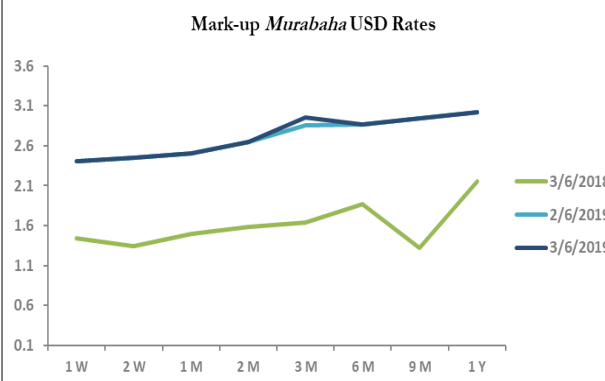
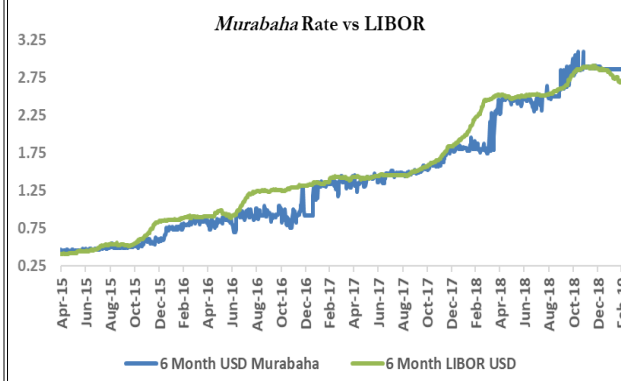
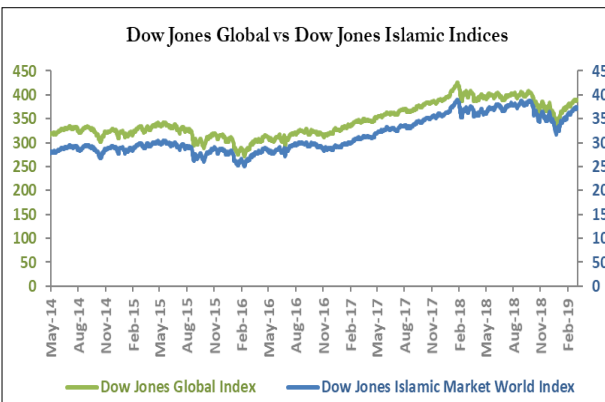
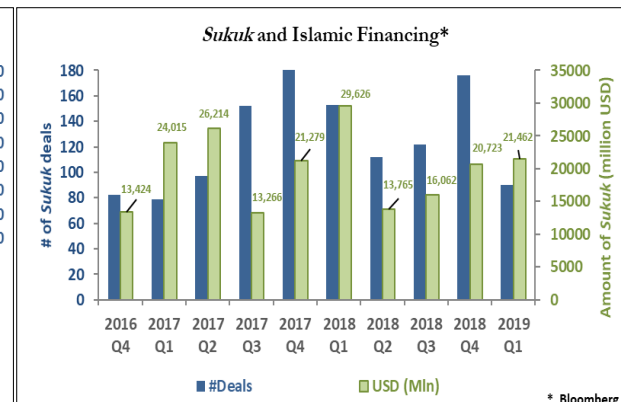


Turkey gets its Sixth Islamic Bank	2		Value	MoM	QoQ	YoY
			3/6/19	2/6/19	12/6/18	3/6/18
Shari'a-compliant Cryptocurrency Exchange 'Rain' Completes CBB's Regulatory Sandbox	2	Equity				
		Dow Jones Islamic Index	3724.79	▲2.59%	▲6.17%	▲1.27%
		Dow Jones Global Index	388.42	▲1.81%	▲5.24%	▼-3.10%
		MSCI Islamic Index	1316.91	▲2.28%	▲5.27%	▲0.28%
		MSCI World Index	2087.50	▲1.97%	▲4.85%	▼-1.43%
Turk Eximbank Signs \$381 million Syndicated Murabaha Facility	2	MSCI Emerging Market Index	1055.12	▲0.64%	▲7.78%	▼-11.63%
		Fixed Income				
		LIBOR 6 Month	2.6826	▼-0.094	▼-0.206	▲0.442
		Murabaha USD 6 Month	2.8646	▲0.000	▼-0.032	▲0.995
UK Thought Body is the First Specialist Islamic Finance Organization to Endorse the New UNEP-led Guidelines	3	Dow Jones Sukuk Index	100.53	▲0.24%	▲1.77%	▲0.04%
More Firms Turn to Islamic Finance for Development Projects	3					
Global Islamic Bond Issuance to Hit Record in 2020	4					
Indonesia Lists \$2bn Green Sukuk on Nasdaq Dubai	4					
Turkey Issues Gold-linked Bonds and Sukuk to Institutional Investors	4					
GCC Sovereigns to Drive Surge Sukuk Issuance in 2019, 2020	5	* Bloomberg				
Islamic Development Bank to Raise 2 bln Dollars in Sukuk in 2019	5					
Upcoming Events	6					
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Turkey gets its Sixth Islamic Bank

Turkish banking authority BDDK approved for operations Emlak Katilim Bankasi, making it the sixth Islamic bank in the country.

The state-owned Emlak Bank converted to become a participation bank, as Islamic banks are called in Turkey. It focuses on the construction and real estate sectors.

Turkey's government aims to increase the share of participation banking assets to 15 percent of the country's total banking sector by 2025.

In December 2018, participation banks held 206.8 billion Turkish liras (\$38.9 billion) in assets, accounting for 5.3 percent of the

banking sector, according to data from the Participation Banks Association of Turkey (TKKB).

This was up from 160.7 billion liras in December 2017, when Islamic banking assets made up 4.9 percent of the banking sector.

To expand the sector, the government opened two Islamic banks prior to Emlak: Ziraat Katilim in 2015 and Vakif Katilimin 2016.

The other participation banks are Albaraka Turk, Kuveyt Turk and Turkiye Finans.

Source: [Salaam Gateway](#)



Photo Credit: emlakbank.com.tr

Shari'a-compliant Cryptocurrency Exchange 'Rain' Completes CBB's Regulatory Sandbox

Rain, a Bahrain based cryptocurrency exchange, has today announced its successful graduation of the Central Bank of Bahrain's (CBB) Regulatory Sandbox. It is the first cryptocurrency exchange to graduate the sandbox and is in the process of applying for the relevant license.

To add more legitimacy and gain the trust of its customers, Rain also announced today that it has passed a Shari'a compliance certification. The Shari'a compliance certification was completed by Shariyah Review Bureau ("SRB"). SRB is licensed by the Central Bank of Bahrain as a Shari'a Advisory firm authorized to issue Shari'a compliance certifications.

SRB has reviewed Rain's brokerage service and has determined that the sale, purchase and custodian activities of Rain comply with

Shari'a principles.

Rain aims to deliver more value with a Shari'a compliant cryptocurrency exchange. The Shari'a certification covers a suite of three cryptocurrencies (bitcoin, ethereum, and litecoin). Rain expects to enable top-tier family offices, sophisticated investors and Islamic institutional investors to buy, sell and store cryptocurrency in a Shari'a compliant way.

Rain was founded in 2016 by four entrepreneurs Yehia Badawy, Abdullah Almoaiqel, AJ Nelson and Joseph Dallago. They shared a joint vision to create a fully Shari'a compliant exchange to provide trust for local cryptocurrency traders.

Source: [Salaam Gateway](#)



Photo Credit: saudigazette.com.sa

Turk Eximbank Signs \$381 million Syndicated Murabahah Facility

Turk Eximbank has secured a \$381 million Murabahah financing from an international banking consortium under the leadership of the International Islamic Trade Finance Corporation (ITFC), according to local news-wire, Anadolu.

Ruhsar Pekcan, the Turkish Trade Minister, said, "We aim to boost Turk Eximbank's export financing support by 10 per cent year-on-

year in 2019, in order to further support to small- and medium-sized enterprises (SMEs)."

The Turkish Trade Minister said that the ratio of SMEs supported by Turk Eximbank will be increased to 75 per cent this year, from 70.7 per cent in 2018.

Source: [Islamic Business & Finance](#)



Photo Credit: hurriyet.com.tr

UK Thought Body is the First Specialist Islamic Finance Organization to Endorse the New UNEP-led Guidelines

Islamic Finance Council UK (UKIFC) became the first advisory body dedicated to Islamic finance to endorse the United Nations Environment Finance Initiative's (UNEP FI) Principles for Responsible Banking (UN PRBs), joining 64 other international banks and stakeholders.



Photo Credit: gefi2017.com

The UN PRBs represent an opportunity for the Islamic Banking industry, which is made up of over 1,300 financial institutions and windows, and is growing at 6% annually. It is a USD2.4 trillion contributor to the international banking marketplace forecasted to reach USD3.8 trillion by 2023 (Islamic Finance Development Report 2018).

The Principles are the first global framework to enable banks to integrate sustainability across their operations and enhance their positive impact within the regions they operate in. Arab African International Bank (AAIB) (Egypt), Commercial International Bank (CIB) (Egypt),

CIMB Bank (Malaysia) and Garanti Bank (Turkey), which operate in muslim-majority countries, are amongst the founding signatories.

The PRBs strongly align with the principles of Islamic Finance. Alignment and Impact are embedded in the foundational goals of the Maqasid al Shariah, a framework of purpose in Islamic practice that focuses on the objective of wealth and the preservation and continuity of life. Achieving communal prosperity and financial transparency underpin Shariah compliant finance, based on a law designed to protect all members of a society. Fairness and inclusion are themes of Islamic finance that resonate with the remaining four UN PRBs (Clients, Stakeholders, Governance and Transparency). Adopting the UN PRBs will encourage more innovation in the use of Islamic finance instruments to achieving the SDGs, such as green Sukuks.

Source: [Salaam Gateway](#)

More Firms Turn to Islamic Finance for Development Projects

A growing number of organisations from outside the Middle East region are turning to Islamic finance and in particular to sukuk instruments to raise funds for infrastructure and development projects, according to a UAE-based investment banking expert.



Photo Credit: internationalinvestment.net

The merits of Islamic finance are expected to allow the sector to grow into new geographies, says Zahid Aslam, managing director of investment banking at Dalma Capital Management. Aslam's comments come as the firm reports an almost one-third jump in enquiries regarding Sharia-compliant bond issuances from corporations outside of the GCC.

The news follows S&P Global Ratings predicting in January the global issuance of Sharia-compliant foreign and local currency bonds is expected to reach as much as \$115bn this year.

"It is our experience that sukuk-based solutions are establishing themselves as an

increasingly attractive alternative for the funding of infrastructure and development projects," observed Aslam.

"For example, we are currently working with clients on a variety of 'off-the-beaten path' projects, including a refinery initiative in the CIS region and a scheme to help develop ecotourism and sustainable farming in several African nations. We are also seeing interest from Malaysia, Indonesia and Pakistan."

He continued: "I would suggest that there are five main drivers for this significant upward trend for sukuk-issuance to continue this year and beyond. First, lower oil prices - despite recent gains - have created a funding shortfall for many.

"Second, there is notable and mounting pressure on global liquidity. Third, the U.S. Federal Reserve's ongoing plans to slowly raise interest rates, making borrowing more expensive. And global regulation is becoming more Islamic finance-friendly."

Source: [International Investment](#)

Global Islamic Bond Issuance to Hit Record in 2020

The global issuance of sovereign Islamic bonds is expected to exceed a seven-year-old record by 2020, Moody's Investors Service said in a report issued.



Photo Credit: coinwire.com/

The recovery will be supported by the governments of Muslim-majority nations that are running fiscal deficits and need to pay off previous issues with new Islamic bonds, according to the credit rating agency.

The gross issuance in 2018, including long and short-term issues by governments and international organizations, fell 5%, to \$78 billion, as higher oil prices partially alleviated the need for financing. The number is a far cry from the record of \$93 billion hit in 2012.

Of the combined 2018 issuance, long-term securities made up \$54.8 billion. Gulf Cooperation Council member countries issued \$22.1 billion of this total, Malaysia \$15.5 billion and Indonesia \$10.6 billion.

Moody's expects Malaysia, Saudi Arabia

and Indonesia to increase their share of the combined issuance as they finance fiscal deficits over the next two years.

Malaysia, a key promoter of Islamic financial tools, relied on Islamic bonds, also known as sukuk, to finance 80% of its fiscal deficit spending in the three years through 2018, the report says. Malaysians elected a new leader in May, and the government now in power has made commitments to fulfill electoral promises. As a result, Malaysia's fiscal 2018 deficit is now expected to be 3.7% of gross domestic product, up from an initial estimate of 2.8%.

The sukuk market, also backed by demand from Islamic financial institutions for Shari'ah-compliant securities, is considered more stable than that for conventional bonds, according to the report. "A deepening of the global sukuk market will allow sovereigns to diversify further their sources of financing," it says.

Source: [Nikkei Asian Review](#)

Indonesia Lists \$2bn Green Sukuk on Nasdaq Dubai

Nasdaq Dubai welcomed the listing on Wednesday of two green sukuk by the government of Indonesia, one valued at \$1.25 billion and the other at \$750 million.

The listings underline the close relations between the UAE and Indonesia, the world's most populous Muslim country, as well as Dubai's growth as the global capital of the Islamic Economy, the bourse said in a statement.

Capital raised by the sukuk is intended for projects including sustainable development initiatives.



Photo Credit: globalethicalbanking.com

The Indonesian government is the largest sukuk issuer on Nasdaq Dubai by both value and number of listings, with securities now totalling \$16.5 billion from 12 issuances.

The total value of all sukuk listed on Dubai's exchanges has now reached \$63.14 billion, the largest amount of any listing centre in the world.

Source: [Arabian Business](#)

Turkey Issues Gold-linked Bonds and Sukuk to Institutional Investors

Turkey has issued gold-denominated sukuk worth 24.294 tonnes of gold, as well as gold-backed bonds worth 1.883 tonnes of gold to institutional investors with a settlement date of February 27, the Treasury said.

Turkey's sovereign gold-linked sukuk and bonds with two-year maturity have a 6-month rate of 1 percent, according to the announcement. The deal was concluded on February 25, 2019.



Photo Credit: globalethicalbanking.com

GCC Sovereigns to Drive Surge Sukuk Issuance in 2019, 2020



Photo Credit: comcec.org

Global sovereign sukuk issuance will recover in 2019 and surpass its record-high volumes by 2020, and possibly sooner, if oil prices remain moderate, according to rating agency Moody's.

The recovery in issuance stems from higher deficit financing needs amid moderate oil prices, in particular for sovereign issuers in the GCC, higher sukuk refinancing needs especially in Malaysia, and a gradual increase in the share of sukuk in major issuers' fiscal deficit financing.

"In the medium-term, gross issuance will rise further as the sukuk issued by the GCC governments begin to mature and are refinanced via new issuance," said Alexander Perjessy, a Moody's vice-president — senior analyst and author of the report.

Moody's projects global sovereign sukuk issuance to increase to \$87 billion in 2019, and rise toward \$100 billion in 2020, from \$78 billion in 2018. This recovery will be driven by a combination of various sovereigns' commitments to further sukuk market development, higher sukuk refinancing needs and expectations of higher budget deficits for the major sovereign sukuk issuers in 2019-20.

"We expect the three largest issuers, Malaysia, Saudi Arabia and Indonesia, to gradually increase their share of sukuk in fiscal deficit financing, further supporting the market's growth prospects," said Perjessy.

In the medium term, total issuance is expected rise further, particularly when GCC

sukuk instruments issued after 2016 begin to mature in 2022 and beyond and are refinanced by issuing new sukuk instruments.

By 2020, Moody's expects total sovereign and supranational sukuk issuance, including short-term securities, to surpass the all-time high of \$93 billion, reached in 2012, up from \$78 billion in 2018. A deepening of the global sukuk market will allow sovereigns to diversify further their sources of financing. It will also provide a source that is more stable than conventional bonds given the strong structural demand for Sharia -compliant securities from Islamic financial institutions.

Global sovereign sukuk issuance, including long- and short-term sukuk issued by national governments, central banks and supranational organisations, declined by 5 per cent to \$78 billion in 2018, from \$82 billion in 2017. Total issuance was also almost \$15 billion less than 2012's all-time high of \$92.8 billion.

According to Moody's In 2018 an estimated gross issuance by GCC issuers were at \$22.1 billion significantly lower than the previous year largely driven by higher oil revenues. "A one-third drop in GCC issuance, due to stronger fiscal positions on the back of higher oil prices in 2018, more than offset steady issuance growth in Malaysia and Indonesia. We estimate that the combined fiscal deficits of GCC sovereign sukuk issuers declined to \$26 billion in 2018 from more than \$98 billion in 2017," said Perjessy.

Source: [Gulf News](#)

Islamic Development Bank to Raise 2 bln Dollars in Sukuk in 2019



Photo Credit: salaamgateway.com

The Islamic Development Bank (IsDB) will raise around 2 billion dollars through multiple sukuk issuances this year, President Bandar Hajjar said.

The bank, which operates in 57 countries, sold over 600 million euros in its first euro-dominated bond last year, Hajjar told Reuters on the sidelines of a conference in Rabat.

"This is a breakthrough in our sukuk plan," he said.

The bank continues to promote Islamic finance and is currently in talks with Russia's central bank to prepare the regulatory framework for the launch of commercial Islamic banks, Hajjar said, without elaborating.

Source: [Salaam Gateway](#)

Upcoming Events (Mar — Apr 2019)

Bonds, Loans & Sukuk Africa 2019	Cape Town, South Africa	13-14 Mar 2019	Event Details
African Islamic FinTech Summit (SAIFI)	Tunisia	16-17 Mar 2019	Event Details
Bonds, Loans & Sukuk Middle East	Dubai, United Arab Emirates	26-27 Mar 2019	Event Details
14th Annual World Takaful & Insurtech Conference	Dubai, United Arab Emirates	1-2 Apr 2019	Event Details
1st Tunisia International Conference on Islamic Economics and Finance (TICIEF 2019)	Hammamet, Tunisia	12-14 Apr 2019	Event Details
Securities Commission Malaysia – World Bank – IOSCO Conference	Kuala Lumpur, Malaysia	29-30 Apr 2019	Event Details

Description of Data:

Dow Jones Sukuk Index: The Dow Jones Sukuk Index is designed to measure the performance of global Islamic fixed-income securities—also known as sukuk. The index includes U.S. dollar-denominated investment-grade sukuk issued in the global market that have been screened for Shari'ah compliance according to the index methodology. The index was created as a benchmark for investors seeking exposure to Shari'ah-compliant fixed-income investments. The Dow Jones Sukuk Index follows the same consistent, quantitative methodology as the Dow Jones Islamic Market™ (DJIM) Indices, which are monitored to ensure their continued adherence to Shari'ah principles.

Bloomberg USD Emerging Market Composite Bond Index: The Bloomberg USD Emerging Market Composite Bond Index is a rules-based, market-value weighted index engineered to measure USD fixed-rate securities issued in emerging markets as identified by Bloomberg. Emerging market issuers can be found at function EMWH. The major components of the index are the Bloomberg USD Emerging Sovereign Bond Index, Bloomberg USD Emerging Market Corporate Bond Index, Bloomberg USD Investment Grade Emerging Market Bond Index and Bloomberg USD High Yield Emerging Market Bond Index. To be included in the index a security must have a minimum par amount of 100MM.

LIBOR USD 6 Month: London - Interbank Offered Rate - ICE Benchmark Administration Fixing for US Dollar. The fixing is conducted each day at 11am & released at 11.45am (London time). The rate is an average derived from the quotations provided by the banks determined by the ICE Benchmark Administration. The top and bottom quartile is eliminated and an average of the remaining quotations calculated to arrive at fixing. The fixing is rounded up to 5 decimal places where the sixth digit is five or more.

Dow Jones Islamic Market World Index: The Dow Jones Islamic Market World Index is a global index of companies that meet Islamic investment guidelines. The index is quoted in USD.

Dow Jones Global Index: The index measures the performance of stocks that trade globally, targeting 95% coverage of markets open to foreign investment. It is float market cap weighted. It is quoted in USD.

MSCI World Islamic Index: The MSCI World Islamic Index is a free-float weighted equity index. It was developed with a base value of 1000 as of May 31 2007.

MSCI World Index: The MSCI World Index is a free-float weighted equity index. It was developed with a base value of 100 as of December 31, 1969. MXWO includes developed world markets, and does not include emerging markets.

MSCI Emerging Markets Index: The MSCI Em (Emerging Markets) Index is a free-float weighted equity index.

Bloomberg Takaful Index: Bloomberg Takaful Index is a capitalization-weighted index of all globally listed Takaful-recognised companies. Takaful is an Islamic term meaning mutual support, which is the basis of the concept of insurance or solidarity among Muslims. This is a form of insurance based on mutual assistance. The index was developed with a base level of 100 as of April 15, 2009

Murabaha Deposit Rates: Murabaha Deposit An agreement that refers to the sale and purchase transaction for the financing of an asset or project whereby the costs and profit margin (mark-up) are made known and agreed by all parties involved. The settlement for the purchase, which can be done in cash or in installments, will be specified in the agreement. Use all prices available in the terminal and updated within the last three working days. Banks that do not price for more than 3 days are excluded from the daily calculation. Islamic Market Reference Rate is calculated by Bloomberg using contributed rates from several local and international banks. Reference rates are calculated by taking the average bid & ask of the contributing banks, after eliminating the 4 highest and 4 lowest values.

Glossary Of Key Terms

<i>Ijara</i>	This is a lease contract wherein the Bank (lessor) leases the property to the customer (lessee) in return for a rental payment for a specified financing period. The Bank promises to transfer the title of the property to the customer at the end of the
<i>Mudaraba</i>	Trustee finance contract: One party contributes capital while the other contributes effort or expertise; profits shared according to a predetermined ratio; investor not guaranteed a return and bears any financial loss; no fixed annual payment; financier has no control on how venture is managed.
<i>Murabaha</i>	Sale with agreed mark-up: Financing purchase of assets for a profit margin; asset purchased on behalf of client and resold at a pre-determined price; payment could be lump sum or in installments; ownership of asset remains with bank till full payments made
<i>Musharaka</i>	Partnership; equity participation contract: Both parties contribute capital; profits shared by a pre-determined ratio, not necessarily in relation to contributions; losses shared in proportion to capital contributions; both parties share and control how investment is managed; each partner liable for the actions of the other
<i>Shari'ah Board</i>	An independent body set up by an Islamic bank with the mandate of ensuring that the Islamic bank achieves and maintains the mandate of <i>Shari'ah</i> compliance.
<i>Sukuk</i>	An Islamic financial certificate, similar to a bond in Western finance, that complies with <i>Shari'ah</i> , Islamic religious law. Because the traditional Western interest paying bond structure is not permissible, the issuer of a <i>sukuk</i> sells an investor group the certificate, who then rents it back to the issuer for a predetermined rental fee. The issuer also makes a contractual promise to buy back the bonds at a future date at par value.
<i>Salam</i>	<i>Salam</i> is a sale whereby the seller undertakes to supply some specific goods to the buyer at a future date in exchange of an advanced price fully paid at spot. The contract of <i>Salam</i> creates a moral obligation on the <i>Salam</i> seller to deliver the goods. The <i>Salam</i> contract cannot be cancelled once signed.
<i>Takaful</i>	The term ' <i>takaful</i> ' is derived from an Arabic word which means solidarity, whereby a group of participants agree among themselves to support one another jointly against a defined loss. In a <i>takaful</i> arrangement, the participants contribute a sum of money as wholly or partially <i>tabarru'</i> (donation) into a common fund, which will be used for mutual assistance for the members against a defined loss or damage, according to the terms and conditions of the <i>takaful</i> .
<i>Istisna'</i>	<i>Istisna'</i> is the kind of sale where a commodity is transacted before it comes into existence. It means to order a manufacturer to manufacture a specific commodity for the purchaser. If the manufacturer undertakes to manufacture the goods for him with material from the manufacturer, the transaction of <i>istisna'</i> comes into existence. But it is necessary for the validity of <i>istisna'</i> that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully settled between them.
<i>Wakala</i>	<i>Wakala</i> is the agency contract which is used widely in Islamic Finance. The applications ranging from brokerages services in permissible activities, like certain stocks, as well as to be the agent in a <i>Murabaha</i> transaction. The client, who wants to be financed, acts as agent of the bank to acquire the asset, then sold to him on credit installments. Agents can be compensated for their assignment with a fixed, variable or performance model, which is frequently used to influence pay outs and cash flows in financial engineering.

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