

IFN FORUM

TURKEY

2014

Ayhan Sahenk Auditorium,
Ucaksavar Campus of Bogazici University, Istanbul

6th November 2014

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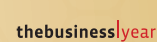
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FEEDBACK FORM

Please spare a minute to provide valuable feedback.

1. Overall Evaluation

- Pre-event contact
- Venue & facilities
- Overall evaluation of the event
- Overall evaluation of the speakers

Excellent	Good	Average	Poor
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2. Which Sessions Were of Interest to You?

- CEO Session: Advancing Turkey's Progress in the Participation Finance Industry
- Sukuk, Infrastructure and Project Finance In Turkey
- Presentation: Islamic Investments in Asia
- The Turkish Investment Landscape: Trends and Strategies for 2015
- Presentation: What Initiatives Exist to Develop Talent and Human Capital in the Islamic Finance Services
- Transaction Roundtable: A Discussion of the Year's Most Prominent Sukuk Deals
- Turkey Real Estate Roundtable

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3. Speakers Evaluation

Opening Keynote Address

- Mehmet Şimşek, Minister of Finance, Republic of Turkey

Excellent	Good	Average	Poor
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Keynote Address

- Vahdettin Ertaş, Capital Markets Board of Turkey

Excellent	Good	Average	Poor
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Keynote Address

- Murat Çetinkaya, Central Bank of Turkey

Excellent	Good	Average	Poor
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CEO Session: Advancing Turkey's Progress in the Participation Finance Industry

- Jawad Ali, King & Spalding (*Moderator*)
- Derya Gülerk, Türkiye Finans
- Mohamad Safri Shahul Hamid, CIMB Islamic, Malaysia
- Professor Dr Necdet Şensoy, Central Bank of the Republic of Turkey
- Dr Önder Halisdemir, Aktif Bank

Excellent	Good	Average	Poor
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Sukuk, Infrastructure and Project Finance In Turkey

- Aykut Tassel, PwC (*Moderator*)
- Gökhan Cumbul, Teleferik Holding
- Khalid Howlader, Moody's Investor Service, UAE
- Dr Serdar Sümer, DCM, Tera Securities
- Tanweer Bukhari, CIMB Middle East

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Presentation: Islamic Investments in Asia

- Siti Rosina Attaullah, KFH Research, Malaysia

Excellent	Good	Average	Poor
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The Turkish Investment Landscape: Trends and Strategies for 2015

- Sohail Jaffer, FWU Global Takaful Solutions (*Moderator*)
- Asim Khan, Khalij Islamic
- Avşar R Sungurlu, BMD Securities
- Didem Gordon, Ashmore Turkey
- Farid Masood , IDB Group
- Giorgio Medda , AZ Global
- Victoria Clark, DDCAP

Excellent	Good	Average	Poor
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(More speakers on next page)

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Presentation: What Initiatives Exist to Develop Talent and Human Capital in the Islamic Finance Services

- Dr Eddy Chong Siong Choy, Finance Accreditation Agency, Malaysia

Excellent	Good	Average	Poor
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Transaction Roundtable: A Discussion of the Year’s Most Prominent Sukuk Deals

- Rizwan Kanji , King & Spalding, UAE (*Moderator*)
- Eda Tanyel Topcu, HSBC
- Hani Ibrahim, QInvest, Qatar
- Mustafa Begun, Kuveyt Turk
- Sami Bozdağ, Turkiye Finans
- Sera Somay, Paksoy

Excellent	Good	Average	Poor
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Turkey Real Estate Roundtable

- Ersun Bayraktaroglu, PwC Turkey (*Moderator*)
- Didem Erendil, Cushman & Wakefield
- Hüseyin Arslan, YDA Group
- Özkan Yildirim, Deloitte
- Professor Dr Rasim Kaan Aytogu, Kiler REIT

Excellent	Good	Average	Poor
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Would you be interested in attending next year’s IFN Turkey Forum?

Yes	<input type="text"/>	No	<input type="text"/>
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Would you be interested to subscribe to IFN Weekly?

Yes	<input type="text"/>	No	<input type="text"/>
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Would you be interested in attending training courses in Turkey

Yes	<input type="text"/>	No	<input type="text"/>
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What would you like to see covered in future events?

What can we, as organizers, do to improve this event for the future?

Please provide a testimonial about this forum

Submitted by:

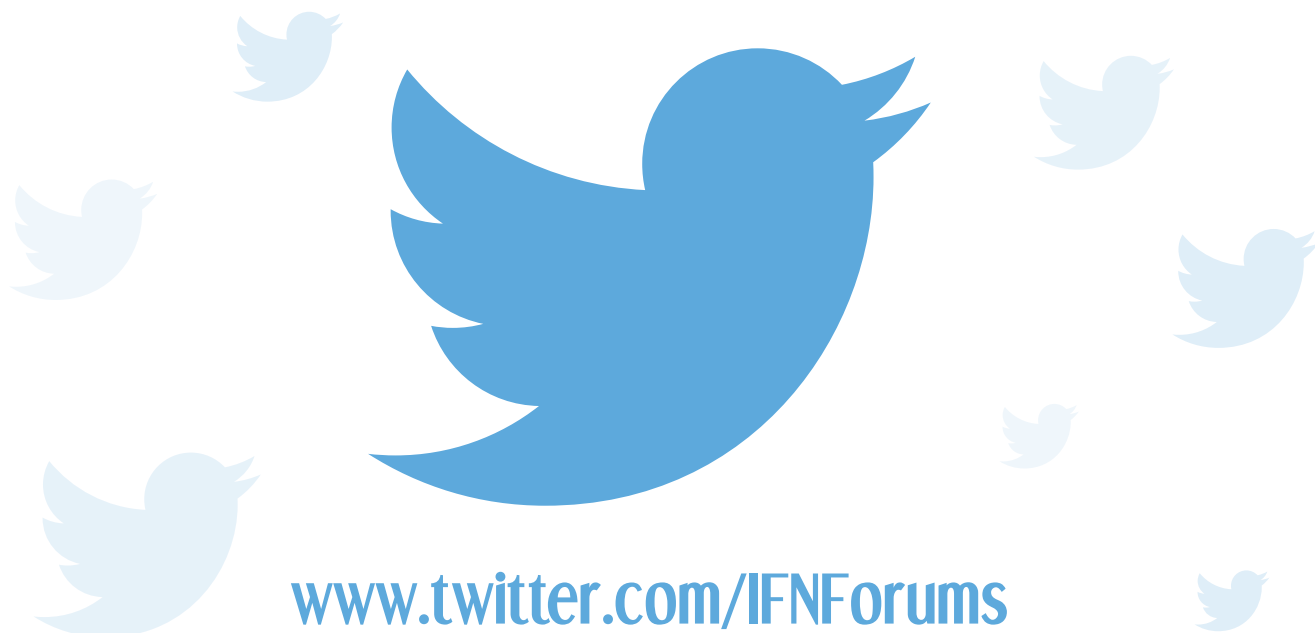
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Thank you and we wish you a pleasant return journey. See you next year!

Please tear apart and return to REDMoneygroup



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In yet another move to increase the interaction between delegates and panelists, we have introduced a live Twitter feed to the moderators. Delegates are invited to send 'Tweets' to the exclusive IFNForums feed at any time prior to or during a session, allowing you the opportunity to ask pertinent and timely questions rather than waiting until the end.



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IFN FORUM
TURKEY
2014

6th November 2014

Ayhan Sahenk Auditorium,
Ucaksavar Campus of Bogazici University, Istanbul

 **REDmoney** events



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Established in 2004, *Islamic Finance news* covers all realms of Islamic finance, providing professionals around the globe with a vehicle to educate and understand the market, the players, the individuals and perhaps more importantly, the benefits over and comparisons with the conventional banking system.

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Welcome to the 2014 IFN Turkey Forum

As one of the most anticipated emerging markets in the Islamic finance industry, Turkey's participation banking sector is poised for substantial growth. As the 16th-largest economy in the world, the Association of Participation Banks has estimated that participation banking will constitute 10% of the country's banking sector by 2023.

Turkey's development both generally and in terms of participation banking is predicted to see sustained growth. The IMF has forecast GDP growth of 3.7% for the country in 2014 — the second-highest rate in Europe. Growth is projected to be driven by SMEs; in terms of general Halal trade, Turkey is seen as a center of potential for investment in Halal tourism and Halal food, and is the second-most popular Muslim tourism destination after Malaysia. Testament to this, a number of private equity deals have been conducted over the past several months in the Halal food sector, particularly by GCC investors.

Measures have been taken by the Turkish government to facilitate Islamic finance, including Sukuk issuances, within the country's financial regulatory framework; and Turkey has been highlighted for its efforts in creating one of the most Islamic finance-friendly tax systems in the MENA region, allowing Sukuk transactions to be conducted without excessive tax costs. As part of its efforts to boost the Shariah compliant industry, the Turkish Treasury is expected to issue a Turkish lira-denominated Sukuk worth TRY1.84 billion (US\$810.01 million). The issuance will have a tenor of 728 days and a six-month periodic rent rate of 4.84%. Corporate Sukuk offerings from Turkish corporates are also on the rise, with impending issuances expected from Dogus Group and Agaoglu.

Opportunities for Islamic finance in Turkey abound, with investment in infrastructure projects, especially PPP (public private partnership) programs seeing substantial interest. The education of Turkish consumers in the details and benefits of retail and private Islamic investments is also greatly needed. On the back of these material developments, we hope the event will equip you with the necessary tools to maximize opportunities in Turkey's Islamic finance space. Set to facilitate engaging discussions on our burgeoning industry, we wish you a productive Forum.

REDmoney is the foremost global provider of specialized Islamic financial media services across three core divisions of events, publishing and training. Established in 2004, the firm has offices in Dubai and Kuala Lumpur: offering an unrivalled multi-channel service across the full spectrum of the global financial markets. The outward-facing arms of the REDmoney publishing and events portfolio are supported by REDmoney Training, which provides access to industry-leading expertise from the best in the field. REDmoney Group covers the full range of global markets: from emerging Islamic economies across Africa and Asia to industry leaders such as Malaysia and the GCC along with developed nations in Europe and the Americas seeking to enter the sector. The company offers unequalled access to the elite of the industry: with relationships built up over a decade of trusted communication with market leaders to provide a detailed network covering every aspect of Islamic financial services.

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AGENDA

08:00 – 09:00 Registration

09:00 – 09:30 **Opening Keynote Address**
Mehmet Şimşek — Minister of Finance, Republic of Turkey

09:30 – 09:45 **Keynote Address**
Vahdettin Ertaş — Chairman, Capital Markets Board of Turkey

09:45 – 10:00 **Keynote Address**
Murat Çetinkaya — Deputy Governor, Central Bank of Turkey

10:00 – 10:30 Coffee and Networking

CEO Session: Advancing Turkey's Progress in the Participation Finance Industry

- 10:30 – 11:15
- Reviewing recent regulatory updates and central bank guidelines affecting Islamic finance transactions in Turkey
 - Discussing an industry-wide strategy required to take participation finance mainstream in Turkey: Establishment of more participation banks, sovereign issuances, multilateral support
 - What role will Turkey play in the global Islamic finance landscape and what needs to be done to advance this vision?
 - What is the outlook for new participation banks in Turkey's Shariah compliant space and how will the landscape change in 2015?

Moderator: **Jawad Ali** — Managing Partner - Middle East Offices, King & Spalding

Panelists: **Derya Gürerk** — Chief Executive Officer, Türkiye Finans & President, Participation Banks Association of Turkey (TKBB)

Mohamad Safri Shahul Hamid — Senior Managing Director & Deputy Chief Executive Officer, CIMB Islamic, Malaysia

Professor Dr Necdet Şensoy — Board Member, Central Bank of the Republic of Turkey

Dr Önder Halisdemir — Chief Executive Officer, Aktif Bank

Sukuk, Infrastructure and Project Finance In Turkey

11:15 – 12:00 **Turkey's drive to improve on infrastructure is set create opportunities for market players to fund infrastructure and power projects through Shariah compliant project financing. This session will cover the trends, structures and opportunities available**

- Infrastructure and project Sukuk in Turkey: What's in the pipeline?
- Opportunities in cross-border Sukuk through project and infrastructure financing
- Utilizing Islamic infrastructure financing in public private partnership ventures
- Trends and outlook for syndicated financing of infrastructure projects
- Assessing the potential of alternative assets and its suitability to Shariah compliant financing: key considerations for issuers
- Outlook for syndicated finance and trade finance transactions

Moderator: **Aykut Tasel** — Director, Corporate Finance, PwC

Panelists: **Alex Roussos** — Partner, Dentons

Gökhan Cumbul — Board Member, Teleferik Holding

Khalid Howladar — Global Head, Islamic Finance, Moody's Investor Service, UAE

Dr Serdar Sümer — Managing Partner and Board Member, DCM, Tera Securities

Tanweer Bukhari — Head of Investment Banking Advisory, CIMB Middle East

12:00 – 12:15 **Presentation: Islamic Investments in Asia**
Siti Rosina Attaullah — Head of Islamic Capital Markets, KFH Research, Malaysia

AGENDA

The Turkish Investment Landscape: Trends and Strategies for 2015

- 12:15 – 13:00
- What will 2015 hold for Islamic investors and fund managers
 - Which asset classes and markets are expected to outperform and why
 - Risk vs. opportunity: Understanding the risks and impact on the Islamic asset management industry
 - The changing face of the institutional investment market: Discussing investment strategies and product trends for 2015
 - Outlook for i-ETFs, Shariah compliant mutual funds
 - Growth of the private banking and wealth management sector in Turkey
 - Scope for Shariah compliant leasing products

Moderator: *Sohail Jaffer — Deputy Chief Executive Officer, FWU Global Takaful Solutions*

Panelists: *Asim Khan — Chief Executive Officer & Managing Director, Khalij Islamic*
Avşar R Sungurlu — Executive Vice President, BMD Securities
Didem Gordon — Chairman & Chief Executive Officer, Ashmore Turkey
Farid Masood — Director, Head of Advisory Services and Asset Management, Islamic Corporation for the Development of the Private Sector, IDB Group
Giorgio Medda — Chief Executive Officer, AZ Global
Victoria Clark — Senior Manager, DDCAP

- 13:00 – 13:15 **Presentation: What Initiatives Exist to Develop Talent and Human Capital in the Islamic Finance Services**
Dr Eddy Chong Siong Choy — Director, Finance Accreditation Agency, Malaysia

- 13:15 – 14:30 Luncheon

Transaction Roundtable: A Discussion of the Year's Most Prominent Sukuk Deals

- 14:30 – 15:15 **Issuers, lead arrangers and legal counsel will discuss Turkey's successful Sukuk issuances in the past year. Panellists will share the impetus behind issuing Islamically, key features and technicalities of the deal and what ultimately led to their success.**

- Albaraka Turk US\$350 million Sukuk Al Wakalah Murabahah
- Kuveyt Turk US\$500 million Senior Unsecured Certificates
- Turkiye Finans US\$250 million Ringgit-Denominated Sukuk

Moderator: *Rizwan Kanji — Partner, King & Spalding, UAE*

Panelists: *Eda Tanyel Topcu — Associate Director, Debt Finance, Capital Financing, HSBC*
Hani Ibrahim — Managing Director, Investment Banking, QInvest, Qatar
Mustafa Begun — Head of Investment Banking, Kuveyt Turk
Sami Bozdağ — Vice President and Head of Financial Institutions, Turkiye Finans
Sera Somay — Counsel, Paksoy

Turkey Real Estate Roundtable

- 15:15 – 16:00
- Turkey's developing real estate market and the opportunities they present to Islamic investors
 - Attracting inward investments: What Gulf investors are looking for in real estate transactions
 - Innovation in real estate financing structures and products
 - Investment trends, strategies and risks for the global real estate market

Moderator: *Ersun Bayraktaroglu — Partner, PwC Turkey*

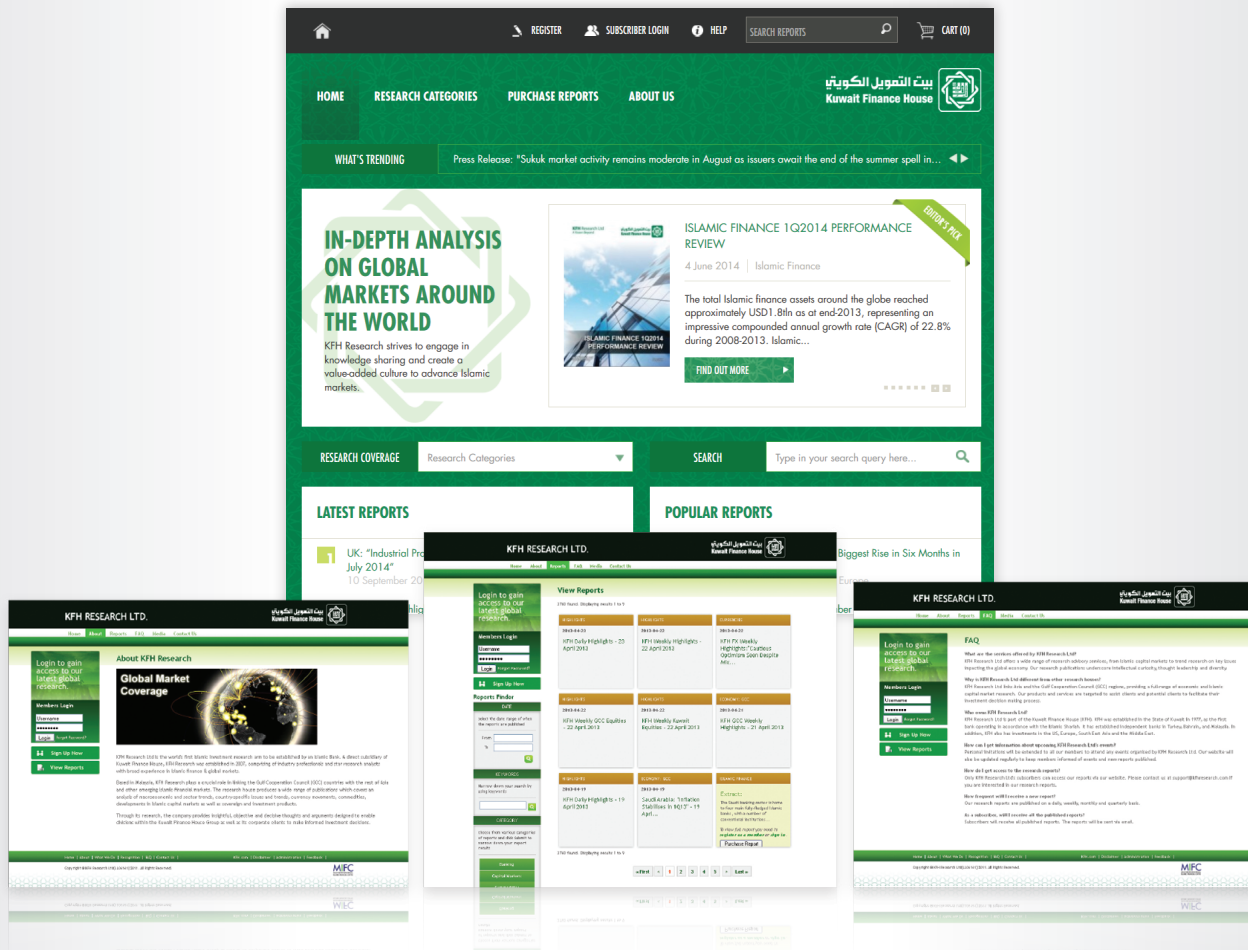
Panelists: *Didem Erendil — Director, Head of Capital Markets, Cushman & Wakefield*
Hüseyin Arslan — Chairman, YDA Group
Özkan Yildirim — Partner, Deloitte
Professor Dr Rasim Kaan Aytogu — Group CFO, Kiler Holding & Member of the Board, Kiler REIT

- 16:00 – 16:30 Coffee and Networking

- 16:30 End of Forum



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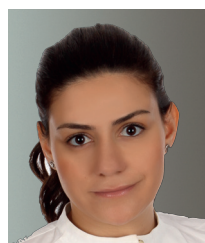
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King & Spalding is an international law firm with more than 30 years experience advising clients globally on Islamic finance. Consistently ranked among the best in the world by *Chambers Global* and *The Legal 500*, the firm's Global Islamic Finance and Investment practice includes over 30 lawyers and professionals in offices across Europe, the United States, and the Middle East. With nearly three decades of experience in this highly specialized and growing area, the firm is considered to be the only law firm with the expertise and depth to structure and implement sophisticated *Shari'ah*-compliant investment and financing transactions in Europe, the United States, the Middle East and Asia. In Europe, the firm is recognized as a leader in structuring and advising on *Shari'ah*-compliant real estate financing and investments as well as advising various international investment banks in their capacities as arrangers in debt capital market transactions, particularly *Sukuk* issuances. In the United States, the firm is widely acknowledged as the firm of choice for *Shari'ah*-compliant investment and financing transactions in the United States. In the Middle East, the firm leads in the formation of investment funds across a range of asset sectors, and the innovative fund structures it has developed to deal with local ownership and financing restrictions are now precedents followed by the industry. The firm maintains a leading role in handling debt capital markets work, in particular *Sukuk* issuances for issuers and lead arrangers across the Middle East and Turkey.

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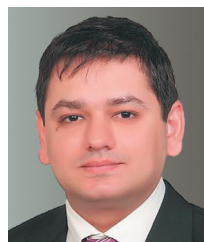
Sohail Jaffer (Chairperson)
Deputy Chief Executive Officer,
FWU Global Takaful Solutions



Giorgio Medda
Chief Executive Officer, AZ Global



Ahmet Bicer
Executive Director, Head of
Banking and Financial Institutions
Department, Central Bank of the
Republic of Turkey



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Head, Debt Capital Markets,
Emirates NBD Capital, UAE



Avşar R Sungurlu
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Partner, Advisory, PwC



Farid Masood
Director, Head of Advisory Services
and Asset Management, Islamic
Corporation for the Development of
the Private Sector, IDB Group



Khalid Howladar
Global Head, Islamic Finance,
Moody's Investor Service, UAE

investment in BMD style

With its solid ownership structure and wide distribution network throughout Turkey in each and every province of the country through its agencies; the Participation Banks, BMD offers to the investors lots of unique Islamic investment vehicles and communicates to its customers in a correct, neutral and fast way. BMD serves foreign clients, too; supplying them access to the Turkish capital markets both in terms of conventional brokerage services and also private investment counseling concerning many capital markets services.



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- Participation Index ETF
- DJIM Turkey ETF
- Kuveyt Turk GoldPlus ETF
- Kuveyt Turk SilverPlus ETF

► BROKERAGE SERVICES

- Equity transactions
- Internet branch
- Order line

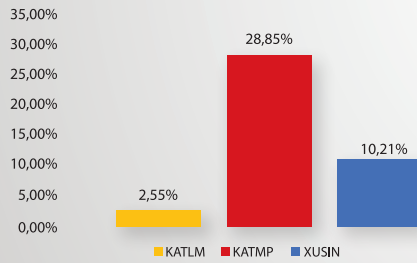
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- Asset management based on risk profile

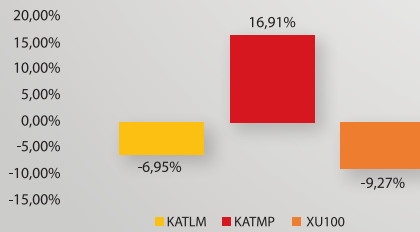
COMPLIANT ETFs



October 2013-September 2014
Relative Return (compared to XU100)



October 2013-September 2014
Relative Return (compared to XUSIN)



Market outperform possible with a quant ETF?

Under the sponsorship of Participation Banks, as of beginning of July, "Participation 30 Index and Participation Model Portfolio Index" have been added to Participation 30 Index for which Bizim Menkul Degerler acts as index advisor through the support of Participation Banks Association and that is calculated by Borsa Istanbul and has been published since 2011.

Participation Model Portfolio Index which is composed of stocks conforming to interest-free investment and Participation Banking principles and formed based on the need for a product that is actively managed and that aims at returns above the market, also adds a value to the sector in this manner. Preparation of Participation Model Portfolio Index ETF has been carried on and the product is planned to be at public offering stage shortly. While Participation 30 Index ETF (KTLME.IS) can be subject to "trading according to market conditions strategy" as an investment product mainly suitable for market professionals, Participation Model Portfolio Index ETF can be accumulated constantly and has a "return above the market" potential without actively trading as the index is revised on 15-days periods for low-priced shares according to market indicators.

As a proof of above principle, the Relative Return Charts on left side indicate that while Participation 30 Index has a parallel return with BIST 100, Participation Model Portfolio Index represents %28,85 and %16,91 relative returns compared to BIST 100 and BIST Ind. Indexes respectively between October 2013 and September 2014.

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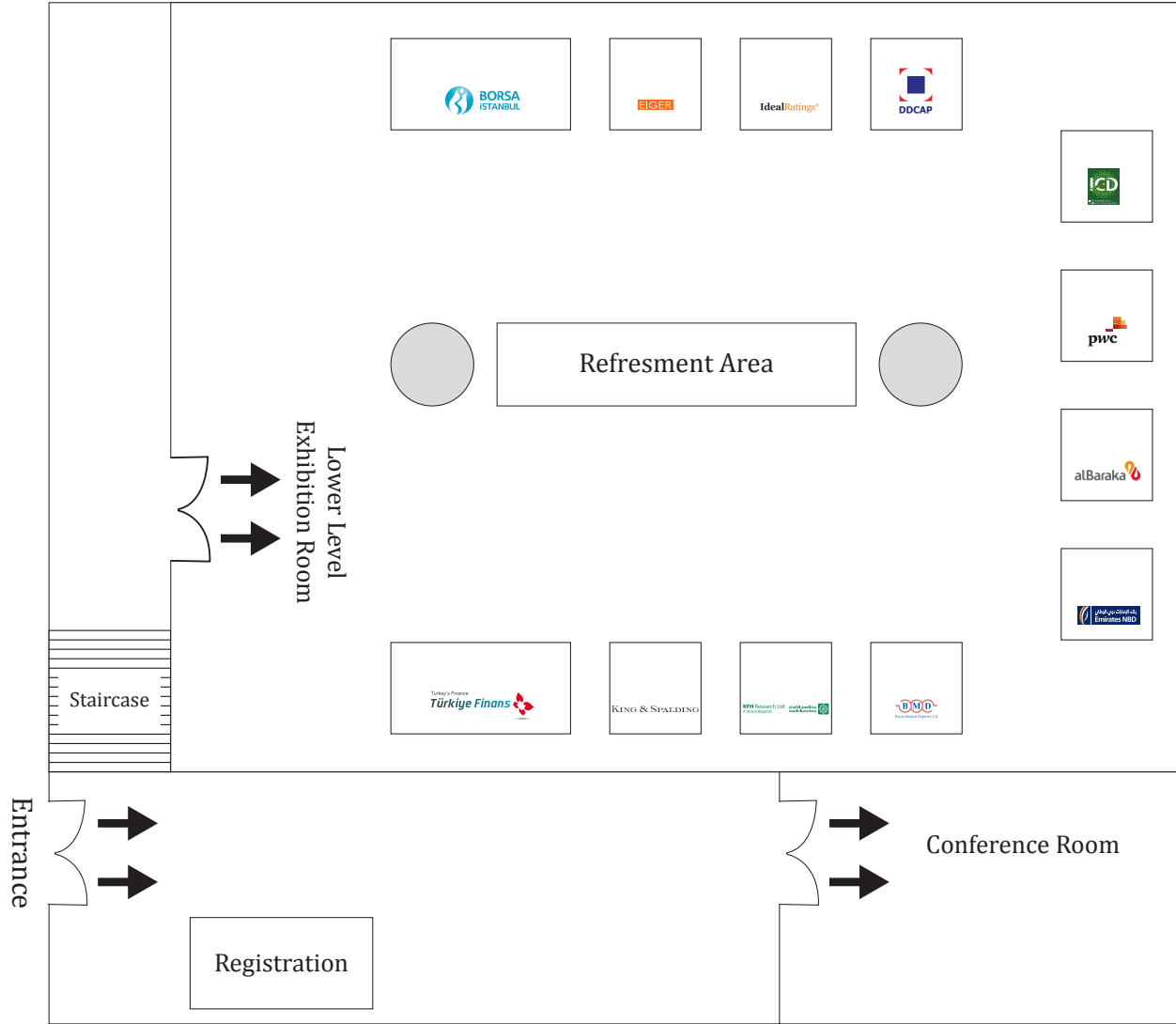
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State of the Turkish Sukuk market — Challenges on key concepts

RIZWAN H KANJI goes in depth analyzing the challenges arising out of issuing Sukuk in Turkey.

Around the end of the year 2012, a capital-raising issuance by Abu Dhabi Islamic Bank's US\$1 billion Tier 1 hybrid perpetual Sukuk, was overwhelmingly welcomed by the market. This was followed by a similar US\$1 billion Tier 1 hybrid perpetual Sukuk issuance by Dubai Islamic Bank indicating that Islamic financial institutions are now accessing the securities market as a source of capital raising in order to maintain their capital ratios.

On the 28th March 2013, Asya Katılım Bankası (Bank Asya) issued the first Tier 2 subordinated Sukuk out of Europe and the Middle East, further illustrating the expanding use by Islamic financial institutions of Sukuk to manage capital ratios. This pioneering issuance came with its challenges particularly from a Turkish laws and regulatory perspective.

The recent update of applicable communiqué has also brought into focus a couple of challenges, particularly in relation to the permissibility of asset leasing companies being able to undertake multiple issuances through a number of stand-alone issuances.

The story so far

In 2010, Kuveyt Türk Katılım Bankası (Kuveyt Türk) issued the first Sukuk out of Turkey, a US\$100 million debut issuance which listed on the London Stock Exchange. This issuance was issued based on numerous exemptions as at the time there was a lack of legislative infrastructure to facilitate Sukuk issuances.

This successful issuance prompted a proactive approach by the Capital Markets Board of Turkey (CMB) to issue a communiqué dated April 2011 (the CMB Communiqué) which provided for the establishment of an asset leasing company (ALC), akin to an on-shore SPV. It also provided that such companies would be able to issue and sell 'rental certificates' (Sukuk) utilizing lease (Ijarah)-based structures. Any other structure would require CMB review and approval. The omnibus bill 2011, Law number 6111 dated the 13th February 2011 provided

for the various tax and levy exemptions applicable to the ALC and payments related to the Sukuk. The changes in Turkish laws and regulations prompted the second issuance by Kuveyt Türk through KT Sukuk Varlık Kiralama, an ALC incorporated in Turkey pursuant to the CMB Communiqué. This was the first issuance pursuant to the changes as a result of the CMB Communiqué.

“The key challenge in this regard is reconciling the subordination requirements for Tier 2 treatment and the amended laws in Turkey in relation to Sukuk”

The issuances having been pioneered by a participation bank and the launch of the Republic of Turkey's first sovereign Sukuk in September 2012 signalled a milestone and a benchmark for further issuances from Turkey.

In addition to a number of legislative updates, a key material update was undertaken through a new communiqué titled the Lease Certificates Communiqué (Serial No. III/61.1) dated the 7th June 2013 with number 28670 (the Revised Communiqué). The Revised Communiqué among other amendments, also permitted ALCs to undertake multiple issuances. Post the Revised Communiqué, Türkiye Finans Katılım Bankası, issued US\$500 million-worth of certificates listed on the Irish Stock Exchange (ISE) and Kuveyt Türk followed with a further US\$500 million issuance also listed on the ISE. Al Baraka Turk Katılım Bankası successfully issued US\$350 million in certificates listed on the ISE. All these issuances took place in 2014.

The challenge — Subordinated Sukuk

The key challenge in this regard is reconciling the subordination requirements for Tier 2 treatment and the amended laws in Turkey in relation to Sukuk. Under current Turkish legislation, Article 61(4) of the new Capital Market Law No. 6362 which came into force on the 30th December 2012 provides that:

In case: (i) the issuer cannot fulfil its undertakings arising from the lease certificates [i.e. Sukuk] when they fall due; (ii) the management or the audit of the issuer is transferred to a public institution; (iii) the operation permit of the issuer is revoked; or (iv) the issuer is bankrupt, the proceeds gained through the assets under the portfolio of the issuer are to be primarily used for the payments to lease certificate holders. In such a case, the Capital Markets Board is entitled to take any kind of precautions in order to ensure the protection of rights of the lease certificate holders.

The Banking Regulatory and Supervisory Authority (BRSA) has taken a strict interpretation of the above clause (which applies to all Sukuk regardless of rank). The BRSA's view is that the above provision, particularly the provision underlined, provides that Sukukholders may have recourse to an issuer's assets. Such an interpretation, which mandates recourse to the issuer's assets, goes against the intended subordinated nature to all senior obligations for Tier 2 capital treatment. The BRSA, with its engaging and proactive approach appreciates that this inadvertent contradiction needs to be rectified.

As the scope of Article 61(4) covered only ALCs, the issue posed by Article 61(4) is in practice avoided through the use of an offshore Cayman Islands special purpose vehicle. Whilst this overcomes the inadvertent contradiction in Turkish law, it raises potential withholding tax liability for the Turkish obligor.

All payments by the Turkish obligor to the ALC will be subject to withholding tax pursuant to Article 30.1(c) of the Corporation Tax Law (Law No. 5520) (the Corporation Tax Law) which requires a withholding tax, at a rate of 15%, to be withheld from all payments of interest and fees on loans obtained by borrowers resident in Turkey from non-resident persons. The Council of Ministers' Decree No. 2009/14593 (the Decree) issued pursuant to Article 30 of the Corporation Tax Law, however, reduces the Turkish withholding tax rate applicable on payments of interest on loans to 1% if such loans are: (i) obtained

by banks and qualify as Tier 2 capital pursuant to Law No. 5411; or (ii) obtained by banks or entities through securitizations that take place outside Turkey and are structured on a cash flow or an asset portfolio.

“ Whilst the Revised Communiqué provides that the ALC may undertake multiple issuances, Article 13 of the Revised Communiqué requires the ALC to book the assets pertaining to each issuance separately, correlated only to the relevant Sukuk issued ”

It has further been confirmed in a tax ruling of the Ministry of Finance that for the purposes of the Corporation Tax Law and the Decree, the Turkish withholding tax rate applicable to all payments made under such loans is 1%. Therefore, to overcome the subordination point, the cost of borrowing for a Turkish obligor is slightly increased on the basis of such withholding tax.

The challenge — Multiple issuances by ALC

Whilst the Revised Communiqué provides that the ALC may undertake multiple issuances, Article 13 of the Revised Communiqué requires the ALC to book the assets pertaining to each issuance separately, correlated only to the relevant Sukuk issued. Furthermore, Article 4(6) of the Revised Communiqué requires the board of the ALC to sell the assets pertaining to a defaulting Sukuk to repay the Sukukholders. Various Turkish counsel have reached consensus on this in point in that should the proceeds of such sale of assets prove to be insufficient to repay the Sukukholders in full, the Sukukholders under general principles of Turkish law will be able to claim against the ALC for the shortfall. However, such general collection rights are restricted by Article 61(3) of the Capital markets Law and Article 4(3) of the Revised Communiqué. These restrictions

in essence provide for the segregation of assets pertaining to each Sukuk issuance from comingling.

“ Whilst conceptually the multiple issuance by an ALC on a standalone basis may be sound, it does leave open the question and concern of perception and reputation risk to investors ”

Conclusion

In relation to each of the challenges highlighted above, the contradiction between requirements for subordination relating to Tier 2 treatment and Article 61(4) of the new Capital Market Law No. 6362, it is essential that steps are taken to address these and therefore facilitate further such Shariah compliant capital-raising issuances out of Turkey.

The terms of the Revised Communiqué and Capital Markets laws provide for segregation and bankruptcy remoteness of each underlying asset to the related issued Sukuk. However, noting that most of the Sukuk issued are placed in the international capital markets, the perception of international investor base and particularly the certificateholders' representative needs to be considered. Market standard terms and conditions

in a standalone Sukuk or for that matter bond issuances as well, limit the issuer from undertaking further issuances or incurring further debt. Whilst deviation from these market standard covenants by the issuer may be mitigated by the provision of an appropriate Turkish law legal opinion, the issues pertaining to credit risk and reputation risk remain.

While the multiple issuances with the same credit risk limited to the same obligor may be something that the international investor may be comfortable, the concern may arise where the ALC issues Sukuk for a number of varied obligors with differing credit quality. Whilst the Turkish law segregation argument remains valid and effective, the perception that the ALC may have defaulted in a particular issuance due to the non-performance by a particular obligor may cause concern across other issuances by the same ALC for different obligors.

Whilst conceptually the multiple issuance by an ALC on a standalone basis may be sound, it does leave open the question and concern of perception and reputation risk to investors. The use of this concept in international Sukuk issuances from Turkey will provide an indication of its value going forward.⁽²⁾


Rizwan H Kanji is a debt capital markets partner at King & Spalding based in Dubai and advised Bank Asya on their Fixed Rate Resettable Subordinated Tier 2 Certificates due 2023. He also advised Kuveyt Türk on all three of their Sukuk issuances as well as Türkiye Finans on their recent benchmark Sukuk issuance. Rizwan can be reached at rkanji@kslaw.com.

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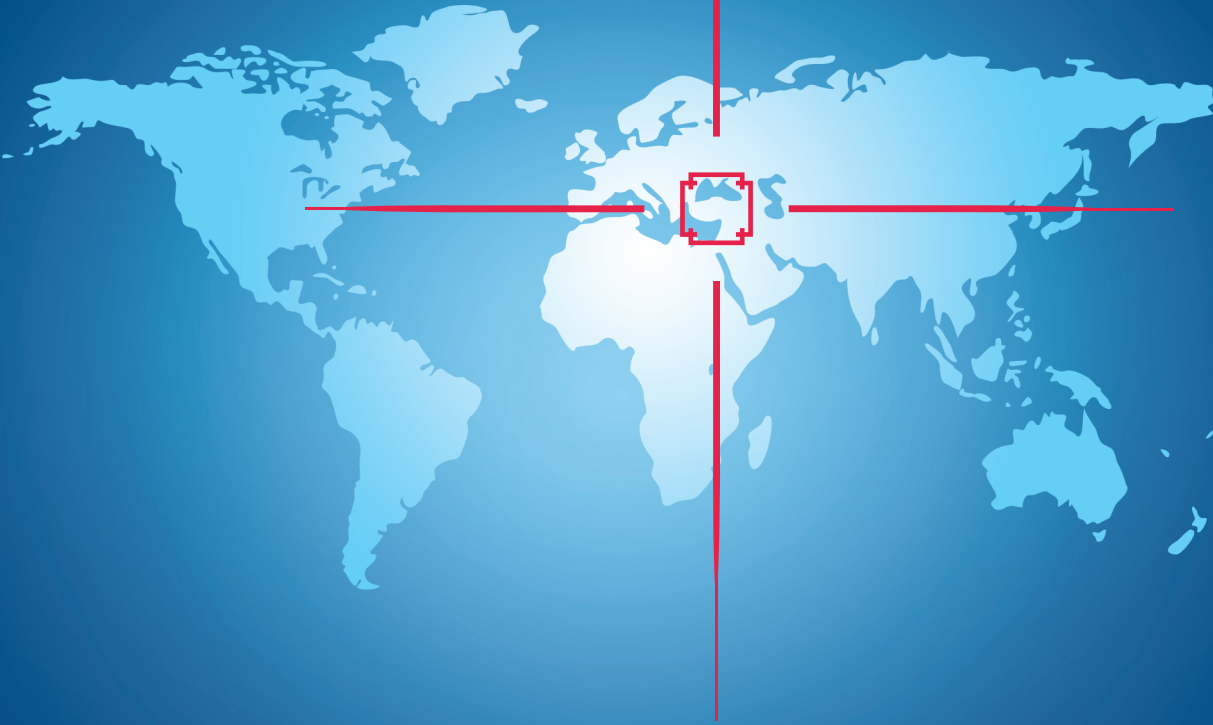
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Corporates turning to Sukuk for construction projects in Turkey

In Turkey, the number of entities issuing Sukuk to finance infrastructure projects has been increasing. AYHAN BALTACI takes a look at recent developments in the Turkish project Sukuk sphere.

At present, Dogus Group and Agaoglu Group plan to raise up to US\$670 million through Sukuk to fund their construction projects.

Dogus Group, one of the biggest Turkish corporations operating in the banking and construction sectors, plan to finance its recent projects in a Shariah compliant manner. The group has received approval from the Turkish Capital Market Board for their issuance of US\$370 million-worth of Sukuk in what would be the first dollar-denominated corporate transaction of its kind in the country.

“ In the past, only the republic’s four participation banks and the government have issued Sukuk in Turkey however this trend is clearly shifting ”

In the past, only the republic’s four participation banks and the government have issued Sukuk in Turkey however this trend is clearly shifting. In the last year, Turk Telekom Corporation planned to finance its US\$1 billion infrastructure project by Sukuk. However, the corporation declared in the last moment that they will issue bond instead of Sukuk for their infrastructure projects.

Agaoglu Group is another corporation planning to issue Islamic debt for their construction projects. The group’s multibillion dollar construction portfolio includes the Istanbul International Financial Center which requires approximately US\$1 billion. The group, which raised TRY100 million (US\$44.65 million) in Sukuk last year, is also planning to tap the Islamic debt capital markets again — this time

for a minimum of US\$300 million. The group intends to gradually borrow US\$2 billion through Shariah compliant debt instruments, in part to help build the Istanbul International Finance Center.

Turkey has been trying to develop its Islamic finance sector, and as part of this effort the government issued Sukuk for the first time in 2012, also amending Sukuk rules to encourage banks and other investors and issuers to move into the sector; and it seems that the government’s efforts are coming to fruition with the advent of keen corporate issuers.☺

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Turkey going strong — with or without Bank Asya

The Shariah compliant banking sector in Turkey may have been marred by the messy fiasco which has left the nation's largest participation bank struggling for its survival in the past few months (See IFN Report Vol 11 Issue 34). Nevertheless, VINEETA TAN observes that recent activities by its rivals and other participants are painting a significantly different picture for the Turkish Islamic banking scene.

Sukuk bloom

Following the rejection of Bank Asya's Sukuk proposal, which arguably cast a dark shadow over the Turkish Islamic capital space, the sector has nonetheless been increasingly vibrant as we see Kuveyt Turk announcing its plans to tap the Southeast Asian debt market with a Sukuk program domiciled in Malaysia. Worth up to RM2 billion (US\$625.53 million), the facility will be issued via the participation bank's asset leasing company, Kira Sertifikalari Varlik Kiralama.

Although no concrete timeframe has been set, the proposed issuance would mark Kuveyt Turk's debut in the region and follows Turkiye Finans' footsteps of raising debt in Malaysia — a jurisdiction chosen for its Islamic finance maturity and enabling regulatory and tax landscape. Kuveyt Turk's announcement was swiftly followed by conglomerate Agaoglu Group's plans to establish a dollar-denominated Sukuk program of up to US\$300 million, a significant leap from the group's last Sukuk which valued at TRY100 million (US\$44.94 million). Agaoglu's move towards the dollar market also illustrates its appetite for international Shariah wealth.

Breaking barriers

In keeping up with the theme of Turkish firms breaking into foreign markets, Turkiye Finans, which was the first Turkish entity to issue Sukuk in Malaysia, is also forging ahead in strengthening its presence on a global scale; the bank announced plans to establish its brand name in Bahrain, in what would be the bank's first foray into the international markets.

Conventional touch

Adding to the vigor demonstrated by the local participation banks, conventional player Aktif Bank also joins the Islamic finance fray. Not only is the bank intending to tap the Sukuk market with its recently-approved TRY200 million (US\$89.88 million) Islamic debt program, but it has also recently closed a deal with the IDB's International Islamic Trade Finance Corporation (ITFC). The agreement provides Aktif Bank with a US\$45 million Murabahah line of financing which will be used to support Turkish exporters.

In line with ITFC's mandate to promote intra-trade among OIC member countries, the financing also marks Aktif Bank's continuous relationship with an international Islamic finance organization; this is the third agreement to be contracted between the two entities.

“ Amid the turmoil of embattled Bank Asya, the wider Turkish participation banking industry is remains resilient ”

Commenting on the signing of the deal, Aktif Bank CEO Dr Onder Halisdemir, said: “We will continue to develop our strong cooperation with the international financial organizations and to contribute to the national exports by applying innovative finance structures.” And although the partnership could be part of Aktif Bank's strategy to support national growth, it also shows the willingness and keenness of the conventional lender in adopting Islamic finance structures and instruments in the bank's business plan; a very promising signal for the wider participation banking industry, and perhaps even foreshadowing a possible entry of the bank into the participation banking sector, or at the very least, its intention to play a bigger role in the scene. Aktif Bank could not be reached by IFN for comments.

Business as usual

So it seems that amid the turmoil of embattled Bank Asya, the wider Turkish participation banking industry is remains resilient and determined to retain its mantle as one of Islamic finance's bright new stars.⁽²⁾









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State bank Ziraat ends acquisition talks with Bank Asya

Ziraat Bank recently announced that it has stopped unofficial acquisition talks with Bank Asya, stating that its priorities are contradicting with the acquisition. ALI CEYLAN reports.

Deputy prime minister Ali Babacan confirmed earlier on the 6th August that Ziraat was considering the acquisition of Bank Asya. Bank Asya is one of only four participation banks in Turkey and this move was considered to be part of Ziraat Bank's plans to enter into the Islamic participation bank sector. Ziraat Bank was considering the purchase Bank Asya as an alternative to establishing a new bank for Islamic banking.

According to the information sent by Ziraat Bank to the Public Disclosure Platform (KAP) on the 21st August, Ziraat Bank decided not to start official negotiations for the acquisition citing that its priorities contradict with the acquisition at this point. This statement came after Istanbul Borsa's decision to suspend trading on Bank Asya's shares until the uncertainty regarding its ownership is resolved.

In addition to the above Bank Asya news, the Capital Markets Board did not approve a Sukuk issuance in the amount of TRY140 million (US\$64.44 million), which was planned to be issued by Bank Asya's asset leasing subsidiary, Asya Varlık Kiralama.

Halkbank is considering quitting the insurance sector

The state-owned lender Halkbank, which has also expressed plans to enter the participation banking sector, is planning to sell shares in its insurance subsidiaries as the lender considers options to exit the insurance sector.

Halkbank has announced that it has appointed its general directorate for course of management concerning the sale of its direct or indirect shares in Halk Insurance and Halk Life and Pension companies partially or as a whole through Privatization Administration of Turkey.

As per to a statement from the KAP, Halkbank is considering to acquire its subsidiaries' shares in

Halk Pension and Halk Life and Pension before the possible sale transaction.

“ Ziraat Bank decided not to start official negotiations for the acquisition citing that its priorities contradict with the acquisition at this point ”

According to data published by Insurance Association of Turkey, over the first six months of 2014 Halk Insurance was in receipt of 2.26% of TRY13.27 billion (US\$6.12 billion) in insurance premiums collected in Turkey, making the company the 14th biggest by premiums over the period, down from being the 13th biggest over the same period in 2013. (2)

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Bank Asya — the unfortunate casualty

Tempestuous it has been for Turkey's Bank Asya, which continues to be caught in a political imbroglio involving prime minister Recep Tayyip Erdoğan and the founder of the Gülen movement, Muhammed Fethullah Gülen. VINEETA TAN writes how the participation bank, which is backed by Gülen supporters and was once heralded as one of Turkey's bright spots in moving the republic's Shariah compliant banking industry forward, has suffered severe blows since the beginning of this year with some of the harshest ones being dealt in recent weeks; amplifying concerns over the Turkish participation banking industry and the nation's wider economic wellbeing.

Capital outflow

Bank Asya saw its deposit base drastically shrinking by 24.3% in May since January following the controversial graft probe of 17th December 2013 which Erdoğan believed was a political move by his former ally Gülen to undermine his power and government. In retaliation Erdoğan institutional loyalists and state-owned companies withdrew approximately TRY4 billion (US\$1.84 billion) from the bank, putting a dent onto its balance sheet. Bank Asya concluded the first quarter of 2014 with a TRY41 million (US\$18.78 million) net profit, a staggering 77.34% drop from the TRY181 million (US\$82.92 million) registered in the preceding quarter; while the bank suffered a 48.8% decline in net profit for the first January-June period on a year-on-year basis.

Although the bank was able to fend off critical capital shortages claiming that it had collected deposits exceeding more than half the amount withdrawn and was able to compensate by selling off an 18% stake in one of its assets (retailer Yeni Mağazacılık) for TRY298 million (US\$136.53 million) as well as increasing cash capital by 33% to TRY1.2 billion (US\$549.77 million), investor confidence was nonetheless shaken, leading to further unravelling of damages to the Islamic financier in the second half of the year. The bank continued to liquidate assets in order to stay afloat as evidenced by its decision last month to sell its 24.18% stake in construction firm Tuna Gayrimenkul for TRY62.8 million (US\$28.77 million) as well as another construction company Yonetim Hizmetleri for TRY69.25 million (US\$32.65 million).

Steep descent

In all the months from the beginning of 2014, August is looking to be the most agonizing for the Turkish financier as it spells out one debacle after another. After striking an exclusive deal in March with Qatar Islamic Bank to discuss potential concession of shares

to the Middle Eastern bank, the talk fell through driving down Bank Asya's shares to 1.24 points (7th August 2014) from the 1.6 peak on the 27th March (which rose from 1.04 on the 24th March) sparked when the banks entered into negotiation; and this was the beginning of Bank Asya's drastic fall from grace.

“Investor confidence was nonetheless shaken, leading to further unravelling of damages to the Islamic financier in the second half of the year”

As a result of the bank's ownership structure being left in the dark, trading of its shares was suspended on the 7th August and removed from the Istanbul stock exchange the next week for an indefinite period. As of the 15th August the bank's shares were removed from all indexes, until the issue of ownership is resolved.

State-owned Bank Ziraat, previously reported as being interested in acquiring Bank Asya to further its Islamic finance ambitions, also officially ended potential acquisition negotiations last week citing that the decision “on buying Bank Asya's preferred stock would not be in line with our bank's priorities at this stage”. This announcement comes after Capital Markets Board's formal rejection of Bank Asya's application to raise capital through Sukuk.

These seemingly politically driven events leave the market with the assumption that the bank would

either be driven out of business or highly likely to be seized by the state; latter of which would be more favorable for the nation's participation banking sector as compared to being out of the picture completely as it would reduce the already tiny market share held by Shariah compliant banks which stood at 5% in 2013, accounting for US\$36 billion in assets. While no conclusive correlation has been formally established, it is unsurprising that foreign direct investment into Turkey has been on a decline since February this year, very likely to some extent a result of the Bank Asya situation as suggested by Republic People's Party Istanbul deputy Umut Oran: "Surely the arbitrary pressure [on Bank Asya] will shake the confidence of foreign investors and deter them from investing in Turkey."

“These seemingly politically driven events leave the market with the assumption that the bank would either be driven out of business or highly likely to be seized by the state”

Looming uncertainty

With TRY29 billion (US\$13.31 billion) in assets as at the end of 2013, Bank Asya is the largest participation

bank out of a league of four and the 13th largest bank overall in Turkey; its demise would create a reshuffling in rankings as up to one-third of the overall Shariah compliant assets in the country are likely to flee into other banks. Participation banking has been charting a progressive trend with a 25% growth in 2013 from the year before and is projected that assets could reach between US\$80-120 billion by 2017 or at the very least command a 9% market share, in line with the government's target of 15% by 2023. Yet this now hangs in the balance as the fate of Bank Asya not only remains uncertain but is also looking gloomy; the bank recently had its ratings downgraded by Moody's, including its: long-term deposit rating to 'B2' from 'Ba2'; standalone financial strength rating to 'E+'; national scale ratings to 'Ba1. tr/TR-4'; as well as its subordinated debt rating to 'B3' from 'B1'.

"Given the negative pressures on the bank's standalone performance, an upgrade is not likely in the medium-term," opined Moody's, which also added that the long-term deposit ratings could be reviewed positively in light of potential parental support should an acquisition announcement be made. Nonetheless the ratings agency also elaborated that: "In case of limited progress in merger plans and further deterioration in the financial fundamentals the standalone and long-term deposit rating could be adjusted downward." And at the rate things are developing, the horizon certainly does not look bright for Bank Asya — an unfortunate casualty of a messy power struggle.⁽⁵⁾

This was first published on the 27th August 2014 (IFN Vol 11 Issue 34)

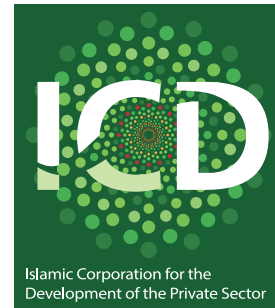
Table 1: Turkey's international direct investment inflow, 2014/May (US\$ million)

	January	February	March	April	May
International direct investment total (net)	1,253	1,526	1,427	913	577

Provisional Data Source: Central Bank of the Republic of Turkey



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HSBC Turkey

IFN has learned that Hulusi Horozoglu will be assuming the role of assistant general manager and head of banking and capital financing for HSBC Turkey, effective the 21st October. Horozoglu, who was involved in Kuveyt Turk's Sukuk and Turkiye Finans' ringgit-denominated Islamic issuance, was formerly HSBC Turkey's director and head of global capital financing and debt finance.

October 2014

Ziraat Bank applies for participation banking license

State-owned Ziraat Bank has announced via the Public Disclosure Platform (KAP) that it submitted an application to the Banking Regulatory and Supervisory Agency (BDDK) for a participation banking license on the 29th August.

In its statement Ziraat Bank stated that it will not purchase Bank Asya, but instead will establish a participation banking subsidiary with another name and balance sheet. The capital contribution for this participation bank will be made by the Treasury. Ali Babacan, the Turkish deputy prime minister, said that capital contribution from Treasury will be a good beginning for interest-free banking.

October 2014

Social media support for Asya

Clients of Turkish participation bank, Bank Asya are making concerted efforts to shore up the bank's funds, utilizing social networks to encourage deposits to the bank. This follows the withdrawal earlier in the year of 20% of the bank's total deposits by supporters of the country's president, according to media reports, although this figure has yet to be confirmed by the bank.

October 2014

Long-term Sukuk plans for Turkey

The government of Turkey has yet to make final plans for Sukuk issuance this year, but a treasury official has reportedly stated that the government would like to release Sukuk annually.

October 2014

Bank Asya back in the game?

Bank Asya has gained 10% on the Turkish exchange, the most since its suspension on the 3rd April. The stock resumed trading on the 15th September.

September 2014

Turkey to issue lira-denominated Sukuk

The Turkish Treasury has stated that it will issue a Turkish lira-denominated Sukuk worth TRY1.84 billion (US\$809.08 million) on the 1st October 2014. The issuance will have a tenor of 728 days and a six-month periodic rent rate of 4.84%.

September 2014

Inviting foreign players

The economic counsellor of Turkey in Malaysia, Muhammed Islami Onal, has encouraged Malaysian investors to participate in Turkey's Shariah compliant banking and finance industry. Foreign investors are able to apply for participation banking licenses in Turkey for no less than TRY30 million (US\$13.41 million) in investment.

September 2014

Sukuk plans for Turkiye Finans

Turkish participation bank Turkiye Finans Katilim Bankasi has announced plans to issue US\$50 million-worth of ringgit-denominated Sukuk in Malaysia, by the end of the year. The bank aims to diversify its funding base with the issuance according to Derya

Gurerk, the bank's CEO. Gurerk has said that the bank may also issue a TRY100 million (US\$44.67 million) Sukuk by February next year.

September 2014

Finansbank to issue Sukuk

Finansbank has announced that it will establish an asset lease subsidiary to issue Sukuk. No timeframe has been given.

September 2014

Bank Asya's Sukuk negatively affected

The political feud between Turkish president Recep Tayyip Erdogan and Fethullah Gulen has resulted in Bank Asya's Sukuk being the worst-performing Islamic bond in the world. According to Bloomberg data, the bank's Sukuk lost 29% this year compared with an average 4.5% return for US dollar-denominated Sukuk globally.

September 2014

Sophomore issuance planned

Construction-to-energy company Agaoglu Group has announced plans to raise up to US\$300 million via the issue of Sukuk. The company, which issued a TRY100 million (US\$45.46 million) last year, plans to sell the dollar-denominated Sukuk using an international bank in order to gain a wider range of investors.

September 2014

Aktif Bank-ITFC deal

Aktif Bank has signed a US\$45 million Murabahah agreement with International Islamic Trade Finance Cooperation (ITFC), which will be used to support Turkish exporters. This is the third framework agreement signed between the two entities, with one being signed each in 2009 and 2011.

September 2014

IDB project completed

The Islamic Development Bank (IDB) has inaugurated an ophthalmic center, a joint initiative by the bank, Humanitarian Relief Foundation (IHH) of Turkey, and the government of Niger, in the capital of Niger Republic. For the project, the IDB financed the medical equipments while the government of Niger provided the plot of land as well as will cover running costs of the center. IHH, the main provider of expertise, will run the operations of the unit for a period of three to five years before handing it over to the local authorities.

September 2014

Aktif Bank Sukuk approved

Aktif Bank's proposal to issue TRY200 million (US\$91.06 million) in Sukuk has been received regulatory approval. The Sukuk will be issued via its asset leasing company.

September 2014

Bank Asya wants to revive trading

Bank Asya has asked Borsa Istanbul to remove the suspension on trading of its share, CEO Ahmet Beyaz told Wall Street Journal Turkey. Shares of the participation bank have been suspended since the 7th August and this month the Banking Regulation and Supervision Agency placed the bank under close monitoring.

September 2014

Malaysian-Turkish asset management partnership

By way of an MoU, RHEA Asset Management of Turkey and Malaysia-based CIMB-Principal Islamic Asset Management have agreed to jointly develop a partnership in the Turkish Islamic asset management space.

September 2014

Ziraat begins process

State-owned Ziraat Bank announced on the 29th August that it has submitted an application to Turkey's Banking Regulation and Supervisory Authority (BDDK) to set up a Shariah compliant banking unit. It has been reported that the Turkish lender aims to launch its participation banking operations in October.

September 2014

Bank Asya under watch

The Banking Regulation and Supervision Agency (BRSA) is reviewing the position of Bank Asya and has permitted authorities to replace the participation bank's executives as well as facilitate with a takeover while sourcing for new shareholders. Authorities have also been granted the right to stop the bank's domestic and international transactions.

September 2014

Eastern European Sukuk for Khazanah?

Following the launch of its office in Istanbul last year, Malaysia's sovereign wealth fund Khazanah Nasional may consider issuing Sukuk in Eastern Europe if there are good investable assets in the region, said Mohd Izani Ghani, Khazanah Nasional's executive director and chief financial officer. Izani also said that while there have been plans to issue Sukuk in Turkey, the interest rate environment in the republic is currently on the high side and volatile, making an issuance not feasible at the moment.

September 2014

Bank Asya downgraded

Bank Asya's long-term deposit rating has been downgraded to 'Caa1' from 'B2' by Moody's. The rating is placed on review for further downgrade due to high likelihood of further deposit volatility and reduced prospects of

merger announcement in the near future.

September 2014

Dogus Sukuk approved

The Capital Markets Board has approved Turkey's first corporate Sukuk issuance, to be issued by conglomerate Dogus Group's Dorgus Varlik Kiralama. No time frame for the US\$370 million program has been given.

August 2014

Ziraat's Islamic unit coming soon

Following a decision to not pursue acquiring Bank Asya, it has been reported that state-owned Ziraat Bank will launch its own participation banking unit in October, with the first capital for the new entity to be provided for by the central bank.

August 2014

Bank Asya partner suspended

Hasan Sayin, a major shareholder of Bank Asya, and Ibrahim Sayin are being investigated for insider trading of shares in Bank Asya which allegedly earned the duo millions of dollars. The Capital Market Board is preparing to file a criminal complaint against the accused.

Hasan Sayin, who owned 3.92% equivalent to TRY360 million (US\$164.93 million) of qualified shares in the Turkish participation bank, and Ibrahim were determined to have traded millions of Bank Asya shares on the 18th March upon receiving information that the bank were to enter acquisition talks with Qatar Islamic Bank (which eventually fell through).

August 2014

Halkbank rated

Halkbank, which is preparing to launch Shariah compliant banking

operations, has been assigned 'BBB+' financial strength rating by Capital Intelligence, based on continued profitability and improved asset quality as well as increasing deposit.

August 2014

Bank Asya suspended

Due to uncertainty over its ownership structure, shares of Bank Asya were temporarily removed from the Istanbul stock exchange on the 14th August 2014, and subsequently removed from all indexes on the 15th August as per regulatory requirement when shares are suspended over five days; the participation bank's shares have been suspended since last week due to sharp volatility as a result of conflicting reports over its ownership. The suspension will be in place until the issue of ownership is resolved.

August 2014

Another blow to Bank Asya

State-owned Ziraat Bank has officially ended potential negotiations to acquire embattled Bank Asya saying that the decision "on buying Bank Asya's preferred stock would not be in line with our bank's priorities at this stage". This leaves the ownership structure of Bank Asya uncertain and increases the likelihood of the bank being seized by the state.

August 2014

Turkey launches two new participation indexes

Two new participation indexes, the Participation 50 Index (KAT50) and the Participation Model Portfolio Index (KATMP), were officially launched on the 14th August. The new indexes, under the sponsorship of Turkey's four participation banks join the country's established Participation 30 Index. The new indexes have been published by Borsa Istanbul since the beginning

of July 2014, with KATMP closing up at 72,202.18 on the 14th August and KAT50 closing at 72,525.47, a decrease of 23bps. In order to meet the international and domestic desire for overseas investment in Turkey's stocks that conform to Shariah compliant principles, all three indexes are open to international investment by foreign investors.

Speaking exclusively to Islamic Finance news Avşar Sungurlu, the assistant general manager of index advisor Bizim Menkul Değerler (BMD Securities), outlines the impact of the new indexes on Turkey's participation sector: "Since the introduction of the first Participation 30 Index in 2011, we observed a quick acceptance throughout the industry, because previously there had been no such product that could be utilized for investment products and services, tailored to both local and worldwide participation finance customers. Many fund managers, including pension funds, licensed the index and even the conventional institutions have started using the index as a benchmark for their related investments."

August 2014

Asya's Sukuk dropped

Bank Asya's application to issue Sukuk would not be reviewed by the Capital Markets Board due to uncertainty over the ownership of the suspended Shariah compliant financier.

August 2014

Bank Asya

Bank Asya reported an 81% fall in second quarter net profit to TRY10.6 million (US\$4.91 million) due to shrinking deposit base as a result of increasing government pressures leading to cancellation of contracts. The Turkish participation bank's profitability has been adversely affected since December as it found itself in the

midst of a power struggle between prime minister Tayyip Erdogan and his political opponent Fethullah Gulen, whose supporters founded the bank.

August 2014

Deal terminated

Acquisition negotiations between Qatar Islamic Bank and Bank Asya have fallen through, with no reasons given. QIB however reaffirmed Turkey as its target market in its foreign expansion plans while Bank Asya has confirmed that it is open for formal bids from Turkish investors.

August 2014

Government supports Ziraat

Deputy prime minister Ali Babacan has announced the government's support for state-owned Ziraat Bankasi in its bid for the ownership of participation bank Asya Katilim Bankasi. This announcement was made before acquisition talks between Qatar Islamic Bank and Bank Asya fell through.

August 2014

Turkiye Finans sets up SPV

Turkiye Finans Katilim Bankasi has established an SPV for its Sukuk issues. The wholly-owned subsidiary, Varlik Kirala Anonim Sirketi, was registered with a capital of TRY50 million (US\$23.5 million).

July 2014

Bank Asya offloads subsidiaries

In efforts to raise capital, Bank Asya has confirmed that it will be selling its 24.18% stake in construction firm Tuna Gayrimenkul for TRY62.8 million (US\$29.61 million) as well as another construction company Yonetim Hizmetleri for TRY69.25 million (US\$32.65 million).

July 2014

A

Adadiyyah countable items measured in individual units rather than by volume, weight or length
Ajr commission or fee charged for services
Akhirah the hereafter
Akhlaq virtue, morality and manners in Islamic theology
Al Ghunm bil Ghurm rationae of profit sharing
Al-wa'd bi al-bai' promise to sell
Al-wa'd bi al-syira' promise to buy
Amanah reliability, trustworthiness, loyalty, honesty
'Amil agent
Aqd contract
Aqidah set of beliefs
Arif expert
'Ariyah loan of small articles
'Ayn currency or ready money

B

Bai Ajil bi Ajil delayed-for-immediate sale
Bai al Arboon deposit-secured sale
Bai al Inah sale and buy-back
Bai al kali' bi al kali' sale of debt for a debt
Bai al Salam future delivery
Bai Bithaman Ajil deferred payment sale
Bai Dayn debt financing
Bai Istijrar supply sale
Bai Muajjal deferred payment sale
Bai Muzayadah open bidding trading
Bai Wafa sale and buy-back
Baitul Mal treasury
Batil null and void

D

Darurah necessity
Dayn debt
Dha 'wa ta 'ajjal Creditor's debt
Dhaman guarantee
Dhimmah liability
Dirham unit of currency

F

Falah to flourish
Faqih Shariah jurist
Faqir poor person
Fard al Kifayah socially obligatory duties
Fasid unsound or unviable
Faskh dissolution of contract
Fatwa religious decree
Fiqh Islamic jurisprudence
Fiqh al-muamalat Islamic commercial jurisprudence
Fuduli dealing with someone else's property without permission

G

Ghalat Mistake
Gharar uncertainty
Ghasb forfeiture

H

Hadith the Prophet's sayings and commentary on the Quran
Haji pilgrimage to Mecca
Hak Tamalluk ownership right
Halal lawful, permissible
Hamish jiddiyyah security deposit
Hanbali Islamic school of law
Hanifite Islamic school of law
Haq Maliy rights on the financial assets
Haqq truth, right
Haram unlawful, forbidden
Hawala bill of exchange, remittance
Hibah gift
Hibah al-'umra contingent hibah
Hibah al-ruqba conditional hibah
Hila forbidden structure
Hisbah regulatory duty
Hukm Islamic ruling

I

Ibra rebate
Ihtikar hoarding
Ijab offer in a contract
Ijarah leasing
Ijarah Mawsufah fi Dhimmah forward lease
Ijarah Thumma Bai leasing to purchase
Ijarah wa Iqtina buy-back leasing
Ijma consensus
Ijtihad effort, exertion, industry
Ikhtikar monopoly
Ikhtilaf divergence of opinion among jurists
Iktinaz hoarding wealth by not paying zakat on it
'Illah legal effective cause
Iman conviction, faith or belief
Inan financial partnership
Iqtisad moderation
Islah reform
Israf wastefulness
Istihsan guiding choice
Istijrar recurring sale
Istisnah advance purchase of goods or buildings
Ittifaq Dhimm pre-agreed contract

J

Jahiliyyah pre-Islamic period
Jahl ignorance (of morality or divinity)
Ji Alah pre-agreed contract
Ju'alah stipulated price for performing a service

K

Kafalah guarantee
Khalif or khalifa ruler, steward, custodian
Khilabah fraud
Khiyanah deception
Khiyar power to annul contract

M

Maaliki Islamic school of law
Madhhab way of going
Makruh detested
Mal Capital or wealth
Mal-e-Mutaqawam wealth that has commercial value
Manfa'ah beneficial ownership
Mansil Shariah compliant property mortgage in the UK
Maqasid general objectives of Islamic law
Maslahah public good or benefit
Maysir gambling
Mithli goods that can be returned in kind
Muamalat economic transaction
Mubah lawful objects
Mudarabah trust financing, profit sharing
Mudarib entrepreneur in a Mudarabah contract
Mufawadah equal, unlimited partnership
Mufti qualified professional who issues fatawa, usually in response to questions posed
Muqarada Sukuk for specific projects
Muqasah debt settlement by a contra transaction
Murabahah cost-plus financing
Musaqah agricultural contract
Musawwamah general sale
Musharakah joint venture, profit and loss sharing
Musharakah mutanaqisah partnership
Mutlaqa unrestricted
Muzara'ah share-cropping
Muzara'a agricultural contract

N

Najash deception
Nisab exemption limit

Q

Qabdh discount
Qabul acceptance in a contract
Qard loan
Qard Hasan benevolent loan
Qimar gambling
Qirad synonym for Mudarabah
Qiyas analogical deduction
Qu'ran the holy scriptures of Islam

R

Ra's al-mal capital
Rab al maal the investor in a Mudarabah contract
Rahn collateral
Riba interest
Riba al Buyu usury of trade
Riba al Diyun usury of debt
Ribawi goods subject to fiqh rules on riba
Rishwah bribery
Rukn pillar
Ruq'a payment order

S

Sadaqah voluntary charitable giving
Sahih sound, correct
Salaf loan for short, intermediate or long term
Salam advance purchase
Samad Shariah compliant property mortgage in the US
Sarf currency sale
Shafi'e Islamic school of law
Shariah Islamic jurisprudence
Shart stipulation in a contract
Shirkah partnership
Shuf'ah right of pre-emption
Sighah formal exchange
Suftajah bill of exchange
Sukuk Islamic bond (Plural. Also see Saak.)
Sunnah practice and traditions of the Prophet Muhammad

T

Ta'widh deliberate delay in payment
Tabarru' Takaful donation
Tabzir wasteful spending
Tadlis al' aib intentionally hiding the defects of goods
Takaful Islamic insurance
Tanajusy manipulation
Tawarruq reverse Murabahah

U

Ujrah fee
Ummah the Muslim community
'Umum balwa Common plight
'Uqud al-Isytirak Contracts of partnership
'Uqud al-Mu'awadhart Contracts of exchange
'Uqud al-Tabarruat Charitable contracts
Urbun deposit

W

Wadiah Deposit
Wadiah Yad Dhamanah Savings or deposits with guarantee
Wakalah agency
Waqf charitable trust
Wasiyyah will or testament

Z

Zakat religious tax

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OPENING KEYNOTE ADDRESS

08:00 – 09:00 Registration

09:00 – 09:30 Opening Keynote Address



Mehmet Şimşek — *Minister of Finance, Republic of Turkey*

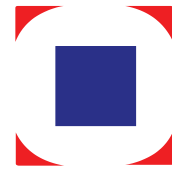
Mehmet Şimşek was appointed as Turkey's minister of finance in May 2009, after serving two years as minister of economy. He was elected to the parliament in July 2007 and June 2011, representing the Justice and Development Party (AK Party).

Mehmet has formulated a fiscal policy which has helped Turkey recover strongly from the global financial crisis. He has also undertaken far reaching reforms founding the Tax Audit Board, simplifying tax regulations, enhancing taxpayers' rights, and reducing the shadow economy.

Before entering politics, he worked for Merrill Lynch in London for seven years as an economist and strategist and later as head of fixed income strategy and macroeconomic research for the emerging EMEA region.

From 1998 to 2000, he was a senior economist and bank analyst at Deutsche-Bender Securities in Istanbul. Earlier in his career, he worked on Wall Street for UBS Securities in New York (1997) and as a senior economist at the US Embassy in Ankara (1993-97).

Notes:



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KEYNOTE ADDRESS

09:30 – 09:45 Keynote Address



Dr Vahdettin Ertas — Chairman, Capital Markets Board of Turkey

Dr Vahdettin Ertas is the chairman of the Capital Markets Board of Turkey (CMB). He is also serving as the chairman of the Board of Directors of the Investor Compensation Center and the COMCEC Capital Markets Regulatory Forum. Most recently Dr Vahdettin was appointed as a member to the Supervisory Board of Child and Youth Finance International.

Dr Vahdettin started his career at the CMB as a junior expert in 1987. At the CMB, he served as head of department at the Institutional Investors Department between 1997 and 2001 and the Corporate Finance Department (CFD) between 2002 and 2005. Vahdettin was appointed as the chairman of Istanbul Gold Exchange in 2005 and served at this post until his appointment as a member to the CMB Executive Board in December 2006. After serving six years at the CMB Executive Board, Vahdettin was appointed as the chairman of the CMB in January 2013.

Dr Vahdettin played a leading role in drafting of the regulations on real estate investment trusts (REITs) and company mergers and de-mergers in Turkey. Dr Vahdettin also chaired the team at the CMB, which prepared regulatory and technical infrastructure of the private pension system in Turkey. In addition, Dr Vahdettin played an instrumental role in setting up of the CMB electronic oversight system for investment funds (FonSis) and for the automation and remote access systems of the Istanbul Gold Exchange.

Notes:

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KEYNOTE ADDRESS

09:45 – 10:00 Keynote Address



Murat Çetinkaya — Deputy Governor, Central Bank of Turkey

Murat Çetinkaya graduated with a double major from Boğaziçi University in Political Science and International Relations at the Faculty of Economics, and Political Sciences and Sociology at the Faculty of Arts and Sciences. Murat, who earned an MA from the Institute for Graduate Studies in Social Sciences of Boğaziçi University, continues his doctoral studies in the field of international finance/economics-politics at the same university.

Murat joined the banking sector through Albaraka Turk Participation Bank, where he served in many departments including international banking and treasury. In 2003, he was transferred to Halkbank, where he served as the director of international banking and structured finance and later as the deputy general manager responsible for international banking and investor relations. Murat, who assumed posts in several subsidiaries of Halkbank, acted as a member of the Board of Directors of Halk Yatırım Menkul Değerler during his last two years at the institution. Murat served as the executive vice-president responsible for treasury, international banking and investment banking at Kuveyt Turk Participation Bank from 2008-12, and was appointed as deputy governor of the Central Bank of the Republic of Turkey on the 29th June 2012.

10:00 – 10:30 Coffee & Networking

Notes:

CEO Session: Advancing Turkey's Progress in the Participation Finance Industry

- Reviewing recent regulatory updates and central bank guidelines affecting Islamic finance transactions in Turkey
- Discussing an industry-wide strategy required to take participation finance mainstream in Turkey: Establishment of more participation banks, sovereign issuances, multilateral support
- What role will Turkey play in the global Islamic finance landscape and what needs to be done to advance this vision?
- What is the outlook for new participation banks in Turkey's Shariah compliant space and how will the landscape change in 2015?

Moderator:



Jawad Ali — *Managing Partner - Middle East Offices, King & Spalding*

Jawad Ali is the managing partner of King & Spalding's Middle East offices, global deputy leader of the firm's award-winning Islamic finance practice group and is based in its Dubai office. His practice covers a broad range of Shariah compliant and conventional finance and investment transactions. He is especially recognized for his knowledge of Shariah issues and his skills in developing innovative, Shariah compliant investment and financing structures. His practice has involved investment and financing transactions throughout the Middle East, Europe, the US, Southeast Asia and Africa.

Jawad is a frequent speaker on the topic of Islamic finance and investment through the Middle East, Europe, the US and Africa. He is ranked a leading lawyer for Islamic finance in independent directories and client-based surveys. Chambers Global 2014 states: "Jawad Ali advises on a variety of Shariah compliant structures in the areas of private equity, M&A and real estate. He has had significant activity of late representing regional clients with respect to their overseas investments."

Panelist:



Derya Gürerk — *Chief Executive Officer, Türkiye Finans & President, Participation Banks Association of Turkey (TKBB)*

Derya Gürerk started his career at Etibank where he worked from 1983-85. He was in office at Citibank, Turkey from 1986-96 and was appointed to Citibank, New York, US until 1998 and then took office as assistant general manager at Kentbank from 1998 to 2000. From 2000-08, Derya took responsibilities in the management of business development and transformation projects at Türkiye İş Bankası. Within this period (2003-05) he held the position of assistant general manager, and a director reporting to the chairman at AVEA, a subsidiary of Türkiye İş Bankası. In 2008 Derya held the position of chief financial officer and vice-president of

the Executive Committee at Dedeman Holding. Derya has been, since June of 2011, chief executive officer of Türkiye Finans Katılım Bankası and a board member. He also has been the chairman of the Board of Directors at Participation Banks Association of Turkey since May 2014.

Panelists:

Mohamad Safri Shahul Hamid — Senior Managing Director & Deputy Chief Executive Officer, CIMB Islamic, Malaysia

Mohamad Safri Shahul Hamid rejoined CIMB Islamic as deputy chief executive officer in 2011, after a stint as deputy CEO with a local investment bank based in Kuala Lumpur. Safri was one of the pioneer members of CIMB Islamic back in 2003 and credited for a number of groundbreaking and award-winning Sukuk transactions — the notable ones include all the exchangeable Sukuk transactions by Khazanah Nasional, world's first rated Musharakah securitization Sukuk, world's first Islamic residential mortgage-backed securities, world's first renminbi-denominated Sukuk by Khazanah Nasional, world's largest renminbi-denominated Sukuk by Axiata and most recently, the inaugural as well as historic global Sukuk issuances by the governments of the UK and Hong Kong, respectively.

Safri oversees CIMB Group's Islamic banking wholesale business and is a member of CIMB Group Investment Banking Management Committee, Group Underwriting Committee and Group Credit Committee.



Professor Dr Necdet Şensoy — Board Member, Central Bank of the Republic of Turkey

Having worked as a lecturer at Marmara University-Istanbul, Faculty of Economic and Administrative Sciences, Department of Business Administration, Professor Dr Necdet Şensoy was appointed as a member of the Auditing Committee of the Central Bank of Turkey on the 1st May 2004.

He was a member of the Auditing Committee and as well as deputy rector of Istanbul Commerce University before becoming member of the board on 7th December 2006.

Dr Necdet lectured on accounting for Islamic banks and Zakat accounting at International Islamic University Malaysia between July 1994 and July 1996. He is also the author of the book: 'Cost of Depositors' Funds and Pricing for Islamic Banks'. Dr Necdet is a former member of Board of Trustees of AOOIFI between 1993 and 1997. He is currently the chairman of the Audit Committee of International Islamic Liquidity Management Corporation.



Dr Önder Halisdemir — Chief Executive Officer, Aktif Bank

Dr Önder Halisdemir has been serving as the chief executive officer of Aktif Bank since 2007. Under his leadership, Aktif Bank succeeded to grow by 77-fold, becoming the biggest investment bank in Turkey. Meanwhile, Aktif Bank has been given 70 awards in recognition of many innovations launched in various spheres and has been elected as 'World's Most Innovative Bank' in 2011 at an international contest. Önder embarked upon his career first as an entrepreneur, and then worked as a professional at the divisions of board of inspectors, corporate banking, branch banking and retail banking of various banks, as well as a board of director member of several insurance companies. Apart from being a member of Aktif Bank's Board of Directors, Önder also serves as the board chairman for the bank's subsidiaries.

Sukuk, Infrastructure and Project Finance In Turkey

Turkey's drive to improve on infrastructure is set create opportunities for market players to fund infrastructure and power projects through Shariah compliant project financing. This session will cover the trends, structures and opportunities available

- Infrastructure and project Sukuk in Turkey: What's in the pipeline?
- Opportunities in cross-border Sukuk through project and infrastructure financing
- Utilizing Islamic infrastructure financing in public private partnership ventures
- Trends and outlook for syndicated financing of infrastructure projects
- Assessing the potential of alternative assets and its suitability to Shariah compliant financing: key considerations for issuers
- Outlook for syndicated finance and trade finance transactions

Moderator:



Aykut Taşel — Director, Corporate Finance, PwC

Aykut Taşel is the corporate finance director of PwC Turkey and responsible for M&A advisory services including debt advisory services. After graduating from ITU Management Engineering Department in 2001, he joined PwC Istanbul and served until 2004 and later moved to PwC Dubai. In 2006, he joined Dubai Investment Group to lead the aggressive business expansion plans of the firm until 2008. During the term between 2008 and 2011, he acted as the chief restructuring officer, led the debt management services of the company by way of re-engineering the debt portfolio (US\$10 billion) by managing the relationships with more than 40 banks, raising new funds and restructuring the entire debt portfolio. Late in 2011, he returned back to Istanbul and joined PwC Advisory Services.

During his employment at PwC, he was involved in and led various projects mainly related to corporate finance and due diligence transactions in various countries.

Panelist:



Alex Roussos — Partner, Dentons

Alex Roussos is a capital markets partner based in Dubai. He is an expert in debt, hybrid and equity-linked capital markets transactions (both conventional and Islamic). Alex's broad experience has seen him advising governments and government-related entities, all major investment banking clients and large corporate entities across the Middle East on matters including medium-term note, convertible bond, hybrid capital and Sukuk issuances and structured finance deals, as well as listings on local and international stock exchanges. Alex is also a leading practitioner in the field of regulatory capital and has acted on some of the most high profile deals in this space in the GCC.

Panelists:***Gökhan Cumbul — Board Member, Teleferik Holding***

Gökhan Cumbul is currently the chief financial officer and a board member of Teleferik Holding, which installs and operates ropeways system with high-tech solutions and the environmental footprint. Together with strategic partner Leitner Ropeways, Teleferik Holding provides urban passenger transportation solutions, tourism applications and winter sports installations.

He begun his career at PwC as an auditor after graduation, followed by Pirelli as a financial controller and medical device company Covidien for nine years in a variety of roles. He was the regional finance director for TMEA region of Covidien prior to his role in Teleferik Holding.

***Khalid Howladar — Global Head, Islamic Finance, Moody's Investor Service, UAE***

Khalid Howladar is the global head of Moody's Islamic Finance Group and also leads the GCC banking team in Dubai. He is a leading figure in the fields of Sukuk finance and Islamic banking as well as in conventional GCC credit and securitization markets.

Currently based in the Dubai International Financial Center, he joined Moody's in London in 2001 and was initially an analyst responsible for rating cash, synthetic, high yield, structured and project finance CDOs. Subsequently he took lead roles in the MENA business development team with responsibility for new markets and client outreach before taking leadership of the Dubai-based banking team in 2010.

Khalid provides extensive commentary on both Islamic and regional credit markets and is a well-respected speaker at conferences. In addition to providing various educational workshops for market participants, he has also enjoyed lecturing at the Paris-Sorbonne University (Abu Dhabi) as well as at universities in Dubai and Beirut. In addition to Moody's own research, he has also authored many articles for numerous finance journals and books across the globe which focus on GCC and Islamic banks, Sukuk, securitization, and credit ratings in general.

***Dr Serdar Sümer — Managing Partner and Board Member, DCM, Tera Securities***

Dr Serdar started his career as a bank supervisor in 1996 at the Undersecretariat of Treasury of Turkey. In 2001 he was assigned as bank examiner at Banking Regulation and Supervision Authority and was later on appointed as head of examination group at the BRSA. Other than annual examinations, as the coordinator of risk group, he was responsible for the examination of risk models that are used at the Turkish banking sector.

In 2008 Dr Serdar joined Aktif Bank as executive vice-president, responsible for subsidiaries management and capital markets of the bank. During his tenure with Aktif Bank, he established many unprecedented financial instruments in Turkish capital markets, such as; bank bonds, ABS, Sukuk Mudarabah and Wakalah. In 2014 he joined Tera Brokers, as a partner and board member, responsible for corporate finance. In 2011, Dr Serdar received his PhD degree with his thesis on Foreign Banks Financial Decisions and Strategies: Turkey Case. In addition to his CPA license, Dr Serdar also holds an FRM (Financial Risk Manager) certificate, Independent Auditor License and Capital Markets Advanced Level and Derivatives License.

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11:15-12:00

Panelist:



Tanweer Bukhari — *Head of Investment Banking Advisory, CIMB Middle East*

Tanweer Bukhari joined CIMB Group in 2008 and has dual responsibility as head of advisory, CIMB Middle East and key member of the CCS team for the region. While managing a very diverse client portfolio of leading sovereign wealth funds, government-linked companies, multilateral development banks, financial institutions, asset management companies, corporates, family offices and UHNWIs, his primary responsibilities include investment banking business development, deal origination and execution, relationship management and advisory services in the MENA/Turkey/Pakistan region with special focus on cross-region equity/debt and

asset management.

He started his professional career with PricewaterhouseCoopers in 1995 and has spent more than 12 years in the MENA region in various investment banking, research, treasury and finance roles.

Tanweer is a member of Institute of Chartered Accountants of Pakistan and also holds MSc in Energy, Trade & Finance from Cass Business School, City University, London.

Notes:



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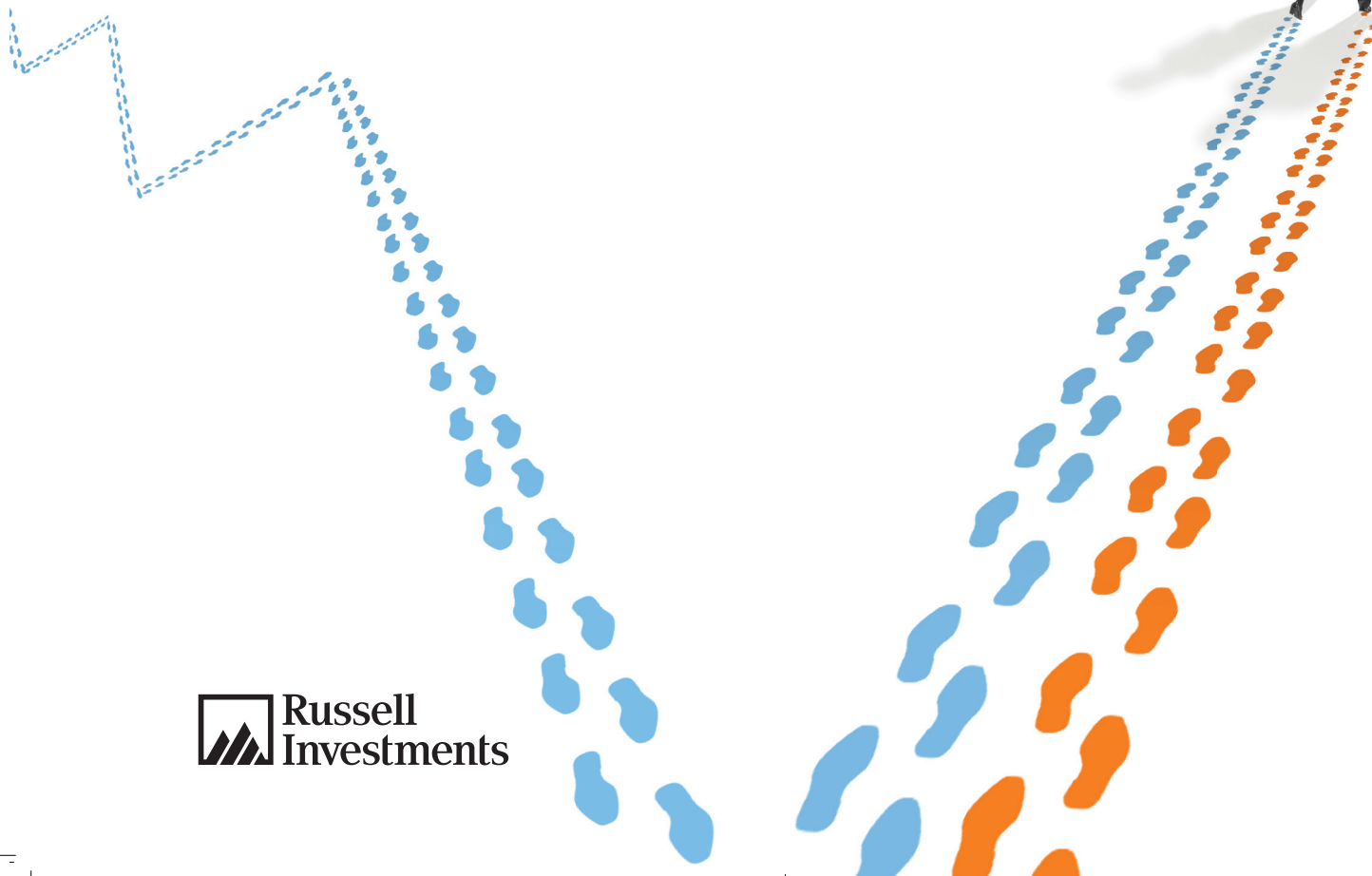


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12:00 – 12:15 Presentation

Islamic Investments in Asia



Siti Rosina Attaullah — *Head of Islamic Capital Markets, KFH Research, Malaysia*

Siti Rosina Attaullah is the head of the Islamic capital markets section at KFH Research — the investment, advisory and research arm of Kuwait Finance House (KFH). She is responsible for overseeing various areas of Islamic finance research and advisory services, among others; Islamic banking, Takaful, Sukuk, Islamic fund management, financial inclusion as well as regulation and financial stability matters.

Prior to this, Siti Rosina worked with Bank Negara Malaysia (BNM) where she was attached to the Islamic banking and Takaful department, the department responsible for the formulation of strategic policies and regulation for the Islamic banking and Takaful industry in Malaysia. In her previous role, she was involved in various strategic developmental policies, bilateral and multilateral relations for the Islamic finance sector and was one of the key team members in several key Islamic finance projects for the industry.

Notes:



Islamic Finance News Dialogue Series

IFN Dialogues are high level, invite-only roundtable events comprising senior regulators and market leaders representing the Islamic finance industry in a specific jurisdiction or sector. A select group of international representatives are also invited. These closed door meetings focus exclusively on predetermined topics and current issues affecting the industry. The number of participants invited to each dialogue is capped at 20 ensuring each individual's views are heard and issues are discussed in an in-depth manner during the 3-hour session.


The format of these exclusive closed door meetings is to allow each participant the opportunity to question and provide feedback on critical issues which will ultimately lead to concrete solutions that industry players implement for long term sustainable growth in Islamic finance in a particular market or sector.

To facilitate open and honest discussion media are not invited. A summary of discussions will however be made available to delegates attending the main forum where applicable in a Chatham House Rule format.

"Thank you and your colleagues for this very successful event. The way it was structured allowed a frank and progressive dialogue on a subject that the participants are anxious to see progress in Luxembourg, after a period of somewhat long stasis. It has enabled us to not only restart the dialogue among us and reconnect, but also hear what is done abroad, and the feelings and thinking of foreign practitioners. The presence of the Minister and his obvious involvement lent a sense of empowerment. Finally I found the Malaysian contribution invaluable useful. I look forward to the next conference in Luxembourg"

*Fouad E. Rathle, Senior Vice President
Garanti Bank Luxembourg*





"It was a great pleasure to attend such an event (Luxembourg Dialogue). It was really a brilliant idea to put together local and foreign practitioners from inside and outside Luxembourg with the representatives from Luxembourg's regulatory bodies in one room to discuss the challenges facing the Islamic finance industry in Luxembourg. The way it was conducted was very constructive in a sense that the participants shared the challenges facing this industry and how Luxembourg can mitigate these to promote itself as a hub for Islamic Finance."


Ashraf Ammar - Senior Manager, Deloitte

"The Luxembourg Dialogue was a refreshing change from the distractions of a large conference, giving participants an opportunity to discuss the key market issues directly with the key players. Perhaps the most focused way to benefit from a conference."

Harris Irfan - Managing Director, European Islamic Investment Bank

"I was delighted to attend the Luxembourg Dialogue in connection with the IFN Forum in Luxembourg. The Luxembourg Dialogue provided a unique forum for key market participants to discuss recent developments and trends for the purpose to advance Islamic finance in Luxembourg and to foster Luxembourg's position as a hub for Islamic finance in Europe."

Andreas Heinzmann - Partner, Bonn & Schmitt



"I was delighted to be asked to moderate IFN's first Dialogue taking place as a precursor to the European Forum in Luxembourg. The format led to a free-ranging and interesting discussion on the chosen topics, amongst people with a genuine interest in the outcome. If some of the conclusions and takeaways are adopted, there is every prospect they will assist the further development of the industry in Luxembourg."

Neil Miller - Global Head of Islamic Finance, Linklaters



"The IFN team put together a high profile event and program with speakers and participants from across the Islamic finance industry. Stimulating, interactive and above all networking par excellence."

Jonathan Grosvenor - General Manager, Global Financial Markets, KBL European Private Bankers



"The Luxembourg Dialogue" – an innovative way to bring together a large variety of practitioners involved in Islamic Finance activities in Luxembourg. Inspiring debate about the best opportunities to promote and develop Islamic Finance business in Luxembourg.

Carlo Oly- Head of Issuers and Clients, Luxembourg Stock Exchange

The Turkish Investment Landscape: Trends and Strategies for 2015

- What will 2015 hold for Islamic investors and fund managers
- Which asset classes and markets are expected to outperform and why
- Risk vs. opportunity: Understanding the risks and impact on the Islamic asset management industry
- The changing face of the institutional investment market: Discussing investment strategies and product trends for 2015
- Outlook for i-ETFs, Shariah compliant mutual funds
- Growth of the private banking and wealth management sector in Turkey
- Scope for Shariah compliant leasing products

Moderator:



Sohail Jaffer — Deputy Chief Executive Officer, FWU Global Takaful Solutions

Sohail Jaffer is a partner and the head of international business development for 'private label' bancassurance with FWU Group based in Dubai. FWU is an international financial services group focusing on innovative and customized product design in the field of unit-linked investments and Family Takaful savings plans for several emerging markets. Sohail has successfully originated, negotiated and won several major bancassurance deals in the GCC region, Pakistan and Malaysia.

Sohail is a speaker at several international industry events and is currently leading the activities of the Alternative Investment Management Association (AIMA) in the Middle East and is also a participant member in the Gulf Bond and Sukuk Association.

Panelist:



Asim Khan — Chief Executive Officer & Managing Director, Khalij Islamic

Asim Khan is a chartered accountant with more than 16 years experience in financial services (including conventional and Islamic financial institution) and the oil and gas industries across the Asian sub-continent, Middle East and Europe, while working with top tier organizations such as PwC, KPMG and Deutsche Bank.

Asim specializes in developing and monitoring Islamic financial products and has structured various Islamic finance transactions; developed various Shariah compliant investment funds; established monitoring process for on-going Shariah compliance for various Islamic products, converted various conventional products into Shariah compliant products and advised on purification strategies for non-Shariah compliant income.

Currently, among other projects, he is involved in a Sukuk for a major international investment bank and setting up for an Islamic issuance platform.

Panelists:**Avşar R Sungurlu** — *Executive Vice President, BMD Securities*

Avşar R Sungurlu is the executive vice president of BMD Securities, a brokerage and investment company well-known for being a pioneer in investment services and for its products exclusively tailored to participation banks in Turkey. As an asset and investment fund manager he was responsible for the design, establishment and operations of the first investment funds marketed to interest-free banking clients, including the world's first Islamic market exchange traded fund and Turkey's first local Shariah compliant equity index.

Originally an aeronautical engineer, Avşar began his career in finance as a research associate in an investment firm. With over 17 years of capital markets experience, he has held many positions including sell-side research analyst, corporate finance specialist, head of research, buy-side research analyst, fund portfolio trader, fund manager, and director of asset management. Avşar is currently working on new investment product development for participation banks in Turkey. He has an MBA in finance and lives in Istanbul.

**Didem Gordon** — *Chairman & Chief Executive Officer, Ashmore Turkey*

Having joined Ashmore in 2012 Didem, who is also a member of the Institutional Investment Managers Association (TKYD) has over 20 years' experience in Turkish capital markets. Prior to Ashmore Turkey, she co-founded Libera Capital both as a chairman and managing partner as an independent local asset manager. Didem held several senior executive positions in leading asset management companies and banks in Turkey namely: Koçbank and Koç Portföy and Yapı Kredi Bank and Yapı Kredi Portföy, Finansinvest and Inter Portfoy as well as several board positions in financial subsidiaries and fund boards.

Her experience in asset management includes pension funds, mutual funds, and hedge funds. Didem was the chairman of Yapı Kredi Pension Fund Board and was a member of the Fund Board for Allianz Pension. She has served as the chair of Legislative and Taxation Committee for TKYD representing the sector in all regulatory work with the Capital Markets Board and Ministry of Finance. She also worked on the Istanbul Finance Center Project as well as many working committees at the state level as a private sector representative. Didem is the vice-chairman of the Turkish Investment Management Association and served as the member of the Audit Committee of Borsa Istanbul between 2006-12.

**Farid Masood** — *Director, Head of Advisory Services and Asset Management, Islamic Corporation for the Development of the Private Sector, IDB Group*

Farid Masood is the head of advisory services for the Islamic Corporation for the Development of the Private Sector (ICD), looking after investment banking, asset management and technical assistance, with operations spanning Africa, Middle East and Asia. He is also a member of the management committee and investment committee of ICD and represents ICD on several boards of investee companies.

Before joining ICD, he was chief executive of KASB Securities (Merrill Lynch) in Pakistan, where he was responsible for the brokerage, investment banking, private equity and propriety trading business of the firm. He was also actively involved in advising governments and corporations on financial restructuring, privatization, project finance and mergers and acquisitions and completed transactions over US\$5 billion. Prior to his return to the Middle East region, he worked as a principal consultant/investment banker for PwC in the US, advising energy and telecommunication companies on new venture development and cross-border M&A.



Khalij Islamic (“KI”), established in 2008, is an Islamic finance investment and advisory boutique with a presence in the United Kingdom, the United Arab Emirates and the Kingdom of Bahrain.

KI specialises in bringing new asset classes and high quality Islamic investment products to Islamic investors. This not only gives Islamic investors increased opportunities to invest in high quality investment products but also helps them to diversify their portfolios from the traditional asset classes.

Khalij Islamic offers end to end Shari’a advisory services including:

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Khalij Islamic adds value by providing a broad range of professional and reliable world class Shari’a services by harnessing:

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- Affiliation and collaboration with influential industry bodies in the Islamic finance space

www.khalijislamic.com

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Khalij Islamic (UK) Limited is authorised and regulated by the Financial Conduct Authority (FCA) in the UK

Panelists:**Giorgio Medda** — *Chief Executive Officer, AZ Global*

Giorgio Medda is the chief executive officer (since 2012) and fund manager of AZ Global Portföy Yönetimi, one of the largest independent asset management companies in Turkey. AZ Global is part of the Azimut Holding Group, a global independent asset management platform with US\$37 billion in assets under management and offices in Europe, Asia and Latin America. AZ Global is managing and marketing 11 mutual funds to local and international investors, all bringing significant investment innovation through flexible strategies focusing on Turkish markets. Azimut and AZ Global are pioneers in the area of Islamic asset management with one of the largest global Sukuk funds in the world. Giorgio joined

Azimut in 2007 as a fund manager focusing on Europe and emerging markets. Prior to Azimut, since 1998, Giorgio worked at Mediobanca in Milan and Credit Suisse in London.

**Victoria Clark** — *Senior Manager, DDCAP*

Victoria joined the DDCAP Group in July 2008 and, as a senior manager on the business development team, has principal market responsibility for Turkey, Europe and Asia. Alongside the rest of the business development team, Victoria assists clients with their structural and documentation requirements as well as providing ongoing client support. Prior to joining the DDCAP group, Victoria worked at a private law firm and at an oil and gas company in their legal and commercial department.

Victoria has an LLB Honours in law from the University of East Anglia.

Notes:

Islamic Banking Intelligence

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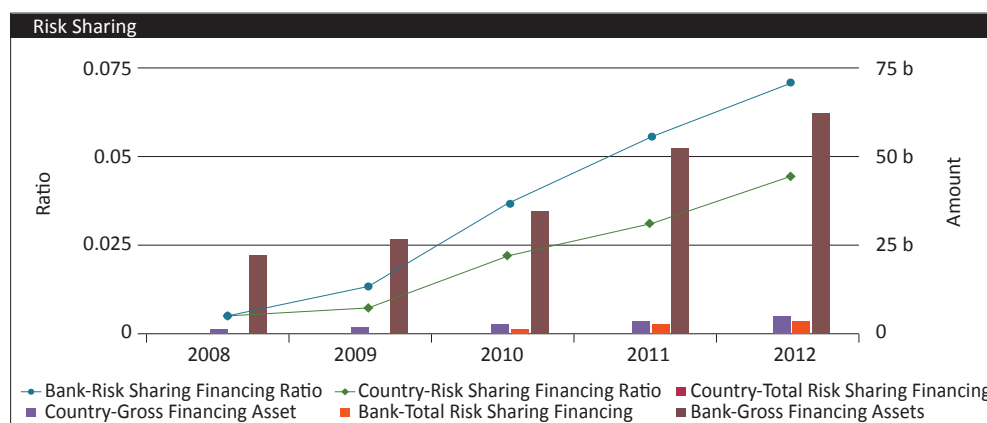
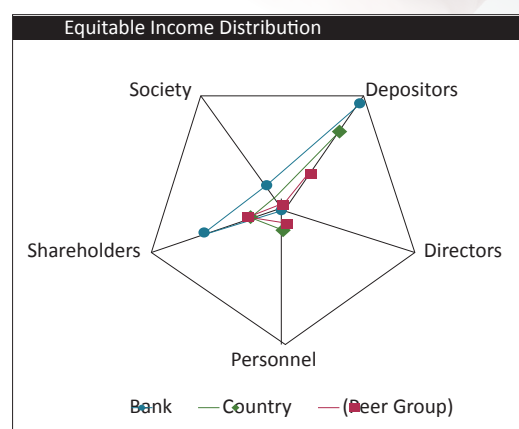
- Islamic Banking Intelligence (IBI), a new joint product between IDCORP and REDmoney, is a flexible, user friendly and multilingual web-based software that is a one-stop source of data and information developed on a data warehouse utilizing detailed financial information of Islamic banks globally
- IBI is a cloud-based system and connectable from your PC or smart device, using hardware/browser independency at any time and includes facilities such as charts, KPIs, graphs, gauges, etc
- Accessible through an annual subscription, IBI is useful for bankers, economists, researchers, scholars, financial investors, issuers and anyone who is looking for complete financial information of Islamic banks

WHY?

- There is currently no such system that is as comprehensive and fully dedicated to Islamic banking data and information, enabling users to instantly analyze and compare the performance of Islamic banks globally through the use of charts and figures
- IBI provides not only a complete historical set of data through a uniform format for consolidated financial positions and income statements of Islamic banks, but also details of their financial notes
- As a truly innovative and analytical platform in the Islamic financial market, IBI ensures that data of global Islamic banks is homogenous, comparable, and analyzable
- IBI users have access to detailed information on Islamic contracts applied by Islamic banks including Murabahah, Mudarabah, Musharakah, Ijarah and Wakalah, and so on, as well as information pertaining to Maqasid Al Shariah, risk-sharing and Zakat
- Islamic banking data that users can access include financial and Shariah ratios, bank profiles, horizontal and vertical analysis, historical and analytical data and comparative indicators
- IBI enables banks to evaluate their own performance, comparing themselves with peer groups both a nationally and globally

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- More than 50 KPIs for performance measurement based on:
 - o Profitability
 - o Liquidity and funding
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 - o Asset quality
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 - o Islamic contracts
 - o Maqasid Al Shariah
- 160+ Islamic banks from 36+ countries
- 250+ information fields in 28+ categories
- 5+ years of data of all Islamic banks
- Online help and tool tips features for the user interface



13:00 – 13:15 Presentation

What Initiatives Exist to Develop Talent and Human Capital in the Islamic Finance Services



Dr Eddy Chong Siong Choy — *Director, Finance Accreditation Agency, Malaysia*

Prior to his current role, Dr Chong had an illustrious academic career where he was a professor and deputy vice-chancellor for Academic Affairs and Research. He obtained his PhD from Multimedia University in 2005 where his examiners hailed from the prestigious Harvard Business School. He has won many commendations for excellent teaching and his research has appeared in many Web of Science journals, conference proceedings and books. He is presently an editorial board member of several international refereed journals and a program committee member for several international conferences.

Dr Chong is very familiar with the accreditation policies and practices of Malaysia, having served the Malaysian Qualifications Agency as a panel member since 2009 for both academic programs and individuals through Accreditation of Prior Experiential Learning. He was recently appointed to chair the Panel of Experts in the development of academic program standards for the discipline of Business Studies.

He was the general manager for certification and accreditation at Asian Institute of Finance from 2009-11 where he was primarily responsible for the development of the FAA Quality Framework and FAA Learning Criteria which he currently oversees their implementation. In addition, he also leads the development of FAA Learning Standards and the Finance Qualifications Structure.

Dr Chong is a certified trainer, having undergone the Certified Training Professional program under the Chartered Institute of Personnel and Development (CIPD), UK. He has also completed the Accredited Competency Professional as well as the Kirkpatrick Four Levels Certification programs. He has been a member of the Malaysian Institute of Management (MIM) since 2007, and an Associate Member of CIPD since 2013.

13:15 – 14:30 Luncheon

Notes:

Transaction Roundtable: A Discussion of the Year's Most Prominent Sukuk Deals

Issuers, lead arrangers and legal counsel will discuss Turkey's successful Sukuk issuances in the past year. Panellists will share the impetus behind issuing Islamically, key features and technicalities of the deal and what ultimately led to their success.

- Albaraka Turk US\$350 million Sukuk Al Wakalah Murabahah
- Kuveyt Turk US\$500 million Senior Unsecured Certificates
- Turkiye Finans US\$250 million Ringgit-Denominated Sukuk

Moderator:

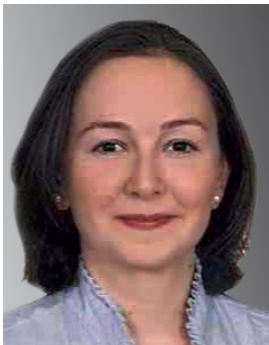


Rizwan Kanji — Partner, King & Spalding, UAE

Rizwan Kanji is a partner with international law firm King & Spalding specializing in debt capital markets and Islamic finance.

As one of the world's leading Islamic finance and debt capital markets lawyer, Rizwan frequently advises a variety of global investment banks, sovereign states and multinational regional corporates. He has advised on the first and second Turkish Sukuk by Kuveyt Turk in 2010 and 2011, respectively, and more recently the first subordinated Tier 2 Sukuk out of Europe by Bank Asya.

Panelist:



Eda Tanyel Topcu — Associate Director, Debt Finance, Capital Financing, HSBC

Eda Tanyel has been with HSBC Turkey's capital financing, debt finance team since 2005 and is working on the origination and execution of various DCM products (eurobond, Sukuk, Islamic syndicated facilities, conventional syndicated facilities, club loan facilities) and structured debt finance products (asset-backed securitizations, ECA financings, project financing, leveraged acquisition financing, advisory etc.) for Turkish corporates, financial institutions and non-bank financial institutions. She has been involved in the origination and execution of Republic of Turkey 2018, Turkiye Finans Malaysian ringgit 2019, US\$ 2019 and 2018, Kuveyt Turk 2019 and 2016 Sukuk transactions. She has executed several Islamic and conventional syndicated facilities, eurobond issuances, ECA financings and structured project financings. Eda has a Master's Degree in International Relations and Strategy from Sorbonne University, France and a BS degree in International Relations from Galatasaray University in Istanbul.

Panelists:

Hani Ibrahim — *Managing Director, Investment Banking, QInvest, Qatar*

Hani is the head of debt capital markets at QInvest responsible for the syndication and Islamic capital markets business. He has advised on a number of prominent Sukuk transactions whilst at QInvest.

Prior to QInvest, Hani was at Emirates NBD Capital (formerly NBD Investment Bank) with a focus on the M&A and debt advisory businesses. Hani has been involved in a variety of financing and advisory transactions.

Prior to that, Hani was part of the investment banking team at Dubai Bank where he worked on equity capital market transactions as well as fund structuring. Hani also worked in London for DTZ Corporate Finance. During his time at DTZ he was involved in and managed a variety of real estate financing, structuring and advisory transactions.

Hani started his career at KPMG London and is a qualified Chartered Accountant (Institute of Chartered Accountants in England & Wales) and holds a BSc Honours and MSc from University College London.



Mustafa Begun — *Head of Investment Banking, Kuveyt Turk*

Mustafa Begun has been the vice-president of investment banking at the Kuwait Turkish Participation Bank (Kuveyt Turk), the Turkish subsidiary of Kuwait Finance House, since April 2011 and was previously assistant vice-president of international banking at the same institution since February 2008. He joined the participation banking industry in the year 2000 and was part of various divisions including correspondent banking, trade finance operations and structured finance at Albaraka Turk and Bank Asya.

Mustafa graduated from Istanbul University in 1995 and holds a MA in Political Science and International Relations from Bogazici University. He is currently attending a PhD program at Istanbul University in the field of International Relations. Mustafa also managed the first lease certificate (Sukuk) project by Kuveyt Turk in 2011, which was the first of its kind in Turkey.



Sami Bozdağ — *Vice President and Head of Financial Institutions, Turkiye Finans*

Sami holds a certificate in Banking from UCLA, California and BA degree in Business Administration from Fatih University. Sami worked in the departments of financial control, credits, corporate marketing, SME banking, retail banking and alternative distribution channels, trade operations, fund management, treasury and financial institutions between 2001 and 2008, and was appointed branch manager between 2008-14 at Turkiye Finans Katılım Bankası. Sami became the bank's head of financial institutions as of May 2014.

East and Partners Asia (Singapore) and REDmoney Group (Kuala Lumpur), are delighted to have launched a first ever demand-side research program, regularly monitoring and forecasting the Shariah compliant business banking markets of Indonesia and Malaysia.

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Lenders and banks need answers to key questions:

- Just how big is this market?
- How fast is it growing?
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- Who has what slice of the current pie?
- What's the customer experience been like so far?
- Where are the key barriers to and opportunities for entry to the market?
- What are the major demand drivers in Islamic financing?
- What is Shariah compliant financing's share of the customer wallet?
- Where are these markets going to be next year?

Key outputs from this exciting new partnership and research answering these questions and more, include:

- Shariah compliant product penetration today and tomorrow relative to conventional product uptake in:
 - Bank lending
 - Equity issuance
 - Bond (Sukuk) issuance
 - Deposits & fixed income
 - Cash management
- Market share, wallet share and cross sell
- Competitive customer satisfaction and advocacy metrics:
 - Shariah compliant products
 - Relationship management
 - Service and support attributes
- Market forecasts by product type, corporate segment and sector
- Customer views of Shariah compliant financing solutions across their mix of capital management strategies
- Key drivers of engagement with Islamic finance solutions
- Mind share and positioning analyses, bank by bank

To find out more about how this exciting research program can guide your business in this high growth market, or for research participation enquiries please contact either:

Mr Andrew Morgan

REDmoney Group
Tel: +603 2162 7801
andrew.morgan@REDmoneygroup.com

Ms In Kai Khor

East and Partners Asia
Tel: +65 6224 6101
inkai.khor@east.com.au



14:30-15:15

Panelist:



Sera Somay — Counsel, Paksoy

Sera Somay is a senior lawyer in the Banking & Finance Department, practicing capital markets and banking and finance law with a specific focus on Islamic finance.

Sera advised on the first international Sukuk issuance by the Republic of Turkey and the first Sukuk issuance by a Turkish Islamic bank. She also worked on major Murabahah syndications of Turkish participation banks. On the conventional lending side, Sera works on syndicated loans, club loans, aircraft financing and acquisition financing projects. Sera also advises on sophisticated M&As across a variety of sectors with a focus on banking M&As, and privatization projects.

Notes:



Turkey Real Estate Roundtable

- Turkey's developing real estate market and the opportunities they present to Islamic investors
- Attracting inward investments: What Gulf investors are looking for in real estate transactions
- Innovation in real estate financing structures and products
- Investment trends, strategies and risks for the global real estate market

Moderator:



Ersun Bayraktaroğlu — Partner, PwC Turkey

Before joining PwC in 2002 Ersun had worked for 10 years for the Ministry of Finance, as a revenue controller and assumed several roles including finance manager and director of financial operations and audit for six years in a major conglomerate in Ankara (Nurol Group).

Ersun's experience includes internal audit, financial advisory, tax advisory, financial management and financial and administrative audit of both public and private sector companies in the banking and capital market sector and especially in the real estate sector.

Ersun is the author of several articles which have been published in business dailies and real estate magazines. Also, he is a speaker/moderator in several domestic and international panels, discussions and conferences and lecturer in several seminars on tax issues. Ersun also contributes to the real estate sector through his board of director/executive committee memberships in major non-governmental organizations like GYODER, ULI and GISP.

He is currently PwC Turkey's country leader of the real estate sector and holds Sworn Financial Advisor (YMM) and Independent Auditor (KGK) titles.

Panelist:



Didem Erendil — Director, Capital Markets, Cushman & Wakefield

Didem Erendil is the head of capital markets for Cushman & Wakefield Turkey, responsible for real estate investment advisory and asset selection for international and local investors, developers, sovereign funds and financial institutions. She has worked on a number of deals, including sell-side and buy-side investment transactions, sale and lease back structures, forward purchase commitments and due diligence processes. Prior to joining Cushman & Wakefield, Didem worked for Pramerica Real Estate Investors, a global investment manager, as an asset manager responsible for asset selection, execution of transaction and financing processes as well as the management of the portfolio in Turkey. Didem is a certified member of RICS and holds MSc from London School of Economics, e-MBA from Bilgi University

and BSc from Bilkent University. Didem is the chair for LSE Global Real Estate Group in Turkey and member of ULI Turkey Executive Committee.

Panelists:

**Hüseyin Arslan** — *Chairman, YDA Group*

Hüseyin Arslan, graduating from Middle East Technical University (METU) in 1992, has been the chairman of YDA Group since 1993. Also, he is a board member of Turkish Contractors' Association, and has attended numerous national and international conferences on real estate and public private partnership (PPP) projects. YDA, with its 39-year experience, is active in the construction and contracting, aviation, electro-mechanic, mining, agriculture, medical, energy, and insurance sectors. It is one of the leader groups in Turkey with 8,000 employees, has several national and international partners, and its total value of completed projects stands at US\$5-6 billion. In addition to real estate investments, YDA is one of the most experienced leader firm in Turkey in turnkey projects, build-operate-transfer and public-private partnership business models especially in the health sector in Turkey.

**Özkan Yildirim** — *Partner, Deloitte*

Özkan is a partner at Deloitte, Turkey. He graduated in Economics from Istanbul University. He has worked with leading construction and real estate, and fast-moving consumer goods (FMCG) companies in the Turkish market since 1997. Prior to joining Deloitte, he was with PepsiCo for more than two years and participated in many projects on compliance, operational efficiency and revenue management.

From 2001-03, Özkan worked in New York where he gained extensive experience in US business practices, particularly in the FMCG industry, venture capital and equity fund sectors. He developed expertise in IFRS, ISA, US GAAP, USGAAS and PCAOB standards, as well as in the auditing and financial reporting regulations of the Turkish Capital Markets Board and Turkish Commercial Code.

Notes:

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WVB SHARI'A COMPLIANCE REPORT



RAYSUT CEMENT COMPANY (SAOG)

Generated on 27 Sep 2013

COMPANY PROFILE

WVB Number	OMN000030030
ISIN Number	OM0000001418
Status	ACTIVE [PUBLIC]
Country of Incorporation	OMAN
Industry Classification	CEMENT, HYDRAULIC (3241)
Address	RAYSUT ,INDUSTRIAL AREA, PO BOX 1020 PC211, SALALAH
Tel	+968 23219122
Fax	+968 23219291
Website	WWW.RAYSUTCEMENT.COM.OM

Principal Activities

The Company is engaged in the manufacture and sale of Portland cement, sulfur resistant cement, oil well class 'G' cement and Pozzolana well cement.

DIRECTORS/EXECUTIVES

Chairman	AHMED ALAWI ABDULLAH AL IBRAHIM
Chief Executive Officer	MOHAMED AHMED AL DHEEB
Secretary	BABIKER MUSTAFA MOHAMED ELHAJ

ADVISORS

Auditor	KPMG
Law Firm	AHMED AWAD AL SHANFARI

SHARI'A RATING CRITERIA

Parent Activities	Halal
Associated and Subsidiaries Activities	Halal
Debt to Assets Ratio (30%)	31.86
Cash and Interest Bearing Items to Total Assets (30%)	5.87
Cash and Accounts Receivable to Total Assets (30%)	6.17
Non-Shari'a Compliant Revenues of The Company and Its Subsidiaries as % of Total Revenues	0
Non-Shari'a Compliant Revenues of The Company and Its Subsidiaries Plus Interest Income as % of Total Revenues	0.09

WVB CREDIT SCORE

WVB Score	2.73
US Bond Rating Equivalent	C2

Comment

The company indicates a current identifiable vulnerability to default and is dependent upon favorable business, financial and economic conditions to meet timely payment of interest ad repayment of principal. In the event of adverse business, financial or economic conditions, it is probable the company will not likely have the capacity to pay interest and/or repay principally. Highly speculative.

FINANCIAL STATEMENTS

Date	31-DEC-10	31-DEC-11	31-DEC-12
Currency	OMR ('000)	OMR ('000)	OMR ('000)
Report Type	C	C	C
INCOME STATEMENT			
Net Sales	64,978	83,813	92,802
Cost of Sales	-25,297	-47,036	-48,273
Selling, General and Administrative Costs	-12,563	-10,026	-9,530
Unusual/Exceptional Items	-109	-493	-437
Earnings Before Interest, Tax and Depreciation (EBITDA)	27,501	27,107	36,460
Earnings Before Interest and Tax (EBIT)	23,017	20,612	29,953
Net Interest	-9	-2,793	-2,189
Islamic Compliant Income			
Earnings Before Tax	23,533	17,041	26,997
Income Taxes	-2,811	-2,092	-2,464
Net Profit	20,722	14,949	24,533
ASSETS			
Cash and Equivalent	5,738	3,932	4,160

Panelist:***Professor Dr Rasim Kaan Aytogu — Group CFO, Kiler Holding & Member of the Board, Kiler REIT***

Professor Dr Rasim Kaan Aytogu is Kiler Holding Group's chief financial officer and supervises the group's 21 companies in across six different sectors including construction, real estate development, retail, tourism energy and transportation.

During his three-year tenure, Kiler Holding revenue increased by 28% to US\$4.8 billion while the sector average remained at only 6.1%. Dr Rasim has raised US\$560 million for retail, energy, construction and export related projects during his tenure at Kiler Holding. He promoted fresh food exports from Turkey's Kiler Holding to the

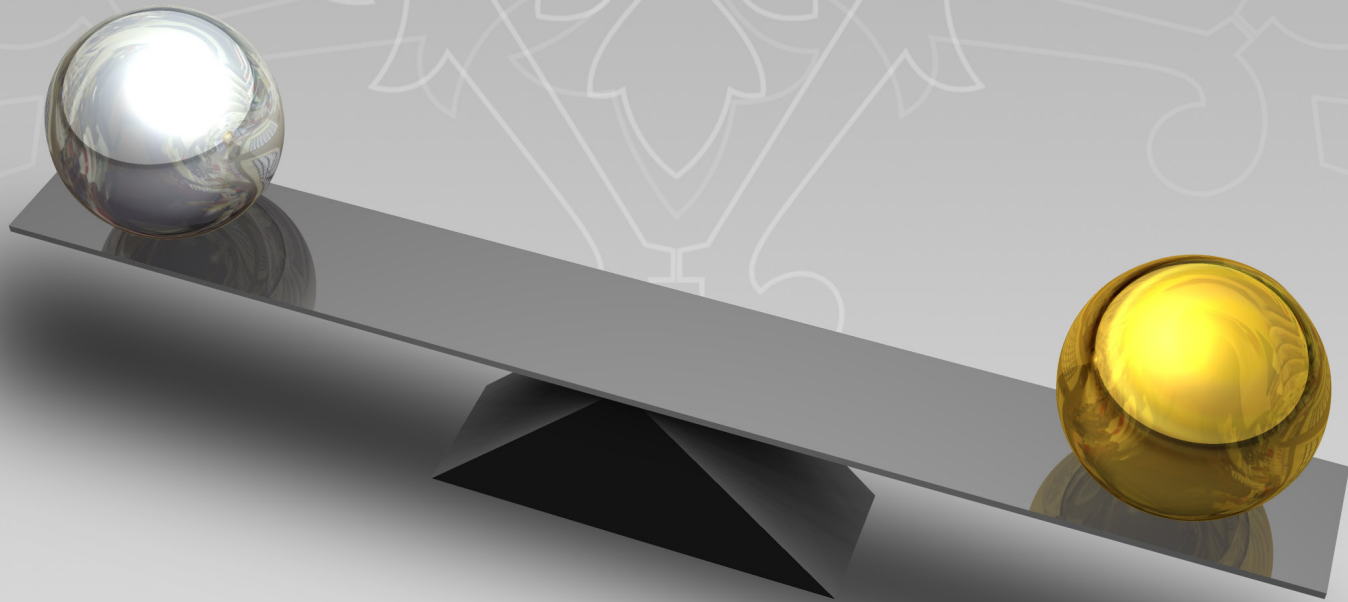
GCC and facilitated the flow of supply starting in 2014 through the use of Shariah-compatible import-export credit provided by a Gulf bank.

Dr Rasim started his career as a Professor of Finance at Ankara Gazi University and Istanbul Fatih University while at the same time working on his project of founding Istanbul Gold Exchange (IGE) to which he became chairman. He also founded Istanbul Gold Refinery (IGR).

Dr Rasim was the prime minister's chief financial advisor; in that capacity he developed Islamic economics, banking, Takaful/insurance and finance policies with various Islamic countries and organizations.

16:00 – 16:30 Coffee and Networking

Notes:



AAOIFI

ACCOUNTING AND AUDITING ORGANIZATION
FOR ISLAMIC FINANCIAL INSTITUTIONS

International Islamic Finance Standards on market practices and financial reporting based on Shari'a principles and rules

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Through a major reform program involving complete overhaul of Capital Markets Law in December 2012, Borsa İstanbul successfully completed its de-mutualization, horizontal integration (merger with derivatives and precious metals exchanges), and vertical integration (majority shareholder status at Takasbank and MKK). The reform program has also been complemented with significant improvements in the technological infrastructure, diversification of financial products, addition of new markets, and intensified international outreach.

For further information, please visit Borsa İstanbul at www.borsaistanbul.com, and follow us on Facebook (www.facebook.com/borsaistanbulEN), and Twitter (www.twitter.com/borsaistanbulEN).

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from 40 countries. Members include central banks, regulatory authorities, financial institutions, accounting and auditing firms and legal firms.

AAOIFI is the international organization responsible for development and issuance of standards on Shariah, accounting, auditing, governance and ethics for the global Islamic finance industry. AAOIFI is supported by around 200 institutional members

AAOIFI's standards reflect the concept and essence of Islamic finance transactions and bring about harmonization of Islamic finance practices. Expertise for technical application of standards is supported by AAOIFI's professional development qualification programs: Certified Shariah Adviser and Auditor (CSAA), and Certified Islamic Professional Accountant (CIPA). AAOIFI has also launched the Contract Certification Program to certify that financial contracts between Islamic financial institutions and their clients are compliant with AAOIFI standards and Shariah rules and principles.

AAOIFI accounting standards have been made part of mandatory regulatory requirement and have been used as basis of national accounting standards in a number of jurisdictions. In other jurisdictions AAOIFI accounting standards have been used voluntarily as basis of internal guidelines by leading Islamic financial institutions.



processes at the global level.

IIFM is the Islamic financial services industry's standard-setting organization focused on the Islamic capital and money market (ICMM) segment of the industry. Its primary focus lies in the standardization of Islamic financial products, documentation and related

IIFM also organizes specialized industry seminars, workshops and consultative meetings for the development of the ICMM. IIFM was founded as a neutral and non-profit organization with the collective efforts of the Central Bank of Bahrain, IDB, Autoriti Monetari (i.e. Monetary Authority) Brunei Darussalam, Bank Indonesia, Central Bank of Sudan and Bank Negara Malaysia (delegated to Labuan Financial Services Authority).

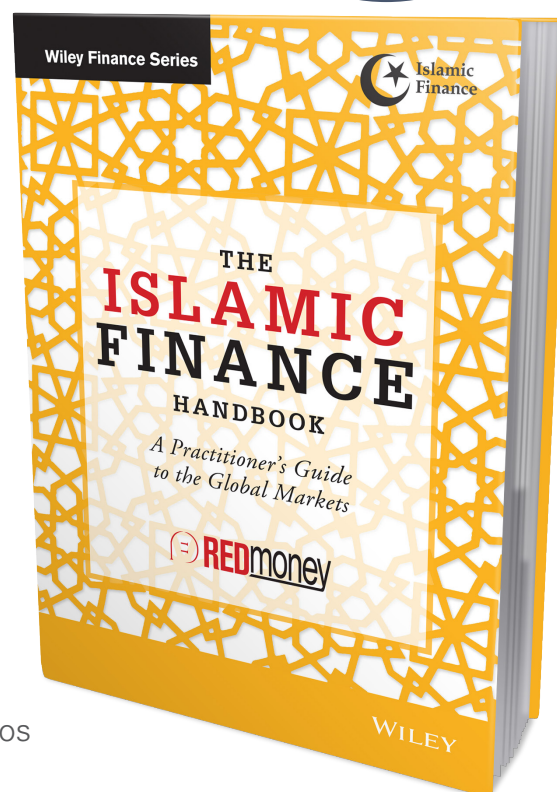
Besides the founding members, IIFM is supported by other jurisdictional members such as State Bank of Pakistan, Dubai International Financial Center as well as a number of regional and international financial institutions and other market participants.

An overview of the key financial markets in Islamic Finance



The Islamic Finance Handbook is the definitive report for the Islamic finance industry. Written by the industry's leading practitioners, the book provides a country-by-country breakdown of the current state of the Islamic market, including league tables by region and by country. Relevant case studies are used throughout to illustrate the practical aspect of the information presented. Organized for easy navigation, each chapter features sub-sections that allow instant comparison between countries in a specific area of interest.

- Current macroeconomic and microeconomic conditions
- Regulatory and political situations
- Recent transactions, key participants, and the investor climate
- Real-world cases, as opposed to speculative scenarios



About REDmoney

REDmoney is a publishing and events company focusing purely on the global Islamic finance market. The company was started in mid-2004 in Kuala Lumpur, Malaysia, by Andrew Morgan and Andrew Tebbutt, and initially rolled out two products: Islamic finance training and Islamic finance news. Since then, a range of other products have been introduced including conferences, print media, and consulting.

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A joint venture between Boydak Group, Ulker Group, and National Commercial Bank (Saudi Arabia), Türkiye Finans has deep-rooted knowledge of and experience with participation banking in Turkey.

As called for in the five-year plan laid out in 2011, the bank is currently undertaking a variety of projects and making important progress aimed at further developing its technological infrastructure, business processes and service approach.

Türkiye Finans is the hub of a powerful service platform consisting 4,493 employees, 280 branches, and alternative delivery channels that enables the bank to offer innovative and high added value products, services, and solutions to a broad customer base in the corporate and commercial banking, enterprise banking, and retail banking segments.

Multilateral Strategic Partner



The Islamic Corporation for the Development of the Private Sector (ICD) is a multilateral financial institution. It is the private sector arm of the Islamic Development Bank Group (IDB). It was established by the IDB Board of Governors in its 24th annual meeting held in Rajab 1420H (November 1999) in Jeddah, Kingdom of Saudi Arabia. The authorized capital stock of the Corporation is US\$2 billion while the capital available for subscription is US\$1 billion. Its shareholders are the IDB, 52 Islamic member countries, and five public financial institutions from member countries.

The mandate of ICD is to play a complementary role to the IDB's activities and national financing institutions in member countries through the provision of financing and financial services to private sector projects in accordance with principles of the Shariah. ICD also provides consultancy services to governments and private sector institutions in order to encourage the establishment, expansion and modernization of private sector enterprises, the development of capital markets, the adoption of best management practices and enhancement of its role in the market economy.

The ICD focuses on financing developmental projects which contribute to the creation of employment opportunities and the encouragement of exports. To achieve these objectives, ICD creates and develops relations of cooperation and partnership to arrange co-financing and syndicated financing services.

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KFH Research is the world's first Islamic investment research and advisory house to be established by an Islamic bank. A direct subsidiary of Kuwait Finance

House, KFH Research was set up in 2007, comprising industry professionals and star research analysts with broad experience in Islamic finance and global markets.

Based in Kuwait and Malaysia, KFH Research plays a crucial role in linking the GCC countries with the rest of Asia and other emerging Islamic financial markets. The research house produces a wide range of publications which covers an analysis of macroeconomic and sector trends, country-specific issues and trends, currency movements, commodities, developments in Islamic capital markets as well as sovereign and investment products.

Through its research, the company provides insightful, objective and decisive thoughts and arguments designed to enable divisions within the Kuwait Finance House Group as well as its corporate clients to make informed investment decisions.

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KING & SPALDING

King & Spalding is an international law firm with more than 30 years experience advising clients globally on Islamic finance. Consistently ranked among the best in the world, the firm's global Islamic finance and investment practice includes nearly 30 lawyers and professionals in offices across Europe, the US and the Middle East.

In Europe, the firm is recognized as a leader in structuring and advising on Shariah compliant real estate financing and investments, as well as advising various international investment banks in their capacities as arrangers in debt capital market transactions, particularly Sukuk issuances. In the US, the firm is widely acknowledged as the firm of choice for Shariah compliant investment and financing transactions. In the Middle East, the firm leads in the formation of investment funds across a range of asset sectors, and the innovative fund structures it has developed to deal with local ownership and financing restrictions are now precedents followed by the industry. The firm maintains a leading role in handling debt capital markets work, in particular Sukuk issuances for issuers and lead arrangers across the Middle East and Turkey.

Associate Partners



Emirates NBD Group

Emirates NBD is a leading banking group in the region. As at the 31st December 2013, total assets were AED342.1 billion (US\$93.12 billion). The group has a leading retail banking franchise in the UAE, with more than 215 branches and 927 ATMs and CDMs in the UAE and overseas. It is a major player in the UAE corporate and retail banking arena and has strong Islamic banking, global markets and treasury, investment banking, private banking, asset management and brokerage operations.

The group has operations in the UAE, Saudi Arabia, Qatar, Egypt, Singapore, the UK and representative offices in India, China and Indonesia.

The group is an active participant and supporter of the UAE's main development initiatives and of the various educational, environmental, cultural, charity and community welfare establishments.

Emirates NBD Capital

Emirates NBD Capital (EmCap) is the investment banking subsidiary of the Emirates NBD Group, licensed to operate in the Dubai International Financial Center. EmCap comprises an experienced team of professionals combining an international perspective with in-depth regional knowledge spanning debt capital markets (including Shariah compliant structuring), syndicated/club loans, financial advisory, equity capital markets and project finance.



Finance Accreditation Agency (FAA) is an international and independent quality assurance and accreditation body supported by Bank Negara Malaysia and Securities Commission Malaysia. FAA is responsible for quality assurance and promotion of

learning initiatives within the financial services industry through learning programs, institutional and individual accreditation, as well as promotion of future learning practices in the financial services industry through the development of a FAA Qualification Structure (FQS), FAA Learning Standards (FLS) and FAA Recognition of Learning (FRL). Through these initiatives, FAA aims to contribute towards promoting the highest standards in the development of talent for the financial services industry.

REDmoney training

Designed to benefit bankers in the conventional banking system and at the same time have an understanding on the key components as applied to an Islamic banking institution.



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Islamic Banking Intelligence (IBI) is the Islamic finance industry's first and most comprehensive one-stop source of global Islamic banking information. Using data from fully audited financial accounts and annual reports from over 130 Islamic banks in 36 countries, IBI offers users the capability to interactively analyze and compare the financial performance of various Islamic banks using both numerical and graphical formats.

With over five years of financial data, and more than 250 information fields in 28 categories, IBI contains more than 50 KPIs for performance measurement, including some criteria that is exclusive to Islamic banks, such as Islamic contracts and Maqasid Al Shariah.

In addition to analyzing an Islamic bank's financial data, IBI also offers users access to a number of key banking details, including Shariah ratios, bank profiles, horizontal and vertical analysis and comparative indicators. Furthermore, it has the capability for users to conduct both peer group and country to country comparisons.



Khalij Islamic (KI), established in 2008, is an Islamic finance investment and advisory boutique with a presence in the UK, the UAE and Bahrain. Khalij Islamic (UK) is authorized and regulated by the Financial Conduct Authority (FCA) in the UK.

KI offers strategic consulting, and specialized expertise for developing, structuring, sourcing and placing bespoke Shariah compliant financial products focusing on 'true asset' investment products as well as Islamic liquidity and risk management solutions.

KI, adds value by providing a broad range of professional and reliable world class end-to-end Shariah services by harnessing the skills and collective intellectual capabilities of a seasoned management team that boasts over 100 years of collective investment banking and consulting experience, together with the connectivity with highly respected world-renowned Shariah scholars and affiliation and collaboration with influential industry bodies in the Islamic finance space.

KI focuses on bringing new asset classes and high quality Islamic investment products to Islamic investors. This not only gives Islamic investors increased opportunities to invest in high quality investment products but also helps them to diversify their portfolios from the traditional asset classes.

Executive Partner



Established in 1985, Albaraka Turk Participation Bank is the first Islamic financial institution in Turkey. Albaraka Turk is a partnership of the Albaraka Banking Group (ABG), IDB and a Turkish industrial with over 50 years of experience. Foreign shareholders have 66.1% of Albaraka Turk shares, while Turkish shareholders have 10.48%, and 23.42% of shares is offered to the public.

Albaraka practices interest-free banking, collects funds through current accounts and participation accounts, and uses these funds for personal and corporate financing, leasing, and project-based profit and loss partnership to support the economy and gain profit.

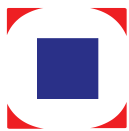
Working towards its vision of becoming 'The world's best participation bank,' Albaraka prepares to celebrate its 30th year in Turkey, and has 186 branches in Turkey and one branch abroad with 3,390 employees. Albaraka is quoted in the Istanbul Stock Exchange, and has an asset volume of TRY19.1 billion (US\$8.44 billion) at end of the first half 2014.

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Azimut is a global independent asset manager active since 1989 with AUM in excess of US\$37 billion as of August 2014. Since 2004 its parent company Azimut Holding is listed on the Italian stock exchange and is a member of the FTSE MIB and Euro Stoxx 600 indices. The shareholder structure includes over 1,200 managers, employees and financial advisors, bound by a shareholders' agreement controlling 20% of the company while the remaining is free floating. The group includes companies active in the management and distribution of financial and insurance products, with offices in Italy, Luxembourg, Ireland, Turkey, China (Hong Kong and Shanghai), Monaco, Switzerland, Taiwan, Singapore and Brazil. Since 2012 Azimut is leading the development of an independent asset management industry in Turkey with AZ Global, which is also the advisor to AZ Global Sukuk, a Luxembourg-based UCITS-IV fund that is one of the largest investment pools in Sukuk globally.



DDCAP

Founded in 1998 and headquartered in London, with presence in Dubai and Saudi Arabia, DDCAP is majority owned by IPGL, the most significant shareholder in ICAP, the world's largest interdealer broker. DDCAP positions itself as an intermediary in the Islamic financial services industry, providing structuring support, trade execution and value-added services to its global clients. DDCAP holds a unique market position as facilitator across a diverse range of Shariah compliant products, asset classes and instruments in both the primary and secondary markets, through its trading subsidiaries DD&Co and DDGI.

DDCAP is multi-award winning, regularly receiving industry recognition including "Best Interbroker for Islamic Transactions" (IFN Best Service Providers Poll).

To ensure its ongoing commitment to the integrity of the markets in which it operates and to client stipulation, DDCAP has an appointed Shariah Supervisory Board comprising the following members:

Sheikh Abdullah Suleiman Almaneea (Chairman)
Sheikh Dr Abdullah Almutlag
Sheikh Dr Mohamed Ali Elgari



FWU Group is an international financial services group, active in bancassurance, asset management and life insurance. FWU is recognized for international leadership and expertise in Shariah compliant investments and insurance (Takaful). FWU specializes in white-label Family Takaful investment-linked plans; partnering with local Takaful operators, to offer customized innovative solutions — encompassing savings, education, marriage and retirement plans.

FWU is a leading global service provider for Family Takaful in Saudi Arabia, the UAE, Oman, Pakistan and Malaysia. Recently, FWU extended its presence into Indonesia, partnering with Sinarmas MSIG Life.

FWU has successfully pioneered new Sukuk structures, under the brand name SALAM, raising financing for its fast growing business activities in several growth markets. FWU's recent US\$100 million SALAM-III Sukuk (investment grade rating, Fitch) has closed its first two tranches, totalling US\$60 million, with a profit-rate of 7% per annum.

FWU has won multiple international Sukuk and Takaful awards in recognition of market accomplishments and global expertise in Takaful.

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IdealRatings® IdealRatings was incorporated in 2006 in San Francisco with a mission to help Shariah compliant and ethical investors identify instruments across different asset classes in more than 160 markets. IdealRatings serves clients in over 20 countries with a range of capital market solutions including:

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- REITs — Global coverage of all listed REITs that could be screened in accordance with different standard Shariah rulebook or guidelines;
- Indexes — Co-branded and jointly marketed by Russell Indexes and a separate series with Thomson Reuters for the Global Markets, designed for fund management and investment benchmarking. In addition, IdealRatings is able to provide custom-built indexes;
- Sukuk — A unique, pioneering global Sukuk screening solution that enables fund managers to customize their Sukuk selection in accordance to their Shariah rulebook or guidelines; and
- Brokerage — The solution provides broking houses the ability to screen global equity markets, technical analysis of the markets and equities, buy/sell/hold recommendations and purification amount.



PwC firms help organizations and individuals create the value they're looking for. We're a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, tax and advisory services.

PwC has been operating in Turkey since 1981 and boasts approximately 1,400 professional staff across its five offices, two of which are in İstanbul and one each in Ankara, Bursa and İzmir.

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World Vest Base provides a broad range of informational products directed at institutional investors, universities, bankers, analysts, tax and audit practitioners, government agencies and asset managers, M&A, private capital, equity and fixed income markets. The company's latest offering includes the WVB Shariah Compliance Ratings which is a relational database of financial, statistical and market information on active and inactive global companies.

The database covers 153 countries with over 44,600 active listed companies and 30,000 inactive companies. This covers approximately 99% of all listed companies and a global market capitalization of almost 100%. WVB data is based on the country of incorporation. It describes a company as a legal entity, not individual issues or listings and offers complete documents with indexed financial transparency to the data.

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BMD Securities is a Turkey-based brokerage company with integrated investment banking services including brokerage, asset management, corporate finance, research and investment consulting. With its solid ownership structure and through its wide distribution network comprising agencies that include every participation bank in Turkey, the firm offers many unique Islamic and conventional investment vehicles to investors across the republic. Among the many highlights of the firm's achievement are being the issuer and manager of Dow Jones Islamic Market Turkey ETF, the world's first Islamic market ETF and provider of the first local compliant equity index of Turkey, the Participation Index. For more information on BMD, visit <http://www.bmd.com.tr>.

Strategic Media Partners



Launched in November 2006, Business Islamica is the first monthly magazine of its kind in the UAE, specifically covering all aspects of Islamic business and finance, both regionally and internationally. The magazine's objective is to spearhead awareness initiatives, heighten knowledge of its core principles and practices, as well as to feature the latest developments in this industry.

Our editorial covers interviews with key industry leaders, case studies, and includes features on a wide range of topics such as; Islamic banking, wealth management, Takaful (Islamic insurance), Islamic retail finance, marketing and branding of Shariah compliant products, regulatory issues, Islamic business challenges and risk management.

www.businessislamica.com



Launched in October 2005, Capital Business Magazine is a 100% B2B English monthly publication, established and accredited by the Dubai International Financial Center (DIFC), featuring articles by certified financial and business experts on a broad spectrum of topics including banking, technology, best business and management practices, corporate finance, accounting and financial reporting, real estate, investments, capital markets and energy.

www.capitalbusiness.me

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The group's acclaimed economic and business reports are the leading source of local and regional intelligence, while its online economic briefings provide an up-to-date in-depth analysis. OBG's consultancy arm offers tailor-made market intelligence and advice to firms operating in these markets and those looking to enter them.



The Business Year (TBY) is a leading provider of business investment consultancy services and publisher of yearly information resources on national economies and business environments. TBY provides accurate, timely and country-specific economic and business data, assessing the trends and developments of all the major economic sector of the countries where it conducts research.

TBY presents real opportunities and those creating them — business people, public officials, and key stakeholders — to introduce the many faces of the world of business.



Voices of Leaders is a dynamic corporate network that fosters business opportunities on a local and international level as well as brands and matching companies worldwide. We provide our users a cost-effective solution to their business needs enabling them to research new markets, network with companies across nations, partner and expand. Voices of Leaders offers an innovative online business profile that strategically markets company brands, products and services and provides companies with the international leverage they need to grow their business. Ultimately, Voices of Leaders aims to highlight the investment potential of promising companies in emerging countries through their unknown success stories, offering a bridge of communication across continents.



The WORLD CSR DAY is guided by leaders — leaders who believe in the value of sustainable CSR, which is built into the fabric of business, making it a reality. Leaders producing leaders will be a common thread uniting nations and people who take CSR more responsibly. They also believe that CSR is a tool to the development of the future. Leaders, professionals, CSR practitioners, CEOs, sustainability experts and media honchos in different parts of the world will help in spreading the message of World CSR Day. Let's unite the world with the spirit and energy for conscious CSR. (www.worldcsrday.com)



NOTES





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Maximizing Islamic Banking and Finance Opportunities in Kuwait's Robust Economic Landscape

IFN FORUM TURKEY 2015

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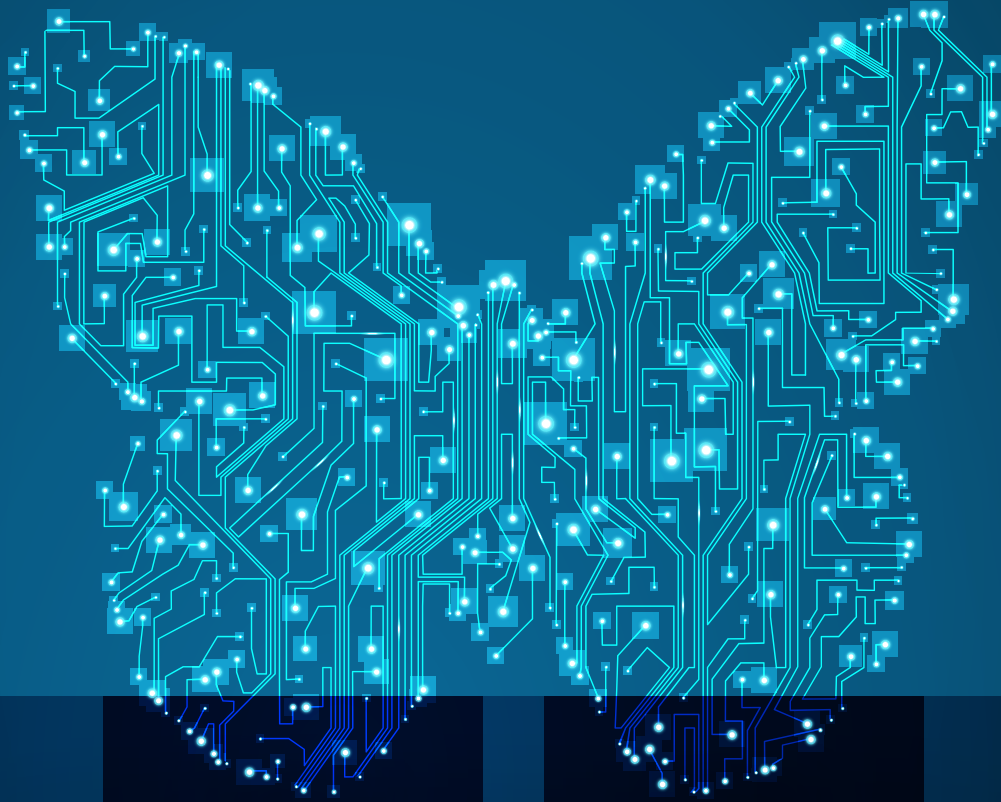
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