MENA CREDIT RESEARCH

October 2026

Falling Yields and Equity Weakness Highlight Divergent Market Performance

Sector Weighting:
MARKET WEIGHT

GCC Fixed Income Outlook

MENA debt capital market (DCM) activity weakened in 9M26, with total bond issuance declining 10% YOY to USD 129.7 Bn, while the number of transactions fell 26% to 157 in 9M26, amid heightened regional geopolitical uncertainty and rising borrowing costs. According to LSEG data, Saudi Arabia remained the largest issuer, accounting for 42% of regional proceeds, followed by the UAE at 26% and Qatar at 13%. Financial institutions represented 47% of total issuance, while governments and agencies accounted for 29%. Sukuk issuance declined more sharply by 39% YOY to USD 34.8 Bn in 9M26, reducing its share of total regional bond proceeds to 27%, the lowest level in five years, as market volatility and greater structuring complexity constrained issuance activity. According to Mashreq Capital, borrowing conditions tightened as higher US Treasury yields and wider GCC credit spreads increased funding costs, disproportionately affecting smaller and lower-rated issuers. Looking ahead, the GCC debt market is expected to remain accessible to sovereigns, government-related entities and banks, although issuance is likely to remain opportunistic amid elevated yields and credit spreads. Around USD 13 Bn of GCC bank dollar-denominated debt matures in 4Q26, creating near-term refinancing requirements, while lower-rated borrowers may face higher issuance costs or defer transactions until 2027. Renewed geopolitical escalation remains a key downside risk to regional funding conditions and debt issuance activity.

The GCC primary debt market remained active in October 2026, with issuance spanning sovereigns, financial institutions, energy companies, real estate developers and multilateral borrowers, alongside continued diversification of funding sources across currencies and instruments. Sovereign activity was led by Kuwait's USD 3.25 Bn dual-tranche bond issuance, comprising USD 2.25 Bn of three-year notes at a 5.619% yield and USD 1.0 Bn of 10-year notes at a 6.198% yield. In the UAE, Abu Dhabi National Energy Company (TAQA) raised USD 1.75 Bn through a dual-tranche Eurobond issuance, comprising a USD 1.1 Bn five-year green bond at a 5.875% coupon and a USD 650 Mn 10-year tranche at a 6.125% coupon. First Abu Dhabi Bank (FAB) priced its debut digitally native AED-denominated green bond at 75 bps over the three-year AED swap rate, while Mashreq issued its inaugural public offshore renminbi bond, raising CNH 1.0 Bn through three-year senior unsecured notes at a 2.50% coupon. Sharjah-based Arada Developments launched a five-year USD benchmark sukuk alongside a tender offer for its outstanding 2027 certificates, of which USD 411.7 Mn remained outstanding. In Qatar, Doha Bank raised USD 500 Mn through five-year senior unsecured notes at a 6.25% coupon and a 140-bps spread over US Treasuries. QNB Group also raised QAR 750 Mn through its second three-year Qatari riyal-denominated Shogun bond, marking the largest issuance of its kind to date. At the multilateral level, the International Islamic Liquidity Management Corporation (IILM) issued USD 1.312 Bn of short-term sukuk, attracting USD 2.33 Bn in orders, followed by a record USD 1.546 Bn issuance on 21 October, backed by a USD 3.49 Bn orderbook.

During its last policy meeting in September 2026, the US Federal Reserve raised the target range for the federal funds rate by 25 bps to 3.75%-4.00%, citing elevated inflation and resilient economic activity. The US 10-year Treasury yield declined from 5.24% at the start of the month to 4.94% at month-end. Meanwhile, the 5-year CDS increased across all GCC countries except Oman and Kuwait. The S&P Global UAE PMI remained unchanged at a 20-month high of 55.3 in September 2026 compared with August 2026, indicating continued improvement in non-oil private sector business conditions. This was supported by output growth accelerating to its fastest pace since February 2026, driven by improving customer demand and stronger new work pipelines across sectors. Meanwhile, new orders increased significantly, although growth moderated from August's seven-month high, while export orders rose for the third consecutive month at the fastest pace since November 2024. On the cost front, purchase costs rose at the fastest pace in three months, driven by higher raw material prices and freight costs,

while staff costs remained broadly stable. However, business optimism weakened slightly from August and remained relatively subdued, indicating continued caution about the outlook despite improving current operating conditions. Furthermore, IMF raised its UAE GDP growth forecast for 2027 by 2.4 ppt to 7.7%, citing strong financial buffers, infrastructure, and AI-driven growth potential. Dubai's real GDP declined 2.3% YOY to AED 473 Bn in 1H26. Financial and insurance activities expanded 8.8% YOY, healthcare grew 14.3% YOY, and construction increased 2.4% YOY, reflecting continued growth across key sectors despite mixed economic performance. In Saudi Arabia, the PMI rose to 55.3 in September from 53.8 in August, marking the sixth consecutive month of improvement and the strongest expansion since February. New orders grew at the fastest pace since February, supported by improving domestic market conditions, higher client numbers and increased customer spending. Output growth eased to a five-month low despite stronger new orders, reflecting regional tensions, geopolitical uncertainty and supply-chain disruptions. New orders from foreign customers declined for the seventh consecutive month, although the pace of decline moderated considerably in September. Input costs continued to rise sharply due to higher material and transport prices, prompting firms to increase selling charges at the second-fastest pace in more than six years. Business confidence weakened as geopolitical uncertainty and concerns about further supply-chain disruptions weighed on expectations for future output. IMF raised Saudi Arabia's 2027 GDP growth forecast to 7.9% from 5.5%, while revising its 2026 outlook to a 3.3% contraction from 1.7% growth, citing geopolitical disruptions and energy market uncertainties. Similarly, Saudi Arabia projected a fiscal deficit of SAR 191 Bn (3.6% of GDP) in 2027, with expenditure of SAR 1.39 Tn and revenue of SAR 1.20 Tn. The Ministry expects real GDP to grow 12.8% in 2027 following a projected 3.6% contraction in 2026, with the deficit to be financed through borrowing. On the inflation front, Saudi Arabia's annual inflation remained stable at 1.9% in September 2026, driven by higher housing costs, transportation and food prices, according to General Authority for Statistics (GASTAT). Meanwhile, the Wholesale Price Index rose 4.2% YOY but declined marginally 0.2% MOM, reflecting lower prices of refined petroleum products and other transportable goods. In Oman, real GDP grew 5.1% YOY in 2Q26 to RO 9.9 Bn, driven by growth in the oil sector, while non-oil activities expanded marginally by 0.7%. Real GDP increased 3.8% in 1H26, highlighting continued economic expansion alongside the need to strengthen non-oil sector growth. Looking ahead, IMF projected the country's economy to grow by 2.4% in 2026, making it the only GCC economy expected to record positive growth, while regional GDP is forecast to contract by 0.3% amid disruptions to energy production and shipping through the Strait of Hormuz. According to National Centre for Statistics and Information (NCSI), Oman's annual inflation eased to 3.2% in September 2026 from 3.4% in August, while food prices rose 8.4% YOY, led by vegetables, fruits and meat. Transport costs increased 4.8% YOY, while average inflation reached 3.0% during the 9M26. Bahrain's non-oil exports of national origin fell 56% YOY to BD 153 Mn in August 2026, while re-exports and imports declined 28% and 16%, respectively. The trade deficit widened to BD 210 Mn in August 2026 from BD 75 Mn August 2025, amid weaker export activity. In Qatar, non-hydrocarbon GDP grew 2.6% YOY in 2Q26, led by real estate, wholesale and retail trade, construction and financial services.

Gold Outlook

Gold prices decreased 6.8% MOM in October 2026, closing the month at 3,875.44 USD per ounce and recording a second consecutive monthly decline. The fall was driven primarily by growing expectations of further US rate hikes, as higher-than-expected US inflation data and a stronger US dollar weighed on gold. In addition, rising oil prices amid escalating Middle East tensions, including attacks on vessels in the Strait of Hormuz, increased inflation concerns and reinforced expectations of higher-for-longer US interest rates, pushing gold to its lowest level since mid-July 2026. Gold prices initially rose on softer-than-expected US inflation data but then declined as a stronger US dollar and rising Treasury yields weighed on the precious metal. Prices recovered as weaker September 2026 employment data reduced expectations of an October 2026 Fed rate hike, although renewed dollar strength and concerns over further monetary tightening limited gains. Gold then fell to a two-month low as the dollar strengthened and investors assessed the Fed's September 2026 meeting minutes, which highlighted divisions over the need for further rate increases, before rebounding as the dollar weakened and Treasury yields eased. During the following week, gold prices declined amid a stronger US dollar and expectations of further Fed rate hikes, while investors awaited US inflation data. Prices came under further pressure as escalating geopolitical tensions, including attacks

on vessels in the Strait of Hormuz and renewed strikes affecting Saudi Arabia, heightened concerns over oil supply disruptions and inflationary pressures. Higher-than-expected US consumer and producer inflation data reinforced concerns over persistent price pressures, although comments from some Fed officials moderated expectations of an immediate rate hike. Towards the end of the week, gold prices recovered as the US dollar weakened and Treasury yields eased, although the precious metal remained lower on a weekly basis. Post mid-month, gold prices extended their decline as rising oil prices and escalating geopolitical tensions in the Middle East heightened inflation concerns and strengthened expectations of higher-for-longer US interest rates. Attacks on Saudi energy infrastructure and fears of supply disruptions pushed oil prices to five-month highs, further weighing on gold. Resilient US labour market indicators reinforced expectations of tighter monetary policy, while investors awaited the Fed's policy decision and upcoming PCE inflation data. Selling pressure intensified towards the end of the week, with gold recording its steepest weekly decline in over four months and falling to the USD 4,000 per ounce level. In the final week, gold initially edged higher as softer oil prices eased inflationary concerns and markets anticipated the Fed would keep interest rates unchanged at its October 2026 policy meeting. However, the Fed's signal that further tightening remained possible, together with sticky US inflation data and a renewed rise in crude oil prices, triggered a reversal, pushing gold below USD 4,000 per ounce. Overall, gold prices recorded a second consecutive monthly decline.

Oil Outlook

Oil prices recorded an increase in October 2026, with Brent crude rising 20.0% MOM to USD 117.64 per barrel. Oil prices remained volatile throughout the month, primarily driven by escalating US-Iran tensions, continued attacks on tankers and regional energy infrastructure, and concerns over Middle East supply disruptions. Prices gained amid reports of additional US military deployments to the region, China's suspension of oil product exports, Russia's diesel export ban and continued attacks on vessels in the Strait of Hormuz, although recovering regional crude flows and diplomatic efforts temporarily limited gains. Prices declined following the IEA's planned release of strategic oil stocks and prospects of additional Russian fuel supplies, before rebounding amid renewed attacks on Gulf shipping, preparations for further US military operations against Iran and tighter US crude inventories. OPEC+ production increased by around 900,000 bpd MOM to 39.07 Mn bpd, driven by higher Saudi output of 8.372 Mn bpd, although shipments through the Strait of Hormuz remained below pre-war levels. Further support came from stalled US-Iran negotiations, renewed Houthi attacks on Saudi Arabia and larger-than-expected drawdowns in US crude, gasoline and distillate inventories, pushing Brent to a five-month high. Concerns over potential military escalation following the US midterm elections and further tanker attacks in the Strait of Hormuz supported prices, while prospects of diplomatic talks in Tehran and recovering regional crude flows temporarily limited gains.

Our Top Bond/Sukuk Picks:

Top Bond Picks

S No.	Issuer Name	Ticker	ISIN	Yld to Mty (Mid)	Amt Out	Fitch Rating	Moody Rtg	S&P Rating	Country of Risk	Coupon	Maturity
1	DP World Ltd/United Arab Emirates	DPWDU	XS1883879006	7.02	1,300,000,000	BBB+	Baa2	N/A	AE	5.625	9/25/2048
2	Saudi Government International Bond	KSA	XS1936302949	6.61	3,500,000,000	A+	Aa3	N/A	SA	5.25	1/16/2050
3	Oman Government International Bond	OMAN	XS1750114396	6.49	2,750,000,000	BBB-	Baa3	N/A	OM	6.75	1/17/2048
4	Finance Department Government of Sharjah	SHJGOV	XS2775892065	6.40	1,000,000,000	N/A	Ba1	BBB-	AE	6.125	3/6/2036
5	MDGH GMTN RSC Ltd	MUBAUH	XS0701227075	6.15	750,000,000	AA	Aa2	AA	AE	6.875	11/1/2041
6	Abu Dhabi Government International Bond	ADGB	XS2811094213	6.12	1,750,000,000	AA	N/A	AA	AE	5.5	4/30/2054
7	Abu Dhabi National Energy Co PJSC	TAQAUH	XS3550564739	5.94	650,000,000	AA	Aa3	N/A	AE	6.125	10/26/2036
8	Emirates NBD Bank PJSC	EBIUH	XS3424467879	5.89	1,500,000,000	A+	N/A	N/A	AE	5.125	6/29/2031
9	Kuwait International Government Bond	KUWIB	XS3537430079	5.89	1,000,000,000	AA-	N/A	AA-	KW	6.198	10/26/2036
10	Oztel Holdings SPC Ltd	OTELOM	XS1805476659	5.79	688,921,000	BBB-	Ba1	N/A	OM	6.625	4/24/2028

Data Source: Bloomberg

Top SUKUK Picks

S No.	Issuer Name	Ticker	ISIN	Yld to Mty (Mid)	Amt Out	Fitch Rating	Moody Rtg	S&P Rating	Country of Risk	Coupon	Maturity
1	Saudi Electricity Sukuk Programme Co	SECO	XS2608638602	6.53	1,500,000,000	A+	Aa3	N/A	SA	5.684	4/11/2053
2	Saudi Electricity Global Sukuk Co 3	SECO	XS1054250318	6.38	1,000,000,000	A+	Aa3	A+	SA	5.5	4/8/2044
3	DP World Crescent Ltd	DPWDU	XS3066663124	6.07	1,500,000,000	BBB+	Baa2	N/A	AE	5.5	5/8/2035
4	Sharjah Sukuk Program Ltd	SHARSK	XS2914525154	6.04	1,000,000,000	N/A	Ba1	BBB-	AE	5.433	4/17/2035
5	Esic Sukuk Ltd	ESICSU	XS2747181613	6.03	700,000,000	N/A	Baa3	N/A	AE	5.831	2/14/2029
6	EDO Sukuk Ltd	ENEDEV	XS3037926865	5.97	850,000,000	BBB-	N/A	BBB-	OM	5.14	1/22/2036
7	Mazoon Assets Co SAOC	MAZOON	XS2907977131	5.94	750,000,000	BBB-	Ba1	N/A	OM	5.25	10/9/2031
8	Aldar Investment Properties Sukuk Ltd	ALDAR	XS2816816305	5.86	645,000,000	N/A	Baa1	N/A	AE	5.5	5/16/2034
9	Sharjah Sukuk Program Ltd	SHARSK	XS3233459968	5.81	750,000,000	N/A	Ba1	BBB-	AE	5.192	5/25/2036
10	KSA Ijarah Sukuk Ltd	KSA	XS3498813222	5.77	2,000,000,000	A+	Aa3	A+	SA	5.598	9/9/2036

Data Source: Bloomberg

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MENA credit outlook

OQ Gas Networks established USD 1 Bn sukuk issuance programme

Oman's OQ Gas Networks (OQGN) launched a USD 1 Bn sukuk issuance programme, providing a framework for potential future sukuk offerings through the London Stock Exchange's International Securities Market. The Company confirmed that it has not issued any sukuk or secured financing under the programme so far, while its existing capital expenditure plans and business strategy remain unchanged. OQGN is majority owned by the Oman Investment Authority and serves as the sole owner and operator of Oman's natural gas transportation network.

Dubai Islamic Bank announced redemption of USD 500 Mn AT1 sukuk

Dubai Islamic Bank (DIB) announced plans to redeem its outstanding USD 500 Mn Additional Tier 1 (AT1) sukuk on October 19, 2026, marking the first call date of the certificates. The sukuk was issued through DIB Tier 1 Sukuk (5) Ltd. under a trust agreement established on April 19, 2021. As per the redemption terms, investors will receive the full outstanding principal amount, equivalent to 100% of the certificates' face value, together with any unpaid amounts due at redemption. Following completion, the securities will be removed from the listing records of Euronext Dublin and the Dubai Financial Services Authority (DFSA). The trading permissions on Euronext Dublin's regulated market and Nasdaq Dubai are expected to cease on or shortly after October 20, 2026

IILM sukuk issuance was 1.78x oversubscribed

The International Islamic Liquidity Management Corporation (IILM) raised USD 1.312 Bn through a short-term sukuk reissuance, receiving total orders of USD 2.33 Bn and achieving an oversubscription ratio of 1.78x. The transaction comprised five tranches, including USD 426 Mn of one-month sukuk at 4.25%, USD 466 Mn of two-month sukuk at 4.35%, USD 273 Mn of four-month sukuk at 4.75%, USD 84 Mn of six-month sukuk at 4.65% and USD 63 Mn of 12-month sukuk at 4.75%. Following the transaction, IILM's cumulative sukuk issuance for 2026 reached USD 23.4 Bn.

Emirates Islamic appointed banks for potential five-year USD sukuk issuance

Emirates Islamic Bank appointed eight banks to coordinate fixed income investor meetings in preparation for a potential five-year US dollar-denominated benchmark sukuk offering. The proposed transaction comprises senior unsecured, fixed-rate certificates offered under Regulation S through EI Sukuk Company Ltd.'s USD 4 Bn Certificate Issuance Programme, subject to prevailing market conditions. Citi, Arab Bank, Emirates NBD Capital, ICBC, Abu Dhabi Islamic Bank, KFH Capital, Mashreq and Standard Chartered were selected as joint lead managers and bookrunners, with investor calls scheduled to commence in the second week of October. Fitch Ratings currently assigns Emirates Islamic Bank an A+ rating with a Stable Outlook, while the planned sukuk is expected to carry the same rating.

FAB priced debut three-year AED-denominated digital green bond

First Abu Dhabi Bank (FAB) finalized pricing for its first benchmark-sized, digitally native green bond denominated in AED, with the three-year notes priced at 75 bps above the corresponding AED swap benchmark. The fixed-rate securities are scheduled for settlement on October 15, 2026, with maturity set for October 15, 2029. The transaction was managed by HSBC, ICBC (Asia)m, Emirates NBD Capital, FAB, and Standard Chartered as joint lead managers and bookrunners, while Standard Chartered was appointed as the billing and delivery bank. Issued under Regulation S, the notes are expected to carry

ratings of Aa3 from Moody's and AA- from S&P and Fitch, matching FAB's issuer ratings. The securities are also expected to be listed on the Abu Dhabi Securities Exchange (ADX).

Mashreq priced a CNH 1 Bn three-year bond at a 2.50% coupon

Mashreq raised CNH 1 Bn through its inaugural public offshore renminbi bond issuance, comprising a three-year senior unsecured Dim Sum bond with a fixed coupon of 2.50%, below the initial guidance of 2.95%. The transaction attracted peak investor demand of CNH 2.3 Bn, indicating strong subscription interest. The transaction was coordinated by a group of seven institutions, including Mashreq, Bank of China, Standard Chartered, China International Capital Corp, China Securities International, Guotai Junan International and Industrial and Commercial Bank of China, which jointly managed the offering and order book.

OQEP set up a USD 2 Bn sukuk framework for future funding

Oman's OQ Exploration and Production (OQEP) established a USD 2 Bn sukuk programme to facilitate potential access to international debt markets. The Company clarified that the arrangement did not involve an immediate financing drawdown, as it provided a framework for future sukuk issuances. Securities issued under the programme could be listed on the London Stock Exchange's International Securities Market.

IILM secured USD 1.546 Bn through a record sukuk offering

The International Islamic Liquidity Management Corporation (IILM) issued short-term sukuk worth USD 1.546 Bn, marking its largest offering by issuance volume. The sale attracted subscription orders of USD 3.49 Bn, equivalent to 2.26 times the amount offered. The issuance comprised five tranches: USD 210 Mn with a two-week maturity at 4.20%, USD 397 Mn for one month at 4.25%, USD 605 Mn for three months at 4.34%, USD 253 Mn for six months at 4.50% and USD 81 Mn for 12 months at 4.85%. The securities were distributed through IILM's primary dealer network across the Middle East, Asia, Europe and Africa, including the UAE, Kuwait, Qatar and Saudi Arabia.

Arada planned a five-year USD sukuk and launched a tender for existing 2027 certificates

Arada Developments prepared a five-year, fixed-rate USD sukuk issuance under its USD 1.5 Bn trust certificate programme, with an expected rating of B1/BB- from Moody's and Fitch, respectively. Alongside the proposed issuance, the Company launched a cash tender offer for its existing sukuk maturing in 2027, with USD 411.7 Mn outstanding from the original USD 500 Mn issuance. The offer opened on October 20, 2026, and was scheduled to close on October 26, 2026. The transaction was arranged by a consortium of financial institutions, including First Abu Dhabi Bank, Emirates NBD Capital, Goldman Sachs International and Standard Chartered.

Kuwait secured USD 3.25 Bn through a two-tranche bond sale

Kuwait raised USD 3.25 Bn through a dual-tranche senior unsecured bond issuance, comprising USD 2.25 Bn in three-year notes at a 5.619% yield and USD 1 Bn in 10-year notes at 6.198%. Combined investor demand exceeded USD 7.8 Bn, allowing spreads to tighten to 75 bps and 105 bps over US Treasuries, respectively. The notes carried expected ratings of AA- from S&P and Fitch, with proceeds scheduled to settle on October 26, 2026. The securities were arranged by international banks and planned for listing on the London Stock Exchange's Main Market.

TAQA secures USD 1.75 Bn from five-year green and 10-year bond tranches

Abu Dhabi National Energy Company (TAQA) raised USD 1.75 Bn through two USD bond tranches, comprising USD 1.1 Bn in five-year green bonds at a 5.875% coupon and USD 650 Mn in 10-year notes at 6.125%. Investor orders exceeded USD 3.3 Bn and USD 2.4 Bn, respectively. The five-year tranche carried a 98-bps spread over US Treasuries, while the 10-year tranche was priced at 108 bps. The bonds fell under TAQA's USD 20 Bn Global Medium Term Note Programme and were slated for London Stock Exchange listing.

Doha Bank secured USD 500 Mn through five-year bond issuance

Doha Finance Limited issued USD 500 Mn in five-year senior unsecured notes, guaranteed by Doha Bank, at a 6.250% coupon and 6.313% yield, with a spread of 140 bps over US Treasuries against initial guidance of 170 bps. Investor orders exceeded USD 1.5 Bn at launch. The notes carried expected ratings of A from Fitch and Baa1 from Moody's, fell under Doha Bank's USD 4.25 Bn Euro Medium Term Note Programme and are scheduled to mature on October 28, 2031. The securities were set for listing on the London Stock Exchange's International Securities Market. HSBC, Standard Chartered, Barclays, Goldman Sachs International, QNB Capital and Emirates NBD Capital were among the joint lead managers and bookrunners.

Masdar's USD 600 Mn blue bond attracted over USD 1.4 Bn in orders

Abu Dhabi-based renewable energy company Masdar finalized pricing for its USD 600 Mn five-year senior unsecured blue bond at 115 bps above the five-year US Treasury benchmark, compared with initial pricing indications of c. 130 bps. The transaction generated demand exceeding USD 1.4 Bn, excluding orders from joint lead managers. Despite strong investor interest, the issuance size remained unchanged at USD 600 Mn under the no-grow structure, with the notes offered at a reoffer price of 98%. The notes are scheduled to settle on October 29, 2026, and mature on October 29, 2031, with an expected listing on the London Stock Exchange's International Securities Market. Abu Dhabi Commercial Bank, BNP Paribas, Crédit Agricole CIB, First Abu Dhabi Bank, HSBC, J.P. Morgan and Société Générale acted as joint lead managers and bookrunners.

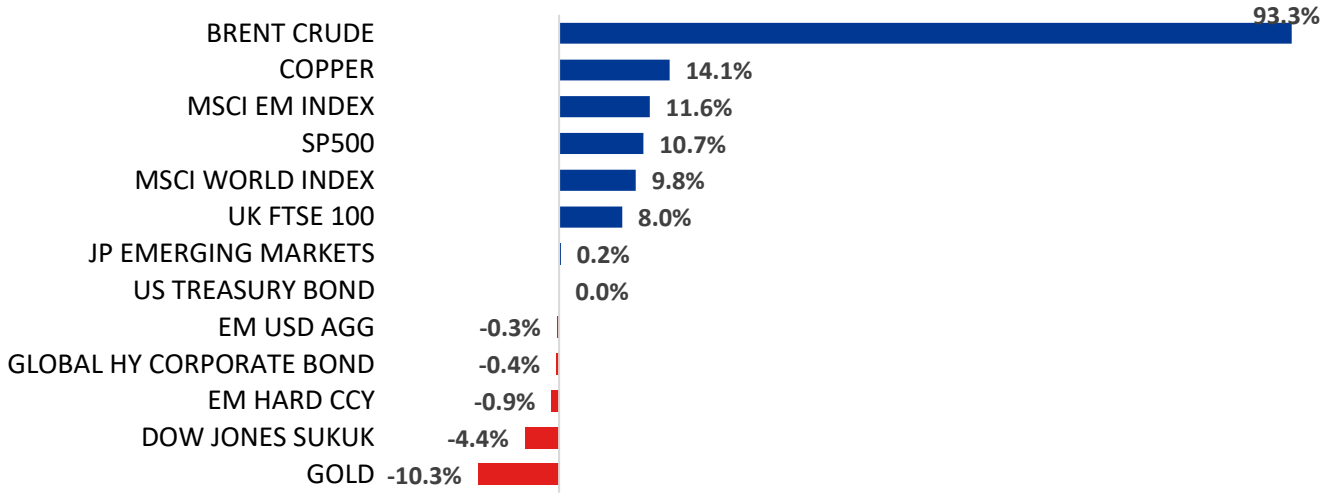
QNB Group completed QAR 750 Mn Shogun bond issuance

Qatar's QNB Group secured QAR 750 Mn (USD 206 Mn) through its second Shogun bond offering denominated in Qatari riyals, attracting participation from a broad base of Japanese investors. The bonds carry a three-year tenor, with the transaction representing the largest issuance of Qatari riyal-denominated Shogun bonds to date. The issuance followed QNB's inaugural Shogun bond offering in 1Q25, through which the Bank raised QAR 500 Mn with a three-year maturity. The latest offering aligns with the Bank's efforts to broaden its funding channels and increase its presence among Japanese investors. Sumitomo Mitsui Banking Corporation (SMBC) served as the arranger for the issuance.

Global Asset Performance

Global asset classes delivered mixed performance in October 2026, as equity market weakness, a rally in government bonds and higher commodity prices drove divergent movements across markets. Heightened geopolitical tensions in the Middle East, concerns over inflation and uncertainty surrounding monetary policy continued to influence investor sentiment. While equity markets faced pressure from a correction in technology and semiconductor stocks, fixed-income markets recovered as government bond yields retreated from September's highs, reflecting increased demand for higher-quality assets amid heightened market volatility. Equity markets remained under pressure, with the MSCI Emerging Markets Index declining 8.1% MOM, reflecting broad-based weakness across emerging markets, with India being an exception. Meanwhile, the MSCI World Index declined 0.8% MOM, primarily weighed down by weakness in the US and Japan. The correction in technology and semiconductor stocks, alongside concerns over the returns on substantial AI-related investments and foreign institutional outflows, contributed to the underperformance of emerging markets. Fixed-income markets strengthened during the month, reversing part of the previous month's losses as government bond yields declined across major developed markets. The rally was supported by a rotation towards higher-quality assets amid equity market volatility and easing pressure on bond valuations following the sharp rise in yields during the third quarter. The Bloomberg Global Aggregate Bond Index increased 1.4% MOM, while the J.P. Morgan EMBI declined 0.7% MOM and the EM USD Aggregate Bond Index increased 1.3% MOM. US Treasuries returned 2.1% MOM, supported by a decline in yields across the curve. The 10-year and 30-year Treasury yields fell as bond prices recovered from September's sell-off. Nevertheless, persistent inflation concerns, resilient economic activity and uncertainty surrounding the US fiscal outlook continued to influence expectations for the future path of monetary policy and longer-term yields. Credit markets also recorded mixed performance, with the Dow Jones Sukuk Index increasing 0.6% MOM, while global high-yield corporate bonds declined marginally by 0.2% MOM, reflecting relatively resilient demand for sukuk. Within commodities, Brent crude was the strongest-performing major asset, rising 13.6% MOM as renewed geopolitical tensions and concerns over potential disruptions to Middle Eastern supply routes heightened fears of tighter global oil supplies. In contrast, copper declined 2.1% MOM, as concerns over the global growth outlook and broader market volatility outweighed continued demand from AI infrastructure and electrification, alongside tight supply conditions. Gold also declined by 6.8% MOM, as elevated real yields and a stronger US dollar reduced the attractiveness of the non-yielding asset, despite continued geopolitical uncertainty and safe-haven demand. Overall, October 2026 was characterised by a recovery in global fixed-income markets, continued weakness in equities and a sharp increase in oil prices. The retreat in government bond yields supported fixed-income returns, while geopolitical tensions and supply concerns drove gains in energy markets. However, the correction in technology-related equities and mixed performance across credit and commodity markets highlighted increasingly differentiated investor positioning across asset classes.

Figure 1: Global Asset Performance (YTD in FY2026)

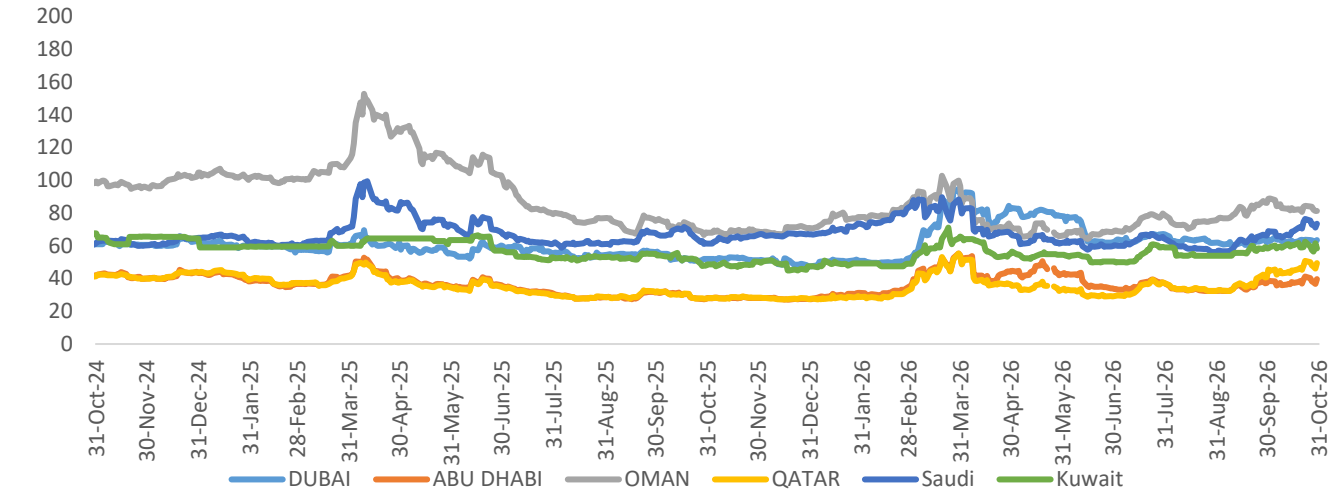


Source: Bloomberg

5-Year CDS

The 5-year CDS spread widened across all GCC countries except Oman and Kuwait during October 2026, reflecting heightened geopolitical tensions, concerns over potential disruptions to regional energy flows and increased investor risk aversion. Qatar recorded the highest expansion of 21.25% MOM in October 2026. KSA recorded the second-highest expansion of 10.83% on a MOM basis in October 2026, followed by Abu Dhabi and Dubai, which recorded expansions of 6.35% and 2.25%, respectively, on a MOM basis in October 2026. However, Kuwait and Oman recorded detractions of 0.13% and 5.60%, respectively, on a MOM basis in October 2026.

Figure 2: GCC Countries- 5 Year CDS



Source: Bloomberg

Sovereigns	Dubai	Abu Dhabi	Oman	Kuwait	Qatar	Saudi
MTD (%)	2.25%	6.35%	-5.60%	-0.13%	21.25%	10.83%

Banking Sector

ABK Announces KWD 150 Mn Capital Increase Through Rights Issue

Al Ahli Bank of Kuwait (ABK) plans to raise KWD 150 Mn through a rights issue, comprising 750 Mn shares at 100 fils each, with an additional share premium of 100 fils per share. The issue will increase its paid-up capital by 27.3% to KWD 349.9 Mn from KWD 274.9 Mn. The ex-date is November 2, with subscription opening on November 8 and closing on November 22.

Corporate Sector

ADNOC-backed AIQ signed agreement to expand into Indian energy market

ADNOC-backed AIQ entered into an agreement to introduce its artificial intelligence (AI) solutions in India's oil and gas industry, covering refineries, fuel stations and digital stores operated by an unnamed Indian energy conglomerate. Established in 2023 through a joint venture between ADNOC and Presight, specializes in AI and machine learning technologies aimed at enhancing efficiency and profitability across energy operations. The Company initiated its international expansion c.12-15 months ago and has since established operations in North America, Kazakhstan, Egypt, Colombia, Malaysia, Vietnam and Kuwait. ADNOC remains its primary revenue contributor, with other clients accounting for c.5% of its business. AIQ is also evaluating potential acquisitions to support its expansion into international markets.

Airtel Money priced IPO at GBP 1.96 per share, valuing company at USD 7.02 Bn

Dubai-based Airtel Money set its initial public offering (IPO) price at GBP 1.96 (USD 2.60) per share, corresponding to an estimated valuation of GBP 5.3 Bn (USD 7.02 Bn). Existing shareholders are expected to offer 270 Mn shares, with an option to sell an additional 27 Mn shares through an over-allotment arrangement. The public float is expected to reach c.16.5% upon listing, increasing to c.17.5% if the over-allotment option is fully exercised. The International Finance Corporation (IFC) previously committed to invest up to GBP 67.2 Mn (USD 90 Mn) at the final offer price. Airtel Money's shares are scheduled to list on the London Stock Exchange's Main Market by October 14, 2026. Airtel Africa, which holds a 77.85% stake, plans to retain its investment, while Lunate and Qatar Investment Authority hold stakes of c.2% and c.8%, respectively.

ADNOC signed multi-year agreement to supply c.2 Mn tonnes of LNG to Thailand

ADNOC entered into a multi-year Sales and Purchase Agreement (SPA) with Thailand's Gulf Group to supply c.2 Mn tonnes of liquefied natural gas (LNG), with deliveries through ADNOC Trading scheduled to commence in 2027. The transaction follows the initial LNG supply agreement between the two companies in 2025 and was arranged through ADNOC's integrated LNG marketing and trading platform, established in Abu Dhabi Global Market in July 2026. The platform combines ADNOC's global LNG marketing and trading activities to improve commercial flexibility and serve international customers. ADNOC aims to expand its marketable LNG portfolio to 47 Mn tonnes per annum beyond 2030, with ADNOC Trading acting as the counterparty for LNG transactions across international markets.

Agility Global agreed to sell entire 65.12% stake in Tristar for USD 581 Mn

Agility Global entered into an agreement with India-based Aegis Logistics to sell its full 65.12% ownership interest in Dubai's Tristar Holdings for up to USD 581 Mn. The deal implies an enterprise valuation of USD 1.5 Bn and an equity valuation of USD 882 Mn for Tristar, while Aegis Logistics is set to acquire an aggregate 89.8% stake for USD 809 Mn. Agility Global is expected

to receive USD 425 Mn at closing and USD 110 Mn after one year, along with a potential additional payment of up to USD 46 Mn, subject to agreed conditions. The deal is anticipated to be completed before the end of March 2027, subject to regulatory approvals. Agility Global expects the divestment proceeds to strengthen its balance sheet.

S&P maintained Emaar Properties' BBB+ credit rating with Stable Outlook

S&P Global Ratings reaffirmed Emaar Properties' long-term issuer credit rating at BBB+ with a Stable Outlook, reflecting the developer's strong liquidity position. In its September 25, 2026 report and June 24, 2026 annual review, S&P highlighted Emaar's adjusted EBITDA of AED 24.4 Bn in 2025, alongside a revenue backlog of AED 165 Bn as of June 30, 2026. Emaar further clarified that the reports formed part of S&P's regular assessment process and did not constitute a new rating action.

Asyad Group launched a sale of up to 6.25% stake in Asyad Shipping

Asyad Group planned to divest up to 6.25% of Asyad Shipping through a secondary share sale to increase the company's free float above 25%. The offering comprised a 5% institutional tranche and a retail portion of up to 1.25%. Oman Investment Bank and Sohar International Bank were appointed as joint global coordinators and issue managers. The institutional bookbuilding process opened immediately and was scheduled to close on October 22, with pricing and allocation results expected on October 26.

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.

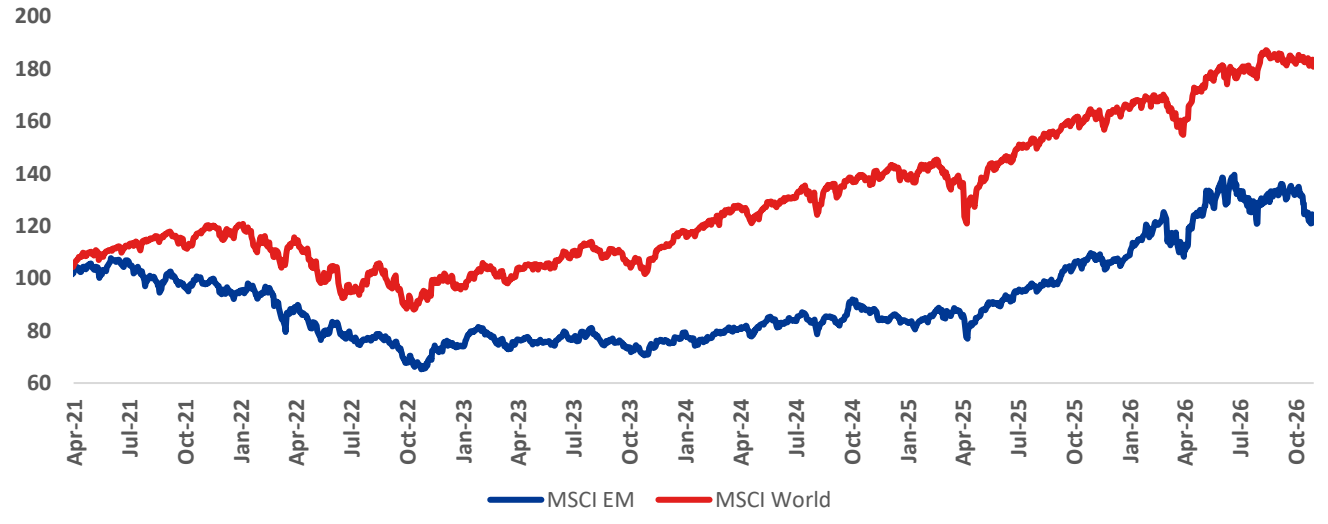
- **Saudi Arabia**'s Long-Term Foreign-Currency Issuer Default Rating (IDR) remained unchanged at **'A+'** by Fitch Ratings, with a 'Stable' outlook. The key reasons cited by the rating agency for the rating are strong fiscal and external balance sheet, low government debt and sizable foreign reserve. 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 remained under pressure in October 2026, as concerns over the sustainability of AI-related investments, disappointing technology sector earnings and elevated financing costs weighed on investor sentiment. Renewed geopolitical tensions in the Middle East and higher oil prices further contributed to market volatility, while resilient economic activity and relative strength in defensive sectors provided some support. Developed markets declined by 0.8% MOM, while emerging markets underperformed, recording a sharper decline of 8.1% MOM. Among the emerging markets, India was among the strongest-performing markets, with the NIFTY 50 gaining 1.9% MOM, supported by resilient domestic economic indicators, robust corporate earnings, particularly in the IT sector, and a late-month reversal in institutional investment flows. In contrast, Taiwan's index declined by 5.7% MOM, primarily reflecting the global correction in AI and semiconductor stocks, significant foreign capital outflows and broader macroeconomic headwinds. China's SSE Composite fell by 6.3% MOM, weighed down by disappointing corporate earnings, a sharp sell-off in technology and AI-related stocks, and signs of moderation in domestic economic activity. Brazil's equity market declined by 9.9% MOM following President's re-election victory, which heightened concerns over fiscal discipline, government spending and the medium-term fiscal outlook. South Korea's KOSPI was the weakest-performing emerging market index, falling by 16.2% MOM amid substantial foreign investor selling and a broader global technology sell-off. Among developed markets, the UK was the strongest performer, with the FTSE 100 rising 1.2% MOM, supported by its exposure to energy and defensive sectors, which benefited from the prevailing risk-off sentiment. France's FR40 remained broadly unchanged, edging up 0.1% MOM, as strong corporate earnings and gains in healthcare stocks offset macroeconomic and political uncertainty, alongside weakness in technology stocks. In the US, the S&P 500 declined by 0.9% MOM, as losses among large technology companies amid concerns over AI-related spending outweighed gains across a broader segment of the market. Japan's Nikkei 225 declined by 5.2% MOM, primarily due to the global technology and AI sell-off, weaker sentiment towards the semiconductor sector, hawkish Bank of Japan (BoJ) policy pressures and heightened geopolitical and election-related uncertainty. Overall, global equity markets declined in October 2026, driven primarily by a correction in AI-related technology and semiconductor stocks amid growing concerns over the returns on substantial AI investments and elevated financing requirements. Higher oil prices, geopolitical tensions and elevated bond yields added to market uncertainty, while energy and defensive sectors provided some support. Performance remained increasingly differentiated across regions and sectors, reflecting greater investor selectivity and a shift away from high-valuation growth stocks.

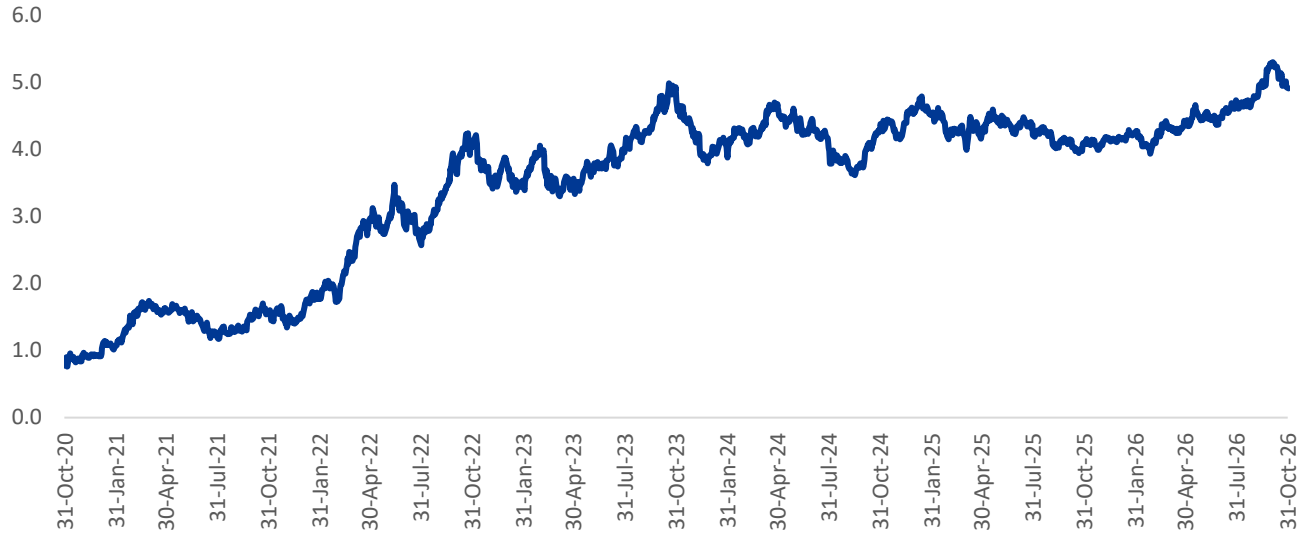
Figure 3: MSCI World and Emerging Market Index Historical trend



Source: Bloomberg

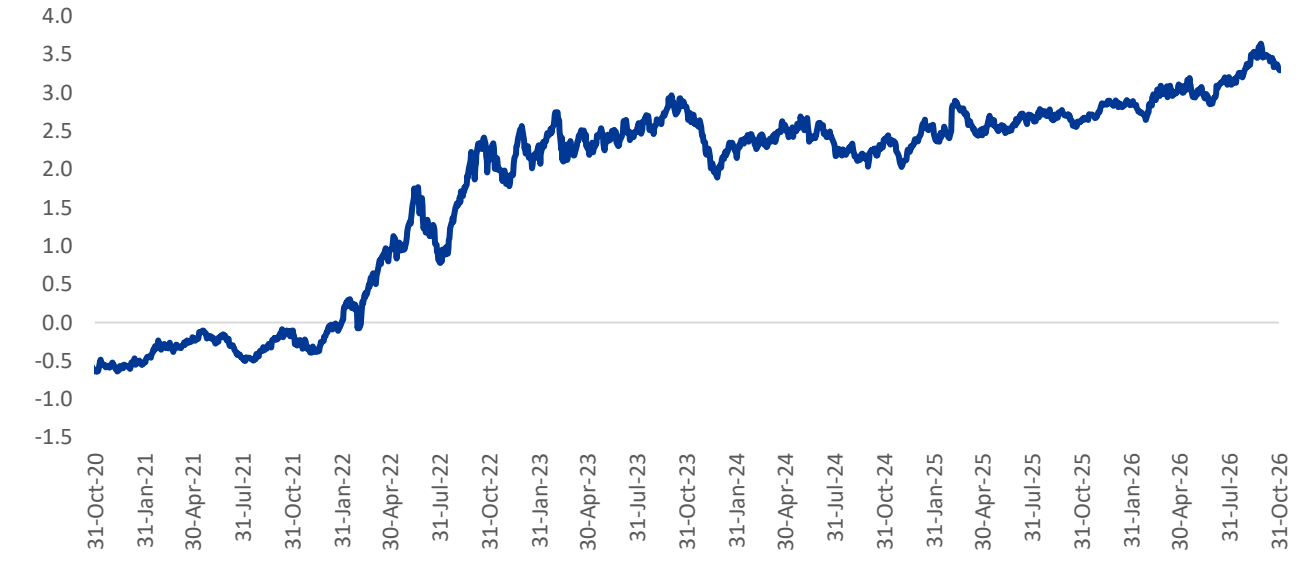
Yield on 10-year government

Figure 4: US 10-year government yield



Source: Bloomberg

Figure 5: Germany 10-year government yield



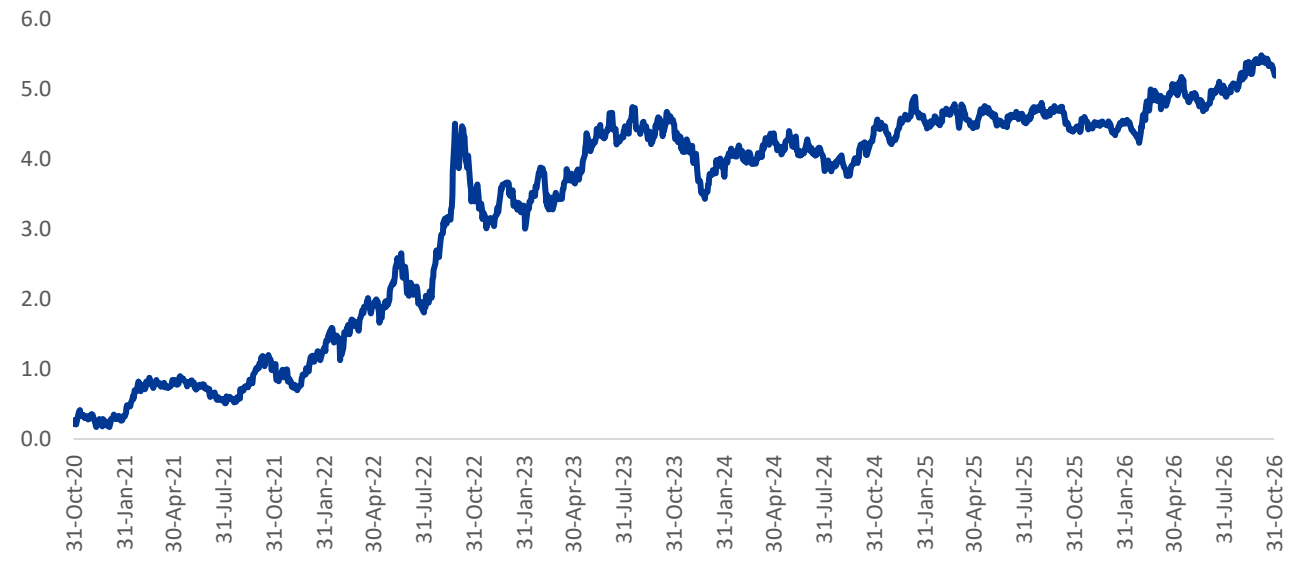
Source: Bloomberg

Figure 6: Japan 10-year government yield



Source: Bloomberg

Figure 7: UK 10-year government yield

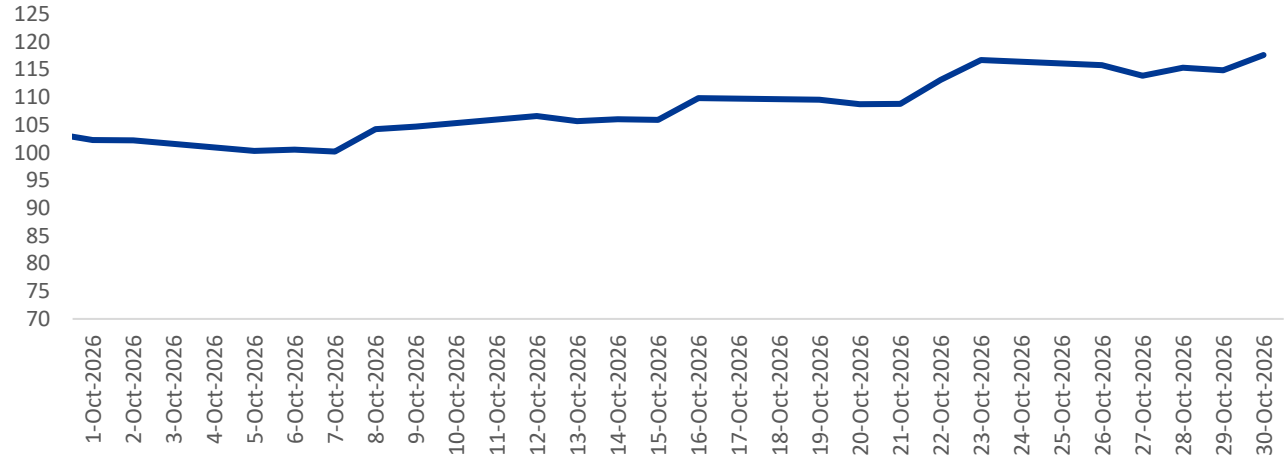


Source: Bloomberg

Oil Outlook

Oil prices recorded an increase in October 2026, with Brent crude rising 20.0% MOM to USD 117.64 per barrel. Oil prices remained volatile throughout the month, driven primarily by escalating US-Iran tensions, continued attacks on tankers and regional energy infrastructure, and concerns over supply disruptions across the Middle East. While diplomatic efforts, the IEA's planned release of strategic oil stocks and recovering regional crude flows temporarily limited gains, persistent shipping disruptions, tighter US inventories and fears of further military escalation supported prices towards month-end. Oil prices rose in the first week of the month amid reports that the US was deploying additional troops and another aircraft carrier to the Middle East, heightening concerns over a potential escalation of the war with Iran. Further support came from China's suspension of oil product exports, Russia's diesel export ban and continued attacks on tankers in the Strait of Hormuz and regional refineries, raising concerns over worsening global fuel shortages. However, gains were partly capped as crude flows from the Middle East largely recovered to pre-war levels, while investors continued to assess renewed diplomatic efforts to revive the US-Iran ceasefire. Subsequently, prices declined after the IEA agreed to accelerate the release of oil stocks and prioritise diesel supplies to address record fuel prices and supply disruptions caused by the conflict. Nevertheless, prices rebounded sharply amid persistent supply concerns as attacks on tankers in the Gulf and the Strait of Hormuz reached their highest level since the war began, while reports that the US was preparing to resume major combat operations against Iran provided further support. Prices also gained after Hurricane Isaias forced partial shutdowns of US Gulf of Mexico oil production, while a larger-than-expected decline in US crude inventories added to upward momentum. However, gains were partly limited by US statements indicating that attacks would continue until the US elections concluded. In the second week, oil prices rose amid potential supply disruptions from attacks on Saudi Arabia, while markets weighed the prospect of additional diesel supplies from Russia following the US's temporary relaxation of sanctions on Russian fuel. OPEC+ production increased by around 900,000 bpd MOM to 39.07 Mn bpd in September, driven by a more than 2 Mn bpd increase in Saudi Arabia's output to 8.372 Mn bpd, reflecting a recovery in regional supply as Aramco ramped up loadings from Gulf export terminals. However, shipments through the Strait of Hormuz remained below pre-war levels. Subsequently, prices gained amid renewed attacks on vessels in the Strait of Hormuz and escalating regional tensions, raising concerns over potential disruptions to Middle East oil exports. Prices later declined as the US considered easing sanctions on Russian shadow fleet tankers, potentially reducing freight costs and improving diesel availability. However, the decline was limited by continued attacks on Middle East shipping, Ukrainian strikes on Russian energy infrastructure and a larger-than-expected drawdown in US crude inventories, which reinforced concerns over tighter supply and supported prices. Post mid-month, oil prices initially declined amid US-Iran mediation efforts to end the war. However, prices subsequently rebounded as continued attacks on Gulf shipping and a lack of progress in diplomatic negotiations heightened concerns over supply disruptions, pushing Brent crude to a five-month high. Further support came from a larger-than-expected drawdown in US crude inventories, alongside declines in gasoline and distillate stocks. Oil prices rose further following renewed Houthi attacks in Saudi Arabia, intensifying fears of a broader regional escalation and potential disruptions to crude supplies from the world's key oil-exporting region. Towards the end of the month, oil prices gained amid renewed Houthi attacks on Saudi Arabia, highlighting persistent geopolitical risks to regional oil supplies. However, the upside was initially limited by prospects of diplomatic talks in Tehran, which eased concerns over a broader Middle East supply disruption. Prices subsequently extended their gains as investors anticipated a potential escalation in US-Iran tensions following the US midterm elections, while an attack on a tanker in the Strait of Hormuz further reinforced concerns over supply disruptions.

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

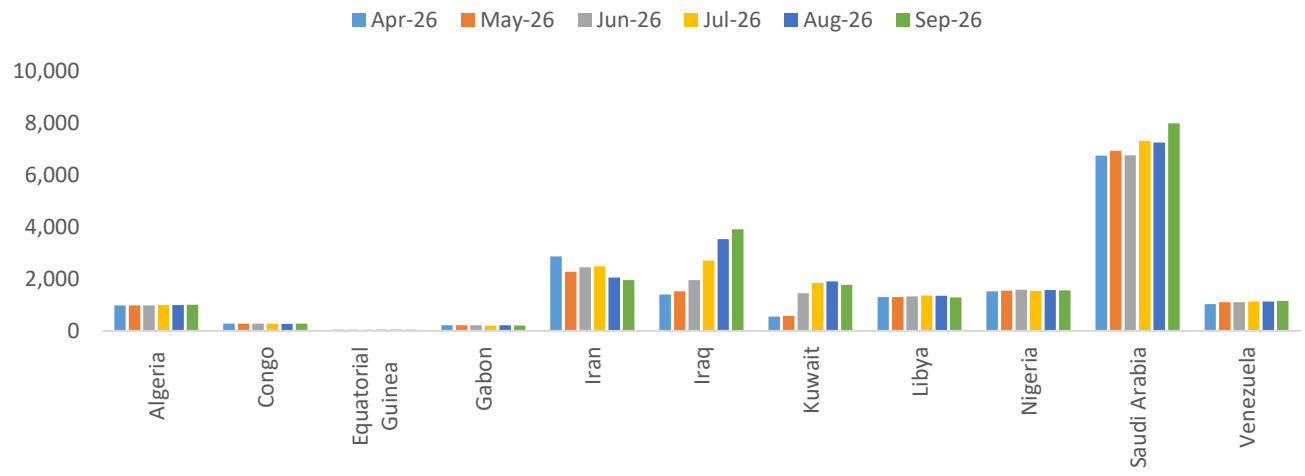


Source: Bloomberg

OPEC Production

Total crude oil production from the OPEC countries (excluding the UAE) increased by 833 thousand barrels per day (bpd) MOM, reaching 21.2 Mn bpd in September 2026. Five out of the 11 OPEC members reported an increase in production during the month. Saudi Arabia witnessed the largest increase in production, increasing 744 thousand bpd MOM in September 2026, followed by Iraq with the second-highest increase of 386 thousand bpd MOM. Venezuela's oil output increased 17 thousand bpd MOM in September 2026. Congo and Algeria recorded growth in output of 6 thousand bpd and 3 thousand bpd MOM, respectively. However, Kuwait saw the largest decline in oil production of 140 thousand bpd MOM in September 2026, followed by Iran with a decline of 99 thousand bpd MOM. Libya saw a decline of 57 thousand bpd MOM in September 2026. Nigeria and Gabon reported declines in output of 13 thousand bpd and 11 thousand bpd MOM, respectively, while Equatorial Guinea's output declined 3 thousand bpd MOM in September 2026.

Figure 9: OPEC Crude Oil Production

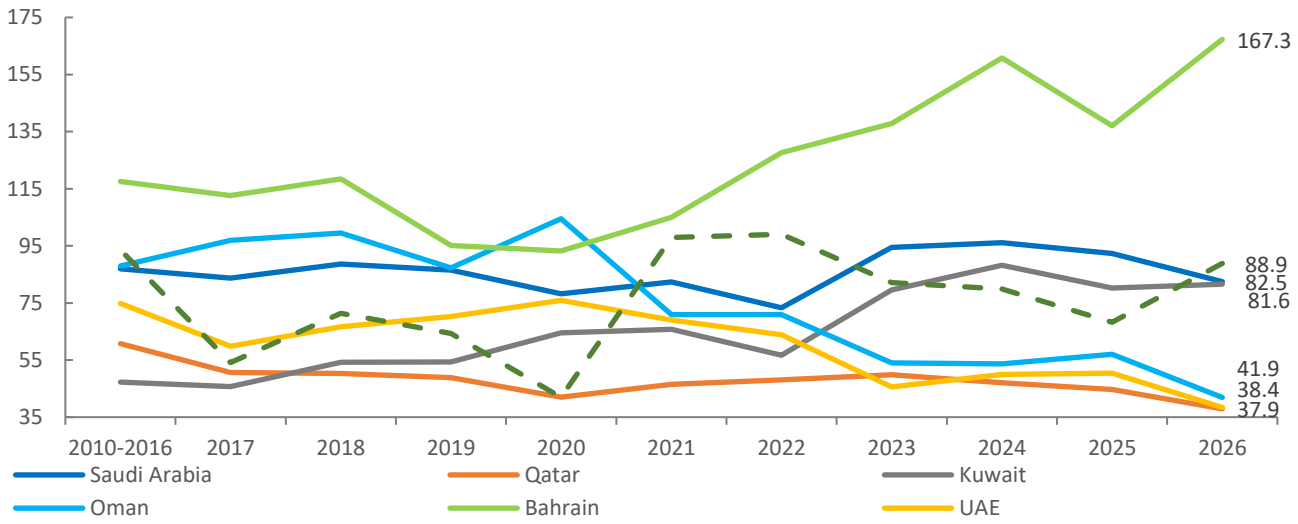


Source: OPEC (UAE excluded from OPEC effective May 2026)

Fiscal Breakeven Oil Price

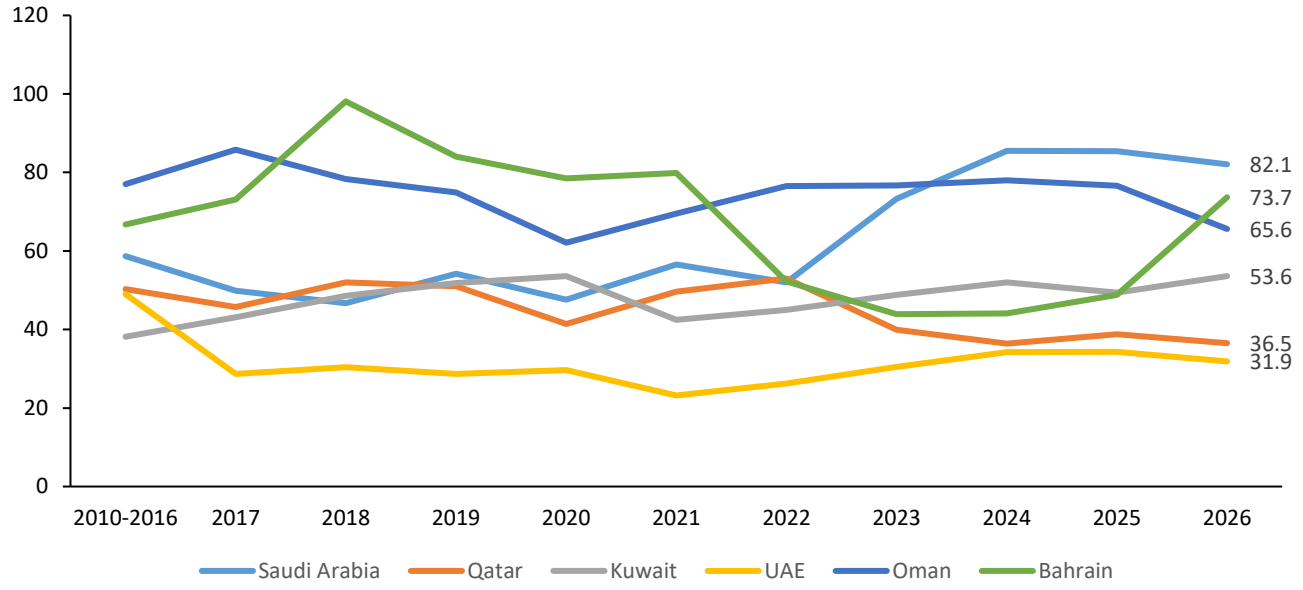
The overall fiscal breakeven oil price is expected to decline for all GCC countries in FY2026, except Bahrain and Kuwait. Bahrain's fiscal breakeven is projected to increase from USD 137.0 per barrel in FY2025 to USD 167.3 per barrel in FY2026, while Kuwait's fiscal breakeven is projected to increase 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)



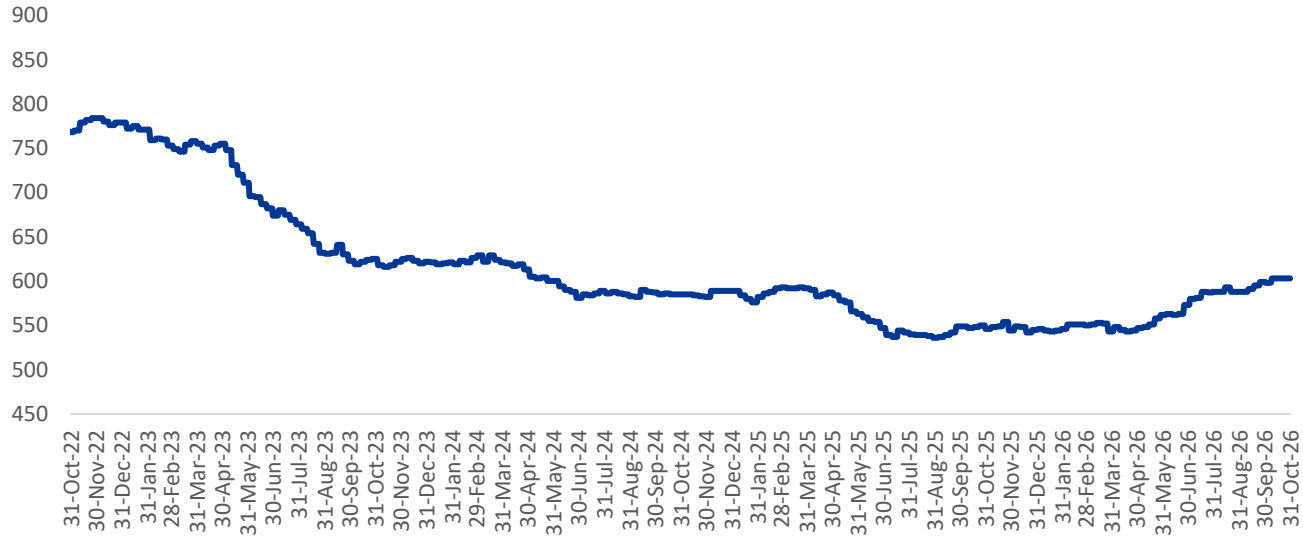
Source: Bloomberg

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	94.89	5.81	Baa1/NA/NA
KWIPKK 4.5% 2027	Investment Co.	99.08	8.15	WR/NR/NA
ARAMCO 3.5% 2029	Oil & Gas	95.47	5.53	Aa3/NA/A+
BGBKKK 2.75% 2031	Bank	99.48	6.97	NA/NA/BBB+
INTLWT 5.95% 2039	Power Generation and Water Utility	96.67	6.38	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, ALDAR, 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	OW	96.67	6.38	0.58	-1.92	-6.30	-6.18
BGBKKK 2.75% 2031	OW	99.48	6.97	0.16	-0.01	1.89	1.96
ARAMCO 3.5% 2029	OW	95.47	5.53	0.58	-0.87	-2.25	-2.62
KWIPKK 4.5% 2027	OW	99.08	8.15	0.34	0.90	0.93	0.36
ALDAR 3.875% 2029	OW	94.89	5.81	0.51	-0.69	-2.91	-3.06

Source: Bloomberg, [1]Mid 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 94.89 with a yield of 5.81% when held until maturity (redemption at par) with a modified duration of 2.74. 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 61.2 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 25.0 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 3Q26 with a revenue of AED 9.3 Bn, up 16.4% YOY. The growth was primarily driven by higher revenue from both Aldar Development and Aldar Investment segments.
- It recorded a gross profit of AED 3,387 Mn, up 23.1% YOY in 3Q26, with gross margin expanding to 36.2% in 3Q26 from 34.3% in 3Q25, and a net profit of AED 1,913 Mn, up 25.1% YOY, demonstrating the resilience of Aldar's diversified business model. EBITDA increased 21.5% YOY to AED 3,024 Mn in 3Q26, with EBITDA margin expanding to 32.4% in 3Q26 from 31.0% in 3Q25.
- Aldar's strong financial results are primarily supported by continued execution of the development revenue backlog. The Company's development backlog stood at AED 71.6 Bn as of 3Q26, providing clear visibility on revenue recognition over the next two to three years, including sizeable UAE backlog of AED 59.3 Bn. The Development Holdings pipeline stood at AED 21.3 Bn in 3Q26, supporting long-term expansion of recurring income portfolio.

- The Company's growth was supported by resilient performance across its investment properties portfolio. High occupancy levels and strong rental growth across the core portfolio, coupled with strategic acquisitions and the completion of develop-to-hold (D-hold) assets, expanded its recurring-income base and supported sustained earnings growth.
- Aldar maintained a robust liquidity position of AED 38.2 Bn as of 3Q26, comprising AED 18.3 Bn of free and unrestricted cash and AED 19.9 Bn of committed undrawn credit facilities. Shareholders' equity increased to AED 45.1 Bn in 3Q26. The Company's total debt rose to AED 33.9 Bn in 3Q26. Additionally, the Project Management Services PMS backlog stood at AED 78.0 Bn, with AED 60.2 Bn of projects currently under construction.
- Aldar strengthened its development pipeline through a strategic partnership with Arada in September 2026, creating AED 11 Bn in development opportunities for the Aldar-Arada JV in Seih Al Sedeirah, alongside the sale of land plots on Yas Island to Arada. Aldar further expanded its investment portfolio through strategic transactions in 3Q26, including the AED 918 Mn acquisition of the near-fully occupied Masdar City Square with Mubadala through their existing JV, and the AED 1.1 Bn forward purchase of over 1,100 residential units at Arada's Aljada development in October 2026, marking its first real estate investment in Sharjah.
- 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 3Q26, primarily located across the UAE. Aldar continued to expand its education platform in 3Q26, rebranding its sole Dubai school as Rugby School Dubai, while future capacity growth is expected to be supported by Cranleigh Abu Dhabi's relocation and expansion, the new King's College School Wimbledon campus and Al Ghadeer British School.
- 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 OVERWEIGHT rating

We assign an OVERWEIGHT rating on Kuwait Projects Company (KIPCO)'s 4.5% senior unsecured bond maturing in February 2027. The bond is trading at USD 99.08 with a yield of 8.15% when held until maturity (redemption at par) and has a modified duration of 0.29. 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 30mn, 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 95.47 and offers a yield of 5.53% with a modified duration of 2.30. 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 compared to 2Q25.
- 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 OVERWEIGHT rating

We are OVERWEIGHT on Burgan Bank's 2.75% Tier 2 subordinated bond, currently trading at USD 99.48. The bond offers a yield of 6.97% and a duration of 0.02. 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 125 branches and 281 ATMs as of 9M26. KIPCO Company holds a major stake in the Bank, owning 34.0%.
- Burgan Bank net operating income increased 4.5% YOY to KWD 201 Mn in 9M26, driven by a 6.7% YOY increase in the net interest income to KWD 137 Mn during 9M26, coupled with a marginal 0.1% YOY rise in the non-interest income to KWD 64 Mn during 9M26.
- The Bank's net interest margin declined from 2.3% in 9M25 to 2.2% in 9M26. Net fees and commissions income increased from KWD 33 Mn in 9M25 to KWD 44 Mn in 9M26.
- Operating expenses increased 16.2% YOY to KWD 135 Mn in 9M26. The cost-to-income ratio increased to 67.4% in 9M26 from 60.6% in 9M25.
- The Bank reported a net profit attributable to shareholders of KWD 22 Mn in 9M26, compared to KWD 32 Mn in 9M25.
- Loans and advances to customers rose 8.4% YOY and marginally 0.8% QOQ to KWD 5.1 Bn in 9M26. Deposit rose 6.2% YOY but declined 2.3% QOQ to KWD 5.5 Bn, with CASA deposit accounting for 30% in 9M26.
- The Bank's non-performing loans ratio remained stable at 2.3% in 9M26 compared with 1H26. NPL coverage increased to 235% in 9M26 from 189% in 9M25.
- Capital adequacy ratio stood at 16.3% in 9M26, above the regulatory requirement. The Bank maintains high liquidity levels, with a liquid coverage ratio (LCR) and net stable funding ratio (NSFR) of 162% and 111%, respectively, as of 9M26, substantially above the minimum regulatory requirements.
- 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 OVERWEIGHT rating

We assign OVERWEIGHT on APMI One's 5.95% bond maturing in May 2039. The bond is trading at USD 96.67 with a yield of 6.38% if held till maturity (redemption at par). The bond has a modified duration of 6.38. 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 m^3/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 m^3/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 m^3/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 m^3/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 m^3/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 m^3/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

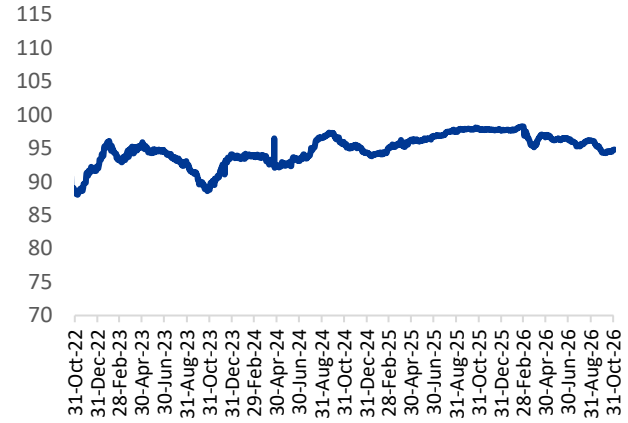


Figure 14: KWIPKK 4.5% 2027

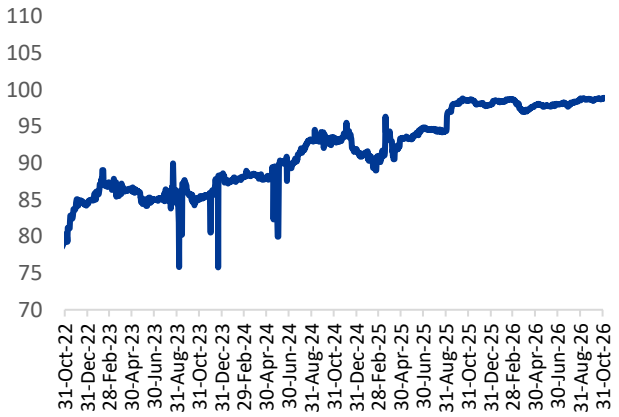


Figure 15: ARAMCO 3.5% 2029

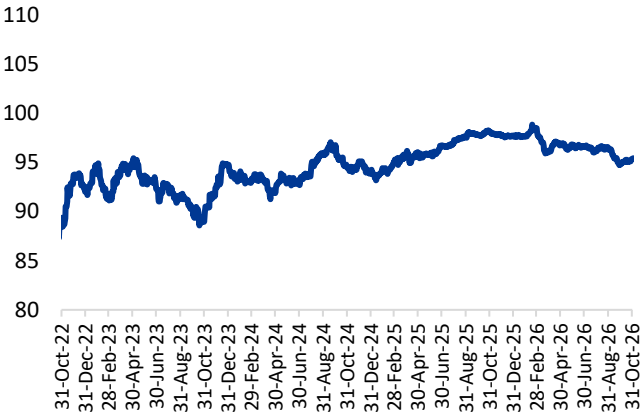


Figure 16: INTLWT 5.95% 2039

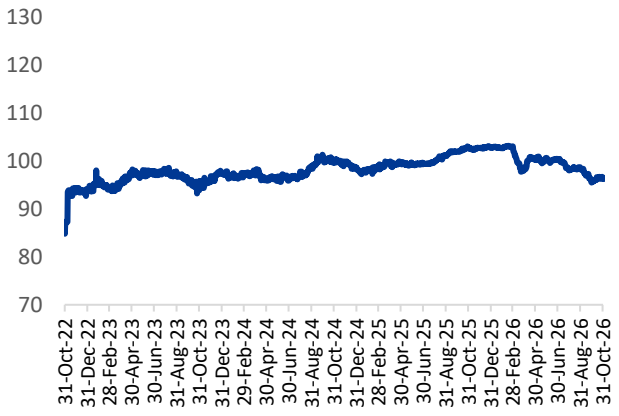
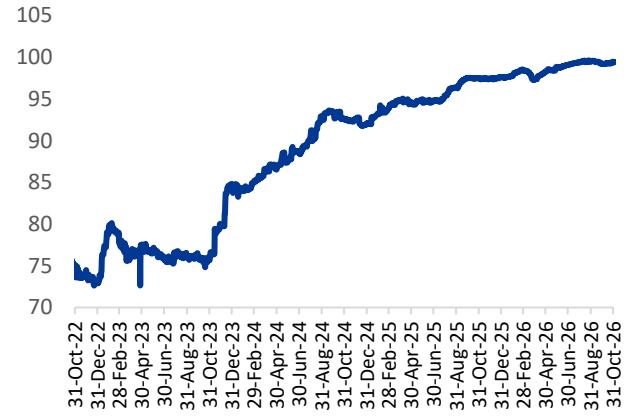


Figure 17: BGBKKK 2.75% 2031



Source: Bloomberg

Key Market Indicators

Particulars	Price/Yield	YTD (% change)	MOM (% change)
Brent crude	104.88	72.36	2.57
US dollar index	101.77	3.50	-0.16
10Y Treasury yield[1]	4.91	0.75	-0.02
2Y Treasury yield[1]	4.60	1.13	0.04
10Y German bond yield[1]	3.29	0.44	-0.03
10Y Japan bond yield[1]	2.80	0.73	0.02
Bloomberg UAE Composite USD Liquid index	147.23	-3.75	-2.58

Source: Bloomberg, [1] in Basis point

Sovereign Highlights

UAE

EGX and ADX signed agreement to strengthen cross-border market integration

The Egyptian Exchange (EGX) and Abu Dhabi Securities Exchange (ADX) signed a memorandum of understanding (MoU) to strengthen cooperation between the two capital markets and improve cross-border investment access. The partnership will explore mechanisms to facilitate cross-border trading and provide investors in both markets with direct market access, alongside potential mutual recognition of brokerage firms and the use of digital platforms, including Tabadul, to facilitate remote trading and member onboarding. It also establishes a framework for potential dual listings and securities trading across both exchanges, alongside technical connectivity to facilitate securities transfers. Additionally, the collaboration includes financial technology initiatives, market information sharing, development of new investment products and exchange of operational and technical expertise to support market development and investor engagement.

UAE non-oil activity remained strong in September 2026

The S&P Global UAE Purchasing Managers' Index (PMI) stood at 55.3 in September 2026, unchanged from August 2026 and remaining at a 20-month high, above the 50 thresholds, indicating continued expansion in non-oil private sector activity. Growth was supported by stronger domestic and external demand, with new export orders increasing at the fastest pace in nearly two years, alongside higher purchasing activity and a modest recovery in employment. However, work backlogs continued to rise, while higher raw material and transportation costs pushed selling price inflation to its highest level in over 15 years. Business optimism also moderated from August 2026, remaining relatively subdued. Meanwhile, Dubai's PMI increased from 54.1 in August 2026 to 54.5 in September 2026, reflecting the fastest improvement in seven months, supported by higher output and new orders, while output prices increased at the sharpest rate since January 2014.

UAE Cabinet endorsed AED 292.5 Bn federal budget for 2027-2029

The UAE Cabinet endorsed the federal budget for 2027-2029, setting total expenditure at AED 292.5 Bn, an increase of 28.3% compared to the preceding three-year period. For 2027, the government approved spending of AED 90.1 Bn, with the largest allocation of AED 34.6 Bn (38.4%) directed towards Social Development and Pensions. Government Affairs accounted for AED 29.1 Bn (32.3%), followed by Federal Expenses at AED 17.8 Bn (19.7%). Meanwhile, Financial Assets and Financial Investments received AED 5.6 Bn (6.2%), while AED 3.0 Bn (3.4%) was allocated to Infrastructure and Economic Resources. The budget focuses on key national priorities, including education, healthcare, housing, social welfare and infrastructure, while emphasizing efficient resource allocation, continued funding for strategic initiatives and sustainable financial planning.

UAE Capital Market Authority enhanced accessibility of market regulations

The UAE Capital Market Authority announced improvements to the presentation and accessibility of capital market regulations, aimed at facilitating regulatory compliance and enhancing transparency for market participants. The revised system consolidates regulatory materials into structured sections, including active regulations, approved revisions, withdrawn provisions, archived documents and previous versions. It also incorporates advanced search and filtering tools, simplified navigation, cross-references to related documents and direct switching between Arabic and English. Furthermore, regulatory amendments are displayed with their effective dates and historical records, allowing stakeholders to identify applicable requirements and track changes over time. The enhanced access mechanisms are underpinned by a cloud-based, AI-ready technology infrastructure, supporting the Authority's broader digital transformation agenda and providing a stronger foundation for the future use of technology in regulatory information search and retrieval.

Dubai's real GDP declined 2.3% YOY to AED 473 Bn in 1H26

Dubai's real GDP declined 2.3% YOY to AED 473 Bn in 1H26, compared with AED 484 Bn in the corresponding period of 2025, while nominal GDP increased marginally 0.2% to AED 505 Bn in 1H26, according to the Dubai Data and Statistics Establishment. Financial and insurance activities recorded 8.8% YOY real growth, while human health and social work activities expanded 14.3% YOY. Construction and information and communication activities grew 2.4% and 2.7% YOY, respectively. However, wholesale and retail trade contracted 6.0% YOY in real terms, while transportation and storage declined 7.4% YOY. Real estate and manufacturing activities also decreased 2.5% and 0.9% YOY, respectively. Wholesale and retail trade remained the largest contributor to real GDP at 20.5%, followed by financial and insurance activities at 14.0%, real estate at 11.8%, and transportation and storage at 10.7% during the period.

Saudi Arabia

Saudi Arabia expects its fiscal deficit to reach 3.6% of GDP in 2027

Saudi Arabia expects its fiscal deficit to reach SAR 191 Bn (USD 50.87 Bn), representing 3.6% of GDP, in 2027, according to the Ministry of Finance's pre-budget statement. Total expenditure is projected at SAR 1.39 Tn (USD 370.21 Bn), against anticipated revenue of SAR 1.20 Tn (USD 319.61 Bn). The ministry also revised its estimated fiscal deficit for 2026 to SAR 245 Bn, compared with the earlier budget projection of SAR 165 Bn. Saudi Arabia's real GDP is forecasted to expand 12.8% in 2027, following an anticipated 3.6% contraction in 2026, primarily reflecting an expected 21.8% decline in oil sector activity amid regional geopolitical developments. The government plans to cover the 2027 deficit through borrowing in line with its medium-term debt strategy, with detailed borrowing plans expected to be announced by the end of 2026.

Saudi Arabia's unemployment rate eased to 6.5% in 2Q26

Saudi Arabia's unemployment rate declined to 6.5% in 2Q26, from 6.8% in 2Q25, although it increased marginally from 6.4% in 1Q26, according to the Saudi General Authority for Statistics (GASTAT). The annual improvement was supported by labour market reforms, workforce localisation measures and employment initiatives aimed at aligning workforce skills with market requirements. Employment of Saudi nationals in the private sector surpassed 2.5 Mn by the end of 2025, while unemployment among Saudi women fell to a record low of 10.3%, supported by initiatives facilitating workforce participation. Meanwhile, the Kingdom had achieved its Vision 2030 unemployment target of 7% by the end of 2024, ahead of schedule.

Saudi non-oil business activity strengthened in September 2026

Saudi Arabia's Riyad Bank Purchasing Managers' Index (PMI) increased from 53.8 in August 2026 to 55.3 in September 2026, remaining above the 50 threshold and indicating continued expansion in non-oil private sector activity. The improvement was primarily underpinned by firmer domestic demand and a faster rise in new business, while the pace of output growth eased to its lowest level in five months. External demand remained subdued, with export orders declining for a seventh consecutive month, reflecting continued disruption to regional supply chains. Supplier lead times improved only slightly, suggesting that logistical pressures persisted. Meanwhile, ongoing geopolitical uncertainty weighed on business sentiment and reduced expectations for future activity. Rising input and transportation costs also prompted companies to increase their selling prices. Nevertheless, businesses increased their purchasing activity and expanded headcount, particularly across sales and technical functions, as stronger order inflows and continued investment supported hiring requirements.

Saudi Arabia's CMA planned capital market reforms within 90 days

Saudi Arabia's Capital Market Authority (CMA) is preparing a package of market reforms targeted for introduction within 90 days, aimed at improving market efficiency, strengthening investor confidence and enhancing fairness. The measures include raising the portion of IPO shares allocated to retail investors to 30%, strengthening oversight of algorithmic trading and introducing additional controls around short selling. The CMA is also reviewing the IPO framework, including the roles and responsibilities of advisers, subscription managers and issuers, while engaging with relevant authorities on foreign investor

ownership limits. In addition, the regulator is seeking to strengthen shareholder participation and corporate governance, with listed companies required to hold two annual meetings to discuss financial results with investors.

Saudi Arabia aimed to boost crude pipeline export capacity to 10 Mn bpd

Saudi Arabia aims to raise its crude oil pipeline export capacity to c. 10 Mn barrels per day (bpd) over the next two to three years through infrastructure upgrades and the temporary repurposing of a domestic gas pipeline. The conversion of the gas pipeline could provide an additional 1.2 Mn bpd of export capacity within seven to eight weeks, while further investment could increase the additional capacity to 3 Mn bpd. According to the Saudi Arabia's energy minster, Saudi Aramco could utilize the converted pipeline for crude transportation until May, before restoring it to gas operations ahead of the summer season. Meanwhile, improvements to pumping stations along the East-West pipeline and other infrastructure developments are expected to support the planned expansion in oil transportation capacity.

Saudi Arabia's annual inflation held at 1.9% in September 2026

Saudi Arabia's annual consumer inflation remained stable at 1.9% in September 2026, while monthly consumer prices recorded no change. Housing-related expenses, including utilities and fuels, increased 3.6% YOY, primarily due to higher residential rental costs, which rose 3.5% YOY in September 2026. Personal care and related services followed with a 3.3% YOY increase, while transportation costs advanced 2.3% YOY in September 2026. Meanwhile, the Wholesale Price Index (WPI) climbed 4.2% YOY, supported by a 7.1% YOY rise in other transportable goods, excluding metal products and machinery, and a 4.4% YOY increase in agricultural and fishing products in September 2026. However, the WPI declined marginally 0.2% MOM, mainly due to lower refined petroleum and fuel prices, partially offset by increases in agricultural and fishing product prices.

Egypt

Egypt's non-oil private sector weakened further in September 2026

The S&P Global Egypt Purchasing Managers' Index (PMI) declined from 49.6 in August 2026 to 47.2 in September 2026, remaining below the 50 threshold and indicating a sharper contraction in non-oil private sector activity. The decline was driven by sharper reductions in output and new business amid subdued market demand, persistent geopolitical uncertainty and inflationary pressures. Export orders also decreased, although the pace of decline was among the slowest in the current seven-month contraction period. Meanwhile, input cost inflation reached a three-month high, while selling price inflation moderated slightly but remained elevated. Despite these challenges, businesses maintained a positive outlook for output over the next 12 months.

Egypt's current account shortfall increased to USD 7.9 Bn in 2Q26

According to the Central Bank of Egypt, Egypt's current account deficit widened from USD 2.2 Bn in 2Q25 to USD 7.9 Bn in 2Q26, primarily reflecting wider merchandise trade and investment income deficits. However, higher remittance inflows and an improvement in the services surplus partially offset the widening deficit. Remittances from Egyptians employed overseas rose from USD 10.1 Bn in 2Q25 to USD 12.4 Bn in 2Q26, while net foreign direct investment (FDI) inflows increased from USD 2.4 Bn in 2Q25 to USD 5.0 Bn in 2Q26. Meanwhile, tourism receipts moderated from USD 4.2 Bn in 2Q25 to USD 4.0 Bn in 2Q26, while Suez Canal earnings rose from USD 1.0 Bn in 2Q25 to USD 1.2 Bn in 2Q26. Oil imports also increased from USD 5.0 Bn in 2Q25 to USD 7.6 Bn in 2Q26.

Egypt's urban inflation eased to 13.9% in September 2026

Egypt's annual urban inflation slowed from 14.5% in August 2026 to 13.9% in September 2026, primarily reflecting a decline in annual non-food inflation from 19.5% in August 2026 to 18.0% in September 2026, supported by favourable base effects. Non-food inflation consequently reached its lowest level since January 2023, while annual core inflation moderated to 14.1% in September 2026 from 14.9% in August 2026. In contrast, annual food inflation climbed to 7.2% in September 2026 from

6.3% in August 2026. On a monthly basis, urban headline inflation accelerated to 1.3% in September 2026 from 0.1% in August 2026, driven by higher food prices, particularly fresh vegetables, poultry and seafood. At the national level, annual inflation edged up to 12.8% in September 2026 from 12.7% in August 2026, while rural inflation accelerated to 11.6% in September 2026 from 10.9% in August 2026.

Oman

Oman's GDP reaches OMR 9.9 Bn in 2Q26 as petroleum activities surge 14.7%

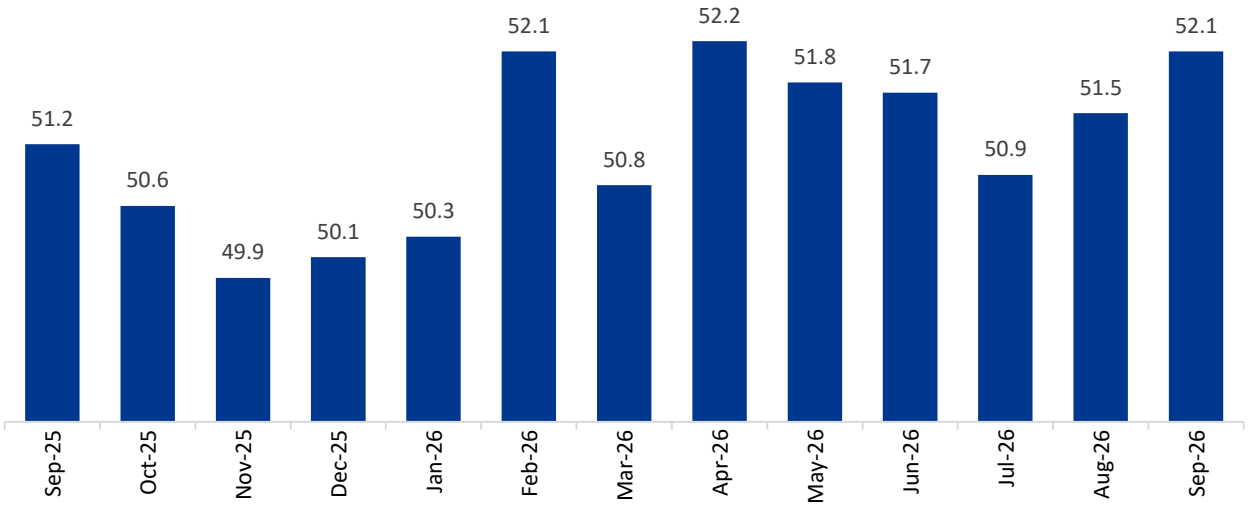
According to preliminary figures from the National Centre for Statistics and Information, Oman's real GDP grew 5.1% YOY to OMR 9.9 Bn in 2Q26, driven by 14.7% growth in petroleum activities to OMR 3.4 Bn, while non-petroleum activities rose marginally 0.7% to OMR 7.0 Bn during the quarter. Within the non-petroleum sector, agriculture and fishing grew 2.3% YOY to OMR 325 Mn, services increased 1.5% YOY to OMR 4.6 Bn in 2Q26. However, industrial activity declined 1.5% YOY to OMR 1.9 Bn in 2Q26.

Global Economy

China's private sector growth accelerated in September 2026

China's private sector activity strengthened in September 2026, with the RatingDog China Composite Output Index increasing from 52.1 in August 2026 to 52.4 in September 2026, marking its highest level in three months. The manufacturing Purchasing Managers' Index (PMI) rose from 51.5 in August 2026 to 52.1 in September 2026, remaining above the 50-threshold for the tenth consecutive month, supported by stronger domestic and export demand, higher production and increased employment. Meanwhile, the Services PMI edged up from 51.4 in August 2026 to 51.6 in September 2026, reflecting the fastest expansion in three months, driven by stronger new business and employment growth. Manufacturing selling prices increased amid higher cost pressures, while services output prices declined for the first time in four months despite rising input costs. Business confidence improved across both sectors.

Figure 18: China Caixin Manufacturing PMI

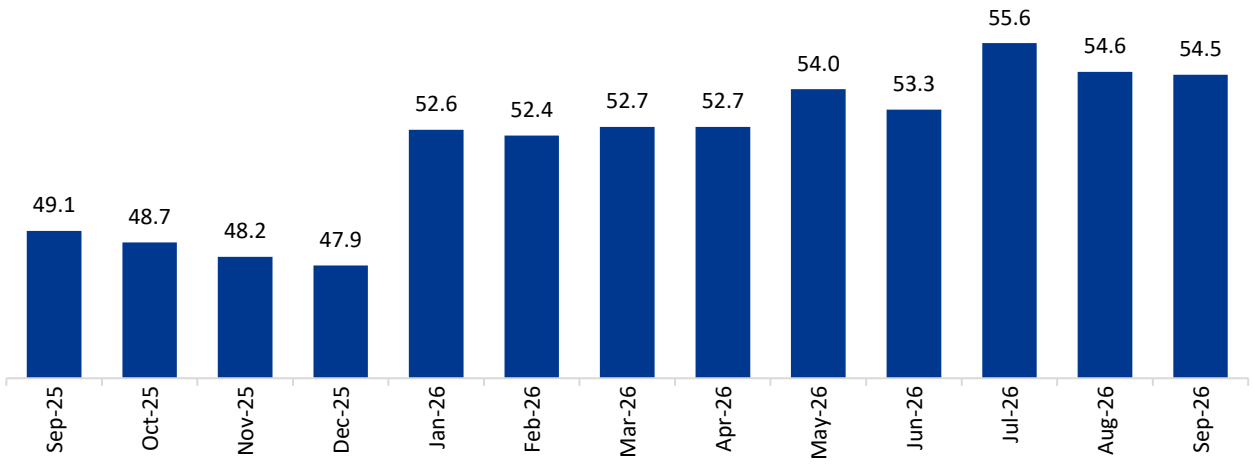


Source: CAPIQ

US manufacturing growth moderated slightly in September 2026

The ISM Manufacturing PMI declined marginally from 54.6 in August 2026 to 54.5 in September 2026, remaining above the 50 threshold and indicating continued expansion in US manufacturing activity. The moderation was primarily driven by weaker production growth, with the production index decreasing from 58.3 in August 2026 to 56.7 in September 2026, while the inventories index declined from 50.6 in August 2026 to 48.6 in September 2026. Meanwhile, new orders strengthened, with the index rising from 53.7 in August 2026 to 55.3 in September 2026, while the employment index increased from 51.2 in August 2026 to 52.7 in September 2026. The supplier deliveries index moderated from 59.3 in August 2026 to 59.0 in September 2026, while the prices index increased sharply from 71.1 in August 2026 to 77.9 in September 2026.

Figure 19: US ISM Manufacturing PMI

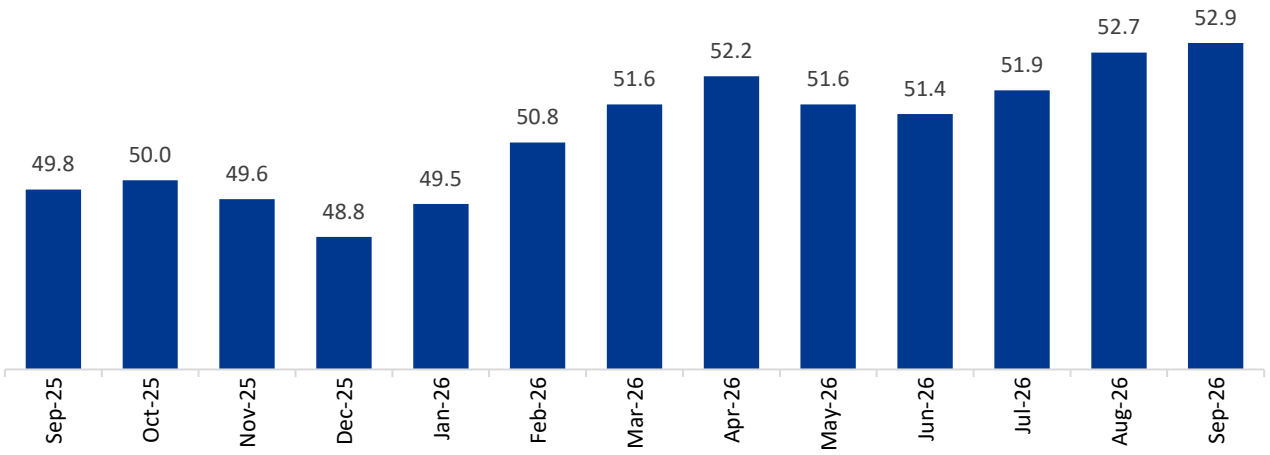


Source: CAPIQ

Eurozone manufacturing activity expanded at a faster pace in September 2026

The S&P Global Eurozone Manufacturing Purchasing Managers Index (PMI) increased from 52.7 in August 2026 to 52.9 in September 2026, remaining above the 50 threshold and reaching its highest level since May 2022. The expansion was supported by stronger production and new orders, which recorded their fastest growth since early 2022, while backlogs of work increased for the first time since April 2026. Manufacturing employment rose marginally, while supplier delivery times lengthened further. Meanwhile, input cost and selling price inflation accelerated, while manufacturers confidence reached a seven-month high. All eight surveyed eurozone economies recorded manufacturing expansion, with Germany's PMI at 53.9, France at 50.6, Spain at 51.0 and Italy at 50.4 in September 2026.

Figure 20: Eurozone's Manufacturing PMI

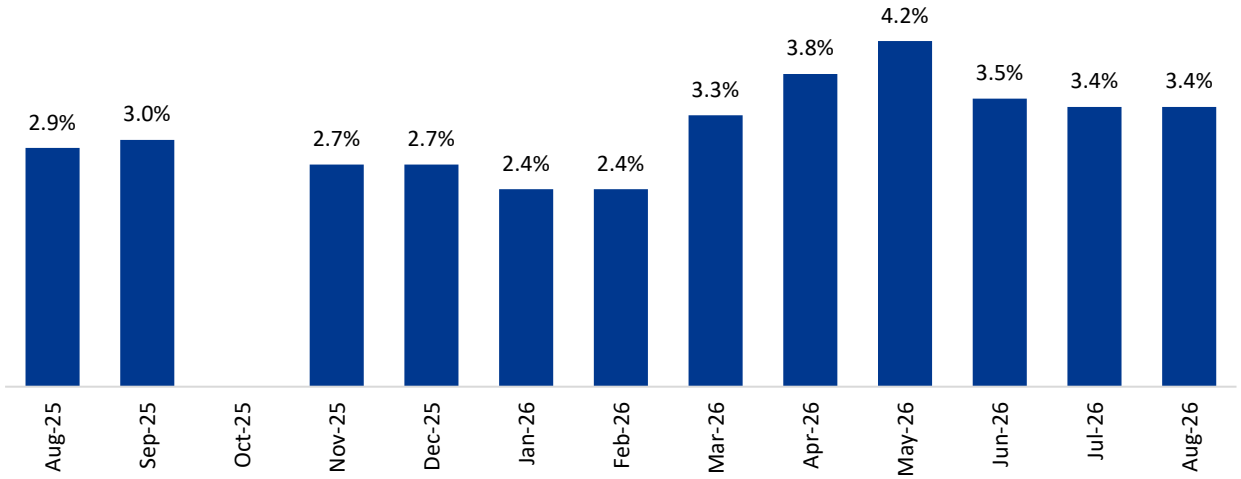


Source: CAPIQ

US PCE inflation remained unchanged at 3.4% in August 2026

The US Personal Consumption Expenditures (PCE) Price Index rose 0.3% MOM in August 2026, compared to a revised 0.1% increase in July 2026, while annual PCE inflation remained stable at 3.4% in August 2026 from July 2026. Core PCE inflation, which excludes food and energy prices, increased 0.2% MOM in August 2026, following a revised 0.1% rise in July 2026, while annual core PCE inflation remained unchanged at 3.0% in August 2026 compared to July 2026. Personal income growth moderated to 0.2% MOM in August 2026 from a revised 0.3% in July 2026, while personal spending growth accelerated to 0.9% MOM in August 2026 from a revised 0.1% increase in July 2026.

Figure 21: US CPI (YOY)

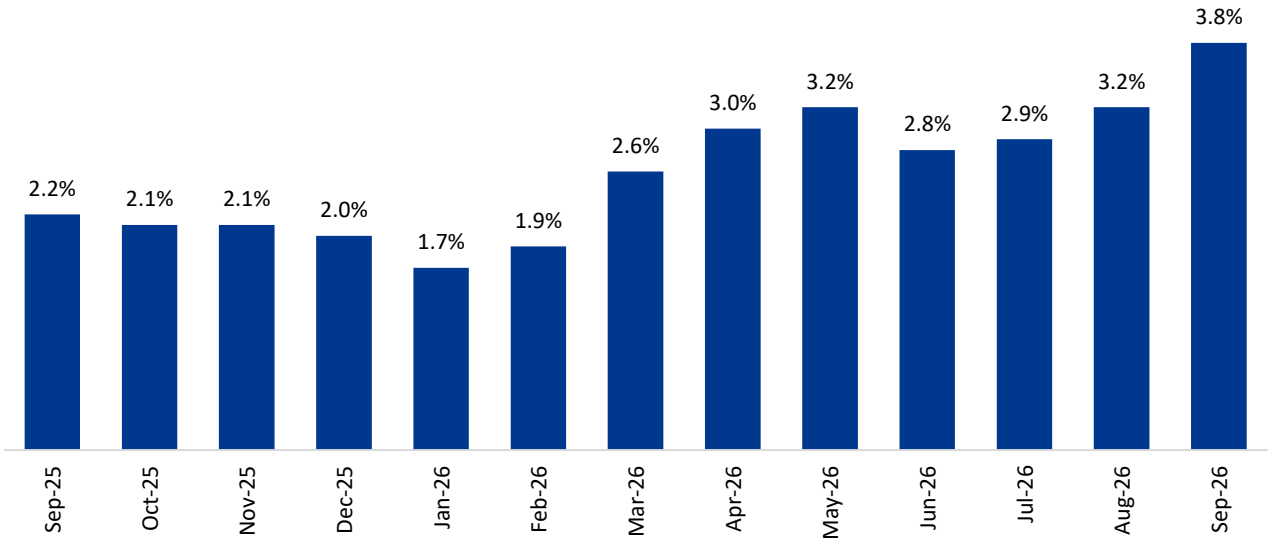


Source: CAPIQ

Eurozone inflation accelerated to 3.8% in September 2026

The eurozone's annual inflation rate increased from 3.2% in August 2026 to 3.8% in September 2026. Meanwhile, core inflation, excluding energy, food, alcohol and tobacco, edged up from 2.4% in August 2026 to 2.5% in September 2026. Energy prices recorded the highest annual increase of 18.8% in September 2026, while food, alcohol and tobacco inflation accelerated from 1.1% in August 2026 to 1.4% in September 2026. Services inflation also increased from 3.0% in August 2026 to 3.2% in September 2026, while non-energy industrial goods inflation moderated slightly from 1.2% in August 2026 to 1.1% in September 2026.

Figure 22: Eurozone Consumer Price Index

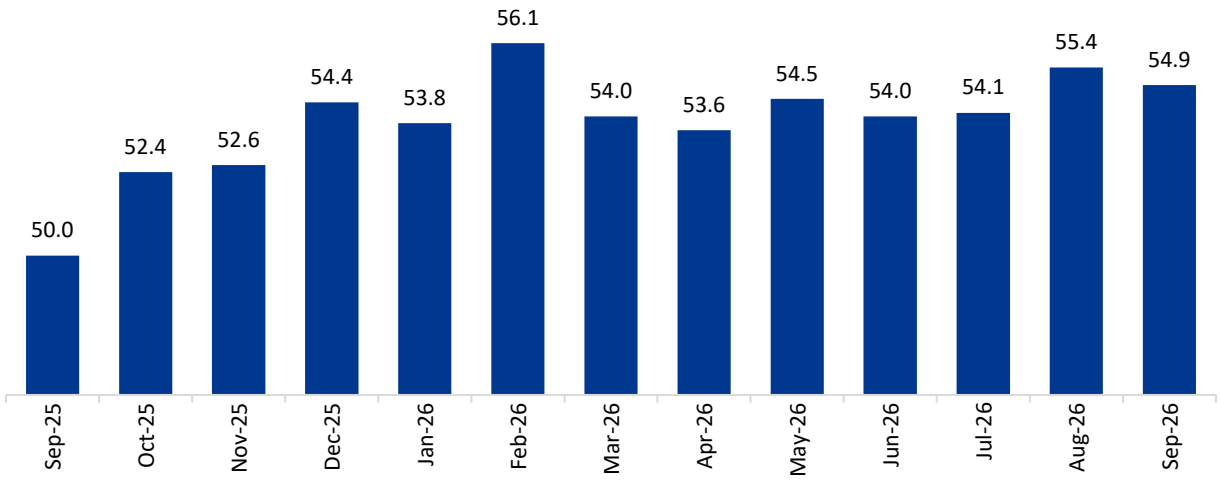


Source: CAPIQ

US services sector growth moderated in September 2026

The ISM Services Purchasing Managers Index (PMI) eased from 55.4 in August 2026 to 54.9 in September 2026, remaining above the 50 threshold and signalling continued expansion in US services activity. The moderation was reflected in slower business activity growth, with the business activity index decreasing from 61.7 in August 2026 to 56.5 in September 2026, while the new orders index eased from 60.9 in August 2026 to 59.8 in September 2026. Meanwhile, the employment index improved from 47.8 in August 2026 to 50.1 in September 2026, returning to expansion territory for the first time in three months. The backlog of orders index reached 58.3 in September 2026, its highest reading since July 2022, while the prices index increased from 72.6 in August 2026 to 74.0 in September 2026, marking its highest level since July 2022.

Figure 23: US ISM Services PMI

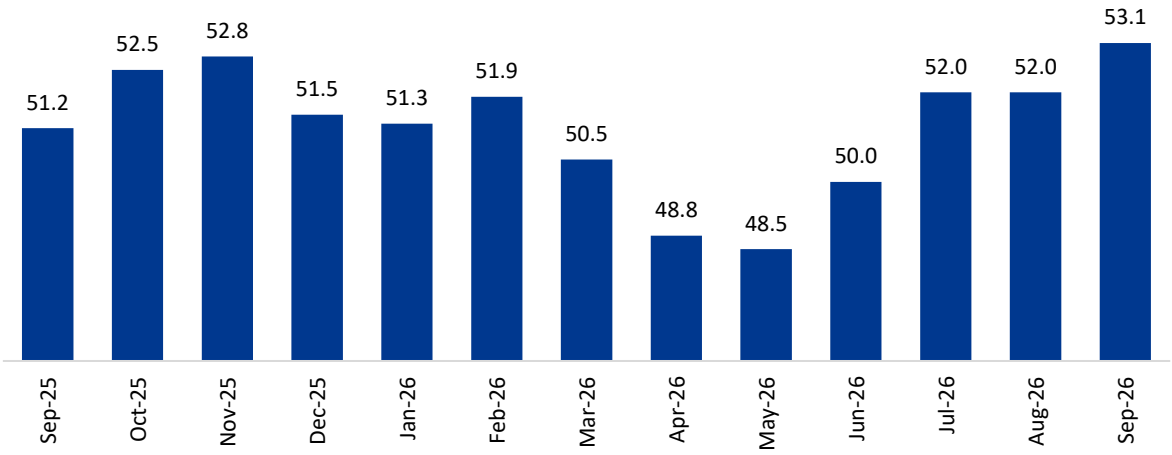


Source: CAPIQ

Eurozone private sector activity expanded to a 41-month high in September 2026

The S&P Global Eurozone Composite Purchasing Managers Index (PMI) increased from 52.0 in August 2026 to 53.1 in September 2026, indicating the fastest expansion in private sector activity in 41 months. The improvement was supported by stronger growth across manufacturing and services, with the Services PMI rising from 51.6 in August 2026 to 53.0 in September 2026. Export orders recorded their strongest growth in over four-and-a-half years. Employment increased marginally, while backlogs of work rose for the first time since June 2022. Meanwhile, input cost and output prices rose at faster rates. At the country level, Spain recorded the strongest expansion, with its Composite PMI rising to 56.8 in September 2026, followed by Germany at 53.8 and France at 51.1, while Italy's Composite PMI moderated to 51.0 in September 2026.

Figure 24: HCOB Eurozone Composite PMI

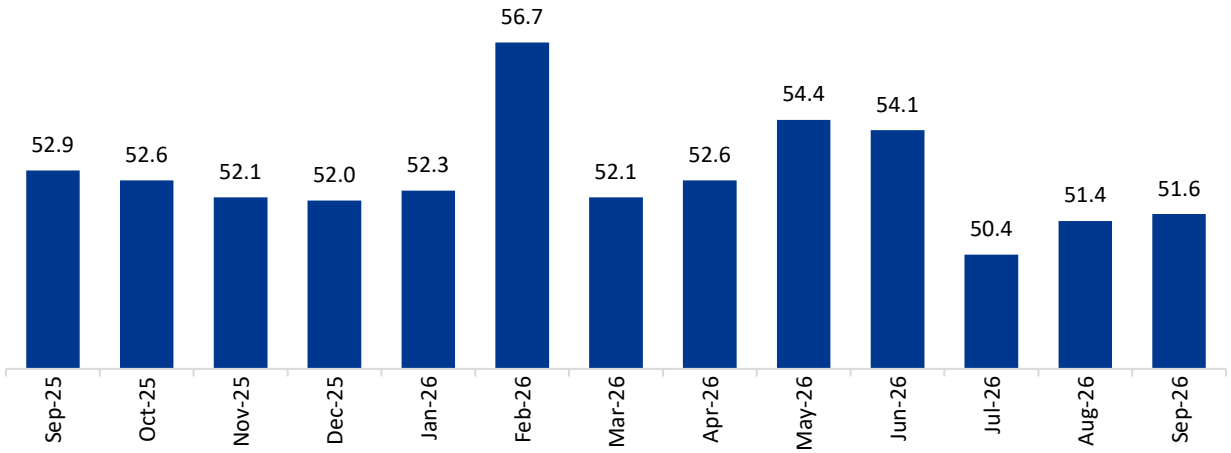


Source: CAPIQ

China services sector expansion reached a three-month high

China's RatingDog General Services Business Activity Index increased from 51.4 in August 2026 to 51.6 in September 2026, remaining above the 50 threshold and reaching a three-month high. The improvement was supported by stronger new orders, which recorded their fastest growth since June 2026, while overseas demand increased for the fifth consecutive month. Employment also rose for the fifth consecutive month, although hiring growth remained marginal. Meanwhile, input costs continued to increase, while selling prices declined at their fastest pace since April 2022 amid strong market competition.

Figure 25: China Service Sector PMI

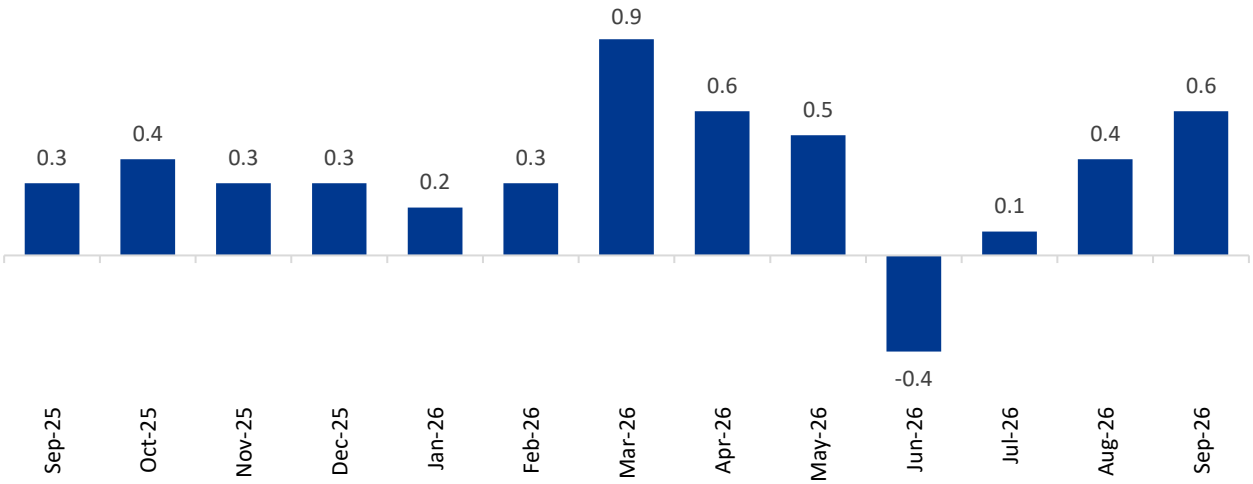


Source: CAPIQ

US consumer price inflation accelerated to 3.7% in September 2026

The US Consumer Price Index (CPI) increased 0.6% MOM in September 2026, compared to a 0.4% rise in August 2026, marking the fastest monthly increase since April 2026. Annual CPI inflation accelerated from 3.4% in August 2026 to 3.7% in September 2026. The increase was primarily driven by higher energy prices, which rose 5.2% MOM, including a 9.1% increase in gasoline prices that contributed more than half of the overall monthly CPI increase in September 2026. Meanwhile, core CPI inflation, excluding food and energy, increased 0.3% MOM in September 2026, unchanged from August 2026. Annual core inflation also accelerated from 2.4% in August 2026 to 2.6% in September 2026, driven by higher prices across shelter, recreation, used vehicles, education, airline fares, medical care and apparel.

Figure 26: US Consumer Price Index (CPI) MOM

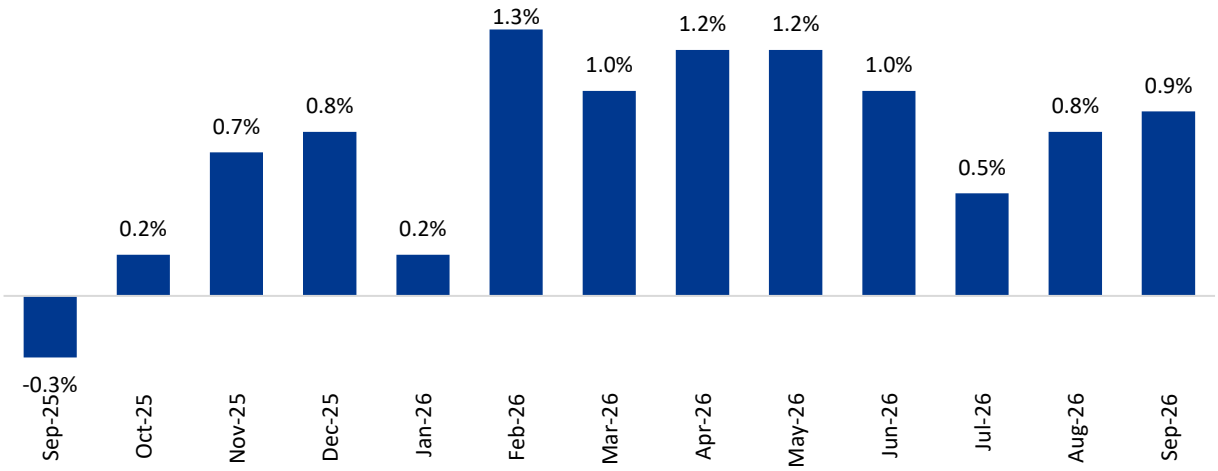


Source: CAPIQ

China consumer inflation edged higher while producer inflation reached four-year high

China's annual Consumer Price Index (CPI) edged up from 0.8% in August 2026 to 0.9% in September 2026, remaining below the government's 2.0% inflation target for 2026. Meanwhile, core inflation, which excludes food and energy prices, remained unchanged at 1.0% YOY. Food prices fell 1.7% YOY, primarily reflecting a 10.0% decrease in pork prices, while gasoline prices increased 16.6% YOY, adding c. 0.47 percentage points to annual CPI inflation. On a monthly basis, consumer prices increased 0.2% in September 2026, moderating from 0.4% in August 2026. Meanwhile, annual Producer Price Index (PPI) inflation accelerated from 3.8% in August 2026 to 5.0% in September 2026, reaching its highest level since June 2022.

Figure 27: China CPI (YOY)

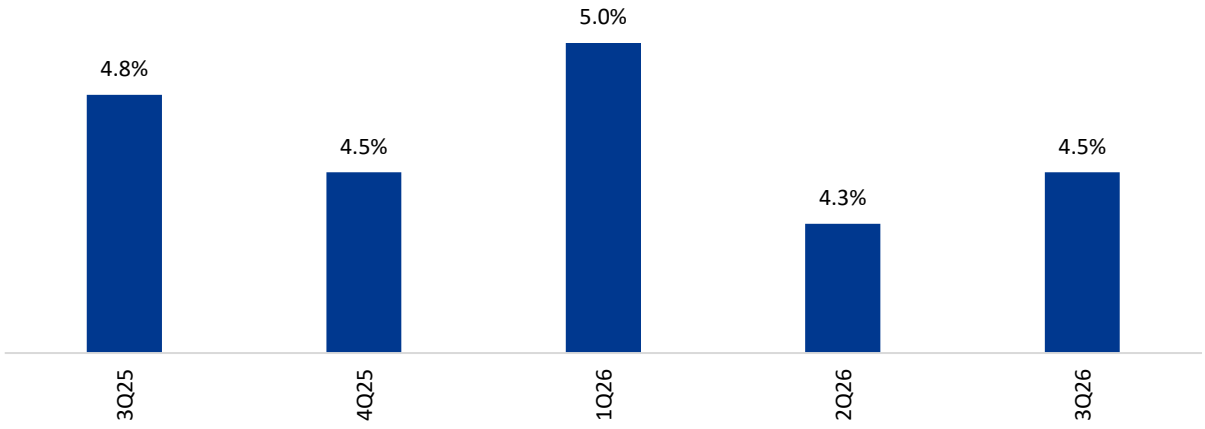


Source: CAPIQ

China's GDP growth accelerated to 4.5% in 3Q26, despite weak domestic demand

China's GDP expanded 4.5% YOY in 3Q26, recovering from a three-year low, supported by strong exports and industrial production. Industrial output increased 5.5% YOY in September 2026, while retail sales rose 1.1% YOY, marking their fastest growth in six months. Fixed-asset investment declined 7.2% YOY during 9M26. The unemployment rate edged down to 5.2% in September 2026. Despite stronger export performance, subdued domestic demand and ongoing weakness in the property sector continued to weigh on economic activity, while rising trade tensions and protectionist measures remained key risks to the growth outlook.

Figure 28: China GDP (YOY)



Source: CAPIQ

Fed policymakers signalled further rate increase by year-end

Minutes from the US Federal Reserve's September 2026 meeting revealed differing views among policymakers regarding the rationale for raising interest rates by 25 bps to 3.75%-4.00%, despite unanimous support for the decision. Some officials considered the increase necessary to limit the broader inflationary impact of energy and other supply shocks, while others emphasized the need to contain persistent inflation driven by stronger demand. Several policymakers viewed the prevailing interest rate as only mildly restrictive or not restrictive, while most anticipated another rate increase by the end of 2026. Meanwhile, market expectations shifted towards the Fed maintaining rates at its October meeting, followed by a potential increase in December 2026, amid weaker-than-expected employment and inflation data.

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