CMB INTERNATIONAL 招銀国际

Fixed Income
Credit Commentary

9 Sep 2026

CMBI Credit Commentary

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

- *This morning, the new CBAAU '29 was 4bps tighter from RO, '31s were unchanged, and '37s were 1bp wider. The new KOSOPW '29 was 10bps tighter from RO. The new MAYMK '29 widened 1bp from RO while '31 was unchanged. The new MUFG complex were unchanged from ROs. The new MIZUHO 7.05 Perp down 0.1pt from RO at par. JP bank FRNs and insurance subs were weaker amid better selling.*

- ***KBANK:** Initiate buy on the new KBANK 6.278 09/17/36, which was 2bps tighter from RO at T+173bps this morning. See below.*

- ***SMCGL:** Earnings growth and margin expansion continues in 1H26. Switch to SMCGL 8.375 Perp from SMCGL 8.125 Perp and SMCGL 8.95 Perp. SMCGLs were unchanged this morning. See below.*

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

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

❖ Trading desk comments 交易台市场观点

Yesterday, we saw pressure in Asia IG space at the long-end. Chinese 10yr benchmarks BABA/TENCNT/TME/KUAISH/MEITUA as well as HKTGHD/LINREI widened 2-3bps. We also saw RM selling the 5yr belly of LENOVO/XIAOMI. In contrast, front-end 2-3yr MEITUA/GRWALL/CCAMCL/FRESHK/BNKEA enjoyed solid buying support. TW lifers drifted unchanged to 2bps wider on light selling in CATLIF. In Korea, the recent new 3yr SAMAER/KOREAN tightened 1-2bps on local front-end deployment. On the other hand, there were some selling in off-the-run LGENSO/HYNMTR which closed unchanged to 2bps wider. Heavy new supply weighed on Japan and Southeast Asia, with upcoming multi-tranche issuance from MAYMK/KBANK/MUFG. In Japan, we saw better selling in bank FRNs and 5-10yr fixed-rate paper. In SG, OCBCSP traded mixed on two-way flows, with demand focused on FRNs and the '34 and selling pressure in the '35/'36.

In higher-yielding space, the macro tone weakened as markets returned from the US long weekend and positioned for a more bearish rates outlook ahead of next week's FOMC, following Friday's strong NFP print. European and Japanese AT1s and insurance subs, together with Asia high-beta perps, were around 0.3-0.4pt weaker amid a modest rates-led sell off during the London session. AMs and tactical investors sold the belly and long end as they reduced long positions. VLLPM 27-29 rose 0.5-1.8pts. Vista Land confirmed it is evaluating opportunities to monetize selected non-core assets to ensure that it remains well-positioned to meet its financial obligations, including the maturity of its USD420mn VLLPM 27 in Jul'27. In contrast, sentiment remained relatively constructive outside the USD market. In CNH space, we continued to see steady Southbound buying, while higher-yielding CNH LGFVs remained strongly sought after by RMs and HFs. Yields compressed by up to a further 10bps across paper yielding from the mid-3% and above.

CMBI Fixed Income
fis@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 7 1/4 07/20/27	**81.9**	**1.8**	SANTAN 8 PERP	**106.4**	**-0.7**
CRNAU 9 1/4 10/01/29	**86.9**	**0.8**	INTNED 6 1/2 PERP	**96.8**	**-0.6**
PRUFIN 4 7/8 PERP	**85.9**	**0.7**	ACENPM 4 PERP	**56.6**	**-0.6**
VLLPM 9 3/8 07/29/29	**62.0**	**0.5**	EHICAR 7 09/21/26	**76.4**	**-0.6**
TAIANH 6.9 07/16/28	**98.3**	**0.5**	SSW 5 1/2 08/01/29	**97.4**	**-0.5**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.58%), Dow (-1.18%) and Nasdaq (-0.32%) were weak on Tuesday. China Aug'26 CPI/PPI was +0.8%/+3.8% yoy, respectively, compared with the market expectation of +0.8%/+3.6%. UST yield was higher yesterday. UST yield was at 4.39%/4.57%/4.80%/5.25%.

❖ Desk Analyst Comments 分析员市场观点

➢ KBANK: Initiate buy on the new KBANK 6.278 09/17/36

Table 1: KBANK o/s USD bonds

Security name	ISIN	Amt o/s (USD mn)	Ask px	Z-spread (bps)	YTW	Mod dur	Payment rank	First call date	Issue rating
KBANK 4 Perp	XS2371174504	350	99.3	176	5.8%	0.4	Jr Subordinated	02/10/2027	Ba2/-/-
KBANK 5.458 03/07/28	XS2580263734	600	101.0	52	4.8%	1.4	Sr Unsecured	-	Baa1/-/BBB
KBANK 3.343 10/02/31	XS2056558088	800	99.9	62	4.4%	0.1	Subordinated	10/02/2026	Ba1/-/BB+
KBANK 6.278 09/17/36	XS3503275177	800	100.0	196	6.3%	4.2	Subordinated	09/17/2031	Ba1/-/-

Source: Bloomberg.

Yesterday, KASIKORNBANK (KBANK) priced USD 10NC5 Reg S Tier 2 bond (Ba1/-/-) at T+173bps, tightened from IPT of T+205bps and in line with our FV estimate. The issue size is USD800mn on an order book of over USD1.5bn. The new KBANK 6.278 09/17/36 is first callable on 17 Sep'31, subject to regulatory approval. If not called, the coupon will reset to 5yrUST+1.73%. Please also refer to our comments yesterday for the new issue highlights.

We initiate buy on the new KBANK 6.278 09/17/36. We view the bond offers an attractive yield within the Asia bank T2 universe, while also provides a meaningful yield pick-up over KBANK's senior KBANK 5.458 03/07/28. At 100.0, KBANK 6.278 09/17/36 was trading at a 6.3% YTC, tightened 2bps from the RO at T+173bps this morning. We expect KBANK to redeem the bond at the first call date, supported by its established call track record. Most recently, KBANK is scheduled to redeem its USD800mn KBANK 3.343 10/02/31 at its first call date on 2 Oct'26. Besides, we view the risk of a non-viability event as low over the medium term, underpinned by KBANK's solid capital position and prudent provisioning.

- **SMCGL: Earnings growth and margin expansion continues in 1H26**

Table 2: Bond profiles of SMCGLs

Security name	ISIN	Ask px	Yield to next reset	Amt o/s (USD mn)	First call date	Coupon reset date	Coupon reset (incl. step-up)
SMCGL 5.45 Perp	XS2346954873	99.7	6.4%	258.53	12/09/2026	12/09/2026	5yUST+7.155%
SMCGL 8.75 Perp	XS2883979705	102.2	7.9%	900.0	06/12/2029	09/12/2029	5yUST+7.732%
SMCGL 8.125 Perp	XS2943809900	100.5	8.0%	600.0	12/02/2029	03/02/2030	5yUST+6.404%
SMCGL 8.95 Perp	XS3121131125	102.9	8.1%	515.0	04/24/2030	07/24/2030	5yUST+7.445%
SMCGL 8.375 Perp	XS3242497538	99.5	8.5%	300.0	10/20/2030	01/20/2031	5yUST+7.123%
SMCGL 8.875 Perp	XS3401031656	100.9	8.3%	430	03/17/2031	06/17/2031	5yUST+7.102%

Source: Bloomberg.

San Miguel Global Power (SMCGL) reported solid 1H26 results, supported by increasing contributions from its renewable energy portfolio and BESS facilities. We maintain our buy recommendation on SMCGL, underpinned by its improving operating profile, diversified funding access and proactive liability management. Within the SMCGL curve, we switch to SMCGL 8.375 Perp, from SMCGL 8.125 Perp and SMCGL 8.95 Perp, for its higher yield and lower cash price. We also maintain buy on PCORPM 7.35 Perp, issued by SMCGL affiliate Petron Corp. We view these Philippine perp as low-beta and good carry plays.

SMCGL’s 1H26 revenue rose 27.1% yoy to PHP101.9bn, driven by contributions from the Mariveles, Masinloc and San Roque hydroelectric power plants, whose PSAs commenced in 2H25, as well as five BESS facilities that began operations in 2025. This was partly offset by lower revenue from several plants following deconsolidation and PSA cessations. Revenue growth significantly outpaced the 2.2% yoy increase in cost of power sold, reflecting improved PSA terms and the relatively higher margin contribution from BESS. As a result, gross profit increased 78.6% yoy to PHP46.6bn, with gross profit margin expanded to 45.8% from 32.6% in 1H25.

EBITDA declined 8.9% yoy to PHP47.0bn, primarily due to the absence of the PHP21.9bn one-off valuation gain from the Chromite transaction recorded in 1H25. Excluding this gain, the EBITDA would have increased 58.4% yoy in 1H26, as per our calculation, broadly consistent with the strong improvement in gross profit. Operating cash flow declined 24.7% yoy to PHP20.4bn, mainly due to higher receivables, inventories, and payables during the period. Capex increased materially to PHP26.3bn from PHP3.7bn in 1H25, for Masinloc Units 4 and 5, BESS facilities, and solar and hydro projects. We expect SMCGL to fund its expansion capex through a combination of operating cash flow and debt, particularly as it continues to build out its BESS portfolio. While higher capex and working capital requirements weigh on near term free cash flow generation, such investments should support its EBITDA growth in the medium term and diversify its business mix, as well as reducing SMCGL’s reliance on thermal generation.

As of Jun’26, cash and cash equivalents increased to PHP181.1bn from PHP101.5bn at Dec’25, while total debt rose to PHP655.8bn. Total debt/LTM EBITDA and net debt/LTM EBITDA increased to 8.6x and 6.2x, respectively, reflecting higher debt to fund capex and working capital requirements. That said, liquidity remained adequate, with cash/ST debt at a healthy 2.9x. We also take comfort from SMCGL’s access to both onshore and offshore funding markets and its proactive liability management. Since Jul’25, SMCGL has conducted exchange and tender offers for its USD perps, while also refinancing through onshore bond issuance. SMCGL has a track record of calling its perp at its first reset date since Nov’19, which remains supportive of investor confidence in its refinancing discipline.

Table 3: 1H26 financial highlights

PHP mn	1H25	1H26	Change	2Q25	2Q26	Change
Revenue	80,147	101,856	27.1%	37,651	48,239	28.1%
- Power generation	*59,888*	*72,818*	*21.6%*	*26,971*	*32,965*	*22.2%*
- Retail and other power-related services	*19,512*	*28,480*	*46.0%*	*10,113*	*15,020*	*48.5%*
- Others	*747*	*558*	*-25.4%*	*566*	*254*	*-55.1%*
Gross profit	26,104	46,611	78.6%	13,058	16,316	25.0%
EBITDA	51,625	47,046	-8.9%	15,856	17,050	7.5%
Net profit	34,573	32,151	-7.0%	8,187	8,272	1.0%
Operating cash flow	27,084	20,388	-24.7%	11,192	498	-95.5%
Capex	3,720	26,232	605.2%	360	15,995	4348.4%
Free cash flow	23,364	(5,844)	-	10,833	(15,497)	-243.1%
Gross profit margin	32.6%	45.8%	13.2 ppts	34.7%	33.8%	-0.9 ppts
EBITDA margin	64.4%	46.2%	-18.2 ppts	42.1%	35.3%	-6.8 ppts
PHP mn	**Dec'25**	**Jun'26**	**Change**			
Cash and ST investment	101,498	181,091	78.4%			
Total debt (incl. capital securities)	597,306	655,810	9.8%			
Net debt	495,808	474,719	-4.3%			
Total debt/ LTM EBITDA	7.4x	8.6x	-			
Net debt/ LTM EBITDA	6.1x	6.2x	-			
Cash/ST debt	1.2x	2.9x	-			

Source: Company filling, CMBI FICC Research.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Commonwealth Bank of Australia	1000	3yr	4.80%	T+37	Aa2/AA-/AA
	750	5.25yr	4.367%	SOFR+70	Aa2/AA-/AA
	1250	11NC10	6.09%	T+130	A2/A-/A
KASIKORNBANK Hong Kong Branch	800	10NC5	6.278%	T+173	Ba1/-/-
Korea Southern Power	300	3yr	4.75%	T+50	Aa2/-/AA-
Malayan Banking Bhd	300	3yr	4.267%	SOFR+60	A3/-/-
	400	5yr	5.088%	T+55	A3/-/-
Mitsubishi UFJ Financial Group Inc	750	4NC3	5.126%	T+65	A1/A-/A-
	850	6NC5	5.437%	T+87	A1/A-/A-
	400	6NC5	4.766%	SOFR+110	A1/A-/A-
	750	8NC7	5.625%	T+95	A1/A-/A-
	750	21NC20	6.205%	T+95	A1/A-/A-
Mizuho Financial Group	1000	PerpNC10.25	7.05%	7.05%	Ba1/BB+/-

➢ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
Japan Post Insurance	USD	-	30NC10	6.875-7.0%	A3/A-/-
Korea Securities Finance Corporation	USD	-	3yr	T+75	Aa2/-/-
Olympus Corp	USD	500	5yr	T+120	Baa1/BBB+/-
RBL Bank Limited	USD	-	5yr	T+150	Baa2/-/-
Vedanta Resources (tap)	USD	-	6yr	7.0%	Ba3/BB-/BB
	USD	-	8yr	7.375%	Ba3/BB-/BB
	USD	-	11yr	7.75%	Ba3/BB-/BB

➢ News and market color

- Regarding onshore primary issuances, there were 100 credit bonds issued yesterday with an amount of RMB106bn. As for month-to-date, 496 credit bonds were issued with a total amount of RMB503bn raised, representing a 95.9% yoy increase

- **[INGPHL]** Fitch affirmed India Green Power's USD460mn INGPHL 4 02/22/27 at BB- stable outlook

- **[POHANG]** Media reported POSCO to invest cUSD357mn to boost premium steel capacity for next-generation cars

- **[SOFTBK]** Media reported SoftBank to meet investors in next week ahead of potential USD10-20bn bond sale

- **[SUNHKC]** Sun Hung Kai & Co redeemed outstanding USD195.9mn SUNHKC 5 26 in full at maturity

- **[XIAOMI]** Media reported XIAOMI to invest USD7.5bn in chip R&D over next decade

- **[VEDLN]** Media reported Vedanta Resources to raise up to USD400mn in tap to refinance outstanding bonds left over from the tender and exchange offer earlier this year

- **[VLLPM]** Vista Land confirmed it is evaluating opportunities to monetize selected non-core assets to ensure that it remains well-positioned to meet its financial obligations, including the maturity of its USD420mn VLLPM 7 ¼ 07/20/27 in Jul'27

Fixed Income Department
Tel: 852 3900 0801/ 852 3761 8919
fis@cmbi.com.hk

Author Certification

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-6under 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.