

GCC Market Update



Market Commentary

Bank of Sharjah priced a debut dollar bond

Bank of Sharjah priced a five-year dollar denominated bond worth USD500mn at the coupon rate of 3.37%. The deal attracted huge investor demand, resulting in an oversubscription of more than 2.0x. JP Morgan and National Bank of Abu Dhabi were the joint coordinators, and others including Commerzbank, Emirates NBD Capital and First Gulf Bank were the book runners to the deal. (Source: Reuters)

NBAD issued USD750mn perpetual bond

National Bank of Abu Dhabi (NBAD), UAE's largest bank by assets, issued a USD750mn non-callable five-year perpetual Tier 1 bond at 5.25%. The bond is rated six notches lower than the lender's rating at Baa3/BBB- by both Moody's and S&P respectively. Citigroup, HSBC, Morgan Stanley, Societe Generale and NBAD's own investment banking were the arrangers for the deal. (Source: Reuters)

Warba Bank leads USD500mn issuance from Garuda Indonesia

Warba Bank was mandated as the Joint Lead Manager and Joint Book Runner for Garuda Indonesia's inaugural International sukuk issuance. Garuda Indonesia raised USD500mn through a five-year Sukuk at a coupon rate of 5.95%. By geography, 56% of the deal was allocated to the Middle East, followed by 32% to Asia and the remaining 12% to investors in Europe. By investor type, banks/agencies took the bulk of the offering at 52%, while private banks/corporates and fund managers were allocated 29% and 19% respectively. (Source: Zawya)

Saudi's Riyad Bank raised SAR4bn through a capital boosting sukuk

Riyad Bank, Saudi Arabia's fourth largest lender by asset, issued a 10-year capital boosting sukuk worth SAR4bn (USD1.07bn) at a profit rate of 115bps+ 6M SIBOR. The privately placed sukuk remains callable after five years. (Source: Reuters)

Kuwait International Bank plans to raise USD100mn through its debut Islamic loan

Kuwait International plans to raise USD100mn through a debut Islamic loan. The murabaha-structured facility will have a maturity of three years and intends to pay a margin of 120bps+LIBOR. Arab Banking Corporation and ABC Islamic Bank are the mandated lead arrangers for the transaction. (Source: Maktoob News)

World Bank's IFC plans sukuk sale post summer

The International Finance Corp (IFC), the World Bank's lender to the private sector, plans a sharia compliant debt issuance post this summer. The details including currency, tenor and size are yet to be disclosed. IFC last issued a USD100mn five-year sukuk in 2009 which was listed in Dubai and Bahrain. (Source: Reuters)

Saudi's NCB raised SAR1bn through a capital boosting sukuk

Saudi Arabia's National Commercial Bank (NCB) raised SAR1bn through a capital boosting sukuk in order to enhance its Tier 1 capital. The privately placed sukuk was Basel III compliant with a perpetual tenor, however can be called back at a predefined date. (Source: Reuters)

Repo and Interbank Rates

Country	Repo Rate	3M Inter Bank Rates	
		31/12/14	29/06/15
Saudi Arabia	2.00%	0.86%	0.78%
UAE	1.00%	0.68%	0.75%
Qatar	4.50%	1.06%	1.13%
Kuwait	0.75%	1.06%	1.25%
Oman	1.00%	NA	NA
Bahrain	2.25%	0.65%	0.45%

Bank Deposits

Country	Total Deposits (USD bn)	Reporting Date
Saudi Arabia	438.66	May-15
UAE	393.74	May-15
Qatar	173.12	May-15
Kuwait	129.42	April-15
Oman	46.02	April-15
Bahrain	42.89	April-15

Recent Bond and Sukuk Issuances

Issuer	Coupon/Profit rate	Volume (USD mn)	Currency	Subscription date	Tenor (Years)	Over Subscription
Bank of Sharjah (Bond)	3.37%	500	USD	June-15	5	2.0x
Ministry of Finance Egypt (Bond)	5.87%	1,500	USD	June-15	10	3.0x
Ministry of Finance Jordan (Bond)	2.59%	1,000	USD	June-15	7	NA
National Bank of Abu Dhabi (Bond)	5.25%	750	USD	June-15	Perpetual	2.2x
Garuda Indonesia (Sukuk)	5.95%	500	USD	June-15	5	NA
Riyad Bank (Sukuk)	6 month SIBOR +115bps	1,067	SAR	June-15	10	NA

Source: GCC Central Banks, Kuwait Financial Centre, Zawya, Gulf base, Reuters, Trading Economics, Arabian Business, Fitch, Emirates 247, Bloomberg, Peninsula Qatar, Maktoob News

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Noor Bank closes DH1.2bn Islamic syndicated loan

Noor Bank has closed an DH1.2bn Islamic syndicated loan for offshore vessel operator Stanford Asia Holding Company ('Stanford'), a subsidiary of Stanford Marine Group (SMG). The deal was one of the largest Islamic syndicated loan facility executed for any private sector entity in the UAE in 2015. Beside being an initial mandated lead manager, Noor Bank PJSC also acted as the Sole Underwriter and Sole Book-runner for the Murabaha structured Sharia compliant deal. (Source: Gulf News)

Etihad Airways to raise USD1bn through its debut bond issue

Etihad Airways, the Abu Dhabi Government owned airline, is in talks with potential investors for a USD1bn bond issuance. The proceeds from the issue would be lent to its global partners to fund expansion plans. The bond will not be guaranteed by Etihad, hence is likely to be rated junk. The company is in talks with Goldman Sachs and National Bank of Abu Dhabi to enlist them as lead arrangers for the transaction. (Source: Reuters)

Saudi's SAR4.4tn spending drives growth

As per the data from Saudi Arabian Monetary Agency (SAMA), Saudi's total spending on development projects during the last five years has crossed SAR4.4tn, with 30% of the amount contributed by capital projects. This has led to the overall growth in the economy, with GDP growing at 3.5% in 2014, up from 2.7% in 2013 and higher than the world average of 3.4%. Its private sector grew at 5.6% and public debts were down to 1.6% of GDP, also the balance of payment recorded a surplus of SAR288bn during the same year. (Source: Arab News)

DIB priced a USD750mn five year sukuk

Dubai Islamic Bank (DIB) has priced a five-year dollar denominated sukuk worth USD750mn at the profit rate of 2.92%. The issuance attracted orders book worth USD2bn on the back of strong demand from diverse investor base, thus representing an oversubscription of nearly 3.0x. The deal was arranged by First Gulf Bank, HSBC, Maybank, National Bank of Abu Dhabi, Standard Chartered and DIB itself. (Source: Zawya)

Unit of IDB secures USD300mn Islamic funding

The Islamic corporation for the Development of the Private Sector, secured a 13month USD300mn Islamic Murabaha financing facility from Dubai Islamic Bank, First Gulf Bank, Mizuho Bank (Malaysia) Berhad and Mizuho Bank Nederland. (Source: Reuters)

Saudi's Najran Cement sells SAR400mn five-year sukuk

Saudi Arabia's Najran Cement has raised SAR400mn (USD106.7mn) through an Islamic bond issuance of five-years maturity. The sukuk was privately placed and has been priced at 1.4% + 3M SIBOR. (Source: Maktoob News)

Oman: Bank credit growth at 10.6% y-o-y in April 2015

According to the Central Bank of Oman (CBO), the credit disbursement accounted for 66.1% registering an increase of 10.6% to reach OMR17.5bn at April-end 2015. The total assets in banks surged by 9.5% to OMR26.5bn, while credit to the private sector increased by 9.6% during the period to reach OMR15.1bn. (Source: Arab News)

National Bank of Oman picks arrangers for capital boosting bond

National Bank of Oman (NBO), Oman's third largest bank by market capitalisation, has mandated four banks for a potential capital-boosting bond issue that it plans to raise post summer. Bank has picked Citigroup, Credit Agricole, National Bank of Abu Dhabi and Standard Chartered to arrange the deal. (Source: Reuters)

IDB raises sukuk programme limit to USD25bn

Islamic Development Bank, increases its sukuk issuance limit to USD25bn from USD10bn earlier, with an aim to expand its financing across member countries. An expanded Islamic bond programme would allow the bank to issue a minimum sized USD1bn sukuk publically every year, thus keeping pace with the growing investor demand for private placements. (Source: Reuters)

Qatar's Barwa Bank gets shareholder nod for USD2bn sukuk programme

Shareholders of Qatar's Barwa Bank approved the USD2bn senior unsecured sukuk programme that could be issued in any currency. The size and the timeframe for the potential debut deal is yet to be disclosed. (Source: Reuters)

Kuwait: private sector lending rises to 5% y-o-y in April 2015

The bank lending to private sector in Kuwait rose to 5.0% y-o-y in April 2015, accelerating from 4.4% recorded in the earlier month. Kuwait's money supply (M2) growth surged to 5.8% y-o-y in April 2015, from 3.6% in the earlier month. (Source: Reuters)

Abu Dhabi's TAQA markets USD3.0bn 5-year loan

Abu-Dhabi National Energy Co (TAQA) is planning to raise USD3.0bn through a 5-year loan facility. The proceeds from the issue would primarily be used for refinancing and consolidation of existing debts thus reducing the company's overall borrowing cost. The overall size of the facility could be increased depending on the response from banks backing the deal. (Source: Reuters)

Post Development Company signs SAR1bn Islamic bridge financing

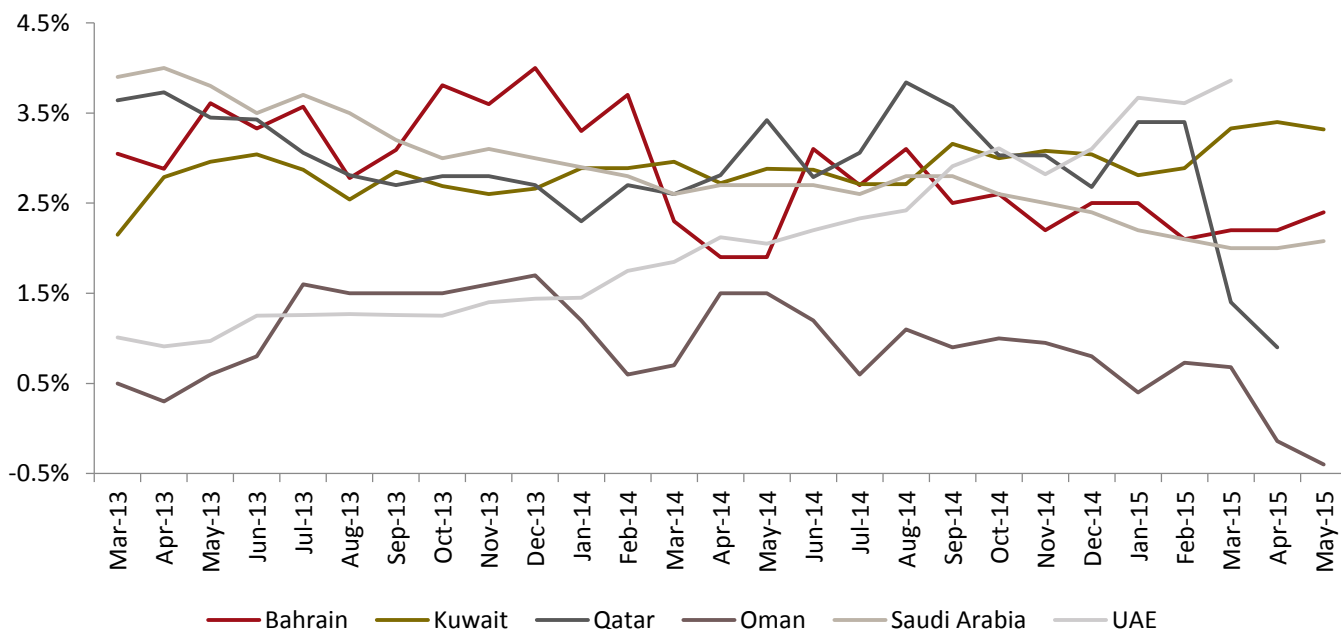
Ports Development Company, owner and developer of King Abdullah Port, has signed agreements governing a SR1bn Islamic bridge financing with Arab National Bank (ANB) and Saudi British Bank (SABB). The proceeds from the agreement would be extended to speed up the expansion and development plans at the port. (Source: Saudi Gazette)

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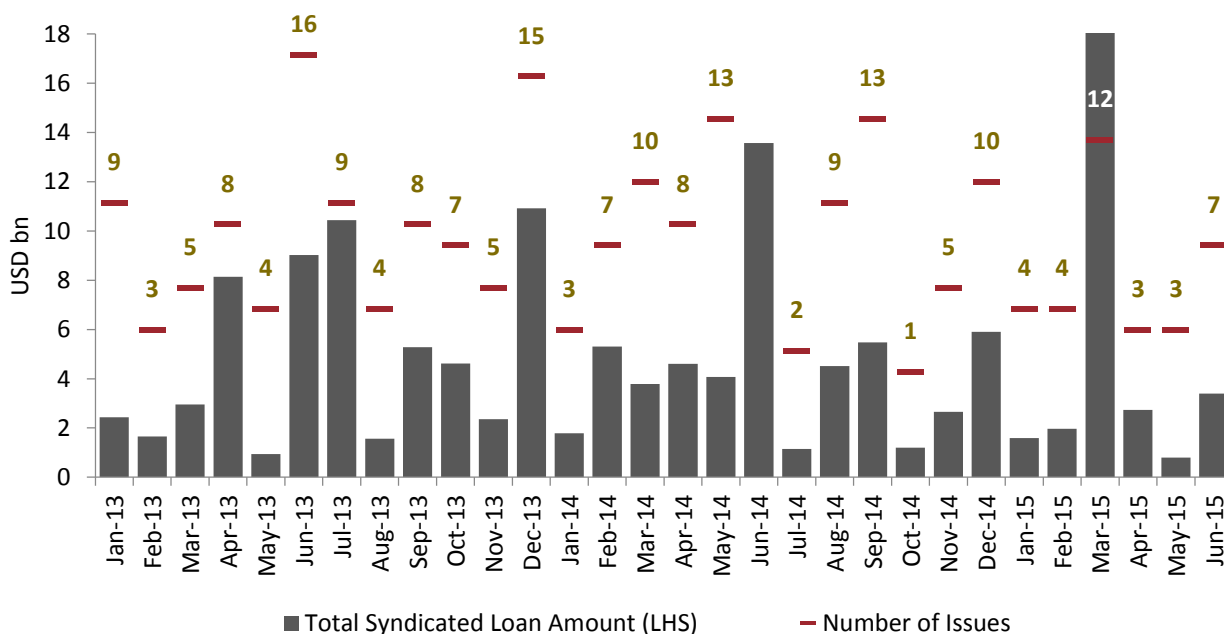


Inflation Trend

Oman's inflation declined 0.4% y-o-y in May 2015, this slow down was driven by the drop in food and non alcoholic beverages which fell by 1.45%, along with clothing and footwear, that declined 1.62%.



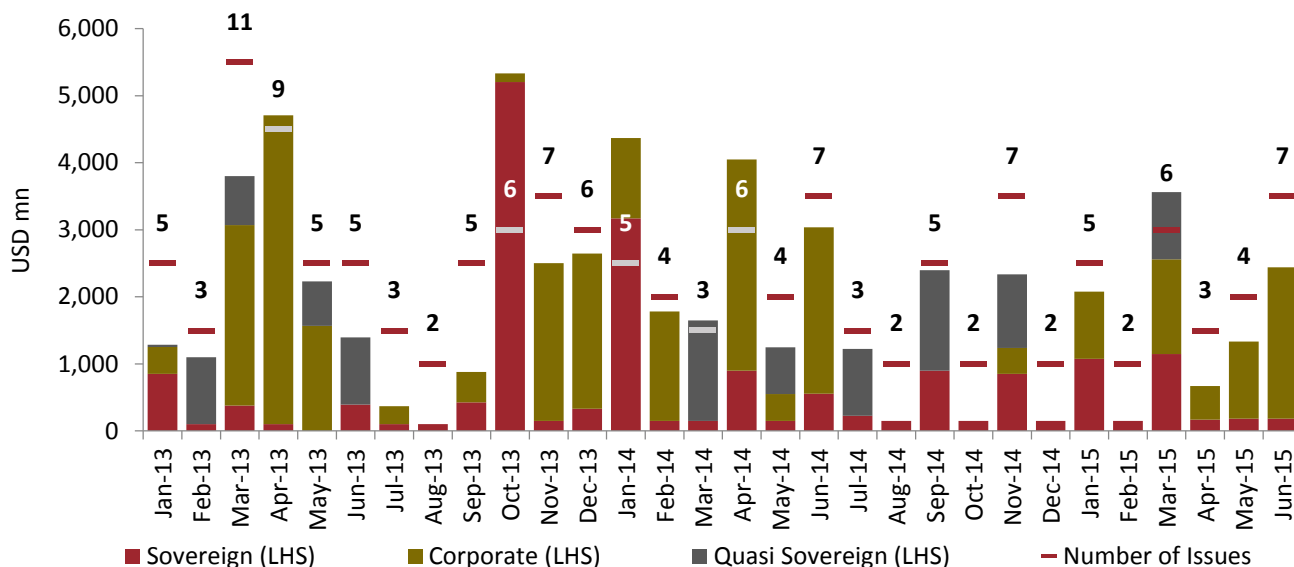
Syndicated Finance Flows



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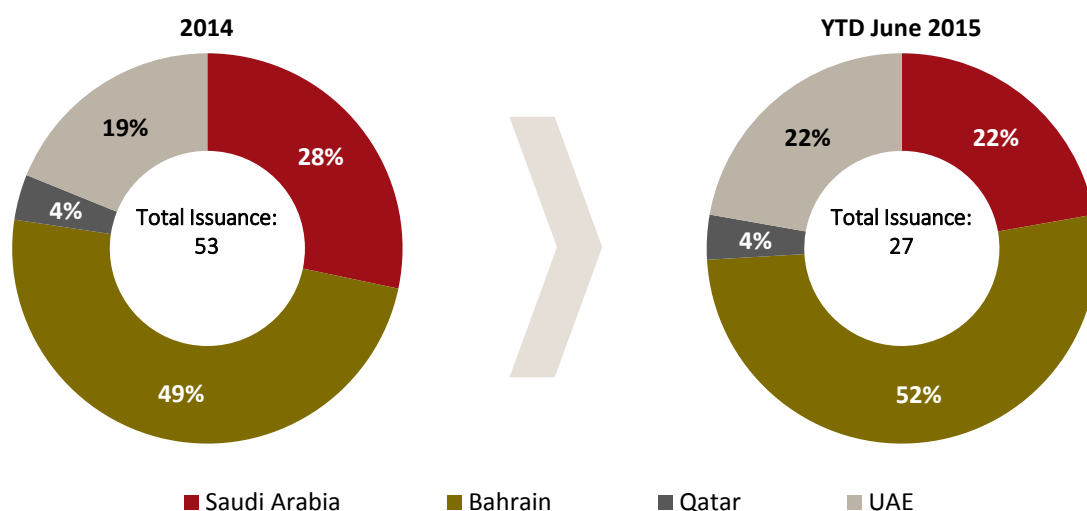


Sukuk Issuance by Value, Number, and Type



- Sukuk issuances in June 2015 decreased in terms of both value and number; by value decreased 29% y-o-y to USD2.4bn. For YTD June 2015 sukuk issuance by value declined 38% y-o-y to USD10.2bn, mainly driven by a sharp decline in corporate issuances (-31% y-o-y), sovereign (-38% y-o-y) and quasi sovereign issuances (-63% y-o-y). Corporates comprised 62% of the total issuance value for YTD June 2015, followed by sovereign at 28% and quasi-sovereign issuances at 10%.

Sukuk Issuance by Country – Number of Issuances



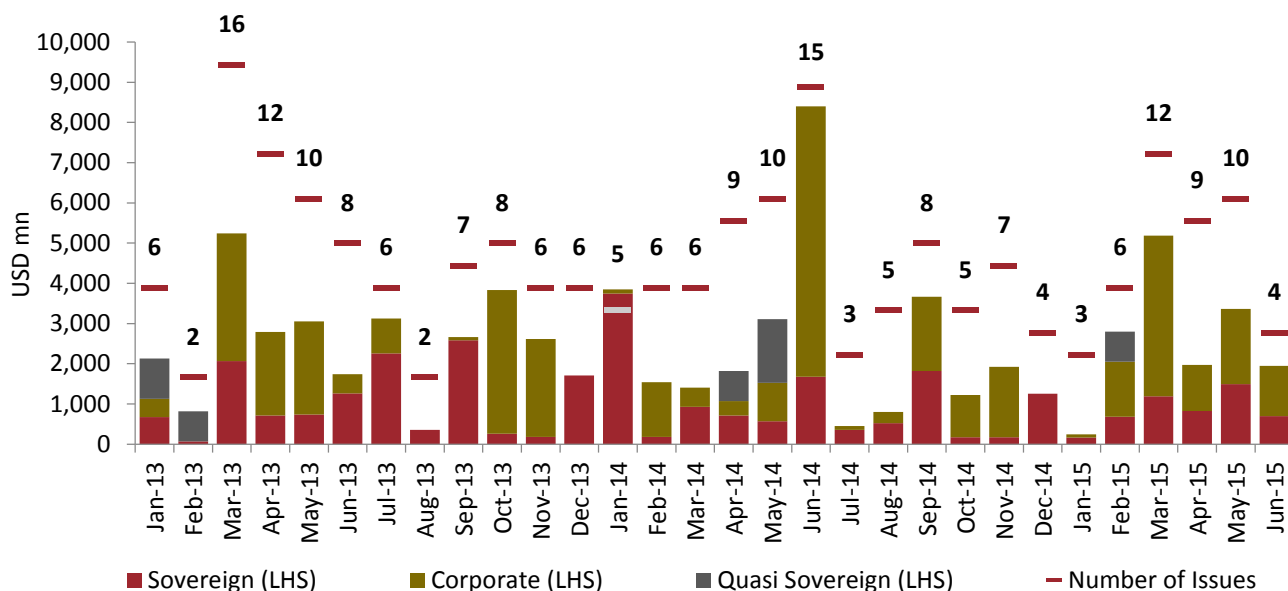
- Bahrain was the largest issuer of sukuk by number of issuances (14) in GCC for YTD June 2015, followed by UAE (6), Saudi Arabia (6) and Qatar (1)
- UAE accounted for the largest share of sukuk issued by value among GCC countries, with six issuances totaling USD4.7bn for YTD June 2015, followed by Saudi Arabia (six issuances; worth USD3.1bn), Bahrain (fourteen issuances; worth USD1.9bn) and Qatar (one issuance; worth USD0.5bn)

Source: Zawya

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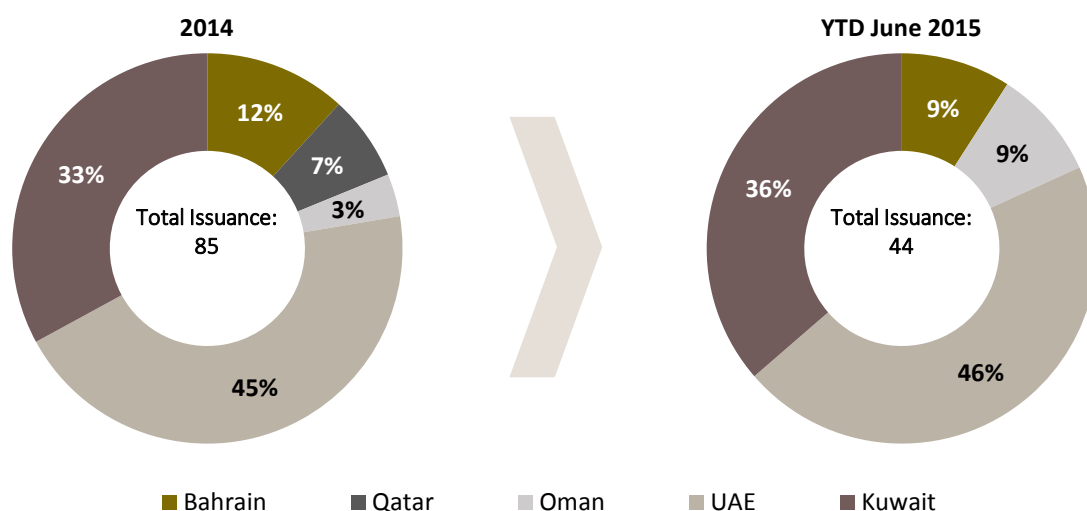


Bond Issuance by Value, Number, and Type



- Bond issuances by value declined 77% y-o-y for June 2015, with 4 issuances totaling USD1.9bn. For YTD June 2015 total bond issuances by value decreased 24% y-o-y to USD15.5bn, driven by the decline in corporate issuances (-6%), sovereign issuances (-35% y-o-y) and quasi sovereign (-68%). Corporate issuances comprised 62% of the total issuance value for YTD June 2015, followed by sovereign at 33% and quasi-sovereign at 5%.

Bond Issuance by Country – Number of Issuances



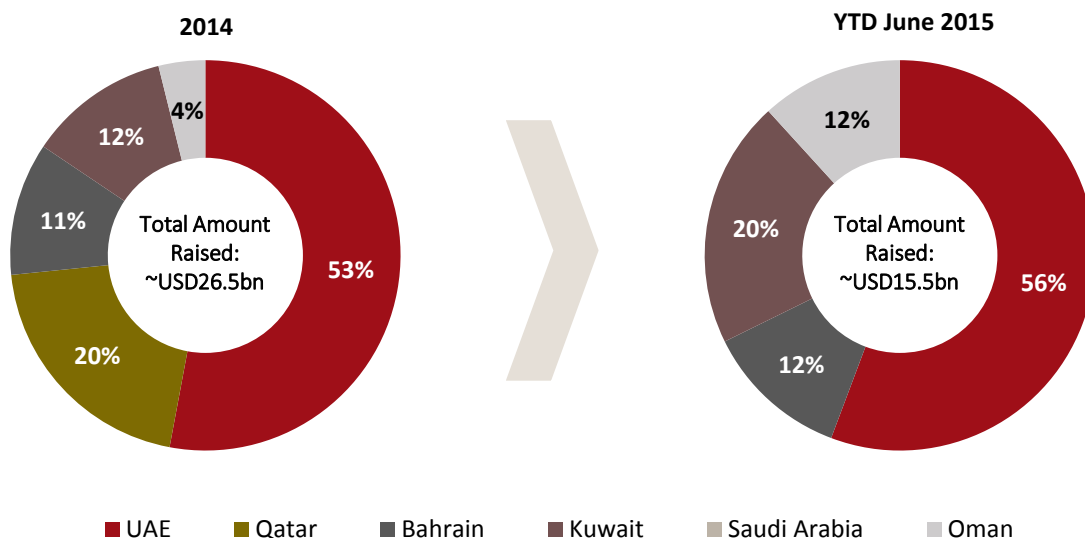
- The UAE accounted for the largest share of bond issuances by number (20) and value (USD8.6bn) for YTD June 2015.
- With 16 issuances, Kuwait ranked second in terms of both value and number of issuances; its bond issuances totaled USD3.2bn for YTD June 2015.

Source: Zawya

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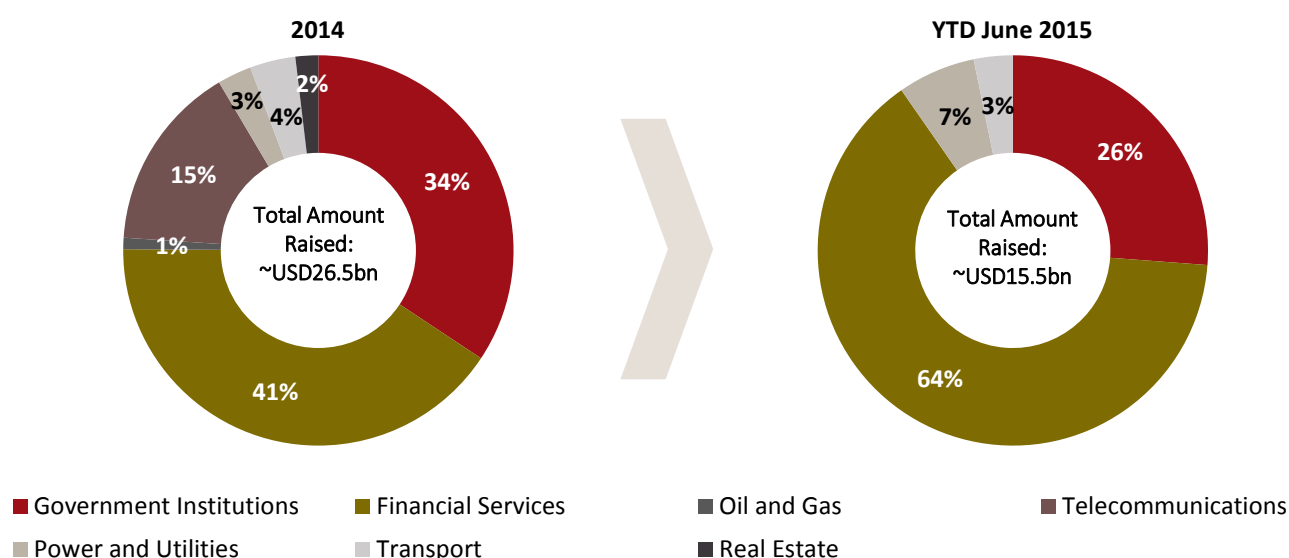


Outstanding Bonds by Country



- The outstanding value of GCC bonds decreased 9.9% y-o-y to USD15.5bn for YTD June 2015 from USD17.2bn in the previous year during the same period. UAE leads the GCC region in 2015 in terms of the number and value of issuances.

Outstanding Bonds by Industry



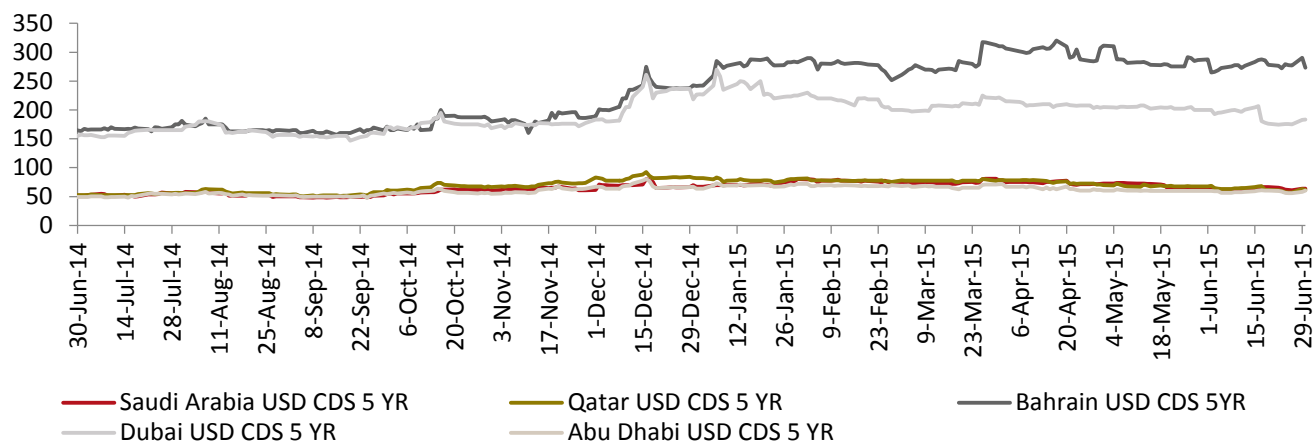
- Financial Services (USD9.9bn) and Government Institution (USD4.1bn) Sectors contributed 90% to the total bond outstanding of USD15.5bn in YTD June 2015. Outstanding value of bonds issued by Financial services increased to USD9.9bn for YTD June 2015 from USD6.1bn in the previous year during the same period.

Source: Zawya

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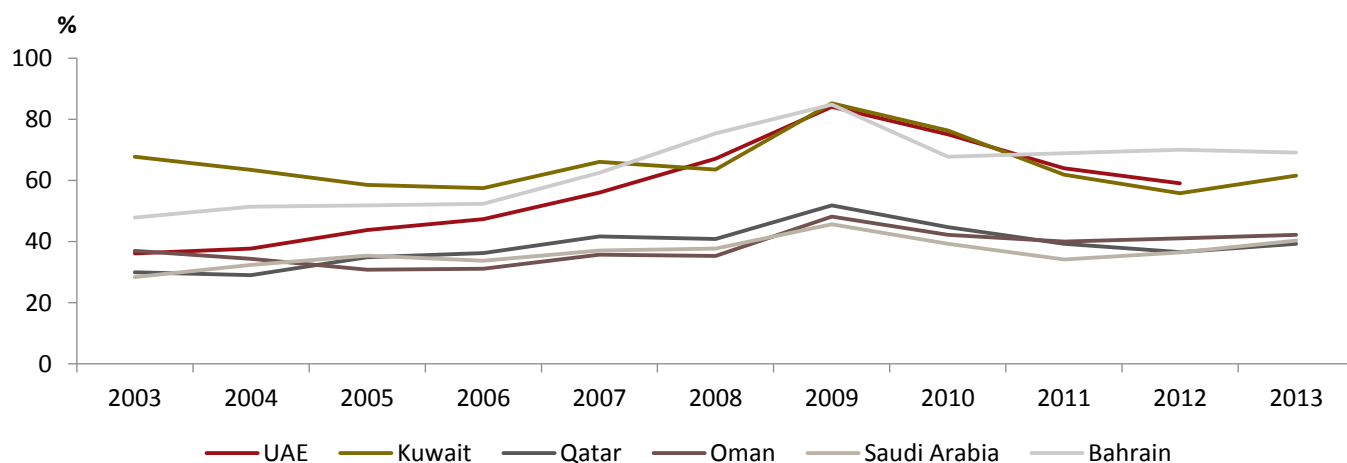
5-Year USD CDS Spread



5-Year CDS Watch (bps)

Country	June 30, 2015	December 31, 2014	52-Week	
			High	Low
Saudi Arabia	63.82	66.71	81.07	48.28
Abu Dhabi	60.29	63.54	80.14	47.50
Dubai	183.45	226.62	270.03	147.01
Qatar	61.68	82.18	92.50	50.50
Bahrain	273.00	241.74	320.54	156.97

Credit to GDP Gap

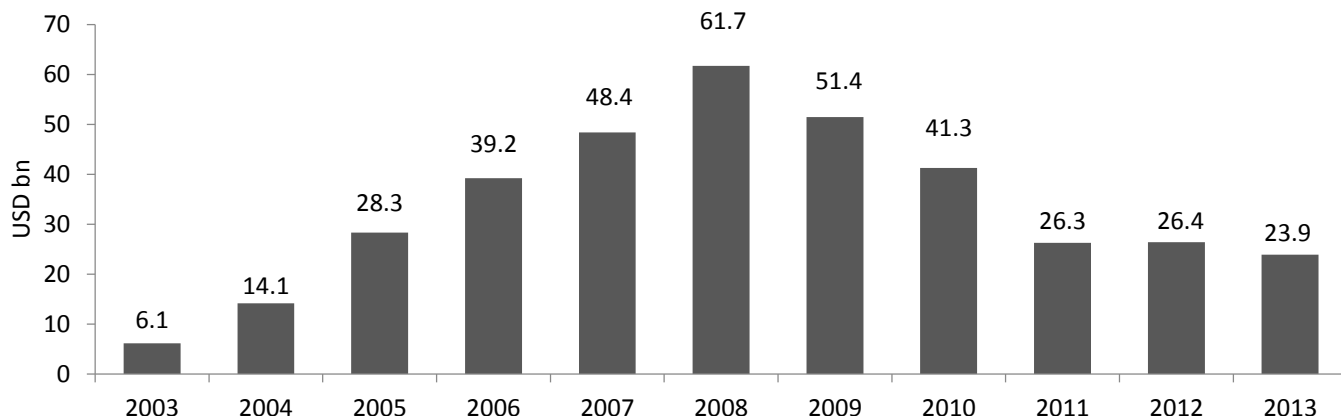


Source: Bloomberg

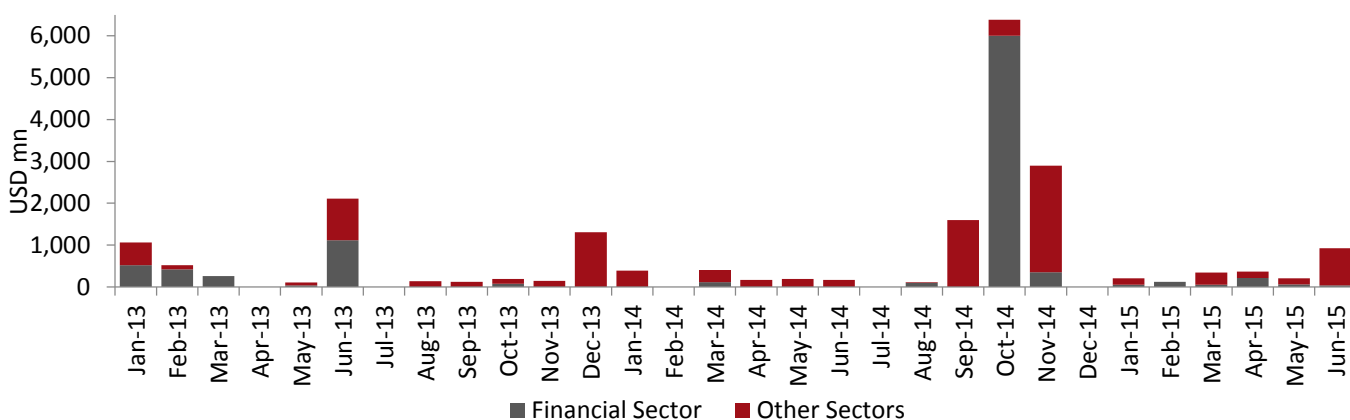
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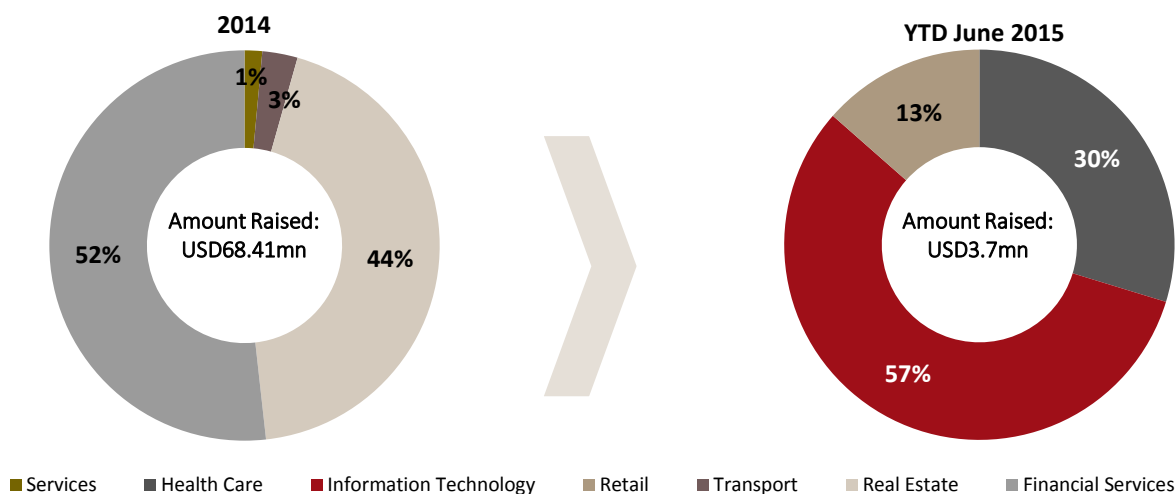
FDI Inflow into the GCC Region



IPO and FPO Activity in the GCC Region



Private Equity Investments in the GCC Region (by Sector)



Source: Thomson One, Zawya

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