

CMBI Credit Commentary

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

- *This morning, there was demand for Japan banks/China leasing long-term FRNs. The new NIPDES 4.282 09/17/30 tightened 8bps. The new KDB 3 ¾ 09/16/30 tightened 2bps, while the rest of Korea IG space was 1bp wider.*
- **NSINTW:** *FV of new USD T2 is T+170-175bps vs IPT at T+220bps. Taiwan lifers were unchanged this morning. See below.*
- **SMPHPM:** *The new SMPHPM 4.75 09/16/30 is fairly priced. This morning, SMPHPM 4.75 09/16/30 is trading at 99.8 (T+120bps, YTM 4.79%), unchanged from RO. See below.*

❖ Trading desk comments 交易平台市场观点

Yesterday, the new WSTPNZ 4.218 09/16/30 traded around the RO level of T+65. In Australia T2 space, we saw selling flow on WSTP/NAB long-end bonds from Chinese accounts. TW lifers CATLIFs/SHIKON/FUBON/NSINTW initially widened 3-7bps amid Nanshan Life announced a new USD mandate, resulting in selling by prop desks and AM accounts. The lifer space then stabilized and closed 2-3bps wider. See our comment on NSINTW below. China IG names overall widened 1-2bps. We continued to see better selling for MEITUA curve and 2-5yr AMC and ORIEAS/CCAMCL Perps. In Chinese properties, FUTLAN 28/FTLNHD 26 were 0.1-0.4pt higher. LNGFOR 27-32s rose 0.1-0.5pt. See our commentary on [8 Sep'25](#). CSCHCN 4 ½ 08/19/27 was 0.2pt lower. MTRC 5 ¼ and 4 7/8 PERPs were unchanged to 0.1pt higher, while MTRC 5 ¼ 04/01/55 was down by 1pt. FAEACO 12.814 Perp was 0.4pt lower. The Hong Kong-listed property developer lost 4.5pts last week, and have lost 8-9pts since early Jul'25. If there is any refinancing plan, Far East Consortium will make announcements between 19 Sep and 6 Oct'25. HYSAN 4.85 Perp was 0.7pt higher. The Korea space, the recent HYUELE 28-30s and the HYNMTR curve were unchanged amid two-way flows. In Japan space, MIZUHO/SUMIBK/MUFG bank FRNs were 1-2bps tighter. The other recent issues such as KYUSEL/NORBK/MUFG/HOKKEL were largely unchanged. In Southeast Asia, BBLTB 40s sub curve widened 1bp amid small selling. Petron announced the minimum distribution rate of the new perp at 7.35%. See our comment [yesterday](#). PCORPM 5.95 Perp was unchanged. GARUDA 6 ½ 12/28/31 was 1pt higher, while PETMK 5.848 04/03/55 was down 0.9pt.

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

Cyrena Ng, CPA 吳蓓瑩
 (852) 3900 0801
cyrenang@cmbi.com.hk

Yujing Zhang 张钰婧
 (852) 3900 0830
zhangyujing@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CFAMCI 4.95 11/07/47	90.7	1.7	MTRC 5 1/4 04/01/55	101.0	-1.0
GARUDA 6 1/2 12/28/31	84.8	1.0	PETMK 5.848 04/03/55	104.5	-0.9
CHGDNU 4.8 09/11/48	91.8	0.7	BABA 4.4 12/06/57	84.7	-0.8
HYSAN 4.85 PERP	72.2	0.7	PTTGC 4.3 03/18/51	82.0	-0.8
CFAMCI 5 1/2 04/27/47	96.4	0.6	KOREAT 6 1/2 09/07/34	109.7	-0.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.27%), Dow (+0.43%) and Nasdaq (+0.37%) were higher on Tuesday. US's annual revisions to nonfarm payrolls data for 12 months prior to Mar'25 showed a drop of 911k from the initial estimates, representing average job growth of 76k less than initially reported on a monthly basis. The adjustment is 50% higher than last year's and it is the largest on record since 2002. UST yield was higher on Tuesday. 2/5/10/30 yield was at 3.54%/3.61%/4.08%/4.72%.

❖ Desk Analyst Comments 分析员市场观点

➤ NSINTW: FV of new USD T2 is T+170-175bps vs IPT at T+220bps

- Issuer: Nanshan Life PTE. Ltd., wholly owned by the guarantor
- Guarantor: Nan Shan Life Insurance
- Expected issue rating: BBB+/BBB by S&P/Fitch
- Ranking: Subordinated/T2
- Target issue size: USD400mn
- Format: Reg S
- Tenor: 15.5NC10.5
- Issuer's call: at 100 in whole, 3 months prior to reset date
- Distribution: IPT at T+220bps, no deferral, coupon reset to 5yr UST + initial spread with no step-up

We consider FV of Nanshan Life's new T2 to be T+170-175bps, taking cues from its existing T2, NSINTW 5.45 09/11/34, which is trading at T+158bps, and adjusting for 1.5 years longer in tenor. As we discussed, Taiwan life is a growing segment with new and repeat issuers with new issue premium. Out of the 4 issuers, we pair up Nanshan Life with Shin Kong Life for fair and relative value assessments in view of their credit profiles and scale of operations. We prefer SHIKON more on valuation. We also pair up CATLIFs and FUBON for fair and relative value assessments. We see good value in FUBON 5.45 12/10/35 with a room for spread compression of 20-25bps against CATLIFs.

Nanshan Life is the 3rd largest life insurer in Taiwan by premium and assets with a market share of 14% by net income. In 1H25, its first year premium equivalent (FYPE) grew 25.6% to TWD16.3bn, compared favourably with the overall industry growth of 12.3%. Despite the headwind of TWD appreciation, Nanshan Life, as well as other major Taiwan lifers, remains resilient, partly helped by supportive regulatory and accounting changes such as raising policy reserve rate and uses of 6-month moving average forex rate instead of spot rate. As of Jun'25, its RBC and equity/asset ratios were 276.2% and 5.8%, down from 299.1% and 6.6% as of Dec'24 but comfortably above the regulatory requirements of 200% and 3%, respectively.

Table 1: Bond profile of TW lifers

Security name	ISIN	Amt o/s (USD mn)	Px	T-spread (bps)	Z-spread (bps)	YTM/YTC	Mod dur	Issue rating (M/S/F)
CATLIF 5.95 07/05/34	XS2852920342	600	106.5	95	154	5.0%	6.8	-/BBB+/BBB+
CATLIF 5.3 09/05/39	XS2885079702	320	101.5	100	158	5.1%	7.1	-/BBB+/BBB+
FUBON 5.45 12/10/35	XS3151416727	650	101.0	124	176	5.3%	7.6	-/BBB+/BBB+
NSINTW 5.45 09/11/34	XS2888260564	700	98.3	161	219	5.7%	7.0	-/BBB+/BBB
SHIKON 6.95 06/26/35	XS3096123883	400	107.2	189	243	6.0%	7.1	-/BBB/-

Source: Bloomberg.

Table 2: Taiwan lifers' financial highlights

	CATLIF Jun'25	FUBON Jun'25	NSINTW Jun'25	SHIKON Jun'25
RBC ratio (>200%)	328%	405%	276%	NA
Equity-to-asset ratio (>3%)	8.0%	9.9%	5.8%	4.3%
ROE	5.7%	8.7%	8.8%	NA
ROA	0.4%	0.8%	0.6%	NA
13-M persistency ratio	97.7%	97.2%	97.2%	96.5%
25-M persistency ratio	95.5%	95.0%	94.1%	93.5%
Investment portfolio	Jun'25	Jun'25	Jun'25	Mar'25
Cash and cash equivalent	5.2%	7.2%	3.9%	1.1%
Domestic	14.4%	22.3%	17.4%	17.4%
-equity	6.6%	9.3%	4.7%	6.1%
-bond	7.8%	13.0%	12.7%	11.3%
International	63.7%	59.4%	65.1%	70.3%
-equity	4.5%	7.2%	4.0%	0.9%
-bond	59.2%	52.2%	61.1%	69.4%
Others	16.7%	11.1%	13.6%	11.2%
Total investment	100%	100%	100%	100%
FX exposures in FX assets	69%	NA	73%	71%
% hedged with hedging tools	60%	68%	59%	63%

Source: Company filling, CMBI FICC Research.

➤ **SMPHPM: The new SMPHPM 4.75 09/16/30 is priced fairly**

SMPHI SG Holdings (SMPHPM) priced a 5yr senior unrated bond at T+120bps (coupon 4.75%, issue yield 4.794%), tightened 30bps from IPT at T+150bps. The issue size is USD350mn. The bond is guaranteed by SM Prime, and carries a make-whole call to 16 Jun'30 and a par call thereafter to maturity. This morning, SMPHPM 4.75 09/16/30 is trading at 99.8 (T+120bps, YTM 4.79%), unchanged from RO. SMPHPM 4.75 09/16/30 and offers 20bps pickup over SMPM 5.375 07/24/29 (guaranteed by SMIC). We view the pick-up is roughly fair, in view of weaker guarantor (SM Prime vs SMIC) and c1year longer tenor of SMPHPM 4.75 09/16/30. We may also see more USD bond issues from SM Prime to support its high capex needs.

The credit profile of SM Prime is solid. SM Prime (49.7%-owned by SMIC) is the Philippines' largest integrated developer with a diversified portfolio spanning malls, residential properties, commercial real estate, as well as hotel and convention centers. In 1H25, 70% of revenue and 80% of EBITDA was generated from recurring income from malls and commercial properties. SM Prime's EBITDA margin rose to 61% in 1H25 from 59% in

1H24. SM Prime's parent SMIC is a blue-chip conglomerate in the Philippines with strong operating track records and leading market positions in various sectors of the country. Banking, (BDO and Chinabank), property (SM Prime) and retail (SM Retail) accounted for 49%, 26% and 18%, respectively, of its net income attributable to equity holders in 1H25.

SM Prime's net leverage was higher in Jun'25. Its net debt/LTM EBITDA slightly increased to 4.42x in Jun'25 from 4.37x in Dec'24, as higher total debts offset the higher LTM EBITDA. SM Prime's cash balances declined to PHP27.9bn cash in Jun'25 from PHP31.2bn in Dec'24, primarily due to negative FCF of PHP3.6bn in 1H25. Interest coverage (EBITDA/interest) improved to 6.72x in Jun'25 from 5.90x in Dec'24. SM Prime has a good access to various funding channels across onshore loans and bonds. It raised totaled PHP16bn via 3/6/10yr onshore bonds in Feb'25 at coupons ranging from 6.03% to 6.48%.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Al Rajhi Sukuk	1000	10.5NC5.5	5.651%	T+200	Baa2/-/BBB
Denso Corporation	500	5yr	4.282%	T+68	A2/A+/-
Doha Finance	500	5yr	4.5%	T+105	-/-/A
The Korea Development Bank	1000	5yr	3.75%	SOFR MS+64	Aa2/AA/AA-
NBN Co	650	5yr	4.15%	T+60	Aa3/-/AA+
Omniyat Holding	400	3yr	7.25%	7.25%	Unrated
SM Prime Holdings	350	5yr	4.75%	T+120	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Hubei Science & Technology	USD	-	3yr	5.1%	-/-BBB
Komatsu Finance America	USD	-	5yr	T+95	A2/A/-
Korea Housing Finance Corp	USD	-	5yr	T+70	Aa2/AA/-
Nanshan Life	USD	-	15.5NC10.5	T+220	-/BBB+/BBB
Saudi Aramco	USD	-	5yr/ 10yr	T+105/ T+115	Aa3/-/A+

➤ **News and market color**

- Regarding onshore primary issuances, there were 130 credit bonds issued yesterday with an amount of RMB143bn. As for month-to-date, 461 credit bonds were issued with a total amount of RMB404bn raised, representing a 25.4% yoy increase
- [AZUPOE]** Azure Power said it settled a class action lawsuit filed in the US and deposited USD23mn settlement amount into a designated escrow account
- [FOSUNI]** Fosun International is looking to raise between USD100-150mn-equivalent via a RMB-dominated Yulan bond
- [INDYIJ]** Indika Energy is aiming to start mining operations at its Awak Mine gold mine in South Sulawesi province in 2H26

- **[LGCHEM]** LG Chem said Toyota Tsusho had acquired a 25% stake in LG-HY BCM, its cathode materials plant in Gumi, joining as the second-largest shareholder
- **[MEDCIJ]** Medco Energi Internasional increased its 2025 oil and gas production guidance to 155-160mn barrels of oil equivalent per day from 145-150mn previously; to produce 1,124 MWh of clean energy through rooftop solar panels recently installed along its Corridor Block
- **[SAMTOT]** Moody's downgraded Hanwha TotalEnergies Petrochemical's rating by one notch to Baa3 from Baa2 and maintained the negative outlook
- **[SINOPE]** US recently warned Italian authorities that China's Sinochem Holdings' power over luxury tiremaker Pirelli may run afoul of US regulations on connected vehicles
- **[SOFTBK]** SoftBank Group and GIC are considering selling their stakes in VNLife in a transaction that could value the Vietnamese fintech firm at least USD1bn

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.