

## 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!

- *There was profit taking flow in Asia IG space following the lower UST yield and Israel's attacks on Iran this morning. LGENSO/HYMNTR 27-35s were widened 5-10bps. NSINTW/CATLIF 34s also widened 5-10bps. NIPLIF/MYLIFE 51-55s were 0.2-0.4pt lower.*
- *TAIFNG: Prefer CHIYBK 8 Perp to the new TAIFNG 7.75 Perp. TAIFNG 7.75 Perp rose 1.0pt from RO at par amid two way flows. See below.*
- *NWDEVL: Media reported NWD secured written commitments from banks for 87% of HKD 87.5bn (cUSD11.2bn) loan refinancing. NWDEVLs were down 0.2-1.2pts yesterday and unchanged this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, UST yield tightened 4-7bps following the lower-than-expected US May CPI. TAIFNG priced a PerpNC5 AT1 of USD280mn at par to yield 7.75% (IPT at 8.375%). See comments below. The new ANZs were under better selling and closed unchanged to 1bp wider. In KR, HYMNTR 27-32s were 1-5bps tighter, while LGENSO 30-35s widened 2-3bps. In Chinese IGs, HAOHUA/BABA/MEITUA 27-35s were 2-4bps wider on AM selling. The long end of SINOPE/CNOOC 43-52s were 0.7-1.0pt higher (unchanged to 4bps tighter). In financials, GRWALL 26-30s tightened 2-8bps while GRWALL Perp was unchanged following Fitch's one notch upgrade to BBB. See our comments on [12 Jun '25](#). CDBALF 27-30s were unchanged to 2bps wider. EU AT1s were stable. HSBC 7.05/HSBC 6.5/LLOYDS 7.5/INTNED 3.375 Perps were up 0.1-0.3pt. JP insurance hybrids were firm on AM buying. SUMILF/FUKOKU Perps and NIPLIF 53-55s were up 0.1-0.2pt. In HK, CKHH/HKLSP/CASPEA 27-34s were unchanged to 3bps tighter on PB chasing. LIHHK 25s and LIHHK 26s were up 0.2pts and 1.9pts, closed 0.6pts and 3.3pts lower WTD, respectively. NANFUN 5/HYSAN 4.1 Perps were up 0.1-0.3pt. NWDEVL Perps/27-31s declined 0.2-1.2pts, closed 1.2-3.6pts higher WTD. In Chinese properties, CHIOLI 28-43s/GRNCH 28s were sought after by RMs/PBs and closed 0.2-0.8pt higher. LNGFOR 27-32s were up 0.2-0.5pt. In SE Asia, VLLPM 27-29s rose 1.8-2.6pts, closed 1.0-1.4pts lower WTD. Adani complex bonds were up 0.1-0.4pt. On the other hand, VEDLN 28-33s were down 0.2-1.0pt.

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LGFVs remained sought after by RMs, with preference still on higher yielding names. There were two way interests on CNH names such as QDOCID 6.8 27s/ZOUCAO 6.9 28s and USD names such as JMUDIV 6.9 27s/KAFEDI 6.5 28s.

#### ❖ 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
LIHKK 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 (+0.38%), Dow (+0.24%) and Nasdaq (+0.24%) were higher on Thursday. The latest initial jobless claims was +248k, higher than the market expectation of +242k. US May'25 PPI was +0.1% mom, lower than the market expectation of +0.2%. UST yield was lower on Thursday, 2/5/10/30 yield at 3.90%/3.97%/4.36%/4.84%.

#### ❖ Desk Analyst Comments 分析员市场观点

##### ➤ TAIFNG: Prefer CHIYBK 8 Perp to the new TAIFNG 7.75 Perp

Yesterday, Tai Fung Bank (TAIFNG) priced PerpNC5 USD AT1 bonds, TAIFNG 7.75 Perp (Fitch: B), at 7.75% (vs IPT of 8.375%). The issue size is USD280mn on an order book of over USD1.5bn. At 101.0, TAIFNG 7.75 Perp rose 1.0pt from RO at par this morning, and trading at YTC of 7.7%. For AT1 issued by bank of similar size as TAIFNG, we prefer CHIYBK 8 Perp for Chiyu Bank's better asset quality and higher capital adequacy. At 101.3, CHIYBK 8 Perp (callable Oct'27) is trading at YTC of 7.4%. We also prefer CHIYBK 8 Perp to LUSOIB 5.5 Perp (callable Aug'26), for Chiyu Bank's higher capital adequacy despite both Chiyu Bank and Luso International Bank are ultimately owned by Xiamen International Bank. Please see Table 1 for our Asian AT1s recommendations.

TAIFNG 7.75 Perp will be first callable on 18 Jun'30, or the coupon will be reset to 5yrUST+3.792% if it is not call on the first call date. The distribution of TAIFNG 7.75 Perp is non-cumulative. The distribution maybe cancelled at the sole discretion of TAIFNG (optional distribution cancellation) or directed by the Monetary Authority of Macau (AMCM, mandatory distribution cancellation). Moreover, the principal amount of TAIFNG 7.75 Perp will be written off in full when a non-viability trigger event occurs, which is the earlier of (i) a decision that a write-off, without which TAIFNG would become non-viable, is necessary, as determined by the AMCM; and (ii) a decision to make a public sector injection of capital, or equivalent support, without which TAIFNG would have become non-viable, as determined by the AMCM. We understand that the write-off sequence among any AT1 and/or any Tier 2 instruments would be at the option of the AMCM. There is dividend stopper clause, such that TAIFNG shall not declare or pay any distribution or dividends on any of its shares unless or until the distribution scheduled to be paid has been paid in full to bondholders.

TAIFNG is based in Macau, Bank of China is its controlling shareholder with 50.3% shareholdings. As of Dec'24, TAIFNG had total assets of MOP191bn and a loan book of MOP124bn. The profitability of TAIFNG has been deteriorating, the NIM dropped to 1.02% in FY24 from 1.34% in FY23. TAIFNG incurred operating loss and net loss in both FY24 and FY23, due to loan impairment charges. TAIFNG's asset quality is also showing a worsening trend. NPL accounted for 16.5% of gross loan as of Dec'24, increased from 8.6% as of Dec'23, while the NPL coverage ratio down to 28% from 32% over the same period. TAIFNG's capital adequacy remained

low. As of Dec'24, TAIFNG's CET 1 ratio was 5.14%, slightly higher than the regulatory minimum requirement of 4.5%.

**Table 1: Our Asian AT1 picks**

Security name	ISIN	Region	Amt O/s (USDmn)	Px	YTC	First call date	Mod duration	Issue rating (M/S/F)
<b>Asian DM</b>								
CHIYBK 8 Perp	XS2543377068	HK	200	101.3	7.4%	26 Oct'27	2.1	NR
SHINFN 2.875 Perp	US824596AA84	KR	500	97.6	5.7%	12 May'26	0.9	Baa3
<b>Asian EM</b>								
BBLTB 5 Perp	US06000BAA08	TH	750	99.8	5.7%	23 Sep'25	0.3	Ba1
KBANK 5.275 Perp	XS2242131071	TH	500	99.8	6.0%	14 Oct'25	0.3	Ba2
KBANK 4 Perp	XS2371174504	TH	350	96.6	6.2%	10 Feb'27	1.5	Ba2
RCBPM 6.5 Perp	XS2219370660	PH	300	100.0	6.3%	27 Aug'25	0.2	B1
<b>Australia</b>								
ANZ 6.75 Perp	US05254HAA23	AU	1,000	101.4	5.3%	15 Jun'26	1.0	Baa2/BBB/BBB
MQGAU 6.125 Perp	US556079AB79	AU	750	100.1	6.0%	8 Mar'27	1.6	Baa3/BBB/-
WSTP 5 Perp	US96122UAA25	AU	1,250	98.6	5.6%	21 Sep'27	2.1	Baa2/BBB/BBB

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
ABN AMRO Bank	1000	5yr	SOFR+95	SOFR+95	Aa3/A/A+
Bank of Communications Sydney Branch	300	3yr	SOFR+53	SOFR+53	Unrated
Hengjian International Investment	500	3yr	4.25%	T+50	A2/-/-
Tai Fung Bank	280	PerpNC5	7.75%	7.75%	-/-/B

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Lunan (Zaozhuang) Economic	USD	-	3yr	6.9%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 123 credit bonds issued yesterday with an amount of RMB131bn. As for month-to-date, 764 credit bonds were issued with a total amount of RMB770bn raised, representing a 23.5% yoy increase
- **[ADGREG]** Adani Group to raise USD29bn over five years to fund capex and repay debt
- **[BABA]** Alibaba adjusts conversion price of BABA 0.5 06/01/31 following FY25 dividend, to 9.8915 ADSs per USD1,000 in principal amount of the bonds from the 9.7271 ADSs
- **[FIRPAC]** First Pacific-owned Metro Pacific to scrap plan to sell 20% stake in tollway unit

- **[GARUDA]** Garuda Indonesia seeks state fund Danantara nod to add 15 aircraft
- **[MSSIN]** Motherson still intends to pursue Marelli acquisition despite the Japanese auto parts supplier's US bankruptcy filing
- **[NSANY]** Nissan supplier Marelli Automotive obtains interim approval for USD519mn draw under USD1.1bn debtor-in-possession facility
- **[ROADKG]** Road King unit again defers distribution on ROADKG 7 Perp scheduled for 23 Jun'25
- **[SANLTD]** Sands China completes full redemption of SANLTD 5.125 08/08/25
- **[SINOCH]** Sinochem directors vote against Pirelli 2024 report, escalating governance conflict

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