

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市場日報

- The new HKMTGC 3.875 30 was roughly unchanged from offering at T+20bps this morning. Asia IG space was 2bps tighter to 2bps wider overall. We saw recovery in KR names like LGENSO, but better selling on BBLTB 28s/33s amid BBLTB's new issues. There was better buying on higher-yielding LGFV issues whereas better selling on the rest of USD and CNH LGFV bonds.*
- BBLTB:** *FV of the new BBLTB 30s and BBLTB 35s to be T+80-85bps and T+95-100bps, respectively. See below.*
- BTSDF:** *On track to achieve FY25 revised revenue target based on 9M25 run-rate. We change to neutral on BTSDF 9.125 07/24/28 and switch to FOSUNI 8.5 05/19/28 for better carry. We view the conviction level of BTSDF 28 is now lower after moving up c5pts since our initiation of buy recommendation in Jan'25. See below.*

❖ Trading desk comments 交易台市場观点

Yesterday, MEITUA curve and TW lifer NSINTW/FUBON widened by 2-5bps amid selling flows. We saw two-way flows skewed towards better selling on CCAMCL Perp, and block two-way trading on CDBFLC 35. Chinese and global funds were selling HK bank SHCMBK/DAHSIN/BNKEA/NANYAN T2s. The NWDEVL complex rose 1.4-2.9pts. NWD announced early results of its exchange offers for its bonds and perps and increased cap of the offers. BTSDF 9.125 07/24/28 was 0.1pt lower. See comments on H&H's 3Q25 financial results below. In Chinese properties, VNKRL 27-29 were down by 0.4-1.0pt. FUTLAN 28/FTLNHD 26-27 were 0.1pt lower. Japanese/Korean IG spaces were up to 5bps wider on financial TYANLI/DAESEC/NHSECS and NOMURA T2s, as well as corporate NTT/LGENSO/PKX. However, flows were balanced two way on JP bank FRNs. SOFTBK 61-65s/SOFTBK 6.875 Perp/RAKUTN 6.25 Perp were down by 0.9-1.3pts. See our comments on RAKUTN's 3Q25 results [last Friday](#). Yankee AT1s and insurance subs dropped by 0.3-0.5pt upon London open. In SEA space, OCBCSP/BBLTB T2s traded 3-5bps wider. See comments on BBLTB's new USD bonds issues below. ACPM 5 1/8 Perp lowered by 1.3pts. For Middle Eastern space, we saw two-way flows on BSFR 35.

The LGFV space stayed afloat. Higher-yielding issues continued to grind tighter on back of HF demand, whilst flows across the remaining of the space were overall two-way skewed towards better buying from RMs, especially for onshore AAA-guaranteed CNH issues.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 6 1/4 PERP	47.6	2.9	SOFTBK 8 1/4 10/29/65	94.4	-1.3
NWDEVL 4 1/8 07/18/29	74.6	2.9	ACPM 5 1/8 PERP	86.8	-1.3
NWDEVL 4 1/2 05/19/30	73.6	2.8	SOFTBK 7 5/8 04/29/61	94.7	-1.2
NWDEVL 4 1/8 PERP	47.4	2.8	SOFTBK 6 7/8 PERP	97.8	-0.9
NWDEVL 5 1/4 PERP	47.8	2.7	RAKUTN 6 1/4 PERP	95.3	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.83%), Dow (-1.07%) and Nasdaq (-1.21%) were lower on Tuesday. The latest initial jobless claims was +232k, higher than the market expectation of +223k. UST yield was lower on Tuesday. 2/5/10/30 year yield was at 3.58%/3.70%/4.12%/4.74%.

❖ Desk Analyst Comments 分析员市场观点

➤ BBLTB: FV of the new BBLTB 30s and BBLTB 35s to be T+80-85bps and T+95-100bps, respectively

Bangkok Bank propose to issue 5yr and 10yr Reg S/144A senior unsecured USD bonds. We view the FV of the new BBLTB 30s and BBLTB 35s to be T+80-85bps and T+95-100bps, respectively, vs IPT at T+115bps and T+130bps in view of its BBLTB curve that BBLTB 33-34 are trading at T+81bps with YTM of 4.9%.

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

Security name	ISIN	Amt o/s (USD mn)	Px	T-Spread (bps)	Mod duration	Payment Rank	Issue rating	
BBLTB 4.3 06/15/27	USY06072AE58	750	100.0	76	4.3%	1.4	Sr Unsecured	Baa1/BBB+/-
BBLTB 4.45 09/19/28	USY0606WBZ24	600	100.4	74	4.3%	2.6	Sr Unsecured	Baa1/BBB+/BBB
BBLTB 5.3 09/21/28	USY06072AG07	500	102.5	74	4.3%	2.5	Sr Unsecured	Baa1/BBB+/-
BBLTB 5 1/2 09/21/33	USY06072AF24	750	103.6	81	4.9%	6.1	Sr Unsecured	Baa1/BBB+/-
BBLTB 5.65 07/05/34	USY06072AH89	750	104.9	81	4.9%	6.6	Sr Unsecured	Baa1/BBB+/-

Source: Bloomberg.

Bangkok Bank is the largest bank in Thailand by total assets as of Sep'25 with presence in 14 international markets. We view its loan book is more diversified than its local peers geographically, its international loan accounted for 23% of its total loan book and that is higher than its peers KBANK (5%) and KTBTB (2%). Bangkok Bank also has the largest exposures to corporate and lowest exposures to SME and retails compared to its local peers.

Bangkok Bank's 9M25 results show resilient profitability, stable asset quality and strong capital adequacy. In 9M25, NIM declined to 2.81% from 3.05% in 9M24, consistent with the lower rate environment. The BOT policy rate dropped to 1.5-2% during 9M25 compared to 2.5% in 9M24. The cost-to-income ratio fell to 44.7% from 46.3% over the same period on disciplined cost management. Bangkok Bank's profitability improved despite the margin pressure, with ROA/ROE increased to 1.12%/8.99% in 9M25 from 1.03%/8.54% in 9M24, respectively, as supported by higher investment gains and disciplined costs.

We view Bangkok Bank's asset quality stabilize in 3Q25 amid softened tourism and trade-policy uncertainty, with the 3Q25 credit costs down to c1.5% from c1.6% in 2Q25 as per our estimate. Bangkok Bank's gross NPL ratio rose to 3.3% as of Sep'25 from 3.2% as of Jun'25, mainly due to shrink in size of the loan book. During 3Q25, non-performing loan declined to THB103bn as of Sep'25 from THB106bn as of Jun'25. NPL coverage ratio at 294% as of Sep'25 was at a high level compared to regional peers, albeit lower than that of 334% as of

Dec'24. We take comfort in Bangkok Bank's comparatively diversified loan book by geography and by industry compared to its local peers, which should mitigate concentration risk.

Moreover, Bangkok Bank's capital buffers remain ample with standalone CET1 ratio at 19.6% as of Sep'25, well above the 8.0% regulatory minimum requirement. During 3Q25, Bangkok Bank redeemed USD750mn AT1, the net reduction on the CAR was mitigated by USD1bn T2 bonds issued in Mar'25. The USD T2 bonds issuance also demonstrated its diverse funding access offshore on top of onshore. Bangkok Bank's capital position should be sufficient to absorb further asset-quality normalization, in our view.

➤ **BTSDF: On track to achieve FY25 revised revenue target based on 9M25 run-rate**

We view H&H credit profile is improving, supported by active liability management and IMF recovery, and the bond continues to offer good carry in Chinese HY space. That said, we view the conviction level of BTSDF 9.125 07/24/28 (Ba3/BB-) is now lower after moving up c5pts since our initiation of buy recommendation in Jan'25, and compared to its peer FOSUNI 8.5 05/19/28 (-/BB-). Therefore, we change to neutral on BTSDF 9.125 07/24/28 and switch to FOSUNI 8.5 05/19/28, which offer c20bps pick-up over BTSDF 9.125 07/24/28 and c2months earlier to maturity. At 103.9, FOSUNI 8.5 05/19/28 is trading at YTM of 6.8%.

H&H released the 9M25 results. Revenue increased by 12.0% yoy in 9M25 to RMB10.8bn, with all business segments recording growth. By geography, mainland China remained H&H's largest market, contributing 71.0% of revenue in 9M25, up from 65.9% in 9M24. H&H has upward adjusted its FY25 revenue target to high-single digit to low double digit, from high-single digit. We view H&H is on track to achieve its revised FY25 revenue target, in view of the current run-rate. In 9M25, H&H's revenue accounted for 73-77% of the FY25 target, assuming 8-13% yoy revenue growth for the full year. We expect growth to be underpinned by the recovery in IMF post GB transition in mainland China, as well as continued expansion of the higher-margin PNC business. H&H reiterated its guidance on profitability for FY25, i.e. adj. EBITDA margin at 15% and adj. net profit margin at 5%.

The ANC segment grew 5.2% yoy in 9M25, supported by robust 15.7% yoy growth in the mainland China market, which accounted for 70.6% of the segment revenue. Within mainland China, 81.9% of ANC revenue was generated from cross-border e-commerce channel where sales grew 23.1% yoy. Sales via Douyin channel also continued to grow, up 77.7% yoy in 9M25. The growth was driven by Swisse outperformance, with Swisse maintained No. 1 position in overall VHMS market in mainland China.

The BNC segment grew 24.0% yoy in 9M25, mainly driven by 33.3% increase in IMF sales. Mainland China IMF sales rose 35.2% yoy in 9M25, supported by a low base in 9M24 and reflected H&H continued market share gains in the super-premium IMF segment, reaching an all-time high of 16.4% as of Sep'25, up from 15.9% as of Jun'25. The gains in IMF were partially offset by a 2.3% yoy decline in pediatric probiotic and nutritional supplements. We understand that this decline narrowed from a 16.2% yoy drop in 1H25 helped by product portfolio expansion, with sales returned to growth in 3Q25 on the back of growing momentum in online and baby specialty store channel, while pharmacy channel showed signs of stabilization.

The PNC segment delivered 8.2% yoy growth in 9M25, attributable to 12.4% growth in sales of Zesty Paws in North America across Amazon and Chewy e-commerce channels, as well as major retailers. Sales of Solid Gold in North America dropped by 18.3% on LFL basis, while premiumisation of Solid Gold in mainland China showed yoy growth in 9M25.

As of Sep'25, H&H held RMB1.7bn of cash, up from RMB1.6bn as of Dec'24. H&H has been proactive in managing its debt maturity profile during 2025, supported by its good access to diversified funding channels. This includes a tender offer and new USD bond issuance in Jan'25, the prepayment of RMB152mn-equivalent on its USD term loan in Sep'25, and a further RMB152mn-equivalent prepayment in Oct'25. We view H&H's near-term refinancing risk is manageable, given it has no major debt maturities until 2027. H&H also targets to

reduce net debt/adj. EBITDA to 3.7x by Dec'25, from 3.9x as of Jun'25, through a combination of debt reduction and EBITDA growth. In addition, H&H considers an 80% RMB share of its total debt as an optimal currency mix, broadly aligned with the proportion of its underlying RMB-denominated business.

As discussed before, we are not too concerned of the ongoing tax audit of H&H's subsidiary Biostime Healthy Australia Pty (BHA) to materially impact its near-term liquidity. BHA has made a cash deposit of AUD104mn to Australian Tax Office (ATO) on 15 Jul'25, in line with ATO administrative practice for disputed tax debts, and this deposit is recorded as an asset on BHA's balance sheet. No further deposit is required until the case reaches a final conclusion. BHA maintains that it does not expect a final fund outflow in relation to the dispute. Nonetheless, while there is a residual exposure of AUD303mn (cUSD197mn), i.e. total assessment incl. penalty of AUD407mn net of AUD104mn deposit, we consider this is manageable for H&H in view of its cash balance and improving EBITDA.

Table 2: 9M25 financial highlights

RMB mn	9M24	9M25	Change
Revenue by business			
Adult nutrition and care products (ANC)	4,983	5,243	5.2%
Baby nutrition and care products (BNC)	3,203	3,973	24.0%
Pet nutrition and care products (PNC)	1,461	1,590	8.8%
Revenue by geography			
Mainland China	6,362	7,672	20.6%
ANZ	1,528	1,200	-21.4%
North America	1,212	1,293	6.7%
Others	546	641	17.4%

Source: Company filing.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
The Hong Kong Mortgage Corporatio	1000	5yr	3.875%	T+20	Aa3/AA+/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Bangkok Bank	USD	-	5yr/ 10yr	T+115/ T+130	Baa1/BBB+/BBB
Government of Indonesia	USD	-	5yr/ 10yr	4.8%/ 5.3%	Baa2/BBB/BBB
SMBC Aviation Capital Finance	USD	-	10yr	T+145	-/A-/BBB+

➤ News and market color

- Regarding onshore primary issuances, there were 161 credit bonds issued yesterday with an amount of RMB193bn. As for month-to-date, 1,188 credit bonds were issued with a total amount of RMB1,299bn raised, representing a 35.4% yoy increase
- [MARUB] S&P upgraded Marubeni Corp by one notch to A- from BBB+ with a stable outlook

- **[NWDEVL]** NWD increases cap on exchange offers to USD1.79bn from USD1.6bn; add an additional early tender date for all bonds and perps on 25 Nov'25 and an extra early payment date on 1 Dec'25
- **[PDD]** PDD Holdings 9M25 revenue up 8.7% yoy to RMB307.9bn (cUSD43.4bn)
- **[PKX]** POSCO trading arm to acquire KRW1.3tn (cUSD860mn) worth of shares in Singapore's AGPA
- **[SOFTBK]** SoftBank's USD6.5bn bid for Ampere secures HSR early termination
- **[TAISEM]** Former TSMC executive probed by Taiwan over potential technology transfer; received TWD147bn (cUSD4.7bn) in government subsidies over the past 21 months
- **[WESCHI]** Moody's placed West China Cement review for upgrade following bond deal, tender offer
- **[XIAOMI]** Xiaomi 3Q25 revenue up 22.3 yoy to RMB113.1bn (cUSD16bn)

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