

# Case Study: AK BARS Bank's \$100 million Murabaha Financing

The transaction was well received resulting in a significant oversubscription and a syndicate of 11 banks in total setting a new benchmark. The geographic diversity of investors demonstrates the high level of global interest in Russian market; proving AK BARS Bank's reputation as a reliable borrower among investors and its excellent relationships with its partners. The deal was recognized with an Honorable mention under the European Deal of the Year category by Islamic Finance News.



**AK BARS BANK**

**Company:** AK BARS Bank

**Purpose:** Fund Shariah compliant assets

**Signed:** 30<sup>th</sup> December 2013

## Facility Overview

Size	US\$100,000,000
Tranche	Murabaha Term Loan Facility
Tenor	1 year
Coordinator, Documentation Agent, Investment Agent	
MLAs & Bookrunners	   
Bank Syndicate	11 international and regional banks (including a number of Middle Eastern and Turkish institutions)

## Background to the Transaction

- AK BARS Bank is the 1<sup>st</sup> Bank in Russia and CIS to organize Multilateral international syndication in accordance with Shariah principles
- Diversification of liabilities is the main purpose of entering into Islamic transaction
- On 30<sup>th</sup> December 2013, the Company signed a US\$100 million Murabaha financing for Sharia compliant projects. The deal follows the earlier inaugural US\$60 million one-year syndicated Murabaha raised by AK BARS in 2011, which was the first international facility compliant with Shariah requirements arranged for a Russian financial institution
- Upon launch, the facility was well received resulting in significant oversubscription and 11 banks joining in total, including international banks and institutions from the Middle East and Turkey
- Innovative structure of the deal allowed to combine Russian legislation, English law and Islamic tradition

### Note:

AK BARS (rated B1 by Moody's and BB- by Fitch) was established in 1993 as an open joint-stock company under the laws of the Russian Federation. The Bank is listed among Russia's Top-20 financial institutions ranking 18th by equity and 18th by assets (according to 'Profile' magazine as of April 1st, 2014). It is the first Bank by assets in Tatarstan. As of 1 April 2014, the Bank's branch network included over 390 points of sales (branches and offices).

More than 2.9 mln. retail customers and over 54,000 corporate clients use the Bank's services. AK BARS Bank is the leading bank in the region representing 37% of the total assets and 45% of the total equity capital (as of January 1, 2014) in the banking sector of the Republic of Tatarstan. Tatarstan Republic through its ministries, government agencies and related companies ultimately controls the Bank. The Republic of Tatarstan is among TOP-5 regions in Russia located in the center of large industrial region of the Russian Federation at the crossing of important highways connecting East and West, North and South of the country.

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## Kazan, the capital of Tatarstan, founded in 1005

