Credit Week in Brief

Global Markets Research

05 May 2025

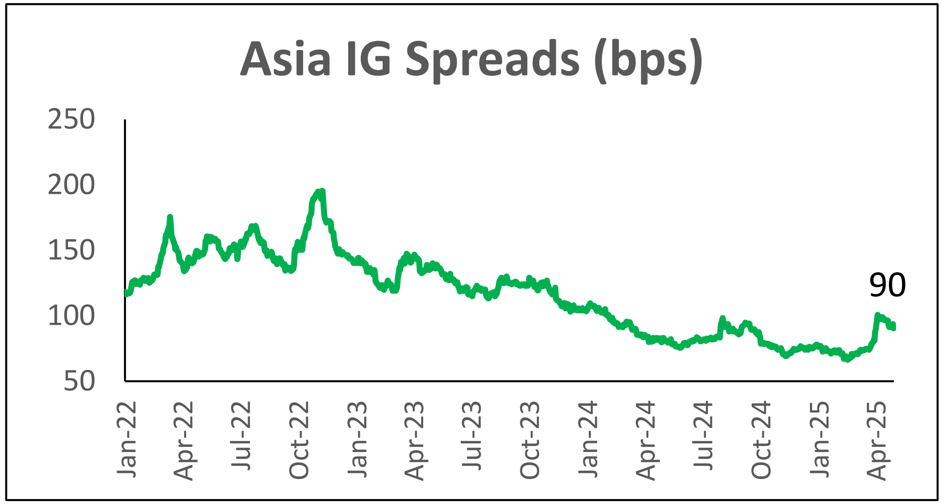
Credit: Asiadollar Weekly Overview

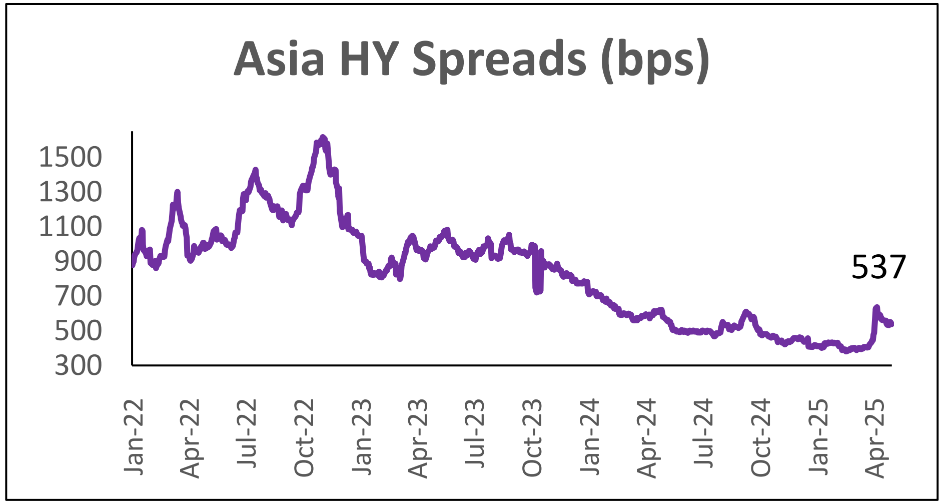
Resiliency in credit markets

Indices	1 Week Change (bps)	OAS Spread
Asia IG (BAIGOAS Index)	-1	90bps
Asia HY (BAHYOAS Index)	+3	537bps

- Asiadollar primary markets saw a 75% w/w increase in issuances last week to USD3.2bn, driven by issuances from South Korea. Korea Ocean Business Corp has issued a USD300mn bond to finance or refinance projects associated with sustainable marine transport and renewable energy, marking the region's first blue bond of the year per Bloomberg. ST Engineering RHQ Ltd (guarantor: Singapore Technologies Engineering Ltd) priced a USD750mn 5Y bond.
- Quoting a director at the debt management office, the Indonesian Finance Ministry is exploring plans to diversify govt bond issuance in other foreign currencies to tap more potential markets, although no specific currencies were mentioned per Bloomberg. Aside from the IDR, the Indonesia sovereign has issued in USD, EUR and JPY.
- A Hong Kong court has postponed Sunac China Holdings Ltd.'s ("Sunac") wind-up hearing to 25 August 2025, giving the company time to finalize its restructuring plan. Sunac is working to convert offshore bonds into equity, its second debt restructuring due to liquidity issues after defaulting on a dollar bond in 2022. The company aims to complete the restructuring by late 2025 or early 2026.

IG tightened while HY widened w/w





OCBC

Source: Bloomberg, OCBC

Credit: Asiadollar New Issues

Asiadollar ex-Japan G3 Currency primary market issuance was USD3.22bn last week (USD1.84bn in week prior)

Date	Issuer	Type	Currency	Size (mn)	Tenor	Final Pricing
28 Apr	Kookmin Bank	Fixed	USD	400	3Y	T+77.5bps
28 Apr	Kookmin Bank	Fixed	USD	300	5Y	T+82.5bps
28 Apr	POSCO Holdings Inc	Green, Fixed	USD	400	5Y	T+137.5bps
28 Apr	POSCO Holdings Inc	Green, Fixed	USD	300	10Y	T+157.5bps
28 Apr	Tongyang Life Insurance Co Ltd	Subordinated	USD	500	10NC5	T+240bps
28 Apr	Zhongyuan Asset Management Co Ltd	Fixed	USD	100	3Y	5.70%
29 Apr	ST Engineering RHQ Ltd (guarantor: Singapore Technologies Engineering Ltd)	Fixed	USD	750	5Y	T+50bps
29 Apr	Korea Ocean Business Corp	Blue, Fixed	USD	300	5Y	T+92.5bps
30 Apr	China Construction Bank (New Zealand) Limited (guarantor: China Construction Bank Corp)	FRN	USD	100	3Y	SOFR+52bps
30 Apr	Sihai International Investment Ltd (guarantor: Wuxi Hengting Industrial Co Ltd)	Sustainable, Fixed	USD	65	3Y	5.15%

OCBC

Source: Bloomberg, OCBC

Credit: SGD New Issues

No new issues in SGD

Date	Issuer	Type	Currency	Size (mn)	Tenor	Final Pricing

Source: Bloomberg, OCBC

Credit Research Views: SGD Weekly Overview

SGD credit market rose 0.19% w/w. Bank capital continues to recover while short to belly outperformed longer tenor

	Key Statistics			Total Returns			
	(1 Jan 2021 = 100)	Eff Mty	Market Cap	w/w	m/m	y/y	Since Jan 2021
By Tenor & Structure							
AT1S	111.3	3.4	$12,700m	0.42%	-0.2%	5.7%	11.3%
NON-FIN PERP	118.1	11.3	$13,325m	0.10%	-0.2%	7.4%	18.1%
TIER 2S & Other Sub	114.2	3.9	$17,921m	0.35%	0.1%	5.9%	14.2%
LONGER TENORS (>9YRS)	99.3	23.2	$13,642m	-0.02%	0.8%	11.9%	-0.7%
MID TENORS (>3Y-9YRS)	109.3	5.0	$40,778m	0.24%	0.9%	7.3%	9.3%
SHORT TENORS (1-3YRS)	112.4	1.9	$25,549m	0.13%	0.6%	5.4%	12.4%
MONEY MARKET (<12M)	115.0	0.5	$13,465m	0.09%	0.2%	4.3%	15.0%
By Issuer Profile Rating							
POS (2)	111.3	7.7Y	$7,328m	0.28%	0.3%	5.9%	11.3%
N(3)	113.4	3.5Y	$21,888m	0.36%	0.2%	6.0%	13.4%
N(4)	114.0	7.2Y	$22,093m	0.23%	0.3%	6.2%	14.0%
N(5)	113.0	2.0Y	$5,634m	0.11%	0.2%	7.0%	13.0%
OCBC MODEL PORTFOLIO	120.0	3.3Y	$5m	0.25%	0.1%	7.3%	20.0%
SGD Credit Universe	109.1	6.2Y	$126,234m	0.19%	0.5%	6.9%	9.1%

OCBC

Source: Bloomberg, OCBC full description in SGD Credit Outlook 2023, pg lxi

Credit: Top Happenings in SGD Credit Market

Corporate Earnings

- **CapitaLand Ascott Trust ("ART") 1Q2025 business update show same-store gross profit growth of +1% y/y**
  - **1Q2025 reported gross profit increased by 4% y/y.** While the exact reported gross profit number was not provided, per ART, the increase was driven by portfolio reconstitution activities and stronger operating performance.
  - **Stable income makes up 70% of reported gross profit in 1Q2025 versus 62% in 2024.** ART continues to aim for longer-stay accommodation to 25-30% in the medium term. (31 March 2025: 17%)
  - **As at 31 March 2025, reported aggregate leverage (not including perpetual as debt) was 39.9%, higher than the 38.3% as at 31 December 2024.** In January 2025, ART completed the acquisition of two limited-service hotels in Japan for a total acquisition outlay where bulk was debt funded. Reported interest coverage ratio (takes into account of perpetual distribution in the denominator) for the 12 months to 31 March 2025 was 3.2x, increasing slightly q/q.
- **First Real Estate Investment Trust ("FIRT") 1Q2025 business update show positive results when forex impacts excluded**
  - **Net property income ("NPI") fell 2.8% y/y to SGD24.6mn owing to weaker IDR and JPY against SGD**. On a local currency basis, rental income in Indonesia, Japan, and Singapore gained 5.5%, 0% and 2% respectively.
  - **Mixed credit metrics development:** As of 31 March 2025, aggregate leverage ratio rose q/q to 40.7% (end-2024: 39.6%) as more loan drawdown for working capital purposes. L12M adjusted interest coverage ratio (including perpetual distributions) improved to 3.6x (end-2024: 3.8x) as average cost of debt fell to 4.7% (end-2024: 5.0%).
  - FIRT has received a non-biding letter of intent on 14 hospital assets in Indonesia; FIRT exploring possibility of other bidders.

Source: Company, OCBC

Credit: Top Happenings in SGD Credit Market

Corporate Earnings

- **CapitaLand Ascendas REIT ("AREIT") 1Q2025 business update which show manageable credit metrics.**
  - **Rental reversions remain strong and should remain positive still:** Rental reversion for the portfolio is +11.0% in 1Q2025, contributed by Singapore (+7.0%), United States (+10.3%) and Australia (+59.0%). According to AREIT, rental reversion for FY2025 is expected to be in the positive mid-single digit range.
  - **Aggregate leverage rose 1.2 ppts q/q to 38.9%.** In 1Q2025, AREIT completed the sale and leaseback acquisition of a logistics property from DHL USA for SGD153.4mn (at 7.6% initial NPI yield), and completed the redevelopment of 1, 1A and 1B Science Park for SGD300.2mn.Reported interest coverage ratio remained the same q/q at 3.6x.
- **Frasers Centrepoint Trust ("FCT") 1HFY2025 financial results for the half-year ended 31 March 2025 show decent results on a like-for like basis.**
  - Revenue rose 7.1% y/y to SGD184.4mn and net property income ("NPI") rose 7.3% y/y to SGD133.7mn, mainly due to completion of asset enhancement initiative ("AEI") at Tampines 1 ("T1"), which was partially offset by the divestment of Changi City Point ("CCP") on 31 October 2023. Excluding T1 and CCP, NPI rose 1.6% y/y to SGD113.9mn.
  - **Aggregate leverage remains manageable at 38.6% as of end-2QFY2025 (end-1QFY2025: 39.3%)**. We note that SGD421.3mn gross proceeds were raised from equity private placement, which includes 105.3mn units raised at SGD2.09 per unit on 4 April 2025 and 98.2mn units raised at SGD2.05 per unit on 25 April 2025. This is intended to fund the acquisition of 100% interest in Northpoint City South Wing. We think the **eventual aggregate leverage may inch up to ~40%, depending on the issuance of perpetual securities.**

Source: Company, OCBC

Credit: Top Happenings in SGD Credit Market

Corporate Earnings

- **Lippo Malls Indonesia Retail Trust ("LMRT")'s overall results are improving financially in IDR terms (slightly) and operationally**
    - Net property income ("NPI") fell 2.4% y/y to SGD29.2mn amidst weaker IDR against SGD. On an IDR basis, NPI rose 1.0% y/y to IDR325.1bn.
    - **Largely stable credit metrics though remained weak, ICR below MAS requirements:** As of 31 March 2025, aggregate leverage ratio improved slightly q/q to 44.20% (end-2024: 44.78%). L12M interest coverage ratio ("ICR") weakened slightly q/q to 1.29x (2024: 1.36x), below the minimum ICR threshold of 1.5x.
    - As of 31 March 2025, **occupancy rate improved 1ppts q/q to 82.2%,** supported by 42k sqm. of new lease commitments. Besides, LMRT recorded a positive rental reversion of 3.9% in 1Q2025 while 1Q2025 **shopper traffic improved by 7.4% y/y** to 32.8mn, though still represents 75.5% of 1Q2019 pre-COVID levels.
- **CapitaLand Investment Ltd ("CLI")'s 1Q2025 business update show an overall stable results on a like-for-like basis.**
    - Total revenue fell to SGD496mn (1Q2024: SGD650mn) due to deconsolidation of CapitaLand Ascott Trust ("ART"), following the sale of 4.9% stake in ART. **On a like-for-like basis, revenue was stable y/y (1Q2024 excluding ART: SGD496mn).**
    - **Continued shift from balance sheet to fee-based revenue**: Fee Income-related Business ("FRB") revenue grew ~3% y/y to SGD281mn, Real Estate Investment Business ("REIB") revenue fell ~6% y/y to SGD242mn (excluding ART). Meanwhile, corporate and others revenue was -SGD27mn in 1Q2025, narrowing from -SGD54mn in 1Q2024.
    - Reported net gearing of **0.39x remains unchanged q/q** while reported interest coverage ratio slightly improved to 3.6x.

Source: Company, OCBC

Credit: Top Happenings in SGD Credit Market

Corporate Earnings

- **Mapletree Industrial Trust (“MINT”) reported its fourth quarter results for the financial year ending 31 March 2025 (“4QFY2025”).**
  - Uncertainty over upcoming lease renewals, particularly among its US data centres may weigh on portfolio occupancy and revenue somewhat, while **trade tariffs may weigh on its Singapore industrial-focused portfolio, although these are mitigated by its stable credit metrics.**
  - **Both overall revenue and net property income (“NPI”) for MINT declined by 0.5% y/y** in 4QFY2025 to SGD177.8mn and SGD131.2mn respectively.
  - **Overall portfolio occupancy as at 31 March 2025 was 91.6%, lower versus 92.1% as at 31 December 2024. A q/q decline was observed in Data Centres which was lower by 1.7 percentage point to 89.9% as at 31 March 2025,** Light Industrial Buildings by 1.2 percentage point to 50.8% as at 31 March 2025 while Stack-up/Ramp-up Buildings was lower by 0.6% q/q. All other segments saw occupancies that went up q/q.

Source: Company, OCBC

Credit: Top Happenings in SGD Credit Market

Financial Institution Earnings

- **Deutsche Bank AG ("DB") announced a strong 1Q2025 performance with profit before tax of EUR2.84bn up 39% y/y** while its CET1 ratio of 13.8% as at 31 March 2025 was up 40bps y/y and stable q/q, remaining 252bps above its maximum distributable amount ("MDA") threshold. Its net profit of EUR2.0bn for 1Q2025 was its highest quarterly profit in 14 years.
- **Driving the solid performance was the following:**
  - 10% y/y rise in total net revenues to EUR8.5bn driven by Investment Bank performance (39.4% of total net revenues).
  - Net inflows of EUR26bn within Private Bank and Asset Management supported a higher y/y growth in profit before tax by division
  - A 2% y/y fall in non-interest expenses, driven by non-operating costs that were down 64% y/y due to lower litigation charges and restructuring and severance charges in 1Q2025.
  - A moderate 7% y/y rise in provision for credit losses to EUR471mn that reflect a normalisation in portfolio credit quality according to management as well as higher overlays for the uncertain macro-economic outlook.
- **China Construction Bank Corporation ("CCB"): CCB announced its 1Q2025 results with net profit of RMB83.7bn down 3.6% y/y** as net interest income was lower despite solid growth in lending volumes. Corporate loans and advances rose 8.2% q/q while personal loans rose 1.9% q/q (domestic loans were up 4.7% q/q while gross loans and advances to customers rose 4.6% q/q).
  - CCB's CET1 ratio was 13.98% as at 31 March 2025, down from 14.48% as at 31 December 2024, likely due to risk weighted asset growth ahead of capital growth due to earnings.

Source: Company, OCBC

Credit: Top Happenings in SGD Credit Market

Financial Institution Earnings

- **HSBC Holdings PLC ("HSBC") 1Q2025 profit before tax was USD9.48bn, down 25% y/y but influenced by USD3.7bn in prior year net disposal impacts from the sale of its Canadian and Argentinian businesses.** Underlying performance remains sound with the constant currency 1Q2025 profit before tax excluding notable items of USD9.8bn up 11.4% y/y.
  - Underlying 1Q2025 revenues were up 7% y/y (reported revenues were down 15% y/y) and benefited from higher client activity in HSBC's wealth business within its International Wealth and Premier Banking ("IWPB") segment as well as its Hong Kong business segment. Also supporting performance was market volatility that drove client activity in Foreign Exchange and Debt and Equity Markets in the Corporate and Institutional Banking ("CIB") segment. A 2% y/y fall in non-interest expenses, driven by non-operating costs that were down 64% y/y due to lower litigation charges and restructuring and severance charges in 1Q2025.
  - HSBC's CET1 capital position fell 20bps q/q to 14.7% as at 31 March 2025 (14.9% as at 31 December 2024) due to higher risk weighted assets from foreign currency movements as well as movements in asset quality (Hong Kong and UK) and asset size (UK and US CIB business). This, along with regulatory impacts, offset the positive impact from capital generation net of dividends and share buy backs.

Source: Company, OCBC

Credit: Top Happenings in SGD Credit Market

Financial Institution Earnings

- **Crédit Agricole Group ("CAG") / Crédit Agricole SA ("CASA"): CAG announced a solid 1Q2025 result with income before tax up 1.6% y/y to EUR3.40bn although net income was down 9.0% y/y to EUR2.36bn owing to a 37.9% y/y rise in tax that reflects an exceptional and temporary corporate tax surcharge**. Otherwise, underlying performance was driven by solid growth in revenues with record performance at CASA that offset higher growth in operating expenses and a 12.9% y/y rise in the cost of risk.
    - CAG's fundamentals remain anchored on its strong capital position with a phased in CET1 capital ratio of 17.6% as at 31 March 2025, up from 17.2% as at 31 December 2024 and above the medium term plan target of higher than 17.0%.
- **Société Générale ("SocGen"): SocGen's 1Q2025 performance was ahead of its 2025 annual targets with net income doubling y/y to EUR1.86bn** due to strong operating income performance, a y/y fall in the cost of risk and one-off gains from disposals.
    - By segment contribution to core business net income, Global Banking and Investor Solutions Mobility contributed 53.6% or EUR856mn, International Retail Banking and Financial Services contributed 20.0% or EUR319mn while French Retail Banking, Private Banking and Insurance contributed 26.4% or EUR421mn.
    - SocGen's CET1 capital ratio as at 31 March 2025 was 13.4%, up 10bps from 31 December 2024 (13.3%). This equates to a 320bps buffer above the 10.22% regulatory requirement as per the European Central Bank's Supervisory Review and Evaluation Process ("SREP").

Source: Company, OCBC

Credit: Top Happenings in SGD Credit Market

Financial Institution Earnings

- **UBS Group AG ("UBS") / UBS AG ("UBSAG") announced its 1Q2025 results with operating profit before tax of USD2.13bn down 10% y/y but up ~104% q/q. The y/y performance largely reflected weaker net interest income that was down 16% y/y.**
  - On an underlying basis (mostly excluding integration items), 1Q2025 operating profit before tax was USD2.59bn and down 1% y/y although core business profit before tax comprising Global Wealth Management ("GWM"), Personal and Corporate Banking ("PCB"), Asset Management ("AM"), Investment Bank ("IB"), and Group Items, was up 15% y/y.
  - Overall, the results reflect management's solid ongoing ability to manage the challenging operating environment, including the successful integration of Credit Suisse Group AG ("CS") and solidifying its underlying fundamentals.
  - **Amidst the solid business performance and CS integration is lingering uncertainty on UBS's capital position**. It's current capital position remains sound with its CET1 capital ratio of 14.3% as at 31 March 2025 stable q/q. The ratio remains above its 10.60% minimum CET1 capital ratio requirement and management guidance of around 14%.
  - In its recent Annual General Meeting, **management continued to push back against potentially higher capital requirements as proposed by Swiss regulators.** Per comments from UBS Chairman Colm Kelleher, regulator plans could result in a 50% increase in capital levels and a 50% higher requirement compared to international competitors that would harm UBS's competitiveness. As such, there have been reports of UBS management considering a potential move of UBS's headquarters and suggestions by UBS management to put a regulatory limit on the size of its investment bank. UBS currently operates with a self-imposed limit of 25% of its risk weighted balance sheet. More details on the regulatory proposals are expected to be announced in June 2025.

Source: Company, OCBC

Credit: Top Happenings in SGD Credit Market

Industry Outlook – Singapore Property

- **No bids at a GLS site, the first this year:** No bids were received for the site at Media Circle (Parcel B).
    - Is this an indication of the property or issue with the site?: There were four unsuccessful tenders last year, including another site at Media Circle. In addition, Bloomsbury Residences which is located nearby sold only about 25% of the units at launch.
    - Overall property market likely still healthy: We think market dynamics remain healthy, with property sales remaining decent and new sales keeping up

Source: Business Times, OCBC

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