



With People. By Tech. For Impact.



The Evolution of fixed Income in the Middle East

Exploring the rise of Green Bonds and ESG-
Linked Instruments

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About SS

190+
Clients Served

92.3%
Customer Satisfaction Score

90%
Customer Retention

9x
Profit Increase
(Financial Sustainability 2022)



10+

Markets of Operation



430+

Projects Delivered



13

Nationalities in Team



1:1.5

Male to Female Ratio



10+

Government Policies Created in GCC



2K+

Board capacity Building Sessions Delivered



12K

LinkedIn Followers



2

No. of ESG tech solutions



Understanding

Green Bond

Green Bonds are bonds where the proceeds will be exclusively applied to **finance new and/or existing eligible Green Projects.**

Eligible **Green** Projects under the GBP:

- Renewable Energy
- Energy Efficiency
- Pollution Prevention

Social Bond

Social Bonds are **bonds** where the proceeds will be used to **finance new and/or existing eligible Social Projects**

Eligible **Social** Projects under the SBP:

- Affordable basic infrastructure (e.g. clean drinking water)
- Essential health services
- Affordable housing

Sustainability Bond

Sustainability Bonds are bonds where the proceed is used to **finance a mix of Green and Social Projects.**

Combination of green and social bonds.

Sustainability-Linked Bond

- Sustainability-Linked Bonds (SLBs) are bonds for which the financial and structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ESG objectives.
- Issuers are **committing to future improvements in sustainability outcome(s) within a predefined timeline.**
- SLBs are a forward-looking performance based instrument.



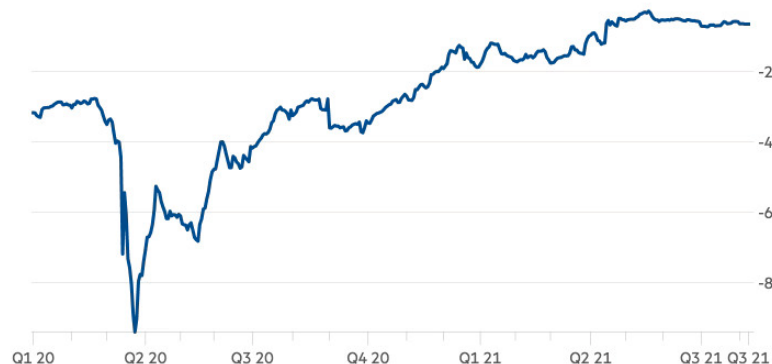
Managing Investor Expectations

Greenium occurs when green bonds are issued at a lower yield than traditional ("brown") bonds, as investors accept a lower return to support environmentally sustainable projects.

- Greenium now appears more on a **case-by-case** basis, rather than across entire sectors or the market.
- Greenium has become **less noticeable** due to the significant growth of the green bond market in recent years.
- **Strong new issuance levels** and new participants have helped balance supply and demand, reducing the early supply shortages.
- The minimal greenium reflects this diversification and shows that green bonds are **no longer a niche market**.
- Important: Taking an **active, selective approach** to investing in green bonds.

'Greenium' is disappearing from European corporate bonds

Yield differential between ESG bonds and non-sustainable bonds (in basis points)



Negative spreads represent a premium for ESG debt
Source: AFME
© FT

Today, the average greenium has decreased and is estimated to be no longer statistically significant.

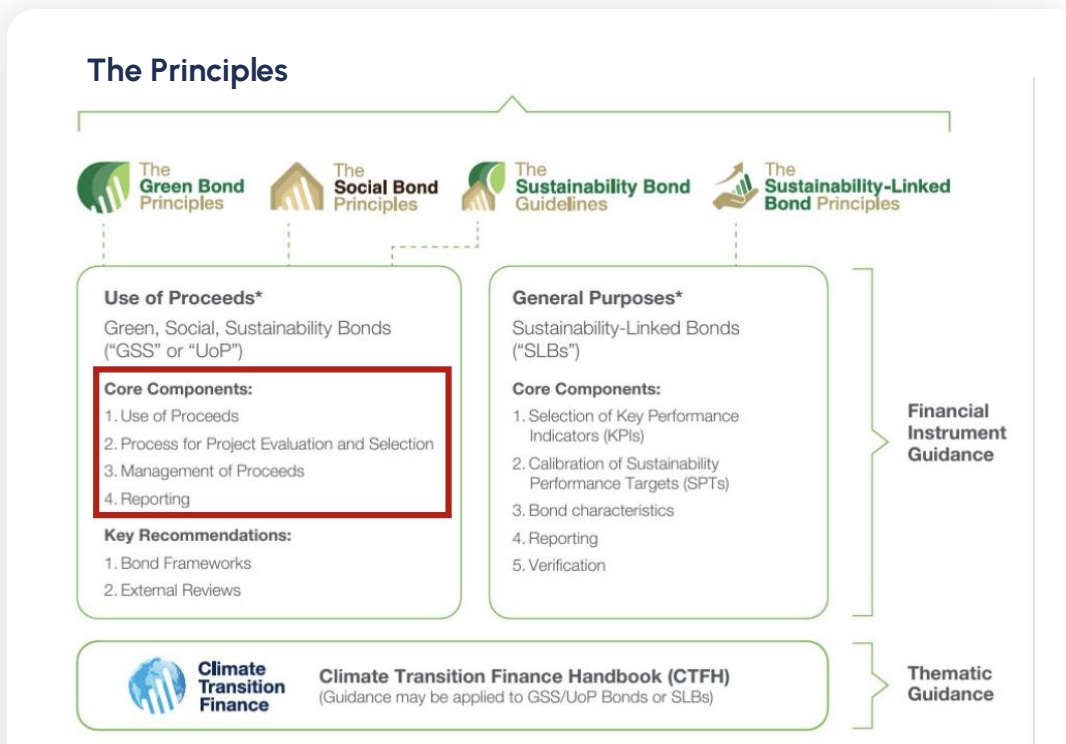
GSS Bond Principles

ICMA acts as a central hub for shaping the GSS bond market by:

Establishing clear guidelines

- Promoting best practices
- Educating market participants
- Providing data and resources

More information [here](#).

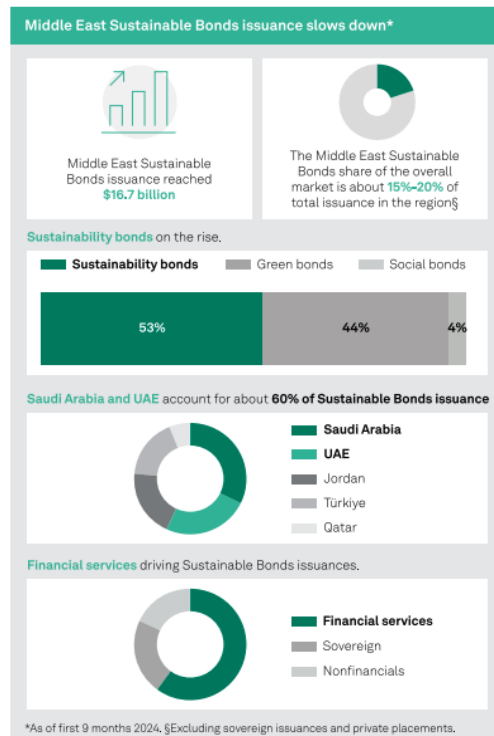


State of Sustainable Bond Issuance In the Middle East



- Total sustainable bond issuance in the ME reached \$16.7 billion in the first 9-months of 2024, down 18% from the same period in 2023
- Sustainable Sukuk issuance stand at \$7.1 billion, down by 11 % compared to the same period last year
- The decline was attributed to higher interest rates and a normalization after COP28
- Sustainable Bonds issuance accounts for approx. 10-15% of total bond issuance

More information [here](#)



ME Sustainable Bond Issuance 2024

Top issuers in the first 9 months of 2024 were DIB, Al Rajhi Bank, the State of Qatar and Masdar

Issuer name	Country	Issuer sector	Issuer type	Amount (mil. \$)	Time	Asset class
Qatar International Islamic Bank	Qatar	Financial services	Sustainability bond	500	Q1 2024	Sukuk
VakifBank	Turkey	Financial services	Sustainability bond	14	Q1 2024	
Dubai Islamic Bank	United Arab Emirates	Financial services	Sustainability bond	1,000	Q1 2024	Sukuk
Emirate of Sharjah	United Arab Emirates	Sovereign	Sustainability bond	750	Q1 2024	
Al Rajhi Bank	Saudi Arabia	Financial services	Sustainability bond	1,000	Q1 2024	Sukuk
Ziraat Bank	Turkey	Financial services	Sustainability bond	500	Q1 2024	
Saudi National Bank	Saudi Arabia	Financial services	Sustainability bond	850	Q1 2024	Sukuk
VakifBank	Turkey	Financial services	Sustainability bond	108	Q1 2024	
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VakifBank	Turkey	Financial services	Sustainability bond	108	Q1 2024	
Arab Petroleum Investments Corp.	Saudi Arabia	Nonfinancials	Green bond	750	Q2 2024	
Aldar Properties PJSC	United Arab Emirates	Nonfinancials	Green bond	500	Q2 2024	Sukuk
Turk Telekom	Turkey	Nonfinancials	Sustainability bond	500	Q2 2024	
Emirates Islamic Bank	United Arab Emirates	Financial services	Sustainability bond	750	Q2 2024	Sukuk
State of Qatar	Qatar	Sovereign	Green bond	1,000	Q2 2024	
State of Qatar	Qatar	Sovereign	Green bond	1,500	Q2 2024	
National Bank of Kuwait	Kuwait	Financial services	Green bond	500	Q2 2024	
Isbank	Turkey	Financial services	Sustainability bond	500	Q2 2024	
QNB Finansbank	Turkey	Financial services	Sustainability bond	500	Q2 2024	
Al Rajhi Bank	Saudi Arabia	Financial services	Sustainability bond	1,000	Q2 2024	Sukuk
Akbank	Turkey	Financial services	Sustainability bond	500	Q2 2024	
Isbank	Turkey	Financial services	Sustainability bond	50	Q2 2024	
Warba Sukuk	Kuwait	Financial services	Green bond	500	Q3 2024	Sukuk
Rakbank	United Arab Emirates	Financial services	Social bond	600	Q3 2024	
First Abu Dhabi Bank	United Arab Emirates	Financial services	Green bond	800	Q3 2024	
Masdar	United Arab Emirates	Nonfinancials	Green bond	500	Q3 2024	
Masdar	United Arab Emirates	Nonfinancials	Green bond	500	Q3 2024	
Jordan Ahli Bank	Jordan	Financial services	Sustainability bond	50	Q3 2024	
Public Investment Fund	Saudi Arabia	Sovereign	Green bond	500	Q3 2024	
Commercial Bank of Qatar	Qatar	Nonfinancials	Green bond	265	Q3 2024	

Source: Environmental Finance Database

DP World raised **USD 1.5 billion** through a Green Sukuk to support its **global decarbonization efforts**.

Eligible green projects are selected as defined in its **Sustainable Finance Framework**.

Listed on both Nasdaq Dubai and the London Stock Exchange.

The Sukuk was **oversubscribed by 2.3x** due to strong demand from local, regional and international investors.

DP World raises \$1.5bn in green sukuk issuance to fund global decarbonisation drive

The Islamic bond was oversubscribed 2.3 times due to 'strong demand' and is listed on the Nasdaq Dubai and London Stock Exchange



DP World's new green sukuk is listed on both Nasdaq Dubai and the London Stock Exchange. Photo: DP World

Case Study

FAB February 2023

In 2017, FAB issued the Region's first public green bond and +10 new green bonds to date – until now FAB financed over USD 39 billion in sustainable projects.

2024 Bond Issuance is dual-listed in Taipei and London and will be used to finance or refinance eligible green projects in line with the issuer's sustainable finance framework.

2030 Target: Finance and facilitate AED 500 billion (USD 136 bn) in sustainable, green, or social projects

AED 92.8 bn

Successfully facilitated AED 92.8 bn (USD 25.3 bn) in 2023, with an outstanding balance of AED 22 bn (USD 6 bn) on our balance sheet

Green Bonds



AED 10.5 bn
USD 2.9 bn

Green Sukuk



AED 1.3 bn
USD 354 mn

Social Bond



AED 80.7 mn
USD 22 mn



First Abu Dhabi Bank head office situated at Khalifa Business Park in Abu Dhabi. Image used for illustrative purpose. First Abu Dhabi Bank/ Handout via Thomson Reuters Zawya

BONDS

FAB prices \$800mIn 5yr green Formosa at SOFR+105bp: IFR

The deal is dual-listed in Taipei and London



In ESG Fixed Income Markets

Challenge

Lack of Single Accepted Standards



Proposed Solution

Apply the most widely used Standards, including the **GSSP by the ICMA** and keep an eye on emerging agreements.

Increased scrutiny from the secondary market (asset managers)



Verification of whether the bond aligns with the manager's objectives and that those goals align with any green objectives outlined in the fund prospectus.

Impact reports are inadequate, as claimed by 60% of investors according to Environmental Finance



Identify and quantify the real and accurate impact of your use of proceeds and report on it using recognized frameworks.

Future Outlook and Trends



Geography: UAE and KSA remain the key players in 2024, with Qatar showing significant increases.

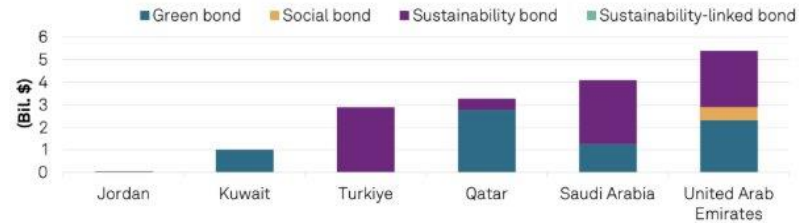
Drivers of Issuance: Rising climate risk, new technologies and evolving regulations.

Sensitivity Factors: Economic growth, inflation, and changing interest rates.

Use of Proceed: Renewable Energy remains a key priority (in alignment with energy transition plans) while sustainable Islamic finance products will accelerate.

Green bonds remain prevailing but transition and blue bonds may also gain traction.

2024 Bond Issuance per country :



Source: S&P Global Ratings, Environmental Finance Bond Database.



Transition Bonds

Bonds used to finance the transitioning towards more sustainable and low-carbon operations.



Blue Bonds

Designed to fund projects that support ocean and marine ecosystem conservation.

Drivers in the Middle East of Sustainable Bond Issuance



Aligning to the country direction including **national Net-Zero pledges**.



Increased **investor engagement**, following the issuance of impact-related Bonds and its transparent reporting.



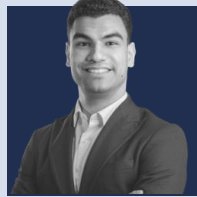
Signaling the organization's own **ESG risk awareness** while strong ESG practices lower perceived risks.



Visible avowal of a **solid corporate sustainability strategy** that integrates sustainable finance practices.



Raising Capital and diversifying sources of capital



Thank You

