

## Strengthening Economy and Lower Inflation Boosted Asset Performance

Sector Weighting:  
**MARKET WEIGHT**

### GCC Fixed Income Outlook

The GCC debt capital markets remained robust in 2025, with the region accounting for around 35% of total emerging market US dollar issuance (excluding China), reflecting sustained market access for issuers despite global and regional uncertainties. According to Fitch, US dollar sukuk issuance in the GCC outpaced conventional bond issuance, lifting sukuk's share of the outstanding GCC debt stock to over 40%. In parallel, Saudi issuers broadened their funding mix through increased use of private credit, syndicated loans, and certificates of deposit. As a result, the GCC outstanding debt capital market expanded by 14% YOY to c. USD 1.1 Tn in 2025. Looking ahead, the GCC debt capital market is expected to surpass USD 1.3 Tn by 2026, supported by refinancing requirements, project and fiscal funding needs, continued sector diversification, and supportive government initiatives. In addition, lower oil price assumptions and the prospect of Fed rate cuts could further underpin issuance activity and market depth.

In January 2026, the GCC bond and Sukuk issuance was well diversified across sovereign, corporate and financial institutions, with notable participation from UAE and Saudi entities through both conventional bonds and sukuk. GCC bond issuances totalled USD 26.3 Bn in January 2026, majorly contributed by sovereign supply from Saudi Arabia, which alone accounted for 43.7% of total issuance at USD 11.5 Bn, driven entirely by multiple Saudi government USD bond issuances across long tenors. The largest single issuance was a USD 3.5 Bn by Saudi sovereign bond, supporting strong demand for long dated duration. Corporate issuers contributed 39.0% of total issuance amounting to USD 10.3 Bn, led by STC Sukuk and UAE government linked entities. Similarly, financial institutions raised c. USD 4.6 Bn, primarily through sukuk and hybrid structures, highlighting diversified funding strategies. During its last policy meeting scheduled in December 2025, US Federal Reserve cut the federal funds rate by 25 bps to 3.50%-3.75% to support a slowing economy and rising job risks. Looking ahead, the markets are expecting around one rate cut in 2026. The US 10-year Treasury yield was at 4.19% in early January 2026 and climbed to 4.26% at the end of the month. Meanwhile, the 5-year CDS increased across all the GCC countries except Egypt. The S&P UAE PMI declined from 54.8 in November 2025 to 54.2 in December 2025, marking low from nine months high. However, well above 50, indicating expansion and close to the long-term average. Output growth remained among the fastest seen in 2025, while input cost inflation accelerated to a 15-month high, driven by higher material pieces and wages and material prices. While new orders subindex growth softened marginally to 57.2 in December 2025 from 57.8 in November's 2025, rising demand and administrative delays led to a build-up in backlogs. According to World Bank, the UAE economy is projected to grow by 5.0% in 2026 and 5.1% in 2027. Additionally, GCC growth is set to improve to 4.4% in 2026 and 4.6% in 2027. Additionally, the UAE has undergone a profound economic transformation, with real GDP rising 94.0% from AED 918 Bn in 2006 to AED 1.8 Trn in 2024. Similarly, non-oil trade and exports rose sharply, government spending expanded significantly, and strong gains were recorded in education, labour participation, and foreign direct investment. Saudi Arabia's non-oil private sector PMI declined to 57.4 in December 2025 from 58.5 in November 2025, indicating a second consecutive month of moderating growth. However, it remained above the 50 and slightly above its long-term average of 56.9. Output continued to expand, supported by new business inflows, ongoing projects, and investment spending, though the pace softened to its weakest level since August. While the new orders subindex eased to 61.8 in December from November's 64.6, indicating slower expansion. Employment growth remained firm, while input cost pressures intensified, leading to higher output prices. Business confidence stayed subdued amid rising competition. The IMF has raised its 2026 growth forecast for Saudi Arabia to 4.5% for the third consecutive year, alongside an upward revision of global growth to 3.3%. According to GASTAT, the country's inflation stood at 2.0% in 2025 driven by increased housing rents, while prices for food, beverages, and transport saw modest increases and costs for household goods, furniture, and information and communication equipment declined. Additionally, in November 2025, Saudi Arabia's industrial production Index rose 10.4%

YOY, led by mining, manufacturing, and utilities. However, on a MOM basis, the industrial production fell 0.7% in November 2025. Saudi Arabia's GDP rose 4.8% YOY in 3Q25, mainly due to growth in non-oil sector by 4.3% and oil sector growth by 8.3%. The country is also opening its financial markets to all foreign investors from February 1, removing previous restrictions to boost inflows and market participation. According to Oman's Ministry of Economy, the country's inflation remained moderate at around 1% in 2025, supported by government measures, stable food and housing costs, easing monetary policy, and contained local price pressures. The country's CPI inflation averaged 0.94% from January to November 2025. While, according to National Centre for Statistics and Information (NCSI), Oman's inflation eased to 1.6% YOY in December 2025, driven mainly by rises in personal goods and services, transport, and food items like fish, fruits, and dairy, while housing, utilities, and communications saw minimal or no change. Bahrain's economy grew 4.0% YOY in real terms and 4.5% YOY at current prices in 3Q25, driven by 9.3% YOY real growth in oil GDP, 3.1% YOY in non-oil GDP, and broad-based gains across sectors like real estate, finance, education, and transport. According to National Planning Council (NPC), Qatar's CPI rose 1.95% YOY in December 2025, with the largest increases in recreation and culture of 6.84%, followed by miscellaneous goods and services of 1.87% and restaurants and hotels of 1.7%, while housing, water, and electricity saw minimal change.

### **Gold Outlook**

Gold prices increased 20.5% MOM in December 2025, closing the month at USD 5,198.52 per ounce. At the beginning of the month, gold prices climbed as tensions escalated between the US and other major powers. In addition, the markets also assessed the outlook for US interest rates. Prices advanced further after US intervention in Venezuela, before softening as the US Dollar Index rallied. Afterwards, bullion prices rallied strongly owing to full-scale involvement in Venezuela, briefly retreating on profit-taking. Subsequently, it extended gains amid heightened geopolitical risks and expectations of a further US rate cut following weak US manufacturing PMI data. In the following week, gold prices continued to rise on heightened geopolitical risks from unrest in Iran and US actions in Venezuela, along with financial uncertainty after Fed Chair Powell faced a legal threat that weakened market confidence and boosted safe-haven demand. Later, prices climbed and scaled above USD 4,600 per ounce as investment demand for bullion continued. It strengthened further on expectations of a weak US jobs report, which increased the likelihood of a Fed rate cut and raised questions about the central bank's independence. However, gold prices later fell when stronger-than-expected US jobs data and easing geopolitical tensions reduced safe-haven demand and pressured prices. Post mid-month, bullion prices resumed their upward journey as US intervention in Greenland heightened geopolitical tensions, reviving the risk of a trade war with Europe amid signs of fissure appearing in the NATO alliance. Prices later eased following the US stepping back on its Greenland demand and renewed tariff threats toward Europe. However, gold prices soon began rising again amid escalating geopolitical uncertainties. During the last week, gold prices for the first time scaled above the USD 5,000 per ounce following US threats to impose tariffs on Canada if it entered into a trade agreement with China. Additionally, the US imposed tariffs on certain South Korean imports, further heightening geopolitical tensions and supporting gold prices. Gold prices rose further amid US threats toward Iran in the absence of a nuclear deal between the two countries. However, by the end of the month, prices fell owing to profit-taking by investors but still remained above USD 5,000 per ounce.

### **Oil Outlook**

Oil prices rebounded in January 2026, rising 16.2% MOM to USD 70.69 per barrel, driven by supply disruption fears, geopolitical tensions, and supportive OPEC+ policy. Early gains reflected concerns over Ukrainian attacks on Russian facilities, US sanctions on Venezuela, China's stockpiling, and expectations that OPEC+ would pause output increases. Prices were volatile mid-month amid concerns about oversupply, Iran-related geopolitical risks, shifting US military signals, and an EIA forecast of excess supply. However, the oil prices were supported by stronger Chinese economic data and temporary production halts in Kazakhstan. Oil prices rose further on US weather-related supply disruptions, sustained US-Iran tensions, and OPEC+ maintaining production cuts.

## 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	Oman Government International Bond	OMAN	US682051AJ69	6.08	2,750,000,000	BBB-	Baa3	N/A	OM	6.75	1/17/2048
2	Saudi Government International Bond	KSA	US80413TBS78	6.05	3,500,000,000	A+	Aa3	A+	SA	5.875	1/12/2056
3	DP World Ltd/United Arab Emirates	DPWDU	XS1883879006	5.90	1,300,000,000	BBB+	Baa2	N/A	AE	5.625	9/25/2048
4	Finance Department Government of Sharjah	SHJGOV	US38381CAF95	5.78	1,000,000,000	N/A	Ba1	BBB-	AE	6.125	3/6/2036
5	Abu Dhabi Government International Bond	ADGB	US29135LAU44	5.44	1,750,000,000	AA	N/A	AA	AE	5.5	4/30/2054
6	MDGH GMTN RSC Ltd	MUBAUH	US44985GAE17	5.35	750,000,000	AA	Aa2	AA	AE	6.875	11/1/2041
7	Suci Second Investment Co	PIFKSA	XS2706163305	4.94	1,250,000,000	A+	Aa3	N/A	SA	6.25	10/25/2033
8	Abu Dhabi National Energy Co PJSC	TAQAUH	US00386SAB88	4.90	912,487,000	AA	Aa3	NR	AE	6.5	10/27/2036
9	Oztel Holdings SPC Ltd	OTELOM	US692733AB47	4.82	688,921,000	BBB-	Ba1	N/A	OM	6.625	4/24/2028
10	OQ SAOC	OMAOIL	US67624L2A50	4.71	750,000,000	BBB-	N/A	N/A	OM	5.125	5/6/2028

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	5.79	1,500,000,000	A+	Aa3	N/A	SA	5.684	4/11/2053
2	Saudi Electricity Global Sukuk Co 3	SECO	US80413MAB00	5.60	1,000,000,000	A+	Aa3	A+	SA	5.5	4/8/2044
3	Sharjah Sukuk Program Ltd	SHARSK	US81953JAA34	5.41	750,000,000	N/A	Ba1	BBB-	AE	5.433	4/17/2035
4	Sharjah Sukuk Program Ltd	SHARSK	XS2680379695	5.32	900,000,000	N/A	Ba1	BBB-	AE	6.092	3/19/2034
5	EDO Sukuk Ltd	ENEDEV	US280915AA75	5.19	650,000,000	BBB-	N/A	BBB-	OM	5.14	1/22/2036
6	Suci Second Investment Co	PIFKSA	XS3281731821	5.19	2,000,000,000	A+	Aa3	N/A	SA	5.133	1/28/2036
7	DP World Crescent Ltd	DPWDU	XS3066663124	5.13	1,500,000,000	BBB+	Baa2	N/A	AE	5.5	5/8/2035
8	Aldar Investment Properties Sukuk Ltd	ALDAR	XS2816816305	5.00	645,000,000	N/A	Baa1	N/A	AE	5.5	5/16/2034
9	Almarai Co JSC	ALMARA	XS2641777235	4.87	750,000,000	N/A	Baa3	BBB-	SA	5.233	7/25/2033

Data Source: Bloomberg

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## MENA credit outlook

### **Saudi Arabia secured a USD 13 Bn syndicated loan to fund utilities**

Saudi Arabia's National Debt Management Center announced that it has finalized a USD 13 Bn, seven-year syndicated loan to support the financing of power, water, and public utilities projects. Furthermore, the transaction forms part of the kingdom's medium-term debt strategy, which focuses on diversifying funding sources and meeting financing requirements over the medium to long term. The deal leverages favorable market conditions to support alternative sovereign financing channels

### **Saudi Arabia launched USD 11.5 Bn multi-tranche Bonds, orders exceeded USD 27.7 Bn**

Saudi Arabia raised USD 11.5 Bn from its first international bond issuance of the year, attracting strong investor demand with an orderbook exceeding USD 28 Bn. The kingdom, the first GCC sovereign to access global debt markets in 2026, issued a multi-tranche senior unsecured Reg S bond across three-, five-, 10- and 30-year maturities. The three-year tranche raised USD 2.5 Bn, priced at UST +65 bps with a 4.125% coupon, 4.171% yield, and a re-offer price of 99.872. The five-year tranche raised USD 2.75 Bn, priced at UST +75 bps with a 4.375% coupon, a 4.455% yield, and a re-offer price of 99.645. The 10-year tranche raised USD 2.75 Bn, priced at UST +85 bps with a 4.875% coupon, a 5.009% yield, and a re-offer price of 98.956. The 30-year tranche raised USD 3.5 Bn, priced at UST +110 bps with a 5.875% coupon, a 5.948% yield, and a re-offer price of 98.984. The combined orderbook stood at USD 27.7 Bn at launch and peaked at USD 28.3 Bn at pricing.

### **Emirates NBD raised USD 1 Bn via blue and green bonds, orders exceed USD 2 Bn**

Emirates NBD, raised a combined USD 1.0 Bn through the issuance of blue and green sustainability-linked bonds, attracting strong investor demand with an orderbook exceeding USD 2.0 Bn. Moreover, the three-year blue bond raised USD 300 Mn, priced at UST +65 bps, tightened from initial price thoughts of UST +95 bps, with a 4.195% coupon, a matching yield, and a re-offer price at par. Additionally, the five-year green bond raised USD 700 Mn, priced at UST +80 bps, tightened from IPTs of UST +110 bps, carrying a 4.529% coupon, a similar yield, and a re-offer price at par. The senior unsecured Reg S Eurobonds were issued under Emirates NBD's USD 20 Bn Euro Medium Term Note Programme.

### **Aldar Properties set 6.375% IPTs for USD benchmark hybrid notes**

Aldar Properties PJSC, released initial price thoughts of around 6.375% for its planned USD benchmark hybrid notes under a Rule 144A/Reg S structure. Furthermore, the hybrid notes carry a 30.25-year tenor with a 7.25-year non-call period and will be listed on Euronext Dublin's Global Exchange Market, followed by the Abu Dhabi Securities Exchange (ADX). Additionally, the coupon will reset at the first call date and every five years thereafter, based on the prevailing US Treasury rate plus the initial margin, along with a 100-bps step-up. The offering receives partial equity treatment from Moody's and funds will support broad corporate needs.

### **Aldar Properties Prices USD 1 Bn hybrid notes at 5.875% amidst strong demand**

Aldar Properties PJSC has priced its USD 1.0 Bn hybrid notes at a 5.875% coupon, tightened from initial price thoughts in the 6.375% area, reflecting strong investor demand. Furthermore, the notes were issued with a 5.95% yield and a re-offer price of 99.574. Moreover, Investor demand was robust, with order books peaking at USD 3.0 Bn before closing at USD 2.9 Bn, excluding joint lead manager interest. Structurally, the notes sit low within the capital stack, above equity only. Trading will commence offshore on Euronext Dublin's Global Exchange, followed by a domestic exchange listing.

### **Kwai Finance House mandated banks for USD 5-Year Sukuk**

Kuwait Finance House (KFH) mandated and successfully priced a USD 1 Bn five-year USD-denominated benchmark sukuk, structured as a fixed-rate, senior unsecured Wakala/Murabaha sukuk under its USD 4 Bn Trust Certificate Issuance

Programme. The transaction was priced at 85 bps over US Treasuries, tightening significantly from initial guidance of T+120 bps. Furthermore, the sukuk carries a coupon and yield of 4.563% and was re-offered at par, with the final orderbook exceeding USD 2.1 Bn, excluding joint lead manager interest. Moreover, the sukuk is expected to be listed on the London Stock Exchange's International Securities Market.

#### **SAL to launch Sukuk through private placement**

Saudi Logistics Services Co announced plans to issue a Saudi riyal (SAR)-denominated sukuk via private placement, which will be marketed to both domestic and international investors, as part of its strategy to expand logistics capacity through 2030. Furthermore, proceeds from the issuance will be used for general corporate purposes, including capital expenditure to support future expansions and projects, in line with the company's long-term financial and strategic growth objectives.

#### **TAQA–Masdar-backed Dhafrah PV2 mandated green bond**

Dhafrah PV2 Energy Company mandated banks for a US dollar–denominated Reg S benchmark fixed-rate amortising green bond. Furthermore, the senior secured issuance carries a final maturity of 30 June 2053 and an expected weighted average life of 17 years, subject to market conditions. Moreover, Emirates Water and Electricity Company (EWEC) will act as the sole offtaker under a power purchase agreement extending beyond the bond's maturity. Additionally, proceeds will be used to finance or refinance costs associated with the Al Dhafrah PV2 project, in accordance with the company's Green Bond Framework.

#### **STC Saudi STC targeted dollar sukuk issuance**

Saudi Telecom Company finalized a two-part dollar Islamic issuance totaling USD 2bn amid heavy oversubscription exceeding USD 5.4 Bn. The USD 1.25 Bn 10-year tranche priced at par with a 5.083% coupon, equivalent to US T+90 bps, while the USD 750 Mn 5-year tranche cleared at par carrying a 4.489% coupon at US T+75 bps. Both legs tightened meaningfully from initial guidance, reflecting robust international investor appetite. Proceeds earmarked for general corporate purposes.

#### **IILM raised USD 1.3 Bn via short-term sukuk**

The International Islamic Liquidity Management Corporation (IILM) issued USD 1.3 Bn of short-term sukuk under its USD 8.5 Bn sukuk programme, structured across four tranches. Additionally, the offering included USD 460 Mn with a one-month maturity at 3.81%, USD 635 Mn maturing in three months at 3.84%, USD 155 Mn with a six-month tenor at 3.82%, and USD 50 Mn with a twelve-month maturity at 3.45%. Furthermore, the auction attracted USD 2.915 Bn in bids, more than twice the amount offered, and was distributed through a broad syndicate of Islamic and international banks.

#### **Saudi Electricity mandated banks for USD Sukuk Issuance**

Saudi Electricity Company (SEC) appointed banks for a potential US dollar–denominated senior unsecured sukuk, coinciding with the arrangement of a five-year financing facility of up to USD 1.5 Bn. Moreover, the state-backed utility secured its third loan in less than six months, structured with a USD 1 Bn base size and a greenshoe option to increase the facility to USD 1.5 Bn. Furthermore, SEC is listed on Tadawul, with the Public Investment Fund holding a 74.3% stake and Saudi Aramco owning 6.9% stake.

#### **Kuwait's Equate raised USD 300 Mn in Asia Loan**

Kuwait-based Equate Group is arranging a USD 300 Mn two-part borrowing from Asian lenders, structured across five- and seven-year maturities, according to LPC. Mizuho Bank is acting as coordinator, lead arranger, bookrunner, and underwriter, with commitments due in early March. Proceeds will support general funding needs. The move follows multiple successful syndicated financings over the past two years, highlighting sustained lender appetite.

#### **Saudi National Bank mandated perpetual AT1 Bond**

Saudi National Bank has appointed banks to arrange a US-dollar Additional Tier 1 issuance structured as a perpetual instrument with a first call after 5.5 years, to be issued under its USD 5 Bn AT1 Capital Note Programme. The transaction is intended to bolster Tier 1 capital metrics, with proceeds allocated toward general corporate purposes and strategic objectives. Investor calls and a global roadshow are expected to commence shortly, supported by a broad international syndicate.

#### **QNB launched market with Formosa bond**

Qatar National Bank (QNB) issued a USD 650 Mn five-year floating rate note under its USD 30 Bn medium-term note programme. Additionally, the senior unsecured securities are issued by QNB Finance Ltd and are fully guaranteed by Qatar National Bank. Furthermore, the bond Structured as Regulation S notes, and pay a quarterly coupon of SOFR +80 bps. The issuance will be listed on the Taipei Exchange and the London Stock Exchange, and aimed at professional investors under Taipei Exchange rules, is subject to ICMA/FCA stabilisation, and will be cleared through Euroclear and Clearstream.

#### **UAE's Al Masraf appointed Banks for debut 5-Year USD reg S bond**

Arab Bank for Investment & Foreign Trade (Al Masraf) appointed banks for its debut USD-denominated Reg S benchmark bond. Furthermore, the bank plans to issue a five-year senior unsecured fixed-rate bond under its USD 5 Bn EMTN Programme. The Proceeds will be used for general corporate purposes, with the transaction conducted under FCA/ICMA stabilisation and the bonds expected to be listed on the London Stock Exchange's International Securities Market and Nasdaq Dubai.

#### **Saudi Telecom prices USD 2 Bn dual-tranche sukuk**

Saudi Telecom Company priced a USD 2 Bn dual-tranche senior unsecured sukuk under the Reg S/144A, with combined orderbooks exceeding USD 5.4 Bn. Of the total issuance, the USD 1.25 Bn 10-year tranche was priced at par with a fixed coupon of 5.083%, equivalent to a spread of 90 bps over US Treasuries. The remaining USD 750 Mn five-year tranche was priced at par with a coupon of 4.489% and a spread of US T+75 bps. Both sukuk were set to be listed on the London Stock Exchange's International Securities Market.

#### **Riyad Bank prices USD 1 Bn Tier 2 sustainable bond**

Riyad Bank issued USD 1 Bn 10-year non-callable 5-year Tier 2 sustainable notes under its existing USD 5 Bn medium-term note programme. The US dollar-denominated benchmark notes carry a fixed resettable coupon of 5.805% and were priced at a spread of 210 bps over US Treasuries, with a re-offer price at par. The offering received strong response with the final orderbook exceeded USD 2.6 Bn, excluding joint lead managers' interest. The issuance is expected to receive a rating of BBB- by S&P and BBB by Fitch, while Riyad Bank is rated A1 by Moody's, A by S&P, and A- by Fitch, with stable outlook. Moreover, the notes will be listed on the London Stock Exchange's International Securities Market.

#### **Al Rajhi Bank raises USD 1 Bn AT1 capital from social sukuk**

Al Rajhi Bank raised USD 1 Bn through a benchmark Additional Tier 1 (AT1) capital social sukuk following the earlier mandate of banks and investor marketing. The RegS perpetual sukuk, callable after six years, was issued at par and priced at a yield of 6.15%, tightened from the initial price guidance of 6.625%, and will reset to a new rate after the call date, with orders reaching USD 3.3 Bn before closing at USD 2.9 Bn, excluding bank interest. The sukuk was issued under the bank's USD 5 Bn AT1 programme. The sukuk is rated Baa3 by Moody's, A by S&P, and A by Fitch. Proceeds are to be used to finance eligible projects under the bank's Sustainable Finance Framework. The certificates will be listed on the London Stock Exchange.

#### **Bank Albilad mandated USD AT1 sukuk to strengthen the capital base**

Bank Albilad mandated banks to issue a USD denominated Additional Tier 1 (AT1) sukuk to strengthen the capital position and support long term growth plans. The sukuk will be raised through a private placement under the bank's USD 2 Bn Islamic bonds programme and will be offered to investors in Saudi Arabia and international markets. The final size and pricing of the issuance will be decided later, depending on market demand.

#### **First Abu Dhabi Bank prices USD 750 Mn 5-year Reg S bond at 4.299%**

First Abu Dhabi Bank PJSC prices a USD 750 Mn Regulation S 5-year senior unsecured benchmark bond under its USD 20 Bn Euro Medium Term Note Programme. The bond was priced at a fixed coupon of 4.299%, offering a yield of 4.299% at par. The pricing of the offering tightened from initial price thoughts of US Treasuries plus 95 bps to 60 bps. The notes pay interest on a semi-annual basis using a 30/360-day count convention and are listed on the London Stock Exchange. The issuance is expected to carry the same ratings as the issuer.

#### **Dubai Aerospace Enterprise issued a 7-year USD 600 Mn Reg S benchmark bond**

Dubai Aerospace Enterprise Ltd (DAE), rated Baa2 (Stable) by Moody's and BBB (Stable) by Fitch, issued a benchmark USD 600 Mn Regulation S senior unsecured 7-year bond under DAE Funding LLC's Global Medium Term Note Programme. The transaction was upsized from initial expectations and priced at T+120 bps, tightening from initial price guidance of around T+145 bps. The bond carries a coupon of 4.95%, with a yield of 5.137% and a re-offer at a price of 98.912. Investor demand was strong, with the orderbook exceeding USD 2 Bn. The bond will be listed on Nasdaq Dubai.

#### **Oman plans local bond and sukuk issuance of over USD 2 Bn in 2026**

The Government of the Sultanate of Oman, through the Ministry of Finance, plans to raise OMR 850 Mn in 2026 through the issuance of government development bonds and sovereign local sukuk. The issuance is part of the broader financing strategy to cover a projected budget deficit and meet public debt servicing requirements. Total domestic issuance is estimated at OMR 902 Mn, consisting of four development bonds of OMR 150 Mn each, including two local sovereign sukuk issuances of OMR 125 Mn each, for a total domestic borrowing of OMR 902 Mn, within total financing needs of OMR 2.292 Bn. The issuance is to finance a budget deficit of OMR 530 Mn and meet public debt servicing requirements of OMR 1.762 Bn. The financing plan includes local borrowing of OMR 902 Mn, external borrowing of OMR 990 Mn, and a withdrawal of OMR 400 Mn from reserves. The Ministry of Finance stated that the plan aims to meet financing needs at a reasonable cost and risk, while improving the efficiency and sustainability of the domestic debt market.

#### **Emirates NBD prices AED 1 Bn digital notes at 4.25%**

Emirates NBD Bank (ENBD) priced its three-year AED 1 Bn digitally native notes (DNN) at a coupon of 4.25% and priced at par. Additionally, the UAE lender's debut dirham denominated DNN attracted strong demand, with orderbooks exceeding AED 1.3 Bn, excluding joint lead manager interest. Moreover, the benchmark sized Regulation S issuance is issued under ENBD's USD 20 Bn Euro Medium Term Note Programme and will clear through Euroclear's Digital Financial Market Infrastructure (D-FMI). The notes will be listed on Nasdaq Dubai.

#### **Waja launched the first tranche of the SAR-denominated sukuk programme**

Waja Company launched the first tranche of its SAR denominated sukuk programme, raising SAR 2.5 Mn as the initial portion of a planned two part issuance. Each sukuk is offered for SAR 1,000, while the overall programme targets a total size of up to SAR 10 Mn. The Shariah compliant sukuk is intended to support the company's expansion plans. The proceeds from this sukuk programme will be used to fund growth and expand operations across its construction, media, and information technology activities.

### **Energy Development Oman prices a USD-denominated 10-year sukuk**

Energy Development Oman (EDO) priced its USD 650 Mn 10-year benchmark sukuk at T+100 bps, tightening from initial price guidance of T+135 bps. The Regulation S senior unsecured sukuk was issued at par with a profit rate and yield of 5.14%, with order books peaking at USD 1.9 Bn excluding JLM interest before closing at USD 1.3 Bn. The senior unsecured sukuk is expected to be rated BBB- by S&P and Fitch, in line with Energy Development Oman's issuer rating. Moreover, EDO Sukuk acts as trustee, EDO Gas SPC as obligor, and Energy Development Oman as a guarantor. The sukuk will list on the London Stock Exchange Main Market.

### **Public Investment Fund prices USD 2 Bn 10-year benchmark sukuk**

Saudi Arabia's Public Investment Fund priced USD 2 Bn 10-year benchmark sukuk at T+85 bps, tightening from initial price thoughts of T+120 bps. The wakala sukuk carried a 5.133% semi-annual coupon, with the yield and reoffer price set at par. The orderbook peaked at USD 13.1 Bn before settling above USD 10.9 Bn, while senior unsecured issuance carried expected ratings of Aa3 / A+ from Moody's and Fitch. Additionally, PIF is listed as the sukuk obligor, with SUCI Second Investment Company as a trustee. The sukuk will be listed on the London Stock Exchange's International Securities Market. The issuance marked PIF's first debt market transaction in 2026.

### **Maaden marketed USD 10-year senior sukuk with IPTs at T+135 bps**

Saudi Arabian Mining Company (Maaden) marketed a USD denominated 10-year senior sukuk with initial price thoughts at T+135 bps. The Regulation S wakala sukuk carried an expected ratings of Baa1 / BBB+ from Moody's and Fitch, in line with the obligor. Ma'aden Sukuk is listed as the issuer, with Saudi Arabian Mining as the obligor. Moreover, Saudi Arabia's Public Investment Fund owned a 63.78% majority stake in Maaden.

### **Saudi Aramco guided pricing for multi-tranche USD benchmark debt sale**

Saudi Aramco, entered the international debt markets with a multi tranche USD benchmark bond issuance, setting initial price thoughts for 3, 5, 10, and 30 year maturities. The three-year tranche is guided at T+100 bps with Morgan Stanley acting as billing and delivery bank, while the five-year tranche, overseen by HSBC, carries IPTs of T+115 bps. Moreover, JP Morgan is managing the 10-year tranche with guidance at T+125 bps, and Citi is leading the 30-year tranche with IPTs at around T+165 bps. Furthermore, the bonds are to be listed on the London Stock Exchange's Main Market.

### **Arab Energy Fund Set price guidance of SOFR MS+95bps on 10-year USD sukuk**

Arab Energy Fund, commenced marketing a USD denominated 10-year senior unsecured Regulation S sukuk, with initial price guidance in the area of SOFR mid swaps plus 95 bps. APICORP Sukuk Ltd is the issuing vehicle for the Eurobond, with Arab Petroleum Investments Corporation acting as the obligor with the Sukuk to be listed in Dublin and on Nasdaq Dubai.

### **Bahrain appointed banks for long-dated USD 8-Year sukuk and 12-year bond**

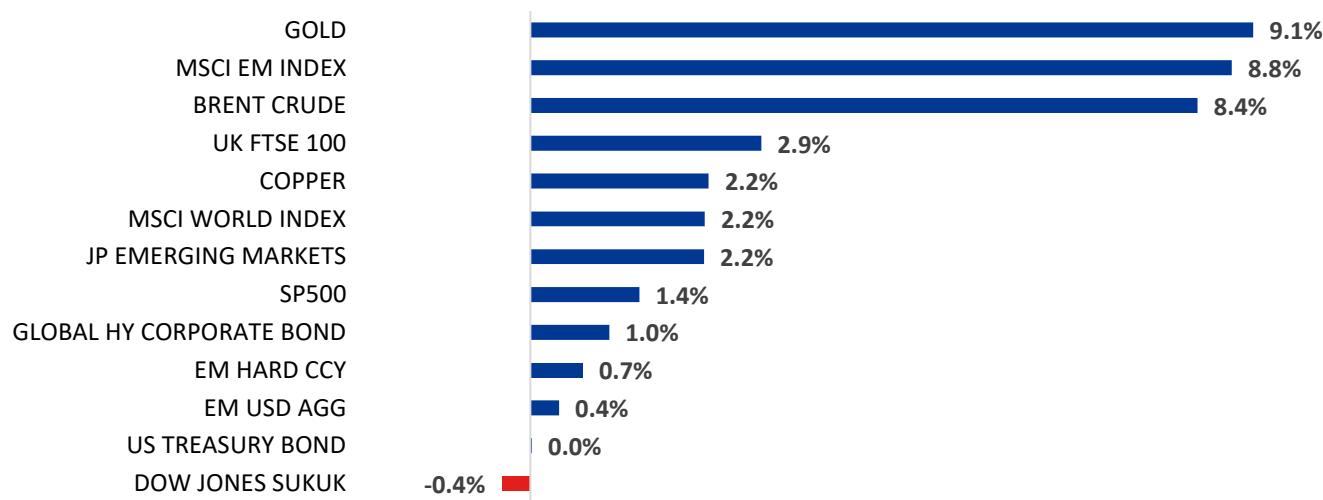
The Kingdom of Bahrain, mandated BNP Paribas, Dubai Islamic Bank, Emirates NBD Capital, First Abu Dhabi Bank, HSBC, J.P. Morgan, Mashreq, and National Bank of Bahrain as joint lead managers and joint bookrunners in connection with a RegS/144A USD denominated benchmark fixed-rate issuance comprising a long 8-year sukuk under Bahrain's Trust Certificate Issuance Programme and a 12-year conventional bond under the Global Medium Term Note Programme. The securities will be listed on the London Stock Exchange, and proceeds are to be used for general funding purposes.

### **Global Asset Performance**

Global asset classes recorded broad-based gains in January 2026, supported by stronger than expected activity data and moderating inflation prints, pointing to improving real income dynamics. Equity markets led performance, driven primarily by emerging markets. The MSCI Emerging Markets Index rose 8.8% MOM, underpinned by strong gains in South Korea, Brazil, Taiwan and China. Developed market equity performance was mixed. While the MSCI World Index advanced 2.2% MOM,

supported by strength in Japan and the UK, the S&P 500 declined marginally by 0.2% MOM. Japan's Nikkei 225 rose 5.9% MOM and the UK FTSE 100 gained 2.9% MOM, supported by positive revisions to 2026 earnings expectations, particularly for Japanese equities and materials stocks. Fixed income contributed modestly to overall returns. Global bond indices rose by 1.0% MOM. The JP Morgan EMBI gained 2.2%, while EM hard currency debt and EM USD aggregate bonds advanced 0.7% and 0.4% MOM, respectively. In contrast, US Treasuries posted flat returns MOM, driven by a sell-off concentrated at the front end of the curve as stronger economic data pushed expectations for the next Federal Reserve rate cut further out. Two-year US Treasury yields increased by 5 bps, while longer dated yields also rose amid ongoing inflation and fiscal concerns. The US dollar depreciated by around 1.0% against the euro during the month. In credit markets, the Dow Jones Sukuk Index declined 0.4% MOM, while global high yield corporate bonds gained 1.0% MOM, supported by improved risk appetite, favourable macro data and select country-specific developments. Commodities delivered strong performance. Copper rose 2.2% MOM, while gold recorded a 9.1% MOM gain, supported by continued central bank purchases particularly by the People's Bank of China and heightened geopolitical risks. Brent crude increased 8.4% MOM, reflecting colder winter weather in Europe and the US, lower gas storage levels and rising energy prices. From a style and regional perspective, equity market performance continued to broaden. Emerging markets outperformed the MSCI World Index on a YTD basis, while small cap equities outperformed large caps across regions. In Europe, growth outperformed value, while in the US, value continued to outperform growth for the third consecutive month, further reversing the multiyear growth led trend. Overall, the start of 2026 has been marked by elevated volatility but improving risk appetite. Equity gains have broadened beyond US large caps, with emerging markets, Japan and small and mid-cap equities outperforming, reinforcing the benefits of diversification. In contrast, government bonds have underperformed amid rising yields driven by strong economic data and fiscal concerns, particularly in the US and Japan.

Figure 1: Global Asset Performance (YTD in FY2025)

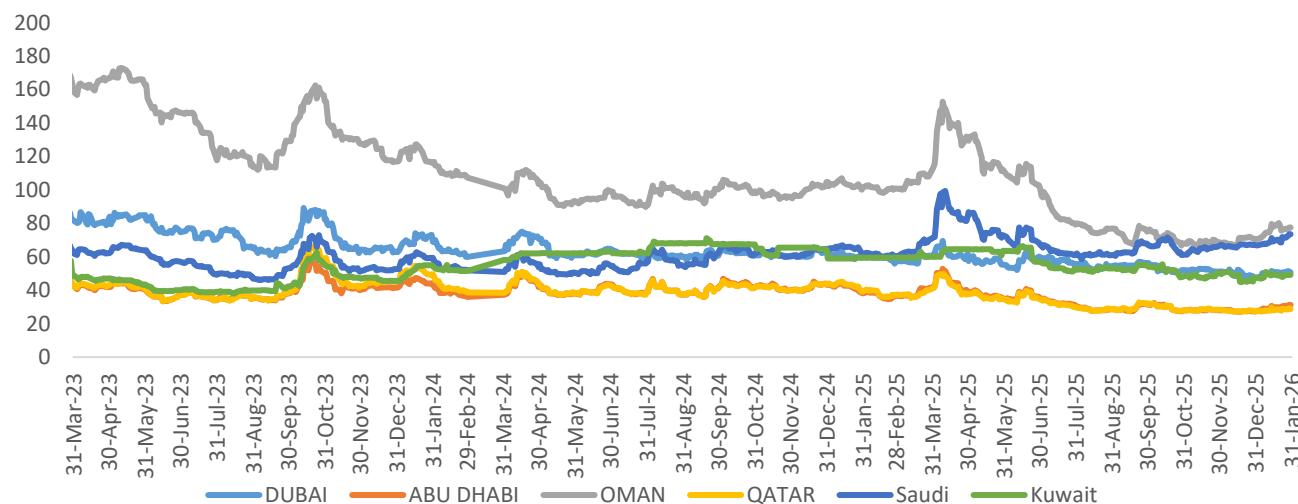


Source: Bloomberg

## 5-Year CDS

The 5-year CDS spread expanded across all GCC Countries during January 2026. Abu Dhabi recorded the highest expansion of 13.81% MOM in January 2026. Saudi Arabia recorded the second-highest expansion of 9.89% on a MOM basis in January 2026. Followed by Oman and Dubai, which recorded an expansion of 9.59% and 6.93%, respectively, on a MOM basis in January 2026. Similarly, Qatar recorded an expansion of 5.46% on a MOM basis, followed by Kuwait with an expansion of 3.72% on a MOM basis in January 2026.

Figure 2: GCC Countries- 5 Year CDS



Source: Bloomberg

Sovereigns	Dubai	Abu Dhabi	Oman	Kuwait	Qatar	Saudi
MTD (%)	6.93%	13.81%	9.59%	3.72%	5.46%	9.89%

## Banking Sector

### Commercial Bank International to exit its Islamic banking operations refocus

Commercial Bank International announced its exit from Islamic finance operations to focus on its core conventional banking business. The bank, listed on the Abu Dhabi Securities Exchange, received approval from the UAE Central Bank to close its Islamic Window, which managed Shariah-compliant products. The closure was stated to be implemented in an orderly and controlled manner, while remaining fully compliant with regulatory and Shariah requirements. Moreover, the bank confirmed service continuity during the transition. Additionally, management clarified that the move would not impact financial performance or operations, coupled with regular communication and dedicated customer support.

### Estithmar Holding planned banking acquisitions in Syria

Qatari group Estithmar Holding was set to take control of Syria's Shahba Bank and a minority stake in Syrian International Islamic Bank (SIIB), marking the first foreign banking acquisitions since the fall of former leader Bashar al-Assad. The move followed the lifting of US sanctions late last year, while Syria's central bank sought to recapitalise a banking sector severely impaired by 14 years of war and Western sanctions. Estithmar planned to acquire a 60% stake in Shahba by buying out the

shares of Banque Bemo Saudi Fransi and Ahli Trust Bank, coupled with a 30% stake in SIIB, where Qatari partners already held a similar stake. The transactions remained subject to regulatory approval, while the central bank welcomed compliant restructuring initiatives.

#### **India approved Emirates NBD's RBL Bank stake acquisition**

India's competition regulator approved the acquisition of shares in RBL Bank by Dubai-based Emirates NBD Bank. The approval followed Emirates NBD's October announcement to acquire a 60% stake in the Indian lender for USD 3 Bn.

#### **Corporate Sector**

##### **SABIC to divest its European Petrochemicals and Engineering Thermoplastics (ETP) businesses**

Saudi Basic Industries Corporation signed agreements to divest its entire stake in SABIC Europe BV and the Engineering Thermoplastics business in the Americas and Europe as part of a portfolio optimisation strategy. SABIC agreed to sell 100% of SABIC Europe BV to Germany-based AEQUITA SE & Co KGaA for an enterprise value of SAR 1.88 Bn, with consideration settled through two perpetual vendor notes linked to future cash flows. The divestment will include European petrochemicals assets and production facilities in the UK and the Netherlands. The transaction is expected to close in 4Q26 and is projected to result in a non-cash loss of SAR 10.8 Bn to be recorded in 4Q25. Separately, SABIC will divest the ETP business to Mutares for an enterprise value of SAR 1.69 Bn, including SAR 210 Mn in cash, with completion expected in 3Q26.

##### **ADNOC Distribution launches superfast EV charging hub on E11 highway**

ADNOC Distribution launched a superfast electric vehicle charging hub at Saih Shuaib on the E11 highway between Abu Dhabi and Dubai, and outlined plans to electrify the UAE highway network by the end of 2027. The EV Mega Hub comprises 60 high-speed charging points at a single location, capable of charging most EVs from 0% to 80% in around 20 minutes. As part of the company's wider rollout, ADNOC Distribution plans to develop 20 EV charging hubs across core national highways by the end of 2027, with 15 expected to be operational by the end of 2026, covering core national highways. The initiative supports national EV adoption targets and complements the company's E2GO network of over 400 charging points across the UAE and targets to achieve 750 stations by 2028.

##### **NMDC Infra acquired a controlling stake in Lantania Aguas**

NMDC Group's subsidiary, NMDC Infra, signed a strategic agreement to acquire a 51% stake in Spain-based Lantania Aguas, marking NMDC's entry into the European water infrastructure market. Post-completion, the entity will operate as Lantania NMDC Water, combining NMDC's commercial and technical strength with Lantania's expertise in desalination, wastewater treatment, and water reuse. Furthermore, the rebranded company will employ over 300 professionals and hold a project backlog exceeding AED 2 Bn, with operations spanning multiple regions, providing a strong platform for global growth in sustainable water solutions.

##### **ADNOC Gas secured a USD 2.5-3 Bn long-term LNG agreement with HPCL**

ADNOC Gas signed a 10-year LNG sales and purchase agreement with Hindustan Petroleum Corporation Limited (HPCL) valued at c. USD 2.5–3.0 Bn, converting an earlier head of agreement into a long-term contract. Under the deal, ADNOC Gas will supply 0.5 metric tonnes per annum of LNG from its Das Island facility, reinforcing its role as a key LNG supplier to India and strengthening the UAE–India strategic energy partnership. After the signing of this contract, the total value of the contract supported and operated by ADNOC Gas amounted to more than USD 20 Bn.

##### **ADNOC exploring opportunities in Venezuela gas projects**

Abu Dhabi's ADNOC is evaluating entry into Venezuela's gas sector, through a partnership with another international energy producer, subject to clear legal and financial frameworks and US coordination via its investment arm XRG. The move aligns

with ADNOC's broader overseas expansion strategy, as XRG targets global scale in chemicals and natural gas by 2050, with assets exceeding USD 150 billion, while Venezuela offers significant oil and gas resource potential.

### 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.
- 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 outlook on Bahrain's long-term foreign currency issuer default rating to Negative from Stable with a rating of B+. 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.

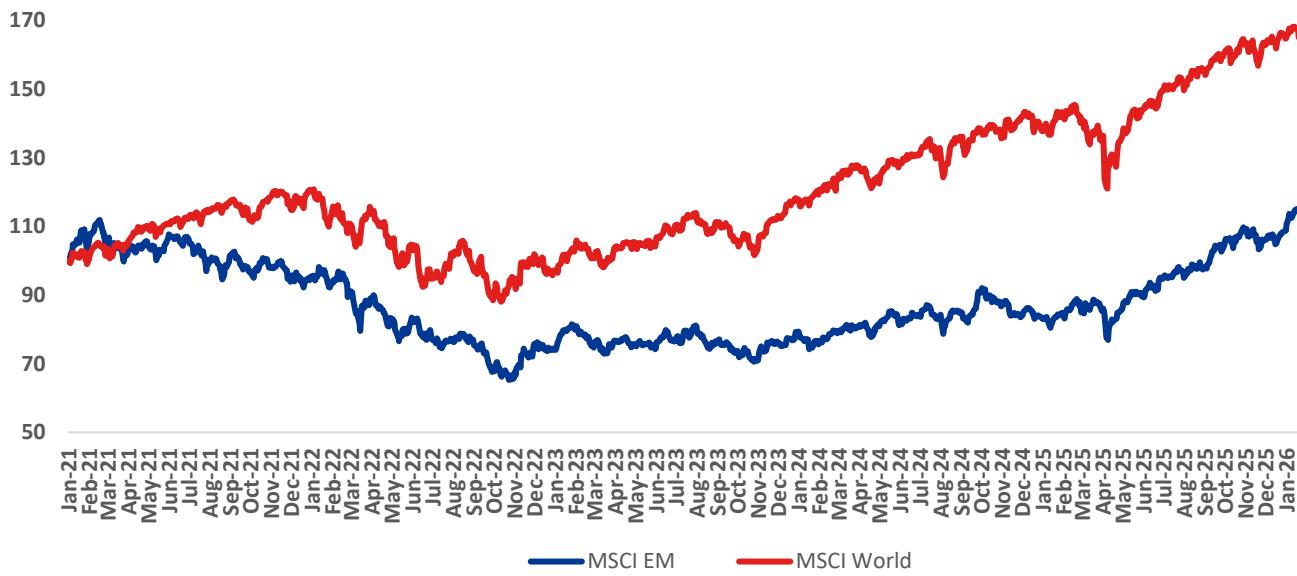
- **Saudi Arabia's** Long-Term Foreign-Currency Issuer Default Rating (IDR) remained unchanged at 'A+' by Fitch Ratings, with a 'Stable' outlook. The key reasons cited by the rating agency for the rating are strong fiscal and external balance sheet, low government debt and sizable foreign reserve. The 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 has affirmed Qatar's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'AA' with a Stable outlook. The rating is supported by the Country's large sovereign net foreign assets (SNFA) and a flexible public finance structure. Further, Qatar is expected to maintain a fiscal surplus, averaging around 4.5% of GDP over the medium term. The country's government debt is also projected to fall below 30% of GDP by 2028.

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	STABLE	AA	STABLE	Aa2	STABLE
Saudi Arabia	A+	STABLE	A+	STABLE	Aa3	STABLE
Bahrain	B+	NEG	B	STABLE	B2	STABLE
Oman	BBB-	STABLE	BBB-	STABLE	Baa3	STABLE

## Global Markets

Global equity markets sustained positive momentum in January 2026, with gains accelerating relative to the prior month, benefiting from rising growth expectations, and a preserved Goldilocks environment. Both developed and emerging market equities advanced during the month, with emerging markets outperforming. The MSCI Emerging Markets Index rose 8.8% MOM in January 2026, driven by strong performances across South Korea, Taiwan, Brazil, and China. South Korea's KOSPI and Taiwan's TAIEX ranked among the top-performing global indices. However, gains were partially offset by subdued performance in India. Outperformance in South Korea and Brazil strengthened as South Korean stocks surged on an AI-driven tech rally despite tariff concerns, while Brazilian equities gained on expectations of monetary easing, attractive valuations, and strong foreign investor inflows. Emerging markets delivered an exceptionally strong January, recording one of their best monthly performances in recent decades. They outpaced developed markets by a wide margin, with the scale of outperformance not seen since the early 2000s. Equity returns continued to broaden beyond the US technology sector, improving regional diversification. Developed markets also posted solid returns, with the MSCI DM Index rising 2.2% MOM, supported by broad based gains led by Japan, the UK and S&P 500 on the back of better-than-expected activity data and moderate inflation prints. In contrast, France equities underperformed during the month, with the FR40 declining 0.2% MOM. Macroeconomic data largely surprised to the upside, with industrial production exceeding expectations in the US and Germany, and manufacturing orders accelerating. While US non-farm payrolls were slightly below consensus, the unemployment rate declined to 4.4%. Inflation outcomes in both the euro area and the US were softer than expected. The equity rally has been mainly driven by earnings, rather than valuation expansion. Emerging markets, the Japanese Topix and materials stocks have seen large positive revisions to their 2026 earnings-per-share estimates. In the US, fourth-quarter earnings results have continued to exceed expectations.

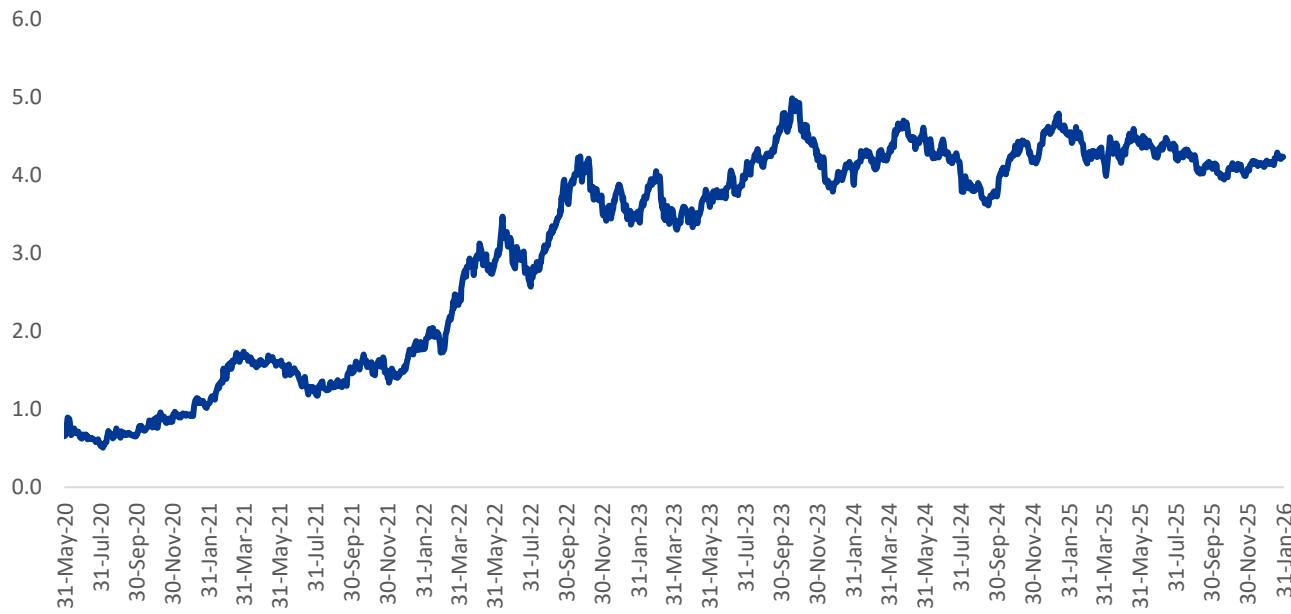
Figure 3: MSCI World and Emerging Market Index Historical trend



Source: Bloomberg

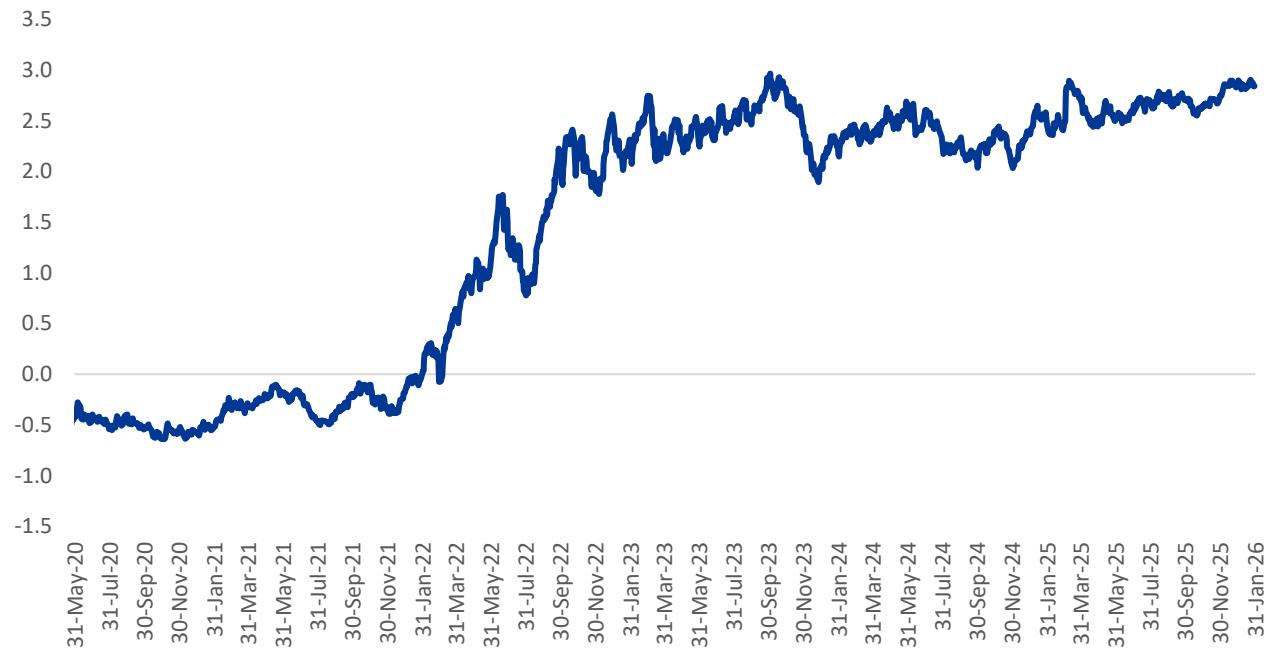
**Yield on 10-year government**

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

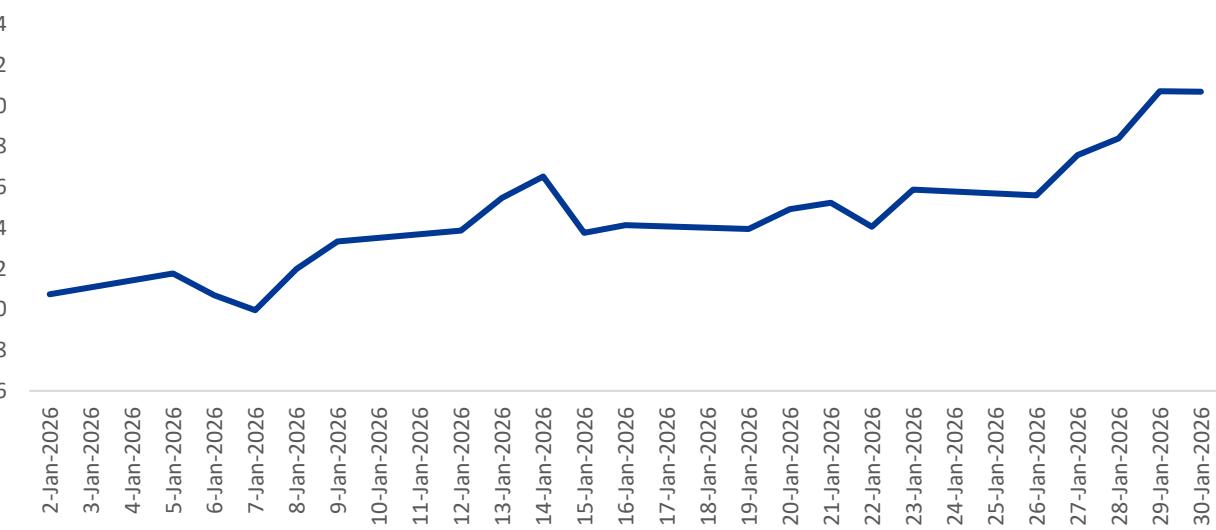


Source: Bloomberg

## Oil Outlook

Oil prices rose 16.2% MOM to USD 70.69 per barrel in January 2026. Oil prices rose early in the month on fears of supply disruptions from Ukrainian drone attacks on Russian oil facilities, new US sanctions on Venezuela, expectations that OPEC+ would keep output increases on hold, and China's ongoing crude stockpiling. Prices were later pressured by oversupply concerns linked to higher Venezuelan output after US intervention, before recovering on expectations of further US sanctions and support from OPEC+ maintaining lower output levels to stabilise the market. In the following week, oil prices surged on fears of supply disruptions from Iran due to ongoing civil unrest, US warnings of possible military action, and plans to impose a tariff on countries trading with Iran, while renewed attacks by the Trump administration on the Federal Reserve added market uncertainty. Prices later fell after the US stepped back from military threats and the EIA forecast global supply exceeding demand, before rising again as unrest in Iran persisted, sustaining concerns over potential supply. After mid-month, oil prices rose on stronger-than-expected economic data from China, boosting anticipated demand. Prices later declined due to a build-up in US crude inventories, although the fall was partially offset by temporary production halts at some Kazakh oil fields. Oil prices recovered when the US backed off Greenland-related tariff threats, reducing fears of a US-Europe trade war and supporting global economic growth and demand. Prices dipped again following US withdrawals from Greenland and Iran interventions, but ended the week higher amid renewed potential US action on Iran. Last week, oil prices continued their upward rally, driven by supply disruptions from adverse weather in the US and ongoing geopolitical tensions between the US and Iran. The rise was further supported by OPEC+ members pausing increases in oil production. Escalating US threats toward Iran pushed oil prices even higher.

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



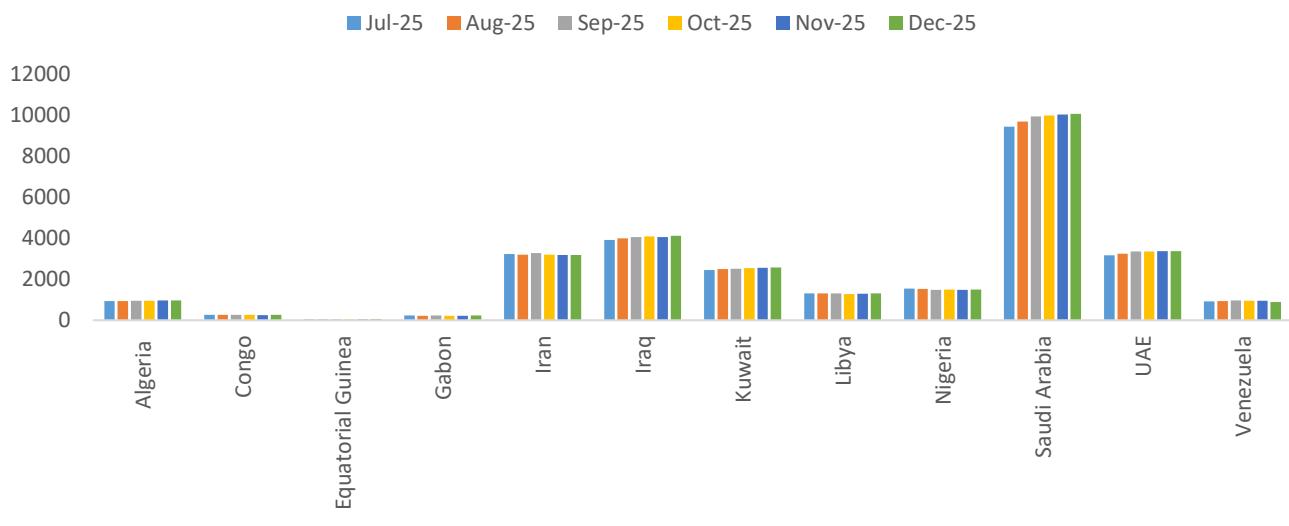
Source: Bloomberg

### OPEC Production

Total Brent crude oil production from the OPEC-12 countries increased 104 thousand barrels per day (bpd) MOM, reaching 28.6 Mn bpd in December 2025. Ten out of the 12 OPEC members reported an increase in production during the month. Iraq witnessed the largest rise in production, increasing 55 thousand bpd MOM in December 2025, followed by Saudi Arabia with the second highest increase of 27 thousand bpd MOM growth. Libya's oil output increased 20 thousand bpd MOM in December 2025, followed by Guinea oil output which grew 13 thousand bpd MOM. Similarly, Gabon recorded oil production

growth of 12 thousand bpd MOM in December 2025, with Kuwait and Nigeria which saw an oil production increase of 11 and 9 thousand bpd MOM, respectively, in December 2025. Congo and Algeria witnessed an increase of 8 and 6 thousand bpd MOM, respectively, in December 2025. UAE saw an increase of 4 thousand bpd MOM in December 2025. Venezuela witnessed the highest fall of 60 thousand bpd MOM in December 2025, followed by Iraq, which saw a modest decline in oil production of 1 thousand bpd MOM in December 2025.

Figure 9: OPEC Crude Oil Production

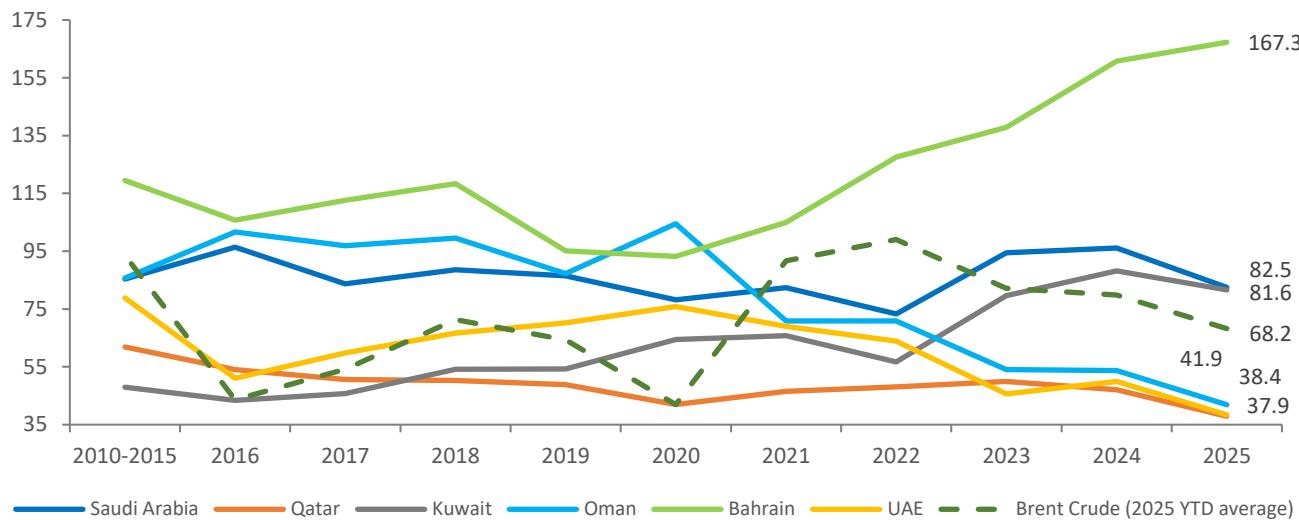


Source: OPEC

#### Fiscal Breakeven Oil Price

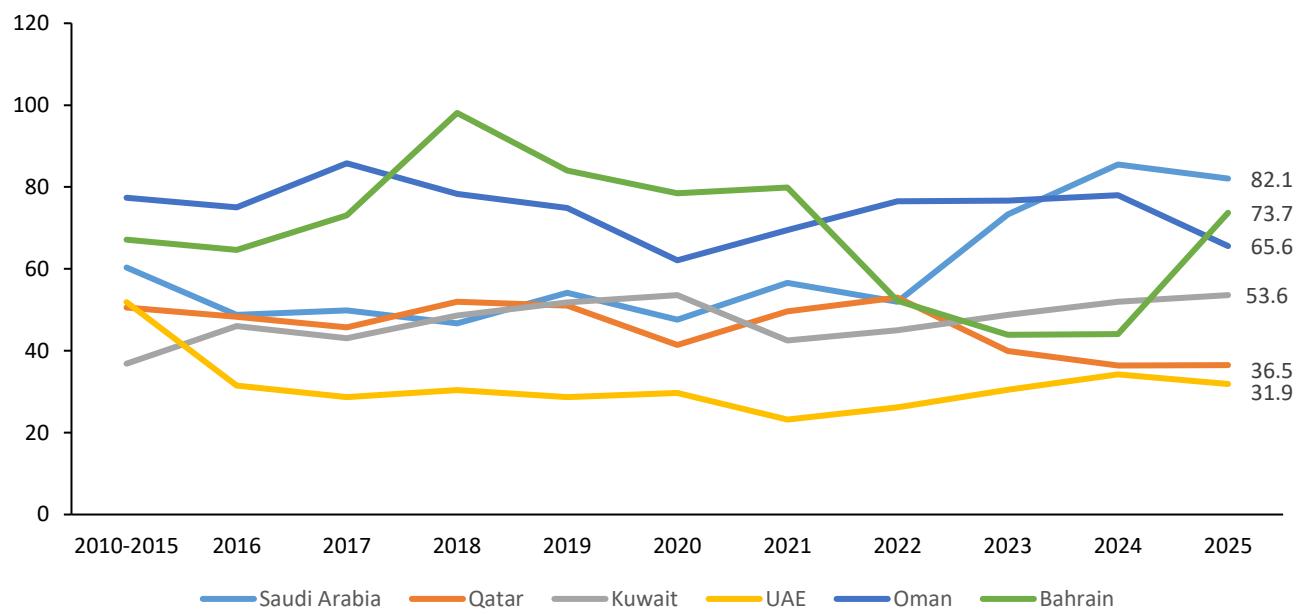
The overall fiscal breakeven oil price is expected to decline for all GCC Countries in FY2025, except Bahrain. Bahrain's fiscal breakeven is projected to grow from USD 160.8 per barrel in FY2024 to USD 167.3 in FY2025. Saudi Arabia, Qatar, Kuwait, UAE, and Oman will record a decline in break-even oil prices in FY2025. Saudi Arabia is expected to record the highest drop in break-even oil price, from USD 96.1 per barrel in FY2024 to USD 82.5 per barrel in FY2025. Oman's break-even oil price will fall from USD 53.7 per barrel in FY2024 to USD 41.9 per barrel in FY2025, followed by the UAE, which is likely to witness a fall from USD 50.0 per barrel in FY2024 to USD 38.4 per barrel in FY2025. Qatar's break-even oil prices will fall from USD 47.1 per barrel in FY2024 to USD 37.9 per barrel in FY2025, while Kuwait will witness a decline from USD 88.2 in FY2024 to USD 81.6 in FY2025.

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



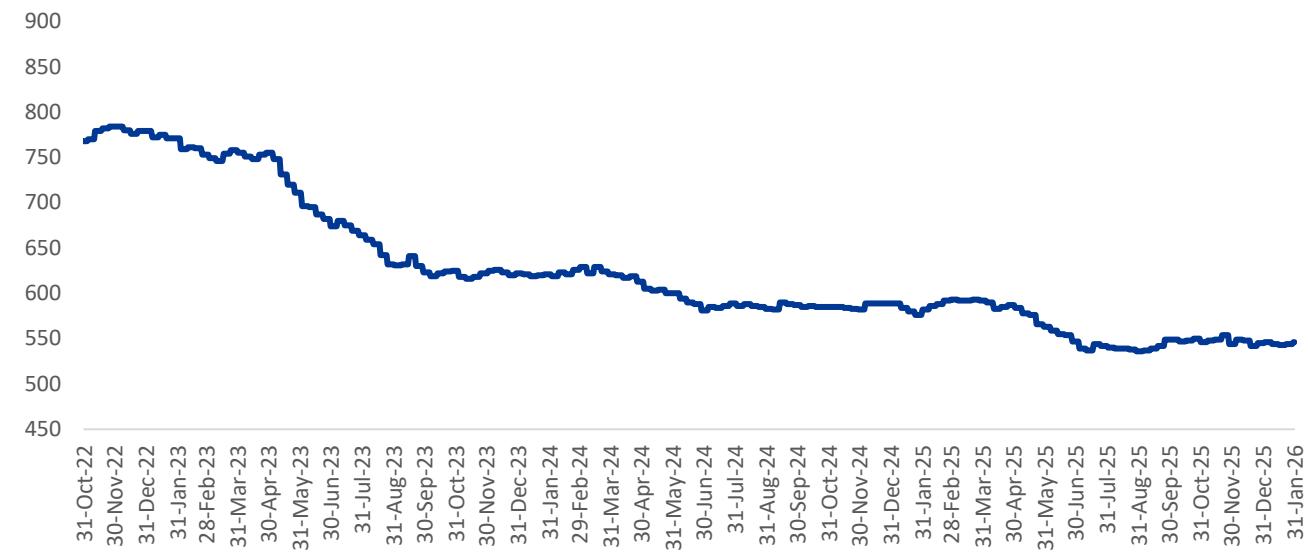
Source: Bloomberg

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	97.83	4.54	Baa1/NA/NA
KWIPKK 4.5% 2027	Investment Co.	98.39	6.21	WR/NR/NA
ARAMCO 3.5% 2029	Oil & Gas	97.70	4.29	Aa3/NA/A+
BGBKKK 2.75% 2031	Bank	97.82	5.92	NA/NA/BBB+
INTLWT 5.95% 2039	Power Generation and Water Utility	103.03	5.65	Baa3/NR/BBB-

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

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

### Implications of Securities Recommendations

Bond Particulars	Call	Price	Yield <sup>1</sup>	1M Return	3M Return	YTD Return	12M Return
INTLWT 5.95% 2039	MW	103.03	5.65	0.13	0.03	0.14	4.69
BGBKKK 2.75% 2031	MW	97.82	5.92	0.20	0.27	0.22	4.46
ARAMCO 3.5% 2029	OW	97.70	4.29	0.07	-0.46	0.04	3.73
KWIPKK 4.5% 2027	MW	98.39	6.21	0.23	-0.32	0.28	8.31
ALDAR 3.875% 2029	OW	97.83	4.54	0.03	-0.07	0.11	3.74

Source: Bloomberg, <sup>1</sup>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 97.83 with a yield of 4.54% when held until maturity (redemption at par) with a modified duration of 2.96. 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 70.1 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 FY2021. SODIC is a leading Egyptian real estate company with a strong 25-year track record, spanning a land area of 22.9 Mn square meters across three geographies in Egypt.
- Mubadala Investment Company, a Sovereign wealth fund of the Abu Dhabi government, owns a 25.1% stake in Aldar. Alpha Dhabi Holding owns a 26.5% 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 9M25 with a revenue of AED 23.6 Bn, up 42.7% YOY, the growth was driven by strong double-digit performance in both the Development and Investment segments, supported by cross-platform growth driven by inventory sales, successful new launches, ongoing recognition of development revenue backlog, contributions from recurring income portfolio from both organic and acquisitions. It recorded a gross profit of AED 8.1 Bn, up 42.6% YOY in 9M25, and a net profit of AED 5.1 Bn, up 30.0% YOY, demonstrating the resilience of Aldar's diversified business model. Aldar EPS rose to AED 0.644 in 9M25 from AED 0.493 in 9M24, demonstrating consistent long-term shareholder value growth.
- Aldar's strong financial results are primarily driven by the robust revenue growth supported by high demand for new launches and strong sales from existing inventory. The Company's revenue backlog stood at AED 66.5 Bn as of 9M25

compared to AED 54.6 Bn in FY2024, providing strong revenue visibility across the UAE and International Business. Additionally, Aldar launched 8 new developmental projects, Manarat Living III and The Wilds, Fahid Beach Residences, The Beach House, Waldorf Astoria Residences Yas, Fahid Beach Terraces, Al Deem Townhomes, and Rise by Athlon in 9M25. The project management service segment backlog stood at AED 82.3 Bn as of 9M25, with AED 53 Bn under construction. The Company's growth was sustained by continued execution of the development revenue backlog, record development sales, and contributions from the recurring income portfolio. High occupancy and strong rental growth across the core investment portfolio drove a solid performance, further boosted by strategic acquisitions, including Masdar City assets, which brought the platform's assets under management to AED 47 Bn in 9M25. Strategic acquisitions, increasing rental rates and near-full occupancy levels, alongside strong growth from Aldar Estates and Aldar Education, are driving income stability and revenue growth.

- Aldar's UAE landbank is strategically distributed across investment zones in Abu Dhabi, Dubai, and Ras Al Khaimah, with a total owned and controlled land area of 60.0 Mn sqm.
- Aldar deployed a capex amounting to c. AED 2.3 Bn in 9M25, while in FY2024, the Company deployed capital of AED 2.3 Bn. The Company has further guided that it will deploy capital of AED 3-4 Bn in FY2025 and AED 9-12 Bn in FY2027 across its Property segment. In Abu Dhabi, the Company's total land area spans 60.0 Mn sqm in the UAE, with a gross floor area (GFA) of 7.9 Mn sqm in Abu Dhabi and Dubai. Meanwhile, in Dubai, the land area encompasses 0.05 Mn Sqm.
- Liquidity position remains strong with unrestricted cash of AED 12.3 Bn and AED 17.4 Bn of undrawn credit facilities as of 9M25. The Company's total debt increased from AED 16.4 Bn in 4Q24 to AED 23.7 Bn in 9M25.
- Aldar Education is a leading private education provider in Abu Dhabi, with 27 owned and managed schools as of 9M25, primarily located across the UAE, and one greenfield project in Abu Dhabi. Aldar further expects growth with the opening of Yasmine American School in Khalifa City and a new Muna British School campus in Saadiyat Lagoons in 2025-26, along with other expansion plans. Additionally, the Company plans to bring King's College School Wimbledon to Fahid Island in 2028-29.
- Aldar Investment's strategic partners have established a USD 1 Bn private credit platform in Europe, aimed at investing in senior secured debt across a range of real estate sectors in the UK and the European Union.

#### **KWIPKK 4.5% 2027: Maintain MARKETWEIGHT rating**

We assign a MARKETWEIGHT rating on Kuwait Projects Company (KIPCO)'s 4.5% senior unsecured bond maturing in February 2027. The bond is trading at USD 98.39 with a yield of 6.21% when held until maturity (redemption at par) and has a modified duration of 0.99. 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. The Company's assets and dividend inflow are concentrated in the three largest entities, contributing c. 60% of total asset value.

KIPCO is one of the largest holding companies in MENA, with its consolidated assets growing from KWD 13.0 Bn in FY2024 to KWD 13.5 Bn in 9M25, 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 31.91% 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 5.8% YOY to KWD 1,155 Mn in 9M25, mainly due to strong growth across energy income, hospitality & real estate income, industrial & logistic income, coupled with rise in interest and investment income, partially offset by a decline in share of results of associates, and net fees & commission income.

- The Company's operating profit from continuing operations rose to KWD 123 Mn in 9M25, up from KWD 122 Mn in 9M24. Provisions for credit losses increased significantly from KWD 18 Mn in 9M24 to KWD 36 Mn in 9M25. Profit before tax decreased from KWD 87 Mn in 9M24 to KWD 75 Mn in 9M25.
- The Company recorded an increase in net profit attributable to shareholders with 7.3% YOY to KWD 13 Mn in 9M25.
- KIPCO cash and bank balance at the parent company level stood at KWD 2,344 Mn in 9M25, compared to KWD 2,663 Mn in FY2024.
- Net outstanding debt increased from KWD 722 Mn in 9M24 to KWD 1,869 Mn in 9M25.
- KIPCO has received a dividend income of KWD 8 Mn in 9M25 compared to KWD 11 Mn in 9M24.
- Moody's withdrew the rating on KIPCO following a review of the issuer's request to withdraw its rating(s). Fitch rating also downgraded KIPCO's long-term issuer rating to 'BB-' from 'BB' and revised the outlook from stable to negative, citing a further increase in leverage.

#### 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 97.70 and offers a yield of 4.29% with a modified duration of 2.96. 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 250.0 Bn barrels of oil equivalent in FY2024, consisting of 189.8 Bn barrels of crude oil and condensate, 26.1 Bn barrels of NGL, and 209.8 trillion standard cubic feet of natural gas. The Company manages 548 reservoirs within 148 fields spread across the Kingdom and its territorial waters.
- 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 declined 5.9% YOY to SAR 1,170.6 Bn in 9M25, mainly due to lower realization of crude oil, refined products, and chemicals. However, the decline was partially offset by a higher volume of refined and chemical products sold compared to the previous period last year. Revenue from Downstream operation decreased 3.3% YOY to SAR 674.1 Bn in 9M25, while revenue from Upstream operation fell 9.4% YOY to SAR 494.6 Bn in 9M25. Other income related to sales declined 34.5% YOY to SAR 84.3 Bn in 9M25. Other income related to sales fell due to lower reference equalization prices, higher regulated prices, and lower volumes sold of crude oil and refined products. Thus, revenue and other income related to sales fell from SAR 1,373.1 Bn in 9M24 to SAR 1,254.9 Bn in 9M25.
- Royalties and other taxes declined from SAR 157.7 Bn in 9M24 to SAR 115.4 Bn in 9M25. Total operating costs fell 8.9% YOY to SAR 702.9 Bn in 9M25, owing to a decrease in production royalties, partially offset by higher production and manufacturing costs compared to 9M24.

- The Company's finance and other income fell to SAR 12.4 Bn in 9M25, compared to SAR 18.7 Bn in 9M24.
- Income before taxes and zakat fell from SAR 609.7 Bn in 9M24 to SAR 551.0 Bn in 9M25, primarily attributed to a lower realization of crude oil, refined products, and chemicals, partially offset by higher volumes sold.
- Furthermore, Aramco's net profit declined from SAR 314.7 Bn in 9M24 to SAR 283.6 Bn in 9M25. The net profit attributable to equity shareholders declined from SAR 307.1 Bn in 9M24 to SAR 278.6 Bn in 9M25.
- Free cash flow fell from SAR 238.9 Bn in 9M24 to SAR 217.3 Bn in 9M25, primarily attributable to lower net cash generated from operating activities due to lower earnings and investment in working capital, coupled with higher capital expenditures on downstream operations.
- Aramco paid a total dividend of SAR 240.3 Bn in 9M25. Additionally, this total dividend includes a performance-linked dividend of SAR 2.5 Bn.
- The Company's progress on its Upstream oil and gas projects, Phase one of the Dammam development project came onstream in 2025, with phase two expected in 2027, adding a total of 50 mbpd of crude oil capacity. Procurement and construction for the Berri and Marjan crude oil increments are on track for completion 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. Construction of the Tanajib Gas Plant, part of the Marjan development program, is on track for 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 expected to be completed in 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's gearing ratio declined marginally from 6.5% in 2Q25 to 6.3% in 3Q25. Aramco's capital expenditure (capex) on cash basis fell to SAR 105.8 Bn in 9M25 from SAR 110.1 Bn in 9M24. This decrease was mainly due to phasing the expansion of crude oil production to maintain a maximum sustainable capacity of 12.0 mmbpd (millions barrels per day) and continuing development activity on multiple strategic gas projects. The Company's net debt marginally declined to SAR 114.3 Mn in 3Q25 compared to SAR 115.6 Mn in 2Q25.

#### **BGBKKK 2.75% 2031: Maintain MARKET WEIGHT rating**

We are MARKETWEIGHT on Burgan Bank's 2.75% Tier 2 subordinated bond, currently trading at USD 97.82. The bond offers a yield of 5.92% and a duration of 0.59. 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 284 ATMs as of 9M25. KIPCO Company holds a major stake in the Bank, owning 33.5%.
- Burgan Bank net operating income increased 16.3 % YOY to KWD 192 Mn in 9M25, driven by a 14.8% YOY growth in the net interest income amounting to KWD 128 Mn, coupled with a 19.4% YOY rise in the non-interest income amounting to KWD 64 Mn during 9M25. The growth in net operating income was further driven by contribution from the acquisition of United Gulf Bank (UGB).
- The Bank's net interest margins grew 10 bps YOY to 2.3% in 9M25 compared to 2.2% in 9M24.

- Operating expenses increased 21.2% YOY to KWD 116 Mn in 9M25. The cost-to-income ratio stood at 60.6% in 9M25 compared to 58.1% in 9M24.
- The Bank reported a net profit attributable to shareholders of KWD 32.4 Mn in 9M25, compared to KWD 33.3 Mn in 9M24.
- Loans and advances to customers rose 7.9% YOY and 2.4% QOQ to KWD 4.7 Bn in 9M25, driven by Kuwait and international operations. Deposit rose 3.0% YOY but declined 3.2% QOQ to KWD 5.2 Bn, with CASA deposit of 29% in 9M25.
- The Bank's non-performing loans increased from 1.9% in 9M24 to 3.1% in 9M25. Provisional coverage declined from 300% in 9M24 to 189% in 9M25.
- Capital adequacy ratio stood at 17.1% in 9M25, above the regulatory requirement. The Bank maintains high liquidity levels, with a liquid coverage ratio (LCR) and net stable funding ratio (NSFR) of 229% and 112%, respectively, as of 9M25, substantially above the minimum regulatory requirement of 100%.
- 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.
- Burgan Bank successfully issued USD 500 Mn through a 5-year senior unsecured bond, carrying a fixed coupon of 4.875% and priced at a spread of 115 basis points over US Treasuries.

#### **INTLWT 5.95% 2039: Maintain MARKET WEIGHT rating**

We assign MARKETWEIGHT on APMI One's 5.95% bond maturing in May 2039. The bond is trading at USD 103.03 with a yield of 5.65% if held till maturity (redemption at par). The bond has a modified duration of 6.81. The Bond has a credit rating of BBB- from Fitch and Baa3 from Moody's both with a stable outlook.

ACWA Power Management and Investments One Ltd (APMI One) is wholly owned subsidiary of ACWA Power Company. ACWA Power Co. develops, operates, and invest in power generating and desalinated water production plants in Saudi Arabia. The company was established in FY2004 in KSA and expanded throughout the years to operate in 12 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 final expansion was in UAE, Egypt, Bahrain, Vietnam, Ethiopia, and Uzbekistan from FY2015 to FY2020.

- The Company's operational renewable capacity increased to 7.7 GW, while projects under construction and in advanced development stages expanded the total portfolio gross renewable capacity to 52 GW, accounted 55.3% 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 30<sup>th</sup> 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<sup>3</sup>/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.

The financial details as of 9M25 for ACWA Power are listed below:

- ACWA Power's operating income before impairment loss and other expenses significantly grew from SAR 2,365.1 Mn in 9M24 to SAR 2,764.3 Mn in 9M25. The increase is mainly due to higher contributions from operational projects, increased income from development and construction management services and higher development cost, provisions, and write-offs in 3Q24 period due to the termination of a project in Africa. This was partially offset by a debt restructuring gain from ACWA GUC in Turkey in 3Q24, and a divestment gain in 2Q24 from the Bash and Dzhankeldy Wind projects in Uzbekistan following a minority stake sell-down.
- Net profit attributable to equity holders increased 2.0% YOY to SAR 1,280 Mn in 9M25. The increase in profit was primarily driven by higher operating income, as well as increased net financial charges, including forex, net of other income. However, this positive effect was partially offset by a higher share of non-controlling interest, an additional impairment charge related to Noor 3 CSP IPP in Morocco on account of the current period impact of the LD and insurance settlement income and lower profit attributable to equity holders of the parent following a 30% divestment of RAWEC in June 2024, and increased zakat & tax charges.
- The adjusted net profit rose 21.8% YOY to SAR 1,355 Mn in 9M25, excluding the impact of impairment loss, project termination in Africa, partially mitigated by the gain on termination of hedging instruments.
- ACWA Power raised SAR 7.1 Bn in 9M25 via a rights issue, increasing the total capital from SAR 7.3 Bn to SAR 7.6 Bn in June 2025, to finance expansion, target USD 250 Bn AUM by 2030, invest in power, desalination, green hydrogen, pursue M&A, and strengthen the balance sheet amid growth plans.
- Furthermore, the company signed 9 PPAs, 1 WPA, acquired power and water plants in Bahrain, Kuwait, and China - adding 24.7 GW of power and 1.8 Mn m<sup>3</sup>/day of water to the portfolio.
- During 9M25, the Company added 7 GW of power and 600,000 m<sup>3</sup>/day of desalinated water as incremental operational capacity, thus bringing the total operational capacity in the portfolio to 40 GW of power and 5.3 Mn m<sup>3</sup>/day of water.
- The company's projects, including the Chirquiq Green Hydrogen and Karatau Wind projects in Uzbekistan, the Saad 2, Al Rass 2, and Al Khafah solar PV plants in Saudi Arabia, and various wind projects in Azerbaijan, began partial or full operations in 3Q25. These projects added 3.7 GW of power capacity and 3,000 tonnes of green hydrogen annually to the operational portfolio.
- The company achieved financial close worth SAR 15.3 Bn for three projects, including the two CCGT plants in Saudi Arabia—Rumah 1 IPP and Al-Nairiyah 1 IPP.
- On 25th December 2024, the Group signed the equity transfer agreement for the acquisition of 100% shares in Xinyang Mingshang New Energy Co. Ltd. On 30th September 2025, the conditions precedent were met, and 100% equity shares were transferred to the Group. Accordingly, the asset has been consolidated in the financial

statements for 9M25. By closing another phase of acquisitions in China, the Company added the 100 MW Mingyang Wind Power Project to its portfolio.

- 9M25, consolidated power availability stood at 91.7%, lower than the level recorded in 9M24 (93.9%). The planned or forced outages across conventional power assets impacted the Company's performance during 9M25. Renewable assets continued to operate with strong performance, with an average availability of 97.0% during 9M25, compared to 95.7% in 9M24. Consolidated water availability also improved to 98.3% in 9M25 from 97.4% in 9M24.
- ACWA Power reported a cash & short-term investment of SAR 9.9 Bn in 9M25 up from SAR 4.1 Bn in 2024. As a result, total assets increased from SAR 56.9 Bn in FY2024 to SAR 68.6 Bn in 9M25. The Company's debt stood at SAR 29.4 Bn in 9M25, up from SAR 25.9 Bn in FY2024.

- Bond Yield charts (%)**

Figure 13: ALDAR 3.875% 2029

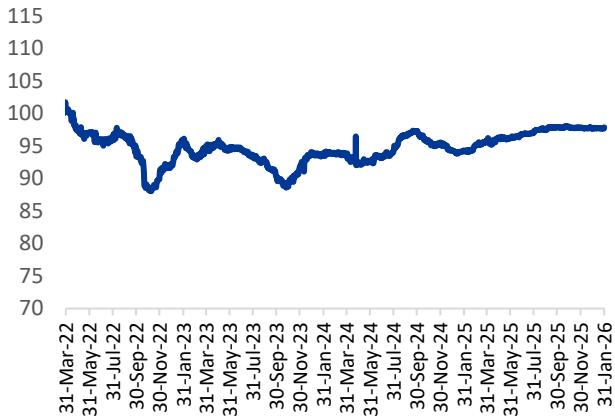


Figure 14: KWIPKK 4.5% 2027

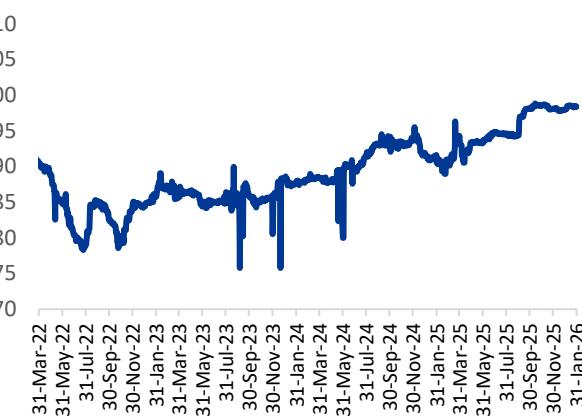


Figure 15: ARAMCO 3.5% 2029

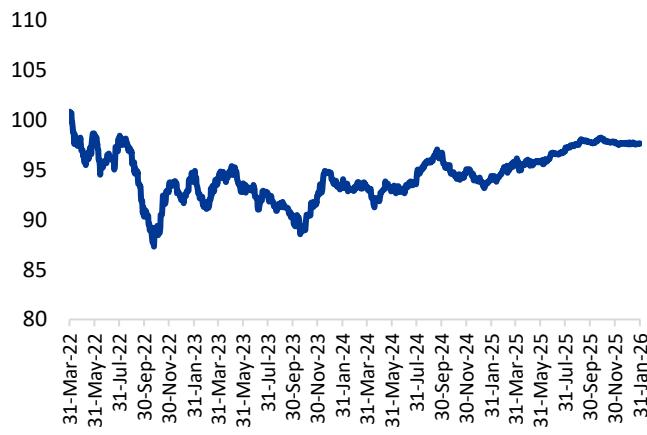


Figure 16: INTLWT 5.95% 2039

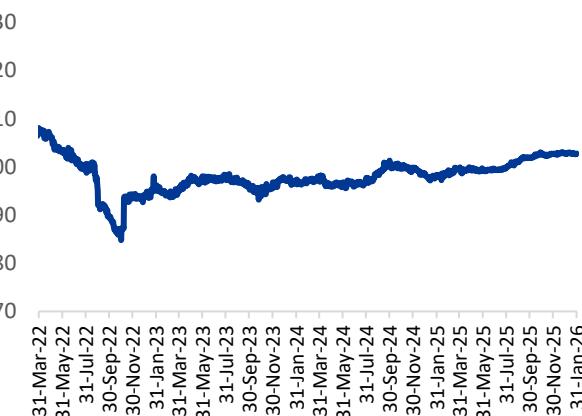
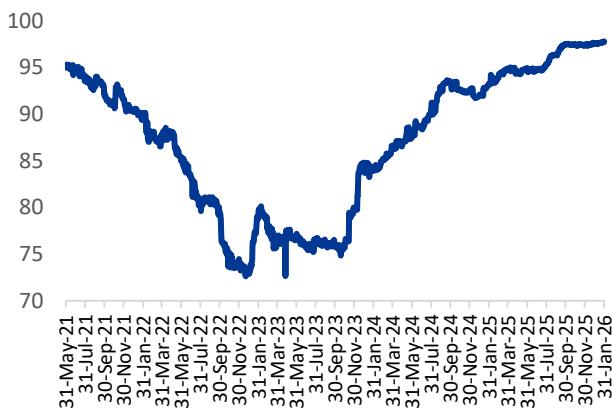


Figure 17: BGBKKK 2.75% 2031



Source: Bloomberg

#### Key Market Indicators

Particulars	Price/Yield	YTD (% change)	MOM (% change)
Brent crude	65.95	8.38	8.56
US dollar index	97.14	-1.21	-1.31
10Y Treasury yield <sup>1</sup>	4.22	0.05	0.05
2Y Treasury yield <sup>1</sup>	3.52	0.05	0.05
10Y German bond yield <sup>1</sup>	2.84	-0.01	-0.01
10Y Japan bond yield <sup>1</sup>	2.22	0.16	0.16
Bloomberg UAE Composite USD Liquid index	150.27	-0.04	-0.09

Source: Bloomberg, <sup>1</sup> in Basis point

## Sovereign Highlights

### UAE

#### **The UAE issued federal decree laws on the Capital Market Authority and capital market regulation**

The UAE Government issued two Federal Decree Laws governing the Capital Market Authority and the regulation of capital markets to strengthen market stability, integrity, and regulatory oversight. The laws reinforce the Authority's independence and align the regulatory framework with international standards and requirements of the International Organization of Securities Commissions, the World Bank, the International Monetary Fund, and the Financial Action Task Force. The laws also introduced enhanced consumer protection and financial inclusion measures, early intervention and resolution tools for licensed entities, and stricter administrative sanctions to support transparency and market discipline.

#### **UAE's non-oil private sector grew moderately in December 2025**

The UAE's non-oil private sector continued to expand in December 2025, although the pace of growth moderated slightly from November 2025. The seasonally adjusted S&P Global UAE Purchasing Managers' Index eased to 54.2 in December from a nine-month high of 54.8 in November 2025, remaining above the 50.0 threshold and broadly in line with its long-term average of 54.3. Output growth remained among the fastest seen in 2025, while input cost inflation accelerated to a 15-month high, driven by higher material pieces and wages. New orders subindex growth softened marginally to 57.2 in December 2025 from 57.8 in November 2025, rising demand and administrative delays led to a build-up in backlogs. In Dubai, the PMI edged down to 54.3 in December 2025 from 54.5 in November 2025, although output rose at its fastest pace since March 2024.

### Saudi Arabia

#### **Saudi Arabia outlined USD 58 Bn financing requirement under the 2026 borrowing plan**

Saudi Arabia approved its 2026 annual borrowing plan with total financing needs of SAR 217 Bn (USD 57.9 Bn), according to the Ministry of Finance. The amount is expected to cover a projected 2026 budget deficit of around USD 44 Bn and principal repayments of about USD 13.9 Bn falling due during the year. The plan supports the continued implementation of Vision 2030, which has entered its third phase, focusing on maximizing the impact of reforms. The National Debt Management Centre expects the domestic debt market to account for 20%-30% of total borrowing and international markets 25%-30%, while private markets may contribute up to 50% through project finance and export credit agency-backed instruments.

#### **Saudi Aramco raised the diesel price to SAR 1.79 per liter under the annual review**

Saudi Aramco raised diesel prices in Saudi Arabia by 7.8% to SAR 1.79 per liter, as part of its annual diesel price review. This represents the fifth revision since the introduction of the annual pricing mechanism in 2022. Diesel prices were unchanged at SAR 0.25 per liter for several years until 2015, before being increased to SAR 0.45 per liter in December 2015 as part of broader fuel and electricity price reforms. The diesel prices rose to SAR 0.47 per liter in 2018 and SAR 0.52 in 2020 after VAT hikes. Under the annual review, diesel increased from SAR 0.63 in 2022 to SAR 1.79 in 2026, periodically thereafter.

#### **Saudi Arabia's non-oil private sector grew moderately in December 2025**

Saudi Arabia's non-oil private sector remained in expansionary territory in December, although growth slowed to a four-month low. The seasonally adjusted Riyadh Bank Saudi Arabia Purchasing Managers' Index declined to 57.4 in December 2025 from 58.5 in November 2025, marking the second consecutive monthly slowdown, while remaining above its long-run average of 56.9. Output continued to expand, supported by new business inflows, ongoing projects, and investment spending, though the pace softened to its weakest level since August. While the new orders subindex eased to 61.8 in December from

November's 64.6, indicating slower expansion. Employment growth remained firm, while input cost pressures intensified, leading to higher output prices. Business confidence stayed subdued amid rising competition.

#### **Saudi Arabia to open capital market to all foreign investors from February 2026**

Saudi Arabia to open its capital market to all foreign investors from 1 February 2026 after the Capital Markets Authority removed the Qualified Foreign Investor framework, allowing direct market access. The move is intended to support foreign inflows and improve market liquidity as part of broader efforts to attract overseas investment. Authorities had earlier allowed foreigners to invest in listed companies owning real estate in Mecca and Medina, while maintaining restrictions on direct land ownership, with the market still awaiting potential easing of the 49% foreign ownership cap.

#### **Saudi inflation edged up to 2.1% in December 2025**

Saudi Arabia's annual inflation increased from 1.9% in December 2024 to 2.1% in December 2025, primarily driven by higher housing-related costs, especially a 5.3% rise in actual rents, alongside increases in food, transportation, and services. On a MOM basis, inflation edged up 0.1% in December 2025, reflecting modest price increases across housing, food, personal care, and hospitality, partially offset by declines in clothing, transport, and insurance and financial services.

#### **Fitch maintained Saudi Arabia's rating A+ with stable outlook**

Fitch Ratings affirmed Saudi Arabia's sovereign credit rating at A+ with a stable outlook, citing strong fiscal fundamentals, low government debt, and sizeable financial buffers. Fitch forecasts real GDP growth of 4.8% in 2026 and expects the fiscal deficit to decline to 3.6% of GDP by 2027, driven by ongoing gains in non-oil revenue mobilisation and further advancement in structural reforms and market liberalisation.

### **Qatar**

#### **Qatar Cabinet reviewed amendments to the foreign investment law and approves policy decisions**

Qatar's Cabinet reviewed a draft law amending provisions of Law No. (1) of 2019 regulating non-Qatari investment in economic activity, aimed at strengthening the investment framework, attracting foreign capital across targeted sectors, and increasing private sector contribution to GDP in line with the Third National Development Strategy 2024-2030. The draft was prepared by the Ministry of Commerce and Industry. The Cabinet also approved draft decisions adopting regional and international technical regulations as Qatari standards to support trade facilitation, exports, and product quality. In addition, it approved the Qatar National Sports Policy, endorsed draft agreements on double taxation avoidance with Iraq and cooperation with Belgium, and reviewed reports on participation in Arab and GCC ministerial meetings.

#### **QIA and Goldman Sachs to Broaden Partnership with USD 25bn Investment Goal**

Qatar Investment Authority (QIA) and Goldman Sachs signed a preliminary agreement to expand their strategic partnership, targeting up to USD 25 Bn in investments through Goldman-managed vehicles and co-investment opportunities. Under the MoU, QIA will act as an anchor investor across several flagship and innovative strategies. Moreover, Goldman Sachs planned to increase its headcount in Doha, while Qatar continues efforts to diversify its economy away from hydrocarbons. The partnership is attributed to QIA's focus on priority sectors, including digital infrastructure, AI, fintech, and private credit, additionally supporting Doha's positioning as a regional financial centre.

#### **Qatar inflation approached 2% in December 2025**

Qatar's Consumer Price Index (CPI) increased 1.44% MOM and 1.95% YOY in December 2025. On a monthly basis, the rise in inflation was due to broad-based price increases across eight categories, led by recreation and culture, miscellaneous goods and services, and restaurants and hotels, clothing, transport, communication and Housing water and electricity while education declined marginally. On a yearly basis, inflation was mainly supported by sharp increases in miscellaneous goods

and services, clothing and footwear, and education, partially offset by declines in health, transport, and restaurants and hotels. Furthermore, excluding the housing and utilities component, CPI rose 1.71% MOM and 2.05% YOY in December 2025.

## Oman

### Oman approved 2026 budget with a USD 1.38 Bn deficit

Oman approved its 2026 state budget with a projected deficit of OMR 530 Mn (USD 1.38 Bn), equivalent to around 1.3% of GDP, according to the Government of the Sultanate of Oman. Total expenditure is estimated at OMR 11.98 Bn in 2026, reflecting a 1.5% increase compared with 2025, while revenues are projected at OMR 11.45 Bn in 2026, up 2.4% YOY from 2025. The budget assumptions include an average oil price of USD 60 per barrel. Oman expects public debt to rise to OMR 14.6 Bn (USD 38.02 Bn) by end-2026, representing around 36% of GDP, reflecting continued fiscal pressures despite moderate growth in revenues.

## Bahrain

### Bahrain recorded 4% YOY real GDP growth in 3Q25, supported by oil and non-oil activity

Bahrain's economy recorded real GDP growth of 4.0% YOY at constant prices and 4.5% at current prices in 3Q25. The country's non-oil GDP expanded by 3.1% YOY at constant prices and 4.9% YOY at current prices during 3Q25, reflecting broad-based growth across economic activities. Oil GDP increased by 9.3% YOY at constant prices and 2.3% YOY at current prices. All major economic activities recorded growth in 3Q25, compared with 3Q24. Real estate activities grew by 5.4% at constant prices, followed by financial and insurance activities at 5.0%, education activities at 4.8%, and transportation and storage activities at 4.4%.

## Egypt

### Egypt and Qatar signed an MoU to strengthen LNG supply cooperation

Egypt and Qatar signed an MoU to enhance cooperation in LNG sales and imports, including the supply of Qatari LNG cargoes to Egypt's Ain Sokhna and Damietta terminals. The agreement includes supplying Egypt with up to 24 LNG cargoes during the upcoming summer. This comes as Egypt seeks to boost domestic gas production and diversify its import sources to meet rising energy demand, following a sustained decline in gas output since late 2022. The production shortfall has increased the country's reliance on LNG imports and pipeline gas, notwithstanding ongoing efforts to restore self-sufficiency in oil and gas.

### Egypt's non-oil private sector expansion continued in December 2025

Egypt's non-oil private sector expanded for the second consecutive month in December, although the pace of growth moderated from November, supported by higher new orders and a marginal increase in output. The S&P Global Egypt Purchasing Managers' Index eased to 50.2 in December 2025 from a 61-month high of 51.1 in November 2025, remaining just above the 50.0 level after staying below it since March. Purchasing activity increased for the first time in ten months, while employment declined as firms faced difficulties replacing departing staff. Cost inflation picked up modestly from November's low, leading to a slight increase in average selling prices. Meanwhile, firms' expectations for the next 12 months remained neutral, with the future output index holding at 50.

### Egypt's core inflation eased further in December

Egypt's core inflation eased to 11.8% YOY in December, down from 12.5% in November, according to the Central Bank of Egypt.

### Egypt's current account deficit shrank 45.2% on strong remittances and tourism

Egypt's current account deficit narrowed sharply by 45.2% YOY to USD 3.2bn in 1Q25/26, primarily attributed to strong rise in remittances and improved services performance. This improvement was primarily driven by a 28.4% YOY increase in net

unrequited current transfers to USD 10.7 Bn, led by a rise in remittances from Egyptians working abroad by 29.8% YOY to USD 10.8 Bn. Additionally, the services surplus expanded by 23.4% YOY to USD 5 Bn, supported by a 13.8% YOY increase in tourism revenues to USD 5.5 Bn as tourist nights rose to 58.7 Mn, while Suez Canal receipts grew 12.4% YOY to USD 1.05 Bn, reflecting higher net tonnage and vessel traffic. On the financial side, the capital and financial account shifted from a USD 3.8 Bn inflow to a net outflow of USD 366.4 Mn, mainly due to a USD 5.3 Bn increase in banks' foreign assets abroad, despite FDI inflows of USD 2.4 Bn and a return to net portfolio inflows of USD 1.8 Bn.

## Global Economy

### China's manufacturing activity returned to expansion in December

China's manufacturing activity returned to expansion in December, with the headline PMI rising to 50.1 from 49.9 in November, indicating a marginal improvement. The recovery was attributed to higher inflows of new work, while manufacturing output expanded during the month, supported by new product launches and business development efforts. Moreover, official data showed the manufacturing PMI increased to 50.1 from 49.2, coupled with a rise in the non-manufacturing PMI to 50.2 from 49.5. However, demand growth remained limited to the domestic market. Purchasing activity stagnated, while employment continued to shrink for a second consecutive month. Input costs increased due to higher raw material prices, partially offset by continued reductions in output prices. Business confidence remained positive.

Figure 18: China Manufacturing PMI

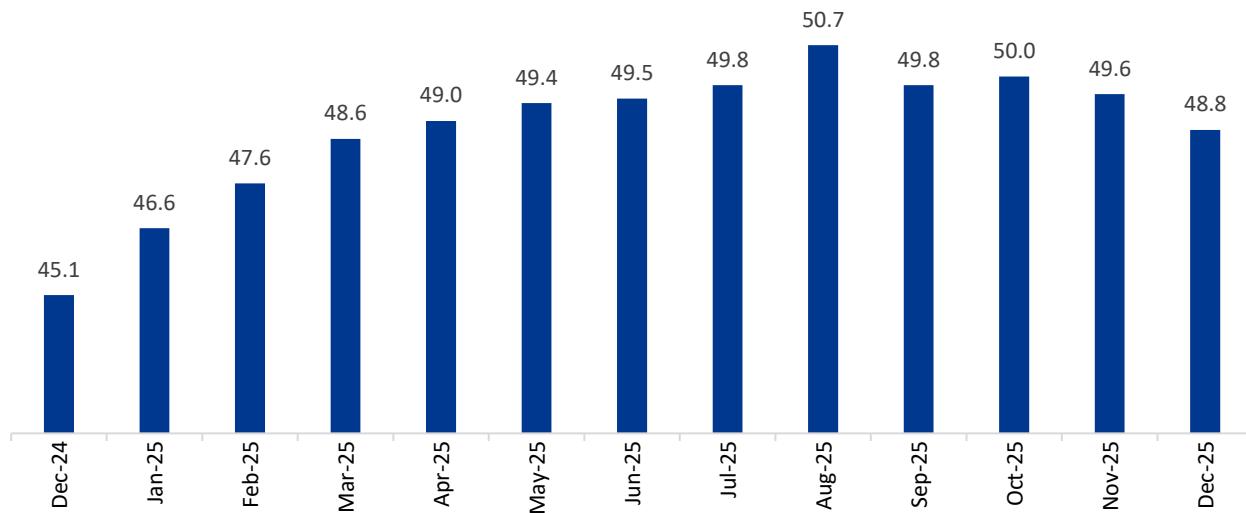


Source: CAPIQ

### Eurozone manufacturing index showed the sharpest drop in 9 months of 2025

The euro area manufacturing sector recorded its sharpest contraction since March 2025, with production declining for the first time since February 2025. Additionally, the HCOB final manufacturing PMI fell from 49.6 in November 2025 to 48.8 in December 2025, under the 50.0 threshold, signalling a deeper deterioration in factory conditions. Furthermore, output declined across the bloc following nine consecutive months of expansion, driven by an accelerated fall in new orders, with export demand dropping at the fastest pace in eleven months. On the other side, supply-chain pressures intensified, with input cost inflation rising at the fastest rate in nearly 1.5 years, although manufacturers continued to cut selling prices for the seventh time in eight months.

Figure 19: Eurozone Manufacturing PMI

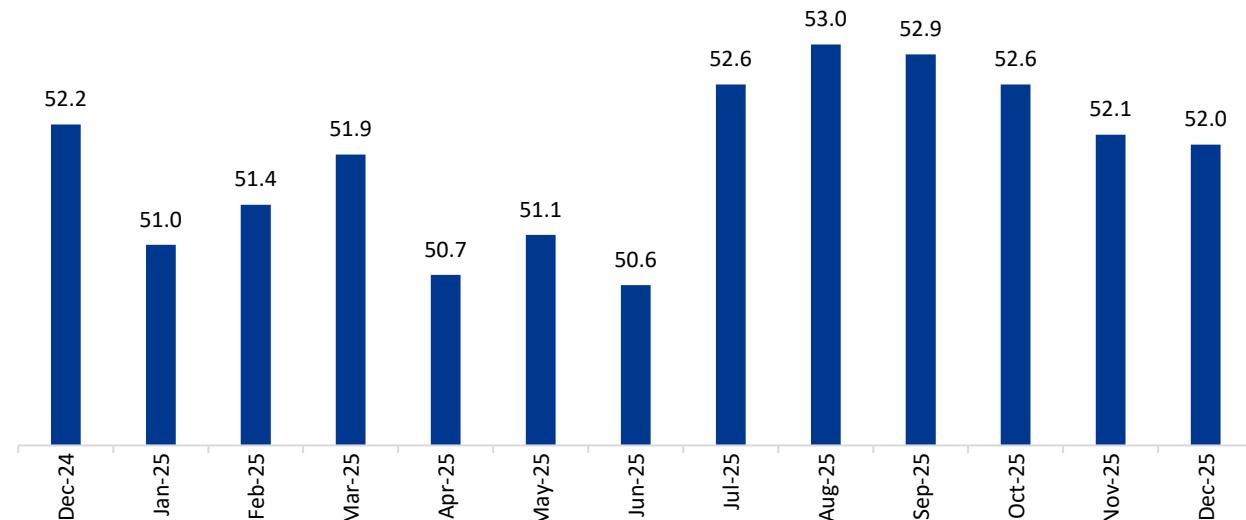


Source: CAPIQ

#### China's service sector growth eased in December 2025

China's service sector declined marginally in December 2025, with growth moderated to its weakest pace in six months, reflecting softer momentum in new business. The Rating Dog China Services PMI edged down marginally from 52.1 in November 2025 to 52.0 in December 2025. However, the business activity was supported by an increase in domestic demand; although growth in new orders slowed to a six-month low, driven by a decline in new export business. Additionally, employment conditions remained weak, with service providers cutting headcount for the fifth consecutive month. On the price side, cost pressures intensified, as average input prices increased for the tenth straight month in 2025.

Figure 20: China Services PMI

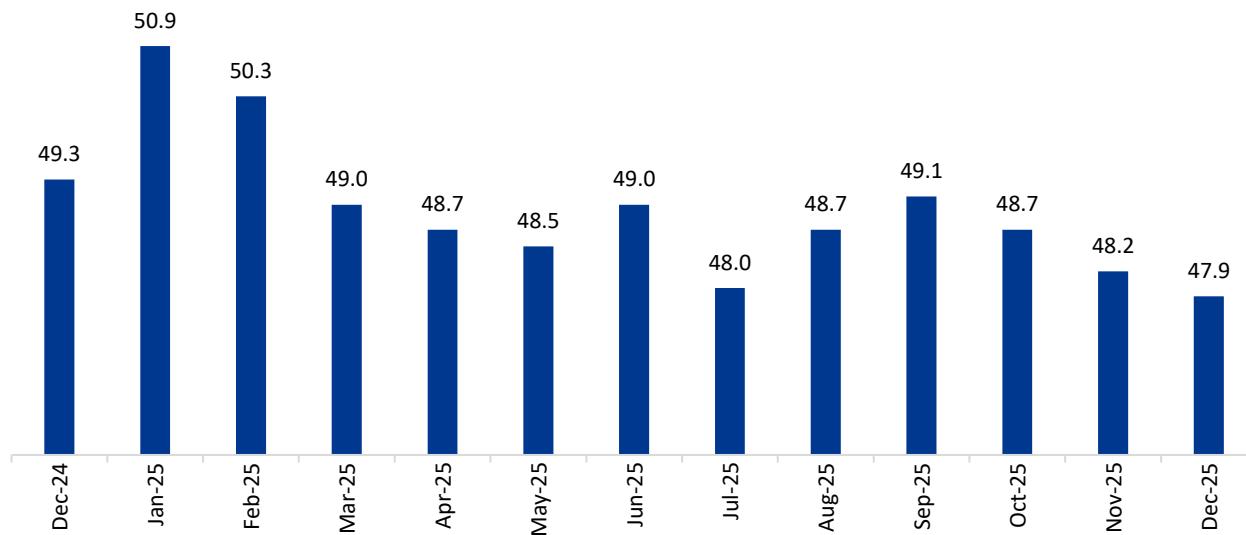


Source: CAPIQ

### US manufacturing index unexpectedly slipped in December 2025

US ISM manufacturing PMI edged down from 48.2 in November 2025 to 47.9 in December 2025, primarily due to a sharp contraction in inventories, while production eased slightly, but stayed in the expansion phase. Furthermore, new orders and employment showed marginal improvement but remained weak overall, reflecting ongoing uncertainty in the manufacturing sector. Input cost pressures continued, with prices rising for the fifteenth consecutive month.

Figure 21: US Manufacturing PMI

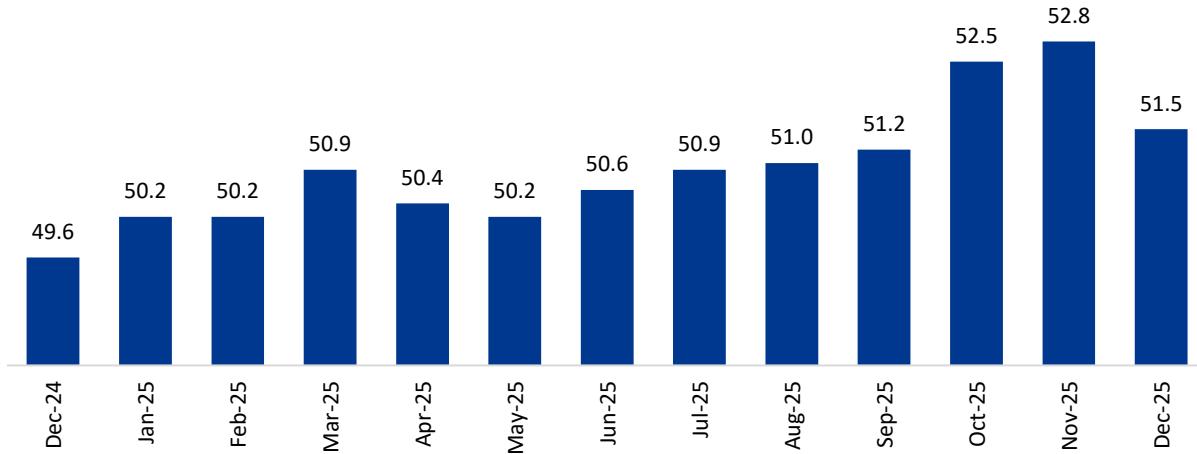


Source: CAPIQ

### Eurozone private sector expansion lost momentum

The euro area private sector continued to expand for the twelfth consecutive month in December 2025; however, the pace of growth slowed to a three-month low due to weaker demand for both goods and services. Furthermore, the HCOB final composite output index declined from a 30-month high of 52.8 in November 2025 to 51.5 in December 2025, indicating a fall in momentum. Additionally, the final services PMI eased from a 2.5-year high of 53.6 recorded in November 2025 to 52.4 in December 2025. In contrast, the manufacturing sector outlook appears comparatively more supportive, driven by expected higher demand for defence equipment and construction machinery, particularly linked to infrastructure projects in Germany.

Figure 22: HCOB Eurozone Composite Purchasing Managers Index (PMI)

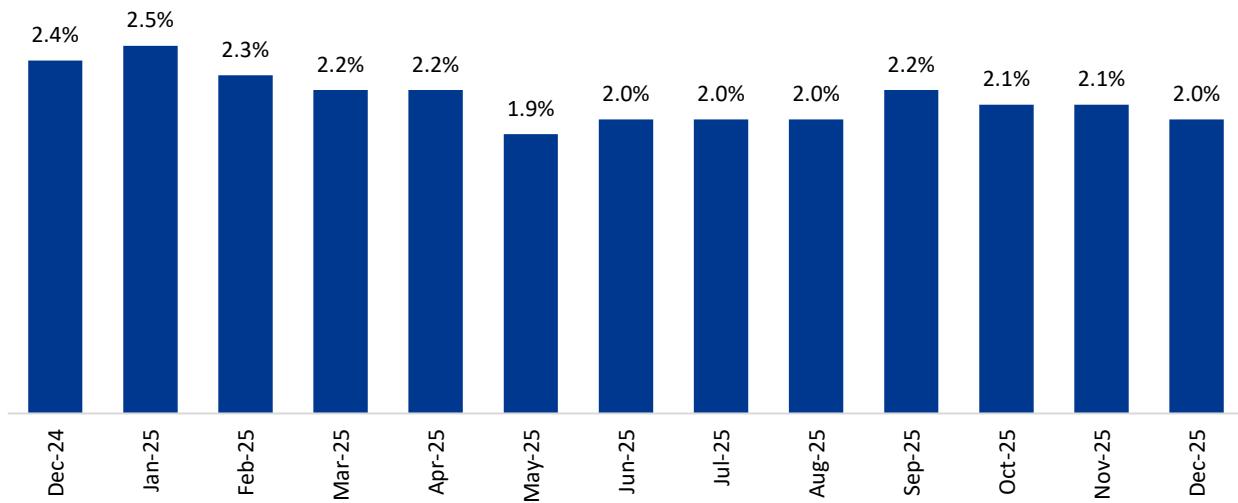


Source: CAPIQ

#### Eurozone Inflation fell to a four-month low in December 2025

Eurozone consumer price inflation eased to a four-month low in December 2025, driven primarily by a sharper decline in energy prices and a modest moderation in services inflation. Furthermore, headline inflation slowed from 2.1% in October and November 2025 to 2.0% YOY in December 2025. Similarly, core inflation (excluding energy and fresh food) eased to 2.3% in December 2025 from 2.4% recorded in October and November 2025, indicating a gradual moderation in underlying price pressures. On a monthly basis, the consumer price index rose 0.2% MOM in December 2025, following a 0.3% decline in November 2025, indicating limited short-term price momentum.

Figure 23: Eurozone Inflation

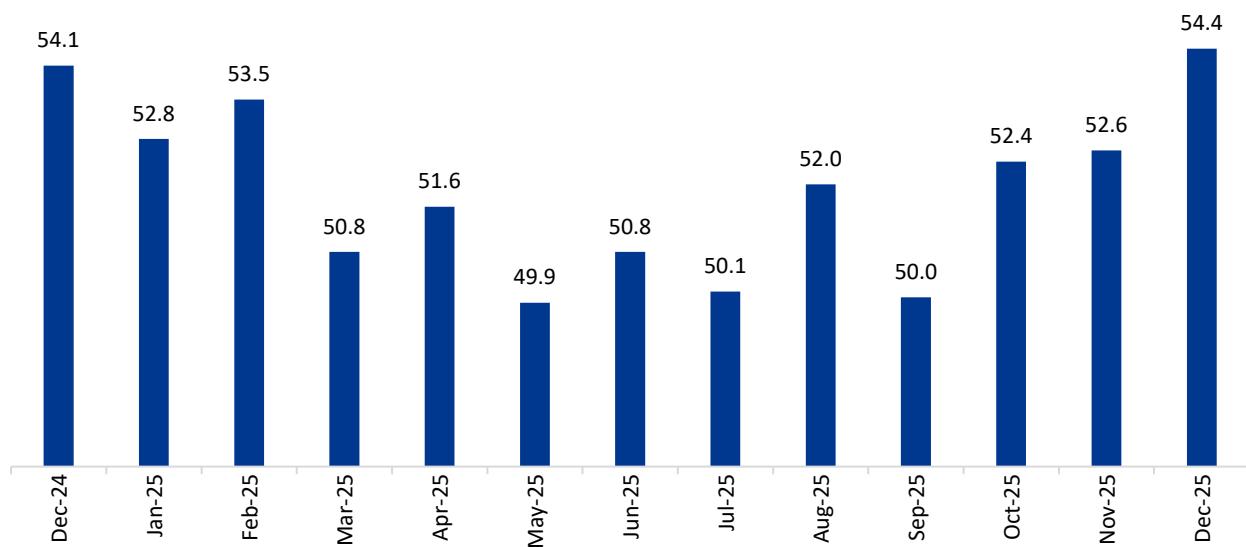


Source: CAPIQ

**US service activity hit a 14-month high in December 2025**

The Services PMI rose from 52.6 in November 2025 to 54.4 in December 2025, indicating an acceleration in expansion. The December reading was 2.7% points above the 12-month average of 51.7. Moreover, the improvement in headline services activity was driven by stronger demand conditions, supported by a sharp rise in new orders, with the new orders index increasing from 52.9 in November 2025 to 57.9 in December 2025. Labour market conditions also improved, as the Employment Index climbed from 48.9 in November 2025 to 52.0 in December 2025. On the price front, inflationary pressures showed some easing, as the Prices Index declined from 65.4 in November 2025 to a nine-month low of 64.3 in December 2025. In contrast, ISM Manufacturing PMI slipped from 48.2 in November 2025 to 47.9 in December 2025.

**Figure 24: US Services PMI**

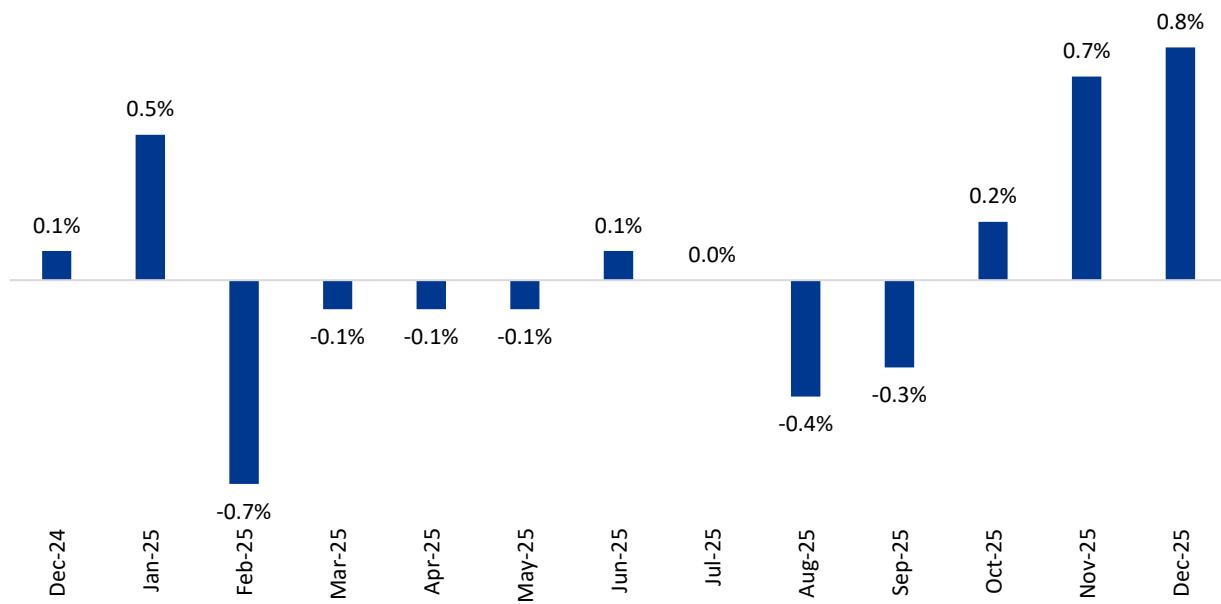


*Source: CAPIQ*

**China Inflation accelerated to 0.8% YOY in December 2025**

China's consumer inflation strengthened modestly as the consumer price index rising 0.8% YOY in December 2025. On a seasonally adjusted MOM basis, CPI increased 0.2% in December 2025, rebounding from a 0.1% contraction in November 2025. Meanwhile, producer price deflation moderated, with the Producer Price Index contracting 1.9% YOY in December 2025, narrowing from a 2.2% decline in November, which signals easing deflationary pressures at the upstream level.

Figure 25: China CPI (YOY)

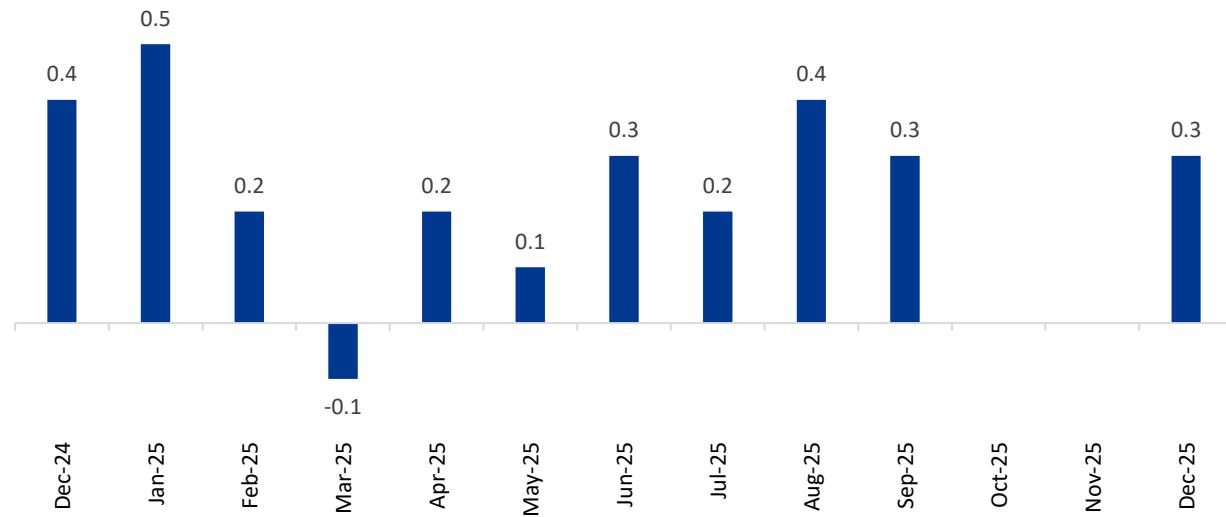


Source: CAPIQ

#### US consumer prices increased 0.3% in December 2025

The Consumer Price Index (CPI) increased 0.3% in December 2025. Core CPI (excluding food and energy) rose 0.2% in December 2025. Furthermore, on a YOY basis, headline inflation remained unchanged at 2.7% in December 2025 while core inflation also held steady at 2.6% over the same period. The largest contributor to the monthly CPI increase was shelter costs, which rose 0.4% in December 2025. Furthermore, food prices grew 0.7%, while energy prices increased 0.3% in December 2025. Thus, the rise in core inflation was driven by higher shelter costs alongside increases in recreation, airline fares, medical care, apparel, personal care, and education. On the other side, prices for communication, used vehicles, and household furnishings and operations declined during December 2025.

Figure 26: US CPI (MOM)

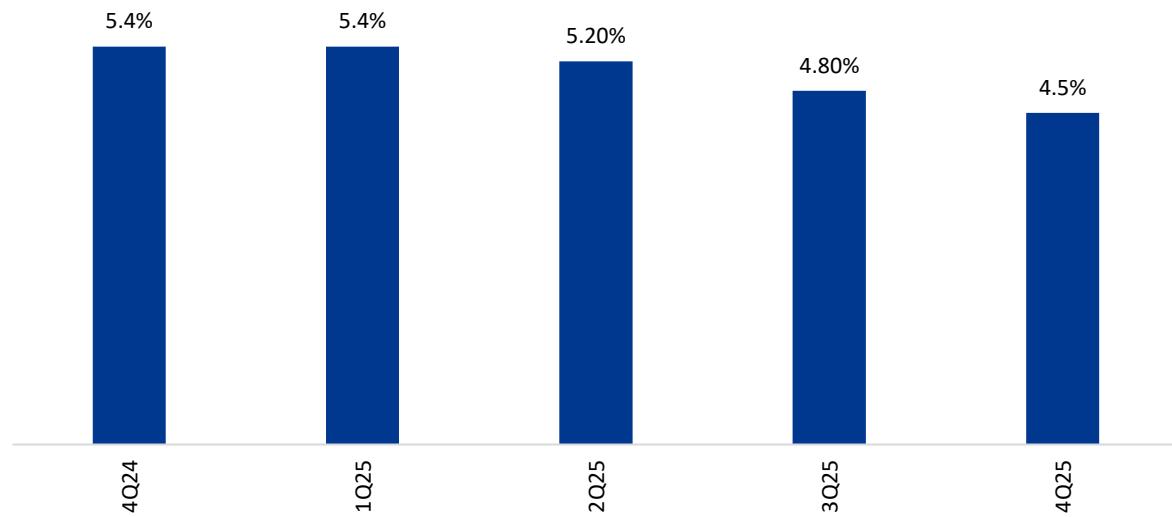


Source: CAPIQ, October and November 2025 US CPI was not published by the US Bureau of Labor Statistics (BLS)

#### China GDP expanded 1.2% QOQ in 4Q25

China's economy expanded from 1.1% in 3Q25 to 1.2% in 4Q25. However, on an annualised basis, GDP growth eased to 4.5% in 4Q25 from 4.8% in 3Q25. Industrial production increased 5.2% YOY in December 2025 and improved from 4.8% in November 2025. In contrast, retail sales rose 0.9% YOY in December 2025, but slowed from 1.3% in November 2025, indicating continued weakness in consumer demand. Meanwhile, fixed asset investment declined 3.8% YOY in December 2025, and worsened from a 2.6% decline in November 2025, reflecting ongoing pressure on investment activity. The unemployment rate remained unchanged at 5.1% in December 2025, compared to November 2025.

Figure 27: China GDP Growth



Source: CAPIQ

**China's manufacturing activity returned to expansion in December**

China's manufacturing activity returned to expansion in December 2025, with the headline PMI rising to 50.1 from 49.9 in November 2025, indicating a marginal improvement. The recovery was attributed to higher employment, while manufacturing output expanded during the month, supported by new product launches and business development efforts. Moreover, official data showed the manufacturing PMI increased to 50.1 in December 2025 from 49.2 in November 2025, coupled with a rise in the non-manufacturing PMI to 50.2 in December 2025 from 49.5 in November 2025. However, demand growth remained limited to the domestic market. Purchasing activity stagnated, while employment continued to shrink for second consecutive month. Input costs increased due to higher raw material prices, partially offset by continued reductions in output prices. Business confidence remained positive.

**Figure 28: China Manufacturing PMI**



Source: CAPIQ

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