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# Quarterly Credit Report

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Q4/2013

*Volume 3, No 3*



# 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 QCR provides insights on trends in credit outlooks to credit professionals, investors and researchers.

QCR Volume 3, Issue 3 covers the fourth 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 (PD) 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 five 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.

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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 RMI's operational probability of default (PD) model. The model takes financial statements and market data from a database of about 60,400 listed firms and estimates a PD for each firm, effectively transforming big data into smart data. The outputs from the RMI PD model are available free for all users at:

[www.rmicri.org](http://www.rmicri.org)

As of December 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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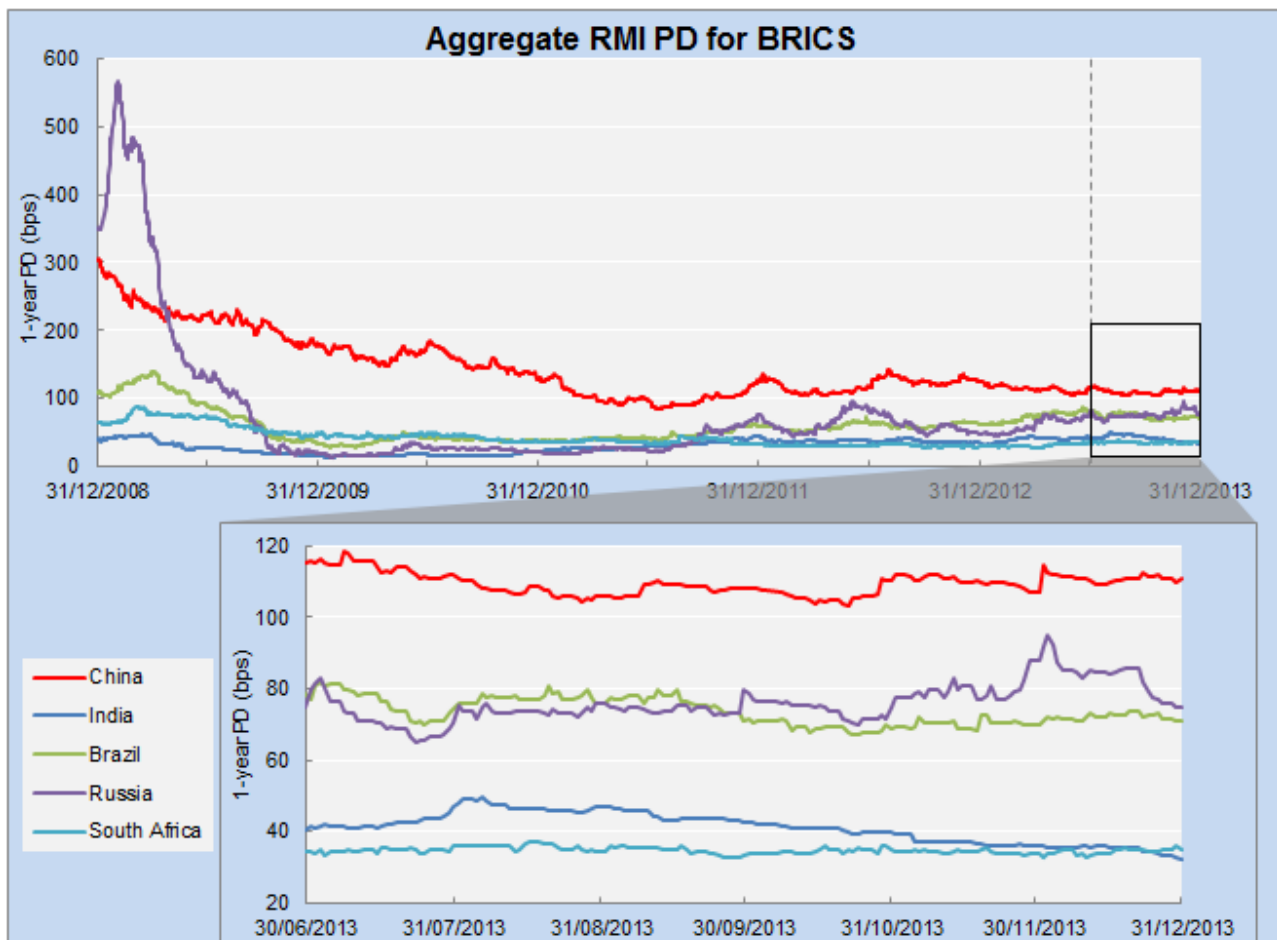
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# Acronyms

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
GIPS	Greece, Italy, Portugal, & Spain
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

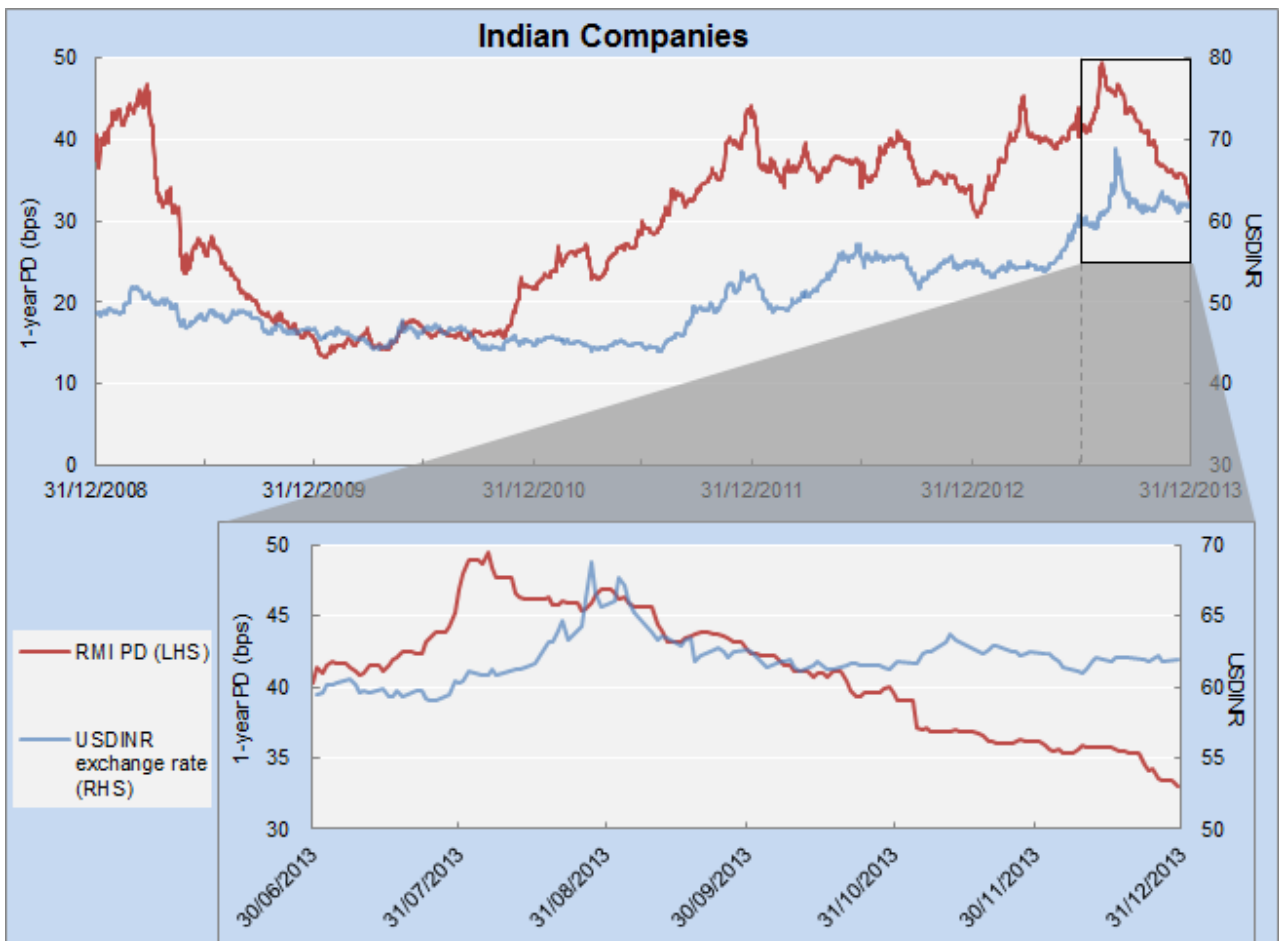
# BRICS

Aggregate RMI PDs for listed companies in the BRICS economic bloc, Brazil, Russia, India, China and South Africa, mostly decreased through Q4 but remain relatively high compared to levels seen over the last few years. The aggregate RMI PD for Russia reached a 4 year high in November before receding slightly in December. Aggregate RMI PD for Chinese companies remained almost unchanged. In December, the US Federal Reserve finally announced the beginning of tapering of its bond-buying program in January, leading to further investment outflows from BRIC bloc economies. Investors remain concerned about the current account and fiscal deficits in Brazil, India and South Africa, with each country's currency declining significantly against the USD through 2013. The RUB was hurt by a decreasing current account surplus, which dropped to 1.96% in Q3 2013 from 5.5% of GDP at the end of 2011. The decrease in RMI PDs for these countries through Q4 could reflect higher competitiveness on lower currencies, which may help solve balance of payments issues. However growth remains well below trend in each economy, and fiscal overhang may take longer to address. The CNY continued to appreciate against the USD during Q4, as the new government moved towards reducing financial market interventions and controls. The higher aggregate RMI PD for Chinese companies may reflect operating challenges facing Chinese firms due to currency appreciation, attempts to shift towards a higher-wage and consumption-driven economy, and a reduction in the propensity of the government to support the non-SOE (state-owned enterprise) sector.



### Indian Companies

The aggregate 1-year RMI PD for Indian companies fell during Q4 as the economy improved from the lowest annual growth rate in Q1 2013. The current account deficit declined substantially in Q3 which is a positive sign for the Indian economy. The Reserve Bank of India (RBI) left the policy repo rate unchanged under the liquidity adjustment facility (LAF) due to inflation easing. Additionally, the credit quality of Indian firms and foreign direct investment inflows will largely depend on the stability of the newly elected government in May 2014. A significant deceleration of economic growth slowed the demand for credit. Foreign investments also remain subdued, further slowing the demand for bank loans. The deterioration of asset quality on bank balance sheets led to risk aversion by banks, thereby impeding the supply of domestic credit. Despite the decline in the aggregate RMI PD for Indian firms in Q4, it remains high in contrast to three years prior, which could reflect a low ability of firms to repay their loans. Furthermore, many Indian companies continue to find difficulty in funding their operations due to high borrowing costs.



### Economy

- India's Q3 Gross Domestic Product grew at an annual rate of 4.8%. Most of the industries grew between 4.0% and 7.7%, but contraction was seen in the mining and quarrying industries, which decreased by 0.4% YoY. Economists are expecting the Indian economy to grow by 5% in Q4.<sup>1</sup>

- The HSBC Manufacturing PMI December flash estimate of 50.7 showed that the manufacturing sector expanded slightly from September's reading of 49.6. The increase was led by the consumer goods segment, which had backlogs of work due to raw material shortages and power outages in previous periods. However, the numbers show that growth remains moderate and struggles to take off due to lingering structural constraints. In addition, inflation pressures remain firm for Indian businesses.<sup>2</sup>
- HSBC PMI estimates showed that the Indian service sector index increased from 46.1 in September to 48.1 in December. However, the current index level remains below the crucial 50 expansion/contraction threshold for the sixth consecutive month indicating an acceleration in the rate of contraction of services activity. Survey participants reported a sharp decline in new order flows in hotels and restaurants.<sup>3</sup>
- The annual rate of inflation, based on the monthly Wholesale Price Index, stood at 6.16% YoY for the month of December, much lower than the 7.52% YoY reported for the previous month. The ease in inflation in December from a 14-month high was largely driven by a softening in vegetable prices.<sup>4</sup>
- India's current account deficit in the July-September quarter was at USD 5.2 bn (or 1.2% of GDP), driven by a decline in the trade deficit as merchandise exports picked up and imports moderated, particularly gold imports. The current account deficit was USD 21.0 bn (5.0% of GDP) a year ago.<sup>5</sup>

### Monetary

- In its mid-quarter monetary policy review, the Reserve Bank of India (RBI) kept the policy repo rate unchanged at 7.75%. The RBI also left both the marginal standing facility (MSF) rate and the minimum daily maintenance of the cash reserve ratio (CRR) unchanged at 8.75% and 4.0%, respectively, during Q4.<sup>6</sup>

### Funding & Liquidity

- India's 10-year bond yield crossed 9.10% on November 22, as market participants priced in expectations of further rate increases on the back of elevated inflation. However, yields fell to 8.8% towards the year-end and decreased further in January 2014 to 8.5% as the December inflation reading showed easing inflation pressures.
- Bank loans to non-financial companies improved slightly in Q4. Overall banking credit increased by 0.79% QoQ as a result of increments in non-food credit and food credit by 0.71% and 5.14% respectively.<sup>7</sup>

### Politics

- The credit profiles of Indian firms may come under pressure if the general elections in May 2014 result in a hung parliament or establishes a government who is unable to push through reforms.<sup>8</sup>

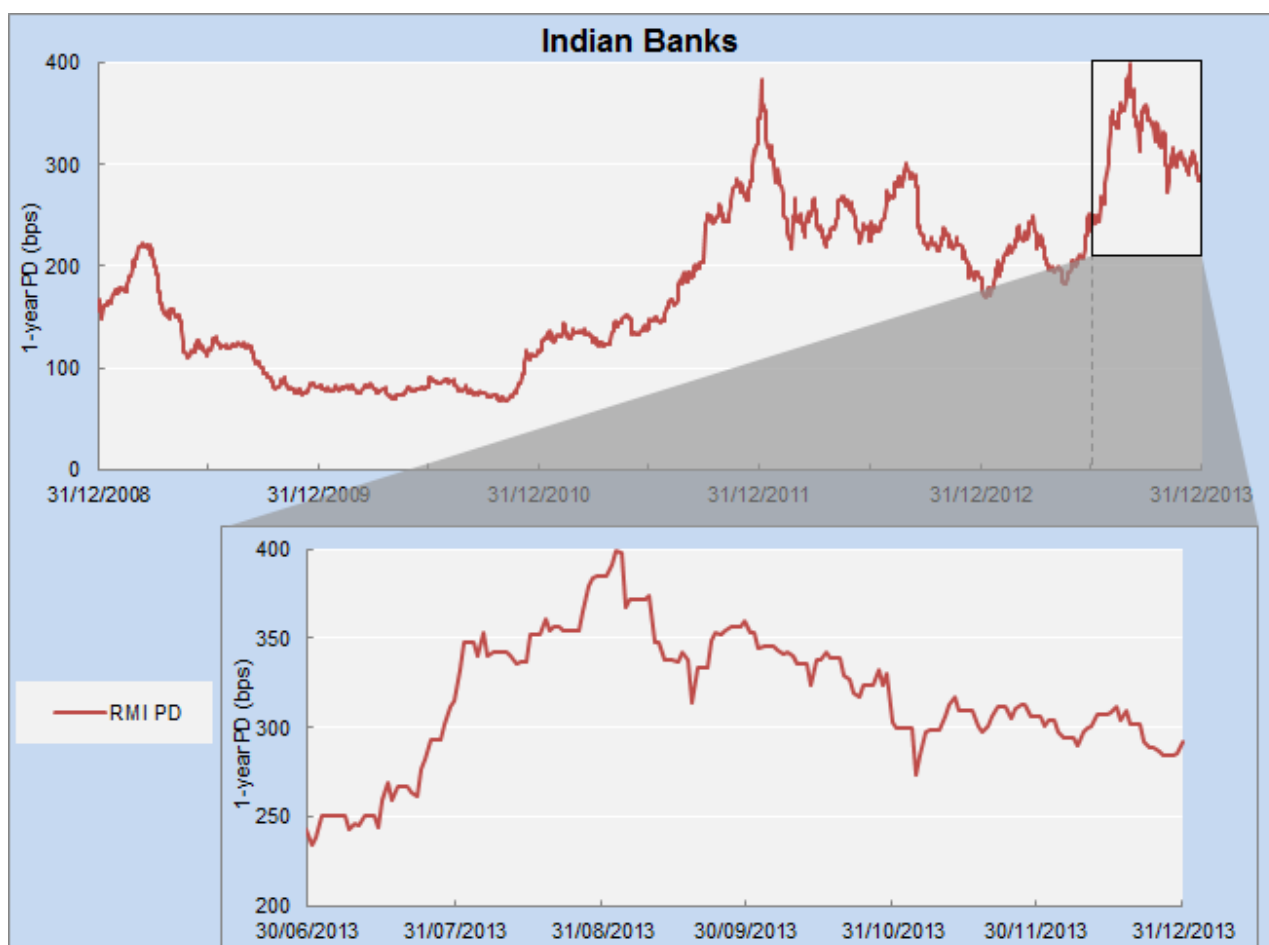
### Sovereign Credit Ratings

- S&P has a negative outlook on India's sovereign ratings. This adds to the vulnerability of the economy as any downgrade from its current BBB- rating would place the country's debt into the non-investment grade category. Moody's also rates Indian sovereign debt just a notch above non-investment grade. Moody's however has a stable outlook on their rating on India, which means they don't see any immediate scope for a rating upgrade or downgrade.<sup>9</sup>



## Indian Banks

The aggregate 1-year RMI PD for Indian banks decreased in Q4, but remained at a very high level as compared to levels a year ago. The aggregate RMI PD for the Indian banking sector is the highest amongst banking systems within the BRICS economic bloc. Short and long term deposit rates have remained unchanged. Cash balances at banks also remained constant in Q3 whereas bank borrowings from the RBI decreased significantly from September to December. The overall credit market including the lending rates at present is the worst in a decade which could lead to a rise in defaults and bankruptcies. In addition, the gap between deposit and credit growth remains wide as deposit growth continues to lag credit expansion keeping the cost of funds high and limiting the ability of banks to extend credit. The default risk for Indian banks may increase if NIMs continue on a downtrend, and NPLs continue to increase.



## Profitability

- Aggregate bank earnings declined by 24.75% QoQ and 20.19% YoY in Q3. Liabilities to the banking system increased by 3.97% from the end of Q3 to INR 1.15tn on November 29. Additionally, borrowings from banks also increased to INR 283.65bn.<sup>10</sup>
- The net interest income of State Bank of India, a proxy for the Indian banking industry, increased 4.69% YoY to INR109.74bn in Q3FY13 from INR104.82 bn in Q3FY12.<sup>11</sup>
- The Credit Deposit Ratio (Domestic) decreased to 76.73% in Q4 from 78.25% in Q3 2013.<sup>12</sup>

## Funding & Liquidity

- The weighted-average call rate, the interest rate on short-term finance repayable on demand, decreased to 8.72% at the end of December from 9.46% in September 2013.<sup>13</sup>
- Cash balances of scheduled commercial banks with the RBI remained almost constant at INR 3.37tn as of November 29 from INR 3.36tn on September 27.<sup>14</sup>
- Aggregate deposits at Indian banks grew by 3.34% QoQ to INR 76.83tn in November 29, 2013 from INR 74.35tn in September 27.<sup>15</sup>
- Deposit rates on INR-denominated maturities of less than 1 year did not change with 6 month rates at 7.50% in Q4. Similarly, the 1 year deposit rates on INR deposits remained the same at 9.00% in Q4.<sup>16</sup>
- As per the Liquidity operations statement, the average December bank borrowing from the RBI through the Repo and MSF windows was INR 393bn, down by 63% from INR 1071bn in September. The weighted average rate of borrowing was 8.80% in December as compared to 9.64% in September. The overall net average injection of funds by RBI was INR 411bn during December.<sup>17</sup>

## Asset Quality

- The ratio of non-performing assets to total loans at Indian banks climbed to 4.2% in September as compared to 3.6% in March, 2013. The central bank has proposed that banks should start reporting struggling borrowers earlier and punish more borrowers for late payments in order to contain the non-performing rate. The primary factor for rising NPAs is the rise of domestic interest to curb inflation which has led to a slowdown in the economic growth and which in turn has impacted the repayment capacity of borrowers.
- At the end of Q3, the State Bank of India, the country's largest bank by assets, saw its profit fall by 35% as loan-loss provisions soared. Bad loans accounted for 5.6% of its total loans.<sup>18</sup>

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<sup>1</sup> November 29, 2013, [Estimates of Gross Domestic Product for the First Quarter \(July-Sept\) of 2013-14](#), Ministry of Statistics and Programme Implementation, mospi.nic.in

<sup>2</sup> January 02, 2014, [HSBC India Manufacturing PMI](#), Markit, markit.com

<sup>3</sup> January 06, 2014, [HSBC India Services PMI](#), Markit, markit.com

<sup>4</sup> December 2013, [Index Numbers of Wholesale Price in India](#), Ministry of Commerce & Industry Office of The Economic Advisor, eaindustry.nic.in

<sup>5</sup> December 02, 2013 [Developments in Indias Balance of Payments during the Second Quarter \(July-September\) of 2013-14](#), Reserve Bank of India, rbi.org.in

<sup>6</sup> January 02, 2014, [Mid-Quarter Monetary Policy Review: December 2013](#), Reserve Bank of India, rbi.org.in

<sup>7</sup> January 17, 2014, [Scheduled Commercial Banks - Business in India](#), Reserve Bank of India, rbi.org.in

<sup>8</sup> December 11, 2013 [India rating may be pressured if polls end in hung parliament](#), Reuters, in.reuters.com

<sup>9</sup> January 16, 2014, [Indian economy: Rating downgrade not on the cards, says Moody's](#), Financial Express, financialexpress.com

<sup>10</sup> January 17, 2014, [Scheduled Commercial Banks - Business in India](#), Reserve Bank of India, rbi.org.in

<sup>11</sup> November, 2013, [State Bank of India results](#), State Bank of India, sbi.co.in

<sup>12</sup> January 10, 2014, [Cash Reserve Ratio and Interest Rates](#), Reserve Bank of India, rbi.org.in

<sup>13</sup> January 17, 2014, [Cash Reserve Ratio and Interest Rates](#), Reserve Bank of India, rbi.org.in

<sup>14</sup>January 17, 2014, [Scheduled Commercial Banks - Business in India](#), Reserve Bank of India, rbi.org.in

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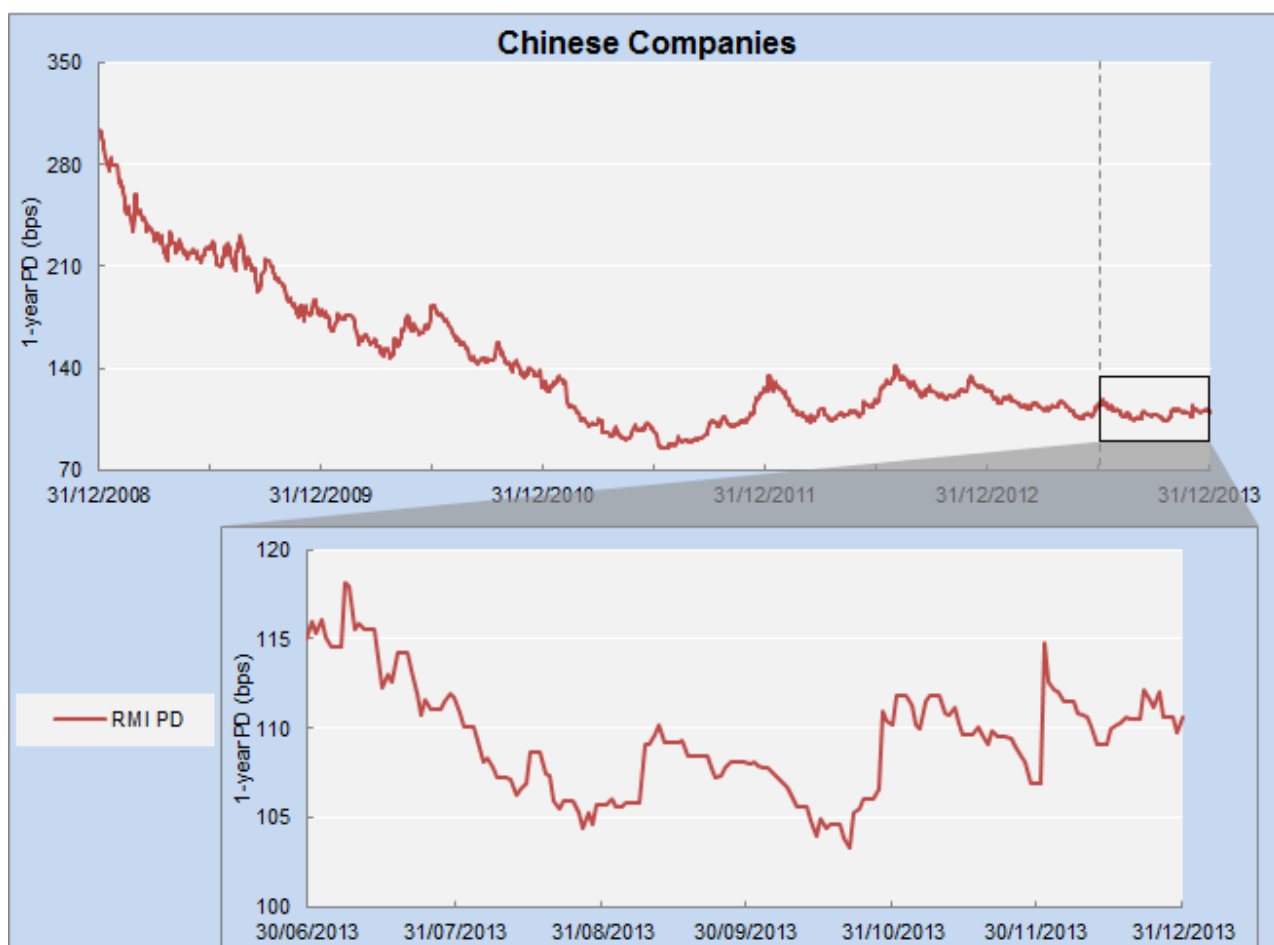
<sup>16</sup>December,2013 [Bank Fixed Deposits](#), Moneycontrol, moneycontrol.com

<sup>17</sup>January, 2014, [Liquidity Operations by RBI](#), Reserve Bank of India, rbi.org.in

<sup>18</sup>January 06, 2014, [Rising Bad Loans Pose a Threat for India](#), The Wall Street Journal asia.wsj.com

## Chinese Companies

The aggregate 1-year RMI PD for Chinese companies remained almost unchanged during Q4. China's GDP grew at the slowest pace since 1999 and economic indicators such as PMI and net exports all pointed toward a slowdown of the Chinese economy. Funding and liquidity conditions deteriorated in Q4 with the benchmark 7-day repo rate and 3-month Shibor rate both spiking to a half year high as the PBOC tried to limit expansion of credit. The persistent squeeze in liquidity could result in higher financing costs for companies as banks reduce lending to businesses. Financial risks are also increasing, with a record level of debt maturing in 2014 and an elevated rate of growth in Chinese local government debt, increasing the risk of companies defaulting. The credit outlook remains uncertain as escalating debt levels coupled with slowing momentum in the Chinese economy continues to weigh upon the credit outlook for Chinese companies.



## Economy

- The Chinese economy grew 7.7% YoY in Q4, down from 7.8% in Q3 as gains in factory output and investment spending slowed. The OECD expects a GDP growth of 7.7% in 2014, anticipating a recovery in domestic demand.<sup>19</sup>
- The official urban unemployment rate dropped to 4% during Q4, the first drop in more than 3 years from 4.1%. However, one thing to note is that this measure does not include migrant workers who account for the majority of the urban unemployment rate. If one includes discouraged workers, jobless people who have stopped looking for work because nothing suitable is available, the unemployment rate may be as high as 9.2%.<sup>20</sup>

- The HSBC China Manufacturing PMI dropped to 50.5 in December, down from 50.8 in November, slipping to a 3-month low. Despite the fall in PMI, this reading is the fourth consecutive month of expansion in output activity. PMI reading above 50 indicates expansion in manufacturing activity.<sup>21</sup>
- The HSBC China Services Business Activity Index for China posted a level of 50.9 in December, down from 52.5 in November. This was in part driven by the moderation of economic growth.<sup>22</sup>
- Exports grew in December, increasing 4.3% YoY to USD 207.7bn. Although this is the ninth consecutive month in which the country has posted a trade surplus, the trade surplus decreased 24.1% MoM to USD 25.6bn in December from USD 33.8bn in November.<sup>23</sup>

### Monetary

- The PBOC maintained the 1-year loan rate and time deposit rates at 6% and 3% respectively during Q4.<sup>24</sup>
- The central bank continued to make reverse repurchase operations in Q4 since starting the program in February 2013. However, the PBOC paused such operations for 3 weeks in late Q4, partly leading to a spike in interbank rates in late-December. The PBOC resumed reverse repurchase operations on December 23.<sup>25</sup>

### Funding & Liquidity

- Yields on 10-year Chinese government bonds increased to 4.61% on December 31 from 4.03% in September 30.
- Total outstanding loans to non-financial companies increased to CNY 54.9tn in November, representing an increase of 11.0% from a year ago. A record CNY 2.6tn interest and principal on securities issued by non-financial companies must be repaid in 2014.<sup>26,27</sup>
- Market interest rates increased during Q4, with the monthly weighted interbank CNY lending rate at 4.16% in December, increasing from 4.12% in November.<sup>28</sup>
- The benchmark 7-day repurchase rate increased to 8.94% on December 23, the highest since June, but fell to 5.4% at the end of the month after the PBOC recommenced reverse repurchase operations. The 3-month Shibor rate spiked to 5.55% in December, the highest since the liquidity crunch in June.

### Policy

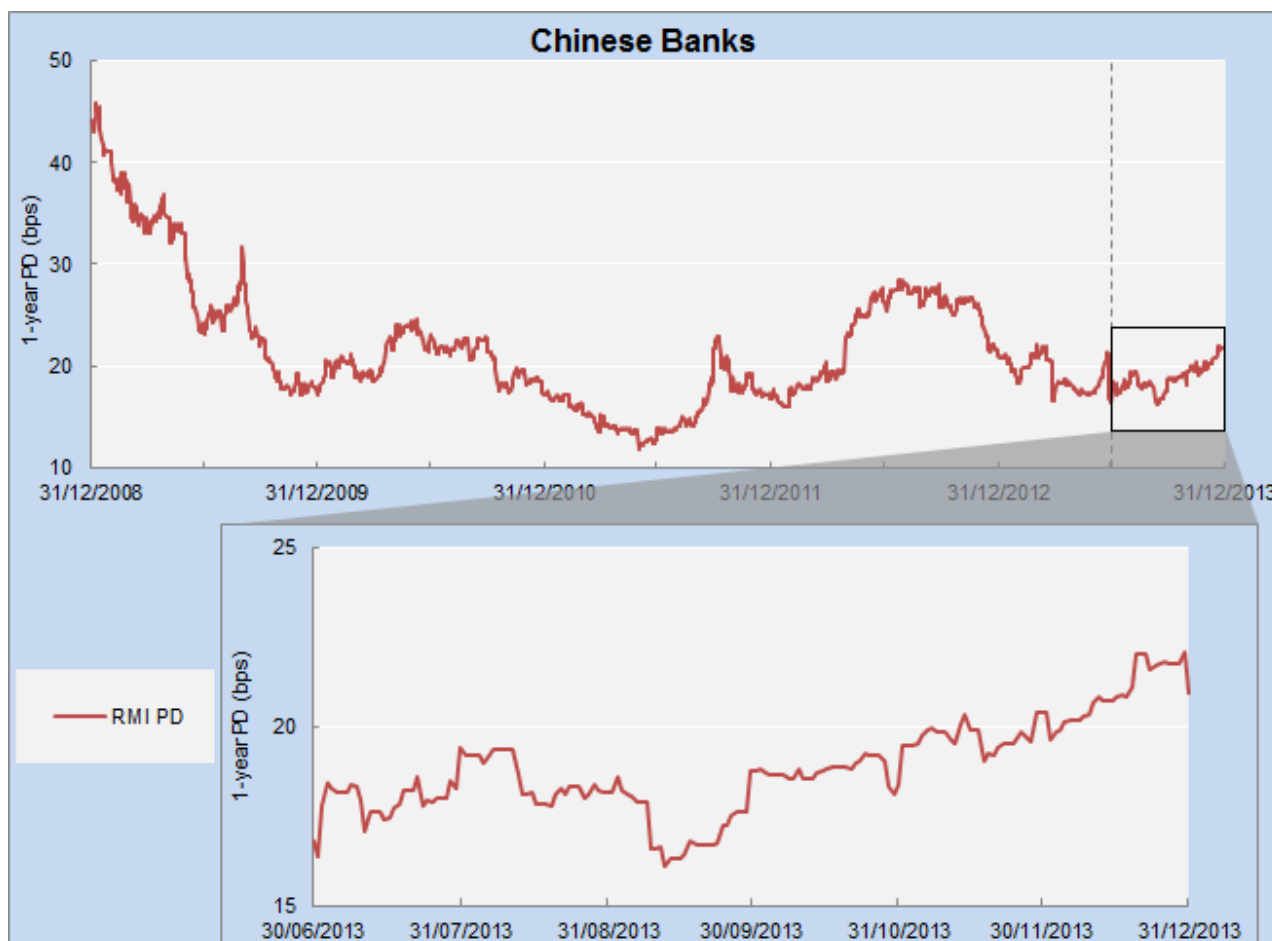
- During the Third Plenum held in November 2013, a 4 day meeting by China's top leaders, the boldest set of economic and social reforms in nearly three decades were unveiled. Main reforms included easing of the one-child policy, encouraging more private investment in state-owned enterprises, pushing for more rural land reforms and advancing financial reform in the form of interest rate and capital account liberalization. These reforms were part of new measures to push China towards sustainable and healthier economic development.<sup>29</sup>
- Chinese local governments may be allowed to issue municipal bonds independently as early as March 2014. This move increases the avenues which local governments can raise funds and also reduce the pressure on increasing government debt while cleaning up local-government debt.<sup>30</sup>

## Sovereign Credit Ratings

- Moody's maintained an Aa3 rating on the Chinese government with a stable outlook during Q4. Fitch and S&P both retained stable outlooks, with respective ratings of A+ and AA-.

## Chinese Banks

The aggregate 1-year RMI PD for Chinese banks increased during Q4. China experienced its worst cash crunch since June due to the reluctance of PBOC to inject liquidity into the market and at the same time banks hoarded cash to meet regulatory requirements. The spike in interbank rates sparked fears of a possible liquidity crunch and increased the risk of banks defaulting as some banks may not be able to rollover loans. Increasing interest rates and financial liberalization could reduce NIMs, while mounting bad loans and increasing exposure to risky local government debt also increase the risk of defaults as banks might have to write off more bad loans. Asset quality has also declined amid rising defaults. The credit outlook for Chinese banks is negative in the short run as downward pressures on NIMs due to interest rate liberalization, uncertain liquidity conditions and deteriorating asset quality place downward pressures on earnings.



## Profitability

- The aggregate earnings at listed Chinese banks declined 4.1% QoQ to CNY 300bn in Q3.
- The average NIM for listed banks increased from 3.20% in Q2 2013 to 3.27% in Q3 2013. NIMs may fall in future because of market-oriented interest rate liberalization reforms.

- Net interest income and fee-based income accounted for 78% and 20% respectively in Q3, compared to 75% and 21% in Q2. Going forward, fees and commissions earned from custodial service charges and management fees could become a larger part of revenues.
- New bank lending decreased significantly to CNY 1.61tn in Q4, lower than CNY 2.2tn reported in Q3, pointing to a tightening credit market.<sup>31</sup>

### Funding & Liquidity

- Average weighted coupon rates on 5-year CNY-denominated bank bonds surged to 5.13% in Q4, from 4.67% in Q3. The weighted average of the 7-day repurchase agreement rate, the benchmark rate at which banks borrow funds from one another, rose to a high of 8.94% in December 23, the highest level since hitting 9.29% in June. The benchmark rate remained high at 5.25% on December 31.<sup>32</sup>
- Total deposits increased 1.23% to CNY 107.1tn in December, from CNY 105.8tn in September. Overall liquidity ratio in the banking sector remained relatively unchanged during Q3, with the aggregate LATDB ratio decreasing slightly to 29.7% for listed banks, from 29.8% at the end of Q2.<sup>33</sup>

### Regulations

- Pushing forward interest rate liberalisation, the PBOC announced the launch of a new prime lending rate for commercial bank loans. Nine banks will be required to report their lending rates for their best customers to the central bank and the weighted average of rates will be calculated.<sup>34</sup>
- Marking another milestone in steps to liberalize interest rates on deposits, China's central bank has started to allow banks to issue inter-bank certificates of deposit in December 2013, increasing the importance of market driven deposit interest rates.<sup>35</sup>
- Chinese regulators plan to grant quotas totaling CNY 300-400bn for firms to sell asset-backed securities. The move should help increase bank liquidity and shift risk away from the banking system, without expanding the money supply.<sup>36</sup>
- New guidelines were issued by the Chinese government to tighten regulation of shadow-bank lending. The new rules include a ban on transactions which move interbank loans off balance sheet to reduce reported levels of lending.<sup>37</sup>

### Asset Quality

- Non-performing loans rose 4.5% QoQ in Q3 2013 to CNY 563.6bn, while aggregate provisions for loan losses increased by 2.5% to CNY 1.62tn. Bad debt at Industrial and Commercial Bank of China increased at an annualized rate of 30% in Q3 while other majority state-owned banks like China Construction Bank and Bank of Communications also saw a rise in non-performing loans.<sup>38,39</sup>
- Loans to sectors such as shipbuilding and solar-panel makers are likely to worsen as large number of such businesses are on the brink of collapse due to over capacity problems.<sup>40</sup>

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<sup>19</sup>November 19,2013, [OECD sees China growth accelerating in 2014, urges reforms](#), Reuters, reuters.com

<sup>20</sup>December 8,2013, [The great skill recession](#), Business Asiaone, business.asiaone.com

<sup>21</sup>January 2,2014, [HSBC China Manufacturing PMI](#), Markit, markiteconomics.com

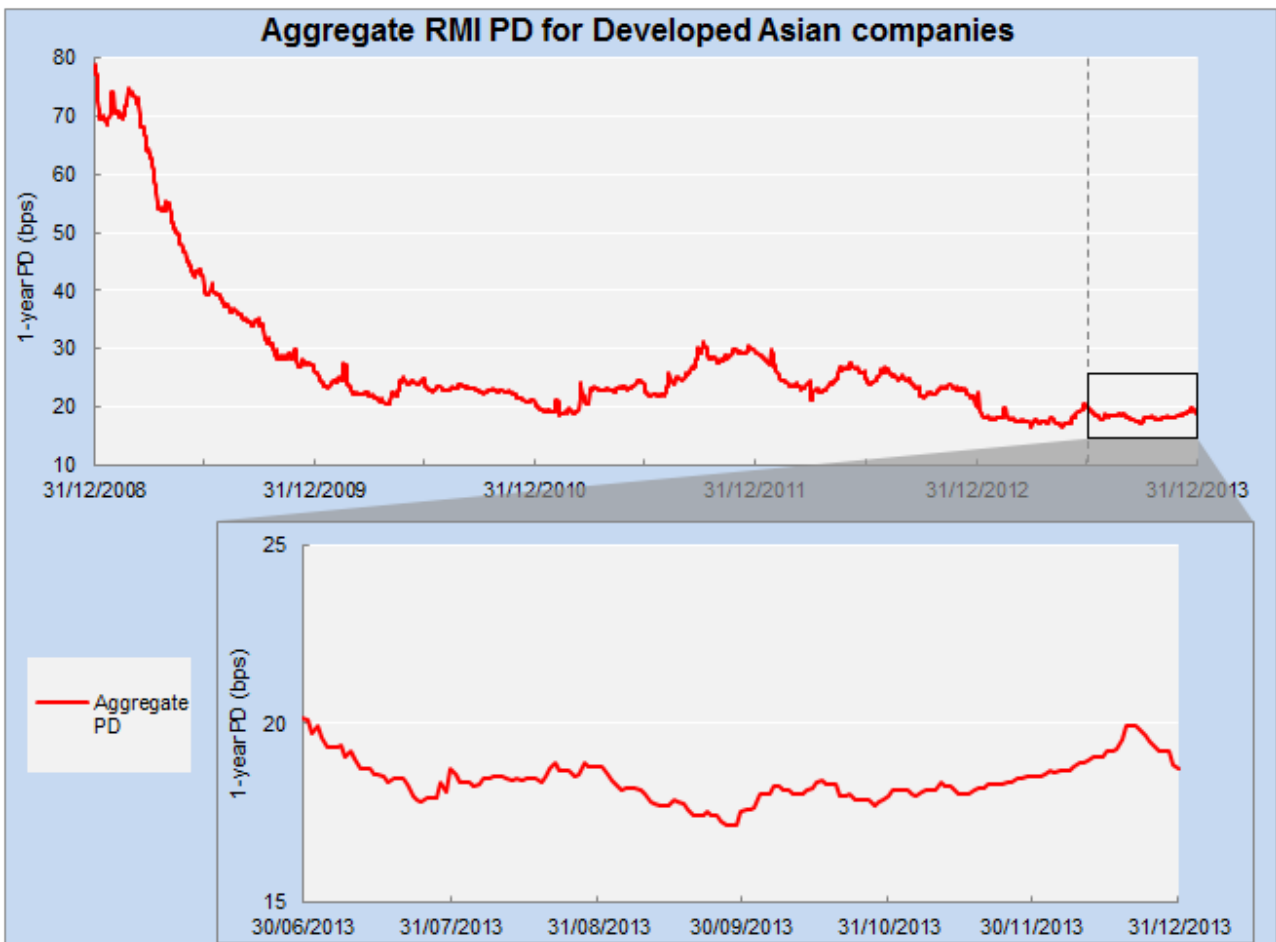
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- <sup>39</sup> October 30, 2013, [China banks bad loans point to trouble ahead](#), Financial Times, ft.com
- <sup>40</sup> November 19, 2013, [Credit-Driven China Glut Threatens Surge Into Bank Crisis](#), Businessweek, businessweek.com



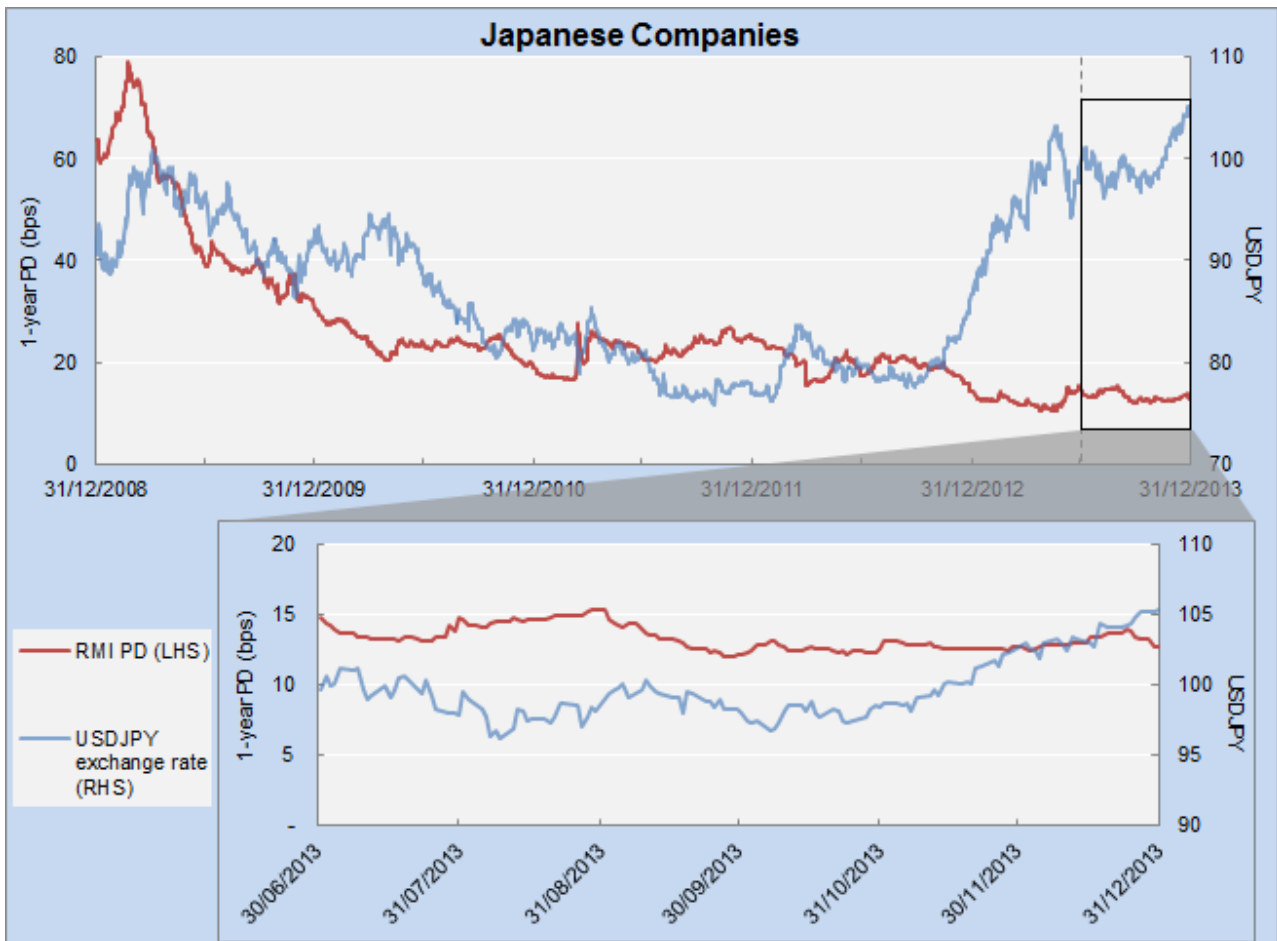
# Asia-Pacific - Developed economies

The aggregate 1-year RMI PDs for listed companies in the developed Asia Pacific region increased during Q4 after falling to the lowest level in Q3 since July 2007. Credit quality for most developed Asian economies deteriorated during the quarter with the exception of Hong Kong and Taiwan. RMI PDs for Singapore firms climbed higher as a drop in exports and lower consumer spending brought about lower economic growth over Q4. RMI PDs for Singapore property developers increased in Q4 after the effects of government-mandated cooling measures in June 2013 started to be seen in the residential market. Aggregate PD for Japanese companies ended the year lower despite edging up marginally in Q4 as Japan embarked on a radical experiment in monetary policy with continued large liquidity injections to boost the economic growth of the country.



## Japanese Companies

The 1-year RMI PD for Japanese companies increased slightly during Q4 after falling abruptly in Q3. The average default risk for Japanese companies was lower for the whole 2013 on the back of aggressive fiscal stimulus and a program of large purchases of Japanese government bonds by the Bank of Japan. Companies in the services and manufacturing sectors expanded in Q4 as external demand for Japanese exports grew while higher consumer confidence boosted retail sales and domestic consumption. Business confidence has improved as commercial sales and industrial production increased over the quarter. Nevertheless, it remains to be seen if policies advocated by Prime Minister Shinzo Abe, or 'Abenomics' will be sustainable in the long term. Public debt is increasing and this has placed stress on long term interest rates. The volatility in the debt markets places pressure on the public reserves and further highlights an increasing possibility of a failed bond auction. This would result in a loss in investor confidence and could affect the credit profiles for Japanese companies.



## Economy

- The Japanese economy expanded by an annualized rate of 1.1% in Q3 2013, down from 3.6% expansion in Q2 2013. The slowdown in the third quarter was characterized by lower exports, decreased consumer spending and flat capital investment. The IMF forecasts growth of 1.2% YoY for Japan in 2014 while the Japanese government expects the country to grow by 1.4% in the fiscal year starting April 2014, lower than an expected 2.6% for fiscal year 2013.<sup>41,42</sup>

- The availability of jobs rose to the highest level in 6 years, as the ratio of job offers to every job seeker increased to 1.00. The number of employed persons increased 1.0% from a year ago to 63.71mn. According to the Ministry of Internal Affairs and Communications, the number of unemployed people declined for the 42nd straight month to 2.49mn in November.<sup>43</sup>
- Commercial sales increased 3.0% YoY in November and 2.0% YoY in October as wholesale and retail sales registered gains in both months. Wholesale sales rose to JPY 27,803bn in November from JPY 27,378bn in June. Retail sales increased to JPY 11,580bn in November from JPY 11,215bn in the preceding month.<sup>44</sup>
- Japan's Industrial Production Index rose 5.0% from the previous year in November. According to the Survey of Production Forecast in Manufacturing, production rates could continue to expand 4.6% MoM in January from December levels.<sup>45</sup>
- Markit's Japan Services PMI increased to 52.1 in December, from 51.8 a month earlier. December was the fourteenth successive month of expansion for the service industry. Higher levels of new business, in part driven by orders brought forward to avoid April's sales tax hike, were a contributing factor behind the latest growth. The sales tax will be increased from 5% to 8% as the government aims to bring in more revenue to reduce the nation's debt burden. New business at Japanese service providers increased for the fifth consecutive month in December.<sup>46</sup>
- The Bank of Japan's quarterly Tankan survey showed that business confidence improved over the 3 months to December to its highest level in 6 years. Small manufacturers sentiment reached a 6 year high while the number of optimists outnumbered pessimists for the first time since 1992 in the small non-manufacturers' index.<sup>47</sup>
- Japan's core consumer price index increased 1.2% YoY in November at the highest pace in 5 years. November marked the 6th month of price gains after prices increased 0.9% YoY in October. The Bank of Japan has pledged to eradicate deflation and urged companies to raise the wages of workers. The central bank introduced a monetary easing program in April last year to achieve its 2% price target.<sup>48</sup>

## Monetary

- At the monetary policy meeting in December, the Bank of Japan voted to increase the monetary base at an annual pace of JPY 60-70tn. The central bank will also purchase Japanese government bonds so that the outstanding amount on its balance sheet increases at an annual pace of JPY 50tn. The bank will purchase exchange traded funds and Japan real estate investment trusts so that the outstanding amounts on its balance sheet increases at an annual pace of JPY 1tn and JPY 30bn respectively. On April 4, 2013, the Bank of Japan shifted its monetary policy focus to a targeted monetary base via Japanese government bond purchases. As a result, the central bank no longer updates its JPY policy rate, which remains at 0.1%.<sup>49</sup>
- Minutes from the December monthly meeting revealed that the central bank will continue with quantitative and qualitative easing for as long as it is necessary to achieve a price stability target of 2%. The central bank holds the view that such conduct of monetary policy will support positive movements in economic activity and financial markets and lead Japan's economy to overcome nearly 15 years of deflation.

## Funding & Liquidity

- Yields on 10-year Japanese government bonds increased to 0.741% at the end of Q4 from 0.686% at the end of Q3.
- Average interest rates on new bank loans issued by Japanese banks increased to 0.84% in November, after rising to as high as 0.95% in October. Average rates on outstanding long term loans increased to 1.31% in October before settling to 1.30% in November.<sup>50</sup>
- Overall bank lending in Japan increased in November to JPY 469tn from JPY 468tn in September. The total amount of deposits and loans increased 4.0% YoY in November after registering a 3.9% YoY gain in October. Lending from foreign banks increased 8.4% to JPY 2.2tn following a 8.3% rise in the preceding month. Total CDs and deposits belonging to city and regional banks remained at JPY 591tn in November from the same level in September.<sup>51</sup>
- Japanese corporates could benefit from the central bank's easing policy as the Bank of Japan continues to expand the size of its assets. The amount of outstanding reserves at the Bank of Japan increased 10% to JPY 969tn in Q4 from JPY 880tn at the end of Q3. The central bank's reserves have more than doubled from a year ago in December 2013.<sup>52</sup>

## Politics

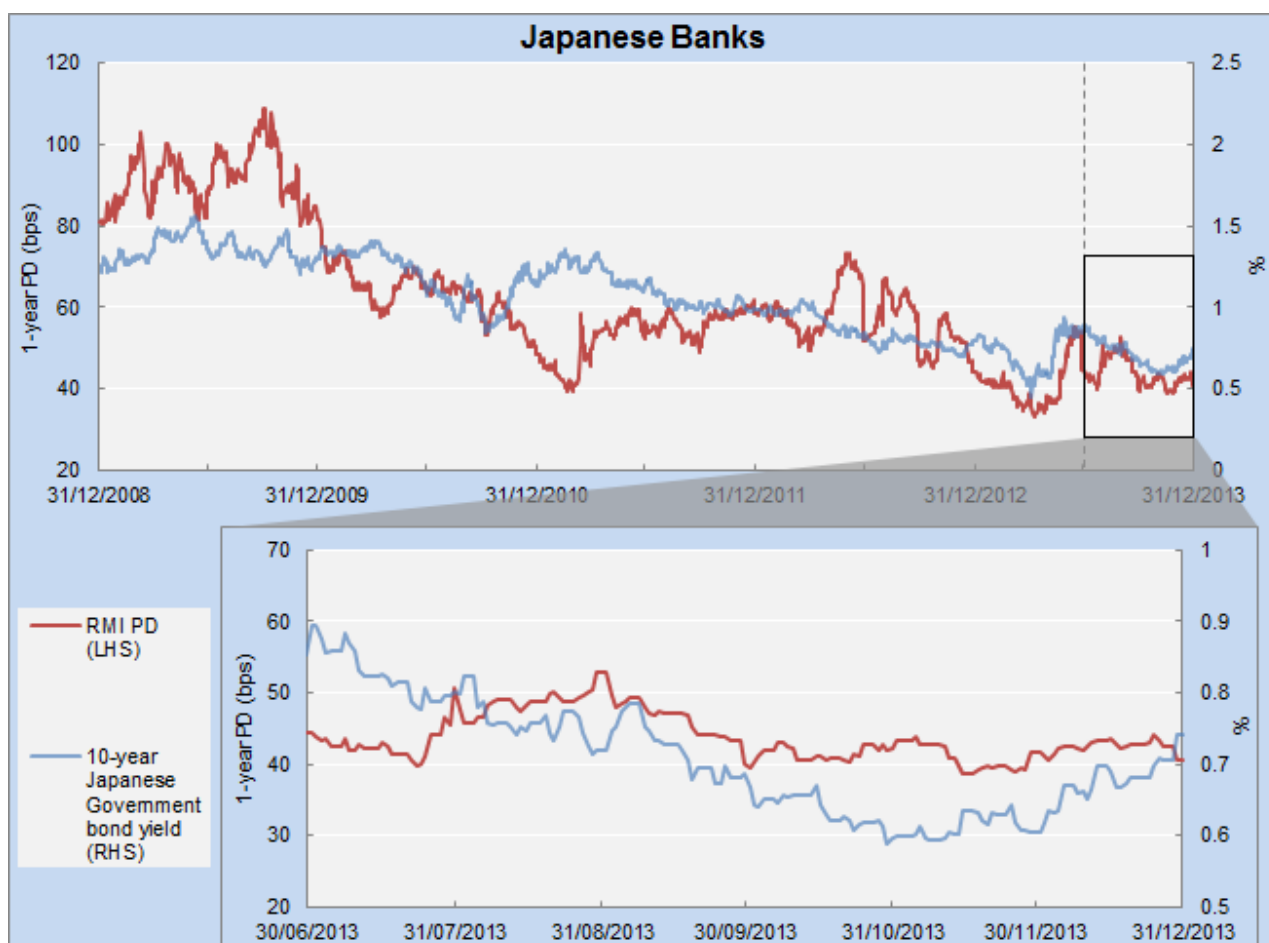
- The ruling coalition led by the Liberal Democratic Party continues to be well liked by the Japanese. The visit to the Japanese war shrine was condemned by the US, China and South Korea in December but there are signs that Prime Minister Shinzo Abe is losing support for the economic rejuvenation policies which his administration pursued since he came to office more than a year ago. The recent selection of Tokyo to host the 2020 Olympic Games has boosted the public approval of Mr Abe's ratings but his popularity might be affected by the restart of nuclear generators in 2014 or the new sales tax in April.

## Sovereign Credit Ratings

- Credit ratings for Japanese sovereign bonds stayed unchanged. 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 remained unchanged during Q4. The aggregate default risk for Japanese companies fell in 2013 as bank earnings and liquidity ratios improved. Net interest margins likely declined as deposit rates increased over the quarter. Asset quality likely improved in Q4 as earnings for non-financial companies have increased. In the latest loan survey conducted by the Bank of Japan, Japanese banks indicated that underwriting standards are lower and lenders are more willing to extend loans to institutions. Net interest margins could continue to decline through Q4 as spreads between loan and funding rates tighten. The credit outlook for Japanese lenders is clouded by a higher national debt to GDP ratio as government spending increases, placing an upward pressure on interest rates and bank funding. Bank liquidity is expected to fall - lower deposits from a declining population rate and shift towards lower paying contract employment could force Japanese households to spend more of their disposable incomes.



## Profitability

- Aggregate earnings at listed Japanese banks declined 20.53% during Q3, from JPY 1238tn to JPY 983tn. Earnings remain robust on an annual basis, net incomes for Japanese banks have risen 50.88% YoY from JPY 652tn in Q3 2012.
- The average net interest margin of Japanese banks fell by 2.0% from 1.33% in Q2 to 1.30% in Q3. Net interest margins fell by 5.36% on a YoY basis. With interest rates kept at a record low, interest rate margins have been falling. 1.30% is the lowest average interest margin since July 2006.

- The amount of outstanding commitment lines extended by Japanese banks fell to JPY 249tn in November from JPY 250tn in September. The amount of outstanding commitment lines drawn down declined to JPY 28tn in November from JPY 33tn in September, representing a 1.8% YoY decrease. The number of corporate clients using committed credit line contracts increased to 3274 in November from 3237 at the end of September.<sup>53</sup>

### Funding & Liquidity

- Weighted average coupon rates on 5-year fixed JPY-denominated bonds issued by Japanese banks decreased to 0.29% in Q4 from 0.38% in Q3.
- The Senior Loan Officer Survey on bank lending practices in January showed that the demand diffusion index for loans amongst firms advanced to 8 from 4 in October. The diffusion index for loan demand from small and large firms increased from 3 to 7 and from 1 to 3 respectively. In the same survey, most banks indicated that lending criteria have been eased over the three months till October. (A diffusion index measures the degree to which a change in something is dispersed, spread out, or "diffused" in a particular group. If all survey respondents are asked if something has changed and in which direction, they will answer in one of three ways: it has not changed, it has increased, or it has decreased).<sup>54</sup>
- Weighted average rates on deposits issued by city banks maturing in 90 days increased to 0.092% per annum in December from 0.062% per annum in August. Average interest rates on time deposits of JPY 10mn or more meanwhile remained at 0.153% per annum in December, unchanged since Q3.<sup>55</sup>
- Overall liquidity in the Japanese banking system improved during Q3, as the aggregate LATDB ratio for listed banks increased to 14.8% in Q3 from 13.7% in Q2.

### Capital Levels & Regulations

- Japan's Financial Services Agency has proposed to review banks' internal controls for anti-money laundering and anti-social forces following a scandal involving loans to criminal syndicates made by Mizuho Bank. The reviews will appraise the compliance of banks by conducting on-site inspection of lenders with weak internal controls. The Financial Services Agency will cooperate with relevant regulatory bodies such as the National Police Agency and establish intelligence teams to collect information relating to illegal business transactions in financial markets.<sup>56</sup>
- Japan launched the tax-free Nippon Individual Saving Account which encourages savers to invest money into stocks, bonds and other assets to boost domestic growth. Japan has about USD 16tn of household wealth but about only 8% of it is exposed to stocks, compared to 30% in the United States. Capital gains taxes have been raised to 20% this year which makes the special savings accounts even more attractive to Japanese residents.<sup>57</sup>

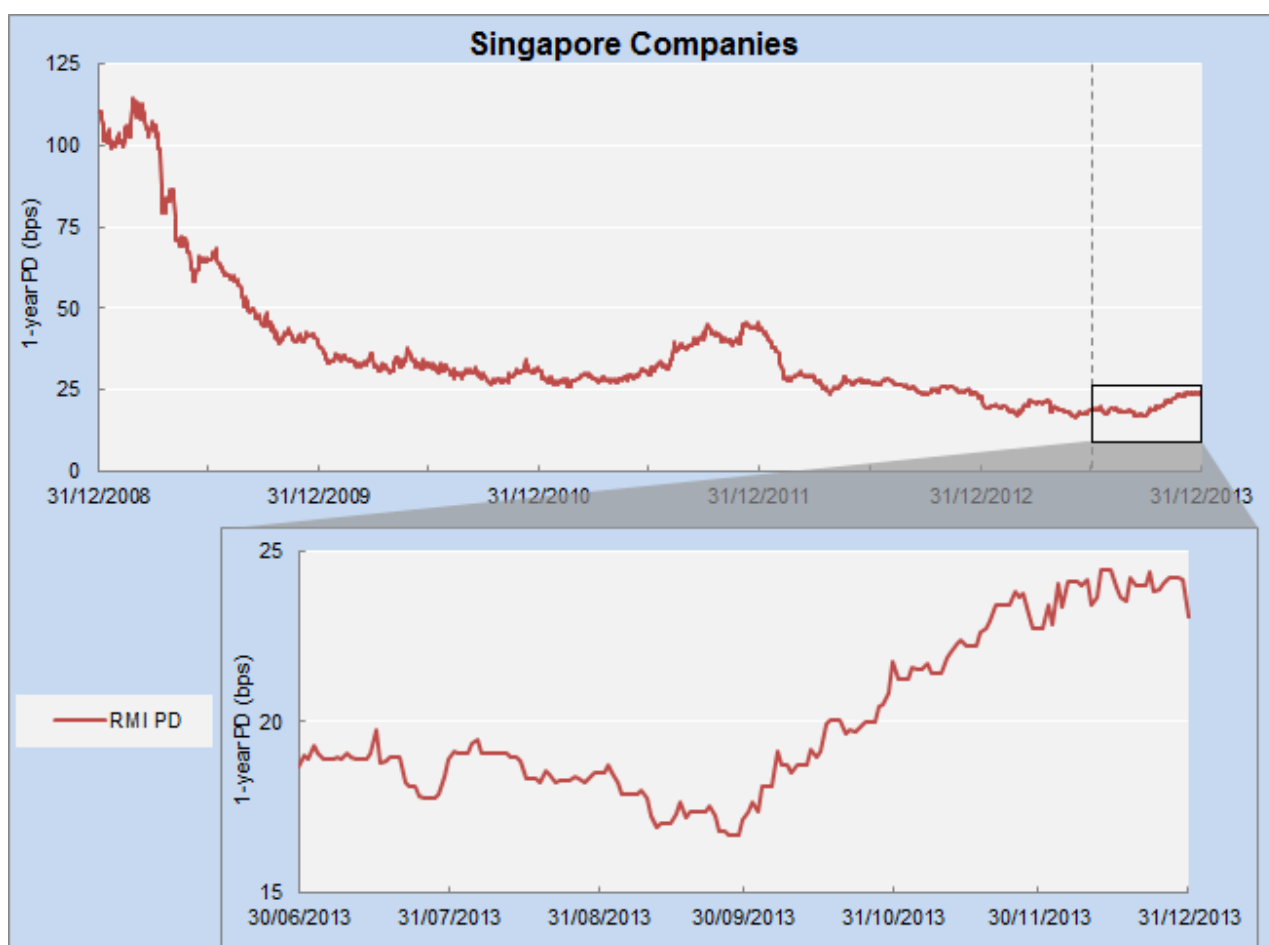
### Asset Quality

- Asset quality at banks likely improved in Q4 from Q3. Bad loans at Mitsubishi UFJ fell to 1.57% during Q3, the lowest in more than 3 years. The non-performing loan ratio at Sumitomo Mitsui Financial Group also dropped to 2.08% in Q3. Japan's largest banks projected the lowest bad loan charges in 8 years as bankruptcies dropped last year. Corporate bankruptcies declined to 9243 during the first 10 months of 2013, the lowest level since 1991. This depreciation of the JPY against a number of currencies has contributed positively to earnings for Japanese corporations with large overseas operations.<sup>58</sup>

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## Singapore Companies

The aggregate 1-year RMI PD for Singapore companies rose over Q4, as Singapore suffered from poor economic performance in the quarter and continuing slumps in the retail and export sectors. The PDs for Singapore companies increased over the course of 2013, as the Q4 increase more than offset consistent PD declines experienced in the first 3 quarters of the year. Funding and liquidity conditions continued to remain healthy at the end of the year, with lending to non-financials growing at a brisk pace. The MAS continued its policy of gradual appreciation of the SGD, focusing on curbing inflationary pressures. Moving into 2014, the prospect of a global recovery may allow Singapore to rebound from its current slump, but potential structural drag in the export sector may dampen its positive effect on the local economy. These factors contribute to an uncertain outlook for Singapore companies going into the next quarter.



## Economy

- Advance estimates for Singapore's Q4 GDP indicated that the economy contracted 2.7% QoQ on a seasonally-adjusted basis, surprising market participants who predicted the economy to contract 1.3%. The contraction, which arose mainly from slowing biomedical manufacturing output and private sector construction activities, is expected to be short-lived as the global economic recovery should pick up speed in 2014. The economy was estimated to have expanded 3.7% over 2013, in line with MAS forecasts, which were raised to 3.5-4.0% in November after the economy posted an expansion of 2.2% in Q3.<sup>59,60,61</sup>
- Singapore's PMI manufacturing index slipped to 49.7 in December, down from 50.8 in November. The contraction indicated an end to 9 months of continuous expansion in the manufacturing sector. Slower growth in new domestic and export orders contributed to the decline.<sup>62</sup>



- Non-oil domestic exports (NODX) improved at the end of Q4, growing by 6.0% YoY in December 2013 after an 8.9% decline in November. The trade figures were boosted mainly by a 45.0% increase in trade to China and a 27.9% increase in trade to the US. However, Singapore's trade industry has not had a good year overall, suffering sustained contractions in the first three quarters of 2013 and with pharmaceuticals dropping to its lowest level since 2008 in November. Although concerns have mounted over potential structural drag and general lack of competitiveness in the industry, official forecasts remain optimistic with exports expected to grow between 1-3% over 2014.<sup>63,64,65</sup>
- Retail sales increased marginally by 0.1% MoM in November, after contracting 3.2% in October. Excluding motor vehicles, retail sales improved 1.0%. Retail sales have declined by 8.7% YoY as recorded in November. The retail sector continues to be heavily affected by motor vehicle sales, as motor vehicle retailers recorded a 5.8% MoM drop in sales in November and a 17.3% MoM increase in October.<sup>66</sup>

### Monetary

- In its October 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 against a basket of currencies unchanged, in order to contain inflationary pressures. Market participants expect the central bank to continue its focus on ensuring price stability going into 2014, rather than on facilitating economic growth.<sup>67,68</sup>

### Funding & Liquidity

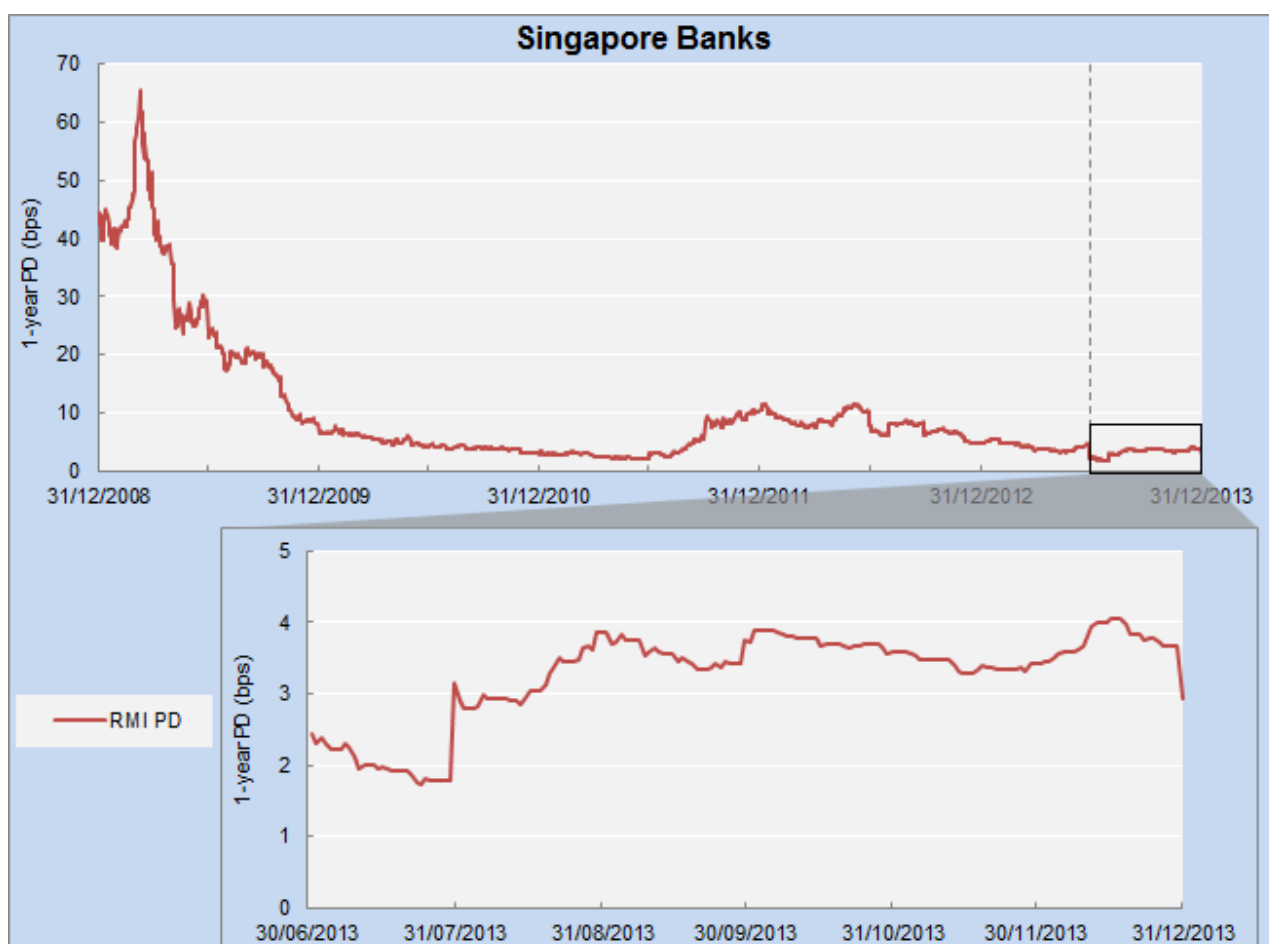
- Yields on Singapore government bonds rose at the end of Q4 alongside news that the Federal Reserve would taper its bond buying program in January. The yield of 10-year Singapore sovereign bonds ended the year at 2.56%, up from 2.35% recorded at the end of Q3.
- Bank lending to non-financial Singapore companies picked up pace in Q4. Loans to non-financials grew by 24.5% YoY in November, the highest rate of increase in 2013, up from lending growth of 20.6% YoY recorded in September.<sup>69</sup>
- The prime lending rate remained at 5.38% throughout Q4, unchanged since January 2008.<sup>70</sup>

### Sovereign Credit Ratings

- Singapore retained its AAA rating at all three major rating agencies over Q4 2013, and remains one of only eight countries worldwide with top credit ratings and stable outlooks.

## Singapore Banks

The 1-year RMI PD for Singapore banks declined marginally over Q4, as loan growth rebounded from a relatively slow Q3, offsetting tightening interest margins and resulting in strong Q4 profits for the major local banks. Although bond yields and deposit rates remained mostly stable over the quarter, contracting deposits continue to send loan-to-deposit ratios to new highs. Banks remain sufficiently capitalized under Basel III requirements, alongside mild decreases in liquidity. Asset quality deteriorated last quarter, as non-performing loans and write-offs on credit card bad debt rose. Moving forward, changing global financial conditions and spillover effects from a scaling back of the Federal Reserve's bond buying program may result in a tightening of funding conditions for Singapore banks. The potential for the global economy to exit from the current environment of near-zero interest rates in 2014 may also pose added risks to banks arising from an increase in over-leveraged households, but central bank policies are in place to pre-emptively head off declines in asset quality. Although Singapore's financial sector has remained resilient in 2013, the potential for more volatile global conditions in 2014 suggests an uncertain credit outlook for Singapore banks moving into the new year.



## Profitability

- Aggregate earnings at the 3 major Singapore banks rose in Q4, expanding 3.71% QoQ to SGD 2.35bn, after falling 4.3% over Q3. The strong performance surpassed market expectations, as loan growth offset tighter interest margins to increase overall net interest income.<sup>71</sup>
- Issued loans made by major Singaporean banks expanded at 17.4% YoY in November, up from a slower Q3 which saw banks posting a YoY growth rate of 15.4% in August, the slowest growth rate since December 2010.<sup>72</sup>

## Funding & Liquidity

- Average yields on 10-year USD-denominated bonds issued by Singaporean banks dipped marginally over Q4, ending the year at 3.47%, down from 3.54% recorded at the end of Q3.
- Total SGD deposits at the 3 major domestic banks expanded 1.0% over Q3, ending September at SGD 331.88bn, slowing from a 1.3% expansion over Q2. Strong loan growth over 2013 has resulted in an increase in domestic banks' SGD loan-to-deposit ratio over the first 3 quarters of 2013, from 78.85% at the end of 2012 to 81.79% at the end of Q3.
- Deposit rates remained stable over Q4. The 12-month fixed deposit rate remained unchanged at 0.32% per annum, while the savings deposit rate remained steady at 0.1%. The proportion of fixed deposits rose to 39.5% of all deposits in November from 39.2% at the end of Q3 while the proportion of savings deposits fell slightly to 33.4% from 33.8%.<sup>73,74</sup>
- The aggregate LATDB ratio for Singapore banks rose slightly to 30.8% in Q3, up from 30.5% in Q2, after rising to 31.1% at the end of Q1.
- The statutory liquidity ratio of banks ended November at 16.8%, up from 16% recorded at the end of Q3.<sup>75</sup>

## Capital Levels & Regulations

- The phase-in of Basel III in Singapore started in January 2013, with all 3 Singaporean banks meeting the requirements. Starting from 2015, The Monetary Authority of Singapore (MAS) intends to implement the Basel-III compliant Liquidity Coverage Ratio as the liquidity standard for all banks and financial companies. Bank reserves and capital levels have declined marginally to SGD 66.2bn in November from SGD 66.3bn at the end of 2012, and currently stand at 6.8% of total liabilities.<sup>76,77</sup>
- The MAS revealed a series of new initiatives to strengthen cooperation with China on financial sector development and regulation, and promote usage of the Chinese currency through Singapore. In addition to the introduction of direct currency trading between the two currencies, initiatives facilitating the use of CNY for investment in Singapore capital markets were unveiled.<sup>78</sup>

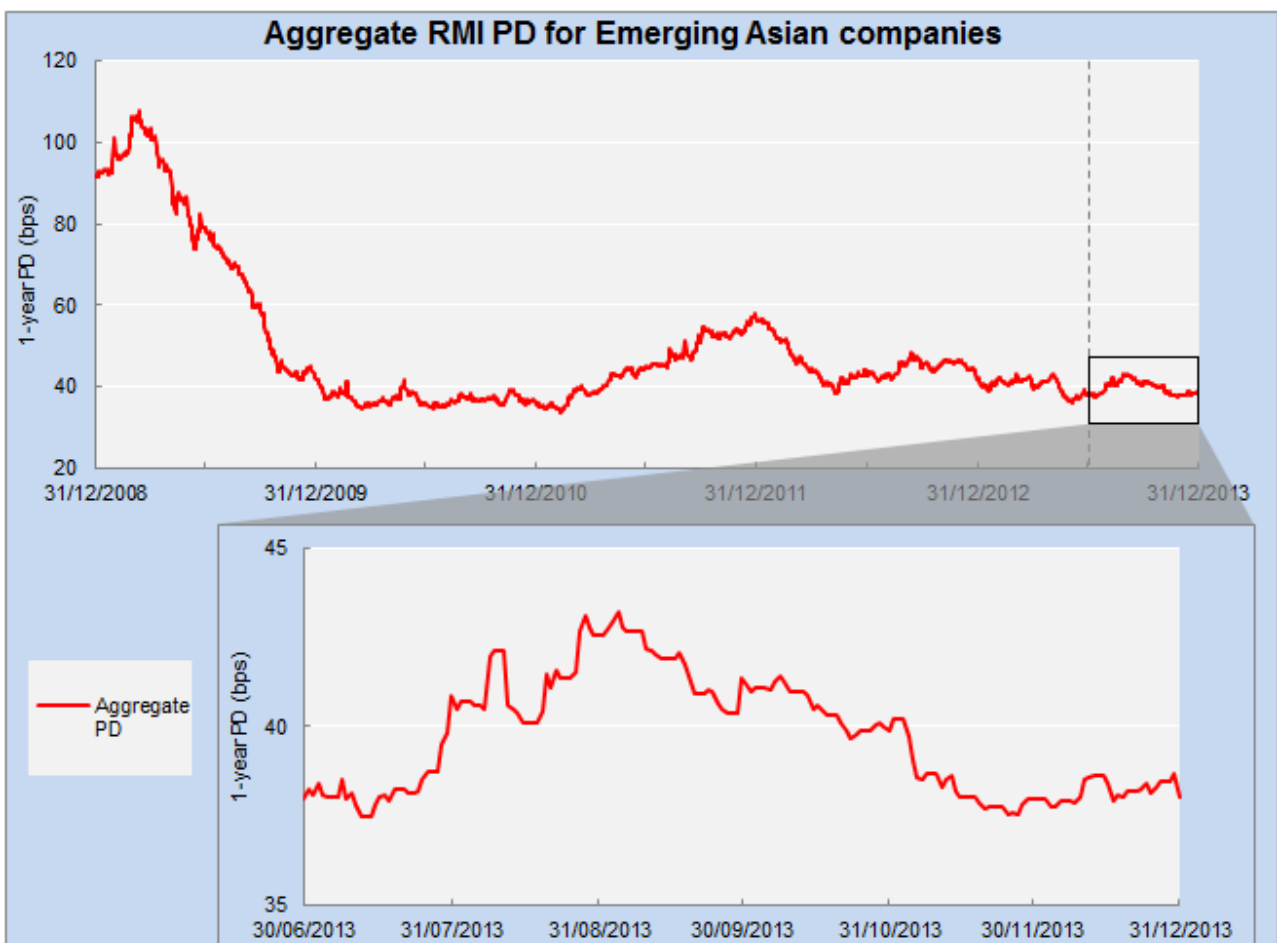
## Asset Quality

- Banks scaled back on provisions for loan losses in Q3 by a significant 18.9% QoQ, down to SGD 327mn from 403mn in Q2. Provisions for the same period in 2012 were SGD 228mn. Non-performing loans from the three major Singapore banks grew by 2.91% QoQ, ending Q3 at SGD 6.36bn from SGD 6.18bn in Q2. Write-offs on credit card debt over a 3 month period rose to SGD 62mn in the 3 months ending November, after hitting a record high of SGD 65mn in July this year.<sup>79</sup>
- The results of the annual financial stability review by MAS were released in early December. The central bank noted positive loan growth and healthy asset quality in the financial sector, with Singapore's banking sector able to remain resilient under extreme stress scenarios. However, the MAS also mentioned the potential for rising interest rates to significantly increase debt-servicing burdens and result in more over-leveraged households and firms, generating a vicious cycle of declining asset quality and tightening credit.<sup>80</sup>

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- <sup>60</sup> November 21, 2013, [Singapore Raises 2013 GDP Growth Forecast on Manufacturing](#), Bloomberg, [bloomberg.com](#)
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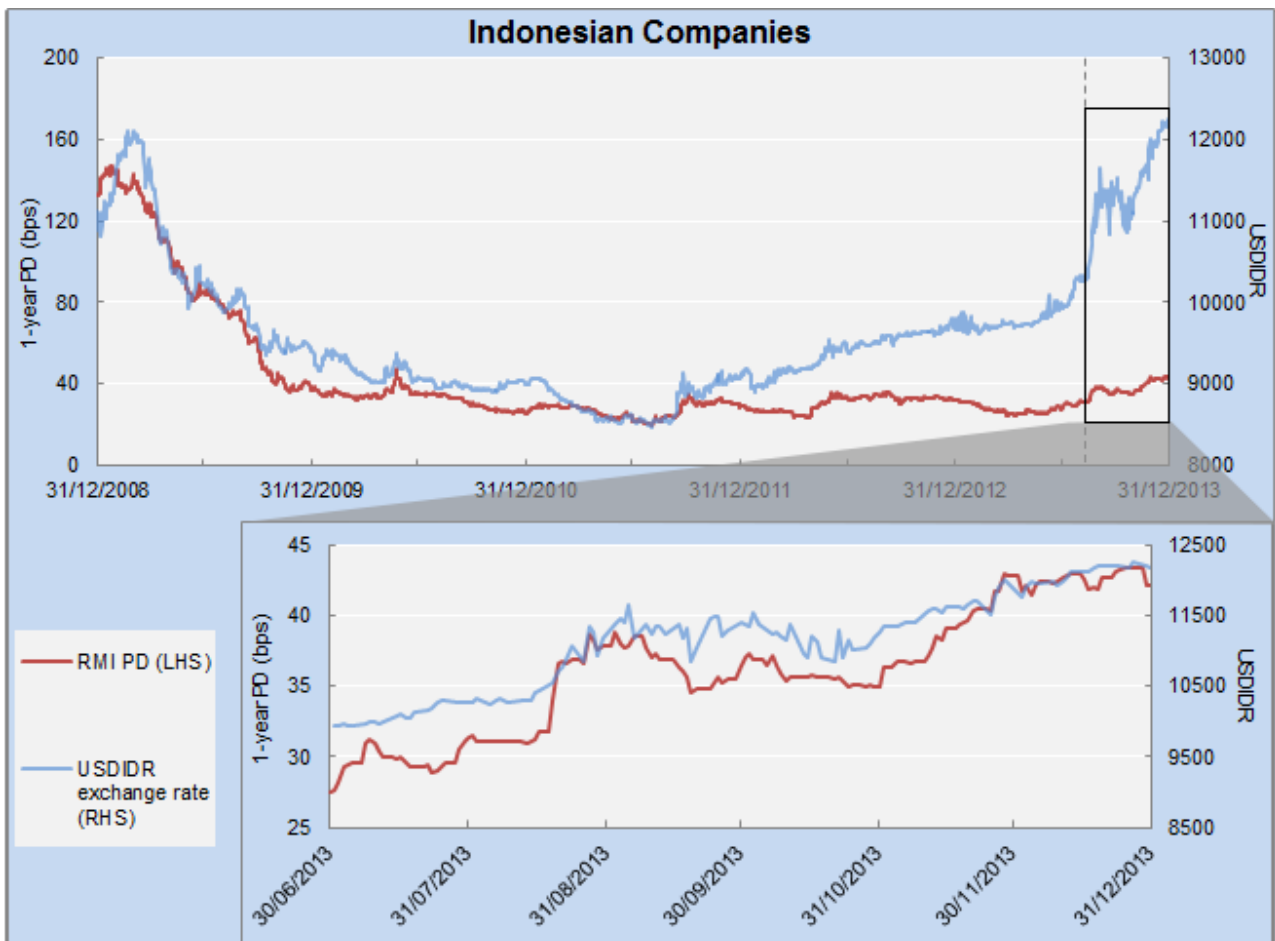
# Asia-Pacific - Emerging economies

The aggregate 1-year RMI PD for listed corporations domiciled in emerging Asia, excluding India and China, decreased during Q4. The sell-off in emerging market assets continued in Q4 but slowed towards year-end after the market had priced in the impact of the Fed tapering. The IDR delivered the worst performance amongst its peers in Q4 as well. Malaysian sovereign bonds posted the largest decline in capital outflows as foreign ownership of its sovereign debt declined significantly. In addition to market turmoil, these economies are also grappling with political uncertainty. Anti-government protests in Thailand and presidential elections in Indonesia are likely to further slow down investment into these economies. With the external outlook providing little reprieve and domestic problems aplenty, the credit outlook for listed companies of Asia's emerging economies remains negative.



## Indonesian Companies

In Q4 2013, the aggregate 1-year RMI PD for Indonesian companies climbed to the highest level since May 2010 as South East Asia’s largest economy juggled with a multitude of problems. After growing at the slowest pace in nearly 4 years during Q3 2013, economic growth is likely to slow further as authorities tighten policy to fight inflation and close an expanding current-account deficit. Indonesian firms are challenged by a depreciated exchange rate, elevated inflation and diminished foreign capital inflows ahead of elections in 2014. Competition for marginal capital flows could increase when the US Federal Reserve starts to reduce stimulus measures. The current account deficit dropped in November after Indonesia posted its largest monthly trade surplus since March 2012. Larger foreign currency reserves will also support the government’s policy to reduce current account deficit and stabilize the IDR. Despite this, the overall credit outlook for Indonesian companies remains negative. The country’s credit growth is likely to weaken on the back of higher interest rates and a tepid global economic outlook.



## Economy

- Indonesia’s economy grew at its slowest rate since late 2009 in Q3 2013, as tighter monetary policy weighed on consumption and exports fell. GDP expanded 5.62% in the July-September quarter from a year earlier, down from 5.81% in the second quarter. On a quarterly basis, the Indonesian economy grew 2.96% and 2.61% during Q3 and Q2, respectively. The country’s finance minister Chatib Basri said in early January that the economy contracted to 2% QoQ during Q4, though full-year growth was 5.7%. Mr Basri also said that leading indicators in Q4 displayed signs of slower loan growth, declines in cement sales, imports of capital goods and oil liftings.<sup>81</sup>

- In 2013, IDR posted its biggest annual loss since 2000, restraining investment in the country. The IDR fell 20.3% in 2013 to 12,171 per USD on December 31, as expectations of further Fed tapering and a record current-account deficit dealt a heavy blow to the currency.
- Indonesia posted its largest trade surplus in 20 months in November, giving some room for Bank Indonesia to loosen its monetary policy stance and reducing pressure on the IDR. The trade surplus grew to USD 777mn in November from a revised USD 24mn in October, in contrast to the USD 803mn deficit registered in September. The central bank's most aggressive rate tightening in years has started to show its effects as economy slowed and imports declined. Imports fell 10.6% and 8.9% YoY in November and October, respectively.<sup>82</sup>
- Indonesia's manufacturing sector showed signs of gaining momentum in the fourth quarter, according to data released in December. The HSBC Indonesia Manufacturing PMI (Indonesia PMI) was at 50.9 in December, up from 50.3 in the previous month and 50.9 in October. It was the fourth successive month that the Indonesia PMI was above the crucial 50.0 threshold, indicating renewed growth of output and increased new orders. Nevertheless, manufacturing production expanded only fractionally overall.<sup>83</sup>
- On a QoQ basis, inflation numbers showed some improvement during Q4 as Indonesia's CPI rose 0.75% to 146.84 in December from 145.74 in September, compared to the 4.08% pace recorded in the previous quarter. Improved government regulation regarding food quotas and the diminishing influence of the fuel price hike implemented in June 2013 helped to bring down inflation. Inflation remains very high, after rising 8.38% YoY in December.<sup>84</sup>

### Monetary

- Bank Indonesia surprised most economists again when it raised its benchmark interest rate by 25bps to 7.5% on November 12. Since then, the central bank has paused and kept interest rates unchanged for 2 consecutive meetings, as inflation eased and imports declined.<sup>85</sup>
- Indonesia's foreign currency reserves reached USD 99.4bn at the end of December, up from USD 95.7bn 3 months ago. The country's current reserve position is equivalent to about 5.4 months of imports if the servicing of government external debt is included and remains above the international standards of reserve adequacy, according to Bank Indonesia.<sup>86,87</sup>

### Funding & Liquidity

- According to Bloomberg data, Indonesian corporations issued a total of IDR 11.2tn worth of debt in the 3 months ended December, more than double the IDR 4.4tn debt sold during the previous quarter. Bond issuance in the coming months is likely to revert to the declining trend of the previous quarter, as the uncertainties over the outlook on Fed tapering dampen investor interest in emerging-market currencies and bonds. Some analysts recommended investors to reduce allocations in developing nations, after the Fed announced the commencement of its tapering program on December 18.<sup>88</sup>

- Yields on 10-year Indonesian sovereign bonds fell slightly to 8.37% at the end of Q4 from 8.45% on September 30. Indonesia's borrowing costs stayed at a high level as the government labored to manage the country's current account deficit and high domestic inflation. Although the worst is likely over in terms of Indonesia's external position, Bank Indonesia will maintain a tight bias this year to mitigate the upward trend of interest rates in developed economies.<sup>89</sup>
- Total credit of commercial Indonesian lenders to non-bank third parties grew 22.2% to IDR 3,159.5tn in October from a year ago. Bank Indonesia expects domestic credit growth not to exceed 20% YoY by the end of December 2013. The central bank further expects slower loan growth in the country's consumption and construction sectors. The monetary authority also estimates overall credit growth to decelerate in 2014 as it maintains its efforts to stabilize the economy.<sup>90,91</sup>
- Average interest rates on Indonesian commercial bank IDR-denominated lending to non-banking entities and consumers held steady in recent months, slightly increasing to 11.87% in October, from 11.74% and 11.7% in September and August, respectively.<sup>92</sup>

### **Sovereign Credit Ratings**

- Moody's, Fitch and S&P retained their Baa3, BBB- and BB+ ratings, respectively, on the Indonesian government in Q4. All 3 CRAs maintained their stable outlook on Indonesia's sovereign debt.

### **Indonesian Banks**

The aggregate 1-year RMI PD for Indonesian banks climbed in December to levels last seen in September 2011. Total market capitalization of Indonesian banks fell, following announcements about a Fed tapering. Most lenders have suggested that business in 2014 will be slower than in previous years. Bank Indonesia anticipates credit expansion to fall to 15 to 17% in 2014, from a previous forecast of 19 to 20%. Nevertheless, banks posted strong profit growth during the 3 months ended September, despite difficult domestic conditions marked by a high interest rate environment, slower economic growth and a falling IDR. Indonesian lenders could witness higher non-performing loans in 2014 due to a deterioration of domestic macroeconomic conditions and weaker credit growth. Overall, the credit outlook for Indonesian banks remains biased to the negative amid recent challenges in the economy, a slowdown in credit growth and higher funding costs.





### Profitability

- Indonesian listed banks delivered a solid performance in terms of profitability during the 3 months ended September. Aggregate net income increased 4.49% after growing 2.46% in the previous quarter.
- Listed lenders in Indonesia continued to maintain higher profitability compared to their peers in Asia, as the average NIMs of the banks improved marginally to 6.25% in Q3 from 6.23% in the preceding quarter. The same measure for all commercial banks in Indonesia also increased slightly to 5.5% in October from 5.46% in August, up from the 5.48% registered a year earlier.<sup>93</sup>

### Funding & Liquidity

- The loan-to-deposits ratio of Indonesian commercial banks continued to hit new highs during the last quarter of 2013, climbing to 89.47% in October from 88.88% in August. Market participants widely expect a credit growth slowdown next year due to higher interest rates, a slower domestic economy and new regulations on mortgage loan-to-value ratio.<sup>94</sup>
- Investors continued to prefer USD denominated bonds over IDR notes as the IDR recently posted its worst annual loss in 13 years. Investment demand remained high for Indonesian debt but yields on bonds issued by lenders remained high as well. The yield on the 4-year USD-denominated senior unsecured bonds issued by Bank Rakyat Indonesia, the second-largest lender in Indonesia in term of assets, increased slightly to 4.51% at the end of December from 4.49% 3 months earlier.

- Total bank deposits (both IDR and foreign currency) of Indonesia's commercial banks climbed 3.5% to IDR 3,464tn at the end of November from IDR 3,347tn three months ago, according to Bloomberg data. Deposit growth has slowed to 12.3% in November from 18.3% a year ago.
- Deposit rates were mostly up in recent months, following Bank Indonesia's decision to raise its reference rate 4 times since June. The average interest rate on 1-year IDR time deposits climbed to 6.54% in October from 6.11% in August, while the average rate on IDR saving deposits dropped marginally to 1.98% from 1.99% over the same period.<sup>95</sup>

## Regulation

- Bank Indonesia increased the minimum down payment for additional property purchases and set other new regulatory requirements aimed at curbing excessive credit growth and restraining property speculation. Under the new regulation the central bank reduced the loan-to-value ratio for the purchase of a second property to 60% and lowered it to 50% for purchases beyond the second property.<sup>96</sup>
- Bank Indonesia officially delegated its micro-prudential duties - its authority to regulate and supervise individual banks - to the Financial Services Authority (FSA) at the end of 2013. The FSA is now fully tasked with supervising financial institutions ranging from banks, insurance firms and financing companies to retirement funds and the stock market; while Bank Indonesia carries out macro-prudential functions and handles systemic risks to the financial system.<sup>97</sup>

## Asset Quality

- NPLs of listed Indonesian lenders climbed 7.67% to approximately IDR 42.5tn from IDR 39.5tn through the 3 months to September. The NPLs of all commercial banks in Indonesia to non-bank third parties also tracked a similar trend, expanding 5.45% to IDR 58.4tn from IDR 55.3tn over the 3-month period. Special mention loans, or loans overdue for up to 90 days but yet to turn bad, increased slightly to IDR 126.7tn from IDR 126.5tn over the same period.<sup>98</sup>
- The provisions for loan losses of Indonesia's listed banks climbed in Q3 by a significant 9.2% to IDR 6.84tn, from IDR 6.26tn in the previous quarter. Provisions for the same period in 2012 were IDR 5.18tn.
- The results of the biannual financial stability review by Bank Indonesia were released on January 13. Regulators suggested that bank credit risk remained low due to a selective credit allocation process implemented in the banking sector. Bank Indonesia also noted that the rate of credit growth outpaced the expansion in non-performing loans. However, the central bank warned that the economic slowdown has begun to trigger a rise in credit collectability and thus, a potential hike in NPLs.<sup>99</sup>

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<sup>81</sup> Jan 6, 2014, [Indonesia Sees Q4 GDP Contracting 1.4-2.0 Percent: Basri](#), The Jakarta Globe, thejakartaglobe.com

<sup>82</sup> January 2014, [Foreign Trade](#), BPS-Statistics Indonesia, bps.go.id

<sup>83</sup> Jan 2, 2014, [HSBC Indonesia Manufacturing PMI](#), Markit, markiteconomics.com

<sup>84</sup> January 2014, [Consumer Prices Indices and Inflation](#), BPS-Statistics Indonesia, bps.go.id

<sup>85</sup> Jan 9, 2014, [BI Rate](#), Bank Indonesia, bi.go.id

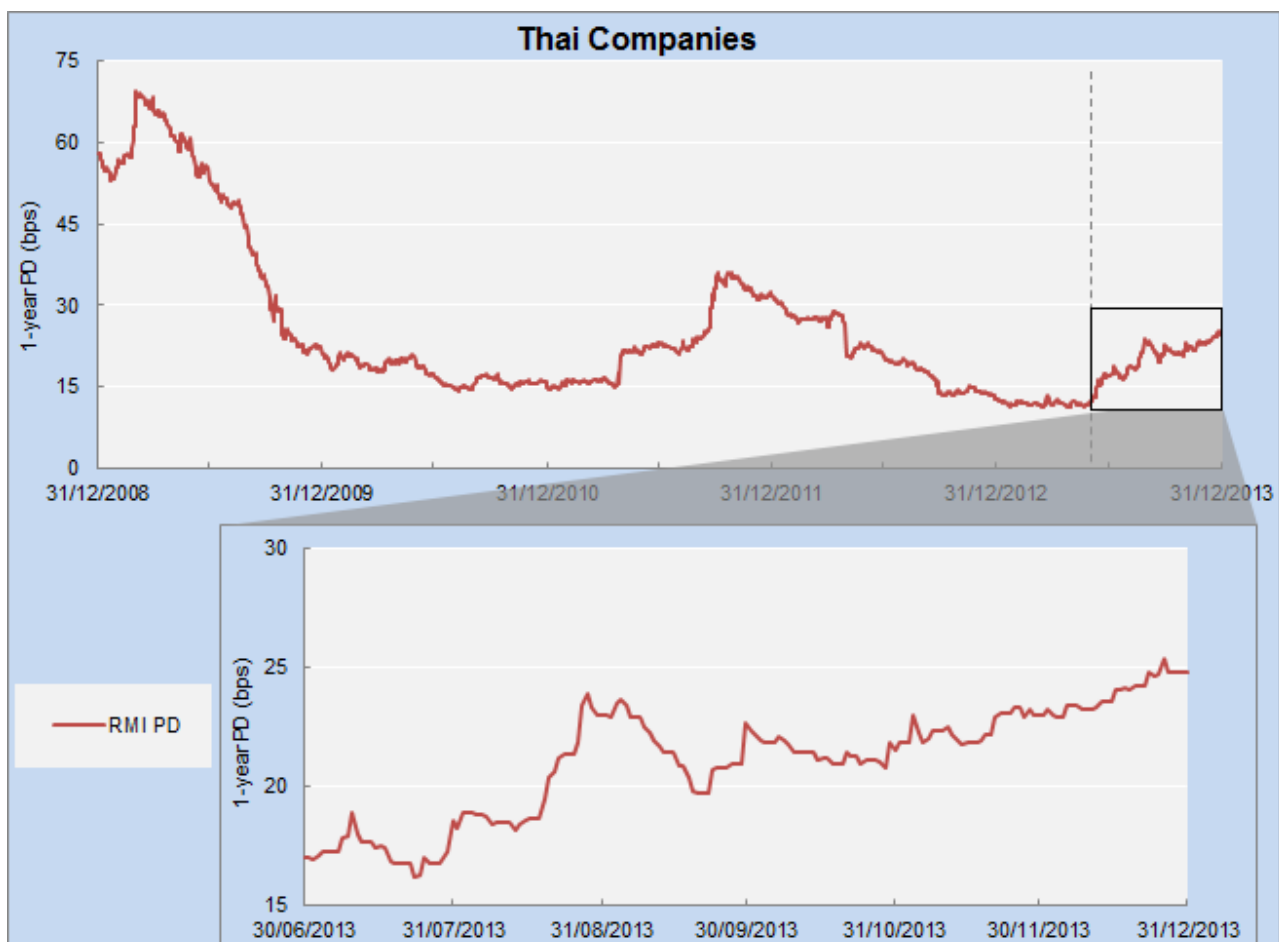
<sup>86</sup> Jan 8, 2014, [Indonesias Official Reserve Assets at End 2013 Mounted to US\\$99.4 Billion](#), Bank Indonesia, bi.go.id

<sup>87</sup> January 2014, [Monetary Indicators](#), Bank Indonesia, bi.go.id

- <sup>88</sup> Jan 8, 2014, [Goldman to JPMorgan Say Sell Emerging Markets After Slide](#), Bloomberg, bloomberg.com
- <sup>89</sup> Jan 4, 2014, [BI will not become complacent says Agus](#), Jakarta Post, thejakartapost.com
- <sup>90</sup> Dec 13, 2013, [Indonesian Banking Statistics - October 2013 \(Table 4.9.a.\)](#), Bank Indonesia, bi.go.id
- <sup>91</sup> Jan 12, 2014, [Credit Growth in Indonesia Expected to Have Slowed to 15-17% in 2013](#), Indonesia Investments, indonesia-investments.com
- <sup>92</sup> Dec 13, 2013, [Indonesian Banking Statistics - October 2013 \(Table 1.54\)](#), Bank Indonesia, bi.go.id
- <sup>93</sup> Dec 13, 2013, [Indonesian Banking Statistics - October 2013 \(Table 1.22.a\)](#), Bank Indonesia, bi.go.id
- <sup>94</sup> Dec 13, 2013, [Indonesian Banking Statistics - October 2013 \(Table 1.22.a\)](#), Bank Indonesia, bi.go.id
- <sup>95</sup> Dec 13, 2013, [Indonesian Banking Statistics - October 2013 \(Table 1.47\)](#), Bank Indonesia, bi.go.id
- <sup>96</sup> Sep 26, 2013, [New mortgage rule effective on Sept. 30](#), Jakarta Post, thejakartapost.com
- <sup>97</sup> Dec 31, 2013, [Bank Indonesia Transferring Regulation and Supervision of Banks to Financial Service Authority](#), Bank Indonesia, bi.go.id
- <sup>98</sup> Dec 13, 2013, [Indonesian Banking Statistics - October 2013 \(Table 4.18.a\)](#), Bank Indonesia, bi.go.id
- <sup>99</sup> Jan 13, 2014, [Financial Stability Review No.21, September 2013](#), Bank Indonesia, bi.go.id

## Thai Companies

The aggregate 1-year RMI PD for Thai companies inched higher over Q4, as political tensions flared up over the possible return and exoneration of ex-premier Thaksin Shinawatra, who was deposed in a military coup in 2006. The protests have been going on for 2 months, paralyzing business activity in the capital city of Bangkok - as evidenced by the disappointing retail figures in the run-up to 2014. With small-and medium-sized enterprises (SMEs) potentially unable to move their inventory, the Bank of Thailand has voiced concerns that their debt-servicing ability may be impaired. However, this will be cushioned by accommodative commercial banks lowering their minimum debt repayment and extending repayment periods. Companies with foreign-denominated liabilities may also struggle after the THB fell to a 3-year low against the USD on December 23 amid the unrest. Overall, although the central bank has stepped in with better monetary support for the underperforming economy, the credit outlook of Thai companies remains firmly negative, as the effects of this political turmoil will linger on even after it ends.



## Economy

- The Thai economy grew 2.7% YoY in Q3 2013, falling off slightly from the preceding quarter's 2.9% YoY expansion. The slowest pace of growth in 6 quarters is predominantly due to a fall in household consumption (-1.2%) and investment (-6.5%), and to a lesser extent, a decline in the agricultural sector, which contracted 0.7% compared to a 2.5% rise in the previous quarter. The decrease in household consumption was driven by the reduced consumption of durables, particularly motor vehicles after the expiration of the First Car Tax Rebate Scheme.<sup>100</sup>

- Meanwhile, Thailand's GDP in the first 9 months of 2013 rose by 3.7%, which slightly exceeds the IMF's revised forecast of 3.0-3.5% real GDP growth for the year. It is noted that this is the second time in 5 months that the IMF has downgraded its growth projection for Thailand, the first being in June when the original forecast was lowered from 5.9% to 4.75%. However, the economy is expected to pick up in 2014 with growth estimates improving to 5.2%.<sup>101</sup>
- The unemployment rate in Thailand fell to 0.62% in October after experiencing a minor spike from 0.55% to 0.89% in the first half of Q3. Nevertheless, the economy has consistently remained close to full employment.<sup>102</sup>
- The decrease in Thailand's merchandise exports slowed marginally to 1.4% YoY in Q3 following an increase in its export volume of rubber, integrated circuits, automotive parts, petroleum products and electrical appliances. Fishery and related products however, were still hampered by the ongoing shrimp shortage. On the other hand, the accelerating growth in service receipts showed no signs of abating, with travel receipts being the predominant driver behind its 25.5% increase from a year ago. Service receipts grew 22.4% YoY in the previous quarter.<sup>103</sup>
- The Bank of Thailand's business sentiment index (BSI) reflected a pessimism that grew throughout the second half of 2013, up till the latest reading of 46.9 in November. The BSI was 49.9 in June. Index values above 50 indicate improved business sentiments.<sup>104</sup>
- In a stark contrast from a year before, the performance of retail companies also continually deteriorated in the second half of the year, as the Bank of Thailand's retail sales index plummeted from 229.29 in May to 210.96 in October, for which the latest figures are available. Previously, retail sales over the same period in 2012 had been on a consistent upward trend. The drop in motor vehicles sales aside, this poor retail performance can be imputed to the suffering retail sales in non-specialized stores of food, beverages and tobacco, which approximately halved to an index reading of 155.22 in October from 306.56 in June.<sup>105</sup>

## Monetary

- The Monetary Policy Committee (MPC) voted 6 to 1 on November 27 to lower the policy rate by 25bps to 2.25% per annum from 2.5%, after GDP growth figures for Q3 fell short of expectations, especially with recovery in exports failing to gain traction. With inflationary pressure remaining subdued and household credit growth moderating, the committee decided that monetary policy could be further eased to help spur the economy and ride on the economic recovery of Thailand's major trading partners.<sup>106</sup>
- Thailand's broad money which includes banknotes in circulation, bills of exchange issued by commercial banks, deposits of savings cooperatives and net asset values of money market funds expanded 1.64% between September and November to THB 15.83tn.<sup>107</sup>

## Funding & Liquidity

- The 10-year Thai government bond yield continued to experience wild swings at elevated levels in Q4, with the yield on December 27 coming down to 3.927% after hitting a 3-month high of 4.284% on November 25. The quarter had begun with the 10-year yield at 3.936%.
- The growth of credit to non-financial companies remained practically unchanged at 1.37% in Q4, as total credit granted rose from THB 5.18tn in September to THB 5.25tn in November. Of these, 66% or THB 3.47tn were loans. Other forms of credit include overdraft facilities and bills.<sup>108</sup>

- Loan rates for corporate customers with good credit histories improved in Q4 as the average minimum lending rate across commercial banks fell for the first time in more than a year, from 7.19% in October to 7% in December. The average minimum overdraft rate meanwhile, continued to stay put at 7.57%.<sup>109</sup>

## Policy

- Since making a policy U-turn on scrapping its official rice pledging scheme in July, the Thai government has come under renewed criticism for the populist scheme that came at a cost of almost THB 700bn over 2 years previously. In fact, the substantial rice stockpiles built-up from purchasing farmers' produce at 50% above the market rate, will be sold at a bigger loss than before as international prices continue to fall. Analysts estimate that the price of the benchmark 5% broken grade Thai white rice will slide another 12% to a 5-year low of USD 390 a ton by April 2014. The IMF warned in November that this expensive scheme is straining the Thai government's budget and nudging up its public debt, which is projected to rise to 53% of the Kingdom's GDP by the end of 2018. They noted that as Thailand continues to face risks from volatile capital flows amid an uncertain global economic climate, the government should ensure it has enough in the coffers to mitigate potential shocks.<sup>110,111</sup>

## Politics

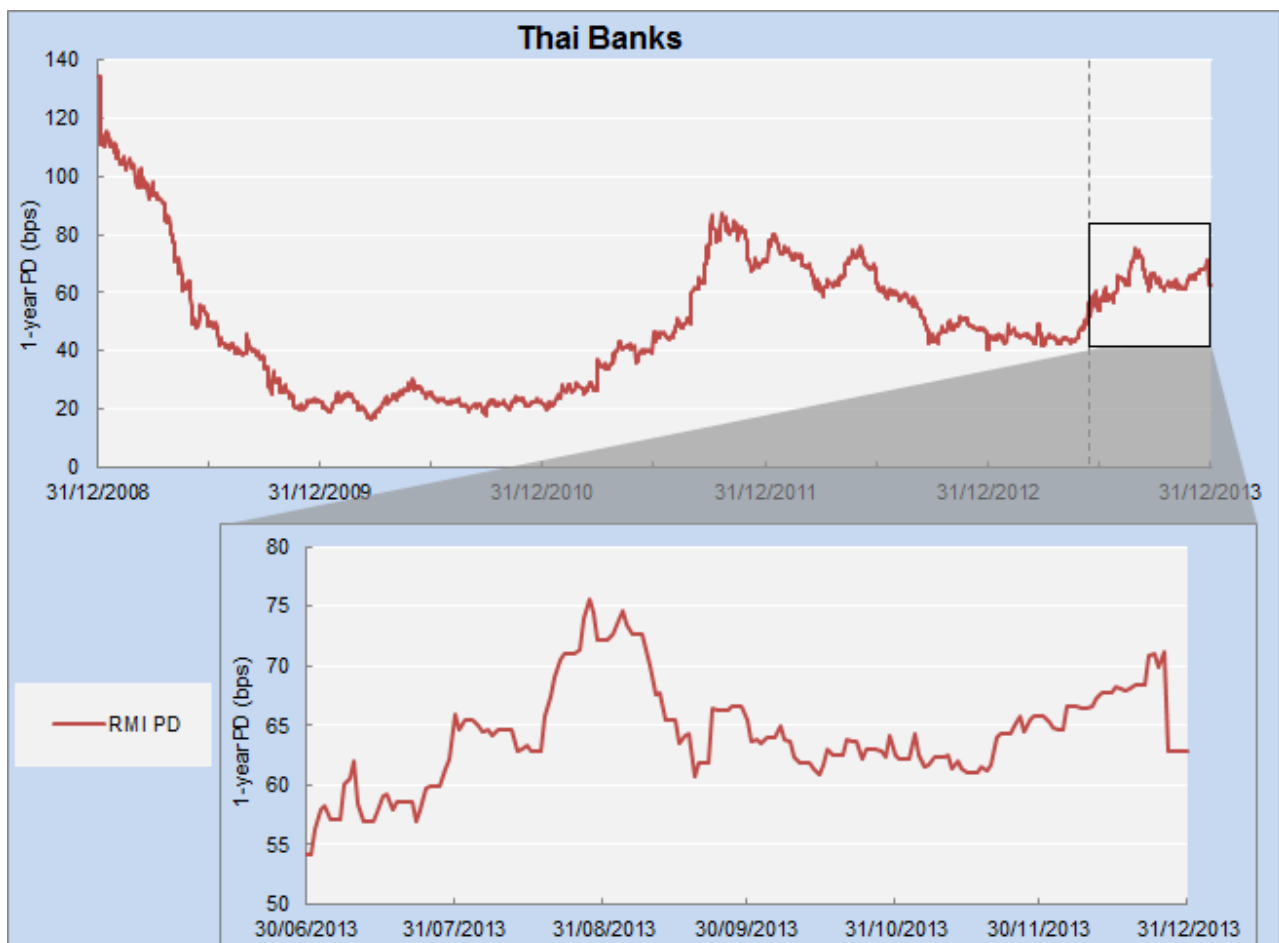
- Q4 saw the eruption of a political crisis that was sparked by a proposed blanket amnesty bill that would have pardoned former Prime Minister Thaksin Shinawatra (current Prime Minister Yingluck's brother) from his corruption charges, while simultaneously absolving two opposition figures from their respective murder indictments. Although the bill was quickly thwarted by vehement anti-Thaksin demonstrations in Bangkok, the unrest continued and soon escalated into a violence-punctuated anti-government movement.<sup>112,113,114,115</sup>
- Thus, in a bid to attempt to appease protestors, Prime Minister Yingluck called a snap election scheduled for February 2 while continuing her duties as caretaker Prime Minister in the interim. This however was repudiated by the Democrat Party-led opposition, who has not won an elected majority in 20 years, in favor of an unelected "people's council" to oversee immediate electoral and anti-graft reforms. On January 13, protestors demanding for Yingluck's resignation moved in to bring Bangkok to an indefinite standstill.<sup>116,117,118</sup>

## Sovereign Credit Ratings

- Moody's and S&P maintained their credit ratings on Thailand's sovereign debt at Baa1 and BBB+ respectively, with a stable credit outlook.

## Thai Banks

The 1-year aggregate RMI PD for Thai banks ended the year at the same level with which it started Q4, but only after experiencing a steady climb in mid-November to a 3-month high. The sectoral PD then declined sharply to its original level in late December. After a relatively consistent year, net profits of Thai Banks slipped in Q4, as higher loan-loss provisions were made for the anticipated increase in NPLs. Their overall earning profiles however, remain healthy. Meanwhile, despite lower funding costs, liquidity in the sector continued its retreat as deposits dropped to a single-digit growth pace. Going forward, the credit outlook for Thai banks is negative as an unfolding political crisis in Bangkok is expected to hamper economic activity and lead to higher loan impairments.



## Profitability

- Earnings of listed Thai banks in Q3 rose 1.2% QoQ to THB 64.1bn from THB 63.3bn in Q2, before declining 6.6% QoQ to THB 59.9bn in Q4. Aggregate net income expanded 43.3% YoY in Q4 - a strong rebound from Q3's 6-quarter low of 15.5%.
- Total gross loans issued by Thai commercial banks grew by a marginal 0.8% to reach THB 10.85tn in Q3.<sup>119</sup>
- The average NIM of Thai Banks at the end of Q3 widened by 3.3% to 3.19%, the highest in 6 quarters.

- Aggregate net interest income of Thai commercial banks in Q3 grew 13.2% YoY to THB 266.6bn from THB 235.6bn a year before. Growth in the preceding quarter was 13.7% YoY.<sup>120</sup>

### Funding & Liquidity

- Kiatnakin Bank PCL was the only Thai bank who issued THB-denominated notes during the quarter. The THB 1.7bn issuance had a tenor of 2.5 years.
- The 3-month interbank rate BIBOR held steady at 2.60% for almost the entire second half of 2013 before settling at 2.39% in December.
- Deposits grew at a slower pace during the second half of 2013, with total deposits at commercial banks increasing at an average rate of 12.1% YoY in Q3 and 9.9% YoY in the two months of October and November. In comparison, the YoY deposit growth in Q1 and Q2 were 26.0% and 20.3% respectively.<sup>121</sup>
- The average savings deposits rate dipped from 0.7% in June to 0.675% in July, held steady till November before falling 11bps to 0.565% in December. Similar trends were observed in the average rates on 12-month and 2-year fixed deposits, which slid 48 and 19bps in the last two months of the year to read 2.25% and 2.4% respectively.<sup>122</sup>
- Overall liquidity in the Thai banking system once again receded in Q3, with the average liquidity-to-deposits and borrowings ratio declining almost a full percentage point to 23.05% from 23.99% in Q2. The ratio was 24.82% in Q1.

### Capital Levels & Regulations

- The average Tier 1 risk-based capital ratio of Thai banks was 12.51% in Q3, up from 11.72% in the preceding quarter.<sup>123</sup>

### Asset Quality

- The fraction of gross non-performing loans at Thai commercial banks in Q3 was unchanged from the previous quarter at 2.39% and amounted to THB 259bn.<sup>124</sup>
- Loans for personal consumptions and to the manufacturing sector still constituted the bulk of non-performing loans at 25.68% and 30.70% respectively. Construction (5.64%) and real estate activities (4.57%) meanwhile, are responsible for the 2 highest delinquency rates.<sup>125</sup>

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<sup>100</sup>Nov 18, 2013, [Gross Domestic Product : Q3/2013 \(Production/Expenditure\)](#), Office of the National Economic and Social Development Board, nesdb.go.th

<sup>101</sup>Nov 11, 2013, [IMF Concludes 2013, Article IV Mission to Thailand](#), IMF, imf.org

<sup>102</sup>Dec 27, 2013, [Labour Force Survey](#), Bank of Thailand, bot.or.th

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<sup>107</sup>Dec 27, 2013, [Monetary Aggregates and Components](#), Bank of Thailand, bot.or.th

<sup>108</sup>Jan 10, 2014, [All Commercial Banks' Credits Classified by Types of Debtors and Credits](#), Bank of Thailand, bot.or.th

<sup>109</sup>Jan 10, 2014, [Interest Rates in Financial Market](#), Bank of Thailand, bot.or.th

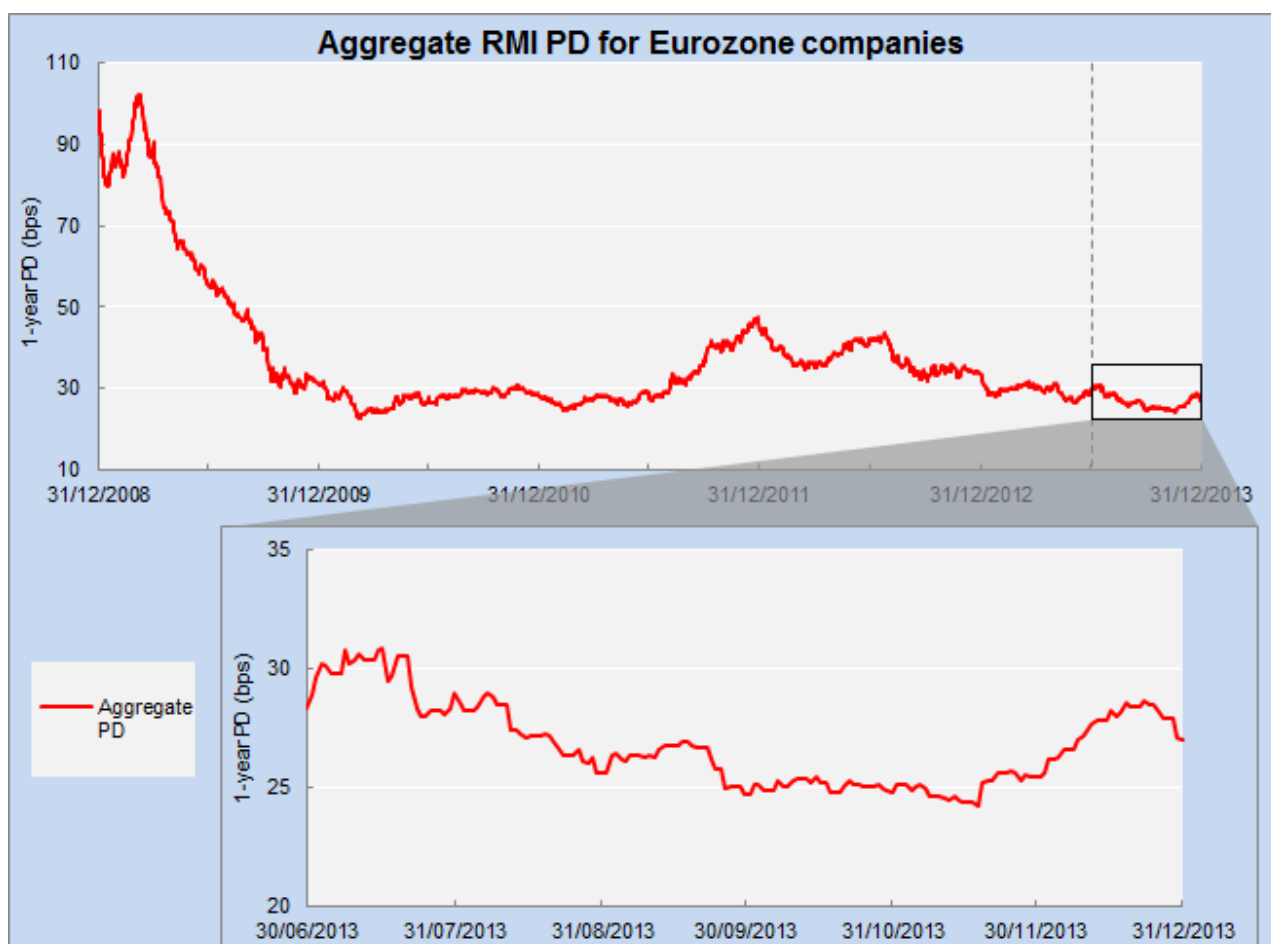
<sup>110</sup>Oct 28, 2013, [Thailand's finance minister defends rice subsidy scheme](#), Financial Times, ft.com



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- <sup>112</sup>Nov 11, 2013, [Protests as Thailand senators debate amnesty bill](#), The Guardian, theguardian.com
- <sup>113</sup>Nov 26, 2013, [Protesters storm key ministries](#), Bangkok Post, bangkokpost.com
- <sup>114</sup>Dec 1, 2013, [Thailand clashes: PM forced to flee as violent demonstrations escalate](#), The Guardian, theguardian.com
- <sup>115</sup>Dec 1, 2013, [Updated toll: 4 dead, 57 wounded](#), Bangkok Post, bangkokpost.com
- <sup>116</sup>Dec 9, 2013, [Thai PM calls elections as 140,000 join protest](#), Channel News Asia, channelnewsasia.com
- <sup>117</sup>Dec 23, 2013, [Thai protesters step up campaign to disrupt elections](#), Channel News Asia, channelnewsasia.com
- <sup>118</sup>Jan 13, 2014, [No resistance as crowds occupy Thai capital in festive protest](#), Reuters, reuters.com
- <sup>119</sup>Nov 28, 2013, [Loan Outstanding Classified by Financial Institution Group](#), Bank of Thailand, bot.or.th
- <sup>120</sup>Nov 8, 2013, [Average of Profit and Loss of Thai Commercial Banks \(Peer Group\)](#), Bank of Thailand, bot.or.th
- <sup>121</sup>Jan 10, 2014, [Commercial Banks' Loans, Deposits and L/D Ratio](#), Bank of Thailand, bot.or.th
- <sup>122</sup>Jan 10, 2014, [Interest Rates in Financial Market](#), Bank of Thailand, bot.or.th
- <sup>123</sup>Nov 8, 2013, [Average of Ratio of Thai Commercial Banks](#), Bank of Thailand, bot.or.th
- <sup>124</sup>Dec 25, 2013, [Gross NPLs and Net NPLs Outstanding, Loans to Related Parties, Fine and Summary Statement of Liabilities and Assets Classified by Financial Institution Group](#), Bank of Thailand, bot.or.th
- <sup>125</sup>Dec 20, 2013, [Gross NPLs Outstanding Classified by Business Sector\\_ISIC Rev.4.0](#), Bank of Thailand, bot.or.th

# Europe

The aggregate 1-year RMI PD for listed corporations domiciled in the eurozone increased during Q4. Corporate credit profiles deteriorated on the back of deflationary trends and continued high unemployment. Across the eurozone, inflation remains near the lowest levels in nearly four years. Inflation for the entire eurozone stood at 0.8% YoY in December 2013, down from 1.3% YoY at the end of September. Inflation at the end of 2012 had been at 2.2%. Moreover, bank lending to European companies has been on the retreat, following rising bankruptcies and falling disposable incomes. Lending to the private sector plunged 2.3% YoY in November after a 2.2% decline in October. These declines suggest that financial institutions have not extended credit to households and businesses. Although an overall return to growth should increase credit demand, the slow and possibly shaky path ahead for eurozone makes it a more difficult task.<sup>126</sup> In other developments, Latvia became the 18th eurozone member on January 1, 2014. The entrance into the single currency bloc has had a very muted effect on the probability of default for Latvia during Q4.<sup>127</sup>



<sup>126</sup> Jan 3, 2013, [Euro-Zone Private Lending Plunges](#), Wall Street Journal, online.wsj.com

<sup>127</sup> Dec 31, 2013, [Latvia becomes the 18th Member State to adopt the euro](#), Europa, europa.eu

## Greek Companies

Following the trend from Q3, the aggregate 1-year RMI PD for Greek companies increased during Q4, after falling to the lowest level in 2 years in May. The economy is obviously still in recession; most economic indicators have not improved since the previous quarter, except the trade deficit and consumer confidence. Forward looking indicators for the manufacturing sector, retail trade, and business sentiment all declined over Q4, suggesting the overall economic outlook is still fragile. However, the funding cost for the Greek sovereign has subsided to the most manageable level this year; yields on 10-year Greek government bond fell significantly, signaling the country is getting closer to economic recovery after 6 years of recession. Greece's Prime Minister Antonis Samaras also addressed publicly that Greece will return to bond markets next year and will not need a new bailout agreement in 2014. Contradicting indications in Q4 about the economy create an uncertain credit outlook for Greek firms.



## Economy

- The Greek economy shrank 3.0% YoY in Q3, after shrinking 3.7% in Q2 and 5.5% in Q1. Gross fixed capital formation decreased 12.6% YoY, while final consumption expenditure dropped 6.6%. Greece's exports increased by 5.7% YoY and imports also increased 2.3%. The jump in exports brought the country out of external trade deficit for the 1st time since Q4 2012.<sup>128</sup>
- Greece's labor market conditions remained flat in Q3, as the unemployment rate fell only 0.1% to 27.0% from 27.1% during Q2, but increased 2.2% from the same period last year. Similarly, unemployment amongst under-25s fell only 0.1%, to 57.2% in Q3 from as high as 57.3% in Q2.<sup>129</sup>

- A monthly index of business sentiment published by the Foundation for Economic and Industrial Research fell in Q4, continuing the downward trend from Q3. The index posted 90.9 in December, 91.2 in November, 91.2 in October, down from a 93.1 during September. The consumer confidence indicator improved to -63.3 in December from -72.2 from September.<sup>130</sup>
- The Greek manufacturing sector in Q4 was still in the doldrums. However, the Markit Greece Manufacturing PMI improved continuously and registered a 52-month high at 49.6 in December, close to the 50 no-change point. The trend indicates that the rate of contraction in the manufacturing sector is slowing. The figure was elevated by higher levels of output and increasing number of new orders.<sup>131</sup>
- The turnover index in retail trade, including automotive fuel, recorded a decrease of 1.9% YoY in October. The retail trade volume index, including automotive fuel, also decreased by 1.0%. Both food and non-food sectors (except automobile fuel) of the turnover index in retail trade again suffered negative growth in October. However, the automobile fuel sector improved 2.1% after a contraction of 22.8% in September.<sup>132</sup>

### Funding & Liquidity

- Yields on 10-year Greek government bonds fell to 8.42% at the end of 2014, down from 9.32% at the end of September. November recorded a year low level of these bonds, standing as low as 7.97%. The 47% year-to-date return on Greek bonds was the best of sovereign debt markets tracked by Bloomberg, signalling market belief that the country is moving toward economic recovery after 6 years of contraction.<sup>133</sup>
- Greek lenders continued to reduce lending to the non-financial sector in Q4. Total outstanding loans decreased to EUR 98.1bn in November from EUR99.6bn at the end of Q3, down 5.4% YoY from 104bn in November 2012.<sup>134</sup>
- Interest rates on new bank loans to non-financials picked up again during Q3, after falling to 5.65% per annum in August. The interest rate increased to 6.07% in September, then to 6.17% in October, the highest level since January 2013, then fell to 5.87% in November. This jump, together with the interest rate volatility in 2012 and 2013, confirms that there is still instability in the economy and the debt market despite the signal from Greek bonds that the country is moving out of recession.<sup>135</sup>

### Policy

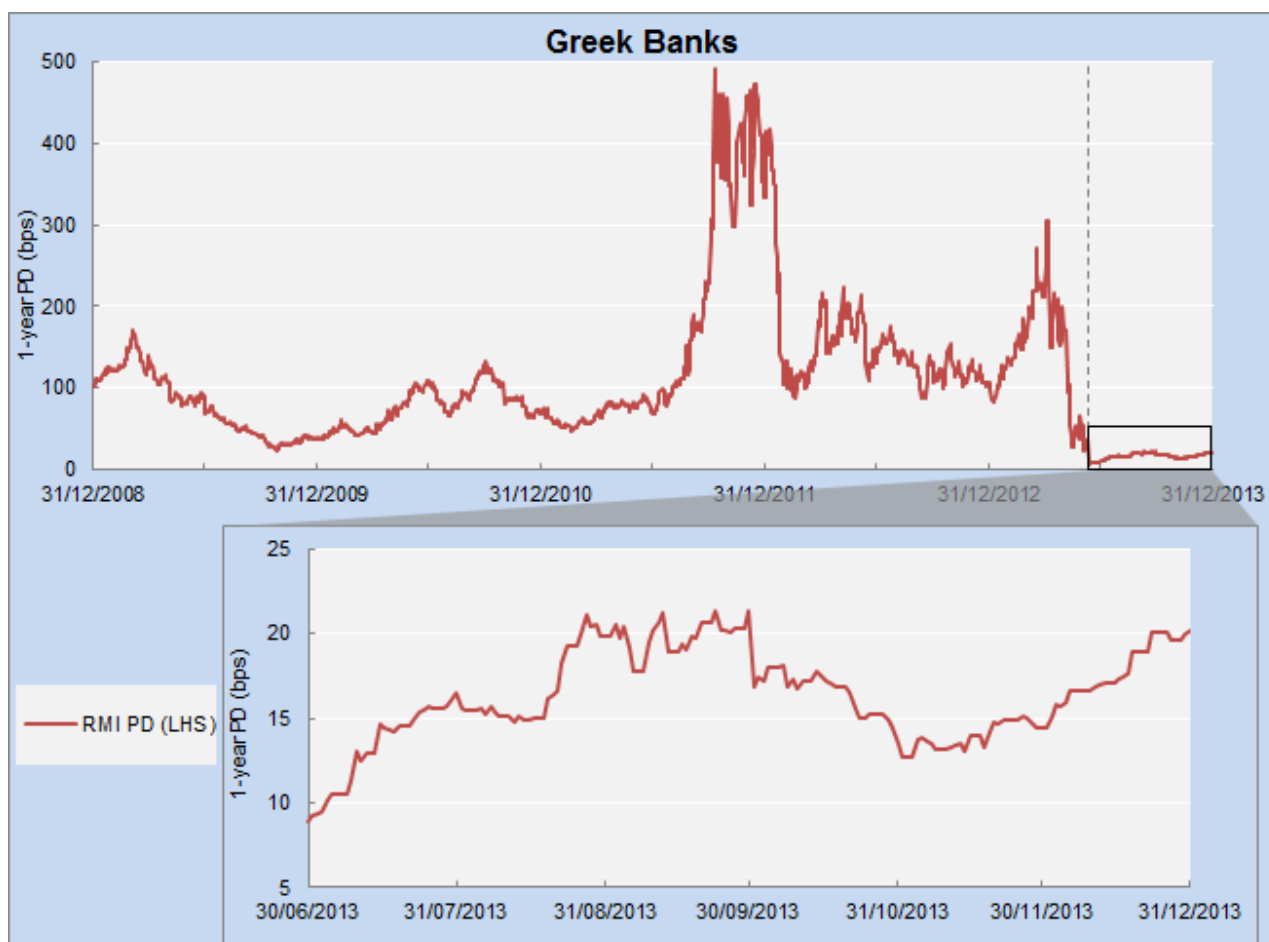
- After receiving 2 aid packages, which amounted to EUR 240bn in 2010 and 2012, Greece will need no further financial bailout agreements from 2014, according to the country's prime minister. The country announced it will leave its EU-IMF bailout agreement as planned. However, lenders are sceptical of the claim that Greece will not require the third package. The country has still not reached agreement with its international lenders over the size of its fiscal shortfall in 2014 budget, with troika officials pushing Athens to make further painful cutbacks and pick up the pace of reforms.<sup>136,137</sup>
- In November, the European Investment Bank and the Greek government signed on a deal that will see the lender provide up to EUR 550mn for motorways, local authorities' infrastructure, and for the first time, funding for small- and medium-sized enterprises that will create jobs for young people.<sup>138</sup>

## Sovereign Credit Ratings

- Greece's sovereign credit ratings showed some positive signs in Q4 when Moody's upgraded Athens by two notches to Caa3, with a stable outlook. Moody's cited improved results in the country's economic adjustment program, and said that the deficit target is within reach. Both S&P and Fitch maintained B- ratings with stable outlooks.<sup>139</sup>

## Greek Banks

The 1-year aggregate RMI PD for Greek banks remained stable during Q4, down from record highs before government-led recapitalizations in mid-2013, but returning to local highs seen at the end of Q3. Aggregate profits at Greek banks remained in negative territory in Q3, with profits reduced to even lower levels. Market funding costs have fallen in line with yields on government bonds, while deposit rates also fell through Q4. Liquidity profiles have also improved, with Greek banks less reliant on the ECB for funding, and Tier 1 Capital ratios improving significantly from last year. However, these improvements are surpassed by continued increases in NPLs and higher provisioning by listed banks compared to the previous quarter, suggesting asset quality continued to deteriorate through Q4 amid an uncertain economic outlook. With this in mind, the credit outlook for Greek banks remains uncertain. Despite the efforts of the banks to restructure and improve the credit quality of loan portfolios, the performance of Greek Banks in 2014 will still be tied closely with the expectation of the country's recovery from recession.



## Profitability

- Aggregate net income at listed banks in Greece was once again negative in Q3, with banks losing a total of EUR 0.97bn, compared to EUR 0.23bn in Q2. However, total losses in Q2 were down 27.6% YoY from negative EUR 1.34bn in Q3 2012.

- A proxy for the NIM of Greek banks, based on the interest rate spread between new euro-denominated loans and deposits, increased to 3.71% per annum in October, up from 3.60% at the end of Q3, due to the expanding spreads between loans and deposits for both individuals and non-financial corporations.<sup>140</sup>

### Funding & Liquidity

- Total deposits at Greek banks likely continued to decline during Q4, at a faster rate than the previous quarters, falling to EUR 153.5bn in November. Total deposits fell 1.48% over the 3 months through December, after falling only 0.68% QoQ in Q3. This was largely due to a significant slowdown in the pace of both retail and corporate deposit outflows.
- Deposit rates on new short term (less than 1 year) fixed deposits from non-financial corporations and households decreased to 2.78% per annum in November, down from 3.21% in August and from 4.52% at the beginning of the year. The rate in November was the lowest deposit rate since May 2010. Overnight deposit rates dropped to 0.39% per annum from September to November, from 0.47% in August. Combining these declines, deposit funding costs may have fallen to the lowest levels since 2003.<sup>141,142</sup>
- Yields on 3-year EUR-denominated bonds of NBG, the largest Greek commercial lender, fell dramatically in Q4 to 5.855% at the end of December, and falling to the lowest point at 5.82% on October 12. Overall liquidity in the Greek banking sector continued to tighten during Q3, with the aggregate LATDB ratio for listed banks deteriorating to about 7.04% from 7.23% in Q2, the lowest level since 2011.
- In Q3, Greek banks slightly increased their reliance on the eurozone for liquidity. According to data from the Bank of Greece, Greek lenders borrowed EUR 60.7bn directly from the ECB and EUR 9.4bn from the Emergency Liquidity Assistance facility in November. The figures then increased to EUR 63.2bn and EUR 9.8bn respectively in December, which are slightly higher than EUR 63.8bn and EUR 8.9bn in September. The larger figures largely reflect Greek banks participation in the ECB's long-term refinancing operation (LTRO).<sup>143,144,145</sup>

### Capital & Regulations

- The average core tier 1 capital ratio of the 4 largest Greek banks stood at 10.93% at the end of September 2013, which improved significantly from 9.56% at the end of last year. The total capital ratios for these banks also remained at a relatively healthy level ranging from 8.3% (NBG) to 13.5% (Alpha Bank and Piraeus Bank respectively).
- Greece's top 4 banks are implementing restructuring plans after government-led recapitalizations in June to reduce costs. In December, NBG launched a voluntary redundancy scheme to shed up to 2000 jobs or about 15% of its workforce as part of moves to generate savings. In September, Piraeus Bank shed about 12% of its workforce through a similar redundancy scheme and in November, Eurobank said more than 10% of its staff took a voluntary exit offer.

### Asset Quality

- Greek banks' domestic loan write-offs fluctuated in Q4. After the first reversal on record of EUR -116mn in August, the loan write-offs increased again in October to EUR 388mn in October, then dropped to EUR 6mn in November, suggesting loan portfolios are still very unstable in the country. On a positive note, total year-to-date domestic loan write-offs in November 2013 recorded a decrease of EUR 44mn compared to the previous year.<sup>146</sup>

- Non-performing loans continued to climb during Q3, continuing a trend that started in June 2012. Q3 saw a record 8.9% QoQ increase in NPLs at the four largest lenders, as NPLs increased to EUR 74.1bn, after increasing only 2.5% to EUR 68.1bn in Q2. Out of the four, Eurobank Ergasias saw the largest increase in NPLs, posting a 23.5% increase.
- The asset quality of Greek banks was not in a good shape in 2013, as aggregate provisions for loan losses of Alpha Bank, NBG, Piraeus Bank and Eurobank climbed to EUR 1.82bn at the end of Q3, from EUR 1.70bn at the end of 2012. However, comparing to the same period in 2012, the aggregate provisions for loan losses of the 4 banks decreased by 12.13%, from EUR 2.07bn.

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<sup>128</sup>Dec 09, 2013, [QUARTERLY NATIONAL ACCOUNTS: 3rd Quarter 2013 \(Provisional\)](#), Hellenic Statistical Authority (EL.STAT.), [statistics.gr](#)

<sup>129</sup>Dec 19, 2013, [LABOUR FORCE SURVEY 3rd Quarter 2013](#), Hellenic Statistical Authority (EL.STAT.), [statistics.gr](#)

<sup>130</sup>November 2013, [Business and Consumer Surveys](#), Foundation for Economic and Industrial Research, [iobe.gr](#)

<sup>131</sup>Jan 02, 2014, [Markit Eurozone Manufacturing PMI final data](#), Markit Economics, [markiteconomics.com](#)

<sup>132</sup>Dec 31, 2013, [TURNOVER INDEX IN RETAIL TRADE: October 2013](#), Hellenic Statistical Authority (EL.STAT.), [statistics.gr](#)

<sup>133</sup>Dec 31, 2013, [Greece bonds record 47% return; beats world on brighter outlook](#), Live Mint, [livemint.com](#)

<sup>134</sup>Jan 03, 2014, [Greek MFIs: Outstanding loans to Non-Financial corporations](#), ECB, [sdw.ecb.europa.eu](#)

<sup>135</sup>January 2014, [Greek MFIs: Interest per annum on new loans](#), ECB, [sdw.ecb.europa.eu](#)

<sup>136</sup>Dec 30, 2013, [Greece will leave bailout scheme in 2014, says prime minister](#), The Guardian, [theguardian.com](#)

<sup>137</sup>Jan 09, 2014, [Steinmeier urges Greece to continue tough economic reforms](#), DW, [dw.de](#)

<sup>138</sup>Nov 11, 2013, [EUR 550 million support for growth and employment in Greece: first ever jobs for youth SME funding in Greece](#), European Investment Bank, [eib.org](#)

<sup>139</sup>Nov 30, 2013, [Moody's upgrades Greece credit rating](#), Euro News, [euronews.com](#)

<sup>140</sup>November 2013, [Bank interest rates on new euro-denominated deposits and loans vis--vis euro area residents](#), Bank of Greece, [bankofgreece.gr](#)

<sup>141</sup>January 2014, [Greek MFIs: Interest per annum on new term deposits](#), ECB, [sdw.ecb.europa.eu](#)

<sup>142</sup>January 2014, [Greek MFIs: Interest per annum on new demand deposits](#), ECB, [sdw.ecb.europa.eu](#)

<sup>143</sup>December 2013, [Monthly Balance Sheet: Nov 2013](#), Bank of Greece, [bankofgreece.gr](#)

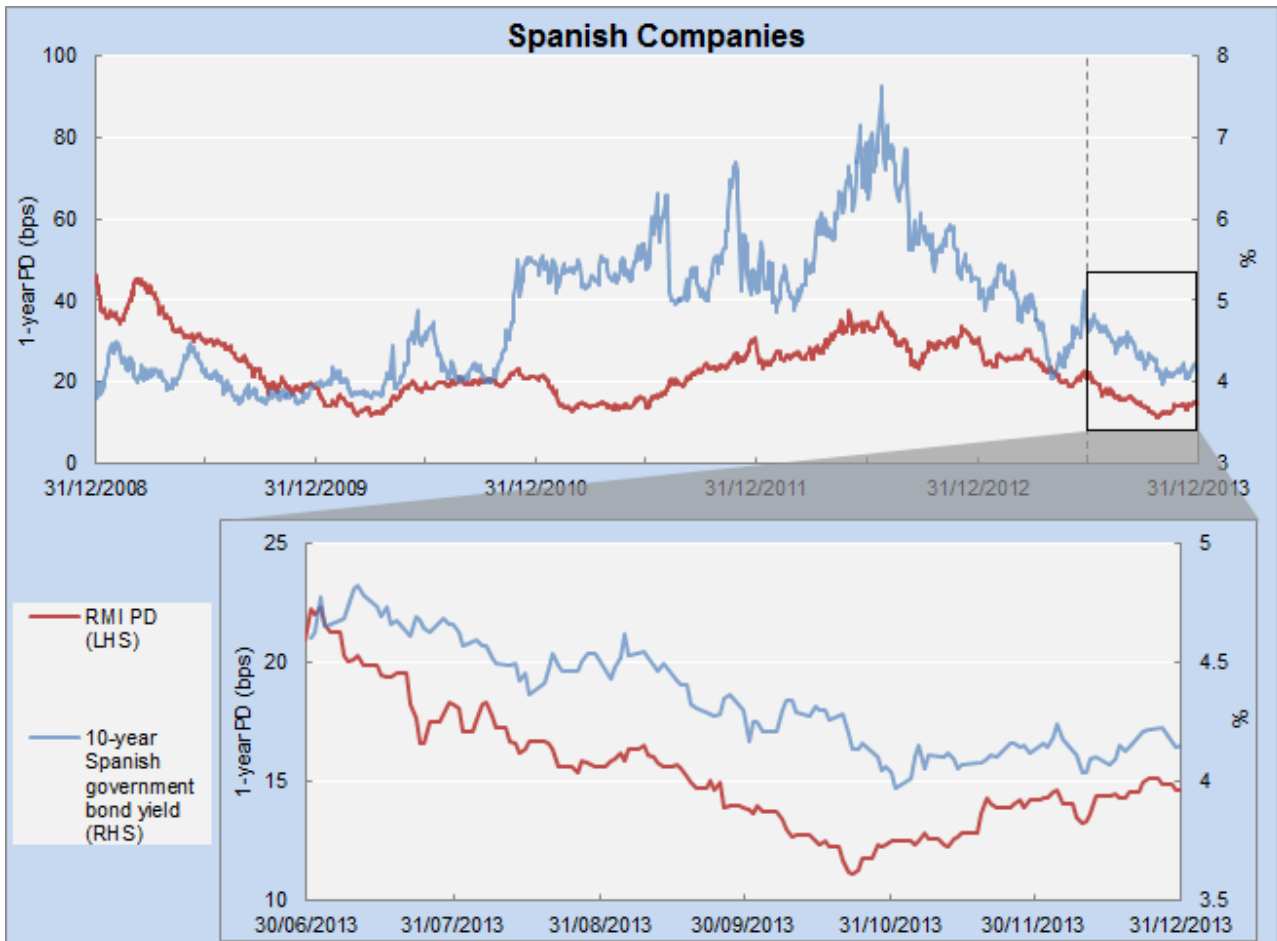
<sup>144</sup>September 2013, [Monthly Balance Sheet: Sep 2013](#), Bank of Greece, [bankofgreece.gr](#)

<sup>145</sup>Jan 20, 2014, [Greek banks' ECB and ELA funding up in December](#), Reuters, [reuters.com](#)

<sup>146</sup>November 2013, [Write-offs and other adjustments to domestic credit](#), Bank of Greece, [bankofgreece.gr](#)

## Spanish Companies

The 1-year aggregate RMI PD for Spanish companies was volatile in Q4 but remained under the highs seen through 2012 and early-2013, as a tug of war ensued between Spain’s improving outlook and legacy problems. To a large extent, the improvement in Spain’s outlook could be credited to the economy’s emergence from recession, improvement in manufacturing and continued strong performance of exports. Spain’s successful exit from the eurozone programme is a credit positive for Spain as well as its financial sector. Having initially negotiated potential bailout funds totaling EUR 100bn to recapitalize troubled domestic lenders, Spain ended up using only EUR 41.3bn.<sup>147</sup> Despite these positives, a multitude of problems continue to plague the economy - unemployment remains high (second highest in eurozone) and inflation languishes stubbornly near zero.<sup>148</sup> The slow pace of fiscal adjustment amidst a very high debt to GDP ratio of 93.4% also signals further potential struggles for the economy.<sup>149</sup> Against this backdrop, the credit outlook for Spanish companies is positive albeit marginally so.



## Economy

- After 9 consecutive quarters of contraction, Q3 data (released in Q4) showed Spain’s GDP re-entering the expansion territory (0.1% QoQ). Exports, on the back of wage moderation and disinflation, were the brightest spot in the country’s economic profile in the run up to this recovery. Exports grew to EUR 21.46bn at the end of October, rising 11% MoM and 1.8% YoY. Due to such strong performances, the current account balance for October was a healthy EUR 1.7bn.<sup>150</sup>



- Manufacturing activity in Spain showed signs of recovery in Q4. Markit's manufacturing Purchasing Manager's Index (PMI) rebounded to 50.8 in December from 48.6 in November. Any reading above 50 indicates an expansion in manufacturing activity. Markit said that the rise was boosted by gains in new business and output. Spanish services PMI also beat expectations and came in at 54.2 in December versus consensus estimate of 51.6.
- Unemployment could be considered Spain's Achilles heel as more than a quarter of the job seeking population remains unemployed. As per official figures, the unemployment rate at the end of Q3 was at 25.98%, somewhat lower than previous quarter's 26.26%. Eurostat estimates that unemployment for Spain was at 26.7% at the end of November, with youth unemployment at a staggering 57.7%.<sup>151</sup>
- Persistently low inflation has been another cause of worry for Spain in the previous quarter. A number of market participants, as well as policy makers have raised concerns that should deflation occur, it will decrease demand and dent the recovery process. In October, the CPI reading was flat year-on-year due to a drop in housing and transportation prices. In November, there was a slight pickup with the CPI increase printing 0.3% YoY. The preliminary reading of December Harmonized CPI printed a 0.3% growth as well. By Spain's own methodology, November CPI rose 0.2% YoY, after a 0.1% fall in October. As per the ECB guidance, the central bank intends to keep the annual inflation rate below but close to 2%.<sup>152</sup>

### Funding & Liquidity

- Yields on 10-year Spanish government notes fell heavy throughout Q4 and ended the quarter at 4.15%, 15bps lower than Q3 closing levels. Yields remained between 4 and 4.2% for most of the quarter, reporting a high of 4.34% and low of 3.97%. With Spain 'successfully' exiting the bailout program, momentum in 2014 was towards lower government bond yields. At the time of writing, 10-year yields were trading at 3.89%.
- There was little change in lending rate from the ECB to non-financial corporations in Q4. At the end of October, the rate stood at 3.38% versus 3.36% at the end of September.
- The amount of outstanding loans to non-financial corporate decreased from EUR 650bn on September 30th to EUR 643bn at the end of November. Outstanding loans have been on a downward trend this year, falling from EUR 729bn at the end of 2012.

### Policy

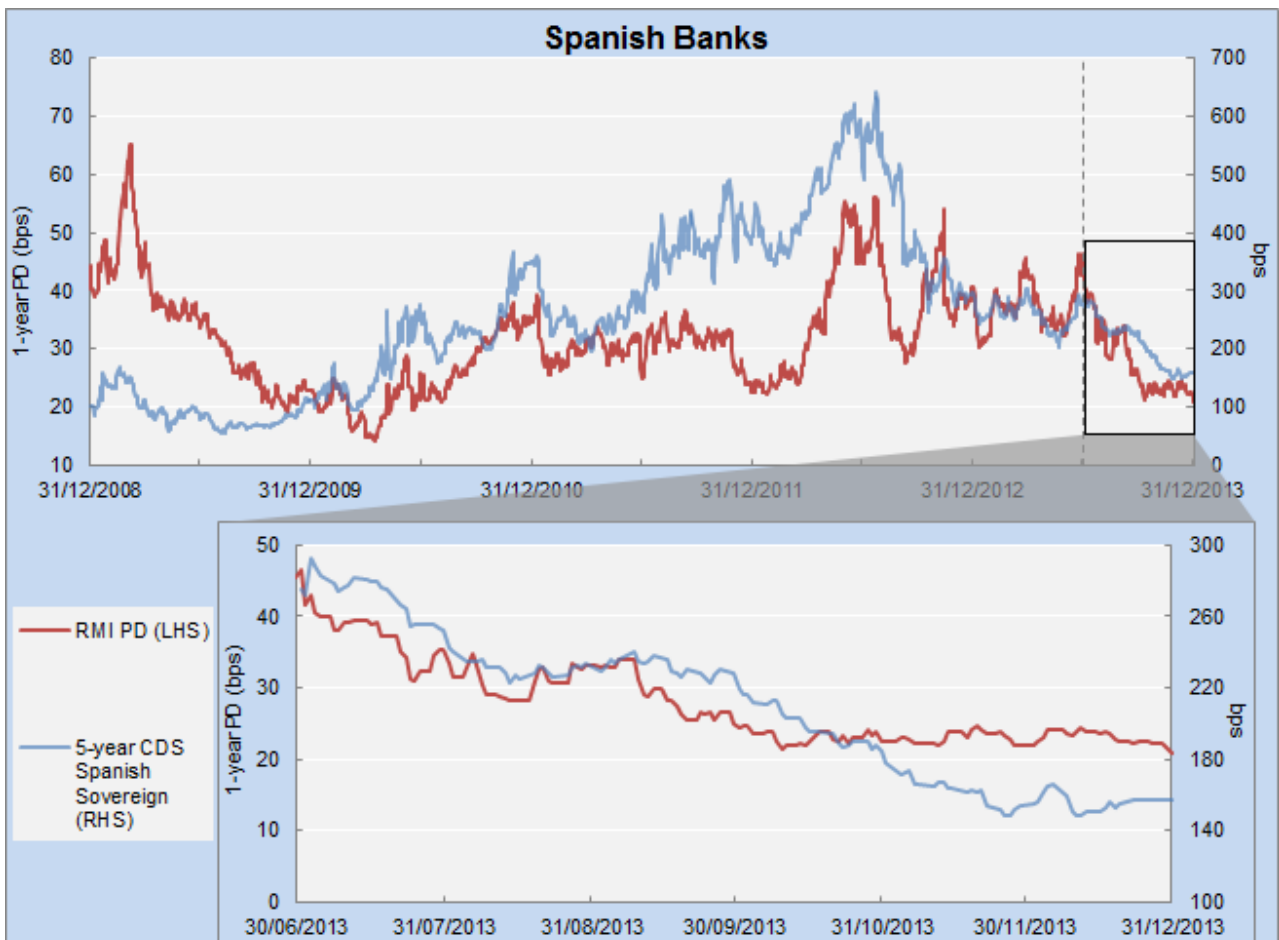
- Although Spain remains committed to achieving the goals of austerity, an absence of tax increases will probably make it difficult for the government to reach its budget deficit targets. The government has already promised tax cuts for new businesses, low income earners and self-employed in 2014. These may lead to fiscal slippage. The government has set budget deficit targets at 5.8% of GDP for 2014 and 4.2% of GDP for 2015. The slow pace of consolidation led to Spain's public debt hitting a record 93.4% of GDP at the end of Q3. Spain's public debt had stood at a mere 40% of GDP at the end of 2008 - the year when the country's crisis began.<sup>153</sup>
- To alleviate debt pressures, Spain went ahead with strict pension reforms that break the link between pension and inflation. Pensions will rise by a minimum of 0.25% a year and can only rise further if the state pension fund is in surplus. Payment rises are capped at 0.5% above inflation.<sup>154</sup>
- Spain's elections, scheduled for 2015, will likely have a bearing on the fiscal policies of the government. This aspect became even more important after recent opinion polls indicated a lead for the opposition.<sup>155</sup>

**Sovereign Credit Ratings**

- Moody’s, S&P and Fitch, all raised Spain’s credit rating outlook to stable from negative in the last quarter of 2013. While ratings from each of these agencies lies at the bottom of the investment grade spectrum, improving growth prospects and some economic rebalancing have helped bolster the outlook. S&P currently places Spain’s foreign currency debt rating at BBB-, the lowest investment grade. Likewise for Moody’s which affirmed its Baa3 rating for Spain. Fitch placed Spain’s credit at BBB, one notch higher than the other rating agencies.

**Spanish Banks**

The 1-year RMI PD for Spanish banks decreased over the past three months. This lower average risk of default is the result of higher profitability, larger capital buffers and a reduction in funding costs across the financial sector. These measures are expected to improve further as the economy expands the pace of this recovery, however debatable this scenario may be. Negative loan growth and deteriorating asset quality continues to be a burden, as does the declining pace of lending. Banks are still cautious about lending in a low growth environment and improvement in this aspect is also contingent on GDP growth. The positive outlook on Spanish companies, coupled with the improved capital buffers of Spain’s financial sector indicate a positive outlook for Spain’s banking sector as well. Spain’s recent exit from the eurozone assistance program, using only EUR41bn out of the EUR100bn negotiated adds credence to this call.



## Profitability

- Net incomes at the largest Spanish lenders were generally positive in Q3. Banco Bilbao Vizcaya Argentaria reported a net income of EUR 195mn in Q3, after a EUR1.15bn profit in Q2. For Caixa Bank, Banco Santander and Banco de Sabadell, the net incomes were little changed on a QoQ basis. Caixa Bank earned EUR 50mn versus EUR 73mn last quarter. Banco Santander bettered its last quarter profit of EUR 1.05bn by 5mn. Banco de Sabadell earned a profit of EUR 62.7mn, lower than last quarter's EUR 72.3mn profit. Quarterly profit for Bankia came in at EUR 161mn, higher than EUR 126mn in the previous quarter.
- A proxy for the NIM of Spanish banks increased sharply to 1.97% during Q2, from 0.7% in Q4 2012. This increase in net interest margins came as a result of deposits falling to an all-time low.

## Funding & Liquidity

- In-line with lower sovereign yields, Q4 witnessed a drop in yields for Spain's banking sector debt. 5 year CDS prices for the firms also reflect this improvement in funding. For Santander's senior debt, CDS levels have fallen from 224bps at the end of October to 120bps at the end of January. Likewise for BBVA, CDS levels for which have fallen from 236bps to 115 in the same time period.
- By November end, ECB borrowing by Spanish banks stood at EUR223bn, falling substantially from the EUR244bn seen at the end of September. About EUR14bn of this borrowing came from weekly main refinancing operations (MRO) while the rest was borrowed through long term refinancing operations (LTRO).
- Deposits at Spanish banks likely expanded in Q4. At the end of November, total deposits stood at EUR974bn, EUR10bn higher than the figure reported for September 2013. Both retail and corporate deposits expanded over the same period. This increase in deposits, together with an ongoing decrease in loans, led to a decline in the loan-to-deposit ratio of Spanish banks. As the IMF highlighted in its fourth progress report on Spain's banking sector, the loan to deposit ratio has come down from 170% before the crisis to 125% in September 2013.<sup>156</sup>

## Capital Levels & Regulations

- Spanish banking system's capital buffers have steadily increased over the past few months and the trend continued in Q3. At the end of Q3, Tier 1 capital ratios for Santander, BBVA, Sabadell, Bankia and Caixa were all over 11%. Each of these banks had registered an improvement from the previous quarter. Total capital ratio for all these banks exceeded 12% at the end of Q3.
- The IMF, in its fourth progress report recommended boosting capital further. The supranational organization encouraged raising capital buffer by asset sales, cost cutting as well as issuing shares.
- The resolution of the deferred tax assets (DTA) issue was credit positive for Spanish banks as well. The Economy Minister announced in November that the government will allow banks to classify EUR 30bn of deferred tax assets as capital, out of a total EUR 50bn outstanding.<sup>157</sup>

## Asset Quality

- Deteriorating asset quality poses the biggest threat to Spain's financial sector. Spain's loan delinquencies reached a record high of 13% of the total at the end of October. This number is nearly quadrupled the amount of bad loans at the end of 2008. Another series clocking record highs are the missed payments on mortgages. At the end of Q3 2013, defaults as a proportion of total mortgages jumped to 5.36%, from 3.63% a year earlier. Unfavourable job market conditions added to these worries, weighing down the ability of house owners to repay debts.

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<sup>147</sup>Dec 31, 2013, [Spain's exit](#), European Stability Mechanism, esm.europa.eu

<sup>148</sup>Jan 8, 2014, [Euro-Zone Retail Sales in Surprise Surge](#), Wall Street Journal, online.wsj.com

<sup>149</sup>Dec 13, 2013, [Spain's debt climbs to 93.4 pct of GDP at end September](#), Yahoo Finance, finance.yahoo.com

<sup>150</sup>Dec 20, 2013, [Government Statistics](#), Ministry of Economics, comercio.mineco.gob.es

<sup>151</sup>Jan 8, 2014, [Eurostat unemployment statistics](#), Eurostat, epp.eurostat.ec.europa.eu

<sup>152</sup>Jan 8, 2014, [ECB monetary policy](#), European Central Bank, ecb.europa.eu

<sup>153</sup>Sep 27, 2013, [New Spanish Budget Free of Austerity Measures](#), New York Times, nytimes.com

<sup>154</sup>Dec 30, 2013, [Debt-laden Spain looks for savings with pensions overhaul](#), Financial Times, ft.com

<sup>155</sup>Jan 12, 2013, [Spain's opposition Socialists take opinion-poll lead](#), Reuters, reuters.com

<sup>156</sup>Nov 29, 2013, [IMF. Spain Financial Sector Reform: Fourth Progress Report](#), IMF, imf.org

<sup>157</sup>Nov 29, 2013, [Spain banks to save 30 bln euros of DTAs under new law - Economy Minister](#), Reuters, reuters.com

# 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 five 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 January 17, 2014, using data up to December 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 Q3 2013 and Q4 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.

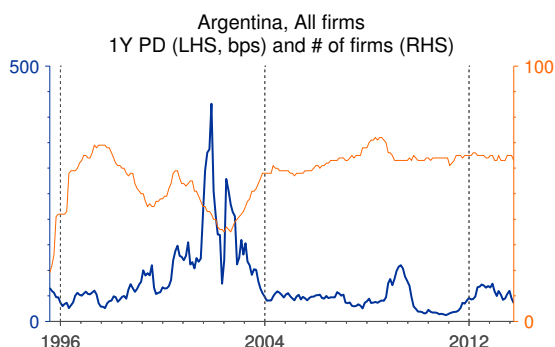
Appendix [B](#) gives 1-year aggregate PD by the seven regions of Asia-Pacific developed, Asia-Pacific emerging, North America, Latin America, Eastern Europe, Western Europe and Africa & the Middle East. The top two graphs of each regions show the time series of the distribution of Probability of Default 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.

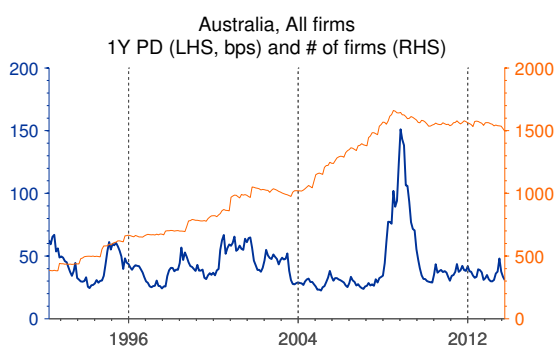
Appendix [C](#) provides common macroeconomic, corporate credit and sovereign risk indicators for each economy along with the 1-year aggregate PD for financial and non-financial firms. The graphs on the left give historical context to the values, and the table on the right give the data from the previous 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.

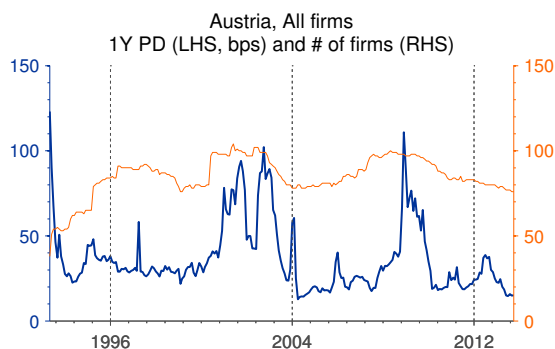
## A PD by economies



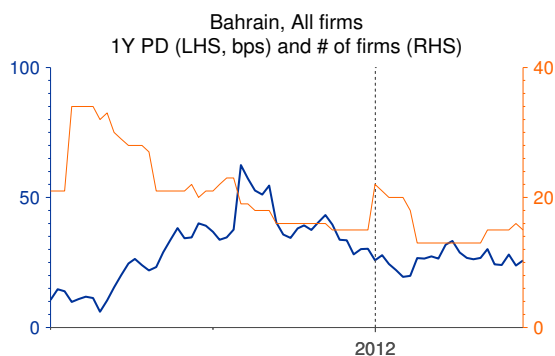
Argentina	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	45.8	36.1	21.4	14.7	-24.3	23.2
Basic Materials	7	71.4	71.7	36.0	36.2	-35.4	44.0
Communications	5	18.2	20.0	9.3	8.0	-8.9	13.5
Consumer Cyclical	7	60.3	86.0	67.1	109.2	6.9	23.8
Consumer Non-cyclical	14	58.2	69.8	42.6	56.2	-15.6	23.2
Diversified	1	33.6	-	27.4	-	-6.2	-
Energy	4	25.9	12.0	13.5	6.7	-12.4	7.4
Industrial	6	47.7	43.9	41.0	41.1	-6.7	3.4
Technology	1	8.2	-	7.2	-	-1.0	-
Utilities	7	99.4	97.8	44.5	47.6	-54.9	53.6



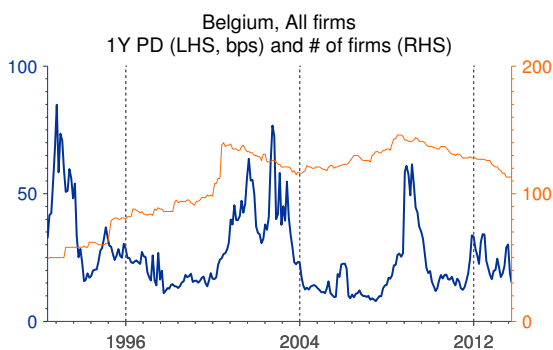
Australia	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	141	26.4	73.0	18.4	45.2	-8.0	42.9
Basic Materials	671	55.3	100.2	38.1	75.0	-17.3	75.2
Communications	69	38.9	68.2	28.5	55.6	-10.4	19.2
Consumer Cyclical	67	24.0	87.4	12.8	30.6	-11.2	63.6
Consumer Non-cyclical	170	30.4	155.9	18.5	85.4	-11.9	73.0
Diversified	7	42.7	75.0	29.8	61.8	-12.9	18.1
Energy	204	60.0	199.6	36.8	90.3	-23.1	117.9
Industrial	110	35.7	59.9	24.3	46.3	-11.4	29.6
Technology	39	24.9	59.2	15.3	29.9	-9.7	44.4
Utilities	15	47.9	114.7	64.7	190.1	16.8	78.2



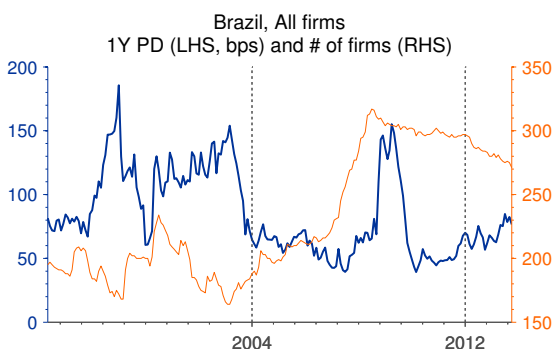
Austria	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	21	19.9	22.7	20.6	24.9	0.8	6.5
Basic Materials	5	6.3	5.3	6.5	6.7	0.2	2.1
Communications	2	8.6	5.3	6.9	0.1	-1.7	5.1
Consumer Cyclical	12	17.0	27.5	15.8	22.4	-1.3	11.4
Consumer Non-cyclical	7	13.3	10.1	16.9	13.2	3.5	6.2
Energy	4	5.1	6.6	5.6	7.3	0.6	0.8
Industrial	18	15.3	29.0	15.4	27.9	0.0	8.7
Technology	5	11.1	4.6	11.8	5.7	0.7	3.2
Utilities	2	4.5	2.0	3.1	1.2	-1.4	0.8



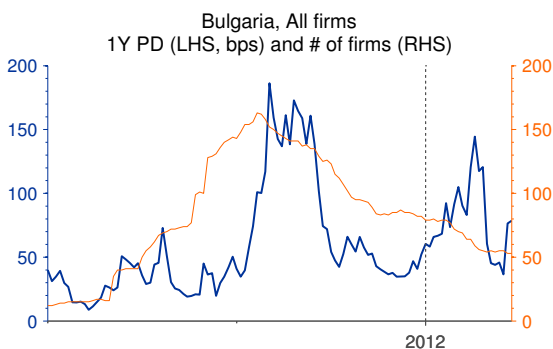
Bahrain	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	15	24.0	18.1	25.8	14.0	1.8	12.1



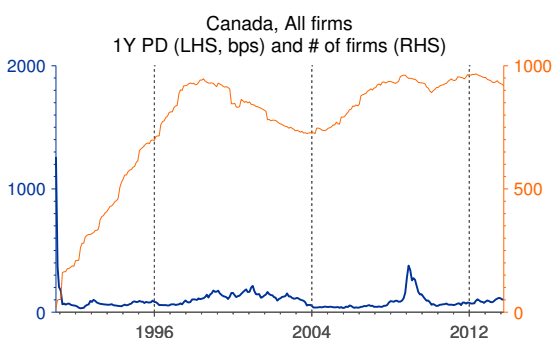
Belgium	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	30	74.0	373.6	16.3	57.9	-57.7	316.4
Basic Materials	8	11.8	11.2	9.3	7.5	-2.6	4.5
Communications	6	20.2	21.1	21.4	14.6	1.2	8.8
Consumer Cyclical	6	5.8	6.0	5.5	6.1	-0.4	0.4
Consumer Non-cyclical	23	9.9	16.1	8.7	12.5	-1.2	16.7
Diversified	8	12.1	32.0	40.6	113.4	28.5	81.5
Energy	1	198.5	-	185.1	-	-13.4	-
Industrial	22	9.8	8.8	9.7	8.9	-0.1	4.7
Technology	7	8.8	8.8	9.3	11.3	0.6	3.0
Utilities	2	2.0	0.2	2.2	0.5	0.1	0.3



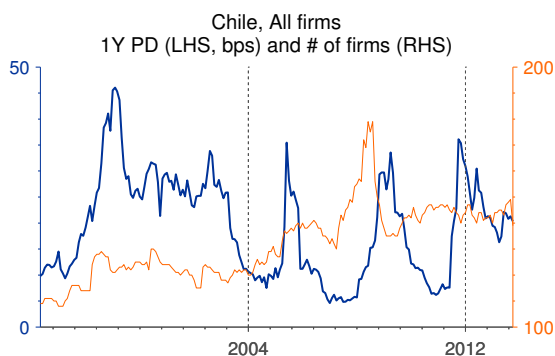
Brazil	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	60	56.9	114.0	61.1	114.2	4.1	23.5
Basic Materials	23	132.7	255.4	93.7	132.5	-39.0	138.4
Communications	8	54.8	66.9	48.4	71.9	-6.4	29.0
Consumer Cyclical	53	84.1	160.7	76.3	166.9	-7.8	43.2
Consumer Non-cyclical	45	66.1	256.6	46.3	110.4	-19.8	158.7
Diversified	6	60.0	48.8	58.4	49.3	-1.6	19.9
Energy	5	71.1	89.9	476.4	844.7	405.3	755.9
Industrial	33	120.2	159.5	131.1	213.3	10.9	122.7
Technology	2	1.1	1.4	1.1	1.4	-0.1	0.1
Utilities	31	41.8	71.5	38.7	52.4	-3.1	42.2



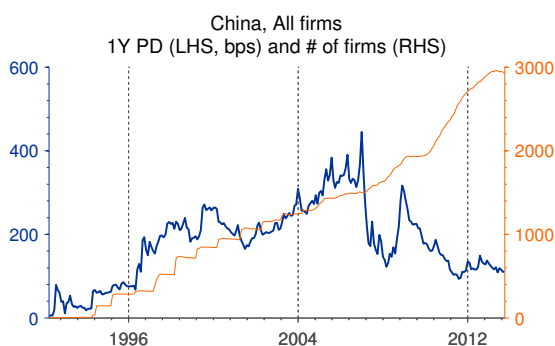
Bulgaria	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	16	14.1	8.0	14.4	8.5	0.3	3.7
Basic Materials	5	115.1	210.9	50.4	76.6	-64.7	134.8
Consumer Cyclical	1	11.6	-	9.2	-	-2.4	-
Consumer Non-cyclical	9	55.5	101.4	30.5	46.2	-25.0	56.6
Diversified	9	25.1	11.5	23.2	10.0	-1.9	6.3
Energy	3	252.4	364.7	1024.5	1726.7	772.2	1363.4
Industrial	10	15.5	13.3	12.0	10.7	-3.5	4.6



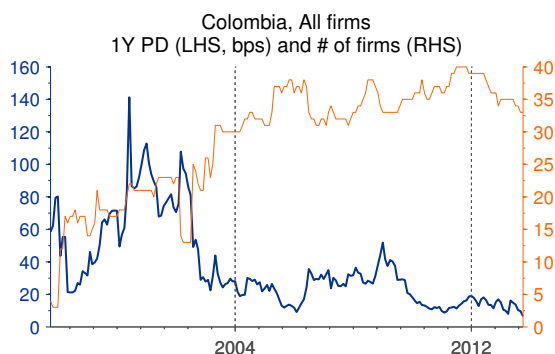
Canada	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	110	59.0	297.1	45.7	214.4	-13.3	93.2
Basic Materials	327	142.0	315.7	143.8	339.9	1.8	228.9
Communications	49	72.7	202.7	65.6	152.4	-7.1	160.0
Consumer Cyclical	64	29.6	58.3	27.8	53.4	-1.9	14.8
Consumer Non-cyclical	94	139.1	530.2	110.0	493.6	-29.1	547.2
Diversified	5	19.4	24.7	30.9	32.0	11.5	17.6
Energy	147	113.7	473.6	88.3	302.7	-25.4	232.5
Industrial	74	102.7	304.7	71.9	194.7	-30.8	196.0
Technology	27	252.3	1015.0	308.1	1258.6	55.8	252.0
Utilities	14	9.9	16.4	10.4	16.7	0.5	8.8



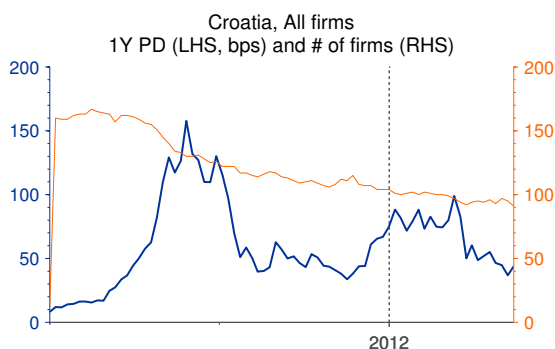
Chile	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	31	15.4	45.8	30.4	99.7	15.0	55.6
Basic Materials	14	88.1	317.3	32.6	98.6	-55.5	219.0
Communications	4	3.3	3.0	3.5	3.0	0.2	1.3
Consumer Cyclical	15	23.4	44.1	16.2	29.5	-7.2	33.5
Consumer Non-cyclical	29	15.5	35.9	18.2	31.8	2.7	16.2
Diversified	8	4.7	6.7	6.1	8.9	1.3	2.5
Industrial	18	26.2	65.9	27.3	49.4	1.1	21.4
Technology	1	0.3	-	0.7	-	0.4	-
Utilities	16	5.4	12.4	5.5	12.5	0.2	0.5



China	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	216	119.9	125.9	114.5	119.1	-5.4	39.8
Basic Materials	365	173.0	139.2	167.2	134.0	-5.7	43.1
Communications	159	79.4	205.8	65.6	161.1	-13.8	140.0
Consumer Cyclical	501	117.7	118.4	106.2	102.5	-11.6	59.4
Consumer Non-cyclical	447	97.0	119.2	90.6	124.9	-6.4	58.3
Diversified	29	181.6	117.1	166.6	101.5	-15.1	37.9
Energy	80	93.8	98.8	87.4	92.3	-6.4	61.2
Industrial	847	120.6	130.6	113.2	108.1	-7.4	56.3
Technology	174	63.7	79.8	62.4	87.1	-1.3	57.7
Utilities	75	166.3	126.3	169.3	127.8	3.0	32.6

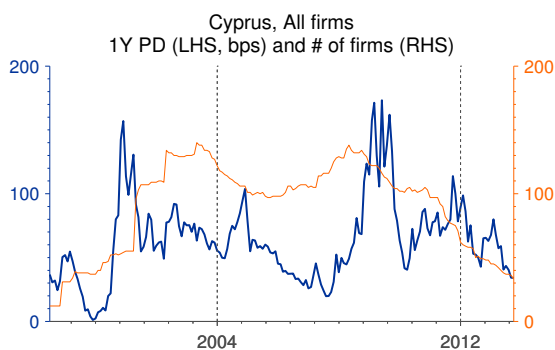


Colombia	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	12	18.5	31.4	4.6	5.1	-13.9	31.3
Basic Materials	2	12.8	18.1	9.0	12.2	-3.8	5.9
Communications	1	7.4	-	6.6	-	-0.8	-
Consumer Cyclical	1	0.3	-	0.3	-	0.0	-
Consumer Non-cyclical	1	0.0	-	0.0	-	0.0	-
Diversified	1	28.1	-	2.8	-	-25.2	-
Energy	3	4.2	3.6	4.4	4.0	0.3	0.4
Industrial	7	15.1	11.8	14.4	20.3	-0.7	18.6
Utilities	4	6.2	7.2	2.7	2.9	-3.5	4.3

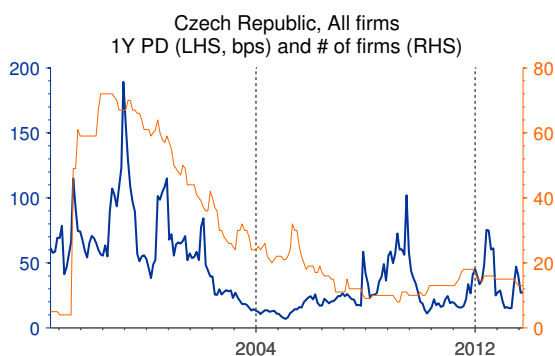


Croatia	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	12	19.4	19.0	24.7	26.6	5.3	9.8
Basic Materials	2	18.8	7.1	21.6	1.9	2.7	5.2
Communications	3	66.8	114.4	86.3	147.0	19.5	32.6
Consumer Cyclical	27	37.0	66.3	43.5	80.0	6.5	40.9
Consumer Non-cyclical	23	41.1	95.2	34.4	58.8	-6.6	40.9
Diversified	2	16.5	5.3	10.9	3.7	-5.6	9.0
Energy	2	1.4	0.3	0.7	0.4	-0.7	0.2
Industrial	16	102.9	156.6	82.8	96.8	-20.0	89.5

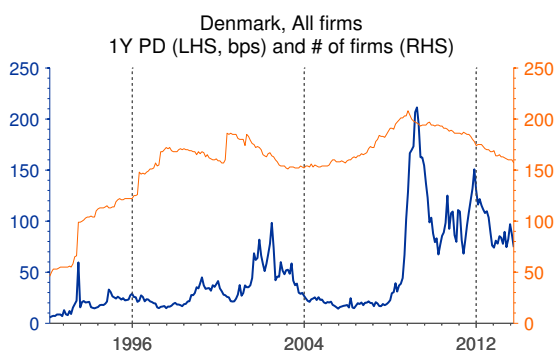




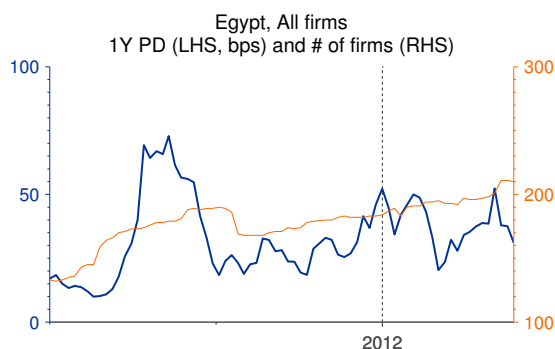
Cyprus	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	12	32.3	25.7	40.5	43.6	8.2	30.2
Basic Materials	1	33.3	-	20.6	-	-12.7	-
Consumer Cyclical	5	51.2	40.0	41.3	31.2	-9.9	14.2
Consumer Non-cyclical	5	32.4	16.6	32.1	20.1	-0.2	13.3
Energy	5	19.6	27.0	20.6	16.6	1.0	21.1
Industrial	4	44.1	38.4	29.3	21.3	-14.8	19.3
Technology	1	35.3	-	30.0	-	-5.3	-



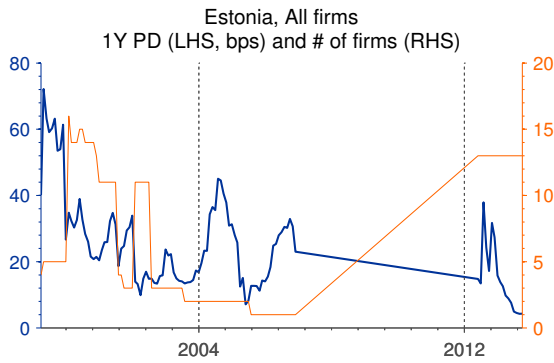
Czech Republic	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	2	48.7	50.8	33.5	37.2	-15.2	13.6
Communications	1	2.4	-	2.8	-	0.4	-
Consumer Cyclical	2	3.6	0.0	2.9	0.6	-0.8	0.6
Consumer Non-cyclical	1	10.0	-	11.4	-	1.5	-
Diversified	1	3.6	-	1.2	-	-2.4	-
Energy	4	128.1	200.3	63.1	72.5	-64.9	133.7
Industrial	1	4.4	-	4.4	-	-0.0	-
Utilities	1	12.1	-	8.7	-	-3.4	-



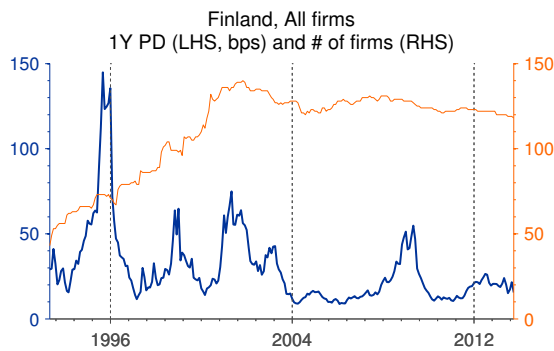
Denmark	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	55	111.7	236.6	103.0	256.1	-8.6	329.2
Basic Materials	2	3.7	3.4	4.4	4.6	0.6	1.2
Communications	10	59.9	95.3	54.6	88.6	-5.3	43.3
Consumer Cyclical	17	109.4	227.9	91.6	177.4	-17.7	53.2
Consumer Non-cyclical	23	44.5	111.3	25.7	37.6	-18.8	81.5
Diversified	2	15.5	9.3	11.9	5.4	-3.6	3.9
Energy	2	46.7	39.4	27.7	21.5	-19.0	17.9
Industrial	34	74.7	141.6	75.0	138.8	0.4	28.3
Technology	10	50.8	34.1	43.2	39.9	-7.6	34.3



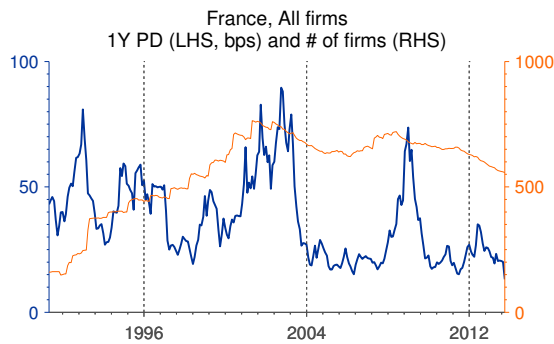
Egypt	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	67	84.4	85.2	51.1	60.8	-33.3	41.4
Basic Materials	21	48.5	74.3	24.6	37.9	-23.9	38.3
Communications	6	29.6	31.3	20.6	18.7	-9.0	14.6
Consumer Cyclical	22	47.0	44.6	30.5	27.7	-16.5	23.8
Consumer Non-cyclical	43	31.2	38.8	20.0	33.0	-11.2	19.7
Diversified	2	80.5	88.8	33.2	32.9	-47.3	55.9
Energy	1	18.2	-	16.5	-	-1.7	-
Industrial	38	29.3	46.3	16.0	22.4	-13.3	26.6
Utilities	1	4.9	-	6.8	-	1.9	-



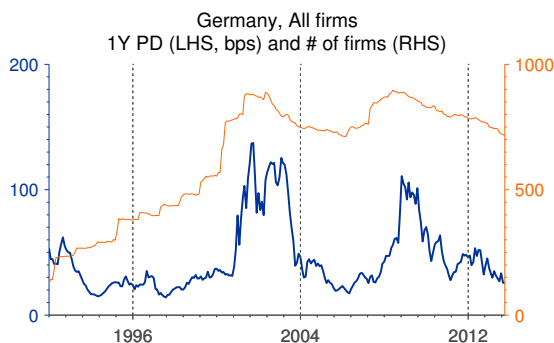
Estonia	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Communications	1	6.7	—	3.9	—	-2.7	—
Consumer Cyclical	5	5.0	7.3	4.4	4.9	-0.5	4.3
Consumer Non-cyclical	1	6.1	—	4.0	—	-2.1	—
Industrial	5	5.1	3.7	5.0	4.1	-0.1	1.0
Utilities	1	0.7	—	0.7	—	0.0	—



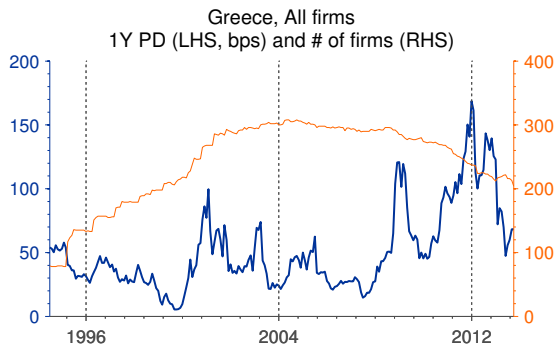
Finland	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	13	18.8	39.3	17.5	35.3	-1.2	4.2
Basic Materials	10	24.4	33.9	27.0	44.8	2.6	12.0
Communications	16	12.2	14.6	15.7	29.4	3.4	16.5
Consumer Cyclical	8	5.0	3.4	7.1	6.7	2.0	4.3
Consumer Non-cyclical	17	7.6	4.9	8.5	6.9	0.9	3.7
Diversified	1	1.8	—	0.9	—	-0.9	—
Energy	1	6.5	—	4.4	—	-2.1	—
Industrial	37	15.3	22.7	16.9	25.9	1.6	11.7
Technology	14	17.7	25.8	17.9	28.3	0.2	11.6
Utilities	1	3.0	—	1.7	—	-1.3	—



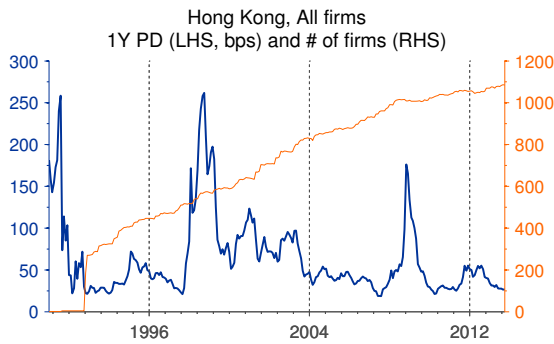
France	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	90	20.0	26.9	15.0	27.9	-5.0	15.1
Basic Materials	20	42.0	92.5	32.4	77.8	-9.5	24.4
Communications	58	14.0	18.4	13.2	19.6	-0.8	15.5
Consumer Cyclical	78	18.6	28.6	16.0	23.3	-2.6	9.0
Consumer Non-cyclical	111	8.5	12.0	8.6	13.3	0.1	5.2
Diversified	7	20.9	23.1	25.5	33.5	4.7	11.0
Energy	15	15.9	14.9	14.4	13.8	-1.5	7.8
Industrial	97	14.1	20.5	11.4	18.6	-2.7	11.5
Technology	70	12.2	15.1	11.0	18.0	-1.2	8.4
Utilities	10	10.6	9.2	7.6	9.0	-3.0	5.7



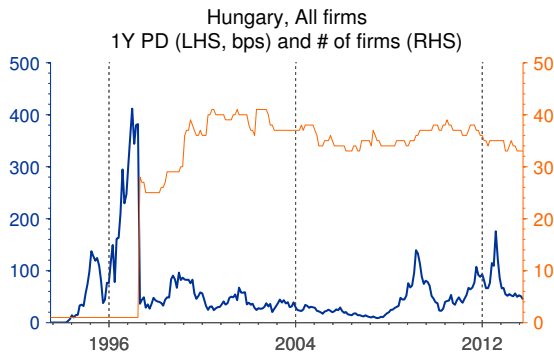
Germany	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	172	26.6	42.7	31.4	54.6	4.8	34.2
Basic Materials	24	8.3	7.7	12.1	20.0	3.7	17.9
Communications	73	22.2	34.0	30.5	67.6	8.3	66.3
Consumer Cyclical	95	20.6	62.2	16.7	22.9	-3.9	53.1
Consumer Non-cyclical	106	43.3	236.7	21.1	41.2	-22.2	214.9
Diversified	6	34.3	57.3	60.3	74.0	26.0	51.7
Energy	20	33.4	49.9	64.8	165.2	31.4	152.1
Industrial	135	23.1	53.9	25.3	76.5	2.2	48.5
Technology	75	12.0	17.7	16.2	37.6	4.2	26.6
Utilities	10	11.4	15.1	16.3	28.5	4.9	13.8



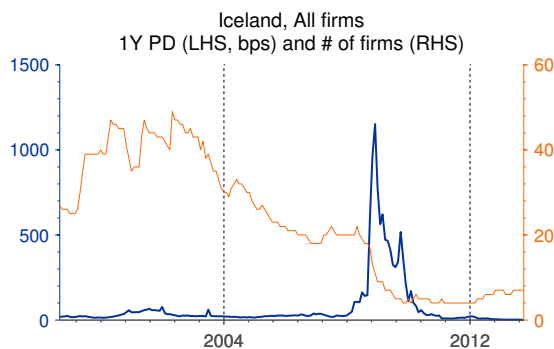
Greece	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	19	25.4	44.5	36.6	58.9	11.2	18.9
Basic Materials	12	23.0	25.6	43.6	72.3	20.6	66.2
Communications	11	89.8	94.4	80.2	104.2	-9.6	140.7
Consumer Cyclical	39	39.6	76.2	46.2	51.1	6.5	73.1
Consumer Non-cyclical	34	48.5	55.4	62.3	71.3	13.8	27.9
Diversified	2	21.8	14.7	55.5	55.3	33.7	40.6
Energy	5	14.5	5.7	20.4	12.3	5.9	6.6
Industrial	68	86.3	151.0	104.2	241.8	17.9	230.9
Technology	11	52.2	66.4	54.1	76.4	1.8	70.3
Utilities	3	6.6	4.6	6.5	5.2	-0.0	1.1



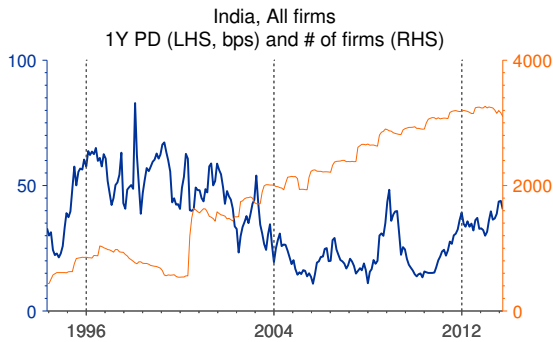
Hong Kong	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	225	24.6	41.2	24.9	42.1	0.3	22.0
Basic Materials	57	49.9	114.2	45.1	81.6	-4.9	42.5
Communications	80	35.3	78.2	29.5	45.2	-5.9	53.9
Consumer Cyclical	256	23.8	46.4	23.1	40.3	-0.7	22.6
Consumer Non-cyclical	115	24.5	50.2	21.4	32.6	-3.1	35.2
Diversified	44	19.2	29.6	22.8	48.7	3.6	25.5
Energy	33	36.5	39.1	33.3	31.8	-3.1	13.1
Industrial	182	27.3	30.0	28.5	37.5	1.2	22.1
Technology	57	39.1	86.8	37.5	74.5	-1.6	41.6
Utilities	19	7.9	8.4	11.7	13.1	3.8	5.6



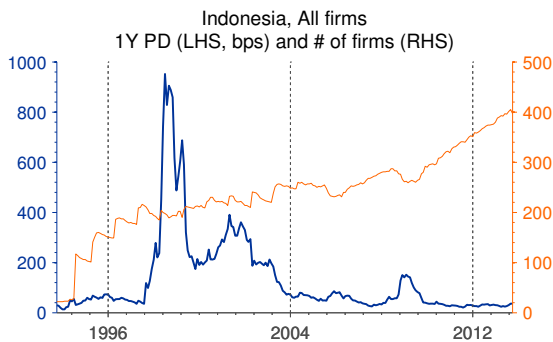
Hungary	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	8	34.6	46.7	31.3	35.3	-3.3	13.0
Basic Materials	1	20.5	-	10.3	-	-10.2	-
Communications	4	54.4	74.4	54.5	73.5	0.1	5.6
Consumer Cyclical	4	121.3	194.8	99.1	155.0	-22.2	40.2
Consumer Non-cyclical	6	41.8	79.4	26.7	47.7	-15.1	31.8
Diversified	2	75.4	62.2	103.7	23.5	28.3	38.7
Energy	2	18.7	8.0	13.7	3.7	-5.0	4.3
Industrial	1	29.6	-	31.9	-	2.4	-
Technology	2	38.3	1.7	39.6	12.1	1.3	10.3
Utilities	2	33.6	5.0	29.3	5.2	-4.3	0.2



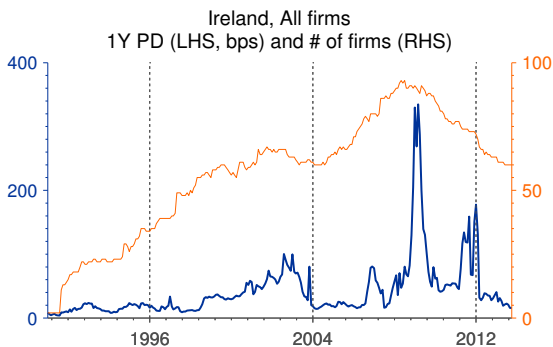
Iceland	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Consumer Cyclical	2	1.6	1.8	1.8	2.1	0.2	0.3
Consumer Non-cyclical	2	2.8	2.0	2.1	1.4	-0.6	0.6
Industrial	2	2.4	1.4	2.0	1.4	-0.4	0.1
Technology	1	2.2	-	1.7	-	-0.5	-



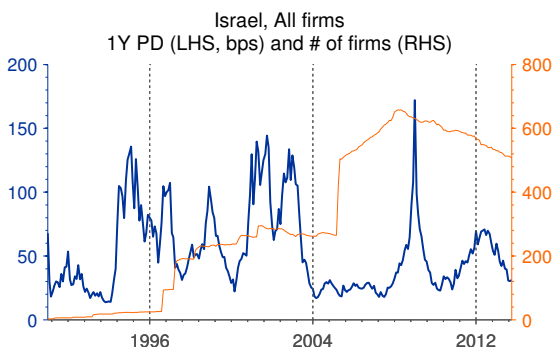
India	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	436	42.5	85.4	53.8	116.1	11.4	50.0
Basic Materials	424	36.4	50.7	37.0	45.4	0.6	30.1
Communications	122	43.6	79.1	43.8	77.4	0.2	47.1
Consumer Cyclical	612	43.0	89.6	39.2	66.0	-3.7	54.2
Consumer Non-cyclical	480	32.1	59.0	32.3	54.7	0.3	32.2
Diversified	26	53.3	64.1	53.5	57.4	0.2	47.2
Energy	58	51.9	73.4	63.4	103.8	11.6	43.0
Industrial	648	38.7	54.7	41.9	61.8	3.3	30.9
Technology	190	37.5	71.7	34.6	63.4	-2.9	45.9
Utilities	34	46.5	50.4	56.9	62.3	10.4	30.4



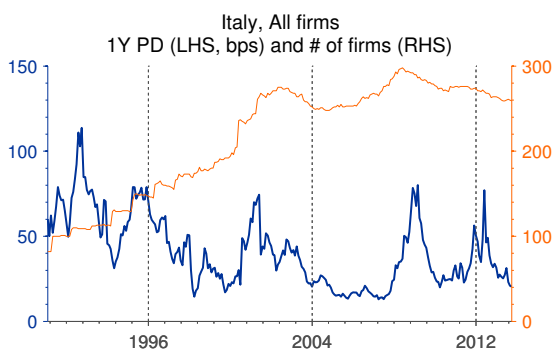
Indonesia	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	103	25.0	29.6	38.6	39.0	13.6	20.9
Basic Materials	46	52.2	96.8	65.9	125.6	13.7	32.2
Communications	25	30.7	53.6	43.8	55.4	13.1	26.4
Consumer Cyclical	58	16.8	19.6	23.7	21.1	6.9	14.3
Consumer Non-cyclical	60	16.6	40.3	24.1	36.0	7.5	18.2
Diversified	1	32.6	-	32.1	-	-0.4	-
Energy	35	45.6	76.6	48.1	73.5	2.5	30.3
Industrial	52	17.6	17.3	25.5	24.5	7.9	15.5
Technology	4	8.4	12.8	9.3	13.6	0.9	0.8
Utilities	3	12.4	17.1	19.7	26.8	7.2	9.7



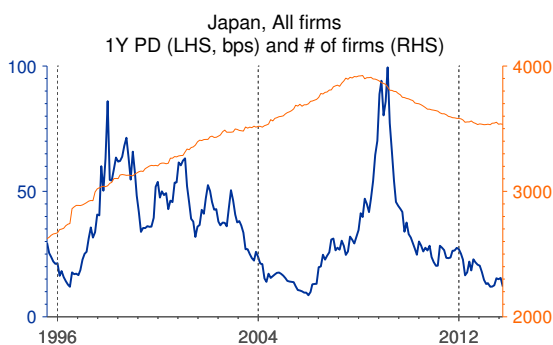
Ireland	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	18.7	37.3	12.1	17.3	-6.6	20.5
Basic Materials	9	36.3	25.1	25.0	18.2	-11.4	9.9
Communications	1	4.6	-	3.9	-	-0.6	-
Consumer Cyclical	3	1.5	1.7	1.8	2.3	0.3	0.6
Consumer Non-cyclical	17	4.1	4.1	2.8	3.4	-1.3	3.3
Energy	11	63.5	81.8	42.2	27.1	-21.3	60.8
Industrial	5	7.8	13.5	8.5	15.6	0.6	2.2
Technology	3	0.8	1.0	0.8	0.6	0.0	0.5



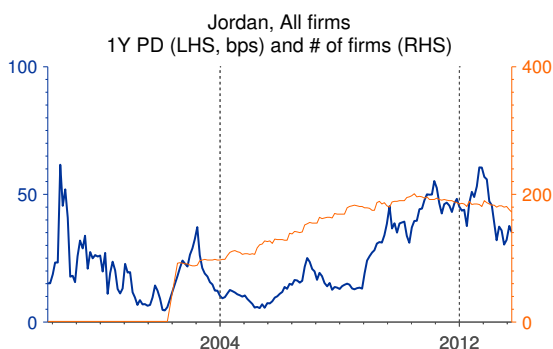
Israel	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	144	54.3	195.8	54.4	169.3	0.1	79.7
Basic Materials	13	13.9	32.0	37.6	112.6	23.8	80.9
Communications	37	45.3	78.5	29.2	69.7	-16.1	56.8
Consumer Cyclical	48	15.7	19.2	15.8	19.7	0.1	10.4
Consumer Non-cyclical	91	29.2	68.1	16.4	23.5	-12.8	60.6
Diversified	12	94.8	220.8	22.9	32.3	-71.9	214.5
Energy	31	65.5	179.9	24.0	38.9	-41.4	157.5
Industrial	91	14.2	18.2	14.8	20.3	0.5	9.6
Technology	32	22.3	65.1	23.8	60.7	1.5	37.1



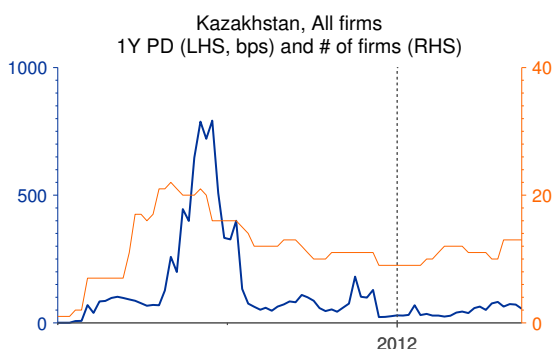
Italy	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	57	31.9	27.4	29.7	27.2	-2.3	14.5
Basic Materials	6	20.3	14.9	20.9	15.9	0.6	1.6
Communications	30	36.2	49.2	29.6	37.2	-6.6	23.9
Consumer Cyclical	43	20.4	25.2	19.4	23.5	-1.0	7.7
Consumer Non-cyclical	33	80.0	368.1	14.4	19.9	-65.6	366.9
Diversified	2	19.8	8.1	9.1	3.7	-10.7	4.4
Energy	14	22.1	27.7	14.9	10.4	-7.3	24.0
Industrial	47	13.5	16.7	14.2	16.9	0.7	10.2
Technology	15	25.7	28.9	18.1	15.8	-7.6	19.5
Utilities	11	9.8	5.5	8.3	5.5	-1.5	3.7



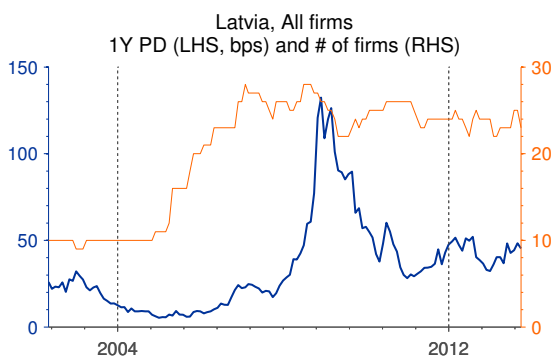
Japan	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	316	31.3	35.6	28.4	29.7	-2.9	17.6
Basic Materials	241	15.0	22.4	11.0	13.4	-4.0	14.4
Communications	243	10.6	13.2	9.4	12.1	-1.2	6.6
Consumer Cyclical	858	14.8	28.7	11.9	17.4	-2.9	15.5
Consumer Non-cyclical	586	10.0	18.9	7.9	13.3	-2.1	10.1
Diversified	2	21.1	19.0	21.1	20.1	-0.1	1.1
Energy	16	24.8	27.1	14.1	11.5	-10.8	20.0
Industrial	966	14.6	17.1	11.2	12.8	-3.4	9.2
Technology	262	10.1	15.9	8.0	10.8	-2.1	9.3
Utilities	25	20.4	24.0	19.1	20.7	-1.3	8.8



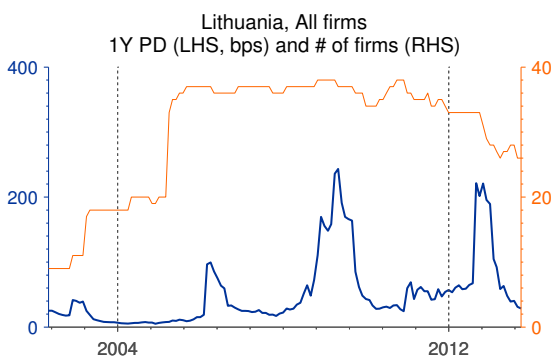
Jordan	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	87	26.8	34.3	31.3	45.2	4.6	19.7
Basic Materials	15	15.3	16.2	16.8	16.2	1.5	8.8
Communications	3	53.7	82.1	74.8	116.1	21.1	34.1
Consumer Cyclical	18	55.5	95.1	57.5	95.8	2.1	11.7
Consumer Non-cyclical	21	22.1	31.9	25.3	33.3	3.1	7.1
Diversified	2	8.0	11.1	8.6	11.3	0.5	0.2
Energy	2	35.6	50.2	50.0	70.7	14.5	20.5
Industrial	22	39.2	50.6	46.0	54.3	6.9	16.1
Utilities	2	67.6	14.9	75.8	56.2	8.2	41.3



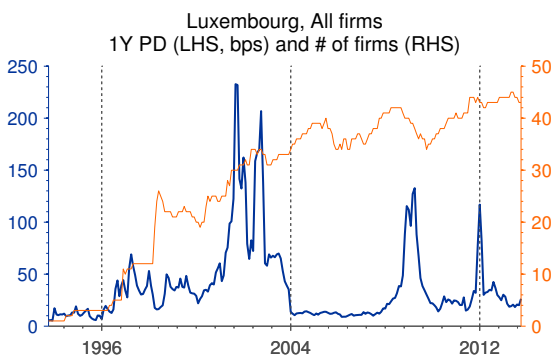
Kazakhstan	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	5	87.2	59.7	71.2	64.1	-16.0	58.4
Basic Materials	1	350.7	-	293.2	-	-57.5	-
Communications	2	11.1	0.5	8.5	3.3	-2.6	3.8
Consumer Non-cyclical	2	0.3	0.4	16.2	23.0	15.9	22.5
Diversified	1	15.2	-	11.4	-	-3.8	-
Energy	2	1.6	2.2	1.7	2.4	0.1	0.2



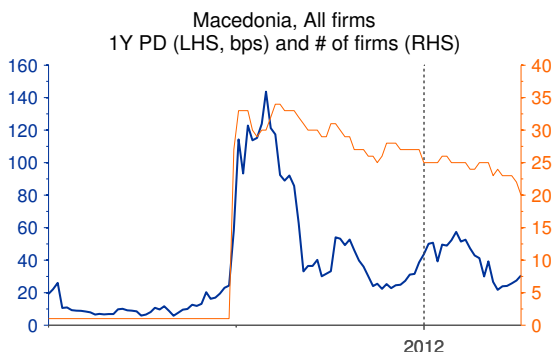
Latvia	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Basic Materials	1	12.9	—	14.7	—	1.8	—
Communications	2	9.8	1.0	12.0	4.4	2.3	5.4
Consumer Cyclical	3	49.5	34.9	41.8	30.8	-7.7	6.8
Consumer Non-cyclical	6	21.8	22.9	20.1	18.8	-1.8	6.4
Energy	1	12.3	—	10.8	—	-1.5	—
Industrial	7	84.3	95.5	98.6	108.1	14.3	32.7
Utilities	1	7.1	—	4.8	—	-2.3	—



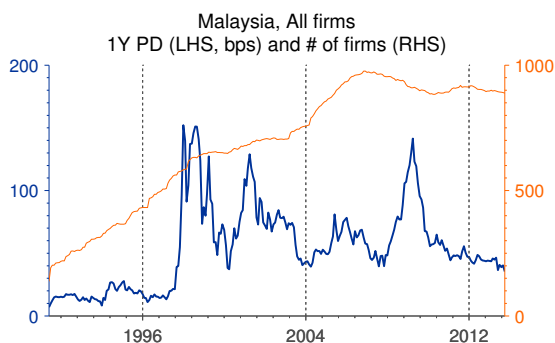
Lithuania	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	2	56.9	14.2	45.0	27.5	-11.9	13.3
Basic Materials	1	2.4	—	2.8	—	0.4	—
Communications	1	0.0	—	0.0	—	-0.0	—
Consumer Cyclical	5	18.3	17.0	18.4	18.6	0.1	2.2
Consumer Non-cyclical	7	8.7	8.3	6.0	4.5	-2.7	4.1
Energy	1	0.0	—	0.0	—	-0.0	—
Industrial	5	84.0	110.1	96.0	137.3	12.0	28.0
Utilities	4	7.6	9.2	8.7	9.1	1.1	15.1



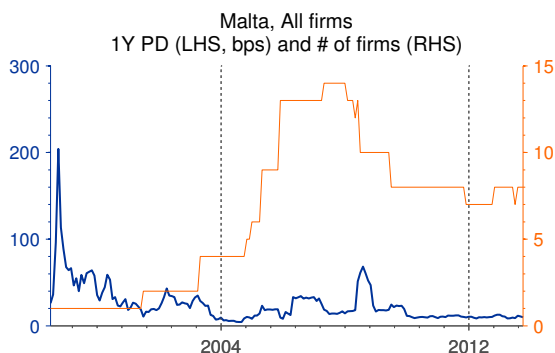
Luxembourg	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	15	13.3	14.2	40.5	108.5	27.3	106.2
Basic Materials	6	30.0	29.7	26.5	32.9	-3.5	8.2
Communications	3	11.2	16.7	11.7	17.1	0.5	0.5
Consumer Cyclical	4	71.4	78.7	53.6	61.3	-17.8	47.1
Consumer Non-cyclical	9	8.7	6.8	9.0	12.2	0.3	10.4
Energy	1	1.1	—	2.0	—	0.9	—
Industrial	4	6.7	5.4	7.4	5.5	0.7	0.8
Technology	1	2.0	—	0.8	—	-1.2	—



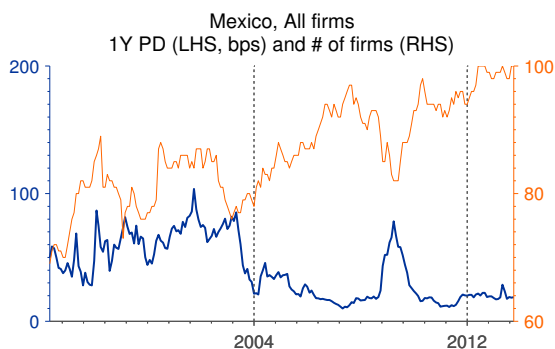
Macedonia	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	3	44.9	10.1	38.5	7.8	-6.4	3.6
Basic Materials	3	30.7	10.5	37.1	12.1	6.4	8.0
Communications	1	0.6	—	0.3	—	-0.3	—
Consumer Cyclical	3	13.2	11.9	15.5	14.6	2.3	3.2
Consumer Non-cyclical	3	1.0	0.2	9.2	14.9	8.2	14.7
Industrial	6	25.4	13.7	28.9	16.6	3.5	8.0
Utilities	1	64.7	—	137.2	—	72.6	—



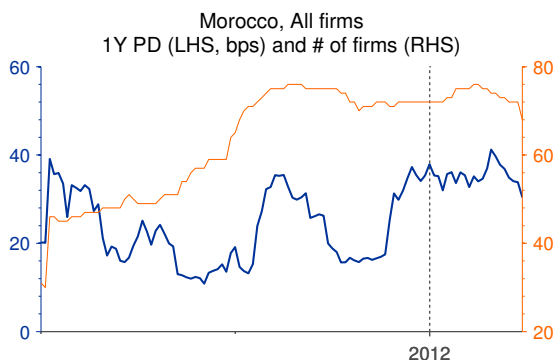
Malaysia	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	129	25.1	45.4	24.2	40.5	-0.9	19.0
Basic Materials	65	70.2	115.7	60.0	95.8	-10.2	40.1
Communications	37	28.4	36.0	25.8	34.4	-2.6	9.3
Consumer Cyclical	118	42.7	91.8	36.3	67.4	-6.4	48.1
Consumer Non-cyclical	149	35.2	109.3	30.9	71.5	-4.3	61.4
Diversified	23	22.7	34.5	21.7	39.4	-0.9	12.4
Energy	24	16.1	21.7	15.2	18.4	-0.8	10.0
Industrial	276	49.1	127.5	42.9	102.1	-6.2	50.5
Technology	60	29.0	32.0	28.4	40.0	-0.6	17.1
Utilities	5	15.6	28.3	12.9	23.2	-2.7	5.2



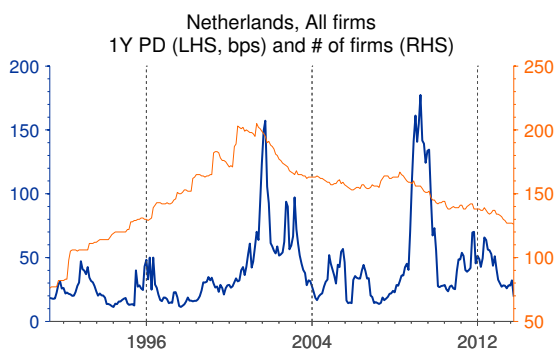
Malta	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	6	10.3	9.7	8.8	9.5	-1.5	1.4
Consumer Cyclical	1	0.7	-	0.7	-	0.0	-



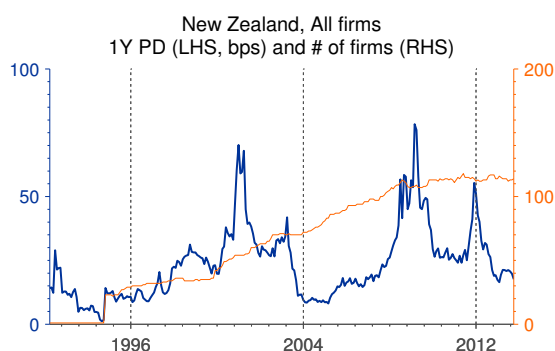
Mexico	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	22	11.3	9.6	15.3	13.1	4.0	5.8
Basic Materials	12	6.0	5.2	7.6	7.7	1.7	4.4
Communications	5	12.7	19.6	6.9	6.5	-5.7	23.7
Consumer Cyclical	21	42.6	107.9	48.4	136.1	5.8	53.9
Consumer Non-cyclical	16	3.0	7.1	3.0	4.1	-0.0	4.1
Diversified	5	2.5	1.9	2.6	2.1	0.1	0.6
Industrial	15	25.0	67.6	22.3	54.5	-2.7	14.4



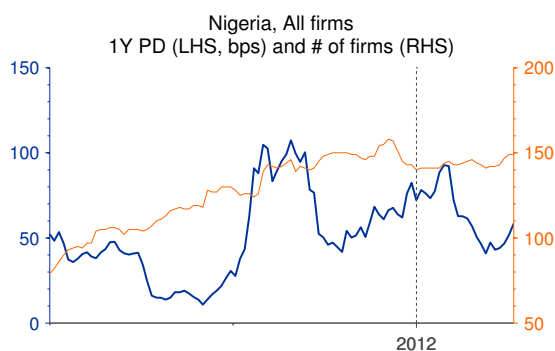
Morocco	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	16	30.5	21.7	30.7	16.7	0.2	8.8
Basic Materials	12	32.6	31.5	27.6	28.5	-4.9	8.7
Communications	1	1.5	-	2.3	-	0.9	-
Consumer Cyclical	6	17.5	11.3	13.8	7.6	-3.8	4.8
Consumer Non-cyclical	12	36.5	94.0	27.0	66.7	-9.5	27.4
Diversified	1	6.2	-	4.5	-	-1.7	-
Energy	1	168.9	-	159.2	-	-9.7	-
Industrial	12	45.3	58.6	41.3	46.7	-4.0	19.2
Technology	5	32.8	45.4	29.3	35.6	-3.5	10.6
Utilities	2	16.6	12.2	14.7	13.1	-1.9	0.9



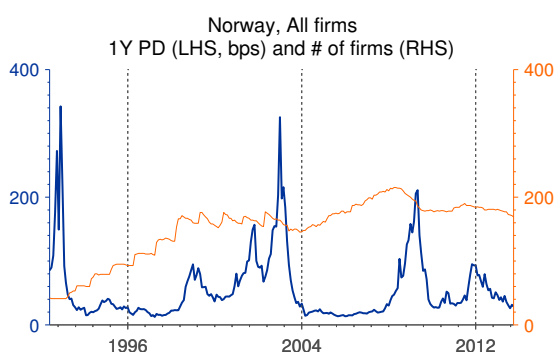
Netherlands	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	20	40.2	68.8	32.4	46.5	-7.9	62.9
Basic Materials	6	107.2	200.5	51.1	59.1	-56.2	157.0
Communications	11	8.9	8.8	8.9	13.7	-0.0	8.0
Consumer Cyclical	11	15.4	11.7	12.6	11.7	-2.8	5.9
Consumer Non-cyclical	26	9.7	12.7	9.5	14.2	-0.2	5.2
Diversified	2	44.0	61.9	15.8	22.1	-28.3	39.8
Energy	6	18.5	37.1	18.5	37.6	-0.0	1.0
Industrial	27	16.6	24.3	15.0	14.5	-1.6	16.8
Technology	16	23.4	44.6	27.7	62.4	4.3	19.6



New Zealand	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	18	4.3	8.9	9.7	20.4	5.3	18.7
Basic Materials	4	69.9	96.4	32.9	33.3	-36.9	72.3
Communications	7	8.4	9.8	7.9	10.3	-0.6	4.0
Consumer Cyclical	20	26.8	48.8	31.0	67.2	4.2	25.6
Consumer Non-cyclical	31	25.4	90.5	13.5	27.6	-11.9	70.2
Diversified	4	19.7	32.6	15.9	19.2	-3.8	15.5
Energy	5	9.9	16.6	13.4	16.7	3.6	10.8
Industrial	12	17.5	35.0	16.7	37.1	-0.7	8.7
Technology	5	57.3	105.6	52.4	100.9	-5.0	6.4
Utilities	6	1.8	1.5	1.9	1.4	0.1	0.2

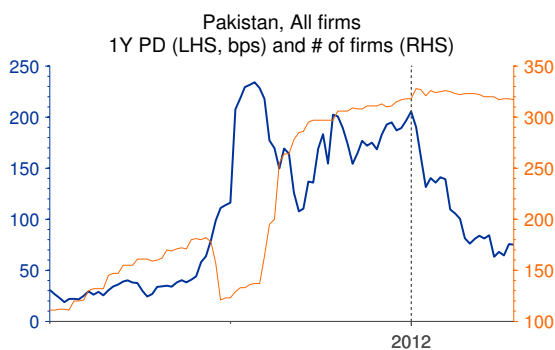


Nigeria	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	48	41.1	38.4	70.0	147.4	28.9	139.3
Basic Materials	11	37.6	42.0	37.5	45.7	-0.0	17.2
Communications	5	89.9	110.0	95.4	118.1	5.5	12.6
Consumer Cyclical	15	52.5	55.9	77.1	85.7	24.6	41.7
Consumer Non-cyclical	35	26.4	29.1	32.6	35.8	6.2	14.6
Energy	7	44.5	50.2	60.6	78.8	16.1	34.7
Industrial	20	69.6	107.6	72.5	107.8	3.0	20.9
Technology	2	26.6	3.6	44.7	1.4	18.1	5.0

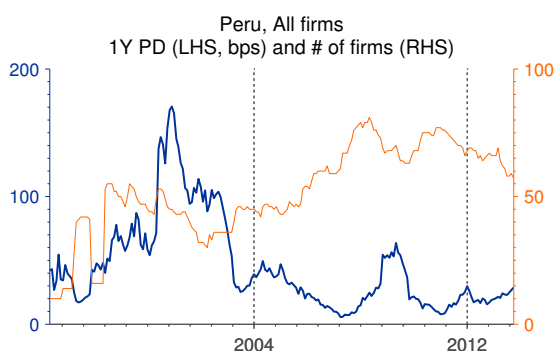


Norway	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	33	30.4	25.0	36.6	27.2	6.3	12.1
Basic Materials	6	21.9	35.5	17.7	24.6	-4.1	11.5
Communications	8	11.7	13.0	15.0	13.8	3.3	6.8
Consumer Cyclical	4	6.3	3.3	9.1	5.1	2.8	3.8
Consumer Non-cyclical	28	42.0	146.5	42.1	133.0	0.1	171.8
Diversified	1	6.3	-	5.2	-	-1.1	-
Energy	26	30.3	30.1	38.2	48.9	7.9	29.0
Industrial	46	18.9	25.1	19.8	27.4	0.8	14.7
Technology	12	12.8	10.6	18.2	23.5	5.4	23.7
Utilities	2	4.4	1.7	4.0	2.3	-0.4	0.6

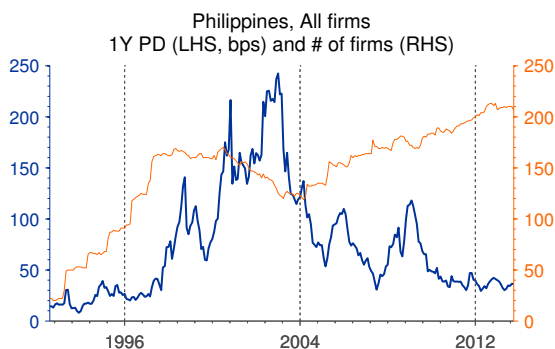




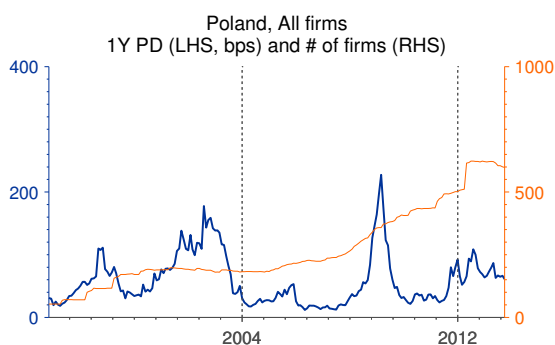
Pakistan	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	70	66.1	68.9	68.2	72.3	2.0	27.4
Basic Materials	34	44.6	84.5	46.0	92.9	1.4	15.0
Communications	7	72.4	78.2	83.3	97.8	10.8	24.9
Consumer Cyclical	87	92.9	144.3	102.2	162.7	9.3	34.7
Consumer Non-cyclical	49	57.4	111.3	65.9	122.6	8.5	41.6
Energy	10	42.7	68.1	57.9	85.4	15.1	24.0
Industrial	47	50.0	81.4	57.5	101.8	7.5	30.3
Technology	1	6.5	-	5.6	-	-0.9	-
Utilities	10	95.6	84.3	141.8	184.0	46.2	125.2



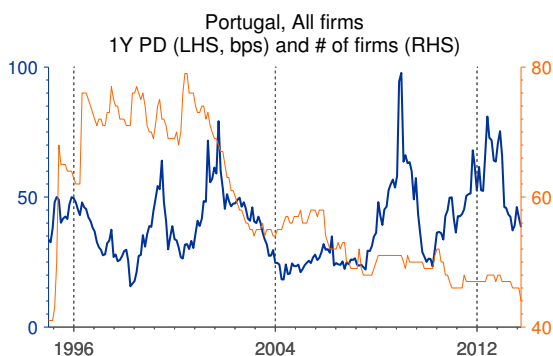
Peru	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	12	7.7	8.0	10.3	10.9	2.6	6.0
Basic Materials	13	39.6	66.6	45.4	81.3	5.8	31.9
Communications	2	18.8	10.1	13.2	6.4	-5.6	3.6
Consumer Cyclical	4	16.2	19.8	13.6	13.2	-2.6	6.8
Consumer Non-cyclical	12	37.9	59.6	54.5	85.7	16.7	27.2
Diversified	2	10.4	11.8	15.3	16.4	4.9	4.6
Energy	1	58.0	-	89.8	-	31.8	-
Industrial	3	11.0	6.8	13.4	7.3	2.4	3.5
Utilities	6	3.3	5.8	4.4	6.6	1.0	1.5



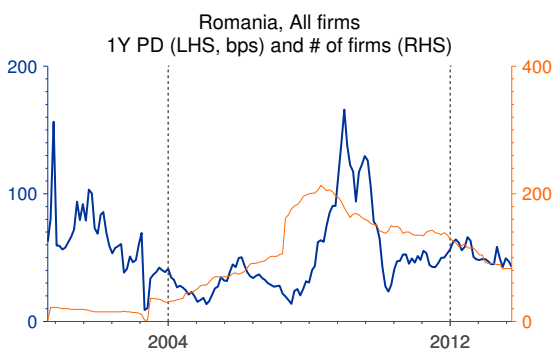
Philippines	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	65	40.6	55.2	43.5	54.4	2.9	22.1
Basic Materials	23	22.3	27.6	23.8	26.5	1.5	10.5
Communications	14	29.7	42.1	26.3	40.5	-3.4	20.0
Consumer Cyclical	19	27.4	45.6	22.3	27.2	-5.1	27.5
Consumer Non-cyclical	32	43.6	77.2	45.3	82.0	1.7	27.9
Diversified	14	22.9	34.0	27.0	39.8	4.1	12.5
Energy	14	18.3	35.7	37.0	80.5	18.6	51.0
Industrial	10	60.7	69.9	65.8	71.5	5.1	13.1
Technology	2	5.4	0.6	4.6	1.9	-0.8	2.5
Utilities	12	30.6	63.4	20.9	22.7	-9.7	64.8



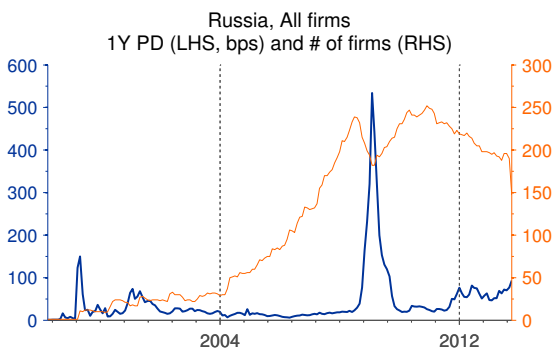
Poland	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	107	54.3	67.0	56.7	82.2	2.4	48.1
Basic Materials	26	27.4	25.1	21.6	23.9	-5.8	18.9
Communications	68	63.1	91.3	58.9	102.1	-4.2	100.0
Consumer Cyclical	83	70.8	148.5	46.5	74.0	-24.3	113.8
Consumer Non-cyclical	98	55.7	106.6	47.3	76.7	-8.3	72.6
Diversified	1	64.4	-	269.4	-	205.0	-
Energy	16	166.0	402.2	118.4	197.3	-47.7	390.9
Industrial	137	47.7	67.2	77.5	417.5	29.8	385.9
Technology	49	86.3	225.0	67.9	171.5	-18.4	114.2
Utilities	11	152.8	375.4	104.6	257.1	-48.1	118.9



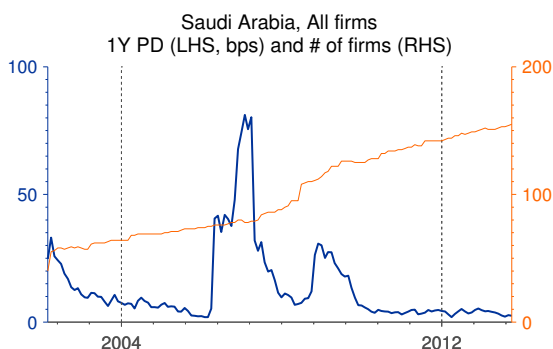
Portugal	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	6	26.4	11.4	81.6	126.4	55.2	136.8
Basic Materials	6	14.8	17.5	11.7	14.6	-3.1	4.0
Communications	6	20.1	14.5	15.7	10.9	-4.3	5.5
Consumer Cyclical	8	42.5	32.2	32.7	25.4	-9.8	14.0
Consumer Non-cyclical	3	78.3	124.2	84.1	133.0	5.8	8.8
Diversified	2	37.0	6.9	32.5	16.4	-4.5	23.3
Energy	1	3.6	-	2.1	-	-1.5	-
Industrial	7	29.4	21.8	31.1	22.4	1.8	6.8
Technology	3	153.8	224.1	73.5	89.7	-80.3	135.5
Utilities	2	7.5	4.1	7.7	5.3	0.3	1.1



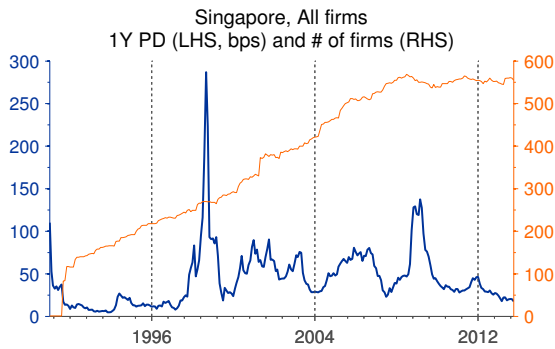
Romania	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	7	23.2	19.5	10.9	7.4	-12.3	14.7
Basic Materials	9	33.4	21.7	35.8	24.8	2.4	8.4
Communications	1	13.4	-	13.8	-	0.4	-
Consumer Cyclical	13	36.2	39.9	41.3	43.7	5.1	16.6
Consumer Non-cyclical	12	27.2	22.2	23.4	18.1	-3.9	8.2
Energy	8	28.3	34.0	25.4	32.0	-2.9	4.9
Industrial	29	68.0	114.0	69.3	97.0	1.2	42.7
Utilities	2	11.8	13.2	9.0	10.3	-2.8	2.8



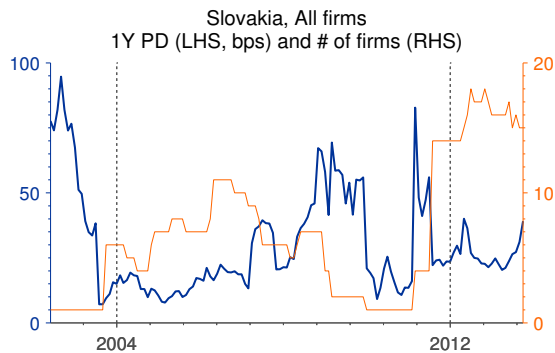
Russia	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	12	64.3	34.3	78.3	57.8	14.0	46.4
Basic Materials	17	35.7	29.9	46.5	37.8	10.9	25.0
Communications	9	76.0	112.4	57.1	60.9	-18.9	83.2
Consumer Cyclical	11	147.3	322.1	112.8	227.7	-34.5	96.7
Consumer Non-cyclical	20	73.3	82.3	59.5	58.9	-13.9	49.0
Diversified	1	145.8	-	117.2	-	-28.5	-
Energy	15	65.3	60.5	56.2	38.1	-9.2	47.1
Industrial	12	47.3	40.0	54.4	46.4	7.2	16.9
Technology	2	63.6	83.9	8.2	9.2	-55.4	74.7
Utilities	44	108.6	88.6	127.2	74.6	18.6	64.4



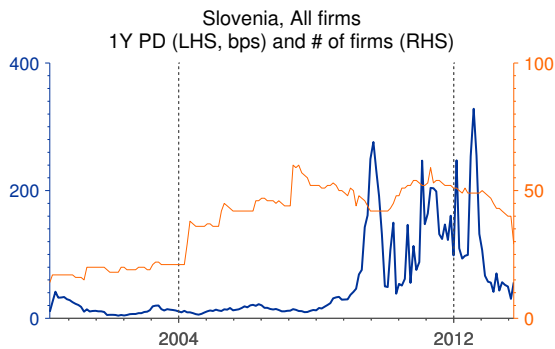
Saudi Arabia	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	55	1.3	2.3	1.6	3.0	0.2	2.5
Basic Materials	18	1.7	2.1	1.9	2.2	0.2	0.5
Communications	6	9.1	6.8	7.0	4.9	-2.1	3.7
Consumer Cyclical	15	0.7	1.3	1.0	1.3	0.3	0.7
Consumer Non-cyclical	23	1.9	5.7	3.1	10.5	1.2	4.8
Diversified	3	1.3	1.3	1.4	1.2	0.1	0.4
Energy	2	1.2	1.0	1.5	0.7	0.3	1.6
Industrial	28	1.9	4.1	2.6	6.4	0.6	3.7
Utilities	2	18.1	25.5	26.3	37.2	8.2	11.7



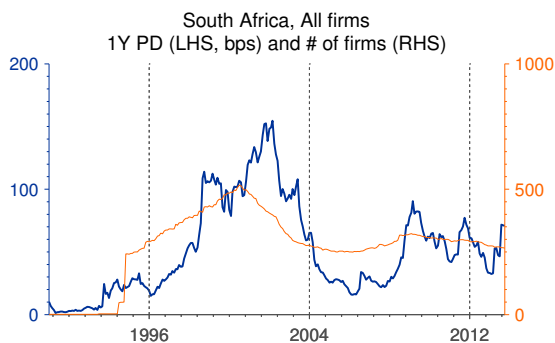
Singapore	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	89	15.2	82.3	12.4	34.7	-2.7	51.5
Basic Materials	32	24.7	31.3	26.9	34.3	2.2	20.2
Communications	28	41.8	104.2	28.9	52.6	-12.9	67.8
Consumer Cyclical	80	14.6	21.3	13.5	18.2	-1.1	7.7
Consumer Non-cyclical	72	15.3	28.1	16.2	31.7	0.9	25.8
Diversified	12	14.9	34.9	17.1	40.0	2.2	6.6
Energy	27	23.5	30.5	21.5	24.0	-1.9	14.7
Industrial	183	20.2	31.0	18.8	29.0	-1.4	16.6
Technology	26	17.1	18.5	14.4	13.4	-2.6	8.6
Utilities	1	3.0	-	2.5	-	-0.5	-



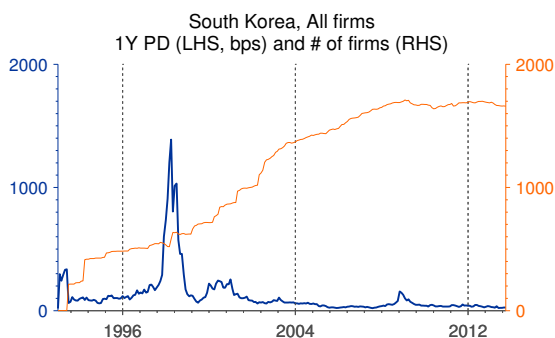
Slovakia	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	4	25.8	11.5	61.4	72.9	35.7	75.5
Basic Materials	2	26.5	21.8	29.1	20.0	2.6	1.8
Consumer Cyclical	3	0.9	1.6	2.1	3.7	1.2	2.1
Consumer Non-cyclical	1	10.5	-	8.3	-	-2.2	-
Energy	1	18.4	-	13.8	-	-4.6	-
Industrial	3	66.5	39.4	82.1	31.1	15.6	11.7
Technology	1	8.7	-	8.4	-	-0.2	-



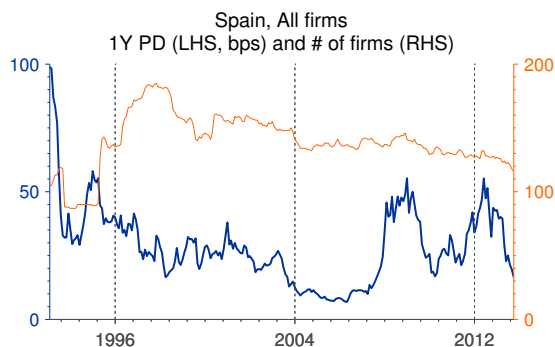
Slovenia	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	6	193.9	412.7	49.9	41.3	-144.1	386.2
Basic Materials	2	7.5	1.2	9.8	3.1	2.3	1.9
Communications	1	4.1	-	46.0	-	41.9	-
Consumer Cyclical	7	37.5	60.3	130.1	292.5	92.5	232.5
Consumer Non-cyclical	7	19.5	27.9	18.4	24.1	-1.2	4.6
Energy	1	7.3	-	10.2	-	2.9	-
Industrial	5	26.1	31.4	42.6	61.4	16.5	30.5



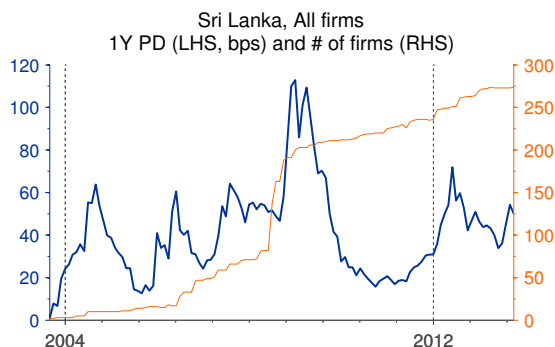
South Africa	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	53	94.3	488.9	217.8	1368.4	123.5	880.2
Basic Materials	41	54.0	123.7	51.3	88.4	-2.7	80.1
Communications	13	20.2	35.8	36.5	62.5	16.3	34.5
Consumer Cyclical	34	11.6	22.8	11.0	20.1	-0.7	7.3
Consumer Non-cyclical	37	42.3	103.7	35.1	77.3	-7.2	45.3
Diversified	8	9.9	7.7	8.8	5.0	-1.1	4.1
Energy	5	23.0	26.3	19.2	21.6	-3.8	5.1
Industrial	57	35.1	57.6	40.4	74.5	5.4	40.5
Technology	15	28.8	48.5	26.7	48.4	-2.1	4.9



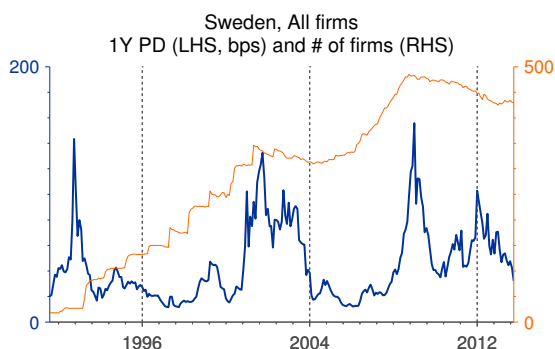
South Korea	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	102	33.4	45.6	60.0	71.0	26.6	49.8
Basic Materials	172	22.1	32.4	22.9	35.4	0.7	13.3
Communications	173	18.8	30.4	19.0	28.6	0.2	17.6
Consumer Cyclical	266	22.5	33.7	23.3	37.1	0.8	20.3
Consumer Non-cyclical	225	14.5	20.9	15.4	21.5	1.0	8.8
Diversified	15	74.6	186.6	50.6	119.4	-24.1	67.7
Energy	11	25.0	34.8	22.1	23.5	-2.9	16.4
Industrial	479	23.7	40.4	26.7	42.3	3.0	26.9
Technology	190	21.1	33.4	21.9	32.5	0.8	18.2
Utilities	17	26.3	22.1	17.3	16.3	-8.9	11.1



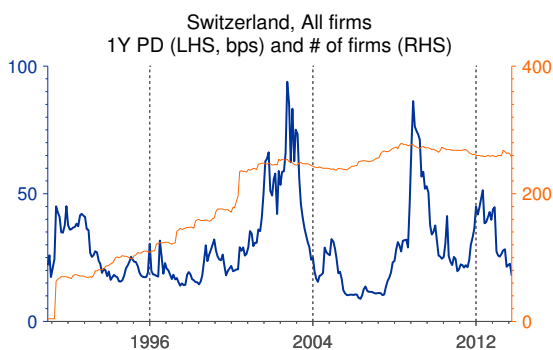
Spain	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	21	37.4	32.3	28.6	25.4	-8.7	17.4
Basic Materials	8	32.5	64.7	22.8	48.2	-9.7	17.0
Communications	12	24.0	26.5	20.4	21.4	-3.5	13.4
Consumer Cyclical	10	25.4	31.6	14.0	14.1	-11.4	17.9
Consumer Non-cyclical	26	18.1	31.8	12.0	16.3	-6.0	20.0
Energy	4	16.9	23.2	11.9	15.0	-5.0	8.3
Industrial	25	21.2	22.8	13.5	11.9	-7.7	13.5
Technology	4	12.9	15.5	3.9	3.5	-8.9	13.2
Utilities	6	4.8	2.1	4.2	1.5	-0.5	1.3



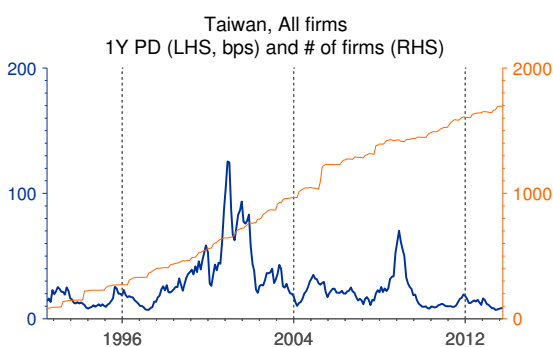
Sri Lanka	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	87	48.4	60.9	68.2	89.9	19.7	38.1
Basic Materials	14	40.7	53.2	54.0	64.5	13.4	16.1
Communications	4	8.6	4.8	7.8	3.4	-0.8	2.2
Consumer Cyclical	62	29.3	46.7	35.7	72.1	6.4	41.4
Consumer Non-cyclical	56	29.5	28.3	38.6	41.1	9.2	17.0
Diversified	16	36.3	55.7	61.1	119.8	24.8	66.9
Energy	3	2.7	4.0	5.7	5.5	3.1	2.8
Industrial	23	33.3	35.5	43.1	44.6	9.7	19.5
Technology	3	61.8	97.3	180.6	302.9	118.8	205.7
Utilities	5	4.6	3.0	7.8	8.0	3.2	5.3



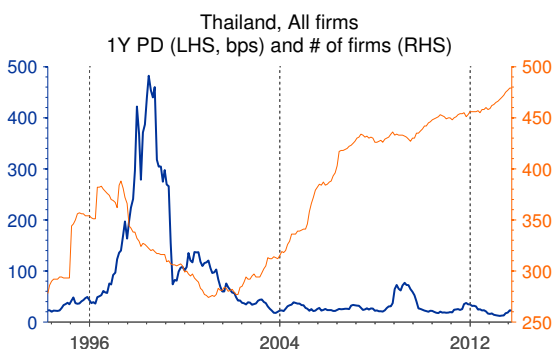
Sweden	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	55	40.9	124.8	24.6	56.2	-16.3	71.9
Basic Materials	26	77.2	127.3	94.7	177.4	17.4	124.3
Communications	46	62.8	167.0	47.8	137.7	-15.0	58.0
Consumer Cyclical	49	31.3	84.0	26.0	59.9	-5.3	26.2
Consumer Non-cyclical	100	26.4	85.2	22.6	50.2	-3.8	37.3
Diversified	8	73.1	104.8	48.3	58.7	-24.7	48.8
Energy	14	40.8	67.1	29.6	34.1	-11.3	64.9
Industrial	88	37.1	91.9	27.6	43.5	-9.5	69.1
Technology	35	26.5	31.0	22.6	23.8	-3.9	24.2
Utilities	1	25.2	-	33.4	-	8.2	-



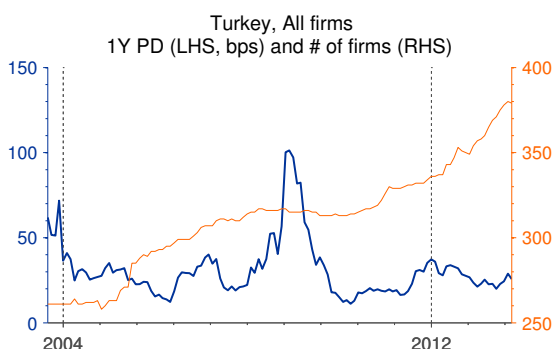
Switzerland	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	71	28.9	79.2	29.9	99.4	0.9	29.8
Basic Materials	16	11.0	16.1	7.4	10.0	-3.5	7.4
Communications	13	13.5	28.5	6.9	8.7	-6.6	28.6
Consumer Cyclical	22	14.6	22.0	13.9	24.0	-0.7	9.5
Consumer Non-cyclical	38	15.5	32.1	9.4	15.5	-6.0	24.0
Diversified	4	31.3	31.3	32.1	36.4	0.8	6.7
Energy	7	87.7	149.9	46.9	54.6	-40.8	109.6
Industrial	67	15.5	25.8	12.1	19.1	-3.4	13.0
Technology	10	21.3	15.2	21.1	17.3	-0.2	8.5
Utilities	8	14.4	20.7	14.8	25.4	0.3	6.1



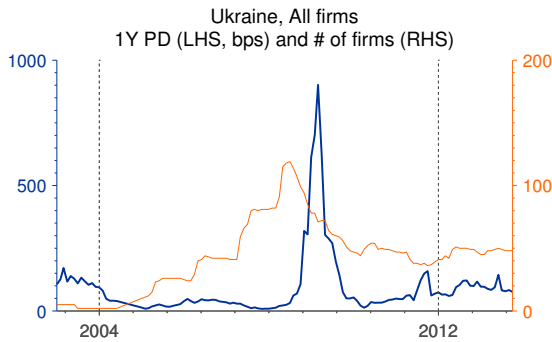
Taiwan	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	109	10.1	16.9	11.7	18.1	1.5	8.3
Basic Materials	115	11.0	40.9	11.9	43.7	0.9	7.7
Communications	84	4.3	8.3	4.6	8.7	0.3	5.2
Consumer Cyclical	215	5.4	13.9	5.6	14.2	0.2	5.4
Consumer Non-cyclical	163	3.3	9.4	3.4	9.4	0.2	6.3
Diversified	2	2.1	2.2	1.7	2.0	-0.4	0.3
Energy	10	25.4	22.0	28.9	29.0	3.6	10.8
Industrial	643	7.9	16.5	9.4	28.9	1.5	21.8
Technology	336	7.8	23.7	9.7	41.3	1.9	20.0
Utilities	8	0.2	0.2	0.5	0.7	0.3	0.7



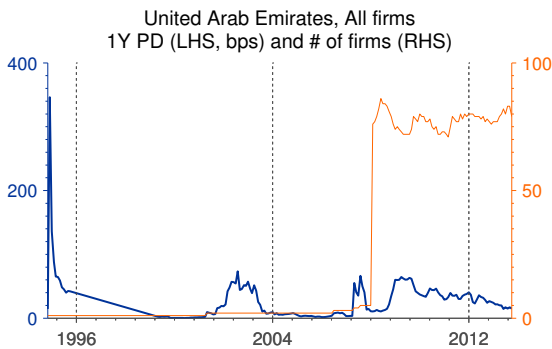
Thailand	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	92	24.9	29.6	32.2	33.6	7.4	11.8
Basic Materials	50	33.4	61.4	35.2	61.0	1.8	24.8
Communications	38	9.9	12.9	13.2	17.0	3.2	10.1
Consumer Cyclical	106	13.0	20.7	20.3	51.8	7.4	46.3
Consumer Non-cyclical	69	8.3	11.1	10.5	15.0	2.2	6.3
Diversified	2	2.4	1.6	2.8	0.4	0.4	2.0
Energy	13	27.0	45.9	33.6	55.4	6.6	11.8
Industrial	88	14.7	19.4	19.2	23.9	4.5	9.9
Technology	10	18.0	14.6	22.2	14.1	4.2	7.6
Utilities	7	8.0	13.5	7.0	9.1	-1.0	5.9



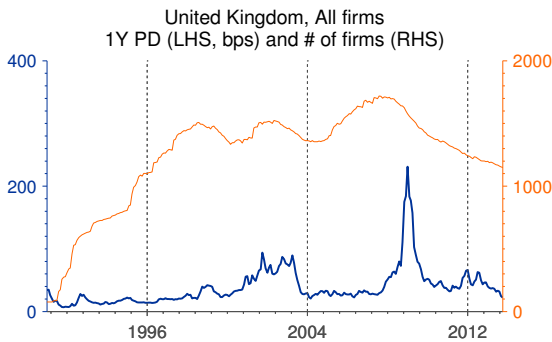
Turkey	2013Q3			2013Q4		Q4-Q3	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	93	16.1	17.2	19.4	18.5	3.3	9.1
Basic Materials	33	22.5	43.3	29.2	52.9	6.7	23.3
Communications	15	14.9	12.5	15.2	11.5	0.3	4.4
Consumer Cyclical	92	23.6	31.2	26.7	26.9	3.1	25.3
Consumer Non-cyclical	51	33.3	71.4	37.8	59.9	4.5	30.2
Diversified	12	30.5	40.5	44.2	51.2	13.7	13.4
Energy	3	13.6	7.5	80.4	83.4	66.8	85.8
Industrial	65	19.6	29.1	20.1	21.1	0.5	19.8
Technology	4	14.5	9.0	17.1	12.4	2.7	3.9
Utilities	6	18.8	18.4	21.2	17.5	2.4	3.3



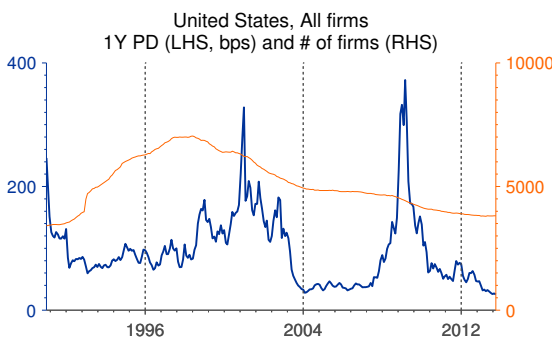
Ukraine	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	5	86.8	62.5	94.8	80.8	8.0	40.6
Basic Materials	7	94.1	49.0	100.5	46.0	6.4	11.7
Communications	1	32.6	-	40.6	-	8.0	-
Consumer Cyclical	3	67.6	48.4	124.4	126.2	56.8	90.6
Consumer Non-cyclical	11	48.2	43.3	50.1	56.7	1.9	16.3
Diversified	1	16.9	-	10.2	-	-6.7	-
Energy	6	141.4	86.8	109.8	56.0	-31.7	38.1
Industrial	10	52.7	58.6	59.6	70.9	6.8	41.6
Utilities	4	77.1	23.7	61.9	23.8	-15.3	17.7



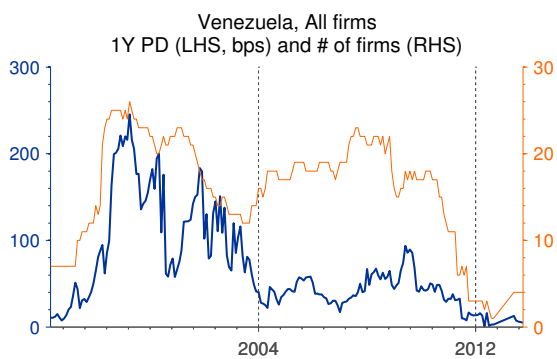
United Arab Emirates	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	40	17.3	31.4	15.4	19.1	-1.8	17.2
Communications	2	0.2	0.1	0.3	0.3	0.1	0.1
Consumer Cyclical	2	8.8	11.5	10.1	12.2	1.3	0.7
Consumer Non-cyclical	11	14.6	15.4	13.6	13.5	-1.1	4.1
Energy	3	15.6	11.8	20.7	16.8	5.1	9.3
Industrial	17	21.1	27.0	16.8	25.6	-4.3	23.7
Utilities	1	38.6	-	33.8	-	-4.9	-



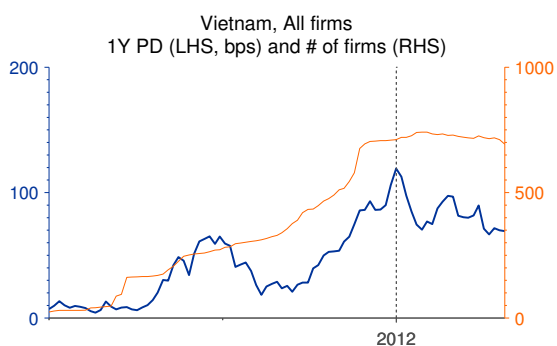
United Kingdom	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	198	21.7	37.6	19.5	36.7	-2.2	23.6
Basic Materials	113	68.9	157.0	35.5	42.7	-33.4	135.3
Communications	107	45.8	120.4	27.7	57.5	-18.1	87.6
Consumer Cyclical	137	27.5	80.4	19.4	39.2	-8.1	60.6
Consumer Non-cyclical	220	28.2	95.2	15.7	33.2	-12.4	81.8
Diversified	8	46.4	94.9	67.3	112.7	20.9	85.2
Energy	93	45.8	137.5	29.0	63.8	-16.9	78.8
Industrial	172	21.5	30.6	16.3	23.0	-5.2	17.0
Technology	79	17.4	23.6	14.8	16.9	-2.6	16.0
Utilities	13	29.3	57.6	29.6	61.9	0.3	7.9



United States	#	2013Q3		2013Q4		Q4-Q3	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	876	33.9	97.3	38.5	108.9	4.6	74.9
Basic Materials	147	69.5	317.8	62.7	212.7	-6.8	215.7
Communications	305	25.7	67.2	21.5	63.0	-4.2	54.4
Consumer Cyclical	443	14.9	44.3	16.4	54.5	1.5	31.5
Consumer Non-cyclical	768	26.5	78.0	21.7	63.5	-4.8	57.4
Diversified	8	27.1	48.9	27.2	48.1	0.1	63.3
Energy	304	41.7	123.8	29.3	71.3	-12.3	76.4
Industrial	487	21.3	93.8	16.5	52.3	-4.8	70.3
Technology	339	16.3	43.4	13.9	46.0	-2.4	26.9
Utilities	91	10.2	46.2	6.5	26.2	-3.7	22.5



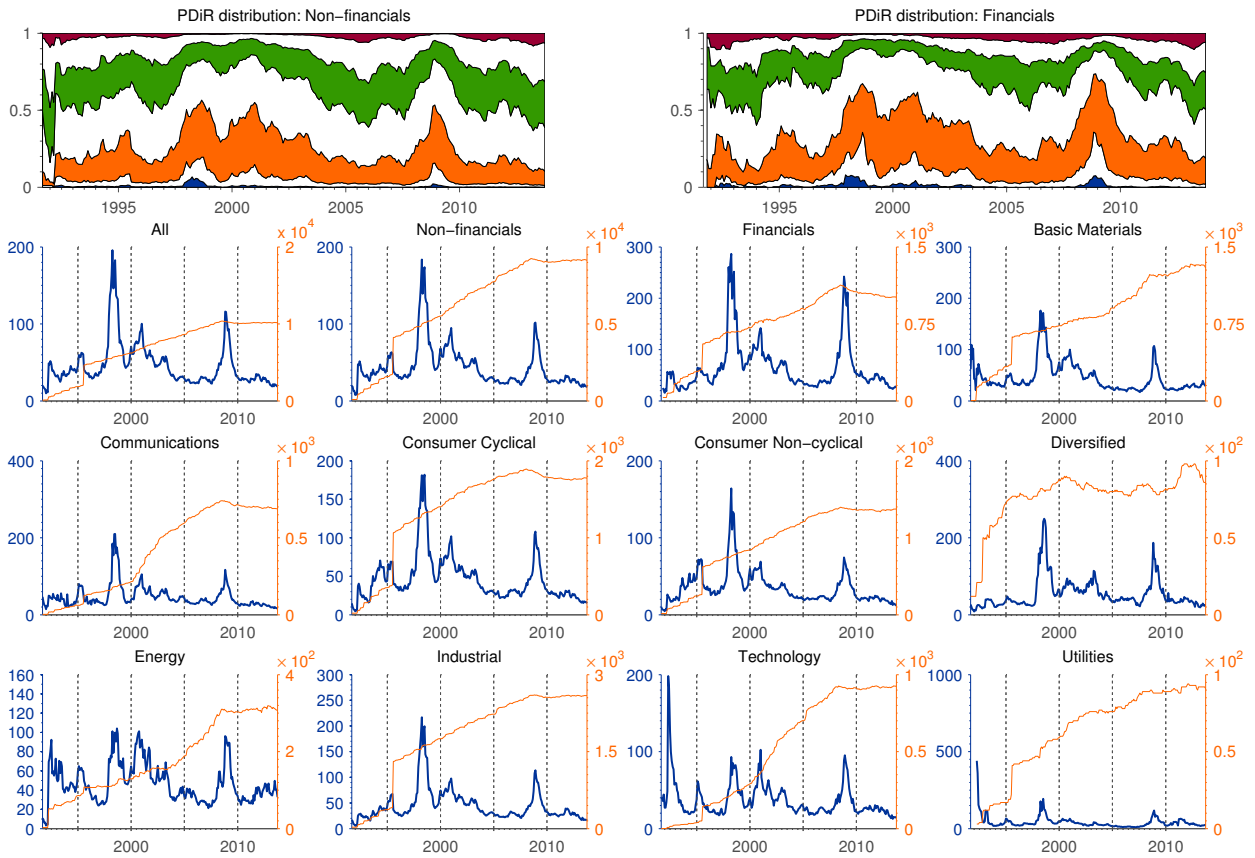
Venezuela	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	4	7.5	5.8	4.9	3.3	-2.7	2.7



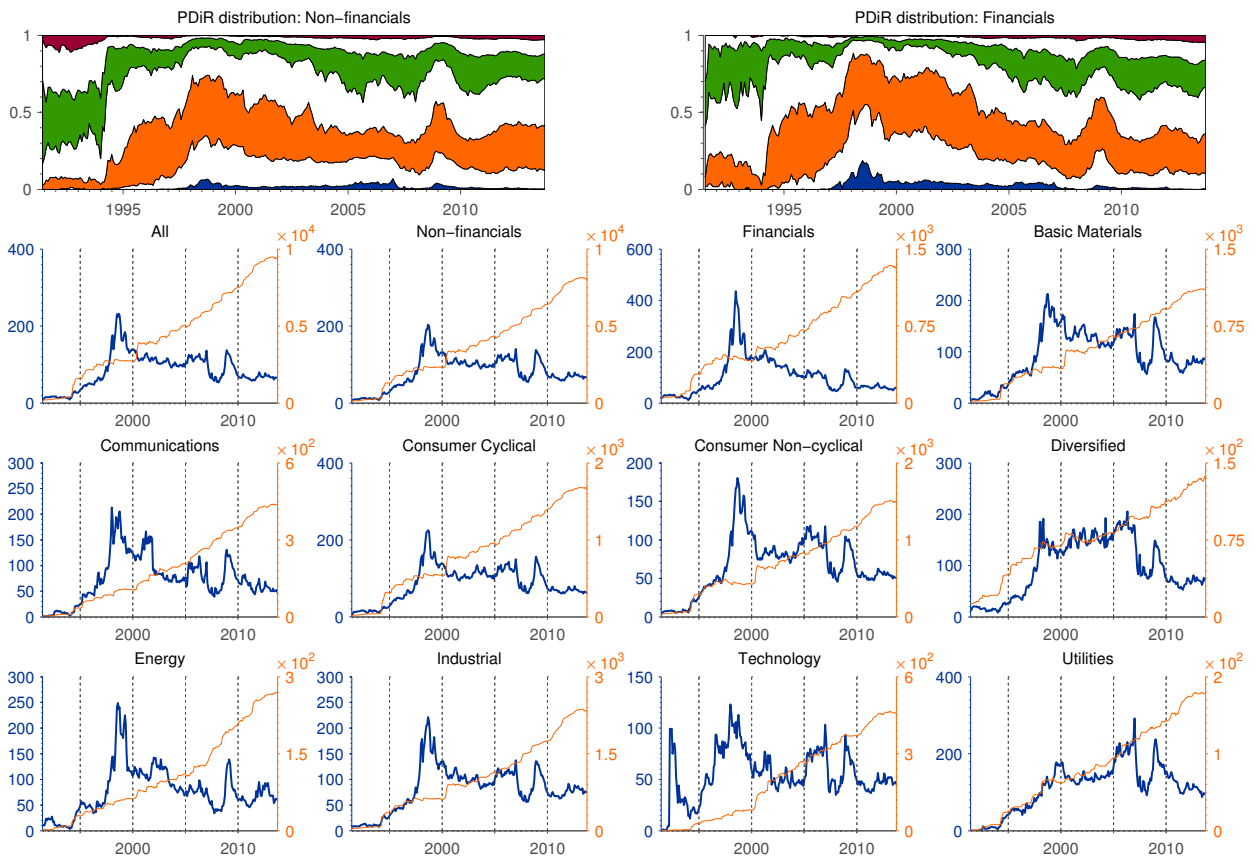
Vietnam	2013Q3		2013Q4		Q4-Q3		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	79	47.8	73.6	56.5	87.4	8.6	32.2
Basic Materials	58	58.2	82.2	66.7	114.8	8.4	44.9
Communications	22	29.7	35.9	34.9	40.5	5.2	14.3
Consumer Cyclical	58	46.2	52.2	52.8	76.1	6.6	40.9
Consumer Non-cyclical	104	35.8	47.2	41.6	52.9	5.8	26.7
Diversified	17	39.7	61.1	35.3	48.1	-4.3	20.7
Energy	24	50.9	52.1	73.9	100.6	23.0	58.8
Industrial	289	90.8	110.5	96.2	125.8	5.4	59.9
Technology	7	26.0	36.1	25.1	33.8	-0.9	8.3
Utilities	25	22.7	31.1	22.6	29.2	-0.1	9.6

## B PD by regions

### Asia Pacific - developed economies

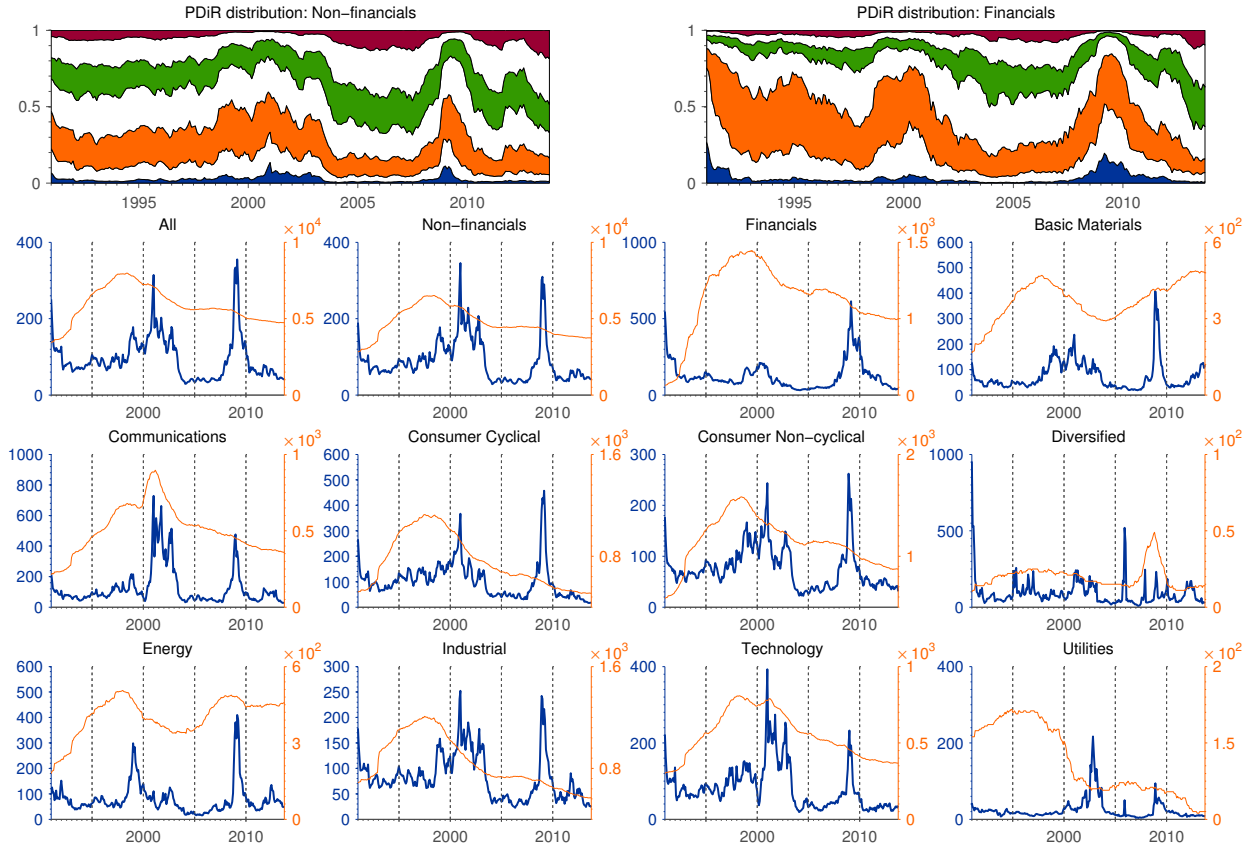


### Asia Pacific - emerging economies

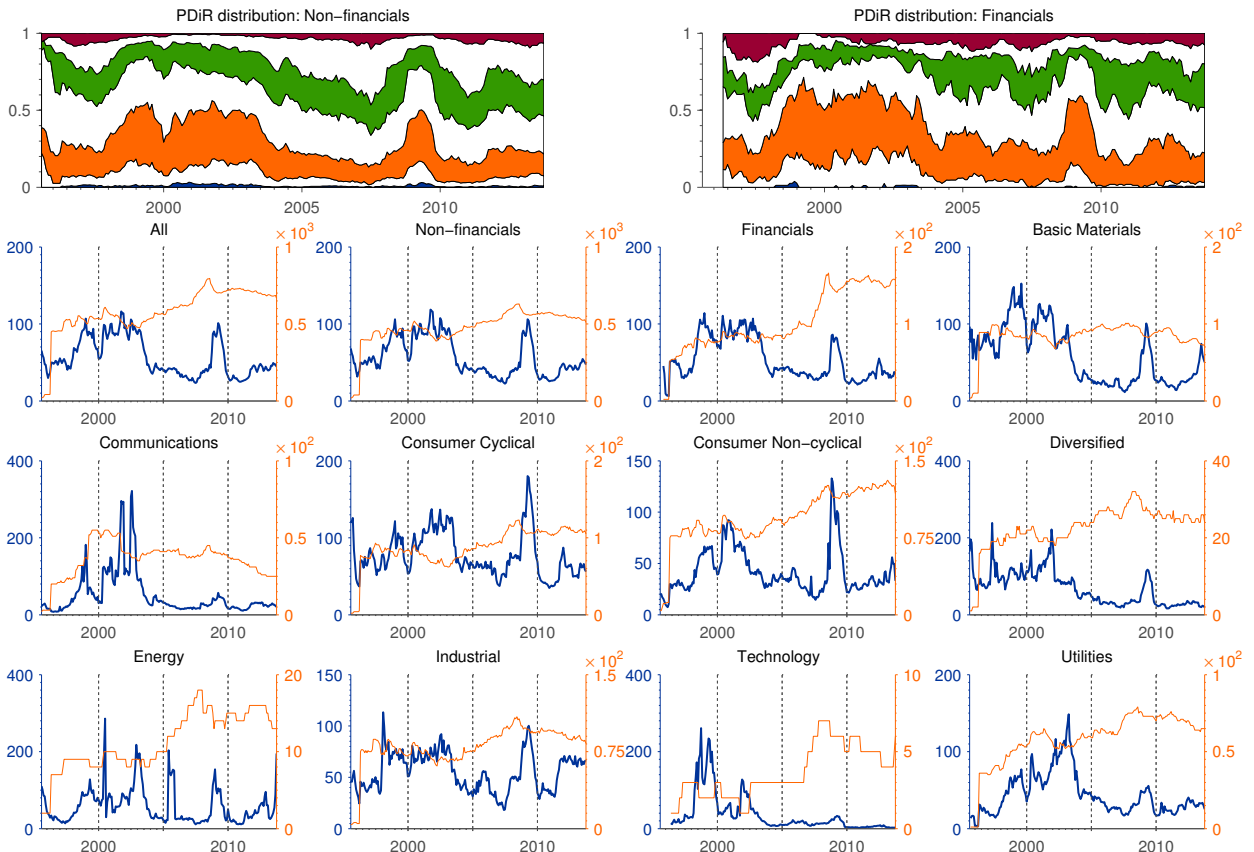




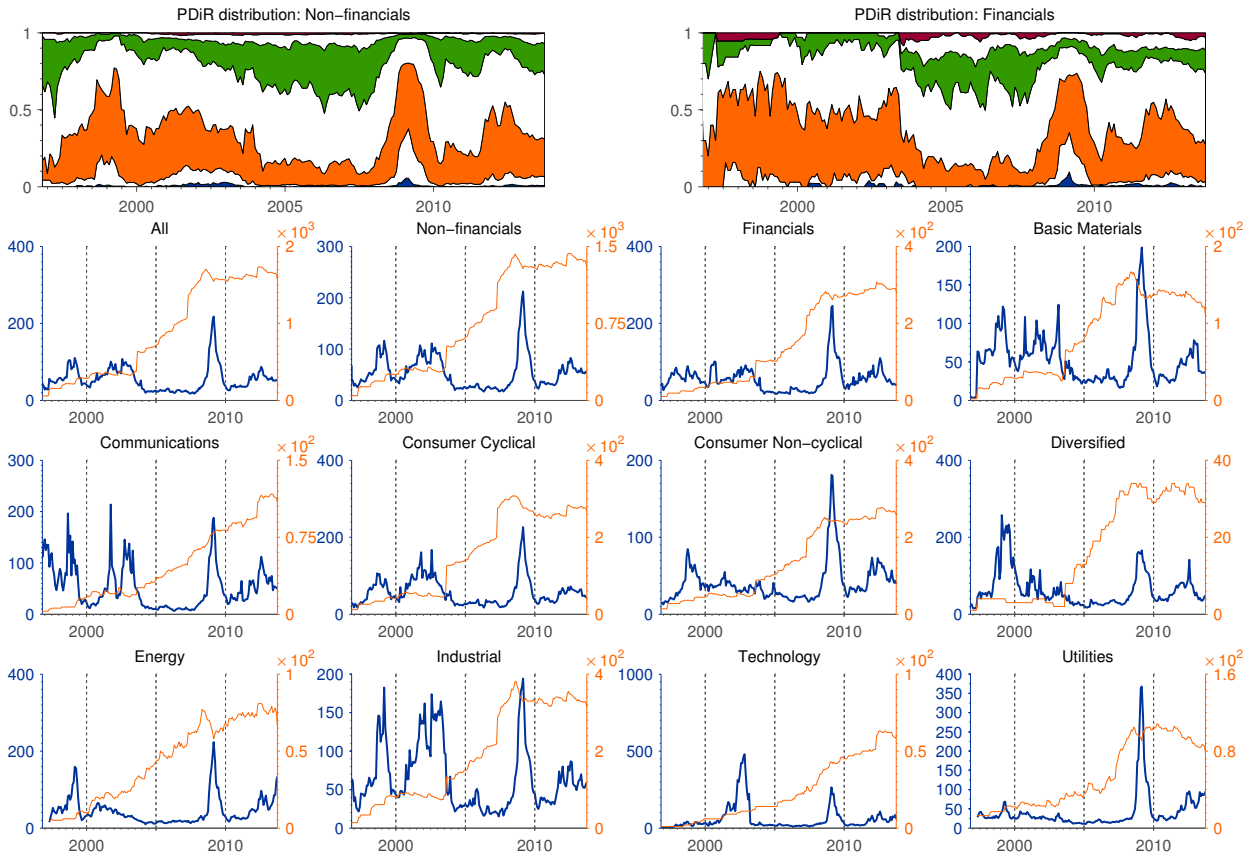
North America



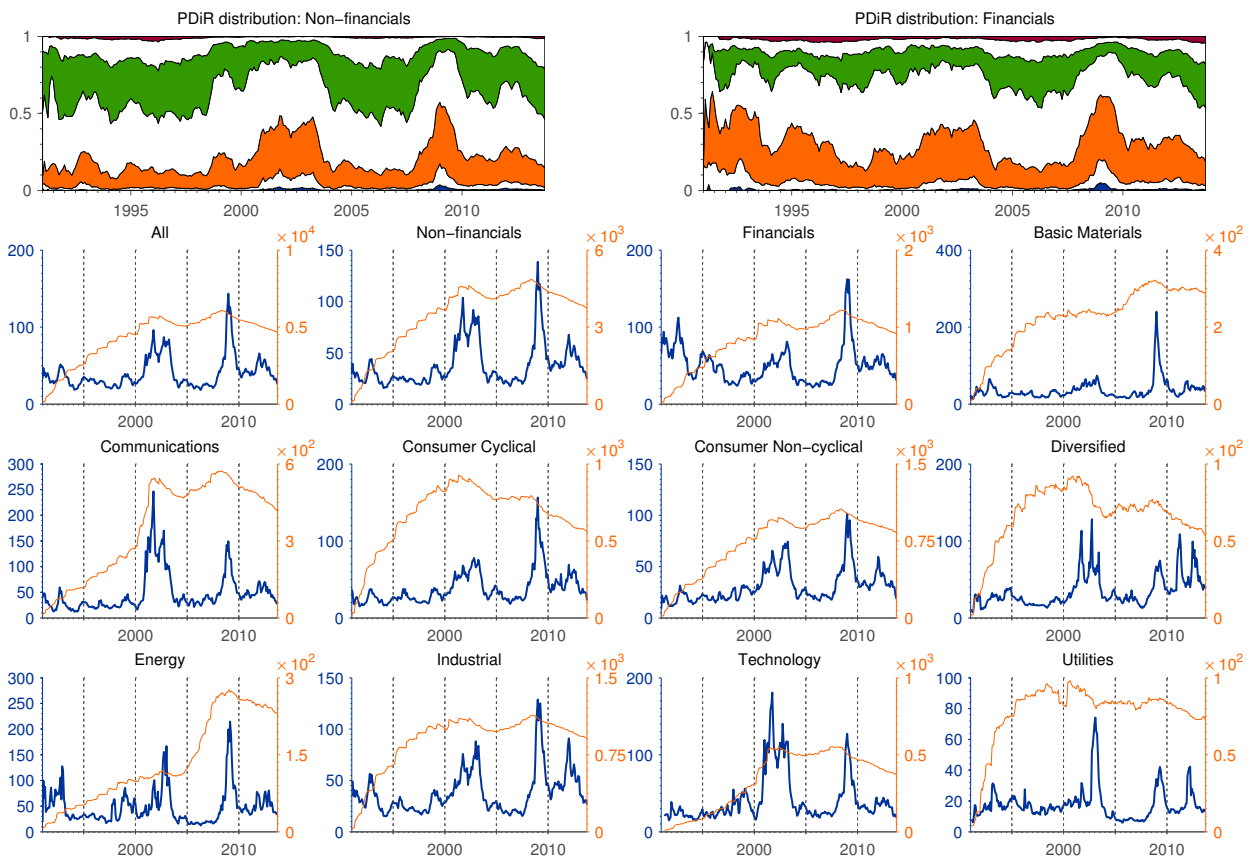
Latin America



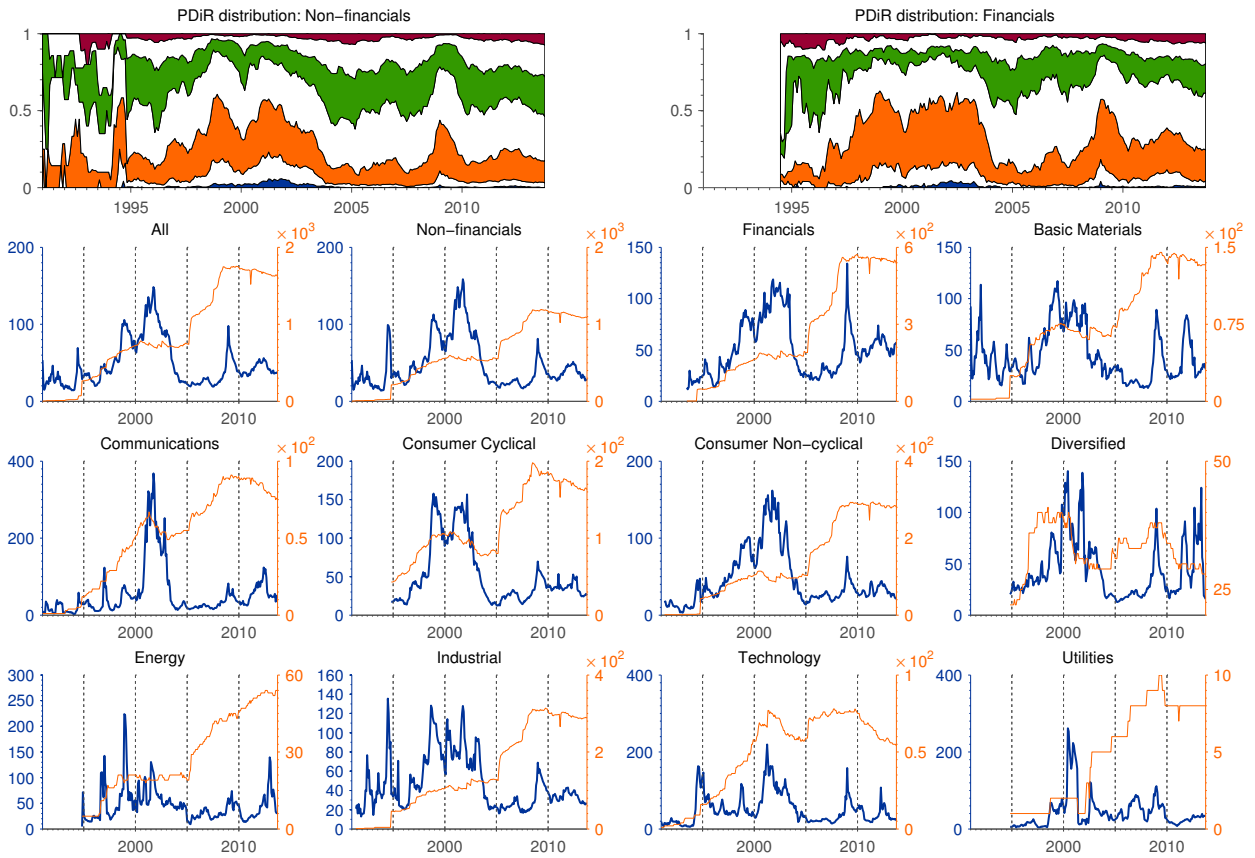
Eastern Europe



Western Europe

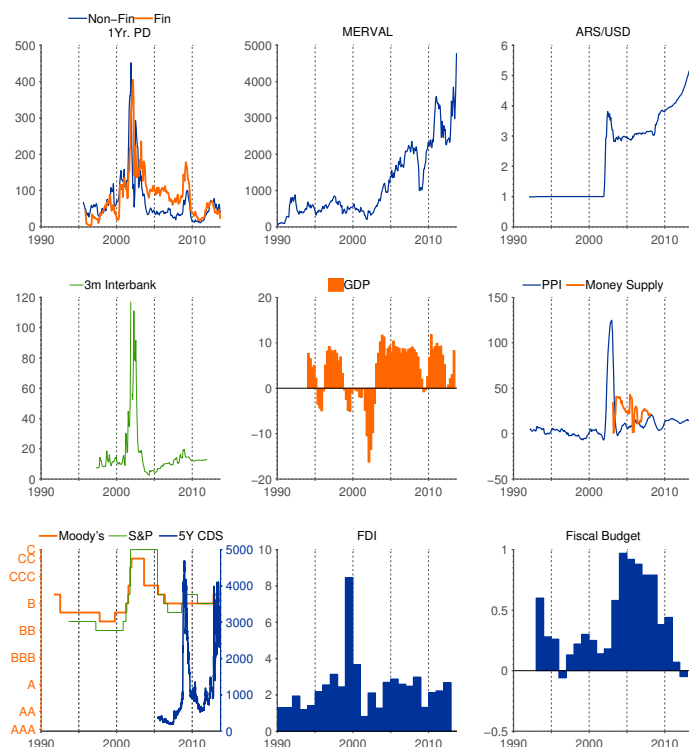


Africa & the Middle East

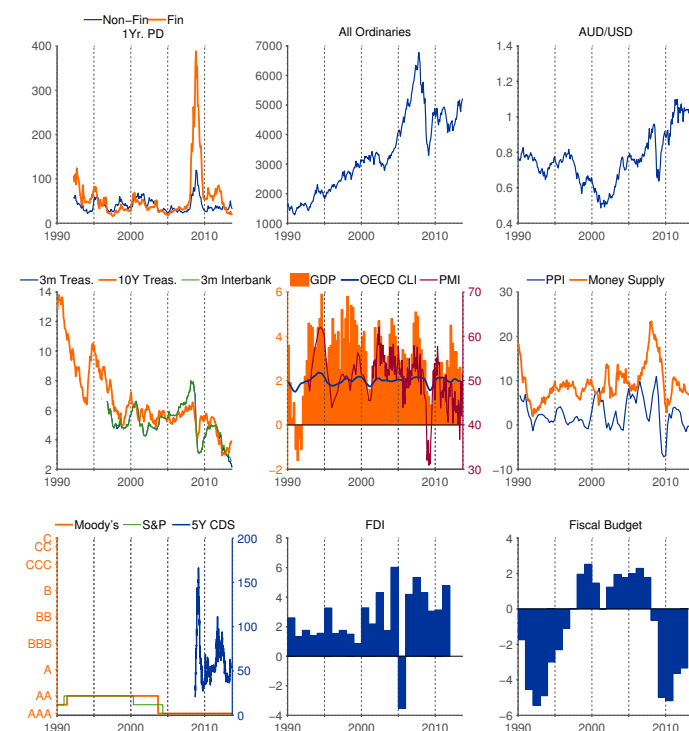


# C Macroeconomic Indicators

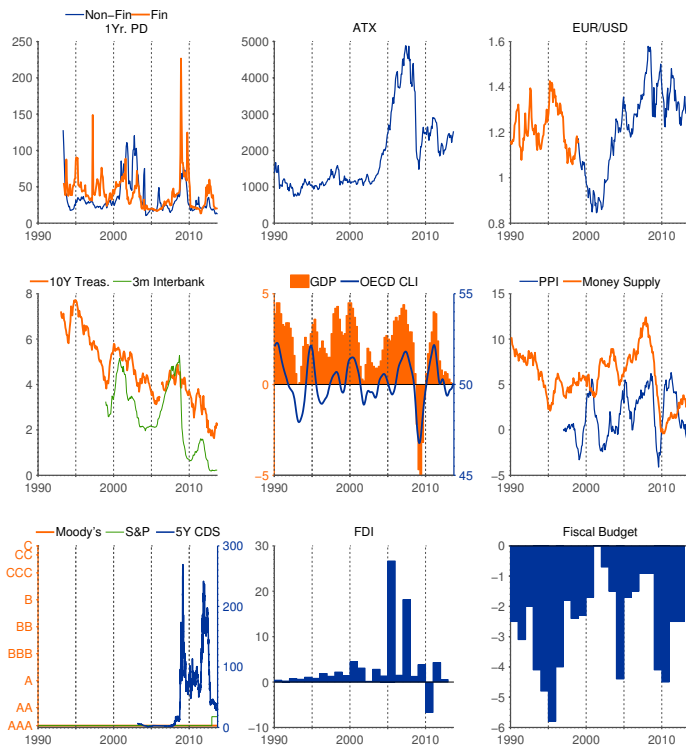
Descriptions of the data contained in this section are provided in Appendix D.



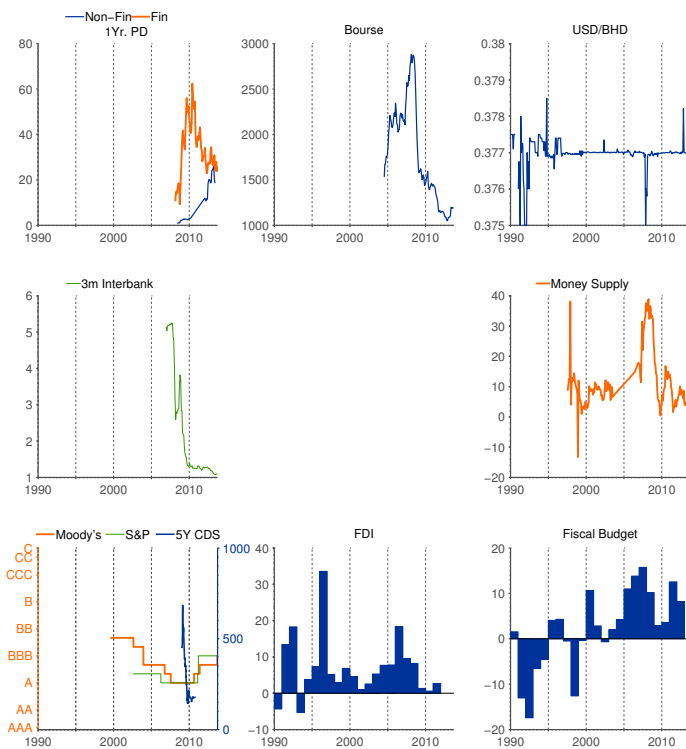
Argentina	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	70.72	62.21	53.67	55.09	38.68
1Yr. PD, Fin.	61.80	39.22	42.03	45.77	21.45
Merval	2452	2854	3381	2976	4784
ARS/USD	4.70	4.92	5.12	5.39	5.79
GDP (YoY%)	0.7	2.1	3.0	8.3	-
PPI (YoY%)	14.3	15.7	14.3	16.7	15.0*
Sov. Rating, Moody's	B2	B3	B3	B3	B3
Sov. Rating, S&P	B	B-	B-	B-	CCC+
5Y CDS (bps)	959.96	1441.52	3753.61	3008.93	2527.46
FDI (%GDP)	-	2.67	-	-	-
Fiscal Budget (%GDP)	-	-0.05	-	-	-



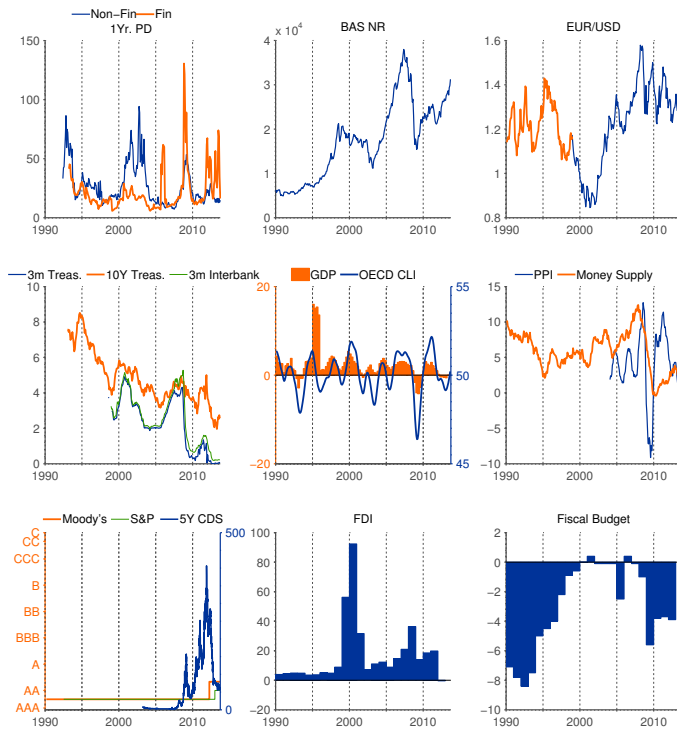
Australia	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	30.97	32.17	31.80	50.20	32.16
1Yr. PD, Fin.	31.13	24.39	23.12	26.17	18.44
All Ordinaries	4406	4665	4980	4775	5218
AUD/USD	1.04	1.04	1.04	0.91	0.93
3m Treas. Yield (%)	3.29	2.96	2.92	2.53	2.15
10Y Treas. Yield (%)	2.99	3.27	3.41	3.76	3.81
3m Interbank (%)	3.37	3.04	3.04	2.79	2.56
GDP (YoY%)	3.3	3.3	2.5	2.6	-
OECD CLI	100.35	100.11	99.88	99.80	99.70*
PMI	43.0	44.3	44.4	49.6	51.7
PPI (YoY%)	-1.5	-0.3	-0.3	-0.3	-
Money Supply (YoY%)	7.4	7.0	6.7	6.3	5.7*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	57.87	46.33	42.38	55.78	51.84*
Fiscal Budget (%GDP)	-	-3.34	-	-	-



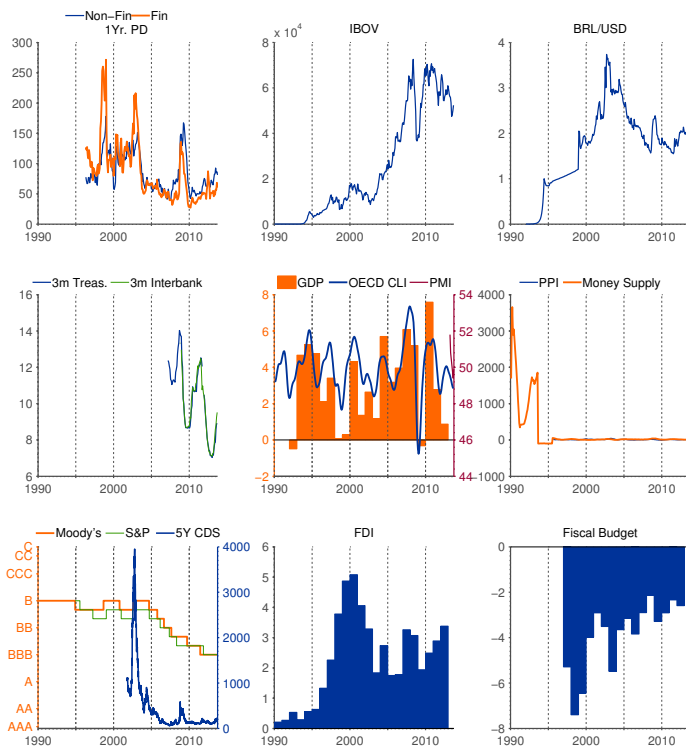
Austria	2012	2013			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	22.46	18.25	18.98	12.64	13.05
1Yr. PD, Fin.	51.36	35.27	23.17	19.86	20.65
ATX	2090	2401	2352	2224	2528
EUR/USD	1.29	1.32	1.28	-	-
10Y Treas. Yield (%)	2.02	1.75	1.70	2.16	2.18
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	0.7	0.6	0.3	0.1	-
OECD CLI	99.45	99.45	99.70	99.81	100.07*
PPI (YoY%)	0.9	0.1	-0.8	-1.2	-1.3*
Money Supply (YoY%)	2.9	3.4	2.5	2.4	2.5*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AA+	AA+	AA+
5Y CDS (bps)	69.1	44.6	42.3	39.1	29.2
FDI (%GDP)	-	0.54	-	-	-
Fiscal Budget (%GDP)	-	-2.50	-	-	-



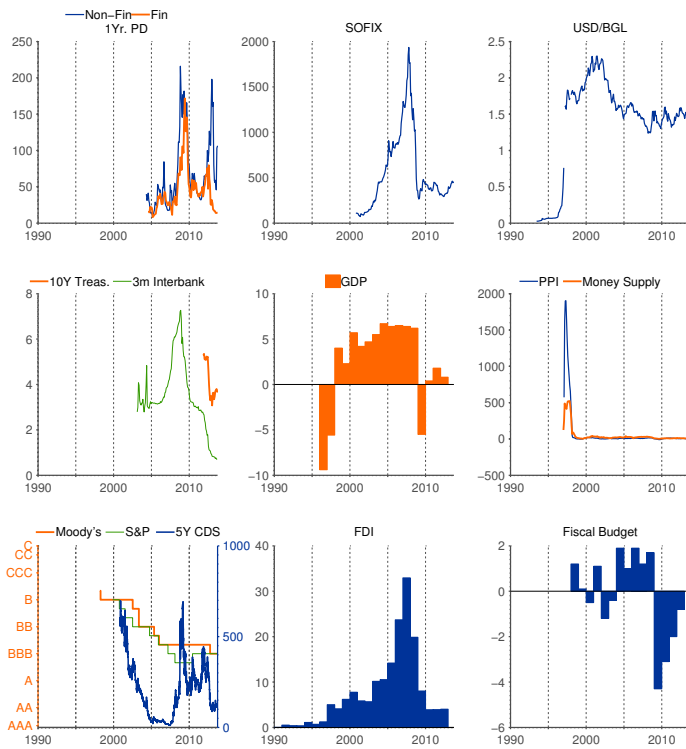
Bahrain	2012	2013			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	19.58	24.00	26.03	18.52*	-
1Yr. PD, Fin.	27.08	29.26	26.78	24.01	25.79
Bourse	1087	1066	1092	1188	1194
USD/BHD	0.38	0.38	0.38	0.38	0.38
3m Interbank (%)	1.24	1.18	1.12	1.08	1.10
Money Supply (YoY%)	7.54	4.41	4.98	5.04	4.11*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
Fiscal Budget (%GDP)	-	8.19	-	-	-



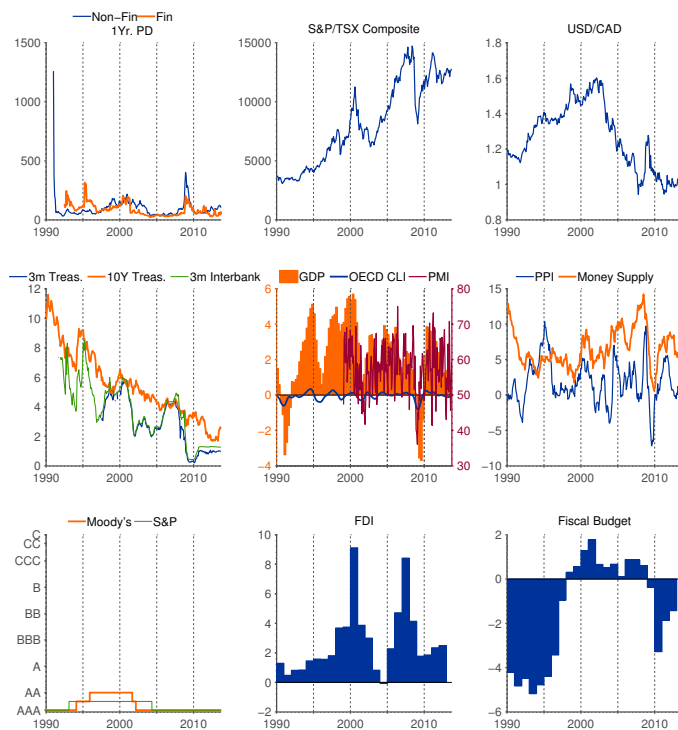
Belgium	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	18.92	15.93	13.11	12.71	14.82
1Yr. PD, Fin.	16.11	31.63	28.80	74.02	16.27
BAS NR	26264	26543	27794	27688	31253
EUR/USD	1.29	1.32	1.28	-	-
3m Treas. Yield (%)	0.01	0.00	0.02	0.04	0.03
10Y Treas. Yield (%)	2.53	2.06	2.23	2.63	2.57
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	-0.4	-0.5	-0.6	0.0	-
OECD CLI	99.46	99.15	99.28	99.76	100.21*
PPI (YoY%)	4.0	4.3	1.3	-0.1	-1.2*
Money Supply (YoY%)	2.9	3.4	2.5	2.4	2.5*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA+	AA+	AA	AA	AA
5Y CDS (bps)	127.74	83.07	76.31	72.58	60.71
FDI (%GDP)	-	-0.40	-	-	-
Fiscal Budget (%GDP)	-	-3.90	-	-	-



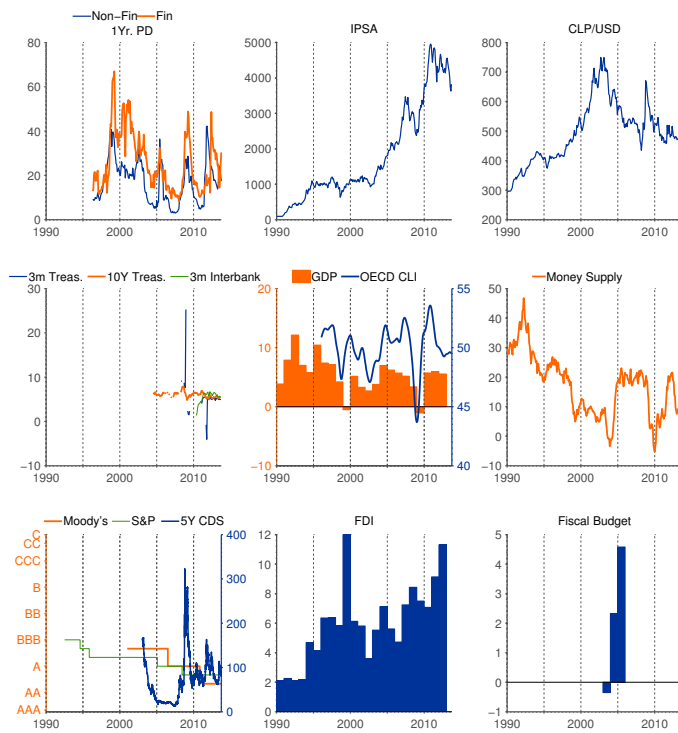
Brazil	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	60.93	70.43	75.02	92.60	81.27
1Yr. PD, Fin.	42.23	50.86	45.84	56.94	60.75
IBOV	59175.9	60952.1	56352.1	47457.1	52338.2
BRL/USD	2.03	2.05	2.02	2.23	2.22
3m Treas. Yield (%)	7.39	7.11	7.16	7.87	8.87
3m Interbank (%)	7.33	7.13	7.28	8.59	9.52
GDP (YoY%)	-	0.9	-	-	-
OECD CLI	100.06	99.83	99.53	99.07	98.83*
PMI	-	-	51.8	50.8*	49.9
PPI (YoY%)	9.0	8.6	8.9	6.1	3.5
Money Supply (YoY%)	11.18	9.06	8.77	9.39	8.77*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	111.83	108.45	137.22	185.24	176.74
FDI (%GDP)	-	3.38	-	-	-
Fiscal Budget (%GDP)	-	-2.59	-	-	-



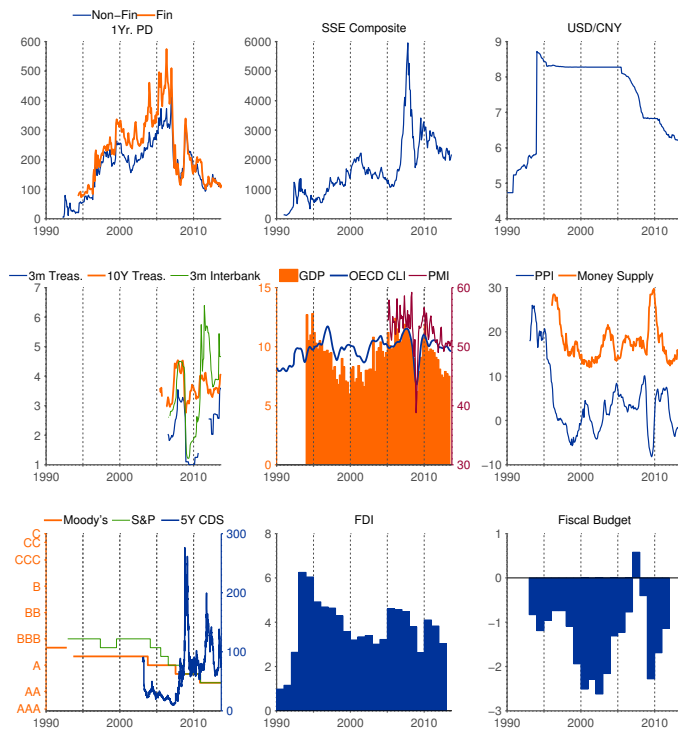
Bulgaria	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	109.18	197.98	80.07	58.87	106.44
1Yr. PD, Fin.	52.59	31.78	17.92	14.07	14.37
SOFIX	324	345	384	444	456
USD/BGL	1.52	1.48	1.53	1.50	1.45
10Y Treas. Yield (%)	3.55	3.44	3.64	3.71	3.68
3m Interbank (%)	1.09	0.93	0.82	0.73	0.70
GDP (YoY%)	-	0.8	-	-	-
PPI (YoY%)	6.6	5.3	0.6	0.0	-2.9*
Money Supply (YoY%)	8.7	8.4	8.8	7.6	6.5*
Sov. Rating, Moody's	Baa3	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	185.34	99.17	119.82	123.33	116.52
FDI (%GDP)	-	4.01	-	-	-
Fiscal Budget (%GDP)	-	-0.80	-	-	-



Canada	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	78.88	95.34	95.36	123.00	110.72
1Yr. PD, Fin.	42.75	43.44	32.25	57.00	45.35
S&P/TSX Composite	12317	12434	12750	12129	12787
USD/CAD	0.98	0.99	1.02	1.05	1.03
3m Treas. Yield (%)	0.97	0.93	0.98	1.02	0.97
10Y Treas. Yield (%)	1.73	1.80	1.87	2.44	2.54
3m Interbank (%)	1.29	1.30	1.28	1.27	1.27
GDP (YoY%)	1.2	1.0	1.4	1.4	-
OECD CLI	99.70	99.49	99.40	99.53	99.75*
PMI	68.5	43.1	64.4	56.6	59.4
PPI (YoY%)	-0.2	0.3	0.9	0.5	1.7*
Money Supply (YoY%)	5.7	5.7	5.7	6.2	6.3*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
FDI (%GDP)	-	2.50	-	-	-
Fiscal Budget (%GDP)	-	-1.43	-	-	-

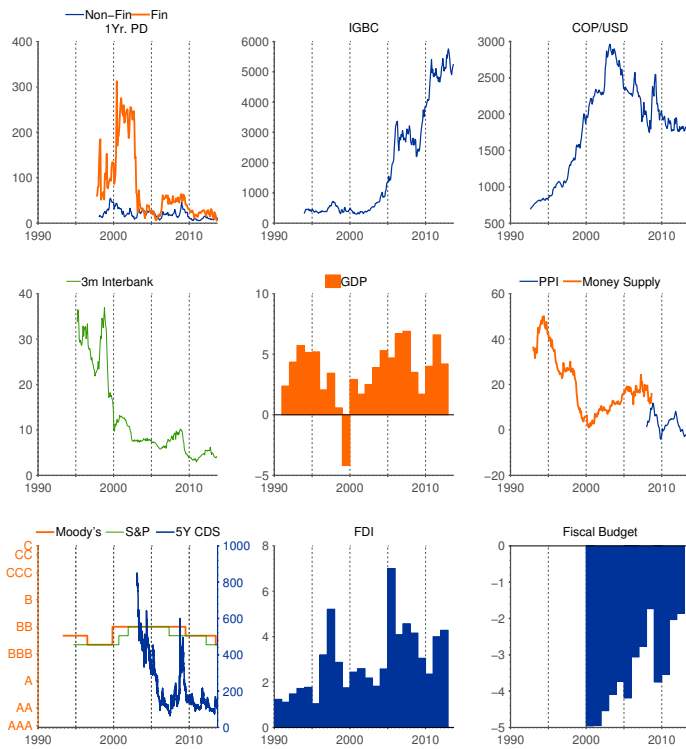


Chile	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	17.67	17.02	13.83	24.21	17.40
1Yr. PD, Fin.	30.71	27.15	24.43	14.41	30.40
IPSA	4230.4	4301.4	4432.1	4029.7	3823.8
CLP/USD	474.70	479.20	472.15	508.42	504.67
3m Treas. Yield (%)	5.54	4.75	5.17	5.19	4.99
10Y Treas. Yield (%)	5.37	5.51	5.99	5.33	5.24*
3m Interbank (%)	6.39	6.34	5.80	5.53	5.58
GDP (YoY%)	-	5.5	-	-	-
OECD CLI	99.26	99.45	99.50	99.62	99.51*
Money Supply (YoY%)	13.7	7.6	9.0	10.1	7.9*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	A+	A+	A+	A+	AA-
5Y CDS (bps)	83.44	72.48	65.94	98.03	89.63
FDI (%GDP)	-	11.31	-	-	-

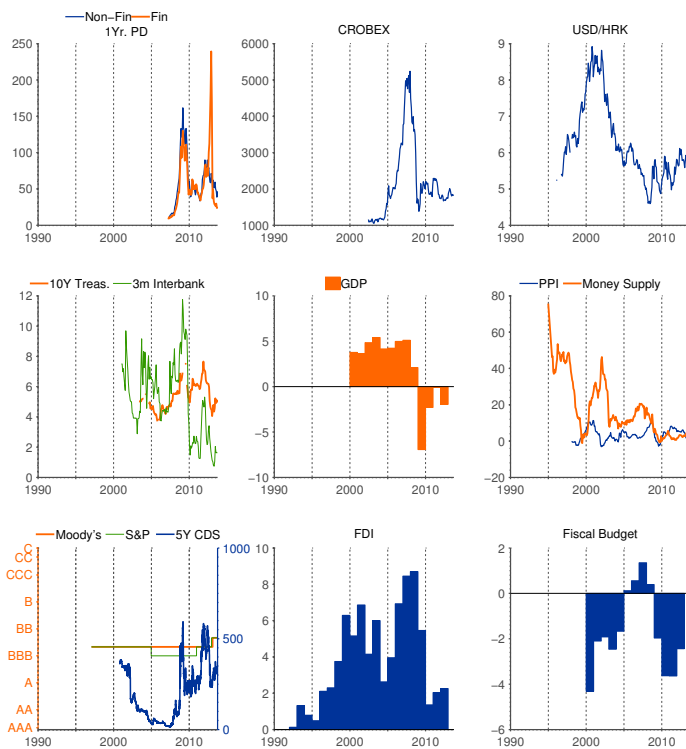


China	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	129.97	131.07	115.92	118.84	111.48
1Yr. PD, Fin.	132.94	121.32	121.41	120.90	115.61
SSE Composite	2086	2269	2237	1979	2175
USD/CNY	6.28	6.23	6.21	6.14	6.12
3m Treas. Yield (%)	2.70	2.72	2.70	2.57	3.59
10Y Treas. Yield (%)	3.45	3.59	3.59	3.61	4.07
3m Interbank (%)	3.69	3.90	3.88	5.44	4.67
GDP (YoY%)	7.4	7.9	7.7	7.5	-
OECD CLI	99.85	100.07	99.81	99.31	99.28*
PMI	49.8	50.6	50.9	50.1	51.1
PPI (YoY%)	-3.6	-1.9	-1.9	-2.7	-1.6*
Money Supply (YoY%)	14.8	13.8	15.7	14.0	14.7*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	79.3	59.3	71.3	138.3	86.5
FDI (%GDP)	-	3.03	-	-	-

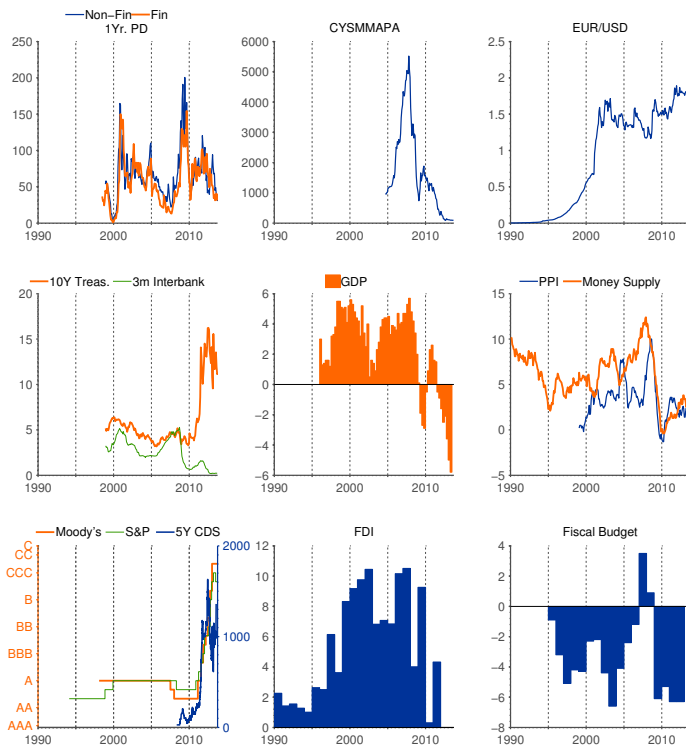




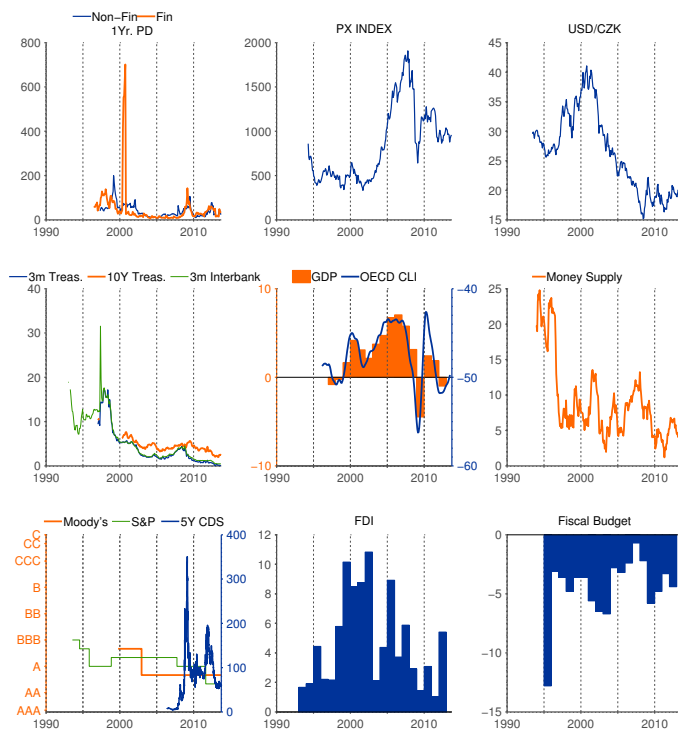
Colombia	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	9.54	8.20	7.17	11.02	7.53
1Yr. PD, Fin.	14.70	27.82	9.31	18.15	4.62
IGBC	5135	5679	5442	4905	5254
COP/USD	1800.53	1767.00	1825.00	1922.77	1906.00
3m Interbank (%)	5.54	4.59	4.53	3.97	4.02
GDP (YoY%)	-	4.2	-	-	-
PPI (YoY%)	0.1	-3.0	-1.9	-0.2	-1.3
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB
5Y CDS (bps)	102.50	96.21	98.33	141.32	134.66
FDI (%GDP)	-	4.28	-	-	-
Fiscal Budget (%GDP)	-	-1.86	-	-	-



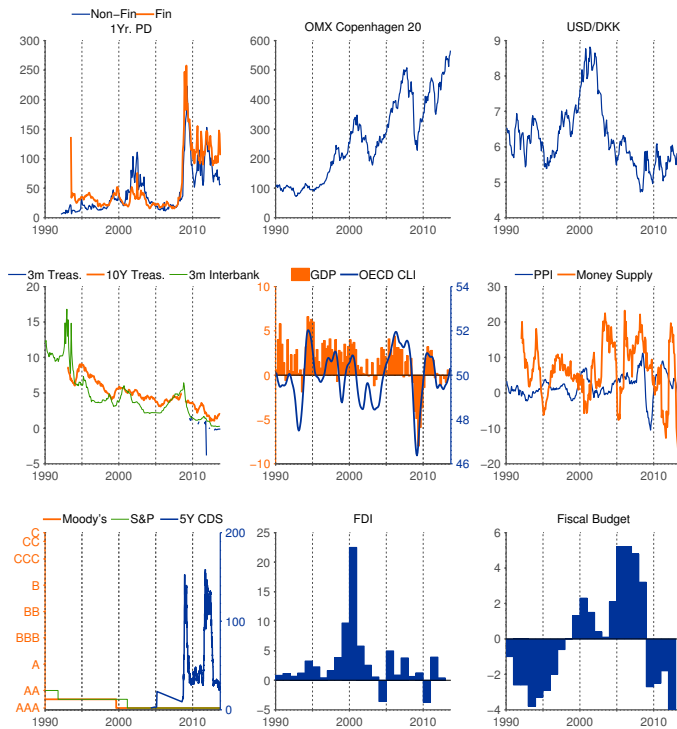
Croatia	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	59.36	66.03	51.08	49.67	46.70
1Yr. PD, Fin.	147.48	170.58	33.24	26.23	24.71
CROBEX	1715.2	1740.4	2007.9	1804.7	1810.5
USD/HRK	5.8	5.7	5.9	5.7	5.6
10Y Treas. Yield (%)	5.06	4.46	4.79	5.23	4.99
3m Interbank (%)	2.62	1.42	0.81	2.04	1.60
GDP (YoY%)	-	-2.0	-	-	-
PPI (YoY%)	6.20	4.90	1.60	-0.10	-1.80
Money Supply (YoY%)	2.13	3.15	4.36	3.44	3.82*
Sov. Rating, Moody's	Baa3	Baa3	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB-	BB+	BB+	BB+	BB+
5Y CDS (bps)	353.68	252.06	333.76	335.85	331.90
FDI (%GDP)	-	2.26	-	-	-
Fiscal Budget (%GDP)	-	-2.44	-	-	-



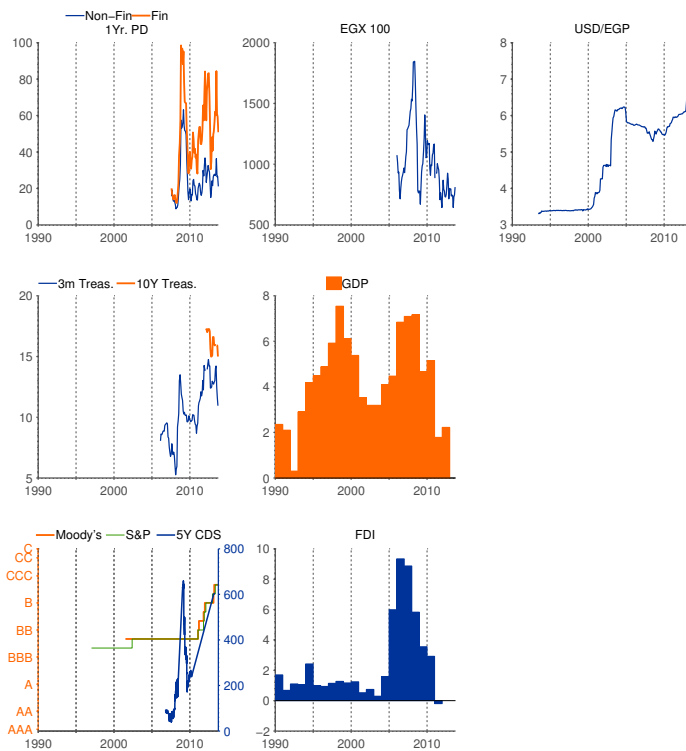
Cyprus	2012	2013			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	59.99	74.78	67.64	48.84	30.38
1Yr. PD, Fin.	74.78	52.01	34.27	32.27	40.46
CYSMMAPA	106	115	102	96	93
EUR/USD	1.29	1.32	1.28	-	-
10Y Treas. Yield (%)	13.70	14.12	15.57	13.13	11.13
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	-2.1	-3.6	-5.0	-5.8	-
PPI (YoY%)	2.40	1.40	2.40	1.20	0.40*
Money Supply (YoY%)	2.90	3.40	2.50	2.40	2.50*
Sov. Rating, Moody's	Ba3	B3	Caa3	Caa3	Caa3
Sov. Rating, S&P	BB	CCC+	CCC	CCC	CCC+
5Y CDS (bps)	974.13	1037.70	962.44	1008.29	1359.55*
Fiscal Budget (%GDP)	-	-6.30	-	-	-



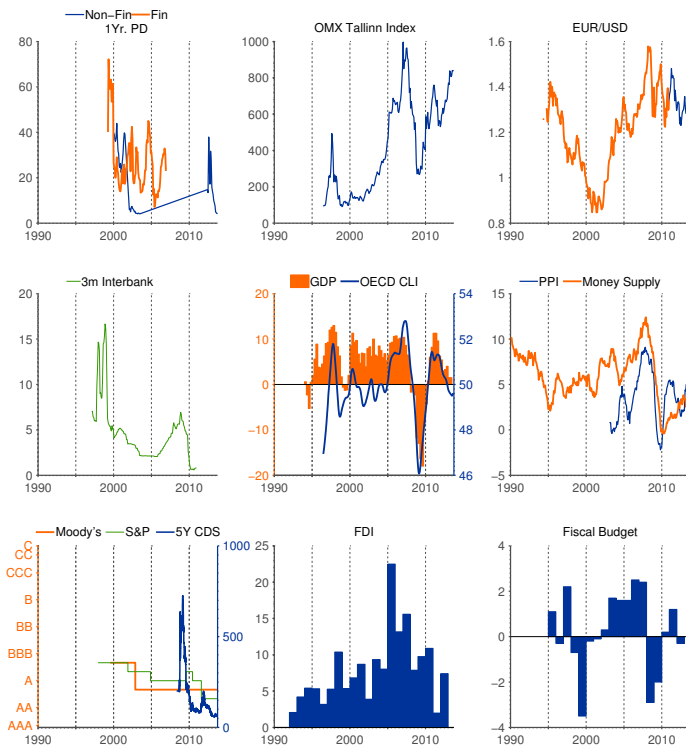
Czech Republic	2012	2013			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	22.18	21.38	14.55	46.87	26.08
1Yr. PD, Fin.	43.18	14.88	18.28	48.72	33.52
PX INDEX	953	1039	963	878	958
USD/CZK	20	19	20	20	19
3m Treas. Yield (%)	0.52	0.07	0.28	0.14	0.07
10Y Treas. Yield (%)	2.47	2.04	2.24	2.45	2.37
3m Interbank (%)	0.82	0.50	0.47	0.46	0.45
GDP (YoY%)	-	-1.0	-	-	-
OECD CLI	-1.39	-0.90	-0.54	0.26	-
Money Supply (YoY%)	5.36	4.52	4.51	4.27	4.87*
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	90.7	67.3	63.4	63.8	60.2
FDI (%GDP)	-	5.41	-	-	-
Fiscal Budget (%GDP)	-	-4.40	-	-	-



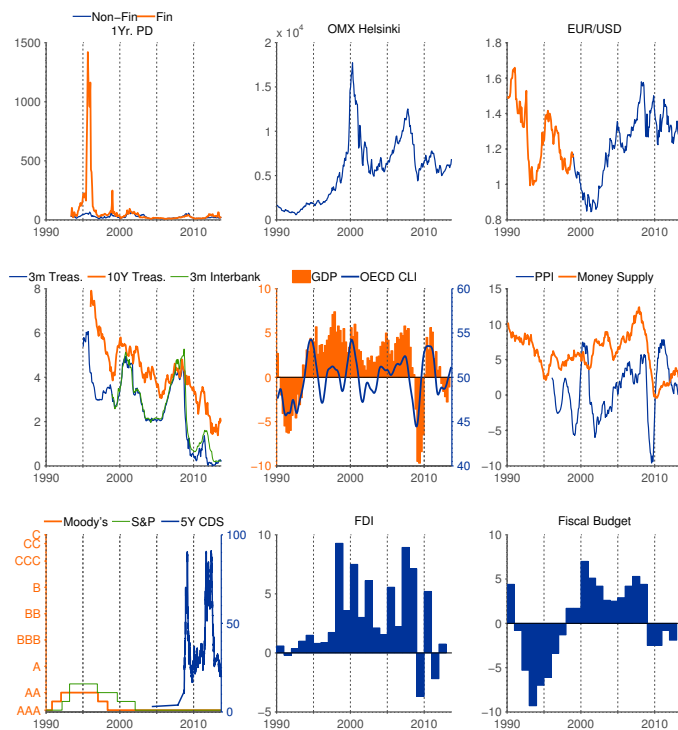
Denmark	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	68.08	69.79	69.45	66.52	57.20
1Yr. PD, Fin.	88.60	91.93	92.42	110.99	105.81
OMX Copenhagen 20	493	496	534	512	566
USD/DKK	5.80	5.66	5.82	5.73	5.51
3m Treas. Yield (%)	-	-0.30	-0.22	-0.11	-0.11
10Y Treas. Yield (%)	1.26	1.07	1.48	1.87	1.97
3m Interbank (%)	0.34	0.28	0.27	0.27	0.27
GDP (YoY%)	0.0	-0.4	-0.8	0.6	-
OECD CLI	99.36	99.53	99.68	100.01	100.32*
PPI (YoY%)	4.1	2.9	-0.4	0.6	-0.9*
Money Supply (YoY%)	11.3	2.0	-14.6	-17.8	-18.7*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	53.0	32.4	33.3	31.7	23.5
FDI (%GDP)	-	0.40	-	-	-
Fiscal Budget (%GDP)	-	-4.00	-	-	-



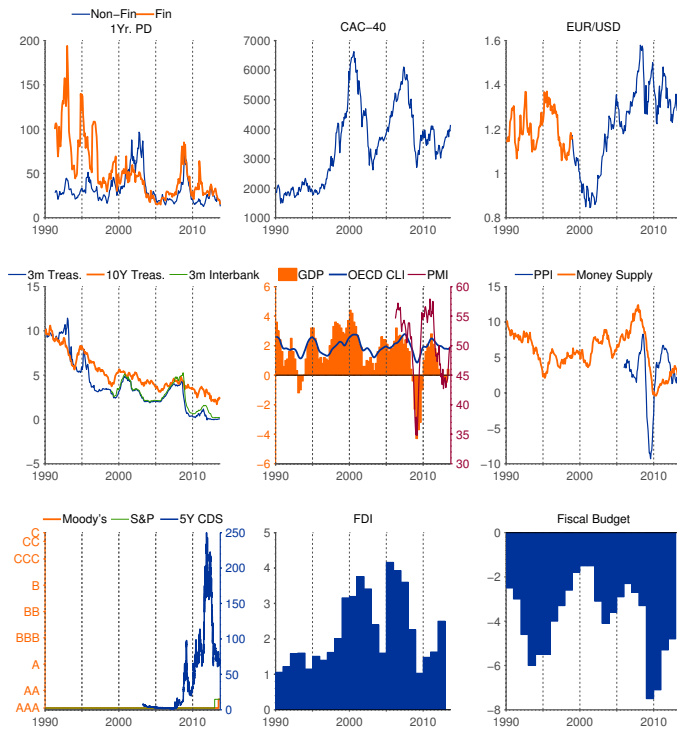
Egypt	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	15.00	21.55	27.84	36.35	21.11
1Yr. PD, Fin.	30.59	40.68	56.70	84.40	50.86
EGX 100	925.5	800.4	737.3	643.0	811.3
USD/EGP	6.10	6.36	6.80	7.02	6.89
3m Treas. Yield (%)	12.40	12.96	12.87	14.21	10.95
10Y Treas. Yield (%)	15.65	15.10	16.00	16.00*	15.00
GDP (YoY%)	-	2.22	-	-	-
Sov. Rating, Moody's	B2	B2	Caa1	Caa1	Caa1
Sov. Rating, S&P	B	B-	B-	CCC+	CCC+
5Y CDS (bps)	-	-	597.79*	606.28*	-



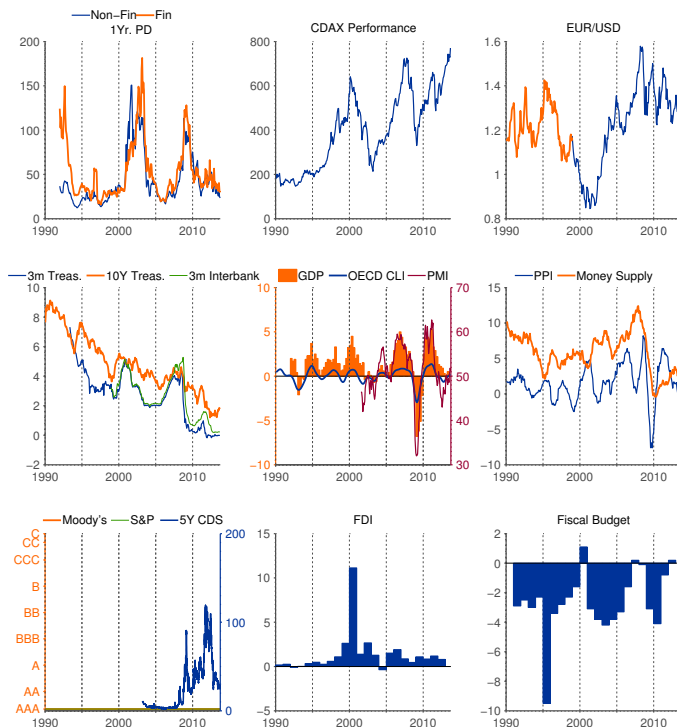
Estonia	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	17.19	15.82	9.80	4.92	4.28
OMX Tallinn Index	668	734	838	813	837
EUR/USD	1.29	1.32	1.28	-	-
GDP (YoY%)	3.3	4.0	1.5	1.5	-
OECD CLI	100.17	99.79	99.62	99.50	99.62*
PPI (YoY%)	2.0	2.1	5.0	6.0	3.4*
Money Supply (YoY%)	2.90	3.40	2.50	2.40	2.50*
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	92.73	67.60	62.15	71.56	65.89
FDI (%GDP)	-	7.40	-	-	-
Fiscal Budget (%GDP)	-	-0.30	-	-	-



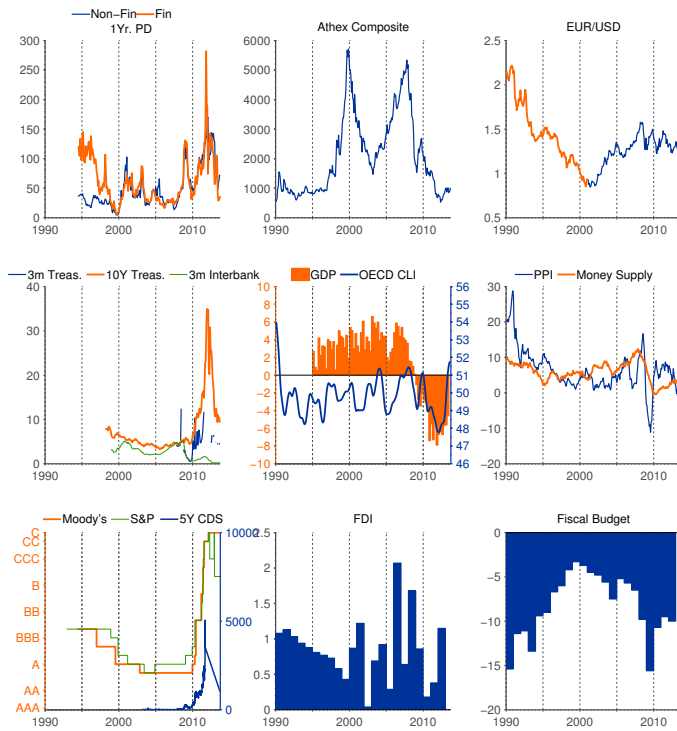
Finland	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	18.29	19.24	18.93	14.65	15.27
1Yr. PD, Fin.	28.59	29.98	34.24	18.78	17.54
OMX Helsinki	5465.6	5801.3	6137.7	5895.3	6864.4
EUR/USD	1.29	1.32	1.28	-	-
3m Treas. Yield (%)	0.04	0.05	0.13	0.26	0.21
10Y Treas. Yield (%)	1.73	1.53	1.55	2.00	2.00
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	-1.6	-2.2	-2.8	-1.1	-
OECD CLI	98.70	99.09	99.86	100.68	101.17*
PPI (YoY%)	1.7	1.5	0.0	0.2	-0.9*
Money Supply (YoY%)	2.9	3.4	2.5	2.4	2.5*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	41.85	29.64	31.56	22.59	21.68
FDI (%GDP)	-	0.74	-	-	-
Fiscal Budget (%GDP)	-	-1.90	-	-	-



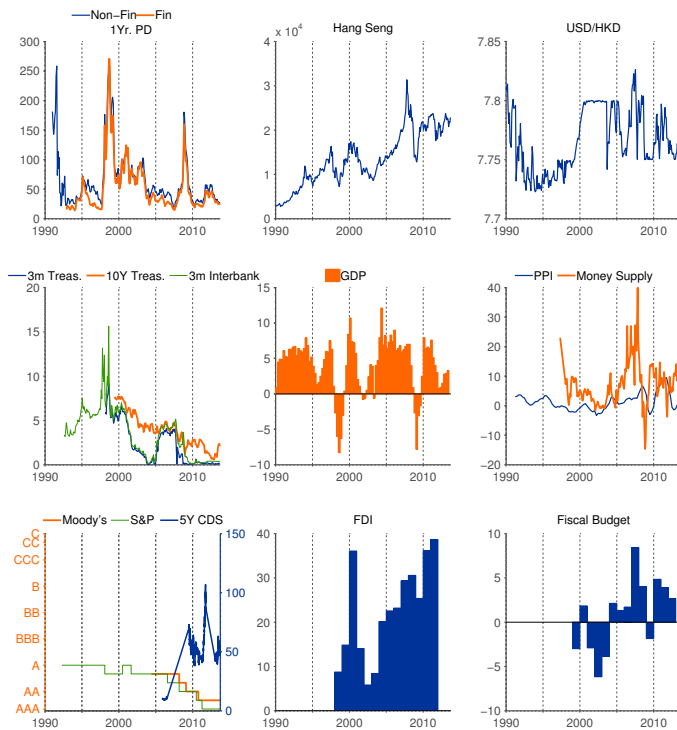
France	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	24.27	23.12	18.27	20.70	12.79
1Yr. PD, Fin.	25.23	30.73	25.76	20.04	15.04
CAC-40	3354.8	3641.1	3731.4	3738.9	4143.4
EUR/USD	1.29	1.32	1.28	-	-
3m Treas. Yield (%)	0.00	-0.01	0.01	0.03	0.06
10Y Treas. Yield (%)	2.18	2.00	2.02	2.35	2.32
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	0.0	-0.3	-0.5	0.4	-
OECD CLI	99.60	99.48	99.46	99.49	99.75*
PMI	42.7	44.6	44.0	48.4	49.8
PPI (YoY%)	2.8	1.7	1.8	0.1	-0.4*
Money Supply (YoY%)	2.9	3.4	2.5	2.4	2.5*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aa1
Sov. Rating, S&P	AAA	AAA	AA+	AA+	AA+
5Y CDS (bps)	114.01	91.14	76.94	80.49	68.37
FDI (%GDP)	-	2.50	-	-	-
Fiscal Budget (%GDP)	-	-4.80	-	-	-



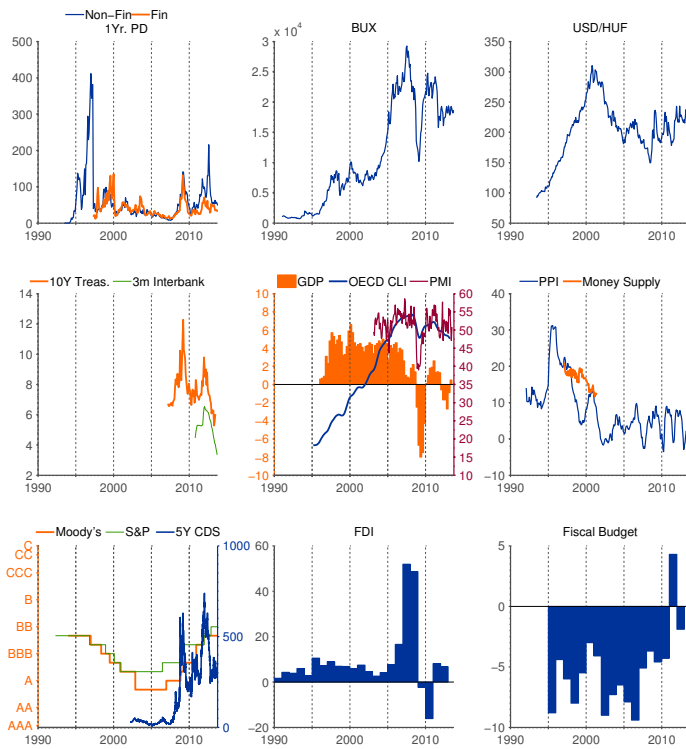
Germany	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	30.40	37.21	33.56	25.49	23.52
1Yr. PD, Fin.	38.36	38.42	39.41	31.67	31.20
CDAX Performance	635	673	696	711	771
EUR/USD	1.29	1.32	1.28	-	-
3m Treas. Yield (%)	-0.04	-0.05	-0.02	0.00	-0.01
10Y Treas. Yield (%)	1.44	1.32	1.29	1.73	1.78
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	0.9	0.3	-0.3	0.5	-
OECD CLI	98.71	99.10	99.74	100.15	100.44*
PMI	47.4	46.0	49.0	48.6	51.1
PPI (YoY%)	1.7	1.5	0.1	0.1	-0.5*
Money Supply (YoY%)	2.90	3.40	2.50	2.40	2.50*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	54.1	39.6	36.9	32.3	24.3
FDI (%GDP)	-	0.80	-	-	-
Fiscal Budget (%GDP)	-	0.20	-	-	-



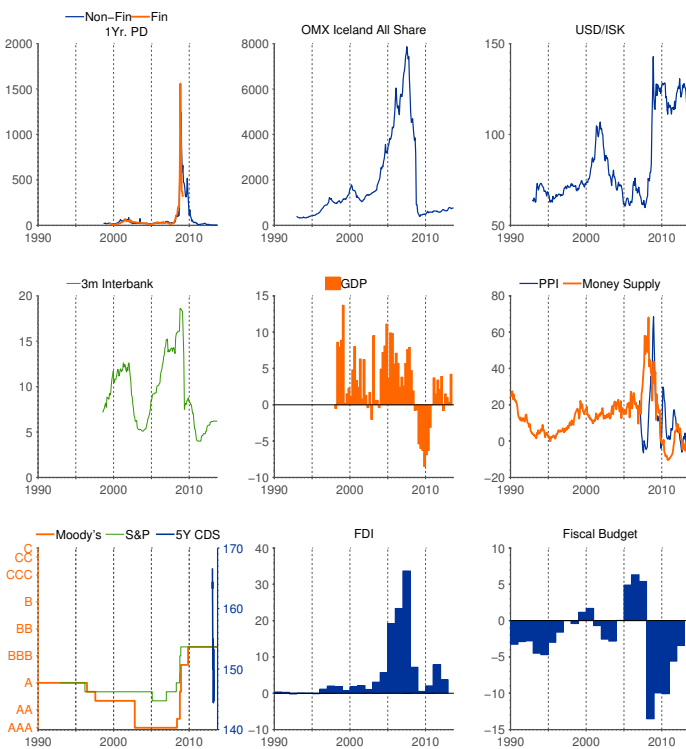
Greece	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	132.20	129.44	79.89	58.43	71.55
1Yr. PD, Fin.	110.90	56.61	105.55	28.73	36.61
Athex Composite	739	908	869	848	1014
EUR/USD	1.29	1.32	1.28	-	-
3m Treas. Yield (%)	6.43*	6.40	4.88	4.46*	4.36
10Y Treas. Yield (%)	19.49	11.90	12.44	10.98	9.32
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	-6.7	-5.7	-5.6	-4.6	-
OECD CLI	98.32	99.01	100.59	101.61	101.78*
PPI (YoY%)	5.1	2.1	-1.3	0.8	-1.8*
Money Supply (YoY%)	2.9	3.4	2.5	2.4	2.5*
Sov. Rating, Moody's	C	C	C	C	C
Sov. Rating, S&P	CCC	B-	B-	B-	B-
5Y CDS (bps)	-	-	-	-	1064.5
FDI (%GDP)	-	1.15	-	-	-
Fiscal Budget (%GDP)	-	-10.00	-	-	-



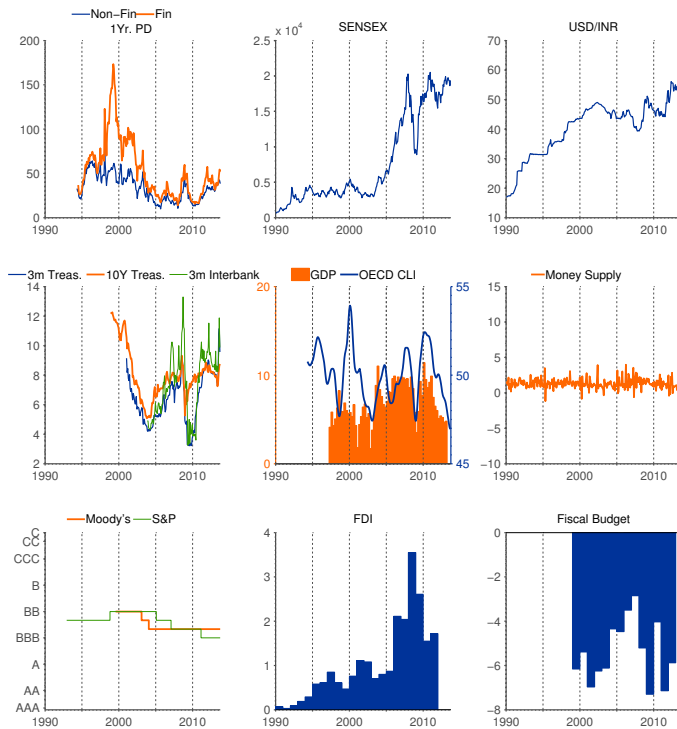
Hong Kong	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	42.89	35.15	29.62	28.54	27.15
1Yr. PD, Fin.	36.07	30.76	29.32	24.48	24.75
Hang Seng	20840	22657	22300	20803	22860
USD/HKD	7.75	7.75	7.76	7.76	7.76
3m Treas. Yield (%)	0.26	0.06	0.06	0.13	0.17
10Y Treas. Yield (%)	0.76	0.63	1.17	2.05	2.11
3m Interbank (%)	0.40	0.40	0.38	0.38	0.39
GDP (YoY%)	1.5	2.8	2.9	3.3	-
PPI (YoY%)	-1.4	-1.0	0.6	-2.4	-
Money Supply (YoY%)	10.9	12.1	9.2	9.7	8.1*
Sov. Rating, Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	-	-	48.35	63.16	46.67
Fiscal Budget (%GDP)	-	2.65	-	-	-



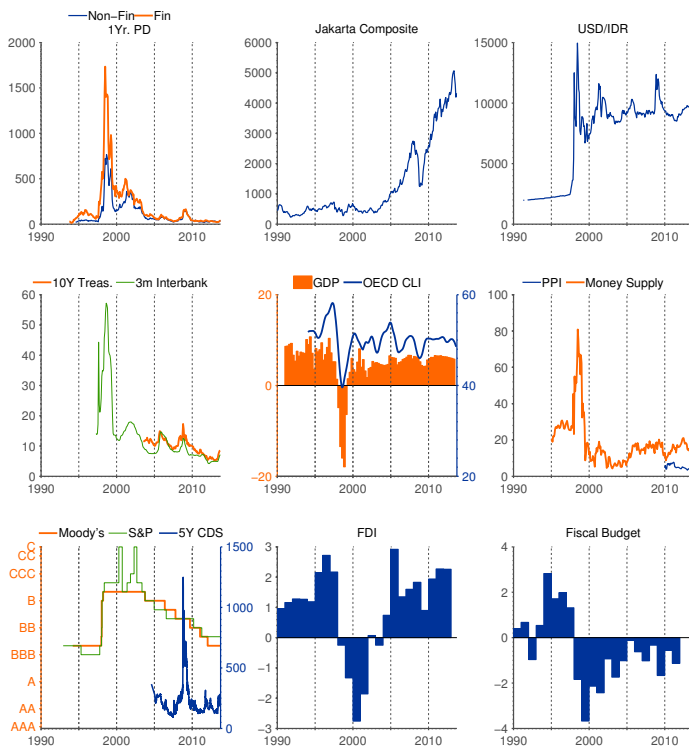
Hungary	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	102.85	56.00	53.23	54.32	48.49
1Yr. PD, Fin.	28.55	49.59	49.64	34.62	31.30
BUX	18589	18173	17857	19024	18663
USD/HUF	222	221	237	227	220
10Y Treas. Yield (%)	7.26	6.09	6.27	6.05	-
3m Interbank (%)	5.72	5.22	4.60	4.05	3.35
GDP (YoY%)	-1.7	-2.7	-0.9	0.5	-
OECD CLI	98.51	98.26	97.61	-	-
PMI	52.4	49.1	55.5	50.8	-
PPI (YoY%)	2.5	-1.8	2.2	0.6	2.4*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BB+	BB	BB	BB	BB
5Y CDS (bps)	386.7	279.5	383.3	318.5	277.9
FDI (%GDP)	-	6.77	-	-	-
Fiscal Budget (%GDP)	-	-1.90	-	-	-



Iceland	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	5.07	3.37	2.39	2.24	1.93
OMX Iceland All Share	646	678	781	731	765
USD/ISK	124.20	128.02	123.65	123.94	120.38
3m Interbank (%)	5.75	6.15	6.20	6.20	6.20
GDP (YoY%)	1.5	1.0	0.3	4.2	-
PPI (YoY%)	-3.7	1.2	-4.4	-6.0	-3.0*
Money Supply (YoY%)	-4.7	-2.7	0.5	2.2*	-
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	-	-	153.30	144.64*	-
FDI (%GDP)	-	3.75	-	-	-
Fiscal Budget (%GDP)	-	-3.43	-	-	-

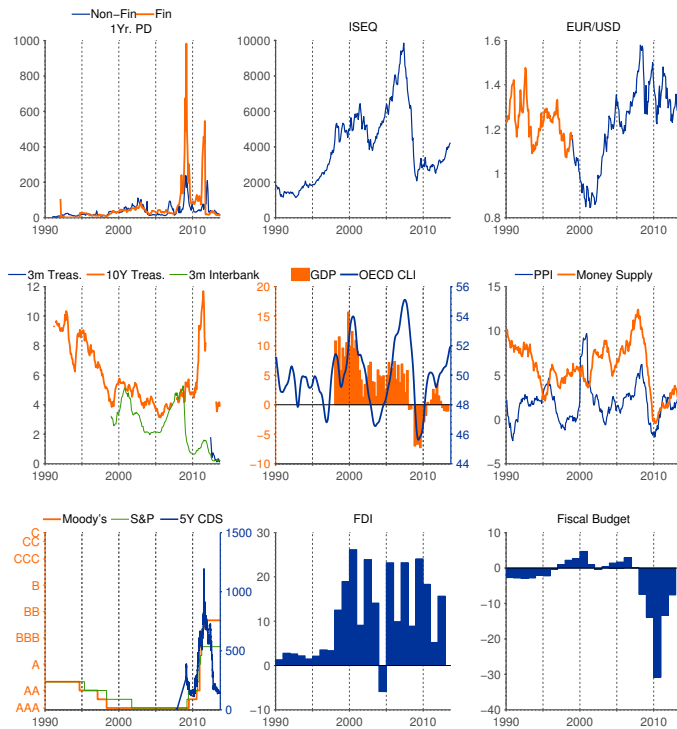


India	2012	2013			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	31.59	29.72	39.74	38.39	38.47
1Yr. PD, Fin.	39.48	31.42	39.49	40.59	52.16
SENSEX	18762.7	19426.7	18835.8	19395.8	19379.8
USD/INR	52.86	54.99	54.28	59.39	62.62
3m Treas. Yield (%)	8.08	8.18	8.02	7.49	9.57
10Y Treas. Yield (%)	8.15	8.05	7.96	7.46	8.76
3m Interbank (%)	8.57	8.72	8.25	8.25	9.88
GDP (YoY%)	5.2	4.7	4.8	-	-
OECD CLI	98.76	98.53	97.97	97.25	96.95*
Money Supply (YoY%)	0.80	1.02	0.94	2.35	-8.80
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
Fiscal Budget (%GDP)	-	-5.88	-	-	-

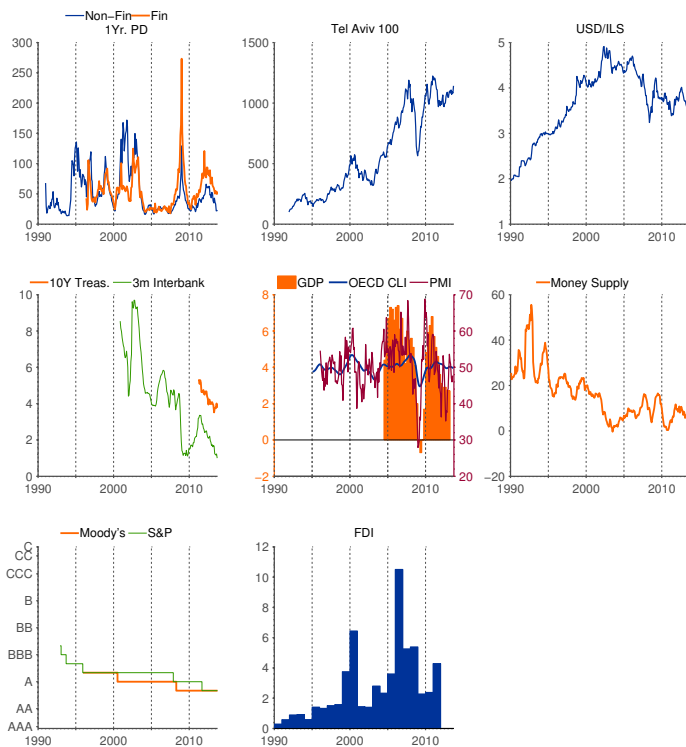


Indonesia	2012	2013			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	29.62	32.03	25.24	27.18	35.06
1Yr. PD, Fin.	27.66	26.55	20.73	24.78	38.35
Jakarta Composite	4263	4317	4941	4819	4316
USD/IDR	9591.00	9793.00	9735.00	10004.00	11406.00
10Y Treas. Yield (%)	5.97	5.19	5.57	7.13	8.50
3m Interbank (%)	4.92	5.02	4.90	5.36	7.16
GDP (YoY%)	6.2	6.1	6.0	5.8	-
OECD CLI	99.88	100.21	100.08	99.29	98.52*
PPI (YoY%)	4.3	3.4	4.0	3.8	6.8
Money Supply (YoY%)	18.34	14.96	14.01	11.81	12.86*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	166.75	123.97	161.36	208.01	285.57*
FDI (%GDP)	-	2.26	-	-	-

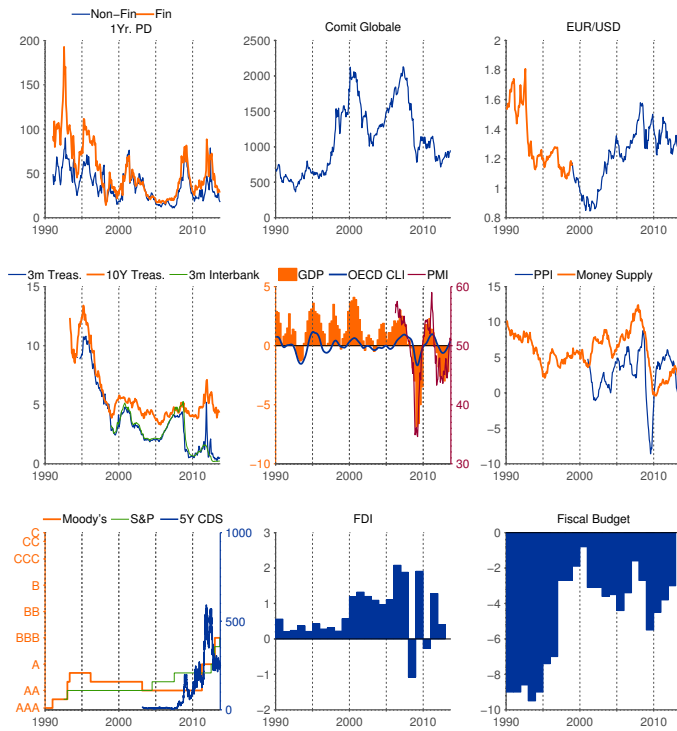




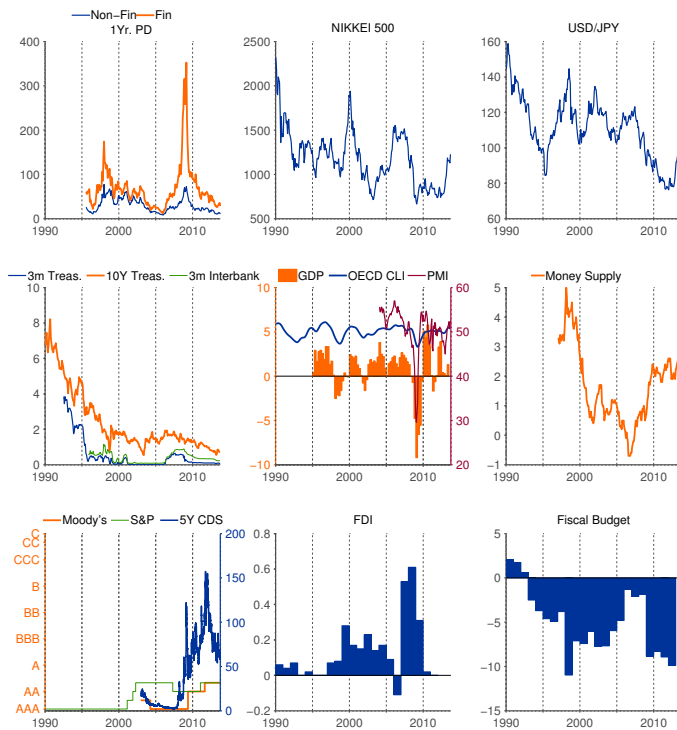
Ireland	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	27.36	42.46	29.13	23.40	16.14
1Yr. PD, Fin.	29.06	31.74	15.19	18.69	12.06
ISEQ	3278	3397	3958	3963	4238
EUR/USD	1.29	1.32	1.28	-	-
3m Treas. Yield (%)	0.72	0.53	0.29	0.34	0.25
10Y Treas. Yield (%)	-	-	4.22	4.11	3.88
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	-0.50	-1.00	-1.10	-1.10	-
OECD CLI	100.46	100.58	100.91	101.56	101.94*
PPI (YoY%)	1.4	1.8	2.4	3.4	4.2*
Money Supply (YoY%)	2.90	3.40	2.50	2.40	2.50*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	318.87	220.00	190.00	164.99	142.16
FDI (%GDP)	-	15.66	-	-	-
Fiscal Budget (%GDP)	-	-7.60	-	-	-



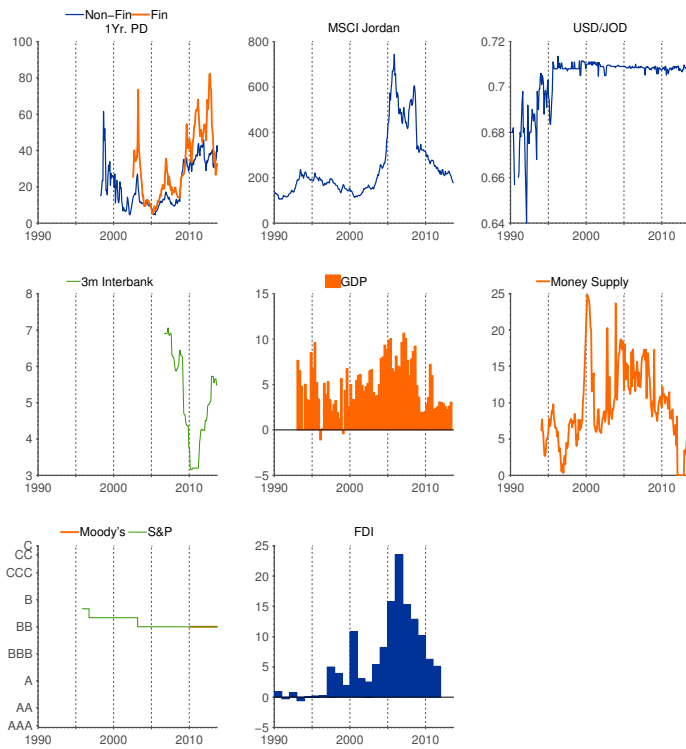
Israel	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	48.05	52.43	35.04	33.11	22.10
1Yr. PD, Fin.	88.97	77.02	59.68	54.76	53.85
Tel Aviv 100	1055	1049	1100	1071	1143
USD/ILS	3.92	3.73	3.65	3.64	3.52
10Y Treas. Yield (%)	4.21	3.98	3.92	3.79	3.77
3m Interbank (%)	2.21	1.69	1.70	1.20	1.00
GDP (YoY%)	2.9	2.7	2.7	-	-
OECD CLI	99.75	99.91	100.19	99.97	99.77*
PMI	38.0	44.1	51.8	46.0	47.6*
Money Supply (YoY%)	8.69	7.89	7.00	5.82	-
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	A+	A+	A+	A+	A+



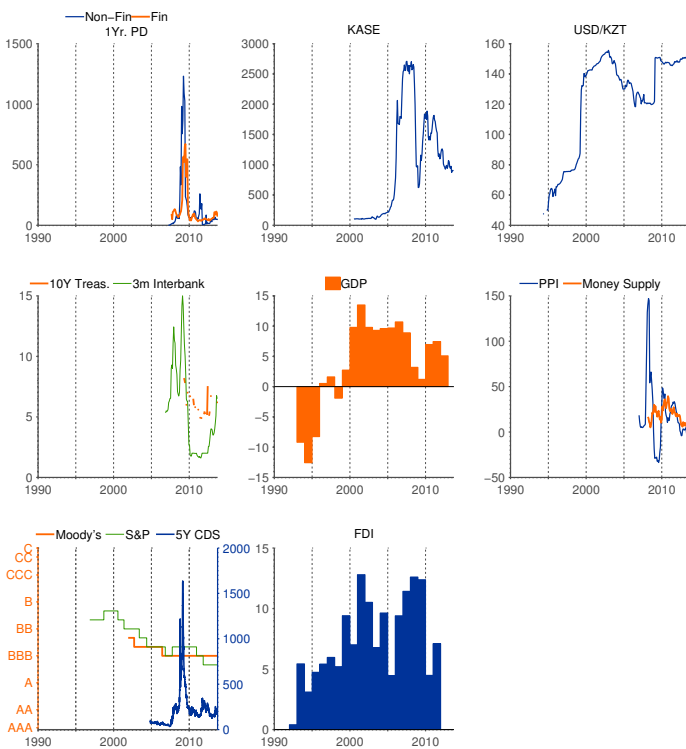
Italy	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	29.02	27.64	23.43	31.19	17.73
1Yr. PD, Fin.	51.93	46.44	36.17	31.94	29.65
Comit Globale	825	873	851	849	950
EUR/USD	1.29	1.32	1.28	-	-
3m Treas. Yield (%)	0.90	0.54	0.46	0.58	0.54
10Y Treas. Yield (%)	5.09	4.50	4.76	4.54	4.43
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	-2.8	-3.0	-2.5	-2.2	-
OECD CLI	98.77	99.05	99.54	100.24	100.72*
PMI	45.7	46.7	44.5	49.1	50.8
PPI (YoY%)	4.2	2.4	0.0	-0.7	-2.3*
Money Supply (YoY%)	2.9	3.4	2.5	2.4	2.5*
Sov. Rating, Moody's	A2	A2	Baa2	Baa2	Baa2
Sov. Rating, S&P	A	A	BBB+	BBB+	BBB
5Y CDS (bps)	356.20	278.28	304.50	280.53	268.01
FDI (%GDP)	-	0.40	-	-	-
Fiscal Budget (%GDP)	-	-3.00	-	-	-



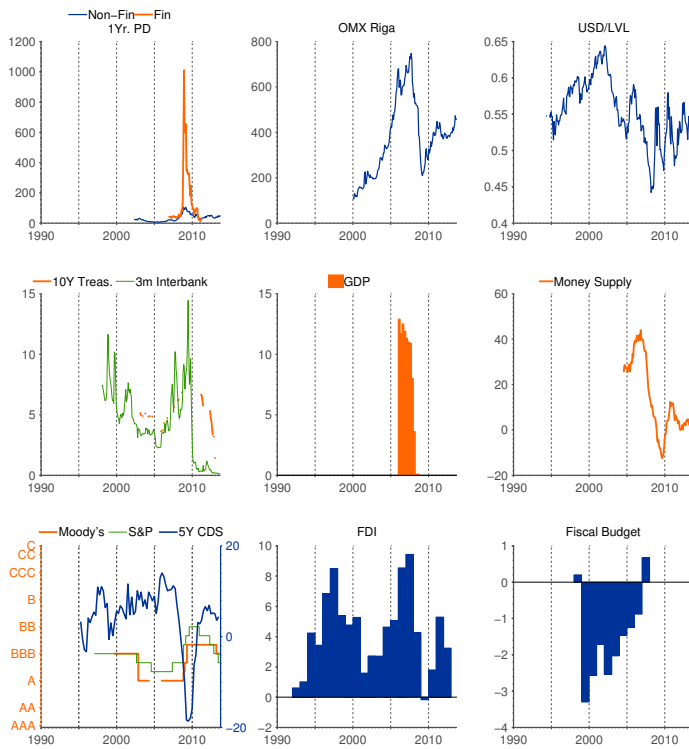
Japan	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	18.82	12.88	10.51	13.74	10.41
1Yr. PD, Fin.	39.96	32.72	26.20	31.23	28.37
NIKKEI 500	782	870	1064	1157	1227
USD/JPY	77.96	86.75	94.22	99.14	98.27
3m Treas. Yield (%)	0.10	0.10	0.04	0.10	0.04
10Y Treas. Yield (%)	0.78	0.79	0.55	0.85	0.69
3m Interbank (%)	0.33	0.31	0.25	0.23	0.23
GDP (YoY%)	0.4	0.3	0.1	1.3	-
OECD CLI	99.71	99.93	100.59	100.98	100.96*
PMI	48.0	45.0	50.4	52.3	52.5
Money Supply (YoY%)	2.1	2.2	2.5	3.1	3.1
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	84.57	76.28	74.56	78.12	62.38
Fiscal Budget (%GDP)	-	-9.89	-	-	-



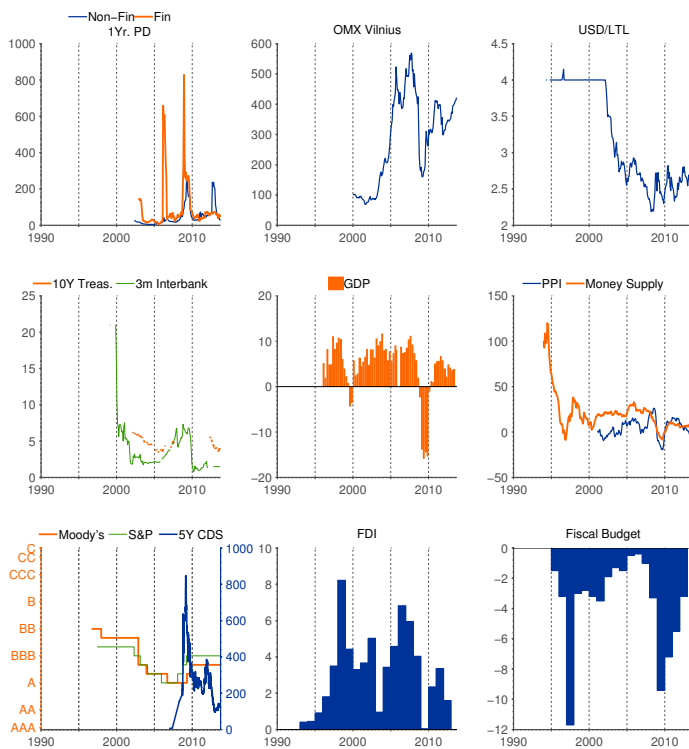
Jordan	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	37.37	39.75	30.51	34.20	39.10
1Yr. PD, Fin.	82.36	54.38	33.46	26.56	31.35
MSCI Jordan	216	220	219	195	177
USD/JOD	0.71	0.71	0.71	0.71	0.71
3m Interbank (%)	4.99	5.73	5.72	5.65	5.48
GDP (YoY%)	2.6	2.2	2.6	3.1	-
Money Supply (YoY%)	0.00	3.43	3.99	5.99	8.13*
Sov. Rating, Moody's	Ba2	Ba2	Ba2	Ba2	Ba2
Sov. Rating, S&P	BB	BB	BB	BB	BB



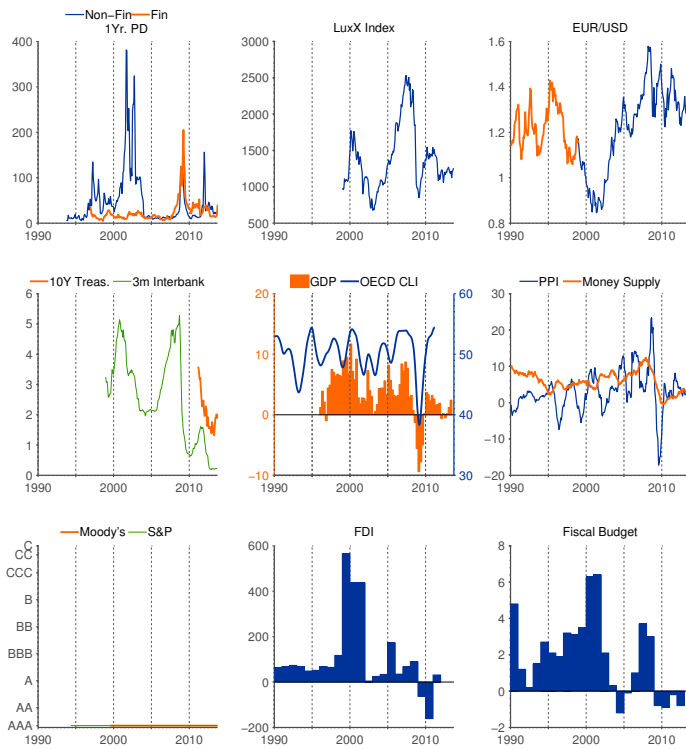
Kazakhstan	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	18.40	28.62	44.58	48.99	44.68
1Yr. PD, Fin.	40.15	54.77	60.93	87.17	71.15
KASE	976	970	963	874	900
USD/KZT	149.89	150.44	150.92	151.80	153.82
10Y Treas. Yield (%)	5.44	6.71*	-	-	6.20
3m Interbank (%)	3.00	4.00	3.50	4.50	6.50
GDP (YoY%)	-	5.1	-	-	-
PPI (YoY%)	1.3	2.1	0.6	-3.7	1.8
Money Supply (YoY%)	5.90	7.27	7.56	7.68	2.23*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	175.00	142.61	169.53	207.97	184.82



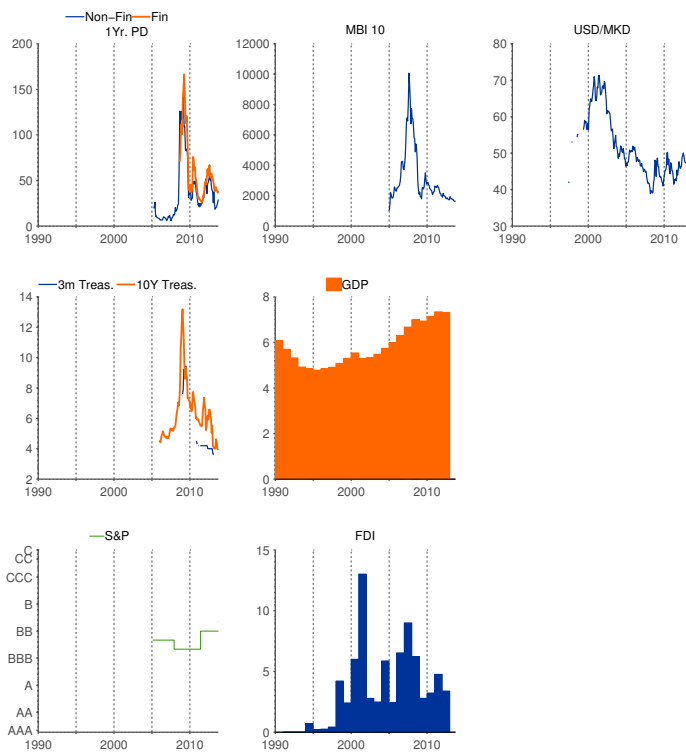
Latvia	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	38.62	32.34	40.34	42.70	45.29
OMX Riga	385	396	420	435	454
USD/LVL	0.54	0.53	0.55	0.54	0.52
10Y Treas. Yield (%)	3.30	3.20*	1.42*	-	-
3m Interbank (%)	0.17	0.20	0.18	0.15	0.10
Money Supply (YoY%)	1.92	3.77	2.06	1.20	-0.23*
Sov. Rating, Moody's	Baa3	Baa3	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB-	BBB	BBB	BBB+	BBB+
5Y CDS (bps)	5.20	5.10	3.60	4.40	-
FDI (%GDP)	-	3.24	-	-	-



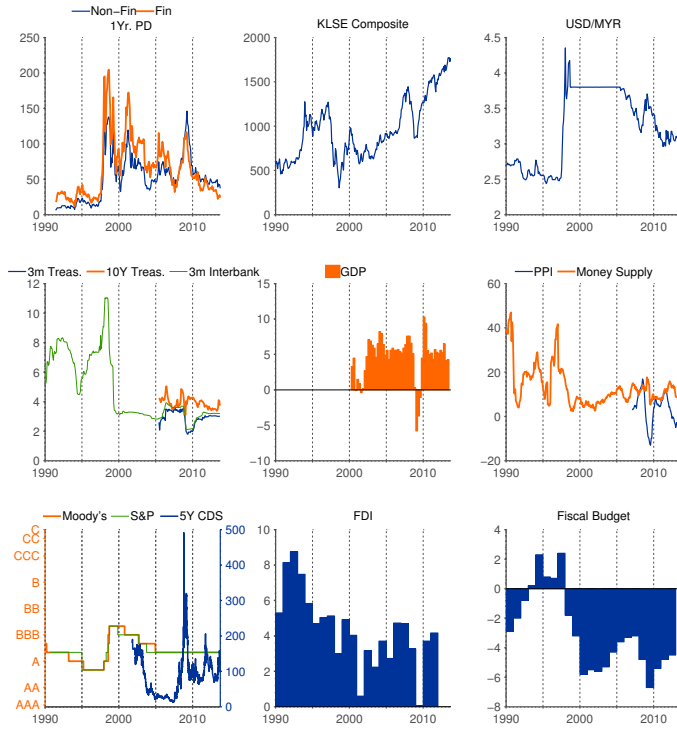
Lithuania	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	215.52	203.19	58.61	37.91	27.15
1Yr. PD, Fin.	62.79	72.72	57.17	56.89	45.01
OMX Vilnius	344	355	394	404	422
USD/LTL	2.68	2.62	2.69	2.65	2.55
10Y Treas. Yield (%)	4.88*	4.12*	4.05	3.62	4.02
3m Interbank (%)	-	1.48	1.48	1.48	1.48
GDP (YoY%)	4.8	4.1	3.5	3.8	-
PPI (YoY%)	5.6	2.0	-2.2	-0.1	-3.9
Money Supply (YoY%)	5.70	7.20	8.20	5.10	4.20*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	175.56	105.16	117.81	132.45	124.98
FDI (%GDP)	-	1.60	-	-	-
Fiscal Budget (%GDP)	-	-3.20	-	-	-



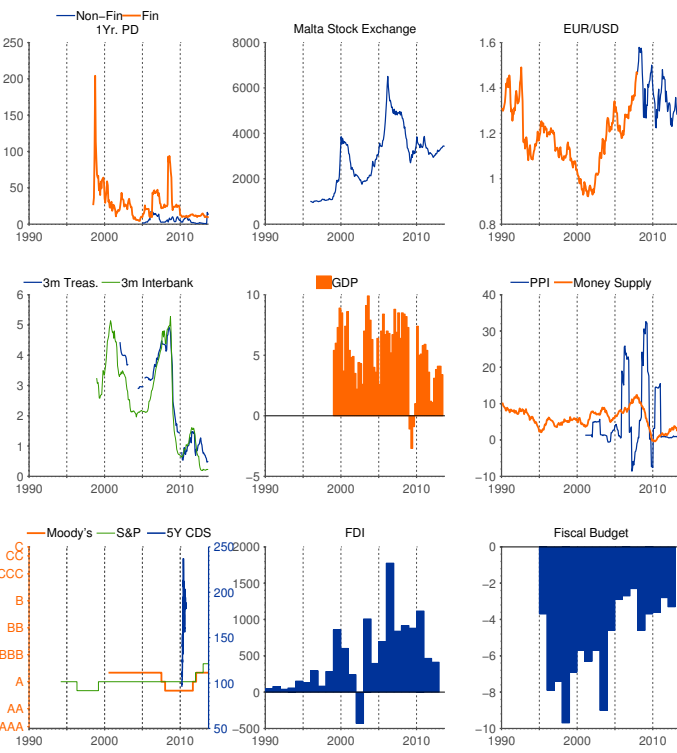
Luxembourg	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	36.67	37.51	19.96	21.01	18.63
1Yr. PD, Fin.	16.04	14.59	15.76	13.29	40.55
LuxX Index	1205	1248	1201	1126	1256
EUR/USD	1.29	1.32	1.28	-	-
10Y Treas. Yield (%)	1.57	1.38	1.52	1.90	1.90
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	-0.5	0.2	1.2	2.4	-
PPI (YoY%)	1.8	3.6	2.1	0.5	0.1*
Money Supply (YoY%)	2.90	3.40	2.50	2.40	2.50*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
Fiscal Budget (%GDP)	-	-0.80	-	-	-



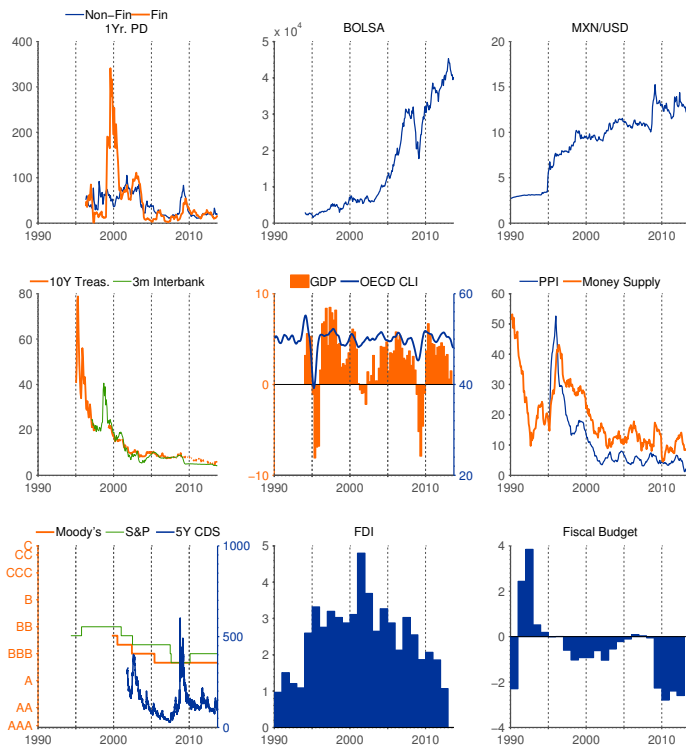
Macedonia	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	52.55	38.17	23.43	20.72	29.19
1Yr. PD, Fin.	52.95	53.47	38.19	40.08	38.52
MBI 10	1822	1731	1789	1742	1634
USD/MKD	47.80	47.17	47.93	47.15	45.44
3m Treas. Yield (%)	4.00	4.00	3.65	-	-
10Y Treas. Yield (%)	6.27	5.53	4.04	4.63	3.92
GDP (YoY%)	-	7.3	-	-	-
Sov. Rating, S&P	BB	BB	BB	BB	BB-
FDI (%GDP)	-	3.38	-	-	-



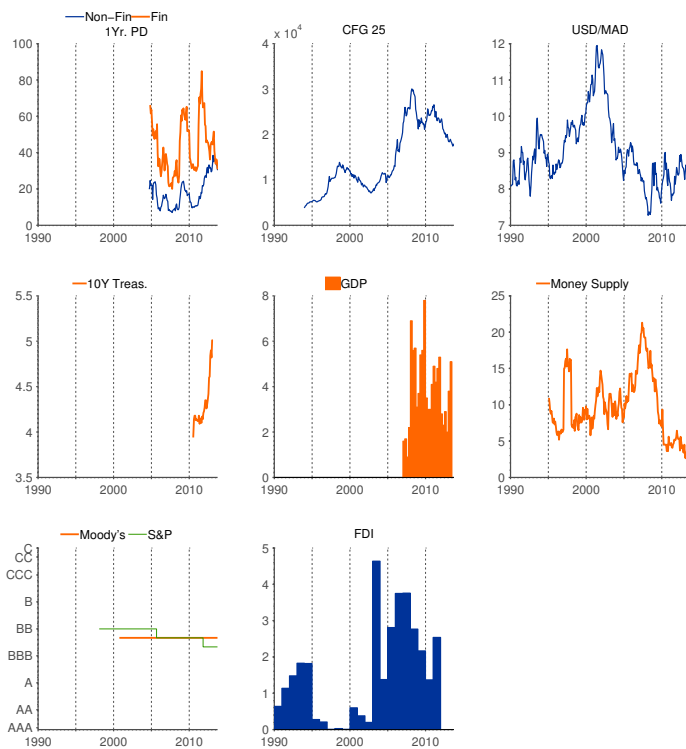
Malaysia	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	44.86	45.53	47.28	43.33	37.29
1Yr. PD, Fin.	38.39	34.24	30.67	25.12	24.03
KLSE Composite	1637	1689	1672	1774	1769
USD/MYR	3.06	3.06	3.09	3.16	3.26
3m Treas. Yield (%)	3.03	3.04	3.04	3.01	3.00
10Y Treas. Yield (%)	3.55	3.50	3.47	3.63	3.74
3m Interbank (%)	3.20	3.21	3.21	3.20	3.21
GDP (YoY%)	5.3	6.5	4.1	4.3	-
PPI (YoY%)	-1.3	-5.0	-4.2	-2.7	-2.6*
Money Supply (YoY%)	12.68	8.96	9.10	8.54	8.28*
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	95.27	70.40	86.04	118.56	104.83
Fiscal Budget (%GDP)	-	-4.50	-	-	-



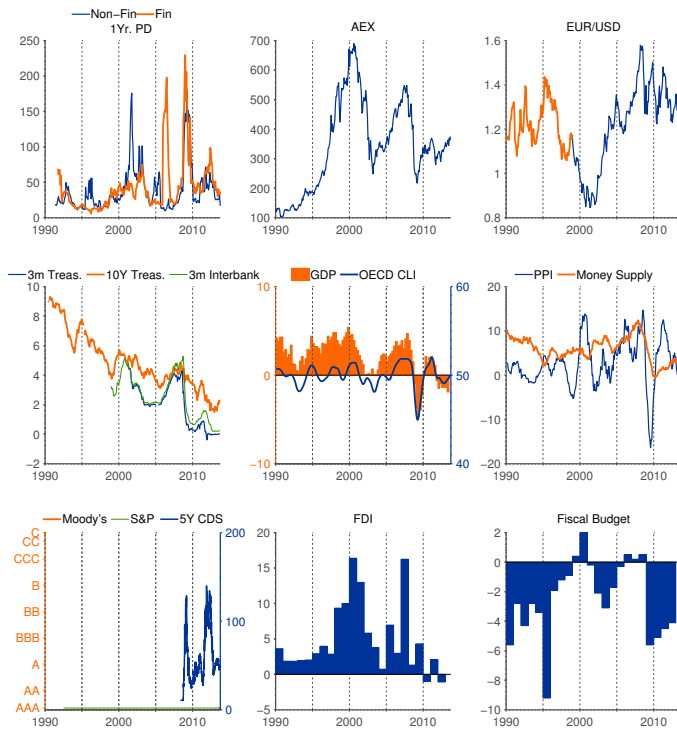
Malta	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	1.25	1.08	0.81	0.66	13.11
1Yr. PD, Fin.	11.76	14.58	9.51	10.28	8.79
Malta Stock Exchange	3136	3212	3323	3417	3418
EUR/USD	1.29	1.32	1.28	-	-
3m Treas. Yield (%)	1.27	0.85	0.71	0.59	0.50
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	3.8	4.1	4.1	3.4	-
PPI (YoY%)	1.1	0.9	0.8	0.7	0.4*
Money Supply (YoY%)	2.90	3.40	2.50	2.40	2.50*
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	A-	A-	BBB+	BBB+	BBB+
FDI (%GDP)	-	411.70	-	-	-
Fiscal Budget (%GDP)	-	-3.30	-	-	-



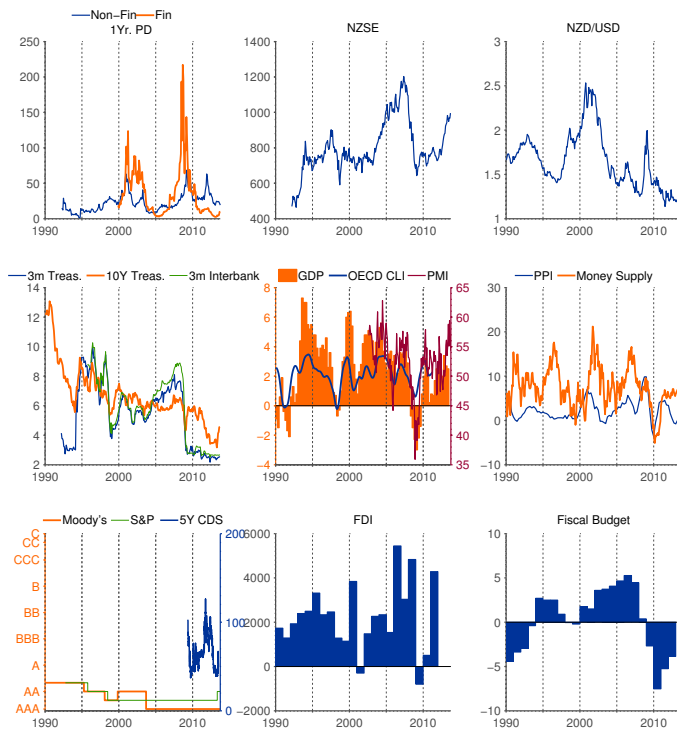
Mexico	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	18.75	18.04	20.80	19.30	20.25
1Yr. PD, Fin.	20.17	18.55	9.61	11.34	14.45
BOLSA	40867	43706	44077	40623	40185
MXN/USD	12.86	12.85	12.33	12.93	13.09
10Y Treas. Yield (%)	5.44	5.52*	5.03*	6.20	5.93*
3m Interbank (%)	4.82	4.87	4.35	4.33	4.03
GDP (YoY%)	3.1	3.3	0.6	1.5	-
OECD CLI	100.58	100.51	100.13	98.74	98.04*
PPI (YoY%)	4.3	1.2	1.7	1.1	0.9
Money Supply (YoY%)	11.00	8.30	8.40	6.20	7.60*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	101.17	97.82	97.17	131.49	123.32
FDI (%GDP)	-	1.07	-	-	-
Fiscal Budget (%GDP)	-	-2.60	-	-	-



Morocco	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	31.29	29.93	34.97	35.23	30.29
1Yr. PD, Fin.	36.17	45.90	51.60	33.91	30.73
CFG 25	19340	19143	18596	18206	17966
USD/MAD	8.63	8.46	8.66	8.56	8.28
10Y Treas. Yield (%)	4.61	4.82	5.01*	-	-
GDP (YoY%)	2.9	2.0	3.8	5.1	-
Money Supply (YoY%)	4.40	4.50	2.60	4.90	6.40*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-

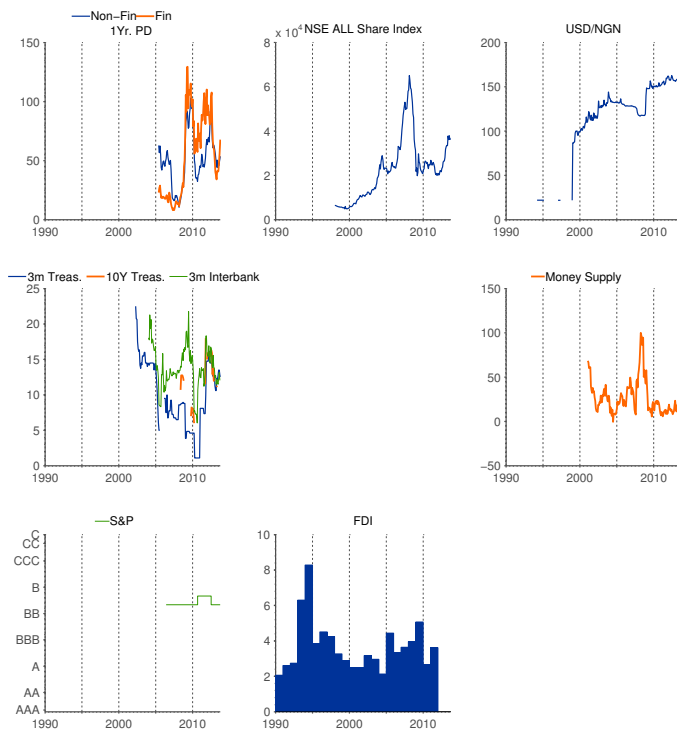


Netherlands	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	42.65	29.72	25.90	26.02	16.88
1Yr. PD, Fin.	48.86	48.18	40.71	40.24	32.38
AEX	323	343	348	345	375
EUR/USD	1.29	1.32	1.28	-	-
3m Treas. Yield (%)	-0.03	-0.02	-0.01	0.00	0.01
10Y Treas. Yield (%)	1.72	1.50	1.77	2.12	2.16
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	-1.4	-1.3	-1.4	-1.9	-
OECD CLI	99.09	99.17	99.44	99.74	100.02*
PPI (YoY%)	4.1	4.1	-0.3	-0.3	-2.0*
Money Supply (YoY%)	2.90	3.40	2.50	2.40	2.50*
Sov. Rating, Moody's	-	-	-	-	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	65.81	46.42	55.19	56.80	49.73
FDI (%GDP)	-	-1.08	-	-	-
Fiscal Budget (%GDP)	-	-4.10	-	-	-

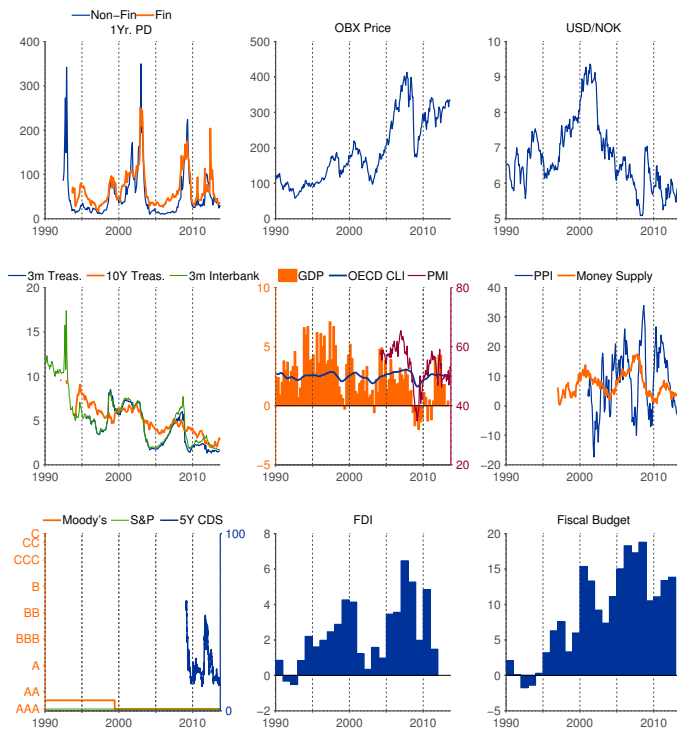


New Zealand	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	24.24	20.07	24.69	24.43	19.13
1Yr. PD, Fin.	4.48	2.85	2.87	4.34	9.69
NZSE	840	882	941	949	996
NZD/USD	1.20	1.21	1.19	1.29	1.20
3m Treas. Yield (%)	2.54	2.53	2.33	2.51	2.56
10Y Treas. Yield (%)	3.45	3.52	3.49	4.13	4.57
3m Interbank (%)	2.67	2.65	2.65	2.65	2.69
GDP (YoY%)	2.0	3.4	2.7	2.5	-
PMI	49.6	50.8	53.5	55.1	54.3
PPI (YoY%)	-0.6	-0.8	0.1	0.8	-
Money Supply (YoY%)	6.40	6.00	7.00	6.20	6.50*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA+	AA+	AA+	AA	AA
5Y CDS (bps)	68.50	50.05	43.40	56.62	49.49*
Fiscal Budget (%GDP)	-	-3.87	-	-	-

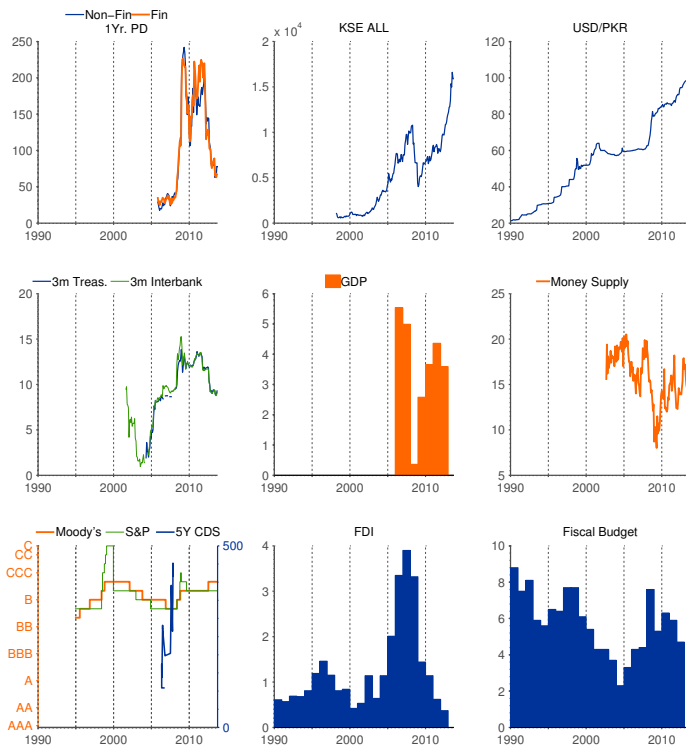




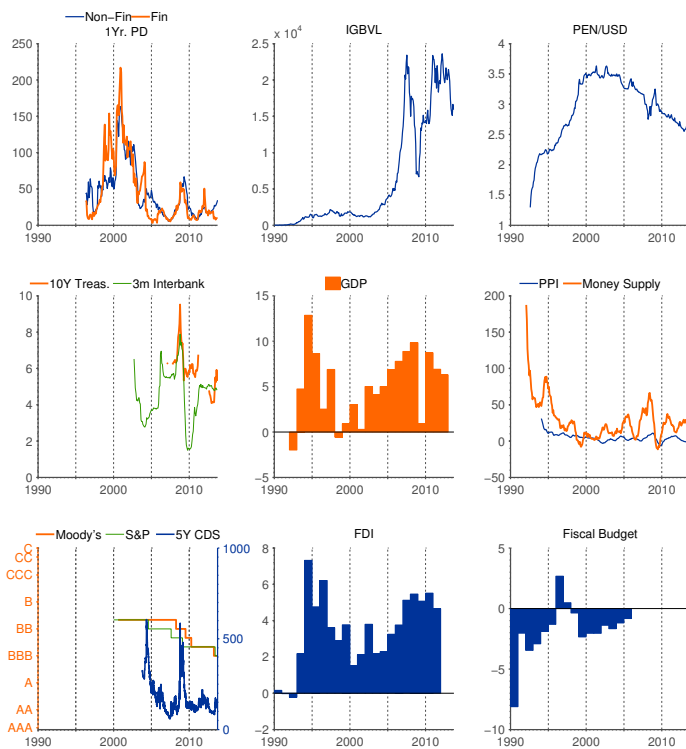
Nigeria	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	61.02	59.56	44.53	45.58	53.65
1Yr. PD, Fin.	66.21	51.70	34.06	41.06	67.79
NSE ALL Share Index	26012	28079	33536	36164	36585
USD/NGN	157.20	156.15	158.55	162.53	161.27
3m Treas. Yield (%)	12.75	12.80	10.60	12.75	12.75
10Y Treas. Yield (%)	12.90	11.90	-	11.20*	-
3m Interbank (%)	13.83	13.79	11.50	11.50	12.04
Money Supply (YoY%)	11.47	16.39	18.07	15.65	6.20*
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-



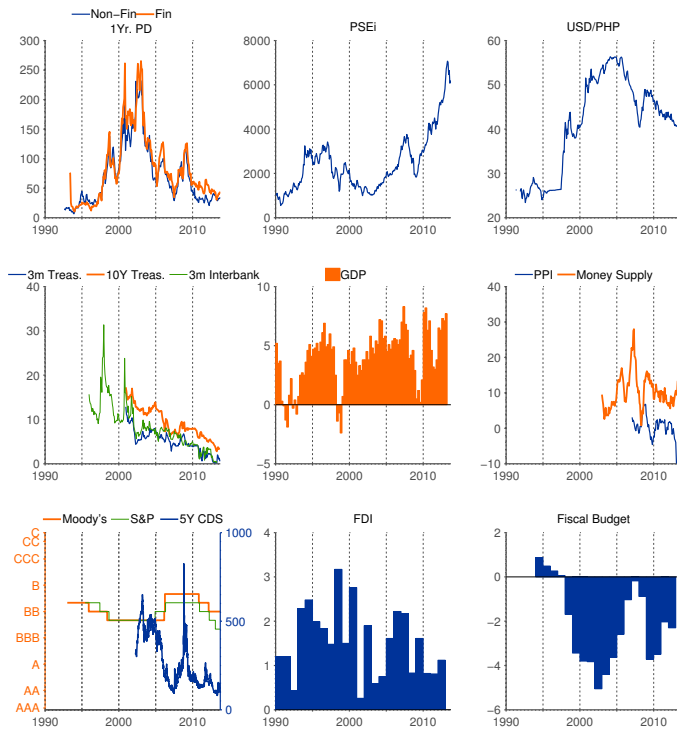
Norway	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	30.80	45.87	35.47	29.85	26.88
1Yr. PD, Fin.	92.27	49.38	40.04	33.45	35.91
OBX Price	316	311	329	316	336
USD/NOK	5.73	5.56	5.85	6.07	6.01
3m Treas. Yield (%)	1.65	1.49	1.63	1.48	1.53
10Y Treas. Yield (%)	2.14	2.14	2.18	2.56	2.81
3m Interbank (%)	1.97	1.83	1.88	1.66	1.70
GDP (YoY%)	1.8	1.8	0.0	0.4	-
OECD CLI	100.19	100.16	100.07	99.92	99.89*
PMI	49.4	50.2	50.5	47.0	52.3
PPI (YoY%)	1.4	-0.2	-3.4	1.7	3.2
Money Supply (YoY%)	3.20	3.70	4.20	4.70	6.40*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	23.85	18.50	19.67	15.37	15.16
Fiscal Budget (%GDP)	-	13.85	-	-	-



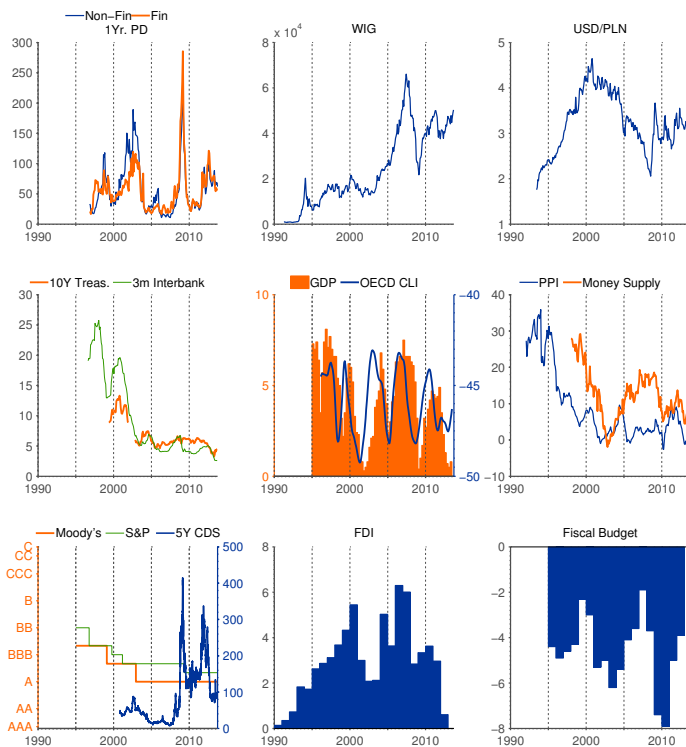
Pakistan	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	106.45	76.30	79.29	67.71	77.07
1Yr. PD, Fin.	103.26	75.66	87.55	68.67	68.16
KSE ALL	10898	11964	12802	14988	15837
USD/PKR	94.83	97.14	98.43	99.60	106.06
3m Treas. Yield (%)	10.07	9.13	9.41	8.90	9.35
3m Interbank (%)	9.95	9.06	9.28	8.83	9.18
GDP (YoY%)	-	3.6	-	-	-
Money Supply (YoY%)	15.30	16.70	15.00	15.90	15.50*
Sov. Rating, Moody's	Caa1	Caa1	Caa1	Caa1	Caa1
Sov. Rating, S&P	B-	B-	B-	B-	B-
FDI (%GDP)	-	0.37	-	-	-
Fiscal Budget (%GDP)	-	4.70	-	-	-



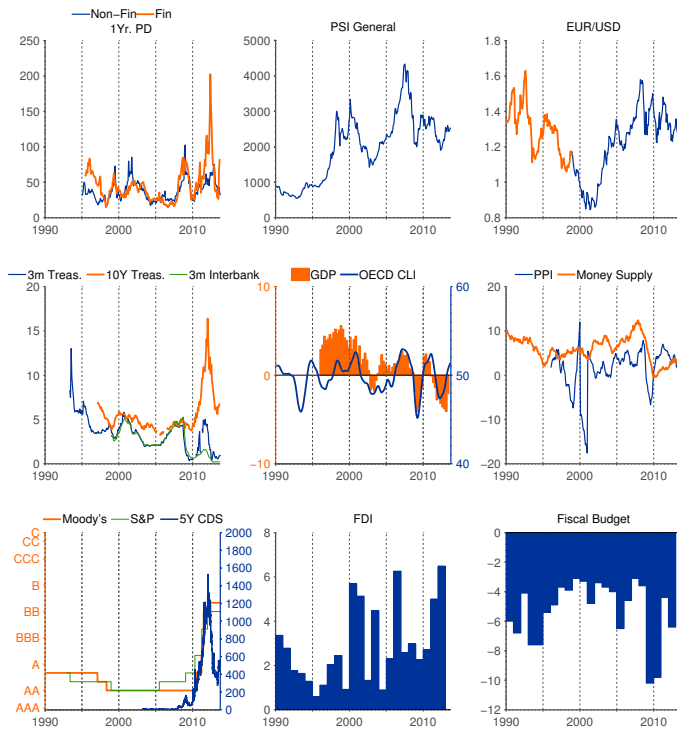
Peru	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	15.45	20.13	23.23	26.86	34.39
1Yr. PD, Fin.	16.22	17.45	9.15	7.68	9.89
IGBVL	21675	20629	19859	15550	15920
PEN/USD	2.60	2.55	2.59	2.78	2.79
10Y Treas. Yield (%)	4.58	4.09	4.13	5.51	5.31
3m Interbank (%)	5.01	5.05	4.88	4.88	4.81
GDP (YoY%)	-	6.3	-	-	-
PPI (YoY%)	0.4	-0.6	-1.2	-0.4	2.2
Money Supply (YoY%)	24.60	25.30	25.20	21.50	17.10*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa2	Baa2
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB	BBB
5Y CDS (bps)	106.33	97.34	97.67	145.34	149.16



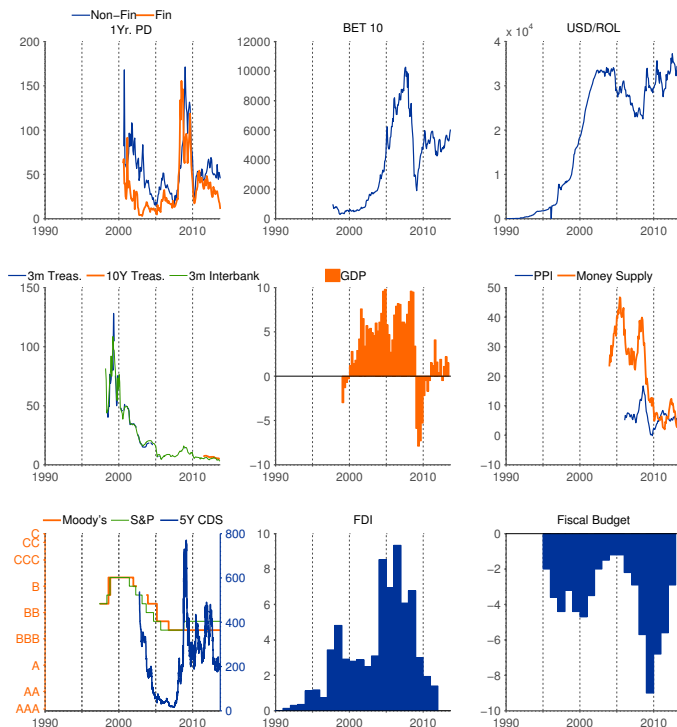
Philippines	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	39.54	39.17	33.56	32.53	32.88
1Yr. PD, Fin.	44.36	41.82	30.37	39.76	43.01
PSEI	5346	5813	6847	6465	6192
USD/PHP	41.74	41.01	40.81	43.13	43.48
3m Treas. Yield (%)	0.63	0.30	0.25	1.75	0.55
10Y Treas. Yield (%)	4.75	4.15	3.00	3.75	3.48
3m Interbank (%)	1.38	0.56	0.25	0.50*	-
GDP (YoY%)	7.3	7.1	7.7	-	-
PPI (YoY%)	-1.5	-4.0	-10.0	-7.2	-5.9*
Money Supply (YoY%)	7.50	10.60	13.30	20.50	30.90*
Sov. Rating, Moody's	Ba2	Ba2	Ba2	Ba2	Ba1
Sov. Rating, S&P	BB+	BB+	BBB-	BBB-	BBB-
5Y CDS (bps)	129.90	99.78	108.69	126.17	106.79
FDI (%GDP)	-	1.12	-	-	-
Fiscal Budget (%GDP)	-	-2.30	-	-	-



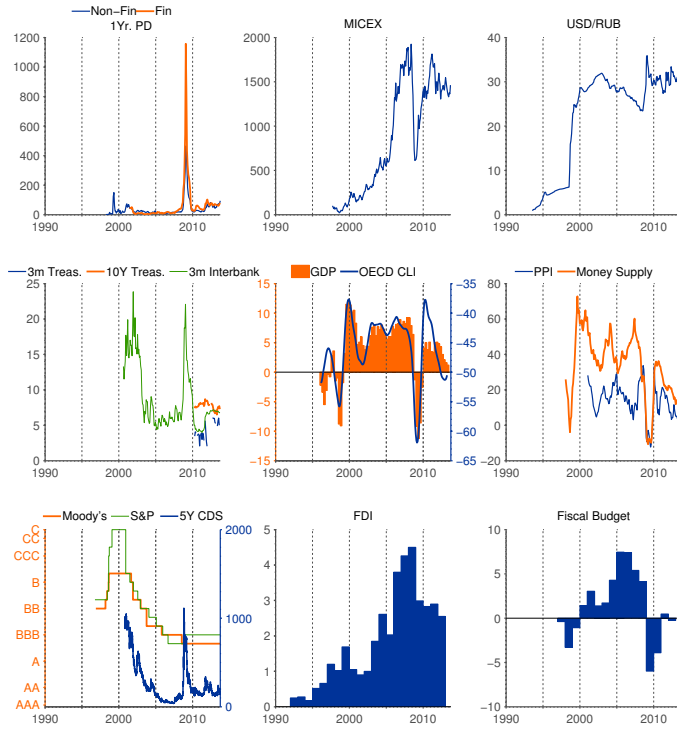
Poland	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	74.87	62.31	78.98	69.58	62.01
1Yr. PD, Fin.	95.38	71.14	80.40	54.24	55.70
WIG	43740	47461	45148	44748	50302
USD/PLN	3.20	3.09	3.26	3.32	3.12
10Y Treas. Yield (%)	4.68	3.74	3.94	4.34	4.48
3m Interbank (%)	4.82	4.01	3.29	2.63	2.57
GDP (YoY%)	1.3	0.7	0.5	0.8	-
OECD CLI	2.73	2.47	2.90	3.71	-
PPI (YoY%)	1.8	-1.1	-0.7	-1.3	-1.1*
Money Supply (YoY%)	7.62	4.53	6.58	6.99	6.10*
Sov. Rating, Moody's	A2	A2	A2	A2	A2
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	120.16	80.67	94.64	104.48	86.42
FDI (%GDP)	-	0.61	-	-	-
Fiscal Budget (%GDP)	-	-3.90	-	-	-



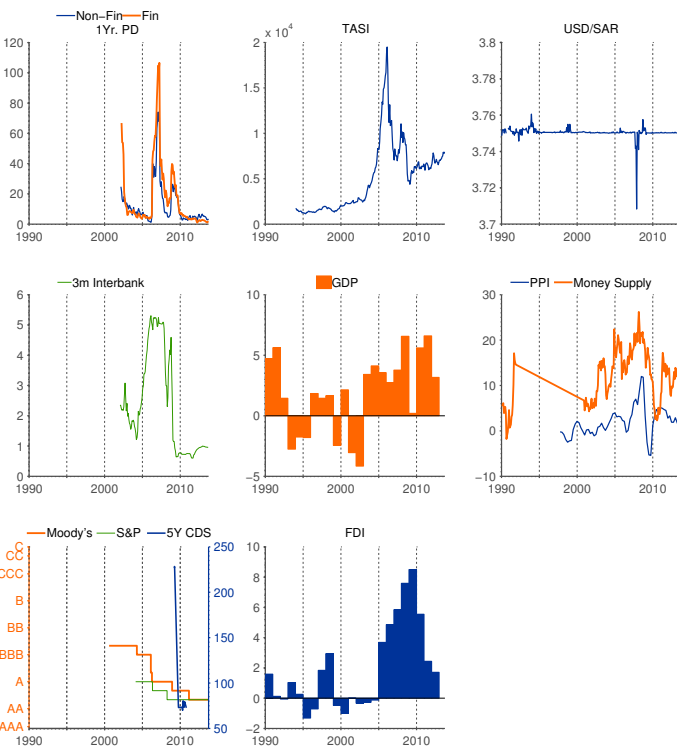
Portugal	2012		2013			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	61.74	68.90	43.80	40.88	31.57	
1Yr. PD, Fin.	76.31	40.73	39.23	26.38	81.56	
PSI General	2156	2334	2428	2434	2542	
EUR/USD	1.29	1.32	1.28	-	-	
3m Treas. Yield (%)	0.83	1.03	0.81	0.58	0.95	
10Y Treas. Yield (%)	9.00	7.01	6.37	6.45	6.68	
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23	
GDP (YoY%)	-3.6	-3.8	-4.1	-2.1	-	
OECD CLI	98.06	98.89	100.19	100.98	101.37*	
PPI (YoY%)	4.5	3.4	1.4	1.0	-0.1*	
Money Supply (YoY%)	2.90	3.40	2.50	2.40	2.50*	
Sov. Rating, Moody's	Ba3	Ba3	Ba3	Ba3	Ba3	
Sov. Rating, S&P	BB	BB	BB	BB	BB	
5Y CDS (bps)	515.06	448.62	403.14	400.38	494.65	
FDI (%GDP)	-	6.49	-	-	-	
Fiscal Budget (%GDP)	-	-6.40	-	-	-	



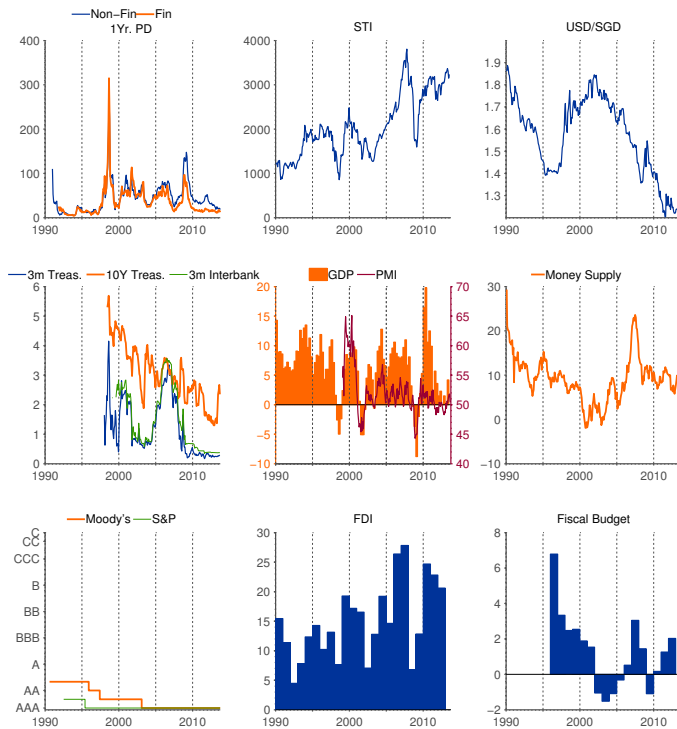
Romania	2012		2013			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	50.92	50.31	46.08	44.53	45.52	
1Yr. PD, Fin.	24.94	32.42	30.61	23.23	10.90	
BET 10	4725	5150	5637	5262	6042	
USD/ROL	35289.00	33677.50	34451.01	34295.50	32935.00	
10Y Treas. Yield (%)	6.54	6.35	5.75	5.53	5.20	
3m Interbank (%)	5.38	5.80	4.95	4.36	3.04	
GDP (YoY%)	-0.5	1.1	2.2	1.5	-	
PPI (YoY%)	5.9	4.8	4.5	2.8	0.6*	
Money Supply (YoY%)	7.81	4.61	5.05	5.13	4.37*	
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3	
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+	
5Y CDS (bps)	320.22	214.59	234.71	214.20	192.75	
Fiscal Budget (%GDP)	-	-2.90	-	-	-	



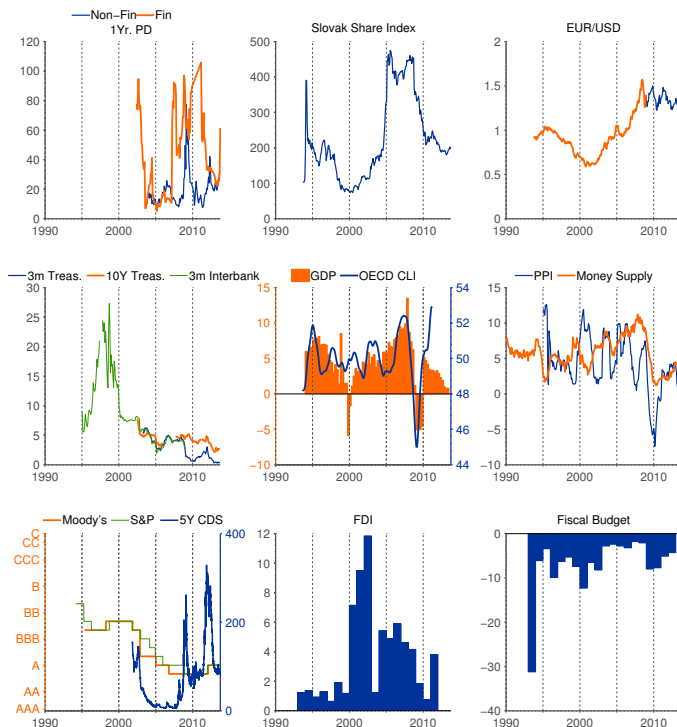
Russia	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	49.79	45.19	50.55	73.47	94.36
1Yr. PD, Fin.	61.85	72.61	65.30	60.24	78.31
MICEX	1458	1475	1439	1330	1463
USD/RUB	31.18	30.52	31.06	32.84	32.39
3m Treas. Yield (%)	5.97	5.98	5.28*	5.68	5.00*
10Y Treas. Yield (%)	7.88	6.90	7.11	7.61	7.29
3m Interbank (%)	7.12	7.12	6.96	6.96	6.82
GDP (YoY%)	3.0	2.1	1.6	1.2	-
OECD CLI	-1.15	-1.29	-0.53	-	-
PPI (YoY%)	11.6	5.1	3.4	3.7	4.6*
Money Supply (YoY%)	14.80	11.90	14.60	15.50	17.10*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	150.34	131.62	164.32	195.24	172.64
FDI (%GDP)	-	2.55	-	-	-
Fiscal Budget (%GDP)	-	-0.24	-	-	-



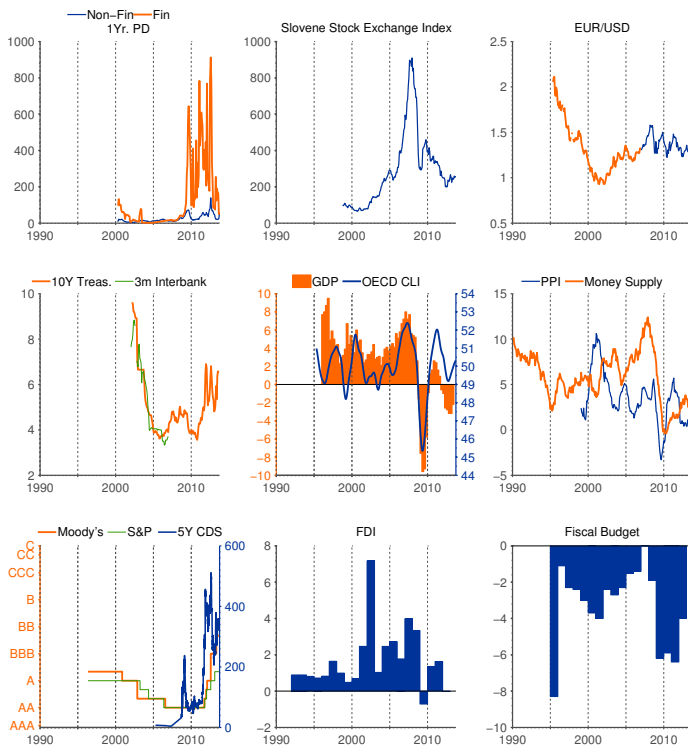
Saudi Arabia	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	4.64	5.72	4.98	3.28	2.97
1Yr. PD, Fin.	2.21	2.72	2.20	1.34	1.54
TASI	6840	6801	7126	7497	7965
USD/SAR	3.75	3.75	3.75	3.75	3.75
3m Interbank (%)	0.96	1.00	0.99	0.96	0.96
GDP (YoY%)	-	3.2	-	-	-
PPI (YoY%)	1.9	2.9	1.7	1.3	-
Money Supply (YoY%)	11.40	13.90	12.30	14.00	13.80*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
FDI (%GDP)	-	1.71	-	-	-



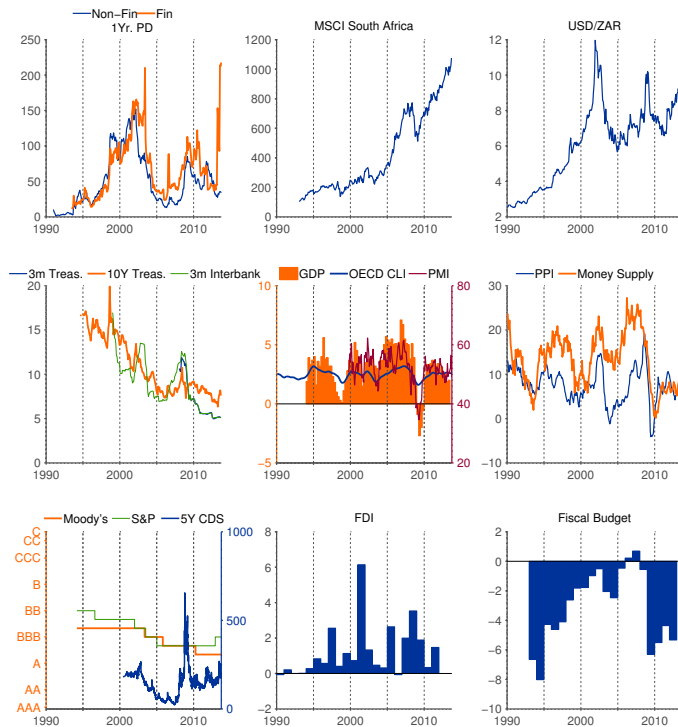
Singapore	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	27.53	25.84	24.40	20.75	18.51
1Yr. PD, Fin.	14.38	15.89	10.93	16.41	12.43
STI	3060	3167	3308	3150	3237*
USD/SGD	1.23	1.22	1.24	1.27	1.26
3m Treas. Yield (%)	0.29	0.23	0.25	0.27	0.29
10Y Treas. Yield (%)	1.47	1.30	1.54	2.35	2.35
3m Interbank (%)	0.38	0.38	0.38	0.37	0.37
GDP (YoY%)	0.0	1.5	0.3	4.2	-
PMI	48.7	48.6	50.6	51.7	50.5
Money Supply (YoY%)	6.50	7.60	8.80	9.20	7.20*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
FDI (%GDP)	-	20.62	-	-	-
Fiscal Budget (%GDP)	-	2.03	-	-	-



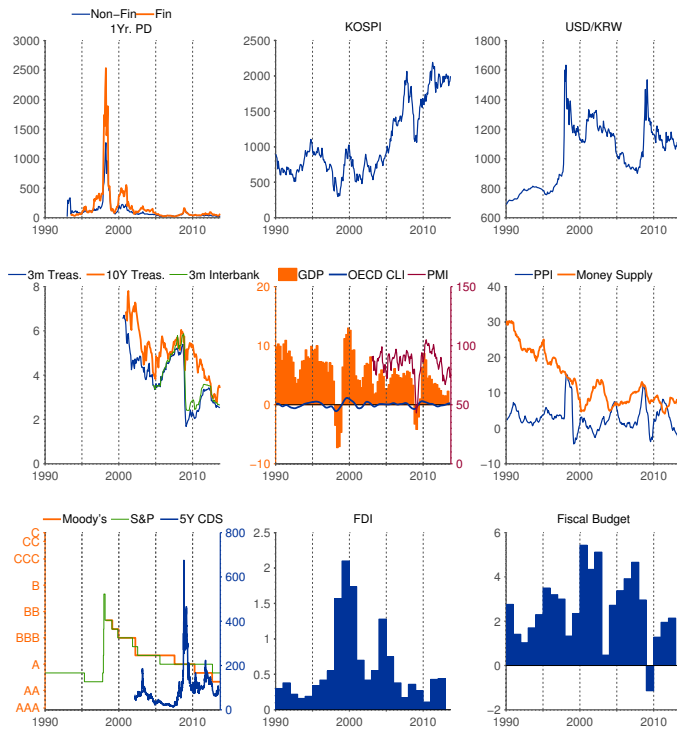
Slovakia	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	20.08	20.68	19.37	26.61	31.04
1Yr. PD, Fin.	31.66	28.97	23.29	25.77	61.45
Slovak Share Index	190	192	182	194	196
EUR/USD	1.29	1.32	1.28	-	-
3m Treas. Yield (%)	0.73	0.29	0.47	0.45	0.43
10Y Treas. Yield (%)	2.63	2.19	2.91	2.68	2.71
GDP (YoY%)	1.9	1.0	0.8	0.8	-
PPI (YoY%)	4.4	3.9	0.8	-0.3	-0.7*
Money Supply (YoY%)	3.30	4.40	4.10	4.30	4.30*
Sov. Rating, Moody's	A2	A2	A2	A2	A2
Sov. Rating, S&P	A	A	A	A	A
5Y CDS (bps)	144.97	97.09	91.83	101.55	85.00
Fiscal Budget (%GDP)	-	-4.30	-	-	-



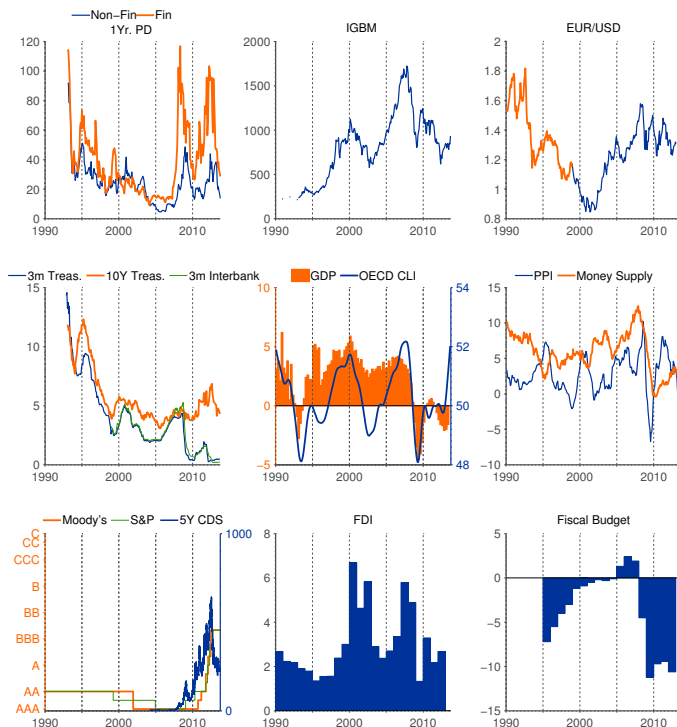
Slovenia	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	68.40	49.32	21.47	20.90	57.73
1Yr. PD, Fin.	327.73	83.31	254.56	163.79	49.90
Slovene Stock Exchange Index	237	248	225	244	258
EUR/USD	1.29	1.32	1.28	-	-
10Y Treas. Yield (%)	6.32	5.33	5.09	6.38	6.51*
GDP (YoY%)	-2.8	-3.2	-3.2	-2.2	-
OECD CLI	99.18	99.41	99.75	100.10	100.32
PPI (YoY%)	0.7	0.4	0.8	0.0	0.0*
Money Supply (YoY%)	2.90	3.40	2.50	2.40	2.50*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Ba1	Ba1
Sov. Rating, S&P	A	A	A-	A-	A-
5Y CDS (bps)	392.38	229.95	353.39	330.91	352.45
FDI (%GDP)	-	-0.02	-	-	-
Fiscal Budget (%GDP)	-	-4.00	-	-	-



South Africa	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	47.49	31.96	27.51	34.90	34.00
1Yr. PD, Fin.	36.82	37.94	153.47	92.87	217.84
MSCI South Africa	932	1011	987	983	1076
USD/ZAR	8.31	8.47	9.24	9.88	10.03
3m Treas. Yield (%)	4.98	5.05	5.17	5.22	5.10
10Y Treas. Yield (%)	6.91	6.81	6.89	7.59	7.60
3m Interbank (%)	5.06	5.13	5.13	5.15	5.13
GDP (YoY%)	2.3	2.5	1.9	2.0	-
OECD CLI	100.31	100.59	100.59	100.42	100.33*
PMI	48.3	47.4	49.3	51.6	49.1
PPI (YoY%)	4.2	5.2	-	-	-
Money Supply (YoY%)	7.54	5.17	8.07	9.17	6.90*
Sov. Rating, Moody's	A3	A3	A3	A3	Baa1
Sov. Rating, S&P	BBB+	BBB	BBB	BBB	BBB
5Y CDS (bps)	149.29	142.82	181.32	216.33	197.23
Fiscal Budget (%GDP)	-	-5.33	-	-	-

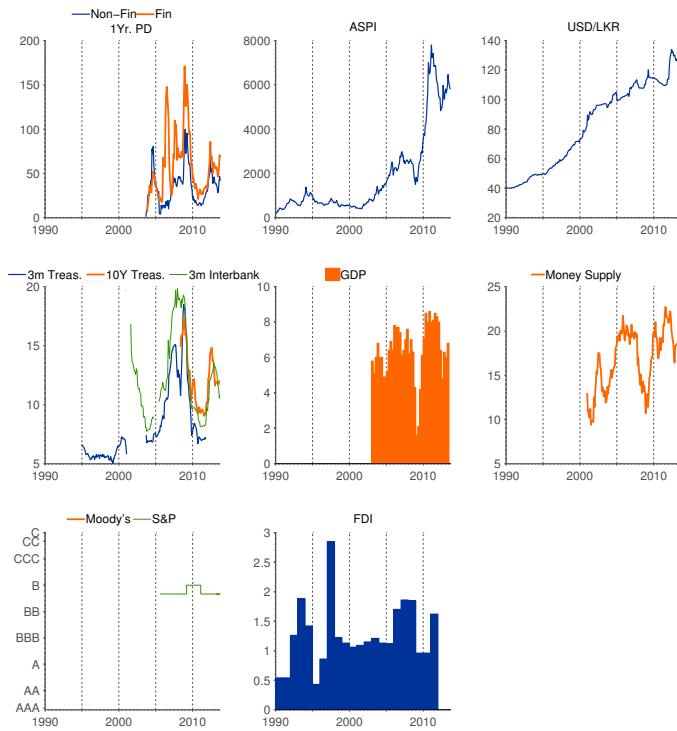


South Korea	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	25.84	33.33	22.72	22.79	22.70
1Yr. PD, Fin.	45.37	50.27	46.29	33.06	59.99
KOSPI	1996	1997	2005	1863	1997
USD/KRW	1111.38	1064.40	1111.35	1142.06	1074.64
3m Treas. Yield (%)	2.84	2.74	2.54	2.58	2.53
10Y Treas. Yield (%)	3.02	3.16	2.80	3.40	3.42
3m Interbank (%)	3.05	2.87	2.75	2.69	2.65
GDP (YoY%)	1.6	1.5	1.5	2.3	-
OECD CLI	99.54	99.93	100.55	101.10	101.20*
PMI	75.0	67.0	76.0	82.0	77.0
PPI (YoY%)	0.2	-1.2	-2.4	-1.4	-1.3*
Money Supply (YoY%)	7.60	7.30	6.80	6.60	6.30*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	A+	A+	A+	A+	A+
5Y CDS (bps)	87.90	63.50	76.73	108.14	82.88*
FDI (%GDP)	-	0.44	-	-	-
Fiscal Budget (%GDP)	-	2.14	-	-	-

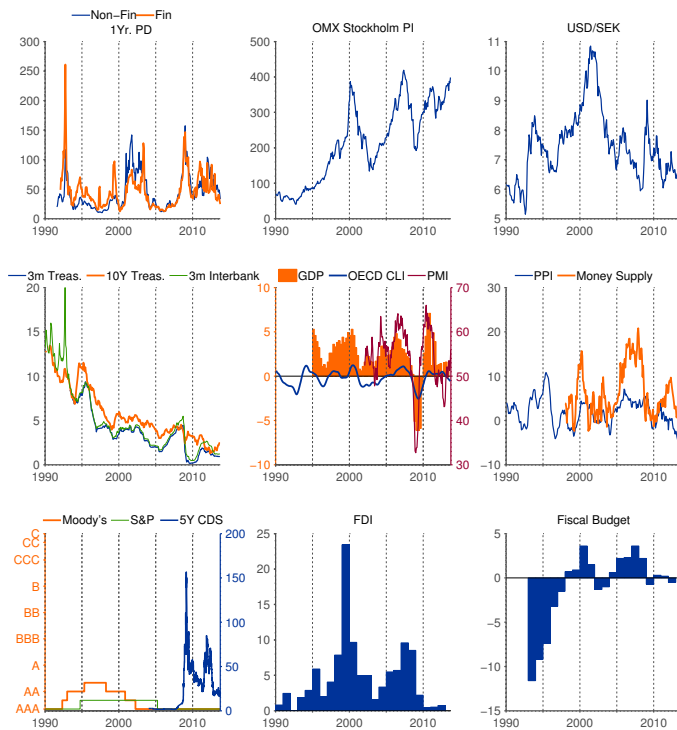


Spain	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	25.07	35.67	37.55	21.59	13.77
1Yr. PD, Fin.	58.21	69.37	47.17	38.57	28.64
IGBM	777	825	798	782	933
EUR/USD	1.29	1.32	1.31*	-	-
3m Treas. Yield (%)	0.38	0.38	0.47	0.45	0.50
10Y Treas. Yield (%)	5.94	5.26	5.06	4.77	4.30
3m Interbank (%)	0.22	0.19	0.21	0.22	0.23
GDP (YoY%)	-1.7	-2.1	-2.0	-1.6	-
OECD CLI	99.76	100.06	100.69	101.49	102.02*
PPI (YoY%)	4.3	3.3	-0.1	1.3	-0.1*
Money Supply (YoY%)	2.90	3.40	2.50	2.40	2.50*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB+	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	387.45	294.81	302.26	281.47	228.22
FDI (%GDP)	-	2.68	-	-	-
Fiscal Budget (%GDP)	-	-10.60	-	-	-

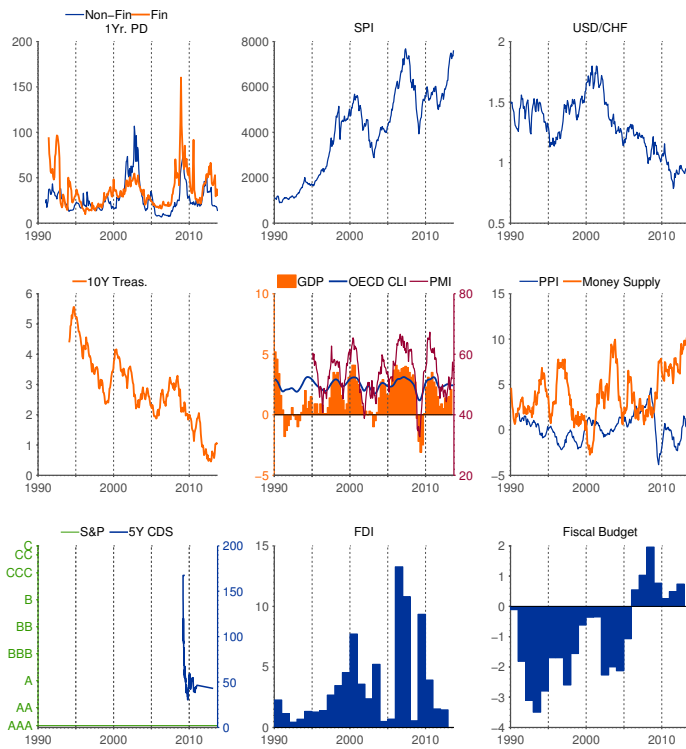




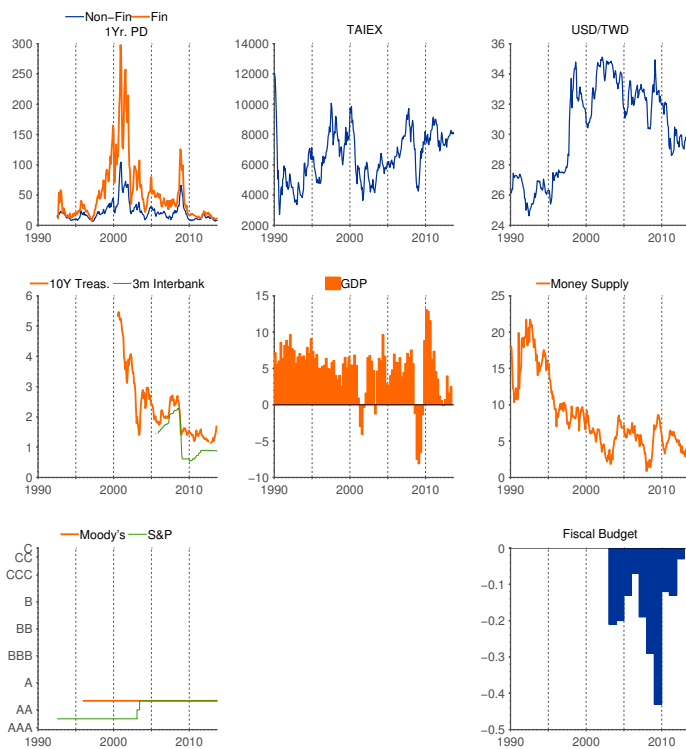
Sri Lanka	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	38.66	40.67	36.66	30.28	41.55
1Yr. PD, Fin.	50.31	58.42	56.90	48.44	68.06
ASPI	5972	5643	5736	6121	5803
USD/LKR	129.43	127.70	126.75	130.60	132.00
10Y Treas. Yield (%)	13.71	12.55	11.91	11.77	11.98
3m Interbank (%)	12.74	13.20	12.79	11.54	10.81
GDP (YoY%)	4.8	6.3	6.0	6.8	-
Money Supply (YoY%)	17.40	18.30	18.50	19.40	-
Sov. Rating, Moody's	-	-	B1	B1	B1
Sov. Rating, S&P	B+	B+	B+	B+	B+



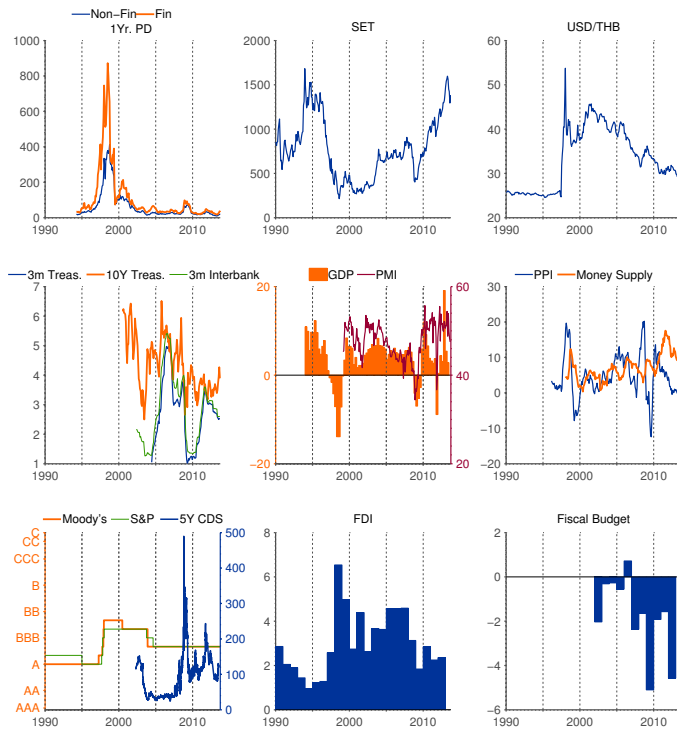
Sweden	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	65.91	69.85	55.40	45.12	33.23
1Yr. PD, Fin.	53.96	76.22	34.45	40.76	24.63
OMX Stockholm PI	332	344	375	362	399
USD/SEK	6.57	6.50	6.53	6.70	6.43
3m Treas. Yield (%)	1.25	0.95	0.97	0.91	0.90
10Y Treas. Yield (%)	1.48	1.54	1.81	2.21	2.43
3m Interbank (%)	1.59	1.29	1.24	1.21	1.21
GDP (YoY%)	0.3	1.5	1.6	0.6	-
OECD CLI	100.83	100.18	99.68	99.23	98.87*
PMI	44.7	44.6	52.1	53.5	56.0
PPI (YoY%)	-1.9	-2.4	-4.4	-4.7	-2.5*
Money Supply (YoY%)	4.04	3.19	0.53	3.52	2.42*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	31.12	19.50	21.52	22.61	17.11
FDI (%GDP)	-	0.74	-	-	-
Fiscal Budget (%GDP)	-	-0.50	-	-	-



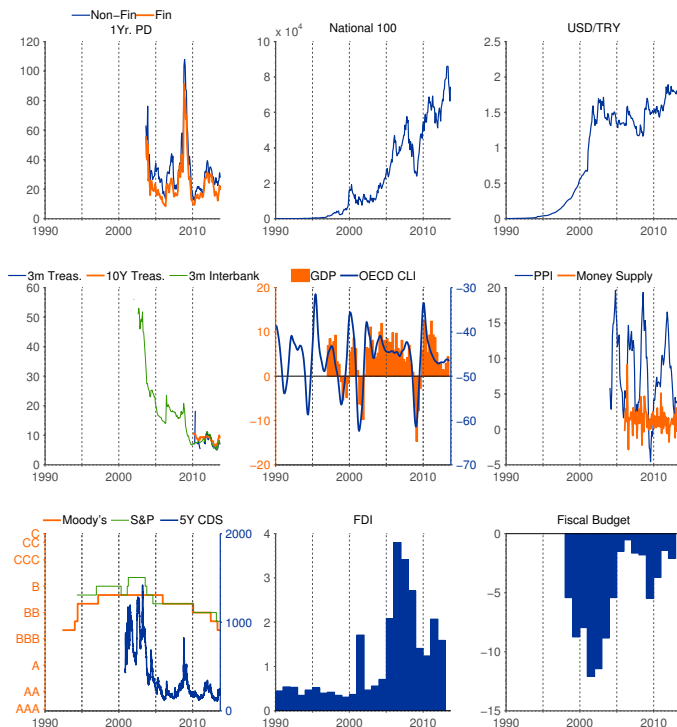
Switzerland	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	34.39	20.76	19.06	18.29	13.28
1Yr. PD, Fin.	53.64	43.78	44.95	29.43	29.88
SPI	6011	6291	7243	7248	7611
USD/CHF	0.94	0.92	0.95	0.94	0.90
10Y Treas. Yield (%)	0.54	0.53	0.72	1.03	1.02
GDP (YoY%)	1.4	1.4	1.5	2.1	-
OECD CLI	99.97	100.10	99.90	99.68	99.81*
PMI	44.3	49.2	48.3	51.9	55.3
PPI (YoY%)	0.4	1.3	0.3	0.5	0.3*
Money Supply (YoY%)	8.81	9.84	9.88	11.33	10.44*
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	-	-	42.96	-	-
FDI (%GDP)	-	1.46	-	-	-
Fiscal Budget (%GDP)	-	0.74	-	-	-



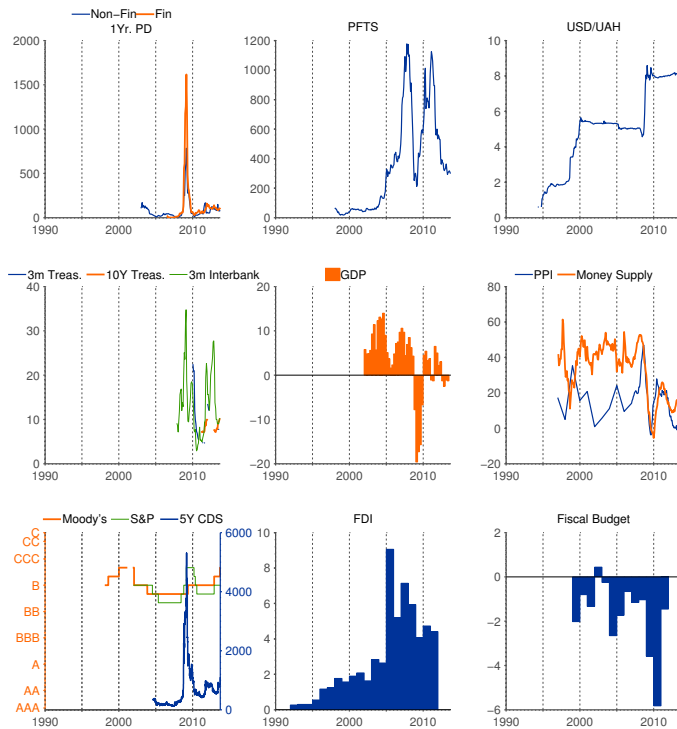
Taiwan	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	10.82	11.93	8.30	7.15	8.29
1Yr. PD, Fin.	13.98	12.07	10.60	10.14	11.59
TAIEX	7715	7700	7919	8062	8174
USD/TWD	29.31	29.03	29.82	29.98	29.63
10Y Treas. Yield (%)	1.19*	1.17	1.31	1.42	1.71*
3m Interbank (%)	0.89	0.88	0.88	0.88	0.88
GDP (YoY%)	0.7	4.0	1.6	2.5	-
Money Supply (YoY%)	3.71	3.46	3.86	5.27	5.39*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
Fiscal Budget (%GDP)	-	-0.03	-	-	-



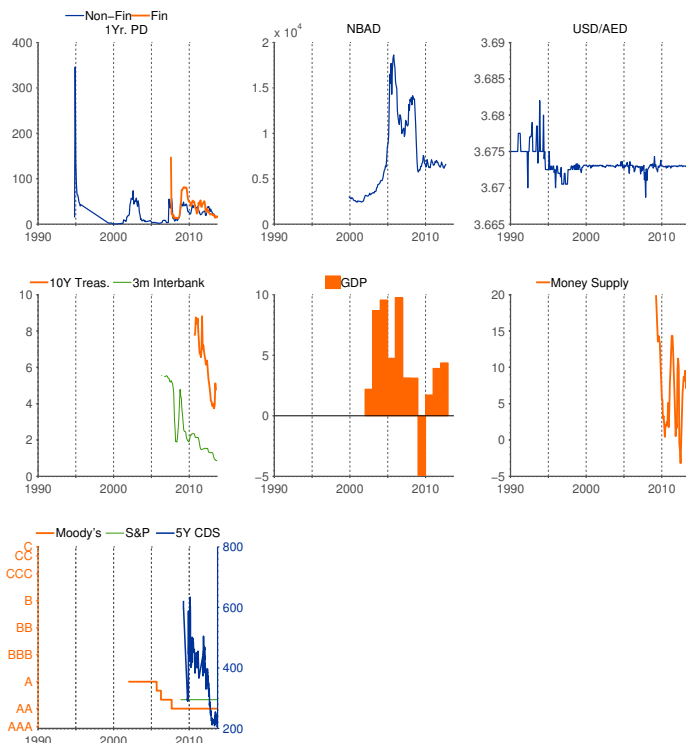
Thailand	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	14.11	12.33	10.17	15.35	19.55
1Yr. PD, Fin.	26.04	22.32	18.26	24.86	32.23
SET	1299	1392	1561	1452	1383
USD/THB	30.83	30.59	29.27	31.05	31.24
3m Treas. Yield (%)	3.02	2.76	2.70	2.54	2.53
10Y Treas. Yield (%)	3.51	3.51	3.51	3.73	3.90
3m Interbank (%)	3.13	2.87	2.86	2.60	2.60
GDP (YoY%)	3.1	19.1	5.4	2.8	-
PMI	49.9	50.6	54.4	49.9	47.5*
PPI (YoY%)	0.1	0.9	-0.3	0.9	0.7
Money Supply (YoY%)	12.64	10.33	9.46	10.23	8.69*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	132.66	87.32	92.04	130.59	118.85*
FDI (%GDP)	-	2.35	-	-	-
Fiscal Budget (%GDP)	-	-4.57	-	-	-



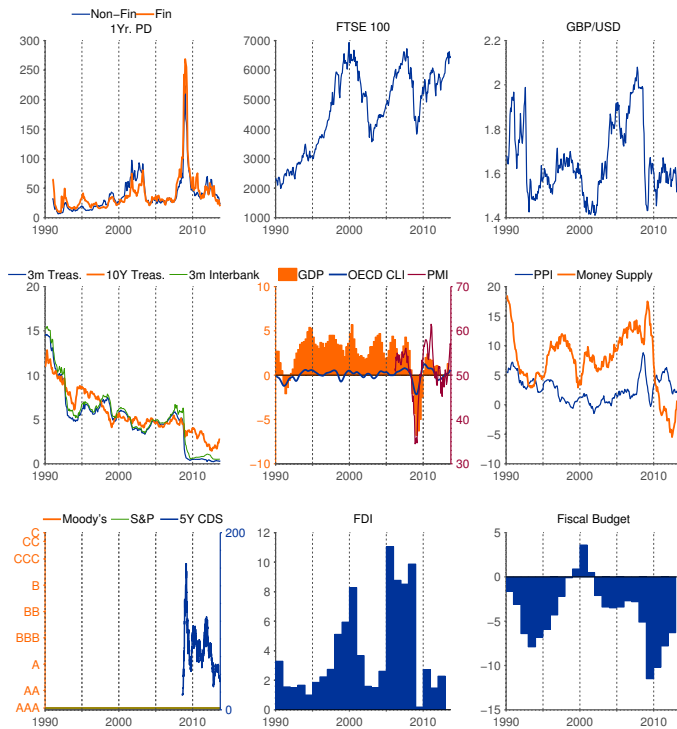
Turkey	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	28.35	23.14	24.62	25.01	27.86
1Yr. PD, Fin.	25.46	15.48	16.76	16.08	19.42
National 100	66397	78208	85899	76295	74487
USD/TRY	1.80	1.78	1.81	1.93	2.02
3m Treas. Yield (%)	6.24	6.10	6.08	6.08	6.84
10Y Treas. Yield (%)	8.16	6.55	7.02	8.49	8.99
3m Interbank (%)	6.49	5.79	6.30	7.25	7.19
GDP (YoY%)	1.5	1.4	2.9	4.4	-
OECD CLI	3.09	3.53	3.79	3.42	-
PPI (YoY%)	2.5	3.8	4.0	5.4	8.3
Money Supply (YoY%)	1.52	3.06	1.61	1.65	1.93
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Baa3	Baa3
Sov. Rating, S&P	BB	BB	BB+	BB+	BB+
5Y CDS (bps)	160.67	127.03	146.59	190.83	213.59
FDI (%GDP)	-	1.59	-	-	-
Fiscal Budget (%GDP)	-	-2.09	-	-	-



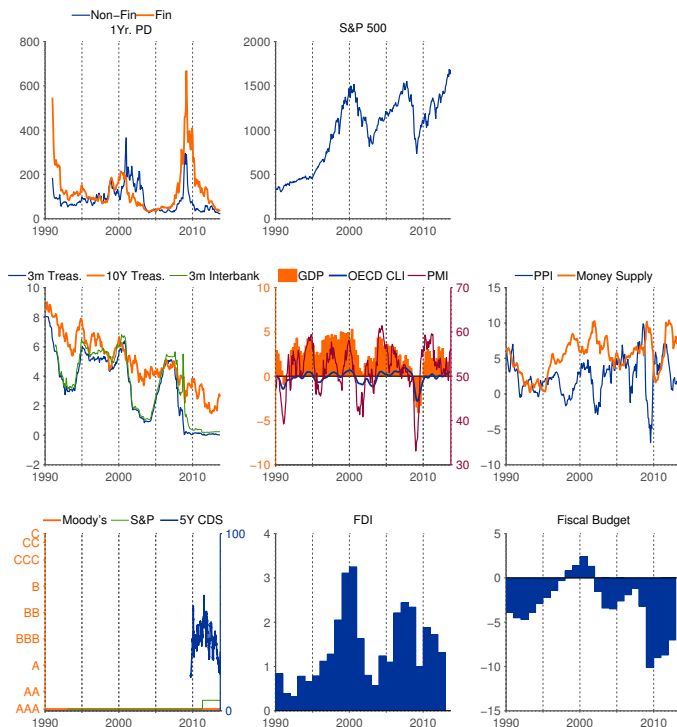
Ukraine	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	99.26	94.24	81.19	80.87	73.97
1Yr. PD, Fin.	112.63	115.32	106.45	86.77	94.80
PFTS	369	329	329	310	299
USD/UAH	8.15	8.05	8.13	8.16	8.19
3m Treas. Yield (%)	-	-	-	-	7.75*
10Y Treas. Yield (%)	-	7.65	7.58	9.37	10.26
3m Interbank (%)	24.00	24.00	10.00	9.05	10.30
GDP (YoY%)	-1.3	-2.5	-1.1	-1.3	-
PPI (YoY%)	0.3	0.3	0.2	-1.6	-0.9
Money Supply (YoY%)	10.50	12.80	15.90	17.80	18.20*
Sov. Rating, Moody's	B2	B3	B3	B3	Caa1
Sov. Rating, S&P	B+	B	B	B	B
5Y CDS (bps)	706.98	626.65	594.98	815.49	1085.56



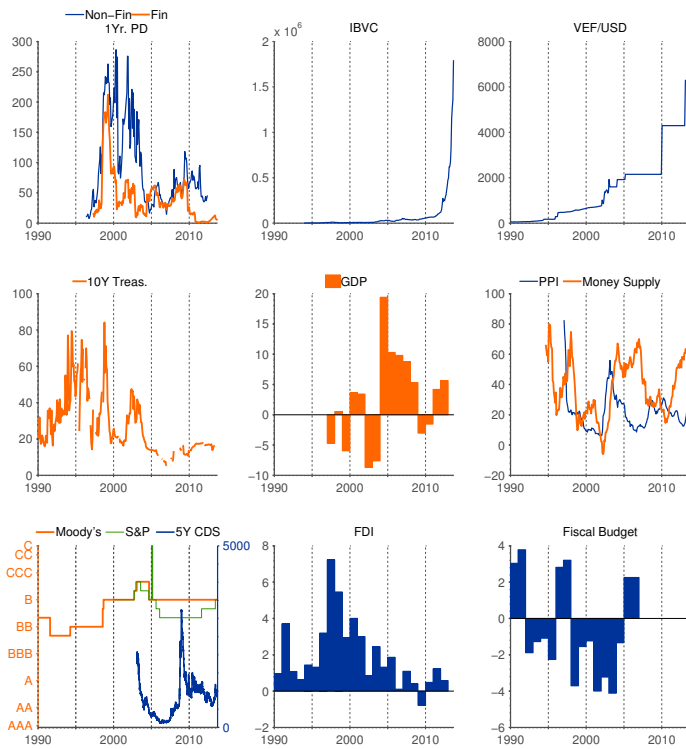
United Arab Emirates	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	27.63	27.39	22.02	17.04	15.07
1Yr. PD, Fin.	21.25	21.76	18.60	16.99	15.13
NBAD	6616	-	-	-	-
USD/AED	3.67	3.67	3.67	3.67	3.67
10Y Treas. Yield (%)	4.86	4.12	4.00	5.12	4.73*
3m Interbank (%)	1.30	1.30	1.13	0.91	0.86
GDP (YoY%)	-	4.4	-	-	-
Money Supply (YoY%)	6.41	8.16	7.10	14.96	14.15*
Sov. Rating, Moody's	Aa2	Aa2	Aa2	Aa2	Aa2
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	285.61	231.53	229.19	254.51	211.51



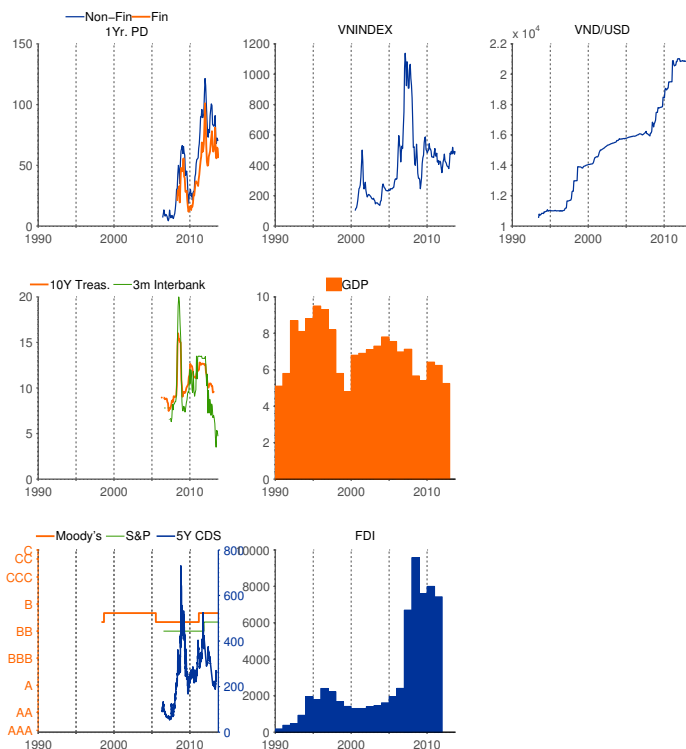
United Kingdom	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	44.72	40.97	39.12	35.21	22.43
1Yr. PD, Fin.	36.48	35.49	29.18	24.63	19.44
FTSE 100	5742	5898	6412	6215	6462
GBP/USD	1.62	1.63	1.52	1.52	1.62
3m Treas. Yield (%)	0.26	0.31	0.38	0.33	0.30
10Y Treas. Yield (%)	1.73	1.83	1.77	2.44	2.72
3m Interbank (%)	0.60	0.52	0.51	0.51	0.52
GDP (YoY%)	0.0	-0.2	0.2	1.3	-
OECD CLI	99.77	100.17	100.28	100.64	101.21*
PMI	48.1	51.2	48.6	52.9	56.7
PPI (YoY%)	2.5	2.1	1.9	2.0	1.6*
Money Supply (YoY%)	-3.80	-1.00	0.20	1.50	2.10*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aa1
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	51.52	39.13	44.31	49.57	34.02
FDI (%GDP)	-	2.28	-	-	-
Fiscal Budget (%GDP)	-	-6.30	-	-	-



United States	2012		2013		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	40.93	34.29	28.07	25.99	21.40
1Yr. PD, Fin.	67.83	55.57	38.53	33.91	38.73
S&P 500	1441	1426	1569	1606	1682
3m Treas. Yield (%)	0.09	0.04	0.07	0.03	0.01
10Y Treas. Yield (%)	1.63	1.76	1.85	2.49	2.61
3m Interbank (%)	0.22	0.24	0.24	0.24	0.24
GDP (YoY%)	3.1	2.0	1.3	1.6	-
OECD CLI	99.98	100.32	100.64	100.89	100.94*
PMI	51.6	50.2	51.3	50.9	56.2
PPI (YoY%)	2.1	1.4	1.1	2.5	1.4*
Money Supply (YoY%)	6.80	8.10	7.10	6.80	6.40
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+
5Y CDS (bps)	33.01	37.90	37.73	28.17	33.38
FDI (%GDP)	-	1.31	-	-	-
Fiscal Budget (%GDP)	-	-7.00	-	-	-



Venezuela	2012	2013			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Fin.	2.76*	-	-	7.53	4.88
IBVC	308083	471437	619868	1150135	1794644
VEF/USD	4294.70	4294.70	6292.10	6292.10	6292.10
10Y Treas. Yield (%)	16.84	17.00	15.50	16.38*	-
GDP (YoY%)	-	5.6	-	-	-
PPI (YoY%)	13.1	13.6	19.5	31.0	38.9
Money Supply (YoY%)	57.20	60.90	61.00	61.30	64.00
Sov. Rating, Moody's	B2	B2	B2	B2	B2
Sov. Rating, S&P	B+	B+	B+	B	B
5Y CDS (bps)	776.66	646.67	738.90	1012.94	933.75
FDI (%GDP)	-	0.58	-	-	-



Vietnam	2012	2013			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	95.87	83.56	84.11	68.06	70.94
1Yr. PD, Fin.	68.40	66.51	64.76	55.72	55.87
VNINDEX	393	414	491	481	493
VND/USD	20885.00	20840.00	20935.00	21205.00	21113.00
10Y Treas. Yield (%)	10.50	10.20	9.50	-	-
3m Interbank (%)	8.25	8.00	6.75	3.50	4.70
GDP (YoY%)	-	5.3	-	-	-
Sov. Rating, Moody's	B1	B1	B1	B1	B2
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
5Y CDS (bps)	303.27	-	217.07	269.91	264.50*

## 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 January 17 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](#).<sup>†</sup>

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

<sup>†</sup>The RMI CRI model uses Germany's three-month Bublic 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](http://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 classifies firms into S&P-equivalent PDiR based on their 1-year PD. For example, if a firm has a 1-year PD of 50bps, then it will be assigned an S&P-equivalent rating of BB. The upper bounds for each PDiR are derived using default and rating transition data provided by credit rating agencies to the European Securities and Markets Authority (ESMA) Central Ratings Repository.<sup>†</sup> RMI uses this data to compute issuer-weighted 1-year average default rates (ADR) for each ratings cohort, using ratings data from 2003-2012.

PDiR	Upper bound (bps)
AAA	0.16
AA	2.55
A	10.1
BBB	39.7
BB	157
B	617
CCC/C	–

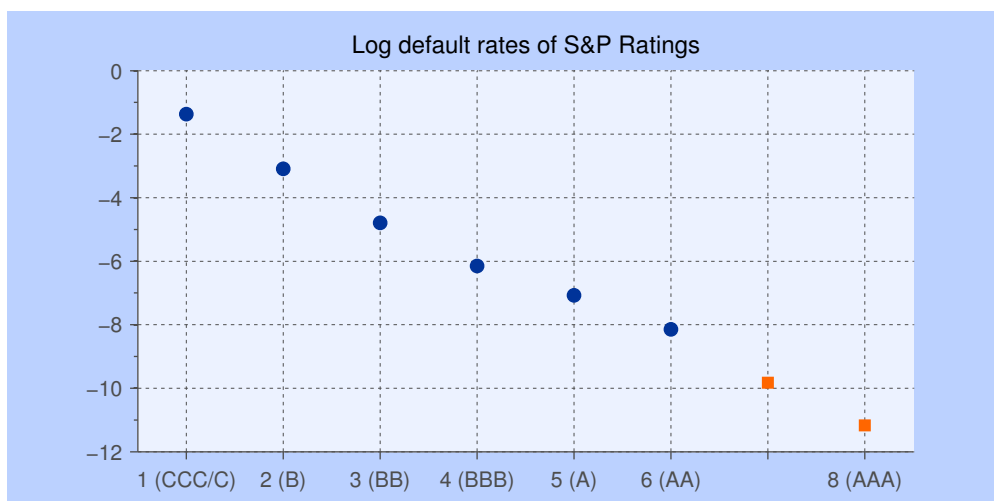
**Computing the boundaries between different PDiR classes:** The blue circles in the graph below indicate the logarithm of the observed ADR for firms rated by S&P with ratings from AA down to CCC/C.

Given the linear relationship between the observed log default rates and the ratings, we interpolate the log default rate for each rating notch from this result by plotting a line of best fit through the observed points (red diamonds). We then take the boundary between PDiR classes as the mid-point of the interpolated 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 for AAA firms, a mid-point of observed log ADR cannot be taken as the ADR is zero for S&P rated AAA firms. Instead, a line of best fit can be plotted through the six observed points for the other rating classes in order to extrapolate the green diamonds. However, taking the default rate based on the first extrapolated green diamond results in a boundary that leads to a far larger fraction of PDiR-rated AAA firms as compared to actual rated AAA firms. Thus, the boundary between AA and AAA is taken as the mid-point between the first and second green diamond.



<sup>†</sup>Central Ratings Repository, European Securities and Markets Authority (ESMA).

# 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>

## Usage, redistribution and publication of data

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