CMBI Credit Commentary

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

- *This morning, we saw better selling across Chinese TMTs TENCNT/ BABA/KUAISH/MEITUA and the space were traded 2-5bps wider. JP FRNs were 1bp wider. SOFTBKs were down up to 0.5pt. HYSAN 4.85 Perp edged 0.4pt higher. NWDEVL 29-30 were 0.3pt higher. We saw better buying on LGFV CNH issues.*

- ***BBLTB:*** *Capital buffers remained robust despite softer 1H26 earnings. 10yr BBLTBs were 3bps wider this morning, while the front-end held up well and were largely unchanged. See below.*

- ***SHUION:*** *Shui On Development launched consent solicitation for USD450mn SHUION 9.75 01/26/29 to eliminate the impact of non-cash IP revaluations on its ability to incur indebtedness and make restricted payments. SHUION 29 was 0.1pt higher this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG traded within a 4bps wider to 3bps tighter range. In Greater China, we saw continued better selling in >10yr TENCNT/ MEITUA/KUAISH/LINREI/FUBON/HKTGHD/PINGIN papers, versus better buying in 2-3yr TMT and bank T2s. ZHOSHK 28 edged 1.1pts higher. In Japan, Chinese RMs were buying JP bank FRNs trading wider than T+100bps, while global PBs leaned toward better selling in 10yr JP corporates. In Korea, NHSECS tightened 2-3bps, while DAESEC 31s widened 2-4bps. We also saw AMs/PBs selling 5yr+ industrials and FRNs such as LGENSO and HYNMTR.

In higher-yielding space, NWDEVL/VDNWDL complexes were 0.1pt lower to 0.7pt higher. Media reported NWD's largest shareholder is in advanced talks with RRJ Capital on a potential up to USD4bn rights issue, with proceeds earmarked for debt repayment and Northern Metropolis development. In SE Asia, GLPSPs/GLPCHI were unchanged to 0.8pt higher. Media reported a GLP unit sold a Shanghai hotel asset to Shanda Group for RMB200mn (cUSD30mn). In Japan, SOFTBKs were up to 0.5pt lower. JP and European AT1s and insurance subs recovered 0.3-0.7pt on light flows, with fast money covering shorts and prop desks/PBs adding or switching in selective front-end names. In LGFVs, we continued to see better buying in quality higher-yielding CNH papers from RMs, while demand for USD counterparts improved, led by issues yielding mid-8% or above. In CNH space, selected 10yr names such as MEITUA/PSASP edged 0.5pt higher, while some AMs took profit on 10yr higher-grade holdings.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ZHOSHK 5.98 01/30/28	**91.6**	**1.1**	SOFTBK 8 1/2 04/22/36	**100.2**	**-0.5**
GLPSP 4.6 PERP	**55.0**	**0.8**	CCAMCL 4 3/4 12/04/37	**90.0**	**-0.5**
NWDEVL 10.131 PERP	**99.2**	**0.7**	DB 8.13011 PERP	**105.3**	**-0.4**
ARAMCO 6 3/8 06/02/55	**98.6**	**0.7**	EHICAR 12 09/26/27	**42.8**	**-0.4**
INTNED 6 1/2 PERP	**97.1**	**0.7**	LUSOIB 7.2 06/30/33	**100.5**	**-0.4**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.02%), Dow (+0.51%) and Nasdaq (-0.18%) were mixed on Monday. US Jun'26 Durable Goods Orders were +0.3% mom, lower than the market expectation of +1.6%. UST yield were lower on Monday. 2/5/10/30 year yield was at 4.31%/4.40%/4.65%/5.12%.

❖ Desk Analyst Comments 分析员市场观点

➢ BBLTB: Capital buffers remained robust despite softer 1H26 earnings

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.

BBLTB's 1H26 earnings were soft, with profitability pressured by both lower NII and non-NII. NII fell 12.4% yoy to THB55.7bn, while NIM compressed to 2.46% from 2.85%, reflecting the lower-rate environment after four BOT policy rate cuts since Feb'25, bringing the policy rate to 1.0%, the lowest since Sep'22. Non-NII declined 4.0% yoy to THB25.4bn, dragged by lower investment gains, partly offset by higher dividend income and gains on financial instruments amid a better Thai capital market in 1H26. Opex declined 6.5% yoy to THB38.2bn on cost discipline, but the cost-to-income ratio rose to 47.1% from 45.3% due to weaker revenue. ECL fell 12.0% yoy to THB17.4bn. As a result, net profit declined 15.9% yoy to THB20.7bn in 1H26. ROAE fell to 7.16% from 8.75%, while ROAA dropped to 0.89% from 1.07%.

Loan growth was 2.7% YTD to THB2.7tn, led by large corporates and international business. Loan growth could moderate in 2H26, given management's FY26 loan growth target of 2-3% yoy, which implies a slower pace than FY25. As of Jun'26, the NPL ratio increased to 3.3% from 3.0% as of Dec'25, while NPL coverage ratio declined to 306.3% from 324.1%. These reflect lower ECL recognition compared to NPL formation in 1H26, though coverage remained strong in absolute terms, in our view.

BBLTB's capital ratios declined modestly but remain robust and well above regulatory minimums, which help mitigate concerns that RWA growth had outpaced internal capital generation. As of Jun'26, standalone CET1/Tier 1 ratio fell to 18.3% from 18.8% as of Dec'25, while CAR dropped to 23.1% from 23.7%. These compare favorably with the regulatory requirements of 8.0%/9.5% for CET1/Tier 1 ratio with ample headroom. We view the risk of a non-viability event as low over the medium term.

We expect Thai bank asset quality to remain under pressure through 2026, especially in SME and retail exposures, which are more sensitive to slower economic growth. Additional BOT policy rate cuts should also continue to weigh on profitability. That said, BBLTB's more diversified loan book and geographically broader revenue mix compared to peers, together with its solid capital adequacy, should help cushion volatility in asset quality. Overall, near-term earnings and asset quality remain under pressure, but BBLTB's diversified business profile and strong capital base continue to support its credit profile.

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

Security name	ISIN	Amt o/s (USD mn)	Ask px	Z-Spread (bps)	YTW	Mod dur	Payment rank	Issue rating
BBLTB 4.3 06/15/27	USY06072AE58	750	99.7	46	4.6%	0.9	Sr Unsecured	Baa1/BBB+/-
BBLTB 4.45 09/19/28	USY0606WBZ24	600	99.3	61	4.8%	2.0	Sr Unsecured	Baa1/BBB+/BBB
BBLTB 5.3 09/21/28	USY06072AG07	500	101.0	63	4.8%	1.9	Sr Unsecured	Baa1/BBB+/-
BBLTB 9.025 03/15/29	USY0606WBQ25	449.83	109.1	112	5.3%	2.3	Subordinated	Baa2/BBB/BB+
BBLTB 4.507 11/26/30	USY0606WCD03	500	98.2	85	5.0%	3.9	Sr Unsecured	Baa1/BBB+/-
BBLTB 5 ½ 09/21/33	USY06072AF24	750	101.1	115	5.3%	5.6	Sr Unsecured	Baa1/BBB+/-
BBLTB 5.65 07/05/34	USY06072AH89	750	101.6	122	5.4%	6.2	Sr Unsecured	Baa1/BBB+/-
BBLTB 3.733 09/25/34	USY0606WCA63	1200	94.8	139	5.5%	2.9	Subordinated	Baa3/-/BB+
BBLTB 5.082 11/26/35	USY0606WCE85	600	97.1	127	5.5%	7.2	Sr Unsecured	Baa1/BBB+/-
BBLTB 3.466 09/23/36	USY0606WCC20	1000	90.2	156	5.7%	4.5	Subordinated	Baa3/-/-
BBLTB 6.056 03/25/40	USY0616GAA14	1000	100.4	180	6.0%	6.5	Subordinated	Baa3/-/-

Source: Bloomberg.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
KEB Hana Bank	300	5yr	SOFR+68	SOFR+68	-/A+/-

➢ Offshore Asia New Issues (Pipeline)

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

➢ News and market color

- Regarding onshore primary issuances, there were 87 credit bonds issued yesterday with an amount of RMB56bn. As for month-to-date, 1,812 credit bonds were issued with a total amount of RMB1,953bn raised, representing a 1.1% yoy increase

- **[ADTIN]** Adani Energy Solutions is targeting to raise at least INR35bn (cUSD364.6mn) from its institutional share placement

- **[GLPSP]** Media reported GLP unit sold Shanghai hotel asset to Shanda Group for RMB200mn (cUSD30mn)

- **[HSBC]** HSBC is said to near deal to sell Australia home loan portfolio to Blackstone for AUD38bn (cUSD26.5bn)

- **[LGELEC]** LG Electronics-backed LG Display will invest cUSD2bn in next-generation small- and medium-sized organic light-emitting diode (OLED) technologies

- **[PHCIIL]** Phoenix Charm International Investment launched consent solicitation for PHCIIL 4.78 01/24/28 and PHCIIL 5.8 07/15/28

- **[RIOLN]** Rio Tinto and the Western Australia government will fully divest their AUD1.1bn (cUSD770mn) Dampier desalination plant to Yindjibarndi WaterCo

- **[SOFTBK]** SoftBank secured 21 new lenders for USD40bn OpenAI loan; emerged as preferred bidder for Blackstone-owned payments firm SP.LINKS

- **[SUMIBK]** Sumitomo emerged as frontrunner to buy Nufarm's USD698.3mn seeds business

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