Monthly Credit View

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Monthly Themes & House View

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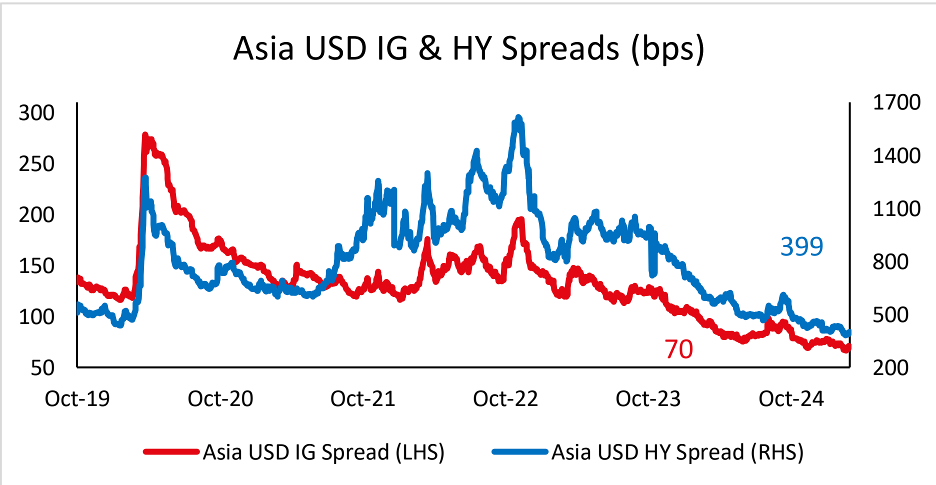
- **Positive sentiment in Asiadollar high yield:** Asiadollar credit spreads exhibited tightening in February. As of 28 February 2025, Bloomberg Asia USD Investment Grade spreads tightened ~1bps m/m to 70bps, while Bloomberg Asia USD High Yield spreads tightened ~32bps to 399bps, with HY spreads seeing steep drops of up to 10-12bps throughout the month. The tightening can be attributed to low supply and the market's improved risk perception on the Chinese property sector amidst possible government intervention. China Vanke Co. Ltd's main shareholders is set to extend a loan of up to RMB2.8bn (~USD383mn) to the developer. Per media reports, Chinese authorities are also working on a proposal to assist the company in closing its funding gap, including possible allocation of special local government bond quota for the purchase of unsold properties and vacant land. Moreover, there seems to be growing interest in riskier emerging market bonds with the issuance of a USD500mn 5Y bond by the Government of Mongolia that witnessed orders exceeding USD2.8bn.



Source: Bloomberg, OCBC, As of 28 February 2025

- **Greentown reopened the market for China property bonds:** February saw a significant decrease in Asiadollar bond issuance (excluding Japan and Australia) of USD6.32bn as of 28 February 2025 against USD25.6bn in January as per OCBC and Bloomberg data. Bulk of the issuances in February was priced in the second half of the month. Issuances were more spread out in February compared to the previous month that was concentrated among sovereign and government-linked issuers. The top three issue in February consist of (i) Bank of China Ltd/Sydney issuing a USD500mn floating rate note (ii) the Government of Mongolia's bond deal mentioned above and (iii) HPHT Finance 25 Ltd (Guarantor: Hutchison Port Holdings Trust) issuing a USD500mn bond. Mirae Asset Securities Co., Ltd ("Mirae") was the largest issuer, issuing a total of USD800mn across two tranches. Notably, Greentown China Holdings Ltd ("Greentown"), priced the first major USD bond from a Chinese property developer since 2022, possibly capitalising on the low spread environment to issue cheaper debt and the improved sentiment for China property names. Aside from the core Asiadollar issuers, HSBC Holdings PLC

("HSBC") priced USD7bn of bonds in a five tranche-deal. Notwithstanding the significant contribution of income from Asia, as UK-listed company, the issuance volume traditionally does not form part of Asiadollar volumes.

- Japanese issuers were relatively active in the USD market in February with Sumitomo Mitsui Financial Group Inc pricing USD1.25bn of Additional Tier 1 capital. Other notable issuers included Mizuho Financial Group Inc in a three-tranche deal, The Kansai Electric Power Co Inc and ORIX Corporation. Australia issuers were also active with BHP Billion Finance USA Ltd (Guarantor: BHP Group Ltd) pricing USD3bn in a multi-tranche deal. Other notable issuers include Pembroke Olive Downs Pty Ltd, National Australia Bank Ltd and Westpac Banking Corporation ("Westpac").
- **Property related impairments come to the fore:** Aside from developments at VANKE, some updates in the Asiadollar market issuers are as follows:
  - China property market sales remained weak in January 2025, with total new home sales by value of China's top 100 real estate companies falling by 16.5% y/y. For the whole of 2024, sales were lower by 28.1% y/y (2023: -16.5%).
  - New World Development Company Limited ("New World") which is being closely monitored by the market due to liquidity concerns reported revenues from continuing operations of HKD16.8bn in 2H2024, lower by 1.6% y/y and reported operating profit of HKD731.1mn, lower by 87.2% y/y. Loss from continuing operations attributable to shareholders of the company was HKD6.6bn in 2H2024 against a profit of HKD502mn in 2H2023. Per disclosures, impairment loss and share of impairment loss on development properties and changes in fair value of investment properties totalled ~HKD5.0bn and are non-cash in nature. New World recently announced that it will expedite the sales of several projects in HKSAR and is entering into agreements with Chinese developers to explore development opportunities in the Northern Metropolis**.** This comes after news that New World will be offloading non-core assets and cut costs while also increasing sales guidance for mainland China.
  - Hang Seng Bank Ltd ("Hang Seng Bank")'s credit impaired gross loans and advances was HKD19.8bn in December 2024, up from HKD1.08bn in December 2023. ~15% of Hang Seng Bank's HKD130.5bn HKSAR commercial real estate loan portfolio has been classified as credit impaired as at 31 December 2024 versus less than 1% a year before. Hang Seng Bank is controlled by HSBC Holding PLC. That said, we note that Hang Seng Bank's HKD1.8 trillion of total asset is small vis-à-vis HSBC's HKD23.4 trillion in total asset.
  - Vedanta Ltd.'s creditors and shareholders have given their approval by a "requisite majority" for a plan to divide the Indian mining conglomerate into at least five distinct businesses. This plan needed the approval from three-fourths in debt value of the creditors present with the restructuring aiming to simplify Vedanta Ltd.'s corporate structure, manage debt, and improve valuation through separate listings. Vedanta Resources Ltd. has cut its debt by over USD4bn in the last two years and plans to repay an additional USD3bn in the next three years. (Company, OCBC, Bloomberg)

SGD Credit

- **Primary supply fell m/m but returns rose:** As of 28 February 2025, the SGD Credit Universe returned +0.65% m/m on lower SORA OIS yields, with all segments showing a positive return. The SGD primary market's overall issuance activity was lower, with an issuance level of only ~SGD1.56bn from eight issuers as of 28 February 2025 versus ~SGD2.6bn in January 2025. Similar to January where the primary market was led by a green bond issue from the Housing & Development Board ("HDB"), the HDB was also the largest issuer in February, with a SGD700mn 7Y bond, albeit not in a green format. Other issues were mainly from a Singapore-based property company and REITs. Notwithstanding continued uncertainty over potential knock-on effects to interest rates from actions taken by the new administration in the US, we observe investors ploughing into recent new issuances in SGD, although being selective and disciplined about the prices at which they are willing to invest. We continue to maintain a neutral view on SGD credit amidst tight spreads while yields remain high.

SGD Tracker

	Key Statistics					
	(1 Jan 2021 = 100)	Eff Mty	Cap (SGD'mn)	m/m	y/y	Since Jan 2021
By Tenor & Structure						
AT1S	111.2	3.4Y	11,954	0.71%	6.89%	11.16%
NON-FIN PERP	117.9	11.6Y	13,043	0.62%	9.71%	17.91%
TIER 2S & Other Sub	113.5	4.0Y	16,818	0.74%	6.36%	13.49%
LONGER TENORS (>9YRS)	97.4	23.1Y	13,667	0.98%	10.24%	-2.63%
MID TENORS (>3Y-9YRS)	107.5	4.9Y	38,651	0.72%	6.02%	7.47%
SHORT TENORS (1-3YRS)	111.2	1.9Y	25,704	0.45%	5.18%	11.18%
MONEY MARKET (<12M)	114.3	0.5Y	11,711	0.33%	4.61%	14.30%
By Issuer Profile Rating						
POS (2)	110.4	7.9Y	7,323	0.63%	5.87%	10.43%
N(3)	112.6	3.5Y	23,027	0.74%	6.32%	12.62%
N(4)	113.1	7.4Y	22,305	0.53%	6.48%	13.10%
N(5)	112.2	2.2Y	5,636	0.42%	8.89%	12.19%
OCBC MODEL PORTFOLIO	119.2	3.1Y	6	0.55%	9.80%	19.20%
SGD Credit Universe	108.0	6.3Y	128,376	0.65%	6.68%	7.99%

Source: OCBC Credit Research, Bloomberg

Key SGD issues in February 2025

Issue	Size (SGDmn)	Tenor	Pricing	Description
GLL IHT Pte. Ltd (guarantor: GuocoLand Ltd.)	180	PerpNC5	4.35%	Perp, Subordinated
Housing & Development Board	700	7Y	2.884%	Fixed
Lendlease Global Commercial REIT	120	PerpNC3	4.75%	Perp, Subordinated
ESR-REIT	100	5Y	4.05%	Fixed
MPACT Treasury Company Pte. Ltd. (guarantor: Mapletree Pan Asia Commercial Trust)	200	7Y	3.104%	Green, Fixed

Source: Bloomberg, Company, OCBC

Top Happenings in the SGD Credit Market for February

Industry Developments

- **Industry Outlook – Singapore Property:**
    - PropNex sees positive market outlook in 2025, projecting 3% to 4% rise in private home prices. New unit launches to almost double, to an estimated 13,000 units (including ECs). HDB prices expected to increase by 5% to 7%.

More developers expect prices to be higher (66.7% vs 35.3% a quarter ago) though more expect property cooling measures (77.8% vs 38.7% a quarter ago). Tighter financing/inflation/interest rates back as a concern again (44.4% vs 22.6% a quarter ago).

- **Industry Outlook – Data Centres and Sustainability**
  - Data centres that meet the green building rating system laid out by the BCA can be financed with green bonds issued by Singapore's government, following updates to the national green bond framework. Electric charging or hydrogen-based refuelling of vessels and aircraft can also be financed by the proceeds of green-labeled debt instruments.

Corporate Actions – Mergers, Acquisitions and Divestments

- **PARAGON REIT ("PGNREIT")'s** REIT Manager and Times Properties Private Limited ("TPPL") has announced the proposed privatisation of PGNREIT by way of a trust scheme of arrangement. TPPL is an indirect wholly owned subsidiary of Cuscaden Peak Pte Ltd ("CP"). **Mapletree Investments Pte Ltd ("MAPL")** and CLA Real Estate Holdings Pte Ltd ("CLA") each holds a 50%-interest in CP. The offer values PGNREIT at ~SGD2.8bn and we estimate that MAPL's investment outlay to be ~SGD0.5bn, sizable relative to MAPL's standalone cash balance as at 31 March 2024 of SGD1.1bn per our estimates. We assume that TPPL does not need to acquire MAPL's deemed stake in PGNREIT (held prior to the announcement).
- The mandatory general offeror for **Suntec Real Estate Investment Trust ("SUN")** has lapsed. The offer was conditional upon the offeror having received, by the close of the offer, valid acceptances in respect of such number of offer units that will result in the offeror and parties acting in concert holding more than 50% of the total voting rights. This condition was unmet by the close of offer and as a result the offer has lapsed. Including units bought on market during the offer period, excluding the units returned following the lapsed offer, the units owned/controlled/agreed to be acquired by the offeror and parties acting or presumed to be acting in concert with the offeror amount to ~35.47% of the total number of issued units. As SUN was not taken private and no competing bidder had emerged at this juncture, SUN remains a listed credit issuer. The offeror is an entity owned by the Tang family.
- **Olam Group Ltd ("OG")** announced the proposed sale of a ~44.58%-stake in Olam Agri Holdings Limited ("Olam Agri") to the Saudi Agricultural & Livestock Investment Company ("SALIC"). This ~44.58% will be Tranche 1 of the transaction. On completion, OG (through its wholly owned subsidiaries) will hold a put option with the right to require SALIC to buy the remaining ~19.99%-stake in Olam Agri (exercisable on the third anniversary of completion of Tranche 1) and SALIC will own a call option to buy the ~19.99%-stake on or before the third anniversary of completion of Tranche 1. This ~19.99%-stake is Tranche 2. Following the transaction and including SALIC's existing stake in Olam Agri, SALIC will own 100% of Olam Agri. The transaction is subject to shareholders approval and targeted to complete in 4Q2025.
- **Mapletree Investments Pte Ltd awarded tender for logistics site at HKD3.68bn (~SGD633mn).** The site area is ~44,318 sqm and is designated for logistics services and public vehicle park purposes with a maximum gross floor area of 227,836 sqm for developing multi-storey modern logistics facilities and a public vehicle park. The site is near the Kwai Tsing Container Terminals.
- **United Overseas Bank Ltd ("UOB")** is selling its retail banking business in mainland China to Fubon Bank (China). No price is disclosed though UOB's China retail business recorded a pretax loss of RMB17.7mn in 2023.
- **Frasers Property Ltd ("FPL")** has acquired a residential site in Songjian District, Shanghai at RMB815.2mn (~SGD151.9mn) in a joint bid with Xiamen ITG Real

Estate Group (wholly-owned subsidiary of ITG Holding Group, which is a state-owned enterprise under the Xiamen Municipal Government) and Gemdale Corporation. According to FPL, the joint venture aligns with FPL's strategy to create value through partnerships. The 189-unit site that is expected to be green certified.

- **CapitaLand Investment Ltd ("CLI")** is developing its first data centre in Japan at an investment of USD700mn. CLI has acquired a freehold land parcel in Osaka. In total, CLI has added 23 data centres to its global portfolio since 2021. Within the CapitaLand Group, it holds 27 data centres across Asia and Europe with 800MW of power and SGD6bn of assets under management. Since October 2020, CLI has raised USD600mn (~SGD800mn) for data centre development funds in Asia.

Corporate Actions – Others

- **City Development Ltd ("CDL")** was on trading halt, and this was subsequently lifted. The trading halt was announced in view of the disagreement within its Board concerning the composition and constitution of the Board and the Board committees. According to CDL, its business operations remain fully functional and unaffected, with Mr Sherman Kwek remaining as the Group CEO until there is a Board resolution to change company leadership. CDL announced that on 25 February 2025, four directors filed an originating application before the High Court of Singapore against the five original directors plus two new directors.

Earnings Announcements

- **REIT Fundamentals broadly stable except assets in China and Indonesia**
  - **CapitaLand China Trust ("CLCT"):** In local currency terms, NPI fell 5.8% y/y to RMB1.22bn. This is mainly due to lower performance of the business park and logistics parks portfolio. Retail NPI fell 3.5% y/y to SGD159.6mn. Business Park NPI fell 11.2% y/y to SGD61.8mn. Logistics Park NPI fell 56.2% y/y to SGD5.1mn. Aggregate leverage inched up 0.3 ppts q/q to 41.9% due to portfolio revaluation decline while reported TTM interest coverage declined q/q to 3.0x.
  - **Lippo Malls Indonesia Retail Trust ("LMRT")'s** 2024 NPI fell 5.5% y/y to SGD115.7mn while operating metrics remain lacklustre. Credit metrics remained weak and ICR fell below MAS requirements of 1.5x. LMRT unlikely to resume distribution to perpetual holders or redeem the perpetuals. Need to raise additional liquidity to repay SGD58.8mn debt maturing in 2026 and capex and AEI.
  - **CapitaLand Integrated Commercial Trust ("CICT")** net property income rose 3.4% y/y to SGD1.12bn due to higher rental income and lower operating expenses. Aggregate leverage fell 0.9 ppts q/q to 38.5% due to the divestment of 21 Collyer Quay. Meanwhile, reported interest coverage ratio improved 0.1x q/q to 3.1x, with slightly improved results and lower aggregate leverage.
  - **Frasers Logistics & Commercial Trust ("FLCT")** released its 1QFY2025 business update for the quarter ended 31 December 2024. Based on average rent vs average rent, rental reversion of +37.4% was posted. Aggregate leverage has increased, credit metrics should remain manageable.
  - **CapitaLand Ascendas REIT ("AREIT")** reported 2024 results. NPI rose 2.6% y/y to SGD1.05bn. Portfolio occupancy inched up by 0.7 ppts q/q to 92.8%. Aggregate leverage was 37.7% (30 June 2024: 37.8%) while reported interest coverage ratio improved 0.1x h/h to 3.6x. Going forward, we think that AREIT may continue to recycle capital to make room to undertake larger acquisitions. Portfolio rental reversions are positive (2024: +11.6%) and should remain so in 2025.

- **First Real Estate Investment Trust ("FIRT")** reported its 2024 results. Overall results and credit metrics are largely stable if not affected by forex impacts while there were marked improvements on FIRT's high revenue concentration risks amidst positive developments from its main tenants and potential disposal of FIRT's hospital assets in Indonesia. FIRT has high revenue concentration risks to SILOAM (41.1% of 2024 revenue), PT Lippo Karawaci Tbk ("LPKR", 33.5%) and MPU (6.0%) although encouragingly, LPKR's credit profile is much improved.

- **Mixed results from non-REITs**
  - **Keppel Ltd ("KEP")** reported its 2H2024 financial results. While we see KEP's credit metrics as overall manageable, leverage levels have increased on a flow basis. Profit from continuing operations were SGD552.2mn, increasing by 19.8% y/y. Adjusted Debt-to-Adjusted EBITDA of 8.3x for 2024, higher than the 7.6x for 2023.
  - **Singapore Exchange Limited ("SGX")** reported 1HFY2025 results ended 31 December 2024. Overall results are solid amidst stronger trading volume across segments from improved market sentiments and supportive stock markets. Credit metrics remained strong.
  - **Fraser and Neave Ltd ("FNN")** 1QFY2025 revenue for the quarter ended 31 December 2024 rose 16.3% y/y to SGD618.0mn while reported PBIT rose 14.0% y/y to SGD91.9mn. Credit metrics looks healthy, as reported gearing fell 2.2 ppts q/q to 16.6%.
  - **Wing Tai Holdings Ltd ("WINGTA")** reported 1HFY2025 half year results ended 31 December 2024. Operating profit including JVs and associates fell 10% y/y to SGD31.2mn primarily due to lower earnings contributions from Investment Properties (-11% y/y to SGD20.2mn), Retail (-13% y/y to SGD26.3mn, potentially due to weaker results of Uniqlo Singapore per disclosure from Fast Retailing Co., Ltd.) and Development Properties (-2% y/y to SGD7.4mn). On a positive note, Wing Tai Properties Limited ("WTP", an associated company of WINGTA, where WINGTA owns a 34.1% stake) reported higher operating profit despite the challenging environments in HKSAR. WINGTA's net debt / equity ratio as of 31 December 2024 weakened to 21.6% (June 2024: 6.3%) due primarily to SGD464mn acquisition of a leasehold residential development site located at River Valley Green. We are slightly more cautious amidst challenging property markets in HKSAR (for WTP) and potentially weaker results from Uniqlo Singapore.
  - **OUE Limited ("OUE")** reported 2024 results. OUE's results are affected by non-cash losses from GPI and fair value and disposal losses from a disposed asset, Lippo Plaza in Shanghai. Excluding these impacts, overall results are still adequate and well underpinned by its sponsored REITs which it holds significant stakes in. OUE's net loss in 2024 was SGD286.8mn (2023 net profit: SGD81.1mn), which was due primarily to (1) SGD176.3mn in losses from the share of results primarily from GPI, (2) SGD163.7mn fair value losses of investment properties and (3) SGD20.3mn loss on disposal of a subsidiary. The latter two losses were incurred primarily from OUE REIT's Lippo Plaza, Shanghai. The commercial plaza was disposed on 27 December 2024 for a sale consideration of ~SGD357mn. Excluding these impacts, OUE would record a net profit of SGD73.5mn.
  - **Keppel Infrastructure Trust ("KIT")** announced their 2H2024 and full year 2024 financials. KIT's reported total operational cash flow was SGD168.2mn, higher by 33% y/y. We expect KIT to continue to be highly acquisitive, which points towards a dynamically changing capital

structure, especially around the time of acquisitions/major investments. KIT's reported net debt-to-EBITDA was 5.4x, higher than the 4.8x reported for 2023.

- **Singapore Telecommunications Ltd ("SingTel")** reported its 3QFY2025 business update. Reported EBITDA looks stable, up 0.9% y/y. Underlying net profit up 22% y/y to SGD680mn (+23% in constant currency terms). Share of regional associates post-tax profits up 22.7% y/y to SGD459mn. SingTel will stay focused on lifting business performance by capturing growth opportunities in artificial intelligence, data centres, and global connectivity.
- **Singapore Airlines Ltd ("SIA")** reported a commendable 3QFY2025 operating profit covering the year end peak travelling season of SGD629mn, helped by lower fuel cost and on the back of higher revenue while a one-off accounting gain boosted the bottom line. Higher passenger and cargo revenue was despite falling yields from higher competition with industry wide increases in capacity. Credit profile remains healthy and with cash balance and access to undrawn lines ample, we see short term refinancing risk as manageable, notwithstanding SIA's projected capex and remaining capital to be called at the Enlarged Air India.
- **StarHub Ltd ("StarHub")** announced stronger 2024 results. We note that revenue grew due to broadband and enterprise, partly offset by lower revenues from mobile and entertainment. According to StarHub, it may make strategic decisions to compete aggressively until market consolidation and price rationalization returns, which we think is in relation to the mobile segment which has seen significant ARPU compression and revenue decline despite significant growth in the number of subscribers. Meanwhile, StarHub expects the Enterprise managed services and Regional ICT services segments to continue growing. Credit metrics look healthy for now.
- **Singapore Post Ltd ("SingPost")** reported 3QFY2025 business updates for the period ended 31 December 2024. Overall results are mixed amidst losses in Singapore and a weak International segment. Revenue grew 12.1% y/y to SGD510.6mn while operating profit fell 23.8% y/y to SGD21.1mn. The lower profit was driven primarily by ongoing macro-economic pressures, higher inflation, supply chain disruptions and a highly competitive environment. Credit metrics worsened - as of 31 December 2024, adjusted net debt (including perpetuals) rose 20.8% y/y to SGD725.4mn (March 2024: SGD600.4mn) due to additional bank loans undertaken for the acquisition of Border Express.
- **City Developments Ltd ("CDL")'s** 2024 reported PBIT fell 20.9% y/y to SGD374.0mn as revenue fell 33.8% y/y due to absence of revenue booking from sizeable projects, delay in construction progress and higher financing costs. That said, Singapore property should anchor profitability going forward, with projects continuing to sell well and more launches ahead. Hotel operations recorded lower operating profit despite higher RevPAR. Investment properties performed better with stronger portfolio statistics. Credit metrics stable h/h with reported net gearing at 69% though reported interest cover weakened y/y to 2.1x due to the weaker results.
- **Hotel Properties Ltd ("HPL")'s** 2024 gross profit of SGD143.7mn remains insufficient to cover expenses including financing (SGD105.6mn) and administration expenses (SGD78.8mn). Cashflow from operating activities does not cover capex, finance cost and dividends while credit metrics remain weak. Separately, HPL Managing Director Mr Ong Beng Seng

intends to plead guilty. Business as usual for now before the upcoming hearing on 2 April 2025.
- **CapitaLand Investment Ltd ("CLI")'s** 2024 reported operating PATMI fell 10.2% y/y to SGD510mn as Real Estate Investment Business contribution shrank 21.0% y/y to SGD215mn while Fee-related Income Business grew 10.1% y/y to SGD318mn. The fall is partly deliberate, due to significant shrinkage of balance sheet assets (halved from SGD8.6bn to SGD4.3bn) to turn capital-light. CLI is likely to reduce stakes in listed funds still, following distribution of units in CapitaLand Ascott Trust and CapitaLand Integrated Commercial Trust. Credit metrics manageable with 3.5x reported interest coverage, though CLI may deploy more capital going forward on net basis, as sales of remaining balance sheet assets are mostly in China which may be relatively difficult to divest.
- **Sembcorp Industries Ltd ("SCI")** reported a decent strong set of 2H2024 results. Net profit from continuing operations increased by 16% y/y to SGD495mn. Gas and related services (+4%), Renewables (-2% y/y), Integrated Urban Solutions (+38% y/y), Decarbonisation (loss of SGD10mn). Debt to EBITDA was 5.0x in 2024, (2023: 4.1x) though future income generation from investments expected to reduce gross debt to EBITDA. Gas and Related services make up 54% of adjusted EBITDA, though 72% of capex is directed towards the Renewables Segment.
- **Ho Bee Land Ltd ("HOBEE")'s** 2024 results were stronger, with revenue rising 19% y/y due to higher property development revenue and property investment revenue. Property valuations have largely stabilized, with only small valuation losses. Credit metrics manageable with net gearing of 0.66x and improved EBITDA/Interest to 1.7x (2023: 1.6x). That said, it remains to be seen if HOBEE will eventually acquire AVJennings Ltd (total consideration offered currently is around SGD330mn).

- **Financial institutions performed in 2024 amidst high rates and positive capital markets**
  - **Julius Baer Group Ltd ("JBG")** 2024 underlying operating income rose 1% y/y. Its capital position has strengthened with its CET1 ratio of 17.8% as at 31 December 2024 up 320bps against 14.6% as at 31 December 2023.
  - **UBS Group AG ("UBS") / UBS AG ("UBSAG")** overall results continue to highlight the successful integration of CS and solid underlying fundamentals driven by its business profile. It's current capital position remains sound with its CET1 capital ratio as at 14.3% as at 31 December 2024, stable q/q and y/y.
  - **BNP Paribas SA ("BNPP")** announced a solid 4Q2024 and 2024 result with pre-tax income up 38.5% and 8.4% y/y respectively to EUR3.34bn and EUR16.19bn. BNPP's capital position remains sound. Its CET1 ratio of 12.9% as at 31 December 2024 is 10bps lower h/h from 13.0% as of 30 June 2024 but 20bps up q/q from 12.7% as at 30 September 2024.
  - **Credit Agricole Group ("CAG") / Credit Agricole SA ("CASA")** announced its 4Q2024 and 2024 results with a 24.6% y/y rise in 4Q2024 net income to EUR2.15bn on positive JAWS. CAG's fundamentals remain anchored on its strong capital position with a phased in CET1 capital ratio of 17.2% as at 31 December 2024 or 17.1% on a fully loaded basis.
  - **Société Générale ("SocGen")** announced its 4Q2024 and 2024 results with noticeable improvement in net income. 4Q2024 net income of EUR1.27bn is up over 100% y/y. SocGen's CET1 capital ratio as at 31 December 2024 was 13.3%, 310bps above the 10.22% regulatory requirement
  - **DBS Group Holdings Ltd ("DBS")** announced record results on expanded

net interest margin, record treasury customer sales and improved markets trading income. 2024 net profit rose 11% y/y to SGD11.4bn. DBS's capital position remains robust following implementation of final Basel III reforms on 1 July 2024 with its CET1 ratio of 17.0% as at 31 December 2024 based on transitional arrangements (15.1% on a pro-forma fully phased-in basis), up from 14.8% q/q and 14.6% y/y.

- **Commonwealth Bank of Australia ("CBA")** reported its 1H2025 results for the six months ended 31 December 2024 with statutory and cash net profit after tax of AUD5.14bn and AUD5.13bn up 6% and 2% y/y and up 11% and 7% h/h respectively. Net interest income continues to be a solid driver of earnings with higher net interest margins from capital hedges and the replicating portfolio while loan impairment expenses continue to be contained despite commentary around the weaker economic environment and the need to provide support to customers due to cost of living pressures. Results continue to highlight CBA's sound business position and solid earnings capability.
- **ABN Amro Bank N.V. ("ABN")** 4Q2024 and 2024 reported results remain consistent with our fundamental views as solid operating income performance and impairment writebacks partially offset higher costs. ABN's CET1 ratio at 14.5% as of 31 December 2024 is also well above minimum requirements. While ABN expects the Netherland's GDP to improve further in 2025, its earnings outlook is muted with operating income to fall in 2025 from lower interest rates while costs will remain stable.
- **Commerzbank AG ("CMZB")** held its Capital Markets Day in conjunction with the release of its 2024 results that confirmed its preliminary and unaudited net result of EUR2.68bn, above its EUR2.4bn target. The result is its highest on record and up 20% y/y with all 2024 targets exceeded. While the results are constructive and confirm our fundamental views, of more focus for its future credit profile is its strategy update to 2028 amidst the ongoing interest in CMZB from UniCredit SpA.
- **Barclays PLC ("Barclays")** announced its 4Q2024 and 2024 results with solid performance in the Investment Bank as total income from its biggest division rose 7% y/y and 28% y/y for 2024 and 4Q2024 respectively. With positive JAWS and a cost to income ratio of 62% below its 2024 target of 63%, Barclays profit before tax was up 24% for 2024 to GBP8.11bn. The 2024 loan loss rate of 46bps was stable y/y but includes a 4bps impact from the Tesco bank acquisition and is below the through the cycle range of 50-60bps. Overall, the results are constructive and support its fundamental credit profile in our view.
- **Westpac** announced its first quarter trading update for the financial year ending 30 September 2025 ("1QFY2025"). Comparing 1QFY2025 to the 2HFY22024 quarterly average, Westpac's net profit after tax fell 9% to AUD1.7bn in 1QFY2025. This reflects a 4% fall in net operating income that was led by fall in net interest income of 6%, which was insufficiently offset by a 12% increase in non-interest income. However, excluding notable items (relating to hedge accounting), Westpac's net profit increased by 3% in 1QFY2025 compared to the 2HFY2024 quarterly average to AUD1.9bn. Westpac's CET1 capital ratio was 11.87% as at 31 December 2024, lower compared to the 12.49% as at 30 September 2024, though still higher than the top of management's target operating range.
- **Macquarie Group Limited ("MQG")** released its high level 9MFY2025 trading update for the nine months ended 31 December 2024 that was reportedly stable y/y with stronger performance in annuity businesses (Macquarie Asset Management ("MAM"), Banking and Financial Services

("BFS") and certain businesses in Commodities and Global Markets ("CGM")) offsetting weaker markets facing businesses (Macquarie Capital ("MC") and most businesses in CGM).

- **United Overseas Bank Ltd ("UOB")'s** record FY2024 results mostly driven by lower Citi integration costs (down 46%) and lower taxes. Otherwise, net profit before tax was broadly stable on a similar 1% improvement in operating profit while allowances for credit and other losses were stable y/y. Despite recent overseas acquisitions, the overseas profit before tax contribution for UOB fell - impacted by integration challenges and higher provisions. NPL ratio rose to 3.6% in Thailand from 3.2% a year ago (non-performing loans rose ~16% y/y) while Greater China ratio rose to 2.1% from 1.1% a year ago as non-performing loans almost doubled.
- **HSBC's** 2024 results continue to be impacted by its ongoing strategic repositioning. HSBC's 2025 outlook is constructive on expectations that cost savings, a lower operating expense growth rate of 3%, and double digit average annual growth in Wealth fees and other income will offset some pressure on banking net interest income that is expected to fall 3.9% y/y in 2025 despite mid-single digit y/y growth in customer lending balances as well as a somewhat uncertain economic outlook.
- **National Australia Bank Ltd ("NAB")'s** announced its trading update. Comparing 1QFY2025 cash earnings to the 2HFY2024 quarterly average (ended 30 September 2024), NAB's cash earnings (reflects continuing operations) of AUD1.74bn was 2% lower on higher credit impairment charges and income tax expense. NAB is known as the SME bank and this has been a competitive landscape in Australia hence the reason for NAB's margin compression. Non-performing exposures to gross loans and acceptances are rising but management believes the economic outlook is improving and the RBA rate cut should lower cost of living pressures. Results albeit weaker, are consistent with peers and expectations
- **ANZ Group Holdings Ltd / Australia & New Zealand Banking Group Ltd ("ANZ")** provided its 1QFY2025 chart pack with its CET1 ratio of 11.50% down 70bps q/q as payment of the FY2024 final dividend and risk weighted asset movements offset earnings and other positive impacts. Absolute provisioning is stable q/q (excluding Suncorp Bank acquisition adjustments), however asset quality is weakening with gross impaired assets up 12.4% q/q or AUD200mn to AUD1.9bn as at 31 December 2024 due to Australian mortgage restructures. SunCorp Group acquisition and management changes may translate into more variable performance through 2025.

Issuer Profile Changes / Updates

- We **maintain our issuer profile on Mapletree Logistics Trust ("MLT") at Neutral (3), though we would potentially downgrade the issuer profile should MLT's acquisition path diverge from our base case, particularly if these are debt-funded, rather than via divestment proceeds**. Operating performance is likely to continue being negatively impacted by lower contribution from existing properties, notably China, especially as lease expiries is high in FY2026. However, MLT's credit profile is buffered by its geographically diversified portfolio.
- We **maintain our issuer profile on Suntec Real Estate Investment Trust ("SUN") at Neutral (4), albeit with a cautious outlook** given the soft operating environment in Australia and UK (SUN's business is focused on office in those markets).
- Please note that due to OCBC's engagement in other business activities, we have **suspended our coverage** on the following names until these activities are completed: **ESR-REIT**, **LendLease Global Commercial REIT** and **Mapletree Pan Asia Commercial Trust.**
- Please note that due to the completion of OCBC's engagement in other business activities, we have **resumed coverage** on the following names: **Suntec Real Estate Investment Trust** and **Standard Chartered PLC.**

Trade Ideas

OUECT 3.9% '31s

- OUE Real Estate Investment Trust ("OUEREIT")'s overall 2024 results are decent with stable performance from Commercial and Hospitality segments.
- Net property income ("NPI") fell 0.4% y/y to SGD234.0mn due to upward revision of property tax for Hilton Singapore Orchard and Crowne Plaza Changi Airport. Excluding the property tax impacts, NPI would have increased by 2.3% y/y.
- We expect OUEREIT's business risks to improve following the disposal of Lippo Plaza in Shanghai. On 27 December 2024, OUEREIT completed the disposal of the entire 91.2% share of strata ownership of Lippo Plaza in Shanghai at an agreed property value of RMB1.68bn (~SGD313.2mn). Based on our calculation, if proceeds were used for debt repayment, aggregate leverage will decline to ~35% (Dec 2024: 39.9%). Post disposal, OUREIT's assets are wholly located in Singapore.
- The OUECT 3.9% '31s look decent with an ask yield to maturity of ~3.8%.

SCISP 3.65% '36s

- Sembcorp Industries Ltd ("SCI") is an energy and urban solutions provider. SCI has a market cap of SGD11.3bn as at 5 March 2025 and total assets of ~SGD18.2bn as at 31 December 2024. It is listed in Singapore and is a constituent stock of the Straits Times Index, MSCI Singapore Index, and sustainability indices such as FTSE4Good Index and the iEdge SG ESG indices.
- Reported net profit from continuing operations increased by 16% y/y to SGD495mn in 2H2024. This includes SGD41mn of income which SCI received in 2H2024 (2H2023: SGD11mn) from the deferred payment note ("DPN") in relation to the Sembcorp Energy India Limited transfer ("SEIL", owns and operates coal fired power plants, emissions recorded in Scope 3).
- SCI's net profit before exceptional items as well as reported EBITDA and Adjusted EBITDA was driven by the Gas and Related Services segment (makes up 56% of 2H2024 total EBITDA and 54% of Adjusted EBITDA, excluding the loss-making Decarbonisation Solutions segment). That said, SCI's capex and equity investments have been geared towards the Renewables segment.
- The SCISP 3.65% '36s is in a green format and trading at a decent ask yield to maturity of ~3.5%.

Model Portfolio (As at 05 March 2025)

- **Rose 0.35% since previous update:** The model portfolio rose since the previous update, with returns slightly behind the SGD Credit Universe in the same period (+0.56%). Outperformers include UBS 5.75% PERP and EREIT 6.632% PERP.

- **Added KREITS 3.15% PERP:** KREITS 3.15% PERP provides a decent yield for a short call date.

Issue Name	OCBC Issuer Profile Rating	Yield to Worst	Maturity / First Call Date / Reset Date	Cost of investment (incl. acc. interest)	Current Value (incl. acc. interest)	Total coupons received	Total Gain/Loss
Property Developers							
GUOLSP 4.05 06/04/27	5	3.47%	04/06/2027	$250,896.47	$255,248.54	$5,048.63	$9,400.70
FPLSP 3 10/09/28	5	3.36%	09/10/2028	$227,003.94	$249,324.14	$11,280.82	$33,601.03
HOBEE 4.35 07/11/29	5	3.98%	11/07/2029	$255,251.20	$254,161.20	$5,392.81	$4,302.81
REITs							
CRCTSP 3 3/8 PERP	4	4.12%	27/10/2025	$250,645.96	$251,229.50	$0.00	$583.54
OUECT 3.95 05/05/27	5	3.39%	05/05/2027	$242,063.08	$255,549.43	$20,857.53	$34,343.89
EREIT 2.6 08/04/26	4	3.50%	04/08/2026	$244,264.73	$247,043.30	$3,223.29	$6,001.87
EREIT 6.632 PERP	4	5.54%	03/05/2025	$249,059.20	$254,046.41	$8,290.00	$13,277.21
OUECT 3.9 09/26/31	5	3.81%	26/09/2031	$255,569.90	$254,732.40	$0.00	-$837.50
LREIT 5 1/4 PERP	4	1.99%	11/04/2025	$251,819.93	$255,773.46	$6,562.50	$10,516.03
AAREIT 5.65 PERP	4	3.33%	14/08/2025	$258,837.77	$253,138.92	$56,500.00	$50,801.15
CERTSP 5 PERP	Unrated	7.35%	24/11/2026	$248,180.96	$201,539.90	$37,500.00	-$9,141.06
KREITS 3.15 PERP	4	3.97%	11/09/2025	$252,876.34	$252,876.34	$0.00	$0.00
Financial Institutions							
CS 5 5/8 PERP	Unrated			$264,341.44		$28,125.00	-$236,216.44
UBS 5 3/4 PERP	3	4.62%	21/08/2029	$254,708.53	$261,507.62	$14,375.00	$21,174.09
BACR 8.3 PERP	4	5.08%	15/09/2027	$262,992.23	$273,471.64	$46,730.14	$57,209.55
BACR 7.3 PERP	4	5.20%	15/06/2028	$224,568.75	$269,526.25	$27,412.50	$72,370.00
BPCEGP 5 03/08/34	Unrated	4.28%	08/03/2029	$251,854.14	$262,316.39	$6,250.00	$16,712.24
DB 5 09/05/26	4	2.93%	05/09/2025	$251,649.25	$252,322.24	$37,500.00	$38,173.00
CMZB 6 1/2 04/24/34	4	4.31%	24/04/2029	$252,056.27	$275,019.50	$16,250.00	$39,213.24
Others							
HKLSP 3.45 12/03/39	2	3.87%	03/12/2039	$229,663.22	$237,501.23	$12,902.06	$20,740.07
OLAMSP 4 02/24/26	Unrated	4.16%	24/02/2026	$253,341.13	$249,610.12	$44,876.71	$41,145.70
SLHSP 3 1/2 01/29/30	4	3.41%	29/01/2030	$243,420.03	$251,361.99	$13,017.12	$20,959.08
SITB 03/18/25	Unrated	2.68%	18/03/2025	$536,527.44	$536,527.44	$0.00	$0.00
Total Gain/Loss since portfolio inception							£853,894

Statistics	Simple Avg, Issuer Profile	Simple Avg, Yield*	Simple Avg, Tenor	Total, Invested Amount	Cash Balance	Unrealised Profit	Portfolio Value
	4.2	**4.09%**	**2.9Y* (6.4Y**)**	**$6,011,591.90**	**$66.03**	**-$157,764**	**$5,853,894**

*Assume first call date as maturity, or reset date as maturity (if not called at first call)

**Assuming maturity of perpetuals = 10Y, and issuers do not exercise the call for non-perps with call dates. Excludes SITB

Upcoming Bond Maturities, Next Reset and Next Call Dates – March 2025

Issuer	Ticker	Coupon	Amt. Outstanding (SGDmn)	Maturity Date	Call Date	Reset Date
CapitaLand Ascendas REIT	AREIT	3.14	200	02/03/2025	-	-
Temasek Financial I Ltd	TEMASE	3.785	500	05/03/2025	-	-
ASL Marine Holdings Ltd	ASLSP	3	100	28/03/2025	28/03/2019	-
RCS Trust	RCSTRU	3.2	275	14/03/2025	-	-
CCT MTN Pte Ltd	CCTSP	3.327	200	21/03/2025	-	-
SATS Ltd	SATSSP	2.88	200	31/03/2025	-	-
Maybank Singapore Ltd	MAYSIL	3.7	500	26/03/2030	26/03/2025	-

Source: OCBC Credit Research, Bloomberg
Note: The AREIT 3.14% '25s has matured as of writing

Current / Recent Reports from OCBC Credit Research

- Suntec Real Estate Investment Trust: Credit Update (19 February 2025)
- Mapletree Logistics Trust: Credit Update (11 February 2025)
- Singapore Airlines Limited: Credit Update (8 January 2025)
- OUE Limited: Credit Update (31 December 2024)
- Singapore Post Limited: Credit Update (24 December 2024)
- Singapore Post Limited: Credit Update (19 December 2024)
- Olam Group Limited: Credit Update (16 December 2024)
- Sustainable Finance Special Interest Commentary (6 December 2024)
- SGD Credit Outlook 1H2025: Building Defences With SGD Credit In 2025 (6 December 2024)
- Shangri-La Asia Limited: Credit Update (21 November 24)
- Standard Chartered PLC / Standard Chartered Bank: Credit Update (20 November 24)
- ABN Amro Bank NV: Credit Update (18 November 24)
- Hongkong Land Holdings Ltd and The Hongkong Land Company, Limited: Credit Update (13 November 24)
- Sembcorp Industries Ltd: Credit Update (11 November 24)
- Frasers Logistics & Commercial Trust: Credit Update (08 November 24)
- CapitaLand Integrated Commercial Trust: Credit Update (07 November 24)
- CapitaLand China Trust: Credit Update (1 November 2024)
- GuocoLand Ltd: Credit Update (30 October 2024)
- HSBC Holdings PLC / HSBC Bank PLC: Credit Update (30 October 2024)
- Barclays PLC / Barclays Bank PLC: Credit Update (28 October 2024)
- Deutsche Bank AG: Credit Update (25 October 2024)
- Sustainable Finance Special Interest Commentary (23 October 2024)
- Lendlease Global Commercial REIT: Credit Update (18 October 2024)
- Keppel Infrastructure Trust: Credit Update (14 October 2024)
- Starhill Global REIT: Credit Update (11 October 2024)
- CapitaLand Investment Ltd: Credit Initiation (1 October 2024)
- CapitaLand Ascendas REIT: Credit Update (26 September 2024)
- Ho Bee Land Ltd: Credit Initiation (25 September 2024)
- SGD Credit Market Overview and Coverage (24 September 2024)
- CapitaLand Group Pte Ltd: Credit Update (12 September 2024)
- OUE Real Estate Investment Trust: Credit Update (30 August 2024)
- CK Asset Holdings Limited: Credit Update (28 August 2024)
- ESR-LOGOS REIT: Credit Update (27 August 2024)
- Mapletree Investments Pte Ltd: Credit Update (26 August 2024)
- REIT Special Interest Commentary (26 July 2024)

- SGD Credit vs Asiadollar Credit Special Interest Commentary (16 July 2024)
- Wing Tai Properties Ltd: Credit Update (12 July 2024)
- SGD Credit Outlook 2H2024 (28 June 2024)
- Sharpening the Sustainability Focus for Financial Institutions Special Interest Commentary (28 June 2024)

Explanation of Issuer Profile Rating / Issuer Profile Score

Positive ("Pos") – The issuer's credit profile is either strong on an absolute basis or expected to improve to a strong position over the next six months.

Neutral ("N") – The issuer's credit profile is fair on an absolute basis or expected to improve / deteriorate to a fair level over the next six months.

Negative ("Neg") – The issuer's credit profile is either weaker or highly geared on an absolute basis or expected to deteriorate to a weak or highly geared position over the next six months.

To better differentiate relative credit quality of the issuers under our coverage, we have further sub-divided our Issuer Profile Ratings into a 7-point Issuer Profile Score scale.

IPR	Positive		Neutral			Negative	
IPS	1	2	3	4	5	6	7

Explanation of Bond Recommendation

Overweight ("OW") – The issue represents **better relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

Neutral ("N") – The issue represents **fair relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

Underweight ("UW") – The issue represents **weaker relative value** compared to other bonds from the same issuer, or bonds of other issuers with similar tenor and comparable risk profile.

Please note that Bond Recommendations are dependent on a bond's price, underlying risk-free rates and an implied credit spread that reflects the strength of the issuer's credit profile. Bond Recommendations may not be relied upon if one or more of these factors change.

Other

Suspension – We may suspend our issuer rating and bond level recommendation on specific issuers from time to time when OCBC is engaged in other business activities with the issuer. Examples of such activities include acting as a joint lead manager or book runner in a new issue or as an agent in a consent solicitation exercise. We will resume our coverage once these activities are completed. We may also suspend our issuer rating and bond level recommendation in the ordinary course of business if (1) we believe the current issuer profile is incorrect and we have incomplete information to complete a review; or (2) where evolving circumstances and increasingly divergent outcomes for different investors results in less conviction on providing a bond level recommendation.

Withdrawal ("WD") – We may withdraw our issuer rating and bond level recommendation on specific issuers from time to time when corporate actions are announced but the outcome of these actions are highly uncertain. We will resume our coverage once there is sufficient clarity in our view on the impact of the proposed action.

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Analyst Declaration

The analyst(s) who wrote this report and/or his or her respective connected persons hold financial interests in the following above-mentioned issuers or companies as at the time of the publication of this report: Singapore Airlines Ltd, GuocoLand Ltd, Oxley Holdings Ltd, Suntec Real Estate Investment Trust, Mapletree Pan Asia Commercial Trust, Lendlease Global Commercial REIT, CapitaLand Ascott Trust, Frasers Property Ltd.

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