

Positive start to the year for offshore centers



OFFSHORE CENTERS

By Manuela Belmontes

As noted in the press, both S&P Global Ratings and Refinitiv predict that the number of global Sukuk issuances will be higher in 2021 as compared with last year. S&P expects that higher oil prices and the rollout of COVID-19 vaccines will contribute to the greater activity in the Sukuk markets. Refinitiv believes that the renewed economic access by Qatar to the rest of the GCC will be a contributing factor. Although we have seen a slower start to the year in terms of the number of public global Sukuk issuances, one offshore center in particular has featured in a number of them. This trend will be sure to continue particularly as volume is expected to pick up in the coming months.

The first global Sukuk issuance for 2021 was made by First Abu Dhabi Bank (FAB) floating a US\$500 million five-year Sukuk facility on the London Stock Exchange. The issuance was made through a Cayman Islands company, FAB Sukuk Company, which is the issuing vehicle for FAB's trust certificate issuance program. It is set up as an orphan entity, owned and managed independently by a third-party trust company, MaplesFS.

The issuance was successful, being three times oversubscribed and ultimately sold (47%) to regional investors and (54%) to investors based in the UK, Europe and Asia. IFN reported that this was FAB's first US dollar-denominated benchmark offering and that the profit rate (of 1.41%) was the lowest-ever yield on a five-year Sukuk facility issued by a bank in the MENA region.

Two Saudi banks followed suit by also listing Sukuk on the London Stock Exchange using a Cayman Islands issuer. At the end of January, National Commercial Bank (NCB) made a stand-alone issuance of US\$1.25 billion additional Tier 1 capital certificates through NCB Tier 1 Sukuk, and the issuance was more than four times oversubscribed. The Sukuk facility has a 3.5% profit rate which is resettable every six years. It was reported that this is the lowest-ever launch yield for perpetual bonds from the Gulf.

In February, Riyal Bank issued US\$1.5 billion in a 10-year Sukuk facility (which is callable after five years) under its US\$3 billion trust certificate issuance program. The program uses a Cayman Islands orphan issuer, Riyad Sukuk, similarly structured to FAB's issuing vehicle. The issuance was more than five times oversubscribed and sold to investors in 33 countries across Europe, the Middle East and Asia.

Aside from the capital markets, the Cayman Islands also featured in the sphere of Islamic funds. In February, IFN reported that Prestige Funds, a leading specialist private debt investment manager based in the UK, turned to the Cayman Islands as the domicile to launch the first-ever Islamic impact fund.

Premium Alziraea Fund, a closed-ended Shariah compliant fund, will focus on the UK agricultural and renewables sectors investing in small businesses and project financings. ☺

Manuela Belmontes is a partner in Dubai's corporate and finance team at Maples and Calder, the Maples Group's law firm. She can be contacted at manuela.belmontes@maples.com.



IFN Country Correspondents

| |
|--|
| AFGHANISTAN: Manezha Sukhanyar former head of Islamic banking, Maiwand Bank |
| ALGERIA: Dr Ahmed Tahiri Jouti COO, Al Maali Consultancy Group |
| BAHRAIN: Dr Hatim El-Tahir, director of Islamic Finance Knowledge Center, Deloitte & Touche |
| BANGLADESH: Md Touhidul Alam Khan additional managing director, Standard Bank |
| BRAZIL: Fábio Amaral Figueira partner, Catão & Tocantins Advogados |
| CANADA: Mohamad Sawwaf co-founder and CEO, Manzil |
| CHINA: Wafee Yeung managing director, Allalah Consulting |
| EGYPT: Dr Walid Hegazy managing partner, Hegazy & Associates |
| GHANA: Shaibu Ali, director-general, Islamic Finance Research Institute of Ghana |
| HONG KONG: Wafee Yeung managing director, Allalah Consulting |
| INDIA: Dr Syed Salman Shariah finance expert at Eco-Ethics Consultancy |
| INDONESIA: Irwan Abdalloh head of Islamic Capital Market, Indonesia Stock Exchange |
| IRAN: Majid Pireh, secretary of Shariah Committee, Securities and Exchange Organization of Iran |
| ITALY: Stefano Loconte managing partner, Loconte & Partners |
| IVORY COAST: Abbas Cherif CEO, Islamic Finance Intelligence and Management |
| KAZAKHSTAN: Shaimerden Chikanayev partner, Grata Law Firm |
| KUWAIT: Issam Al Tawari managing partner, Newbury Economic Consultancy |
| MALAYSIA: Ruslena Ramli head, Islamic finance, RAM Rating |
| MALDIVES: Dr Aishath Muneza chairman of Shariah Board, Alia Investments |
| MALTA: Reuben Buttigieg president, Malta Institute of Management |
| MOROCCO: Dr Ahmed Tahiri Jouti COO, Al Maali Consultancy Group |
| NIGERIA: Hajara Adeola managing director and CEO, Lotus Capital |
| OFFSHORE CENTERS: Manuela Belmontes partner, Maples Group |
| OMAN: Asad Qayyum senior associate, Al Busaidy, Mansoor Jamal & Co |
| PAKISTAN: Muhammad Shoaib Ibrahim managing director & CEO, First Habib Modaraba |
| PALESTINE: Dr Said A Sabri, CEO, Sabri & Partners |
| PHILIPPINES: Rafael A Morales managing partner, Morales & Lumagui |
| QATAR: Amjad Hussain, partner, K&L Gates |
| RUSSIA: Dr Ilyas Zaripov, member, Partnership Banking Working Group, Central Bank of the Russian Federation |
| SAUDI ARABIA: Nabil Issa, partner, King & Spalding |
| SENEGAL: Pierre Alexandre Lette guarantees service lawyer, Banque Islamique Du Senegal |
| SRI LANKA: Shazuli Raheem senior banker and Shariah expert, Amana Bank |
| TUNISIA: Mohamed Araar General directorate of External Financing and Settlements, deputy director of Private Financing and International Relations Department, Central Bank of Tunisia |
| TURKEY: Fatma Cinar, head, international relations, Participation Banks Association of Turkey |
| UAE: Anita Yadav, CEO, Global Credit Advisory |
| UK: Scott Levy, CEO, Bedford Row Capital Advisers |
| UZBEKISTAN: Hondamir Nusrathujaev board member of AAOIFI |

IFN Correspondents are experts in their respective fields and are selected by Islamic Finance news to contribute designated short country reports. For more information about becoming an IFN Correspondent please contact sasikala.thiagaraja@redmoneygroup.com