

Higher Yields and Rising Oil Prices Drive Market Volatility

Sector Weighting:
MARKET WEIGHT

GCC Fixed Income Outlook

GCC fixed-income markets came under renewed pressure in 3Q26 as the June 2026 US-Iran memorandum of understanding expired in August 2026 and geopolitical tensions re-escalated, with the US reimposing a naval blockade on Iranian ports and shipping attacks continuing in the Strait of Hormuz. The US rejection of Iran's ceasefire proposal in late September further heightened uncertainty, while rising US Treasury yields and a hawkish shift by the Federal Reserve added pressure to GCC fixed-income markets. According to Fitch Ratings, as of 21st August 2026, the yield spread on Abu Dhabi's 10-year US dollar sovereign bonds widened to 48 bps, from 27 bps in January 2026, while the UAE corporate US dollar curve spread over US Treasuries rose to 115 bps, above both its pre-conflict level of 79 bps and the March 2026 peak of 108 bps. This indicates that investors continue to demand a higher risk premium, particularly for corporate issuers. GCC sovereign yields also rose, with Abu Dhabi's 10-year yield climbing to c. 5.2% from c. 4.5% in January 2026. Pressure on yields intensified in September 2026, as the US Federal Reserve raised its policy rate by 25 bps to 3.75%–4.00% on 16th September 2026, its first hike since 2023, and its projections signalled one more increase in late 2026. Despite higher borrowing costs, investor demand for high-quality GCC paper remained resilient, with Saudi Arabia's USD 3.25 Bn international sukuk priced at 70–80 bps over US Treasuries and drew orders of c. USD 16.5 Bn, more than five times the offering size. Looking ahead, the GCC fixed-income outlook remains cautious. Yields are expected to stay elevated due to high US Treasury yields, further Fed tightening and continued interest rate volatility, while the absence of a US-Iran settlement and further escalation in the Strait of Hormuz pose additional downside risks to spreads and market access.

The GCC primary debt market remained active in September 2026, as Gulf borrowers returned to the sukuk market after a period of conflict-driven volatility, with issuance spanning sovereigns, financial institutions and multilateral borrowers. Sovereign activity was led by Saudi Arabia's USD 3.25 Bn two-tranche international sukuk, comprising USD 1.25 Bn due 2031 and USD 2.0 Bn due 2036. The National Debt Management Center also allocated SAR 1.64 Bn (USD 437 Mn) under its domestic sukuk programme across six tranches maturing between 2029 and 2041, down from SAR 9.52 Bn in August 2026. Oman allocated OMR 42.0 Mn through Treasury bills during September 2026, comprising OMR 40.0 Mn of 91-day bills and OMR 2.0 Mn of 182-day bills, at average yields of 3.85% and 3.96%, respectively. In the UAE, the Ministry of Finance launched its second Sovereign Retail T-Sukuk, a five-year AED 50 Mn issuance at a 5.06% profit rate, while Sharjah Islamic Bank raised USD 500 Mn through a five-year Sukuk priced at a 5.85% profit rate, equivalent to 105 bps over five-year US Treasuries. Kuwait International Bank pricing its inaugural USD 500 Mn five-year senior unsecured sukuk at a 5.50% profit rate, equivalent to 95 bps over five-year US Treasuries, under its USD 1.5 Bn Sukuk Programme, while Boubyan Bank raised KWD 90 Mn (c. USD 292 Mn) through a perpetual AT1 sukuk at a 5.50% profit rate. Arab National Bank also issued a USD 750 Mn perpetual non-call 5.5-year AT1 sukuk priced at 6.50%. At the multilateral level, the Islamic Development Bank priced a USD 1.5 Bn five-year sukuk at SOFR Mid Swap +48 bps, while IILM reissued USD 2.6 Bn of short-term sukuk through two auctions of USD 1.353 Bn and USD 1.261 Bn, each comprising six tranches, bringing its total 2026 Sukuk issuance to USD 22.1 Bn.

The US Federal Reserve raised the target range for the federal funds rate by 25 bps to 3.75%-4.00% at its recent September 2026 meeting, citing elevated inflation and resilient economic activity. The US 10-year Treasury yield increased from 4.75% at the start of September to 5.28% at month-end, reaching its highest level since 2007. Meanwhile, the 5-year CDS widened across all GCC countries. The S&P Global UAE PMI rose to 55.3 in August 2026 from 52.7 in July, indicating a faster expansion in private-sector activity, supported by stronger new orders and output growth, improving export demand and easing supply-chain pressures. Input-cost inflation moderated, although employment declined for the second time in three months amid regional uncertainty. Business confidence also improved to its highest level since April, supported by stronger sales,

construction activity and expectations of easing regional tensions. The UAE recorded 3.0% YOY growth in real GDP in 1Q26, with non-oil GDP expanding 4.8% YOY. According to CBUAE, the UAE economy is expected to maintain sustained positive momentum, with overall real GDP growth projected at 1.6% in 2026 and 10.4% in 2027. In Saudi Arabia, the PMI rose to 53.8 in August 2026 from 53.1 in July 2026, marking a six-month high and the fifth consecutive month of expansion in the non-oil private sector. Output and new orders strengthened, although export orders declined amid regional tensions, while employment increased modestly and backlogs fell for the third consecutive month. Supply-chain conditions continued to improve, supporting faster input purchasing, while inflationary pressures remained elevated despite some moderation. Output price growth eased to its slowest pace since March as competition constrained pricing power. Business confidence rebounded to a seven-month high, supported by resilient demand, fiscal support and ongoing development projects. Furthermore, Saudi Arabia's real GDP contracted 4.7% YOY in 2Q26, primarily due to a 24.8% decline in oil activity, as crude oil production fell 27.4% to 6.7 Mn bpd, more than offsetting 0.9% growth in non-oil activity. Average CPI increased 1.7% YOY in 2Q26, driven by higher prices for personal care, social protection and miscellaneous goods and services, as well as housing and utilities. Meanwhile, actual budget expenditures rose 11.0% YOY and revenues increased 12.3% YOY in 2Q26. Commodity exports grew 4.1% YOY to SAR 286.0 Bn in 2Q26, supported by a 9.1% increase in oil exports, while non-oil exports excluding re-exports declined 9.6%; imports fell 5.2% YOY to SAR 224.5 Bn. In August 2026, CPI inflation edged up to 1.8% YOY, mainly due to a 3.9% increase in housing, water, electricity, gas and other fuels, while MOM inflation stood at 0.1%. In Bahrain's annual inflation remained at 3.0% in August 2026, unchanged from July 2026 and the highest level since December 2022. Price pressures strengthened across food & non-alcoholic beverages, recreation & culture, and miscellaneous goods & services, while deflation eased in alcoholic beverages & tobacco, housing & utilities, household furnishings, and communication. Meanwhile, inflation moderated in transport and restaurants & hotels, whereas clothing and footwear recorded a deeper decline in prices. Inflation remained unchanged in education and health, while monthly consumer prices eased to 0.2% in August 2026 from 0.3% in July 2026. Meanwhile, in Oman, according to the National Centre for Statistics and Information (NCSI), inflation rose to 3.4% YOY in August 2026 from 3.2% in July, driven mainly by higher transport with 8.5% YOY price increase and food and non-alcoholic beverage with 7.0% YOY price increase. Average inflation stood at 2.9% during January to August 2026. In addition, Oman's economy expanded 5.1% YOY in 2Q26, accelerating from 1Q26, supported by strong growth in oil and gas activity despite relatively subdued expansion in the non-oil sectors. The Central Bank of Oman forecasts real GDP growth of 4.0% in 2026, up from 2.4% in 2025, while the IMF expects growth of c. 3.7% for 2026, primarily supported by higher oil production. According to Qatar's National Planning Council, non-hydrocarbon GDP grew 2.6% YOY in 2Q26, demonstrating resilience despite regional disruptions to trade routes and global supply chains. Growth was broad-based, led by real estate, financial & insurance activities, wholesale & retail trade, and construction. In contrast, hydrocarbon GDP declined 50.7% YOY in 2Q26, reflecting regional constraints affecting shipping and exports. Qatar CPI rose 0.71% MOM in July 2026, with the largest increase in recreation, sport & culture, followed by restaurants & accommodation services.

Gold Outlook

Gold prices decreased 6.58% MOM in September 2026, closing the month at 4,156.16 USD per ounce. The monthly decline was driven primarily by growing expectations of US rate hikes, with a stronger US dollar and higher Treasury yields weighing on gold. In addition, the rising oil prices amid Middle East tensions increased inflation concerns, further strengthening expectations of tighter US monetary policy. At the beginning of the month, gold prices came under pressure as tensions in the Middle East pushed oil prices higher, raising concerns over inflation and increasing expectations of US rate hikes. Gold subsequently recovered as weaker US dollar and lower treasury yields improved the appeal, while investors positioned ahead of the US jobs report for indications on the interest rate outlook. The precious metal remained supported towards the end of the week as expectations of a September Fed rate hike eased ahead of the US jobs report. In the second week, gold prices initially declined as stronger US employment data increased expectations of a September rate hike, while rising oil prices raised concerns over inflation. Gold prices subsequently recovered as the US dollar weakened, but fell sharply again as markets awaited key US inflation data for further direction on the Federal Reserve's policy outlook. Towards the end of the week, the precious metal edged higher, supported by a weaker dollar, but declined on a weekly basis as stronger rate hike

expectations and elevated oil prices continued to weigh on gold prices. During mid-month, gold prices remained under pressure as expectations of a US rate hike strengthened ahead of the Federal Reserve's policy meeting, while a strong US dollar and elevated oil prices added to the headwinds. The precious metal subsequently recovered after the Fed raised interest rates, as the decision was largely priced in, while a weaker US dollar and lower oil prices reduced pressure on the metal. Gold extended the recovery towards the end of the week as lower oil prices and a subdued dollar provided continued support. Post mid-month, gold prices initially held steady as investors balanced Middle East tensions against the US interest rate outlook. The precious metal subsequently came under pressure as comments from Fed officials pointed towards a more restrictive policy path, while a stronger US dollar further reduced the metal's appeal. Gold prices remained subdued as expectations of additional rate hikes increased, with investors pricing in further monetary tightening. Towards the end of the week, gold prices stabilised, but remained lower on a weekly basis as the stronger dollar and expectations of higher US interest rates continued to weigh on the precious metal. During the end of the month, gold prices fell sharply to a seven-week low as higher Treasury yields and a stronger US dollar strengthened expectations of further US rate hikes, while rising oil prices added to inflation concerns. Gold subsequently recovered modestly as investors turned their attention to upcoming US economic data for further clues on the Federal Reserve's interest rate outlook, but eased again at month-end following the sharp sell-off. Overall, gold ended the month well below its August closing level.

Oil Outlook

Oil prices rose 14.4% MOM in September 2026 to USD 103.53 per barrel, driven by heightened US-Iran tensions and concerns over supply disruptions through the Strait of Hormuz. Brent briefly crossed USD 100 per barrel amid escalating attacks and shipping disruptions, while attacks on Saudi energy infrastructure further heightened supply concerns. Prices subsequently eased as hopes of diplomatic progress and recovering crude shipments reduced immediate supply fears. However, prices remained volatile as reports of potential US-Iran talks offered temporary relief, while continued vessel attacks and limited progress toward a ceasefire kept supply risks elevated. Toward month-end, higher crude exports and a gradual recovery in Hormuz shipments provided some relief. Nevertheless, prices rebounded as the lack of progress in US-Iran negotiations and persistent geopolitical risks continued to support the market.

Our Top Bond/Sukuk Picks:

Top Bond Picks

S No.	Issuer Name	Ticker	ISIN	Yld to Mty (Mid)	Amt Out	Fitch Rating	Moody Rating	S&P Rating	Country of Risk	Coupon	Maturity
1	DP World Ltd/United Arab Emirates	DPWDU	XS1883879006	7.36	1,300,000,000	BBB+	Baa2	N/A	AE	5.625	9/25/2048
2	DP World Ltd/United Arab Emirates	DPWDU	XS0308427581	6.91	1,750,000,000	BBB+	Baa2	NR	AE	6.85	7/2/2037
3	Saudi Government International Bond	KSA	XS1791939736	6.86	3,500,000,000	A+	Aa3	N/A	SA	5	4/17/2049
4	Oman Government International Bond	OMAN	US682051AJ69	6.84	2,750,000,000	BBB-	Baa3	N/A	OM	6.75	1/17/2048
5	Finance Department Government of Sharjah	SHJGOV	XS2775892065	6.67	1,000,000,000	N/A	Ba1	BBB-	AE	6.125	3/6/2036
6	Saudi Electricity Sukuk Programme Co	SECO	XS2608638602	6.62	1,500,000,000	A+	Aa3	N/A	SA	5.684	4/11/2053
7	Abu Dhabi Government International Bond	ADGB	XS2811094213	6.51	1,750,000,000	AA	N/A	AA	AE	5.5	4/30/2054
8	MDGH GMTN RSC Ltd	MUBAUH	US44985GAE17	6.50	750,000,000	AA	Aa2	AA	AE	6.875	11/1/2041
9	Finance Department Government of Sharjah	SHJGOV	US38381CAE21	6.45	1,000,000,000	N/A	Ba1	BBB-	AE	6.5	11/23/2032
10	National Bank of Ras Al-Khaimah PSC/The	RAKBNK	XS3430669450	6.24	600,000,000	BBB+	Baa1	N/A	AE	5.375	7/7/2031

Data Source: Bloomberg

Top SUKUK Picks

S No.	Issuer Name	Ticker	ISIN	Yld to Mty (Mid)	Amt Out	Fitch Rating	Moody Rating	S&P Rating	Country of Risk	Coupon	Maturity
1	Saudi Electricity Sukuk Programme Co	SECO	XS2608638602	6.62	1,500,000,000	A+	Aa3	N/A	SA	5.684	4/11/2053
2	Saudi Electricity Global Sukuk Co 3	SECO	XS1054250318	6.53	1,000,000,000	A+	Aa3	A+	SA	5.5	4/8/2044
3	Aldar Investment Properties Sukuk Ltd	ALDAR	XS2816816305	6.12	645,000,000	N/A	Baa1	N/A	AE	5.5	5/16/2034
4	Esic Sukuk Ltd	ESICSU	XS2747181613	6.20	700,000,000	N/A	Baa3	N/A	AE	5.831	2/14/2029
5	Sharjah Sukuk Program Ltd	SHARSK	XS2914525154	6.19	1,000,000,000	N/A	Ba1	BBB-	AE	5.433	4/17/2035
6	SRC Sukuk Ltd	SRCSTK	XS3422176480	6.15	1,500,000,000	A+	Aa3	N/A	SA	5.375	7/14/2036
7	EDO Sukuk Ltd	ENEDEV	XS3037926865	6.15	850,000,000	BBB-	N/A	BBB-	OM	5.14	1/22/2036
8	Suci Second Investment Co	PIFKSA	XS3281731821	6.06	2,000,000,000	A+	Aa3	N/A	SA	5.133	1/28/2036
9	Mazoon Assets Co SAOC	MAZOOM	XS2907977131	6.09	750,000,000	BBB-	Ba1	N/A	OM	5.25	10/9/2031
10	KSA Sukuk Ltd	KSA	US48266XAK19	5.86	2,250,000,000	A+	Aa3	N/A	SA	5.25	6/4/2034

Data Source: Bloomberg

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MENA credit outlook

Oman raised OMR 26.9 Mn through treasury bill issuance

The Central Bank of Oman, on behalf of the Government, issued OMR 26.9 Mn (USD 69.94 Mn) in treasury bills across three tranches. The issuance comprised OMR 20.4 Mn of 91-day bills at an average yield of 3.84%, OMR 5.5 Mn of 182-day bills at 3.96%, and OMR 1.0 Mn of 364-day bills at 3.95%. The issuance is intended to support government operating expenses while providing commercial banks with an avenue to invest surplus funds.

Kuwait International Bank launched five-year USD benchmark sukuk

Kuwait International Bank (KIB) mandated a five-year senior unsecured fixed-rate USD benchmark sukuk under KIB Sukuk Limited's USD 1.5 Bn Trust Certificate Issuance Programme. Citi and Standard Chartered were appointed as joint global coordinators, alongside a group of banks acting as joint lead managers and bookrunners. The issuance follows KIB's final approval from the Central Bank of Kuwait in August to issue up to USD 600 Mn in senior unsecured sukuk.

Kuwait International Bank raised USD 500 Mn through five-year sukuk

Kuwait International Bank (KIB) raised USD 500 Mn through a five-year senior unsecured sukuk issued at par with a fixed coupon of 5.502%, payable semi-annually. The Wakala and Murabaha-structured sukuk carried a yield of 5.502% and a reoffer spread of T+95 bps, with the final orderbook exceeding USD 1 Bn, excluding joint lead manager interest. The sukuk was issued on September 10, 2026, matures in 2031 and is listed on the London Stock Exchange's International Securities Market. The issuance was conducted under KIB Sukuk Limited's USD 1.5 Bn Trust Certificate Issuance Programme.

Arab National Bank raised USD 750 Mn through AT1 sukuk

Arab National Bank (ANB) raised USD 750 Mn through a Regulation S perpetual Additional Tier 1 (AT1) sukuk with a 5.5-year non-call period, issued at par with a fixed coupon of 6.50%, payable semi-annually. The sukuk was priced at a yield of 6.50% and a reset margin of 191.7 bps, compared with initial price guidance of 6.875%, while the orderbook exceeded USD 3 Bn excluding joint lead manager interest. The certificates will be issued under ANB's USD 3 Bn Additional Tier 1 Capital Certificate Issuance Programme through ANB Tier 1 Sukuk Company Limited, with ANB acting as obligor, and will be listed on the London Stock Exchange's International Securities Market.

Saudi Arabia raised USD 3.25 Bn through dual-tranche sukuk

Saudi Arabia completed a USD 3.25 Bn dual-tranche US dollar sukuk issuance, consisting of USD 1.25 Bn in five-year sukuk at T+70 bps and USD 2 Bn in 10-year sukuk at T+80 bps. The tranches carried fixed coupons of 5.257% and 5.598%, respectively, and were issued at par, following initial pricing guidance of T+100 bps and T+110 bps. Investor demand exceeded USD 13.5 Bn, excluding joint lead manager interest, with more than USD 6 Bn allocated to the five-year tranche and over USD 7.5 Bn to the 10-year tranche. The proceeds are anticipated to be used for general domestic budgetary purposes, and the sukuk are listed on the London Stock Exchange's Main Market.

Islamic Development Bank priced USD 1.5 Bn five-year sukuk

The Islamic Development Bank (IsDB) raised USD 1.5 Bn through a five-year senior unsecured US dollar sukuk under its USD 25 Bn Trust Certificate Issuance Programme. The sukuk was priced at 48 bps over the five-year SOFR mid-swap rate, tightening from initial price thoughts of around 50 bps, following orders exceeding USD 2.75 Bn, including USD 250 Mn from joint lead

managers. The fixed rate sukuk will be paid semi-annually and listed on the London Stock Exchange's International Securities Market, Euronext Dublin and Nasdaq Dubai.

Saudi Arabia's USD 3.25 Bn sukuk highlighted DCM resilience

Saudi Arabia's debt capital market is expected to maintain its expansion through 2027, supported by funding diversification, fiscal requirements and financing needs linked to Vision 2030 projects. The Kingdom's latest USD 3.25 Bn dual-tranche sukuk attracted more than USD 16.5 Bn in orders, highlighting continued investor demand, while sukuk represented c.61% of Saudi Arabia's outstanding debt capital market at end-1H26. According to Fitch, more than 98% of Fitch-rated sukuk outstanding in Kingdom were investment grade, with all rated issuers maintaining Stable Outlooks at end-1H26. Moreover, Sukuk issuance reached c. USD 9.5 Bn during July and August, driven by transactions from sovereign and financial institution issuers

Al Rajhi Bank raised USD 600 Mn through Tier 2 social sukuk

Al Rajhi Bank raised USD 600 Mn through a Regulation S Tier 2 social sukuk with a 10.5-year maturity and a 5.25-year non-call period. The sukuk was issued at par with a 6.232% profit rate and priced at UST +170 bps, tightening from initial price thoughts of UST +200 bps. The transaction attracted final orders exceeding USD 1.25 Bn, excluding joint lead manager interest, after reaching more than USD 1.85 Bn at its peak. The sukuk will be listed on the London Stock Exchange's International Securities Market.

Mashreqbank completed USD 500 Mn five-year bond issuance

Mashreqbank raised USD 500 Mn through a five-year Regulation S senior unsecured bond under its USD 5 Bn Euro Medium Term Note Programme. The bond carries a fixed coupon of 5.625%, payable semi-annually, with a yield of 5.736% and a reoffer price of 99.523%. The spread was tightened to 115 bps over US Treasuries from initial price thoughts of 145 bps, while investor orders surpassed USD 925 Mn, including USD 50 Mn from joint lead managers. The bond matures on September 16, 2031 and is rated A by Fitch and S&P.

DP World priced EUR 750 Mn green notes and USD 750 Mn conventional bonds

DP World priced a dual-tranche bond offering comprising EUR 750 Mn of six-year green notes and USD 750 Mn of 10-year conventional notes. The euro notes were issued with a 4.750% annual coupon at 150 bps over mid-swaps, generating a 4.883% yield, while the USD notes carry a 6.250% coupon and a 6.347% yield at a spread of 150 bps over US Treasuries. Pricing was tightened from initial guidance of 175 bps over the respective benchmarks, with orders exceeding EUR 1.5 Bn and USD 1.3 Bn, respectively, excluding joint lead manager interest. The securities will be listed on the London Stock Exchange's International Securities Market and Nasdaq Dubai.

First Abu Dhabi Bank launched benchmark-sized five-year USD bond

First Abu Dhabi Bank (FAB) launched a benchmark-sized Reg S-only senior unsecured USD bond with a five-year maturity under its USD 30 Bn Euro Medium Term Note (EMTN) Programme. The issuance is expected to be rated Aa3 by Moody's and AA- by S&P and Fitch, with all three ratings carrying Stable Outlooks. The initial price thoughts were set at around T+115 bps over US Treasuries, with the bonds scheduled to mature on September 15, 2031 and be listed on the London Stock Exchange's Main Market.

IILM sukuk was 2.38x oversubscribed

The International Islamic Liquidity Management Corporation (IILM) completed a USD 1.261 Bn sukuk reissuance under its USD 8.5 Bn Sukuk Programme, attracting total orders of c. USD 3.0 Bn and resulting in an oversubscription of 2.38x. The transaction included six short-dated tranches ranging from two weeks to one year, with yields ranging from 4.00% to 4.50%. The sukuk were placed globally through 16 primary dealers, comprising financial institutions across the Qatar, Turkey, Oman, UAE, Kuwait, Nigeria, Malaysia and the UK.

Sharjah Islamic Bank raised USD 500 Mn through 5-year sukuk issuance

Sharjah Islamic Bank (SIB) completed a USD 500 Mn five-year Regulation S senior unsecured Wakala sukuk issuance under its USD 3 Bn Trust Certificate Issuance Programme. The sukuk was issued at par with a 5.85% periodic distribution rate and priced at 105 bps over five-year US Treasuries, narrowing from initial guidance of around UST +135 bps. The transaction attracted more than USD 1.2 Bn in investor orders, excluding joint lead manager interest. SIB Sukuk Company III acted as the issuer, with SIB serving as the obligor, while the sukuk is set to be listed on Euronext Dublin and Nasdaq Dubai.

Boubyan Bank priced KWD 90 Mn perpetual AT1 sukuk at 5.50%

Boubyan Bank secured KWD 90 Mn (USD 292 Mn) through a Kuwait-denominated perpetual Additional Tier 1 (AT1) sukuk with a fixed coupon of 5.50%. The Mudaraba-structured sukuk carries a BBB- rating, with Boubyan Tier 1 Sukuk II Limited acting as issuer. Kamco Investment Company was appointed as mandated lead manager, while Boubyan Capital Investment Company acted as co-manager. The transaction follows regulatory approvals obtained in August for an AT1 sukuk issuance of up to KWD 100 Mn.

Ahlibank mandated banks for five-year USD bond issuance

Ahlibank is preparing a five-year fixed-rate US dollar Regulation S bond under its updated USD 2 Bn Medium Term Note Programme. The issuance will be conducted through ABQ Finance SPC, a wholly owned special purpose company of the bank, with Ahlibank providing the guarantee. Deutsche Bank, Barclays Bank, Goldman Sachs, JP Morgan, QNB Capital, Mizuho International and Standard Chartered have been appointed as joint lead managers. The bank carries ratings of A from Fitch and A2 from Moody's, both with Stable Outlooks.

Qatar priced USD 3 Bn through dual-tranche bond issuance

Qatar raised USD 3 Bn through its first public debt issuance of the year, comprising a dual-tranche senior unsecured US dollar bond offering of USD 1 Bn in five-year notes and USD 2 Bn in 10-year notes. The five-year tranche was priced at T+55 bps over US Treasuries, tightening from initial price thoughts of T+85 bps, with a 5.25% coupon, reoffer price of 99.437 and yield of 5.38%. The 10-year tranche was priced at T+65 bps, compared with initial guidance of T+95 bps, and carries a 5.375% coupon, reoffer price of 98.197 and yield of 5.613%. The transaction attracted combined orders of USD 6.4 Bn, with the five-year and 10-year tranches receiving more than USD 2.4 Bn and USD 4 Bn, respectively, excluding joint lead manager interest. The bonds will be issued under Qatar's Global Medium Term Note Programme, and will be listed on the London Stock Exchange's Main Market.

AIR Limited launched USD Regulation S senior notes

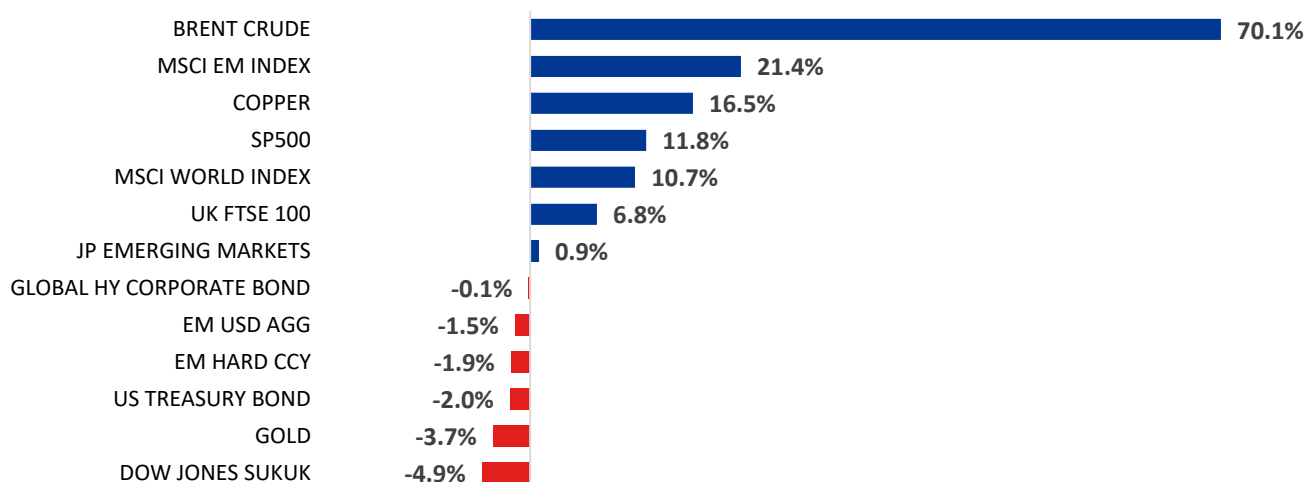
AIR Limited, a Dubai-based distributor of shisha and tobacco products, launched a Regulation S US dollar bond offering of expected USD 400 Mn. The proposed senior unsecured notes will benefit from a guarantee by AIR Global, the company's Nasdaq-listed parent. Proceeds from the issuance are intended to refinance outstanding term loan and revolving credit

facilities, including associated interest, premiums, fees and expenses, with any remaining proceeds to be used for general corporate purposes. Citi and Goldman Sachs International are serving as joint global coordinators and joint bookrunners, while Deutsche Bank and Cantor Fitzgerald are acting as joint lead managers and bookrunners. Moody's has assigned a Ba3 instrument rating to the proposed notes.

Global Asset Performance

Global asset classes delivered mixed performance during September 2026, with a sharp sell-off in fixed income and a significant rise in oil prices driving cross-asset volatility. Shifting monetary policy expectations, renewed inflation concerns and elevated fiscal risks pushed global bond yields higher, while continued geopolitical tensions and supply disruptions supported energy prices. Equity markets also remained under pressure, although emerging markets proved relatively more resilient than developed markets. The MSCI Emerging Markets Index declined 0.8% MOM, reflecting weaker performances across China and India, while the MSCI World Index declined 1.3% MOM, weighed by weakness in France FR 40. Fixed income was the weakest-performing major asset class during the month, as a broad-based rise in global bond yields pressured government and credit markets. Strong economic activity, persistent inflation concerns, higher energy prices and growing fiscal pressures reinforced expectations that interest rates could remain elevated for longer. The Bloomberg Global Aggregate Bond Index declined 3.2% MOM, while the J.P. Morgan EMBI and EM USD Aggregate Bond Index declined 2.1% and 2.9% MOM, respectively. US Treasuries declined 1.9% MOM, with front-end yields edging higher following comments from Fed Chair Warsh that recent US inflation data had not shown meaningful improvement. At the longer end, the 30-year Treasury yield declined over the month after briefly reaching its highest level since 2007, following the US Treasury's announcement that it would at least double the pace of longer-dated bond buybacks from September. Credit markets also weakened, with the Dow Jones Sukuk Index declining 2.6% MOM and global high-yield corporate bonds declining 3.0% MOM, reflecting the broader pressure across fixed-income markets. Within commodities, Brent crude was the strongest-performing major asset, increasing 14.4% MOM as renewed geopolitical tensions and disruptions to Middle Eastern supply routes raised concerns over global energy availability. The sharp increase in oil prices also reinforced inflation concerns and contributed to upward pressure on global bond yields. Copper increased marginally by 0.4% MOM, supported by continued demand from AI infrastructure and electrification alongside tight supply conditions. Gold declined 6.3% MOM, as higher real yields and a stronger US dollar reduced demand for the non-yielding asset despite ongoing geopolitical uncertainty. Overall, September was characterised by a pronounced sell-off in global fixed income and a sharp increase in energy prices. The combination of higher oil prices, persistent inflation risks and fiscal concerns pushed bond yields higher and weighed on broader risk assets, while market performance remained differentiated across regions and asset classes.

Figure 1: Global Asset Performance (YTD in FY2026)

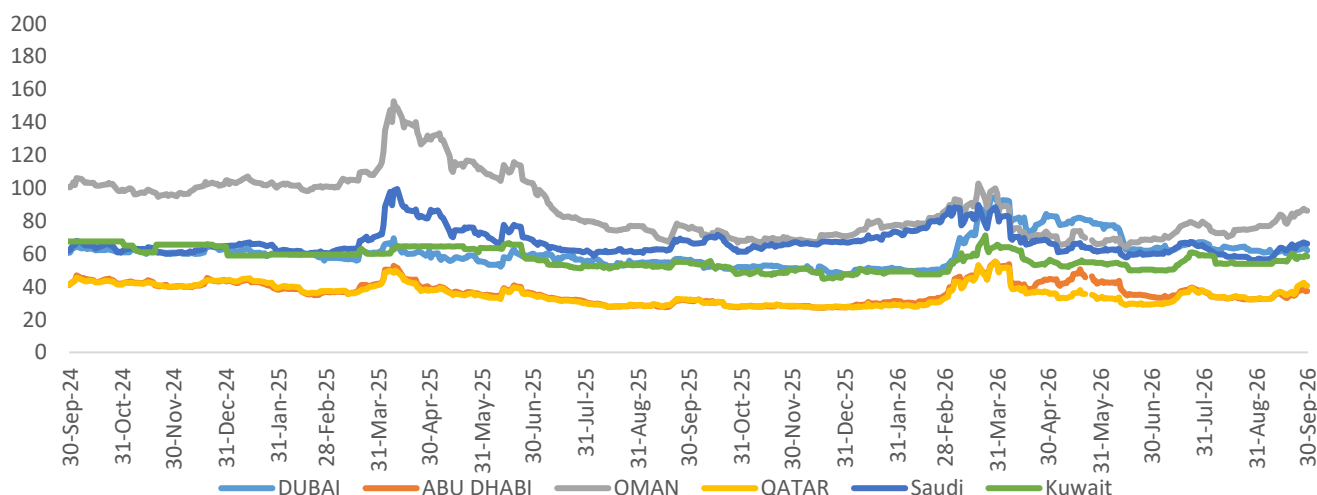


Source: Bloomberg

5-Year CDS

The 5-year CDS spread widened across all GCC countries during September 2026, driven by renewed geopolitical tensions, persistent risks to regional shipping and energy flows, and heightened investor risk aversion. Qatar recorded the highest expansion of 26.03% MOM in September 2026. KSA recorded the second-highest expansion of 18.17% on a MOM basis in September 2026, followed by Abu Dhabi and Oman, which recorded expansions of 14.97% and 13.88%, respectively, on a MOM basis in September 2026. Similarly, Kuwait and Dubai recorded expansions of 8.40% and 0.19%, respectively, on a MOM basis in September 2026.

Figure 2: GCC Countries- 5 Year CDS



Source: Bloomberg

Sovereigns	Dubai	Abu Dhabi	Oman	Kuwait	Qatar	Saudi
MTD (%)	0.19%	14.97%	13.88%	8.40%	26.03%	18.17%

Banking Sector

KIPCO agreed to divest 36.36% stake in JTC Logistics for USD 97 Mn

Kuwait Projects Company (KIPCO) agreed to sell a 36.36% stake in JTC Logistics Transportation & Stevedoring Company to National Petroleum Services Company (NAPESCO) for KWD 30 Mn (USD 97 Mn). The transaction involves 60 Mn shares at 500 fils per share, representing a 16.28% premium to JTC's previous closing price of 419 fils. Following the sale, KIPCO's stake in JTC is expected to decline from 63.19% to 26.83%. NAPESCO will finance the acquisition through a KWD 30 Mn credit facility and KWD 10 Mn in cash, part of which will be used as working capital.

Saudi Investment Bank agreed to sell AmEx Saudi Arabia stake for SAR 1.43 Bn

Saudi Investment Bank (SAIB) entered into an agreement to transfer its 50% holding in American Express Saudi Arabia to Amex (Middle East) for SAR 1.43 Bn (USD 381.4 Mn). The deal is structured as a cash transaction and remains subject to regulatory approvals. SAIB anticipates a gain of c. SAR 792.4 Mn upon completion.

Burgan Bank announced a KWD 50 Mn rights issue to support strategic growth

Burgan Bank launched a KWD 50 Mn (USD 161.4 Mn) rights offering comprising 277.78 Mn new ordinary shares at 180 fils each, including a nominal value of 100 fils and a share premium of 80 fils. The issue provides eligible shareholders with pre-emption rights equivalent to c.7.10% of their existing holdings, with subscriptions open from August 31 to September 14, 2026. The additional capital is intended to strengthen the bank's Kuwait business, reallocate assets and accelerate digital transformation, while supporting capital flexibility and balance sheet efficiency. Kamco Invest is acting as the issuance adviser and subscription agent.

Aldar completed Abu Dhabi's first off-plan mortgage under new framework

Aldar completed the first off-plan mortgage registration in Abu Dhabi under the framework introduced by the Abu Dhabi Real Estate Centre (ADREC), with Abu Dhabi Commercial Bank (ADCB) providing the mortgage financing. Under the framework, buyers who have paid 50% of the property value can secure financing against eligible off-plan units before handover, allowing the bank to fund the outstanding instalments and final handover payment. The initiative provides buyers with greater flexibility and visibility on financing terms during construction, while reducing the need to arrange mortgage funding at handover.

Kuwait's IFA sold 30.3 Mn First Takaful shares for USD 27.6 Mn

International Financial Advisors Holding (IFA) disposed of over 30.3 Mn shares in First Takaful Insurance for c. KWD 8.5 Mn (USD 27.6 Mn), with the shares sold at an average price of 281.8 fils each. Following the disposal, IFA changed the classification of First Takaful from a subsidiary to an associate.

Estithmar Holding acquired 48.68% stake in Syria's Shahba Bank

Estithmar Holding completed the acquisition of a 48.68% interest in Syria's Shahba Bank through its wholly owned subsidiary, Masaref Holding, after securing the required regulatory approvals and meeting the relevant conditions. The investment marks Estithmar's entry into Syria's banking sector, with potential measures being evaluated to strengthen Shahba Bank's capital base, increase its lending capacity and broaden its banking offering. Other initiatives under consideration include expanding

the branch network across several Syrian governorates and enhancing trade finance, payment, remittance and SME-focused services.

OEIHC Withdraws FINCORP Acquisition Proposal

OEIHC has decided against proceeding with its proposed acquisition of the remaining 48.8% stake in Muscat-listed Financial Corporation (FINCORP), following a board-level decision. The move comes after OEIHC issued a non-binding expression of interest in August to acquire full ownership of FINCORP, with no financial terms disclosed for the proposed transaction.

Corporate Sector

SABIC received feedstock approval for 1.8 Mn-tonne methanol plant

SABIC's subsidiary, Saudi Methanol Company (AR-RAZI), secured approval from the Ministry of Energy on September 3, 2026, for the feedstock allocation required to develop a 1.8 Mn-tonne-per-year methanol plant in Jubail. The approval represents a key milestone toward developing the proposed facility. The project is expected to expand SABIC's methanol production capacity and support the Kingdom's petrochemical and downstream sectors. Further details on the project, including the Final Investment Decision (FID), are expected to be announced by the Company as the project progresses.

L'IMAD satisfied conditions for AD Ports Group tender offer

L'imad Holding confirmed that the conditions for its voluntary tender offer to acquire the remaining shares of AD Ports Group have been fulfilled, with only routine notifications to the Capital Market Authority (CMA) and Abu Dhabi Securities Exchange (ADX) pending. The offer provides AED 6.25 in cash per share, with settlement and transfer of the acquired shares to ADQ expected by October 9, 2026. L'imad had launched the offer on August 18, 2026, seeking to acquire up to all outstanding shares it does not already own, implying a potential valuation of c. AED 32 Bn for AD Ports Group.

IHC agreed to acquire 80% stake in Marlan Holding

International Holding Company (IHC) is pursuing the acquisition of an 80% interest in UAE-based Marlan Holding through its wholly owned subsidiary, International Tech Group, subject to regulatory approvals and closing conditions. Financial terms were not disclosed. Marlan Holding owns Marlan Space, which has operations across space systems, autonomous technologies and advanced compute, including Orbitworks, a commercial satellite infrastructure company operated in partnership with Loft Orbital. IHC expects the acquisition to support collaboration between Marlan Space and the Group's technology, data and infrastructure capabilities.

SABIC AN awarded USD 3.5 Bn EPC contract for Jubail ammonia and urea

SABIC Agri-Nutrients Company (SABIC AN) awarded Samsung E&A a USD 3.5 Bn EPC contract for the development of an ammonia and urea complex in Jubail Industrial City after approving the project's Final Investment Decision (FID). The facility will comprise a 1.2 Mn-tonne-per-year ammonia plant, two urea plants with a combined capacity of 2.6 Mn tonnes per year and a carbon capture unit. Construction is expected to commence in 4Q26, followed by commissioning in 3Q30 and commercial operations in 4Q30. The project is expected to raise SABIC AN's annual urea production capacity by 54% to 7.4 Mn tonnes, with the Company considering loans and internal cash flows as potential funding sources.

Space42 and Viasat to invest up to USD 1 Bn in Equatys satellite venture

Space42 and Viasat agreed to establish Equatys as a joint platform for space and ground infrastructure to extend mobile connectivity to areas with limited or no terrestrial coverage. Each company will initially contribute USD 400 Mn in equity, while Space42 is expected to provide a further USD 200 Mn in a subsequent funding round open to third-party investors, taking the founders' potential combined investment to USD 1 Bn. Equatys will focus on satellite-enabled connectivity services for underserved regions and terrestrial coverage gaps, including densely populated urban areas. The venture's establishment, satellite constellation procurement and related definitive agreements remain subject to customary closing conditions.

Etihad Rail and AD Ports strengthened Fujairah-Abu Dhabi freight connectivity

Etihad Rail and AD Ports Group introduced a dedicated freight rail connection between Fujairah Terminals and the Industrial City of Abu Dhabi (ICAD), linking the UAE's East Coast maritime gateway with its industrial hub in Abu Dhabi. The c.200 km service operates three times a week and enables containers arriving at Fujairah Terminals to move directly to ICAD for customs inspection, clearance and cargo release. ICAD has been assigned the UN LOCODE "AECAD", allowing shipping lines, freight forwarders and cargo owners to designate ICAD as the cargo destination and clearance point. The service is expected to reduce cargo handling and road congestion while improving the efficiency of freight movement across Abu Dhabi.

XRG held preliminary talks to acquire minority stake in LNG Canada

ADNOC's investment arm XRG is reportedly evaluating the acquisition of a minority interest in the LNG Canada project through the potential purchase of part of PetroChina's existing 15% holding. LNG Canada is a major liquefied natural gas (LNG) export facility in British Columbia, with Shell holding a 40% stake. The potential transaction is part of Abu Dhabi's efforts to strengthen its position as a major global player in natural gas and clean-burning fuels.

Airtel Money planned London IPO with at least 10% stake sale

Airtel Money plans to offer at least 10% of its existing shares for listing on the Main Market of the London Stock Exchange (LSE). The International Finance Corporation (IFC) has committed up to GBP 67.2 Mn (USD 90 Mn) as a cornerstone investor, with the investment to be made at the final offer price. Airtel Africa currently owns 77.85% of Airtel Money and intends to retain its position as a long-term strategic shareholder following the listing, while Lunate and Qatar Investment Authority (QIA) hold c.2% and c.8%, respectively. The company has 53 Mn monthly active users and recorded USD 213 Bn in annual transaction value, USD 1.35 Bn in revenue, USD 676 Mn in EBITDA and USD 373 Mn in net income.

MAIR Group signed deal to acquire 70% of Espressolab owner

MAIR Group entered into an agreement to purchase a 70% interest in Eslab, the parent company of Turkish specialty coffee chain Espressolab, marking its first overseas acquisition since its 2024 listing on the Abu Dhabi Securities Exchange. The financial terms of the transaction were not disclosed. Espressolab has a network of more than 400 outlets across 21 countries, including over 310 stores in more than 50 Turkish cities. Completion of the transaction is subject to customary regulatory approvals and closing conditions.

Rating Outlook

- **Abu Dhabi's** Long-Term Foreign-Currency Issuer Default Rating (IDR) has been confirmed by Fitch Ratings at 'AA' with a Stable Outlook. The 'AA' grade reflects Abu Dhabi's excellent fiscal and external metrics, as well as a high GDP per capita, which are offset by the country's substantial reliance on hydrocarbons, a weak but developing economic policy framework, and low governance indices when compared to peers. The government debt of Abu Dhabi is the lowest among Fitch-rated sovereigns, while sovereign net foreign assets are among the greatest. Lastly, Moody's assigned Aa2 rating to the UAE government with a stable outlook. This is a testament that depicts the nation's financial and economic vision and policies success and the strength and stability of its economic, financial and credit sectors.
- Fitch revised **Oman's** credit rating to "BBB- "from "BB+" and revised its outlook from **positive to stable**. Fitch cited sustained strengthening of public and external balance sheet and increased confidence in the authorities commitment to fiscal prudence even in a lower oil price environment. Since 2020, Oman has sharply reduced government debt from about 68% of GDP to around 36% in 2025, supported by disciplined fiscal management and policy reforms. Fitch expects moderate budget deficits of around 1% of GDP in 2026–2027, a broadly stable debt trajectory well below the 'BBB' median, and further institutionalization of fiscal discipline through a new medium-term fiscal plan. The rating is supported by relatively high GDP per capita and improved debt metrics, while constraints remain Oman's heavy reliance

on oil revenues and still-modest financial buffers amid hydrocarbon price volatility. Moody's recently upgraded Oman's long-term issuer and senior unsecured ratings to **"Baa3" from "Ba1"**, citing expected enhancements in the country's debt position and improved resilience to lower oil prices. However, Moody's revised the country's outlook to "stable" from "positive", as Oman's fiscal and economic outlook remains exposed to risks stemming from its continued heavy reliance on the hydrocarbon sector and potential declines in global oil demand and prices. S&P Global Ratings upgraded Oman's long-term ratings from 'BB+' to 'BBB-' with a stable outlook due to continued deleveraging of public sector entities. It also raised the short-term ratings on Oman from 'B' to 'A-3', while it revised the transfer and convertibility assessment from 'BBB-' to 'BBB'. The rating upgrade is attributable to the deleveraging balance sheet of the Omani government and several state-owned enterprises (SOEs) coupled with the commitment of the authorities to advance its longer-term structural reform agenda to solidify its economy.

- Moody's revised **Bahrain's** outlook from **"stable" to "negative"**, affirming the country's **B2** rating while citing the strain that regional conflict is placing on the Gulf state's already fragile fiscal and debt position, with disruptions to shipping through the Strait of Hormuz and to regional air travel weighing on Bahrain's oil and aluminium exports as well as its tourism sector, pressures that Moody's warned would further deteriorate government finances and place additional strain on the country's limited foreign-exchange reserves. S&P Global Ratings revised its credit rating outlook on Bahrain from negative to stable. The rating agency affirmed Bahrain's long-term foreign and local currency sovereign credit ratings at 'B' with a stable outlook. The downgrade of the rating is driven by the growing risks to the fiscal position and the government's ability to service and refinance debt. The agency also cited that market volatility and weak financial conditions will lead higher interest burden on the government. It also expects the fiscal deficit to remain elevated due to lower oil prices, ongoing maintenance activity at the key Abu Sa'fah oil field and higher social spending. S&P expects the fiscal deficit to widen to 7.6% of GDP in 2025 compared to 5.8% in 2024. Fitch has recently revised the ratings on Bahrain's long-term foreign currency issuer default rating to B from B+ with an outlook of STABLE from NEGATIVE. The revision in the credit rating is mainly due to mounting fiscal pressures, growing debt levels, coupled with high interest burden and delayed fiscal reforms.
- Fitch Ratings affirmed **Kuwait's** long-term foreign-currency issuer default ratings, or IDR, to 'AA-' with a stable outlook. This is due to the Gulf state's fundamental issues being worsened by continued political limitations on decision-making. Since 2017, the Gulf state has been debating debt legislation, demonstrating the slowness with which decisions are made. Kuwait's debt is expected to climb to about 50% of GDP after the debt law is approved, according to the credit rating agency, up from the current 10%. The Kuwaiti administration has been attempting to adopt new public debt legislation to alleviate the country's liquidity constraints, but the bill has been continually blocked by parliament. S&P Global Ratings upgraded Kuwait's long-term sovereign credit rating to **'AA-'** with a **stable** outlook, reflecting expectations that the government will continue implementing fiscal and monetary reforms under its Vision 2035 strategy.
- **Saudi Arabia's** Long-Term Foreign-Currency Issuer Default Rating (IDR) remained unchanged at 'A+' by Fitch Ratings, with a 'Stable' outlook. The key reasons cited by the rating agency for the rating are strong fiscal and external balance sheet, low government debt and sizable foreign reserve. The growth in the non-oil sector remains robust and the reform momentum is strong, while rising deficit, continued reliance on oil and external borrowing pose challenges. Moody's Investors Service affirmed Saudi Arabia's credit rating outlook at stable, noting the kingdom's continuous progress in economic diversification coupled with the strong growth of its non-oil sector. According to a statement, Moody's maintained the sovereign's rating at Aa3, the fifth-highest rating citing the country's efforts to diversify the economy away from oil. S&P Global Ratings revised Saudi Arabia's outlook from positive to stable. It upgraded KSA's long-term foreign and local currency unsolicited sovereign credit rating from 'A' to 'A+' and affirmed short-term ratings at 'A-1'.
- In January 2024, Moody's upgraded **Qatar's** local and foreign-currency Long-Term issuer and foreign currency senior unsecured debt ratings to Aa2 from Aa3. It also changed the outlook from positive to stable. The rating is attributed to significant improvements in Qatar's fiscal metrics during 2021-2023. Moody's anticipates that the improvement in Qatar's debt burden and debt-service metrics from 2021 to 2023 will continue into the medium term. Fitch Ratings

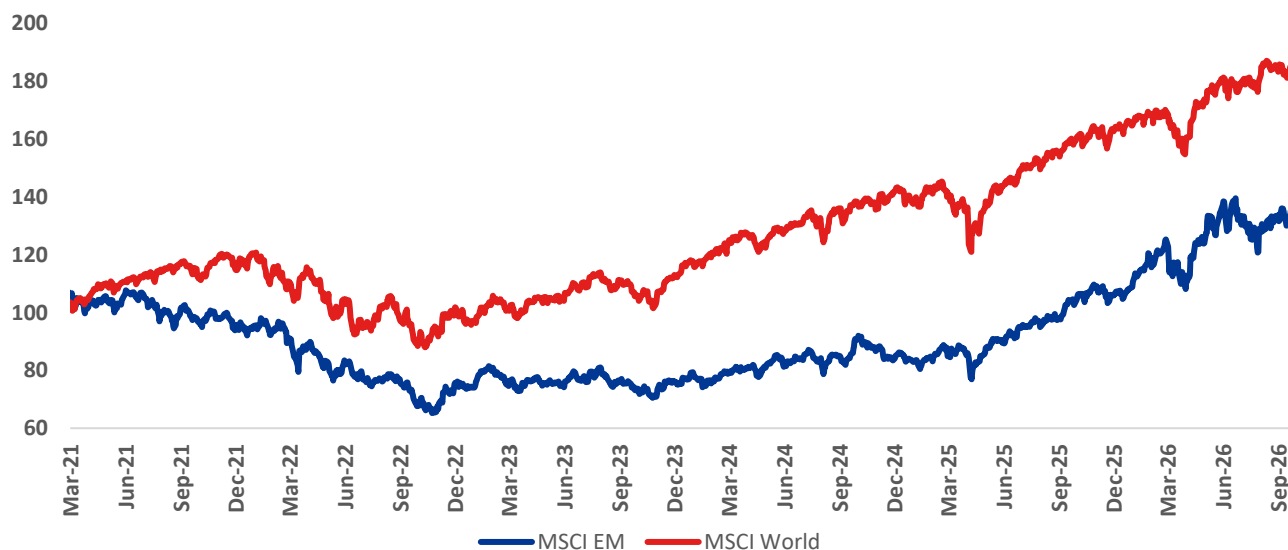
affirmed Qatar's 'AA' sovereign rating in September 2026 and removed it from Rating Watch Negative, while maintaining a negative outlook amid ongoing regional security risks and uncertainty surrounding the country's energy infrastructure.

Particulars	Fitch		S&P		Moody's	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
UAE (Abu Dhabi)	AA	STABLE	AA	STABLE	Aa2	STABLE
Kuwait	AA-	STABLE	AA-	STABLE	A1	STABLE
Qatar	AA	NEG	AA	STABLE	Aa2	STABLE
Saudi Arabia	A+	STABLE	A+	STABLE	Aa3	STABLE
Bahrain	B	STABLE	B	STABLE	B2	NEG
Oman	BBB-	STABLE	BBB-	STABLE	Baa3	STABLE

Global Markets

Global equity markets moderated in September 2026, as heightened geopolitical uncertainty, higher oil prices and rising bond yields weighed on risk sentiment, although resilient economic activity and continued strength in technology and artificial intelligence (AI)-related sectors provided some support. Developed markets declined 1.3% MOM, while emerging markets were relatively resilient, declining 0.8% MOM. Within emerging markets, Brazil was among the strongest performers, rising 5.0% MOM, supported by strong foreign capital inflows, improving inflation expectations and a relatively favourable domestic macroeconomic backdrop. Taiwan's index gained 3.9% MOM, driven by robust global demand for AI infrastructure, semiconductors and related technology products. South Korea's KOSPI increased marginally by 0.3% MOM, supported by record monthly exports and continued strength in AI-related semiconductor and memory-chip demand. In contrast, China's SSE Composite declined 3.6% MOM, reflecting continued concerns over domestic economic growth, the property sector and the pace of policy support. India's Nifty 50 declined 6.1% MOM, making it one of the weakest-performing emerging markets, as higher crude oil prices, foreign capital outflows, rupee weakness and rising global bond yields weighed on investor sentiment. Among developed markets, Japan was the strongest performer, with the Nikkei 225 rising 3.9% MOM, supported by continued strength in technology and semiconductor stocks and expectations of supportive domestic financial conditions. Elsewhere, the S&P 500 declined 0.5% MOM, as higher Treasury yields, elevated oil prices amid Middle East geopolitical tensions and narrow market breadth offset continued strength in large-cap technology stocks. The UK's FTSE 100 fell 2.0% MOM, weighed down by persistent inflation concerns, higher global bond yields and uncertainty surrounding the upcoming fiscal budget. France's CAC 40 declined 4.4% MOM, reflecting domestic fiscal concerns, higher energy costs and broader risk aversion. Overall, global equity markets moderated in September, with higher yields, elevated energy prices and geopolitical uncertainty weighing on broader risk appetite. While AI-related technology and semiconductor stocks remained key sources of support, market performance became increasingly differentiated across regions and sectors, reflecting greater investor selectivity amid concerns over valuations and the sustainability of AI-led investment growth.

Figure 3: MSCI World and Emerging Market Index Historical trend



Source: Bloomberg

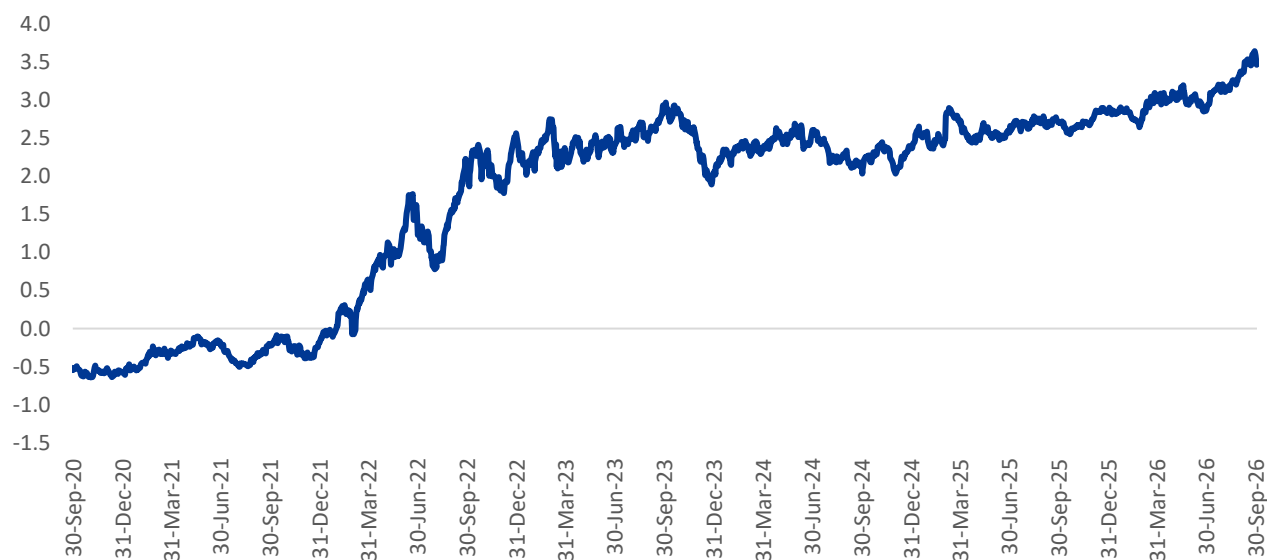
Yield on 10-year government

Figure 4: US 10-year government yield



Source: Bloomberg

Figure 5: Germany 10-year government yield



Source: Bloomberg

Figure 6: Japan 10-year government yield



Source: Bloomberg

Figure 7: UK 10-year government yield

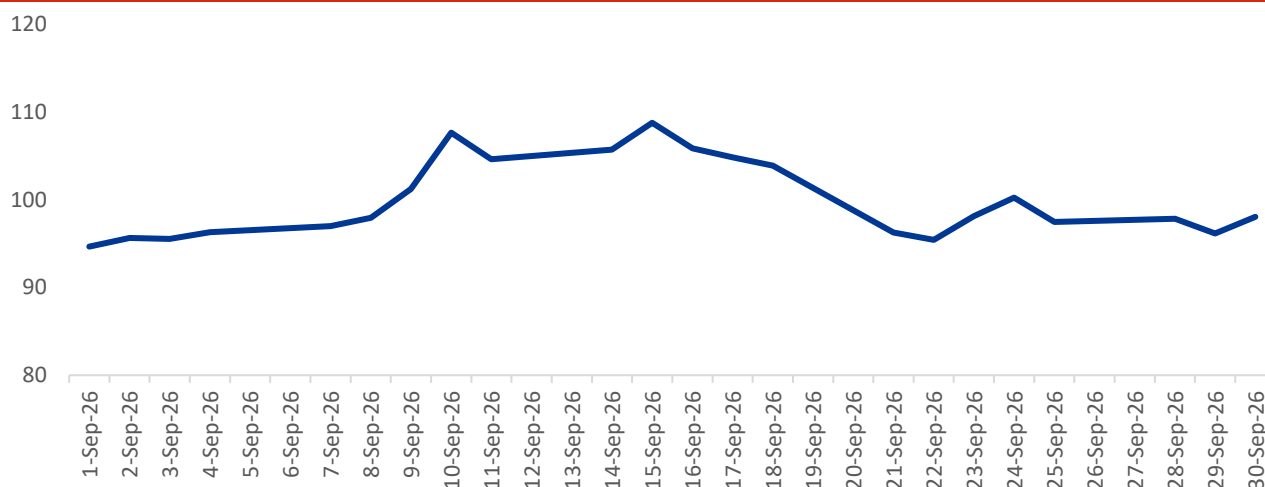


Source: Bloomberg

Oil Outlook

Oil prices recorded an increase in September 2026, with Brent crude rising 8.3% MOM to USD 98.03 per barrel. In the first week of the month, prices rose as US-Iran military strikes heightened concerns over disruptions to crude flows through the Strait of Hormuz, with fresh attacks and subdued shipping activity through the Strait reinforcing supply concerns. Prices subsequently eased as markets saw tentative signs of de-escalation, while higher Iraqi crude exports provided some relief and partly capped the upside, although tensions remained elevated and continued to pose risks to Middle East supply. However, Brent crude ended the week higher, marking its strongest weekly gain since mid-July 2026. In the following week, the oil prices continued to rise as US-Iran attacks intensified and threats of further retaliation raised concerns over prolonged disruptions to Middle East supply. Prices moved again above the USD 100 per barrel level since May 2026, as attacks on Iranian oil tankers, commercial shipping and Saudi energy infrastructure increased risks across the Strait of Hormuz and Red Sea. Shipping through the Strait remained significantly below normal levels, reinforcing concerns over physical supply availability. Brent crude prices remained volatile toward the end of the week as reports of potential talks to manage shipping through Hormuz offered some relief, although continued vessel attacks and limited progress toward a broader ceasefire kept the supply risk elevated. Oil prices initially increased during mid of the month as attacks on Saudi Arabia's energy infrastructure and the shutdown of the East-West pipeline heightened concerns over further supply disruptions. Prices subsequently eased as Saudi Arabia explored alternative export routes through Oman and indicated that part of the pipeline capacity could be restored within days, reducing immediate supply concerns. However, geopolitical risks remained elevated as further attacks across the region and continued disruptions to shipping through Hormuz kept the supply tight. Post mid-month, oil prices declined sharply back below the USD 100 mark, as Iran signalled openness to diplomatic efforts to end the conflict, raising expectations of a possible reduction in supply disruptions. Oil prices subsequently rebounded amid uncertainty over potential US-Iran talks and continued concerns over attacks on oil infrastructure and supply risks. However, prices eased again toward the end of the week as markets increasingly anticipated a potential truce between Iran and the US. In the final week of September, oil prices initially rose as the US rejection of Iran's peace proposal reduced expectations of a near-term resolution to the conflict, while uncertainty around US-Iran negotiations and continued Middle East supply concerns supported prices. Prices subsequently eased as higher crude exports from key Middle East producers and a gradual recovery in shipments through the Strait of Hormuz provided some relief to supply concerns. However, oil prices rebounded at the end of the month as the lack of progress in US-Iran talks offset improving supply conditions, with ongoing geopolitical risks continuing to support prices.

Figure 8: Brent Crude Oil Prices (USD per barrel)

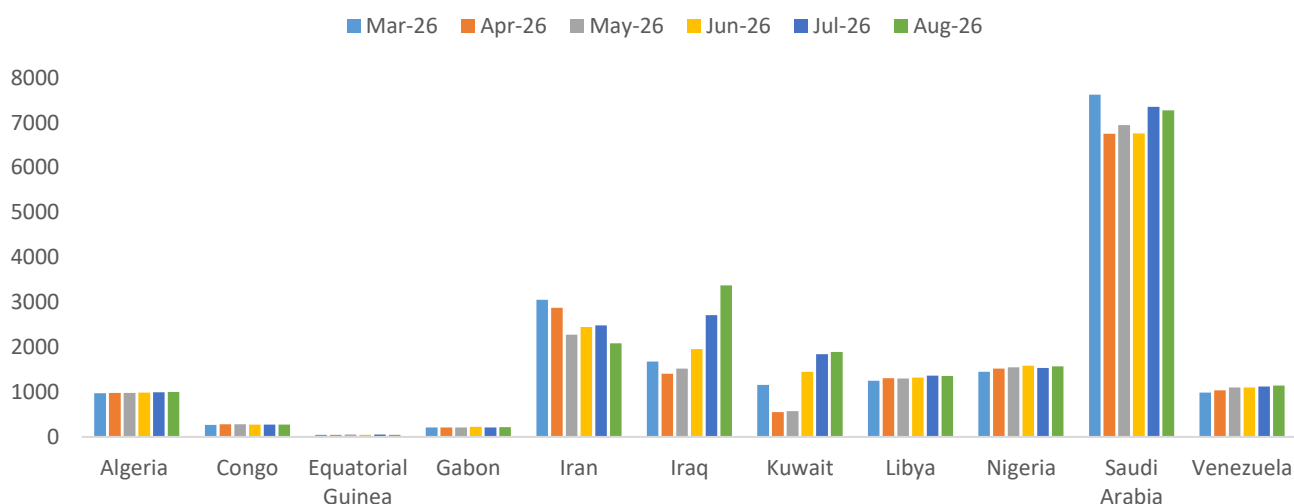


Source: Bloomberg

OPEC Production

Total crude oil production from the OPEC countries (excluding the UAE) increased by 289 thousand barrels per day (bpd) MOM, reaching 20.2 Mn bpd in August 2026. Six out of the 11 OPEC members reported an increase in production during the month. Iraq witnessed the largest increase in production, increasing 663 thousand bpd MOM in August 2026, followed by Kuwait with the second-highest increase of 49 thousand bpd MOM. Nigeria's oil output increased 36 thousand bpd MOM in August 2026. Venezuela's output rose 23 thousand bpd MOM in August 2026. Gabon and Algeria recorded growth in output of 10 thousand bpd and 4 thousand bpd MOM, respectively. However, Iran saw the largest decline in oil production of 399 thousand bpd MOM in August 2026, followed by Saudi Arabia with a decline of 76 thousand bpd MOM. Libya saw a decline of 10 thousand bpd MOM in August 2026. Equatorial Guinea and Congo reported declines in output of 9 thousand bpd and 2 thousand bpd MOM, respectively, in August 2026.

Figure 9: OPEC Crude Oil Production

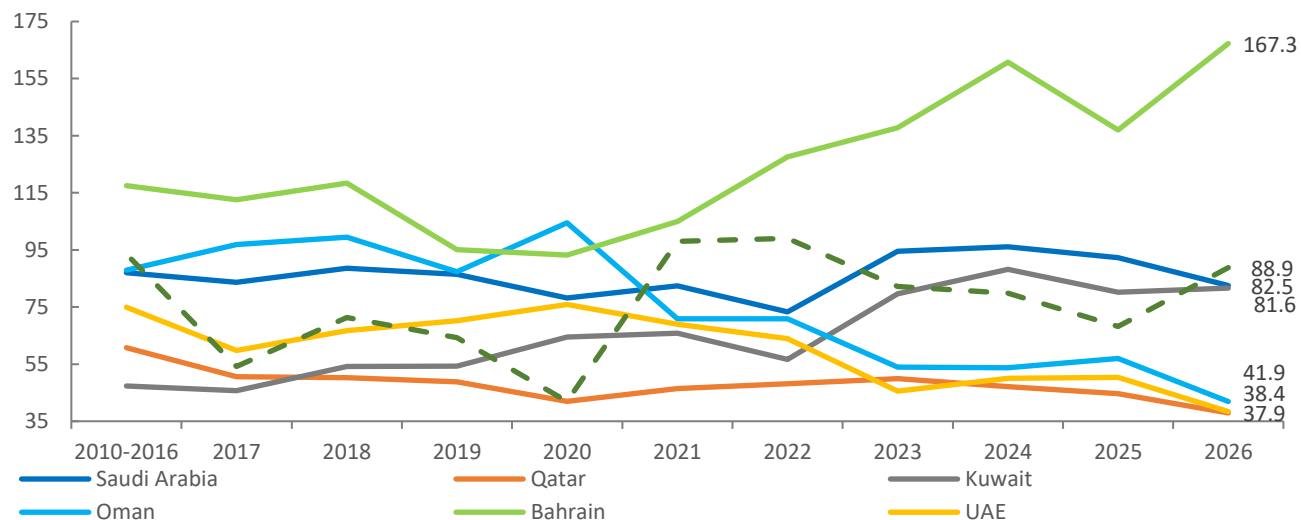


Source: OPEC (UAE excluded from OPEC effective May 2026)

Fiscal Breakeven Oil Price

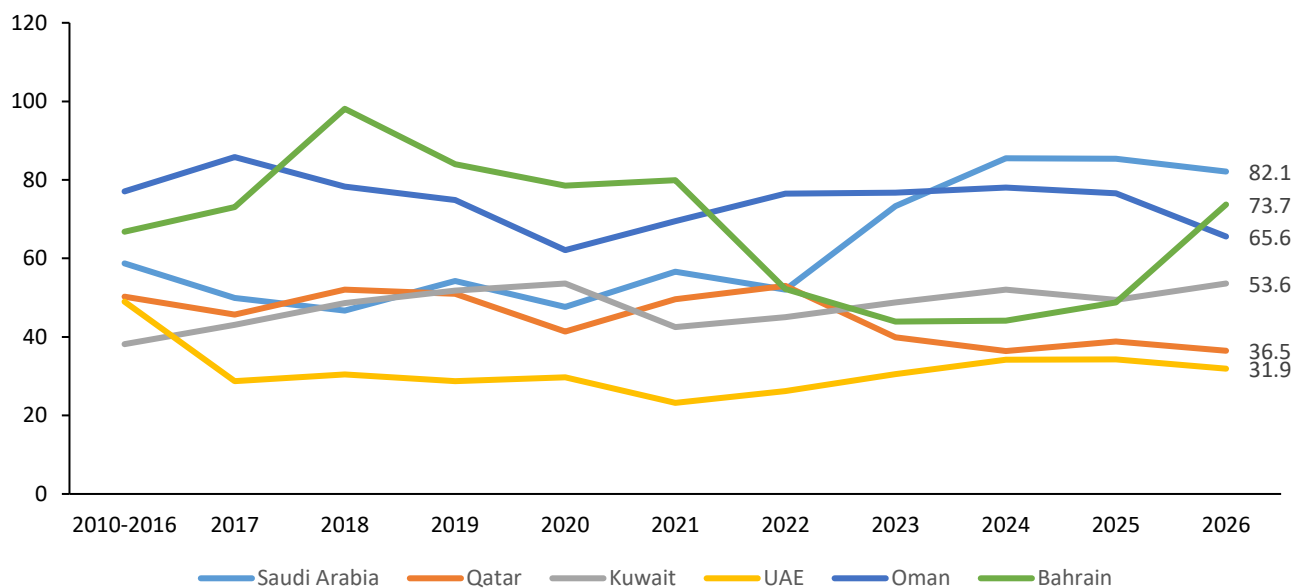
The overall fiscal breakeven oil price is expected to decline for all GCC countries in FY2026, except Bahrain and Kuwait. Bahrain's fiscal breakeven is projected to increase from USD 137.0 per barrel in FY2025 to USD 167.3 per barrel in FY2026, while Kuwait's fiscal breakeven is projected to increase from USD 80.2 per barrel in FY2025 to USD 81.6 per barrel in FY2026. Oman is expected to record the highest decline in fiscal breakeven oil price, from USD 57.0 per barrel in FY2025 to USD 41.9 per barrel in FY2026. The UAE's fiscal breakeven oil price is projected to decline from USD 50.4 per barrel in FY2025 to USD 38.4 per barrel in FY2026, followed by Saudi Arabia, where the fiscal breakeven oil price is expected to decrease from USD 92.3 per barrel in FY2025 to USD 82.5 per barrel in FY2026. Qatar's fiscal breakeven oil price is also projected to decline from USD 44.7 per barrel in FY2025 to USD 37.9 per barrel in FY2026.

Figure 10: Fiscal Breakeven Oil Price (USD/bbl)



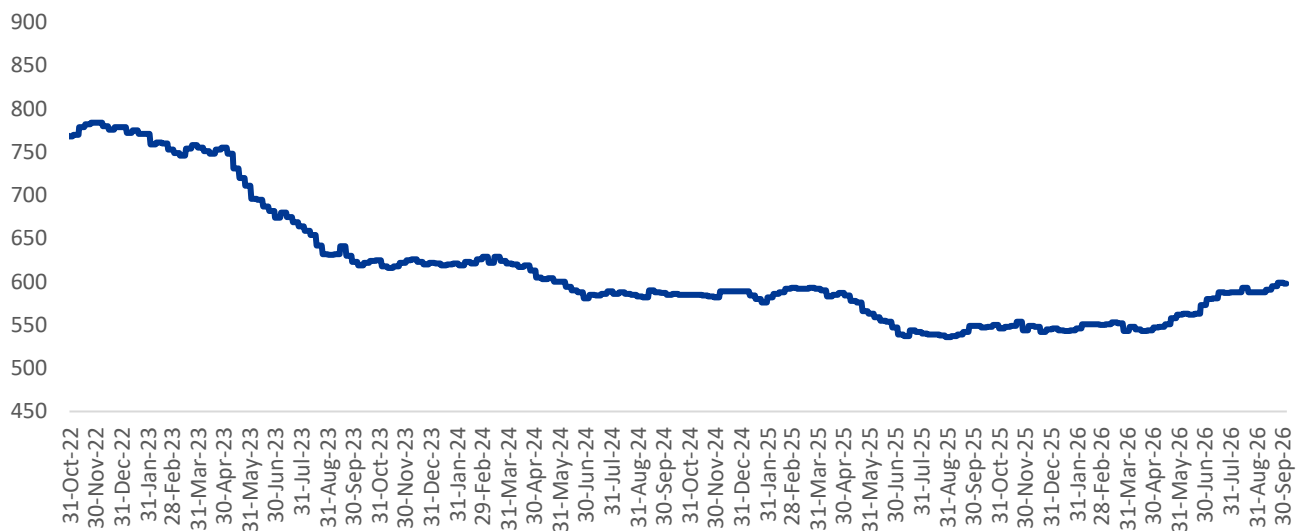
Source: Bloomberg

Figure 11: External Breakeven Oil Price (USD/bbl)



Source: Bloomberg

Figure 12: Oil Rig Count



Source: Bloomberg

Credit Strategy

Current View on Credit Initiation:

Name	Sector	Price	Mid YTM	Moody's/S&P/Fitch
ALDAR 3.875% 2029	Real Estate	94.44	5.95	Baa1/NA/NA
KWIPKK 4.5% 2027	Investment Co.	98.80	8.16	WR/NR/NA
ARAMCO 3.5% 2029	Oil & Gas	94.96	5.70	Aa3/NA/A+
BGBKKK 2.75% 2031	Bank	99.40	7.26	NA/NA/BBB+
INTLWT 5.95% 2039	Power Generation and Water Utility	95.86	6.44	Baa3/NR/BBB-

Source: Bloomberg *- Ratings for the instruments are based on Bloomberg data, while the issuing company rating is considered in the absence of an instrument rating in the bond description.

We remain OVERWEIGHT on ARAMCO and ALDAR while assigning MARKET WEIGHT ratings on INTLWT, KWIPKK, and BURGAN BANK.

Implications of Securities Recommendations

Bond Particulars	Call	Price	Yield ¹	1M Return	3M Return	YTD Return	12M Return
INTLWT 5.95% 2039	MW	95.86	6.44	-2.61	N/A	-6.85	-6.07
BGBKKK 2.75% 2031	MW	99.40	7.26	-0.28	0.18	1.77	1.83
ARAMCO 3.5% 2029	OW	94.96	5.70	-1.47	-1.77	-2.78	-2.94
KWIPKK 4.5% 2027	MW	98.80	8.16	-0.09	N/A	0.65	0.46
ALDAR 3.875% 2029	OW	94.44	5.95	-1.87	N/A	-3.41	-3.66

Source: Bloomberg, ¹Mid YTM

ALDAR 3.875% 2029: Maintain OVERWEIGHT rating

We assign an OVERWEIGHT rating on Aldar Properties PJSC's (Aldar Properties) 3.875% senior unsecured Sukuk maturing in October 2029. The Sukuk is trading at USD 94.44 with a yield of 5.95% when held until maturity (redemption at par) with a modified duration of 2.76. The Sukuk also enjoys Moody's investment-grade rating of 'Baa1' with a stable outlook.

- In Abu Dhabi, Aldar Properties is a leading real estate developer with a market cap of AED 66.9 Bn. Apart from being a reliable government contractor, the Company developed many innovative projects, such as Yas Island's F1 circuit and the Gate Towers in Shams Abu Dhabi. Demand for Abu Dhabi's real estate is robust, and the government supports it in terms of home purchasers. The current market has a good supply, and investors are confident in investing in quality projects in prime locations. Aldar diversified its operations and acquired SODIC in Egypt in 2021. SODIC is a leading Egyptian real estate company with a strong 25-year track record, spanning a land area of 24.9 Mn square meters across three geographies in Egypt.
- Mubadala Investment Company, a Sovereign wealth fund of the Abu Dhabi government, owns a 27.01% stake in Aldar. Alpha Dhabi Holding owns a 30%+ stake through its related companies Sublime Commercial Corporation, Sogno Two, and Sogno Three Sole Proprietorship LLC. Aldar Properties is an important strategic partner to the government, having completed several large-scale infrastructure projects and developments in the UAE.
- Aldar Properties (Aldar) released its financial results for 2Q26 with a revenue of AED 8.1 Bn, up 4.8% YOY. The growth was primarily driven by execution of the development revenue backlog, alongside higher recurring income from Aldar Investment supported by strong occupancy, rental growth, strategic acquisitions and growth in the Education and Estates businesses.
- It recorded a gross profit of AED 2,925 Mn, up 14.2% YOY in 2Q26, with gross margin expanding to 36.1% from 33.1% in 2Q25, and a net profit of AED 2,166 Mn, up 9.9% YOY, demonstrating the resilience of Aldar's diversified business model. EBITDA increased 17.6% YOY to AED 3,327 Mn in 2Q26, with EBITDA margin expanding to 41.0%.

- Aldar's strong financial results are primarily supported by continued execution of the development revenue backlog. The Company's development backlog increased to AED 71.6 Bn in 2Q26 from AED 62.3 Bn in 2Q25, providing clear visibility on revenue recognition over the next two to three years, including sizeable UAE backlog of AED 59.9 Bn. The Development Holdings pipeline stood at AED 20.0 Bn in 2Q26, supporting long-term expansion of recurring income portfolio.
- The Company's growth was further supported by steady execution of its development revenue backlog, and resilient earnings from a diversified, defensive investment properties portfolio. High occupancy and strong rental growth across the core investment portfolio drove solid performance, further boosted by strategic acquisitions, including Masdar City assets and logistics assets at KEZAD, which contributed to higher recurring income. Strategic acquisitions, rising rental rates, and high occupancy levels, together with strong growth from Aldar Estates and Aldar Education, are supporting stable income and sustained revenue growth.
- Aldar maintained a robust liquidity position of AED 37.1 Bn as of 2Q26, comprising AED 16.8 Bn of free and unrestricted cash and AED 20.3 Bn of committed undrawn credit facilities. Shareholders equity increased to AED 43.2 Bn in 2Q26. The Company's total debt rose to AED 33.3 Bn in 2Q26. Additionally, the Project Management Services PMS backlog stood at AED 87.2 Bn, with AED 62.3 Bn of projects currently under construction.
- Aldar significantly strengthened its long-term recurring income platform through strategic initiatives during 2Q26, including a landmark public-private partnership with the Department of Municipalities and Transport to develop integrated communities across five strategic locations spanning over 20 Mn sqm in Abu Dhabi. The Company acquired a AED 1.1 Bn residential and retail development in Dubai Studio City and three industrial and logistics assets in KEZAD for AED 650 Mn. Aldar also secured a AED 5.0 Bn five-year sustainability-linked revolving credit facility.
- Aldar Estates and Aldar Education continue to support the Group's diversified recurring income platform, with Aldar Education operating 27 owned and managed schools as of 2Q26, primarily located across the UAE. Aldar announced a AED 385.8 Mn investment to relocate Cranleigh Abu Dhabi to a new purpose-built campus on Saadiyat Island, increasing capacity to 2,178 students from the 2027–28 academic year.
- In February, Aldar Properties formed a AED 10 Bn retail joint venture with Mubadala, combining Yas Mall and The Galleria Luxury Collection under a single platform. The transaction is expected to create operational synergies and reinforce Aldar's leadership in premium retail assets.

KWIPKK 4.5% 2027: Maintain MARKETWEIGHT rating

We assign an MARKETWEIGHT rating on Kuwait Projects Company (KIPCO)'s 4.5% senior unsecured bond maturing in February 2027. The bond is trading at USD 98.80 with a yield of 8.16% when held until maturity (redemption at par) and has a modified duration of 0.37. The bond is issued at the holding company level, so the debt service obligations would be met through the cash balance available with KIPCO and the dividends it receives from subsidiaries.

KIPCO is one of the largest holding companies in MENA, with its consolidated assets growing from KWD 13.8 Bn in 2025 to KWD 14.4 Bn in 1H26, and sustained through multiple economic cycles, making consistent dividend payments for the last 17 years until FY2021. Members of the Kuwaiti ruling family remain KIPCO's leading shareholders, through Al Futtooh Holding Company K.S.C. (AFH), and currently own a 38.46% direct holding. AFH supported KIPCO in all business activities, including capital raising, and a reduction in dividends if required.

- KIPCO's total revenue from operations increased 3.5% YOY to KWD 796 Mn in 1H26, driven by higher interest income, energy income, and other income, partially offset by lower investment income, net fee and commission income, industrial & logistics income, educational services income, media and digital satellite network services income, and foreign exchange gains, coupled with a rise in the share of losses from associates.

- The Company's operating profit from continuing operations declined 0.4% YOY to KWD 88 Mn in 1H26. Provisions for credit losses increased from KWD 30 Mn in 1H25 to KWD 33 Mn in 1H26. Profit before tax decreased from KWD 49 Mn in 1H25 to KWD 39 Mn in 1H26.
- The Company recorded a decrease in net profit attributable to shareholders from KWD 10 Mn in 1H25 to KWD 5 Mn in 1H26.
- KIPCO cash and bank balance at the parent company level decreased to KWD 2,056 Mn in 1H26, compared to KWD 2,394 Mn in 2025.
- Net outstanding debt increased to KWD 2.4 Bn in 1H26 from KWD 1.8 Bn in 2025.
- KIPCO has received a dividend income of KWD 9 Mn in 1H26 compared to KWD 6 Mn in 1H25.
- KIPCO agreed to sell a 36.36% stake in JTC Logistics Transportation & Stevedoring Company to NAPESCO for KWD 30 Mn, at a 16.3% premium to JTC's previous closing price. Following the transaction, KIPCO's stake in JTC will decline from 63.19% to 26.83%, supporting liquidity and capital recycling.
- Fitch affirmed KIPCO's long-term issuer rating at 'BB-' and revised the outlook to stable from negative, reflecting improved leverage following asset monetisation. Capital Intelligence also affirmed the Company's ratings at 'BB+' (long-term) and 'B' (short-term) and revised the outlook to positive, supported by improved debt structure and funding profile.

ARAMCO 3.5% 2029: Maintain OVERWEIGHT rating

We are OVERWEIGHT on Saudi Aramco's 3.5% bond maturing in April 2029. The bond is trading for USD 94.96 and offers a yield of 5.70% with a modified duration of 2.33. The issuer's credit rating is constrained by the rating of its largest shareholder, the government of Saudi Arabia, given the close link between Aramco and the sovereign. Aramco is assigned a standalone credit rating of 'A+' by Fitch, supported by robust profitability, market leadership, significant cash flow visibility and net cash position.

- Saudi Arabian Oil Company is an integrated energy and chemicals company. Aramco's operations are divided into two main segments: Upstream and Downstream. Upstream activities are predominantly centred in Saudi Arabia, while the Downstream sector operates on a global scale. The Upstream segment of the Company is responsible for the exploration, development, production, and sale of natural gas, condensate, crude oil, and natural gas liquids (NGLs). The activities of the downstream section include supply and trading, power generation, retail operations, base oils and lubricants, petrochemicals and refining, and distribution. The reserves of Aramco amounted to 247.2 Bn barrels of oil equivalent in 2025, consisting of 186.5 Bn barrels of crude oil and condensate, 26.2 Bn barrels of NGL, and 211.7 trillion standard cubic feet of natural gas.
- Fitch upgraded a long-term foreign and local currency IDR to 'A+' with a stable outlook in Dec 2024, reflecting the Company's strong business profile backed by strong control and support from the government. The government directly owns 81.48% stake in the Company in addition to the PIF ownership of 16%. Aramco's significant investments in capex and capacity expansion position the Company for future growth. Additionally, the Company maintains low production costs and substantial reserves, offsetting potential energy transition risks. Aramco boasts an SCP rating of 'aa+', three notches above the Sovereign's foreign currency rating of 'A+'. The worsening of Saudi Aramco's relative position to local peers would likely lead to a downgrade of rating.
- Revenue increased 19.0% YOY to SAR 450.8 Bn in 2Q26, primarily driven by higher prices of crude oil and refined and chemical products. This was partially offset by lower volumes sold of refined and chemical products, as well as lower volumes sold of crude oil.

- Revenue from Downstream operation increased 19.8% YOY to SAR 275.0 Bn in 2Q26, while revenue from Upstream operation rose 17.9% YOY to SAR 175.2 Bn in 2Q26. Other income related to sales increased significantly from SAR 28.3 Bn in 2Q25 to SAR 71.0 Bn in 2Q26. Other income related to sales increased, primarily due to higher reference equalization prices, and higher volumes sold of crude oil and refined products at regulated prices. Thus, revenue and other income related to sales increased from SAR 407.1 Bn in 2Q25 to SAR 521.8 Bn in 2Q26.
- Royalties and other taxes increased by 38.3% YOY to SAR 51.9 Bn in 2Q26. Total operating costs rose 27.3% YOY to SAR 305.7 Bn in 2Q26, driven by increases in Royalties, purchases, administrative and general expenses, as well as depreciation and amortization and research and development, partially offset by a decline in impairment charges, exploration expenses and production and manufacturing expenses.
- Impairment and held for sale remeasurement losses declined from SAR 3.5 Bn in 1Q25 to SAR 625 Mn in 2Q26. The Company's finance and other income declined by 3.0% to 4.4 Bn in 2Q26.
- Income before taxes and zakat increased 28.9% YOY to SAR 214.7 Bn in 2Q26.
- Furthermore, Aramco's net profit increased from SAR 85.0 Bn in 2Q25 to SAR 122.6 Bn in 2Q26. The net profit attributable to equity shareholders increased from SAR 85.6 Bn in 2Q25 to SAR 121.5 Bn in 2Q26.
- Free cash flow declined to SAR 46.0 Bn in 2Q26 compared to SAR 57.1 in 1Q26.
- Aramco paid a total dividend of SAR 82.1 Bn in 2Q26.
- Aramco's gearing ratio increased from 4.8% in 1Q26 to 6.2% in 2Q26. Aramco's capital expenditure (Upstream) on cash basis increased to SAR 38.7 Bn in 2Q26 from SAR 34.6 Bn in 2Q25. Meanwhile, capital expenditure (Downstream) on cash basis declined from SAR 10.5 Bn in 2Q25 to 9.3 Bn in 2Q26, primarily due to the phasing of capital spending. Similarly, capital expenditure (Corporate) on cash basis decreased from SAR 1.0 Bn in 2Q25 to SAR 1.3 Bn in 2Q26.
- The Company's net debt rose from SAR 88.8 Bn in 1Q26 to SAR 119.7 Bn in 2Q26.
- During May 2026, Aramco agreed to transfer its equity stakes in PRefChem to PETRONAS, supporting the optimization of its downstream portfolio while enabling both companies to continue exploring strategic collaborations in crude supply, technology exchange and product distribution.
- Aramco partnered with solutions by STC to deploy its largest high-performance supercomputer, enhancing seismic imaging, reservoir modelling and hydrocarbon discovery as part of its Upstream digital transformation.
- The Company's progress on its Upstream oil and gas projects, Phase one of the Dammam development project came onstream in 2025, adding 25 mbpd with phase two expected in 2027, adding a 50 mbpd of crude oil capacity. Procurement and construction for the Berri and Marjan crude oil increments brought onstream in 2025, providing an additional 250 mbpd and 300 mbpd, respectively. The Zuluf crude oil increment is progressing, with expected processing of 600 mbpd through a central facility in 2026. Tanajib Gas Plant, part of the Marjan development program commenced operations in 2025, adding 2.6 bscfd of raw gas processing capacity. Work on the Jafurah Gas Plant, part of the Jafurah unconventional gas field is advancing with phase one commissioned in December 2025 and sustainable sales gas projected at 2.0 bscfd by 2030, along with significant volumes of ethane, NGL, and condensate. Engineering, procurement, and construction activities for the Fadhili Gas Plant expansion are ongoing, expected to add 1.5 bscfd of additional raw gas processing capacity by 2027. In October, Aramco entered a 20-year lease-and-leaseback agreement for the Jafurah Field Gas Plant and Riyas NGL Fractionation Plant with its subsidiary, Jafurah Midstream Gas Company. As part of the deal, Aramco sold a 49% stake in the subsidiary to a consortium led by Global Infrastructure Partners (BlackRock) for SAR 41.8 Bn (USD 11.1 Bn) in cash. The subsidiary will receive quarterly

volume-based tariff payments from Aramco, backed by minimum volume commitments. Aramco retains full ownership and operational control of the facilities, with no restrictions on production volumes.

- Aramco and Pasqal launched Saudi Arabia's first quantum computer and the Middle East's first commercial quantum computing platform, expanding advanced computing capabilities for the energy, materials and industrial sectors.
- In January, Aramco introduced 98-octane gasoline in the domestic market to meet evolving consumer needs and rising demand for premium fuels. Designed for high-performance and sports vehicles, the new fuel grade enhances engine performance and efficiency while complementing Aramco's existing fuel offerings.
- In February, Aramco announced the completion of an international bond issuance aggregating to an equivalent of SAR 15.0 Bn (USD 4.0 Bn) under its GMTN Programme. The issuance consists of four tranches, with the first tranche of SAR 1.88 Bn (USD 0.5 Bn) carrying a 4.0% coupon rate and maturing in 2029, a second tranche of SAR 5.63 Bn (USD 1.5 Bn) carrying a 4.375% coupon rate and maturing in 2031, a third tranche of SAR 4.69 Bn (USD 1.25 Bn) carrying a 5.0% coupon rate and maturing in 2036, and a fourth tranche of SAR 2.81 Bn (USD 0.75 Bn) carrying a 6.0% coupon rate and maturing in 2056. These notes are listed on the London Stock Exchange's Main Market.

BGBKKK 2.75% 2031: Maintain MARKET WEIGHT rating

We are MARKETWEIGHT on Burgan Bank's 2.75% Tier 2 subordinated bond, currently trading at USD 99.40. The bond offers a yield of 7.26% and a duration of 0.07. Its loan book is diversified with exposure to Kuwait and international operations in multiple sectors.

- Burgan Bank is one of the leading conventional banks in Kuwait in terms of total assets and is listed on Boursa Kuwait. The Bank has a network of 124 branches and 282 ATMs as of 1H26. KIPCO Company holds a major stake in the Bank, owning 33.5%.
- Burgan Bank net operating income increased 9.4% YOY to KWD 138 Mn in 1H26, driven by a 9.3% YOY increase in the net interest income to KWD 90 Mn during 1H26, coupled with a 9.5% YOY rise in the non-interest income to KWD 47 Mn during 1H26.
- The Bank's net interest margin remained stable at 2.2% in 1H26, compared to 1H25. Net fees and commissions income increased from KWD 21 Mn in 1H25 to KWD 30 Mn in 1H26.
- Operating expenses increased 20.3% YOY to KWD 92 Mn in 1H26. The cost-to-income ratio increased to 67.0% in 1H26 from 61.0% in 1H25.
- The Bank reported a net profit attributable to shareholders of KWD 11 Mn in 1H26, compared to KWD 21 Mn in 1H25.
- Loans and advances to customers rose 10.1% YOY and 3.1% QOQ to KWD 5.1 Bn in 1H26. Deposit rose 5.2% YOY but declined 7.5% QOQ to KWD 5.6 Bn, with CASA deposit accounting for 69% in 1H26.
- The Bank's non-performing loans ratio decreased from 3.2% in 1H25 to 2.3% in 1H26. NPL coverage increased to 240% in 1H26 from 180% in 1H25.
- Capital adequacy ratio stood at 15.9% in 1H26, above the regulatory requirement. The Bank maintains high liquidity levels, with a liquid coverage ratio (LCR) and net stable funding ratio (NSFR) of 197% and 110%, respectively, as of 1H26, substantially above the minimum regulatory requirements.
- Burgan Bank launched a KWD 50 Mn (USD 161.4 Mn) rights offering, comprising 277.78 Mn new ordinary shares at 180 fils per share. The proceeds will support its Kuwait operations, asset reallocation, digital transformation, capital flexibility and balance sheet efficiency.

- Fitch Ratings affirmed Burgan Bank's long-term IDR at "A" with a stable outlook. Moody's assigned a credit rating of "Baa1" with a Stable Outlook, and S&P Global also assigned a rating of "BBB+" with a Stable Outlook.

INTLWT 5.95% 2039: Maintain MARKET WEIGHT rating

We assign MARKETWEIGHT on APMI One's 5.95% bond maturing in May 2039. The bond is trading at USD 95.86 with a yield of 6.44% if held till maturity (redemption at par). The bond has a modified duration of 6.14. The Bond has a credit rating of BBB- from Fitch and Baa3 from Moody's both with a stable outlook.

ACWA Power Co. develops, operates, and invest in power generating, water desalination and green hydrogen production plants in Saudi Arabia and internationally. The company was established in FY2004 in KSA and expanded throughout the years to operate in 16 countries. The first expansion plan took place in FY2008-FY2010 in Oman and Jordan, then from FY2012 to FY2014, the company expanded in Morocco, South Africa, and Turkey. The company subsequently expanded into the UAE, Egypt, Bahrain, Vietnam, Ethiopia, and Uzbekistan, Azerbaijan, Indonesia, China, Kuwait.

- The Company's operational renewable capacity increased to 13.9 GW, while projects under construction and in advanced development stages expanded the total portfolio gross renewable capacity to 52.3 GW, accounted 53.4% of total power capacity. With this momentum, the company remains firmly on track to achieve its newly elevated target of a 70% renewable energy mix by 2030, surpassing the earlier goal of a 50/50 split between renewables and flexible generation six years ahead of schedule.
- The Company agreed to sell its 32% effective investment in SQWEC, an oil-fired facility with 850 MW of power and 212,000 cubic meters water desalination capacity in the Kingdom of Saudi Arabia, on September 7, 2021. The sale reduced the diversification of APMI One cash flow. In order to offset the impact of lost cashflows from SQWEC, ACWA Power increased the stake in RAWEC that forms part of APMI One bondholder security and cashflows from 37% to 80%, while this offsets the cashflow impact of the sale of SQWEC, it results in greater concentration at RAWEC, for which we view the offtaker as of lower credit quality than for others in the portfolio. The issuer APMI One is a Special Purpose Company, incorporated under the laws of DIFC, which is 100% owned by ACWA Power Projects. However, APMI One is not the only entity ACWA Power Projects has its hands on.
- APP filed its zakat and tax returns for all the years till FY2024. APPs closed its position with the ZATCA until FY2018; moreover, the ZATCA is currently performing audits for FY2021-24. The Company's subsidiaries and associates received a higher tax assessment from ZATCA, which led to an additional liability of SAR 151 Mn (with ACWA Power's share of SAR 79 Mn). The Company has recognised provisions of SAR 151 Mn (ACWA Power share of SAR 79 Mn) against this assessment as of 30th June 2025.
- ACWA Power achieved financial close in May 2025 on two projects, including the Uzbek GH2 Phase 1 with an investment of SAR 0.4 Bn, a capacity of 52 MW and 3 KTPA, and 80% ownership, as well as the Tashkent Riverside PV + BESS with an investment of SAR 2.0 Bn, a capacity of 400 MW, and full ownership. These milestones highlight the company's expanding renewable and hydrogen portfolio in Uzbekistan.
- ACWA Power started contribution to the company's results from several projects between January and May 2025 through ICOD or PCOD. These included Chirquiq GH2 in Uzbekistan with 52 MW and 3 KTPA capacity at 80% ownership, Redstone CSP in South Africa with 100 MW at 36% ownership, Shuaibah 3 SWRO in Saudi Arabia with 600 m³/day at 47.48% ownership, Bash Wind and Dzhankeldy Wind in Uzbekistan each with 500 MW at 65% ownership, Al Shuaibah 2 Solar PV in Saudi Arabia with 2,060 MW at 35.01% ownership, and Layla Solar PV in Saudi Arabia with 91 MW at 40.76% ownership.
- ACWA Power expanded its portfolio during the year ended 31 December 2025 through the acquisition of equity interests in entities in Kuwait and the Kingdom of Bahrain via a Sale and Purchase Agreement (SPA). These entities comprise gas-fired power generation capacity of 4.6 GW, water desalination capacity of 1,114k m³/day, and associated Operations and Maintenance companies. The acquisition was executed through newly established

Holding Companies under ACWA for a total consideration of SAR 1,813 Mn, with the transactions in Bahrain and Kuwait completed on 30 November 2025 and 31 December 2025, respectively, following the fulfilment of all condition's precedent.

The financial details as of 1H26 for ACWA Power are listed below:

- ACWA Power's operating income before impairment loss and other expenses declined from SAR 2,207 Mn in 1H25 to SAR 1,444 Mn in 1H26, mainly due to lower revenue from development, procurement and construction services, reflecting slower progress in achieving project milestones amid ongoing geopolitical volatility, as well as higher recognition from comparatively larger projects in 1H25. The decline was further driven by higher settlement claims recognised in 1H25, mainly related to Noor 3 in Morocco, and higher G&A and other expenses in 1H26 due to increased employee-related costs and additional investments in digital activities. This was partially offset by a SAR 215 Mn contribution from existing and new projects coming into operations and improved operating efficiency, net of certain outages, as well as additional contributions from acquisitions in KSA, Bahrain and Kuwait completed in 1Q26 and 4Q25.
- Net profit attributable to equity holders decreased 28.1% YOY to SAR 653 Mn in 1H26. The decline was mainly due to lower operating income before impairment losses and other expenses. This was partially offset by lower impairment losses of SAR 248 Mn related to Noor 3 in Morocco, lower finance cost, net off foreign exchange & finance income of SAR 134 Mn, mainly due to the recognition of MTM losses on derivatives of SAR 92 Mn in 1H25, as well as higher finance income of SAR 71 Mn driven by improved cash management. The decline was further offset by lower non-controlling interest, primarily due to the NCI share of the LD and insurance settlement income from Noor 3 recognised in 1H25.
- The adjusted net profit declined 44% YOY to SAR 655 Mn in 1H26, reflecting lower underlying profitability, lower impairment losses, the absence of the prior-year adjustment related to the termination of the Africa project, and a negative adjustment related to the termination of hedging instruments in 1H26.
- As of 1H26, ACWA Power's portfolio continued to scale, with 111 assets across operations, construction, and advanced development representing c. SAR 475 Bn of assets under management. The portfolio comprised 98.2 GW of power generation capacity and 9.7 Mn m³/day of desalinated water capacity, reflecting continued execution of its long-term growth strategy across key regions.
- During 1H26, the Company added 5.2 GW of new power generation capacity and 0.6 Mn m³/day water desalination capacity to its development pipeline, further strengthening its long-term growth platform.
- Construction activity remained strong with 32 projects under execution, representing 47 GW of power and 2 Mn m³/day of water capacity. During 1H26, the Company achieved three commercial operation milestones, adding 0.8 GWh of battery energy storage capacity in Uzbekistan and 0.9 Mn m³/day of water desalination capacity across Saudi Arabia and the UAE to its operational portfolio.
- Consolidated power availability improved to 92.4% in 1H26 from 91.0% in 1H25. Furthermore, renewable assets continued to operate with strong performance, with an average availability of 98.1% in 1H26 compared to 96.2% in 1H25. Consolidated water availability stood at 98.4% in 1H26, compared to 98.3% in 1H25.
- ACWA Power reported cash & short-term investments of SAR 7,246 Mn in 1H26, down from SAR 8,164 Mn in 2025. Total assets increased from SAR 70.1 Bn in 2025 to SAR 74.1 Bn in 1H26. The Company's debt increased to SAR 31.5 Bn in 1H26, up from SAR 30.3 Bn in 2025.
- ACWA Power was granted exclusive rights to develop and export green hydrogen and its derivatives from Saudi Arabia, alongside a mandate to develop and export renewable electricity to international markets.
- On 13 January 2026, the Group completed the acquisition of Badeel's 32% stake in SWEC for SAR 777 Mn, increasing its effective ownership from 30% to 62%. Despite the higher stake, SWEC continues to be accounted for as an equity-method investment as control remains unchanged.

Bond Yield charts (%)

Figure 13: ALDAR 3.875% 2029

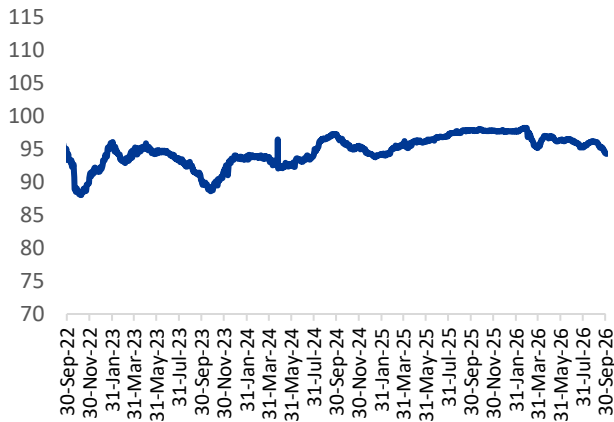


Figure 14: KWIPKK 4.5% 2027

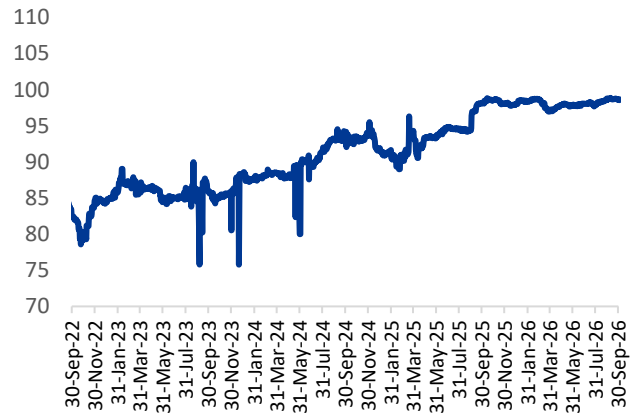


Figure 15: ARAMCO 3.5% 2029

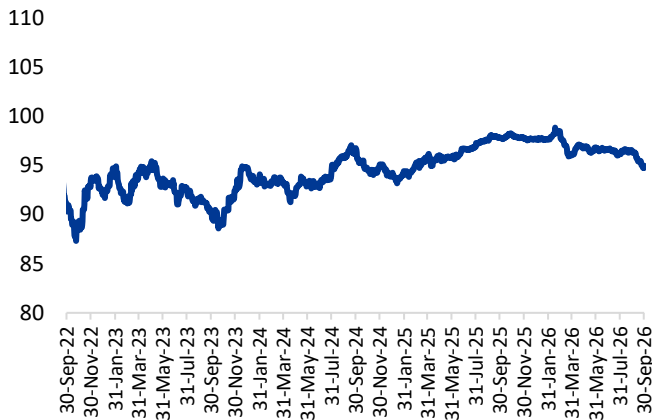


Figure 16: INTLWT 5.95% 2039

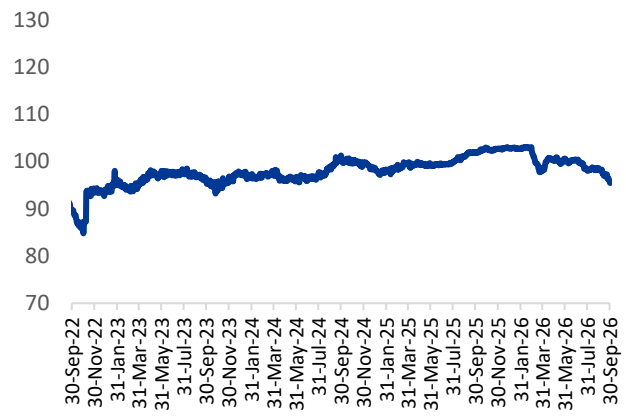
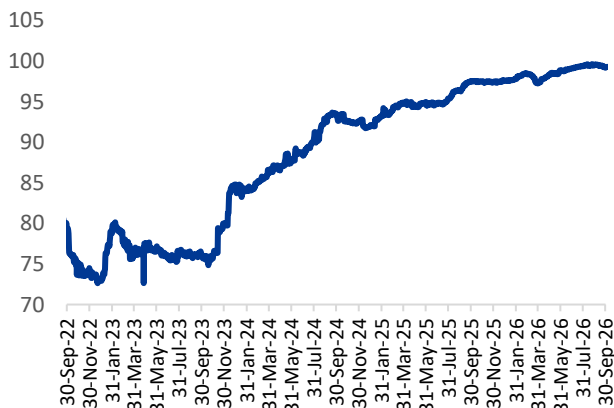


Figure 17: BGBKKK 2.75% 2031



Source: Bloomberg

Key Market Indicators

Particulars	Price/Yield	YTD (% change)	MOM (% change)
Brent crude	101.47	66.75	5.39
US dollar index	102.45	4.20	3.30
10Y Treasury yield ¹	5.26	1.10	0.46
2Y Treasury yield ¹	4.81	1.34	0.41
10Y German bond yield ¹	3.46	0.61	0.09
10Y Japan bond yield ¹	3.05	0.98	0.07
Bloomberg UAE Composite USD Liquid index	144.69	-3.75	-2.58

Source: Bloomberg, ¹ in Basis point

Sovereign Highlights

UAE

UAE non-oil activity strengthened sharply in August 2026

The S&P Global UAE PMI increased from 52.7 in July 2026 to 55.3 in August 2026, marking the fastest expansion in non-oil private sector activity since December 2024. The expansion was supported by stronger output and new business, with output growth reaching its highest level since February and new business growth recording its joint-fastest pace in more than two years. Backlogs of work also increased at the fastest pace in 2026 as new orders exceeded firms' capacity, while employment declined marginally. Input cost inflation eased to a six-month low, while business confidence improved to its highest level since April.

Qatar

Fitch affirmed Qatar's 'AA' rating and removed Rating Watch Negative

Fitch Ratings affirmed Qatar's sovereign rating at 'AA' and removed the Rating Watch Negative, reflecting lower risks to the country's LNG facilities since March 2026. The outlook, however, remained negative amid ongoing risks to LNG exports from disruptions through the Strait of Hormuz. Fitch also noted that the effect of the conflict on Qatar's credit profile would take longer to assess, while Qatar's GDP is forecast to contract 8.1% in 2026.

Saudi Arabia

Saudi non-oil private sector growth strengthened in August 2026

Saudi Arabia's Riyad Bank PMI increased from 53.1 in July 2026 to 53.8 in August 2026, remaining above the 50 threshold and indicating continued expansion in non-oil private sector activity. The pace of growth accelerated to its fastest level in six months, supported by stronger output, with output growth reaching a seven-month high, while new orders increased for the fifth consecutive month. Meanwhile, export orders declined for the sixth consecutive month, while employment increased for the second month, although hiring remained subdued, with backlogs declining for the third consecutive month. Input buying accelerated to its fastest pace since February, while input cost pressures eased to a five-month low and output price inflation moderated to its weakest level since March. Business confidence also improved to a seven-month high.

Saudi business confidence remained positive in August 2026

Saudi Arabia's Overall Business Confidence Index increased slightly from 56.5 points in July 2026 to 56.7 points in August 2026, maintaining positive business sentiment toward economic activity. Confidence increased in the industry sector, with its index rising from 54.7 points in July 2026 to 55.8 points in August 2026, supported by stronger expectations for overall performance and employment. The services sector also recorded an improvement, with its index increasing from 55.3 points in July 2026 to 56.1 points in August 2026, driven by greater optimism around overall performance and fixed investment spending. Meanwhile, confidence in the construction sector eased from 57.7 points in July 2026 to 57.3 points in August 2026, mainly due to weaker sentiment regarding current and expected input costs.

Saudi Arabia's inflation remained unchanged at 1.8% in August 2026

Saudi Arabia's annual inflation rate remained unchanged at 1.8% in August 2026, marking the fourth consecutive month at this level, according to the General Authority for Statistics. The increase was primarily driven by housing, water, electricity, gas and other fuel prices, which rose 3.9% YOY in August 2026, moderating from a 4.2% increase in July 2026. Inflation has remained within the 1.7%-1.8% range for most of 2026. On a MOM basis, consumer prices increased marginally by 0.1% in August 2026.

Saudi Arabia approved 13 initiatives to accelerate SME growth

Saudi Arabia's Cabinet approved the National Entrepreneurship and Small and Medium Enterprises Strategy, comprising 13 initiatives focused on enabling SME expansion, attracting innovative international startups and lowering the cost of doing business. The strategy aims to generate more than 500,000 direct and indirect jobs and increase SMEs' contribution to GDP to 35%. The initiatives cover improved access to financing and markets, stronger operational capabilities, support for exports and international expansion, and greater SME participation in government procurement and major projects. Additional measures include strengthening the regulatory and innovation environment, attracting and localizing global startups, enhancing financial literacy, developing financing mechanisms, and establishing a comprehensive database for SMEs.

Saudi Arabia's construction costs increased 2.3% YOY in August 2026

Saudi Arabia's Construction Cost Index increased 2.3% YOY in August 2026, with residential and non-residential construction costs rising 2.1% YOY and 2.6% YOY, respectively. In the residential segment, labour costs increased 5.1%, equipment and machinery rental costs rose 4.1%, and energy prices increased 3.0%, while basic material costs grew 1.8%. In the non-residential segment, equipment and machinery rental costs increased 5.8%, labour costs rose 2.0% and energy prices increased 3.0%, while basic material costs grew 1.8%. Within basic materials, metal product prices in the residential segment rose 2.0%, while other construction materials and timber and carpentry prices in the non-residential segment increased 4.3% and 2.1%, respectively.

Saudi Arabia's CMA proposed new rules to strengthen the IPO process

Saudi Arabia's Capital Market Authority (CMA) opened a 30-day public consultation on draft regulatory provisions aimed at strengthening initial public offering (IPO) practices and supporting fair and transparent capital markets. The proposed measures focus on book-building, underwriting and issuer disclosures, including requirements for institutional investors to demonstrate sufficient financial capacity for their bids to curb "ghost orders". Underwriting agreements would also need to be completed and effective before the book-building process starts. In addition, prospective issuers would be required to disclose financial performance forecasts and indicators for at least one full year, while financial advisers would face enhanced due diligence obligations to assess the reasonableness of such forecasts and reduce the risk of overpricing.

Aramco considered gas division and potential listing to raise capital

Saudi Aramco is planning to reorganize its business by establishing a separate gas division, expanding its structure from two main segments, upstream and downstream, to three divisions, each led by a dedicated chief. The Company is also exploring capital-raising options, including lease-and-leaseback transactions under which investors would provide upfront payments for assets that Aramco would subsequently lease back while retaining operational control. Aramco is additionally considering a potential minority stake sale in the new gas division through a stock market listing as part of its efforts to raise capital.

Egypt

Egypt's annual inflation moderated to 12.7% in August 2026

Egypt's annual headline inflation rate eased from 13.0% in July 2026 to 12.7% in August 2026, according to CAPMAS. Housing, water, electricity, gas and fuel prices recorded an annual increase of 33.0%, followed by transportation costs at 21.7% and furniture, household equipment and maintenance services at 14.8% in August 2026. Meanwhile, food and beverage prices increased 6.5% YOY, while healthcare prices rose 5.2% YOY. The monthly CPI reached 289.8 points in August 2026.

Oman

Oman Strengthens Capital Market Framework to Attract Investment and Support Growth

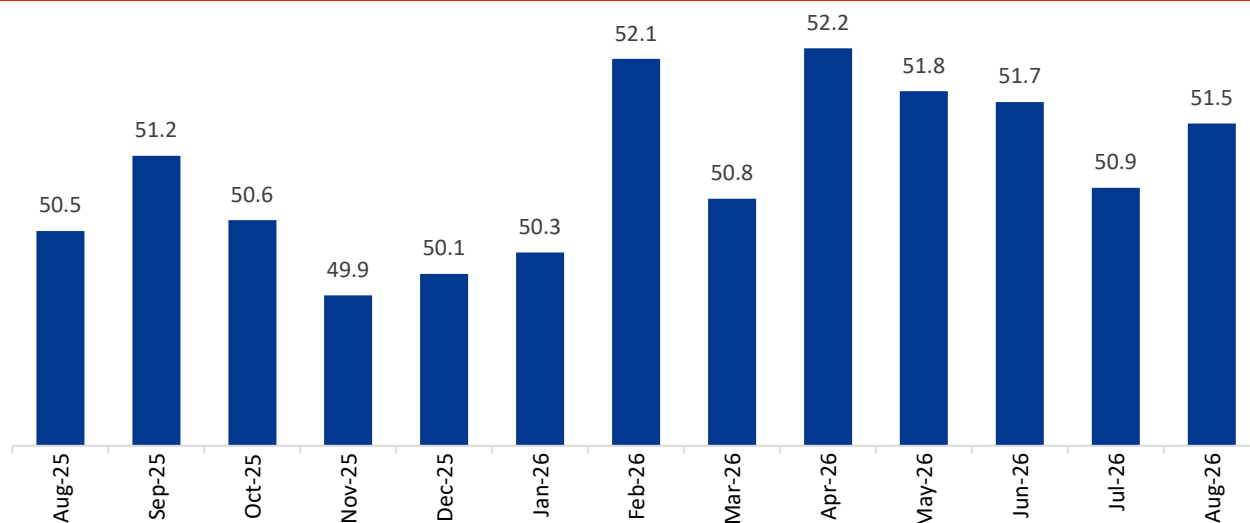
Oman has introduced new Executive Regulations under its Securities Law to strengthen and modernise the country's capital-market framework. Effective from 27 July 2026, the regulations aim to attract domestic and foreign capital, broaden financing and investment options, support fintech and innovation, and enhance investor protection through stronger governance, disclosure and segregation of client assets. The framework also expands collective investment products and introduces clearer requirements for capital-market institutions, investment banking and related securities activities, supporting Oman Vision 2040.

Global Economy

China manufacturing activity strengthened in August 2026

China's manufacturing sector expanded at a faster pace in August 2026, with the Caixin China General Manufacturing PMI increasing from 50.9 in July 2026 to 51.5 in August 2026, indicating continued expansion. New orders continued to increase, extending the growth streak to fifteen consecutive months, the longest since 2018, as firms reported stronger client demand, improved market conditions, new customer wins, export growth and business development. New export business also recorded its fastest increase in six months, supporting the acceleration in overall new orders. Meanwhile, manufacturing output increased for the ninth consecutive month, with the pace of expansion reaching its strongest level since May 2026.

Figure 18: China Caixin Manufacturing PMI

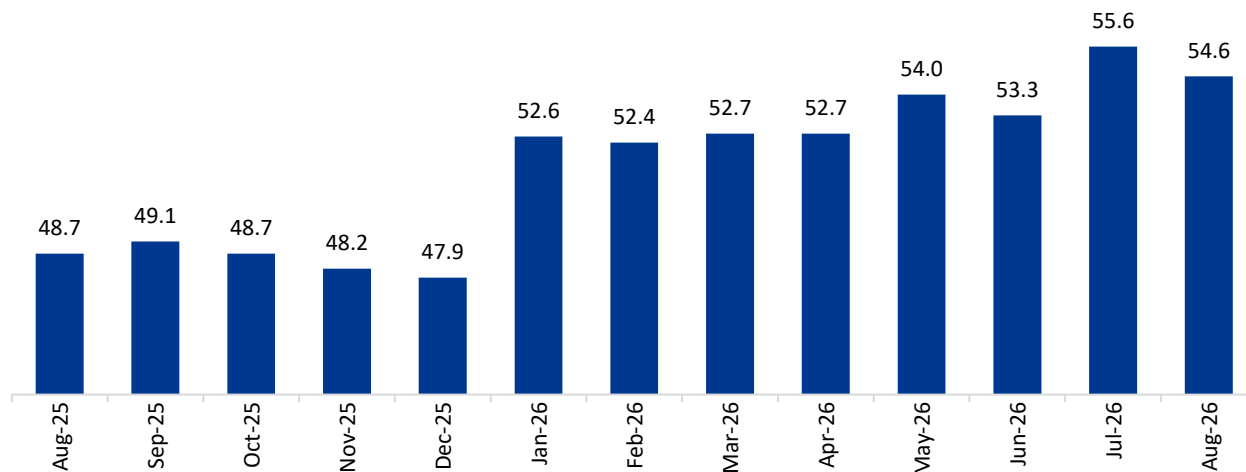


Source: CAPIQ

US manufacturing growth moderates in August 2026

The ISM Manufacturing PMI declined from 55.6 in July 2026 to 54.6 in August 2026, remaining above the 50 threshold and indicating continued expansion in US manufacturing activity. The moderation was reflected in a slowdown in new orders and backlogs, with their respective indexes declining to 53.7 and 52.5 in August 2026. This compares with 56.7 and 55.7, respectively, in July 2026, indicating a moderation in underlying demand momentum. Employment growth weakened as the employment index fell from 52.8 in July 2026 to 51.2 in August 2026, while the supplier deliveries index edged up from 58.9 in July 2026 to 59.3 in August 2026, indicating continued supply chain delays. The prices index remained unchanged at 71.1 in August 2026, compared to July 2026, with raw material prices increasing for the 23rd consecutive month.

Figure 19: US ISM Manufacturing PMI

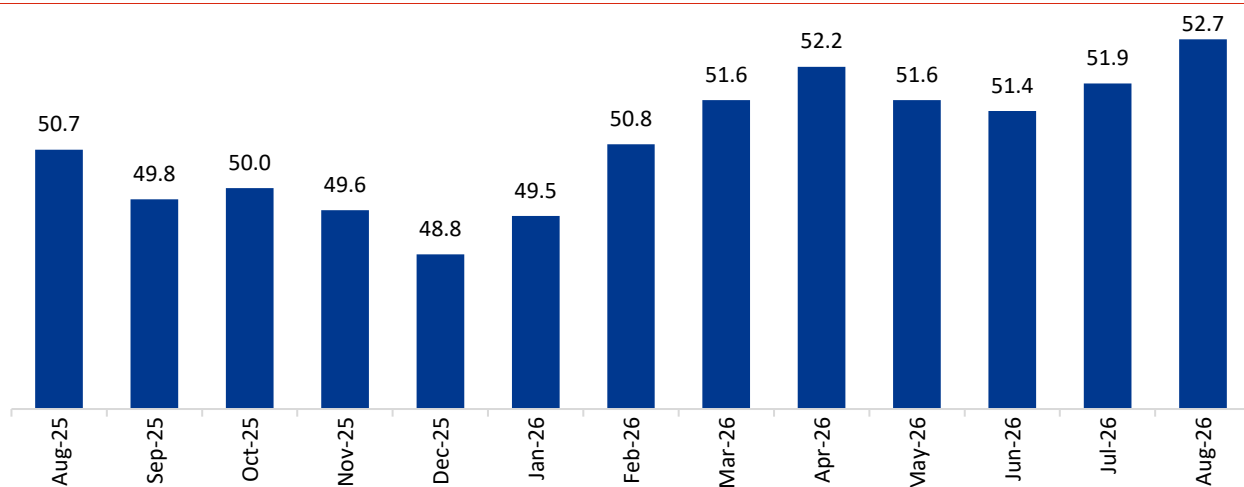


Source: CAPIQ

Eurozone manufacturing growth accelerated in August 2026

The S&P Global Eurozone Manufacturing PMI increased from 51.9 in July 2026 to 52.7 in August 2026, indicating a faster expansion in manufacturing activity and marking its highest level since May 2022. The improvement was supported by stronger new orders, which recorded their fastest growth since early 2022, while export orders increased for the second time in four and a half years. Factory output growth also strengthened, with the output sub-index rising from 52.9 in July 2026 to 53.3 in August 2026, its highest level in 54 months. Meanwhile, employment remained broadly stable after more than three years of consecutive monthly declines, while input cost inflation moderated to a six-month low. Business confidence improved for the fourth consecutive month and exceeded its long-term average.

Figure 20: Eurozone's Manufacturing PMI

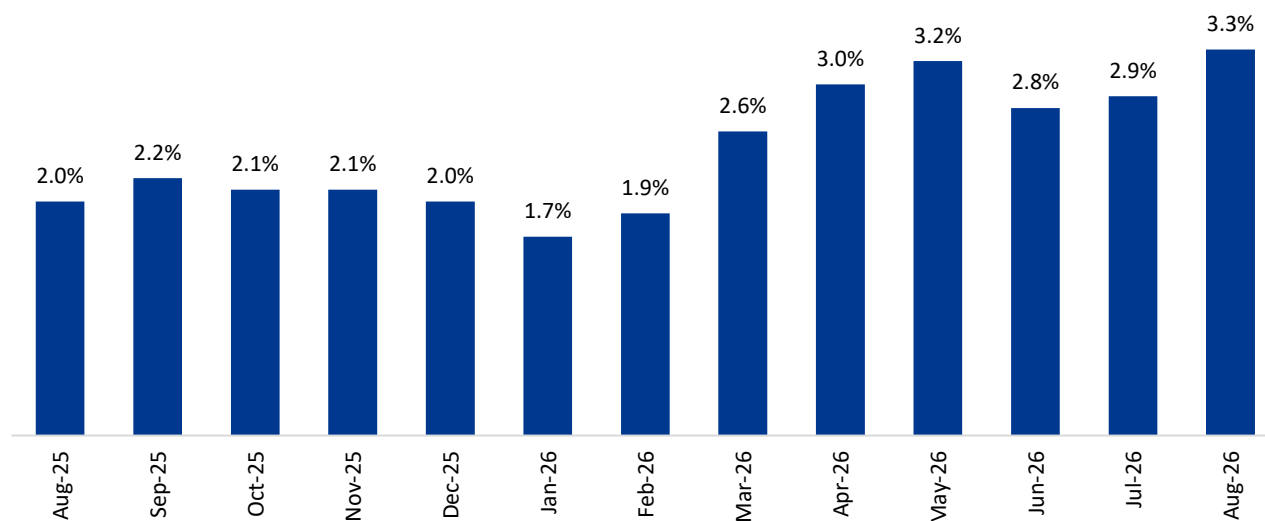


Source: CAPIQ

Eurozone inflation increased to 3.3% in August 2026

The eurozone's inflation rate increased from 2.9% in July 2026 to 3.3% in August 2026, marking its highest level since September 2023 and remaining above the ECB's 2% medium-term target. Meanwhile, core inflation eased to 2.4% in August 2026 from 2.5% in July 2026, while services inflation declined from 3.3% in July 2026 to 3.0% in August 2026. Energy inflation accelerated from 10.3% in July 2026 to 14.3% in August 2026, while non-energy industrial goods inflation increased from 0.9% in July 2026 to 1.2% in August 2026. On a monthly basis, consumer prices rose 0.4% in August 2026.

Figure 21: Eurozone's Consumer Price Index

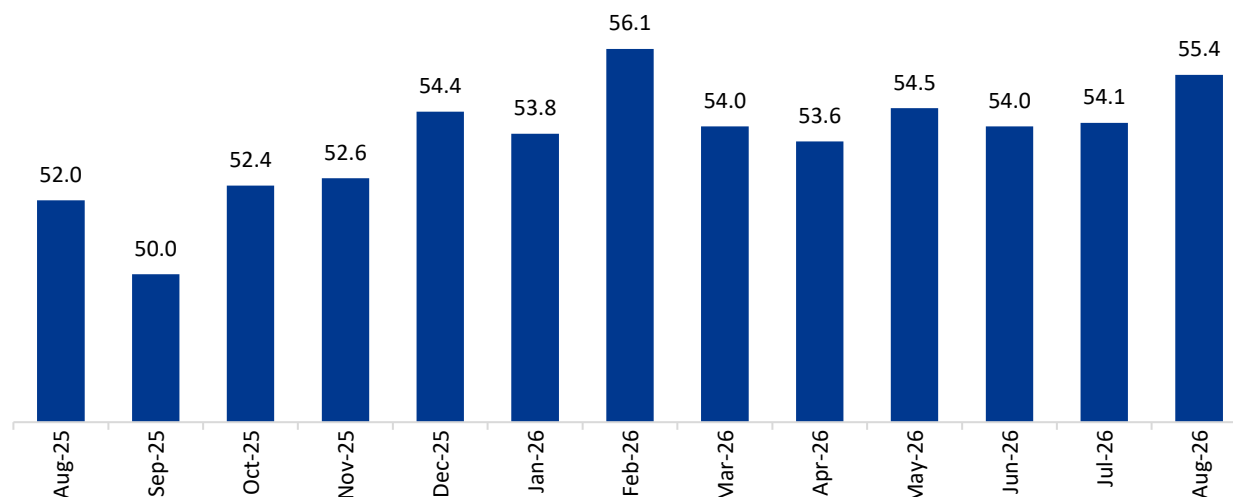


Source: CAPIQ

US services growth reached a six-month high in August 2026

The US services sector recorded stronger growth in August 2026, with the ISM Services PMI rising from 54.1 in July 2026 to 55.4 in August 2026, marking its highest level since February 2026. The improvement was supported by stronger new orders, with the new orders index increasing from 57.2 in July 2026 to 60.9 in August 2026, its highest level since February 2023, while the business activity index rose from 59.1 in July 2026 to 61.7 in August 2026, reaching its highest level since November 2022. Meanwhile, the employment index increased from 47.4 in July 2026 to 47.8 in August 2026, although it remained below the 50 threshold for the second consecutive month. Price pressures also intensified, with the prices index rising from 70.3 in July 2026 to 72.6 in August 2026, reaching its highest level since August 2022.

Figure 22: US Services PMI

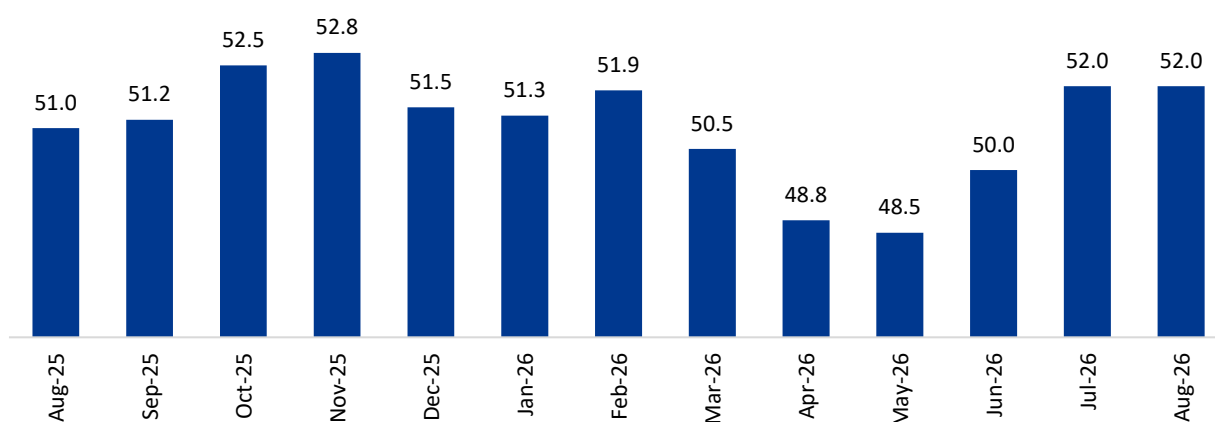


Source: CAPIQ

Eurozone private sector sustained robust growth in August 2026

The eurozone private sector maintained robust growth in August 2026, with the S&P Global Eurozone Composite PMI remaining at 52.0 in August 2026, unchanged from July 2026 and indicating continued expansion. Services activity also remained in expansion, although the Services PMI eased from 51.7 in July 2026 to 51.6 in August 2026, while employment increased for the first time in 2026, supported by stronger sales growth. Meanwhile, input cost inflation moderated slightly, while output price growth remained unchanged in August 2026 from July 2026 and business confidence was stable. At the national level, Spain and Italy continued to record strong expansions, with Italy's composite PMI rising to 53.6 in August 2026 from 52.5 in July 2026 and Spain's easing from 56.5 in July 2026 to 55.8 in August 2026. Germany's private sector growth accelerated to 51.8 in August 2026 from 51.3 in July 2026, while France remained in contraction, with its composite PMI declining from 49.4 in July 2026 to 48.5 in August 2026.

Figure 23: HCOB Eurozone Composite PMI

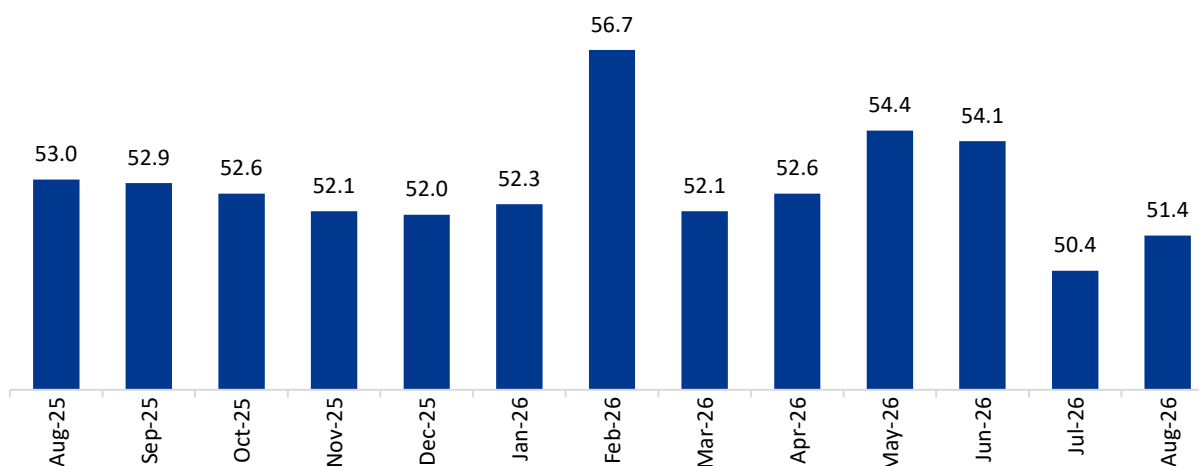


Source: CAPIQ

China services activity strengthened in August 2026

China's services sector recorded faster growth in August 2026, with the RatingDog China General Services Business Activity Index rising from 50.4 in July 2026 to 51.4 in August 2026, remaining above the 50 threshold and indicating continued expansion. New business increased at a faster pace, extending its growth streak to 44 consecutive months, while international new business rose for the fourth consecutive month at a slower pace. Employment increased for the fourth consecutive month, marking the longest period of job creation since 2023, supported by business expansion and stronger client demand. Meanwhile, input price inflation accelerated slightly but remained modest, while service providers increased output charges for the third consecutive month in August 2026. The Composite Output Index also increased from 50.8 in July 2026 to 52.1 in August 2026, indicating faster growth in overall business activity.

Figure 24: China Services PMI

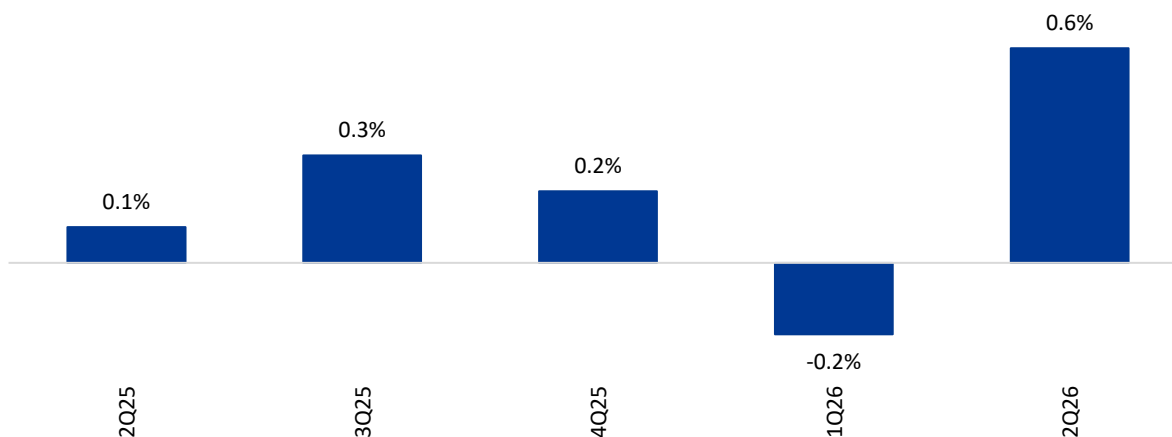


Source: CAPIQ

Eurozone GDP growth revised higher to 0.6% in 2Q26

The eurozone economy expanded 0.6% QOQ in 2Q26, following a 0.2% QOQ contraction in 1Q26, GDP growth accelerated to 1.2% in 2Q26 from 0.6% in 1Q26. The quarterly expansion was supported by stronger household spending and a rebound in exports, which increased 0.4% and 3.4%, respectively, while gross fixed capital formation declined 0.1%. Meanwhile, government spending growth moderated to 0.2% QOQ in 2Q26 from 0.5% in 1Q26, while imports increased 1.5% in 2Q26. Employment rose 0.1% QOQ in both the eurozone and EU in 2Q26, while YOY employment growth stood at 0.5% and 0.4%, respectively.

Figure 25: Eurozone's Gross Domestic Product (GDP) QOQ

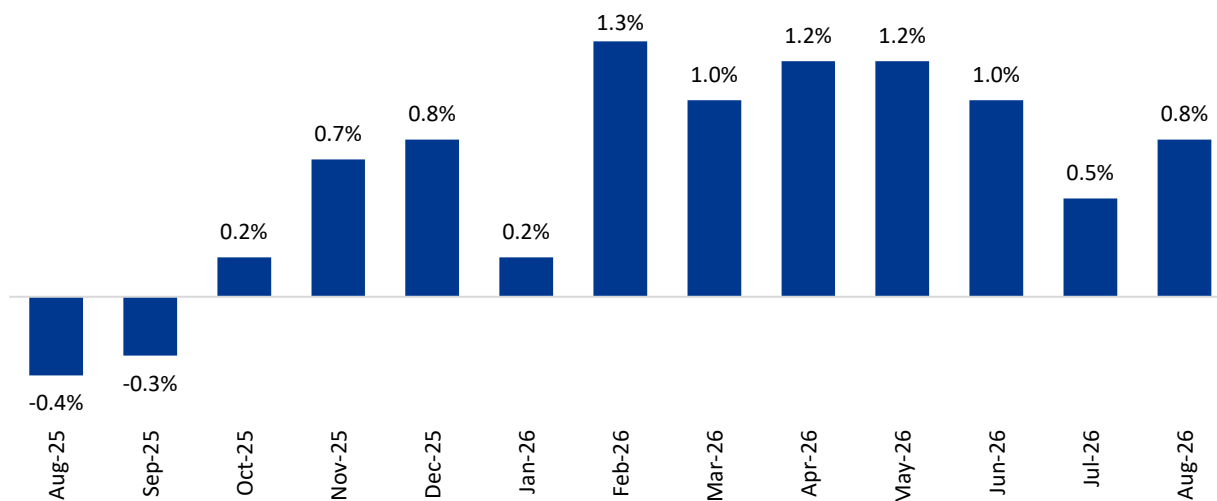


Source: CAPIQ

China inflation accelerated in August 2026

China's producer price inflation accelerated from 3.5% YOY in July 2026 to 3.8% YOY in August 2026, while consumer inflation increased from 0.5% YOY in July 2026 to 0.8% YOY in August 2026. The rise in prices was mainly supported by higher energy costs, with stronger international crude oil and non-ferrous metal prices pushing up prices across related industries. Prices of non-ferrous metal smelting and processing increased 20.8% YOY, followed by petroleum, coal and fuel processing at 11.1% YOY and oil and gas extraction at 10.5% YOY in August 2026. Meanwhile, core inflation, excluding food and energy, accelerated to 1.0% YOY in August 2026 from 0.9% YOY in July 2026.

Figure 26: China's Consumer Price Index (CPI) YOY

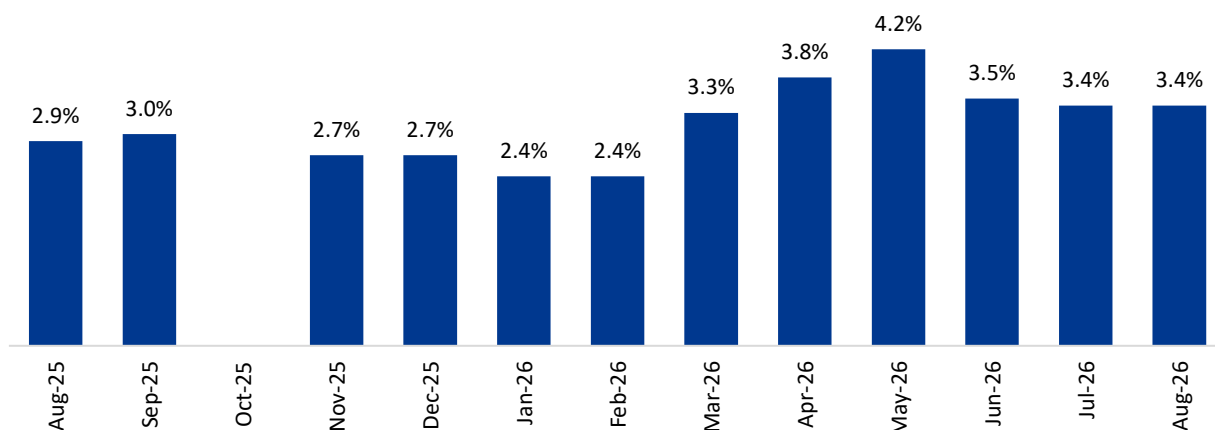


Source: CAPIQ

US consumer inflation accelerated in August 2026

The US Consumer Price Index (CPI) increased 0.4% MOM in August 2026, following a 0.1% rise in July 2026, while annual inflation remained unchanged at 3.4% in August 2026 from July 2026. The monthly increase was mainly driven by higher gasoline and other motor fuel prices, which rose 3.9% and 9.6%, respectively. Food prices increased 0.1% MOM for the second consecutive month, while grocery prices remained unchanged. Meanwhile, food inflation stood at 2.7% YOY in August 2026, while inflation-adjusted average hourly earnings declined 0.3% YOY in August 2026.

Figure 27: US CPI (YOY)



Source: CAPIQ

Federal Reserve raised rates by 25 bps to 3.75%-4.00%

The US Federal Reserve raised the target range for the federal funds rate by 25 bps to 3.75%-4.00% from 3.50%-3.75% at its September 2026 meeting, citing elevated inflation and resilient economic activity. The decision marked the first-rate increase since July 2023 and the first change in rates since a cut in December 2025. Higher rates are expected to increase borrowing costs, including for credit cards, personal loans and new mortgages, while potentially supporting returns on savings.

GCC central banks raised interest rates following US Fed hike

GCC central banks raised policy rates by 25 bps following the US Federal Reserve's decision to increase its benchmark rate to 3.75%-4.00% in September 2026. The Central Bank of the UAE raised the Overnight Deposit Facility base rate to 3.90% from 3.65%, while the Saudi Central Bank increased its Repo and Reverse Repo rates to 4.50% and 4.00%, respectively. The Central Bank of Bahrain raised its overnight deposit rate to 4.50% from 4.25%, while the Central Bank of Oman increased its repo rate to 4.50%. Qatar's central bank also raised its deposit, lending and repurchase rates by 25 bps.

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