
Quarterly Credit Report

Q1/2014

Volume 3, No 4



Introduction

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

QCR Volume 3, Issue 4 covers the first quarter of 2014. 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.

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

As of March 2014, 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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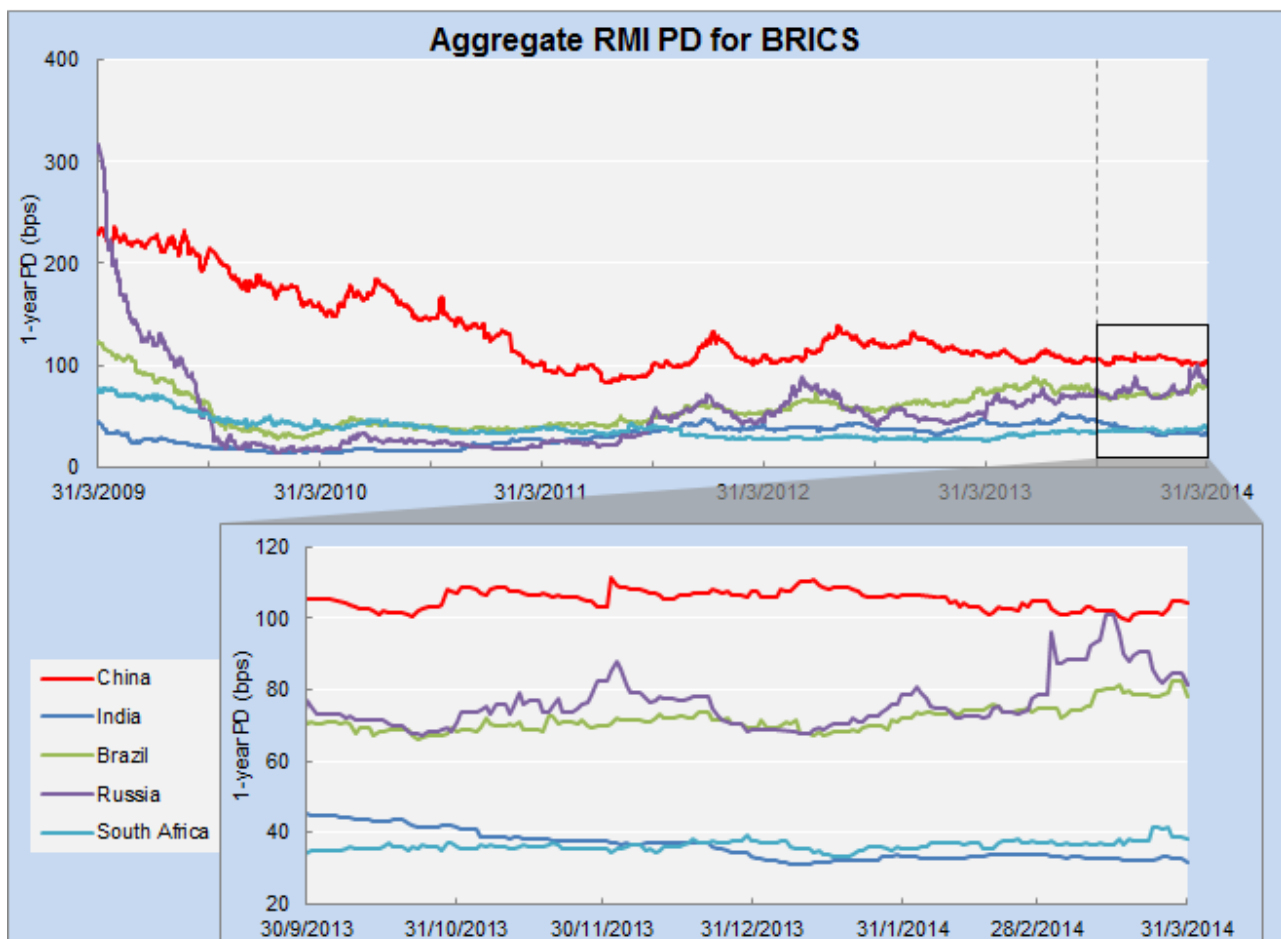
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Acronyms

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

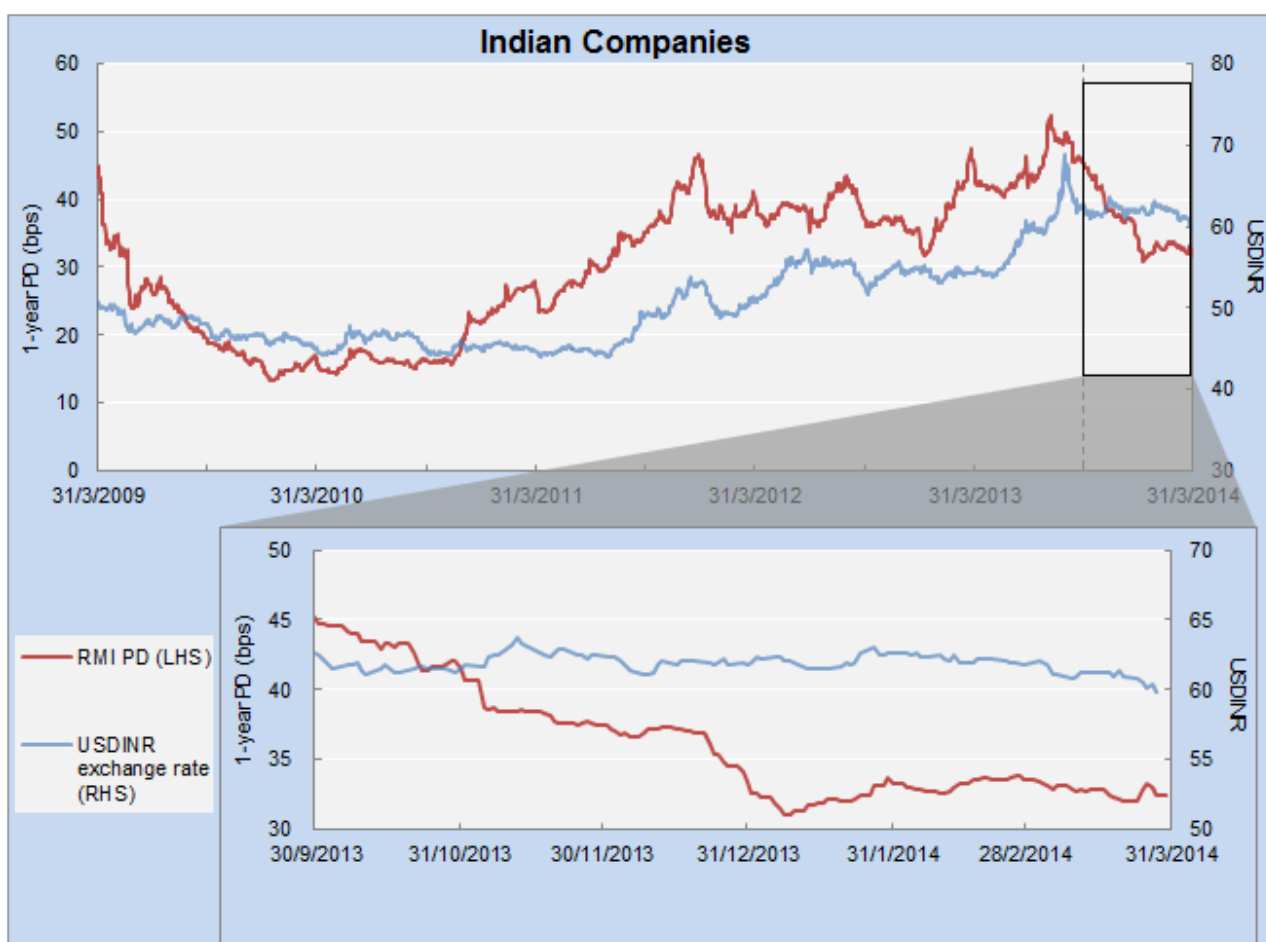
BRICS

The fortunes of the members of the BRICS economic bloc went in different directions this quarter, as gauged by the aggregate RMI PDs of Brazil, Russia, India, China and South Africa. PDs for India and South African companies declined, but increased for China, Russia and Brazil. Political instability in Brazil, the pivotal role of Russia in Ukraine’s crisis and China’s first default in 17 years ranked high among the biggest market moving events in the previous quarter. India’s aggregate PD slid 2-3bp thanks to the bottoming out of the GDP and the improvement in the current account. Both these helped to strengthen INR against the dollar. At the end of Q1 2014, INR was the second best performer against the USD in Asia (behind IDR). China’s outlook, despite beginning the year on a positive note, received multiple blows in this quarter. Even before the effect of sub-par growth could be fully priced in by market participants, another negative was brought to the forefront. China’s first default in 17 years sent chills through the market. In addition, CNY reversed from its upward trend against the dollar and weakened sharply amidst the regulator’s decision to widen the trading band from 1% to 2%. Once an almost certain gainer, CNY has this year lost more than 2.5% against the USD delivering the weakest performance for an Asian currency.



Indian Companies

The aggregate 1-year RMI PD for Indian companies declined from 35.1bps on Dec 31, 2013 to 32.6bps on Mar 31, 2014. Capital inflows into India have been very strong during the period on expectations of a new pro-business government getting elected to power in the once in five years Assembly elections. There was a significant correction in India's current account deficit in the Oct-Dec 2013 quarter helped by a weaker INR that boosted merchandise exports and curbs on gold imports which was India's second largest imported good after oil and had previously, severely strained the balance of payments. India's central bank (RBI) kept the policy rate and cash reserve ratio unchanged on April 1, 2014 encouraged by declining inflation and to support flagging economic growth. RBI expects Indian economy to grow 5.0-6.0% during the current financial year (ending Mar-2015). Growth in credit offtake remained flat, having expanded 14.3% YoY in FY2013-14 (unchanged from the previous year) and stress in the banking system continued with the gross NPAs jumping 40% in the quarter up to Dec 2013. India's credit rating, however, remained stable in the last quarter, while the INR gained about 5% in the same period.



Economy

- India's Gross Domestic Product for Q3 FY2013-14 (Oct-Dec 2013) grew at an annual rate of 4.7%. The moderation in growth continues (4.8% in Q2) as India faces a prolonged high interest rate environment, low capital spending and unhinged inflation expectations. While mining continued to contract (-1.6% vs. -0.4% in Q2), there was surprise decline in YoY growth rates for agriculture, (3.6% vs. 4.6% in Q2), manufacturing (-1.9% vs. 1.0% in Q2) and construction (0.6% vs. 4.3% in Q2). IMF expects the Indian economy to grow by 4.6% in Q4 FY2013-14 (ending Mar 2014) and 5.4% for FY2014.^{1,2}

- HSBC India Manufacturing PMI, after seeing a contraction during the Oct-Dec 2013 quarter, has regained traction with levels above 50 - the threshold separating expansion from contraction. Manufacturing PMI was 51.3 in March 2014 (52.5 and 51.4 in Feb and Jan 2014 respectively). There was higher reported demand from both domestic and export clients. Consumer goods and intermediate goods have shown improvement, while demand for capital goods still drags. On the flip side, capacity constraints and input cost inflation remain as head-winds, while competitive pressure limits the pricing power of manufacturers.³
- HSBC India Services PMI for the month of March 2014 showed further contraction in the Indian service sector with the index falling from 48.8 in February to 47.5. As of the March data, the index has now registered sub-50 levels for the ninth successive month indicating a prolonged contraction in the services business activity. The report highlights falling new orders and a difficult economic climate. Moreover, new business received and output contracted at the fastest rate in 3 months.⁴
- The annual rate of inflation, based on the monthly Wholesale Price Index, stood at 4.68% YoY for the month of February 2014, much lower than the 5.05% YoY reported for the previous month. The ease in inflation in February to a 2-year low was largely driven by a softening trend in primary articles (weightage of 20.12%) and fuel & power (weightage 14.91%) which saw rates of inflation drop from 5.05% to 4.68% and from 10.03% to 8.75%, respectively MoM.⁵
- India's current account deficit (CAD) declined significantly to USD 4.2bn (0.9% of GDP) in Q3 of 2013-14 (Oct-Dec 2013) from USD 31.9bn (6.5% of GDP) in Q3 of 2012-13 (Oct-Dec 2012). CAD was also lower sequentially from Q2 of 2013-14 (Jul-Sep 2013) when it was USD 5.2bn (1.2% of GDP). The reduction in CAD results from a pick-up in India's merchandise exports and simultaneous moderation in imports - specifically gold. The merchandise trade deficit contracted by 43% to USD 33.2bn in Q3 of 2013-14 from USD 58.4bn a year ago.⁶
- In the period Nov 2013 to Mar 2014, the Indian Rupee strengthened from a level of 63.5 to 60.0 to the USD. INR has been helped by an impressive cut in India's persisting Current Account Deficit (CAD), which contracted by USD32bn during the April 2013 to January 2014 period.⁷

Monetary

- In the bi-monthly monetary policy meeting on April 1, 2014, RBI Governor Rajan kept the policy rate (repo rate) and Cash Reverse Ratio unchanged at 8% and 4% respectively. CPI is now down to a 2-year low to 8.1%. However, the policy statement re-iterated the Central Bank's stance to maintain the disinflationary path and the target to bring down CPI to 8% by Jan 2015 remains unchanged.
- The RBI said that it expects 2014-15 GDP growth to be 5.0-6.0% and no further monetary tightening might be necessary if inflation continues to trend down - especially on a backdrop of weak manufacturing output, lacklustre capital goods production and slowing consumption demand.^{8,9}

Funding & Liquidity

- After hitting a high of 9.10% on November 22, 2013, India's 10-year government securities yield has eased to 8.80% as of Mar 28, 2014. This has been on the back of consumer price inflation easing to an almost 2-year low of 8.1% in Feb 2014 and widespread expectations that the RBI will pause its monetary tightening as economic growth sputters.¹⁰

- Growth in bank credit overall remained stagnant with a YoY credit expansion of 14.3% in FY2014 (until Mar 21, 2014) vs. 14.1% over the same period in FY2013. The credit growth was 4.5% QoQ during the quarter Jan-Mar 2014 (until Mar 21). Within this, non-food credit expanded 3.4% while other loans, credit and overdrafts grew 3.1%.¹¹

Politics

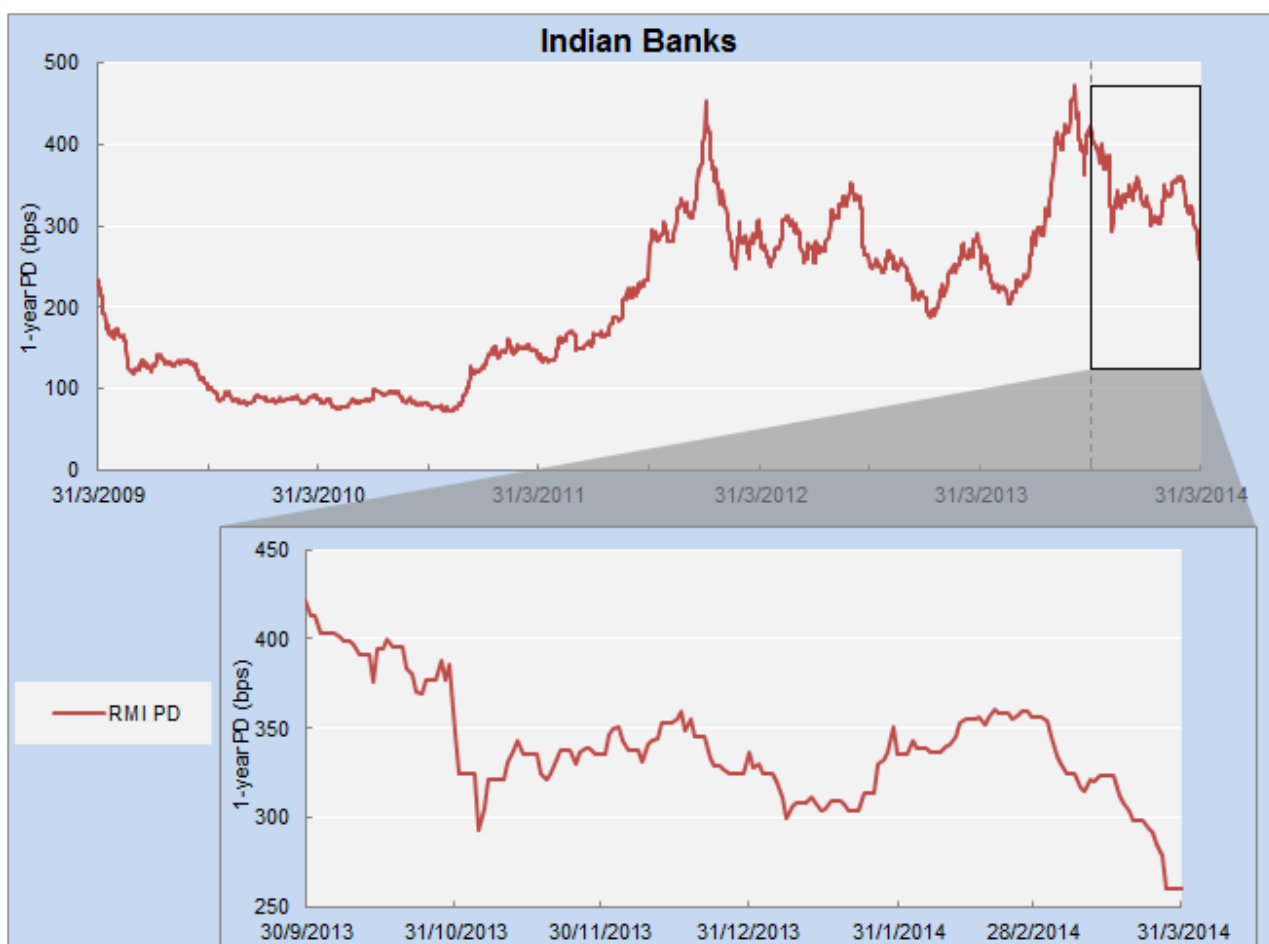
- With the general elections to elect the central government, due in Apr 2014 and results expected on May 16, 2014, the much needed economic reforms in India will be delayed during the financial year ending Mar-2015. Moreover, if the mandate remains fractured and a coalition government again returns at the centre, it is possible that enforcing reforms will become challenging. In such an environment, the credit profiles of Indian firms will continue to remain under pressure.^{12,13}

Sovereign Credit Ratings

- Moody's maintained its outlook on India at Baa3, stable; with the view that even the emergence of a strong coalition in the upcoming general elections will not really be a significant game-changer for India's credit-rating. On the other hand, a fractured mandate would heighten downside credit risks. S&P has maintained a negative outlook on India's sovereign ratings at BBB-. This adds to the vulnerability of the economy as any downgrade from here would place the country's debt into the non-investment grade category.^{14,15}

Indian Banks

The aggregate 1-year RMI PD for Indian banks decreased significantly during the period Jan-Mar 2014 from a level of 336.5bps on Dec 31, 2013 to 260.7bps as of Mar 31, 2014. After peaking at about 455bps mid-last year, RMI PDs for Indian banks have been decreasing as lower inflation expectations brought about a pause in monetary tightening and with the current account deficit under check, the INR strengthened. Indian banking sector expanded its balance sheet by about 2.3% on a QoQ basis (up to Mar 7, 2014) even as demand for credit remained tepid. Deposit rates remained mostly unchanged across all tenors. Call money rates tightened towards March-end as liquidity was sapped from the system for the payment of advance taxes. Aggregate asset quality of Indian banks deteriorated, with India's largest lender SBI reporting a 9bps and 33bps increase in its gross and net NPAs in the last quarter. Capital adequacy remained comfortable for most banks with SBI maintaining a CAR of 11.59%.



Profitability

- Total liabilities of the Indian banks increased by 2.4% to INR 161.9tn as of March 7, 2014 from INR 158.3tn on December 27, 2013. During the same time, the total assets with Indian banks grew 2.3% to INR 105.9tn vs. INR 103.6tn.¹⁶
- The net interest income of State Bank of India, a proxy for the Indian banking industry, increased 13.1% YoY to INR 126.41bn in Oct-Dec 2013 from INR 111.76bn in Oct-Dec 2012. Net Interest Margin (NIM) is at 3.51%, while Capital Adequacy Ratio of the bank as per Basel III is 11.59%.¹⁷

- The Credit-Deposit ratio for the banking system as of March 21, 2014 improved to 77.69% vs. 76.73% as on December 27, 2013. The cash-to-deposit ratio during the same period declined from 4.95% to 4.6%.¹⁸

Funding & Liquidity

- The weighted-average call money rate, the interest rate on short-term financing repayable on demand, tightened to 8.88% as of March 21, 2014 compared to 8.72% as of the end of last quarter (December 27, 2013). This is in-line with the usual trend when demand for liquidity rises towards the end of the financial year on account of advance-tax outflows.¹⁹
- Cash balances of scheduled commercial banks including cash in hand and balances with RBI declined by about 1.5% to INR 3.66tn as of March 21, 2014 when compared to a balance of INR 3.71tn on December 27, 2013.²⁰
- Aggregate deposits at Indian banks grew by 2.5% QoQ (as of March 21, 2014) to INR 76.92tn from INR 75.02tn on December 27.²¹
- Deposit rates on INR-denominated maturities of less than 1 year did not change with 6 month rates at about 8.25% in Q4. Similarly, the 1 year deposit rates on INR deposits remained the same at 8.50% in Q4.²²
- For the month of January 2014, the RBI injected an average of INR 448bn per day into the banking system via liquidity operations, with as high as INR 838bn on January 10, 2014. The bulk of this injection was through repo operations where an average of INR 360bn was injected per day, while the marginal standing facility (MSF) window was used to pump in an average of INR 48.8bn per day during the month. There were 4 major term repo auctions during the month which accounted for nearly INR 1.18tn of the liquidity injection.²³

Asset Quality

- Gross Non-Performing Assets (GNPAs) of India's listed banks alarmingly rose 40% to INR 1.75tn from INR 1.25tn YoY as of December 31, 2013. S&P has warned that the stress in banking system could continue for another year and that the NPAs (along with restructured assets) could hit 12% of total loans by FY2014-15 from 10.2% in September 2013. In a working paper published by the RBI, the central bank pointed out that inadequate appraisal of credit proposals and aggressive lending has led to deteriorating asset quality.^{24,25,26}
- In Oct-Dec 2013, State Bank of India, the country's largest bank by assets, saw its Gross and Net NPAs rise by 9bps and 33bps respectively. SBI's GNPAs now stand at 5.73% of total assets, while NNPA's are at 3.24% of total assets. Provision coverage ratio has declined to 58.3% from 61.5% a year ago.²⁷

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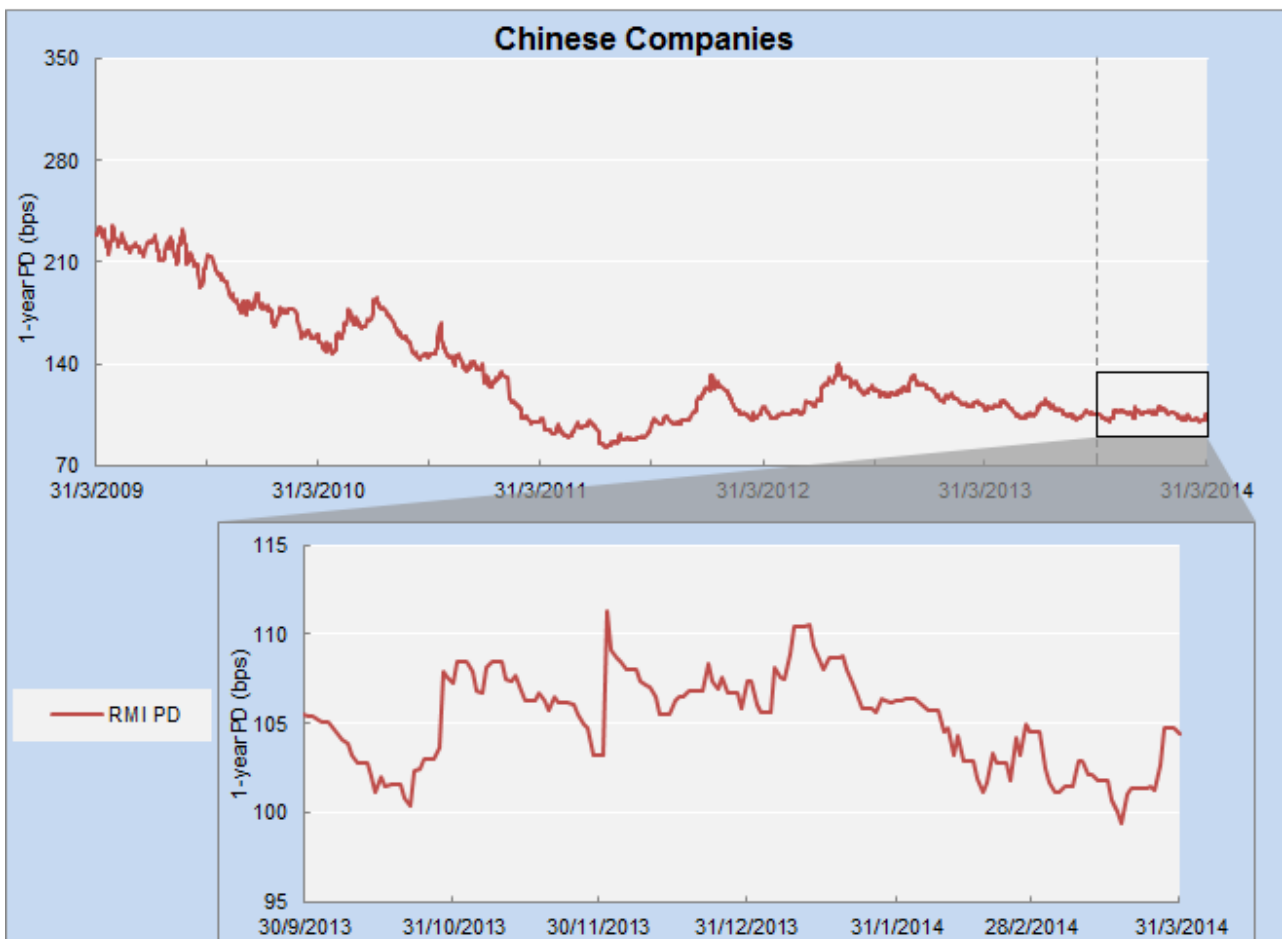
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- ²⁴February 11, 2014, [Banks to continue to face asset quality pressures?for?next one year](#), Mint, livemint.com
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- ²⁶February 7, 2014, [Re-emerging Stress in the Asset Quality of Indian Banks: Macro-Financial Linkages](#), Reserve Bank of India, rbi.org.in
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Chinese Companies

The aggregate 1-year RMI PD for Chinese companies remained relatively unchanged during Q1. Growth decelerated in Q1, with a slowdown in investment, industrial output and export growth. Liquidity conditions tightened in Q1, with a spike in interbank rates before Chinese New Year. With tougher borrowing conditions, costs of financing are increasing and credit growth is expected to decline further. Default risks are also increasing as China’s corporate debt hit a record level of CNY12tn at the end of 2013, which Standard & Poor’s estimated to be equal to over 120 percent of GDP. Analysts noted that companies in China’s most leveraged sectors, such as machinery, shipping, construction and steel, are selling assets and undertaking mergers to avoid defaults on their borrowings. With borrowing costs already going up due to tightened liquidity, more corporate defaults are expected. This quarter, the onshore Chinese bond market experienced its first ever default in almost 17 years as Chaori Energy defaulted on its CNY 89.8mn bond interest payment. In the past, the government rarely allowed corporate failures and often intervened to avoid default risk; higher funding costs and slowing growth means that credit conditions are expected to deteriorate further. Beijing has also tightened their oversight of trust companies by ordering them to be prepared to provide funding or sell their stakes when the firms suffer losses. The USD1.9 trillion trust industries for high-yield investment has about CNY5.3 trillion worth of products due to mature this year, up from CNY3.5 trillion in 2013 according to Haitong Securities estimates.



Economy

- The Chinese economy lost its momentum in the first quarter with Q1 GDP growth of 7.4%, down from a 7.7% increase in Q4 2013. Although this decrease in GDP growth rate signals a sharp deceleration in the Chinese economy, it is still slightly above the projection of 7.3%. Before the Q1 GDP data, several banks had already cut growth forecasts for China, citing concern on weaker than expected economic activity, even if the Chinese government has set its 2014 growth target at 7.5%, which is similar to that in 2013.^{28,29}
- China registered an urban jobless rate of 4.1% in 2013. The unemployment rate edged up to 4.05% at the end of Q4 from 4.04% at the end of September. A total of 13.1 million new jobs were created in urban areas last year, and 5.66 million people were re-employed. However, the official data only include those with an urban residence permit, leaving uncounted the numerous migrant workers who account for the majority of the urban unemployment rate.^{30,31}
- The official China PMI edged up to 50.3 in March from 50.2 in February still pointed to a slight expansion of the Chinese economy. But the HSBC China Manufacturing PMI, which focuses more on the private sector, told a different story as manufacturing struggled and the index contracted to 48.0 in March, down from 50.5 in December. The HSBC survey slipped to an eight-month low and the strongest deterioration since July 2013. Any reading above 50 indicates expansion while a reading below 50 indicates contraction. This is the third consecutive month of contraction in output activity, pointing to a slowdown in China's economy.^{32,33}
- The HSBC China Services Business Activity Index for China posted a level of 51.9 in March, up from 50.9 in December. This suggests a moderate improvement in business and service activities.³⁴
- In the first quarter of 2014, China's imports and exports totalled 5.9tn yuan with a YoY decrease of 1%. Except for January, exports have deteriorated in this quarter with a 6.6% and 18.1% YoY decrease in March and February respectively, leading to a 3.4% fall in total export value.^{35,36}
- China's import value in this period amounted to 2.9tn yuan, up by 1.6%. Due to the 10.1% YoY import increase in February, China registered a trade deficit of USD 22.9 bn, the biggest trade deficit since February 2012. However, imports decreased in March by 11.3%, recovering trade to a surplus of USD7.7bn in that month.^{37,38,39}

Monetary

- The PBOC maintained the 1-year loan rate and time deposit rates at 6% and 3% respectively during Q1. With a slowdown in the economy, the PBOC will likely ease monetary policies in the next quarter.⁴⁰
- The PBOC started to drained liquidity out of the banking system via repurchase agreements system from February 18, 2014. The central bank withdrew the cash by issuing 28-day and 14-day bond repurchase agreements. The move signalled PBOC's concern with the boom in lending at the start of 2014.⁴¹
- China's broadest measure of new credit fell 19% in March from a year earlier as money supply grew at the slowest pace since 2001. Aggregate financing was CNY 2.07tn in March, down from CNY2.55 tn a year ago. While, M2 - the broadest gauge of money supply- rose 12.1% from a year ago.⁴²

Funding & Liquidity

- Yields on 10-year Chinese government bonds decreased to 4.52% on March 31 from 4.61% in December 31.⁴³
- Total outstanding loans to non-financial companies increased to 57.7tn in February, a YoY increase of 11.2%. China's corporate debt hit a record of CNY 12tn at the start of 2014, equivalent to 120% of China GDP.⁴⁴
- Market interest rates decreased during Q1, with the monthly weighted interbank CNY lending rate at 2.49% in March, decreasing from 4.16% in December.⁴⁵

Policy

- China announced that steps will be undertaken to offer more subsidies and lending to small and medium enterprises (SMEs) to help them cope with tougher business environment. Broad outlines on how smaller firms would be assisted were issued by nine government departments in a joint statement. However, specific details on what kind of lending were not provided.⁴⁶
- New urbanisation plan were announced by the Chinese government to shift China towards a consumer oriented economy and to stimulate the slowing economy. The Chinese government is expected to spend CNY 6.8tn on urban infrastructure and transportation network. The government seeks to use urbanization as an engine of growth. Currently, 53.7% of the 1.4bn population is living in urban areas, lower than the average of 80% in developed countries. Chinese government aims to increase the percentage of the population living in urban areas to 60% by 2020.⁴⁷
- China's central bank widened the CNY trading band, doubling the allowable daily trading range from 1% to 2% away from the daily CNY fixing price in an attempt to allow market forces to play a bigger role in the economy and its markets. An increase in the volatility of the CNY is expected with the widening of the trade band.⁴⁸

Sovereign Credit Ratings

- Moody's maintained an Aa3 rating on the Chinese government with a stable outlook during Q1. 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 remained relatively unchanged during Q1. China's central bank governor, Zhou Xiao Chuan, said that the country's deposit rates are likely to be fully liberalised within two years. Liberalization of the financial sector is expected to hit banks profitability as it may lead to higher deposit rates and lower lending rates, resulting in narrower net interest margins. Compressing interest rate margins and slowing growth in noninterest income continues to weigh upon the profitability of Chinese banks. Chinese banks have also recently seen a surge in bad-loan write-offs due to heavy exposures to debt-laden local government financing platforms and overcapacity in industry sectors such as steel and cement. Non-performing loans rose to the highest level since the 2008 financial crisis, putting downward pressures on asset quality and bank earnings. Increased willingness of the Chinese government to allow more companies to default also means an increase in non-performing loans as companies are unable to repay their debt. Banks may need to write-off more bad loans as the economy slows and default risk of Chinese companies increases. As such, the short-term outlook for Chinese banks is not favourable as interest rate liberalization and deteriorating asset quality are expected to erode banks profit, increasing the risk of defaults.



Profitability

- The aggregate earnings at 12 listed Chinese banks that reported earnings declined 20.2% QoQ to CNY 224bn in Q4.
- The average NIM for the same banks was relatively unchanged from 3.22% in Q3 2013 to 3.23% in Q4 2013. NIMs may fall further because of market-oriented interest rate liberalization reforms.

- Net interest income and fee-based income for these banks accounted for 79% and 20% in Q4 respectively, compared to 77% and 19% in Q3. Going forward, fees and commissions earned from custodial service charges and management fees could become a larger part of revenues.
- New bank lending increased to CNY3.01tn in Q1, higher than the bank lending of CNY1.61tn in Q4, pointing to a robust credit growth to boost economic growth and to crack down on shadow banking.^{49,50}

Funding & Liquidity

- Average weighted coupon rates on 5-year CNY-denominated bank bonds remain relatively unchanged at 5.12% in Q4, from 5.13% in Q3. However, the weighted average of the seven-day repurchase agreement rate, a benchmark of how much banks charge to borrow funds from one another, soared to 6.32% on January 20 and remained high till the end of January. However, by the middle of March, it dropped to 2.22% before it rose again as banks hoarded cash towards the end of the quarter.⁵¹
- Total deposits increased 4.76% to CNY 112.2tn in March 2014 from 107.1tn in December 2013. The overall liquidity ratio in the banking sector remained relatively unchanged during Q4, with the aggregate LATD ratio of 12 listed banks which reported earnings decreased slightly to 29.2% for listed banks in Q4, from 29.5% at the end of Q3.⁵²

Regulations

- For the first time in history, the Shanghai stock exchange has set conditions for listed banks to issue bonds on the stock exchange. Previously, banks could only issue to interbank markets. This move offers banks a new avenue to boost capital and ease pressure on banks to raise funds.⁵³
- PBOC announced that interest rates of banks will be fully liberalized within two years, paving the way towards full interest rate liberalisation. A deposit insurance scheme is expected to be introduced by the central bank to protect savers.⁵⁴

Asset Quality

- Non-performing loans rose 5.1% QoQ in Q4 2013 to CNY 592.1bn, while aggregate provisions for loan losses increased by 3.5% to CNY 1.67tn.⁵⁵
- Loans to sectors such as steel and cement are likely to worsen as large numbers of such business are on the brink of collapse and saddled with overcapacity. Bad loans in these sectors are expected to increase with a slowdown in economic growth and the government's attempts to curb shadow financing.⁵⁶

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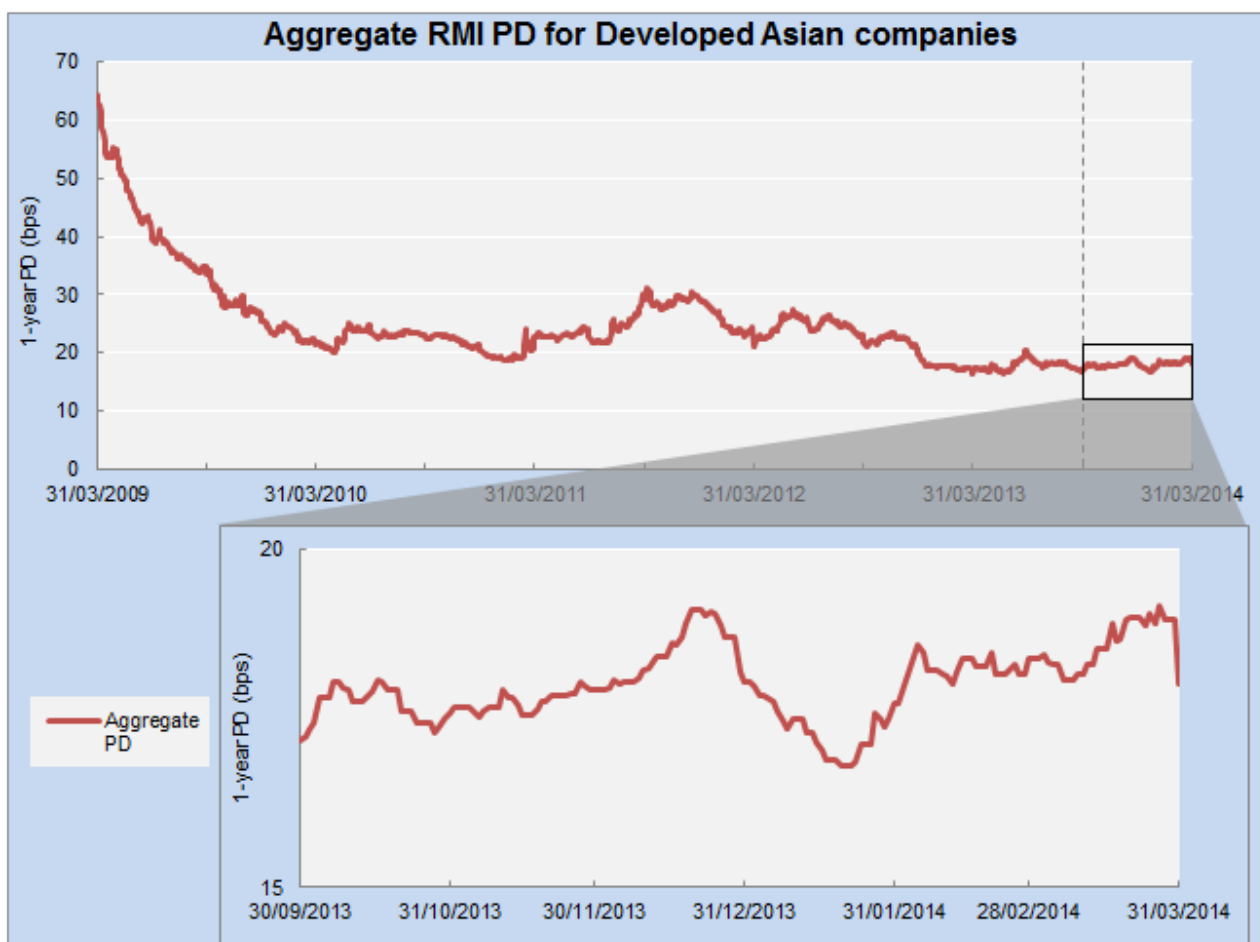
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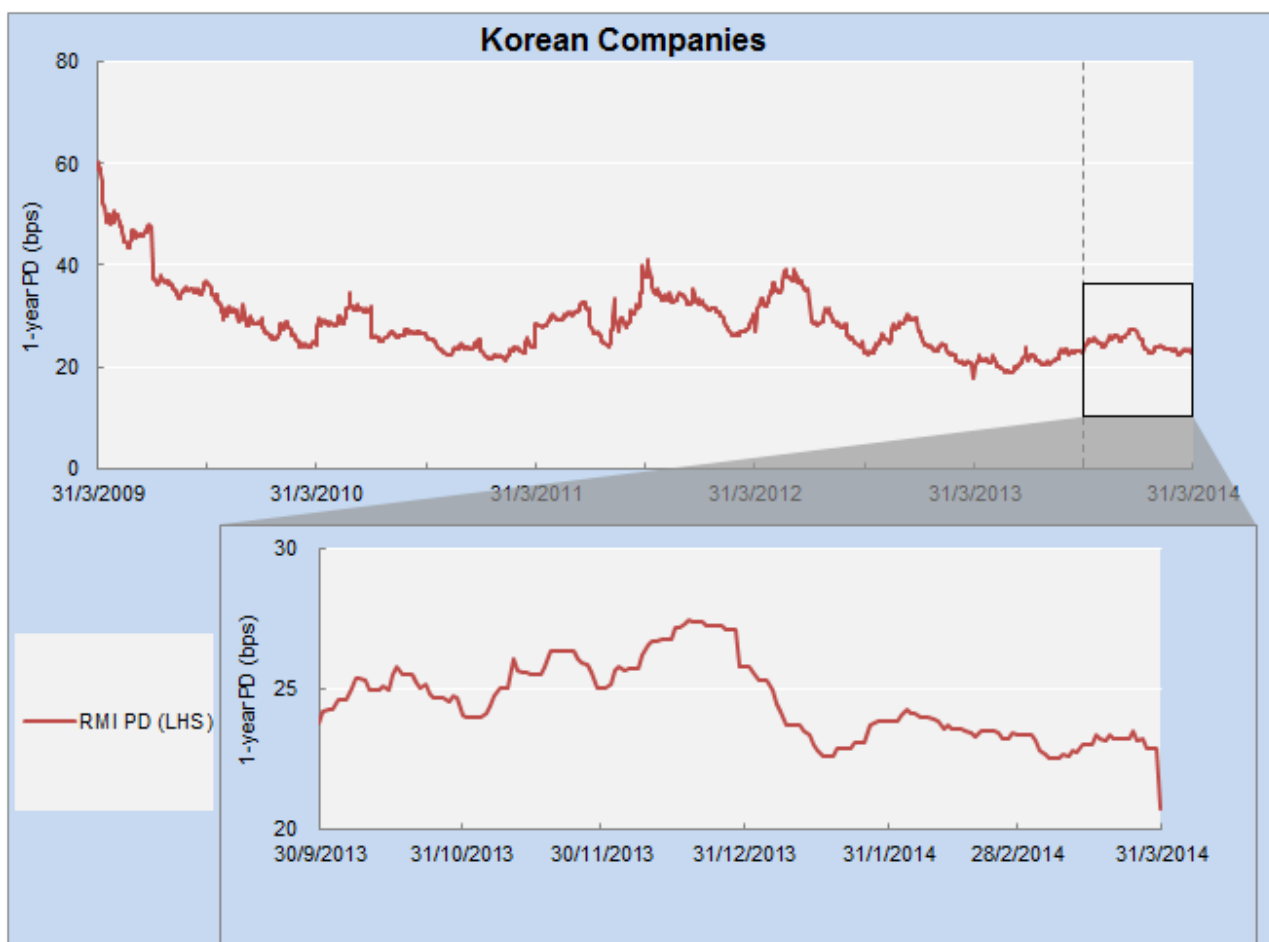
Asia-Pacific - Developed economies

The aggregate 1-year RMI PDs for listed companies in the developed Asia Pacific region remained flat in Q1 2014 after increasing slightly during Q4 last year. RMI PDs for Singapore was also unchanged throughout the quarter at 23bps. 1-year aggregate PD rose in Q1 from 12bps to 15bps for Japan but dropped from 30bps to 22bps for Korea, from 7.2bps to 5.5bps for Taiwan and from 25.8bps to 24.9bps for Hong Kong. In Singapore, growth was lower than expected for Q1 at 5.1%YoY. Other economic indicators such as retail sales and exports also underwhelmed. South Korea benefited from stronger growth rates and better funding and liquidity conditions for non-financial firms. Performance for currencies was also mixed. JPY gained 2% against USD in Q1, followed by SGD at 0.4%. TWD and KRW both weakened this quarter- the former shedding 2.2% value and the latter 1.4%. In the policy space, central banks and finance officials largely maintained status quo across these economies.



South Korean Companies

The aggregate 1-year RMI PD for South Korean companies declined during Q1, as growth rates improved coupled with better funding and liquidity conditions for non-financial firms. The manufacturing sector continued to expand as firms reduced prices for end products following a fall in input costs. Demand for Korean exports has also picked up. Exports to developed economies have increased as US and European consumers imported more computers and mobile phone components. Meeting minutes released by the Bank of Korea showed that key interest rates are likely to remain unchanged in the near future. However, a sharp fall in retail activity during Q1 and the high unemployment rate could affect future private consumption. In addition, tensions with North Korea coupled with high debt profiles of households could further weigh down on the credit profiles of consumer focused companies in Q2.



Economy

- The South Korean economy expanded by a seasonally adjusted 0.9% QoQ in the last quarter of 2013, as private consumption grew and capital investments increased at the fastest pace in two years. The Bank of Korea expects economic growth to increase to 3.8% YoY in 2014, from an annual rate of 3% in 2013.⁵⁷
- The unemployment rate climbed to a three year high of 3.9% in February as the number of job seekers reached the highest level in 15 years. 308,800 people entered the workforce in February, which is the highest monthly increase since June 1999. However, only 112,800 jobs were created during the month.⁵⁸

- Korea's large amount of household debt poses a risk to the economy with USD 986.4bn of home loans outstanding at the end of 2013. The expansion of household loans was driven by non-banking institutions as banks have tightened household lending since 2008. 15.9% of existing mortgages are fixed rate loans, but the government plans to increase this percentage so that fixed rate and amortizing home loans account for 40% of banks' residential mortgage holdings by 2017.
- Korean exports advanced marginally during Q1, increasing 5.2% YoY in March to USD 49.72bn from USD 47.98bn in December. Higher demand from the US and European nations resulted in an increase in Korean exports of cellphones and memory chips in March.⁵⁹
- The modest gain in exports is also reflected in the broader manufacturing sector as the HSBC South Korea Manufacturing PMI recovered to 50.4 in March from a contraction in February. The index rose to 50.9 in January but dropped to 49.8 in February. In addition, manufacturers responding to the survey indicated that prices for finished products should continue to fall as raw material costs decreased over Q1.⁶⁰
- Aggregate retail sales declined to USD 25.3bn in February after rising to a record high of USD 29.8bn at the end of Q4 2013. The fall in February's retail activity was due to the Lunar New Year holidays. Combined department chain store sales rose by an annualized rate of 2.4% in the first two months of Q1. The consumer sentiment index published by the Bank of Korea increased to 108 during Q1, from 107 at the end of Q4. A reading above 100 indicates optimism in the retail sector.

Monetary

- The Bank of Korea held its Official Bank Rate at 2.50% for the tenth consecutive month in March. Analysts say that the Bank of Korea is unlikely to change monetary policy given the healthy pace of economic recovery and low inflation.⁶¹
- In an official statement from the central bank in March, the Bank of Korea said that future rate decisions will depend on the shifts in monetary policy from leading economies as well as geopolitical risks in Eastern Europe. Moving forward, the monetary authority expects inflation to remain low and economic activity to increase gradually. Lee Ju-yeol, a former deputy governor of the Bank of Korea was named the central bank's new chief in March. The new governor is widely seen as a policy moderate, and his appointment may not result in any major shift in policy.⁶²

Funding & Liquidity

- Yields on 10-year South Korean government bonds fell slightly during Q1, to 3.53% on March 31, down from 3.63% on December 31.
- Surveys conducted by the Bank of Korea indicated that demand for loans improved in the first two months of Q1, while a gauge of lending practices also showed that banks were more willing to lend to non-financial firms as compared to Q4.⁶³
- Interest rates on new loans to large Korean corporates fell to 4.31% per annum in February, down from 4.43% in December. Likewise, interest rates on new loans to small companies fell to 4.79% from 4.84% in the same period.⁶⁴

Politics

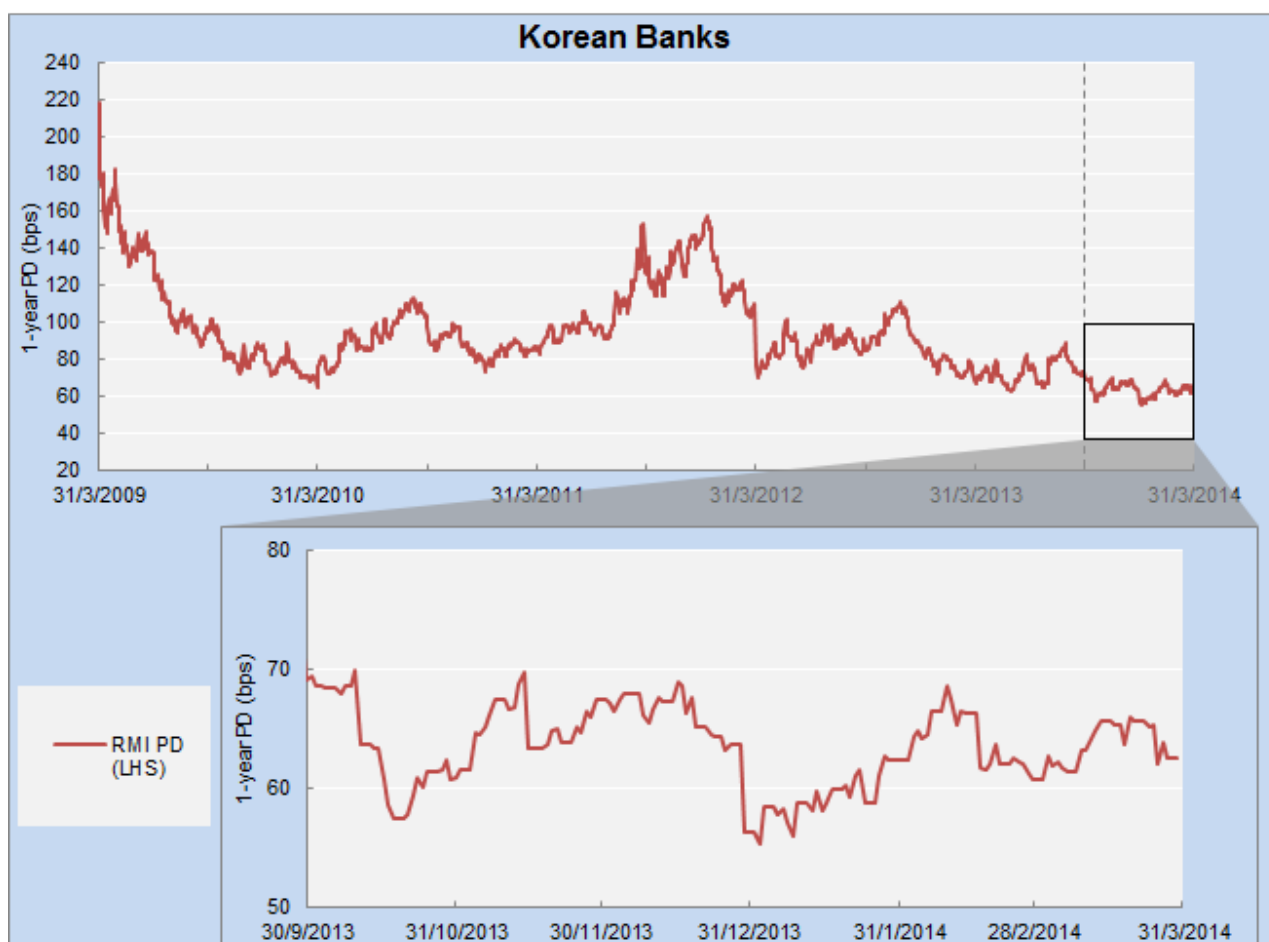
- President Park Geun-hye is likely to pursue pro-business policies in line with that of her predecessor, but she will focus more on social equality and welfare issues during her presidential term. The Saenuri Party will probably dominate the legislature and control the presidency until the next parliamentary and presidential elections in 2016 and 2017 respectively. The execution of Jang Song Taek, a moderate and Uncle to North Korea leader Kim Jong-un, has strengthened the hardliners within North Korea, which could mean more international provocations from the North in future. Tensions on the Korean peninsula escalated after North Korean troops fired into the Yellow Sea border during a military exercise on March 31, prompting an artillery response from the South Korean army.
- On February 26, The Korean President unveiled a three year plan to achieve a 70% employment rate and boost economic growth to 4% by 2017. The President said that she will personally ensure that the three goals - to build an "economy characterized by strong fundamentals, dynamic innovation and a balance between domestic demand and exports" - will be achieved during her tenure.⁶⁵

Sovereign Credit Ratings

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

South Korean Banks

The aggregate 1-year RMI PD for South Korean banks increased over Q1, after credit profiles for lenders declined in Q4. Banks reported more delinquent loans on their balance sheets as banks reported lackluster performance in a challenging operating environment. Net interest margins have barely improved in Q1 given the low interest rate environment while credit losses arising from bad loans are expected to increase. Earnings are expected to decrease as revenues from interest and fee generating businesses have continued to decline. The public confidence in banking institutions has been affected by the nation's worst loan fraud, as 17 lenders did not take steps to verify the authenticity of documents for borrowing. In addition, a high profile data breach involving the loss of personal information from credit card companies including President Park's details further eroded the reputation of financial institutions among consumers. In view of the above-mentioned factors, the credit outlook for Korean banks remains uncertain.



Profitability

- South Korean banks' aggregate net income increased 31.84% QoQ during Q4, after decreasing 35.99% QoQ during Q3. However, 2013 earnings have fallen significantly by 49.87% YoY as banks faced higher provisions and larger impairment losses. Woori Financial Group, the largest bank by assets, said net income fell to KRW 538bn in FY 2013 from KRW 1633bn in FY 2012. Analysts do not expect a large turnaround in bank earnings in 2014 because of the slow economic recovery and concerns of further bankruptcies
- A proxy for the aggregate NIMs of Korean banks, based on the difference in lending and deposit rates, increased marginally to 2.54% in February from 2.52% at the end of Q4.

- The Financial Supervisory Service has imposed a blanket ban on financial firms, including banks from making unsolicited calls to customers for sales of financial products with effect from March 31. Regulators have implemented a number of data protection measures after a series of data breaches at three major credit card companies - KB Kookmin, NH NongHyup and Lotte - in January. Under the new guidelines, firms are not allowed to call or send text messages and emails to customers for marketing purposes, which could potentially affect the bottom line of lenders moving forward.⁶⁶

Funding & Liquidity

- Average coupon rates on new issuances of 5-year KRW-denominated bank bonds fell to 3.37% in Q1, from 3.52% in Q4.
- The short term Cost of Funds Index rate, which replaced the 91 day CD rate in 2012, dropped to 2.4% at the end of Q1 from 2.46% in Q4.
- Deposit growth rates accelerated in Q1, increasing 5.36% and 6.22% YoY in January and February respectively to KRW 1294.7tr, after increasing 4.19% YoY in December.⁶⁷
- Average interest rates on time deposits maturing in a year dropped 7bps during Q1, to 2.74% per annum in February from 2.81% in December. Average interest rates on time deposits maturing between 6 months and a year remained unchanged at 2.66%.⁶⁸
- Overall liquidity in the South Korean banking system improved during Q4, with the aggregate LATDB ratio for listed banks increasing to 11.13% from 10.22% in Q3.

Capital Levels & Regulations

- The Financial Services Commission (FSC) has issued a draft law to modify the net capital ratio used to assess the stability of financial institutions. The FSC states that the current formula may be too stringent, as it requires a firm to keep excessive capital on its balance sheet. It also does not measure a firm's loss absorbing capacity or its financial soundness effectively. Firms are discouraged from engaging in investment banking or expanding businesses overseas. Authorities are seeking comments from the industry and would release a final law by Q3 2014.⁶⁹

Asset Quality

- The average delinquency rate on loans issued by Korean banks increased to 1.05% in February from 0.88% in December. Delinquency rates on corporate and household loans increased to 1.26% and 0.78% in February respectively.⁷⁰
- Regulators including the Financial Services Commission announced a series of measures in February to improve the quality of household debt, as part of the government's three year plan for economic growth. The Korean government has set a target aggregate household debt to income ratio for the banks, and aims to lower the ratio by 5% each year until the end of 2017. (The ratio of household debt to disposable income in Korea was 163.8% at the end of 2012.) Banks will have to offer a range of loans to suit the consumers' debt repayment ability such as introducing loans with floating rate caps.⁷¹

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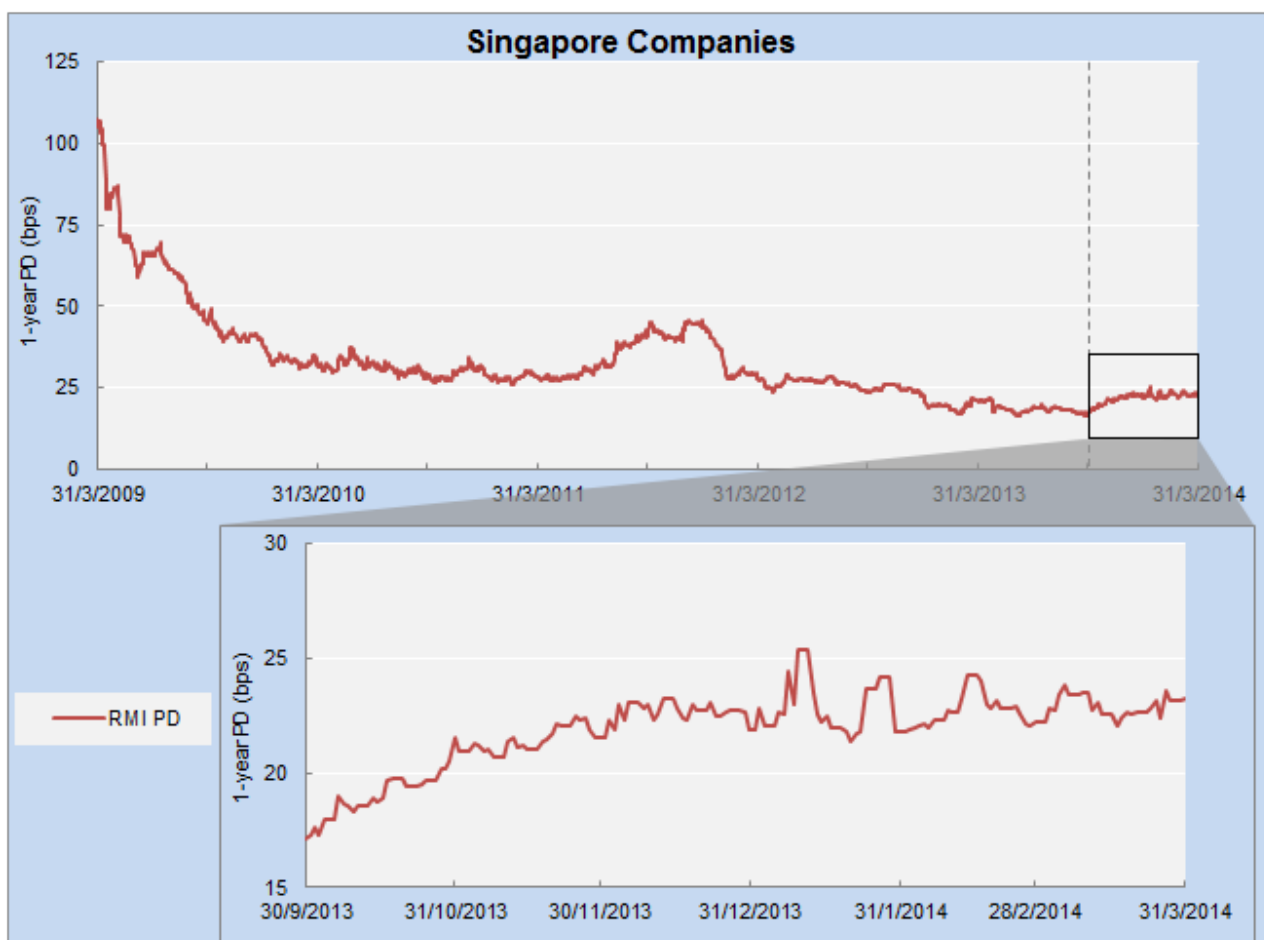
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Singapore Companies

The aggregate 1-year RMI PD for Singapore companies remained relatively unchanged over Q1 2014. Economic indicators pointed to slower GDP growth, but there were signs showing a rebound in goods producing industries. Funding and liquidity conditions remained healthy, in spite of signs of slowdown in three indicators: it was the first time since 2008 that a drop in the prime lending rate was observed; loans to non-financials slowed over Q1; and yields on government bonds ended the quarter at a lower rate. The MAS maintained its monetary stance on the gradual appreciation of SGD, continuing its policy towards inflation control. Looking forward to 2014, although global demand is expected to recover, Singapore's economic outlook remains uncertain, considering that QE tapering in the US and the economic restructuring in China could both bring unknown impacts on macroeconomic prospects.



Economy

- Singapore's Q1 GDP grew marginally by 0.1% QoQ on a seasonally adjusted basis. The economy grew at 5.1% YoY, lower than Q4 2013's growth rate of 5.5%. Goods producing industries performed better in Q1, with manufacturing and construction sectors growing at 8.0% and 6.5% YoY, respectively. This improvement was largely ascribed to a sharp rebound in chemicals output, biomedical manufacturing output and public sector construction activities. This expansion was however moderated by service industries, which slowed to a YoY growth rate of 4.7% in Q1 from 5.3% in Q4. The slowdown arose mainly from slower expansions in wholesale and retail trade as well as the finance and insurance sectors.

- Singapore's GDP growth for 2014 was predicted to be 2.0-4.0%, slightly lower than the 2013 GDP growth rate of 4.1%. This growth is mainly expected to be led by a recovery in global demand and the externally-oriented sectors including manufacturing and wholesale trade. Yet the global macroeconomic outlook still remains uncertain, as QE tapering in the US could bring uncertainties to the financial markets and dampen business sentiments in the short run. The restructuring of China's economy could possibly lead to economic slowdown in the future.^{72,73}
- Singapore's PMI manufacturing index rebounded to 50.8 in March 2014 from 49.7 in Q4 2013. This was attributed to an expansion in new orders as well as production output and inventory. The index was 50.5 and 50.9 for January and February respectively, both higher than the Q4 figure, indicating a continuous expansion of the manufacturing economy. The slight drop of 0.1 point in the index from February to March was due to lower new orders, production output and inventory.^{74,75,76}
- Non-oil domestic exports (NODX) increased by 9.1% YoY in February 2014, recovering from a 3.3% drop in January. The increase of 15.4% YoY in non-electronic NODX overshadowed the contraction of 3.7% in its electronic counterpart, thereby contributing to an overall improvement in NODX. China, the US and Taiwan continued to be the top three contributors to the NODX rise, with each expanding by 35.5%, 22.3% and 10.2% in February, respectively. Major industries contributing to these expansions include petrochemicals, primary chemicals and pharmaceuticals.⁷⁷
- Retail sales increased 0.6% MoM and 0.1% YoY in January 2014. Excluding motor vehicles, the figure increased by 0.2% MoM and 9.2% YoY. The huge difference in YoY change resulted primarily from a drop of 33.2% YoY in the sales of motor vehicles in January.⁷⁸

Monetary

- In April's Monetary Policy Statement, the MAS announced that it would maintain its policy of a modest and gradual appreciation of the SGD, which has been in place since April 2012. The slope and the width of the policy band would be kept unchanged. Although MAS lowered its headline inflation outlook to 1.5-2.5% for 2014, this was largely due to decreased cost pressures from accommodation and private road transport. Concerns remain that MAS core inflation will elevate, given that both wage pressures and consumer prices are expected to rise over this year.^{79,80}

Funding & Liquidity

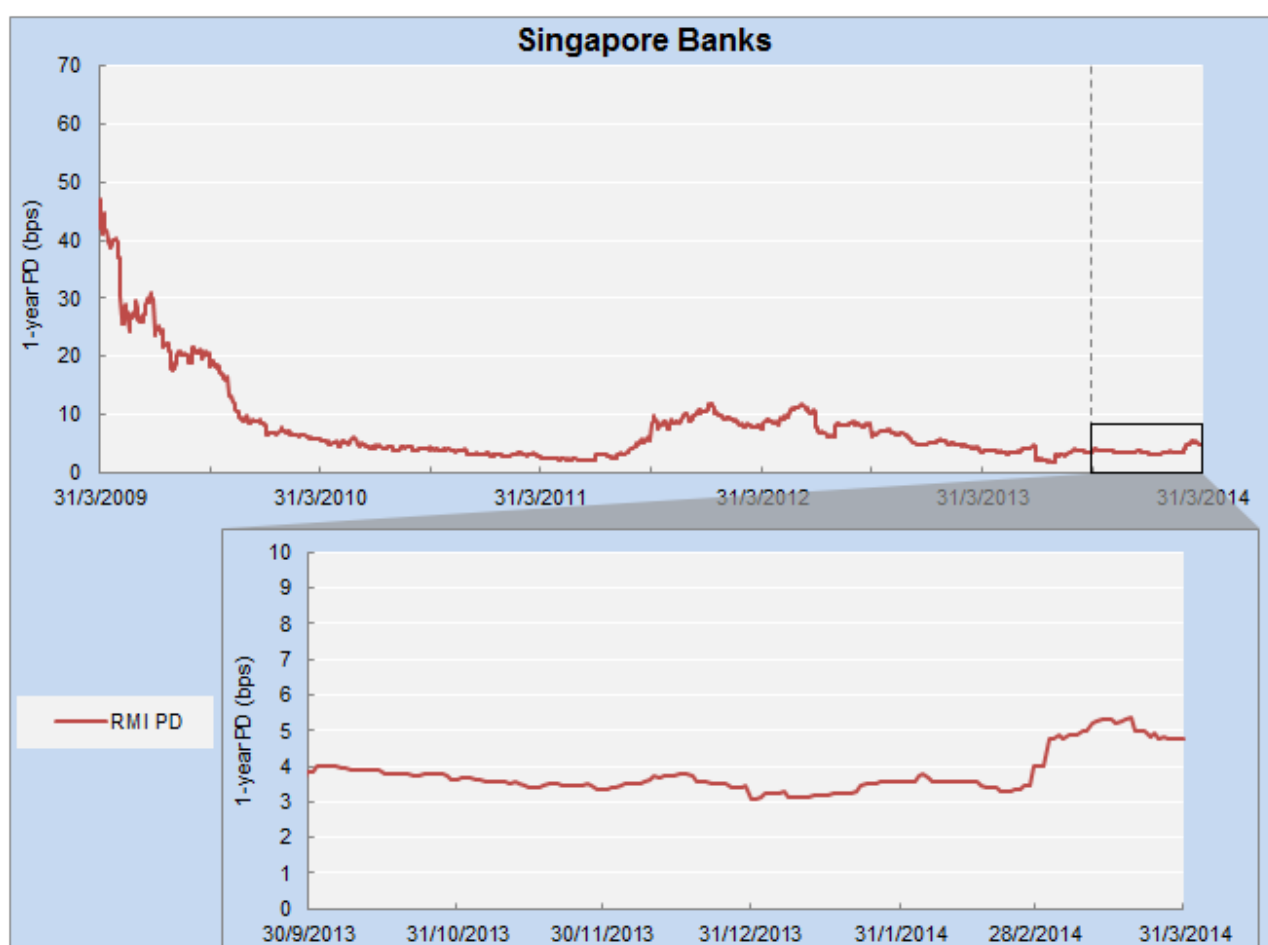
- The yield on 10-year Singapore government bonds fluctuated over Q1. It ranged from 2.39% to 2.55% before ending the quarter at 2.49%.
- Bank lending to non-financial Singapore companies slowed over Q1. Loans to non-financials expanded by 20.2% YoY in February 2014, down from a YoY lending growth rate of 24.5% in December 2013, the highest increase in the second half of the year. Bank lending to non-financials is expected to expand starting from Q2 this year, after the government launched the S\$100 million Intellectual Property (IP) Financing Scheme in April. Under the two year scheme, local companies in the technology sector can now apply for bank loans at DBS, OCBC and UOB using IP assets as collateral.^{81,82}
- The prime lending rate dropped from 5.38% to 5.35% in Q1, the first time that a change was observed since January 2008.⁸³

Sovereign Credit Ratings

- Singapore retained its AAA rating at all three major rating agencies over Q1 2014, and remains one of only eight countries worldwide with a top credit rating and stable outlook.

Singapore Banks

The 1-year aggregate RMI PD for Singapore banks rose over Q1 2014, buffeted by tight interest margins and slowing loan growth in anticipation of rising borrowing costs as the Federal Reserve tapered its bond buying programme. Although deposits rose moderately in line with increases in fixed and savings deposit rates, SGD loan-to-deposit ratios continue to increase. Banks remain sufficiently capitalized under Basel III requirements alongside stable liquidity levels. Going forward, the aggregate RMI PD for Singapore banks may observe a short-term increase if major lender OCBC succeeds in an acquisition bid for Hong Kong lender Wing Hang bank, but may enjoy easier funding in the long run. Singapore banks may also suffer a mild hit to profitability due to moderate declines in the prime lending rate and rising deposit rates. However, this may be moderated by potential increases in asset quality if non-performing loans continue to decrease. These factors contribute to an uncertain credit outlook for Singapore banks in the future.



Profitability

- Aggregate earnings at the three major Singapore banks ended 2013 on a positive note, expanding 4.68% QoQ in Q4 to SGD 2.46bn, after rising 3.71% over Q3. Despite having the tightest interest margins in the region, Singapore banks were able to surpass market expectations by tapping growth in overseas markets and from fee-based businesses such as wealth management.⁸⁴
- The growth of issued loans made by major Singaporean banks slowed to 14.6% YoY in February, the slowest growth rate since November 2010. The growth rate compares against 17.0% recorded at the end of Q4 2013. As the Federal Reserve tapers its bond-buying programme, companies have become more cautious about borrowing due to the potential borrowing costs growth.^{85,86}

Funding & Liquidity

- Average yields on 10-year USD-denominated bonds issued by Singaporean banks rose marginally during Q1, ending the quarter at 3.55%, up from 3.47% recorded at the end of Q4 2013.
- Total SGD deposits at the three major domestic banks rose 0.4% over Q4 2013, ending the year at SGD 333.2bn after a 1.0% QoQ growth in Q3. Strong loan growth in 2013 resulted in an increase in domestic banks' SGD loan-to-deposit ratio, rising from 78.85% at the end of 2012 to 83.09% at the end of 2013.
- Deposit rates increased at the beginning of 2014. In January, the 12-month fixed deposit rate rose to 0.33% per annum up from 0.32% in December 2013, while the savings deposit rate rose to 0.12% from 0.1%. Fixed deposits fell to 38.5% of all deposits in February from 39.2% in December 2013, while the proportion of savings deposits expanded to 34.2% from 33.8%.^{87,88}
- The aggregate LATDB ratio for Singapore banks rose slightly from 30.8% in Q3 to 30.9% in Q4 2013. LATDB ratios at the end of 2012 were at 29.7%.
- The statutory liquidity ratio of banks ended February at 15.8%, down from 16.4% recorded at the end of 2013.⁸⁹
- OCBC, one of Singapore's three major domestic banks, announced a conditional general cash offer to acquire 100% of Hong Kong-based Wing Hang Bank Ltd on April 1. An RMI brief on the acquisition reflected that although the acquisition was marginally credit negative for OCBC, the acquisition may reap long-term benefits by giving OCBC access to USD & HKD funding markets in Hong Kong, and a large offshore CNY base.⁹⁰

Capital Levels & Regulations

- The phase-in of Basel III in Singapore started in January 2013, with all three 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 expanded to SGD 70.5bn in February from SGD 66.2bn at the end of 2013, and currently stand at 7.1% of total liabilities.^{91,92}
- The MAS decided in February 2014 to expand exemptions from the Total Debt Servicing Ratio (TDSR) threshold that was introduced in June 2013 to regulate property loans. Borrowers who reside in properties purchased before June 2013 will be exempted from the TDSR threshold, and borrowers servicing investment property loans made before June 2013 will be given until 2017 to refinance those loans that do not currently meet the TDSR threshold.⁹³

Asset Quality

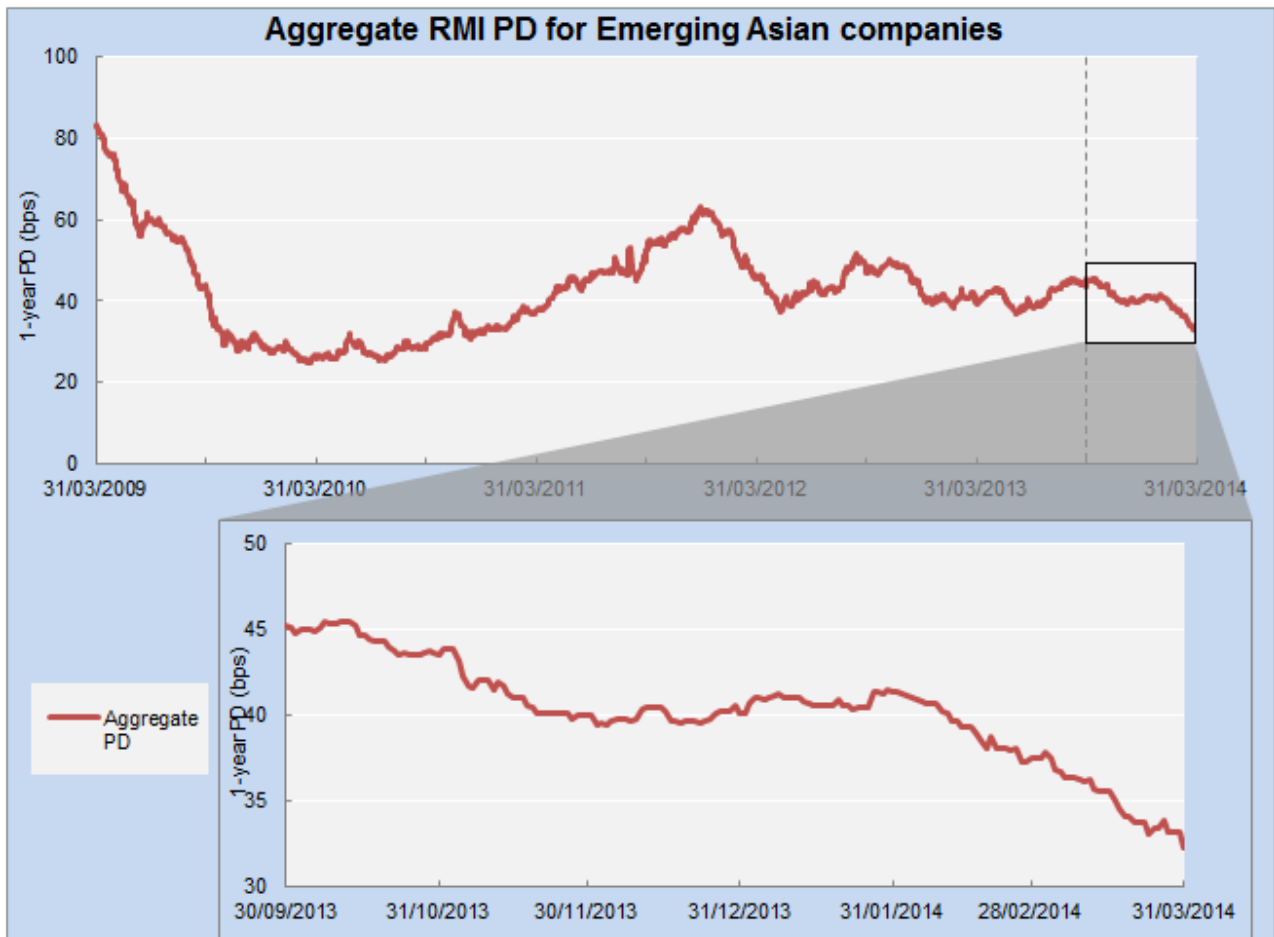
- Banks increased provisions for loan losses in Q4 2013 by 10.4% QoQ to SGD 361mn from 327mn in Q3. Provisions at the end of 2012 were SGD 332mn. Non-performing loans at the three major Singapore banks dropped to SGD 6.20bn at the end of 2013 from SGD 6.36bn a quarter before, a 2.56% decrease. Write-offs on credit card debt over a three month period dropped to SGD 63.6mn at the end of February, after hitting a record high of SGD 65.4mn at the end of last year.⁹⁴
- A March report by Moody's Investors Service noted that Singapore banks have been steadily expanding issuance of Basel III compliant securities, citing it as a credit positive for Singapore banks. Amongst the three major Singapore banks, UOB and DBS have issued SGD-denominated securities in 2013 that qualify as Additional Tier 1 capital. In March 2014, UOB became the first bank in Southeast Asia to issue USD-denominated

Basel III compliant securities, successfully conducting a USD 800mn sale of subordinated bonds that qualify as Tier 2 capital.⁹⁵

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Asia-Pacific - Emerging economies

Aggregate PD levels for emerging economies of Asia-Pacific decreased substantially in Q1. After beginning 2014 at 40bps, the 1-year aggregate PD dropped to 32bps by the end of the first quarter. Aggregate 1-year PD dropped 4-6bps for Thailand, Malaysia and Philippines and 0.5bp for Indonesia . The impact of US Fed tapering announcements, expectations of which had created a rout in emerging economies in Asia end 2013, was fully priced by Q1 2014. Thus, the focus returned to domestic factors. Most emerging Asian currencies were stronger against the USD. IDR led the pecking order, up 7.13%, followed by INR with a 3.19% gain. THB was up 0.90% and MYR gained 0.35%. Despite these positives, there were market-driving domestic stories in each of these countries. Elections are the main focus for India and Indonesia in Q2 and the results are expected to lead the direction of their economies. Thailand’s ongoing political impasse remains largely at a standstill with little signs of resolution in the short-term. On the other hand, Malaysia has to deal with the negative publicity caused by Malaysian Airlines’ missing plane.



Indonesian Companies

The aggregate 1-year RMI PD for Indonesian companies remained flat from 37.5bps in end of Q4 2013 versus 37.2bps at the end of Q1 2014. Growth rebounded in the Indonesian economy in Q4 2013, helped by a resilient local consumption demand and stronger exports, which were supported by a weak IDR that lost about 20% in value against the USD in 2013. With the non-oil/gas account returning a surplus, Indonesia saw an overall trade surplus in Feb 2014. However, manufacturing output remains sluggish with the PMI declining to a 7-month low in March 2014. Accordingly, further tightening by Bank Indonesia has been put off to revive growth as the inflation trajectory seems to be trending down. Aggregate liquidity situation remains tight and there has been a spate of Indonesian corporations and banks raising funds through large USD-denominated bond sales. Local demand for credit continues to be very strong and the central bank is now looking to pin down the credit offtake to control inflation. Major credit rating agencies maintained their ratings and stable outlook on Indonesia’s debt.



Economy

- Indonesia’s economy grew much faster than expected in Q4 2013 at 5.72% YoY vs. an expectation of 5.3%. The growth was buoyed by exports which were stronger due to a weaker IDR and private consumption, which rose 5.25% YOY after increasing 5.48% in the prior quarter. Consumer demand represents more than 50% of the Indonesian economy and is a key driver of growth.⁹⁶

- The IDR was one of the worst performing EM currencies in 2013, falling 20.3% and registering its biggest annual loss since 2000. During Q1 2014, the IDR has rebounded and has gained 7% YTD against the USD.⁹⁷
- The Indonesian economy posted a trade surplus (USD 0.79bn) in February 2014 after reporting a deficit in Jan 2014 (USD 0.45bn) and surpluses in each of the previous 3 months. The balance was helped by a larger surplus in the non-oil/gas account which increased from USD 0.6bn in Jan 2014 to USD 1.59bn in Feb 2014. Moreover, vegetable oil and coal exports rebounded to a growth of 26.1% (MoM) and 2.1% (MoM) respectively.⁹⁸
- HSBC Indonesia Manufacturing PMI declined to a 7-month low in March 2014 to 50.1 (from 50.5 in Feb 2014). Although data pointed to a drop in manufacturing output, unfavourable weather and raw material shortages were, in fact, the key reasons for the decline in production. Both domestic and export new orders expanded in March, albeit marginally. Purchasing activity picked up in March, even as manufacturing employment declined.⁹⁹
- Inflation continued its downward trajectory - easing to 7.32% in March 2014 against 8.22% in Jan and 7.75% in Feb 2014. Inflation has cooled down due to a decline in prices of certain volatile food prices. In its statement, Bank Indonesia re-iterated its year-end inflation target of 3.5-5.5 for 2014 and 3-5% for 2015.¹⁰⁰
- Indonesia announced the results for its legislative elections on April 10, 2014. Markets in Indonesia are rattled with policy uncertainties that may come with a new successor to President Susilo Bambang Yudhoyono whose 5-year term ends July 2014, when the presidential elections are due.¹⁰¹

Monetary

- In a Bank Indonesia policy meeting on March 13, the central bank maintained status quo - keeping the BI Rate at 7.50%, the lending facility rate at 7.50% and the deposit facility rate at 5.75%.¹⁰²
- Bank Indonesia raised its key rate by 175 bps between June and November 2013 to 7.5% to defend the IDR and cut the ballooning current account deficit (CAD). On the back of a tight monetary leash and reviving exports, the CAD narrowed to 1.98% in Q4 2013. The central bank expects the current account deficit for 2014 to be below 3% of GDP. BI maintained its forecast of GDP expansion of 5.5-5.9% for 2014.^{103,104}

Funding & Liquidity

- Indonesia raised around USD 4bn through a sale of USD-denominated bonds in Jan 2014 - USD 2bn via 5.95% 10-year bonds and USD 2bn via 6.85% 30-year bonds. This is one of the largest sovereign issuances in the region. Indonesia wants to raise USD 29.2bn from international and local debt markets in 2014 as it seeks to build up its depleting exchange reserves. This was followed by a bond sale of USD 350mn on March 10 and USD 875mn on April 2, 2014.^{105,106}

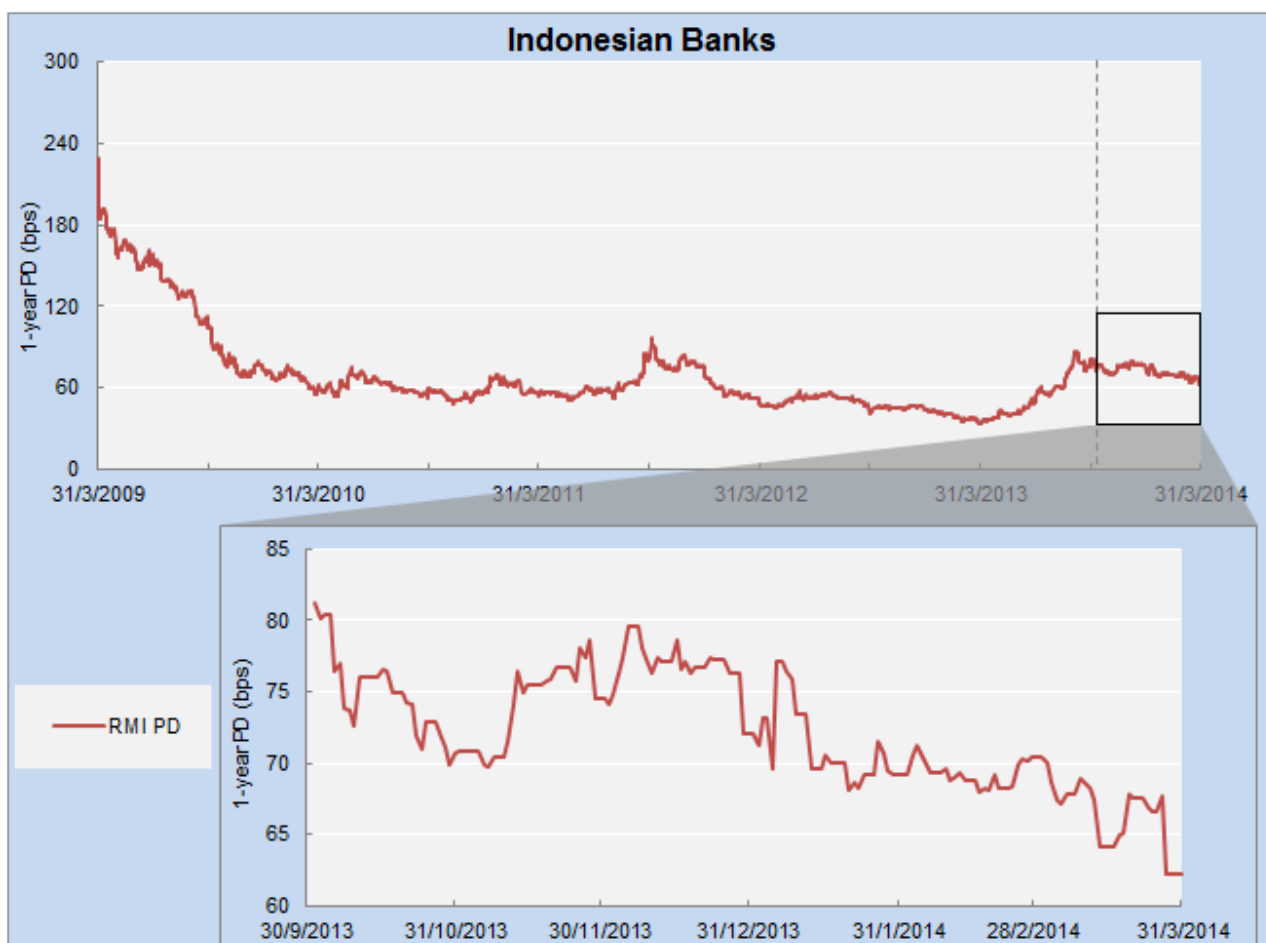
- Indonesia's USD debt was the worst performer in 2013 among major Asian economies as per Bloomberg. Declining inflation and improving trade balance, however, has improved the sentiment and despite the massive new paper issued by Indonesia in recent months, the benchmark 10-year government bond yield has declined to 7.86% (as on April 8), down about 59bps YTD on strong foreign inflows.^{107,108}
- Total credit made by Indonesian banks to clients and other banks rose sharply by 21.4% YoY in January 2014 but declined 1.1% on a sequential basis over December 2013. Total liabilities that included time and demand liabilities that were raised domestically or in foreign currencies rose 12.2% on a YoY basis but declined 1.9% on a sequential basis.¹⁰⁹
- After robust credit expansion over the last few years, the banking regulator is now indicating that the credit growth in 2014 should be curtailed to 15-17% to keep demand-led inflation in check.¹¹⁰

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.^{111,112,113}

Indonesian Banks

The aggregate 1-year RMI PD for Indonesian banks declined during Q1 2014 from a level of 70.2bps as on Dec 31, 2013 to 63.1bps on Mar 31, 2014. Aggregate credit demand in Indonesia has remained robust and the Net Interest Income for Indonesian banks expanded by 13.5% YoY in Jan 2014, while their Net Interest Margins remain amongst the most attractive within Asian banks. Overall liquidity has been tight in the system with Loan-to-Deposit ratio upwards of 90.5% and Liquid Assets ratio as 15.06% in January 2014, down from 18.31% same period last year. The average local currency deposit rates have risen from 6.0% to 7.2% in the same period indicating strong appetite in banks to grow liabilities; several local banks also issued bonds in the last quarter to build their balance sheets. Indonesian banks remain well capitalized with an aggregate Capital Adequacy of 19%.



Profitability

- Indonesian banks enjoy robust interest margins and profitability, which is amongst the highest in Asia. Despite a slight decline in net interest margins (NIM) in 2013, Indonesian banks maintained a ROA of around 3%. Fitch, in their stress tests conducted in November 2013, confirmed that the strong profitability of Indonesian banks will limit the risk of any capital impairment even under a stressed macro environment.¹¹⁴
- Listed Indonesian banks gave a healthy performance in January 2014, as the Net Interest Income (NII) rose 13.5% YoY to IDR 21.4bn on an aggregate basis. The NII has grown at a strong rate of 17% YoY on average in the Oct-Dec 2013 quarter. Aggregate credit demand continues to benefit from a resilient credit offtake in the non-bank third-party category.¹¹⁵

- Net Interest Margin (NIM) for the listed banks in Indonesia declined YoY from 5.53% in Jan 2013 to 4.17% in Jan 2014. NIMs have been coming off in the recent quarters with the average NIM in the Oct-Dec 2013 quarter being about 5.1%. However, the margins still remain much higher for Indonesian banks compared to their other Asian peers.¹¹⁶

Funding & Liquidity

- The aggregate level Loan-to-Deposit ratio for Indonesian banks continues to remain very high - 90.5% in Jan 2014 as against 83.5% in Jan 2013. This underscores a tight liquidity situation with the high demand and lesser supply of credit and explains the handsome margins that the banks continue to enjoy.¹¹⁷
- Bank Tabungan Negara, a state-controlled bank focusing on mortgage loans, plans to sell USD 330mn of bonds in the second half of 2014 to help boost its lending activities. Several Indonesian banks, including Bank OCBC NISP, which plans to raise USD 250mn, have issued bonds recently to finance themselves in response to strong credit demand.¹¹⁸
- Aggregate bank deposits from third party customers (non-bank) increased 12.2% YoY in Jan 2014 to IDR 3,594tn. It was however, a decline of 1.9% from Dec 2013 levels. For the local state-owned banks, there was a 11.7% increase YoY but a 5.3% decline m/m in total bank deposits.¹¹⁹
- Liquidity in the banking system remains tight, with the Liquid Assets Ratio of 15.06% in Jan 2014 as against 18.31% in Jan 2013 for the banking system as a whole. The ratio remained on average at around 15.71% during the Oct-Dec 2013 quarter.¹²⁰
- Local currency demand deposit rates have continued to tighten in the recent months. Deposit rates for third party deposits (non-bank) for the 12 month or more tenor were quoting at 7.19% on average for the month on Jan 2014. This compares to an average rate of 5.99% at the same time last year (Jan 2013).¹²¹

Regulation

- Indonesian banks' capital position has remained strong, with the aggregate Capital Adequacy Ratio at 19.91% in Jan 2014. This compares to 19.31% in Jan 2013. Likewise, Core Capital Tier 1 ratio was 18.27% vs. 17.52% a year ago.¹²²
- In a statement made by the economy's new banking regulator - Financial Services Authority, it was suggested that the regulator will likely push for consolidation within the banking industry and encourage smaller lenders to either merge or seek strategic investors. The regulator will also issue new guidelines on risk management and regulatory oversight by Q4 2014.¹²³

Asset Quality

- While the total earning assets for the banking system as a whole rose to IDR 4,095tn in Jan 2014, up 1.3% from the average level of IDR 4,041tn seen in the Oct-Dec 2013 quarter, Non-Performing Assets rose to IDR 65.4tn in Jan 2014, up 5.4% from the Oct-Dec 2013 quarter average of IDR 62.05tn.
- There are some indications of the level of stress developing in the system as noticed in the large jump in "Special Mention" category of loans (loans overdue for up to 90 days but yet to turn bad) within the otherwise "Earning Assets" bucket. Aggregate Special Mention loans increased to IDR 20tn in Jan 2014 vs. IDR 7.9tn during the quarter Oct-Dec 2013 and a level of IDR 11.1tn in Jan 2013.¹²⁴

- Similarly, the Sub-Standard and Doubtful loans within Earning Assets have risen to IDR 703bn and IDR 293bn respectively as of Jan 2014, while such loans were just IDR 38bn and 122bn at same time last year (Jan 2013). Loans classified as Lost (written-off) as at the end of Jan 2014 also increased to IDR 530bn as against IDR 122bn in Jan 2013.

⁹⁶February 5, 2014, [UPDATE 2-Indonesia Q4 GDP picks up pace, may buffer emerging market turmoil](#), Reuters News, reuters.com

⁹⁷February 5, 2014, [UPDATE 2-Indonesia Q4 GDP picks up pace, may buffer emerging market turmoil](#), Reuters News, reuters.com

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¹⁰⁶April 2, 2014, [Indonesia Raises 9.9 Trillion Rupiah From Debt Auction, Above Target](#), The Jakarta Globe, thejakartaglobe.com

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¹¹⁰March 27, 2014, [Major banks cautious over corporate loans](#), The Jakarta Post, thejakartapost.com

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¹¹²January 7, 2014, [S&P rates Indonesia's US Dollar-denominated global senior unsecured bonds 'BB+'](#), The Jakarta Post, thejakartapost.com

¹¹³2014, [Indonesia's Credit Ratings](#), Bank Indonesia, bi.go.id

¹¹⁴February 12, 2014, [Indonesian Banks Resilient Against Financial Volatility](#), Fitch Ratings, fitchratings.com/web/en/dynamic/home.jsp

¹¹⁵March 19, 2014, [Indonesia Banking Statistic - January 2014](#), Bank Indonesia, bi.go.id

¹¹⁶March 19, 2014, [Indonesia Banking Statistic - January 2014](#), Bank Indonesia, bi.go.id

¹¹⁷March 19, 2014, [Indonesia Banking Statistic - January 2014](#), Bank Indonesia, bi.go.id

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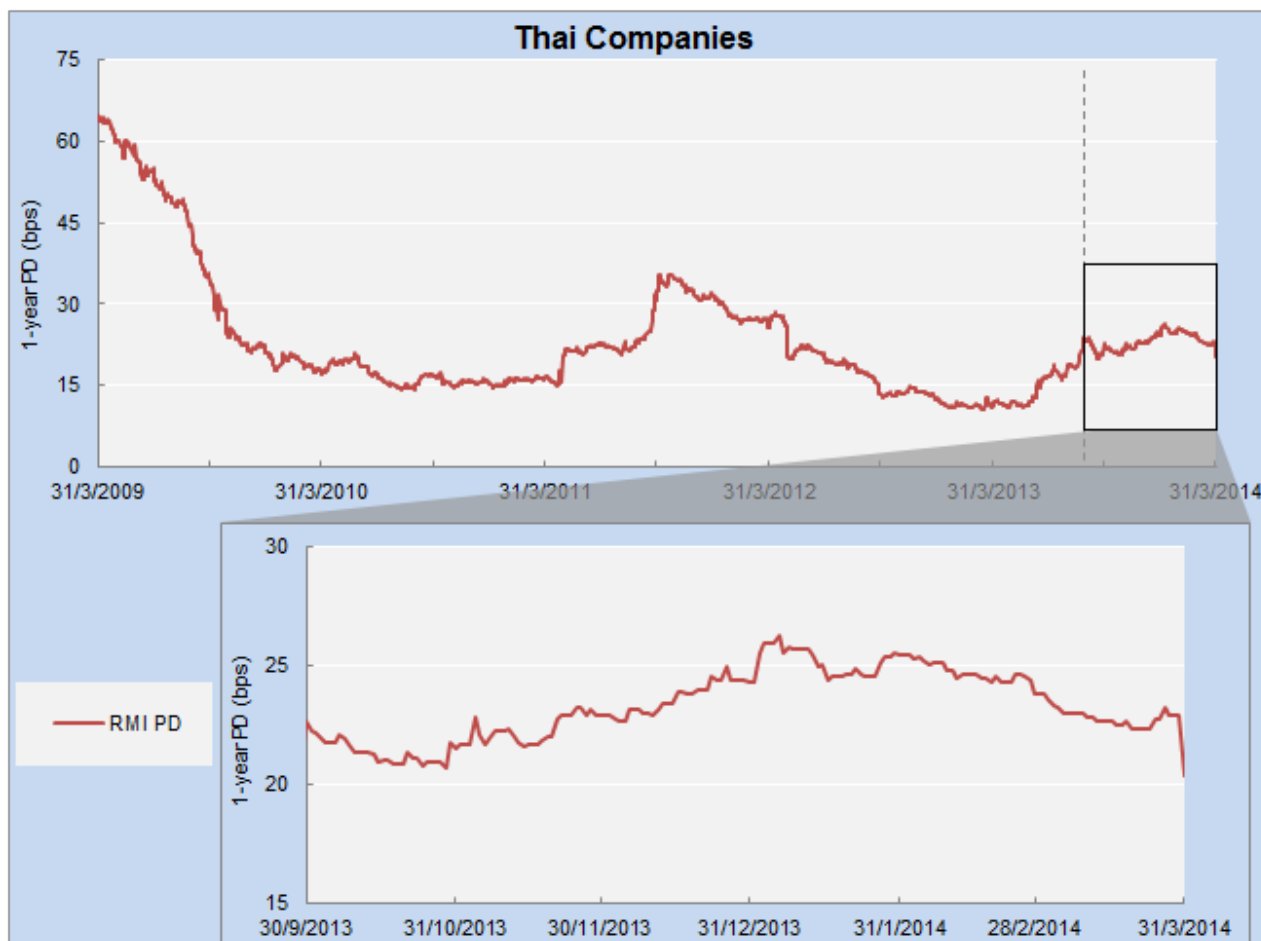
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¹²³April 4, 2014, [Indonesias Bank Regulator Pushes Consolidation of Small Lenders](#), Businessweek, businessweek.com

¹²⁴March 19, 2014, [Indonesia Banking Statistic - January 2014](#), Bank Indonesia, bi.go.id

Thai Companies

Aggregate 1-year PD for Thai companies decreased in Q1 2014, despite beginning the quarter on an upward trend. With a level of 21bps at the end of Q1, the PD was 5 bps lower than that in Q4 2013. The PD however is still much higher than the trough seen around the same time last year. While the political situation remains a hurdle, Thai assets seem to have bottomed out. In Q1, the SET index gained nearly 14%, 10-year government bond yields dropped 23bps and THB gained 2% against the USD. These gains coupled with an improvement in the business sentiment index for March indicate that the economy has left the worst behind.



Economy

- Thai economic growth slowed tremendously in Q4 2013 with its YoY expansion slowing from 2.7% in the preceding quarter to a meagre 0.6%. This slowdown marks the fourth consecutive quarter of deceleration in the economy, and confirms the economic paralysis inflicted by the prolonged political deadlock. The biggest contraction was seen in domestic demand, as household consumption and investment fell 4.5% and 11.3% respectively. As in the previous quarter, the drop in household expenditure was once again attributed to the substantial decline in motor vehicle sales (42%), following the expiration of a first-time-car-buyer scheme. Other factors that weighed down on consumption include the deterioration in consumer confidence and the decline in the crops' prices that affected the income of farmers. Meanwhile, private investment in construction, machinery and equipment shrunk by a combined 13.1% as firms held back investment amid the political uncertainty. Public investment on the other hand, saw a less severe contraction of 4.7%.¹²⁵

- Thailand's external sector resumed its slow but definite recovery as merchandise exports finally turned the corner and grew by 0.2% after its decline eased in the preceding quarter. The main driver behind its rebound was rubber and cassava products, as rice exports fell and fishery products remained hampered by supply shortages. Service receipts growth, however, decelerated sharply to 8.0% YoY from 25.2% in Q3, as tourists stayed away from the unrest in Bangkok.¹²⁶
- The rate of unemployment in Thailand was relatively elevated in the early months of 2014, as the turn of the New Year saw it jumped from 0.62% to 0.94% before easing slightly to 0.86% in February. These unemployment figures however, are still extremely low.¹²⁷
- Unsurprisingly, the deterioration of the Bank of Thailand's business sentiment index (BSI) continued from where it left off previously, with December's reading of 45.0 the lowest it has been since November 2011. The BSI figures for January and February 2014 were 45.4 and 46.5 respectively. Index values below 50 indicate a decline in business sentiment.¹²⁸
- Meanwhile, the Bank of Thailand's retail sales index experienced a small rebound from its 17-month low of 208.20 in October to hit 224.28 in December 2013. The festive spending by consumers during the year-end holidays no doubt helped to stop the rot, as evidenced by the strong recoveries in the retail sales in non-specialized stores of food, beverages and tobacco, and in the sale of clothing, footwear and leather articles in specialized stores. The index however, remains bogged down by the normalizing of motor vehicle sales.¹²⁹

Monetary

- The Monetary Policy Committee (MPC) reached a majority decision of 4-3 to lower the policy rate by 25bps from 2.25% to 2% on March 12 to counter the downside risks to growth resulting from a period of political impasse. Despite the high inflation, there is still room for further monetary easing.¹³⁰
- 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 2.52% between December 2013 and February this year to THB 16.22tn.¹³¹

Funding & Liquidity

- Yield on the 10-year Thai government security fell steadily throughout Q1, as it ended the quarter on March 31 at 3.72%. This compares with 3.883% at the beginning of the year (January 2).
- The growth of credit to non-financial companies stalled in Q1 as it fell from 1.37% in the previous 3-month period ending November 2013 to 0.4%. Total outstanding credit at the end of February stood at THB 5.36tn, which was practically unchanged from THB 5.34tn in December last year. Loans form the bulk of credit granted at 65.7%, while overdraft facilities and bills made up the rest.¹³²
- Loan rates for corporate borrowers with good credit histories once again improved in Q1 as the average minimum lending rate across commercial banks dropped from 7% in December last year to 6.94% in March. Meanwhile, the average minimum overdraft rate also fell by a marginal 6bps to 7.5% in March after remaining the same for two years.¹³³

Politics

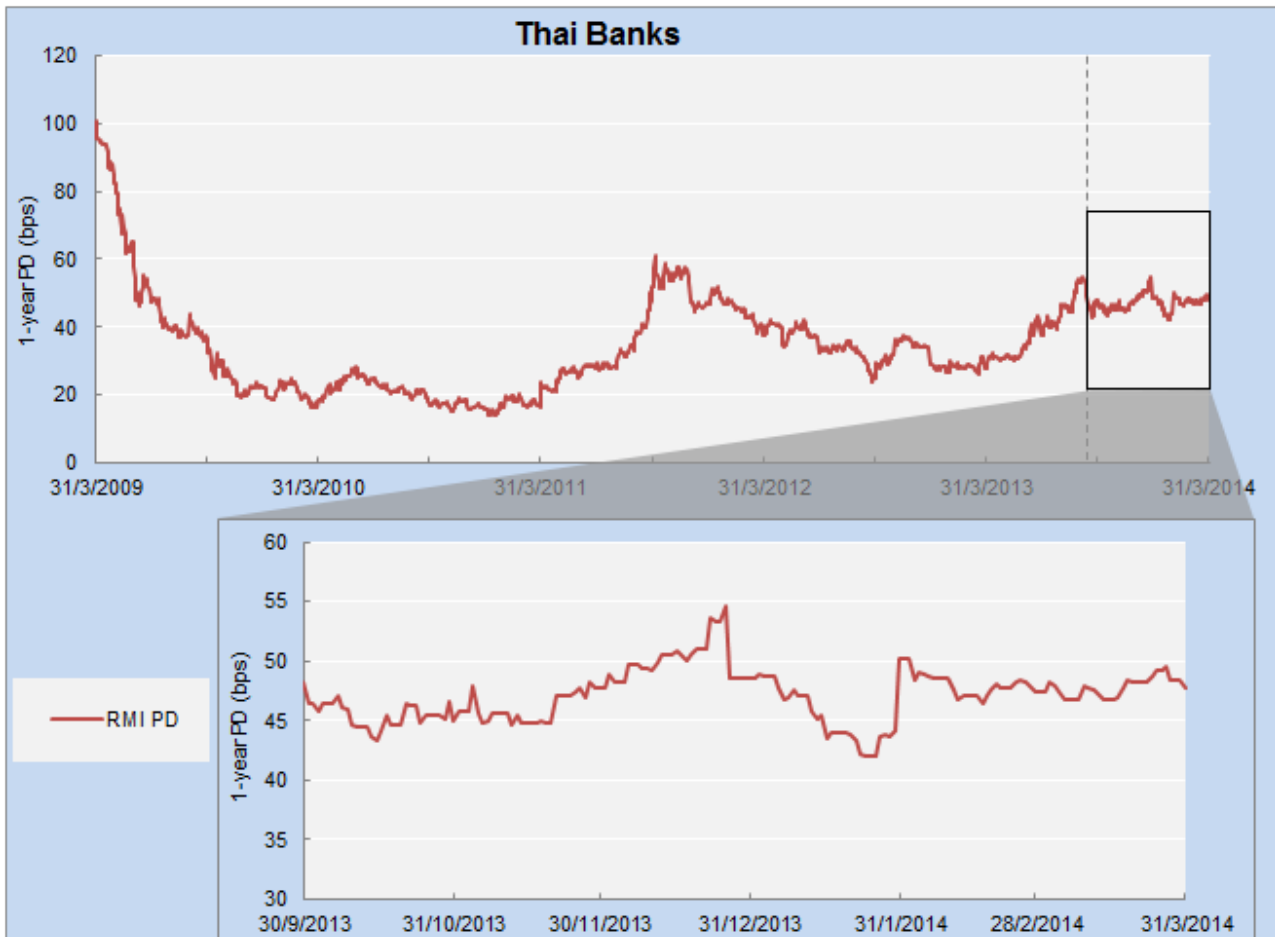
- The situation in the political space has showed negligible if any improvement in the past three months. As per the most recent news reports, Thailand's red shirt (pro government) supporters rallied vowing to protect Prime Minister Yingluck Shinawatra. Shinawatra still faces legal challenges that could possibly remove her from the top job.

Sovereign Credit Ratings

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

Thai Banks

The 1-year aggregate RMI PD for Thai banks was nearly unchanged in Q1 2014. Starting the quarter at 48bps, the aggregate PD ended the quarter at 47bps. Increased lending and low funding costs were countered by a decline in net income growth on a QoQ basis. Over a longer time horizon however, the credit outlook for Thai banks will be tied to the ongoing political crisis in Bangkok and the overall health of the economy.



Profitability

- Earnings of listed Thai banks declining 9.9% QoQ to THB 57.7bn in Q4 after rising 1.2% QoQ to THB 64.1bn in Q3. Their aggregate net income growth on a YoY basis however, was actually 43.3% in Q4 - a tremendous rebound from Q3's six-quarter low of 15.5%.
- Total gross loans issued by Thai commercial banks picked up a higher pace of growth in Q4 2013, as it increased 3.3% from THB 10.85tn to THB 11.21tn.¹³⁴
- The aggregate net interest income of Thai commercial banks in Q4 2013 grew 12.7% YoY to THB 360.8bn from THB 320.1bn a year before, slowing down from the preceding quarter's 13.2% YoY.¹³⁵

Funding & Liquidity

- The 3-month interbank rate BIBOR held firm at 2.39% for most of Q1 before shaving 14 bps in March to end at 2.25%.
- The slower pace of deposit growth in Q4 2013 carried over to the new year, with total deposits at commercial banks registered in Thailand increasing at an identical average rate of 9.9% YoY.¹³⁶

- The average savings deposits rate at commercial banks continued to dip, this time by another 11bps to 0.45% in March. The rate had started the year at 0.565%. Meanwhile, the average rates on 12-month and 2-year fixed deposits fell even more drastically throughout Q1, as the former slid 35 bps to 1.825% and the latter 39 bps to 2.015%.¹³⁷
- Overall liquidity in the Thai banking system improved in Q4 2013, with the average liquidity-to-deposits and borrowings ratio increasing by 3.52 percentage points to 26.57% from 23.05% in Q3. Liquidity had previously retreated for 2 consecutive quarters.¹³⁸

Capital Levels & Regulations

- The average Tier 1 risk-based capital ratio of Thai banks was 11.97% in Q4 2013. Although this represents a slight deterioration from 12.51% in the preceding quarter, Thai banks are on average, still well capitalized.¹³⁹

Asset Quality

- The fraction of gross non-performing loans at Thai commercial banks at the end of 2013 improved to 2.31% from 2.39% in September. They amounted to THB 259bn.¹⁴⁰
- As always, loans for personal consumptions (26.89%) and to the manufacturing sector (29.42%) were the biggest contributors of non-performing loans. Loans for construction and real estate activities meanwhile, had the two highest delinquency rates at 5.44% and 4.31%.

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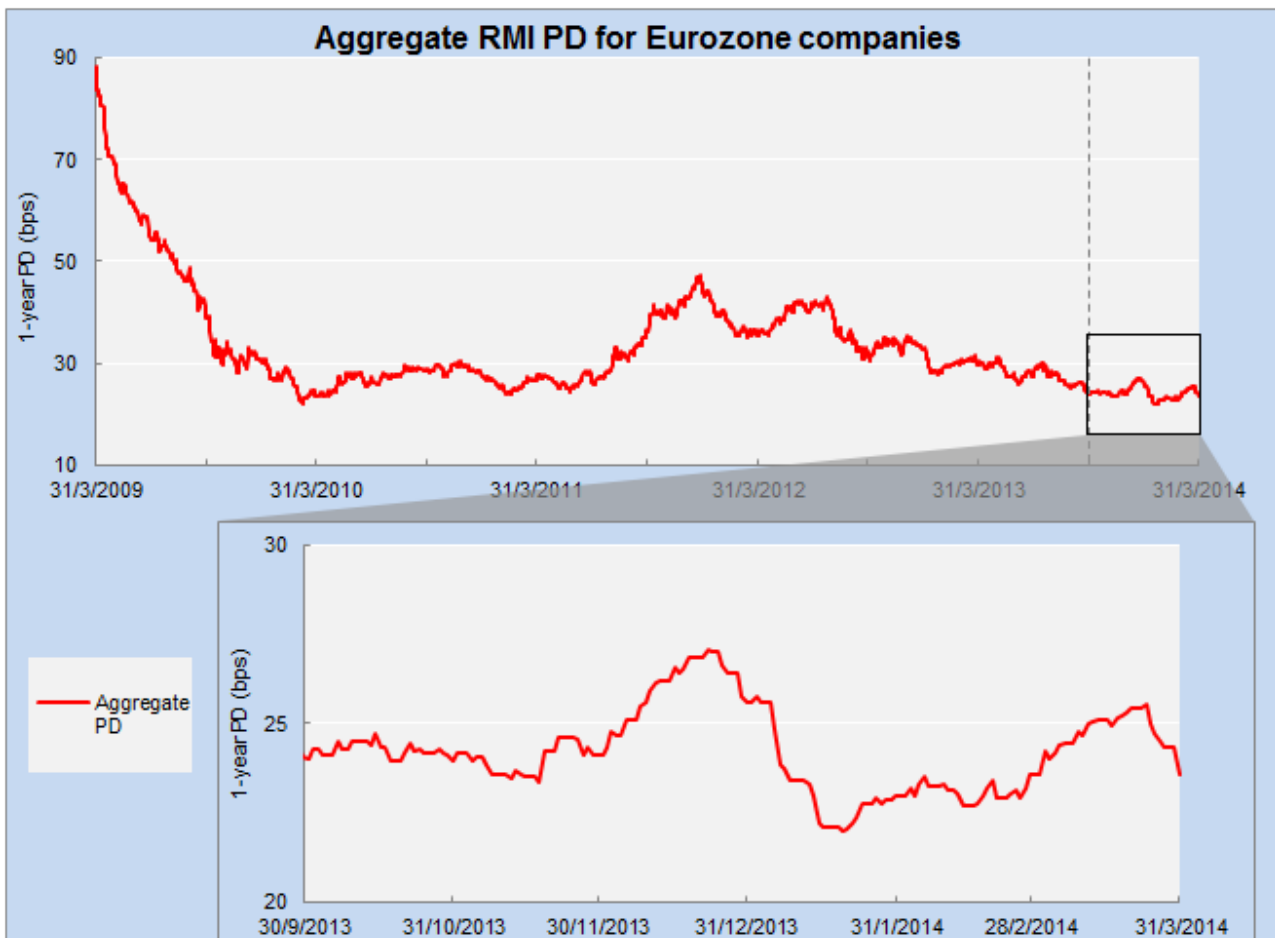
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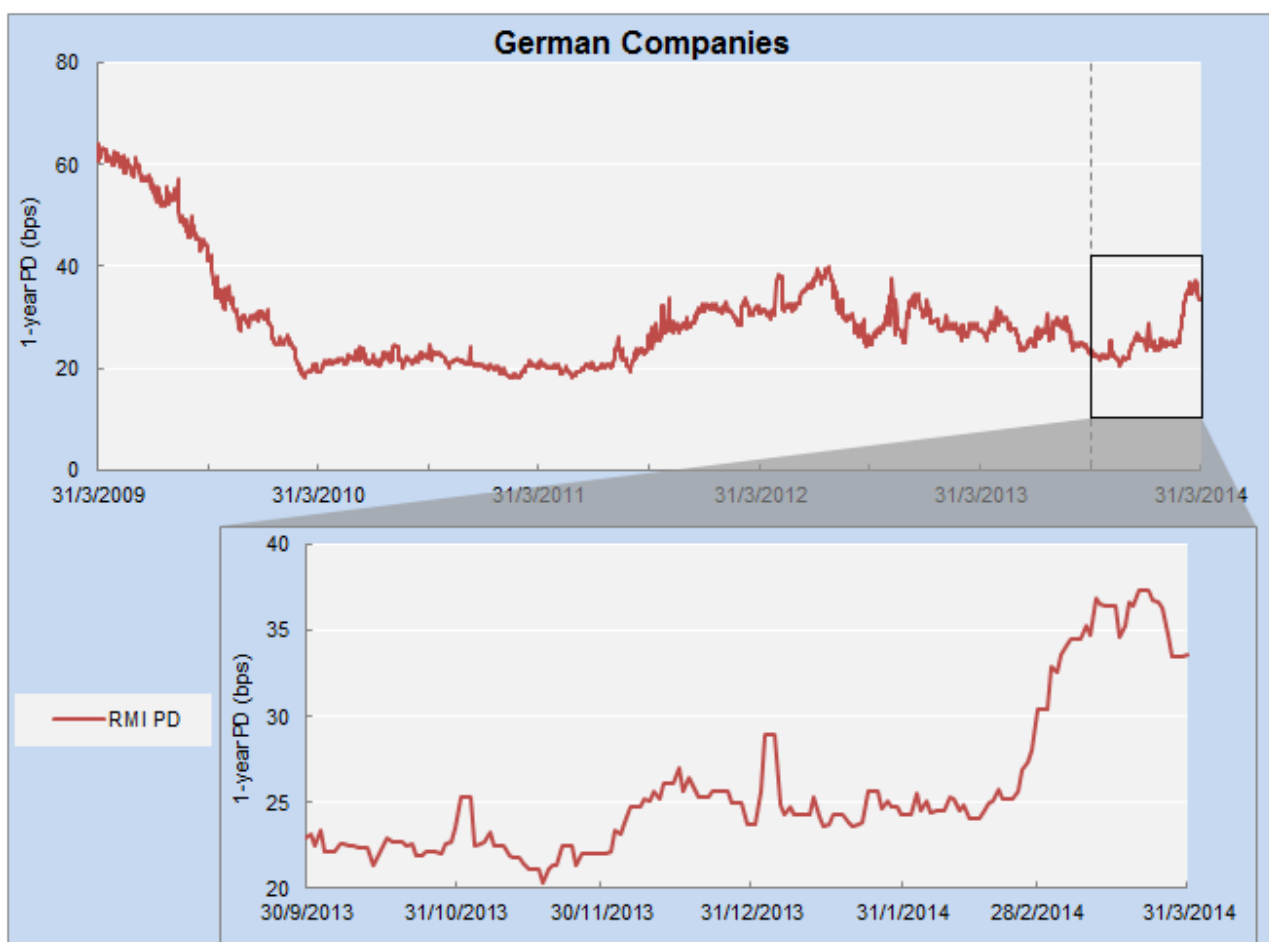
Europe

RMI aggregate PD for Europe continued unabated on its downward trend since late 2012. The 1-year aggregate RMI PD ended Q1 2014 at 23.5bps, slightly lower than last year's final print of 25.6bps. Among the contributing factors for this decline in RMI PD is the improved real GDP growth for the bloc. The aggregate real GDP growth of eurozone has increased to 0.5% - its first increase since Q4 2011. In addition, there is a general decrease on government bond yields of the EU member states. On the flip side, ECB is struggling to increase price levels and money supply. EUR/USD climbed to 1.393 on March 18th, which is the highest value since October 2011. The high value of the Euro is a peril to foreign trade as it weakens the bloc's export competitiveness and amplifies the perception of a looming deflation due to inexpensive imports. On March 6th 2014, the ECB decided to leave the fixed rate unchanged for main refinancing operations at the record low of 0.25%. Despite such low interest rates, the monetary aggregate M3 has not increased and stoked inflation, instead, inflation fell significantly below market forecasts. The latest reading showed that the CPI for Eurozone increased merely 0.5% YoY in February 2014. The PPI in February was at 107.6, 1.7% lower than in the previous year. The results have recently prompted the ECB to consider a negative deposit rate for banks to dissuade them from locking up their cash and kick starting the economy. The ECB is considering QE, but the threat itself has not yet induced the intended decrease of the Euro's value. A member of ECB's executive board indicated that the central bank could buy a broad range of assets with maturities up to 10 years.



German Companies

The aggregate 1-year RMI PD for German companies increased from 23.6 bps in the beginning of January 2014 to 33.6 bps at the end of March 2014. Yet, this is still well below the 40bps levels seen during the European sovereign crisis in mid-2012. The low level reflects the broad-based recovery implied by most of the economic indicators. The forecast of GDP growth was also increased due to a better-than-expected Q1 data. The slight increase in PD, however, is confirmed by the recent decrease of forward looking indicators like the IFO index, the services and manufacturing PMI. Political developments in the Ukraine and thus, the resulting tensions with Russia are also keeping the economy cautious. Recently, several CEOs from a list of 30 largest German companies questioned the use of limited sanctions imposed by the US and European Union on Russia. Germany is among Russia's top economic partners, with close to USD 98bn in total trade between the two countries last year. Berlin has shrug off the impact of economic sanctions against Russia, but business leaders are not interested in seeing the situation escalate to a point that will hurt companies' profits.¹⁴¹



Economy

- The German economy slowly recovered in the course of 2013 with the price adjusted GDP increasing by 0.4% YoY. The trend of the growth is also positive with QoQ growth rates increasing from 0.3% in Q3 and 0.4% in Q4. This development was driven by a strong domestic demand, compensating for a weak beginning at the start of 2013. According to the Federal Ministry for Economic Affairs and Energy, the growth for Q1 2014 will be significantly stronger, amplified by a mild winter, which favored the construction industry. Due to this development, the German Council of Economic Experts (GCEE) revised their estimate for GDP growth in 2014 from 1.6% to 1.9%.^{142,143,144,145}

- Foreign trade remains one of the main pillars of the German economy with an export ratio of 40% and an import ratio of 32.7% of the GDP in 2013. Yet, the total values of exports and imports decreased by 0.2% and 1.1% respectively. However, this resulted in an all-time high export surplus of EUR 197.7bn, which accounting for 7.2% of the 2013 GDP compared to the 7.1% in 2012. Recent developments were positive with the exports in January 2014 being 2.8% higher than in January 2013.^{146,147,148}
- The unemployment rate was stable, from an average of around 5% to the recent 5.5% in February 2014. However, the seasonally adjusted employment rate increased by 0.1% in January 2014 compared to January 2013.¹⁴⁹
- German companies anticipate the economic development in 2014 to be positive but yet remain cautious. The IFO business climate index constantly increased in the course of last 12 months from 106.7 in March 2013 to 110.7 in March 2014. It peaked in February 2014 at 111.3 alongside the above-mentioned correction of the GCEE. The index reflects the aggregate assessments of German firms of the current economic climate and the expectation for the next 6 months. The recent setback is due to insecurity about the political developments concerning the relationship with Russia. Currently, the FDIs inevitably bound to Russia sum up to EUR 19bn. In 2013, exports with Russia were at EUR 36.1bn and imports at EUR 40.4bn underlining the economic interdependence. The German percentage of the EUs total exports to Russia was at 30.21% making Germany especially exposed to the risk of further economic sanctions against Russia.^{150,151,152}

Funding & Liquidity

- In Q1 the yield of the 10 year government bond consistently decreased from a level of 1.93% at the end of 2013 to recent 1.57% at the end of March 2014. The aggregate balance sheet of German monetary institutes (excluding the Bundesbank) shows that total loans to German non-monetary financial institutions moved down from EUR 3207.9bn to EUR 3202.1bn in Q4 2013. In January 2014 however, total loans increased by EUR 8.7bn to EUR 3210.8bn, signaling an increase in capital need for economic recovery. However, on the equity market, there were barely any initial public offerings in January. Market-listed companies issued merely shares for EUR 0.1bn.^{153,154}
- Back in October 2011, the interest on new bank loans to non-financials was at 3.66%. By 2013, the rate had fallen to 2.54%. Since then, it has maintained that level.

Policy

- In Q4 2013, the "Grand Coalition" started as the new government after the federal election in September 2013. It consists of the conservative Party around Angela Merkel's CDU and the second largest party, the Social Democrats. The four major strategic goals of the economic policy of the new government are targeted investment and innovation, the improvement of possibilities and fairness of participation, a successful continuation of the energy reforms and the stabilization and deepening of economic and monetary union in Europe. Recent plans of a minimum wage triggered a discussion whether the consequences might dilute the positive influence of the Agenda 2010.^{155,156,157}

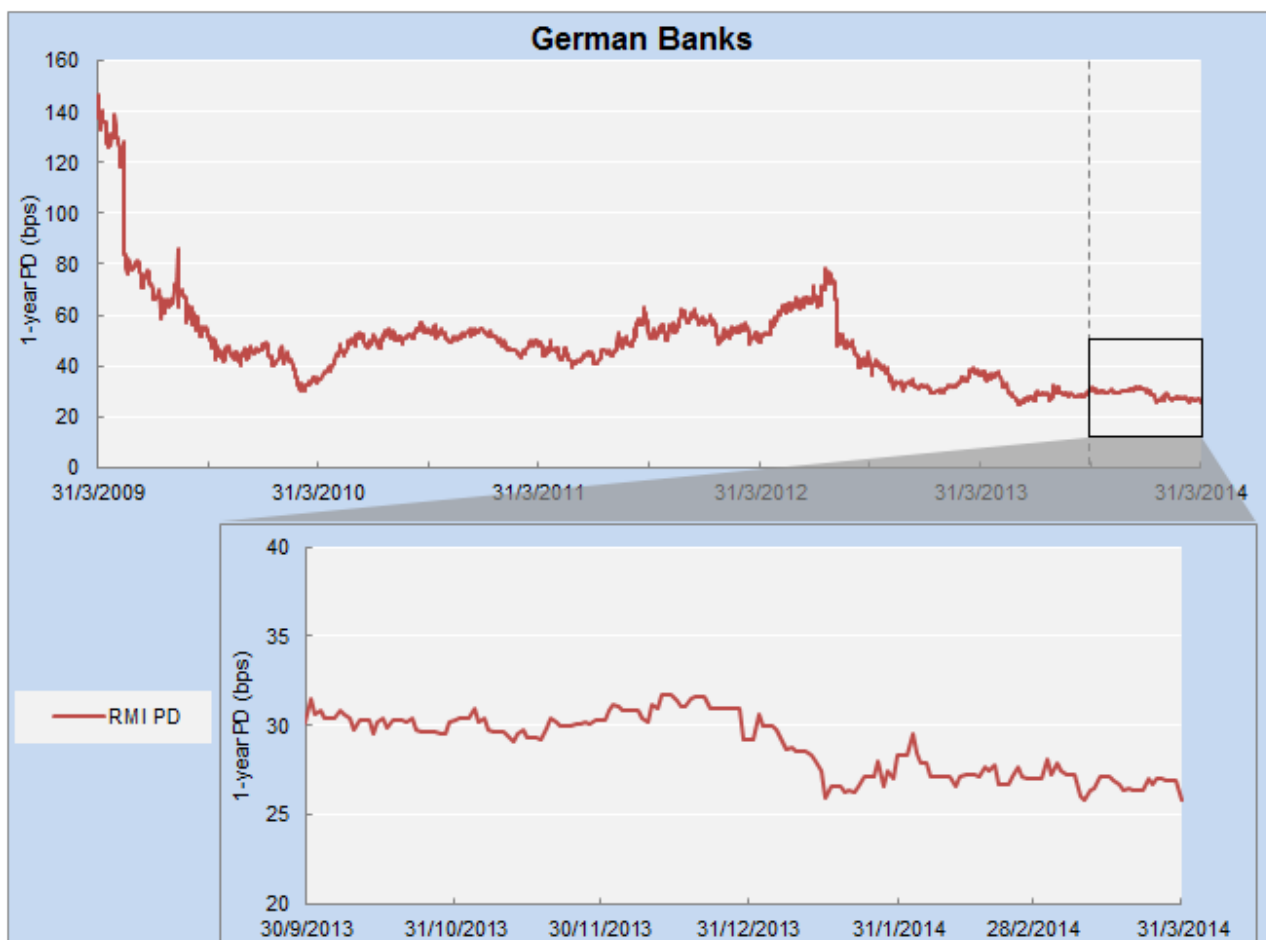
- With a "Stability and Growth-Oriented Domestic and Finance Policy" Germany aims to eliminate the federal budget deficit in structural terms this year and stop adding new debt from 2015. This would be the first time in 46 years. In reality, the net new indebtedness is at EUR 22.1bn for 2013 and EUR 6.5bn more debt is planned for 2014. This total government debts in would be the lowest value in 40 years. The debt to GDP ratio has decreased from 81% in 2012 to 79.6% in 2013. The ultimate objective is to achieve 60% as dictated by the European Union in the framework of the Stability and Growth Pact.^{158,159,160}

Sovereign Credit Ratings

- All three international credit rating agencies rate Germany as top credit (AAA, Aaa) with a stable outlook. In February 2014 Moody's upgraded the outlook from 'negative' to 'stable' due to the "increased cooperation among European Union members to reduce economic contagion in the region." Further, the debt-to-GDP ratio development along with the progress in the fiscal consolidation is considered to have a significant positive influence.¹⁶¹

German Banks

The 1-year RMI PD for German banks stayed nearly constant around 25 bps throughout Q1 of 2014. During the European Crisis in 2012, the PD had moved between 78bps and 32 bps. The transition to this new low level indicates more stability in the German banking sector. Main driver for the stability are the dictated capital regulations by Basel III. German banks increased their equity ratio by reducing their sum total assets. In turn, the reduction of the total assets was mainly due to a decrease of accounts receivable of the monetary institutions with each other. The Bundesbank states that the 'callback' of deposit positions is a direct consequence of the regained trust in the euro-zone.



Profitability

- Deutsche Bank increased the aggregated net income from EUR 316mn in 2012 to EUR 681mn in 2013. Following the income increase of Germany's biggest bank, Commerzbank AG turned the profit around from last year's loss of EUR47mn to a profit of EUR 78mn. The HVB Group AG net income was at EUR 1.074bn. However, this was a decrease from the 2012 profit of EUR 1.287bn.¹⁶²
- A proxy for assessing the profitability and competitiveness of German bank - the spread between lending and deposit rates, stayed around 327 bps throughout 2013, ending at 326 bps.¹⁶³

Funding & Liquidity

- Total deposits of German banks from non-MFIs increased from EUR 3101.5bn at the end of October 2013 to EUR 3126.9bn at the end of January 2014. This increased the proportion of customer deposits to total (non-interbank) loans from 80.74% at the end of Q3 2013 to 84.54% at the end of Q4 2013.

- The aggregated liquid assets to short-term liabilities ratio for German banks remained constant around 140% throughout 2013 after decreasing from 144.17% at the end of 2012.

Capital Levels & Regulations

- The regulatory capital to risk-weighted assets ratio steadily increased from 17.91% at the end of Q1 2013 to 19.16% at the end of 2013. This is mainly due to the reduction of total assets from EUR 8,110.4bn in January 2013 to EUR 7610.5bn in January 2014.¹⁶⁴
- Aggregated regulatory tier 1 capital to risk-weighted assets of German banks constantly improved in 2013. At the end of Q1 2013 it was at 14.27%, and it eventually increased to 15.57% at the end of Q4 2013.¹⁶⁵
- According to the head of the Association of German Banks, German banks are generally well prepared for the upcoming ECB stress test, underlining that the domestic banks increased equity by EUR 100bn since 2007.¹⁶⁶

Asset Quality

- For the ECB Asset Quality Review, the focus of German banks lies on housing mortgages and shipping loans. For the former, German banks try to avoid additional costs because of a revaluation that has to be in line with the regulations. For the latter, Moody's predicts a worsening of the asset quality as shipping companies struggle to service their loans. Total loans given to the crisis-ridden industry summed up to EUR 105bn.^{167,168}
- Deducing from Deutsche Banks increased provision for loan losses from EUR 4.692bn to EUR 5.589bn and their reduction in the amount of total assets, the overall quality of assets left must have deteriorated. The Commerzbank was able to improve its asset quality by lowering the exposure to defaulting assets. The bank reduced their exposures to these toxic securities by EUR 35bn to EUR 116bn in 2013.^{169,170}

¹⁴¹ Mar 31, 2014, [Siemens CEO Rebuked as German Business Defends Putin Partnership](#), Bloomberg, bmwi.de

¹⁴² Feb 25, 2014, [National Accounts](#), Federal Statistical Office, destatis.de

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¹⁴⁴ Mar 12, 2014, [The economic situation in Germany in March 2014](#), Federal Ministry for Economic Affairs and Energy, bmwi.de

¹⁴⁵ Mar 21, 2014, [German 'Wise Men' upgrade 2014 growth forecast](#), Channel NewsAsia, channelnewsasia.com

¹⁴⁶ Apr 08, 2014, [Foreign Trade Export Ratio](#), Federal Statistical Office, destatis.de

¹⁴⁷ Apr 08, 2014, [Foreign Trade Import Ratio](#), Federal Statistical Office, destatis.de

¹⁴⁸ Apr 08, 2014, [Foreign trade balance as a percentage of GDP](#), Federal Statistical Office, destatis.de

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¹⁵⁰ Mar 25, 2014, [Ifo Business Climate Index Falls](#), Center for Economic Studies Ifo Institute, cesifo-group.de

¹⁵¹ Mar 25, 2014, [Ifo-Index: German Companies Fear Consequences Of Crimea Crisis](#), Spiegel, spiegel.de

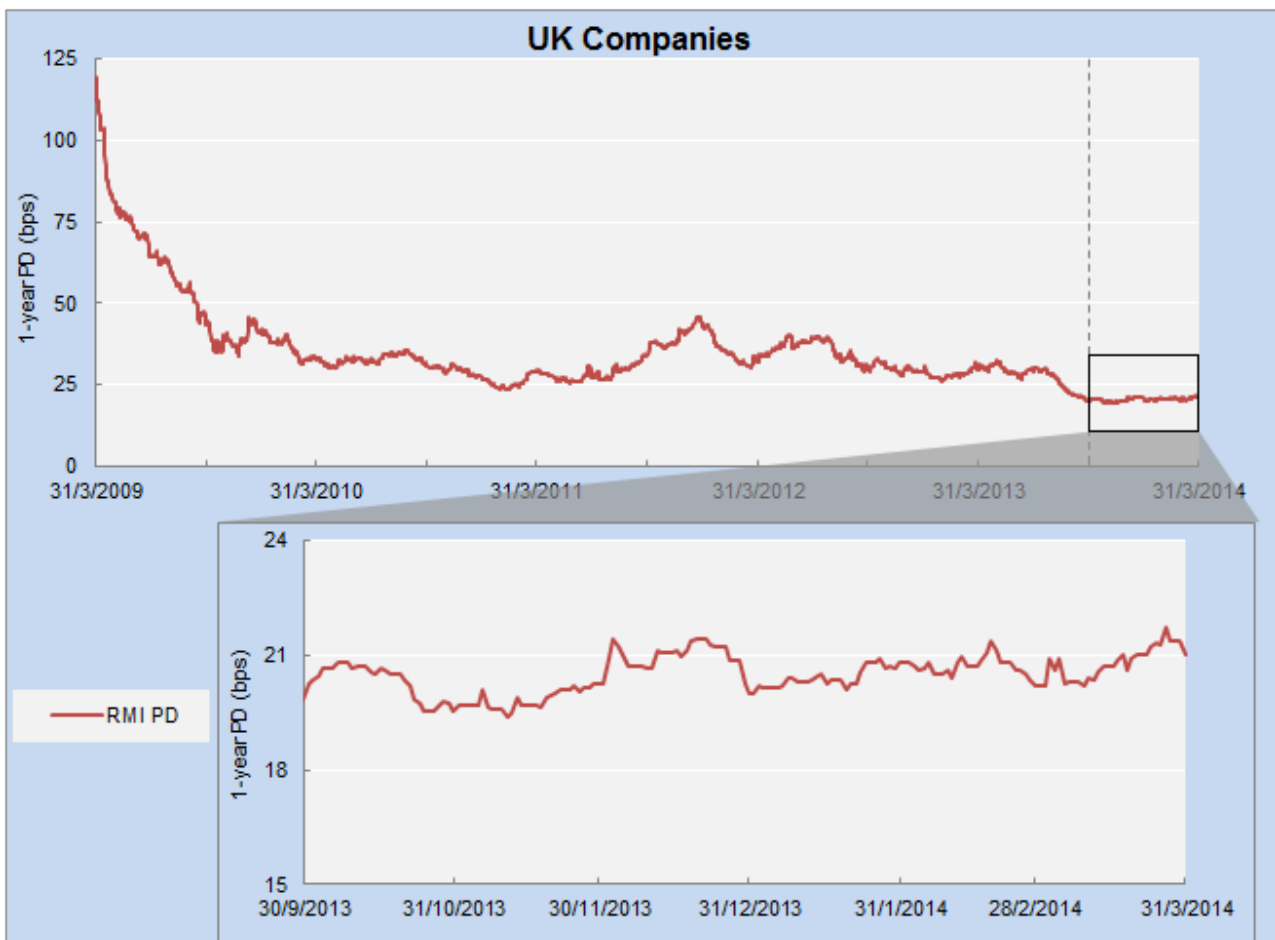
¹⁵² Mar 23, 2014, [Germany Is Suffering Due To Sanctions](#), Welt, welt.de

¹⁵³ Mar 24, 2014, [Monthly Report March 2014](#), Deutsche Bundesbank, bundesbank.de

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- ¹⁶⁰Mar 25, 2014, [Monthly Report Of The Federal Ministry of Finance](#), Federal Ministry of Finance, bundesfinanzministerium.de
- ¹⁶¹Feb 28, 2014, [Moody's changes outlook on Germany's Aaa government bond rating to stable from negative; rating affirmed](#), Moodys, moodys.com
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- ¹⁶⁴Apr 08, 2014, [Core set of indicators](#), Deutsche Bundesbank, bundesbank.de
- ¹⁶⁵Apr 08, 2014, [Core set of indicators](#), Deutsche Bundesbank, bundesbank.de
- ¹⁶⁶Mar 27, 2014, [Association of German Banks: ECB/EBA stress test is demanding German banks well prepared](#), Association of German Banks, germanbanks.bankenverband.de
- ¹⁶⁷Mar 11, 2014, [German banks win lighter ECB scrutiny](#), Financial Times, ft.com
- ¹⁶⁸Dec 10,2013, [Moody's Foresees Bad Shipping Loans Increasing at German Banks](#), Bloomberg, bloomberg.com
- ¹⁶⁹Mar 20, 2014, [Annual Report 2013](#), Deutsche Bank, db.com
- ¹⁷⁰Feb 13, 2014, [Commerzbank logs solid 2013 profit, makes progress on toxic asset sale](#), DW, dw.de

UK Companies

The one-year aggregate PD for UK companies moved in a very tight range through the quarter. After ending the previous quarter at 21bps, Q1 2014 saw the RMI PD increase by merely 1bp. UK economy growth took a significant upturn with GDP growth of 2.7%, beating market forecasts. However in certain aspects, it suffers a similar economic situation as continental Europe, as the recovering is coupled with a downward trend in the inflation rate. The money supply growth M4 was flat MoM despite record low interest rates. Accordingly, the pound has also held up with the GBP/USD FX Spot rate rising to 1.66 from 1.65 at the end of the last quarter. The credit situation has marginally improved with 5y government CDS tightening from 26bps to 22.5bps. In conclusion, the sentiment is mixed as the economy still has to prove whether the recovery is solidly grounded. Major positive developments like the decrease in the unemployment rate or improved lending forecasts to large and mid-sized firms were offset by uncertainty in inflation and the recent actual lending data. Forward looking indicators are pointing towards the high side despite the latest data showing a decrease.



Economy

- The latest GDP number (for Q4 2013) showed economy grew by 2.7%YoY, an improvement from the previous growth rate of 1.8% YoY. Industrial production has also increased steadily, rising from 1.9%YoY in December last year to 2.7%YoY by February this year.

- Inflation remains low - as is the case for most of Europe. CPI has slowed down consistently over the past nine months, falling from 2.9%YoY in June last year to 1.6%YoY in March 2014.
- There was a larger than expected fall in the unemployment rate to 7.4% in the three months to October 2013 and then to 7.1% in the three months to November.
- Growth in manufacturing activity slowed during Q1 2014, as gauged by the Markit Manufacturing PMI. The PMI number slipped from 56.9 at the end of last year to 55.3 in March this year. There was little disappointment in this as the number remains above 50- showing an expansion in manufacturing activity.

Policy

- Continuing with its accommodative monetary policy stance, the Bank of England kept its benchmark policy rate at 0.5%. The asset purchase program was also maintained at GBP 375bn, unchanged since July 2012.¹⁷¹
- The central bank said that the expectation of a rate increase in the next twelve months has now increased to 40%. This is the highest in two years.¹⁷²

Funding & Liquidity

- Bank of England's policy of keeping interest rates seems to be delivering results finally - as gauged by central bank's quarterly survey of credit conditions. Bank of England said that lenders reported a significant increase in demand for loans from large and mid-sized firms in Q1 2014. The bank added that this figure is likely to expand over the next three months as well. Note that the survey's upbeat outlook was not reflected in actual lending data. In February 2014, loan repayments exceeded new borrowing by GBP 750mn. However, the pace of contraction has slowed down in the past few months.¹⁷³

Politics

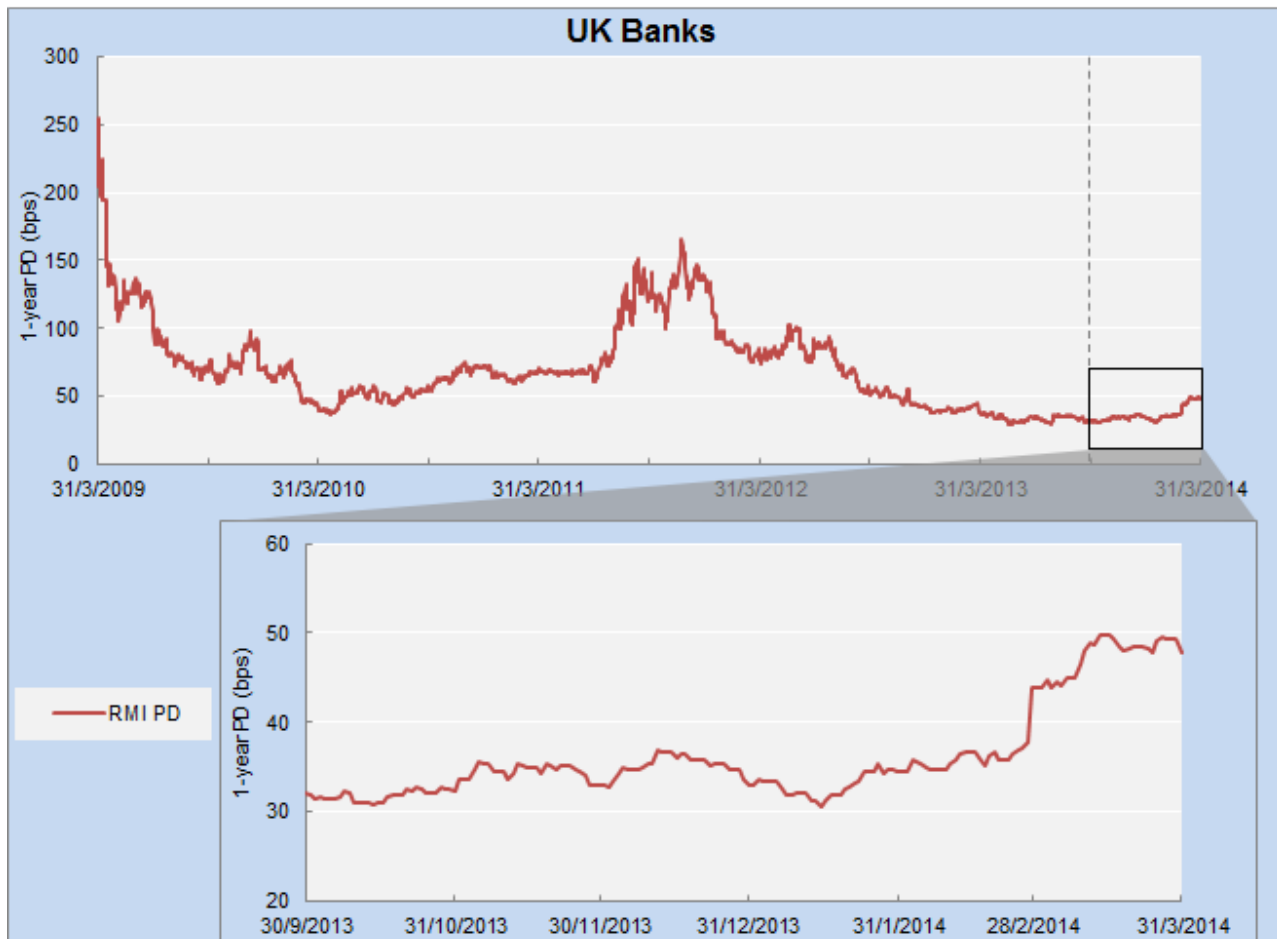
- Labour and Conservatives remain in a close fight for the public's votes in the run up to May 2015 general elections. As per a recent poll, the Labour party is favoured by 36% of the voters, 3% above the Conservatives. The Liberal Democrats and the UK Independence party are favored by 11% of the voters each.¹⁷⁴
- Even though the referendum for Scotland's independence is only scheduled for September this year, there were plenty of developments and discussions surrounding the same in the first quarter of this year. At the forefront was the topic of the currency that would be used by an independent Scotland. Chancellor George Osborne and Treasurer Danny Alexander denied that there would be any currency union with Scotland.¹⁷⁵

Sovereign Credit Ratings

- United Kingdom sovereign credit ratings were unchanged through this quarter as well. After downgrades from Fitch and Moody's in 2013, United Kingdom has maintained its foreign currency long-term rating. Fitch rates the debt one notch below top rating at AA+, likewise for Moody's which gives an Aa1 rating. S&P however, continues to hold the rating at AAA.
- In February this year, S&P warned that Scotland, if it becomes independent, would struggle to match the AAA credit rating of the United Kingdom. While the rating agency highlighted a number of positives, it pointed out that the AAA rating for UK depended on its power to issue a global reserve currency.¹⁷⁶

UK Banks

Aggregate 1-year RMI PDs for UK banks rose nearly 15bps in Q1 2014. Despite improvements on some fronts, legacy challenges persisted, slowing down the pace of recovery. Branch closures and job cuts were predominant in the sector. Litigation charges also took its toll on UK lenders. An increase in the availability of credit to households and corporates and an overall increase in demand for credit were amongst the positives for the banking sector in Q1 2014.¹⁷⁷



Profitability

- Even an improving economy and easier credit conditions have failed to propel UK's banking system into profitability. Litigation charges and to a smaller extent, turmoil in emerging markets have held back the banks from making gains. Among the biggest five lenders in the UK only HSBC and Standard Chartered's net income was positive. HSBC's net income for Q4 2013 was at GBP 1.68bn while Standard Chartered's net income for the second half of 2013 was a GBP 1.2bn. RBS suffered a staggering loss of GBP 8.7bn while Lloyds and Barclays are still bruised from losses of GBP 1bn and GBP 0.65bn respectively.

Funding & Liquidity

- There was no change in funding costs, as gauged by the 3m interbank GBP LIBOR which stayed in a tight range throughout the quarter. At 0.52% now, the interbank rate is near the same level where it began the quarter. Ease of funding is not expected to change too soon with the central bank sticking to its low interest rates policy.

Asset Quality

- As per the Bank of England's credit conditions survey, defaults on loans given decreased significantly during the quarter. The default rate on secured loans to households fell by 39.7% in Q1 2014 with total losses reducing by 48.4%. The default rate on unsecured loans and credit card loans has also reduced by over 20%.
- The trend was similar for the default rate on lending to medium and large businesses—default rates dropped 12.8% and 7.6% respectively. However, lending to small businesses was the only laggard as default rate increased 8.4% in Q1 2014.¹⁷⁸
- The government announced that it is willing to share a burden of the losses on small businesses in attempts to encourage banks to lend more to these small businesses. The 'wholesale guarantee' scheme offers a government backed guarantee to lenders that covers a portion of the credit losses that they incur on SME lending portfolios.¹⁷⁹

¹⁷¹ March 6, 2014, [Bank of England maintains Bank Rate at 0.5% and the size of the Asset Purchase Programme at 375 billion](#), Bank of England, bankofengland.co.uk

¹⁷² March 7, 2014, [BOE Says Rate-Increase Expectations Rose to Two-Year High](#), Bloomberg, bloomberg.com

¹⁷³ April 3, 2014, [U.K. Demand for Business Loans Pick Up, Bank of England Survey Shows](#), Wall Street Journal, wsj.com

¹⁷⁴ March 31, 2014, [Labour's opinion poll lead drops to just three points as Tories enjoy post-Budget 'mini-bounce'](#), The Independent, independent.co.uk

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¹⁷⁶ February 27, 2014, [S&P warns Scotland would struggle to match UK credit rating](#), Financial Times, ft.com

¹⁷⁷ April 3, 2014, [Credit Conditions Survey 2014 Q1](#), Bank of England, bankofengland.co.uk

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¹⁷⁹ March 24, 2014, [New UK government scheme to boost small business lending](#), Financial Times, ft.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 April 11, 2014, using data up to March 31, 2014. For a detailed description of RMI's default forecast model, the [Technical Report](#) is available on our website.

Appendix [A](#) provides 1-year aggregate PD by economy and sector. For each economy, the graph on the left shows the time series of 1-year aggregate PD for all exchange listed firms within the economy (thick blue, left axis), and the time series of the number of firms with PD (thin orange, right axis). The table on the right provides the mean and standard deviation of PDs for firms within ten industry sectors at the end of Q4 2013 and Q1 2014. 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.

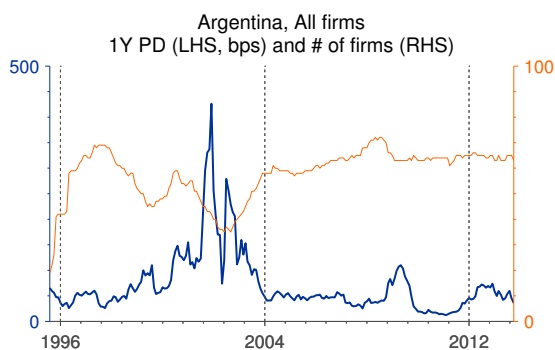
Appendix [B](#) gives 1-year aggregate PD by the seven regions of Asia-Pacific developed, Asia-Pacific emerging, North America, Latin America, Eastern Europe, Western Europe and Africa & the Middle East. The top two graphs of each regions show the time series of the distribution of Probability of Default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

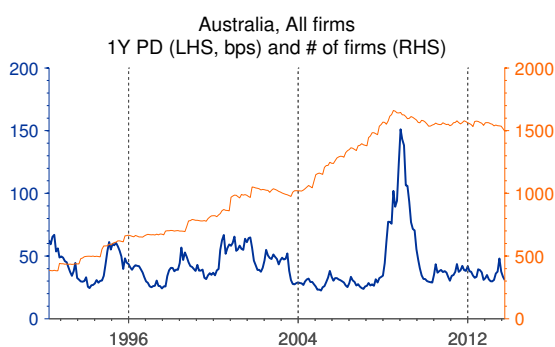
Appendix [C](#) provides common macroeconomic, corporate credit and sovereign risk indicators for each economy along with the 1-year aggregate PD for financial and non-financial firms. The graphs on the left give historical context to the values, and the table on the right give the data from the previous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

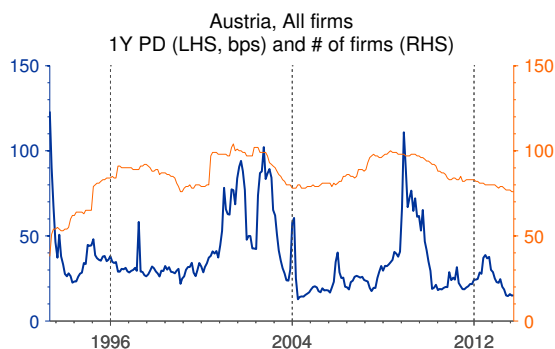
A PD by economies



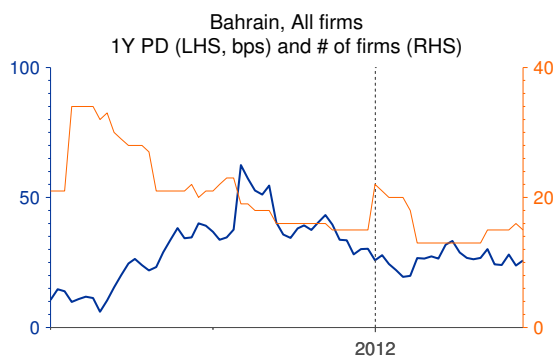
Argentina	2013Q4		2014Q1		Q1-Q4		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	15.1	10.8	14.0	10.6	-1.0	3.6
Basic Materials	6	27.1	33.7	44.8	55.3	17.7	42.8
Communications	5	10.3	10.4	10.1	9.0	-0.2	3.8
Consumer Cyclical	6	23.3	17.4	22.6	14.2	-0.7	7.5
Consumer Non-cyclical	14	32.6	37.1	26.3	36.9	-6.4	14.3
Diversified	1	21.1	-	33.4	-	12.2	-
Energy	3	12.4	1.7	11.8	2.0	-0.6	3.2
Industrial	6	25.4	18.7	30.4	27.9	5.1	15.2
Technology	1	8.6	-	4.5	-	-4.1	-
Utilities	8	45.8	31.7	31.9	21.7	-13.8	15.1



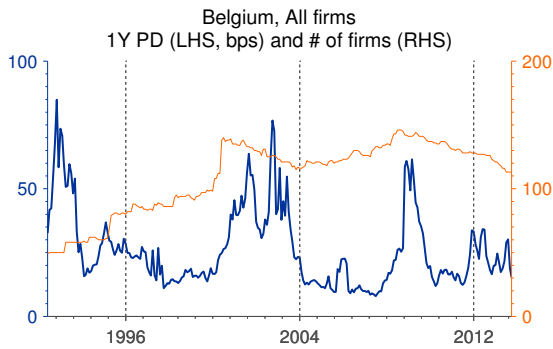
Australia	2013Q4		2014Q1		Q1-Q4		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	141	16.3	39.7	16.0	44.8	-0.4	26.4
Basic Materials	662	41.6	87.9	37.6	74.2	-4.0	62.2
Communications	65	17.3	30.1	15.3	26.9	-1.9	13.8
Consumer Cyclical	66	10.0	22.9	10.5	24.6	0.5	9.1
Consumer Non-cyclical	172	11.9	25.9	14.7	46.8	2.8	25.1
Diversified	7	5.3	6.8	5.5	7.7	0.2	1.9
Energy	198	32.8	49.9	39.2	78.9	6.4	53.8
Industrial	111	23.3	57.3	31.4	81.9	8.1	54.6
Technology	36	12.8	27.1	16.0	33.9	3.2	10.9
Utilities	14	30.7	86.4	49.7	149.4	19.0	63.2



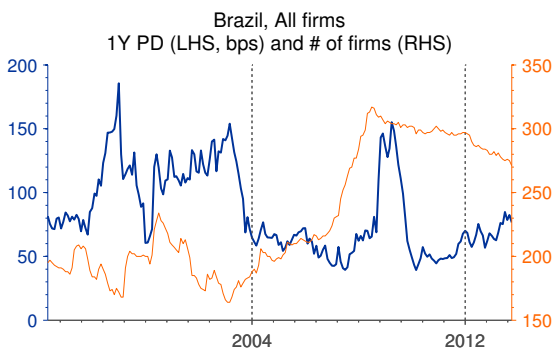
Austria	2013Q4		2014Q1		Q1-Q4		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	20	18.2	27.6	14.6	26.9	-3.6	8.4
Basic Materials	5	6.7	5.5	6.5	5.0	-0.2	0.9
Communications	2	7.1	2.0	6.1	1.7	-1.1	0.4
Consumer Cyclical	13	33.2	64.2	32.3	73.4	-0.9	17.1
Consumer Non-cyclical	8	18.6	17.3	13.4	10.2	-5.3	7.6
Energy	4	3.0	1.7	4.2	1.9	1.2	1.9
Industrial	18	18.2	35.7	13.0	25.3	-5.2	11.1
Technology	5	7.1	1.9	6.6	4.0	-0.5	2.9
Utilities	2	3.2	2.0	3.6	1.0	0.5	1.0



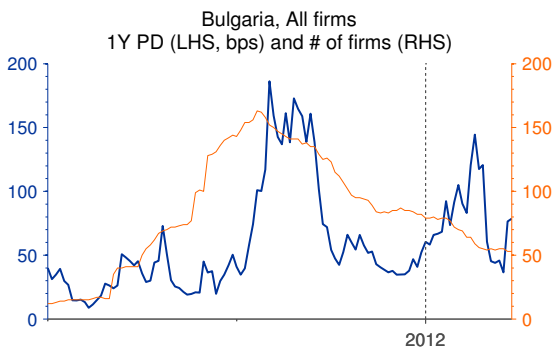
Bahrain	2013Q4		2014Q1		Q1-Q4		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	15	21.8	14.5	19.7	15.8	-2.1	7.9



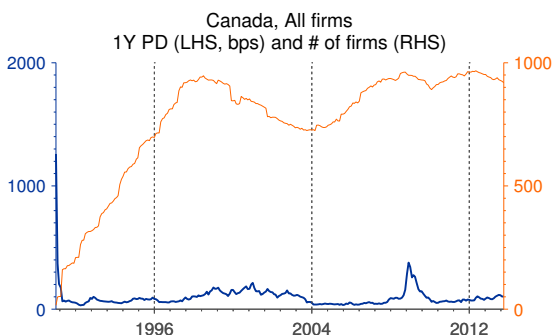
Belgium	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	29	18.4	69.9	16.9	67.8	-1.5	5.4
Basic Materials	8	9.6	12.1	6.8	8.4	-2.9	4.7
Communications	6	14.5	8.2	11.0	6.1	-3.5	5.0
Consumer Cyclical	6	4.9	6.9	5.8	8.9	0.9	2.3
Consumer Non-cyclical	22	5.7	4.9	5.2	5.4	-0.5	1.9
Diversified	7	26.6	69.4	20.1	51.5	-6.6	17.9
Energy	1	176.4	-	176.4	-	0.0	-
Industrial	21	11.3	17.1	9.4	14.8	-1.9	3.2
Technology	7	9.2	12.5	8.0	10.2	-1.1	2.6
Utilities	2	1.9	0.7	0.9	0.9	-1.0	0.2



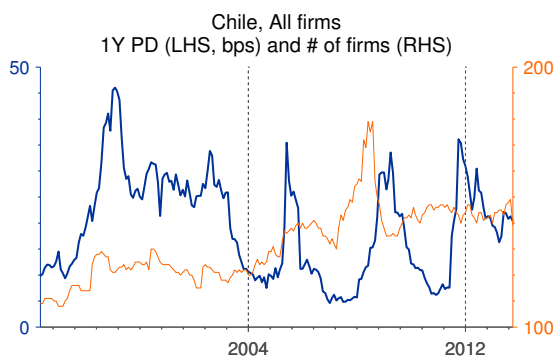
Brazil	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	62	67.9	113.7	79.7	130.9	11.8	40.9
Basic Materials	21	93.7	176.8	132.1	317.3	38.3	166.7
Communications	8	50.2	87.7	53.6	73.1	3.4	23.4
Consumer Cyclical	48	72.3	174.3	80.2	181.2	8.0	45.8
Consumer Non-cyclical	46	54.2	137.6	66.7	163.3	12.5	42.4
Diversified	7	54.4	55.4	43.4	61.1	-11.1	14.9
Energy	4	147.2	248.8	122.2	193.7	-25.0	55.8
Industrial	30	120.4	170.7	121.3	175.4	0.8	58.8
Technology	4	0.4	0.7	0.5	0.5	0.1	0.2
Utilities	29	41.3	65.7	47.6	98.4	6.3	47.7



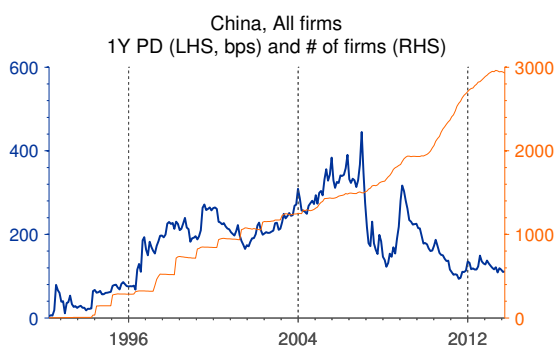
Bulgaria	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	15	13.3	9.7	10.6	8.1	-2.7	5.2
Basic Materials	3	13.9	5.9	12.3	4.3	-1.7	2.5
Consumer Cyclical	1	10.9	-	13.7	-	2.8	-
Consumer Non-cyclical	10	28.9	50.9	23.2	34.9	-5.8	17.3
Diversified	9	23.2	11.5	15.5	11.0	-7.8	7.4
Energy	3	898.9	1452.5	201.8	284.6	-697.1	1168.8
Industrial	9	9.9	10.6	6.2	5.1	-3.7	6.2



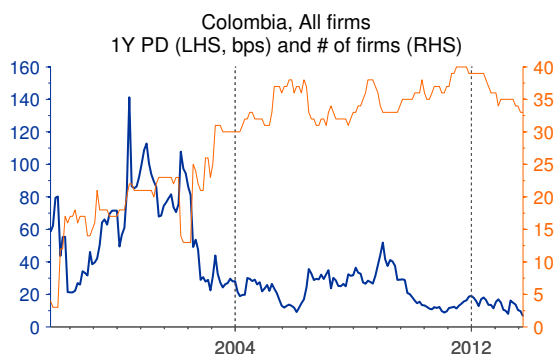
Canada	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	114	24.9	57.1	77.9	643.5	52.9	614.8
Basic Materials	297	130.6	327.6	100.3	303.9	-30.3	216.5
Communications	46	47.7	91.4	60.5	149.8	12.8	107.0
Consumer Cyclical	64	27.7	72.5	59.8	301.9	32.1	250.2
Consumer Non-cyclical	88	79.9	230.7	36.3	84.0	-43.6	212.1
Diversified	6	15.7	10.3	24.8	23.5	9.1	16.1
Energy	143	84.1	222.1	53.1	142.4	-31.0	109.5
Industrial	71	91.1	307.0	60.0	180.4	-31.1	202.9
Technology	29	226.5	758.8	70.6	217.7	-155.9	543.6
Utilities	13	11.1	19.2	4.9	6.9	-6.3	13.4



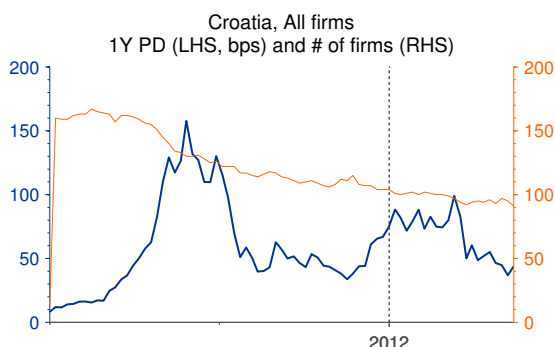
Chile	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	28	13.1	20.8	15.7	20.7	2.6	8.4
Basic Materials	13	28.3	66.9	20.4	29.4	-8.0	41.1
Communications	4	3.6	2.4	7.7	4.3	4.1	4.7
Consumer Cyclical	14	20.7	32.3	23.0	35.6	2.3	17.1
Consumer Non-cyclical	30	25.8	47.5	20.2	37.5	-5.6	22.2
Diversified	7	5.7	8.2	10.6	13.1	4.9	6.9
Industrial	19	17.1	21.0	19.6	22.8	2.4	6.7
Technology	1	1.1	-	0.7	-	-0.3	-
Utilities	16	3.7	4.3	3.6	3.3	-0.1	4.0



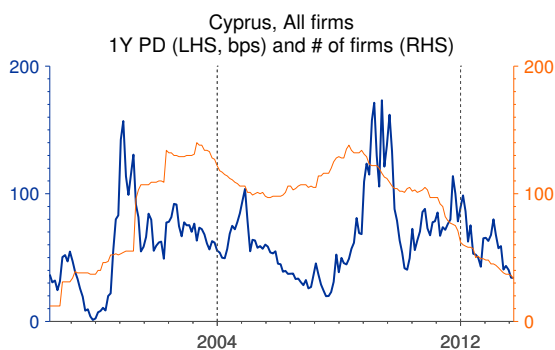
China	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	215	109.4	135.4	101.8	97.7	-7.6	73.5
Basic Materials	363	161.5	129.9	155.4	122.9	-6.1	45.2
Communications	157	66.9	115.6	62.6	93.4	-4.3	37.0
Consumer Cyclical	497	103.8	99.7	98.3	88.4	-5.5	31.9
Consumer Non-cyclical	440	85.6	115.5	85.9	124.3	0.4	33.3
Diversified	32	164.9	97.2	156.1	87.7	-8.8	30.5
Energy	85	80.9	77.5	89.5	84.3	8.7	28.7
Industrial	828	108.0	99.2	104.5	91.1	-3.5	34.1
Technology	158	62.0	70.3	57.8	60.4	-4.3	28.3
Utilities	74	151.9	118.9	148.8	113.1	-3.1	36.8



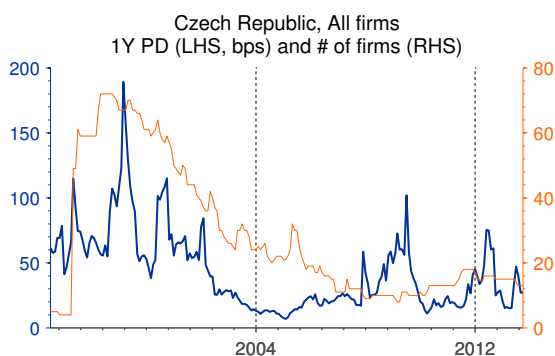
Colombia	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	19.2	38.1	12.8	21.2	-6.3	42.9
Basic Materials	2	7.0	9.3	7.1	8.9	0.1	0.4
Communications	1	3.0	-	2.1	-	-0.9	-
Consumer Cyclical	2	6.5	8.4	5.9	7.1	-0.6	1.4
Consumer Non-cyclical	1	0.0	-	0.5	-	0.5	-
Diversified	1	32.4	-	5.1	-	-27.3	-
Energy	3	7.3	5.7	11.7	11.8	4.3	6.5
Industrial	6	22.3	31.4	29.5	52.1	7.3	21.6
Utilities	4	10.2	14.4	8.9	11.3	-1.2	3.3



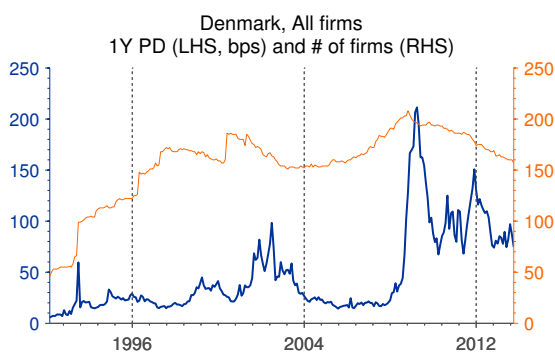
Croatia	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	23.1	21.1	27.5	30.6	4.4	12.1
Basic Materials	2	19.0	3.8	78.9	69.0	59.9	65.2
Communications	3	47.5	80.9	71.8	123.1	24.3	42.2
Consumer Cyclical	28	58.8	153.5	37.5	76.6	-21.3	83.5
Consumer Non-cyclical	24	28.2	41.4	30.8	37.3	2.6	14.5
Diversified	1	16.9	-	25.7	-	8.8	-
Energy	2	0.7	0.6	1.4	1.8	0.8	1.2
Industrial	16	54.3	56.2	65.3	46.5	11.0	43.5



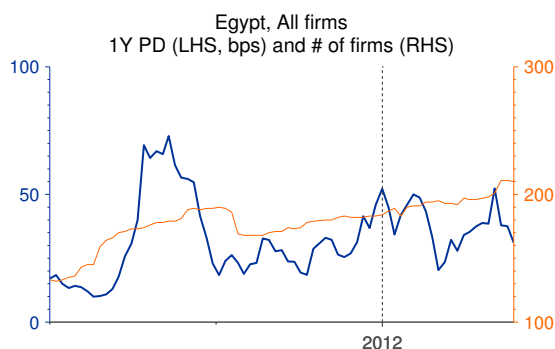
Cyprus	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	10	29.5	36.2	21.7	21.4	-7.9	16.1
Basic Materials	1	13.0	-	9.1	-	-3.9	-
Communications	1	2.6	-	17.4	-	14.8	-
Consumer Cyclical	5	28.8	16.1	25.4	15.9	-3.3	23.3
Consumer Non-cyclical	5	32.7	27.0	20.2	9.2	-12.5	24.4
Energy	5	39.7	44.4	54.2	58.7	14.5	17.0
Industrial	5	14.5	7.8	17.4	7.8	2.9	8.1
Technology	1	19.2	-	7.6	-	-11.6	-



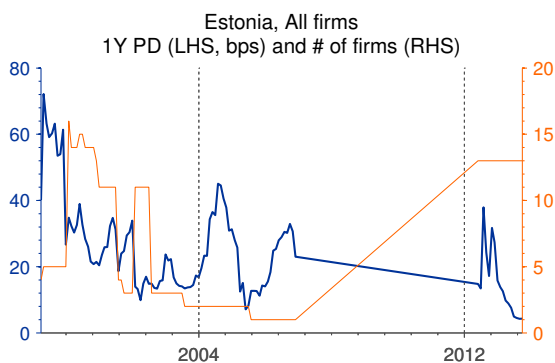
Czech Republic	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	1	8.2	-	7.2	-	-1.1	-
Communications	1	3.9	-	2.6	-	-1.4	-
Consumer Cyclical	2	2.7	0.5	2.7	0.9	-0.0	1.4
Consumer Non-cyclical	1	13.4	-	24.3	-	10.8	-
Diversified	1	1.3	-	1.0	-	-0.2	-
Energy	3	24.6	30.1	26.6	37.9	1.9	9.2
Industrial	1	2.1	-	2.4	-	0.3	-
Utilities	1	7.9	-	6.0	-	-1.9	-



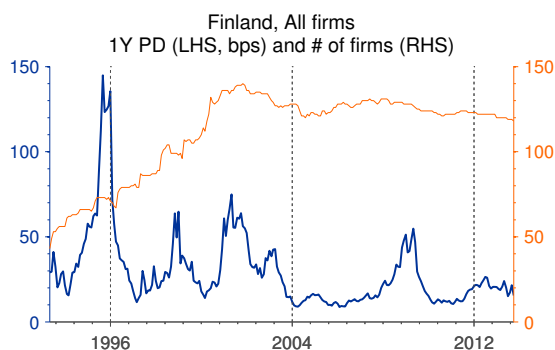
Denmark	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	45	103.0	225.5	63.4	105.9	-39.6	160.7
Basic Materials	2	6.0	8.0	7.4	10.2	1.4	2.2
Communications	11	46.2	68.0	42.5	76.7	-3.7	19.2
Consumer Cyclical	18	71.4	123.5	55.1	73.3	-16.3	64.6
Consumer Non-cyclical	23	25.4	36.9	18.3	34.9	-7.1	35.4
Diversified	2	14.5	10.3	13.0	8.3	-1.6	2.0
Energy	2	33.6	25.1	28.6	25.5	-5.0	0.4
Industrial	33	68.2	150.2	54.0	80.5	-14.2	80.3
Technology	9	35.8	47.5	34.3	46.0	-1.5	4.8



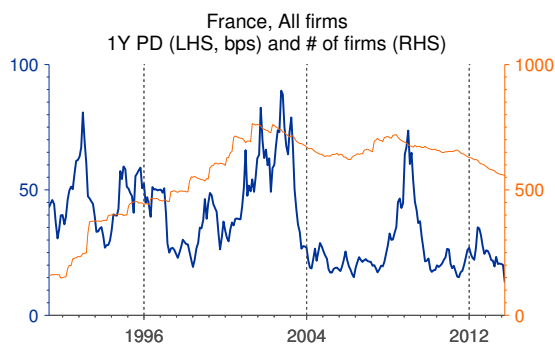
Egypt	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	70	29.7	30.5	23.6	25.9	-6.2	10.4
Basic Materials	21	17.4	25.9	15.6	26.7	-1.9	5.5
Communications	6	10.7	11.8	20.1	24.4	9.4	20.7
Consumer Cyclical	25	22.3	20.7	17.3	18.7	-5.0	11.6
Consumer Non-cyclical	46	13.3	17.8	13.0	16.6	-0.3	6.1
Diversified	2	32.7	34.8	34.8	43.0	2.1	8.3
Energy	2	12.8	4.5	8.5	1.3	-4.4	3.2
Industrial	38	14.2	20.7	12.0	18.8	-2.2	9.9
Utilities	1	5.0	-	3.9	-	-1.0	-



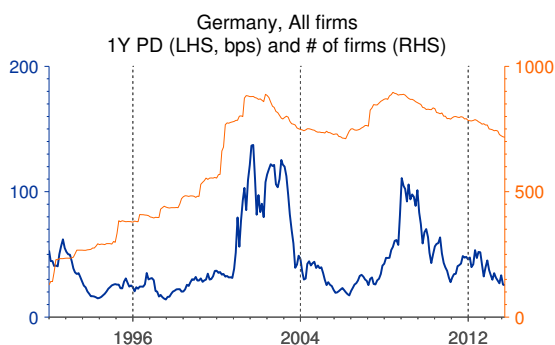
Estonia	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Communications	1	3.2	—	9.8	—	6.7	—
Consumer Cyclical	5	5.2	6.4	8.7	11.0	3.5	4.6
Consumer Non-cyclical	1	3.4	—	4.0	—	0.7	—
Industrial	5	4.2	3.4	4.5	5.2	0.3	2.7
Utilities	1	0.6	—	0.4	—	-0.1	—



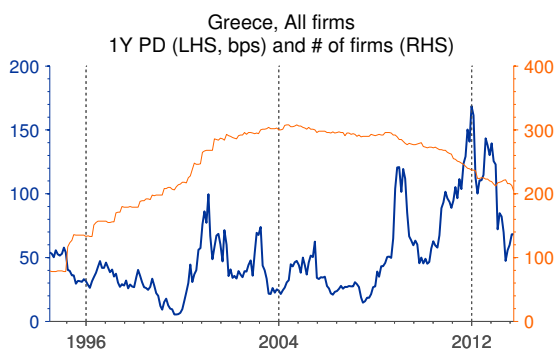
Finland	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	13	14.7	23.4	14.4	23.4	-0.3	3.4
Basic Materials	9	12.4	20.7	6.1	5.3	-6.3	16.5
Communications	14	8.3	9.6	8.2	8.4	-0.1	3.3
Consumer Cyclical	8	7.8	7.6	8.0	8.2	0.2	1.9
Consumer Non-cyclical	17	7.9	5.8	7.1	6.4	-0.7	4.1
Diversified	1	0.6	—	0.5	—	-0.2	—
Energy	1	7.0	—	6.5	—	-0.4	—
Industrial	37	20.6	47.9	25.8	76.3	5.3	76.6
Technology	13	21.4	47.4	19.5	30.8	-1.9	31.3
Utilities	1	1.3	—	1.4	—	0.2	—



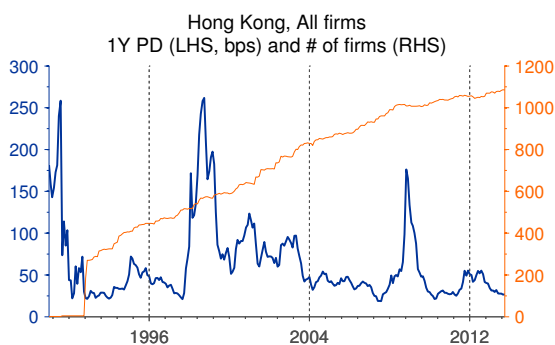
France	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	91	17.3	21.9	14.2	20.9	-3.1	8.3
Basic Materials	17	34.7	75.6	22.5	40.7	-12.2	36.4
Communications	54	15.6	30.1	9.2	13.0	-6.4	24.4
Consumer Cyclical	80	14.7	20.9	10.9	13.8	-3.8	10.9
Consumer Non-cyclical	109	7.5	10.0	5.3	8.1	-2.1	5.2
Diversified	7	28.6	37.7	31.4	54.4	2.8	64.3
Energy	15	17.2	17.9	14.5	16.9	-2.8	6.2
Industrial	95	11.6	22.9	8.6	13.1	-3.0	11.7
Technology	66	11.8	20.3	8.2	14.1	-3.6	11.0
Utilities	9	5.0	6.1	4.7	7.0	-0.3	1.2



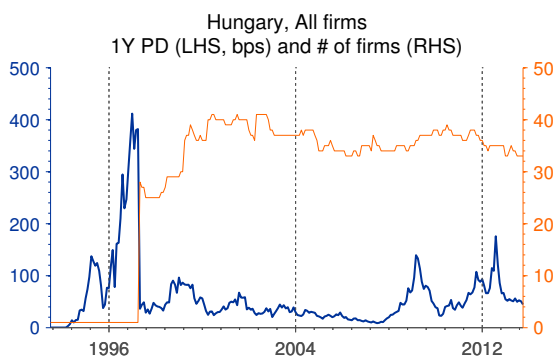
Germany	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	164	25.2	36.2	26.9	54.7	1.7	32.8
Basic Materials	25	9.2	12.2	8.2	10.8	-1.0	3.7
Communications	70	22.2	32.8	30.6	79.8	8.4	63.7
Consumer Cyclical	90	17.5	27.3	17.8	30.8	0.3	15.8
Consumer Non-cyclical	106	21.1	39.3	21.4	44.2	0.3	20.8
Diversified	6	24.1	26.7	24.9	25.6	0.7	10.8
Energy	20	26.9	44.3	35.9	64.0	9.0	25.3
Industrial	138	36.9	163.7	55.5	322.7	18.6	196.9
Technology	77	18.2	35.8	48.6	286.1	30.4	258.5
Utilities	10	17.6	35.8	20.1	46.4	2.5	10.8



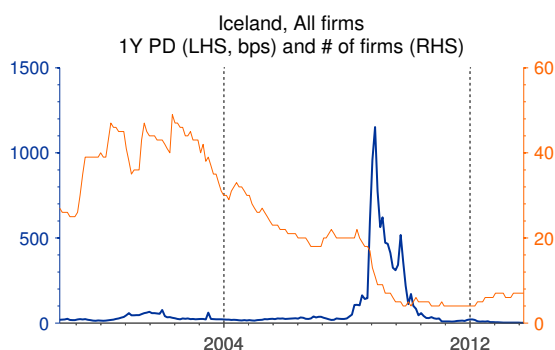
Greece	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	18	25.1	32.0	27.4	35.8	2.2	16.9
Basic Materials	13	38.5	35.2	28.9	30.2	-9.6	23.1
Communications	11	147.1	310.4	38.4	27.3	-108.6	291.1
Consumer Cyclical	37	47.1	57.2	37.3	49.1	-9.9	29.0
Consumer Non-cyclical	35	59.9	51.9	44.6	43.1	-15.3	25.2
Diversified	1	67.2	-	52.8	-	-14.4	-
Energy	5	28.6	19.5	18.4	13.4	-10.2	13.6
Industrial	68	184.0	818.4	172.9	920.8	-11.0	131.0
Technology	9	52.6	72.0	64.6	107.2	12.0	49.9
Utilities	3	6.8	4.2	5.3	3.6	-1.5	0.6



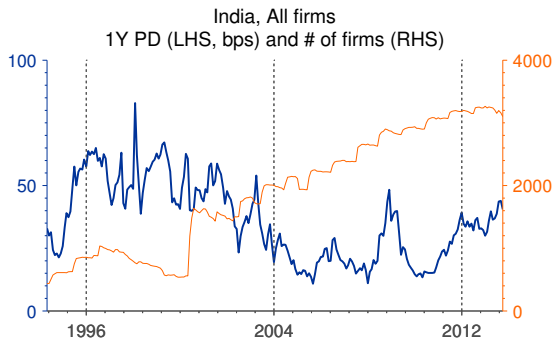
Hong Kong	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	231	24.3	42.2	21.1	32.2	-3.2	24.1
Basic Materials	60	50.1	113.3	41.5	60.4	-8.6	70.4
Communications	77	25.9	36.4	23.0	27.4	-2.9	18.2
Consumer Cyclical	257	22.0	37.4	20.5	28.3	-1.6	20.2
Consumer Non-cyclical	124	21.9	31.9	25.0	45.0	3.1	31.6
Diversified	43	18.7	24.7	15.5	18.3	-3.2	17.9
Energy	36	47.8	60.6	42.7	67.4	-5.1	36.3
Industrial	182	24.3	30.7	28.8	40.4	4.5	33.1
Technology	57	33.8	64.5	36.1	69.1	2.3	28.0
Utilities	21	7.8	10.0	7.8	8.3	0.1	4.2



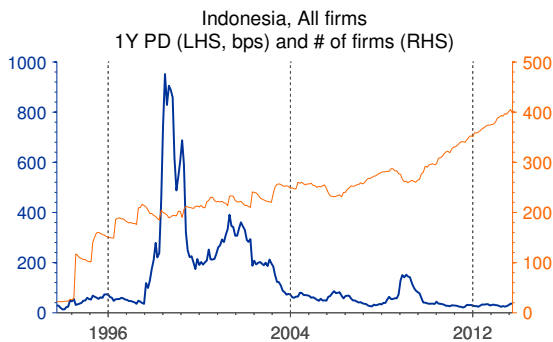
Hungary	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	8	14.9	8.3	15.8	9.1	0.9	3.5
Basic Materials	2	24.9	26.7	50.6	62.0	25.7	35.3
Communications	3	42.4	47.9	50.2	63.2	7.8	15.7
Consumer Cyclical	5	60.3	74.7	78.5	115.3	18.2	43.2
Consumer Non-cyclical	7	62.0	78.2	67.7	133.5	5.7	79.1
Diversified	2	66.8	62.9	64.3	65.0	-2.5	2.1
Energy	2	13.1	5.3	18.3	8.5	5.2	3.2
Industrial	1	39.4	-	37.0	-	-2.4	-
Technology	2	36.3	14.0	48.3	37.7	11.9	23.7
Utilities	2	19.0	3.2	24.6	6.7	5.6	3.5



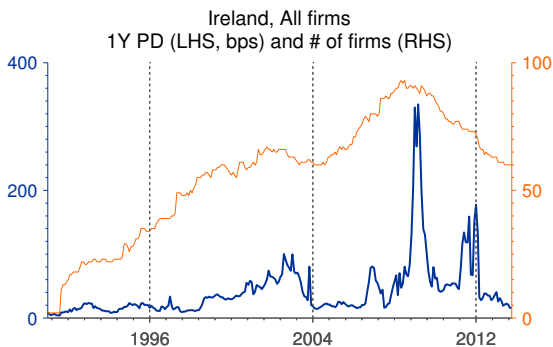
Iceland	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Communications	1	5.2	-	3.6	-	-1.5	-
Consumer Cyclical	2	1.1	1.1	1.3	1.4	0.2	0.3
Consumer Non-cyclical	2	1.9	1.5	2.2	1.0	0.4	0.5
Industrial	2	1.6	1.4	2.8	2.5	1.2	1.1
Technology	1	1.4	-	2.0	-	0.7	-



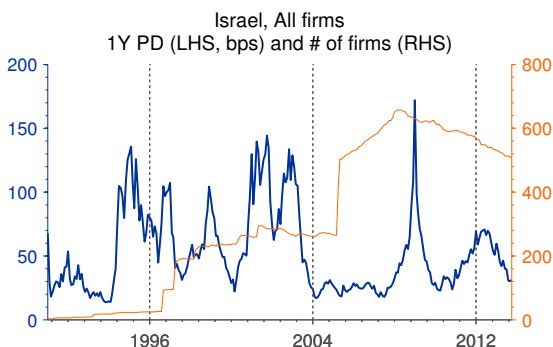
India	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	457	50.8	120.2	41.9	91.1	-8.9	42.8
Basic Materials	428	30.8	39.2	31.8	48.3	1.0	30.4
Communications	123	36.6	65.1	37.5	65.8	0.9	29.0
Consumer Cyclical	623	34.0	56.1	34.0	59.4	-0.0	33.9
Consumer Non-cyclical	499	26.3	45.7	25.2	44.0	-1.1	23.5
Diversified	28	35.7	33.3	31.7	34.6	-4.0	14.6
Energy	55	44.6	66.4	37.9	49.9	-6.6	22.8
Industrial	656	33.2	46.8	30.6	46.4	-2.6	19.4
Technology	189	29.3	55.8	29.7	58.6	0.4	21.2
Utilities	35	42.1	51.1	41.4	49.4	-0.7	14.7



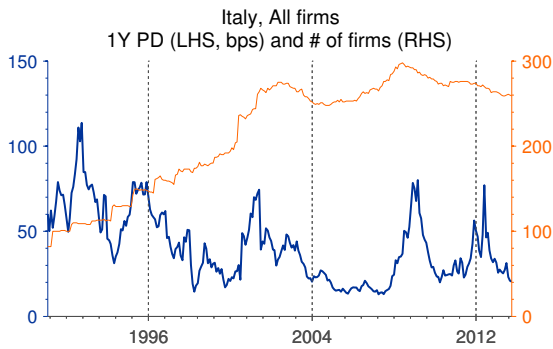
Indonesia	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	109	43.7	40.1	43.3	39.3	-0.4	20.3
Basic Materials	45	64.1	122.5	66.6	121.4	2.5	29.7
Communications	24	33.5	38.1	36.0	35.7	2.5	9.9
Consumer Cyclical	60	29.2	29.8	29.3	32.3	0.1	20.6
Consumer Non-cyclical	66	22.8	30.9	23.5	31.7	0.7	13.2
Diversified	2	26.7	9.0	26.2	2.3	-0.5	6.8
Energy	36	52.5	101.2	53.6	103.4	1.2	13.4
Industrial	56	29.5	27.9	24.9	22.1	-4.5	16.8
Technology	4	11.6	17.0	10.1	13.8	-1.5	4.0
Utilities	3	21.6	28.5	28.6	35.5	7.0	7.1



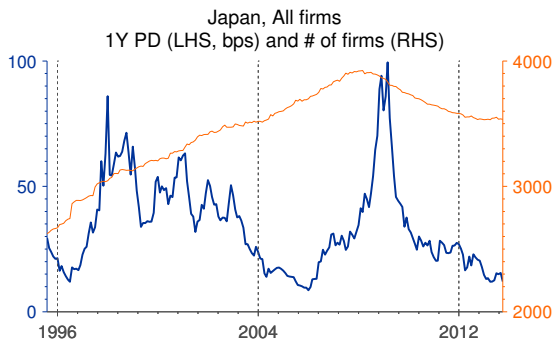
Ireland	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	10.3	14.1	7.4	6.8	-2.9	10.6
Basic Materials	10	20.3	15.8	25.8	16.0	5.5	6.2
Communications	2	30.2	39.7	49.2	67.3	19.0	27.6
Consumer Cyclical	3	2.8	4.3	1.5	2.2	-1.3	2.2
Consumer Non-cyclical	17	4.9	10.9	3.9	5.1	-1.0	7.0
Energy	12	41.7	36.6	57.7	74.9	16.1	50.4
Industrial	3	1.6	1.3	1.2	0.8	-0.4	0.6
Technology	3	0.7	0.5	0.8	0.6	0.1	0.2



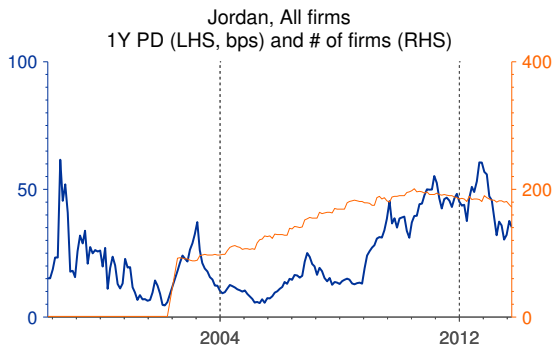
Israel	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	138	51.3	141.9	49.3	192.7	-2.1	158.0
Basic Materials	14	31.1	85.7	24.4	66.7	-6.7	19.1
Communications	37	29.4	47.3	31.7	72.1	2.3	29.8
Consumer Cyclical	45	38.5	173.0	17.5	46.8	-21.0	127.4
Consumer Non-cyclical	90	29.8	84.0	19.6	41.3	-10.2	53.4
Diversified	9	15.5	19.8	14.6	18.9	-0.9	2.5
Energy	31	94.9	219.1	59.6	147.9	-35.3	82.2
Industrial	90	19.0	46.4	27.2	116.0	8.2	75.2
Technology	31	10.8	13.5	10.9	15.5	0.1	11.1



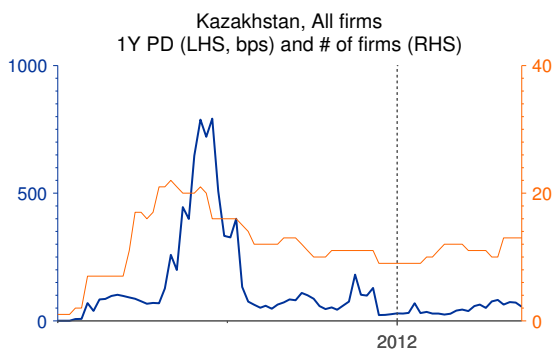
Italy	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	53	31.6	32.8	18.1	17.2	-13.5	21.2
Basic Materials	5	15.2	12.9	12.3	12.3	-2.9	4.1
Communications	30	22.6	27.4	11.8	12.9	-10.7	17.5
Consumer Cyclical	44	14.3	19.7	10.1	15.3	-4.2	7.5
Consumer Non-cyclical	32	12.6	18.2	7.6	8.8	-5.0	10.9
Diversified	2	15.5	8.6	18.0	9.8	2.5	1.1
Energy	13	12.5	9.2	7.9	5.7	-4.6	6.0
Industrial	47	10.2	13.4	7.0	8.7	-3.2	7.5
Technology	15	19.6	19.1	12.0	15.6	-7.6	11.7
Utilities	11	4.7	2.9	4.9	6.6	0.1	4.9



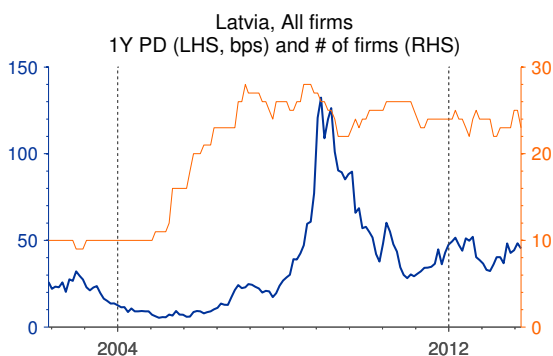
Japan	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	315	29.1	33.0	33.7	33.5	4.5	16.6
Basic Materials	242	11.4	13.6	14.3	16.2	2.9	7.3
Communications	248	9.7	14.9	16.5	49.2	6.9	42.4
Consumer Cyclical	859	11.3	15.4	13.4	18.2	2.1	8.6
Consumer Non-cyclical	584	8.8	18.5	10.7	24.2	2.0	15.4
Diversified	2	17.2	14.2	27.3	25.0	10.0	10.8
Energy	15	14.1	11.2	24.3	24.3	10.2	14.6
Industrial	967	11.1	13.2	14.1	16.5	3.0	8.2
Technology	261	8.7	15.9	11.5	17.8	2.9	13.2
Utilities	22	22.3	27.1	31.3	42.0	9.1	15.8



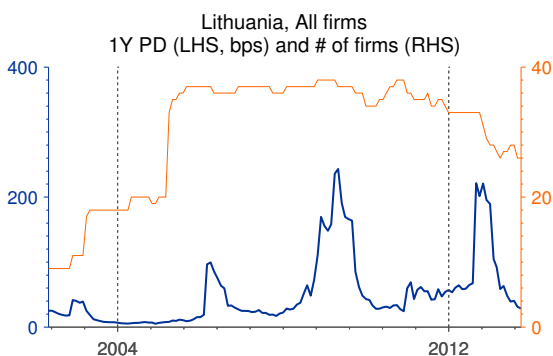
Jordan	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	86	28.0	35.3	25.0	30.7	-3.0	13.2
Basic Materials	16	23.1	37.7	28.4	45.5	5.3	9.3
Communications	3	98.2	150.5	126.4	196.5	28.2	46.1
Consumer Cyclical	15	39.4	59.9	43.1	61.5	3.6	18.2
Consumer Non-cyclical	20	25.4	31.6	22.4	22.0	-3.0	15.5
Diversified	2	11.3	14.2	14.5	18.2	3.2	4.0
Energy	2	53.9	76.1	56.8	80.3	2.9	4.2
Industrial	23	37.1	48.6	32.1	33.4	-5.0	19.4
Utilities	2	56.3	25.9	63.0	38.6	6.7	12.8



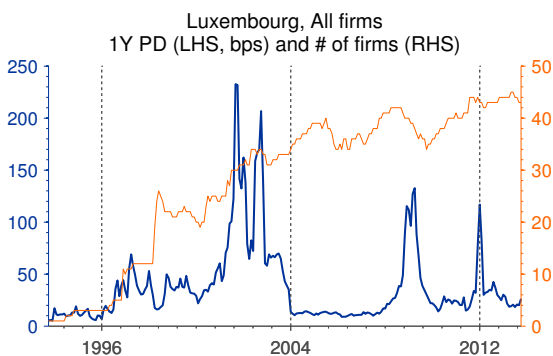
Kazakhstan	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	3	96.8	70.4	108.3	96.9	11.6	63.1
Basic Materials	1	280.4	-	280.4	-	0.0	-
Communications	2	8.0	3.2	14.2	1.0	6.3	2.2
Consumer Non-cyclical	1	22.2	-	22.2	-	-0.0	-
Diversified	1	151.5	-	151.8	-	0.3	-
Energy	2	1.5	2.1	1.8	2.0	0.3	0.2



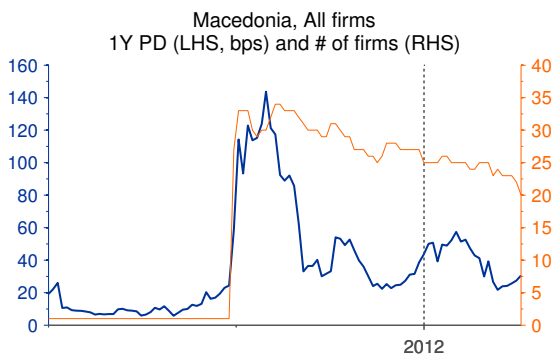
Latvia	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Basic Materials	1	18.7	—	18.6	—	-0.1	—
Communications	1	5.9	—	8.0	—	2.1	—
Consumer Cyclical	3	31.5	24.4	40.3	34.4	8.8	10.5
Consumer Non-cyclical	6	15.9	15.0	17.5	17.6	1.6	6.3
Energy	1	8.8	—	20.4	—	11.6	—
Industrial	7	46.5	54.1	48.8	49.6	2.3	6.3
Utilities	1	2.8	—	1.9	—	-0.8	—



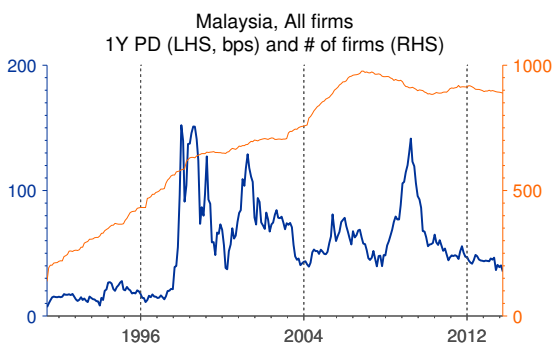
Lithuania	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	3	40.9	37.2	36.2	22.7	-4.6	14.4
Basic Materials	1	1.6	—	2.7	—	1.1	—
Communications	1	0.0	—	0.0	—	0.0	—
Consumer Cyclical	5	16.6	15.4	19.0	21.7	2.4	15.5
Consumer Non-cyclical	7	6.9	9.0	6.2	6.0	-0.7	3.2
Energy	1	0.0	—	0.0	—	0.0	—
Industrial	4	87.0	82.8	74.7	58.1	-12.3	27.1
Utilities	4	10.8	11.8	12.9	12.9	2.1	4.0



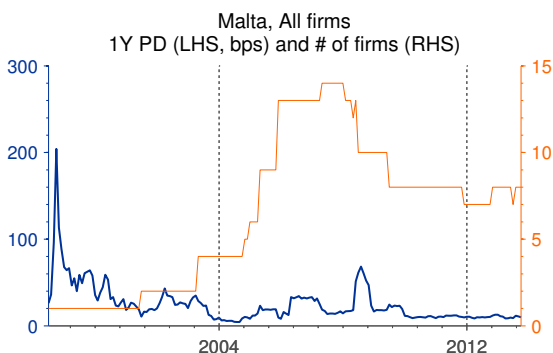
Luxembourg	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	13	49.0	133.1	33.7	83.7	-15.3	49.6
Basic Materials	6	36.9	69.2	45.7	93.3	8.7	24.4
Communications	5	3.5	3.2	6.3	7.1	2.8	4.0
Consumer Cyclical	3	44.8	73.5	46.6	71.1	1.8	4.2
Consumer Non-cyclical	9	6.4	6.0	7.9	8.8	1.4	3.6
Energy	1	0.6	—	0.6	—	0.0	—
Industrial	4	6.6	6.0	4.9	4.3	-1.7	1.7
Technology	1	2.0	—	1.7	—	-0.4	—



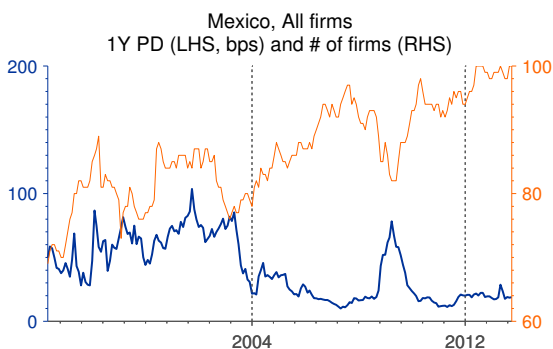
Macedonia	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	4	40.0	9.8	30.7	11.4	-9.3	5.0
Basic Materials	3	39.4	13.2	46.5	20.4	7.1	7.2
Communications	1	0.4	—	0.4	—	-0.0	—
Consumer Cyclical	2	5.2	7.3	7.2	10.2	2.0	2.8
Consumer Non-cyclical	4	9.1	9.9	12.6	14.8	3.5	6.4
Industrial	4	25.9	18.3	28.3	16.8	2.4	3.9
Utilities	1	82.0	—	75.0	—	-7.0	—



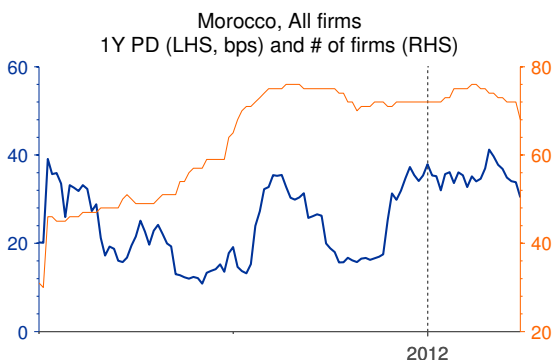
Malaysia	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	129	23.6	33.6	22.7	36.9	-0.9	13.7
Basic Materials	64	78.4	189.2	53.9	100.8	-24.5	94.8
Communications	38	30.2	36.5	30.2	40.9	-0.0	17.4
Consumer Cyclical	115	35.4	73.6	34.8	76.3	-0.6	15.2
Consumer Non-cyclical	145	29.8	63.7	25.7	54.3	-4.1	19.5
Diversified	23	19.3	24.7	17.3	25.3	-2.0	7.8
Energy	25	19.3	23.1	17.7	18.4	-1.7	7.6
Industrial	272	40.8	78.9	34.2	70.2	-6.6	25.1
Technology	59	30.8	45.1	27.3	38.8	-3.5	12.3
Utilities	5	12.8	21.3	7.7	11.4	-5.1	10.1



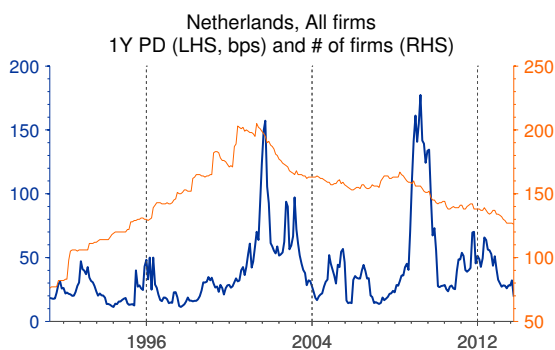
Malta	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	7	5.1	5.5	4.0	3.3	-1.1	2.6
Communications	1	3.6	-	1.3	-	-2.3	-
Consumer Cyclical	4	8.3	13.1	4.9	7.5	-3.4	5.7
Consumer Non-cyclical	1	7.7	-	1.3	-	-6.4	-
Energy	1	5.7	-	2.0	-	-3.7	-
Industrial	1	3.6	-	1.4	-	-2.3	-



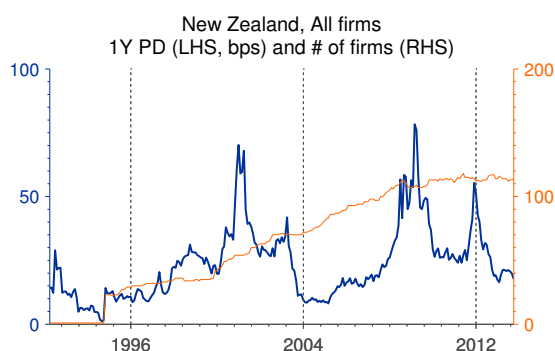
Mexico	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	23	14.1	13.8	14.3	14.7	0.2	4.2
Basic Materials	12	11.3	13.9	13.6	14.6	2.3	5.5
Communications	6	7.8	6.2	11.4	11.1	3.6	7.5
Consumer Cyclical	23	55.0	177.5	47.1	148.6	-7.9	29.9
Consumer Non-cyclical	16	4.6	7.1	5.4	6.0	0.9	2.8
Diversified	5	6.2	6.4	7.5	6.0	1.3	2.2
Industrial	15	23.2	56.6	23.2	47.8	0.0	15.8
Utilities	1	0.5	-	0.5	-	-0.1	-



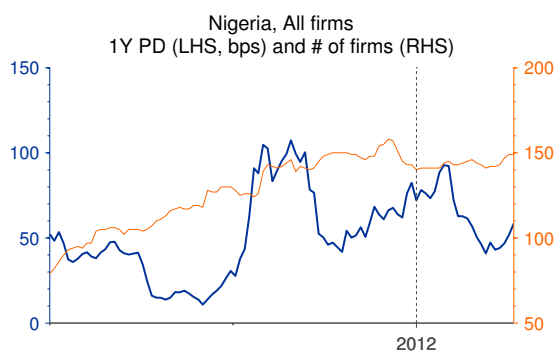
Morocco	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	18	31.7	28.4	26.5	27.9	-5.2	12.5
Basic Materials	11	23.4	22.4	16.0	12.9	-7.3	13.6
Communications	1	1.3	-	0.8	-	-0.4	-
Consumer Cyclical	7	19.3	11.0	13.9	7.3	-5.4	5.5
Consumer Non-cyclical	11	28.7	69.4	23.9	56.8	-4.8	12.8
Diversified	1	5.6	-	5.6	-	0.0	-
Energy	1	169.9	-	130.9	-	-39.0	-
Industrial	12	39.2	43.5	19.7	18.8	-19.5	26.5
Technology	5	25.8	23.2	15.0	12.4	-10.8	11.0
Utilities	2	16.9	18.3	13.7	14.5	-3.3	3.8



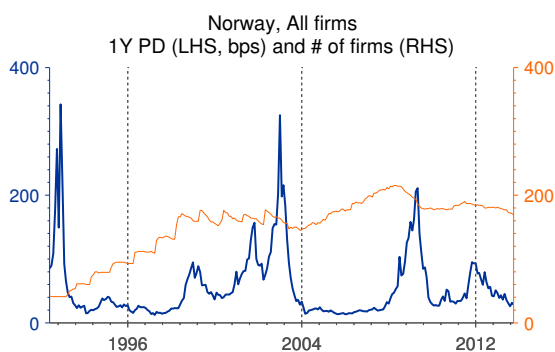
Netherlands	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	19	22.3	36.1	18.1	25.0	-4.2	14.5
Basic Materials	7	42.2	56.8	56.2	103.3	14.0	53.7
Communications	11	8.3	8.8	10.0	10.3	1.7	8.4
Consumer Cyclical	12	12.3	11.5	9.2	8.5	-3.1	4.8
Consumer Non-cyclical	26	12.5	20.9	9.8	15.3	-2.7	11.6
Diversified	1	0.1	-	0.1	-	-0.0	-
Energy	6	23.4	50.9	19.9	38.3	-3.5	13.2
Industrial	26	14.0	13.6	11.7	12.4	-2.2	6.0
Technology	16	23.1	54.0	16.5	38.9	-6.6	15.4



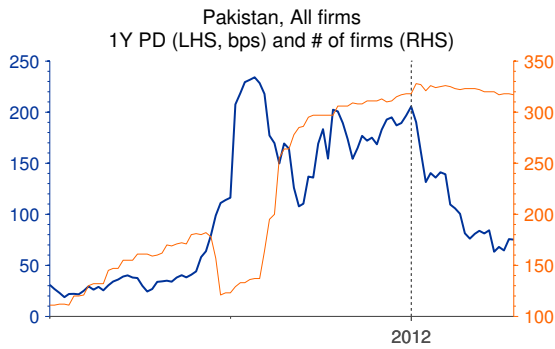
New Zealand	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	17	10.9	20.3	14.5	24.0	3.5	10.1
Basic Materials	4	27.4	32.2	28.0	33.4	0.6	1.6
Communications	8	18.2	26.5	11.1	16.0	-7.1	14.3
Consumer Cyclical	20	33.9	78.1	38.5	89.9	4.7	13.8
Consumer Non-cyclical	33	16.9	32.5	21.2	49.7	4.3	23.5
Diversified	3	7.2	5.2	10.0	9.4	2.7	4.2
Energy	5	13.7	15.8	22.0	25.5	8.3	12.3
Industrial	12	17.5	38.6	19.7	36.0	2.2	9.8
Technology	5	28.9	50.0	33.5	60.5	4.6	10.8
Utilities	6	1.6	1.4	1.6	1.6	0.0	0.5



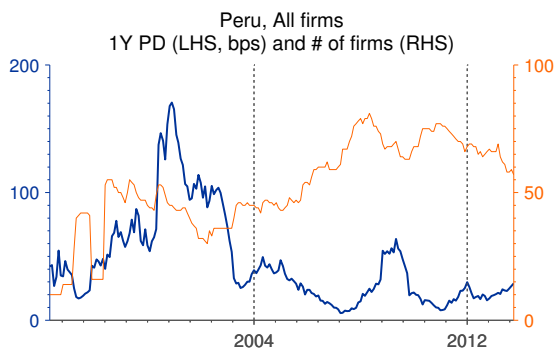
Nigeria	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	50	51.5	119.6	47.1	93.0	-4.4	31.2
Basic Materials	11	34.9	38.6	38.7	44.8	3.8	15.9
Communications	5	25.0	29.9	22.8	22.3	-2.3	9.2
Consumer Cyclical	14	75.6	82.4	92.8	102.9	17.2	21.6
Consumer Non-cyclical	36	31.2	42.2	43.2	55.9	11.9	26.6
Energy	8	44.9	48.7	62.2	68.5	17.4	21.1
Industrial	19	60.9	76.9	63.7	77.9	2.7	13.2
Technology	2	64.3	25.4	46.6	11.3	-17.7	36.7



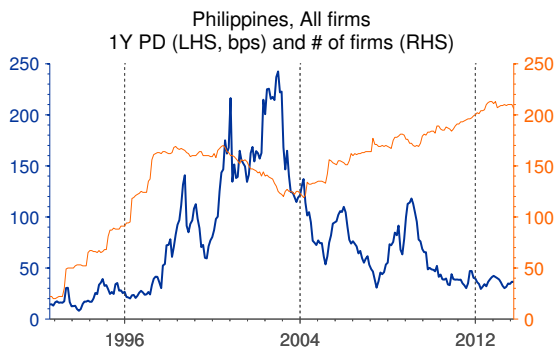
Norway	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	35	26.1	20.3	31.7	41.1	5.6	35.5
Basic Materials	6	8.3	13.8	9.6	17.1	1.3	3.4
Communications	9	12.2	11.0	14.2	17.5	2.0	10.6
Consumer Cyclical	4	10.5	8.9	9.5	7.2	-1.0	4.1
Consumer Non-cyclical	24	18.3	30.6	13.6	21.6	-4.7	24.4
Diversified	1	2.9	-	4.5	-	1.6	-
Energy	24	123.5	428.5	26.9	41.6	-96.6	426.6
Industrial	46	20.8	34.2	19.6	29.5	-1.2	10.9
Technology	10	10.1	7.4	7.5	4.5	-2.6	3.8
Utilities	2	4.1	3.4	2.7	2.4	-1.4	1.0



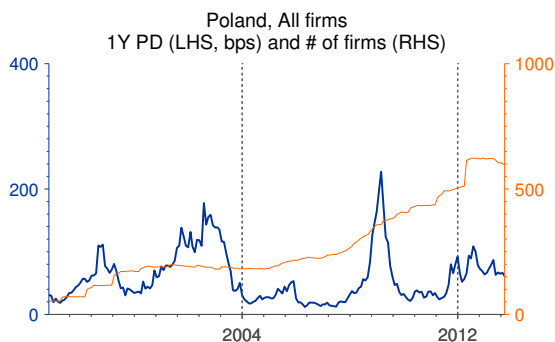
Pakistan	2013Q4		2014Q1		Q1-Q4		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	72	71.3	91.7	57.9	77.8	-13.4	23.9
Basic Materials	31	40.5	95.6	40.8	95.4	0.3	13.0
Communications	7	81.5	88.4	63.9	69.9	-17.6	20.5
Consumer Cyclical	83	62.0	99.5	66.4	91.8	4.4	22.6
Consumer Non-cyclical	49	60.5	105.0	62.6	111.4	2.1	28.9
Energy	10	55.9	95.1	29.4	42.3	-26.5	53.7
Industrial	42	34.3	38.4	29.9	30.0	-4.4	12.9
Technology	1	8.7	-	17.2	-	8.5	-
Utilities	9	176.6	221.3	165.4	231.1	-11.2	61.7



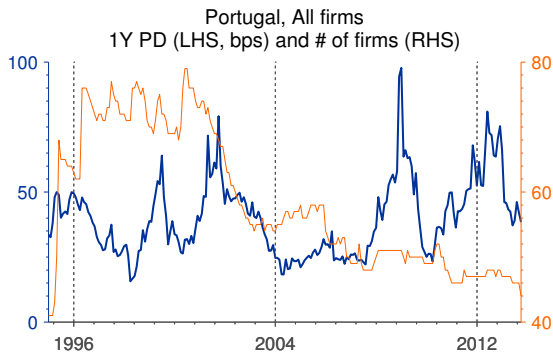
Peru	2013Q4		2014Q1		Q1-Q4		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	11	12.4	12.2	14.4	14.3	2.0	2.9
Basic Materials	12	30.6	38.1	58.3	95.8	27.7	75.0
Communications	2	8.4	0.6	10.8	0.6	2.3	0.0
Consumer Cyclical	3	16.0	13.3	20.7	18.0	4.8	5.2
Consumer Non-cyclical	11	49.8	63.3	40.5	46.0	-9.4	46.8
Diversified	2	7.0	0.5	12.6	2.6	5.6	2.1
Energy	1	152.8	-	214.7	-	61.9	-
Industrial	3	10.8	6.0	14.9	12.4	4.1	6.7
Utilities	5	4.2	8.1	4.7	8.5	0.5	0.5



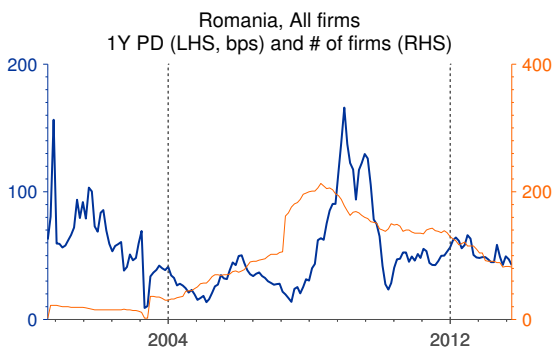
Philippines	2013Q4		2014Q1		Q1-Q4		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	67	48.3	59.5	39.7	48.1	-8.6	25.7
Basic Materials	23	34.9	39.1	35.6	39.0	0.7	26.9
Communications	13	38.7	70.9	42.3	73.7	3.6	11.2
Consumer Cyclical	20	30.5	34.5	36.9	47.2	6.4	21.4
Consumer Non-cyclical	31	37.7	69.0	26.3	36.0	-11.4	59.4
Diversified	16	24.3	34.9	33.8	57.7	9.6	47.8
Energy	13	36.5	81.2	22.8	36.8	-13.7	48.2
Industrial	11	69.0	80.2	72.5	97.8	3.5	35.9
Technology	2	6.4	0.1	6.1	1.1	-0.3	1.2
Utilities	12	26.0	33.0	18.3	17.4	-7.7	16.4



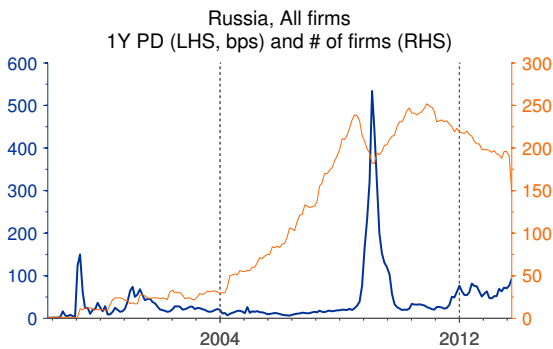
Poland	2013Q4		2014Q1		Q1-Q4		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	109	53.7	111.8	68.6	203.6	14.9	190.6
Basic Materials	25	16.6	17.3	19.0	19.1	2.4	6.0
Communications	64	48.2	91.0	46.1	125.6	-2.1	46.7
Consumer Cyclical	79	54.0	142.1	52.9	181.4	-1.1	67.8
Consumer Non-cyclical	92	48.4	112.4	39.4	62.2	-9.0	75.9
Diversified	1	243.5	-	243.5	-	0.0	-
Energy	17	56.3	98.8	28.3	28.6	-28.0	75.2
Industrial	133	31.0	40.1	29.8	33.5	-1.2	22.1
Technology	48	54.7	110.8	49.2	91.3	-5.5	59.1
Utilities	11	65.9	137.5	35.1	59.2	-30.7	79.6



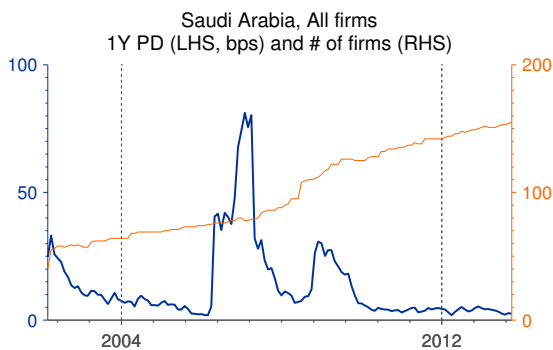
Portugal	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	6	67.9	122.2	30.2	43.6	-37.7	79.0
Basic Materials	6	10.4	13.8	5.4	6.5	-5.1	7.5
Communications	7	14.7	13.0	11.5	11.6	-3.1	4.5
Consumer Cyclical	7	32.3	26.1	23.1	22.5	-9.1	14.3
Consumer Non-cyclical	3	76.0	115.4	25.4	23.7	-50.6	92.0
Diversified	2	25.9	12.1	18.4	11.6	-7.6	0.5
Energy	1	1.4	-	1.0	-	-0.4	-
Industrial	7	25.0	19.0	19.0	16.6	-6.1	4.8
Technology	3	33.2	25.8	21.5	24.8	-11.7	8.2
Utilities	2	8.4	5.3	4.3	2.1	-4.1	3.2



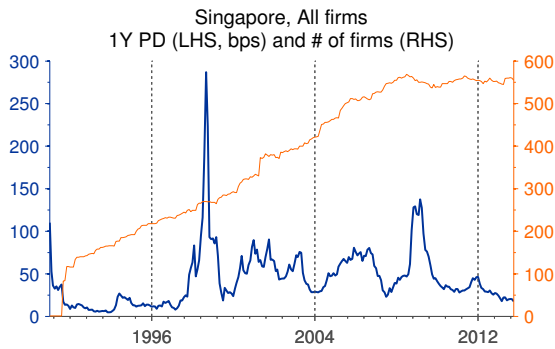
Romania	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	7	15.1	20.3	18.0	22.4	2.9	4.5
Basic Materials	8	28.8	24.8	21.1	13.5	-7.7	17.5
Communications	1	14.5	-	14.8	-	0.3	-
Consumer Cyclical	11	28.0	33.4	20.6	19.8	-7.4	19.2
Consumer Non-cyclical	11	22.3	29.0	24.2	38.3	1.9	10.7
Energy	9	20.8	24.4	29.1	38.9	8.2	17.5
Industrial	25	51.8	63.1	45.3	39.8	-6.5	38.6
Utilities	2	2.9	2.5	2.4	2.3	-0.4	0.2



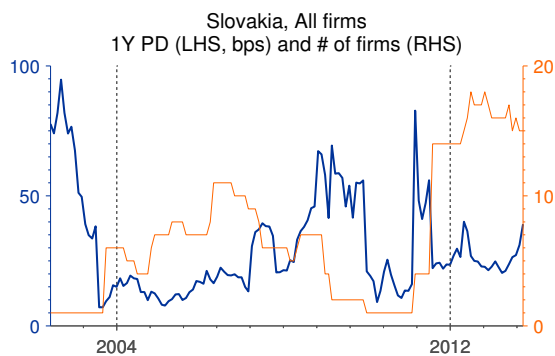
Russia	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	16	47.8	35.6	70.1	51.5	22.3	27.0
Basic Materials	21	43.8	58.1	51.6	88.3	7.8	42.8
Communications	11	49.7	64.1	45.3	58.8	-4.3	33.7
Consumer Cyclical	12	77.8	127.4	76.0	41.4	-1.8	98.2
Consumer Non-cyclical	21	36.7	31.3	37.1	22.7	0.4	28.2
Diversified	1	387.3	-	516.4	-	129.2	-
Energy	21	46.0	51.6	54.8	59.9	8.8	35.5
Industrial	13	44.1	38.2	111.9	143.5	67.9	125.0
Technology	2	6.9	8.6	6.4	2.0	-0.5	6.7
Utilities	50	127.3	110.2	142.5	120.1	15.2	54.3



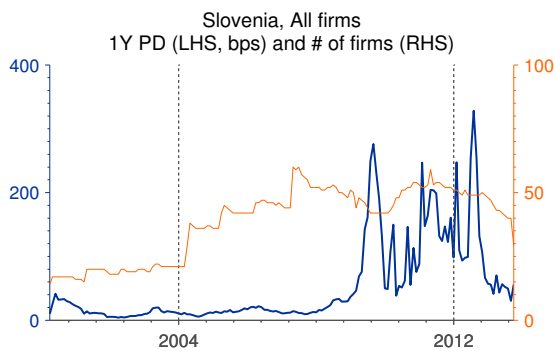
Saudi Arabia	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	55	0.9	1.3	1.1	1.5	0.2	0.9
Basic Materials	18	1.2	1.3	1.5	2.3	0.3	1.7
Communications	6	4.4	3.3	3.7	3.4	-0.7	2.2
Consumer Cyclical	15	1.5	3.0	1.0	1.7	-0.5	1.3
Consumer Non-cyclical	24	1.4	3.1	0.7	1.2	-0.7	2.0
Diversified	3	0.9	0.6	1.3	0.6	0.4	0.1
Energy	2	1.3	0.7	1.2	0.7	-0.1	0.0
Industrial	29	1.9	4.5	1.4	3.7	-0.5	0.9
Utilities	2	24.3	34.3	25.3	35.7	1.0	1.4



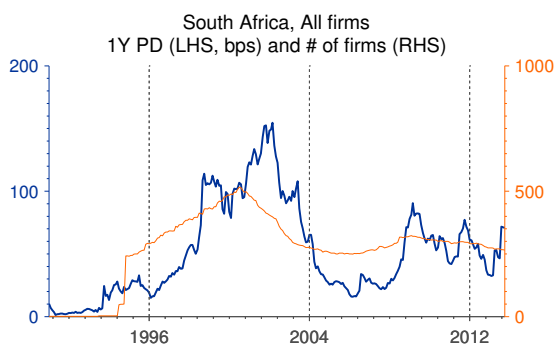
Singapore	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	88	16.6	47.5	14.7	29.3	-2.0	43.2
Basic Materials	33	40.3	68.7	40.7	61.9	0.4	28.7
Communications	27	24.6	50.1	32.2	63.7	7.6	18.8
Consumer Cyclical	80	12.9	15.1	18.1	26.7	5.1	22.3
Consumer Non-cyclical	75	21.9	56.9	21.8	52.4	-0.2	21.8
Diversified	12	27.3	56.2	21.2	36.7	-6.2	24.6
Energy	26	23.9	24.4	26.5	36.7	2.7	18.6
Industrial	178	24.5	39.4	26.0	51.6	1.5	33.7
Technology	26	18.9	21.7	22.3	30.0	3.3	14.9
Utilities	2	4.1	3.3	1.4	0.2	-2.8	3.1



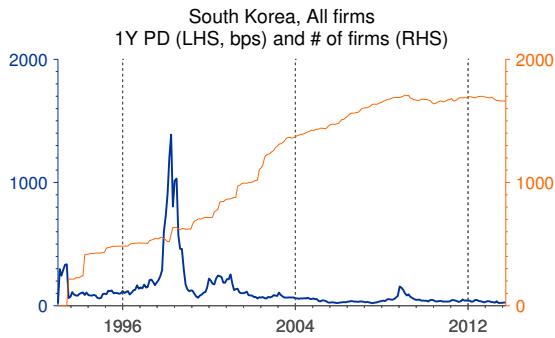
Slovakia	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	2	60.9	63.1	10.5	4.9	-50.5	68.0
Basic Materials	1	25.3	-	24.4	-	-0.9	-
Consumer Cyclical	2	0.0	0.0	0.2	0.3	0.2	0.2
Consumer Non-cyclical	3	25.6	19.8	22.6	14.4	-3.0	5.5
Energy	1	13.3	-	13.4	-	0.1	-
Industrial	1	89.0	-	92.4	-	3.4	-
Technology	1	9.0	-	6.9	-	-2.1	-



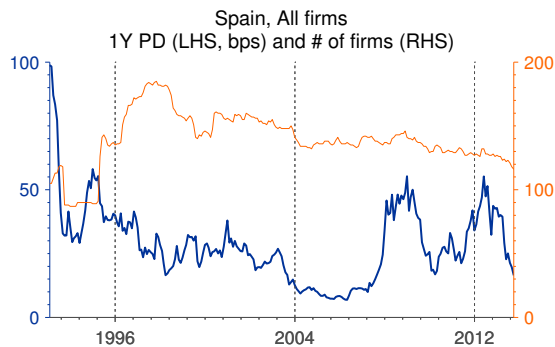
Slovenia	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	4	74.8	104.4	38.4	44.1	-36.4	60.7
Basic Materials	4	9.2	3.8	6.4	3.1	-2.8	1.8
Communications	1	49.4	-	27.5	-	-21.9	-
Consumer Cyclical	10	380.7	1140.2	26.0	38.4	-354.7	1102.8
Consumer Non-cyclical	10	22.8	31.7	9.5	10.6	-13.3	21.4
Energy	1	8.3	-	3.0	-	-5.3	-
Industrial	7	26.1	36.7	8.1	5.6	-18.1	31.8
Technology	1	9.2	-	6.5	-	-2.7	-



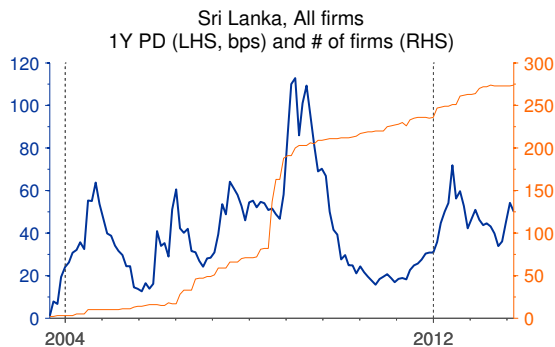
South Africa	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	53	147.4	879.1	26.5	29.3	-120.9	879.2
Basic Materials	43	67.3	118.2	66.6	134.8	-0.7	46.0
Communications	12	31.3	60.9	25.7	48.0	-5.6	15.3
Consumer Cyclical	30	6.3	8.7	7.9	12.8	1.6	6.7
Consumer Non-cyclical	37	59.8	140.9	46.8	129.7	-13.0	75.3
Diversified	8	10.6	7.5	10.6	7.8	0.1	6.5
Energy	5	17.9	17.9	20.2	20.3	2.4	5.9
Industrial	55	36.4	59.6	45.8	99.8	9.4	75.6
Technology	14	42.6	93.2	50.6	111.7	8.0	20.3



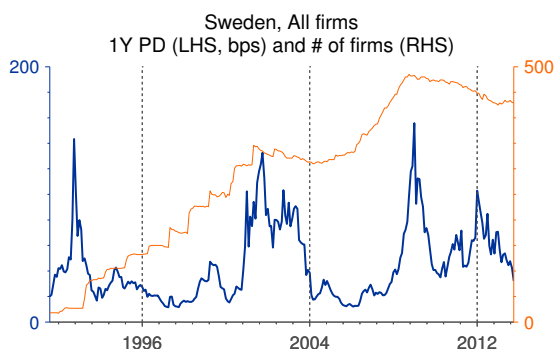
South Korea	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	98	55.1	61.9	46.0	54.8	-9.1	31.6
Basic Materials	173	26.9	47.6	20.4	41.5	-6.5	22.5
Communications	172	22.9	39.8	20.1	59.8	-2.8	43.2
Consumer Cyclical	267	25.1	39.4	20.8	49.7	-4.3	36.6
Consumer Non-cyclical	231	16.4	27.3	10.4	19.2	-6.0	21.6
Diversified	13	61.6	113.7	22.7	30.9	-38.9	103.1
Energy	11	40.6	79.2	29.4	53.8	-11.2	27.7
Industrial	479	30.7	51.4	27.3	56.7	-3.4	41.8
Technology	191	23.1	32.8	18.3	29.1	-4.8	19.8
Utilities	17	13.2	14.5	14.6	13.7	1.4	7.0



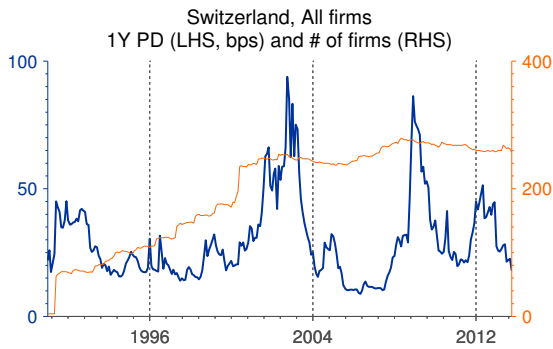
Spain	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	22	22.7	23.2	14.6	12.1	-8.1	18.2
Basic Materials	7	5.4	7.4	3.9	4.8	-1.6	2.7
Communications	11	15.4	21.0	10.0	17.7	-5.4	6.2
Consumer Cyclical	10	28.3	48.2	18.9	31.8	-9.5	17.1
Consumer Non-cyclical	27	8.0	10.7	5.9	7.0	-2.1	5.9
Energy	4	12.7	18.0	6.5	5.8	-6.2	12.8
Industrial	27	12.8	14.1	9.8	11.6	-3.0	5.6
Technology	3	2.2	2.9	1.3	1.7	-0.9	1.2
Utilities	6	3.0	1.2	2.5	2.3	-0.4	2.0



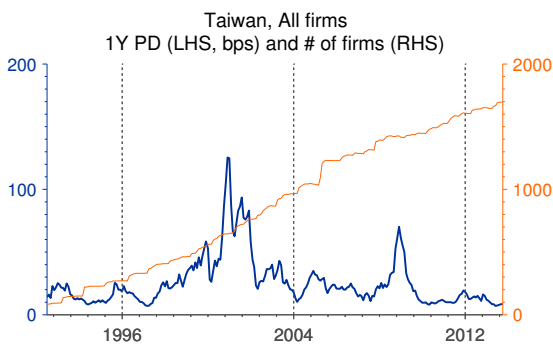
Sri Lanka	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	88	59.0	78.9	62.2	101.3	3.2	58.5
Basic Materials	14	55.3	74.4	56.2	75.0	0.9	7.4
Communications	4	6.1	3.9	6.0	5.4	-0.1	2.1
Consumer Cyclical	60	26.7	58.1	27.2	63.1	0.5	10.9
Consumer Non-cyclical	56	30.3	33.8	27.1	31.7	-3.2	11.2
Diversified	16	55.2	98.5	56.7	108.6	1.5	13.7
Energy	3	3.4	3.3	3.2	3.7	-0.3	1.0
Industrial	23	40.1	44.1	43.2	48.5	3.1	10.4
Technology	3	323.9	551.7	622.5	1070.1	298.6	518.4
Utilities	5	7.7	6.0	6.9	4.8	-0.7	1.6



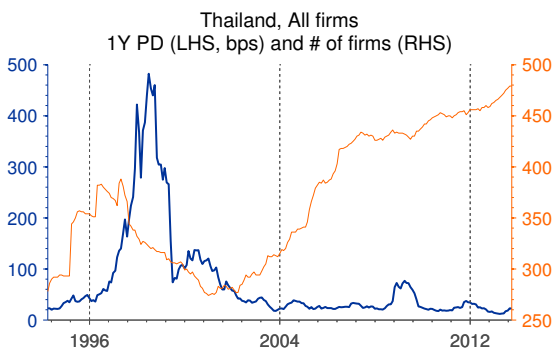
Sweden	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	60	18.6	29.9	21.4	56.7	2.8	34.6
Basic Materials	28	87.6	161.2	79.0	126.2	-8.5	54.3
Communications	42	29.3	58.5	25.4	41.3	-4.0	37.1
Consumer Cyclical	50	19.5	26.5	23.7	74.5	4.2	64.7
Consumer Non-cyclical	110	21.1	34.5	19.8	29.5	-1.3	24.9
Diversified	8	34.2	49.2	22.2	24.9	-12.0	32.6
Energy	15	55.5	64.2	61.1	101.1	5.6	91.8
Industrial	93	28.2	47.0	24.1	34.1	-4.0	32.4
Technology	35	22.1	30.8	24.3	51.1	2.2	48.7
Utilities	1	15.3	-	13.3	-	-2.0	-



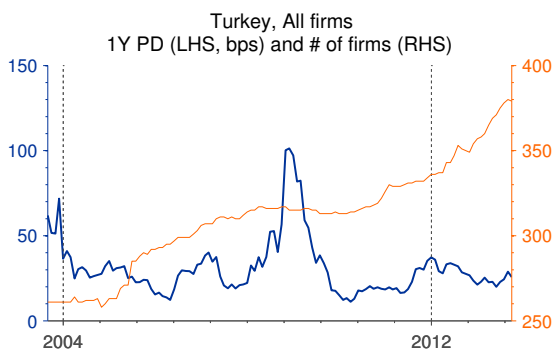
Switzerland	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	73	18.1	34.2	20.0	41.2	1.9	14.5
Basic Materials	17	7.3	10.4	9.4	13.5	2.1	4.3
Communications	16	8.8	10.8	12.5	23.4	3.7	19.4
Consumer Cyclical	21	11.5	22.9	8.7	12.9	-2.8	11.2
Consumer Non-cyclical	41	10.4	19.4	12.1	26.9	1.7	11.2
Diversified	5	20.4	29.8	13.9	19.3	-6.5	14.8
Energy	6	44.3	50.5	35.3	38.0	-8.9	17.2
Industrial	66	9.0	16.3	7.7	14.8	-1.3	3.8
Technology	9	18.3	17.6	16.5	18.3	-1.8	7.6
Utilities	10	11.9	20.9	14.5	28.9	2.6	8.2



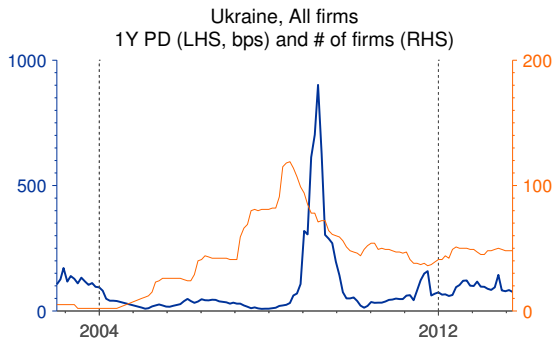
Taiwan	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	110	10.7	22.2	9.7	29.7	-1.0	15.8
Basic Materials	115	10.3	42.9	8.6	41.9	-1.7	8.0
Communications	85	3.6	6.6	5.7	21.9	2.2	21.0
Consumer Cyclical	217	4.7	11.6	4.0	10.0	-0.7	3.4
Consumer Non-cyclical	166	4.8	15.4	5.2	26.0	0.4	23.6
Diversified	2	1.4	1.8	1.3	1.8	-0.1	0.1
Energy	10	13.6	14.6	19.1	29.9	5.5	18.7
Industrial	643	7.3	18.1	5.1	11.6	-2.2	8.6
Technology	333	7.1	16.4	4.7	9.7	-2.4	9.5
Utilities	8	0.3	0.4	0.2	0.3	-0.1	0.4



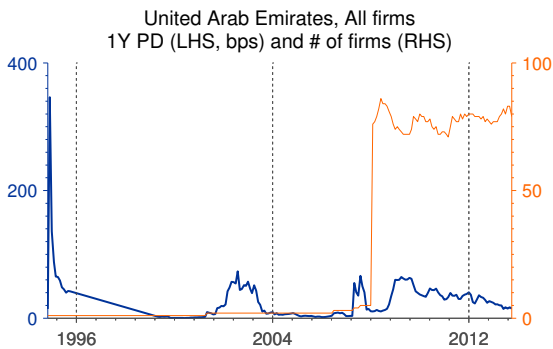
Thailand	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	92	41.5	41.6	35.3	29.8	-6.2	26.1
Basic Materials	49	29.2	42.4	23.1	30.4	-6.1	20.7
Communications	39	15.1	19.2	14.2	25.2	-0.9	13.3
Consumer Cyclical	113	23.2	48.0	19.5	40.0	-3.7	14.1
Consumer Non-cyclical	71	10.8	16.6	9.5	15.6	-1.3	6.7
Diversified	2	3.1	2.7	3.1	2.6	0.0	0.1
Energy	15	27.8	40.1	31.6	57.5	3.9	21.9
Industrial	95	23.7	27.9	21.5	27.1	-2.2	9.4
Technology	12	21.8	18.4	16.5	16.0	-5.3	10.8
Utilities	7	6.3	6.1	5.6	5.2	-0.8	2.2



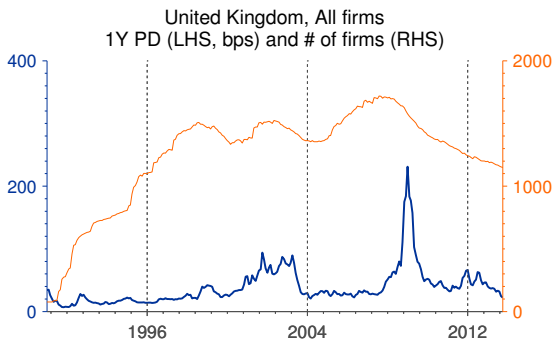
Turkey	2013Q4			2014Q1		Q1-Q4	
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	99	30.4	31.3	37.0	37.7	6.6	14.9
Basic Materials	32	27.5	37.1	32.9	48.5	5.5	15.2
Communications	14	31.5	26.0	37.2	32.6	5.7	16.6
Consumer Cyclical	98	37.7	37.4	44.3	46.9	6.6	19.8
Consumer Non-cyclical	56	46.9	67.8	40.2	41.3	-6.6	53.3
Diversified	12	53.5	51.4	48.5	40.7	-5.0	22.7
Energy	4	188.0	326.4	200.2	347.9	12.2	24.0
Industrial	67	29.1	38.2	35.5	64.5	6.4	40.3
Technology	4	72.7	83.9	73.9	79.7	1.2	10.3
Utilities	7	33.9	27.0	37.8	27.1	3.9	6.6



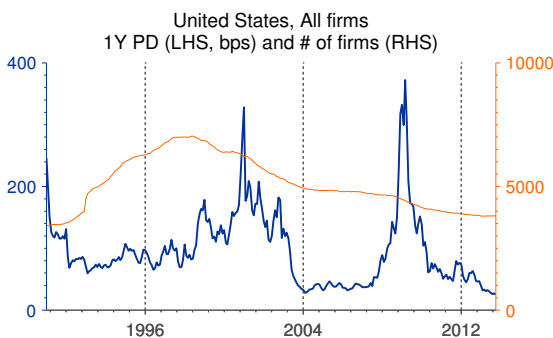
Ukraine	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	4	47.3	20.8	80.7	40.0	33.4	36.1
Basic Materials	7	95.1	53.5	187.2	118.5	92.1	67.8
Communications	1	60.8	-	89.7	-	29.0	-
Consumer Cyclical	3	139.1	134.6	137.0	97.8	-2.1	40.3
Consumer Non-cyclical	9	41.9	55.1	43.7	43.9	1.8	70.3
Diversified	1	12.0	-	30.0	-	18.0	-
Energy	6	176.4	131.7	109.3	95.3	-67.0	136.6
Industrial	10	59.6	66.7	96.0	103.7	36.4	68.1
Utilities	4	46.1	16.7	59.2	22.3	13.1	18.7



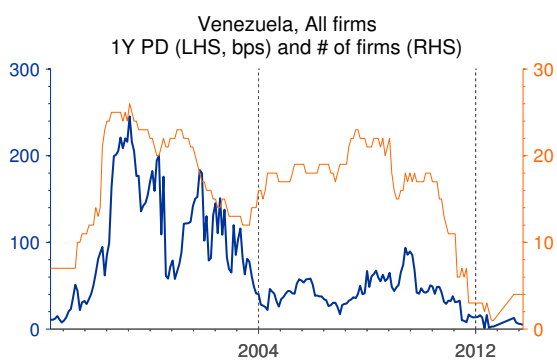
United Arab Emirates	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	44	13.7	14.9	12.9	13.9	-0.8	4.8
Communications	2	0.4	0.0	0.4	0.1	0.0	0.1
Consumer Cyclical	3	9.9	7.5	8.8	7.6	-1.2	4.0
Consumer Non-cyclical	12	10.0	11.6	10.2	12.2	0.2	1.5
Energy	4	13.9	9.9	13.3	9.7	-0.7	1.3
Industrial	16	19.2	34.8	28.7	73.9	9.5	40.2
Utilities	1	18.8	-	25.9	-	7.1	-



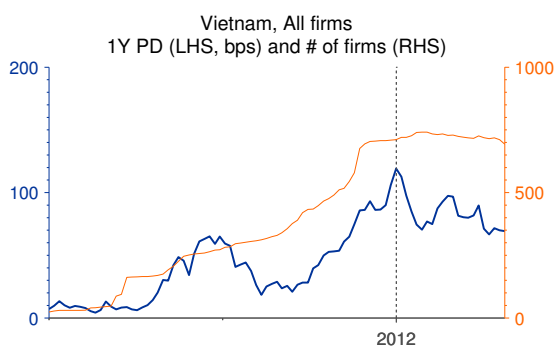
United Kingdom	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	194	18.2	31.2	18.7	31.9	0.5	16.7
Basic Materials	105	36.4	41.7	37.5	47.4	1.2	24.8
Communications	102	20.1	28.8	25.6	40.5	5.5	30.4
Consumer Cyclical	141	26.3	89.4	34.7	173.4	8.4	89.2
Consumer Non-cyclical	212	16.5	50.8	16.5	40.0	-0.0	21.4
Diversified	9	11.3	12.2	17.0	29.2	5.7	17.8
Energy	96	22.4	24.7	27.3	43.8	4.8	29.7
Industrial	168	14.9	19.8	15.3	22.5	0.4	12.2
Technology	81	21.6	52.4	16.4	22.8	-5.2	35.8
Utilities	12	16.9	28.5	17.8	25.8	0.9	18.6



United States	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	894	39.2	123.5	34.2	111.2	-5.0	52.9
Basic Materials	142	46.8	156.6	33.3	140.8	-13.6	112.4
Communications	305	19.9	73.5	25.9	174.1	6.0	127.2
Consumer Cyclical	443	20.6	95.5	39.8	369.5	19.3	292.0
Consumer Non-cyclical	776	19.6	58.0	15.6	42.7	-4.0	34.8
Diversified	8	56.3	98.6	71.5	126.9	15.2	28.7
Energy	301	28.5	81.0	30.5	122.2	2.0	93.7
Industrial	489	15.3	59.6	11.8	62.4	-3.5	37.2
Technology	332	9.9	27.3	8.1	21.6	-1.7	14.1
Utilities	91	5.5	26.3	3.6	17.7	-1.9	10.5



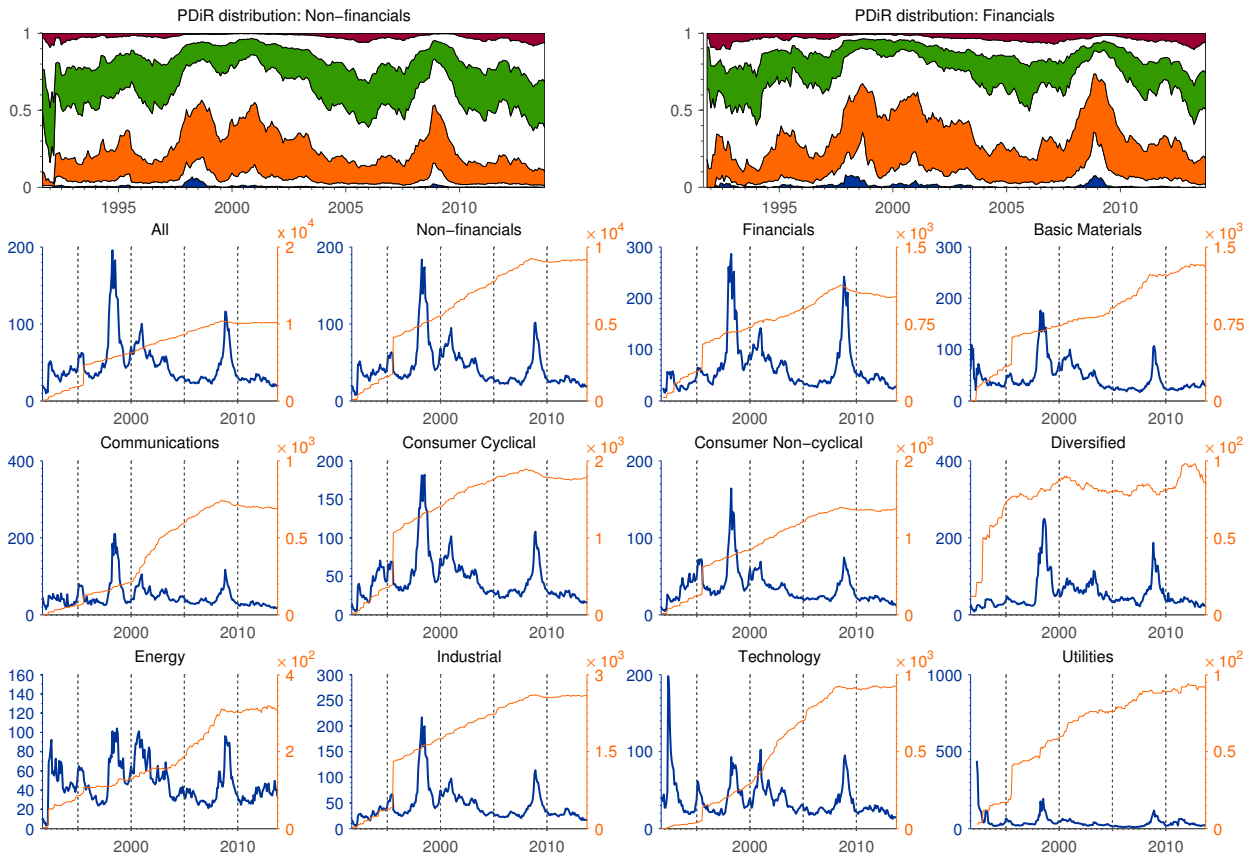
Venezuela	2013Q4		2014Q1		Q1-Q4		
	#	Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	3	2.6	2.5	6.3	6.3	3.7	3.8



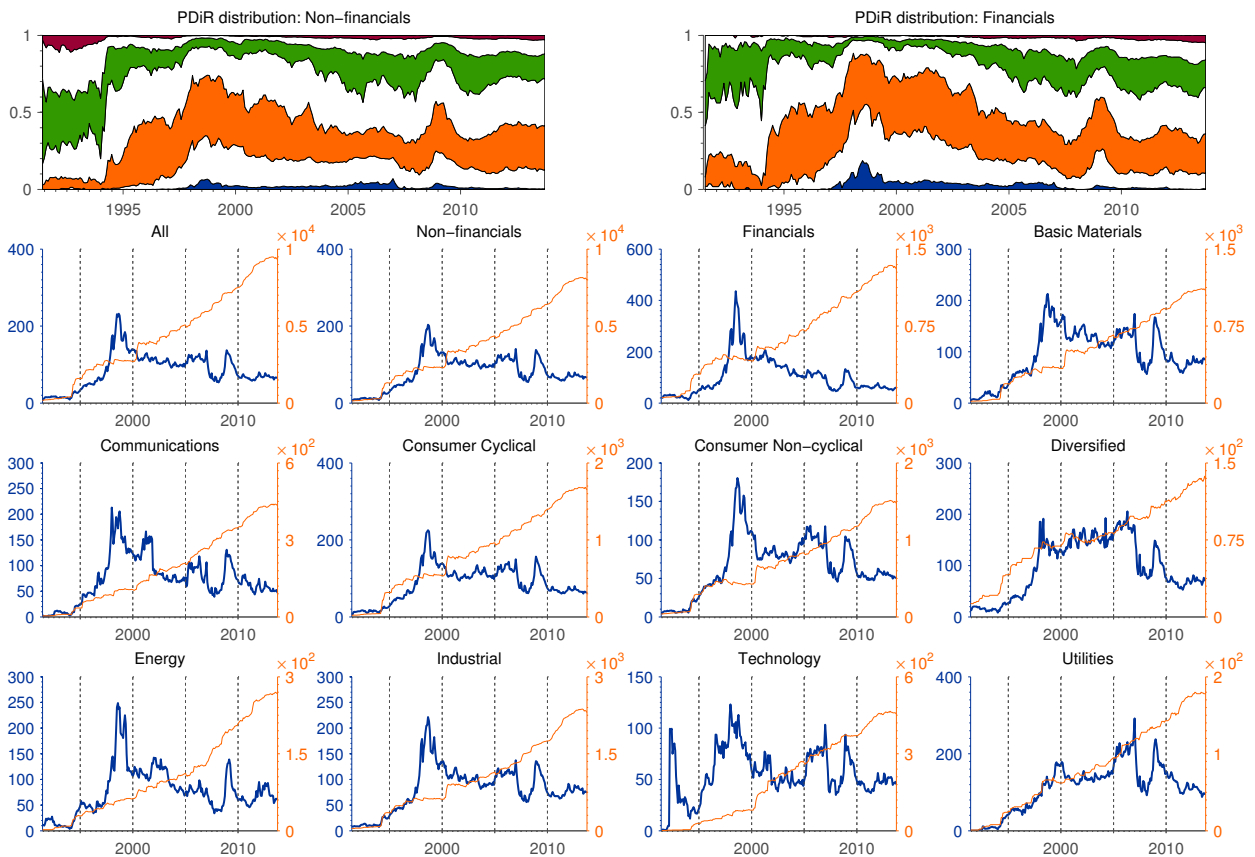
Vietnam	#	2013Q4		2014Q1		Q1-Q4	
		Mean	St.Dev.	Mean	St.Dev.	Mean	St.Dev.
Financials	76	35.3	42.0	23.5	27.5	-11.7	22.2
Basic Materials	59	50.1	56.3	36.2	42.0	-13.9	22.2
Communications	22	29.8	32.4	19.3	18.8	-10.5	21.2
Consumer Cyclical	56	41.0	40.9	35.3	56.4	-5.7	41.1
Consumer Non-cyclical	100	32.3	47.3	29.5	45.2	-2.8	34.5
Diversified	17	33.9	46.2	26.2	38.4	-7.7	13.1
Energy	23	60.2	79.0	35.4	44.5	-24.8	44.2
Industrial	278	71.6	81.6	48.9	58.7	-22.7	40.6
Technology	8	24.4	23.6	19.9	20.4	-4.5	13.6
Utilities	24	16.9	20.6	12.7	14.4	-4.2	7.7

B PD by regions

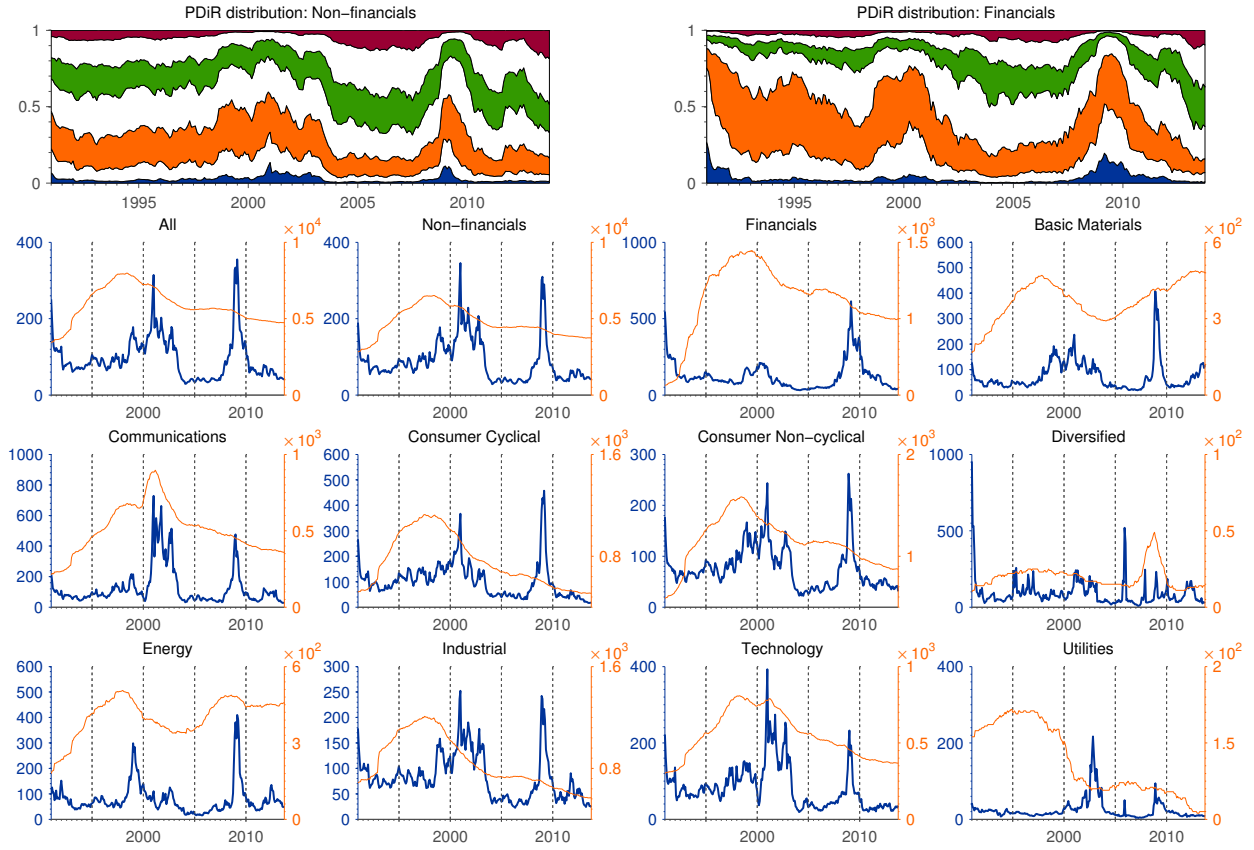
Asia Pacific - developed economies



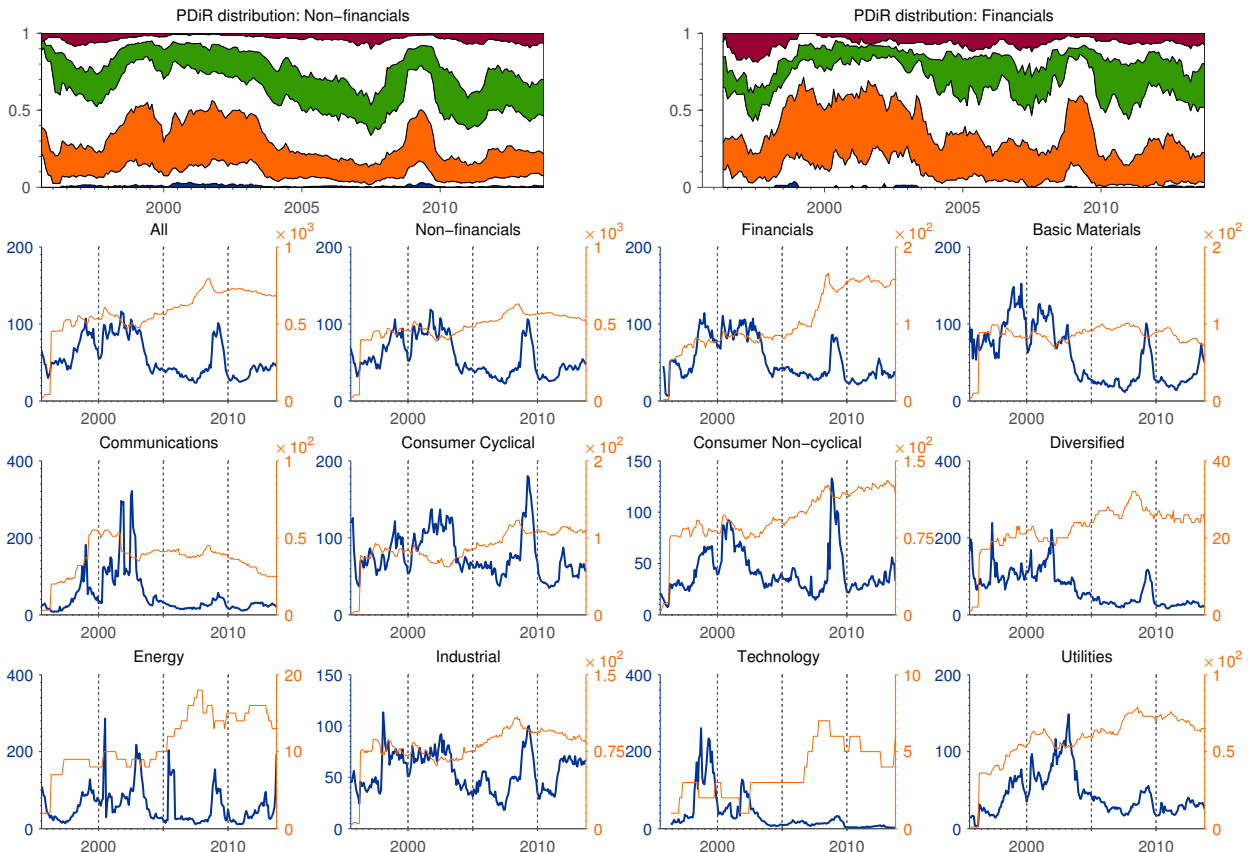
Asia Pacific - emerging economies



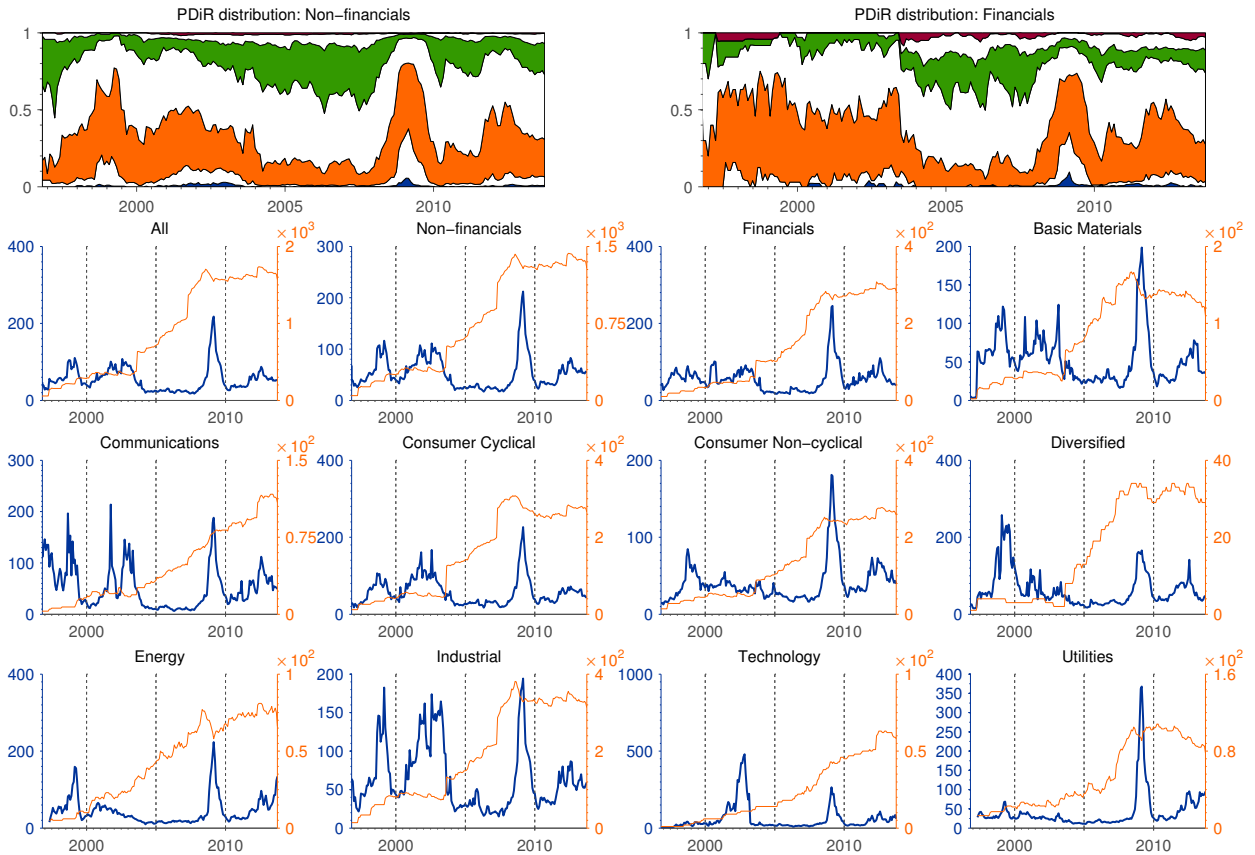
North America



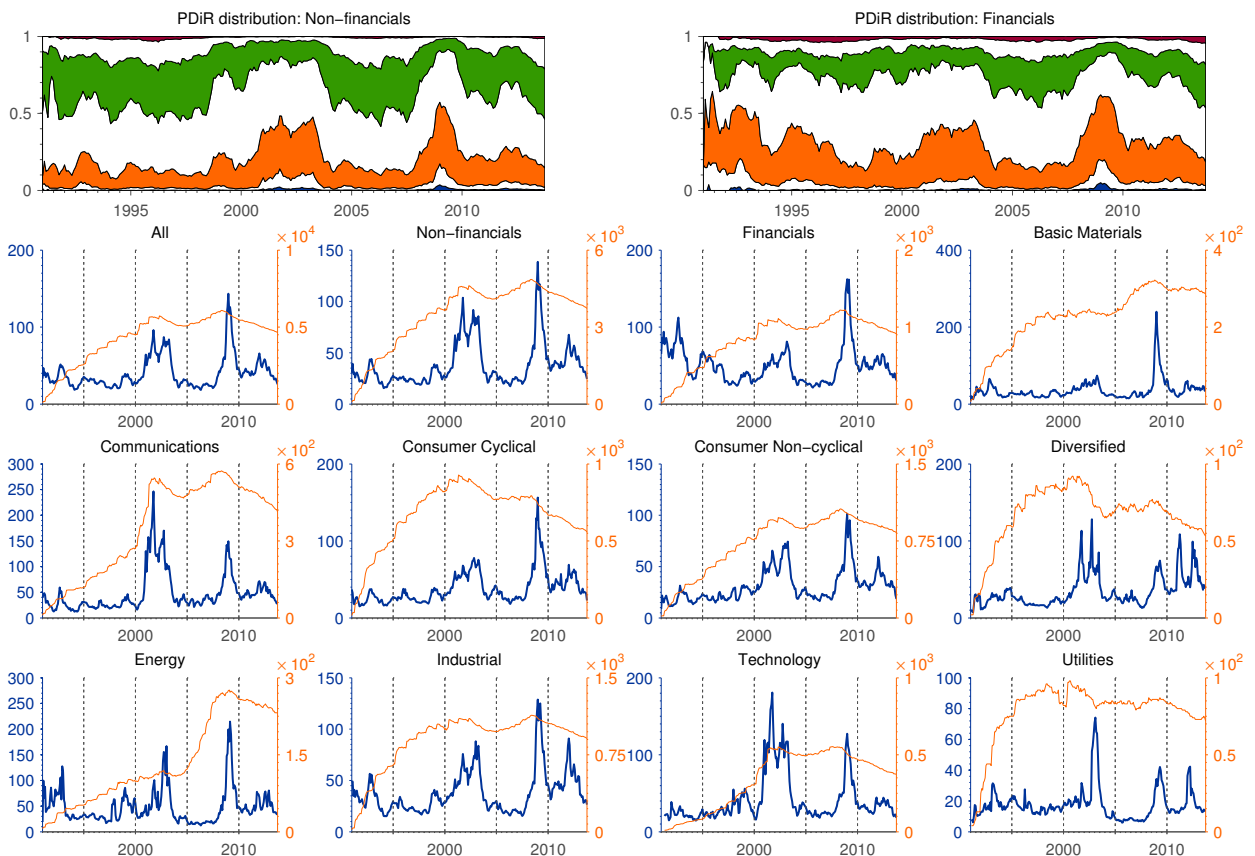
Latin America



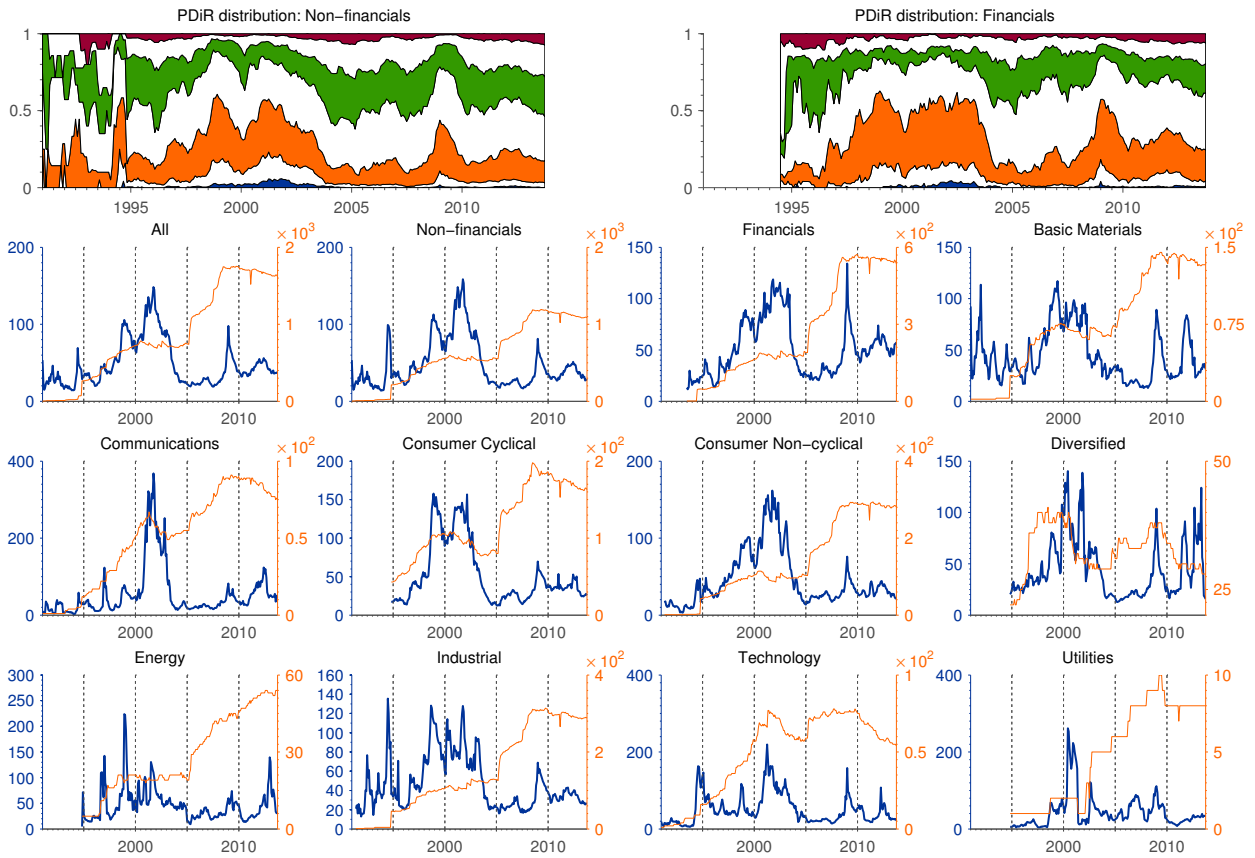
Eastern Europe



Western Europe

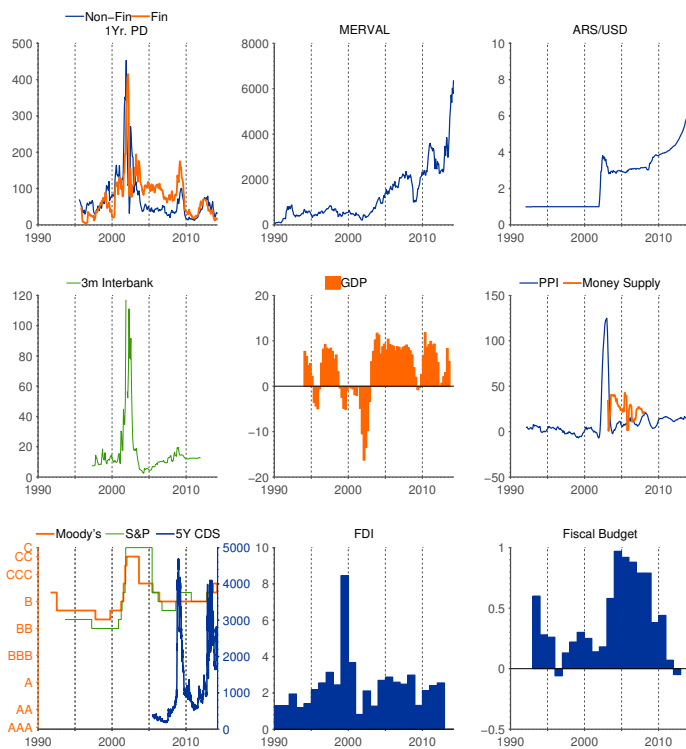


Africa & the Middle East

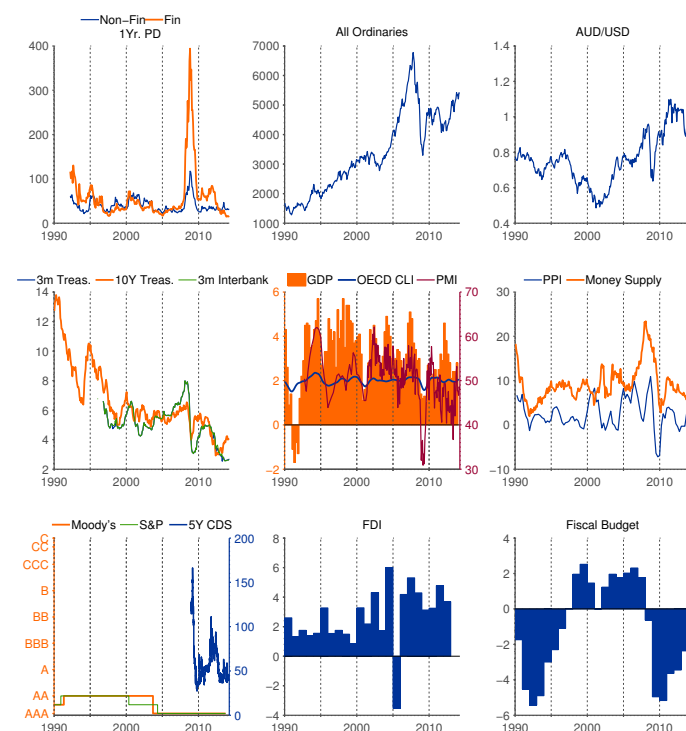


C Macroeconomic Indicators

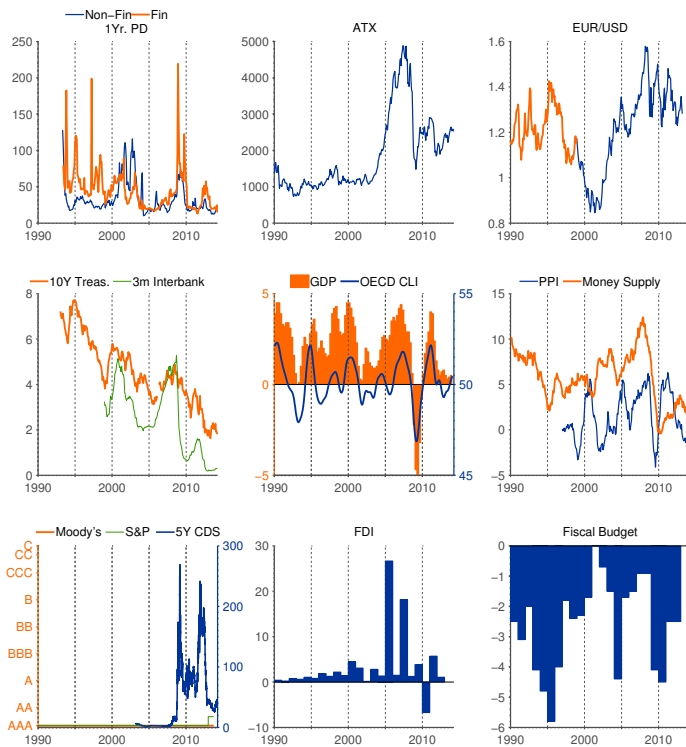
Descriptions of the data contained in this section are provided in Appendix D.



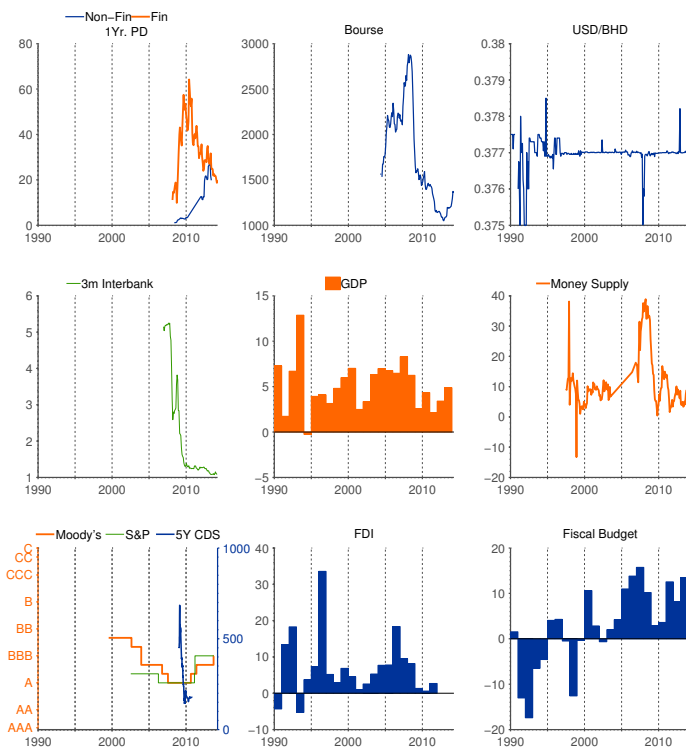
Argentina	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	54.26	53.03	33.84	27.25	32.80
1Yr. PD, Fin.	41.82	39.00	17.89	15.08	14.04
MERVAL	3381	2976	4784	5391	6374
ARS/USD	5.12	5.39	5.79	6.52	8.00
GDP (YoY%)	3.0	8.3	5.5	-	-
PPI (YoY%)	14.3	16.7	15.2	15.1	25.9*
Sov. Rating, Moody's	B3	B3	Caa1	Caa1	Caa1
Sov. Rating, S&P	B-	B-	CCC+	CCC+	CCC+
5Y CDS (bps)	3753.61	3008.93	2527.46	1653.60	1876.37



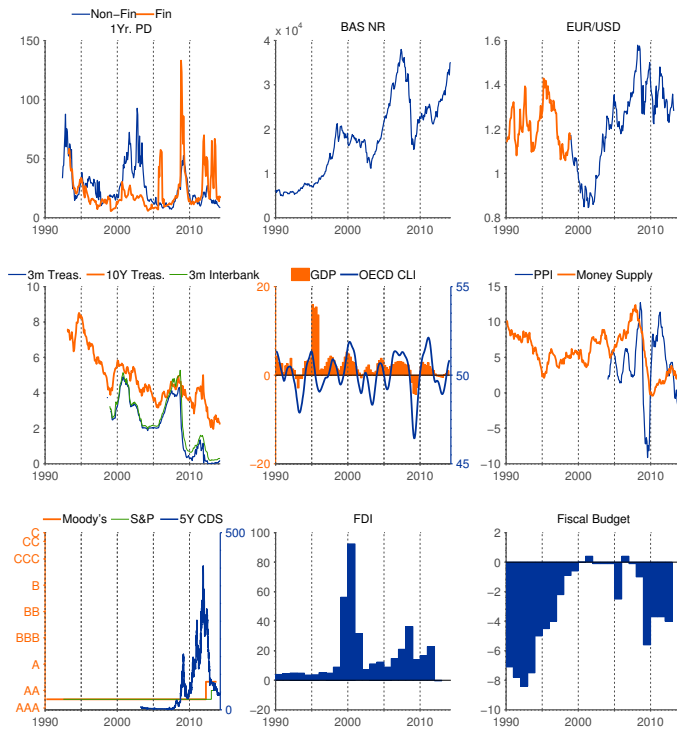
Australia	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	29.93	46.69	30.70	32.60	31.25
1Yr. PD, Fin.	27.93	28.97	18.28	16.15	15.98
All Ordinaries	4980	4775	5218	5353	5403
AUD/USD	1.04	0.91	0.93	0.89	0.93
3m Treas. Yield (%)	2.92	2.82	2.58	2.63	2.67
10Y Treas. Yield (%)	3.41	3.76	3.81	4.24	4.08
3m Interbank (%)	3.04	2.79	2.56	2.61	2.65
GDP (YoY%)	2.1	2.4	2.4	2.8	-
OECD CLI	99.80	99.71	99.76	100.17	100.35*
PMI	44.4	49.6	51.7	47.6	47.9
PPI (YoY%)	-0.3	-0.3	2.8	2.1	-
Money Supply (YoY%)	6.7	6.3	6.1	6.7	7.1*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	42.38	55.78	54.58*	39.00	43.45
Fiscal Budget (%GDP)	-	-	-	-2.37	-



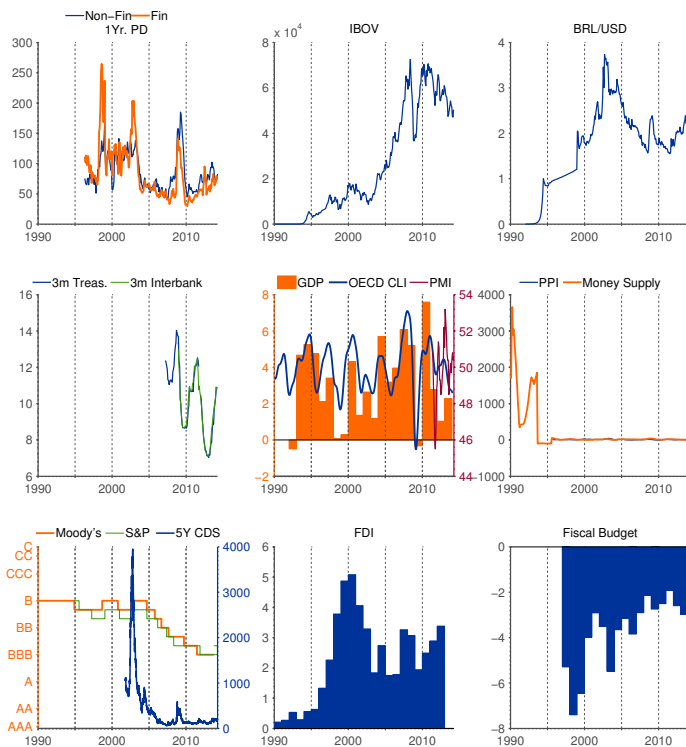
Austria	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	18.07	12.48	12.32	17.72	15.14
1Yr. PD, Fin.	22.81	19.53	20.25	18.19	14.56
ATX	2352	2224	2528	2547	2524
EUR/USD	1.28	-	-	-	-
10Y Treas. Yield (%)	1.70	2.16	2.18	2.27	1.81
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	0.5	0.3	0.4	0.5	-
OECD CLI	99.60	99.71	100.08	100.40	100.46*
PPI (YoY%)	-0.8	-1.2	-1.3	-1.1	-1.8*
Money Supply (YoY%)	2.5	2.3	1.9	1.0	1.3*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+
5Y CDS (bps)	42.3	39.1	29.2	37.3	38.9



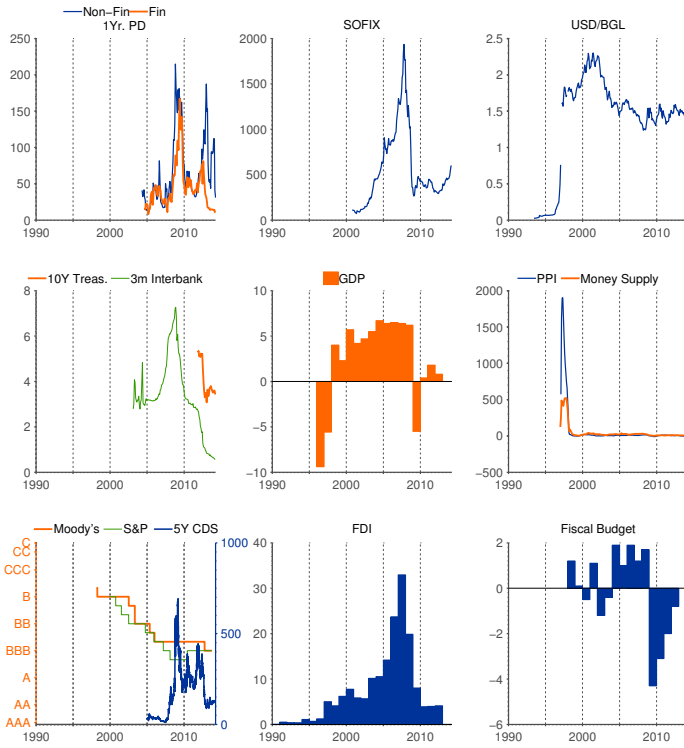
Bahrain	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	28.18	19.79*	-	-	-
1Yr. PD, Fin.	27.84	24.72	22.61	21.50	19.71
Bourse	1092	1188	1194	1249	1357
USD/BHD	0.38	0.38	0.38	0.38	0.38
3m Interbank (%)	1.12	1.08	1.10	1.15	1.09
GDP (YoY%)	-	-	-	4.87	-
Money Supply (YoY%)	4.98	5.04	8.91	-	-
Sov. Rating, Moody's	Baa1	Baa1	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
Fiscal Budget (%GDP)	-	-	-	13.48	-



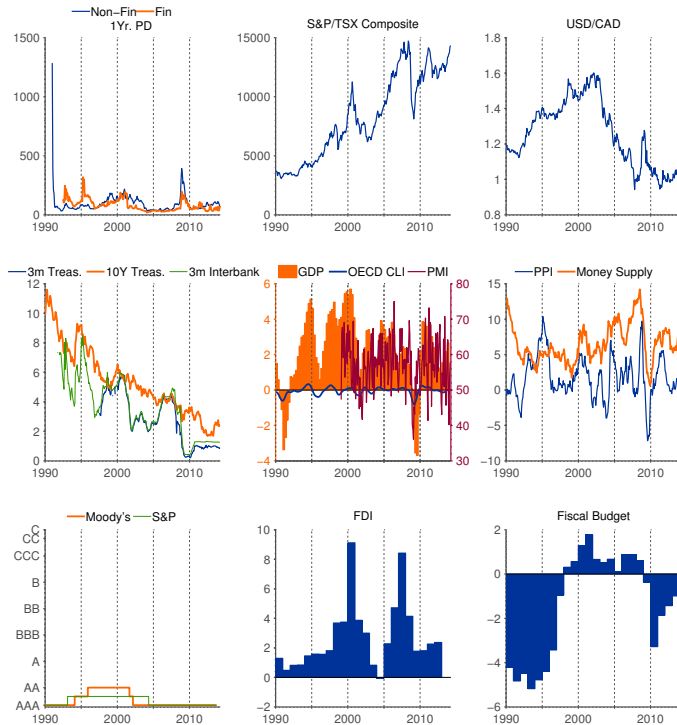
Belgium	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	12.29	11.84	13.58	10.12	8.41
1Yr. PD, Fin.	33.69	66.80	16.85	17.85	16.86
BAS NR	27794	27688	31253	33394	35104
EUR/USD	1.28	-	-	-	-
3m Treas. Yield (%)	0.02	0.04	0.03	0.06	0.19
10Y Treas. Yield (%)	2.23	2.63	2.57	2.56	2.21
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	-0.5	0.1	0.4	1.0	-
OECD CLI	99.05	99.56	100.26	100.78	100.84*
PPI (YoY%)	1.3	-0.1	-1.8	-2.5	-3.3*
Money Supply (YoY%)	2.5	2.3	1.9	1.0	1.3*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA	AA	AA	AA	AA
5Y CDS (bps)	76.31	72.58	60.71	47.34	43.00



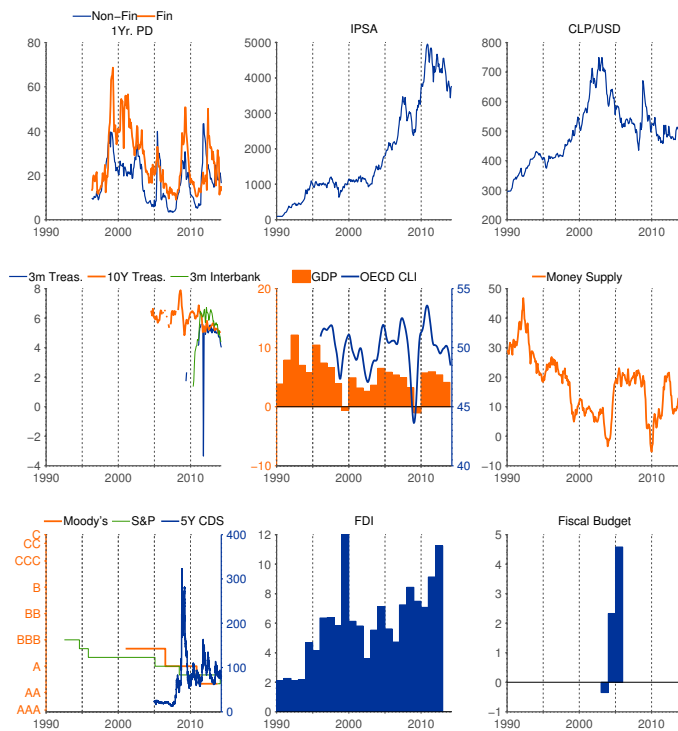
Brazil	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	86.16	102.37	90.22	73.62	82.83
1Yr. PD, Fin.	53.62	74.61	70.75	68.07	79.71
IBOV	56352.1	47457.1	52338.2	51507.2	50414.9
BRL/USD	2.02	2.23	2.22	2.36	2.27
3m Treas. Yield (%)	7.16	7.87	8.87	10.23	10.86
3m Interbank (%)	7.28	8.59	9.52	10.26	10.92
GDP (YoY%)	-	-	-	2.3	-
OECD CLI	99.86	99.11	98.78	98.66	98.58*
PMI	51.8	50.4	49.9	50.5	50.6
PPI (YoY%)	8.9	6.1	3.5	5.1	7.7
Money Supply (YoY%)	8.77	9.45	9.33	10.95	12.56*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB-	BBB-	BBB-
5Y CDS (bps)	137.22	185.24	176.74	193.77	169.00
Fiscal Budget (%GDP)	-	-	-	-2.97	-



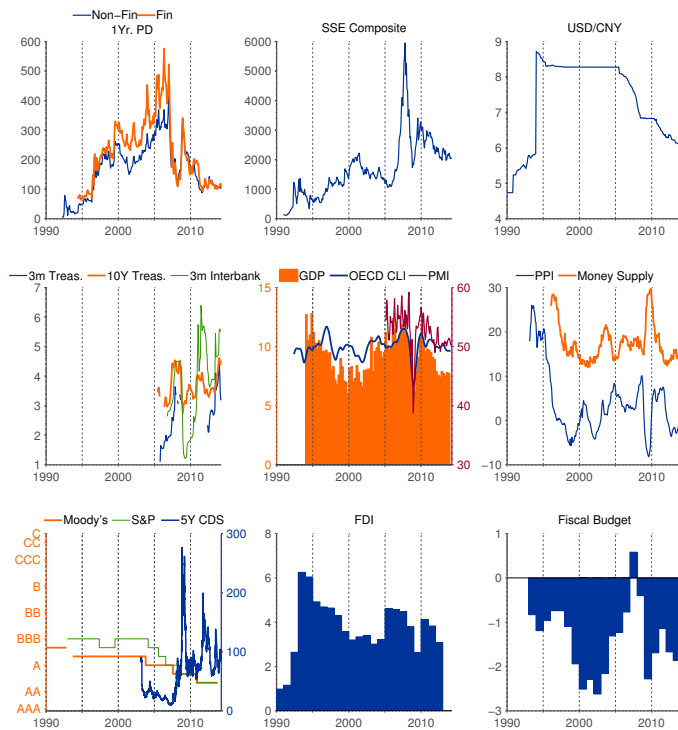
Bulgaria	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	77.17	55.77	94.17	112.27	30.94
1Yr. PD, Fin.	16.90	13.96	14.73	13.34	10.61
SOFIX	384	444	456	492	600
USD/BGL	1.53	1.50	1.45	1.42	1.42
10Y Treas. Yield (%)	3.64	3.71	3.68	3.52	3.45
3m Interbank (%)	0.82	0.73	0.70	0.65	0.56
PPI (YoY%)	0.6	0.0	-3.5	-2.8	-2.5*
Money Supply (YoY%)	8.8	7.6	8.1	8.9	10.1*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	119.82	123.33	116.52	123.51	127.32



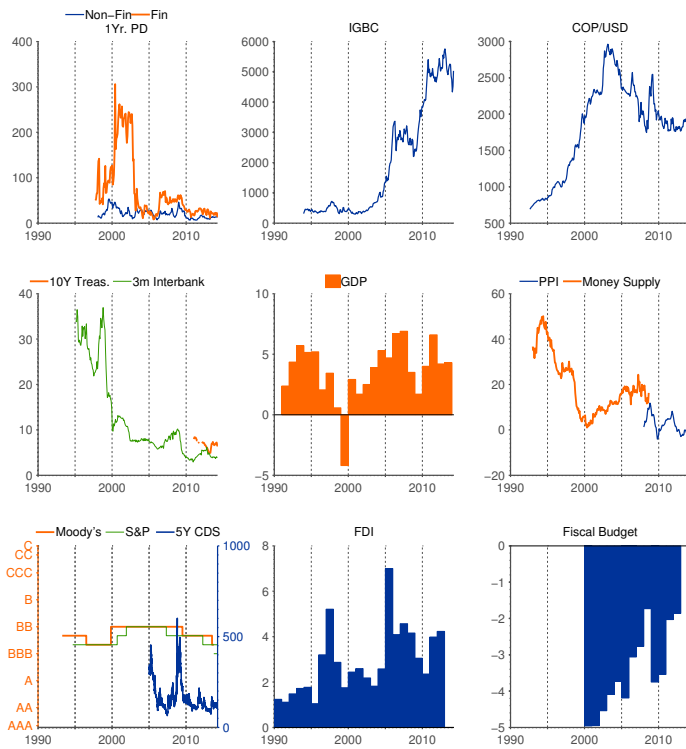
Canada	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	86.35	109.48	95.42	103.89	70.25
1Yr. PD, Fin.	33.31	54.66	44.72	34.99	74.10
S&P/TSX Composite	12750	12129	12787	13622	14335
USD/CAD	1.02	1.05	1.03	1.06	1.11
3m Treas. Yield (%)	0.98	1.02	0.97	0.92	0.89
10Y Treas. Yield (%)	1.87	2.44	2.54	2.76	2.46
3m Interbank (%)	1.28	1.27	1.27	1.27	1.27
GDP (YoY%)	1.5	1.7	2.2	2.7	-
OECD CLI	99.33	99.55	99.95	100.05	100.02*
PMI	64.4	56.6	59.4	40.2	57.8*
PPI (YoY%)	0.9	0.5	0.9	0.8*	-
Money Supply (YoY%)	5.6	6.2	7.5	9.2	9.1*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
Fiscal Budget (%GDP)	-	-	-	-0.99	-



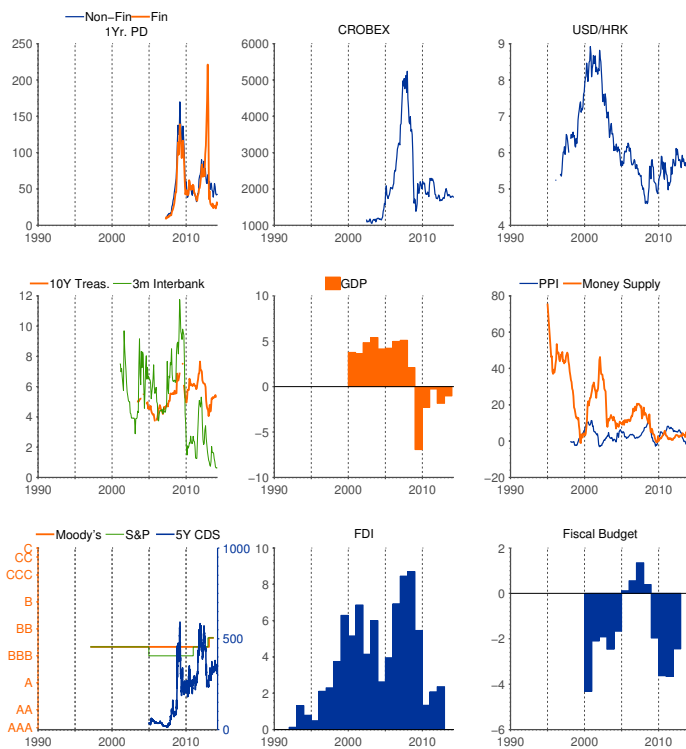
Chile	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	14.66	24.72	18.09	19.39	16.52
1Yr. PD, Fin.	25.46	15.39	31.44	11.31	15.18
IPSA	4432.1	4029.7	3823.8	3699.2	3772.8
CLP/USD	472.15	508.42	504.67	525.45	549.47
3m Treas. Yield (%)	5.17	5.24	5.05	4.71	4.12
10Y Treas. Yield (%)	5.60	5.28	5.27	5.14	5.00*
3m Interbank (%)	5.80	5.53	5.58	5.14	4.37
GDP (YoY%)	-	-	-	4.1	-
OECD CLI	100.01	100.16	99.79	98.81	98.48*
Money Supply (YoY%)	9.1	10.0	13.0	14.9	13.3*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	A+	A+	AA-	AA-	AA-
5Y CDS (bps)	65.94	98.03	89.63	79.55	77.34



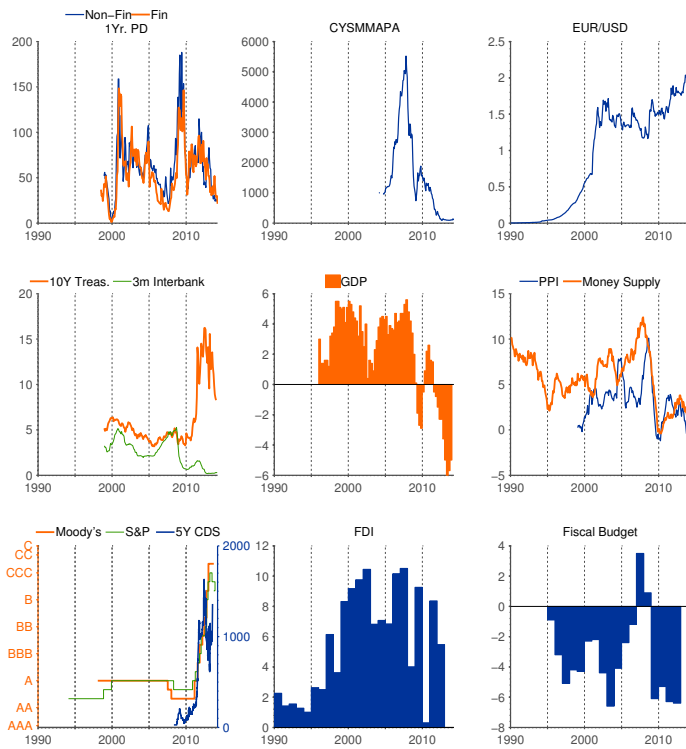
China	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	111.08	113.63	106.60	107.08	103.56
1Yr. PD, Fin.	114.75	109.87	105.09	109.39	104.81
SSE Composite	2237	1979	2175	2116	2033
USD/CNY	6.21	6.14	6.12	6.05	6.22
3m Treas. Yield (%)	2.68	4.10	3.70	4.50	3.18
10Y Treas. Yield (%)	3.59	3.61	4.07	4.62	4.51
3m Interbank (%)	3.88	5.44	4.67	5.56	5.50
GDP (YoY%)	7.7	7.5	7.8	7.7	-
OECD CLI	99.98	99.39	99.29	99.30	99.34*
PMI	50.9	50.1	51.1	51.0	50.3
PPI (YoY%)	-1.9	-2.7	-1.3	-1.4	-2.0*
Money Supply (YoY%)	15.7	14.0	14.2	13.6	13.3*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	71.3	138.3	86.5	79.8	92.3
Fiscal Budget (%GDP)	-	-	-	-1.86	-



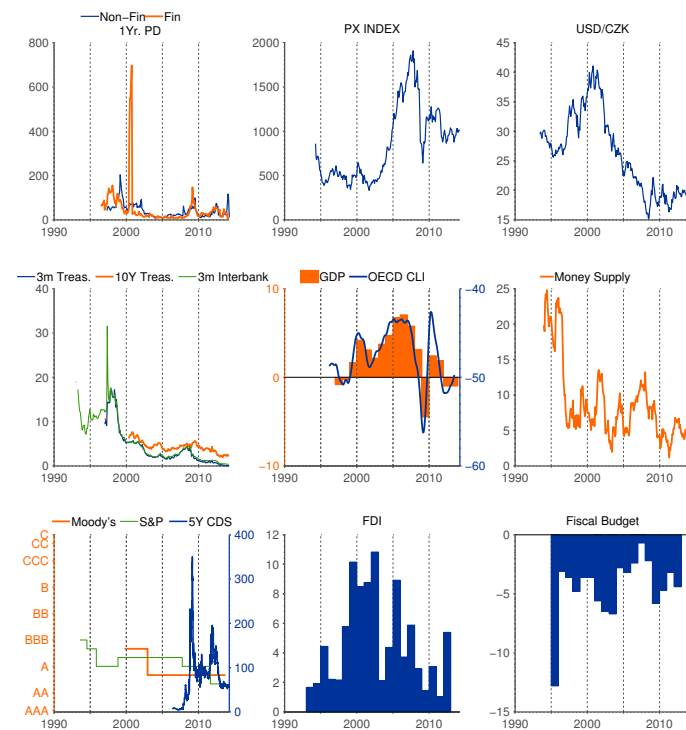
Colombia	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	8.40	12.44	12.63	13.35	13.06
1Yr. PD, Fin.	11.52	21.13	17.73	18.14	12.85
IGBC	5442	4905	5254	4739	5029
COP/USD	1825.00	1922.77	1906.00	1929.51	1971.20
10Y Treas. Yield (%)	4.92	6.93	6.89	6.80	6.49
3m Interbank (%)	4.53	3.97	4.02	3.71	3.81
GDP (YoY%)	-	-	-	4.3	-
PPI (YoY%)	-1.9	-0.2	-1.3	-0.5	1.3*
Sov. Rating, Moody's	Ba1	Ba1	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB	BBB	BBB
5Y CDS (bps)	98.33	141.32	134.66	118.66	106.02



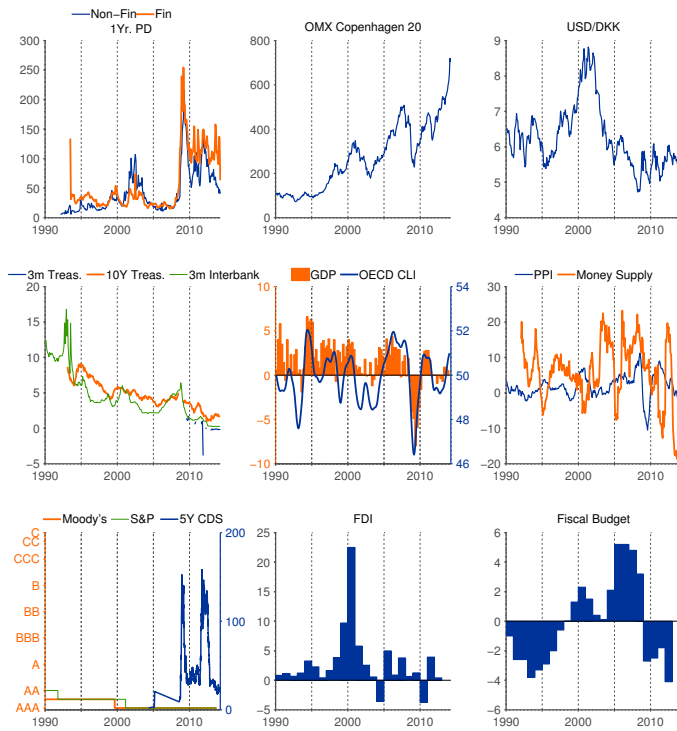
Croatia	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	49.38	49.05	46.95	43.62	42.04
1Yr. PD, Fin.	32.24	26.16	24.98	23.07	27.49
CROBEX	2007.9	1804.7	1810.5	1794.3	1758.4
USD/HRK	5.9	5.7	5.6	5.5	5.6
10Y Treas. Yield (%)	4.79	5.23	5.25	5.45	5.28*
3m Interbank (%)	0.81	2.04	1.60	0.70	0.60
GDP (YoY%)	-	-	-	-1.0	-
PPI (YoY%)	1.60	-0.10	-1.80	-2.40	-2.70*
Money Supply (YoY%)	4.36	3.44	5.08	2.93	3.39*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	333.76	335.85	331.90	343.87	305.00



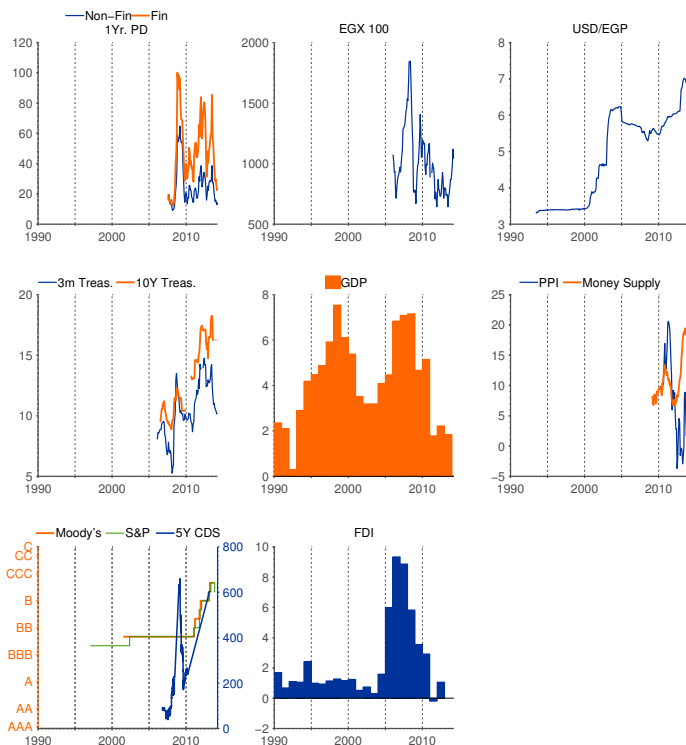
Cyprus	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	60.73	36.49	27.44	26.15	26.95
1Yr. PD, Fin.	34.02	31.70	40.61	29.52	21.19
CYSMMAPA	102	96	93	103	118
EUR/USD	1.28	-	-	-	-
10Y Treas. Yield (%)	15.57	13.13	11.13	8.53	8.27*
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	-5.0	-6.0	-5.7	-5.0	-
PPI (YoY%)	2.60	1.00	-0.40	-0.10	0.40*
Money Supply (YoY%)	2.50	2.30	1.90	1.00	1.30*
Sov. Rating, Moody's	Caa3	Caa3	Caa3	Caa3	Caa3
Sov. Rating, S&P	CCC	CCC	B-	B-	B-
5Y CDS (bps)	962.44	1008.29	1359.55*	-	-



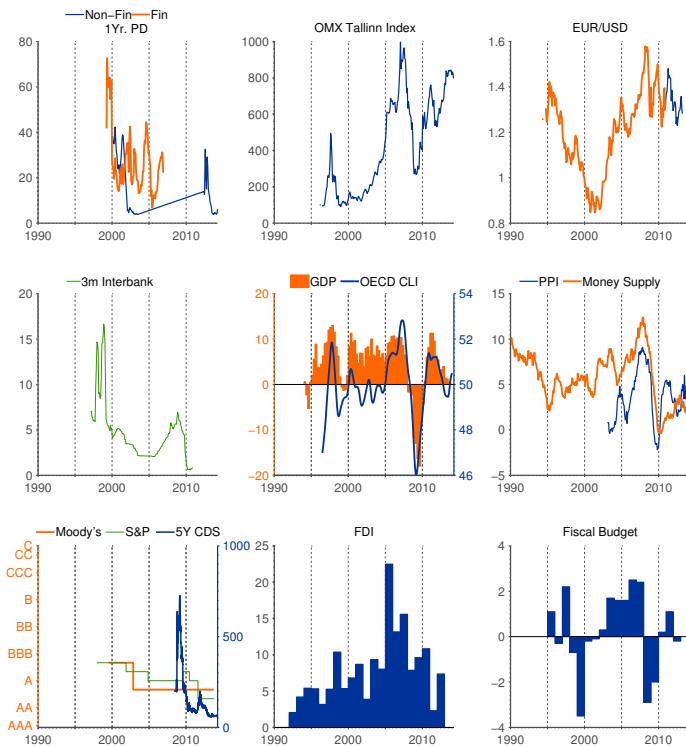
Czech Republic	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	13.59	43.61	23.07	81.58	12.14
1Yr. PD, Fin.	17.16	48.84	33.31	8.22	7.16
PX INDEX	963	878	958	989	1006
USD/CZK	20	20	19	20	20
3m Treas. Yield (%)	0.28	0.14	0.07	0.09	0.00
10Y Treas. Yield (%)	2.24	2.45	2.37	2.57	2.18
3m Interbank (%)	0.47	0.46	0.45	0.38	0.37
GDP (YoY%)	-	-	-	-1.0	-
OECD CLI	-0.54	0.26	-	-	-
Money Supply (YoY%)	4.51	4.27	5.10	4.77	4.63*
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	63.4	63.8	60.2	61.2	55.7



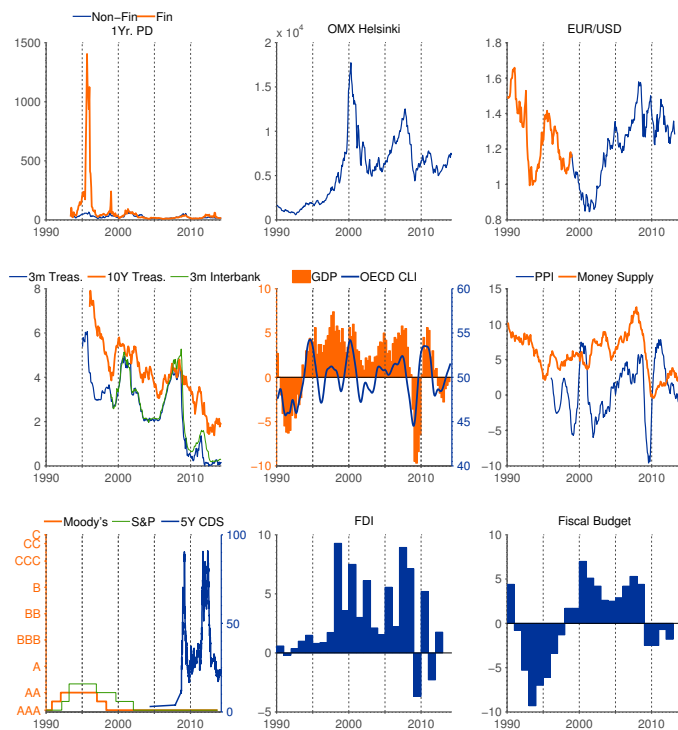
Denmark	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	70.11	65.85	57.14	50.26	40.69
1Yr. PD, Fin.	99.89	116.10	109.88	90.59	63.39
OMX Copenhagen 20	534	512	566	616	702
USD/DKK	5.82	5.73	5.51	5.43	5.42
3m Treas. Yield (%)	-0.22	-0.11	-0.11	-0.20	-0.16
10Y Treas. Yield (%)	1.48	1.87	1.97	1.98	1.62
3m Interbank (%)	0.27	0.27	0.27	0.26	0.30
GDP (YoY%)	-0.7	0.9	0.9	0.5	-
OECD CLI	99.44	99.81	100.42	100.91	100.99*
PPI (YoY%)	-0.4	0.6	-1.8	-1.4	-
Money Supply (YoY%)	-14.6	-17.8	-17.7	-12.6*	-
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	33.3	31.7	23.5	28.4	24.1



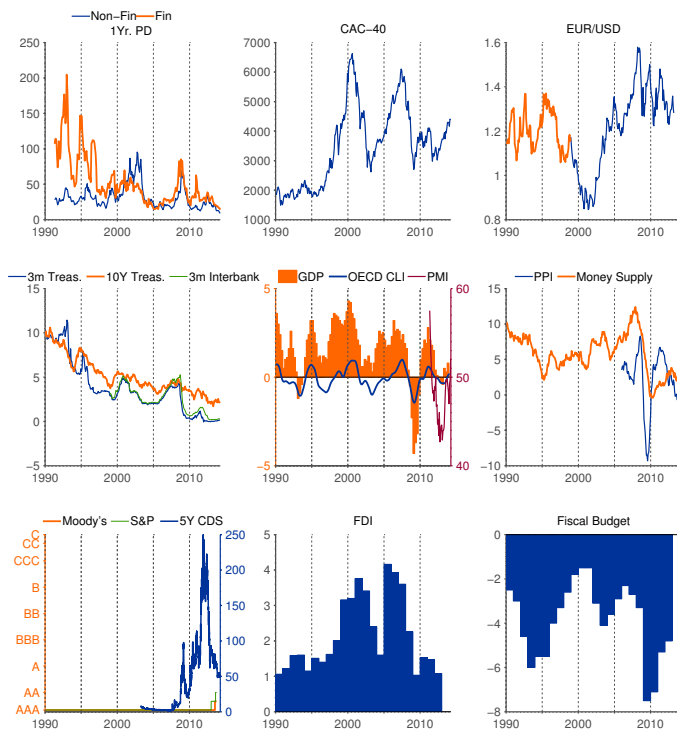
Egypt	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	28.77	38.59	21.94	15.89	14.34
1Yr. PD, Fin.	55.06	85.39	42.69	29.73	23.58
EGX 100	737.3	643.0	811.3	923.1	1041.3
USD/EGP	6.80	7.02	6.89	6.95	6.97
3m Treas. Yield (%)	12.87	14.21	10.95	10.53	10.23
10Y Treas. Yield (%)	16.50	18.25	16.25	16.25	16.25
GDP (YoY%)	-	-	-	1.84	-
PPI (YoY%)	-3.0	8.4	1.6	9.1	8.7*
Money Supply (YoY%)	17.2	18.4	18.7	18.9	17.0*
Sov. Rating, Moody's	Caa1	Caa1	Caa1	Caa1	Caa1
Sov. Rating, S&P	B-	CCC+	B-	B-	B-
5Y CDS (bps)	597.79*	606.28*	-	-	-



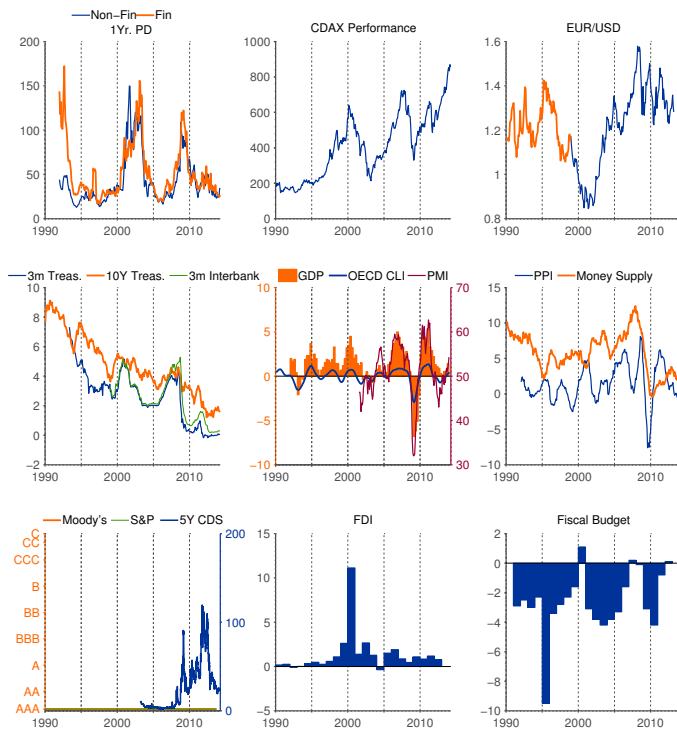
Estonia	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	9.27	4.52	3.82	4.17	6.18
OMX Tallinn Index	838	813	837	818	797
EUR/USD	1.28	-	-	-	-
GDP (YoY%)	1.4	1.2	0.6	0.1	-
OECD CLI	99.49	99.46	100.08	100.47	100.46*
PPI (YoY%)	5.0	6.0	4.9	2.4	-0.9*
Money Supply (YoY%)	2.50	2.30	1.90	1.00	1.30*
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	62.15	71.56	65.89	62.34	57.04



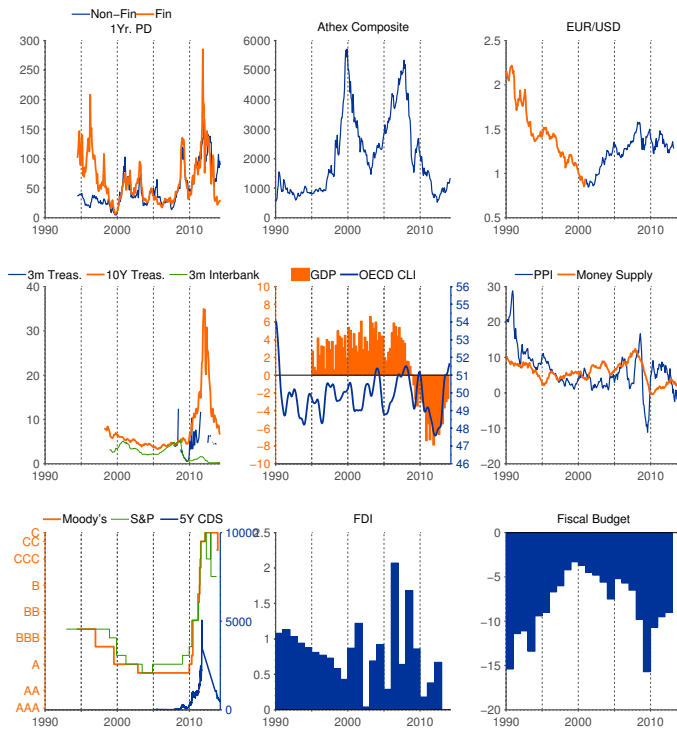
Finland	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	17.96	14.01	14.43	15.19	15.48
1Yr. PD, Fin.	32.06	19.19	17.28	14.70	13.69
OMX Helsinki	6137.7	5895.3	6864.4	7337.0	7351.5
EUR/USD	1.28	-	-	-	-
3m Treas. Yield (%)	0.13	0.26	0.21	0.18	0.15
10Y Treas. Yield (%)	1.55	2.00	2.00	2.13	1.87
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	-2.8	-1.3	-0.9	-0.5	-
OECD CLI	99.46	100.18	100.78	101.39	101.56*
PPI (YoY%)	0.0	0.2	-1.1	-0.8	-1.3*
Money Supply (YoY%)	2.5	2.3	1.9	1.0	1.3*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	31.56	22.59	21.68	21.59	22.89



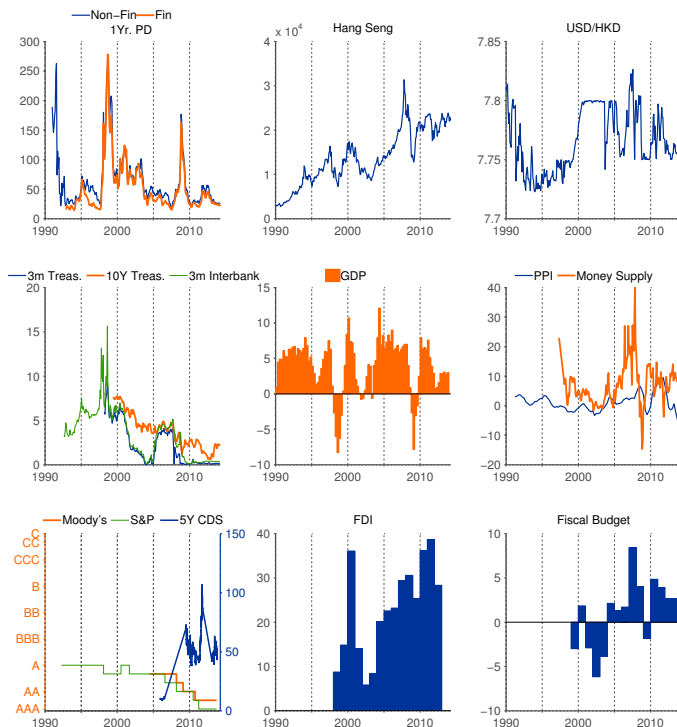
France	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	17.57	19.45	12.57	13.01	9.23
1Yr. PD, Fin.	25.81	20.60	18.69	17.14	14.17
CAC-40	3731.4	3738.9	4143.4	4295.9	4391.5
EUR/USD	1.28	-	-	-	-
3m Treas. Yield (%)	0.01	0.03	0.06	0.15	0.19
10Y Treas. Yield (%)	2.02	2.35	2.32	2.56	2.08
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	-0.4	0.5	0.3	0.8	-
OECD CLI	99.30	99.40	99.95	100.32	100.35*
PMI	44.0	48.4	49.8	47.0	52.1
PPI (YoY%)	1.7	0.0	-0.6	0.1	-1.7*
Money Supply (YoY%)	2.5	2.3	1.9	1.0	1.3*
Sov. Rating, Moody's	Aaa	Aaa	Aa1	Aa1	Aa1
Sov. Rating, S&P	AA+	AA+	AA	AA	AA
5Y CDS (bps)	76.94	80.49	68.37	53.76	49.25



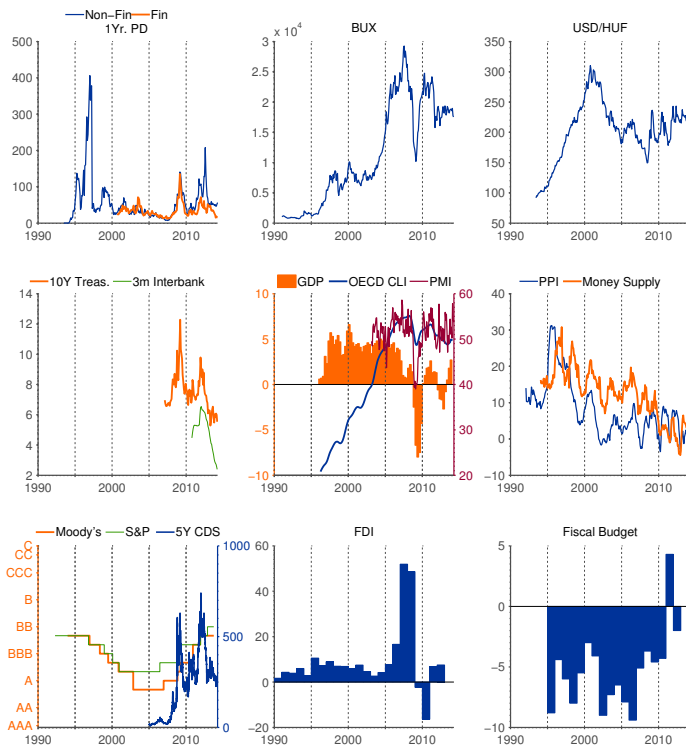
Germany	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	31.17	24.74	23.25	24.12	34.35
1Yr. PD, Fin.	36.42	30.45	30.34	25.50	26.69
CDAX Performance	696	711	771	853	856
EUR/USD	1.28	-	-	-	-
3m Treas. Yield (%)	-0.02	0.00	-0.01	0.09	0.05
10Y Treas. Yield (%)	1.29	1.73	1.78	1.93	1.57
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	-0.3	0.5	0.6	1.4	-
OECD CLI	99.50	99.89	100.36	100.75	100.83*
PMI	49.0	48.6	51.1	54.3	-
PPI (YoY%)	0.1	0.1	-0.5	-0.5	-0.8*
Money Supply (YoY%)	2.50	2.30	1.90	1.00	1.30*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	36.9	32.3	24.3	25.1	22.3



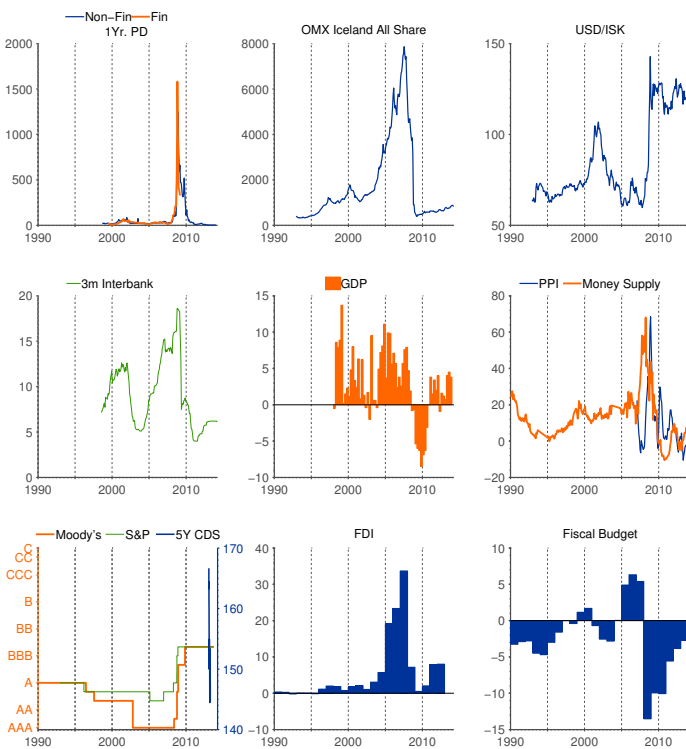
Greece	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	76.96	63.23	72.45	106.88	89.28
1Yr. PD, Fin.	105.68	28.20	35.72	25.13	27.36
Athex Composite	869	848	1014	1163	1336
EUR/USD	1.28	-	-	-	-
3m Treas. Yield (%)	4.88	4.46*	4.36	-	-
10Y Treas. Yield (%)	12.44	10.98	9.32	8.42	6.57
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	-5.5	-3.7	-3.0	-2.6	-
OECD CLI	100.21	101.02	101.09	101.52	101.67*
PPI (YoY%)	-1.3	0.8	-1.4	0.0	-3.5*
Money Supply (YoY%)	2.5	2.3	1.9	1.0	1.3*
Sov. Rating, Moody's	C	C	Caa3	Caa3	Caa3
Sov. Rating, S&P	B-	B-	B-	B-	B-
5Y CDS (bps)	-	-	871.0	675.0	454.0



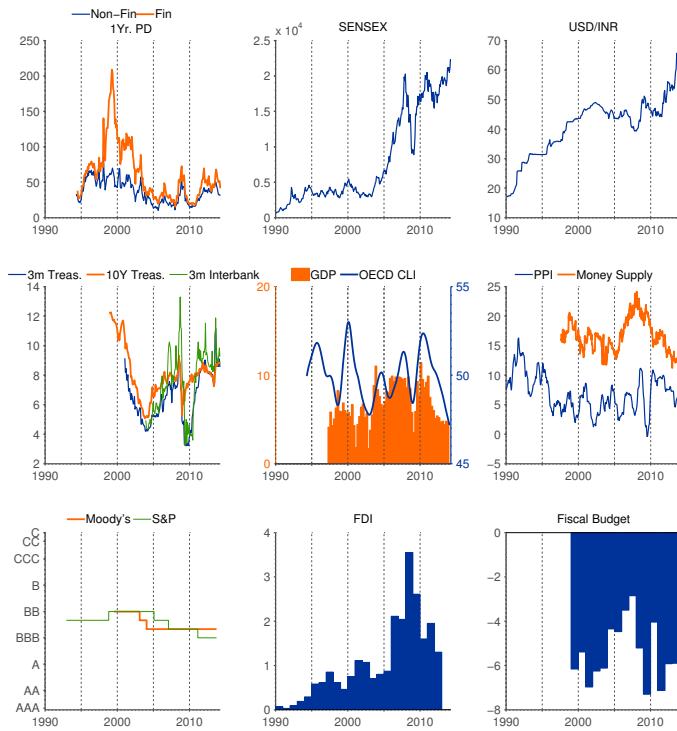
Hong Kong	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	29.14	27.96	26.54	26.17	25.95
1Yr. PD, Fin.	28.56	24.18	24.31	24.25	21.04
Hang Seng	22300	20803	22860	23306	22151
USD/HKD	7.76	7.76	7.76	7.75	7.76
3m Treas. Yield (%)	0.06	0.13	0.17	0.14	0.17
10Y Treas. Yield (%)	1.17	2.05	2.11	2.33	2.34
3m Interbank (%)	0.38	0.38	0.39	0.38	0.37
GDP (YoY%)	2.9	3.1	2.8	3.0	-
PPI (YoY%)	0.6	-2.4	-5.2	-5.5	-
Money Supply (YoY%)	9.2	9.7	9.6	5.7	8.6*
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	45.65*	-
Fiscal Budget (%GDP)	-	-	-	2.65	-



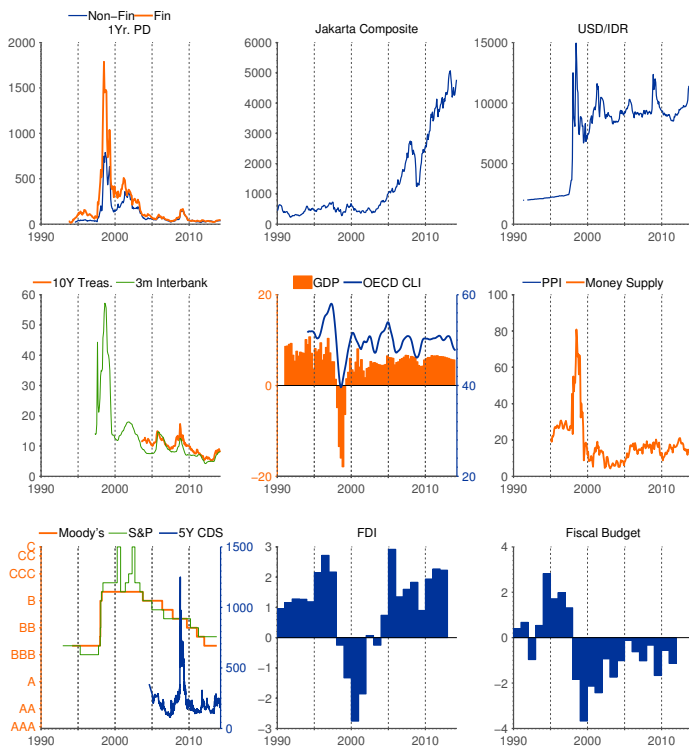
	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	49.85	50.73	51.05	46.58	56.40
1Yr. PD, Fin.	48.60	33.80	30.33	14.87	15.77
BUX	17857	19024	18663	18564	17530
USD/HUF	237	227	220	216	223
10Y Treas. Yield (%)	6.27	6.05	5.84	5.84	5.54
3m Interbank (%)	4.60	4.05	3.35	2.80	2.39
GDP (YoY%)	-0.8	0.5	1.8	2.7	-
OECD CLI	98.92	98.90	99.32	99.81	99.79*
PMI	55.5	50.8	54.4	50.2	53.7
PPI (YoY%)	2.2	0.6	1.6	0.5	0.2*
Money Supply (YoY%)	5.5	4.5	3.1	6.5	3.8*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BB	BB	BB	BB	BB
5Y CDS (bps)	383.3	318.5	277.9	260.0	235.6



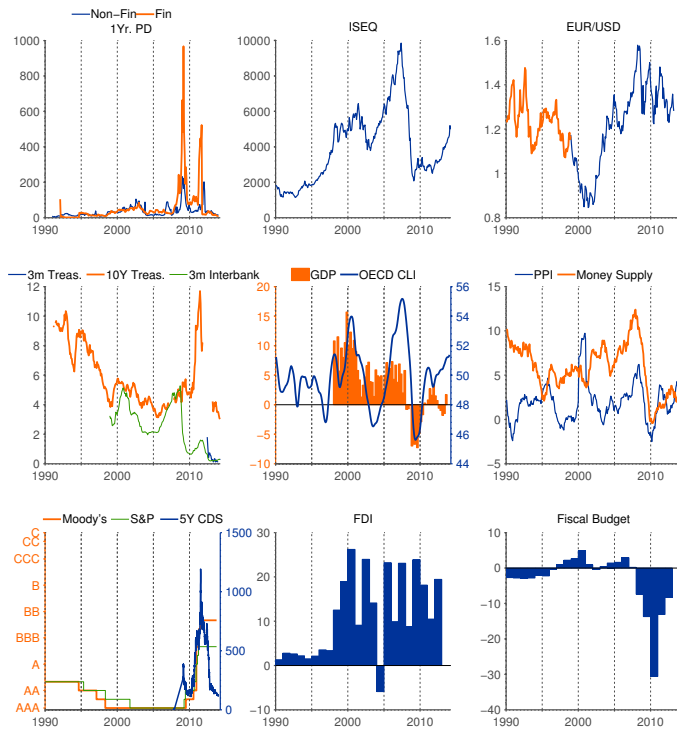
	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	2.28	1.80	2.72	2.39	-
OMX Iceland All Share	781	731	765	865	823
USD/ISK	123.65	123.94	120.38	115.18	112.79
3m Interbank (%)	6.20	6.20	6.20	6.20	6.10
GDP (YoY%)	0.7	4.0	4.5	3.8	-
PPI (YoY%)	-4.4	-6.0	-1.9	-7.1	-12.3*
Money Supply (YoY%)	0.5	4.5	7.5	4.2	6.5*
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*	-	-	-
Fiscal Budget (%GDP)	-	-	-	-2.74	-



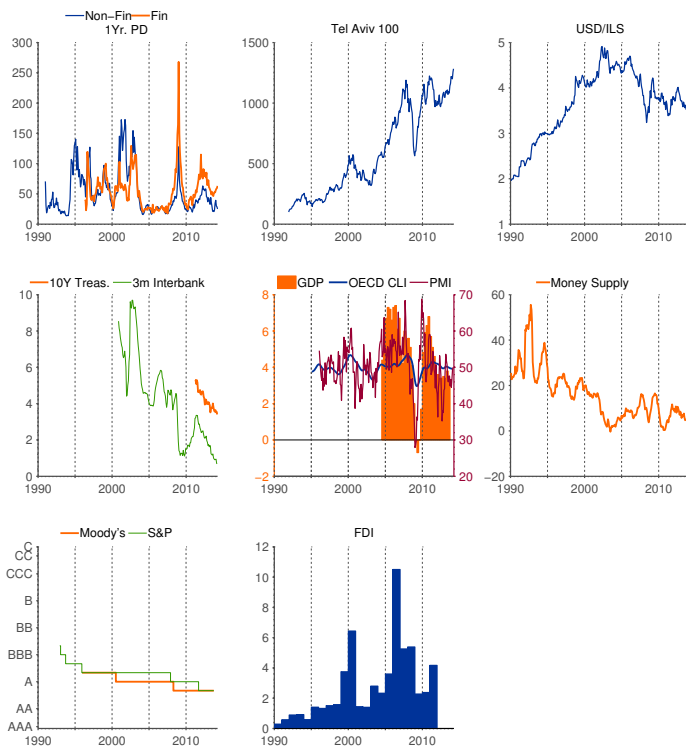
India	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	46.80	44.04	44.34	32.50	31.09
1Yr. PD, Fin.	47.40	48.51	64.75	49.94	41.56
SENSEX	18835.8	19395.8	19379.8	21170.7	22386.3
USD/INR	54.28	59.39	62.62	61.80	59.89
3m Treas. Yield (%)	8.02	7.49	9.57	8.59	8.55
10Y Treas. Yield (%)	7.96	7.46	8.76	8.82	8.80
3m Interbank (%)	8.25	8.25	9.88	8.90	9.25
GDP (YoY%)	4.8	4.4	4.8	4.7	-
OECD CLI	98.65	98.18	97.73	97.31	97.18*
PPI (YoY%)	6.0	5.2	6.5	6.4	4.7*
Money Supply (YoY%)	14.00	12.80	12.50	14.90	14.00
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
Fiscal Budget (%GDP)	-	-	-	-5.90	-



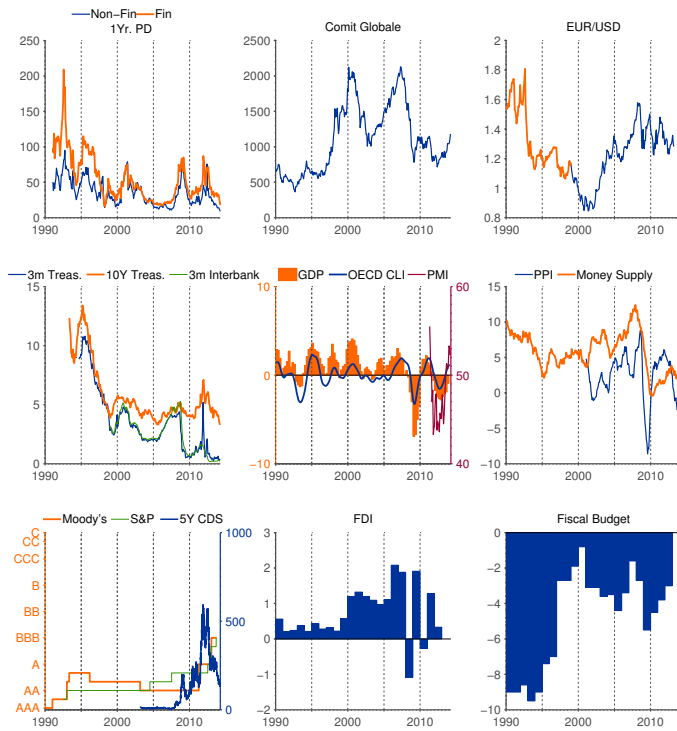
Indonesia	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	26.41	28.04	35.19	35.56	35.38
1Yr. PD, Fin.	22.08	25.60	39.18	42.77	42.16
Jakarta Composite	4941	4819	4316	4274	4768
USD/IDR	9735.00	10004.00	11406.00	12171.00	11361.00
10Y Treas. Yield (%)	5.57	7.13	8.50	8.45	7.99
3m Interbank (%)	4.90	5.36	7.16	7.84	8.13
GDP (YoY%)	6.0	5.8	5.7	5.6	-
OECD CLI	100.81	99.86	98.47	97.81	97.73*
PPI (YoY%)	-	-	-	12.4	14.2
Money Supply (YoY%)	14.01	11.81	14.57	12.70	10.90*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	161.36	208.01	285.57*	236.85	175.32



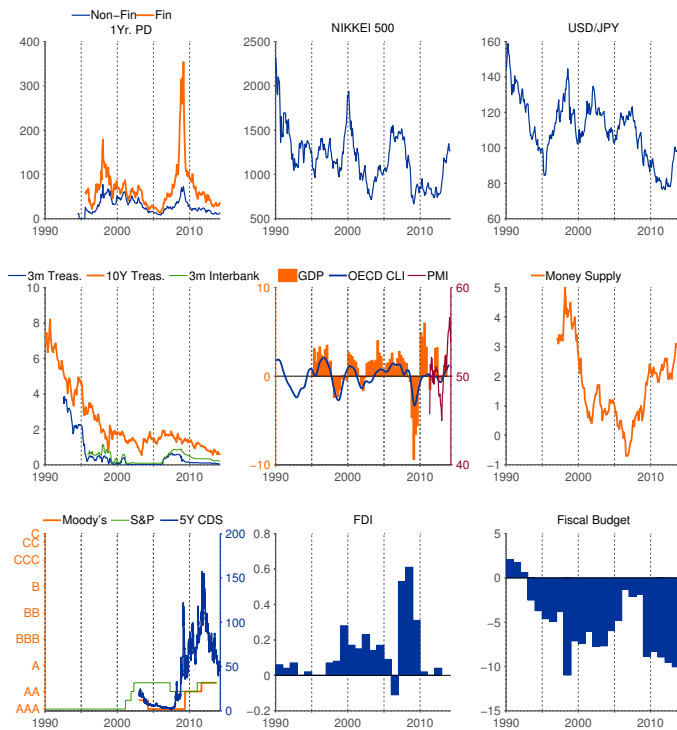
Ireland	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	27.67	22.88	15.79	16.29	-
1Yr. PD, Fin.	14.81	18.42	11.71	10.29	-
ISEQ	3958	3963	4238	4539	4995
EUR/USD	1.28	-	-	-	-
3m Treas. Yield (%)	0.29	0.34	0.25	0.13	0.30
10Y Treas. Yield (%)	4.22	4.11	3.88	3.51	3.02
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	-1.80	-1.50	1.70	-	-
OECD CLI	100.57	100.93	101.21	101.29	101.37*
PPI (YoY%)	2.0	3.6	3.6	3.1	2.3*
Money Supply (YoY%)	2.50	2.30	1.90	1.00	1.30*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	190.00	164.99	142.16	119.41	-



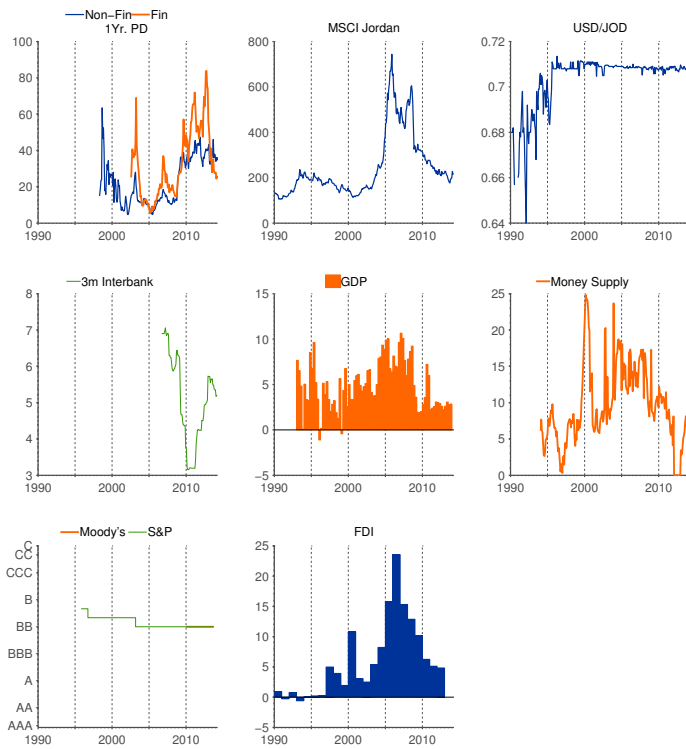
Israel	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	32.62	29.56	20.59	39.31	25.07
1Yr. PD, Fin.	56.56	53.36	51.10	56.02	63.12
Tel Aviv 100	1100	1071	1143	1208	1283
USD/ILS	3.65	3.64	3.52	3.47	3.49
10Y Treas. Yield (%)	3.92	3.79	3.77	3.65	3.40
3m Interbank (%)	1.70	1.20	1.00	0.93	0.69
GDP (YoY%)	3.4	3.8	3.3	-	-
OECD CLI	100.21	100.02	99.76	99.61	99.59*
PMI	51.8	46.0	44.9	46.8	50.0*
Money Supply (YoY%)	7.00	5.82	4.86	6.80	-
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	A+	A+	A+	A+	A+



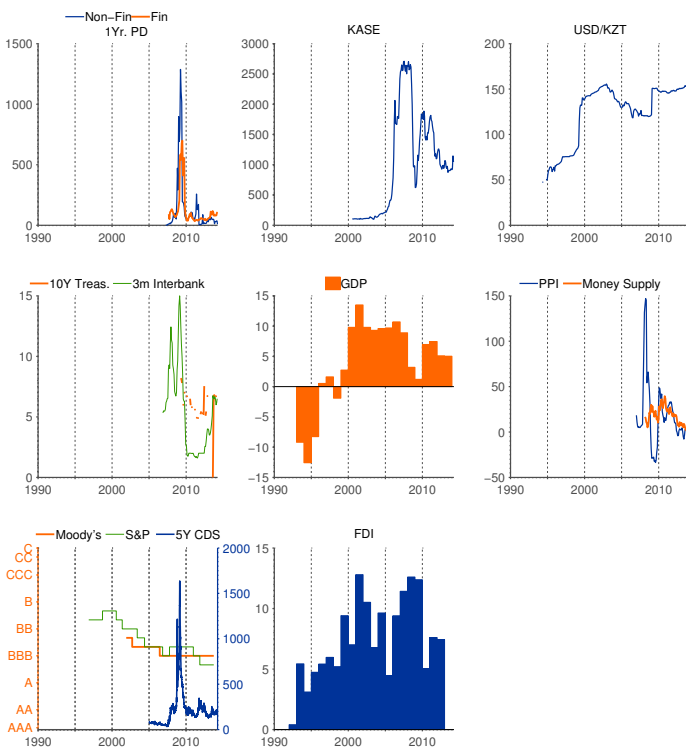
Italy	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	23.16	19.73	16.87	14.07	9.05
1Yr. PD, Fin.	37.06	33.98	34.82	32.59	17.92
Comit Globale	851	849	950	1041	1181
EUR/USD	1.28	-	-	-	-
3m Treas. Yield (%)	0.46	0.58	0.54	0.64	0.41
10Y Treas. Yield (%)	4.76	4.54	4.43	4.13	3.29
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	-2.4	-2.1	-1.9	-0.9	-
OECD CLI	99.24	99.97	100.71	101.12	101.21*
PMI	44.5	49.1	50.8	53.3	52.4
PPI (YoY%)	0.0	-0.7	-2.2	-2.1	-1.7*
Money Supply (YoY%)	2.5	2.3	1.9	1.0	1.3*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB+	BBB+	BBB	BBB	BBB
5Y CDS (bps)	304.50	280.53	268.01	168.45	130.66



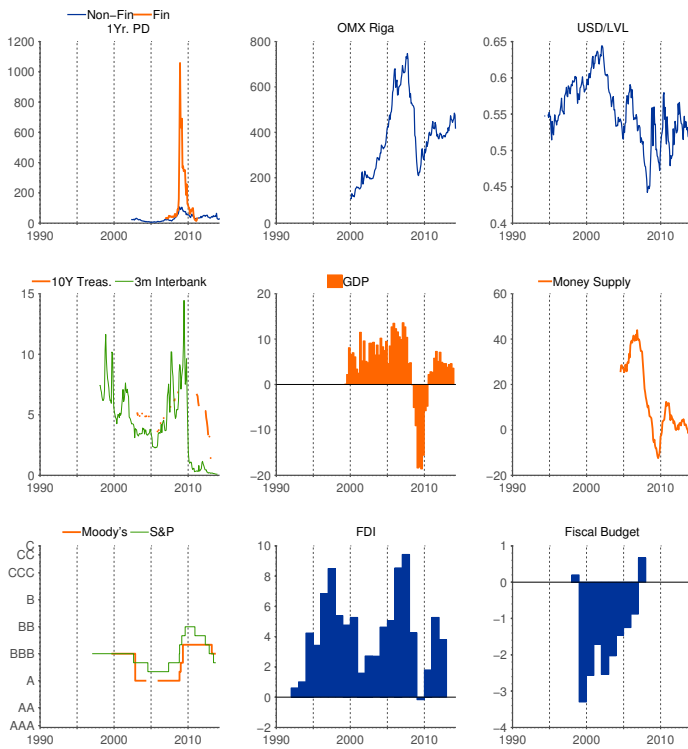
Japan	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	10.39	13.51	10.38	10.53	13.50
1Yr. PD, Fin.	27.64	31.90	29.03	29.15	33.58
NIKKEI 500	1064	1157	1227	1346	1269
USD/JPY	94.22	99.14	98.27	105.31	103.23
3m Treas. Yield (%)	0.04	0.10	0.04	0.06	0.03
10Y Treas. Yield (%)	0.55	0.85	0.69	0.74	0.64
3m Interbank (%)	0.25	0.23	0.23	0.22	0.21
GDP (YoY%)	0.1	1.2	2.4	-	-
OECD CLI	100.06	100.52	100.90	101.21	101.22*
PMI	50.4	52.3	52.5	55.2	53.9
Money Supply (YoY%)	2.5	3.1	3.1	3.4	3.2*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	74.56	78.12	62.38	39.29	49.18
Fiscal Budget (%GDP)	-	-	-	-10.04	-



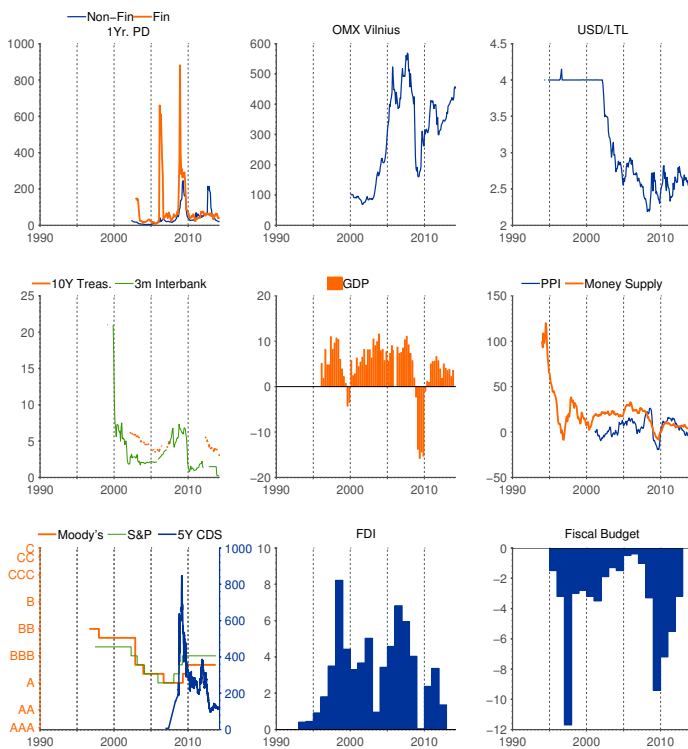
Jordan	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	32.38	36.07	35.89	33.99	34.63
1Yr. PD, Fin.	34.59	28.00	28.65	27.86	24.84
MSCI Jordan	219	195	177	198	216
USD/JOD	0.71	0.71	0.71	0.71	0.71
3m Interbank (%)	5.72	5.65	5.48	5.35	5.20
GDP (YoY%)	2.6	3.1	2.8	2.9	-
Money Supply (YoY%)	3.99	5.99	7.49	9.69	11.28*
Sov. Rating, Moody's	Ba2	Ba2	Ba2	Ba2	Ba2
Sov. Rating, S&P	BB	BB	BB	BB	BB



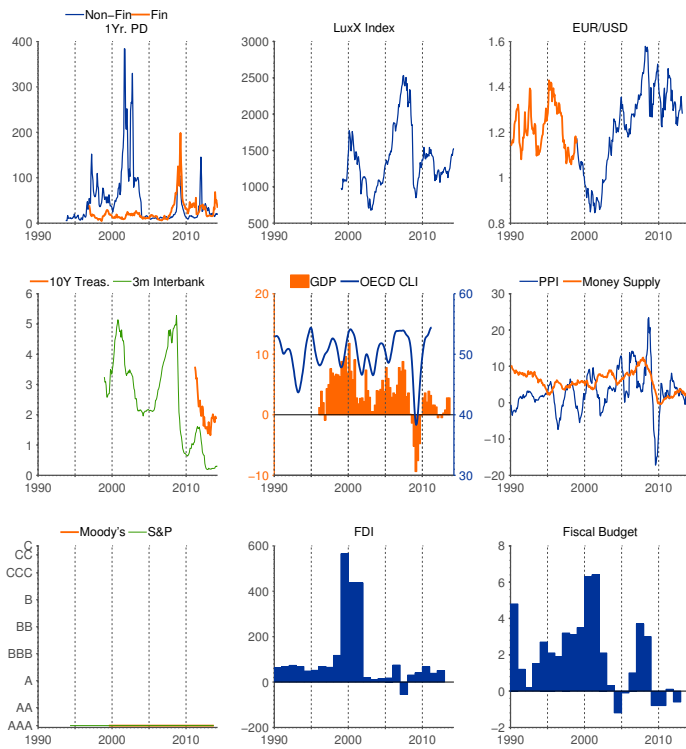
Kazakhstan	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	43.79	47.85	44.25	32.13	8.02
1Yr. PD, Fin.	62.04	87.23	79.31	81.02	108.35
KASE	963	874	900	918	1046
USD/KZT	150.92	151.80	153.82	154.27	182.08
10Y Treas. Yield (%)	-	-	6.20	6.70*	6.70*
3m Interbank (%)	3.50	4.50	6.50	6.50	6.50
GDP (YoY%)	-	-	-	5.0	-
PPI (YoY%)	0.6	-3.7	1.8	-0.5	9.1
Money Supply (YoY%)	7.56	7.68	3.36	1.57	3.00*
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	169.53	207.97	184.82	171.97	188.37



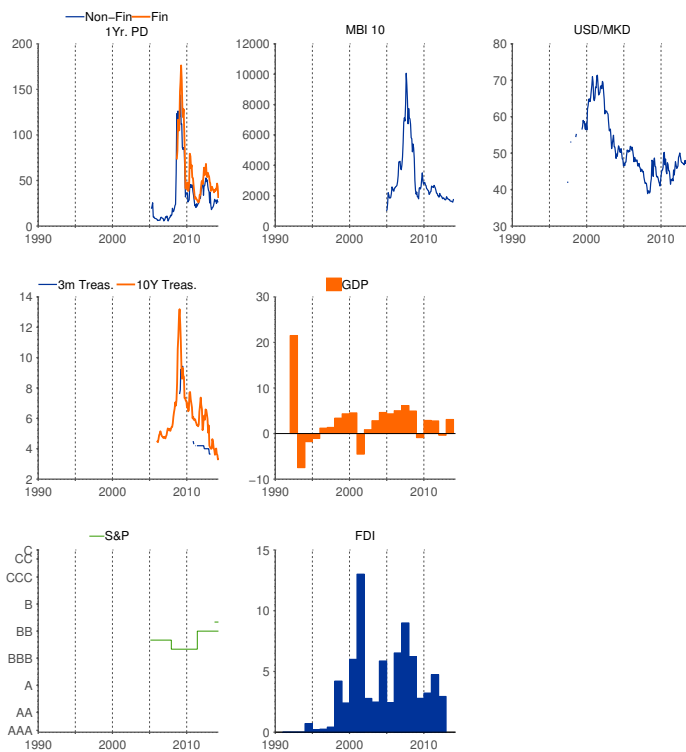
Latvia	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	43.73	43.52	43.29	27.14	30.81
OMX Riga	420	435	454	460	416
USD/LVL	0.55	0.54	0.52	0.51	0.51
10Y Treas. Yield (%)	1.42*	-	-	-	-
3m Interbank (%)	0.18	0.15	0.10	0.09	-
GDP (YoY%)	3.8	4.4	4.6	3.6	-
Money Supply (YoY%)	2.06	1.20	-1.53	3.18	-
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB+	BBB+	BBB+	BBB+



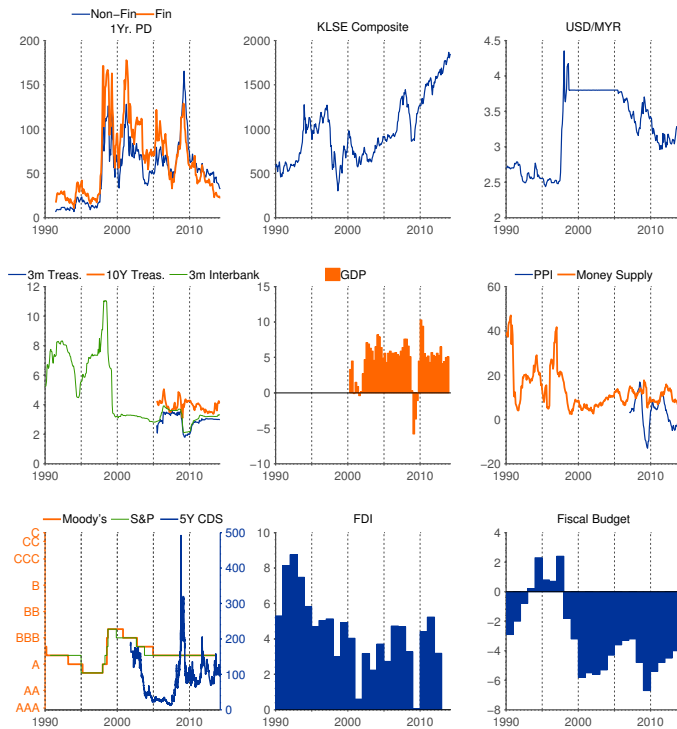
Lithuania	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	54.08	36.30	27.44	22.79	21.37
1Yr. PD, Fin.	51.15	50.84	64.08	40.86	36.21
OMX Vilnius	394	404	422	422	451
USD/LTL	2.69	2.65	2.55	2.51	2.51
10Y Treas. Yield (%)	4.05	3.62	4.02	3.83*	3.07
3m Interbank (%)	1.48	1.48	1.48	0.27	0.20
GDP (YoY%)	3.5	3.8	2.2	3.6	-
PPI (YoY%)	-2.2	-0.1	-4.4	-2.7	-5.6*
Money Supply (YoY%)	8.10	5.00	3.90	4.90	3.90*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	117.81	132.45	124.98	119.86	128.63



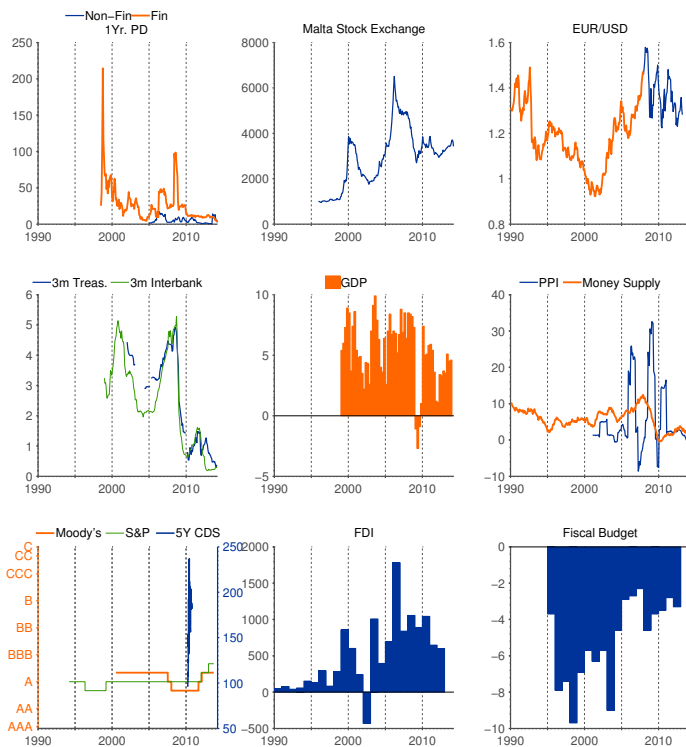
Luxembourg	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	18.12	19.08	17.08	20.40	18.54
1Yr. PD, Fin.	16.85	15.05	34.61	45.53	33.70
LuxX Index	1201	1126	1256	1449	1524
EUR/USD	1.28	-	-	-	-
10Y Treas. Yield (%)	1.52	1.90	1.90	1.94	1.85*
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	0.8	2.8	2.8	-	-
PPI (YoY%)	2.1	0.6	2.4	0.2	-3.4*
Money Supply (YoY%)	2.50	2.30	1.90	1.00	1.30*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA



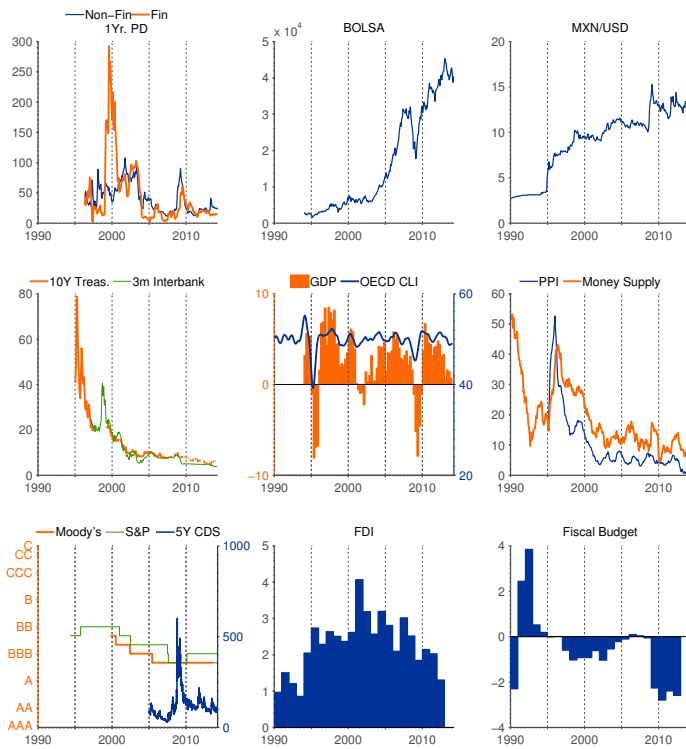
Macedonia	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	22.90	20.37	29.42	24.75	26.21
1Yr. PD, Fin.	38.57	40.49	39.30	39.96	30.69
MBI 10	1789	1742	1634	1739	1752*
USD/MKD	47.93	47.15	45.44	44.67	44.73
3m Treas. Yield (%)	3.65	-	-	3.65	-
10Y Treas. Yield (%)	4.05	4.63	3.92	4.01	3.29
GDP (YoY%)	-	-	-	3.1	-
Sov. Rating, S&P	BB	BB	BB-	BB-	BB-



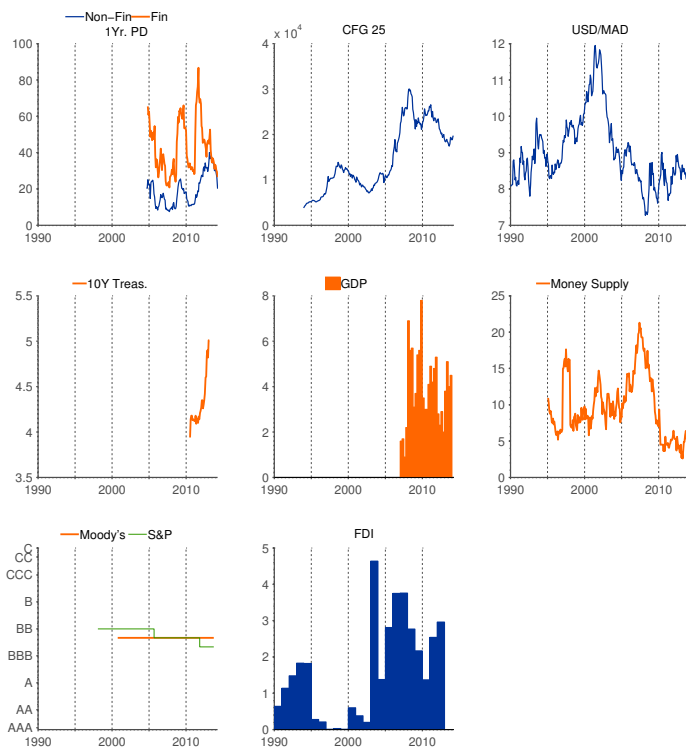
Malaysia	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	50.08	44.84	39.64	37.92	32.42
1Yr. PD, Fin.	32.00	25.93	25.95	23.65	22.69
KLSE Composite	1672	1774	1769	1867	1849
USD/MYR	3.09	3.16	3.26	3.28	3.26
3m Treas. Yield (%)	3.04	3.01	3.00	3.00	3.00
10Y Treas. Yield (%)	3.47	3.63	3.74	4.13	4.11
3m Interbank (%)	3.21	3.20	3.21	3.32	3.33
GDP (YoY%)	4.1	4.4	5.0	5.1	-
PPI (YoY%)	-4.2	-2.7	-1.4	4.3	2.6*
Money Supply (YoY%)	8.70	8.19	6.71	7.53	6.10
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	86.04	118.56	104.83	109.44	101.83
Fiscal Budget (%GDP)	-	-	-	-4.00	-



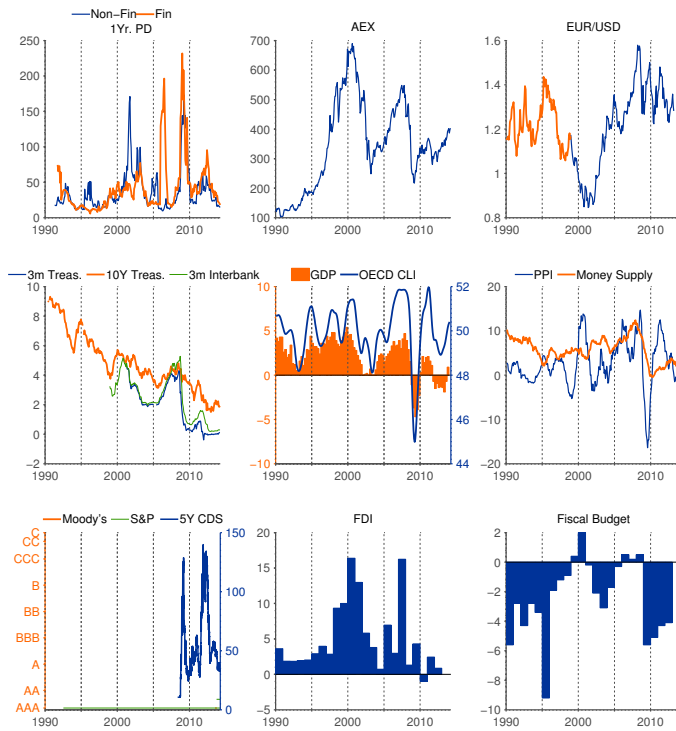
Malta	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	0.68	0.28	11.46	6.72	3.17
1Yr. PD, Fin.	8.97	9.98	8.76	5.11	4.00
Malta Stock Exchange	3323	3417	3418	3686	3424
EUR/USD	1.28	-	-	-	-
3m Treas. Yield (%)	0.71	0.59	0.50	0.39	0.37
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	3.5	5.1	4.5	4.6	-
PPI (YoY%)	1.6	1.3	-0.1	0.1	0.3*
Money Supply (YoY%)	2.50	2.30	1.90	1.00	1.30*
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+



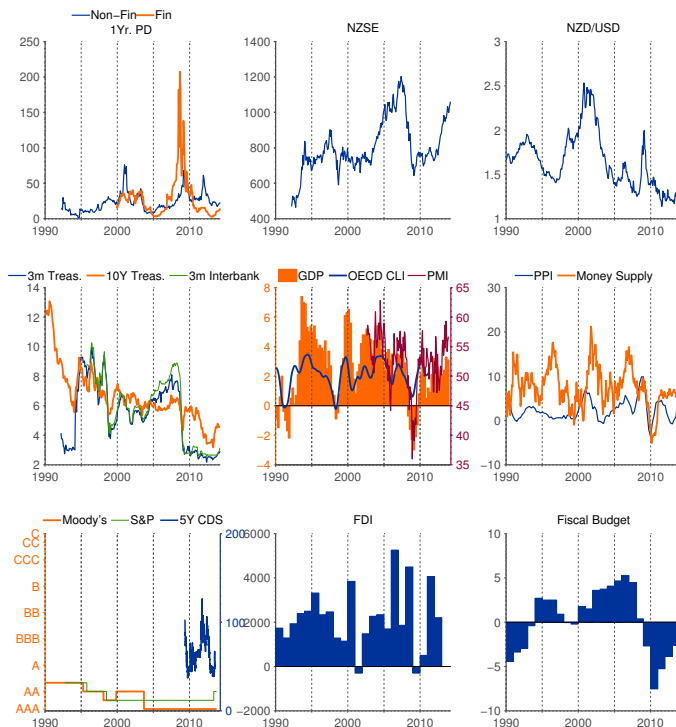
Mexico	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	22.36	27.96	26.77	24.34	22.62
1Yr. PD, Fin.	12.63	13.60	14.47	13.93	14.35
BOLSA	44077	40623	40185	42727	40462
MXN/USD	12.33	12.93	13.09	13.04	13.06
10Y Treas. Yield (%)	5.03*	6.20	6.13	6.33	6.46*
3m Interbank (%)	4.35	4.33	4.03	3.80	3.81
GDP (YoY%)	0.6	1.6	1.4	0.7	-
OECD CLI	100.25	99.05	98.71	98.96	99.02*
PPI (YoY%)	1.7	1.1	0.8	1.3	1.7*
Money Supply (YoY%)	8.40	6.20	7.90	8.80	9.50*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB	BBB+	BBB+	BBB+
5Y CDS (bps)	97.17	131.49	123.32	91.51	87.50
Fiscal Budget (%GDP)	-	-	-	0.00	-



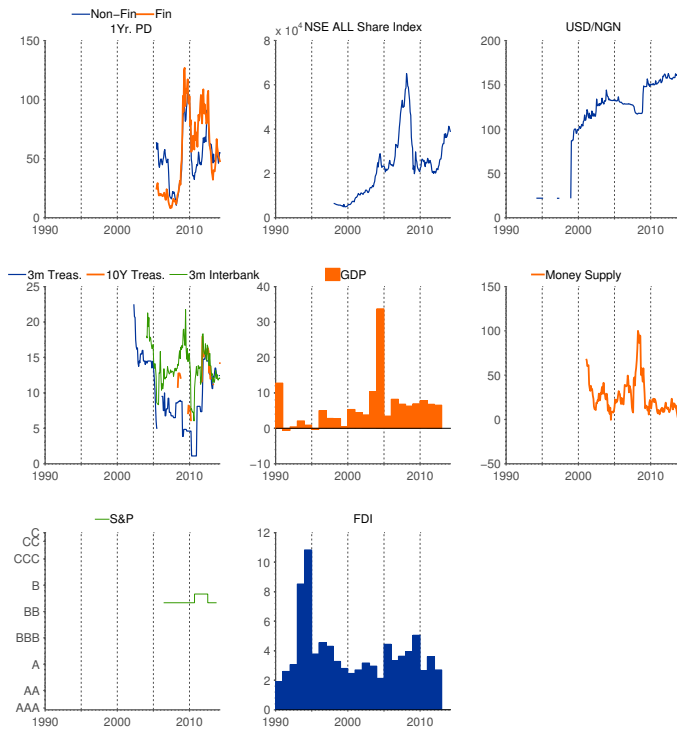
Morocco	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	36.65	36.50	33.02	30.14	20.14
1Yr. PD, Fin.	52.66	34.55	34.49	32.73	26.45
CFG 25	18596	18206	17966	18818	19679
USD/MAD	8.66	8.56	8.28	8.18	8.17
10Y Treas. Yield (%)	5.01*	-	-	-	-
GDP (YoY%)	3.8	5.1	4.0	4.5	-
Money Supply (YoY%)	2.60	4.90	5.30	2.80	2.70*
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-



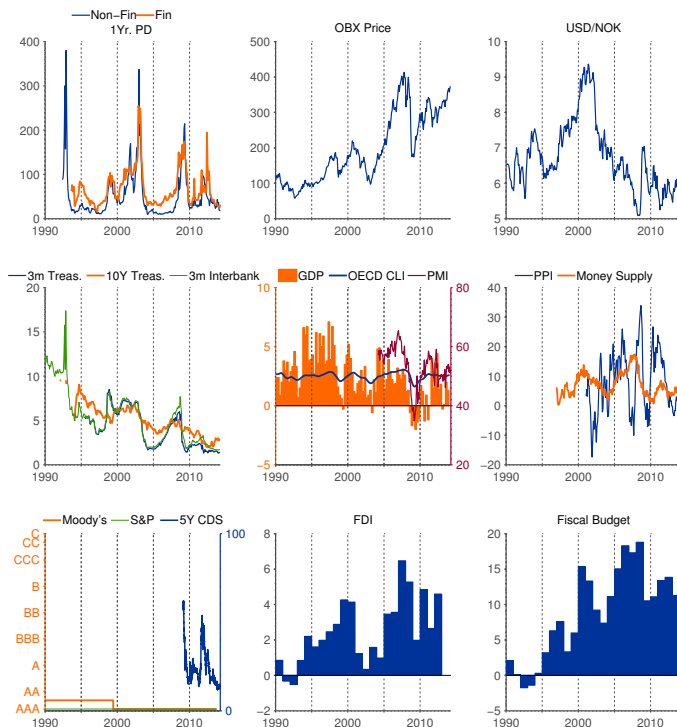
Netherlands	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	23.96	24.71	16.47	16.35	14.62
1Yr. PD, Fin.	38.87	37.45	30.09	22.33	18.08
AEX	348	345	375	402	403
EUR/USD	1.28	-	-	-	-
3m Treas. Yield (%)	-0.01	0.00	0.01	0.00	0.12
10Y Treas. Yield (%)	1.77	2.12	2.16	2.23	1.91
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	-1.4	-1.9	-0.7	0.9	-
OECD CLI	99.21	99.51	99.99	100.35	100.40*
PPI (YoY%)	-0.3	-0.4	-2.6	-2.6	-3.1*
Money Supply (YoY%)	2.50	2.30	1.90	1.00	1.30*
Sov. Rating, Moody's	-	-	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AA+	AA+	AA+
5Y CDS (bps)	55.19	56.80	49.73	36.11	32.67



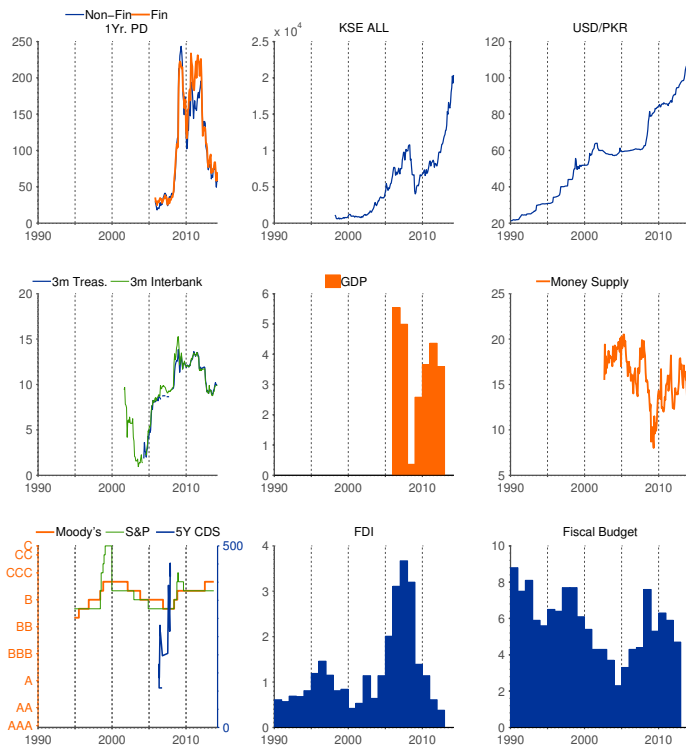
New Zealand	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	24.00	23.68	18.75	19.90	22.73
1Yr. PD, Fin.	3.00	4.67	10.60	10.93	14.46
NZSE	941	949	996	999	1061
NZD/USD	1.19	1.29	1.20	1.22	1.15
3m Treas. Yield (%)	2.33	2.51	2.56	2.76	2.91
10Y Treas. Yield (%)	3.49	4.13	4.57	4.72	4.59
3m Interbank (%)	2.65	2.65	2.69	2.84	3.15
GDP (YoY%)	2.1	2.4	3.3	3.1	-
PMI	53.5	54.8	54.2	56.7*	-
PPI (YoY%)	0.1	0.8	4.1	3.8	-
Money Supply (YoY%)	7.00	6.20	7.30	5.80	6.90*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA+	AA	AA	AA	AA
5Y CDS (bps)	43.40	56.62	49.49*	-	-
Fiscal Budget (%GDP)	-	-	-	-2.61	-



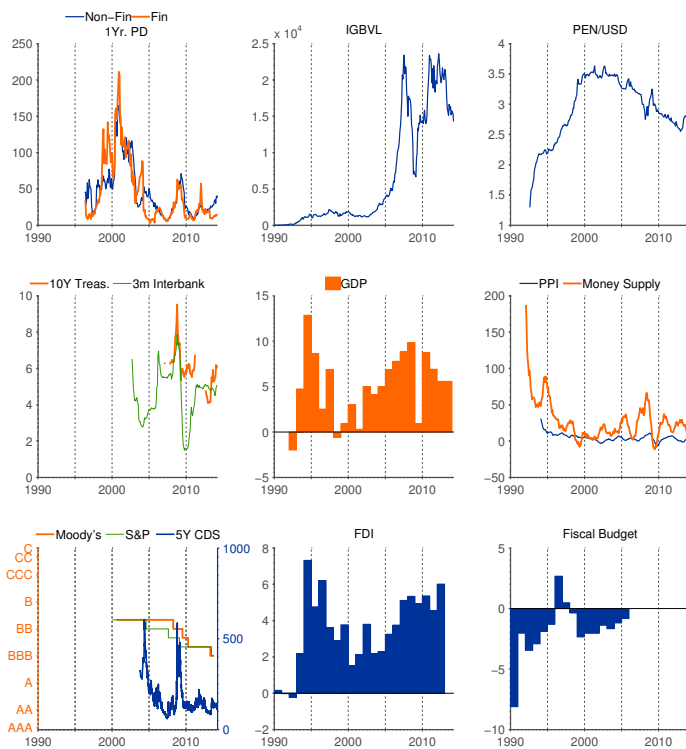
Nigeria	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	46.34	48.28	56.27	46.16	54.43
1Yr. PD, Fin.	32.09	39.30	66.59	51.41	47.13
NSE ALL Share Index	33536	36164	36585	41329	38748
USD/NGN	158.55	162.53	161.27	160.30	165.05
3m Treas. Yield (%)	10.60	12.75	12.75	12.45	12.45*
10Y Treas. Yield (%)	-	11.20*	-	-	14.20
3m Interbank (%)	11.50	11.50	12.04	11.79	11.96
Money Supply (YoY%)	18.07	15.65	2.11	1.20	-1.50*
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-



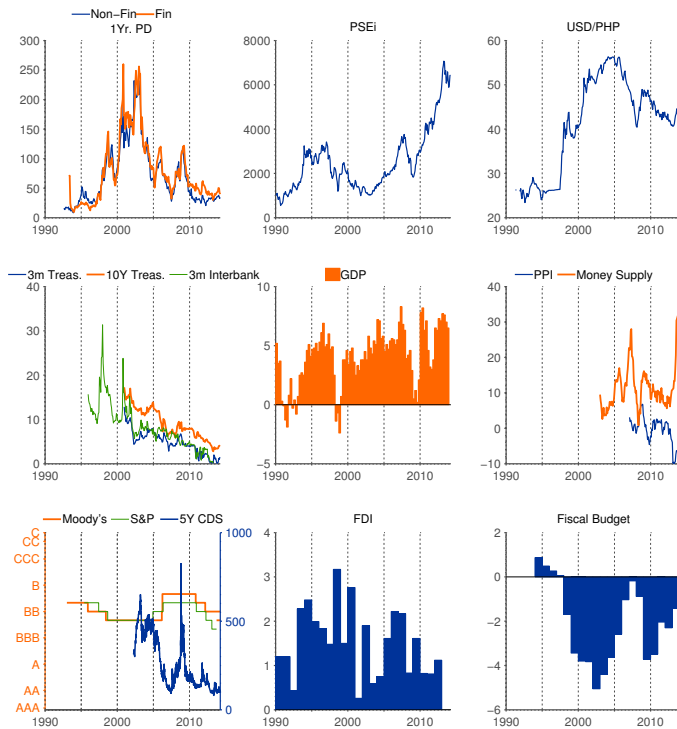
Norway	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	34.13	28.77	26.57	36.64	17.17
1Yr. PD, Fin.	39.92	33.11	35.04	26.15	31.72
OBX Price	329	316	336	367	374
USD/NOK	5.85	6.07	6.01	6.07	5.99
3m Treas. Yield (%)	1.63	1.48	1.53	1.30	1.32
10Y Treas. Yield (%)	2.18	2.56	2.81	3.00	2.92
3m Interbank (%)	1.88	1.66	1.70	1.69	1.73
GDP (YoY%)	-0.3	0.1	2.0	1.3	-
OECD CLI	99.89	99.89	100.13	100.32	100.37*
PMI	50.5	46.2	52.5	51.4	51.9
PPI (YoY%)	-3.4	1.7	3.2	4.8	4.0*
Money Supply (YoY%)	4.20	4.70	4.10	6.00	5.80*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	19.67	15.37	15.16	14.34	13.38
Fiscal Budget (%GDP)	-	-	-	11.28	-



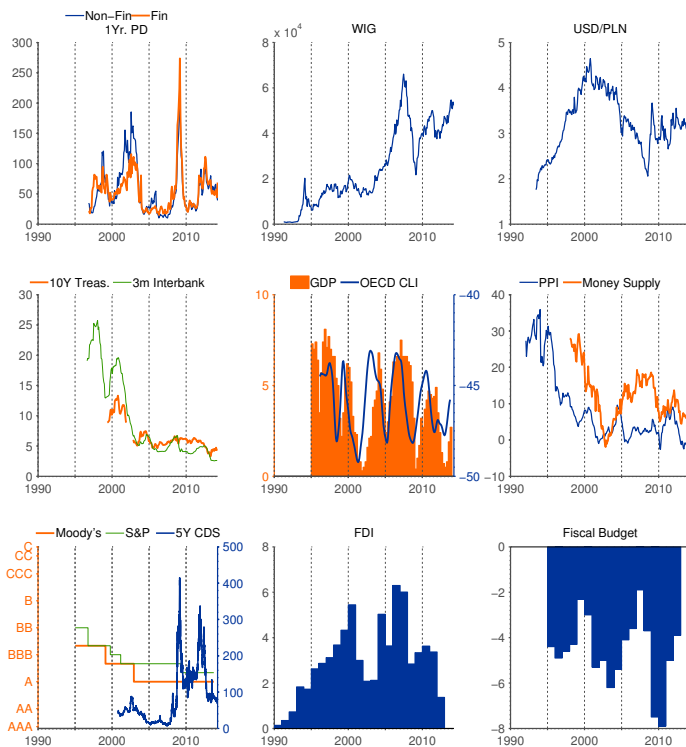
Pakistan	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	77.10	64.80	73.78	59.11	57.31
1Yr. PD, Fin.	90.87	73.74	76.17	71.30	57.91
KSE ALL	12802	14988	15837	18664	20397
USD/PKR	98.43	99.60	106.06	105.33	98.19
3m Treas. Yield (%)	9.41	8.90	9.35	10.20	9.98
3m Interbank (%)	9.28	8.83	9.18	9.84	9.93
Money Supply (YoY%)	15.00	15.90	15.40	13.70	13.30*
Sov. Rating, Moody's	Caa1	Caa1	Caa1	Caa1	Caa1
Sov. Rating, S&P	B-	B-	B-	B-	B-



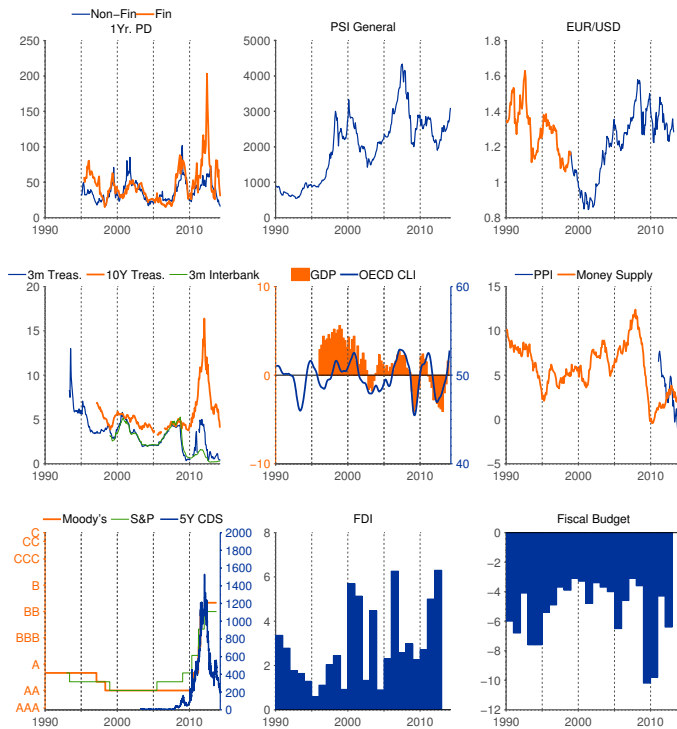
Peru	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	23.13	24.78	29.18	30.16	37.84
1Yr. PD, Fin.	9.65	8.77	12.50	12.36	14.36
IGBVL	19859	15550	15920	15754	14299
PEN/USD	2.59	2.78	2.79	2.80	2.81
10Y Treas. Yield (%)	4.13	5.51	5.31	5.55	6.01
3m Interbank (%)	4.88	4.88	4.81	4.58	5.08
GDP (YoY%)	-	-	-	5.6	-
PPI (YoY%)	-1.2	-0.4	2.2	1.6	2.6
Money Supply (YoY%)	25.20	21.50	14.20	5.90	-2.80*
Sov. Rating, Moody's	Baa3	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB-	BBB	BBB	BBB	BBB
5Y CDS (bps)	97.67	145.34	149.16	133.07	111.18



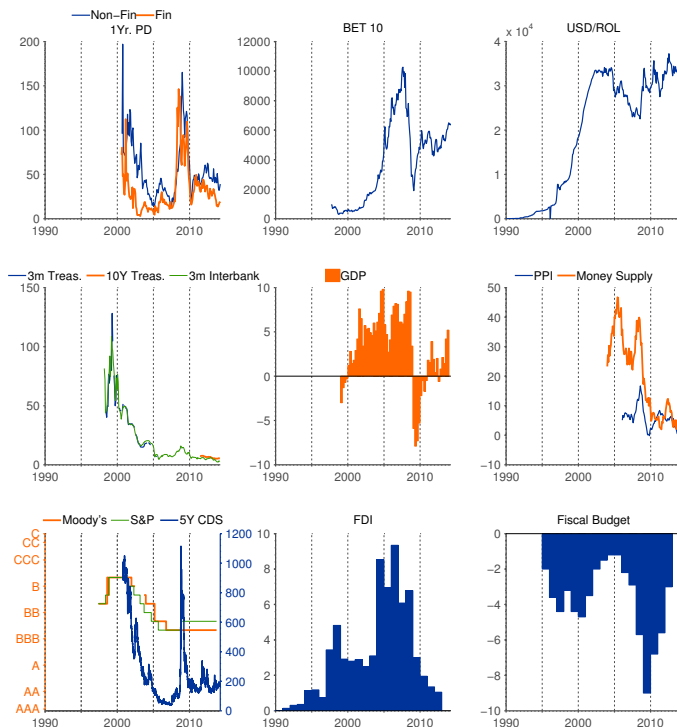
Philippines	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	30.28	31.95	35.19	37.91	34.13
1Yr. PD, Fin.	29.95	40.30	42.28	50.38	39.74
PSEI	6847	6465	6192	5890	6429
USD/PHP	40.81	43.13	43.48	44.40	44.81
3m Treas. Yield (%)	0.25	1.75	0.55	0.33	1.50
10Y Treas. Yield (%)	3.00	3.75	3.48	3.50	4.20
3m Interbank (%)	0.25	0.50*	-	-	-
GDP (YoY%)	7.7	7.6	7.0	6.5	-
PPI (YoY%)	-10.0	-7.4	-6.8	-4.0	0.1*
Money Supply (YoY%)	13.37	20.60	31.73	33.23	37.31*
Sov. Rating, Moody's	Ba2	Ba2	Ba1	Ba1	Ba1
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	108.69	126.17	106.79	114.17	104.82
Fiscal Budget (%GDP)	-	-	-	-1.42	-



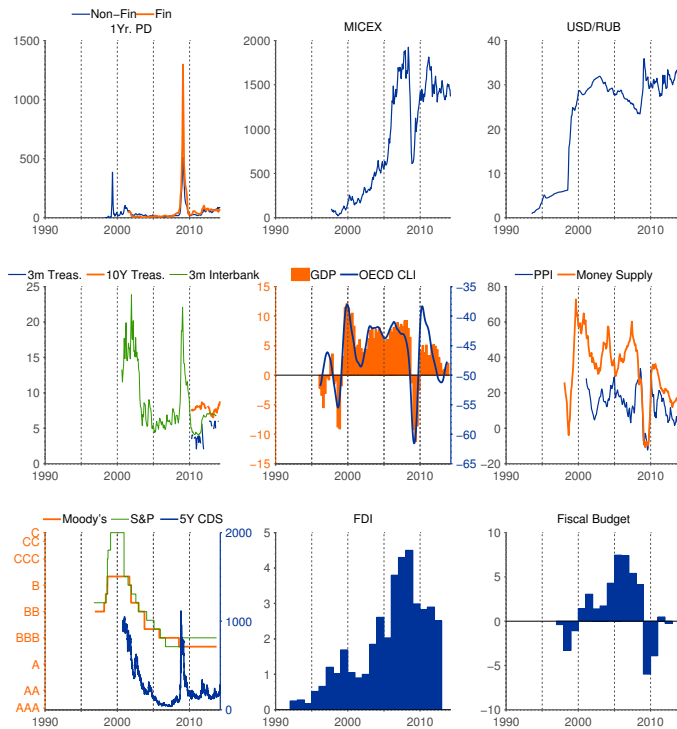
Poland	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	72.40	62.84	58.37	65.87	39.19
1Yr. PD, Fin.	73.10	49.84	50.42	53.73	68.63
WIG	45148	44748	50302	51284	52373
USD/PLN	3.26	3.32	3.12	3.02	3.03
10Y Treas. Yield (%)	3.94	4.34	4.48	4.35	4.23
3m Interbank (%)	3.29	2.63	2.57	2.61	2.61
GDP (YoY%)	0.5	0.8	1.9	2.7	-
OECD CLI	2.68	3.54	4.22	-	-
PPI (YoY%)	-0.7	-1.3	-1.4	-1.0	-1.4*
Money Supply (YoY%)	6.58	6.99	6.11	6.24	5.30*
Sov. Rating, Moody's	A2	A2	A2	A2	A2
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	94.64	104.48	86.42	79.70	70.70



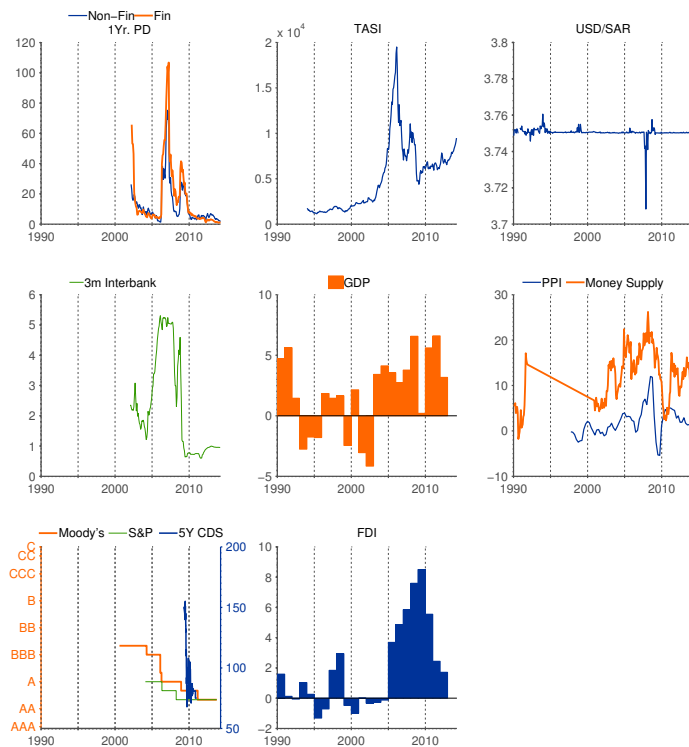
Portugal	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	41.84	38.72	30.16	25.04	15.65
1Yr. PD, Fin.	38.74	25.80	79.59	67.90	30.20
PSI General	2428	2434	2542	2698	3100
EUR/USD	1.28	-	-	-	-
3m Treas. Yield (%)	0.81	0.58	0.95	0.61	0.43
10Y Treas. Yield (%)	6.37	6.45	6.68	6.13	4.07
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	-4.1	-2.0	-1.0	1.6	-
OECD CLI	98.67	99.37	100.41	102.14	102.78*
PPI (YoY%)	1.3	0.7	-1.3	-0.4	-1.5*
Money Supply (YoY%)	2.50	2.30	1.90	1.00	1.30*
Sov. Rating, Moody's	Ba3	Ba3	Ba3	Ba3	Ba3
Sov. Rating, S&P	BB	BB	BB	BB	BB
5Y CDS (bps)	403.14	400.38	494.65	351.68	183.55



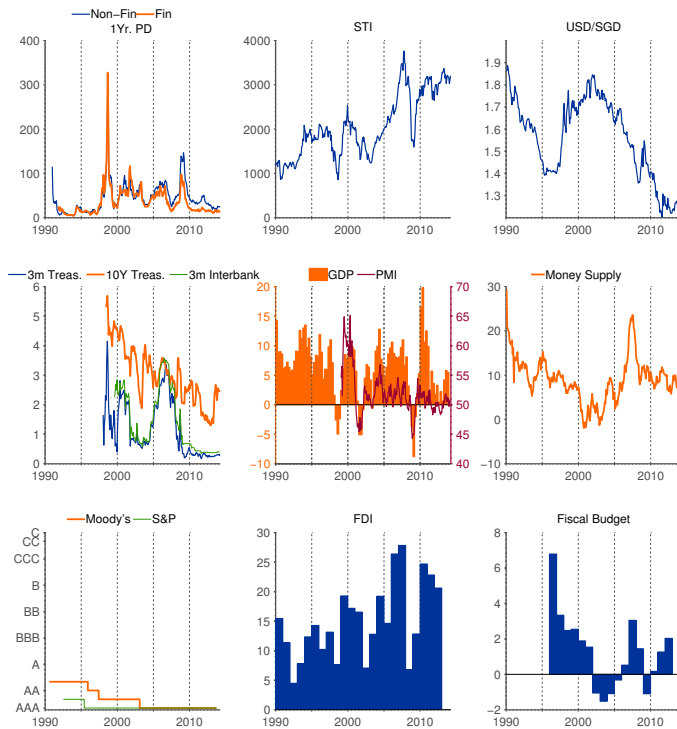
Romania	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	42.21	40.54	40.42	34.40	39.13
1Yr. PD, Fin.	28.65	27.50	14.51	15.10	17.96
BET 10	5637	5262	6042	6494	6324
USD/ROL	34451.01	34295.50	32935.00	32466.01	32379.50
10Y Treas. Yield (%)	5.75	5.53	5.20	5.29	5.33
3m Interbank (%)	4.95	4.36	3.04	2.19	2.72
GDP (YoY%)	2.1	1.4	4.2	5.2	-
PPI (YoY%)	4.5	2.8	0.3	-0.1	-1.1*
Money Supply (YoY%)	5.05	5.13	4.75	8.76	10.67*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	164.32	195.24	172.64	165.16	166.65



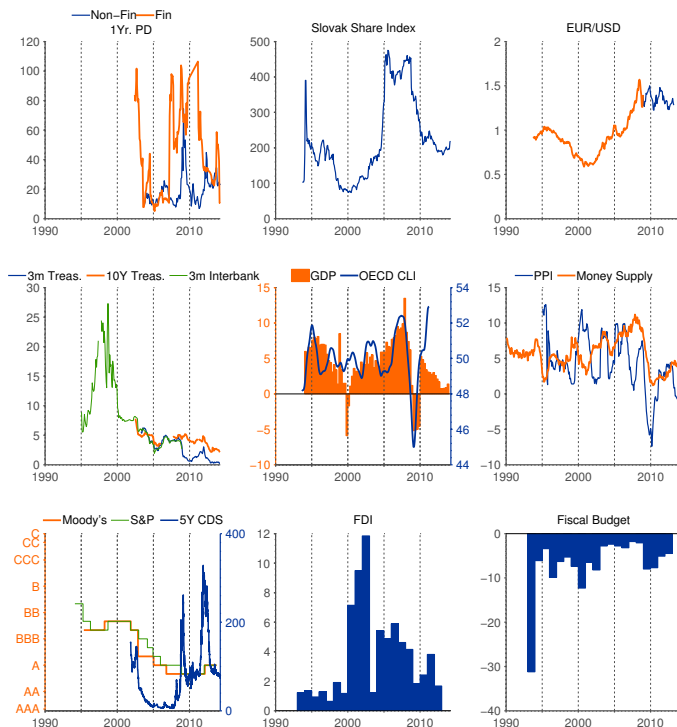
Russia	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	48.82	68.38	75.02	75.17	88.18
1Yr. PD, Fin.	64.39	58.63	62.22	47.83	70.09
MICEX	1439	1330	1463	1504	1369
USD/RUB	31.06	32.84	32.39	32.87	35.17
3m Treas. Yield (%)	5.28*	5.68	5.00*	5.99	-
10Y Treas. Yield (%)	7.11	7.61	7.29	7.80	8.80
3m Interbank (%)	6.96	6.96	6.82	-	-
GDP (YoY%)	0.8	1.0	1.3	2.0	-
OECD CLI	-0.49	1.24	2.30	-	-
PPI (YoY%)	3.4	3.7	1.9	3.7	3.2*
Money Supply (YoY%)	14.60	15.50	16.10	14.60	12.10*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	164.32	195.24	172.64	165.16	222.07



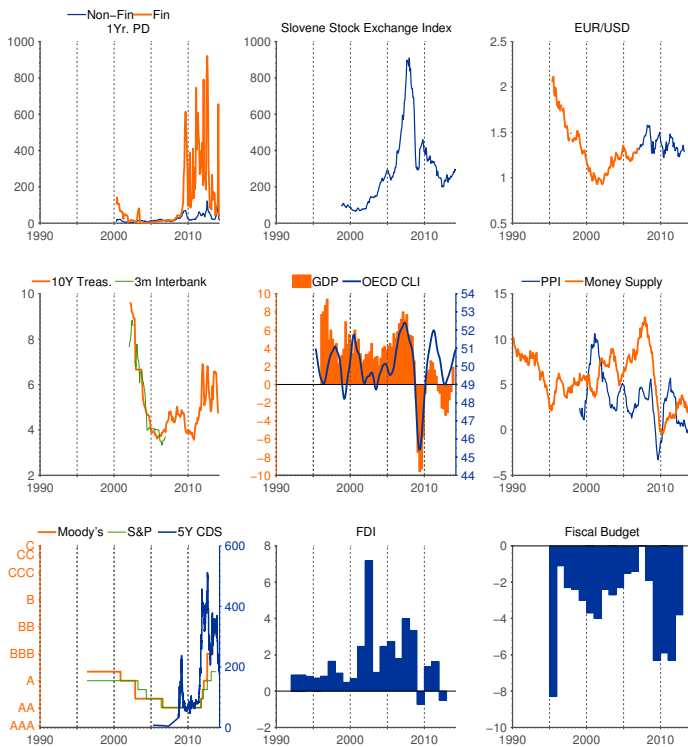
Saudi Arabia	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	5.84	3.63	3.35	2.14	1.79
1Yr. PD, Fin.	2.50	1.55	1.41	0.89	1.09
TASI	7126	7497	7965	8536	9474
USD/SAR	3.75	3.75	3.75	3.75	3.75
3m Interbank (%)	0.99	0.96	0.96	0.96	0.95
PPI (YoY%)	1.7	1.3	1.4	0.4	-
Money Supply (YoY%)	12.30	14.00	13.40	10.90	13.20*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-



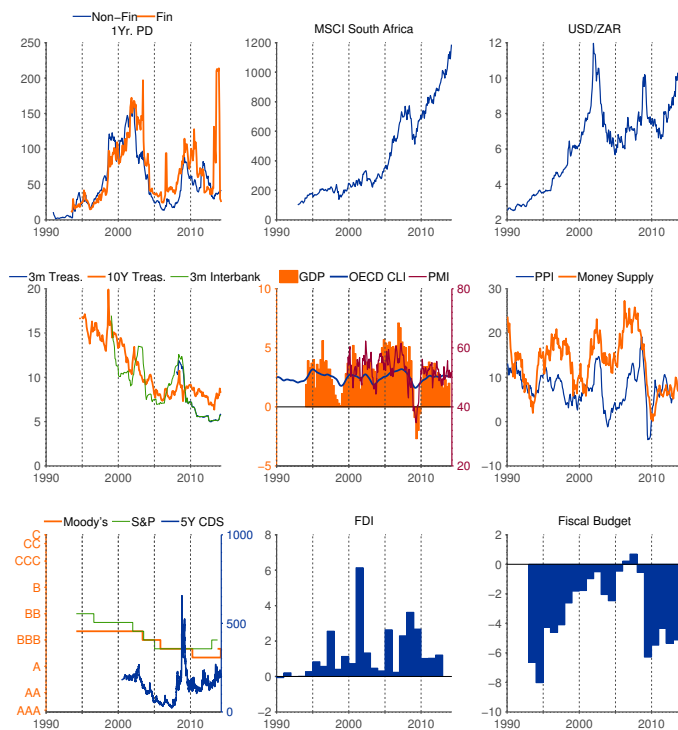
Singapore	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	24.16	20.71	18.48	24.37	24.79
1Yr. PD, Fin.	10.49	16.19	12.34	16.31	14.41
STI	3308	3150	3168	3167	3189
USD/SGD	1.24	1.27	1.26	1.26	1.26
3m Treas. Yield (%)	0.25	0.27	0.29	0.31	0.32
10Y Treas. Yield (%)	1.54	2.35	2.35	2.56	2.49
3m Interbank (%)	0.38	0.37	0.37	0.40	0.41
GDP (YoY%)	0.6	4.2	5.8	5.5	-
PMI	50.6	51.7	50.5	49.7	50.9*
Money Supply (YoY%)	8.80	9.20	7.50	4.30	2.40*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA



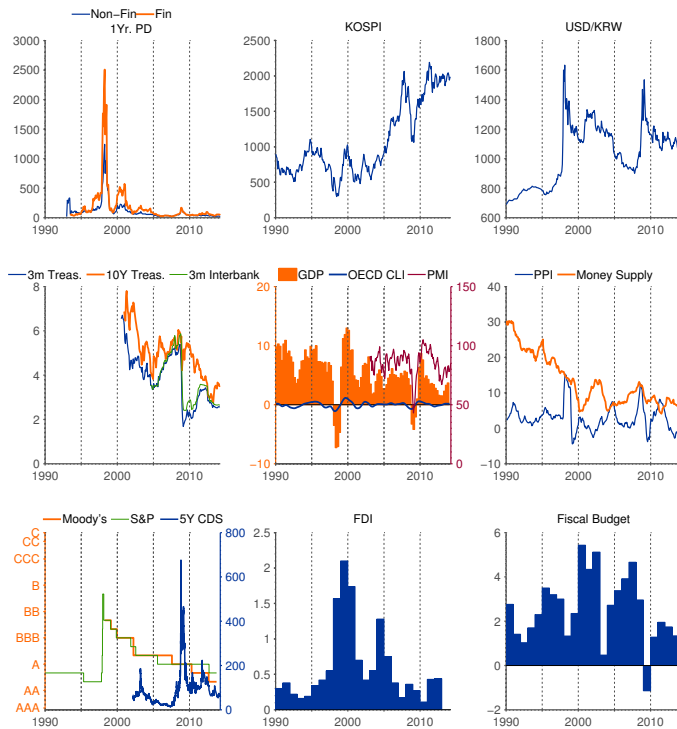
Slovakia	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	20.58	30.94	34.45	23.71	22.81
1Yr. PD, Fin.	23.60	25.93	58.69	46.05	10.46
Slovak Share Index	182	194	196	198	219
EUR/USD	1.28	-	-	-	-
3m Treas. Yield (%)	0.47	0.45	0.43	0.44	0.27
10Y Treas. Yield (%)	2.91	2.68	2.71	2.51	2.13
GDP (YoY%)	0.7	0.8	0.9	1.4	-
PPI (YoY%)	0.8	-0.3	-0.8	-1.7	-3.7*
Money Supply (YoY%)	4.10	4.20	3.70	2.40	2.40*
Sov. Rating, Moody's	A2	A2	A2	A2	A2
Sov. Rating, S&P	A	A	A	A	A
5Y CDS (bps)	91.83	101.55	85.00	83.85	71.83



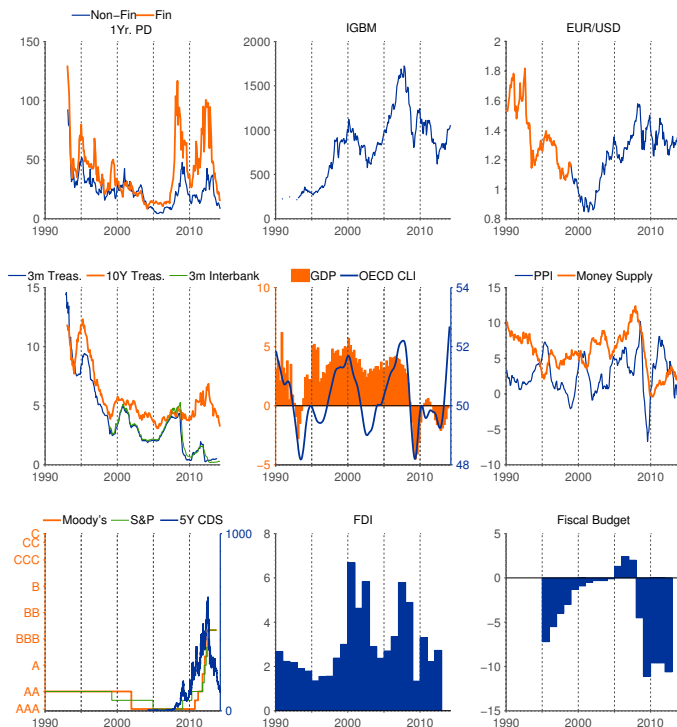
Slovenia	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	20.71	20.51	43.11	127.13	13.59
1Yr. PD, Fin.	266.21	163.13	48.00	91.43	38.42
Slovene Stock Exchange Index	225	244	258	284	288
EUR/USD	1.28	-	-	-	-
10Y Treas. Yield (%)	5.09	6.38	6.56	5.27	4.73*
GDP (YoY%)	-3.1	-1.7	-0.8	1.9	-
OECD CLI	99.45	99.77	100.14	100.61	100.94
PPI (YoY%)	0.8	0.0	-0.4	-0.5	-1.0*
Money Supply (YoY%)	2.50	2.30	1.90	1.00	1.30*
Sov. Rating, Moody's	Baa2	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	353.39	330.91	352.45	282.15	172.78



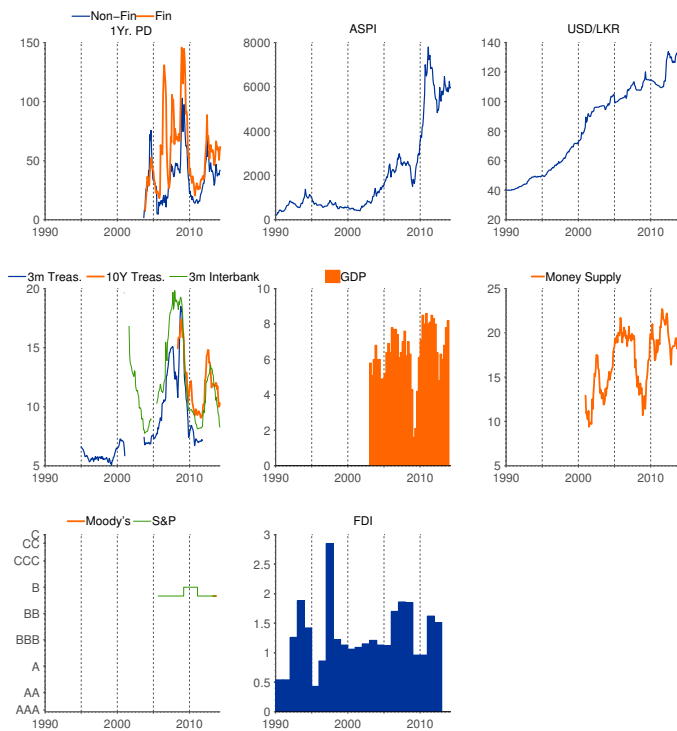
South Africa	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	29.17	37.35	36.12	40.87	41.92
1Yr. PD, Fin.	131.42	80.52	210.70	147.37	25.13
MSCI South Africa	987	983	1076	1138	1187
USD/ZAR	9.24	9.88	10.03	10.49	10.53
3m Treas. Yield (%)	5.17	5.22	5.10	5.31	5.74
10Y Treas. Yield (%)	6.89	7.59	7.60	7.98	8.26
3m Interbank (%)	5.13	5.15	5.13	5.22	5.72
GDP (YoY%)	1.6	2.3	1.7	2.0	-
OECD CLI	100.56	100.44	100.35	100.12	100.05*
PMI	49.3	51.7	50.0	49.9	50.3
Money Supply (YoY%)	8.07	9.17	7.00	6.12	5.93*
Sov. Rating, Moody's	A3	A3	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	181.32	216.33	197.23	204.11	194.80
Fiscal Budget (%GDP)	-	-	-	-5.13	-



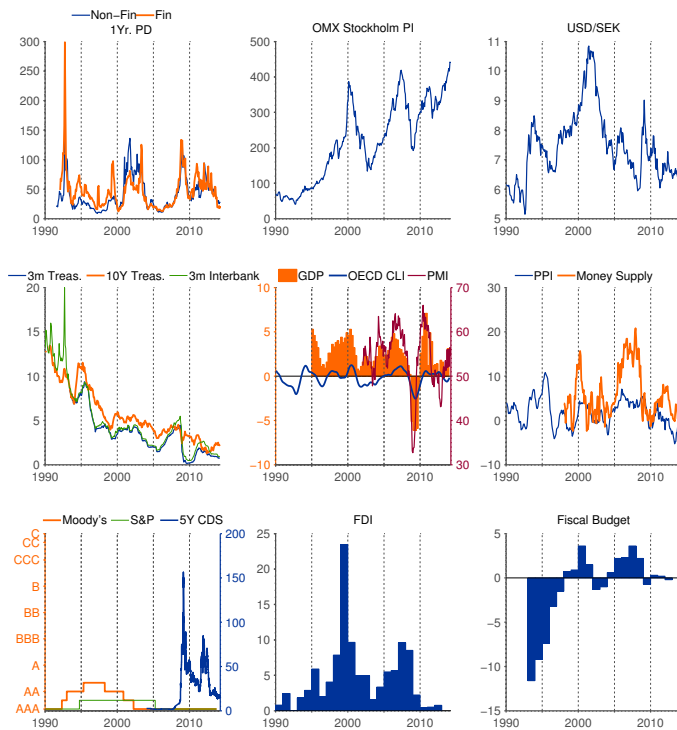
South Korea	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	22.92	23.48	23.78	27.94	20.81
1Yr. PD, Fin.	46.60	33.59	55.93	54.68	45.54
KOSPI	2005	1863	1997	2011	1986
USD/KRW	1111.35	1142.06	1074.64	1049.80	1064.70
3m Treas. Yield (%)	2.54	2.58	2.53	2.56	2.58
10Y Treas. Yield (%)	2.80	3.40	3.42	3.59	3.52
3m Interbank (%)	2.75	2.69	2.65	2.66	2.65
GDP (YoY%)	1.5	2.3	3.3	3.7	-
OECD CLI	100.39	100.84	100.81	100.84	100.89*
PMI	76.0	82.0	77.0	78.0	85.0
PPI (YoY%)	-2.4	-1.4	-1.8	-0.4	-0.9*
Money Supply (YoY%)	6.80	6.60	6.70	6.60	6.70*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	A+	A+	A+	A+	A+
5Y CDS (bps)	76.73	108.14	82.88*	65.95	60.99
Fiscal Budget (%GDP)	-	-	-	1.34	-



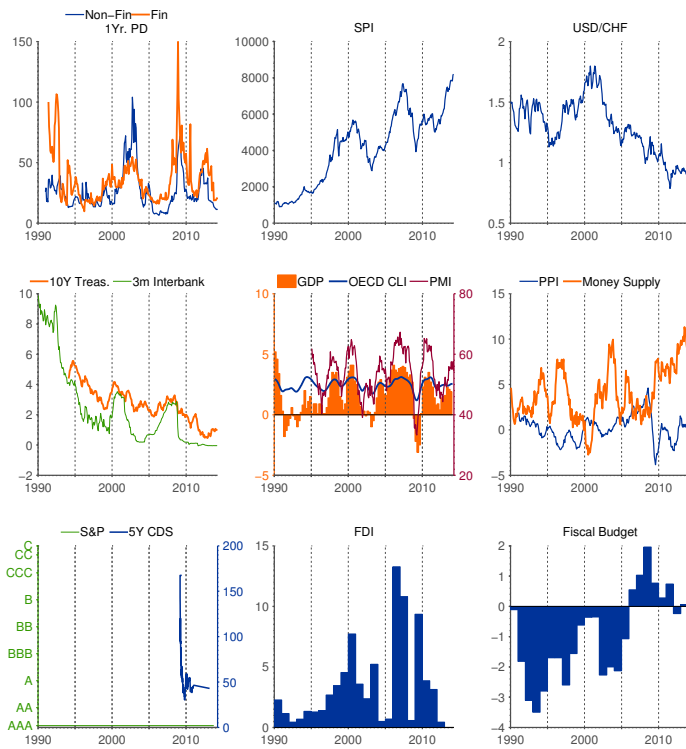
Spain	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	35.44	19.06	11.96	13.39	8.37
1Yr. PD, Fin.	48.41	38.76	28.36	22.67	16.21
IGBM	798	782	933	1012	1056
EUR/USD	1.28	1.30	1.35	1.37	1.35*
3m Treas. Yield (%)	0.47	0.45	0.50	0.55*	-
10Y Treas. Yield (%)	5.06	4.77	4.30	4.15	3.23
3m Interbank (%)	0.21	0.22	0.23	0.29	0.31
GDP (YoY%)	-1.9	-1.6	-1.1	-0.2	-
OECD CLI	99.89	100.66	101.54	102.41	102.68*
PPI (YoY%)	-0.1	1.3	0.1	0.6	-2.9*
Money Supply (YoY%)	2.50	2.30	1.90	1.00	1.30*
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
5Y CDS (bps)	302.26	281.47	228.22	157.48	104.18



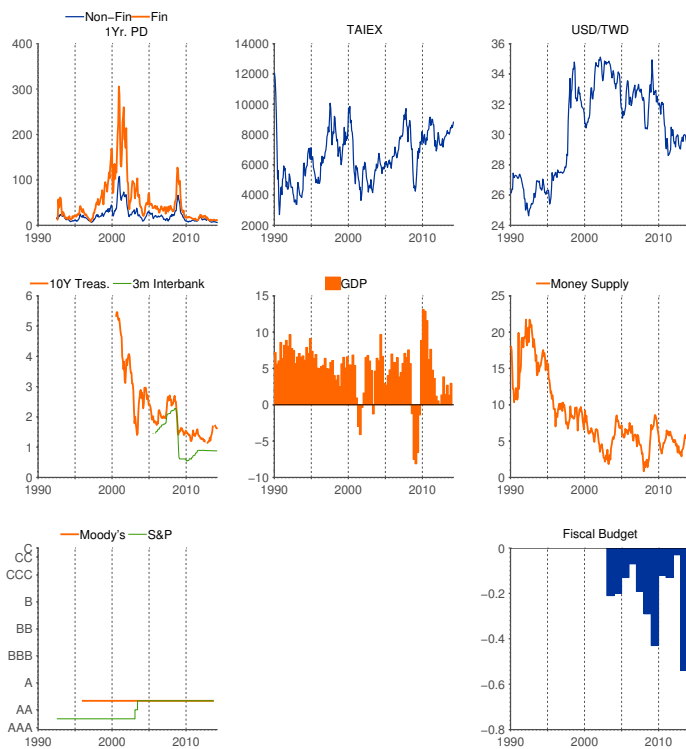
Sri Lanka	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	39.35	30.95	41.97	39.02	42.25
1Yr. PD, Fin.	58.54	48.07	63.50	59.02	62.24
ASPI	5736	6121	5803	5913	5968
USD/LKR	126.75	130.60	132.00	130.79	130.70
10Y Treas. Yield (%)	11.91	11.77	11.98	10.78	10.35
3m Interbank (%)	12.79	11.54	10.81	9.39	8.25
GDP (YoY%)	6.0	6.8	7.8	8.2	-
Money Supply (YoY%)	18.50	19.40	19.60	-	-
Sov. Rating, Moody's	B1	B1	B1	B1	B1
Sov. Rating, S&P	B+	B+	B+	B+	B+



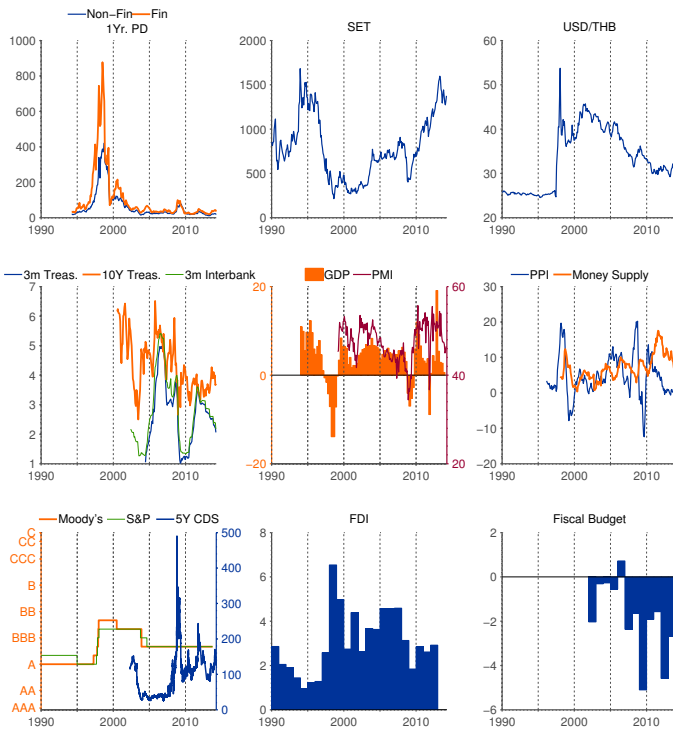
Sweden	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	48.53	39.07	31.95	30.75	28.36
1Yr. PD, Fin.	42.54	54.21	36.36	18.59	21.49
OMX Stockholm PI	375	362	399	424	440
USD/SEK	6.53	6.70	6.43	6.44	6.47
3m Treas. Yield (%)	0.97	0.91	0.90	0.74	0.75
10Y Treas. Yield (%)	1.81	2.21	2.43	2.50	2.12
3m Interbank (%)	1.24	1.21	1.21	0.94	0.92
GDP (YoY%)	1.6	0.7	0.7	3.1	-
OECD CLI	99.49	98.99	98.77	99.39	99.63*
PMI	52.1	53.5	56.0	52.2	56.5
PPI (YoY%)	-4.4	-4.7	-1.1	0.3	0.1*
Money Supply (YoY%)	0.39	3.67	0.41	2.21	1.85*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	21.52	22.61	17.11	16.67	15.72



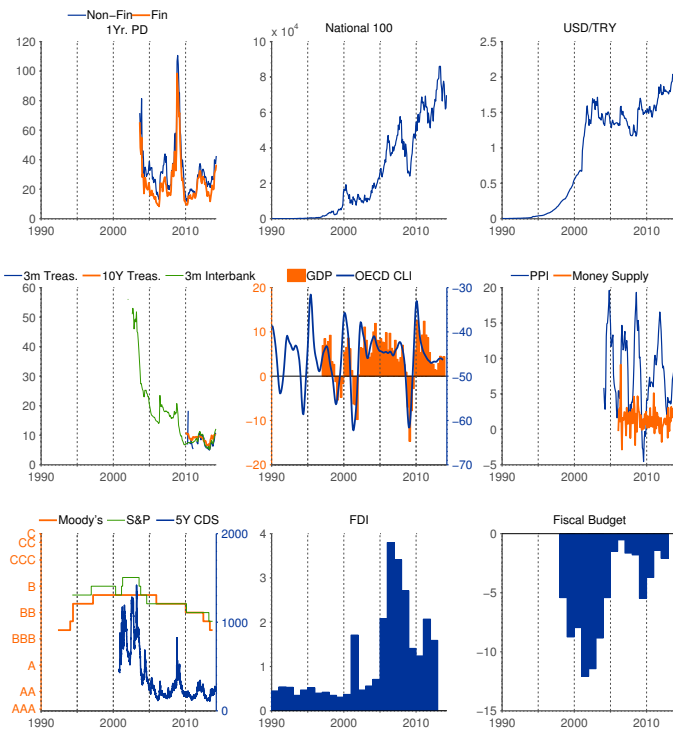
Switzerland	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	18.30	17.20	13.46	11.78	11.10
1Yr. PD, Fin.	40.92	26.86	18.60	18.84	20.01
SPI	7243	7248	7611	7838	8202
USD/CHF	0.95	0.94	0.90	0.89	0.88
10Y Treas. Yield (%)	0.72	1.03	1.02	1.07	0.95
3m Interbank (%)	-0.04	-0.04	-0.04	-0.04	-0.04
GDP (YoY%)	1.6	2.3	2.1	1.9	-
OECD CLI	99.75	99.62	99.97	100.21	100.25*
PMI	49.2	51.4	55.4	55.0	54.4
PPI (YoY%)	0.3	0.5	0.3	-0.3	-0.4*
Money Supply (YoY%)	9.88	11.33	9.44	7.68	8.77*
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	42.96	-	-	-	-
Fiscal Budget (%GDP)	-	-	-	0.06	-



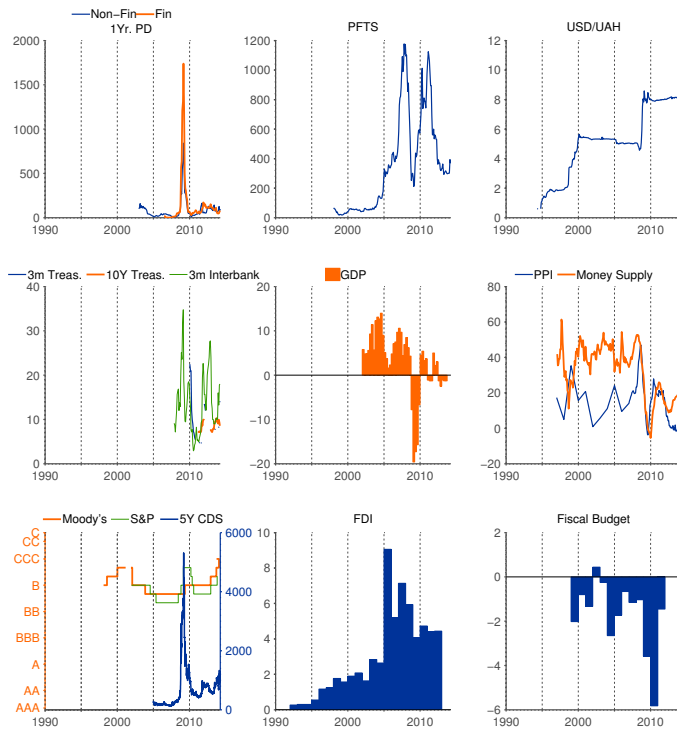
Taiwan	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	8.12	6.86	7.82	6.99	5.22
1Yr. PD, Fin.	9.47	11.12	12.57	10.73	9.75
TAIEX	7919	8062	8174	8612	8849
USD/TWD	29.82	29.98	29.63	29.81	30.49
10Y Treas. Yield (%)	1.31	1.42	1.71*	1.69	1.60
3m Interbank (%)	0.88	0.88	0.88	0.88	0.88
GDP (YoY%)	1.4	2.7	1.3	3.0	-
Money Supply (YoY%)	3.86	5.27	5.70	5.79	5.82*
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
Fiscal Budget (%GDP)	-	-	-	-0.54	-



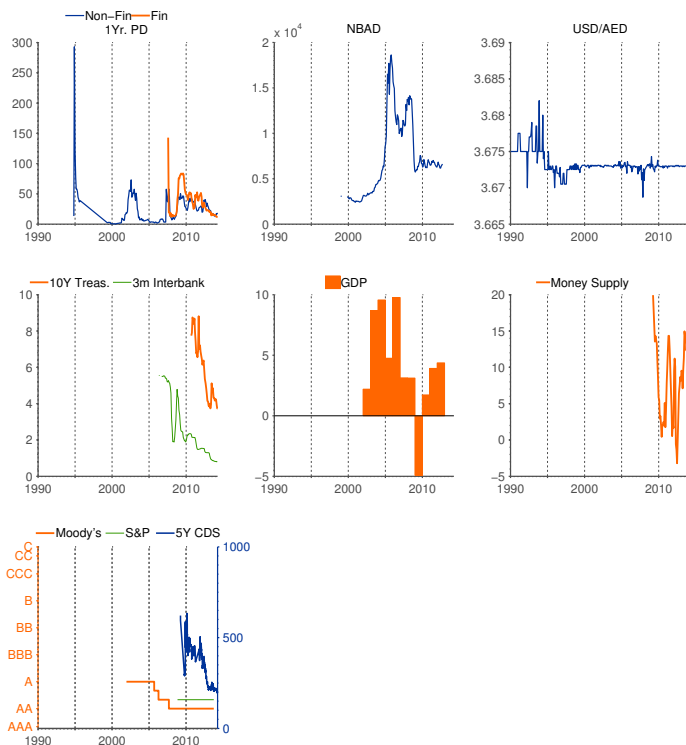
Thailand	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	10.87	16.44	21.32	22.66	18.03
1Yr. PD, Fin.	19.47	26.91	36.75	41.45	35.04
SET	1561	1452	1383	1299	1376
USD/THB	29.27	31.05	31.24	32.70	32.42
3m Treas. Yield (%)	2.70	2.54	2.53	2.31	2.06
10Y Treas. Yield (%)	3.51	3.73	3.90	3.90	3.70
3m Interbank (%)	2.86	2.60	2.60	2.40	2.18
GDP (YoY%)	5.4	2.9	2.7	0.6	-
PMI	54.4	49.9	47.5	45.0	46.5*
PPI (YoY%)	-0.3	0.9	0.7	1.0	1.1*
Money Supply (YoY%)	9.46	10.23	7.09	7.31	7.46*
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	92.04	130.59	118.85*	129.89	123.67
Fiscal Budget (%GDP)	-	-	-	-2.68	-



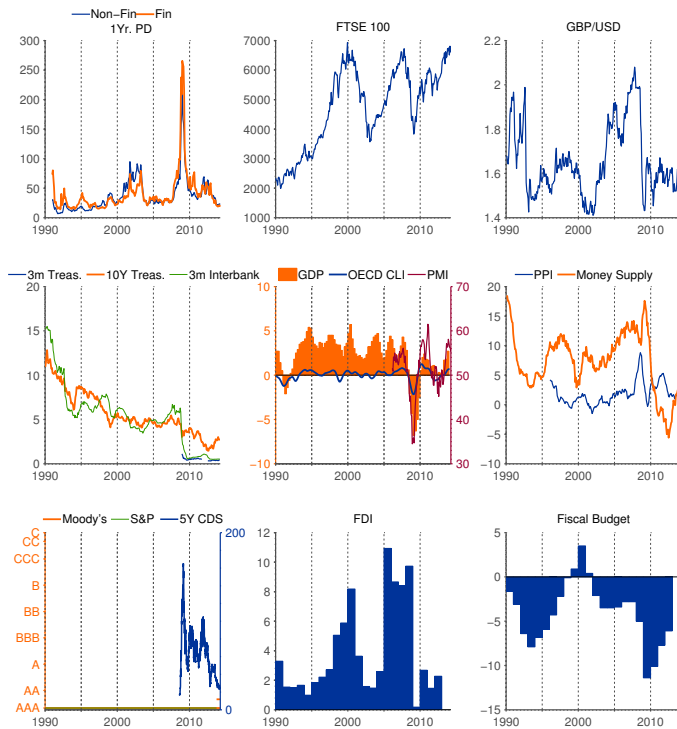
Turkey	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	23.18	23.78	26.49	39.92	42.47
1Yr. PD, Fin.	15.87	14.78	20.45	30.45	36.66
National 100	85899	76295	74487	67802	69736
USD/TRY	1.81	1.93	2.02	2.15	2.14
3m Treas. Yield (%)	6.08	6.08	6.84	8.03	10.83
10Y Treas. Yield (%)	7.02	8.49	8.99	10.15	10.10
3m Interbank (%)	6.30	7.25	7.19	9.12	12.14
GDP (YoY%)	2.9	4.5	4.3	4.4	-
OECD CLI	3.99	3.99	3.72	-	-
PPI (YoY%)	4.0	5.4	8.3	6.8	-
Money Supply (YoY%)	1.61	1.65	1.93	3.45	0.80
Sov. Rating, Moody's	Ba1	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	146.59	190.83	213.59	244.72	219.80



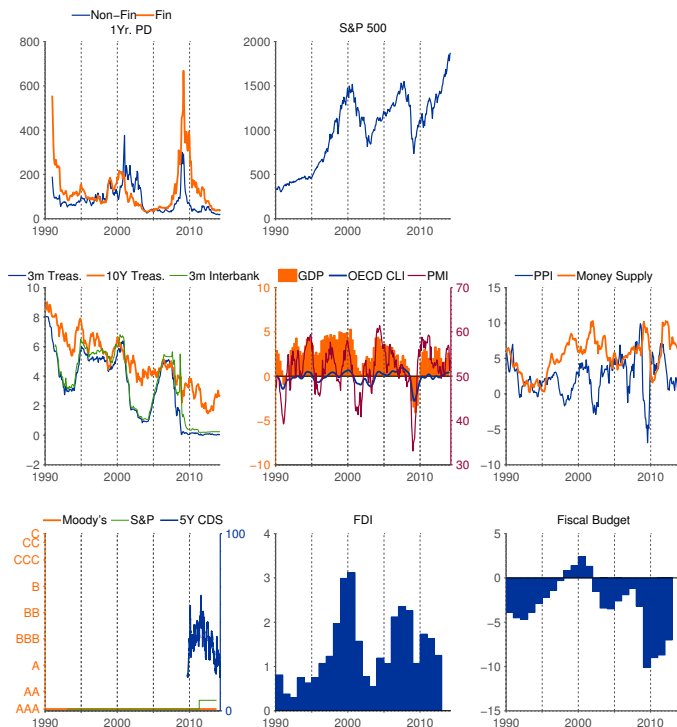
Ukraine	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	79.95	78.59	72.82	80.67	97.75
1Yr. PD, Fin.	109.80	88.69	64.89	47.33	80.68
PFTS	329	310	299	301	369
USD/UAH	8.13	8.16	8.19	8.24	11.12
3m Treas. Yield (%)	-	-	7.75*	-	14.00
10Y Treas. Yield (%)	7.58	9.37	10.26	9.04	8.56
3m Interbank (%)	10.00	9.05	10.30	16.00	18.00
GDP (YoY%)	-1.1	-1.3	-1.3	-	-
PPI (YoY%)	0.2	-1.6	-0.9	1.7	3.3*
Money Supply (YoY%)	15.90	17.80	19.10	17.60	18.50*
Sov. Rating, Moody's	B3	B3	Caa2	Caa2	Caa2
Sov. Rating, S&P	B	B	B-	B-	B-
5Y CDS (bps)	594.98	815.49	1085.56	816.68	890.14



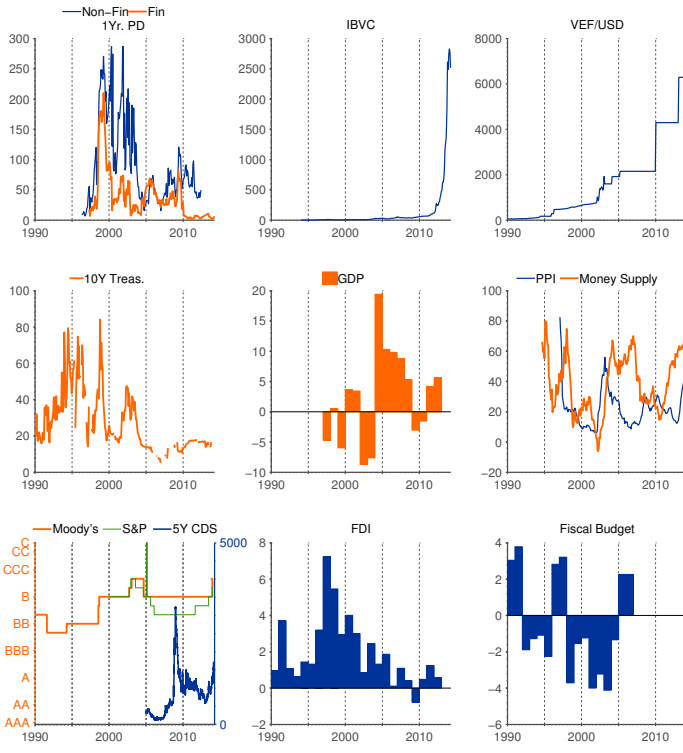
United Arab Emirates	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	22.70	17.22	14.35	14.08	18.50
1Yr. PD, Fin.	19.46	17.41	15.08	13.58	12.89
USD/AED	3.67	3.67	3.67	3.67	3.67
10Y Treas. Yield (%)	4.00	5.12	4.32	4.25	3.74
3m Interbank (%)	1.13	0.91	0.86	0.81	0.78
Money Supply (YoY%)	7.10	14.96	12.31	12.63	11.59*
Sov. Rating, Moody's	Aa2	Aa2	Aa2	Aa2	Aa2
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	229.19	254.51	211.51	214.83	191.67



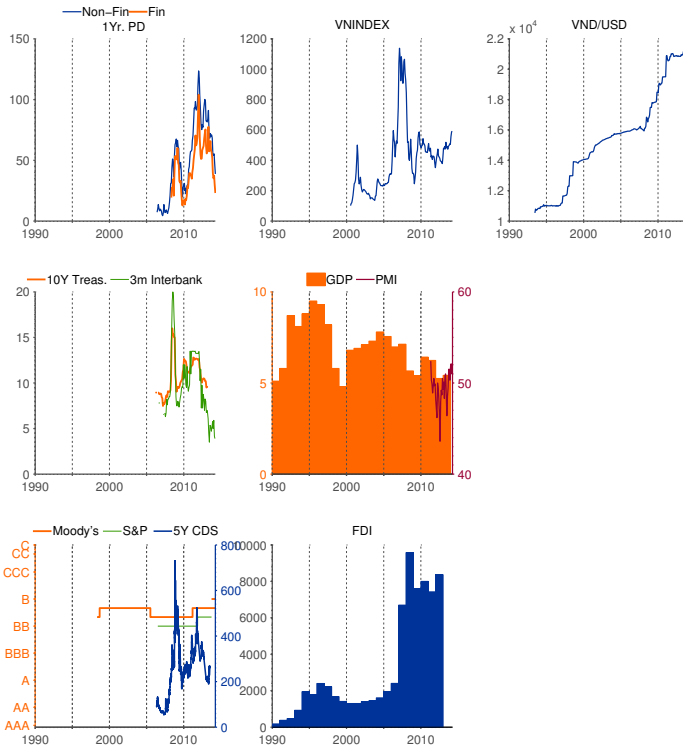
United Kingdom	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	37.79	34.23	21.12	21.35	23.58
1Yr. PD, Fin.	32.14	26.76	20.43	19.60	18.80
FTSE 100	6412	6215	6462	6749	6598
GBP/USD	1.52	1.52	1.62	1.66	1.67
3m Treas. Yield (%)	0.41	0.41	0.40	0.35	0.44
10Y Treas. Yield (%)	1.77	2.44	2.72	3.02	2.74
3m Interbank (%)	0.51	0.51	0.52	0.53	0.52
GDP (YoY%)	0.5	1.7	1.8	2.7	-
OECD CLI	100.04	100.36	101.07	101.37	101.36*
PMI	48.6	52.9	56.3	57.3	55.3
PPI (YoY%)	1.5	1.7	1.2	1.0	0.5*
Money Supply (YoY%)	0.40	1.60	2.50	0.10	0.70*
Sov. Rating, Moody's	Aaa	Aaa	Aa1	Aa1	Aa1
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	44.31	49.57	34.02	28.00	24.17



United States	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	25.71	23.29	18.59	19.73	21.12
1Yr. PD, Fin.	39.71	37.09	37.62	39.02	34.00
S&P 500	1569	1606	1682	1848	1872
3m Treas. Yield (%)	0.07	0.03	0.01	0.07	0.03
10Y Treas. Yield (%)	1.85	2.49	2.61	3.03	2.72
3m Interbank (%)	0.24	0.24	0.24	0.24	0.24
GDP (YoY%)	1.3	1.6	2.0	2.6	-
OECD CLI	100.35	100.61	100.77	100.83	100.79*
PMI	51.5	52.5	56.0	56.5	53.7
PPI (YoY%)	1.1	2.3	0.3	1.2	1.3*
Money Supply (YoY%)	7.30	6.90	6.30	5.30	6.30*
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+
5Y CDS (bps)	37.73	28.17	33.38	29.00	18.96



Venezuela	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Fin.	-	5.83	3.96	2.57	6.31
IBVC	620	1150	1795	2737	2523
VEF/USD	6292.10	6292.10	6292.10	6292.10	6292.10
10Y Treas. Yield (%)	15.50	15.04	14.28	16.56*	-
PPI (YoY%)	19.5	31.0	38.9	47.1	-
Money Supply (YoY%)	61.00	61.30	63.30	69.00	75.20*
Sov. Rating, Moody's	B2	B2	Caa1	Caa1	Caa1
Sov. Rating, S&P	B+	B	B-	B-	B-
5Y CDS (bps)	738.90	1012.94	933.75	1150.17	1260.62



Vietnam	2013				2014
	Q1	Q2	Q3	Q4	Q1
1Yr. PD, Non-Fin. (bps)	84.08	68.19	70.81	53.97	38.71
1Yr. PD, Fin.	60.15	57.99	56.57	35.17	23.07
VNINDEX	491	481	493	505	592
VND/USD	20935.00	21205.00	21113.00	21095.00	21098.00
10Y Treas. Yield (%)	9.50	-	-	-	-
3m Interbank (%)	6.75	3.50	4.70	5.00	3.90
GDP (YoY%)	-	-	-	5.4	-
PMI	50.8	46.4	51.5	51.8	51.3
Sov. Rating, Moody's	B1	B1	B2	B2	B2
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
5Y CDS (bps)	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 April 11 and every effort has been made to verify its accuracy.

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

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

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

Conversion to Euro

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

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

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

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

[†]The RMI CRI model uses Germany's three-month 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. 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.[†] 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	–

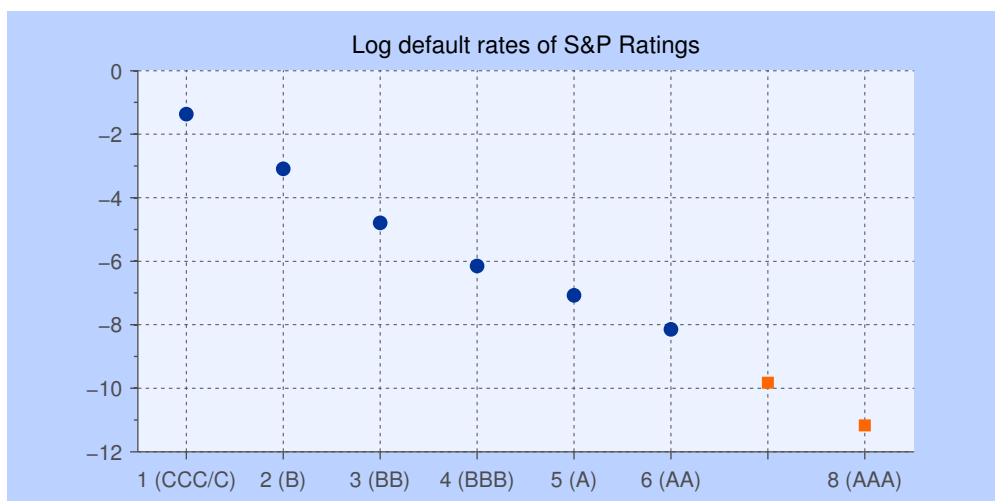
Computing the boundaries between different PDiR classes: The blue circles in the graph below indicate the logarithm of the observed ADR for firms rated by S&P with ratings from AA down to CCC/C.

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.



[†]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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