

CREDIT OPINION

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Update



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Bayfront Infrastructure Management Pte. Ltd.

Update to credit analysis

Summary

The Prime-1 (P-1) local- and foreign-currency short-term debt ratings assigned to [Bayfront Infrastructure Management Pte. Ltd.](#)'s (Bayfront) \$500 million euro commercial paper (CP) program reflect the [Government of Singapore](#)'s (Aaa stable) guarantee on notes issued under the program. There is no outlook on these short-term ratings.

Credit strengths

» Notes issued under the CP program are guaranteed by the Singapore government.

Credit challenges

» Same as the guarantor, which is the Government of Singapore

Outlook

» No outlook on short-term ratings

Factors that could lead to an upgrade

» An upgrade of Bayfront's CP program ratings is not possible because they are already the highest under our rating scale.

Factors that could lead to a downgrade

» A downgrade of Bayfront's CP program ratings is unlikely, given the stable outlook on the Government of Singapore's sovereign rating. Moreover, a downgrade of the CP program ratings would require a multi-notch downgrade of the sovereign rating.

Profile

Bayfront is a Singapore-based entity established in 2019 with a mandate to invest in and distribute project and infrastructure debt in the Asia-Pacific and Middle East regions. It was established in connection with the Infrastructure Take-Out Facility initiative sponsored by the Monetary Authority of Singapore (MAS), designed to help mobilize institutional capital for infrastructure debt in Asia.

Bayfront is 70% owned by Clifford Capital Holdings Pte. Ltd., with [Asian Infrastructure Investment Bank](#) (Aaa stable)¹ holding the remaining 30%. The shareholders of Clifford Capital Holdings Pte. Ltd. include [Temasek Holdings \(Private\) Limited](#) (Aaa stable)², Prudential Assurance Company Singapore (Pte) Limited, [Asian Development Bank](#) (Aaa stable)³, [Standard Chartered Bank \(Singapore\) Limited](#) (A1 stable, a3)⁴, [Sumitomo Mitsui Banking Corporation](#) (A1/A1 stable, a3) and [DBS Bank Ltd.](#) (Aa1/Aa1 stable, a1).

Debt instruments issued by Bayfront to acquire and warehouse loans benefits from a guarantee provided by the Singapore government.

Detailed credit considerations

CP program ratings are assigned based on the Government of Singapore's guarantee

Bayfront's P-1 CP program ratings are based on the Government of Singapore's guarantee and reflect the sovereign's credit standing. The guarantee covers principal and interest amounts of up to \$500 million and \$50 million, respectively.

Key terms of the guarantee meet our principles for applying credit substitution, which are as laid out under our [Guarantees, Letters of Credit and Other Forms of Credit Substitution Methodology](#). Specifically, the guarantee is unconditional, irrevocable, and covers payments that have been rescinded, repudiated or clawed back. It also extends until the term of the underlying obligations. Further, the guarantee is governed by laws in Singapore, a jurisdiction that we deem as hospitable to guarantee enforcement.

However, the guarantee terms lack an explicit waiver on defenses and include a 15-day period for payment upon notice of demand, which are not ideal features under our credit substitution methodology. Nevertheless, we expect the Government of Singapore to pay Bayfront's creditors without delay, considering its very strong credit standing and the process it has put in place for contingency.

Recent developments

In February 2024, Bayfront executed its first private placement of infrastructure asset-backed securities worth \$103 million in partnership with PT Chandra Daya Investasi, a strategic infrastructure investment entity within the Chandra Asri Group.

In July 2024, Bayfront issued its fifth batch of infrastructure asset-backed securities. These securities comprise four classes of rated notes, an unrated mezzanine tranche and an unrated equity tranche that is retained by the company. In the same month, the company fully redeemed its second batch of infrastructure asset-backed securities issuances after liquidating the underlying portfolio and applying the sale proceeds to the redemption.

ESG considerations

We assess that Bayfront's exposure to environmental risk is moderate to high, unlike our general view of low environmental risk for finance companies (see our [environmental risk heat map](#) for further information). This is because Bayfront has a sizable exposure to the carbon-intensive infrastructure sector. At the same time, the associated risks are mitigated by the company's climate risk management and business strategy to drive sustainable financing.

On the other hand, Bayfront's exposure to social risk is low, in contrast to the moderate level that we typically assign to finance companies (see our [social risk heat map](#) for further information). This is because Bayfront's customers are corporates, and therefore, the company is less exposed to risks associated with data privacy and security, mis-selling and regulatory oversight compared with other finance companies that lend to individuals.

Meanwhile, governance remains highly relevant to Bayfront as it is to all participants in the industry. It is a key credit consideration and requires ongoing monitoring. Governance risks are internally driven and governance weaknesses could translate into a deterioration in a company's credit profile. In the case of Bayfront, we assess that the company has put in place an appropriate risk management framework commensurate with its risk appetite.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Ratings

Exhibit 1

Category	Moody's Rating
BAYFRONT INFRASTRUCTURE MANAGEMENT PTE. LTD.	
Bkd Commercial Paper	P-1

Source: Moody's Ratings

Endnotes

- 1 The rating refers to the long-term issuer rating.
- 2 The rating refers to the long-term issuer rating.
- 3 The rating refers to the long-term issuer rating.
- 4 The bank ratings shown in this report are the bank's domestic deposit rating, senior unsecured debt rating (where available) and Baseline Credit Assessment.

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