

**Market Commentary:**

- The SGD SORA OIS curve traded lower yesterday with shorter tenors trading 2-3bps lower while belly tenors traded 3-4bps lower and 10Y traded 4bps lower.
- Flows in SGD corporates were moderate, with flows in BPCEGP 5% '34s and STTGDC 5.7%-PERP.
- As per Bloomberg, Shui On Land Ltd, a private sector Chinese developer that is yet to default, is considering issuing a USD-denominated bond to refinance its USD400mn 5.5% note maturing in June 2026. If priced, this would be the builder's first bond sale in over four years.
- In acquisition and sales, Yuexiu Real Estate Investment Trust agreed to sell a 50% interest in the entities holding Yuexiu Financial Tower in Guangzhou to Guangzhou Yue Xiu Development, an indirect wholly owned subsidiary of Guangzhou Yue Xiu Holdings. Share consideration based on the reference NAV is at RMB3.43bn and net proceeds from disposal are expected to be ~RMB2.3bn.
- Meanwhile, East Japan Railway Co. has acquired the 14th to 18th floors of the GranTokyo South Tower near Tokyo Station from Goldman Sachs Group Inc. for over JPY50bn, viewing real estate as a key business to offset declining railway income.
- Bloomberg Asia USD Investment Grade spreads traded flat at 66bps and Bloomberg Asia USD High Yield spreads tightened by 4bps to 347bps respectively. (Bloomberg, OCBC)

**Credit Summary:**

- **Industry Outlook – Swiss Financial Institutions, UBS Group AG (“UBS”):** Bloomberg reported that Swiss lawmakers have voted to continue with the existing timetable for introducing new rules on bank capital. This implies that UBS's capital requirements may rise by ~USD3bn as early as next year.
- **ANZ Group Holdings Ltd / Australia & New Zealand Banking Group Ltd (“ANZ”):** ANZ announced staff cuts of around 8% of its total employees as part of a simplification strategy under new Chief Executive Officer Nuno Matos. Frontline customer facing roles will see limited impacts.
- **ABN Amro Bank N.V. (“ABN”):** The Dutch government, through its investment vehicle, Stichting administratiekantoor beheer financiële instellingen (“NLFI”), announced its intention to further reduce its ownership stake in ABN to no lower than 20%. This is in line with its intentions announced in mid-October 2024 to reduce its stake in ABN through the sale of depositary receipts for shares.
- **CapitaLand China Trust (“CLCT”):** CLCT is divesting CapitaLand Yuhuating to CapitaLand Commercial C-REIT (“CLCR”) at RMB813.8mn (6.2% exit yield), which is a ~3.7% premium over the valuation as at 31 December 2024.

## Credit Headlines

### Industry Outlook – Swiss Financial Institutions, UBS Group AG (“UBS”)

- Bloomberg reported that Swiss lawmakers have voted to continue with the existing timetable for introducing new rules on bank capital. This implies that UBS’s capital requirements may rise by ~USD3bn as early as next year.
- The increase is part of Switzerland’s Federal Council announced proposed amendments to Switzerland’s too big to fail regulatory regime that will be submitted for consultation in stages. Specifically, it is part of proposed stricter capital requirements for systemically important banks with foreign subsidiaries with Swiss systemically important banks to fully deduct the carrying value of foreign subsidiaries from the parent bank's CET1 capital. The reported impact on UBS will be additional going-concern capital requirements of USD23bn for boosting capital reserves in UBS AG to fully cover foreign subsidiaries.
- Together with the above USD3bn increase next year, total additional capital requirements would be USD26bn.
- Other amendments that aim to strengthen prevention and liquidity and expand the crisis toolkit include:
  - Additional requirements on the recovery and resolution of systemically important banks with resolution options expanded and enshrined in law and the Swiss Financial Market Supervisory Authority (“FINMA”) able to order measures to remedy deficiencies in recovery planning.
  - Introduction of a senior managers regime for banks to assign responsibility and impose targeted sanctions including clawing back previously paid variable remuneration, cancelling or reducing retained bonuses not yet paid out, withdrawing recognition for guarantees of proper business conduct or prohibiting someone from practicing a profession.
  - Additional powers for FINMA to act or intervene earlier as well as issue fines to non-compliant institutions.
- It was previously reported that the Federal Council will present a consultation draft on the stricter capital requirements proposal for systemically important banks with foreign subsidiaries in 2H2025 with consultation drafts for the others in 1H2026. Given the potential impact, a longer transition period for increasing capital is proposed with measures to come into effect in January 2027 at the earliest and a 10-year transition period to 2035 or later. (Bloomberg, OCBC)

### ABN Amro Bank N.V. (“ABN”)

- The Dutch government, through its investment vehicle, Stichting administratiekantoor beheer financiële instellingen (“NLFI”), announced its intention to further reduce its ownership stake in ABN to no lower than 20%. This is in line with its intentions announced in mid-October 2024 to reduce its stake in ABN through the sale of depositary receipts for shares.
- The Dutch government has been progressively reducing its ownership through pre-arranged trading plans that was first announced in early December 2023. The government’s ownership in ABN is held through NLFI that is linked to the Ministry of Finance and holds both shares and depositary receipts while the trading plan will be executed by UBS Europe SE who will have full discretion to sell down NLFI’s depositary receipts in ABN in a measured and orderly manner and subject to certain pre-set parameters including a minimum price.
- With the reduction in ownership to less than 30%, the government no longer holds priority rights to decide on any investment or divestment or approve any capital raising amounting to more than 10% of ABN’s equity or ~EUR50mn, rights that exist only should it own at least a third of ABN. While this right ceases, the government still maintains a protective structure in the event of a hostile takeover bid per comments from NLFI spokesman Bas van der Waals to AFP in October 2024. This structure gives NLFI the power to temporarily revoke shareholder voting rights.
- We do not factor in government ownership in our fundamental assessment of financial institutions. (NL Financial Investments, AFP, Bloomberg, OCBC)

**ANZ Group Holdings Ltd / Australia & New Zealand Banking Group Ltd ("ANZ")**

- ANZ announced staff cuts of around 8% of its total employees as part of a simplification strategy under new Chief Executive Officer Nuno Matos. Frontline customer facing roles will see limited impacts.
- 3,500 staff will leave and result in a AUD560mn restructuring charge before tax in 2HFY2025 (ending 30 September 2025). Other actions include ending and reviewing consultant and other third party engagements. ANZ's 1HFY2025's cash profit was AUD3.57bn.
- ANZ is scheduled to provide a strategy update on 13 October 2025. (Company, Bloomberg, OCBC)

**CapitaLand China Trust ("CLCT")**

- **Net proceeds of RMB663.4mn from C-REIT participation:** CLCT is divesting CapitaLand Yuhuating to CapitaLand Commercial C-REIT ("CLCR") at RMB813.8mn (6.2% exit yield), which is a ~3.7% premium over the valuation as at 31 December 2024. As part of the transaction, CLCT will subscribe to 5% of CLCR IPO units. After transaction costs, the net proceeds are expected to be about RMB663.4mn (~SGD119.8mn).
- **CapitaLand family expected to hold at least 20% of CLCR:** In total, CapitaLand Investment Ltd, CLCT and City Developments Ltd are expected to hold at least 20% of CLCR.
- **Mild improvement in credit metrics is expected:** CLCT's aggregate leverage is expected to fall from 42.6% to 41.2%, assuming net proceeds are used to pare down debt. (Company, OCBC)

**New Issues:**

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
08 Sep	Westpac New Zealand Limited	Fixed	USD	750	5Y	T+65bps (Yield: 4.218%)
08 Sep	Shaoxing Shangyu State-owned Capital Investment Operation Co Ltd	Fixed	USD	300	3Y	4.38%
08 Sep	Taiwan Life Insurance Co Ltd	Fixed, Subordinated	USD	102.5	10Y	6.00%

**Mandates:**

- CCB Shipping and Aviation Leasing Corporation Limited (Keepwell: CCB Financial Leasing Corporation Limited) may issue a USD-denominated 3Y Green FRN.
- SMPHI SG Holdings Pte Ltd (guarantor: SM Prime Holdings Inc) may issue a USD-denominated 5Y Senior Note.
- Denso Corporation may issue a USD-denominated Bond.
- KODIT Global 2025-1 Co Ltd (guarantor: Korea Credit Guarantee Fund) may issue a USD-denominated 3Y Fixed Bond or FRN.

## Key Market Movements

	9-Sep	1W chg (bps)	1M chg (bps)		9-Sep	1W chg	1M chg
iTraxx Asiax IG	63	-2	-5	Brent Crude Spot (\$/bbl)	66.4	-4.0%	-0.3%
				Gold Spot (\$/oz)	3,649	3.3%	9.2%
iTraxx Japan	53	-1	-3	CRB Commodity Index	299	-1.0%	1.8%
iTraxx Australia	65	-2	-3	S&P Commodity Index - GSCI	546	-2.0%	1.6%
CDX NA IG	50	-1	-2	VIX	15.1	-1.6%	-0.3%
CDX NA HY	107	0	0	US10Y Yield	4.05%	-21bp	-24bp
iTraxx Eur Main	53	-4	-0				
iTraxx Eur XO	261	-13	-5	AUD/USD	0.660	1.2%	1.4%
iTraxx Eur Snr Fin	57	-5	1	EUR/USD	1.177	1.1%	1.3%
iTraxx Eur Sub Fin	97	-9	2	USD/SGD	1.282	0.5%	0.4%
				AUD/SGD	0.846	-0.7%	-0.9%
USD Swap Spread 10Y	-53	1	-1	ASX200	8,792	-1.2%	-0.2%
USD Swap Spread 30Y	-83	2	-1	DJIA	45,515	-0.1%	3.0%
				SPX	6,495	0.5%	1.7%
China 5Y CDS	41	-2	-3	MSCI Asiax	840	1.4%	2.8%
Malaysia 5Y CDS	39	-1	-4	HSI	26,005	2.0%	4.6%
Indonesia 5Y CDS	72	-0	-2	STI	4,297	-0.0%	1.3%
Thailand 5Y CDS	38	-1	-4	KLCI	1,586	0.7%	1.8%
Australia 5Y CDS	11	-0	-1	JCI	7,697	-0.5%	2.2%
				EU Stoxx 50	5,363	-0.1%	0.3%

Source: Bloomberg

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