

Daily Credit Snapshot

Market Commentary

- This week kicked off with news of Gulf escalation, threatening the fragile ceasefire between US and Iran. Both sides exchanged fire on Monday, and Iran claimed to have struck an American warship but was later denied by the US. The UAE's Fujairah terminal was struck by drone amid uptick in Iran's aerial attack. President Trump said the Iran war can go on for another two to three weeks. Hormuz traffic remained near a standstill, despite U.S. efforts to free up shipping. The developments signalled a more entrenched standoff at this stage, if not another re-escalation. Risk sentiment quickly deteriorated and oil prices jumped further. US treasury yields were higher across curve while equity market traded heavy. On central bank front, Fed's Williams said to expect 3% inflation this year before returning to 2% in 2027, a somewhat higher path than his previous estimate. ECB's Kazimir said that it's highly likely that the central bank will have to hike at the June meeting. On data front, Germany's Sentix investor confidence improved unexpectedly to -16.4 in May, from the previous reading of -19.2. Australia's Melbourne Institute inflation rose at slower pace of 0.6% m/m in April (+1.3% m/m in Mar). US' factory orders rose 1.5% m/m, the biggest gain since November, led by solid demand for electronics products amid the AI boom.
- The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading flat to 1bps higher while belly tenors traded flat to 1bps lower and 10Y tenors traded 1bps lower.
- Flows in SGD corporates were heavy, with flows in STMSF 2.95% '31s, ACAFP 5.25% '33s, STANLN 4.3%-PERP, ACAFP 4.85% '33s.
- US Investment Grade spreads traded flat at 79bps and US High Yield spreads widened by 3bps to 266bps respectively.
- Bloomberg Global Contingent Capital Index tightened by 5bps to 221bps.
- Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 56bps and Asia USD High Yield spreads tightened by 8bps to 397bps respectively. (Bloomberg, OCBC)

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Credit Summary:

Company	Ticker	Description
Agricultural Bank of China	AGRBK	<ul style="list-style-type: none"> • AGRBK announced its 1Q2026 results for the quarter ended 31 March 2026. Return on equity was 10.8%, broadly flat q/q and y/y. The CET1 ratio moderated to 10.8% from 11.23% a year ago, as the increase in risk-weighted-assets continues to outpace capital growth. • Net profit rose 4.8% y/y to RMB 75.6bn, driven by strong operating income growth of 10.5%. <ul style="list-style-type: none"> ○ Net interest income rose 7.6% y/y to RMB151bn, with a net interest margin of 1.26% (down from 1.34% in 1Q2025). ○ Net fee and commission income rose 7.9% y/y to RMB152bn. ○ Operating expenses growth was contained at 3.6% y/y, resulting in a lower cost-to-income ratio of 24.01%. ○ Credit impairment losses increased 29.2% y/y. • On the balance sheet, total loans and advances to customers grew 5.0% y/y to RMB28,482bn, driven by a 9.9% increase in corporate loans. • Asset quality remained stable. Non-performing loan ratio dipped 0.02ppt q/q to 1.25%, while the allowance coverage ratio stood at 292.6%, unchanged q/q. (Company, OCBC) <p>Latest report: Credit Update – 2 September 2025</p>
Bank of China Ltd	BCHINA	<ul style="list-style-type: none"> • BCHINA announced its 1Q2026 results for the quarter ended 31 March 2026. Return on average equity was 8.5%, down 0.63 ppt y/y. The CET1 ratio improved to 12.2% from 11.8% a year ago. • Net profit rose 4.0% y/y to RMB 61bn, driven by strong operating income growth of 8.4%. <ul style="list-style-type: none"> ○ Net interest income rose 7.8% y/y to RMB116bn, with a net interest margin of 1.26%, down from 1.29% in 1Q2025. ○ Non-interest income rose 9.6% y/y to RMB62.7bn, accounting for 35.0% of total operating income. This includes net fee and commission income of RMB27bn, up 5.6% y/y. ○ The cost-to-income ratio moderated to 24.8% from 26.2% a year ago. ○ Credit impairment losses increased 18.8% y/y to RMB 38.3bn. • On the balance sheet, total loans and advances to customers grew 4.25% y/y to RMB24,451bn, driven by a 5.8% increase in corporate loans. Personal loans growth remains muted at 0.5% y/y, broadly in line with China Construction Bank Corp. • Asset quality trend remained stable. Non-performing loan ratio dipped 0.01ppt q/q to 1.22%, while the allowance coverage ratio stood at 203.2%, up 2.8ppt from prior year-end. (Company, OCBC) <p>Latest report: Credit Update – 2 September 2025</p>
Frasers Logistics & Commercial Trust	FLTSP	<ul style="list-style-type: none"> • 1HFY2026 results for the half year ended 31 March. Results look decent, with adjusted net property income rising 3.6% y/y to SGD167.0mn while revenue rose 2.8% y/y to SGD238.9mn. • Stronger results from reversions and acquisition: Positive rental reversions (+22.0% average vs average) were posted for 1HFY2026, continuing the strongly positive rental reversions trend, though lower than 1QFY2026's reversions of +36.4%. Meanwhile, there were annual increment from rent review from Australia and EU Logistics & Industrial ("L&I") segments. 2 Tuas Link which was acquired in

		<p>November 2024 also fully contributed. These offset SGD1.4mn provision of doubtful receivables.</p> <ul style="list-style-type: none"> • Portfolio occupancy remains decent at 96.1% (-0.1 ppts q/q), with L&I at 99.8% (+0.1 ppts q/q) and commercial at 88.4% (-0.6 ppts q/q). Commercial occupancy fell mainly due to a decline in occupancy at Maxis Business Park UK (-8.6 ppts q/q to 82.8%) with non-renewal of a tenant. For Alexandra Technopark, committed occupancy is at 85.6% (31 December 2025: 86.3%) with leases secured for 83% of ex-Google space (unchanged q/q), however actual occupancy is 75.1% excluding committed leases yet to commence (all leases will commence by January 2027). • Credit metrics is stable, with aggregate leverage at 33.7% (-1.1 ppts q/q) with repayment of borrowings from divestment proceeds from 357 Collins Street. Proforma aggregate leverage would be 34.4% assuming the EUR43.0mn (SGD64.1mn) acquisition of the property at Diamantweg 26, Hapert, The Netherlands, is funded entirely by debt. Reported interest coverage is healthy at 4.4x (+0.3x q/q). However, cost of borrowing has increased 0.1ppts q/q to 3.2%, and management is further guiding for cost of borrowing to increase to 3.3%-3.4%, which may moderate the improvements in reported interest coverage. • No impact from Iran war, with FLCT seeing “no material impact on operations, occupancy or leasing commitments from the current geopolitical and trade environment”. (Company, OCBC) <p>Latest report: Credit Update – 11 November 2025</p>
<p>Westpac Banking Corporation</p>	<p>WSTP</p>	<ul style="list-style-type: none"> • Westpac reported a solid but mixed performance for 1HFY2026, with statutory net profit rising 3% year-on-year to AUD 3.41bn, though declining 5% half-on-half. Excluding Notable Items, net profit increased 1% to AUD 3.48bn, reflecting balance sheet growth, disciplined cost control and progress under the UNITE transformation program, partly offset by margin compression and higher credit impairment charges. • Net operating income excluding Notable Items rose 3% to AUD 11.28bn, driven by a 2% increase in net interest income supported by 4% growth in interest-earning assets, particularly business lending. However, group net interest margin declined 3bps year-on-year to 1.89% due to competitive lending conditions and deposit repricing. Non-interest income grew 7%, led by stronger trading income in rates and FX and higher fees from credit cards and lower reward program costs. • Expenses increased modestly by 2%, with productivity gains and lower litigation costs offsetting higher technology and transformation spending under UNITE. Credit impairment charges rose to AUD 443mn (+77% y/y) as Westpac adopted more cautious economic assumptions, although underlying credit quality continued to improve, with lower delinquencies and stressed exposures. As such, the bulk of the new impairment charges were for collectively assessed provisions. • Capital and liquidity remained strong, with a CET1 ratio of 12.42% and sound funding metrics. The h/h movement reflects earnings that were offset by dividends and risk weighted asset movements. The ratio remains above management’s target range of 11.25% (equivalent to AUD2.7bn in surplus capital) and APRA’s “Unquestionably Strong” minimum of 10.5% that comes into effect on 1 January 2027. On an internationally comparable basis, CET1 was 19.4%, up 110bp h/h. • We expect Westpac’s fundamentals to remain stable against geopolitical tensions, energy volatility and broader economic uncertainty through FY2026 due to its strong capital position, prudent provisioning and UNITE execution. (Company, OCBC) <p>Latest report: Credit Update – 10 June 2025</p>

New Issues:

The total issuance volumes for APAC and DM IG markets yesterday were zero and USD8.35bn respectively.

Date	Issuer	Description	Currency	Size (mn)	Tenor (Yr)	Final Pricing (%)
04 May	Automatic Data Processing Inc	Fixed	USD	1,000	10	T + 65bps
04 May	Las Vegas Sands Corp	Fixed	USD	500	5	T + 125bps
04 May	Las Vegas Sands Corp	Fixed	USD	500	7	T + 140bps
04 May	Morgan Stanley Bank NA	Fixed-to-FRN	USD	2,500	4NC3	T + 80bps
04 May	Morgan Stanley Bank NA	FRN	USD	500	4NC3	SOFR+ 98bps

Mandates:

- Hanwha Solutions Corp (guarantor: The Export-Import Bank of Korea) may issue USD-denominated 3Y senior unsecured guaranteed green notes.
- Bank of East Asia Ltd/The may issue USD-denominated 6NC5 non-preferred loss absorbing notes

Key Market Movements

	5-May	1W chg (bps)	1M chg (bps)		5-May	1W chg	1M chg
iTraxx Asiax IG	77	1	-10	Brent Crude Spot (\$/bbl)	113.3	1.8%	3.9%
				Gold Spot (\$/oz)	4,539	-1.3%	-2.4%
iTraxx Japan	63	0	-6	CRB Commodity Index	401	5.2%	5.3%
iTraxx Australia	77	2	-9	S&P Commodity Index - GSCI	778	4.2%	0.8%
CDX NA IG	55	-0	-5	VIX	18.3	1.5%	-23.4%
CDX NA HY	107	-0	2	US10Y Yield	4.44%	10bp	10bp
iTraxx Eur Main	58	-2	-8				
iTraxx Eur XO	293	1	-33	AUD/USD	0.716	-0.3%	3.5%
iTraxx Eur Snr Fin	60	-3	-12	EUR/USD	1.169	-0.2%	1.3%
iTraxx Eur Sub Fin	99	-5	-20	USD/SGD	1.277	0.0%	0.6%
				AUD/SGD	0.914	0.3%	-2.8%
USD Swap Spread 10Y	-44	0	2	ASX200	8,648	-0.7%	0.8%
USD Swap Spread 30Y	-77	2	2	DJIA	48,942	-0.5%	5.2%
				SPX	7,201	0.4%	9.4%
China 5Y CDS	43	-0	-8	MSCI Asiax	1,083	2.5%	16.5%
Malaysia 5Y CDS	38	-0	-8	HSI	25,802	-0.5%	2.7%
Indonesia 5Y CDS	90	1	-8	STI	4,908	0.3%	-0.8%
Thailand 5Y CDS	54	2	-5	KLCI	1,735	1.0%	2.3%
Australia 5Y CDS	14	-0	-1	JCI	7,022	-1.2%	-0.1%
				EU Stoxx 50	5,764	-1.7%	1.2%

Source: Bloomberg

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