

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2025

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset Asian G3 Bond Benchmark Review 2025". Thank you for your support!

- *Asia IG space was quiet this morning. NSINTW 34s widened 3bps. AU T2s such as WSTP/NAB 30-35s were unchanged to 2bps wider. The new TAIFNG 7.75 Perp was up another 0.1pt. CHIYBK 8 Perp was up 0.3pt. CSIPRO 25 down 0.3pt while CSIPRO 28 up 0.2pt.*
- ***HLINSU:** FV of the new HLINSU 55 to be low 6% vs IPT of 6.75%. HLINSU 32s/KYOBOL 52s were unchanged this morning. See below.*
- ***China economy:** Credit weakness awaiting policy support. In 2H25, CMBI expects a further 10bps LPR cut, along with a possibly moderate increase in the broad fiscal deficit. See below for comments from CMBI economic research.*

❖ Trading desk comments 交易台市场观点

Last Friday, Asia IG space was generally soft amid rising geopolitical tensions. The new TAIFNG AT1 rose 1.0pt from RO at par on top-up demand from RMs despite profit taking from primary. See our comments on [13 Jun '25](#). In KR, HYUELE/LGENSO/HYNMTR/PKX 27-35s widened 5-10bps. In Chinese IGs, TENCNT/BABA/HAOHUA 27-35s closed unchanged to 2bps wider. In HK, HKAA 30-35s widened 2-3bps. In financials, the new ANZ 5.816 36 widened 5bps. NSINTW 34s widened 10bps, CATLIF 33s widened 5bps. EU AT1s were also soft. The recent new HSBC 7.05 Perp and RY 6.75 85 were 0.1-0.3pts lower. In insurance hybrids, NIPLIF/MYLIFE 51-55s were down 0.1-0.2pt. In HK, CKINF/CKPH Perps rose 0.6-1.2pts following media report that China COSCO is in talks to join CK Hutchison's port deal. NWDEVL Perps/27-31s were down 0.2-1.0pt, closed 1.0-3.0pts higher WoW. Media reported that NWD secured written commitments from banks for 87% of HKD 87.5bn (cUSD11.2bn) loan refinancing. LIHHK 25s and 26s were 0.1pt lower and 0.5pt higher, closed 0.7-3.3pts lower WoW. CSIPRO 25s and 28s were 0.3pt and 0.1pt lower. CSI Properties announced profit warning on last Friday evening, citing lower property sales, FV losses on IPs, write-down of properties held for sales, etc. HYSAN 7.2/4.1 Perps were up 0.2pt. In Chinese properties, VNKRLE 27-29s were 0.3-0.4pt lower. In SE Asia, VLLPM 29s declined 0.5pt. GLPSP Perps/28s were down 0.2-0.4pt.

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

Cyrena Ng, CPA 吳蒨瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

We continue to see solid demand from RM for higher yielding LGFV papers such as FZSZJJ 7 28/ZOUCAO 6.98 27, whereas the new lower-yielding GDHJIN 4.25 28 closed 0.1pt lower from RO at 99.66. In SOE perps, HUADIA/COFCHK Perps were 0.1pt lower.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	71.8	2.6	NWDEVL 6 1/4 PERP	24.8	-1.2
LIHHK 4.8 06/18/26	82.6	1.9	NWDEVL 6.15 PERP	37.5	-1.1
VLLPM 7 1/4 07/20/27	77.7	1.8	NWDEVL 4 1/8 PERP	26.2	-1.1
SINOPE 4.6 09/12/48	92.3	1.0	VEDLN 9.85 04/24/33	96.3	-1.0
TAISEM 4 1/2 04/22/52	89.7	1.0	NWDEVL 5 1/4 PERP	28.1	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.13%), Dow (-1.79%) and Nasdaq (-1.30%) were lower on last Friday. Iran retaliated against Israel's biggest-ever military strike on last Friday. UST yield was higher on last Friday, 2/5/10/30 yield at 3.96%/4.02%/4.41%/4.90%.

❖ Desk Analyst Comments 分析员市场观点

➤ HLINSU: FV of the new HLINSU 55 to be low 6% vs IPT of 6.75%

Hanwha Life Insurance (HLINSU) proposes to issue 30NC5 USD T2 bonds (A3/-/A-). We consider the FV of new HLINSU 55 to be low 6% vs. IPT of 6.75%, in view of its own HLINSU 3.379 02/04/32 (first callable in Feb'27) is trading at YTC of 5.4%, also compared to its peer KYOBOL 52 as well as NIPLIFs. See table below.

Table 1: Bond profile of HLINSU and peers

Security name	T-spread (bps)	YTC (%)	First call date	Issue rating (M/S/F)
HLINSU 3.379 02/04/32	148	5.4	4 Feb'27	A3/A-/A-
KYOBOL 5.9 06/15/52	162	5.6	15 Jun'27	A3/-/A-
NIPLIF 3.4 01/23/50	139	5.4	23 Jan'30	A3/A-/A-
NIPLIF 6.5 04/30/55	184	6.3	30 Apr'35	A3/A-/A-

Source: Bloomberg.

The new HLINSU 55 will be first callable on 24 Jun'30, subject to prior approval from the regulatory authorities in Korea. The coupon will be reset on the first call date to 5yrUST+initial spread, and then reset to 5yrUST+initial spread+step-up margin of 100bps on 24 Jun'35 if it is not called. The new HLINSU 55 will have 30-year rolling maturity, i.e. the tenor will automatically be extended for 30 years if it is not redeemed at the option of the issuer on any redemption date. Besides, the new HLINSU 55 is qualified as T2 for regulatory capital calculation, and will subject to amortization after the first call date. It will enjoy equity credit from Moody's (50%) and Fitch (capital adequacy: 100%; financial leverage:0%). Moreover, there is optional distribution cancellation on a non-cumulative basis with dividend stopper and pusher. The mandatory distribution cancellation, upon occurrence of capital deficiency event, is also on non-cumulative basis and subject to dividend stopper. There is no principal loss absorption.

HLINSU is the second largest insurer in Korea by gross premium and in-force CSM, after Samsung Life. HLINSU offers a diverse range of insurance products, including health, retirement and group insurance. HLINSU had total assets of KRW122tn as of Dec'24, compared with Kyobo Life Insurance (KYOBOL)'s KRW139tn. As of Dec'24, 89% of HLINSU's bond portfolio were with maturities over 10 years, and 75% of its bond portfolio are domestic bonds. The investment yield had been large stable in the range of 3.3-3.6% over

the past 3 years. In 1Q25, the investment yield was 3.1%. The exposure to forex and interest rate movements appear to be manageable.

As of Dec'24, HLINSU's K-ICS ratio was 165%, lower than that of KYOBOL at 221% but well above the Financial Services Commission (FSC) recommended level of 130% and the regulatory minimum requirement of 100%. HLINSU's K-ICS ratio dropped to 154% as of Mar'25, due mainly to higher discount rate and partly offset by issuance of subordinated KRW bonds. We understand that FSC lowered the recommended K-ICS ratio to 130% from 150% from 11 Jun'25 in order to ease the capital burden on insurers amid challenges from the new accounting standards including IFRS17. The K-ICS ratio falling below the recommended level could trigger regulatory supervisory measures, including restrictions on early redemption of subordinated bonds.

➤ **China Economy: Credit weakness awaiting policy support**

China's credit market continued to be driven by government-led borrowing, while the private sector demand continued to lag. Outstanding social financing continued to recover in May, as government bond issuance ran faster than the average pace for the debt quota over the year. Meanwhile, the new RMB loans continued to dip, as tariff shocks hurt consumer demand and business capex through the confidence channel. China has to launch additional policy support to revive the recovery momentum especially in the private sector. In 2H25, we expect a further 10 bps LPR cut, along with a possibly moderate increase in the broad fiscal deficit. The central bank is likely to maintain ample liquidity, support steady credit growth, and facilitate a recovery in the property sector to cushion the economic impact of tariff shocks. If a trade deal with the US can be reached, China might focus on economy rebalancing with stronger fiscal expansion, additional consumption stimulus and faster overcapacity reduction.

Social financing flows moderated as tariff shocks dampened confidence and credit demand.

Outstanding social financing (SF) stayed flat at 8.7% in May (all in YoY terms unless otherwise specified), while the SF flow expanded by RMB2.29trn, stronger than market expectation at RMB2.05trn. Government bond issuance remained the major driver, rising 19.3% to RMB1.46trn in May compared to RMB972bn in Apr. The issuance pace was 9% ahead of the average pace to meet the full-year target of RMB13.9trn incremental debt quota, indicating that there will be either a slowdown in fiscal support or additional debt quota in 2H25. RMB loans to the real economy under SF notably dropped 27.3% to RMB596bn in May, as non-government sector's credit demand remained subdued. Corporate bond issuance eased to RMB149bn in May compared to RMB234bn in Apr, while notably growing over 400% YoY. The M1 supply rose to 2.3% in May from 1.5% while M2 edged down to 7.9% in May from 8%.

New RMB loans continued to deteriorate. Growth of outstanding RMB loans edged down to 7.1% in May from 7.2%, marking another historical low, as the new RMB loans notably slumped by 34.7% to RMB620bn in May, missing market expectations at RMB802bn. Credit demand of household sector remained lethargic with total loan flows dropping 28.7%. Consumers were reluctant to spend as ST loan flow saw a negative flow of -RMB20bn in May. M&L term loan flows rebounded 45.1% to RMB74.6bn in May compared to -26.1% in Apr; however, sales in the property sector continued to soften in May and early June. Corporate sector also dropped 28.4% in loan flow to RMB530bn in May compared to 29.1% in Apr. ST loans recovered to RMB110bn in May from negative flows a year earlier while M&L term loans dropped 34%, as the RMB2trn debt swap program continued to reduce the LGFVs' outstanding bank loans.

China has to launch additional policy support to revive recovery momentum especially in private sector.

The credit market continued to be driven by government-led borrowing, while the private sector demand continued to lag. China has to launch additional policy support to revive recovery momentum especially in the private sector. In 2H25, we expect a further 10 bps LPR cut, along with a possibly moderate increase in the broad fiscal deficit. Maintaining stability in the equity market and exchange rate, which are considered as the key indicators of economic resilience, remains a primary objective of financial policy. The central bank is likely to maintain ample liquidity, support steady credit growth, and facilitate a recovery in the property sector to

cushion the economic impact of tariff shocks. If a trade deal with the US can be reached, China might focus on economy rebalancing with stronger fiscal expansion, additional consumption stimulus and faster overcapacity reduction.

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	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Hanwha Life Insurance	USD	-	30NC5	6.75%	A3/-/A-
Industrial Bank of Korea	USD	-	3yr/ PerpNC5.5	SOFR+90/ 5.375%/	Aa2/-/AA-
MTR Corporation	USD	-	PerpNC10.5	6.125%	A2/A/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 109 credit bonds issued on last Friday with an amount of RMB156bn. As for month-to-date, 868 credit bonds were issued with a total amount of RMB925bn raised, representing a 27.6% yoy increase
- China to remove all tariffs on imports from African countries
- Macau will allow visa-free access to citizens from Saudi Arabia, Qatar, Kuwait, Bahrain and Oman
- **[ADSEZ]** Adani's Haifa Port in Israel undamaged by Iranian missile attacks
- **[CSIPRO]** CSI Properties warns its losses will jump nearly fourfold in FY25
- **[FOSUNI]** Fosun International to raise RMB2bn (cUSD276mn) by selling minority stake in jewelry business
- **[FRESHK]** Far East Horizon says USD20.9mn of FRESHK 2.5 07/08/25 CBs converted into shares, USD245.1mn remains outstanding
- **[GEAR]** Fitch affirmed Golden Energy and Resources' B+ rating; outlook revised to negative from stable on elevated net leverage
- **[IDASAL]** MIND ID's gold-producing arm to spend USD431mn for FY25 capex

- **[NWDEVL]** NWD unit repays HKD3.8bn (cUSD484.1mn) syndicated loan due 13 Jun'25 after three month extension; NWD sells out initial batch of apartments at new project after hefty discounts
- **[RCBPM]** Rizal Commercial Banking receives BSP approval to fully redeem RCBPM 6.5 Perp of USD300mn
- **[TTMTIN]** Moody's upgraded Tata Motors UK unit Jaguar Land Rover Automotive's ratings to Ba1 from Ba2; outlook positive
- **[VNRLE]** S&P affirmed China Vanke's B- ratings on continuing liquidity boost by shareholder; outlook negative
- **[YESIN]** Moody's upgraded Yes Bank to Ba2 from Ba3 on improvement in credit profile; outlook changed to stable from positive

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.