



HSBC 
Amanah
Islamic Financial Solutions

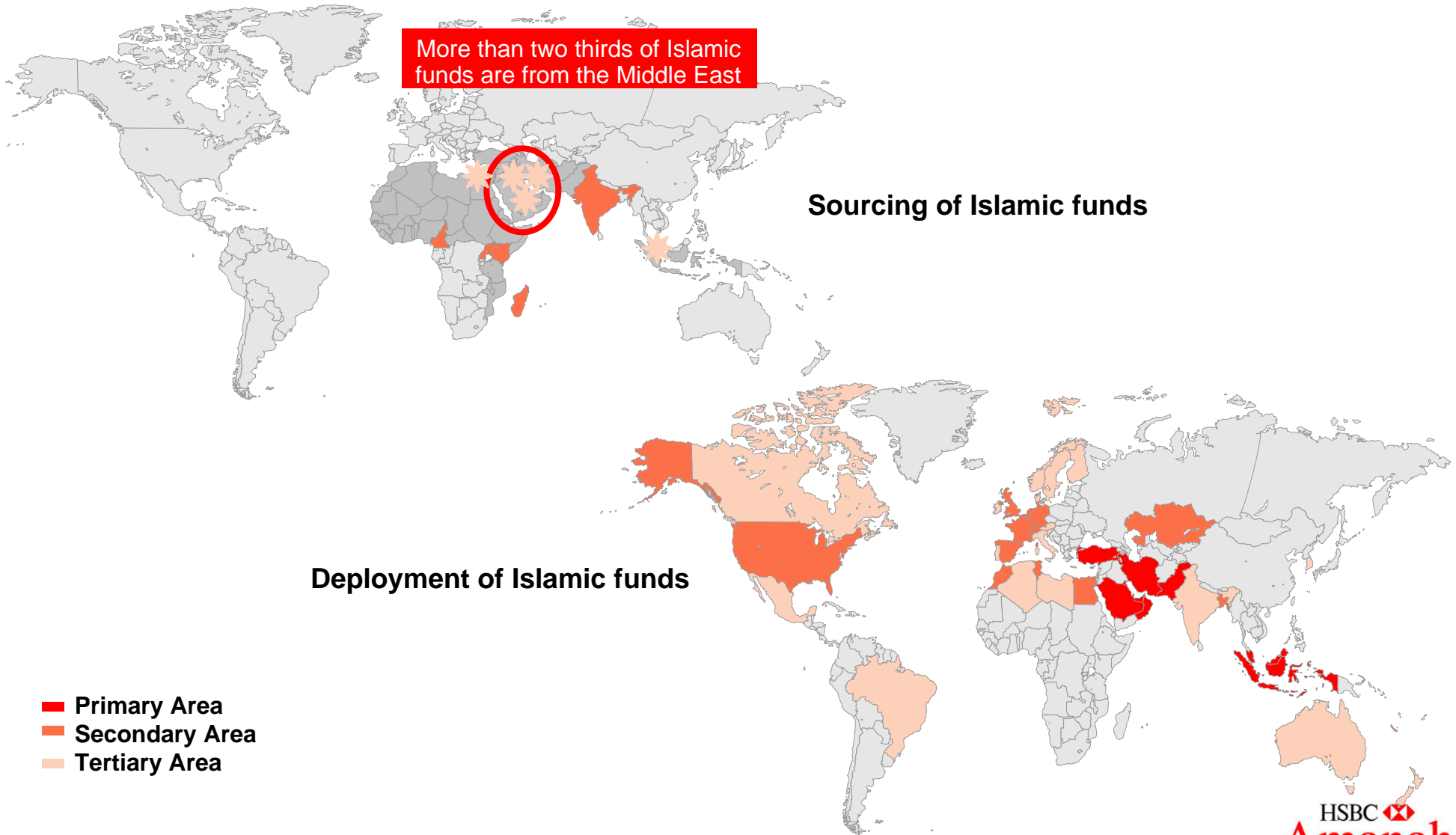
VII Almaty Interbanking Conference
27-28 September 2006
Almaty, Kazakhstan

Global Islamic Finance Industry

Islamic Finance: Industry Background

- The Islamic financial services industry today stands at an estimated size of US\$650 - 700 billion, and consists of more than 300 financial institutions in and outside the Muslim world
- It is the product of the collective effort of bankers, economists, and Islamic legal scholars over the past several decades to develop financial solutions that meet the religious requirements of Muslims
- Islamic finance presents a horizontal cut across conventional banking
 - Offers retail, corporate/institutional and private financial services
- It is a young and a growing industry, and continues to evolve and expand both financially and geographically. Current level of growth estimated at 15 to 20% per year
- GCC region accounts for over two-thirds of global Islamic assets
- Other key markets include Indian Subcontinent and Southeast Asia
- Islamic financial institutions generally have high liquidity and seek new asset classes and markets to diversify

Islamic Funds - Geographic Spread



Central Shariah Committee

**Sheikh
Nizam
Yaquby**

- Member of Islamic supervisory boards for several Islamic institutions, including the Arab Islamic Bank and the Abu Dhabi Islamic Bank. His work has appeared in the following publications:
 - Risalah Fial-Tawbah
 - Qurrat al-Ainayn fi Fada il Birr al-Walidayn
 - Irshad al-Uqala'ila Hukun al-Qira'h min al-Mushaf fial-Salah
 - Tahqia al-Amal fi Ikhraj Zakat al-Fitr bi al-Mal

**Sheikh
Dr.
Mohamed
Elgari**

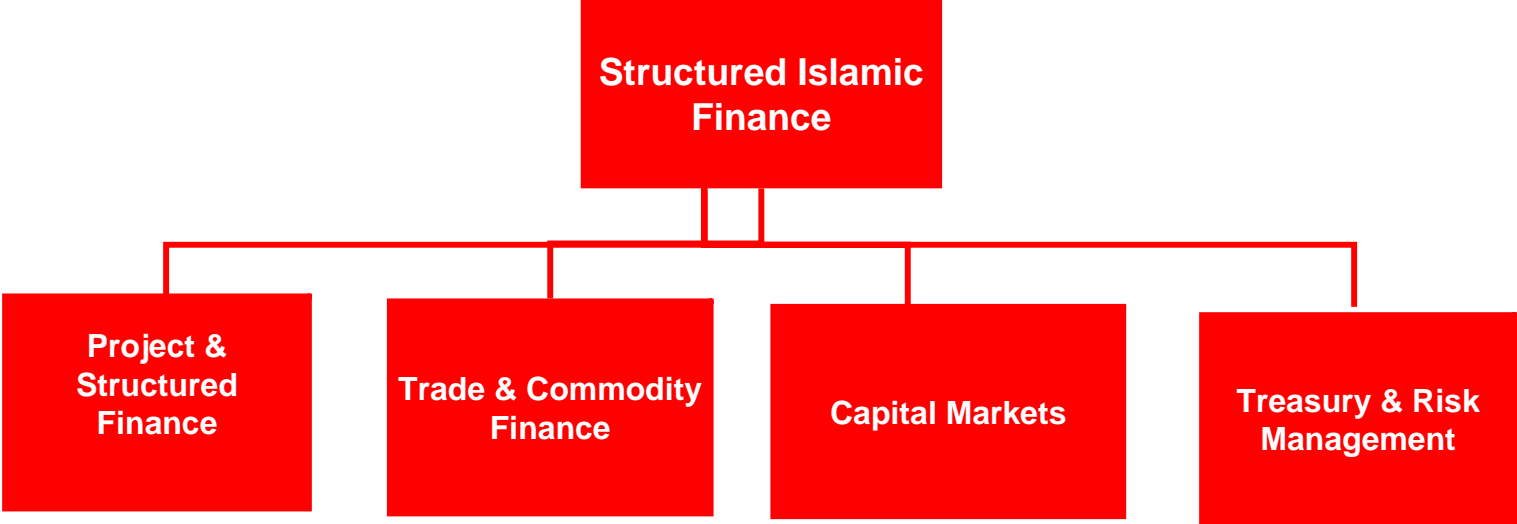
- Associate Professor of Islamic Economics and the director of the Centre for Research in Islamic Economics at King Abdulaziz University in Saudi Arabia. He is an expert at the Islamic Fiqh (Jurisprudence) Academy (OIC), Jeddah. Dr Elgari is the Editor of the Review of Islamic Economics. He is also an adviser to several Islamic financial institutions worldwide and the author of many books on Islamic banking

**Dr
Muhammad
Imran Ashraf
Usmani**

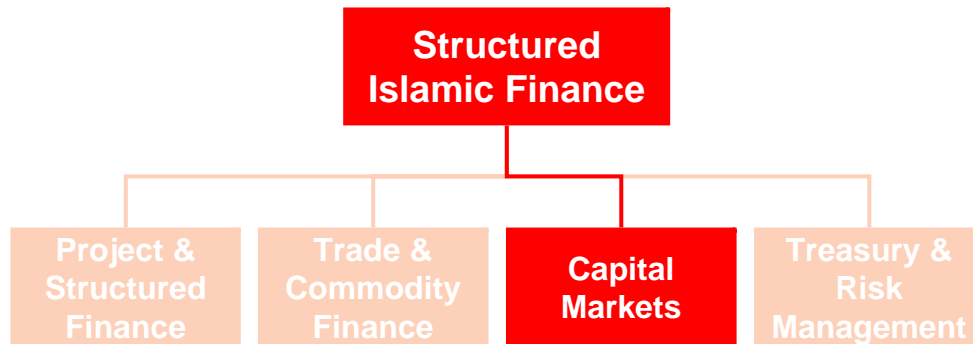
- Holds a Ph.D in Islamic Finance. He also obtained degrees of Alimiyyah and Takhassus (specialization in Islamic Jurisprudence) from Jamia Darul Uloom, Karachi. His area of expertise is Islamic Finance in which he has carried out extensive research. Dr. Usmani is a faculty member/teacher of Jamia Darul Uloom, Karachi and Institute of Business Administration (IBA), Karachi. He is the author of several books on Shariah

Islamic Financing Products

Structured Islamic Finance



Islamic Capital Markets

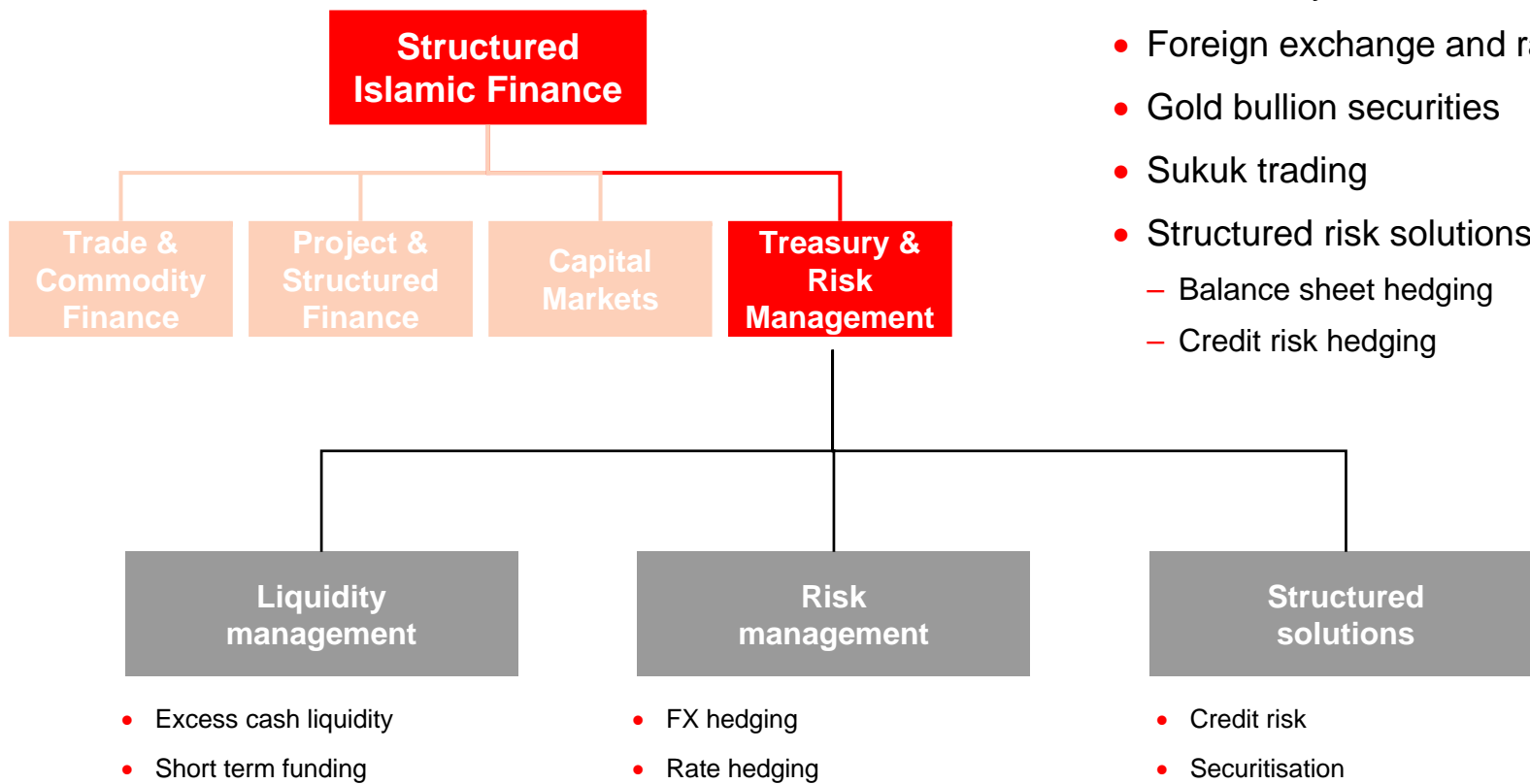


- Trust Notes or Certificates similar to Equipment Trust Certificates (ETCs) and Unit Trusts
- Issuer creates a trust over leased assets
- Trustee issues Sukuk to primary subscribers (the beneficiaries under the trust)
- Sukuk holders have pro-rata undivided beneficial ownership of the leased assets held in trust
 - As beneficial owners the Sukuk holders are entitled to proportionate share of income stream from the leased assets
- The primary subscribers can resell the Sukuk in the secondary market
- The secondary buyer will be the new pro-rata beneficial owner of the leased assets held in trust
- Sukuk can mirror more complex conventional structures such as convertible bonds and other equity-linked capital market products
- Commonly uses: *Ijara & Musharaka*

Treasury & Risk Management

Basic Products

- Commodity *Murabaha*
- Foreign exchange and rate hedging
- Gold bullion securities
- Sukuk trading
- Structured risk solutions
 - Balance sheet hedging
 - Credit risk hedging










HSBC Amanah Selected Credentials





Selected HSBC Amanah credentials across the globe

Sukuk

Project Finance

<p>July 2002</p>  <p>Malaysia</p> <p>US\$ 600 million July 2007</p> <p>Sole Bookrunner</p>	<p>October 2003</p>  <p>State of Qatar</p> <p>US\$ 700 million October 2010</p> <p>Sole Bookrunner</p>	<p>November 2004</p>  <p>Government of Dubai</p> <p>US\$ 1 billion November 2009</p> <p>Joint Bookrunner</p>	<p>January 2005</p>  <p>Republic of Pakistan</p> <p>US\$ 600 million January 2009</p> <p>Joint Bookrunner</p>
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<p>2001</p>  <p>Equate</p> <p>US\$ 300 million Lease Finance</p> <p>Co-Arranger</p>	<p>2002</p>  <p>Al Hidd II</p> <p>US\$ 55 million Lease Finance</p> <p>Lead Arranger</p>	<p>2003</p>  <p>ALBA</p> <p>US\$ 250 million Lease Finance</p> <p>Participant</p>	<p>2003</p>  <p>Umm Al-Naar</p> <p>US\$ 250 million Lease Finance</p> <p>Participant</p>
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<p>June 2005</p>  <p>Emirates Airline</p> <p>US\$ 550 million June 2012</p> <p>Joint Bookrunner</p>	<p>June 2005</p>  <p>IDB</p> <p>US\$ 500 million June 2010</p> <p>JLM & Bookrunner</p>	<p>July 2005</p>  <p>Amlak Finance</p> <p>US\$ 200 million July 2010</p> <p>Sole Bookrunner</p>	<p>March 2006</p>  <p>Government of Brunei</p> <p>Short Term Sukuk Money Market Prog.</p> <p>Sole Advisor</p>
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<p>2004</p>  <p>Qatargas II</p> <p>US\$ 530 million Lease Finance</p> <p>MLA, Co-ordinator & bookrunner</p>	<p>2005</p>  <p>Bapco</p> <p>US\$ 330 million Lease Finance</p> <p>JLM, Bookrunner & Documentation Bank</p>	<p>2005</p>  <p>Sabafon</p> <p>US\$ 17 million Import Finance</p> <p>Lead Arranger</p>	<p>2005/6 -</p>  <p>Sumitomo Chemical Saudi Aramco Rabigh Refinery</p> <p>US\$600m Islamic tranche</p> <p>MLA</p>
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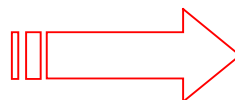
- ✓ 'Best International Sukuk House' *Euromoney Islamic Awards 2004*
- ✓ 1st Rated Sovereign Global Sukuk (award winning) – Malaysia
- ✓ 1st GCC Sukuk under Reg S (award winning) – Qatar
- ✓ Largest ever Sukuk (2005) – Government of Dubai

- ✓ 1st Islamic facility structured pari passu with a conventional ECA facility – Al Hidd II
- ✓ Ground-breaking Islamic Facility of 20.5 years – Umm Al-Naar
- ✓ One of the largest financing in the GCC in 2003 and the largest project financing to date in Bahrain – ALBA

HSBC Amanah – Leading House in Global Sukuk

Global Sukuk Issuances - 2004


Rank	Name	Amount USD (Mln)	Issues	Mkt Share (%)
1	ABB	912	68	16.2
2	HSBC	739	34	13.2
3	Citigroup	703	3	12.5
4	RHB	559	37	10.0
5	CIMB	412	27	7.3



Global Sukuk Issuances - 2005

Rank	Name	Amount USD (Mln)	Issues	Mkt Share (%)
1	CIMB	1,269	45	16.9
2	HSBC	1,130	13	15.1
3	AMB	781	43	10.4
4	ABB	525	50	7.0
5	Std Chartered	384	28	5.1

Malaysia


2002  Government of Malaysia

US\$600 million

Sukuk al-Ijara Trust Certificates Due 2007

HSBC Amanah

Qatar


2003  State of Qatar

US\$700 million

Sukuk al-Ijara Trust Certificates Due 2010

HSBC Amanah

UAE

2004  Department of Civil Aviation, Dubai

US\$1,000 million

Sukuk al-Ijara Trust Certificates Due 2009

HSBC Amanah

Pakistan

2005  Government of the Islamic Republic of Pakistan

US\$600 million

Sukuk al-Ijara Trust Certificates Due 2010

HSBC Amanah

Brunei

2006  Government of Brunei

BND500 million

Sukuk al-Ijara Short-term Trust Certificates

HSBC Amanah

“First Islamic Sovereign Global Bond”

The first Islamic issue to be rated by international ratings agencies and listed on international exchanges

“First Islamic Sovereign Eurobond from the Middle East”

The transaction has the longest tenor for an international Islamic issue. The issue was rated by international rating agencies and listed in international exchanges.

“Largest Islamic Sovereign Global Bond”

The largest unrated sovereign linked issue to-date

“First Global Islamic Bond Issue by the issuer”

Predominantly distributed in Asia, Middle East and Europe

“First Capital Market Initiative in the Kingdom”

The issues will serve as a benchmark for all financing activities in Brunei.