

5 December 2025

CREDIT RISK MANAGEMENT INSTRUMENTS IN THE UAE AND GCC COUNTRIES

XI Banking Legal Conference “Development trends of domestic banking law”
Association of Russian Banks

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Al Tamimi & Company



DIVERSITY OF UAE LEGAL SYSTEM

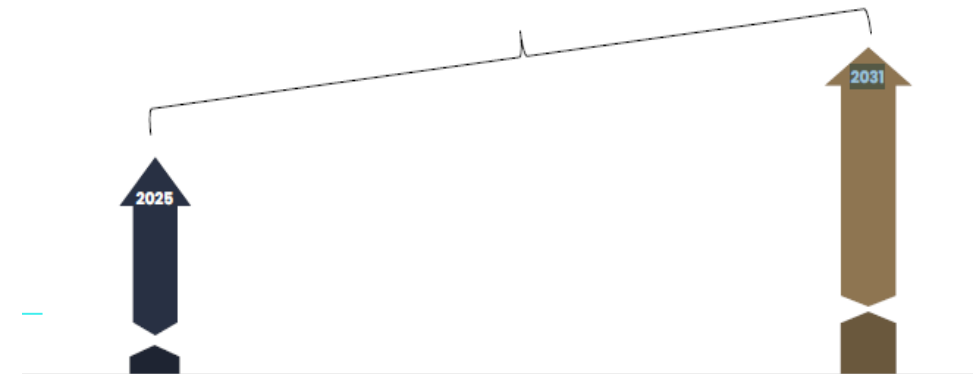
UAE law combines several legal systems given a variety of choice to the investors and financiers:

- Onshore law – civil law and Sharia based
- Financial free zones – common law (English law or DIFC law)



UAE Strategy for Developing Islamic Finance

- Total Islamic Finance sector to grow from AED 1.71 trillion → AED 4.96 trillion
- UAE global ranking to improve from #4 to #2
- Domestic Islamic banking assets to increase from AED 986bn → AED 2.56 trillion
- Domestic Sukuk issuance: AED 165bn → AED 660bn
- Listing of foreign Sukuk to grow to AED 395 billion
- Islamic funds & asset management: AED 114bn → AED 263bn
- Islamic philanthropy asset size: AED 0.2bn → AED 247bn
- Halal exports + re-exports: AED 73bn → AED 313bn
- **OIC tourist arrivals: 6.4 million → 70.4 million**
- Modest fashion, halal pharma, halal cosmetics—all identified as high-growth areas



Safeguards in Islamic Finance

Safeguard from Uncertainty	The transactions should not have any element of uncertainty such as quantity, quality, price, delivery and payment terms.
Safeguard from Gambling	Wild speculative practices are not permitted as they tantamount to gambling which may bring harm to the invested capital.
Safeguard from Manipulation	The contract terms must not be manipulative and must be clear and fair to all parties. The odds must not be heavily staked against one party. These should be evenly distributed between the parties based on their role.
Prohibition of very few items / activities	Alcohol, pork, tobacco, weapon, casinos, pornography, stocks of conventional banks, insurers and FIs are prohibited for trading and investment.
Islamic financing principles emanate from the economic philosophy of Islam and the above safeguards.	

Difference between sukuk and conventional bonds

What are Bonds?

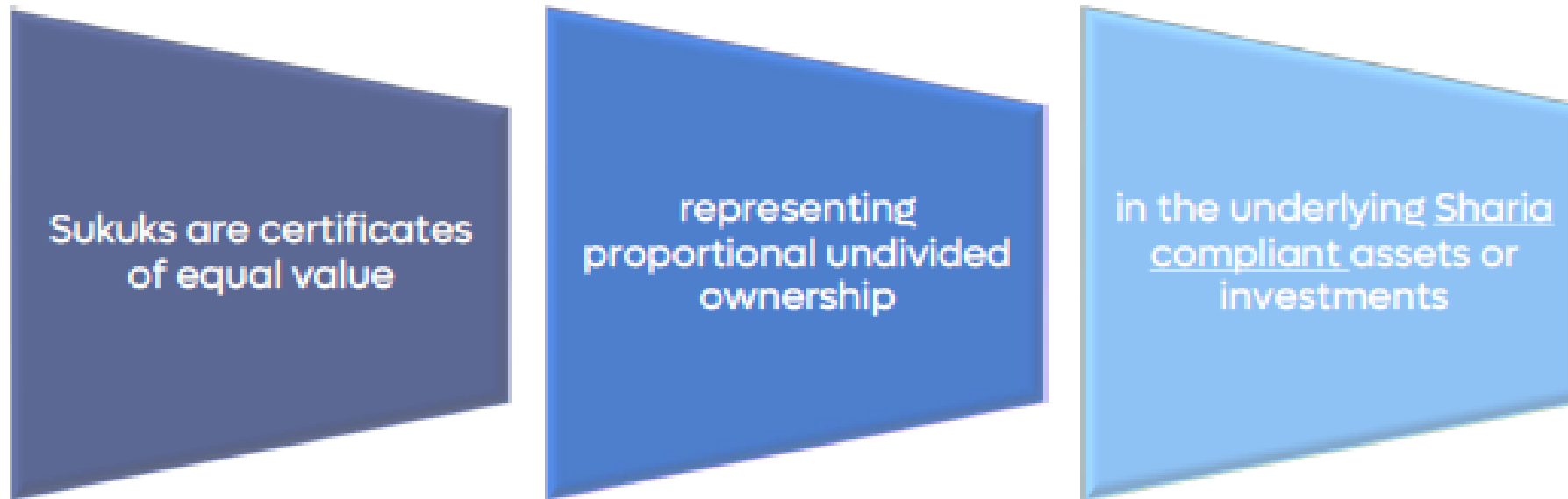
- Bonds are interest-bearing or discounted Corporate /Sovereign/ Quasi-Sovereign securities that obligate the Issuer(Borrower)to periodically pay the bonds-holders(Lenders)a specified sum of money as Interest, and to repay the principal amount i.e. Loan at maturity.

What are Sukuk?

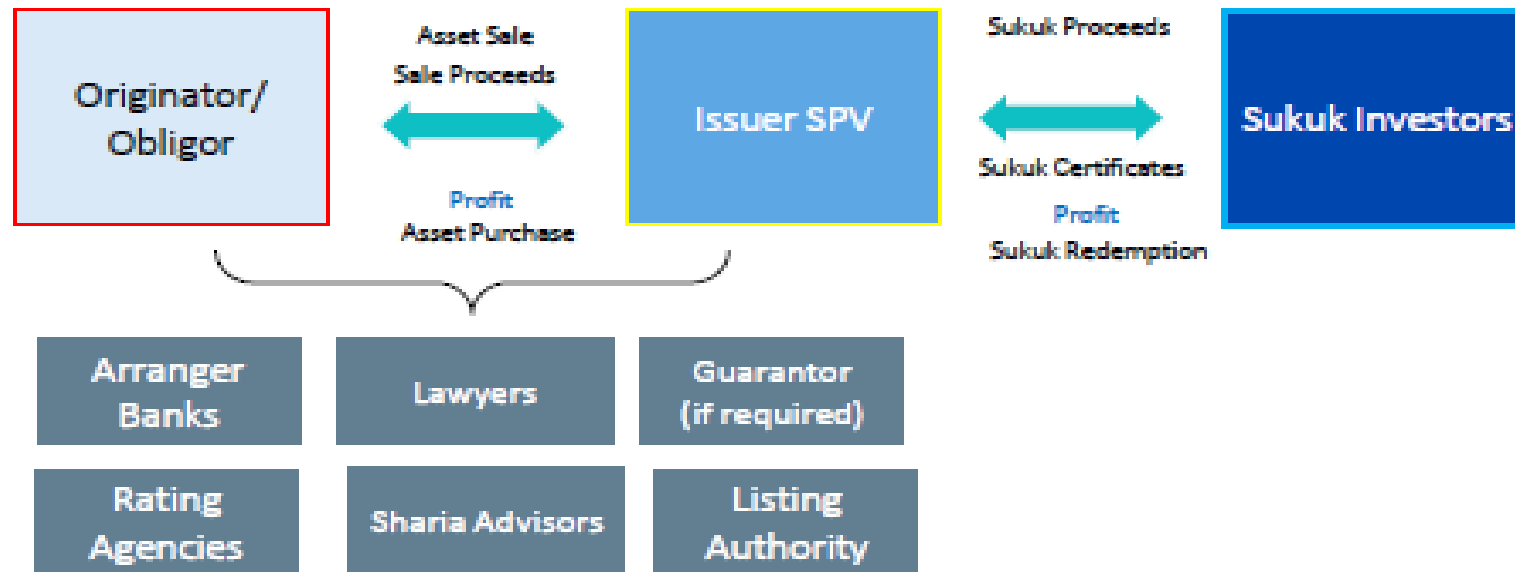
- Investment Sukuk are certificates of equal value representing undivided share in ownership of tangible assets usufruct and services or (in the ownership of) the assets of particular projects nor special investment activity. However, this is true after the receipt of the value of Sukuk ,the closing of subscription and the employment of funds received for the purpose of which the Sukuk were issued"
- (AAOIFI Standard no.17, clause 2)



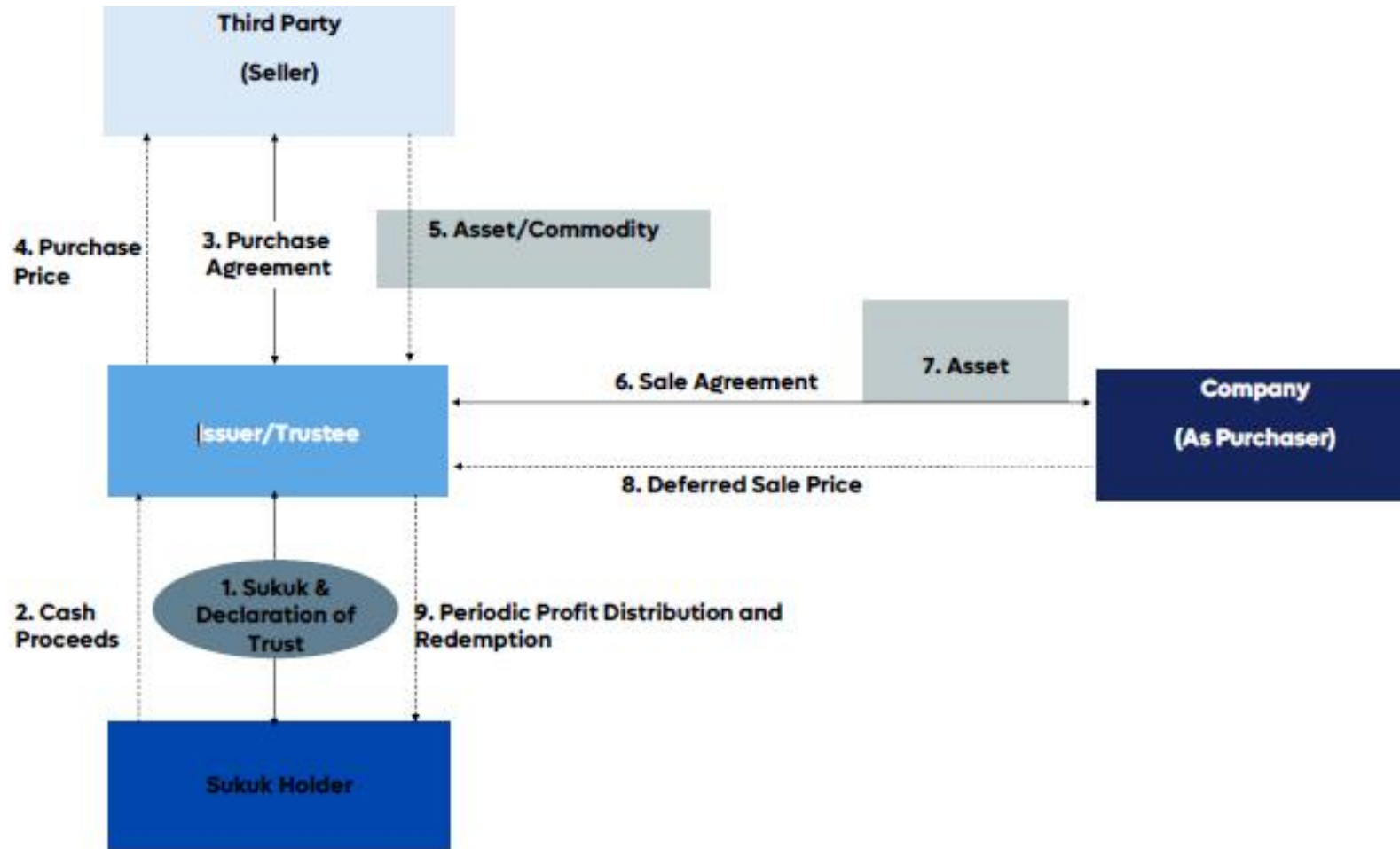
Sukuk in Summary



Generic Sukuk Structure



Sale-base Murabaha sukuk: Structure Diagram



About Us

17

Offices

10

Countries

100⁺

Partners

550⁺

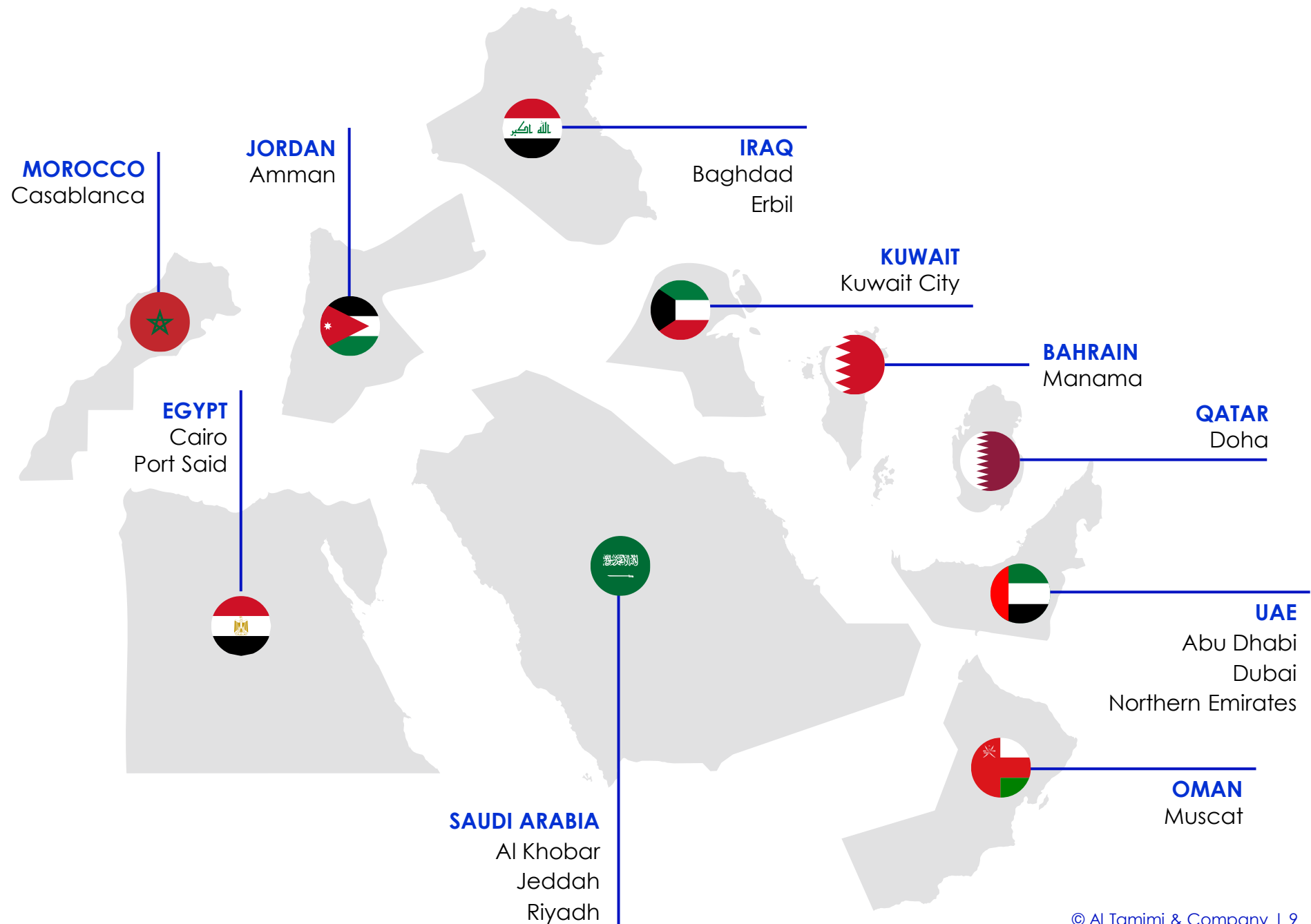
Legal Professionals

1000⁺

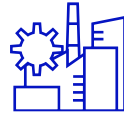
Employees

60⁺

Nationalities



Our Services



Practices

- Banking & Finance
- Capital Markets
- Commercial
- Competition
- Compliance, Investigations & White-Collar Crime
- Construction & Infrastructure
- Corporate/M&A
- Corporate Services
- Corporate Structuring
- Digital & Data
- Dispute Resolution
- Employment & Incentives
- Family Business
- Innovation, Patents & Industrial Property (3IP)
- Insurance
- Intellectual Property
- Legislative Drafting
- Private Client Services
- Private Equity
- Private Notary
- Projects
- Real Estate
- Regulatory
- Shipping, Aviation & Logistics
- Sustainable Business
- Tax
- Turnaround, Restructuring and Insolvency
- Venture Capital & Emerging Companies



Sectors

- Defence & Security
- Education
- Energy & Utilities
- Financial Services
- Healthcare & Life Sciences
- Hotels & Leisure
- Real Estate & Construction
- Retail & Consumer
- Sports & Events
- Technology, Media & Telecommunications
- Transport & Logistics



Country Groups

- Africa
- China
- India
- Korea



Q&A

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Thank You.

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