

# IFR GULF CAPITAL MARKETS BRIEFING

JULY 29 2013

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## IPOS BOOKRUNNERS 2013 TO DATE

	Managing bank or group	No. of issues	Total US\$(m)	Share (%)
1	ANB Invest	1	240.0	32.5
2	Deutsche Bank	1	118.0	16.0
=2	HSBC Holdings	1	118.0	16.0
=2	Goldman Sachs	1	118.0	16.0
5	Riyadh Bank	1	97.2	13.2
6	Al Jazira Capital	1	28.0	3.8
7	Banque Saudi Fransi	1	14.0	1.9
8	Oman Arab Bank	1	6.3	0.9
	<b>Total</b>	<b>6</b>	<b>739.3</b>	

## 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 Comm Bank Saudi Arabia	1	62.4	3.2
8	UBS	1	45.0	2.3
9	Alinma Bank	1	16.0	.8
	<b>Total</b>	<b>11</b>	<b>1,981.8</b>	

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The successful completion of two Gulf bond deals last week will give many issuers renewed hope that new issues can get done despite the prospect of rates rising further, bankers said today.

Bahrain in particular garnered an order book of US\$7bn for a US\$1.5bn 6.125% 2023 note, demonstrating that investors are willing to put money to work at the right price.

The pipeline is dominated by financials and government-related entities, DCM bankers said. Most deals are likely to come in September, with Eid celebrations beginning on August 8 and European investors away for the summer for the whole of August.

However, certain issuers can opportunistically tap the market even in the holiday month, one DCM banker said. This includes the likes of National Bank of Abu Dhabi – which issued a bond in August last year – Qatar National Bank, Emirates NBD and Abu Dhabi Commercial Bank, though there are no suggestions that any of them are specifically planning a bond deal.

When September rolls in, financials both debutantes and frequent issuers are expected to return, particularly if the environment improves and the size of the new issue concession shrinks.

If all goes smoothly, the traditional “repeat” issuers will be among those looking to issue bonds, but there are also some outliers eyeing the market, one syndicate banker said.

“Banks from all six GCC nations have mandates or are talking to banks about potential deals,” he said. Traditionally, Gulf FIG issuers tend to be concentrated in Qatar and the UAE.

For example, Kuwait’s Burgan Bank and Gulf Bank are both rumoured to be considering Tier 2 bond issuances, though the latter denied this when contacted by IFR.

In fact, bank capital will continue to be a theme in the second half of 2013, bankers agreed. Commercial Bank of Qatar has already mandated banks for a Tier 1 deal and Doha Bank is considering opting for a hybrid bond rather than a sale of GDRs in London.

“Many of these banks are preparing for expansion and some of them have taken [subordinated] loans from authorities for their capital ratios – this is a key driver for bank capital issuance,” a Gulf-based DCM banker said.

Already Abu Dhabi Commercial Bank and Emirates NBD have issued bank capital to pay back UAE Ministry loans, and others will follow, the banker said.

Government-related entities are also likely to return. Abu Dhabi’s Mubadala is one name that hasn’t been seen in debt markets for over two years and will likely attract a lot of attention if it returns, a second Gulf DCM banker said.

The success of Taqa-backed power project Shuweihat 2 will also encourage other project bonds in the pipeline. Abu Dhabi’s Emirates Aluminium, or Emal, has been prepping itself for a US\$1bn 144A deal for a while now.

However, if rates spike quickly again rising interest rates, then will life will be a bit harder for syndicate officials trying to get EM deals away. Saudi International Petrochemicals Co (Sipchem) said today that its subsidiary INTERNATIONAL METHANOL COMPANY had secured a SR325m (US\$87m) Islamic loan with an option to increase it by another SR200m.

The 10-year deal has been signed with Riyadh Bank, with proceeds set to be used to pay an existing Islamic loan facility. The extra SR200m can be drawn to set up new projects and for general corporate purposes.

The loan has been guaranteed through order notes, a financial instrument that obliges the borrower to pay a sum of money to the creditor under certain circumstances.

The deal has not been guaranteed by Sipchem or any other of IMC’s partners. The loan matures on August 29 2023. Real estate firm EMAAR PROPERTIES today recorded a 10% rise in net profits in the three months up to June 30, adding to the recovery in Dubai’s real estate sector.

Dubai’s largest developer and the builder of the world’s tallest building, the Burj Khalifa, reported a net profit of Dh675m (US\$183.8m) in the second quarter, above analyst estimates and the Dh614m posted in the same period in 2012.

A recovery in property sentiment in Dubai and a slate of new projects in 2013 meant that sales were up 48% to Dh3.1bn. NATIONAL BANK OF ABU DHABI has appointed Rafi Ahmed as its head of global financial markets, Europe to expand the division’s services in the region.

Ahmed will be based in the NBAD London branch to lead the development of financial markets product and services for Middle East and North Africa clients and also expand NBAD’s European clients’ access to MENA markets.