IFR GULF CAPITAL MARKETS BRIEFING

JANUARY 17 2013

PROJECT FINANCE FULL YEAR 2012

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Saudi British Bank	4	702.1	11.9
2	National Commerical Bk	3	642.1	10.9
3	Arab National Bank	2	457.6	7.7
4	Commercial Bank of Qatar	1	338.8	5.7
=4	Barwa Bank QSC	1	338.8	5.7
=4	QInvest LLC	1	338.8	5.7
7	Riyadh Bank	3	304.5	5.2
=7	Saudi Hollandi Bank	3	304.5	5.2
9	First Gulf Bank	2	292.3	4.9
10	Arab Bank	1	272.3	4.6
	Total	**10**	**5,915.3**	

PROJECT FINANCE FULL YEAR 2011

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Sumitomo Mitsui Finl Grp	6	625.9	6.8
2	Mizuho Financial Group	4	454.6	4.9
=2	Mitsubishi UFJ Financial Grp	4	454.6	4.9
4	Standard Chartered	3	418.9	4.5
5	KfW Bankengruppe	3	401.1	4.3
6	Samba Financial Group	3	398.7	4.3
7	Saudi British Bank	2	369.2	4.0
=7	Banque Saudi Fransi	2	369.2	4.0
9	Qatar Islamic Bank SAQ	1	283.3	3.1
=9	Masraf Al Rayan	1	283.3	3.1
=9	Barwa Bank QSC	1	283.3	3.1
	Total	**10**	**9,277.3**	

Gulf-focused bankers have spent the last two weeks pleading with issuers to take advantage of benign conditions for primary debt issuance. Finally, their pleas have been heard, although it was a couple of unexpected deals that opened the market.

QATAR NATIONAL BANK (Aa3/A+/A+) made its debut in the Swiss market on Thursday with a swiftly executed short-dated floating rate note that took advantage of an attractive basis swap.

The state-owned bank had been looking at the franc as a possible diversification opportunity for some time.

After a quick 45-minute soft-sounding, books opened for a minimum SFr250m 23-month floating rate note.

Swift and solid demand led the bank to upsize to SFr300m, and the deal priced at par to give a 40bp over three-month Libor coupon and discount margin. Books were only open for 45 minutes.

The deal was led by *UBS* as joint lead and bookrunner, with *QNB* as joint lead.

Institutional accounts dominated, as expected for this type of instrument. Treasury accounts took 65%, money market funds 30%, asset managers 3% and private banks/retail accounts 2%.

Nearly 30 investors took part, with an average ticket size of just over CHF10m.

"QNB is an extremely strong regional credit which caters to the current bid from Swiss investors for geographical diversification. It has a strong credit rating and offers a yield pick-up when compared with Western peers, at a time when Swiss investors are looking for yield," said James Sadler, Director, CEEMEA DCM at UBS.

"There is a general desire among Middle East issuers to diversify their sources of funding, both in terms of the type of instrument and the currency; with this market backdrop a trade such as QNB's suits both issuers' and investors' objectives very well," he added.

Investors were also keen to reinvest monies freed up by maturing floating rate paper, of which there is a fairly hefty amount coming due in January and February.

At the Swiss franc Libor plus 40bp level, bankers away from the deal agreed that the basis swapped level in US dollars looked like plus 74bp.

The nearest comparable dollar denominated deal from QNB is the USD1.5bn 3.125% November 2015, 10 months longer than the Swiss FRN. That deal yields around mid swaps plus 120bp on the offer side, according to Tradeweb on Thursday afternoon. EMIRATES airlines raised US$148.55m through a US Exim bank backed transaction.

The airlines carrier completed the deal Wednesday via *BNP Paribas*, pricing the 2025 secured notes at par to yield 1.684%.

US investors bought the deal to get a bit of additional yield on bonds that effectively have a US government guarantee, a lead banker said.

The structure is slightly less attractive these days as mid-swap levels and Treasury yields have fallen far, the recent spike notwithstanding, he said, and the buyer base is shrinking. However, there were enough people familiar with the credit.

"They've done these deals before so people know the product and it's government-guaranteed," he said. "The only concern is the liquidity, it's an amortising product."

As a result, leads had to offer at a premium to the curve. Final pricing was at 52bp over swaps.

Emirates was last in the market last year when it sold enhanced equipment trust certificates (EETCs) to raise US$587.5m via Goldman Sachs to buy aircraft.

As IFR reported this week, bankers flagged the company up as one of the potential market openers.

The company has said in the past that it wants to raise US$5bn every year, one banker said. A lot of that will be through ECA funding, bilateral loans and aircraft financing he said.

"I can't see them doing a senior unsecured deal anytime soon," he said. Six international consortiums have been selected to bid for Abu Dhabi's ninth independent water and power project, with the winner expected to be chosen by mid 2013, a senior official of the emirate's utility said on Thursday, reported Reuters.

EDITORIAL ENQUIRIES

Abhinav Ramnarayan, Reporter
+44 (0)20 7369 7707
abhinav.ramnarayan@thomsonreuters.com

Davide Scigliuzzo, Reporter
+44 (0)20 7542 2269
davide.scigliuzzo@thomsonreuters.com

Sudip Roy, Editor
+44 (0)20 7542 4617
sudip.roy@thomsonreuters.com

SUBSCRIPTION ENQUIRIES

EMEA
+44 (0)20 7369 7317
rm.emeasales@thomsonreuters.com

ASIA-PACIFIC
+852 3762 3336
rm.apsales@thomsonreuters.com

JAPAN
+813 4589 2311
rm.apsales@thomsonreuters.com

US
+646 223 6123
rm.ussales@thomsonreuters.com

CLIENT SUPPORT

+800 8727 8326
(please dial first your int'l prefix number or int'l access code before the above number)
rm.clientsupport@thomsonreuters.com

ADVERTISING

EMEA, US
+44 (0)20 7369 7556
leonie.welss@thomsonreuters.com

ASIA-PACIFIC
+65 9755 5031
shahid.hamid@thomsonreuters.com

The selected developer will take a 40% stake in a special purpose company in which the Abu Dhabi Water & Electricity Authority (Adwea) will hold the rest, Adwea general director Abdulla Saif al Nuaimi said.

The 1,500-megawatt (MW) and 55 million gallon per day Mirfa plant will be located on the Gulf coast 160km from Abu Dhabi.

The six pre-qualified consortiums are led by Japan's Marubeni, GDF-Suez, Singapore's SembCorp, Japan's Sumitomo Corporation, France's EDF and Korea's Doosan Heavy Industries. BNY Mellon's *Giambattista Atzeni* has been appointed as the chairman of the GULF BOND & SUKUK ASSOCIATION's steering committee.

Atzeni, who is a vice president covering MENA and Turkey for BNY Mellon, succeeds Michael Dell who held the position last year.

The trade association aims to promote the Arabian Gulf bond and sukuk market to a wider audience across the world. It also looks to bring international best practice to the Middle East region.