

Business

ABK announces successful issuance of KD 50m subordinated tier 2 bonds

Ahli Capital, Kamco Invest, Markaz and NBK Capital joint lead managers

KUWAIT: Al-Ahli Bank of Kuwait (ABK), as the Issuer, and Ahli Capital Investment Company K.S.C.C. "Ahli Capital", Kamco Investment Company K.S.C.P. "Kamco Invest", Kuwait Financial Centre K.P.S.C. "Markaz", and Watani Investment Company K.S.C.C. "NBK Capital," serving as the joint lead managers, announced in a statement the successful issuance of KD 50 million subordinated tier 2 bonds, for a period of 11 years, callable after 6 years, offering a rewarding return for holders of both fixed interest and variable interest bonds. The issuance was oversubscribed, reflecting the investors' trust in the quality of the issue, the reputation of ABK, and the effectiveness of the joint distribution of the lead managers. This marks ABK's first Kuwaiti dinar denominated bond issuance.

The KD25 million fixed rate bonds offer 4 percent interest, and the KD 25 million floating rate bonds provide a margin of 2.25 percent over the discount rate. The interest will be paid in two instalments annually on the 10th April 2022 and the 10th October 2021, with the first coupon payment date commencing on the 10th April 2022.

ABK's Subordinated Tier 2 bonds were rated "BBB" (Investment grade) with a stable outlook by Capital Intelligence. The rating reflects the strength of the Bank's solid capital ratios, good loan asset quality, very strong loss reserve coverage, comfortable liquidity and pro-active and robust risk management.

Commenting on the occasion, ABK's Group CEO, George Richani, said: "This transaction has been met with great interest by investors in view of the excellent reputation of all parties involved. ABK's clear business strategy along with the professional expertise of our lead arrangers, has helped in closing the issuance in a



short period. Strong demand from a great number of institutional and individual investors reflects the market's confidence in the Kuwaiti banking sector in general, and in ABK and all the joint lead managers in particular. We are confident that this issuance will contribute to enhancing ABK's capital adequacy and support our growth plans."

Fawzy Al-Thunayan, Chairman of Ahli Capital, said: "We are pleased to be completing this bond issuance and witnessing such a high level of interest. The success

of this transaction is attested to the robust investor demand and further underlines our commitment to paving the way for future issuances that will ultimately strengthen local and regional debt markets. ABK's solid reputation and clear growth strategy have been a catalyst in closing the bond issuance in record time."

Faisal Sarkhou, CEO of Kamco Invest, said: "With great pride, we assist ABK in their inaugural Kuwaiti Dinar denominated bond issuance, which saw strong investor interest and was oversubscribed. The success

of the bond issuance is a testament to the collaboration of all parties involved. We are encouraged by the healthy investor response as this is a strong indicator of Kuwait's positive economic outlook and the investor community's confidence in the country and the banking sector."

Commenting on the bond issuance, Ali Khalil, CEO of Kuwait Financial Centre (Markaz), said: "Our collaboration with ABK is built on previous successful transactions of which the last were the current bonds. It is gratifying that the issuance was widely received by our clients and local institutions signifying the high quality of the issue and reflecting investors' confidence in and appetite for local issuances. At Markaz, we look forward to supporting different sectors in obtaining the required financing to develop its operations through managing its sukuk and bonds issuance. We have structured the first BOT-Backed bonds in Kuwait, the first sukuk for a Kuwaiti real estate company and the first high-yield bonds. We are pleased to be part of ABK's first Kuwaiti Dinar issuance building on our longstanding relationship and commitment to supporting the nation's businesses and economy."

Nabil Maroof, CEO of NBK Capital said: "The bond issuance reflects our confidence in the local market while further developing the local debt capital market. We are honored to have assisted ABK in this successful transaction."

In closing, Richani added: "I would like to extend our appreciation to the Central Bank of Kuwait, the Capital Markets Authority (CMA) and our joint lead arrangers, Ahli Capital, Kamco Invest, Markaz and NBK Capital for the effective role they played in this transaction's success."

Sheraz Hussain wins KD 4,000 in Burgan Bank's Value Account draw

KUWAIT: Burgan Bank yesterday announced Sheraz Gul Hussain as the winner of the Value Account KD 4,000 draw. The winner expressed his excitement of winning the cash prize of KD 4,000. Dedicated to offer the best in-class services, Burgan Bank's Value Account presents customers with exceptional features which were specifically

designed to suit the needs of expatriates living in Kuwait. Account holders will be able to enjoy matchless benefits that include receiving a free credit card for one year, application for a loan, in addition to a chance to enter the quarterly draw to win KD 4,000 as well as other discounts from selected merchant stores.

Burgan Bank will continue presenting exclusive services and draws with an aim of exceeding customers' expectations while offering them chances to win valuable cash prizes all year round.

Opening a Value account is simple, interested Individuals with salaries starting from KD 150 and above are eligible to open a Value Account.

CBK bonds and related Tawarruq

KUWAIT: The Central Bank of Kuwait (CBK) announced the most recent issues of CBK bonds and related Tawarruq at a total value of KD 240 million for three months with a rate of return at 1.125 percent.

AL-SHALL WEEKLY REPORT

Liquidity in Kuwait real estate market edged up in August

KUWAIT: The latest released data by the Ministry of Justice -Real Estate Registration & Authentication Department- indicate an increase in real estate market liquidity during August 2021 versus July 2021 (excluding the artisanal activity and the coastal strip system), whereby the total value of contracts and agencies increased by 15.5 percent from July to August, rising from KD 373.1 million to KD 431 million. When compared to August 2020 (KD 268.7 million), liquidity increased by 60.4 percent.

Trading activity during August 2021 was distributed between KD 418.2 million in contracts and KD 12.8 million in agencies. Number of real estate deals in August scored 1,237 of which 1,190 contracts and 47 agencies. Al-Ahmedi Governorate had the highest share of real estate deals of 66 percent, representing 817 deals. Hawally Governorate share was about 11 percent, the second highest representing 136 deals. Al-Jahra Governorate had the lowest share of 2.5 percent and representing 31 deals.

The value of the private residential activity scored KD 341.9 million, rising by 35.8 percent compared with KD 251.8 million in July 2021. Its contribution percentage rose to 79.3 percent of total real estate trading versus 67.5 percent in July 2021. The liquidity domination of the private residential activity is the result of converting residential areas into investment ones. The monthly average trading value of private residential activity in the last 12 months scored KD 242.2 million. August trading value was higher by 41.2 percent than the 12-months-average, whereby the number of deals for this activity rose to 1,132 deals versus 642 deals in July 2021. Accordingly, the average value of private residence activity deal scored KD 302,000 versus KD 392,000 in July 2021, a decline of -23 percent.

The value of residential investments activity decreased from KD 115.8 million in July 2021 to KD 61.9 million in August 2021 (-46.5 percent), in addition to a decrease in its contribution to total liquidity (14.4 percent in August versus 31 percent in July). The monthly trading average value of residential investments during the last 12 months scored KD 55.3 million, indicating that the trading value during August 2021 was higher by 12 percent compared with the last 12 months' average. Its deals rose to 93 deals compared with 74 deals in July 2021. Therefore, the average value per deal for residential investments scored KD 666,000 versus KD 1.6 million in July 2021, representing a drop of -57.5 percent.

Commercial activity trading value increased to KD 19.8 million or by 260.3 percent compared with KD 5.5 million in July 2021. Its contribution to total real estate trading value rose to 4.6 percent in August versus 1.5 percent in July 2021. The trading value of commercial activity in August 2021 was -8.3 percent lower than the last 12 months' average of KD 21.6 million. Moreover, 9 deals were counted in August compared with 6 deals in July 2021. The average value per deal for August 2021 scored KD 2.2 million versus KD 916,000 for July 2021, a 140.2 percent increase. Also, 3 deals were conducted in regards to the warehousing activity totaling KD 7.4 million during August 2021.

When comparing total August 2021 trading with

August 2020, we note that real estate markets liquidity increased from KD 268.7 million to KD 431 million, a 60.4 percent increase as mentioned previously. The rise was driven by the increase of the private residential activity by 89.3 percent, while the commercial activity dropped by -6.2 percent and the residential investments activity dropped by -3.3 percent.

National dialogue

In our view what was published about the national dialogue topics is not correct but is close to being correct because these topics have been addressed by more than one party and they have been neither corrected nor denied. As far as we know, each side of the dialogue presented 4 topics representing its demands on the other side.

The two sides are the parliamentary majority as one party and the government and its supporters as the other party. The first party demands, ie, the parliamentary, are forgiveness for politicians-in-exile and other bloggers, an amendment to the electoral law, an amendment to laws restricting freedom of opinion and a fundamental Cabinet reshuffle that includes a greater number of majority representatives.

The government party demands include the return to and acceptance of National Assembly's regular sessions according to the de facto formation to approve the Public

and fragile political settlement to be followed by one of two possibilities. The first is positive and it will not be achieved without a fundamental Cabinet composition amendment and the necessity of presenting a serious and binding program for financial and economic reform.

The second is negative, ie, the government's quota formation remains dominant, passing the Public Debt Law and withdraw from the future generations' reserve are tolerated to buy more time for the old and existing political and financial approach, or to repeat the scenario after the government borrowing in 2017 and then the future generations' reserve will face the same fate as the general reserve.

We still believe that the success chances for the current political settlement project and the national reform project in its comprehensive sense could have been much better if the change of administration preceded it. We wish the three months were utilized to affect a fundamental government change and present its reform program. But as usual, the opportunity was missed. In light of the country's tense situation, we cannot but stick to any hope because it is the future and fate of a country that may live its last chance are at stake. It is not the victory or defeat of this party or that.

Trading at Boursa Kuwait

Kuwait Clearing Company issued its report regarding



Debt Law, agreement on the orderly withdrawal from the future generations' reserve, and the acceptance of the immunity of the Prime Minister from interrogations until the end of the current session.

In principle, dialogue under the current unprecedented tense situation in the country is required but describing the current dialogue as national, if its topics are true, is incorrect. The proposal is nothing more than a political settlement project to move from the state of complete paralysis and tranquility to motion, even if with minimal progress. The homeland's real crisis is in its liquidity drain, its economy's inability to create sustainable job opportunities for its citizens, and the transformation of concern about the inability to finance the necessary needs into a daily matter because it is linked to the oil prices' movement and production reflecting the extent of addiction to it, which is unfortunate. If the dialogue succeeds, as we understand it, it will be nothing more than a temporary

"Trading Volume according to Nationality and Category" for the period 01/01/2021 to 30/09/2021, published on the official website of Boursa Kuwait. The report indicated that individual traders still represent the largest trading group with an increasing contribution. They acquired 46.4 percent of total value of sold shares (44.5 percent for the first 9 months of 2020) and 45.7 percent of total value of purchased shares (43.4 percent for the first 9 months of 2020). Individual investors sold shares in the amount of KD 4.412 billion and purchased shares in the amount of KD 4.345 billion, the highest net seller of KD 67.301 million.

The second largest contributor to market liquidity is the institutions and companies sector, with a rising contribution. It acquired 26.3 percent of total value of purchased shares (26 percent for the same period of 2020) and 25.4 percent of total value of sold shares (24.4 percent for the same period of 2020). This sector purchased

shares worth KD 2.501 billion and sold shares worth KD 2.415 billion, with the only net purchase of KD 85.874 million.

The third contributor is the clients' accounts (portfolios) and its contribution declined. This sector captured 23.8 percent of total value of sold shares (24.7 percent for the same period of 2020) and 23.8 percent of total value of purchased shares (25.6 percent for the same period of 2020). This sector sold shares worth KD 2.262 billion and purchased shares worth KD 2.261 billion, with a net selling of KD 773 thousand.

The last contributor to liquidity is the investment funds sector and its contribution also dropped. It acquired 4.5 percent of total value of sold shares (6.4 percent for the same period of 2020) and 4.3 percent of total value of purchased shares (5 percent for the same period of 2020). This sector sold shares worth KD 427.834 million and purchased shares worth KD 410.034 million, with a net seller value of KD 17.800 million.

Boursa Kuwait continues to be a local Boursa with Kuwaiti traders forming the largest trading group. They sold shares worth KD 8.164 billion capturing 85.8 percent of total sold shares (81.8 percent for the same period of 2020) and purchased shares worth KD 8.095 billion acquiring 85.1 percent of total value of purchased shares (81 percent for the same period of 2020), representing the most selling group of KD 68.913 million.

Percentage share of other foreign investors contributing to trading activity out of total purchased shares value scored 12.5 percent (14.4 percent for the same period of 2020), purchasing shares worth KD 1.193 billion and selling shares worth KD 1.073 billion, 11.3 percent of total sold shares (14.6 percent for the same period of 2020); thus the only-group with net purchase of KD 120.048 million. GCC investors' share of total value of sold shares scored 2.9 percent (3.6 percent for the same period of 2020) worth KD 280.687 million, while their contribution to purchased shares was 2.4 percent (4.6 percent for the same period of 2020), worth KD 229.553 million, with a net sale of KD 51.134 million.

Relative distribution among nationalities has changed, distributed among 85.4 percent Kuwaitis, 11.9 percent traders from other nationalities and 2.7 percent GCC traders, compared with 81.4 percent, 14.5 percent and 4.1 percent for Kuwaitis, other nationalities and GCC traders respectively, for the same period of 2020. This means Boursa Kuwait remains local with a tendency of an increased share contrary to the trends of last year. The appetite of traders outside the GCC region is greater than that of GCC traders, and the majority of trading remains attributed to individual traders.

Number of active accounts between the end of December 2020 and the end of September 2021 decreased by -23.1 percent, compared with a noticeable increase of 90.3 percent between the end of December 2019 and the end of September 2020. Number of active accounts at the end of September 2021 was at 19,223 accounts or 4.7 percent of total accounts versus 19,080 accounts at the end of August 2021 or 4.7 percent of total accounts for the same month, rising by 0.7 percent during September 2021.

The weekly performance of Boursa Kuwait

The performance of Boursa Kuwait for last week was more active, where the traded value, traded volume, number of transactions and the general index (AlShall Index) increased. AlShall Index (value weighted) closed at 603.7 points as of last Thursday, showing an increase by 0.1 points or by 0.02 percent compared with its level last week. It remained higher by 115.9 points or by 23.8 percent compared with the end of 2020.