

Market Commentary:

- The SGD SORA OIS curve traded flat to higher yesterday with shorter tenors trading 1bps higher while belly tenors traded flat to 1bps lower and 10Y traded flat.
- Flows in SGD corporates were heavy, with flows in BACR 4.65%-PERP, BACR 5.4%-PERP & ARTSP 4.2%-PERP.
- As per Bloomberg, Country Garden Holdings Co Ltd has obtained the support from the requisite statutory majorities of the scheme creditors to approve both class 1 scheme and class 2 scheme.
- Meanwhile, AMP Ltd announced that it will redeem its Capital Notes 2, issued on 23 December 2019, for AUD100 each on 16 December 2025.
- In other news by Bloomberg, S&P has downgraded China Vanke Co Ltd long-term rating to CCC from B- and outlook remaining at negative, reflecting views that the company's financial commitments to be unsustainable, relying on loans from Shenzhen Metro and asset disposals to meet debt obligations.
- Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 59bps and Bloomberg Asia USD High Yield spreads tightened by 1bps to 347bps respectively. (Bloomberg, OCBC)

Credit Summary:

- **DBS Group Holdings Ltd ("DBS"):** DBS announced 3Q2025 results, which look solid given record total income and PBT. Total income rose 3% y/y and 3% q/q to a record SGD5.93bn and profit before tax rose 1% y/y and 3% q/q to a record SGD3.48bn.
- **United Overseas Bank Ltd ("UOB"):** UOB reported 3Q2025 results, which look lacklustre with lower total income, lower operating profit and much higher allowance. Total income fell 11% y/y and 2% q/q to SGD3.47bn, with operating profit falling 16% y/y and 3% q/q to SGD1.86bn.
- **National Australia Bank Ltd ("NAB"):** NAB announced its FY2025 results for the year ended 30 September 2025. Cash earnings of AUD7.09bn were broadly stable y/y (-0.2%) while management's tone remains constructive, citing good momentum in 2HFY2025 and progress on its refreshed strategy.

Credit Headlines

DBS Group Holdings Ltd ("DBS")

- **DBS announced 3Q2025 results, which look solid given record total income and PBT.** Total income rose 3% y/y and 3% q/q to a record SGD5.93bn and profit before tax rose 1% y/y and 3% q/q to a record SGD3.48bn. This is supported by higher fee income (+SGD248mn y/y, +SGD190mn q/q), treasury customer sales & other income (+SGD61mn y/y, +SGD56mn q/q), and markets trading income (+SGD108mn y/y, +SGD21mn q/q) which offset a decline in net interest income (-SGD238mn y/y, -SGD67mn q/q).
- **Net interest income impacted by lower interest rates:** Net interest income fell 6% y/y and 2% q/q to SGD3.56bn. This is mainly due to the decline in net interest margin ("NIM") to 1.96% for the group (3Q2024: 2.11%, 2Q2025: 2.05%) due to lower SORA. The decline in NIM is steeper for the commercial book, which fell to 2.40% (3Q2024: 2.83%, 2Q2025: 2.55%). We note that the fall in NIM has been steep, though net interest income fell less than proportional with loans growing to SGD437bn (+SGD17bn y/y, little changed q/q) with surplus deposits (which grew faster than loans at +SGD50bn y/y, +SGD19bn q/q) deployed into liquid assets (HQLA), which was accretive to net interest income though this reduced net interest margin.
- **Driven by non-interest income, especially fee income:** Non-interest income grew strongly, for both commercial book net fee and commission income (+22% y/y and +16% q/q to SGD1.36bn) and treasury customer sales and other income (+12% y/y, +11% q/q to SGD578mn). Meanwhile, non-interest income for markets trading contributed SGD419mn (-21% y/y, +6% q/q). Fee income grew mainly due to wealth management, while other segments also grew or remained stable.
 - **Fee income led by wealth management**, with strong growth in investment products and bancassurance fees, which led to wealth management fees rising 31% y/y and +23% q/q to SGD796mn. Wealth assets under management ("AUM") reached another record high of SGD474bn (2Q2025: SGD442bn).
 - **Loan-related fees grew y/y**, up 25% y/y to SGD183mn (though fell 1% q/q) due to increased deal activity.
 - **Transaction services grew y/y and q/q to SGD248mn** (+9% y/y, +9% q/q).
 - **Cards remained largely stable y/y and q/q at SGD303mn.**
- **Cost to income ratio remained stable q/q at 40% as of 3Q2025**, with staff expenses growing 6% q/q to SGD1.54bn which somewhat exceeded 5% q/q growth in other expenses to SGD852mn.
- **Asset quality remains resilient with NPL ratio stable y/y and q/q at 1.0%** while special provisions was maintained q/q at 15bps for 3Q2025. Allowance coverage looks adequate at 139%. Transitional CET1 was at 16.9%, with the fully phased-in at 15.1% (unchanged q/q).
- **Guiding for a lower net profit in 2026:** DBS expects total income to be around 2025 levels despite interest rate headwinds, with net interest income to be slightly below 2025 levels while commercial book non-interest income is expected to grow by high-single digits. Net profit is guided to be slightly below 2025 levels, even though 9M2025 net profit is already ~1% lower y/y at SGD8.7bn due to the increase in taxes. Cost-income ratio is guided to be in the low-40% range, which is higher than 39% as of 9M2025. (Company, OCBC)

United Overseas Bank Ltd ("UOB")

- **UOB reported 3Q2025 results, which look lacklustre with lower total income, lower operating profit and much higher allowance.** Total income fell 11% y/y and 2% q/q to SGD3.47bn, with operating profit falling 16% y/y and 3% q/q to SGD1.86bn. Allowance for credit and other losses surged to SGD1.36bn (2Q2025: SGD279mn, 3Q2024: SGD304mn).
- **Increase in provision is pre-emptive, no impact on asset quality yet:** Allowance has surged mainly due to the increase in general allowance, which rose to SGD3.66bn in 3Q2025 (2Q2025: SGD2.78bn, 3Q2024: SGD2.96bn) due to pre-emptive general provisions of SGD615mn while specific allowances rose by a smaller +3.6% y/y and +8.3% q/q to SGD1.74bn. This is in view of ongoing macroeconomic uncertainties and sector-specific headwinds. We note that NPL remained unchanged q/q at 1.6%. UOB expects total credit costs to normalize.

- **Surge in allowance improves coverage:** The surge in allowance has helped improved non-performing assets coverage to 100% (240% after accounting for collateral), which had previously been at lower levels (June 2025: 88%, September 2024: 99%).
- **Operating profit was weighed by lower net interest income:** Operating profit fell 3% q/q and 16% y/y to SGD1.9bn, mainly due to the decline in net interest income which fell 3% q/q and 8% y/y to SGD2.27bn from the impact of falling benchmark rates. Net interest margin ("NIM") fell 9 ppts q/q to 1.82%. We note that the fall in NIM has been steep, though net interest income fell less than proportional with loan growth at 5% y/y and 2% q/q. Meanwhile, interbank & securities income rose to SGD456mn (2Q2025: SGD450mn) with margin unchanged at 1.16%.
- **Growth in fee income, fall in net fee income:** Fee income grew 8% q/q and 10% y/y to SGD892mn, with growth in Credit Card to SGD296mn (2Q2025: SGD284mn, 3Q2024: SGD276mn) and Wealth to SGD218mn (2Q2025: SGD188mn, 3Q2024: SGD183mn). However, net fee income fell by 2% y/y and 3% q/q to SGD615mn due to higher card rewards expenses.
- **Total income fell for Group Retail and Group Wholesale Banking, offset partially by Global Markets:** Total income for Group Retail fell 14% y/y to SGD1.22bn, impacted by lending and deposits (-22% y/y to SGD707mn) and Credit Card (-24% y/y to SGD158mn), partly mitigated by the growth in wealth (+16% y/y to SGD357mn). Meanwhile, Group Wholesale Banking total income fell 9% y/y to SGD1.56bn, impacted by transaction banking (-20% y/y to SGD726mn) and customer treasury (-2% y/y to SGD161mn), partly offset by stability in loans (+1% y/y to SGD558mn) and growth in investment banking (+21% y/y to SGD117mn). The weakness in Group Retail and Group Wholesale Banking was partly offset by Global Markets with total income up 1% y/y to SGD614mn.
- **Cost to income ratio rose to 45.2%** (+0.9 ppts q/q, +2.8 ppts y/y), even though costs remained unchanged q/q and fell y/y to SGD1.54bn (3Q2024: SGD1.63bn), due to the decline in income.
- **Capital ratios remain healthy:** CET1 ratio eased to 14.6% (June 2025: 15.3%) following the 2025 interim dividend, though this remains healthy in our view.
- **Expects lower NIM, growth in loans and fees with lower credit costs in 2026:** UOB is guiding for full year NIM of 1.75% to 1.80% in 2026 (3Q2025: 1.82%). Meanwhile, UOB is expecting low single digit loan growth, high single to double digit fee growth, low single digit operating cost growth with ASEAN as a key growth engine. While total credit costs have surged to 134bps in 3Q2025 due to the increase in allowance (2Q2025: 32bps, 3Q2024: 34bps), credit costs are expected to normalize and fall to 25-30bps in 2026. (Company, OCBC)

National Australia Bank Ltd ("NAB")

- NAB announced its FY2025 results for the year ended 30 September 2025. Cash earnings of AUD7.09bn were broadly stable y/y (-0.2%) while management's tone remains constructive, citing good momentum in 2H FY2025 and progress on its refreshed strategy. This includes targeted investments in business banking, proprietary home lending and deposit growth, supported by technology modernisation and productivity benefits. Credit impairment charges rose y/y as asset quality indicators weakened although the weakening slowed in 2H FY2025 on reduced interest rates and inflation pressures. Overall fundamentals remain consistent with our expectations, as volume growth and expectations of a supportive Australian economic environment offset margin and cost pressures across NAB's business divisions and higher credit impairment charges.
- Net operating income for FY2025 rose 2.9% y/y to AUD20.81bn, driven by net interest income growth of 3.8% to AUD17.40bn, while other operating income fell 1.9% y/y to AUD3.42bn.
 - Net interest income benefited from higher average interest earning assets (gross loans and advances +5.9% y/y to AUD781.5bn; deposits +7.4% y/y to AUD658.4bn) and a 3bps increase in net interest margin to 1.74%. Excluding Markets & Treasury, NIM declined 1bp due to higher deposit costs, funding costs and competitive lending pressures.
 - Other operating income was impacted by lower customer risk management income and non-repeat gains from the sale of the New Zealand wealth businesses, partially offset by stronger Treasury income and fee income from cards and business lending.

- Operating expenses rose 4.6% y/y to AUD10.35bn, including AUD130mn in payroll review and remediation charges. Excluding these, expenses rose 3.2% y/y due to higher personnel and technology costs. Productivity benefits of AUD420mn were achieved in FY2025, helping offset cost growth. Underlying profit rose 1.3% y/y to AUD10.97bn.
- Credit impairment charges for FY2025 rose 14.4% y/y to AUD833mn, comprising AUD964mn in individually assessed provisions and a AUD131mn release from collective provisions (FY2024 credit impairment charges of AUD728mn included AUD636mn in individually assessed provisions and AUD92mn in collective provisions).
 - Individually assessed provisions were attributed to business lending exposures in Corporate & Institutional Banking and New Zealand Banking, as well as unsecured retail exposures.
 - The collective provision release included AUD283mn from forward-looking provisions, partially offset by volume growth and asset quality deterioration in B&PB business lending.
 - The ratio of non-performing exposures to gross loans and acceptances rose 16bps y/y to 1.55%, with impaired assets at 0.29% (+9bps y/y) and default but not impaired assets at 1.26% (-1bp h/h).
 - Collective provisions to credit risk weighted assets stood at 1.33%, down 9bps h/h due more to higher credit risk weighted assets than lower collective provisions but well above pre-COVID levels. Total provisions for credit impairment were AUD6.17bn.
- By segment, Business and Private Banking ("BPB") remained the largest contributor to cash earnings at AUD3.33bn or 47.0%, followed by Corporate and Institutional Banking ("CIB") at 26.1% or AUD1.85bn, New Zealand Banking ("NZ") at 19.1% or AUD1.35bn, and Personal Banking ("PB") at 17.7% or AUD1.25bn.
 - BPB cash earnings rose 1.6% y/y on volume growth and stronger FX and wealth income, offset by margin contraction and higher expenses.
 - CIB cash earnings rose 4.7% y/y on higher Markets income and volume growth, despite higher credit impairments compared to a prior year write-back).
 - NZ cash earnings rose 2.8% y/y, supported by lower credit impairments and modest revenue growth, offset by higher expenses and dividend payments.
 - PB cash earnings rose 9.9% y/y on margin and volume growth, with broadly flat expenses and lower credit impairments.
- NAB's Level 2 CET1 capital ratio was 11.70% as at 30 September 2025, down 65bps y/y from 12.35% in FY2024. The decline reflects lending volume growth, long-term investment, and a AUD0.6bn share buy-back (-15bps), offset by earnings (+86bps).
 - The proforma CET1 ratio improves to 11.81% post-sale of NAB's remaining 20% stake in MLC Life Insurance to Nippon Life Insurance for AUD497mn.
 - The ratio remains above management's target of >11.25% and APRA's "Unquestionably Strong" minimum of 10.5% that comes into effect on 1 January 2027.
- Management remains optimistic about the operating environment, citing improved household consumption, easing inflation and lower cash rates in Australia. NAB's strategy execution is focused on deposit performance, proprietary lending and business banking growth. While uncertainty remains elevated, NAB's solid balance sheet and market positions support its credit profile. (Company, OCBC)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
05 Nov	Banco Santander SA	Fixed	SGD	250	6NC5	SORA MS+86bps (par to yield 2.35%)
05 Nov	China Government International Bond	Fixed	USD	2000	5Y	T+2bps (reoffer price 99.833 to yield 3.787%)
05 Nov	China Government International Bond	Fixed	USD	2000	3Y	T+0bps (reoffer price 99.513 to yield 4.234%)
05 Nov	Korea Electric Power Corp	FRN	USD	600	3Y	SOFR+62bps
05 Nov	Korea Electric Power Corp	Fixed	USD	400	5Y	T+47bps (reoffer price 99.513 to yield 4.234%)
05 Nov	Santos Finance Ltd (guarantor: Santos Limited)	Fixed	USD	1000	10Y	T+168bps (reoffer price 99.423 to yield 5.827%)
05 Nov	Nanshan Life Pte Ltd (guarantor: Nan Shan Life Insurance Co Ltd)	Fixed	USD	258	Retap of its NSINTW 5.875% '41s	Reoffer price 101.088
05 Nov	Gaoxin International Investment Co Ltd (guarantor: Xuzhou Hi Tech Holding Group Co Ltd)	Sustainability, Fixed	USD	100	3Y	4.40%

Mandates:

- There were no notable mandates yesterday.

Key Market Movements

	6-Nov	1W chg (bps)	1M chg (bps)		6-Nov	1W chg	1M chg
iTraxx Asiax IG	67	2	3	Brent Crude Spot (\$/bbl)	63.8	-1.9%	-2.6%
				Gold Spot (\$/oz)	4,008	-0.4%	1.2%
iTraxx Japan	57	1	3	CRB Commodity Index	302	0.5%	0.4%
iTraxx Australia	68	2	3	S&P Commodity Index - GSCI	554	-0.2%	0.5%
CDX NA IG	53	1	2	VIX	18.0	6.4%	10.0%
CDX NA HY	107	-0	-1	US10Y Yield	4.14%	5bp	-1bp
iTraxx Eur Main	55	1	-1				
iTraxx Eur XO	263	1	2	AUD/USD	0.651	-0.7%	-1.6%
iTraxx Eur Snr Fin	59	1	-1	EUR/USD	1.151	-0.5%	-1.7%
iTraxx Eur Sub Fin	100	1	-2	USD/SGD	1.306	-0.4%	-1.1%
				AUD/SGD	0.850	0.3%	0.6%
USD Swap Spread 10Y	-44	-1	5	ASX200	8,828	-0.6%	-1.7%
USD Swap Spread 30Y	-74	-2	5	DJIA	47,311	-0.7%	1.3%
				SPX	6,796	-1.4%	0.8%
China 5Y CDS	42	1	3	MSCI Asiax	905	-2.1%	0.6%
Malaysia 5Y CDS	42	2	1	HSI	26,471	0.7%	-1.8%
Indonesia 5Y CDS	77	3	-1	STI	4,477	0.9%	1.3%
Thailand 5Y CDS	42	3	2	KLCI	1,621	0.4%	-1.0%
Australia 5Y CDS	11	-1	-0	JCI	8,341	1.9%	2.5%
				EU Stoxx 50	5,669	-0.6%	0.7%

Source: Bloomberg

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