

RATING ACTION COMMENTARY

Fitch Assigns ValueMax First-Time 'BB' Rating; Outlook Stable

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Fitch Ratings - Singapore - 15 Jun 2026: Fitch Ratings has assigned Singapore-based ValueMax Group Limited (VMG) a Long-Term Issuer Default Rating (IDR) of 'BB'. The Outlook is Stable.

VMG is a holding company with subsidiaries engaged in pawnbroking, moneylending, and the retail and trading of jewellery and gold. It was founded as a single pawnshop in 1988 and has grown into one of Singapore's largest pawnbrokers. VMG has been listed on the mainboard of the Singapore Exchange since 2013. The founding Yeah family remains the holding company's majority shareholder, with an ownership stake of above 80% at end-2025.

KEY RATING DRIVERS

Consolidated Profile Drives Rating: VMG's Long-Term IDR is based on its consolidated credit profile, supported by its established pawnbroking franchise, benign credit losses, sound profitability and moderate leverage. Its jewellery retail and gold trading operations provide some diversification to the business model. These strengths are balanced against VMG's non-prime borrower exposures, earnings sensitivity to gold prices, concentration and recovery risks in the growing property-backed lending business, and high reliance on secured, short-tenor funding relative to receivables.

The rating also reflects Singapore's healthy and stable operating environment, particularly the property sector and funding market, which helps mitigate some of the risks associated with VMG's business model and funding strategy.

Leading Local Pawnbroker: VMG is one of Singapore's three largest pawnbrokers by branch presence, accounting for an estimated 20% of total sector outlets. Its pawnbroking operations are supplemented by complementary jewellery retailing and gold trading that help monetise unredeemed pledges and generate additional profits.

Growing Property-Backed Moneylending: The group's expansion into property-backed and other moneylending since 2014 diversifies the business and reduces its profit sensitivity to gold prices. This portfolio has grown to comprise roughly half of VMG's total assets. However, the moneylending segment's larger ticket sizes, greater customer concentration and non-prime borrower mix expose VMG to greater delinquency risk and a lengthier recovery process, notwithstanding the limited credit losses thus far.

Established Pawnbroking Performance Record: VMG's risk controls in pawnbroking are adequate, as evident from its satisfactory operating record through past gold-price downcycles. The underwriting and valuation process is fairly simple, similar to that of other gold-backed lenders in the region. Its collateral buffers can be affected by gold-price fluctuations. However, internal loan-to-collateral valuation buffers, disciplined operational security measures and effective liquidation procedures through its jewellery retail and trading network help reduce this risk.

Property Loans Raise Concentration Risk: VMG's property-backed loans mainly serve customers that fall outside the lending appetite of banks. It mitigates higher borrower repayment risk through collateral-focused underwriting, an approach that has kept its credit losses minimal so far. Aggregate credit-cost ratios have remained below 0.5% over the past decade, reflecting broadly adequate recoveries on both pawnbroking and moneylending portfolios.

Nevertheless, we note that recovery times can be longer for larger-ticket and less liquid properties, depending on the health of Singapore's property market and buyers' appetite.

Higher Profitability, Gold-Price Volatility: VMG's earnings profile reflects the higher yields on its non-prime lending portfolio, as well as its sensitivity to gold-price fluctuations. Pretax return on average assets (ROAA) - measured as profit/average assets - increased to 8.4% in 2024 and 8.8% in 2025 (2020-2023: 5.9%-7.1%) as rising gold prices boosted gross margins in the retail and trading operations. We expect profitability to moderate this year as the sharp gold-price increases over the past two years may not recur. Still, we expect consolidated pretax ROAA to remain above 6%.

Leverage to Stay Low: VMG's debt/tangible equity ratio edged up to 1.5x at end-2025 (end-2024: 1.3x, end-2023: 1.4x) amid stronger loan growth (2025: 26%; 2024: 15%). We expect leverage to remain broadly stable and below that of domestic and regional peers, but we believe the business model has lower leverage tolerance due to concentration risk from larger-ticket property lending.

Short-Tenor Funding, Stable Bank Relationships: VMG's higher usage of short-term bank funding creates an asset-liability tenor mismatch, in light of its significant longer-tenor property-backed lending portfolio. This exposes its funding and liquidity profile to high refinancing and repricing risks. However, these risks are partly mitigated by Singapore's stable and liquid banking system, and VMG's longstanding relationships with multiple major local and regional banks.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Sustained increase in credit delinquencies or impairment losses, potentially stemming from weaker performance in the property-backed moneylending portfolio, a severe property-market downturn or a prolonged adverse trend in gold prices, could lead to negative rating action. Downward rating pressure could be exacerbated if asset-quality deterioration results in significantly lower profitability, a reduced capital buffer, or heightened funding and liquidity pressure due to tighter funding conditions or weaker lender confidence.

Debt/tangible equity ratio rising towards 2.0x that reduces the risk buffer could put pressure on VMG's credit profile. A material increase in the double leverage ratio to above 120% (end-2025: significantly below 100%) on a sustained basis could be negative for the IDR. Fitch defines double leverage as equity investments in subsidiaries plus holding company intangibles and subordinated loans to subsidiaries, divided by holding company equity.

Adverse changes in product-pricing regulations, a prolonged and severe operating environment downturn, or significant operational events that weaken VMG's franchise and long-term business prospects could also trigger a negative rating action.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

A material reduction in delinquency and concentration risk in the property-backed lending business, with tighter underwriting and an impaired loan ratio sustained below 8.0%, a meaningful improvement in the asset-liability maturity profile and liquidity coverage ratio, and a strengthening of the franchise as reflected in higher net operating revenue, could lead to positive rating action.

Positive rating action would also depend on the operating environment remaining robust and VMG continuing to maintain low credit costs, adequate profitability and debt/tangible equity below 1.7x on a sustained basis.

Date of Relevant Committee

26-May-2026

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

VMG has an ESG Relevance Score of '3' for Customer Welfare, against a standard score of '2' for the non-bank financial institutions sector. VMG's retail-focused operation exposes it to risks around fair lending practices, pricing transparency, repossession, foreclosure and collection practices, as aggressive practices in these areas may subject the company to legal or regulatory and reputation risk that may damage its credit profile. The score of '3' reflects our view that such risks are adequately managed and have a low impact on the company's credit profile.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esgrelevance-scores.

RATING ACTIONS

ENTITY / DEBT ⇅	RATING TYPE ⇅	RATING ⇅	RATING ACTION ⇅
ValueMax Group Limited	LT IDR	BB Rating Outlook Stable	New Rating

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Non-Bank Financial Institutions Rating Criteria \(pub. 01 Feb 2025\) \(including rating assumption sensitivity\)](#)

[Financial Institutions Climate Vulnerability Rating Criteria \(pub. 09 Dec 2025\)](#)

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ValueMax Group Limited

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