Saudi Arabian Monetary Authority's Deputy Governor for Supervision Keynotes GCC's First Financial Restructuring Summit

-Over 200 industry leaders from prominent banks and corporates convergedat the inaugural edition of the Corporate Restructuring Summit with the aim of embracing new perspectives to tackle corporate credit challenges.

Dubai, UAE – September 06, 2018: Over 200 key industry leaders gathered from across the GCC, witnessed path-breaking insights unfold across two-power packed days at the inaugural Corporate Restructuring Summit. Convened by **Middle East Global Advisors**, a leading financial intelligence platform spearheading the development of knowledge-based economies in the MENASEA markets, **The Corporate Restructuring Summit (CRS) 2018 -**the GCC region's first Debt Restructuring and NPL-focused Summit, was held atthe **Sheraton Grand Hotel** in**Dubai, UAE.**

Addressing the theme of "**Optimal Management of Financial Restructuring & Non-Performing Loans**", the summit's visionis to facilitate an enabling environment to address the key challenges of restructuring and strategic reorganization offinance and debt-related issues. The critical insights thus gathered will thereby enable organizations with new perspectives to effectively tackle corporate credit challenges.

Renowned Industry Regulator **H.E. Dr. Fahad Alshathri, Deputy Governor – Supervision, Saudi Arabian Monetary Authority,** delivered the opening keynote address at the conference and stressed on the state of the credit landscape in Saudi Arabia based on prudential reporting.

Shedding light on Saudi Arabia's economic outlook, **H.E. Dr. Alshathri** said, "Saudi Arabia is benefiting from many strong reforms that have been adopted in the last three years as well as the improvement in oil prices. While the overall real GDP declined in 2017 by 0.9 percent, driven mainly by the oil sector that declined by 3.1 percent from 2016 level, non-oil private sector, which gives more accurate picture of the economic activity, grew by 1.2% in 2017 compared to 0.1 in 2016. It is expected that real GDP will continue to grow at healthy levels in 2018 as a result of better sentiments in the private sector and better economic conditions.Under the leadership of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz and HRH Crown Prince Mohamed bin Salman, Vision 2030 was launched in 2016, which includes top-down ambitious targets aiming at transforming the Saudi Economy to reduce dependence on oil and diversify the economy."

Adding further, **H.E. Alshathri** said, "Banks constitute the core of the Saudi financial system with a total asset of approximately USD 595 billion and they are the key credit providers. The Banking Sector also enjoys a strong capital ratio of 21%, a sound Liquidity Coverage Ratio (LCR) of 197% and a robust Net Stable Funding Ratio (NSFR) of 125%, as at June 2018. In October 2017, the IMF undertook the Financial Sector Assessment Program (FSAP) and we were pleased to see that the financial sector in Saudi Arabia remains sound and resilient to economic shocks. In addition, The Basel Committee selected Saudi Arabia as the first country in the world for RCAP (Regulatory Consistency Assessment Process) assessment of Large Exposure and Net Stable Funding Ratio regulations.Fitch has ranked Saudi Arabia financial sector 5th globally in terms of strength and IMF has ranked it 3rd among G20 countries.This was the result of stable and sound policies adopted by SAMA over many years. In addition, the Kingdom of Saudi Arabia recognized the need to have a modern fit-for-purpose insolvency regime to enhance the legal business environment. This led to the enactment of the Bankruptcy Law in February 2018 containing 231 articles.”

Presenting a keynote address on strategies to minimize non-performing asset (NPA) ratio to further strengthen the Bahraini banking sector, **Adnan Ahmed Yousif, President & Chief Executive, Al Baraka Banking Group,** said, “Historically, the GCC banks have played a vital role in financing different business sectors, governments and individuals. Over the past five years, GCC banking assets have grown twice as fast as the region’s gross domestic product and banks have been more profitable than their Western counterparts. Their total assets have exceeded US$ 2 trillion with their financing exceeding one trillion dollar and this naturally is associated with the existence of NPLs. During 2017 and the first half of this year, the GCC banks’ asset growth has remained robust at 4.4 per cent, particularly when compared with more developed markets. Growth has been driven by increased lending to government and related entities to support national-level growth initiatives.The overall non-performing loan (NPL) ratio for the GCC banking sector reduced by 0.3 per cent to 3.2 per cent in 2017. This decline is a result of the more stringent risk policies adopted by banks in recent years, given regulators’ focus on credit.”

Adding further, **Mr. Yousif**, said, “Since the significant decline in oil prices in 2014, the GCC economies have struggled for liquidity, given their high dependency on oil export revenues. They have reduced government spending, particularly in the oil and gas, real estate and construction sectors.Corporates heavily invested in those sectors and highly dependent on government spending have subsequently faced declining profitability, suffering in turn from their own liquidity pressures.It has become more challenging for companies to fully and timely service their existing project finance commitments and debt exposures, driving the increase in NPLs across the banking sector. In the absence of liquid bond markets, banks in the GCC are by far the main and largest source of funds for corporates, including small and medium-sized entities (SME) and start-ups.All of these factors contributed to ring the bells of the NPLs challenge facing GCC banks.”

Speaking in his keynote address on building blocks for effective corporate debt management, **Nasser Saidi, President, Nasser Saidi& Associates**, highlighted,″The rapid build-up in debt levels in the region, combined with a rising cost of funds, monetary policy tightening in the advanced nations and the current peg to the dollar could pose future financing risks for Gulf banks and corporate borrowers. We need to develop the building blocks for effective corporate debt management. I believe that the time is right to push for the creation of local currency, liquid, deep and active debt markets. This needs to be supported by counter-cyclical policies and tools, as well as reforms in the legal and regulatory framework and improvements in corporate governance."

One of the key highlights of the summit was the **exclusive interview**with**Simon Charlton, Chief Restructuring Officer & Acting Chief Executive Officer, Ahmad Hamad Al Gosaibi& Brothers,**on the financial restructuring of the Al Gosaibi Group – one of the biggest corporate restructuring cases in the MENA.

Expressing his views,**Mr. Charlton** stated,“The conference was well attended in terms of mix of real world practitioners and some advisers, was well run and informative. The fact that it occurred does at least show a realization that the issues exist and that is the first step toward the resolution of issues. AHAB has been on the painful end of the learning curve serving as a testing ground for new laws in Saudi Arabia, the enforcement law, arbitration law and now perhaps the new bankruptcy law. The support of the Saudi Authorities in promulgating new laws and providing theinfrastructure to enable the issues to be resolved is to be applauded. The key to the “successful” resolution of the situation that is now approaching its tenth anniversary is to ensure an equitable and equal treatment of all creditors Saudi and non-Saudi and ensuring that lenders are not permitted to prefer themselves over other lenders of equal standing."

The two-day summit was moderated by **Talat Z. Hafiz, Secretary General – Media & Banking Awareness Committee, Saudi Banks,** andkey highlights included an **exclusive presentation** on Secured Transactions – Key Pillar of Modern Financial Infrastructure by **Murat Sultanov, Senior Financial Sector Specialist, Finance Competitiveness & Innovation (FCI) Global Practice, World Bank Group; a presentation** on The Interplay between the Economy, Finance & Corporate Restructuring by **Carla Slim, Economist MENA, Financial Markets, Standard Chartered Bank**, and a host of **panel sessions** focused on resolving GCC's challenge of accumulating bad debts, impact of non-performing financing on Islamic banks, debt-to-equity swaps, effective management of NPLs, facilitating optimal multi-creditor out-of-court workouts& trends in consolidation, among others.

The Summit brought over 200 prominent banks, corporates, legal-advisory firms, hedge funds, investment banks and debt restructuring specialists from across the GCC onto one platform by spearheading actionable debate, impactful change and high-level outcomes.**Partners at CRS 2018 included:** Eyad Reda Law Firm, Resolute Asset Management, Houlihan Lokey, Borrelli Walsh, Kroll & Alvarez & Marsal.

CRS 2018was held on the 5th& 6th of September at the Sheraton Grand Hotel, Dubai.

To keep updated on the latest happenings, please visit: http://www.corporate-restructuring2018.com/

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ABOUT THE CORPORATE RESTRUCTURING SUMMIT (CRS)

The Corporate Restructuring Summit (CRS 2018) is an initiative of Middle East Global Advisors, the first of its kind that aims to explore innovative approaches to corporate debt restructuring and NPL management in context of the complex market dynamics in the Middle East North Africa (MENA) region. The summit will gather banks, corporates, legal-advisory firms and debt restructuring specialists from across the GCC onto one platform by spearheading actionable debate, impactful change and high-level outcomes.

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