

Asian Credit Daily

15 April 2025

Market Commentary:

- The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading -1 to +1bps, belly tenors trading 0 to 1bps higher and 10Y trading flat
- Flows in SGD corporates were heavy, with flows in HSBC 5%-PERP, BACR 5.4%-PERP, HSBC 5.25%-PERP, HSBC 4.75% '34s and UBS 5.6%-PERP.
- Per Bloomberg, Wall Street returned to a degree of calm with stocks and bonds notching a twin rally Monday. Credit default swaps tracking Asia ex-Japan IG debt fell 10bps to 106bps, according to a Markit index
- Bloomberg Asia USD Investment Grade spreads widened by 2bps to 99bps while Bloomberg Asia USD High Yield spreads tightened by 9bps to 590bps respectively. (Bloomberg, OCBC)

Credit Summary:

- **Credit Agricole Group ("CAG") / Credit Agricole SA ("CASA") / Banco BPM SpA ("Banco BPM") / UniCredit SpA ("UniCredit"):** CASA has increased its stake in Banco BPM to 19.8% following European Central Bank approval received in early April 2025. CASA previously held a 9.9% stake through financial instruments and was already the largest investor in Banco BPM.
- **Commerzbank AG ("CMZB"), UniCredit SpA ("UniCredit"):** Germany's federal competition authority, the Federal Cartel Office, has unconditionally approved UniCredit's request to hold as much as 29.99% as a direct ownership stake in CMZB, under Germany's merger law.
- **CapitaLand Group Pte Ltd ("CAPL")** released its Annual Report 2024. Revenue rose 11.1% y/y to SGD5.37bn while we calculate that EBITDA rose 22.7% y/y to SGD1.44bn.

Credit Headlines

Credit Agricole Group (“CAG”) / Credit Agricole SA (“CASA”) / Banco BPM SpA (“Banco BPM”) / UniCredit SpA (“UniCredit”)

- CASA has increased its stake in Banco BPM to 19.8% following European Central Bank approval received in early April 2025. CASA previously held a 9.9% stake through financial instruments and was already the largest investor in Banco BPM.
- CASA first announced its intention to increase its stake in Banco BPM in early December 2024 when it entered into financial instruments to increase its ownership in Banco BPM by 5.2% from 9.9% to 15.1%. CASA further applied to increase its ownership further to 19.99% as part of the regulatory approval process with the Italian Authority to increase its ownership in Banco BPM above 10%. Per CASA’s press release at the time:
 - The move is consistent with CASA’s long-term strategic ownership in Banco BPM.
 - The transaction will not have a significant impact on CASA’s CET1 capital position.
 - CASA does not intend to launch a tender offer for Banco BPM shares.
- CASA’s move follows UniCredit’s unsolicited ~EUR10bn bid for Banco BPM in late November 2024 that is possibly a reaction to recent consolidation within Italy’s banking sector with Banco BPM, Italy’s third largest bank, reportedly a long-term target for UniCredit, Italy’s second largest bank behind Intesa Sanpaolo SpA. Per a separate statement from UniCredit, its offer period will start on April 28 and run through June 23. (Company, Bloomberg, OCBC)

Commerzbank AG (“CMZB”), UniCredit SpA (“UniCredit”)

- Germany’s federal competition authority, the Federal Cartel Office, has unconditionally approved UniCredit’s request to hold as much as 29.99% as a direct ownership stake in CMZB, under Germany’s merger law.
- Per the Federal Cartel Office’s press release, the minority acquisition was cleared as there are other significant competitors active in all areas where UniCredit’s market position will increase from the acquisition, particularly in the private and corporate customer business in Germany. As such, no merger law issues were identified, even in areas with higher concentrations, given the “diverse provider structure”.
- Further, in discussions with other financial service providers, the Federal Cartel Office did not find any evidence that any merger between UniCredit and CMZB would be a significant impediment to effective competition in the provisions of bank-supported foreign trade banking services or syndicated loans given the significant market positions of several competitors and their potential to expand their market positions, with affected customers maintaining access to relevant alternatives.
- The German Federal Cartel Office decision follows the European Central Bank (“ECB”)’s approval for UniCredit to hold as much as 29.9% as a direct ownership stake in CMZB in mid-March 2025. This level is just below the German takeover rule that requires a shareholder to make an acquisition bid if their stake crosses the 30% threshold.
- While UniCredit Chief Executive Officer Andrea Orcel has previously stated that the bank will decide on the future of its current ~29% ownership no earlier than the end of 2025 or early 2026, UniCredit’s announcement on the ECB approval appeared to further delay the decision process to “well beyond the end of 2025.” This is possibly to give UniCredit time to assess CMZB’s strategic execution as a standalone entity in the capacity of a financial investor as well as allow additional consideration of any further investment given that CMZB’s share price had risen ~90% since UniCredit first disclosed their strategic stake according to Bloomberg.
- UniCredit reiterated Mr Orcel’s previous comments that UniCredit’s position in CMZB is almost fully hedged and an investment with downside protection, providing UniCredit with the option to sell the stake or keep it unchanged in addition to pursuing an acquisition depending on the meeting of strict financial metrics. (Bloomberg, Federal Cartel Office, ECB, Company, OCBC)

CapitaLand Group Pte Ltd (“CAPL”)

- **As usual, disclosures could be better:** CAPL released its Annual Report 2024. Similar to its disclosures post-delisting, we do not find meaningful commentary, explanations or analysis on its results.
- **Stronger top-line and bottom-line even on standalone-basis:** Revenue rose 11.1% y/y to SGD5.37bn while we calculate that EBITDA rose 22.7% y/y to SGD1.44bn. Excluding CLI (which has been consolidated), we estimate that revenue increased 24.7% y/y to SGD2.56bn while profit from operations rose to SGD584mn (2023: SGD94mn), though still below SGD690mn in 2022.
- **Stronger results driven by development...:** We estimate that excluding CLI, revenue from residential, commercial, strata and urban development rose 34.1% y/y to SGD2.1bn while other segments such as rental and fee income fell 3.3% y/y to SGD501mn.
- **... which reveals both good (monetization) and bad (further losses):** CLI receives negligible amounts of development revenue. CAPL development properties for sale and stocks declined 18.2% y/y to SGD5.0bn, which corresponds with increased revenue from development (described in paragraph above) while development revenue from China (including Hong Kong) rose 49.5% y/y to SGD1.2bn while other emerging market development revenue surged 103% y/y to SGD439mn. While sales have increased, we note that allowance for foreseeable losses have climbed to SGD864mn as of end-2024 (end-2023: SGD623mn, end-2022: SGD472mn).
- **Generally better credit metrics:** Following the redemption of SGD500mn CAPLSP 3.65% PERP, excluding CLI, net assets shrank to SGD6.44bn as of end-2024 (end-2023: SGD6.81bn). As such, even as net debt excluding CLI remains flattish y/y at around SGD5.98bn (end-2023: SGD5.93bn) with monetization of development landbank offsetting cash consumed due to the redemption of the perpetual, net gearing excluding CLI rose 5.8 ppts q/q to 92.9%. That said, profit from operations excluding CLI of SGD584mn has improved y/y (2023: SGD94mn) which covers SGD329mn finance cost (2023: SGD363mn). Excluding CLI, we estimate that CAPL has turned profitable, with SGD196mn net profit (2023: -SGD141mn). Excluding CLI, cash of SGD2.17bn covers SGD1.05bn current borrowings. (Company, OCBC)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
14 Apr	Aspial Lifestyle Limited	Fixed	SGD	20	~2.5Y	Retap MSFSSP 6.25% '27s at 100.50 or 6.02%.

Mandates:

- Korea Railroad Corp. may issue USD denominated 2Y to 5Y senior unsecured bonds.

Key Market Movements

	15-Apr	1W chg (bps)	1M chg (bps)		15-Apr	1W chg	1M chg
iTraxx Asiax IG	106	-15	33	Brent Crude Spot (\$/bbl)	65.0	3.4%	-7.9%
				Gold Spot (\$/oz)	3,222	8.0%	7.4%
iTraxx Japan	76	-5	24	CRB Commodity Index	290	2.4%	-4.3%
iTraxx Australia	101	-9	26	S&P Commodity Index - GSCI	525	3.1%	-4.8%
CDX NA IG	70	-10	16	VIX	30.9	-34.2%	41.9%
CDX NA HY	103	2	-3	US10Y Yield	4.35%	5bp	3bp
iTraxx Eur Main	74	-4	17				
iTraxx Eur XO	373	-22	68	AUD/USD	0.635	6.5%	-0.5%
iTraxx Eur Snr Fin	80	-4	20	EUR/USD	1.135	3.6%	3.9%
iTraxx Eur Sub Fin	142	-6	38	USD/SGD	1.316	2.9%	1.1%
				AUD/SGD	0.835	-3.4%	1.7%
USD Swap Spread 10Y	-51	9	-9	ASX200	7,789	3.7%	-0.0%
USD Swap Spread 30Y	-85	11	-9	DJIA	40,525	6.7%	-2.3%
				SPX	5,406	6.8%	-4.1%
China 5Y CDS	70	-17	21	MSCI Asiax	682	5.7%	-6.1%
Malaysia 5Y CDS	64	-10	15	HSI	21,428	6.5%	-10.6%
Indonesia 5Y CDS	108	-20	25	STI	3,604	3.9%	-6.1%
Thailand 5Y CDS	64	-7	17	KLCI	1,481	2.6%	-2.0%
Australia 5Y CDS	18	-1	5	JCI	6,492	8.3%	-0.4%
				EU Stoxx 50	4,911	5.5%	-9.1%

Source: Bloomberg

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberhtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavyanavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathannq4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyionq1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Follow our podcasts by searching 'OCBC Research Insights' on Telegram!