CMBI Credit Commentary

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

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- *Asia IG was quiet this morning with light flow. FRESHKs stayed weak and were 0.5-1.1pts lower. In higher-yielding names, VNKRLEs fell 0.7-1.2pts and GRNCH '29 lost 0.9pt. SOFTBKs moved -1.1pts to +0.2pt. WLISRC '36 rose 0.5pt.*

- ***RESLIF:** Tier 2 issuance to Nippon Life demonstrates funding flexibility. Maintain buy on RESLIF 6.875 Perp, which was unchanged this morning. See below.*

- ***SOFTBK:** Media reported investors see rising risk of SoftBank default as pressure grows on AI bet. SOFTBKs were unchanged to 1.1pts lower this morning.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, Asian IG space was quiet amid the US Thanksgiving holiday with thin liquidity. In financials, Chinese leasing name FRESHK '28-29s dropped 2.7-3.4pts without negative headlines. Media reported investors were derisking from SOE-linked names following problems at Zhuhai Huafa and Vanke's onshore-bond termout proposal. European AT1 INTNED 6.5 Perp/INTNED 7.75 Perp gained 0.8-2.2pts. HSBC 6.75 Perp/HSBC 7.625 Perp were 0.5-0.6pt higher. UBS 4.375 Perp/UBS 9.25 Perp rose 0.6-0.7pt.

In higher-yielding space, VNKRLEs were 3.8-4.6pts lower. Vanke is offering to pay upfront 5% of its RMB1.2bn 3% interbank notes due on 15 Dec'26 as part of its three-year maturity-extension proposal, as per media report. WLISRC '36 down 0.8pt. GLPSP/GLPCHI remained weak and dropped 1.7-2.5pts. SOFTBKs down 0.1-1.3pts.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change
GLENLN 6.141 04/01/55	**98.0**	**2.4**
CITLTD 4 3/4 02/04/36	**95.8**	**2.4**
INTNED 6 1/2 PERP	**95.6**	**2.2**
CBAAU 4.971 01/22/30	**101.4**	**1.2**
GARUDA 6 1/2 12/28/31	**77.4**	**0.9**

Top Underperformers	Price	Change
VNKRLE 3 1/2 11/12/29	**39.1**	**-4.6**
VNKRLE 3.975 11/09/27	**42.6**	**-3.8**
VLLPM 9 3/8 07/29/29	**57.5**	**-3.7**
FRESHK 6 10/01/28	**94.3**	**-3.4**
FRESHK 5 1/4 01/13/29	**92.3**	**-3.2**

❖ Marco News Recap 宏观新闻回顾

Macro – US markets were closed on Thanksgiving Day yesterday. UST yield was unchanged yesterday. 2/5/10/30 year UST yield was at 4.61%/4.65%/4.85%/5.24%.

❖ Desk Analyst Comments 分析员市场观点

➢ RESLIF: Tier 2 issuance to Nippon Life demonstrates funding flexibility

In the JP lifer universe, we maintain our buy on RESLIF 6.875 Perp (first callable 19 May'32). At 95.6, RESLIF 6.875 Perp is trading at YTC of 7.9%, offers a yield pick-up of c100bps over its subordinated bond RESLIF 6.75 07/02/35, and c150bps over its parent's subordinated bond NIPLIF 6.25 09/13/53 (first call in Sep'33) while RESLIF 6.875 Perp is first callable c1 year earlier than the NIPLIF '53. We view the spread differential as adequate compensation for the Perp's deeper subordination relative to the dated subordinated structures.

In 1H26, RESLIF's total revenue fell 23% yoy to USD4.5bn, mainly on lower premium income. Adjusted pre-tax operating earnings rose 43% yoy to USD304mn, driven by positive contributions from transactions signed in 2025, disciplined asset management, and better mortality and lapse experience. Higher debt costs from the USD bonds issued in Nov'25 and lower market-driven returns on alternative investments partly offset the yoy gain. RESLIF completed four transactions in 1H26, deploying cUSD1bn of capital. These were two block reinsurance transactions in Hong Kong, a flow reinsurance treaty in Japan and a UK PRT transaction that closed on 1 Jul'26. Since 2018, it has deployed cUSD11bn across 24 transactions. Total AUM rose 4% from FY25 to USD82.5bn on the onboarding of new transactions. Origination across Hong Kong, Japan and the UK reduces reliance on a single market.

RESLIF's actively managed consolidated portfolio rose to USD66.1bn at Jun'26 (FY25: USD62.6bn). It comprises public and private credit at 58% (49% public, 9% private credit/infra debt), structured assets at 26% (14% public, 12% private), mortgage loans at 11% and alternatives at 5%. Fixed income holdings remain predominantly IG. The USD13.9bn private credit and private securitized book (alongside USD7.2bn of RML/CML) is predominantly US-based, of which c93% is IG, and heavily skewed to first-lien or senior secured debt (c96% first-lien in direct lending). This skew should limit loss severity in a downturn, while the main risks remain US concentration and the limited price transparency of private assets.

As of Jun'26, the estimated Group BSCR ratio was 232%, well above the regulatory requirement of 120%. Group leverage was stable at 24%, below the 25-30% target range. Liquidity remains robust, with USD1bn of undrawn committed revolving credit facilities. Together, the solvency and leverage buffers give the group room to absorb a shock and fund further transactions. In Aug'26, RESLIF issued a USD750mn 7yr Tier 2 bond to Nippon Life to repay its USD750mn senior loan maturing in Dec'26. The deal shows funding flexibility, with

parent issuance available alongside bank and debt market channels. It also removes the Dec'26 maturity ahead of schedule and lengthens the maturity profile.

- **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	IPT/IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

- **News and market color**

- Regarding onshore primary issuances, there were 126 credit bonds issued yesterday with an amount of RMB110bn. As for month-to-date, 1,518 credit bonds were issued with a total amount of RMB1,540bn raised, representing a 25.9% yoy decrease

- **[HCELEC]** Huachen Energy launched consent solicitation for HCELEC 4.65 12/29/26

- **[VNKRLE]** Media reported China Vanke is offering to pay upfront 5% of its RMB1.2bn 3% interbank notes due on 15 Dec'26 as part of its three-year maturity-extension proposal

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