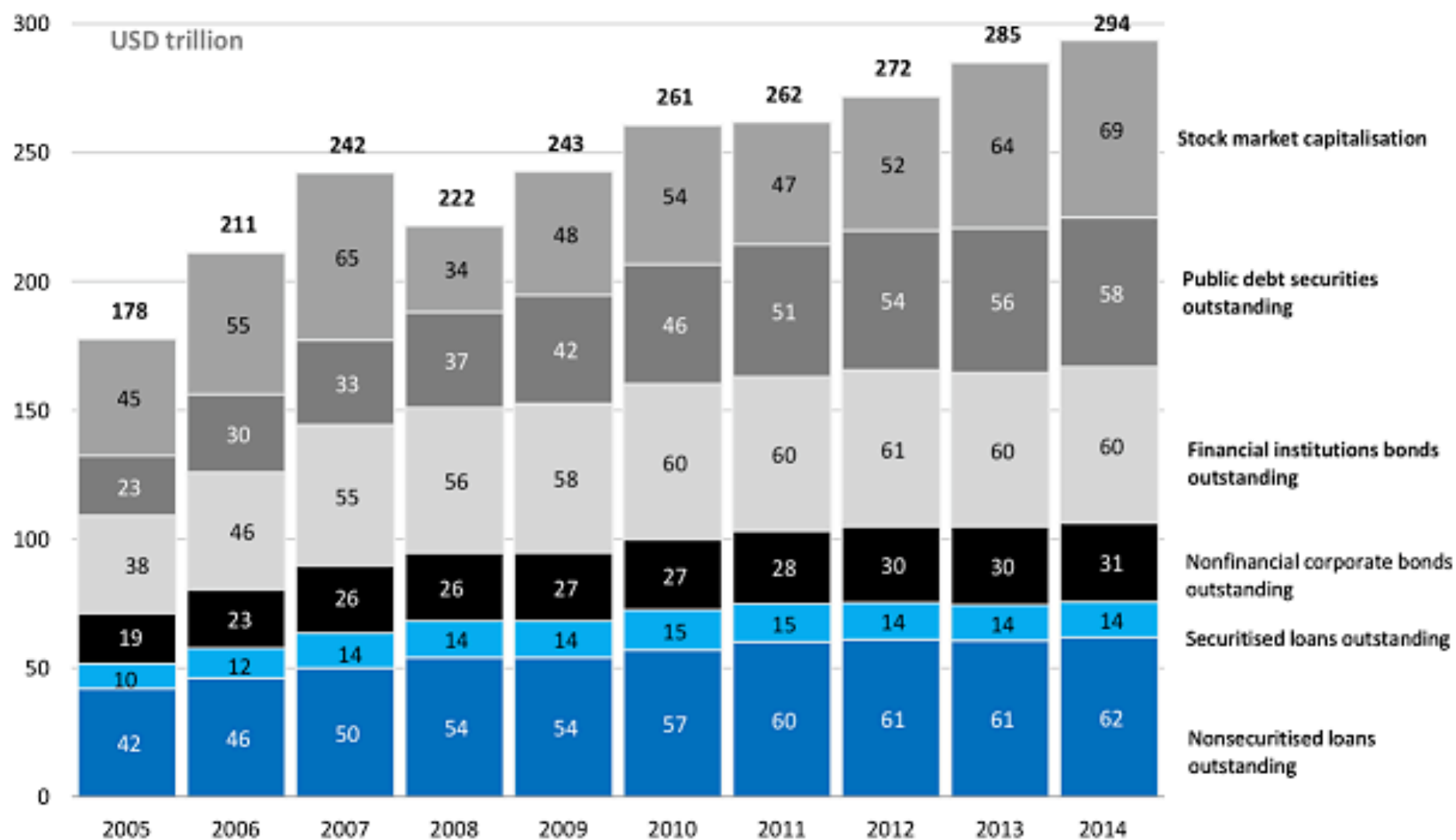


**Linking Micro Enterprises with Islamic
Capital Market:
Case Study of First *Mudharaba* Sukuk
of BMT Venture Capital Limited
Participation Fund (RDPT)**

Dr. Muhammad Syafii Antonio, MEc

Global Financial Markets



Source: Bank of International Settlements (BIS) & Deutsche Bank as of the beginning of 2015

Global Islamic Finance Market

Region	Banking Assets	Sukūk Outstanding	Islamic Funds Assets	Takāful Contributions
Asia	203.8	188.4	23.2	3.9
GCC	564.2	95.5	33.5	9.0
MENA (exc. GCC)	633.7	0.1	0.3	7.7
Sub-Saharan Africa	20.1	1.3	1.8	0.6
Others	54.4	9.4	17.0	0.3
Total	1476.2 79%	294.7 16%	75.8 4%	21.4 1%

Total of \$1868.1 Billion USD

*Data for banking and Takāful as of 1H2014, while for Sukūk and funds as of 3Q2014.

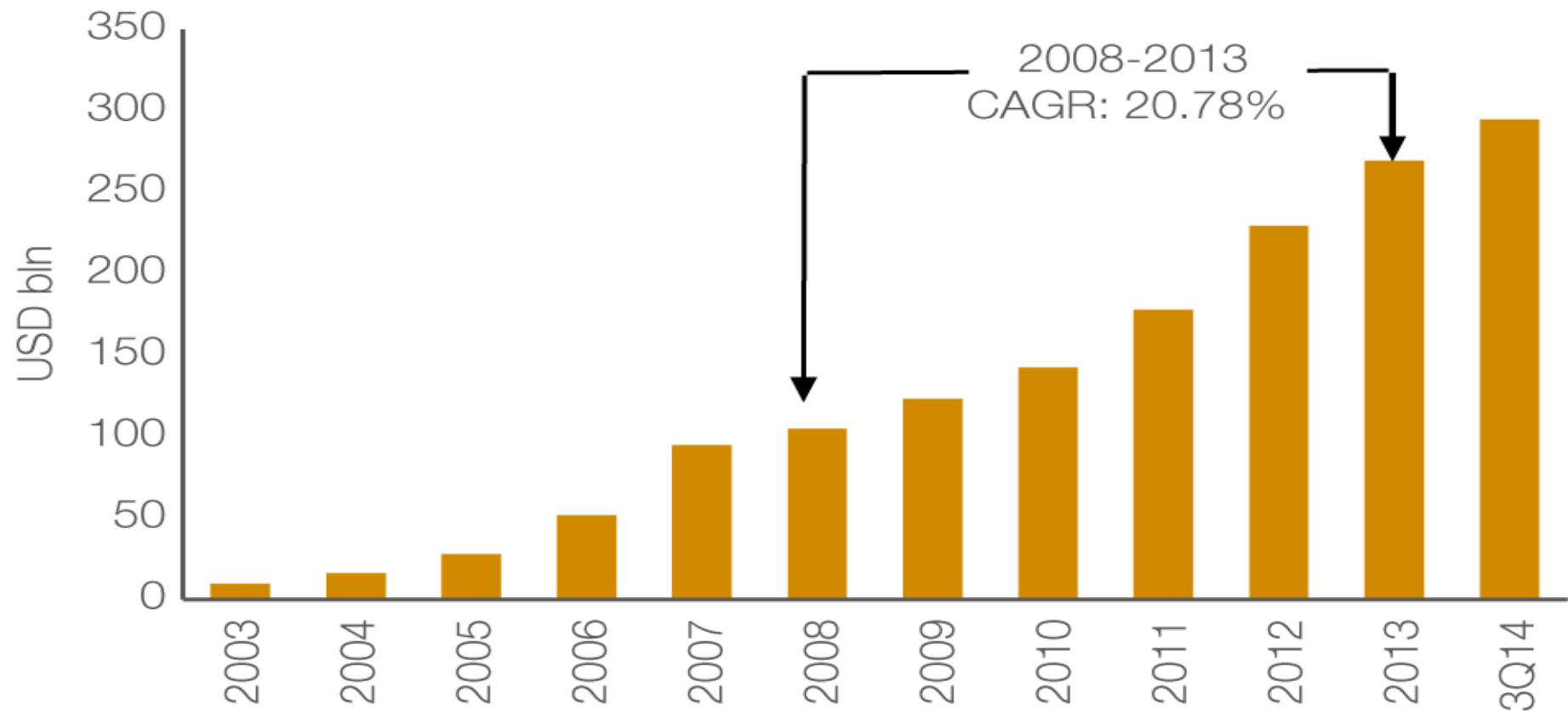
Source: Regulatory authorities, Bloomberg, Zawya, central banks, individual institutions, corporate communications, IFIS, The Banker, KFHR

Note: Where available, data are taken from primary sources (regulatory authorities, annual reports, etc.). Where primary data are unavailable, third-party data providers have been used. Where there were still information gaps, data were estimated based on historical growth trends and country-specific assumptions. Takāful contributions are used as a basis to reflect the growth in the Takāful industry. The breakdown of Islamic funds' assets is by domicile of the funds.

Source: Islamic Financial Services Industry Stability Report 2015

Global Sukuk Market

Chart 1.1.3.1: *Sukūk* Outstanding Trend

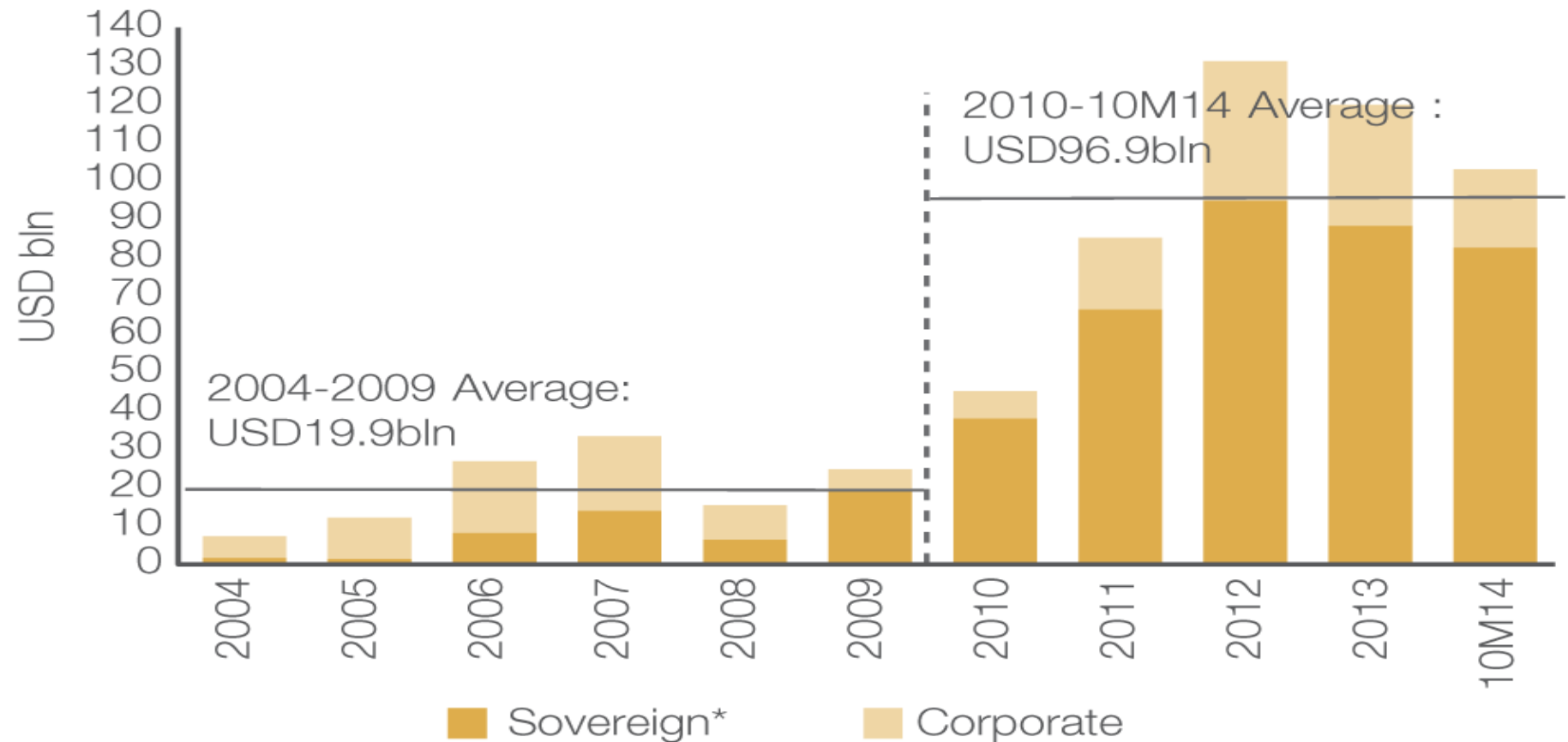


Source: Bloomberg, IFIS, Zawya, KFHR

Source: Islamic Financial Services Industry Stability Report 2015

Global Sukuk Market

Chart 1.1.3.2: *Sukūk* Issuance Trend

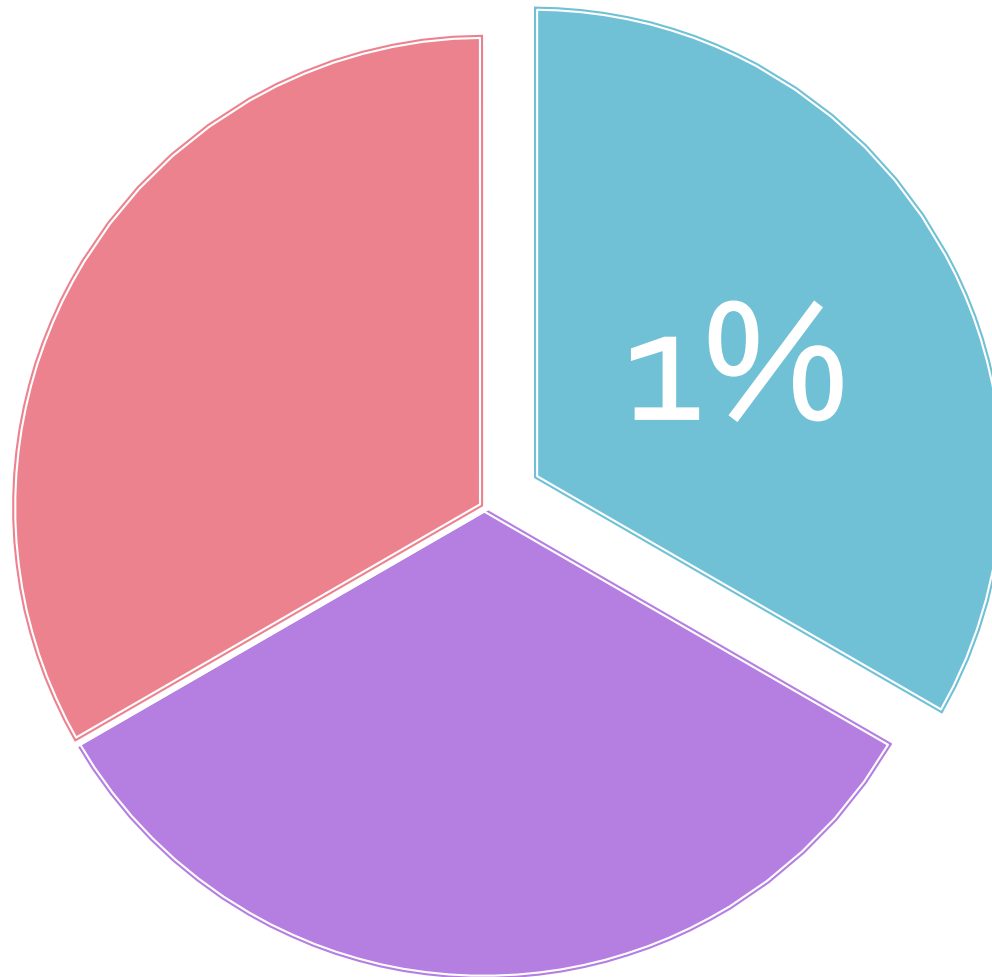


**Includes all government-related entities.*

Source: Bloomberg, IFIS, Zawya, KFHR

Source: Islamic Financial Services Industry Stability Report 2015

1% share of Islamic Microfinance from Islamic Finance industry



Contribution of MSMEs to The Economy

In Indonesia, 99.98 % of the total business units are micro, small and medium enterprises.

The amount of labor involved is 91.8 million people or 97.3 % of the entire labor force.

Even during and after global crisis in 2008, MSMEs keep contributing significantly to the economy (Bank of Indonesia, 2014).

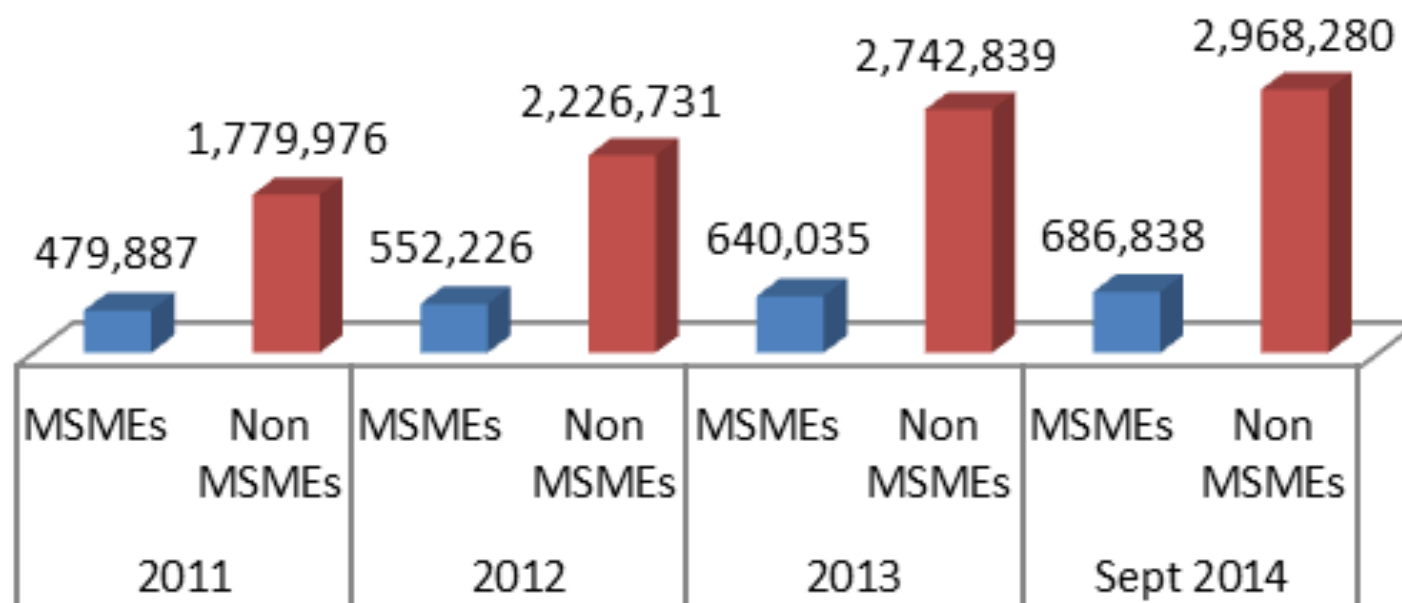
Criteria of Micro, Small, and Medium Businesses

Criteria	Micro	Small	Medium
Annual Sale		< USD25,000 to not exceed USD210,000	< USD210,000 to not exceed USD2,100,000
or			
Net Asset (excluding land and building)	\leq USD4,000 (eq. IDR 50 million)	< USD4,000 to not exceed USD40,000	< USD40,000 to not exceed USD840,000

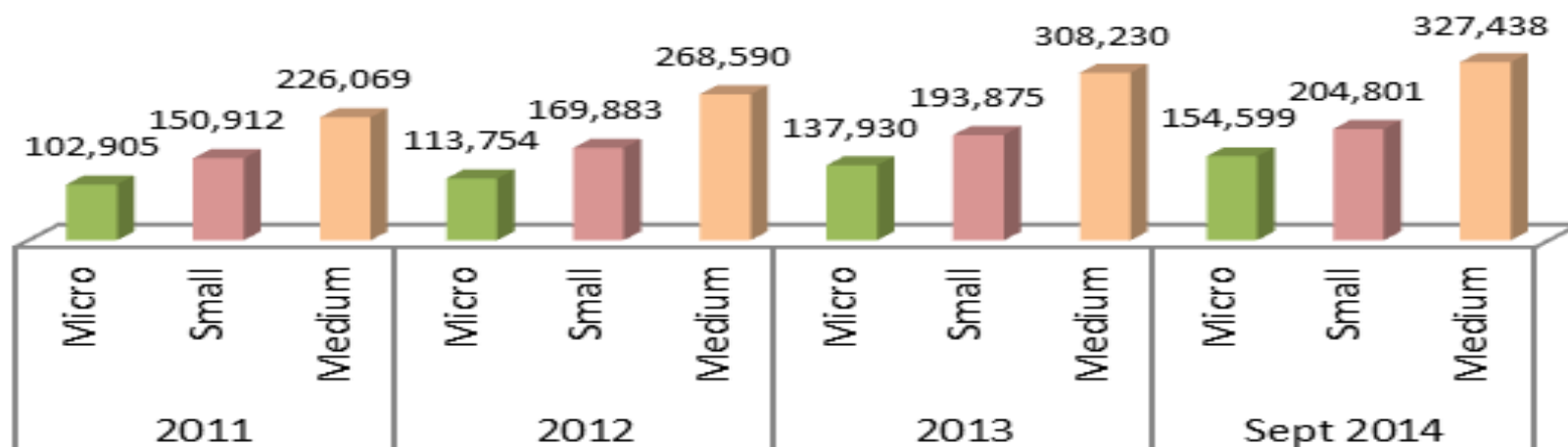
Law No. 20 Year 2008 regarding MSMEs

Credit Distribution to MSMEs

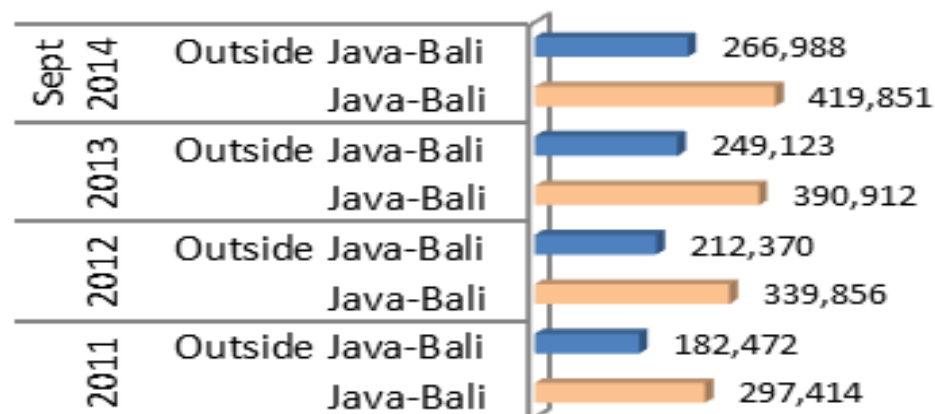
**Outstanding Credit of MSMEs and Non MSMEs
(in IDR Billion)**



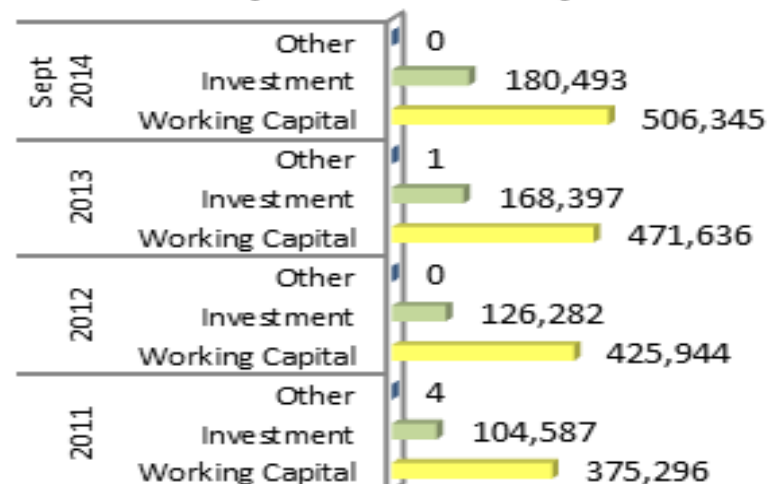
Outstanding MSMEs Credit by Business Classification (In IDR Billion)



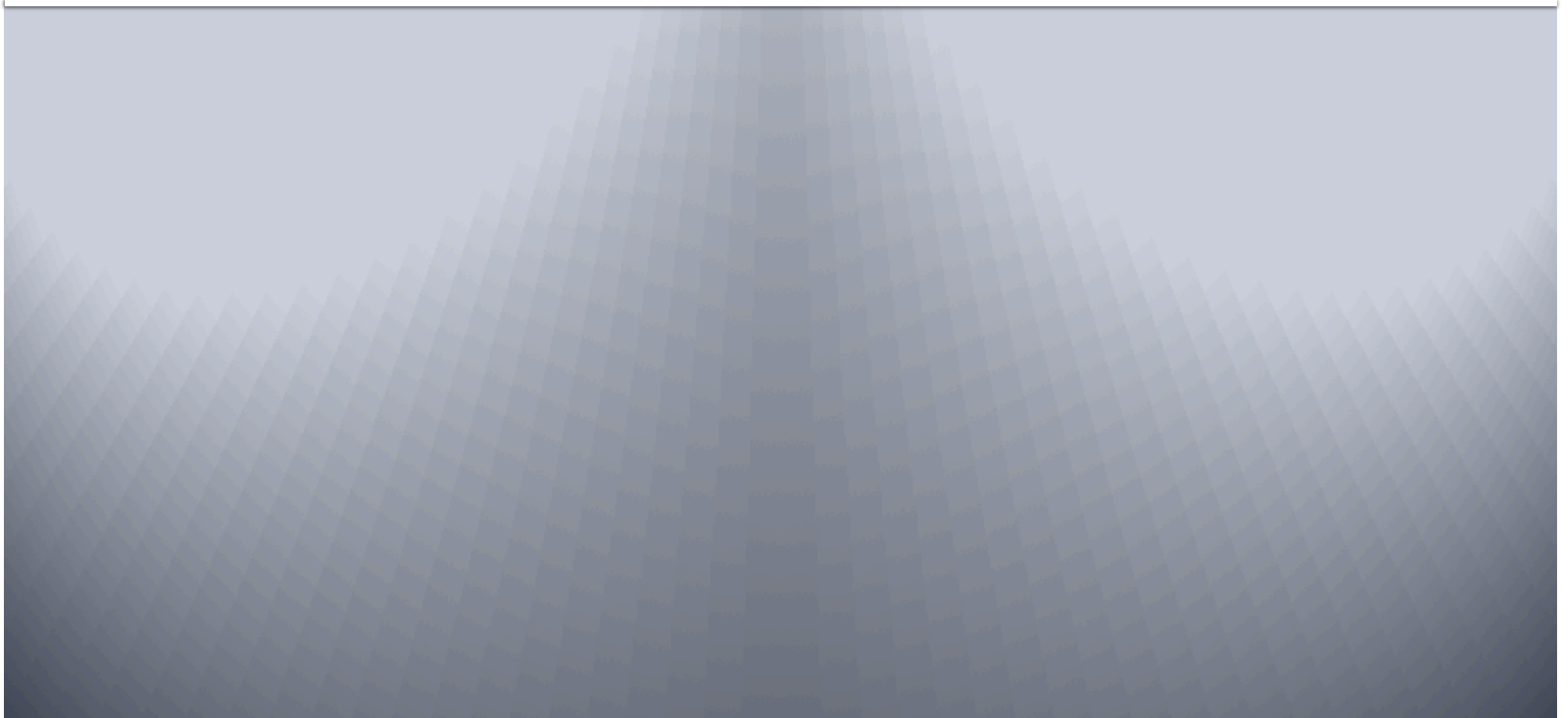
Outstanding MSMEs Credit by Region Distribution (In IDR Billion)



Outstanding MSMEs Credit by Business Classification (In IDR Billion)



Sukuk for Micro Enterprises



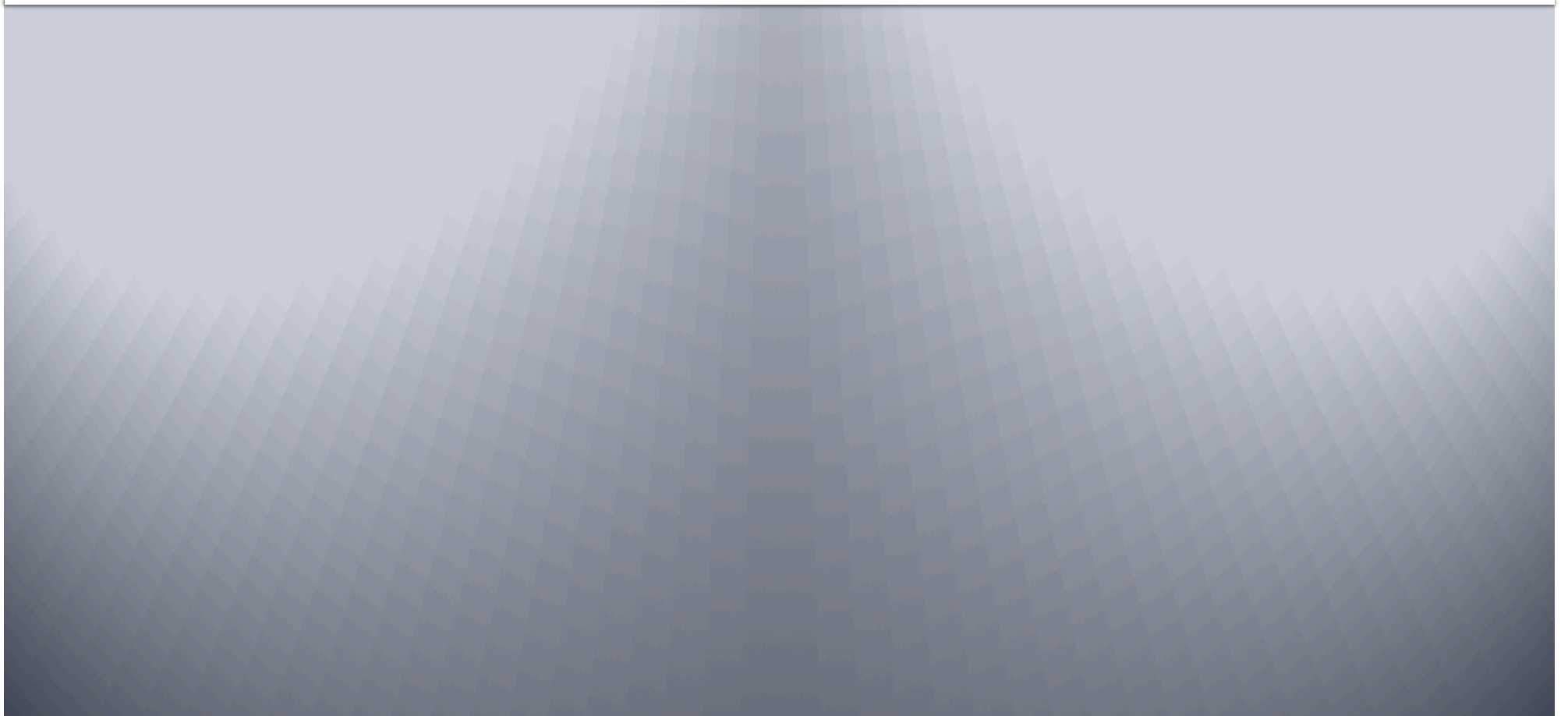
Financial Accounting Standard no 17 of AAOIFI

- Sukuk issuances have to be backed by real assets, the ownership of which has to be legally transferred to sukuk holders in order to be tradable;
- Sukuk must not represent receivables or debts, except in the case of a trading or financial entity selling all its assets or a portfolio with a standing financial obligation, in which, some debts owing by third parties, incidental to physical assets or usufruct, are unintentionally included;

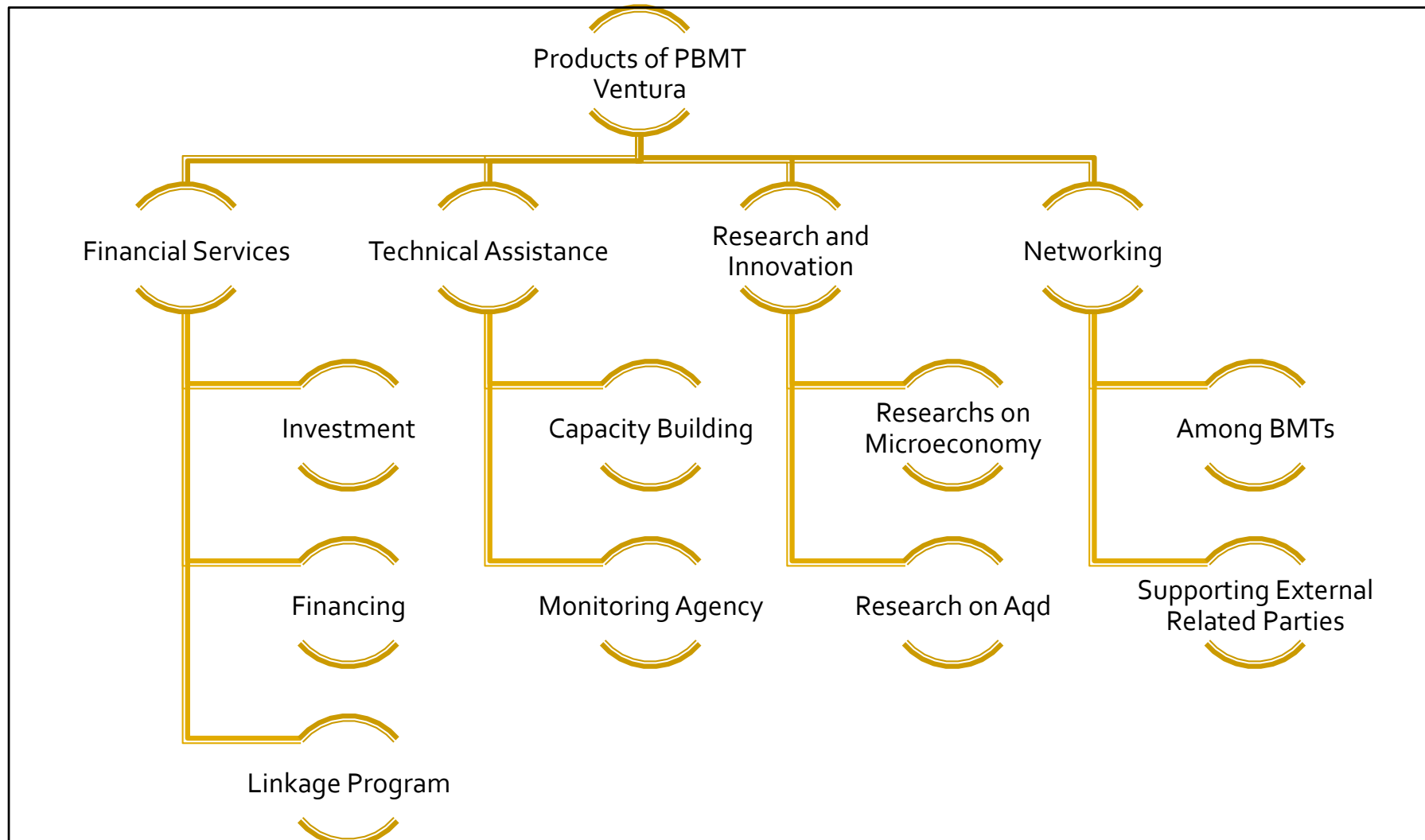
Financial Accounting Standard no 17 of AAOIFI

- The manager of the sukuk is prohibited from extending loans to make up for the shortfall in the return on the assets, whether acting as a *mudarib* (investment manager), or *sharik* (partner) or *wakil* (agent);
- Guarantees to repurchase the assets at nominal value upon maturity with the exception of *Ijarah* sukuk structures are also prohibited; and
- Closer scrutiny of documentation and subsequent execution of the transaction is required by Shariah Supervisory Boards.

Mudharaba Sukuk of BMT Venture Capital Ltd

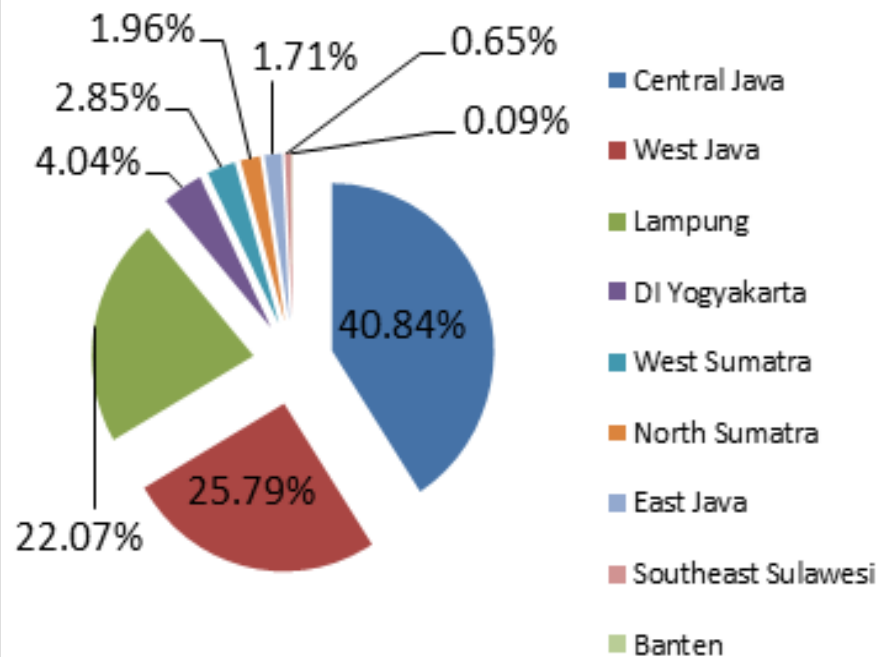


Product of BMT Venture Capital Limited

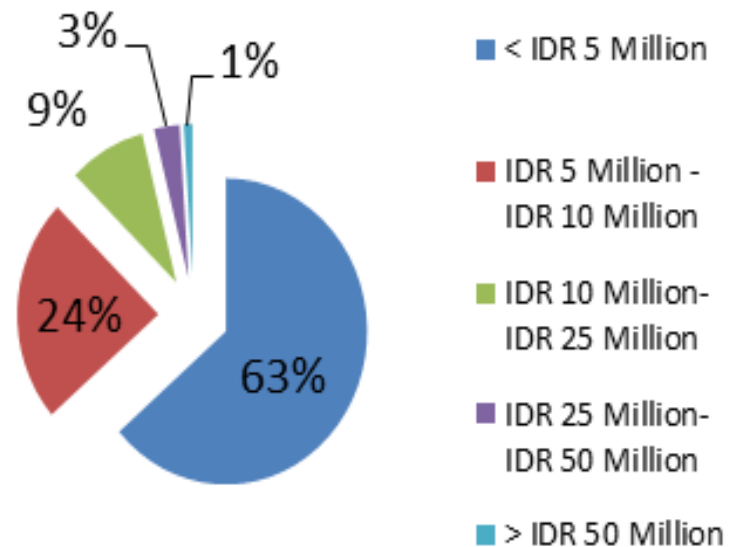


Client Profile

Client Profile based on Region

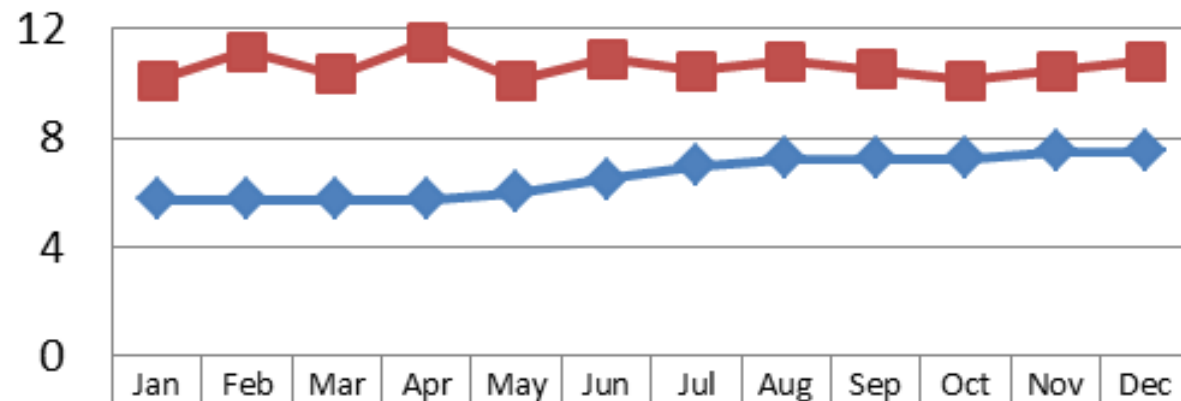


Client Profile based on Amount of Financing



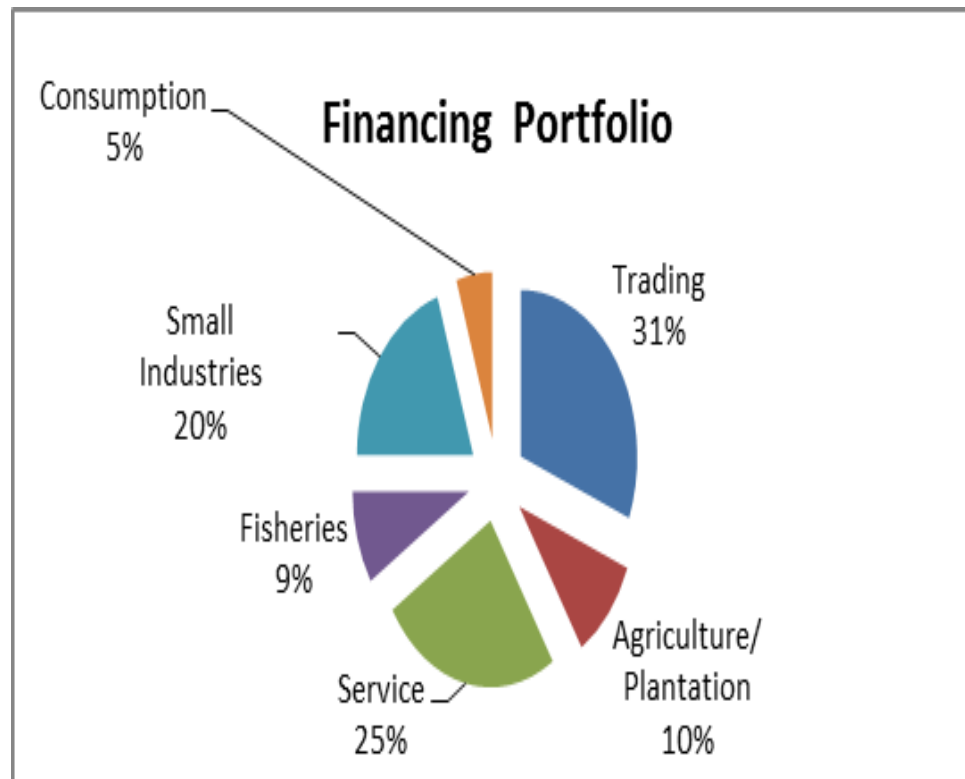
Performance of BMT Venture Capital Ltd.

Comparison between BI Rate and
PBMT Ventura Profit Sharing



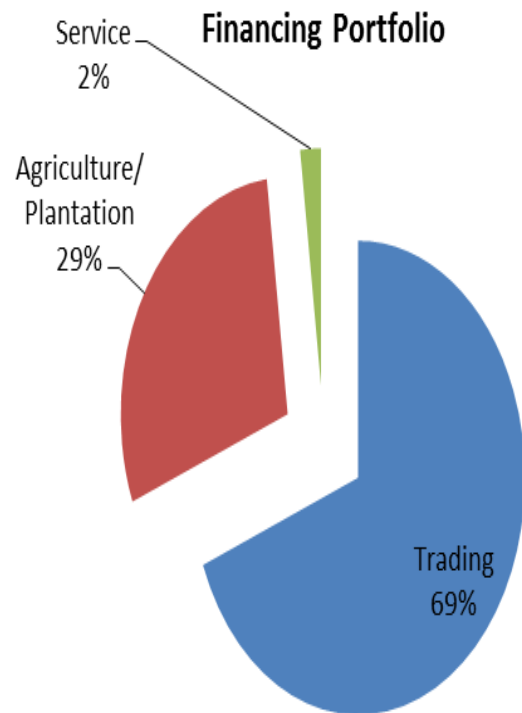
BI Rate	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	5.75	5.75	5.75	5.75	6	6.5	7	7.25	7.25	7.25	7.5	7.5
PBMT Ventura rate	10.12	11.2	10.35	11.52	10.1	10.9	10.49	10.84	10.5	10.1	10.47	10.84

BMT Fastabiq



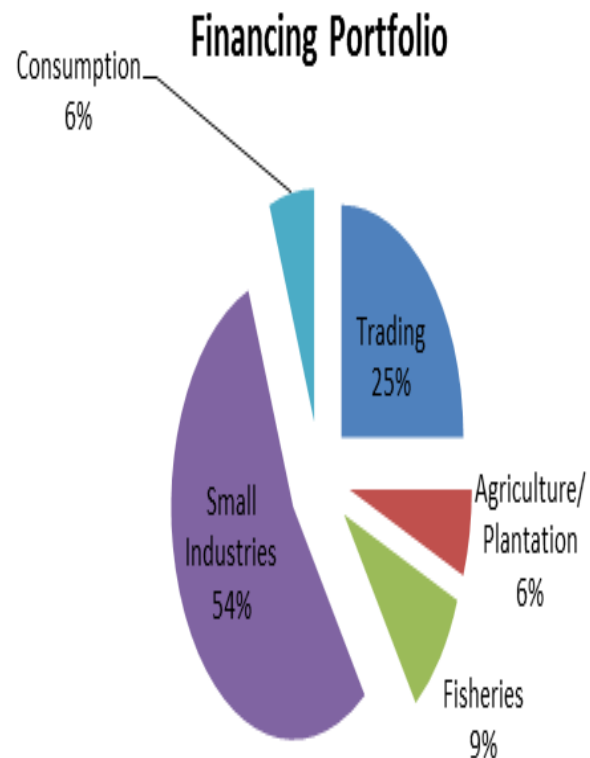
Financial Report	
Third Party Funds	IDR 149 Billion
Equity	IDR 21 Billion
Total Assets	IDR 201 Billion
The Amount of Financing	IDR 168 Billion
Oustanding Financing From PBMT Venture	IDR 2 Billion

BMT Asy Syafiyah



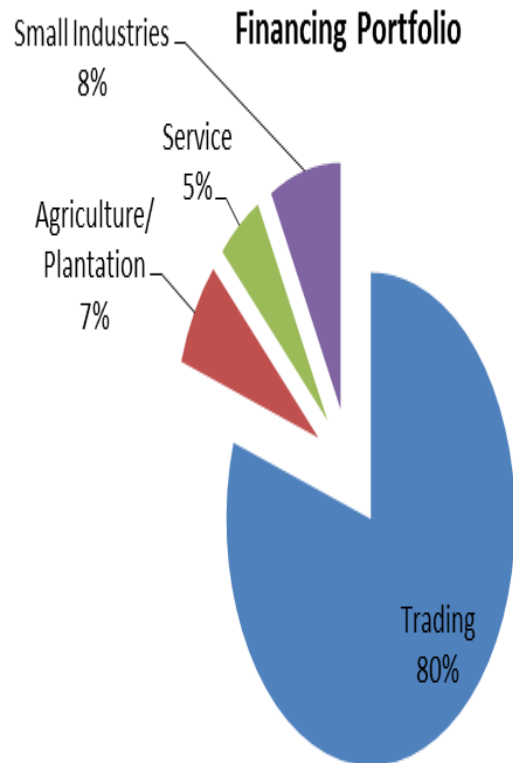
Financial Report	
Third Party Funds	IDR 54 Billion
Equity	IDR 15 Billion
Total Assets	IDR 142 Billion
The Amount of Financing	IDR 149 Billion
Oustanding Financing from PBMT Venture	IDR 1.7 Billion

BMT UGT Sidogiri



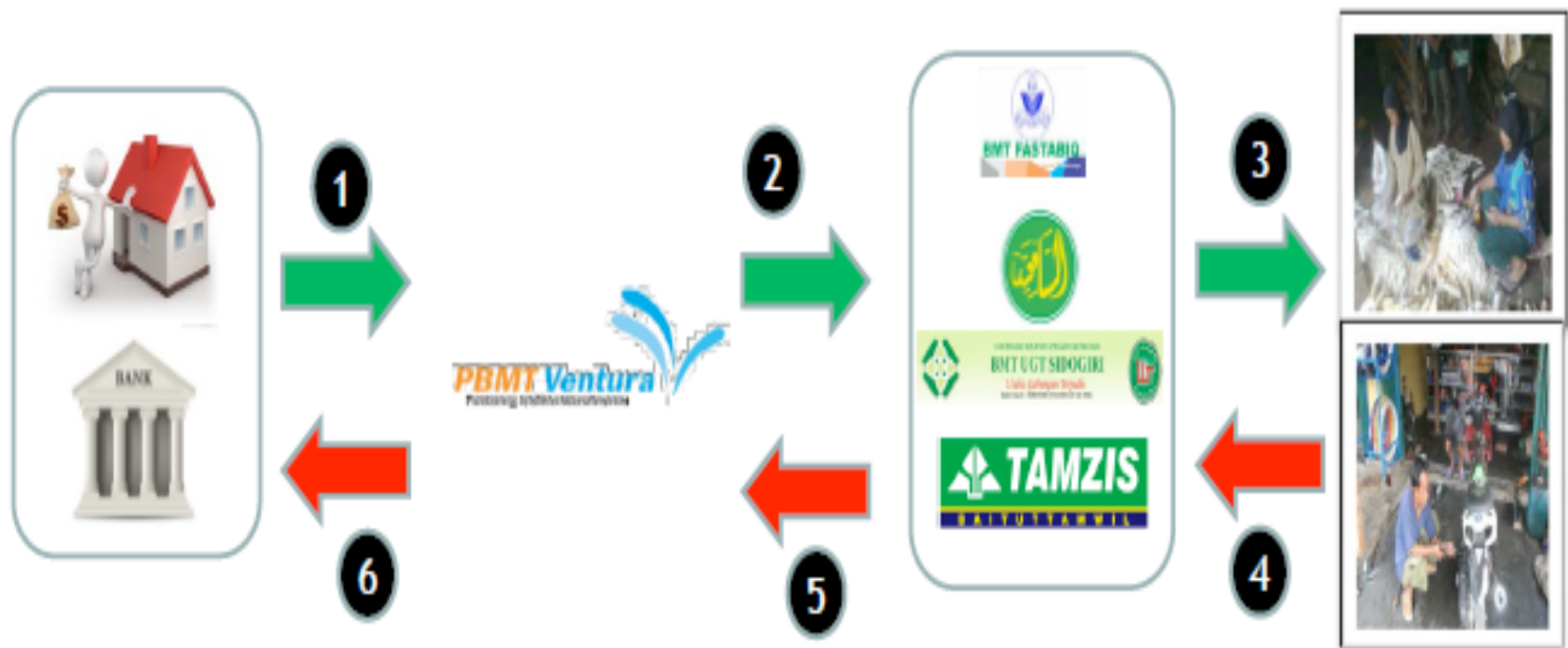
Financial Report	
Third Party Funds	IDR 772 Billion
Equity	IDR 245 Billion
Total Assets	IDR 1,340 Billion
The Amount of Financing	IDR 784 Billion
Oustanding Financing from PBMT Venture	IDR 1.1 Billion

BMT TAMZIS

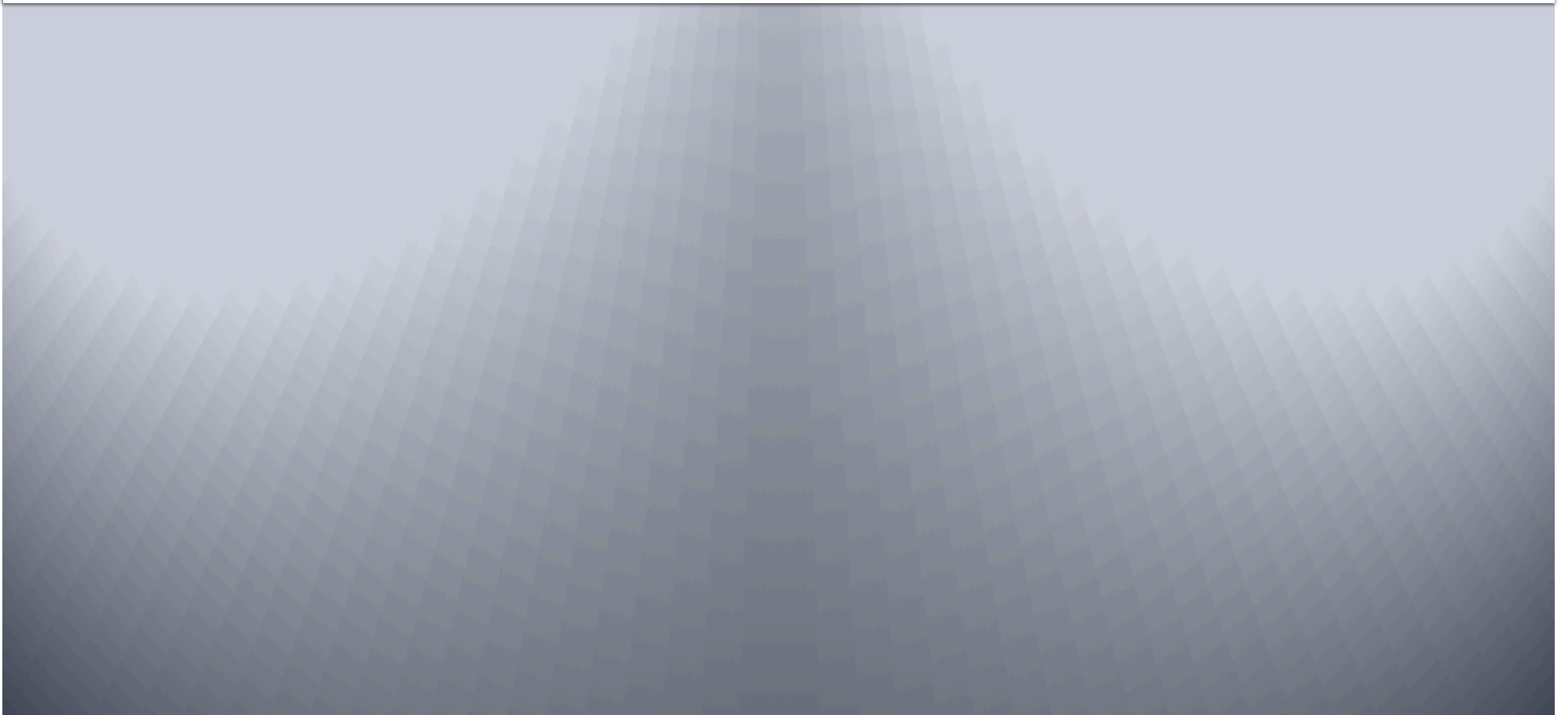


Financial Report	
Third Party Funds	IDR 72 Billion
Equity	IDR 32 Billion
Total Assets	IDR 402 Billion
The Amount of Financing	IDR 287 Billion
Oustanding Financing from PBMT Venture	-

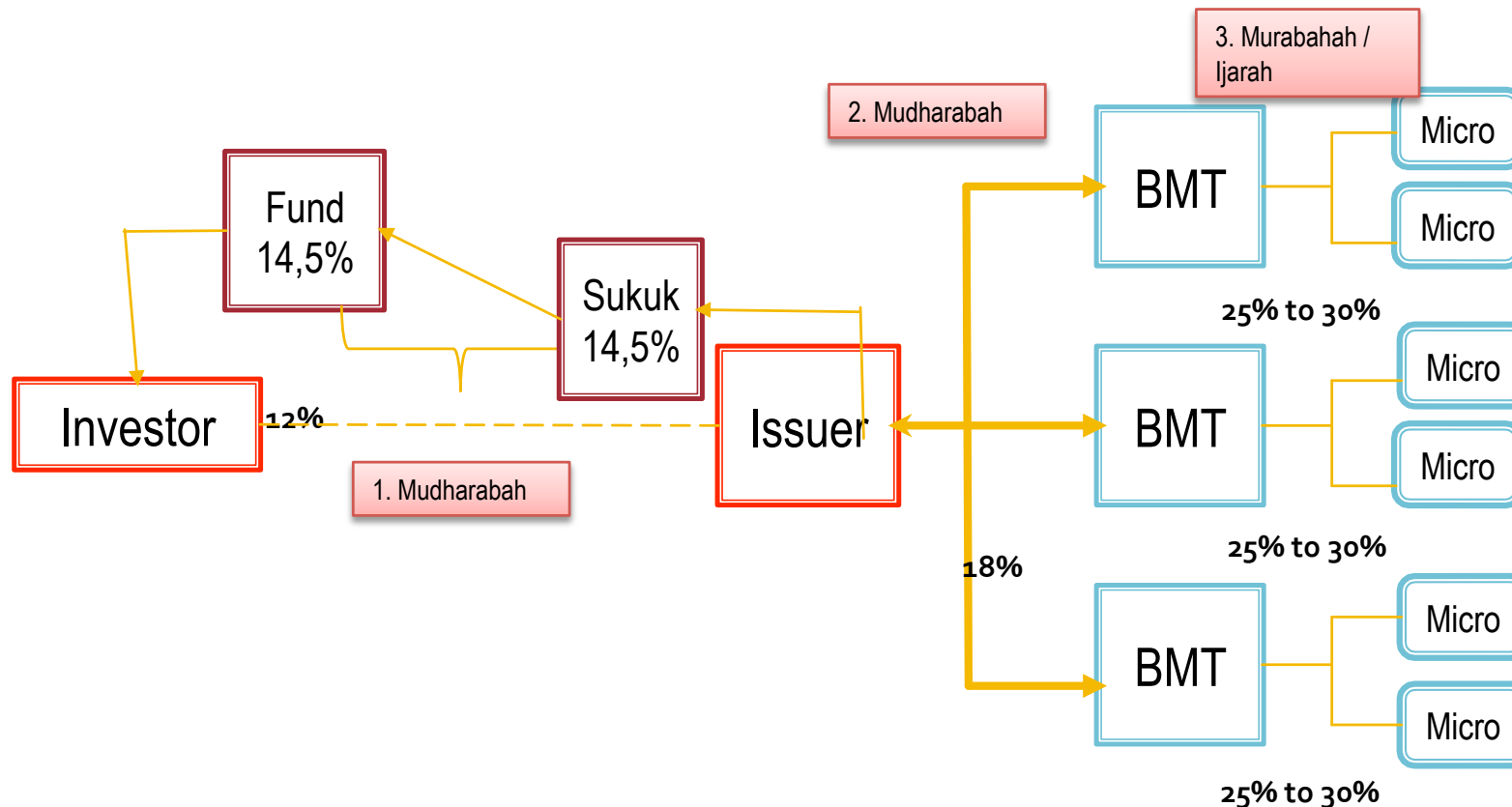
Scheme of the Sukuk



Asia Raya Sharia Micro Limited Participation Fund



Structure of Islamic Fund with Limited Participation



Notes :

1. Issuer will issue sukuk with Mudharabah scheme and investor via Fund will buy that sukuk
2. Issuer will distribute fund to Islamic Micro Banking (BMT) with Mudharabah scheme
3. Islamic Micro Banking (BMT) will give financing to micro business with Murabahah / Ijarah scheme

Islamic Micro Limited Participation Fund

1. A tailor made financing mode
2. Suitable for a special project
3. Flexible size of fund
4. Shariah compliant
5. Legally valid
6. Good return for investor
7. Connecting micro with capital market