

# SINGAPORE CORPORATE DEBT MARKET DEVELOPMENT 2023

SINGAPORE – GLOBAL CITY, WORLD OF OPPORTUNITIES



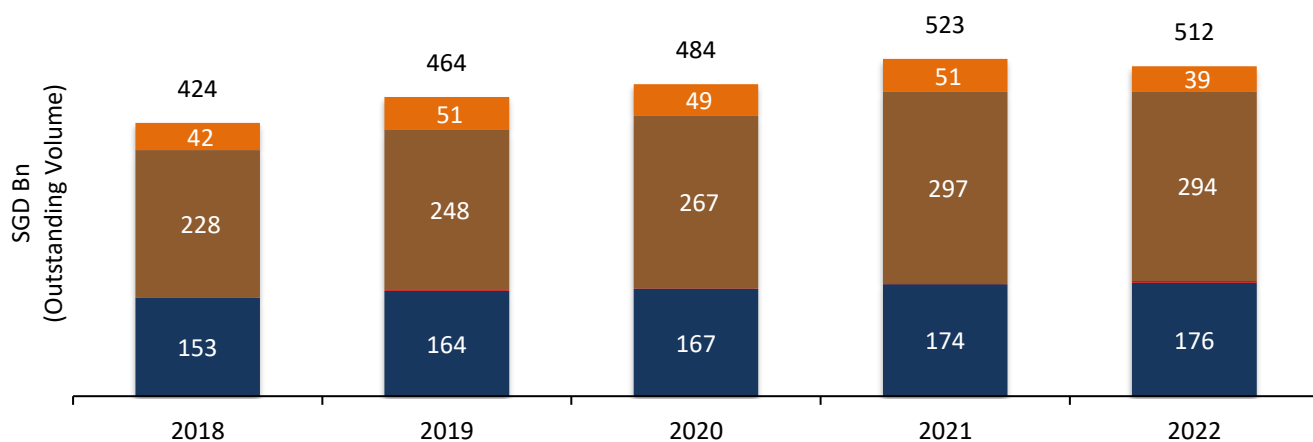
Monetary Authority of Singapore



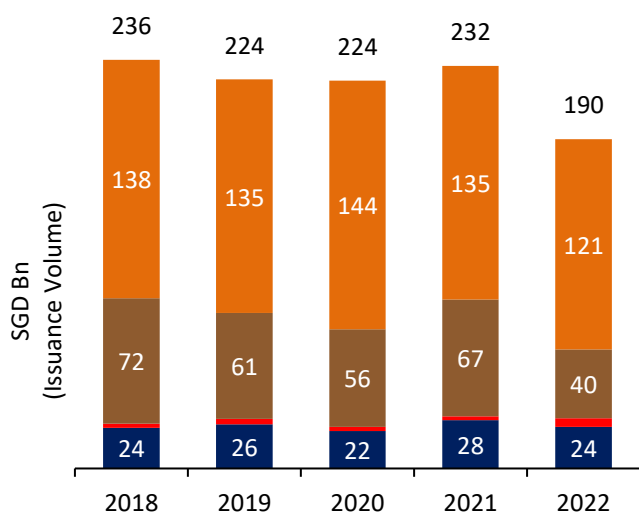
Global bond issuances volume decreased in 2022 due to an acceleration in rate hikes to rein in inflation.

- Over the same period, annual issuance volume of Asia (Ex-Japan) G-3 bonds halved to USD 192 billion as compared to USD 391 billion in 2021<sup>1</sup>.
- Issuers and investors continued to keep a close eye on the interest rates environment with corporate issuers reducing financing amidst greater volatility in bond markets as interest rates climbed, or opting for shorter-term financing as an alternative.

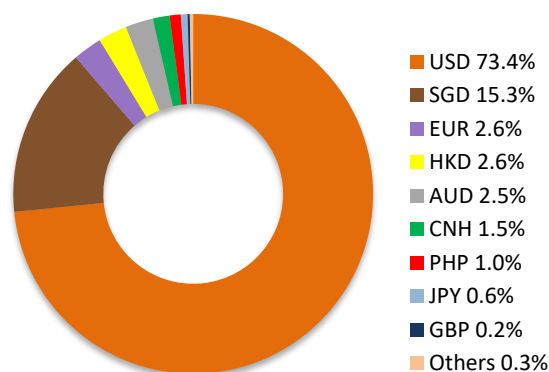
**In line with the slowdown in bond market activity, total outstanding debt arranged by financial institutions in Singapore registered a 2% YoY decrease to SGD 512 billion as of 31 December 2022.**



**New debt issuances decreased 18% YoY to SGD 190 billion in 2022.**



**USD remained the primary currency of issuance, and SGD and AUD also gained in denomination of choice.**



■ Short-Term Non-SGD Debt ■ Long-Term Non-SGD Debt ■ Short-Term SGD Debt ■ Long-Term SGD Debt

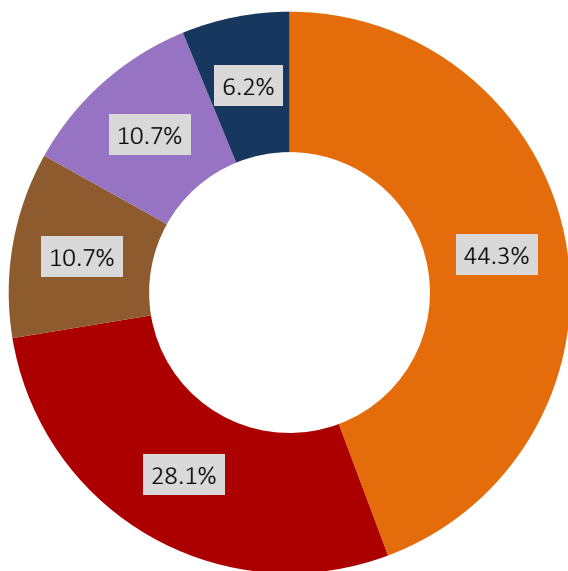
<sup>1</sup> Dealogic.



In 2022, financial institutions emerged as the key issuers in both SGD and non-SGD issuances driven by banks’ funding activity to strengthen capital buffers before further U.S. Federal Reserve tightening. On the other hand, corporate issuers halved during the year, as corporates with strong balance sheets cut back on fundraising efforts amidst greater bond market volatility and higher interest rates.

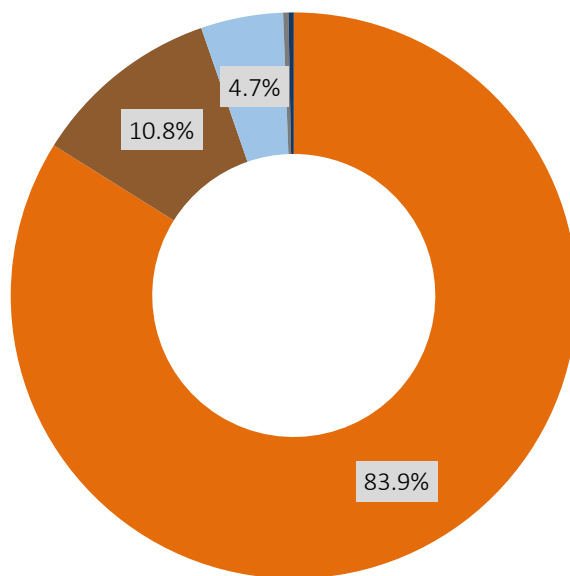
**Share of SGD issuances by Issuer (2022)**

*In 2022, issuances from statutory board remained strong with HDB, NEA and PUB raising a total of SGD 8.2 billion of which half were raised as green bonds. Public sector green bond issuances increased by 2.5 times as compared to 2021. SGD-denominated issuances from FIs have increased as FIs built up capital buffers.*



- Financial Institutions 44.3%
- Statutory Boards 28.1%
- Corporation (excluding Property) 10.7%
- SPV (Corporation) 10.7%
- Corporation (Property) 6.2%

**Share of Non-SGD issuances by Issuer (2022)**



- Financial Institutions 83.9%
- Corporation (excluding Property) 10.8%
- SPV (Corporation, Reinsurance, FI) 4.7%
- Supranational 0.3%
- Corporation (Property) 0.3%

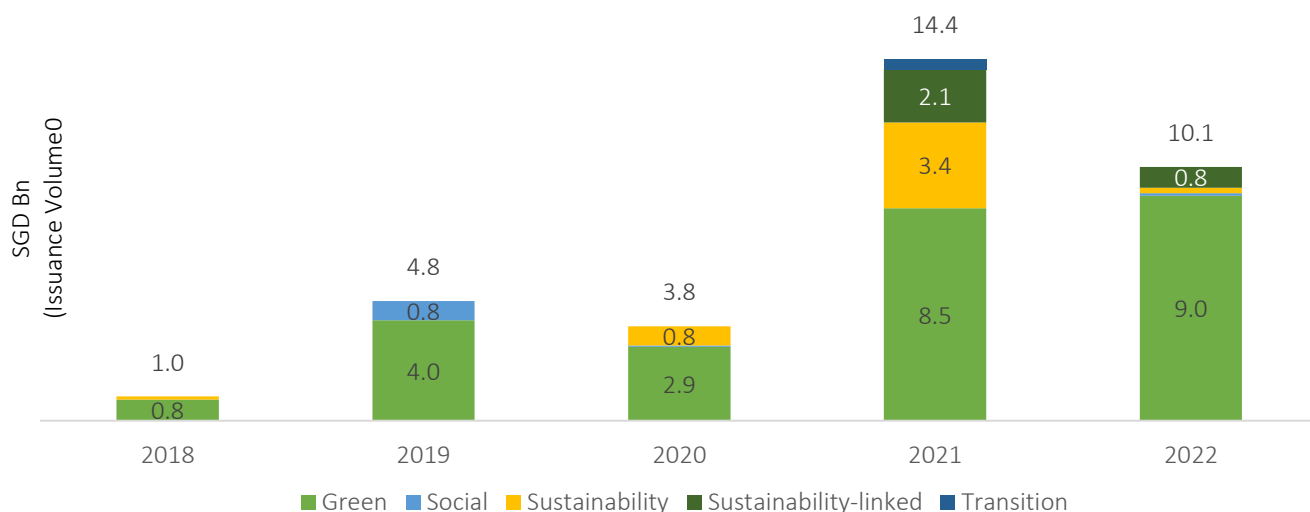
*In 2022, FI's proportion of non-SGD issuance volume increased by 19% pt, while corporate issuances declined by 14.1% pt. FIs continued to tapped onto our multicurrency bond market and raised funding in various currencies such as USD, AUD, CNH, HKD and EUR, in anticipation that funding costs were likely to rise further in the near term.*

Issuance of green, social, sustainability, sustainability-linked and transition bonds<sup>2</sup> (“GSS+”) in Singapore moderated to SGD 10.1 billion in 2022. This remains higher than the aggregate of 2019 and 2020 issuance volume, despite the more challenging market environment for bond activity, and signals a continuing mainstreaming of GSS+ bonds.

Public sector green bond issuances are a key part of Singapore’s overall sustainability strategy, and build on MAS’ efforts to develop Singapore as a green finance hub in Asia. These issuances spur the development of a high quality green bond market in Singapore by serving as a reference for the corporate green bond market, deepening market liquidity for green bonds, attracting green issuers, capital, and investors.

In 2022, the Singapore Government issued its inaugural 50-year sovereign SGD green bond raising SGD 2.4 billion. Statutory Boards including HDB and NEA also raised more than SGD 4 billion from green bonds in 2022. Despite challenging market conditions, GSS issuances marked a strong growth of 2.5 times over the previous year’s issuance volumes from public sector entities.

### MAS’ Sustainable Bond Grant Scheme (“SBGS”) supports the issuance of GSS+ bonds in Singapore



Notable issuances in 2022 includes the following:

**Singapore Government** issued its inaugural SGD 2.4 billion sovereign green bond in August 2022. The bond proceeds raised will be used to finance electric rail projects i.e., the Cross Island Line and Jurong Region Line. With a tenor of 50 years, it is the longest-tenor green bond issued by a sovereign globally at the point of issuance.

**Singapore’s REITs such as First REIT, Ascendas REIT, Ascott REIT** issued a total of SGD 500 million of social, green and sustainability-linked bonds in 2022. First REIT issued the first-ever healthcare social bond in Singapore while Ascott became the first hospitality trust globally to issue a 5-year sustainability-linked bond.

**Singapore’s Impact Investment Exchange** issued USD 50 million under its Women Livelihood Bond (“WLB”) series in December 2022. The WLB series is an award-winning series of innovative gender-lens blended financial products that empower women and girls across a multi-country and multi-sector portfolio.

**Bank of China Singapore branch** issued an offshore USD 500 million green bond in April 2022 as part of its sustainability series bonds issued in various jurisdictions. As of 31 Dec 2022, all of these net proceeds have been utilised to fund 1 electrified metro projects and 4 green building projects.

<sup>2</sup> As announced on 20 April 2023, MAS will set aside a total of SGD 15 million to enhance and extend the sustainable bond and loan grant scheme to support transition instruments till 2028. Detailed information are available on MAS’ website under [Sustainable Bond Grant Scheme Page](#).

In 2023, global financial conditions continue to be less accommodative with interest rates expected to remain higher-for-longer. Asian bond markets will be driven by factors such as refinancing needs of corporate issuers as interest rate conditions stabilise, and over the medium term financing needs to support Asia’s transition to a net zero future.

Singapore’s ecosystem of banks, investors, and professional service firms, as well as the digitalisation of bond market infrastructure, will support fund raising efforts in the region and help channel international capital to support Asia’s growth and net-zero transition needs.



### **About the Report**

*The Monetary Authority of Singapore (MAS) releases an annual update of the Singapore corporate debt market, which covers debt securities arranged or co-arranged by financial institutions in Singapore for the calendar year ending 31 December. Data presented in this report is collected from Return on Debt Securities (“RODS”) filing to MAS.*

*This report provides key data on Singapore’s corporate debt market for the calendar year ending 31 December 2022 and highlights notable issuances and market trends. In this report, debt market refers to both short-term and long-term debt securities but does not include loans. Short-term debt refers to debt securities with a tenure of 1 year or less. Long-term debt refers to debt securities with a tenure of more than 1 year.*

