APAC Credit Roundup

Shinhan Bank, SK hynix, Lai Sun, Continuum

- Shinhan Bank – Strong balance sheet despite temporary earnings pressure
- SK hynix - Strong 3Q26 results but limited upside catalyst for the curve
- Lai Sun Development - Solid FY26 results, but uncertainties in asset disposal for cash sweep
- Continuum Green - Moody's revises outlook on RG2 to stable from negative; stay OW on the CGRNEG '33s

Asia Pacific Credit Research

Soo Chong Lim AC
(852) 2800-7387
soochong.lim@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited

Matthew Hughart AC
(852) 2800-6518
matthew.hughart@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited

Alvin Au AC
(852) 2800-8533
alvin.au@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited

Aman Aggarwal AC
(852) 2800-0081
aman.aggarwal@jpmchase.com
J.P. Morgan Securities (Asia Pacific) Limited

Shirley Yau
(852) 2800-0566
shirley.yau@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited

Emma Xing
(852) 2800-8727
emma.xing@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited

Natalie Leung
(852) 2800-3211
natalie.leung@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited

EM, Economic and Policy Research

Mahmoud Harb
(65) 6882-1640
mahmoud.harb@jpmorgan.com
JPMorgan Chase Bank, N.A., Singapore Branch

Emerging Markets Strategy

Fariha R Ahmmed AC
(44-20) 7134-8537
fariha.ahmmed@jpmorgan.com
J.P. Morgan Securities plc

For key risks and catalysts not already described in this report, please refer to the most recent Emerging Markets Corporate Coverage Report.

Shinhan Bank – Strong balance sheet despite temporary earnings pressure

Shinhan Bank's (bond ticker: SHNHAN) credit profile was generally stable in the third quarter, despite pressure on earnings that we think may be short-lived. We note that provision expense did increase despite a decline in the NPL ratio, lifting coverage to 163%, and we think the balance sheet remains strong. We have been constructive on Tier 2 bonds issued by Korean commercial banks, and continue to think these are attractive, particularly as we have seen further redemptions of additional Tier 1 recently, and Tier 2 becomes the most subordinated tranche in dollar markets for most Korean banks. We reiterate an Overweight recommendation on the SHNHAN 5.75% 2034 subordinated bond, which is offered at z+140bp (SOT+97bp, $98.6, 6.0%).

Shinhan Bank's net income declined 5.9% q/q to KRW 1,225bn in 3Q26, as provisions increased 21.7% q/q to KRW 182bn. Pre-provision income declined 3.6% q/q to KRW 1,812bn. Operating income fell 3.3% q/q to KRW 2,763bn, with interest income up 2.3% q/q to KRW 2,542bn, but non-interest income declined 40.7% q/q to KRW 221bn. Net interest income (NIM) edged down by 3bp q/q to 1.58%, due to rising funding costs (+15bp q/q). Within non-interest income, fee and commission income declined 20.4% q/q to KRW 340bn, driven mainly by a 33.5% q/q decrease in fund, bancassurance and trust income amid weak performance across capital market-related businesses. On the balance sheet, KRW loans grew 1.4% q/q to KRW 345trn, while deposits declined 0.5% q/q to KRW 353trn, bringing the loan-to-deposit ratio to 94.4% from 92.2% at end-June. Asset quality improved modestly, with the non-performing asset (NPL) ratio falling 2bp q/q to 0.29% and NPL coverage rising to 162.5% from 153.4% at end-June. The delinquency rate also declined 5bp q/q to 0.29%. The bank's Common Equity Tier 1 (CET1) ratio rose 48bp q/q to 15.43%. Total capital adequacy ratio (CAR) also strengthened 35bp q/q to 18.04%. *(Matt / Emma)*

SK hynix - Strong 3Q26 results but limited upside catalyst for the curve

SK hynix reported strong 3Q26 results with revenue (W104.6tn) and operating profit (W83.3tn) both ahead of Bloomberg consensus expectations, mainly driven by strong pricing increases across DRAM (up high -20% q/q) and NAND (up mid-20% q/q). Management noted that DRAM and HBM volumes have been sold out

See page 4 for analyst certification and important disclosures.

through 2029 and expects an industry supply shortage to persist until 2030, and it will raise capex significantly next year to expand capacity. Hynix has announced a 2026 shareholder return program worth W100tn (W60tn buyback + W40tn dividend), and it plans to distribute most of its gains from Kioxia stake sale in the form of a special dividend.

We believe SK hynix's solid 3Q results and positive management commentary on the industry outlook should be constructive to market sentiment in the near term. While we appreciate the company's solid fundamentals, we believe these have already been reflected in Moody's and S&P's upgrade to single-A, and we do not see strong upside catalysts for the curve in the near term. Potential downside risks to spreads for the name include (1) potential repricing from Asian data center bond issuance, and (2) lingering market concerns about AI financing risks, in our view. *(Alvin)*

Lai Sun Development - Solid FY26 results, but uncertainties in asset disposal for cash sweep

Lai Sun Development recently announced its FY26 results. Revenue increased 3% YoY to HK$5bn as stronger non-property revenue (cinema, media/entertainment, film/TV operations) more than offset weaker IP/DP revenue, and adjusted EBITDA rose 59% YoY from HK$212mn to HK$338mn thanks to stringent cost control. However, a sharp increase in IP revaluation losses (+187% YoY to HK$1.3bn) has kept the company in heavy net losses of -HK$2.4bn (vs -HK$2.9bn in FY25). Net gearing edged down to 89% from 91% in FY25, supported by a 30% repayment of the '26s as part of the LME. Lai Sun has completed the sale of its interest in Camper & Nicholsons and realized partial net proceeds of HK$277mn. The proceeds are more sizable than we expected, and it will be part of its cash sweep program to repay '29s. That said, we continue to see execution risk in completing asset disposals under the cash sweep in time before the bond maturity in 2029. The largest uncertainties would be in the Kotewall Road project (niche luxury HK residential, construction expected to complete in 1Q28) and the Leadenhall project (London office redevelopment). We remain cautious on LASUDE'29s (91.3), as we think the bond price has already priced in an optimistic scenario, and we see downside risks in asset disposal execution. Please see our recent HK Property sector report for details on our thesis on Lai Sun. *(Alvin/Natalie)*

Continuum Green – Moody's revises outlook on RG2 to stable from negative; stay OW on the CGRNEG '33s

Moody's has revised the outlook on Continuum Green's restricted group (RG2) to stable from negative and affirmed its Ba2 rating. The rating agency cited stable generation, expectations of higher tariffs and the stronger sponsor profile after the recent investments in from Chubu Electric Power Company (Chubu) and Just Climate (JC) as credit positive. Specifically, Moody's expects high tension tariffs to increase in Gujarat and Tamil Nadu, which should be reflected in RG2's C&I tariffs. Generation also improved in 1HFY27 compared to the same period last year with contribution from the 34.9MW Rajkot 4 project. On FX risks, the rating agency notes that the company's new call spread hedges extends the hedged range to mid-INR100/USD levels of depreciation, which looks adequate for now.

We remain OW on the RG2 CGRNEG '33s (98.7 offer, z+326bps, 7.85% yield to avg life) and think that valuations look decent compared to other Indian renewable RG bonds. We believe that the investments from Chubu and JC should help to improve governance at the group level, which is positive for the credit. *(Aman)*



Soo Chong Lim [AC]
(852) 2800-7387
soochong.lim@jpmorgan.com

J.P.Morgan

Table 1: J.P. Morgan Asia Credit Index Performance

As at 27 October 2026

	Return, %				SOT to Worst, bp					YTW, bp & %					Dur.	Mkt Cap (US$bn)	% of Index
Index	1D	1W	1M	YTD	1D	1W	1M	YTD	Cur	1D	1W	1M	YTD	Cur	Cur		
JACI	**0.1%**	**0.4%**	**0.2%**	**-0.3%**	**-1**	**3**	**26**	**23**	**109**	**-1**	**-7**	**7**	**109**	**6.1%**	**4.1**	**857**	**100%**
JACI IG	0.1%	0.5%	0.4%	-0.8%	-1	1	20	23	85	-2	-8	0	109	5.9%	4.3	749	87%
JACI HY	0.0%	-0.4%	-1.3%	2.8%	1	23	81	-13	329	2	15	62	83	8.1%	3.2	107	13%
JACI APAC	**0.1%**	**0.4%**	**0.4%**	**-0.2%**	**-1**	**2**	**24**	**-3**	**110**	**-1**	**-7**	**4**	**111**	**6.1%**	**4.1**	**1,451**	**100%**
JACI APAC IG	0.1%	0.5%	0.6%	-0.5%	-1	1	16	1	87	-1	-9	-4	108	5.9%	4.1	1,292	89%
JACI APAC HY	0.0%	-0.3%	-1.3%	2.2%	-1	20	85	12	339	-1	13	70	113	8.2%	3.5	159	11%
Segmental																	
Sovereign	0.2%	0.7%	-0.1%	-2.4%	-3	1	32	32	101	-3	-10	11	107	6.1%	6.1	166	19%
Quasi-sov	0.1%	0.5%	0.6%	-0.4%	-1	0	15	16	71	-2	-9	-4	99	5.7%	4.2	190	22%
Financial	0.0%	0.2%	0.4%	1.2%	0	3	23	21	116	0	-5	4	128	6.0%	2.5	243	28%
IG Corp (exfin)	0.0%	0.4%	0.4%	-1.1%	0	3	22	21	89	0	-7	2	106	5.9%	4.7	197	23%
HY Corp (exfin)	-0.1%	-0.6%	-1.5%	2.7%	3	29	87	-2	402	3	22	68	90	8.9%	3.1	61	7%
EM comparables																	
CEMBI Broad	**0.0%**	**0.0%**	**-0.2%**	**0.3%**	**-2**	**11**	**33**	**24**	**186**	**0**	**1**	**18**	**114**	**6.8%**	**4.1**	**1,157**	**100%**
IG	0.0%	0.2%	0.3%	-0.7%	-1	8	20	19	118	0	-2	4	106	6.2%	4.4	771	67%
HY	0.1%	-0.3%	-1.4%	2.4%	-3	21	64	16	360	-1	12	50	115	8.5%	3.5	386	33%
Asia	**0.0%**	**0.1%**	**0.1%**	**0.6%**	**-1**	**8**	**26**	**17**	**131**	**1**	**-1**	**11**	**111**	**6.3%**	**3.4**	**491**	**42%**
Asia IG	0.0%	0.2%	0.4%	0.2%	-1	5	18	15	92	1	-4	3	109	5.9%	3.5	406	35%
Asia HY	0.0%	-0.5%	-1.1%	2.6%	0	26	72	11	359	1	18	58	109	8.4%	2.9	85	7%
LATAM	**0.1%**	**0.0%**	**-0.8%**	**0.6%**	**-4**	**12**	**40**	**1**	**235**	**-2**	**2**	**24**	**88**	**7.4%**	**5.1**	**310**	**27%**
LATAM IG	0.1%	0.4%	0.4%	-2.6%	-3	7	20	0	138	-2	-4	3	78	6.5%	6.4	132	11%
LATAM HY	0.1%	-0.3%	-1.6%	3.1%	-4	19	62	-18	345	-3	9	46	81	8.4%	4.2	178	15%
CEEMEA	**0.0%**	**-0.1%**	**-0.3%**	**-0.3%**	**-1**	**13**	**33**	**46**	**198**	**0**	**4**	**18**	**136**	**6.9%**	**4.1**	**356**	**31%**
CEEMEA IG	0.0%	0.1%	0.2%	-1.2%	-1	11	22	35	137	0	1	7	122	6.4%	4.7	233	20%
CEEMEA HY	0.0%	-0.3%	-1.2%	1.3%	-2	20	65	87	392	0	12	52	186	8.7%	2.8	124	11%
EMBIG	**0.2%**	**0.4%**	**0.1%**	**-0.2%**	**-3**	**6**	**23**	**13**	**192**	**-2**	**-5**	**6**	**89**	**7.0%**	**6.1**	**1,297**	**100%**
EMBIG IG	0.1%	0.5%	0.6%	-2.0%	-3	5	16	28	121	-1	-6	-1	101	6.3%	6.6	725	56%
EMBIG HY	0.3%	0.2%	-0.5%	2.4%	-5	7	35	-17	310	-4	-3	19	63	8.2%	5.4	572	44%
Market breakdown																	
China	0.0%	0.2%	0.3%	0.5%	1	4	21	20	87	1	-5	2	113	5.9%	3.2	216	25%
Hong Kong	0.0%	0.4%	0.4%	0.2%	0	3	20	-5	97	0	-7	0	83	5.9%	4.4	136	16%
Korea	0.0%	0.3%	0.8%	1.0%	-1	-2	6	-3	50	0	-8	-13	107	5.3%	2.5	137	16%
India	0.1%	0.3%	0.1%	0.8%	-1	4	31	9	149	-1	-4	12	108	6.4%	3.7	59	7%
Indonesia	0.3%	0.7%	-0.5%	-3.6%	-4	1	37	51	135	-4	-10	17	122	6.5%	6.4	114	13%
Macao	0.0%	-0.2%	-0.6%	0.4%	1	18	61	59	230	2	12	42	177	7.1%	2.7	20	2%
Philippines	0.2%	0.6%	0.0%	-3.0%	-3	2	29	39	124	-3	-8	8	118	6.3%	6.1	55	6%
Thailand	0.1%	0.4%	0.6%	0.4%	-1	3	19	7	120	-1	-6	-1	87	6.2%	4.5	20	2%
Taiwan	0.0%	0.5%	0.5%	-2.0%	1	3	22	35	88	1	-7	3	120	5.9%	5.8	15	2%
Malaysia	0.2%	0.7%	0.4%	-2.1%	-1	0	20	28	88	-2	-11	0	97	6.0%	6.7	27	3%
Singapore	0.0%	0.4%	0.9%	0.2%	-1	-2	7	5	44	-1	-9	-12	99	5.4%	3.5	33	4%
Pakistan	-0.1%	-0.7%	-2.5%	2.0%	4	30	100	21	399	4	21	79	111	8.9%	4.1	10	1%
Sri Lanka	0.1%	0.0%	-2.0%	9.5%	0	14	65	-160	129	-1	4	45	-70	6.2%	5.5	8	1%

Source: J.P. Morgan.