

CDB successfully issues Sukuk Ijarah Securitisation

Citizens Development Business Finance PLC (CDB), continuing its legacy of pioneering initiatives for the financial services industry, conducted a highly successful Sukuk Ijarah Securitisation, the first in its history.

The Sukuk issue with an initial tranche of Rs. 300 million over a three year plan of US\$1.75 million from the domestic market in asset backed by Ijarah contracts, has created a pathway to diversify the company's Islamic Bank offerings, which even today, remains expansive. The Sukuk framework remains a new asset class in the Islamic Finance domain. This issue by CDB's Islamic Banking Unit therefore is only the second structured product of this kind issued in Sri Lanka to date, the company said in a media release.

The Trustee to the issue was Hatton National Bank, Nithya Partners the legal counsel, EY Sri Lanka advising on financial due diligence and Gild Capital Partners Ltd, the Financial Adviser, Arranger and Lead Manager.

Commending the team for trailblazing yet again, CDB Managing Director/CEO Mahesh Nanayakkara said, "We've made history once more with this issue, not only in it being the first for the company and second in the country, but also because we believe that Islamic Finance is an area that has immense potential and mutual benefits that herald overall macro development. By continuing to promote our Islamic Finance products and services and in particular Sukuk Ijarah Securitisation, we are leading the growth and diversification of the entirety of the financial services industry, using the unique characteristics and distinct features not seen in other conventional asset classes."

Recording his appreciation to the CDB's Islamic Unit's Sharia'h Supervisory Board, Mr. Nanayakkara mentioned that the insight provided by the Board in ensuring the structure and framework of the agreement adhered stringently to Islamic principles remains invaluable. "Implementation and development of Sukuk Ijarah Securitisation is undeniably challenging but the backing we have from this eminent and distinguished Board enables us to exceed the requirements of our stakeholders. While remaining Sharia'h compliant and applying the trademark CDB professionalism, we will share mutual benefits with our investors which is a fundamental Islamic Finance principle."

Proud to be appointed Trustee to the issue, HNB's Head of Custody and Trustee Services Tyrone Hannan said the success of this issue is testimony to the confidence the market has placed on HNB as a preferred corporate banking partner, particularly in custody and trustee services. Adding to these sentiments, Director/CEO of Gild Capital Partners Ltd Sampath Kulatunga stated that the Sukuk Ijarah Securitisation transaction became a reality due to the effort of all stakeholders who worked tirelessly to ensure the successful launch of the issue.



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