招銀国际
CMB INTERNATIONAL

Fixed Income
Credit Commentary

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# CMBI Credit Commentary

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

- *This morning, the new KOEWPW 32 was unchanged from RO at T+58. The new KOREAT 30s tightened 2bps from RO at T+55. TW lifers tightened 1-2bps. ZHOSHK 28 lost 1.5pts. ACENPM 4 Perp was down 0.4pt. GLPSP 28 gained another 0.5pt. EHICAR 26/LASUDE 26 were 0.3-0.4pt higher.*

- ***FUBHKL:*** *FV of the new FUBHKL 36 to be T+130bps vs. IPT at T+160bps. See below.*

- ***KUAISH/TENCNT****: Tencent reduced its stake in Kuaishou to c9.4% from c15.7% and ceased to be a substantial shareholder. KUAISH/TENCNT were unchanged this morning.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, Asian IG space overall traded 2-4bps tighter. We saw flows were primarily concentrated in Chinese TMT BABA 35/TENCNT 36-46/MEITUA 31-35/KUAISH 36 alongside recent JP new issues MIZUHO 30-47s/SUMIBK 32-47s/NOMURA 29-36s. TW lifers closed 1-2bps tighter, with modest buying interests in FUBON. Fubon Bank (Hong Kong) announced IPT for the new 10NC5 T2 USD issue. See comments below. In KR space, DAESEC/HANFGI/NHSECS were 4-6bps tighter amid better buying. KR corporate POINTL/PKX/HYUELE/NHNCOR fixed-rate papers tightened 2-4bps. KOROIL/HYNCRD FRNs underperformed and closed unchanged amid AM selling.

In higher-yielding space, FAEACO 12.814 Perp led the space and rose 2.8pts. Far East Consortium (FEC) will sell a 100% stake in a student accommodation property in Hong Kong to JD.com for HKD750mn (cUSD95.6mn) to repay debts. FEC will continue to manage and operate the property for a term of three years and to receive guaranteed income each year. Separately, FEC will reassess options for a LME for FAEACO 12.814 Perp as per media report.  On the other hand, LASUDE 26 lost 0.7pt. In SE Asia, VEDLN 31-33s dropped 3.1-5.6pts, while the rest of VEDLNs were 0.3pt lower to 0.2pt higher. There were market chatters that Vedanta Resources may issue new bond to early redeem VEDLN 31s to lower the funding cost, given its coupon is the highest within the curve. GLPSP 28/GLPCHI 29 gained 0.7-0.8pt, while GLPSP Perps were down 0.1-0.3pt. GENTMKs edged 0.1-0.4pt higher. In AT1 space, STANLN 7 Perp was up by 0.3pt, while INTNED 6.5 Perp lost 0.8pt.

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## ❖ Last Trading Day's Top Movers

| Top Performers | Price | Change |
|---|---|---|
| FAEACO 12.814 PERP | **77.6** | **2.8** |
| YANTZE 3.2 10/16/49 | **75.2** | **0.8** |
| GLPCHI 7 3/4 04/30/29 | **86.8** | **0.8** |
| GLPSP 9 3/4 05/20/28 | **85.9** | **0.7** |
| CFAMCI 4.95 11/07/47 | **91.9** | **0.6** |

| Top Underperformers | Price | Change |
|---|---|---|
| VEDLN 11 1/4 12/03/31 | **106.1** | **-5.6** |
| VEDLN 9.85 04/24/33 | **104.9** | **-4.7** |
| VEDLN 9 1/8 10/15/32 | **103.3** | **-3.1** |
| REGH 6 1/2 PERP | **32.0** | **-3.0** |
| INTNED 6 1/2 PERP | **98.4** | **-0.8** |

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.72%), Dow (+0.29%) and Nasdaq (+1.12%) were higher on Monday. US Jun'26 S&P Global Services PMI was 51.2, lower than the market expectation of 51.3. US Jun'26 ISM Non-Manufacturing PMI was 54.0, lower than the market expectation of 54.2. US Jun'26 ISM Non-Manufacturing Prices was 67.7, higher than the market expectation of 67.5. 2/5/10 year UST yield were lower on Monday. 2/5/10/30 year yield was at 4.13%/4.21%/4.48%/4.99%.

## ❖ Desk Analyst Comments 分析员市场观点

### ➢ FUBHKL: FV of the new FUBHKL 36 to be T+130bps vs. IPT at T+160bps

Fubon Bank (Hong Kong) Limited (-/A-/-, Fubon HK) proposes to issue 10NC5 Tier 2 Reg S USD bond (-/BBB/-). We view the FV of the new FUBHKL 36 to be T+130bps vs. IPT at T+160bps, taking cues of the valuations of its peers such as NANYAN, BNKEA, and DAHSIN, as well as its affiliates FUBON 35, adjusted for longer in tenor and new issue premium. The issue size is capped at USD300mn. At the time of writing, the order book exceeded USD1.6bn.

The new bond is callable on the reset date of 14 Jul'31, subject to prior written consent from the HKMA. It is also subject to non-viability loss absorption, triggered upon the earlier of the HKMA notifying the bank in writing that: (i) it is of the view that a full or partial reduction or conversion of principal, together with the cancellation of any accrued but unpaid interest, is necessary, without which the bank would become non-viable; and (ii) a determination has been made by the relevant authorities that a public sector capital injection or equivalent support is required, without which the bank would become non-viable. Moreover, the bond may be written off, cancelled, converted, modified, or otherwise have its form changed through the exercise of Hong Kong Resolution Authority powers, without prior notice.

Fubon HK is wholly owned by Fubon Financial Holding, the second-largest financial holding company in Taiwan by market capitalization as of Jun'26. Fubon HK is regulated by the HKMA with oversight from Taiwan regulators. Its businesses spanning across consumer and wholesale banking, wealth management, financial markets, and investment services, with 15 branches in Hong Kong as of Dec'25.

Fubon HK recorded improved profitability in FY25. Net interest income increased 12% yoy to cHKD2.9bn, supported by 17% yoy growth in interest-earning assets. Net interest margin compressed to 1.77% in FY25 from 1.84% in FY24, as asset yield compression from rate cuts outpaced funding cost repricing. Cost-to-income ratio declined to 42.1% from 43.5% on improved operating efficiency. Impairment losses fell 50.9% yoy to HKD279mn, reflecting a strategic shift towards higher credit quality exposures. As a result, net profit rose 51.7% yoy to HKD1.4bn. ROAA and ROAE improved to 0.78% and 8.00%, respectively, from 0.60% and 5.58% in FY24.

Asset quality and liquidity buffers also strengthened. The impaired loan ratio declined to 0.90% as of Dec'25 from 1.91% a year earlier. CET1 and Tier 1 ratios stood at 17.6% as of Dec'25, increased from 17.4% as of Dec'24, and comfortably above the regulatory minimum requirement of c7.5% and c9.0%, respectively, on Fubon HK. The liquidity maintenance ratio increased to 108.3% from 102.6% over the same period. On the other hand, the loan-to-deposit ratio was broadly stable at c53%. That said, CASA deposits accounted for only 11.4% of total deposits as of Dec'25. The relatively low share of low-cost funding continues to weigh on its funding costs, leaving it higher than peers in Hong Kong's competitive environment.

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

| Issuer/Guarantor | Size (USD mn) | Tenor | Coupon | Priced | Issue Rating (M/S/F) |
|---|---|---|---|---|---|
| Korea East-West Power | 500 | 5.5yr | 4.75% | T+58 | Aa2/-/AA- |
| KT Corp | 500 | 3.5yr | 4.625% | T+55 | A3/-/A |

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

| Issuer/Guarantor | Currency | Size (USD mn) | Tenor | Pricing | Issue Rating (M/S/F) |
|---|---|---|---|---|---|
| Fubon Bank (Hong Kong) | USD | - | 10NC5 | T+160 | -/BBB/- |
| Philippine Airlines | USD | - | 5NC2 | 8.3% | Ba2/-/BB |

- **News and market color**

- Regarding onshore primary issuances, there were 75 credit bonds issued yesterday with an amount of RMB55bn. As for Month-to-date, 271 credit bonds were issued with a total amount of RMB241bn raised, representing a 11.2% yoy decrease

- **[BABA]** Alibaba got temporary court reprieve from US lobbying restriction

- **[GENTMK/RWCATS]** Genting Malaysia unit Empire Resorts early redeemed USD300mn RWCATS 7.75 11/01/26

- **[HYUELE]** SK Hynix launched a share sale to raise KRW43tn (cUSD28.1bn) through a listing of depository receipts on Nasdaq, the proceeds will be used to build chip factories in South Korea and purchase chip-making equipment, including an extreme ultraviolet scanner made by the Netherlands-based equipment maker ASML

- **[MEITUA]** Meituan led a USD 150m funding round of Even Realities, valuing the Chinese smart glasses maker at USD1bn

- **[NDPAPE]** Nine Dragons Paper accepted USD399.5mn of USD400mn NDPAPE 14 Perp in tender offer

- **[PTTGC]** PTT Global Chemical unit repurchases USD47.5mn PTTGC 4.3 03/18/51

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