

**Top 12  
Environmental, Social, and Governance (ESG)  
Financial Deals in the MENA-Turkey Region**

**AMDEYA**

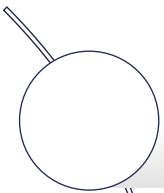
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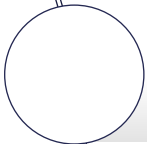
## Top 12 ESG Financial Deals in the MENA-Turkey Region

#	Institution	Country	Deal Amount
1	Egypt Sovereign	Egypt	\$3 billion
2	Islamic Development Bank	Jeddah – International	\$2.5 billion
3	Emirates NBD	UAE	\$1.75 billion
4	The Saudi Electricity Company (SEC)	Saudi Arabia	\$1.3 billion
5	Al-Rajhi Bank / The Sudair Solar I.P.P.	Saudi Arabia	\$925 million
6	SNB - Saudi National Bank	Saudi Arabia	\$750 million
7	Riyad Bank	Saudi Arabia	\$750 million
8	APICORP	Regional	\$750 million
9	Sweihan PV Power Company	UAE	\$700 million
10	Gulf International Bank – GIB	Bahrain/Saudi Arabia	\$625 million
11	KFH, Kuwait-Turk	Kuwait, Turkey	\$350 million
12	Akbank	Turkey	\$300 million

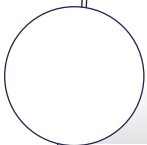
The 12 top ESG-linked financial deals in MENA (Middle East North Africa) and Turkey in the last two years have the following distinguishing aspects:



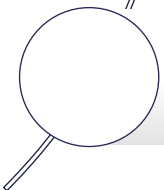
The first ESG financial deals in MENA and Turkey have all been very successful, and relatively large. This reflects the fact that the region has major need for ESG finance.



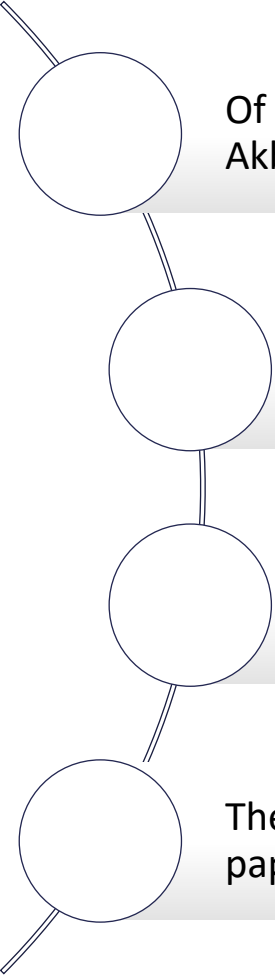
All these pioneering deals were oversubscribed. This reflects the strong demand for ESG-linked financial instruments in the MENA-Turkey region.



The Pricing of almost all these deals went down during the subscription period. This again reflects the strong demand for ESG-linked financial instruments by regional and international investors and banks.



Some of the deals are clearly “balanced” deals from an ESG perspective. This is because they included more than one element in ESG (and not only E – Environmental ones).

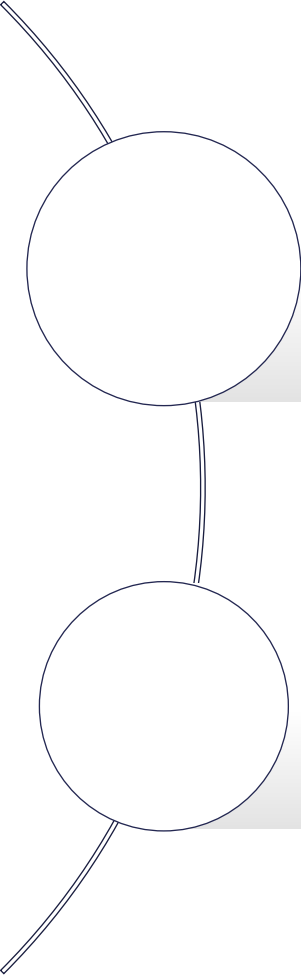


Of special note is the inclusion of the Social (S) element of Gender Diversity in the deals of ENBD, G.I.B., and Akbank. Moreover, the Social elements will account for 90% of the \$2.5 billion sukuk of IsDB.

Solar Power projects have a significant focus as well. These include the solar-power-dedicated deals for the Sweihan PV plant in the UAE, and the Sudair Solar I.P.P. in KSA (Al-Rajhi).

Saudi Arabia and the UAE are clearly particularly active in ESG financial transactions.

The ESG-linkage in two Turkey deals was an advantage to overcome uncertainties surrounding Turkish financial paper.



It is clear that banks and companies in MENA-Turkey need to develop their ESG programs and ESG reporting because this would improve their access to finance, and get them better interest rates on their borrowings. This is evidenced by the high demand for ESG financial instruments in MENA-Turkey, as reflected by a) the oversubscriptions of ESG-linked bonds/loans in the last two years, and b) the reduced pricing of these deals.

All the ESG-linked financial deals need to be independently verified for adherence to ESG criteria during their lifetime. This is particularly important as most of these deals have international investors who are subject to strict regulations by their supervisors (Stock Exchanges and Banking Supervisors).

Amdeya has compiled the top 12 ESG financial deals while conducting its comprehensive survey of ESG reporting in more than 700 banks in 41 countries. All banks in MENA and Turkey were surveyed. Other banks surveyed were in Africa, Central Asia, Latin America, and South East Asia. The Amdeya ESG survey found out that only a third of the banks in the emerging countries have ESG/Sustainability reports for the year 2020. However, the banks that have ESG reports increased to 42% in 2021. The banks that have ESG reports are also mostly the larger banks in these countries.

The survey moreover found out that most banks plan to have ESG plans and reports in five years time.

For more information on the Amdeya ESG Survey, and Amdeya's ESG offerings, please visit Amdeya's website (<https://amdeya.com/>), and its ESG section (<https://amdeya.com/esg-and-sustainability>).

1	Egypt Sovereign	Egypt	<p>Egypt was able to secure a <u>\$3 billion “mixed-use”</u> loan in late 2021. This was a 3 year loan. <u>Part of the loan’s proceeds will finance “sustainable” projects.</u> The other part will finance sharia-compliant projects (that are not necessarily ESG related). The loan was originally expected to be \$2 billion but was <u>over-subscribed</u> (like other ESG loans and bonds in the region).</p>
2	Islamic Development Bank	Jeddah – International	<p>In March, 2021 the IsDB raised <u>\$2.5 billion</u> in Sustainability Sukuk. The proceed of the Sukuk have been allocated to <u>finance green (10%) and Social (90%) projects.</u> These have to be eligible under the IsDB's Sustainable Finance Framework. The Framework is in line with the Green Bonds Standards, Social Bond Standards, and Sustainability Bond Guidelines of the International Capital Markets Association(ICMA).</p> <p>The <u>pricing was reduced by 15% because of excess demand.</u> The Trust Certificates are listed on Euronext Dublin and NASDAQ Dubai. The joint lead managers included <u>Warba Bank</u> from the region. <u>Kuwait International Bank</u> was the co-manager.</p>



3	Emirates NBD	UAE	<p>Emirates NBD secured the region’s first sustainability linked syndicated loan of <u>\$1.75 billion</u>. Emirates NBD has linked <u>sustainability metrics</u> to the loan. These <u>included gender diversity</u> in top management roles and <u>water conservation</u>. The strong demand generated by the <u>ESG linkage reduced</u> in the <u>overall cost by 30 basis points</u> of the three-year loan to an all-inclusive cost of 97.5 basis points over Libor. Nearly 20 banks participated in the loan.</p>
4	The Saudi Electricity Company - SEC	Saudi Arabia	<p>The Saudi Electricity Company issued the first green sukuk for KSA in the international market in late 2020. This was a <u>\$1.3 billion sukuk</u> split into two equal \$650 mn transactions due in 2025 and 2030. The sukuk was <u>four-times oversubscribed</u> (reaching \$5.2 bn). Proceeds from the sukuk will finance or refinance green SEC projects.</p>

5	Al-Rajhi Bank / The Sudair Solar I.P.P.	Saudi Arabia	<p>Al Rajhi was Mandated Lead Arranger and Hedge provider for the finance package of the Sudair Solar I.P.P. The financing was in August 2021. The deal value is <u>\$925 million</u>. This is reportedly the largest Solar Independent Power Plant in the world, and will produce 1.5 GW of clean renewable energy. The project would offset nearly 2.9 million tons of Green House Gases (GHGs) annually.</p> <p>The financing group included Riyadh Bank, and Al-Rajhi. Equity bridge facilities were provided by <u>Bank Al-Bilad</u>, <u>Saudi-British Bank</u>, and Sumitomo. The project is owned 35% by Badel, a subsidiary of the PIF (Public Investment Fund of KSA), 35% by ACWA Power (also 30% owned by the PIF), and 30% by SAPCO, an Aramco subsidiary.</p>
6	Saudi National Bank - SNB	Saudi Arabia	<p>SNB issued a <u>\$750 mn ESG-linked bond</u> in January 2022. <u>Demand topped \$3.2 billion</u>, and <u>resulted in reduction of pricing to 85 basis points</u> (from 110 initial price guidance over UST US Treasuries). Proceeds will be used for projects under SNB’s Sustainable Finance Framework which partly <u>includes tree-planting</u>, in addition to its <u>main focus</u> on financing <u>renewable energy-generating facilities</u>.</p>

7	Riyad Bank	Saudi Arabia	<p>Riyad Bank issued a <u>\$750 million</u> AT1 (Additional Tier 1) <u>Sustainability</u> sukuk in February 2022. This was the first AT 1 Sukuk globally in sustainable format. <u>This issue was 4.3 times oversubscribed</u>, with demand peaking at \$3.2 billion. This resulted in a <u>rate of 4%</u> is "equivalent to the lowest credit spread by a GCC bank for an AT1 sukuk.</p> <p>To structure this transaction as a sustainability AT 1 Sukuk, Riyad Bank published its debut Sustainable Finance Framework. This framework is in line with the International Capital Market Association’s green, social and sustainability principles. The framework covers a diverse range of eligible sustainable activities.</p>
8	APICORP	Regional	<p>APICORP issued a <u>\$750 million</u> first-ever “green bond” issued by an energy-focused financial institution. <u>The bond was three-times oversubscribed</u> by both regional and global investors. The US dollar-denominated five-year issuance “will be utilized to fund projects that align with the United Nations Sustainable Development Goals, such as renewable energy, green buildings, pollution prevention and control, and low-carbon technologies and solutions”.</p>

9	Sweihan PV Power Company	UAE	<p>The Sweihan PV Power company issued a <u>\$700 million</u> green project bond. The project is owned by Marubeni and Abu Dhabi Energy Company (TAQA). The project includes construction, operation and maintenance of 1,177 MW solar power plant.</p> <p>The Project Bond was issued in alignment with "Green Bond Principles 2021" established by the International Capital Market Association.</p> <p>This is the first green project bond in MENA listed on Euronext Dublin. The proceeds will refinance current senior loan, and improve capital structure. The project started operation April 30, 2019. All power is to be sold to EWEC (Emirates Water and Electricity Company).</p>
10	Gulf International Bank – GIB	Bahrain / Saudi Arabia	<p>Gulf International Bank (GIB) secured in late 2021 a <u>\$625 million</u> sustainability-linked syndicated loan, which <u>increased from an original \$500 million due to strong demand</u>. The <u>loan was oversubscribed</u> and attracted orders worth \$1.1 billion. 20 global investors from the U.S., Europe, the Middle East and Asia participated in the transaction. The loan incorporates Environmental, Social and Governance (ESG) metrics related to reductions in carbon emissions, gender diversity and sustainability reporting.</p>

11	KFH, Kuwait-Turk	Kuwait / Turkey	<p>The Turkish subsidiary of Kuwait Finance House (KFH) issued a <u>\$350 million ESG Tier 2 Sukuk</u> issue. Because this was the world’s first ESG Tier 2 issue, it <u>was 12.5 times oversubscribed</u>, and <u>the pricing went down by 0.625%</u> (62.5 basis points) in 6 hours. It is worth noting that the reduction in pricing and large demand was due mainly to the ESG nature of the facility, and the strong Kuwaiti ownership.</p>
12	Akbank	Turkey	<p>Akbank, one of Turkey’s leading banks, partnered with Deutsche Bank to structure the successful execution of its first ESG-linked repurchase agreement transaction globally. The <u>300 million</u> US dollar transaction is also the first time ESG and sustainability targets have been attached to interbank financing in repo format in Central and Eastern Europe, Middle East and Africa (CEEMEA). The structure of the transaction links the repo interest rate to Akbank’s performance with respect to <u>three areas of ESG</u> key performance indicators: 1) <u>gender balance</u>, 2) <u>electricity sourcing of Akbank from renewable resources</u>, and 3) <u>no greenfield coal</u> power plant loan origination.</p>

For more details of Amdeya's ESG practice please go to

<https://amdeya.com/esg-and-sustainability>

or ask at

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