
Quarterly Credit Report

Q1/2013

Volume 2, No 4



Introduction

The Quarterly Credit Report (QCR) is an analysis of credit outlooks across regions, economies and sectors. This analysis incorporates probabilities of default (PD) generated by the Risk Management Institute's (RMI) default forecast model, a part of the RMI Credit Research Initiative at the National University of Singapore (NUS). The objective of the QCR is to provide insights on trends in credit outlooks to credit professionals, investors and researchers.

QCR Volume 2, Issue 4 covers the first quarter of 2013. We discuss the general credit outlook for a selection of economies from around the world, based on relevant indicators, and relate this discussion to forecasts provided by RMI's probability of default model.

The appendices in this volume include a comprehensive overview of various outputs that are produced by the operational PD system of RMI. While the PD system outputs default forecasts at horizons ranging from one month to two years, the QCR reports only 1-year PDs in order to allow the reader to make consistent comparisons. In addition to the PD produced by the RMI system, the appendices provide important macroeconomic, corporate credit and sovereign risk indicators. These summarize the credit situation, as well as make detailed data available for reference purposes.

The commentary in the QCR is based on equally weighted averages of the PD of *exchange-listed firms* within economies and industry sectors. Classification into economies is based on each firm's country of domicile, and classification into industry sectors is based on each firm's Level I Bloomberg Industry Classification. An exception is for the banking and real estate sectors, where firms are included based on the Level II Bloomberg Industry Classifications. The daily frequency PD graphs in the written commentary are aggregates of firms that have a PD in both the first ten days and last ten days of the quarter. This prevents, for example, drops in the aggregate PD when high PD firms default and leave the sample.

The economies that are considered in each region are based on a selection of 70 economies covered by RMI's default forecast model.

The developed economies of Asia-Pacific include: Australia, Hong Kong, Japan, New Zealand, Singapore, South Korea and Taiwan.

The emerging economies of Asia-Pacific include: China, India, Indonesia, Kazakhstan, Malaysia, Pakistan, the Philippines, Sri Lanka, Thailand and Vietnam.

Latin America includes: Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela.

North America includes: Canada and the US.

Eastern Europe includes: Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Poland, Romania, Russian, Slovakia, Slovenia, Turkey and Ukraine.

Western Europe includes: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Ireland, Luxembourg, Malta, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the UK.

Africa & the Middle East includes: Bahrain, Egypt, Israel, Jordan, Morocco, Nigeria, Saudi Arabia, South Africa and the United Arab Emirates.

Credit Research Initiative

The QCR is a companion publication to the Global Credit Review and Weekly Credit Brief, with all three publications produced as part of the Credit Research Initiative (CRI) undertaken by RMI.

These publications supplement the RMI's operational PD system, which is accessible at:

www.rmicri.org

As of March 2013, the PD system covers 106 economies in Africa, Asia-Pacific, Latin America, North America, the Middle East and Europe. The probabilities of default for around 60,400 firms are available, including historical data for firms that are now delisted from exchanges or firms that have defaulted. PDs aggregated at the region, economy and sector level are also available. The full list of firms are freely available to users who can give evidence of their professional qualifications to ensure that they will not mis-use the data. General users who do not request global access are restricted to a list of 3,000 firms. The PD system operates in a transparent manner, and a detailed description of our model is provided in a [Technical Report](#) available on our website.

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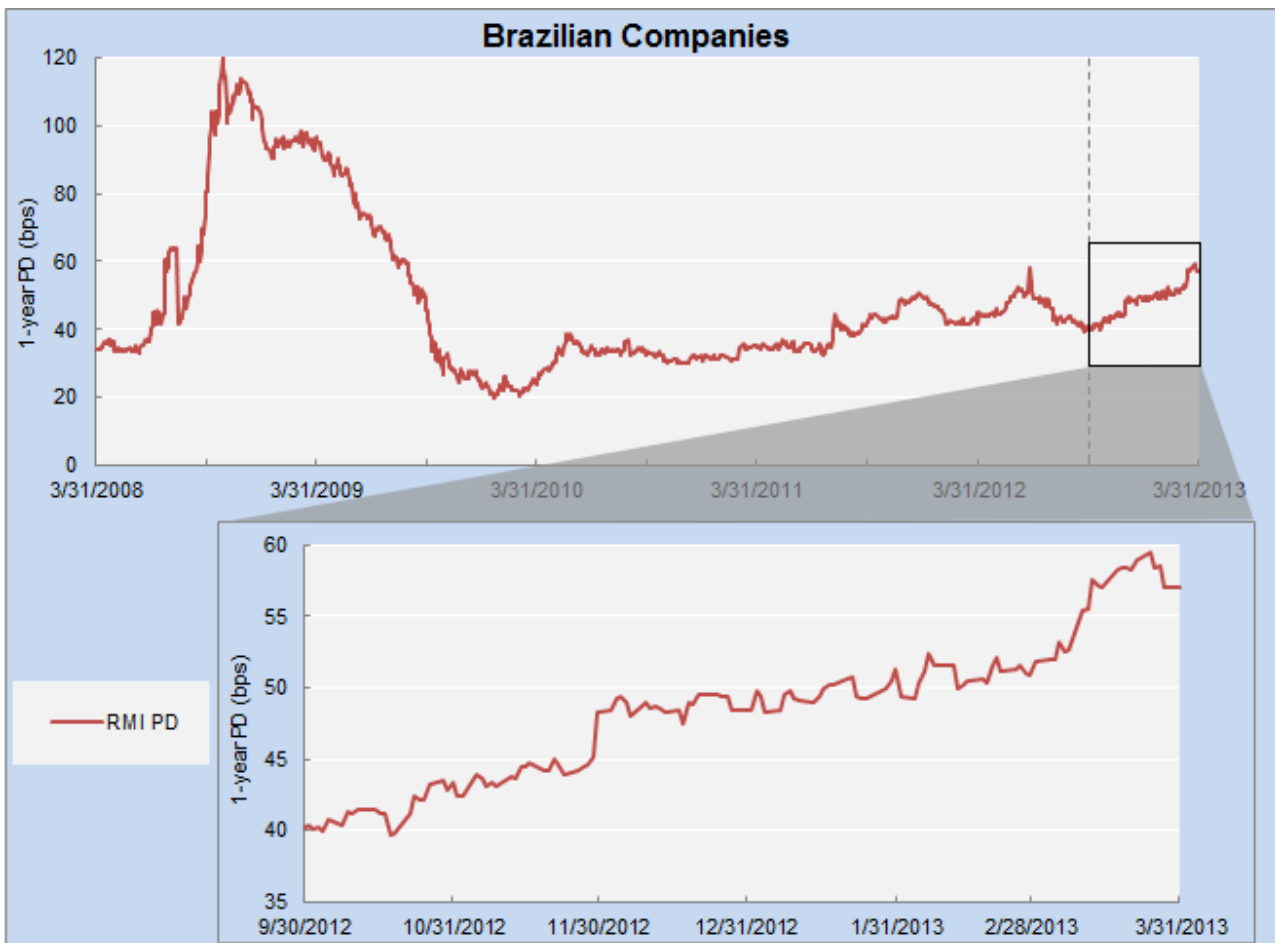
Acronyms

BIS	Bank for International Settlements
BOE	The Bank of England
BSP	Bangko Sentral Ng Pilipinas
CRA	Credit Rating Agency
CRR	Cash Reserve Ratio
CSRC	China Securities Regulatory Commission
EBA	European Banking Authority
EFSF	European Financial Stability Fund
ESM	European Stability Mechanism
EU	The European Union
FDI	Foreign Direct Investment
GFC	2008-2009 Global Financial Crisis
IMF	International Monetary Fund
INE	Instituto Nacional de Estadística
LATDB	Liquid assets to deposits and short-term borrowings ratio
LHS	Left-hand side of graph
LTRO	Long term refinancing operation
MAS	Monetary Authority of Singapore
MoM	Month on Month
MRO	Main refinancing operation
NIM	Net Interest margin
NPL	Non-performing loan
OECD	Organisation for Economic Co-operation and Development
PBOC	The People's Bank of China
PMI	Purchasing Managers Index
QoQ	Quarter on Quarter
RBA	Reserve Bank of Australia
RBI	Reserve Bank of India
RHS	Right-hand side of graph
RRR	Reserve requirement ratio
YoY	Year On Year

BRIC

Brazilian Companies

The 1-year RMI PD for Brazilian companies increased during Q1, approaching a high last seen in mid-2012. Economic growth appears to have moderated at a lower level, although both the manufacturing and service sectors have showed signs of a slowdown. Moreover, higher unemployment and inflation have adversely affected retail sales and overall consumption levels, weighing upon the earnings profiles of Brazilian firms. In addition, banks continue to increase lending at a slower pace, while overall funding costs have increased in anticipation of central bank rate hikes, aimed at curbing inflation. This may impair the credit profiles of Brazilian firms going forward, which combined with an uncertain outlook for domestic growth results in a negative credit outlook for Brazilian firms.



Economy

- Brazil's GDP grew 0.9% in 2012, with Q4 growth clocking in at 0.6% QoQ. The growth was led by the service sector, which grew by 1.7%. The industrial sector showed a contraction of 0.8%, followed by the agricultural sector with a 2.3% decrease. The IMF cut its 2013 growth forecast to 3% from a previous estimate of 3.5%, on the possibility of supply constraints limiting the economy's recovery pace.^{1,2}
- The unemployment rate in Brazil increased to 5.7% in March, from 5.6% in February and 5.4% in January. Brazil typically sees a rise in the country's unemployment rate in the first quarter of each year as companies start to fire temporary workers hired for year-end positions.³
- Retail sales in February 2013 shrunk by 0.4% over the previous month. Rising inflation has been hurting consumers, with little room left for the government to spur growth

through consumption. Under the circumstances, the government might have to spur investments in both the private and public sector to spur economic growth.⁴

- The PMI for the Brazilian services sector stood at 50.3 in March, down from 52.1 in February and the seventh consecutive month the index has fallen.⁵
- The Brazil manufacturing PMI also decreased to 51.8 in March, down from 52.5 in February. The manufacturing sector did not maintain its earlier momentum as these readings are down from a 53.2 reading in January 2013.⁶
- The BRL ended the quarter at 2.0217 BRL per USD, falling as low as 1.9442 in early March. The BRL gained 1% against the USD from 2.0516 at the end of Q4.

Monetary

- The central bank kept the Selic rate unchanged at 7.25% in Q1. The rate was last cut in October, the seventh consecutive reduction of 2012.* Brazil has taken advantage of weak domestic and global economic conditions to keep interest rates relatively low. But in recent months Brazil's economic growth has continued to be weaker than expected, while experiencing high inflation, making the direction of future monetary policy uncertain.⁷

Funding & Liquidity

- Yields on 10-year Brazilian bonds climbed to 10.03% at the end of Q1, an increase of 84bps from 9.19% at year end 2012.
- Bank lending showed a slight recovery in Q1, as outstanding loans increased 1.8% MoM in March to BRL 2.44tn, after growing 0.7% MoM in February. However, non-mandatory, non-subsidized annual lending growth slipped to 12.8% in February, indicating that private-sector banks are restricting loan origination, as deleveraging in risky segments such as auto financing is taking longer than expected and defaults remain high.⁸
- Borrowing costs increased on expectations of a rate hike by the central bank. Money market interest rates climbed to 7.01% per annum in March from 6.93% in January.⁹

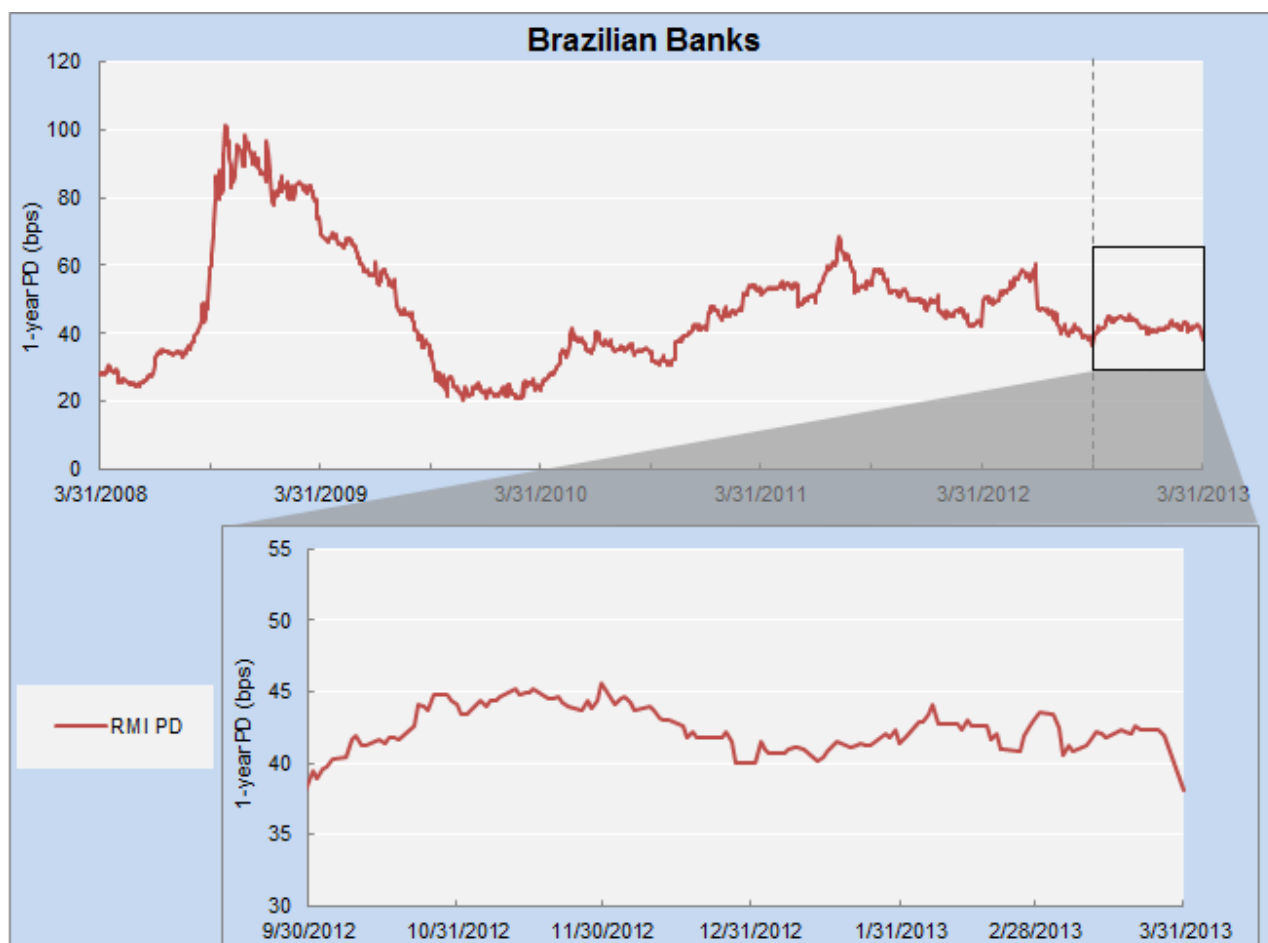
Sovereign Credit Ratings

- The three major CRAs retained BBB equivalent ratings on the Brazilian government during Q4, with Moody's maintaining a positive outlook, while Fitch and S&P retained their stable outlooks.

*Brazil's central bank subsequently increased the Selic rate 25bps to 7.5% on April 17.

Brazilian Banks

The 1-year aggregate RMI PD for Brazilian banks, after rising in the middle of Q1, fell in March to levels lower than those seen at the end of Q4. Funding and liquidity conditions remained favorable throughout Q1, although anticipation of a potential rate hike by the central bank increased market funding costs slightly. A fragile economic recovery may have lent some support to earnings during Q1, although banks remained somewhat reluctant to make consumer loans due to high household debt levels. Going forward, a continued moderate economic recovery should support earnings and lend further support to asset quality, which improved in Q1. A confirmed delay to the phase in of Basel III will help banks build capital organically, supporting a positive credit outlook for Brazilian banks.



Profitability

- Aggregate net income at Brazilian banks increased by 6.28% QoQ in Q4, compared with a drop of 2.5% in Q3.
- Average net interest margin for Q4 was recorded at 7.25% as compared to 7.27% in Q3 2012. The average bank spread, or the difference between the lending and funding interest rates, fell to an all-time-low of 21.03% per annum in December, down from 21.67% in November and 22.36% at the end of Q3.¹⁰

Funding & Liquidity

- Average coupon rates on 1-year senior unsecured USD denominated bank bonds issued by Brazilian banks fell to 1.07% from 1.32% in Q1.
- Deposits in February grew at 19.15% YoY, the highest growth since 2010, and up from a growth of 18.57% in January and 18.16% in December.¹¹
- Time deposit rates remained relatively stable at 6.68% at the end of Q1, after falling as low as 6.62% in February. Deposit rates were down from as high as 6.98% in Q4.

Capital Levels & Regulations

- Brazil's National Monetary Council has authorized banks to delay the implementation of Basel III until 2014. According to officials, the implementation of new rules would not require additional capitalization of the financial system as a whole and would not affect the availability of credit offered by banks. However local banks may have to raise capital and also increase loan loss provisions.¹²

Asset Quality

- Asset quality in the Brazilian banking system likely improved in Q1 as the percentage of nonperforming loans decreased to 3.65% in February from as high as 3.87% in Q4 2012. Loans in arrears for 90 days or more fell to 5.5% of outstanding loans in March, from 5.6% in February.¹³
- Nonperforming loans from households also decreased to 5.42% in February 2013 coming down from 5.79% in Q4 2012. Brazilian household debts remained stable at 43.57% of disposable income in January 2013 against 43.42% in December 2012.

¹ Mar 1, 2013, [Brazil sees 0.9% GDP growth in 2012](#), Portal Brasil, brasil.gov.br

² Apr 16, 2013, [IMF Cuts Brazil GDP Forecast as Supply Constraints Accumulate](#), Bloomberg.

³ March, 2013, [Brazil: National Statistics](#), Trading Economics.

⁴ Apr 11, 2013, [Brazil retail sales drop unexpectedly as inflation bites](#), Bloomberg.

⁵ Apr 3, 2013, [HSBC Brazil Services PMI](#), Markit, markiteconomics.com

⁶ Apr 1, 2013, [HSBC Brazil Manufacturing PMI](#), Markit, markiteconomics.com

⁷ Mar 7, 2013, [Brazil changes tone but keeps rates at 7.25%](#), Financial Times.

⁸ Mar 26, 2013, [Bank lending in Brazil shows timid recovery in February](#), Reuters.

⁹ March, 2013, [Interest rates](#), Banco Central Do Brasil, bcb.gov.br

¹⁰ April 2013, [Average bank spread: General total](#), Banco Central Do Brasil, bcb.gov.br

¹¹ April 2013, [Average bank spread: General total](#), Banco Central Do Brasil, bcb.gov.br

¹² Mar 1, 2013, [Brazil to Implement Basel III Banking Rules From 2014-2019](#), Wall Street Journal.

¹³ Apr 26, 2013, [Brazil bank lending rises in March; defaults fall slightly](#), Reuters.

Russian Companies

The aggregate 1-year RMI PD for Russian companies increased during Q1, from a one-year low seen in September 2012, as an economic slowdown negatively affected the credit profiles of Russian firms. Waning economic growth probably continued through Q1, as retail sales declined and expansion in the service and manufacturing sectors slowed. Funding and liquidity conditions deteriorated somewhat, with banks reducing lending to corporates. A sharp increase in government bond yields also weighs on the funding profiles of Russian firms, as do potential losses on deposits in Cyprus. Potential easing by the central bank may lend support to credit profiles going forward. However the credit outlook for Russian firm's remains negative based on a poor economic outlook.



Economy

- Economic growth continued to slow during Q4, as the economy grew 2.1% YoY, down from 3% growth in Q2. The government expects the economy will grow 2.4% in 2013, down from an earlier projection of 3.6%. The IMF recently revised down its 2013 GDP growth forecast for Russia to 3.4% from a previous forecast of 3.7%.
- The unemployment rate jumped in Q1, increasing to 6% in January from 5.1% at the end of Q4, before easing to 5.8% in February and 5.7% in March.
- Retail sales recovered towards the end of Q1, increasing 4.4% YoY in March, after slowing to a 35-month low in February when sales grew 3%. This followed growth of 3.5% in January.
- Services sector expansion slowed to a six-month low at the end of Q4, as the HSBC Russia Services PMI fell to 54.6 in March, from above 57 during Q4. This is still firmly in expansionary territory, but the 12-month outlook included in the same survey was the weakest since mid-2012.¹⁴

- Expansion in the manufacturing sector remained tepid in Q1. The HSBC Russia Manufacturing fell to 50.8 in March from 52 in February, up slightly from 50 at the end of Q4. Manufacturers reported an overall decline in new orders and reduced staff levels.¹⁵
- Oil prices increased to as high as USD 118.90 per barrel in Q1, according to Brent Crude futures, but fell to USD 110.02 on March 28, down slightly from USD 111.11 at the end of Q4. Natural gas prices fell slightly to USD 409 per 1000 m³ on March 31, from USD 419.04 on December 31.

Monetary

- Russia's central bank kept its benchmark refinancing rate on hold at 8.25% during Q1, and again in its meeting on April 2. However, the bank hinted it may cut rates in its next meeting in May, given the economic slowdown.¹⁶
- The RUB fell to RUB 31.05 per USD at the end of Q1, from as high as RUB 29.87 per USD on February 1 after the central bank intervened in currency markets in January and February.¹⁷

Funding & Liquidity

- Yields on 10-year Russian government bonds increased to 7.11% during Q1, from 6.9% at the end of Q4.
- Interest rates on RUB loans to non-financial organizations with maturities up to 1-year increased to 10.4% per annum in March, up from 10.2% in February and 10% in January.¹⁸
- Russian banks continued to slow lending to non-financial businesses during Q1, with RUB loan growth slowing to 19.78% YoY growth in January, down from as high as 23.14% in Q4.¹⁹

Policy

- Russian companies may see losses on funds held at Cypriot banks which are being restructured, and may have funds locked up due to capital controls. Cyprus' status as an off shore tax-haven attracted many corporate depositors to banks based on the troubled island.

Sovereign Credit Ratings

- The three major CRAs maintained the Russian government's credit ratings during Q4, with stable outlooks. The Russian Federation is rated Baa1 by Moody's, and BBB by both Fitch and S&P.

Russian Banks

The aggregate 1-year RMI PD for Russian banks increased during Q1, as concerns about bank exposures to the Cypriot banking systems weighed upon credit profiles. However, following the finalization of the bailout plan, Russian banks reported their total exposure was low. Earnings remained strong through Q1, as NIMs remained relatively stable and consumer lending remained strong. Strong bond issuance by Russian banks during Q1 appears to have helped address liquidity problems seen in Q4, as interbank rates have fallen. Deposit growth continued to slow, while deposit rates remained stable. Overall asset quality continued to improve during Q1, although increasing demand for credit raises concerns about a credit bubble. However, the credit outlook for Russian companies remains negative, as slowing economic growth may weigh upon corporate loan portfolios going forward, which could affect future earnings.



Profitability

- Aggregate net income at listed Russian banks fell 13.9% to 106.7bn in Q1, after increasing 6.5% during Q4. Consumer lending grew 40% YoY again in January.
- A proxy for the aggregate NIM increased to 3.5% per annum in March, up from 3.1% in February from 3% in January. The same measure was 3.2% in December.
- The largest Russian banks said the Cypriot bank restructuring would have little effect on their operations. Second-largest lender VTB Bank saw net income fall 85% QoQ on associated write-downs.^{20,21}

Funding & Liquidity

- Average coupon rates on 3-year fixed RUB-denominated bonds issued by Russian banks increased slightly during Q1, to around 8.5% in March, from 8.41% during Q4.

Bond issuance reached record highs during Q1 as Russian banks responded to strong consumer credit demand.

- Deposit growth remained slow during Q1, increasing by 19.7% YoY in January, after increasing just 17.9% in December.^{22,23}
- Average deposit rates fell to 6.9% per annum in March, after increasing to 7.1% in February from 7% in January. Interest rates on non-demand deposits fell to 8.1% in March, from 8.3% in February and 8.4% in January.²⁴
- Liquidity in interbank markets improved during Q1, falling as low as 6.97% before closing at 7.11% on March 31, from as high as 7.55% in December, the highest level in three years.

Capital Levels & Regulations

- The Russian central bank believes a majority of banks are currently in compliance with Basel III capital adequacy rules due to be phased in starting October 2013 in Russia. Russian banks are required to report capital ratios under both Basel II and III from April 2013.

Asset Quality

- Overdue RUB denominated loans rose at a significantly slower pace during Q1, increasing 6.3% YoY in March and 8.7% in February, after increasing by around 12% YoY in each month of Q4.²⁵

¹⁴Apr 3, 2013, [HSBC Russia Services PMI](#), Markit, [markiteconomics.com](#)

¹⁵Apr 1, 2013, [HSBC Russia Manufacturing PMI](#), Markit, [markiteconomics.com](#)

¹⁶Apr 2, 2013, [The Board of Directors' Decision on the Bank of Russia Interest Rates](#), The Central Bank of the Russian Federation, [cbr.ru/eng](#)

¹⁷Feb 15, 2013, [Ruble Retreats From Central Bank Intervention Zone as Oil Drops](#), Bloomberg.

¹⁸Mar 22, 2013, [Interest Rates on Ruble-denominated Loans to Non-financial Organizations](#), The Central Bank of the Russian Federation, [cbr.ru/eng](#)

¹⁹Apr 2, 2013, [Loans, Deposits and Other Funds Extended to Organizations, Individuals and Credit Institutions](#), The Central Bank of the Russian Federation, [cbr.ru/eng](#)

²⁰Mar 27, 2013, [VTB Drops to '09 Low as Most Cyprus-Exposed to S&P](#), Bloomberg.

²¹Mar 29, 2013, [Sberbank, VTB-24 Brush Aside Cypriot Crisis Concerns](#), The Moscow Times.

²²Apr 2, 2013, [Funds of Organizations Accepted by Credit Institutions](#), The Central Bank of the Russian Federation, [cbr.ru/eng](#)

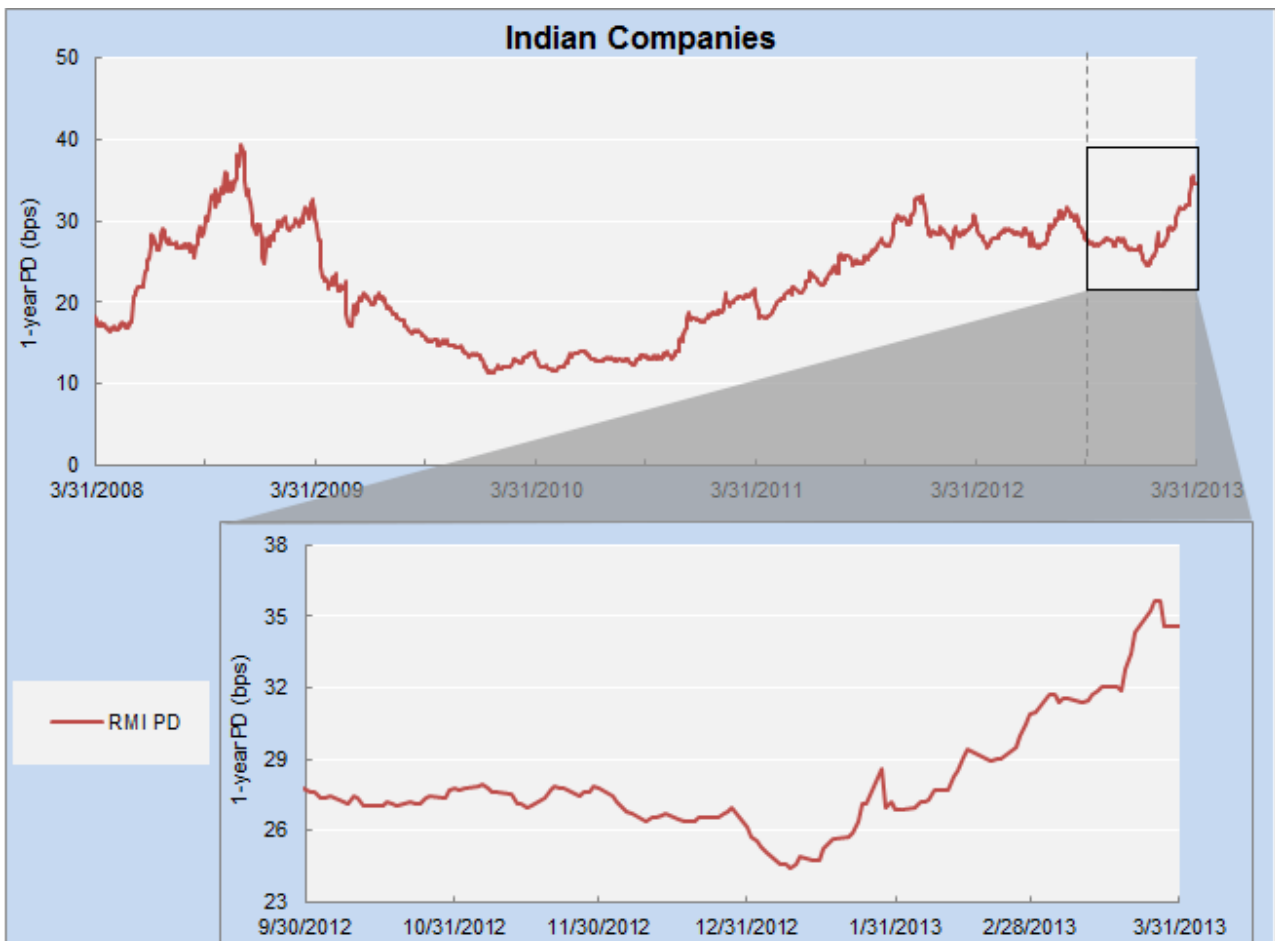
²³Apr 2, 2013, [Deposits of Individuals Accepted by Credit Institutions](#), The Central Bank of the Russian Federation, [cbr.ru/eng](#)

²⁴Mar 22, 2013, [Interest Rates on Ruble-denominated Deposits of Individuals](#), The Central Bank of the Russian Federation, [cbr.ru/eng](#)

²⁵Mar 8, 2013, [Overdue Debt on Ruble-Denominated Loans Extended by 30 Largest Banks](#), The Central Bank of the Russian Federation, [cbr.ru/eng](#)

Indian Companies

The aggregate 1-year RMI PD for Indian companies increased during Q1 even as economic growth appeared to recover at a healthy pace, following reports of increased activity in both the manufacturing and service sectors in Q1. According to surveys of purchasing managers published by HSBC, business conditions were better in the first two months of the year. The central bank remains keen to maintain liquidity in the banking system and ensure that companies have sufficient access to credit. In view of this, the Reserve Bank of India has reduced interest rates to encourage banks to continue lending. However, February commercial paper rates were higher than in December, indicating higher borrowing costs for companies in Q1. Going forward, funding conditions may improve, as the central bank is expected to continue current loose monetary policy as it focuses on promoting healthy credit expansion in the economy. The credit outlook for Indian companies is likely to improve in a slow and gradual fashion, as businesses benefit from lower interest rates and as economic growth accelerates.



Economy

- The annualized real GDP increased 4.5% YoY in Q4, slowing from 5.3% YoY growth in Q3. The financing, insurance, real estate and business services sectors grew 7.9% YoY. Overall, the Indian economy grew 6.2% in 2012. The IMF projects an annual growth rate of 5.7% for 2013.^{26,27}
- The HSBC India Manufacturing PMI, a measure of manufacturing operating conditions, decreased to 52 at the end of March, from 54.7 at the end of December. The manufacturing sector expanded at a slower pace in Q1 this year, even though overseas demand for Indian exports stayed healthy.²⁸

- The Indian service sector too saw growth tepid in Q1 according to the HSBC India Services PMI. The survey posted a reading of 51.4 in at the end of Q1 from 56.3 at in Q4 2012. Respondents said that the expansion was on the back of improved marketing efforts and the high quality of service standards.²⁹

Monetary

- The Reserve Bank of India cut the bank rate from 9% to 8.5% during Q1. The Cash Reserve Ratio for commercial banks was reduced to 4% of their net demand and time liabilities from February 22, as the central bank expects a liquidity crunch because of advance tax outflows. The repo rate under the liquidity adjustment facility was reduced to 7.50% in March.³⁰
- In their monthly policy review, the central bank said that domestic growth has decelerated significantly as Q4 GDP grew at the weakest pace in the last 15 quarters. The bank hopes that a lower and more competitive interest rate will revive investments in the country although any further monetary easing is not likely as inflationary pressure from food prices remains high.³¹

Funding & Liquidity

- Yields on 10-year Indian government bonds returned to 7.96% in Q1, near the same level as at the end of Q4, after falling to a two- year low of 7.80% on February 25.
- According to the Fixed Income Money Market Derivatives Association of India, 12 month commercial paper rates dropped to 9.05% in January but rose beyond 9.80% in February and ended Q1 at 9.35%.
- Banks expanded lending at an accelerated pace with aggregate non-food bank credit increasing by 7.76% in Q1 after increasing by 2.58% during Q4.³²

Policy

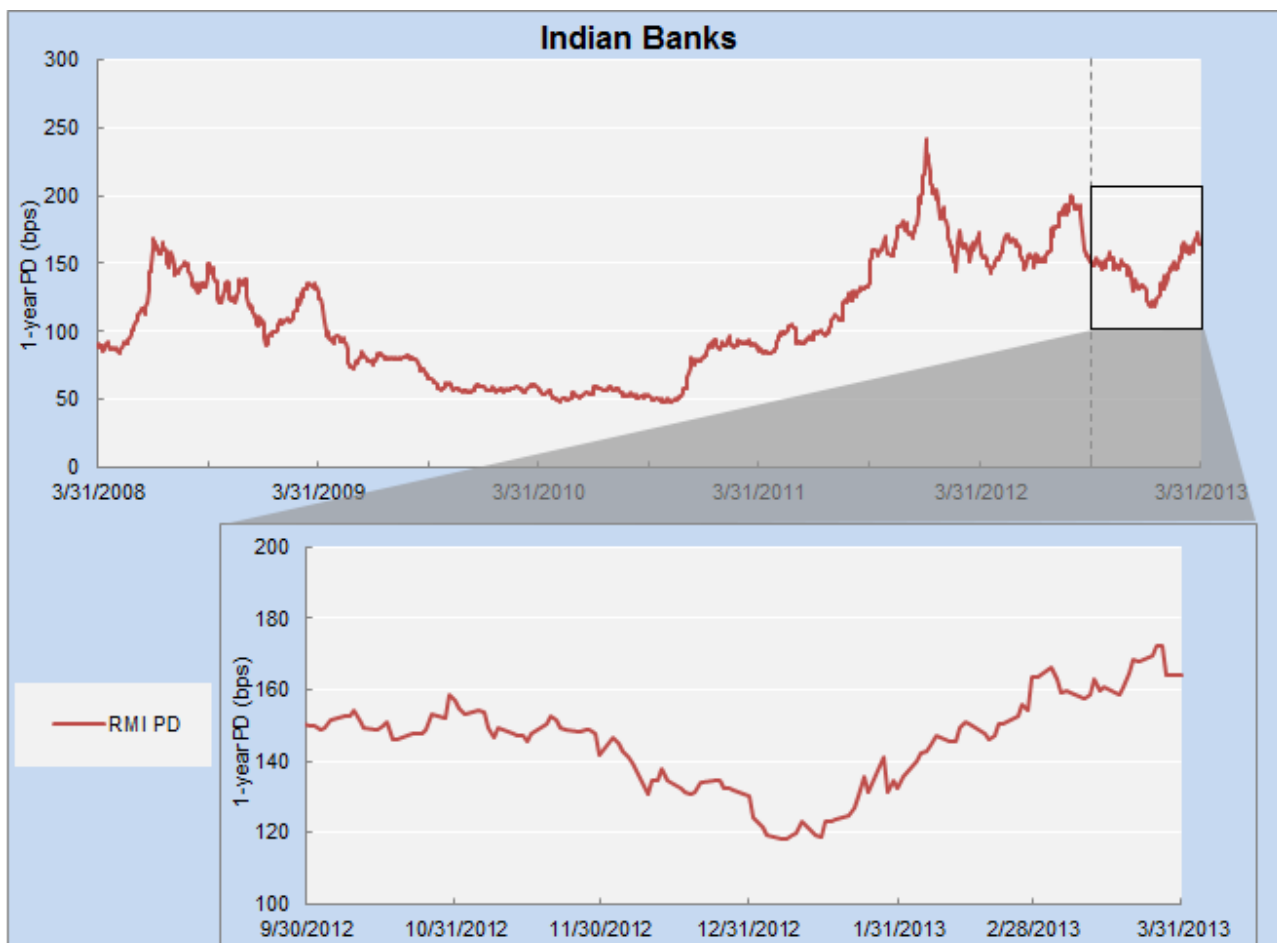
- The Ministry of Finance unveiled plans to increase fiscal revenues by imposing taxes on the rich and on luxury cars. The Finance Minister said that a 10% tax surcharge would be imposed on taxable income of more than INR 10M. An existing surcharge for some local companies would double to 10% while foreign firm rates will increase to 5% from 2%. The additional tax burden is expected to take effect for 1 year in the next fiscal year.³³

Sovereign Credit Ratings

- There were no changes to India's credit ratings in Q1. Moody's maintained a Baa3 rating on the Indian government, with a stable outlook. Both S&P and Fitch kept the country's rating at BBB- with negative outlooks at both agencies.

Indian Banks

The aggregate 1-year RMI PD for Indian banks climbed higher during Q1. The cost of short-term loans for banks increased during the quarter although short-term deposit rates fell. Banks continued to issue loans at a healthy pace although falling net interest margins and lower deposits at the banks could affect their future credit profiles. Regulators have been alerted over an increasing trend of bad loans and have taken action to address the problem. Going forward, the credit outlook for Indian banks is uncertain. Banks had to boost their Tier 1 capital ratios to meet the April 1 deadline to comply with Basel requirements, a credit positive. However, banks are expected to write down more bad loans amidst a slow economic growth environment, which could require further capital raises.



Profitability

- Aggregate bank earnings decreased 2.17% QoQ but increased 2.19% YoY in Q4. Q3 earnings decreased 1.95% QoQ in Q3 but increased 22.57% YoY.
- Liabilities to banks increased 6.83% from the end of Q4 to INR 1.3tn in March. Bank borrowings meanwhile decreased to INR 272bn.³⁴
- Net interest margins for Indian banks, using the State Bank of India as a proxy, decreased by 0.03% to 3.31% in Q4.

Funding & Liquidity

- Average coupon rates on 10-year INR-denominated Indian bank bonds issued during Q1 fell to 8.80%, down from an average of 9% in Q4.
- The weighted average call rate, the interest rate on short term finance repayable on demand, decreased to 8.30% at the end of March from 8.33% on December 29, 2012.³⁵

- Cash balances of commercial banks with the RBI dropped to INR 3.02tn as of March 31 from INR 3.24tn on December 31.³⁶
- Aggregate deposits at Indian banks grew 13.15% YoY to INR 67.5tn in March from INR 64.7tn at the start of Q1. The pace of deposit growth has remained constant with YoY growth rates of 12.73% and 13.11% recorded in February and January respectively.³⁷
- Deposit rates on INR-denominated maturities of less than 1 year have decreased with 6 month rates falling to 8.25% in Q1 from 8.87% in Q4. The 1 year deposit rate on INR deposits however increased to 9.00% from 8.87% in Q4.
- Indian banks borrowed a record INR 1.80tn from the Reserve Bank of India through the liquidity adjustment facility at the end of Q1 as banks sought funds to meet their year-end balance-sheet. Banks borrowed INR 1.4tn at the end of Q4.³⁸

Capital Levels & Regulations

- Banks will have to comply with Basel III capital regulations starting on April 1 by maintaining a tier one capital to risk-weighted asset ratio of 7%. According to the RBI financial stability report, Indian banks will require additional capital of INR 5tn to comply with Basel III standards over the next five years.³⁹

Asset Quality

- At least 15 Indian banks sold INR 90bn of distressed assets to comply with Basel III standards and to lock in profits before the end of the financial year in March. The sales were comparatively small relative to the total pool of bad loans in the banking sector which is reported to be INR 1.42tn by the RBI.⁴⁰
- At the same time, public sector banks have started clamping down on recalcitrant defaulters after reports said that banks were too relaxed in writing off bad loans. According to the Finance Ministry, the amount of non-performing assets written off as a result of compromised standards formed 33% of the total reduction in non-performing assets at the end of Q4.⁴¹

²⁶Feb 28, 2013, [GDP at 2004-2005 prices YoY change](#), Central Statistics Office, mospi.nic.in

²⁷April 2013, [IMF India 2012 and 2013 growth forecasts](#), International Monetary Fund, imf.org

²⁸May 2, 2013, [HSBC India Manufacturing PMI](#), Markit, markiteconomics.com

²⁹Mar 5, 2013, [HSBC India Services PMI.](#), Markit, markiteconomics.com

³⁰Mar 22, 2013, [Cash Reserve Ratio and Bank Rate](#), Reserve Bank of India, rbi.org.in

³¹Mar 19, 2013, [Mid Quarter Monetary Policy Review: March 2013](#), Reserve Bank of India, rbi.org.in

³²Mar 8, 2013, [All Scheduled Commercial Banks: Business In India](#), Reserve Bank of India, rbi.org.in

³³Feb 28, 2013, [India to tax rich, luxury cars](#), CNN.

³⁴Mar 8, 2013, [All Scheduled Commercial Banks: Business In India](#), Reserve Bank of India, rbi.org.in

³⁵Mar 25, 2013, [Daily Call Money Rates](#), Reserve Bank of India, rbi.org.in

³⁶Mar 22, 2013, [Cash Balances of Commercial Banks](#), Reserve Bank of India, rbi.org.in

³⁷Mar 8, 2013, [Scheduled Commercial Banks: Aggregate Deposits](#), Reserve Bank of India, rbi.org.in

³⁸Apr 5, 2013, [RBI Bulletin: Weekly Statistical Supplement](#), Reserve Bank of India, rbi.org.in

³⁹Mar 22, 2013, [Basel III norms for Indian banks from April 1](#), Times of India.

⁴⁰Mar 14, 2013, [Banks to auction Rs 9k-crore bad loans to boost profits](#), The Economic Times.

⁴¹Mar 27, 2013, [Banks initiate crackdown on wilful defaulters](#), Business Standard.

Chinese Companies

The aggregate 1-year RMI PD for Chinese companies declined slightly through Q1. The economy expanded tepidly in Q1 due to slower growth rates in the service and manufacturing industries. Exports, new orders and purchasing activities registered improvements over the quarter. Regulators have made it more difficult for companies to raise capital through the IPO market as they attempt to improve the corporate governance of public companies. The government is also proposing more cooling measures for the property market after housing prices soared to record highs. The overall credit outlook for Chinese companies is negative in the short term, as it appears that the economy is growing at a significantly slower rate. Slowing interbank transactional volumes and higher interbank rates may make it more expensive for companies to borrow and as a result, credit is likely to shrink in China. Companies may not access enough credit for expansion and defaults may rise further.



Economy

- Chinese GDP decreased 7.7% YoY in Q1, down from 7.9% recorded in Q4 2012. The IMF expects GDP growth of 8% in 2013, anticipating a rebound from the slowing economy. The OECD on the other hand expects the world's second largest economy to grow 8.5% this year.⁴²
- The official urban unemployment rate remained at 4.1% for the tenth straight quarter during Q4. The country created 12.7M new jobs in urban areas, according to the Ministry of Human Resources and Social Security.⁴³
- However, this measure does not include migrant workers who account for the majority of the urban labor force. An unofficial survey suggested that the real unemployment rate is higher than the official rate.⁴⁴

- The HSBC Composite PMI for China jumped to 53.5 in March, up from 51.8 in December last year. This comes on the back of strong gains in both manufacturing and service production levels.⁴⁵
- The Chinese Manufacturing PMI from HSBC posted a level of 51.6 in March, the fifth consecutive month of expansion. Operating conditions have improved over Q1 as new orders and purchasing activity improved.⁴⁶
- Aggregate exports in Q1 rose to USD 508.9bn, representing an 18.4% increase from last year. However, the country registered a trade deficit of USD 884mn in March, the first time imports exceeded exports in the latest 12 months.^{47,48}

Monetary

- The PBOC maintained the 1-year loan rate and time deposit rates at 6% and 3% respectively during Q1. The PBOC is likely to maintain current monetary policy given its high price inflation outlook.
- The PBOC injected liquidity into the market through repurchase agreements from the middle of February. CNY 253bn of repos and CNY 1.34tn of reverse repos changed hands in Q1, resulting in CNY 1.09tn of new capital being introduced onto the market, a 65.7% decrease from Q4.⁴⁹

Funding & Liquidity

- Yields on 10-year Chinese government bonds decreased slightly to 3.58% in March from 3.60% in December.
- Loans to non-financials grew at a faster pace in Q1, increasing by 4.4% from the end of last quarter, to CNY 52.0tn.⁵⁰
- Nearly 900 companies are being reviewed for IPO as the CSRC tightens regulations in response to complaints about weak corporate governance and inadequate information disclosure by listed Chinese firms.^{51,52}
- Market interest rates decreased during Q1, with the monthly weighted interbank CNY lending rate at 2.47% in March, falling from 2.6% in December.^{53,54}
- Interbank lending recovered in March, recording CNY 3.8tn from a year-low CNY 2.8tn in February. The figure has totaled CNY 10.3tn in Q1 2013, increasing 1.4% from the same period last year.^{55,56}

Policy

- The government proposed new regulations for the property market after home prices climbed to a record high level in 2013. Down-payments and second-home mortgage rates will be substantially higher. Furthermore, the government is charging a 20% tax on profits made from selling properties.⁵⁷
- China is planning to expand its capital market by making it easier for domestic funding providers to invest abroad, eliminating capital and operating requirements and increasing the threshold for investing overseas. Simultaneously, financial institutions in Hong Kong will be allowed to invest in equity and bond markets on the mainland.^{58,59}

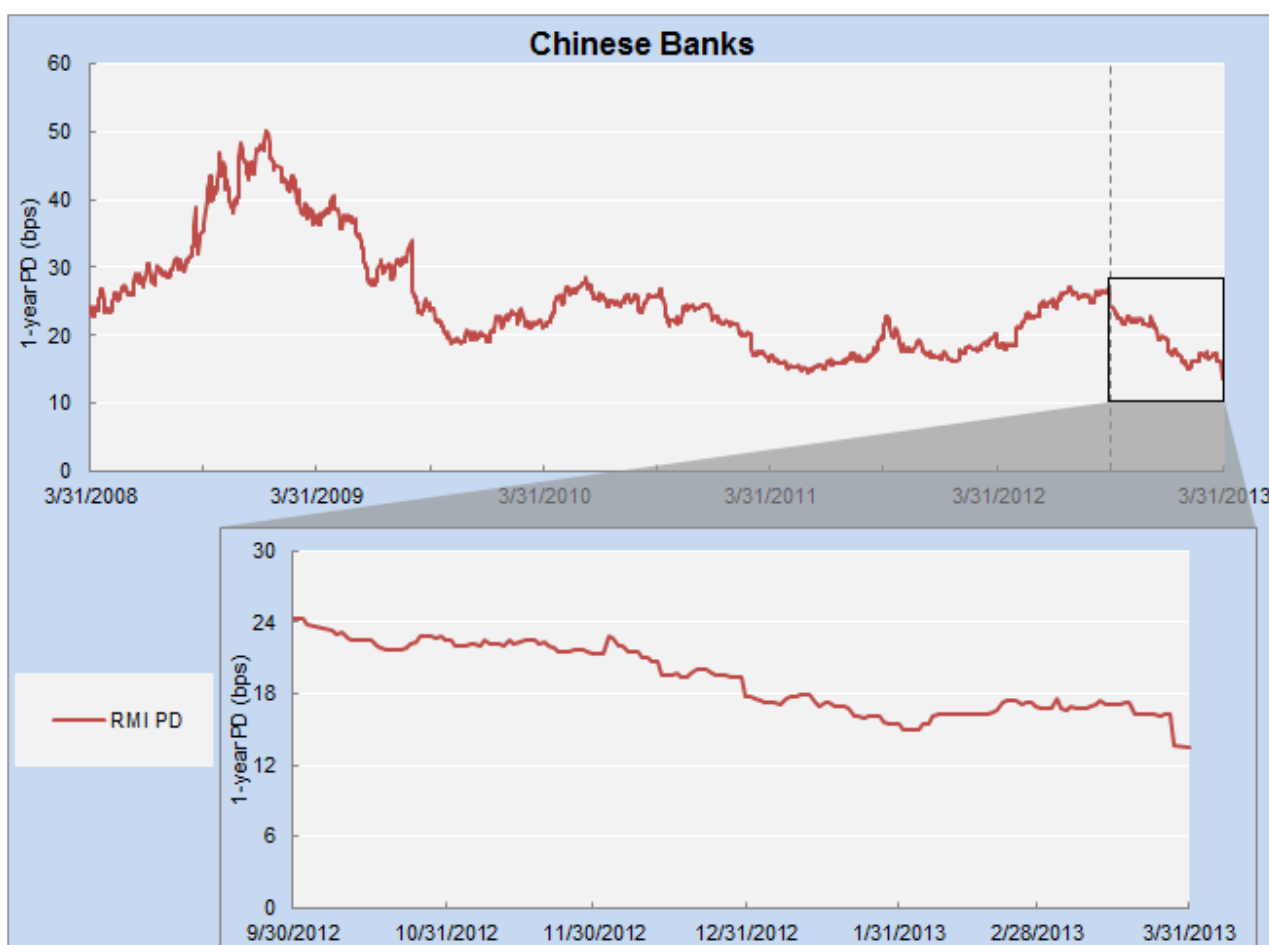
Sovereign Credit Ratings

- China's credit rating was kept at Aa3 by Moody's, AA- by S&P and A+ by Fitch during Q1. Moody's has a positive outlook for the country while Fitch and S&P retained stable outlooks.*

*Fitch subsequently downgraded China's local currency rating to A+ from AA- on April 9, in line with Fitch's foreign currency rating for China.

Chinese Banks

The aggregate 1-year RMI for Chinese banks fell during Q1 amid higher lending volumes and higher liquidity injections by the PBOC. Banks faced higher bond issuance costs while deposits have increased in the first two months of the year. Banks face more restrictions as the central bank has increased its oversight over the marketing and treatment of financial products. Regulators have also taken active steps to contain the increasing trend of bad loans and to move them away from the balance sheets of systemically important banks. The credit outlook for Chinese banks together with the rest of the other sectors is negative. The momentum of slowing earnings growth and decreasing net interest margins in the current quarter could continue into the following quarters. Banks might also have to write off more bad loans as the economy slows and expenses increase. Moreover, the H7N9 virus could have a significant effect on the banks' earnings as firms take preventive measures to fight the infection.



Profitability

- Earnings at Chinese banks rose 12.7% QoQ over Q1, after a tepid earning growth in 2012. The aggregate earnings at listed Chinese banks increased 18% YoY to CNY 1.03tn, lower than the 30% growth rate in 2011.
- The average NIM for listed banks dropped to 3.12% in Q1 2013, from 3.27% in Q4 2012. NIMs may fall further because of market-oriented interest rate liberalization reforms.
- For listed banks in China, net interest and fee-based income accounted for 73% and 19% of total revenues in Q4 respectively, compared to 79% and 19% in the previous quarter. Fees and commissions earned from custodial service charges and management fees could become a larger part of revenues moving forward.

- Tighter IPO guidelines have affected the banks' earnings with regard to fees earned from services provided to newly listed firms, but earnings from the segment might revive if authorities allow more IPOs to come onto the market later this year.

Funding & Liquidity

- Average coupon rates on 5-year CNY-denominated bank bonds surged to 4.4% in Q1 this year, from 4% during Q4 last year, indicating higher loan issuance costs for banks.
- Total deposits increased 6.79% to CNY 100.7tn in March, from CNY 94.3tn in December. Overall liquidity in the banking sector dropped substantially during Q1, with the aggregate LATD ratio for listed banks decreasing to 30.9%, down from 33.2% at the end of Q4.
- Chinese regulators started monitoring lending more proactively, as the Bank of China and the Industrial & Commercial Bank of China received warnings from PBOC for exceeding loan quotas in January. The rising concerns about loan quality, high inflationary pressure and rising home prices have galvanized the central bank to restrict bank lending.⁶⁰
- Bank lending surged in Q1, increasing by 12.2% to CNY 2.76tn on a YoY basis.⁶¹

Capital Levels & Regulations

- The government has proposed rules to segregate the bad loans of regional governments from the country's four systemically vital large banks. According to the guidelines, local asset management companies can acquire bad loans from provincial banks, while the four national large asset management companies will purchase the poor assets from financial institutions with nationwide business.⁶²
- The China Banking Regulatory Commission (CBRC) is tightening the process through which banks market their investment products. Banks are required to fully disclose all information related to financial products, including information on the borrower, return ratio and transaction structure. Prior to the new rules, banks used capital raised from the sale of such products to loan out to corporate customers even when the central bank was trying to restrict credit in the economy.⁶³

Asset Quality

- Non-performing loans rose 2.9% QoQ in Q4 2012, to CNY 492.9bn, while aggregate provisions for loan losses increased by 4.9% QoQ to CNY 1.46tn.⁶⁴
- Bank loan exposures to specific industries have become an increasing concern to the authority. The CBRC requested banks to pay attention to the credit risks arising from industries affected by the economic slowdown and industries that are in overcapacity. There are nearly CNY 40TN of loans in distress which were issued to the housing and steel sectors, both of which account for over 25% of total bank assets in the country.⁶⁵

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⁴³Jan 24, 2013, [China created 12.7 million urban jobs in 2012: ministry](#), Reuters.

⁴⁴Dec 11, 2013, [Inequality, Unemployment Higher Than Expected](#), China Digital Times,

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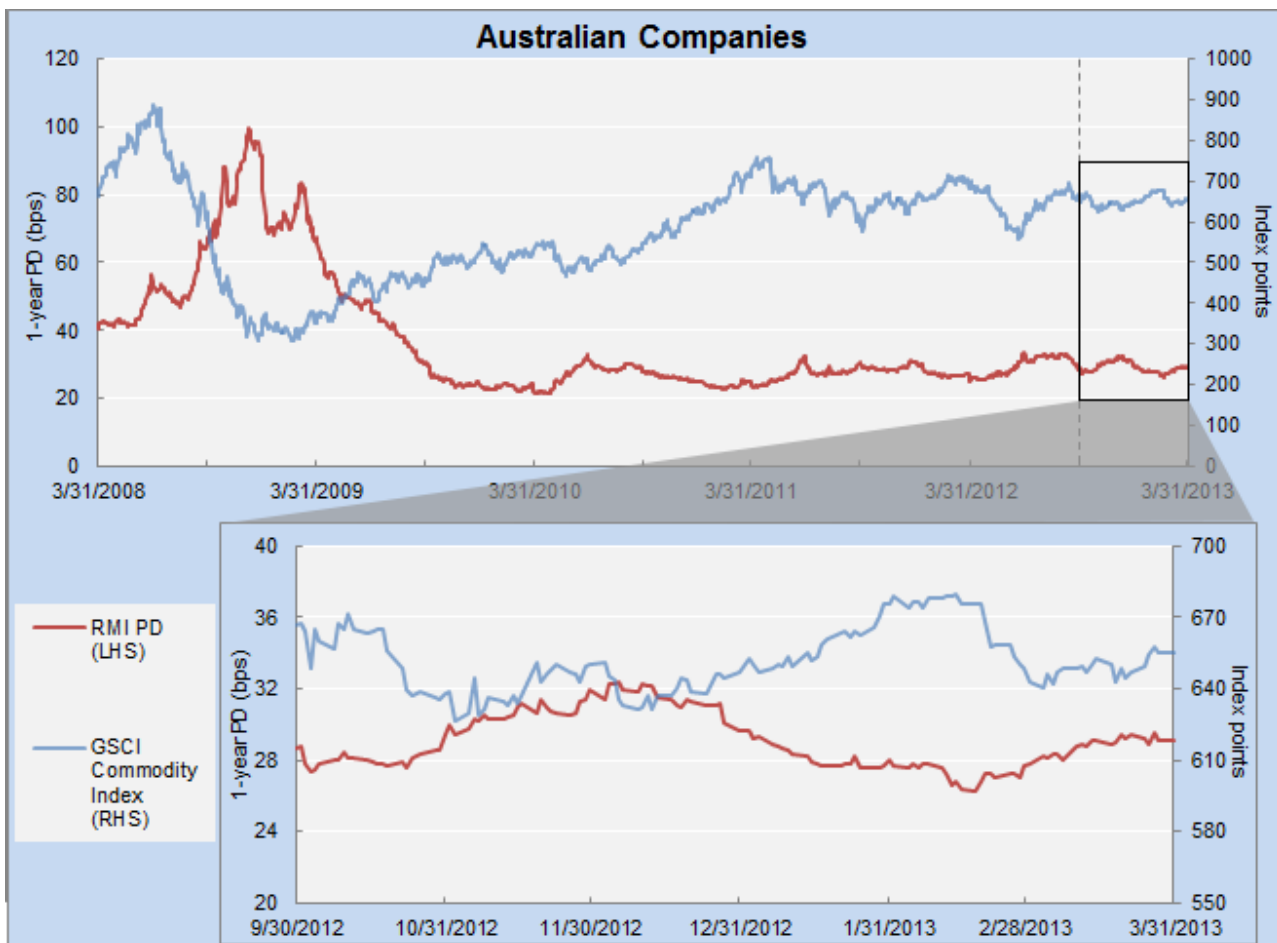
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- ⁵⁶ Jan 10, 2013, [Trading Statistics of National Interbank Market](#), PBOC, pbc.gov.cn
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- ⁶⁰ Feb 4, 2013, [China Regulators Move to Restrain Lending](#), WSJ.
- ⁶¹ Jan 10, 2013, [Aggregate Financing of the Economy](#), PBOC, pbc.gov.cn
- ⁶² Feb 18, 2013, [China clarifies regional bad debt buy-up rules](#), Reuters.
- ⁶³ Mar 27, 2013, [China tightens rules on bank finance product sales](#), Reuters.
- ⁶⁴ Mar 1, 2013, [Commercial banking key indicators 2012](#), CBRC, cbrc.gov.cn
- ⁶⁵ Mar 26, 2013, [China Bank Regulator Warns On Bad Loans, Especially To Solar Sector](#), Forbes.

Asia-Pacific - Developed economies

Australian Companies

The aggregate 1-year RMI PD for Australian companies increased slightly during Q1, remaining close to levels seen at the end of Q4. Economic growth continued to moderate in Q4, but indicators during Q1 indicate growth recovery, especially in the long-struggling retail sector. However, manufacturers continued to struggle as the AUD remains high. Corporate earnings may have been supported by a surge in commodity prices during Q4. Income from and confidence in commodity exports are a primary driver of domestic demand. Funding and liquidity conditions tightened in Q1 as funding costs increased, and overall corporate demand for credit remains low. Going forward, earnings may come under pressure as resource investment declines, weighing upon the credit outlook for Australian firms. However, the overall outlook remains positive.



Economy

- Economic growth continued to moderate during Q4, as the economy grew 0.6% QoQ, down from the revised 0.7% growth in Q3. The economy grew 3.6% YoY in 2012, the fastest pace since 2007. The IMF expects the economy will expand by 3% during 2013.
- The unemployment rate increased to 5.6% in March, from 5.4% in February and January.
- Retail sales growth improved significantly in Q1, with sales increasing 4.6% YoY in February and 3.2% in January, up from a growth of 2.3% in December. Recent expansionary monetary policy has improved consumer sentiment; the consumer confidence index published by Westpac Banking Corporation reached the highest level since 2010 in March.

- The Australian services industry edged towards expansionary territory in Q1, with the Australian Performance of Services Index increasing to 49.6 in March, the highest level since January 2012, after increasing sharply in February. Participants reported an increase in both sales and employment levels.⁶⁶
- Manufacturing activity continued to contract during Q1, with the Australian PMI reading 44.4 in March, down from 45.6 in February but marginally improved from 44.3 in December. The continued strength of the AUD has made imports more competitive which, combined with soft demand, has negatively affected the manufacturing sector.⁶⁷
- The RBA believes the peak in resource investment will likely occur during 2013, at a lower level than expected, which could place downwards pressure on growth. Chinese demand for commodities is expected to grow strongly, although at a slower pace.⁶⁸
- Key export prices moderated during Q1. The average price of iron ore seen at Tianjin climbed as high as USD 158.90 per tonne in the first two months of Q1, but fell to USD 135.16 per tonne on March 31. Coal prices also fell slightly in March from prices as high as USD 94.05 per tonne in February.

Monetary

- The RBA left its key cash rate on hold at 3% during Q1, after reducing the rate by 50bps during Q4. The RBA decided once again to hold the rate at 3% on April 2.*

Funding & Liquidity

- Yields on 10-year Australian government bonds increased steadily during Q1, to 3.42% on March 31, up from 3.27% at the end of Q4.
- Fixed interest rates on 3-year loans to small businesses increased to 6.35% per annum in March, up from 6.30% seen during the previous four months.⁶⁹
- Bank lending to non-financial businesses continued to slow during Q1, decreasing 0.17% QoQ in Q1, after falling by 0.35% in Q4.⁷⁰
- Australian companies are increasingly refinancing debt in USD high-yield markets, which allows them to diversify funding sources and benefit from looser loan covenants.⁷¹

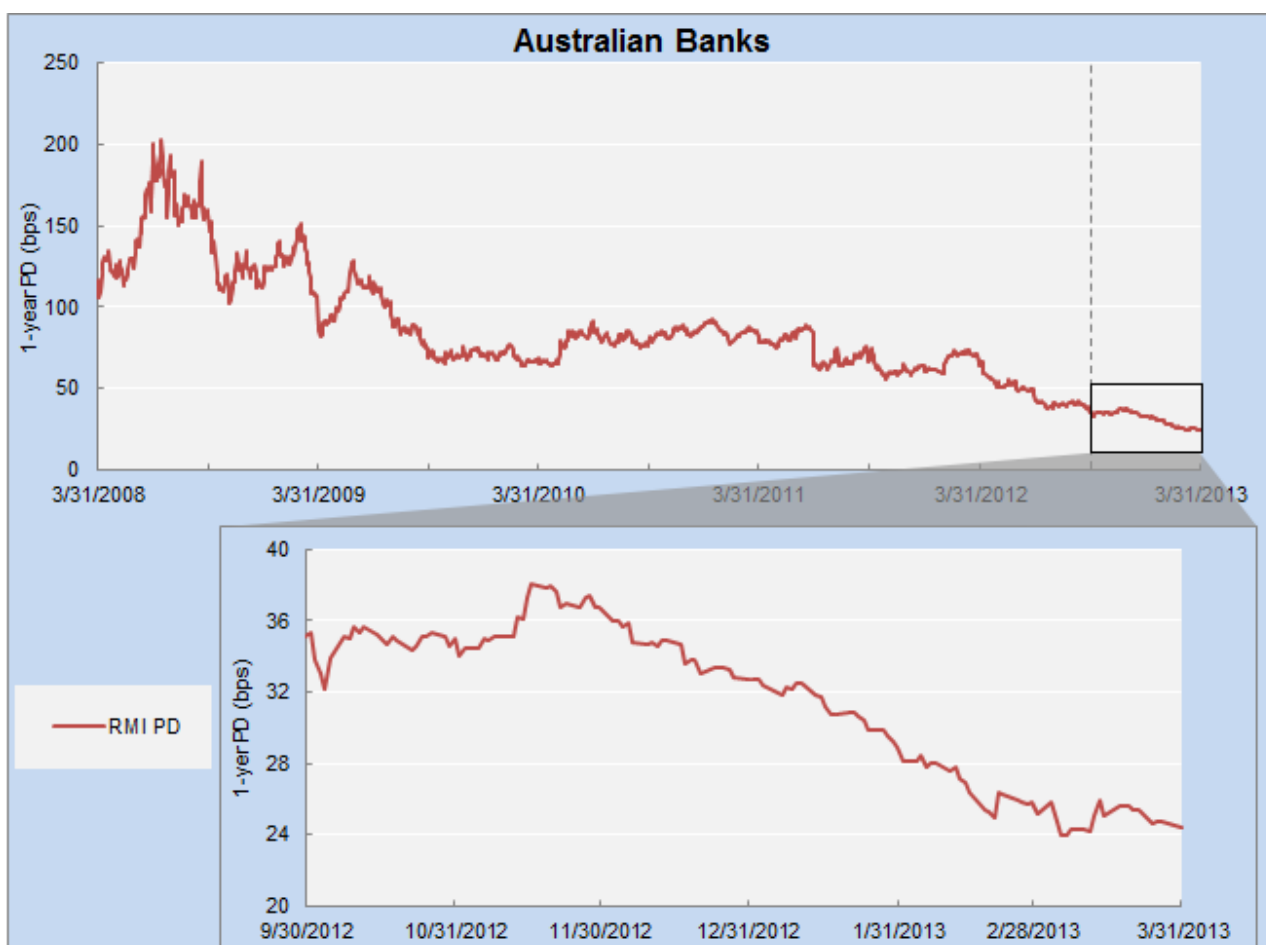
Sovereign Credit Ratings

- The three major CRAs retained AAA-equivalent ratings on Australia during Q4, with stable outlooks.

*The RBA reduced the cash rate by 25bps to 2.75% on May 7.

Australian Banks

The aggregate 1-year RMI PD for Australian banks continued to decline during Q1, reaching a new ten-year low in March. Earnings remain strong despite a decline in NIMs as banks focus on cost cutting, but may come under pressure from slowing credit demand. Funding and liquidity profiles deteriorated slightly during Q1, as funding costs increased and deposit outflow continued. Plans by the largest banks to increase the use of wholesale funding markets again should help offset deposit outflows. Overall liquidity improved, with banks increasing holdings of government and state securities in preparation for new liquidity rules. Despite an overall reduction in gearing among corporate and households, asset quality likely declined during Q1 as many non-mining companies remain exposed to macroeconomic headwinds and a strong AUD. Resilient earnings should at least partially offset this, resulting in an overall positive sectoral credit outlook.



Profitability

- Aggregate net income at listed Australian banks rose to AUD 12.2bn during the six month period ending on March 31, with ANZ, the Commonwealth Bank and Westpac all recording record semi-annual profits.
- A proxy for the aggregate NIM of Australian banks fell 15bps to 1.95% at the end of Q1, from 2.1% in December. The RBA reported that corporate and consumer demand for credit remains low as households and firms seek lower debt levels.⁷²

Funding & Liquidity

- Coupon rates on 5-year fixed USD-denominated bonds issued by Westpac increased slightly to 1.2% in Q1, up from 1.1% in Q4. A Bank of America Merrill Lynch index shows yields on AUD-denominated financial bonds averaged 4.33% during Q1, down from 4.42% in Q4.

- Deposit growth at Australian banks recovered towards the end of Q1, increasing 0.65% MoM in March after increasing 0.45% February and 0.27% in January.⁷³
- Average deposit rates increased slightly during Q1, to 3.50% per annum in March, up from 3.45% at the end of Q4.⁷⁴
- Banks plan on increasing their use of wholesale funding, as deposit rates remain relatively high on strong competition compared with falling funding costs in financial markets.⁷⁵
- Overall liquidity in the Australian banking system remained stable during Q4, with the aggregate LATDB ratio for listed banks increasing slightly to 9.34% from 9.28% in Q3.

Capital Levels & Regulations

- The phase in of Basel III rules began in January 2013 in Australia. All listed banks significantly exceeded the minimum prescribed Basel III Common Equity Tier One Capital Ratio of 4.5% according to their latest financial reports.
- Banks increased holdings of securities issued by state and local governments to a record high of AUD 76.2bn in December 2012, in order to comply with liquidity coverage ratio requirements under Basel III.⁷⁶

Asset Quality

- Total provisions for bad loans at Australian banks fell to AUD 2.99bn in the 6 months ending on March 31, from AUD 3.28bn in the six months ending December 31. Provisions were down significantly at both ANZ and Westpac.
- Due to a lower interest rate environment, Australian households have increased mortgage prepayments to the highest level on record. However, the household debt-to-income ratio still remains comparatively high at 148%.⁷⁷
- Lower gearing at Australian companies has reduced the risk of softening business conditions weighing on corporate loan portfolios, although a number of industries continue to face headwinds from high exchange rates and softer consumer demand.⁷⁸

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⁷⁴Jan 3, 2013, [Retail Deposit and Investment Rates](#), Reserve Bank of Australia, [rba.gov.au](#)

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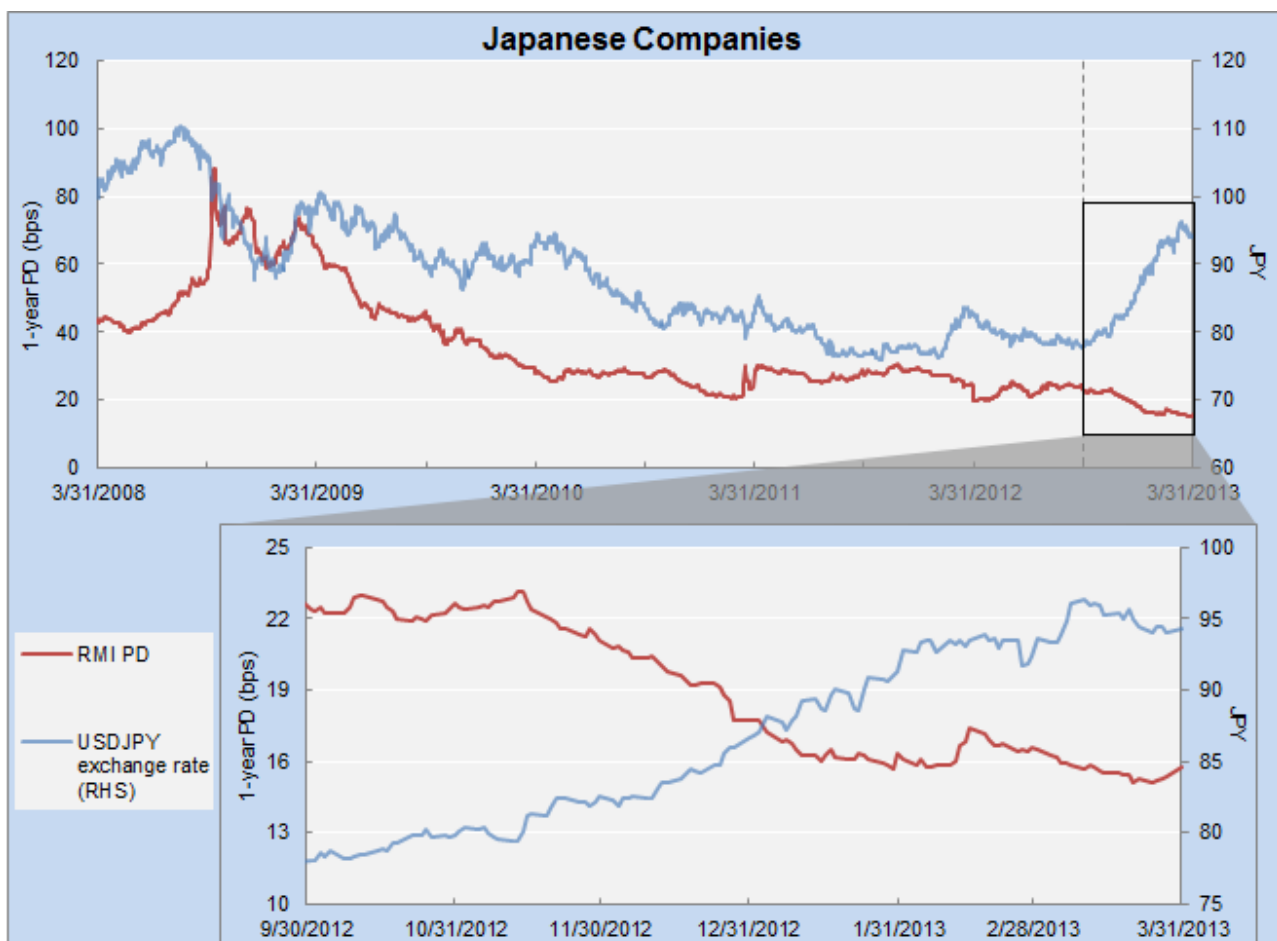
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⁷⁸26 Mar, 2013, [Financial Stability Review](#), Reserve Bank of Australia, [rba.gov.au](#)

Japanese Companies

The 1-year RMI PD for Japanese companies decreased during Q1, falling in March to the lowest since January 2006. This came as market participants anticipated further unprecedented monetary stimulus by the Bank of Japan, combined with fiscal stimulus announced in Q1 by the newly elected government. These measures, aimed at overcoming deflation and returning the economy to positive growth, have increased market confidence in Japanese companies. Moreover, domestic economic activity appeared to improve during Q1, with the manufacturing and services sectors both showing strong expansion. Funding and liquidity improved significantly during Q1, with funding costs reaching record lows. Going forward, banks are stepping up lending as the central bank is significantly expanding the money supply. In addition, the ongoing depreciation of the JPY should fuel demand for Japanese exports, supporting a positive credit outlook for Japanese companies.



Economy

- Japan's economy contracted for the third consecutive quarter in Q4 2012, as GDP fell 0.1% QoQ, lower than a median forecast of a 0.1% expansion. The IMF recently lifted Japan's growth outlook, citing its latest stimulus efforts. The IMF now expects Japan's GDP to grow by 1.6% in 2013 and 1.4% in 2014.^{79,80}
- The unemployment rate in Japan fell to 4.1% in March, from 4.3% in February and 4.2% in January.⁸¹
- Retail sales decreased by 0.3% in March and 2.2% YoY in February, after contracting 1.1% in January 2013.

- The Japan Services PMI recorded 54 in March, which was higher than 51.1 recorded in February. Expansion of the services sector continued as sector activity and new business increased.⁸²
- The Japan Manufacturing PMI rose to 50.4 in March, from 48.5 in February 2013. This was the first reading above 50.0 since May 2012. A moderate increase in manufacturing output was seen as higher levels of production were supported by a renewed expansion of new business levels.⁸³
- The JPY fell 8% against the USD during Q1 2013, closing the quarter at 94.22 JPY per USD, with the exchange rate going as high as 96.28 JPY per USD in early March. Aggressive monetary easing by the current administration has led to depreciation in the currency. As the stimulus continues, further weakness in the currency might be inevitable as Japanese investors look elsewhere for investment returns in anticipation of sustained currency depreciation.

Monetary

- The Bank of Japan has embarked on an aggressive monetary policy to end years of deflation in the world's third largest economy, pledging to double its government bond holdings in two years. The central bank, under new Governor Haruhiko Kuroda, expects to pursue quantitative easing till the time a 2% inflation target is achieved.⁸⁴
- The BOJ is also going to increase its holdings of government bonds of all maturities and has begun open-ended asset purchases of long term government bonds at a pace of JPY 7tn a month.⁸⁵

Funding & Liquidity

- Yields on 10-year Japanese bonds fell to a historic low of 0.566% in Q1, from as high as 0.831% in January.
- Interest rates on new bank loans by Japanese banks fell to 0.860% during February, after reaching 0.989% per annum during January, up from 1.005% per annum during December.⁸⁶
- Overall bank lending in Japan increased by 1.9% in February, standing at JPY 402.5tn, after increasing by 1.6% in January and 1.4% in December. Including trusts, bank lending increased an annual 1.5% to JPY 464.2tn after collecting 1.3% in January and 1.1% in December. Lending from foreign banks dropped by 6.8% to JPY 2.1tn following an 8.2% contraction in January and the 11.3% drop in December.⁸⁷

Policy

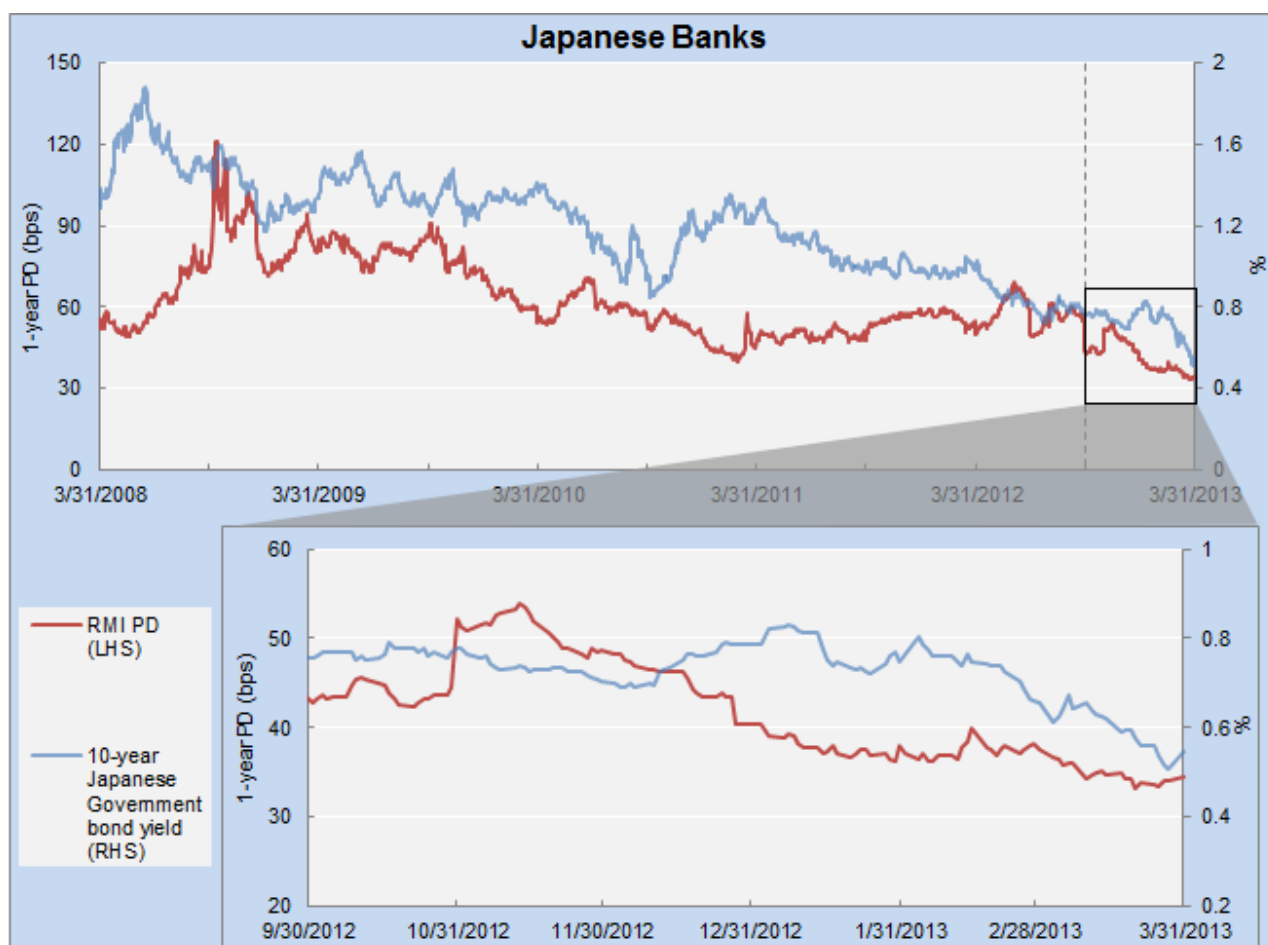
- The government will introduce a JPY 10.3tn package of spending measures in 2013 aimed at revitalizing the economy through extensive investments in public works. Fiscal stimulus could reach JPY 20tn if local-government spending is included.⁸⁸

Sovereign Credit Ratings

- Fitch maintained Japan's long-term rating at A+, with a negative outlook. Moody's retained its Aa3 rating with a stable outlook and S&P maintained a negative outlook on its AA- rating.

Japanese Banks

The 1-year aggregate RMI PD for Japanese banks continued to fall during Q1. Funding and liquidity conditions improved, as strong deposit inflows continued and funding costs fell. Liquidity fell slightly but is likely to improve, as an expansion of the central bank's asset purchase program will allow banks to monetize a greater range of bonds. Earnings improved significantly during Q4, despite a continued decline in NIMs, with earnings in Q1 likely boosted by trading gains on government bonds. Going forward, banks will likely boost lending as significant fiscal and monetary stimulus kicks in. Moreover, banks continue to expand overseas to offset lower returns in domestic markets. Asset quality remains a concern, but a weaker currency should support the credit outlook for exporters, while a possible return to growth should boost the quality of consumer loan portfolios. With these factors in mind, the credit outlook for Japanese banks is positive.



Profitability

- Aggregate earnings at listed Japanese banks increased by 59% during Q4, to JPY 1,052tr, after decreasing 20% in Q3.
- The aggregate NIM of Japanese banks continued to decline through Q1, falling to 1.38% per annum in Q1 against 1.40% at the end of Q4.
- Japanese banks have Prime Minister Shinzo Abe to stimulate private investment and loan demand through deregulation. Japanese banks have turned to overseas markets to offset muted corporate borrowing and loan profitability caused by 15 years of deflation and sluggish domestic growth.⁸⁹

Funding & Liquidity

- Coupon rates on 5-year fixed JPY-denominated bonds issued by Japanese banks dropped to 0.20% from 0.25% in Q1 2013.
- Deposits at Japanese banks increased by 2.86% YoY in February to JPY 616tn and 2.52% in January, after increasing 2.56% YoY at the end of Q4.⁹⁰
- Deposit rates remained almost unchanged during Q1, with interest rates on time deposits falling to 0.027% per annum on March 31, from 0.028% at the end of Q4. Rates on ordinary deposits remained stable at 0.02%.⁹¹
- Overall liquidity in the Japanese banking system fell slightly during Q4, as the aggregate LATDB ratio for listed banks decreased to 9.11% from 9.19% in Q3. Unprecedented asset purchases by the central bank are likely to improve overall liquidity going forward.

Capital Levels & Regulations

- Basel III will begin taking effect in March 2013 in Japan. Japan's FSA may require a wider range of banks to maintain the same capital ratios as the three globally systemically important Japanese banks.⁹²

Asset Quality

- Overall asset quality at Japanese banks remained almost unchanged during Q1, as provisions for loan losses increased by 0.35% between February 2013 and December 2012, after increasing by 4.5% QoQ during Q4.

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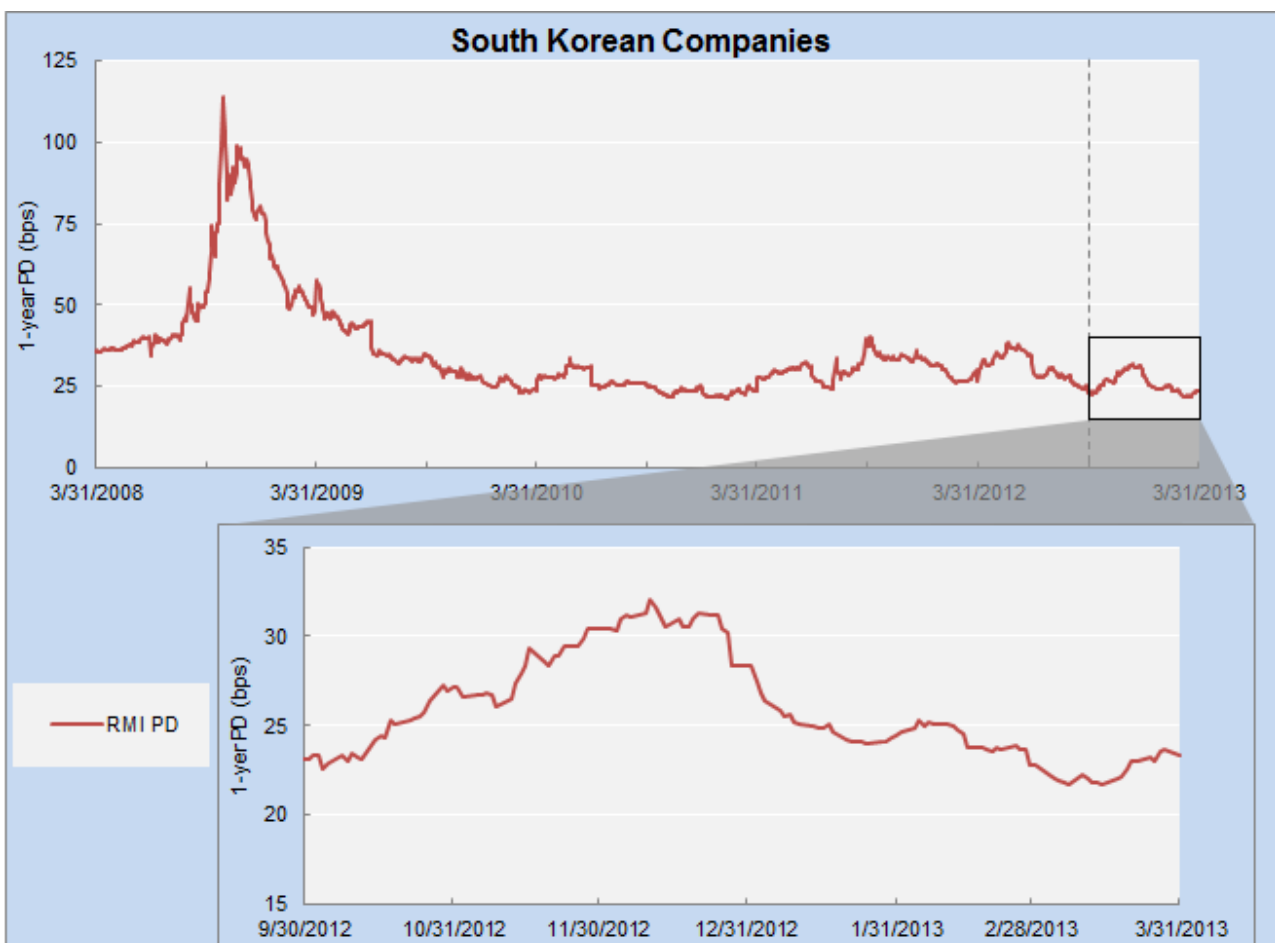
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⁹²Dec 24, 2012, [Japan's FSA may hike bank capital requirements beyond top 3](#), Reuters.

South Korean Companies

The aggregate 1-year RMI PD for South Korean companies fell slightly during Q1, as domestic growth improved despite strong headwinds. A global slowdown continued to affect Korean exports, which are losing competitiveness in the global markets due in part to a weakening Japanese yen. However, manufacturing appears to have recovered in Q1, suggesting the government's growth forecast for 2013 may be too pessimistic. Funding and liquidity conditions deteriorated somewhat, as banks planned to reduce lending through Q1. Funding costs in capital markets likely fell in line with government bonds. Going forward, the credit outlook for Korean companies is uncertain. Significant government spending in Q2 will lend support to earnings profiles, which may continue to come under pressure from global macroeconomic headwinds. The latter may be offset by the possibility of both monetary easing and currency intervention by the central bank, although stronger domestic growth through Q1 may reduce the chance of rate cuts by the Bank of Korea in the future.



Economy

- The South Korean economy expanded 0.9% QoQ in Q1, the fastest pace in two years and up from revised growth of 0.3% during Q4. The Finance Ministry expects the economy will grow by 2.3% YoY in 2013, down from a previous 3% estimate. The Bank of Korea in January pared its 2013 forecast to 2.8% YoY growth from a previous 3.2% estimate.
- The unemployment rate fell to 3.2% in March, after increasing sharply to 3.5% in February, from 3.2% in January and 3.0% in December, the lowest level since 2008.
- Exports fell significantly during Q1, falling 8.6% YoY in February after falling 6% YoY in December. Exports grew just 0.2% in March, as weak global growth continues to hurt the export-dependent economy.

- However, the South Korea manufacturing PMI increased to 52 in March, the highest level in a year and up from 50.1 at the end of Q4, as firms reported increased new orders in Q1.⁹³
- Retail sales recovered slightly in Q1, increasing 2.1% YoY in March and 2.6% in February after falling 2.3% in January. The consumer sentiment index published by the Bank of Korea increased to 104 during Q1, from 99 at the end of Q4. A reading above 100 indicates optimists outnumber pessimists.

Monetary

- The Bank of Korea left its Official Bank Rate at 2.75% in Q1, after reducing the rate by 25bps in Q4.*
- The central bank may consider measures to curb the volatility of the KRW, which gained 4.5% against the USD during Q1 as the BOJ continued its asset purchase program and currency interventions.

Funding & Liquidity

- Yields on 10-year South Korean government bonds fell during Q1, to 2.74% on March 31, down from 3.2% on September 28.
- Banks reduced lending to non-financials during Q4, and likely continued to fall during Q1, as a gauge of lending practices issued by the Bank of Korea indicated banks would tighten lending standards.^{94,95}
- Interest rates on new loans to Korean corporates fell towards the end of Q1, to 4.86% per annum in March, down from 5.03% in February, and 5.05% in December.⁹⁶

Policy

- Tensions on the Korean peninsula escalated during Q1 as saber-rattling by North Korea increased. The risk of war has increased to the highest level since 2010. South Korea's robust alliance with the US would most certainly prove sufficient to outgun North Korea in the event of an armed conflict. But the costs of war would be enormous and would likely kill any prospects of economic growth for South Korea.
- The government announced in April it would implement a KRW 17.3tn supplementary budget to support growth. This followed earlier announced plans to spend 72%, or KRW 213.6tn, of the 2013 Budget in the first half of 2013, to help avoid an economic slowdown.^{97,98}

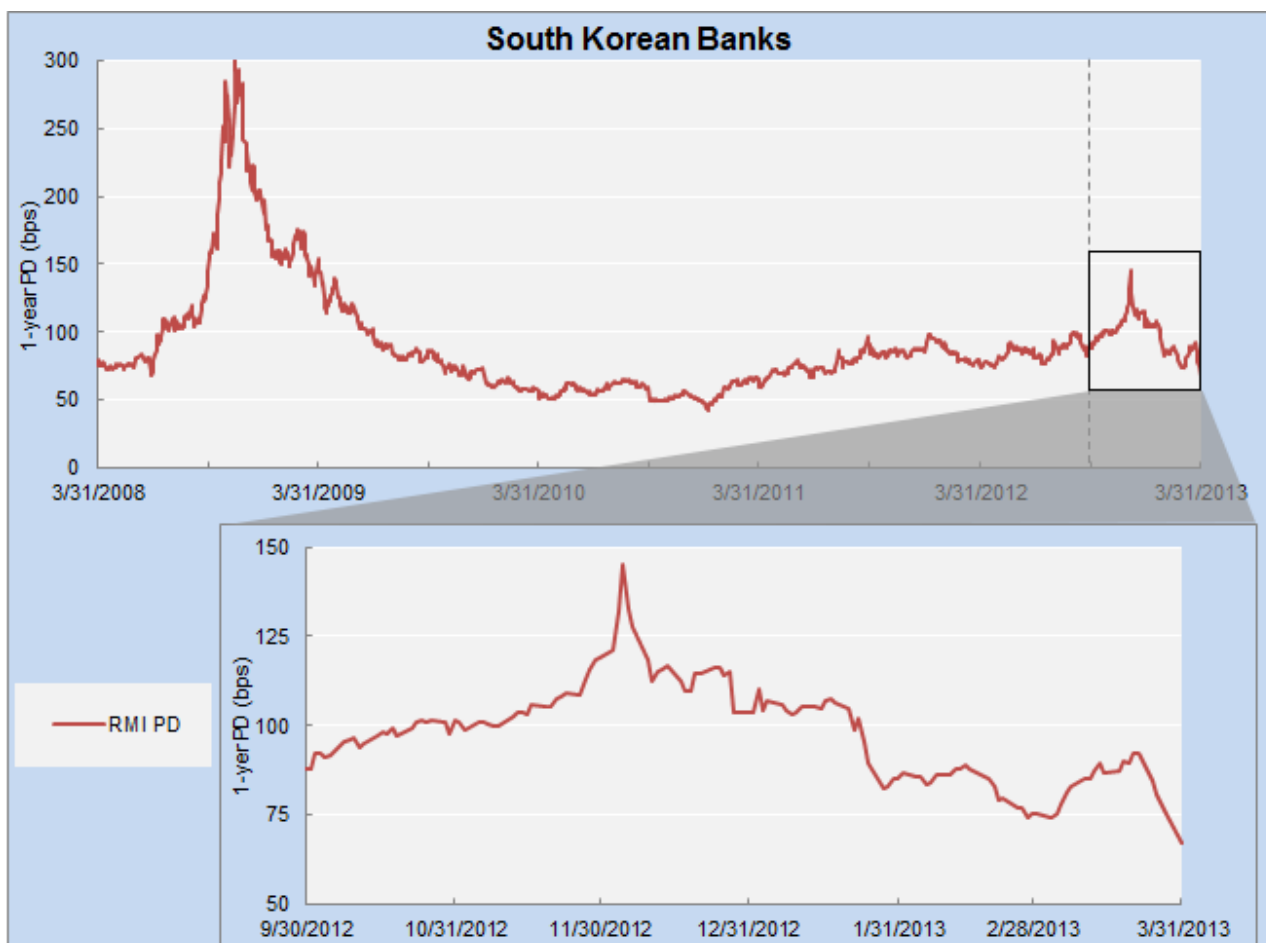
Sovereign Credit Ratings

- The three major agencies maintained their ratings on the Korean sovereign during Q1, with the country rated AA- by Fitch, Aa3 by Moody's and A+ by S&P. All three CRAs maintained a stable outlook on the country.

*The Bank of Korea reduced the Bank Rate to 2.5% on May 9, after leaving the rate on hold during April 11.

South Korean Banks

The aggregate 1-year RMI PD for South Korean banks fell during Q1, down from highs seen in Q4. Earnings declined significantly during Q4, but much of this was due to the winding down of several mutual savings banks by the banking regulator. An increase in NIMs may provide support to Q1 earnings, as will the implementation of property market stimulus measures by the government. However, this may have been offset by a planned increase in lending restrictions by banks through Q1. Funding conditions improved during Q1, as market and deposit rates fell and deposit growth accelerated. Asset quality may have deteriorated through Q1 as banks increased provisions, although property market stimulus may help improve asset quality going forward. The declining exports and slow economic growth may serve to weaken commercial loan portfolios. Overall, the credit outlook for Korean banks remains uncertain despite positives in Q1.



Profitability

- South Korean banks' combined net income fell 27.7% QoQ during Q4, after increasing 16.1% QoQ during Q3. Continued losses at several mutual savings banks being wound down during Q4 weighed on aggregate earnings.
- NIMs improved slightly during Q1, increasing to 2.63% from a two year low of 2.6% in December.
- The South Korean government introduced measures to stimulate the housing market at the end of Q1, which include tax breaks for first home buyers and relief for families struggling to pay off their mortgages.⁹⁹
- Banks are forecasted to increase lending restrictions during Q1, as they place greater focus on risk management. Bank lending to households fell the most on record in January after home-transaction tax benefits expired.¹⁰⁰

Funding & Liquidity

- Average coupon rates on new issuances of 3-year KRW-denominated bank bonds fell to 2.75% in Q1, from around 3% in Q4.
- Deposit growth remained strong in Q1, increasing 4.8% and 4.2% YoY in January and February respectively to KRW 983.5tn, after increasing 4.5% in December.¹⁰¹
- Interest rates on new time or savings deposits fell 23bps in Q1, to 2.87% per annum in February.¹⁰²
- In March, the Korean government said it would drop plans to privatize Korea Development Bank (KDB). This should reduce competition for retail deposits, as KDB had been offering higher deposit rates in anticipation of going private.¹⁰³
- Overall liquidity in the South Korean banking system continued to decline during Q3, with the aggregate LATDB ratio for listed banks falling to 6% from 6.46% in Q3.

Capital Levels & Regulations

- The aggregate Basel II Tier 1 capital ratio of Korean bank's remained healthy during Q4, falling slightly to 11.13% from 11.15% during Q3. The Financial Services Commission has not provided an updated time frame since announcing in December the decision to delay the implementation of Basel III.¹⁰⁴

Asset Quality

- Overall asset quality may have declined during Q1, as listed Korean banks increased provisions for loan losses by 18.7% during Q4 to KRW 2.08tn, after decreasing provision by 15.8% during Q3 to KRW 1.76tn.

⁹³Apr 1, 2013, [HSBC South Korea Manufacturing PMI](#), Markit, [markiteconomics.com](#)

⁹⁴Mar 2013, [CBs and Depository Corporations: Loans and Discounts by Industry](#), Bank of Korea, [ecos.bok.or.kr](#)

⁹⁵Jan 3, 2013, [S.Korean banks expected to tighten lending in Q1](#), Shanghai Daily.

⁹⁶Mar 2013, [CBs and SBs: Interest rates on loans, newly extended](#), Bank of Korea, [ecos.bok.or.kr](#)

⁹⁷Apr 16, 2013, [South Korea Unveils Fiscal Package to Support Growth](#), Bloomberg.

⁹⁸Jan 3, 2013, [72 Percent of Budget to be Spent in First Half of the Year](#), Ministry of Strategy and Finance, [english.mosf.go.kr](#)

⁹⁹Apr 1, 2013, [South Korea Introduces Property Market Relief](#), WSJ.

¹⁰⁰Feb 13, 2013, [S. Korea Household Loans Post Record Fall on Tax Break End](#), Bloomberg.

¹⁰¹Mar 2013, [Deposits at CBs and SBs By Type](#), Bank of Korea, [ecos.bok.or.kr](#)

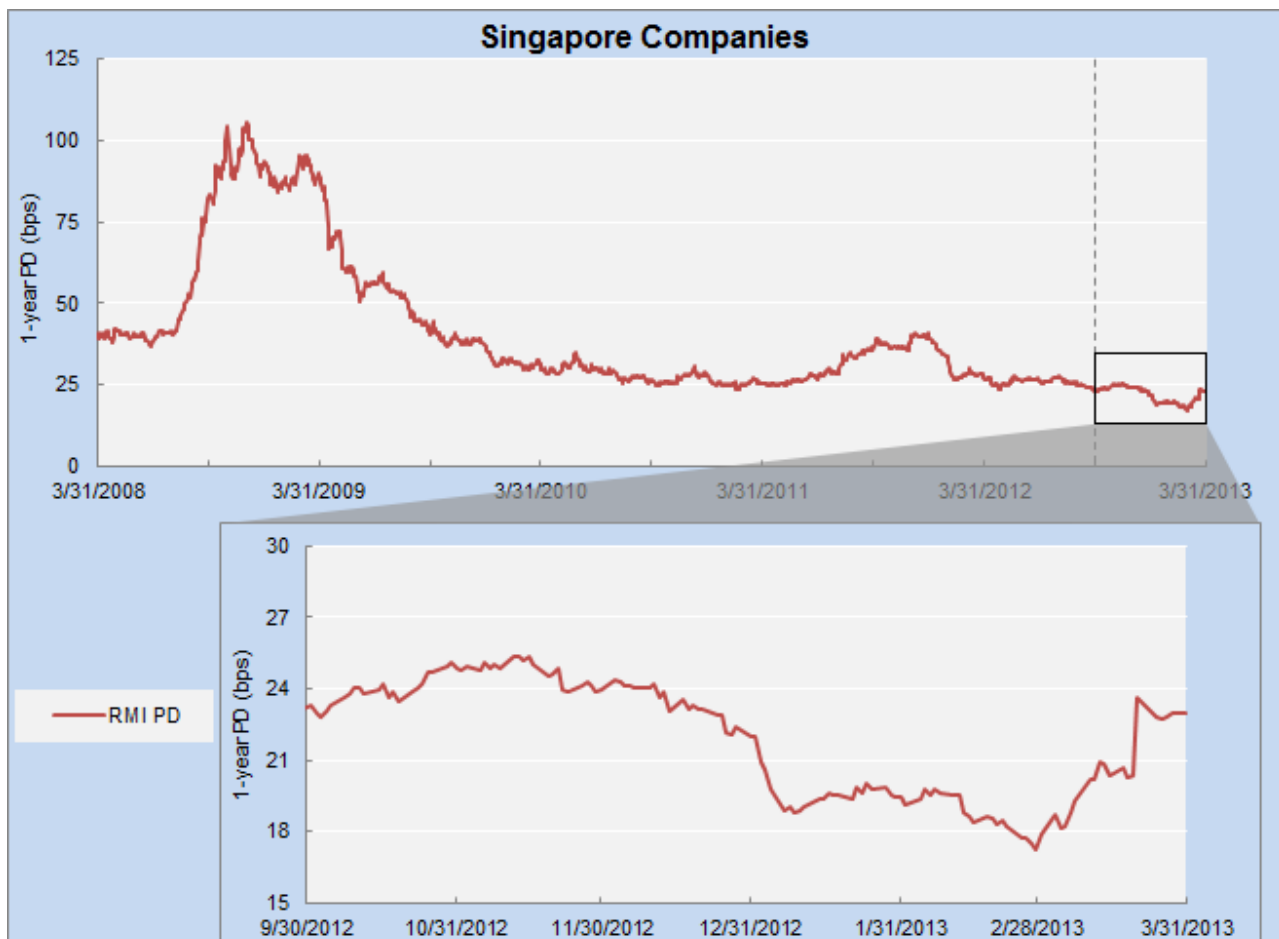
¹⁰²Mar 2013, [CBs and SBs: Interest rates on deposits, newly extended](#), Bank of Korea, [ecos.bok.or.kr](#)

¹⁰³Mar 29, 2013, [South Korea Dials Back Plan to Privatize State Banks](#), Fox Business.

¹⁰⁴Mar 12, 2013, [Domestic Banks' BIS Capital Ratios, Q3 2012](#), Financial Supervisory Service, [fss.or.kr](#)

Singapore Companies

The aggregate 1-year RMI PD for Singaporean companies increased towards the end of Q1, after reaching a record low in February. Economic indicators pointed to a slowdown in domestic activity during Q1, with overall exports and retail sales slowing. Funding and liquidity profiles remain stable, despite an increase in market funding costs, as banks increased lending to non-financials. The MAS will continue to keep appreciation in check as unprecedented monetary policy continues in larger countries, which should protect local exporters. Going forward, a return to modest economic growth is likely due to a continued recovery in the US, fiscal stimulus in Japan and robust activity in China, supporting the earnings profiles of Singaporean companies. Stronger forward looking manufacturing indicators also add some support to an economic rebound in Q2. Strong capital inflows are likely as Japan ramps up monetary stimulus, which may place downwards pressure on market funding costs. With the aforementioned factors in mind, the credit outlook for Singaporean companies remains positive.



Economy

- The Singaporean economy contracted 1.4% QoQ during Q1, after expanding 3.3% during Q4. The Singapore Ministry of Trade and Industry maintains a YoY growth forecast of 1% to 3% for 2013. The IMF recently revised down its 2013 GDP growth forecast for Singapore to 2%, from a previous estimate of 2.9%.¹⁰⁵
- The PMI rose to 50.6 in March 2013 from 48.6 in Q4 2012, as orders expanded. The index was up from 49.4 in February and 50.2 in January, when the production of both electronics and pharmaceuticals slowed.¹⁰⁶
- Non-oil domestic exports fell by 4.8% YoY in March due to the contraction in electronic exports. Exports also dropped in February, as exports to the EU, the US and Hong Kong declined sharply.¹⁰⁷

- Retail sales increased by 3.6% in February and decreased by 1.4% MoM in January. Excluding motor vehicles sales, retail sales declined 1.1%. The same measures fell 2% and 4.9% respectively YoY.¹⁰⁸

Monetary

- In its April Monetary Policy statement, the MAS said it would maintain its policy of gradual appreciation of the SGD, keeping both the slope and width of its SGD policy band unchanged, in order to contain inflationary pressures.¹⁰⁹

Funding & Liquidity

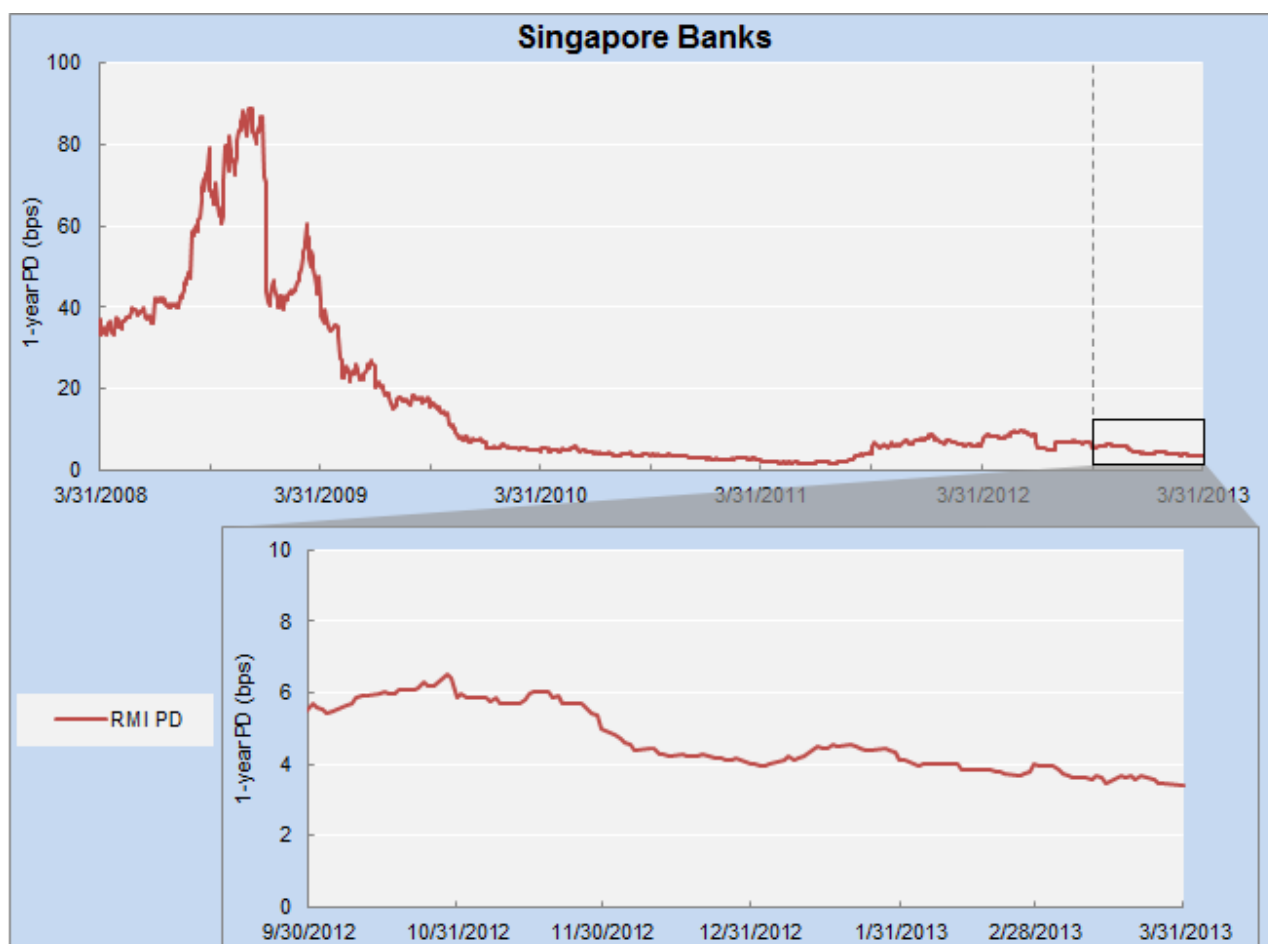
- Yields on 10-year Singaporean government bonds rose to 1.52% at the end of Q1, from 1.3% on December 31.
- Bank lending to non-financial Singaporean companies increased during Q1, as banks increased lending to non-financials by 21.75% YoY in March, the fastest pace in nine months.¹¹⁰
- The prime lending rate remained at 5.38% through Q1, unchanged since January 2008.

Sovereign Credit Ratings

- Singapore retained its AAA rating at all three major rating agencies during Q4, and remains one of only seven countries worldwide with top credit ratings and stable outlooks.

Singapore Banks

The aggregate 1-year RMI PD for Singapore banks continued to decline through Q1, falling to the lowest level since August 2011. This came against a backdrop of constrained economic activity in Q1, with aggregate earnings growth slowing slightly. However, lending growth accelerated through Q1, adding some support to the overall earnings outlook going forward. Moreover, the expansion of lending had a moderate effect on aggregate liquidity in the banking system, which fell slightly but remains healthy, while banks remain adequately capitalized under the recently introduced Basel III rules. Funding costs remained stable throughout Q1, with deposit growth increasing significantly. Asset quality appears to have deteriorated somewhat, with banks recording slightly higher provisions and write-offs through Q1. Going forward, lending growth could be constrained by new regulations on auto loans, but overall loan growth should continue to accelerate and asset quality should improve under modest economic expansion. Combining this with ongoing favorable funding conditions, the credit outlook for Singaporean banks remains positive.



Profitability

- Aggregate earnings at the three major Singaporean banks slowed slightly in Q1, falling 7.82% QoQ to SGD 2.37bn after reaching a record high of SGD 2.57bn in Q4.
- Total loans issued by Singaporean banks increased 19.6% YoY in both March and February, and by 18.3% YoY in January, after increasing 16.7% in December.

Funding & Liquidity

- The average yield on 10-year issuances of USD-denominated issued by Singaporean banks remained relatively unchanged during Q1, increasing slightly to 2.83% on March 31, up from 2.8% at the end of Q4.

- Total deposits at the major domestic banks increased 3.41% QoQ to SGD 536.5bn in Q1, after increasing 2.95% in Q4.¹¹¹
- Deposit rates remained stable during Q1, with rates on fixed deposits at 0.32% per annum, and rates on savings deposits unchanged at 0.11% per annum.¹¹²
- The aggregate LATDB ratio for Singapore banks increased to 30.8% in Q1, after falling to 29.7% during Q4. The statutory liquidity ratio of banks was 16.8% in March; it was 16.7% in February, 17.1% in January and 16.5% in December.¹¹³

Capital Levels & Regulations

- The phase-in of Basel III in Singapore started in January 2013, with all three Singaporean banks meeting the requirements. Total bank reserves and capital increased to SGD 69.1bn in March from SGD 66.4bn in December.¹¹⁴
- The MAS imposed tighter restrictions on bank loans for automotive purchases in February, concerned that consumers were over-extending themselves amid low interest rates.¹¹⁵

Asset Quality

- Banks increased provisions for loan losses by 10.5% QoQ in Q1, to SGD 367mn. Provisions for the same period in 2012 were SGD 308bn. Banks wrote off SGD 58mn of credit card debt in Q1, up slightly from SGD 57.9mn in Q4.

¹⁰⁵Apr 12, 2013, [Singapore's Economy Contracted in the First Quarter of 2013](#), Ministry of Trade and Industry, mti.gov.sg

¹⁰⁶Apr 3, 2013, [Singapore manufacturing PMI turns positive in March](#), Reuters.

¹⁰⁷Apr 17, 2013, [Singapore's External Trade: March 2013](#), International Enterprise Singapore, iesingapore.gov.sg

¹⁰⁸Apr 15, 2013, [Retail Sales Index: February 2013](#), Department of Statistics, singstat.gov.sg

¹⁰⁹Apr 12, 2013, [MAS Monetary Policy Statement](#), Monetary Authority of Singapore, mas.gov.sg

¹¹⁰Feb 2013, [Banks: Loans and Advances of DBUs](#), Monetary Authority of Singapore, mas.gov.sg

¹¹¹Feb 2013, [Banks: Deposits](#), Monetary Authority of Singapore, mas.gov.sg

¹¹²November 2012, [Interest Rates of Banks and Finance Companies](#), Monetary Authority of Singapore, mas.gov.sg

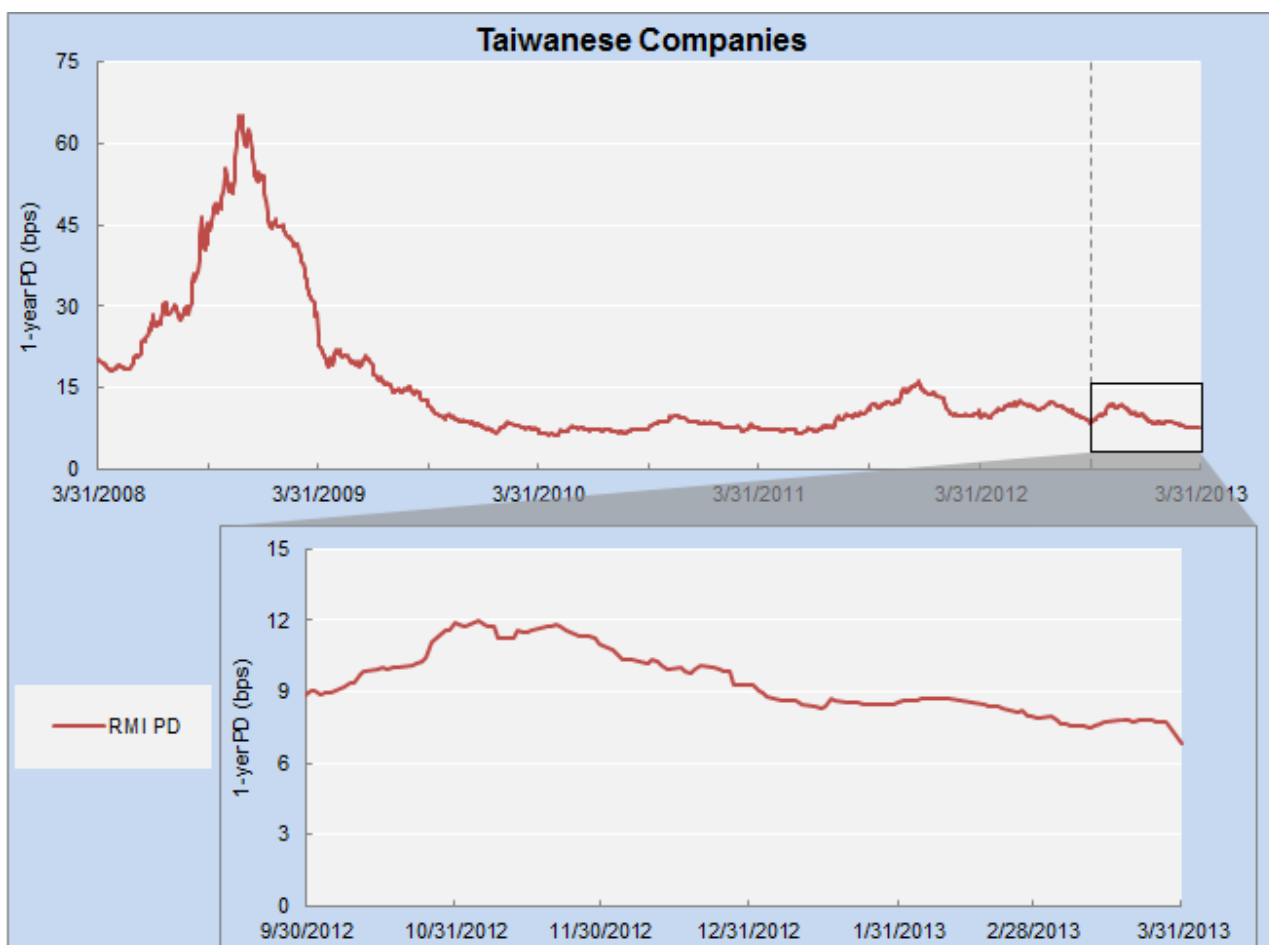
¹¹³November 2012, [Statutory Liquidity Position of DBUs](#), Monetary Authority of Singapore, mas.gov.sg

¹¹⁴November 2012, [Bank capital and reserves.](#), Monetary Authority of Singapore, mas.gov.sg

¹¹⁵Feb 25, 2013, [Singapore central bank to limit auto loans](#), Reuters.

Taiwanese Companies

The aggregate 1-year RMI PD for Taiwanese companies decreased during Q1, down from highs seen in mid and late-2012. Economic growth improved modestly during Q1, as both the retail sector and the manufacturing sector showed further signs of growth. Survey data suggests new manufacturing orders increased during Q1, although exports still remain below levels seen during the first half of 2011. Funding and liquidity profiles improved slightly during Q1, as banks increased lending to corporates. However, funding costs in debt markets may have increased slightly as government bond yields increased. Going forward, the credit outlook for Taiwanese companies is positive, as global demand appears to have recovered. Potential support from the central bank in the form of currency intervention should offset negative effects arising from the depreciation of the JPY.



Economy

- The Taiwanese economy expanded by 1.54% YoY in Q1, after expanding 3.72% in Q4. The government now expects the economy to grow by 3.6% during 2013. However, the IMF recently revised down its 2013 GDP forecast for Taiwan to 3%, from a previous estimate of 3.9%.^{116,117}
- The unemployment rate fell slightly during Q1 to 4.18% in March, after reaching a low of 4.16% in February, down from 4.21% in January and at the end of Q4.
- The Taiwan manufacturing PMI increased to 51.2 in March, a two-month high and up from 50.6 at the end of Q4. This was the fourth consecutive month of expansion, as new orders continued to increase.¹¹⁸
- Exports fell 6.6% YoY in March and 15.8% in February, after increasing by 21.6% YoY in January. The government expects 2013 exports to expand by 5.5% YoY.^{119,120}

- Retail sales continued to recover towards the end of Q1, increasing 6.21% YoY in February after falling 1.47% in January. This followed a 1.77% increase in December.

Monetary

- The Central Bank of the Republic of China (Taiwan) maintained its official interest rate at 1.875% during Q1, unchanged since July 2011.
- The central bank has continued selling the local currency to counter the appreciation of the TWD. The central bank says it would intervene further to offset any disorderly movements in the market for the TWD. This will serve to mitigate the depreciation of the JPY which hurts the export competitiveness of Taiwanese companies.¹²¹

Funding & Liquidity

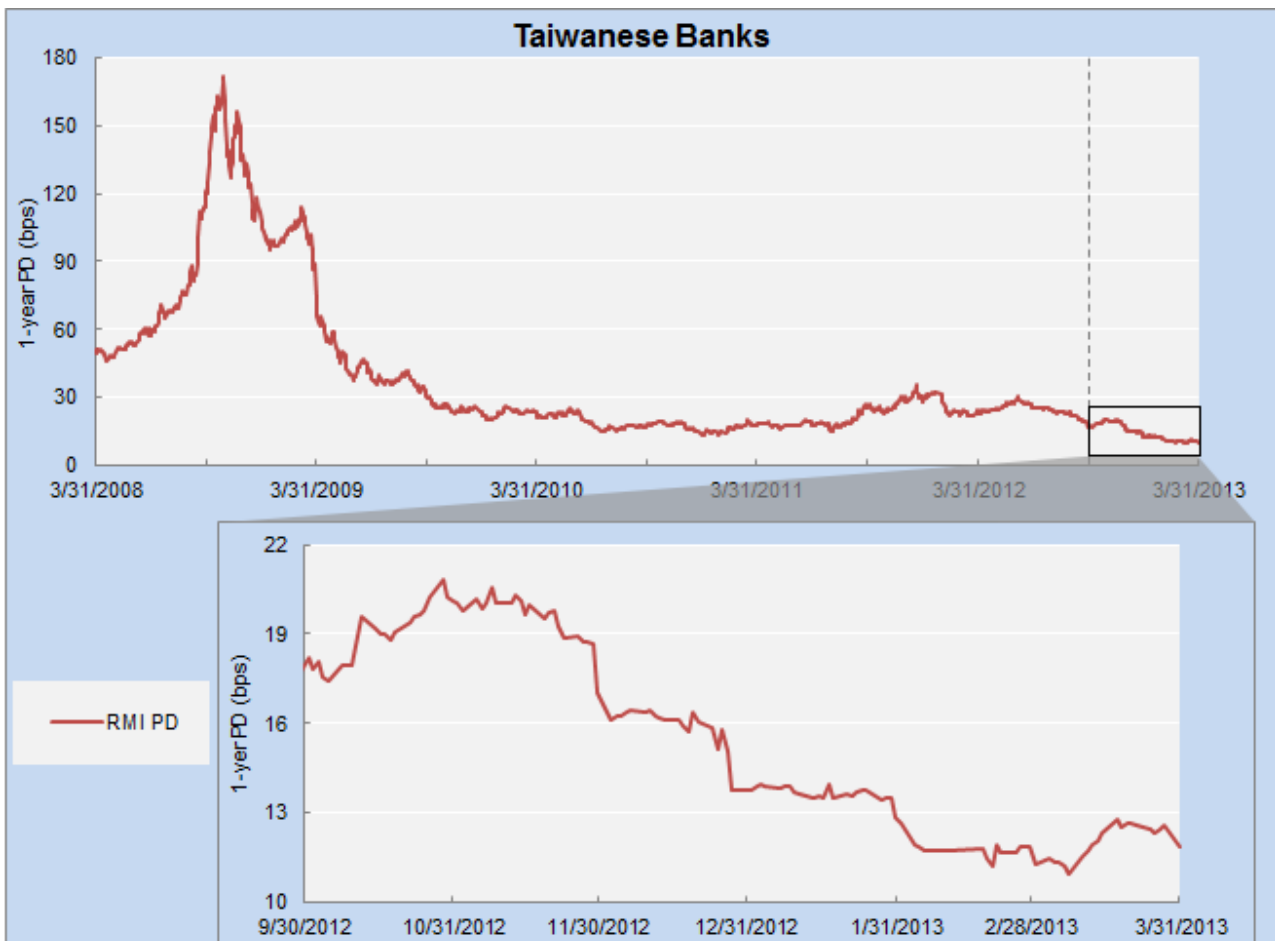
- Yields on 10-year Taiwanese government bonds increased to 1.30% in Q1, up from record lows during Q4 and 1.17% on December 31. Yields reached as high as 1.36% in Q1.
- Total bank claims on the private sector continued to grow during Q1, increasing 5.38% YoY in March to TWD 20.4tn, after increasing 4.87% in February and 4.85% in January. This followed growth of 5% in December.¹²²
- Taiwanese base lending rates remained at 2.883% at the end of March, unchanged from Q4.¹²³
- Taiwanese companies will be able to take out CNY-denominated loans and hold CNY-denominated deposits at Taiwanese banks, after the People's Bank of China designated the Bank of China's Taipei branch as a CNY clearing bank.¹²⁴

Sovereign Credit Ratings

- Moody's and S&P maintained their respective Aa3 and AA- ratings on the Taiwanese government during Q4; Fitch also maintained its A+ rating. All three CRAs retained stable outlooks.

Taiwanese Banks

The aggregate 1-year RMI PD for Taiwanese banks decreased in Q1, falling to a historical low in March. This came despite a fall in earnings during Q4, with earnings in Q1 likely supported by a modest economic growth and stable NIMs. Overall funding and liquidity conditions remained favorable, supported by a recovery in deposit growth and stable liquidity after central bank actions in Q4. Funding rates remained mostly stable, with market rates increasing slightly. Overall asset quality continued to improve due a modest economic recovery. Going forward, banks are likely to benefit from more diverse lending opportunities on the mainland, with the local market currently oversaturated. Combined with a favorable economic growth outlook and continued favorable funding conditions, the credit outlook for Taiwanese banks remains positive.



Profitability

- Taiwanese banks' combined net income fell by 34% QoQ to TWD 7.9bn during Q4 after reaching a record high of TWD 12bn in Q3.
- A proxy for the NIM of Taiwanese banks fell slightly to 2.55% in Q1 from 2.56% in Q4.
- The recent approval of a CNY clearing bank in Taiwan clears the way for Taiwanese banks to start offering CNY loans to companies operating in mainland China, opening up more lucrative lending opportunities.

Funding & Liquidity

- Average coupon rates on new issuances of 7-year subordinated TWD-denominated bank bonds increased slightly to 1.5% during Q1, from as low as 1.43% during Q4.
- Deposit growth at Taiwanese banks increased during Q1, with total deposits increasing 1.43% QoQ, after growing 1.4% in Q4.¹²⁵

- Deposit rates remained stable for the seventh consecutive quarter, with average 1-year fixed rates at 1.355% per annum and 1-year floating rates at 1.345%.¹²⁶
- Overall liquidity in the Taiwanese banking system remained stable during Q4, with the aggregate LATDB ratio for listed banks increasing slightly to 15.66% from 15.4% in Q3.¹²⁷

Asset Quality

- The total NPL ratio for Taiwanese banks fell to 0.42% in February, from as high as 0.47% in Q4. The ratio stood at 0.4% in January.¹²⁸

¹¹⁶Feb 22, 2013, [Preliminary Estimate of 2012Q4 and Latest Outlook for 2013](#), DGBAS, eng.dgbas.gov.tw

¹¹⁷Apr 16, 2013, [IMF adjusts projection of Taiwan's economic growth downward](#), Focus Taiwan.

¹¹⁸Apr 1, 2013, [HSBC Taiwan Manufacturing PMI](#), Markit, markiteconomics.com

¹¹⁹Mar 20, 2013, [Taiwan Feb export orders slump more than forecast, March pick-up seen](#), Reuters.

¹²⁰Jan 8, 2013, [Taiwan sets 2013 export growth rate at 5.5%](#), China Daily.

¹²¹Apr 1, 2013, [Taiwan Dollar Forwards Decline as Weaker Yen Threatens Exports](#), Bloomberg.

¹²²Mar 2013, [Taiwanese MFIs: Loans & investments](#), Central Bank of the Republic of China, cbc.gov.tw

¹²³Mar 2013, [Taiwanese MFIs: Selected interest rates](#), Central Bank of the Republic of China, cbc.gov.tw

¹²⁴Jan 25, 2013, [Taiwan Banks to Offer Yuan Deposits, Loans in Domestic Market](#), Bloomberg.

¹²⁵Mar 2013, [Taiwanese MFIs: Consolidated deposits](#), Central Bank of the Republic of China, cbc.gov.tw

¹²⁶Mar 2013, [Taiwanese MFIs: Deposit and benchmark rates of five major banks](#), Central Bank of the Republic of China, cbc.gov.tw

¹²⁷Mar 2013, [Preliminary Report on the Current Survey of Commerce](#), Central Bank of the Republic of China, cbc.gov.tw

¹²⁸Mar 29, 2013, [Asset Quality of Domestic Banks](#), Financial Supervisory Commission, banking.gov.tw

Asia-Pacific - Emerging economies

Indonesian Companies

The aggregate 1-year RMI PD for Indonesian companies continued a slow and steady decline in Q1, dropping to levels not seen since the 1997 Asian financial crisis. The economy began to recover from a significant slowdown in GDP growth during the last quarter of 2012. Earnings profiles of Indonesian firms improved even as exports deteriorated due to the fact that more than 60% of Indonesia's GDP is generated by domestic consumption, making Indonesia somewhat resilient to the external macroeconomic shocks. However, the trend of growing trade deficit puts pressure on the rupiah. Furthermore, surging inflation during the quarter adds further uncertainty over the management of the economy, as the government may be reluctant to adjust fuel subsidies in a time of increasing inflation. Other sources of economic risks include the moderation in investment growth, and inadequate and poor infrastructure. Overall, the credit outlook for Indonesian companies is stable, as the healthy level of domestic investment coupled with Indonesia's large domestic market and its burgeoning middle class are expected to support continuing steady growth.



Economy

- The Indonesian economy contracted by 1.45% QoQ in Q4, bringing the full year growth to 6.2%. This contraction marks the slowest growth Indonesia experienced in two years. Nevertheless, the full-year GDP growth is still the third-highest growth rate of the big Asian economies in 2012, after China and the Philippines.^{129,130}
- Indonesia's exports continued to weigh on the country's economy as the trade deficit compressed to 64.5m after a USD 304.9m surplus in March, marking the first reversal from 7 months of trade deficits. Much of the trade surplus came from export growth to emerging markets.¹³¹

- The Indonesian manufacturing PMI was 51.3 in March, up from 50.5 in February and 49.7 in January. The index stood at 50.7 in December. The volume of incoming new work at Indonesian manufacturing companies rose for a tenth consecutive month in March, amid reports of stronger domestic and foreign demand.¹³²
- Prices increased 2.43% QoQ during Q1, according to Indonesia's Consumer Price Index. Inflation during the 3-month period was mainly caused by an increase in the price of commodities, with the prices of other expenditure groups remaining relatively flat.¹³³

Monetary

- Bank Indonesia maintained its official interest rate at 5.75% during Q1. The policy rate has been unchanged since February 2012.¹³⁴
- Finance Minister Agus Martowardojo will succeed Governor Darmin Nasution, whose term ends on May 23, as governor of the central bank. Martowardojo said his priorities would be a stable exchange rate and low inflation, and commentators suggested that there will not be any drastic change in the central bank's policy mix.¹³⁵

Funding & Liquidity

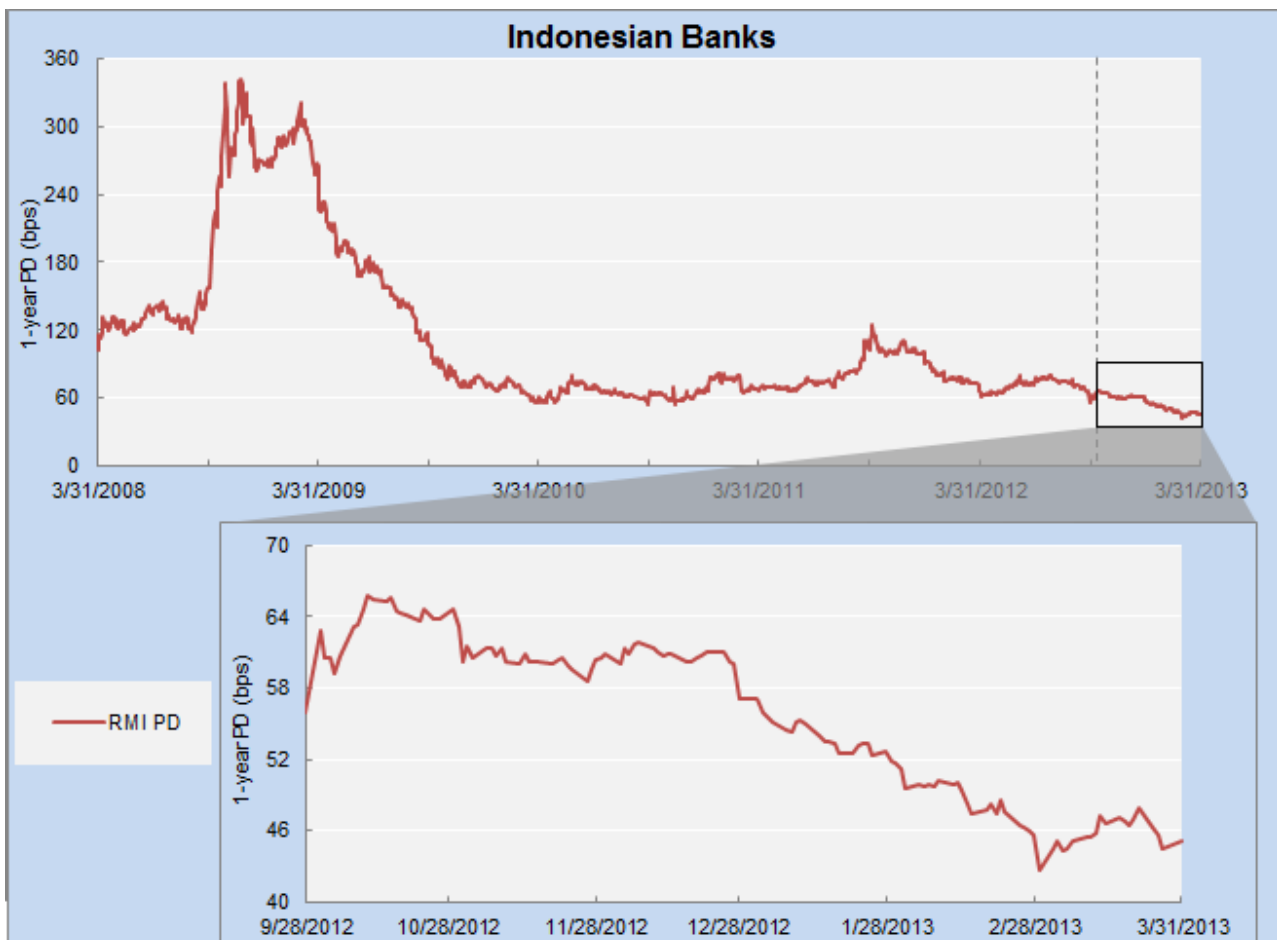
- Indonesian global bonds are Southeast Asia's worst performers in Q1 after handing investors a loss of 3.1%, according to an HSBC Holdings Plc index. This did not deter investors as Indonesia sold USD 3bn of 10- and 30-year dollar bonds in early April at record low borrowing costs, tapping the global market for the first time this year. The nation auctioned off USD 1.5bn of notes due April 2023 to yield 3.50%, its cheapest-ever financing for non-Islamic USD-denominated bonds.^{136,137}
- Yields on 10-year Indonesian government bonds rose from 5.09% on December 28 to 5.44% on March 28. This increase was at least partially due to concerns that the government's plan to manage fuel subsidies will accelerate inflation and incite sales of the notes by global funds.¹³⁸
- Credit growth reached 23.4% YoY in February and 23.0% in January, relatively stable compared to the growth rates achieved during Q4.¹³⁹
- Average Indonesian commercial bank lending rates to non-banking entities and consumers stayed mostly unchanged at 11.82% in February, compared to 11.88% in December.¹⁴⁰

Sovereign Credit Ratings

- Moody's and Fitch retained their investment grade ratings of Baa3 and BBB- respectively on the Indonesian government in Q1, while S&P maintained its BB+ rating. All three CRAs have a stable outlook on Indonesia's sovereign debt.

Indonesian Banks

The aggregate 1-year RMI PD for Indonesian banks fell to a 19-year low during Q1, reflecting the profitability of the sector, the country's fast-growing economy and its huge middle class population. Indonesian banks remained well capitalized with capital adequacy ratios generally well above regulatory-specified minimum levels. Asset quality remained stable with non-performing loans standing at a modest level in December. Furthermore, Indonesian banks derive most of their funding from deposits rather than wholesale funding markets; the sector is therefore protected from unexpected liquidity risks often associated with wholesale funding. Going forward, the credit outlook for Indonesian banks is stable. Potential risks to the sector include the worrying trend in the loan-to-deposit ratio, which stood at 84.4% in February and is higher than its Southeast Asian neighbours. Growing deposits combined with a March 2011 central bank rule, which requires banks to maintain a loan-to-deposit ratio of at least 78%, has increased the pressure for banks to further their lending.



Profitability

- Earnings at Indonesian listed banks fell throughout Q1, with aggregate net income decreasing around 3.77% QoQ during Q1, compared with a 4.49% decline in Q4.
- A proxy for the average NIMs of Indonesian banks stood at 6.06% in February and 5.98% in January. Q1 is likely to become the second consecutive quarter of a compression in net interest margins. Despite this, banks in Indonesia still benefit from one of the widest net interest margins among the 20 biggest economies.¹⁴¹

Funding & Liquidity

- The coupon rate on 10-year IDR-denominated bank bonds issued in Q1 by Bank Tabungan Negara Persero, one of Indonesia's largest banks, was 7.9%, unchanged from a similar issuance in Q2 2012.
- Deposits at Indonesian banks decreased by 0.55% to IDR 3,207tn during the first two months of Q1, after increasing 5.75% during the last quarter of 2012.¹⁴²
- Deposit rates stayed mostly stable during Q1, albeit with a marginal decline. The average 1-year IDR time deposits and IDR savings deposits fell to 5.88% and 1.87% per annum respectively in February, from 6.05% and 1.91% at the end of Q4.¹⁴³

Capital Levels & Regulations

- In order for its anti-money-laundering regulatory framework to be in line with prevailing regulations as well as international standards, Bank Indonesia has made several changes to the underlying provisions covering fund transfers, customer due diligence, imposition of sanctions, and other areas. The updated provisions are effective as of December 28.¹⁴⁴
- Given the increasing number of complex investment products and an embezzlement scandal that defrauded several Citibank customers in 2011, Bank Indonesia is tightening regulations by conducting routine supervision to ensure banks had been prudent in their management of internal controls and application of risk management on premium clients.¹⁴⁵

Asset Quality

- Overall asset quality of Indonesian banks improved during Q4, as the gross non-performing loan ratio dropped to 1.9% in December from 2.2% a year earlier.¹⁴⁶

¹²⁹Feb 5, 2013 [Indonesia economy slows in Q4 2012, exports weigh on outlook](#), Reuters.

¹³⁰Feb 05, 2013, [Indonesian consumers keep economy humming](#), Financial Times.

¹³¹May 02, 2013, [Non-Traditional Export Markets to Grow: Trade Ministry](#), Jakarta Globe, bps.go.id

¹³²Apr 01, 2013, [HSBC Indonesia Manufacturing PMI](#), Markit, markiteconomics.com

¹³³Apr 01, 2013, [CPI in March 2013 was 138.78 or inflated 0.63%.](#), Statistics Indonesia, bps.go.id

¹³⁴Apr 11, 2013, [BI Rates](#), Bank Indonesia, bi.go.id

¹³⁵Mar 26, 2013, [Indonesia Panel Approves Martowardojo as Central Bank Chief](#), Bloomberg.

¹³⁶Apr 09, 2013 [Indonesia Sells \\$3 Billion Debt at Lowest Rate in 2013 Debut.](#), Bloomberg.

¹³⁷Apr 19, 2013, [Indonesia Bonds Go From Worst to First as Oil Declines: Asean Credit](#), Bloomberg.

¹³⁸Mar 27, 2013, [Indonesia 10-Year Bond Yield Rise to 5-Month High on Inflation](#), Bloomberg.

¹³⁹Apr 11, 2013, [BI Rate Maintained 5,75%](#), Bank Indonesia, bi.go.id

¹⁴⁰Apr 10, 2013, [Indonesian Banking Statistics Vol 11 \(Table 1.54\)](#), Bank Indonesia, bi.go.id

¹⁴¹Feb 04, 2013, [World's Most Profitable Banks in Indonesia Double U.S. Returns.](#), Bloomberg.

¹⁴²Mar 07, 2013, [Indonesian Banking Statistics Vol 11 \(Tabel 1.1.a.\)](#), Bank Indonesia, bi.go.id

¹⁴³Mar 07, 2013, [Indonesian Banking Statistics Vol 11 \(Table 1.47\)](#), Bank Indonesia, bi.go.id

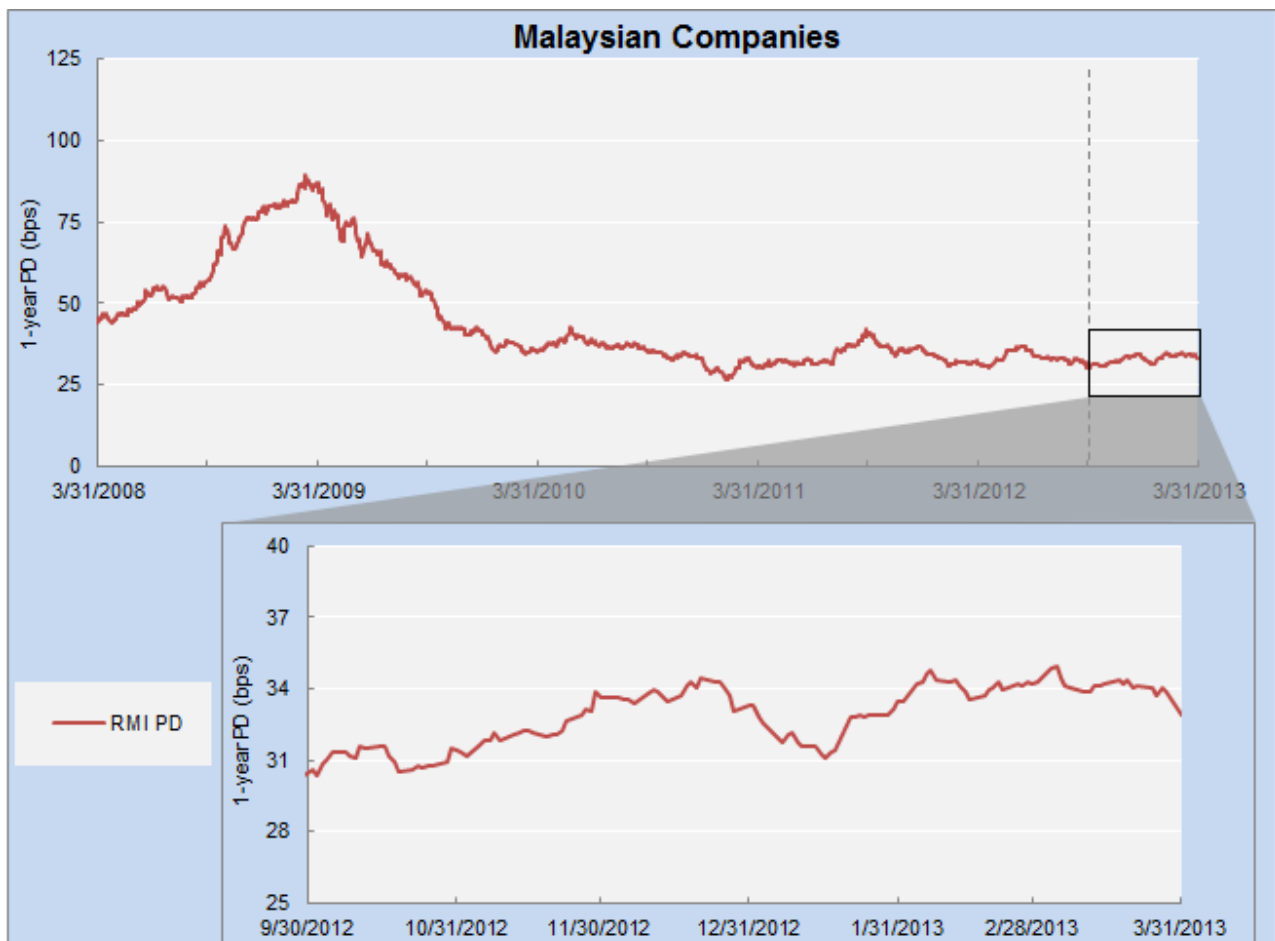
¹⁴⁴Dec 28, 2012, [Anti Money Laundering Regulation](#), Bank Indonesia, bps.go.id

¹⁴⁵Mar 04, 2013, [Indonesian banks promise more protection against fraud](#), AsiaOne.

¹⁴⁶Mar 07, 2013, [S&P Report Positive on Indonesian Banks, With Some Caution](#), Jakarta Globe.

Malaysian Companies

The aggregate 1-year RMI PD for Malaysian companies remained range-bound in Q1 around pre-global financial crisis levels amid increasing political uncertainty during the period, and a Malaysian-Sulu territorial conflict that escalated into armed confrontations. Earnings profiles stayed healthy as the economy continued to benefit from big-ticket government spending, robust domestic demand and rising foreign investments in projects such as Iskandar Malaysia. The unemployment rate remained low at close to full employment, supporting private consumption and a retail industry which may have recovered during Q1, after dipping slightly during Q4. The credit outlook for Malaysian companies is generally stable although the possibility of transitory negative shocks to the domestic economy after the impending general election could be significant. Still, a comfortable trade surplus and satisfactory capital inflows, coupled with the supportive stance from the central bank, lend support to the country's economic growth moving forward. However, Malaysia continues to face challenges that may undermine the country's growth story. The list includes such issues as a worrying structural fiscal deficit, a domestic palm oil industry that is losing competitiveness, and growing government debt.



Economy

- The Malaysian economy expanded at a faster pace of 6.4% YoY in Q4, as compared to 5.3% in the preceding quarter. GDP grew by 5.6% for the full year of 2012, after growing by 5.1% in 2011. The growth story will likely continue, albeit at a slower pace, with analysts generally estimating GDP growth between 5% and 6% in 2013.
- The seasonally adjusted unemployment rate dropped to 2.8% in February from 3.4% in December, marginally lower from the 3.0% recorded during November.¹⁴⁷

- The MIER Consumer Sentiments Index climbed to a six-year high during Q1. However, retail sales recorded a disappointing growth rate of 4.7% in Q4 2012, down from 4.8% during Q3. The Retail Group Malaysia forecasts that the retail industry will grow 6.9% during Q1 and 6.0% for the whole of 2013.¹⁴⁸
- The MIER Business Conditions Index fell to 92.6 during Q4, the lowest in more than 3 years. Industrial production showed a downward trend in Q1, as both the mining and manufacturing sectors contracted for two consecutive months until February on a seasonally adjusted MoM basis.¹⁴⁹

Monetary

- Bank Negara Malaysia (BNM) left its Overnight Policy Rate (OPR) unchanged again at 3% during Q1. The central bank has maintained the OPR for 11 consecutive meetings since July 2011. BNM expects Malaysia to enjoy robust investment activity and continued expansion in private consumption, and inflation to remain modest throughout the year.

Funding & Liquidity

- Yields of 10-year government bonds on March 29 were at 3.45%, decreasing 3bps from 3.48% on December 31.
- Bank lending expanded in Q1, with disbursements of new loans to non-financial Malaysian companies increasing 2.3% QoQ, and most of the growth concentrated in March. This compares with QoQ growth of 1.3% in December. However, the lending statistics in Q1 still pale in comparison to the numbers recorded in November and October 2012, when bank lending expanded 31.0% and 26.5% YoY respectively.¹⁵⁰
- Average commercial bank lending rates in Malaysia maintained at 4.70% per annum in March from 3 months ago. The average lending rate at investment banks increased marginally by 1bps to 6.84% per annum during the same period.¹⁵¹

Policy

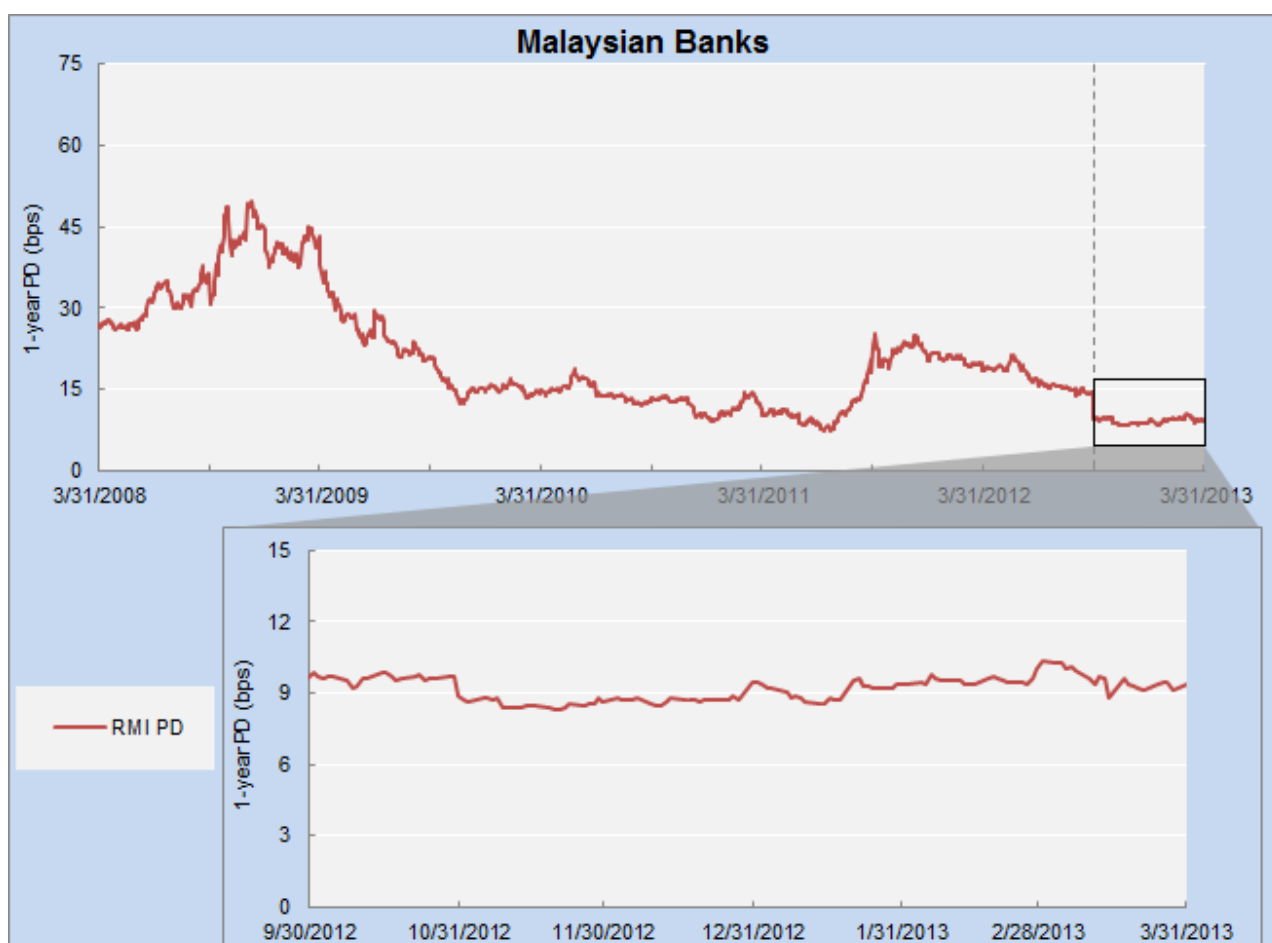
- Strong government spending through initiatives such as the "economic transformation program" will likely keep domestic demand robust in the near future. However the lavish gift-giving program of the incumbent government is a source of concern as Malaysia tackles a debt-to-GDP ratio of 51% that is among the highest in Asia, and persistent structural fiscal deficits.¹⁵²
- Investors view the clashes between Malaysian security forces and followers of the self-proclaimed Sultan of Sulu as a localized development. The deadly incursion mainly affects rural areas in Sabah, and investors do not expect the incident to have a long-term impact on the perception of Malaysia as an attractive investment destination.

Sovereign Credit Ratings

- The Malaysian government retained its A- equivalent credit rating with stable outlook from the three major CRAs during Q1.

Malaysian Banks

The aggregate 1-year RMI PD for Malaysian banks stayed mostly flat at a healthy level during Q1. Earnings in Q1 will probably improve from Q4 levels, as new loan applications climbed while NIMs improved marginally. However, the February slide in loan applications may signal that creditors and borrowers were becoming cautious, this was expected as there were fewer working days. Healthy balance sheets and continuing government investment in infrastructure sectors will support the banking sector moving forward. Funding and liquidity conditions stayed stable during Q1, as funding costs mostly remained the same while deposit growth continued its downward trend. The banking sector maintained its highly effective credit risk management as asset quality stayed pristine, while banks coped well with the new Basel rules. The long-term credit outlook for Malaysian banks remains positive, as robust asset quality and strong balance sheets provide support to the earnings profile of the sector, despite a potential further slowdown in earnings.



Profitability

- Earnings at Malaysian banks retreated during Q4, with aggregate net income declining at a rate of 3.31% QoQ to MYR 5.2bn, from a high base of MYR 5.4bn and growth rate of 5.1% in Q3.
- Total loan applications climbed 8.9% during Q1, with most of the increase recorded in March. The total loans applied in March were MYR 70.5bn, representing a QoQ growth of 31.3%.¹⁵³

- A proxy for the average NIM of Malaysian commercial banks based on average interest rates remained competitive during Q1, rising marginally to an average of 1.73% in the three months ending March, from an average of 1.72% in the previous quarter.

Funding & Liquidity

- The yield on Maybank's 4-year 3% USD-denominated bond fell to 1.71% in Q1, from 1.93% at the end of Q4. Maybank is the largest domestic bank by total assets.
- Deposit growth continued to deteriorate during Q1, with total deposits increasing an average of 8.1% YoY in the three-month period, compared with average YoY growth of 10.7% during Q4.¹⁵⁴
- The average rate for savings deposits remained stable during Q1, dropping marginally to 1.01% in March compared with 1.03% in December. Rates on 12-month fixed deposits stayed steady at 3.15% for five consecutive months starting in November.¹⁵⁵
- Overall liquidity in the Malaysian banking system slightly decreased in Q4, with the aggregate LATDB ratio for listed banks falling to 17.3% from 17.5% in the previous quarter.

Capital Levels & Regulations

- The banking sector is coping well overall with the transition to Basel III regulations, as capital ratios continue to remain strong even under stricter guidelines.
- The common equity Tier 1 capital ratio, core Tier 1 capital ratio and Total capital ratio stood at 12.2%, 13.1% and 14.5% respectively in March. The ratios stayed strong at mostly the same level through Q1.¹⁵⁶

Asset Quality

- Asset quality at Malaysian banks continued to improve with impaired loans standing at a healthy level of MYR 22.6bn, or 1.3% of total loans, in March.
- The ratio of aggregate provisions to total impaired loans fell to 99.2% in March from 100.2% in December. The ratio was still relatively strong judging from recent years' standards.¹⁵⁷

¹⁴⁷Apr 22, 2013, [Labour Force Statistics: February](#), Department of Statistics, Malaysia, [statistics.gov.my](#)

¹⁴⁸Mar 05, 2013, [Retail sector may enjoy 6pc growth](#), Business Times.

¹⁴⁹Apr 11, 2013, [Index of Industrial Production](#), Department of Statistics, Malaysia, [statistics.gov.my](#)

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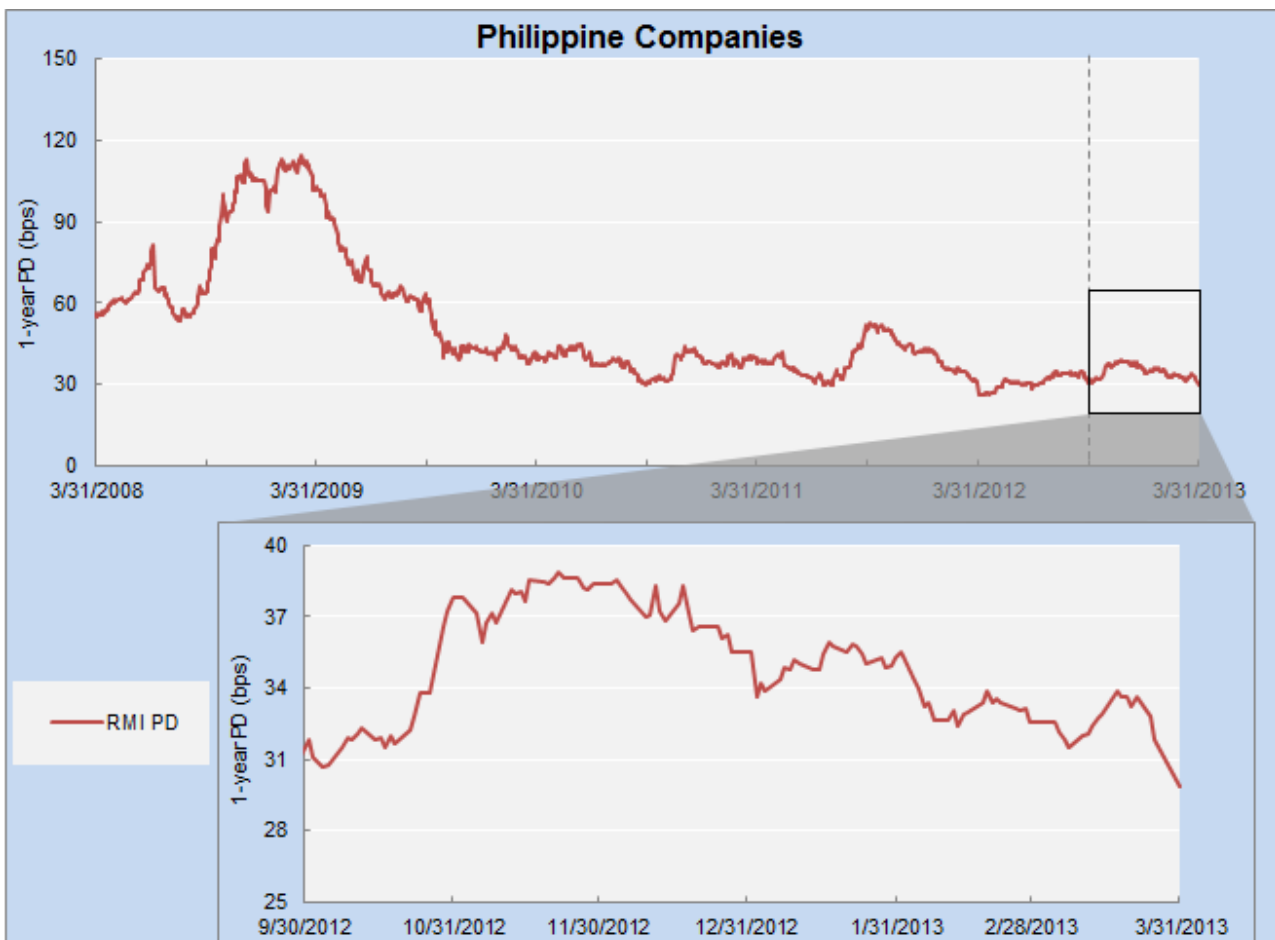
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¹⁵⁷Apr 30, 2013, [Banking System: Impaired Loans and Impairment Provisions](#), Bank Negara Malaysia, [bnm.gov.my](#)

Philippine Companies

The aggregate 1-year RMI PD for Philippine companies improved during Q1, buoyed by a strong economic performance in the second half of 2012. Earnings profiles likely improved as well with government officials predicting 6% to 7% of growth in the domestic economy during Q1, driven by robust consumer and government spending in the election year. Funding and liquidity in the country remained healthy, boosted by the fact that the Philippines won its first ever investment-grade credit rating from Fitch Ratings in late March.* The BSP has been actively implementing measures that can hopefully contain the expected surge in liquidity and the associated negative impacts such as exchange rate volatility, asset-price bubbles and other financial imbalances. The credit outlook for companies in the Philippines remains positive. The government's comfortable fiscal position and effective governance reform provide support to a resilient economy. Foreign investment is also set to climb following the sovereign credit rating upgrade.



Economy

- The Philippine economy grew 6.8% YoY in the three months through December, after expanding 7.1% in Q3, the fastest pace in two years. The economy grew 6.6% for the full year, accelerating from just 3.9% growth in 2011. The World Bank predicts the growth momentum will continue, forecasting 6.2% growth in 2013. However, the OECD warned that the country may lag behind some of its ASEAN neighbors in the long-term if the government does not implement pro-growth structural policies.^{158,159}
- Headline inflation decelerated to 3.2% YoY in March from 3.4% in February, and remained in line with the central bank's assessment of an optimal inflation environment.

*S&P also raised its sovereign credit rating for the Philippines by a notch to BBB- from BB+ in May

- The unemployment rate in January 2013 was at 7.1%, nearly unchanged from a year ago. Despite the robust GDP growth in Q4, unemployment has risen from October when the unemployment rate was 6.8%.
- Exports contracted 2.7% YoY and 15.6% in January and February respectively, due to the high base a year ago, compared with a surge of 16.5% in December. On a MoM basis, exports actually grew 1% in January after increasing by 11.9% in December.
- The Business Expectations Survey conducted by BSP shows overall business sentiment and outlook turned less sanguine in Q1 but more buoyant for the quarter ahead. The overall business confidence index was still favorable at 41.5% and indicates relative optimism during the quarter. Next quarter confidence index rose to 56.4%.¹⁶⁰

Monetary

- The BSP decided in March to maintain its key policy interest rates at 3.5% for overnight borrowing (reverse repurchase) and 5.5% for overnight lending (repurchase), for the third consecutive meeting.
- As a result of its efforts to rein in the strong appreciation of the peso, the central bank lost PHP 77.1bn of its net worth surplus between January and November 2012. The BSP is resorting to alternative policy tools, such as a recent cut of 50bps on the special deposit account rate, to reduce costs of absorbing liquidity from the banking system and to curb speculative inflows.¹⁶¹

Funding & Liquidity

- Average yields on 10-year PHP-denominated bonds issued by the government of the Philippines tumbled during Q1 from 4.15% in December to 2.91% in March.
- Total outstanding loans to the non-financial business sectors decreased 0.26% MoM on average in the three-month period. This compared with an average MoM growth rate of 2.21% in 4Q2012.¹⁶²
- Philippine external debt approved or registered by the central bank decreased to USD 60.3bn at the end of 2012 from USD 61.7bn the previous quarter.¹⁶³
- The slow but steady decline of average interest rates on bank loans to Philippine companies continued, falling to a range of 4.82% to 7.08% per annum in March from a range of 5.27% to 7.51% per annum in December.¹⁶⁴

Policy

- The deadly confrontation between Malaysian security forces and followers of a self-styled Sulu sultanate over claims to Sabah threatens to affect wider Malaysian-Philippine relations. Diplomatic relations between the two current close allies have been suspended in the past due to similar disputes. The Philippines has been working hard to calm tensions with Malaysia but shipping between the two countries has been restricted since the Sabah incursion.¹⁶⁵
- The Philippine government has stepped up revenue-raising and graft-fighting efforts, impressing investors and credit rating agencies as spreads between Philippine and Indonesian bonds have widened to the former's advantage in Q1.¹⁶⁶

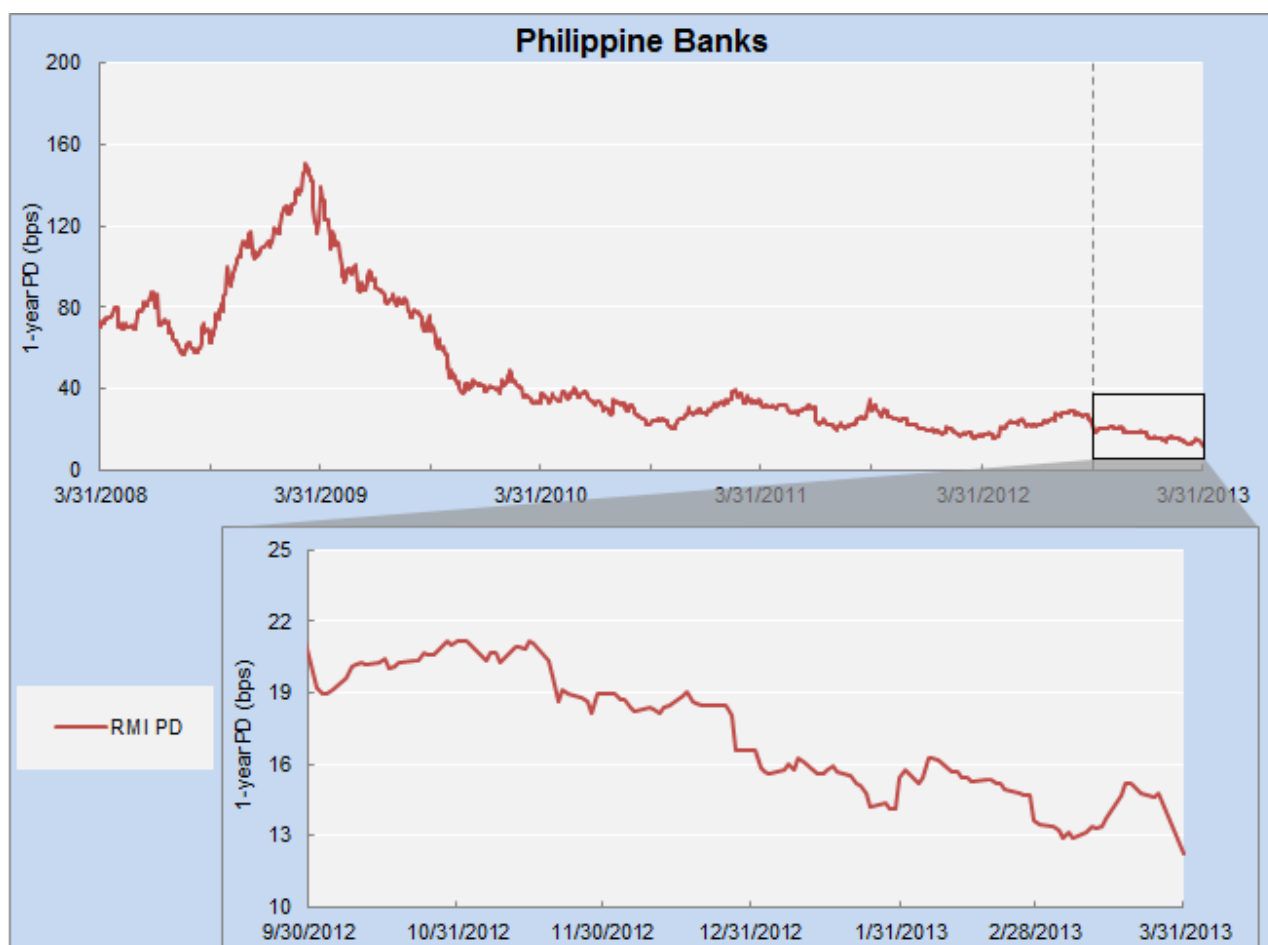
Sovereign Credit Ratings

- Fitch upgraded its rating for Philippine government debt from BB+ to BBB- in March. Both Moody's and S&P* rated the Philippines one notch below investment grade as of end March, with stable and positive outlook respectively.

*S&P raised its sovereign credit rating for the Philippines by a notch to BBB- from BB+ in May

Philippine Banks

The aggregate 1-year RMI PD for Philippine banks continued to improve in Q1 on a quarterly basis. The credit profile of the banking sector benefited from the country's first investment-grade credit rating, and expectations of future upgrades from other major credit rating agencies. Capital-raising efforts from the banks in order to comply with the new Basel rules also served to bolster their balance sheets, which bodes well for the banks' creditors, although possibly to the detriment of the shareholders. Earnings likely increased as bank lending expanded while interest spreads remained healthy. However, weaker NIMs and continued spread compression may hurt the banks' profitability, as growing liquidity forces creditors to increase lending. Banks are well capitalized and able to extend credit; this combined with positive business sentiment arising from strong macroeconomic fundamentals should support continued loan growth going forward.



Profitability

- The combined net income of listed banks in the Philippines dropped 7.7% during Q4 to approximately PHP 19.8bn, after increasing by 8.4% QoQ in Q3.
- Total outstanding loans of commercial banks, net of reverse repurchase placements with the BSP, expanded 15.1% YoY in January and 15.8% in February, after increasing 14.2% in December. Bank loans denominated in foreign currencies climbed USD 1.1bn to USD 8.7bn as of the close of 2012 from a quarter ago.¹⁶⁷
- The average NIM of listed banks in Philippines declined to 3.78% in Q1 compared with 3.87% at the end of Q4. Major corporate borrowers have recently chosen to raise funds through capital markets rather than financing through bank loans.¹⁶⁸

Funding & Liquidity

- Yields on 4-year 4.5% USD-denominated bonds issued by BDO and Unibank, the largest Philippine banks in asset terms, increased 16bps to 3.53% on March 28 from the previous quarter, after climbing to as high as 3.84% in early February. Banks' access to funding likely improved following sovereign credit rating upgrades.
- Total deposits in the Philippine banking system reached PHP 5.746tn at the end of 4Q2012, a YoY increase of 7%.¹⁶⁹
- The average funding costs of Philippine banks continued to slide in Q1. Savings deposit rates fell from 1.25% in December to 0.97% in February, although the average bank lending rates also dropped marginally from 5.49% to 5.41% over the same period.¹⁷⁰
- Overall liquidity in the banking system of the Philippines increased during Q4, with the aggregate LATDB ratio for listed banks rising to 22.7% from 21.6% in Q3.

Capital Levels & Regulations

- Domestic banks have been raising capital in order to keep their core capital at satisfactory levels following the introduction of Basel III requirements, which takes effect starting next year. The central bank said in a March memorandum that the Philippine banking system is ready to shift to the Basel III capital framework.¹⁷¹

Asset Quality

- Listed banks had decreased provisions for bad loans by 8.06% during Q4, to approximately PHP 5.06bn or 0.11% of total assets, down from provisions of PHP 5.5bn during Q3.
- S&P warned of the danger of excessive risk-taking as Philippine banks chase after loan volumes in a low interest rate environment, but added that default risks are insignificant at the moment. S&P expects double digit credit expansion in the Philippines this year.¹⁷²

¹⁵⁸Jan 31, 2013, [Philippines GDP: from the erratic to the consistent](#), Financial Times.

¹⁵⁹Mar 26, 2013, [Phl to lag behind other ASEAN members in economic growth: OECD report](#), PhilStar.

¹⁶⁰Feb 22, 2013, [Business Expectations Survey: First Quarter 2013](#), Bangko Sentral ng Pilipinas, bsp.gov.ph

¹⁶¹Mar 13, 2013, [Analysis: Philippine central bank runs low on intervention funds](#), Reuters.

¹⁶²Apr 30, 2013, [Loans Outstanding of Universal and Commercial Banks](#), Bangko Sentral ng Pilipinas, bsp.gov.ph

¹⁶³Mar 22, 2013, [Philippine External Debt Indicators](#), Bangko Sentral ng Pilipinas, bsp.gov.ph

¹⁶⁴April 2013, [Philippines: Selected Domestic Interest Rates](#), Bangko Sentral ng Pilipinas, bsp.gov.ph

¹⁶⁵Mar 07, 2013, [Economic ties in Malaysia and south Philippines cut](#), Financial Times.

¹⁶⁶Mar 15, 2013, [Philippines Beats Indonesia as Aquino Finds Favor: Asean Credit](#), Bloomberg.

¹⁶⁷Apr 01, 2013, [Bank lending, money supply continues to grow in February](#), Malaya Business Insight.

¹⁶⁸Apr 02, 2013, [BPI warns of shrinking margins](#), PhilStar.

¹⁶⁹April 2013, [Deposit Liabilities by Size of Account](#), Philippine Deposit Insurance Corporation, pdic.gov.ph

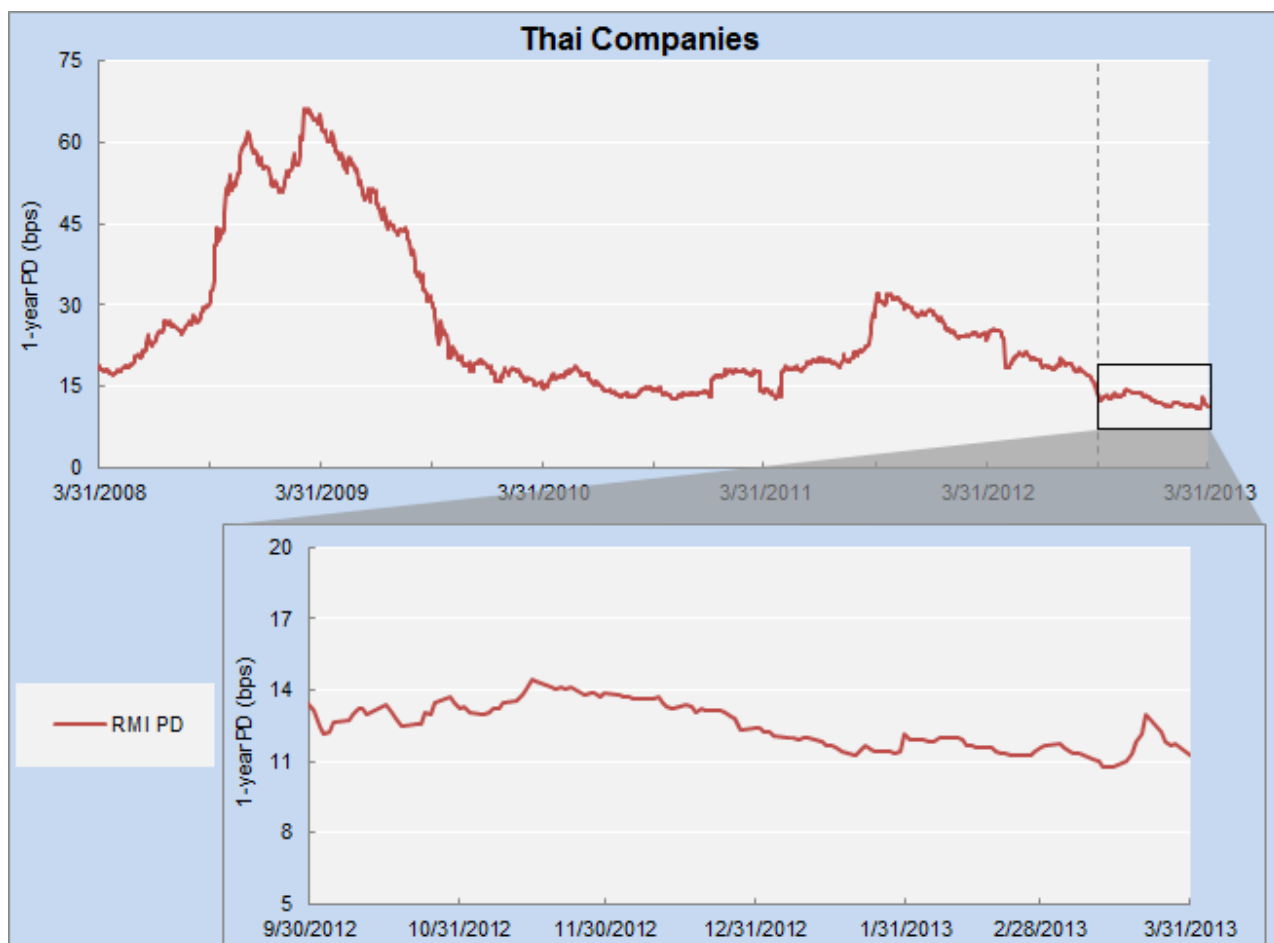
¹⁷⁰April 2013, [Philippines: Selected Domestic Interest Rates](#), Bangko Sentral ng Pilipinas, bsp.gov.ph

¹⁷¹Mar 05, 2013, [Memorandum No. M-2013-008](#), Bangko Sentral ng Pilipinas, bsp.gov.ph

¹⁷²Feb 28, 2013, [S&P: Philippine banks may continue to ride high](#), Business Inquirer.

Thai Companies

The aggregate 1-year RMI PD for companies operating in Thailand decreased slightly during Q1, as the country probably continued to deliver commendable economic growth in Q1 after a strong GDP expansion in Q4. The default risk for Thai companies is near its record low. Retailers witnessed a drop in sales at the start of Q1 dragged down by declines in orders for non-durable goods. Monetary conditions were kept at a favorable state as the Bank of Thailand voted to keep rates at low levels. Companies are optimistic in their outlook as banks continue to expand domestic lending. Retail sales continued to be healthy as there is no record of a material change in unemployment during Q1. Loan rates have not changed and companies have easy access to liquidity. The credit outlook for Thai firms remains uncertain given the geopolitical risk posed by insurgents in the south of the country, and Thailand's history of riots and coups d'état.



Economy

- The GDP in Q4 increased significantly by 18.9% QoQ, as a result of the expansion in domestic and external demand for Thai products. Household consumption and investment rose 12.2% and 23.5% respectively. The GDP for the full year of 2012 grew by 6.4% from a year ago. The IMF expects the nation's real GDP to grow 6.4% in 2012 and 5.9% in 2013.
- The number of persons unemployed in Thailand increased to 0.6% in February from 0.48% in December.¹⁷³
- Thailand's exports decreased 5.8% YoY in February from a 16.09% YoY gain in January. Thailand registered only USD 17.9bn of exports in February as rice, frozen shrimp and rubber exports declined significantly.^{174,175}

- A central bank index of business sentiment indicated a modest improvement in corporate optimism. The index increased to 54.4 in March from 50.6 in December. The index shows improved sentiment for new orders and employment.¹⁷⁶
- Revenues of retail companies fell during the first two months of Q1 as the retail sales index dropped 7.00% from 237.56 in December to 220.93 in February. Non-durable goods sales dropped 17.6% during the months with pharmaceutical and medical goods retailers losing sales by 12.0% . Motor vehicle sales also dropped 7% during the months.¹⁷⁷

Monetary Policy

- The Bank of Thailand voted five to one to maintain the policy interest rate at 2.75% per annum as it was necessary to sustain the current economic growth momentum and at the same time keep inflation within a comfortable range. The central bank said that the low interest rates were necessary given the fragile state of the economy and will closely monitor domestic economic developments as well as risks to financial stability.¹⁷⁸
- The general money supply which includes banknotes in circulation, bills of exchange issued by commercial banks and net asset values of money market funds increased 0.80% between December and February to THB 15.09tn.¹⁷⁹

Funding & Liquidity

- Yields on 10-year bonds issued by the Thai government decreased marginally during Q1, from 3.53% in December to 3.46% at the end of March.
- The amount of loans granted to non-financial companies increased from THB 4.8tn in November to THB 4.95tn in February. According to the Bank of Thailand, commercial banks had THB 3.20tn of outstanding loans on their balance sheets in February; in December, the amount of outstanding loans to non-financial companies was THB 3.18tn.¹⁸⁰
- Loan rates for corporate customers with good credit histories remained the same throughout Q1, with the minimum loan rate averaging 7.94% and the minimum overdraft rate at 7.51%.¹⁸¹
- Deposit rates for individuals also remained unchanged during Q1, as fixed deposit rates up to 12 months ranged between 2.25% and 3.35%. Deposit rates up to 24 months regained 2.5% to 3.35%.¹⁸²

Political

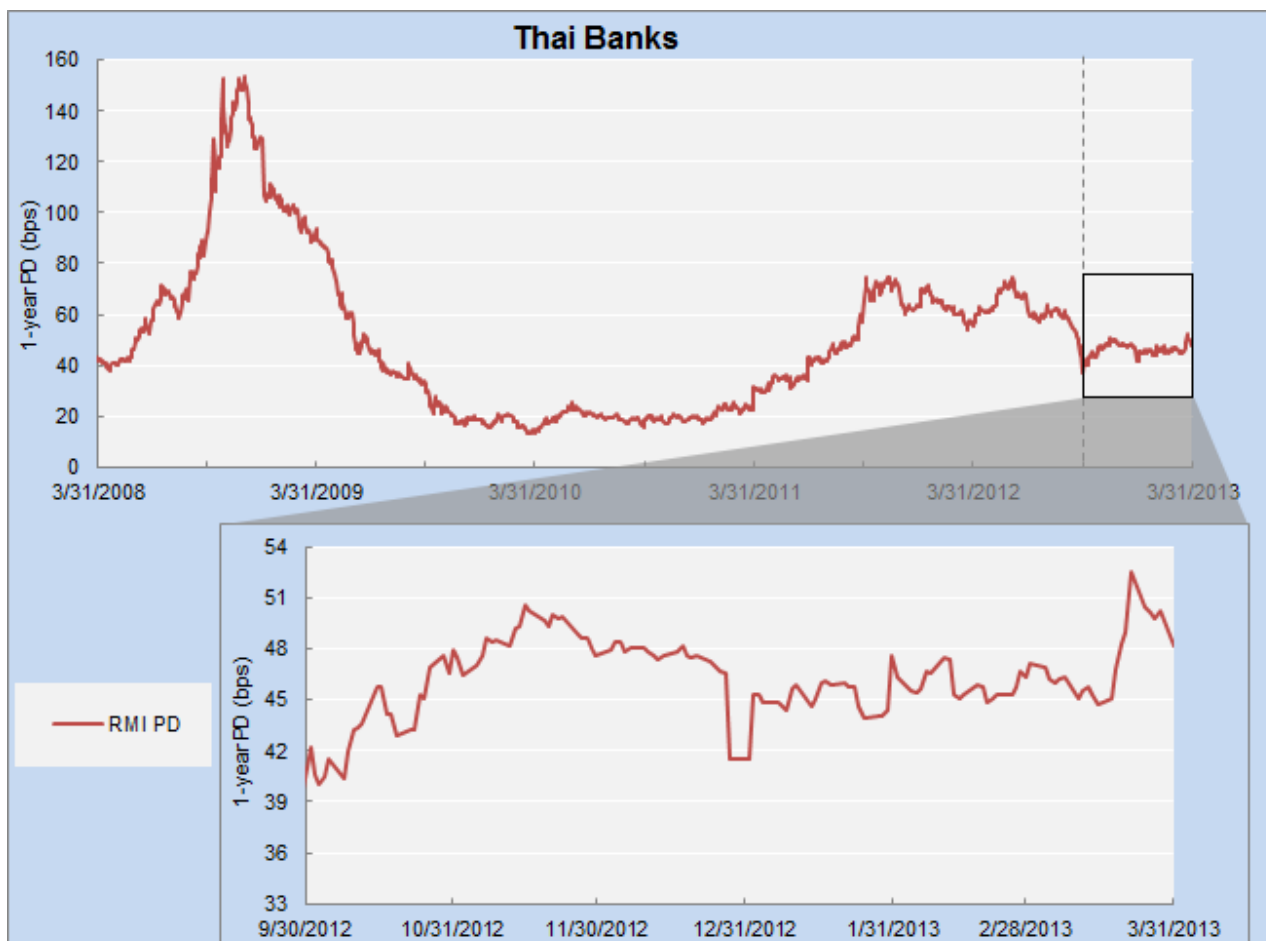
- The country's political risk remains high as there is no sign that a resolution of Thailand's protracted power struggle is likely to be achieved in the near future, despite the results of the general election held in July 2011. The insurgency in South Thailand escalated in 2004 and is a result of ethnic conflicts between Malay Muslims and Theravada Buddhists. Insurgents have taken their battle to Bangkok with a combination of targeted assassinations and bombing campaigns.¹⁸³

Sovereign Credit Ratings

- Moody's and S&P both maintained their credit ratings on Thailand's sovereign bonds at Baa1 and A- respectively, coupled with stable credit outlooks for the sovereign bonds.

Thai Banks

The aggregate 1-year RMI PD for banks in Thailand increased marginally in Q1, on the back of decreased earnings and lower net interest margins during the quarter. Q1 was relatively quiet in terms of bank bond issuances as only two issues were sold in the three months until March. Q4 saw notable growths in outstanding loans. The loan-to-deposit ratio also improved over the quarter. Net interest margins, liquidity and Tier 1 asset ratios were lower for Thai banks in the last quarter of 2012, coinciding with a drop in non-performing loans. Debt financing for banks will likely be cheaper going forward, following strong sovereign issuance during Q1 and a regional pursuit of higher yields. The sectoral credit outlook remains negative, as geopolitical risk remains in Thailand and more asset write-downs could pressure earnings going forward.



Profitability

- A handful of banks reporting Q1 earnings showed that average net income for Thai banks dropped 56% QoQ from Q4. Aggregate net incomes of listed banks in Thailand increased 67.16% YoY in Q4 although earnings have decreased 38.04% from Q3.
- The 3-month interbank rate BIBOR declined marginally to 2.85% at the end of Q1 from 2.86% at the start of the quarter as the central bank kept rates on hold.
- Total gross loans issued by Thai commercial banks reached THB 11.28tn in Q4, representing an increase of 4.16% from Q3.¹⁸⁴
- The average NIM at the end of Q1 for Thai banks decreased marginally 0.11% QoQ to 3.14% NIM on a YoY basis also fell by 6.08% at the end of March.
- Net interest income expressed as a percentage of net assets for large Thai banks reached 2.62% in Q4, lower than the 2.68% seen in Q3. Small banks also saw their net interest income ratio fall from 2.52% to 2.51%.¹⁸⁵

Funding & Liquidity

- 2 banks issued bonds during the quarter. Tisco Bank PCL issued a one year term bond based in THB during the quarter with a coupon rate of 3.15%. The issue matures in March 2014. Krung Thai Bank PCL issued a 5 year USD bond with a coupon of 2.25%. The bond was rated BBB by S&P and Baa1 by Moodys.
- Total deposits at banks in Thailand decreased from THB 708bn to THB 679bn in Q4. Outstanding loans increased from THB 210bn in Q3 to THB 223bn in Q4. The loan-to-deposit ratio climbed to 106.38 from 106.33 the preceding quarter.^{186,187}
- Overall liquidity in the banking system of Thailand dropped over Q4 with the average liquidity-to-deposit and borrowing ratio falling to 25.82 from 25.88 in Q3.¹⁸⁸

Capital Levels & Regulations

- The average Tier 1 risk-based capital ratio for Thai banks fell slightly from 11.16 to 11.08 in Q4 during the quarter.

Asset Quality

- The ratio of non-performing loans also declined during Q4. The ratio of non-performing assets as a percentage of total assets decreased to 2.44 in December 2012 from 2.62 in Q3 2012. The amount of gross non-performing loans was THB 254bn in December.^{189,190}
- A breakdown of the non-performing loans by sectors in Q4 showed that the real estate and construction sector had the highest percentage of bad loans, followed by the service sector. In terms of delinquencies, manufacturing companies have the highest delinquency-to-total loan ratio of 3.8%, followed by service sector companies.¹⁹¹

¹⁷³ January, 2013, [Thailand unemployment rate](#), Bank of Thailand, bot.or.th

¹⁷⁴ Feb 27, 2013, [Thai Exports Rise More Than Estimated as Global Economy Recovers](#), Bloomberg.

¹⁷⁵ Mar 29, 2013, [Thai exports slump against rising baht](#), Financial Times.

¹⁷⁶ Feb 28, 2013, [Business sentiment index](#), Bank of Thailand, bot.or.th

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¹⁸³ Mar 26, 2013, [The secret war in Thailand's deep south](#), The Independent.

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¹⁸⁵ Feb 8, 2013, [Average Q4 12 net interest income/net asset](#), Bank of Thailand, bot.or.th

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¹⁸⁷ Mar 4, 2013, [Loan/deposit ratio](#), Bank of Thailand, bot.or.th

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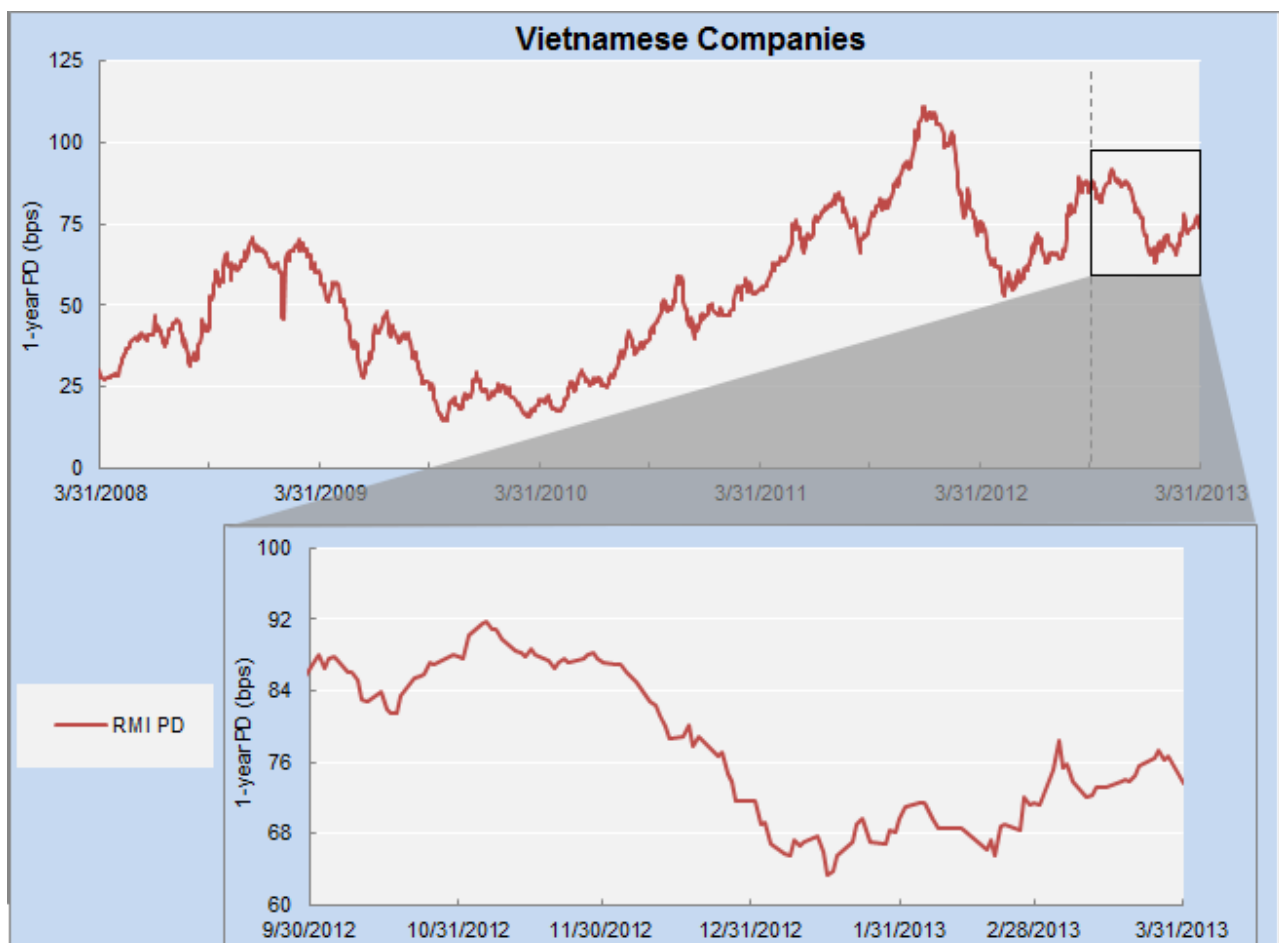
¹⁸⁹ Feb 8, 2013, [Average Q4 12 Tier 1 capital/risk assets](#), Bank of Thailand, bot.or.th

¹⁹⁰ February 2013, [Gross nonperforming loans](#), Bank of Thailand, bot.or.th

¹⁹¹ Feb 7, 2013, [Performance of the Thai banking system in 2012](#), Bank of Thailand, bot.or.th

Vietnamese Companies

The aggregate 1-year RMI PD for Vietnamese companies increased during Q1, after falling to a six-month low in January. GDP growth for 2012 was the slowest in more than two decades, highlighting renewed headwinds facing by Vietnamese companies. The credit profiles of Vietnamese firms have not improved following a sudden drop in manufacturing PMI in February. Inter-bank rates have dropped and the central bank has reduced its reference rates, but loan rates have yet to fall significantly. Companies are not willing to take on loans at such high interest rates. The government's curbs on foreign currency lending are likely to restrict credit growth within the Vietnamese state. Moving forward, the credit outlook for Vietnamese companies continues to be negative as it remains to be seen if asset quality will improve in future. The increase in unemployment in Q1 signals more credit weakness in future as companies struggle to operate in a high-inflation and low growth environment.



Economy

- The Vietnamese GDP grew 4.89% in Q1 from a year ago, led by growth in the agriculture, forestry and fishery sectors. Growth was however weaker than the 5.44% YoY recorded in Q4.¹⁹²
- The World Bank expects Vietnam to grow 5.5% in 2013 while the IMF forecast for Vietnam projects a 5.2% annual growth for the nation.
- Unemployment during Q1 was 2.1%, higher than 1.99% at the end of Q4. The labor force expanded by 251,800 workers to 53m during Q1. The IMF estimates that the Vietnamese unemployment rate will be 4.46% in 2013.¹⁹³
- In the first two months of 2013, retail sales of consumer goods and services grew 10.9% YoY to VND 422.2TN. Trading retail companies saw revenues increased by 10.4% YoY while service retail companies increased sales by 14.5% from a year ago.¹⁹⁴

- Consumer prices in Vietnam registered a 6.64% YoY gain at the end of Q1 and a 2.39% QoQ. Catering and transportation prices decreased 0.53% and 0.25% MoM in March from February.¹⁹⁵
- The Vietnam Manufacturing PMI increased to 50.8 at the end of Q1 from 49.3 in Q4. The gradual expansion of manufacturing activity is a reflection of higher employment and production output over the months.¹⁹⁶
- Q1 Vietnamese exports grew 19.7% YoY to USD 29.7bn due to a 10.1% YoY gain in the domestic sector and a 25.6% gain in the foreign domestic investment sector. The EU is Vietnam's largest exporting partner with an export turnover of USD 5.7bn, followed by the US.¹⁹⁷
- Vietnamese imports grew 17% in Q1 from the same period last year to USD 29.2bn as demand for electronics and computer accessories increased. Most of the imports came from China followed by ASEAN.¹⁹⁸

Monetary

- The State Bank of Vietnam maintained the base interest rate at 9%, but cut the re-financing and discount rates to 8% and 6% respectively in order to encourage more bank lending. This was part of a government-mandated series of monetary policy management tools to help mobilize capital, extend credit and improve liquidity in the financial system.^{199,200}

Funding & Liquidity

- Yields on the 10-year Vietnamese government bonds fell to 9.65% at the end of Q1, from 10.25% at the end of Q4.
- The three month VNIBOR deposit fixing declined in tandem with the drop in sovereign yields during Q1, to 5.65% on March 29, from 7.48% in December.
- Lending rates for short-term VND-denominated loans quoted by commercial banks averaged 11% at the end of Q1, down from 13.5% seen in Q4. Lending rates for longer-term USD loans however remained at 7.5% throughout Q1. Companies have complained that bank loan interest rates are too high despite recent interest rate cuts.²⁰¹
- Outstanding loans dropped 0.16% in the first two months of 2013 even though the central bank has a projection of 12% credit growth for the year.²⁰²

Policy

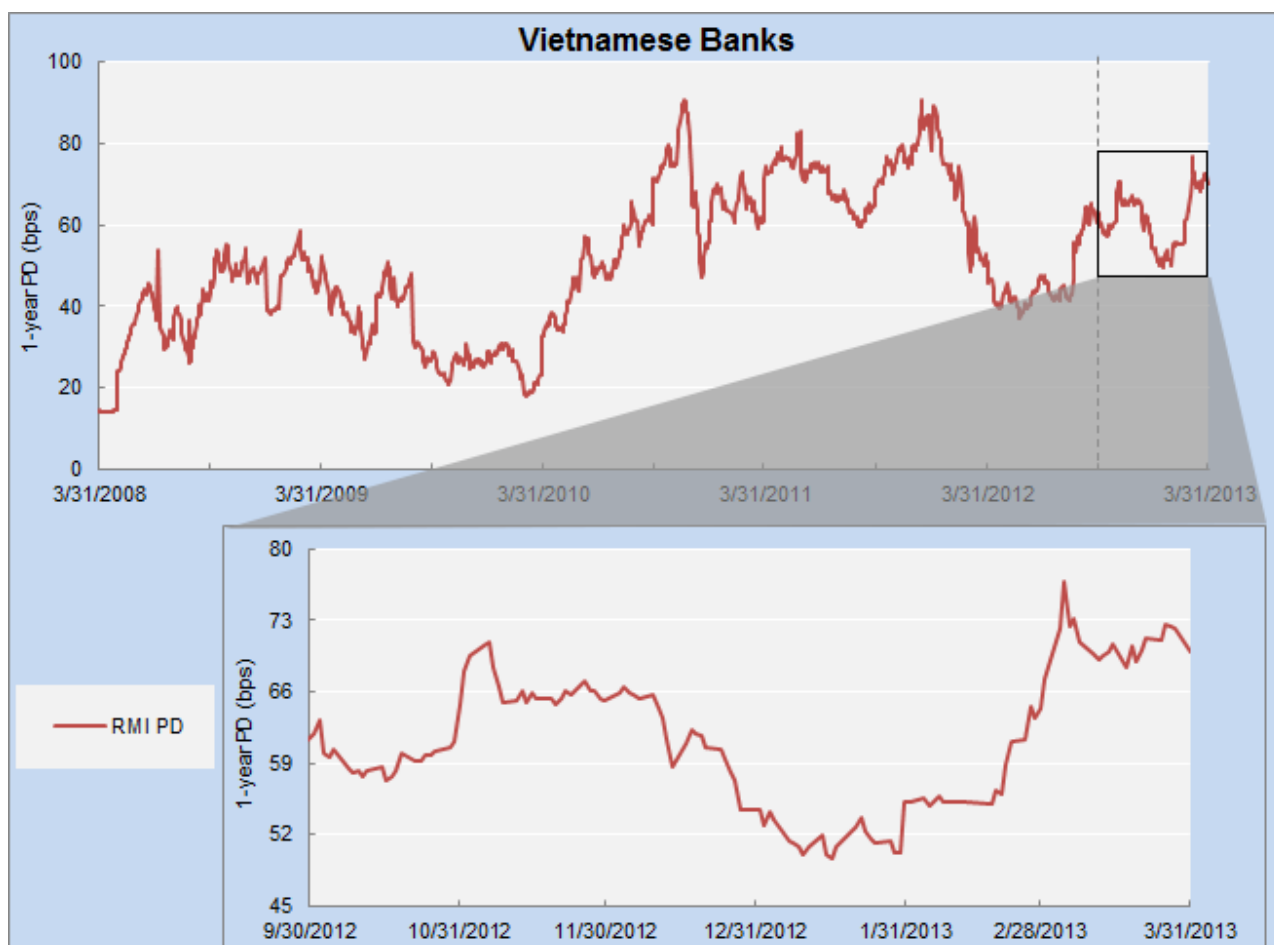
- The Communist Party of Vietnam is expected to continue to keep a tight grip on power and will crack down on dissent. Unhappiness over land leases and freedom of speech could lead to widespread discontent. The Vietnamese government is pushing ahead with its promised overhaul of the state-owned sector, but the process is likely to be difficult.²⁰³
- The State Bank of Vietnam passed a number of rules regarding foreign currency loans which could prevent firms from borrowing in USD. These firms could be in need of loans denominated in USD to support the operational needs of their businesses. The move by the bank could create a disadvantage for exporting companies especially when they often deal with overseas customer who transact in USD.²⁰⁴

Sovereign Credit Ratings

- Moody's, Fitch and S&P kept their ratings on the country at B2, B+ and BB- respectively. The country is placed on stable outlooks at all three ratings agencies.

Vietnamese Banks

The aggregate 1-year RMI PD for Vietnamese banks has increased during Q1, as banks reported lower earnings and lower net interest margins. The central bank in Vietnam will be following its Chinese counterpart in creating a debt asset management company to carry all the bad loans of the banks' balance sheets. It appears that the default risk for Vietnamese banks could get higher in future. Liquidity, as measured by the LATDB ratio, has fallen over Q4 and continues to be in a downward trend. Higher non-performing loans on the banks' balance sheet highlight a growing concern for creditors even though rates on loans have been moving lower in a slower-than-expected fashion. Banks have slowed the pace of lending as they are afraid of deteriorating asset qualities. The property market is in a slump and that has a direct impact to Vietnamese lenders.



Profitability

- Aggregate earnings of listed Vietnamese banks registered their fourth consecutive earnings decline in Q4 following a 3.46% drop in net incomes over Q3.
- Net interest margins decreased 12.8% QoQ from 4.35 to 3.80 at the end of December.
- The amount of loans issued to consumers decreased -1.23% during January but rose 0.26% in February. The National Advisory Council for Financial and Monetary Policies said that lenders could reduce rates to 11% and 13% from the current 15%.²⁰⁵

Funding & Liquidity

- Overall liquidity in the banking sector declined as the LATDB ratio decreased from 33.82% in Q3 to 27.98% in Q4.
- The interest rate for deposits between 1 and 12 months fell to an average of 6.75%, down from an average of 7.9% at the end of Q4. Deposit rates also dropped for

maturities of 12 months or more from 12% to 10% over the same period.²⁰⁶

- Banks have been cutting deposit rates in anticipation that the central bank will order an official rate cut. In 2012, the central bank orders commercial banks to reduce the lending rate on outstanding loans to 15% per year. The central bank started to cap deposit rates and reduce refinancing and discount rates in October 2011.²⁰⁷
- The total amount of transactions at the end of Q1 in the inter-bank market reached about WVND 17tn per day on average, up from VND 14tn daily at the end of Q4. Transactions in overnight and 1 week terms accounted for 76% of the total amount of VND transactions.²⁰⁸

Capital Levels & Regulations

- The central bank will create a debt asset management company to take over bad loans from lenders. The State Bank of Vietnam will also monitor troubled lenders and ask them to submit restructuring plans or force banks to merge with other banking firms. The prime minister formed a committee in March to restructure banks by 2015.²⁰⁹

Asset Quality

- The bad debt ratio of Vietnam's banks dropped to 6% of total outstanding loans in February from 8% a year ago. The World Bank said in December that the health of the Vietnamese banking sector is a growing concern, as the asset quality of their balance sheets have fallen and banks have been slow to in their restructuring efforts.²¹⁰

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Europe

Greek Companies

The aggregate 1-year RMI PD for Greek corporations dipped at the start of Q1 to levels last seen in 2010, before increasing through the remainder of Q1. The Greek financial markets performed remarkably well despite the economic slump before falling sharply near the end of the quarter, as investors reacted to the fallout from Cyprus. The Athens-based Foundation for Economic and Industrial Research (IOBE) forecast that the Greek economy would contract by 4.6% in 2013, as the country enters its sixth year of recession. Earnings outlooks for Greek companies have worsened as the government imposed a new round of austerity measures in November. Manufacturing activities and retail sales have continued in a negative trend and resulted in layoffs from companies. This puts further strain on the unemployment rate as Greece has the highest jobless rate in the eurozone. However, government officials believe that the economic climate has finally turned around after three years of bailouts and austerity - a view shared by the public as business and consumer confidence improved during the quarter. Greek lawmakers approved further reforms in late April that are required to secure more payouts amounting to about EUR 9bn from the IMF and the EU this year. An increase in property taxes and public sector job losses are among the requirements of the bailout plan, and may weigh upon the credit outlook for Greek companies going forward.



Economy

- The Greek economy shrank 5.7% YoY in Q4, after falling 6.7% in the previous quarter. GDP contracted by about 6.4% for the full year 2012, based on seasonally unadjusted data. A report from Barclays suggested that Greece is starting to see a moderation in its downturn. The report also highlighted a slight QoQ improvement in investment

in the nation, which declined 63% peak-to-trough since the beginning of the country's economic crisis.^{211,212}

- The unemployment rate in Greece is again the highest among European Union countries at 27.2% in January, compared with 26.0% and 24.8% in Q4 and Q3 respectively. 1.3mn people from the 3.68mn labor force were unemployed during Q4.^{213,214}
- A monthly index of business sentiment published by the Foundation for Economic & Industrial Research (IOBE) shows economic confidence jumped in Q1 to its highest since October 2009, when the European debt crisis unfolded. Consumer confidence also rose, albeit on a smaller scale, to -71.2 in March from -71.4 the previous month.²¹⁵
- The Greek manufacturing sector continued to contract in Q1. After two consecutive months of improvement, the seasonally adjusted Markit Greece Manufacturing PMI dipped in March to 42.1 from 43.0 in February, the forty-third straight sub-50 reading. Production and new orders declined sharply in March, pushing businesses to cut employment and purchasing activity.²¹⁶
- Greek retail sales plunged 14.4% and 16.4% in February and January, respectively, compared with a year ago, after dropping 8.3% in December, reflecting a further slide in consumer confidence. All categories of spending were down YoY, with sales from fuel and pharmaceutical products feeling the squeeze especially, dropping the most in the two-month period.²¹⁷

Funding & Liquidity

- In contrast with the country's economic woes, the Greek financial markets enjoyed relative stability in Q1 post-restructuring. However, yields on 10-year Greek government bonds rose 63bps from 11.67% at the end of December to 12.3% 3 months later. That figure reached a 12-month high of 29.88% in May 2012.
- Greek banks expanded lending in Q1, with most of the increase concentrated in March. Total outstanding loans to the non-financial sector increased 2.51% QoQ during the 3-month period to March, from EUR 101.7bn to EUR 104.2bn.²¹⁸
- Interest rates on new bank loans to non-financials increased during Q1 to 6.00% in February, from 5.85% in November, along with the rising yields on government bonds.

Political

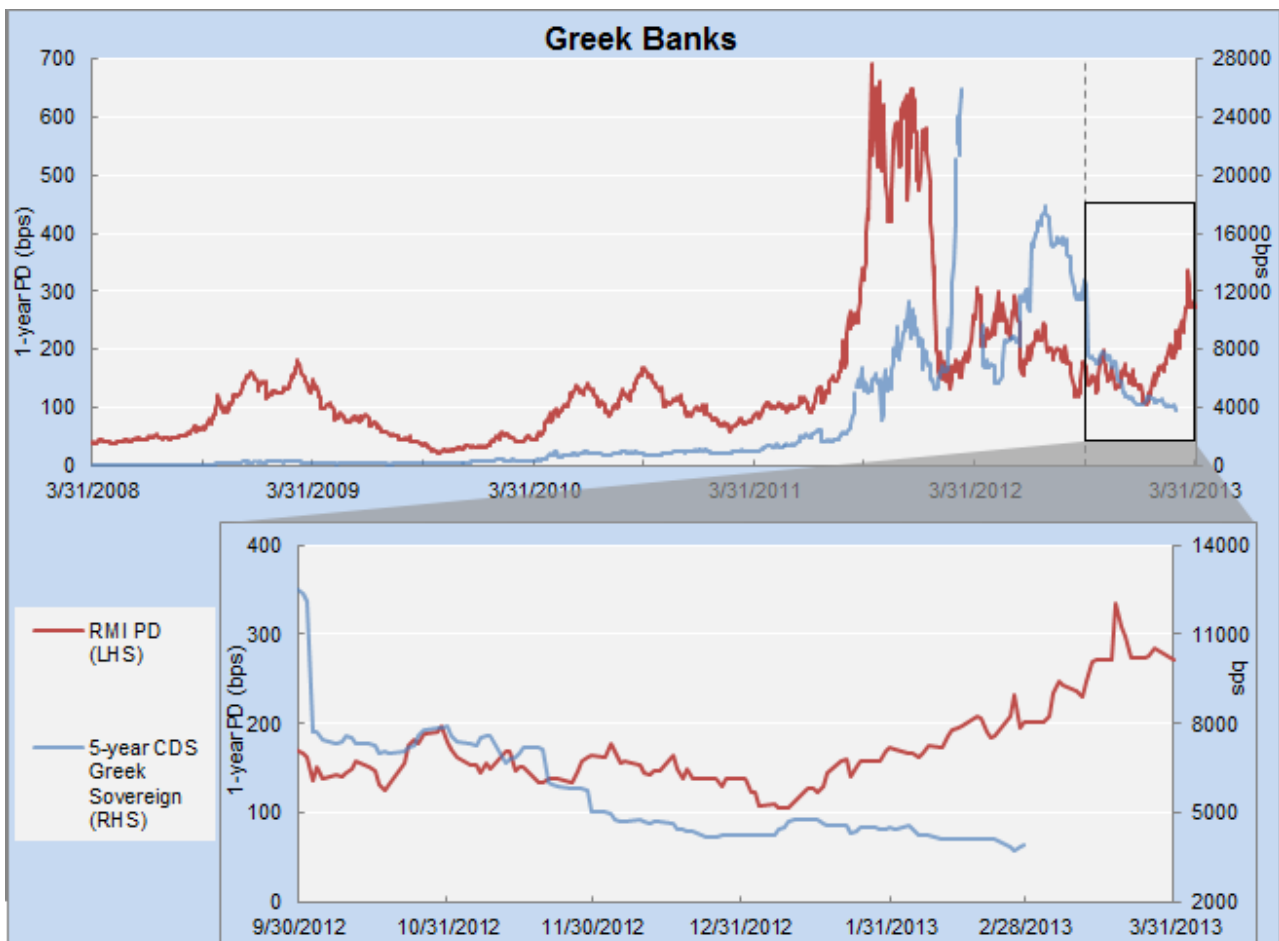
- Opinion polls painted an uncertain picture of the Greek political scene; a recent poll suggested that the coalition government led by New Democracy is losing support as its main opposition Syriza narrowly leads the opinion polls by 0.8%. Social unrest continues to brew in the nation and seems unlikely to go away as the government imposes austerity measures as part of its commitments to international creditors for bailout funds. The fast-changing political developments increase the possibility of a Greek exit from the eurozone.²¹⁹

Sovereign Credit Ratings

- All the 3 major credit rating agencies retained their ratings for Greece in Q1. The ratings are C, CCC and B- from Moody's S&P and Fitch respectively.

Greek Banks

The 1-year aggregate RMI PD for Greek banks deteriorated during Q1, rising to a 10-month high from the lows recorded during the last two months of 2012. The earnings profile remained negative as the stricken financial climate pushed non-performing loans to staggering heights. Government officials have been trying to prevent a Cyprus-like situation by insisting that the Cyprus bail-in deal was a unique situation and so far there have been no signs of bank runs. The stock prices of Greek banks fell sharply following the Cyprus deal, and this may hurt the banks' ability to raise enough capital for them to secure additional funding from the country's bank bailout fund. The credit outlook for Greece's banks is negative, reflecting the aforementioned challenges faced by the sector, including the need to raise around EUR 27.4bn to overcome the impact of the country's sovereign debt partial default. Tough conditions in the banking sector will likely persist in 2013. However, the banks may improve their position if liquidity improves and the reliance on the Greek central bank's special Emergency Liquidity Assistance facility (ELA) is reduced, paving the way for lower funding costs.



Profitability

- Greek banks reported steep financial losses in 2012, with three of Greece's largest banks posting joint losses exceeding some EUR 4.7bn. Banking executives attributed the result to the country's deep recession and the resulting intense pressure on the banking system. The banking sector did show some improvements toward the end of the year as aggregate losses slowed in Q4.
- The National Bank of Greece and Eurobank, two of the nation's largest lenders, said that the banking crisis in neighboring Cyprus will have a relatively mild impact on their operations. The two banks have a joint exposure of EUR 4bn in Cyprus, which is small relative to an asset base of some EUR 178bn.²²⁰

- A proxy for the NIM of Greek banks, based on the spread between euro-denominated deposit and loan interest rates, improved to 3.03% in February from 2.84% 3 months earlier.

Funding & Liquidity

- Total deposits at Greek banks showed improvement during the post-restructuring period, increasing 1.2% to EUR 158bn at the end of March from December 2012, with retail deposits increasing 2.4%. However, corporate deposits fell 6.5% in the 3-month period.
- Yields on 3-year EUR-denominated bonds of the largest commercial Greek bank, the National Bank of Greece, fell drastically in Q1 to 9.57% at the end of March, from 12.4% at the end of Q4. National Bank of Greece was in talks to merge with Eurobank but the plan was suspended in early April by the government. If the deal eventually goes through, it would create a mega-bank whose assets would be close to the country's gross GDP.²²¹
- Overall liquidity in the Greek banking sector improved during Q4, with the aggregate LATDB ratio for listed banks rising to about 8.22% from 7.43% in Q3.
- Greek banks borrowed less from the eurosystem during Q1, providing further indicators that the liquidity squeeze on Greece's banks has eased somewhat. According to data from the Bank of Greece, banks borrowed EUR 70.7bn directly from the ECB in March, up from EUR 5.6bn in November. Borrowing from the ELA sank to EUR 21.2bn from EUR 123.3bn over the same three-month period. The ELA program was first activated in August 2011 to help struggling banks to stay afloat.^{222,223}

Policy

- According to the terms of Greece's bailout from the eurozone and International Monetary Fund, the country's four biggest lenders have to raise EUR 27.4bn through common equity and convertible bonds. The fund in charge of recapitalizing Greece's battered banks, the Hellenic Financial Stability Fund (HFSF), will effectively take control of the four big banks. The deadline for this recapitalization will be extended by a few weeks until the end of May, according to Greek central bank chief George Provopoulos.^{224,225}
- In an effort to shield the Greek banking sector from the Cyprus debt crisis, the HFSF will provide another EUR 524mn of liquidity, this time to finance the acquisition of several stricken Cypriot banks' operations in Greece, Piraeus Bank won the deal to purchase the Greek operations of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank.²²⁶

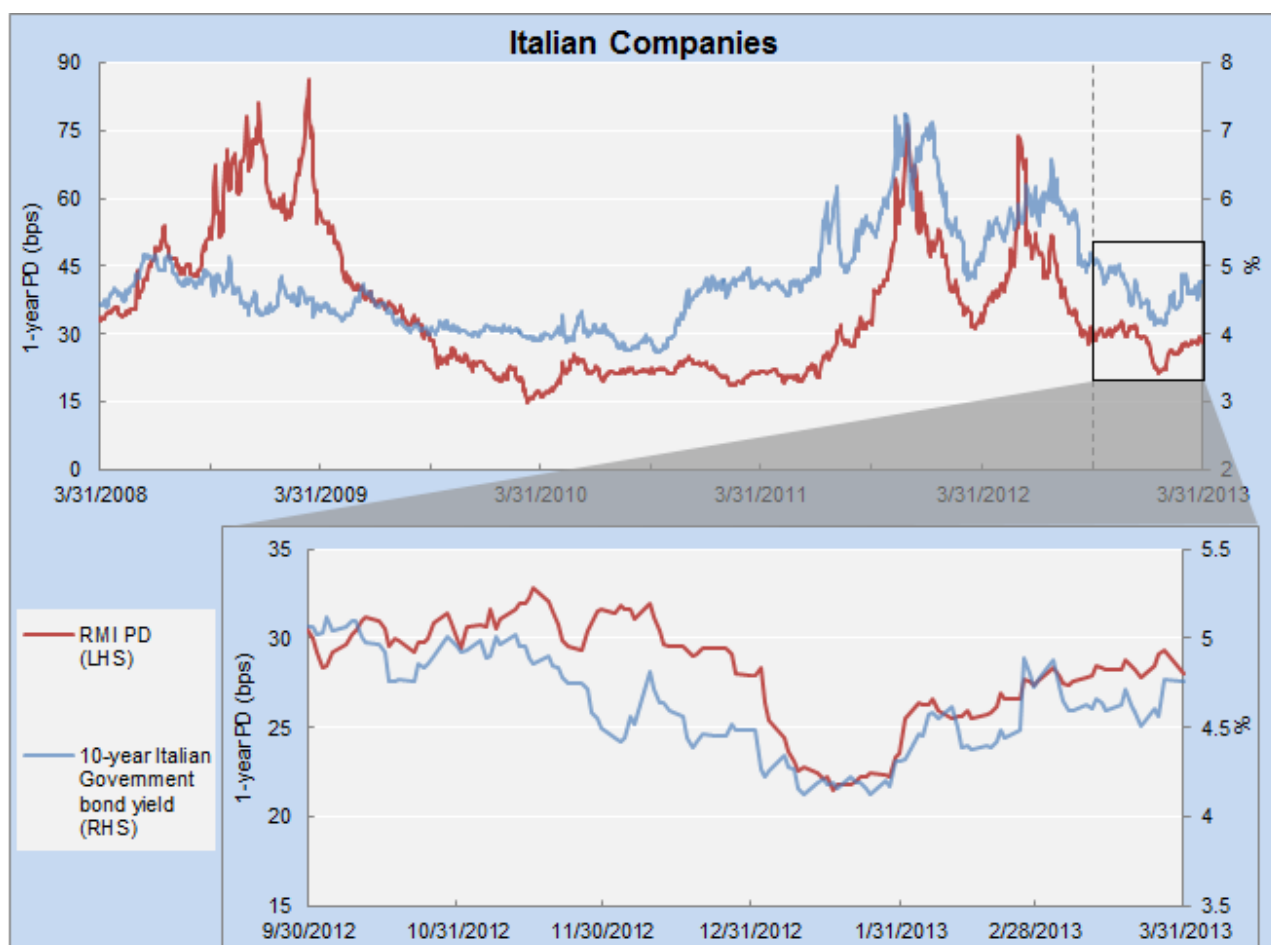
Asset Quality

- The monthly average write-offs of bad loans have decreased to EUR 41.6mn in the 3-month period ending March, from EUR 179.2mn the 3 months before. The total amount of loans written off during all of 2012 is EUR 1.13bn, a 6.5% increase from the previous year's amount of EUR 1.06bn.²²⁷
- The slowing economy has taken its toll on Greek banks. According to a report on the recapitalization and restructuring of the Greek banking sector released by the Central Bank in December, total non-performing loans stood at EUR 46.8bn. In the report, the credit risk for domestic loans was evaluated at EUR 36.8bn, while another EUR 8.2bn was for foreign loans, and EUR 1.8bn for state loans.²²⁸
- The asset quality of Greek banks may have improved during Q4 as the aggregate provisions for the loan losses of Alpha Bank, National Bank of Greece, Piraeus Bank, Attica Bank and Eurobank decreased by approximately 16.7% to EUR 1.7bn from three months ago.

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Italian Companies

The aggregate 1-year RMI PD for Italian companies fell marginally during Q1, as officials from the ECB and Eurozone states continue to pledge their support for the country despite the economic gloom surrounding the nation. The current RMI PD indicates a default risk equivalent to levels before the financial crisis. However, economic data out of Italy shows little improvement with indicators pointing to high unemployment and contracting manufacturing and service sectors. Monthly polls released by the economic institutes also show that consumers and corporations are pessimistic about the economy. Fundamentally, Q1 had been challenging for Italian firms as banks have become less willing to lend given the political deadlock in parliament. Moving forward, the credit outlook for Italian companies remains negative as firms continue to face economic headwinds which could affect their credit profiles.



Economy

- The Italian economy posted its sixth consecutive contraction in Q4 with a 0.9% QoQ decline in GDP. The Italian National Institute for Statistics said that gross fixed capital formation and imports decreased by 7.6% and 6.6% YoY respectively. The institute expects GDP to contract more than 1.3% in 2013 while the IMF expects the Italian GDP to contract even more, by 1.5%.^{229,230,231}
- The unemployment rate reached a record high of 11.7% in January before receding to 11.5% in March. The unemployment rate for those under 25 years old hit a record high of 38.6% in January. 56.3% of the labor force remained employed in March with 22.7mn people working in various sectors of the economy.²³²
- Italy's Manufacturing PMI fell to 44.5 in March after rising to a ten-month high of 47.8 in January. Production levels dropped amid lower new orders. Manufacturers continued

to reduce backlogs of inventory in the first two months of the year by cutting jobs and reducing operating capacities.²³³

- The Services PMI registered readings of 45.5 in March and 43.6 in February, indicating continued weakness in the service sector. Firms said that cost inflation facing firms eased while output prices continued to fall.²³⁴
- The European Commission Italy economic sentiment indicator, which combines the assessments mainly from business surveys, soared to 85.3 at the end of Q1 from 83.6 at the end of Q4 in December, indicating the highest level of optimism since April 2012.²³⁵
- The index for consumer confidence in Italy decreased to 85.2 at the end of Q1. Consumer expectations regarding unemployment increased to 104 in March from 99 in February and inflation perceptions decreased 1.9% MoM.²³⁶
- The retail sales PMI tracked by Markit, which surveys a panel of 360 retailers, improved to 40.3 in March from 36.8 in December. The sub-50 readings in retail sales over the quarter were partly due to heightened uncertainty among consumers following February's national election non-result.²³⁷

Funding & Liquidity

- Yields on 10-year Italian bonds rose over Q1 to 4.76% from 4.49% at the end of Q4. Political uncertainty surrounding the country coupled with poor responses to Italian bond auctions sent yields higher.
- Interest rates on new bank loans to non-financial Italian companies increased to 5.22% in February from 5.10% in November.²³⁸
- Following the higher cost of loans, outstanding loans to non-financials continued to fall since its November 2011 peak. Between December and March, total outstanding loans decreased 1.18% to EUR 864bn.²³⁹

Political

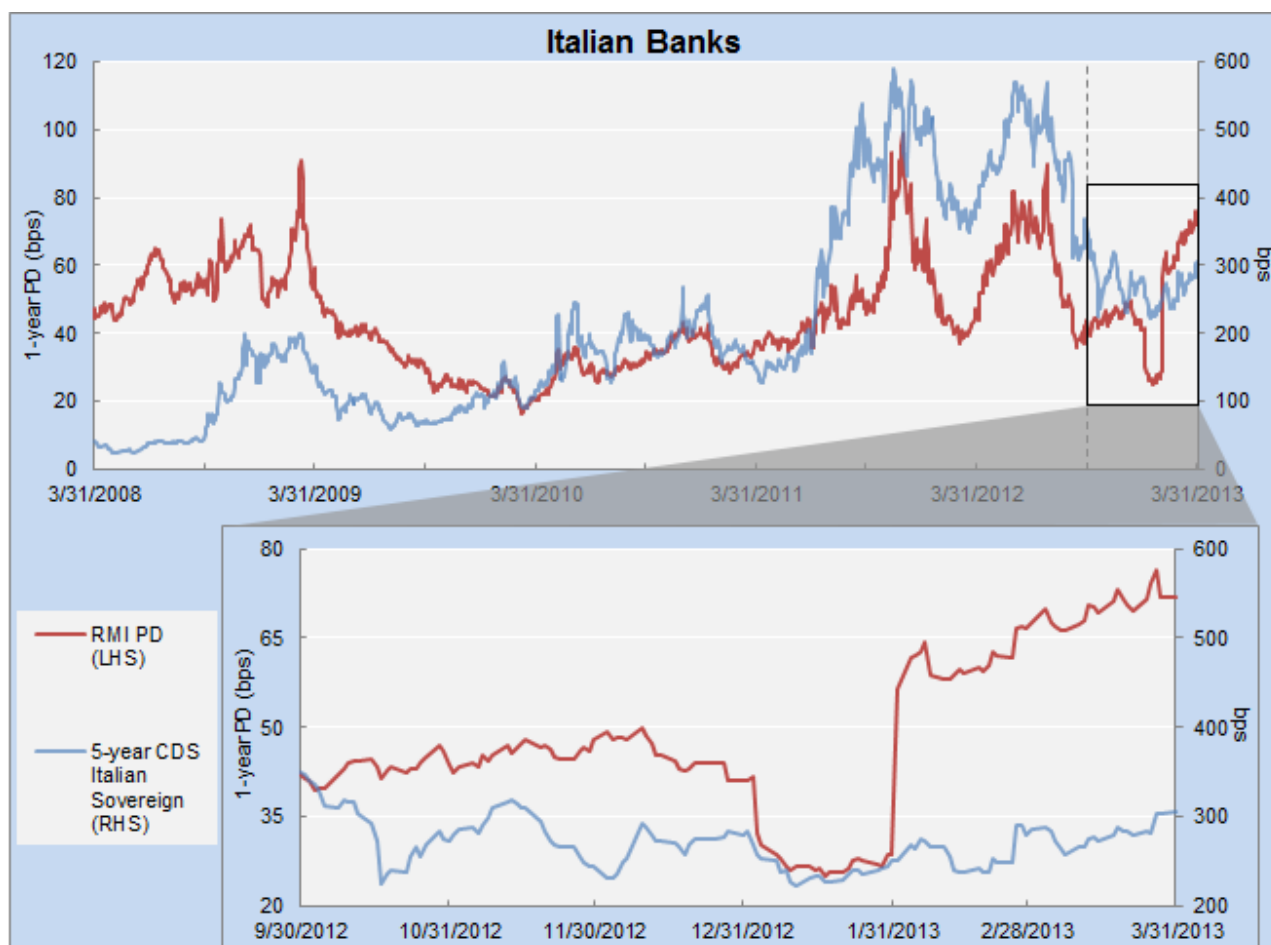
- The results of the general election on February 24 2013 have generated heightened political uncertainty for Italy. Politicians have been struggling to resolve their differences after elections in February resulted in a hung parliament.²⁴⁰
- Italy reported a public deficit to GDP ratio of 3% for 2012, down from 3.8% in 2011. General government debt reached a record high of EUR 2.02tn in January. The government debt-to-GDP ratio rose to 127% at the end of Q4.²⁴¹
- Government officials expect the 2013 deficit-to-GDP ratio to hit 2.9% and announced that it would raise debt issues of EUR 40bn over the next two years to inject much-needed liquidity into its recession-hit economy.²⁴²

Sovereign Credit Ratings

- Fitch downgraded the Italian government to BBB+ from A- in March, citing political uncertainty, increasing debt and deep recession as the reasons. However, Moody's and S&P kept their credit ratings at Baa2 and BBB+ respectively. All 3 rating agencies maintained negative outlooks on the Italian sovereign.

Italian Banks

The aggregate 1-year RMI PD for Italian banks increased significantly during Q1 after banks reported large losses in Q4. The performance of the bank's credit profiles continues to be strongly linked to Italian government bonds as their balance sheets are packed with the country's debt. An increase in government bond yields over the quarter could cause banks to write down their book holdings of Italian government bonds. Moreover, sovereign yields have risen as a result of the political situation in the country. For this reason, the credit outlook for Italian banks remains negative. Support from the ECB has helped create better banking liquidity conditions, although banks are likely to continue to reduce lending as they face rising bad loans due to the weak economy.



Profitability

- Italian banks recorded aggregate losses of EUR 3.9bn in Q4, after positive earnings of EUR 747mn in Q1, as banks recorded losses on asset write downs. Net interest margins increased slightly QoQ from 2.03% to 2.09% during Q4.

Funding & Liquidity

- Coupons on new 5-year euro-denominated Italian bank bond issuances averaged 3.32% during Q1, which were lower than the 3.97% average coupons seen in Q4.
- Deposits at Italian banks by residents increased to EUR 1.24tn in February after increasing 0.6% during Q4. Deposits of private corporations declined 7.5% MoM in January and increased 0.28% MoM in February after increasing 3.04% during Q4.²⁴³
- Bank interest rates on loans over EUR 1mn to new non-financial businesses increased to 3.54% in February from 3.38% in December. Interests on housing purchases over 5 years decreased to 3.02% in February from 3.05% at the end of Q4. Household deposit

rates with maturity less than a year remained flat at 2.65% in February and December.²⁴⁴

- Overall liquidity in the Italian banking system increased during Q4, with the aggregate LATDB ratio for listed banks increasing to 9.49% from 9.16% in Q3.

Financial Sector Assessment

- After a series of stress tests during Q1, an IMF mission to Italy said that the Italian banking system as a whole should be able to withstand both a scenario of concentrated shocks and any protracted slow growth, thanks to the banks' strong capital positions and ECB liquidity support. The key risks to the financial system lie with the weakness of the real economy and the link between the financial sector and sovereign bonds.²⁴⁵

Asset Quality

- The Bank of Italy said that bad loans rose 17.5% YoY in January. The country's largest banks have strong liquidity positions to cope with rising bad debt but mid-sized banks have said the non-performing loans at their consumer units are hurting profits. The Bank of Italy said in a recent study that 8% of households suffer from excessive debt and are struggling to make ends meet.²⁴⁶
- Italian lenders meanwhile increased their holdings of government debt. Total holdings of government bonds in March increased 9.19% to EUR 389bn from EUR 356bn in December.²⁴⁷
- Confindustria, the Italian business federation, said in March that 29% of Italian firms cannot meet operational expenses as banks are not willing to lend. Credit rating agency S&P reported that the default rate for Italian non-investment grade bonds increased to 9.5% in 2012 from 5.7% the preceding year due to the economic recession.²⁴⁸

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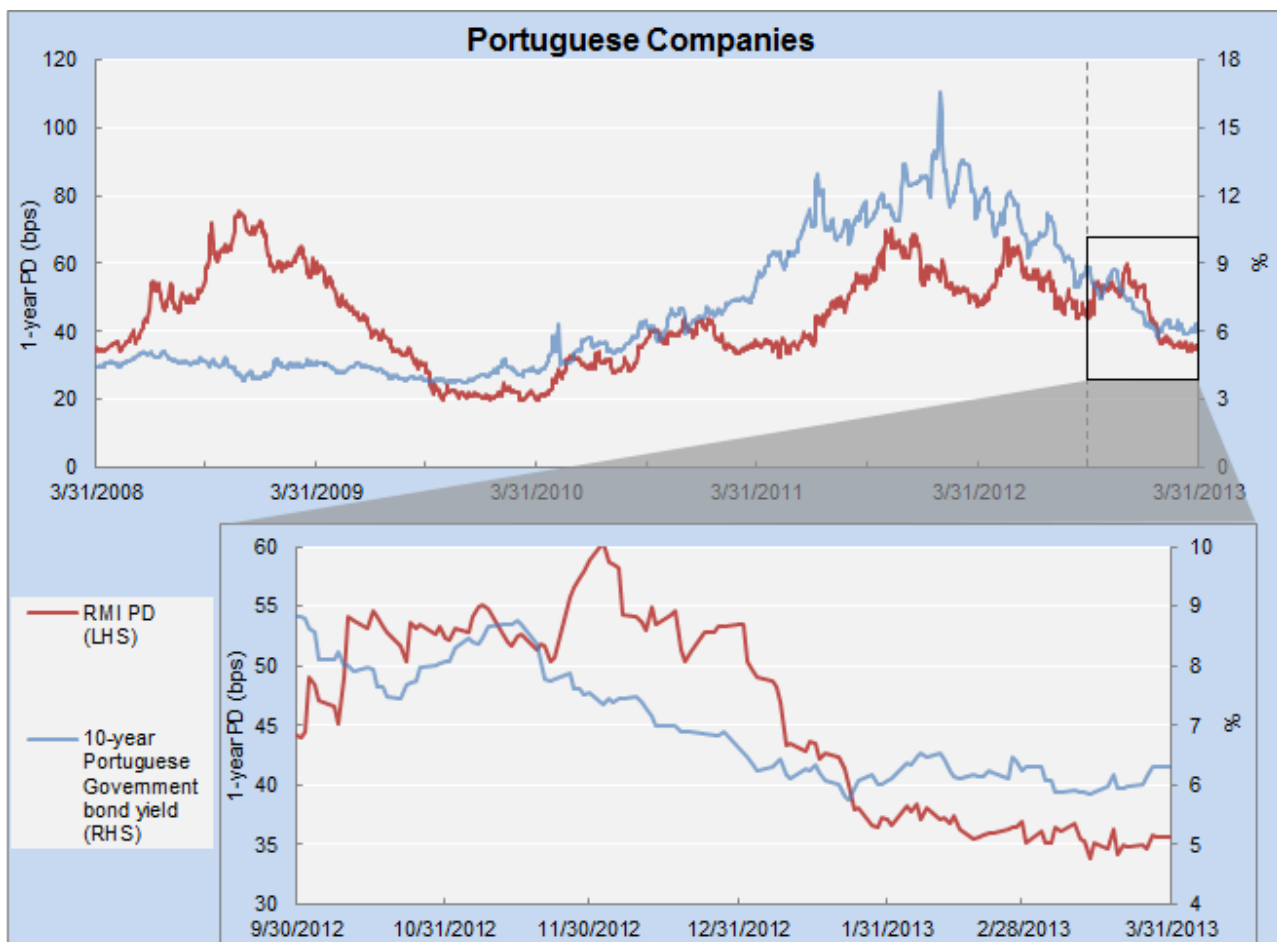
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Portuguese Companies

The 1-year aggregate RMI PD for Portuguese firms dropped significantly during Q1. Firm market caps rose to levels not seen since August 2011. Companies also had better access to credit as corporate loan rates fell. Consumer confidence improved slightly but remained in negative territory. Unemployment climbed to record high levels during Q1 as companies prepare for higher tax rates in future. Retailers reported lower revenues in Q1 as consumers cut back on spending due to higher personal income tax. The credit outlook for Portuguese companies is negative as economic growth is likely to contract from government budget cutting measures. Sovereign yields may rise and pressure funding profiles of companies as the government struggles to meet its fiscal targets.



Economy

- The Portuguese GDP gained 1.8% in Q4, bringing GDP growth for the full year to -3.8% in 2012. This is the second consecutive year of GDP contraction, following a 1.5% contraction in 2011. The IMF forecasts that the economy will shrink by 2.3% in 2013.
- The unemployment rate also maintained a record-high of 17.5% through Q1. Unemployment for residents under 25 years old was 38.1% in February and 38.3% in January, down from a record high of 39.6% in August.^{249,250}
- Instituto Nacional de Estatística (INE) data showed that consumer confidence recovered during Q1, with an indicator of consumer confidence posting a level of -55.5 in March, up from a record low of -61.1 in October. Retail sales continued to decline YoY, posting a 6.0% slide in March.^{251,252}
- An INE index of industrial production recorded a reading of 90.01 in February, recovered from a record low of 81.92 in December, while an INE business climate indicator

recovered to -3.9 in March from -4.4 in December.²⁵³

Funding & Liquidity

- Yields on 10-year Portuguese bonds continued to decline during Q1, to 6.37% on March 29, following a substantial drop in Q4 2012. Bond yields are significantly lower from their all-time high of 17.4% in Jan 2012.
- Rates on new loans to non-financials remained relatively flat in Q1, with 5.74% in March from 5.79% in December.²⁵⁴
- Outstanding loans contracted to EUR 106bn in March from EUR 107bn in December. The amount of loans outstanding has been falling since its peak in November 2010 at EUR 123bn.²⁵⁵

Policy

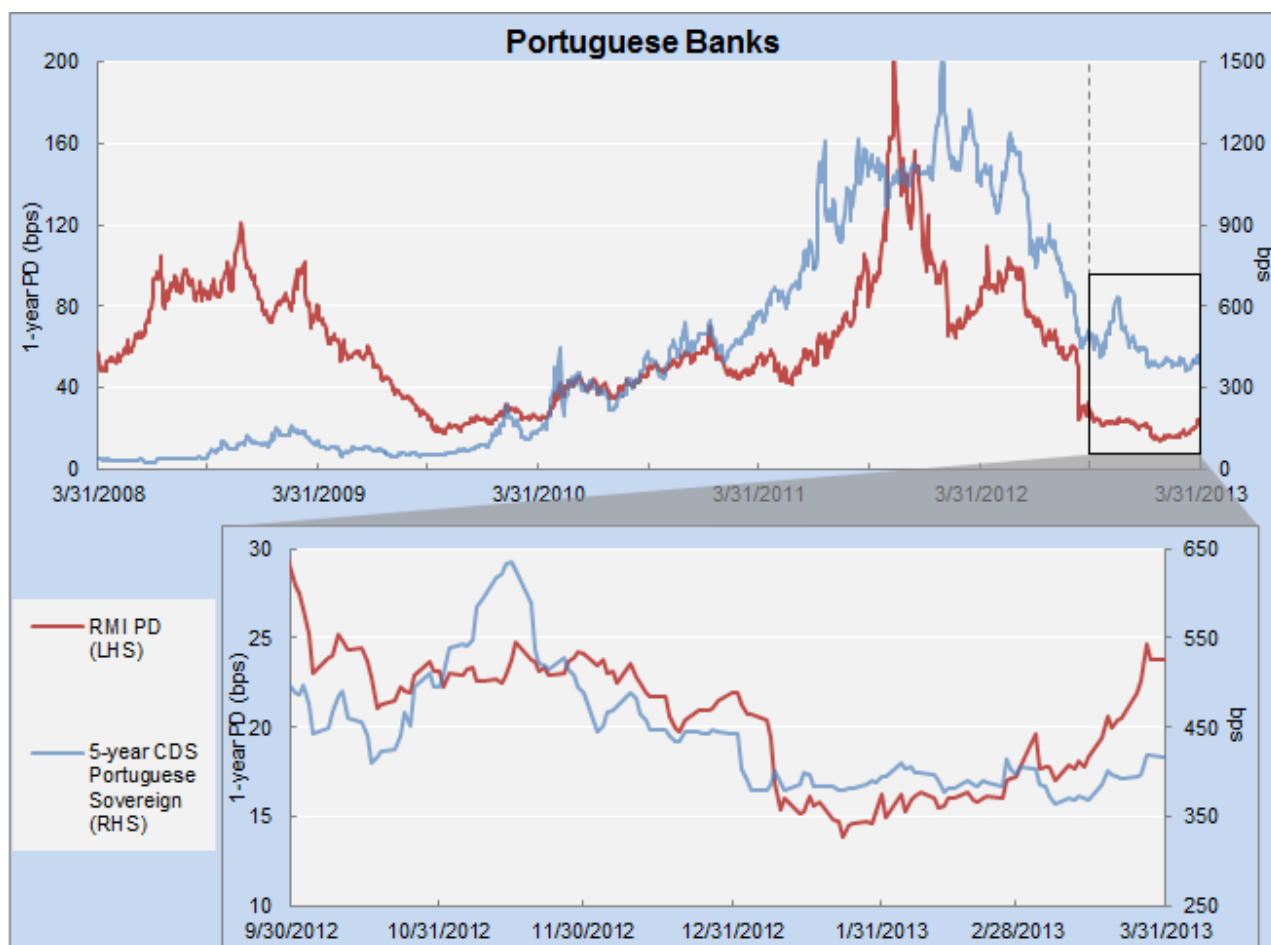
- Portugal's budget deficit widened to 6.4% of GDP in 2012, higher than the previous years deficit of 4.4%. The government predicts a budget gap of 5.5% in 2013 and 4% in 2014, well above the EU-mandated target of 3%. Portugal is not expected to reduce its deficit below the EU's target until 2015.²⁵⁶
- Portugal faces pressure from the European Commission, European Central Bank and the IMF after its constitutional court rejected the EUR 1.3bn austerity measure the government had proposed. The court's decision puts the country in a fragile position for extending the maturities of its aid loans from the EU.^{257,258}
- Tax revenues in Portugal increased by 2.6% in first two months of this year to EUR 5.8bn. This was a result of a 15% tax hike on personal income and company tax. Indirect taxes including value added tax dropped by 3.5%, as domestic consumption fell.²⁵⁹

Sovereign Credit Ratings

- The three major CRAs retained non-investment grade ratings on the Portuguese government during Q1 2013. During the quarter, Moody's and Fitch maintained a negative outlook for the country, while S&P revised their outlook to stable.²⁶⁰

Portuguese Banks

The 1-year aggregate RMI PD for Portuguese banks increased towards the end of Q1, after falling sharply in December and January. Bank earnings remain poor amid high provisions for NPLs caused by deteriorating asset quality. The bailout of Banif SGPS in January also fuelled ongoing concern surrounding smaller Portuguese banks. However, lenders relied less on the ECB in Q1 and liquidity in the banking system continues to be healthy. Nevertheless, the credit outlook for the sector is negative given the current economic recession and the uncertainty whether the ECB will continue to fund the country's debt woes and bailout banks. The trend of higher deposit outflows might continue as consumers and corporations feel less confident over the state of the banking sector and withdraw savings to pay for higher taxes.



Profitability

- The earnings of Portuguese banks continued to fall during Q4. Banco Comercial Portugues, the biggest bank in the country, recorded a loss of EUR 422M during the quarter on the back of higher provisions and non-interest expense.
- The aggregate net income for the Portuguese banks remained in negative territory, recording a loss of EUR 285M in Q4. It is likely to stay weak as the economy continues to shrink.

Funding & Liquidity

- Portuguese banks had better access to capital markets during Q1. More than 5 banks managed to raise capital through the bond markets. Coupons of bank bonds maturing in less than 3 years averaged 3.34% during the quarter. The only funding that banks had before October 2012 was through short-term bonds or by borrowing from the ECB.

- Portuguese banks continued to decrease their dependence on the ECB for financing during Q1, with borrowings falling to EUR 47.8bn in March from EUR 52.8bn in December last year.^{261,262}
- Deposit outflows accelerated in recent months, as total deposits amounted to EUR 159.6bn in February, the lowest quarterly closing since June 2011. The outflow was mainly driven by a huge decrease in corporate deposits, which dropped 12.9% since last November.
- Overall liquidity in the Portuguese banking sector improved during Q4, with the aggregate LATDB ratio for listed banks increasing to 11.7% from 9.5% in Q2.

Capital Levels & Regulations

- The European Commission approved the rescue plan of Banif SGPS SA in January by providing EUR 1.1bn to the Portuguese bank for strengthening its capital requirement. The bank is required to submit a restructuring plan by the end of Q1.²⁶³

Asset Quality

- Aggregate provisions for loan losses at listed banks increased 10% QoQ during Q4. The provisions are likely to increase if the economic recession persists in Portugal, and will further dampen banks' earnings.
- Bank's holdings of sovereign debt increased 6.1% during Q1, to EUR 37.1bn in March. A majority of these holdings are believed to be Portuguese government bonds.²⁶⁴

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²⁵¹ Apr 30, 2013, [Retail Trade Turnover index with a more negative year-on-year change rate](http://ine.pt), Statistics Portugal, ine.pt

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²⁵⁴ Apr 5, 2013, [Portuguese MFIs: Interest per annum on new loans](http://sdw.ecb.europa.eu), ECB, sdw.ecb.europa.eu

²⁵⁵ Mar 28, 2013, [Portuguese MFIs: Outstanding loans to non-financial corporations](http://sdw.ecb.europa.eu), ECB, sdw.ecb.europa.eu

²⁵⁶ Mar 28, 2013, [Portugal's 2012 Budget Deficit Widened to 6.4% of GDP](http://ine.pt), INE Says, Bloomberg.

²⁵⁷ Mar 28, 2013, [Portuguese government may teeter if court blocks austerity](http://reuters.com), Reuters.

²⁵⁸ Apr 7, 2013, [Portugal Plans Spending Cuts After Ruling on Salaries](http://ine.pt), Bloomberg.

²⁵⁹ Mar 22, 2013, [Portugal tax hikes boost revenues in Jan-Feb](http://reuters.com), Reuters.

²⁶⁰ Mar 7, 2013, [S&P upgrades Portugal's credit rating outlook to stable](http://reuters.com), Reuters.

²⁶¹ Apr 9, 2013, [Portugal banks' ECB borrowing falls to 13-month low in March](http://reuters.com), Reuters.

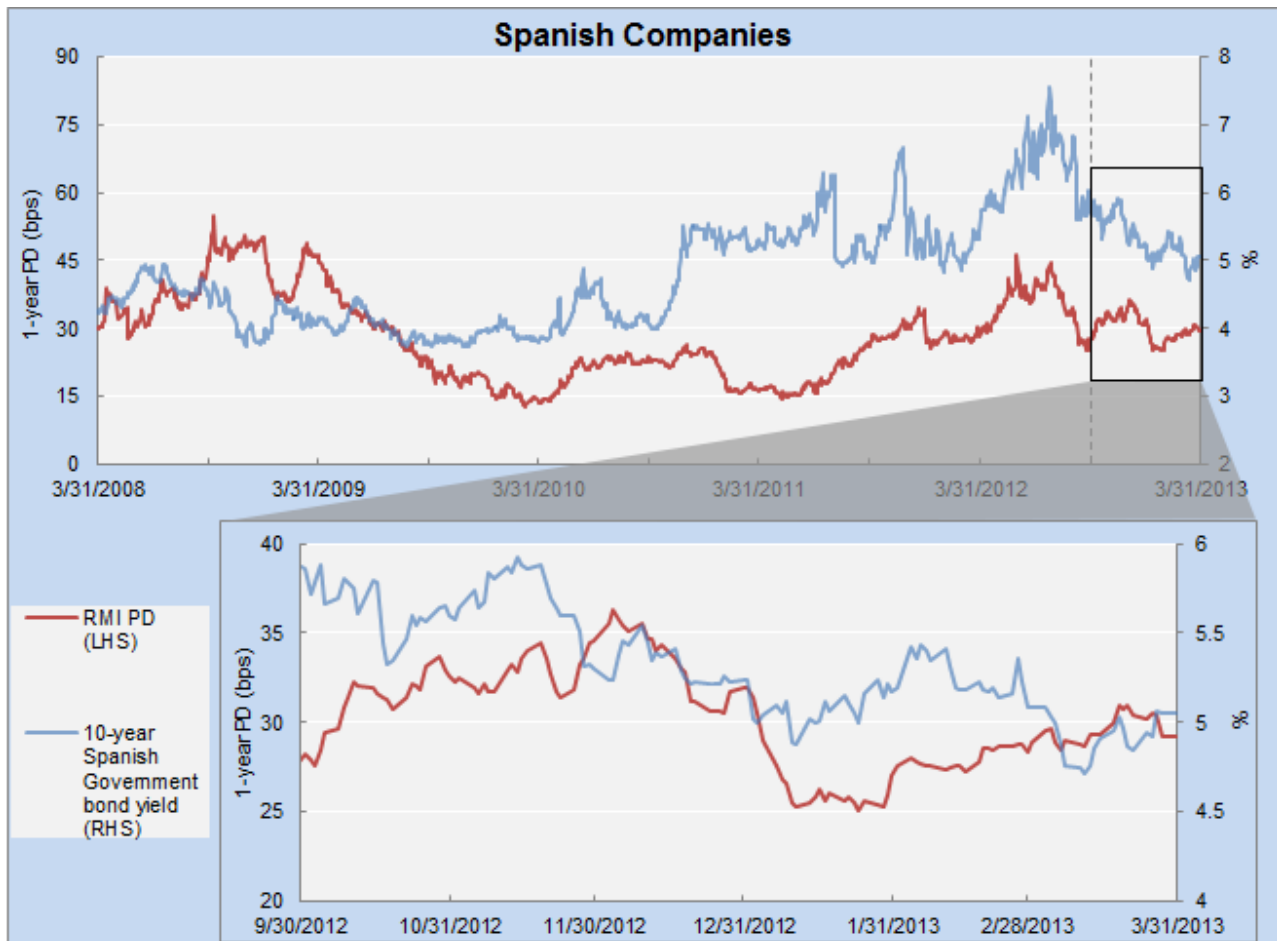
²⁶² Feb 21, 2013, [Monetary and Financial Institutions balance sheet statistics for the year 2012](http://ine.pt), Bank of Portugal, bportugal.pt

²⁶³ Jan 21, 2013, [Banif Wins Temporary EU Approval for \\$1.46 Billion Portugal Aid](http://ine.pt), Bloomberg.

²⁶⁴ Apr 26, 2013, [Portuguese MFIs: Total holdings of eurozone government debt](http://sdw.ecb.europa.eu), ECB, sdw.ecb.europa.eu

Spanish Companies

The aggregate 1-year RMI PD for Spanish companies increased during Q1. The default risk for Spanish companies still remains high relative to levels during the Global Financial Crisis. Austerity measures, weak revenue growth and economic recession weigh on the credit profiles of Spanish companies, with manufacturing and service sectors continuing to contract in Q1, while unemployment hit a record high. Despite a well-received bond auction, and a fall in sovereign yields, bank lending to non-financial companies continued to fall, placing a further strain on the funding for Spanish companies. The outlook for Spanish companies remains negative.



Economy

- The Spanish economy contracted by 0.5% QoQ in Q1 2013, following a 1.4% contraction in 2012. The IMF expects the economy will contract 1.6% YoY during 2013.²⁶⁵
- The unemployment rate also reached a record high of 26.68% in March. The Labor Ministry said that the number of people registered as unemployed increased throughout the quarter, bringing the total number of unemployed persons to 6M.^{266,267}
- The services PMI increased slightly in Q1, to 45.3 in March from 44.3 in December. The surveys in March suggest that business activity has decreased for 21 consecutive months. Anecdotal evidence suggests that the economic crisis in Spain was largely responsible for falls in activity and new orders at the end of Q1 as business and consumer sentiment remained fragile.²⁶⁸
- The Spanish manufacturing PMI dropped to 44.2 in March from 44.6 at the end of Q4. The PMI reading was in March was the lowest since October 2012. It is also the twenty-third consecutive month of contraction for manufacturing businesses.²⁶⁹

Funding & Liquidity

- Yields on 10-year Spanish government bonds fell significantly in Q4, to 5.05% on March 28 from 5.23% on December 31.
- Spain had sold more bonds than planned during the March 21 auction as demand for Spanish bonds stayed strong. The Treasury sold EUR 4.51bn of benchmark bonds, more than its maximum target of EUR 4bn. The two-year bond security yielded 2.28%, down from 2.54% on February 21. The five-year issue was quoted at 3.56% percent, down from 3.57% on March 7, and the 10-year 4.90%, down from 4.91% on March 7.²⁷⁰
- Banks reduced lending further in the first two months of Q1, with total outstanding loans to the non-financial sector falling 5.28% between December and March.²⁷¹
- Interest rates on new bank loans to non-financials declined during Q1, falling to 3.47% per annum in February continuing to fall from a 3-year high of 3.87% in May, in line with falling yields on government bonds.²⁷²

Policy

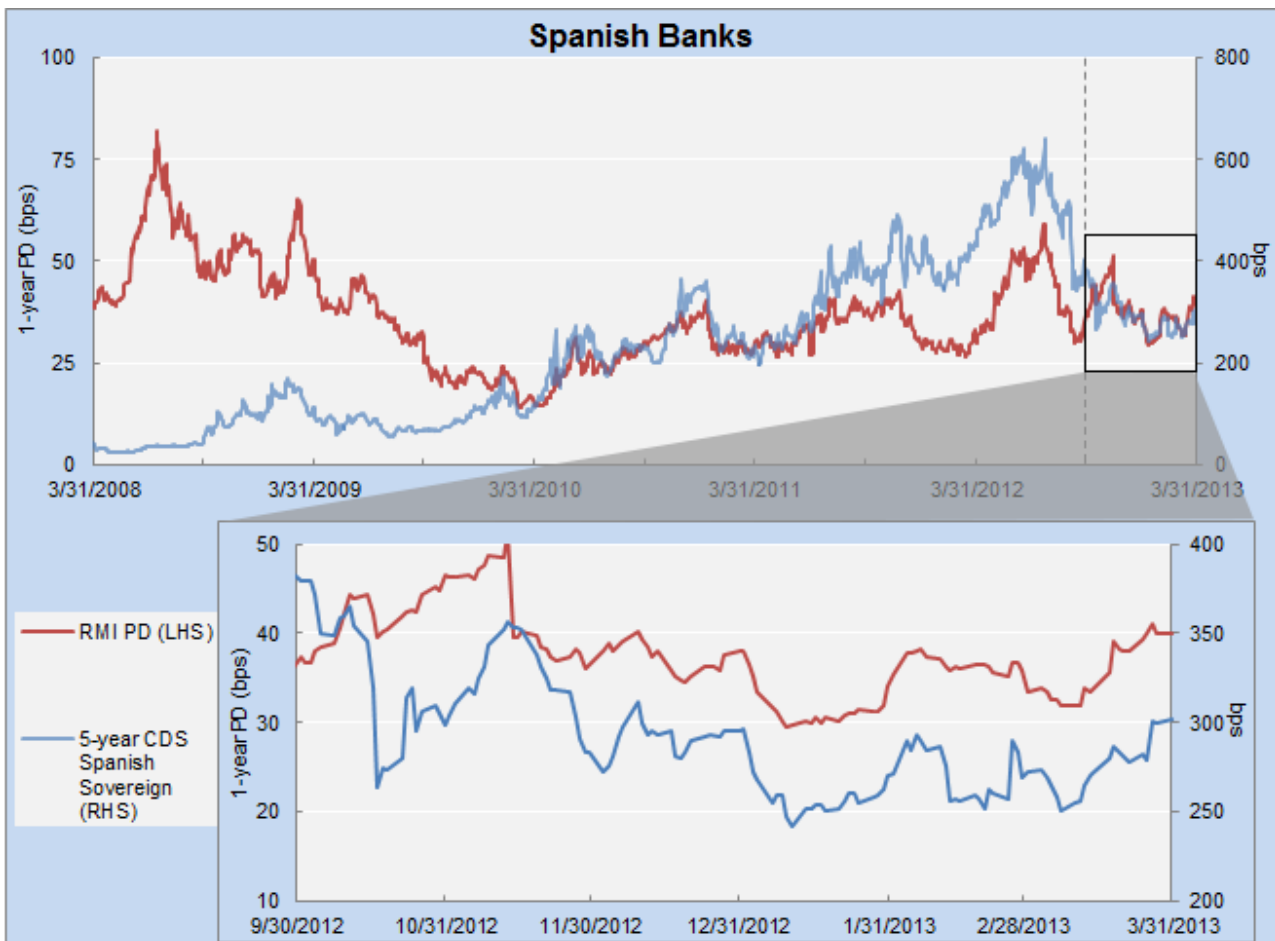
- The Spanish Prime Minister said in an interview that the country could implement new austerity measures as he maintained that such measures are essential for the future. Recent economic activity suggests there are plans for new public spending cuts but the Prime Minister ruled out increasing sales tax.²⁷³
- Spain aims to reduce its public deficit from around 10% of GDP to 6% of GDP in 2013 and 5.9% of GDP in 2014. The central bank expects the deleveraging process in the economy to persist for the next two years with private consumption projected to fall 3% in 2013 and 0.3% in 2014.²⁷⁴
- Spain's public debt rose to a historical high of 85.30 of GDP in Q4, from 77.4% of GDP in Q3. Borrowings rose to EUR 884bn at the end of December from EUR 736bn a year earlier.

Sovereign Credit Ratings

- All three CRAs maintained their ratings on Spain during Q4, with S&P at BBB-, Fitch BBB and Moody's at Baa3. The country remains on negative watch at all three CRAs.

Spanish Banks

The aggregate 1-year RMI PD for Spanish banks increased during Q1, approaching highs last seen in November 2012. The recession in Spain has reduced the earning prospects of domestic lenders. Most banks recorded losses during Q1, as lenders took write-downs from bad loans and increased their provisions for more loan losses. Underlying earnings are expected to continue to remain weak as the economy shrinks. Even though the European Central Bank has pledged to buy bonds from troubled countries through the Outright Monetary Transaction; sovereign yields are likely to remain volatile while a solution to the eurozone sovereign debt crisis remains elusive. The credit outlook for Spanish banks is negative as banks may experience deposit outflows if the debt crisis deteriorates further.



Profitability

- Sustained contraction in the Spanish economy and loan losses further weighed on the banks' profitability, recording an aggregate of EUR 18.4bn in Q4. Of the Spanish banks, Bankia suffered the biggest hit with a loss of EUR 12bn in Q4.
- The steep drop in earnings highlighted the massive write-downs of property and provisions of bad loans by Spanish banks in Q4.
- A proxy for the NIM of Spanish banks increased sharply to 1.65% during Q1, from 0.7% in Q4. This increase in net interest margins came as a result of deposits falling to an all-time low.

Funding & Liquidity

- The average coupon rate of the newly issued 10-year Spanish bank bonds was 4.375% during Q1.
- Total deposits at Spanish banks continued to recover after large outflows in 2012. Deposits increased by 0.3% MoM and 2.5% YoY in February. The cost of household deposits fell to 1.65%, the lowest since the measure started in 2003.²⁷⁵
- Overall liquidity in the Spanish banking sector increased during Q4, with the aggregate LATDB ratio for listed banks rising to 15% from 13.6% in Q3.
- Spanish banks borrowed EUR 291bn from the European Central Bank in February, down from EUR 346bn in January, marking the six straight month of easing reliance on the central bank for funds.²⁷⁶

Capital Levels & Regulations

- Spain will require the country's banks to contribute as much as a combined EUR 2bn to help absorb the stock of two nationalized lenders after a swap of junior debt for shares. The money will go to the Spain's deposit-guarantee fund and will be used to help acquire stock issued in exchange for preferred shares sold to customers of Catalunya Banc and Novagalicia Banco.²⁷⁷
- Under the bailout terms, Spanish banks receiving new capital must drastically shrink their balance sheets, and refocus their activities on retail banking and lending to local SMEs, significantly reducing overall risk positioning.

Asset Quality

- An economic slowdown has increased defaults in the corporate and property sectors, as the non-performing loan ratio in Spanish banks hit a record of 9.03% in Q4, climbing from 7.65% at the end of Q3.
- Nevertheless, aggregate provisions for loan losses at Spanish banks increased 126% during Q4 after a brief fall in provisions in Q3.

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²⁶⁶Mar 04, 2013, [Spanish unemployment hits 5m, one quarter of the population unemployed](#), Daily Mail.

²⁶⁷Mar 4, 2013, [Spanish unemployment hits 5m, one quarter of the population unemployed](#), Daily Mail.

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²⁷⁰Mar 21, 2013 [Spain Beats Auction Goal as Cyprus Contagion Risk Fades](#), Bloomberg.

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²⁷²Mar 28, 2014, [Spanish MFIs: Interest per annum on new loans to non-financial corporations](#), ECB, [sdw.ecb.europa.eu](#)

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²⁷⁴Mar 15, 2013, [Spanish economic projections report](#), Banco de España, [www.bde.es](#)

²⁷⁵Apr 02, 2013, [Spanish Bank Deposit Rates Fell to Record in February Amid Slump](#), Bloomberg.

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²⁷⁷Mar 23, 2013, [Spain's Banks Will Contribute to Fund Acquiring Preferred Shares](#), Bloomberg.

Appendices

The appendices provide readers with a comprehensive overview of various outputs that are produced by RMI's operational probability of default (PD) system. While the PD system provides default forecasts at horizons ranging from one month to two years, here only 1-year PDs are reported. In addition to the PD produced by the RMI system, important macroeconomic, corporate credit and sovereign risk indicators are provided. These summarize the credit situation at a glance, as well as provide detailed data for reference purposes.

Appendix [A](#) and Appendix [B](#) give 1-year aggregate PD where the aggregations are by region, economy and sector. These are given as month-end data, and are based on RMI's default forecast model calibrated on April 8, 2013, using data up to March 31, 2013. For a detailed description of RMI's default forecast model, the [Technical Report](#) is available on our website.

Appendix [A](#) provides 1-year aggregate PD by economy and sector. For each economy, the graph on the left shows the time series of 1-year aggregate PD for all exchange listed firms within the economy (thick blue, left axis), and the time series of the number of firms with PD (thin orange, right axis). The table on the right provides the mean and standard deviation of PDs for firms within ten industry sectors at the end of Q4 2012 and Q1 2013. Note that the statistics are for firms that have a PD at both dates so that consistent comparisons can be made. The mean and standard deviation of the difference of individual PD is also given. The industry sectors are based on the Level I Bloomberg Industry Classification.

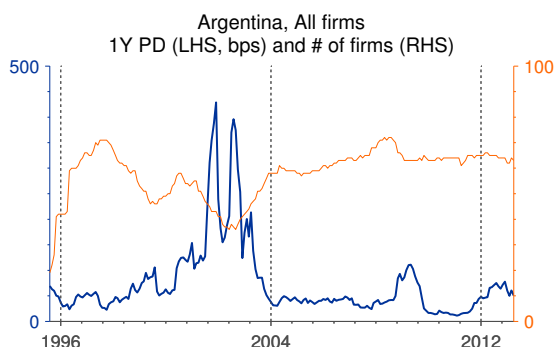
Appendix [B](#) gives 1-year aggregate PD by the four regions of Asia-Pacific developed, Asia-Pacific emerging, Latin America, North America and Western Europe. The top two graphs of each regions show the time series of the distribution of Probability of Default implied Ratings (PDiR). The PDiR methodology is described in the last section of Appendix [D](#). The different colored areas in the graph indicate different PDiR classes. From the bottom, the blue area indicates the percentage of CCC/C firms, the bottom-most white area indicates B firms, the orange area indicates BB firms, the middle white area indicates BBB firms, the green area indicates A firms, the top-most white area indicates AA firms, and the maroon area indicates AAA firms.

The bottom 12 graphs in each region show the time series of 1-year aggregate PD for all exchange listed firms in the region, all non-financial firms in the region, and firms in each of the ten industry sectors in the region. Each graph shows the PD in thick blue on the left axis and the count of firms with PD in thin orange on the right axis.

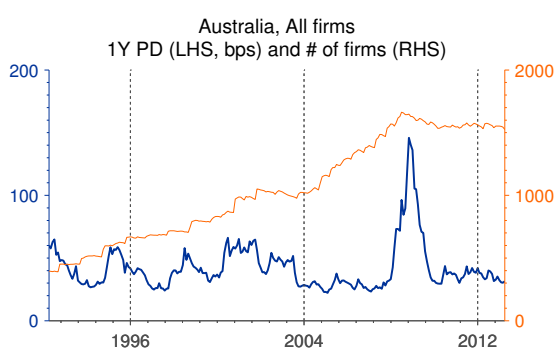
Appendix [C](#) provides common macroeconomic, corporate credit and sovereign risk indicators for each economy along with the 1-year aggregate PD for financial and non-financial firms. The graphs on the left give historical context to the values, and the table on the right give the data from the previous five quarters. For variables that are more frequent than quarterly, the last value in the quarter is used. But if a variable is available at a monthly frequency and the end of September data was not available at the time this report was compiled, the previous month's data is given with an asterisk.

Appendix [D](#) gives a more detailed description of the data in Appendix [C](#), along with a description of the PDiR.

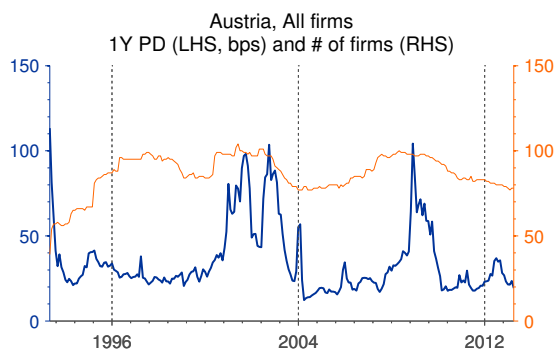
A PD by economies



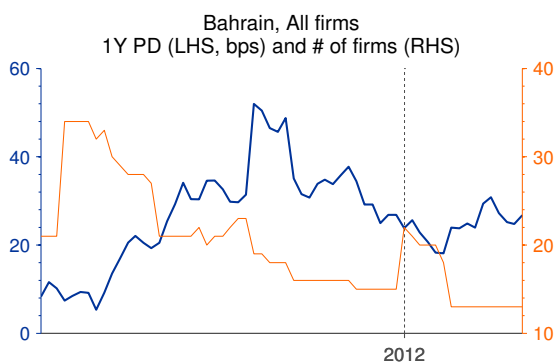
Argentina	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	10	38.8	34.5	37.0	32.0	-1.8	7.7
Basic Materials	8	73.8	69.0	71.9	69.1	-1.9	21.2
Communications	4	22.5	29.3	16.9	20.9	-5.5	9.4
Consumer Cyclical	8	43.4	41.5	31.1	31.6	-12.3	19.4
Consumer Non-cyclical	13	82.3	125.3	66.3	92.4	-16.0	49.6
Energy	4	43.2	38.5	27.1	18.7	-16.1	20.9
Industrial	6	49.8	27.7	41.3	31.9	-8.6	16.0
Utilities	6	119.0	125.0	99.8	102.2	-19.3	23.2



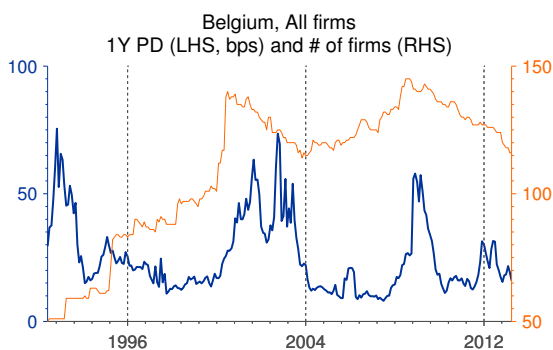
Australia	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	142	25.7	45.0	25.1	61.0	-0.6	40.4
Basic Materials	683	28.7	59.7	32.9	70.5	4.2	45.2
Communications	72	48.9	121.6	43.5	92.5	-5.4	83.4
Consumer Cyclical	72	22.4	53.3	23.7	59.5	1.4	14.8
Consumer Non-cyclical	170	34.7	106.0	26.4	72.4	-8.3	47.1
Diversified	7	107.0	247.5	65.4	136.0	-41.6	112.2
Energy	205	31.8	58.3	35.6	98.3	3.8	62.8
Industrial	113	35.1	74.4	32.0	65.7	-3.1	28.5
Technology	41	21.0	30.1	17.4	24.8	-3.6	10.6
Utilities	15	40.5	116.9	29.6	80.7	-10.9	36.3



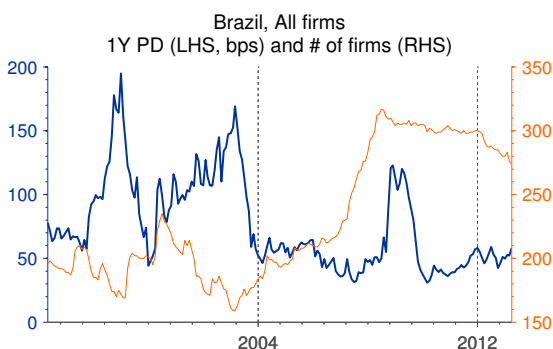
Austria	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	21	32.4	77.2	20.7	25.9	-11.7	66.9
Basic Materials	5	7.7	6.9	8.1	6.9	0.4	1.9
Communications	3	44.2	64.1	78.2	116.9	34.0	52.8
Consumer Cyclical	12	18.6	26.8	16.8	21.7	-1.8	17.8
Consumer Non-cyclical	8	10.8	7.4	15.0	8.8	4.2	7.8
Energy	4	15.2	20.9	9.2	12.7	-6.0	8.2
Industrial	18	21.1	31.7	20.5	34.0	-0.6	6.6
Technology	5	13.5	11.9	12.2	7.0	-1.4	5.8
Utilities	2	3.2	1.9	4.5	1.8	1.3	0.0



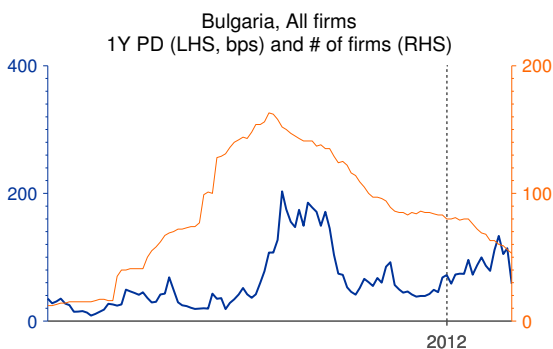
Bahrain	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	12	27.4	19.3	27.0	20.1	-0.3	6.4



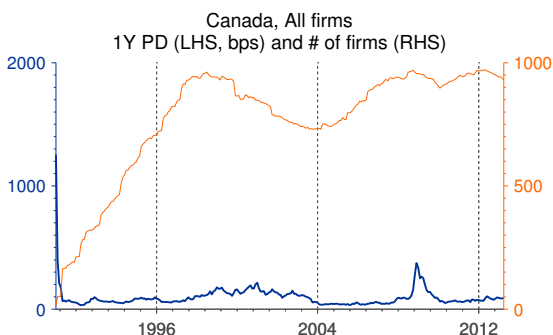
Belgium	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	31	25.9	109.9	24.7	112.9	-1.2	5.8
Basic Materials	8	11.2	9.6	12.2	10.9	1.0	3.5
Communications	6	17.4	15.6	14.7	11.7	-2.6	5.3
Consumer Cyclical	6	9.5	8.4	7.3	7.3	-2.2	2.8
Consumer Non-cyclical	22	9.2	13.7	8.0	14.6	-1.3	4.5
Diversified	8	43.4	109.3	16.0	40.8	-27.5	68.6
Energy	2	80.1	7.6	98.5	36.5	18.5	29.0
Industrial	21	12.7	9.2	11.2	10.0	-1.4	3.6
Technology	9	14.1	13.5	11.3	10.0	-2.8	6.6
Utilities	2	2.4	2.0	3.0	0.8	0.5	1.2



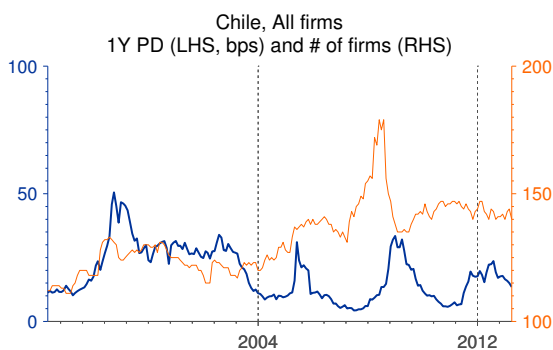
Brazil	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	60	36.4	53.5	33.5	46.5	-2.9	25.5
Basic Materials	23	62.1	166.6	98.8	261.7	36.7	101.5
Communications	8	33.8	40.2	47.9	77.2	14.1	41.7
Consumer Cyclical	55	51.7	99.4	70.4	143.5	18.8	91.8
Consumer Non-cyclical	48	52.6	183.9	44.9	116.5	-7.7	85.5
Diversified	8	52.6	68.9	64.4	76.0	11.9	15.4
Energy	5	17.4	16.1	29.9	18.7	12.5	15.6
Industrial	33	88.5	149.6	111.0	168.7	22.5	73.8
Technology	2	0.7	0.9	0.4	0.5	-0.3	0.4
Utilities	30	24.9	40.8	29.1	46.4	4.2	13.9



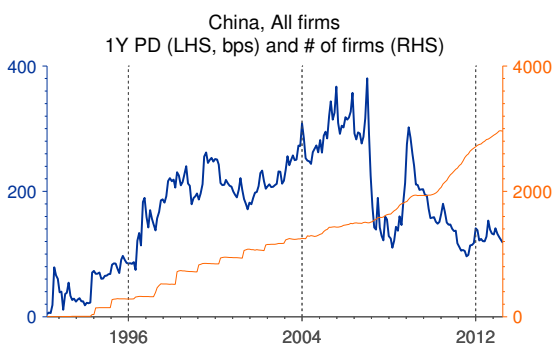
Bulgaria	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	16	23.8	15.8	19.0	11.5	-4.8	8.2
Basic Materials	4	1188.5	2323.8	172.0	292.4	-1016.5	2031.6
Consumer Non-cyclical	8	36.1	24.4	64.6	117.8	28.5	98.3
Diversified	9	44.4	28.9	35.3	18.8	-9.2	15.8
Energy	3	418.7	641.8	285.7	414.4	-133.0	229.8
Industrial	11	32.5	23.3	27.7	21.6	-4.8	5.8



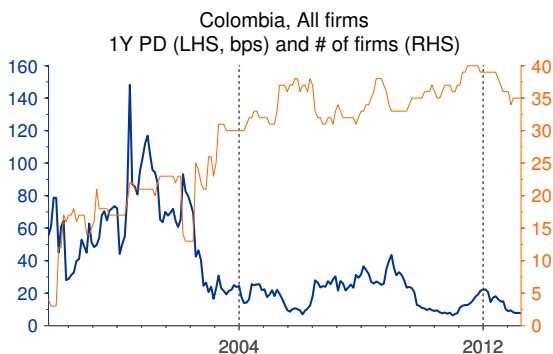
Canada	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	109	38.7	94.0	37.3	95.4	-1.3	46.0
Basic Materials	320	95.1	311.9	111.1	294.0	16.0	246.4
Communications	50	124.1	642.0	64.2	167.4	-59.9	508.0
Consumer Cyclical	64	43.3	91.8	35.0	87.7	-8.3	56.5
Consumer Non-cyclical	101	87.7	252.0	93.2	275.7	5.5	63.3
Diversified	5	30.7	48.3	29.8	50.5	-0.9	2.4
Energy	152	103.0	238.3	140.2	411.3	37.2	265.5
Industrial	72	49.2	86.7	52.4	120.5	3.2	57.8
Technology	30	87.7	169.2	106.4	201.3	18.7	95.4
Utilities	13	8.4	14.2	12.9	23.1	4.5	12.3



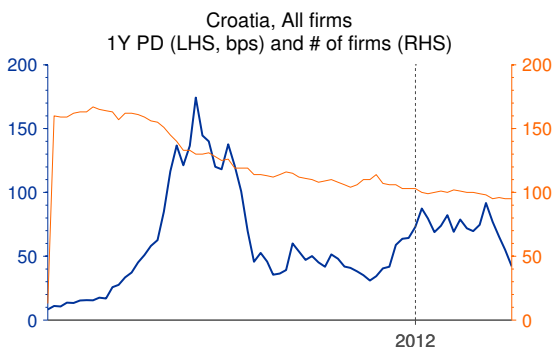
Chile	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	32	18.4	52.1	16.6	56.1	-1.8	8.5
Basic Materials	15	7.4	11.5	7.1	13.7	-0.3	5.4
Communications	3	6.8	5.6	5.8	5.0	-1.0	0.9
Consumer Cyclical	15	26.8	61.1	22.9	46.0	-3.9	26.0
Consumer Non-cyclical	30	17.7	39.6	13.1	27.4	-4.6	14.3
Diversified	5	8.5	9.5	6.9	7.5	-1.6	2.2
Industrial	17	21.0	32.5	20.6	40.8	-0.4	23.0
Utilities	14	6.6	16.8	6.7	15.3	0.0	3.0



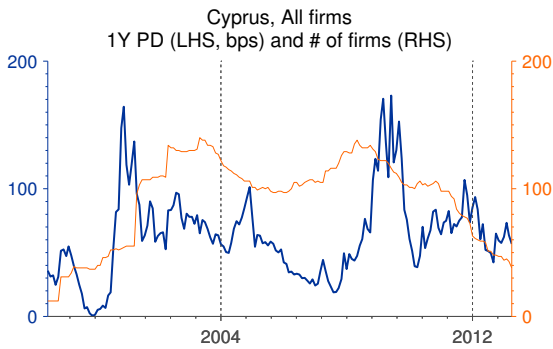
China	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	222	125.0	154.7	127.7	137.1	2.6	75.9
Basic Materials	357	171.5	140.0	161.5	123.5	-10.0	59.7
Communications	162	106.6	263.3	78.8	141.5	-27.8	131.8
Consumer Cyclical	502	130.7	123.1	115.3	104.1	-15.4	45.2
Consumer Non-cyclical	458	114.1	151.1	101.3	134.0	-12.8	70.6
Diversified	29	194.8	104.2	184.4	99.0	-10.4	46.4
Energy	84	114.8	158.2	106.4	140.7	-8.4	57.9
Industrial	842	135.4	152.0	122.3	125.9	-13.2	69.4
Technology	171	90.9	101.4	76.4	91.1	-14.5	46.6
Utilities	77	191.3	134.2	161.1	115.6	-30.2	64.2



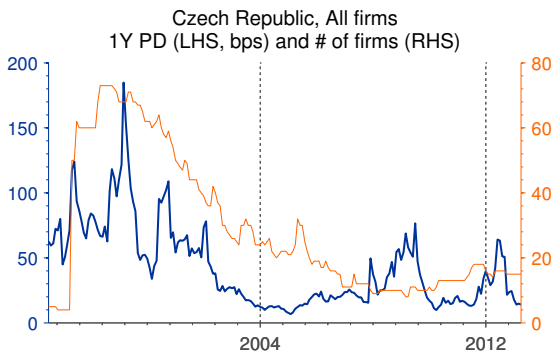
Colombia	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	8.2	9.2	6.1	6.9	-2.1	5.0
Basic Materials	3	5.9	7.9	6.4	8.5	0.5	0.7
Consumer Cyclical	3	2.5	3.6	4.0	6.4	1.5	2.8
Energy	3	3.9	3.5	5.5	3.2	1.6	1.1
Industrial	7	9.7	12.4	9.8	13.9	0.2	5.6
Utilities	4	5.7	6.0	8.6	10.0	2.9	6.1



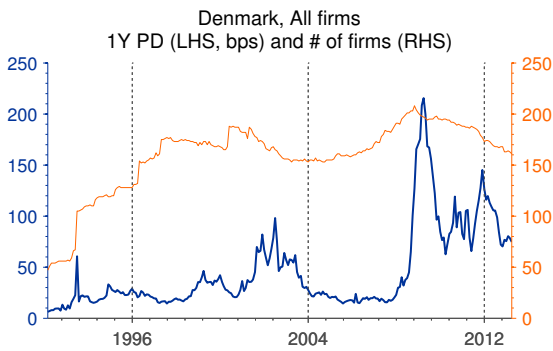
Croatia	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	14	51.3	75.2	40.9	54.1	-10.4	31.9
Basic Materials	2	21.0	5.4	20.1	10.0	-1.0	4.6
Communications	4	75.5	144.6	102.5	202.1	27.0	57.6
Consumer Cyclical	25	64.6	109.7	35.7	41.5	-28.9	80.2
Consumer Non-cyclical	24	33.7	37.3	32.4	43.0	-1.3	12.5
Diversified	2	39.1	22.4	25.3	3.0	-13.8	19.4
Energy	2	2.5	0.4	2.2	0.4	-0.3	0.0
Industrial	16	90.2	100.7	68.6	61.2	-21.5	57.3



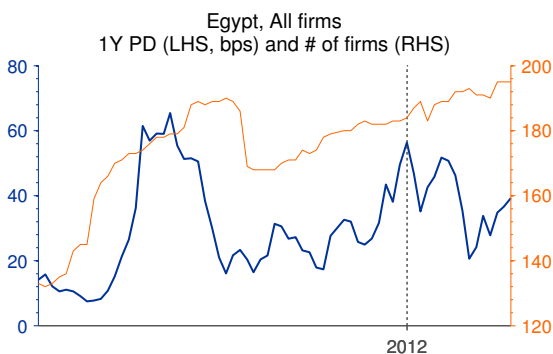
Cyprus	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	12	52.9	50.1	43.8	28.5	-9.1	43.3
Consumer Cyclical	10	59.2	40.2	57.5	38.9	-1.7	14.9
Consumer Non-cyclical	5	124.2	220.0	131.0	216.9	6.8	14.0
Energy	4	19.8	23.9	19.4	26.6	-0.4	3.2
Industrial	6	41.7	23.4	50.2	41.4	8.5	24.7



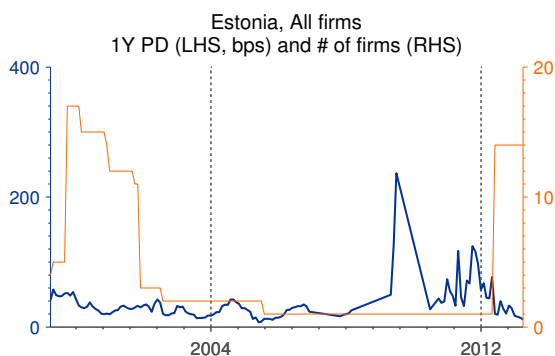
Czech Republic	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	2	14.6	5.4	18.7	5.8	4.1	0.4
Consumer Cyclical	3	5.5	2.0	6.2	4.0	0.7	2.1
Energy	4	47.5	57.7	30.2	22.1	-17.3	42.3



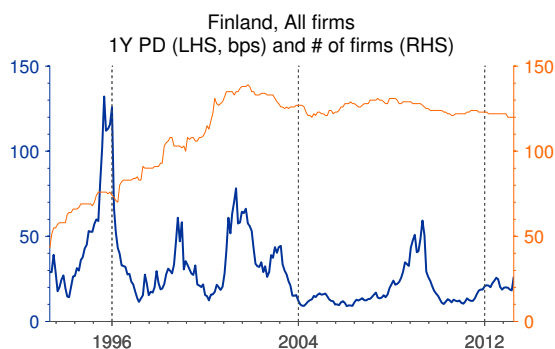
Denmark	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	58	71.1	69.6	91.6	111.7	20.6	74.7
Basic Materials	2	19.2	1.5	13.4	5.8	-5.8	7.3
Communications	11	59.6	94.8	57.7	93.3	-1.9	13.2
Consumer Cyclical	18	78.1	91.6	77.3	90.2	-0.8	27.1
Consumer Non-cyclical	22	44.0	103.7	27.0	46.2	-17.0	68.5
Diversified	2	46.1	46.5	22.3	22.5	-23.8	24.1
Industrial	35	89.4	160.7	92.1	172.5	2.8	101.6
Technology	10	57.3	47.8	52.3	37.3	-5.0	21.8



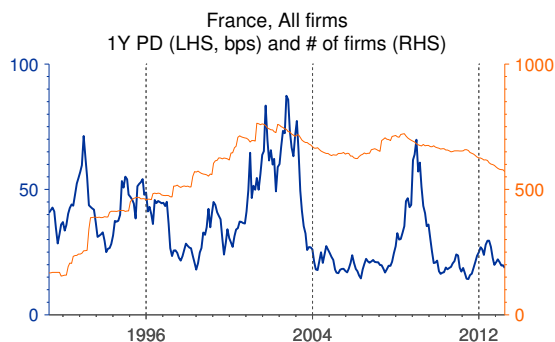
Egypt	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	63	41.4	47.2	60.3	67.9	18.8	28.5
Basic Materials	20	27.5	33.0	41.9	55.6	14.4	25.1
Communications	5	22.0	21.1	25.0	27.3	3.0	8.3
Consumer Cyclical	20	27.6	20.3	35.8	29.3	8.1	11.2
Consumer Non-cyclical	41	18.5	23.4	27.6	39.4	9.2	17.2
Diversified	2	57.1	75.4	58.8	77.1	1.7	1.7
Industrial	36	14.4	22.8	20.2	31.3	5.8	9.9



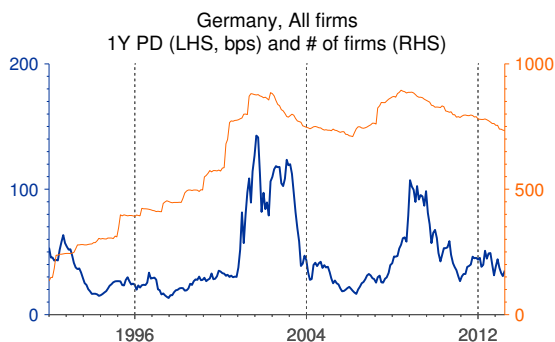
Estonia	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Consumer Cyclical	5	6.6	6.6	5.4	7.0	-1.2	1.8
Industrial	5	27.3	47.1	15.2	24.6	-12.1	22.7



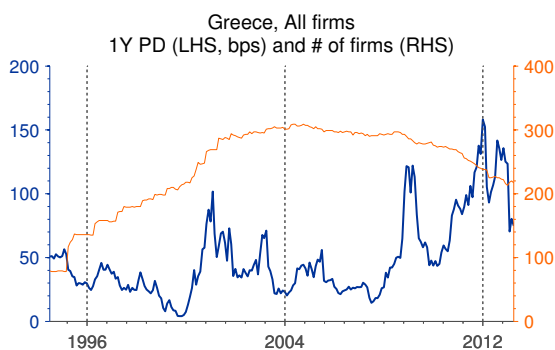
Finland	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	14	29.9	61.5	32.6	59.3	2.7	46.3
Basic Materials	10	25.6	30.1	96.3	246.2	70.7	218.3
Communications	16	16.0	16.4	17.3	19.2	1.3	4.5
Consumer Cyclical	9	15.2	17.6	14.9	20.6	-0.3	5.0
Consumer Non-cyclical	17	12.8	12.8	9.9	7.3	-2.9	6.9
Industrial	37	19.7	25.2	18.2	24.2	-1.6	12.5
Technology	14	24.3	34.2	32.9	65.6	8.6	33.0



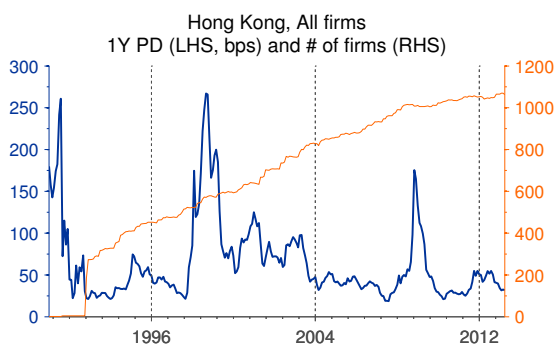
France	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	93	24.8	33.3	23.1	33.7	-1.7	24.5
Basic Materials	20	27.0	30.0	32.8	43.7	5.8	22.2
Communications	65	19.5	23.5	18.2	20.1	-1.3	13.4
Consumer Cyclical	80	25.0	43.0	22.9	36.4	-2.1	13.2
Consumer Non-cyclical	109	11.0	13.8	9.5	13.7	-1.5	7.8
Diversified	8	113.5	281.1	63.7	150.0	-49.7	131.2
Energy	16	15.9	13.8	15.6	12.3	-0.3	4.5
Industrial	97	18.8	22.3	17.6	23.4	-1.1	8.1
Technology	73	17.5	20.4	16.7	21.4	-0.8	7.4
Utilities	9	11.5	8.8	10.2	7.1	-1.3	3.2



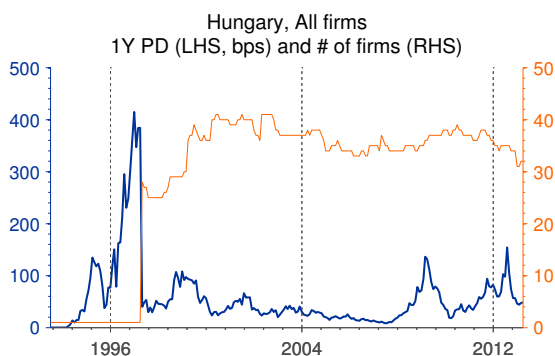
Germany	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	175	44.5	164.2	45.9	118.4	1.4	94.8
Basic Materials	25	42.9	171.5	24.3	76.8	-18.6	94.9
Communications	73	24.4	45.2	26.7	76.0	2.4	38.3
Consumer Cyclical	98	20.1	33.8	25.3	63.6	5.3	35.1
Consumer Non-cyclical	105	39.3	204.4	26.0	74.1	-13.3	137.8
Diversified	6	88.8	191.6	43.1	74.1	-45.6	118.6
Energy	21	154.7	539.2	186.8	672.9	32.1	139.0
Industrial	141	33.6	134.5	25.9	68.5	-7.7	70.6
Technology	78	17.8	28.8	24.8	66.9	6.9	59.8
Utilities	10	10.0	7.8	11.5	11.1	1.6	3.6



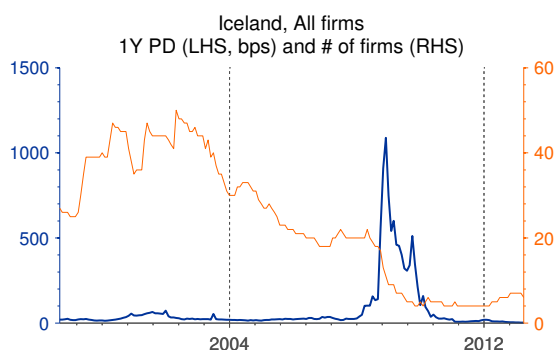
Greece	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	19	48.8	47.0	90.4	106.6	41.5	78.3
Basic Materials	14	24.9	30.5	36.6	44.2	11.8	15.8
Communications	14	80.2	66.9	250.7	484.8	170.5	453.9
Consumer Cyclical	38	51.8	91.5	47.8	54.1	-4.0	69.1
Consumer Non-cyclical	35	37.1	37.1	53.3	59.5	16.2	43.2
Diversified	2	15.8	4.0	16.6	6.9	0.7	10.9
Energy	5	12.4	7.3	17.9	10.1	5.5	4.3
Industrial	70	284.2	1089.1	79.1	139.3	-205.0	969.2
Technology	9	38.6	36.7	52.8	54.3	14.1	23.5
Utilities	3	8.6	4.4	11.3	5.4	2.7	1.1



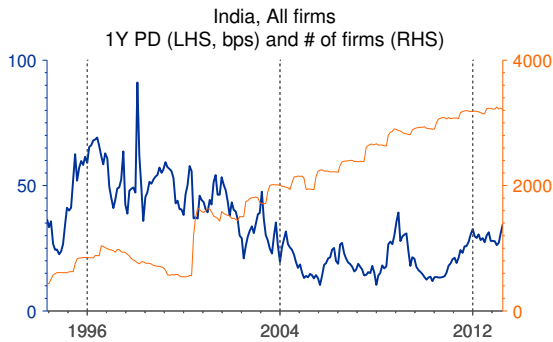
Hong Kong	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	219	30.4	56.4	30.1	73.0	-0.2	60.0
Basic Materials	54	52.8	100.6	54.3	122.8	1.5	37.1
Communications	84	35.5	66.8	44.6	165.7	9.1	165.6
Consumer Cyclical	253	32.5	67.3	27.5	49.1	-4.9	38.7
Consumer Non-cyclical	118	24.6	44.1	23.4	50.7	-1.2	17.5
Diversified	41	22.0	32.9	19.3	27.2	-2.7	22.3
Energy	35	62.8	91.9	67.9	165.7	5.1	96.7
Industrial	178	34.0	42.9	30.4	39.0	-3.6	27.0
Technology	59	43.3	70.0	34.9	55.8	-8.5	38.7
Utilities	15	23.7	27.2	19.0	23.6	-4.6	8.6



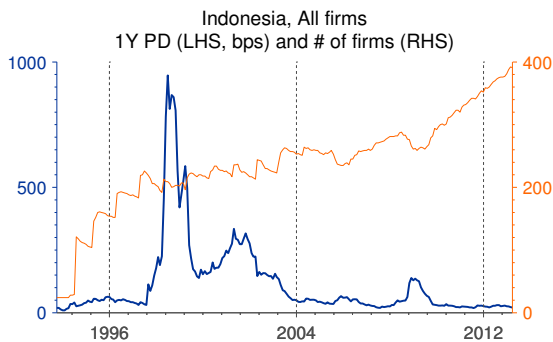
Hungary	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	7	41.6	71.7	47.6	70.2	5.9	7.6
Basic Materials	2	51.1	14.7	60.5	35.4	9.4	20.7
Communications	3	131.8	127.5	97.9	117.0	-33.9	27.8
Consumer Cyclical	4	41.7	30.9	55.7	52.2	14.0	21.9
Consumer Non-cyclical	6	24.1	31.0	26.1	35.7	2.0	5.7
Diversified	2	73.2	1.3	105.1	22.0	32.0	20.7
Energy	2	13.4	3.7	20.8	3.0	7.5	6.7
Technology	3	30.2	6.7	38.7	12.7	8.5	13.9
Utilities	2	30.5	8.2	25.5	7.0	-5.0	1.2



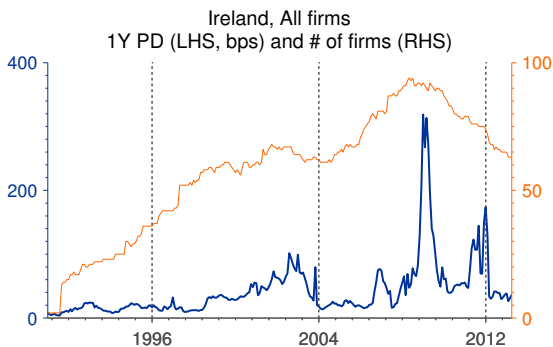
Iceland	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Consumer Cyclical	2	3.7	4.3	2.5	2.7	-1.2	1.6
Consumer Non-cyclical	2	3.9	2.5	2.7	1.8	-1.2	0.7



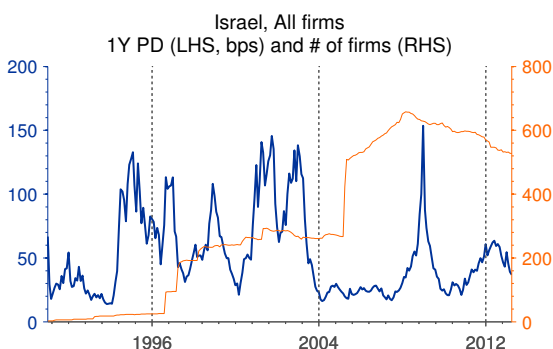
India	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	460	27.1	47.7	34.2	61.7	7.0	21.9
Basic Materials	444	27.5	43.2	34.1	47.7	6.6	21.0
Communications	120	26.5	43.3	40.0	71.1	13.5	36.9
Consumer Cyclical	629	27.5	36.3	36.4	57.4	8.9	31.4
Consumer Non-cyclical	492	21.0	33.3	27.5	44.3	6.6	21.0
Diversified	24	28.8	36.2	42.5	56.7	13.7	22.0
Energy	58	38.6	43.2	44.1	57.4	5.5	28.7
Industrial	682	26.0	32.3	36.0	51.1	10.0	33.4
Technology	193	28.5	70.2	36.3	69.0	7.9	52.8
Utilities	33	42.5	46.6	52.3	57.4	9.8	16.5



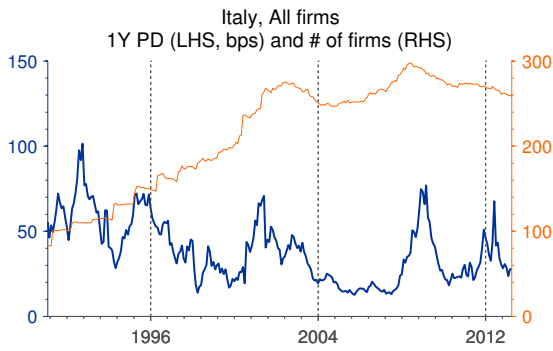
Indonesia	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	101	28.0	29.4	22.8	23.3	-5.2	15.4
Basic Materials	46	35.9	48.8	29.8	35.8	-6.1	22.9
Communications	24	34.1	71.1	26.1	44.5	-8.0	29.0
Consumer Cyclical	59	15.3	16.9	12.7	14.4	-2.6	8.1
Consumer Non-cyclical	58	10.7	19.6	9.2	14.2	-1.5	7.3
Energy	29	56.6	105.4	37.7	68.7	-18.9	68.8
Industrial	52	18.3	23.3	15.3	19.6	-2.9	10.4
Technology	4	8.9	8.2	6.1	6.9	-2.8	1.5
Utilities	3	21.1	29.1	29.1	37.3	8.0	8.7



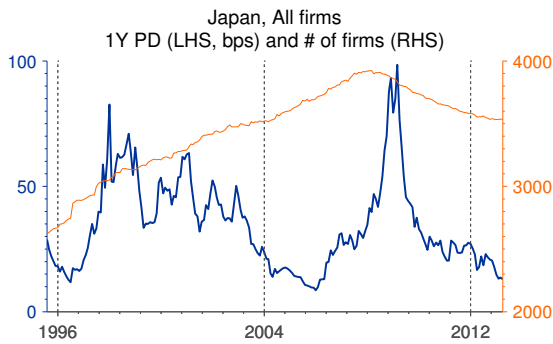
Ireland	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	29.0	48.3	15.0	22.3	-13.9	26.9
Basic Materials	9	48.8	51.0	44.9	56.3	-4.0	26.5
Communications	5	209.0	391.3	218.0	305.1	8.9	398.7
Consumer Cyclical	4	3.5	4.2	2.5	2.5	-1.1	1.7
Consumer Non-cyclical	16	18.1	29.2	12.7	21.5	-5.4	12.3
Energy	11	27.6	21.5	34.9	34.1	7.2	18.5
Industrial	5	3.1	1.9	8.0	12.2	4.9	12.9
Technology	2	5.3	7.2	3.4	4.8	-1.8	2.5



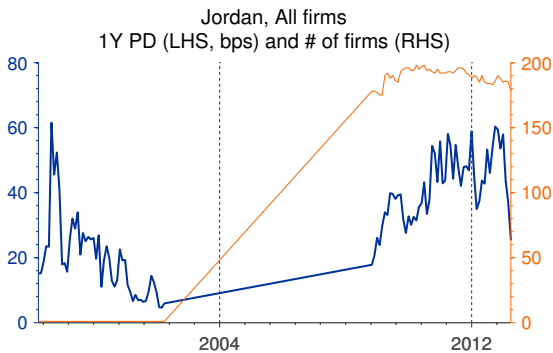
Israel	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	147	76.8	263.7	47.6	125.7	-29.1	215.7
Basic Materials	14	14.8	16.5	12.5	15.3	-2.3	6.5
Communications	40	72.4	161.7	58.1	117.6	-14.3	56.5
Consumer Cyclical	52	25.2	26.4	19.7	20.0	-5.5	14.5
Consumer Non-cyclical	93	26.1	40.6	22.3	36.2	-3.9	27.9
Diversified	12	117.5	246.7	132.3	337.0	14.8	95.3
Energy	32	134.3	391.8	59.3	142.8	-75.0	254.0
Industrial	94	26.4	41.6	21.5	35.5	-4.9	15.6
Technology	35	54.6	202.2	24.3	50.1	-30.3	203.2



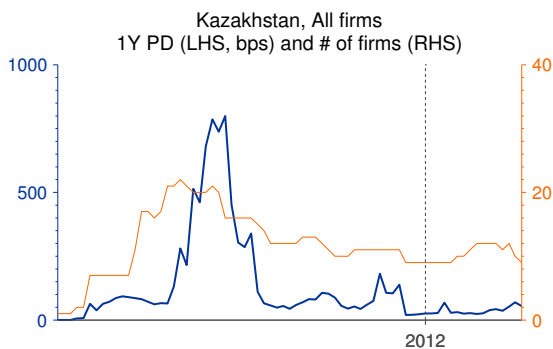
Italy	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	54	40.5	43.6	47.3	85.4	6.8	92.6
Basic Materials	7	42.3	37.1	30.8	21.4	-11.5	18.2
Communications	30	29.3	38.1	26.7	20.9	-2.6	34.2
Consumer Cyclical	45	26.1	24.1	24.9	26.6	-1.1	14.5
Consumer Non-cyclical	32	18.8	18.5	18.1	19.1	-0.8	8.7
Diversified	3	40.5	9.0	37.1	8.3	-3.4	1.3
Energy	14	39.2	52.5	29.7	32.4	-9.5	26.9
Industrial	48	17.6	15.0	16.1	16.4	-1.6	5.6
Technology	14	41.9	43.7	37.9	40.1	-4.1	10.2
Utilities	12	14.8	9.9	14.5	7.1	-0.3	6.2



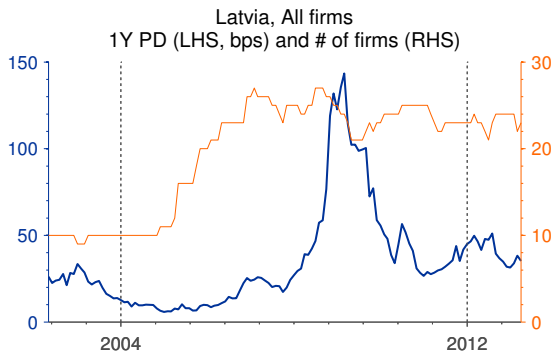
Japan	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	317	31.8	60.5	27.5	82.7	-4.3	53.2
Basic Materials	242	13.7	22.1	12.1	18.9	-1.6	9.4
Communications	244	9.5	14.5	8.2	13.5	-1.3	9.1
Consumer Cyclical	868	14.1	21.7	13.2	31.0	-0.9	19.3
Consumer Non-cyclical	572	9.0	20.1	8.1	19.7	-0.9	11.6
Diversified	2	18.6	13.2	12.3	9.2	-6.3	4.0
Energy	17	22.8	35.4	26.7	51.6	4.0	18.1
Industrial	973	15.1	27.0	12.9	17.4	-2.2	16.4
Technology	262	11.5	22.7	8.7	15.4	-2.8	11.9
Utilities	25	23.8	28.3	23.1	30.1	-0.7	9.7



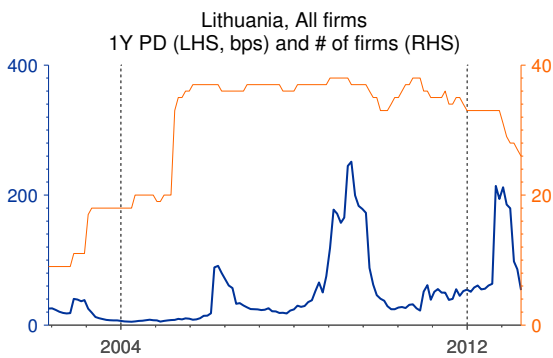
Jordan	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	90	58.0	170.2	26.4	64.3	-31.6	114.6
Basic Materials	15	25.9	33.4	15.5	21.5	-10.4	17.5
Communications	3	80.7	130.8	38.1	59.1	-42.6	71.7
Consumer Cyclical	18	75.9	135.9	37.0	62.2	-38.9	75.6
Consumer Non-cyclical	21	23.5	31.1	14.3	17.9	-9.2	18.4
Diversified	2	13.4	15.7	5.7	7.9	-7.8	7.8
Energy	2	52.5	74.3	22.7	32.1	-29.8	42.2
Industrial	23	44.2	45.7	28.5	37.7	-15.6	39.8
Utilities	2	81.3	63.2	41.7	25.9	-39.6	37.3



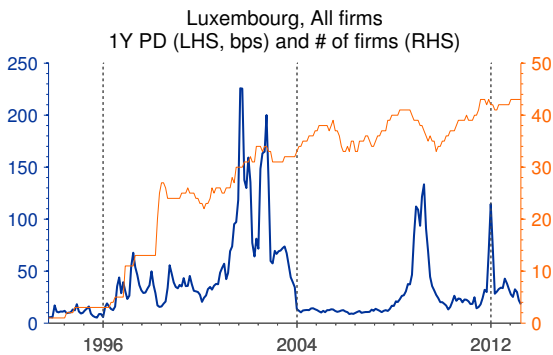
Kazakhstan	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	3	99.0	74.9	117.7	61.2	18.7	25.6
Consumer Non-cyclical	2	9.8	13.9	6.2	8.8	-3.6	5.1



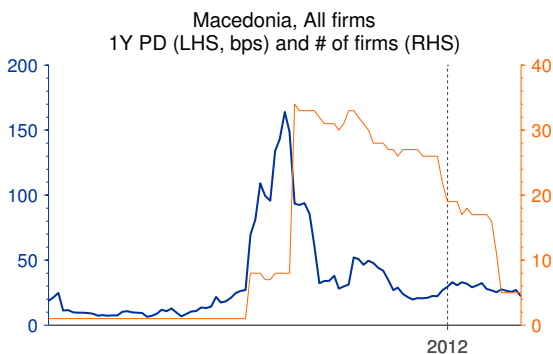
Latvia	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Basic Materials	2	16.8	0.4	18.6	0.5	1.8	0.1
Communications	2	15.4	9.6	27.1	1.6	11.7	8.0
Consumer Cyclical	3	35.3	27.7	43.8	20.4	8.5	10.9
Consumer Non-cyclical	6	28.9	23.7	27.2	23.6	-1.7	4.8
Industrial	7	47.4	31.9	55.4	31.2	8.1	26.8



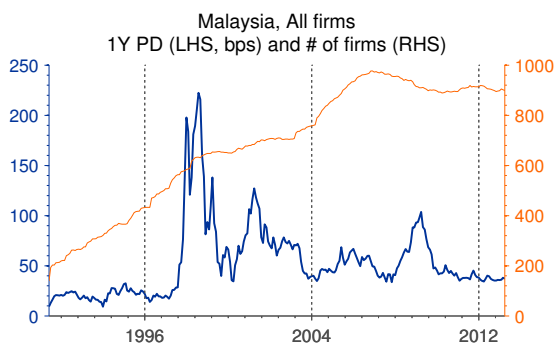
Lithuania	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	2	59.4	13.6	50.3	3.4	-9.1	10.1
Consumer Cyclical	5	21.2	20.4	21.0	20.4	-0.1	5.1
Consumer Non-cyclical	9	440.5	1283.1	88.1	223.1	-352.4	1060.8
Industrial	4	167.5	264.8	92.0	110.9	-75.6	159.5
Utilities	3	9.3	8.5	7.2	7.6	-2.0	1.0



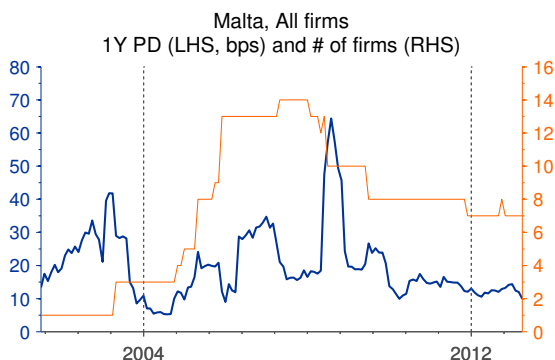
Luxembourg	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	15	16.0	21.0	17.9	28.1	1.8	10.4
Basic Materials	6	12.1	7.2	13.8	8.5	1.7	2.1
Communications	3	15.0	22.8	9.0	10.8	-6.0	12.3
Consumer Cyclical	4	228.8	422.7	63.6	67.0	-165.2	404.4
Consumer Non-cyclical	10	9.6	8.8	11.8	18.8	2.2	10.7
Energy	2	1.5	1.6	1.0	0.6	-0.6	1.0
Industrial	3	9.0	6.0	6.7	4.3	-2.3	2.1



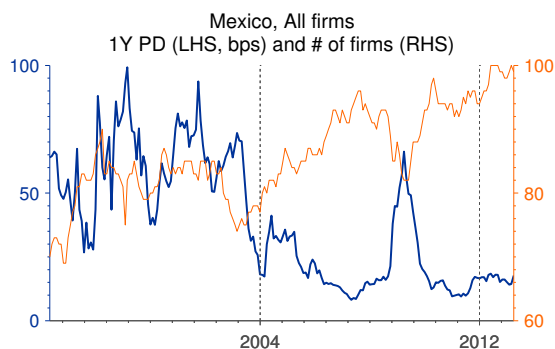
Macedonia	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	4	27.7	21.0	19.9	14.4	-7.9	13.0



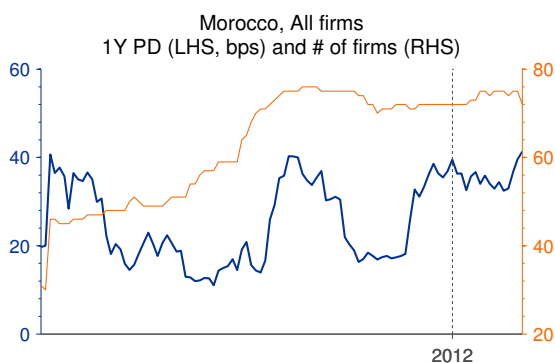
Malaysia	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	130	30.9	49.7	29.9	50.3	-1.0	25.9
Basic Materials	65	51.2	63.7	51.8	67.7	0.5	29.7
Communications	34	23.5	36.7	27.6	48.3	4.1	18.3
Consumer Cyclical	122	36.6	57.1	36.8	62.2	0.2	24.7
Consumer Non-cyclical	146	24.6	71.1	23.2	55.6	-1.4	28.7
Diversified	24	21.6	28.0	22.2	29.7	0.6	6.7
Energy	25	70.7	239.7	100.3	402.4	29.5	164.8
Industrial	278	42.8	105.3	42.6	88.1	-0.2	37.7
Technology	61	24.2	31.8	25.6	33.8	1.4	15.6
Utilities	5	8.6	15.2	15.2	27.2	6.6	12.2



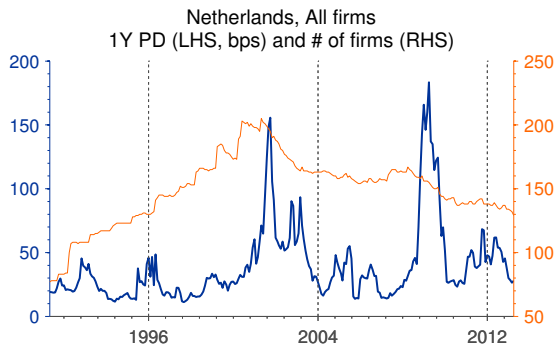
Malta	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	6	16.6	12.1	11.4	6.8	-5.2	8.5



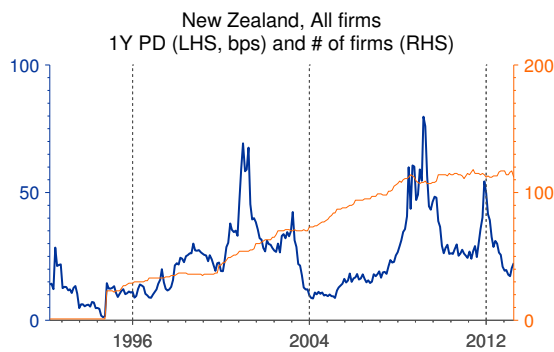
Mexico	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	17	17.7	17.1	11.4	8.6	-6.3	12.7
Basic Materials	12	2.1	2.0	2.3	2.4	0.2	1.8
Communications	6	7.8	10.9	8.3	10.5	0.5	1.8
Consumer Cyclical	19	23.0	43.6	33.7	86.3	10.7	52.2
Consumer Non-cyclical	18	6.7	22.0	9.7	33.4	3.0	39.9
Diversified	6	2.8	2.6	2.1	1.8	-0.7	1.8
Industrial	18	24.7	45.4	36.0	68.2	11.3	33.7



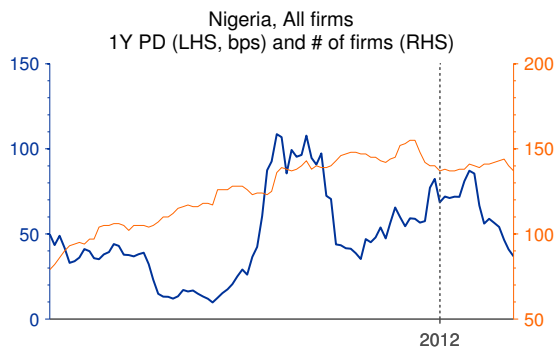
Morocco	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	21	42.9	37.0	60.0	65.7	17.1	35.9
Basic Materials	11	23.6	24.2	30.0	30.4	6.4	12.3
Consumer Cyclical	7	31.1	20.4	27.2	17.4	-3.9	6.8
Consumer Non-cyclical	11	41.1	97.4	37.2	91.5	-4.0	8.1
Industrial	11	25.0	16.5	29.3	27.9	4.3	20.4
Technology	5	27.2	44.7	34.4	61.3	7.2	16.8
Utilities	2	30.1	17.4	24.2	13.1	-5.9	4.3



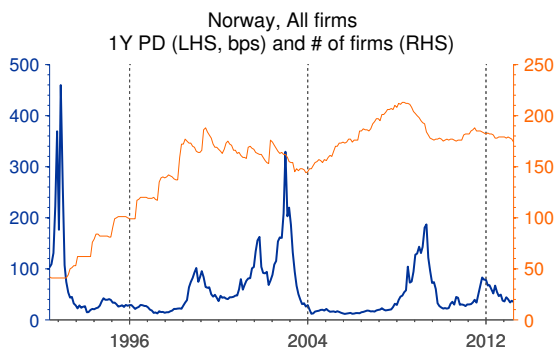
Netherlands	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	19	42.3	50.3	42.4	61.8	0.1	17.5
Basic Materials	7	12.8	10.5	19.9	24.9	7.1	15.4
Communications	11	12.7	10.3	13.4	16.3	0.7	8.9
Consumer Cyclical	12	34.6	63.7	47.3	104.7	12.8	41.6
Consumer Non-cyclical	26	12.2	15.0	12.2	16.2	-0.0	7.4
Diversified	2	31.9	44.1	18.4	25.4	-13.5	18.7
Energy	5	27.4	45.2	18.8	31.2	-8.6	14.1
Industrial	30	20.0	23.2	21.2	22.0	1.2	17.2
Technology	17	74.8	212.9	50.4	127.8	-24.4	86.9



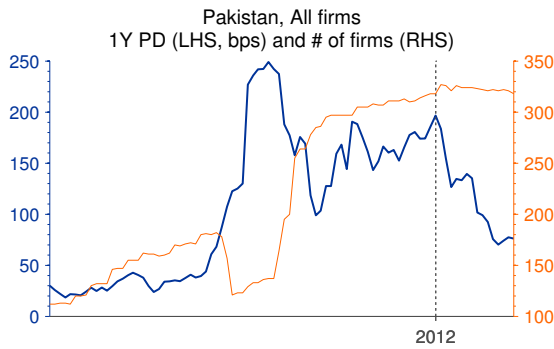
New Zealand	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	18	2.9	6.0	2.8	6.1	-0.1	3.3
Basic Materials	4	55.1	65.8	39.0	50.2	-16.1	17.8
Communications	6	7.5	10.3	5.1	8.5	-2.3	5.9
Consumer Cyclical	20	19.1	39.2	27.2	53.6	8.1	25.6
Consumer Non-cyclical	30	23.8	67.3	37.9	154.6	14.0	93.5
Diversified	5	28.8	57.4	27.9	56.9	-0.9	2.5
Energy	5	9.7	13.2	10.2	15.4	0.5	2.3
Industrial	13	14.3	25.4	18.5	33.6	4.1	19.9
Technology	4	34.6	46.9	36.5	48.0	1.8	2.9
Utilities	5	5.6	5.3	4.9	4.7	-0.7	1.0



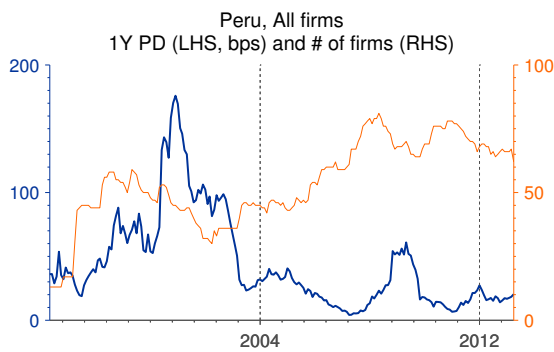
Nigeria	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	49	43.6	45.6	26.9	25.2	-16.6	25.5
Basic Materials	10	48.6	69.1	30.2	37.2	-18.4	45.5
Communications	4	59.3	63.4	81.1	91.1	21.8	73.4
Consumer Cyclical	15	65.6	100.0	38.4	39.7	-27.1	66.4
Consumer Non-cyclical	30	36.2	42.2	23.8	24.0	-12.4	22.8
Energy	7	75.6	92.4	24.2	24.5	-51.4	72.0
Industrial	20	81.1	107.5	78.4	181.1	-2.7	90.6
Technology	2	70.4	6.2	31.3	8.9	-39.0	15.0



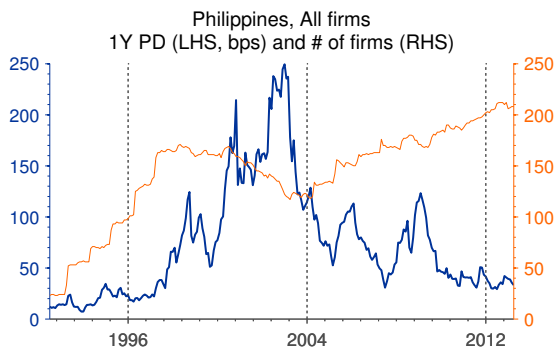
Norway	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	35	40.9	46.8	32.9	32.3	-8.0	30.8
Basic Materials	5	18.3	23.6	29.7	37.3	11.3	14.7
Communications	9	20.9	23.2	16.8	17.5	-4.1	7.2
Consumer Cyclical	4	16.5	15.0	12.4	10.4	-4.1	4.8
Consumer Non-cyclical	32	46.5	98.1	41.7	76.4	-4.9	31.2
Energy	27	62.1	100.0	39.5	45.9	-22.6	75.1
Industrial	47	28.2	29.3	32.6	58.4	4.4	42.1
Technology	12	70.6	142.3	54.7	87.0	-15.8	58.2
Utilities	2	4.9	1.0	6.2	1.4	1.3	0.4



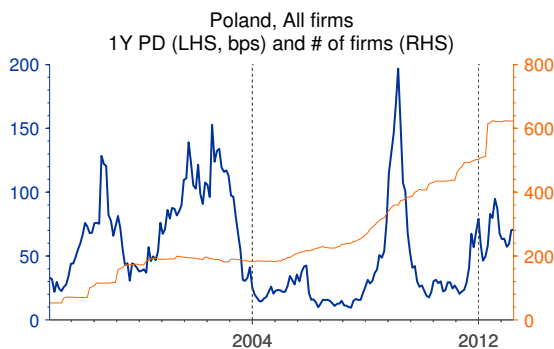
Pakistan	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	73	62.3	60.2	75.7	80.9	13.4	31.4
Basic Materials	32	45.0	78.5	54.2	103.3	9.2	29.7
Communications	6	92.7	94.6	86.8	97.1	-6.0	20.9
Consumer Cyclical	87	81.7	100.3	86.5	113.5	4.8	54.3
Consumer Non-cyclical	48	58.4	102.3	62.2	104.6	3.8	37.5
Energy	10	63.1	101.0	51.9	72.8	-11.2	43.8
Industrial	47	59.4	66.4	67.2	83.6	7.8	43.6
Utilities	9	167.6	202.8	224.8	282.5	57.2	85.4



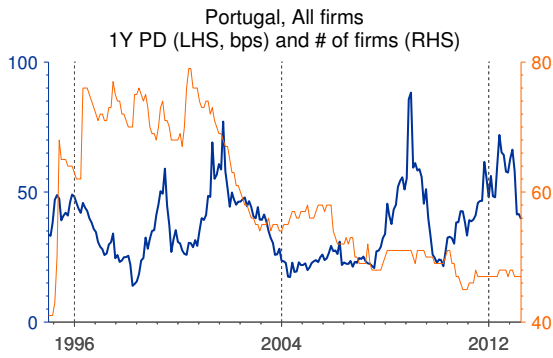
Peru	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	13	15.2	24.5	21.7	47.6	6.5	23.4
Basic Materials	16	12.6	24.3	23.1	49.2	10.5	28.9
Communications	2	15.6	8.6	18.9	9.7	3.2	1.1
Consumer Cyclical	2	16.3	9.2	6.2	1.5	-10.0	10.7
Consumer Non-cyclical	14	20.1	21.1	24.3	34.2	4.2	24.0
Diversified	2	7.4	9.4	9.9	12.6	2.5	3.2
Industrial	3	38.8	12.7	42.9	33.2	4.1	21.1
Utilities	6	2.8	5.0	2.9	5.7	0.1	1.1



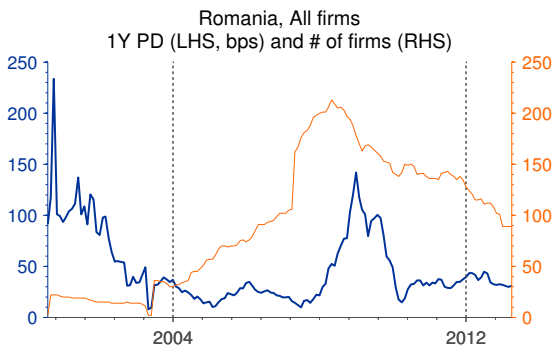
Philippines	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	67	39.8	61.6	29.1	41.2	-10.7	39.3
Basic Materials	24	14.5	17.0	13.7	17.7	-0.8	7.4
Communications	14	31.7	40.2	25.0	32.3	-6.7	11.9
Consumer Cyclical	18	47.8	96.7	40.2	70.2	-7.7	31.9
Consumer Non-cyclical	29	38.9	70.4	47.1	81.5	8.3	28.7
Diversified	16	30.3	40.2	25.9	39.1	-4.4	20.2
Energy	13	13.2	25.2	10.0	18.7	-3.2	8.2
Industrial	11	140.2	217.2	113.3	192.6	-26.9	45.1
Technology	2	2.4	1.8	1.8	0.4	-0.6	2.2
Utilities	12	38.2	107.1	26.7	76.3	-11.5	30.9



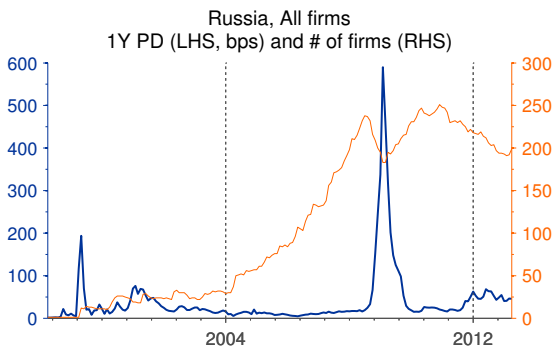
Poland	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	105	57.7	73.1	67.5	108.6	9.9	87.3
Basic Materials	27	30.3	39.2	31.9	35.5	1.6	10.4
Communications	74	56.7	79.9	69.6	162.2	12.9	130.7
Consumer Cyclical	91	95.0	265.3	129.9	425.3	34.9	191.8
Consumer Non-cyclical	99	42.3	46.7	42.8	67.1	0.4	38.1
Diversified	2	33.0	18.3	57.7	6.6	24.7	24.9
Energy	17	57.3	109.7	53.4	69.6	-3.9	61.0
Industrial	142	43.3	61.4	73.6	301.0	30.3	279.0
Technology	50	50.9	128.3	42.9	82.1	-8.0	107.8
Utilities	10	36.4	37.2	72.4	102.3	36.0	70.2



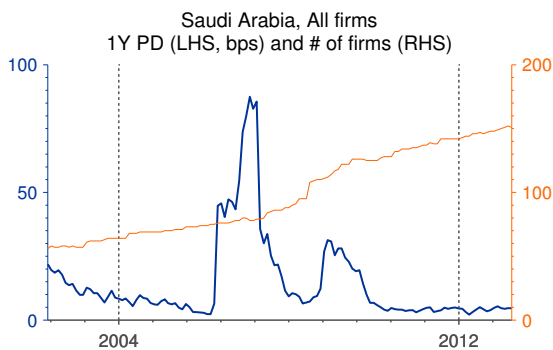
Portugal	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	5	36.5	23.9	35.2	18.2	-1.3	8.2
Basic Materials	6	28.5	33.4	14.6	14.8	-13.9	18.9
Communications	7	34.2	21.2	25.2	15.2	-8.9	9.8
Consumer Cyclical	8	110.7	97.2	39.1	32.4	-71.7	76.7
Consumer Non-cyclical	6	85.4	119.1	79.4	118.3	-6.1	16.5
Diversified	2	74.4	12.0	46.1	4.1	-28.2	7.9
Industrial	7	56.5	42.6	42.5	22.1	-14.0	30.1
Technology	3	57.1	46.6	70.9	90.6	13.8	57.0
Utilities	2	7.5	1.1	9.2	2.8	1.8	3.9



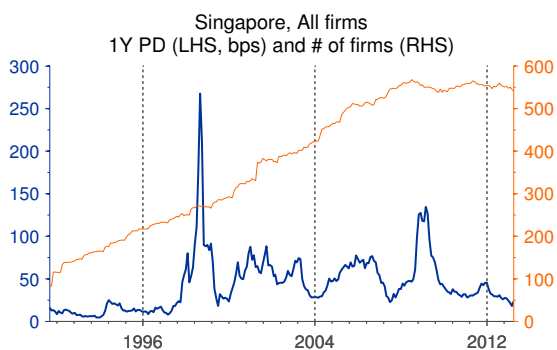
Romania	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	7	22.1	25.6	20.3	21.9	-1.8	5.2
Basic Materials	11	24.0	17.8	28.5	23.3	4.6	14.9
Consumer Cyclical	13	30.6	43.2	29.9	24.1	-0.8	27.7
Consumer Non-cyclical	11	16.4	9.9	16.9	10.9	0.4	2.0
Energy	9	20.3	19.5	20.9	20.5	0.7	3.3
Industrial	31	45.5	46.4	42.9	43.3	-2.6	38.4
Utilities	2	11.6	12.6	11.5	12.7	-0.1	0.1



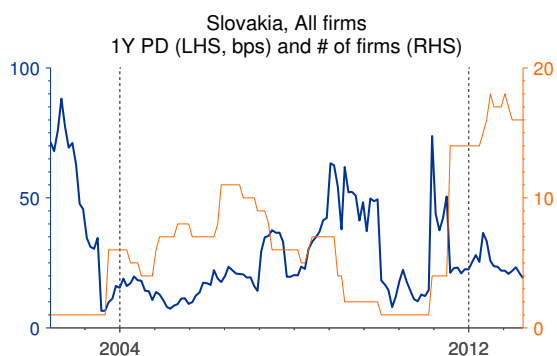
Russia	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	17	58.0	58.8	53.2	30.6	-4.9	45.7
Basic Materials	26	23.5	15.3	24.8	16.6	1.3	8.4
Communications	11	19.1	20.5	22.9	31.2	3.8	17.2
Consumer Cyclical	12	35.0	17.3	38.9	23.7	3.9	17.3
Consumer Non-cyclical	21	35.8	24.4	32.1	30.0	-3.7	17.3
Energy	23	39.8	75.4	52.2	84.4	12.4	64.6
Industrial	23	37.5	28.9	38.5	26.1	1.0	11.3
Technology	2	11.8	1.0	8.6	1.9	-3.1	0.9
Utilities	54	54.2	43.7	68.8	69.8	14.6	45.6



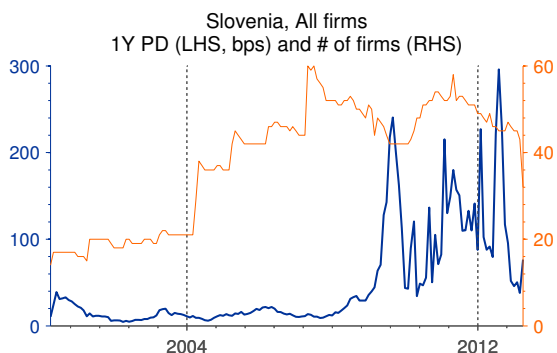
Saudi Arabia	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	54	2.5	4.7	2.2	4.1	-0.3	1.3
Basic Materials	18	5.4	7.4	4.6	7.6	-0.8	1.7
Communications	7	29.5	52.5	29.3	46.9	-0.2	9.2
Consumer Cyclical	14	1.5	1.9	1.0	1.3	-0.5	1.0
Consumer Non-cyclical	22	2.0	2.5	3.3	8.7	1.3	7.8
Diversified	4	2.6	1.3	1.9	0.7	-0.7	0.9
Energy	2	6.9	7.7	5.3	6.0	-1.6	1.8
Industrial	27	4.0	8.1	3.9	8.5	-0.2	1.9
Utilities	2	19.2	26.3	32.7	45.6	13.5	19.3



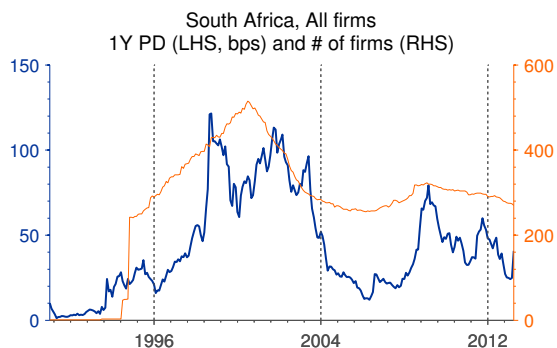
Singapore	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	84	15.1	55.6	11.3	35.4	-3.8	36.1
Basic Materials	32	35.1	41.0	23.4	22.0	-11.7	25.2
Communications	27	33.0	57.5	134.2	551.4	101.3	531.2
Consumer Cyclical	81	19.0	30.6	15.5	20.0	-3.5	15.4
Consumer Non-cyclical	71	21.9	41.1	16.5	33.3	-5.4	14.8
Diversified	11	26.8	57.5	17.8	40.9	-9.1	17.0
Energy	25	41.1	50.0	32.3	41.8	-8.8	20.0
Industrial	179	23.2	31.3	20.7	32.4	-2.5	19.1
Technology	24	20.3	18.4	15.8	14.5	-4.5	6.8



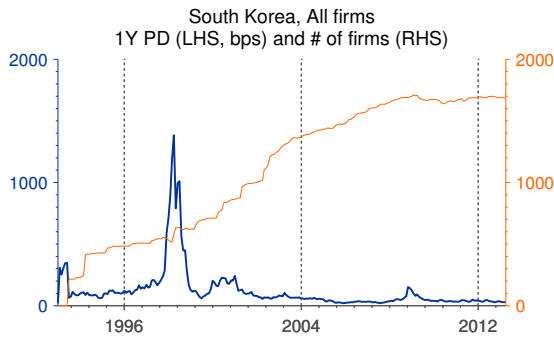
Slovakia	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	4	26.5	9.5	21.4	10.2	-5.1	5.3
Basic Materials	2	33.7	30.9	24.9	20.5	-8.7	10.4
Consumer Cyclical	3	9.0	15.7	0.3	0.5	-8.8	15.2
Industrial	3	27.2	8.8	34.8	42.5	7.6	44.2



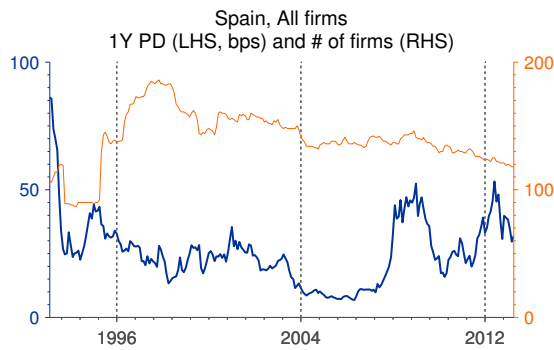
Slovenia	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	8	69.0	69.7	243.5	331.4	174.5	303.3
Basic Materials	2	12.8	1.7	9.2	4.5	-3.6	2.8
Consumer Cyclical	9	50.4	85.5	25.6	20.8	-24.8	65.6
Consumer Non-cyclical	6	20.6	17.1	20.6	22.0	0.0	6.1
Diversified	2	407.0	219.3	174.8	48.4	-232.2	171.0
Industrial	4	27.7	20.0	24.9	22.0	-2.7	7.3



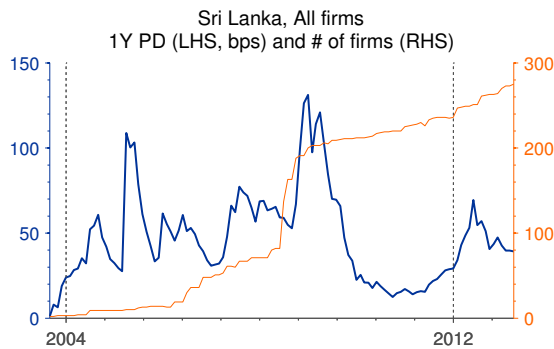
South Africa	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	49	26.3	54.7	127.9	744.6	101.6	694.1
Basic Materials	42	22.0	46.9	25.4	62.7	3.4	20.8
Communications	14	12.6	20.3	15.1	23.9	2.5	6.2
Consumer Cyclical	36	9.2	22.7	10.3	24.4	1.0	3.7
Consumer Non-cyclical	40	33.3	66.8	24.7	42.9	-8.6	33.6
Diversified	9	14.2	19.7	16.3	23.5	2.0	4.0
Energy	5	42.9	48.8	33.3	35.3	-9.6	18.5
Industrial	59	29.0	44.2	25.9	37.1	-3.1	13.2
Technology	15	15.7	21.5	18.2	28.9	2.5	15.5



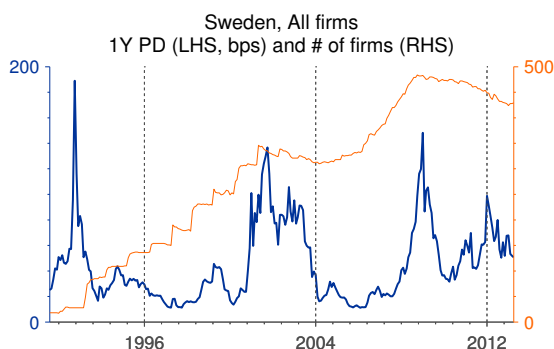
South Korea	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	109	43.6	75.0	51.2	126.0	7.7	69.6
Basic Materials	176	32.5	50.7	30.2	60.5	-2.3	31.1
Communications	175	28.5	85.7	24.8	59.4	-3.7	44.9
Consumer Cyclical	266	32.0	45.5	26.1	41.9	-5.9	26.6
Consumer Non-cyclical	223	20.8	67.5	22.0	115.7	1.2	54.8
Diversified	18	42.9	124.1	20.0	43.3	-22.9	130.2
Energy	13	27.4	33.9	22.9	27.0	-4.5	13.4
Industrial	482	38.1	91.0	30.8	65.4	-7.3	60.5
Technology	191	29.8	61.7	25.8	65.3	-4.0	39.1
Utilities	17	17.9	15.5	24.7	20.8	6.8	17.1



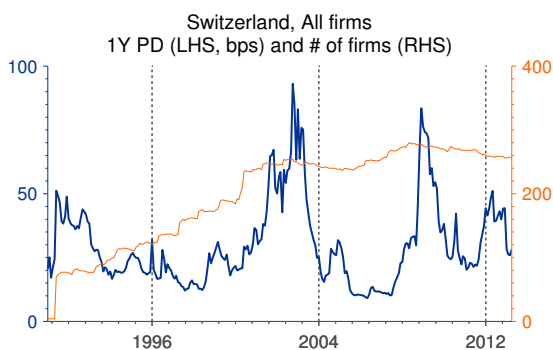
Spain	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	25	42.7	31.4	44.0	34.5	1.3	26.9
Basic Materials	9	36.1	52.8	37.7	59.0	1.6	13.5
Communications	11	38.0	34.1	40.8	42.1	2.8	16.2
Consumer Cyclical	11	29.4	32.9	29.2	34.4	-0.3	7.7
Consumer Non-cyclical	25	25.6	40.0	26.3	38.1	0.7	26.5
Energy	4	23.4	27.9	23.3	29.5	-0.1	2.2
Industrial	23	35.1	37.5	28.6	26.4	-6.5	19.8
Technology	3	24.2	30.5	20.7	24.3	-3.5	6.6
Utilities	6	7.5	2.2	7.4	2.9	-0.1	1.1



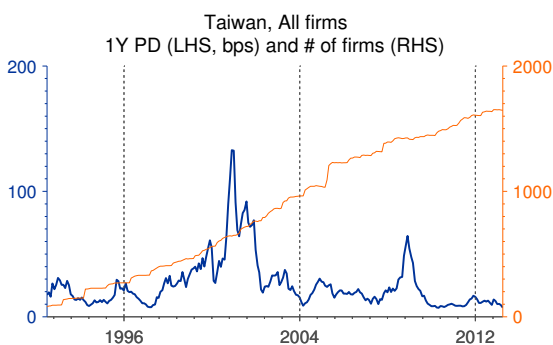
Sri Lanka	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	85	53.9	56.3	51.1	57.9	-2.9	23.4
Basic Materials	14	39.0	32.7	41.9	42.0	2.9	13.5
Communications	4	7.1	4.5	7.3	4.9	0.2	1.0
Consumer Cyclical	62	36.7	48.7	34.5	45.5	-2.2	15.9
Consumer Non-cyclical	55	35.3	36.9	30.6	30.0	-4.8	16.1
Diversified	16	41.6	36.5	32.9	32.3	-8.7	18.5
Energy	3	11.3	16.9	3.9	6.1	-7.4	10.8
Industrial	23	55.8	56.2	48.5	50.1	-7.3	10.9
Technology	3	41.3	49.7	53.6	77.7	12.3	29.6
Utilities	5	8.6	6.7	6.2	3.7	-2.4	3.1



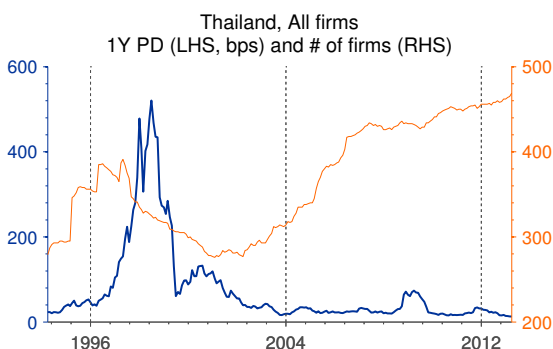
Sweden	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	52	66.0	264.8	33.0	81.4	-33.0	189.6
Basic Materials	27	52.1	80.9	63.3	145.9	11.2	139.8
Communications	44	160.3	637.7	57.2	130.6	-103.0	580.2
Consumer Cyclical	48	27.6	35.2	56.7	183.9	29.1	157.0
Consumer Non-cyclical	98	41.9	74.4	57.6	278.9	15.7	279.9
Diversified	8	29.4	23.9	65.2	106.2	35.9	94.8
Energy	14	102.6	227.4	74.8	197.4	-27.8	285.5
Industrial	87	49.9	96.8	44.1	107.4	-5.8	65.2
Technology	37	50.3	111.9	45.9	100.1	-4.4	100.1



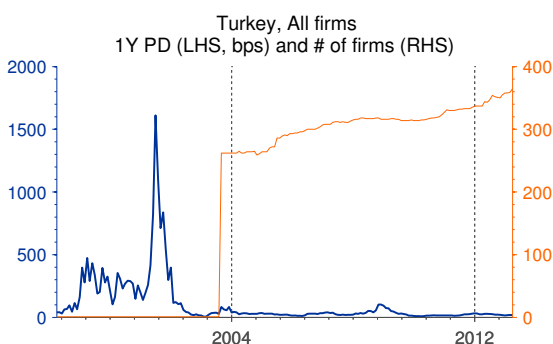
Switzerland	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	72	46.2	113.9	50.1	159.6	3.9	61.1
Basic Materials	16	27.5	48.1	19.4	28.9	-8.2	26.6
Communications	14	20.1	27.4	14.8	26.2	-5.3	6.2
Consumer Cyclical	21	16.8	19.5	16.7	26.4	-0.1	12.1
Consumer Non-cyclical	38	20.2	49.8	16.5	34.0	-3.8	31.5
Diversified	4	40.3	42.0	42.6	46.9	2.3	5.8
Energy	7	58.9	67.4	62.2	77.3	3.4	18.0
Industrial	66	17.3	30.2	16.0	24.7	-1.3	12.9
Technology	8	18.8	12.1	20.8	10.8	1.9	8.0
Utilities	8	14.8	17.1	15.0	18.7	0.2	3.2



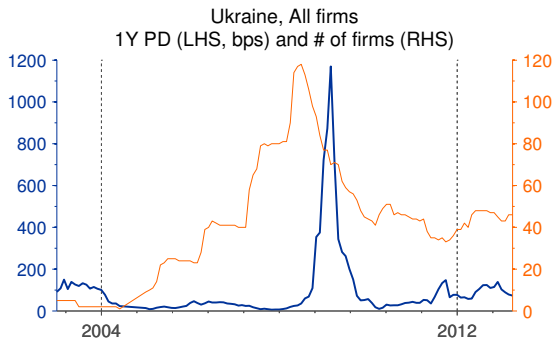
Taiwan	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	106	9.2	9.0	7.2	9.6	-2.0	6.2
Basic Materials	112	10.7	32.9	12.2	45.6	1.4	16.6
Communications	84	6.6	10.8	4.6	8.9	-2.0	4.9
Consumer Cyclical	200	5.6	11.5	4.4	9.6	-1.2	5.8
Consumer Non-cyclical	149	3.7	13.3	2.9	9.8	-0.7	4.6
Diversified	2	2.0	2.4	1.8	2.1	-0.2	0.3
Energy	11	27.9	18.5	16.0	9.8	-11.9	11.4
Industrial	638	10.6	23.7	8.3	23.2	-2.3	20.3
Technology	330	12.2	30.7	7.9	19.7	-4.3	18.0
Utilities	8	0.4	0.4	0.1	0.1	-0.2	0.3



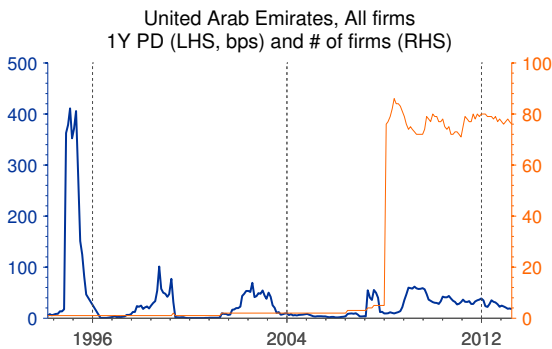
Thailand	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	90	20.7	33.4	19.9	29.3	-0.8	16.5
Basic Materials	49	21.2	41.1	20.9	38.4	-0.3	16.7
Communications	37	8.6	21.0	10.0	23.1	1.3	4.8
Consumer Cyclical	101	12.3	39.5	9.6	16.8	-2.7	28.1
Consumer Non-cyclical	67	8.0	13.1	7.4	10.8	-0.6	7.3
Diversified	2	0.6	0.1	0.9	0.2	0.3	0.3
Energy	12	10.0	16.3	8.2	11.0	-1.8	6.0
Industrial	87	13.8	43.3	11.4	28.0	-2.4	16.2
Technology	10	14.0	14.9	9.5	9.1	-4.5	6.5
Utilities	7	21.3	51.7	16.1	35.2	-5.2	16.6



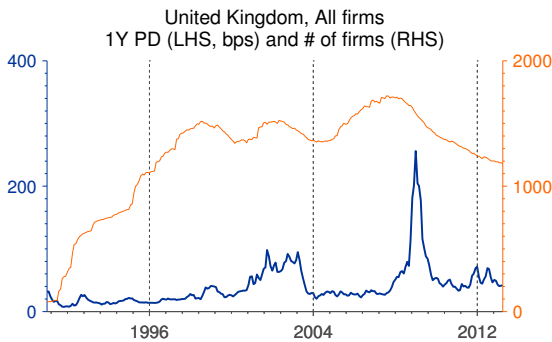
Turkey	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	90	12.7	13.5	14.4	18.0	1.7	9.1
Basic Materials	32	15.5	22.9	15.5	25.0	0.0	6.3
Communications	12	12.0	7.5	13.3	10.1	1.3	7.0
Consumer Cyclical	87	19.7	29.6	20.7	31.8	1.0	20.2
Consumer Non-cyclical	46	19.1	26.8	26.4	48.6	7.3	35.1
Diversified	11	15.3	10.3	17.0	16.9	1.7	8.6
Energy	3	19.6	17.6	10.4	7.1	-9.2	10.5
Industrial	65	12.8	18.0	14.9	26.8	2.1	16.5
Technology	4	13.8	7.0	11.3	6.3	-2.4	4.3
Utilities	6	9.3	9.6	7.9	6.6	-1.3	4.6



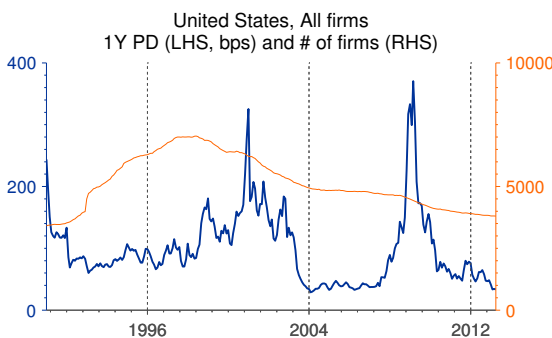
Ukraine	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	5	127.2	62.7	96.9	61.3	-30.3	16.7
Basic Materials	7	121.5	66.2	98.0	61.2	-23.6	10.9
Consumer Cyclical	3	237.9	318.9	106.5	137.8	-131.4	181.4
Consumer Non-cyclical	9	32.3	28.4	27.5	16.7	-4.8	17.9
Energy	6	117.0	83.7	96.6	56.4	-20.3	37.0
Industrial	8	91.4	94.2	64.9	56.6	-26.5	38.3
Utilities	4	204.2	89.7	151.7	58.4	-52.5	31.9



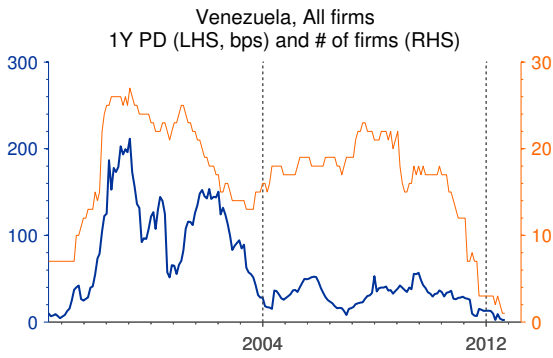
United Arab Emirates	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	41	17.8	27.1	15.2	26.7	-2.6	9.3
Communications	2	0.6	0.7	0.4	0.5	-0.2	0.2
Consumer Cyclical	3	8.0	6.5	8.6	7.8	0.6	2.6
Consumer Non-cyclical	8	13.4	13.6	15.8	17.6	2.4	8.9
Energy	3	62.9	92.2	28.7	32.7	-34.2	60.1
Industrial	16	31.5	36.7	27.1	37.8	-4.4	8.2



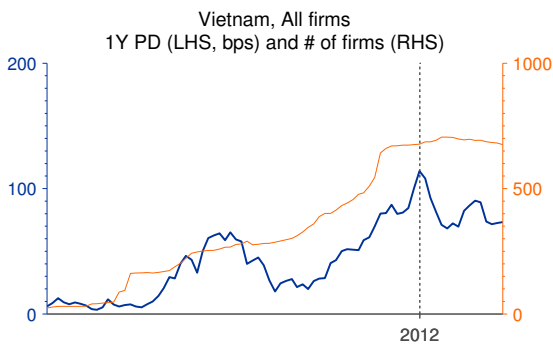
United Kingdom	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	200	42.9	90.6	35.2	79.9	-7.7	53.9
Basic Materials	117	44.5	50.4	45.5	60.4	1.0	49.6
Communications	110	51.5	115.5	48.0	104.9	-3.5	114.8
Consumer Cyclical	137	26.4	41.4	26.2	43.0	-0.2	30.8
Consumer Non-cyclical	227	35.9	136.5	53.8	214.3	17.9	210.8
Diversified	11	111.7	282.5	87.5	177.0	-24.2	111.1
Energy	97	47.2	75.0	50.3	139.0	3.1	124.6
Industrial	176	34.5	55.7	35.6	61.9	1.1	19.7
Technology	80	52.3	281.5	32.1	69.0	-20.2	232.0
Utilities	12	31.6	58.4	28.5	55.2	-3.1	4.6



United States	2012Q4			2013Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	876	48.4	177.5	31.6	98.7	-16.8	112.4
Basic Materials	146	45.3	181.6	52.3	201.1	7.0	92.6
Communications	314	50.7	161.8	43.7	130.7	-7.0	101.8
Consumer Cyclical	448	30.1	87.5	32.5	165.5	2.4	133.5
Consumer Non-cyclical	752	33.2	90.2	30.3	101.7	-2.8	88.0
Diversified	9	58.9	96.9	40.0	61.4	-18.9	42.7
Energy	292	54.5	130.8	51.4	139.1	-3.2	95.6
Industrial	499	29.4	86.5	20.7	56.7	-8.7	47.0
Technology	339	39.6	286.1	24.8	97.4	-14.8	198.5
Utilities	89	10.1	35.3	10.2	43.5	0.1	14.0



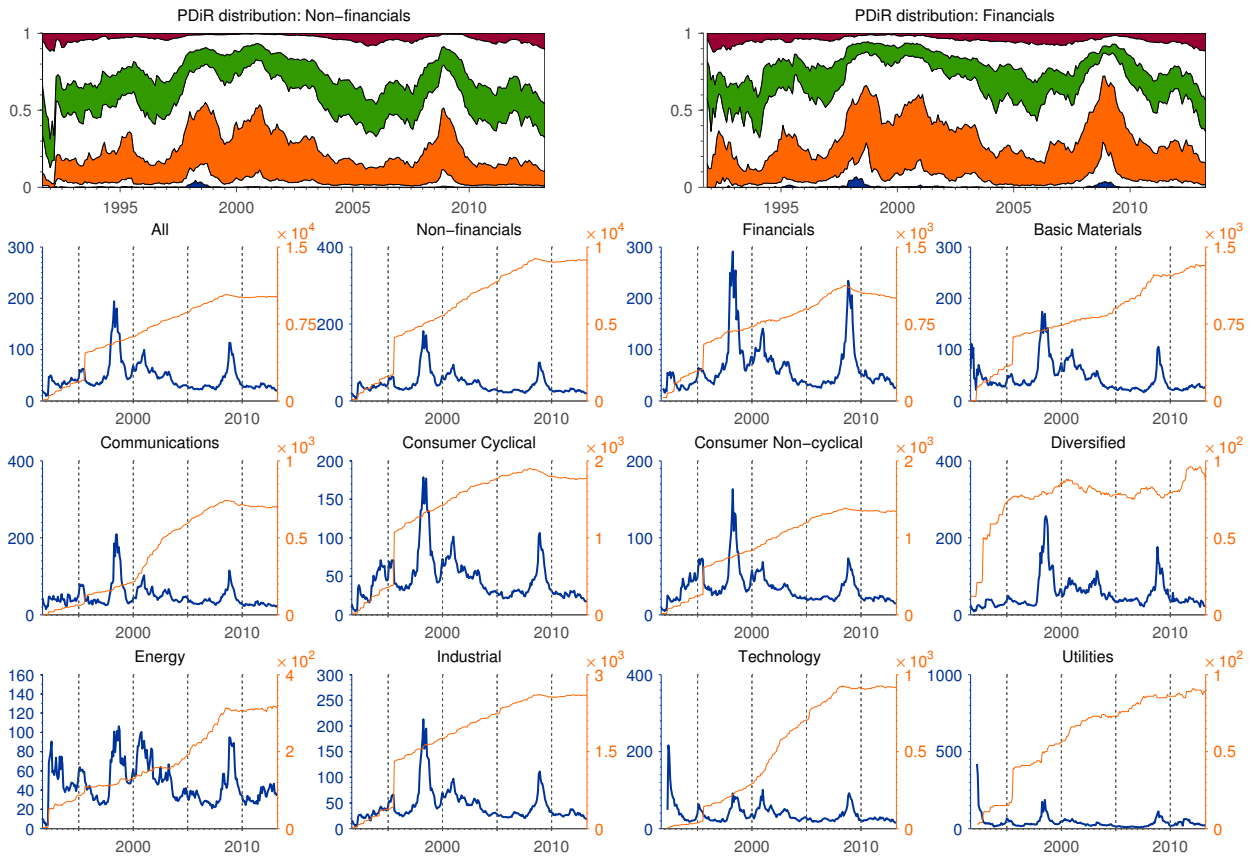
Venezuela	2012Q4		2013Q1		Q1-Q4	
	#	Mean St.Dev.	Mean St.Dev.	Mean St.Dev.	Mean St.Dev.	
No companies covered in Q4 or Q1						



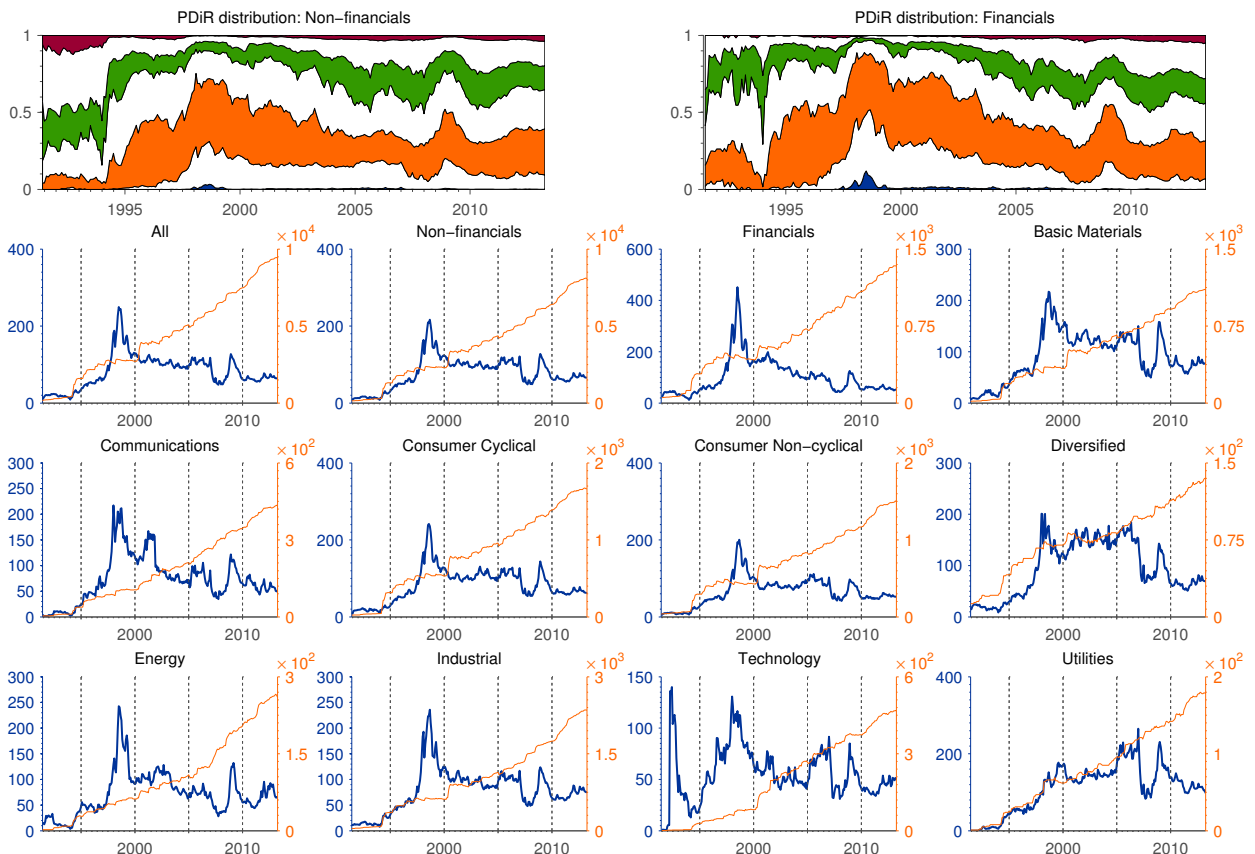
Vietnam	#	2012Q4		2013Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	79	54.9	69.7	59.7	84.3	4.9	35.1
Basic Materials	51	60.6	76.0	66.4	91.4	5.8	31.2
Communications	22	37.9	41.3	34.6	45.5	-3.3	21.8
Consumer Cyclical	55	55.8	73.6	53.7	71.7	-2.1	20.6
Consumer Non-cyclical	105	53.1	106.5	55.0	109.9	1.9	52.8
Diversified	19	55.7	98.2	55.3	86.9	-0.4	58.7
Energy	23	58.5	48.8	55.6	49.2	-2.9	20.2
Industrial	282	97.8	95.4	99.7	110.7	1.9	42.5
Technology	8	45.4	65.9	62.0	110.5	16.6	48.4
Utilities	24	25.7	35.6	23.6	35.1	-2.2	14.2

B PD by regions

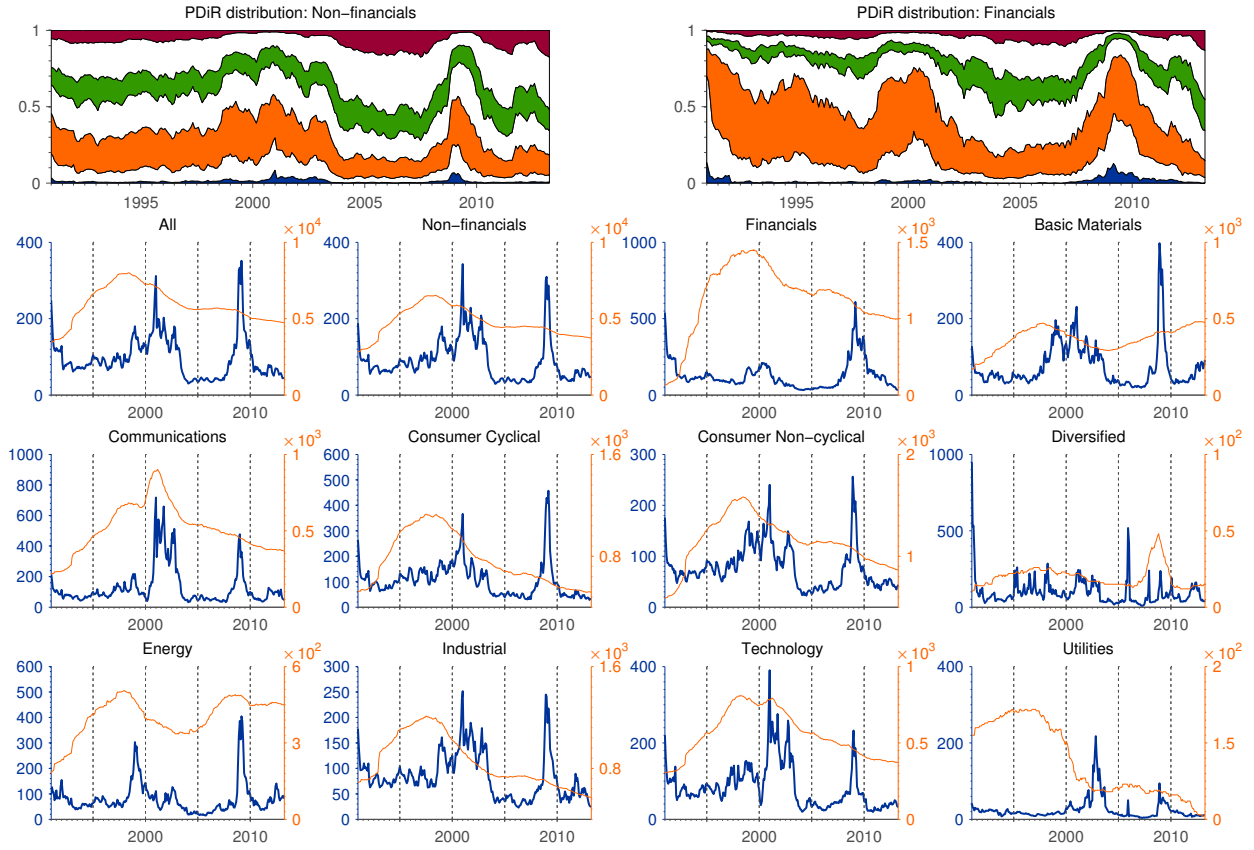
Asia Pacific - developed economies



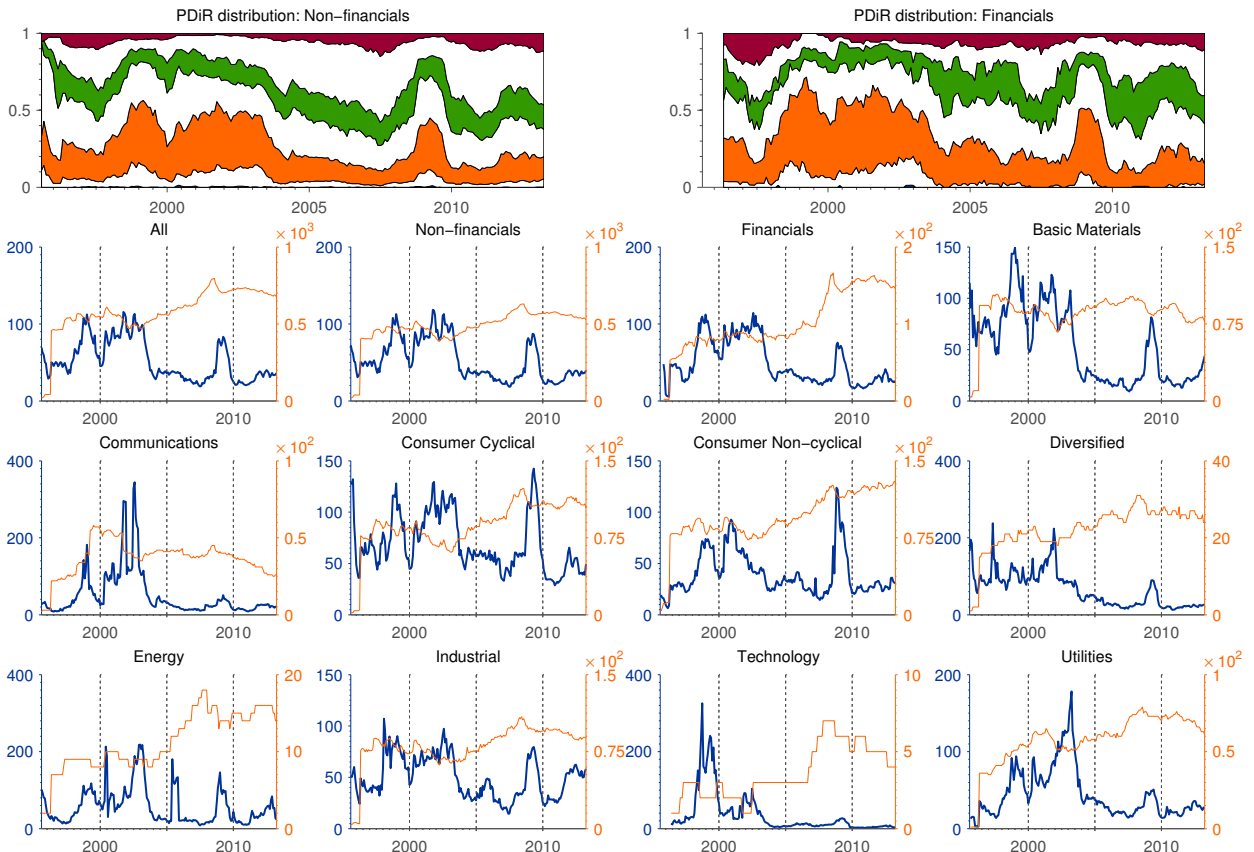
Asia Pacific - emerging economies



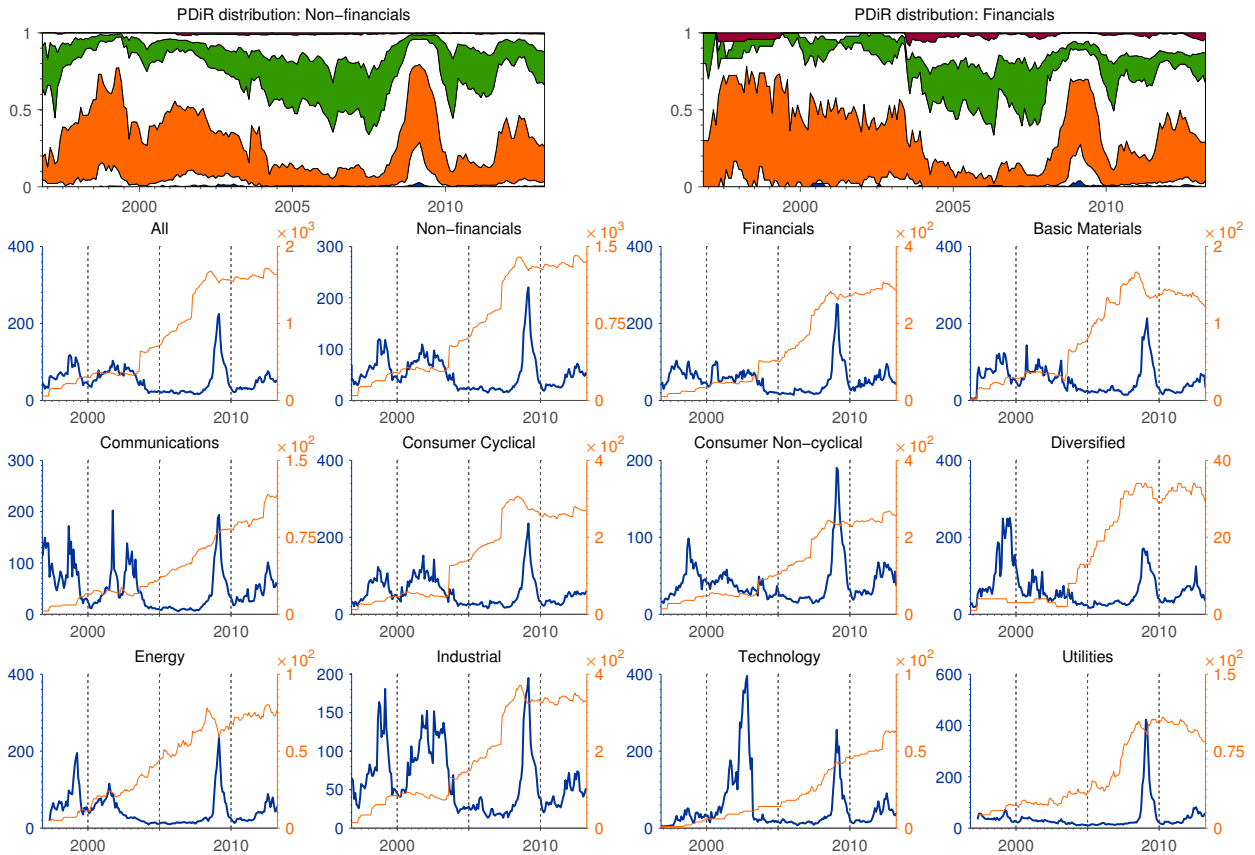
North America



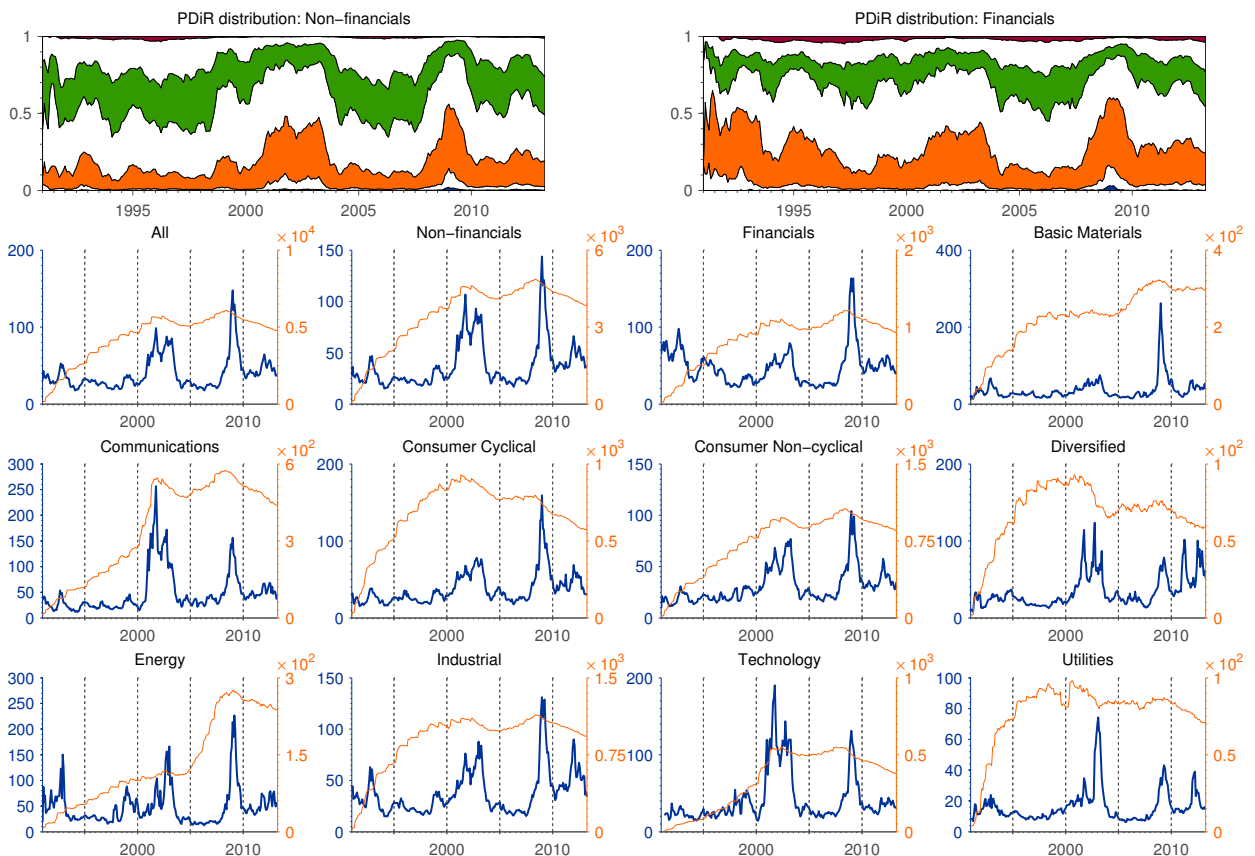
Latin America



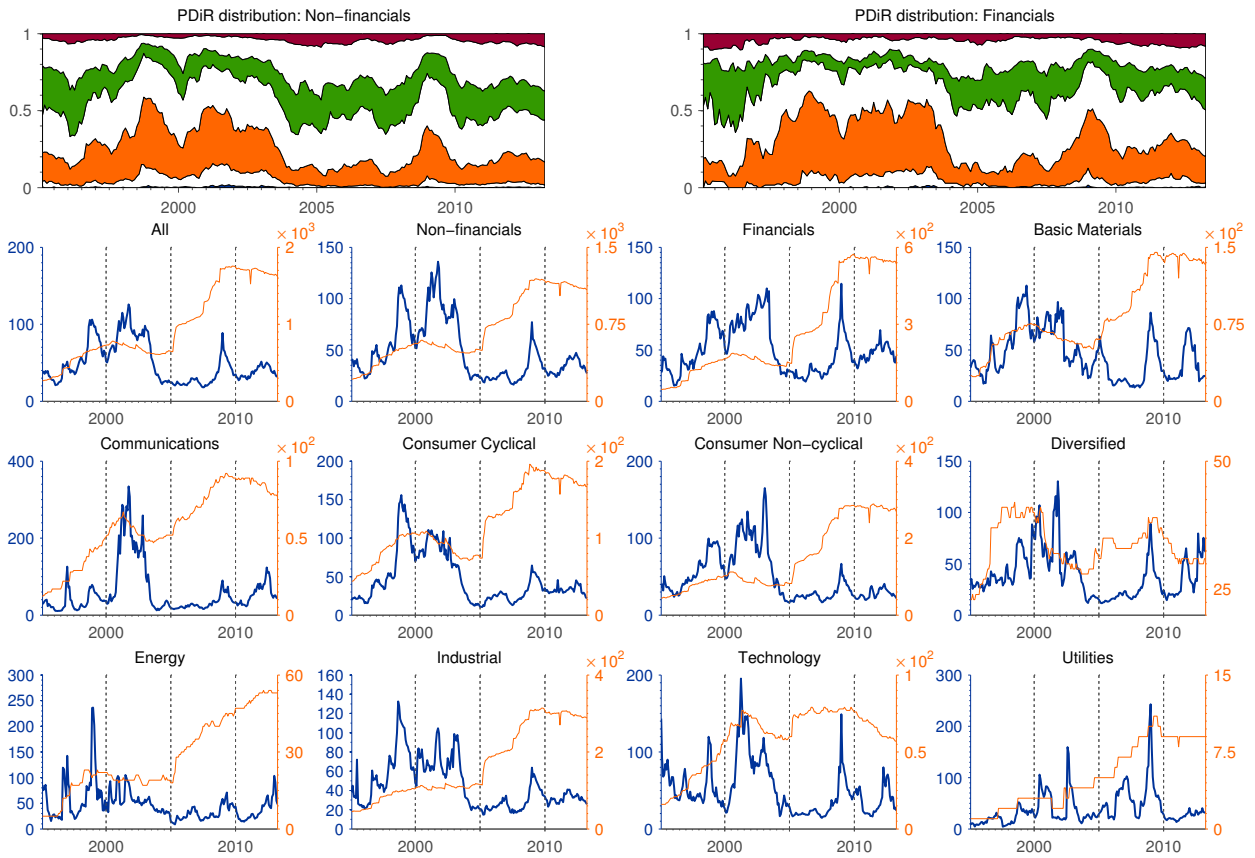
Eastern Europe



Western Europe

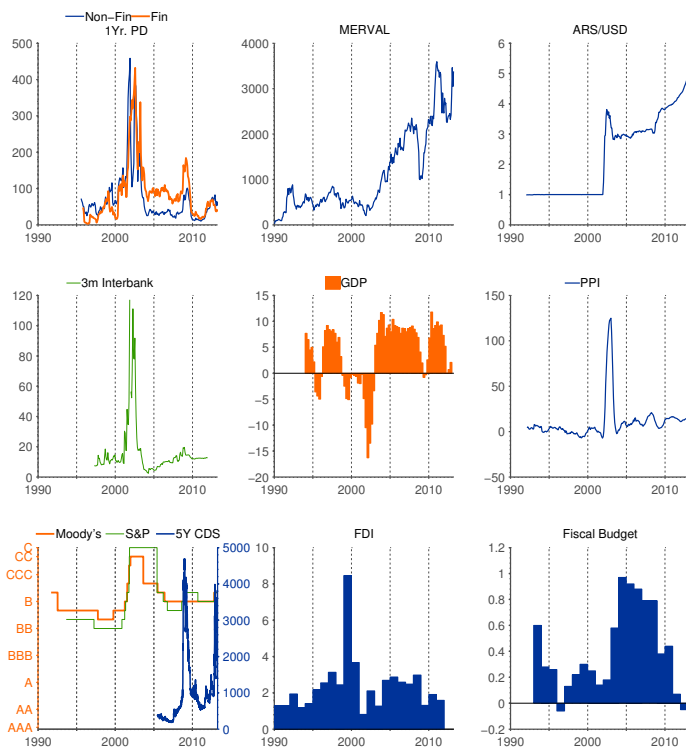


Africa & the Middle East

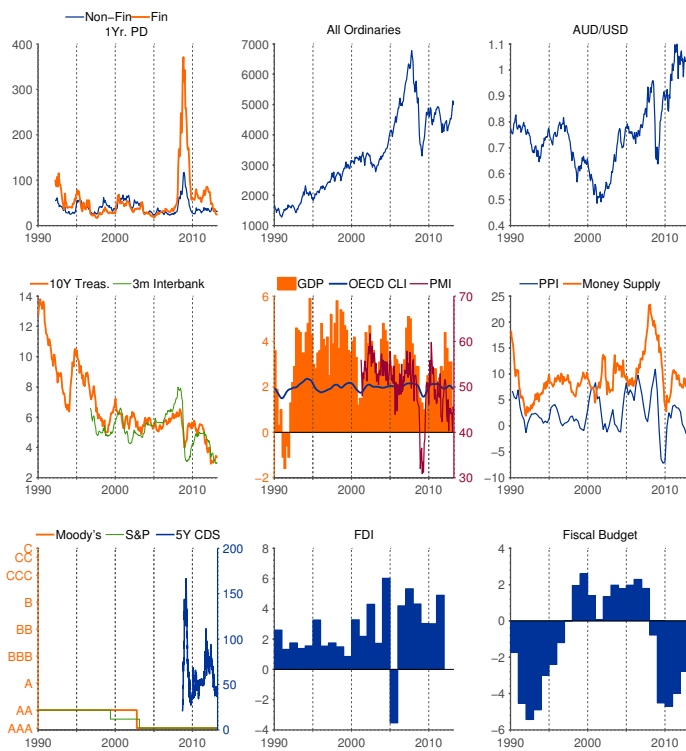


C Macroeconomic Indicators

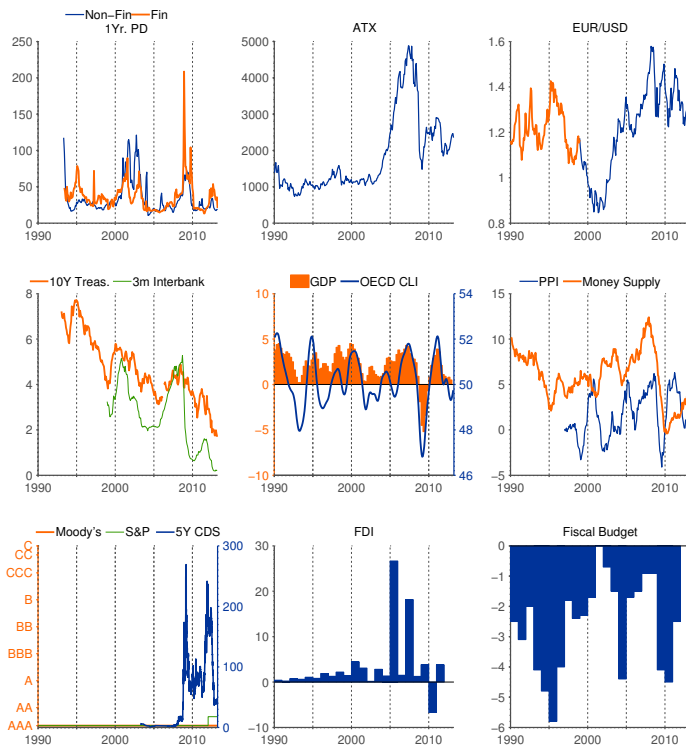
Descriptions of the data contained in this section are provided in Appendix D.



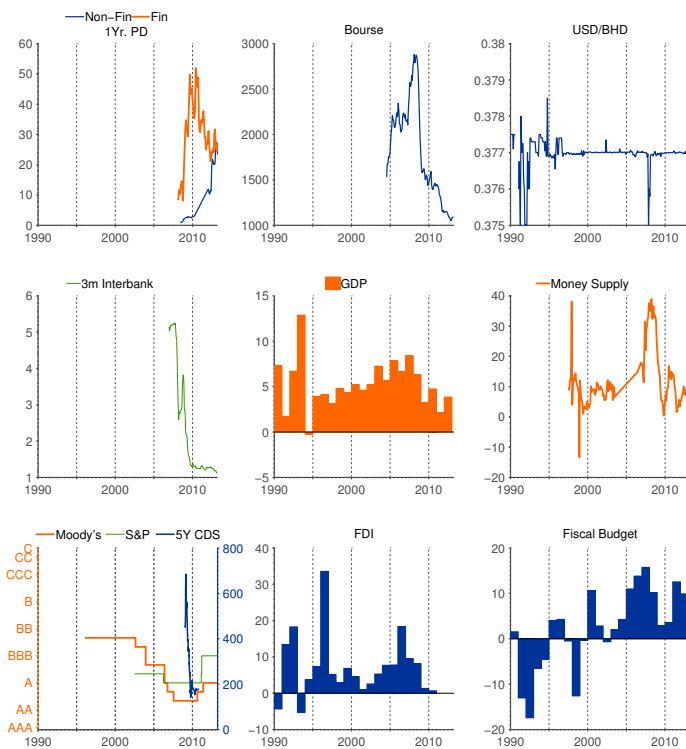
Argentina	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	46.71	71.88	65.87	64.19	52.65
1Yr. PD, Fin.	50.66	64.33	53.87	38.81	37.02
Merval	2684	2347	2452	2854	3381
ARS/USD	4.38	4.53	4.70	4.92	5.12
GDP (YoY%)	5.2	0.0	0.7	2.1	-
PPI (YoY%)	12.4	12.8	14.3	15.7	14.3
Sov. Rating, Moody's	B2	B2	B2	B3	B3
Sov. Rating, S&P	B	B	B	B-	B-
5Y CDS (bps)	822.80	1252.89	959.96	1441.52	3753.61
Fiscal Budget (%GDP)	-	-	-	-0.05	-



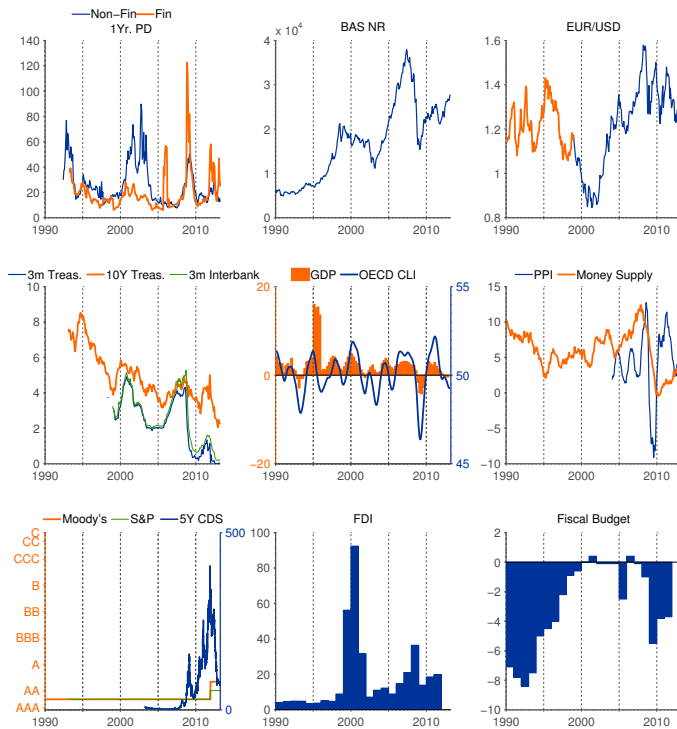
Australia	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	30.53	39.04	31.40	32.87	32.13
1Yr. PD, Fin.	74.21	49.42	33.05	25.84	24.94
All Ordinaries	4420	4135	4406	4665	4980
AUD/USD	1.03	1.02	1.04	1.04	1.04
10Y Treas. Yield (%)	3.98	3.04	2.99	3.27	3.41
3m Interbank (%)	4.32	3.52	3.37	3.04	3.04
GDP (YoY%)	4.4	3.7	3.1	3.1	-
OECD CLI	99.75	100.15	100.25	99.88	99.53*
PMI	49.5	47.2	44.1	44.3	44.4
PPI (YoY%)	0.3	-0.4	-1.5	-0.3	-
Money Supply (YoY%)	7.4	9.2	7.6	7.1	6.9*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	72.38	73.72	57.87	46.33	42.38
Fiscal Budget (%GDP)	-	-	-	-2.78	-



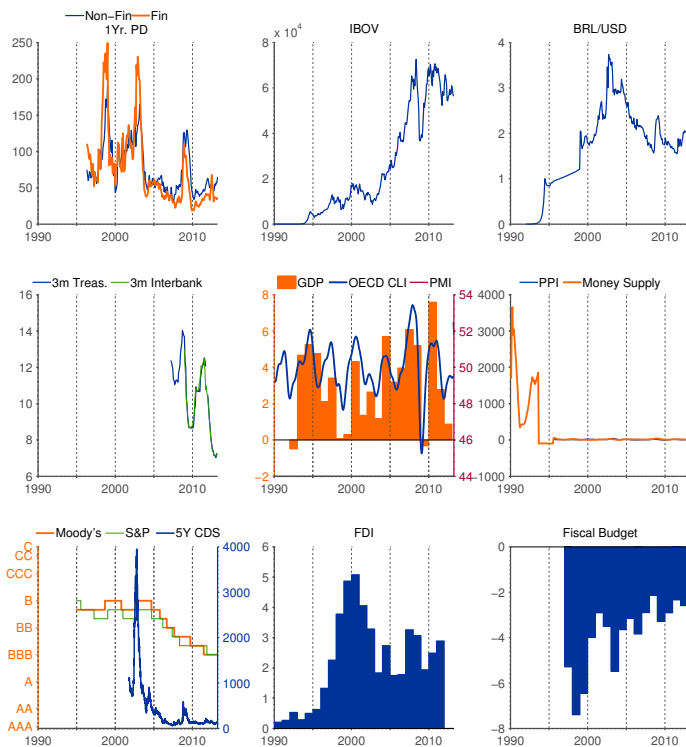
Austria	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	20.78	33.62	21.75	17.48	18.82
1Yr. PD, Fin.	45.95	45.98	46.18	32.38	20.73
ATX	2159	1975	2090	2401	2352
EUR/USD	1.33	1.27	1.29	1.32	1.31*
10Y Treas. Yield (%)	2.75	2.42	2.02	1.75	1.70
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	0.9	0.7	0.8	0.5	-
OECD CLI	100.25	99.91	99.38	99.42	99.75*
PPI (YoY%)	1.5	0.2	0.9	0.1	-0.5*
Money Supply (YoY%)	3.0	3.1	2.9	3.4	3.1*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+
5Y CDS (bps)	154.7	168.1	69.1	44.6	42.3



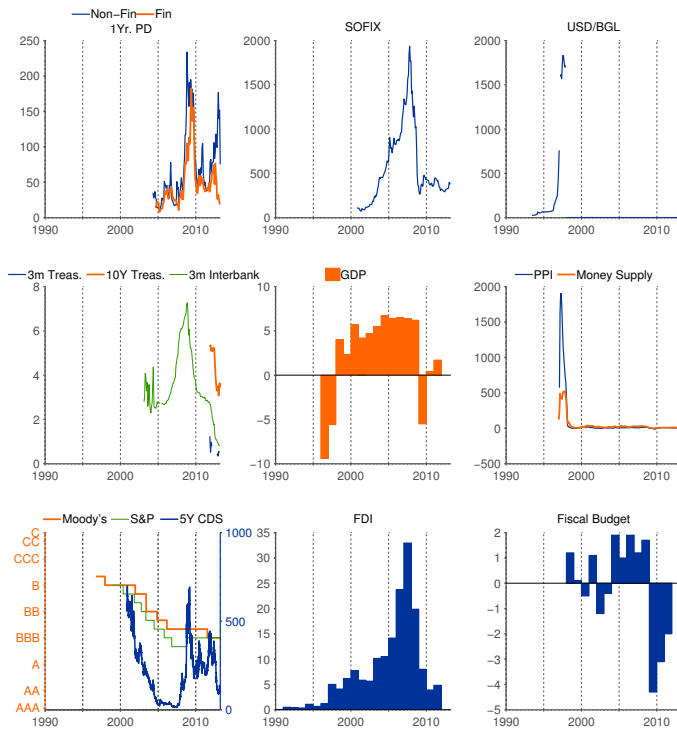
Bahrain	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	10.34	19.57	20.22	25.63	23.36
1Yr. PD, Fin.	24.16	24.29	24.27	27.36	27.05
Bourse	1152	1127	1087	1066	1092
USD/BHD	0.38	0.38	0.38	0.38	0.38
3m Interbank (%)	1.27	1.28	1.24	1.18	1.12
GDP (YoY%)	-	-	-	3.85	-
Money Supply (YoY%)	7.42	7.32	7.54	4.41	3.89*
Sov. Rating, Moody's	A2	A2	A2	A2	A2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
Fiscal Budget (%GDP)	-	-	-	9.90	-



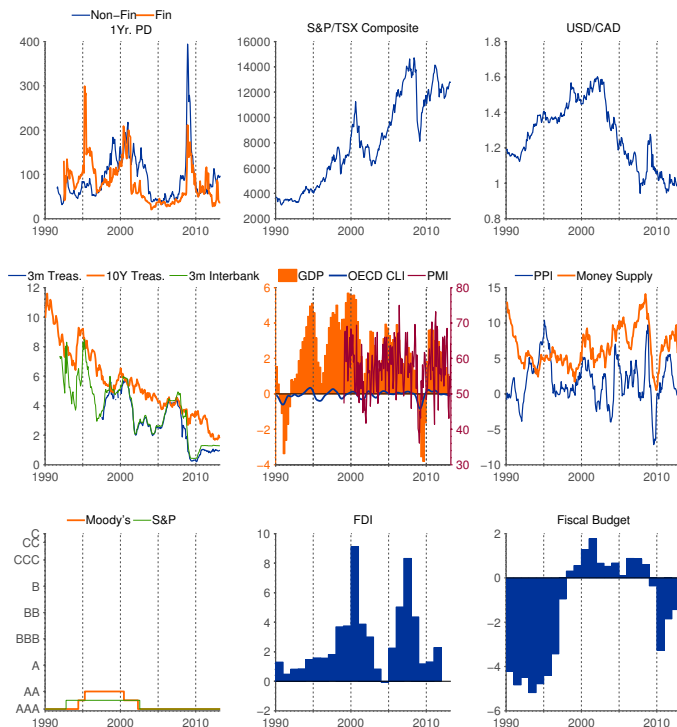
Belgium	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	18.29	28.17	18.63	15.70	12.72
1Yr. PD, Fin.	28.53	40.28	13.40	25.91	24.67
BAS NR	23992	24837	26264	26543	27794
EUR/USD	1.33	1.27	1.29	1.32	1.31*
3m Treas. Yield (%)	0.17	0.17	0.01	0.00	0.02
10Y Treas. Yield (%)	3.40	3.19	2.53	2.06	2.23
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	0.4	-0.3	-0.4	-0.4	-
OECD CLI	99.85	99.86	99.59	99.29	99.28*
PPI (YoY%)	3.9	2.4	4.0	4.3	2.2*
Money Supply (YoY%)	3.0	3.1	2.9	3.4	3.1*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA	AA	AA	AA	AA
5Y CDS (bps)	232.67	240.43	127.74	83.07	76.31



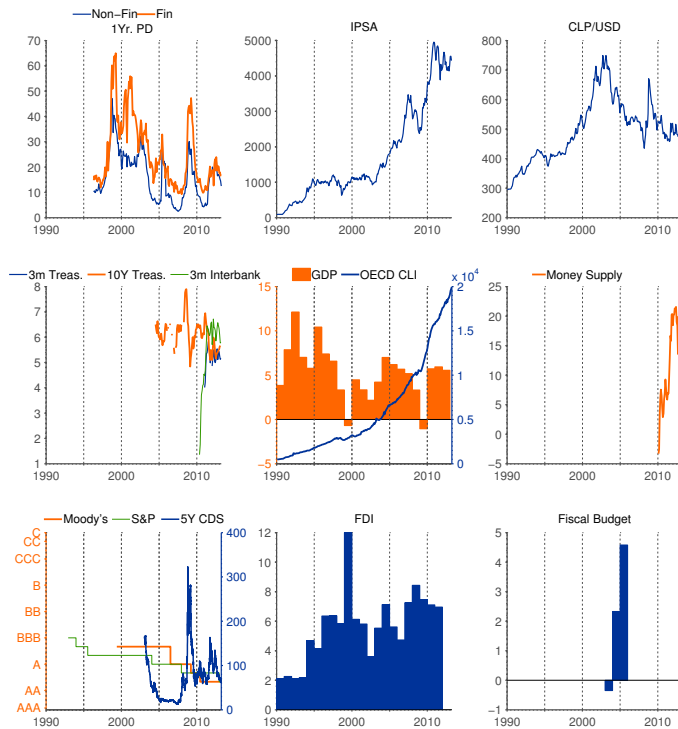
Brazil	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	49.85	56.43	45.60	53.71	65.04
1Yr. PD, Fin.	33.28	67.66	31.22	35.76	33.49
IBOV	64511.0	54354.6	59175.9	60952.1	56352.1
BRL/USD	1.83	2.01	2.03	2.05	2.02
3m Treas. Yield (%)	9.07	7.87	7.39	7.11	7.16
3m Interbank (%)	9.07	7.83	7.33	7.13	7.28
GDP (YoY%)	-	-	-	0.9	-
OECD CLI	98.89	99.35	99.54	99.41	99.52*
PMI	-	-	-	-	51.8
PPI (YoY%)	1.8	4.9	9.0	8.6	8.9
Money Supply (YoY%)	15.81	14.19	11.18	9.05	7.30*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	122.01	157.32	111.83	108.45	137.22
Fiscal Budget (%GDP)	-	-	-	-2.59	-



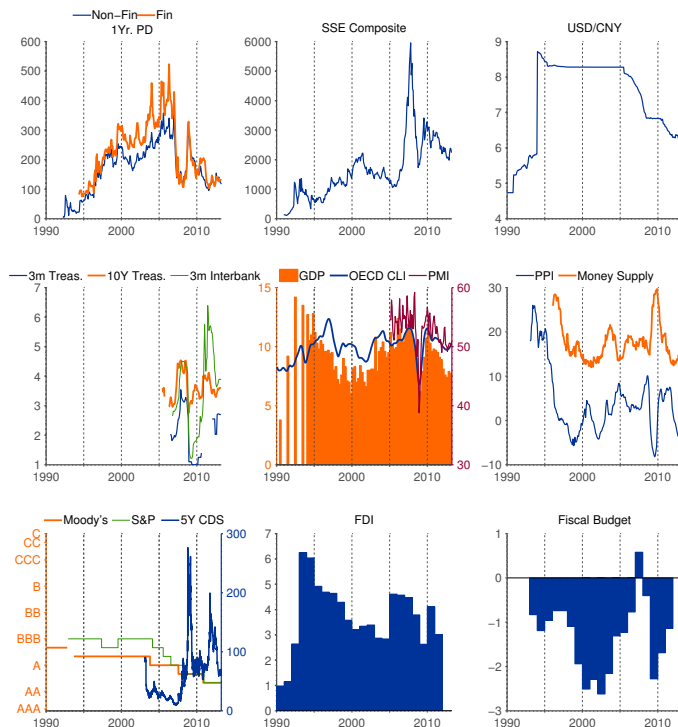
Bulgaria	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	77.96	83.59	102.81	176.54	75.24
1Yr. PD, Fin.	65.27	47.10	52.66	32.36	18.99
SOFIX	309	293	324	345	384
USD/BGL	1.47	1.54	1.52	1.48	1.53
3m Treas. Yield (%)	0.79*	-	-	0.35	0.51*
10Y Treas. Yield (%)	5.08	5.22	3.55	3.44	3.64
3m Interbank (%)	2.03	1.79	1.09	0.93	0.82
PPI (YoY%)	4.6	3.3	6.6	5.3	2.6*
Money Supply (YoY%)	10.7	10.2	8.8	8.6*	-
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	264.00	320.80	185.34	99.17	119.82



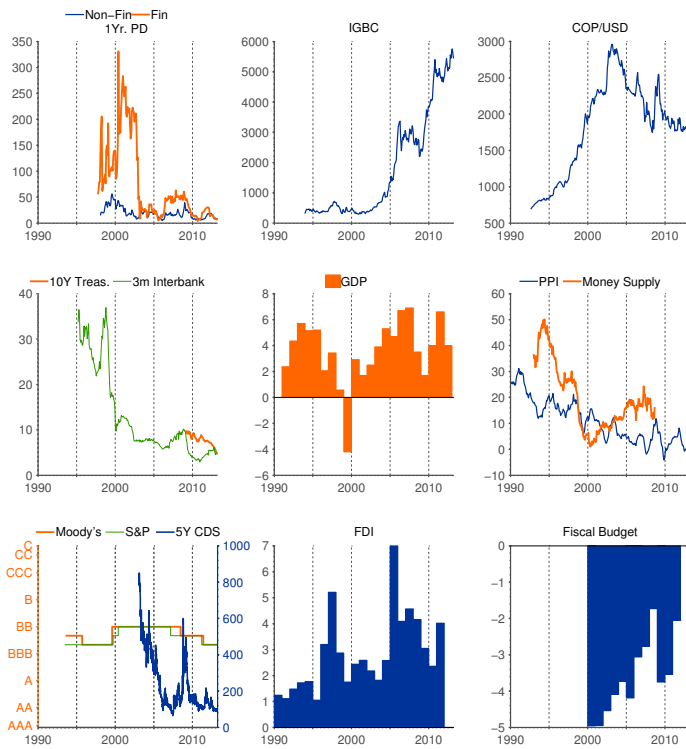
Canada	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	72.18	105.09	78.66	98.05	96.98
1Yr. PD, Fin.	27.65	28.65	42.43	42.59	36.41
S&P/TSX Composite	12392	11597	12317	12434	12750
USD/CAD	1.00	1.02	0.98	0.99	1.02
3m Treas. Yield (%)	0.91	0.88	0.97	0.93	0.98
10Y Treas. Yield (%)	2.11	1.74	1.73	1.80	1.87
3m Interbank (%)	1.28	1.31	1.29	1.30	1.28
GDP (YoY%)	2.0	2.7	1.5	1.1	-
OECD CLI	99.93	99.87	99.74	99.54	99.41*
PMI	65.0	55.3	68.5	43.1	64.4
PPI (YoY%)	1.1	0.7	-0.2	0.3	1.0*
Money Supply (YoY%)	8.3	9.2	5.8	5.7*	-
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
Fiscal Budget (%GDP)	-	-	-	-1.43	-



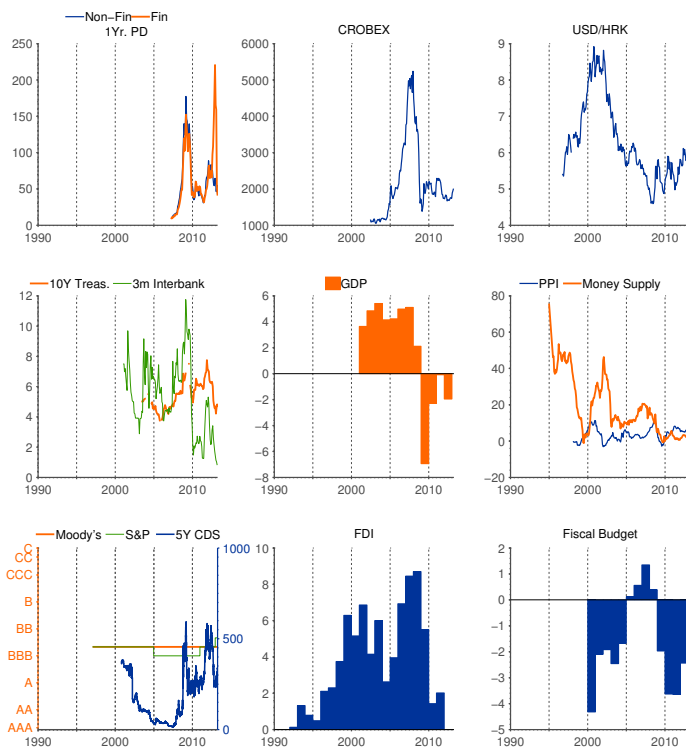
Chile	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	16.22	23.60	16.55	16.17	12.52
1Yr. PD, Fin.	12.70	18.66	18.54	17.58	16.56
IPSA	4671.3	4400.1	4230.4	4301.4	4432.1
CLP/USD	488.35	501.07	474.70	479.20	472.15
3m Treas. Yield (%)	5.28	5.00	5.54	5.43	5.17
10Y Treas. Yield (%)	5.99	5.35	5.37	5.51	5.67*
3m Interbank (%)	6.72	6.26	6.39	6.34	5.80
GDP (YoY%)	-	-	-	5.6	-
OECD CLI	17920.30	18142.00	18701.90	19129.90	19999.90
Money Supply (YoY%)	21.3	19.0	20.0	13.8*	-
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	A+	A+	A+	AA-	AA-
5Y CDS (bps)	91.84	115.85	83.44	72.48	65.94



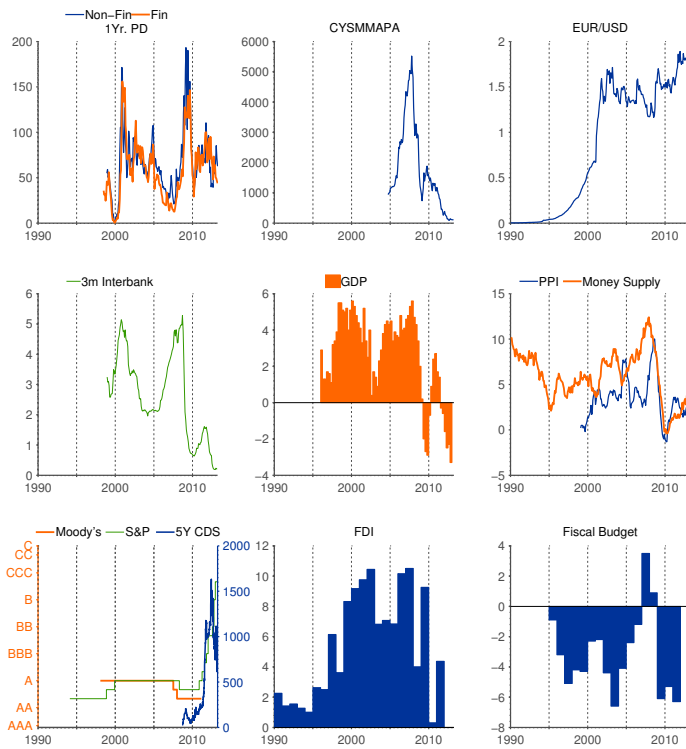
China	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	124.21	128.28	132.56	132.95	117.12
1Yr. PD, Fin.	123.25	122.79	136.37	125.01	129.04
SSE Composite	2263	2225	2086	2269	2237
USD/CNY	6.30	6.35	6.28	6.23	6.21
3m Treas. Yield (%)	2.55	2.03	2.70	2.72	2.70
10Y Treas. Yield (%)	3.52	3.34	3.45	3.59	3.59
3m Interbank (%)	4.88	4.08	3.69	3.90	3.88
GDP (YoY%)	8.1	7.6	7.4	7.9	7.7
OECD CLI	99.74	99.48	99.53	99.94	100.31*
PMI	53.1	50.2	49.8	50.6	50.9
PPI (YoY%)	-0.3	-2.1	-3.6	-1.9	-1.9
Money Supply (YoY%)	13.4	13.6	14.8	13.8	15.7
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	112.2	119.8	79.3	59.3	71.3



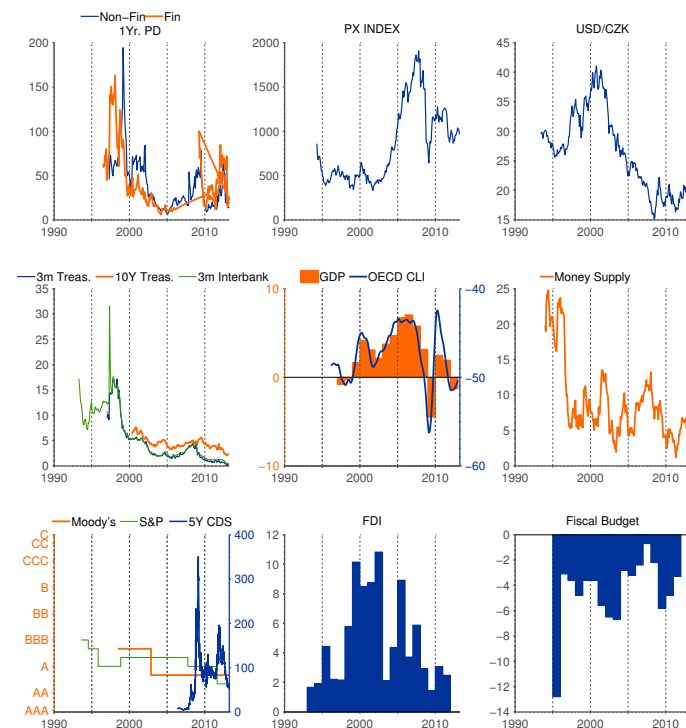
Colombia	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	15.24	15.76	9.58	8.16	8.38
1Yr. PD, Fin.	13.21	17.22	10.51	7.97	5.94
IGBC	5210	5023	5135	5679	5442
COP/USD	1788.75	1783.76	1800.53	1767.00	1825.00
10Y Treas. Yield (%)	7.25	7.01	6.34	5.67	4.90
3m Interbank (%)	5.44	5.46	5.54	4.59	4.53
GDP (YoY%)	-	-	-	4.0	-
PPI (YoY%)	1.6	-0.7	0.1	-3.0	-1.9
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	109.99	143.04	102.50	96.21	98.33



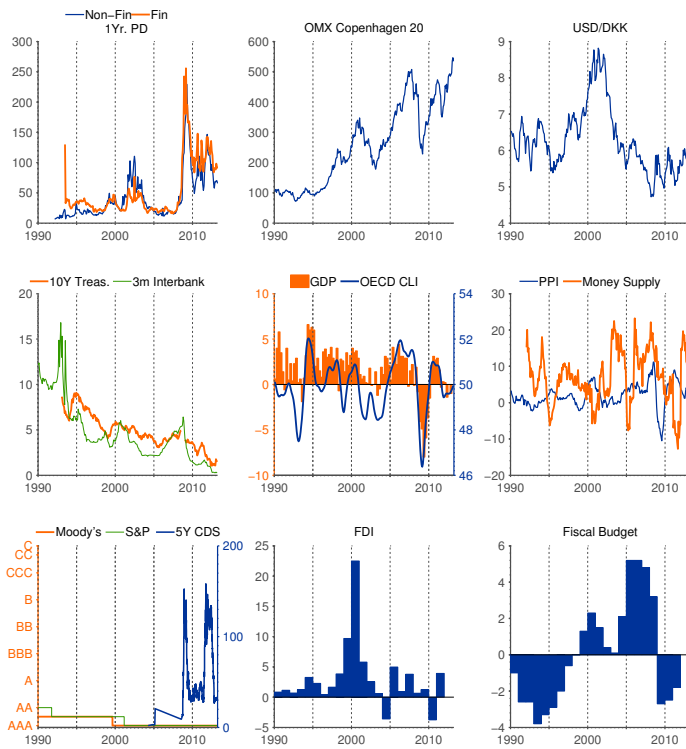
Croatia	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	69.60	69.68	55.56	58.95	42.27
1Yr. PD, Fin.	64.81	65.71	138.24	165.52	40.87
CROBEX	1833.5	1693.8	1715.2	1740.4	2007.9
USD/HRK	5.6	5.9	5.8	5.7	5.9
10Y Treas. Yield (%)	6.41	6.21	5.07	4.70	4.82
3m Interbank (%)	3.50	2.25	2.62	1.42	0.81
GDP (YoY%)	-	-	-	-2.0	-
PPI (YoY%)	5.40	5.00	6.20	4.90	1.60
Money Supply (YoY%)	2.56	3.25	2.13	3.15	2.91*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB-	BB+	BB+
5Y CDS (bps)	407.77	511.38	353.68	252.06	333.76
Fiscal Budget (%GDP)	-	-	-	-2.44	-



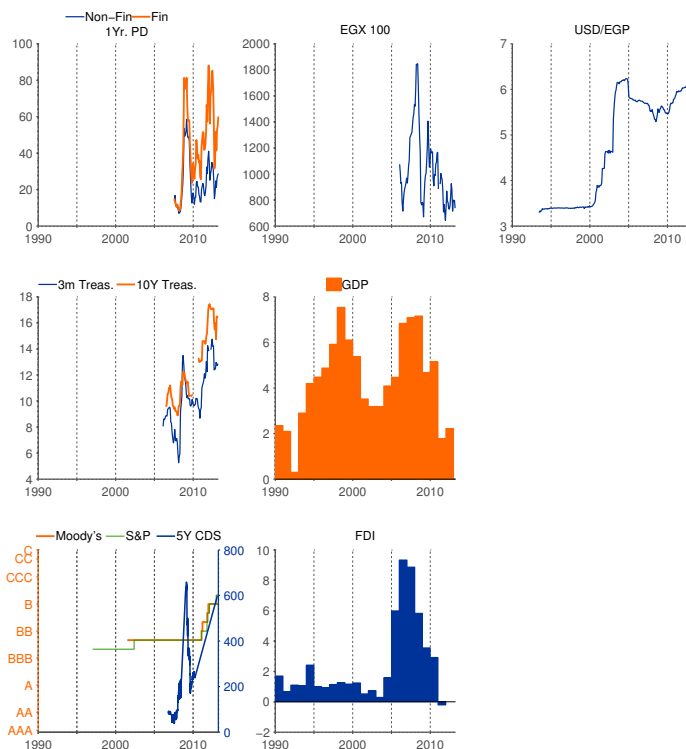
Cyprus	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	55.56	43.79	60.15	67.95	62.63
1Yr. PD, Fin.	70.58	67.39	73.46	50.03	43.83
CYSMMAPA	247	140	106	115	102
EUR/USD	1.33	1.27	1.29	1.32	1.31*
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	-1.6	-2.5	-2.3	-3.3	-
PPI (YoY%)	1.80	1.90	2.40	1.40	2.00*
Money Supply (YoY%)	3.00	3.10	2.90	3.80*	-
Sov. Rating, S&P	BB+	BB+	BB	CCC+	CCC+
5Y CDS (bps)	1162.31	1399.38	974.13	1037.70	962.44



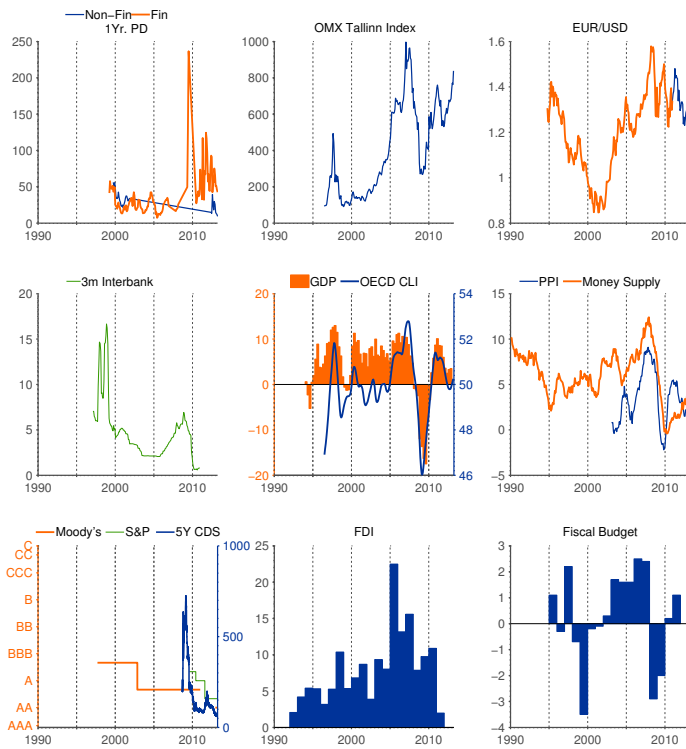
Czech Republic	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	30.13	65.26	19.29	18.36	13.32
1Yr. PD, Fin.	41.10	49.53	36.81	14.64	18.73
PX INDEX	973	901	953	1039	963
USD/CZK	19	20	20	19	20
3m Treas. Yield (%)	0.81	0.65	0.52	0.07	0.28
10Y Treas. Yield (%)	3.54	3.13	2.47	2.04	2.24
3m Interbank (%)	1.24	1.08	0.82	0.50	0.47
GDP (YoY%)	-	-	-	-1.3	-
OECD CLI	-1.43	-1.34	-0.96	-0.36	-
Money Supply (YoY%)	6.46	6.52	5.36	4.52	4.03*
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	113.4	130.5	90.7	67.3	63.4



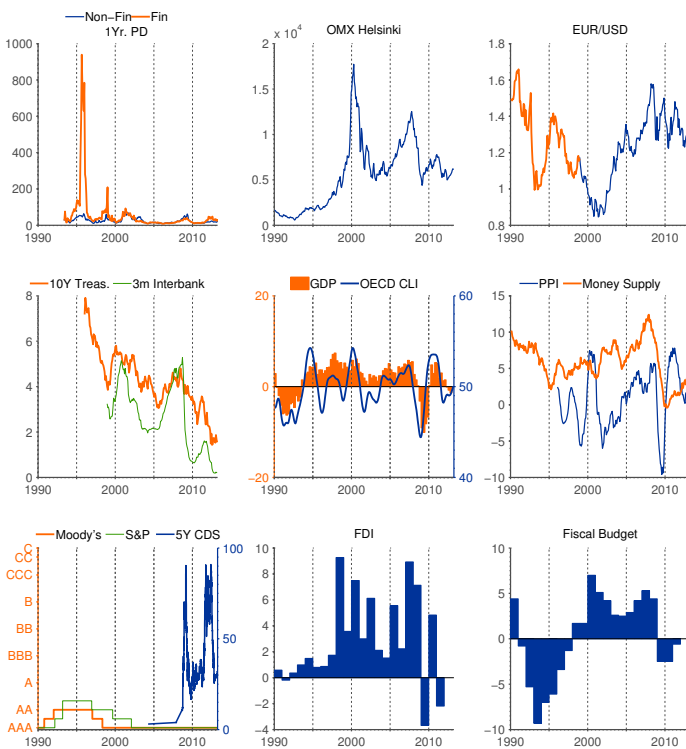
Denmark	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	112.86	96.81	64.44	68.12	65.59
1Yr. PD, Fin.	113.41	119.45	83.87	88.34	90.20
OMX Copenhagen 20	445	446	493	496	534
USD/DKK	5.58	5.87	5.80	5.66	5.82
10Y Treas. Yield (%)	1.83	1.44	1.26	1.07	1.48
3m Interbank (%)	0.98	0.58	0.34	0.28	0.27
GDP (YoY%)	0.2	-1.4	0.0	-1.0	-
OECD CLI	99.59	99.59	99.62	99.78	99.96*
PPI (YoY%)	2.7	1.2	4.1	2.9	-0.4
Money Supply (YoY%)	15.8	18.6	11.3	2.0	-9.8*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	113.9	115.7	53.0	32.4	33.3



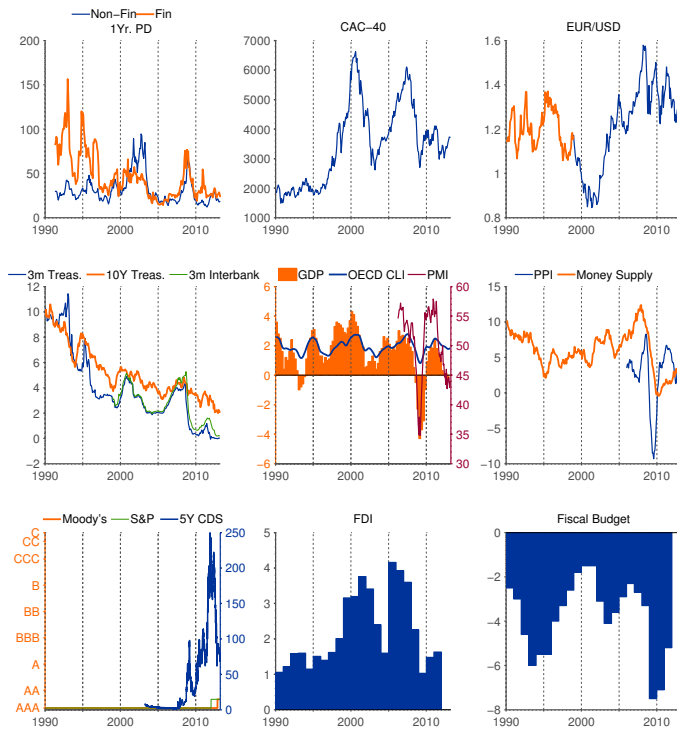
Egypt	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	28.49	33.03	15.04	21.06	28.86
1Yr. PD, Fin.	71.47	85.27	31.58	41.44	60.08
EGX 100	791.5	729.5	925.5	800.4	737.3
USD/EGP	6.04	6.06	6.10	6.36	6.80
3m Treas. Yield (%)	13.83*	14.75	12.40	12.96	12.87
10Y Treas. Yield (%)	17.25	17.05	16.00	14.75	16.50
GDP (YoY%)	-	-	-	2.22	-
Sov. Rating, Moody's	B2	B2	B2	B2	B2
Sov. Rating, S&P	B	B	B	B-	B-
5Y CDS (bps)	-	-	-	-	597.79*



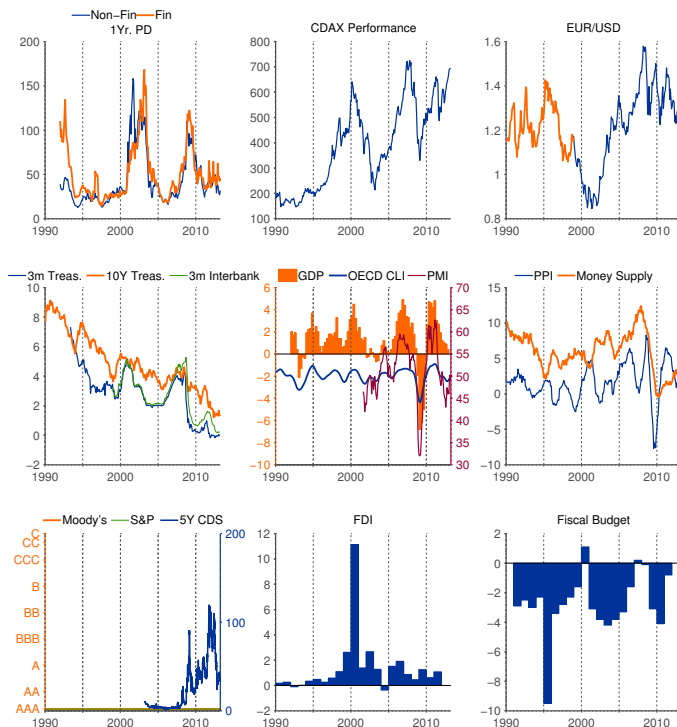
Estonia	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	-	13.42	18.12	14.89	9.29
1Yr. PD, Fin.	44.23	91.23	56.00	50.78	42.50
OMX Tallinn Index	603	623	668	734	838
EUR/USD	1.33	1.27	1.29	1.32	1.31*
GDP (YoY%)	3.6	2.5	3.3	3.5	-
OECD CLI	100.25	99.88	99.79	100.00	100.25*
PPI (YoY%)	3.2	1.5	2.0	2.1	5.0
Money Supply (YoY%)	3.00	3.10	2.90	3.40	3.10*
Sov. Rating, Moody's	-	-	-	Aa2	Aa2
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	113.87	117.16	92.73	67.60	62.15



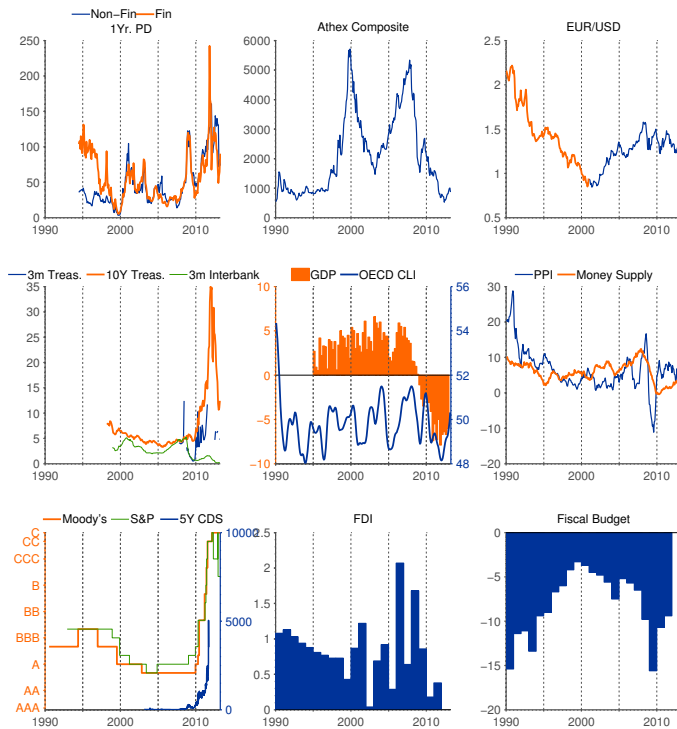
Finland	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	17.82	23.71	17.39	18.49	25.38
1Yr. PD, Fin.	36.36	39.76	28.27	29.86	32.59
OMX Helsinki	6035.4	5073.4	5465.6	5801.3	6137.7
EUR/USD	1.33	1.27	1.29	1.32	1.31*
10Y Treas. Yield (%)	2.22	1.93	1.73	1.53	1.55
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	1.5	-0.1	-0.8	-1.4	-
OECD CLI	98.98	99.09	99.06	99.53	100.04*
PPI (YoY%)	1.4	0.5	1.7	1.5	0.1*
Money Supply (YoY%)	3.0	3.1	2.9	3.4	3.1*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	66.55	77.83	41.85	29.64	31.56



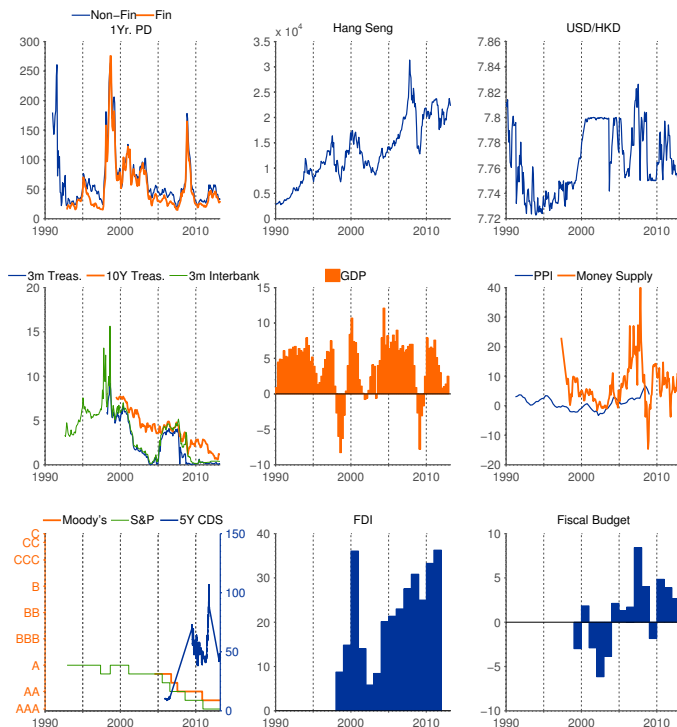
France	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	24.09	28.74	19.32	19.86	17.81
1Yr. PD, Fin.	22.74	33.43	22.71	26.81	23.14
CAC-40	3423.8	3196.7	3354.8	3641.1	3731.4
EUR/USD	1.33	1.27	1.29	1.32	1.31*
3m Treas. Yield (%)	0.07	0.04	0.00	-0.01	0.01
10Y Treas. Yield (%)	2.89	2.69	2.18	2.00	2.02
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	0.3	0.1	0.1	-0.3	-
OECD CLI	99.92	99.79	99.52	99.45	99.55*
PMI	46.7	45.2	42.7	44.6	44.0
PPI (YoY%)	3.9	1.3	2.8	1.7	1.9*
Money Supply (YoY%)	3.0	3.1	2.9	3.4	3.1*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aa1	Aa1
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+
5Y CDS (bps)	169.41	188.84	114.01	91.14	76.94



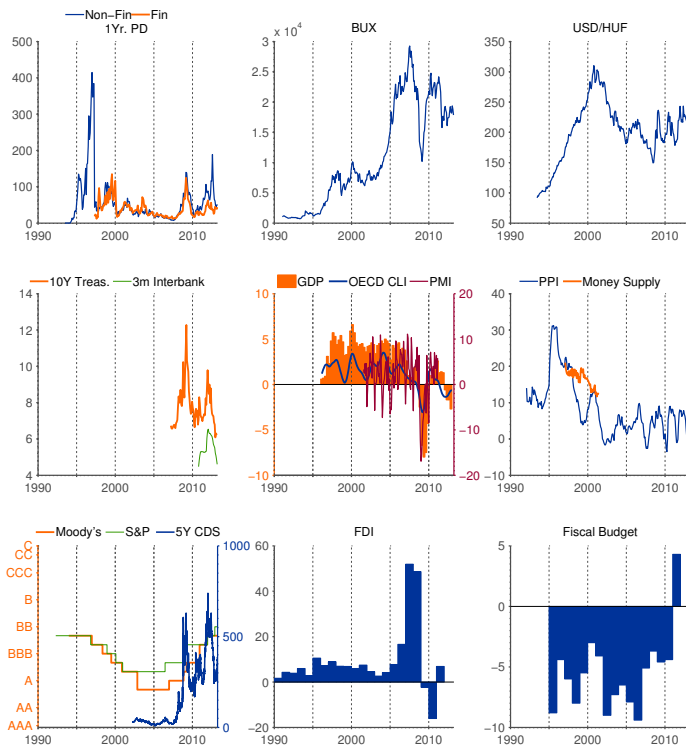
Germany	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	39.25	49.49	29.03	33.83	31.72
1Yr. PD, Fin.	41.08	46.48	38.13	48.11	45.90
CDAX Performance	612	569	635	673	696
EUR/USD	1.33	1.27	1.29	1.32	1.31*
3m Treas. Yield (%)	-0.03	-0.02	-0.04	-0.05	-0.02
10Y Treas. Yield (%)	1.79	1.58	1.44	1.32	1.29
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	1.2	1.0	0.9	0.4	-
OECD CLI	99.87	99.36	98.83	99.22	99.69*
PMI	48.4	45.0	47.4	46.0	49.0
PPI (YoY%)	3.3	1.6	1.7	1.5	0.3
Money Supply (YoY%)	3.00	3.10	2.90	3.80*	-
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	73.7	102.2	54.1	39.6	36.9



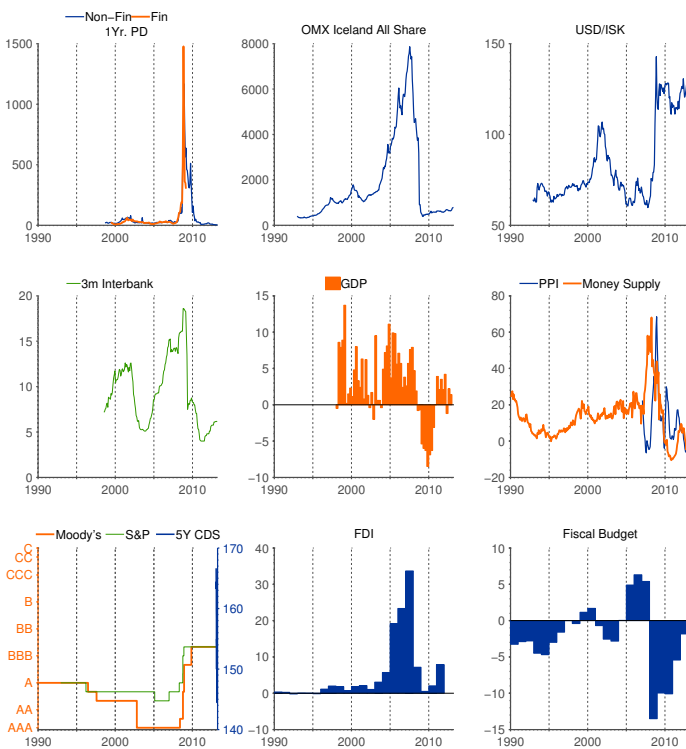
Greece	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	91.27	113.93	129.31	130.77	73.43
1Yr. PD, Fin.	113.64	108.10	97.25	48.82	90.36
Athex Composite	729	611	739	908	869
EUR/USD	1.33	1.27	1.29	1.32	1.31*
3m Treas. Yield (%)	-	-	6.43*	6.40	4.88
10Y Treas. Yield (%)	21.08	25.83	19.49	11.90	12.44
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	-6.7	-6.4	-6.7	-6.0	-
OECD CLI	98.38	98.95	99.20	99.63	100.32*
PPI (YoY%)	6.7	3.1	5.1	2.1	1.0*
Money Supply (YoY%)	3.0	3.1	2.9	3.4	3.1*
Sov. Rating, Moody's	C	C	C	C	C
Sov. Rating, S&P	CSD	CCC	CCC	B-	B-



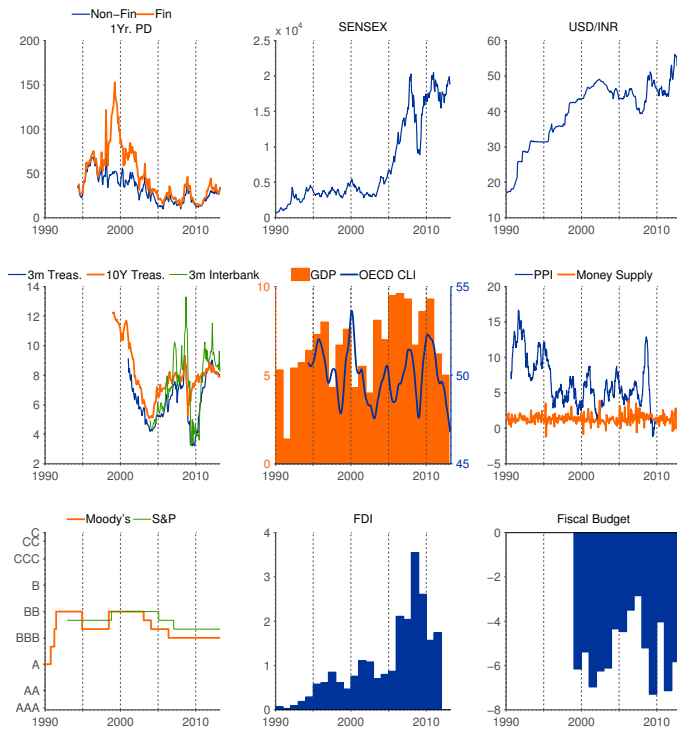
Hong Kong	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	46.17	53.92	42.68	35.10	32.34
1Yr. PD, Fin.	35.40	42.65	35.87	30.77	29.94
Hang Seng	20556	19441	20840	22657	22300
USD/HKD	7.77	7.76	7.75	7.75	7.76
3m Treas. Yield (%)	0.14	0.10	0.26	0.06	0.06
10Y Treas. Yield (%)	1.28	0.98	0.76	0.63	1.17
3m Interbank (%)	0.40	0.40	0.40	0.40	0.38
GDP (YoY%)	0.8	1.0	1.4	2.5	-
Money Supply (YoY%)	7.3	6.1	10.9	12.1	8.5*
Sov. Rating, Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	-	-	-	-	48.35
Fiscal Budget (%GDP)	-	-	-	2.66	-



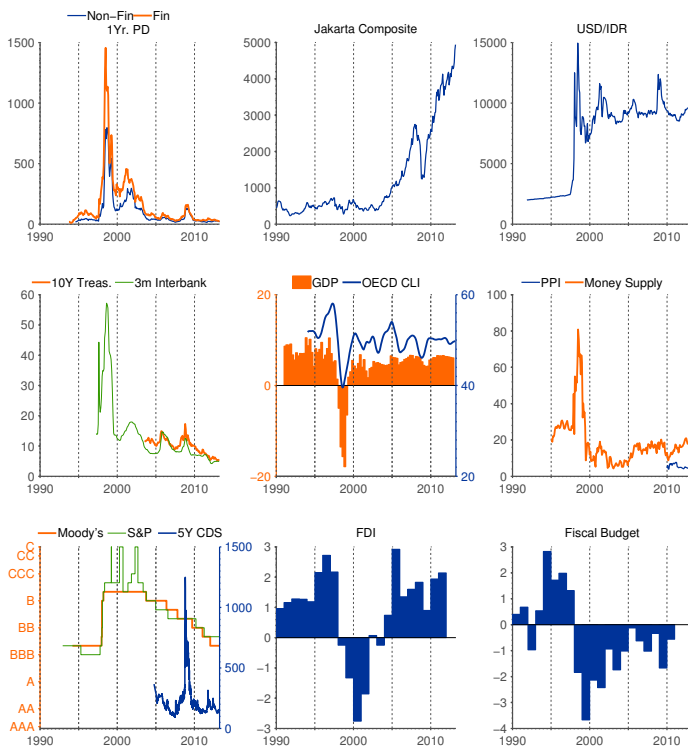
	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	63.88	115.73	88.61	47.22	50.54
1Yr. PD, Fin.	45.17	37.29	25.68	41.63	43.59
BUX	18636	17341	18589	18173	17857
USD/HUF	221	226	222	221	237
10Y Treas. Yield (%)	8.99	7.74	7.26	6.09	6.27
3m Interbank (%)	6.30	6.19	5.72	5.22	4.60
GDP (YoY%)	-0.6	-1.7	-1.7	-2.7	-
OECD CLI	47.27	47.62	48.41	48.74	-
PPI (YoY%)	6.4	6.9	2.5	-1.8	0.8*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BB+	BB+	BB+	BB	BB
5Y CDS (bps)	549.8	501.5	386.7	279.5	383.3



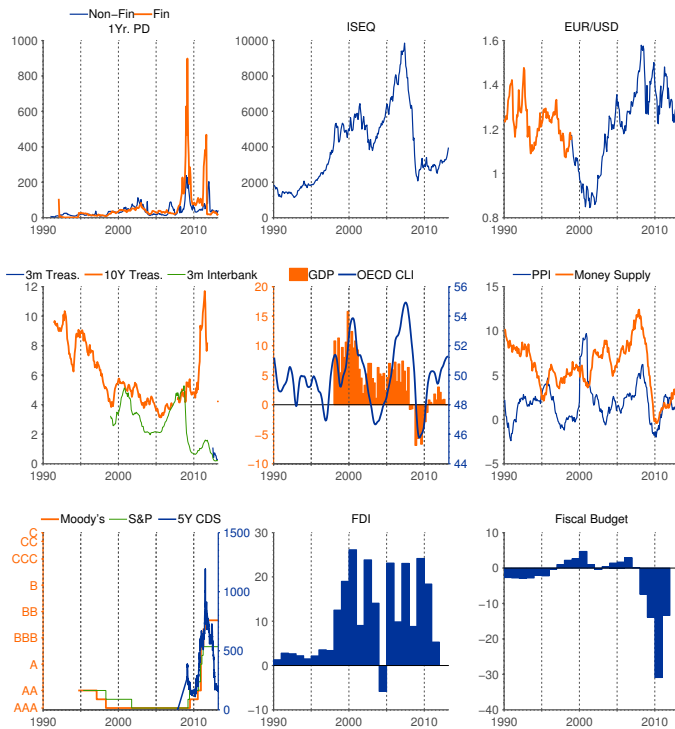
	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	10.40	8.04	5.33	3.84	2.82
OMX Iceland All Share	663	678	646	678	781
USD/ISK	126.50	124.93	124.20	128.02	123.65
3m Interbank (%)	5.10	5.70	5.75	6.15	6.20
GDP (YoY%)	4.2	-1.2	2.2	1.4	-
PPI (YoY%)	6.4	-0.7	-3.7	1.2	-0.4*
Money Supply (YoY%)	4.5	4.8	-4.7	-2.8	-2.9*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	-	-	-	-	153.30
Fiscal Budget (%GDP)	-	-	-	-1.84	-



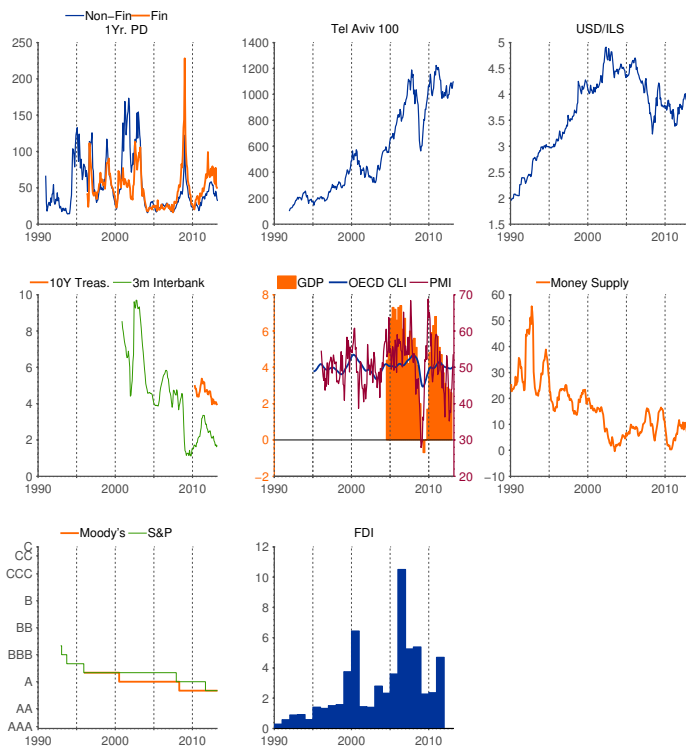
India	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	29.91	26.97	27.23	26.19	34.78
1Yr. PD, Fin.	34.15	30.17	31.95	26.32	33.43
SENSEX	17404.2	17430.0	18762.7	19426.7	18835.8
USD/INR	50.88	55.64	52.86	54.99	54.28
3m Treas. Yield (%)	8.93	8.27	8.08	8.18	8.02
10Y Treas. Yield (%)	8.54	8.18	8.15	8.05	7.96
3m Interbank (%)	11.53	9.32	8.57	8.72	8.25
GDP (YoY%)	6.2	-	-	-	5.0
OECD CLI	99.43	98.85	98.07	97.34	96.78*
Money Supply (YoY%)	-0.20	2.84	0.80	1.02	-0.45*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
Fiscal Budget (%GDP)	-	-	-	-5.83	-



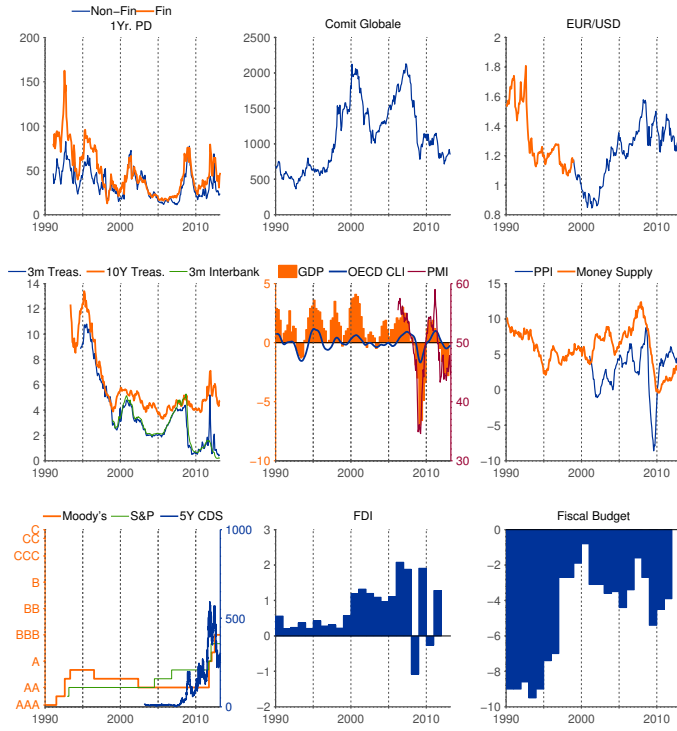
Indonesia	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	17.90	24.57	24.21	25.24	19.90
1Yr. PD, Fin.	30.74	35.46	28.90	28.01	22.91
Jakarta Composite	4122	3956	4263	4317	4941
USD/IDR	9146.00	9433.00	9591.00	9793.00	9735.00
10Y Treas. Yield (%)	5.93	6.15	5.97	5.19	5.57
3m Interbank (%)	4.21	4.69	4.92	5.02	4.90
GDP (YoY%)	6.3	6.3	6.2	6.1	-
OECD CLI	99.53	99.14	99.39	99.68	99.77*
PPI (YoY%)	4.6	4.9	4.3	3.4	4.0
Money Supply (YoY%)	18.79	20.91	18.24	14.86	15.01*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	166.48	192.87	166.75	123.97	161.36



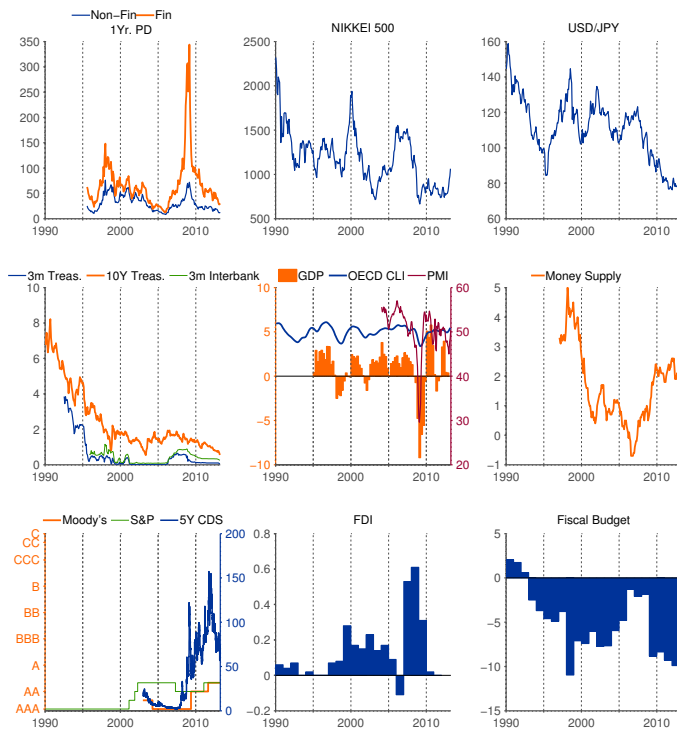
Ireland	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	32.68	43.75	30.07	40.24	41.09
1Yr. PD, Fin.	16.67	29.33	27.27	28.97	15.05
ISEQ	3255	3149	3278	3397	3958
EUR/USD	1.33	1.27	1.29	1.32	1.31*
3m Treas. Yield (%)	-	-	0.72	0.53	0.29
10Y Treas. Yield (%)	-	-	-	-	4.22
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	2.10	0.80	0.90	0.00	-
OECD CLI	100.38	100.64	101.01	101.23	101.27*
PPI (YoY%)	1.6	1.1	1.4	1.8	2.0*
Money Supply (YoY%)	3.00	3.10	2.90	3.40	3.10*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	571.60	553.34	318.87	220.00	190.00



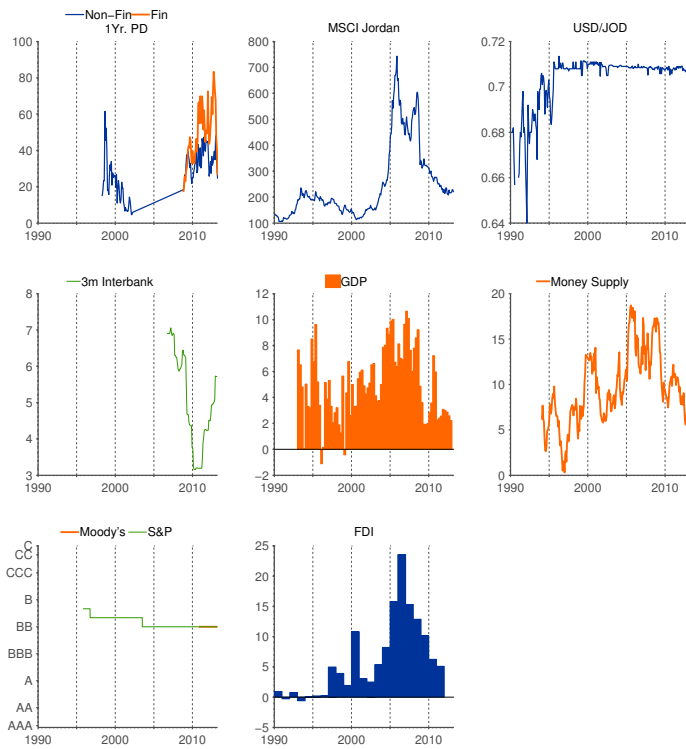
Israel	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	56.86	56.43	41.68	45.25	31.91
1Yr. PD, Fin.	64.58	66.72	76.66	77.45	48.97
Tel Aviv 100	1032	970	1055	1049	1100
USD/ILS	3.71	3.91	3.92	3.73	3.65
10Y Treas. Yield (%)	4.69	4.31	4.22	4.00	3.92
3m Interbank (%)	2.49	2.14	2.21	1.69	1.70
GDP (YoY%)	3.1	2.9	2.8	2.6	-
OECD CLI	99.97	99.82	99.67	99.84	100.19*
PMI	46.3	47.8	38.0	44.1	53.6*
Money Supply (YoY%)	8.97	9.06	8.69	8.49*	-
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	A+	A+	A+	A+	A+



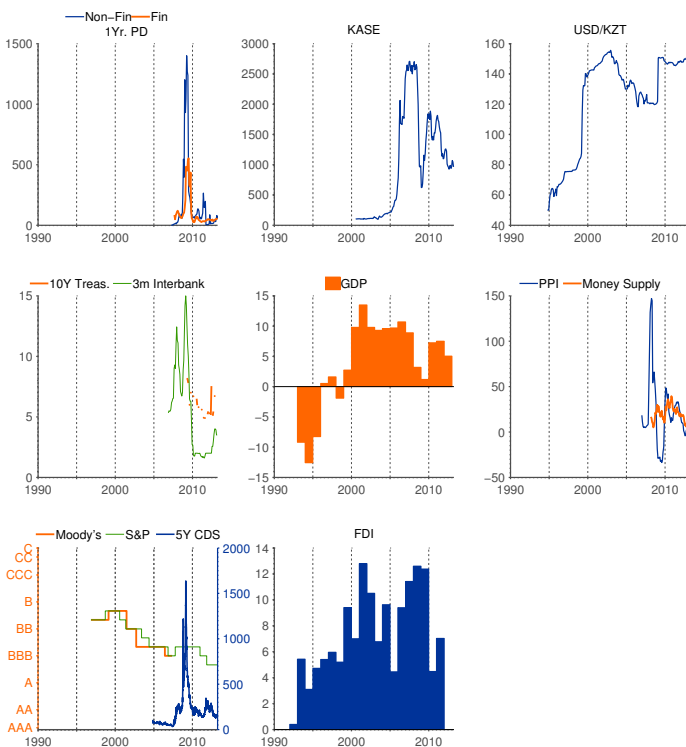
Italy	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	29.60	36.56	26.07	25.86	22.96
1Yr. PD, Fin.	44.00	59.95	46.03	40.46	47.29
Comit Globale	859	761	825	873	851
EUR/USD	1.33	1.27	1.29	1.32	1.31*
3m Treas. Yield (%)	0.59	2.10	0.90	0.54	0.46
10Y Treas. Yield (%)	5.12	5.82	5.09	4.50	4.76
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	-1.6	-2.6	-2.6	-2.8	-
OECD CLI	99.58	99.08	99.03	99.29	99.55*
PMI	47.9	44.6	45.7	46.7	44.5
PPI (YoY%)	4.8	4.2	4.2	2.4	0.5*
Money Supply (YoY%)	3.0	3.1	2.9	3.4	3.1*
Sov. Rating, Moody's	A3	A3	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	396.76	487.79	356.20	278.28	304.50



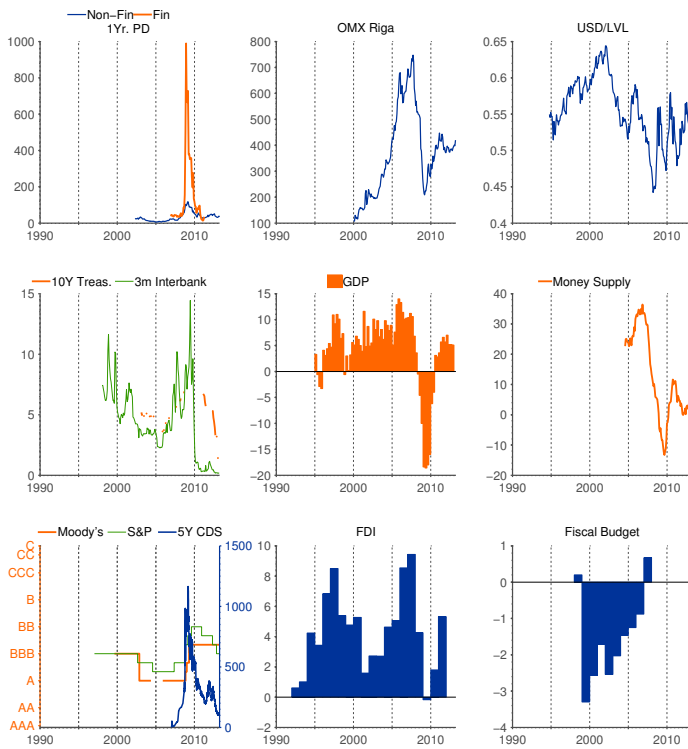
Japan	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	14.70	16.37	18.97	13.08	11.51
1Yr. PD, Fin.	36.00	40.40	39.46	31.88	27.53
NIKKEI 500	856	789	782	870	1064
USD/JPY	82.87	79.79	77.96	86.75	94.22
3m Treas. Yield (%)	0.10	0.10	0.10	0.10	0.04
10Y Treas. Yield (%)	0.99	0.84	0.78	0.79	0.55
3m Interbank (%)	0.34	0.34	0.33	0.31	0.25
GDP (YoY%)	3.3	4.0	0.4	0.4	-
OECD CLI	100.44	100.09	99.88	100.31	100.90*
PMI	51.1	49.9	48.0	45.0	50.4
Money Supply (YoY%)	2.6	2.0	2.1	2.2	2.5
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	99.94	94.66	84.57	76.28	74.56
Fiscal Budget (%GDP)	-	-	-	-9.90	-



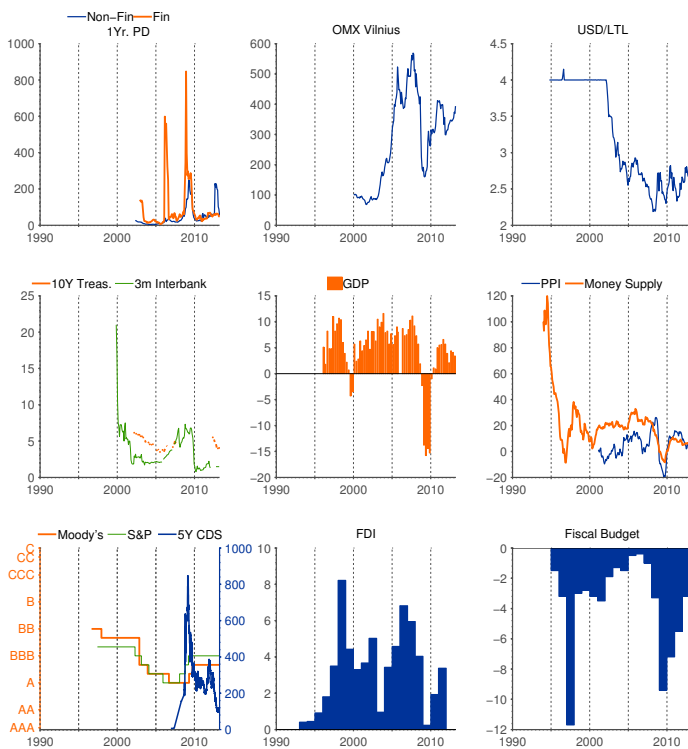
Jordan	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	28.99	36.74	36.79	48.00	24.40
1Yr. PD, Fin.	45.43	69.39	83.36	67.58	26.27
MSCI Jordan	236	212	216	220	219
USD/JOD	0.71	0.71	0.71	0.71	0.71
3m Interbank (%)	4.50	4.91	4.99	5.73	5.72
GDP (YoY%)	3.0	2.9	2.6	2.2	-
Money Supply (YoY%)	8.71	7.50	6.10	3.43	3.07*
Sov. Rating, Moody's	Ba2	Ba2	Ba2	Ba2	Ba2
Sov. Rating, S&P	BB	BB	BB	BB	BB



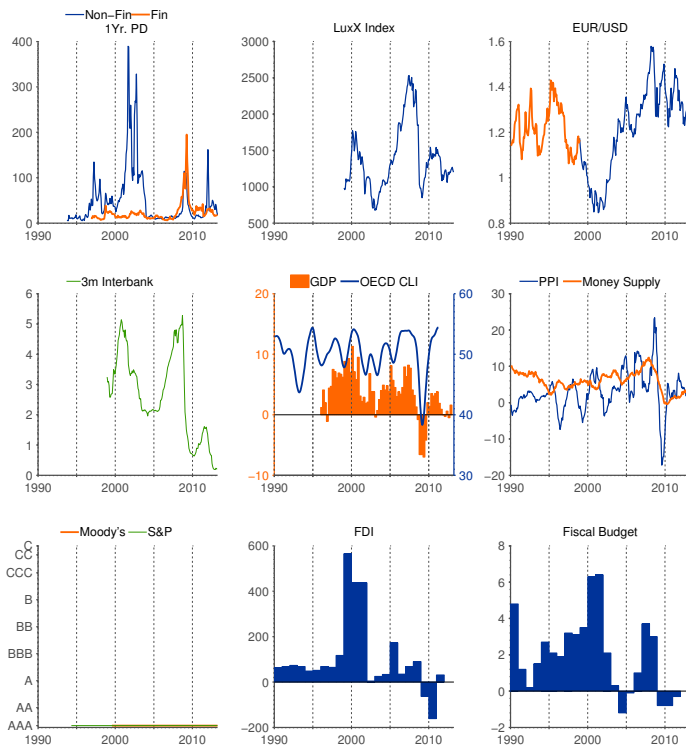
Kazakhstan	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	86.20	13.10	19.27	28.92	53.82
1Yr. PD, Fin.	45.51	37.66	36.28	48.20	56.10
KASE	1261	981	976	970	963
USD/KZT	147.95	149.49	149.89	150.44	150.92
10Y Treas. Yield (%)	5.30	7.54	5.44	6.71*	-
3m Interbank (%)	2.00	2.00	3.00	4.00	3.50
GDP (YoY%)	-	-	-	5.0	-
PPI (YoY%)	10.0	-0.4	1.3	2.1	0.6
Money Supply (YoY%)	17.46	12.17	5.90	7.30	7.10*
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	204.30	254.12	175.00	142.61	169.53



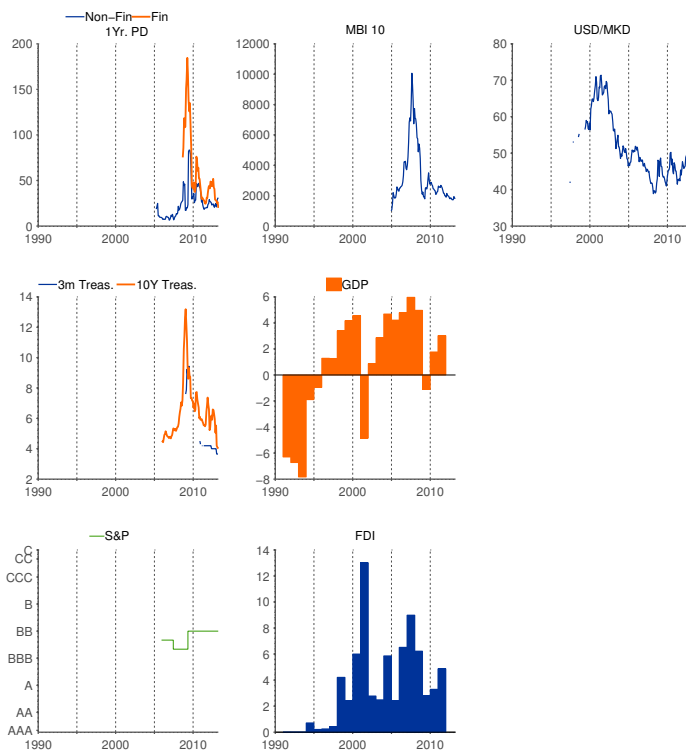
Latvia	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	46.44	47.49	36.84	31.45	35.21
OMX Riga	391	373	385	396	420
USD/LVL	0.53	0.55	0.54	0.53	0.55
10Y Treas. Yield (%)	-	4.75	3.30	3.20*	1.42*
3m Interbank (%)	0.63	0.45	0.17	0.20	0.18
GDP (YoY%)	7.0	5.2	5.2	5.1	-
Money Supply (YoY%)	0.48	2.41	1.90	3.70	2.04
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BBB-	BBB-	BBB	BBB
5Y CDS (bps)	234.00	280.92	181.70	116.52	121.17



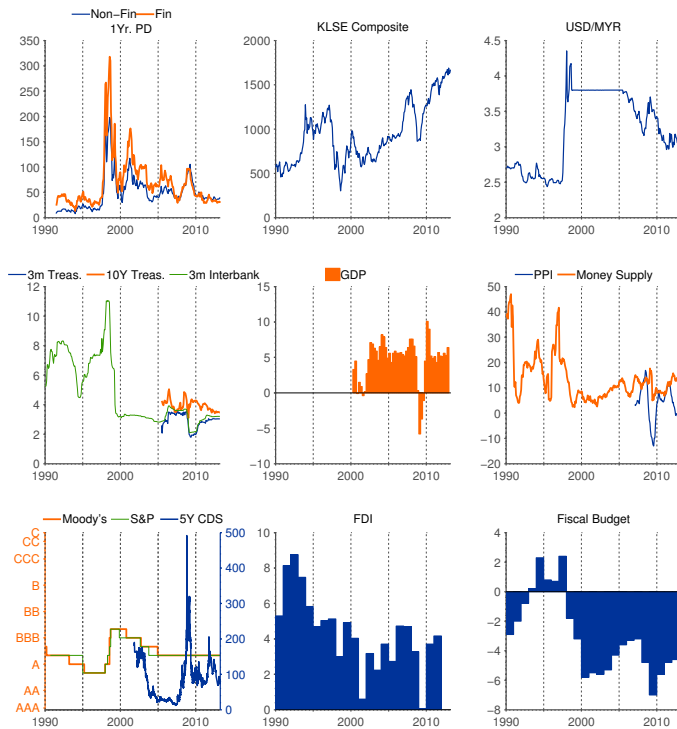
Lithuania	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	61.79	61.35	207.80	193.74	54.21
1Yr. PD, Fin.	51.19	54.58	55.67	62.88	50.29
OMX Vilnius	315	340	344	355	394
USD/LTL	2.59	2.73	2.68	2.62	2.69
10Y Treas. Yield (%)	-	5.52*	4.88*	4.12*	4.05
3m Interbank (%)	1.30*	-	-	1.48	1.48
GDP (YoY%)	3.9	2.1	4.4	4.1	3.4
PPI (YoY%)	7.1	2.0	5.6	2.0	-2.0
Money Supply (YoY%)	5.20	6.00	5.70	7.20	7.30*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	234.33	263.09	175.56	105.16	117.81
Fiscal Budget (%GDP)	-	-	-	-3.20	-



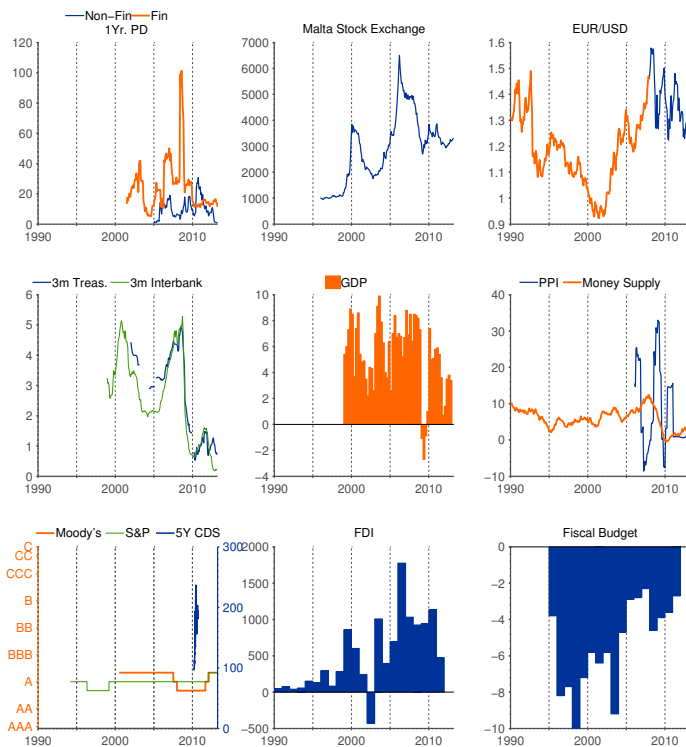
Luxembourg	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	28.80	38.77	40.78	41.38	18.01
1Yr. PD, Fin.	32.60	24.43	18.63	16.01	17.85
LuxX Index	1231	1146	1205	1248	1201
EUR/USD	1.33	1.27	1.29	1.32	1.31*
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	-0.3	0.6	-0.5	1.6	-
PPI (YoY%)	4.3	4.0	1.8	3.4	2.7*
Money Supply (YoY%)	3.00	3.10	2.90	3.40	3.10*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA



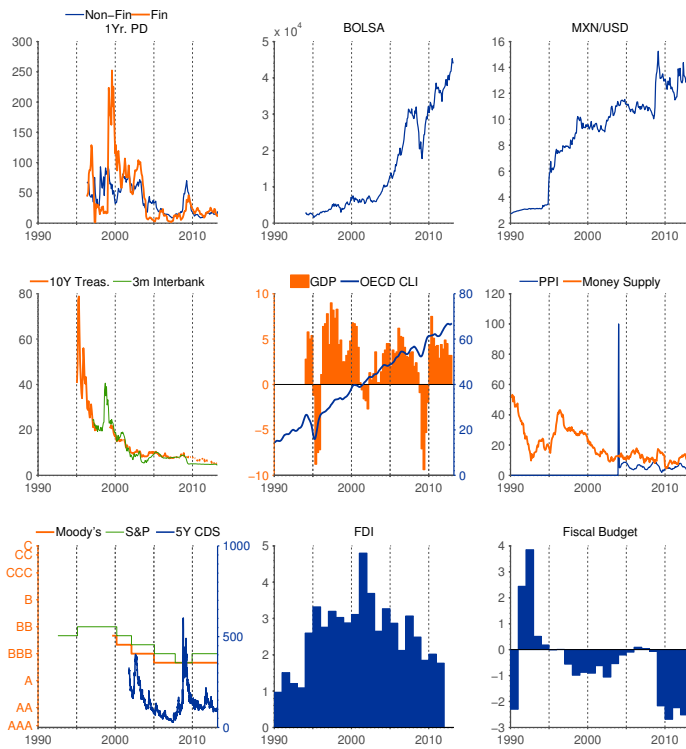
Macedonia	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	26.54	23.66	20.53	20.98	31.02
1Yr. PD, Fin.	48.80	46.48	40.72	27.75	19.86
MBI 10	2025	1858	1822	1731	1792
USD/MKD	46.10	49.30	47.80	47.17	47.93
3m Treas. Yield (%)	4.20	4.00	4.00	4.00	3.65
10Y Treas. Yield (%)	5.41	5.91	6.27	5.53	4.04
Sov. Rating, S&P	BB	BB	BB	BB	BB



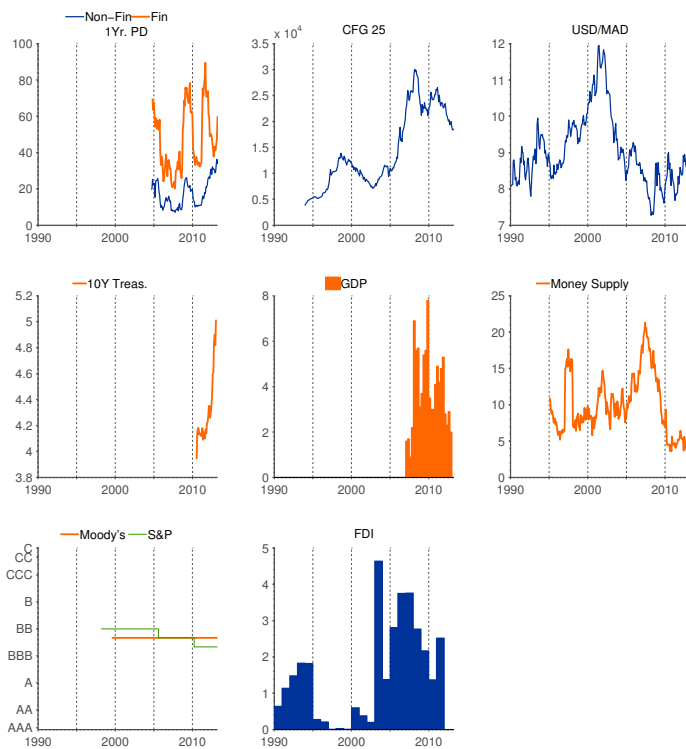
Malaysia	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	34.75	40.40	35.62	36.55	38.39
1Yr. PD, Fin.	31.82	34.31	33.03	30.93	29.70
KLSE Composite	1596	1599	1637	1689	1672
USD/MYR	3.06	3.18	3.06	3.06	3.09
3m Treas. Yield (%)	3.04	3.04	3.03	3.04	3.04
10Y Treas. Yield (%)	3.68	3.52	3.55	3.50	3.47
3m Interbank (%)	3.19	3.19	3.20	3.21	3.21
GDP (YoY%)	5.1	5.6	5.3	6.4	-
PPI (YoY%)	2.9	-0.9	-1.3	-5.0	-2.7*
Money Supply (YoY%)	14.86	12.71	12.46	8.81	8.79*
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	100.26	124.42	95.27	70.40	86.04
Fiscal Budget (%GDP)	-	-	-	-4.60	-



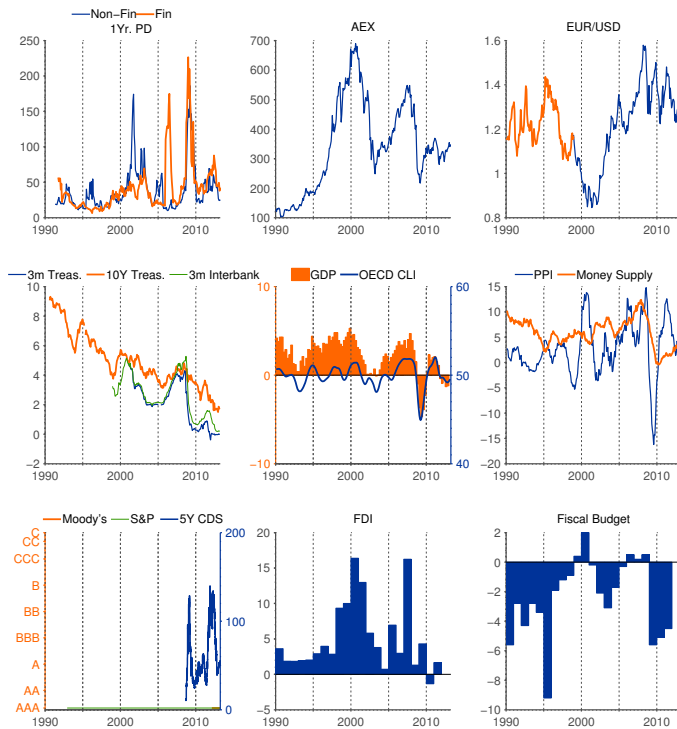
Malta	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	7.63	10.05	4.72	1.19	0.87
1Yr. PD, Fin.	11.71	13.56	15.61	16.57	11.38
Malta Stock Exchange	2939	3022	3136	3212	3323
EUR/USD	1.33	1.27	1.29	1.32	1.31*
3m Treas. Yield (%)	0.84	1.04	1.27	0.85	0.71
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	1.4	3.5	3.8	3.4	-
PPI (YoY%)	0.6	0.6	1.1	0.9	0.8*
Money Supply (YoY%)	3.00	3.10	2.90	3.40	3.10*
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	A-	A-	A-	A-	A-



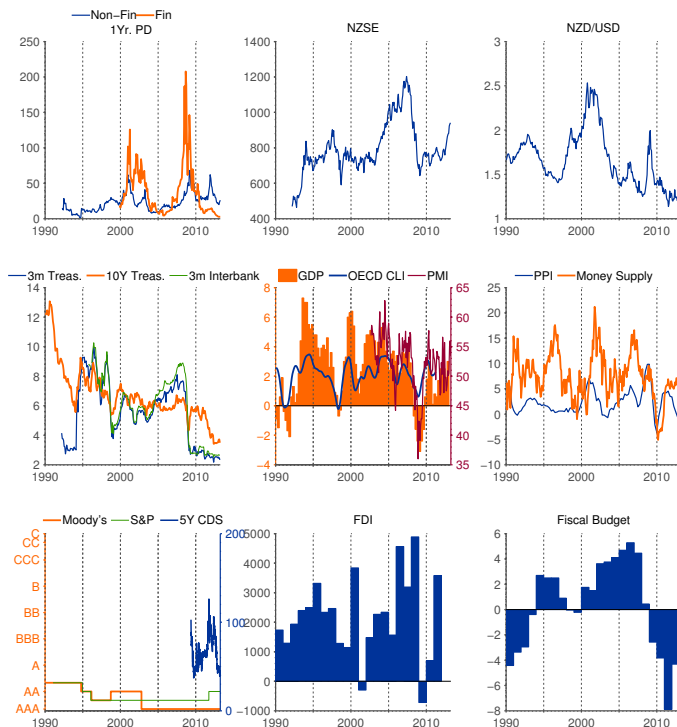
Mexico	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	14.55	16.35	14.71	14.53	19.45
1Yr. PD, Fin.	20.06	20.32	17.29	17.66	10.24
BOLSA	39521	40200	40867	43706	44077
MXN/USD	12.81	13.36	12.86	12.85	12.33
10Y Treas. Yield (%)	-	5.94	5.44	5.52*	5.03*
3m Interbank (%)	4.79	4.80	4.82	4.87	4.35
GDP (YoY%)	4.9	4.5	3.2	3.2	-
OECD CLI	116.10	116.77	116.39	116.95	-
PPI (YoY%)	5.9	5.6	4.0	1.2	1.7
Money Supply (YoY%)	13.20	13.60	11.00	8.30	8.60*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	117.68	140.42	101.17	97.82	97.17
Fiscal Budget (%GDP)	-	-	-	-2.52	-



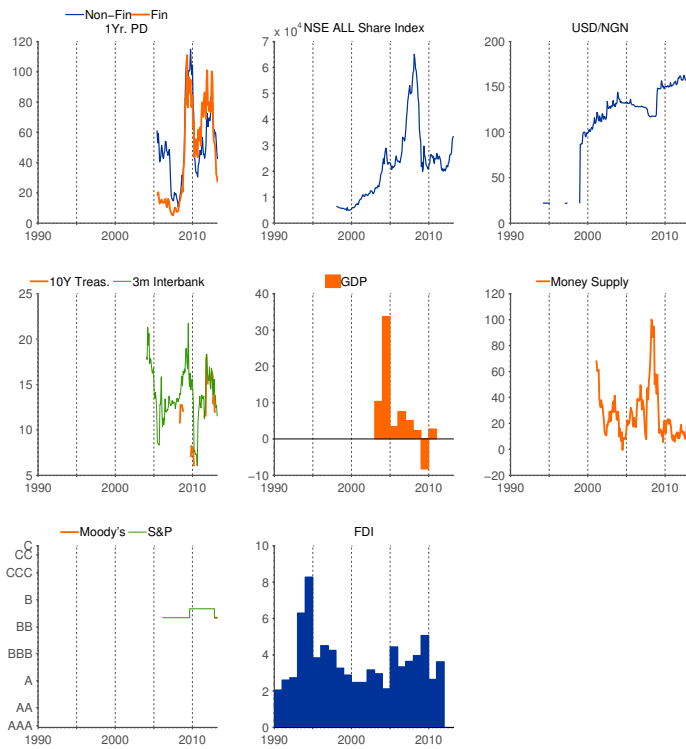
Morocco	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	25.80	28.02	30.90	29.37	33.64
1Yr. PD, Fin.	49.05	48.51	37.78	41.46	60.01
CFG 25	22523	20560	19340	19143	18596
USD/MAD	8.38	8.75	8.63	8.46	8.66
10Y Treas. Yield (%)	4.35	4.35	4.61	4.82	5.01*
GDP (YoY%)	2.8	2.3	2.9	2.0	-
Money Supply (YoY%)	5.30	5.60	4.40	4.40	3.30*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-



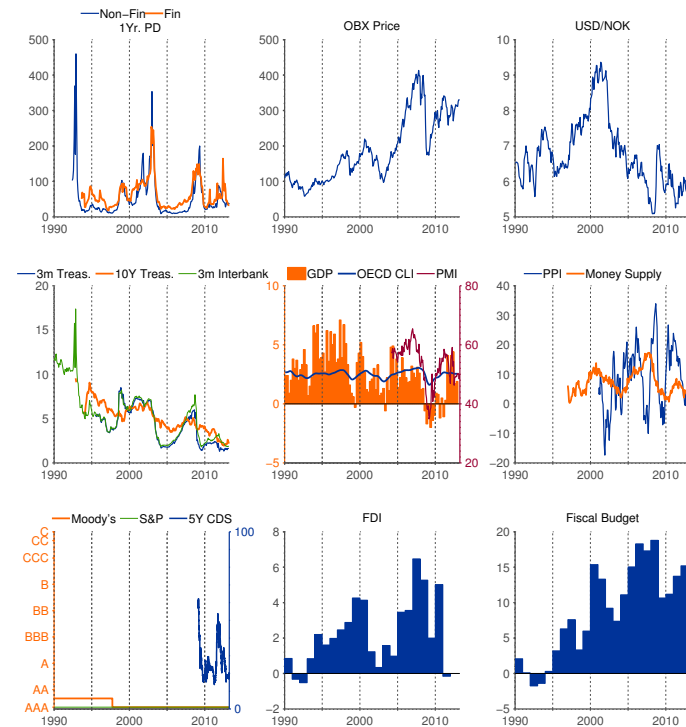
Netherlands	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	42.59	48.87	42.21	27.00	25.41
1Yr. PD, Fin.	73.60	80.78	45.03	46.73	42.37
AEX	324	307	323	343	348
EUR/USD	1.33	1.27	1.29	1.32	1.31*
3m Treas. Yield (%)	0.02	0.02	-0.03	-0.02	-0.01
10Y Treas. Yield (%)	2.33	2.10	1.72	1.50	1.77
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	-0.9	-0.5	-1.3	-1.2	-
OECD CLI	99.70	99.39	99.19	99.31	99.55*
PPI (YoY%)	4.6	1.4	4.0	3.9	0.4*
Money Supply (YoY%)	3.00	3.10	2.90	3.40	3.10*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	117.63	111.27	65.81	46.42	55.19



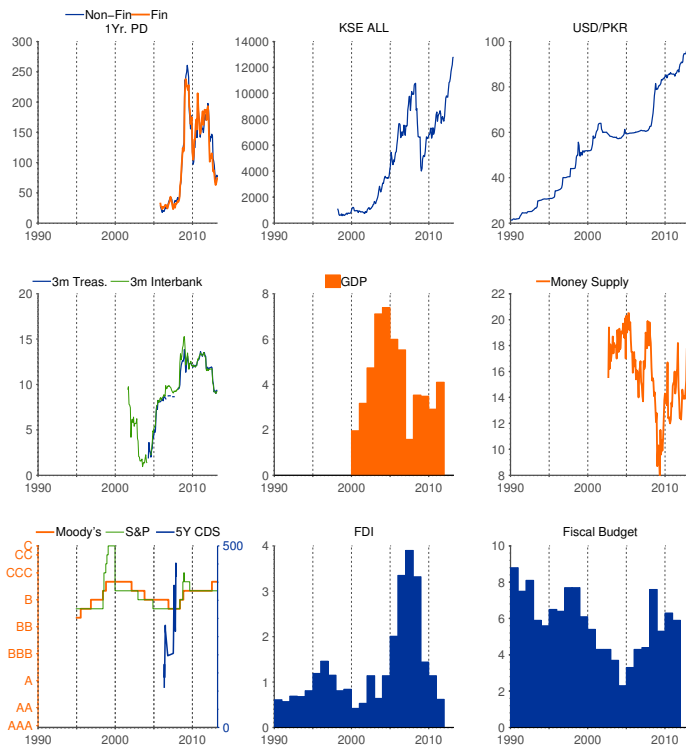
New Zealand	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	37.06	34.10	23.92	20.64	26.12
1Yr. PD, Fin.	10.26	8.41	4.49	2.94	2.84
NZSE	782	760	840	882	941
NZD/USD	1.22	1.25	1.20	1.21	1.19
3m Treas. Yield (%)	2.54	2.46	2.54	2.53	2.33
10Y Treas. Yield (%)	4.08	3.43	3.45	3.52	3.49
3m Interbank (%)	2.74	2.68	2.67	2.65	2.65
GDP (YoY%)	2.8	2.5	1.9	3.0	-
PMI	54.2	50.0	48.5	50.5	53.4
PPI (YoY%)	1.6	0.5	-0.6	-0.8	-
Money Supply (YoY%)	5.00	5.70	6.40	6.00	6.60*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA	AA	AA	AA	AA
5Y CDS (bps)	77.82	89.67	68.50	50.05	43.40
Fiscal Budget (%GDP)	-	-	-	-4.32	-



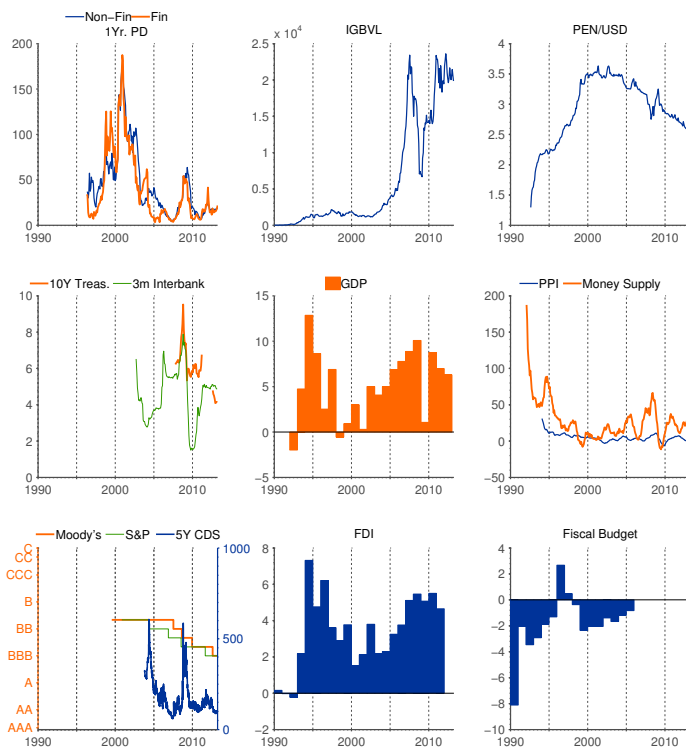
Nigeria	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	67.52	80.33	56.60	59.53	42.24
1Yr. PD, Fin.	80.32	100.31	54.92	43.56	26.92
NSE ALL Share Index	20652	21600	26012	28079	33536
USD/NGN	157.70	162.75	157.20	156.15	158.55
10Y Treas. Yield (%)	15.41	16.22	12.90	11.90	-
3m Interbank (%)	16.93	16.76	13.83	13.79	11.50
Money Supply (YoY%)	13.88	10.77	11.46	13.72	17.43
Sov. Rating, Moody's	-	-	-	Ba3	Ba3
Sov. Rating, S&P	B+	B+	B+	BB-	BB-



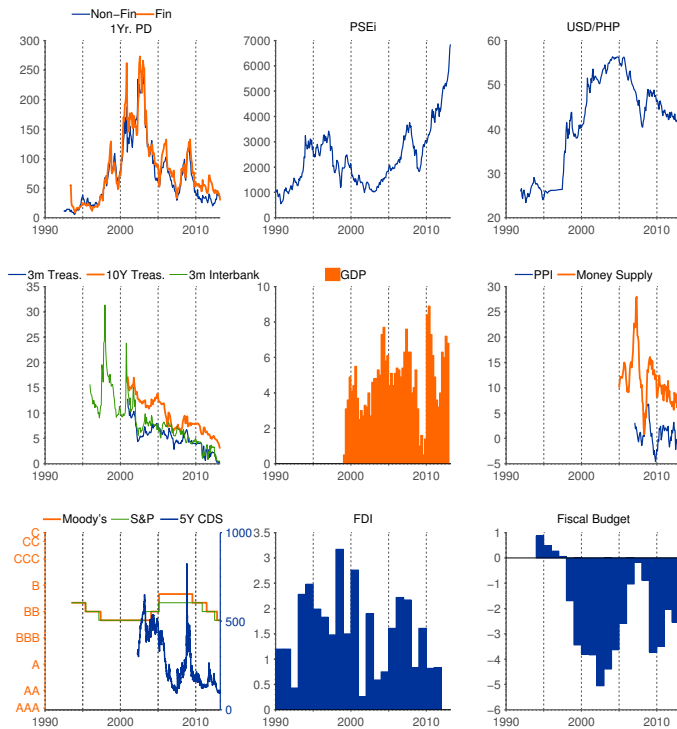
Norway	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	61.38	42.21	27.92	40.12	35.66
1Yr. PD, Fin.	51.90	106.67	78.55	40.94	32.93
OBX Price	312	287	316	311	329
USD/NOK	5.69	5.96	5.73	5.56	5.85
3m Treas. Yield (%)	1.50	1.49	1.65	1.49	1.63
10Y Treas. Yield (%)	2.45	2.07	2.14	2.14	2.18
3m Interbank (%)	2.28	2.30	1.97	1.83	1.88
GDP (YoY%)	4.1	4.4	1.7	1.9	-
OECD CLI	100.41	100.21	100.15	100.17	100.17*
PMI	59.1	46.3	49.4	50.0	50.1
PPI (YoY%)	6.6	-0.2	1.4	-0.2	-3.4
Money Supply (YoY%)	5.10	4.70	3.30	3.70	-
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	21.50	31.50	23.85	18.50	19.67
Fiscal Budget (%GDP)	-	-	-	15.20	-



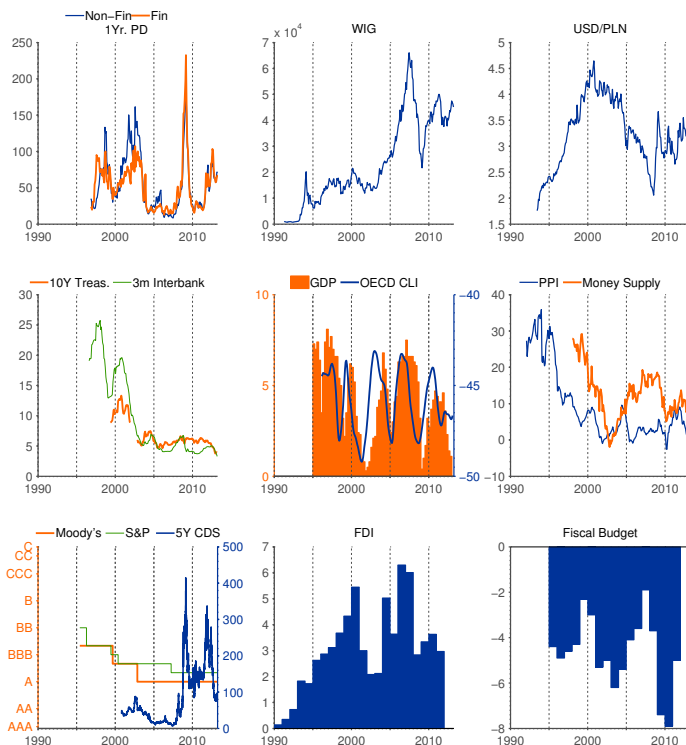
Pakistan	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	134.37	146.92	102.46	72.48	76.17
1Yr. PD, Fin.	101.40	115.15	87.67	62.94	75.74
KSE ALL	9650	9708	10898	11964	12802
USD/PKR	90.65	94.58	94.83	97.14	98.43
3m Treas. Yield (%)	11.83	11.93	10.07	9.13	9.41
3m Interbank (%)	11.66	11.74	9.95	9.06	9.28
Money Supply (YoY%)	14.60	14.10	15.30	16.70	16.10*
Sov. Rating, Moody's	B3	B3	Caa1	Caa1	Caa1
Sov. Rating, S&P	B-	B-	B-	B-	B-



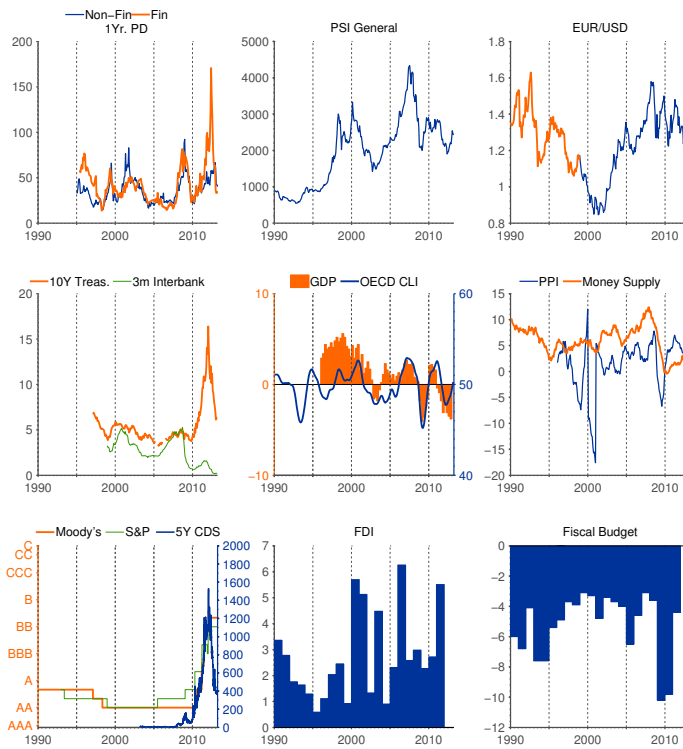
Peru	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	16.14	16.04	13.98	17.15	20.11
1Yr. PD, Fin.	14.08	11.56	13.96	15.25	21.75
IGBVL	23612	20207	21675	20629	19859
PEN/USD	2.67	2.67	2.60	2.55	2.59
10Y Treas. Yield (%)	-	-	4.58	4.09	4.13
3m Interbank (%)	4.92	5.01	5.01	5.05	4.88
GDP (YoY%)	-	-	-	6.3	-
PPI (YoY%)	4.1	2.0	0.4	-0.6	-1.2
Money Supply (YoY%)	19.60	25.40	25.00	25.90	29.10*
Sov. Rating, Moody's	Baa3	Baa3	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	121.85	162.38	106.33	97.34	97.67



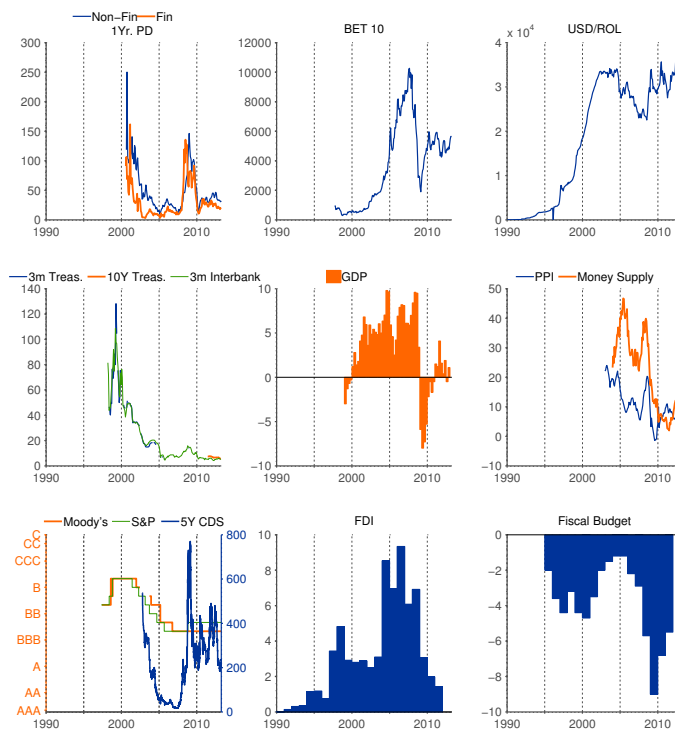
Philippines	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	19.83	23.64	30.70	39.15	35.09
1Yr. PD, Fin.	51.33	41.27	41.87	39.81	29.10
PSEI	5108	5246	5346	5813	6847
USD/PHP	42.91	42.15	41.74	41.01	40.81
3m Treas. Yield (%)	2.35	2.20	0.63	0.30	0.25
10Y Treas. Yield (%)	5.30	5.27	4.75	4.15	3.00
3m Interbank (%)	3.38	3.31	1.38	0.56	0.25
GDP (YoY%)	6.3	6.0	7.2	6.8	-
PPI (YoY%)	3.2	-2.2	-1.2	-3.6	-
Money Supply (YoY%)	5.64	7.11	7.47	10.64	9.91*
Sov. Rating, Moody's	Ba2	Ba2	Ba2	Ba1	Ba1
Sov. Rating, S&P	BB	BB	BB+	BB+	BB+
5Y CDS (bps)	146.30	161.26	129.90	99.78	108.69
Fiscal Budget (%GDP)	-	-	-	-2.54	-



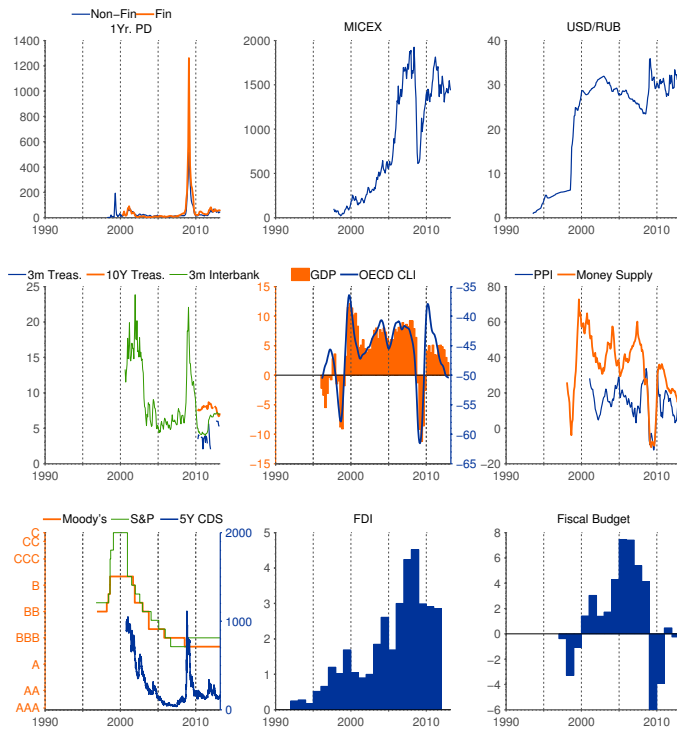
Poland	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	49.10	78.78	65.38	57.24	71.39
1Yr. PD, Fin.	52.31	84.89	77.59	57.57	67.54
WIG	41267	40811	43740	47461	45148
USD/PLN	3.11	3.35	3.20	3.09	3.26
10Y Treas. Yield (%)	5.50	5.15	4.68	3.74	3.94
3m Interbank (%)	4.84	5.03	4.82	4.01	3.29
GDP (YoY%)	3.6	2.3	1.4	1.1	-
OECD CLI	3.48	3.41	3.24	3.18	3.34*
PPI (YoY%)	4.4	4.4	1.8	-1.1	-0.6
Money Supply (YoY%)	9.15	10.96	7.62	4.53	6.60
Sov. Rating, Moody's	A2	A2	A2	A2	A2
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	181.34	216.66	120.16	80.67	94.64



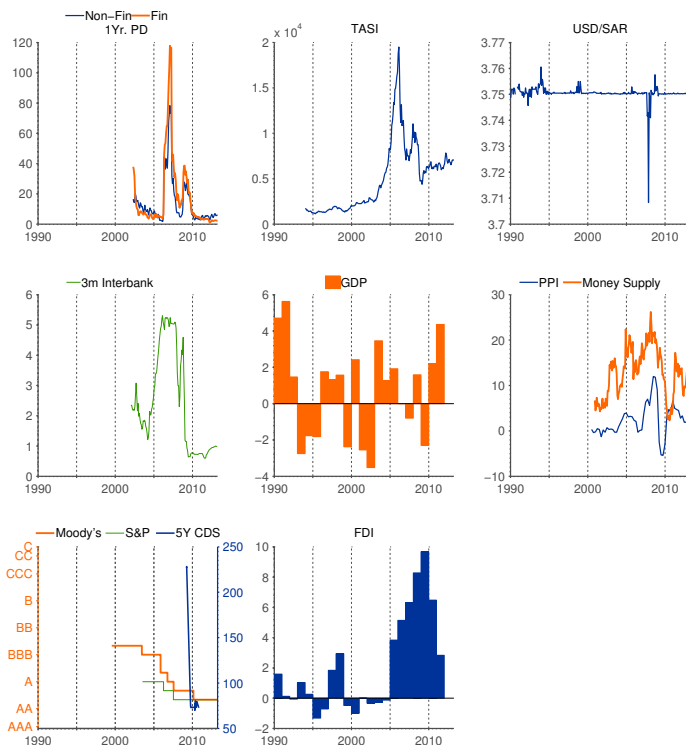
Portugal	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	41.92	54.89	56.05	60.76	40.14
1Yr. PD, Fin.	89.27	137.75	67.33	36.52	35.18
PSI General	2189	1952	2156	2334	2428
EUR/USD	1.33	1.27	1.29	1.32	1.31*
10Y Treas. Yield (%)	11.53	10.16	9.00	7.01	6.37
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	-2.3	-3.1	-3.5	-3.8	-
OECD CLI	97.75	98.12	98.65	99.47	100.28*
PPI (YoY%)	3.7	2.7	4.5	3.4	1.5
Money Supply (YoY%)	3.00	3.10	2.90	3.80*	-
Sov. Rating, Moody's	Ba3	Ba3	Ba3	Ba3	Ba3
Sov. Rating, S&P	BB	BB	BB	BB	BB
5Y CDS (bps)	1075.63	804.91	515.06	448.62	403.14



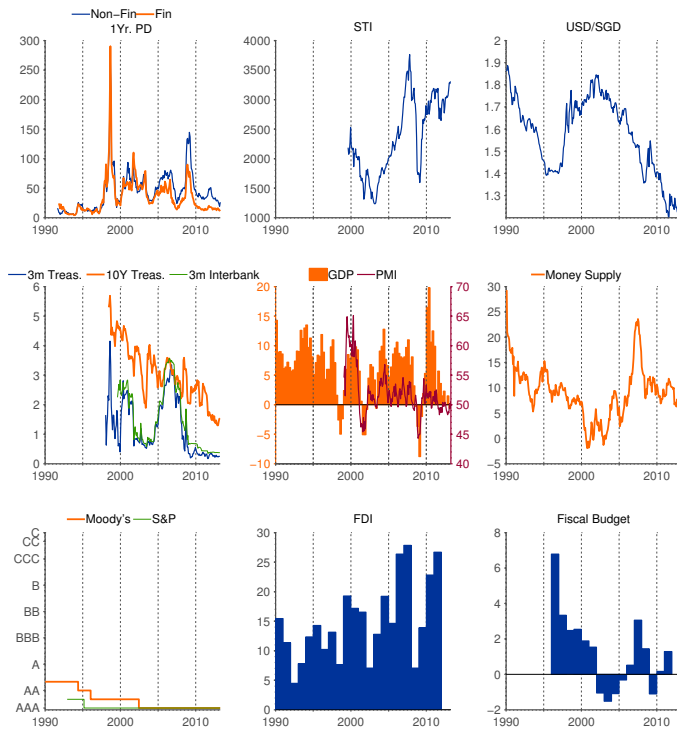
Romania	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	43.28	46.53	33.96	33.02	32.01
1Yr. PD, Fin.	26.65	27.91	19.55	20.56	20.32
BET 10	5372	4528	4725	5150	5637
USD/ROL	32872.50	35143.50	35289.00	33677.50	34451.01
10Y Treas. Yield (%)	6.46	6.58	6.54	6.35	5.75
3m Interbank (%)	4.32	5.03	5.38	5.80	4.95
GDP (YoY%)	0.4	1.9	-0.5	1.1	-
PPI (YoY%)	5.8	5.8	6.6	4.9	-
Money Supply (YoY%)	11.09	10.38	7.81	4.61	2.70*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	316.83	415.30	320.22	214.59	234.71



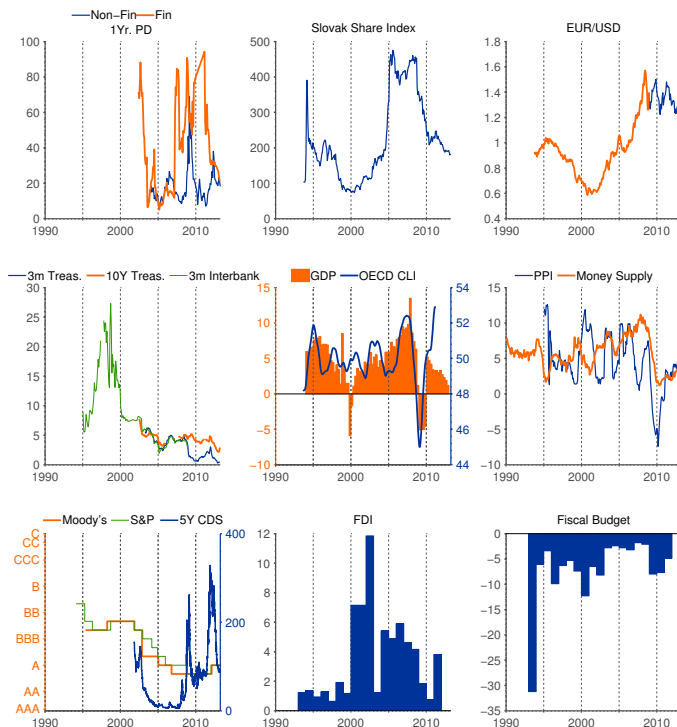
Russia	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	44.29	64.49	42.09	38.74	44.85
1Yr. PD, Fin.	56.43	54.14	53.43	58.04	53.16
MICEX	1517	1388	1458	1475	1439
USD/RUB	29.35	32.42	31.18	30.52	31.06
3m Treas. Yield (%)	-	-	5.97	5.98	5.28*
10Y Treas. Yield (%)	7.82	7.99*	7.88	6.90	7.11
3m Interbank (%)	6.59	7.08	7.12	7.12	6.96
GDP (YoY%)	4.8	4.3	3.0	2.1	-
OECD CLI	1.46	0.24	-0.29	-0.38	-
PPI (YoY%)	7.5	4.1	11.6	5.1	3.4
Money Supply (YoY%)	21.20	19.10	14.80	11.90	14.20*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	184.19	230.56	150.34	131.62	164.32
Fiscal Budget (%GDP)	-	-	-	-0.24	-



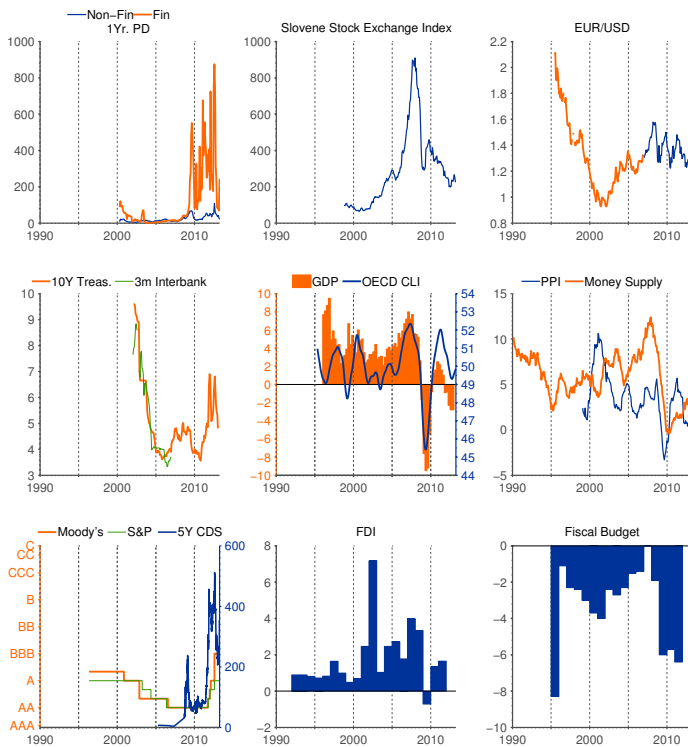
Saudi Arabia	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	2.84	6.51	4.95	5.90	5.96
1Yr. PD, Fin.	0.95	2.52	2.08	2.49	2.18
TASI	7835	6710	6840	6801	7126
USD/SAR	3.75	3.75	3.75	3.75	3.75
3m Interbank (%)	0.88	0.93	0.96	1.00	0.99
PPI (YoY%)	3.3	1.9	1.9	2.9	-
Money Supply (YoY%)	10.50	9.80	11.40	13.90	12.00*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-



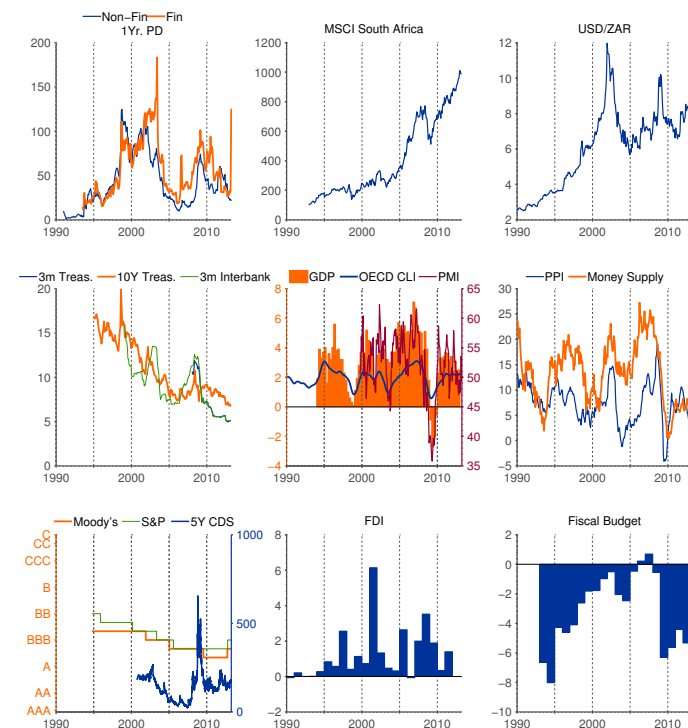
Singapore	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	35.10	31.72	28.30	26.02	26.25
1Yr. PD, Fin.	13.48	14.19	12.46	15.52	11.35
STI	3010	2878	3060	3167	3308
USD/SGD	1.26	1.27	1.23	1.22	1.24
3m Treas. Yield (%)	0.30	0.28	0.29	0.23	0.25
10Y Treas. Yield (%)	1.66	1.61	1.47	1.30	1.54
3m Interbank (%)	0.39	0.39	0.38	0.38	0.38
GDP (YoY%)	1.5	2.3	0.0	1.5	-0.6
PMI	50.2	50.4	48.7	48.6	50.6
Money Supply (YoY%)	10.00	6.90	6.50	7.60	9.90*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA



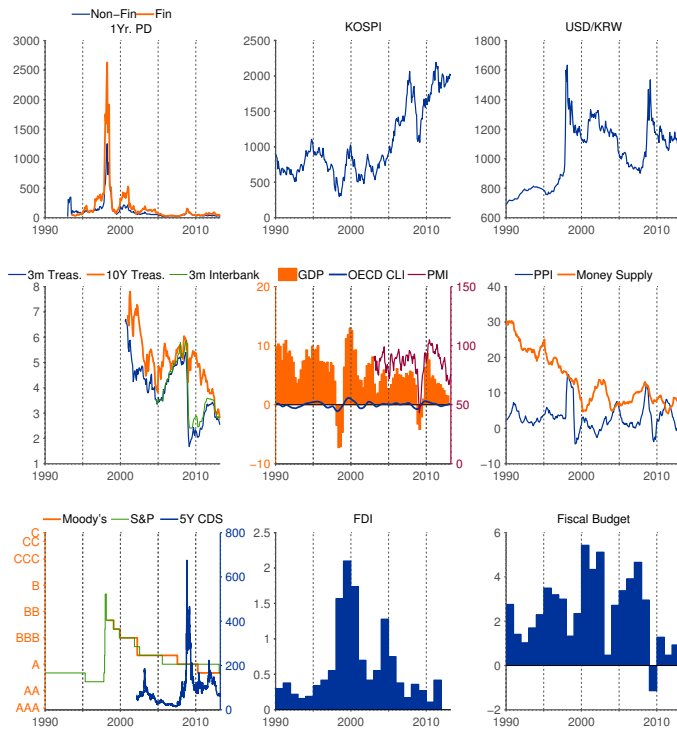
Slovakia	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	23.30	23.35	19.69	20.43	18.24
1Yr. PD, Fin.	30.50	32.08	29.46	26.50	21.38
Slovak Share Index	204	188	190	192	182
EUR/USD	1.33	1.27	1.29	1.32	1.31*
3m Treas. Yield (%)	1.36	1.16	0.73	0.29	0.47
10Y Treas. Yield (%)	3.79	3.50	2.63	2.19	2.91
GDP (YoY%)	2.7	2.3	1.9	1.2	-
PPI (YoY%)	4.2	4.0	4.4	3.9	1.5*
Money Supply (YoY%)	3.10	3.10	3.30	4.40	4.30*
Sov. Rating, Moody's	A2	A2	A2	A2	A2
Sov. Rating, S&P	A	A	A	A	A
5Y CDS (bps)	214.93	234.45	144.97	97.09	91.83



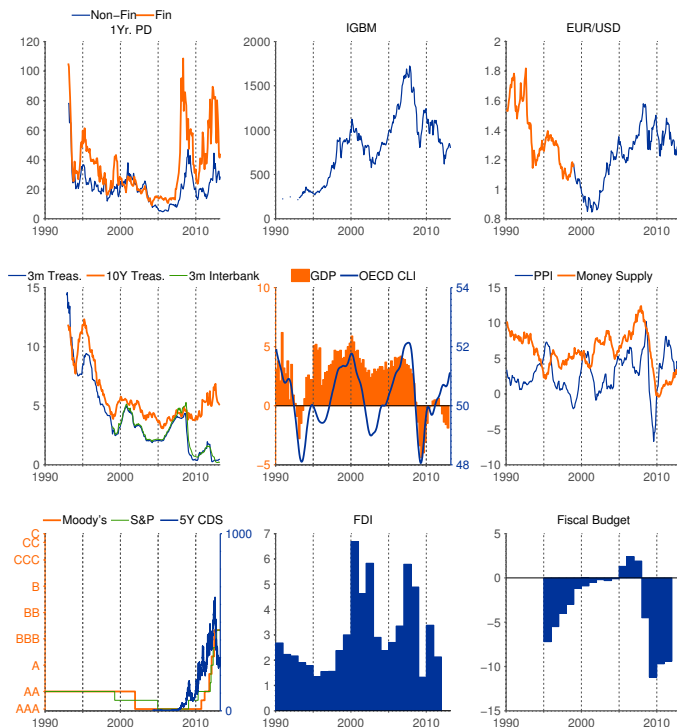
Slovenia	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	34.74	54.77	51.67	35.32	20.80
1Yr. PD, Fin.	243.02	752.66	318.42	82.51	243.52
Slovene Stock Exchange Index	249	205	237	248	225
EUR/USD	1.33	1.27	1.29	1.32	1.31*
10Y Treas. Yield (%)	5.08	5.63	6.32	5.33	4.81*
GDP (YoY%)	-0.8	-2.3	-2.8	-2.8	-
OECD CLI	100.21	99.57	99.30	99.55	99.86
PPI (YoY%)	0.7	0.7	0.7	0.4	0.8
Money Supply (YoY%)	3.00	3.10	2.90	3.40	3.10*
Sov. Rating, Moody's	A2	A2	Baa2	Baa2	Baa2
Sov. Rating, S&P	A+	A+	A	A	A
5Y CDS (bps)	321.98	401.00	392.38	229.95	353.39



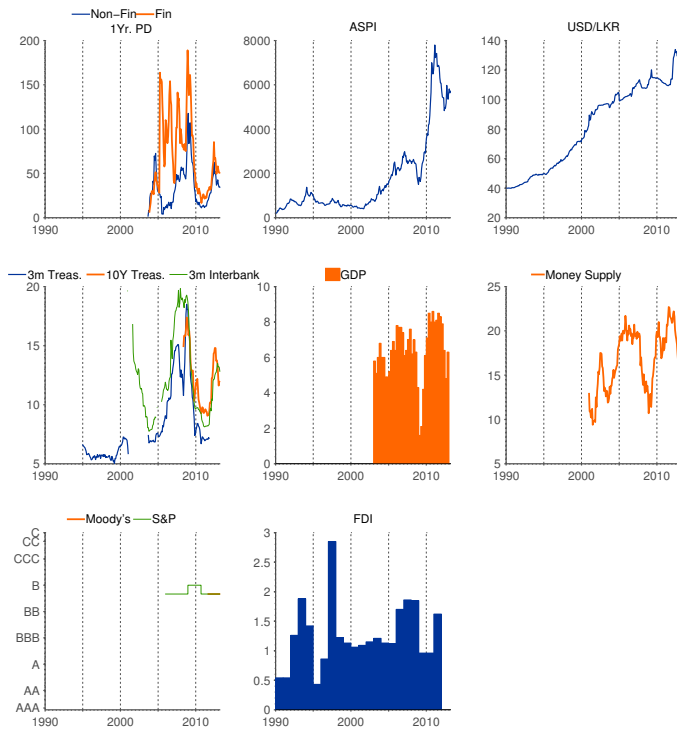
South Africa	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	44.78	39.62	34.85	24.04	21.59
1Yr. PD, Fin.	30.99	34.31	26.48	28.58	125.51
MSCI South Africa	876	875	932	1011	987
USD/ZAR	7.67	8.16	8.31	8.47	9.24
3m Treas. Yield (%)	5.65	5.67	4.98	5.05	5.17
10Y Treas. Yield (%)	7.92	7.39	6.91	6.81	6.89
3m Interbank (%)	5.60	5.61	5.06	5.13	5.13
GDP (YoY%)	2.4	3.1	2.3	2.5	-
OECD CLI	100.47	100.37	100.42	100.59	100.66*
PMI	55.1	48.8	48.3	47.4	49.3
PPI (YoY%)	7.2	6.6	4.2	5.2	-
Money Supply (YoY%)	6.65	7.00	7.46	5.17	7.71*
Sov. Rating, Moody's	A3	A3	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB	BBB
5Y CDS (bps)	160.39	163.00	149.29	142.82	181.32
Fiscal Budget (%GDP)	-	-	-	-5.33	-



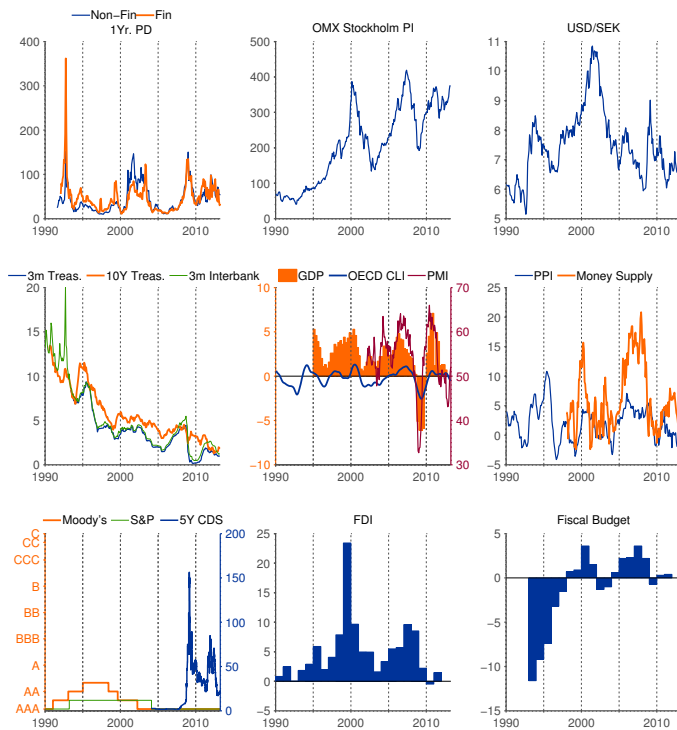
	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	31.58	33.54	25.34	32.54	27.13
1Yr. PD, Fin.	56.19	85.68	41.80	46.19	51.25
KOSPI	2014	1854	1996	1997	2005
USD/KRW	1133.10	1145.40	1111.38	1064.40	1111.35
3m Treas. Yield (%)	3.43	3.29	2.84	2.74	2.54
10Y Treas. Yield (%)	3.96	3.62	3.02	3.16	2.80
3m Interbank (%)	3.53	3.50	3.05	2.87	2.75
GDP (YoY%)	2.8	2.4	1.6	1.5	-
OECD CLI	99.11	99.59	99.88	100.37	100.82*
PMI	86.0	85.0	75.0	67.0	76.0
PPI (YoY%)	2.4	0.0	0.2	-1.2	-2.4
Money Supply (YoY%)	8.70	8.50	7.60	7.30	8.10*
Sov. Rating, Moody's	A1	A1	A1	A1	Aa3
Sov. Rating, S&P	A	A	A	A	A+
5Y CDS (bps)	123.75	121.15	87.90	63.50	76.73
Fiscal Budget (%GDP)	-	-	-	0.93	-



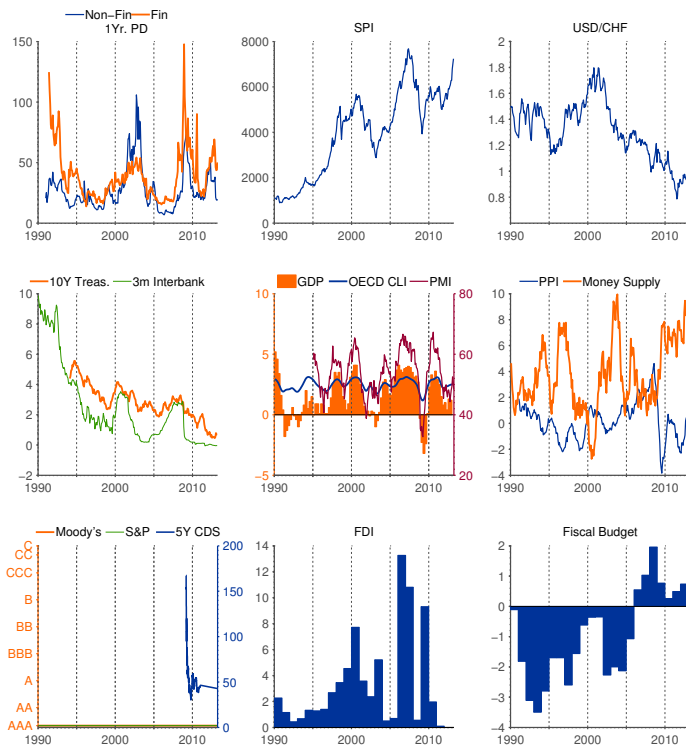
	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	25.84	33.91	24.49	32.13	28.54
1Yr. PD, Fin.	89.42	82.29	51.29	59.81	44.06
IGBM	807	718	777	825	798
EUR/USD	1.33	1.27	1.29	1.32	1.31*
3m Treas. Yield (%)	0.25	0.38	0.38	0.38	0.47
10Y Treas. Yield (%)	5.35	6.33	5.94	5.26	5.06
3m Interbank (%)	0.78	0.65	0.22	0.19	0.21
GDP (YoY%)	-0.7	-1.4	-1.6	-1.9	-
OECD CLI	100.71	100.67	100.69	100.96	101.13*
PPI (YoY%)	4.5	2.7	4.3	3.3	2.1*
Money Supply (YoY%)	3.00	3.10	2.90	3.40	3.10*
Sov. Rating, Moody's	A3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	A	BBB+	BBB+	BBB-	BBB-
5Y CDS (bps)	436.64	531.21	387.45	294.81	302.26



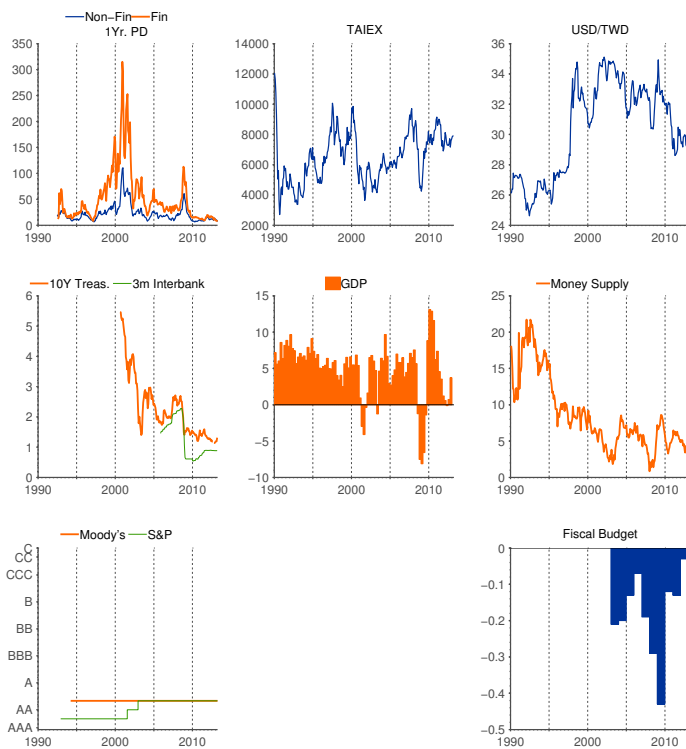
Sri Lanka	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	45.15	49.65	36.70	37.51	33.96
1Yr. PD, Fin.	56.98	66.57	49.47	53.94	50.53
ASPI	5420	4966	5972	5643	5736
USD/LKR	128.25	133.90	129.43	127.70	126.75
10Y Treas. Yield (%)	12.28	14.43	13.71	12.55	11.91
3m Interbank (%)	10.37	12.16	12.74	13.20	12.79
GDP (YoY%)	7.9	6.4	4.8	6.3	-
Money Supply (YoY%)	22.20	19.50	17.40	18.30	18.50*
Sov. Rating, Moody's	B1	B1	B1	B1	B1
Sov. Rating, S&P	B+	B+	B+	B+	B+



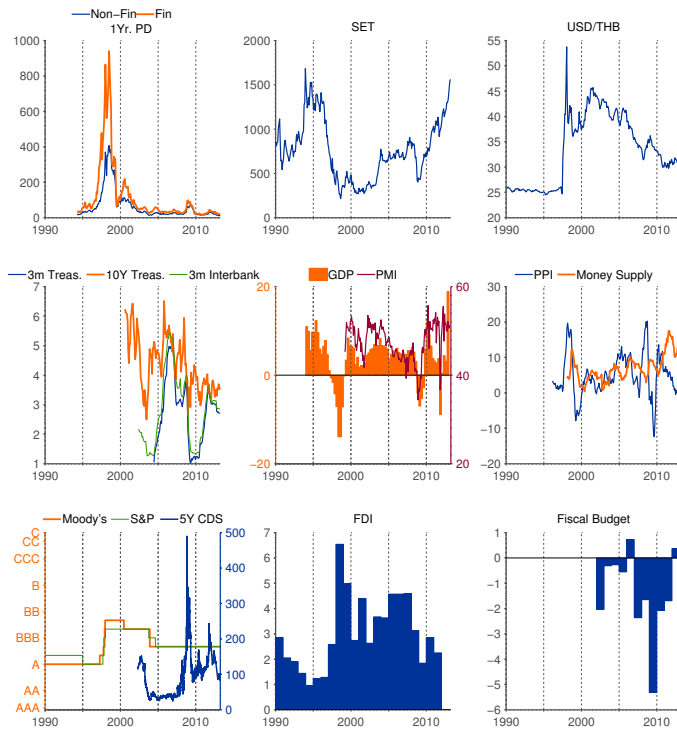
Sweden	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	73.82	80.20	64.43	68.01	53.07
1Yr. PD, Fin.	75.53	77.68	47.59	66.01	33.04
OMX Stockholm PI	338	316	332	344	375
USD/SEK	6.61	6.92	6.57	6.50	6.53
3m Treas. Yield (%)	1.45	1.10	1.25	0.95	0.97
10Y Treas. Yield (%)	1.98	1.60	1.48	1.54	1.81
3m Interbank (%)	2.27	2.14	1.59	1.29	1.24
GDP (YoY%)	1.3	1.3	0.7	-	-
OECD CLI	100.25	100.66	100.52	99.65	98.93*
PMI	50.2	48.4	44.7	44.6	52.1
PPI (YoY%)	0.2	0.4	-1.9	-2.4	-3.7*
Money Supply (YoY%)	6.34	5.04	2.64	1.93	1.89*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	42.91	59.49	31.12	19.50	21.52



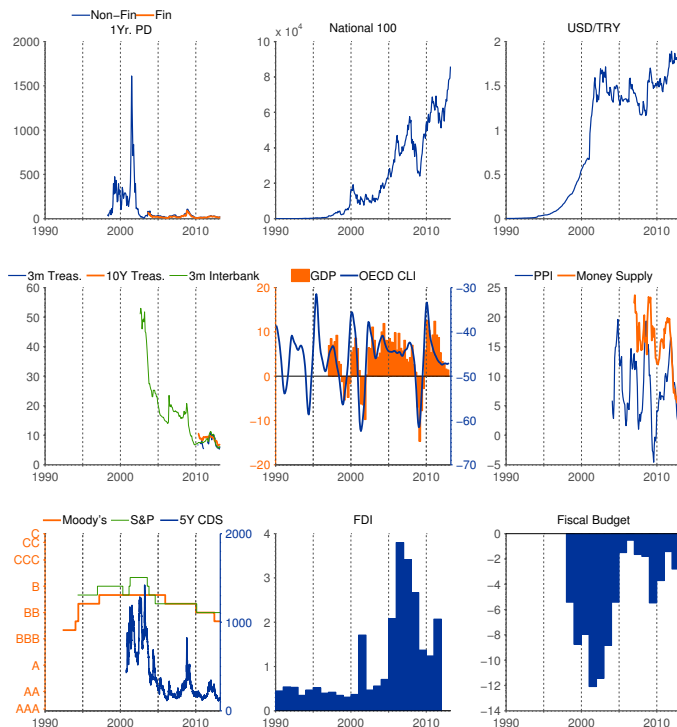
Switzerland	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	46.18	35.12	34.08	21.35	19.55
1Yr. PD, Fin.	53.97	50.99	55.61	46.20	50.11
SPI	5716	5633	6011	6291	7243
USD/CHF	0.90	0.95	0.94	0.92	0.95
10Y Treas. Yield (%)	0.87	0.67	0.54	0.53	0.72
3m Interbank (%)	0.05	0.02	-0.02	-0.05	-0.04
GDP (YoY%)	1.0	0.4	1.3	1.2	-
OECD CLI	99.25	99.51	99.84	100.00	100.06*
PMI	49.9	48.0	44.3	49.2	48.3
PPI (YoY%)	-1.5	-1.2	0.4	1.3	0.3
Money Supply (YoY%)	6.51	8.53	8.80	9.91	9.90
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	-	-	-	-	42.96
Fiscal Budget (%GDP)	-	-	-	0.74	-



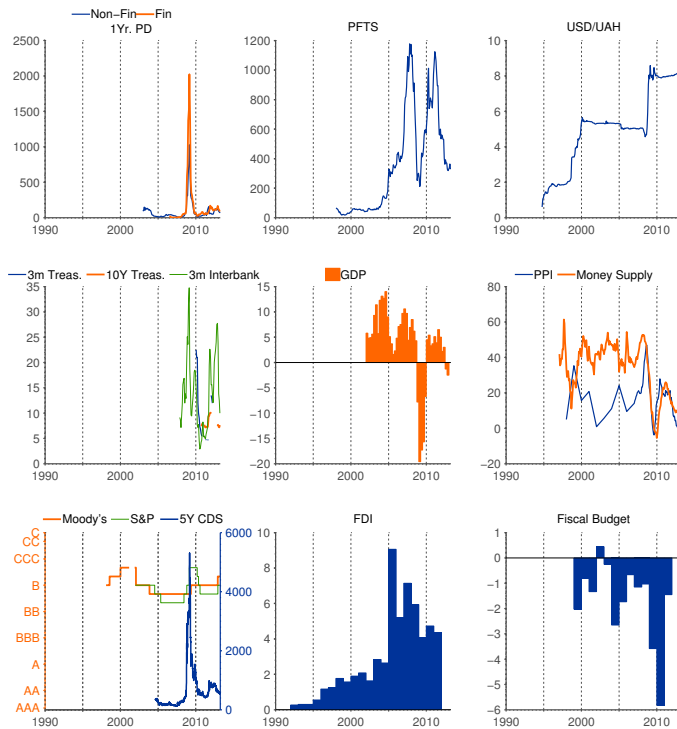
Taiwan	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	10.68	11.73	9.31	10.17	7.26
1Yr. PD, Fin.	14.80	16.15	10.59	9.17	7.18
TAIEX	7933	7296	7715	7700	7919
USD/TWD	29.50	29.87	29.31	29.03	29.82
10Y Treas. Yield (%)	1.28	1.24	1.19*	1.17	1.31
3m Interbank (%)	0.89	0.89	0.89	0.88	0.88
GDP (YoY%)	0.6	-0.1	0.7	3.7	-
Money Supply (YoY%)	5.13	4.20	3.71	3.46	3.74*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
Fiscal Budget (%GDP)	-	-	-	-0.03	-



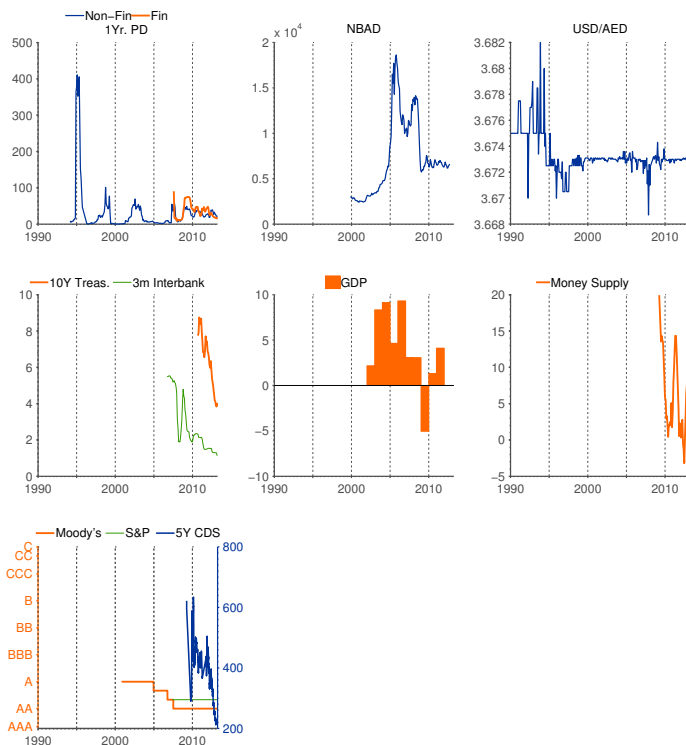
Thailand	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	25.64	19.71	14.24	12.78	11.08
1Yr. PD, Fin.	33.94	30.52	22.74	20.67	19.87
SET	1197	1172	1299	1392	1561
USD/THB	30.83	31.56	30.83	30.59	29.26
3m Treas. Yield (%)	3.02	3.03	3.02	2.76	2.70
10Y Treas. Yield (%)	3.81	3.48	3.51	3.51	3.51
3m Interbank (%)	3.11	3.14	3.13	2.87	2.86
GDP (YoY%)	0.4	4.4	3.1	18.9	-
PMI	55.5	51.5	49.9	50.6	51.2*
PPI (YoY%)	1.8	-0.4	0.1	0.9	-0.3
Money Supply (YoY%)	13.14	11.09	12.64	10.33	9.18*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	126.84	150.66	132.66	87.32	92.04
Fiscal Budget (%GDP)	-	-	-	0.37	-



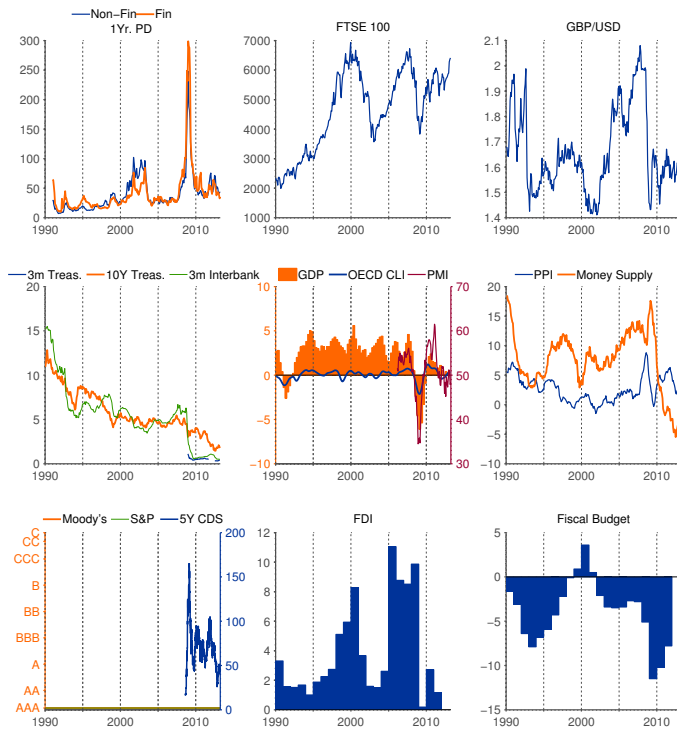
Turkey	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	24.85	28.31	21.68	16.48	18.44
1Yr. PD, Fin.	22.25	23.47	18.74	12.59	14.36
National 100	62423	62543	66397	78208	85899
USD/TRY	1.78	1.81	1.80	1.78	1.81
3m Treas. Yield (%)	10.01	8.81	6.24	6.10	6.08
10Y Treas. Yield (%)	9.45	8.59	8.16	6.55	7.02
3m Interbank (%)	10.25	9.63	6.49	5.79	6.30
GDP (YoY%)	3.3	2.9	1.6	1.4	-
OECD CLI	2.71	2.89	2.75	2.96	-
PPI (YoY%)	8.7	6.9	2.5	3.8	4.0
Money Supply (YoY%)	7.17	6.08	7.40	9.47	12.23
Sov. Rating, Moody's	Ba2	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BB	BB	BB	BB	BB
5Y CDS (bps)	228.40	241.03	160.67	127.03	146.59
Fiscal Budget (%GDP)	-	-	-	-2.80	-



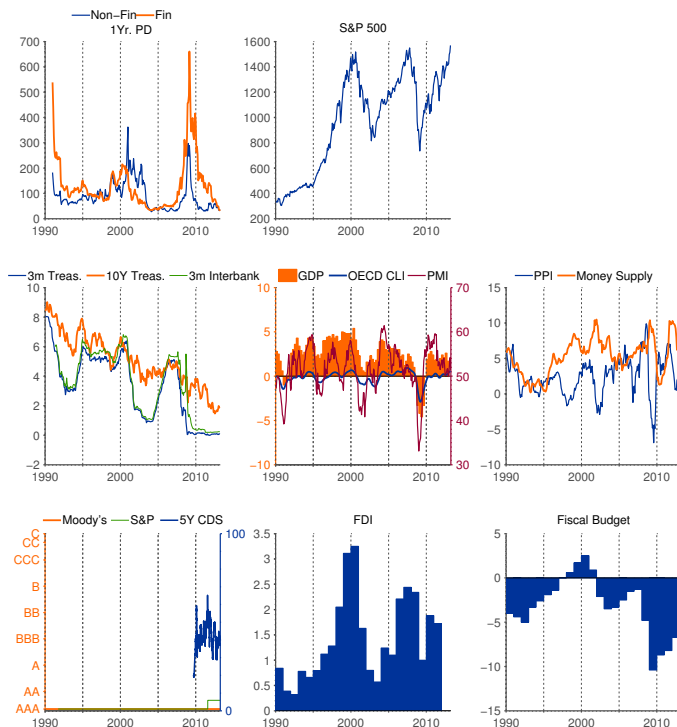
Ukraine	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	48.87	102.91	107.99	99.33	69.93
1Yr. PD, Fin.	114.65	117.25	123.97	127.16	96.89
PFTS	532	362	369	329	329
USD/UAH	8.03	8.08	8.15	8.05	8.13
3m Treas. Yield (%)	11.98	-	-	-	-
10Y Treas. Yield (%)	9.90*	-	-	7.70	7.62
3m Interbank (%)	13.90	20.00	24.00	24.00	10.00
GDP (YoY%)	2.2	3.0	-1.3	-2.5	-
PPI (YoY%)	6.5	4.5	0.3	0.3	0.2
Money Supply (YoY%)	11.30	8.90	10.50	12.80	16.00*
Sov. Rating, Moody's	B2	B2	B2	B3	B3
Sov. Rating, S&P	B+	B+	B+	B	B
5Y CDS (bps)	860.76	840.14	706.98	626.65	594.98



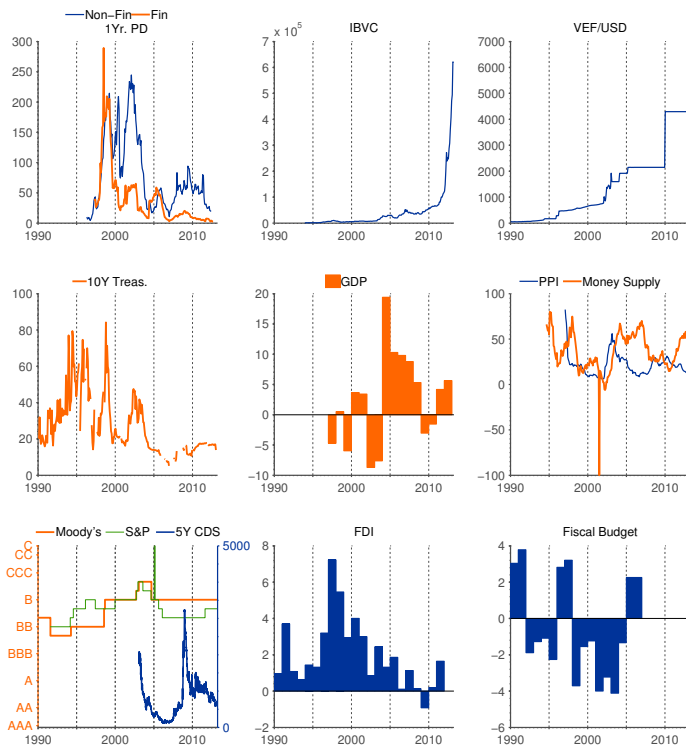
United Arab Emirates	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	19.11	36.76	26.86	26.07	21.75
1Yr. PD, Fin.	24.49	28.01	18.95	17.40	14.93
NBAD	6587	6168	6616	-	-
USD/AED	3.67	3.67	3.67	3.67	3.67
10Y Treas. Yield (%)	6.15	5.86	4.86	4.12	4.00
3m Interbank (%)	1.54	1.53	1.30	1.30	1.13
Money Supply (YoY%)	2.79	-3.21	6.41	8.16	-
Sov. Rating, Moody's	Aa2	Aa2	Aa2	Aa2	Aa2
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	339.03	358.18	285.61	231.53	229.19



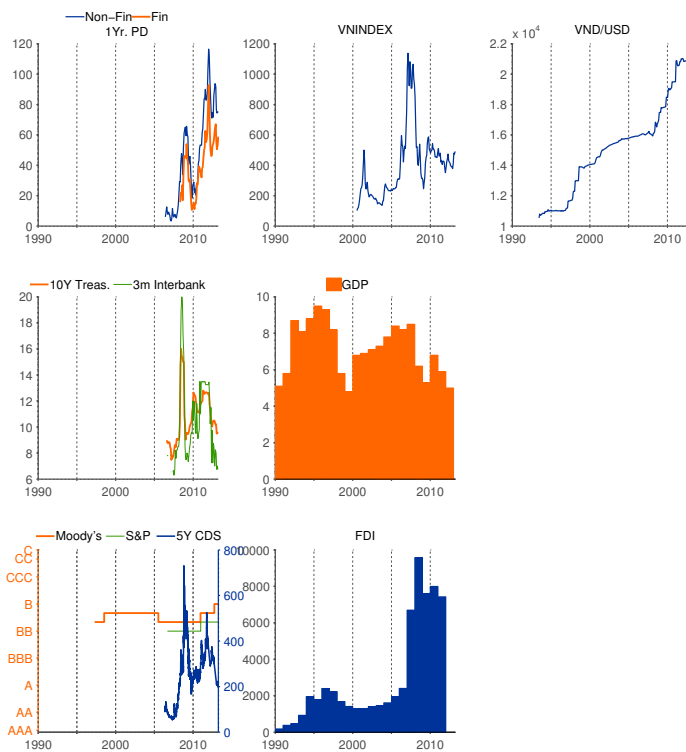
United Kingdom	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	43.16	71.56	48.43	42.46	42.89
1Yr. PD, Fin.	50.96	57.81	37.80	42.90	35.08
FTSE 100	5768	5571	5742	5898	6412
GBP/USD	1.60	1.57	1.62	1.63	1.52
3m Treas. Yield (%)	-	-	0.32	0.34	0.41
10Y Treas. Yield (%)	2.20	1.73	1.73	1.83	1.77
3m Interbank (%)	1.03	0.90	0.60	0.52	0.51
GDP (YoY%)	0.5	0.0	0.4	0.2	-
OECD CLI	99.35	99.61	100.20	100.65	100.69*
PMI	51.9	48.4	48.1	51.2	48.3
PPI (YoY%)	3.7	2.0	2.5	2.2	2.0
Money Supply (YoY%)	-4.70	-5.50	-3.70	-1.00	0.50*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	62.86	69.52	51.52	39.13	44.31



United States	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	40.01	56.59	43.24	39.19	34.21
1Yr. PD, Fin.	66.58	77.80	62.22	48.30	31.32
S&P 500	1408	1362	1441	1426	1569
3m Treas. Yield (%)	0.07	0.08	0.09	0.04	0.07
10Y Treas. Yield (%)	2.21	1.64	1.63	1.76	1.85
3m Interbank (%)	0.20	0.21	0.22	0.24	0.24
GDP (YoY%)	2.4	2.1	2.6	1.7	-
OECD CLI	100.45	100.29	100.40	100.86	101.19*
PMI	53.3	50.2	51.6	50.2	51.3
PPI (YoY%)	2.8	0.7	2.1	1.3	1.1
Money Supply (YoY%)	9.90	9.20	6.70	7.90	6.80
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+
5Y CDS (bps)	29.66	48.78	33.01	37.90	37.73
Fiscal Budget (%GDP)	-	-	-	-6.70	-



Venezuela	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	21.00	19.27*	-	-	-
1Yr. PD, Fin.	4.00	3.83	2.30*	-	-
IBVC	199719	251838	308083	471437	619868
VEF/USD	4294.70	4294.70	4294.70	4294.70	6292.10
10Y Treas. Yield (%)	16.85	16.74	16.84	17.00	13.90*
GDP (YoY%)	-	-	-	5.6	-
PPI (YoY%)	17.2	14.5	13.1	13.6	19.5
Money Supply (YoY%)	53.50	56.10	57.20	60.90	54.60
Sov. Rating, Moody's	B2	B2	B2	B2	B2
Sov. Rating, S&P	B+	B+	B+	B+	B+
5Y CDS (bps)	721.51	894.19	776.66	646.67	738.90



Vietnam	2012				2013
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	85.27	74.78	89.82	76.21	75.19
1Yr. PD, Fin.	49.96	52.92	60.80	54.65	58.84
VNINDEX	441	422	393	414	491
VND/USD	20850.00	20905.00	20885.00	20840.00	20935.00
10Y Treas. Yield (%)	11.46	10.03	10.50	10.20	9.50
3m Interbank (%)	10.25	9.75	8.25	8.00	6.75
GDP (YoY%)	-	-	-	5.0	-
Sov. Rating, Moody's	B1	B1	B2	B2	B2
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
5Y CDS (bps)	289.32	336.37	303.27	-	217.07

D Data notes

This Appendix provides a comprehensive list of the macroeconomic and capital market data provided in Appendix C as well as their sources. Most of the data was obtained from Bloomberg. In some cases, the data was not available in Bloomberg and was obtained directly from primary sources. In either case, the primary sources for the data are listed in the tables below. The data was retrieved on April 20 and every effort has been made to verify its accuracy.

The last section of this Appendix describes the Probability of Default implied Rating (PDiR). The PDiR has been introduced to aid intuition about PD values for individual companies.

Stock index (top-center graph) The one-year return on an economy's stock index is one input variable for RMI's default forecast model. The stock indices used in the model are the ones that are displayed in Appendix C. A list of the stock indices included in Appendix C can be found [here](#).

FX rate (top-right graph) Foreign exchange (FX) rates are quoted by market convention against the US dollar. For Eurozone countries, a fixed official rate is used to convert the domestic currency to the Euro prior to the introduction of the common currency. In the graphs, the FX rate for the domestic currency before the economy adopted the Euro is in orange, and the FX rate for the Euro after the Euro was adopted is in blue. The table below shows the conversion dates and rates. The exchange rate for the Cypriot Pound is excluded due to scaling reasons.

Conversion to Euro

Economy	Conversion Date	Conversion Rate (per Euro)	Economy	Conversion Date	Conversion Rate (Per Euro)
Austria	31/12/1998	13.7603	Italy	31/12/1998	1936.27
Belgium	31/12/1998	40.3399	Luxembourg	31/12/1998	40.3399
Estonia	31/12/2010	15.6466	Malta	31/12/2007	0.4293
Finland	31/12/1998	5.94573	Netherlands	31/12/1998	2.20371
France	31/12/1998	6.55957	Portugal	31/12/1998	200.482
Germany	31/12/1998	1.95583	Slovakia	31/12/2008	30.126
Greece	31/12/2000	340.75	Slovenia	31/12/2006	239.64
Ireland	31/12/1998	0.787564	Spain	31/12/1998	166.386

10-year treasury bond yield (middle-left graph) All 10-year treasury bond yields are based on Bloomberg indices except for the following list: Bank Negara Malaysia for Malaysia, Korea Financial Investment Association for South Korea and Philippine Dealing & Exchange Corp for Philippines.

3-month government bond yield (middle-left graph) The primary sources of the 3-month government bond yields are listed in [here](#).[†]

3-month interbank rate (middle-left graph) The primary sources of the 3-month interbank rates can be found [here](#).

[†]The RMI CRI model uses Germany's three-month Bubbill rate for all eurozone countries after their adoption of the euro. For the period before joining the eurozone, their own interest rates are used where available.

GDP (middle-center graph, left axis) Real GDP YoY changes are seasonally-adjusted except for China, Hong Kong, Iceland, India, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand. A list of primary sources of the GDP data can be found [here](#).

OECD CLI (middle-center graph, right axis) The OECD Composite Leading Indicator for each economy is intended to provide early signals of turning points between different trends in the economic cycle. For forecasting purposes, peaks in CLI are candidate early signals of downturns in the economic cycle, and troughs in the CLI are candidate early signals of upturns in the economic cycle. More information can be obtained at www.oecd.org/std/clits. The OECD CLI shown in Appendix C is amplitude adjusted with a deduction of 50 for the purpose of presentation along with the PMI.

PMI (middle-center graph, right axis) The Purchasing Managers Index or similar indices are used to reflect an economy's manufacturing activities. An index reading above 50 indicates an expansion of manufacturing activity while a reading below 50 indicates a contraction. An exception is the Business Survey Index used in South Korea, which has 100 as its benchmark. A list of primary sources of the Purchasing Managers Index data can be found [here](#).

PPI (middle-right graph) The Producers' Price Index or similar indices are presented as YoY changes. A list of primary sources of the Producers' Price Index data can be found [here](#).

Money Supply (middle-right graph) YoY growth of money supply uses M3 when it is available for an economy. The exceptions are: Brazil, Chile, China, Cyprus, the Czech Republic, Indonesia, Jordan, Kazakhstan, Latvia, Lithuania, Mexico, Nigeria, Norway, Pakistan, Peru, Romania, Russia, Sri Lanka, Taiwan, Thailand, the US and Venezuela where M2 is used; and Croatia and the UK where M4 is used. For Eurozone countries, data after the adoption of the Euro represents total money supply growth of the Euro. A list of primary sources of the Money Supply data can be found [here](#).

Sovereign credit ratings (bottom-left graph, left axis) For most of the economies, the Standard & Poor's and Moody's sovereign ratings are for foreign currency long term debt. Moody's ratings for France, Germany, India, Japan, Netherlands, Singapore, Switzerland, Taiwan, United Kingdom and the United States are foreign currency long term issuer ratings instead. Among the above mentioned economies, France, Germany, Switzerland, United Kingdom and the United States ratings are cited from Moody's website directly, with the remainder of the data from Moody's and S&P retrieved from Bloomberg. For graphical purposes, selective or restricted defaults are reflected as C grades in the graphs. For example, according to S&P data, Indonesia had selective default events on March 29, 1999; April 17, 2000 and April 23, 2002, seen as C grades in the graphs above.

5Y CDS spread (bottom-left graph, right axis) 5-year Credit Default Swap spreads are for each economy's long term sovereign debt. All of the CDS data is sourced from Bloomberg.

FDI (bottom-center graph) FDI into each economy is presented as a percentage of GDP. The World Bank is the primary source of all FDI data.

Fiscal budget (bottom-right graph) Fiscal budget is presented as a percentage of GDP. A list of primary sources of the Fiscal Budget data can be found [here](#).

PDiR

The Probability of Default implied Rating (PDiR) has been introduced to aid intuition about what different values of 1-year PD from RMI's default forecast model imply about a firm's credit quality. In short, the 1-year PD for a firm is used to imply a credit rating based on historically observed default rates for credit rating agency ratings.

The table at right is used to classify firms into PDiR based on their 1-year PD. For example, if a firm has a 1-year PD of 50bps, then it will be classified as BB. The upper bounds for each PDiR are derived using S&P's historical default rates.[†] These default rates are taken as the average one-year default rates (ADR) from 1992-2010 to coincide with the period of RMI's PD.

PDiR	Upper bound (bps)
AAA	0.28
AA	5
A	13
BBB	42
BB	194
B	1075
CCC/C	–

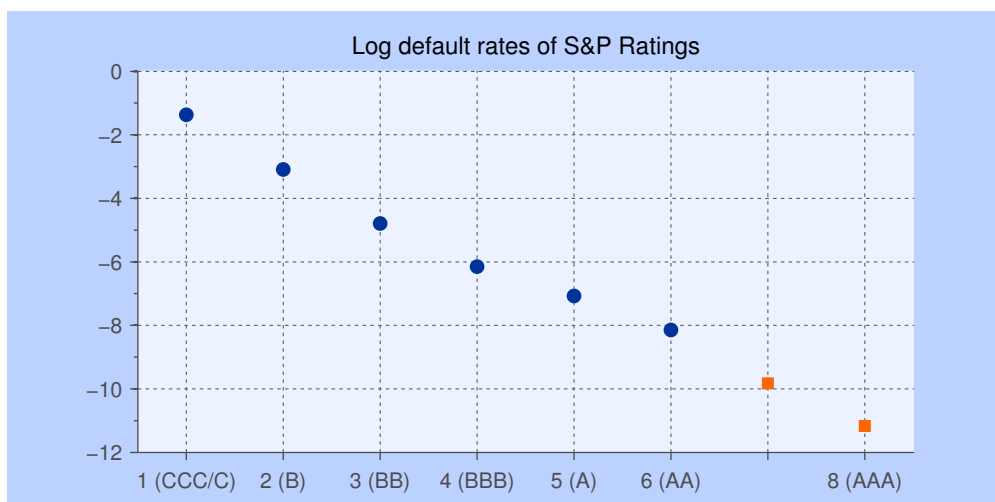
Computing the boundaries between different PDiR classes: The blue circles in the graph below indicate the logarithm of the ADR for S&P firms with ratings from AA down to CCC/C. There have been no defaults within one year for S&P rated AAA firms.

Given the linear relationship between the log default rates and the ratings, it makes sense to take the boundary between PDiR classes as the mid-point of the log default rates.

For example, the upper bound for BBB is computed as:

$$UB(BBB) = \exp\left(\frac{\log(ADR(BBB)) + \log(ADR(BB))}{2}\right).$$

For the upper boundary of AAA firms, a mid-point of observed log ADR cannot be taken since the ADR is zero for S&P rated AAA firms. Instead, a line of best fit can be plotted through the six observed points (blue circles) in order to extrapolate the orange squares. Taking the default rate based on the the first extrapolated orange square results in a boundary that leads to far larger fraction of PDiR AAA firms as compared to S&P rated AAA firms. Therefore, the boundary between AA and AAA is taken as the mid-point between the first and second orange square.



[†]March 2011, [Default, Transition, and Recovery: 2010 Annual Global Corporate Default Study And Rating Transitions](#), Standard & Poor's.

About RMI and the Credit Research Initiative

The NUS Risk Management Institute (RMI) was established in August 2006 as a research institute at NUS dedicated to the area of financial risk management. The establishment of RMI was supported by the Monetary Authority of Singapore (MAS) under its program on Risk Management and Financial Innovation. RMI seeks to complement, support and develop Singapore's financial sector's knowledge and expertise in risk management, and thereby help to take on the challenges arising from globalization, structural change and volatile financial markets.

Credit Research Initiative (CRI) is a non-profit project undertaken by NUS-RMI in response to the 2008-2009 GFC. The CRI takes a "public good" approach to credit ratings by providing the outputs from our default forecast system in a transparent, non-profit basis. In the current phase, the CRI model generates probabilities of default (PD) on a daily basis for corporate entities in 106 economies in Africa, Asia-Pacific, Europe, Latin America, the Middle East and North America. Our PD can serve as a benchmark against traditional rating agencies' systems or internal credit analyses for industry analysts and business professionals. For more information about RMI and the CRI project, please visit our main site at <http://rmicri.org>

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