招銀国际 CMB INTERNATIONAL

Fixed Income
Credit Commentary

12 Aug 2026

CMBI Credit Commentary

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

- *Asia IG spreads were broadly unchanged this morning, despite front-end papers widened 1-2bps. We saw modest selling in long-end Chinese TMTs KUAISH/TENCNT/BABA, though levels were left unchanged. In higher-yielding space, we saw small better buying in AT1s from PB. In CNH space, the new CHIOLI 31 rose 0.2pt from RO at par. We also saw better buying in the long-end CNH papers from offshore AM.*

- ***RAKUTN:*** *Record 2Q26 revenue and EBITDA driven by FinTech and Internet Services. Maintain buy on RAKUTN 8.125 Perp. RAKUTNs were unchanged to 0.1pt lower this morning. See below.*

- ***INCLEN/INGPHL/RPVIN:*** *CPP Investments consortium to acquire ReNew Energy Global for USD7.02/share in cash, values ReNew at cUSD2.8bn on a fully diluted basis and implies an enterprise value of cUSD10.2bn. INCLEN/INGPHL/RPVIN were unchanged this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space was quiet with light flows amid the JP holiday and spreads largely closed unchanged. In Greater China, we saw selling pressure in front-end HAOHUA alongside financials FRNs. We saw two-way flows in TW lifers, with better buying in NSINTW 34 versus selling in FUBON 41, and the space closed 1-3bps tighter. KR and JP spreads were broadly steady, albeit with selling in front-end HYUELE and better offered in long-end SMBCAC/NOMURA. High-spread JP and European FRNs traded two-way across HSBC/MUFG/SUMIBK with levels left unchanged.

In higher-yielding space, flows were fairly active. The new BNP 7.125 Perp edged 0.1pt higher, supported by PB demand which absorbed selling flows from London/Europe. European AT1s were 0.1pt lower under the macro backdrop. Despite we saw some AM selling out of Asia, several on-the-run long-dated-to-call issues held at current levels as supported by short covering. China/HK names HONGQI 28s were unchanged to 0.3pt higher. China Hongqiao will fully redeem the outstanding USD330mn HONGQI 7.05 01/10/28 on 11 Sep'26. See our comments yesterday. EHICAR 26 gained 5.8pts, EHICAR 27-29 were unchanged to 0.3pt higher. VNKRLE 27 was 0.5pt lower while VNKRLE 29 up 0.1pt. WESCHI 28-29 rose 0.1-0.4pt. In LGFVs, higher-yielding CNH issues continued to grind tighter, driven by the long end (6.8-7%+ yields) supported by HF and tactical investors buying, while the front end (3%+ yields) benefited from RM deployment flows. In contrast, =<5% yielding IG USD LGFV papers remained under selling pressure against the higher USD-rates backdrop, as more bonds approached the 5% yield threshold.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change
EHICAR 7 09/21/26	**72.0**	**5.8**
TSINGH 6 1/2 01/31/28	**93.9**	**0.6**
LOGPH 4.7 07/06/26	**8.8**	**0.5**
LOGPH 7 1/2 08/25/22	**8.5**	**0.5**
CSCHCN 4 1/2 08/19/27	**23.9**	**0.5**

Top Underperformers	Price	Change
ACENPM 4 PERP	**57.5**	**-0.9**
ZHOSHK 5.98 01/30/28	**92.9**	**-0.6**
VNKRLE 3.975 11/09/27	**58.4**	**-0.5**
TAQAUH 4 10/03/49	**74.5**	**-0.5**
ARAMCO 5 7/8 07/17/64	**89.1**	**-0.5**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.32%), Dow (-0.34%) and Nasdaq (-0.60%) were lower on Tuesday. US Jul'26 Existing Home Sales were 4.06mn, higher than the market expectation of 4.05mn. UST yield was lower on Tuesday. 2/5/10/30 year yield was at 4.22%/4.39%/4.70%/5.24%.

❖ Desk Analyst Comments 分析员市场观点

➢ RAKUTN: Record 2Q26 revenue and EBITDA driven by FinTech and Internet Services

Table 1: Bond profile of RAKUTNs

Security Name	ISIN	Amt o/s (USD mn)	Ask Px	YTM/YTC	First call date	Coupon reset	Step-up (bps)	Issue rating (M/S/F)
RAKUTN 11.25 02/15/27	USJ64264AG96	1,800	103.0	5.3%	-	-	-	-/BB/-
RAKUTN 9.75 04/15/29	USJ64264AK09	2,000	108.9	6.1%	-	-	-	-/BB/-
RAKUTN 8.125 Perp	USJ64264AM64	550	102.9	7.2%	15 Dec'29	5yUST+4.000%	25	-/B/-
RAKUTN 6.25 Perp	USJ6S87BAX69	1,000	95.5	7.5%	22 Apr'31	5yUST+4.956%	25	-/B/-

Source: Bloomberg.

We maintain buy on RAKUTN 8.125 Perp, in view of attractive yield pick-up and carry within the RAKUTN curve. The perp is trading at a YTC of 7.2% at 102.9, offering c90bps pick-up over RAKUTN 29 with 8 months longer in "tenor". We continue to see a good likelihood of Rakuten calling the perp at the first call date, supported by improving operating performance, diversified funding access, and a consistent call track record. We are neutral on RAKUTN 6.25 Perp, with a preference for shorter tenor given our expectation of higher rate volatility.

Rakuten reported a further improvement in operating performance in 1H26, with revenue grew 12.9% yoy to JPY1.3tn and EBITDA increased 22.4% yoy to JPY224.1bn. In 2Q26, revenue rose 11.6% yoy to a record JPY665.5bn for a second quarter, while EBITDA increased 11.7% yoy to a record of JPY115.3bn. The improvement was primarily driven by strong growth in FinTech and Internet Services, together with an improvement at Rakuten Mobile. Rakuten recorded net profit of JPY27.2bn in 2Q26, its first quarterly net profit since 2Q20. It also returned to a profit in 1H26 at JPY25.4bn from a net loss in 1H25. Management continues to target full-year profitability in FY26.

During 1H26, operating cash outflow increased 125% yoy to JPY301.7bn, mainly reflecting increased lending in the banking business despite improved earnings. Capex increased 27.3% yoy to JPY144.8bn, including JPY65.5bn at Rakuten Mobile, mainly for accelerated base station construction. Mobile capex in 1H26 accounted for c33% of Rakuten Mobile's FY26 capex budget of JPY200bn. During 1H26, Rakuten Mobile raised

JPY200bn through the sale of securities investment to fund capex. Management reiterated its objective of self-funding mobile capex going forward, which we view remains as one of the key pillars of the group's deleveraging strategy.

Rakuten Mobile's operating performance improved. Rakuten expects to launch commercial satellite service through AST SpaceMobile from 4Q26 and has been selected as an indirect subsidy operator for Japan's J-LEO project. The initiative could strengthen network differentiation and expand coverage over the medium term, its near-term impact on its credit profile relating to the funding requirements should be contained with the potential government support. Media reported government support of up to JPY148bn and may cover up to half of eligible project costs.

As of Jun'26, Rakuten had cash on hand of JPY4.5tn, down 23% from Dec'25, mainly due to increased lending in the banking business and net debt repayment during the period. That said, we take comfort from Rakuten's continued access to diversified funding channels and proactive liability management. It redeemed USD750mn Perp in Apr'26 and JPY20.0bn of JPY senior bonds in Jun'26. Management indicated that funding has been secured for bond redemption in 2026. For maturities from 2027 onwards, management intends to arrange funding proactively through a combination of onshore and offshore bond markets, bank borrowing and asset disposal.

The planned consolidation of Rakuten Bank, Rakuten Card and Rakuten Securities HD into a Rakuten Bank-centred group from 1 Oct'26 should improve funding efficiency, enhance cross-selling and lower the group's average funding cost over time. Management expects cJPY33bn of synergies in FY28, cJPY66bn in FY29 and cJPY85bn in FY30. While these expected benefits are credit positive, the timing and extent of synergy realization remain to be tested.

Management maintained its target to lower non-FinTech net interest-bearing debt/EBITDA to 5.0x or below by 2027, from 6.2x as of Jun'26. The target remains feasible given the current earnings run-rate, proactive liability management and potential FinTech funding synergies. However, further deleveraging will require continued EBITDA expansion, disciplined mobile capex, as well as continued access to funding markets.

Table 2: Rakuten's 1H26 financial highlights

JPY bn	1H25	1H26	Change
Revenue	1,159.1	1,309.1	12.9%
-Internet services	*630.0*	*655.8*	*4.1%*
-FinTech	*456.3*	*570.8*	*25.1%*
-Mobile	*222.8*	*252.5*	*13.3%*
Operating income/ (loss)	(6.6)	50.4	N/A
Reported EBITDA	183.1	224.1	22.4%
EBITDA margin	15.8%	17.1%	1.3ppts
Net profit/ (loss)	(102.0)	25.4	N/A
Operating cash flow	(134.0)	(301.7)	125.2%
Capex	113.7	144.8	27.3%

JPY bn	Dec'25	Jun'26	Change
Cash on hand	5,837.6	4,490.5	-23%
Total debt	5,569.6	4,796.2	-14%
Net debt/ (cash)	(267.9)	305.7	N/A

Source: Company filling, CMBI FICC Research.

➢ 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	IPT/IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➢ News and market color

- Regarding onshore primary issuances, there were 134 credit bonds issued yesterday with an amount of RMB116bn. As for month-to-date, 610 credit bonds were issued with a total amount of RMB582bn raised, representing a 12.2% yoy decrease

- China NEV retail sales decline 3.9% yoy in Jul'26 amid soft demand

- Indonesian sovereign wealth fund Danantara aims to complete its acquisition of stock market authority Bursa Efek Indonesia (BEI) by Sep'26

- **[DAESEC]** Mirae Asset Securities operating revenue jumped 110% yoy to KRW1.5tn (cUSD1.1bn)

- **[GRNCH]** Greentown China onshore unit raised RMB1.5bn via domestic bonds

- **[JFCPM]** Jollibee Foods 1H26 EBITDA rose 1.6% yoy to PHP21.3bn (cUSD350.3mn)

- **[NDPAPE]** Nine Dragons Paper completed full redemption of NDPAPE 14 Perp

- **[PKX]** POSCO Holdings to raise USD1.76bn through stake sale in two units

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