

CMBI Credit Commentary

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

- *The new KDB 28-30s were unchanged to 1bp tighter from ROs this morning. HAOHUA/MEITUA 28-30s tightened 1-2bps. NWDEVLs were unchanged to 0.3pt lower this morning.*
- **BBLTB/KBANK:** *Improved profitability in FY24. Maintain buy on BBLTB 5 Perp, BBLTB 3.466 09/23/36, KBANK 5.275 Perp, KBANK 4 Perp, and KBANK 3.343 10/02/31. See below.*
- **VNKRLE:** *Media reported Vanke is in advanced discussions to divest its shareholding in VX Logistics to GIC. Vanke's 81.6% stake in VX Logistics was valued at USD3.7bn in 2022. VNKRLE 25-29s rose 4.4-6.1pts this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, NWDEVL 27s rose 0.8pt, NWDEVL 29-31s/Perps were 0.1-0.9pt lower. NWDEVLs closed 12.9-27.7pts lower YTD. NWSZF 28-29s declined another 1.6-2.2pts and closed 4.9-5.9pts lower WTD. NANFUN 5 Perp and HYSAN 4.1 Perp dropped 2.2pts and 0.4pt respectively, under better selling from PBs/Prop desks. CSIPRO 25s closed 0.7pt higher following the announcement of shares trading halt. LIHHK 26s, however, lowered 1.1pts. In T2s, BNKEAs/NANYANs/DAHSINs closed 10-15bps wider on the concerns of NWD and the potential contagion. BNKEA AT1 closed 0.3pt lower at high-97. EU AT1s such as BNP 8/STANLN 7.625 Perps were 0.1-0.2pt lower. Insurance hybrids such as DAIL Perp/MYLIFE 54s declined 0.2-0.3pt. Meanwhile in financials, BBLTBs were unchanged to 2bps tighter post its 4Q24 results. See comments below. BCLMHK Float 26-27s tightened 1-2bps. In Chinese AMCs, CFAMCIs were 0.1-0.2pt lower on some profit taking. In KR, KDB announced new issues of 3-yr fixed rated bond, 5-yr fixed and floating rated bonds. HYUELE 27-31s tightened 1-2bps following its FY24 results. Chinese IGs were firm. HAOHUA/MEITUA 30s were 1-3bps tighter. In Chinese properties, VNKRLE 25-29s rebounded 1.8-2.3pts, closed 1.4-6.4pts lower YTD. SHUION 25-26s/FTLNHD 25-26s/LNGFOR 27-32s rose 0.3-1.0pt, while DALWAN 26s declined 0.8pt. Elsewhere, GLPSP Perps declined 0.5pt.

In LGFV, the flows continued to slow down among institutions as fund managers have already fully loaded on risks before long holiday. LIANYU 25s/JMUDIV 25s/GZGETH 27s were up 0.1pt. There were two-way flows on CNH names such as JJCIHGs/ZOUCAOs/ZBZCHDs. In SOE perps, SPICPD/CCBINT Perps were up 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	48.3	2.3	NANFUN 5 Perp	66.6	-2.2
VNKRLE 3.15 05/12/25	74.9	1.8	NWSZF 6 3/8 08/28/28	88.6	-2.2
VNKRLE 3 1/2 11/12/29	46.1	1.5	NWSZF 4 1/4 06/27/29	80.1	-1.6
SHUION 5 1/2 06/29/26	87.3	1.0	LIHKK 4.8 06/18/26	84.0	-1.1
FTLNHD 4 1/2 05/02/26	82.9	0.9	NWDEVL 4 1/8 Perp	18.9	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.53%), Dow (+0.92%) and Nasdaq (+0.22%) were strong on Thursday. The latest US initial jobless claim was +223k, higher than the expectation of +221k. At the World Economic Forum, Trump demanded that OPEC lower oil prices and that central banks reduce interest rates, while he warned global business leaders they will face tariffs for products made outside of the US. UST yield moved higher on Thursday, 2/5/10/30 yield at 4.29%/4.45%/4.65%/4.87%.

❖ Desk Analyst Comments 分析员市场观点

- **BBLTB/KBANK: Improved profitability in FY24. Maintain buy on BBLTB 5 Perp, BBLTB 3.466 09/23/36, KBANK 5.275 Perp, KBANK 4 Perp, and KBANK 3.343 10/02/31**

Bangkok Bank (BBLTB) and Kasikornbank (KBANK) announced FY24 results. They both reported higher profitability in FY24 with ample capital buffers above the regulatory minimum requirement. We like BBLTB for its resilient and more diversified business profile, and KANBK for its higher NIM and stable asset quality. See Table 1 for summary of our buy recommendations. We believe the AT1s and T2s of BBLTB and KBANK will be called on their respective first call dates, in view of their track record of call as well as sufficient capital buffer above the regulatory minimum requirement.

Table 1: Our picks – BBLTB and KBANK

Security name	ISIN	Type	Amt o/s (USD mn)	Px	YTC (%)	First call date	Mod duration	Issue rating (M/S/F)
BBLTB 5 Perp	US06000BAA08	AT1	750	99.3	6.0	23 Sep'25	0.6	Ba1
BBLTB 3.466 09/23/36	US059895AV49	T2	1,000	86.2	6.0	23 Sep'31	5.7	Baa3
KBANK 5.275 Perp	XS2242131071	AT1	500	99.4	6.2	14 Oct'25	0.7	Ba2
KBANK 4 Perp	XS2371174504	AT1	350	95.7	6.3	10 Feb'27	1.9	Ba2
KBANK 3.343 10/02/31	XS2056558088	T2	800	96.0	5.9	2 Oct'26	1.6	Ba1/-/BB+

Source: Bloomberg.

BBLTB's profitability improved in FY24, in terms of NIM, ROA and ROE. See Table 2. Its asset quality was stable in FY24 compared to FY23 despite the end of loan forbearance in 2024. NPL ratio stood at 2.7% as at Dec'24 and Dec'23 and NPL coverage ratio increased to 334.3%. The CET1 ratio increased to 17.8% as at Dec'24, well above the regulatory minimum requirement of 8%. Compared to its peers KBANK and Krung Thai Bank (KTBTB), BBLTB continued to demonstrate better asset quality and higher capital adequacy, in view of more diversified business profile with majority of loans directed to large corporate customers.

KBANK's asset quality was also stable in 2024. The NPL ratio and NPL coverage ratio as at Dec'24 were largely unchanged from the levels as at Dec'23. In FY24, KBANK reported higher profitability in terms of ROA and ROE compared to FY23. As a result, the CET 1 ratio further increased to 16.5% as at Dec'24 from 15.6% as at Dec'23.

BBLTB and KBANK continued to demonstrate stable asset quality in FY24. This mitigated our concerns over their asset quality due to the loan reclassification to stage 2 and 3 with the end of loan forbearance in 2024, as discussed in our [Asia Credit Outlook 2025](#). We continue to view that BBLTB and KBANK have sufficient capital buffer to withstand the stress, and the chance of non-viability for BBLTB and KBANK to be low in the medium term.

Table 2: Financial Highlights

	BBLTB		KBANK		KTBTB	
	FY23	FY24	FY23	FY24	FY23	FY24
NIM (%)	3.02	3.06	3.66	3.64	3.22	3.29
ROA (%)	0.93	1.00	0.99	1.13	1.01	1.18
ROE (%)	8.01	8.27	8.29	8.99	9.40	10.37
Cost-to-income ratio (%)	48.8	48.0	44.1	44.1	41.6	43.2
NPL ratio (%)	2.70	2.70	3.19	3.18	3.08	2.99
NPL coverage (%)	314.7	334.3	152.2	153.3	181.3	188.6
CET 1 ratio (%)	16.9	17.8	15.6	16.5	16.5	17.9
Buffer above regulatory minimum (%)	8.9	9.8	7.6	8.5	8.5	9.9
Tier 1 ratio (%)	17.7	18.7	16.7	17.5	17.5	18.8
Total capital ratio (%)	21.4	22.4	18.7	19.6	20.6	20.8

Source: Company fillings.

- **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Republic of the Philippines	1,250/1,000	10yr/25yr	5.5%/5.9%	5.548%/5.9%	Baa2/BBB+/BBB
The Korea Development Bank	900/1,250/900	3yr/5yr/5yr	4.625%/4.875%/SOFR+76	SOFR MS+57/ SOFR MS+76/ SOFR+76	Aa2/AA/AA-

- **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 80 credit bonds issued yesterday with an amount of RMB39bn. As for month-to-date, 1,837 credit bonds were issued with a total amount of RMB1,445bn raised, representing a 34.7% yoy increase
- **[DALWAN]** Media reported Dalian Wanda sold Anyang Wanda Plaza Investment to Kunhua (Tianjin) Equity Investment which is 99.9% owned by New China Life Insurance
- **[DAESEC]** Mirae Asset Securities to acquire its Indian unit for KRW288.7bn (cUSD201mn). Following the acquisition, the company will hold 100% of the subsidiary

- **[JSTLIN]** Media reported JSW Steel plans to raise a maximum of USD900mn via syndicated loan with a tenor of 5-6 years
- **[LASUDE]** Lai Sun Development seeks HKD3.5bn secured 5-year loan to refinance HKD3.6bn loan due in Oct'25
- **[NWDEVL]** NWD has refinanced HKD17.8bn bank loans since Jul'24; media reported NWD sold Artisan Lab and Artisan Hub in San Po Kong for a total of HKD987mn (cUSD127mn)
- **[SINOCE]** HK Scheme sanction hearing on 24 Jan'25 vacated , adjourned to 19 Feb'25
- **[VEDLN]** Vedanta Limited is looking to raise up to INR25bn (cUSD289mn) through NCDs in Feb'25

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