

CMBI Credit Commentary

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

- *This morning, CRNAU 29/VLLPM 29 dropped 1.9-2.5pts. VNKRL 27-29 lowered another 1.0pt. We saw better buying on long-end SOE property names CPDEV/GRNCH as well as LGFVs, which edged 0.3-0.5pt higher. CHDUIN 26/DALWAN 26/SOFTBK 61 were 0.4-0.5pt higher.*
- **European AT1s:** Our picks are BACR 4.375 Perp and INTNED 4.25 Perp. BACR 4.375 Perp was 0.3pt higher this morning. See below.
- **SOFTBK:** SoftBank will boost investment in US startup OpenAI to USD34.7bn this year. SOFTBKs were 0.1pt lower to 0.4pt higher this morning.

❖ Trading desk comments 交易台市场观点

Yesterday, HYNMTR 2-4yr papers tightened 3-4bps, while long-end HYNMTRs were largely unchanged. We saw better buying on the front-end AMC bonds like ORIEAS/CCAMCL 27s, which tightened 2-5bps. NANYAN 7.35 Perp was up by 0.7pt. In Macau gaming, MPEL 27-32s were unchanged to 0.2pt higher. WYNMAC 27-34s were 0.1pt lower to 0.5pt higher. SANLTDs/STCITYs were up by 0.1pt. See our comments on [2 Dec'25](#). In HK/Chinese properties, LASUDE 26 was up by 0.6pt. FAEACO 12.814 Perp was 0.2pt higher. DALWAN 26 was 0.9pt higher. Media reported that DALWAN is mulling a buyback offer for part of the USD400mn bond due Feb'26. LOGPH 8.7 Perp was 0.5pt lower. VNKRL 27-29s lowered by 0.4-0.6pt. Fitch placed Vanke and its subsidiary Vanke Real Estate (Hong Kong) on Rating Watch Negative. Vanke HK's senior unsecured rating and outstanding senior notes rating were downgraded to CC from CCC-. FTLNHD 26/FUTLAN 28 were down by 0.1pt. On the other hand, LNGFOR 27-32s increased by 0.1-0.4pt. In AU space, CRNAU 29 was up by 1.2pts. PMBROV 30 was 0.5pt lower. In SE Asia, VLLPM 29 rose 2.9pts. VEDLN 28-33s/SMCGL Perps were unchanged to 0.1pt higher. MEDCIJ 26-30s were 0.2pt lower to 0.1pt higher. INDYIJ 29s were down by 0.1pt. Yankee AT1s edged 0.3pt higher during the London session.

In LGFV space, higher-yielding issues down the credit curve edged up by 0.8-1.0pt, or c25bps tighter in yields as tactical investors expedited pace to load risk ahead of next year. KNMIDI 26 rose 1.4pts. Meanwhile, there were two-way flows that skewed towards better buying across CNH and USD onshore AAA-guaranteed papers. In non-LGFV CNH space, we saw buyers returned for long-end SOE/POE notes.

Glenn Ko, CFA 高志和
 (852) 3657 6235
 glennko@cmbi.com.hk

Cyrena Ng, CPA 吴倩莹
 (852) 3900 0801
 cyrenang@cmbi.com.hk

Yujing Zhang 张钰婧
 (852) 3900 0830
 zhangyujing@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	56.2	2.9	VNKRLE 3 1/2 11/12/29	20.2	-0.6
KNMIDI 8 1/2 08/20/26	99.5	1.4	PMBROV 11 1/2 02/18/30	98.4	-0.5
CRNAU 9 1/4 10/01/29	94.3	1.2	LOGPH 8.7 PERP	4.5	-0.5
DALWAN 11 02/13/26	91.9	0.9	VNKRLE 3.975 11/09/27	20.6	-0.4
NANYAN 7.35 PERP	105.0	0.7	NUFAU 5 01/27/30	90.1	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.30%), Dow (+0.86%) and Nasdaq (+0.17%) were higher on Wednesday. US Nov'25 ADP Nonfarm Employment Change was -32k, lower than the market expectation of +5k. US Nov'25 S&P Global Services PMI was 54.1, lower than the expectation of 55.0. US Crude Oil Inventories was +0.574mn, higher than the expectation of -1.9mn. In Nov'25, US ISM Non-Manufacturing PMI and Prices were 52.6 and 65.4, compared with market expectations of 52.0 and 68.0, respectively. UST yield was lower on Wednesday. 2/5/10/30 year yield was at 3.49%/3.62%/4.06%/4.73%.

❖ Desk Analyst Comments 分析员市场观点

➤ European AT1s: Our picks under Basel III finalization

Our top picks are BACR 4.375 Perp and INTNED 4.25 Perp

In European USD AT1 space, we prefer UK and EU G-SIBs in view of their stance of equity should be written down ahead of AT1 in any resolution first. We consider the risk of non-call and coupon skips for EU G-SIBs is low under the backdrop of the falling UST and these banks' ability and incentive to maintain access to capital markets at low funding costs. We pick banks with good track records in coupon payments as scheduled and calling their AT1s on the first call dates. Finally, we prefer shorter tenor (to call) AT1s given our view of yield curve to stay steep, if not steepening, and AT1s with lower cash prices.

We maintain buy on **BACR 4.375 Perp** (Ba1/BB+/BBB-, first call in Mar'28), supported by Barclays' strong CET1 ratio of 14.1% in Sep'25, consistent call history of its USD AT1s and the lower cash price of the AT1. The bank's robust capital position provides substantial buffer above the 7.0% mechanical trigger. At 96.4, BACR 4.375 Perp is trading 6.1% YTC, provides c90bps yield pick-up of over HSBC 8 Perp (Baa3/-/BBB, first call in Mar'28). We also maintain buy on **INTNED 3.875 Perp** (Ba1/-/BBB, first call in May'27). At 96.9, INTNED 3.875 Perp is trading at 6.2% YTC and offers pick-up of c40bps over UBS 4.875 Perp (-/BBB-/BBB-, first call in Feb'27). ING has solid capital metrics, CET1 ratio of 13.4% in Sep'25 which is higher than the 7.0% mechanical trigger (see Table 4), and good track records to call its USD AT1s on the first call dates. We expect ING to continue to call its perps on the first call. BACR 4.375 Perp and INTNED 3.875 Perp will be converted into equity rather than being written down at PONV. This loss absorption mechanism, in our view, is more favourable from a recovery perspective.

We anticipate a modest increase in the net issuance in the space, driven by the refinancing requirements, potential capital replenishment arising from Basel III finalization and falling UST. ECB and the Bank of England reaffirmed the role of AT1 in bolstering banks' capital cushion after the collapse of Credit Suisse in Mar'23. This is in contrast to the plan of APRA of Australia to start phasing out AT1s as early as Jan'27.

Table 1: Our European AT1 picks

Security Name	ISIN	Amt o/s (USD mn)	Ask px	YTC	Issue rating (M/S/F)	First call date
BACR 4.375 Perp	US06738EBT10	1,500	96.4	6.1%	Ba1/BB+/BBB-	15 Mar'28
INTNED 3.875 Perp	US456837AY94	1,000	96.9	6.2%	Ba1/-/BBB	16 May'27

Source: Bloomberg.

Table 2: Basel 3.1 implementation timeline

Component	EU	UK
Credit risk SA	1 Jan'25	1 Jan'27
Credit risk IRB	1 Jan'25	1 Jan'27
Market risk	1 Jan'27	1 Jan'27
CVA	1 Jan'25	1 Jan'27
Operational risk	1 Jan'25	1 Jan'27
Output floor phase in	From 1 Jan'25 till 1 Jan'30 (with transitional arrangement until 31 Dec'32)	From 1 Jan'27 till 1 Jan'30

Source: BIS as of 31 Oct'25.

Click [here](#) for the full report.

➤ 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	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of China Limited, HK Branch	USD	-	3yr	SOFR+100bps	A1/A/A

➤ News and market color

- Regarding onshore primary issuances, there were 104 credit bonds issued yesterday with an amount of RMB69bn. As for Month-to-date, 258 credit bonds were issued with a total amount of RMB208bn raised, representing a 47.7% yoy increase
- China's new debt department signaled higher priority for LGFV de-risking
- Shanghai launched a campaign to remove social media content that is considered bearish about the country's protracted real estate slump
- [COGARD]** Country Garden shareholders cleared USD13bn MCB issuance as part of debt restructuring
- [DALWAN]** Wanda Commercial bought back the Wanda Plaza mall in Yantai City; Wanda Commercial weighs buying back part of USD400mn DALWAN 11 02/13/2026

- **[INDYIJ]** Indika Energy will prioritize cash preservation and refocus its capex allocations in 2026 by deferring non-priority investments until coal prices improve
- **[NSASY]** Nissan CFO outlines strategic reset and partnership priorities amid tariff turmoil
- **[NWDEVL]** New World Development announced final results of exchange offer for notes and securities; to exchange and cancel its outstanding perps in aggregate principal amounts of USD2,292,955,000 and notes of USD235,974,000; to issue USD1,175,548,191 in aggregate amount of new perps and USD186,563,710 of new notes
- **[RILIN]** Reliance expanded cricket footprint with USD80mn stake in UK Oval Invincibles
- **[SOFTBK]** SoftBank will boost investment in US startup OpenAI to USD34.7bn this year
- **[TCLAU]** Transurban priced tender offer to buy back USD118.5mn of TCLAU 3 3/8 03/22/2027
- **[VNKRLE]** China Vanke faces opposition from some onshore bondholders on extension plan; Vanke's 21Wanke06 bond enters temporary trading suspension
- **[WESCHI]** Fitch assigned West China Cement B ratings with stable outlook

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

Author Certification

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or

conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM. Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.