

Credit Trading Daily Comment

Global Markets

2nd August 2024

Please note this is not research. This note is produced by the Sales and Trading team of FAB Global Markets for the use of our institutional client base only. The levels shown are indicative only. Kindly contact our trading desk for live prices.

Market Commentary

GCC credit started the month on the back foot. As US equities took a hit post FOMC, and US tech continues to struggle on the back of multiple miss in earnings, credit markets spreads widened sharply. Fast money lifted hedges so derivatives closed a lot wider, CDX IG +3bp, CDX HY +17bp, CDX EM +5bp and XOVER +16bp. Volatility started to pick up around mid-July, and it continues grind higher as we enter seasonally low liquidity month of August.

Accounts flow have been above-average this week, Asia accounts extending duration, European accounts rotating out of high beta into low beta high quality credits, locals buying high yield short dated bonds. IG names outperforming HY. KSA ADGB and UAE sovereigns are around +2bp/+3 bp, IG quasi sovereigns ARAMCO, SECO, MUBAUH are around +8bp. TAQAUH was the worst performer, TAQAUH 33s widened by 19bp as its the weakest credit on standalone basis with high net leverage. In HY space, Jordan sovereign widened the most JORDAN 30 +50bp wider, followed by EGYPT 29 +40bp wider. Bahrain and Oman sovereign remains broadly resilient due to strong technical.

Idiosyncratic credits continue to outperform and offers good spot to be in the environment of increased volatility, few names to mention are ESICSU 29 remains well bid and tough to find, DPWDU sukuks all well bid and higher in cash price, and lastly Oman corporates like OMGRID, ENEDEV and MAZOOON remain squeezed. Financials have similar dynamics, we saw quite a bit of buyers in perpetual bonds last few days, in particular those with shorter call dates with low cash price. Recent new issues, RAKBANK 29 SIB 29 and BBK 29 are all remain well bid and closing +0.25 to +0.375pt higher on the week.

Synthetics & Rates	Category	Prev day Close	Change (in basis points)		
			1D	1W	1M
JPM EMBI Global Spread bps	Index	358.3	+5.2	+10.5	+7.6
GCC IG + HY Spread (BBG) bps	Index	124.9	+4.1	+15.7	+19.6
ITRX Main 5Y Spread bps	CDS	58.8	+4.1	+3.8	+1.5
ITRX Xover 5Y Spread bps	CDS	310.3	+15.6	+10.4	+3.2
5Y US Treasury Yield	Rates	3.834%	-8.0	-29.7	-56.1
10Y US Treasury Yield	Rates	3.976%	-5.4	-26.5	-45.6

Source: Bloomberg

Stocks / Commodities / Currencies	Category	Prev day Close	Change (in %)		
			1D	1W	1M
Dow Jones Inds. Avg (US)	DM - Equities	40,348	-1.2%	+1.0%	+2.6%
S&P 500 (US)	DM - Equities	5,447	-1.4%	+0.9%	-1.1%
Nasdaq Composite (US)	DM - Equities	17,194	-2.3%	+0.1%	-4.6%
Nikkei 225 (Japan)	DM - Equities	38,126	-2.5%	+0.7%	-4.9%
Hang Seng (Hong Kong)	EM - Equities	17,305	-0.2%	+1.8%	-2.6%
CSI 300 (China)	EM - Equities	3,419	-0.7%	+0.6%	-1.5%
Abu Dhabi - ADX	EM - Equities	9,367	+1.4%	+0.7%	+3.1%
Saudi Arabia	EM - Equities	12,046	-0.5%	+0.2%	+3.8%
Egypt	EM - Equities	29,360	-0.1%	+0.9%	+4.9%
DXY US\$ Index	Currency	104.42	+0.3%	+0.1%	-1.2%
WTI Oil \$/bbl	Commodity	76.31	-2.1%	-2.5%	-7.8%
Gold spot \$/oz	Commodity	2,446	-0.1%	+3.5%	+5.0%

Source: Bloomberg/FAB

Please click [here](#) to view our recent research publications on MENA and Global Markets

Your attention is drawn to the Important Notice on the final page of this communication

Major Headlines

- UAE real estate sector thrives with strong growth in H1, says CBRE (Source: Trade Arabia)
- Saudi Arabia's PIF signs deals worth \$50bn with Chinese financial firms (Source: The National)
- Saudi Arabia unveils plans for 2034 World Cup it's set to host; the kingdom will also host the 2029 Asian Winter Games in Neom (Source: Bloomberg)
- Saudi SABIC's Q2 net profit soars on higher sales, improved margin (Source: Zawya)
- Egypt says working with Saudi Arabia to raise joint investments (Source: Bloomberg)

Key Macro Data Releases

Region	Data series	Release Date	Period	Survey Median	Prior Reading
US	Change in Nonfarm Payrolls	02/Aug	July	175k	206k
	Unemployment Rate	02/Aug	July	4.1%	4.1%
	Factory Orders	02/Aug	July	-3.2%	-0.5%
	Durable Goods Orders	02/Aug	July	-6.6%	-6.6%
GCC	UAE S&P Global PMI	05/Aug	July	-	54.6
	Dubai S&P Global PMI	05/Aug	July	-	54.3
	UAE M3 Money Supply YoY	05-08/Aug	May	-	17.4%
	Dubai CPI YoY	10-15/Aug	July	-	3.85%
	KSA S&P Global PMI	05/Aug	July	-	55.0
	Egypt S&P Global PMI	05/Aug	July	-	49.9
	Egypt Net Reserves	07/Aug	July	-	46.4b
	Egypt Urban CPI YoY	08/Aug	July	-	27.5%

Source: Bloomberg/FAB

New Issue Update

(1) Government of Sharjah issued AED 1bn 5-year Ijara sukuk at 5.5%

Security	Identifier	Size	1st Settle Date	Issue Px/Reoffer	Issue Yield
SHARSK 5 ½ 07/10/29	REGS: XS2853537343	AED 1bn	07/10/2024	100.00	5.5%

Key Points:

- Format of issue: Auction
- Order book AED4.565bn, Bids accepted AED 1.166bn
- Accepted Yield Range 5.30%-5.50%
- Participated Yield Range 5.3%-6%
- Secondary market trading: multiple buyers mostly GCC accounts, seen demand mostly from retail, bonds closed 100.25/101.

(2) GreenSaif Pipelines issued dural tranche USD1.4bn 2036 at 5.8528 and USD1.6bn 2042 at 6.1027%

Security	Identifier	Size	1st Settle Date	Issue Px/Reoffer	Issue Yield
GASBCM 5.8528 02/23/36	REGS: XS2850687620	USD 1.4bn	07/31/2024	100.00	5.8528%
GASBCM 6.1027 08/23/42	REGS: XS2850687893	USD 1.6bn	07/31/2024	100.00	6.1027%

Key Points:

- Sculpted, amortizing repayment profile
- Order book USD6.5bn excluding JLM interest, marginal skew to 2036
- Secondary market trading: multiple buyers of 2036 out of Europe, Asia accounts selling both 2036 and 2042s
- On the day bonds performed well to the broader market, 2036 100/100.25 close, 2042 99.75/100.125 close

TRADE IDEAS | **Cash prices to be updated at time of execution**

(1) RISK OFF TRADE IDEA: OMAN SWITCH

- **Client sells OMAN 7.375% Oct 32s @ 111.5, YTM 5.61%, Z+179**
- **Client buys OMAN 4.750% Jun 26s @ 98.75, YTM 5.46%, Z+116**
 - Client takes out 12.75pts in cash with drop in just 63bp in Zspread
 - Client reduces volatility in portfolio by reducing duration
 - Curve slope (OMAN32-OMAN26) reached extreme level of 63bp, lowest historically (high 140bp)
 - In risk off environment, we expect credit curves to steepen.
 - The best way to express the view is to select high cash price bond. In risk off environment real money tends to raise as much cash as possible to prepare for potential outflows.
 - Works 10x10

(2) VALUE in SHARJAH

- **Client sells SHJGOV 6.50% Nov 32s @ 104.60, z+197, y+5.80%**
- **Client buys BOSUH 7.00% Mar 28s @ 103.90, Z+177, y+5.80%**
 - Client moves out of expensive Sharjah Sov risk and into the Champion bank for the Sharjah emirate
 - Client reduces duration by over 4.5yrs, yet maintains same yield!
 - Client drops 20bps in Z (5bps a year), minimal drop for such a maturity reduction
 - SHJGOV 32s, rated BBB-, whilst BOSUH rated 2 notches higher at BBB+
 - BOSUH is 500mm deal, whilst SHJGOV is 1bn, hence more rarity value
 - BOSUH 28s is a BBB+ rated senior issue, and the credit benefits from a resilient UAE economy that is driving the banking sector performance.
 - The credit risk also benefits from the fact that BoS is 39% owned by Sharjah govt
 - works 10m x 10m

(3) UAE banks in vogue!

- **Client sells EBIUH 5.875% 28s @ 103.5 Z+85 y+4.95%**
- **Client buys BOSUH 7.000% 28s @ 103.75 z+170 y+5.90%**
 - Client picks 85bps in Z, for dropping 2 notches in credit rating from A to BBB+
 - Client picks 0.75% in all in yield
 - Client moves into more sought after/smaller BOSUH deal
 - Close to best ever terms
 - Works 20 x 20
 - Bank of Sharjah is rated BBB+/Stable and the credit benefits from a resilient UAE economy that is driving the banking sector performance.
 - The credit risk also benefits from the fact that BoS is 39% owned by Sharjah govt
 - BoS witnessed some management changes in 2023 and the new strategy is working in favour of the lender. Under the new strategy, BoS is divesting non-core assets and emphasizing on to improve profitability. All these developments prompted Fitch to upgrade the bank's viability rating (VR) to 'b-'
 - The bank maintains healthy capitalization ratios which improved significantly in 2023 as CET1 reached 13.49% vs 10.33% in 2022.

(4) KUWAITI Alpha: KFHKK → BBK, pick 145bps in Zsp

- **Client sells KFHKK 5.011% Jan 29s @ 98.50, z+120, y+5.375% (Rating: A)**
- **Client buys BBK 6.875% Jun 29s @ 100.05, Z+270, y+6.85% (Rating: B+)**
 - Client picks up 150bps in Z
 - Client picks 1.50% in yield
 - Client moves out of IG risk which has outperformed tracking rates markets, and into HY issuers which still have room to compress
 - Post issuance KFHKK has performed by 10bps, whilst BBK has widened 20bps from Reoffer.
 - Customers do not have many options to gain exposure to BBK in senior bank space, given the 2024 deal is due for maturity in July
 - We think BBK's \$500mm 5yr should not trade so wide given the ownership structure (details below)

- A typical Bahrain 5yr sovereign bond rated B+ (same as BBK) trades at z +215bps. BBK at 50bps discount, given the ownership structure, looks too cheap to us.
- Client remains in same maturity spectrum, in similarly sized deals
- Client moves out of sukuk into conventional
- Both are recent issues
- Works 10mm x 10mm

BBK fundamentals

- Bank of Bahrain and Kuwait is 33% indirectly owned by Bahrain govt (through Social Insurance Org) and 19% owned by Kuwait Investment Authority. Fincorp WLL owns 26.2% and 21.6% is listed.
- BBK is primarily domiciled in Bahrain with major operations in Bahrain – it has a 15% share in Bahraini domestic retail bank assets and is a systemically important bank for the country.
- BBK benefits from the stable banking sector operating environment in Bahrain, which is underpinned by current high oil prices and the GCC financial support in place for Bahrain.
- BBK's corporate-banking franchise, albeit small, primarily lends to Bahraini entities including the sovereign and the asset qualities are relatively stable – according to Fitch Ratings the bank's impaired loans ratio fell to 3% at end-2023 from 3.4% in 2022.
- The bank meanwhile maintained a strong capitalization ratio with 2023 CET1 ratio of 27% and Total CAR of 28.1%. The ratios are significantly above the regulatory threshold of 10.5% CET1 & 14% CAR
- The liquidity situation for the bank is robust, primarily funded through customer deposit, with loan-to-deposit ratio of 78% at the end of 2023

(5) GIB extension trade

- **Client sells GULINT 2.375% 25s @ 96.25 z+75**
- **Client buys GULINT 5.75% 29s @ 101 z+150**

- Client picks 75bps for extending just under 4years, one of the steepest senior curves in GCC space (for context most senior curves are 20-30bps apart for similar extension)
- Client moves into more recent and liquid issue
- A- rated bank with strong credit profile and remains govt owned
- Works Dv01 neutral i.e. 15mm x 5mm

(6) UAE ALPHA: UAE → ADGB, pick 8bps in Zsp

- **Client sells UAE 4.917% 33s @ 100.25 z+76**
- **Client buys ADGB 5% 34s @ 100.35 z+84**

- Client moves from Federal level to ADGB emirate
- 1 notch uptick in rating from AA- to AA
- Picks up 8 bps in Z
- Pick up in liquidity given ADGB is more recent issue
- ADGB trades inside UAE normally, and will revert in our opinion
- Works 15mm x 15mm

Continued...

GCC & Egypt New Issue Monitor (1/2)

Security	Pricing Date	Issuer Type	Sukuk	ESG	CCY	Issue Tenor	Issue Amount (MM)	Pricing Spread	Current Price	Price Δ	Current Spread	Spread Δ
FABUH 4.779 1/29 S 4.5Y	8-Jan-24	Fin	Y	N	USD	5y	800	T+85	99.867	-0.133	T+96	+11
KSA 4.75 1/30 5.5Y	8-Jan-24	Sov	N	N	USD	6y	3250	T+90	99.841	+0.546	T+94	+4
KSA 5 1/34 9.5Y	8-Jan-24	Sov	N	N	USD	10y	4000	T+110	100.004	+1.011	T+103	-7
KSA 5.75 1/54 29.5Y	8-Jan-24	Sov	N	N	USD	30y	4750	T+170	98.581	+0.789	T+158	-12
KFHKK 5.011 1/29 S 4.5Y	10-Jan-24	Fin	Y	N	USD	5y	1000	T+105	99.611	-0.389	T+125	+20
OTELSU 5.375 1/31 S 6.5Y	17-Jan-24	Corp-GRE	Y	N	USD	7y	500	T+131	98.818	-1.182	T+171	+40
QIIKQD 5.247 1/29 S 4.5Y	17-Jan-24	Fin	Y	Y	USD	5y	750	T+160	100.945	+0.945	T+116	-44
BSFR 5 1/29 S 4.5Y	18-Jan-24	Fin	Y	N	USD	5y	700	T+105	99.946	+0.300	T+116	+11
PIFKSA 5 1/29 4.5Y	22-Jan-24	Corp-GRE	N	N	USD	5y	1750	T+115	100.226	+1.010	T+109	-6
PIFKSA 5.25 1/34 9.5Y	22-Jan-24	Corp-GRE	N	N	USD	10y	1750	T+145	100.363	+2.679	T+122	-23
PIFKSA 5.375 1/54 29.5Y	22-Jan-24	Corp-GRE	N	N	USD	30y	1500	T+205	90.177	+3.559	T+181	-24
QNBK 4.875 1/29 4.5Y	23-Jan-24	Fin	N	N	USD	5y	1000	T+100	100.016	+0.816	T+102	+2
BHRAIN 6 2/31 S 6.5Y	6-Feb-24	Sov	Y	N	USD	7y	1000	T+193	102.032	+2.032	T+164	-29
BHRAIN 7.5 2/36 11.5Y	6-Feb-24	Sov	N	N	USD	12y	1000	T+341	103.670	+3.670	T+305	-36
SECO 4.942 2/29 S 4.5Y	6-Feb-24	Corp-GRE	Y	N	USD	5y	800	T+90	100.288	+0.288	T+101	+11
SECO 5.194 2/34 S 9.5Y	6-Feb-24	Corp-GRE	Y	N	USD	10y	1400	T+110	101.386	+1.386	T+103	-7
ISCODV 4.95 2/29 S 4.5Y	7-Feb-24	Corp-GRE	Y	N	USD	5y	500	T+92	100.617	+0.617	T+96	+4
MAZOOON 5.5 2/29 S 4.5Y	7-Feb-24	Corp-GRE	Y	N	USD	5y	500	T+160	99.923	+0.564	T+162	+2
ESICSU 5.831 2/29 S 4.5Y	7-Feb-24	Corp	Y	N	USD	5y	700	T+180	100.997	+0.997	T+172	-8
SNBAB 5.129 2/29 S 4.6Y	20-Feb-24	Fin	Y	Y	USD	5y	850	T+90	100.388	+0.388	T+118	+28
FABUH 5 2/29 4.6Y	21-Feb-24	Fin	N	N	USD	5y	850	T+90	100.402	+1.143	T+105	+15
BINHLD 9.625 2/27 S 2.6Y	22-Feb-24	Corp	Y	N	USD	3y	500	T+515	102.054	+2.054	T+466	-49
DIBUH 5.243 3/29 S 4.6Y	26-Feb-24	Fin	Y	Y	USD	5y	1000	T+95	100.639	+0.639	T+123	+28
PIFKSA 5.171 3/31 S 6.6Y	27-Feb-24	Corp-GRE	Y	N	USD	7y	2000	T+85	100.976	+0.976	T+110	+25
SHJGOV 6.125 3/36 11.6Y	28-Feb-24	Sov	N	Y	USD	12y	1000	T+195	100.317	+1.228	T+211	+16
ALINMA Perp 3/29 S 4.6Y to Call	28-Feb-24	Fin	Y	N	USD	Perp	1000	T+234	102.635	+2.635	T+197	-37
ARACEN 9.5 3/29 S 4.6Y	29-Feb-24	Corp	Y	N	USD	5y	600	T+534	103.421	+3.421	T+448	-86
RJHIAB 5.047 3/29 S 4.6Y	5-Mar-24	Fin	Y	Y	USD	5y	1000	T+90	100.248	+0.248	T+113	+23
DHBKQD 5.25 3/29 4.6Y	5-Mar-24	Fin	N	N	USD	5y	500	T+130	99.840	+0.645	T+143	+13
MUBAUH 4.959 4/34 S 9.7Y	26-Mar-24	Corp-GRE	Y	N	USD	10y	1000	T+70	101.262	+1.262	T+82	+12
COMQAT 5.375 3/29 4.7Y	26-Mar-24	Fin	N	N	USD	5y	750	T+125	100.601	+1.144	T+137	+12
ADGB 4.875 4/29 4.7Y	23-Apr-24	Sov	N	N	USD	5y	1750	T+35	101.737	+2.136	T+63	+28
ADGB 5 4/34 9.7Y	23-Apr-24	Sov	N	N	USD	10y	1500	T+45	103.234	+3.576	T+61	+16
ADGB 5.5 4/54 29.7Y	23-Apr-24	Sov	N	N	USD	30y	1750	T+90	103.202	+4.875	T+101	+11
KIBKK Perp 5/29 S 4.7Y to Call	24-Apr-24	Fin	Y	N	USD	Perp	300	T+195	101.854	+1.854	T+235	+40
APICOR 5.428 5/29 4.7Y	25-Apr-24	Supra	N	Y	USD	5y	750	T+74	101.750	+1.750	T+109	+35
ADQABU 5.375 5/29 4.8Y	30-Apr-24	Corp-GRE	N	N	USD	5y	1250	T+80	102.476	+3.007	T+93	+13
ADQABU 5.5 5/34 9.8Y	30-Apr-24	Corp-GRE	N	N	USD	10y	1250	T+90	103.954	+4.447	T+100	+10
ALDAR 5.5 5/34 S 9.8Y	8-May-24	Corp-GRE	Y	Y	USD	10y	500	T+110	102.198	+2.835	T+121	+11
ISDB 4.754 5/29 S 4.8Y	8-May-24	Supra	Y	N	USD	5y	2000	T+50	102.811	+2.811	T+24	-26
RJHIAB Perp 5/29 S 4.8Y to Call	9-May-24	Fin	Y	Y	USD	Perp	1000	T+189	102.760	+2.760	T+186	-4
EIBUH 5.431 5/29 S 4.8Y	21-May-24	Fin	Y	Y	USD	5y	750	T+100	101.860	+1.860	T+115	+15
QATAR 4.625 5/29 4.8Y	21-May-24	Sov	N	Y	USD	5y	1000	T+30	101.132	+1.634	T+52	+22
QATAR 4.75 5/34 9.8Y	21-May-24	Sov	N	Y	USD	10y	1500	T+40	102.007	+2.542	T+53	+13
MUBAUH 5.294 6/34 9.8Y	23-May-24	Corp-GRE	N	Y	USD	10y	750	T+80	102.496	+2.496	T+99	+19
KSA 5.25 6/27 S 2.8Y	28-May-24	Sov	Y	N	USD	3y	1250	T+60	101.421	+1.733	T+72	+12
KSA 5.25 6/30 S 5.8Y	28-May-24	Sov	Y	N	USD	6y	1500	T+75	102.032	+2.534	T+100	+25
KSA 5.25 6/34 S 9.8Y	28-May-24	Sov	Y	N	USD	10y	2250	T+85	101.996	+3.159	T+101	+16
GULINT 5.75 6/29 4.8Y	29-May-24	Fin	N	N	USD	5y	500	T+130	101.944	+2.717	T+144	+14
NTBKKK 5.5 6/30 5.8Y	30-May-24	Fin	N	Y	USD	6y	500	T+95	101.611	+1.706	T+126	+31
BBK 6.875 6/29 4.8Y	30-May-24	Fin	N	N	USD	5y	500	T+230	101.097	+1.097	T+276	+46
MASQUH Perp 6/29 4.9Y to Call	3-Jun-24	Fin	N	N	USD	Perp	500	T+276	103.870	+3.870	T+241	-35
PIFKSA 5.125 6/29 4.9Y	4-Jun-24	Corp-GRE	N	N	GBP	5y	300	UKT+115	100.324	+0.802	T+132	+17
PIFKSA 5.625 6/39 14.9Y	4-Jun-24	Corp-GRE	N	N	GBP	15y	350	UKT+125	100.112	+0.473	T+140	+15
ARADAD 8 6/29 S 4.9Y	11-Jun-24	Corp-GRE	Y	N	USD	5y	400	T+358	101.895	+1.895	T+367	+9
UAE 4.857 7/34 9.9Y	25-Jun-24	Sov	N	N	USD	10y	1500	T+60	101.568	+1.568	T+68	+8
SIB 5.25 7/29 S 4.9Y	26-Jun-24	Fin	Y	N	USD	5y	500	T+105	100.213	+0.802	T+135	+30
ENEDEV 5.662 7/31 S 6.9Y	26-Jun-24	Corp-GRE	Y	N	USD	7y	750	T+135	100.714	+0.714	T+164	+29
WARBAB 5.351 7/29 S 4.9Y	3-Jul-24	Fin	Y	Y	USD	5y	500	T+105	100.685	+0.685	T+133	+28

Source: Bloomberg/FAB

GCC & Egypt New Issue Monitor (2/2)

Security	Pricing Date	Issuer Type	Sukuk	ESG	CCY	Issue Tenor	Issue Amount (MM)	Pricing Spread	Current Price	Price Δ	Current Spread	Spread Δ
SHJGOV 4.625 1/31 6.5Y	10-Jul-24	Sov	N	Y	EUR	7y	500	MS+190	100.008	+0.356	MS+207	+17
ARAMCO 5.25 7/34 10Y	10-Jul-24	Corp-GRE	N	N	USD	10y	2000	T+105	101.165	+1.825	T+112	+7
ARAMCO 5.75 7/54 30Y	10-Jul-24	Corp-GRE	N	N	USD	30y	2000	T+145	98.417	+0.954	T+159	+14
ARAMCO 5.875 7/64 40Y	10-Jul-24	Corp-GRE	N	N	USD	40y	2000	T+155	98.447	+0.808	T+170	+15
FABUH 5.804 1/35 10.5Y	9-Jul-24	Fin	N	N	USD	11y	750	T+155	100.544	+0.544	T+183	+28
GASBCM 5.8528 2/36 11.6Y	17-Jul-24	Corp-GRE	N	N	USD	12y	1400	T+170	100.913	+0.913	T+177	+7
GASBCM 6.1027 8/42 18.1Y	17-Jul-24	Corp-GRE	N	N	USD	18y	1600	T+195	100.459	+0.459	T+209	+14
MASDAR 4.875 7/29 5Y	18-Jul-24	Corp-GRE	N	Y	USD	5y	500	T+95	99.599	+0.303	T+111	+16
MASDAR 5.25 7/34 10Y	18-Jul-24	Corp-GRE	N	Y	USD	10y	500	T+115	100.280	+0.810	T+123	+8
RAKBNK 5.375 7/29 5Y	18-Jul-24	Fin	N	Y	USD	5y	600	T+135	100.994	+1.271	T+128	-7

Source: Bloomberg/FAB

FAB Global Markets

Credit Trading

Tahir Aslam

Head of Fixed Income Trading

Tahir.Aslam@bankfab.com

Golib Zohidov

Exc Director – HY Credit Trading

Golbion.Zohidov@bankfab.com

Rishi Jobanputra

Director- IG Credit Trading

Rishi.Jobanputra@bankfab.com

Important Notice: This communication has been prepared by individual personnel of First Abu Dhabi Bank PJSC or its affiliates (collectively, “FAB”) and, accordingly, it may not represent the views of FAB. FAB is licensed and regulated by the Central Bank of the United Arab Emirates and its registered office address is P.O. Box 6316, 1 – Al Qurm, Abu Dhabi, the United Arab Emirates. This communication is directed at persons (i) who have been or can be classified by FAB as eligible counterparties, professional clients or sophisticated investors, (ii) who have experience in matters relating to investments and (iii) other persons to whom it may otherwise lawfully be communicated. No other person should review the contents or access the products or transactions discussed in this communication. All material contained herein, including any proposed terms and conditions, is indicative and for discussion purposes only, is subject to change without notice, is strictly confidential, may not be reproduced and is intended for your consideration only. It does not include a number of terms and conditions that will be included in any actual transaction and final terms and conditions are subject to further discussion and negotiation nor does it purport to identify all applicable risks. This is not a commitment to deal in any product, offer financing or enter into any transaction described herein. FAB is not acting as your agent, fiduciary or investment adviser and is not managing your account. The provision of information in this communication is not based on your individual circumstances and must not be relied upon as an assessment of suitability for you of a particular product or transaction. It does not constitute investment advice and FAB makes no recommendation as to the suitability of any of the products or transactions mentioned. Even if FAB possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this is not sufficient for, and does not constitute, any assessment of suitability for you of any transaction, series of transactions or trading strategy. Save in those jurisdictions where it is not permissible to make such a statement, FAB hereby informs you that this communication should not be considered as a solicitation or offer to sell or purchase any securities, deal in any product or enter into any transaction. You should make any trading or investment decisions in reliance on your own analysis and judgment and/or that of your independent advisors and not in reliance on FAB and any decision whether or not to adopt any strategy or engage in any transaction will not be FAB’s responsibility. FAB does not provide investment, accounting, tax, financial, legal, regulatory or other advice; such matters as well as the suitability of a potential transaction or product or investment should be discussed with your independent advisors. Prior to dealing in any product or entering into any transaction, you and the senior management in your organization should determine, without reliance on FAB, (i) the economic risks or merits, as well as the investment, accounting, tax, financial, legal and regulatory characteristics and consequences of dealing with any product or entering into the transaction (ii) that you are able to assume these risks, (iii) that such product or transaction is appropriate for a person with your experience, investment goals, financial resources or any other relevant circumstance or consideration. Where you are acting as an adviser or agent, you should evaluate this communication in light of the circumstances applicable to your principal and the scope of your authority. Any prices used herein, unless otherwise specified, are indicative. Although all information has been obtained from, and is based upon sources believed to be reliable, it may be incomplete or condensed, it has not been verified by FAB and its accuracy cannot be guaranteed. FAB makes no representation or warranty, expressed or implied, as to the accuracy of the information, the reasonableness of any assumptions used in calculating any illustrative performance information or the accuracy (mathematical or otherwise) or validity of such information. Any opinions attributed to FAB constitute FAB’s judgment as of the date of the relevant material and are subject to change without notice. Provision of information may cease at any time without reason or notice being given. Commissions and other costs relating to any dealing in any products or entering into any transactions referred to in this communication may not have been taken into consideration. Any scenario analysis or information generated from a model is for illustrative purposes only. Where the communication contains “forward-looking” information, such information may include, but is not limited to, projections, forecasts or estimates of cashflows, yields or return, scenario analyses and proposed or expected portfolio composition. Any forward-looking information is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which are specified herein or can be ascertained at this time). It does not represent actual termination or unwind prices that may be available to you or the actual performance of any products and neither does it present all possible outcomes or describe all factors that may affect the value of any applicable investment or product. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed. FAB shall not be under an obligation to update any information contained in this communication. Illustrative performance results may be based on mathematical models that calculate those results by using inputs that are based on assumptions about a variety of future conditions and events and not all relevant events or conditions may have been considered in developing such assumptions. Accordingly, actual results may vary and the variations may be substantial. The products or transactions identified in any of the illustrative calculations presented herein may therefore not perform as described and actual performance may differ, and may differ substantially, from those illustrated in this communication. When evaluating any forward looking information you should understand the assumptions used and, together with your independent advisors, consider whether they are appropriate for your purposes. You should also note that the models used in any analysis may be proprietary, making the results difficult or impossible for any third party to reproduce. This communication is not intended to predict any future events. Past performance is not indicative of future performance. FAB accepts no responsibility and makes no representation to you or to any third parties for, and has not independently verified, the quality, accuracy, timeliness, continued availability or completeness of any data or calculations contained and/or referred to in this communication and FAB shall not be liable for any special, direct,

indirect, incidental or consequential loss or damage which may be sustained because of the use of the information contained and/or referred to in this communication or otherwise arising in connection with the information contained and/or referred to in this communication, provided that this exclusion of liability shall not exclude or limit any liability under any law or regulation applicable to FAB that may not be excluded or restricted. The transactions and any products described herein may be subject to fluctuations of their mark-to-market price or value and such fluctuations may, depending on the type of product or security and the financial environment, be substantial. Where a product or transaction provides for payments linked to or derived from prices or yields of, without limitation, one or more securities, other instruments, indices, rates, assets or foreign currencies, such provisions may result in negative fluctuations in the value of and amounts payable with respect to such product prior to or at redemption. You should consider the implications of such fluctuations with your independent advisers. The products or transactions referred to in this communication may be subject to the risk of loss of some or all of your investment, for instance (and the examples set out below are not exhaustive), as a result of fluctuations in price or value of the product or transaction or a lack of liquidity in the market or the risk that your counterparty or any guarantor fails to perform its obligations or, if this the product or transaction is linked to the credit of one or more entities, any change to the creditworthiness of the credit of any of those entities. FAB (whether through the individual sales and/trading personnel involved in the preparation or issuance of this communication or otherwise) may from time to time have long or short principal positions and/or actively trade, for its own account and those of its customers, by making markets to its clients, in products identical to or economically related to the products or transactions referred to in this communication. FAB may also undertake hedging transactions related to the initiation or termination of a product or transaction, that may adversely affect the market price, rate, index or other market factor(s) underlying the product or transaction and consequently its value. FAB may have an investment banking or other commercial relationship with and access to information from the issuer(s) of securities, products, or other interests underlying a product or transaction. FAB may also have potential conflicts of interest due to the present or future relationships between FAB and any asset underlying the product or transaction, any collateral manager, any reference obligations or any reference entity. Any decision to purchase any product or enter into any transaction referred to in this communication should be based upon the information contained in any associated offering document if one is available (including any risk factors or investment considerations mentioned therein) and/or the terms of any agreement. Any securities which are the subject of this communication have not been and will not be registered under the United States Securities Act of 1933 as amended (the Securities Act) or any United States securities law, and may not be offered or sold within the United States or to, or for the account or benefit of, any US person, except pursuant to an exemption from, or in a product or transaction, not subject to, the registration requirements of the Securities Act. This communication is not intended for distribution to, or to be used by, any person or entity in any jurisdiction or country which distribution or use would be contrary to law or regulation. FAB may process your personal data to provide you with information or promotional and advertising communications on products, services, other events and campaigns.

If you wish not to receive email from the Market Insights team at FAB, please click [here](#) to send us your request to unsubscribe, and you shall no longer receive such information. You can also let us know by contacting your usual FAB representative should you wish to no longer receive any such further information. You may be entitled according to the applicable laws to exercise your rights to access, to rectification, to erasure and to portability of your personal data, to restrict the use of and to object to the processing of your personal data. You may exercise any such aforesaid rights by sending your request to FAB at the following address: privacy@bankfab.com.