IFR GULF CAPITAL MARKETS BRIEFING

IPOS BOOKRUNNERS 2013 TO DATE

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	ANB Invest Co	1	240.0	100.0
	Total	1	240.0	

IPOS BOOKRUNNERS 2012

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Saudi Fransi Capital	2	580.9	29.3
2	Sambacapital	2	508.7	25.7
3	Riyadh Bank Ltd	1	252.3	12.7
4	Deutsche Bank	2	251.5	12.7
5	Oman Arab Bank SAO	1	159.0	8.0
6	Bank Muscat SAOG	1	106.0	5.4
7	Natl Comml Bank Saudi Arabia	1	62.4	3.2
8	UBS	1	45.0	2.3
9	Alinma Bank	1	16.0	0.8
	Total	11	1,981.8	

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Oman's BANKMUSCAT (A1/A–/A–) has set initial price thoughts of the 187.5bp area over mid-swaps for its upcoming five-year senior unsecured bond issue. Target size is US$500m.

Order books on the offering, the first in dollars from the Omani bank since 2004, opened this morning, with launch and pricing possibly as early as Tuesday – the last day of roadshow.

BankMuscat's new issue is seen offering a reasonable concession over National Bank of Abu Dhabi (Aa3/A+/AA), Qatar National Bank (Aa3/A+/A+) and Commercial Bank of Qatar (A1/A–/A), which are seen as the key comps.

A rival banker said initial price talk for the issue looked "fair", considering that BankMuscat has no bonds outstanding and is rated at the bottom end of the Single A bracket.

QNB's 2.125% February 2018s were spotted trading at a spread of 148bp over mid-swaps on Friday, according to Thomson Reuters data, indicating that BankMuscat was coming at a premium of as much as 38.5bp over the Qatari lender.

While NBAD has no bonds outstanding with a 2018 maturity, an interpolation of its curve suggests an hypothetical five-year deal would print in the area of 157bp over mid-swaps, assuming no new issue premium, which translated into a premium of about 30.5bp for BankMuscat's new issue.

CBQ, meanwhile, which is closest in ratings to BankMuscat, has an April 2017 note trading at 155bp over mid-swaps.

Citigroup, *Credit Agricole*, *Deutsche Bank*, *HSBC*, *National Bank of Abu Dhabi* and *Standard Chartered* are the leads on the Reg S issue.

SAUDI ELECTRICITY COMPANY (A1/AA–/AA–), the Kingdom of Saudi Arabia's national electricity provider, will kick off investor meetings in the US tomorrow, ahead of a potential Islamic bond offering in the 144a/Reg S format, a particularly rare combination in the international debt capital markets.

The issuer, one of the top-notch credits in the Gulf region and majority owned by the government, will meet investors in Los Angeles on March 19 and 20, Boston on March 21, New York on March 22 and London on March 25.

The deal is expected to be extremely well received by investors, especially in the US, where accounts have faced a dearth of opportunities to gain exposure to credits in the oil-rich Kingdom.

"You have had a lot of 144a issuance from the UAE and Qatar catering to US investors," said a Dubai-based banker. "But from Saudi Arabia, we haven't seen this kind of offering for a long time."

The last sukuk issue in a 144a format was from DP World in 2007 issue.

The unquestioned high-quality of the credit is also expected to appeal to a broad international investor base. "This is one of the [GCC's] top credits. I think it is the right name to open the 144a market," the banker said.

Deutsche Bank and *HSBC* are arranging the meetings.

NATIONAL SHIPPING CO OF SAUDI ARABIA (BAHRI) is considering a debut Islamic bond issue to help refinance debt taken on for its US$1.3bn acquisition of Saudi Aramco's marine unit last year, three sources told Reuters on Sunday.

The purchase of Vela's fleet, which cost SR4.88bn (US$1.3bn), made Bahri the world's fourth-largest owner of very large crude carriers, or VLCCs, with part of the agreement making Bahri the sole provider of VLCC crude oil shipping services to Aramco.

The transaction, which still requires shareholder sign-off before it can be completed, was financed through a SR3.2bn one-year bridge loan and the transfer of 78.75m new Bahri shares to Aramco valued at SR22.25 each, giving the oil firm a 20% holding in Bahri post-completion.

HSBC's Saudi Arabian unit, *JP Morgan Chase*, and *Samba Financial Group* provided the loan and are also frontrunners to manage the sukuk sale, the three sources told Reuters.

A spokesman for Bahri in Riyadh declined to comment.

The banks that have provided the bridging loan expect to be involved in the refinancing, said one Saudi banker.

The investment banking arm of state lender National Commercial Bank could also be involved as an arranger, one of the sources added.