Credit Week in Brief

OCBC Research · 2026-09-01 · English original

Credit Week in Brief OCBC Group Research 1 September 2026

• Hawkish rate repricing driving a bear flattening , quality HY should prove more resilient than duration heavy US IG. The move is about rates, not weaker credit. • Carry, rather than spread compression for returns, given already tight credit valuations. Banks should benefit from the higher-for-longer rates. • Maintain quality bias in HY , where lower duration with sufficient carry to offset potential mark-to-market volatility. • Underweight excessive duration in IG , where greater rates sensitivity and limited spread cushion create an unfavourable risk-reward. Jackson Hole resets rates risk Credit: Weekly Overview IG: US vs Asia(bps) HY: US vs Asia (bps) Indices OAS Spread w/w Change (bps) OAS Spread (bps) Yield Total Returns (w/w) Asia USD IG -1 55 5.14 % -0.09% Asia USD HY -10 316 7.73 % 0.15 % US IG -2 78 5.48 % 0.10 % US HY -9 260 7.27 % 0.19 % Source: Bloomberg, OCBC Group Research. Note: w/w refers to the week of 21-28 August

SGD Weekly Overview 3 SGD Credit down again w/w with largest drop in bank capital and mid to longer tenors driven by spreads Source: Bloomberg, OCBC Group Research (full description in SGD Credit Outlook 2023, pg lxi) (1 Jan 2021 = 100) Eff Mty Market Cap w/w m/m y/y Since Jan 2021 YTD By Tenor & Structure AT1S 119.6 2.9 $12,996m -0.29% 0.0% 3.0% 19.6% 1.89% NON-FIN PERP 128.1 11.9 $13,563m -0.21% 0.1% 4.5% 28.1% 2.19% TIER 2S & Other Sub 122.1 3.7 $20,052m -0.18% -0.2% 2.2% 22.1% 1.32% LONGER TENORS (>9YRS) 106.5 20.6 $17,861m -0.10% -0.7% -2.9% 6.5% 2.39% MID TENORS (>3Y-9YRS) 115.2 4.9 $45,344m -0.11% -0.1% 1.2% 15.2% 1.15% SHORT TENORS (1-3YRS) 117.5 1.8 $25,569m -0.07% 0.1% 2.1% 17.5% 1.36% MONEY MARKET (<12M) 118.7 0.4 $13,583m -0.02% 0.1% 1.8% 18.7% 1.12% By Issuer Profile Rating POS (2) 118.1 8.3Y $9,949m -0.17% -0.3% 2.5% 18.1% 1.04% N(3) 121.1 3.3Y $27,129m -0.17% -0.1% 2.3% 21.1% 1.53% N(4) 121.5 7.9Y $20,194m -0.24% -0.2% 3.1% 21.5% 1.66% N(5) 120.1 2.9Y $7,650m -0.09% 0.0% 2.8% 20.1% 1.41% OCBC MODEL PORTFOLIO 131.4 13.8Y $6m -0.13% 0.0% 4.4% 31.4% 2.02% SGD Credit Universe 116.2 6.1Y $148,969m -0.13% -0.1% 1.6% 16.2% 1.50% Key Statistics Total Returns

Credit: Top Happenings within our Coverage (USD) 4 Source: Company, OCBC Group Research. Positive Results Canadian Banks: RY and TD reported strong 3QFY2026 results • Toronto- Dominion (“TD”) reported strong 3QFY2026 earnings, with growth -broad across core franchises, led by Wholesale Banking at +87%y/y. ROE improved to 10.2% and NIM rose 6bps q/q to 3.47%. It’s CET1 ratio was stable at 14.3%, and LCR had strengthened by 3ppts q/q to 133%. • Royal Bank of Canada (“RY”) 3QFY2026 results were overall credit supportive with an 18.1% adjusted ROE and adjusted net income rising 10% y/y and 9% q/q to CAD6.1bn. The CET1 ratio also remained stable at 13.5%, and its leverage ratio remained at 4.3% FWDGHD: New business and operating earnings remain strong • FWD Group Holdings Limited ("FWDGHD") reported new business sales rising 7% y/y and new business CSM increasing 25%, supported by favourable mix and growth across Japan, Expansion Markets and Hong Kong &Macau . • Operating profit after tax rose 20% to USD298mn, while leverage was stable at 21.4%; the solvency ratio declined to 203% mainly due to Japan's new solvency regime and market movements. PRUFIN: Healthy Asian growth and robust capitalisation • Prudential PLC ("PRUFIN") reported new business profit rising 8% y/y to USD1.4bn excluding Chinese Mainland, led by ASEAN, India and Africa, while margins improved 2ppts to 40%. • The capital position remained robust, with a 209% shareholder cover ratio and 14% Moody's-based leverage; the company also announced an additional approximately USD0.3bn share buyback .

Credit: Top Happenings within our Coverage (USD) 5 Source: Company, OCBC Group Research. Positive Results CNOOC: Strong profitability • CNOOC Limited ("CNOOC") reported revenue rising 16.9% y/y to RMB242.7bn and operating profit increasing 18.5% to RMB112.7bn, supported by higher oil and gas prices and 3.7% production growth. • Liquidity remained substantial, with RMB314bn of cash and short-term deposits versus RMB57.6bn of debt; all-in costs remained competitive at USD29.7/BOE. SLHSP: Hotel recovery supports higher profitability • Shangri-La Asia Limited ("SLHSP") reported revenue rising 6.4% y/y to USD1.1bn and profit increasing 58.8% to USD101.3mn, supported by stronger hotel room revenue and higher RevPAR across key markets. • Refinancing risk remains highly manageable, with USD1.26bn of cash and USD1.46bn of longer-dated deposits versus USD748.3mn of short-term debt; net gearing was broadly stable at 0.93x.

Credit: Top Happenings within our Coverage (USD, SGD) 6 Source: Company, OCBC Group Research. Mixed Results QANAU: Higher revenue offset by cost and capex pressure • Qantas Airways Limited ("QANAU") reported revenue rising 7% y/y to AUD25.5bn, but statutory profit fell to AUD1.3bn as expenditure increased 10%, led by higher fuel costs. • Gross debt-to-underlying EBITDA remained healthy at 2.3x, although FY2027 net capex guidance of AUD4.3bn to AUD4.6bn points to higher leverage as fleet renewal continues. FOSUNI: Better earnings and deleveraging, supported by disposals • Fosun International Limited ("FOSUNI") reported net profit rising to RMB1.7bn from RMB0.7bn, with no material impairments during 1H2026. • Holdco debt declined RMB4.5bn to RMB85.4bn as over RMB12bn of divestments supported liquidity and deleveraging, although portfolio value fell to RMB191bn from RMB207bn. GUOLSP: Underlying improvement offset by China allowances • GuocoLand Limited ("GUOLSP") recorded a reported operating loss after SGD209.8mn of development-property allowances, mainly in China, although underlying operating profit rose 12% y/y. • Strong sales collections reduced loans and borrowings 19% y/y to SGD4.45bn and net gearing to 66%, but new Singapore land commitments could moderate further deleveraging.

Credit: Top Happenings within our Coverage (USD) 7 Source: Company, OCBC Group Research. Regulatory & Capital Update UBS: Swiss capital proposal remains a key credit consideration • The Swiss National Bank reiterated support for requiring UBS Group AG ("UBS") to fully capitalise its foreign subsidiaries with CET1 at the parent level. • The comments restate the regulator's existing position and reinforce the prospect of materially higher capital requirements following the Credit Suisse acquisition, subject to the legislative process. Capital implications • A stricter parent -level capital framework would strengthen loss-absorption capacity and structural resilience, but could constrain capital flexibility, distributions and returns. • Implementation details, transition arrangements and the final legislative outcome remain the key uncertainties for creditors .

Credit: Upcoming SGD Maturities 8 Issuer Ticker Amt. Outstanding (SGDmn) Coupon Maturity Date Call Date Reset Date ESR Asset Management Ltd ARASP 350MM 5.6% - 04/09/2026 - AIMS APAC REIT AAREIT 250MM 5.375% - 01/09/2026 - OUE Treasury Pte Ltd OUESP 200MM 3.5% 21/09/2026 - - Housing & Development Board HDBSP 600MM 2.035% 16/09/2026 - - Mapletree Treasury Services Ltd MAPLSP 300MM 3.4% 03/09/2026 - - Deutsche Bank AG DB 500MM 5% 05/09/2026 05/09/2025 - Rikvin Capital Pte Ltd RIKCAP 100MM 5% 30/09/2026 30/09/2025 - September 2026 Source: Bloomberg, OCBC Group Research.

Credit: New Issues in SGD 9 Date Issuer Type Currency Size (mn) Tenor Final Pricing 24 Aug Centurion

Corp Ltd Fixed SGD 200 5 4% 24 Aug Frasers Property Treasury Pte Ltd (guarantor: Frasers Property Ltd) Fixed SGD 150 10 3.5% 25 Aug BNP Paribas SA Fixed, Perpetual, Jr Subordinated, Additional Tier 1 SGD 400 PerpNC5 4.25% 25 Aug Morgan Stanley Finance LLC Fixed SGD 76.25 5 2.7% Relatively active in the SGD credit primary market Source: Bloomberg, OCBC Group Research.

Credit: APAC (Asia) Notable New Issues 10 APAC primary market activity totaled USD6.7bn last week Source: Bloomberg, OCBC Group Research. Date Issuer Type Currency Size (mn) Tenor (yr) Final Pricing 24 Aug ICICI Bank Ltd/IFSC Fixed USD 1,000 5 5.41% 24 Aug JERA Co Inc Fixed USD 500 5 5.317% 24 Aug Sumitomo Mitsui Trust Bank Ltd Fixed USD 500 3 T + 55bps 24 Aug Sumitomo Mitsui Trust Bank Ltd FRN USD 750 3 SOFR+ 71bps 24 Aug Sumitomo Mitsui Trust Bank Ltd FRN USD 1,000 5 SOFR+ 80bps 24 Aug Union Bank of India Ltd Fixed, Unsecured USD 300 3 T + 93bps 24 Aug Union Bank of India Ltd Fixed, Unsecured USD 300 5 T + 102bps

Credit: APAC (Asia) Notable New Issues 11 APAC primary market activity totaled USD6.7bn last week Source: Bloomberg, OCBC Group Research. Date Issuer Type Currency Size (mn) Tenor (yr) Final Pricing 25 Aug Kyushu Electric Power Co Inc Fixed USD 500 10 T + 115bps 25 Aug NEC Corp Fixed USD 500 5 T + 75bps

Credit: DM Notable New Issues 12 New supply totaling USD4.57bn last week Date Issuer Type Currency Size (mn) Tenor Final Pricing 25 Aug Banco Bilbao Vizcaya Argentaria SA Fixed, Sr Non Preferred USD 1,000 5 T + 90bps 25 Aug Banco Bilbao Vizcaya Argentaria SA FRN, Sr Non Preferred USD 300 3 SOFR Equiv + 89bps 25 Aug Banco Bilbao Vizcaya Argentaria SA Fixed, Sr Non Preferred USD 1,000 3 T + 73bps Source: Bloomberg, OCBC Group Research.
