

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

- *Asian IG credits were unchanged to 2bps wider this morning. We saw better selling on MEITUA and Korean IG names. NWDEVL 4.8 Perp was 0.8pt higher. YPCORP 29/VLLPM 29 were 0.6pt lower. HYSAN 4.85 Perp leaked 0.5pt.*
- **FABUH:** *FY25 net profit surged 24% yoy to AED21.1bn from higher income across all segments. See below.*
- **ADSEZ:** *Adani Ports committee approved tender offer to purchase up to USD345.137mn of ADSEZ 4 07/30/27 and up to USD150mn of ADSEZ 3.1 02/02/31. ADSEZ 27-29 edged 0.3pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, in the FRN space, we saw buying interests from real-money and PB accounts seeking to lock in yields before the upcoming Chinese New Year holiday on Australian, Chinese, European, Japanese and Korean bank/corporate FRNs. In the Middle East, BSFR 6.375 Perp and BSFR 35 edged 0.1pt higher; we maintain buy on these two issues. See our comments on BSFR [yesterday](#). FABUH 34-35s were unchanged to 0.2pt higher. See comments on FABUH's FY25 net profits surge below. Meanwhile, global real-money and PB accounts sold long-end KSAs and long-dated China TMT papers, notably those with maturities longer than 20 years. In Greater China higher-yielding space, WESCHI 28/LIFUNG 5.25 Perp closed 0.3-0.4pt higher. However, FAEACO 12.814 Perp/EHICAR 26-27 were down by 0.1-0.3pt. In Chinese properties, VNKRLE '27 and '29 led the space and rose 1.3-1.6pts. YTD, VNKRLEs have surged 10.4-11.0pts, supported by an RMB2.36bn (cUSD339mn) loan from SZ Metro, as well as Vanke's upfront cash payment for three domestic notes totaling RMB6.8bn (cUSD976mn). Fitch upgraded China Vanke to CC from RD on completion of distressed debt exchange, and affirmed Vanke HK's CC rating. FUTLAN 28/FTLNHD 27 were unchanged to 0.2pt higher, while FTLNHD 26 was 0.2pt lower. Seazen expects to get an offshore-debt quota before Chinese New Year and could launch a USD bond offering afterwards to partially refinance its USD400mn FTLNHD 26. DALWAN 28s were unchanged to 0.1pt higher. In SE Asian space, VLLPM 27-29 dropped 1.0-1.6pts. ACPM 3.9 Perp was 0.7pt lower. On the other hand, INDYIJ 29/IHFLIN 27-30/VEDLN 28-33s and the ReNew Energy complex were unchanged to 0.2pt higher. GLPSPs traded 0.2-0.3pt higher. Yankee AT1s recovered by 0.1-0.4pt. LGFVs were stable amid light two-way flows from retail accounts, whilst institutional interests were mild.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	31.6	1.6	VLLPM 9 3/8 07/29/29	43.0	-1.6
VNKRLE 3 1/2 11/12/29	30.3	1.3	VLLPM 7 1/4 07/20/27	55.5	-1.0
PMBROV 11 1/2 02/18/30	97.5	0.7	GARUDA 6 1/2 12/28/31	91.5	-1.0
HCELEC 4.65 12/29/26	66.8	0.6	CHGRID 4.85 05/07/44	99.9	-0.8
LOGPH 5 1/4 02/23/23	11.1	0.6	ACPM 3.9 PERP	66.4	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.47%), Dow (+0.04%) and Nasdaq (+0.90%) were higher on Monday. 2/5 year UST yield was lower on Monday. 2/5/10/30 year yield was at 3.48%/3.75%/4.22%/4.85%.

❖ Desk Analyst Comments 分析员市场观点

➤ FABUH: FY25 net profit surged 24% yoy to AED21.1bn from higher income across all segments

We maintain buy on FABUH 6.32 04/04/34 and FABUH 5.804 01/16/35, which offer c60bps yield pick-up over its senior unsecured bonds for similar tenor. We believe the likelihood of First Abu Dhabi Bank (FAB) to call its T2s to on their respective first call dates is high given FAB's adequate capital buffer. FAB called its first USD AT1, FABUH 5.25 Perp, on the first call date in Jun'20. The next USD AT1 callable is FABUH 4.5 Perp in Apr'26. See below for our AT1 and T2 picks within the Middle East space.

Table 1: Our Middle East AT1 and T2 picks

Security name	Amt o/s (USDmn)	Basel III	Ask px	YTC	Mod dur	First call	First coupon reset	Issue rating (M/S/F)	Issuer rating (M/S/F)
BSFR 6.375 Perp	650	AT1	100.8	6.2%	4.0	11/07/2030	05/07/2031	Unrated	A1/A-/A-
BSFR 5.761 09/03/35	1000	T2	100.0	5.8%	3.9	09/03/2030	09/03/2030	-/-/BBB	A1/A-/A-
FABUH 6.32 04/04/34	1,000	T2	104.1	4.7%	2.4	10/04/2028	04/04/2029	-/-/A	Aa3/AA-/AA-
FABUH 5.804 01/16/35	750	T2	103.0	4.8%	3.1	07/16/2029	01/16/2030	-/-/A	Aa3/AA-/AA-

Source: Bloomberg.

In FY25, FAB's operating income rose 16% yoy to AED36.7bn, mainly driven by 36% yoy increase in non-interest income to AED16.4bn. Growth was supported by higher fee and commission income, as well as higher FX and other investment income. Net interest income increased by 4% yoy to AED20.3bn, supported by 15% yoy growth in gross loan to AED633bn despite NIM declined to 1.84% in FY25 from 1.93% in FY24 amid a lower-rate environment. UAE cut interest rate 3 times with 25bps each in Sep, Oct and Dec'25.

Cost-to-income ratio dropped to 22.4% in FY25 from 24.6% in FY24, reflected disciplined cost management. Net impairment charges fell 17% yoy to AED3.3bn, as supported by a stronger macro-economic environment, and net profit rose 24% yoy to AED21.1bn. ROTE improved to 19.2% from 16.8% in FY24, exceeded the management guidance of higher than 16%, and FAB maintained the same ROTE guidance in FY26.

Asset quality improved with NPL ratio declining to 2.2% as of Dec'25 from 3.4% as of Dec'24, while NPL coverage ratio increased to 108% from 96%. Moreover, FAB's capital adequacy remained solid. CET1 pre-dividend ratio at 14.5% as of Dec'25, strong organic capital generation offset higher RWA. CET1 post-dividend ratio was 13.3%, down from 13.7% as of Dec'24, still above the regulatory minimum requirement of 11.6%.

FAB guided CET1 ratio to be above 13.5% in FY26. We believe that the increase in countercyclical buffer to 0.5% from 0.15% from 1 Jan'26 to have limited impact to FAB, and the CET1 ratio regulatory minimum requirement will be increased to c12% from 11.6%. Furthermore, FAB's Tier 1 ratio/CAR was 15.2%/16.9% as of Dec'25, higher than the regulatory requirement of 13.1%/15.1%, respectively.

➤ **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Central Nippon Expressway Co Ltd	USD	-	5yr	MS+64	A1/-/-
Xingye Gold (Hong Kong) Mining	USD	-	3yr	7.7%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 80 credit bonds issued yesterday with an amount of RMB61bn. As for month-to-date, 687 credit bonds were issued with a total amount of RMB580bn raised, representing a 4998.2% yoy increase
- **[ADTIN]** Adani Energy Solutions secured loan from Japanese banks led by MUFG and SMBC
- **[DAESEC]** Mirae Asset Securities FY25 operating revenue rose 22% yoy to KRW2.5tn (cUSD1.7bn)
- **[FTLNHD/FUTLAN]** Seazen expects to get an offshore-debt quota before Chinese New Year and could launch a USD bond offering soon after
- **[HYUNHI]** HD Hyundai Heavy won an order for two LNG carriers from Greece's Tsakos
- **[MINMET]** Minmetals Land privatization offer by June Glory has been approved by shareholders
- **[NIO]** NIO recalls more than 246,000 EVs in China to fix software issue
- **[PTTGC]** PTT Global Chemical 2025 adjusted EBITDA fell 34.4% to THB20.85bn (cUSD667mn)
- **[VNRKLE]** Fitch upgraded China Vanke to CC from RD and affirmed Vanke HK's CC rating

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