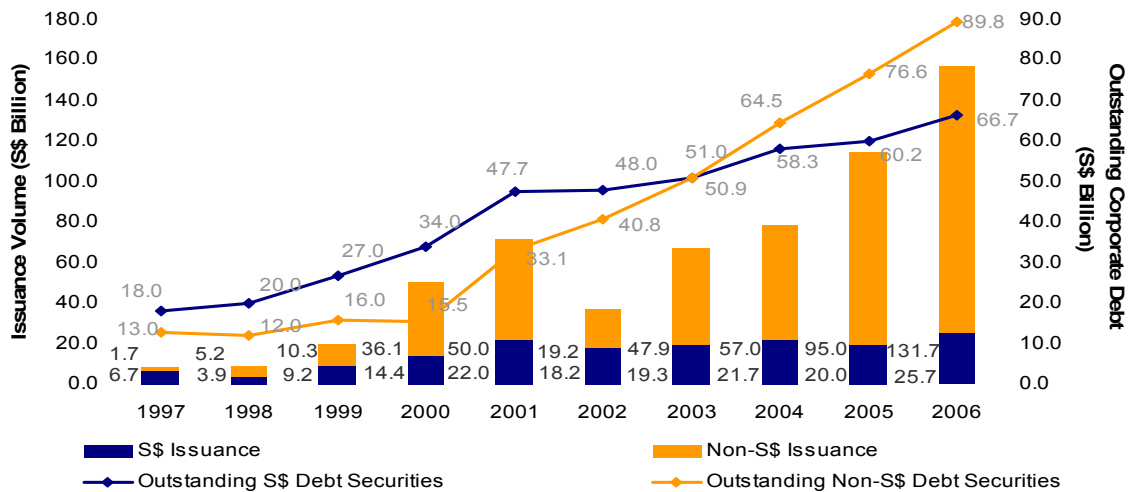


THE SINGAPORE CORPORATE DEBT MARKET REVIEW 2006

Overview

The Singapore corporate debt market continued to grow healthily in 2006, driven by strong demand for fixed income assets and supported by a sound legal and regulatory environment. Outstanding Singapore dollar (SGD) denominated and non-SGD denominated debt securities continued to see an upward trend, increasing by 11% to S\$67 billion, and 17% to S\$90 billion respectively in 2006 (see Chart 1). Total debt issuance in Singapore has also increased substantially, by 37%, to S\$157 billion in 2006, comprising S\$123 billion of issuance in tenors of less than one year.

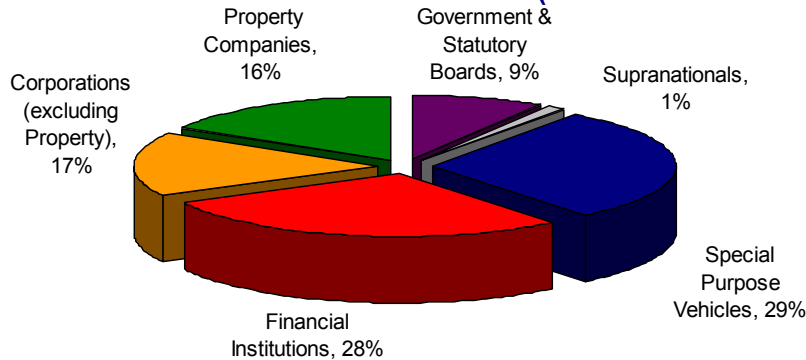
**Chart 1
Size of Singapore Corporate Debt Market (1997 – 2006)**



Growth in SGD Debt Issuance by Property Corporations & Foreign Entities

Corporations accounted for majority of SGD-denominated debt (as shown in Chart 2). In particular, the market saw a surge of property-related debt issues from S\$2 billion in 2005 to S\$4 billion in 2006; reflecting the upturn of the real estate sector and relatively cheap cost of funding locally compared with going offshore.

**Chart 2
SGD Denominated Debt Issuer Profile (Based on Issuance)**



Another discernible trend that continued in 2006 is the rise in number of foreign issuers tapping the SGD bond market. In 2006, about one-fourth of SGD-denominated new issuance, or S\$6 billion, is attributable to foreign issuers, representing more than twice the volume from 2005. The foreign issuers included Asian Development Bank, Cathay Pacific Airways Limited, Emirates Airlines, Export-Import Bank of Korea, and General Electric Capital Corporation. In terms of geographical distribution, Asia Pacific companies continue to make up a significant portion of 47% of the foreign entity issuers in 2006, comprising 18% Korean issuers and 10% Middle Eastern issuers.

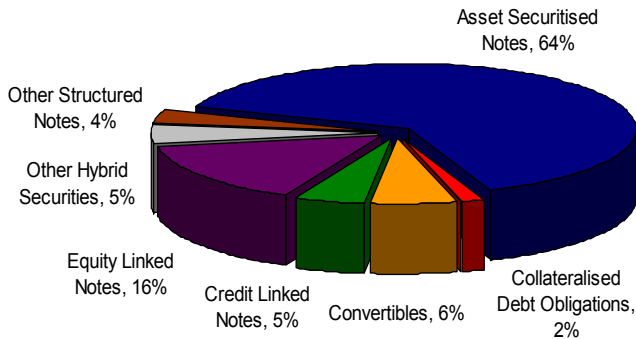
Increased Asset-Backed Securitisation (ABS) Issuances

Structured products accounted for a significant portion of 43% of the SGD denominated debt market. As illustrated in Chart 3 below, the more prevalent SGD structured credit products included ABS transactions, equity linked notes, convertibles, and credit linked notes. In particular, the market observed remarkable growth in ABS transactions from S\$6 billion in 2005 to S\$7 billion in 2006, accounting for 64% of SGD structured debt issuances. The range of structured products in the SGD debt market has also broadened.

Non-SGD Structured Debt on the Rise

Non-SGD structured credit has grown by 80% to S\$24 billion in 2006, taking up 18% of total non-SGD debt issuance, as compared to 14% in 2005. This is largely driven by the growth in ABS transactions, collateralized debt obligations and currency linked notes issuances in 2006. Similar to SGD debt, ABS issuances have also grown in the non-SGD debt space from S\$7 billion to S\$12 billion in 2006; accounting for majority of structured non-SGD denominated debt issued.

**Chart 3
Profile of SGD Denominated
Structured Debt Issued**



**Chart 4
Profile of Non-SGD Denominated
Structured Debt Issued**

