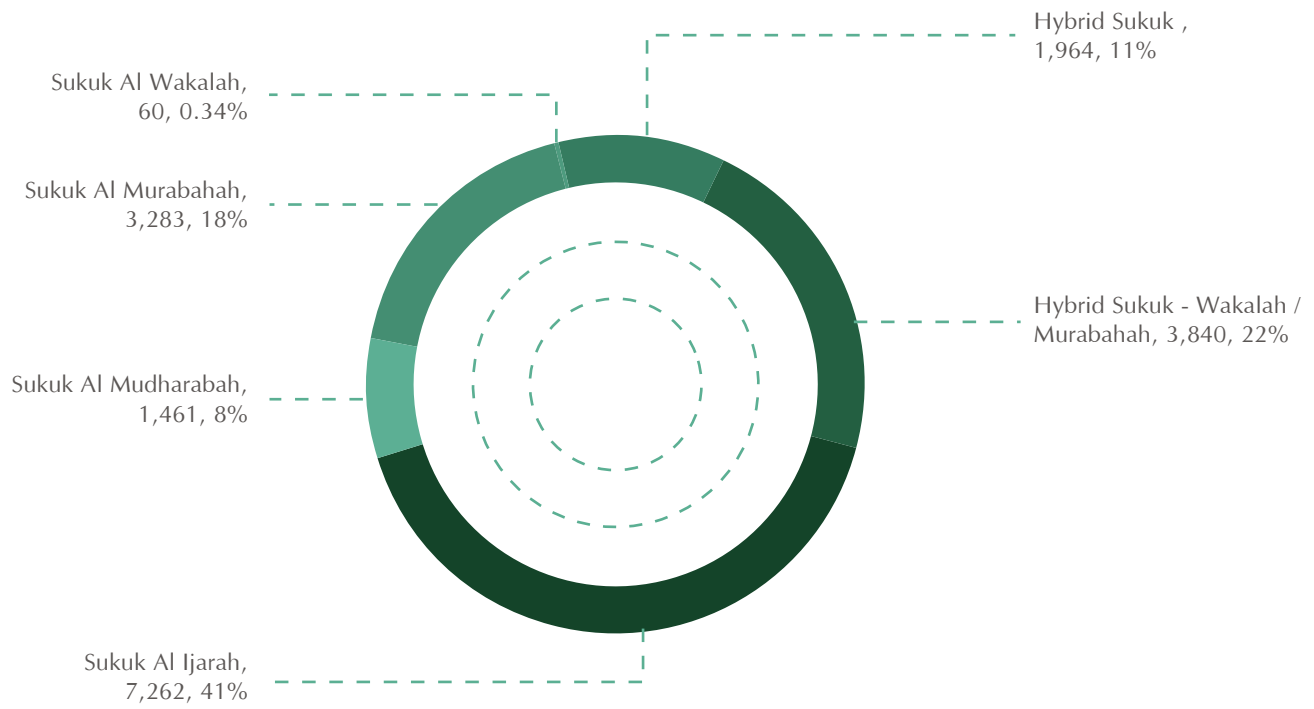
FIS SUKUK ISSUANCES JAN 2001-DEC 2021



FIS SUKUK ISSUANCES FOR THE YEAR 2020



FIS SUKUK ISSUANCES FOR THE YEAR 2021



SOURCE: IIFM SUKUK DATABASE

1.10 GEOGRAPHICAL BREAK-UP OF GLOBAL SUKUK MARKET

Since inception (Jan 2001 – Dec 2021) Asia continues to be the dominant player in the global Sukuk market as shown in Table 8A below, in terms of region, and the region accounts for 66.95% of global Sukuk issuances followed by GCC & ME as the second largest destination of Sukuk issuance with market share 25.95% and it continue to be one of the key regions driving the Sukuk market.

During 2021, as shown in Table 8B on the next page, Asia is the largest Sukuk issuing region with market share of around 60.18% % followed by GCC & ME region with market share of 29.62%.

As of 2021 among the jurisdictions Malaysia is the market leader and a dominant player in terms of issuances with market share of 41.18%. Other jurisdictions in order of their approximate share in the global market are Indonesia (12.41%), Saudi Arabia (22.40%), UAE (2.02%), Bahrain (1.98%), Qatar (1.36%) and Türkiye (9.45%) while a relatively new entrant Nigeria is emerging as the leading issuer of Sukuk from Africa region with market share of (0.34%) though on overall since inception basis Sudan maintained its top Africa region issuer status.

The number of jurisdictions who are directly or indirectly issuing Sukuk are increasing year-over-year which in turn is keeping the Sukuk market vibrant.

TABLE 8A: REGIONAL BREAK-UP OF GLOBAL SUKUK ISSUANCES (JAN 2001 – DEC 2021)

ASIA & FAR EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bangladesh	129	7,066	0.439%
Brunei Darussalam	251	13,300	0.826%
China	1	97	0.01%
Hong kong	5	3,196	0.20%
Indonesia	634	148,295	9.20%
Japan	3	190	0.01%
Malaysia	8,575	877,410	54.46%
Maldives	6	337	0.021%
Pakistan	148	27,142	1.68%
Singapore	16	1,498	0.09%
Sri Lanka	2	5	0.0003%
Total	9,770	1,078,537	66.95%
GCC & MIDDLE EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bahrain	492	43,118	2.68%
Jordan	4	483	0.03%
Kuwait	26	7,595	0.47%
Oman	19	9,207	0.57%
Qatar	62	38,533	2.39%
Saudi Arabia	308	216,755	13.45%
United Arab Emirates	162	102,195	6.34%
Yemen	2	253	0.02%
Total	1,075	418,139	25.95%

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AFRICA	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Egypt	3	324	0.02%
Gambia	686	448	0.03%
ivory Coast	2	460	0.03%
Nigeria	10	1,888	0.12%
Mali	1	285	0.02%
Morocco	1	105	0.01%
South Africa	1	500	0.03%
Senegal	2	445	0.03%
Sudan	46	20,579	1.28%
Togo	1	245	0.02%
Total	753	25,279	1.55%
EUROPE & OTHERS	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
France	1	0.65	0.00004%
Germany	3	206	0.01%
Luxembourg	3	280	0.02%
Kazakhstan	1	77	0.00%
Türkiye	1,155	84,692	5.26%
United Kingdom	12	2,455	0.15%
USA	5	1,367	0.08%
Total	1,180	89,077	5.53%
Grand Total	12,778	1,611,032	100%

TABLE 8B: REGIONAL BREAK-UP OF GLOBAL SUKUK ISSUANCES FOR THE YEAR 2021

ASIA & FAR EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bangladesh	100	6,276	3.336%
Brunei Darussalam	56	1,470	0.782%
Indonesia	82	23,337	12.41%
Malaysia	775	77,465	41.18%
Maldives	3	313	0.166%
Pakistan	31	4,351	2.31%
Total	1,047	113,213	60.18%
GCC & MIDDLE EAST	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Bahrain	25	3,722	1.98%
Kuwait	3	1600	0.85%
Oman	2	1,885	1.00%

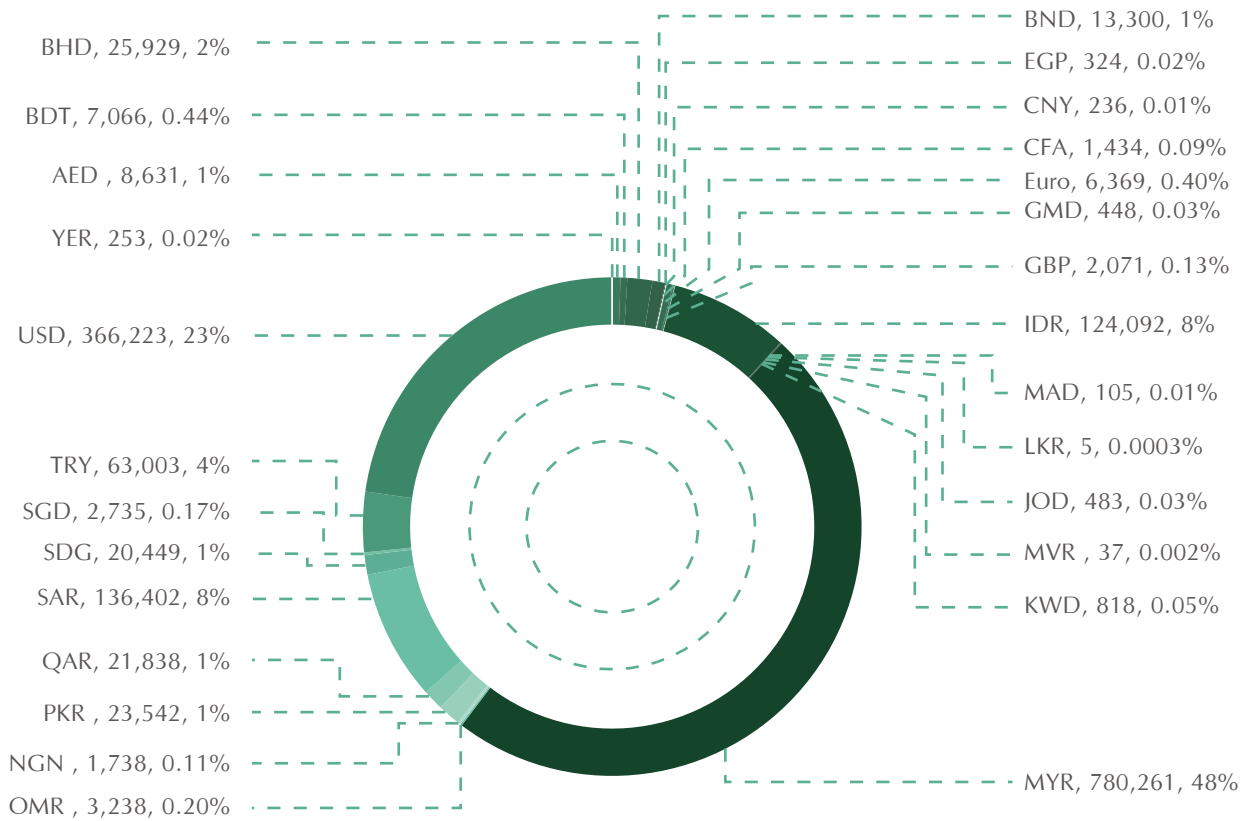
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Qatar	6	2,566	1.36%
Saudi Arabia	47	42,144	22.40%
United Arab Emirates	7	3800	2.02%
Total	90	55,717	29.62%
AFRICA	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Egypt	1	38	0.02%
Gambia	130	17	0.01%
Nigeria	4	639	0.34%
Sudan	5	34	0.02%
Total	140	729	0.37%
EUROPE & OTHERS	NUMBER OF ISSUES	AMOUNT USD MILLIONS	% OF TOTAL VALUE
Türkiye	447	17,776	9.45%
United Kingdom	1	686	0.36%
Total	448	18,462	9.81%
Grand Total	1,725	188,121	9.81%

SOURCE: IIFM SUKUK DATABASE

Chart 5A below shows a currency-wise break-up of the overall global Sukuk market. Malaysian Ringgit is the dominant currency as the Malaysian has a deep local currency domestic market with issuance of 48% (MYR 780.261 billion) since inception. Sukuk issuance denominated in USD works out to be 23% (USD 366.223 Billion) of the entire global Sukuk market. It is promising to see that Sukuk have been issued in twenty seven (27) different currencies including USD and the Malaysian Ringgit. As more and more sovereigns step up to provide liquidity in their local markets, we can clearly see the significance of GCC, Indonesia, Türkiye, Pakistan, Bangladesh, African countries and Türkiye currencies rising over time.

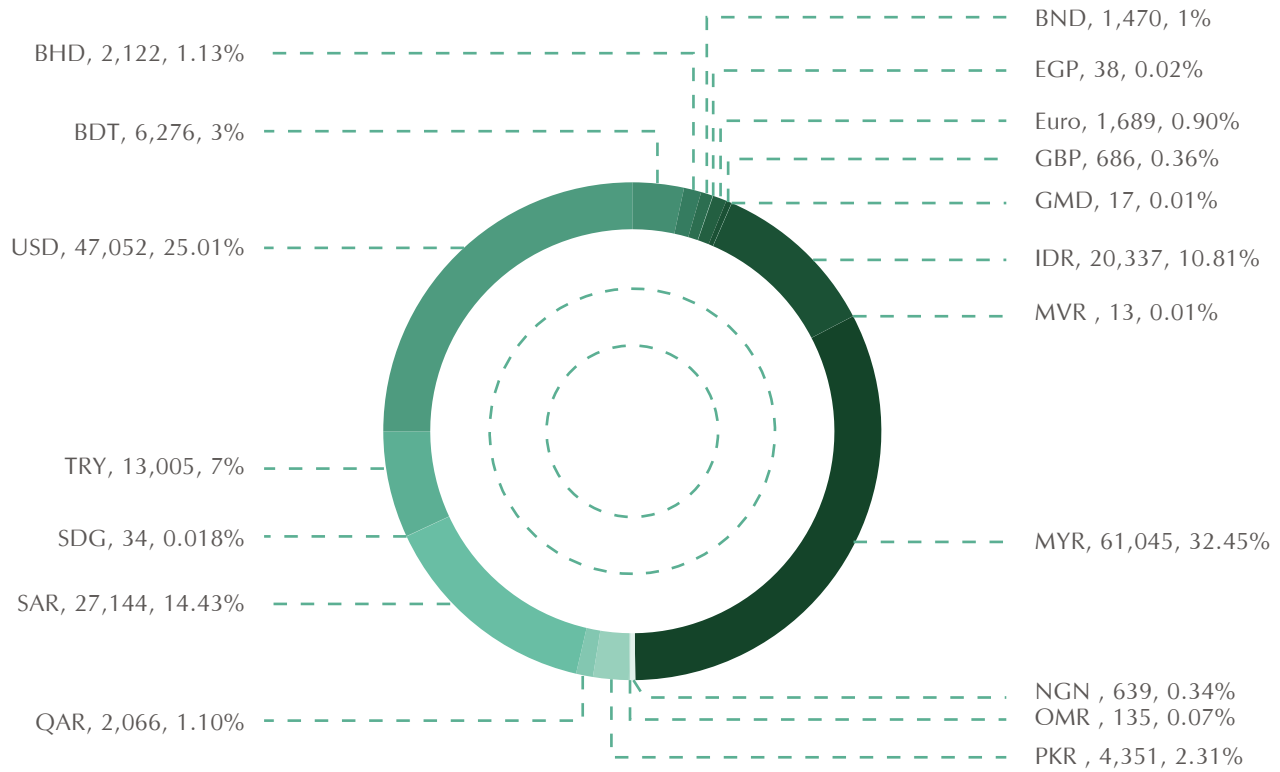
CHART 5A: GLOBAL SUKUK ISSUANCES CURRENCY BREAK-UP - ALL TENORS (JAN 2001- DEC 2021, USD MILLIONS)



SOURCE: IIFM SUKUK DATABASE

During 2020, as shown in Chart 5B below, Malaysian Ringgit maintained its number one position with share of 32.45% (MYR 61.045 billion) followed by USD issuances of 25.01% (USD 47.052 billion), Saudi Riyal of 14.43% (SAR 27.144 billion), Indonesian Rupiah of 10.81% (IDR 20.337 billion) and Turkish Lira of 7% (TRY 13.005 billion).

CHART 5B: GLOBAL SUKUK ISSUANCES CURRENCY BREAK-UP - ALL TENORS (JAN 2021- DEC 2021, USD MILLIONS)



SOURCE: IIFM SUKUK DATABASE

1.11 SUKUK MATURITIES 2021 THROUGH 2023

This section provides a snapshot of Sukuk matured in the year 2021 and due to mature in the coming two years in the international and domestic markets. Depending upon the economic and market conditions, it may represent additional liquidity being made available into the system as well as hint at prospective re-issuance in the pipeline.

Tables 9A, 9B and 9C show the maturity picture in the international market. The Sukuk maturity in 2021 works out to be USD 16.08 billion while redemptions in 2022 and 2023 will be comparatively substantial at USD 22.872 billion and USD 18.058 billion respectively.

In 2021, the biggest individual Sukuk maturity come from IsDB USD 1.500 billion, Etihad Airways USD 1.500 billion, Bahrain Mumtalakat USD 0.600 billion, Government of Turkey 1.00 billion, Government of Pakistan USD 1.00 billion, Government of Malaysia USD 0.800 billion and Government of Indonesia USD 0.750 billion.

TABLE 9A: INTERNATIONAL SUKUK MATURED 2021, AMOUNT ≥ USD 100 MILLION

ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2011	Government of Malaysia	Malaysia	USD	Sovereign	Sukuk Al Wakalah	800	10	6-Jul-21
2014	Khazanah Nasional Bhd	Malaysia	USD	Quasi Sovereign	Islamic Exchangeable Sukuk	500	7	24-Sep-21
2014	Bahrain Mumtalakat Holding Company	Bahrain	USD	Quasi Sovereign	Hybrid Sukuk	600	7	25-Nov-21
2016	Government of Sharjah (Sharjah Sukuk Limited)	United Arab Emirates	USD	Sovereign	Sukuk Al Ijarah	500	5	27-Jan-21
2016	Khazanah Nasional Berhad (Danga Capital Bhd)	Malaysia	USD	Quasi Sovereign	Sukuk Al Wakalah	750	5	3-Feb-21
2016	Islamic Development Bank	Saudi Arabia	USD	Quasi Sovereign	Sukuk Al Wakalah	1,500	5	10-Mar-21
2016	Government of Indonesia (Perusahaan Penerbit SSBNI Indonesia III) SNI	Indonesia	USD	Sovereign	Sukuk Al Wakalah	750	5	29-Mar-21
2016	Dubai Islamic Bank	United Arab Emirates	USD	Fls	Sukuk Al Wakalah	500	5	30-Mar-21
2016	ICD Sukuk -Hilal Services	Saudi Arabia	USD	Quasi Sovereign	Sukuk Al Wakalah	300	5	13-Apr-21
2016	Ezden Holding Group	Qatar	USD	Corporate	Sukuk Al Wakalah	500	5	18-May-21
2016	Emirates Islamic Bank	United Arab Emirates	USD	Fls	Sukuk Al Wakalah	750	5	24-May-21
2016	Government of Türkiye (Hazine Müsteşarlığı Varlık Kiralama Anonim şirketi)	Türkiye	USD	Sovereign	Sukuk Al Ijarah	1,000	5	8-Jun-21
2016	Khazanah Nasional Berhad (Danga Capital Bhd)	Malaysia	USD	Quasi Sovereign	Islamic Exchangeable Sukuk	399	5	1-Sep-21
2016	Sharjah Islamic Bank	United Arab Emirates	USD	Fls	Sukuk Al Ijarah	500	5	8-Sep-21
2016	Government of Pakistan	Pakistan	USD	Sovereign	Sukuk Al Ijarah	1,000	5	7-Oct-21
2016	Kuveyt Türk	Türkiye	USD	Fls	Sukuk Al Wakalah	500	5	6-Nov-21

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2016	Islamic Development Bank	Saudi Arabia	USD	Quasi Sovereign	Sukuk Al Wakalah	1,200	5	3-Dec-21
2016	Etihad Airways	United Arab Emirates	USD	Corporate	Sukuk Al Wakalah	1,500	5	4-Dec-21
2018	Al Rayan bank	United Kingdom	GBP	Fls	Hybrid Sukuk - Ijarah/Musharakah	351	3	17-Feb-21
2018	Qatar Islamic Bank	Qatar	USD	Fls	Hybrid Sukuk -Wakalah/Murabahah	100	3	29-May-21
2018	Government of Indonesia	Indonesia	USD	Sovereign	Sukuk Al Wakalah	100	3	15-Nov-21
2019	Turkish Finance Ministry	Türkiye	Euro	Sovereign	Sukuk Al Ijarah	1,984	2	6-Feb-21
Total Maturity Value						16,084		

SOURCE: IIFM SUKUK DATABASE

TABLE 9B: INTERNATIONAL SUKUK MATURING 2022, AMOUNT > USD 100 MILLION

ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2012	Abu Dhabi National Energy Company	United Arab Emirates	MYR	Corporate	Sukuk Al Murabahah	212	10	26-Feb-22
2012	Saudi Electricity Company	Saudi Arabia	USD	Quasi Sovereign	Sukuk Al Ijarah	1,250	10	28-Mar-22
2012	Government of Dubai	United Arab Emirates	USD	Sovereign	Sukuk Al Ijarah	650	10	25-Apr-22
2012	Government of Qatar	Qatar	USD	Sovereign	Sukuk Al Ijarah	2,000	10	11-Jul-22
2012	Government of Indonesia	Indonesia	USD	Sovereign	Sukuk Al Ijarah	1,000	10	16-Nov-22
2015	SapuraKencana TMC Sdn Berhad (IMTN)	Malaysia	USD	Corporate	Sukuk Al Murabahah	200	7	8-Sep-22
2016	Government of Oman	Oman	USD	Sovereign	Sukuk Al Ijarah	500	6	29-Jun-22
2017	Dubai Islamic Bank	United Arab Emirates	USD	Fls	Sukuk Al Wakalah	1,000	5	7-Feb-22
2017	Republic of Indonesia	Indonesia	USD	Sovereign	Sukuk Al Wakalah	1,000	5	29-Mar-22
2017	Islamic Development Bank	Saudi Arabia	USD	Quasi Sovereign	Sukuk Al Wakalah	1,250	5	5-Apr-22
2017	Ezdan Sukuk Company Limited	Qatar	USD	Corporate	Sukuk Al Wakalah	500	5	6-Apr-22
2017	Dar Al Arkan	Saudi Arabia	USD	Corporate	Hybrid Sukuk-Ijarah/Murabahah	500	5	10-Apr-22
2017	Government of Saudi Arabia	Saudi Arabia	USD	Sovereign	Hybrid Sukuk-Murabahah/Mudharabah	4,500	5	20-Apr-22

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2017	DAMAC (Alpha Star Holding)	United Arab Emirates	USD	Corporate	Hybrid Sukuk-Ijarah/Murabahah	500	5	20-Apr-22
2017	Qatar Islamic Bank	Qatar	USD	Fls	Sukuk Al Wakalah	750	5	17-May-22
2017	Dubai Meraas Holdings	United Arab Emirates	USD	Corporate	Sukuk Al Mudharabah	400	5	12-Jun-22
2017	Islamic Development Bank	Saudi Arabia	USD	Quasi Sovereign	Sukuk Al Wakalah	1,260	5	5-Oct-22
2017	Arab Petroleum Investment corporation	Saudi Arabia	USD	Quasi Sovereign	Sukuk Al Wakalah	500	5	1-Nov-22
2017	Government of Pakistan	Pakistan	USD	Sovereign	Sukuk Al Ijarah	1,000	5	29-Nov-22
2017	Emirates REIT	United Arab Emirates	USD	Corporate	Sukuk Al Ijarah	400	5	5-Dec-22
2019	Government of Indonesia	Indonesia	USD	Sovereign	Sukuk Al Ijarah	100	3	11-Jan-22
2019	Turkish Treasury	Türkiye	USD	Sovereign	Sukuk Al Ijarah	2,000	3	14-Feb-22
2019	Serba Dinamik Holdings	Malaysia	USD	Corporate	Sukuk Al Wakalah	300	3	9-May-22
2020	Ministry of Treasury and Finance of Türkiye	Türkiye	USD	Sovereign	Sukuk Al Ijarah	1,100	2	28-Feb-22
Total Maturity Value						22,872		

SOURCE: IIFM SUKUK DATABASE

TABLE 9C: INTERNATIONAL SUKUK MATURING 2023, AMOUNT ≥ USD 100 MILLION

ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2013	Sime Darby Berhad	Malaysia	USD	Corporate	Sukuk Al Ijarah	400	10	24-Jan-23
2013	Government of Dubai	United Arab Emirates	USD	Sovereign	Sukuk Al Ijarah	750	10	24-Jan-23
2013	Emirates Airlines	United Arab Emirates	USD	Corporate	Sukuk Al Wakalah	1,000	10	19-Mar-23
2013	Saudi Electricity Company	Saudi Arabia	USD	Quasi Sovereign	Sukuk Al Ijarah	250	10	27-Mar-23
2013	Bank Asya	Türkiye	USD	Fls	Sukuk Al Murabahah	1000	10	28-Mar-23

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2013	Albaraka Turk	Türkiye	USD	Corporate	Sukuk Al Ijarah	200	10	30-Apr-23
2016	DP World	United Arab Emirates	USD	Quasi Sovereign	Sukuk Al Mudharabah	1,200	7	29-May-23
2016	Government of Bahrain	Bahrain	USD	Sovereign	Sukuk Al Ijarah	1,000	7	4-Oct-23
2017	Turkish Treasury	Türkiye	USD	Sovereign	Sukuk Al Ijarah	1,250	6	30-Mar-23
2018	Khazanah Nasional Bhd	Malaysia	USD	Quasi Sovereign	Sukuk Al Wakalah	321	5	1-Feb-23
2018	Dubai Islamic Bank	United Arab Emirates	USD	Fls	Sukuk Al Ijarah	1,000	5	27-Feb-23
2018	Government of Indonesia	Indonesia	USD	Sovereign	Sukuk Al Wakalah	1,250	5	1-Mar-23
2018	FAB Sukuk Company Limited	United Arab Emirates	USD	Corporate	Sukuk Al Wakalah	650	5	6-Mar-23
2018	Dar Al Arkan Real Estate Development	Saudi Arabia	USD	Corporate	Hybrid Sukuk-Ijarah/Murabahah	500	5	15-Mar-23
2018	Islamic Development Bank	Saudi Arabia	USD	Quasi Sovereign	Sukuk Al Wakalah	1,250	5	16-Mar-23
2018	Noor Bank	United Arab Emirates	USD	Fls	Sukuk Al Wakalah	500	5	19-Apr-23
2018	DAMAC Real Estate Development Limited	United Arab Emirates	USD	Corporate	Hybrid Sukuk-Ijarah/Murabahah	400	5	13-May-23
2018	Qatar Islamic Bank	Qatar	USD	Fls	Hybrid Sukuk-Wakalah/Murabahah	120	5	29-May-23
2018	Islamic Development Bank	Saudi Arabia	USD	Quasi Sovereign	Sukuk Al Wakalah	100	5	1-Jul-23
2018	Islamic Development Bank	Saudi Arabia	USD	Quasi Sovereign	Sukuk Al Wakalah	1,300	5	19-Sep-23
2018	Al Hilal Bank	United Arab Emirates	USD	Fls	Hybrid Sukuk-Wakalah/Murabahah	500	5	19-Sep-23
2018	Islamic Development Bank	Saudi Arabia	USD	Quasi Sovereign	Sukuk Al Wakalah	471	5	1-Nov-23
2018	Arqaam Capital Limited	United Arab Emirates	USD	Corporate	Hybrid Sukuk-Wakalah/Murabahah	130	5	11-Nov-23
2018	Tilal Development Company	Oman	USD	Corporate	Sukuk Al Ijarah	137	5	11-Nov-23
2018	NMC Healthcare	United Arab Emirates	USD	Corporate	Sukuk Al Murabahah	400	5	14-Nov-23
2018	Masraf Al Rayan (Q.P.S.C.)	Qatar	USD	Fls	Hybrid Sukuk-Wakalah/Mudarahah	100	5	20-Nov-23

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2018	Islamic Development Bank	Saudi Arabia	EURO	Quasi Sovereign	Sukuk Al Wakalah	738	5	23-Nov-23
2020	Ministry of Treasury and Finance of Türkiye	Türkiye	USD	Sovereign	Sukuk Al Ijarah	500	3	29-Jul-23
2021	Ministry of Treasury and Finance of Türkiye	Türkiye	USD	Sovereign	Sukuk Al Ijarah	232	2	16-Jul-23
2021	Ministry of Treasury and Finance of Türkiye	Türkiye	Euro	Sovereign	Sukuk Al Ijarah	204	2	20-Oct-23
2021	Ministry of Treasury and Finance of Türkiye	Türkiye	Euro	Sovereign	Sukuk Al Ijarah	205	2	20-Oct-23
Total Maturity Value						18.058		

SOURCE: IIFM SUKUK DATABASE

The three tables 10A, 10B and 10C below provide the maturity profile of the domestic Sukuk market. USD 20.932 billion of domestic Sukuk matured in the year 2021 while the year 2022 and 2023 will have substantial and largest till date maturities of around USD 41.013 billion and USD 51.690 billion respectively.

The Sukuk maturities in 2021 were mainly from Far East particularly Malaysia and GCC. Malaysia will have larger share of Sukuk maturities during 2022 and 2023 while the other jurisdictions such as Indonesia, GCC & ME, Turkey and other jurisdictions will also have large amount of Sukuk maturities during these two years as well.

TABLE 10A: DOMESTIC SUKUK MATURED 2021, AMOUNT ≥ USD 100 MILLION

ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2006	Putrajaya Holdings Sdn Bhd	Malaysia	MYR	Corporate	Sukuk Al Murabahah	193	15	1-Jan-21
2006	Projek Lebuh raya Utara-Selatan Berhad (PLUS)	Malaysia	MYR	Corporate	Sukuk Al Musharakah	184	15	8-Oct-21
2008	Telekom Malaysia	Malaysia	MYR	Corporate	Sukuk Al Ijarah	152	13	2-Jan-21
2008	Lingkar Trans Kota Holdings Berhad - LITRAK	Malaysia	MYR	Corporate	Sukuk Al Musharakah	363	13	14-Aug-21
2011	Pengurusan Aset Air Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	164	10	8-Feb-21
2011	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	492	10	23-Feb-21
2011	Bank AlJazira	Saudi Arabia	SAR	Fls	Hybrid Sukuk	267	10	29-Mar-21
2011	Maybank Islamic	Malaysia	MYR	Fls	Sukuk Al Musharakah	330	10	31-Mar-21
2011	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	209	10	11-Apr-21
2011	Government of Malaysia	Malaysia	MYR	Sovereign	Bai' Bithaman Ajil	1,180	10	28-Apr-21

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2011	Pengurusan Aset Air Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	169	10	29-Apr-21
2011	Bank Muamalat Malaysia Berhad	Malaysia	MYR	FIs	Sukuk Al Musharakah	132	10	15-Jun-21
2011	Sarawak Energy	Malaysia	MYR	Corporate	Sukuk Al Musharakah	330	10	23-Jun-21
2011	Government of Malaysia	Malaysia	MYR	Sovereign	Bai' Bithaman Ajil	1,344	10	28-Jul-21
2011	Syarikat Prasarana Negara Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Ijarah	269	10	4-Aug-21
2011	Amlslamic Bank Berhad	Malaysia	MYR	FIs	Sukuk Al Musharakah	192	10	30-Sep-21
2011	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	313	10	17-Oct-21
2011	Pengurusan Aset Air Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	137	10	11-Nov-21
2011	Manjung Island Energy Berhad	Malaysia	MYR	Corporate	Sukuk Al Ijarah	164	10	25-Nov-21
2012	PLUS Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Musharakah	159	9	12-Jan-21
2012	DRB-HICOM Bhd	Malaysia	MYR	Corporate	Sukuk Al Murabahah	132	9	22-Feb-21
2012	Tanjung Bin Power	Malaysia	MYR	Corporate	Sukuk Al Ijarah	102	9	16-Aug-21
2012	Celcom Transmission	Malaysia	MYR	Corporate	Sukuk Al Murabahah	128	9	29-Aug-21
2013	Khazanah Nasional Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Musharakah	321	8	8-Mar-21
2013	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	1,105	7.5	23-Mar-21
2013	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	947	7.5	23-Mar-21
2013	Malakoff Power Sdn Bhd	Malaysia	MYR	Corporate	Sukuk Al Murabahah	152	8	17-Dec-21
2014	Bandar Malaysia Sdn Bhd	Malaysia	MYR	Corporate	Sukuk Al Murabahah	151	7	20-Feb-21
2014	Khazanah Nasional Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Musharakah	394	7	24-Feb-21
2014	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	793	7	7-Apr-21
2014	DanaInfra Nasional Berhad	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	154	7	21-Apr-21
2014	Midciti Sukuk Berhad	Malaysia	MYR	Corporate	Sukuk Al Murabahah	122	7	25-Apr-21
2014	Perbadanan Tabung Pendidikan Tinggi Nasiona	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	118	7	27-Aug-21

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2014	Bank Pembangunan Malaysia Berhad	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	165	7	12-Sep-21
2014	DanaInfra Nasional Berhad	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	165	7	27-Nov-21
2014	Bandar Malaysia Sdn Bhd	Malaysia	MYR	Corporate	Sukuk Al Murabahah	106	7	29-Dec-21
2016	Rawabi vallianz offshore Services Limited	Saudi Arabia	SAR	Corporate	Sukuk Al Ijarah	267	5	19-Feb-21
2016	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	787	6	26-Sep-21
2016	Gulf Investment Corporation G.S.C.	Malaysia	MYR	Corporate	Sukuk Al Wakalah	101	5	16-Apr-21
2016	Central Bank of Jordan	Jordan	JOD	Sovereign	Sukuk Al Murabahah	105	5	22-May-21
2016	Government of Türkiye	Türkiye	TRY	Sovereign	Sukuk Al Ijarah	305	5	19-Jul-21
2016	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	787	5	22-Sep-21
2016	Ivory Coast Sukuk	ivory Coast	CFA	Sovereign	Sukuk Al Ijarah	245	5	6-Aug-21
2016	Qatar Government Sukuk	Qatar	QAR	Sovereign	Sukuk Al Wakalah	137	5	16-Aug-21
2016	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	135	5	21-Oct-21
2016	Pakistan Corporate	Pakistan	PKR	Corporate	Sukuk Al Mudharabah	1,064	5	22-Sep-21
2016	Government of Türkiye	Türkiye	TRY	Sovereign	Sukuk Al Ijarah	383	5	22-Nov-21
2016	Bank Muamalat Malaysia Berhad	Malaysia	MYR	Fls	Sukuk Al Wakalah	112	5	25-Dec-21
2016	Ziya Capital Berhad	Malaysia	MYR	Corporate	Sukuk Al Wakalah	142	5	8-Dec-21
2017	Prasarana Malaysia Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	175	4	28-Dec-21
2018	Central Bank of Bahrain	Bahrain	BHD	Sovereign	Sukuk Al Ijarah	266	3	8-Jan-21
2018	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	596	3	21-Mar-21
2018	Cagamas Bhd	Malaysia	MYR	Corporate	Hybrid Sukuk	128	3	23-Mar-21
2018	Cagamas Bhd	Malaysia	MYR	Corporate	Hybrid Sukuk	243	3	29-Mar-21
2018	Cagamas Bhd	Malaysia	MYR	Corporate	Hybrid Sukuk	122	3	12-May-21
2018	Public Islamic Bank Bhd	Malaysia	MYR	Fls	Sukuk Al Murabahah	127	3	27-Jul-21

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2018	DanaInfra Nasional Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	170	3	20-Aug-21
2018	Central Bank of Qatar	Qatar	QAR	Sovereign	Sukuk Al Wakalah	270	3	3-Sep-21
2018	Cagamas Bhd	Malaysia	MYR	Corporate	Hybrid Sukuk	182	3	10-Sep-21
2018	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	153	2.5	1-May-21
2018	Central Bank of Qatar	Qatar	QAR	Sovereign	Sukuk Al Wakalah	189	3	11-Nov-21
2019	Ministry of Treasury and Finance of Türkiye	Türkiye	TRY	Sovereign	Sukuk Al Ijarah	1,292	2	1-Jan-21
2019	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Wakalah	222	2	27-Feb-21
2019	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Wakalah	187	2	28-May-21
2019	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Wakalah	139	2	28-Aug-21
2019	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Wakalah	104	2	28-Nov-21
Total Maturity Value						20,932		

SOURCE: IIFM SUKUK DATABASE

TABLE 10B: DOMESTIC SUKUK MATURING 2022,> USD 100 MILLION

ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2007	MTD InfraPerdana Berhad	Malaysia	MYR	Corporate	Sukuk Al Murabahah	176	15	2-Apr-22
2007	Alam Maritim Resources Berhad	Malaysia	MYR	Corporate	Sukuk Al Ijarah	145	15	6-Jul-22
2008	Malaysia Debt Ventures Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	145	13	26-Jan-22
2010	Malaysia Airports Capital Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Ijarah	478	12	17-Dec-22
2012	PLUS Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Musharakah	223	10	12-Jan-22
2012	General Authority of Civil Aviation	Saudi Arabia	SAR	Quasi Sovereign	Sukuk Al Murabahah	4,000	10	18-Jan-22
2012	Sarawak Energy Bhd	Malaysia	MYR	Corporate	Sukuk Al Musharakah	385	10	19-Jan-22
2012	Maxis Berhad	Malaysia	MYR	Corporate	Sukuk Al Musharakah	811	10	24-Feb-22

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2012	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	349	10	21-Mar-22
2012	Aman Sukuk Berhad	Malaysia	MYR	Corporate	Sukuk Al Musharakah	116	10	12-Apr-22
2012	Government of Malaysia	Malaysia	MYR	Sovereign	Bai' Bithaman Ajil	1,461	10.5	15-Nov-22
2012	Malaysian Airline System Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Musharakah	314	10	12-Jun-22
2012	Johor Corporation	Malaysia	MYR	Corporate	Sukuk Al Wakalah	564	10	14-Jun-22
2012	National Higher Education Fund Corporation Malaysia	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	789	10	15-Jun-22
2012	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	473	10	12-Jul-22
2012	DanaInfra Nasional Berhad	Malaysia	MYR	Corporate	Sukuk Al Murabahah	222	10	20-Jul-22
2012	Celcom Transmission	Malaysia	MYR	Corporate	Sukuk Al Murabahah	128	10	29-Aug-22
2012	Khazanah Nasional Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Musharakah	480	10	3-Sep-22
2012	Kuala Lumpur Kepong Berhad	Malaysia	MYR	Corporate	Sukuk Al Ijarah	320	10	3-Sep-22
2012	Syarikat Prasarana Negara Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	321	10	6-Sep-22
2012	Malaysian Airline System Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Musharakah	164	10	18-Sep-22
2012	National Higher Education Fund Corporation Malaysia	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	329	10	18-Sep-22
2012	Ministry of Finance Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	160	10	19-Nov-22
2013	Malakoff Power Sdn. Bhd.	Malaysia	MYR	Corporate	Hybrid Sukuk	232	9	18-Apr-22
2013	Malakoff Power Sdn. Bhd.	Malaysia	MYR	Corporate	Sukuk Al Murabahah	104	9	17-Dec-22
2013	BGSM Management Sdn Bhd	Malaysia	MYR	Corporate	Sukuk Al Musharakah	230	9	27-Dec-22
2014	Ministry of Finance Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	166	8	11-Feb-22
2015	Government Investment Issue	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	2,353	7.5	15-Jul-22
2015	DanaInfra Nasional Berhad	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	141	7	6-Apr-22
2015	K Electric	Pakistan	PKR	Corporate	Sukuk Al Ijarah	216	7	31-May-22
2015	Bahri-National Shipping Company of Saudi Arabia	Saudi Arabia	SAR	Corporate	Sukuk Al Murabahah	1040	7	21-Jul-22

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2015	Almarai Company	Saudi Arabia	SAR	Corporate	Hybrid Sukuk	427	7	17-Sep-22
2015	Rantau Abang Capital	Malaysia	MYR	Corporate	Sukuk Al Musharakah	353	7	19-Oct-22
2016	Maxis Broadband Sdn Bhd	Malaysia	MYR	Corporate	Sukuk Al Murabahah	551	5	29-Mar-22
2017	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	1,000	5	26-Feb-22
2017	Bank Pembangunan Malaysia Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Musharakah	125	5	3-Mar-22
2017	GovCo Holdings Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	156	5	22-Mar-22
2017	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	200	5	17-May-22
2017	Cagamas Bhd	Malaysia	MYR	Corporate	Sukuk Al Murabahah	125	5	28-May-22
2017	Cahaya Mata Sarawak Bhd	Malaysia	MYR	Corporate	Sukuk Al Istisna'a	125	5	5-Jun-22
2017	DanInfra Nasional Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	188	5	25-Jun-22
2017	Bank Kerjasama Rakyat	Malaysia	MYR	Fls	Sukuk Al Murabahah	213	5	29-Jun-22
2017	Bank Muscat-Meethaq Sukuk Company LLC	Oman	OMR	Fls	Sukuk Al Musharakah	116	5	13-Jun-22
2017	Pengurusan Air SPV Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	225	5	6-Jul-22
2017	UMW Holdings Bhd	Malaysia	MYR	Corporate	Sukuk Al Ijarah	100	5	22-Jul-22
2017	Government of Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk-Murabahah/Mudharabah	3,240	5	26-Jul-22
2017	Government of Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk - Murabahah/Mudharabah	567	5	22-Aug-22
2017	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	125	5	7-Sep-22
2017	Prasarana Malaysia Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	125	5	14-Sep-22
2017	Government of Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk - Murabahah/Mudharabah	648	5	19-Sep-22
2017	GovCo Holdings Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	113	5	28-Oct-22
2017	Imtiaz Sukuk II Bhd	Malaysia	MYR	Corporate	Sukuk Al Musharakah	108	5	17-Oct-22
2017	PR1MA Corporation Malaysia	Malaysia	MYR	Corporate	Sukuk Al Murabahah	188	5	20-Oct-22
2017	Government of Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk - Murabahah/Mudharabah	1,121	5	23-Oct-22

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2017	Cagamas Bhd	Malaysia	MYR	Fls	Sukuk Al Wakalah	210	5	3-Nov-22
2017	Gamuda Bhd	Malaysia	MYR	Corporate	Sukuk Al Murabahah	125	5	23-Nov-22
2017	Government of Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk - Murabahah/ Mudharabah	284	5	28-Nov-22
2017	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	750	4	29-Apr-22
2017	Maybank Islamic Bhd	Malaysia	MYR	Fls	Sukuk Al Wakalah	500	5	18-Dec-22
2017	Government of Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk -Murabahah/ Mudharabah	648	5	25-Dec-22
2018	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	110	4	11-Jan-22
2018	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	973	4	15-Apr-22
2018	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	216	3.5	12-Jan-22
2018	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	730	3.5	28-Mar-22
2018	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	925	3	31-Mar-22
2019	Pengurusan Air SPV Bhd	Malaysia	MYR	Quasi Sovereign	Hybrid Sukuk - Ijarah/Musharakah	115	3	25-Mar-22
2019	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	1,499	3	28-Mar-22
2019	CIMB Group Holdings Bhd	Malaysia	MYR	Corporate	Hybrid Sukuk - Musharakah/ Murabahah	173	3	12-Jun-22
2019	Padiberas Nasional Bhd	Malaysia	MYR	Quasi Sovereign	Hybrid Sukuk - Wakalah /Murabahah	230	3	11-Aug-22
2019	Government of Qatar	Qatar	QAR	Sovereign	Sukuk Al Wakalah	297	3	19-Aug-22
2019	Government of Qatar	Qatar	QAR	Sovereign	Sukuk Al Wakalah	216	3	22-Sep-22
2020	Ministry of Treasury and Finance of Türkiye	Türkiye	TRY	Sovereign	Sukuk Al Ijarah	492	2	29-Jan-22
2020	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	2,489	2	2-Jan-22
2020	Ministry of Treasury and Finance of Türkiye	Türkiye	TRY	Sovereign	Sukuk Al Ijarah	753	2	3-Feb-22
2020	Ministry of Treasury and Finance of Türkiye	Türkiye	TRY	Sovereign	Sukuk Al Ijarah	366	2	12-Feb-22
2020	Ministry of Treasury and Finance of Türkiye	Türkiye	TRY	Sovereign	Sukuk Al Ijarah	924	2	13-May-22
2020	Rawabi Holding Company	Saudi Arabia	SAR	Corporate	Hybrid Sukuk - Murabahah/ Mudharabah	155	2	9-Aug-22

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2020	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk AI Wakalah	379	2	2-Nov-22
2021	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	MYR	Quasi Sovereign	Sukuk AI Murabahah	144	1	2-Nov-2022
2021	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	MYR	Quasi Sovereign	Sukuk AI Murabahah	144	1	2-Oct-2022
Total Maturity Value						41,013		

SOURCE: IIFM SUKUK DATABASE

TABLE 10C: DOMESTIC SUKUK MATURING 2023,> USD 100 MILLION

ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2004	Encorp Systembit Sdn Bhd	Malaysia	MYR	Corporate	Bai' Bithaman Ajil	180	19	30-Aug-23
2007	Nucleus Avenue Malaysia Bhd	Malaysia	MYR	Corporate	Sukuk AI Musharakah	205	16	24-Aug-23
2007	Lebuhraya Kajang-Seremban Sdn Bhd	Malaysia	MYR	Corporate	Sukuk AI Istisna'a	427	16	12-Oct-23
2008	MRCB Southern Link Berhad	Malaysia	MYR	Corporate	Sukuk AI Istisna'a	260	15	23-Oct-23
2009	PLUS Expressway Bhd	Malaysia	MYR	Corporate	Sukuk AI Musharakah	171	14	29-Jul-23
2012	PLUS Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk AI Musharakah	286	11	12-Jan-23
2012	Tanjung Bin Power	Malaysia	MYR	Corporate	Sukuk AI Ijarah	102	11	16-Aug-23
2012	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk AI Murabahah	620	11	25-Oct-23
2013	Turus Pesawat Sdn Bhd	Malaysia	MYR	Corporate	Sukuk AI Murabahah	161	10	5-Feb-23
2013	DanaInfra Nasional Berhad	Malaysia	MYR	Corporate	Sukuk AI Murabahah	129	10	8-Feb-23
2013	Perbadanan Tabung Pendidikan Tinggi Nasional	Malaysia	MYR	Quasi Sovereign	Hybrid Sukuk	119	10	28-Feb-23
2013	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk AI Murabahah	544	10	22-Mar-23
2013	Government of Malaysia	Malaysia	MYR	Sovereign	Bai' Bithaman Ajil	1,318	10.5	30-Oct-23
2013	Telekom Malaysia	Malaysia	MYR	Quasi Sovereign	Sukuk AI Ijarah	132	10	30-Apr-23
2013	Batu Kawan Berhad	Malaysia	MYR	Corporate	Sukuk AI Musharakah	162	10	6-Jun-23

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ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2013	Perbadanan Tabung Pendidikan Tinggi Nasional	Malaysia	MYR	Quasi Sovereign	Hybrid Sukuk	125	10	23-Jul-23
2013	Syarikat Prasarana Negara Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Ijarah	150	10	29-Aug-23
2013	Putrajaya Holdings Sdn Bhd	Malaysia	MYR	Corporate	Sukuk Al Musharakah	108	10	19-Sep-23
2013	General Authority of Civil Aviation	Saudi Arabia	SAR	Quasi Sovereign	Sukuk Al Murabahah	4,056	10	7-Oct-23
2013	Cagamas Berhad	Malaysia	MYR	Corporate	Hybrid Sukuk	205	10	28-Oct-23
2013	DanaInfra Nasional Berhad	Malaysia	MYR	Corporate	Sukuk Al Murabahah	159	10	31-Oct-23
2013	Bank Islam Malaysia Berhad	Malaysia	MYR	Fls	Sukuk Al Murabahah	510	10	12-Dec-23
2013	Saudi Hollandi Bank	Saudi Arabia	SAR	Fls	Hybrid Sukuk-Murabahah/Mudharabah	667	10	15-Dec-23
2013	BGSM Management Sdn Bhd	Malaysia	MYR	Corporate	Sukuk Al Musharakah	113	10	27-Dec-23
2014	Bandar Malaysia Sdn Bhd	Malaysia	MYR	Corporate	Sukuk Al Murabahah	106	9	29-Dec-23
2016	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	5,168	7	15-Jan-23
2016	Prasarana Malaysia Berhad	Malaysia	MYR	Corporate	Sukuk Al Murabahah	112	7	26-Mar-23
2016	DanaInfra Nasional Berhad	Malaysia	MYR	Corporate	Sukuk Al Murabahah	180	7	5-Apr-23
2016	Pengurusan Air SPV Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	225	7	2-Jun-23
2016	UEM Sunrise Berhad	Malaysia	MYR	Corporate	Sukuk Al Murabahah	112	7	20-Jun-23
2016	Pengurusan Air SPV Berhad	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	180	7	17-Jul-23
2016	Perbadanan Tabung Pendidikan Tinggi Nasional	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	112	7	27-Aug-23
2016	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	787	7	4-Dec-23
2016	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	157	7	21-Oct-23
2016	Sarawak Hidro Sdn Bhd	Malaysia	MYR	Corporate	Sukuk Al Murabahah	101	7	8-Dec-23
2016	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	674	6.75	21-Aug-23
2017	Perbadanan Tabung Pendidikan Tinggi Nasional	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	125	6	17-Sep-23
2018	Ministry of Finance Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk-Murabahah/Mudharabah	1,114	5	24-Jan-23

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Continued from previous page

ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2018	Golden Sukuk	Oman	OMR	Corporate	Sukuk Al Wakalah	130	5	5-Feb-23
2018	HSBC Amanah Malaysia Bhd	Malaysia	MYR	Fls	Sukuk Al Wakalah	122	5	10-Feb-23
2018	Ministry of Finance Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk, Murabahah/ Mudharabah	1,450	5	21-Feb-23
2018	MKD Kencana Sdn Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	109	5	23-Feb-23
2018	Central Bank of Qatar	Qatar	QAR	Sovereign	Sukuk Al Wakalah	243	5	12-Mar-23
2018	Ministry of Finance Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk- Murabahahz Mudharabah	702	5	21-Mar-23
2018	Prasarana Malaysia Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	122	5	12-Apr-23
2018	Ministry of Finance Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk - Murabahah/ Mudharabah	1,026	5	25-Apr-23
2018	MKD Kencana Sdn Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	207	5	27-Apr-23
2018	Ministry of Finance Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk - Murabahah/ Mudharabah	905	5	23-May-23
2018	Cagamas Bhd	Malaysia	MYR	Corporate	Hybrid Sukuk	365	5	25-May-23
2018	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	973	5.5	1-Dec-23
2018	Central Bank of Qatar	Qatar	QAR	Sovereign	Sukuk Al Wakalah	906	5	3-Jun-23
2018	Pengurusan Air SPV Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	174	5	6-Jun-23
2018	Moroccan Minister of Finance	Morocco	MAD	Sovereign	Sukuk Al Ijarah	105	5	7-Jun-23
2018	Ministry of Finance Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk - Murabahah/ Mudharabah	614	5	27-Jun-23
2018	Ministry of Finance Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk - Murabahah/ Mudharabah	567	5	25-Jul-23
2018	DanaInfra Nasional Bhd	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	170	5	20-Aug-23
2018	Ministry of Finance Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk - Murabahah/ Mudharabah	608	5	25-Aug-23
2018	Central Bank of Jordan	Jordan	JOD	Sovereign	Sukuk Al Murabahah	212	5	26-Aug-23
2018	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	106	5	29-Aug-23
2018	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	852	5	1-Dec-23
2018	Central Bank of Qatar	Qatar	QAR	Sovereign	Sukuk Al Wakalah	324	5	3-Sep-23

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Continued from previous page

ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2018	Ministry of Finance Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk - Murabahah/ Mudharabah	740	5	25-Sep-23
2018	Lontar Papyrus Pulp & Paper Industry	Indonesia	IDR	Corporate	Sukuk Al Mudharabah	497	5	11-Oct-23
2018	Ministry of Finance Saudi Arabia	Saudi Arabia	SAR	Sovereign	Hybrid Sukuk - Murabahah/ Mudharabah	629	5	21-Oct-23
2018	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	134	5	31-Oct-23
2018	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	141	5	6-Sep-23
2019	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	920	5	31-Dec-23
2019	Danum Capital Bhd	Malaysia	MYR	Corporate	Sukuk Al Wakalah	460	4	9-Jun-23
2019	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	1,840	3.5	15-Jun-23
2020	Neo Merchants Capital	Saudi Arabia	SAR	Corporate	Sukuk Al Ijarah	267	3	14-Jan-23
2020	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	850	3	26-Feb-23
2020	Ministry of Treasury and Finance of Türkiye	Türkiye	TRY	Sovereign	Sukuk Al Ijarah	1,353	3.3	29-Aug-23
2020	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	1,350	3	4-May-23
2020	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	2,160	3	4-May-23
2020	Tropicana Corporation Bhd	Malaysia	MYR	Corporate	Hybrid Sukuk	112	3	30-Jun-23
2020	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	1,797	3	30-Aug-23
2020	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	108	3	6-Nov-23
2021	Ministry of Treasury and Finance of Türkiye	Türkiye	TRY	Sovereign	Sukuk Al Ijarah	208	2	10-Feb-23
2021	Rawabi Holding Company	Saudi Arabia	SAR	Corporate	Hybrid Sukuk - Murabahah/ Mudharabah	133	2	15-Mar-23
2021	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	3,138	2	4-May-23
2021	Government of Malaysia	Malaysia	MYR	Sovereign	Sukuk Al Murabahah	960	2.5	10-Nov-23
2021	Cagamas Bhd	Malaysia	MYR	Corporate	Hybrid Sukuk	144	2	25-Jun-23
2021	Ministry of Treasury and Finance of Türkiye	Türkiye	TRY	Sovereign	Sukuk Al Ijarah	133	2	14-Jul-23
2021	Ministry of Treasury and Finance of Türkiye	Türkiye	TRY	Sovereign	Sukuk Al Ijarah	108	2	18-Aug-23

Continued from previous page

ISSUE YEAR	ISSUER	ISSUER COUNTRY	CURRENCY	SUKUK TYPE	SUKUK STRUCTURE	USD MILLION OR EQUIVALENT	TENOR (YEARS)	MATURITY DATE
2021	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	MYR	Quasi Sovereign	Sukuk Al Murabahah	216	1.5	2-Mar-23
2021	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Ijarah	1,890	2	22-Sep-23
2021	Government of Indonesia	Indonesia	IDR	Sovereign	Sukuk Al Wakalah	350	2	24-Nov-23
Total Maturity Value						51,690		

SOURCE: IIFM SUKUK DATABASE

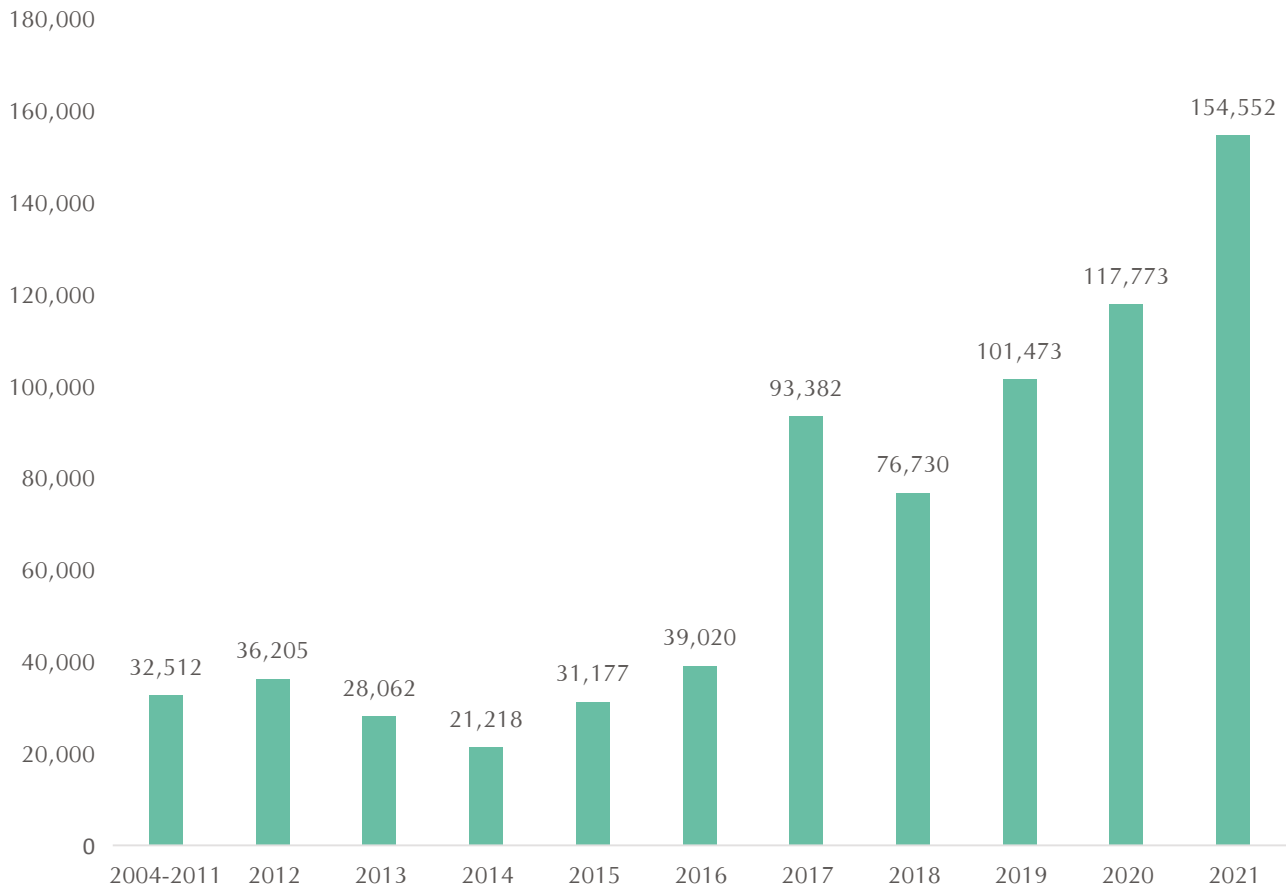
1.12 SUKUK OUTSTANDING

On the back of record number of global Sukuk issuances during 2012 to 2021 period where 2021 is yet again the record year so far in terms of total Sukuk (long term & short term) issuances, the outstanding Sukuk issuances in 2021 reached USD 732.10 billion as compared to USD 648.00 billion in 2020 which is a clear indication of growing interest in Sukuk while supply and demand gap is improving. However, in case of a good quality Sukuk (both International and domestic Sukuk) demand remain on a high side as compared to supply.

An other interesting fact is that the share of longer tenor Sukuk is increasing since the year 2015 and in recent years issuers based in jurisdictions like Malaysia, Indonesia, Saudi Arabia and few others now issue long dated Sukuk with tenor ranging from 15 years to 30 years in International market and in domestic markets particularly in Malaysia the tenor generally ranges from 15 years to 50 years plus few issuers have issued Sukuk for tenor ranging from 98 years to 100 years which is indeed a very welcome development.

Following Chart 6A provide a clear picture on outstanding Global Sukuk cover both international and domestic Sukuk:

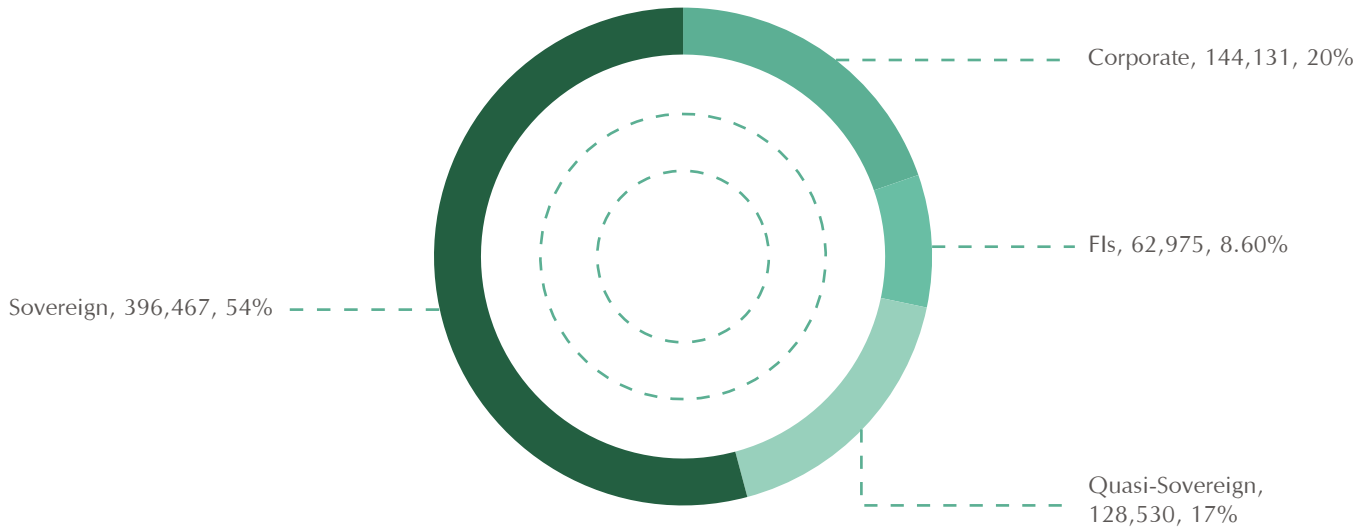
CHART 6A: TOTAL GLOBAL SUKUK OUTSTANDING AS OF 31ST DECEMBER 2021



TOTAL GLOBAL SUKUK OUTSTANDING USD 732.10 BILLION AS OF 31ST DECEMBER 2021

As shown in below Chart 6B, the breakdown for sovereign, quasi sovereign, corporate and FIs works out to be 54%, 17%, 20% and 8.60% respectively.

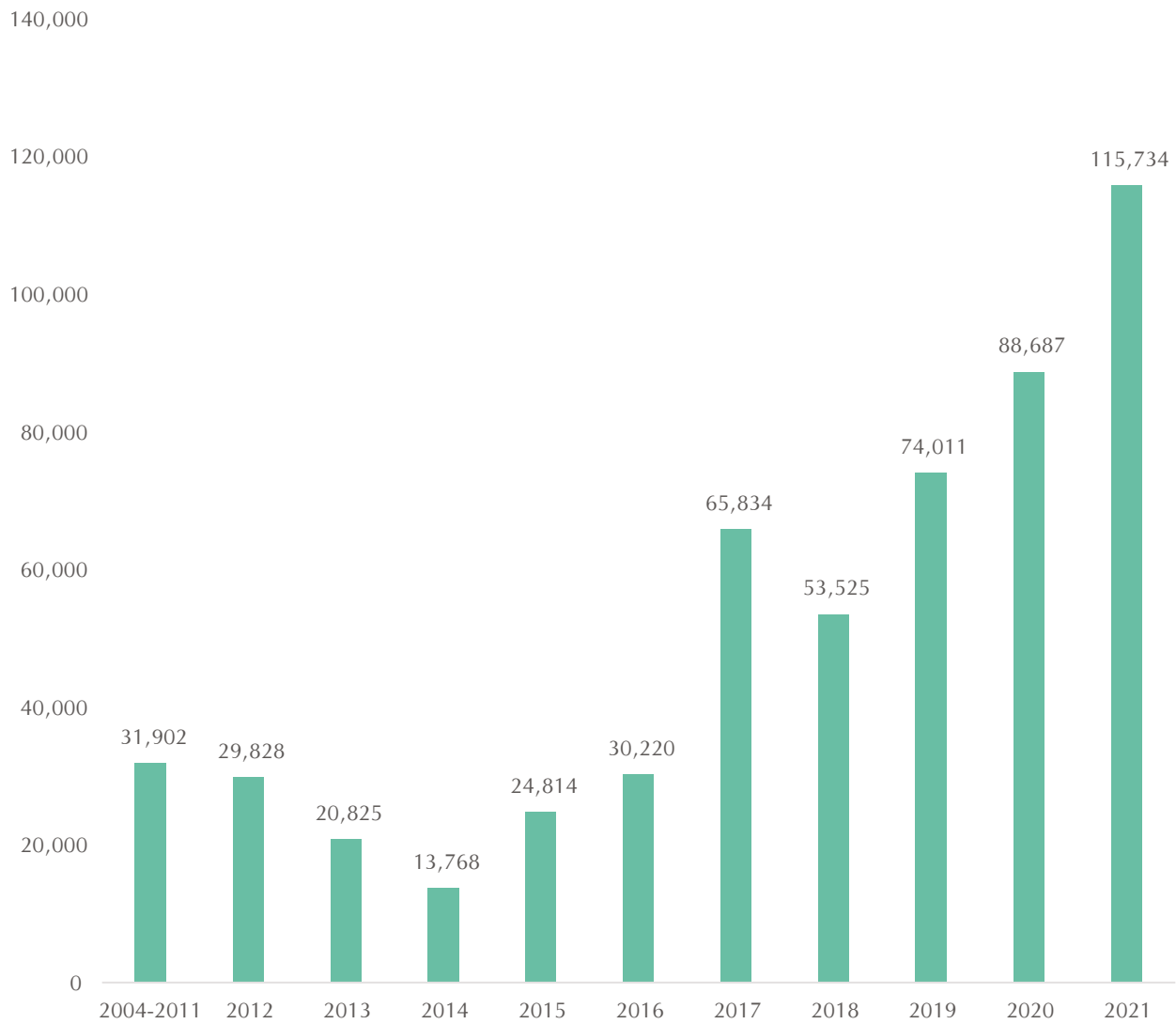
CHART 6B: TOTAL GLOBAL SUKUK OUTSTANDING BY ISSUER STATUS AS OF 31ST DEC 2021



SOURCE: IIFM SUKUK DATABASE

As shown in below Chart 6C, It is encouraging to note that the domestic issuances that matured in 2021 were either refinanced or new issuances took place which resulted in healthy increase of 30.50% (USD 27.05 billion) in Sukuk issuance during the year.

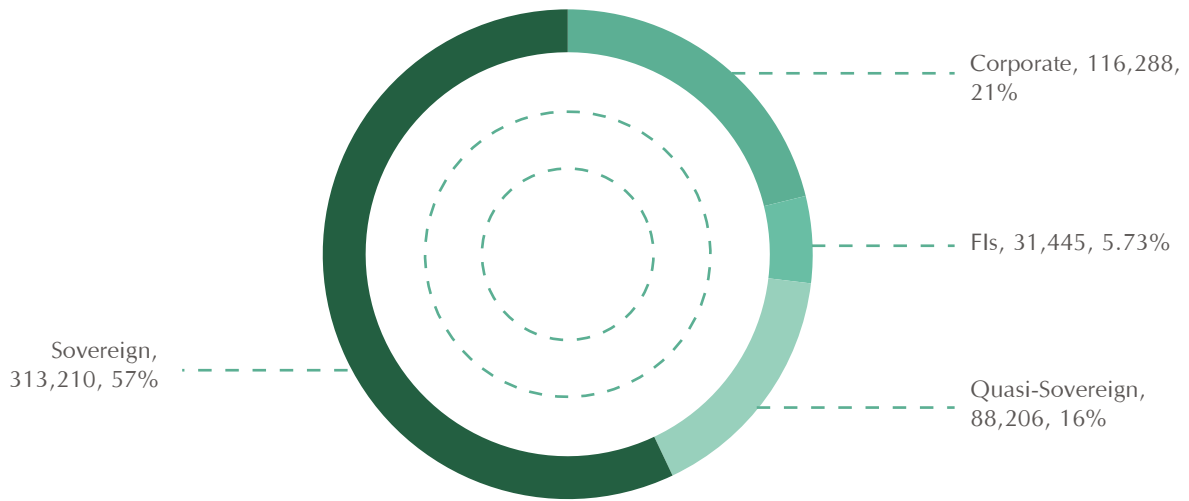
CHART 6C: TOTAL DOMESTIC SUKUK OUTSTANDING AS OF 31ST DECEMBER 2021



TOTAL DOMESTIC SUKUK OUTSTANDING USD 549.14 BILLION

As shown in below Chart 6D, the outstanding split of domestic Sukuk between sovereign, quasi sovereign, corporate and FIs works out to be 57%, 16%, 21%, & 5.73% respectively.

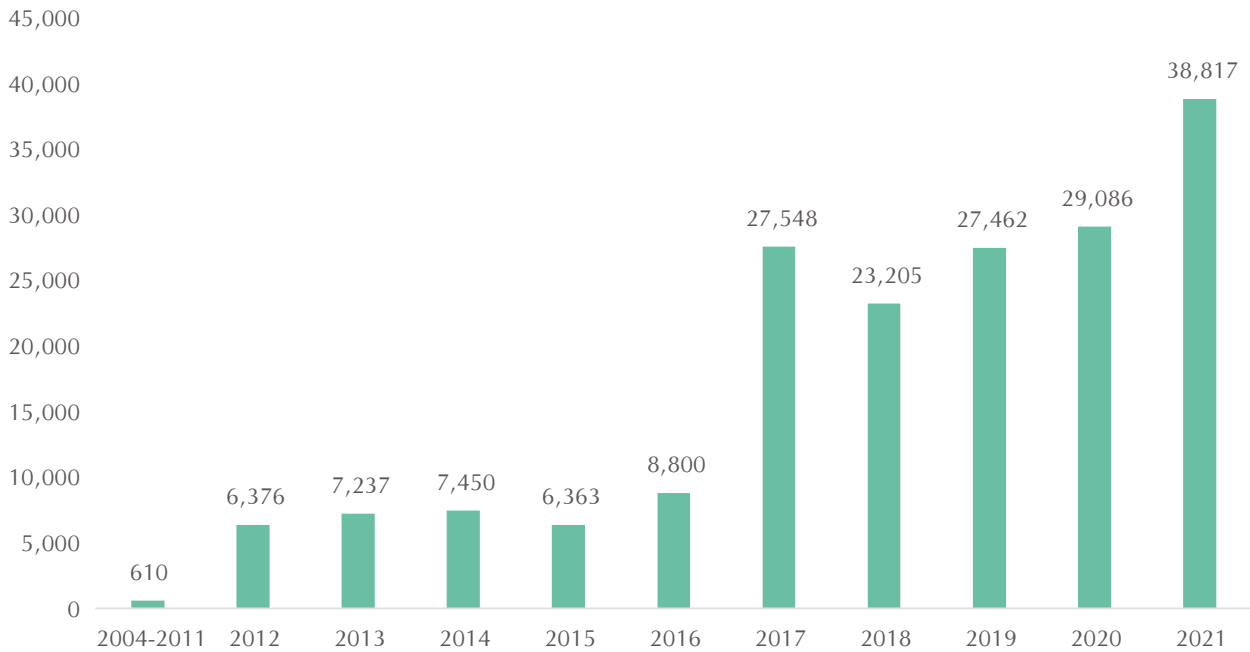
CHART 6D: TOTAL DOMESTIC SUKUK OUTSTANDING BY ISSUER STATUS AS OF 31ST DECEMBER 2021



SOURCE: IIFM SUKUK DATABASE

The international outstanding Sukuk pattern as depicted in Chart 6E where the outstanding Sukuk have been steadily increasing since 2017 and in 2021 there is further increase of USD 9.731 billion in 2021 as compared to 2020.

CHART 6E: TOTAL INTERNATIONAL SUKUK OUTSTANDING AS OF 31ST DECEMBER 2021

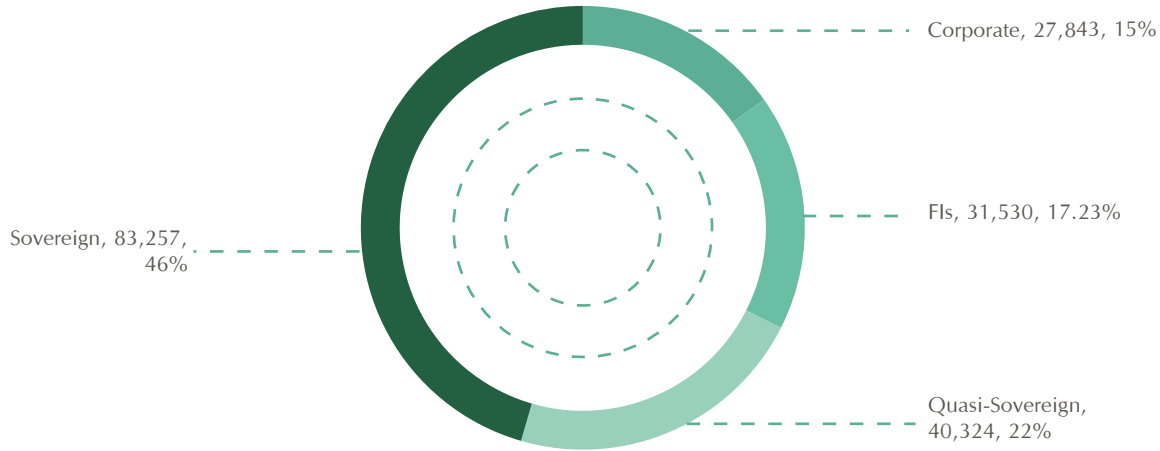


TOTAL INTERNATIONAL SUKUK OUTSTANDING USD 182.95 BILLION

SOURCE: IIFM SUKUK DATABASE

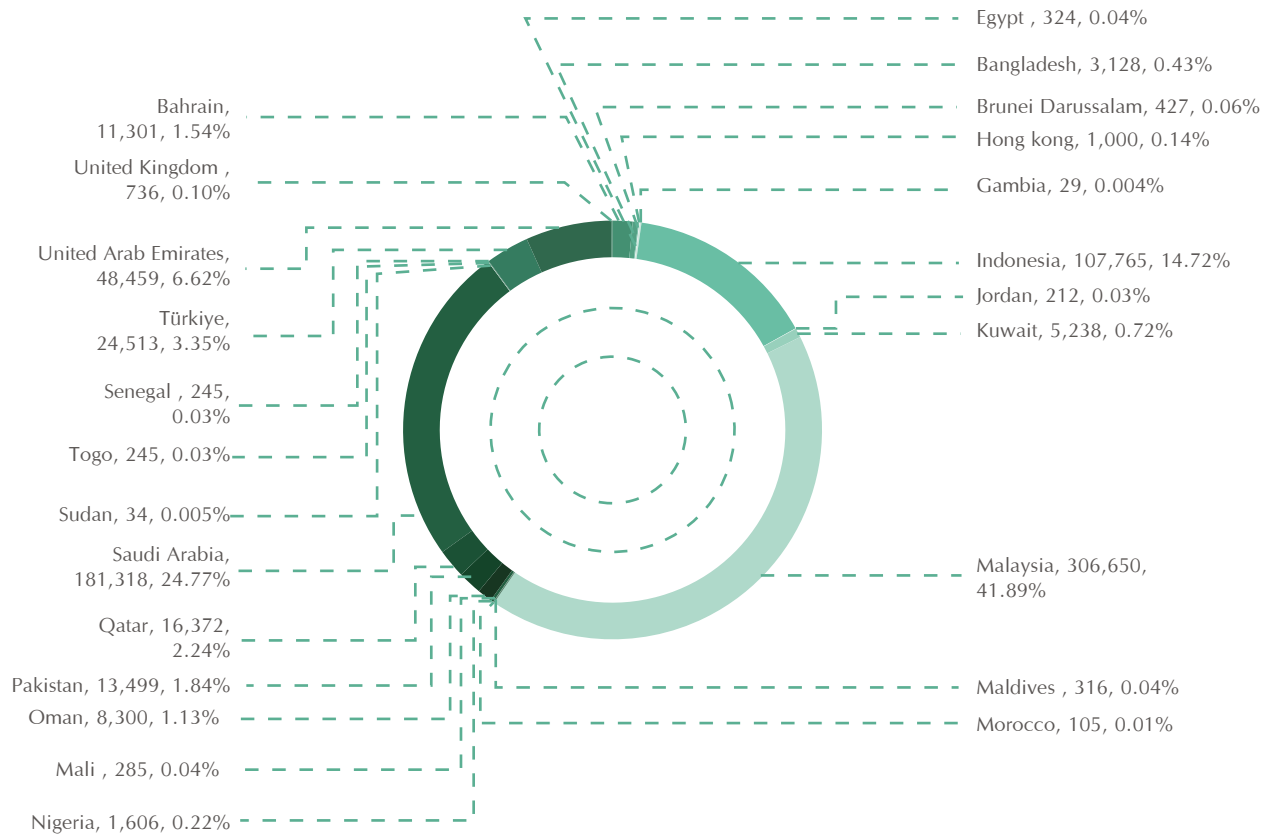
As shown in below Chart 6F, In case of international Sukuk outstanding, the split between all sovereigns & quasi sovereign versus corporate & IFIs works out to be in the range of 68 to 32.

CHART 6F: TOTAL INTERNATIONAL SUKUK OUTSTANDING BY ISSUER STATUS AS OF 31ST DECEMBER 2021



As shown in below last Chart 6G, the total volume of global Sukuk outstanding from a country perspective works out to be 91.35% which is represented by just 5 countries i.e. Malaysia 41.89%, Saudi Arabia 24.77%, Indonesia 14.72%, UAE 6.62% and Türkiye 3.35%. Right behind them are Qatar 2.24%, Bahrain 1.54%, Oman 1.13% and Pakistan 1.84%.

CHART 6G: COUNTRY WISE BREAKDOWN OF SUKUK OUTSTANDING AS OF 31 DEC 2021



SOURCE: IIFM SUKUK DATABASE

Please refer to the Conclusion at end of the report for summary of this Chapter 1.



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The background features two prominent diagonal bands with a light-to-dark gray gradient. Interspersed among these bands are various geometric patterns: a grid of small gray squares, a pattern of orange hexagons, a pattern of orange dots, and several solid orange shapes like triangles and rectangles. Thin black and orange lines are scattered throughout the composition.

CHAPTER TWO



IIFM'S ROLE AND CONTRIBUTION IN FACILITATING SUKUK DEVELOPMENT AND ISSUANCE GLOBALLY

IIFM'S ROLE AND CONTRIBUTION IN FACILITATING SUKUK DEVELOPMENT AND ISSUANCE GLOBALLY

BY: DR. AHMED RUFAl, HEAD OF COMPLIANCE, INTERNATIONAL ISLAMIC FINANCIAL MARKET (IIFM)

2.1 PREAMBLE

Sukuk has become an investment vehicle carrying the opportunity to provide resources compatible with the rules and principles of Shari'ah (i.e. Islamic law), its main objective is to help in developing the global economies of countries and boost the standard of living of its societies.

Sukuk Market has dramatically grown up to become one of the fastest emerging alternative instruments and a significant capital markets tool which is increasingly used globally by governments, government-held entities, corporations etc., as Islamic finance has taken on a global dimension in its spread and the increasing interest by major international finance and investment houses and the competition among them to open channels for financing and investment in compliance with the rules and principles of Shari'ah, including investment in Sukuk etc. Certainly, this is clear evidence of its rapid growth at an accelerating pace across the globe.

This chapter aims to illustrate IIFM's role and contribution in facilitating Sukuk development and issuance around the world, for that, in 2020 and 2021 consecutively, IIFM has published for the market, two Sukuk standard documents, namely Template Sukuk Al Ijarah Standard Documents and Template Sukuk Al Mudarabah Tier 1 Standard Documents. The chapter also aims to explain the importance of Sukuk as a vital investment and financing tools to further motivate stakeholders in the Islamic financial industry and others to become more involved in Sukuk issuance and its sustainable development.

2.2 SHARI'AH BASIS FOR SUKUK STRUCTURES

The Council of the Islamic Fiqh Academy of the Organization of Islamic Conference (OIC) and the rest of the relevant Islamic institutions have legitimized the issuance of Sukuk and its concept, which paved the way for an alternative source of financing to meet the needs of Islamic issuers and investors who are not allowed under the rules and principles of Shari'ah to invest in the Riba (i.e. interest) based conventional bonds.

Sukuk in general reflect participation in the underlying asset, so that what is traded is not a merely debt as each certificate must represent an undivided interest in the asset, because in the light of the prohibition of Riba under the rules and principles of Shari'ah, trading in pure debt instrument is forbidden. Therefore, Sukuk are structured to achieve a desired economic objective in a manner that conforms to the rules, principles and spirit of Shari'ah.

A number of Shari'ah-compliant agreements are used to create financial obligations between the Sukuk issuers and investors, including lease (Ijarah), agency (Wakalah), partnership (Musharakah), sale (Bai') and a combination of contracts (Hybrid Sukuk).

Investment in tangible assets, used for productive purposes and reaping the rewards arising from those assets is the core principle of Islamic finance and it is this principle on which Sukuk structures are established.

Furthermore, for a Sukuk structure to comply with the rules and principles of Shari'ah the underlying asset must also comply with the rules and principles of Shari'ah as well. In other words, the underlying asset must be Halal (i.e. lawful) from the Shari'ah perspective.

2.3 IIFM'S ROLE AND CONTRIBUTION IN SUKUK DEVELOPMENT AND ISSUANCE GLOBALLY

In light of IIFM's objectives and its continuous intense efforts to contribute to the development of the Islamic financial industry worldwide and to promote and facilitate the process of Sukuk issuance around the world, in the year 2020 and 2021, IIFM has published two important Sukuk standard documents for the market, namely Template Sukuk Al Ijarah Standard Documents and Template Sukuk Al Mudarabah Tier 1 Standard Documents, to contribute to further sustainable progress in this important sector of the Islamic financial industry.

No doubt that the publication of these two important Sukuk standard agreements by IIFM has facilitated the process of issuing Sukuk in many countries and jurisdictions, especially those countries and jurisdictions that are new to Sukuk and its structures.

The recognized and commendable IIFM tireless efforts to promote and strengthen the Sukuk market and other Islamic finance transactions across the globe, through its documentation standardization efforts, were crowned with the issuance of comprehensive sixteen (16) master standard agreements and templates covered most of the known transactions in the Islamic financial industry. This achievement represents the ongoing effort by IIFM to help develop the Islamic financial industry in a sustainable Shari'ah compliant manner.

These tireless efforts and aim of the IIFM is to ensure that Sukuk transactions, liquidity management transactions and Islamic hedging transactions are more in line with the rules and principles of Shari'ah and most importantly to achieve the objective of Islamic law (i.e. Maqasid Al-Shari'ah) with regard to a sustainable development and preservation of wealth to attain social justice, while satisfying the financial market needs.

The IIFM published standards are freely available to the industry stakeholders and can be found on the IIFM website: www.iifm.net

2.4 IIFM SUKUK REPORT A TRUSTED REFERENCE

Since the publication of the first version of IIFM's first Sukuk report in 2011, which has continued to be published annually to this day, it has become a globally trusted reference in Sukuk issuances. Among the excellent contributions made by these IIFM publishes Sukuk reports (First to Eleven Editions) in promoting Sukuk issuances around the world, for example:

- These reports have created a deeper understanding of Sukuk market through in depth analysis of Sukuk issuances around the globe, key trends, awareness and other market developments.
- Provide to Sukuk stakeholders an overview of changing dynamics in the Sukuk market.
- Provides information on the outstanding Sukuk which is important from the secondary market development perspective.
- The reports are used as a benchmark by all the industry stakeholders and decision makers, in particular, in new jurisdictions as well as regions which have a high concentration of the worlds Sukuk issuances such as GCC countries and Asia.
- The reports have become a source of awareness and accurate information in the Sukuk market and Sukuk issuance worldwide.

2.5 SUKUK BENEFITS: AS VIBRANT INVESTMENT AND FINANCING TOOLS

The Sukuk issuances during the past ten years (2010-2021) International and Domestic amounted to about USD 1.43 trillion by Sovereigns, Corporates, Financial Institutions etc., across the globe, in Asia, Africa and Middle East countries, in particular Gulf Cooperation Council countries (GCC) namely, Bahrain, Saudi Arabia, United Arab Emirate, Oman and Qatar. Expectations indicate that the demand for Sukuk will increase significantly, especially in light of the demand from non-Islamic countries and institutions on the Islamic financial industry, which enhances its steadily increasing growth.

Certainly, Sukuk has been the financial tool used to propel the success of Islamic Finance industry. It has achieved outstanding and remarkable success since its implementation during the past years, and received great attention and interest in the early years from Islamic countries such as Malaysia, Sudan, Indonesia, Brunei, Pakistan, Bahrain, Saudi Arabia, United Arab Emirate, Oman and Qatar and the well-established global financial centers like United Kingdom, Hong Kong, Germany, Luxembourg, South Africa, who have included Sukuk issuance as part of their value proposition.

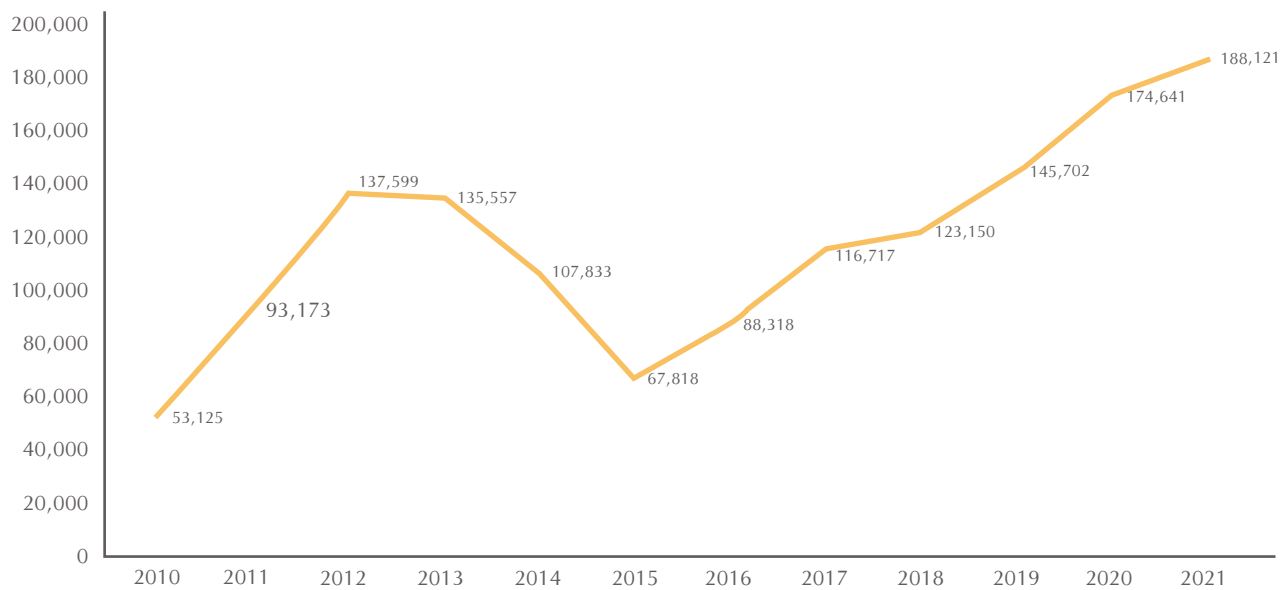
Sukuk is a vital financial tool for economic development, particularly for infrastructure development, social justice through the creation of economic linkages that provide access to economic activities for many individuals, thus

creating job opportunities etc., Sukuk has expanded the Islamic financial market to include remote jurisdictions worldwide, with Sukuk considered an important fund-raising tool by both Islamic and non-Islamic countries.

No doubt that investment Sukuk brings several immense and important benefits to the Islamic finance industry, as well as to governments and investors. Among the benefits and advantages that are derived from the issuance of investment Sukuk for further development and expansion of Islamic finance industry are as follows:

- Investment Sukuk, provide a good way to finance large projects for the public good interest that otherwise would not have been possible.
- Investment Sukuk are perfect for financing major infrastructure projects etc. without falling into the non-Shari’ah interest-based debt transactions. It is, especially Sukuk Al Ijarah, a distinct tool for the monetary policy of countries, the most important tool for obtaining liquidity, the most important financing tools that countries resort to finance their mega projects and a tool for financing Islamic banks in order to mobilize the financial resources they need. Islamic banks and institutions as well as non-Islamic banks and institutions can use part of their liquid funds to purchase Sukuk to receive income and then sell them on the secondary market when liquidity are needed.
- As for the issuer, it allows them to tap into new funding source and diversifying their investors.
- Sukuk generate income for investors, it is an ideal forum for those investors who are looking for investments that can be liquidated easily, by selling in the secondary market and if the Sukuk have generated profits, he will be entitled for his share of the realized profit.

TOTAL GLOBAL SUKUK ISSUANCES 2010 -2021 (USD 1.43 TRILLION)



2.6 CONCLUSION

The conclusion of what we have learned from this short article is that Sukuk is a capital market instrument which certainly plays an important role in the further development and expansion of Islamic finance industry.

No doubt that using Sukuk to finance large projects means motivating investors in Sukuk to help economies develop through creation and production rather than consuming or manipulating others.

Many reasons have prompted non-Islamic countries and institutions to take an interest in the Sukuk market and the Islamic financial industry as a whole. Among these reasons are the following:

- The number of Muslims in the world which constitutes one fifth of the world's population which means a large market for those wishing to provide financing and those wishing to invest and increased awareness and interest among Muslims in using Shari'ah-compliant alternatives in financing and investing. Especially, Sukuk represent one of the Shari'ah-compliant alternatives to conventional bonds.
- The advantages that Sukuk enjoy for each of the issuer and the investor, such as Sukuk being an ideal forum for those investors who are looking for regular investments income that can be easily liquidated.

With regard to IIFM annual Sukuk reports, during the eleven year period since the publication of the first IIFM annual Sukuk Report, these reports have become well established as a vital source of information on the global Sukuk market. All eleven published editions contain information from reliable sources, such as various Sukuk issuing jurisdictions that provides easy to understand guidelines and its market place.

It is well known in the industry that the IIFM Annual Sukuk Reports has been established as a reference source of Sukuk awareness that provides accurate and validated information of the Sukuk market and Sukuk issuance globally.

وصلى الله على نبينا محمد وآله وصحبه أجمعين



CHAPTER THREE



SELECTED SUKUK ISSUANCES (CASE STUDIES CONTRIBUTION)

3.1 KUVEYT TURK KATILIM BANKASI SUSTAINABILITY SUKUK

BY: DUBAI ISLAMIC BANK

BASIC INFORMATION:

Kuveyt Turk is the largest Islamic finance participation bank in the Turkish banking sector and 10th overall largest bank by asset size. The bank has a stable shareholder base with Kuwait Finance House (62.24%) and Turkish General Directorate of Foundations (18.72%) among others.

In September 2021, Kuveyt Turk successfully priced its inaugural USD 350mn 10.25NC5.25 Sustainability Tier 2 Sukuk with a profit rate of 6.125%. The issuance is specific to sustainable projects wherein an amount equal to the net proceeds will be applied to finance or refinance eligible green and / or social projects in accordance with Kuveyt Türk's Sustainable Finance Framework dated August 2021 that is verified by Sustainalytics. The terms of the Sukuk appear below:

ISSUER	KT21 T2 Company Limited
OBLIGOR	Kuveyt Türk Katılım Bankası A.Ş
OBLIGOR RATING	B+ by Fitch
PRICING DATE	09 September 2021
SETTLEMENT DATE	16 September 2021
MATURITY DATE	16 December 2031
RESET DATE:	16 December 2026
ISSUE SIZE	USD 350,000,000
PROFIT RATE	6.125% per annum payable semi-annually in arrear
BENCHMARK YIELD	0.793%
REOFFER SPREAD TO UST	5.332%
SUKUK STRUCTURE	Sukuk based on the principles of Wakalah and Murabahah
ISSUE TYPE	Regulation S Only
LISTING	Euronext Dublin
GOVERNING LAW	English Law, except subordination which will be governed by Turkish law
SOLE GLOBAL COORDINATOR	KFH Capital Investment Company K.S.C.C.
JOINT STRUCTURING AGENTS	HSBC Bank plc, KFH Capital Investment Company K.S.C.C
JOINT BOOKRUNNERS	Arab Banking Corporation (B.S.C.), Citigroup Global Markets Limited, Dubai Islamic Bank PJSC, Emirates NBD Capital Limited, HSBC Bank plc, KFH Capital Investment Company K.S.C.C

TRANSACTION HIGHLIGHTS:

1. The transaction marks the first-ever USD denominated Sustainable T2 Sukuk Issuance by a Financial Institution (FI).
2. The transaction was timed in a viable window of issuance during low interest environment with 62.5bps yield compression from the wide end of IPTs.
3. From a distribution viewpoint, the issuance attracted a high-quality and diversified order book of up to USD 4.4bn (12.6x oversubscribed) comprising some of the largest and most notable global EM / Islamic investors who came in early and remained in the deal despite the substantive price tightening.

TRANSACTION ANNOUNCEMENT & INVESTOR ENGAGEMENT:

The transaction mandate was announced on Tuesday 7th September at 9.00am UAE time, highlighting Kuveyt Turk's intention to issue a 10.25NC5.25 Regulation S Tier 2 Sustainable Sukuk. Due to the travel restrictions from COVID-19 pandemic, engagement with investors were held through a Global Investor Call on Tuesday at 1:30pm UAE time and small group investor calls throughout Wednesday, 8th September. Kuveyt Turk utilized this platform to update investors on its credit strengths, their sustainable finance framework and to respond to their queries.

TRANSACTION PRICING STRATEGY:

IPT Release: On Thursday, 9th September at 9:00am UAE time, IPTs were released at 6.625%-6.750% for the 10.25NC5.25 Sukuk.

Price Guidance: At 12:30pm UAE time, an update / guidance was released to the market at 6.250%-6.375% against a book of over USD 2.8bn.

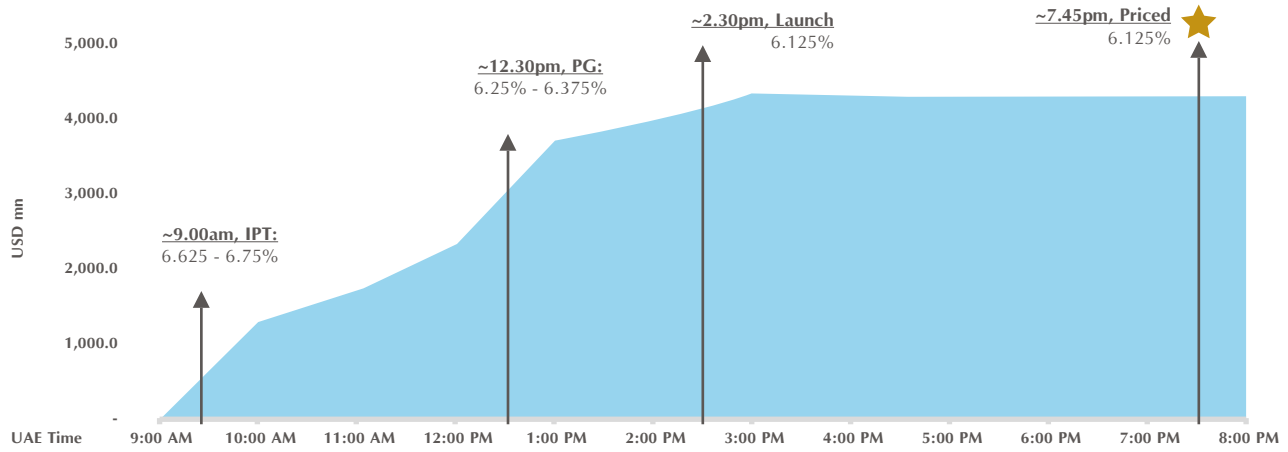
Launch: At 2:30pm UAE time, the transaction was launched at 6.125% with a size of USD 350mn.

Syndicates were able to tighten the pricing by 62.5bps from the wider end of the IPTs, indicating a significant decrease while maintaining a steady and strong orderbook.

WHY SUSTAINABILITY SUKUK?

1. **Alignment with Pre-existing Values:** Kuveyt Türk already conducted its operations by taking sustainability into consideration that include Environmental impact, various sustainability efforts and supporting sustainable project financings in Türkiye including renewable energy and social projects such as SME financing.
2. **Available Sustainable Projects:** The ability to allocate the proceeds of a given sustainable Sukuk issuance to eligible projects that were originated no more than three years prior to the issuance permitted was available. Further, Kuveyt Türk retrospectively relied on certain of its existing projects in the sustainability sphere, rather than having to earmark future new projects in which the entirety of the Sukuk proceeds were to be invested.
3. **Broad Framework Utilization:** For Sustainability Framework, issuers have a broad scope and range of international frameworks to utilize. KT's Sustainable Finance Framework was in accordance with various international principles, including ICMA Green Bond Principles (GBP) 2021, ICMA Social Bond Principles (SBP) 2021, ICMA Sustainability Bond Guidelines (SBG) 2021, the LMA Social Loan Principles (SLP) 2017 and the LMA Green Loan Principles (GLP) 2021.
4. **Investor Diversity:** KT Tier 2 certificates were sustainability trust certificates Sukuk; hence, Kuveyt Türk was able to appeal to a broader range of investors preferring Shari'ah compliant certificates as well as investors seeking to invest in sustainable projects. Consequently, achieved further diversification in its investor base.

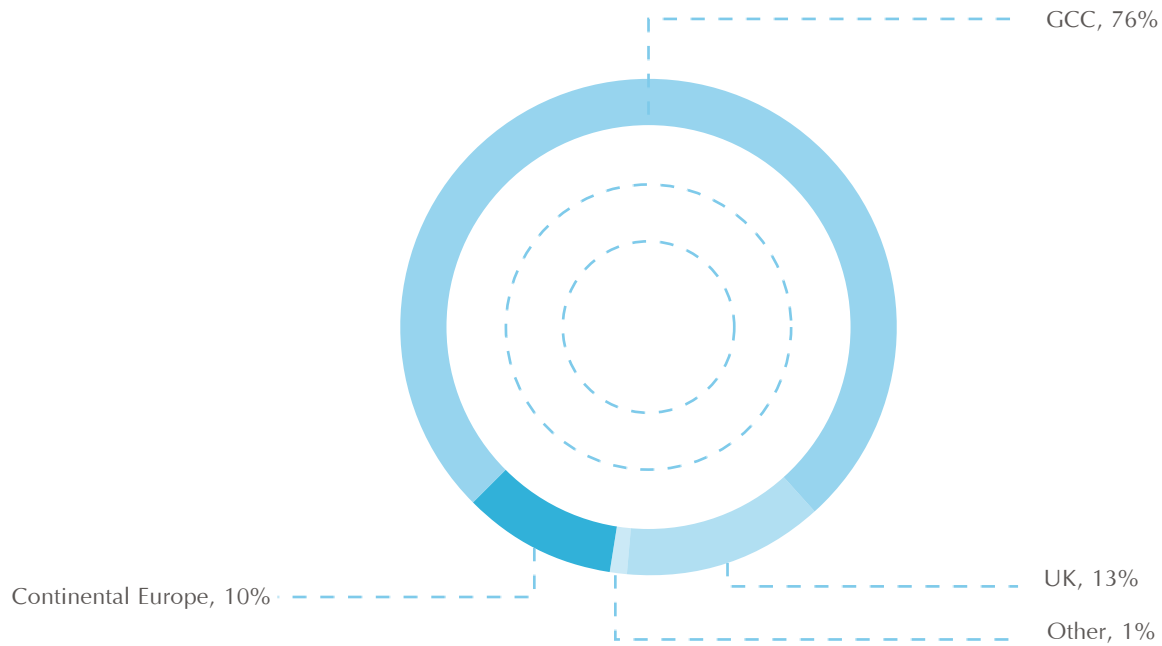
ORDER BOOK PROGRESSION:



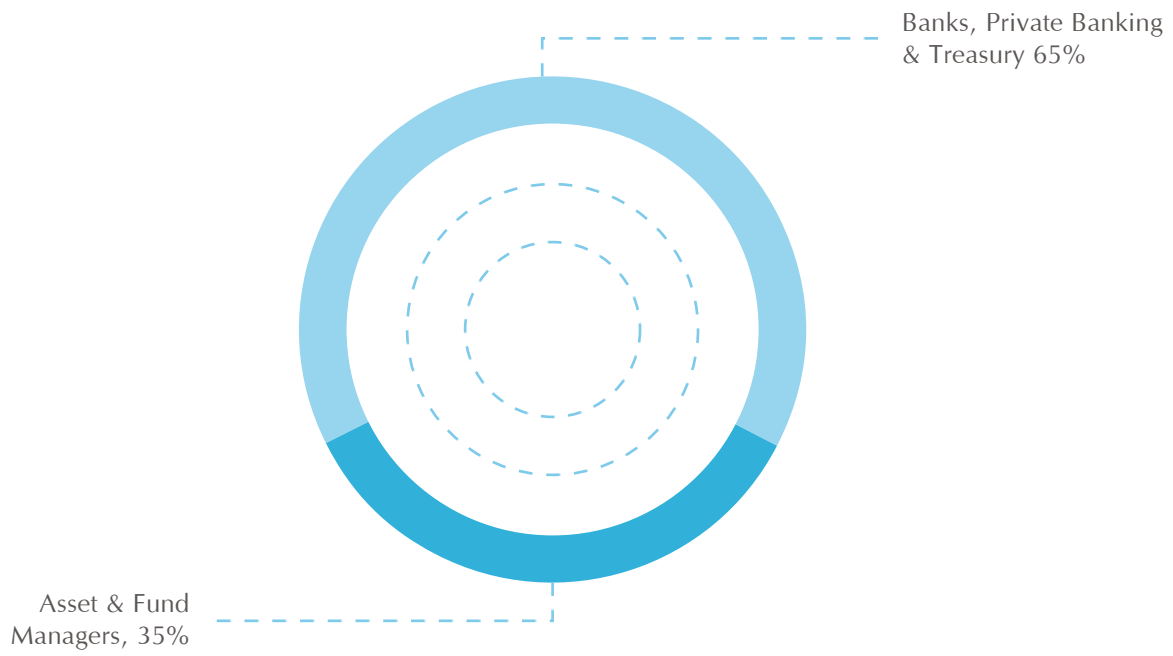
The order book grew robustly with significant interest from international and GCC investors. Book size increased from USD 2.8bn at 12:30am to USD 4.4bn at 2:30pm from ~190 investors implying an oversubscription in excess of 12.6x the issue size.

INVESTOR TYPE & GEOGRAPHICAL DISTRIBUTION:

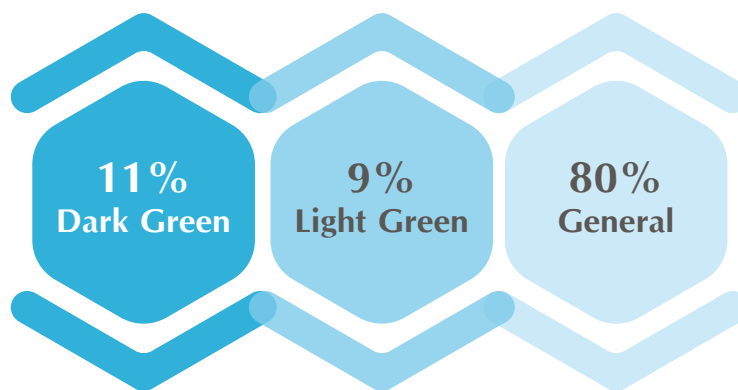
Geography



Investor Type



Investor Classification



3.2 THE ISLAMIC DEVELOPMENT BANK - USD 2.5BN 5 YEAR SUSTAINABILITY SUKUK

BY: STANDARD CHARTERED BANK

Islamic Development Bank (IsDB) successfully priced USD 2.5bn RegS 5 Year Sustainability Sukuk at a profit rate of 1.262% p.a. payable semi-annually. The issuance was a drawdown under IsDB's USD 25bn Trust Certificate Issuance Programme and Sustainable Finance Framework and represents IsDB's third sustainable issuance in the public markets, with the last one being a COVID-19 response Sukuk in June 2020 and the previous one being their inaugural EUR 1.0bn Green Sukuk in end of 2019, both of which were led by Standard Chartered.

ISSUER	IsDB Trust Services No.2 SARL
OBLIGOR	The Islamic Development Bank
OBLIGOR RATINGS	Aaa/AAA/AAA (by Moody's/S&P/Fitch all stable outlook)
ISSUE RATINGS	Aaa/AAA/AAA (by Moody's/S&P/Fitch)
PRICING DATE	24 March 2021
ISSUE DATE	31 March 2021 (T + 5)
TENOR	5 Years
MATURITY	31 March 2026
FORMAT	Regulation S Sukuk
STATUS	Senior Unsecured
CURRENCY AND SIZE	USD 2.5bn
DOCUMENTATION	USD 25,000,000,000 Trust Certificate Issuance Programme and IsDB's Sustainable Finance Framework
PROFIT RATE	1.262% Fixed, Semi-annual, 30/360
LISTING	Euronext Dublin and Nasdaq Dubai
LAW	English Law
JOINT LEAD MANAGERS	Citi, Goldman Sachs International, HSBC, NATIXIS, Societe Generale, Standard Chartered Bank and Warba Bank
CO-MANAGER	Kuwait International Bank
BILLING & DELIVERY	Standard Chartered Bank

HIGHLIGHTS

The issuance achieved a number of key milestones including:

- Largest ever deal size achieved by the IsDB
- IsDB's first trade for 2021, and return to the international capital markets after their last public offering in June 2020
- Despite the large size, IsDB was able to price the new issue inside existing secondary market curve, in line with their pricing objectives
- IsDB's third sustainable public Sukuk with the previous one being a COVID-19 response Sukuk issued in June 2020 and their inaugural EUR 1.0bn Green Sukuk priced in November 2019

ISSUANCE OBJECTIVES

- IsDB to raise minimum USD 1.5bn.
- Attracting new investors to its credit and achieving tight pricing inside their curve.
- Refinance eligible projects in accordance with the IsDB's Sustainable Finance Framework.

USE OF PROCEEDS

- The proceeds of the Sustainability Sukuk will be allocated to finance/refinance green (10%) and social development projects (90%) that are eligible under the IsDB's Sustainable Finance Framework which may include the following categories:

Social

1. Employment generation / small and medium enterprise financing.
2. Affordable housing.
3. Affordable basic infrastructure.
4. Access to essential services.
5. Socioeconomic advancement and empowerment.

Green

1. Renewable energy.
 2. Clean transportation.
 3. Energy efficiency.
 4. Pollution prevention and control.
 5. Environmentally sustainable management of natural living resources and land use.
 6. Sustainable water and waste water management.
- Pending allocation, the proceeds will be invested in money market instruments in line with IsDB's liquidity policy and guidelines.

OBLIGOR BACKGROUND

- The IsDB, established in 1975, is headquartered in Jeddah, the Kingdom of Saudi Arabia. Its regional offices are in Kazakhstan, Malaysia, Morocco and Senegal with field representatives in several member countries. Currently, the IsDB has 57 member countries from the Middle East, Africa, the Asia Pacific Region, South Africa and Europe.
- IsDB announced its Sustainability Finance Framework in November 2019. The framework was established in order to finance or refinance a portfolio of eligible Green Projects or a combination of both eligible Green; Projects and eligible Social Projects.

THE SOLUTION: CREATIVITY AND TEAMWORK

Deal Structure

- The Sukuk structure was based on a Wakalah structure following IsDB's existing programme allowing IsDB to benefit from its diversified pool of Islamic assets.

The below description provides a brief summary of the Sukuk structure:

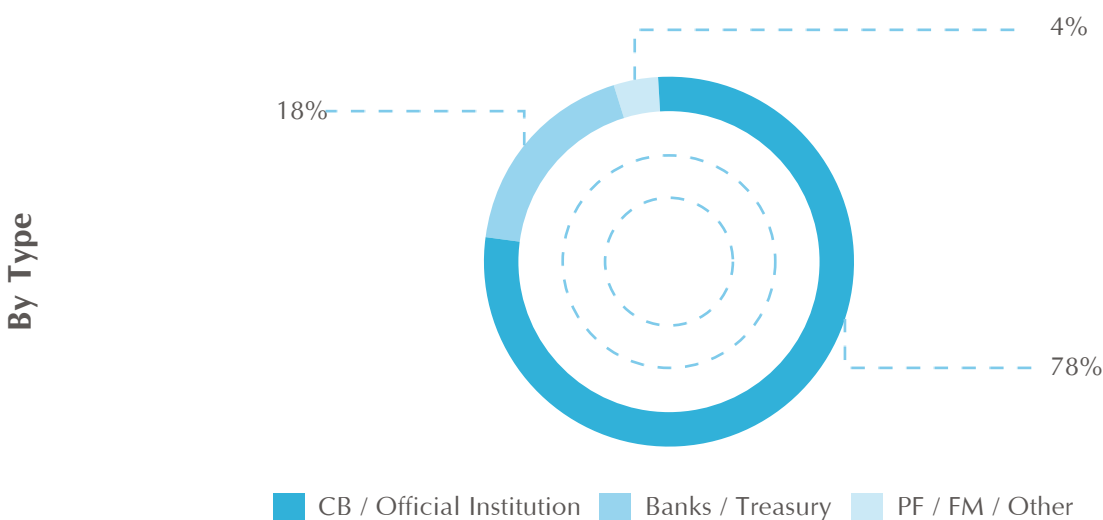
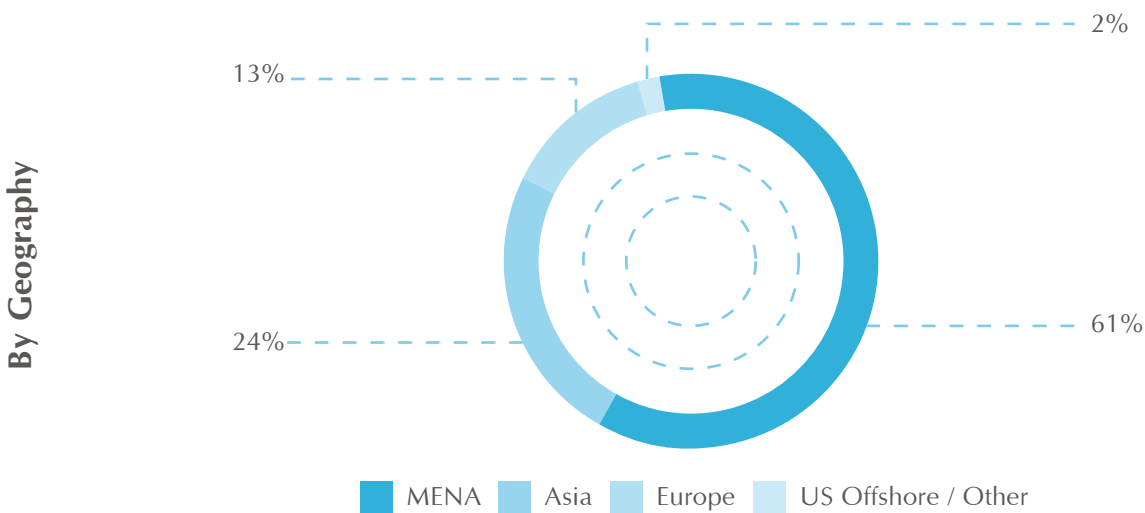
- On the issue date, the Trustee has applied at least 51% of the issuance proceeds to acquire Tangible Assets (Lease Assets, Disbursing Istisna'a Assets, Shares, Sukuk and/or Restricted Mudaraba Assets) from IsDB. The remaining proceeds are to be utilized by the Trustee to acquire intangible assets, all together with the Tangible Assets, the Portfolio.
- The Trustee then appoints IsDB as wakeel to, amongst other things, manage the Portfolio and collect all amounts due in respect of the relevant Portfolio in accordance with the collection procedures.

Outcome and Market Impact

- The deal was priced after a two-day execution strategy that saw the deal announce along with a investor calls on day 1, opening of books on day 2 and pricing on day 3.
- IPTs were released after having collected significant investor feedback. Strong early momentum was generated which resulted in an orderbook in excess of USD 1.7bn at London open on Wednesday which allowed Syndicates to release revised Price Guidance.
- The price revision was received positively and saw the orderbook build with UK/European accounts allowing IsDB to set the spread at MS+33bps at which point the size of the book reached USD 2.25bn. Subsequently, the trade was setting the size at USD 2.5bn with a book in excess of USD 2.65bn.
- IsDB attracted a high quality and strong orderbook comprising some of the largest and most notable global sustainable investors which enabled them to place 39% of the issue outside MENA, despite the price being inside secondaries. The tremendous response from investors is also testament to the confidence placed in IsDB’s credit and the growing importance of ESG mandates.
- Additionally, the deal reflects the great development in the ESG market which, since the start of COVID-19 has seen a boom in issuance of social bonds whose proceeds are applied exclusively to projects intended to help society.

INVESTORS BY GEOGRAPHY AND TYPE (BASED ON FINAL ALLOCATION)

Investor by Geography and Type



Summary

- The transaction exceeded the Issuer’s objective in terms of price and size with a bigger issue size than planned.
- IsDB attracted a high quality and strong orderbook comprising some of the largest and most notable global sustainable EM investors which enabled them to place 39% of the issue outside MENA.

3.3 THE GOVERNMENT OF MALAYSIA'S 10-YEAR USD 800 MILLION SUSTAINABILITY SUKUK – THE FIRST EVER USD SUSTAINABILITY SUKUK OFFERED BY A SOVEREIGN

BY: CIMB ISLAMIC BANK BERHAD

BACKGROUND OF TRANSACTION

On 21st April 2021, the Government of Malaysia (GOM), via a special purpose vehicle Malaysia Wakalah Sukuk Berhad, issued a dual-tranche offering comprising a 10-year USD 800 million in nominal value Sukuk due 2031 (Series 1) and a 30-year USD 500 million in nominal value Sukuk due 2051 (Series 2) (collectively referred to as Issuances).

The Issuances are unique in that, not only is Series 1 the first ever USD Sustainability Sukuk offered by a sovereign, whereby proceeds will be used for eligible green and social projects, but the underlying assets of the Issuances are also based on sustainable assets, being vouchers representing travel entitlement on Malaysia's Light Rail Transit, Monorail and Mass Rapid Transit networks.

The landmark Issuances set a new benchmark and showcased Malaysia's continued efforts to further solidify its position as a global Islamic financial hub with the largest Sukuk market in the world. It is also a testament of the GOM's efforts in combating climate change as well as accelerating the transition towards a resilient and inclusive economy, in line with the goal of achieving the 2030 Agenda for Sustainable Development.

MARKETING AND PRICING HIGHLIGHTS

The successful return of the GOM to the global Sukuk market since 2016 kick-started on 19th April 2021 via a series of virtual investor meetings globally covering Asia, Europe, the Middle-East and the United States. Following a strong response of early indication of interests, book building commenced at 9am Asia time on 21st April 2021 with an initial price guidance set at UST+90 bps area for the 10 year tranche and UST+115bps area for the 30 year tranche.

The overwhelming reception from investors, as indicated by the staggering order book exceeding USD 8.8 billion at its peak, enabled the final pricing guidance to be tightened by 40bps and 35bps across the 10 year and 30 year tranches at UST+50bps and UST+80bps, respectively and allowed the GOM to upsize the initial target size of USD 1.0 billion to USD 1.3 billion.

On the back of a robust order book which was 6.38 times oversubscribed at the final pricing guidance, the Sukuk were priced with a yield of 2.070% p.a. and 3.075% p.a. for a size of USD 800 million and USD 500 million, respectively. The final pricing represents a new issue concession of -15bps (fair value of UST+65bps) and -10bps (fair value of UST+90bps) for the 10-year and 30-year tranches, respectively.

The final order book size was USD 4.4 billion (or 5.5 times oversubscribed) for the 10-year tranche whilst the 30-year tranche achieved an order book size of USD 3.9 billion (or 7.8 times oversubscribed).

TRANSACTION HIGHLIGHTS / ACHIEVEMENTS

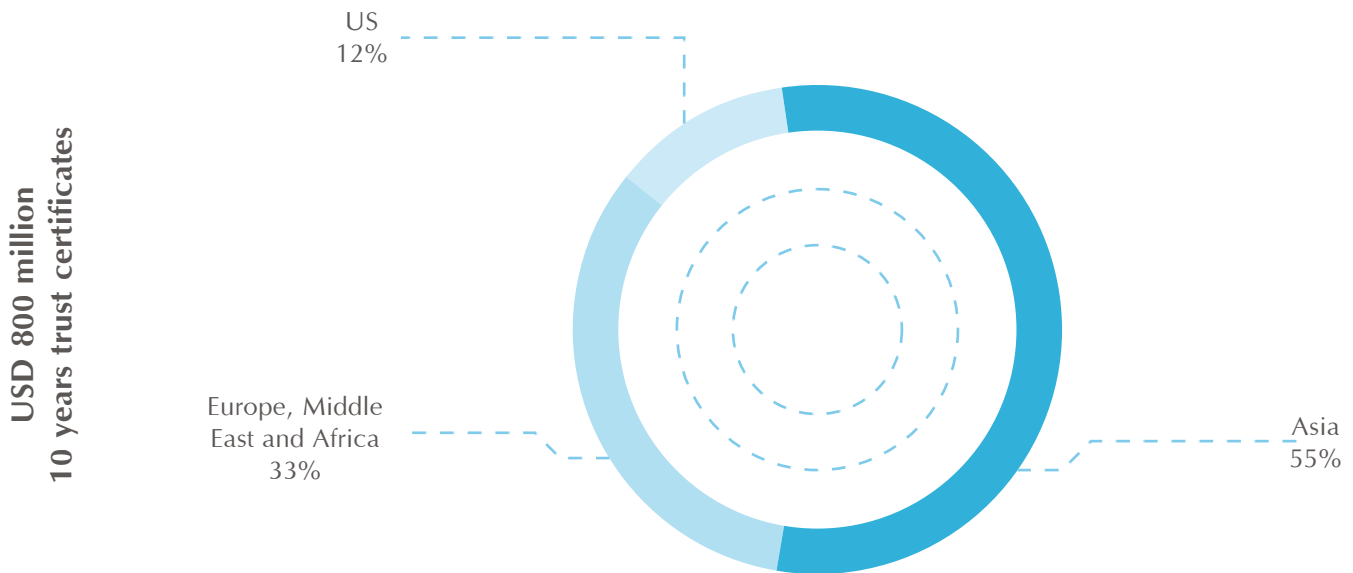
Notwithstanding the COVID-19 pandemic shrouding the global economy, the GOM's resilient credit profile and deft marketing strategy successfully enabled the price compression to be maximised, culminating in the offering achieving the following milestones:

- Lowest ever USD yield achieved by GOM.
- Lowest ever spread to UST achieved by GOM.
- Lowest ever 10-year USD Sukuk offering in terms of yield.
- First USD Sustainability Sukuk offering by a sovereign.

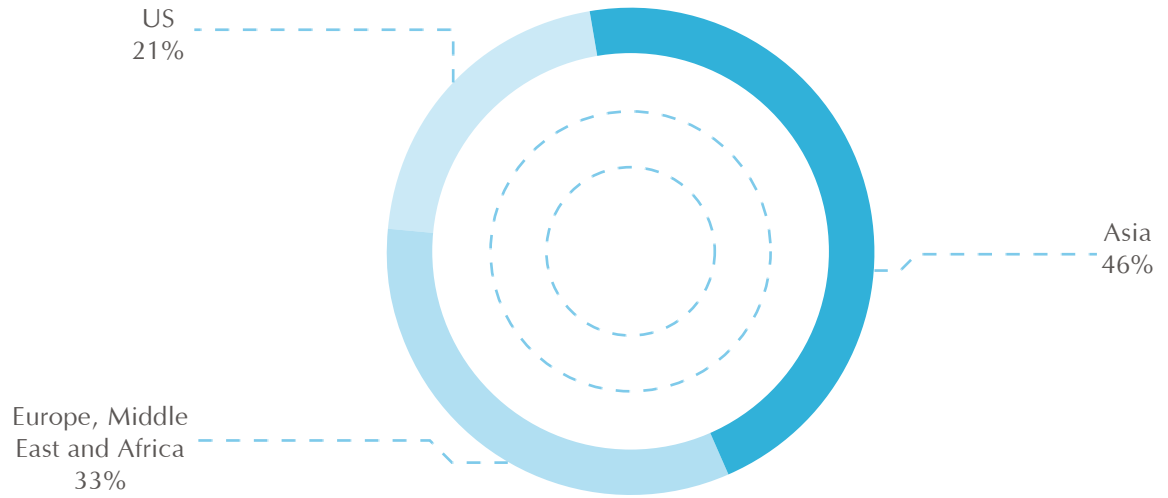
KEY FEATURES OF THE ISSUANCES

ISSUER	Malaysia Wakalah Sukuk Berhad		
OBLIGOR	Government of Malaysia		
FORMAT	Reg S / 144A		
UNDERLYING ASSETS	Travel vouchers representing entitlements on Malaysia's Light Rail Transit, Mass Rapid Transit and Monorail networks		
SERIES		Series 1	Series 2
	Tenor	10 Years	30 Years
	Issue Size	USD 800 million	USD 500 million
	Maturity Date	28 th April 2031	28 th April 2051
	Structure	Wakalah/Sustainability	Wakalah
	Periodic Distribution Rate	2.070% p.a.	3.075% p.a.
LISTINGS	The stock exchange of Hong Kong, Limited, Bursa Malaysia Securities (Exempt Regime), Labuan International Financial Exchange Inc.		
ISSUE RATINGS	Moody's: A3 S&P: A-		
SECOND PARTY OPINION PROVIDER	Sustainalytics		

DISTRIBUTION BY GEOGRAPHY

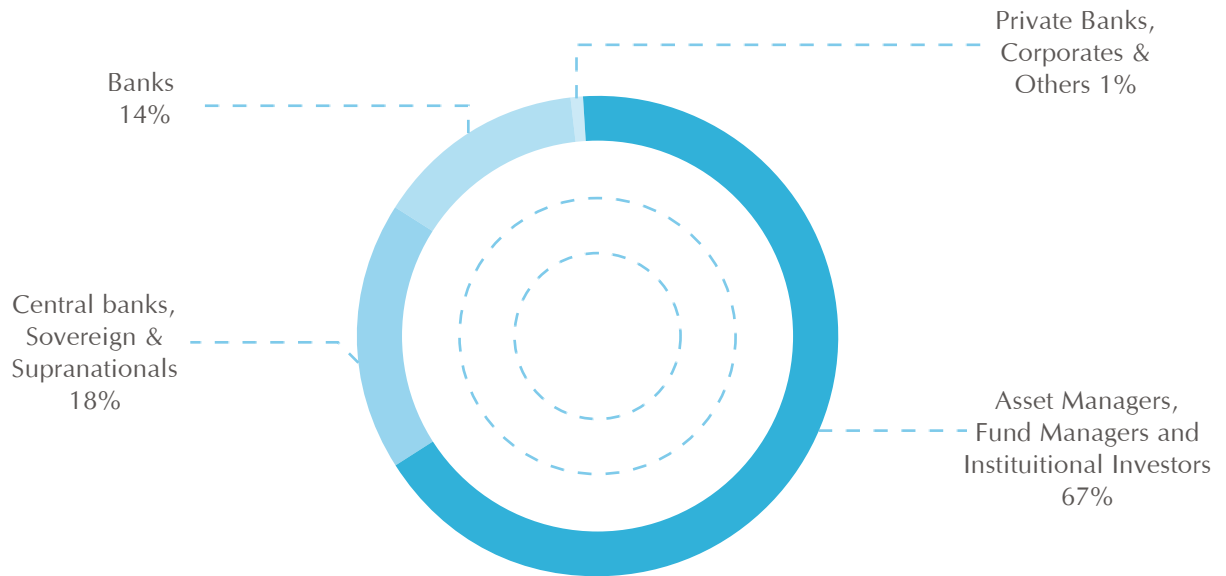


USD 500 million
30 years trust certificates

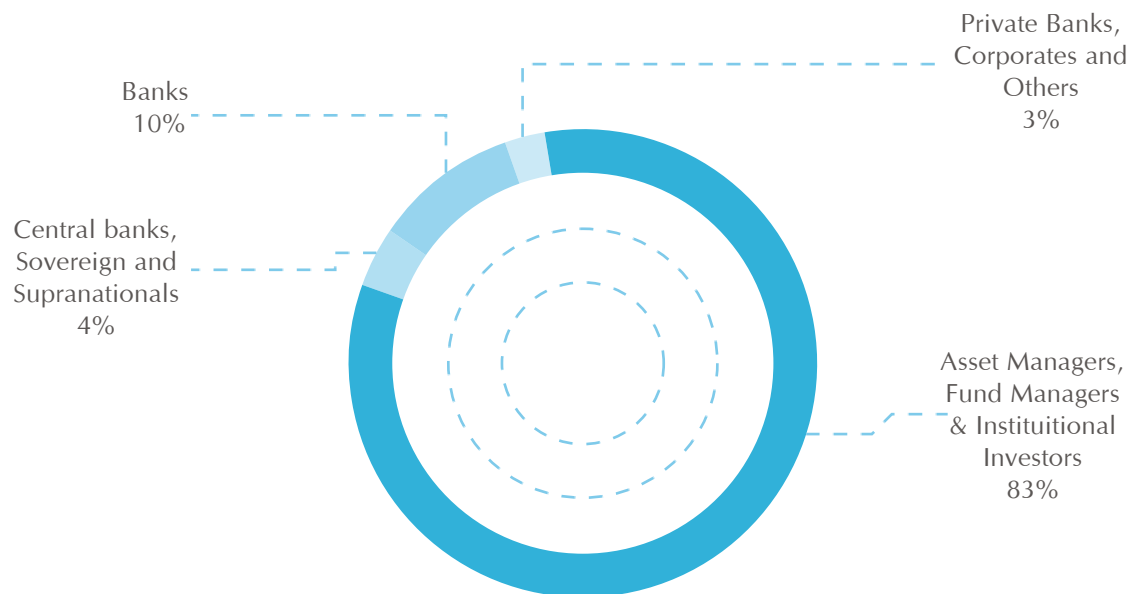


DISTRIBUTION BY INVESTOR TYPE

USD 800 million
10 years trust certificates



USD 500 million
30 years trust certificates



3.4 FIRST SOCIAL SUKUK IN TÜRKİYE

BY: DILAN PAMIR, DEVELOPMENT AND INVESTMENT BANK OF TÜRKİYE, CAPITAL MARKETS ADVISORY, SENIOR VP & ORHAN TASTEKIL, ISFA ISLAMIC FINANCE CONSULTANCY

BACKGROUND INFORMATION

Following its 47 years of development banking activities, Development and Investment Bank of Türkiye was reorganized in October 2018 when investment banking operations were incorporated under the core business operations. Mandated with “bringing new products and/or new companies in the Turkish capital markets”, Capital Markets Advisory Department of TKYB since then completed several issuances like the first transition bond and as well as the first social Sukuk in Türkiye, which were fully in line with the international standards including the 2nd opinion reports with fully detailed impact analysis, taking all the internationally accepted green bond and Sukuk principles into consideration, before these principles were even enacted within Turkish capital markets. The first social Sukuk in Türkiye was issued with the aim of bringing an innovative product to the Turkish capital markets to set an example for the succeeding issuances.

KEY FEATURES OF THE SUKUK ISSUANCE	
ISSUER	Kalkınma Yatırım VKS (Development and Investment Asset Leasing Company)
OBLIGOR	Türkiye Kalkınma ve Yatırım Bankası (TKYB, Development and Investment Bank of Türkiye)
INVESTOR	One of the biggest participation banks in Türkiye (Private Placement)
EXCLUSIVE FINANCIAL ADVISOR	Türkiye Kalkınma ve Yatırım Bankası (TKYB)
BROKERAGE	Ziraat Securities
SHARI'AH ADVISOR	ISFA Islamic Finance Consultancy
LEGAL COUNSEL	Akol Law
SUSTAINABILITY ADVISOR	Metsims Sustainability Consulting
SUKUK STRUCTURE	Sukuk Al-Wakalah
ISSUE SIZE	50.000.000
CURRENCY	TRY
MATURITY	90 days
ISSUE DATE	12 th October 2021
MATURITY DATE	10 th January 2022
LISTING	Istanbul Stock Exchange
GOVERNING LAW	Turkish Law

CASE STUDY

With its strong basis, stable structure and important role in achieving Türkiye's development goals, the Development and Investment Bank of Türkiye has successfully carried out Türkiye's first social Sukuk issuance, worth of TRY 50 million, to be granted as Murabahah loans to be utilized in the agricultural sector, in line with the UN Sustainable Development Goals.

Social Sukuk is used to finance the projects that consider social effects while offering solid returns to its investors with a covered low risk profile. It is novel because by its nature it gathers around the Islamic finance and sustainable finance markets and exhibits a new instrument in compliance with these two phenomena. Moreover, it

links issue proceeds to a key sector which can also be characterized as a thematic financial instrument.

Bringing innovative and sustainable products to the Turkish capital markets, and having completed all relevant reports regarding its compliance with the international and the Shari'ah standards, the issuance establishes various social contributions.

The Sukuk was issued by Kalkınma Yatırım ALC (Issuer SPV), where TKYB, Development and Investment Bank of Türkiye acted as the Obligor and also the Wakeel of the Sukuk holders transferring the proceeds of issuance to the agricultural cooperative under a second Wakalah agreement as shortly mentioned above. While sales brokerage was carried out by Ziraat Securities, the sustainability reporting of the issuance was provided by an independent consultancy firm, Metsims Sustainability Consulting. The Sukuk was listed in The Istanbul Stock Exchange and the custody was held by Central Securities Depository of The Turkish Capital Markets.

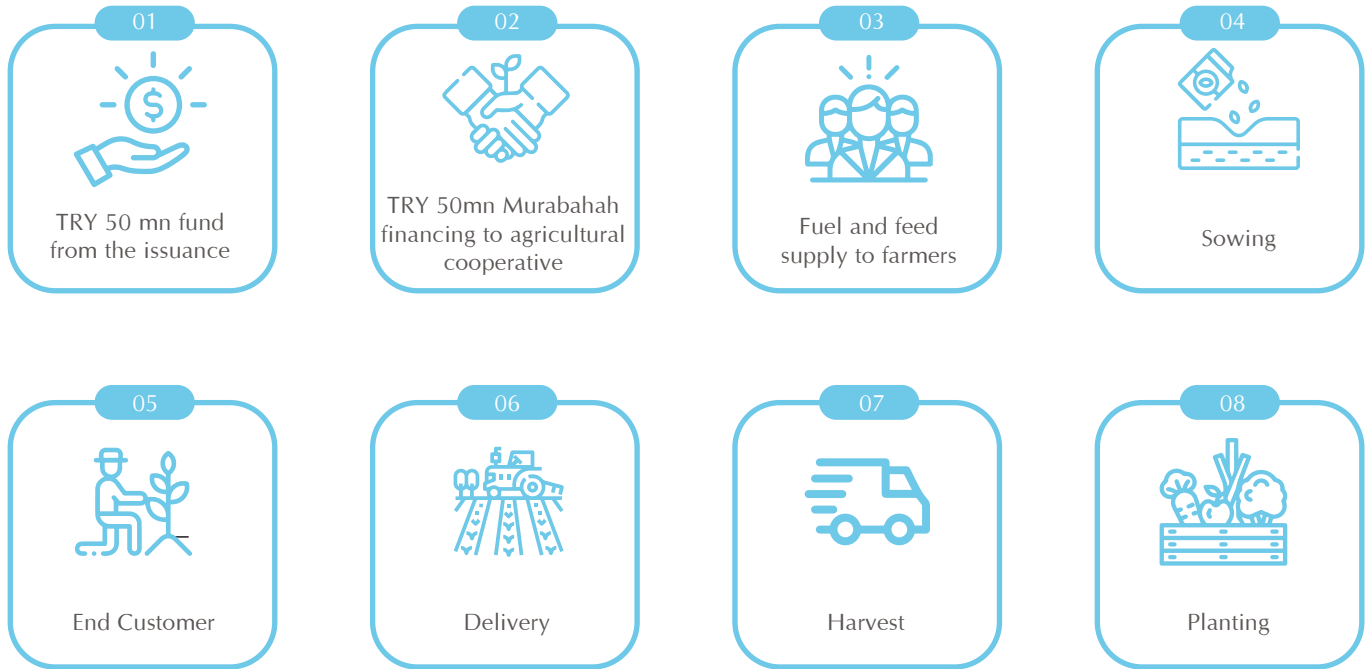
ISFA Islamic Finance Consultancy also took part as Shari'ah Advisor in the structuring of the issuance in a Shari'ah compliant manner.

As the first social Sukuk issuance in Türkiye, it draws attention in terms of bringing an innovative and sustainable product to the Turkish capital markets, having completed all relevant studies and reports regarding its compliance with the international and the Shari'ah standards. The compliance of the issuance, which was carried out within the framework of the said standards, with ICMA's Social Bond Principles and the LMA's Social Loan Principles, has also been confirmed by an independent institution. In addition, the issuance serves various sub-objectives of the United Nations Sustainable Development Goals. The evaluation of the project was carried out taking into account Sustainable Agriculture and Livestock Criteria and impact criteria. Sustainable Agriculture and Livestock Criteria have been prepared by examining the OECD's Environmental Indicators for Agriculture Booklet, United Nations Sustainable Development Goals and World Resources Institute Indicators of Sustainable Agriculture. In this context, it has been evaluated according to which criteria the benefits are examined and which Sustainable Development Goals they contribute to.

The issuance was designed within the framework of an A-to-Z business model with a holistic and social contribution to all agricultural production stages. The Sukuk structure, supporting the agricultural producers from the first stage of the production process up until the delivery of the final product to the end consumers, was a first in its kind in capital markets, financing, in a Shari'ah compliant manner, an exemplary business model, rather than providing a bank with a short-term liquidity, in a classical way. Therefore, we find it important for the Sukuk to take a shift, in a gradual manner, from heavily being used in the banking/financial sector for the liquidity purposes of the banks, including IFIs, to the real economy to contribute to projects, investments, business models and nationwide infrastructure investments. We believe that increasing use of Sukuk in real economy will not only increase the penetration of Sukuk to a more diversified base of investors nationwide but also will make Sukuk known to a wider part of society, as a Shari'ah compliant product. We also believe that the above issuance has, to a certain extent, achieved to meet the financing requirements of a group of agricultural producers in a Shari'ah compliant manner.

The project made a significant contribution directly and indirectly to Food Security and Sustainable Food Systems, Access to Essential Services, Socioeconomic Advancement and Empowerment and Employment Generation from the categories of ICMA's Social Bond Principles.

On the next page are the steps and stages of the business model in agricultural production that was financed by the Sukuk issuance details of which are shortly given in the corresponding page.



As mentioned above, 50 mn TL Sukuk funds were transferred to TKYB. TKYB then provided Murabahah loans to the agricultural cooperative which correspondently provided in-kind Murabahah to its member farmers. Nearly 1 million TL worth of gas (motorin) was utilized by 671 farmers and 49 million TL worth of feed were utilized by 3719 farmers. Hence, a total of 50 million TL Sukuk funds were provided as Murabahah credit to the agricultural cooperative, and the cooperative provided in-kind Murabahah credits for a total of 4390 farmers.

SUSTAINABLE DEVELOPMENT GOALS (SDGS) IMPACT: SDGS SUPPORTED BY THE INVESTMENT



SDGs Target 2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

SDGs Target 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems that strengthen capacity for adaptation to climate change, extreme weather, and drought, flooding and other disasters and that progressively improve land and soil quality.



SDGs Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.



SDGs Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities and equal pay for work of equal value.



SDGs Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



SDGs Target 12.3: By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.



SDGs Target 17.16: Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.

SUKUK DIAGRAM

First Social Sukuk in Türkiye (Sukuk-Al-Wakala)

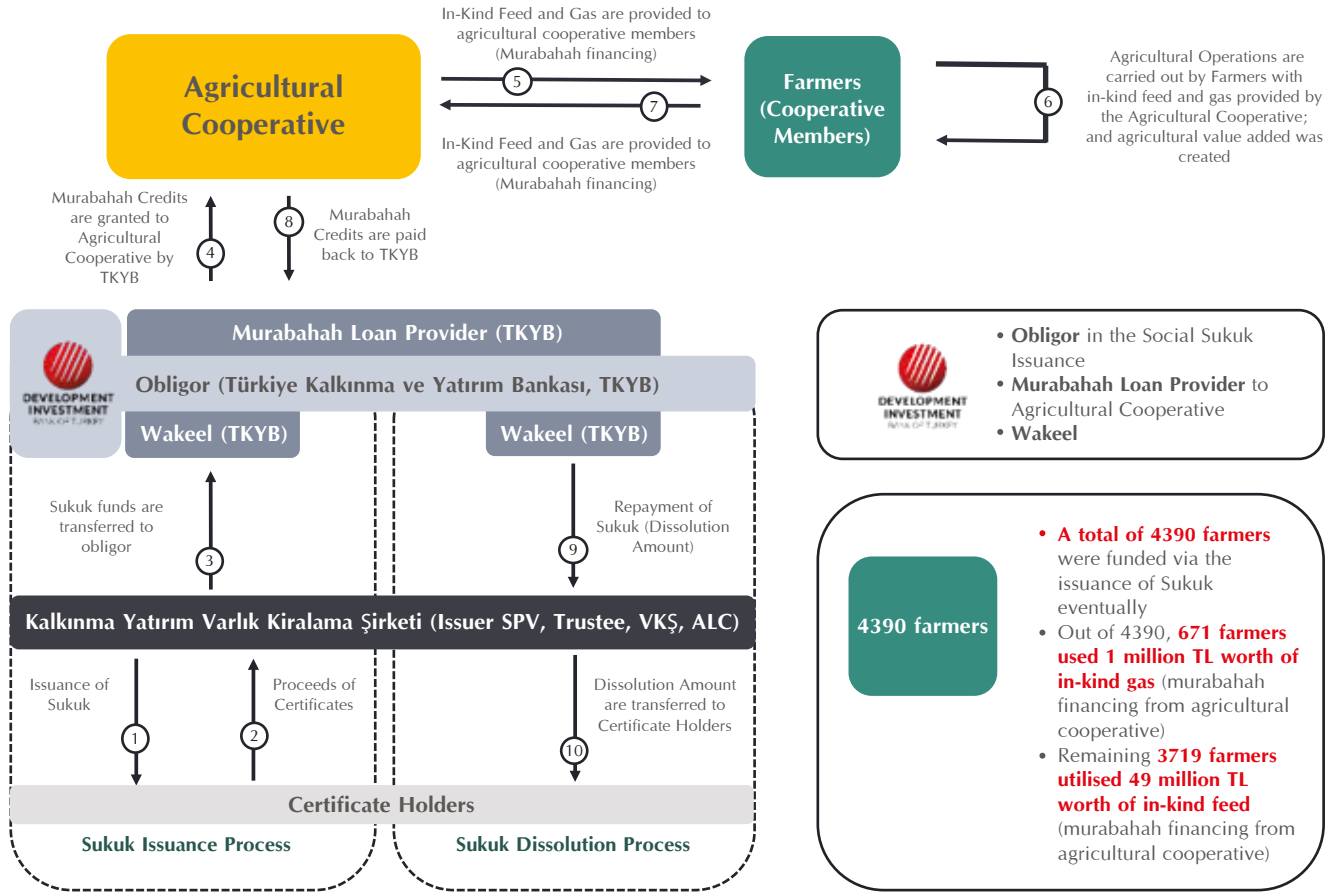


DIAGRAM EXPLANATIONS

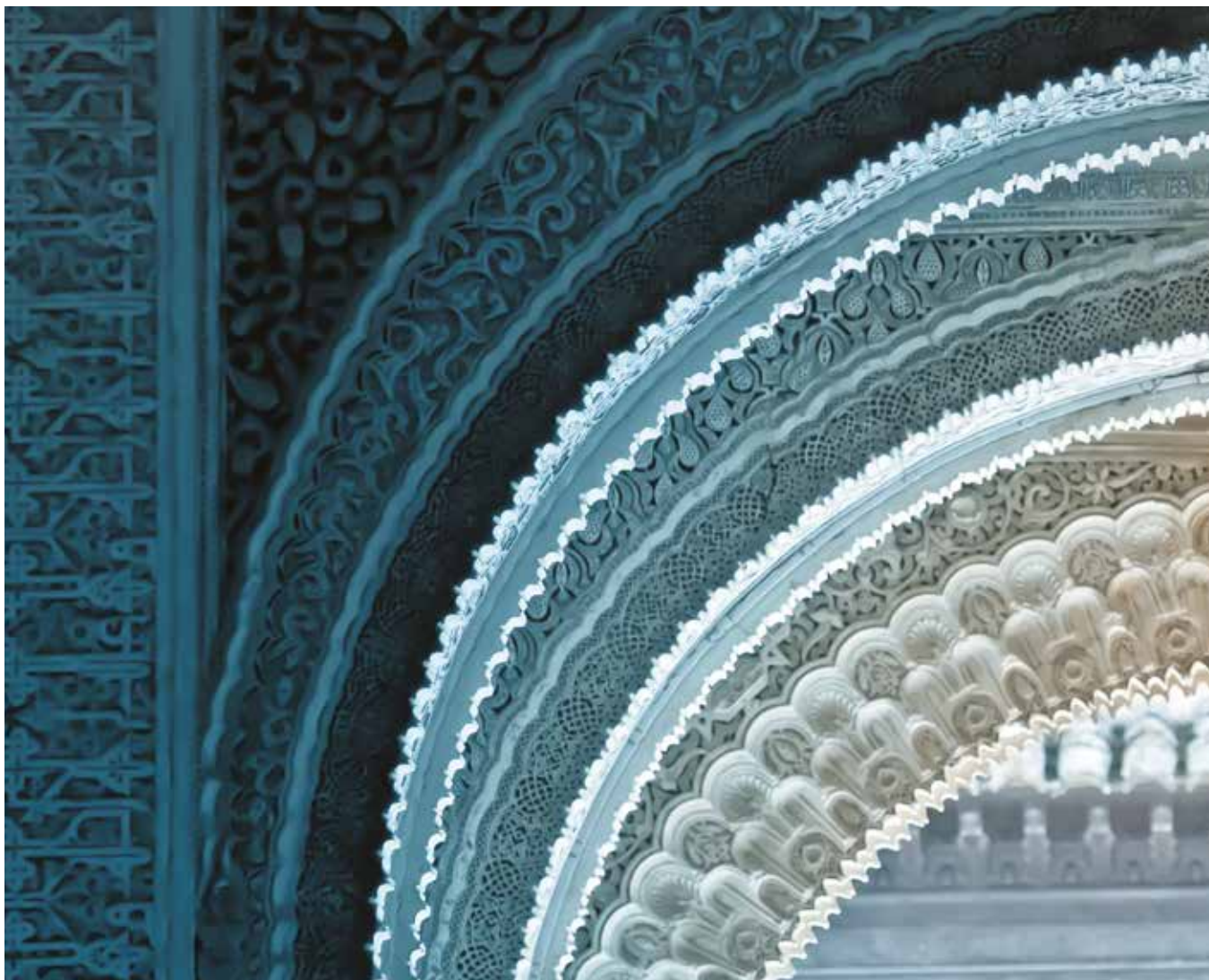
1. Kalkınma Yatırım Varlık Kiralama Şirketi (Asset Leasing Company; a) Issuer, b) Wakeel of Sukuk holders and c) Muwakkil assigning the obligor as wakeel to manage the underlying assets on which the issuance is based) hereinafter referred to as VKS, shall issue Sukuk.
2. Proceeds of Sukuk issuance (Issuance Amount) is paid by Sukuk holders to VKS.
3. VKS shall assign Türkiye Kalkınma ve Yatırım Bankası A.Ş. as Obligor in this issuance and transfers the Issuance Amount to the Obligor under the conditions of an Agency Agreement that it shall comply, in utilization of the Issuance Amount, with the Shari'ah standards and that it shall not enter into activities to generate a lower amount of revenue than the agreed rate of return.

The Issuance Amount transferred shall mean both; the participation of Sukuk holders, in proportion to their Sukuk shares, in the Shari'ah compliant commercial activities of the Obligor to procure all the required agricultural materials to the Farmers and as well as the entitlement to a determined part of profit on the said activities of the Obligor.

4. The Obligor accepts, under an Agency Agreement with VKS, to act as VKS's Wakeel and utilize the Issuance Amount transferred in accordance with the a/m conditions in step three.
5. The Obligor enters into a separate Agency Agreement with the Agricultural Cooperative to provide finance for the purchase of all the required agricultural needs and materials of the Farmers and transfers the Issuance Amount to the nominated agricultural institution for that purpose pursuant to the conditions of the Agency Agreement with VKS.

The Farmers, usually the Members of the Agricultural Cooperative, thus reach a source of finance, mainly in the form of Murabahah, to purchase the needs and materials required from the beginning of their agricultural production process up to the delivery of the final product to consumers in the shelves of supermarkets.

6. The Agricultural Cooperative, pursuant to the terms and conditions of the Agency Agreement with Türkiye Kalkınma ve Yatırım Bankası A.S., either directly procures the Farmers with the required materials or, purchases, in case, what the Farmers' needs are from third parties in advance and deliver them to the use of the Farmers under Murabahah financing.
7. The Farmers re-pay the amount of Murabahah financing utilized plus profit to the Agricultural Cooperative at maturity which is determined, from the outset of Murabahah, in a way that it overlaps the harvest period.
8. The Agricultural Cooperative re-pays the amount(s) plus profit to Türkiye Kalkınma ve Yatırım Bankası A.S., pursuant to the Agency Agreement with Türkiye Kalkınma ve Yatırım Bankası A.S.
9. The amount(s) plus profit paid by the Agricultural Cooperative to Türkiye Kalkınma ve Yatırım Bankası A.S. shall be transferred by Türkiye Kalkınma ve Yatırım Bankası A.S. to VKS, for further payment to Sukuk holders in proportion to their shares pursuant to the terms and conditions of relevant agreements signed between parties at the outset of the issuance.
10. VKS, at the final stage of the issuance, shall pay the Issuance Amount and the profit to Sukuk holders in proportion to their shares, return all the Sukuk representing the participation of Sukuk holders in the management and operation of the a/m underlying asset and/or business back to VKS and thus dissolve the issuance in accordance with the terms and conditions of the issuance-related agreements. (Dissolution)



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The background features two wide, parallel diagonal bands with a subtle gradient, running from the top-left to the bottom-right. Interspersed among these bands are various geometric patterns: vertical lines of varying lengths, triangular shapes filled with horizontal or vertical lines, hexagonal honeycomb patterns, and dotted grids. Some elements are in shades of gold, while others are in grey or black.

CHAPTER FOUR

The page features decorative geometric patterns in the top-left and bottom-right corners. These patterns include various shapes such as triangles, rectangles, and lines, some filled with solid colors (gold, grey) and others with intricate textures like hexagonal grids or woven patterns. The patterns are arranged in a way that suggests a folded or layered effect.

ARTICLE CONTRIBUTION

4.1 EXTENDING ISLAMIC FINANCE'S TRADITIONS OF INNOVATION AND PARTNERSHIP TO OPTIMISE SUKUK SECTOR OPPORTUNITY

BY: DDCAP GROUP

Shari'ah, regulatory and market developments have been combined within the past 12 months to require market participants to adapt to a radically changed and rapidly evolving business environment. These developments have coincided with financial markets, including the Sukuk sector, having to respond to the unprecedented challenges of the COVID-19 pandemic and its evolving progress around the globe, as well as the over-arching changes in standards and best practices that are affecting Islamic financial markets globally.

The Islamic finance industry has a long and proud history of innovating quickly and flexibly in the face of adversity and is well placed to do so again. Now, however, a more sophisticated and mature industry is ready to move beyond a merely reactive position and is poised for a significant step change. This is due in large part to recent and current industry initiatives refocusing on the creation of achieving new industry standards and best practice firsts that seek to define the distinctions between Islamic finance, including the Sukuk sector and other global financial subsets whilst elevating the potential and the appeal of collaborative approaches.

One of the most time critical of these recent challenges has been the industry's move away from LIBOR (the London Interbank Offered Rate) as an interest rate benchmark by a deadline of year end 2021, with certain exceptions allowed to continue until the end of June 2023 to support the run-down of legacy contracts. This necessitated a global response from central banks, regulators, industry bodies and the private sector in order to transition to new, retrospective Risk-Free Reference rates (RFRs), such as SOFR (for US dollars) and SONIA (for Sterling). For the Islamic finance industry, it fell to IIFM to lead a coordinated response.

IIFM has a well-known history of working collaboratively with the industry in the interests of extending market consistency and adopting standards of global best practice, and this includes the development of the most recent standards published by IIFM in relation to the cessation of LIBOR and the market transition to risk-free reference rates (RFRs). This transition is of course a major event across all financial markets globally and IIFM and ISDA, with the active assistance of leading Islamic banks, regulators, industry infrastructure organisations and Shari'ah authorities, formed an industry working group which met throughout 2021 to address and find solutions to the challenges it presented. Work culminated in IIFM's publication of standards establishing a pathway for Islamic financial institutions (IFIs) to navigate the transition from historical, forward-looking LIBOR benchmarks to the new, retrospective RFRs required within core Islamic finance treasury, capital markets, asset and wealth management and banking products.

There were certainly challenges for IFIs to consider, especially in relation to calculation methodology and fixed term structures, where the forward looking nature of LIBOR, notwithstanding certain authorities' objection to its usage as an Islamic financial market reference rate, had served to mitigate the risk of Gharar. Resolving this matter to the satisfaction of Shari'ah authorities and market participants alike, was perhaps the principal challenge to overcome in finding a Shari'ah compliant solution to the use of RFRs, in particular with reference to financing products, including Sukuk. IFIs are also having to make adjustments to pricing policies in order, for example, to reflect the "risk-free" nature of the rates. For example, for SOFR, the rate will be calculated on the assumption that financings are secured by AAA rated assets. Contrast this to LIBOR, where the risk premium for the bank offering a particular rate of LIBOR was factored into the rate shown.

The recently published standard from IIFM and ISDA on solutions for RFR implementation demonstrates the pragmatic, problem-solving abilities of players in the Islamic finance industry, with two alternative structures being outlined for each of the most widely used Islamic contracts; Murabahah and Ijarah. For the Murabahah element of Sukuk issues, a dual tranche structure is most likely to be used, with the first tranche covering the entire term of the financing period on a fixed rate basis equal to the agreed margin plus an additional buffer, with a second tranche comprising a spot basis at the end of each profit payment period with the profit amount for this second tranche being equivalent to the relevant RFR, plus any agreed profit margin. Two variants were also published for Ijarah financings, one involving a daily rental over the relevant calculation period and an alternative where the calculation period is broken down into two sub-rental periods.

At this time of market disruption, The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) has taken the opportunity to take another look at the even bigger question of whether or not a truly alternative benchmark rate can be devised for the Islamic finance industry. Whilst it is widely accepted that using

a conventional benchmark rate is not in itself Haram, there are of course well-developed arguments in favour of establishing a true alternative, not the least to differentiate more clearly the underlying difference of approach in Islamic finance to the conventional world of Riba-based transactions, with AAOIFI seeking to emphasise the difference in the time value of real-world economic resources, to the conventional finance markets' basis on the time value of money.

Accordingly, in January 2022 AAOIFI held the first of what is intended to be a series of roundtables convened to discuss and seek solutions for the associated challenges to establishing an Islamic benchmark rate. All three standard setting boards of AAOIFI are involved in this project and their aim is to find solutions consistent with Shari'ah principles and rules, whilst working in close collaboration with regulators and other industry infrastructure bodies, including the Islamic Financial Services Board (IFSB) and IIFM. AAOIFI is certainly aware of the widely felt impact the development of such an alternative benchmark will have and is aiming to establish workstreams for each of financing, hedging and Sukuk.

AAOIFI also recognises the scale of the challenges this project will involve, but is nonetheless determined to take advantage of the current market disruption to examine, perhaps more seriously than ever before, the feasibility of establishing alternative technical models for a new benchmark, utilising what it would see as an "ideal" model based on economic and statistical data (either on a macro or micro-economic basis), with a fallback of relying on financial markets data, for example an Islamic inter-bank market benchmark.

Whatever route that initiative takes, the Sukuk market has already had to address the implications of Standard 59 from AAOIFI, which has had a deep impact on the level of origination, issuance and aggregate outstandings within the global Islamic private and public debt capital market, particularly within the UAE. Industry commentators, including Standard & Poor's, have commented on the additional hurdles for issuance this Standard creates, with attention focused on the connotations for "hybrid" Sukuk structures, where a Murabahah contract sits alongside another, such as an Ijarah, Mudarabah or Wakalah.

Previously, there was a requirement to comply with a tangibility ratio, which said that on the issue date of the relevant Sukuk at least 51% of the assets needed to be "real" assets (for example Ijarah financings) while the other 49% could be the commodity assets after issuance this converted to an obligation on a 'best efforts' basis' to comply with the tangibility requirement. Standard 59 has changed that; the tangibility ratios now have to be respected throughout the lifetime of the transaction, not just at inception and makes this a key obligation for the issuer, who alongside their legal advisors now has to figure out at the start what they will do if their tangibility ratio falls below 51% at any point during the lifetime of the certificates.

This is not only creating extra difficulty and expense for issuers, but it raises issues around the risk to investors as well. Partial loss becomes a very real possibility if, for example, a company loses an asset, or it is destroyed and it happens to be an asset that holds a proportion of the underlying for the Sukuk. The tangibility ratio for that Sukuk would then be affected and possibly breached. It also raises the spectre of prepayment, where one or more of the underlying assets is prepaid in totality, then the tangibility ratio would again be affected and, possibly, breached. If the issuer does not have sufficient unencumbered assets to replace the prepaying asset, it might be forced accelerate the transaction by using the prepayment cash to inject or purchase another real asset in order to remain in compliance with the relevant requirement.

There is also the possibility of the dissolution of the transaction before its maturity. If the tangibility ratio is not maintained or otherwise respected, whether because of prepayment or partial loss, then depending on the transaction itself and/or the protective mechanisms embedded within its legal structure, it may be accelerated. Several Sukuk issues have now been seen in the market which contain a 'Tangibility Put Event Trigger', which would precipitate a potential repayment event if the tangibility ratio falls below 33%.

The ramifications for the Sukuk sector are complex and the issues described above have undoubtedly had an impact on primary issuance. In turn, this could affect other industry initiatives that would benefit from increased levels of Sukuk issuance, including the exciting potential of the Shari'ah Green Nexus, rather than having to factor in the possibility of a reduced number of new issuances. This impact of contraction would have a global reach beyond the traditional hubs of the Islamic world and indeed, within it where Sukuk have increasingly become a vital component of financial regulators and government liquidity management armouries. In this context it is worth highlighting, for example, the initiative being taken in the UK, which has worked consciously and consistently to promote Islamic finance in a non-Muslim majority country. Most recently, in December 2021, the Bank of England launched the Alternative Liquidity Facility (ALF) taking deposits from participating UK-based Islamic banks for the first time. In doing so, the Bank of England achieved an industry first in becoming the first western central bank to

create such an instrument for its domestic market.

This facility is designed to provide Islamic banks, and those that cannot pay or receive interest, with the ability to place funds with their central bank. Under the ALF model, participant banks' deposits are supported by a fund of high quality Sukuk. Initially, the securities purchased by the fund will be Sukuk issued by the Islamic Development Bank. In providing a facility to Islamic banks comparable to that available to their conventional peers, the Bank of England has taken a significant step forward in ensuring the level playing field for Shari'ah compliant market participants that the UK government previously committed to. It has served to enhance the enabling financial infrastructure that underpins the expansion and growth trajectory of UK Islamic financial services, whilst restating, once again, UK government support for the sector. Most importantly, it has also provided Islamic banks with greater flexibility in meeting regulatory requirements under Basel III prudential rules.

Another positive and more recent development for the Islamic financing industry has been the ever increasing focus on sustainable finance, as environmental, social and governance (ESG) factors are of elevating importance within the banking and finance communities globally. Banks and other financial institutions are looking at ways to embed these considerations across their operations and in their transactions and portfolios whilst regulators and central banks are beginning to codify ESG requirements to promote transparency and standardisation. Following on the heels of the global climate change summit COP26 in Scotland in November 2021, which saw the first Finance Day ever, there will only be increased focus on this area, particularly in the Islamic finance industry as COP27 and COP28 will be hosted in Egypt and the UAE, respectively.

Whilst ESG factors are known to play a key role in generating long-term sustainable returns across all asset classes, the importance of ESG considerations in short term strategies and financial products should not be precluded. The adoption of ESG considerations by the Islamic finance industry can mitigate risk and improve a strategy's success whilst effecting positive change. For example, credit ratings agencies are increasingly incorporating ESG considerations into their analysis and the resulting data has shown a positive correlation between ESG factors and credit ratings because an organisation or sovereign which can manage ESG considerations will have the requisite infrastructure, leadership and governance protocols that will lead to more consistent, sustainable returns.

On the sidelines of COP26, a High-Level Working Group on Green Sukuk was formed by founders including the Islamic Development Bank, Indonesia's Ministry of Finance, the Global Ethical Finance Initiative (GEFI), the London Stock Exchange and Her Majesty's UK Treasury. Their purpose is to work to accelerate issuance of 'green' Sukuk and success in that will undoubtedly correlate to an increase in the level of liquidity circulating within the Islamic finance industry and innovation of suitable instruments to accommodate it.

In the context of climate change and the green economy, green Sukuk is an instrument, with the potential to be used effectively by OIC member states and beyond, to finance Nationally Determined Contributions by attracting investment at scale to projects that reduce national greenhouse gas emissions in line with the Paris Agreement. UKIFC estimates an additional USD 30 to 50bn of capital towards the SDGs can be raised by 2025 through green and sustainability Sukuk. In this context, it is worth remembering that the impact of climate change is asymmetrical, as are its consequences on different countries' economies, which disproportionately will impact the global south, where of course many OIC countries are located.

CONCLUSION:

Despite the challenges presented by the COVID-19 global pandemic that have impacted liquidity flows across the financial markets during the past two years, the ongoing evolution of innovative liquidity management instruments, cross-border expansion and associated engagement by financial regulators and relevant standard setters in the Islamic finance industry has ensured that its future outlook is extremely positive.

Islamic finance assuredly has its own voice and character, not least to reflect its core principles and as outlined above the industry setting bodies are active on a number of fronts in this regard. It will, however, be equally important to ensure that the sector remains open to participation from and the capacity of conventional financial institutions. This should be the case to ensure the sustainability of the current global hubs for Islamic finance, particularly in the GCC and South-East Asia, but of equal importance is the growth of Islamic finance and the Sukuk sector, more broadly amongst OIC members.

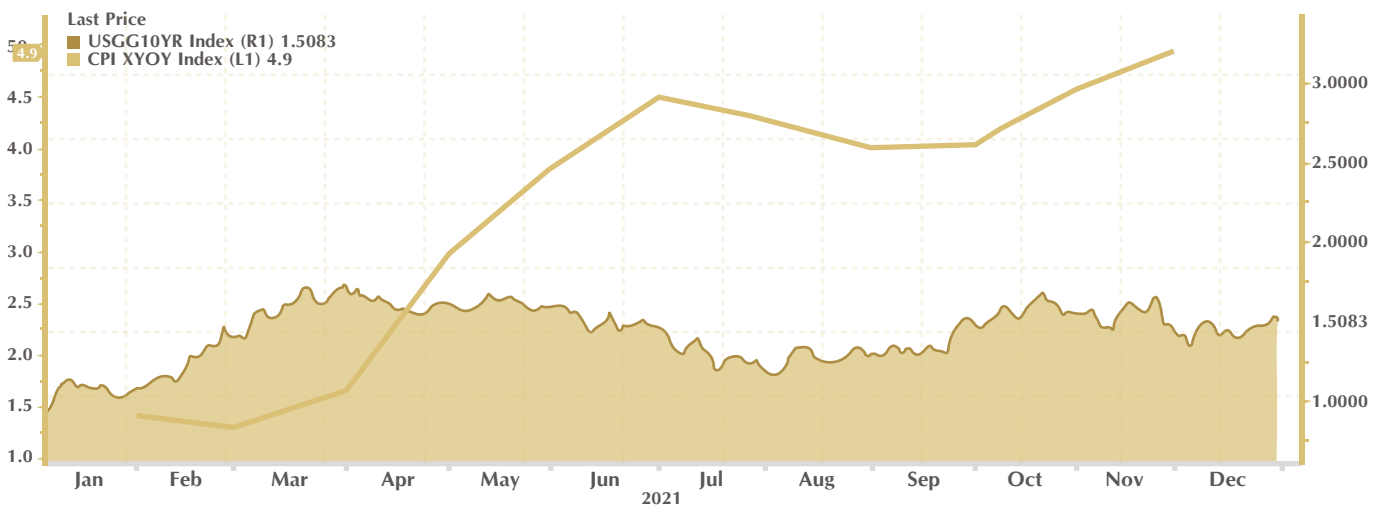
Many such OIC countries require long-term infrastructure, project and 'green' financing often beyond the capabilities of local financing solutions, whether Shari'ah compliant or otherwise, so will for the foreseeable future need access to conventional cross-border financiers as well. In that context, Islamic finance will be best placed to assist in this process if it continues to permit dual tranche and hybrid financing structures so IFIs can continue to work seamlessly and collaboratively alongside conventional funding sources.

This holds equally true for the expanding Sukuk sector where, despite cautionary aspects, expectations remain firm for continued growth, assisted by the continual refinement of industry approaches to setting standards for Islamic finance market activity and best practice. This has had and will no doubt continue to have, a beneficial impact on the ability of the Sukuk sector to remain connected and abreast with global market developments.

4.2 2021 OVERVIEW AND WHAT DO WE EXPECT IN 2022

BY: ABDULLAH ALQENAEI, SENIOR DEALER, CAPITAL MARKET DESK, TREASURY DEPARTMENT, KUWAIT FINANCE HOUSE

In 2021 we have seen some relative stability in the global markets after the COVID-19 vaccine distribution compared to the challenges and volatility of 2020. The amount of money supply that has been injected into the market to help combat the effects of COVID-19 has come back to haunt the market. The injection of liquidity in the market by central banks caused higher inflation, which in turn pushed yields higher. In early 2021, the 10 year US Treasuries broke above 1%. Core inflation remained above target most of the year with central banks insisting that inflation was transitory and likely to go lower. As the inflation persisted throughout the year, speculation shifted towards the Federal Reserve’s next move. With the announcement of ending asset purchases, the only uncertainty was the timing of rate hikes.



(SOURCE: BLOOMBERG)

The market expectation in the first three quarters was that the fed won't start hiking the rate until 2023. This has pushed the yield higher on long tenor with short term relatively low. In the last quarter of the year, the situation has changed, this is when we see market expectations shift to hikes starting in 2022. Adding to that the US Federal Reserve announced that it will reduce asset purchasing gradually until it will stop in March 2022. This has pushed the short-term yield higher.



(SOURCE: BLOOMBERG)

2020 was a portal year for the GCC, since their revenue relies on oil. The 2020 low oil prices had left most of the GCC be in a bigger budget deficit than before. Most of the region especially Oman and Bahrain, has been in a budget deficit for some years caused by the fluctuation of oil prices in recent years. After the intervention of OPEC, to cut down on the production of Oil, we have seen Brent crude oil move above 60 US Dollars in 2021. Still, oil prices have to stay high for a long period to make up for the budget deficit. But we don't see an indication of reliance on the international US Dollar Sukuk or bond market in the GCC to finance that. The fast recovery of oil and COVID-19 global vaccination has led the GCC sovereigns to be less inclined to borrow, especially since the market expectation that oil prices will continue to climb higher.

We have seen a small number of GCC sovereigns come to US dollar primary Sukuk market in 2021, we only see one of each of Oman, Bahrain, Saudi Arabia, and Sharjah Sukuk. But we have seen some active issuance markets on the GCC financials, mainly because are trying to get the advantage of the situation of low yield before it shifts. Moreover, we have seen the lowest yield perpetual Sukuk ever in the market Dubai Islamic Bank priced at 3.375%, Saudi National Bank at 3.5%, and Kuwait Finance House at 3.6%. The situation in the market created a demand for perpetual Sukuk and high yield. We have seen Dubai Islamic Bank perpetual Sukuk reach a yield of 3% in the secondary market. All of that, add to and show the need from the market for more Sukuk issuances.

What Do We Expect In 2022?

There are many things in play this year, effecting the market. When we look back at 2021 now, we see that inflation fear are justified. The US core inflation has reached an almost 40 years high above 6% and it looks like that inflation didn't peak after cutting down on the asset purchasing and it has been above the fed 2% target inflation for almost a year now. The US Federal Reserve already hiked the rate by 25 pb in March. At this point, the market expects a shift in the US Federal Reserve policies, expecting more aggressive rate hikes coming this year. According to the implemented policy rate as of March, the market expects the US Federal Reserve will hike 200 pb more, which put the interest rate at 2.25% by the end of the year. We can't say this market expectation will continue throughout the year; it will depend primarily on the effect of the first-rate hikes on inflation. This has led to 2 years of US treasury breaking above 2% and 10 years breaking above 2.5%. This expectation has flattened the yield curve.

This year an unexpected new event has hit the market, which is the Russian invasion of Ukraine. This has pushed the price of Brent crude oil above 100 and if the war escalation continues, it pushes prices of oil higher and higher. This will affect the sovereign GCC primary and we will see fewer GCC sovereign issuances coming to the market. Also, we don't know the effect of the current war on the global economy, we don't know how much the situation can escalate. From the looks of it now, it seems that they only planning to sanction Russia.

The current oil price at these levels could lead to a slowdown in the economic growth, with more rate hikes coming this year, this could push the economy to stagflation. The war has made the situation unclear for the market, surely it will unravel more and more as we move through the year.

4.3 SUKUK SUPPLY AND DEMAND EQUILIBRIUM: REFINITIV FORECASTS THE GAP BETWEEN SUPPLY AND DEMAND TO SHRINK TO USD 98 BILLION BY 2027

BY MUSTAFA ADIL, HEAD OF ISLAMIC FINANCE, DATA & ANALYTICS, LONDON STOCK EXCHANGE GROUP

In 2021, the Sukuk market performed exceptionally well; issuance reached a record breaking USD 185 billion and the value outstanding Sukuk rose to USD 679 billion as well, with both figures indicative of healthy continued demand. However, at the same time, the outlook for 2022 is divergent. On the one hand, expectations of higher oil prices, interest rate hikes and economy recovery during 2022, will likely reduce governments' short-term financing needs. On the other hand, sovereigns will continue to drive issuance, and they will still need to finance major infrastructure, sustainable economic development and green projects, which should drive issuance growth, especially in the GCC.

Our analysis has two key aspects; a look at methodological issues in calculating both the supply and demand sides, and a brief summation of key drivers of both supply and demand, concluding with a look at some of the key challenges in reaching a healthy equilibrium in the Sukuk market.

DEMAND IS POWERED BY TWO KEY TYPES OF INVESTORS

The Refinitiv Supply and Demand Model measures the estimated demand for Sukuk using a top-down method. Two types of investors power demand for Sukuk; Shari'ah-sensitive investors, and non-Shari'ah-sensitive global investors who seek attractive yields and diversification benefits in an uncertain post-pandemic landscape.

The analysis makes two assumptions. First, that demand from Islamic Financial Institutions (IFIs) is a suitable proxy for Shari'ah-sensitive demand, since IFIs make up the vast majority of Shari'ah sensitive Sukuk investors. Second, the model assumes that demand for Sukuk from global investors is at least equal to demand from Shari'ah sensitive investors, judging by the quantum of global fixed income assets that exist already. In fact, demand from non-Shari'ah-sensitive investors such as ESG asset managers may be even higher.

According to data from the latest Refinitiv Islamic Finance Development Indicator (IFDI 2021), total Islamic finance assets excluding Sukuk amounted to USD 2.74 trillion in 2020. This figure is multiplied by the average proportion of liquid assets and Sukuk held to maturity held by IFIs, which is estimated at 16%. The result provides a figure for total demand for Sukuk from Shari'ah sensitive investors of USD 438.7 billion.

The second assumption, the same number for total demand for Sukuk from non-Shari'ah sensitive international investors, is assumed to also be USD 438.7 billion, based on primary research and insights gathered from lead arrangers. Therefore, the total demand for Sukuk is estimated at USD 877.4 billion.

SUPPLY SIDE MARKET EXPECTATIONS ARE BULLISH ON ISSUANCES, IN LINE WITH OUR PROJECTIONS

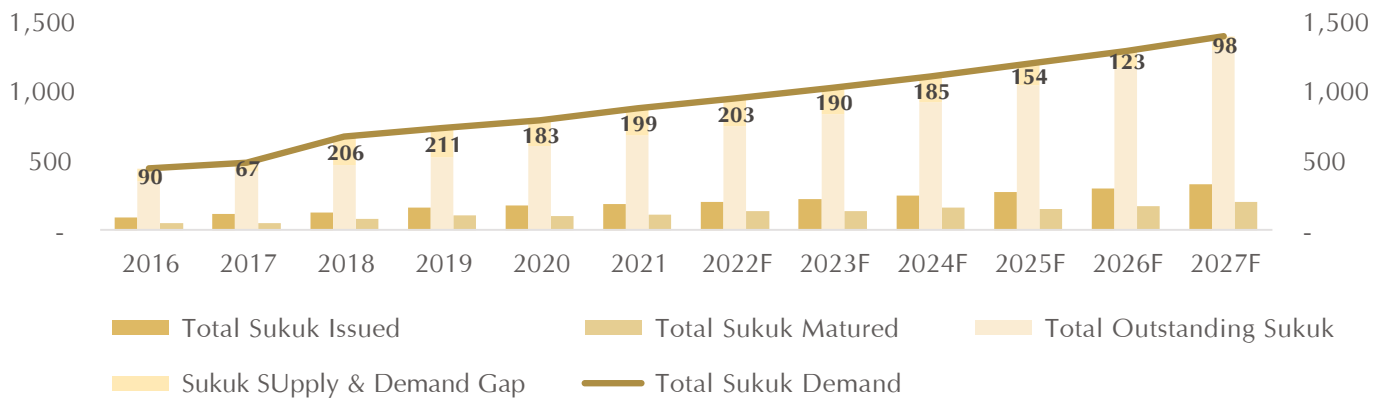
Sukuk supply, defined by the total Sukuk outstanding, reached USD 679 billion in 2021, up 11.5% from the end of 2020, boosted by the continued momentum of issuance in 2021.

By end of 2021, the total value of global Sukuk issued reached a new record of USD 185 billion, a number that met or exceeded market expectations. In the Refinitiv Sukuk Survey, 35% of respondents correctly estimated the supply would pass the USD 180 billion threshold, indicating their bullish sentiments about growth in global Sukuk supply before the end of 2021 were accurate. Meanwhile, 30% had expected issuance to range between USD 160 billion and USD 179 billion, and the remainder to be less than USD 160 billion.

Looking ahead, Sukuk issuance is projected to grow at an estimated 10% CAGR over the next five years, reaching USD 328 billion in 2027, according to the Refinitiv Sukuk Supply and Demand Model.

This continuing growth in issuance is expected to catch up with demand for Sukuk investment from both Shari'ah compliant and conventional institutional investors, gradually narrowing the supply demand gap in the Sukuk market. The gap is projected to shrink to USD 98 billion in 2027, from USD 199 billion in 2021.

Sukuk Supply and Demand Levels, 2016-2027F



SEVERAL KEY DRIVERS & CHALLENGES PERSIST ON BOTH THE DEMAND AND SUPPLY SIDES

Over the short term, key drivers of Sukuk include the ongoing pandemic, which creates a need for governments to issue long-term Sukuk to help with the economic recovery. Additionally, liquidity is still a core need for Islamic banks and financial institutions, fuelling sustained demand for short-term Sukuk.

Other perennial key drivers of Sukuk include low interest rate environments, market volatility and budget deficits in major OIC countries, as well as a desire for greater financial inclusion for Muslim minorities and to tap core OIC markets when it comes to non-OIC Sukuk issuances, e.g. the UK.

Over the longer term, there are several challenges which could reduce supply or demand for Sukuk globally. On the supply side, higher oil prices, combined with increased production and greater fiscal control, leads to reduced Sukuk financing needs for governments in core Islamic finance jurisdictions in both the GCC and Southeast Asia.

On the demand side, legal complexities, such as the recent introduction of AAOIFI Shari’ah Standard 59 and the relatively untested nature of Sukuk claims before the courts (restructurings have been preferred instead), reduce investor appetite among the more risk-averse global investors, who may also be dissuaded by taking on more emerging market debt as developed economies recover from the pandemic.

Moreover, interest rate hikes in the US affect can affect demand for Sukuk by prompting GCC governments to also raise their domestic rates accordingly given their peg with the US dollar. This in turn would lower fixed income yields and reduce the attractiveness of issuing Sukuk.

4.4 ISLAMIC FINANCE AND THE SOCIAL DEVELOPMENT GOALS

BY: DR. SCOTT LEVY, CHIEF EXECUTIVE OFFICER, BEDFORD ROW CAPITAL PLC

There seems to be a fairly widespread consensus that there is a natural synergy between the principles of Islamic finance and the Social Development Goals (SDGs). There has, indeed, been some engagement from the broad realm of 'Islamic finance' in the SDGs but, to date, this engagement has been patchy and quite limited.

Arguably, the greatest challenge for Islamic finance is in penetrating so-called 'traditional' financial markets. This is, in fact, where the greatest growth opportunities exist and it is where the Social Development Goals (SDGs) can play the greatest part. So why has growth in this market been so slow? Why is it so underdeveloped?

In this article we set out to offer, at least potential and provisional, answers to five key questions about Islamic finance and the SDGs that require attention if we are to see the real benefits of this purported synergy.

WHAT EXACTLY IS THE SYNERGY BETWEEN IF AND THE SDGS?

That there is a natural synergy or alignment between IF and the SDGs is an oft repeated yet rarely elaborated statement. At face value one might struggle to see any obvious linkages. On the one hand, IF is governed by key principles set out in the Noble Qur'an, on the other, the SDGs are, as their name implies, future oriented societal goals covering 17 different topics. These two constituencies do not appear to share much in the way of inherent properties. Indeed, one cannot find commonality by directly mapping IF onto the SDGs or mapping the SDGs onto IF. This would be to look in the wrong place.

To look in the right place we need to unpack the values and intent of IF and the SDGs respectively. It is, indeed, in their shared values and intent that we find a powerful synergy between IF and the SDGs.

In September 2015, the United Nations General Assembly set 17 Sustainable Development Goals to be achieved by 2030. The 17 SDGs are: 1) No Poverty, 2) Zero Hunger, 3) Good Health and Well-being, 4) Quality Education, 5) Gender Equality, 6) Clean Water and Sanitation, 7) Affordable and Clean Energy, 8) Decent Work and Economic Growth, 9) Industry, Innovation, and Infrastructure, 10) Reducing Inequality, 11) Sustainable Cities and Communities, 12) Responsible Consumption and Production, 13) Climate Action, 14) Life Below Water, 15) Life On Land, 16) Peace, Justice, and Strong Institutions, 17) Partnerships for the Goals.

Importantly, however, and what is often left out in discussion of the SDGs is that they are focused on six key elements: 1) People, 2) Dignity, 3) Prosperity, 4) Justice, 5) Partnership and 6) Planet – all of which combine in the ambition to build peaceful, inclusive and well governed societies.

For its part, IF, as a system, aims to stimulate economic activity and entrepreneurship towards addressing poverty and inequality, ensuring financial and social stability and promoting comprehensive human development and fairness (Adalah). The main principles of Shari'ah aim to remove hardship for human beings and achieve sustainable and inclusive development in areas such as the elimination of poverty, promoting economic growth, supporting infrastructure development, education and social inclusion, protection of the natural world and sustainable consumption patterns.

It is, therefore, in these systemic qualities that the synergy between IF and the SDGs is to be found: both share the same underlying values and objective.

This clarity about the nature and form of the synergy between IF and the SDGs enables us to make progress in a greater understanding of the potential power of combining the two.

ISN'T ISLAMIC FINANCE JUST FOR THE ISLAMIC WORLD?

Are Islamic financial products only for the Islamic world and Muslims? Can Islamic financial products only be issued by Islamic financial institutions? Are Islamic financial products restricted to Islamic borrowers or investors? The answer to all of these questions is unequivocally 'no'.

To all intents and purposes Islamic financial products are, as their name implies, financial products in the same way that Western financial products are financial products. Both can travel. Neither are restricted by geographical boundary.

There are, however, some differences. Whilst non-Muslims can invest in Islamic financial products, Muslims can only invest in Islamic financial products (just one of the reasons, inter alia, why the expansion of this market globally is so important). Plus, some effort is required to understand, issue and invest in Islamic products, just as there is with Western financial products. Importantly, Islamic financial products are rooted in the teachings of Shari'ah and in the rulings of the principles of Usul al Fiqh or Islamic jurisprudence.

Unlike the rules of conventional or Western finance, traditionally motivated by profit maximization, Islamic financial products adopt a more holistic approach. This approach dictates that Islamic financial products are a worldly financial activity which should benefit all stakeholders and, therefore, have a strong ethical underpinning. There is also a set of terms used in Islamic finance to describe various products and requirements. These qualities, however, rather than being a barrier or disincentive to engage in Islamic finance are some of the primary attractions of these financial products.

HOW CAN WE PROMOTE THE EXPANSION OF ISLAMIC FINANCE?

Notwithstanding what we have said above, indeed it is probably in addition to what we have already said, the language of Islamic finance has been and remains a barrier to wider adoption and general expansion, particularly into Western markets where there is arguably both greatest need and the greatest scope for expansion.

People tend to favour the familiar and it is important even in Islamic countries where financial education is less developed to avoid using complicated technical terms. To broaden acceptance of Islamic Finance products, a multifaceted approach is needed. This includes such activities as engaging (through social media, online and traditional specialist financial press, both Islamic and Western) in discussions focused on Islamic Finance, using standardised and generic due diligence processes, adopting proprietary ESG assessment tools across the board, increasing transparency in financial reporting using any number of a wide variety of Shari'ah compliant technologies and, perhaps most importantly, bringing new Islamic financial products to market in partnership with dedicated Islamic finance issuers and platforms. Talking a language that people understand is critical to the success of any venture and the same is true for Islamic finance. Islamic Finance represents a unique value proposition which fundamentally is ethical (in terms of conventional terminology of ethical investing) but also brings us very neatly to the alignment of UN SDGs and Islamic Finance.

HOW CAN THE SDGS BE USED TO PROMOTE THE GROWTH IN ISLAMIC FINANCIAL PRODUCTS?

There can be little doubt that the ESG bandwagon has had a huge impact on companies and investors (even if we can be a little less certain about what precisely that impact has been). The plethora of regulatory instruments and reporting frameworks has been and remains mindboggling for all involved. Some factors, however, seem to be emerging as generic, notably; transparency (e.g. being open and honest), materiality (i.e. clarity about what matters financially, socially and environmentally), impact (e.g. measuring change). It is across these three factors that the greatest benefit of SDGs to the advancement of Islamic finance can be found.

It should be said that the advantages offered by the SDGs, particularly in the current confused ESG regulation/reporting context, are not restricted to Islamic financial products but shared by conventional Western financial products too. This is why so many companies and investors look to the SDGs in driving their commercial or investment strategies and decisions. It is, though, also true that, due to the synergy between Islamic finance and the SDGs, conventional Western financial products may have to struggle harder and work harder than Islamic financial products to make the most of these advantages. We should also recognise that, as an instrument of the UN, the SDGs target government action and some creativity is required in translating them into relevant targets and indicators – particularly to avoid 'SDG washing' (the witting or unwitting correlate of greenwashing).

Let's take an example by way of illustration. As noted on the next page, there are 17 SDGs covering a wide spectrum of social and environmental areas. One very easy way of promoting transparency in any financial product, therefore, is to identify which of the SDGs has the biggest impact on a company and which of the SDGs the company has the biggest impact upon (so-called double materiality). Bedford Row Capital, for example, has identified five of the SDGs as relevant to our operations and we are in the process of reporting on such.

A lesser well known aspect of the SDGs, however, is that accompanying these 17 goals there are 169 targets broken down into 231 unique indicators. If we look at SDG 1 'No Poverty' as an example (because it is the one with widest applicability), we can see how achieving the goal of 'no poverty' by 2030 breaks down into 7 targets and 12 indicators.

SDG 1: No Poverty

Targets	Indicators
<p>Target 1.1</p> <p>By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.</p>	<p>1.1</p> <p>Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural).</p>
<p>Target 1.a</p> <p>Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions.</p>	<p>1.a.1</p> <p>Proportion of resources allocated by the government directly to poverty reduction programmes.</p> <p>1.a.2</p> <p>Proportion of total government spending on essential services (education, health and social protection).</p>
<p>Target 1.b</p> <p>Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions.</p>	<p>1.b.1</p> <p>Proportion of government recurrent and capital spending to sectors that disproportionately benefit women, the poor and vulnerable groups.</p>
<p>Target 1.2</p> <p>By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.</p>	<p>1.2.1</p> <p>Proportion of population living below the national poverty line, by sex and age.</p> <p>1.2.2</p> <p>Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.</p>
<p>Target 1.3</p> <p>Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.</p>	<p>1.3.1</p> <p>Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable.</p>
<p>Target 1.4</p> <p>By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.</p>	<p>1.4.1</p> <p>Proportion of population living in households with access to basic services.</p> <p>1.4.2</p> <p>Proportion of total adult population with secure tenure rights to land, with legally recognized documentation and who perceive their rights to land as secure, by sex and by type of tenure.</p>
<p>Target 1.5</p> <p>By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.</p>	<p>1.5.1</p> <p>Number of deaths, missing persons and persons affected by disaster per 100,000 people.</p> <p>1.5.2</p> <p>Direct disaster economic loss in relation to global gross domestic product (GDP).</p> <p>1.5.3</p> <p>Number of countries with national and local disaster risk reduction strategies.</p>

Clearly, not all of the targets or indicators for SDG 1 will be relevant to every company or financial product (even after sensitisation for scale etc). This, however, does not matter. What matters is being open and honest (transparent) about which indicators and what targets are relevant. Having decided on the relevance of particular targets and specific indicators, the next step is to explain (most often in narrative form) their relevance (materiality) and then to quantify the extent of this materiality.

For example, one of our clients (with a 250 million USD 6 Year Sukuk with a yield of 9.0% p.a. i.e. this is an operationally and financially strong company) has identified the following six SDGs as being directly relevant to their operations, as illustrated below:



In terms of poverty reduction, the materiality of this indicator is based on in-country research which shows that overall poverty levels are 24% with extreme poverty being experienced by 12% of the population.

This indicator leads to targets being set around local employment (gender sensitive) and the provision of accommodation and food subsidies all of which are readily quantifiable and which facilitate measurable impacts.

Through the example above, one can see how the synergy between Islamic finance and the SDGs becomes manifest, but we can also see how the SDGs help an Islamic financial product, in this case a Sukuk, can be presented in a way that is not only readily understandable by Islamic and Western investors alike, but it also meets the regulatory and reporting requirements that are becoming increasingly manifest.

IS THERE A DEMAND FOR SUKUK OUTSIDE THE ISLAMIC WORLD?

If Islamic Finance practitioners, issuers and structuring specialist can broaden the discussion around the natural alignment of Islamic Finance with UN SDGs, ethical finance and impact investing then there should be no doubt that there will be an increase in conventional investors participating in Shari’ah compliant offerings. Sovereign Issuers (even as small as the Maldives) have benefitted from this and corporate issuers through Al Waseelah, for example, have opened the mid-market Sukuk Issuers for a broader range of investors. Specialist knowledge of both Western financial markets and Islamic Finance enables both issuer and structuring specialist to focus on what matters to investors (impact and outcomes as well as fundamental ethics in a transaction). This is particularly valuable in attracting investment in Islamic financial products from ‘traditional’ Western markets; investors like to invest in products they understand.

Effective due diligence on the part of the structuring specialist can (and does) assist the issuer with the complexities (and changing dynamics) of regulatory compliance in international markets. More so, effective structuring of Shari’ah products permits linking the achievement of sustainability targets, for example, those focused on selected SDGs, to return for investors. The thorough and voracious nature of these market driven processes can (and will, with the right engagement) engender greater confidence in Islamic products on the part of global investors.

In excess of 147 billion USD in Sukuk was issued in 2021 and interestingly, early predictions of 2022 were less than upbeat. This has been proven to be wrong; Islamic issuance is continues to grow. Is this fuelled by some of the above demand for SDG related ethical investing or simply the continued low cost of financing? If the former, then the trend for issuance size to grow should continue unabated. It is predicted that by 2026 this will increase to 290 USD billion per year. This is a drop in the ocean of the predict trillions of dollars needed to transform and preserve the planet. In an increasingly globally aware investment world, the need for impact capital to improve quality of life generally plays wonderfully in to the future prospects for Islamic Finance issuers. The market is poised for growth; will the practitioners respond quickly enough to capture significantly greater inflows for Islamic Finance. The benefits for investors and issuers alike is obvious and the future should encourage more Islamic Finance issuers to align themselves nicely with the UN SDGs as a natural compliment to the ethical reality of Shari’ah.

4.5 ICD SUPPORTS THE MALDIVES THROUGH TURBLIANT TIMES

BY: ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR (ICD)

2020 was a challenging time for many of the IsDB member countries. It wasn't until mid 2021 where the Global situation started to improve gradually and things started to move towards some sort of normalcy. Some of the hardest hit countries were those whose economies are heavily reliant on the tourism industry. The Maldives was one of IsDB's members that were hit hard by the slowdown in the tourism industry, due to it accounting for more than 28% of its GDP. Starting from March 2020, the government closed the country's borders for three and a half months and even when they reopened their borders in July 2020 it was for a limited number of countries. Meaning the Maldives did not have any inflows of foreign currency from the tourism industry during those months.

ICD was very proactive during the pandemic, reaching out to IsDB member countries to evaluate their situation and identify ways in which ICD could support its member countries. ICD was also aware of the USD 250 million seven percent bonds due 2022 of the Maldives, which ICD felt might be a challenge for the country to fulfill due to the effect of the pandemic on its economy. Therefore, ICD suggested to conduct a Liability Management Exercise for the Maldives in order to come up with the best solution for the country. After conducting extensive meetings with the investors of the 2022 bond and the rating agencies, ICD advised the Government to provide a tender offer on the outstanding bonds. On the 29th of March 2021, the Maldives issued a USD 200 million, nine point eight per cent coupon five year Sukuk to fund a tender offer for its outstanding USD 250 million seven percent July 2022 bonds. ICD achieved SDG no 7, 8 and 9.

This issuance was part of a greater mandate for ICD to advise the Maldives on setting up a USD 1.0 billion Sukuk Program. In late April, ICD successfully closed a USD 100 million tap sale for Maldives. Then in September 2021, the sovereign managed to raise another USD 200 million from a second Sukuk tap despite a recent ratings downgrade by Moody's. This was mainly due to ICD's the issuer's and the other Joint Lead Arrangers efforts by conducting face to face meetings with investors and being able to sell the Maldives recovery story. The deal was three times oversubscribed with investors from all around the Globe. Cementing ICD's place in the Islamic Debt Capital Markets.

4.6 GOLD'S EXCHANGE TRADED SUKUK (ETSS): A CATALYST FOR ISLAMIC FINANCE LIQUIDITY

BY: HATIM EL-TAHIR, PHD (LONDON), FCISI, DIRECTOR, CONSULTING, FINANCIAL SERVICES INDUSTRY, DELOITTE & TOUCHE - MIDDLE EAST

OVERVIEW:

This article examines the potential of developing a 'gold-backed' investment product that leverages both the liquidity of gold as a popular safe heaven asset class combined with the salient features of Exchange Traded Funds (ETFs) that will boost Islamic finance liquidity desired. Developing such an asset class in core markets such as South Asia and the Middle East will broaden investment product offerings for both individual and institutional investors. It is also envisaged that designing and developing Gold Exchange Traded Sukuk's (Gold ETSS) will impact positively on the pressing need for an efficient and buoyant Islamic liquidity market.

The objective of this article is two-fold; firstly, to present the case for Gold ETS as a driver of liquidity in Islamic financial markets and to leverage technology to design strategies of reaching out to the mass retail investors. Secondly, to mobilize capital generated from their funds and map it to the gold mining and trade supply chain, the latter being critical in achieving sustainable gold mining businesses through Shari'ah-compliant funding where the noble 'Maqasid Al Shari'ah' can be impeded and streamlined with the desired environmental, social and governance (ESG) goals.

The benefit of 'Exchange-Traded' investment products is significant, and the advancement of technology and digitalization helped financial and investment institutions reach out to wider markets and customers, both retail and institutional investors. This growth in tech driven investment products has boosted the desired liquidity upturn in exchanges and markets where they are offered. Likewise, Exchanges, investment brokers, and other market participants benefited from these markets and generated decent services fee and created new jobs.

The analysis in this article will attempt to explore the value proposition of designing a Shari'ah compliant investment product linked to the gold commodity. It begins with giving a short overview of the growth in technology and digitalization and its uses in creating new innovative products, followed by a look at gold characteristics, the recent growth in its investment markets and the potential investment opportunity in its supply chain.

The article will then follow the discussion to put the case for ETS as a catalyst for Islamic finance liquidity and suggests key factors that will support the growth of its markets. What are the key regulatory and policy requirements, how can industry Standard Setting Bodies such the International Islamic Finance Market (IIFM) take a lead to strategically standardize practices, documentation and educate market participants on the measures and strategies to develop local ETSS in key Islamic financial markets?

What the analysis will not do is go into the technical structuring of the ETSS, suggesting different Islamic structures, talking about the pricing strategies of these funds, the market makers, listing requirements or tradability. The emphasis is rather on presenting the opportunity baseline, the pressing need for more innovative and diversified risk-return profile of Islamic liquidity instruments, and the need for mobilizing Shari'ah compliant funds into this important commodity investment market and its root base of mining to make both social and commercial value.

THE RISE OF TECHNOLOGY-DRIVEN PRODUCTS

In the past decade there have been significant changes in how people and businesses connect. Building on the popularity of social networks, enterprises have established their own business networks to connect suppliers, customers and internal systems. The global Internet of Things (IOT) market size grew 22% in 2021, reported IOT Analytics.

REACHING OUT TO MASS RETAIL INVESTORS THROUGH TECHNOLOGY

Given the above positive figures and facts about how technology is impacting our business and trade markets, it is now clear that financial and investment institutions will not survive without adopting these technologies and adjust their business and operational models accordingly.

Similarly, the gold trade and investment markets across the world are rapidly changing and responding to these new emerging digital technologies. Likewise, technology savvy investors are increasingly looking for new safer, competitive and rewarding digitally driven investment products.

THE GOLD INVESTMENT MARKETS

The World Gold Council (WGC) reports that since 2001 investment demand for gold worldwide has grown, on average, 15% per year. This has been driven in part by the advent of new ways to access the market, such as physical, gold-backed, exchange-traded funds (ETFs), but also by the expansion of the middle class in Asia and a renewed focus on effective risk management following the 2008–2009 financial crisis in the US and Europe.

Essentially, gold investment has many characteristics which make it an important asset class including:

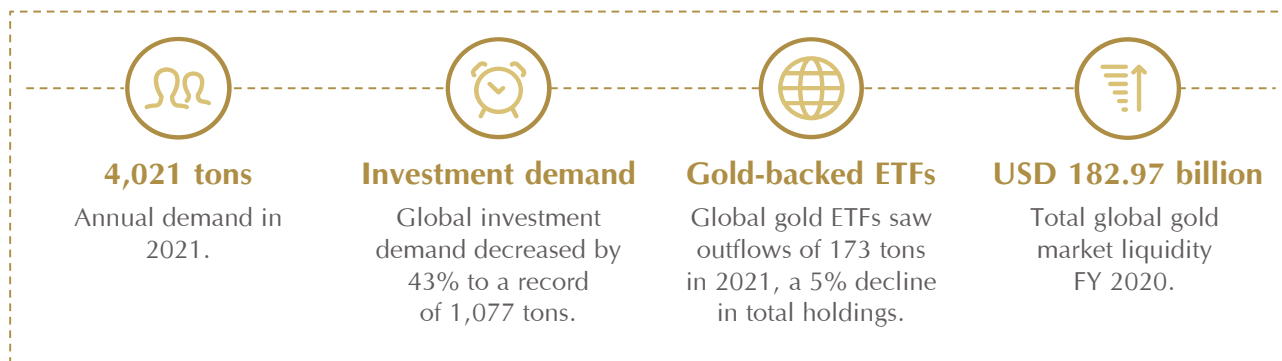
- Source of long-term returns
- Highly liquid assets
- Portfolio diversifier
- Risk mitigator

Shari’ah compliant gold investment products have the potential to grow and attract more international institutional as well as retail investors worldwide.

As a strategic asset class, the commodity of gold has emerged as a strong asset for developing innovative, Shari’ah compliant investment solutions, driven by a defined social value purpose to serve societies and communities around the world.

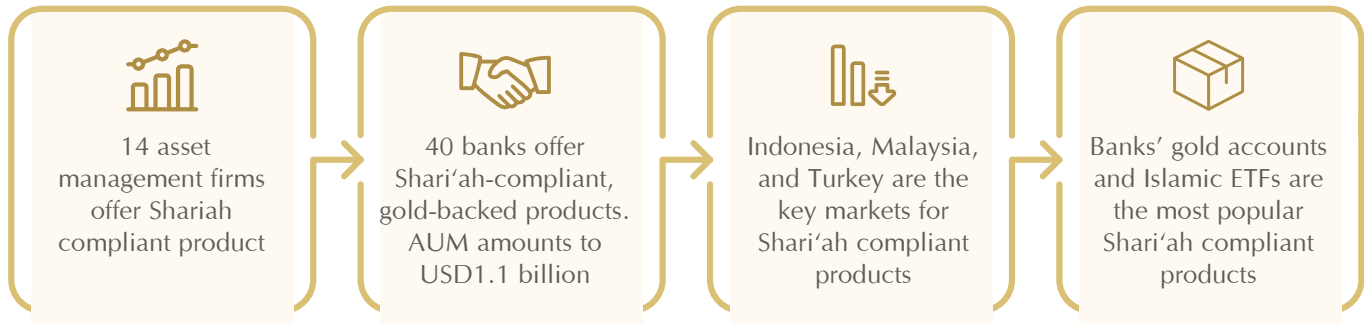
Chart 1 highlights the global gold investment trends in the year 2021. As can be seen, investment demand declined by 43% and reached an annual record of 1,077 tons. This was attributed to the outflows of gold ETFs which recorded 173 tons in 2021, a 5% decline in total holdings.

Chart 1: Global Gold Investment Data FY 2021 - 2022



SOURCE: DELOITTE RESEARCH AND ANALYSIS

THE MAIN FEATURES OF GOLD INVESTMENT PRODUCTS



SOURCE: COMPILED FROM THE GLOBAL SHARIAH GOLD RESEARCH REPORT, PRODUCED BY REDMONEY FOR THE WORLD GOLD COUNCIL, 2019.

THE GOLD SUPPLY CHAIN

This section provides a high level analysis of the two main streams of the gold supply chain. It is helpful to understand the different timeframes, funding gaps of the gold mining and trade chain and hence design the risk profile of investment products/notes to map with these funding needs.

Essentially, the gold supply chain can be described by two main stages, and five 'chain actors':

1. The 'upstream' phase, which consists largely of the gold mining production and refining process. This includes artisanal and small scale miners (ASMs) who require different sets of financing products and services corresponding to the level of business and risk profile associated with these operational stages of the industry.
2. The 'downstream' phase, which is generally characterized by gold trading and investment. This has different supply chain players depending on the level of maturity of the industry in a country. This simple segmentation is used and designed to map possible products and services that can be offered by the Islamic financial industry.

GOLD SUPPLY CHAIN AND PROSPECTS OF FUNDING GAPS



	UPSTREAM		DOWNSTREAM		
	Gold Producers	Refineries	Financial Institutions	Manufacturers & Fabrication	Retailers
Financing Requirements	Finance: <ul style="list-style-type: none"> Technology and equipment purchases Production optimization New concessions and expansions 	Refining: <ul style="list-style-type: none"> Capital expenditure Working capital Concessions and expansions 	Gold investment and trading: <ul style="list-style-type: none"> Vaulting Clearing Trading 	Production: <ul style="list-style-type: none"> Working capital Central bank holdings: <ul style="list-style-type: none"> Physical gold vaulting Investment: <ul style="list-style-type: none"> Gold-backed investment products 	Selling gold: <ul style="list-style-type: none"> Capital expenditure Working capital
The New Investment Product	Exchange Traded Sukuk	Exchange Traded Sukuk	Exchange Traded Sukuk	Exchange Traded Sukuk	Exchange Traded Sukuk
Type of Investors	Institutional investors & retail investors	Institutional investors & retail investors	Institutional investors & retail investors	Institutional investors & retail investors	Institutional investors & retail investors

SOURCE: DELOITTE RESEARCH AND ANALYSIS

In each phase and for each ‘chain supplier’, the proposed Gold’s ETS can be structured around these financing needs and features of the phases. The new product will be funding for the operational and business expansion requirements, especially short and medium term financing for both capital and working capital expenditure requirements

THE CASE FOR GOLD’S EXCHANGE TRADED SUKUK (ETSS)

Gold backed investment products are generally offered by banking institutions. However, exchange traded funds and other structured products are equally developed in countries like Malaysia. Most recently, fintech companies emerged as key drivers for gold backed investment products. The table on the next page summarizes some of the main features of investment products offered. The core markets for gold backed products are mostly in countries like Indonesia, Malaysia and Türkiye.

ISLAMIC GOLD PRODUCTS AND GOLD DIGITAL APPLICATIONS

Company	Product	Gold Exchange Traded Funds (ETF)	Gold Exchange Traded Certificate (ETC)	Physical Gold Fund /Account	Spot Gold Contracts	Technology Platform/Applications	Crypto currency
 GLD SPDR® Gold Shares	SPDR® Gold Trust ('Trust')						
 GLDM SPDR® Gold MiniShares™	SPDR® Gold MiniShares Trust (the "Fund" or "GLDM")						
 Invesco	Invesco Physical Gold ETC						
 AFFIN HWANG CAPITAL	The TradePlus Shariah Gold Tracker Exchange-Traded Fund						
 AFFIN ISLAMIC	Affin Emas-i						
 DGCX Dubai Gold Commodity Exchange	DGCX Spot Gold Contract						
 Bank Muamalat	Muamalat Gold-i						
 HelloGold Life's golden	HelloGold app						
 THE PERTH MINT AUSTRALIA	The Perth Mint						
 PHYSICAL GOLD FUND	Physical Gold Fund						
 QUANTUM METAL	Quantum Metal						
 ONEGRAM	Digital Asset Backed by Gold: Islamic Crypto currency						
 Albilad Capital	Albilad Gold ETF						
 Noorcoin	Gold-backed cryptocurrencies						
 noor CAPITAL	Gold Funds, Physical Gold						
 tamasia	Gold digital platform						

SOURCE: DELOITTE RESEARCH AND ANALYSIS

To this end, the growth shown in technology investment products linked with or backed by gold is an encouraging trend, and IIFs can design different risk and return profiles of short, medium and long term gold ETS mapping these Sukuk notes with the gold supply chain discussed above (upstream and downstream).

The most effective way to achieve the two fold objective mentioned at the onset of this article is that the IIFs, Islamic investment houses, regulators and standard setting bodies and other stakeholders need to streamline collaborative efforts and policies to develop this asset class.

CONCLUDING REMARKS

The Islamic investment and capital markets are lagging with the pace of technology and digitally sound investment products thus challenging the maturity of our capital markets and their natural role to contribute more effectively and positively to local economies and societies.

The Organization of Islamic Cooperation (OIC) marketplace is a case in point and offers a significant and sizeable market for designing and developing Gold ETS markets that will ultimately streamline two strategic industries; the gold trade and Islamic wealth management. This has paramount benefits to the OIC economic block. The list of these benefits can be long to list and may be beyond the limitation of this article. However, it may be well worth noting a few common ones. First on the gold investment front.

- The new capital and funds of this new asset class will help improve gold mining processes and operations. Health and safety issues as well as environmental issues will be resolved with the introduction of new safer mining technology that will improve production and safety.
- Developing communities and create jobs in the often less privileged remote mining villages and poorly served communities.
- Achieving several of the UN's SDGs and Maqasid Al Shari'ah, through sustainable Islamic finance to achieve sustainable growth.

Equally, on the Islamic capital markets front, the benefits will include:

- New suite of short, medium and long term investment notes in local stock markets.
- Accessing a new set of retailers and small investors through the ETS and possibly other technology platforms such as mobile applications, and online services.
- Provide a new profile of investment products for Islamic treasury houses, investment institutions, etc.
- Create new revenues for local stock markets and brokerages fees.
- Help mature local Islamic capital markets.

A sound gold exchange traded investment products, enabling environment, incentives for digital innovation and a socially driven vision will facilitate the growth of the Islamic capital markets and provide the liquidity and funding edge required to achieve growth in our markets.

AN INNOVATIVE ISLAMIC FINANCIAL CENTRE



Labuan IBFC is home to the world's only omnibus Islamic legislation. As Asia Pacific's leading midshore international business and financial centre, Labuan International Business and Financial Centre (IBFC) presents investors with an ideal balance of fiscal neutrality and certainty.

Well supported by a robust, modern and internationally recognised legal framework, Labuan IBFC provides clear legal provisions and industry guidelines enforced by its one-stop regulator, Labuan Financial Services Authority.

Labuan IBFC boasts Asia's widest range of business and investment structures for cross border transactions, business dealings and wealth management needs. These unique qualities offer sound options for regional businesses going global or global businesses looking at penetrating Asia's burgeoning markets.

As a comprehensive midshore jurisdiction, Labuan IBFC is your legitimate jurisdiction of substance.

The background features a series of parallel diagonal bands with a subtle gradient. Interspersed among these bands are various geometric patterns: orange and grey triangles, rectangles, and lines; a grey woven or basketweave pattern; a light orange hexagonal honeycomb pattern; and a dotted orange pattern. The overall aesthetic is modern and technical.

CHAPTER FIVE



SUKUK MARKET IN SELECTED IIFM MEMBER COUNTRIES

5.1 GOVERNMENT OF THE KINGDOM OF BAHRAIN SUKUK ISSUANCES SHORT AND LONG TERM SALAM AND IJARAH SUKUK LOCAL AND INTERNATIONAL

BY: CENTRAL BANK OF BAHRAIN (CBB)

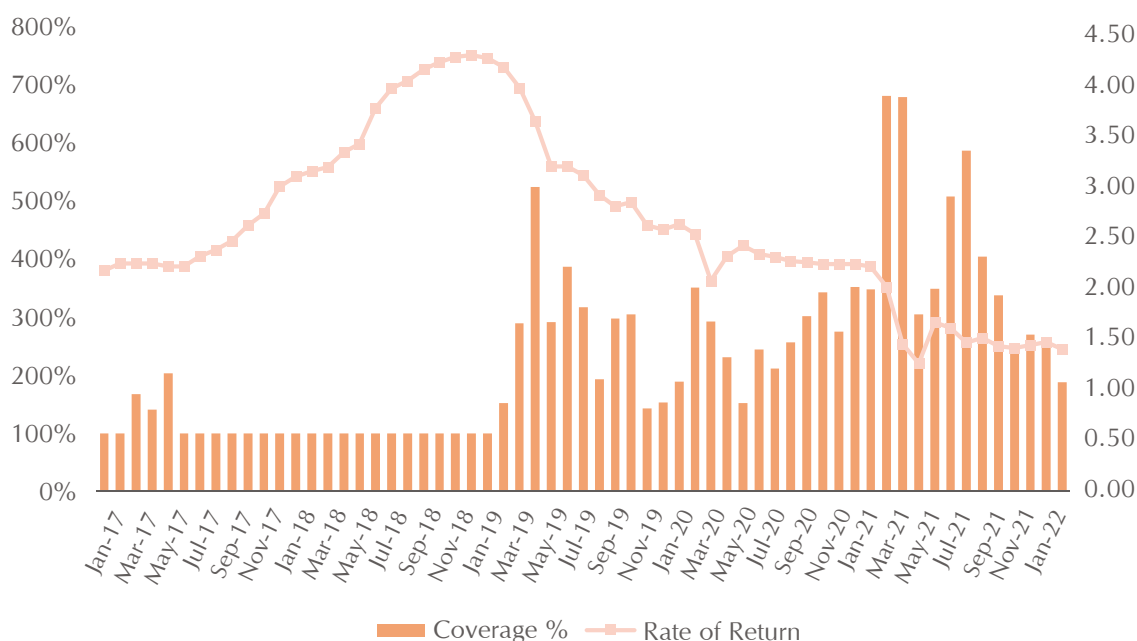
INTRODUCTION:

The Kingdom of Bahrain is one of the countries which have made great strides in launching new Islamic financial products in an innovative manner. It started issuing sovereign Sukuk, as early as 2001. Since then, it has been quite active in the Sukuk market and issues short and long term instruments at regular intervals. As much as 25.13% of the Kingdom of Bahrain government’s total financing needs are fulfilled through Islamic instruments. It is therefore an important element in helping the government address its deficits and plan for future development.

1. SUKUK AL SALAM

Sukuk Al Salam was first issued in June 2001 and having 249 issues as of January 2022. Sukuk Al Salam are an instrument based on sale and purchase contracts. These securities are collateralised by a commodity (Residue Gas). They are issued through a fixed-rate tender procedure. The rate of return is set by the Central Bank of Bahrain (CBB) Monetary Policy Committee.

SUKUK AL-SALAM



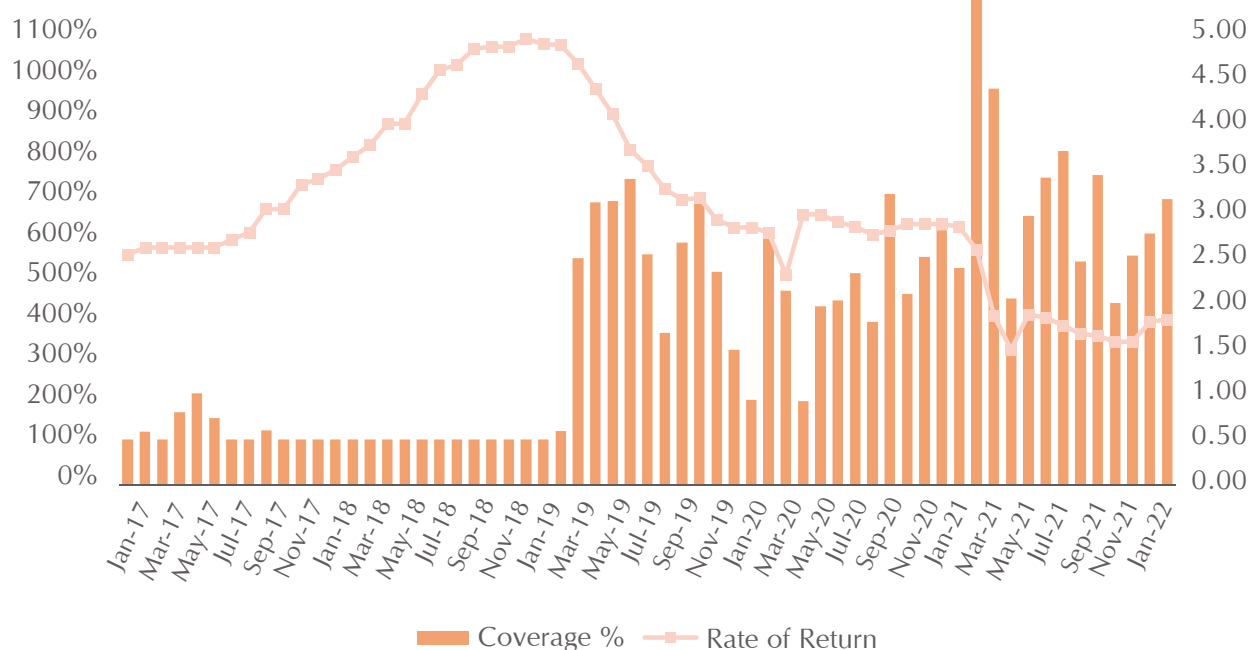
SUKUK AL-SALAM YIELD/COVERAGE CHART SHOWING THE CONTRAST BETWEEN THE COVERAGE PERCENTAGE AND YIELD FROM 2017 TO DATE

2. SUKUK AL IJARAH

2.1 Short term Ijarah Sukuk

Short term Ijarah Sukuk was first issued in August 2005 and having 197 issues as of January 2022. These Sukuk are issued on a monthly basis and have a 6 month (182 days) maturity. The Ijarah Sukuk is an instrument which takes the form of Islamic leasing contracts. They are based on assets owned by the Government of the Kingdom of Bahrain and are issued through a fixed rate tender procedure. The rate of return is set by the CBB Monetary Policy Committee.

SHORT TERM IJARAH SUKUK



SHORT TERM IJARAH SUKUK YIELD/COVERAGE CHART SHOWING THE CONTRAST BETWEEN THE COVERAGE PERCENTAGE AND YIELD FROM 2017 TO DATE

Auction procedure for Sukuk Al Salam and Ijarah Sukuk issuance is as follows:

- Invitation letters, which contain details on a forthcoming issue, are circulated to the institutions eligible to participate.
- The institutions submit a tender bid to the CBB indicating the quantity they would like to acquire through the Scripless Securities Settlement (SSS) System.
- Tenders are then allotted pro-rata to interested institutions, according to their quantity contributions.
- The settlement date is normally two business days after the tender date.
- Settlement takes place by debiting the participating banks’ Real Time Gross Settlement (RTGS) system accounts with the CBB.
- The SSS system notifies the participating institutions of the result of the tender allotment.
- The CBB issues a press release with information about the allotment result, including the issue number, issue and maturity date, amount allotted, expected return and total tenders received.

2.2 Long term Ijarah Sukuk (Local)

Long term Ijarah Sukuk were first issued in September 2001 and having 26 issues, as of January 2022. The Long term Ijarah Sukuk are issued upon the request of the Ministry of Finance and National Economy “MOFNE”. They are based on assets owned by the government of the Kingdom of Bahrain.

Features of long term local Ijarah Sukuk issuances are as follows:

- In issuing these instruments the government of the Kingdom of Bahrain sells an asset to the investors who will buy it before renting it back to the government at a predetermined rental rate, via a rental contract (MOFNE chooses the asset which is to be used for a new issue).
- The government will also issue a binding promise to buy back the asset at its par value at the end of the rental period.

- A prospectus is prepared, which gives details on the issue amount, currency, rental return, issue date and maturity date.
- On the date of the rental return, the CBB will transfer the return amount to the participating institutions respective accounts (semi-annually).

2.3 Long term Ijarah Sukuk (International)

- International Long term Ijarah Sukuk were first issued in March 2008 and having 7 outstanding issuances as of January 2022.
- On November 18th, 2021, the Kingdom of Bahrain acting through MOFNE successfully priced a USD 1 billion Rule 144A/RegS a 7.5-year Sukuk with a structure of 52.5% Ijarah and 47.5% Commodity Murabaha under the Trust Certificate Programme “Sukuk Programme”. The profit rate for the 7.5 year Sukuk was 3.875%.
- On the back of the latest developments witnessed under the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Shari’ah standards, the Kingdom of Bahrain’s Trust Certificate Issuance Programme (“Sukuk Programme”) was updated in 26th August 2021 in accordance with the AAOIFI standards.

The auction procedure for long term international Ijarah Sukuk issuance is as follows:

- The CBB sends invitations for Joint Lead Managers (JLMs) to submit their offers for arranging and handling the issue.
- The CBB evaluates the tender offers received according to their competitiveness, price range, total fees, rating of the banks, etc.
- The CBB selects one or more banks to further negotiate the conditions of the offer.
- The CBB appoints the Clearing and Trust Agents, the external legal advisor, the exchanges, etc.
- Bids are received through book building conducted by the arrangers after completing road shows to major investors across the world.
- The CBB then allocates the securities to the participants.

FIGURE 1: CBB’S LONG TERM IJARAH SUKUK ISSUANCES (LOCAL)

ISSUE NO	ISSUE DATE	MATURITY DATE	RETURN RATE	ISSUE AMT.
Issue No. LI/1	04-Sep-01	04-Sep-06	5.25%	USD 100 million
Issue No. LI/2	27-Feb-02	27-Feb-05	4.25%	USD 70 million
Issue No. LI/3	29-Aug-02	29-Aug-07	4.00%	USD 80 million
Issue No. LI/4	19-Nov-02	19-Nov-05	3.00%	USD 50 million
Issue No. LI/5	27-Feb-03	27-Feb-06	3.00%	USD 80 million
Issue No. LI/6	02-Apr-03	02-Apr-08	3.75%	USD 100 million
Issue No. LI/7	27-May-03	27-May-08	%60 B.P Over 6m LIBOR	USD 250 million
Issue No. LI/8	15-Dec-03	15-Dec-06	%30 B.P Over 6m LIBOR	USD 50 million
Issue No. LI/9	30-Jun-04	30-Jun-09	%45 B.P Over 6m LIBOR	USD 250 million
Issue No. LI/11	28-Feb-05	28-Feb-10	4.50%	BD 30 million
Issue No. LI/12	21-Nov-05	21-Nov-11	5.60%	USD 230 million
Issue No. LI/13	03-Oct-07	03-Oct-12	%30 B.P Over 6m LIBOR	BD 95 million
Issue No. LI/16	24-Sep-09	24-Sep-12	3.75%	BD 165 million

Continued from previous page

ISSUE NO	ISSUE DATE	MATURITY DATE	RETURN RATE	ISSUE AMT.
Issue No. LI/17	07-Apr-11	07-Apr-16	5.50%	BD 200 million
Issue No. LI/19	17-Jul-12	17-Jul-17	4.30%	BD 160 million
Issue No. LI/20	13-May-13	13-May-15	1.45%	BD 100 million
Issue No. LI/21	08-Jan-15	08-Jan-18	3.00%	BD 100 million
Issue No. LI/22	19-Jan-15	19-Jan-25	5.50%	BD 250 million
Issue No. LI/23	09-Jul-15	09-Jan-25	5.00%	BD 200 million
Issue No. LI/24	17-Jul-17	17-Jul-20	4.20%	BD 125 million
Issue No. LI/25	08-Jan-18	08-Jan-21	4.80%	BD 100 million
Issue No. LI/26	19-Jul-20	19-Jul-26	4.50%	BD 125 million

SOURCE: CENTRAL BANK OF BAHRAIN

FIGURE 2: CBB'S LONG TERM ISLAMIC SUKUK ISSUANCES (INTERNATIONAL)

ISSUE TYPE	ISSUE NO.	ISSUE DATE	MATURITY DATE	RETURN RATE	ISSUE AMT.
Ijarah Sukuk	LI/14	19-Mar-2008	19-Mar-2013	75 BPS over 6M LIBOR	USD 350 Million
Ijarah Sukuk	LI/15	17-Jun-2009	17-Jun-2014	6.247%	USD 750 Million
Ijarah Sukuk	LI/18	22-Nov-11	22-Nov-18	6.273%	USD 750 Million
Ijarah/Murabaha	1	12-Oct-16	12-Feb-24	5.624%	USD 1 billion
Ijarah/Murabaha	2	20-Sep-17	20-Mar-25	5.25%	USD 850 Million
Ijarah/Murabaha	3	05-Apr-18	05-Oct-25	6.875%	USD 1 billion
Ijarah/Murabaha	4	30-Sep-19	30-Mar-27	4.5%	USD 1 billion
Ijarah/Murabaha	5	14-May-20	14-Nov-24	6.25%	USD 1 billion
Ijarah/Murabaha	6	16-Sep-20	16-Sep-27	3.95%	USD 1 billion
Ijarah/Murabaha	7	18-Nov-21	18-May-29	3.875%	USD 1 billion

SOURCE: CENTRAL BANK OF BAHRAIN

ISLAMIC STANDING FACILITIES OFFERED BY THE CBB AGAINST THE IJARAH SUKUK

Islamic Sukuk Liquidity Instrument (ISLI)

The mechanism of the Islamic Sukuk Liquidity Instrument (ISLI) which was launched in June 2008 is based on sale and purchase transactions meant to help Islamic banks in managing their liquidity. It involves three separate Sukuk sale and purchase transactions requiring three parties, namely the Sukuk owner (the bank in need of liquidity), the intermediary bank (the market maker) and the CBB, which offers the liquidity.

The Sukuk are sold and then repurchased according to the following procedure involving the three parties:

- Bank A (Seller); sells the Sukuk to Bank B (Market Maker) and receives the liquidity needed; should be any CBB Licensed bank which invests in eligible Sukuk.
- Bank B (Market Maker) sells the Sukuk to the CBB, the market maker should be any CBB Licensed bank that acts as a broker for the sale of Sukuk.

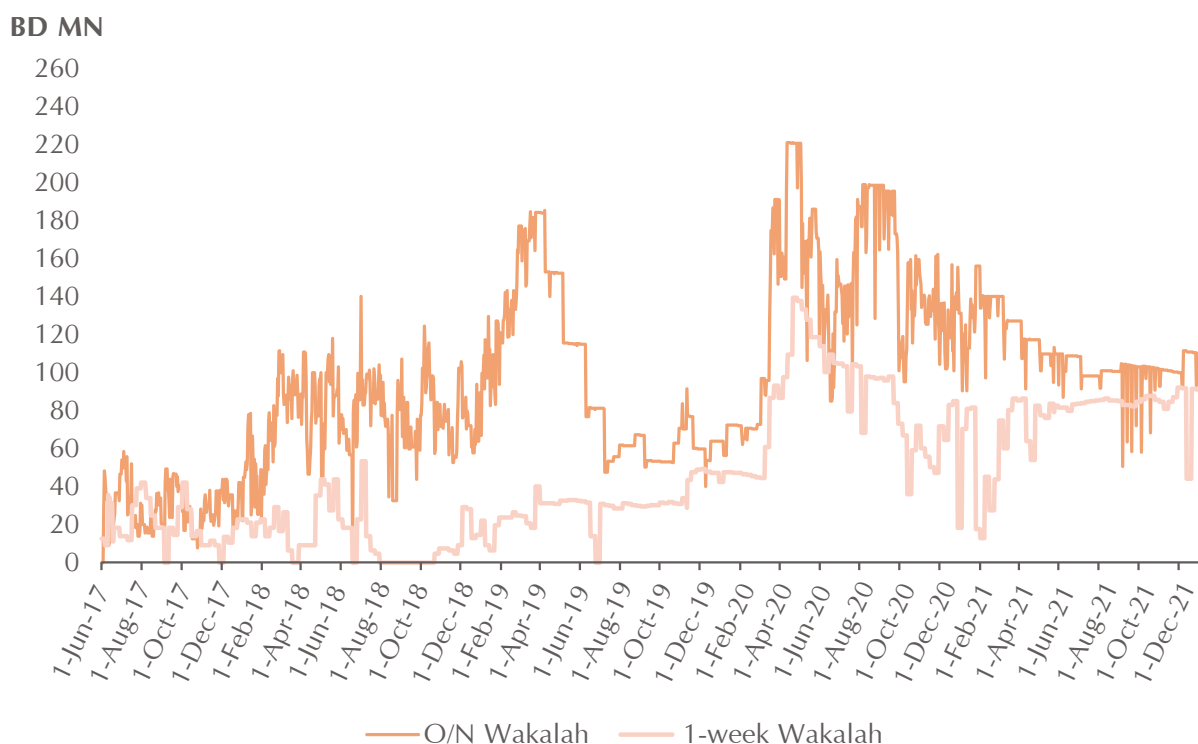
- The CBB (second purchaser) which offers required liquidity.
- At maturity, the CBB sells back the Sukuk to Bank A (the first seller).

CBB Wakalah Facility

As part of the ongoing efforts towards the development of Islamic banking and promoting liquidity management for Islamic retail banks, the CBB launched a Shari’ah compliant Wakalah liquidity management instrument. The current duration of the Wakalah is overnight & one week which is available every Tuesday for Islamic retail banks.

The one week Wakalah facility was launched in March 2015 and in May 2017 the CBB introduced overnight Wakalah. This instrument, which was approved by the Shari’ah Board of the CBB, is aimed at absorbing excess liquidity of the local Islamic retail banks and place it with the central bank. The instrument has been developed, based on a standard contract of the International Islamic Financial Market (IIFM). Retail Islamic banks appoint the CBB as an agent (Wakil) to invest cash on behalf of the bank (Muwakkil). The Wakil will invest these funds in the investment portfolio allocated in advance, and contains Islamic Sukuk and BHD Cash.

WAKALA DEPOSITS



THIS CHART SHOWS THE WAKALAH DEPOSITS RECEIVED FROM RETAIL ISLAMIC BANKS FOR THE ONE WEEK AND OVERNIGHT WAKALAH FROM JUNE 2017 UP TO DATE.

Single binding Wa’ad for the Islamic retail banks

The CBB has launched a Shari’ah Compliant Foreign Exchange Forward as a Single binding Wa’ad based structure Facility. This tool, which was approved by the Shari’ah Board of the CBB, promotes Islamic finance in the Kingdom and enhances the Islamic banking sector’s capacity by supporting them in managing their liquidity.

In Single binding Wa’ad, the CBB will be the promisor and promises to buy the Bahraini Dinar from the participating Islamic retail bank. In the event the Wa’ad is exercised, the execution and settlement will be on the future value date and at the exchange rate promised in advance. The current available tenors are one week, one month, three months, six months and twelve months. The facility procedure involves two steps; the first step is a spot currency sale, where the CBB sells to the Islamic retail bank Bahraini Dinars against US Dollars on spot basis at 0.376. In the second step, CBB gives a Wa’ad (promise) to the Islamic retail bank to buy the Bahraini Dinars in a future date and at an agreed exchange rate. Finally, two working days prior to the Wa’ad Settlement Date(Exercise Date), the Islamic retail bank may exercise the Wa’ad by providing an “Exercise Notice Offering” to

purchase the US Dollars from the CBB against the Bahraini Dinars.

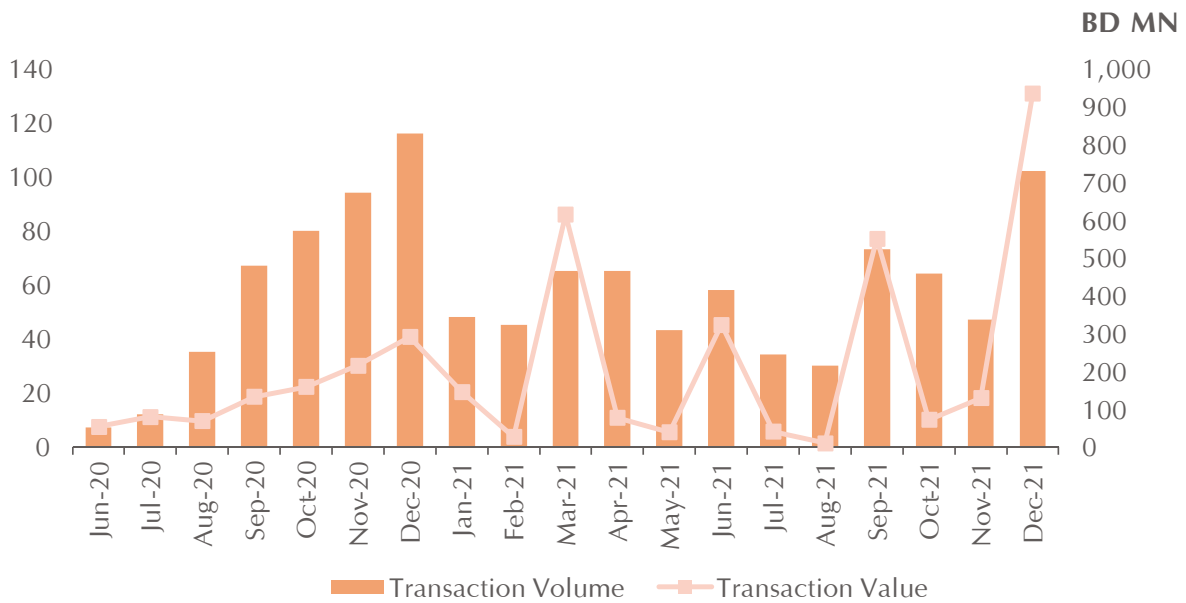
This service is a new product in Islamic banking and proves the Kingdom of Bahrain's ability to develop Shari'ah compliant tools according to market needs.

Murabahah Sukuk Service

As part of the ongoing efforts towards the development of Islamic banking and promoting Capital Market in the Kingdom of Bahrain, the CBB in collaboration with Bahrain Bourse has developed a Murabahah Sukuk Service for clients and Banks, which is a Shari'ah compliant liquidity and borrowing tool.

Under this service and through an electronic platform provided by Bahrain Bourse, the lending party purchases the Sukuk from the CBB, and after having ownership of the Sukuk sells it to the borrowing party as a deferred sale.

MURABAHAH TRANSACTIONS



THIS CHART SHOWS THE VOLUME AND VALUE OF THE MURABAHA TRANSACTIONS EXECUTED THROUGH BAHRAIN CLEAR MURABAHA SUKUK SERVICE PLATFORM FROM JUNE 2020 UP TO DECEMBER 2021.

CONCLUSION

Although the Kingdom of Bahrain’s sovereign Sukuk issuances are meant primarily for the local market, the long track record and the high frequency of issuance make it among the active countries in this field. With nearly quarter of the Kingdom of Bahrain government’s financing needs being met through Sukuk we can expect continued activity in the near and medium term future. Having a sophisticated Sukuk issuance program in place, the Kingdom serves as a role model for other countries which are entering this arena.

5.2 ISLAMIC CAPITAL MARKET DEVELOPMENTS IN MALAYSIA¹

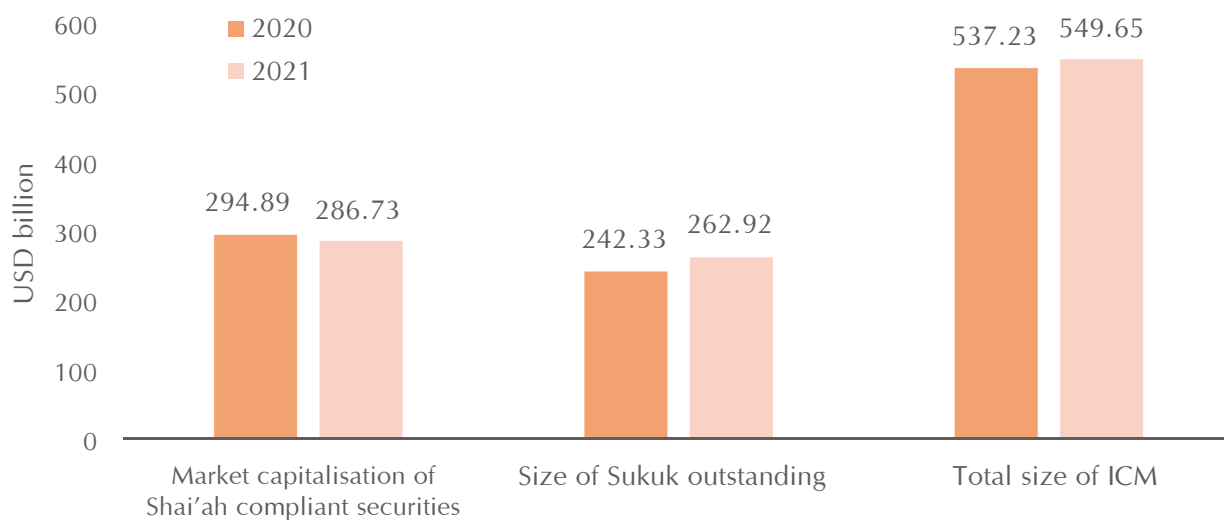
BY: LABUAN FINANCIAL SERVICES AUTHORITY (LABUAN FSA)

Amidst the global challenges brought about by the pandemic, Malaysia continued to be a prominent global Islamic Capital Market (ICM) hub and a leader in global Sukuk outstanding and issuances in 2021. According to the Securities Commission of Malaysia (SC) in its 2021 annual report, the size of the ICM increased to USD 550 billion as at end of 2021 from USD 538 billion as at end of 2020. The ICM remains a key component to the Malaysian capital market, contributing 65.40% to its total size. This comprised a total market capitalisation of Shari'ah compliant securities of USD 286 billion and total Sukuk outstanding amounting to USD 262 billion.

In terms of financial intermediation, as at December 2021, the Islamic asset under management (AUM) stood at USD 53.5 billion, registering a 3.69% increase from USD 51.6 billion as at end of 2020, underpinned by initiatives outlined in the SC's Islamic Fund and Wealth Management Blueprint, which was launched in 2017.

The number of Islamic collective investment schemes (CIS) stood at 386 as at December 2021, including 16 Islamic SRI funds.

FIGURE 1: SIZE OF ICM



SOURCE: SC (ANNUAL REPORT 2021)

As the global economy entered into a recovery phase in 2021, disparities between countries are still growing with ongoing challenge of COVID-19. Domestically, Malaysia's economy remained resilient and continued to recover from the previous year, albeit at a slower pace than had been anticipated.

The domestic Sukuk market in Malaysia continued to play critical roles in financing economic activities and intermediating savings, with notable improvements in fundraising activities across all market segments. Total Sukuk issuances in 2021 represented 62.91% (2020: 61.07%) of total bonds and Sukuk issuances, whereas total Sukuk outstanding as of 2021 represented 63.43% (2020: 63.26%) of total bonds and Sukuk outstanding. Corporate Sukuk issuances in 2021 represented 79.98% (2020: 73.61%) of total corporate bonds and Sukuk issuances, while corporate Sukuk outstanding as of 2021 accounted for 81.42% (2020: 81.03%) of total corporate bonds and Sukuk outstanding.

¹Note: all values in this document were calculated using the conversion rate of USD1 to MYR4.2

FIGURE 2: TOTAL SUKUK

	2021	2020
Total issuance (USD billion)		
Sukuk issuance	57	53
Total bonds and Sukuk issuance	90	87
% of Sukuk to total bonds and Sukuk issuances	62.91%	61.07%
Total outstanding (USD billion)		
Sukuk outstanding	263	242
Total bonds and Sukuk outstanding	414	383
% of Sukuk to total bonds and Sukuk outstanding	63.43%	63.26%

SOURCE: SC (ANNUAL REPORT 2021)

FIGURE 3: CORPORATE SUKUK

	2021	2020
Total issuance (USD billion)		
Sukuk issuance	22	18
Total corporate bonds and Sukuk issuance	27	25
% of Sukuk to total corporate bonds and Sukuk issuances	79.98%	73.61%
Total outstanding (USD billion)		
Sukuk outstanding	150	141
Total corporate bonds and Sukuk outstanding	184	174
% of Sukuk to total corporate bonds and Sukuk outstanding	81.42%	81.03%

SOURCE: SC (ANNUAL REPORT 2021)

Given the importance of regional and global standards for greater Sukuk growth, Malaysia, through the SC, is actively developing and shaping the ICM landscape. In 2021, SC has unveiled its third Capital Market Masterplan (CMP3) for the next five years i.e. 2021 to 2025, which serves as a strategies framework that aims to build a more relevant, efficient and diversified capital market in Malaysia.

The strategic framework has three key development thrusts, namely:

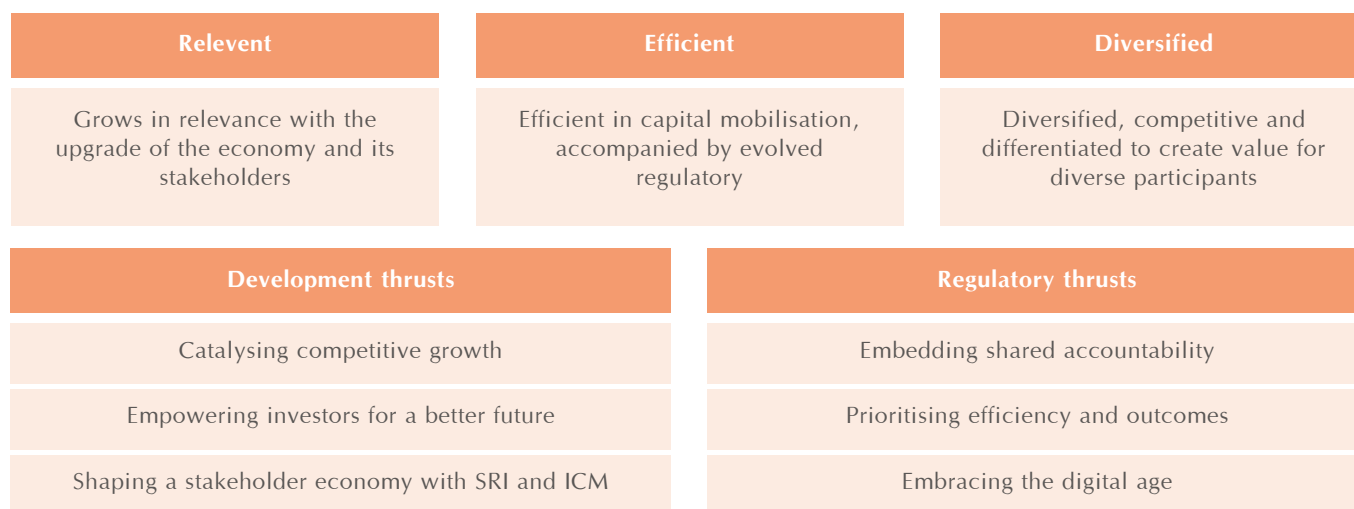
- (i) Catalysing competitive growth.
- (ii) Empowering investors for a better future.
- (iii) Shaping a stakeholder economy with sustainable and responsible investment or SRI, and the Islamic capital market.

There are also three regulatory thrusts as follow:

- (i) Embedding shared accountability in the capital market.
- (ii) Prioritising efficiency and outcomes.
- (iii) Embracing the digital age.

Malaysia’s global standing as an ICM thought leadership hub has strengthened throughout the decade. SC led thought leadership events have brought together scholars, practitioners, regulators, intermediaries and investors to catalyse discussions ranging from the role of ICM in infrastructure and sustainable development to Islamic social finance and impact investing.

FIGURE 4: CAPITAL MARKET MASTERPLAN 3 (2021-2025)



SOURCE: SC (CAPITAL MARKET MASTERPLAN 3)

Furthermore, the SC's ICM strategy remains focused on innovation, with Malaysia pioneering a number of global ICM milestones. This includes the issuance of the world’s first green Sukuk, ESG Sukuk fund and IPO with Waqf shares as well as a ground breaking resolution by the SC’s Shari’ah Advisory Council (SAC) on the permissibility of investment and trade in digital assets on registered Digital Asset Exchange. Both innovation and collaboration have been critical in raising capital market awareness and increasing commitments to sustainability as well as enabling future scalability.

In line with Malaysia’s commitment to the United Nations’s (UN) 2030 Agenda on Sustainable Development, the SC has developed the Sustainable and Responsible Investment (SRI) ecosystem. The launch of the Sustainable and Responsible Investment Roadmap for the Malaysian Capital Market (SRI Roadmap) in 2019 provided added momentum to broad ranging efforts to enable product standards, incentives, disclosures and reporting where these set the stage for the industry to push the SRI offerings and deliver value enhancing Environmental, Social and Governance based solutions.

As a result, there are a total of 21 SRI Sukuk issuers since 2015, with nine issuers issued SRI Sukuk in 2021. Corporate SRI Sukuk issuance in 2021 amounted to USD 669 million, which was 3.07% of total corporate Sukuk issuance, while corporate SRI Sukuk outstanding grew to USD 1.93 billion as at December 2021, from USD 1.29 billion in 2020, constituting 1.29% of total corporate Sukuk outstanding. Currently, the SRI AUM in Malaysia is one of the largest in the Asian region (exclude Japan) due to the strength and scale of its Islamic funds, which are recognised as part of the overall SRI universe.

LABUAN FSA WILL SOON UNVEIL A LABUAN IBFC BLUEPRINT 2022-2026 TO FORWARD CHARTING THE DEVELOPMENT OF ISLAMIC FINANCE INCLUDING ICM IN THE CENTRE

Labuan Financial Services Authority (Labuan FSA), as the integrated regulator of the Labuan International Business and Financial Centre (Labuan IBFC) under the Ministry of Finance Malaysia, has been the main driving force behind the development and growth of Labuan IBFC. Recently celebrated its 25th year of anniversary in December 2021, Labuan FSA has pledged its continuous commitment to realise Malaysia’s vision to develop a sound, stable and dynamic Centre.

After more than three decades as an international business and financial centre, Labuan IBFC has established itself as a well regulated market and has continued to record commendable growth. To pave the way forward, Labuan FSA will soon launch Labuan IBFC blueprint 2022-2026 which sets out Labuan FSA’s visions and developmental strategies for the next five years. The blueprint is anchored on efforts to transform Labuan IBFC into a prominent, dynamic and sustainable international financial centre.

Labuan FSA's next chapter will be based on sustainability, relevancy and market certainty, all of which are enabled by digital technology and fuelled by innovation. Taking advantage of Malaysia's evolving dual financial system, Labuan IBFC aspires to offer a comprehensive suite of Shari'ah compliant products and structures in addition to conventional offerings, to meet the demands and preferences of global investors. Besides, Labuan IBFC can bolster Malaysia's efforts to advance digital Islamic finance as a viable alternative to the conventional fintech that has a strong foothold in the region.

In support of the impending blueprint, in February 2022, the Shari'ah Supervisory Council (SSC) of the Labuan FSA has resolved that offer or subscription of Labuan Islamic digital based solutions in Labuan IBFC can be considered as permissible from Shari'ah point of view. This SSC pronouncement marked a significant milestone for Labuan FSA to facilitate greater product innovation and the development of Islamic fintech in the region, including the emerging markets such as digital assets and social finance.

Recognising the importance of digitisation in the capital market and its increasing adoption by market participants, a conducive environment for ICM and dynamism of Sukuk are paramount for the Centre to facilitate cross border financial flows, including in the sustainable finance space in providing alternative channels for Shari'ah compliant fundraising. In this regard, Labuan FSA envisaged that the existing ecosystem of Islamic finance in Labuan IBFC will be elevated through the internalisation of digital in the whole spectrum of offerings; governance, players, product, and infrastructure.

Apart from the commercial benefits such as better customer experience and increase in profitability, the digital agenda will bring social reform in social agenda matters such as inclusion, transparency and value-based intermediation, which are all in line with the objectives of Shari'ah or Maqasid Al-Shari'ah. In order to facilitate new digital business models, products, and services, programmes to encourage innovation will also be considered. Labuan FSA anticipates that the development in this area will further accelerate the advancement of Islamic fintech in the region while creating an ecosystem that nurtures talent, innovation, ideas and solutions to enable new offerings and improve accessibility, as desired.

In addition, initiatives will focus on advancing innovation by capitalising on existing frameworks and cementing the digital Islamic pillars through the implementation of digital Shari'ah governance in Labuan IBFC. These will therefore attract global market players to experience and utilise what Labuan IBFC has to offer in terms of its products, services and digital solutions, as well as its supporting infrastructures.

Coherent with Malaysia's Islamic finance development initiatives of building social resilience, promoting climate resilience and empowering trade, business and the digital economy, Labuan IBFC will remain to be progressive and proactive to sharpen Malaysia's proposition as an international gateway for Islamic finance.

5.3 SUKUK MARKET DEVELOPMENT IN INDONESIA

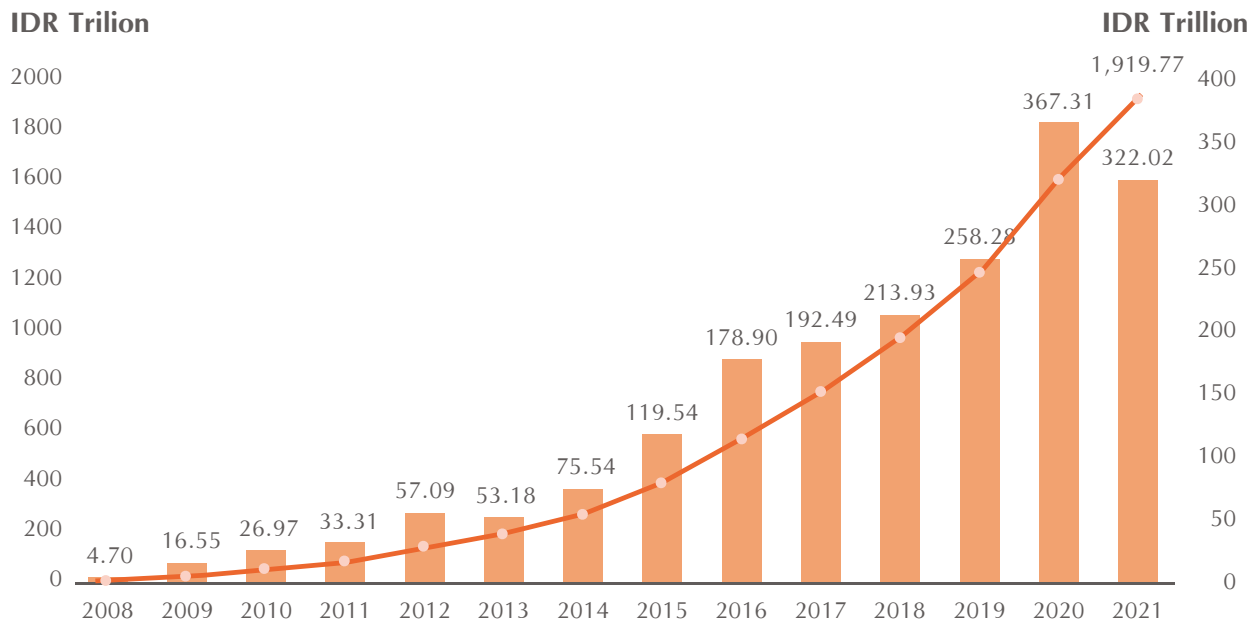
BY: MINISTRY OF FINANCE, REPUBLIC OF INDONESIA AND BANK INDONESIA

OVERVIEW AND MARKET SNAPSHOT

Since the enactment of Act Number 19 Year 2008 on Sovereign Shari’ah Securities namely Sukuk Negara (the Act), the government of Indonesia has issued IDR 4.7 trillion in sovereign Ijarah Sukuk in the same year and the total issuance has now reached IDR 1,919.77 trillion through various Sukuk structures and issuance methods (auction, book building, private placement), both in Rupiah and foreign currency (USD). Within 13 years of growth, Sukuk Negara has played a vital role not only as an instrument of State Budget financing, including funding infrastructure projects, but also as a driver of Shari’ah finance sector development in Indonesia.

Many supporting infrastructures for Sukuk Negara issuance have been established and improved, including the legal framework for its issuance and management, Sukuk structure and underlying assets, methods of issuance and types of instruments, as well as the development of a domestic and international market and investor base.

FIGURE 1. TOTAL ISSUANCE OF SUKUK NEGARA



In terms of total issuance until 2021, Project Based Sukuk (PBS) is the series that has been mostly issued in nominal terms, accounting for 52.05 percent of total issuance. Meanwhile, 59 percent of Sukuk Negara were issued through auction, 31% through book building, and 10% through private placement. Sukuk Negara in foreign currency denominations accounted for 16% of total issuance, with the remaining 84% issued for the domestic market.

FIGURE 2. TYPE OF SUKUK NEGARA

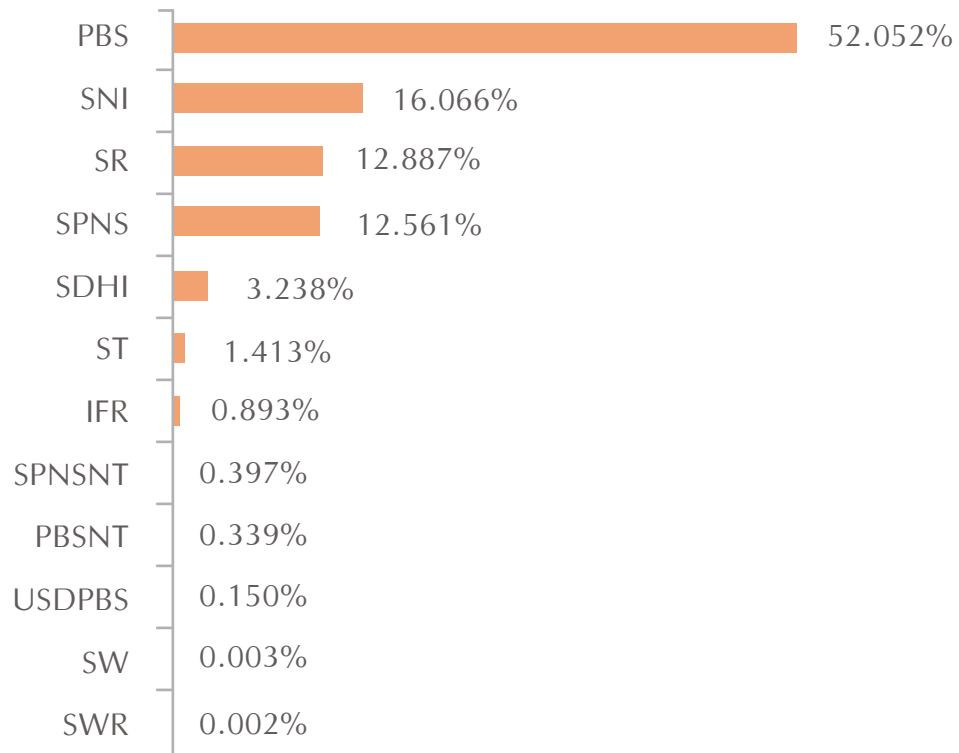


FIGURE 3. METHOD OF ISSUANCE

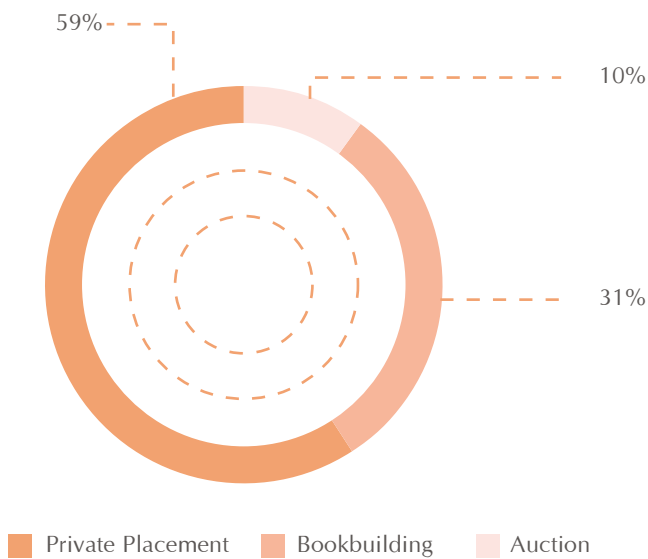
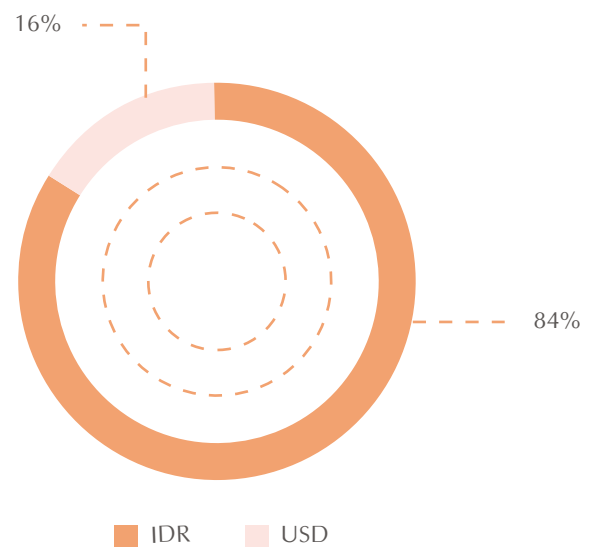


FIGURE 4. DENOMINATION OF SUKUK NEGARA ISSUANCE



In 2021, the total outstanding of Sukuk Negara circulating on domestic and foreign markets was IDR1,157.06 trillion, or approximately 19% of total Government Securities issued by the Indonesian Government. When compared to 2020, this remarkable figure has increased by 19.1 percent.

FIGURE 5. OUTSTANDING OF SUKUK NEGARA

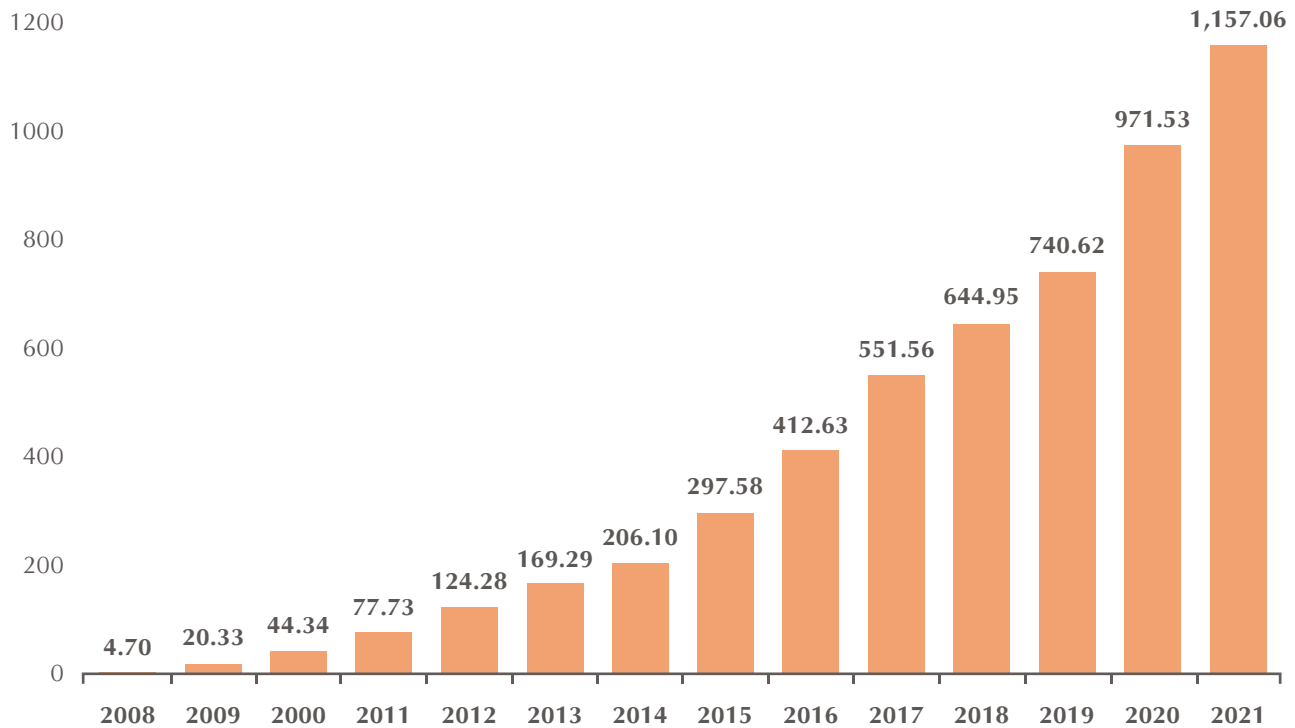


Figure 6 demonstrates that the bulk of outstanding Sukuk Negara as of December 2021 is PBS (62.79%). As per tenor, the majority of Sukuk Negara (56.63%) mature in less than 5 years, followed by 17.45% matured between 6 years to 10 years, 12.59% matured between 11 years to 20 years and the longest (13.33% of them) matured more than 20 years (see figure 7). Sukuk Negara is also offered to foreign investors, with 24.49% issued in USD for the global Sukuk market and the remainder (75.51%) issued in rupiah for the local market (see figure 8). For market trading purposes, the vast majority of Sukuk Negara series (97.26%) are marketable, with just 2.74% non-tradable, such as SDHI and Cash Waqf Linked Sukuk.

FIGURE 6. TYPES OF SUKUK NEGARA

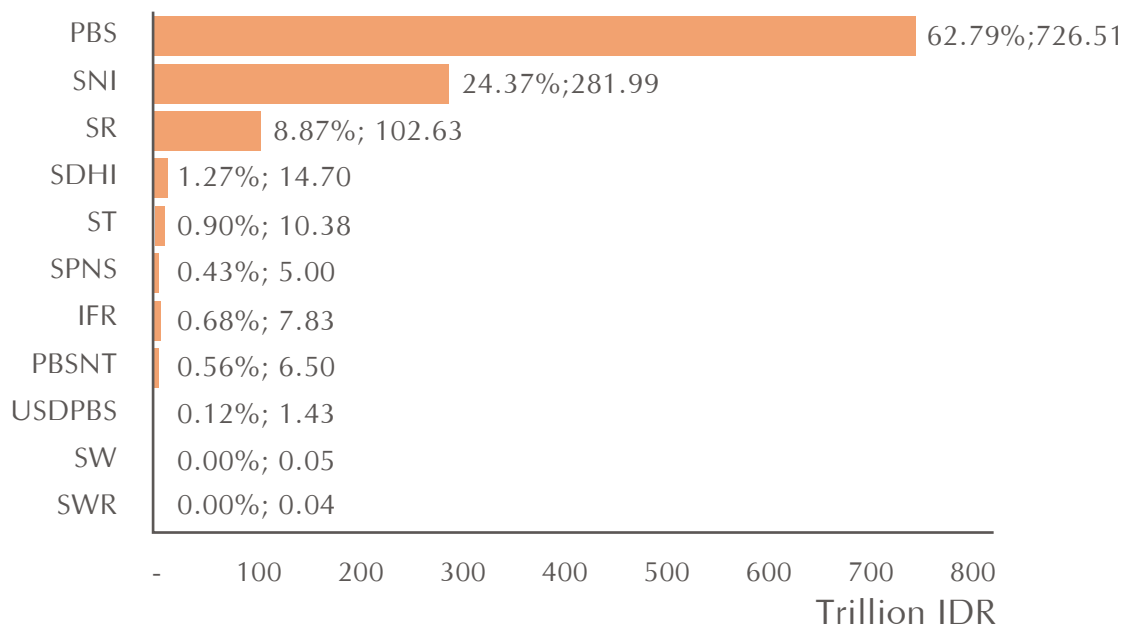


FIGURE 7. TENORS OF SUKUK NEGARA

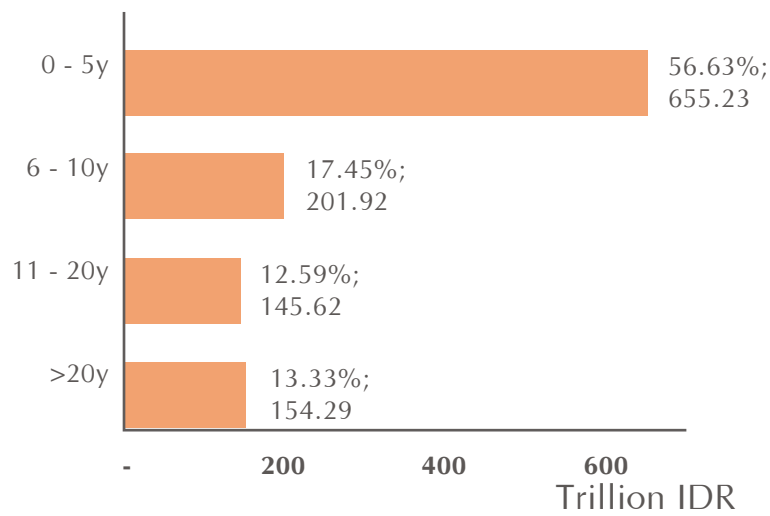


FIGURE 8. CURRENCY ISSUANCE OF SUKUK NEGARA

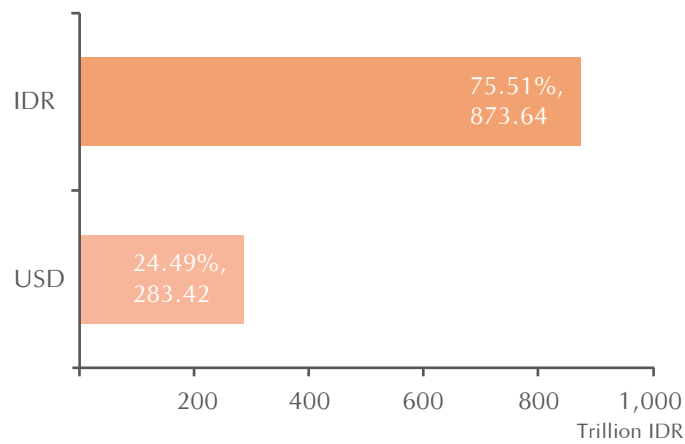
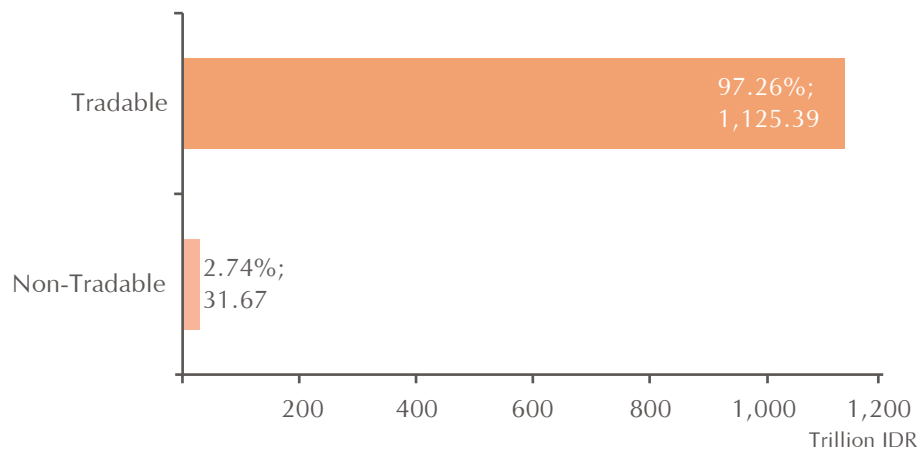


FIGURE 9. TRADABILITY OF SUKUK NEGARA



Starting in 2018, the Government of Indonesia established itself as the largest international sovereign Sukuk issuer in US dollars by issuing bigger quantities of Sukuk Negara Indonesia (SNI) in several tranches and in green format. These issuances demonstrated the Republic's determination and long term commitment to green and sustainable financing, as well as innovative funding strategies in the fight against climate change.

LEGAL REGULATORY DEVELOPMENT

The Act and its accompanying rules, such as government and ministerial regulations, govern Sukuk Negara issuances. Additionally, Sukuk Negara were issued in accordance with the rules and principles of Shari'ah (i.e. Islamic law), based on Fatawa (i.e. Shari'ah rulings) and Shari'ah opinions provided by the National Shari'ah Board - Indonesian Ulama Council (DSN MUI).

SUKUK NEGARA PRIMARY DEALERSHIP SYSTEM AND BENCHMARK SERIES

The Minister of Finance issued Regulation No. 213/PMK.08/2019 concerning Primary Dealers of Sukuk Negara on December 31st, 2019. The primary dealer system became live in January 2020 and has numerous good effects on the Sukuk auction, including:

- a. Maintaining and increasing the demand for Sukuk Negara Auction by the commitment to win a particular proportion, hence lowering market risk and financing risk.
- b. Increasing competition to encourage the efficiency of pricing creation, hence lowering the cost of borrowing.
- c. Creating a transparent price discovery method through two-way price quotes and improving Sukuk Negara market liquidity by the necessity to conduct trades for the benchmark series.
- d. The duty to publish prices every trading day ensures the accuracy of market information.
- e. Assist the government in designing and implementing suitable strategies for the development of Sukuk Negara products and markets.

In 2021, the government continued to strengthen the primary dealer system by altering primary dealers' requirements in both the primary and secondary markets. The goal of this policy is to enhance primary dealer involvement in the growth of the Sukuk Negara market. Apart from that, the government has begun to establish benchmark series for Sukuk Negara in 2020, with tenors of two, four, and twenty-five years. This benchmark series' issuance is aimed to improve the implementation of the Sukuk Negara auction in the domestic primary market. Furthermore, the benchmark series were updated with the inclusion of a 13 year tenor as a new benchmark series.

RETAIL SUKUK DISTRIBUTION CHANNEL AND WIDENING INVESTOR BASE

To broaden the base of retail investors and optimize the domestic market, the Government of Indonesia has issued Retail Sukuk, a Sukuk Negara series designed particularly for individual investors. Through different programs, the government continues to broaden Sukuk Negara investors' base in the domestic market, including:

1. Enhancement of the online platform in the issuance of retail Sukuk.

In partnership with distribution partners, the online issuing of retail Sukuk began in 2020 via the eSBN platform. In 2021, the government worked with 30 distribution partners. This number climbed dramatically as compared to the offline system, which had just 22 sales representatives at the time. Retail Sukuk distribution partners include traditional banks, Islamic banks, securities firms, and fintech firms. The installation of this online method enhances the engagement of millennial investors dramatically.

2. Altering investor's maximum order limit

The government implemented many modifications to ensure that retail Sukuk issuance reached the whole community, one of which was altering the maximum and minimum limitations for retail Sukuk orders per investor. Since 2019, the minimum order limit has been established at IDR 1 million, with a maximum limit of IDR 3 billion. This amount is significantly lower than the initial retail Sukuk issue, where the minimum limit order is IDR 5 million and there is no maximum limit.

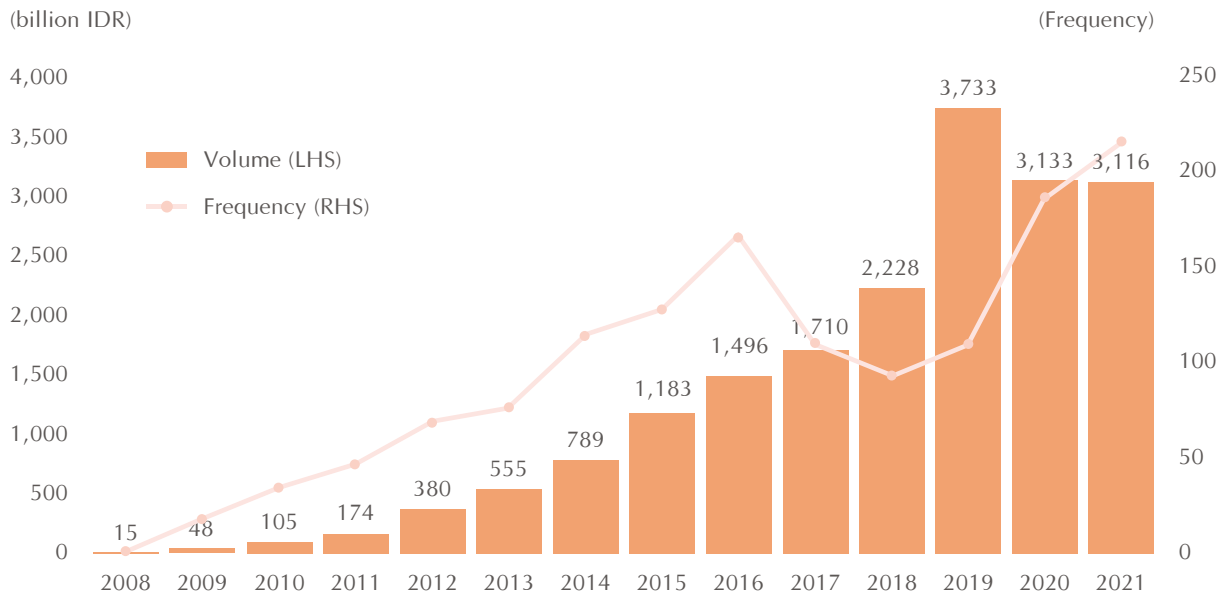
3. Education and socialization

Through different initiatives like as social media articles, webinars, and mass media, the government and distribution partners are actively educating and socializing the public about the issuing of retail Sukuk. As a result, retail Sukuk investors may be found in every province in Indonesia.

SECONDARY MARKET PERFORMANCE

In terms of Sukuk Negara management, one component that promotes enhanced liquidity in Sukuk Negara is the availability of supply of marketable instruments. As a result, the Indonesian government continues to raise the percentage of tradable Sukuk Negara issuance from year to year. Trading of Sukuk Negara in the secondary market has increased in tandem with the rising number of tradable Sukuk Negara issues. As seen in Figure 10, the performance of the Sukuk Negara secondary market has been continuously improving over the years. In 2021, the average daily trading volume of Sukuk Negara is IDR3.12 trillion, based on 216 transactions.

FIGURE 10. AVERAGE OF DAILY TRADING OF SUKUK NEGARA



INSTRUMENT DEVELOPMENT

Project Funding Sukuk

Project Funding Sukuk is a form of alternative infrastructure finance that has been in use since 2013. It has made substantial progress in project funding, the number of Ministries/Institutions (project initiators), the amount provided, the number of projects built and project distribution.

In 2021, the realization of project funding through Sukuk Negara carried out by Ministries/Institutions performed exceptionally well (85.42%). This demonstrates that, even in the middle of the COVID-19 outbreak, project development funded by Sukuk Negara continues to function smoothly and helps national development as well as attempts to repair the country's economy through infrastructure expenditure. The total Sukuk Financing Projects for 2013 to 2021 totaled Rp145,84 trillion for 3,513 projects in 34 provinces across Indonesia, as depicted in figure 11 and figure 12, including the construction of roads and bridges, railway lines, water resources (dams, irrigation, ground water supply and management), hajj dormitories, Religious and Hajj Affair Office, lecture buildings in universities, schools, national parks and laboratories.

FIGURE 11. ALLOCATION OF PROJECT FINANCING SUKUK

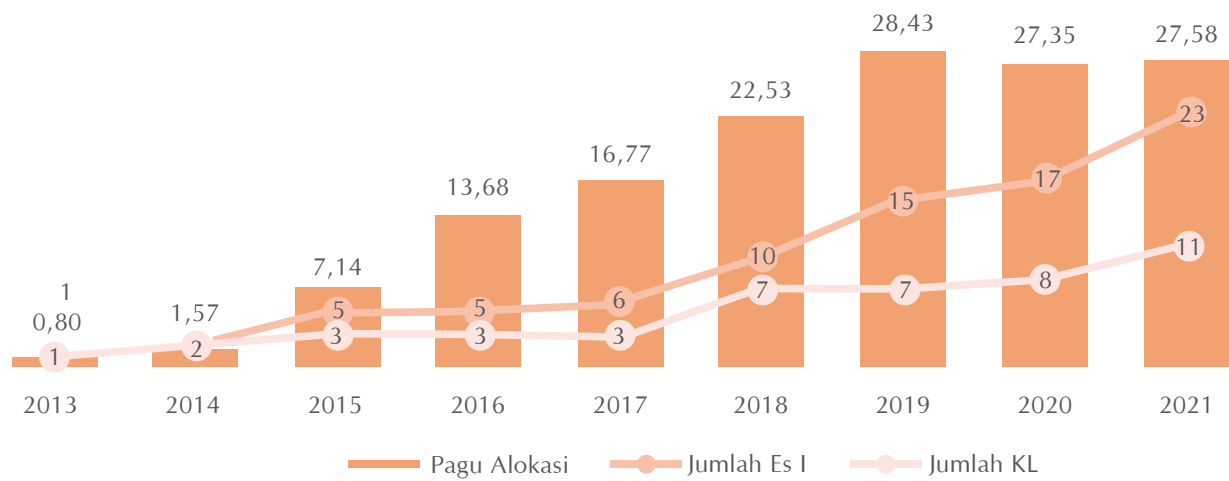
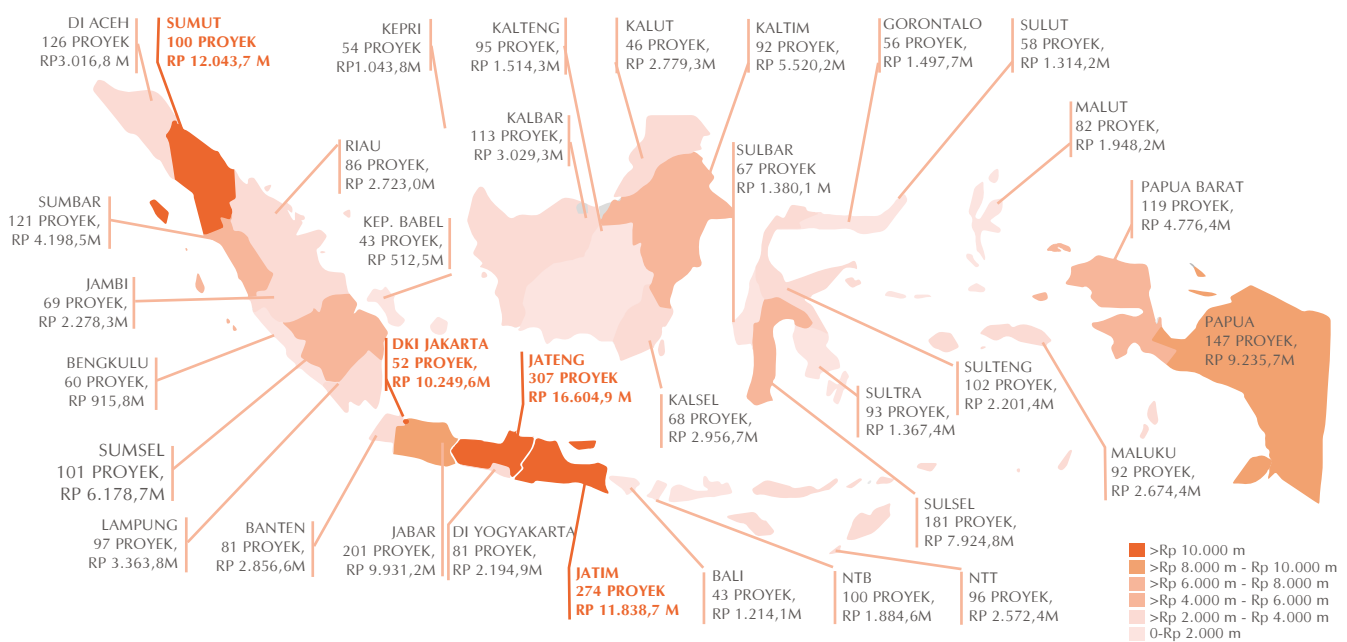


FIGURE 12. MAP ALLOCATION OF PROJECT FINANCING SUKUK 2-13-2021



RETAIL SUKUK

In response to the increased requirement for financing, retail Sukuk issuance has also experienced a considerable strategic shift. Retail Sukuk has emerged as one of the most important financing instruments, particularly in the aftermath of the epidemic. This year, the government's plan for raising funds from the domestic market remains the same as the previous year, with two issuances of Retail Sukuk and one issuance of Savings Sukuk (ST). In determining the plan, market preferences that favor tradable instruments over non-tradable instruments in a pandemic situation were considered.

SR014 was issued on March 22nd, 2021, for IDR 16.71 trillion. This retail Sukuk has reached 35,626 investors in 34 provinces and the issuance exceeded demand 1.67 times. Meanwhile, SR015 was issued on September 22nd, 2021, for IDR 27 trillion. This series is the largest issuance since the e-SBN system was implemented. SR015 attracts 49,027 investors, which is the highest number of retail SBN (sovereign bonds and Sukuk) issuances. The government also issue retail (domestic) green Sukuk ST008 which was issued in November 2021 for IDR 5 trillion. This series has also reached 14,337 investors with an issuance coupon of 4.80% p.a.

GREEN SUKUK

Another novelty from Sukuk Negara is the issue of Green Sukuk on the global and domestic (retail) markets as the government's commitment to combat climate change. Indonesia became the world's first sovereign green Sukuk issuer, receiving 7 worldwide honors for green Sukuk and 44 international accolades for sovereign Sukuk. The first USD 1.25 billion sovereign global green Sukuk was issued in 2018, and the government will continue to issue green Sukuk in the global Sukuk market on an annual basis through 2021. Domestic green Sukuk was first issued in 2019 for retail investors via an internet platform.

In 2021, the Indonesian government made its yearly return to the global Sukuk market, pricing a USD 3 billion Sukuk offering comprised of USD 1.25 billion 5-year, USD 1 billion 10-year, and USD 750 million 30-year notes (Green). After continuously releasing this asset class in a 5-year tenor from its inception in 2018, the Government of Indonesia offered a Green format to the 30-year Sukuk for the first time, making it the first of its kind internationally. The 30-year Green Sukuk tranche is the fourth worldwide Green Sukuk issued under the Green Bond and Sukuk Framework.

Meanwhile, in the domestic market, Retail Green Sukuk will be issued in the fourth quarter of 2021 via the ST008 series Savings Sukuk. ST008's entire issue is IDR 5 trillion, with a total of 14,337 investors. Because of the high demand, the national objective was met just two days before the offer period expired. The high demand for ST008 was reflected in the number of bids received in the first two days of the offering period, which totaled about Rp1.9 trillion. Because of the tremendous level of interest from the first day of the offering period, a daily quota system has been put in place. The successful issuance of the distinctively constructed Retail Green Sukuk was seen as yet another significant milestone for Indonesia in product innovation, ushering in a new era of product innovation.

The proceeds will be used to finance ecologically friendly initiatives, including refinancing and new funding. Global Green Sukuk and ST008 are manifestations of the government's dedication and assistance to the development of the Islamic financial sector while also assisting in the mitigation of the effects of climate change.

The green Sukuk in 2021 was issued through the Republic of Indonesia Green Bond and Green Sukuk Framework, which has been released and used since 2018, and in August 2021, Indonesia developed an ESG framework, namely the SDGs Government Securities Framework, which includes a large category, namely the Environmental eligible aspect (green and blue focus), and SDGs eligible aspect (Social focus). The updated framework will be used for the upcoming green Sukuk issue.

CASH WAQF LINKED SUKUK

The government has taken additional steps to solidify its position as the world's leading ESG Sukuk issuer by issuing the country's first Cash Waqf Linked Sukuk to encourage the development of productive Waqf, with the investment proceeds from the cash Waqf funds used to form new Waqf assets and finance social activities. The first-of-its-kind IDR24,14 million SWR002 note, launched in June 2021, was hailed for its distinct features.

SWR002 is the first Cash Waqf Linked Sukuk that may be subscribed to wholly online using the digital banking systems of four Indonesian Islamic financial institutions. SWR002 is open to retail and institutional investors with a minimum investment of IDR 1 million. CWLS was the first Sukuk to have a donation option in its paperwork, allowing investors to give the principal amount due at the two-year maturity, in part or in full.

The scheme was prepared by the Ministry of Finance, Ministry of Religion, Bank Indonesia, the Financial Services Authority (OJK), and Indonesia Waqf Board (BWI). Through the issuance of Retail CWLS series SWR002, the Government facilitates temporary and permanent cash Waqf so that they can place their cash Waqf in safe and productive investment instruments.

The CWLS Retail series SWR002 has a two-year term and a set rate of return/coupon of 5.57% per year, with the proceeds going to social programs/activities that have a social and economic impact on the community. The distribution of rewards will be carried out by a trustworthy Nazhir who has been appointed by the Islamic Financial Institution- Recipient of Cash Waqf (LKSPWU) and has been authorized as Nazhir's regulator and supervisor by the Indonesian Waqf Board (BWI).

Based on the overall outcomes of the SWR002 order, there is still a significant possibility for the issuing of Retail CWLS that may be explored further. As a result, the government will continue to work to strengthen the services and infrastructure required to make Retail CWLS more accessible to the general public, as well as to assist BWI's efforts to expand cash Waqf programs.

PROSPECTS AND FURTHER DEVELOPMENT

Based on the recent favorable trend, the Sukuk market is likely to expand more in the future years. The increasing acceptance of Environmental, Social, and Governance (ESG) investment by investors, business sectors and governments has created a potential opportunity for Sukuk issuers to incorporate these trends.

The government currently working on further integrating Islamic social finance and commercial finance through the digital transformation of CWLS. Additionally, the government is currently enhancing its legal and regulatory framework to adopt more flexible rules to facilitate the growth of a socially responsible investment.

5.4 BRUNEI DARUSSALAM SUKUK MARKET DEVELOPMENT

BY: BRUNEI DARUSSALAM CENTRAL BANK (BDCB)

1. DATA OF SUKUK ISSUANCE

a. Sovereign Sukuk

As at 31st December 2021 the Brunei Government has issued over BND 15.00 billion worth of Sukuk Al-Ijarah securities since its maiden offering on 6th April 2006.

The Government of Brunei Darussalam through its agent, Brunei Darussalam Central Bank (BDCB), issues the following for the period of January 2021 to December 2021:

YEAR	SERIES	ISSUANCE DATE	TENOR (DAYS)	MATURITY DATE	TOTAL (BND)	RENTAL YIELD
2021	SERIES 190	7-Jan-21	91	08-Apr-21	BND -	0.0000
	SERIES 191	4-Feb-21	91	06-May-21	BND 100,000,000.00	0.2500
	SERIES 192	4-Mar-21	364	03-Mar-22	BND 15,000,000.00	0.3125
	SERIES 193	8-Apr-21	91	08-Jul-21	BND 100,000,000.00	0.2500
	SERIES 194	6-May-21	91	05-Aug-21	BND 100,000,000.00	0.1875
	SERIES 195	17-Jun-21	1092	13-Jun-24	BND 5,000,000.00	0.1875
	SERIES 196	8-Jul-21	91	07-Oct-21	BND 100,000,000.00	0.1875
	SERIES 197	5-Aug-21	91	04-Nov-21	BND 100,000,000.00	0.1875
	SERIES 198	2-Sep-21	364	01-Sep-22	BND 50,000,000.00	0.1875
	SERIES 199	7-Oct-21	91	06-Jan-22	BND 100,000,000.00	0.1875
	SERIES 200	4-Nov-21	91	03-Feb-22	BND 100,000,000.00	0.2500
	SERIES 201	2-Dec-21	1820	26-Nov-26	BND -	0.0000

b. Quasi-Sovereign Sukuk

As part of BDCB's continued efforts to develop a more efficient money market for Brunei Darussalam, BDCB successfully launched the BDCB Islamic Bills (BDCB I-Bills) on 22nd October 2020.

The inaugural BDCB I-Bills has a tenor of 2 weeks and is based on the Shari'ah concept of Wakalah bil Ujah, the first of its kind in Brunei Darussalam. The introduction of the BDCB I-Bills will be part of the short term benchmark yield curve and is hoped to be able to facilitate the development of other financial instruments in Brunei Darussalam, particularly Shari'ah compliant instruments. It also aims to support effective and efficient liquidity management for the banks and at the same time, will widen the list of available money market instruments for BDCB and the domestic financial sector.

YEAR	QUARTER	TOTAL NO. OF ISSUANCES	TOTAL ISSUANCE AMOUNT (BND)	AVERAGE RENTAL YIELD
2021	Q1	10	222,000,000.00	0.089%
	Q2	10	124,000,000.00	0.1057%
	Q3	13	463,000,000.00	0.1115%
	Q4	13	408,000,000.00	0.1185%

Since its maiden issuance on 22nd October 2020, BDCB has issued BND 1.517 billion, a total of 56 issuances with the total outstanding as at 31st December 2021 at BND 77 million.

c. Corporate Sukuk

There was no corporate Sukuk being issued during the period of January 2021 to December 2021.

d. Secondary Market Trading

There was no secondary market activity recorded in the same year.

2. LEGAL AND REGULATORY FRAMEWORK FOR SUKUK IN BRUNEI DARUSSALAM

The capital market industry in Brunei Darussalam is governed by the Securities Markets Order, 2013 (SMO) and the Securities Markets Regulations, 2015 (SMR) which are administered by BDCB.

The SMO and SMR provide the legal and regulatory framework for the licensing and supervision of market operators such as securities exchanges, clearing house, trading facilities, credit rating agencies, capital market intermediaries such as dealers, fund managers, investment advisers, securities products and collective investment schemes.

Prior to any issuance of these investment instruments or securities in Brunei Darussalam by way of a public offering, a registration statement and prospectus are required to be issued in the form and manner set out in the SMO and SMR. Any distributors who wish to make a secondary offering of Sukuk to retail investors in Brunei Darussalam are expected to notify the capital markets regulator and are exempted from the requirement to submit registration statement and prospectus.

Additionally, Islamic securities or financial products including Sukuk are regulated under the Syariah Financial Supervisory Board (SFSB) Order, 2006. Under the SFSB Order, 2006, Islamic securities or Islamic financial products are required to be submitted to the Syariah Financial Supervisory Board (SFSB) for approval. The SFSB acts as the final authority for the interpretation of the Laws of Islam for the purposes of any Islamic financial activities that are based on Shari'ah principles, including Islamic banking business, Takaful, and Islamic capital markets.

3. MOVING FORWARD

BDCB is currently working on to develop further and enhance the domestic money market, both the conventional and Islamic market, through the introduction of other tenor instruments. This project will provide benchmark rates for the shorter end of the yield curve.

Additionally, BDCB is currently enhancing its legal and regulatory framework to facilitate the growth of Sukuk market in Brunei Darussalam. BDCB has also commenced its strategic initiatives towards facilitating the growth of Sukuk market in Brunei Darussalam. One of those initiatives worth mentioning is lowering the cost of Sukuk issuance in Brunei Darussalam. In doing so, BDCB is currently working on a standardised legal documentation for Sukuk Ijarah whereby the documentation, which is based on the Sukuk legal documentation issued by the International Islamic Financial Market (IIFM), will be tailored to suit Brunei Darussalam's legal and regulatory framework and Shari'ah governance framework.

5.5 SUKUK MARKET IN PAKISTAN

BY: STATE BANK OF PAKISTAN (SBP)

OVERVIEW

Pakistan is among the major Sukuk issuing jurisdictions and the domestic Sukuk market has grown immensely during the last few years. During 2021, domestic Sukuk market maintained its robust growth momentum with a record issuance of 31 Sukuk valuing Rupees (Rs) 821 billion and a 35% increase in total Sukuk issuance compared to the last year. It is important to highlight that this is the highest value of yearly domestic Sukuk issuance till the date, which was mainly contributed by sovereign Sukuk. The issuance of Sukuk also played a pivotal role in providing effective liquidity management support to the Islamic banking industry.

Pakistan issued its first international sovereign Sukuk of USD 600 million in 2005 and domestic Sukuk in 2006. By end December 2021, the total amount of international Sukuk and domestic Sukuk issuance stood at USD 3.6 billion and Rs 3,162.3 billion, respectively.

OVERALL DOMESTIC SUKUK MARKET

ISSUER	NUMBER OF ISSUES	AMOUNT (IN RS BILLION)
Government of Pakistan	41	2,234
Quasi-Sovereign	32	629
Corporate	99	299
Total	172	3,162

Table 1: Breakdown of Domestic Sukuk in Pakistan

LISTING STATUS	NUMBER OF ISSUES	AMOUNT (IN RS BILLION)
Privately Placed	153	2,851
Listed	19	311
Total	172	3,162

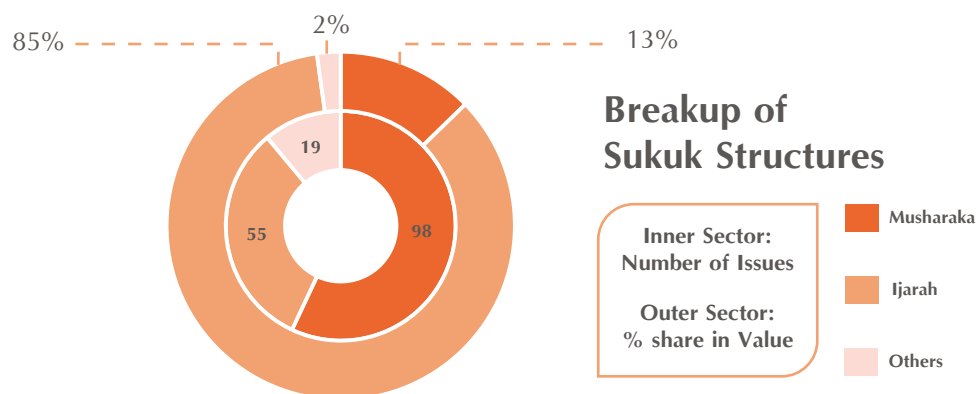
Table 2: Status Wise Sukuk Issuance in Pakistan

The breakup of domestic Sukuk market reveals that total 172 domestic Sukuk were issued by end December 2021. During 2021, Government of Pakistan (GoP) issued 10 sovereign domestic Ijarah Sukuk, taking the total GoP Ijarah Sukuk issuance to 41 by end December 2021. Similarly, 18 corporate Sukuk were issued in 2021 and a number of total corporate Sukuk issuance reached at 99. Further, with the addition of three quasi-sovereign Sukuk, the total number of quasi-sovereign Sukuk issuance increased to 32 by end of December 2021. In terms of value, the share of GoP Ijarah Sukuk remained the highest with a value of Rs 2,234.1 billion, followed by quasi-sovereign with a value of Rs 629.1 billion, whereas the value of corporate Sukuk stood at Rs 299.1 billion. The majority of the Sukuk were placed privately, whereas some were listed on the stock exchange (see Table 2).

A. Mode Wise Break-up of Sukuk

The mode wise breakup of Sukuk structure indicates that the most commonly used structure in a domestic Sukuk market is Musharakah (98 issues), followed by Ijarah (55 issues). However, the value of Ijarah Sukuk issuance remained higher compared to other modes mainly due to the reason that all GoP domestic sovereign Sukuk are based on Ijarah, which are generally of larger value compared to other Sukuk issued in Pakistan.

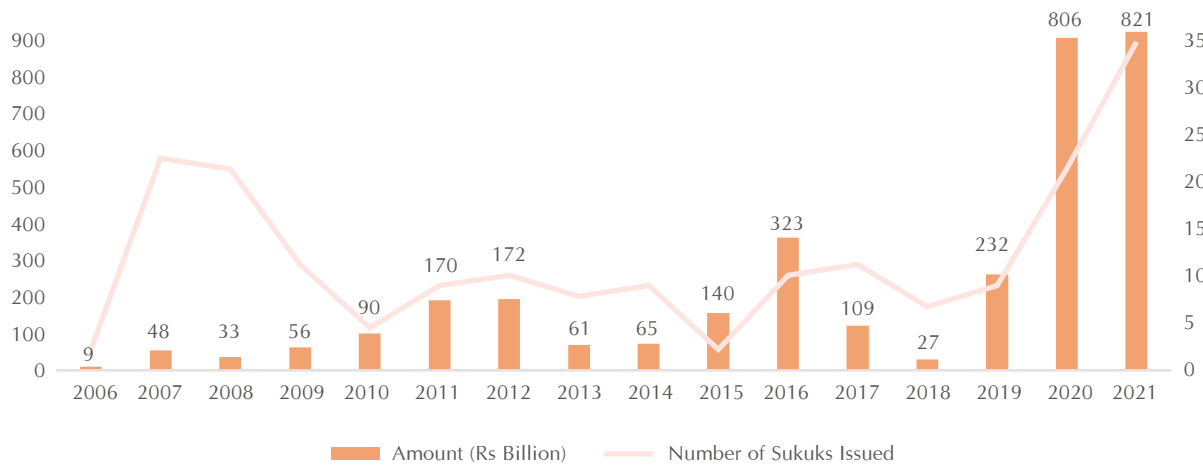
FIGURE 1: PAKISTAN'S DOMESTIC SUKUK MARKET STRUCTURE



B. Chronological Development of Pakistan’s Sukuk Market

In Pakistan, Sukuk market has been constantly rising since issuance of first domestic Sukuk in 2006. On an overall basis, the total amount of 172 domestic Sukuk issuance was recorded at Rs 3,162.3 billion by end December 2021. The growth trend of domestic Sukuk market remained mixed over the period, however, significant progress was observed during 2011-12, 2015-16 and 2019-20. In addition, the year 2021 proved to be a phenomenal year in the history of domestic Sukuk market of the country as total 31 Sukuk valuing Rs 821 billion were issued. This is the highest ever yearly increase in Sukuk issuance in a single year, both in terms of number and amount. The breakup of domestic Sukuk issuance divulges that the value of total GoP Ijarah Sukuk remained highest with an amount of Rs 736.3 billion, followed by corporate Sukuk with a value of Rs 67.6 billion and quasi-sovereign Sukuk with an amount of Rs 17.1 billion.

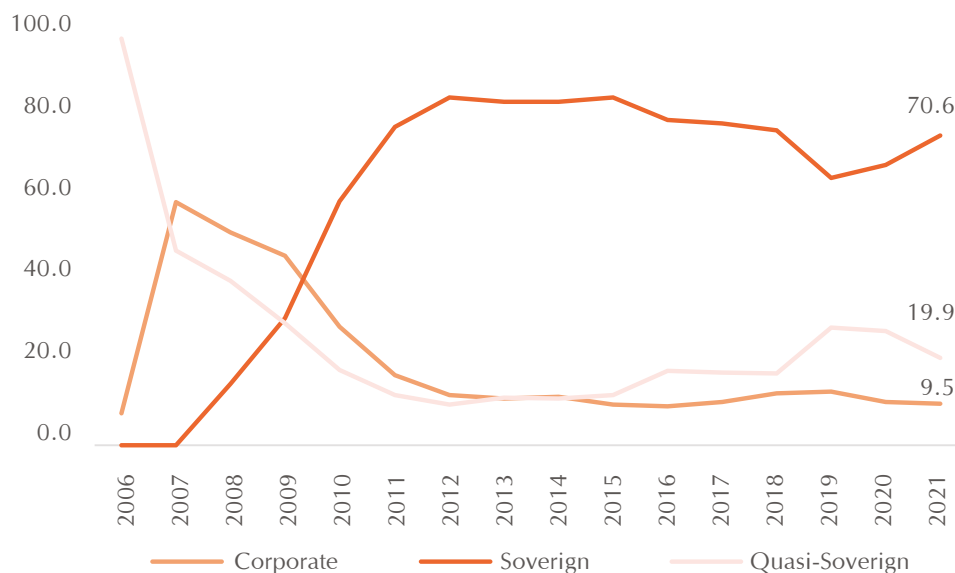
FIGURE 2: YEAR WISE DOMESTIC SUKUK SUMMARY
CHRONOLOGICAL DEVELOPMENT OF DOMESTIC SUKUK IN PAKISTAN



C. Entity wise Sukuk Issuance

The data of entity wise Sukuk issuance shows that during the initial phase of the Sukuk market, the corporate and quasi-sovereign Sukuk had a significant share in total Sukuk issuance in Pakistan. Nonetheless, this composition changed since 2010 as GoP Ijarah Sukuk acquired a substantial share in overall Sukuk issuance. Furthermore, GoP has issued total domestic sovereign Ijarah Sukuk of Rs 1,627 billion during the last two years. Resultantly, the share of sovereign Sukuk in overall domestic issuance increased to 70.6% by end December 2021. On the other hand, the share of quasi-sovereign and corporate Sukuk was recorded at 19.9% and 9.5%, respectively by end December 2021 (Figure-3).

FIGURE 3: ENTITY WISE & YEAR WISE BREAKUP OF SUKUK
(CUMULATIVE AS OF END YEAR IN PERCENT)



i.Sovereign Sukuk

Pakistan Domestic Sukuk Company Limited (PDSCL), a public sector company, has been issuing GoP Ijarah Sukuk in the domestic market since 2008. By end December 2021, the company issued total 41 Sukuk amounting to Rs 2,234.1 billion. Out of these total Sukuk issued, 32 Sukuk valuing Rs 1,832.9 billion were issued based on a variable rental rate (Table 3), while 9 Sukuk amounting to Rs 401.2 billion were issued based on a fixed rental rate (Table 4). It is reiterated that 2021 stood out to be the year, which recorded the highest amount of GoP sovereign Sukuk issuance of Rs 736.3 billion.

TABLE 3: SUMMARY OF IJARAH SUKUK BY THE GOVERNMENT OF PAKISTAN (VARIABLE RENTAL RATE)

AUCTION	ISSUE DATE	MATURITY DATE	AMOUNT OF SUKUK (IN RS BILLION)	TENOR
GOP Ijarah Sukuk - 1	26/09/2008	26/09/2011	7	3
GOP Ijarah Sukuk - 2	29/12/2008	29/12/2011	6	3
GOP Ijarah Sukuk - 3	11/03/2009	11/03/2012	15	3
GOP Ijarah Sukuk - 4	17/09/2009	17/09/2012	14	3
GOP Ijarah Sukuk - 5	15/11/2010	15/11/2013	52	3
GOP Ijarah Sukuk - 6	20/12/2010	20/12/2013	37	3
GOP Ijarah Sukuk - 7	07/03/2011	07/03/2014	48	3
GOP Ijarah Sukuk - 8	16/05/2011	16/05/2014	46	3
GOP Ijarah Sukuk - 9	26/12/2011	21/11/2015	70	3
GOP Ijarah Sukuk - 10	02/03/2012	21/11/2015	38	3
GOP Ijarah Sukuk - 11	30/04/2012	21/11/2015	30	3
GOP Ijarah Sukuk - 12	28/06/2012	21/11/2015	49	3
GOP Ijarah Sukuk - 13	18/09/2012	21/11/2015	47	3
GOP Ijarah Sukuk - 14	28/03/2013	28/03/2016	43	3
GOP Ijarah Sukuk - 15	25/06/2014	25/06/2017	50	3
GOP Ijarah Sukuk - 16	18/12/2015	18/12/2018	118	3
GOP Ijarah Sukuk - 18	30/04/2020	30/04/2025	76	5
GOP Ijarah Sukuk - 19	29/05/2020	29/05/2025	75	5
GOP Ijarah Sukuk - 20	24/06/2020	24/06/2025	47	5
GOP Ijarah Sukuk - 21	29/07/2020	29/07/2025	27	5
GOP Ijarah Sukuk -21(reopened)	26/08/2020	29/07/2025	22	5
GOP Ijarah Sukuk - 21(2nd reopened)	23/09/2020	29/07/2025	69	5
GOP Ijarah Sukuk - 21(3rd reopened)	21/10/2020	29/07/2025	70	5
GOP Ijarah Sukuk - 22	09/12/2020	09/12/2025	69	5
GOP Ijarah Sukuk - 22 (1st reopen)	23/12/2020	09/12/2025	63	5
GOP Ijarah Sukuk - 22 (2nd reopen)	20/01/2021	09/12/2025	67	5
GOP Ijarah Sukuk - 22 (Special reopen)	04/06/2021	09/12/2025	29	5
GOP Ijarah Sukuk - 23	6/10/2021	6/10/2026	191	5
GIS VRR-24	29/10/2021	29/10/2026	169	5

Continued from previous page

AUCTION	ISSUE DATE	MATURITY DATE	AMOUNT OF SUKUK (IN RS BILLION)	TENOR
GOP Ijarah Sukuk - 24 (Special reopen)	29/11/2021	29/10/2026	45	5
GIS VRR-24 (1st ReOpen)	17/11/2021	29/10/2026	148	5
GIS VRR-24 (2nd ReOpen)	15/12/2021	29/10/2026	0.05	5
TOTAL VALUE				1,832.9
TOTAL OUTSTANDING				1,164.2

TABLE 4: SUMMARY OF IJARAH SUKUK BY THE GOVERNMENT OF PAKISTAN (FIXED RENTAL RATE)

AUCTION	ISSUE DATE	MATURITY DATE	AMOUNT OF SUKUK (IN RS BILLION)	TENOR
GISF-1	15/02/2016	15/02/2019	116	3
GISF-2	29/03/2016	29/03/2019	80	3
GISF-3	30/06/2017	30/06/2020	71	3
GISF-4	29/07/2020	29/07/2025	21	5
GISF-4 (1st reopen)	26/08/2020	29/07/2025	18	5
GISF-4 (2nd reopen)	23/09/2020	29/07/2025	6	5
GISF-7	20/01/2021	20/01/2026	8	5
GISF-8	06/10/2021	06/10/2026	13	5
GIS-FRR 11	15/12/2021	15/12/2026	68	5
TOTAL VALUE				401.2
TOTAL OUTSTANDING				133.6

ii. Corporate & Quasi-Sovereign Sukuk

In Pakistan, total 131 corporate and quasi-sovereign Sukuk were issued between the first offering in 2006 and by end December 2021. In 2021, 18 corporate Sukuk valuing Rs 67.6 billion were issued, showing a considerable increase in corporate Sukuk issuance. It is worth mentioning here that this was the largest issuance both in terms of number of issuance as well as amount, since the first issuance of corporate Sukuk in Pakistan. Similarly, three quasi-sovereign Sukuk valuing Rs 17.1 billion were issued during 2021. As a result, the cumulative value of corporate and quasi-sovereign Sukuk issuance reached Rs 928.2 billion by end December 2021 (see Table 5).

TABLE 5: CUMULATIVE (CORPORATE & QUASI-SOVEREIGN) YEAR WISE DOMESTIC SUKUK SUMMARY

YEAR	AMOUNT (RS IN BILLION)	NO. OF ISSUES
2006	9	2
2007	48	20
2008	21	17
2009	26	8
2010	0.8	2
2011	6	5
2012	9	5
2013	18	6

Continued from previous page

YEAR	AMOUNT (RS IN BILLION)	NO. OF ISSUES
2014	15	7
2015	22	1
2016	126	7
2017	38	9
2018	27	6
2019	233	8
2020	245	7
2021	85	21
Total	928.2	131

iii. International Sukuk by Government of Pakistan

Pakistan entered in the international Sukuk market in 2005, with the issuance of the first international Sukuk of USD 600 million. The total amount of international Sukuk issuance stood at USD 3.6 billion by end December 2021. All international Sukuk were issued for five years each and attracted a positive response from investors.

TABLE 6: INTERNATIONAL SUKUK

AUCTION	ISSUE DATE	MATURITY DATE	AMOUNT OF SUKUK (US DOLLAR MILLIONS)
Pakistan First International Sukuk	1/1/2005	1/1/2010	600
Pakistan Second International Sukuk	1/11/2014	1/11/2019	1,000
Pakistan Third International Sukuk	16/10/2016	13/10/2021	1,000
Pakistan Fourth International Sukuk	1/11/2017	1/11/2022	1,000

REGULATORY FRAMEWORK FOR ISSUANCE OF SUKUK

Sukuk are one of the most important components of Islamic capital market and regarded as a foremost growth driver in the Islamic finance industry. In Pakistan, the domestic Sukuk market is regulated by the Securities and Exchange Commission of Pakistan (SECP). Sukuk being instrument of redeemable capital are issued by the companies either by way of public offering or by way of private placement under section 66 of the Companies Act, 2017. It is important to note that the majority of Sukuk issued in the country are through private placement. In case of privately placed Sukuk, the issuer is required to comply with the Sukuk (Privately Placed) Regulations, 2017 and the Private Placement of Securities Rules, 2017. While, it is mandatory to obtain approval of SECP for issuance, circulation and publication of the prospectus in case of public offering Sukuk.

During 2021, SECP issued the guidelines on issuance of Green Bonds/Sukuk. The guidelines provide an easy and efficient procedure for issuance with concise offering document/prospectus. All issuers who are eligible to issue debt securities, including Sukuk either by way of public offer or private placement are eligible to issue green bonds/Sukuk while ensuring compliance with the applicable regulatory framework.

FUTURE OUTLOOK

In Pakistan, Sukuk market has witnessed significant growth over the years with both sovereign and corporate entities issuing Sukuk. Importantly, the issuance of sovereign and quasi-sovereign Sukuk during the last few years provided much needed support to Islamic banking industry to address their liquidity management challenges. It is pertinent to mention here that assets and deposits of Islamic banking industry witnessed a remarkable year on year increase of 30.6% and 24.2%, respectively during 2021. Keeping in view the positive trend of issuance of Sukuk for the last few years, it is expected that the Sukuk market will grow further in the upcoming years.

5.6 ISSUANCE OF SUKUK IN SUDAN 2021

BY: CENTRAL BANK OF SUDAN AND OSAMA ELNOUR MOHAMED, HEAD OF RESEARCH & STATISTIC DEPARTMENT, SUDAN FINANCIAL SERVICES COMPANY (SFSC)

BACKGROUND INFORMATION

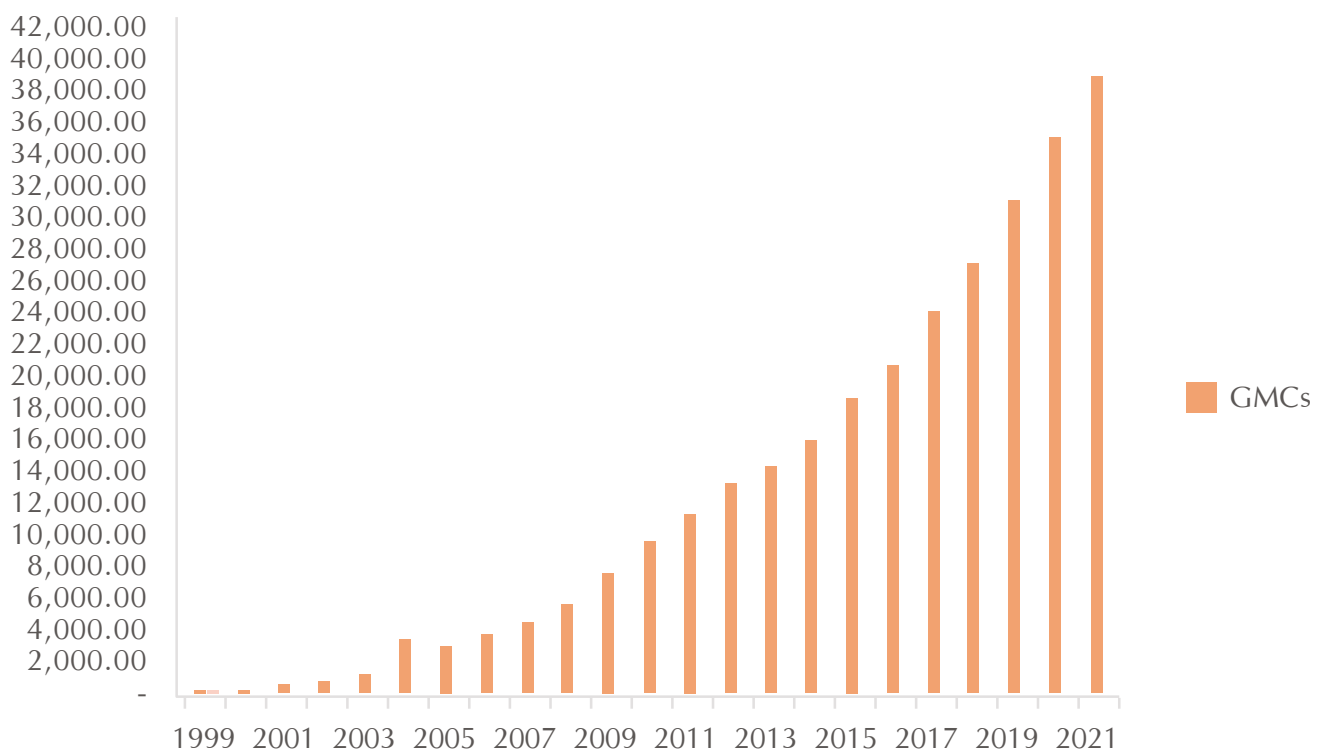
After the implementation of Islamic banking system in Sudan in 1983 the monetary authorities found themselves restricted to the direct tools for liquidity management (administrative and quantitative tools), so there was an urgent need for alternatives Islamic instruments instead of the traditional one.

So after a great effort continued for a year and a half the Higher Shari’ah Supervisory Board and expert from the IMF found the first generation of Sukuk, Central bank Musharakah Certificates (CMCs) and Government Musharakah Certificates (GMCs).

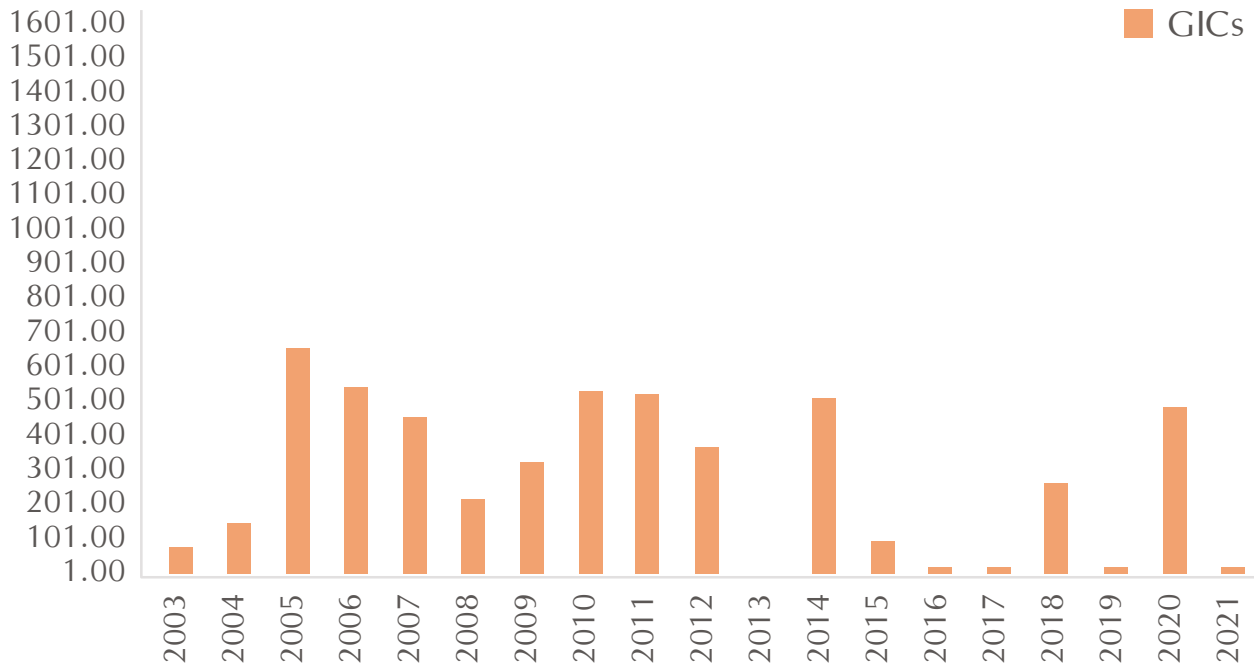
To manage the issuance of these Sukuk the Central Bank of Sudan had two options either to manage it through one of its departments or establish a company to do the job, and eventually established Sudan Financial Services Company (SFSC) in 1998.

SUKUK ISSUANCES (DOMESTIC & INTERNATIONAL)

All Sukuk issued since the establishment of the SFSC in 1998 are domestics, the charts below shows the development GMCs and GICs Sukuk issued up to end of 2021.



GICS



Since the first issuance in 1999, the Government Musharakah Certificates (GMCs) has been growing rapidly, the demand depends on high profitability, free risk, short- term maturity (One year), in addition to high liquidity, which is match with objectives of investors. On the other hand, growth of Government Investment Certificates (GICs) is not as favorable as (GMCs) and showed sluggish development due to Long-term duration (2 - 6 years) and stability of Profit rate. In 2021, the (GMCs) outstanding increased by 8.5 % from previous year, reaching SDG 38,461 million, while the (GICs) outstanding decreased due to zero issuance while some of the Sukuk has reached its maturity.

TYPES OF SUKUK STRUCTURES

CHART1: CENTRAL BANK MUSHARAKAH CERTIFICATE & GOVERNMENT MUSHARAKAH CERTIFICATE

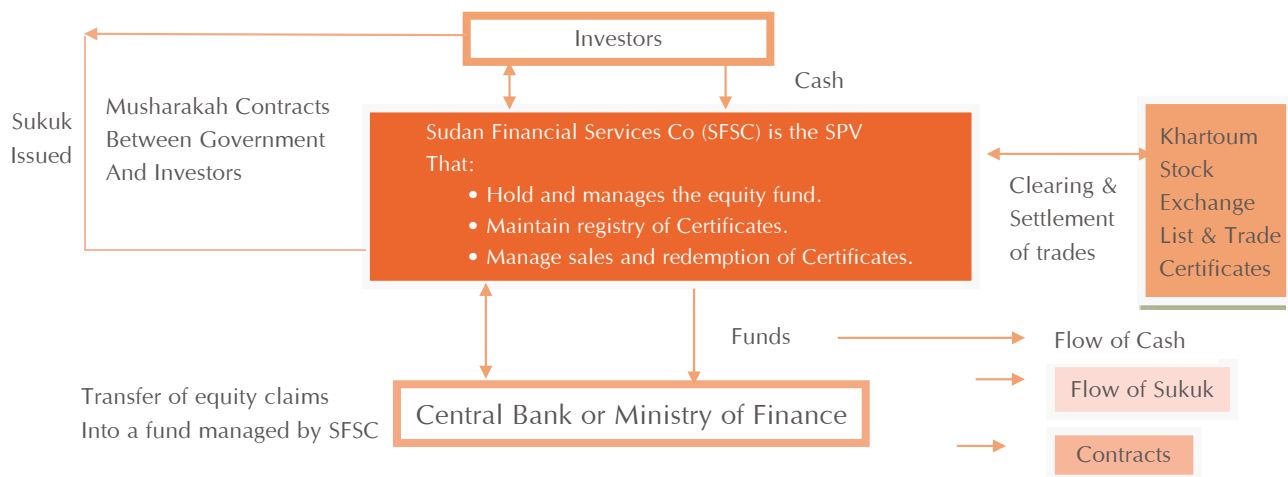


CHART 2: GOVERNMENT INVESTMENT CERTIFICATE

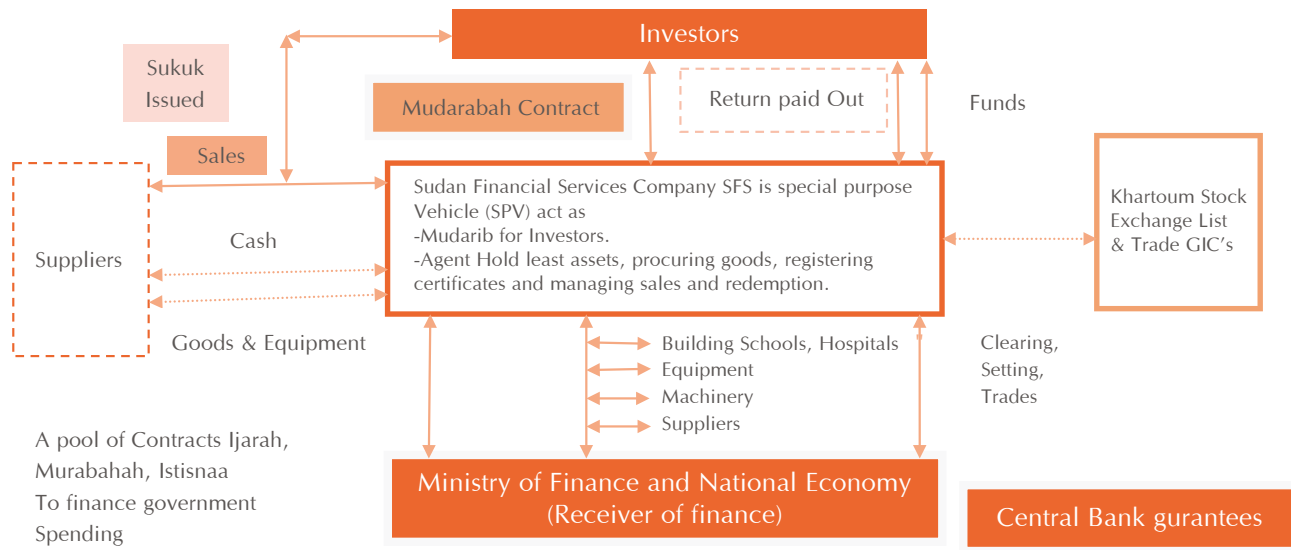
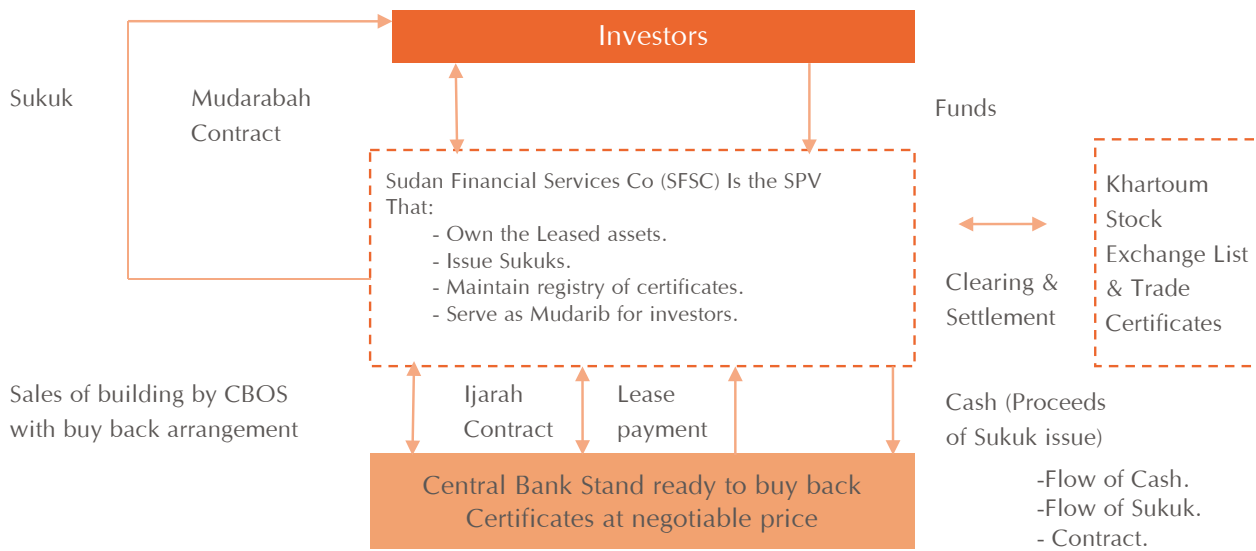
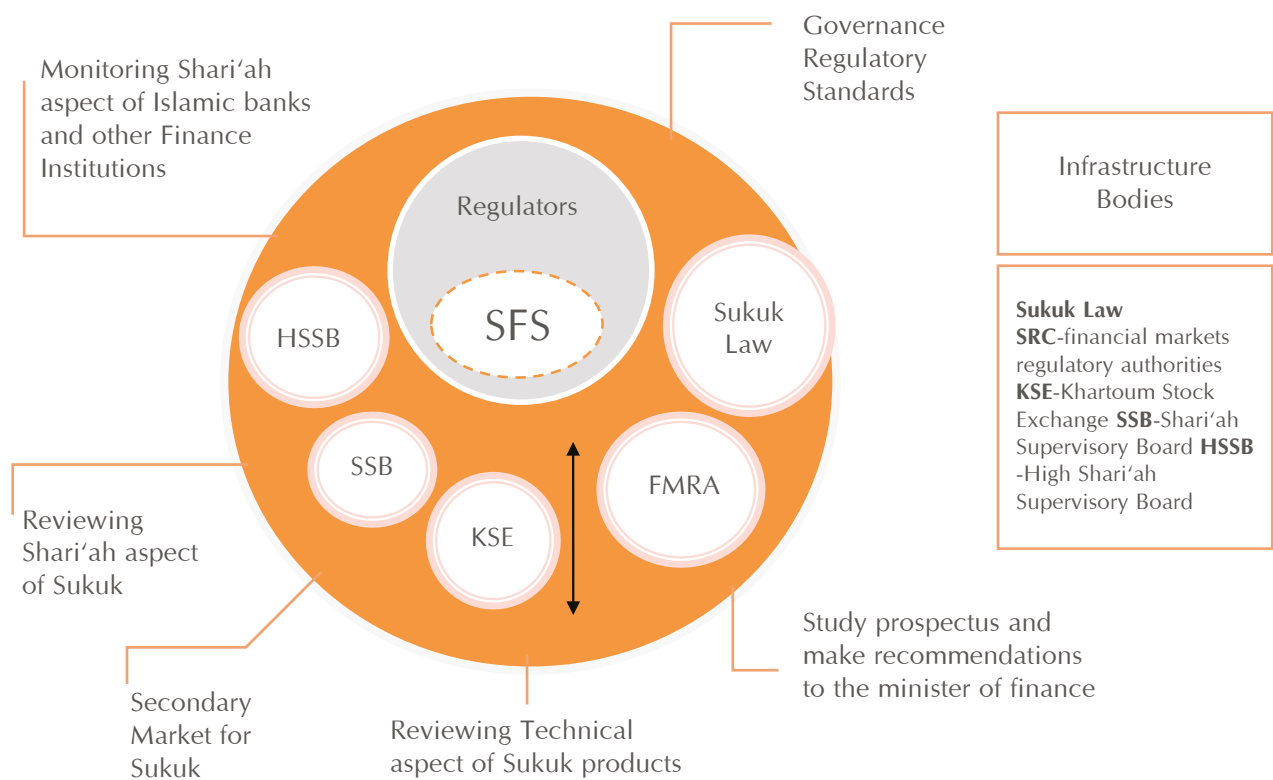


CHART 3: CENTRAL BANK IJARAH CERTIFICATES



LEGAL AND REGULATORY FRAMEWORK

CHART 4: SUKUK REGULATORY FRAMEWORK



INCENTIVES

Main Merits and Characteristics:

1. The certificate is legal and it fulfills all the requirements of legal contracts. The higher Shari'ah Supervisory Board for the Banking system and financial Institutions has given a Fatwa (Ruling) underlining the legality of this certificate.
2. Has a Low investment risks.
3. Has high profitability compared with other investment opportunities.
4. Can be presented as first class collateral for banking finance.
5. It can be feasibly liquidated as it can be traded at any time and easily in Khartoum Stock Exchange.

SEGMENT FOCUS

1. Managing liquidity at the macro economy level by using contractionary or expansionary open market operations to control liquidity within the ambit of Islamic Shari'ah.
2. Contributing in filling part of fiscal deficit in the public budget which was usually financed by borrowing from the Central Bank.
3. Allocating real savings for Government financing to meet spending on development and infrastructural projects.
4. Mitigating inflationary effects, by providing stable and real financing for the Government in the form of commodities and services.

SECONDARY MARKET ACTIVITY

The total value of traded Islamic Sukuk in Khartoum Stock Exchange (KSE) during the year 2021 amounted to 564.8 SDG million compare to 1,448.9 SDG million traded in 2020 and the number of executed transactions for Islamic Sukuk during the year 2021 reached 21,431 deals compare to 21,716 transactions executed in 2020 as table (1) below shows more other indicators.

TABLE 1: TRADED SUKUK: SECONDARY MARKET INDICATORS

ITEM	2021
Number of traded shares	508,719,692
Number of traded Sukuk	23,692,973
The total value traded	19,701.2 (SDG Millions)
Number of Transactions	20,970
Market capital	101,289.4 (SDG Millions)

SOURCE: KHARTOUM STOCK EXCHANGE

5.7 RECENT TREND AND DEVELOPMENTS AT THE TURKISH SUKUK MARKET

BY: CAPITAL MARKETS BOARD OF TURKIYE (CMB)

GENERAL OVERVIEW

Interest free (Islamic) financial products are regulated by four dedicated regulators in Türkiye. While shares, Sukuk, funds and real estate certificates are regulated by the Capital Markets Board of Türkiye (CMB), sovereign Sukuk, on the other hand, are under the control and regulations of the Ministry of Treasury and Finance (MTF). In addition, Islamic Banks (named as Participation Banks under Turkish legislation) are mainly regulated by Banking Regulation and Supervision Agency. Those Participation Banks are also subject to the rules and regulations of the Central Bank of Türkiye.

Sukuk, under the name of “lease certificates¹” in Türkiye have been introduced in 2010 which are totally designed in line with the international standards and global best practices. Following its introduction in 2010, Turkish Sukuk Market, has demonstrated some well proven development process thanks to Sukuk characteristics as providing interest-free investment opportunities.

In recent years, Türkiye has carried out numerous key reforms in Islamic capital markets in order to enhance its financial infrastructure, and increase the diversity of financial products and services. Within that perspective, under the Istanbul Financial Center Action Plan, there is a national initiative aiming to develop the securities markets in Türkiye, including Islamic capital markets. This target has been seen achieved as the amount of Sukuk issuances considered which are presented in the upcoming parts of this note.

In order to support the regulatory framework for corporate Sukuk, some major challenges have been achieved in the last decade. When the first Sukuk regulation was introduced in 2010, it was basically designed to enable interest free financing and investment in the form of leasing (Ijarah) transaction. Then in 2011, tax inequalities on Ijarah Sukuk compared to conventional financial products were solved. And finally, Sukuk regulations currently in force have been published under the Capital Market Law (CML) in 2012. Sukuk regulations have been entirely renewed² in June 2013 with the enactment of the new Capital Market Law. The updated secondary regulations introduced in line with the new Law, have extended the scope of underlying assets to all kinds of rights and assets and introduced five more internationally well-known Sukuk structures (which are Wakalah, Murabahah, Mudarabah, Musharakah and Istisna) to enable greater product diversity.

In order to support corporate Sukuk, in 2016, tax and fee exemptions were extended with a legal amendment to cover all Sukuk. Also in 2016, in order to promote the companies’ access to finance and cushion their financial costs, the CMB has made fifty per cent discount for the registration fees it imposed for capital market instrument issuances, including Sukuk.

RECENT DEVELOPMENTS ON GREEN AND SUSTAINABLE SUKUK IN TURKIYE

The CMB has published Green and Sustainable Bond and Sukuk Guideline in February 2022 in accordance with the ICMA Green Bond Principles. The Draft document has been prepared by considering the market opinions as well and within that regard before it’s published it was circulated with the market participants in November 2021. Meanwhile, the CMB has imposed fifty per cent discount for the registration fees of green and sustainable capital market instruments including Sukuk.

MARKET TREND FOR CORPORATE SUKUK (BASED ON RECENT SUKUK DATA)

Since its introduction in 2010, the volume of Sukuk issues has reached significant levels. Following the tax exemptions and the discount on the CMB registration fees, some advances have been observed in the lease certificate (Sukuk) issuances by the private sector since 2017. However, by considering all outstanding debt securities, it can be asserted that corporate Sukuk still have some challenges to be achieved in the upcoming period. After its peak level in 2018 share of outstanding corporate Sukuk has declined to 4.37% in 2021. Table 1 and Figure 1 display this market trend since 2015 in the following.

¹Sukuk are introduced and defined as “lease certificates” in the Capital Market Law (CML) of Türkiye.

²For further regulations introduced by the CML in 2012, please see Türkiye’s Country Focus for the IIFM Annual Sukuk Report 2017.

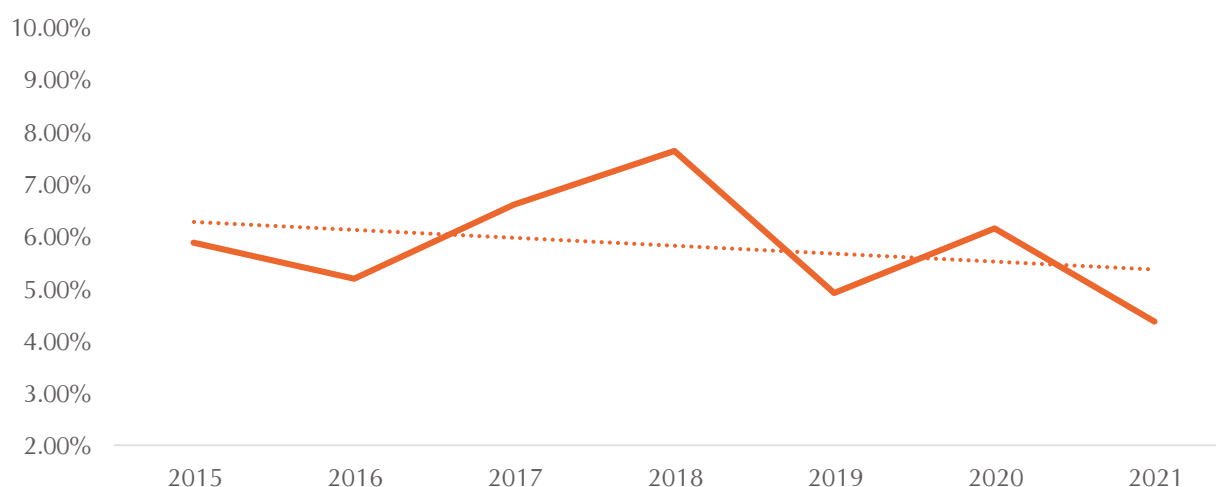
TABLE 1. SHARE OF CORPORATE SUKUK³ WITHIN ALL OUTSTANDING DEBT INSTRUMENTS (2015-2021)

(USD MILLION)	2015	2016	2017	2018	2019	2020	2021
Outstanding Lease Certificates (Sukuk)	3 142	2 776	4 211	4 621	3 061	3 734	2 354
All Outstanding Debt Securities (ADS)*	53 462	53 552	63 789	60 552	62 230	60 745	53 865
Sukuk / ADS (%)	5,88%	5,18%	6,60%	7,63%	4,92%	6,15%	4,37%

* ADS includes both the conventional and Islamic debt instruments.

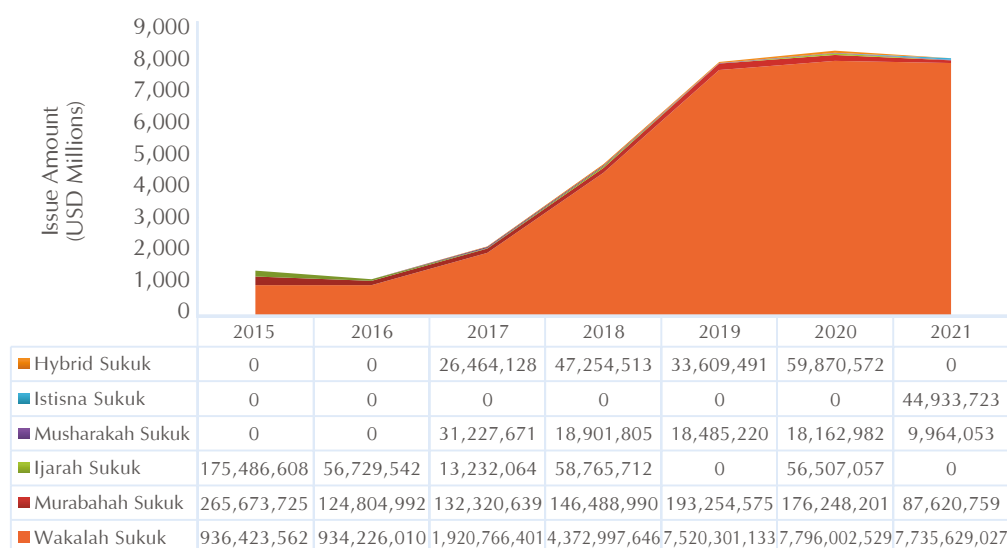
As shown in Figure 1, the share of lease certificates among all outstanding debt securities reached its record high level in 2018 and since then a downward trend has been observed for Sukuk share in total outstanding debt securities.

FIGURE 1. SHARE OF CORPORATE SUKUK WITHIN OUTSTANDING DEBT SECURITIES (2015-2021)



On the other hand, unlike the outstanding securities data, issuance data (in USD) displays that corporate Sukuk market has been steadily growing since 2016. Within last five years, the volume of corporate Sukuk issued has raised more than sixfold.

FIGURE 2. VOLUME OF CORPORATE SUKUK ISSUED – (2015-2021)

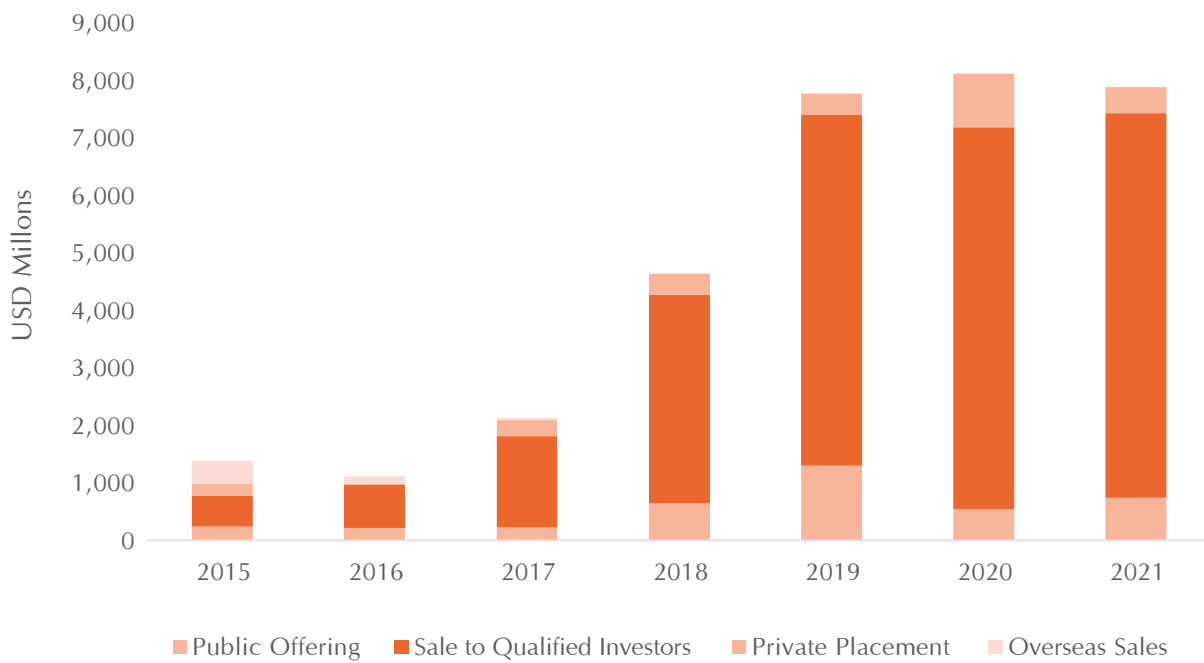


³The results in this table represent the outstanding data as of the end of each year. However, as the amount of issued Sukuk reached to USD 7,87 billion in 2021, the outstanding amounts of Sukuk is less than one third of all issued Sukuk in 2021. This is because of that the average maturity for Sukuk is around 100 days as of 2021.

With reference to the structures of corporate Sukuk, it will be seen that they are generally based on ownership (Ijarah), trading (Murabahah) and mainly the management contracts (Wakalah). “Wakalah Sukuk” has dominated the market and in recent years, “Wakalah Sukuk” has a concentration rate of more than 95% among total Sukuk issuances. Meanwhile, as an indicator of the market development, for the first time Istisna Sukuk has been issued in 2021.

Considering the sale methods of corporate Sukuk, Figure 3 displays following that “qualified investors” have been receiving the lion’s share at the market for years; more than two third of local corporate Sukuk have been sold to qualified investors. It can also be asserted that Sukuk have gradually been attracting retail investors in Türkiye with public offerings. As being the second group of Sukuk sales, public offerings have also been adopted by the issuers quiet moderately and according to Sukuk data displayed by Figure 3, corporate Sukuk are totally sold at the local markets, no Sukuk issuance have realized abroad recently in other words, which is a lacking structure for Turkish Sukuk market.

FIGURE 3. SUKUK ISSUANCES BY SALE METHODS (2015-2021)



SECONDARY TRADING AND MARKET INFRASTRUCTURE

As a challenge of corporate Sukuk market in Türkiye, secondary, trading has been very limited in the market. In line with the CMB regulations, when Sukuk is offered to public it needs to be listed at Borsa Istanbul. Secondary trading of Sukuk in Türkiye is mostly dominated by sovereign issuances. For corporate Sukuk, preferences of retail investors may be mentioned as a disadvantage for second hand transactions as they usually tend to hold Sukuk till the maturity.

Clearing, settlement and registration functions operated by the MKK and Takasbank under the surveillance of the CMB provide sound infrastructure for Sukuk transactions and also supply a credible Sukuk database to Borsa Istanbul for the secondary market activities.

Meanwhile, some significant steps have been taken to introduce Turkish Sukuk market for international issuers in recent years. Sukuk issued by the Islamic Development Bank (IsDB) has been listed in Borsa Istanbul in 2016. IsDB has issued Sukuk which is already traded at London, Dubai and Malaysia. IsDB’s listing has been an important landmark as it highlights Istanbul Sukuk Market.

SOVEREIGN SUKUK IN TÜRKIYE⁴

As being the sole issuer of sovereign Sukuk in Türkiye, Ministry of Treasury and Finance (MTF) have been realizing all those sovereign Sukuk issuances under the structure of Ijarah Sukuk. In 2016 the MTF issued first longest term (5 year) maturity Sukuk in order to enhance liquidity and provide benchmark yield curve. Again in 2016, another important Sukuk issuance took place, 5 year CPI linked Sukuk sold to domestic market for the same goal. Subsequently, gold denominated Ijarah Sukuk was introduced in 2017 by the MTF with the aim of bringing idle gold into the economy.

Since then, the MTF raised 119,1 tons of gold within 2018-2020 period and 64,1 tons of gold in 2021 from the public with its gold based lease certificates. In addition, the MTF has also issued foreign currency (Euro and USD) based lease certificates (USD 2,97 billion & USD 1,51 billion in total) and TRY based lease certificates (corresponding to USD 5,43 billion & USD 1,22 billion in total) in 2020 and 2021, respectively. In total, while the amount of MTF's total Sukuk issuances was USD 11,27 billion in 2020, it has declined to USD 6,33 billion in 2021. While the maturities of those sovereign Sukuk issued in 2021 are considered, TRY based lease certificates have much longer maturities (up to 10 years) rather than foreign currency and/or gold based lease certificates that have maturities up to 3 years.

⁴Sovereign Sukuk data provided here is gathered from the website of Ministry of Treasury and Finance of Türkiye.

CONCLUSION OF IIFM SUKUK REPORT 2021

The global Sukuk market maintained its attractiveness for both issuers and investors as evident from the yet another new record of total Sukuk (short term & long term) issuances both in domestic and International Sukuk markets.

As the case in previous year, the key drivers of the Sukuk market during the year were issuances from regular & well established jurisdictions, relatively recent entrants, increase in Basel III Compliant Tier 1 & Tier 2 issuances, increase in long dated 30 to 50 years issuances, stable short-term issuances for liquidity management, project financing and increase focus on ESG related and sustainable finance issuances.

The demand for Sukuk from GCC countries namely Bahrain, Saudi Arabia, UAE, Oman, Qatar, Kuwait; other Islamic jurisdictions including Malaysia, Indonesia, Türkiye, Pakistan, Brunei Darussalam, Bangladesh, Africa region such as Nigeria, Egypt etc., and Islamic Development Bank (IsDB) provided the impetus to stronger growth in issuances.

In recent years, several of the Islamic jurisdictions, mentioned above, have been regularly issuing benchmark Sukuk in domestic as well as international markets. Moreover, some jurisdictions, including African countries, have adopted Bahrain's strategy of regularly issuing short term Sukuk to support the liquidity and investment requirements of Islamic financial institutions based in its jurisdiction. Bahrain, Brunei Darussalam, Indonesia, Malaysia, Türkiye, Bangladesh and certain African countries were the frequent issuers of short-term Sukuk during 2021 as the case previous year also.

The International Islamic Liquidity Management Corporation (IILM) continues to remain an active issuer of short term international Sukuk. This provides an alternative liquidity management avenue to Islamic financial institutions which are active in the short-term market and are mainly looking for low risk securities to address High Quality Liquid Assets (HQLA) requirements of regulators.

The issuance of more debut Sukuk and successful refinancing of maturing Sukuk has contributed in maintaining the positive Sukuk volume trajectory and the indications are that this trend will continue in 2022.

The initial concerns of last year on pandemic related impact on global economic conditions and the possibility of slowdown in Sukuk market did not occur and the Sukuk market, in broader sense, remain intact and maintained its progressive path in all Sukuk issuing jurisdictions.

In 2021, Sukuk market remained as an attractive Islamic capital market instrument from issuers, investors and other market participants perspective. The global economy is currently experiencing inflationary pressures and there is an increase in international benchmark rates which may lead to limited effect on issuances and on overall basis the Sukuk is maintaining its attractiveness as evident from the year 2021 Sukuk issuances and 2022 Sukuk issuance pipeline.

Another positive development in Sukuk market is issuances of Environmental, Social and Governance (ESG) linked Sukuk and are issued as key theme in some Sukuk issuing jurisdictions. The share of ESG Sukuk is increasing and as per market estimates the outstanding amount may have crossed USD 20 billion by mid-2022.

In terms of achieving diversification in Sukuk issuances, it is important that the market participants continue to make efforts in increasing the very small to negligible volume of asset backed Sukuk so far issued. In order for asset backed market to get moving it is important to address issues such availability of fully transferable assets, structuring issues and legal challenges especially title transfer requirement and risk management of the underlying asset need to be addressed.

The use of gold in Sukuk issuance by sovereigns such as Turkish Treasury is another Sukuk structure which other Sukuk issuing jurisdictions also need to consider this option.

The trend of issuing Sukuk on a fixed profit rate is expected to continue given the fact that the investor base is much more diverse as compared to the early years of Sukuk issuance when the investors were generally financial institutions. The Sukuk issued on fixed profit rates provide more trading opportunities and is helping the development of the secondary Sukuk market.

Generally, Sukuk market did not face any major issues due to the global benchmark rate reforms and transition from Inter-bank Offered Rates (IBOR) to Risk Free Rates as mostly the IBOR is used in the short term Sukuk issuances. Moreover, IIFM after the publication of a white paper on global benchmark rate reforms and its impact on Islamic industry during late 2020 and has also published standards on RFR or alternate benchmark rates solutions as well as hedging related documentation standard and reference documentation during 2021 which is helping the industry in a smooth transition from LIBOR to RFR.

Sukuk issuances in non-local currency, for example, an issuer based in GCC issues a Malaysian Ringgit Sukuk or a Malaysian corporate issue a Sukuk in Singapore Dollar or Chinese Yuan etc., such transaction did not take place in 2021 as the case previous year.

The issuance of Formosa Sukuk out of Taiwan in January 2020 was a positive development but since then there is no follow up issuance though it was a positive development and, in the future, will be helpful in the development

of Sukuk market.

The application of the Dodd Frank rule of a 5% take-up by the issuer in the case of the Government of Saudi Arabia's international Sukuk issuance of USD 9 billion in 2017 seems to be one time event as no such transaction was reported in 2021 also.

During 2021, the share of sovereign issuances in the domestic market remained robust; contributing a whopping 64% (USD 88.398 billion) of total issuances value followed by corporate, Quasi-sovereign and IFs issuances of 17% (USD 24.460 billion, 6% (USD 7.965 billion) and 13% (USD 17.870) respectively. The shares of the corporate sector excluding the Malaysian Government showed some improvement as compare to last year but it remained below its potential in issuance volume.

In 2021, the sovereign issuances in the international market were again strong with an issuance contribution of 44% (USD 21.807 billion) while quasi-sovereign issuances contribution was also strong 40% as against 2020 contribution of 45%. The financial institution's issuances were 14% (USD 6.70 billion) from 2020 issuances of 23% (USD 9.559 billion) while the corporate issuances declined to 2% (USD 1.200 billion) from 2020 issuances of 9% (3.850 billion).

On a cumulative basis for the period of 2001 to 2021, Malaysia continues to maintain its top position of Sukuk issuances with combined domestic and international issuances of around USD 877 billion, followed by Saudi Arabia with USD 216.755 billion, Indonesia with USD 148.295 billion, UAE USD 102.195 billion and Turkey USD 84.692 billion. Malaysia, due to its deep capital market, continues to maintain its lead over its peers in Asia and the GCC; however, the increase in issuances from the Bahrain, Saudi Arabia, Indonesia, UAE, Türkiye, etc is resulting in a reduction of the Malaysian share of the global Sukuk market in recent years.

In 2021, the Sukuk Al Wakalah structure maintained its lead over the Ijarah and other structures as one of the most widely used by issuers in the international market with a market share of 41.00% (USD 20.42 billion) resulting in slight decrease of around 4.60%. It was followed by a Sukuk Al Ijarah where market share 14% (USD 6.857 billion) followed by Sukuk Al Mudarabah of 9% (USD 4.350 billion). The Sukuk structures which are gaining popularity are Hybrid Sukuk structures issuances.

In 2021, the domestic Sukuk Al Murabahah remains the most used structure with increase in market share of this structure to 34% (USD 47.266 billion) as compared to 29% (USD 38.097 billion) last year, followed by Sukuk Al Ijarah of 29% (USD 39.450 billion) and Hybrid Sukuk Murabahah/Mudharaba of 15.00% (USD 21.280 billion).

The year 2021 presents a somewhat balanced structure preference, which is desirable and encouraging for the Sukuk market as the concern of dependence on one particular structure need to be kept under control.

In 2021, the International Sukuk issuance closed at around USD 49.427 billion Sukuk issuances as compared to USD 42.408 billion in 2020. The volume of short term international Sukuk issuance in 2021 and 2020 works out to USD 14.120 billion and USD 13.322 billion respectively which means that longer tenor Sukuk issuances were USD 35.307 billion and USD 29.086 billion respectively.

The total international outstanding Sukuk increased to around USD 182.950 billion, which is an improvement over last year and is helpful in reducing the supply and demand gap which still exist.

Several landmark global Sukuk issuances from Bahrain, Malaysia, Saudi Arabia, Türkiye, UAE, Indonesia, Nigeria, Egypt etc., are in the pipeline for 2022, which is a clear indication that the Sukuk is the most sort after capital market instrument.

As far as domestic Sukuk markets are concerned, Sukuk issuances during 2021 were USD 138.693 billion compared to USD 132.230 billion in 2020. Malaysia has maintained a dominant share in terms of both volume and value, and remains the largest domestic Sukuk issuer with 44.01% (USD 61.045 billion). The countries like the Bahrain, Indonesia, Saudi Arabia, Pakistan, Qatar and Türkiye are emerging as potential leaders. The Kingdom of Bahrain, particularly short-term Sukuk issuances, has also kept up its regular Sukuk issuances and has seen several landmark issuances.

The domestic Sukuk market beside Malaysia a number of other jurisdictions such as Bahrain, Saudi Arabia, Indonesia, Türkiye and some other jurisdictions are providing avenues to Islamic banks and other investors to invest their surplus liquidity in government Sukuk programs designed to provide a level playing field to Islamic financial institutions. Moreover, a number of countries such as Gambia, Ivory Coast, Senegal, Mali, Morocco, Egypt, Bangladesh and Pakistan are actively developing their domestic Sukuk markets.

The total outstanding Domestic Sukuk as of 2021 stood at around USD 549.140 billion, which is pleasantly around USD 66.30 billion higher than the previous year. The issuances volumes are on the rise in recent years led by sovereigns, quasi-sovereigns and IFIs and it is expected that in 2021 also the issuances will mostly come from these issuers while corporate Sukuk issuances Ex. Malaysia are expected to gradually increase in a near term.

The US Dollar continues to be the favoured currency for attracting international investors around the globe. Local currency Sukuk will develop in the coming years as more OIC countries develop their domestic Sukuk markets. This trend is taking shape with Indonesia, Türkiye, Pakistan, Africa, Bangladesh and the GCC countries issuing local currency Sukuk. Sovereign or sovereign linked entities currently dominate issuance in these countries and this flow seems to continue. Since some of the sovereigns needs to fund budgetary requirements while also setting up the local benchmark curves to generate funding for the huge infrastructure projects.

Cross-border international Sukuk maturities in 2021 were USD 16.084 billion while the Sukuk maturities during 2022 and 2023 will be USD 22.872 billion and USD 18.058 billion respectively and most likely Sukuk will be reissued.

The domestic maturities in 2021 were USD 20.93 billion while the maturities during 2022 and 2023 will be substantial of around USD 41.013 billion and USD 51.690 respectively which need to be replaced.

Short term Sukuk with a maturity of one year or less are essential in the development of Islamic interbank markets and these Sukuk play a key role in the liquidity management of financial institutions. In the year 2021, the main issuers of the short-term Sukuk were the Bahrain, Malaysia, Indonesia, Türkiye, Brunei Darussalam, Bangladesh and few African countries etc., The short-term Sukuk market, although limited to a few jurisdictions, offers and presents balanced issuances from various jurisdictions. In addition, the ILLM's short-term international Sukuk issuances also helping in the development of this important short-term market.

The appetite for short term Sukuk is high as evident from these issuances. The trend towards issuing shorter tenor Sukuk is improving and is to great extent is driven by sovereign issuers though in some jurisdictions the FIs and corporates have also entered the short-term Sukuk market. There is a need for Islamic financial institutions and corporates to become active issuers of Sukuk in order to provide diversity and depth to the local markets, which are essential in the development of the money market.

Another important aspect, which is critical to the development of the Sukuk market, is the role of the corporate sector. As mentioned in the analysis part of this report, the volume of corporate issuances in most of the Sukuk issuing jurisdictions (except Malaysia) is below the potential. Among the reasons for the underperformance of the corporate sector in issuing Sukuk are economic conditions, government policies towards a particular sector, cash flow issues, tax incentives and other related reason.

The most important issue surrounding corporate Sukuk is default and restructuring which was the cause of concern during the 2008 global economic crisis but since then legal precedent is defined and very few Sukuk have defaulted and restructured or going through restructuring hence no impact on Sukuk market as such.

The Sukuk market continues to evolve and in recent years, it has witnessed over reliance on certain Sukuk structures such as Wakalah and Murabahah. This development in particular needs to be monitored, as a structurally diversified global Sukuk market is recommended. Moreover, the Sukuk market need to also diversify into asset backed or securitized Sukuk issuances and some other options mentioned in the report.

Finally, IIFM has already published Sukuk Al Ijarah and Sukuk Al Mudarabah Tier 1 standard template documentation and these standards will certainly the development of the Sukuk market.

GLOSSARY

A) GENERAL ISLAMIC FINANCE TERMS

Term	Meaning
'Aqd	A bilateral contract, agreement etc
Aqd al-Muawadah	Contract of exchange in which compensation is given against the goods or services received.
Al-bai`	Sale contract
Bai` al-`Inah	Sale contract followed by repurchase by the seller at a different price.
Bai al- Salam	Advance purchase. Sale contract based on order of certain asset with certain specifications. Full payment is made in cash at the time of conclusion of the contract, whereas the delivery of the asset is deferred to a specified time.
Bai Al- 'Arbun	A sale agreement in which a security deposit is given in advance as a partial payment towards the price of the commodity purchased. (It is also known as down payment sale).
Bai Bithamanal-Aajil / Bai Mu' ajjal or Bai al-Aajil	Deferred payment sale. It refers to the sale of goods contract on a deferred payment basis.
Bai al-Wafa	Buyback, sale and repurchase, a contract with the condition that when the seller pays back the price of goods sold, the buyer returns the goods to the seller.
Faqih	Is a Muslim Jurist who gives rulings on various juristic issues in the light of the Qur'an and the Sunnah of Prophet Muhammad (peace be upon him).
Fatwa	It is a religious decree. A ruling made by a qualified Shari 'ah scholar on a particular issue. It is an opinion that addresses either a specific problem of interest to a particular person or a matter of public concern.
Fiqh	Refers Islamic jurisprudence. It covers all aspects of life - religious, political, social, commercial, and economic. Fiqh is based primarily on interpretations of the Holy Qur'an and the Sunnah of Prophet Muhammad (peace be upon him) etc.
Fiqh al-mu 'aamalat	It is Islamic commercial jurisprudence, jurisprudence of financial transactions or the rules of transacting in a Shari 'ah-compliant manner.
Ijarah	Lease or service contract that involves benefit/usufruct of certain asset or work for an agreed payment within an agreed period.
Ijarah muntahia bi al-Tamlik	Lease contract which ends with acquisition of ownership of the asset by the lessee.

Term	Meaning
Istisna'a	Advance purchase of goods or buildings. It is a sale contract by way of order for a certain product with certain specifications and certain mode of delivery and payment (either in cash or deferred)
Murabahah	Sale contract with a disclosure of the asset cost price and profit margin to the buyer.
Mudarabah	Profit sharing contract. It is an investment partnership, whereby the investor provides capital to the entrepreneur in order to undertake a business or investment activity. While profits are shared on a pre-agreed ratio, losses are born by the investor alone. The entrepreneur loses only his share of the expected income.
Mudarib	Entrepreneur of a Mudarabah joint venture contract.
Musharakah	Profit and loss sharing contract. It is an investment partnership in which all partners are entitled to a share in the profits of a project in a mutually agreed ratio. Losses are shared in proportion to the amount invested.
Musharakah Mutanaqisah	Refers to a contract whereby one of the partners promises to buy the equity share of the other gradually until the title is completely transferred to him. (This is known as diminishing Musharakah).
Murtahin	A party who asks for collateral.
Musawamah	Bargain on price. Sale contract without the disclosure of the asset cost price and profit margin to the buyer
Muwakkil	The principal/investor who appoints the agent (Wakil) to carry out a specific job on his behalf.
Rabb al-Mal	Owner of capital (the investor) in Mudarabah joint venture contract.
Ra's-al-Mal	The capital. The money or property which an investor invests in a profit-seeking venture contract.
Rahin	Chargor
Shari'ah	Is often referred to as Islamic law. It is the rulings contained in and derived from The Holy Qur'an and the Sunnah (i.e. sayings and living example of the Prophet Muhammad (peace be upon him)). These cover every action performed by an individual or a society. It is primarily concerned with a set of values that are essential to Islam and the best manner of their protection. The essential values of the Shari 'ah include those of faith, life, intellect, lineage, property, fulfillment of contracts, preservation of ties of kinship, honoring the rights of one's neighbor. It also includes sincerity, trustworthiness and moral purity and so forth.
Shari'ah Scholar	The Islamic Shari'ah scholar is an individual who is well-versed with the necessary knowledge of the Shari'ah teachings and principles.

Term	Meaning
A Shari'ah compliant product	The product meets the requirements of Shari'ah. In other words, this is the term used in Islamic finance to indicate that a financial product or activity that complies with the requirements of the Shari'ah.
A Shari'ah board	Is the committee of well-versed Islamic scholars available to an Islamic financial institution for guidance and supervision in the development of Shari'ah compliant products. It is recommended the scholars of a Shari'ah board to be well-versed and competent in Shari'ah and its approaches to economics and finance.
A Shari'ah advisor	Is an independent Islamic trained scholar that advises Islamic institutions on the compliance of the products and services with the Shari'ah.
Takaful	Islamic insurance. Structured as a charitable collective pool of funds based on the idea of mutual assistance.
Tawarruq	Reverse Murabahah, for the purpose acquiring cash through trade activities.
Tamwil Majm'a li muamalaat Tijariah	Refers to a participation agreement for trade finance transactions.
Wa'ad	Promise/undertaking. Such as a promise to buy or sell certain goods in a certain quantity at a certain time in future at a certain price
Wakalah	Agency. A contract of agency in which one party appoints another party to perform a certain task on its behalf.
Wakil	In a Wakalah contract, a representative/agent, who acts on behalf of the principal/investor.
Wakalah bi al-istithmar	Agency contract for investment.
Wathiqah Hamish al Rahn al Naqdi	Refers to Credit Support Deed for Cash Collateral Variation Margin Agreement

B) SUKUK REPORT ELEVENTH EDITION GLOSSARY

Term	Meaning
Sukuk	An 'Arabic term for financial certificate. It is defined as "Certificates of equal value representing undivided shares in ownership of tangible assets, usufructs and services or (in the ownership of) the assets of particular projects or special investment activity".
Sukuk Sukuk Al- Istithmar	Refers to Investment Sukuk. Investment Sukuk are of different types. Such as Certificates of ownership in leased assets and Certificates of ownership of usufructs.
Sukuk mulkiyat al maujudaat al muajjarah	Certificates of ownership in leased assets
Sukuk mulkiyat al Manaf 'i	Are Certificates of ownership of usufructs (are of different types).
Al-Ijarah Sukuk	An Islamic certificate for the buying and leasing of assets by the investors to the issuer and such Sukuk shall represent the undivided beneficial rights/ownership/interest in the asset held by the trustee on behalf of the investors.
Istisna'a Sukuk	Are certificates of equal value issued with the aim of mobilizing funds to be employed for the production of goods so that the goods produced come to be owned by the certificate holders. (This type of Sukuk has been used for the advance funding of real estate development, major industrial projects or large items of equipment such as: turbines, power plants, ships or aircraft (construction/manufacturing financing).
Mudarabah Sukuk	Are certificates that represent project or activities managed on the basis of Mudarabah by appointing one of the partners or another person as the Mudarib for the management of the operation. (It is an investment partnership between two entities whereby one entity is mainly a provider of capital and the other is mainly the manager)
Murabahah Sukuk	Are certificates of equal value issued for the purpose of financing the purchase of goods through Murabahah so that the certificate holders become the owners of the Murabahah commodity. (This is a pure sale contract based Sukuk, which based on the cost plus profit mechanism).
Musharakah Sukuk	Are certificates of equal value issued with the aim of using the mobilized funds for establishing a new project, financing a business activity etc., on the basis of any of partnership contract so that the certificate holders become the owners of the project. (Musharakah Sukuk is an investment partnership between two or more entities which together provide the capital of the Musharakah and share in its profits and losses in pre-agreed ratios)
Salam Sukuk	Are certificates of equal value issued with the aim of mobilizing Salam capital/mobilizing funds so that the goods to be delivered on the basis of Salam come to be owned by the certificate holders.
Corporate Sukuk	Is a Sukuk issued by a corporation as opposed to those issued by the government. It is a major way for companies to raise funds in order to expand its business or for a specific project.
Convertible or exchangeable Sukuk	Convertible or exchangeable Sukuk certificates are convertible into the issuer's shares or exchangeable into a third party's shares at an exchange ratio, which is determinable at the time of exercise with respect to the going market price and a pre-specified formula.
Domestic Sukuk (For the purpose of this report)	A Sukuk issued in local currency.

Term	Meaning
Global Sukuk (For the purpose of this report)	Both international and domestic Sukuk.
Hybrid Sukuk	Hybrid Sukuk combine two or more forms of Islamic financing in their structure such as Istisna'a and Ijarah, Murabahah and Ijarah etc.
International Sukuk (For the purpose of this report)	A Sukuk issued in hard currency such as USD.
Quasi-sovereign Sukuk	Are Sukuk issued by a public sector entity that is like sovereign Sukuk. It may carry explicit or implicit government guarantee.
Sovereign Sukuk	Are Sukuk issued by a national government. The term usually refers to Sukuk issued in foreign currencies, while Sukuk issued by national governments in the country's own currency are referred to as government sukuk.



IFN AWARDS

Turkey Deal of the Year 2021 – Kuveyt Turk US\$350 million Tier 2 sustainability Sukuk (see below)

Kuveyt Turk's debut 350\$m Tier-II Sustainability sukuk in which KFH Capital acted as the Sole Global Coordinator, Joint Capital Structuring Agent, Joint ESG Structuring Agent And Joint Sukuk Structuring Agent, Joint Lead Manager & Bookrunner.

This was a landmark transaction in the Islamic debt capital markets with the following key highlights:

- First Sustainability Tier2- sukuk issued globally
- First Sustainability sukuk from an Islamic Financial Institution
- Massive yield compression of 62.5 bps from the wide end of the IPTs
- Strong demand from international accounts constituting %24 of orderbook
- Highest oversubscription (~12x) ever achieved by Kuveyt Turk in the international debt capital markets

Kuwait Deal of the year, 2021 – KFH's USD 750 million Sukuk

Overall Deal of the Year 2021 – Saudi Aramco's USD 6 billion Hybrid Sukuk

Hybrid Deal of the Year 2021 – Saudi Aramco's USD 6 billion Hybrid Sukuk

Saudi Arabia Deal of the Year 2021 – Saudi Aramco's USD 6 billion Hybrid Sukuk

Sovereign and Multilateral Deal of the Year 2021 - UK Government's GBP500 million sovereign Sukuk



Bonds and Loans Awards

Global Corporate Sukuk Deal of the Year, 2021 – Saudi Aramco

Global Corporate Sukuk Deal of the Year, 2021 – Kuyet Turk



EMEA Finance Awards

Best Financial Institution Sukuk Year 2021 - Kuwait Finance House's debut US\$750\$m Perpetual NC6 Sukuk

Best Green Sukuk Year 2021 - Kuyet Turk US\$350\$m sustainability Tier 2 Sukuk



السوق المالية
الإسلامية الدولية
International Islamic
Financial Market

International Islamic Financial Market

7th Floor, Office No. 72
Zamil Tower, Al Khalifa Avenue
P.O. Box 11454, Manama
Kingdom of Bahrain

T: +973 17500161

F: +973 17500171

info@iifm.net

www.iifm.net

For more information:

