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# Daily Credit Snapshot

## Market Commentary

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- US equities closed higher overnight, led by a strong rally in technology shares. Sentiment was partly lifted by strong results and guidance from Nvidia, which reinforced confidence in continued AI-related demand. On geopolitics, oil prices moved higher after the Wall Street Journal reported that President Trump was not interested in returning to the terms of a June agreement with Iran. Brent was up over 2% at around USD89.4 per barrel. Qatar's prime minister was in Tehran for talks aimed at reviving diplomatic efforts, but uncertainty around the Strait of Hormuz remains elevated. On the US data front, initial jobless claims fell by 4k to 203k in the week ended 22 August, below consensus of 208k and marking a second consecutive weekly decline. Continuing claims also fell by 18k to 1.78mn. Separately, the advance goods trade deficit widened sharply to USD118.8bn in July from USD101.4bn in June, as exports fell 2.9% while imports rose 3.7%, led by a surge in capital-goods imports. At Jackson Hole, several Fed officials maintained a cautious tone on inflation. Kansas City Fed President Jeffrey Schmid said current policy did not appear sufficiently restrictive, while Cleveland Fed President Beth Hammack reiterated that she remains willing to act against persistent inflation. Chicago Fed President Austan Goolsbee also warned that inflation remains the main near-term risk, although Boston Fed President Susan Collins continued to see gradual disinflation as the most likely path.

- The SGD SORA OIS curve traded higher yesterday with the shorter tenors trading flat to 4bps higher, belly tenors trading 4bps higher, and the 10Y tenor trading 3bps higher.

- Flows in SGD corporates were heavy, with flows in BNP 4.25%-PERP, BACR 4.65%-PERP, HSBC 2.95% '32s, HSBC 5%-PERP, MAPLSP 3.7%-PERP.

- US Investment Grade and US High Yield spreads tightened by 1bps and 2bps to 78bps and 263bps respectively. Bloomberg Global Contingent Capital spreads tightened by 2bps to 205bps.

- Bloomberg Asia USD Investment Grade spreads traded flat at 57bps, and the Asia USD High Yield spreads tightened by 1bps to 328bps. (Bloomberg, OCBC)

**Credit Summary:**

| Company | Ticker | Description |
|---|---|---|
| Fosun International Ltd | FOSUNI | • Fosuni reported 1H2026 results. At the consolidated level, revenue was RMB87bn, up 3% y/y, excluding the impact of HAL's deconsolidation on 30 June 2025. Net profit increased to RMB1.7bn from RMB0.7bn in 1H2025. Notably, there were no material asset impairments during the period, compared with RMB22.9bn of impairments in 2025, the majority of which were recognized in the second half of last year.<br>• Total holdco debt declined by RMB4.5bn from 31 December 2025 to RMB85.4bn. Reported net debt was RMB64bn, implying holdco cash of RMB21.4bn. During 1H2026, holdco cash inflows from asset disposals and dividend upstreaming totaled RMB9.3bn. Key disposals included the Fosun International Financial Center in Jinan, a 40% stake in Luz Saúde, COURT Hotels in Japan, and several minority investments.<br>• On the financing front, the holdco raised RMB5.2bn of debt from the public markets. The average cost of debt was 5.2% in 1H2026, down 10bps from end-2025.<br>• Group portfolio value declined to RMB191bn from RMB207bn at end-2025, primarily reflecting asset disposals. Fosun generated more than RMB12bn of divestment proceeds during 1H2026. (Company, OCBC)<br><br>Latest report: Credit update – 29 May 2026 |
| Toronto-Dominion Bank | TD | • TD reported strong 3QFY2026 earnings with growth broad-based across core franchises. Adjusted net income rose to CAD4.7bn (+21% y/y) and adjusted ROE at 16%.<br>• Earnings growth was broad-based, led by Wholesale Banking at +87% y/y, followed by US Banking at +39%, Wealth Management & Insurance at +20%, and Canadian P&C at +7%. US profitability strengthened despite regulatory constraints, with ROE improving to 10.2% and NIM rising 6bps q/q to 3.47%.<br>• Total provisions for credit losses ("PCL") declined CAD84mn q/q to CAD917mn. The net PCL ratio improved 5bp q/q to 34bp, with reductions across Canadian P&C, US Banking and Wholesale Banking. Management now expects FY2026 PCLs to be near the lower end of its previous 40–50bp guidance range.<br>• Allowance for credit losses ("ACL") increased CAD105mn q/q to around CAD9.6bn, reflecting a CAD128mn foreign-exchange impact and a performing reserve build for volume growth and credit migration, partly offset by lower impaired allowances in business and government lending. The ACL ratio edged down 1bp q/q to 96bp as loan balances expanded, but reserves remain nearly twice the 51bp gross impaired loans ratio.<br>• The CET1 ratio was broadly stable at 14.3%, with adjusted organic capital generation of 21bp offset by risk weighted asset ("RWA") growth and a 37bp impact from share repurchases. Risk-weighted assets increased CAD12bn q/q to CAD653.4bn, while the leverage ratio remained 4.5%. Liquidity also strengthened, with the LCR rising to 133% from 130% in the previous quarter.<br>• TD expects US BSA/AML remediation and related governance and control investment to total around USD550mn pre-tax in FY2026. Work on remediation actions and demonstration of sustainability will continue through 2026 and 2027, followed by internal audit validation and regulatory review. (Company, OCBC)<br><br>Latest report: Credit update – 16 June 2026 |
| Royal Bank of Canada | RY | • 3QFY2026 results were overall credit supportive. Record earnings, 18.1% adjusted ROE, positive operating leverage and a stable CET1 ratio provide strong capacity to absorb normalising credit costs.<br>• Adjusted net income rose 10% y/y and 9% q/q to CAD6.1bn, with adjusted ROE improving to 18.1% from 17.7% a year earlier. Revenue increased 9% y/y to CAD18.5bn, outpacing adjusted expense growth of 6.7% and generating 2.4% adjusted operating leverage. Adjusted PPPT grew 12% y/y to CAD8.9bn, providing a substantial earnings buffer against higher credit costs. |

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| | | • Credit costs continued to normalise but remained manageable relative to earnings. Total PCL increased CAD88mn q/q and CAD119mn y/y to CAD1.0bn, equivalent to a 36bp PCL ratio, up 1bp both q/q and y/y. Impaired PCL was CAD979mn, or 35bp, with the q/q increase concentrated in Capital Markets.<br>• Gross impaired loans ("GIL") increased modestly. Total GIL rose CAD353mn q/q to CAD10.1bn, with the GIL ratio increasing 1bp to 91bp. The increase was primarily driven by Capital Markets, where GIL rose CAD466mn due largely to Real Estate and Related exposures and Wealth Management. This was partly offset by a CAD241mn reduction in Commercial Banking GIL. New formations increased to CAD2.12bn, although management attributed the rise to a limited number of sectors.<br>• Capitalisation remained robust despite strong balance-sheet growth and shareholder distributions. The CET1 ratio was stable q/q at 13.5%, as 46bps of internal capital generation was offset by higher RWA, dividends and share repurchases. RWA increased CAD29bn q/q to CAD778bn, mainly due to loan growth, market-risk exposures and operational-risk RWA. RY repurchased 5.6mn shares for CAD1.6bn, while the leverage ratio remained 4.3%. (Company, OCBC)<br><br>Latest report: Credit Update – 16 June 2026 |
| Shangri-La Asia Limited | SLHSP | • SLHSP reported its 1H2026 financial results which saw profitability improved while credit metrics were broadly stable. SLHSP's consolidated revenue for 1H2026 increased 6.4% y/y to USD1.1bn, driven by Hotel-related revenue streams (particularly revenue from rooms, up 9.3% y/y to USD564.8mn). Investment Properties also increased 7.8% y/y to USD73.3mn.<br>• Encouragingly, Revenue per Available Room ("RevPAR") for key markets by revenue of Hotel Properties grew y/y. Mainland China was higher at USD72 in 1H2026 (1H2025: USD68), while RevPAR for HKSAR was higher at USD248 in 1H2026 (1H2025: USD222). Singapore RevPAR was USD200 in 1H2026, higher than 1H2025's USD192.<br>• The company discloses operating profit after tax (inclusive of results from associates, after minority interest at subsidiaries where SLHSP has no full ownership). We term this as Adjusted Operating Profit ("AOP"). In 1H2026, total AOP excluding net corporate finance costs, corporate expenses and others was USD171.1mn, 9.4% higher y/y versus the 1H2025 AOP of USD156.4mn. Within Hotel Properties AOP, despite mainland China properties reporting a larger negative number of -USD13.7mn in 1H2026 (1H2025: -USD8.7mn), other geographies especially HKSAR and Sri Lanka helped compensate. Despite a multi-year oversupply in commercial offices in mainland China, SLHSP's Investment Properties AOP continued to hold up, with mainland China reporting USD81.6mn in 1H2026, dipping only 1.6% y/y. Total Investment Properties AOP was USD104.9mn in 1H2026, marginally higher y/y. Mainland China makes up ~78% of SLHSP's Investment Properties AOP.<br>• Reported operating profit was higher by 32.3% y/y to USD214.1mn, driven by higher gross profit and an increase in other gains (losses) on a net basis while reported profit for the period increased by 58.8% y/y to USD101.3mn.<br>• As at 30 June 2026, short term debt (including lease liabilities as debt) was USD748.3mn. We see refinancing risk as highly manageable with cash balance of USD1.26bn while deposits with original maturities over three months was USD1.46bn. Per SLHSP, it maintains sufficient cash reserves and undrawn committed facilities to meet refinancing requirements for debt maturities falling due over the next two to three years, with coverage extending into 2029.<br>• Unadjusted net gearing (including lease liabilities as debt) as at 30 June 2026 was 0.93x, up slightly from 0.91x as at 31 December 2025. (Company, OCBC)<br><br>Latest report: Credit Update – 13 October 2025 |

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| GuocoLand Limited | GUOLSP | • **GUOLSP reported 2HFY2026 results. While China development property allowances drove a reported loss, underlying operating profit and credit metrics improved while residential sales remained strong.**<br>• **2HFY2026 underlying operating profit improved despite the sizeable allowances:** Revenue declined 29% y/y to SGD642.0mn and GUOLSP recorded a reported operating loss of SGD57.2mn, which included SGD209.8mn of allowances for foreseeable losses (SGD207.2mn from China, SGD2.6mn from Malaysia). Conversely, company-defined underlying operating profit, which includes associates and JVs and excludes development-property allowances, rose 12% y/y to SGD179.7mn.<br>• **Singapore remained the earnings anchor despite lower development revenue:** Singapore revenue declined 43% y/y to SGD383.7mn in 2HFY2026, mainly reflecting lower progressive recognition from residential developments. Nevertheless, Singapore operating profit remained positive at SGD133.2mn versus SGD165.6mn.<br>• **Development revenue fell on recognition timing, but more than SGD3bn of unrecognised sales supports future earnings:** 2HFY2026 development-property revenue declined 37% y/y to SGD457.9mn, mainly as total Singapore development-property revenue fell 54% y/y to SGD252.4mn from SGD550.2mn. However, all five residential projects launched during FY2026 were more than 90% sold at end-June 2026, while GUOLSP's attributable unrecognised sales value from sold units exceeded SGD3bn. These projects were mostly at early construction stages, with completion ranging from 2029 to 2030, and revenue contribution should build as construction progresses. For FY2026, proportionate revenue from equity-accounted Singapore projects rose to SGD391mn from SGD211mn, while the share of associates and JVs turned around to a SGD32.4mn profit from a SGD5.1mn loss, mainly from Springleaf Residence and Lentor Hills Residences.<br>• **Investment properties provided a stable and increasingly significant recurring-income base:** 2HFY2026 rental and related income increased 3% y/y to SGD149.3mn, including SGD129.4mn from Singapore. At end-June 2026, Guoco Tower and Guoco Midtown remained fully committed, while 20 Collyer Quay and Lentor Modern mall were 97% and 95% committed respectively. For FY2026, Property Investment revenue rose 4% y/y to SGD292.5mn and operating profit increased 2% y/y to SGD215.5mn before SGD81.1mn of segment fair-value gains. Property Investment contributed ~60% of company-defined underlying operating profit, which in our view provides greater earnings stability against the timing-dependent development business.<br>• **China's higher allowances overshadowed continued portfolio monetisation, although the remaining development exposure is contained:** China revenue increased 6% y/y to SGD123.1mn in 2HFY2026, but its operating loss widened to SGD197.3mn from SGD87.3mn following the SGD207.2mn allowance on Chongqing development properties. Together with a SGD12.5mn investment-property fair-value loss and net finance costs, the segment recorded an after-tax loss of SGD209.7mn versus SGD95.3mn. GUOLSP achieved ~RMB500mn of China residential sales during FY2026, while China development-property assets declined to SGD493mn at end-June 2026, representing ~4% of Group assets and 37% of its SGD1.32bn China asset base. Further losses cannot be ruled out if selling prices or market conditions weaken relative to current net realisable value assumptions, but the smaller remaining development exposure limits the potential Group-level impact. China investment properties represented another 42% of China assets, with Guoco Changfeng City's commitment rate improving to 77% from 61%.<br>• **Malaysia improved but remained a small earnings contributor:** Malaysia revenue increased 44% y/y to SGD103.5mn in 2HFY2026, with operating profit broadly stable at SGD11.0mn, although PAT declined to SGD3.6mn from SGD6.0mn. For FY2026, revenue increased 53% y/y to SGD176.7mn, mainly from higher Property Development revenue, while PAT rose 2% y/y to SGD9.5mn. The privatisation of GuocoLand Malaysia was completed after year-end, with its delisting on 18 August 2026. Management is conducting a strategic review to reposition the business, streamline its operating structure and identify growth opportunities, but the financial implications were not disclosed. |

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| | | • **Credit metrics improved as strong sales collections funded substantial debt reduction, although new land funding could moderate further deleveraging:** FY2026 net cash from operating activities rose to SGD1.20bn from SGD202.8mn, mainly due to higher sales-proceeds collections. Total loans and borrowings declined 19% y/y to SGD4.45bn, driven mainly by repayment of Singapore development-project borrowings, while net finance costs fell 29% y/y to SGD128.4mn. We calculate that net gearing fell y/y to 66% from 85% at end-FY2025. Cash of SGD754.7mn was slightly below SGD775.9mn of borrowings due within one year, although project collections and recurring rental income support liquidity. That said, it remains to be seen if net gearing will remain at the current levels following the Lentor Central (total land price: SGD657.1mn, GUOLSP holds 50% JV stake) and Berlayar Drive (total land price was SGD576.8mn, GUOLSP holds 40% stake) land acquisitions. (Company, OCBC)<br><br>Latest report: Credit Update – 9 October 2025 |

**New Issues:**

- The total issuances in the APAC USD and DM IG markets were both zero yesterday (prior day: zero and USD240mn respectively) (Bloomberg, OCBC)

**Mandates:**

- Korean Southern Power Co., Ltd. may price a USD3Y or 5Y transition bond.

## Key Market Movements

| | 28-Aug | 1W chg (bps) | 1M chg (bps) | | 28-Aug | 1W chg | 1M chg |
|---|---|---|---|---|---|---|---|
| **iTraxx Asiax IG** | 67 | -0 | -4 | **Brent Crude Spot ($/bbl)** | 89.2 | -5.5% | 6.0% |
| | | | | **Gold Spot ($/oz)** | 4,585 | -0.4% | 13.8% |
| **iTraxx Japan** | 56 | -1 | -6 | **CRB Commodity Index** | 405 | 0.4% | 6.9% |
| **iTraxx Australia** | 67 | -0 | -4 | **S&P Commodity Index - GSCI** | 704 | -1.8% | 5.6% |
| **CDX NA IG** | 50 | -1 | -3 | **VIX** | 14.5 | -9.4% | -20.3% |
| **CDX NA HY** | 108 | 0 | 1 | **US10Y Yield** | 4.68% | -5bp | 7bp |
| **iTraxx Eur Main** | 51 | -1 | -3 | | | | |
| **iTraxx Eur XO** | 247 | -4 | -13 | **AUD/USD** | 0.720 | 0.4% | 3.2% |
| **iTraxx Eur Snr Fin** | 54 | -1 | -2 | **EUR/USD** | 1.165 | -0.3% | 2.3% |
| **iTraxx Eur Sub Fin** | 87 | -1 | -2 | **USD/SGD** | 1.271 | -0.1% | 1.7% |
| | | | | **AUD/SGD** | 0.915 | -0.5% | -1.5% |
| | | | | | | | |
| **USD Swap Spread 10Y** | -38 | 2 | 4 | **ASX200** | 9,092 | 0.4% | 1.6% |
| **USD Swap Spread 30Y** | -68 | 2 | 6 | **DJIA** | 53,569 | 1.5% | 1.6% |
| | | | | **SPX** | 7,731 | 1.2% | 4.1% |
| **China 5Y CDS** | 35 | 0 | -3 | **MSCI Asiax** | 1,139 | -0.1% | 9.2% |
| **Malaysia 5Y CDS** | 33 | -0 | -5 | **HSI** | 25,602 | -1.6% | 1.2% |
| **Indonesia 5Y CDS** | 84 | 0 | -9 | **STI** | 5,692 | 0.1% | 1.4% |
| **Thailand 5Y CDS** | 40 | -0 | -3 | **KLCI** | 1,730 | -0.4% | 1.0% |
| **Australia 5Y CDS** | 14 | -0 | -0 | **JCI** | 6,549 | 0.7% | 6.8% |
| | | | | **EU Stoxx 50** | 6,425 | 0.0% | 2.1% |

*Source: Bloomberg*

## Disclaimers