

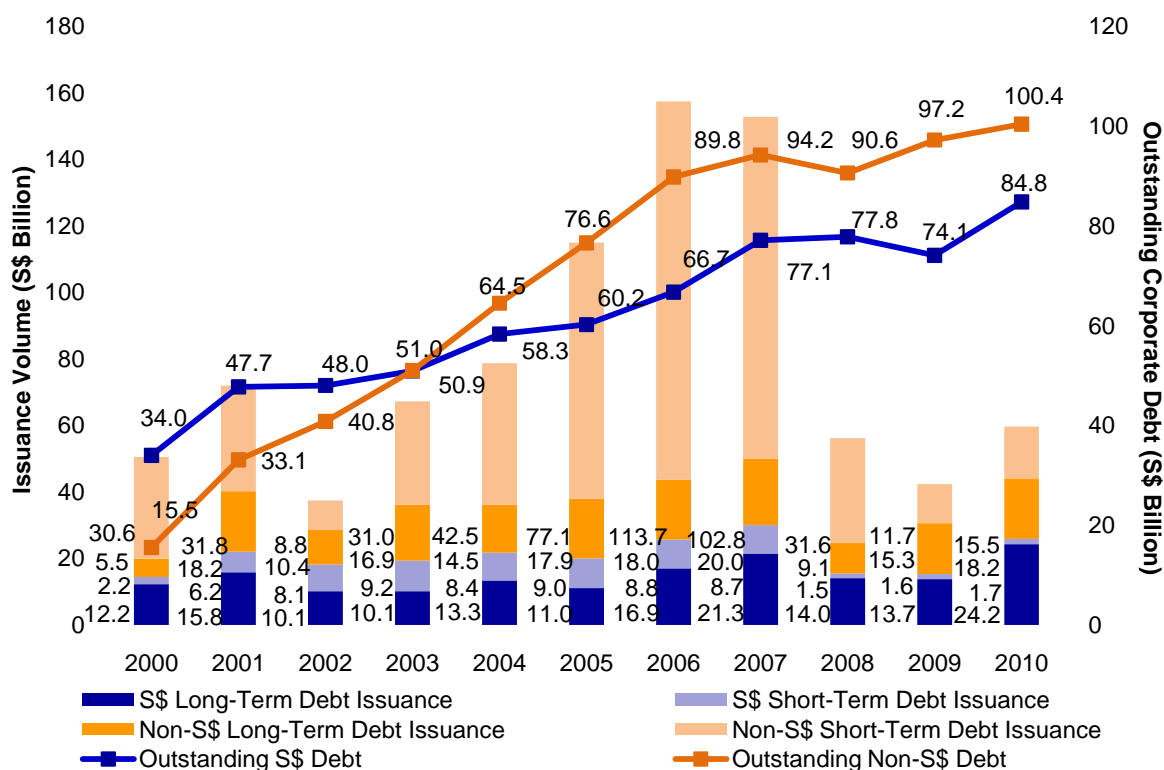


THE SINGAPORE CORPORATE DEBT MARKET REVIEW 2010

OVERVIEW

1. The outstanding volume of all corporate debt increased year-on-year by 8% to S\$185.2 billion as at end of 2010, as the global economic recovery gained momentum. (see Chart 1). Singapore dollar (SGD) and non-SGD long-term debt issuances stood at S\$24.2 billion and S\$18.2 billion, respectively, up 76% and 18% respectively from 2009. Total SGD and non-SGD short-term debt issuances (i.e. tenor of less than 1-year) grew by 29% from S\$13.3 billion in 2009 to S\$17.2 billion last year.

Chart 1
Size of Singapore Corporate Debt Market (2000 – 2010)



MATURITY PROFILE

2. For both SGD and non-SGD, debt issuances for tenors of 6-years and longer increased significantly over 2009. 38% of SGD debt and 12% of non-SGD debt issued have maturities of 10- years and above, as shown in Charts 2 and 3. The issuance volume for short-term SGD debt of less than 1 year maturity remained stable *year-on-year* at S\$1.7 billion in 2010. In contrast, the issuance volume for short-term non-SGD debt grew by 32% to S\$15.5 billion during the same period

Chart 2
Maturity Profile of SGD Debt Issued

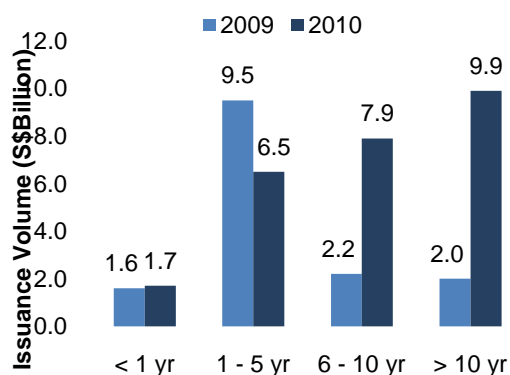
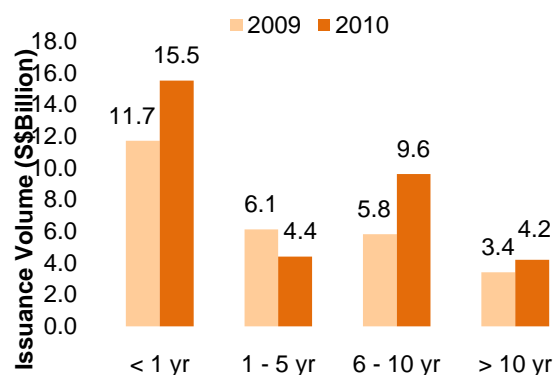


Chart 3
Maturity Profile of Non-SGD Debt Issued



DIVERSITY OF ISSUERS

3. Foreign entities accounted for 19% of all SGD debt issuances in 2010. European issuers continue to be the main issuers, taking up 46% of SGD debt issuance by foreign issuers, followed by Asian issuers with 44%, and Australia with 10%. Some of these foreign issuers include The Hong Kong Mortgage Corporation Limited, VTB Capital, Korea Development Bank and Kreditanstalt für Wiederaufbau (KfW).
4. Special Purpose Vehicles accounted for the majority of issuers of SGD denominated long-term debt issuances, while financial institutions formed the majority of issuers of non-SGD denominated long-term debt issuances in 2010 (see Charts 4 and 5).
5. The VTB Capital SGD Eurobond - the first issue out of Russia in the Singapore market - paves the way for other highly-rated Russian issuers to access this new funding market, both in terms of widening the investor base and from the standpoint of lower funding costs.

Chart 4
SGD Denominated Long-term Debt Issuer Profile (Based on Issuance)

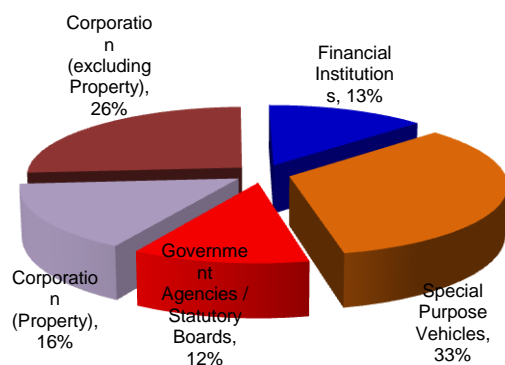
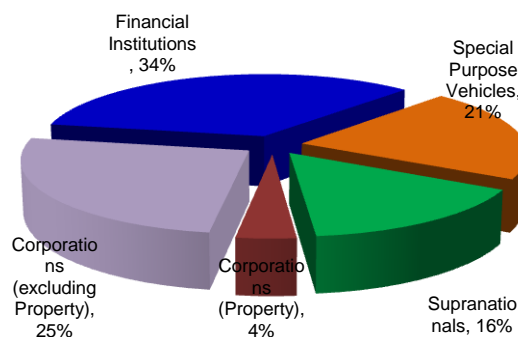


Chart 5
Non-SGD denominated Long-term Debt Issuer Profile (Based on Issuance)



EXTENSION OF SGD YIELD CURVE

5. In 2010, Temasek Holdings issued a landmark S\$1 billion 40-year SGD bond. This issue extended the pricing reference of the SGD yield curve and became the longest-dated Singapore dollar denominated debt, outstripping that of the Singapore government securities (SGS) of 20 years. Temasek's 40-year issue also drew interest from private banks and new investors who had not participated in their previous bond issues.

STRUCTURED DEBT ISSUANCES

6. The proportion of SGD structured debt issuances accounting for all SGD debt issuances fell from 31% in 2009 to 19% in 2010. Equity-linked notes denominated in SGD increased from S\$945 million in 2009 to S\$1.7 billion last year, accounting for 34% of SGD structured debt issued, as shown in Chart 6. Non-SGD structured debt made up 29% of all non-SGD debt issuances in 2010 compared to 35% in 2009. Non-SGD equity linked notes increased by 94% to S\$6.5 billion in 2010, making up 66% of non SGD structured debt issuances (see Chart 7).

ISLAMIC FINANCE MARKET

7. Islamic debt recorded S\$1.7 billion of issuances in Singapore, up 33% from S\$1.2 billion in 2009; it also contributed to 6% of all SGD denominated issued debt and 34% of SGD structured debt in 2010 (see Chart 6) In 2010, Khazanah issued an inaugural S\$1.5 billion benchmark sukuk in the Singapore market which achieved several milestones. Aside from being the largest and longest termed sukuk issuance in Singapore (10-year sukuk), it is also the largest SGD issuance by a foreign issuer in Singapore, and the first SGD sukuk issuance out of the Malaysia International Islamic Financial Centre (MIFC) initiative.

Chart 6
Profile of SGD Structured Debt Issued

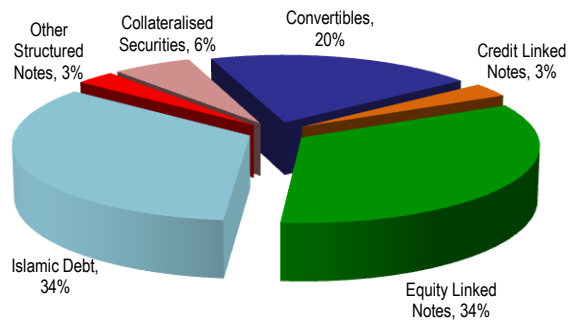


Chart 7
Profile of Non-SGD Structured Debt Issued

