Credit Week in Brief

OCBC Group Research

29 September 2026

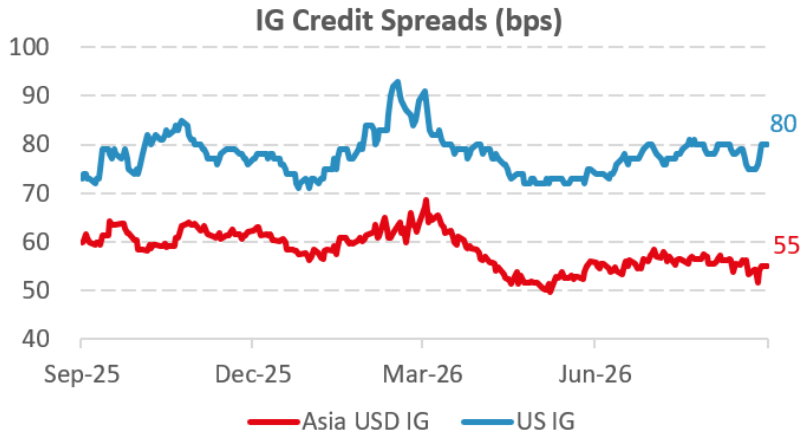
Credit: Weekly Overview

Higher for longer

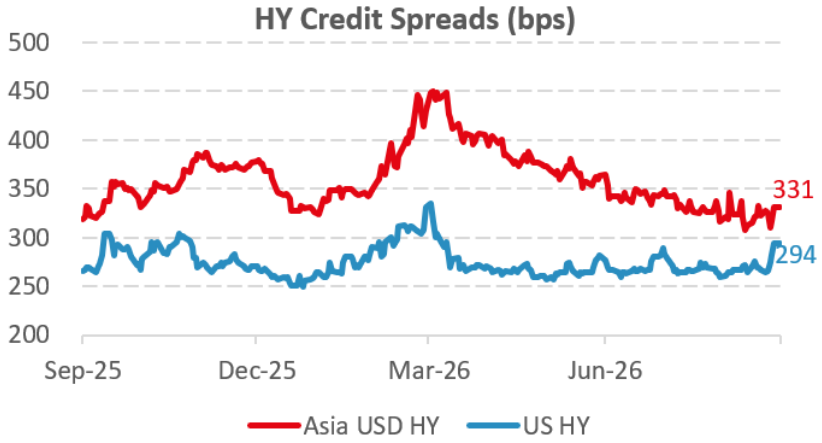
- Last week saw a further acceleration in the credit market sell-off, driven by rates move. UST yields rose 5-11bps at the front end, 13-15bps in the 5-7Y sector, and up to 18bps at the long end.
- IG spreads were more resilient than HY, although IG's much longer duration resulted in larger negative total returns and outflows. Higher all-in yields and light long-end issuance by hyperscalers helped contain spread widening in IG. US HY yields exceed 8% for the first time since Liberation Day, with spreads ended the week 27bps wider.
- Primary markets remained functional despite the sell-off. USD34bn of bonds were printed in the US last week, pushing September net issuance to the second-highest level since June 2020. Asia dollar bonds also saw USD16.5bn of issuance last week, including the USD10bn supply from SoftBank to fund its OpenAI investments.

Indices	OAS Spread w/w Change (bps)	OAS Spread (bps)	Yield	Total Returns (w/w)
Asia USD IG	1	55	5.58 %	-0.58%
Asia USD HY	8	331	8.38 %	-0.30%
US IG	5	80	5.93 %	-1.07%
US HY	27	294	8.10 %	-0.92%

IG: US vs Asia(bps)



HY: US vs Asia (bps)



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Note: w/w refers to the week of 18 September - 25 September
Source: Bloomberg, OCBC Group Research.

SGD Weekly Overview

SGD Credit again lower for another consecutive week, with longer tenors and Tier 2s underperforming

	Key Statistics			Total Returns				
	(1 Jan 2021 = 100)	Eff Mty	Market Cap	w/w	m/m	y/y	Since Jan 2021	YTD
By Tenor & Structure								
AT1S	119.3	2.9	$12,917m	-0.19%	-0.5%	2.1%	19.3%	1.67%
NON-FIN PERP	127.8	12.8	$12,492m	-0.19%	-0.4%	3.3%	27.8%	1.98%
TIER 2S & Other Sub	121.3	3.7	$19,832m	-0.38%	-1.0%	1.0%	21.3%	0.65%
LONGER TENORS (>9YRS)	104.6	20.5	$17,487m	-0.84%	-2.0%	-5.3%	4.6%	0.61%
MID TENORS (>3Y-9YRS)	114.4	4.8	$44,889m	-0.25%	-0.9%	0.0%	14.4%	0.43%
SHORT TENORS (1-3YRS)	117.2	1.7	$25,447m	-0.11%	-0.3%	1.6%	17.2%	1.12%
MONEY MARKET (<12M)	118.7	0.4	$12,663m	0.01%	0.0%	1.7%	18.7%	1.12%
By Issuer Profile Rating								
POS (2)	117.3	8.2Y	$9,858m	-0.41%	-1.0%	1.2%	17.3%	0.36%
N(3)	120.5	3.2Y	$26,922m	-0.22%	-0.7%	1.3%	20.5%	1.06%
N(4)	121.1	8.1Y	$19,492m	-0.23%	-0.6%	2.1%	21.1%	1.36%
N(5)	119.8	2.9Y	$7,630m	-0.10%	-0.4%	1.8%	19.8%	1.18%
OCBC MODEL PORTFOLIO	131.0	13.8Y	$6m	-0.27%	-0.5%	2.8%	31.0%	1.68%
SGD Credit Universe	115.6	6.1Y	$145,728m	-0.28%	-0.8%	0.4%	15.6%	0.90%

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Source: Bloomberg, OCBC Group Research (full description in SGD Credit Outlook 2023, pg lxi)

Credit: Top Happenings within our Coverage (SGD)

Singapore Market Review

The MAS released its Annual Financial Stability Review

- SG corporates remained resilient, with improved debt-servicing capacity and overall leverage remaining low, earnings stable, manageable near-term refinancing needs. Despite energy supply disruptions and elevated oil prices that have raised firms' input costs, corporate balance sheets are generally sound.
- SG households remained resilient, household liabilities have increased driven by mortgages and personal loans, though financial assets grew at a faster pace, as such net worth has increased. Debt-servicing capacity improved as interest rates, including mortgage rates, declined over the past year while income growth was stable.
- In MAS survey of Chief Risk Officers ("CRO") of financial institutions in SG, geopolitical risks remain a key concern, though cyber and operational risks have become a key concern area such as AI-assisted cyber attacks and concentration risks from critical third-party vendors. A new risk that has been cited by the CROs is AI-driven market-fragility.
- Despite energy supply disruptions and elevated oil prices that have raised firms' input costs, corporate balance sheets are generally sound though it sees a reassessment of AI as a key risk factor. Conducted a stress test that factors a severe downturn in AI related investment and loss of revenue along the AI supply chain. Under this stress scenario, a third of listed companies in Singapore, accounting for ~16% of overall corporate debt will be considered at-risk. MAS definition of at-risk companies are those with interest coverage ratio of below one or negative cash flow with cash buffers that cover less than six months of the shortfall.

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Source: Company, Bloomberg, MarketScreener, The Edge, OCBC Group Research.

Credit: Top Happenings within our Coverage (SGD)

Asset Recycling

Keppel Real Estate Investment Trust ("KREIT")

- KREIT's REIT Manager announced that it has entered into an agreement to sell its 99.38%-interest in T Tower, an office building in Seoul, South Korea to a South Korean real estate fund. The agreed property value for 100% of the property is KRW348.8bn (~SGD326mn), a 37.2% premium to the purchase price at acquisition in May 2019. These strengthen Keppel REIT's balance sheet and enhances KREIT's financial flexibility. On a proforma basis, reported aggregate leverage is expected to fall to 38% from 40% as at 30 June 2026, with Singapore accounting for 81.1% of KREIT's portfolio value. KREIT is planning to use up to SGD25mn from the net sale proceeds to do equity unit buybacks.

Suntec REIT ("SUNSP")

- Following a strategic review after the change in sponsor, Suntec REIT is focused on enhancing unitholder returns, strengthening its balance sheet and improving portfolio quality. As part of this strategy, Suntec intends to expand its presence in Singapore through potential acquisitions while divesting three fully occupied Australian office assets valued at AUD1.2bn. We note that sponsor's related parties own 9 Penang Road near Dhoby Ghaut MRT station which may form the Singapore acquisition pipeline. Management noted that a successful divestment could reduce aggregate leverage to below 40%, creating capacity for future acquisitions, unit buybacks and capital distributions, while lowering earnings drag from Australia's high interest rate environment and improving interest coverage.

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Source: Company, Bloomberg, MarketScreener, The Edge, OCBC Group Research.

Credit: Top Happenings within our Coverage (SGD)

Funding Raising

Olam Group Limited (“OLGPSP”)

- OLGPSP announced that its operating group ofi has completed the issuance of USD300mn of perpetuals, which is ofi’s inaugural hybrid transaction and arranged by four banks. This new perpetual is redeemable by the issuer at any time, while the investor, which is a special purpose vehicle has put rights though such rights are conditional on the occurrence of specified put events. In our view, this is a rare fundraising transaction as ofi’s announced fundraising in recent times has been in the form of debt. Per company, the transaction broadens its access to long-term capital, diversify its funding sources and strengthen its capital structure. Our base case continues to assume that the perpetual at the holding company OLGPSP 9.082%-PERP will be called at the call date in January 2027.

Mergers & Acquisitions

Starhub Ltd ("STHSP"), Keppel Ltd (“KEPSP”)

- Keppel confirmed it is in ongoing discussions with StarHub regarding a potential transaction involving M1, in line with its push for consolidation in Singapore’s telecom sector, although there is no certainty that a deal will materialise. The development follows Keppel’s previously proposed sale of M1 to Simba, which did not proceed.

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Source: Company, Bloomberg, OCBC Group Research.

Credit: Top Happenings within our Coverage (USD)

AT1 Supply Concern

UBS Group AG ("UBS")

- Since Credit Suisse's collapse, the Swiss government has been trying to impose new capital rules on UBS and UBS has estimated that it needed USD16bn in additional capital. AT1 supply concern resurfaced when the Economic Affairs and Taxation Committee in April proposed the additional capital be met by 50% in CET1 and AT1. But voting last week by Council of States (Upper House) rejected the compromise and voted for UBS to back 90% of value in foreign subsidiaries with CET1. This could materially reduce the AT1 supply risk.
- The outcome is still not final. The bill now moves to the lower house and outcome more likely in 2027 than 2026. The push back by UBS continues to play out with news reporting that UBS is now considering a foreign merger with other non-Swiss banks to avoid potentially higher Swiss capital requirements.

Earnings Guidance Revision

ING Groep ("INTNED")

- ING Groep ("INTNED") presented at the Bank of America Financials CEO Conference with an upgraded medium-term plan. INTNED raised its 2027 ROE guidance to above 16% from 14% previously, lifting revenue guidance by EUR1bn to more than EUR26bn, and reducing its cost target by EUR300mn to approximately EUR13bn. The stronger outlook is supported by broad-based franchise growth, spanning retail banking, investments and business banking.

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Source: Company, OCBC Group Research.

Credit: Top Happenings within our Coverage (USD)

Mergers & Acquisitions

Commerzbank AG ("CMZB"), UniCredit SpA ("UniCredit")

- UniCredit Chief Executive Officer Andrea Orcel had his first discussions with German Finance Minister Lars Klingbeil on UniCredit's actions to take over CMZB. Talks were reportedly constructive according to both parties.
- Mr Klingbeil conveyed the government's key positions that CMZB remain an important player in financing the German economy and Germany's small and medium-sized businesses and that CMZB remains a publicly listed company headquartered in Frankfurt. He also highlighted the government's interest in CMZB's more than 40,000 employees. Both sides have agreed to continue discussions. (Bloomberg, Company, OCBC)

Crédit Agricole Group ("CAG") / Crédit Agricole S.A. ("CASA")

- CAG and CASA Chief Financial Officer Clotilde L'Angevin voiced support for a potential merger of CASA's Italian operations with Banco BPM SpA ("BPM"). BPM is subject to takeover interest from another Italian bank, Banca Monte dei Paschi di Siena SpA (which itself is being pursued in a hostile takeover by Intesa Sanpaolo SpA ("ISPIM"). Consolidation activity within the Italian banking sector remains heightened following recent actions by UniCredit SpA and ISPIM and CAG is emerging as an interloper.

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Source: Company, OCBC Group Research.

Credit: Top Happenings within our Coverage (USD)

Earnings Update

Medco Energi ("MEDCIJ")

- MEDCIJ delivered robust 1H2026 results, with revenue up 23.3% y/y to USD1.41bn and net income rising to USD287.5mn, supported by higher production and prices and stronger contributions from PT Amman Mineral. Production reached 170mboepd, while cash cost remained low at USD8.4/boe. Credit metrics stayed healthy, with restricted-group net debt/EBITDA at 1.4x and strong liquidity. Management maintained its FY2026 operational guidance while raising capex guidance, and expects to meet or exceed its full-year targets.

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Source: Company, OCBC Group Research.

Credit: Upcoming SGD Maturities

September 2026

Issuer	Ticker	Amt. Outstanding (SGDmn)	Coupon	Maturity Date	Call Date	Reset Date
Rikvin Capital Pte Ltd	RIKCAP	100	5%	30/09/2026	30/09/2025	-

Source: Bloomberg, OCBC Group Research.

Credit: New Issues in SGD

Slow issuance in the SGD credit primary market

Date	Issuer	Type	Currency	Size (mn)	Tenor	Final Pricing
24 Sep	Aspial Lifestyle Ltd	Fixed	SGD	75	5	5%

Source: Bloomberg, OCBC Group Research.

Credit: APAC (Asia) Notable New Issues

APAC primary market activity totaled USD16.5bn last week

Date	Issuer	Type	Currency	Size (mn)	Tenor (yr)	Final Pricing
21 Sep	Korea National Oil Corp	Fixed	USD	700	3	5.397%
21 Sep	Korea National Oil Corp	FRN	USD	400	3	SOFR+64bps
21 Sep	Korea National Oil Corp	Fixed	USD	500	5	5.397%
21 Sep	Australia & New Zealand Banking Group Ltd	FRN	USD	400	3	SOFREquiv + 52bps
21 Sep	Australia & New Zealand Banking Group Ltd/New York NY	Fixed	USD	1,200	3	T + 35bps
21 Sep	Softbank Group Corp	Fixed	USD	4,500	7.5	T + 467bps
21 Sep	Softbank Group Corp	Fixed	USD	4,500	5.5	T + 422bps
22 Sep	New Zealand Local Government Funding Agency Bond	Fixed	USD	500	5	MS + 40bps

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Source: Bloomberg, OCBC Group Research.

Credit: APAC (Asia) Notable New Issues

APAC primary market activity totaled USD16.5bn last week

Date	Issuer	Type	Currency	Size (mn)	Tenor (yr)	Final Pricing
23 Sep	Bank of Communications Co Ltd/Hong Kong	FRN	USD	320	5	SOFR+ 41bps
23 Sep	Bank of Communications Co Ltd/Hong Kong	FRN	USD	350	3	SOFR+ 38bps
23 Sep	National Bank for Financing Infrastructure and Development/The	Fixed	USD	750	10	T + 105bps
23 Sep	Softbank Group Corp	Fixed	USD	1,000	3.5	T + 363bps

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Source: Bloomberg, OCBC Group Research.

Credit: DM Notable New Issues

New supply totaling USD34bn last week

Date	Issuer	Type	Currency	Size (mn)	Tenor	Final Pricing
21 Sep	Athene Global Funding	Fixed, 1st lien	USD	800	2	T + 83bps
21 Sep	Athene Global Funding	FRN, 1st lien	USD	450	2	SOFREquiv + 91bps
21 Sep	Toronto-Dominion Bank/The	FRN	USD	400	2	SOFR+ 54bps
21 Sep	Toronto-Dominion Bank/The	Fixed	USD	1,000	2	T + 45bps
21 Sep	Toronto-Dominion Bank/The	Fixed	USD	1,100	5	T + 65bps
21 Sep	Toronto-Dominion Bank/The	Fixed	USD	1,250	10	T + 85bps
22 Sep	Cooperatieve Rabobank UA/NY	Fixed, Sr Preferred	USD	700	3	T + 37bps
22 Sep	Cooperatieve Rabobank UA/NY	Fixed, Sr Preferred	USD	800	5	T + 50bps
22 Sep	Cooperatieve Rabobank UA/NY	FRN, Sr Preferred	USD	300	3	SOFR+54bps
22 Sep	Dick's Sporting Goods Inc	Fixed	USD	400	10	T + 125bps
22 Sep	Dick's Sporting Goods Inc	Fixed	USD	600	30	T + 160bps
22 Sep	Nuveen LLC	Fixed	USD	750	5	T + 90bps
22 Sep	Nuveen LLC	Fixed	USD	500	10	T + 110bps
22 Sep	Nuveen LLC	Fixed	USD	750	3	T + 75bps
22 Sep	Societe Generale SA	Fixed, Perpetual, Jr Subordinated, Additional Tier 1	USD	1,500	PerpNC7	8%

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Source: Bloomberg, OCBC Group Research.

Credit: DM Notable New Issues

New supply totaling USD34bn last week

Date	Issuer	Type	Currency	Size (mn)	Tenor	Final Pricing
22 Sep	Stellantis Financial Services US Corp	Fixed	USD	1,000	3	T + 162.5bps
22 Sep	Sysco Holdings Corp/ Sysco Corp (guarantor: Subsidiaries)	Fixed	USD	1,750	30	T + 122bps
22 Sep	Sysco Holdings Corp/ Sysco Corp (guarantor: Subsidiaries)	Fixed	USD	2,000	Short 10	T + 105bps
22 Sep	Sysco Holdings Corp/ Sysco Corp (guarantor: Subsidiaries)	Fixed	USD	1,500	7	T + 95bps
22 Sep	Sysco Holdings Corp/ Sysco Corp (guarantor: Subsidiaries)	Fixed	USD	1,000	20	T + 112bps
22 Sep	Sysco Holdings Corp/ Sysco Corp (guarantor: Subsidiaries)	Fixed	USD	750	40	T + 132bps
22 Sep	Sysco Holdings Corp/ Sysco Corp (guarantor: Subsidiaries)	Fixed	USD	1,750	3	T + 65bps
22 Sep	Sysco Holdings Corp/ Sysco Corp (guarantor: Subsidiaries)	Fixed	USD	2,000	Short 5	T + 80bps
22 Sep	Three Pillars Funding Trust NO 1	Fixed	USD	1,000	11	T + 155bps

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Source: Bloomberg, OCBC Group Research.

Credit: DM Notable New Issues

New supply totaling USD34bn last week

Date	Issuer	Type	Currency	Size (mn)	Tenor	Final Pricing
23 Sep	Aercap Funding DAC (guarantor: Multiple Guarantors)	Fixed	USD	750	Long 3	T + 65bps
23 Sep	Aercap Funding DAC (guarantor: Multiple Guarantors)	Fixed	USD	750	7	T + 95bps
23 Sep	Canadian Imperial Bank of Commerce	Fixed	USD	1,000	4NC3	T + 65bps
23 Sep	Canadian Imperial Bank of Commerce	FRN	USD	300	4NC3	SOFR+ 82bps
23 Sep	Open Text Corp (guarantor: Subsidiaries)	Fixed, Secured	USD	500	7	T + 212.5bps
23 Sep	Open Text Corp (guarantor: Subsidiaries)	Fixed, Secured	USD	500	5	T + 175bps
24 Sep	Kyndryl Holdings Inc	Fixed	USD	600	3	T + 287.5bps
24 Sep	Kyndryl Holdings Inc	Fixed	USD	400	5	T + 312.5bps

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Source: Bloomberg, OCBC Group Research.

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