

CMBI Credit Commentary

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

- *The new CNH BOCGRI 1.88 04/29/29 edged 0.1pt higher from RO at par this morning. ZHOSHK 28 was 0.3pt lower. We saw better selling on Chinese bank FRNs and front-end issues like LGENSO, but the spreads were largely unchanged. We saw better buying on higher-grade CNH issues, LGFVs and JP AT1s and insurance subs. SCGAU 5.125 09/24/80 edged 0.5pt higher post tender offer for any and all of the o/s amt.*
- **BBLTB:** *Capital position remains solid despite earning pressure. BBLTBs tightened 5-10bps yesterday after Moody's changed the outlook of Thailand to stable from negative, and were unchanged this morning. See below.*
- **CWAHK:** *Media reported China Water Affairs plans tap of USD150mn CWAHK 5.875 10/22/30 to refinance CWAHK 4.85 05/18/26. CWAHKs were unchanged this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, UBS Perps led the space and rose 0.4-1.1pts. The Swiss government outlined plans that would add an extra capital requirement of up to USD20bn to UBS. This will bring its CET1 ratio increase to c15.5%, compared to 14.4% as of Dec'25. We think the market over-reacted on this news, taking cues of USB's strong push-back. The rest of Yankee AT1s softened into London session amid better-selling from AMs and prop desks in the belly and long-end of the curve. In SE Asian space, GLPSPs/GLPCHI 29 dropped 3.1-4.3pts with no specific headline news. Thai IG credits such as BBLTB/PTTGC/TOPTB tightened 5-10bps after Moody's surprised move to change the outlook on Thailand to stable from negative and affirmed Baa1 rating. See comments below on Bangkok Bank 1Q26 results. Taiwanese lifers were 1-2bps tighter, though we saw modest selling in FUBON and NSINTW. In Chinese IG space, we saw better buying on BABA 35 and front-end MEITUA papers, and the space closed unchanged to 1bp tighter. BTSDF 28 lost 0.1pt. Moody's changed the outlook of H&H to stable from negative and affirmed Ba3 ratings, reflecting the sustained recovery in H&H's infant milk formula sales and strengthening consolidated profit margins. In HK/Chinese properties, VNKRL 29' edged 0.8pt higher, while VNKRL 27' closed unchanged. See our comments [yesterday](#) on Vanke's 3rd extension of onshore bond maturity. FUTLAN 28/FTLNHD 26-29 were unchanged to 0.3pt firmer. The NWDEVL/VDNWDL complex were up to 0.9pt lower. In KR space, PKX/POHANG/5-10yr LGENSO papers and front-end HYUELE issues traded 2-4bps tighter amid better buying. In JP space, we saw better buying in 5yr FRNs but selling pressure in 10yr SEKIS/SUMITR/KYUSEL papers. NOMURA 36s traded in mixed two-way flows. In LGFV space, RMs continued to buy higher-yielding bonds, primarily CNH issues.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	40.1	2.4	GLPSP 9 3/4 05/20/28	79.5	-4.3
UBS 7 PERP	101.8	1.1	GLPCHI 7 3/4 04/30/29	79.4	-4.1
HCELEC 4.65 12/29/26	67.3	1.0	GLPSP 4 1/2 PERP	47.4	-3.3
UBS 7 1/8 PERP	102.7	1.0	GLPSP 4.6 PERP	44.2	-3.1
UBS 7 PERP	101.7	1.0	NWDEVL 6 1/4 PERP	61.2	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.05%), Dow (+0.69%) and Nasdaq (+1.64%) were higher on Wednesday. US crude oil inventories was +1.925mn, compared to the market expectation of -1.9mn. 2/30 yr UST yield was higher on Wednesday. 2/5/10/30 year yield was at 3.79%/3.91%/4.30%/4.90%.

❖ Desk Analyst Comments 分析员市场观点

➤ BBLTB: Capital position remains solid despite earning pressure

Table 1: Bangkok Bank's o/s USD bonds

Security name	ISIN	Amt o/s (USD mn)	Ask px	T-Spread (bps)	YTM/YTC	Mod dur	Payment rank	Issue rating
BBLTB 4.3 06/15/27	USY06072AE58	750	99.9	61	4.4%	1.1	Sr Unsecured	Baa1/BBB+/-
BBLTB 4.45 09/19/28	USY0606WBZ24	600	100.0	63	4.4%	2.2	Sr Unsecured	Baa1/BBB+/BBB
BBLTB 5.3 09/21/28	USY06072AG07	500	101.8	66	4.5%	2.2	Sr Unsecured	Baa1/BBB+/-
BBLTB 9.025 03/15/29	USY0606WBQ25	449.83	110.9	110	4.9%	2.5	Subordinated	Baa2/BBB/BB+
BBLTB 4.507 11/26/30	USY0606WCD03	500	99.6	67	4.6%	4.0	Sr Unsecured	Baa1/BBB+/-
BBLTB 5 ½ 09/21/33	USY06072AF24	750	102.9	70	5.0%	5.9	Sr Unsecured	Baa1/BBB+/-
BBLTB 5.65 07/05/34	USY06072AH89	750	103.6	78	5.1%	6.3	Sr Unsecured	Baa1/BBB+/-
BBLTB 3.733 09/25/34	USY0606WCA63	1200	95.3	148	5.3%	3.1	Subordinated	Baa3/-/BB+
BBLTB 5.082 11/26/35	USY0606WCE85	600	99.0	90	5.2%	7.4	Sr Unsecured	Baa1/BBB+/-
BBLTB 3.466 09/23/36	USY0606WCC20	1000	91.0	147	5.4%	4.8	Subordinated	Baa3/-/-
BBLTB 6.056 03/25/40	USY0616GAA14	1000	101.8	148	5.8%	6.8	Subordinated	Baa3/-/-

Source: Bloomberg.

We maintain buy on Bangkok Bank (BBLTB)'s two T2s BBLTB 3.466 09/23/36 (first call in Sep'31) and BBLTB 6.056 03/25/40 (first call in Mar'35). BBLTB has track records of first-call redemptions, and we expect BBLTB to continue to call its subordinated bonds on the first call dates, taking cues from its sufficient capital buffer and track records for early redemptions.

Yesterday, Moody's revised the outlook of BBLTB to stable from negative and affirmed its Baa1 rating, following the agency's sovereign action on Thailand earlier this week. The outlook revision reflects Moody's view that the tariff shock from the US have diminished, as US tariffs on Thai exports were reduced to levels broadly in line with regional peers. The rating actions, in our opinion, are a bit of positive surprise in term of timing given the potential impact of the Israel-US war against Iran to Thai economy, and should support the near-term performance of BBLTB T2s, which are rated at the borderline IG. The stable outlook of the sovereign and bank has reduced near-term downgrade risk.

In 1Q26, BBLTB's net interest income fell 12.3% yoy to THB28.0bn while NIM compressed to 2.49% from 2.89%, reflecting the lower-rate environment following four BOT policy rate cuts since Feb'25 (25bps in Feb'25, Aug'25, Dec'25, and Feb'26), bringing the policy rate to 1.0%, the lowest level since Sep'22. Non-interest income declined 6.6% yoy to THB12.8bn, dragged by lower net gains on investments and loan related fees. Total operating income decreased by 10.6% yoy to THB40.8bn, with higher dividend income and securities related fees from improved Thai capital market during 1Q26, and these partially offset the NII and fee income weakness. Cost-to-income ratio improved to 44.7% in 1Q26 from 45.5% in 1Q25 on operating cost management. ECL slightly dropped by 0.7% yoy to THB9.0bn, and PBT down 14.4% yoy to THB13.5bn. Profitability remained under pressure, with ROAE declined to 7.74% from 9.15% and ROAA to 0.96% from 1.11% over the same period.

BBLTB's capital ratios dropped but remain well above the regulatory minimum requirements. These mitigated the concerns that RWA growth outpaced that of internal capital generation. In 1Q26, its standalone CET1/Tier 1 ratio declined to 17.7% as of Mar'26 from 18.8% as of Dec'25, and CAR fell to 22.5% from 23.7%. These compare favourably with the regulatory requirements of 8.0%/9.5% (CET1/Tier 1), leaving sufficient headroom. We view the risk of a non-viability event as low in the medium term.

BBLTB's asset quality was slightly weaker. NPL ratio increased to 3.1% as of Mar'26 from 3.0% as of Dec'25, while NPL coverage declined modestly to 318.1% from 324.1% over the same period. We noted that loans to the manufacturing and commercial sector, which carries relatively higher credit risk, grew 2.2% qoq in 1Q26, modestly outpaced overall loan growth of 2.0% during the period. We envisage the higher growth in this segment partially lead to the marginal deterioration in asset quality.

As discussed, we expect that Thai's bank asset quality to be under pressure through 2026, in particular exposures to SME and retail segments which are more vulnerable to slower economic growth. Policy rate cut from BOT also lead to margin compression and profitability pressure. That said, we take comfort from BBLTB's more diversified loan portfolios and revenue by geographies compared to that of its peers, as well as its solid capital adequacy.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Genting Overseas Holding	750/ 500	PerpNC5.5/ PerpNC10	7.625%/ 8.3%	7.625%/ 8.3%	Ba2/-/BB+

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Dalian Wanda Commercial Management	USD	-	3yr	12.5%	Unrated

➤ News and market color

- Regarding onshore primary issuances, there were 186 credit bonds issued yesterday with an amount of RMB180bn. As for month-to-date, 1,686 credit bonds were issued with a total amount of RMB1,684bn raised, representing a 12.7% yoy increase
- **[BHP]** BHP Group said it has concluded iron ore sales contract negotiations with China Mineral Resources Group
- **[BTSDF]** Health & Happiness 1Q26 total revenue rises 34.4% yoy to RMB4.3bn. Moody's changed the outlook of H&H to stable from negative and affirmed Ba3 ratings, reflecting the sustained recovery in H&H's infant milk formula sales and strengthening consolidated profit margins
- **[FOSUNI]** Fosun International's USD600mn three-year loan launched into syndication; management presentation on 12 May'26
- **[HYUELE]** SK Hynix 1Q26 EBITDA up 284% yoy to KRW41.3tn (cUSD28bn); to build USD13bn plant to meet rising memory chip demand
- **[HYUNHI]** HD Hyundai Heavy won a USD349mn deal to build icebreaker
- **[JD]** EU regulators investigate if JD.com's bid for Ceconomy includes Chinese subsidies
- **[SINOPE]** Sinopec unit raised USD766mn by halving stake in battery maker CATL
- **[SCGAU]** Scentre Group launched tender offer for any and all of the SCGAU 5.125 09/24/80
- **[SOFTBK]** SoftBank looks for USD10bn margin loan against OpenAI stake
- **[VEDLN]** NCLAT reserved judgment on Vedanta Ltd's appeal against implementation of Adani resolution plan for Jaiprakash Associates

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