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# Quarterly Credit Report

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Q4/2014

Volume 4, No 3



**NUS**  
National University  
of Singapore

**RMI**  
Advancing Risk Management  
for Singapore and Beyond

# 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 4, Issue 3 covers the fourth 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.

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The commentary in the QCR is based on median 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 78 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: Bangladesh, China, India, Indonesia, Kazakhstan, Malaysia, Pakistan, the Philippines, Sri Lanka, Thailand and Vietnam.

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

North America includes: Canada and the US.

Eastern Europe includes: Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tunisia, 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, Kuwait, Jordan, Morocco, Oman, 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 more than 60,000 listed firms and estimates a PD for each firm, effectively transforming big data into smart data. The outputs from the RMI PD model are available free for all users at:

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

As of December 2014, the PD system covers 116 economies in Africa, Asia-Pacific, Latin America, North America, the Middle East and Europe. The probabilities of default for more than 60,000 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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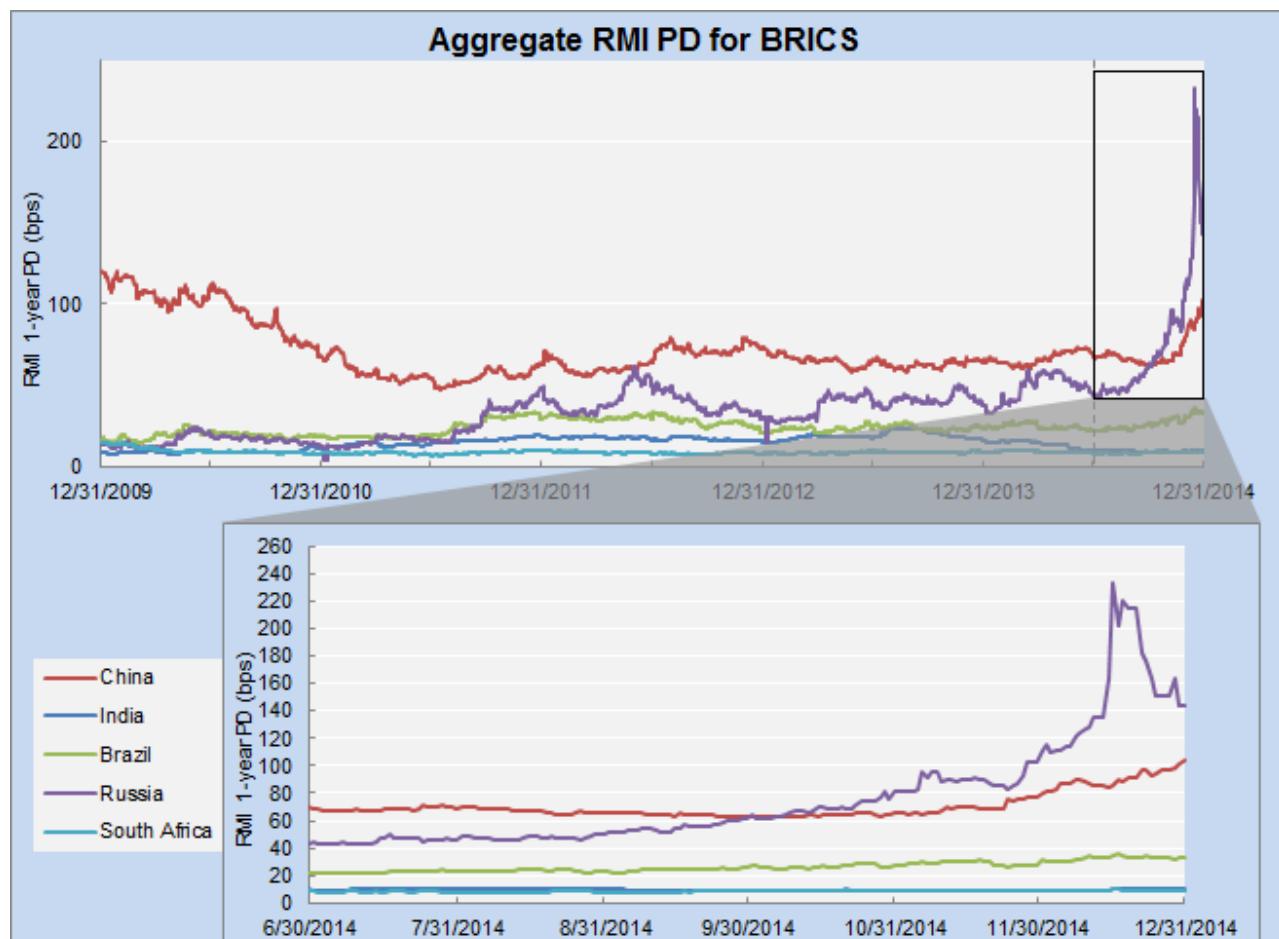
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# Acronyms

BIS	Bank for International Settlements
BOE	The Bank of England
BSP	Bangko Sentral Ng Pilipinas
CAD	Current Account Deficit
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 Estadi
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 RMI aggregate 1-year PDs for BRICS nations - Brazil, Russia, India, China and South Africa, climbed higher during Q4. The aggregate RMI 1-year PD for Russian and Chinese firms were notably higher during the quarter. In Russia, the continued conflict with Ukraine brought about international sanctions on the country, which starved Russian firms from obtaining credit at a reasonable costs. The fall in oil prices also hit the earnings abilities of its large oil producers and a bank run created a crisis for Russian regulators. In China, weaker credit profiles of smaller firm constituents have increased the aggregate risk profile of Chinese firms. The clampdown on shadow banking activities has affected the funding profiles of small firms in China, which lower their credit performance. In Brazil, sluggish economic activity, low consumer and business confidence have weighed on the credit quality of Brazilian firms. The scandal at Petrobras would deter foreign investors from investing in Brazilian firms, thereby decreasing the overall funding abilities of Brazilian companies. The RMI aggregate 1-year PDs for Indian firms remained unchanged during Q4, despite a rate cut from the central bank and healthy underlying economic performance.



## Russian Companies

The RMI aggregate 1-year PD for Russian companies increased dramatically during Q4, on the back of lower oil prices and international sanctions imposed on the country. Economic growth during the quarter worsened due to the contraction of the manufacturing and construction sector. This was accompanied by an increased expectation of overall inflation due to a significant decline in the RUB against the USD. The unemployment rates climbed higher during Q4 and is likely to rise further. Credit profiles for manufacturing firms deteriorated as the manufacturing PMI dropped below 50 to a record low since February 2013, while retail sales declined. The credit quality of oil producers was hit by the drop in oil prices while a drop in household consumption affected the earnings profile of Russian retailers. The credit outlook for Russian firms remains highly uncertain as further sanctions may be imposed on the country due to the conflict between Russia and Ukraine.



## Economy

- Russia's GDP expanded 5.7% QoQ in Q3 after rising 10.7% QoQ in Q2. The Russian government however expects economic output to fall by 3% in 2015 due to the fall in oil prices and sanctions against the country. This is in line with the IMF's GDP forecast of a 3% decline and 1% decline in 2015 and 2016 respectively.<sup>1</sup>
- Inflation hit 11.4% for the year 2014, the highest since Russia's financial crisis in 2008. Inflation accelerated in the second half of the year after Russia in August banned some food imports from countries that had imposed sanctions on Russia over its meddling in Ukraine, forcing retailers and distributors to abruptly build new supply chains. The situation was severely aggravated late in the year by a steady plunge in the price of oil, one of Russia's main exports, and by the steep devaluation of the national currency.<sup>2</sup>

- The unemployment rate had been increasing throughout Q4 2014 to 5.3% in December, up slightly from 4.9% observed in September. A poll also made it clear that 38% of the Russian population expects the unemployment rate is likely to rise.<sup>3</sup>
- The Russian manufacturing PMI declined in December to 48.9, down from 51.7 in November. That marked the first overall deterioration in business conditions in six months.<sup>4</sup>
- Russian private sector output fell further in December and inflationary pressures continued to intensify, according to the HSBC Markit survey. The Composite output index fell to a seven-month low of 47.2. Services business expectations meanwhile slumped to a record low. Output price inflation climbs to a record high.<sup>5</sup>
- Oil prices remained stable during Q4, with Brent Crude futures closing at USD 57.33 per barrel on December 31, down from USD 94.67 per barrel in September. Natural gas futures rose slightly to USD 2.89 per million British Thermal Units (MMBtu) on November 31, from USD 4.121 per MMBtu on September 30.

## Monetary

- Russia's central bank has raised its key interest rate significantly to 17% during Q4 to halt the sharp decline on the foreign exchange. The monetary authority said that the rate increase was needed to end the currency depreciation and fight inflation.<sup>6</sup>
- The Central Bank of Russia continued to pursue its tight monetary policy during Q4. The Russian Central Bank will temporarily curb RUB liquidity to end the panic demand for foreign currency.<sup>7</sup>
- The Bank of Russia abolished the dual currency soft peg in Q4, as the central bank moved towards a free floating exchange rate regime. The central bank may still intervene in the currency market if the situation threatens the financial stability of the system.<sup>8</sup>

## Funding & Liquidity

- Russian government 10-year yields hovered near a five-year high of 12.4% as investors withdrew capital from the country's financial markets. Yields on 10-year zero coupon bonds increased to 13.01% in December from 9.44% in September.<sup>9</sup>
- Average weighted interest rates on RUB-denominated loans to non-financial organizations with maturities up to 1-year increased during Q4 to 11.97% in November, up from 10.62% in September.<sup>10</sup>
- Russian banks accelerated lending to non-financial organizations during Q4, with 1 year loan volumes growing 12.38% YoY in November, up from 11.08% YoY in September.<sup>11</sup>

## Politics

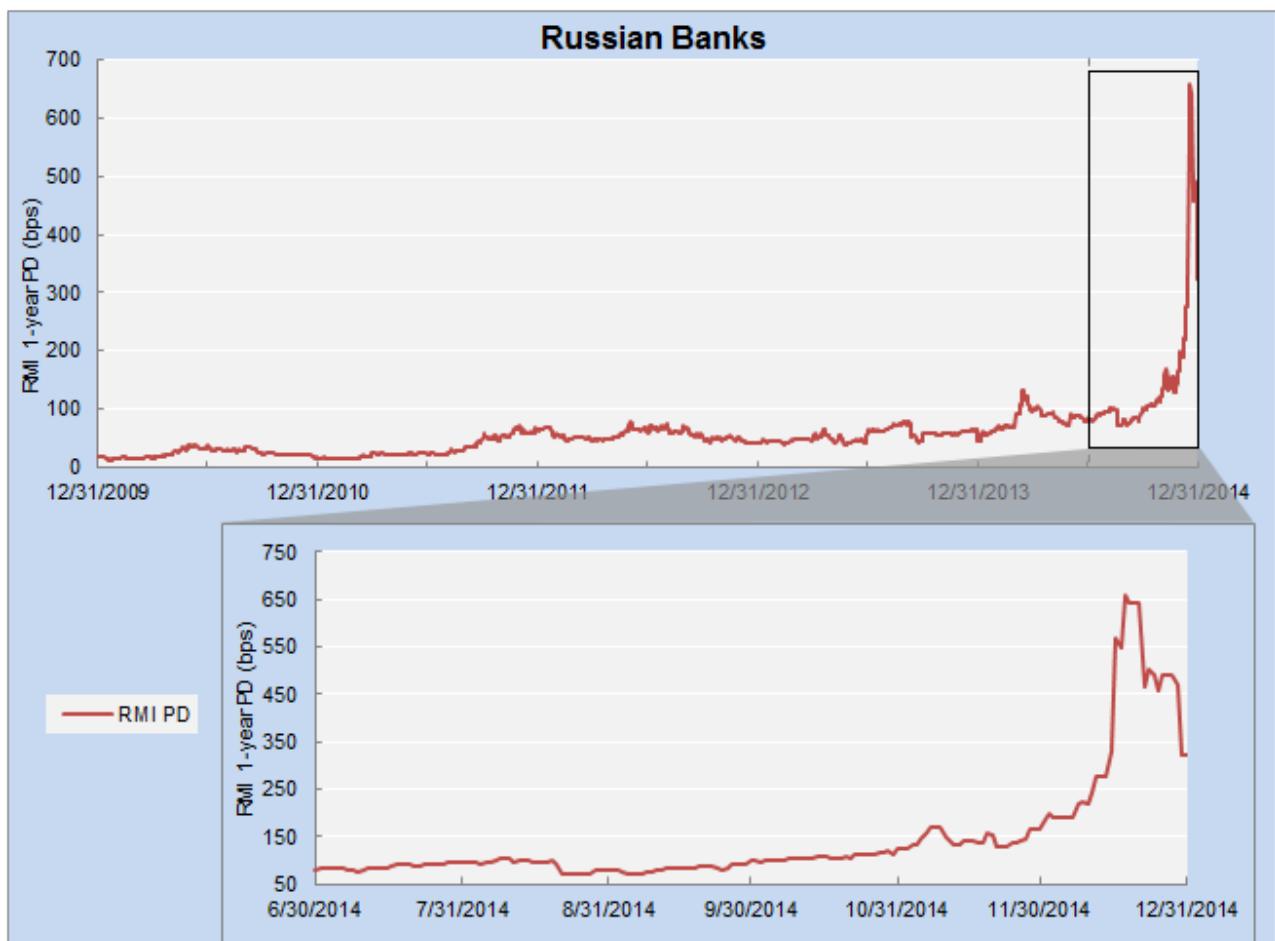
- In response to the rapidly deteriorating economic situation, Putin approved an anti-crisis package in January, which focuses on re-capitalizing Russia's most important state-owned banks to the tune of around RUB 1.4tn.<sup>12</sup>
- The Russian government plans to allocate over RUB 52bn (USD 770mn) in 2015 to fight unemployment in Russia. RUB 30bn (USD 444mn) will be used to organize and train professionals in the labor market as well as provide a one-time assistance of RUB 20000 to the needy.<sup>13</sup>

## Sovereign Credit Ratings

- Russia's credit rating has been downgraded to junk status for the first time in a decade due to the collapsing oil price, the tumbling value of the rubble and sanctions imposed because of its intervention in Ukraine. The ratings provided by S&P, Moody's and Fitch are BB+, Baa3 and BBB-, all with negative outlooks.<sup>14</sup>

## Russian Banks

The RMI aggregate 1-year PD for Russian banks increased sharply over Q4, reflecting the pressure on the banks due to a lack of external funding and a flight of capital. The rapid weakening of the RUB against major currencies has weakened the capital ratios of the banks and increased the risk of a household deposit flight. The Russian government has helped to provide short term relief to the sector by approving a bill to provide RUB 1tn of funds to recapitalize the banks, but further funding is likely necessary in 2015. Moving forward, the credit profiles of the banks will have strong links with the credit quality of the sovereign notes as the government will use its controlling stake in state own firms to enforce capital reforms within the various industries. The credit outlook for Russian banks thus remains negative in view of the abovementioned concerns.



## Profitability

- Aggregate earnings at 8 listed Russian banks continued declined over Q3, decreasing 33.1% QoQ to RUB 75.6bn, down from RUB 113bn at the end of Q2. Sberbank, Russia's largest bank by assets, tripled its bad loan provisions and said that net income had declined due to the worsening economic climate. The bank is responsible for 46% of Russia's deposits and controls over a third of the nation's lending.<sup>15</sup>
- The growth of RUB-denominated loans to non-financial businesses and individuals improved in Q4, climbing from RUB 20.9tn in September to RUB 29tn in December.<sup>16</sup>

## Funding & Liquidity

- Average coupon rates on RUB-denominated bonds issued by Russian banks was 12.73% during Q4, while no bank bonds issued during Q3.

- Funds of Organizations accepted by credit institutions accelerated during Q4, increasing from RUB 13.4tn in September to RUB 15.5tn in November. Total deposits of individuals climbed from RUB 17.3tn in September to RUB 18tn in November.<sup>17,18</sup>
- Average weighted interest rates on individual and nonfinancial organizations' deposits up to 1 year (including demand deposits) increased to 6.23% and 9.2% per annum respectively during Q4, from 5.71% and 7.37% in September.<sup>19</sup>
- The Russian central bank had to bailout Trust Bank, the country's 32nd largest bank, after the lender failed to meet its short term liabilities due to a lack of funding. The government trebled the size of its bailout funds to the troubled lender to RUB 99bn (USD 1.9bn) in Q4. In addition, the central bank is looking to boost the liquidity of the banking system. The state-owned VTB bank, the second-largest lender by assets, received RUB 100bn in 2014 and will receive RUB 150bn in 2015.<sup>20</sup>

## Capital Levels & Regulations

- Russia has taken steps to improve the amount of credit in the economy. Many companies were facing challenging operating conditions as the economy suffered due to falling oil prices and sanctions against the country. Russian banks with at least RUB 25bn in capital will have to increase lending to key sectors of the economy as part of a RUB 1tn recapitalization plan. Qualified banks would need to raise capital from other sources equivalent to 50% of the amount they receive as they increase lending to the key sectors by at least 1% a month. In December, the government said that they would provide systematically important banks with additional capital, in the form of government bonds through the Deposit Insurance Agency.<sup>21</sup>
- The Central Bank said in October that Basel III liquid coverage ratio will be introduced since July 1, 2015 as a prudential standard instead of January 1.<sup>22</sup>

## Asset Quality

- The Russian government is considering creating a 'bad bank' to contain the bad loans from the banking sector as the amount of non-performing loans has increased significantly. Regulators are seeking comment from the lenders about the plan. Alfa Bank, one of Russia's top 3 private banks, estimates that bad loans make up 5% of overall lending, double the proportion of bad loans during the 2009 crisis.<sup>23</sup>
- A representative of Russia's regional banking association and deputy chairman of the parliament's financial committee said that firms in the country are running out of cash. Bankers said that a wave of bankruptcies could develop and the central bank must cut rates to 15% otherwise companies would have to pay as much as 30% to borrow.<sup>24</sup>

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<sup>6</sup>Dec 15, 2014, [Russian central bank raises interest rate to 17% to prevent rouble's collapse](#), The Guardian, <http://www.theguardian.com/>

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<sup>9</sup>Dec 08, 2014, Russian bond yield soars to highest since 2009, FT, <http://ft.com/>

<sup>10</sup>Jan 15, 2015, Average Weighted Interest Rates on Ruble-Denominated Loans Extended to Nonfinancial Organizations, Bank of Russia, <http://www.cbr.ru/>

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<sup>12</sup>Jan 24, 2015, Putin's plan to fight recession in Russia also increases Kremlin's control of the economy, The Conversation UK, <http://theconversation.com/>

<sup>13</sup>Jan 28, 2015, Anti-crisis plan calls for over 50 bln rubles to fight unemployment in 2015, Interfax, <http://www.interfax.com>

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<sup>17</sup>Feb 10, 2015, Funds of Organizations Accepted by Credit Institutions, Bank of Russia, <http://www.cbr.ru/>

<sup>18</sup>Feb 10, 2015, Deposits of Individuals Accepted by Credit Institutions, Bank of Russia, <http://www.cbr.ru/>

<sup>19</sup>Jan 15, 2015, Average Weighted Interest Rates on Nonfinancial Organizations and Individual Deposits Denominated in Rubles, Bank of Russia, <http://www.cbr.ru/>

<sup>20</sup>Dec 26, 2014, Cost of Russia's bank bailout surges as weaker rouble bites, FT, <http://ft.com/>

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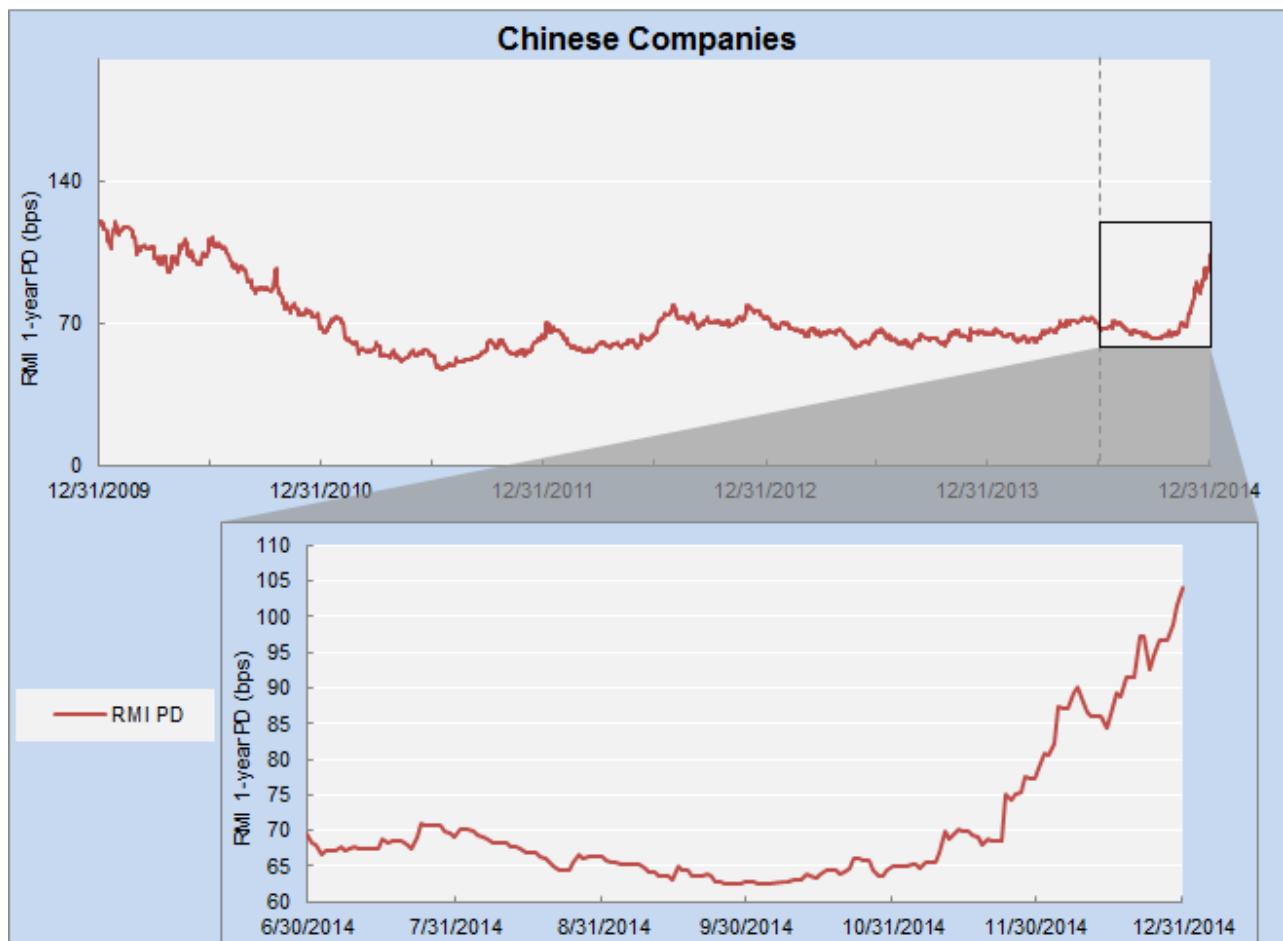
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## Chinese Companies

The RMI aggregate 1-year PD for Chinese companies increased significantly in Q4 as economic growth slowed to its lowest pace in 24 years. Consumer prices have fallen, prompting the central bank to warn of rising deflation risk within the economy. Unemployment rate has also risen, which would weigh on the credit profiles of Chinese firms. Export firms recorded lower sales following the drop in the Purchasing Managers Indices. The interest rate cut by the PBOC may help to ease funding pressure for Chinese firms in the short term, but regulators are likely to enforce further economic and fiscal stimulus measures. The overall credit outlook for Chinese companies remains negative, as the residential property market stays weak.



## Economy

- China grew at its slowest rate in 24 years, with YoY GDP growth at 7.4%, lower than the official growth target of 7.5% for the first time in this century. YoY GDP growth rate in Q4 stayed at 7.3% from Q3. The International Monetary Fund has cut its forecasts for China's economic growth for 2015 and 2016 as the global economic rebound plateaus, despite a sharp drop in oil prices.<sup>25</sup>
- China's annual consumer inflation remained at a near five-year low of 1.5% in December, unchanged from November's levels, signalling persistent weakness in the economy but giving policymakers more room to ease policy to support growth. Producer prices however fell 3.3% YoY in December.<sup>26</sup>

- China's unemployment rate climbed from 4.07% in Q3 to 4.09% in Q4, but remained low from its peak of 4.3% during the 2008 global financial crisis. Last year, 13.22mn new jobs were created in its cities. The number of job vacancies dropped from 554,000 in Q3 to 494,000 in Q4.<sup>27</sup>
- CFLP Manufacturing PMI also showed a decline in Q4, but still stayed above 50, from 50.8 in Oct to 50.1 in Dec. This shows that China's manufacturing sector continues to contract at a modest pace.
- The HSBC China Manufacturing PMI, a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy, dropped to 49.6 in December from 50.2 in September. This is the first sub-50 reading since May. The weaker PMI reading was partly a result of a renewed fall in new business volumes placed at Chinese manufacturers in December.<sup>28</sup>
- HSBC China Services PMI rose to 53.4 in December, up from 53.0 in November. The solid performance was supported by another strong expansion in new business.<sup>29</sup>
- China's imports decreased 6.8% YoY and 2.4% YoY in November and December respectively. The country's imports from Australia fell from USD 8.43bn in Q3 to USD 7.5bn in Q4. Coal imports however increased from 16.34mn metric tonnes to 21.68mn metric tonnes in Q4. China's exports expanded at a slower pace in Q4 from 15.3% YoY in September to 9.7% YoY in December.

## Monetary

- During Q4, M1 Money Supply YoY growth rate stayed almost unchanged at 3.2%. M2 Money Supply growth rate decreased slightly from 12.9% in September to 12.2% in December.<sup>30</sup>
- The People's Bank of China cut its benchmark one-year loan rate by 0.4 percentage point to 5.6% in Q4, making it cheaper for businesses to borrow capital. This marks the first interest-rate cut since July 2012. The PBOC also reduced the benchmark one-year deposit rate to 2.75% from 3% but gave banks greater flexibility to raise deposit rates above that benchmark.<sup>31</sup>

## Funding & Liquidity

- 10-year government bond yield decreased slightly from 4.07% in September to 3.65% in December.
- Total loans grew at a slower pace during Q4, increasing by 2.4% QoQ to CNY 86.79tr in December, a slight increase compared with Q3 2014.<sup>32</sup>
- The 3-month SHIBOR increased slightly from 4.54% in September to 5.14% in December, while 3-month CHIBOR increased slightly from 3.60% in September to 5.50% in December. The central bank said that it will maintain prudent monetary policies in 2015.<sup>33</sup>
- During Q4, the People's Bank of China injected around CNY 400bn (USD 65bn) into the interbank market.<sup>34</sup>

## Policy

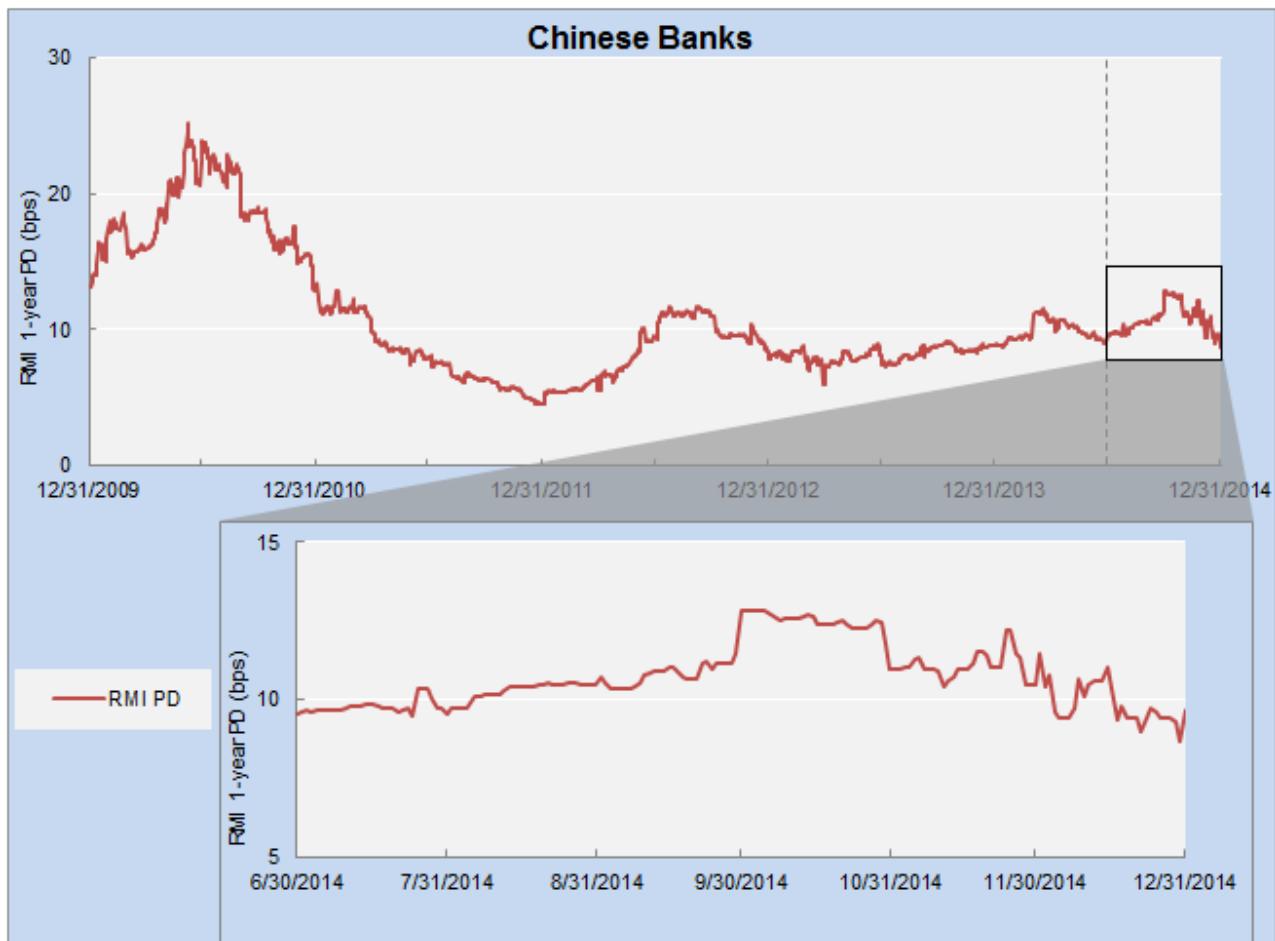
- The central bank is widely reported to have injected as much as CNY 1.8tn (USD 294 bn) from June to November to prop up the slowing economy through a mix of liquidity facilities.<sup>35</sup>
- China's leaders have held off embarking on a major economic stimulus like the one used during the global financial crisis in 2008. Instead, they've taken more limited measures, including trying to boost the flagging real estate sector by loosening mortgage requirements and supporting small and midsize enterprises by encouraging banks to lend to them.<sup>36</sup>

## Sovereign Credit Ratings

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

## Chinese Banks

The RMI aggregate 1-year PD for Chinese banks remained at the same level during Q4. Bank liquidity stayed abundant as the central bank lowered the reserve requirement ratio for lenders. Total deposits increased and banks reported positive NIMs despite a drop in benchmark rates. Monetary conditions are expected to improve moving forward, as regulators free up more funds for lending. The drop in oil prices, weakness in the PMIs and the decline in inflationary pressure should help support the banks' asset quality. Further plans to free up interest rates and capital flows and the introduction of more private sector competition into banking are credit positive factors for the lenders in 2015.



## Profitability

- Aggregate earnings at 17 China domiciled banks reported earnings decreased 5.84% QoQ but increased 7.8% YoY to CNY 324bn in Q3.
- The average NIM for the same banks increased from 3.10% in Q2 2014 to 3.26% in Q3 2014.
- Aggregate earnings at 17 China domiciled banks reported cash and cash equivalent items decreased 0.39% QoQ but increased 8.35% YoY to CNY 162.93bn in Q3.

## Funding & Liquidity

- Average weighted coupon rates on 5-year CNY-denominated bank bonds fell to 4.94% during Q4, down from about 6% in Q3.
- Total deposits at Chinese banks increased 0.85% QoQ to CNY 117.37tn in December, after falling 0.75% QoQ during Q3.<sup>37</sup>
- China's financial markets have abundant liquidity and the central bank will provide liquidity support when needed. The central bank extended more than CNY 769bn of discounted loans to Chinese banks last year to hold down borrowing costs and boost economic activities.<sup>38</sup>
- China's 2015 plan to introduce a deposit insurance program may exacerbate a liquidity shortage at smaller banks and increase their chance of failure as savings shift to the biggest state-controlled lenders. While the move could limit systemic risks, it may fuel competition for deposits and drive up borrowing costs as savers divert money to stronger banks or those that offer higher interest rates.<sup>39</sup>

## Regulations

- China is planning wealth product rules to cut shadow banking risks. Regulators are trying to curb the channeling of wealth funds by bank through trusts and brokerages to risky borrowers in order to circumvent lending quotas and regulatory restrictions.<sup>40</sup>
- China may raise the leverage ratio for its commercial banks, in a move to bring lenders in line with international capital adequacy standards, according to draft rules published by the banking regulator. The China Banking Regulatory Commission began phasing in new higher capital adequacy requirements, in line with the Basel III standards, as Chinese policymakers aim to fortify banks against the risks from a slowing economy.<sup>41</sup>

## Asset Quality

- Bad loans at China's biggest banks rose at the fastest pace in at least seven years during the third quarter as a slowing economy squeezed corporate borrowers. Analysts said the fall in asset quality was manageable. Industrial & Commercial Bank of China and China Construction Bank, the country's two biggest banks by assets, reported their biggest quarterly jump in bad loans in at least seven years, with rises of 9 and 10 per cent respectively.<sup>42</sup>

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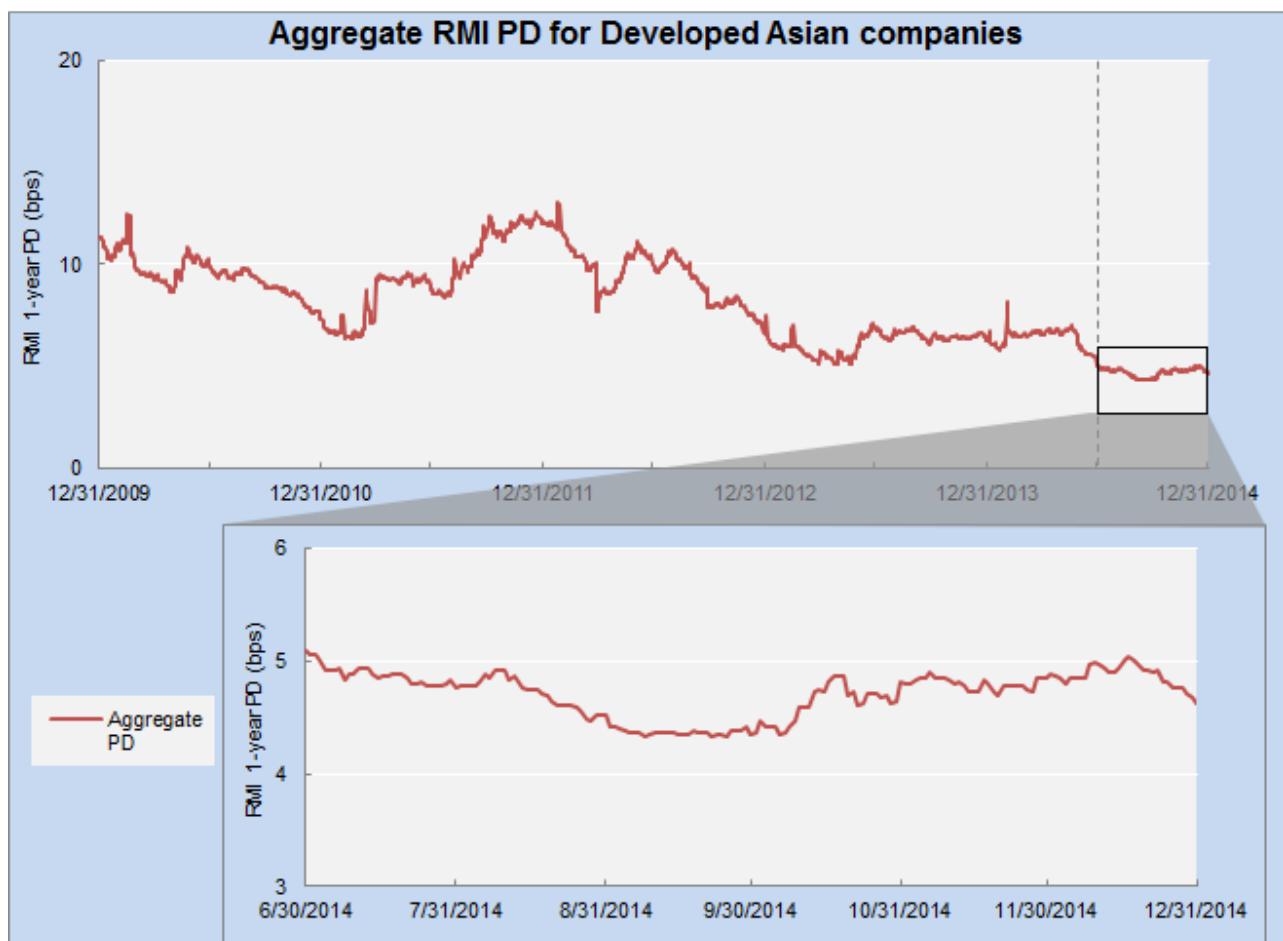
<sup>40</sup>Dec 5, 2014, [China Plans Wealth-Product Rules to Cut Shadow Banking Risks](#), Bloomberg, <http://www.bloomberg.com/>

<sup>41</sup>Nov 21, 2014, [China considering raising leverage ratio for banks](#), Reuters, <http://www.reuters.com/>

<sup>42</sup>Oct 30, 2014, [Bad loans surge at Chinas biggest banks](#), FT, <http://www.ft.com>

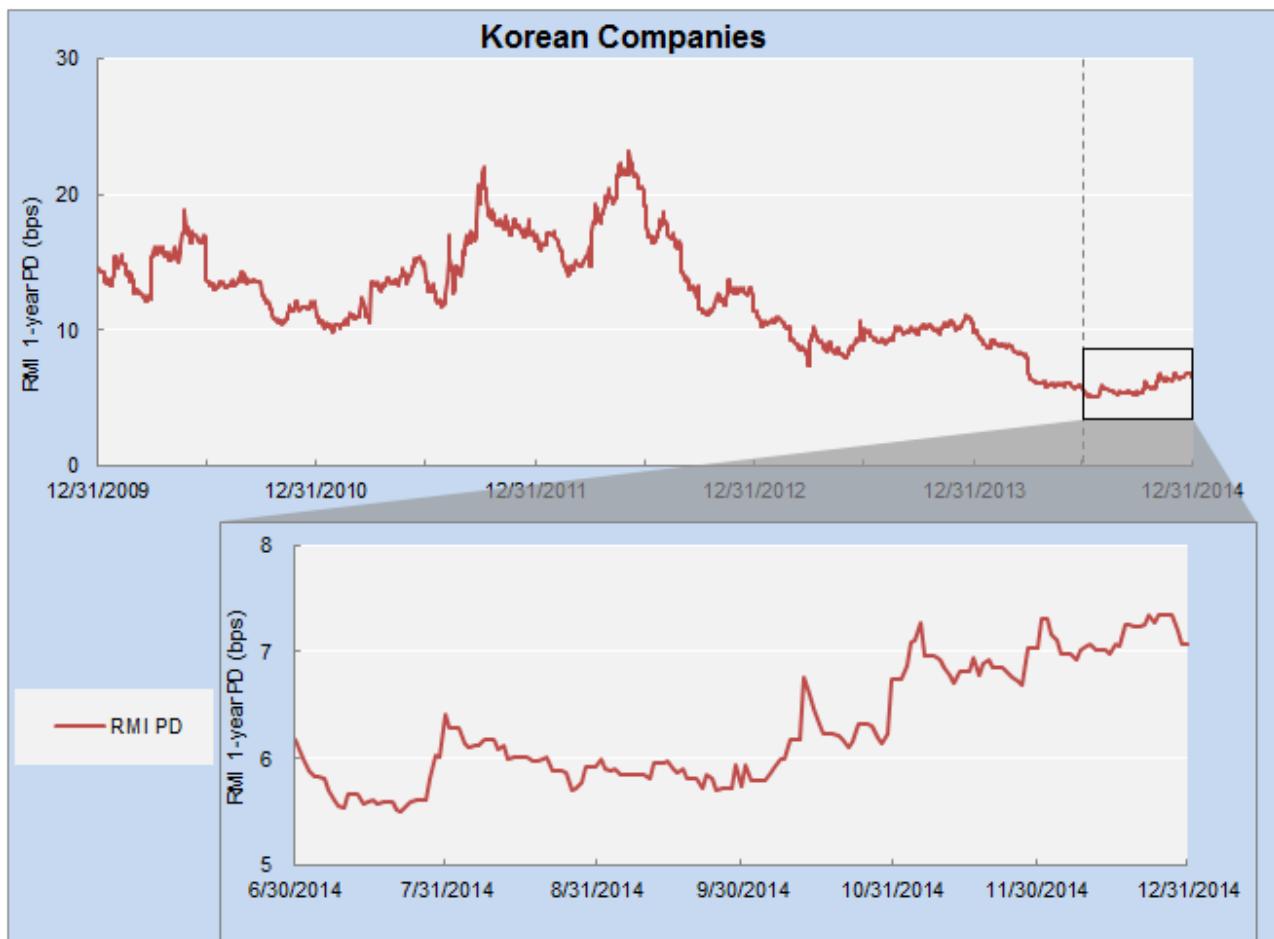
# Asia-Pacific - Developed economies

The aggregate 1-year RMI PDs for listed companies in the developed Asia Pacific region remained flat in the fourth quarter of 2014 after decreasing marginally in the previous quarter. Japan performed well in Q4. Japanese equities surged in the quarter partly because the government implemented more monetary policy easing, further depreciating the yen; partly because Prime Minister Abe called snap elections won by his party and delayed another consumption tax increase. Despite a few good signs, as the oil price dropped drastically and sent Japan's inflation rate lower, it remained to be seen whether the country can emerge from the recession. Hong Kong delivered modest GDP growth in Q4 and the country continued to enjoy low PDs. Likewise, Singapore companies' credit profile remained stable during the quarter.



## South Korean Companies

The RMI aggregate 1-year PD for South Korean companies rose slightly during Q4, following a record low during Q3. Although South Korean economy grew at an annual rate slower than BOK's estimation, Korean companies benefited from government tax relaxation and rebounding exports due to strong demand from advanced economies and cheap oil. Exports may be expected to enjoy a healthy growth in the next quarter as the benefits from strong foreign demand and cheap oil remain. While sales at both discount stores and top department stores continued falling, manufacturing sector stabilized from a falling trend. The funding and liquidity profiles of Korean companies continue to remain healthy in a low interest rate environment. Credit conditions for Korean firms are likely to remain stable.



## Economy

- The South Korean economy grew at an annual rate of 2.7% in Q4, slower than a 3.2% increase in Q3. Private consumption expanded only 1.7% about half growth that was expected by Bank of Korea. However, private consumption expanded during the quarter together with government expenditures and construction investments. Korea's GDP expanded 3.3% in 2014 as compared to Bank of Korea's estimation of 4%.<sup>43</sup>
- The government unveiled new tax codes, aimed at boosting household income and encouraging companies to spend their cash, hoping that a rise in consumer consumption and corporate investment would ward off sluggish economic growth and deflation concerns. Observers criticized that the move to increase dividend payments under new tax codes would only benefit the wealthy people who, however, tended to have low marginal propensity to consume. More follow-ups to the new tax codes will be released in February.<sup>44</sup>

- Korea's seasonally adjusted unemployment rate increased marginally from 3.5% in Q3 to 3.4% in Q4. The unemployment rate rose to 3.4% in December up from 3.1% in November. The unemployment rate stood at 3.4% in 2014. The agricultural, forestry and fisheries sectors lost 94,000 jobs together in 2014, while the manufacturing, health and social welfare, hospitality and wholesale and retail business sector added 142,000 jobs, 152,000 jobs, 121,000 jobs and 113,000 jobs respectively in the same period. The unemployment rate for citizens between 15 and 29 was 9.0% in December, up from 7.9% a month earlier. <sup>45</sup>
- The Ministry of Trade, Industry and Energy said that Korean exports remained at USD 47.75bn in Q3. Exports have continued to fall after peaking at USD 50.27bn in April. Overall, total exports were close to the USD 47.98bn level at the beginning of the year. However, statistics in September showed that exports to China and US have improved as exports to these two countries increased 6.5% YoY and 19.9% YoY respectively. However, exports to Europe dropped by 5.1% YoY. <sup>46</sup>
- The HSBC South Korea Manufacturing PMI improved slightly from 48.8 in Q3 to 49.9 in Q4, but remained below 50, signalling deteriorating business conditions in the manufacturing sectors. Respondents to the survey said that subdued demand conditions were partly to blame for the continued decline in production at South Korean producers in Q4. <sup>47</sup>
- Sales at South Korea's top department stores and discount stores in December registered a decline sharper than previously expected. Combined retail activity at Hyundai Department Store, Lotte Shopping Centre and Shinsegae Co dropped 0.9% YoY, which exceeded the Finance Ministry's forecast of a 0.3% decline. Sales at discount stores also dropped 3.6% YoY. In 2014, sales at department stores and discount stores dropped 0.7% and 3.4% respectively. <sup>48</sup>

## Monetary

- The Bank of Korea remained the key benchmark interest rate during Q4 at 2.0%. The central bank downgraded its estimates for growth and inflation as Governor Lee Ju Yeol foresees a weak recovery sentiment, posing risks to economic growth. The central bank cut its growth forecast for 2015 from 3.9% to 3.4% and its inflation outlook from 2.4% to 1.9%. The Monetary Policy Committee aims to maintain medium-term price stability amid soaring household debt and sluggish domestic consumption. <sup>49</sup>

## Funding & Liquidity

- Yields on 10-year South Korean government bonds declined sharply during Q4, falling from 2.88% in September to 2.61% in December.
- South Korea's M2 money supply continued to expand in Q4. M2 Money Supply grew by 8.3% YoY in November following a 7.5% increase from the previous month. Liquidity in November increased 8.7% annually. <sup>50</sup>
- Interest rates on new loans to large Korean corporates fell to 3.77% per annum in September, down from 3.96% in June. Likewise, interest rates on new loans to small companies declined from 4.50% to 4.26% in the same period. Corporate rates have been falling and likely to remain low since more anticipation of rate cuts by the central bank. <sup>51</sup>

## Politics

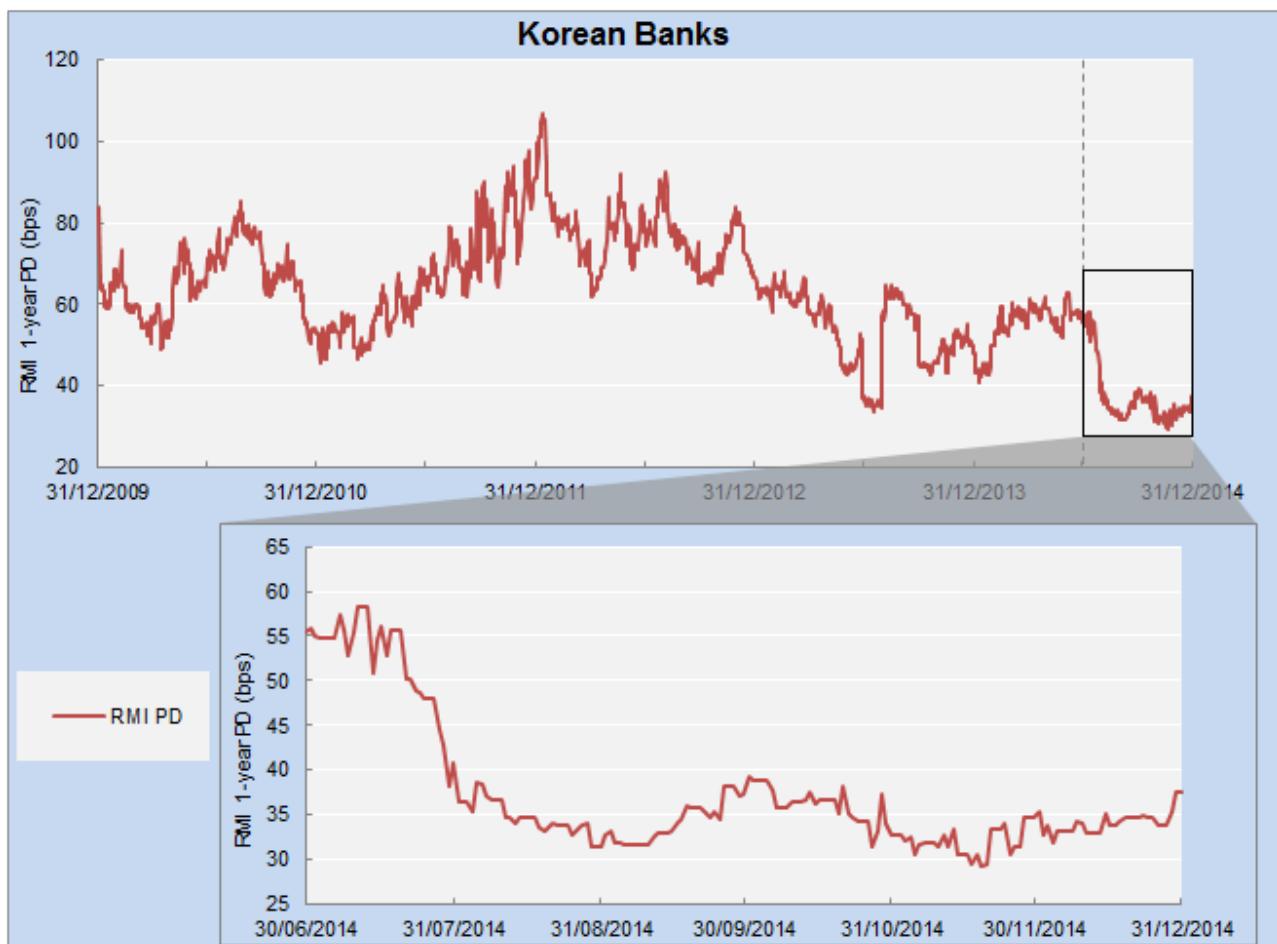
- President Park Geun hye has done little so far about her economic plan which was launched in 2014, affecting her popularity which dropped to a record low. Her efforts were stalled by the Sewol ferry disaster but the government has drawn criticism about the alleged lack of honesty and indecisiveness about the tax increases, which angered more than 15mn employees regarding income tax brackets.
- Korea has passed a bill to increase the price of cigarettes by 80% to KRW 4,500 per packet. The hike in price reduced tobacco sales by nearly 50% on New Year's Day. Cigarette sales are expected to fall by 34% in 2015. Restaurants, bars and cafes of all sizes are newly included in the smoking ban areas.<sup>52</sup>

## Sovereign Credit Ratings

- The three major agencies maintained their ratings on the country's sovereign debt in Q4, with the country rated AA- by Fitch, Aa3 by Moody's and A+ by S&P. All three CRAs maintained stable outlooks on the sovereign issuer.

## South Korean Banks

The RMI aggregate 1-year PD for South Korean banks increased during Q4 due to lower net earnings. NIMs decreased marginally during the quarter but banks managed to improve their overall earnings significantly YoY mainly driven by loan volume growth. The cost of borrowing remained low as the central bank maintained its interest rates. Bond yield declined sharply as bond issuance increased to meet Basel III capital requirements and keep their Tier-1 capital structures above regulatory requirements. Funding structure and liquidity metrics remained at healthy levels as deposits registered improving growth rates in Q4 and foreign currency deposits expanded significantly. Regulators considered increasing the upper limit for the foreign-currency forward positions to relax capital control. The average annual default rate on corporate bills worsened due to cash shortage among firms while the delinquency rate of loans improved. But in the long run, higher Basel III capital restrictions could translate to lower return on equity ratios.



## Profitability

- South Korean banks' aggregate net income declined 3.36% QoQ during Q3 to KRW 2,801bn while aggregate net income increased 10.36% YoY in the same period. Shinhan Financial Group, Korea's largest bank by assets reported an improvement of 21% in net earnings in Q3, driven mainly by loan volume growth with a 2.1% QoQ increase in retail loans and 2.0% increase in corporate loans.
- A proxy for the aggregate NIMs of Korean banks, based on the difference in lending and deposit rates, declined steadily to 2.29% in December from 2.44% in September.

## Funding & Liquidity

- Data published by the Korea Federation of Banks showed that the short term Cost of Funds Index rate declined during Q3, from 2.13% at the start of October to 2.00% at the end of December. COFIX is determined by the average interest rate paid on capital funding by nine major Korean lenders.
- Local currency deposits have grown 6.51% YoY after increasing from KRW 1056tn in September to KRW 1075tn in November. Foreign currency deposits expanded significantly as it climbed 36.5% YoY to KRW 72.3tn in November.<sup>53</sup>
- Local currency deposits have grown 5.25% YoY after increasing from KRW 1048 in June to KRW 1051 in August. Foreign currency deposits also expanded at a similar pace as it climbed 5.17% YoY to KRW 71tn in August.<sup>54</sup>
- 1 year KRW denominated time deposit rates decreased from 2.36% in September to 2.22% in November. Average rates on longer term deposits maturing in 5 years or more also fell slightly from 2.70% to 2.68%.<sup>55</sup>
- Overall liquidity in the South Korean banking system increased during Q3, with the aggregate LATDB ratio for listed banks rising to 19.30% from 18.19% in Q2.

## Capital Levels & Regulations

- In December, the head of the ministry's international finance bureau said the ministry was actively thinking of relaxing its capital control on banks by increasing the upper limit for the foreign-currency forward positions that banks are allowed to have. The current upper limits are 30 percent of equity for local banks and 150 percent for foreign bank branches respectively.<sup>56</sup>

## Asset Quality

- The Bank of Korea said that the average annual default rate on corporate bills soared to the highest level in thirteen years last year at 0.19% due to cash shortage among conglomerates and slow economic growth. The number of bankrupt companies rose to 72 in October, before falling to 61 in November.<sup>57</sup>
- The Financial Supervisory Services said that the delinquency rate of loans dropped to 0.64% at the end of December. Both delinquency rates of corporate and household loans decreased in Q4 as the overdue rates of corporate debt decreased from 1.10% to 0.77% while overdue household debt dropped from 0.62% to 0.49%. The amount of new bad loans was KRW 1.3tn in December.<sup>58</sup>

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<sup>43</sup> Jan 23, 2015, [South Korea Q4 GDP growth slows to 0.4% QoQ](#), The Business Times, <http://www.businesstimes.com.sg>

<sup>44</sup> Dec 25, 2014, [South Korea's tax revision targets increasing household income](#), Yonhap News, <http://english.yonhapnews.co.kr>

<sup>45</sup> Oct 14, 2014, [South Korea's jobless rate stands at 3.4% in December](#), Yonhap News, <http://english.yonhapnews.co.kr>

<sup>46</sup> Jan 1, 2015, [South Korea's export growth picks up](#), Market Watch <http://www.marketwatch.com>

<sup>47</sup> Jan 1, 2015, [HSBC South Korea Manufacturing PMI](#), Markit, <http://markiteconomics.com>

<sup>48</sup> Jan 27, 2015, [South Korea December retail sales revised down, but improve from November](#), Reuters, <http://reuters.com>

<sup>49</sup> Jan 15, 2015, [Monetary Policy Decision](#), Bank of Korea, <http://www.bok.or.kr>

<sup>50</sup> Jan 13, 2015, [South Korea Money Supply Growth Accelerates for Second Month](#), RTT News, <http://www.rttnews.com>

<sup>51</sup>Feb 3 2015, CBs and SBs: Interest rates on newly extended loans, Bank of Korea, <http://ecos.bok.or.kr>

<sup>52</sup>Jan 5, 2014, South Korea: Cigarette sales plummet after price hike, BBC, <http://www.bbc.com>

<sup>53</sup>Jan 2014, Total deposits, Bank of Korea, <http://ecos.bok.or.kr>

<sup>54</sup>Jan 2014, Total deposits, Bank of Korea, <http://ecos.bok.or.kr>

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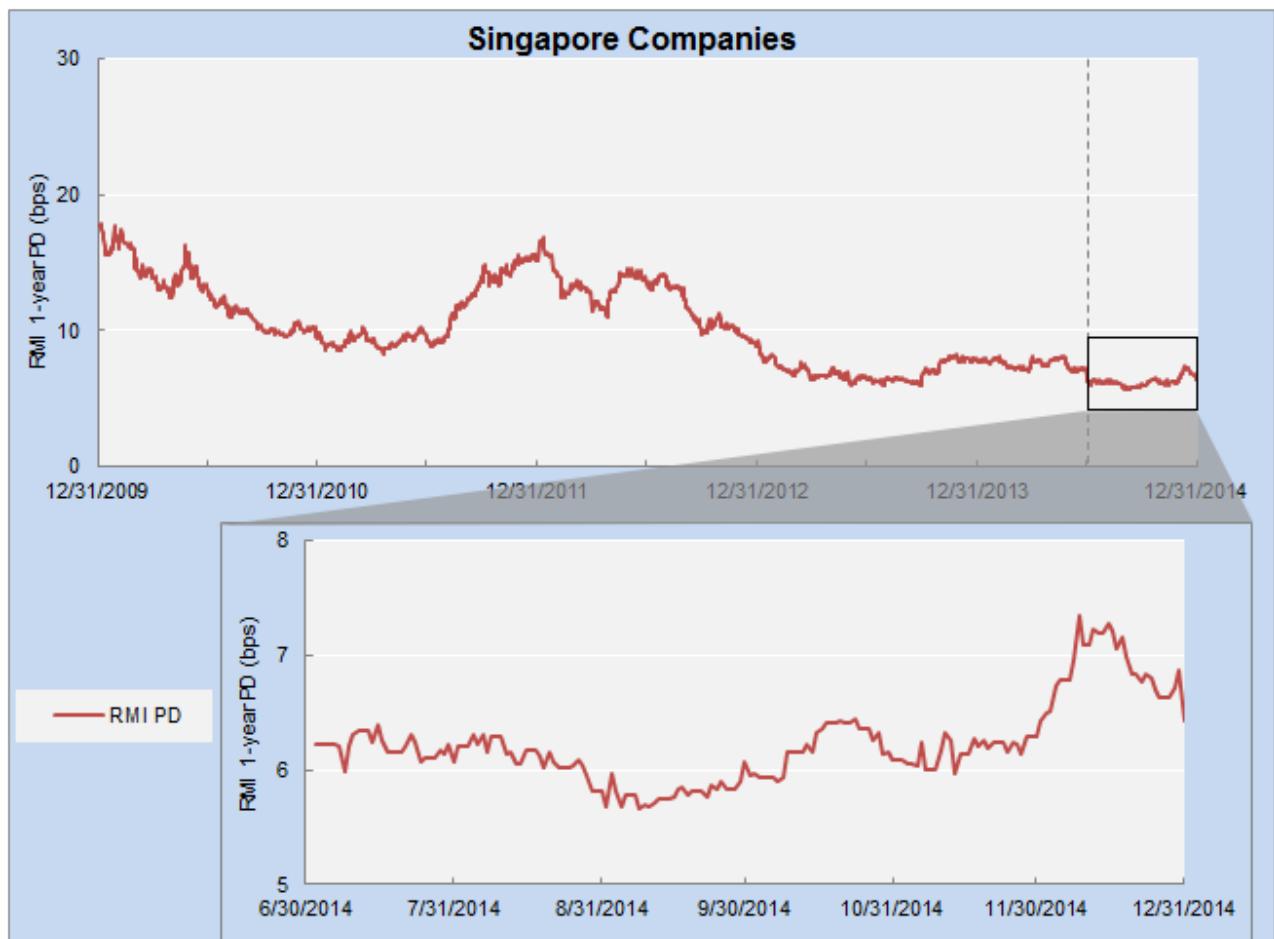
<sup>56</sup>Jan 5 2015, South Korea may ease banks' forex forward rules in face of capital outflow, Reuters, <http://uk.reuters.com>

<sup>57</sup>Jan 7, 2015, South Korea's corporate bill default rate hits 13-year high, Yonhap News, <http://english.yonhapnews.co.kr>

<sup>58</sup>Feb 2, 2015, South Korean banks loan delinquency rate slips in December, Yonhap News, <http://www.globalpost.com>

## Singapore Companies

The RMI aggregate 1-year PD for Singapore companies increased slightly during Q4, backed by modest economic growth. Manufacturing and construction sectors are expected to grow at a slower pace. This was accompanied by overall inflation expectation staying at a level lower than one-year before. The drop in oil prices might negatively impact the earnings potential of Singapore firms in the oil and gas sector, but the overall impact from lower energy prices is likely to be positive. Strong growth in the US is expected to boost Singapore exporting firms with increased public spending, especially with a seniors-friendly budget would lend support to overall credit profiles. Construction companies will benefit from continued infrastructure development but acute labor shortage might hinder the progress. The overall credit outlook for Singapore companies remains strong.



## Economy

- Singapore's GDP grew by a less-than-expected 1.5% YoY and by 1.6% QoQ on a seasonally adjusted basis in Q4 2014, according to data released by the Ministry of Trade and Industry. The lackluster fourth quarter growth figure was dragged down mainly by the manufacturing and construction sectors. The manufacturing sector contracted 2% over same period in 2013, while the construction industry expanded a mere 0.8%.<sup>59</sup>

- Consumers polled in December expect overall inflation to stand at 3.53% this year, the latest Singapore Index of Inflation Expectations (SInDEX) by the Singapore Management University (SMU) showed. This is lower than their one-year inflation expectation of 3.73% recorded in September last year. Consumer Price Index (CPI) for all-items fell by 0.3% year-on-year in November to negative for the first time in five years as a result of falling oil prices.<sup>60,61</sup>
- Overall, resident and citizen unemployment rates have increased by up to 0.2%. However, these were due to frictional unemployment, and unemployment rates for overall and resident/citizen remained low and steady in September 2014. Singapore's long-term unemployment rates have also stayed low, a sign that unemployment is not due to economic shifts or lack of skills amongst job seekers.<sup>62</sup>
- Singapore's manufacturing Purchasing Managers' Index declined to 49.6 in December, a drop of almost two points from 51.8 in the previous month. It was also the lowest reading since February 2013. The drop was due to a contraction in new orders and slower growth in export orders. A reading above 50 indicates that the manufacturing sector is generally expanding, while a reading below 50 suggests contraction.<sup>63</sup>
- Retail sales (seasonally adjusted) decreased 0.7% in November 2014 over the previous month. Excluding motor vehicles, retail sales declined 0.9%. Compared to November 2013, retail sales increased 6.5% in November 2014 with significant increase in motor vehicle sales. Excluding motor vehicles, retail sales decreased 0.4%.<sup>64</sup>
- On a YoY basis, Non-oil Domestic Exports rose by 2.3% in December 2014, after the 0.8% growth in the previous month. On a 3-month moving average YoY basis, non-oil domestic exports expanded by 0.5% in December 2014, following the flat growth in the previous month.<sup>65</sup>

## Monetary

- In Q4 2014, the Monetary Authority of Singapore reduced the slope of the Singapore dollar nominal effective exchange rate as inflation pressure eases. The central bank will continue with a modest and gradual appreciation of the policy band. The monetary authority said that inflationary pressures are receding and oil prices are likely to stay subdued in 2015 after falling sharply recently.<sup>66</sup>
- This led to the depreciation of the SGD, which fell 3.89% against the USD in Q4. Regional currencies such as the MYR however weakened against the SGD which could pressure the competitiveness of Singapore's exports.

## Funding & Liquidity

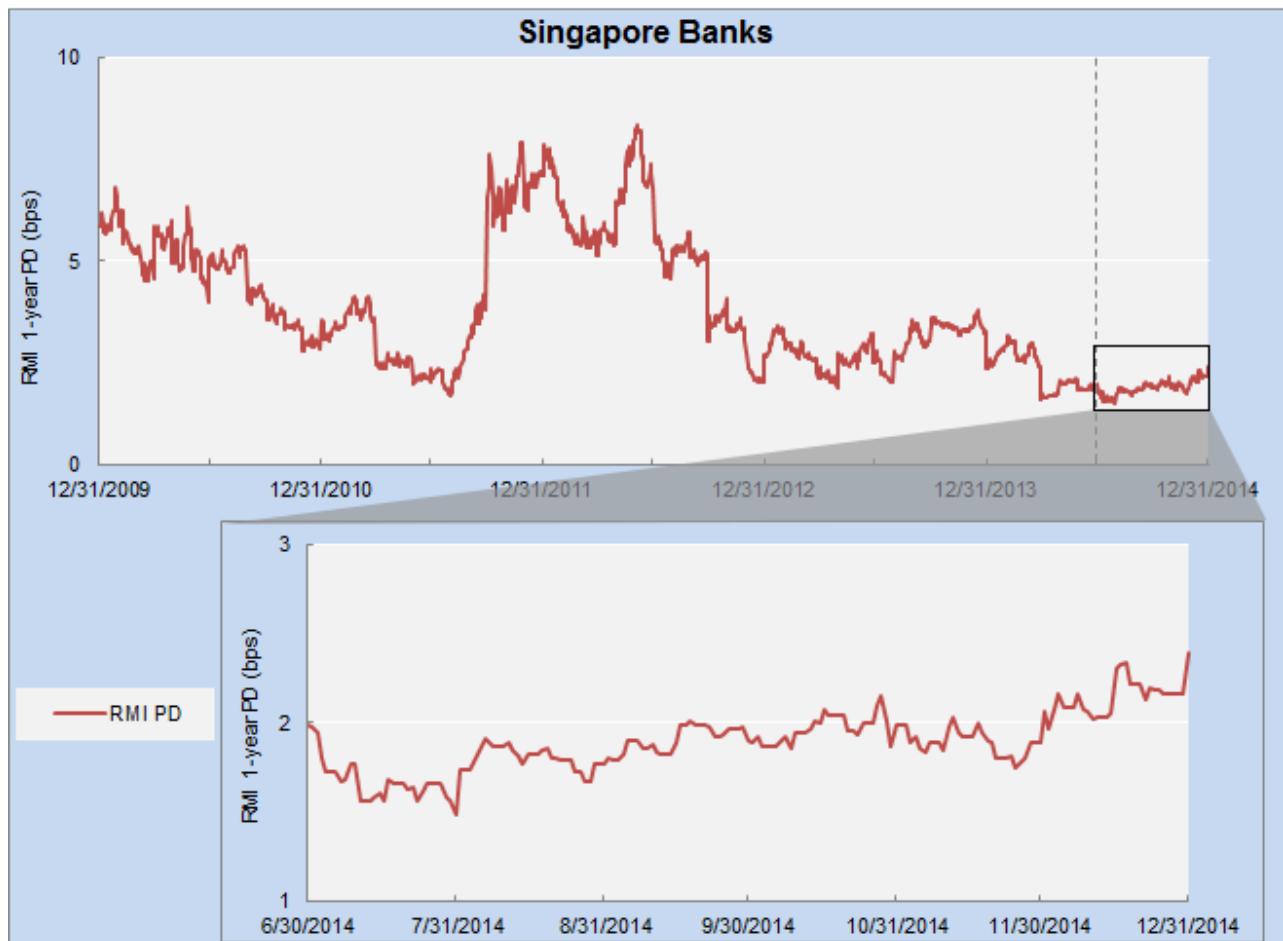
- Yields on 10-year Singapore government bonds declined to 2.28% at the end of Q4 from 2.47% at the end of Q3.
- Banks expanded lending during Q4 2014, with outstanding loans non-financial Singaporean companies increased growing from SGD 370.91bn in September to SGD 372.83bn in November, after stabilizing at a similar level during Q3 2014.<sup>67</sup>
- SGD-denominated bond issuance reached to SGD 2.9bn in Q4 2014. SGD 4bn T-bills were newly issued in Q4 2014.<sup>68</sup>
- The prime lending rate remained at 5.35% in Q4 2014, unchanged since January 2014.<sup>69</sup>

**Sovereign Credit Ratings**

- Singapore retained its AAA rating at all three major rating agencies over Q4 2014, and remains one of countries worldwide with top credit ratings and stable outlooks.

## Singapore Banks

The RMI aggregate 1-year PD for Singapore banks climbed higher in Q4, as banks cut their lending activities against a backdrop of higher bad debt ratios. Banks will be pressured by the drop in property prices but local banks have set aside sufficient capital buffers against an adverse residential downturn scenario. Losses from bad mortgages are expected to be minimal due to healthy household balance sheets. Banks continued to lend to infrastructure projects such as the construction of Changi's airport terminal but cut back lending to manufacturing and commerce sectors. The banks are highly susceptible to the performance of the Singapore and Chinese market, which constitute the majority of their loan exposures. A steep market correction in the real estate market will weigh on asset quality and profitability. Other factors that might affect the creditworthiness of banks include the weakness of the SGD against major currencies and the rise in funding costs, but banks have proven to be resilient so far. The outlook for Singapore banks stays positive.



## Profitability

- Aggregate earnings at the three major Singapore banks decreased in Q4, falling 22% QoQ to SGD 2.41bn, down from SGD 3.11bn at the end of Q3. Overall earnings however improved 62% on an annual basis as non-interest incomes helped to bolster earnings.
- Aggregate net interest incomes improved from SGD 5.27bn in Q3 to SGD 5.49bn in Q4 as benchmark rates increased. Non-interest incomes meanwhile declined from SGD 2.87bn in Q3 to SGD 2.06bn in Q4. Trailing 12 month net interest margins remained above 1.7% for all banks.

## Funding & Liquidity

- Average coupon rates on new issuances of 5-year SGD-denominated bonds issued by Singaporean banks declined gradually over Q3 2014 to 3.57%, down from 4.11% as recorded at the end of Q2.
- Deposit growth at Singapore banks likely accelerated during Q4, as deposits increased to SGD 547bn in November 2014, reflecting a 0.27% increase between October and November. This followed an increase of 0.13% in September.<sup>70</sup>
- Deposit rates remained stable during Q4, with rates on fixed deposits 3-month at 0.14% per annum and 12-month at 0.3% per annum, while rates on fixed deposits 6-month increased from 0.2% in November to 0.21% in December, and rates on savings deposits unchanged at 0.11% per annum since Jun 2014.<sup>71</sup>
- The aggregate LATDB ratio for Singapore banks increased to 17.7% during Q3, up from 16.7% at the end of Q2. The statutory liquidity ratio of banks fell to 16.5% in November, down from 17% in September and 16.6% in June.<sup>72</sup>

## Capital Levels & Regulations

- Bank reserves and capital levels increased to SGD 72.14bn in November from SGD 71.72bn at the end of Q3.<sup>73</sup>
- Singapore's central bank is proposing to change the regulations governing the over-the-counter derivatives trading and securities market. The new rules will improve the reporting system on short positions in the OTC markets as well as give the authority the power to take action against market misconduct.
- MAS issues amendments to MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore. The revisions are to better align our capital requirements to the Basel capital framework and to enhance the clarity of our capital rules.<sup>74</sup>

## Asset Quality

- Singapore's banking system is sound and remains resilient to external shocks. Asset quality is healthy. The local banks' capital adequacy positions are well above regulatory requirements, and their liquidity positions are sound.<sup>75</sup>
- The amount of non-performing loans at all three local banks remained at SGD 6.05bn during Q4. The proportion of non-performing loans however has declined marginally from 0.91% to 0.88% in Q4. The central bank said that wealthy property buyers who default on their housing loans have caused the local banks' non-performing property loan ratio to tick up from 0.28% to 0.36% between Q1 and Q3 last year.<sup>76</sup>

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<sup>59</sup> Jan 2, 2015, [Singapore economy grew less-than-expected 1.5% in Q4](http://www.straitstimes.com), Straits Times, <http://www.straitstimes.com>

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<sup>61</sup> Dec 23, 2014, [Singapore's headline inflation rate negative for first time in five years](http://www.todayonline.com), Today, <http://www.todayonline.com/>

<sup>62</sup> Jan 6, 2015, [Clearing the air on key manpower statistics](http://www.gov.sg/), Factly, <http://www.gov.sg/>

<sup>63</sup> Jan 6, 2015, [Singapore's manufacturing PMI contracts in December](http://www.channelnewsasia.com), ChannelNewsAsia, [http://www.channelnewsasia.com/](http://www.channelnewsasia.com)

<sup>64</sup> Nov 2014, [Retail Sales Index](http://www.singstat.gov.sg/), Statistics Singapore, <http://www.singstat.gov.sg/>

<sup>65</sup>Dec 2014, [Singapore external trade](#), IE Singapore, <http://www.iesingapore.gov.sg/>

<sup>66</sup>Jan 28, 2015, [Singapore's MAS cuts slope of SGD NEER policy band along with 2015 inflation forecast](#), Business Times, <http://www.businesstimes.com.sg>

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<sup>70</sup>Dec 2014, [Banks: Deposits \(excluding SGD NCDs\) of DBUs by Types of Non-bank Customers](#), MAS, <https://secure.mas.gov.sg>

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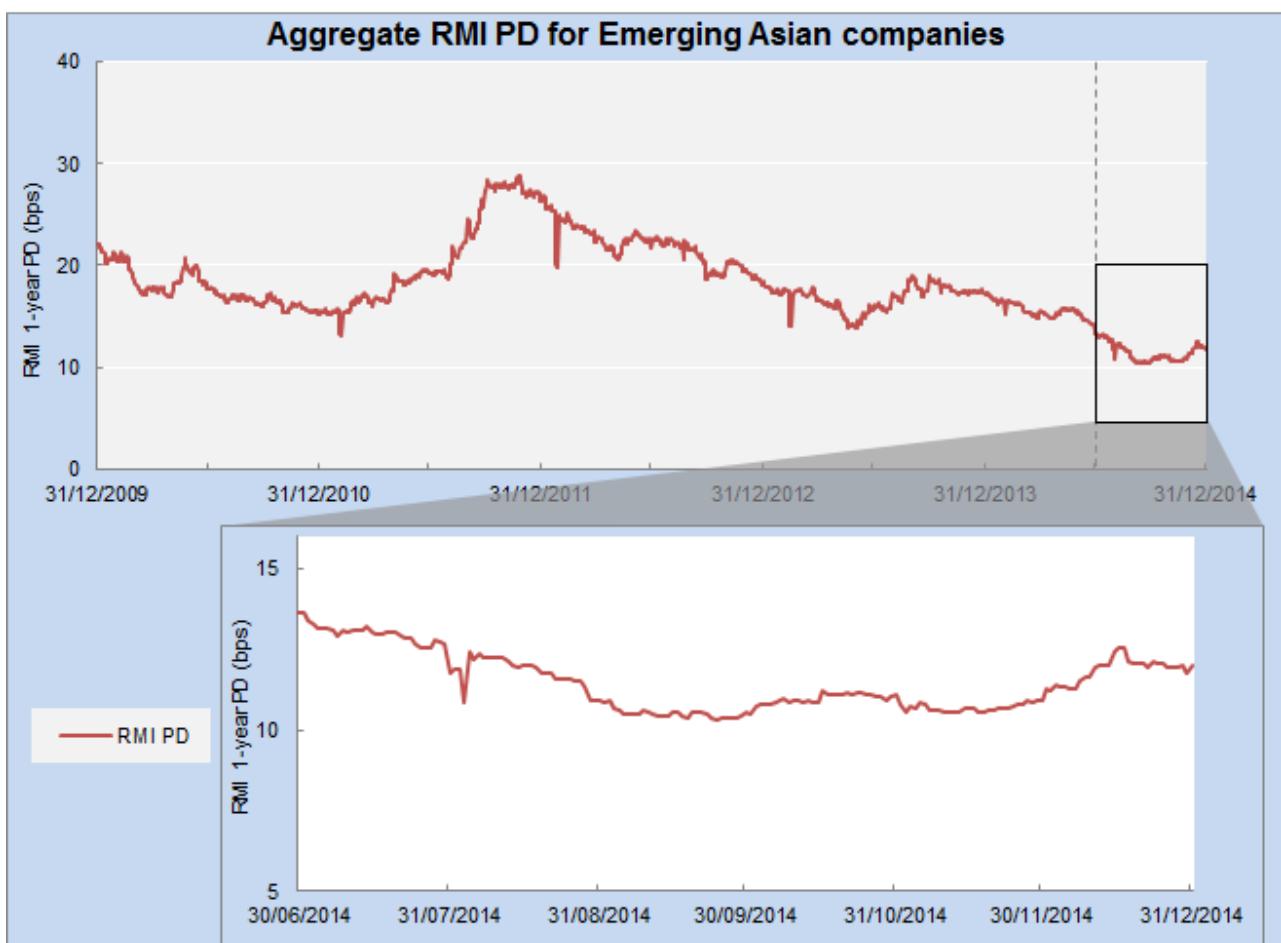
<sup>74</sup>Dec 29, 2014, [Notice on risk based capital adequacy requirements for banks incorporated in Singapore](#), MAS, <http://www.mas.gov.sg>

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<sup>76</sup>Dec 1, 2014, [Singapore banks' non-performing loans ticked up as ultra-rich homeowners default](#), Asian Banking and Finance, <http://asianbankingandfinance.net>

# Asia-Pacific - Emerging economies

The default risk profiles of companies domiciled in the emerging Asia Pacific region climbed slightly higher during Q4. There was concern among emerging Asian investors that the Russian RUB crisis would impact the countries. In addition, a slowdown in China's economic growth had affected its regional trade partners, including those operating from Asian countries. Malaysia's exporting firms, for instance had been hurt by the drop in demand and from lower energy related revenues. In addition, domestic firms are likely to be affected by the country's worst floods in decades. In Indonesia, the IDR hit a 16 year low against the USD, which negatively affected the creditworthiness of certain businesses. Likewise in Thailand, the market values of Thai firms had fallen as exports fell, prices dropped and advertising spending declined. The Thai central bank kept interest rates on hold and downgraded their outlook for exports and domestic activity.



## Indonesian Companies

RMI aggregate 1-year PD for Indonesian companies declined during Q4, following an improvement in the business environment stemming from structural reforms initiated by the new president's administration. GDP grew at a moderate pace in the recent quarter, but annual growth fell to the slowest in five years. Consumer and business confidence stayed high after the presidential election in July and would support short term credit benchmarks of local businesses. The government's mining policy should boost the creditworthiness of companies in the metal export sectors. The cut in fuel subsidies will improve Indonesia's sovereign note credit quality but would decrease the profits of automobile firms and household consumption. The weakness of the IDR against the USD is a credit negative for companies holding much foreign debts, which may prompt the central bank to hike rates gradually to fight inflation, reduce the current account deficit and support the exchange rate. As such, the credit outlook for Indonesian firms is positive.



## Economy

- Indonesia's GDP contracted 1.8% QoQ in Q4 but rose 5.01% YoY, making it the slowest annual growth pace in 5 years. Weaker demand from China for Indonesian coal and rubber exports hit the country's economic output during the quarter. The IMF expects GDP to improve marginally to 5.5% in 2015.<sup>77</sup>

- Indonesia's exports declined in Q4 from USD 15.3tn in September to USD 14.6tn in December. Lower commodity prices and a slowdown in China has taken a toll on exports, which has been falling for three years in a row.<sup>78</sup>
- The IDR weakened against the USD during Q4 from 12188 to 12388.
- The country's trade balance improved in Q4, from a deficit of USD 270.3mn in September to a surplus of USD 186.8mn in December. In 2014, Indonesia posted an overall USD 1.88bn trade deficit, better than the USD 4.08bn trade deficit a year earlier.<sup>79</sup>
- Manufacturing conditions fell to a record low in Indonesia in Q4, according to the HSBC PMI manufacturing PMI. Factory activity dropped to 48 in November and 47.6 in December as weak external demand placed a drag on manufacturing sector conditions. Conditions are expected to persist in the first few months of 2015.<sup>80</sup>
- The Consumer price index in Indonesia continued to climb in Q4, rising from 113.89 in Q3 to 119 at the end of December. Prices of transport, communication and financial services expanded the most, by 12.14% on an annual basis followed by prices of food products.<sup>81</sup>

## Monetary

- During Q4, the central bank maintained status quo with BI Rate at 7.75%, the lending facility rate at 8.00% and the deposit facility rate at 5.75% consistent with the intended inflation trajectory to reach 4.51% for 2014 and 4.01% for 2015. BI reiterated its stance to keep inflation under control and manage the current account deficit to a more sustainable level.<sup>82</sup>
- The interbank rate increased to 6.01% in December from 5.85% in September coordinated with the BI Rate. The M2 supply rose to IDR 4170730.80bn in December 2014, and reaching the peak since 1980.<sup>83</sup>

## Funding & Liquidity

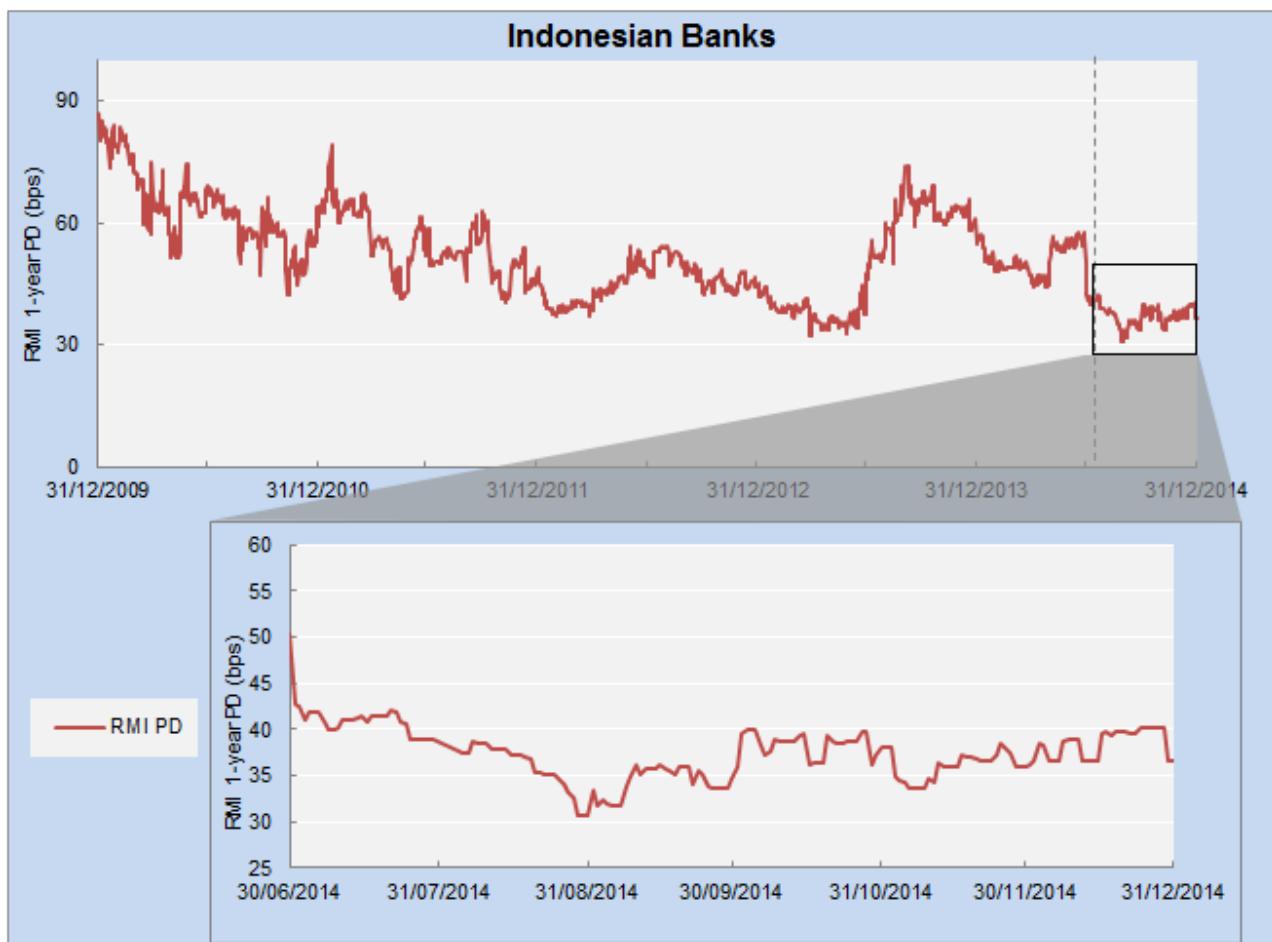
- Following the Philippines USD 2bn bond sale and Ireland's EUR 4bn sale earlier this week, Indonesia on Thursday entered the market, selling 10-year and 30-year USD-denominated bonds. The bonds should price to yield about 4.5% and 5.5% on the 10-year and 30-year respectively.<sup>84</sup>
- The yield on Indonesia's 10-year bonds dropped to 7.64% on Nov 27, the lowest since October 2013. One point earlier this year, Indonesian borrowing costs hit a three-year high of 9.17% and Overseas holdings of national debt stand at a record high of 39% or USD 39bn.<sup>85</sup>
- Indonesia's official reserve asset position as of end-January 2015 reached USD 114.2bn, up from the end of December 2014 level amounted to USD 111.9bn.<sup>86</sup>
- Indonesia's external debt grew by 11.8% (YoY) in November 2014, higher than 10.9% (YoY) growth in October 2014. With this growth, Indonesia's external debt outstanding as of end-November 2014 totalled USD 294.4bn, consisted of public sector external debt amounted to USD 133.9bn (45.5% of total external debt) and private sector external debt that reached USD 160.5bn (54.5% of total external debt). Although accelerating on annual basis, external debt outstanding as of November 2014 fell 0.2% compared to the previous month level due to lower private sector external debt position.<sup>87</sup>
- Total credit growth made by Indonesian banks to clients and other banks eased to 11.9% YoY in Nov 2014 lower than the 22.2% (YoY) achieved during the same period of the preceding year. Meanwhile, deposit growth was 13.8% (YoY) in November 2014, unchanged from the previous year.<sup>88</sup>

## Sovereign Credit Ratings

- Moody's, Fitch and S&P ranked the local currency long term bonds of Indonesia as Baa3, BBB- and BB+ ratings, respectively in Q4. All 3 CRAs maintained their stable outlook on Indonesia's sovereign debt.

## Indonesian Banks

The RMI aggregate 1-year PD for Indonesian banks declined slightly in Q4 as the market values of these firms increased. Competition amongst lenders has increased, as there are more entrants in one of world's most profitable banking industries. The government is considering reducing the number of banks by combining the largest banks in view of competition. Lenders are expected to benefit from President's Joko Widodo's effort to increase construction development in the country. The banking is heavily invested in the domestic economy and has very little income overseas. This leaves the banks highly vulnerable to heightened risk aversion on the part of foreign investors. Interest rates could increase on the back of a strong economic growth environment but a rate cut by the central bank might bid well for domestic lenders as loan growth, especially amongst smaller lenders would increase. The interest rate trajectory would have a close impact on the credit profiles of banks, which at this point remains positive.



## Profitability

- Indonesian banks suffered from deteriorating net interest margins (NIMs) which stood at 5.33% in September following a sharp drop from 5.67% in June. Credit growth slowed down to 11.9% in November as compared with 12.6% in October. Despite a fall in November, the overall annual credit growth is still better than expectation due to better economic conditions.

- Listed Indonesian banks gave a healthy performance in September 2014, as the total Net Interest Income (NII) rose 3.23%. This robust growth is on the back of a negative 0.72% YoY drop in June 2014. Even though aggregate credit demand has slowed down in recent months, it still remains one of the highest in the region.
- Net Interest Margin (NIM) for the listed banks in Indonesia at 5.32% in September 2014 was in a falling trend from 6.19% in September 2013 as tight liquidity has forced most banks to vie for deposits with higher interest rates in an interest rate war of sorts.

## Funding & Liquidity

- The aggregate LATDB ratio for Indonesian banks improved during Q3, rising from 18.6% in June to 19.2% in September.
- Aggregate transferable bank deposits at Indonesian commercial banks decreased from IDR 789tn in Q3 to IDR 766tn in Q4. This was due to a drop in local currency deposits which declined from IDR 553tn to IDR 521tn over the same period. Foreign currency deposits climbed from IDR 235tn to IDR 245tn.
- Interbank liabilities at commercial banks increased from IDR 145tn in September to 150tn in November. However, the Jakarta 3-month interbank rate decreased from 8.07% in Q3 to 7.17% in Q4. 1-month interbank call money rate meanwhile decreased from 7.55% during Q3 to 6.8% in Q4.
- Commercial bank savings deposit rates declined marginally from 1.77% in Q3 to 1.76% in Q4. Prime lending rates at Indonesia's largest banks have, remained stable during Q4. Bank Rakyat Indonesia and Bank Mandiri have kept lending rates at 11% and 10.5% respectively during Q4.

## Regulation

- Banks are looking forward to the revised loan-to-deposit (LDR) rules, which will allow lenders to add securities and certificates of deposits to the LDR requirements. This should increase the amount of liquidity in the banking system and relieve the funding sources for banks. Demand for loans has exceeded the demand for loans and this has increased pressure on banks. The central bank and the Financial Services Authority are working together to draft the regulation, which is expected to be passed in 1H 2015.<sup>89</sup>
- Indonesia is planning to create a USD 8bn Islamic bank, with intent to merge three state-owned Islamic banks - Bank Mandiri, Bank Rakyat Indonesia and Bank Negara Indonesia. The merger is expected to increase competition amongst lenders and compel banks to focus on financing government projects, away from the traditional microfinancing businesses.<sup>90</sup>

## Asset Quality

- Non-performing loans among small-and-medium firms have declined slightly in Q4 from IDR 27tn in September to IDR 26tn in November. NPLs remain high as the amount of NPLs has been increasing since Nov 2011, with IDR 19tn loans recorded.
- NPLs at commercial banks have increased in Q4. Non-performing loans issued for working capital climbed from IDR 43tn in September to IDR 46tn in November. Investment NPLs likewise increased from IDR 22tn to IDR 23tn in the same period.
- NPLs at state bank however remained at the same level, or if not decreased. Working capital NPLs stayed at IDR 16tn in November and September, while investment NPLs have dropped from IDR 5.8tn to IDR 4.9tn.

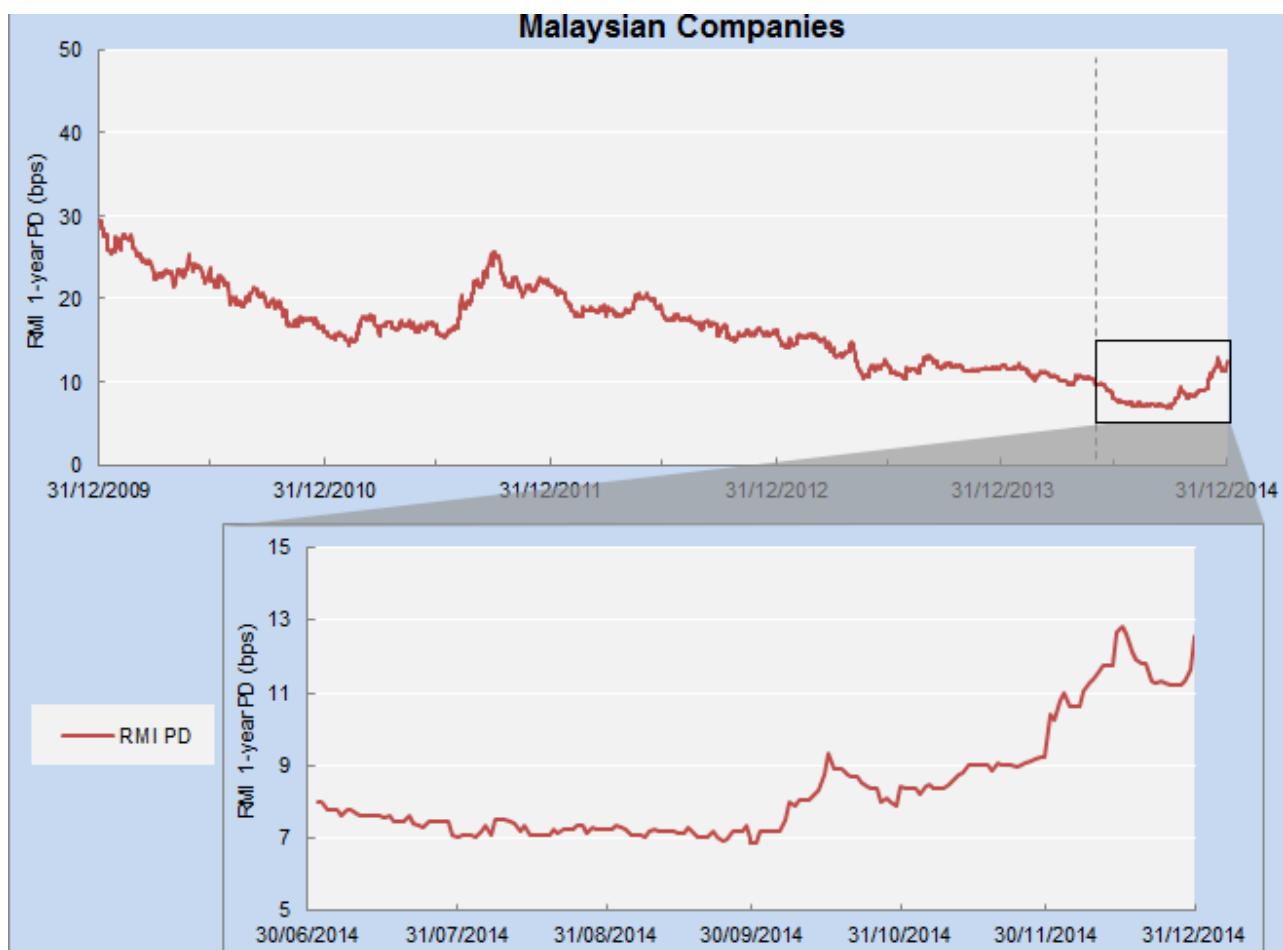
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- <sup>87</sup>Jan 19, 2015, [Indonesia's External Debt Growth Accelerated in November 2014](#), Bank Indonesia, <http://www.bi.go.id>
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## Malaysian Companies

The RMI aggregate 1-year PD for Malaysian companies increased in Q4, reversing its downtrend in Q3. GDP growth slowed down in Q3 as lower exports of goods and services. The cost of borrowing decreased after the central bank decreased interest rates, but the availability of credit to firms remains stable. A poll of consumer and business sentiment showed that retail spending and consumer sentiment may turn negative in Q4 due to expectation of higher prices from the GST implementation this year. Loan issuances have increased as firms may be in a rush to secure funding before rates move higher. Reduced consumer spending and a drop in oil and palm oil prices would weigh on the credit profiles of Malaysian firms, leading to a credit negative outlook on the sector.



## Economy

- Malaysia's GDP grew by 6% in 2014, the fastest pace since 2010. In Q3, the service sector grew 6.1% YoY on the back of lower growth rate of wholesale and retail activities and government services. The manufacturing sector expanded 5.3% YoY as slower growth in the domestic-oriented industries. The Construction sector remained sustained at 9.6%. The Agriculture sector recorded a slower growth of 4.0% which mainly due to slower growth in industrial crops amid lower prices, particularly palm oil and rubber. The mining sector grew at a more moderate pace 1.4% than last quarter's growth rate of 2.1%.<sup>91</sup>

- Malaysia's unemployment rate had a small increase reach at 2.8% in November adjusted seasonally. The participation in the labor force increased slightly by 0.1% reaching at 67.5% in November.<sup>92</sup>
- Surveys by the Malaysia Institute of Economic Research showed that the confidence levels of consumers and businesses deteriorated in Q4. The Consumer Sentiment Index decreased by 15 points and arriving at 83 in Q4 as the current incomes losing ground.(100 points mark the dividing line between consumer optimism and pessimism) Respondents become more worried about the near-term finances and hiring. The Business Condition Index slipped below threshold level of 100 in Q4. The downward BCI is resulted from the ringgit depreciation and falling of oil prices.<sup>93</sup>
- The Consumer Price Index rose 2.7% YoY, reaching 111.8 (2010=100) in December. Inflation in the transport category increased 4.0% YoY, following the downward adjustments to petrol pump prices. The cost of food and non-alcoholic beverages also increased 2.4% YoY while the price index of non-food increased by 2.8%.<sup>94</sup>
- External trade rose 2.1% YoY to MYR 63.7bn in December. The largest exports were electrical and electronic (E&E) products, which accounted for 36.0% of total exports, expanded MYR 1.5bn to MYR 23.0bn. Imports meanwhile increased 0.1% to MYR 52.6bn YoY. The exports increased due to the rise in exports to Singapore, India and Thailand. The higher imports were mainly from the European Union, Saudi Arabia, the People's Republic of China, Kuwait and Norway.<sup>95</sup>
- The IMF projected Malaysia's 2014 real GDP growth to be close to 6% but added that it is expected to moderate to about 5.25% in 2015, even though private domestic demand is expected to remain robust. Meanwhile, Bank Negara Malaysia's steps aimed at controlling bank lending and an increase in its policy rate in July have helped contain inflationary pressures and address financial imbalances, according to IMF. The fund also said Malaysia may see a moderate increase in inflation in 2015 following GST implementation but added that subdued underlying inflationary pressures will mitigate its impact.<sup>96</sup>

## Monetary

- Bank Negara raised the overnight policy rate remained at 3.25% till to December in 2014. In the latest monetary policy statement, the central bank said that the domestic demand will still be remain the key driver of growth.<sup>97</sup>
- Malaysia's broadest measure of money supply (M3) increased to 7.0% YoY, and reaching at MYR 1.55tn in December 2014 which mainly on account of credit extension to the private sector by the banking system and higher net claim on the government. However, the expansion was partially offset by the decline in net foreign assets.<sup>98</sup>

## Funding & Liquidity

- The yield on the 10-year Malaysia sovereign note decreased from 3.92% in Q3 to 3.75% in Q4.
- Bank lending to non-financial Malaysian firms increased to MYR 88.85bn in December from MYR 87.02bn in September. Loans issued to wholesale retailers and restaurants dropped from MYR 22.78bn in September to MYR 20.08bn in December while loans issued to transportation firms fell by 4.71% in December.<sup>99</sup>
- Average commercial bank lending rates in Malaysia decreased to 4.67% in December from 4.72% in September.<sup>100</sup>

## Politics

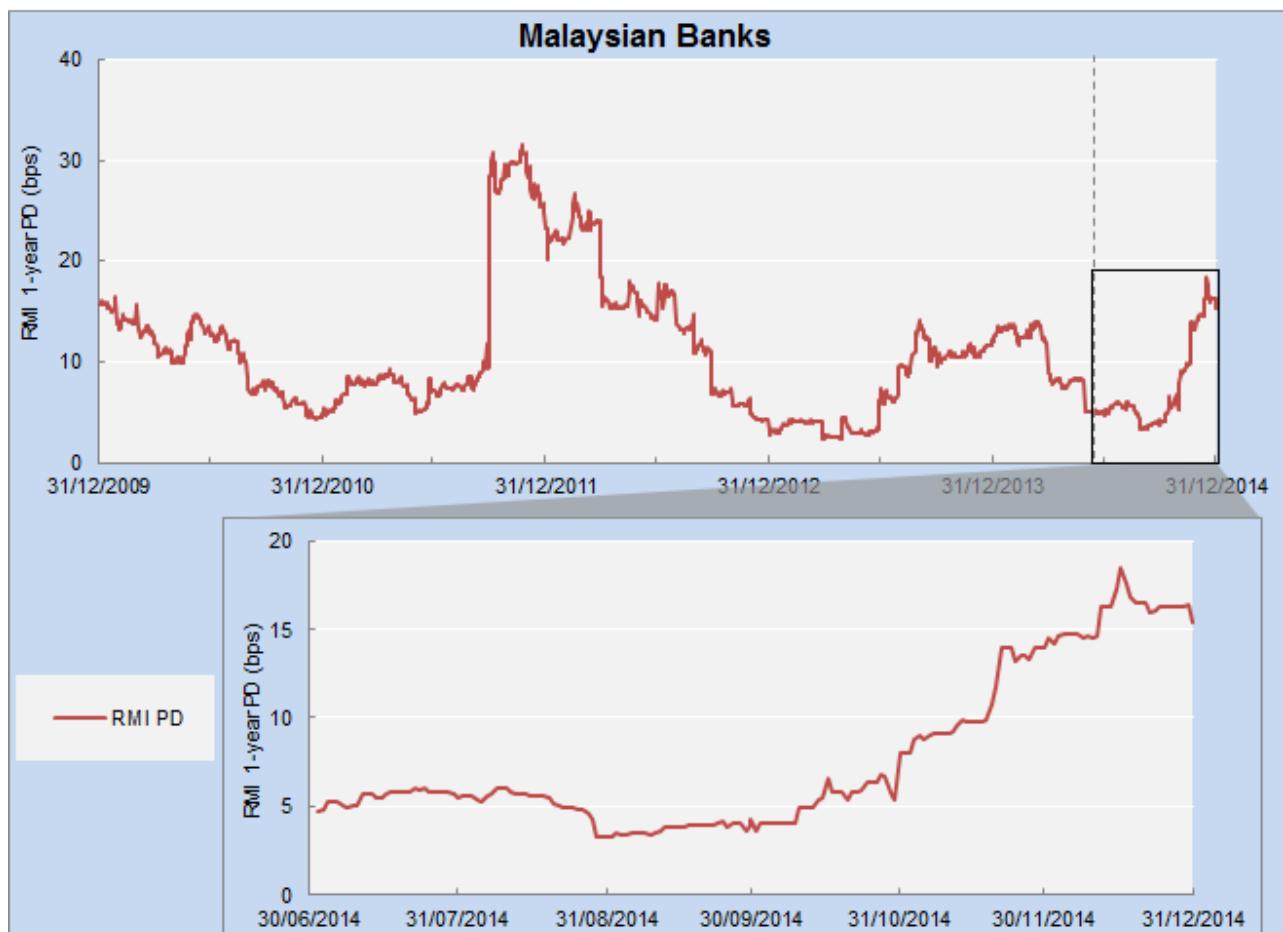
- The policy agenda for Malaysia in the coming years would be to raise the income levels and transform the country into a high income country by 2020. This was highlighted in the Government Transformation Programme, which outlines several initiatives including upgrading infrastructure networks, improving education and tackling corruption. Infrastructure projects include Singapore's and Malaysia's plans to build a high speed rail between the two countries that will be completed by 2020. At the same time, the government will implement the Economic Transformation Programme, part of which is to construct the country's first nuclear power plant by 2020.
- Malaysia has been trying to boost its high growth electronic exports such as solar panels and LED lighting and exploring new growth areas in Africa and India. The country is currently a major exporter of crude oil and natural gas, but the government is keen to diversify its exports away from the volatile energy product markets.

## Sovereign Credit Ratings

- The Malaysian government retained its sovereign credit ratings at all three rating agencies. Long term foreign currency bonds are rated as A3, and A-, A- and A respectively by Moody's, S&P, Fitch and R&I. Moody's has a positive outlook on the issuer while S&P and Fitch have relatively negative outlooks.

## Malaysian Banks

The RMI aggregate 1-year PD for Malaysian banks increased during Q4, as liquidity and financing-deposit rates decreased. Net interest incomes increased slightly and credit costs remained stable. Funding profiles of banks have also strengthened as, retail deposits continued to grow and several banks published commercial bonds. The amount of impaired loans declined in Q4, with the ratio of impaired loans to total loans decreased to 1.2% in December. Though the financing-deposit ratio dropped a little bit, the liquidity in the banking was enough. The capitalization remained strong. Overall, the abovementioned factors support a stable credit outlook for Malaysian banks.



## Profitability

- Aggregate net incomes of listed Malaysian banks increased 0.40% QoQ in Q3. The total earnings reported by all banks were stable during the last three quarters.
- The amount of bank loan applications decreased to MYR 69.13bn in December from MYR 76.14bn in September in 2014. The amount of working capital loans decreased by MYR 4.51bn during the last quarter meanwhile the amount of residential loans dropped by MYR 1.60bn.<sup>101</sup>
- A proxy for the average NIM of Malaysian commercial banks, based on average interest rate spreads dropped from 1.42% to 1.36% in December. Meanwhile the average lending rate among commercial banks also decreased to 4.67%.<sup>102</sup>

## Funding & Liquidity

- Only two banks issued MYR fixed coupon bonds during Q4. Amlslamic Bank issued a 5 year bond at a yield of 4.4%.
- Deposit continued to expand in Q4. The total deposits and repurchase agreements increased 7.63% YoY to MYR 1.64tn.<sup>103</sup>
- 12-month commercial paper rates increased 1bps to 3.31% in Q4 while saving deposit rates decreased slightly to 1.07% in December.<sup>104</sup>
- Overall liquidity in the Malaysian banking system remained ample. The aggregate LATDB ratio of listed banks decreased a slightly to 14.89% in Q3.

## Capital Levels & Regulations

- Banking system capitalization remained strong. Common Equity Tier 1 Capital ratios fell slightly to 12.6%. Tier 1 Capital ratios also decreased to 13.3% in November. Total Capital ratio dropped back to 15.2% in December.<sup>105</sup>

## Asset Quality

- The amount of impaired loans at Malaysian banks declined MYR 0.98bn to MYR 22.13bn in December. The ratio of impaired loans to total loans decreased to 1.2% while the loan loss coverage ratio remained above 100%.<sup>106</sup>
- Banks have increased their provisions for bad loans in Q4, causing the ratio of impairment provisions to total impaired loans increased from 101.7 in Q3 to 106.3 in Q4.<sup>107</sup>

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<sup>91</sup> Feb 2, 2015, [DEVELOPMENTS IN THE MALAYSIAN ECONOMY](#), Department of Statistics Malaysia, statistics.gov.my

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<sup>93</sup> Jan 28, 2015, [Malaysian Institute of Economic Research surveys](#), Malaysian Institute of Economic Research, <http://www.mier.org.my>

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<sup>96</sup> Nov 24, 2014, [IMF: Malaysia's Growth Will Slow But Fiscal Deficit Will Narrow by 2015](#), International Business Times, <http://www.ibtimes.co.uk>

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<sup>99</sup> Dec 2014, [Banking System: Loans Disbursed by Sectors](#), Bank Negara Malaysia, <http://www.bnm.gov.my>

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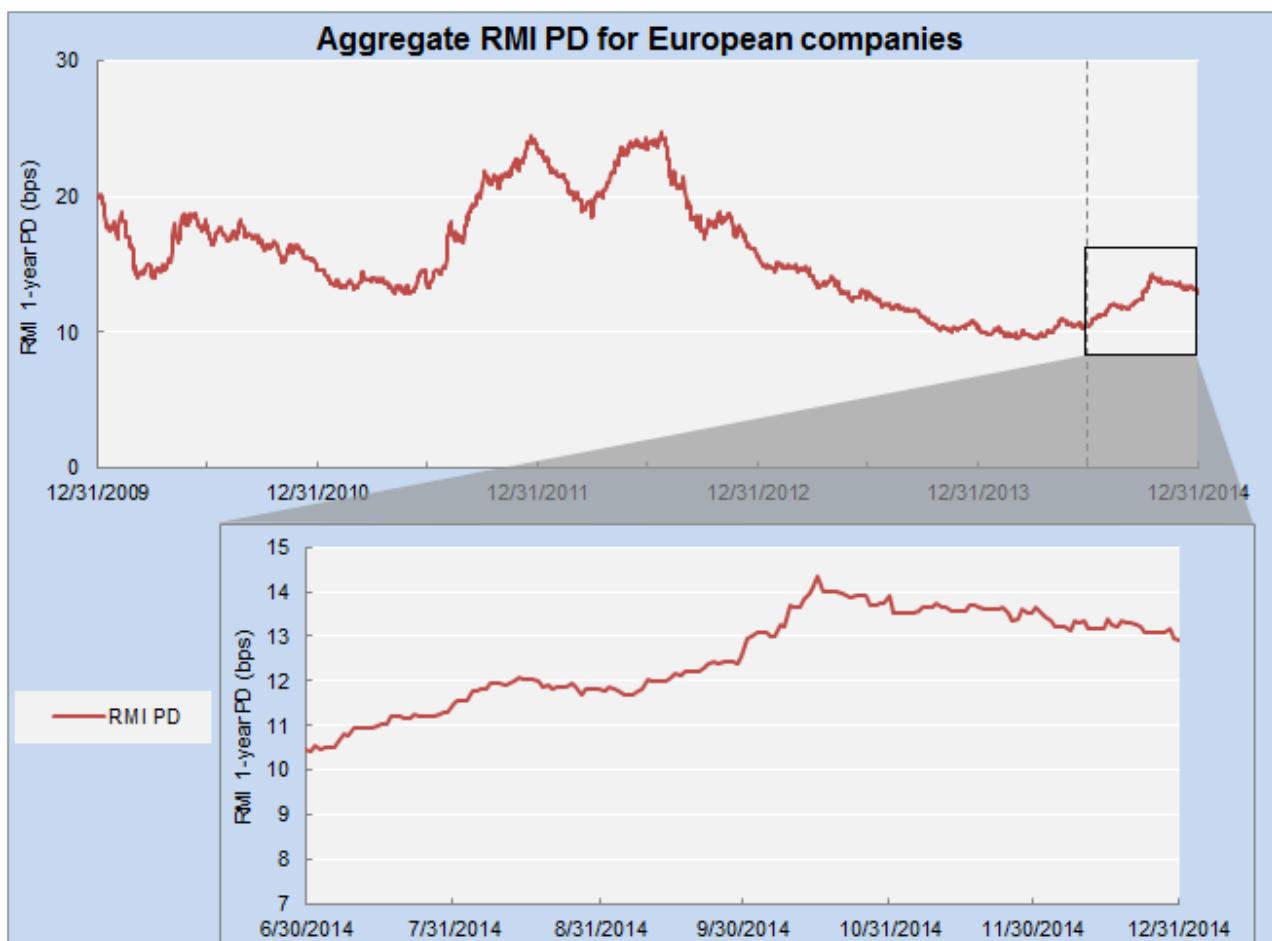
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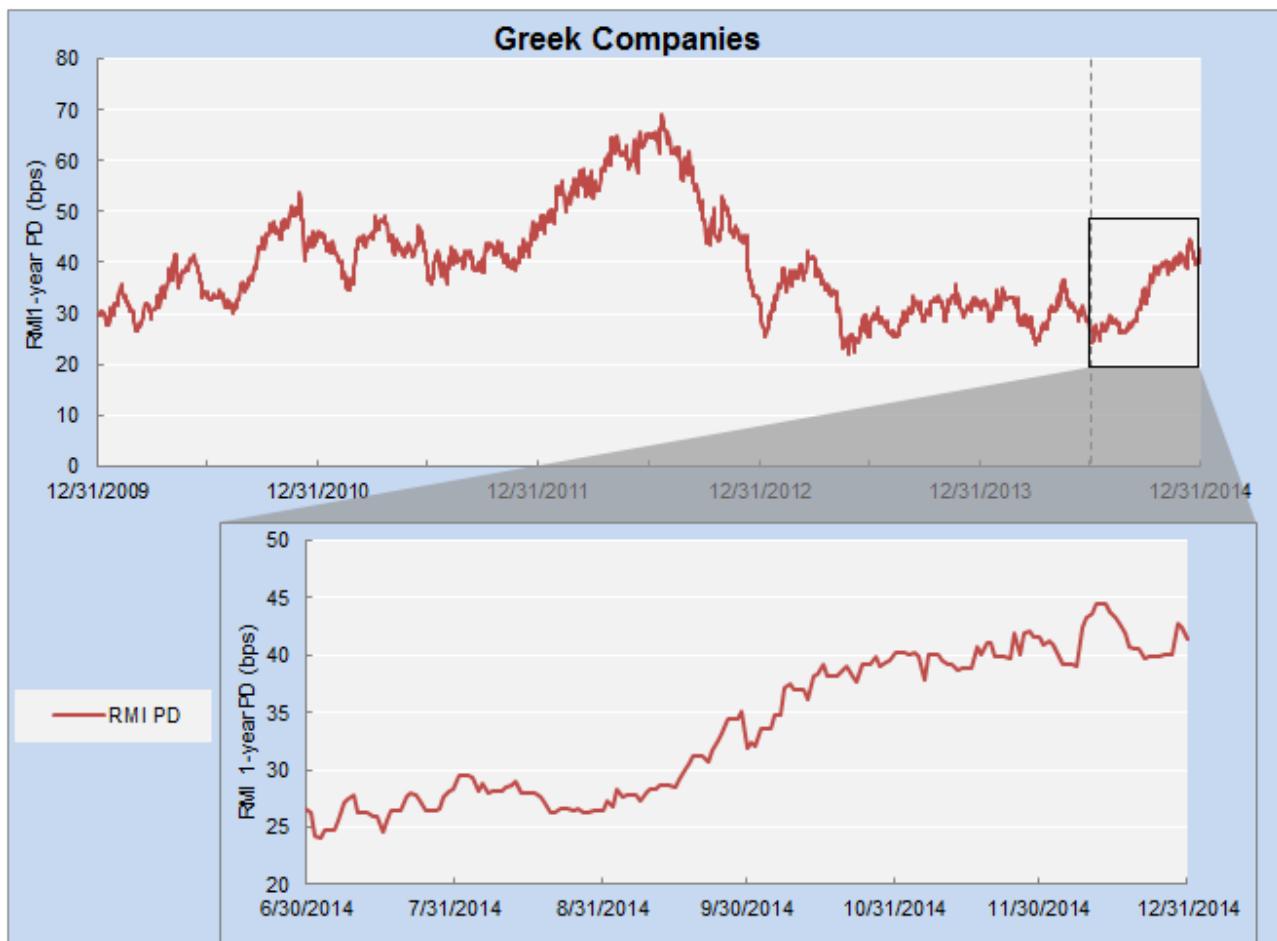
# Europe

The RMI aggregate 1-year PD for European firms went up slightly during Q4. Although the regional GDP witnessed a modest growth, the ECB's failure to resolve the structural challenges and sanctions against Russia adversely impacted the region. The relatively high unemployment rate brought much uncertainty into the market. In addition, the falling energy price and long-lasting lackluster economic performance made the fears over deflation deepen. The economic performance stayed almost flat in Germany and UK, France, and Italy remained weak. The UK benchmark FTSE 100 Index fell in the fourth quarter, while the France benchmark CAC 40 Index suffered more during the same period. The stagnant economic backdrop pushed ECB to ponder a QE scheme to boost the regional economy.



## Greek Companies

RMI aggregate 1-year PD for Greek firms continued to climb higher in Q4 as the country elects a new party to power. The new Greek government has sought to negotiate the country's obligations with its creditors but has caused panic amongst investors during the process. The economy was on the verge of exiting its sixth year of recession but the economic situation could have worsened in Q4. During the quarter, earnings have been pressured by poor consumer spending and higher unemployment. Business sentiment has declined and total retail trade volume fell in Q4. The funding cost for the Greek companies increased in Q4; yields on ten-year Greek government bond increased significantly. As a result, the credit outlook of Greek companies is negative.



## Economy

- The Greek economy returned to growth in 2014 after six consecutive years of recession. The Greece Real GDP YoY was 1.6% in Q3 2014. Gross fixed capital formation increased 9.68% YoY, and the final consumption expenditure increased 2.3% YoY in Q3.
- Greece's labor market conditions improved in Q3, the Greece unemployment rate fell from 26.77% in Q2 to 25.23% in Q3.

- The Greek manufacturing sector in Q4 had improved. Markit Greece Manufacturing PMI increased from 48.4 in Q3 to 49.4 in Q4.
- A monthly index of business sentiment published by the Foundation for Economic and Industrial Research fell in Q4, from 102.8 to 99.1. The consumer confidence indicator deteriorated from -49.9 in Q3 to -53.9 in Q4.
- The OECD Greece total retail trade volume YoY decreased from 6.67% in Q2 to 2.05% in Q3.

## Funding & Liquidity

- Yields on ten-year Greek government bond had increased 43.62% from 6.81% in September to 9.78% in December, which recorded an annual high level.
- Total outstanding loans decreased to EUR 96.32bn in December from EUR 96.546bn in November, down 1.57% YoY from EUR 97.86bn in December 2013.<sup>108</sup>
- Interest rates on new bank loans to non-financials dropped from 5.87% in November 2013 to 5.24% in November 2014.

## Policy

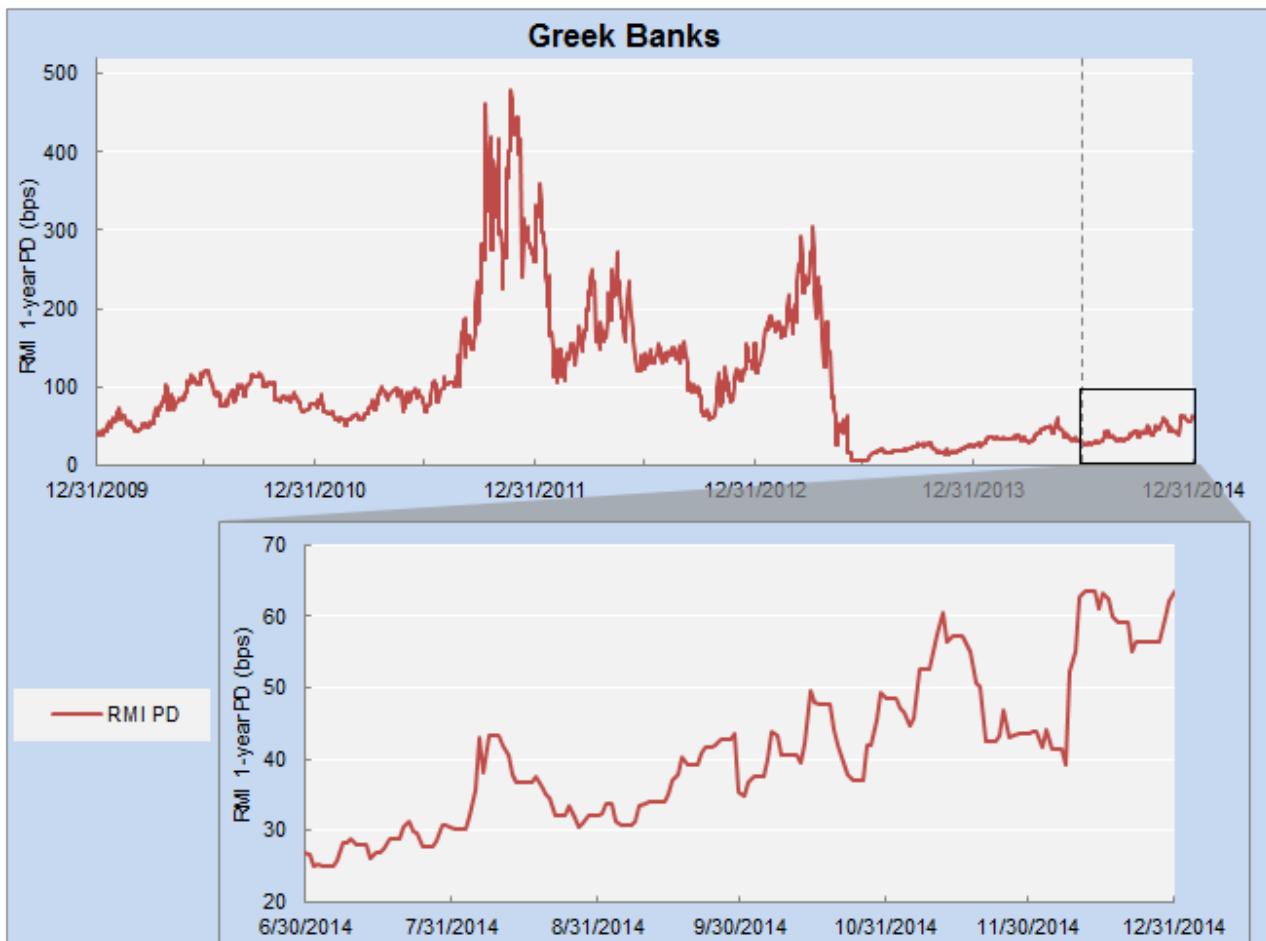
- After parliament rejected Prime Minister Antonis Samaras's nominee for president in December 2014, Greece heads to an early general election. Opinion polls pointed to a victory by the leftist Syriza party, which wants to wipe out a majority part of the national debt, and cancel the austerity terms of a EUR 24bn bailout from the European Union and IMF that Greece still needs to pay its bills. Greece 10-year bond yields surged to a 15-month high and stocks tumbled after former European Commissioner Stavros Dimas fell short of the 180 votes needed to become president in the decisive third round of voting, triggering the dissolution of parliament.<sup>109</sup>

## Sovereign Credit Ratings

- Greece's sovereign credit ratings were downgraded during Q4. Fitch rated Greece B with no outlook. And the government got rated Caa1 by Moody with no outlook as well. However, Moody's warned Greece of possible downgrade in case of snap elections. But S&P changed its rating B with no outlook to a negative credit watch.

## Greek Banks

The RMI aggregate 1-year PD for Greek banks had increased significantly during Q4, as the country elects a new party with a radical approach to settling the debt problems. Aggregate profits at Greek banks went into a negative territory in Q3 2014, with negative net income of EUR 1.8bn. In term of funding and liquidity, the total deposits at Greek banks declined; however, liquidity profiles have a slight improvement. Most importantly, three out of four Greek banks failed to pass the European Central Bank's Comprehensive Assessment in October, even after the restructuring plan; there is still one bank with capital shortfall in the adverse scenario. With that in mind, the credit outlook for Greek banks remains negative.



## Profitability

- Aggregate net income at listed banks in Greece was EUR -1.8bn in Q3 2014, compared to EUR 1.2bn in Q2 2014. Moreover, the loss had widened 95.94% from EUR -0.97bn in Q3 2013.
- A proxy for the NIM of Greek banks, based on the interest rate spread between new euro-denominated loans and deposits, decreased to 2.51% in Q3 per annum in November, down from 2.53% in October.

## Funding & Liquidity

- Total deposits at Greek banks declined from EUR 207.64bn in October to EUR 205.02bn in November 2014. The total deposits fell 1.24% YoY and 1.26% QoQ.

- Deposit rates on new 1-year fixed term deposits from non-financial corporations and households decreased to 1.85% per annum in November, down from 1.92% in October and from 2.79% from the beginning of the year. The rate was the lowest since May 2010. Overnight deposit rates dropped to 0.22% per annum in November, from 0.26% in October and from 0.34% from the beginning of the year.
- Overall liquidity in the Greek banking sector had slightly improved during Q3 2014, with the aggregated LATDB ratio for listed banks improving to 7.79% from 7.60% in Q2.

## Capital & Regulations

- Three out of four Greek banks failed to pass the European Central Bank's Comprehensive Assessment in October. The aggregate capital shortfall for Eurobank, National Bank and Piraeus Bank amounted to about EUR 8.7bn at the end of 2013 with just Alpha Bank exhibiting a capital surplus. Piraeus featured the smallest capital deficit with EUR 660mn at the end of 2013.<sup>110</sup>
- Deferred-tax assets which arise from past losses and can be considered as banks' core Tier 1 equity capital. These assets account for large bulk of capital at some bank. More than 40% of core equity Tier 1 capital at Greek banks, according to ECB calculation. US regulators have excluded large portion of such tax assets from capital calculations. European regulators are taking a similar approach, forcing banks to remove them until 2023 to complete this process.<sup>111</sup>

## Asset Quality

- European Central Bank's Asset Quality Review (AQR) showed that National Bank's shortfall stood at EUR 273.28mn and Eurobank's shortfall stood at EUR 70.66mn- both falling short on the asset quality review threshold. However, AQR did not include capital raising or restructuring efforts in 2014. The result of ECB's comprehensive assessment, with restructuring plans in the scenarios, showed that only Eurobank had a shortfall under adverse scenario, of EUR 17.5mn.<sup>112</sup>
- Non-performing loans for the main banks in Greece are climbing. From Q2 to Q3 in 2014, National Bank of Greece's non-performing loans to total loans ratio increased from 23% to 23.4%; Piraeus Bank from 38% to 43.7%; and Eurobank Ergasias from 31.9% to 33.3%. The proportion of non-performing loans at Alpha Bank declined from 33.6% to 29.8%, but remained at a high level.

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<sup>109</sup>Dec 29, 2014, [Greece faces early election after PM loses vote on president](#), Reuters, [reuters.com](http://reuters.com)

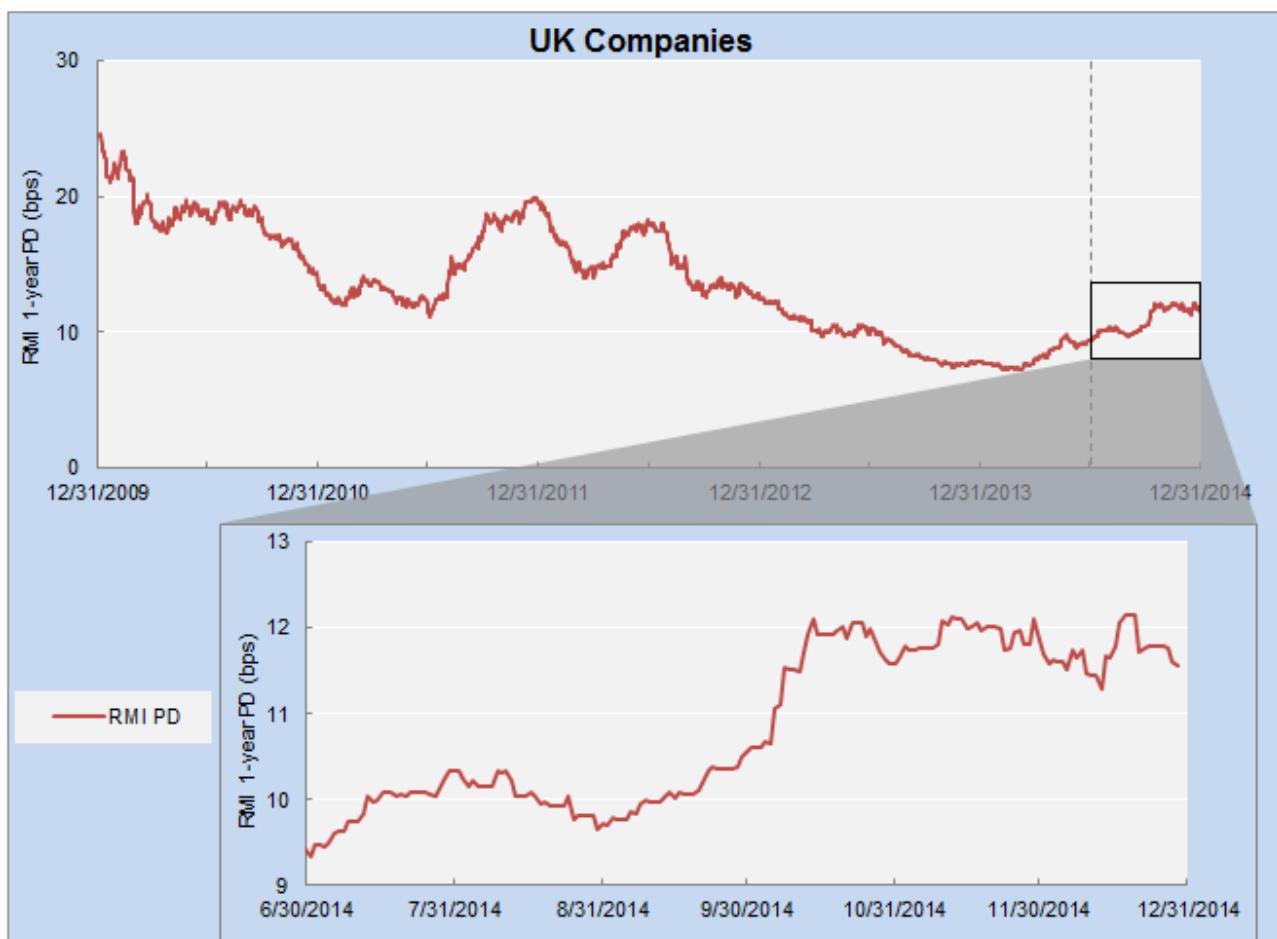
<sup>110</sup>Oct 26, 2014, [ECB stress tests: Three out of four Greek banks fail](#), FT, [www.ft.com](http://www.ft.com)

<sup>111</sup>Oct 27, 2014, [ECB Should Show Mettle on Bank Capital](#), WSJ, [wsj.com](http://wsj.com)

<sup>112</sup>Oct 26, 2014, [Three Greek banks fail stress tests](#), Reuters, [uk.reuters.com](http://uk.reuters.com)

## UK Companies

The RMI aggregate 1-year PD for UK companies continued to increase in Q4 after rising slightly in Q3. The overall economy remains robust as the annual pace of GDP growth is the fastest since 2007. Credit profiles may have increased due to higher debt issuances, as companies take advantage of the low interest rate environment to raise capital. The upcoming election in 2015 might create some uncertainty for businesses as firms might have to change their existing arrangements if the UK exits the EU's membership. Although the prospect of an EU exit remains low, mistrusts in the current UK establishment has increased with the emergence of a UK Independence Party. Manufacturing UK firms continued to expand as demand for products grew. Firms received robust orders for the holiday season during Q4. Service sector firms, a predominant section of the UK economy, also recorded higher activity during Q4. Easy credit conditions, collapsing oil prices and higher profits supports a positive credit outlook for firms operating in the UK.



## Economy

- The UK economy grew by 0.5% QoQ in Q4, slowing than the 0.7% QoQ growth recorded in Q3. The country is expected to continue in its recovery trend for Q4 2014. However, market analysts expect the economy to grow at the slowest quarterly pace of expansion since Q1 2014, which serves to reinforce the theme of an underlying moderation in the UK economy.<sup>113</sup>

- Newly released data from the Centre for Economics and Business Research (CEBR) showed that Britain has overtaken France to become the world's fifth largest economy, boosted by the inclusion of sex and drugs to UK growth.<sup>114</sup>
- Unemployment is dropped to 5.7% during Q4 2014, a record low in more than 6 years. Jobless Claims Monthly Change has been negative throughout 2014 and remained at -25.1 and -26.9 in October and November respectively. A narrower measure of unemployment showed than claims for jobless benefits decreased by 38600 to 823000 in 2014.<sup>115</sup>
- Retail sales increased 5.0% in Q4 compared with the same period a year ago, representing the sharpest quarterly increase in more than 10 years. Shoppers bought more fuel as oil prices fell, providing a boost for the country's economic recovery.<sup>116</sup>
- The UK manufacturing sector ended 2014 on a softer footing as the seasonally adjusted Markit/CIPS Purchasing Manager's Index (PMI) edged lower to 52.5 in December, down from 53.3 in October and November. Despite slowing in December, there was little disappointment in this as the number remains above 50 - showing an expansion in manufacturing activity.<sup>117</sup>

## Monetary

- The Bank of England's Monetary Policy Committee maintained the Bank Rate at 0.5% during Q4. The Committee also voted to maintain the stock of purchased assets financed by the issuance of central bank reserves at GBP 375bn. The expansion is aimed at increasing liquidity in the UK economy and boosting demand. The previous change in Bank Rate was a reduction of 0.5 percentage points to 0.5% on March 2009.<sup>118</sup>

## Funding & Liquidity

- The benchmark 10-year UK government bond yield declined from 2.42% in September to 1.75% at the end of December.
- UK money supply M4 continued to decline during Q4, decreasing by 1.1% YoY in December. The UK M3 money supply however remained at GBP 2.35tn through Q4.
- The diffusion index for corporate lending and a measure of availability of credit to the corporate sector declined to 2 in December from 2.6 in September. This is a result of the Bank Lending Survey which attempts to track bank lending standards within the UK economy. The survey generally measures the tightening or loosening of loan standards to both consumers and businesses and is conducted among senior loan officers at lending institutions. An index reading above 0 indicates most of the survey participants increased lending.

## Politics

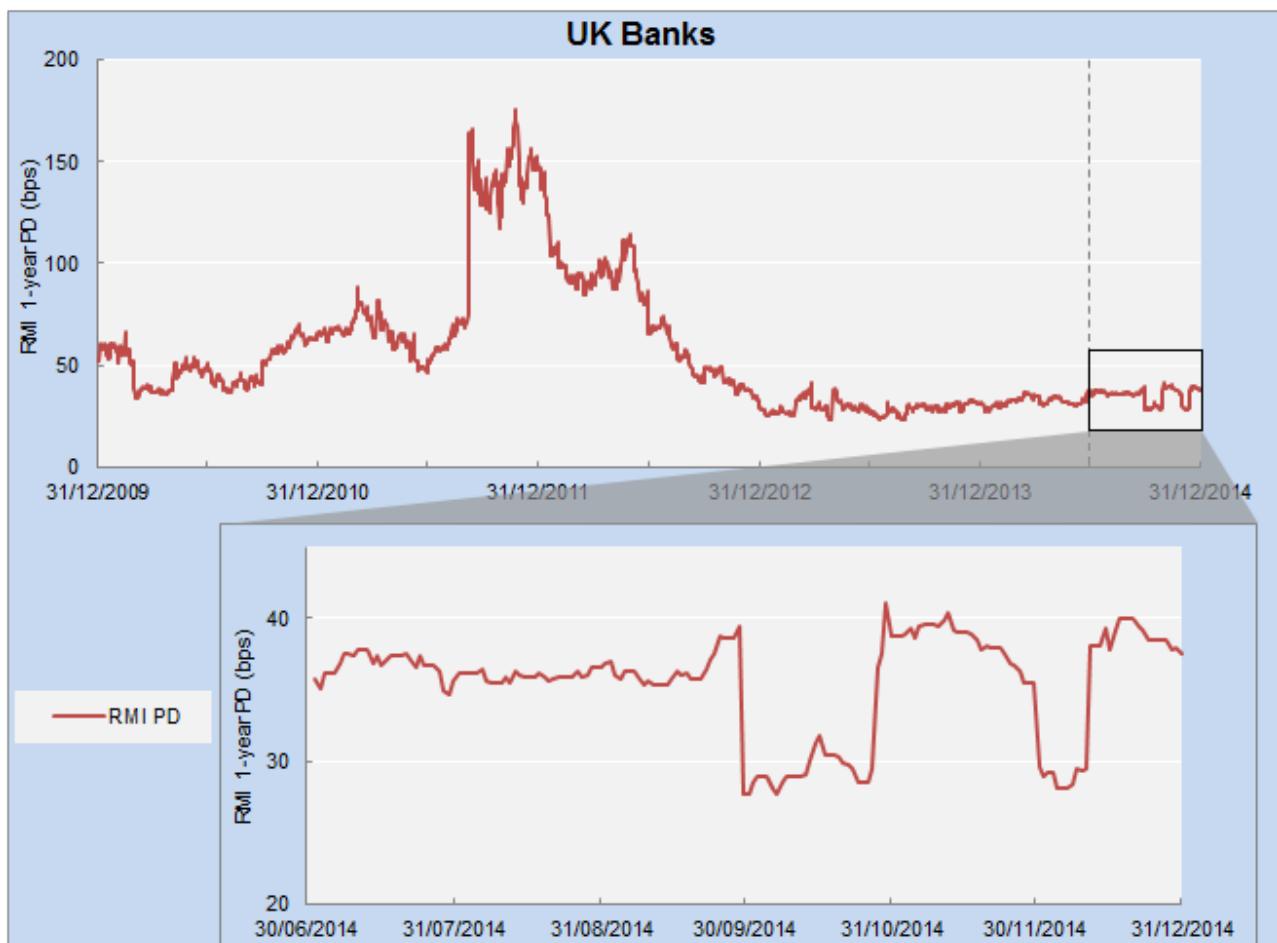
- The UK election falls on May 2015 and it appears that the government can be rewarded for restoring robust growth. An opinion poll suggests that the Labor's Party's lead over the Conservatives had narrowed significantly to just 1 percentage point in January. The anti EU UK Independence Party has gained popularity and poses a threat for all parties by depriving them of votes ahead of this year's general election.
- The UK is looking to renegotiate the terms of Britain's EU membership as economic activity has weakened in the Eurozone. In response to the challenge from the opposition party, Mr Cameron controversially advocated outright curbs on EU immigration. This was poorly received by the German chancellor, who said that restriction of free labor is not acceptable. The prime minister subsequently proposed to prevent migrants from claiming work benefits and social housing for 4 years and deport them if they fail to find work after six months.

## Sovereign Credit Ratings

- United Kingdom sovereign credit ratings were unchanged through Q4. 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, Moody's gives the UK sovereign debt an Aa1 rating. S&P has a AAA rating on the notes.

## UK Banks

The credit risk of UK banks increased marginally during Q4, although it remained at nearly the same level as the end of Q2. Liquidity and funding conditions remain healthy within the UK banking system. Credit profiles, although increasing, remain low from a historical perspective. However, the reputational risks surrounding banks have increased as some policy makers have complained that compensation levels are still high and banks are colluding with each other at the expense of their clients to manipulate rates and increase non-interest based fees. Customers may avoid certain banks in view of their poor reputations and risky profiles. Stress tests conducted by the Prudential Regulation Authority showed that the banks have sufficient capital to withstand unexpected losses from UK specific macro risks. Banks have been cutting costs and improving their risk management procedures as preparation of stricter regulations including Basel III capital requirements. Improving capital buffers, a growing economy and a strong win by the coalition party would be credit positive for UK lenders.



## Profitability

- The bank's net interest receivables increased 4.24% to GBP 15bn during Q3 as receivables from loans and advances improved from GBP 23.7bn to GBP 24.3bn. Liabilities on deposits dropped during Q3 from GBP 11.7bn to GBP 11.5bn, boosting aggregate net interest incomes. Net interest receivables on loans and advances in the UK and overseas have been a downward trend since 2009.<sup>119</sup>
- Net fees and commissions dropped QoQ from GBP 5.2bn to GBP 4.9bn in Q3, the lowest quarterly performance since Q4 2012. Net fees and commission incomes from overseas also declined from GBP 1.4bn to GBP 1.2bn.<sup>120</sup>

## Funding & Liquidity

- Average coupon rates of UK bank bonds reached 4.28% in Q4 2014, higher than the 2.33% coupon rate during Q3, rising from 0.95% during Q2 and 1.18% during Q1 2014.
- Total domestic deposits at UK banks increased during Q4 from GBP 2.09tn in September to GBP 2.10tn. Deposit amounts have recovered slightly after reaching a peak of GBP 2.43tn in November 2013.<sup>121</sup>
- Bank leverage remained at the same level in Q4. The amount of bank liabilities to the private sector remained at GBP 2.44tn while overall liabilities to the public, private and non-residents stayed at GBP 6.26tn. Leverage is expected to fall moving forward as banks adhere to Basel III guidelines till 2019.<sup>122</sup>

## Asset Quality

- The amount of outstanding loans to the private sector decreased during Q4 from GBP 2.29tn in September to GBP 2.25tn in December. Outstanding securities excluding loans to the private sector declined 1.65% during the quarter to GBP 268bn in Q4.
- Total write-offs at UK banks increased from GBP 1.5bn in Q2 to GBP 1.8bn in Q3. Loan write offs at private non-financial corporations increased from GBP 745mn to GBP 918mn. Although write offs increased during Q3, the overall trend of write offs has been falling since Q2 2011, with more than GBP 2.9bn of loans written off.<sup>123</sup>
- Write offs on loans to individuals increased marginally in Q3 to GBP 867mn from GBP 722mn in the preceding quarter. Credit card loan write offs dropped to the lowest in 5 years, to GBP 308mn. Residential loan write offs also remained low in Q3 at GBP 120mn.

## Regulation

- The UK financial banking regulator is planning to investigate competition in the investment and corporate banking sector after it received complaints that there is a lack of transparency in the market. The Financial Conduct Authority will review current practices in the industry, including the price of accessing data and a lack of transparency in the pricing of investment banking products.<sup>124</sup>
- UK banks will be affected by the EU bank resolution law which came into effect on Jan 1, 2015, reducing the prospect that banks will receive bailouts in the event of a crisis. Under new rules, authorities will require 8% of a struggling bank's liabilities to be wiped out before recourse can be made to the industry funds or taxpayer support. EU member states have to transpose the directive into national law by the start of 2015 and will have until Jan 1, 2016 to apply to all rules.<sup>125</sup>

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<sup>113</sup>Jan 27, 2015, [UK GDP slows in final quarter but annual pace is fastest since 2007](http://www.theguardian.com/), The Guardian, <http://www.theguardian.com/>

<sup>114</sup>Dec 26, 2014, [World Economic League Table 2015 Highlights](http://www.cebr.com/), CEBR, <http://www.cebr.com/>

<sup>115</sup>Feb 18, 2015, [Unemployment Down, Wages Up in UK](http://www.bloomberg.com/), Bloomberg, <http://www.bloomberg.com/>

<sup>116</sup>Jan 23, 2015, [British retail sales show surprise gain in December on food, fuel](http://uk.reuters.com/), Reuters, <http://uk.reuters.com/>

<sup>117</sup>Feb 2, 2015, [Markit/CIPS UK Manufacturing PMI](http://www.markiteconomics.com), Markit, <http://www.markiteconomics.com>

<sup>118</sup>Jan 8, 2015, [Bank of England maintains Bank Rate at 0.5% and the size of the Asset Purchase Programme at GBP 375bn](http://www.bankofengland.co.uk/), BoE, <http://www.bankofengland.co.uk/>

<sup>119</sup>Dec 2014, [Monetary financial institutions' quarterly income and expenditure](http://www.bankofengland.co.uk/), BoE, <http://www.bankofengland.co.uk/>

<sup>120</sup>Dec 2014, [Monetary financial institutions' quarterly income and expenditure](http://www.bankofengland.co.uk/), BoE, <http://www.bankofengland.co.uk/>

<sup>121</sup>Dec 2014, [Monetary financial institutions' \(excluding central bank\) balance sheet: group detail - UK](http://www.bankofengland.co.uk/), BoE, <http://www.bankofengland.co.uk/>

<sup>122</sup>Dec 2014, [Monetary financial institutions' \(excluding Central Bank\) consolidated balance sheet](http://www.bankofengland.co.uk/), BoE, <http://www.bankofengland.co.uk/>

<sup>123</sup>Dec 2014, [Write-offs of loans by banks and building societies](http://www.bankofengland.co.uk/), BoE, <http://www.bankofengland.co.uk/>

<sup>124</sup>Feb 19, 2015, [U.K. Launches Investment Banking Competition Investigation](http://www.wsj.com), WSJ, <http://www.wsj.com>

<sup>125</sup>Dec 31, 2014, [A single rulebook for the resolution of failing banks will apply in the EU as of 1 January 2015](http://europa.eu), EU, <http://europa.eu/>

# 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 RMI 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 RMI 1-year aggregate PD where the aggregations are by region, economy and sector. In these sections, the RMI 1-year aggregate PD is based on the median PD of active listed firms. These are given as month-end data, and are based on RMI's default forecast model calibrated on January 5, 2015, using data up to December 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 median and standard deviation of PDs for firms within ten industry sectors at the end of Q3 2014 and Q4 2014. Note that the statistics are for firms that have a PD at both dates so that consistent comparisons can be made. The median 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 RMI 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.

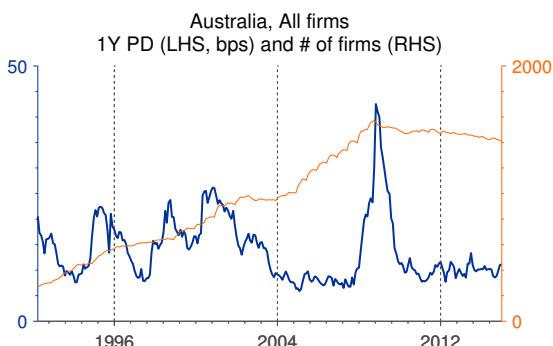
Appendix C provides common macroeconomic, corporate credit and sovereign risk indicators for each economy along with the RMI 1-year aggregate PD for financial and non-financial firms. The graphs on the left give historical context to the values, and the table on the right give the data from the previous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

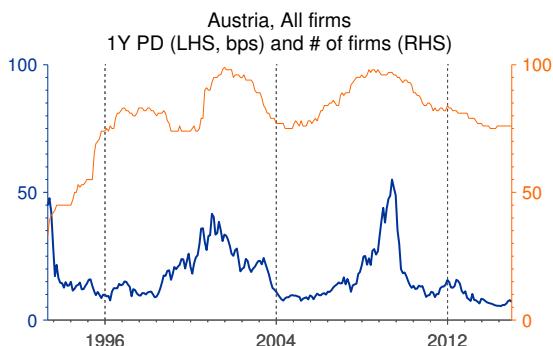
## A PD by economies



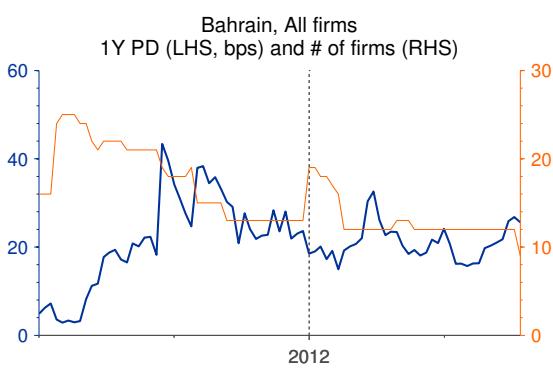
Argentina	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	11	8.1	17.9	8.3	15.6	1.7	5.6	
Basic Materials	7	24.2	16.5	26.0	23.7	1.8	8.1	
Communications	4	4.2	3.2	5.0	5.9	0.9	3.5	
Consumer Cyclical	6	8.8	49.3	16.5	64.2	4.0	15.7	
Consumer Non-cyclical	13	4.0	10.1	7.4	15.9	4.1	6.0	
Diversified	1	13.6	—	19.1	—	5.6	—	
Energy	4	3.1	2.9	9.0	9.9	5.9	7.0	
Industrial	6	10.4	18.4	14.3	27.1	3.1	9.8	
Technology	1	2.2	—	5.4	—	3.2	—	
Utilities	8	11.2	14.2	22.2	29.4	9.4	17.9	



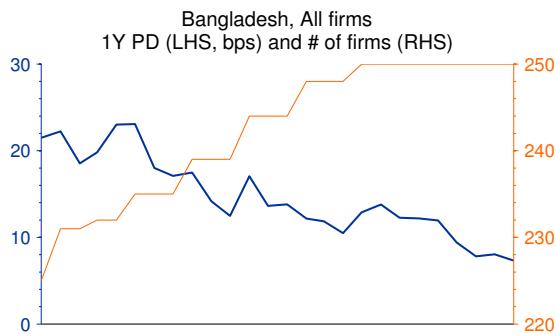
Australia	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	133	2.4	53.3	2.0	40.7	-0.0	38.7	
Basic Materials	598	13.9	74.4	19.9	194.8	2.5	171.5	
Communications	64	5.3	35.5	6.1	55.0	0.0	46.4	
Consumer Cyclical	66	3.0	14.5	2.7	20.9	0.1	13.2	
Consumer Non-cyclical	171	3.2	20.4	3.4	24.6	0.0	11.5	
Diversified	8	2.4	5.9	1.8	9.1	0.0	7.1	
Energy	186	11.9	68.9	22.3	159.1	4.3	130.8	
Industrial	105	8.9	36.6	11.2	42.0	0.3	39.0	
Technology	39	5.2	23.3	6.0	44.5	0.3	23.8	
Utilities	13	3.7	11.7	3.7	16.6	0.3	6.8	



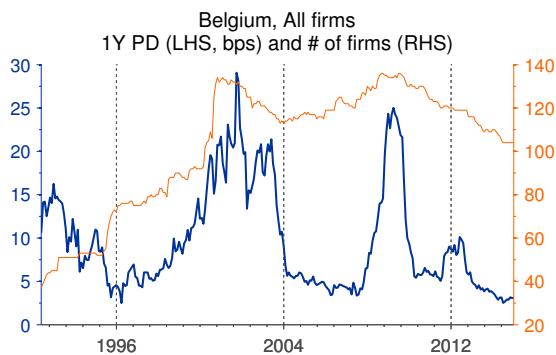
Austria	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	21	11.2	41.4	12.9	71.9	0.2	31.6	
Basic Materials	5	4.0	24.0	4.0	127.5	0.3	103.6	
Communications	2	7.3	1.7	6.8	0.7	-0.5	1.0	
Consumer Cyclical	13	5.0	59.6	5.5	94.8	1.5	35.4	
Consumer Non-cyclical	7	12.0	10.8	20.5	13.0	2.5	5.0	
Energy	4	7.9	8.0	10.0	9.2	2.6	1.9	
Industrial	17	6.8	26.8	7.2	34.5	0.5	9.6	
Technology	5	7.3	8.5	5.9	4.4	0.3	5.2	
Utilities	2	2.5	0.4	3.6	1.3	1.1	0.9	



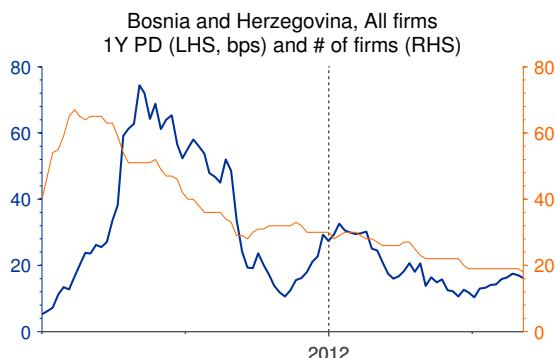
Bahrain	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	9	21.2	14.0	25.6	34.4	3.3	24.6	



Bangladesh	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	98	17.3	23.7	12.2	21.3	0.0	8.0	
Basic Materials	14	3.4	12.3	2.4	9.9	-0.7	5.7	
Communications	7	0.6	15.5	0.5	6.7	-0.2	8.9	
Consumer Cyclical	49	12.8	33.1	10.1	18.8	-1.3	20.1	
Consumer Non-cyclical	39	3.3	152.4	4.2	119.2	-0.1	40.0	
Diversified	1	3.3	—	15.0	—	11.7	—	
Energy	5	1.1	4.1	3.6	6.1	2.5	4.9	
Industrial	28	8.0	23.7	6.5	15.1	-0.2	10.9	
Technology	1	2.9	—	1.3	—	-1.6	—	
Utilities	7	1.3	6.3	1.7	9.2	-0.2	3.9	



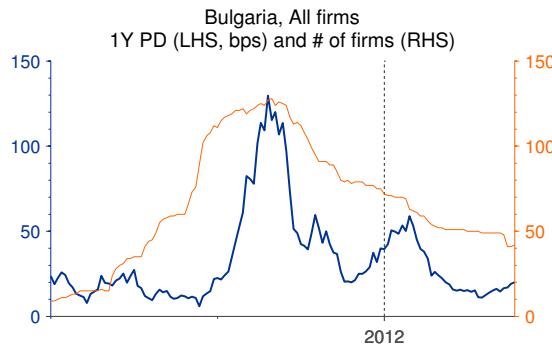
Belgium	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	28	1.3	80.8	1.1	82.2	-0.2	8.6	
Basic Materials	7	3.0	5.6	3.6	7.8	0.7	3.0	
Communications	6	6.9	12.6	5.5	13.4	-0.2	3.9	
Consumer Cyclical	7	2.6	12.4	4.1	14.7	1.8	3.2	
Consumer Non-cyclical	22	3.3	13.6	2.9	11.7	0.3	4.7	
Diversified	5	0.5	0.9	0.6	1.1	0.1	0.3	
Energy	2	69.3	86.6	14.5	8.3	-54.8	95.0	
Industrial	20	5.4	12.8	6.1	15.7	-0.1	6.2	
Technology	5	3.5	10.3	5.5	12.1	1.9	2.2	
Utilities	2	0.8	0.9	0.8	0.6	-0.0	0.3	



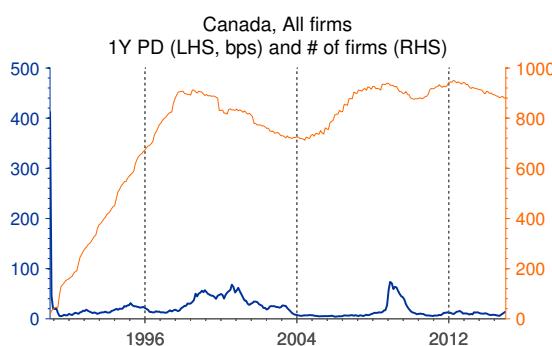
Bosnia and Herzegovina	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Basic Materials	2	26.8	2.0	33.4	6.7	6.6	4.7	
Communications	2	0.4	0.4	0.5	0.7	0.2	0.3	
Consumer Non-cyclical	3	6.0	5.6	5.9	3.3	-1.5	2.5	
Energy	3	17.6	148.7	16.7	176.1	2.7	27.5	
Industrial	1	56.0	—	55.2	—	-0.8	—	
Utilities	7	32.2	40.7	44.3	38.1	2.2	14.5	



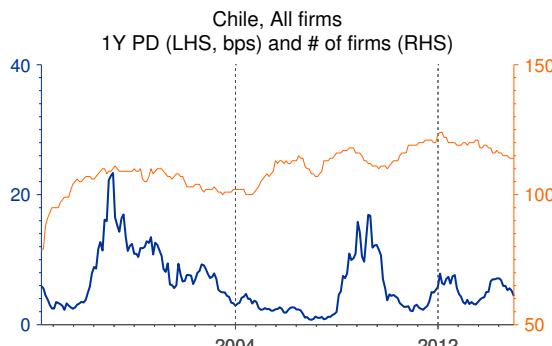
Brazil	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	61	34.5	146.4	52.1	130.5	7.7	48.6	
Basic Materials	20	42.5	1108.3	40.5	439.6	0.2	709.9	
Communications	9	61.0	70.4	53.3	164.9	5.2	97.7	
Consumer Cyclical	46	14.1	162.2	25.4	230.2	1.6	114.2	
Consumer Non-cyclical	44	8.1	111.7	14.3	130.6	2.0	55.4	
Diversified	7	27.6	84.5	56.9	68.5	0.7	33.2	
Energy	6	30.0	174.9	96.3	373.2	66.3	199.2	
Industrial	29	56.4	197.7	75.2	238.5	2.5	71.6	
Technology	6	1.1	53.8	1.6	43.1	0.1	23.5	
Utilities	28	19.6	51.6	25.1	62.7	1.5	23.3	



Bulgaria	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	10	10.4	14.7	9.6	19.4	0.6	5.2
Basic Materials	3	19.7	2.4	26.3	11.0	7.8	9.2
Consumer Cyclical	1	16.8	—	12.1	—	-4.6	—
Consumer Non-cyclical	10	17.5	41.3	21.6	129.2	1.1	131.3
Diversified	7	25.9	27.0	28.0	25.6	3.0	9.3
Energy	2	67.0	86.5	40.7	46.7	-26.3	39.9
Industrial	9	10.2	15.7	16.2	16.9	0.9	8.5



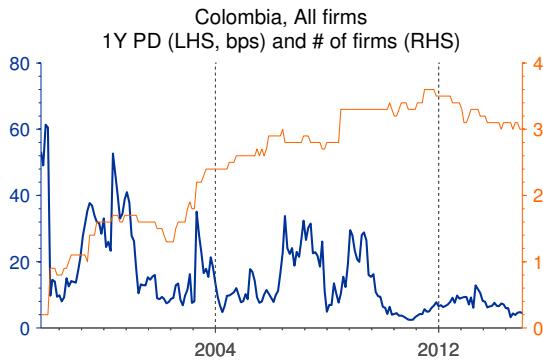
Canada	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	119	1.8	59.2	1.6	92.2	0.0	46.9
Basic Materials	289	18.1	378.3	29.9	471.6	4.8	308.6
Communications	41	6.5	462.4	4.0	398.4	-0.0	382.2
Consumer Cyclical	59	1.7	190.1	2.3	195.5	0.0	35.6
Consumer Non-cyclical	96	9.7	176.8	10.8	422.6	0.2	378.8
Diversified	6	13.5	50.9	44.7	74.4	9.3	43.8
Energy	148	3.8	171.2	26.9	905.0	14.2	766.6
Industrial	73	3.3	178.0	6.0	356.5	0.8	214.3
Technology	28	18.2	448.3	23.8	378.3	-0.1	410.7
Utilities	12	0.5	20.4	1.4	14.1	0.1	6.9



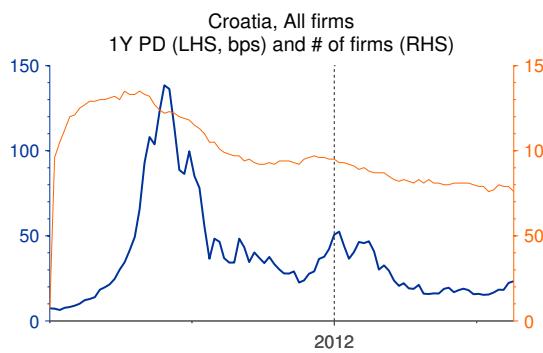
Chile	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	24	7.0	24.6	4.8	20.2	-0.1	9.4
Basic Materials	13	7.4	22.7	5.3	35.7	0.0	21.6
Communications	3	13.9	4.3	10.4	1.0	-4.5	4.9
Consumer Cyclical	14	5.7	58.1	5.1	62.0	-0.3	5.3
Consumer Non-cyclical	22	4.6	31.8	2.6	38.5	-0.5	7.7
Diversified	6	6.7	99.5	4.5	69.4	-2.2	30.0
Industrial	19	12.4	43.6	7.7	23.8	-1.4	22.2
Technology	1	0.7	—	0.9	—	0.2	—
Utilities	12	0.9	3.4	0.7	3.3	-0.2	2.4



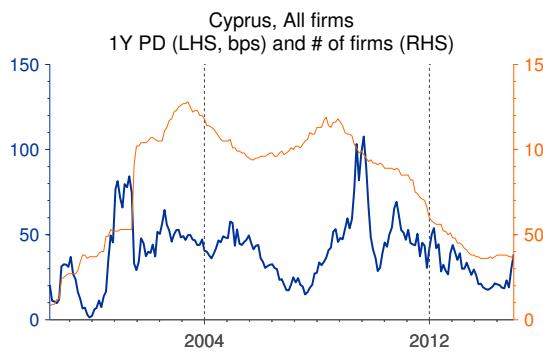
China	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	217	57.2	71.7	64.0	132.5	0.0	82.5
Basic Materials	327	99.2	115.9	166.8	190.0	56.9	95.7
Communications	145	33.1	81.9	51.2	139.0	20.1	82.1
Consumer Cyclical	488	60.7	84.6	102.3	176.4	33.9	105.9
Consumer Non-cyclical	433	49.6	111.5	85.2	241.2	26.5	142.7
Diversified	29	131.4	55.5	170.1	118.8	65.8	84.1
Energy	83	53.1	87.9	100.8	218.7	27.3	141.2
Industrial	771	67.5	76.7	126.2	132.1	49.8	81.6
Technology	159	34.2	73.4	62.0	143.5	27.1	84.7
Utilities	73	98.4	65.7	118.6	104.6	13.2	65.7



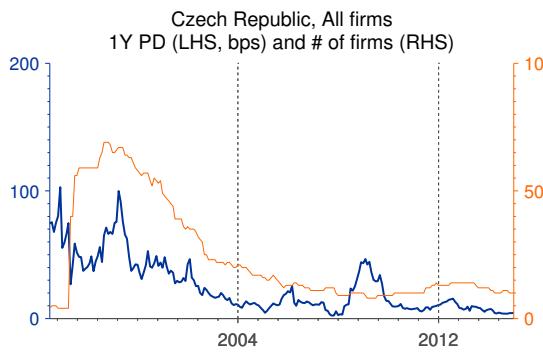
Colombia	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	10	8.0	50.7	5.9	35.1	0.1	38.9
Basic Materials	2	7.3	8.3	10.5	11.0	3.2	2.7
Communications	1	2.5	—	3.6	—	1.1	—
Consumer Cyclical	2	69.4	97.5	75.5	105.9	6.1	8.4
Consumer Non-cyclical	1	0.2	—	0.1	—	-0.1	—
Diversified	1	1.5	—	0.9	—	-0.6	—
Energy	3	4.2	8.6	13.2	155.4	9.0	146.9
Industrial	6	3.1	1.4	4.8	2.1	2.0	1.4
Utilities	4	2.4	2.2	2.8	2.5	0.4	1.6



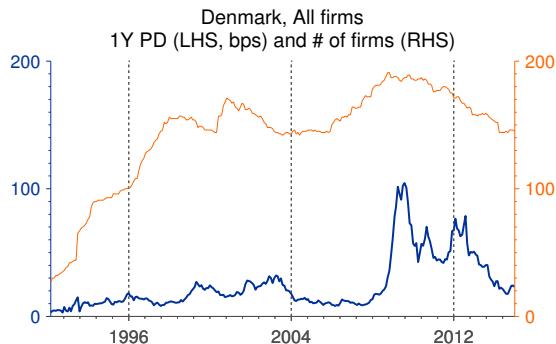
Croatia	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	10	19.5	61.5	22.9	73.5	0.2	13.6
Basic Materials	2	195.6	184.5	165.6	98.1	-30.0	86.4
Communications	3	13.7	147.8	12.5	199.9	0.1	52.1
Consumer Cyclical	20	9.0	17.0	9.8	19.4	0.1	5.4
Consumer Non-cyclical	23	38.8	69.1	30.0	47.4	1.0	33.5
Diversified	1	26.8	—	23.2	—	-3.6	—
Energy	2	1.4	1.7	2.1	2.4	0.7	0.6
Industrial	14	59.4	86.1	59.4	86.9	7.1	24.2



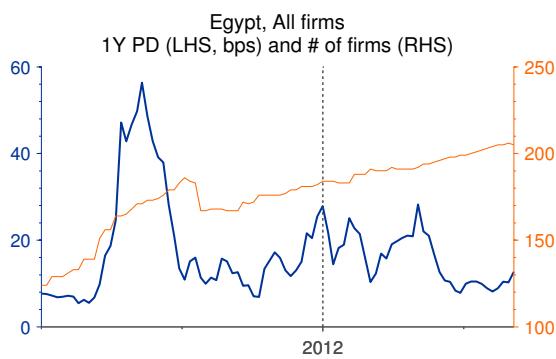
Cyprus	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	14	21.5	36.9	27.2	163.5	5.0	134.5
Basic Materials	1	23.8	—	42.5	—	18.6	—
Communications	1	17.3	—	45.1	—	27.9	—
Consumer Cyclical	5	23.2	63.6	21.4	189.1	4.2	125.9
Consumer Non-cyclical	4	43.8	21.2	74.8	173.9	35.8	153.3
Energy	4	8.8	65.7	26.8	50.8	6.5	19.3
Industrial	5	14.1	15.0	43.2	26.9	19.3	17.9
Technology	1	12.3	—	14.6	—	2.3	—



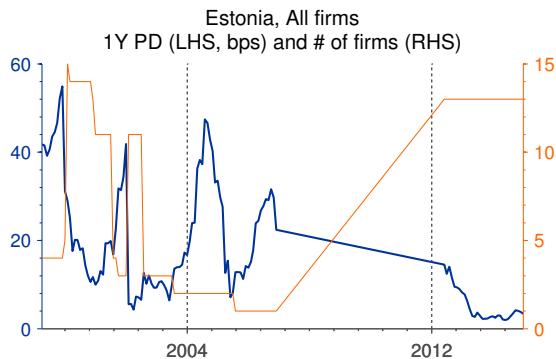
Czech Republic	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	1	6.5	—	7.0	—	0.5	—
Communications	1	1.4	—	2.8	—	1.5	—
Consumer Cyclical	2	1.6	0.9	1.2	0.6	-0.3	0.3
Consumer Non-cyclical	1	35.4	—	29.6	—	-5.9	—
Diversified	1	3.7	—	4.4	—	0.7	—
Energy	2	8.0	6.0	7.7	5.8	-0.3	0.2
Industrial	1	10.6	—	26.7	—	16.1	—
Utilities	1	3.6	—	4.3	—	0.7	—



Denmark	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	45	36.7	107.8	33.5	110.0	0.0	50.7	
Basic Materials	2	5.8	8.0	9.2	12.6	3.4	4.6	
Communications	10	14.3	27.0	16.0	29.9	0.1	16.5	
Consumer Cyclical	18	29.5	43.6	49.7	62.0	6.7	30.2	
Consumer Non-cyclical	24	6.7	43.9	6.3	55.6	0.1	22.7	
Diversified	2	2.9	2.9	4.1	3.0	1.2	0.1	
Energy	1	20.8	—	30.8	—	10.0	—	
Industrial	32	27.4	138.2	36.1	176.1	1.8	44.7	
Technology	10	15.3	47.8	22.8	96.7	3.4	63.1	
Utilities	1	47.2	—	83.2	—	36.0	—	



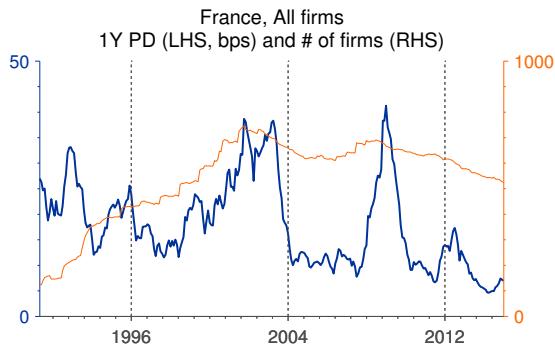
Egypt	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	66	10.4	27.8	18.3	37.8	3.6	15.2	
Basic Materials	22	9.9	28.6	16.8	32.0	1.7	26.4	
Communications	5	7.1	31.3	9.2	41.0	1.2	10.0	
Consumer Cyclical	23	13.4	18.0	15.6	18.0	1.5	9.2	
Consumer Non-cyclical	46	7.1	19.4	7.4	18.5	0.4	12.6	
Diversified	1	4.8	—	8.4	—	3.7	—	
Energy	1	7.1	—	54.6	—	47.5	—	
Industrial	37	3.9	20.0	5.2	27.0	1.6	9.8	
Technology	1	5.5	—	11.4	—	5.8	—	
Utilities	1	6.3	—	11.8	—	5.4	—	



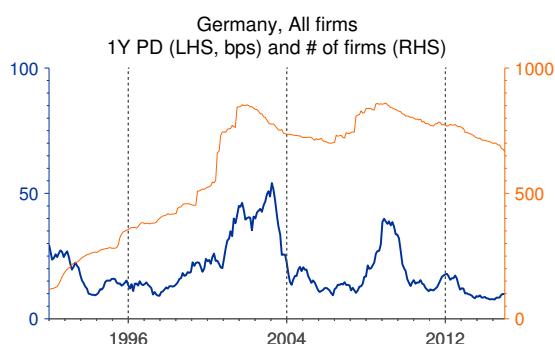
Estonia	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Communications	1	12.0	—	10.1	—	-1.9	—	
Consumer Cyclical	5	4.2	13.8	7.0	16.8	0.1	3.7	
Consumer Non-cyclical	1	6.7	—	6.0	—	-0.7	—	
Industrial	5	1.4	3.1	1.8	2.6	-0.9	0.8	
Utilities	1	0.3	—	0.2	—	-0.0	—	



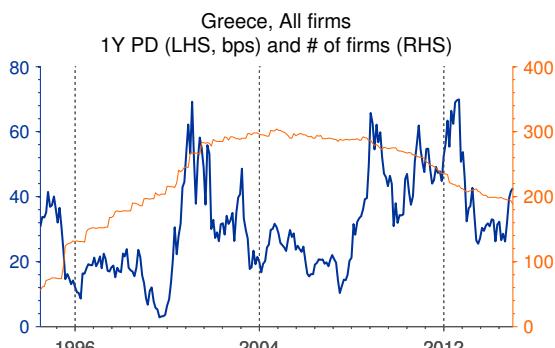
Finland	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	13	4.2	26.1	4.4	25.2	0.2	7.0	
Basic Materials	8	5.2	9.2	4.3	10.9	-0.4	5.9	
Communications	15	7.0	36.9	5.5	60.1	0.1	24.8	
Consumer Cyclical	8	5.5	8.6	10.4	11.9	2.2	5.7	
Consumer Non-cyclical	17	9.4	6.2	6.4	10.1	0.2	6.1	
Diversified	1	0.7	—	0.7	—	0.0	—	
Energy	1	4.7	—	3.1	—	-1.6	—	
Industrial	38	5.8	42.8	6.0	64.1	0.9	26.1	
Technology	14	6.0	39.3	5.0	41.6	-0.2	22.5	
Utilities	1	0.4	—	0.8	—	0.4	—	



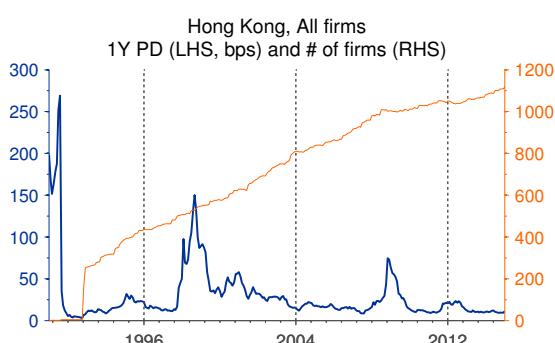
France	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	85	6.6	29.7	7.4	32.7	0.2	11.5	
Basic Materials	15	8.2	82.2	8.4	130.3	1.3	48.5	
Communications	52	8.0	30.6	7.8	34.0	-0.1	18.4	
Consumer Cyclical	79	7.8	25.3	8.4	20.7	0.4	18.3	
Consumer Non-cyclical	104	4.3	24.4	5.1	24.1	0.5	15.0	
Diversified	7	4.8	183.1	9.2	140.1	3.0	46.0	
Energy	12	12.7	16.8	19.9	26.6	4.7	11.8	
Industrial	93	6.4	21.8	7.2	23.5	1.2	6.0	
Technology	65	6.8	22.3	7.5	22.2	0.2	15.9	
Utilities	10	3.9	13.7	5.1	11.3	0.1	2.9	



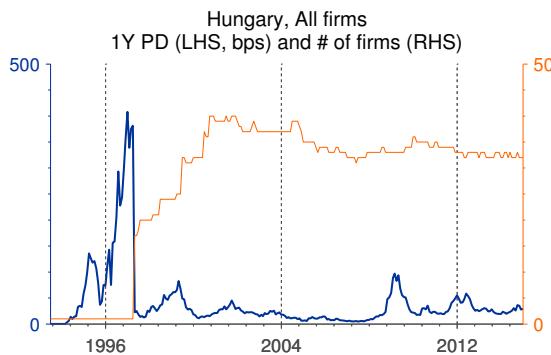
Germany	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	157	11.7	48.1	12.0	81.1	0.1	72.6	
Basic Materials	25	4.1	46.3	5.1	84.7	0.7	38.6	
Communications	64	10.4	100.6	8.8	449.7	-0.2	383.9	
Consumer Cyclical	82	8.6	62.6	10.3	116.4	0.7	79.7	
Consumer Non-cyclical	103	7.3	57.2	10.7	207.1	0.3	185.7	
Diversified	5	12.3	64.6	10.9	57.7	-1.4	11.3	
Energy	17	11.5	415.3	15.3	29.4	1.0	387.5	
Industrial	132	8.1	54.7	9.1	290.6	0.3	264.0	
Technology	72	7.4	27.2	7.5	78.4	0.3	58.9	
Utilities	9	2.8	4.0	3.8	5.2	0.3	1.9	



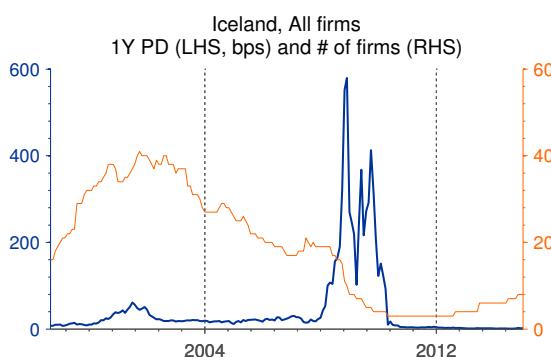
Greece	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	17	17.9	81.7	31.4	86.6	7.7	18.5	
Basic Materials	12	23.5	68.3	29.3	83.3	8.3	37.9	
Communications	11	51.1	411.0	61.7	81.3	2.2	346.5	
Consumer Cyclical	32	18.2	78.4	29.9	60.6	2.2	62.9	
Consumer Non-cyclical	37	37.7	76.4	37.0	181.8	1.8	112.0	
Diversified	1	32.8	—	24.6	—	-8.3	—	
Energy	6	21.7	54.0	46.5	131.6	25.1	77.9	
Industrial	60	38.1	85.1	63.1	206.4	21.2	143.5	
Technology	9	8.8	78.1	17.3	55.2	1.2	25.5	
Utilities	3	4.7	9.6	9.6	26.6	4.8	17.1	



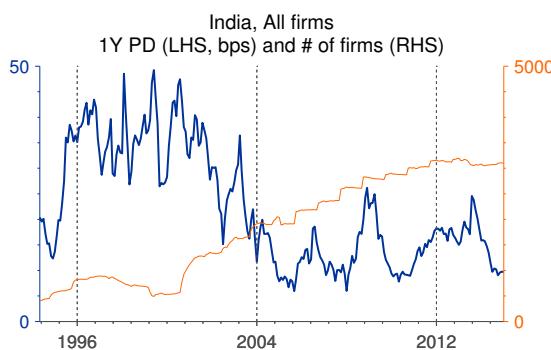
Hong Kong	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	239	7.7	43.6	8.4	49.9	0.0	21.2	
Basic Materials	55	21.2	80.0	23.3	148.4	1.6	74.7	
Communications	74	9.6	41.4	14.0	41.9	0.9	20.0	
Consumer Cyclical	257	8.3	24.3	7.7	30.8	0.1	14.9	
Consumer Non-cyclical	124	7.8	43.0	11.0	49.3	0.1	25.0	
Diversified	45	8.7	23.8	11.0	25.4	0.3	10.9	
Energy	35	15.3	41.3	23.8	40.3	4.3	23.4	
Industrial	195	16.1	37.5	18.2	35.9	0.5	20.0	
Technology	55	7.1	43.5	11.3	55.9	0.9	24.5	
Utilities	21	5.1	10.1	5.2	13.8	0.1	7.0	



Hungary	2014Q3			2014Q4		Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	7	18.8	19.9	21.3	17.2	0.1	5.3
Basic Materials	2	25.3	28.3	31.5	40.9	6.2	12.6
Communications	3	126.6	454.3	919.9	972.1	73.9	1032.1
Consumer Cyclical	4	60.9	57.7	40.9	51.6	0.8	24.4
Consumer Non-cyclical	6	49.8	53.4	57.9	65.1	8.1	13.7
Diversified	2	99.3	61.1	87.9	23.1	-11.4	38.0
Energy	2	117.8	151.5	109.7	140.0	-8.2	11.5
Industrial	1	43.1	—	42.5	—	-0.7	—
Technology	3	39.0	43.4	36.1	82.1	-2.3	38.8
Utilities	2	33.5	4.0	17.9	2.8	-15.6	1.3



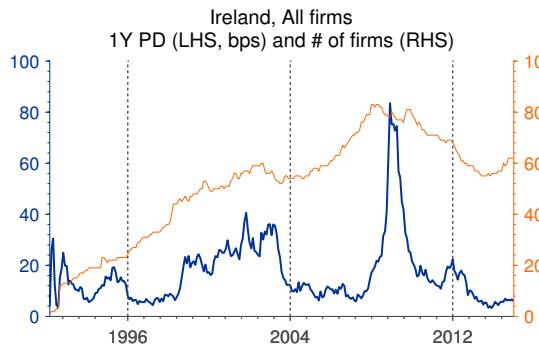
Iceland	2014Q3			2014Q4		Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Communications	1	3.6	—	2.2	—	-1.4	—
Consumer Cyclical	2	2.2	2.7	1.4	1.0	-0.8	1.7
Consumer Non-cyclical	2	0.7	0.8	0.8	1.1	0.2	0.3
Industrial	2	2.7	3.0	3.3	1.1	0.6	1.9



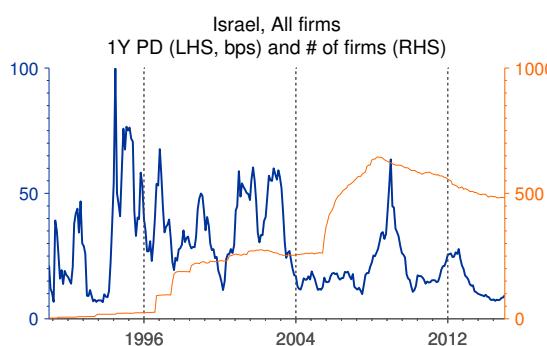
India	2014Q3			2014Q4		Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	454	6.8	95.2	6.7	113.0	0.0	80.9
Basic Materials	419	10.8	45.6	13.6	70.3	0.9	46.0
Communications	122	8.0	126.6	8.9	104.0	0.1	29.1
Consumer Cyclical	611	9.8	151.1	10.5	153.1	0.4	166.3
Consumer Non-cyclical	496	6.7	61.4	7.4	78.0	0.2	30.2
Diversified	30	21.5	20.2	21.6	31.0	0.3	24.4
Energy	55	17.6	36.4	24.0	47.4	2.4	25.7
Industrial	664	9.4	55.9	10.4	62.2	0.2	35.1
Technology	186	7.4	106.0	8.2	88.4	0.2	45.3
Utilities	38	34.9	100.3	31.0	103.5	-1.1	20.4



Indonesia	2014Q3			2014Q4		Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	111	17.4	34.5	15.1	36.1	-1.2	19.5
Basic Materials	42	22.0	54.6	20.8	46.2	-1.0	19.6
Communications	24	11.3	37.3	13.2	143.6	0.2	127.1
Consumer Cyclical	63	13.6	29.8	10.0	25.8	-1.7	14.2
Consumer Non-cyclical	70	7.2	39.3	5.2	33.1	-0.9	13.8
Diversified	2	22.3	27.2	20.5	25.1	-1.7	2.1
Energy	33	19.1	33.7	13.4	55.2	0.2	37.3
Industrial	53	10.0	15.5	8.0	15.7	-0.4	7.9
Technology	5	2.1	12.8	1.8	12.4	-0.6	0.6
Utilities	3	8.0	39.6	8.0	42.8	-0.0	3.6



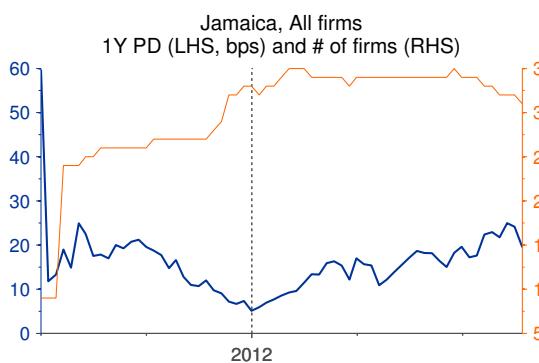
Ireland	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	11	3.6	14.1	4.9	28.5	-0.2	15.6
Basic Materials	10	42.4	22.8	44.8	98.2	11.3	90.8
Communications	3	10.0	24.4	12.7	22.0	0.1	3.1
Consumer Cyclical	3	0.3	3.7	0.4	1.5	-0.1	2.2
Consumer Non-cyclical	17	2.9	9.8	3.9	9.8	0.1	2.7
Energy	8	24.8	28.6	61.2	87.3	37.5	59.4
Industrial	6	2.9	9.9	2.2	10.1	-0.1	2.0
Technology	3	1.2	3.7	0.3	3.1	-0.9	0.7



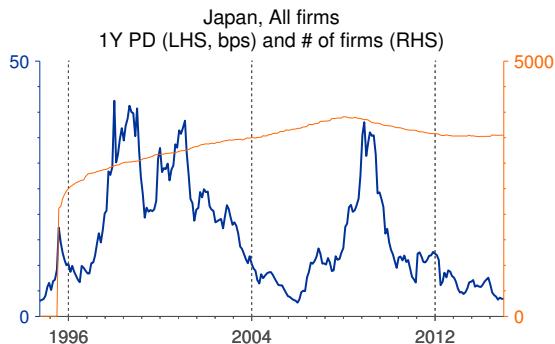
Israel	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	132	10.0	296.2	11.6	54.7	1.6	295.2
Basic Materials	14	5.2	37.3	3.9	122.1	0.6	85.8
Communications	36	9.7	190.0	12.0	102.8	0.4	164.5
Consumer Cyclical	45	5.9	21.3	8.3	32.4	0.5	17.1
Consumer Non-cyclical	94	7.8	57.9	9.1	60.9	0.5	72.1
Diversified	9	9.6	967.0	11.4	1078.0	7.0	111.3
Energy	30	2.2	44.4	6.2	322.2	1.7	318.9
Industrial	89	7.1	231.3	7.2	187.8	0.1	50.1
Technology	32	6.8	24.7	6.5	45.0	0.1	29.0



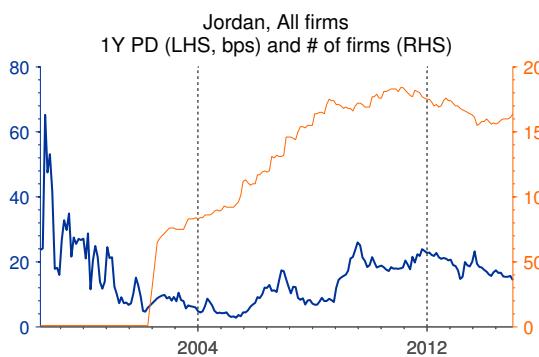
Italy	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	51	17.6	28.2	30.6	64.6	5.6	41.6
Basic Materials	5	15.0	98.4	26.2	628.8	6.7	530.7
Communications	29	17.6	19.1	18.7	22.5	3.6	11.2
Consumer Cyclical	46	9.7	22.9	8.6	38.2	0.3	19.2
Consumer Non-cyclical	30	9.1	19.2	8.6	31.5	0.2	16.7
Diversified	2	71.6	23.5	73.7	16.0	2.1	7.5
Energy	12	11.8	11.7	18.8	24.3	3.1	20.8
Industrial	46	8.0	13.8	10.2	23.1	1.2	12.4
Technology	14	10.8	23.1	14.3	34.7	3.4	13.7
Utilities	12	3.5	4.5	6.9	6.4	2.4	3.1



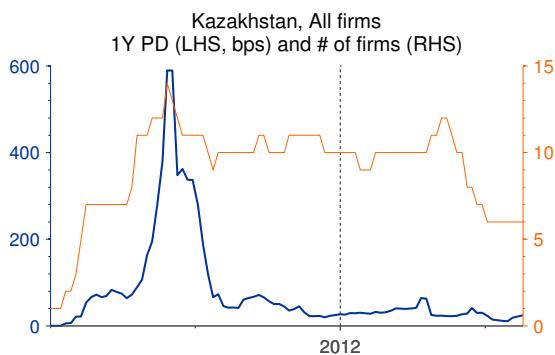
Jamaica	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	8	17.2	36.3	11.7	32.1	-2.7	7.0
Basic Materials	1	25.3	-	25.0	-	-0.3	-
Communications	3	43.7	136.7	52.6	91.3	-3.6	47.0
Consumer Cyclical	4	9.3	7.2	9.9	8.4	-2.5	5.5
Consumer Non-cyclical	9	35.0	17.5	28.9	25.0	-2.0	20.6
Diversified	2	14.6	9.2	12.6	9.4	-2.0	0.2
Industrial	4	52.6	79.1	62.5	82.7	-0.2	10.3



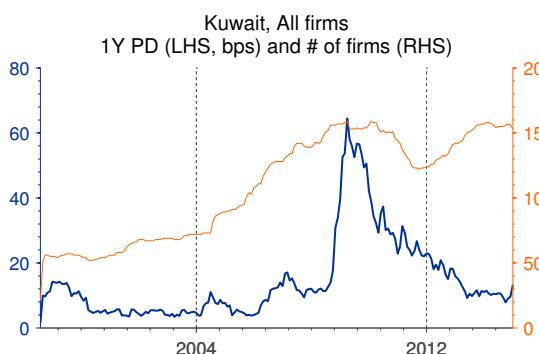
	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	321	11.4	26.5	10.1	27.0	-0.1	10.6	
Basic Materials	242	4.2	9.1	3.8	11.3	-0.0	7.2	
Communications	247	3.1	12.7	3.2	12.1	-0.0	7.2	
Consumer Cyclical	859	2.8	12.4	2.9	13.5	0.0	6.5	
Consumer Non-cyclical	592	1.4	13.5	1.2	18.7	0.0	11.2	
Diversified	2	14.6	8.8	7.1	1.0	-7.4	7.8	
Energy	16	8.8	45.7	9.8	57.8	1.1	13.9	
Industrial	967	4.2	12.7	4.5	16.2	0.2	8.2	
Technology	270	2.8	16.2	2.5	15.0	0.1	9.4	
Utilities	22	3.8	17.0	3.7	14.2	-0.8	3.3	



	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	80	15.2	24.5	15.2	30.5	0.1	12.0	
Basic Materials	16	18.5	27.9	16.4	23.6	-1.6	6.2	
Communications	3	19.7	123.0	26.2	136.9	6.5	14.1	
Consumer Cyclical	16	15.6	76.5	13.9	68.1	-0.0	17.8	
Consumer Non-cyclical	17	11.0	26.9	14.3	28.4	0.7	10.9	
Diversified	2	33.2	35.5	25.6	27.1	-7.6	8.4	
Energy	2	32.8	46.3	25.9	36.6	-6.9	9.7	
Industrial	22	16.0	34.0	15.2	35.9	-1.1	16.0	
Utilities	2	53.0	5.3	34.1	5.2	-18.9	0.2	



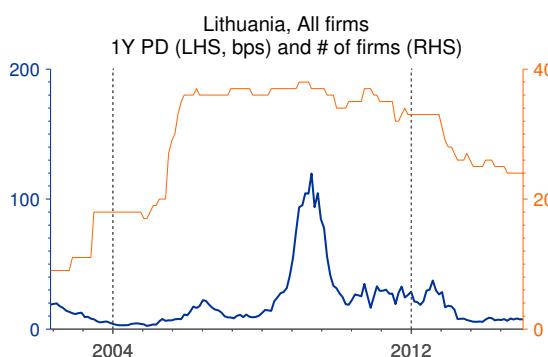
	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	3	111.3	68.5	135.8	71.0	14.7	21.0	
Communications	1	14.4	—	27.2	—	12.8	—	
Energy	2	1.9	1.1	5.7	4.8	3.8	3.7	



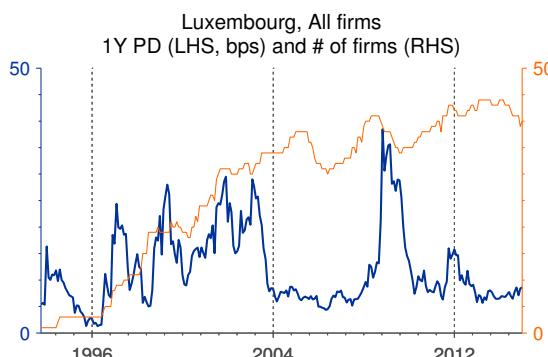
	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	79	8.7	29.4	16.3	30.7	3.5	11.2	
Basic Materials	4	1.4	1.0	3.3	3.7	2.0	3.5	
Communications	6	9.3	59.1	13.5	52.7	3.3	7.2	
Consumer Cyclical	15	8.2	27.9	9.5	36.1	3.6	21.4	
Consumer Non-cyclical	13	7.4	18.2	9.6	15.8	0.2	9.8	
Diversified	6	3.7	16.2	9.6	28.5	8.3	12.6	
Energy	5	10.0	25.5	16.4	33.6	4.1	10.4	
Industrial	23	8.8	16.3	12.9	21.7	1.7	8.7	
Technology	1	0.1	—	0.1	—	-0.0	—	



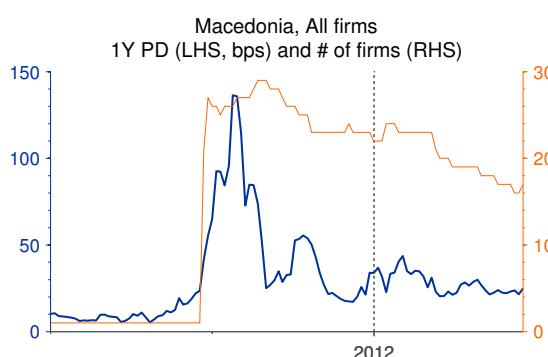
Latvia	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Communications	1	8.1	—	6.6	—	-1.5	—
Consumer Cyclical	2	48.4	26.7	65.0	35.1	16.6	8.4
Consumer Non-cyclical	6	20.9	50.0	27.8	159.2	4.2	110.6
Energy	1	18.8	—	17.4	—	-1.4	—
Industrial	5	77.0	42.0	67.0	57.8	-3.5	31.5
Utilities	1	2.0	—	3.6	—	1.5	—



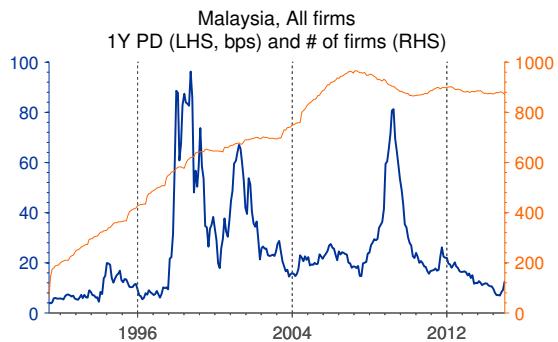
Lithuania	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	3	15.9	85.8	7.9	5.0	-1.2	86.8
Basic Materials	1	2.1	—	2.1	—	0.0	—
Communications	1	0.0	—	0.0	—	0.0	—
Consumer Cyclical	4	22.6	28.1	20.6	17.7	-1.7	13.4
Consumer Non-cyclical	7	5.0	11.7	5.1	21.6	0.8	10.0
Energy	1	0.4	—	0.6	—	0.2	—
Industrial	3	39.4	78.1	51.6	98.4	20.5	21.3
Utilities	4	6.3	8.7	6.5	10.1	0.2	1.4



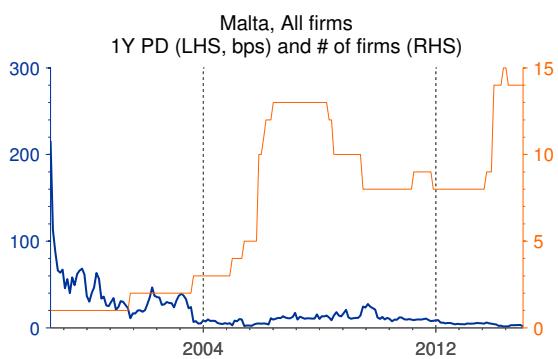
Luxembourg	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	13	5.6	41.6	6.0	51.5	-0.0	54.7
Basic Materials	5	13.2	9.7	11.9	16.5	4.6	9.3
Communications	5	3.5	17.3	2.7	11.2	0.1	9.8
Consumer Cyclical	1	22.3	—	29.9	—	7.5	—
Consumer Non-cyclical	8	4.3	41.2	8.6	126.9	1.9	86.1
Energy	1	45.8	—	32.7	—	-13.1	—
Industrial	4	7.4	8.2	7.9	7.0	0.2	1.3
Technology	2	10.1	11.3	7.5	6.7	-2.6	4.6



Macedonia	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	2	37.4	16.8	41.8	14.2	4.4	2.5
Basic Materials	3	33.2	34.6	32.5	39.5	-0.7	5.2
Communications	1	6.9	—	4.3	—	-2.6	—
Consumer Cyclical	2	17.3	24.4	15.0	21.1	-2.3	3.3
Consumer Non-cyclical	4	9.1	13.5	7.3	20.1	0.4	8.8
Industrial	2	79.4	86.4	91.1	110.0	11.7	23.6
Utilities	1	58.0	—	61.5	—	3.5	—



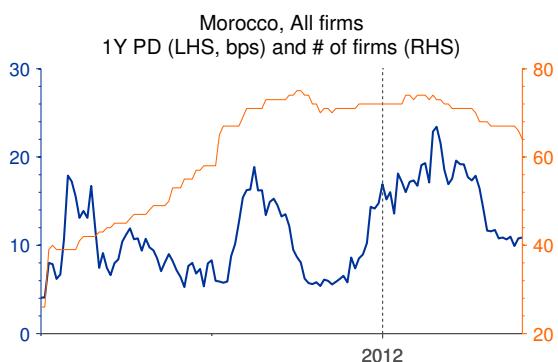
	Malaysia	2014Q3			2014Q4			Q4-Q3	
		#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	Median
Financials	132	5.0	27.5	8.7	40.0	2.9	21.5		
Basic Materials	62	13.9	177.2	26.9	513.1	9.5	337.4		
Communications	36	4.1	34.5	10.5	51.0	2.7	23.8		
Consumer Cyclical	116	6.7	24.3	11.0	34.9	3.3	14.7		
Consumer Non-cyclical	144	2.6	44.1	4.2	54.8	0.6	19.9		
Diversified	22	8.4	78.1	11.5	131.8	4.4	54.2		
Energy	26	5.5	15.6	28.3	46.7	18.6	34.7		
Industrial	269	9.7	28.8	15.9	45.0	5.7	21.0		
Technology	56	6.5	25.1	12.4	34.7	2.8	13.9		
Utilities	5	4.3	4.4	6.1	14.4	1.8	12.6		



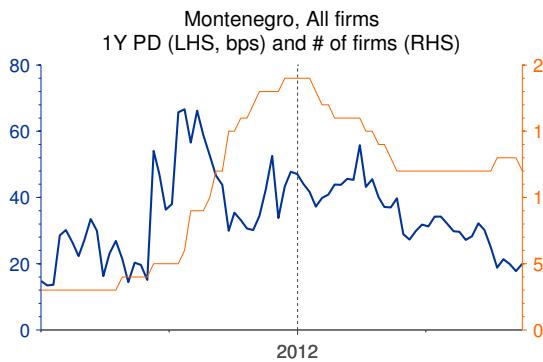
	Malta	2014Q3			2014Q4			Q4-Q3	
		#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	Median
Financials	6	3.4	2.5	3.6	4.1	0.1	2.8		
Communications	1	0.2	—	0.3	—	0.2	—		
Consumer Cyclical	3	17.6	17.4	23.3	27.6	-0.3	25.9		
Consumer Non-cyclical	2	0.1	0.0	0.1	0.0	0.0	0.0		
Industrial	1	0.1	—	0.1	—	0.0	—		



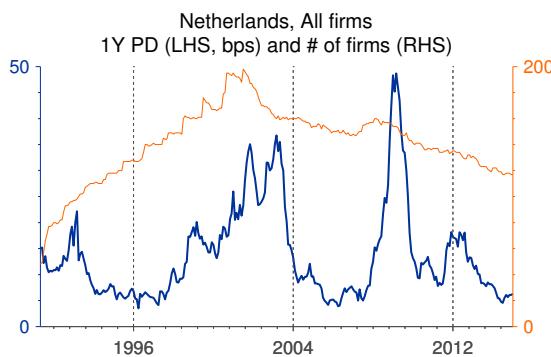
	Mexico	2014Q3			2014Q4			Q4-Q3	
		#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	Median
Financials	21	6.9	23.9	8.6	28.3	0.1	7.2		
Basic Materials	12	4.1	39.8	6.6	50.7	0.3	11.5		
Communications	7	15.2	21.3	13.9	26.2	-0.1	8.3		
Consumer Cyclical	19	6.7	28.3	6.3	27.1	0.0	9.5		
Consumer Non-cyclical	17	1.5	3.3	1.5	6.1	0.0	3.9		
Diversified	5	2.4	4.2	3.9	7.3	-0.1	4.8		
Industrial	13	0.8	35.8	1.9	53.2	0.0	17.6		
Utilities	1	0.2	—	0.7	—	0.4	—		



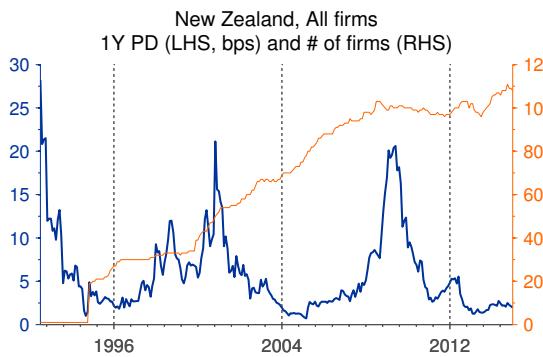
	Morocco	2014Q3			2014Q4			Q4-Q3	
		#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	Median
Financials	15	15.1	28.6	13.0	23.9	-1.1	7.5		
Basic Materials	10	8.7	10.0	8.7	18.9	0.6	11.0		
Communications	1	0.1	—	0.1	—	-0.0	—		
Consumer Cyclical	7	12.1	10.0	12.8	9.6	0.8	0.8		
Consumer Non-cyclical	11	2.5	38.4	5.9	36.5	0.1	2.3		
Energy	1	73.2	—	160.2	—	87.0	—		
Industrial	12	11.0	18.2	11.7	18.5	0.2	8.4		
Technology	5	11.0	16.7	13.5	14.4	1.5	7.1		
Utilities	2	16.8	18.6	19.0	20.7	2.2	2.1		



Montenegro	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Communications	1	1.4	—	1.0	—	-0.3	—	
Consumer Cyclical	4	15.6	8.1	10.0	7.9	-5.3	9.9	
Consumer Non-cyclical	4	27.5	10.4	23.7	7.4	-1.4	6.4	
Energy	1	23.4	—	19.3	—	-4.0	—	
Utilities	2	18.5	13.6	16.3	14.9	-2.1	1.3	



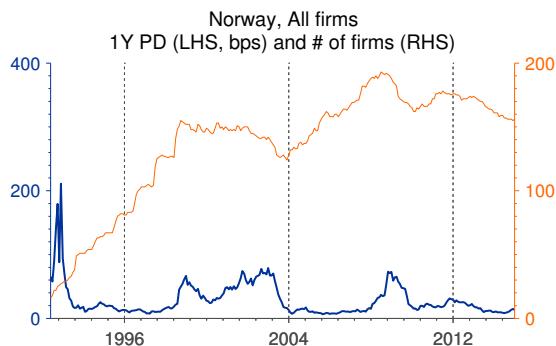
Netherlands	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	19	7.9	71.3	14.3	77.0	0.3	30.3	
Basic Materials	7	5.3	21.8	5.4	18.0	-1.3	4.1	
Communications	9	12.6	23.8	18.1	75.6	0.0	53.4	
Consumer Cyclical	12	8.5	12.6	10.3	21.7	1.0	14.9	
Consumer Non-cyclical	23	4.7	43.2	3.5	137.4	0.1	96.1	
Energy	7	1.3	20.7	1.5	27.1	0.7	9.6	
Industrial	24	6.6	19.2	10.6	24.9	0.8	14.8	
Technology	15	3.4	49.4	2.0	59.3	-0.1	42.6	



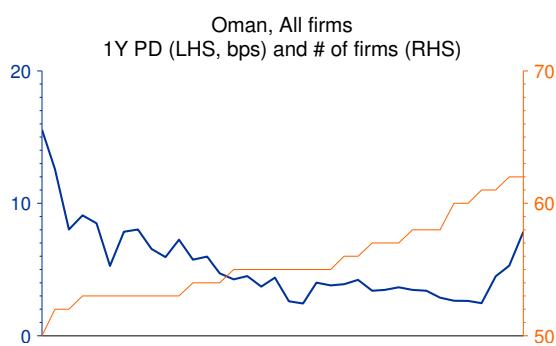
New Zealand	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	17	0.3	20.1	0.1	32.1	-0.0	17.5	
Basic Materials	3	30.2	18.1	28.2	19.8	0.5	4.0	
Communications	7	16.3	23.6	6.6	21.4	-5.9	6.7	
Consumer Cyclical	19	2.7	17.4	3.0	39.7	0.1	30.3	
Consumer Non-cyclical	30	3.1	22.8	3.1	21.8	-0.0	4.1	
Diversified	2	31.4	39.9	20.4	26.2	-11.0	13.7	
Energy	4	2.4	23.4	1.0	26.2	0.1	3.3	
Industrial	13	1.5	27.2	1.1	87.0	0.0	65.0	
Technology	5	2.8	13.1	4.5	18.3	1.4	5.2	
Utilities	7	0.7	1.0	0.8	1.3	0.0	0.6	



Nigeria	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	48	13.6	53.6	26.9	70.6	7.1	40.2	
Basic Materials	11	6.8	17.1	9.4	29.1	2.7	14.8	
Communications	5	5.1	26.9	24.9	28.4	9.6	9.6	
Consumer Cyclical	13	21.0	68.5	37.7	110.1	17.7	46.6	
Consumer Non-cyclical	32	9.3	29.6	24.1	53.8	8.1	31.3	
Energy	8	17.5	43.3	43.9	106.8	26.0	72.9	
Industrial	17	19.6	108.4	42.5	203.7	22.6	96.0	
Technology	2	13.4	18.8	17.6	24.4	4.2	5.5	



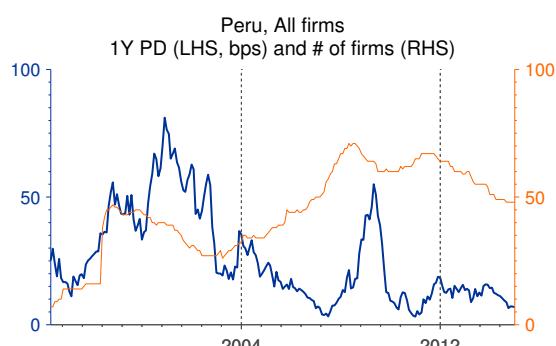
Norway	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	34	15.3	13.3	15.4	11.3	0.7	8.3	
Basic Materials	6	4.6	25.5	2.4	25.5	-0.4	2.8	
Communications	8	5.2	13.9	3.9	28.6	-0.1	16.2	
Consumer Cyclical	3	6.7	6.9	10.6	6.1	-1.0	5.1	
Consumer Non-cyclical	22	5.2	81.2	5.6	758.0	0.3	677.2	
Diversified	1	13.0	—	22.9	—	9.9	—	
Energy	24	13.7	54.1	20.7	600.3	7.0	566.3	
Industrial	45	13.8	46.2	22.6	34.4	4.9	31.6	
Technology	8	12.1	8.8	13.4	11.7	0.0	5.5	
Utilities	2	3.4	3.0	4.1	4.1	0.7	1.1	



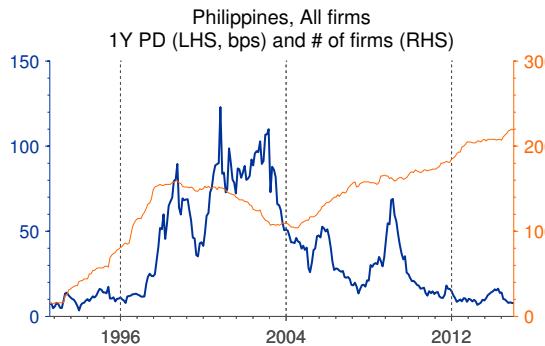
Oman	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	25	5.5	20.2	14.5	20.8	6.3	12.8	
Basic Materials	4	1.5	1.6	6.1	4.9	3.7	4.5	
Communications	2	0.1	0.1	0.9	1.2	0.8	1.0	
Consumer Cyclical	1	5.6	—	5.8	—	0.2	—	
Consumer Non-cyclical	8	0.8	44.1	3.3	33.4	0.3	13.3	
Diversified	1	0.0	—	2.5	—	2.5	—	
Energy	5	0.6	25.1	0.7	49.1	0.3	25.0	
Industrial	10	0.8	5.1	5.2	16.0	3.5	11.3	
Utilities	5	1.2	52.4	2.4	54.6	1.5	3.3	



Pakistan	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	60	34.9	55.2	31.0	43.0	-0.5	23.1	
Basic Materials	23	7.3	72.2	4.8	74.8	-0.2	7.1	
Communications	5	22.2	75.8	32.1	68.4	0.5	9.6	
Consumer Cyclical	50	23.5	90.3	25.2	90.9	0.0	25.6	
Consumer Non-cyclical	35	3.2	73.9	2.8	67.2	-0.5	9.4	
Energy	10	14.9	88.8	24.0	107.1	7.6	19.7	
Industrial	34	11.2	29.6	8.3	31.5	-1.2	8.0	
Technology	1	17.8	—	17.4	—	-0.4	—	
Utilities	10	22.5	194.0	16.8	141.7	-12.1	60.7	



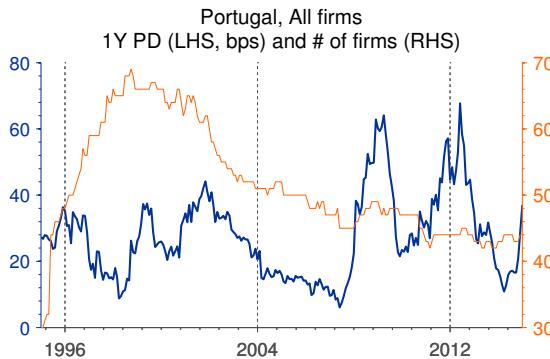
Peru	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	9	6.4	16.8	8.2	17.5	0.8	6.1	
Basic Materials	12	10.9	28.0	5.5	92.3	0.1	68.3	
Communications	2	6.0	1.7	4.6	0.3	-1.4	1.4	
Consumer Cyclical	3	5.3	46.8	4.9	58.7	0.1	11.9	
Consumer Non-cyclical	10	13.2	79.9	16.9	77.5	0.1	12.1	
Diversified	3	13.4	6.2	6.9	6.0	-1.1	3.5	
Energy	2	902.6	1019.7	1372.5	1559.3	469.9	539.6	
Industrial	2	5.6	1.4	6.6	2.7	1.1	1.3	
Utilities	5	0.4	2.3	0.6	10.1	0.0	7.8	



Philippines	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	71	9.9	26.1	12.5	26.6	0.0	10.9	
Basic Materials	24	8.8	38.0	5.7	41.5	0.0	11.3	
Communications	13	2.5	42.1	2.1	44.4	-0.2	6.3	
Consumer Cyclical	26	10.6	24.6	6.7	17.8	-0.6	17.5	
Consumer Non-cyclical	31	7.6	39.3	8.0	45.6	-0.0	16.3	
Diversified	15	1.7	52.5	3.7	81.0	0.0	40.4	
Energy	12	5.6	6.0	5.6	26.2	0.0	24.8	
Industrial	11	7.8	82.4	16.6	72.2	0.5	12.5	
Technology	2	2.1	0.2	2.2	1.7	0.1	1.9	
Utilities	12	4.5	4.3	5.0	6.1	-0.3	3.1	



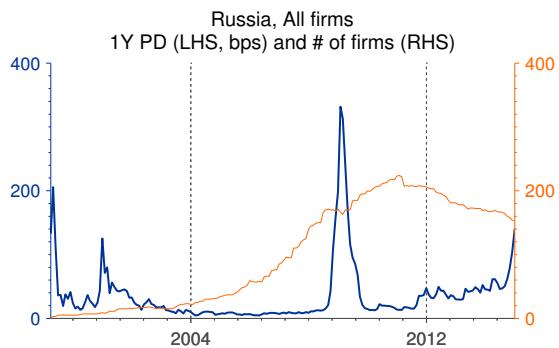
Poland	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	86	31.5	117.6	35.4	159.8	4.4	87.4	
Basic Materials	23	15.6	14.8	15.1	14.4	-0.8	8.2	
Communications	44	29.6	243.3	29.5	89.1	-0.0	202.7	
Consumer Cyclical	62	26.9	75.4	31.8	207.8	1.6	158.1	
Consumer Non-cyclical	63	24.5	87.6	21.7	216.2	-0.2	153.4	
Energy	16	24.3	72.6	42.0	222.1	2.1	222.1	
Industrial	124	24.9	90.6	28.4	77.0	2.6	65.4	
Technology	42	18.3	120.8	24.7	96.8	3.1	105.0	
Utilities	12	8.4	106.1	13.5	182.8	4.6	78.5	



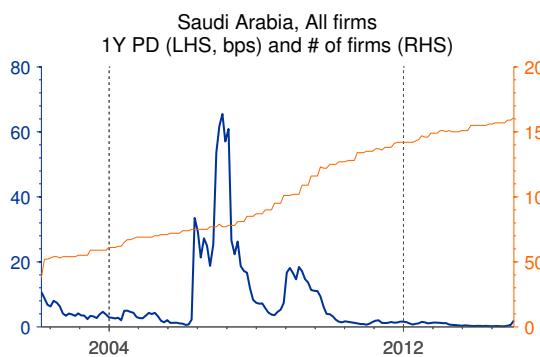
Portugal	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	4	19.4	15.2	42.4	20.7	21.3	14.3	
Basic Materials	6	5.9	17.5	7.1	28.3	0.4	10.9	
Communications	7	16.4	12.4	35.4	20.5	20.0	20.1	
Consumer Cyclical	6	64.2	36.6	91.8	39.9	24.3	16.8	
Consumer Non-cyclical	5	5.6	49.3	6.4	85.6	-0.4	36.4	
Diversified	2	72.4	60.4	160.9	169.0	88.5	108.6	
Energy	1	2.7	—	8.4	—	5.7	—	
Industrial	7	36.5	55.7	45.9	51.2	13.9	25.0	
Technology	3	34.2	39.3	63.1	43.2	9.7	15.2	
Utilities	2	3.1	1.8	4.5	2.0	1.3	0.2	



Romania	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	7	7.8	10.3	7.5	11.1	-0.3	2.2	
Basic Materials	8	21.6	16.4	19.9	26.6	-1.4	13.3	
Communications	1	7.0	—	13.9	—	6.9	—	
Consumer Cyclical	9	8.5	8.4	6.6	6.1	-1.9	2.8	
Consumer Non-cyclical	10	8.6	64.3	7.8	37.9	-0.9	26.7	
Energy	11	8.0	38.6	9.0	28.6	0.0	15.3	
Industrial	21	18.9	17.1	16.5	15.2	-3.4	10.6	
Utilities	3	2.4	15.7	2.1	11.6	-0.3	4.1	



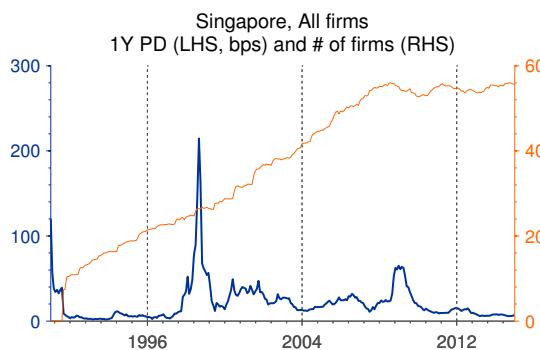
Russia	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	16	80.8	48.0	218.7	203.8	135.2	182.2	
Basic Materials	21	26.7	124.3	42.9	183.3	19.1	82.6	
Communications	10	27.0	94.4	73.8	240.0	54.1	152.4	
Consumer Cyclical	12	105.9	47.9	230.5	166.4	143.8	148.6	
Consumer Non-cyclical	20	49.1	55.1	99.1	170.8	68.8	146.4	
Diversified	1	239.9	—	200.4	—	-39.6	—	
Energy	18	21.4	63.2	68.0	221.3	37.5	188.6	
Industrial	12	99.6	317.2	248.5	351.9	89.4	349.9	
Technology	1	636.1	—	2751.7	—	2115.6	—	
Utilities	41	99.8	77.6	187.5	202.9	121.9	153.7	



Saudi Arabia	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	56	0.2	3.7	1.9	6.3	1.1	4.1	
Basic Materials	18	0.8	2.1	5.9	10.6	5.3	8.6	
Communications	7	1.6	9.1	13.2	16.5	10.0	11.5	
Consumer Cyclical	15	0.1	0.8	1.4	4.0	0.7	3.5	
Consumer Non-cyclical	24	0.2	0.7	1.4	4.2	1.1	3.6	
Diversified	3	0.9	1.5	8.6	5.9	7.6	4.4	
Energy	2	0.9	0.3	4.4	2.6	3.6	2.9	
Industrial	30	0.0	1.2	0.5	8.7	0.4	7.6	
Utilities	2	31.4	44.3	37.6	52.9	6.2	8.6	



Serbia	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	6	44.6	45.7	64.8	103.1	20.1	65.8	
Basic Materials	3	11.4	40.4	12.9	41.7	1.6	1.3	
Communications	1	119.8	—	57.3	—	-62.5	—	
Consumer Cyclical	2	12.0	10.5	17.4	15.2	5.3	4.7	
Consumer Non-cyclical	10	13.5	18.2	12.7	15.5	0.7	5.1	
Diversified	2	34.6	37.9	30.0	28.0	-4.6	9.9	
Energy	1	6.3	—	7.1	—	0.8	—	
Industrial	7	26.9	57.9	33.7	86.1	6.1	29.0	



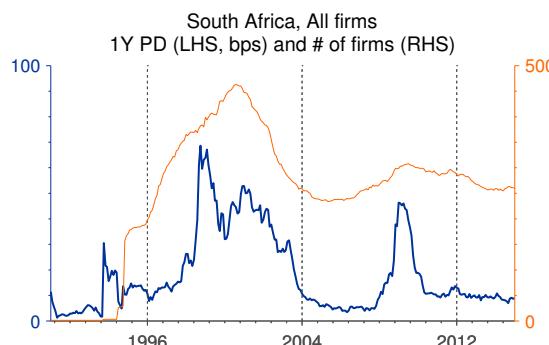
Singapore	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	94	0.6	73.4	0.9	142.1	0.0	74.7	
Basic Materials	32	19.0	68.5	30.1	99.8	4.3	36.1	
Communications	25	6.4	113.6	10.5	135.9	0.2	25.9	
Consumer Cyclical	76	5.2	17.9	4.8	33.9	0.4	22.4	
Consumer Non-cyclical	73	3.5	41.3	6.1	68.3	1.6	43.2	
Diversified	13	2.9	37.3	4.8	37.6	0.0	13.6	
Energy	30	7.6	36.9	18.0	57.4	8.0	31.3	
Industrial	181	9.5	60.6	12.0	91.3	1.6	68.6	
Technology	26	10.6	38.2	11.0	63.7	1.1	27.6	
Utilities	2	0.5	0.5	0.4	0.4	-0.1	0.1	



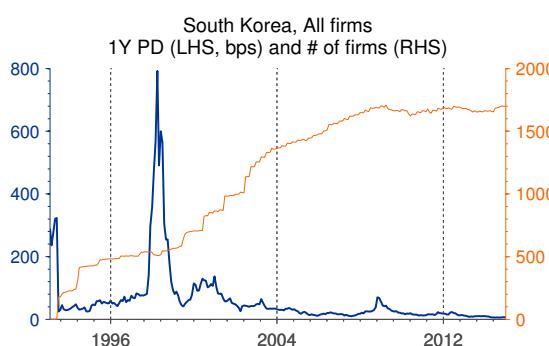
Slovakia	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	1	17.8	—	20.7	—	3.0	—
Basic Materials	1	40.3	—	22.8	—	-17.5	—
Consumer Cyclical	2	18.7	26.5	12.1	17.2	-6.6	9.3
Consumer Non-cyclical	2	26.2	20.9	13.9	6.0	-12.3	14.9
Energy	1	25.6	—	15.6	—	-10.0	—
Industrial	1	92.8	—	411.0	—	318.3	—
Technology	1	8.3	—	6.8	—	-1.5	—



Slovenia	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	3	16.9	19.1	16.3	17.6	-0.6	1.6
Basic Materials	2	3.8	4.2	8.6	9.2	4.7	5.0
Communications	1	42.7	—	5.5	—	-37.2	—
Consumer Cyclical	5	12.9	143.4	17.5	178.6	10.2	35.3
Consumer Non-cyclical	6	3.9	8.8	4.9	7.1	1.0	2.7
Diversified	1	56.9	—	289.7	—	232.8	—
Energy	1	2.4	—	3.3	—	0.9	—
Industrial	5	9.0	6.6	19.4	15.5	10.8	10.2



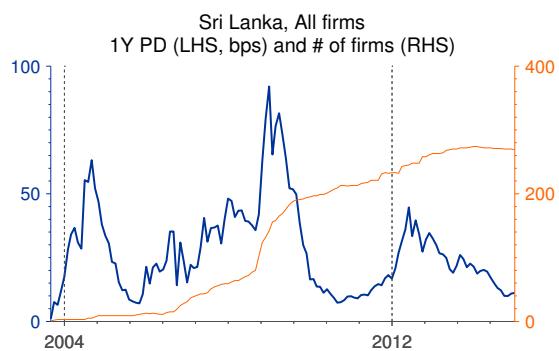
South Africa	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	63	9.6	43.5	8.8	29.6	-0.6	17.9
Basic Materials	39	15.9	115.0	18.0	127.9	1.5	42.2
Communications	11	2.4	57.8	2.0	74.0	0.1	19.8
Consumer Cyclical	31	1.6	17.3	1.8	20.1	0.0	4.7
Consumer Non-cyclical	33	3.0	138.6	3.6	182.4	-0.2	71.7
Diversified	9	10.2	29.0	10.6	45.4	1.6	17.8
Energy	6	18.9	21.3	16.0	17.0	2.0	13.2
Industrial	51	16.2	63.8	13.3	73.5	0.3	28.8
Technology	14	4.8	85.1	7.5	54.7	-0.3	33.0



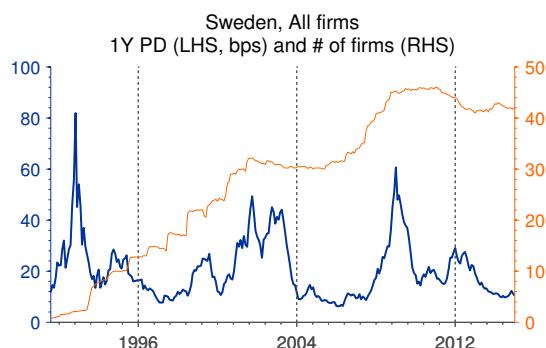
South Korea	2014Q3		2014Q4		Q4-Q3		
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.
Financials	96	10.1	31.5	10.7	37.3	0.1	12.4
Basic Materials	181	5.2	28.3	5.7	45.9	0.4	24.2
Communications	180	4.6	34.5	5.1	24.6	0.2	22.1
Consumer Cyclical	268	5.3	51.3	8.1	64.2	1.1	28.1
Consumer Non-cyclical	246	2.2	12.4	3.3	11.3	0.5	8.5
Diversified	14	5.1	28.7	4.3	99.5	1.6	71.6
Energy	12	11.1	10.1	16.7	14.3	0.2	9.3
Industrial	471	8.4	37.2	8.8	54.7	0.5	34.2
Technology	204	5.6	45.2	6.2	29.8	-0.0	21.2
Utilities	17	4.9	9.8	10.6	11.7	1.3	4.9



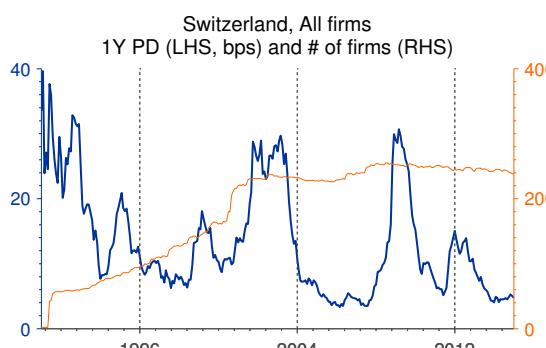
Spain	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	24	15.7	19.0	25.9	31.2	9.7	14.9	
Basic Materials	7	3.0	3.9	5.1	6.5	2.2	3.6	
Communications	10	12.2	42.2	18.3	81.1	1.7	42.6	
Consumer Cyclical	9	9.3	75.3	8.7	115.0	0.1	42.0	
Consumer Non-cyclical	27	4.9	27.1	4.6	41.0	0.3	20.4	
Energy	3	13.0	13.5	9.8	28.3	1.5	16.2	
Industrial	26	10.2	35.5	15.0	45.2	3.8	23.8	
Technology	3	4.4	3.7	5.5	8.4	1.1	4.9	
Utilities	7	0.8	3.6	1.3	10.0	0.5	9.6	



Sri Lanka	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	86	17.8	63.9	22.5	49.1	1.8	31.5	
Basic Materials	13	8.9	15.9	8.7	18.2	-0.2	7.2	
Communications	4	2.4	2.4	2.7	2.7	0.3	0.3	
Consumer Cyclical	61	6.2	48.7	8.0	43.0	0.4	15.0	
Consumer Non-cyclical	55	7.7	17.2	10.4	17.8	0.7	5.0	
Diversified	16	10.1	29.3	11.7	21.7	0.5	9.7	
Energy	3	2.4	1.5	0.9	7.6	0.0	6.7	
Industrial	23	11.1	28.7	9.4	29.4	0.4	9.8	
Technology	3	2.1	592.6	5.0	977.0	2.9	384.5	
Utilities	5	1.7	4.5	2.0	3.8	-0.1	2.0	



Sweden	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	55	4.3	33.3	5.2	43.0	-0.0	20.8	
Basic Materials	25	24.4	57.5	24.4	82.4	1.2	63.6	
Communications	41	17.6	68.5	16.6	89.4	0.8	41.9	
Consumer Cyclical	49	8.0	31.2	7.0	26.4	-0.3	13.1	
Consumer Non-cyclical	105	9.3	41.6	11.1	165.2	1.1	143.6	
Diversified	7	5.8	46.3	8.8	56.7	3.0	11.1	
Energy	14	17.0	76.9	26.3	314.2	6.4	238.6	
Industrial	82	12.0	41.1	10.3	83.7	0.3	59.6	
Technology	35	9.4	77.8	9.5	87.7	0.4	69.8	
Utilities	1	19.9	—	16.1	—	-3.8	—	



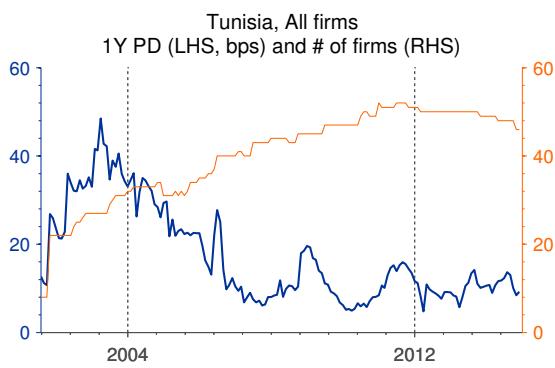
Switzerland	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	64	7.8	53.1	6.9	131.2	-0.2	89.9	
Basic Materials	16	3.5	15.4	3.7	45.5	0.6	31.6	
Communications	13	3.6	75.5	3.9	154.5	0.2	79.3	
Consumer Cyclical	19	8.1	25.8	8.3	11.0	-0.0	17.2	
Consumer Non-cyclical	38	2.0	136.8	2.3	47.4	-0.0	94.0	
Diversified	4	12.0	24.1	13.9	19.6	-0.4	6.5	
Energy	5	60.4	63.6	42.0	137.3	23.8	108.3	
Industrial	61	2.6	10.9	3.0	15.0	0.0	7.2	
Technology	11	4.8	26.6	7.7	25.5	0.8	12.7	
Utilities	6	5.8	13.9	7.6	20.5	0.2	7.6	



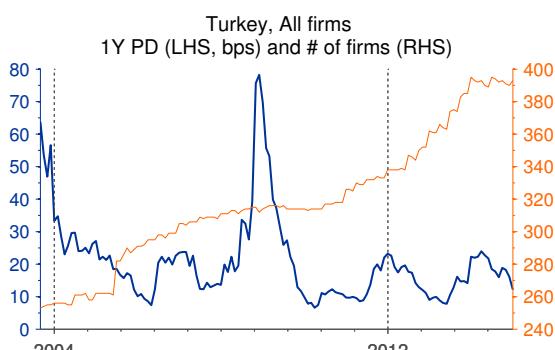
	Taiwan	2014Q3		2014Q4		Q4-Q3	
		#	Median	St.Dev.	Median	St.Dev.	Median
Financials	82	2.1	22.1	1.9	21.3	0.0	3.5
Basic Materials	74	0.6	5.1	0.5	4.6	0.0	1.8
Communications	38	1.1	10.3	1.0	9.9	-0.0	1.4
Consumer Cyclical	141	0.8	7.4	0.7	10.0	-0.0	3.8
Consumer Non-cyclical	57	0.3	3.0	0.2	3.6	0.0	1.4
Diversified	1	0.0	—	0.0	—	-0.0	—
Energy	5	3.8	2.2	3.9	2.5	0.2	0.9
Industrial	295	1.0	15.7	1.2	4.1	0.1	13.8
Technology	149	0.9	7.6	0.9	8.2	0.0	3.2
Utilities	5	0.0	0.0	0.0	0.1	0.0	0.0



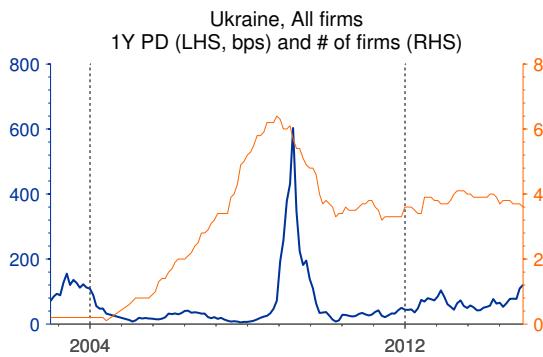
	Thailand	2014Q3		2014Q4		Q4-Q3	
		#	Median	St.Dev.	Median	St.Dev.	Median
Financials	95	10.2	17.6	11.8	20.4	0.9	8.6
Basic Materials	52	4.3	27.4	3.7	32.7	0.7	25.4
Communications	38	4.4	12.7	4.2	10.6	0.1	7.1
Consumer Cyclical	122	4.2	13.4	4.3	12.0	0.2	6.1
Consumer Non-cyclical	74	1.8	11.6	1.8	12.0	0.0	4.8
Diversified	2	0.6	0.7	0.5	0.2	-0.1	0.5
Energy	18	3.9	28.1	5.1	22.2	0.5	16.3
Industrial	101	3.8	52.0	6.2	15.8	0.3	46.3
Technology	12	5.3	39.0	3.8	23.0	0.5	16.7
Utilities	8	1.4	4.1	2.0	4.6	-0.0	0.9



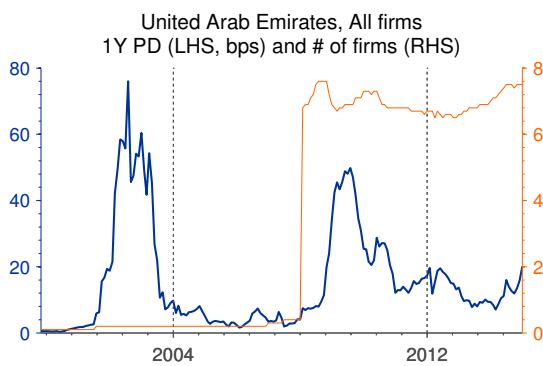
	Tunisia	2014Q3		2014Q4		Q4-Q3	
		#	Median	St.Dev.	Median	St.Dev.	Median



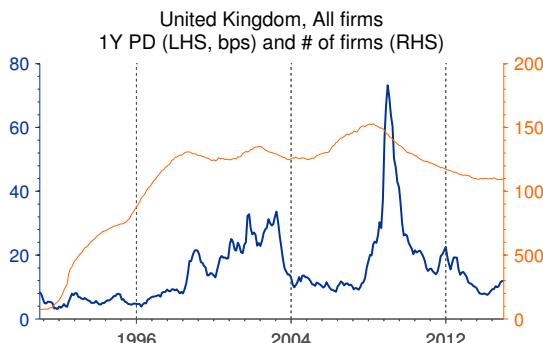
	Turkey	2014Q3		2014Q4		Q4-Q3	
		#	Median	St.Dev.	Median	St.Dev.	Median
Financials	99	22.2	38.0	16.7	35.0	-3.1	13.8
Basic Materials	34	10.0	27.5	8.6	21.4	-3.0	9.2
Communications	13	28.6	39.3	14.2	27.7	-10.2	12.8
Consumer Cyclical	95	22.1	47.3	14.4	34.7	-6.4	24.3
Consumer Non-cyclical	55	16.8	57.7	17.2	37.3	-2.7	33.2
Diversified	12	29.9	35.0	26.8	43.0	-2.4	11.8
Energy	4	9.5	14.9	4.4	12.9	-3.7	3.7
Industrial	66	11.0	54.0	6.6	49.1	-2.9	41.2
Technology	4	9.2	6.7	7.9	6.7	-0.3	1.0
Utilities	8	20.7	24.3	14.9	12.1	-6.9	13.6



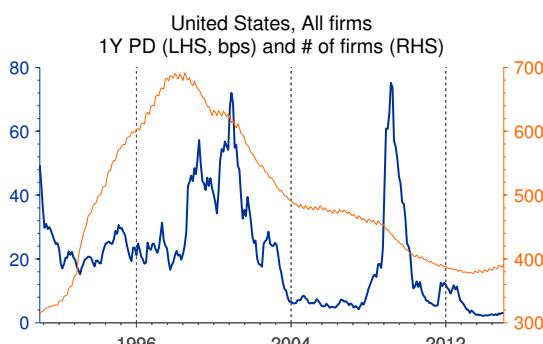
Ukraine	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	2	161.6	7.4	193.4	108.3	31.9	115.7	
Basic Materials	5	223.1	188.3	313.3	324.7	90.2	151.3	
Communications	1	59.5	—	117.8	—	58.3	—	
Consumer Cyclical	3	214.4	99.3	198.4	307.1	33.2	244.2	
Consumer Non-cyclical	7	44.0	50.0	104.2	116.8	15.3	126.1	
Diversified	1	45.7	—	123.2	—	77.5	—	
Energy	5	180.8	143.5	271.6	232.9	90.8	103.4	
Industrial	8	68.9	164.5	105.2	277.4	15.9	119.1	
Utilities	4	58.8	58.3	63.4	50.7	0.7	15.9	



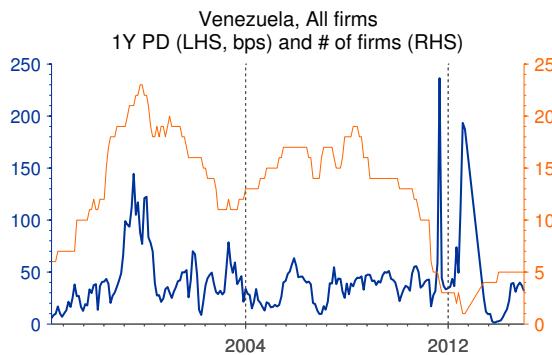
United Arab Emirates	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	38	11.2	14.0	20.6	19.5	9.0	10.6	
Communications	2	0.3	0.1	3.5	2.8	3.2	2.9	
Consumer Cyclical	2	15.1	13.1	13.7	12.4	-1.4	0.7	
Consumer Non-cyclical	11	18.3	19.7	20.1	18.6	0.4	9.4	
Energy	4	9.4	35.5	21.4	91.8	12.0	56.3	
Industrial	16	18.2	87.8	18.9	82.1	8.9	19.2	
Utilities	1	33.1	—	97.3	—	64.2	—	



United Kingdom	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	182	10.5	38.0	9.4	59.8	0.1	43.1	
Basic Materials	98	16.0	80.2	23.9	110.4	3.2	46.8	
Communications	93	13.8	50.9	13.5	133.6	0.0	112.4	
Consumer Cyclical	132	8.8	38.4	8.4	32.3	-0.1	34.8	
Consumer Non-cyclical	204	8.0	27.5	8.5	34.4	0.3	19.6	
Diversified	6	8.3	6.3	18.1	33.9	9.8	28.3	
Energy	95	15.7	68.1	30.1	169.8	10.7	111.5	
Industrial	166	10.0	32.5	11.7	46.7	0.6	23.6	
Technology	84	11.5	28.4	10.3	48.9	0.1	30.4	
Utilities	11	1.8	25.2	3.0	28.5	0.6	5.4	



United States	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	905	5.3	78.3	4.1	114.5	-0.3	100.8	
Basic Materials	142	1.3	51.2	2.4	139.3	0.2	119.9	
Communications	305	4.5	53.5	4.0	133.0	-0.1	109.8	
Consumer Cyclical	452	1.9	82.2	1.5	423.7	-0.0	373.9	
Consumer Non-cyclical	807	3.7	247.9	3.5	274.2	-0.0	90.2	
Diversified	9	11.6	133.0	14.8	207.6	1.4	76.9	
Energy	302	3.5	208.8	21.8	584.7	10.0	449.5	
Industrial	486	1.4	40.3	1.5	95.4	0.0	72.0	
Technology	343	1.6	26.4	1.6	35.1	-0.0	23.1	
Utilities	92	0.1	20.3	0.1	32.0	-0.0	25.7	



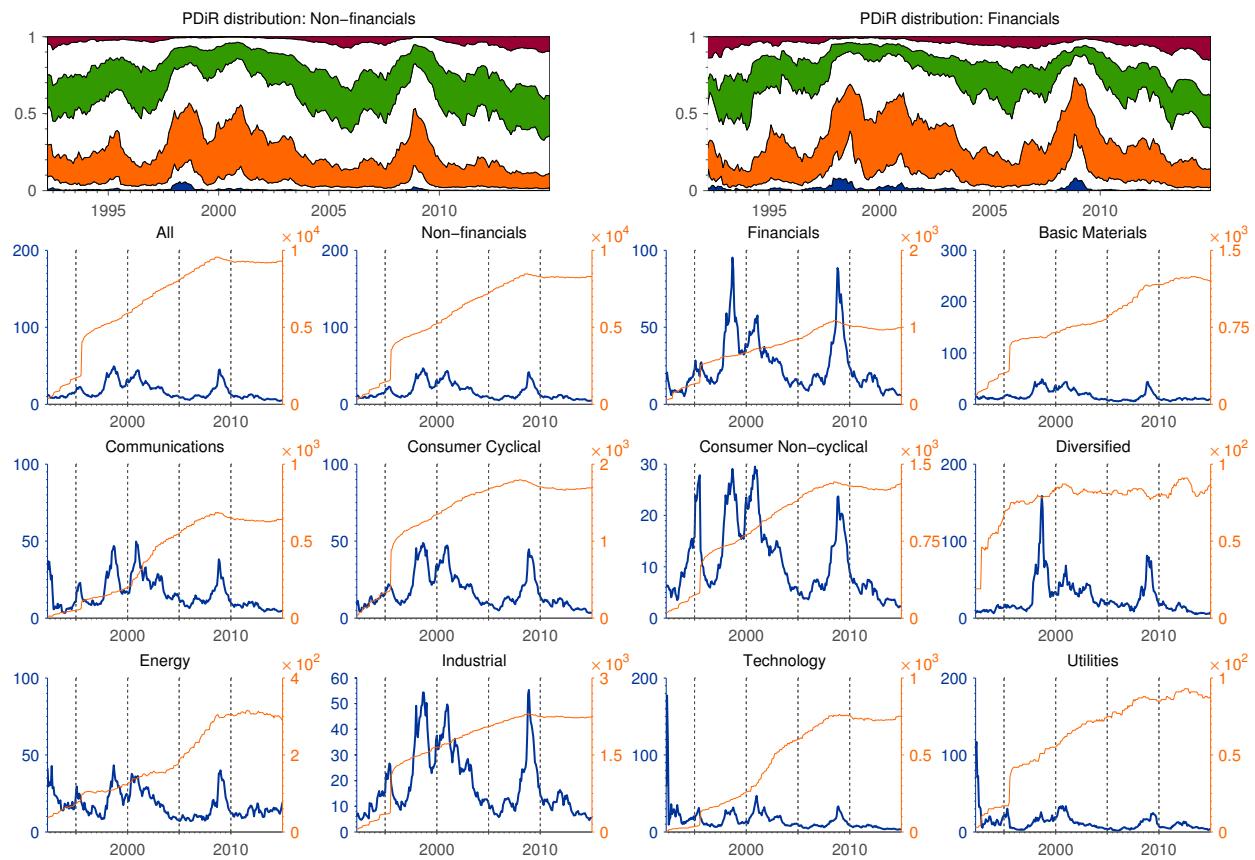
Venezuela	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	5	36.8	32.7	31.6	33.2	-2.4	14.1	



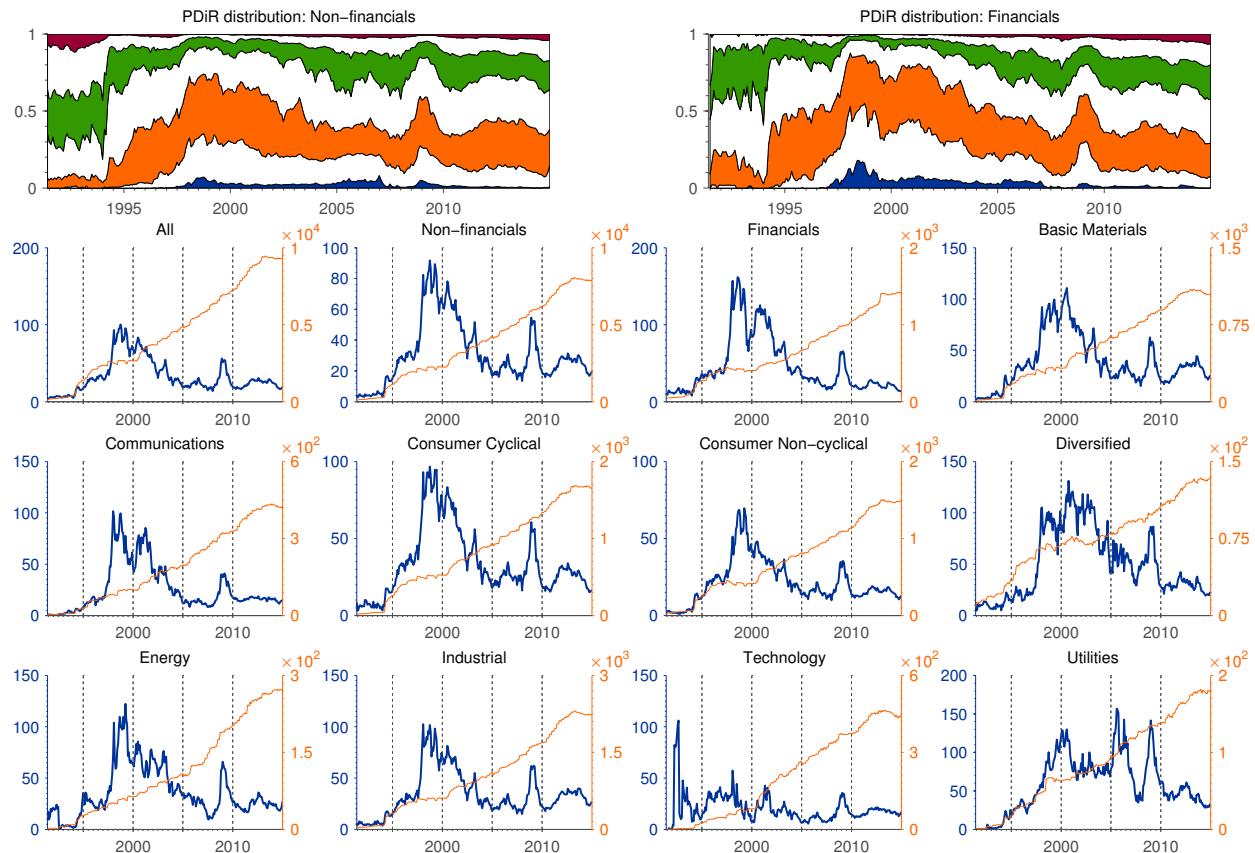
Vietnam	2014Q3			2014Q4			Q4-Q3	
	#	Median	St.Dev.	Median	St.Dev.	Median	St.Dev.	
Financials	78	15.9	37.9	20.1	41.5	1.6	19.7	
Basic Materials	52	16.3	54.6	18.6	58.6	0.0	18.5	
Communications	19	13.1	22.3	16.1	27.8	1.1	11.2	
Consumer Cyclical	48	23.9	26.3	19.9	25.6	-0.9	9.5	
Consumer Non-cyclical	91	11.6	34.7	13.0	47.4	0.1	30.7	
Diversified	16	14.4	41.2	15.9	51.8	0.4	16.6	
Energy	22	27.9	47.4	25.4	55.2	6.3	20.6	
Industrial	238	37.4	53.9	39.5	65.7	0.4	23.8	
Technology	7	20.7	28.9	16.4	28.1	-0.9	6.9	
Utilities	18	7.3	28.1	6.2	35.2	0.4	10.0	

## B PD by regions

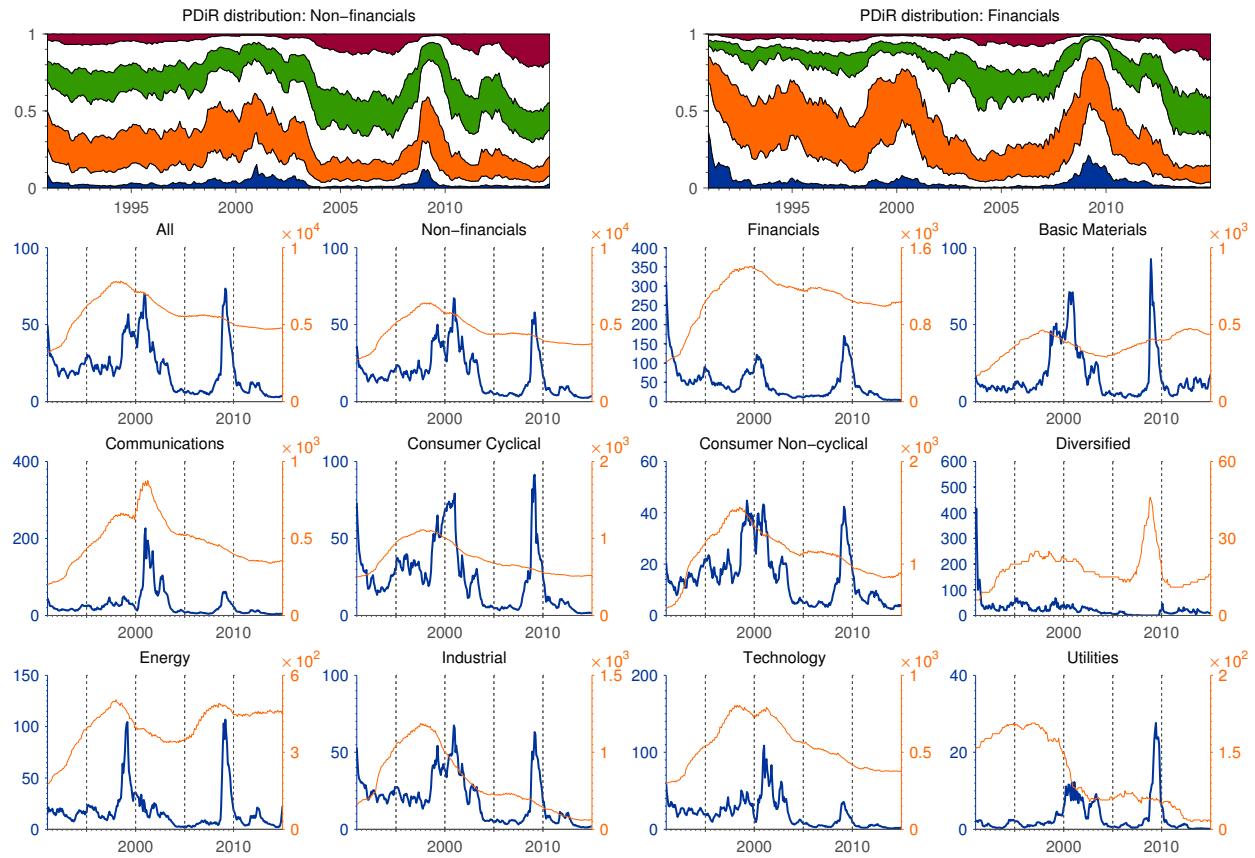
### Asia Pacific - developed economies



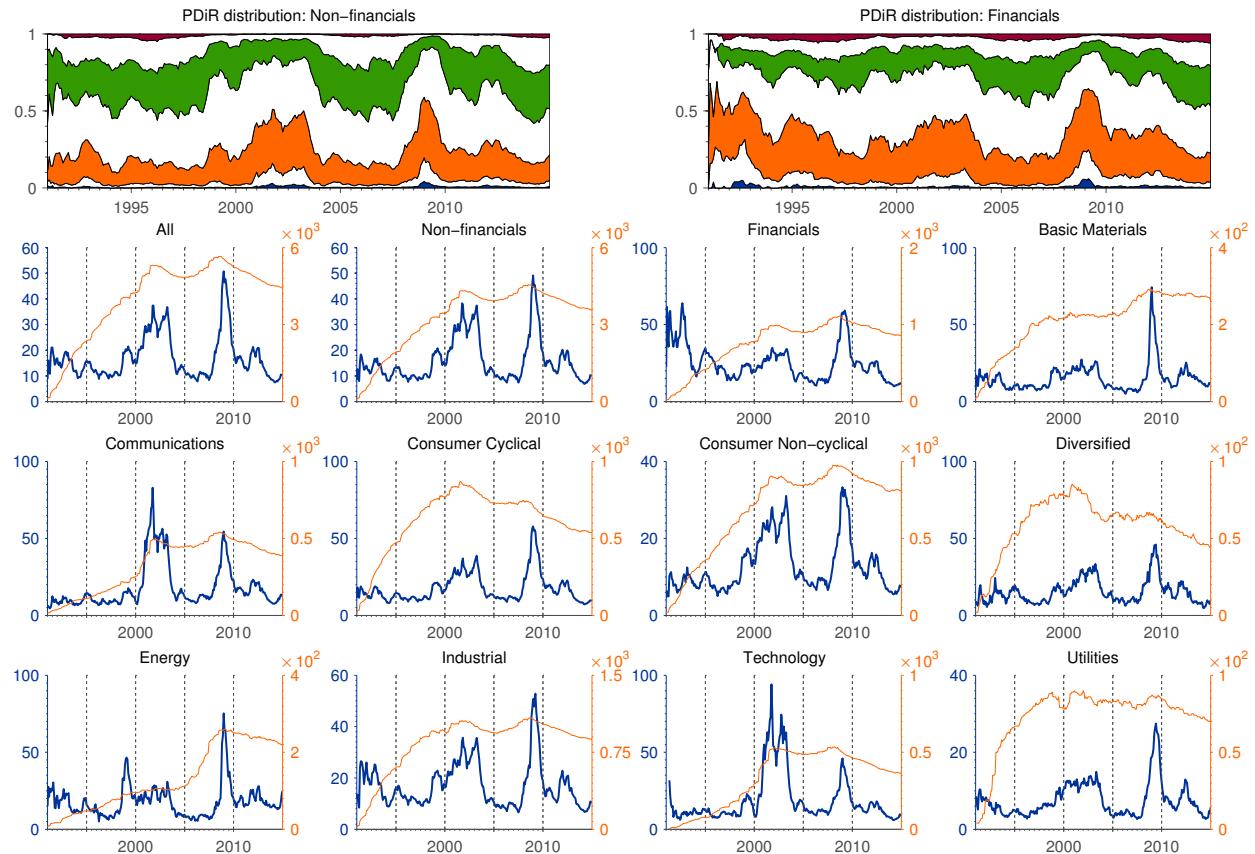
### Asia Pacific - emerging economies



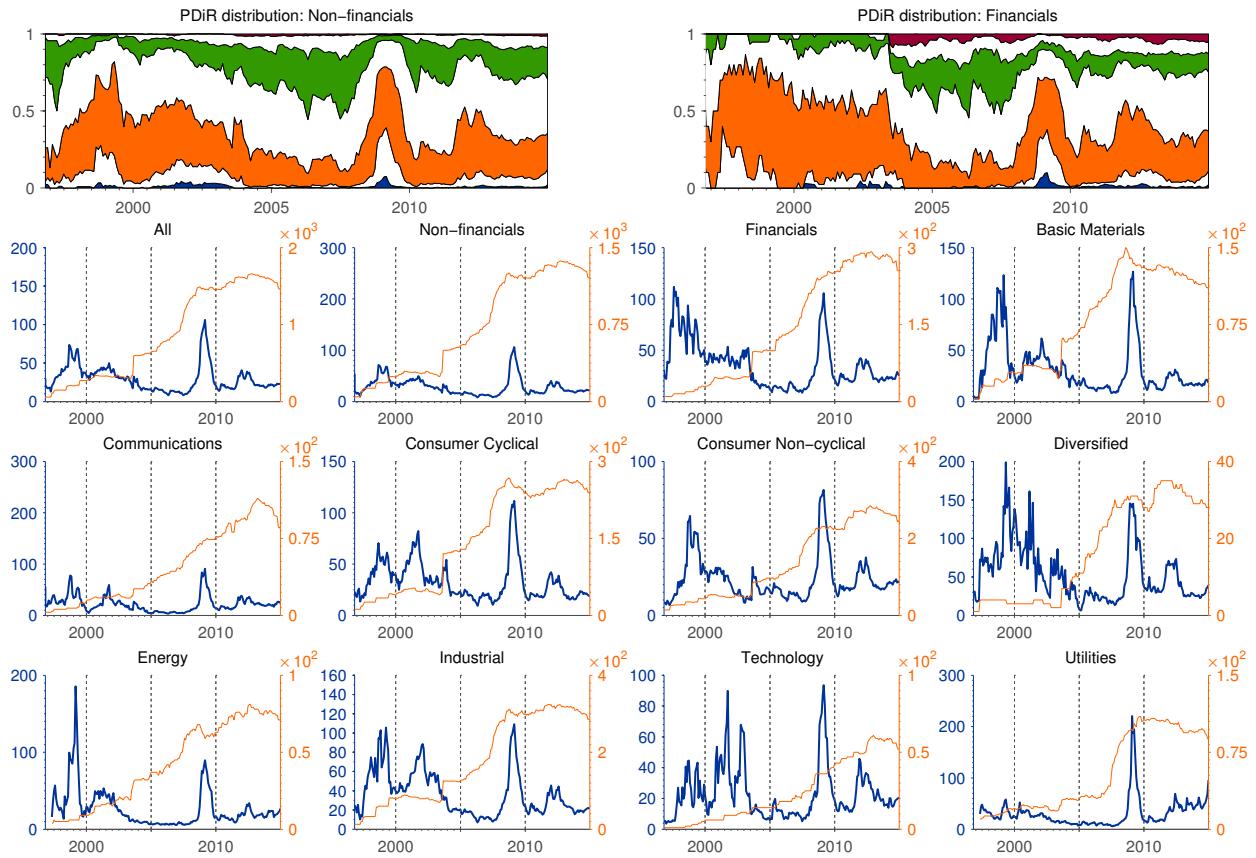
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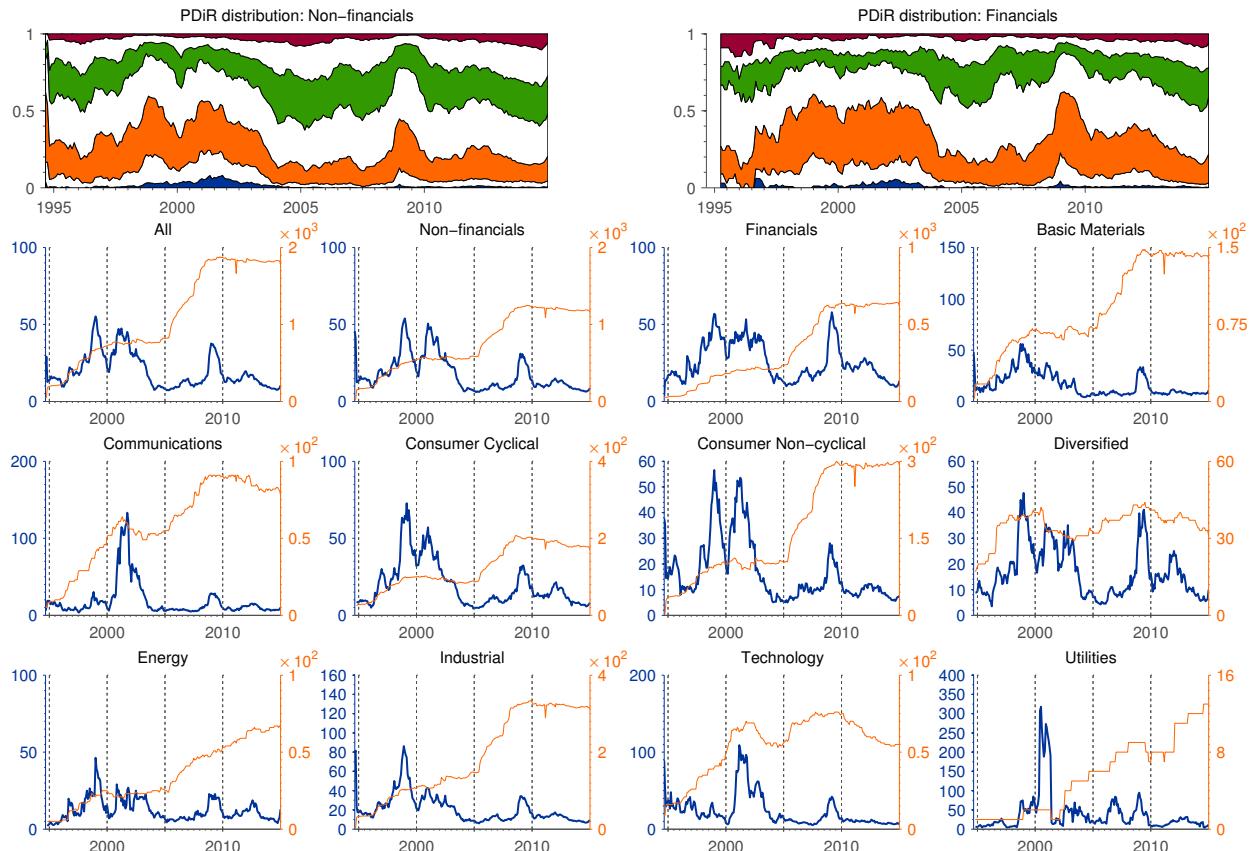
### Western Europe



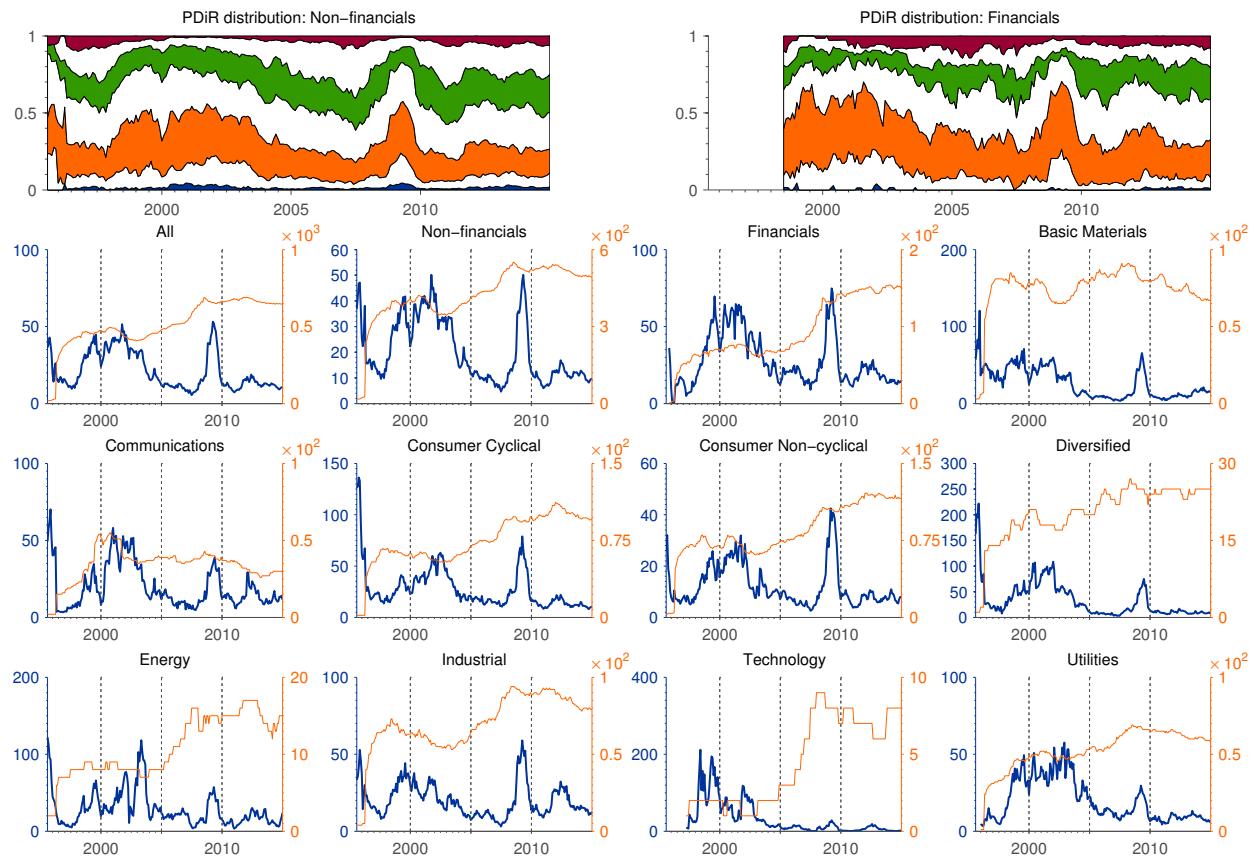
### Eastern Europe



Africa ME

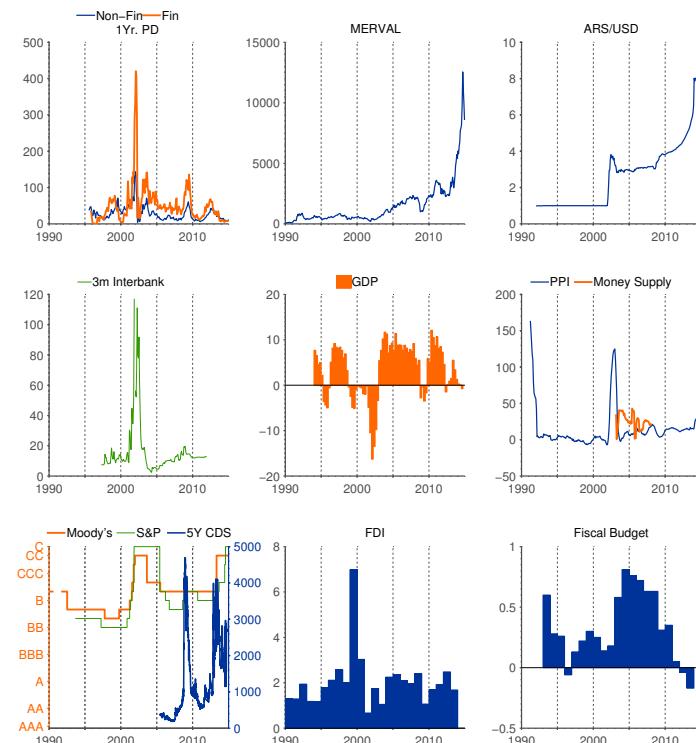


## Latin America

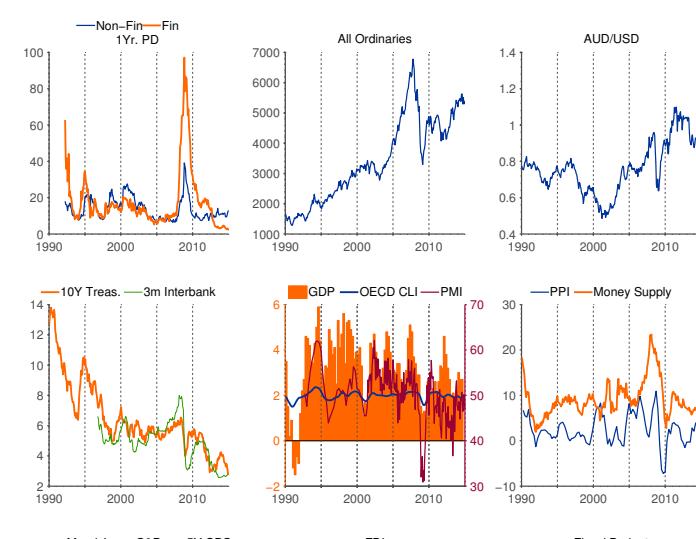


## C Macroeconomic Indicators

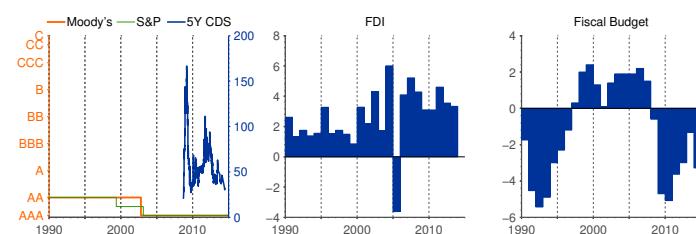
Descriptions of the data contained in this section are provided in Appendix D.

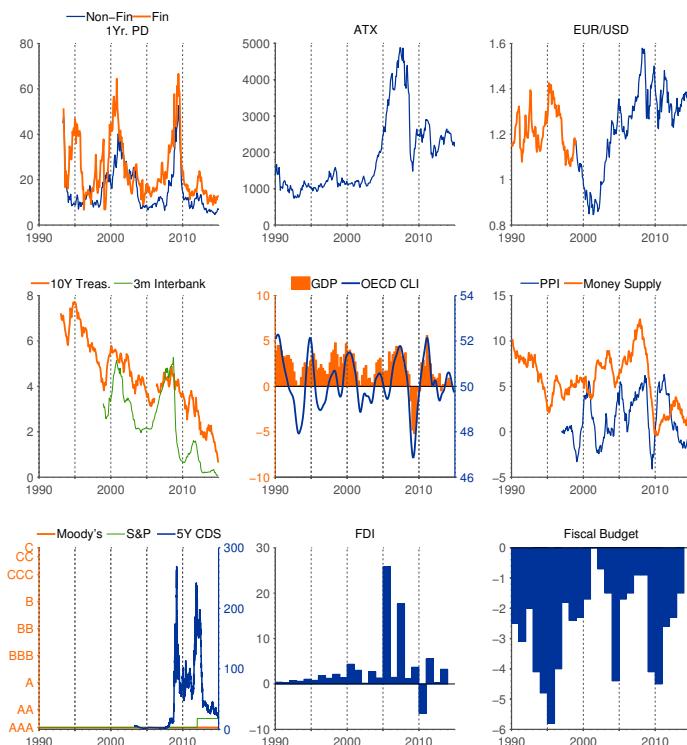


	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	13.62	15.35	7.71	6.36	11.89
1Yr. PD, Fin.	8.74	9.47	6.68	8.05	8.33
Merval	5391	6374	7887	12549	8579
ARS/USD	6.52	8.00	8.13	8.43	8.46
GDP (YoY%)	1.3	0.3	0.0	-0.8	-
PPI (YoY%)	15.1	27.8	26.3	26.3	25.9
Sov. Rating, Moody's	Ca	Ca	Ca	Ca	Ca
Sov. Rating, S&P	CCC+	CCC+	CCC-	CSD	CSD
5Y CDS (bps)	1653.60	1876.37	1761.26	2666.13	2987.13
FDI (%GDP)	1.68	-	-	-	-
Fiscal Budget (%GDP)	-0.17	-	-	-	-

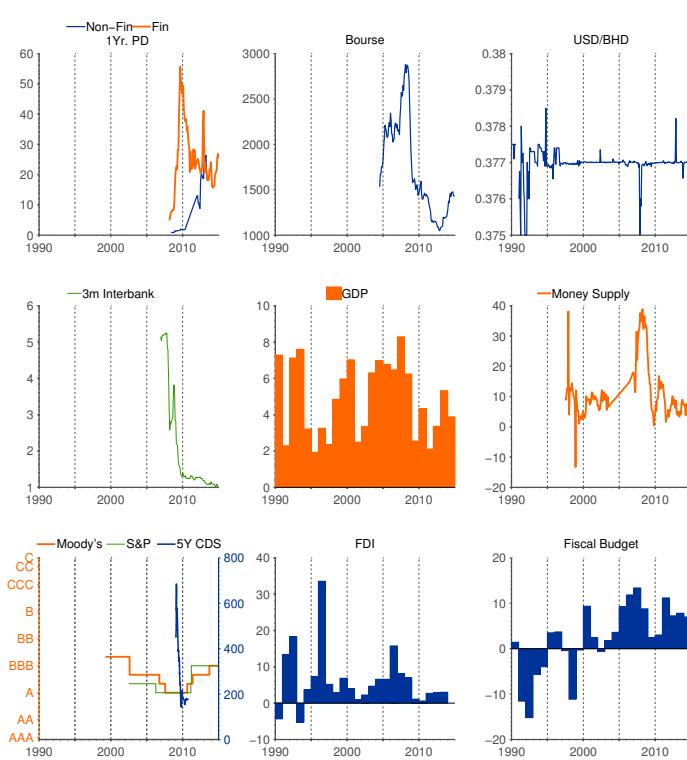


	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	10.88	10.77	11.41	9.68	12.94
1Yr. PD, Fin.	3.44	4.64	3.72	2.53	2.02
All Ordinaries	5353	5403	5382	5297	5389
AUD/USD	0.89	0.93	0.94	0.87	0.82
10Y Treas. Yield (%)	4.24	4.08	3.54	3.48	2.74
3m Interbank (%)	2.61	2.65	2.68	2.69	2.77
GDP (YoY%)	2.2	3.0	2.7	2.7	-
OECD CLI	99.80	99.56	99.44	99.79	100.18*
PMI	47.6	47.9	48.9	46.5	46.9
PPI (YoY%)	2.1	3.9	3.7	2.4	2.5
Money Supply (YoY%)	6.9	6.9	7.1	8.4	7.4
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	39.00	45.83*	32.16	-	-
FDI (%GDP)	3.33	-	-	-	-
Fiscal Budget (%GDP)	-1.32	-	-	-	-3.28

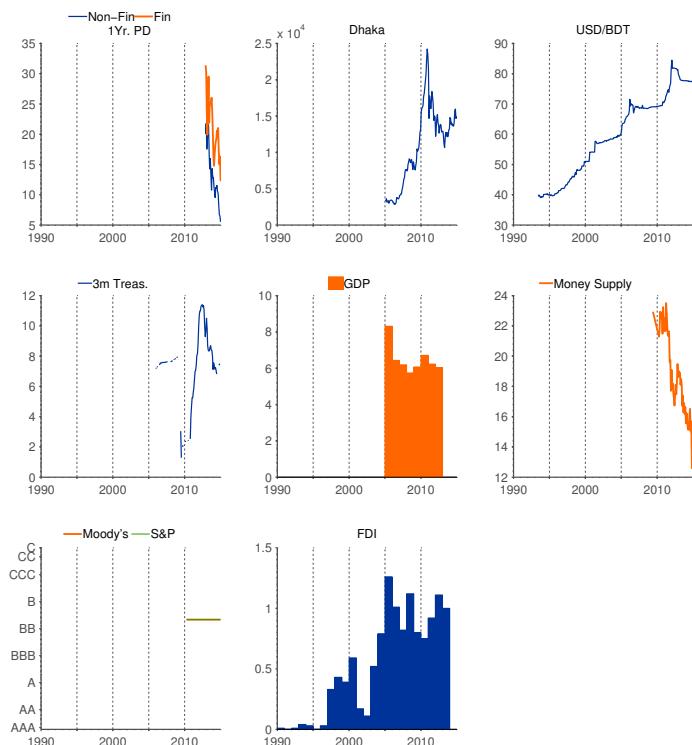




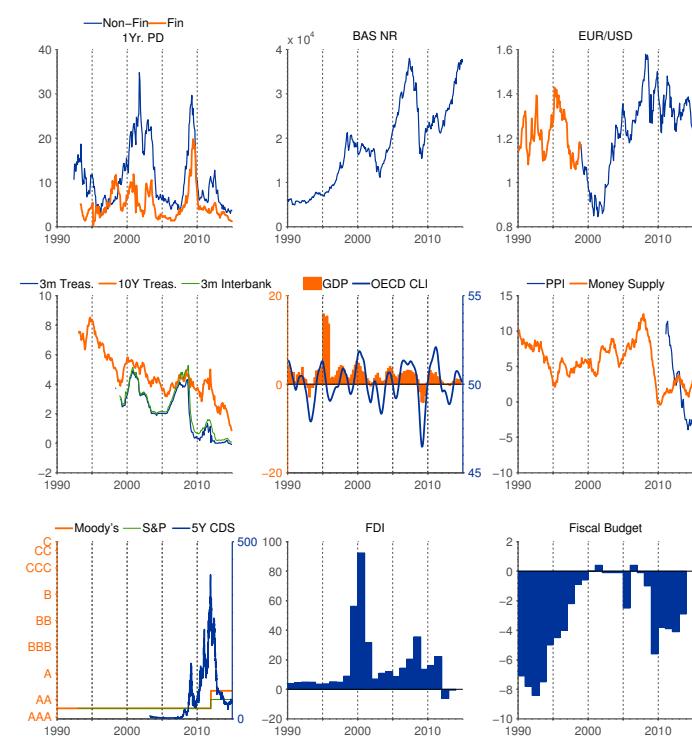
	2013		2014			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	6.42	5.71	4.57	5.65	6.65	
1Yr. PD, Fin.	10.23	8.82	10.88	11.16	12.85	
ATX	2547	2524	2501	2204	2160	
EUR/USD	1.37	1.38	1.37	1.26	1.21	
10Y Treas. Yield (%)	2.27	1.81	1.55	1.15	0.64	
3m Interbank (%)	0.29	0.31	0.21	0.08	0.08	
GDP (YoY%)	0.5	0.9	0.5	0.0	—	
OECD CLI	100.58	100.59	100.29	99.89	99.73*	
PPI (YoY%)	-1.1	-1.8	-0.8	-1.6	-2.0	
Money Supply (YoY%)	1.0	1.0	1.5	2.4	3.4	
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa	
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+	
5Y CDS (bps)	37.3	38.9	29.3	24.3	22.5	
FDI (%GDP)	3.23	—	—	—	—	
Fiscal Budget (%GDP)	-1.50	—	—	—	—	



	2013		2014			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Fin.	20.72	15.69	19.74	21.75	25.60	
Bourse	1249	1357	1428	1476	1427	
USD/BHD	0.38	0.38	0.38	0.38	0.38	
3m Interbank (%)	1.15	1.09	1.08	1.07	1.00	
GDP (YoY%)	5.32	—	—	—	3.88	
Money Supply (YoY%)	7.52	3.79	6.66	2.50	4.97*	
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2	
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB	
FDI (%GDP)	3.01	—	—	—	—	
Fiscal Budget (%GDP)	7.81	—	—	—	6.99	



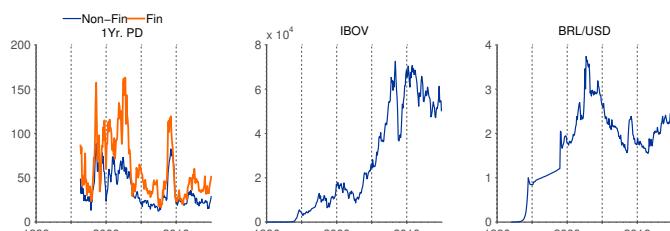
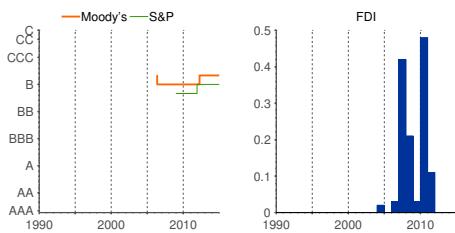
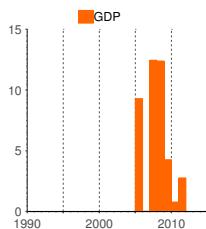
	Bangladesh				
	2013 Q4	2014 Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	12.85	9.54	11.54	8.24	5.51
1Yr. PD, Fin.	16.59	17.84	20.57	17.33	12.23
Dhaka	13203	13846	13766	15623	14939
USD/BDT	77.67	77.60	77.60	77.38	77.92
3m Treas. Yield (%)	7.12	7.15	6.85	6.84*	7.40*
Money Supply (YoY%)	15.6	15.3	16.1	15.7	12.8*
Sov. Rating, Moody's	Ba3	Ba3	Ba3	Ba3	Ba3
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
FDI (%GDP)	1.00	—	—	—	—



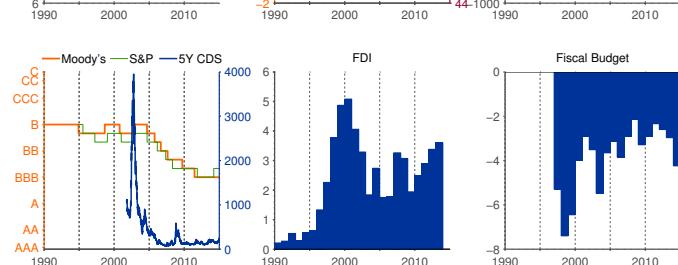
	Belgium				
	2013 Q4	2014 Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	3.96	3.37	3.75	3.02	3.66
1Yr. PD, Fin.	2.68	2.50	1.65	1.34	1.08
BAS NR	33393.9	35103.6	37056.9	37555.3	37112.9
EUR/USD	1.37	1.38	1.37	1.26	1.21
3m Treas. Yield (%)	0.06	0.19	0.00	-0.04	-0.07
10Y Treas. Yield (%)	2.56	2.21	1.70	1.22	0.83
3m Interbank (%)	0.29	0.31	0.21	0.08	0.08
GDP (YoY%)	0.6	1.2	1.0	1.0	—
OECD CLI	100.68	100.72	100.53	100.27	100.11*
PPI (YoY%)	-2.5	-3.9	-2.5	-3.0	-6.7
Money Supply (YoY%)	1.00	1.00	1.50	2.40	3.40
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Sov. Rating, S&P	AA	AA	AA	AA	AA
5Y CDS (bps)	47.34	43.00	40.81	44.98	47.68
FDI (%GDP)	-0.62	—	—	—	—
Fiscal Budget (%GDP)	-2.90	—	—	—	—

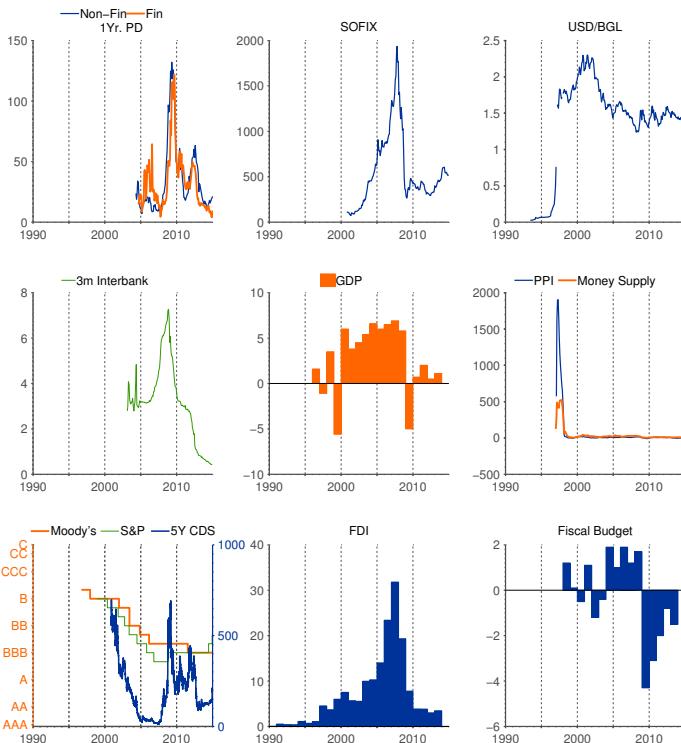


	2013	2014				
		Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	10.50	10.36	14.09	16.33	16.18	
1Yr. PD, Fin.	19.85	20.34*	—	—	—	
Sarajevo	885	848	850	848	876	
BAM/USD	1.42	1.42	1.43	1.55	1.62	
Sov. Rating, Moody's	B3	B3	B3	B3	B3	
Sov. Rating, S&P	B	B	B	B	B	

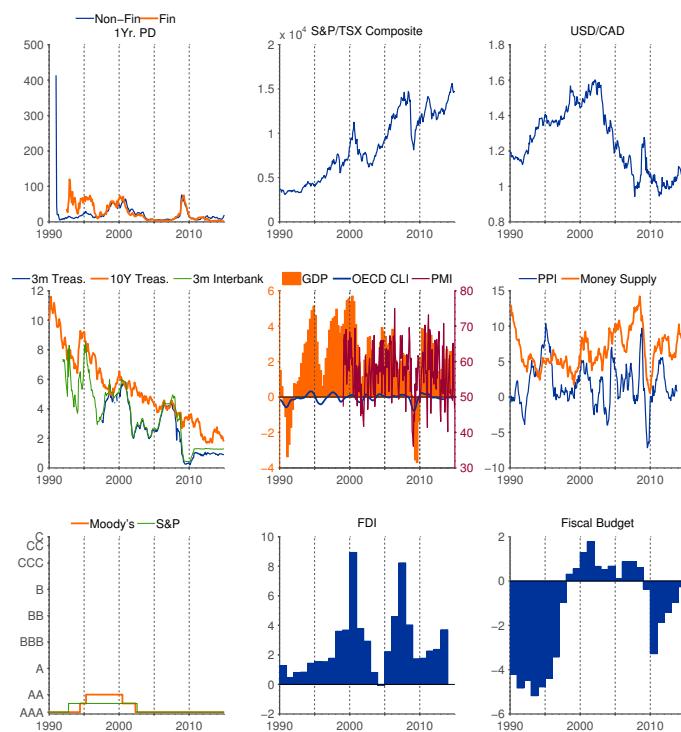


	2013	2014				
		Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	21.39	22.21	15.35	20.35	29.22	
1Yr. PD, Fin.	40.94	31.73	33.02	39.81	52.08	
IBOV	51507	50415	53168	54116	50007	
BRL/USD	2.36	2.27	2.21	2.45	2.66	
3m Treas. Yield (%)	10.23	10.86	10.90	11.00*	11.73	
10Y Treas. Yield (%)	—	12.90	12.18	12.31	12.36	
3m Interbank (%)	10.26	10.92	10.89	11.02	12.32	
GDP (YoY%)	2.5	—	—	—	—	
OECD CLI	99.18	99.04	99.10	99.33	99.30*	
PMI	50.5	50.6	48.7	49.3	50.2	
PPI (YoY%)	5.1	7.7	6.0	1.9	2.1	
Money Supply (YoY%)	10.9	12.3	11.3	11.4	9.3	
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2	
Sov. Rating, S&P	BBB	BBB-	BBB-	BBB-	BBB-	
5Y CDS (bps)	193.77	169.00	144.50	174.12	200.76	
FDI (%GDP)	3.60	—	—	—	—	
Fiscal Budget (%GDP)	-2.97	—	—	—	-4.24	

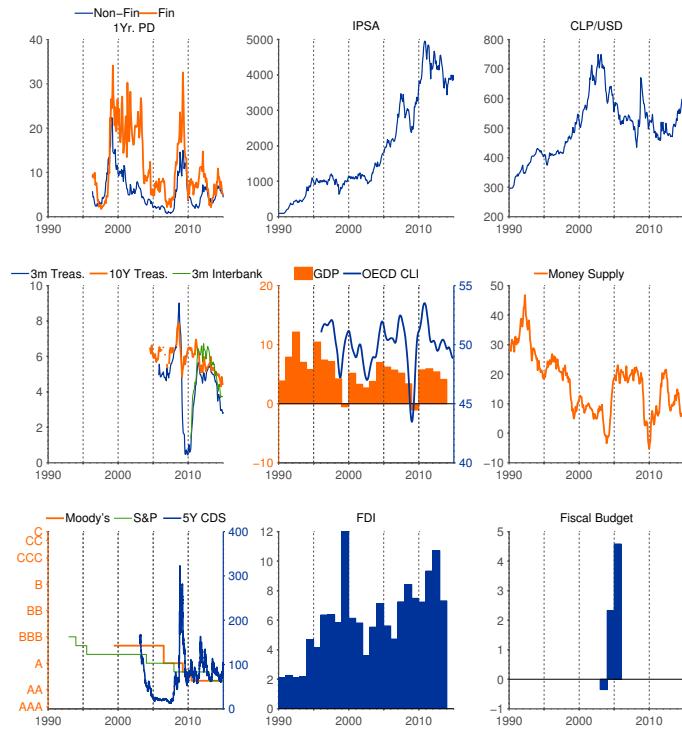




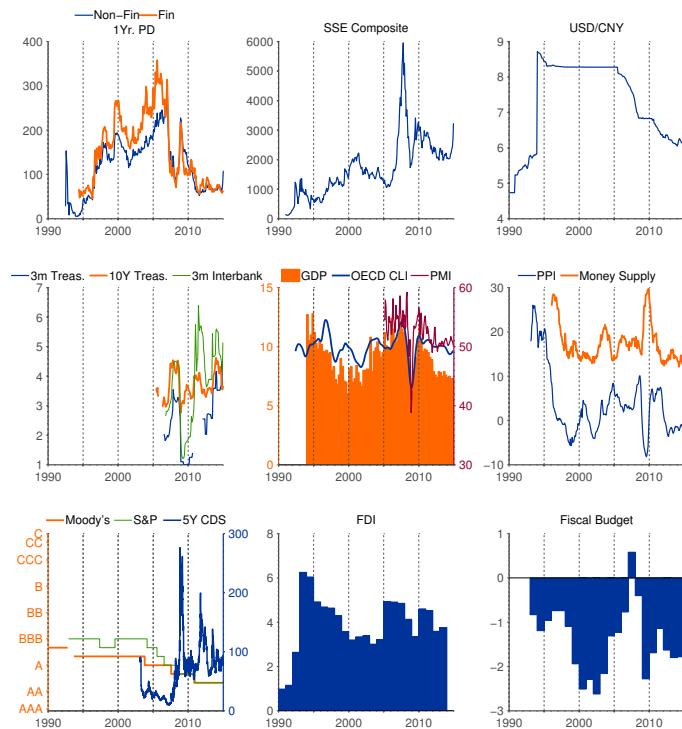
	2013		2014			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	15.18	10.96	15.81	17.10	21.27	
1Yr. PD, Fin.	11.56	11.20	11.38	7.61	9.55	
SOFIX	491.5	600.3	551.4	540.0	522.1	
USD/BGL	1.42	1.42	1.43	1.55	1.62	
3m Interbank (%)	0.65	0.56	0.53	0.47	0.43	
GDP (YoY%)	1.1	—	—	—	—	
PPI (YoY%)	-2.8	-1.6	-0.5	-0.6	-0.9	
Money Supply (YoY%)	8.9	8.3	7.4	7.2	-1.2*	
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2	
Sov. Rating, S&P	BBB	BBB	BBB-	BBB-	BB+	
5Y CDS (bps)	123.51	127.32	118.66	140.29	189.44	
FDI (%GDP)	3.46	—	—	—	—	
Fiscal Budget (%GDP)	-1.50	—	—	—	—	



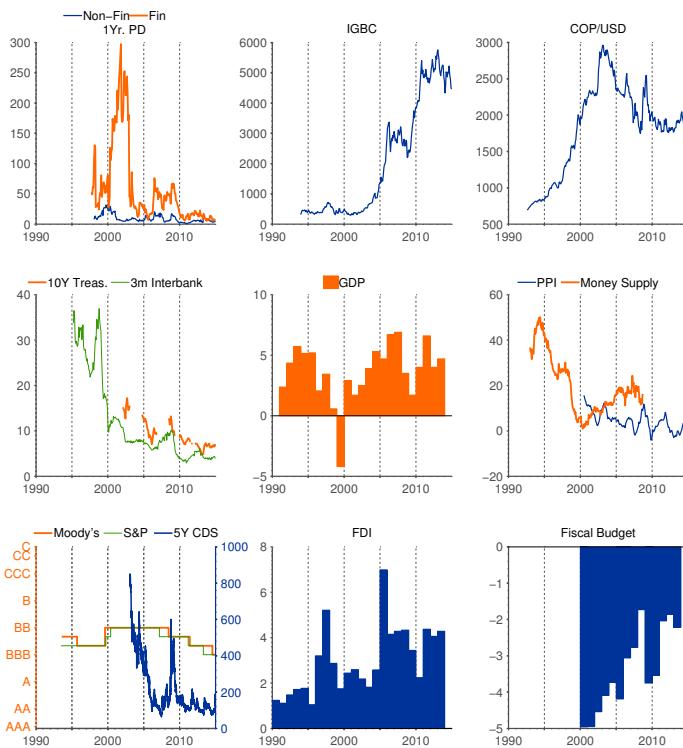
	2013		2014			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	11.68	8.70	7.49	9.45	19.05	
1Yr. PD, Fin.	3.29	3.80	2.85	1.85	1.92	
S&P/TSX Composite	13622	14335	15146	14961	14632	
USD/CAD	1.06	1.11	1.07	1.12	1.16	
3m Treas. Yield (%)	0.92	0.89	0.95	0.92	0.92	
10Y Treas. Yield (%)	2.76	2.46	2.24	2.15	1.79	
3m Interbank (%)	1.27	1.27	1.27	1.27	1.30	
GDP (YoY%)	2.7	2.1	2.5	2.6	—	
OECD CLI	99.86	99.86	100.00	100.09	100.07*	
PMI	40.2	61.8	49.7	65.2	46.7	
PPI (YoY%)	0.8*	—	—	—	—	
Money Supply (YoY%)	9.2	8.8	8.2	9.0	7.4	
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa	
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA	
FDI (%GDP)	3.70	—	—	—	—	
Fiscal Budget (%GDP)	-0.96	—	—	—	-0.26	



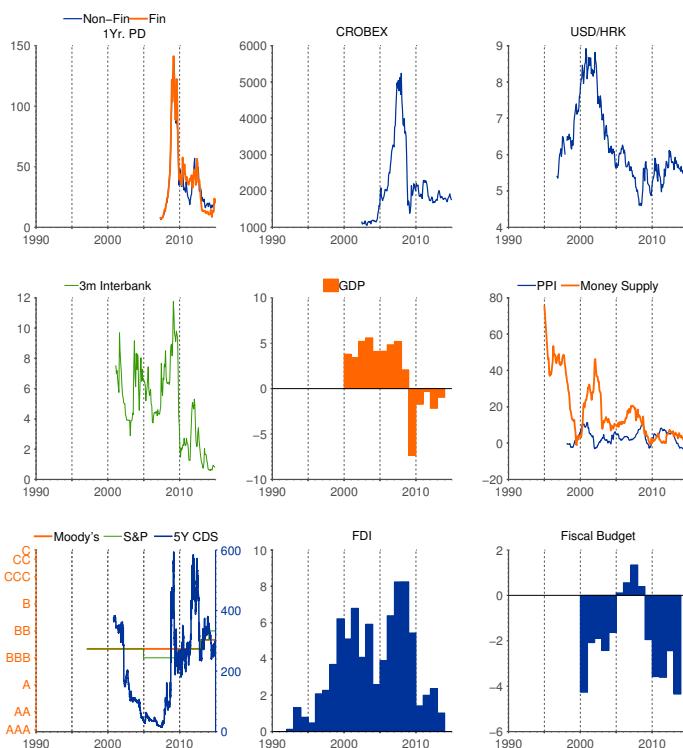
	2013		2014			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	5.04	6.34	6.78	5.29	4.38	
1Yr. PD, Fin.	4.92	10.89	8.21	7.04	4.82	
IPSA	3699	3773	3876	3944	3851	
CLP/USD	525.45	549.47	552.95	598.31	606.45	
3m Treas. Yield (%)	4.60	3.48	3.68	2.94	2.78	
10Y Treas. Yield (%)	5.14	5.02	4.83	4.31	4.40	
3m Interbank (%)	5.14	4.37	4.42	3.77	3.71	
GDP (YoY%)	4.1	—	—	—	—	
OECD CLI	99.64	99.78	99.51	98.96	98.85*	
Money Supply (YoY%)	14.9	11.3	5.7	6.4	9.7	
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3	
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-	
5Y CDS (bps)	79.55	77.34	63.63	77.66	94.01	
FDI (%GDP)	7.31	—	—	—	—	



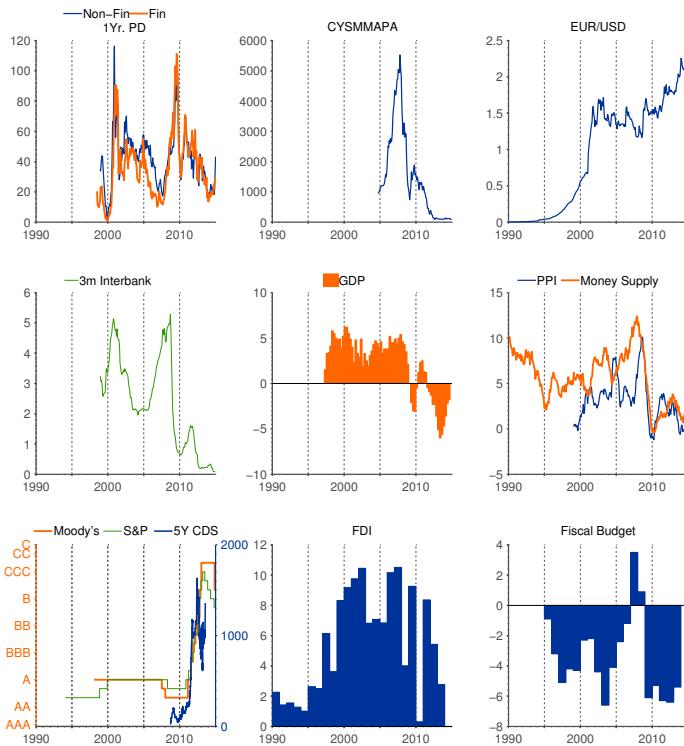
	2013		2014			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	67.61	68.52	70.30	63.56	108.10	
1Yr. PD, Fin.	68.29	71.91	73.61	60.23	63.62	
SSE Composite	2116.0	2033.3	2048.3	2363.9	3234.7	
USD/CNY	6.1	6.2	6.2	6.1	6.2	
3m Treas. Yield (%)	4.16	3.52	3.52	3.63	3.68	
10Y Treas. Yield (%)	4.62	4.51	4.09	4.07	3.65	
3m Interbank (%)	5.56	5.50	4.75	4.54	5.14	
GDP (YoY%)	7.6	7.4	7.5	7.3	7.3	
OECD CLI	99.47	98.88	98.72	99.03	99.32*	
PMI	51.0	50.3	51.0	51.1	50.1	
PPI (YoY%)	-1.40	-2.30	-1.10	-1.80	-3.30	
Money Supply (YoY%)	13.59	12.10	14.72	12.90	12.20	
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3	
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-	
5Y CDS (bps)	79.83	92.33	77.00	88.82	94.83	
FDI (%GDP)	3.76	—	—	—	—	
Fiscal Budget (%GDP)	-1.80	—	—	—	-1.78	



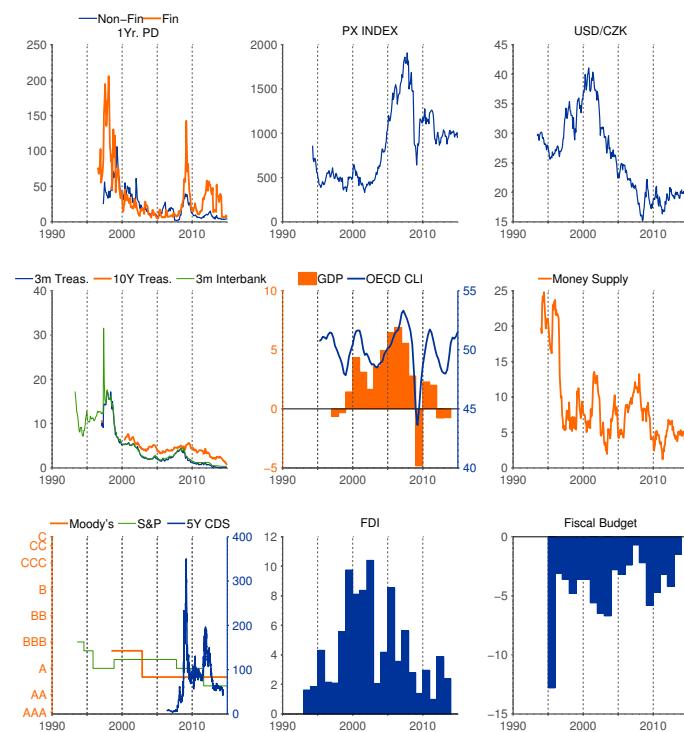
	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	6.24	4.52	4.00	3.47	4.08
1Yr. PD, Fin.	7.60	14.21	9.79	8.01	5.93
IGBC	4739	5029	5022	4923	4460
COP/USD	1929.51	1971.20	1877.44	2024.85	2376.51
10Y Treas. Yield (%)	6.77	6.47	6.56	6.85	7.10
3m Interbank (%)	3.71	3.78	4.12	4.20	3.91
GDP (YoY%)	4.7	—	—	—	—
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
5Y CDS (bps)	118.66	106.02	80.88	99.58	140.97
FDI (%GDP)	4.28	—	—	—	—
Fiscal Budget (%GDP)	-2.21	—	—	—	—



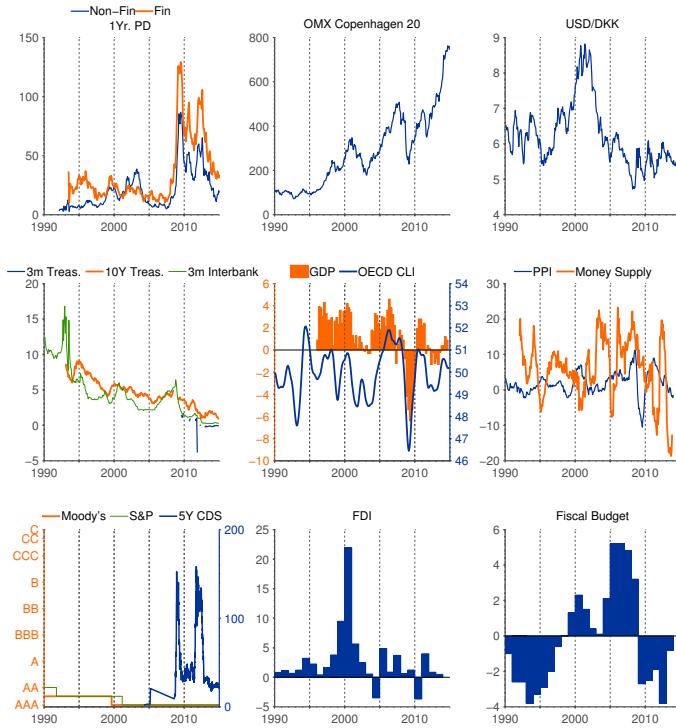
	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	17.05	18.11	18.37	19.95	23.35
1Yr. PD, Fin.	10.46	11.22	8.46	12.97	22.91
CROBEX	1794	1758	1791	1918	1745
USD/HRK	6	6	6	6	6
3m Interbank (%)	0.70	0.60	0.62	0.93	0.83
GDP (YoY%)	-1.0	—	—	—	—
PPI (YoY%)	-2.40	-3.10	-2.10	-2.70	-3.40
Money Supply (YoY%)	3.52	2.66	1.57	2.45	2.76
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BB+	BB	BB	BB	BB
5Y CDS (bps)	343.9	305.0	240.5	262.1	264.4
FDI (%GDP)	1.02	—	—	—	—
Fiscal Budget (%GDP)	-4.35	—	—	—	—



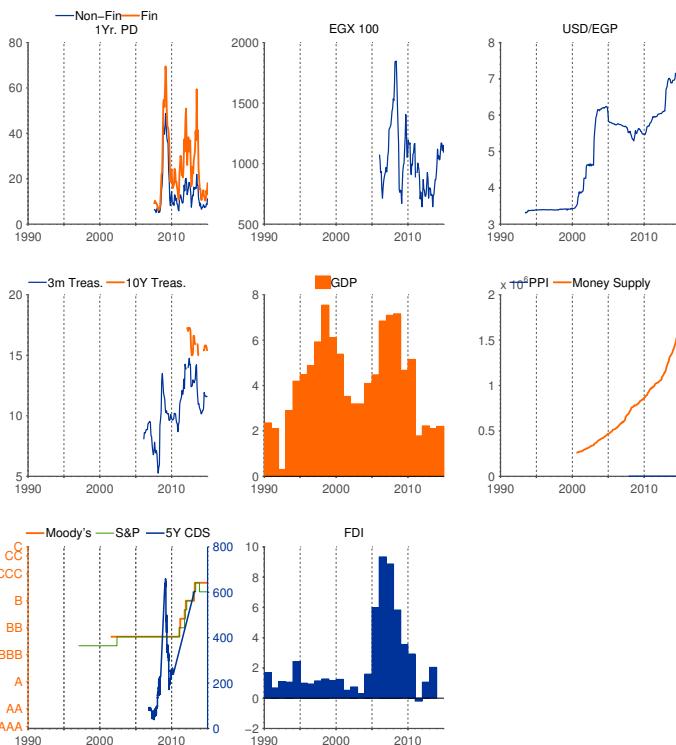
	Cyprus		2014				
	2013	2014	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	19.67	20.75	23.29	23.01	43.23		
1Yr. PD, Fin.	13.53	16.45	19.56	24.91	27.21		
CYSMMAPA	103	118	115	111	86		
EUR/USD	1.37	1.38	1.37	1.26	1.21		
3m Interbank (%)	0.29	0.31	0.21	0.08	0.08		
GDP (YoY%)	-4.7	-3.6	-2.2	-1.8	-		
PPI (YoY%)	-0.1	-0.3	-0.3	-0.1	0.7		
Money Supply (YoY%)	1.0	1.0	1.5	2.4	3.4		
Sov. Rating, Moody's	Caa3	Caa3	Caa3	Caa3	B3		
Sov. Rating, S&P	B-	B-	B	B	B+		
FDI (%GDP)	2.77	-	-	-	-		
Fiscal Budget (%GDP)	-5.40	-	-	-	-		



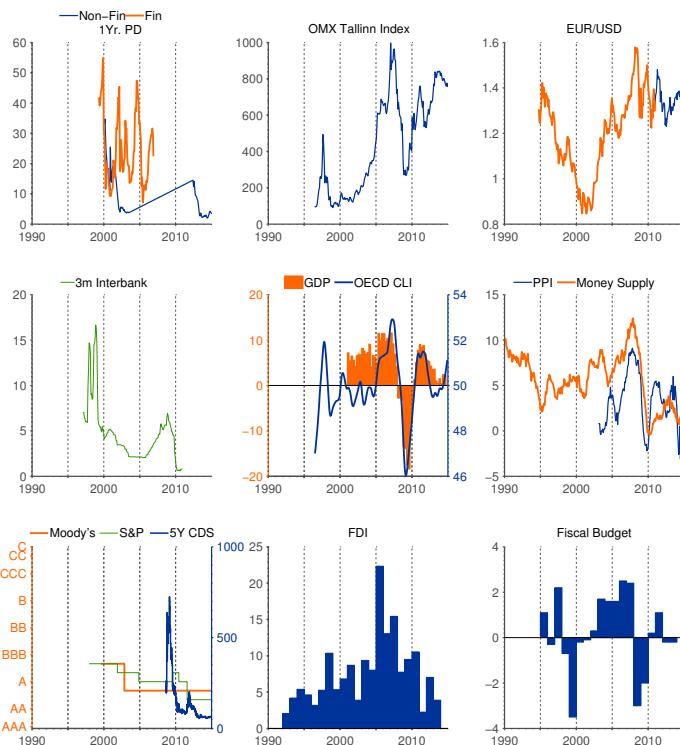
	Czech Republic		2014				
	2013	2014	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	5.03	3.28	3.30	3.73	4.31		
1Yr. PD, Fin.	39.56	6.61	6.46	6.52	7.02		
PX INDEX	989.0	1006.5	1009.2	991.4	946.7		
USD/CZK	19.89	19.94	20.05	21.77	22.86		
3m Treas. Yield (%)	0.09	0.00	0.10	0.05	0.08		
10Y Treas. Yield (%)	2.57	2.18	1.60	1.34	0.67		
3m Interbank (%)	0.38	0.37	0.35	0.35	0.34		
GDP (YoY%)	-0.75	-	-	-	-		
OECD CLI	100.57	101.04	100.93	101.14	101.52		
Money Supply (YoY%)	4.8	5.1	3.9	3.6	4.6		
Sov. Rating, Moody's	A1	A1	A1	A1	A1		
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-		
5Y CDS (bps)	61.22	55.66	43.17	-	-		
FDI (%GDP)	2.40	-	-	-	-		
Fiscal Budget (%GDP)	-1.50	-	-	-	-		



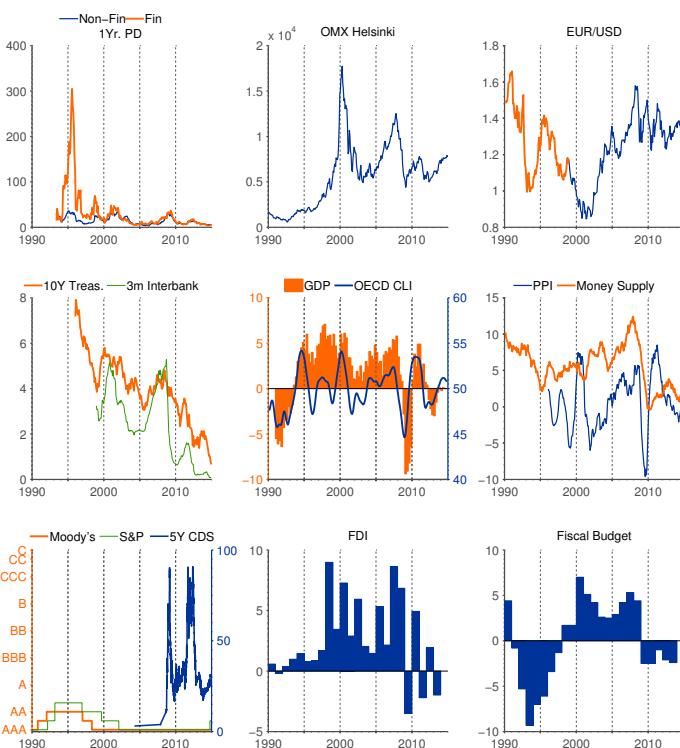
	Denmark			
	2013	2014		
	Q4	Q1	Q2	Q3
1Yr. PD, Non-Fin. (bps)	21.19	15.19	12.48	17.31
1Yr. PD, Fin.	33.73	37.24	31.79	36.71
OMX Copenhagen 20	616	702	741	763
USD/DKK	5.43	5.42	5.45	5.89
3m Treas. Yield (%)	-0.20	-0.16	-0.07	-0.05
10Y Treas. Yield (%)	1.98	1.62	1.63	1.21
3m Interbank (%)	0.26	0.30	0.38	0.29
GDP (YoY%)	0.4	0.4	1.2	0.9
OECD CLI	100.58	100.56	100.34	100.17
PPI (YoY%)	-1.4	—	—	—
Money Supply (YoY%)	-12.61*	—	—	—
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA
5Y CDS (bps)	28.35	24.11	24.04	24.82
FDI (%GDP)	0.48	—	—	—
Fiscal Budget (%GDP)	-0.80	—	—	—

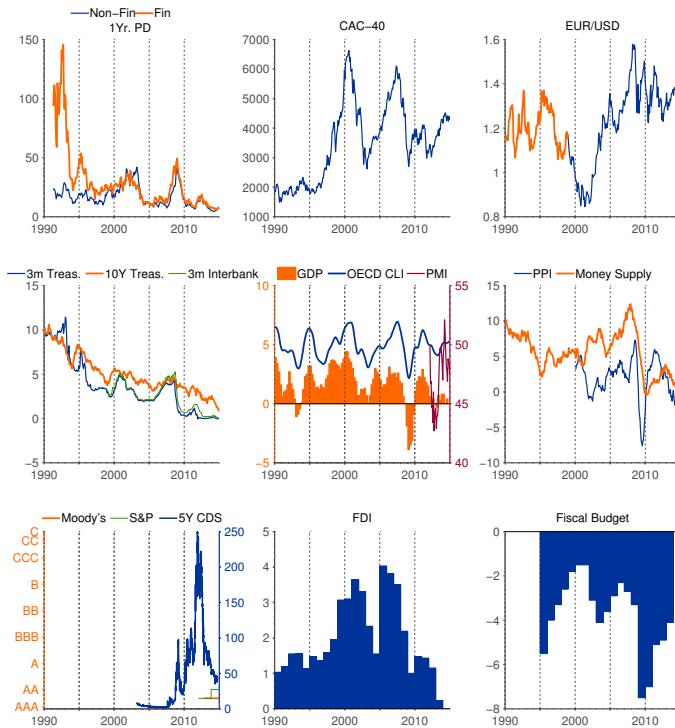


	Egypt			
	2013	2014		
	Q4	Q1	Q2	Q3
1Yr. PD, Non-Fin. (bps)	9.24	7.34	8.22	7.56
1Yr. PD, Fin.	15.43	12.81	12.71	10.43
EGX 100	923.1	1041.3	1034.3	1167.9
USD/EGP	6.95	6.97	7.15	7.14
3m Treas. Yield (%)	10.53	10.23	10.64	11.61
10Y Treas. Yield (%)	15.00*	—	15.40	15.80
GDP (YoY%)	2.1	—	—	2.2
PPI (YoY%)	207.7	208.5	209.1	214.9
Money Supply (YoY%)	1387688.0	1438421.0	1516601.0	1543756.0
Sov. Rating, Moody's	Caa1	Caa1	Caa1	Caa1
Sov. Rating, S&P	B-	B-	B-	B-
5Y CDS (bps)	2.04	—	—	—
FDI (%GDP)	2.04	—	—	—

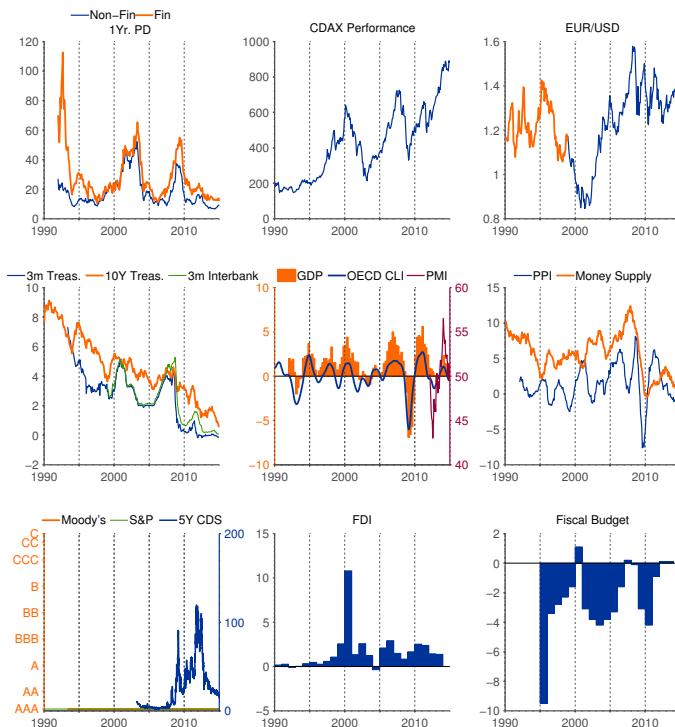


	2013	2014			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	2.84	2.98	2.17	4.22	3.38
OMX Tallinn Index	817.7	796.5	802.3	765.2	755.0
EUR/USD	1.37	1.38	1.37	1.26	1.21
GDP (YoY%)	1.5	0.4	2.4	2.3	—
OECD CLI	99.86	99.87	100.21	100.71	101.12*
PPI (YoY%)	2.4	-2.6	-3.1	-2.0	-1.6
Money Supply (YoY%)	1.0	1.0	1.5	2.4	3.4
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	62.34	57.04	57.77	63.15	69.15
FDI (%GDP)	3.88	—	—	—	—
Fiscal Budget (%GDP)	-0.20	—	—	—	—

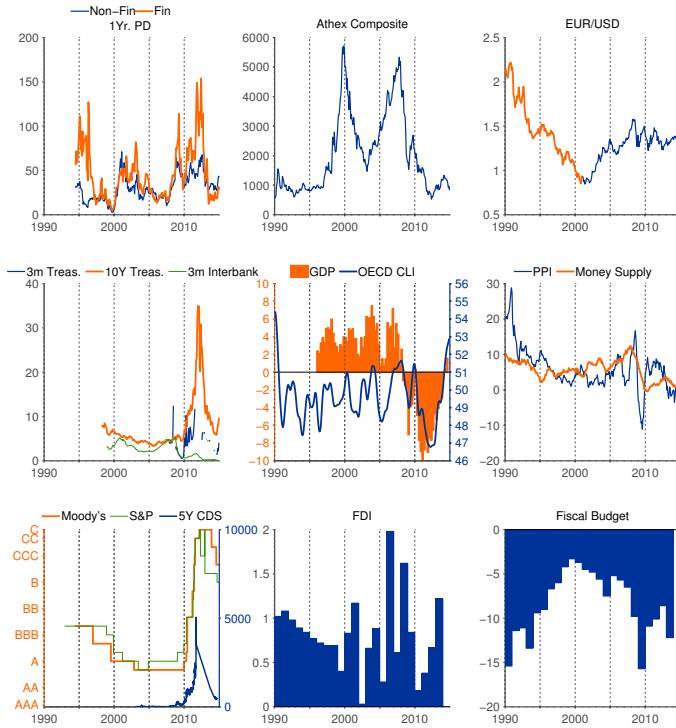




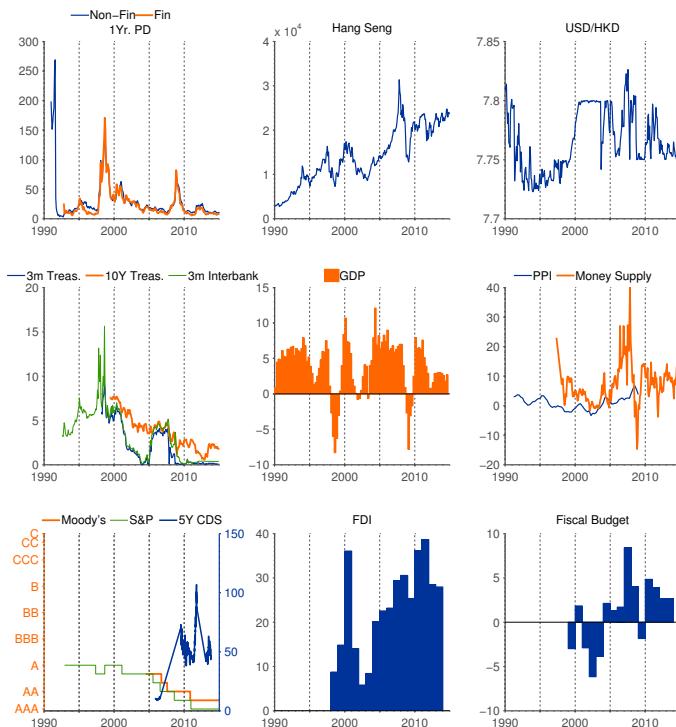
	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	5.12	4.36	4.88	6.44	6.92
1Yr. PD, Fin.	7.70	6.67	6.63	6.49	7.37
CAC-40	4296	4392	4423	4416	4273
EUR/USD	1.37	1.38	1.37	1.26	1.21
3m Treas. Yield (%)	0.15	0.19	0.02	-0.03	-0.05
10Y Treas. Yield (%)	2.56	2.08	1.70	1.28	0.83
3m Interbank (%)	0.29	0.31	0.21	0.08	0.08
GDP (YoY%)	0.8	0.8	0.0	0.4	—
OECD CLI	100.10	100.18	100.14	100.17	100.29*
PMI	47.0	52.1	48.2	48.8	47.5
PPI (YoY%)	0.2	-1.9	-0.2	-1.3	-2.9
Money Supply (YoY%)	1.0	1.0	1.5	2.4	3.4
Sov. Rating, Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
Sov. Rating, S&P	AA	AA	AA	AA	AA
5Y CDS (bps)	53.8	49.3	39.6	44.6	—
FDI (%GDP)	0.23	—	—	—	—
Fiscal Budget (%GDP)	-4.10	—	—	—	—



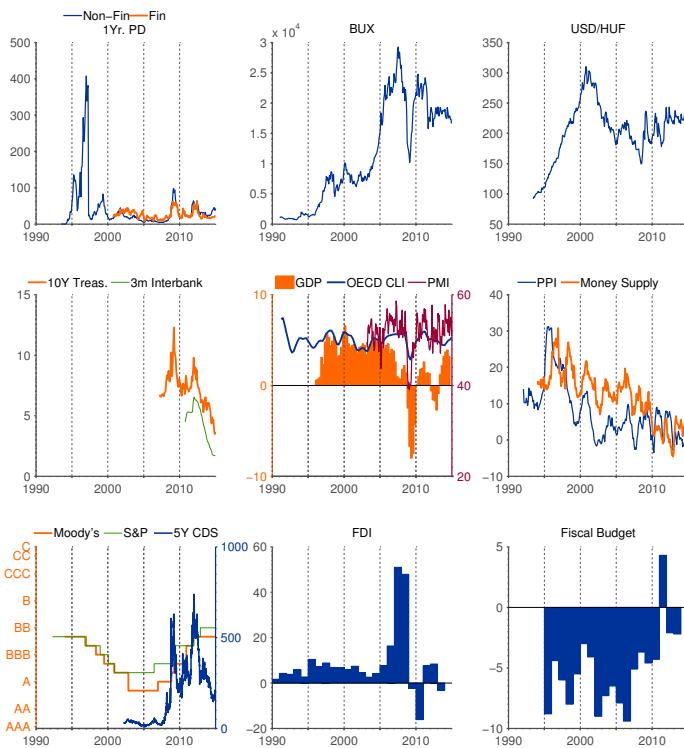
	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	7.05	6.74	6.82	7.96	9.03
1Yr. PD, Fin.	14.31	12.53	12.62	12.39	12.03
CDAX Performance	853	856	881	845	880
EUR/USD	1.37	1.38	1.37	1.26	1.21
3m Treas. Yield (%)	0.09	0.05	-0.03	-0.09	-0.16
10Y Treas. Yield (%)	1.93	1.57	1.25	0.95	0.54
3m Interbank (%)	0.29	0.31	0.21	0.08	0.08
GDP (YoY%)	1.1	2.3	1.4	1.2	—
OECD CLI	101.04	100.97	100.40	99.70	99.49*
PMI	54.3	53.7	52.0	49.9	51.2
PPI (YoY%)	-0.5	-0.9	-0.8	-1.0	-1.6
Money Supply (YoY%)	1.0	1.0	1.5	2.4	3.4
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	25.05	22.33	20.03	18.00	13.51
FDI (%GDP)	1.37	—	—	—	—
Fiscal Budget (%GDP)	0.10	—	—	—	—



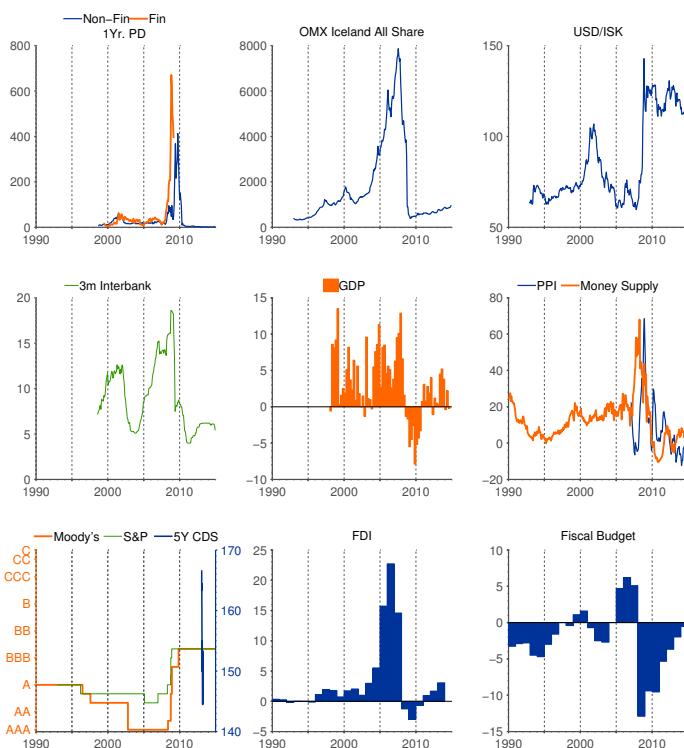
	2013		2014			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	35.01	27.81	28.85	32.84	42.74	
1Yr. PD, Fin.	21.73	15.73	18.52	18.96	31.39	
Athex Composite	1163	1336	1214	1062	826	
EUR/USD	1	1	1	1	1	
3m Treas. Yield (%)	—	—	2.27*	1.52	4.07	
10Y Treas. Yield (%)	8.42	6.57	5.96	6.63	9.74	
3m Interbank (%)	0.29	0.31	0.21	0.08	0.08	
GDP (YoY%)	-2.9	-0.3	0.4	1.6	—	
OECD CLI	99.98	101.18	102.11	102.63	102.90*	
PPI (YoY%)	0.0	-1.8	1.6	0.1	-5.3	
Money Supply (YoY%)	1.0	1.0	1.5	2.4	3.4	
Sov. Rating, Moody's	Caa3	Caa3	Caa3	Caa1	Caa1	
Sov. Rating, S&P	B-	B-	B-	B	B	
5Y CDS (bps)	—	—	441.0	451.6	—	
FDI (%GDP)	1.22	—	—	—	—	
Fiscal Budget (%GDP)	-12.20	—	—	—	—	



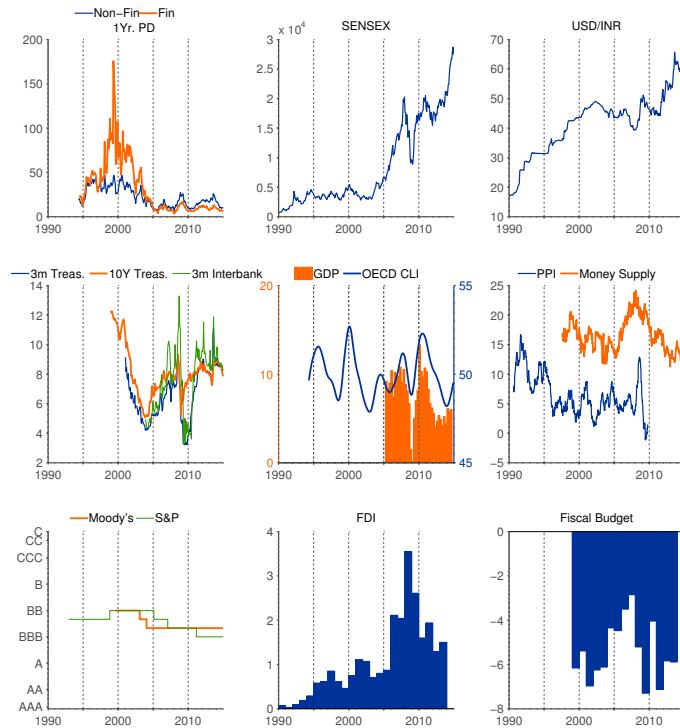
	2013		2014			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	10.66	11.44	11.58	9.80	11.44	
1Yr. PD, Fin.	9.85	7.78	8.32	7.79	8.36	
Hang Seng	23306	22151	23191	22933	23605	
USD/HKD	7.75	7.76	7.75	7.77	7.76	
3m Treas. Yield (%)	0.14	0.17	0.09	0.09	0.08	
10Y Treas. Yield (%)	2.33	2.34	2.04	2.02	1.90	
3m Interbank (%)	0.38	0.37	0.38	0.38	0.38	
GDP (YoY%)	2.9	2.6	1.8	2.7	—	
Money Supply (YoY%)	5.7	7.1	13.1	9.7	9.0	
Sov. Rating, Moody's	Aa1	Aa1	Aa1	Aa1	Aa1	
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA	
5Y CDS (bps)	45.65*	—	—	—	—	
FDI (%GDP)	27.97	—	—	—	—	
Fiscal Budget (%GDP)	2.65	—	—	—	—	



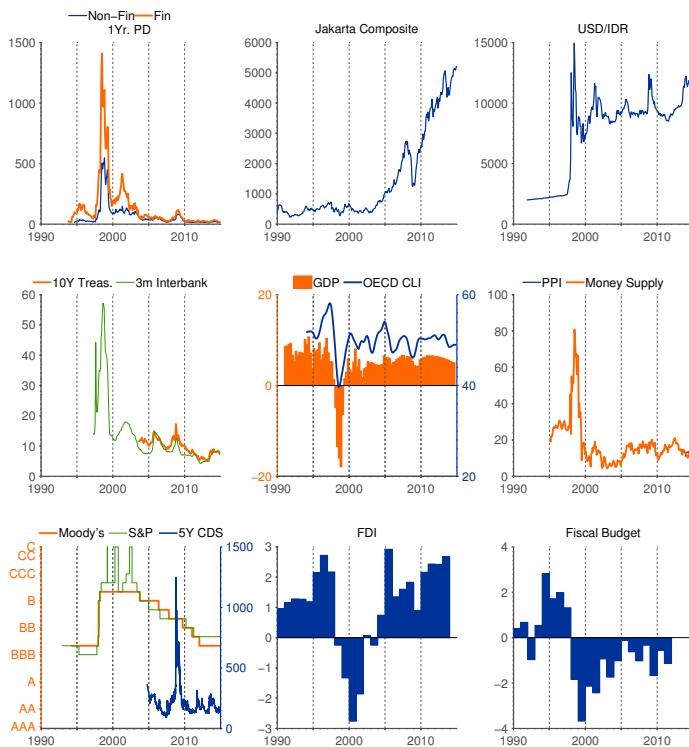
	Hungary				
	2013	2014			
	Q4	Q1	Q2	Q3	
1Yr. PD, Non-Fin. (bps)	22.98	24.67	34.37	44.21	42.45
1Yr. PD, Fin.	16.30	16.13	18.93	18.83	21.29
BUX	18564.1	17530.0	18605.8	17884.7	16634.0
USD/HUF	216.26	223.19	226.21	246.07	261.64
10Y Treas. Yield (%)	5.84	5.54	4.35	4.63	3.63
3m Interbank (%)	2.80	2.39	2.08	1.74	1.67
GDP (YoY%)	3.2	3.7	3.9	3.2	—
OECD CLI	98.84	99.42	99.89	100.13	100.65
PMI	50.9	53.7	51.7	52.7	50.9
PPI (YoY%)	0.5	-1.9	-0.6	-0.3	0.1
Money Supply (YoY%)	5.55	1.01	3.68	6.21	5.88
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1
Sov. Rating, S&P	BB	BB	BB	BB	BB
5Y CDS (bps)	260.00	235.60	167.07	170.66	179.78
FDI (%GDP)	-3.22	—	—	—	—
Fiscal Budget (%GDP)	-2.20	—	—	—	—



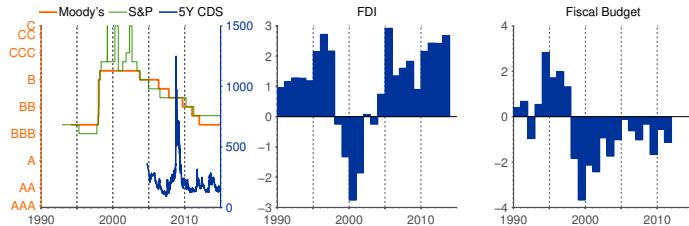
	Iceland				
	2013	2014			
	Q4	Q1	Q2	Q3	
1Yr. PD, Non-Fin. (bps)	1.19	1.54	1.01	1.26	2.13
OMX Iceland All Share	865	823	831	866	956
USD/ISK	115.18	112.79	112.86	120.89	127.55
3m Interbank (%)	6.20	6.10	6.10	6.10	5.40
GDP (YoY%)	3.8	-0.4	2.2	-0.2	—
PPI (YoY%)	-7.1	-9.5	-1.8	4.4	12.2
Money Supply (YoY%)	4.16	6.09	2.99	2.62	3.91
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB-	BBB-	BBB-	BBB-	BBB-
FDI (%GDP)	3.06	—	—	—	—
Fiscal Budget (%GDP)	-1.98	—	—	—	-0.53

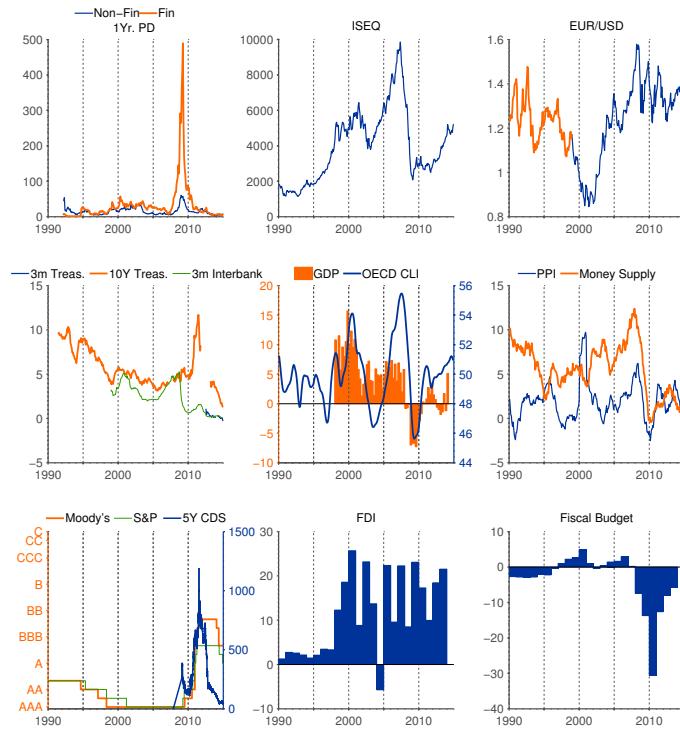


	India				
	2013	2014			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	16.54	15.35	10.10	9.38	10.23
1Yr. PD, Fin.	10.01	8.87	6.38	6.77	6.66
SENSEX	21171	22386	25414	26631	27499
USD/INR	61.80	59.89	60.19	61.76	63.04
3m Treas. Yield (%)	8.59	8.55	8.55	8.61	8.31
10Y Treas. Yield (%)	8.82	8.80	8.75	8.51	7.86
3m Interbank (%)	8.90	9.25	8.50	8.75	8.25
GDP (YoY%)	4.40	6.10	5.80	6.00	—
OECD CLI	98.19	98.33	98.67	99.15	99.51*
Money Supply (YoY%)	14.80	14.00	12.20	12.70	11.10
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB
FDI (%GDP)	1.50	—	—	—	—
Fiscal Budget (%GDP)	-5.89	—	—	—	—

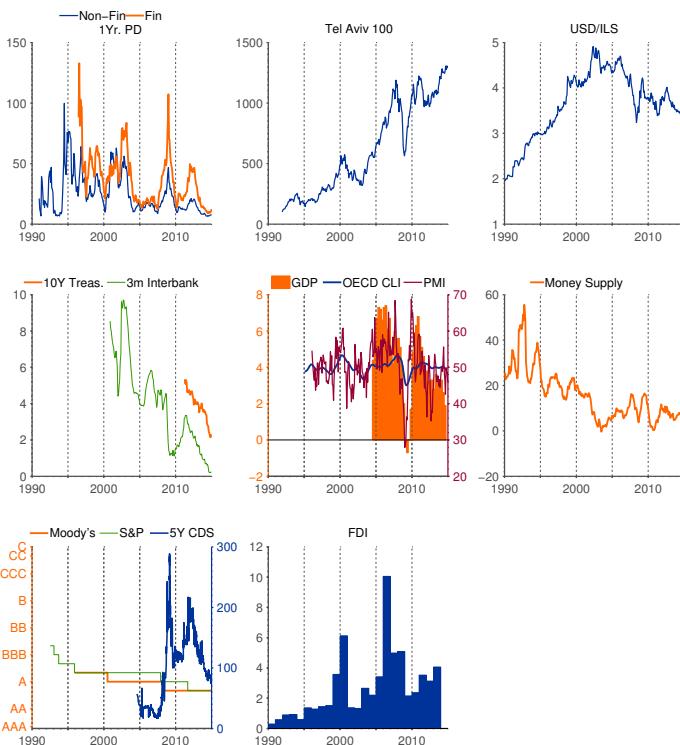


	Indonesia				
	2013	2014			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	18.65	19.66	15.94	11.98	10.16
1Yr. PD, Fin.	30.27	30.03	28.18	17.55	15.09
Jakarta Composite	4274	4768	4879	5138	5227
USD/IDR	12171.00	11361.00	11875.00	12188.00	12388.00
10Y Treas. Yield (%)	8.45	7.99	8.21	8.52	7.80
3m Interbank (%)	7.84	8.13	8.15	8.07	7.17
GDP (YoY%)	5.6	5.3	5.1	5.0	—
OECD CLI	98.46	98.65	98.91	98.97	98.83*
PPI (YoY%)	12.69	13.23	12.22	8.66	10.39
Money Supply (YoY%)	12.78	10.17	13.25	11.88	11.81
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	236.9	175.3	161.5	167.0	178.0
FDI (%GDP)	2.68	—	—	—	—

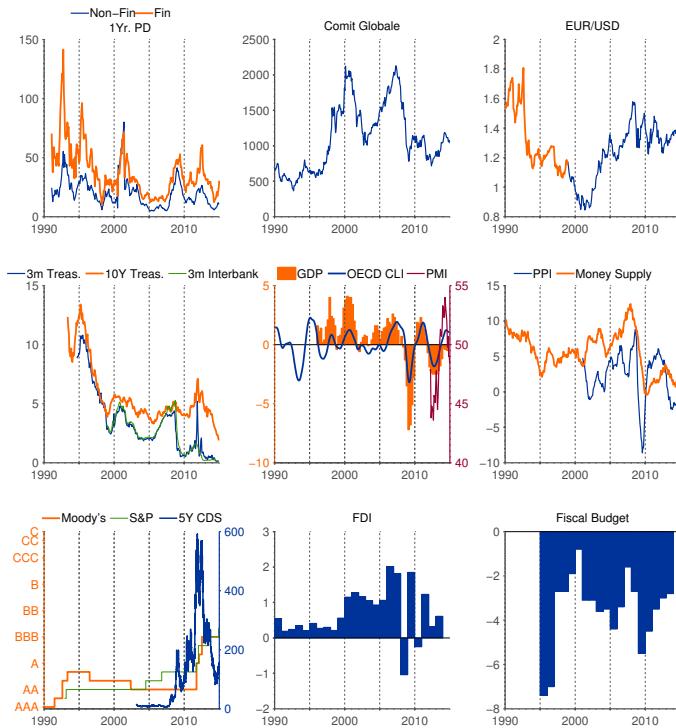




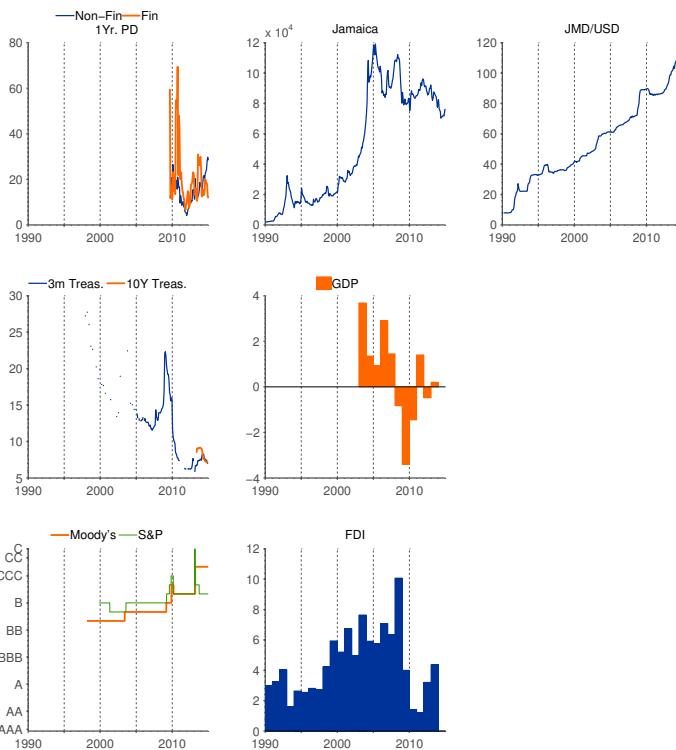
Ireland	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	3.89	4.34	5.79	6.85	6.55
1Yr. PD, Fin.	5.29	6.78	4.30	3.63	3.85
ISEQ	4539	4995	4700	4875	5225
EUR/USD	1.37	1.38	1.37	1.26	1.21
3m Treas. Yield (%)	0.13	0.30	0.12	-0.01	-0.30
10Y Treas. Yield (%)	3.51	3.02	2.36	1.65	1.25
3m Interbank (%)	0.29	0.31	0.21	0.08	0.08
GDP (YoY%)	-1.2	5.1	—	—	—
OECD CLI	100.65	100.82	101.09	101.16	100.93*
PPI (YoY%)	3.1	2.1	0.4	-0.5	-1.5
Money Supply (YoY%)	1.0	1.0	1.5	2.4	3.4
Sov. Rating, Moody's	Ba1	Baa3	Baa1	Baa1	Baa1
Sov. Rating, S&P	BBB+	BBB+	A-	A-	A
5Y CDS (bps)	119.41	77.72	45.78	54.33	50.17
FDI (%GDP)	21.53	—	—	—	—
Fiscal Budget (%GDP)	-5.70	—	—	—	—



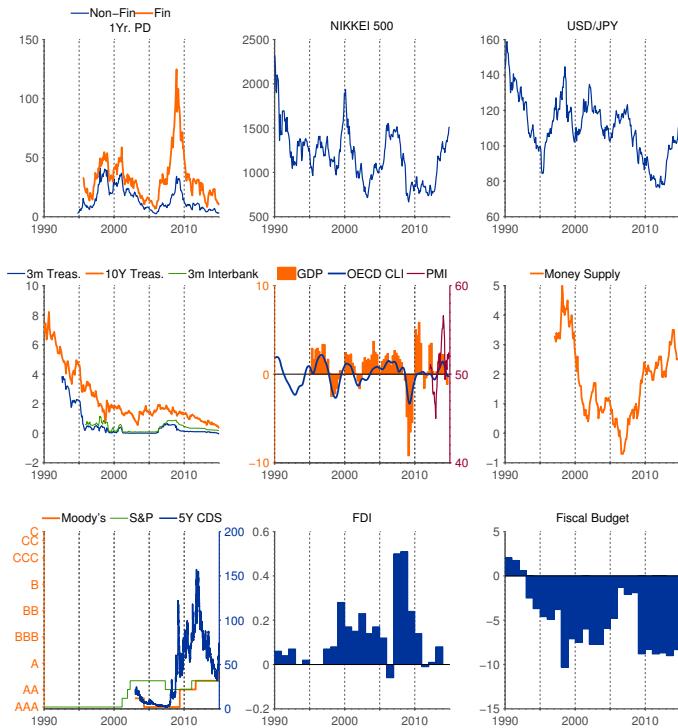
Israel	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	9.03	6.79	6.53	7.14	7.78
1Yr. PD, Fin.	13.41	11.17	8.78	10.01	12.36
Tel Aviv 100	1208	1283	1253	1306	1289
USD/ILS	3.47	3.49	3.43	3.68	3.90
10Y Treas. Yield (%)	3.65	3.40	2.81	2.37	2.31
3m Interbank (%)	0.93	0.69	0.65	0.21	0.25
GDP (YoY%)	3.0	3.3	2.6	1.9	—
OECD CLI	99.96	100.18	99.85	99.54	99.49*
PMI	46.8	48.9	48.9	49.9	45.8
Money Supply (YoY%)	6.8	7.8	7.7	8.0	10.5*
Sov. Rating, Moody's	A1	A1	A1	A1	A1
Sov. Rating, S&P	A+	A+	A+	A+	A+
5Y CDS (bps)	100.41	87.44	81.59	87.17	77.79
FDI (%GDP)	4.06	—	—	—	—



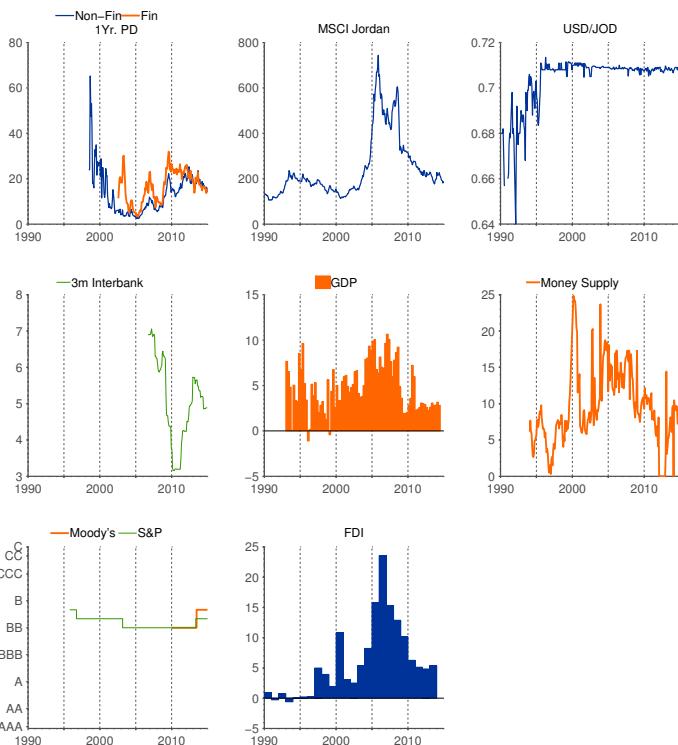
	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	7.24	5.80	6.89	9.71	10.71
1Yr. PD, Fin.	21.88	12.29	15.28	17.60	30.56
Comit Globale	1041	1181	1155	1119	1038
EUR/USD	1.37	1.38	1.37	1.26	1.21
3m Treas. Yield (%)	0.64	0.41	0.18	0.11	0.11
10Y Treas. Yield (%)	4.13	3.29	2.85	2.33	1.89
3m Interbank (%)	0.29	0.31	0.21	0.08	0.08
GDP (YoY%)	-1.2	-0.3	-0.4	-0.5	-
OECD CLI	100.50	100.99	101.23	101.10	101.05*
PMI	53.3	52.4	52.6	50.7	48.4
PPI (YoY%)	-2.1	-1.9	-1.8	-2.0	-2.1
Money Supply (YoY%)	1.00	1.00	1.50	2.40	3.40
Sov. Rating, Moody's	Baa2	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB	BBB	BBB	BBB	BBB-
5Y CDS (bps)	168.45	130.66	94.51	105.96	136.93
FDI (%GDP)	0.61	—	—	—	—
Fiscal Budget (%GDP)	-2.80	—	—	—	—



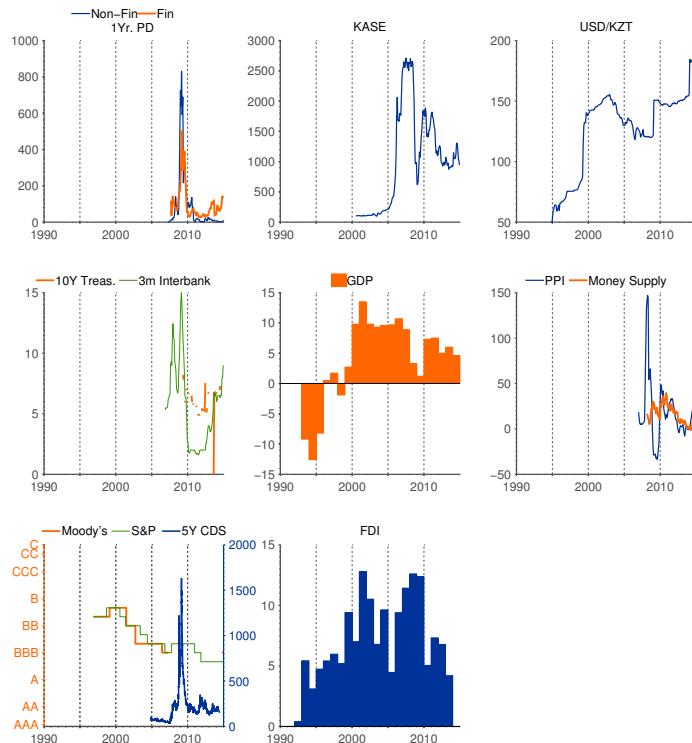
	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	16.74	19.00	20.53	24.44	28.35
1Yr. PD, Fin.	24.39	15.59	15.02	18.49	11.71
Jamaica	80505	75461	70750	72238	76353
JMD/USD	106.00	109.30	111.85	112.47	114.33
3m Treas. Yield (%)	7.53	8.35	7.66	7.47	6.96
10Y Treas. Yield (%)	9.09	8.35	7.50	7.20	7.32
GDP (YoY%)	0.2	—	—	—	—
Sov. Rating, Moody's	Caa3	Caa3	Caa3	Caa3	Caa3
Sov. Rating, S&P	B-	B-	B-	B-	B-
FDI (%GDP)	4.36	—	—	—	—



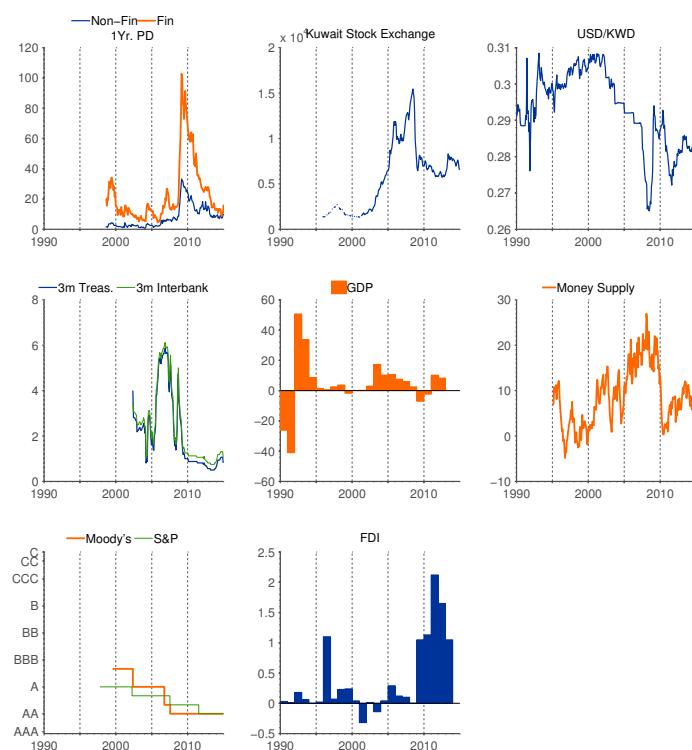
	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	5.26	6.60	4.29	2.94	3.12
1Yr. PD, Fin.	18.06	21.77	14.28	11.39	10.10
NIKKEI 500	1346	1269	1327	1406	1514
USD/JPY	105.31	103.23	101.33	109.65	119.78
3m Treas. Yield (%)	0.06	0.03	0.03	0.00	0.00
10Y Treas. Yield (%)	0.74	0.64	0.57	0.53	0.33
3m Interbank (%)	0.22	0.21	0.21	0.21	0.18
GDP (YoY%)	2.2	2.2	-0.3	-1.2	-
OECD CLI	101.42	100.95	100.11	99.76	99.77*
PMI	55.2	53.9	51.5	51.7	52.0
Money Supply (YoY%)	3.40	2.90	2.50	2.50	2.90
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	A1
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-
5Y CDS (bps)	39.29	49.18	36.50	44.24	66.33
FDI (%GDP)	0.08	-	-	-	-
Fiscal Budget (%GDP)	-9.01	-	-	-	-8.33



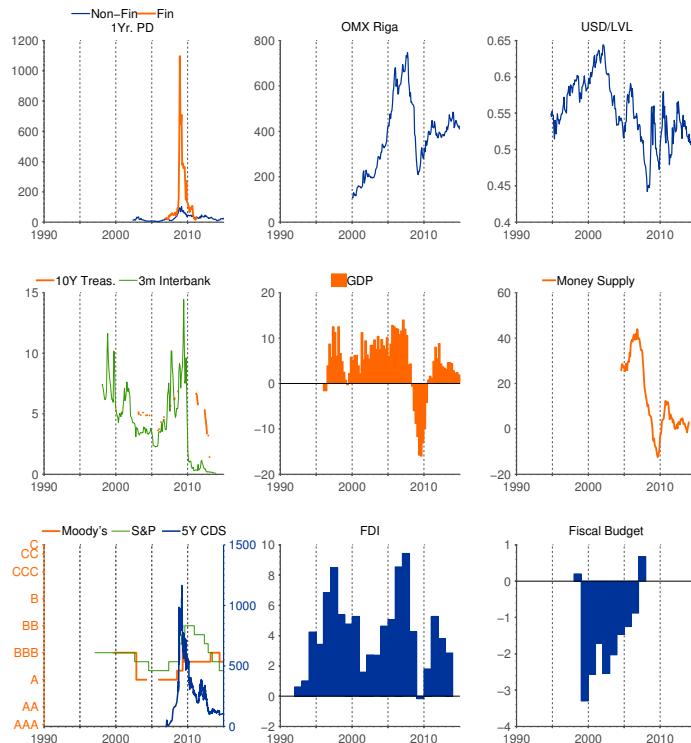
	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	17.67	18.77	16.61	15.61	14.27
1Yr. PD, Fin.	17.42	14.81	16.77	15.16	14.90
MSCI Jordan	198	216	213	193	188
USD/JOD	0.71	0.71	0.71	0.71	0.71
3m Interbank (%)	5.35	5.20	4.85	4.87	4.88
GDP (YoY%)	2.9	3.2	2.8	-	-
Money Supply (YoY%)	9.69	9.67	9.68	7.44	6.60*
Sov. Rating, Moody's	B1	B1	B1	B1	B1
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
FDI (%GDP)	5.34	-	-	-	-



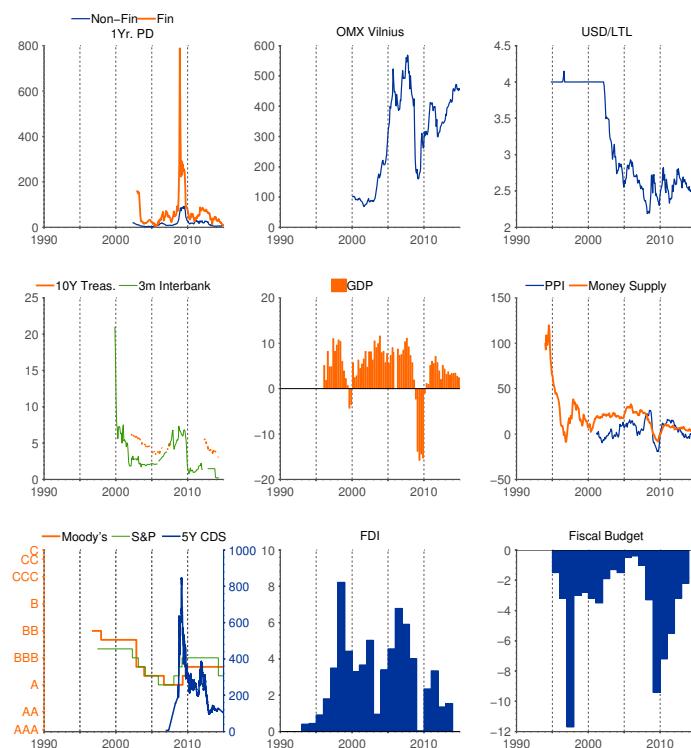
	2013		2014			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	5.19	2.97	1.26	2.73	9.09	
1Yr. PD, Fin.	41.93	78.39	62.25	111.29	135.79	
KASE	918	1046	1121	1204	942	
USD/KZT	154.27	182.08	183.51	181.93	182.35	
10Y Treas. Yield (%)	6.70*	6.70*	6.95	7.12	—	
3m Interbank (%)	6.50	6.50	6.50	6.50	9.00	
GDP (YoY%)	6.0	—	—	—	4.6	
PPI (YoY%)	-0.5	9.1	20.3	9.7	-1.6	
Money Supply (YoY%)	1.53	-1.39	6.48	8.93	-8.20	
Sov. Rating, Moody's	—	—	—	—	Baa2	
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+	
5Y CDS (bps)	171.97	188.37	150.37	—	—	
FDI (%GDP)	4.20	—	—	—	—	



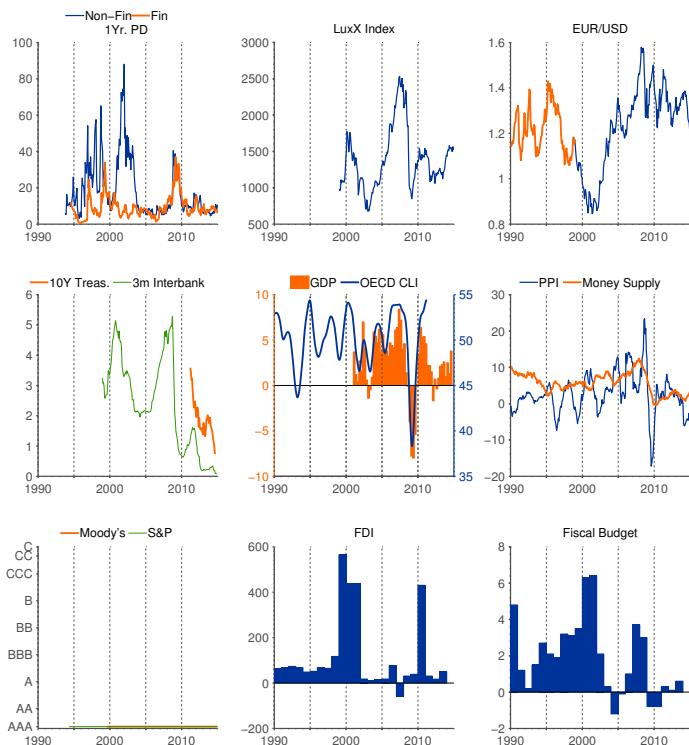
	2013		2014			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	8.80	7.46	8.40	7.33	10.17	
1Yr. PD, Fin.	13.46	10.84	13.44	8.71	16.27	
Kuwait Stock Exchange	7550	7573	6971	7622	6536	
USD/KWD	0.28	0.28	0.28	0.29	0.29	
3m Treas. Yield (%)	0.63	0.94	0.94	1.06	0.81	
3m Interbank (%)	0.88	1.19	1.19	1.31	1.06	
Money Supply (YoY%)	10.05	8.79	7.15	4.15	4.26*	
Sov. Rating, Moody's	Aa2	Aa2	Aa2	Aa2	Aa2	
Sov. Rating, S&P	AA	AA	AA	AA	AA	
FDI (%GDP)	1.05	—	—	—	—	



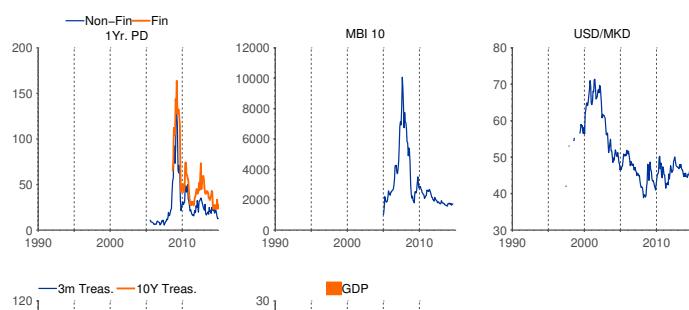
	Latvia		2014				
	2013	2014	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	12.90	13.83	14.02	23.05	27.79		
OMX Riga	460	416	448	425	408		
USD/LVL	0.51	0.51	0.51	0.56	0.58		
3m Interbank (%)	0.09	—	—	—	—		
GDP (YoY%)	4.4	2.8	2.3	2.4	1.9		
Money Supply (YoY%)	3.18	—	—	—	—		
Sov. Rating, Moody's	Baa2	Baa2	Baa1	Baa1	Baa1		
Sov. Rating, S&P	BBB+	BBB+	A-	A-	A-		
5Y CDS (bps)	116.28	121.32	97.45	—	105.60		
FDI (%GDP)	2.85	—	—	—	—		



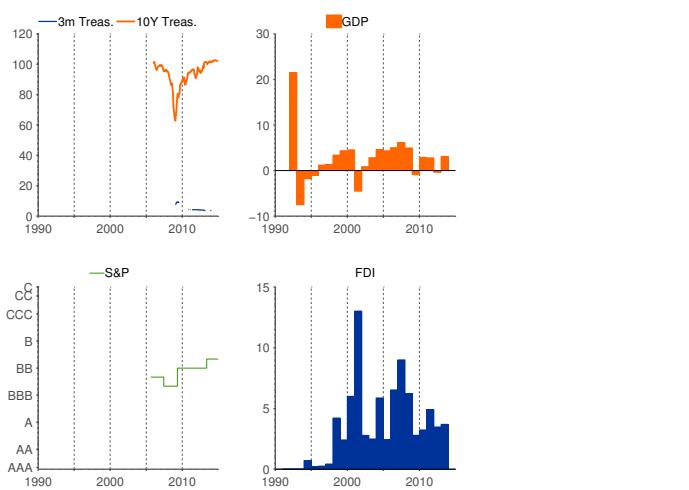
	Lithuania		2014				
	2013	2014	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	4.53	5.49	4.75	6.95	6.97		
1Yr. PD, Fin.	30.22	32.49	24.18	15.94	7.93		
OMX Vilnius	422	451	472	458	452		
USD/LTL	2.51	2.51	2.52	2.73	2.84		
10Y Treas. Yield (%)	3.83*	3.07	3.09*	—	—		
3m Interbank (%)	0.27	0.20	0.20*	—	—		
GDP (YoY%)	3.3	3.3	3.4	2.7	2.4		
PPI (YoY%)	-2.7	0.4	-2.6	-4.7	-10.4		
Money Supply (YoY%)	4.90	3.30	3.70	2.90	1.50		
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa1		
Sov. Rating, S&P	BBB	BBB	A-	A-	A-		
5Y CDS (bps)	119.86	128.63	—	—	106.67		
FDI (%GDP)	1.55	—	—	—	—		
Fiscal Budget (%GDP)	-2.20	—	—	—	—		

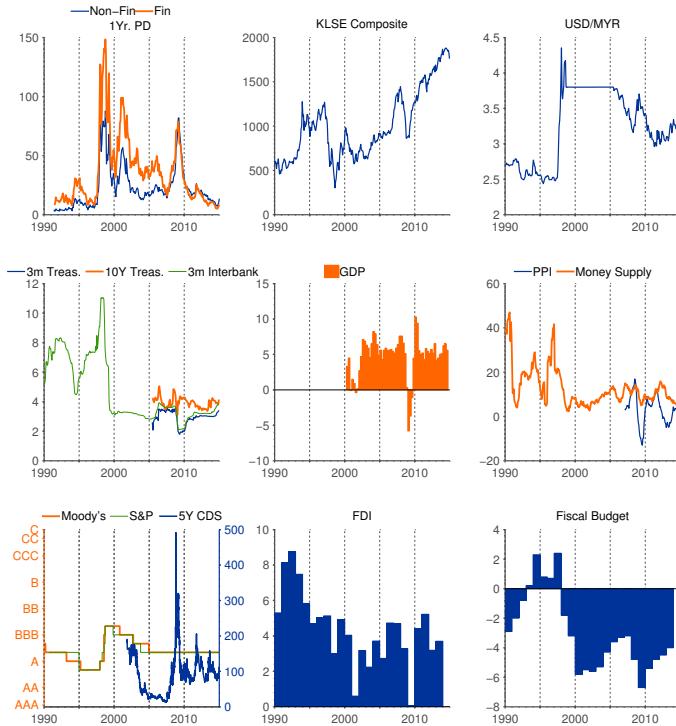


	Luxembourg		2014			
	2013	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	4.48	6.09	5.95	10.78	10.65	
1Yr. PD, Fin.	7.51	8.59	9.82	7.10	6.03	
LuxX Index	1449	1524	1546	1507	1520	
EUR/USD	1.37	1.38	1.37	1.26	1.21	
10Y Treas. Yield (%)	1.94	1.54	1.12	0.73	—	
3m Interbank (%)	0.29	0.31	0.21	0.08	0.08	
GDP (YoY%)	1.0	2.5	1.3	3.8	—	
PPI (YoY%)	0.2	-6.1	-4.6	-4.6	-3.6*	
Money Supply (YoY%)	1.00	1.00	1.50	2.40	3.40	
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa	
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA	
FDI (%GDP)	50.02	—	—	—	—	
Fiscal Budget (%GDP)	0.60	—	—	—	—	

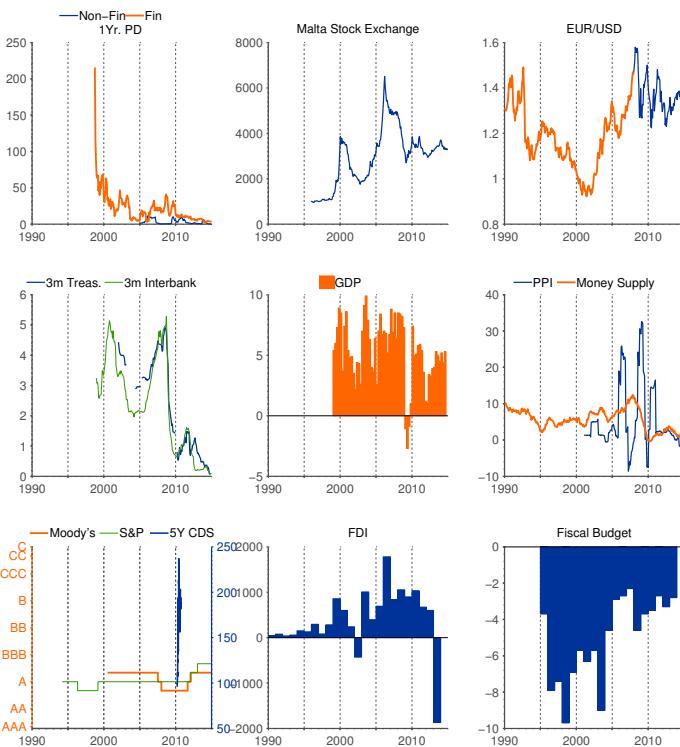


	Macedonia		2014			
	2013	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	18.33	21.74	18.53	18.34	13.35	
1Yr. PD, Fin.	37.79	25.36	27.58	24.33	28.39	
MBI 10	1739	1725	1633	1706	—	
USD/MKD	44.67	44.73	45.16	49.02	50.60	
3m Treas. Yield (%)	3.65	—	—	—	—	
10Y Treas. Yield (%)	101.11	102.13	102.49	102.38	101.91	
GDP (YoY%)	3.1	—	—	—	—	
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-	
FDI (%GDP)	3.69	—	—	—	—	

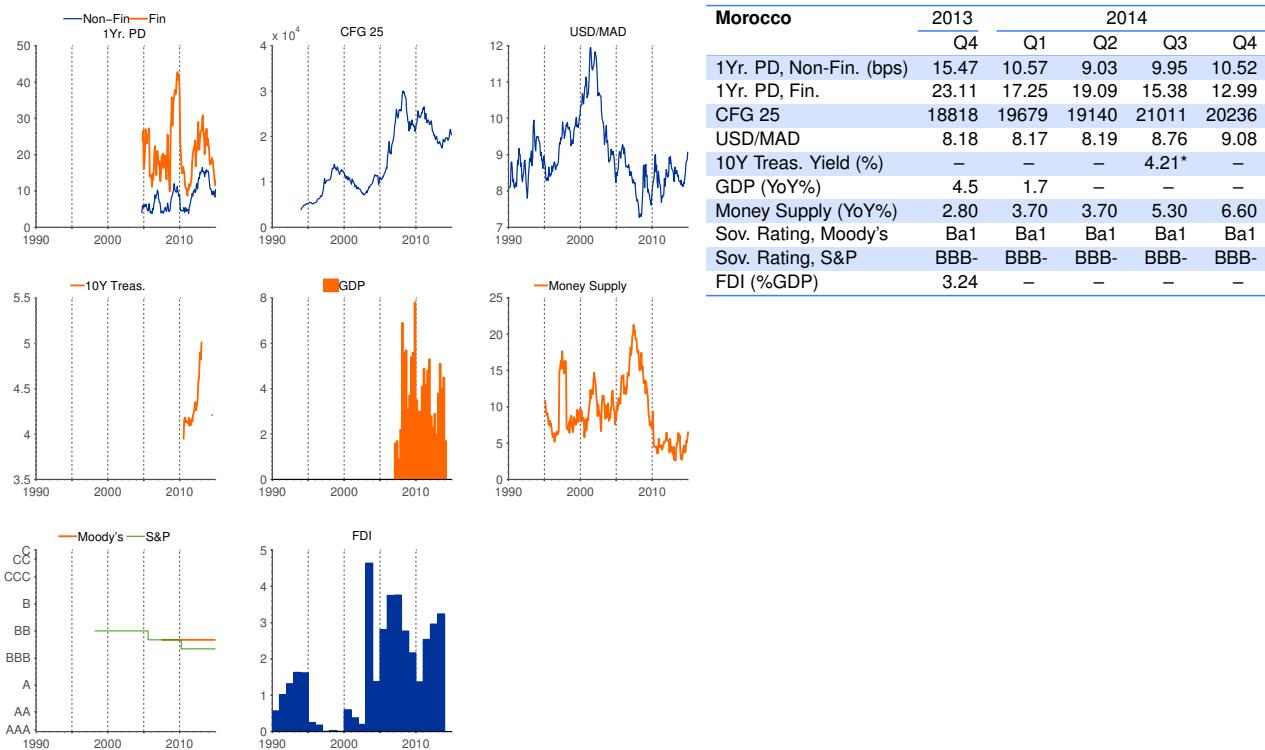
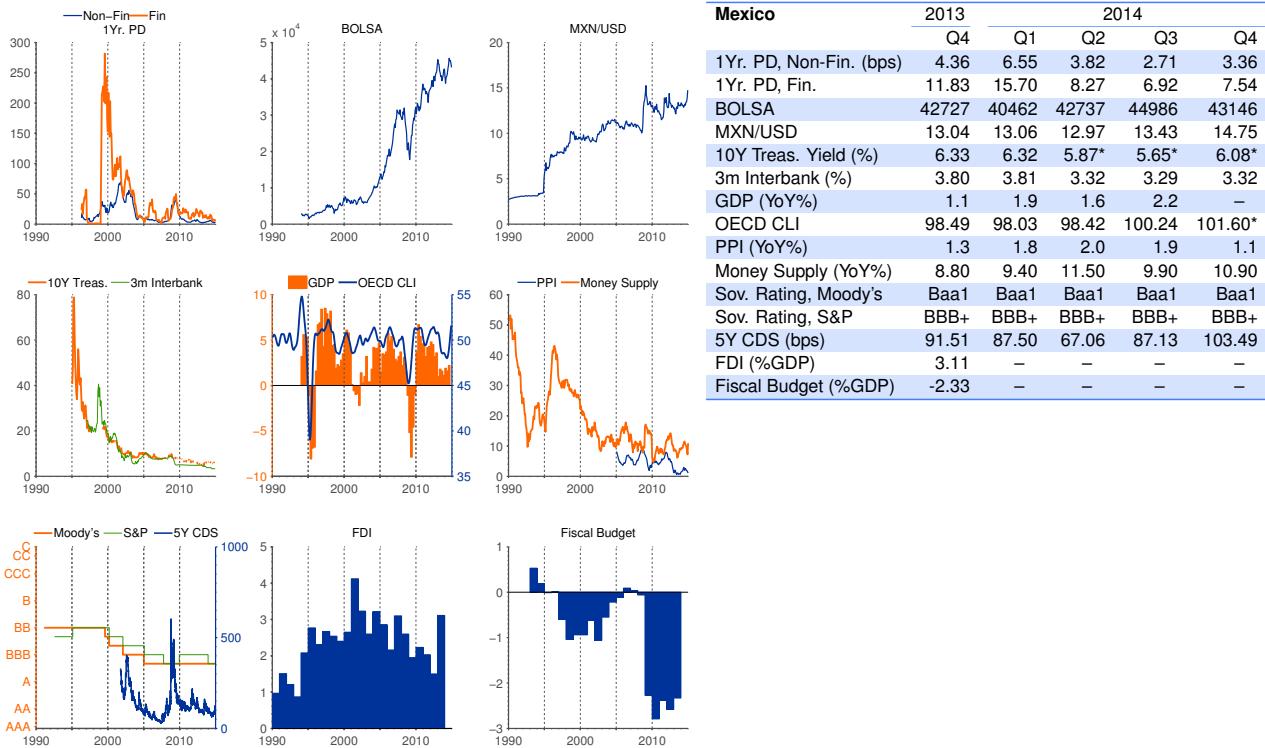


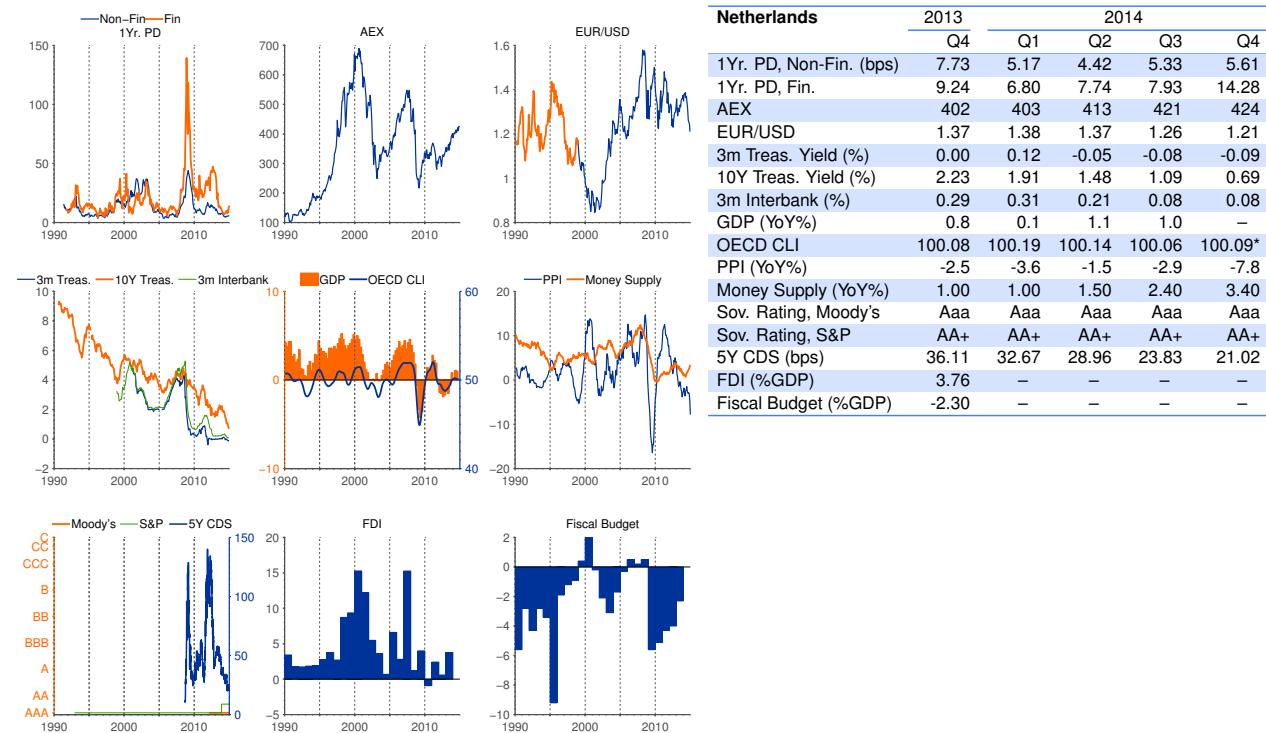
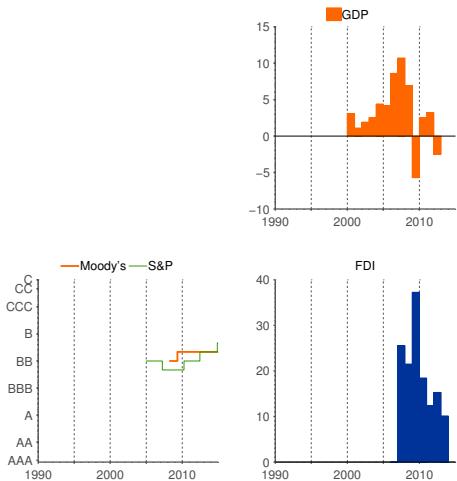


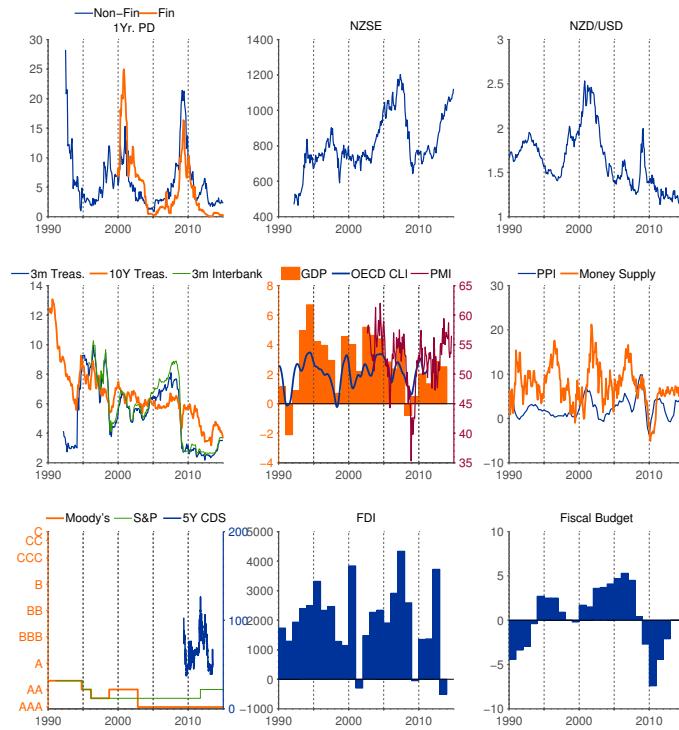
	Malaysia				
	2013	2014			
	Q4	Q1	Q2	Q3	
1Yr. PD, Non-Fin. (bps)	12.32	11.01	8.63	7.34	13.50
1Yr. PD, Fin.	10.95	8.89	5.63	5.04	8.68
KLSE Composite	1867	1849	1883	1846	1761
USD/MYR	3.28	3.26	3.21	3.28	3.50
3m Treas. Yield (%)	3.00	3.00	3.04	3.27	3.42
10Y Treas. Yield (%)	4.13	4.11	4.04	3.92	4.15
3m Interbank (%)	3.32	3.33	3.55	3.74	3.86
GDP (YoY%)	5.1	6.2	6.5	5.6	—
PPI (YoY%)	4.3	3.6	2.4	0.6	-4.4
Money Supply (YoY%)	7.30	5.90	5.60	5.20	7.00
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	A-	A-	A-	A-	A-
5Y CDS (bps)	109.44	101.83	84.84	90.00	113.00
FDI (%GDP)	3.70	—	—	—	—
Fiscal Budget (%GDP)	-4.00	—	—	—	—



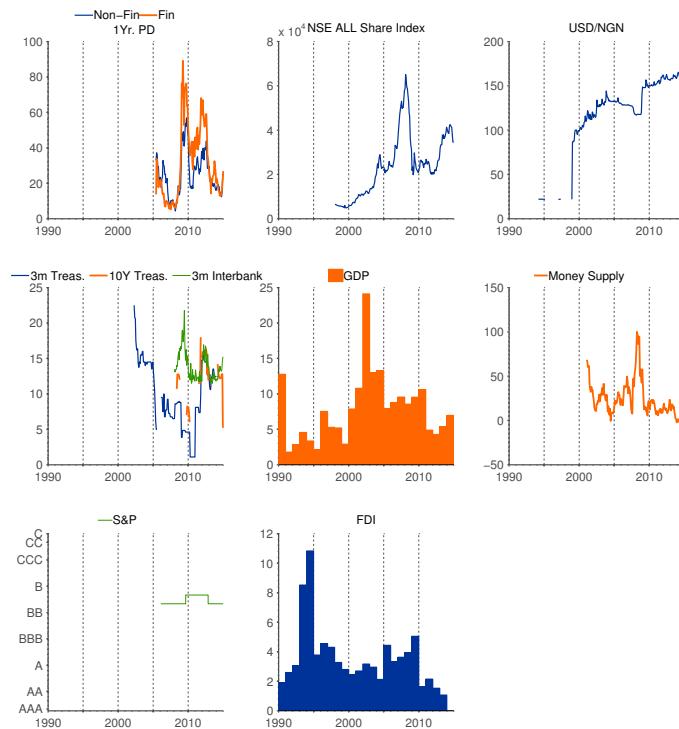
	Malta				
	2013	2014			
	Q4	Q1	Q2	Q3	
1Yr. PD, Non-Fin. (bps)	4.17	1.91	0.55	0.19	0.23
1Yr. PD, Fin.	1.72	2.90	4.78	3.59	3.61
Malta Stock Exchange	3686	3424	3298	3333	3331
EUR/USD	1.37	1.38	1.37	1.26	1.21
3m Treas. Yield (%)	0.39	0.37	0.21	0.07	0.08
3m Interbank (%)	0.29	0.31	0.21	0.08	0.08
GDP (YoY%)	4.5	5.2	4.4	5.3	—
PPI (YoY%)	0.0	0.5	-1.8	-1.6	-1.8
Money Supply (YoY%)	1.00	1.00	1.50	2.40	3.40
Sov. Rating, Moody's	A3	A3	A3	A3	A3
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
FDI (%GDP)	-1868.50	—	—	—	—
Fiscal Budget (%GDP)	-2.80	—	—	—	—



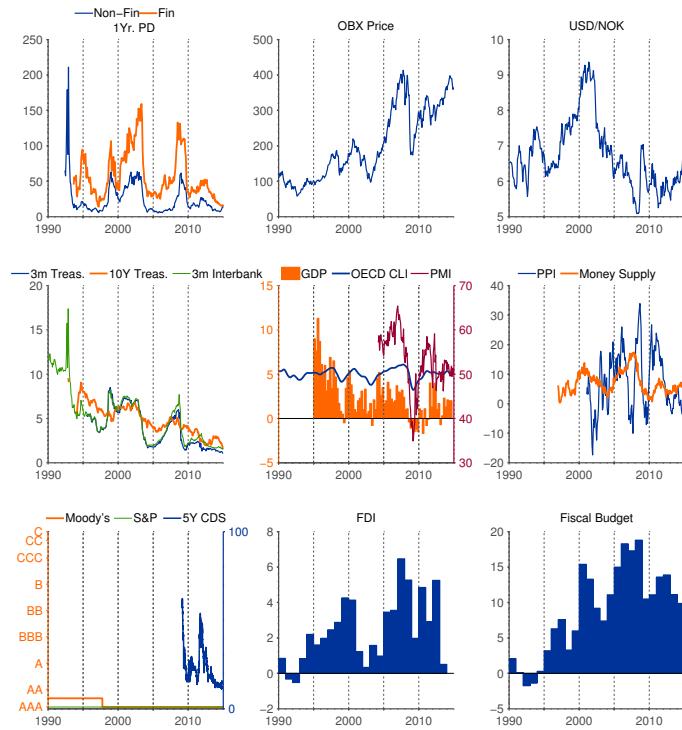




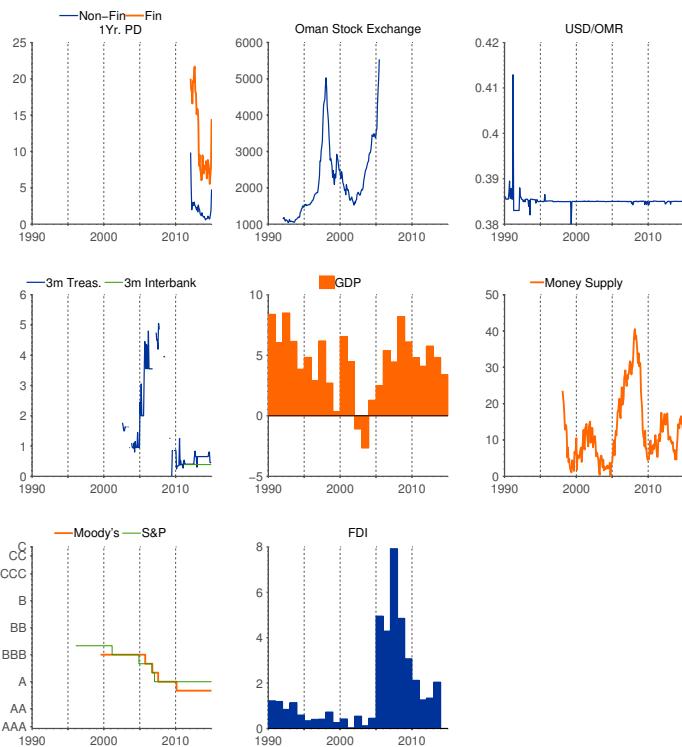
	New Zealand		2014			
	2013	2014	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	2.59	2.47	2.32	2.80	2.42	
1Yr. PD, Fin.	0.59	0.56	0.27	0.28	0.10	
NZSE	999	1061	1050	1065	1122	
NZD/USD	1.22	1.15	1.14	1.28	1.28	
3m Treas. Yield (%)	2.76	2.91	3.48	3.50	3.53	
10Y Treas. Yield (%)	4.72	4.59	4.41	4.14	3.67	
3m Interbank (%)	2.84	3.15	3.65	3.71	3.67	
GDP (YoY%)	2.5	—	—	—	—	
PMI	56.5	58.7	53.7	56.5*	—	
PPI (YoY%)	3.8	4.0	2.5	-1.0	—	
Money Supply (YoY%)	5.80	5.00	5.40	5.30	6.30	
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa	
Sov. Rating, S&P	AA	AA	AA	AA	AA	
FDI (%GDP)	-509.60	—	—	—	—	
Fiscal Budget (%GDP)	0.00	—	—	—	0.00	



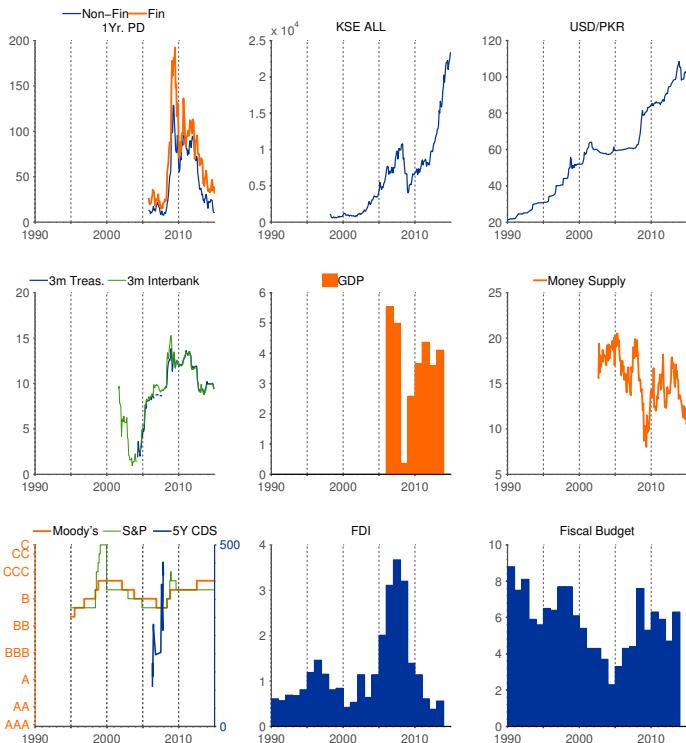
	Nigeria		2014			
	2013	2014	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	16.05	19.39	14.04	12.37	25.51	
1Yr. PD, Fin.	20.22	17.22	13.10	14.68	26.92	
NSE ALL Share Index	41329	38748	42482	41210	34657	
USD/NGN	160.30	165.05	162.89	163.82	183.45	
3m Treas. Yield (%)	12.45	12.45*	12.45	12.45*	—	
10Y Treas. Yield (%)	—	14.20	12.24	12.23	5.20	
3m Interbank (%)	11.79	11.96	13.13	13.19	15.24	
GDP (YoY%)	5.4	—	—	—	7.0	
Money Supply (YoY%)	1.20	0.19	2.15	15.37	7.40	
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-	
FDI (%GDP)	1.07	—	—	—	—	



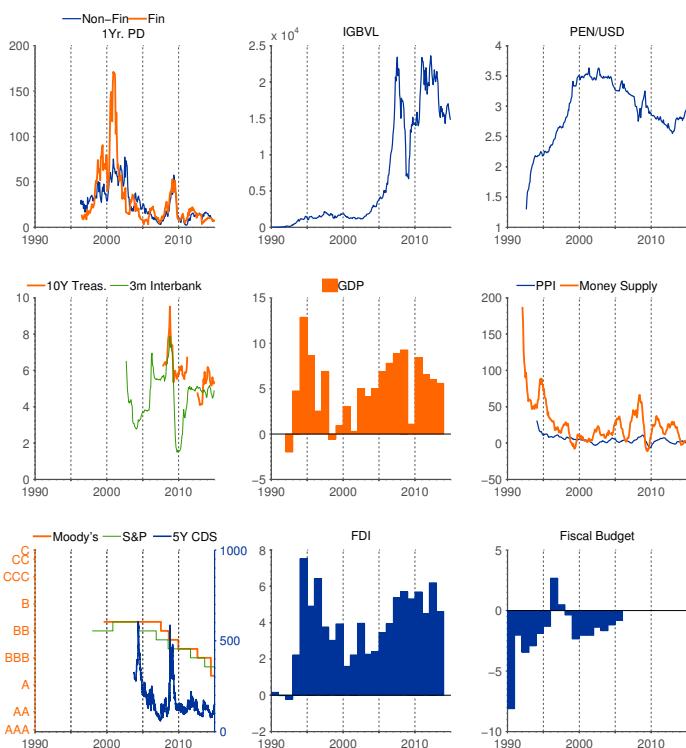
Norway	2013		2014			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	8.32	8.02	6.86	10.23	13.02	
1Yr. PD, Fin.	19.98	18.73	16.92	15.27	14.77	
OBX Price	367	374	398	390	364	
USD/NOK	6.07	5.99	6.13	6.43	7.45	
3m Treas. Yield (%)	1.30	1.32	1.18	1.28	1.03	
10Y Treas. Yield (%)	3.00	2.92	2.48	2.27	1.54	
3m Interbank (%)	1.69	1.73	1.75	1.65	1.48	
GDP (YoY%)	1.3	2.1	2.0	2.0	—	
OECD CLI	100.67	100.51	99.98	99.63	99.57*	
PMI	50.9	52.2	49.6	49.5	49.8	
PPI (YoY%)	4.8	0.1	1.2	-3.8	-7.9	
Money Supply (YoY%)	6.00	5.90	7.20	6.50	5.40	
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa	
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA	
5Y CDS (bps)	14.34	13.38	13.12	12.33	13.84*	
FDI (%GDP)	0.51	—	—	—	—	
Fiscal Budget (%GDP)	11.11	—	—	—	9.87	



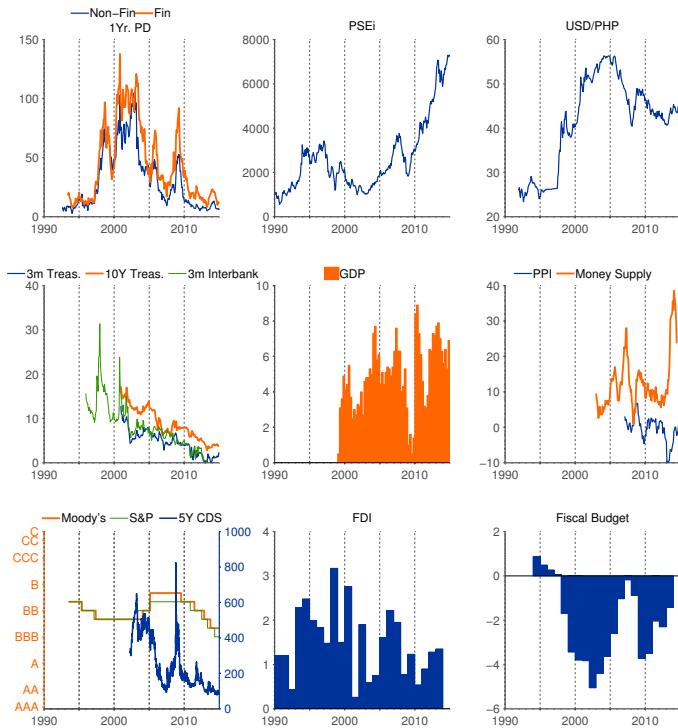
Oman	2013		2014			
	Q4	Q1	Q2	Q3	Q4	
1Yr. PD, Non-Fin. (bps)	1.05	0.71	1.10	0.73	4.78	
1Yr. PD, Fin.	8.01	8.68	8.84	5.52	14.46	
USD/OMR	0.39	0.38	0.39	0.38	0.39	
3m Treas. Yield (%)	0.65	0.65	0.65	0.80	0.45	
3m Interbank (%)	0.39	0.38	0.38	0.38	0.39	
GDP (YoY%)	4.8	—	—	—	3.4	
Money Supply (YoY%)	8.49	13.69	15.65	15.05	15.65*	
Sov. Rating, Moody's	A1	A1	A1	A1	A1	
Sov. Rating, S&P	A	A	A	A	A	
FDI (%GDP)	2.04	—	—	—	—	



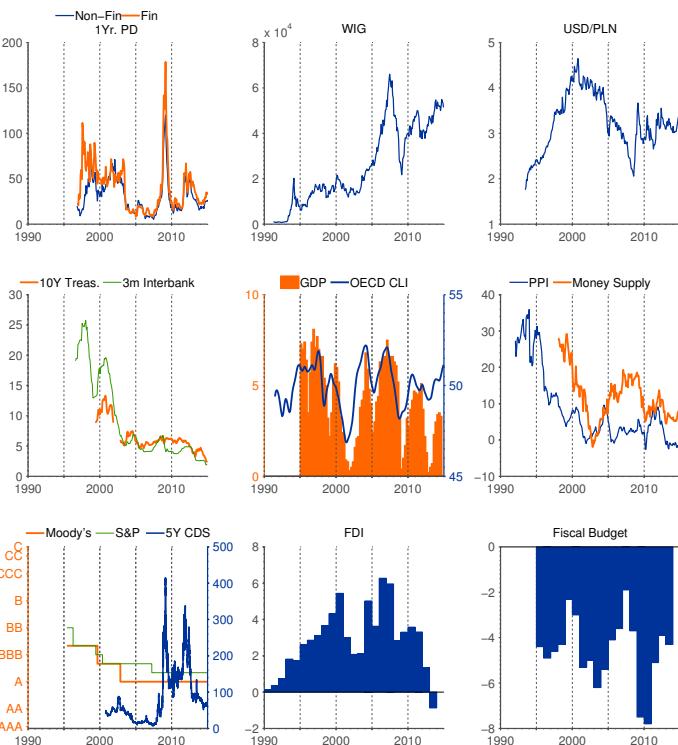
	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	19.11	21.91	24.89	16.63	10.71
1Yr. PD, Fin.	40.71	35.89	34.28	34.91	31.02
KSE ALL	18664	20397	21973	21778	23398
USD/PKR	105.33	98.19	98.72	102.65	100.52
3m Treas. Yield (%)	10.20	9.98	9.93	10.02	9.57
3m Interbank (%)	9.84	9.93	9.92	9.93	9.38
GDP (YoY%)	4.1	—	—	—	—
Money Supply (YoY%)	13.70	12.70	12.50	12.20	10.90
Sov. Rating, Moody's	Caa1	Caa1	Caa1	Caa1	Caa1
Sov. Rating, S&P	B-	B-	B-	B-	B-
FDI (%GDP)	0.56	—	—	—	—
Fiscal Budget (%GDP)	6.30	—	—	—	—



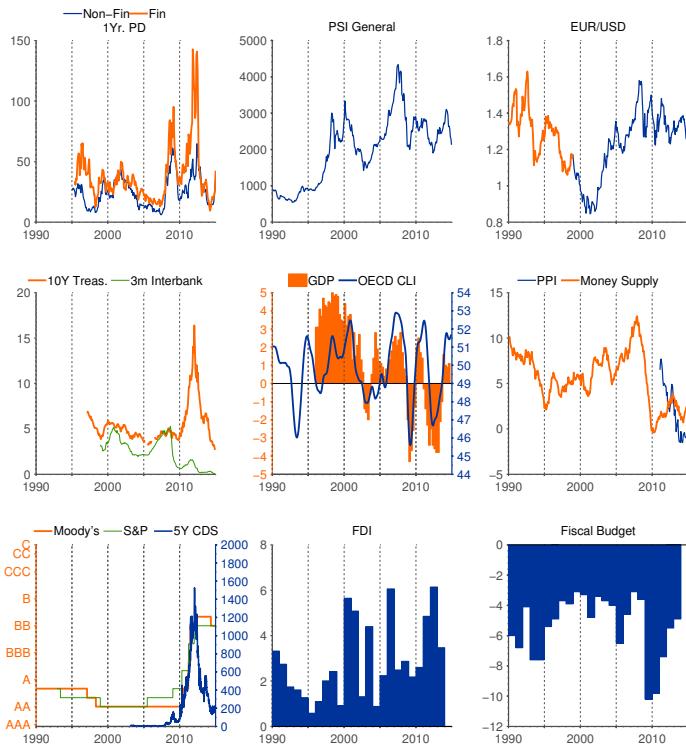
	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	14.90	12.59	10.82	6.58	6.82
1Yr. PD, Fin.	8.95	10.37	9.97	6.41	8.18
IGBVL	15754	14299	16662	16227	14794
PEN/USD	2.80	2.81	2.80	2.89	2.98
10Y Treas. Yield (%)	5.55	6.01	5.30	5.63	5.41
3m Interbank (%)	4.58	5.08	5.01	4.47	4.90
GDP (YoY%)	5.6	—	—	—	—
PPI (YoY%)	1.6	2.6	2.1	0.4	1.5
Money Supply (YoY%)	5.90	-2.20	0.90	2.20	6.60
Sov. Rating, Moody's	Baa2	Baa2	Baa2	A3	A3
Sov. Rating, S&P	BBB+	BBB+	BBB+	BBB+	BBB+
5Y CDS (bps)	133.07	111.18	82.88	104.50	114.92
FDI (%GDP)	4.60	—	—	—	—



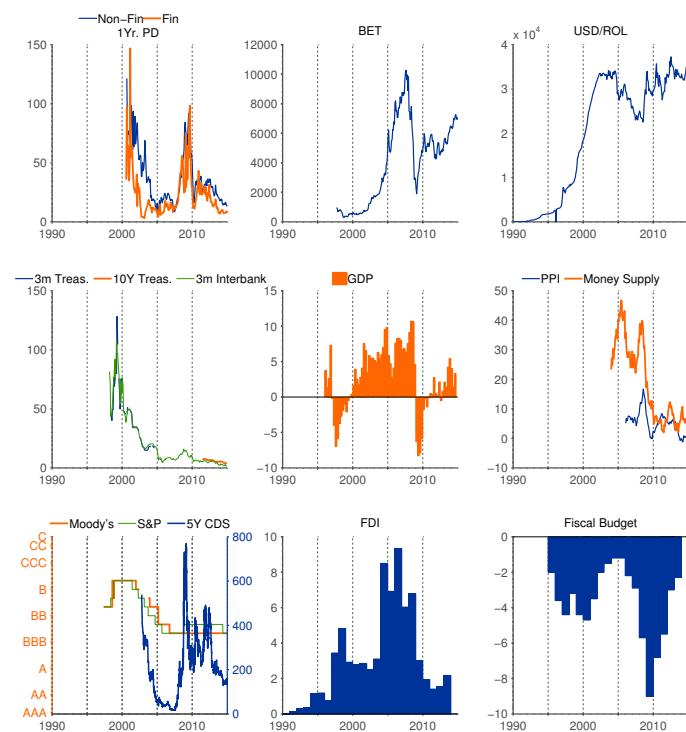
	Philippines		2014				
	2013	2014	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	10.98	13.26	7.38	6.49	5.71		
1Yr. PD, Fin.	23.02	21.13	16.72	9.93	12.50		
PSEI	5890	6429	6844	7283	7231		
USD/PHP	44.40	44.81	43.66	44.97	44.72		
3m Treas. Yield (%)	0.33	1.50	1.15	1.52	2.38		
10Y Treas. Yield (%)	3.50	4.20	3.90	4.20	3.87		
GDP (YoY%)	6.3	5.6	6.4	5.3	6.9		
PPI (YoY%)	-4.1	0.1	-2.3	0.8	-2.9		
Money Supply (YoY%)	33.07	35.53	23.72	—	—		
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3		
Sov. Rating, S&P	BBB-	BBB-	BBB	BBB	BBB		
5Y CDS (bps)	114.17	104.82	87.18	99.48	101.50		
FDI (%GDP)	1.35	—	—	—	—		
Fiscal Budget (%GDP)	-1.42	—	—	—	—		



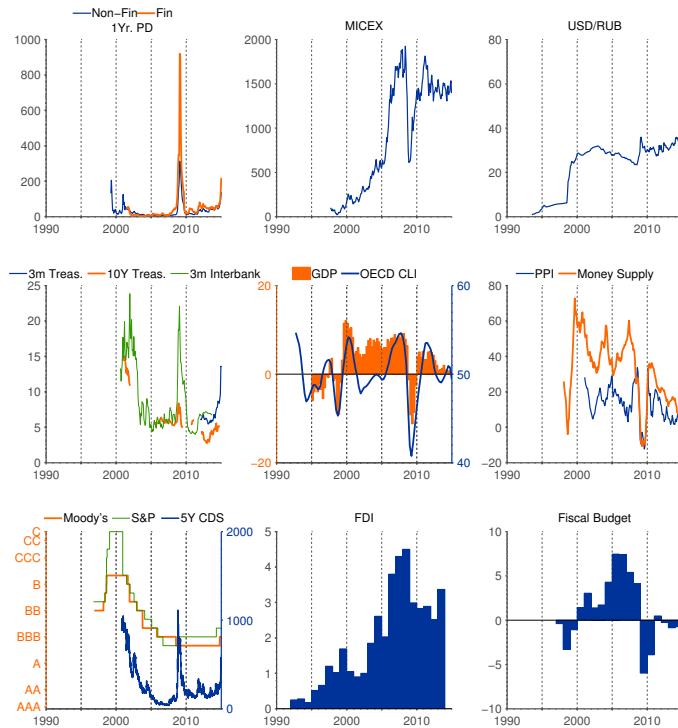
	Poland		2014				
	2013	2014	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	17.11	18.25	17.12	25.13	26.67		
1Yr. PD, Fin.	23.64	23.41	22.17	28.95	35.40		
WIG	51284	52373	51935	54879	51416		
USD/PLN	3.02	3.03	3.04	3.31	3.54		
10Y Treas. Yield (%)	4.35	4.23	3.45	3.05	2.52		
3m Interbank (%)	2.61	2.61	2.58	2.18	1.96		
GDP (YoY%)	3.0	3.4	3.5	3.3	—		
OECD CLI	100.34	100.28	100.37	100.84	101.14		
PPI (YoY%)	-1.0	-1.3	-1.8	-1.6	-2.5		
Money Supply (YoY%)	6.24	5.19	5.24	7.88	8.40		
Sov. Rating, Moody's	A2	A2	A2	A2	A2		
Sov. Rating, S&P	A-	A-	A-	A-	A-		
5Y CDS (bps)	79.70	70.70	59.86	70.32	66.86		
FDI (%GDP)	-0.87	—	—	—	—		
Fiscal Budget (%GDP)	-4.30	—	—	—	—		



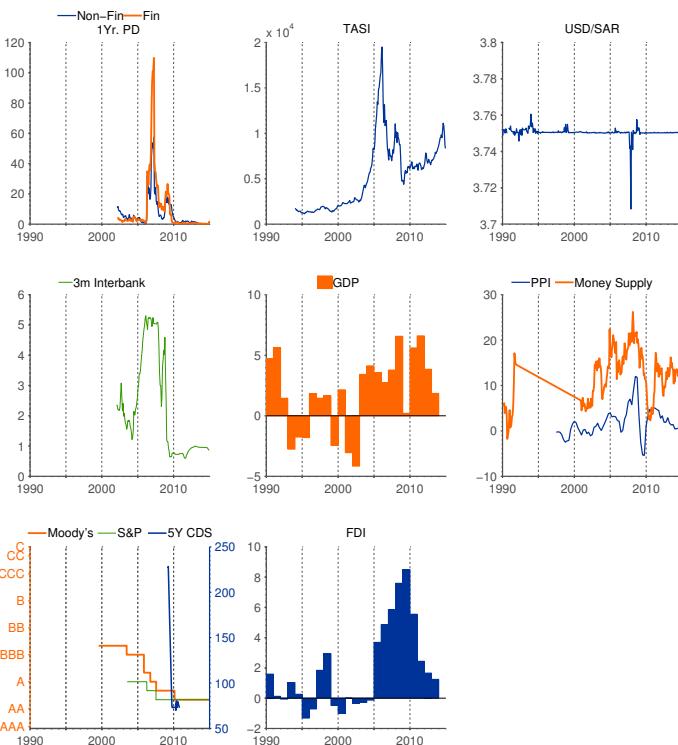
	Portugal		2014			
	2013	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	16.27	11.04	14.67	16.38	37.02	
1Yr. PD, Fin.	18.00	9.41	18.94	19.43	42.38	
PSI General	2698	3100	2940	2561	2128	
EUR/USD	1.37	1.38	1.37	1.26	1.21	
10Y Treas. Yield (%)	6.13	4.07	3.65	3.16	2.69	
3m Interbank (%)	0.29	0.31	0.21	0.08	0.08	
GDP (YoY%)	1.6	1.0	0.9	1.1	—	
OECD CLI	100.98	101.78	101.51	101.50	101.69*	
PPI (YoY%)	-0.3	-1.5	-0.4	-1.0	-3.3	
Money Supply (YoY%)	1.00	1.00	1.50	2.40	3.40	
Sov. Rating, Moody's	Ba3	Ba3	Ba2	Ba2	Ba2	
Sov. Rating, S&P	BB	BB	BB	BB	BB	
5Y CDS (bps)	351.68	183.55	163.67	165.32	202.46	
FDI (%GDP)	3.47	—	—	—	—	
Fiscal Budget (%GDP)	-4.90	—	—	—	—	



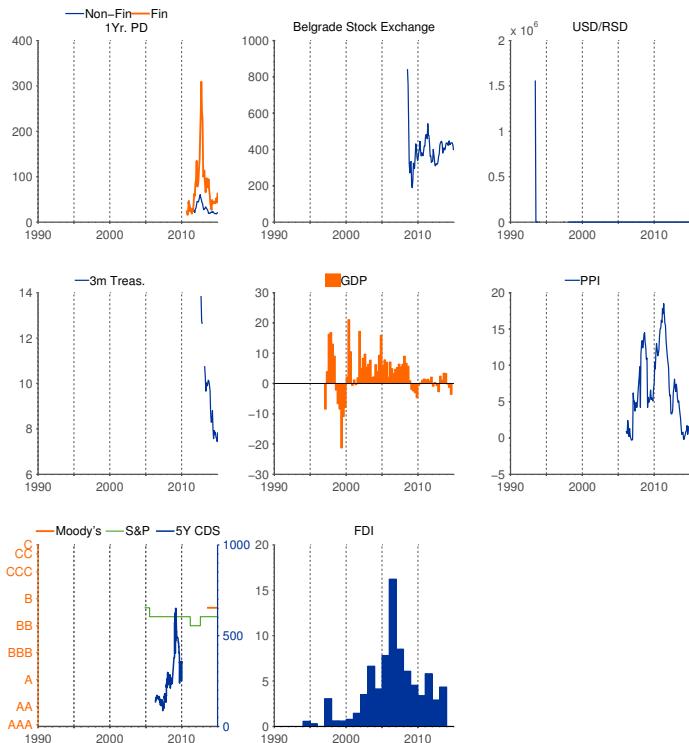
	Romania		2014			
	2013	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	18.55	18.24	15.09	16.66	13.04	
1Yr. PD, Fin.	7.31	10.05	7.10	7.79	7.50	
BET	6494	6324	7014	7263	7083	
USD/ROL	32466.01	32379.50	32030.46	34932.00	37073.00	
10Y Treas. Yield (%)	5.29	5.33	4.38	4.28	3.57	
3m Interbank (%)	2.19	2.72	2.17	2.85	1.46	
GDP (YoY%)	5.4	4.0	1.4	3.3	—	
PPI (YoY%)	-0.1	-1.1	0.3	0.1	-1.4	
Money Supply (YoY%)	8.76	6.31	5.25	5.17	7.80	
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3	
Sov. Rating, S&P	BB+	BB+	BB-	BB-	BB-	
5Y CDS (bps)	184.62	166.65	135.00	144.33	134.51	
FDI (%GDP)	2.17	—	—	—	—	
Fiscal Budget (%GDP)	-2.30	—	—	—	—	



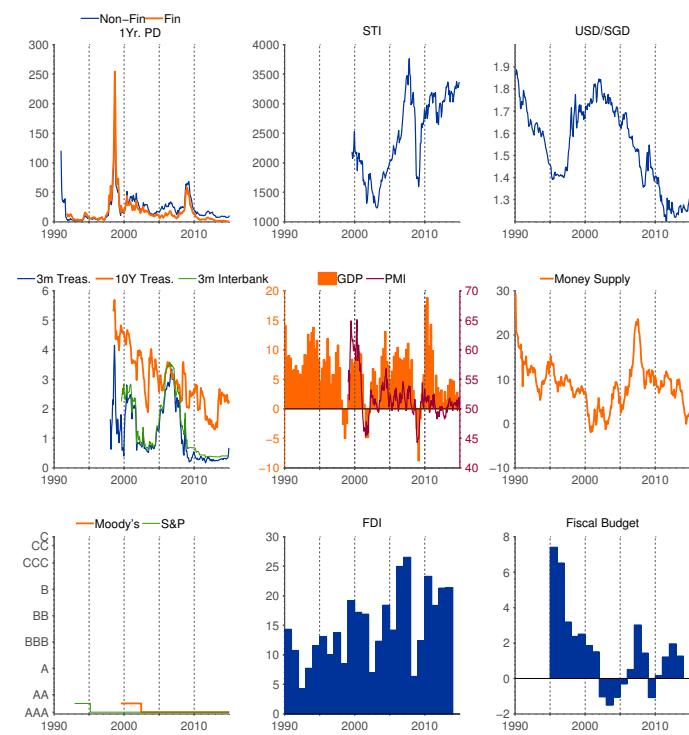
	Russia		2014				
	2013	2014	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	45.82	61.99	43.81	59.61	139.29		
1Yr. PD, Fin.	35.95	52.89	50.06	80.25	218.73		
MICEX	1504	1369	1476	1411	1397		
USD/RUB	32.87	35.17	33.98	39.60	60.74		
3m Treas. Yield (%)	6.81	7.02	7.82	8.38	13.62		
10Y Treas. Yield (%)	4.63	5.01	4.44	5.13	5.08*		
GDP (YoY%)	2.0	0.9	0.8	0.7	—		
OECD CLI	99.79	100.31	100.93	100.75	99.43		
PPI (YoY%)	3.7	5.0	8.9	3.5	5.9		
Money Supply (YoY%)	14.60	8.50	6.70	7.00	2.20		
Sov. Rating, Moody's	Baa1	Baa1	Baa1	Baa1	Baa2		
Sov. Rating, S&P	BBB	BBB	BBB-	BBB-	BBB-		
5Y CDS (bps)	165.16	222.07	183.69	248.51	476.09		
FDI (%GDP)	3.37	—	—	—	—		
Fiscal Budget (%GDP)	-0.85	—	—	—	-0.74		



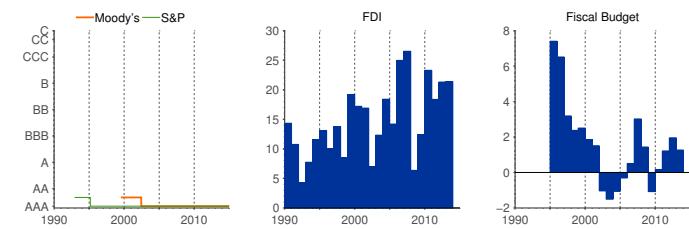
	Saudi Arabia		2014				
	2013	2014	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	0.34	0.29	0.25	0.16	1.98		
1Yr. PD, Fin.	0.16	0.32	0.23	0.19	1.90		
TASI	8536	9474	9513	10855	8333		
USD/SAR	3.75	3.75	3.75	3.75	3.75		
3m Interbank (%)	0.96	0.95	0.95	0.94	0.86		
GDP (YoY%)	1.9	—	—	—	—		
PPI (YoY%)	0.4	0.5	0.6	0.2	0.7		
Money Supply (YoY%)	10.90	13.60	12.30	13.40	11.90		
Sov. Rating, Moody's	Aa3	Aa3	Aa3	Aa3	Aa3		
Sov. Rating, S&P	AA-	AA-	AA-	AA-	AA-		
FDI (%GDP)	1.24	—	—	—	—		

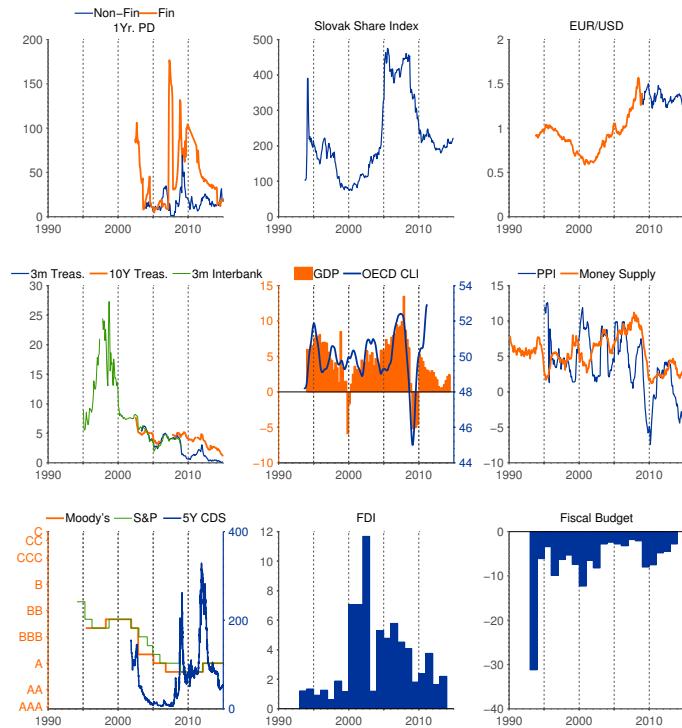


	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	20.71	21.21	20.00	18.65	21.95
1Yr. PD, Fin.	39.53	48.84	43.61	44.63	64.75
Belgrade Stock Exchange	437	422	426	438	396
USD/RSD	83.39	83.85	84.58	93.07	100.33
3m Treas. Yield (%)	9.68	8.33	7.57	7.86	7.44
GDP (YoY%)	3.3	-0.2	-1.3	-3.6	-
PPI (YoY%)	0.8	0.2	1.0	1.0	0.2
Sov. Rating, Moody's	B1	B1	B1	B1	B1
Sov. Rating, S&P	BB-	BB-	BB-	BB-	BB-
FDI (%GDP)	4.34	-	-	-	-

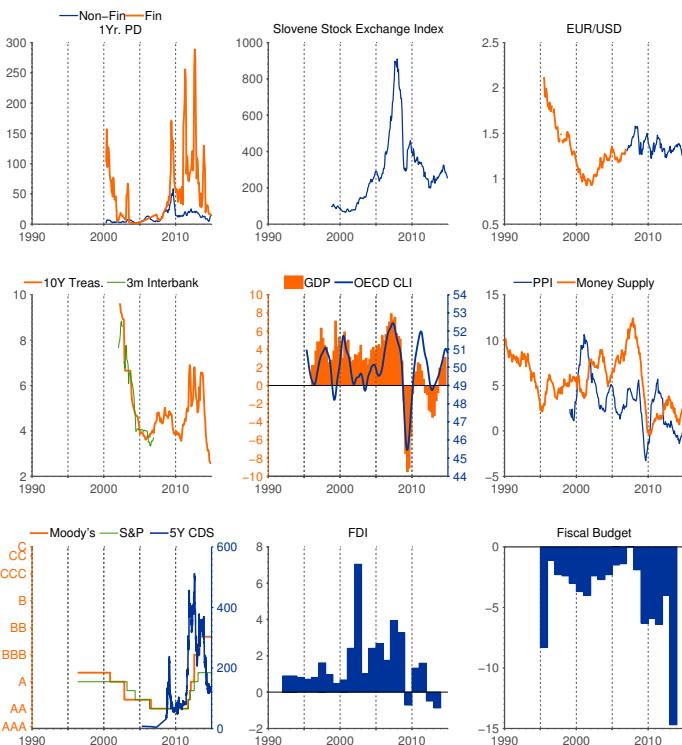


	2013		2014		
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	9.60	9.34	7.72	7.63	10.56
1Yr. PD, Fin.	2.02	1.84	1.43	0.56	0.86
STI	3167	3189	3256	3277	3365
USD/SGD	1.26	1.26	1.25	1.28	1.33
3m Treas. Yield (%)	0.31	0.32	0.32	0.33	0.68
10Y Treas. Yield (%)	2.56	2.49	2.32	2.47	2.28
3m Interbank (%)	0.40	0.41	0.40	0.41	0.46
GDP (YoY%)	4.9	4.7	2.3	2.8	1.5
PMI	49.7	50.8	50.5	50.5	49.6
Money Supply (YoY%)	4.30	2.00	0.70	2.00	3.40
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
FDI (%GDP)	21.40	-	-	-	-
Fiscal Budget (%GDP)	1.27	-	-	-	-

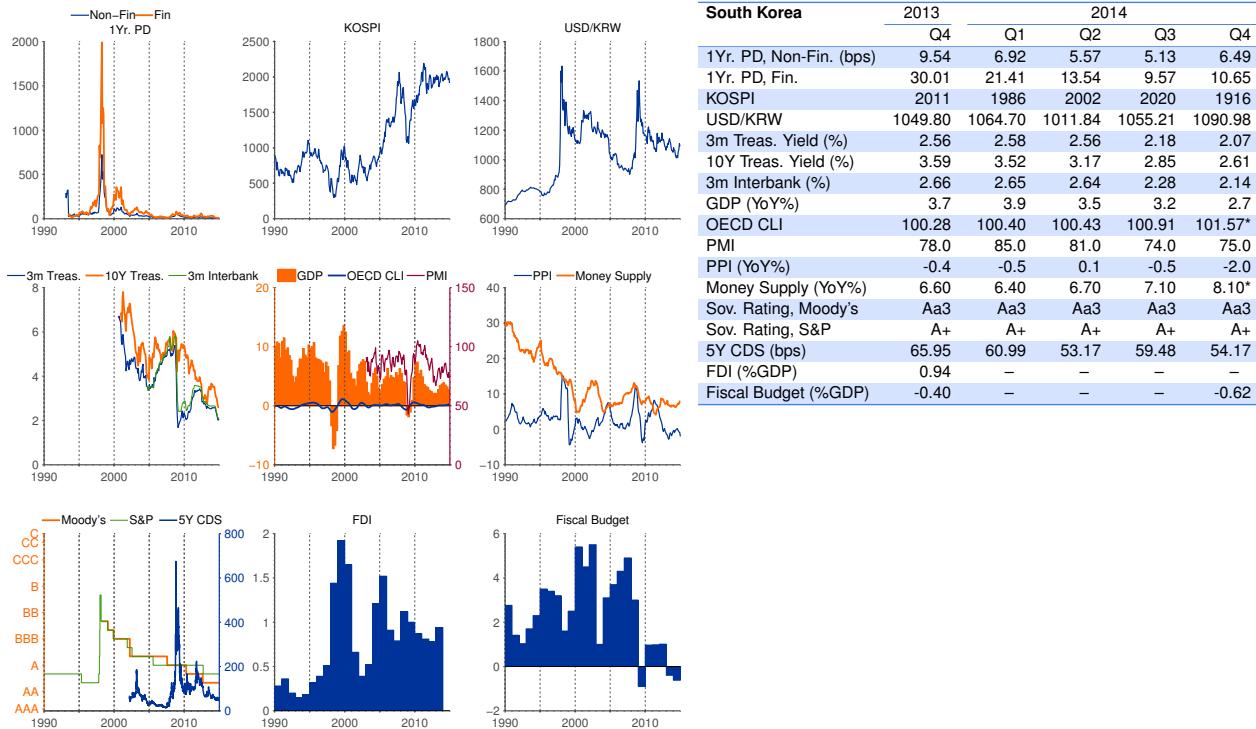
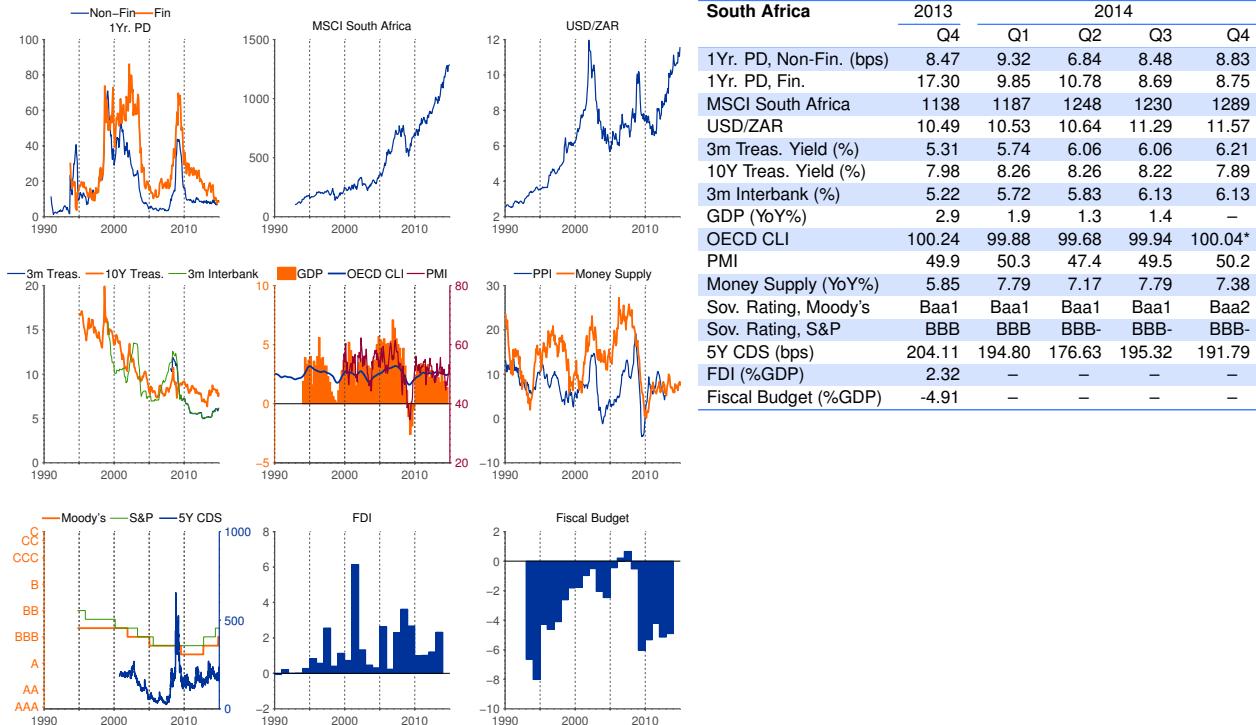


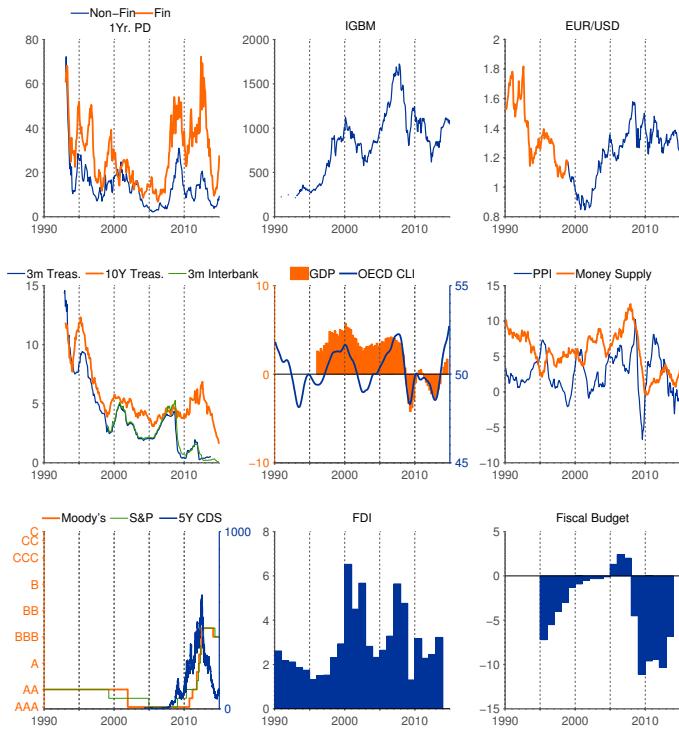


	Slovakia		2014				
	2013	2014	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	12.24	13.73	16.42	31.53	16.88		
1Yr. PD, Fin.	33.34	14.17	16.47	17.76	20.73		
Slovak Share Index	198	219	207	210	222		
EUR/USD	1.37	1.38	1.37	1.26	1.21		
3m Treas. Yield (%)	0.44	0.27	0.23	0.06	0.13		
10Y Treas. Yield (%)	2.51	2.13	2.02	1.47	1.09		
GDP (YoY%)	1.6	2.2	2.4	—	—		
PPI (YoY%)	-1.7	-4.0	-3.3	-3.9	-3.7		
Money Supply (YoY%)	2.40	2.20	2.30	2.90	3.30		
Sov. Rating, Moody's	A2	A2	A2	A2	A2		
Sov. Rating, S&P	A	A	A	A	A		
5Y CDS (bps)	83.85	71.83	50.00	49.31	54.64		
FDI (%GDP)	2.20	—	—	—	—		
Fiscal Budget (%GDP)	-2.80	—	—	—	—		

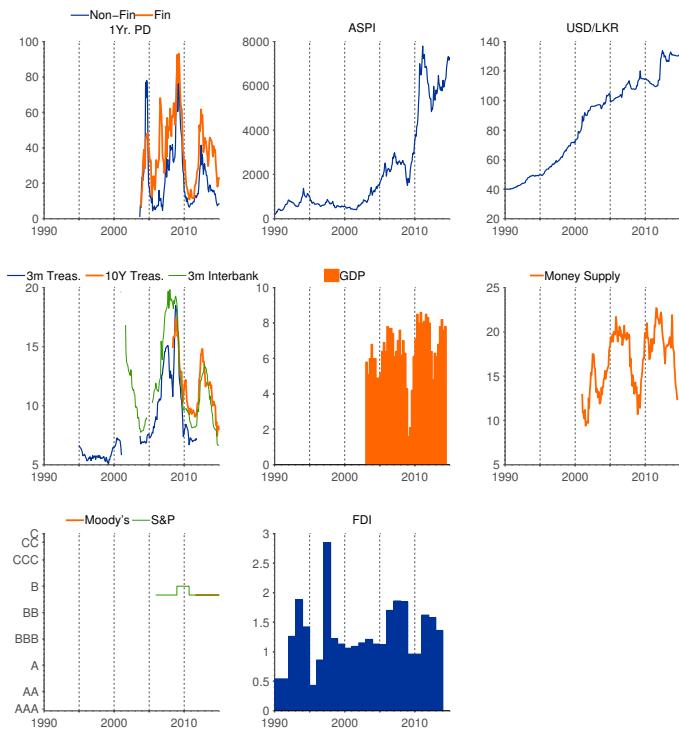


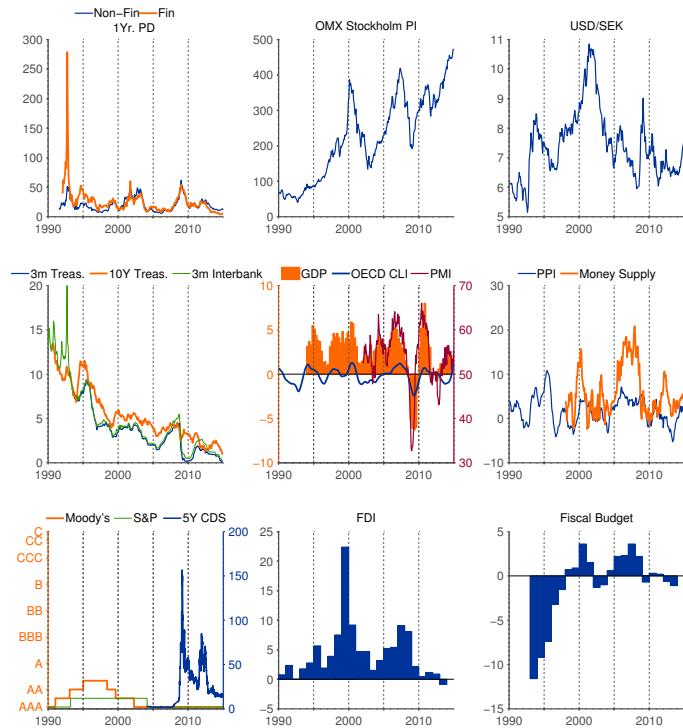
	Slovenia		2014				
	2013	2014	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	12.88	8.93	6.31	8.57	14.04		
1Yr. PD, Fin.	107.05	31.52	29.94	16.87	16.30		
Slovene Stock Exchange Index	284	288	324	284	252		
EUR/USD	1.37	1.38	1.37	1.26	1.21		
10Y Treas. Yield (%)	5.27	3.85	3.13	2.66	2.54*		
GDP (YoY%)	1.9	1.9	2.8	3.1	—		
OECD CLI	100.00	100.38	100.84	101.01	100.76		
PPI (YoY%)	-0.5	-0.9	-0.9	-0.3	-0.2		
Money Supply (YoY%)	1.00	1.00	1.50	2.40	3.40		
Sov. Rating, Moody's	Ba1	Ba1	Ba1	Ba1	Ba1		
Sov. Rating, S&P	A-	A-	A-	A-	A-		
5Y CDS (bps)	282.15	172.78	119.98	127.64	134.12		
FDI (%GDP)	-0.87	—	—	—	—		
Fiscal Budget (%GDP)	-14.70	—	—	—	—		



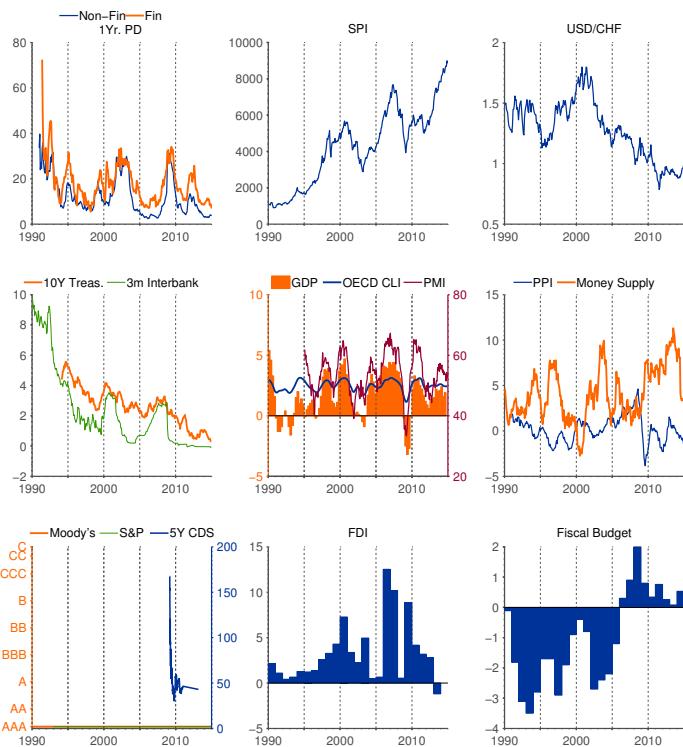


	2013	2014			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	4.92	3.75	4.35	6.06	9.44
1Yr. PD, Fin.	18.43	9.45	12.07	15.69	27.68
IGBM	1012	1056	1116	1105	1042
EUR/USD	1.37	1.38	1.37	1.26	1.21
3m Treas. Yield (%)	0.55*	—	—	—	—
10Y Treas. Yield (%)	4.15	3.23	2.66	2.14	1.61
3m Interbank (%)	0.29	0.31	0.21	0.08	0.08
GDP (YoY%)	0.0	0.8	1.3	1.7	—
OECD CLI	100.99	101.52	101.84	102.29	102.72*
PPI (YoY%)	0.6	-1.5	0.3	-0.9	-3.7
Money Supply (YoY%)	1.00	1.00	1.50	2.40	3.40
Sov. Rating, Moody's	Baa3	Baa2	Baa2	Baa2	Baa2
Sov. Rating, S&P	BBB-	BBB-	BBB	BBB	BBB
5Y CDS (bps)	157.48	104.18	66.33	74.00	96.93
FDI (%GDP)	3.22	—	—	—	—
Fiscal Budget (%GDP)	-6.80	—	—	—	—

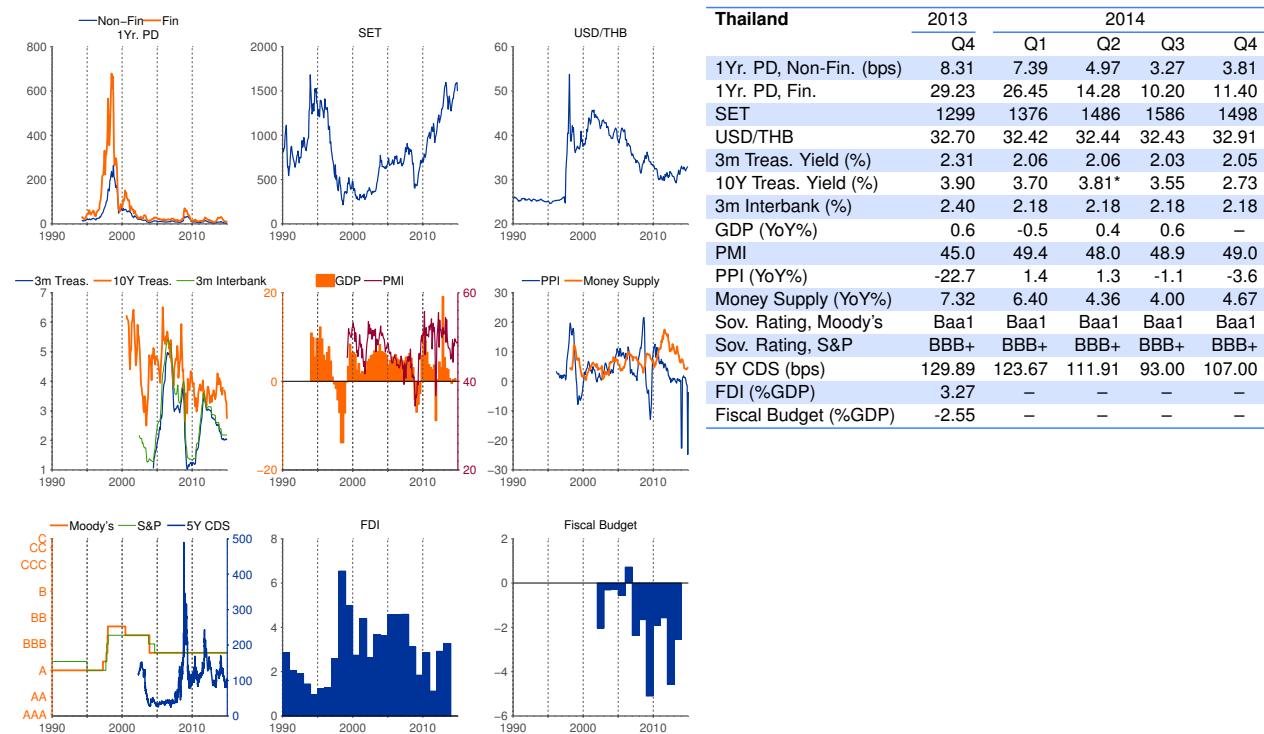
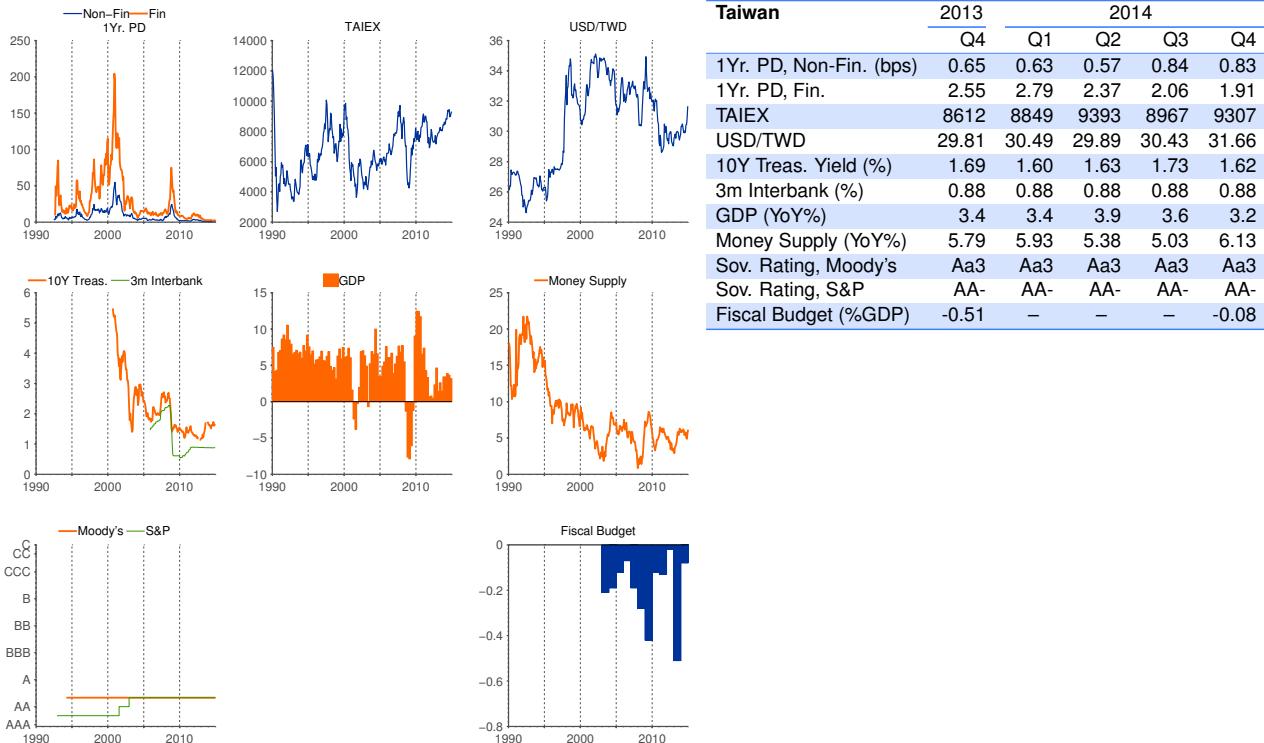


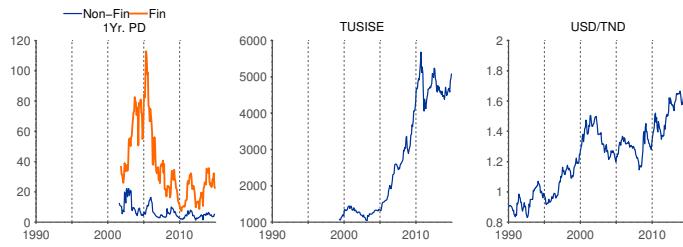


	Sweden				
	2013	2014			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	12.60	11.02	10.98	12.21	11.76
1Yr. PD, Fin.	6.56	6.84	4.52	4.28	5.28
OMX Stockholm PI	424	440	449	448	474
USD/SEK	6.44	6.47	6.68	7.21	7.81
3m Treas. Yield (%)	0.74	0.75	0.56	0.19	0.12
10Y Treas. Yield (%)	2.50	2.12	1.85	1.49	0.93
3m Interbank (%)	0.94	0.92	0.75	0.47	0.26
GDP (YoY%)	2.5	1.6	2.4	2.1	—
OECD CLI	97.93	98.14	98.79	100.46	102.40*
PMI	52.2	56.5	54.8	53.4	55.4
PPI (YoY%)	0.3	1.0	2.3	1.7	-0.1
Money Supply (YoY%)	3.13	3.00	4.40	5.45	4.14
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
5Y CDS (bps)	16.67	15.72	14.50	14.63	13.52
FDI (%GDP)	-0.88	—	—	—	—
Fiscal Budget (%GDP)	-1.10	—	—	—	—

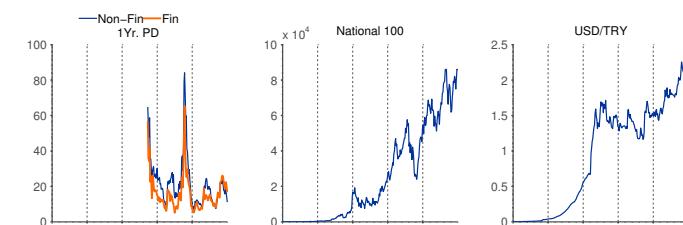
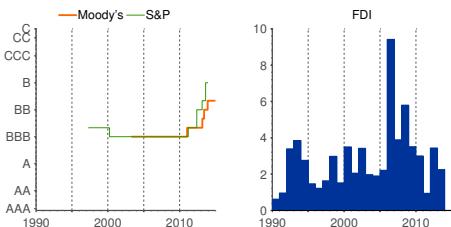
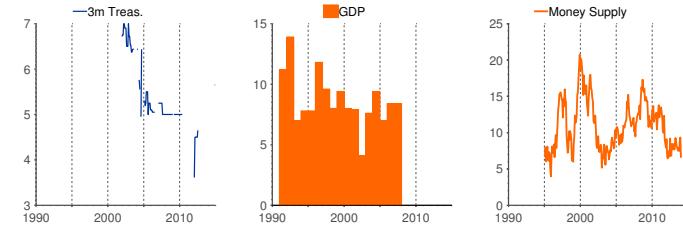


	Switzerland				
	2013	2014			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	3.01	2.95	2.85	3.73	3.70
1Yr. PD, Fin.	8.68	10.15	10.81	8.33	6.88
SPI	7838	8202	8456	8696	8857
USD/CHF	0.89	0.88	0.89	0.96	0.99
10Y Treas. Yield (%)	1.07	0.95	0.66	0.49	0.32
3m Interbank (%)	-0.04	-0.04	-0.05	-0.06	-0.13
GDP (YoY%)	2.1	2.4	1.6	1.9	—
OECD CLI	100.44	100.14	99.78	99.72	99.76*
PMI	55.6	54.4	54.5	51.5	53.6
PPI (YoY%)	-0.3	-0.4	-0.5	-1.0	-1.6
Money Supply (YoY%)	7.66	9.07	4.11	3.39	3.29
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA
FDI (%GDP)	-1.19	—	—	—	—
Fiscal Budget (%GDP)	0.08	—	—	—	0.53

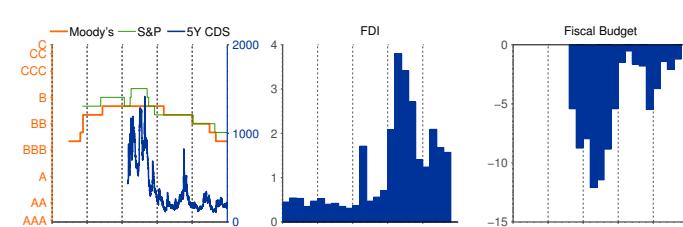
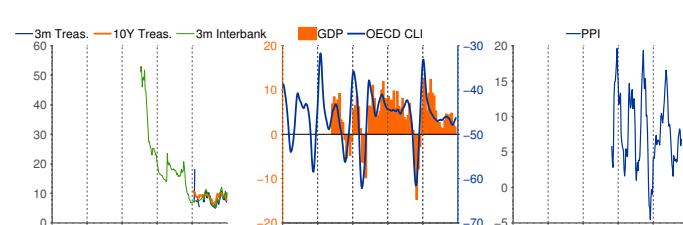


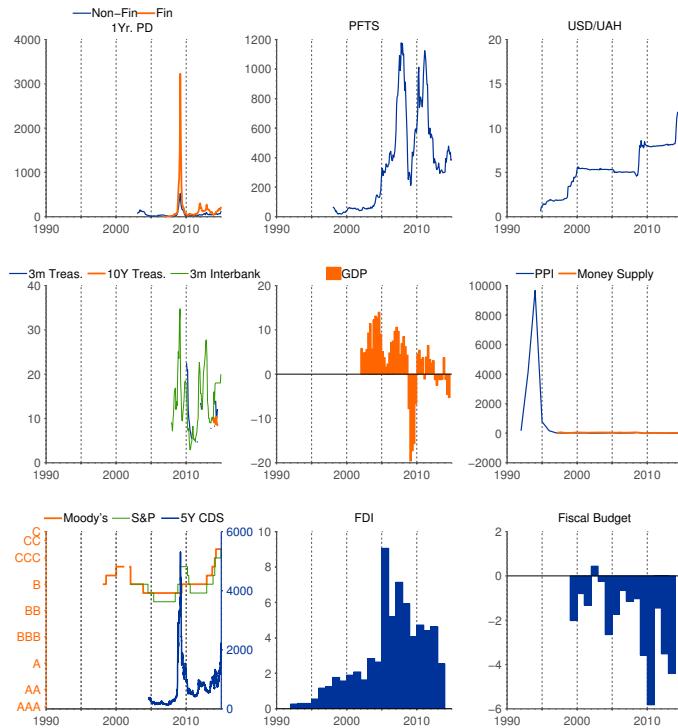


	Tunisia				
	2013	2014			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	6.33	4.50	3.73	3.73	5.02*
1Yr. PD, Fin.	33.80	24.54	23.78	32.31	22.13*
TUSISE	4381	4591	4596	4580	5090
USD/TND	1.65	1.58	1.68	1.80	1.86
3m Treas. Yield (%)	—	—	—	—	5.65
Money Supply (YoY%)	6.55	—	—	—	—
Sov. Rating, Moody's	Ba3	Ba3	Ba3	Ba3	Ba3
FDI (%GDP)	2.25	—	—	—	—

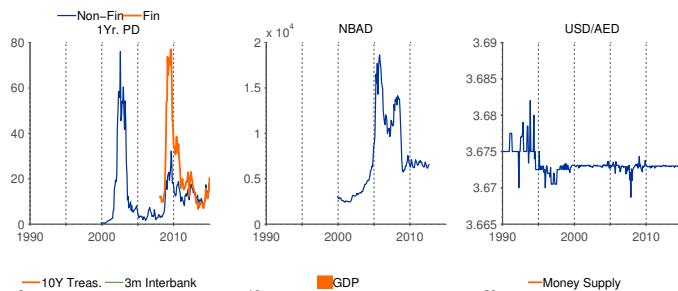


	Turkey				
	2013	2014			
	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	22.25	23.61	17.73	18.52	11.13
1Yr. PD, Fin.	22.27	25.68	22.82	22.01	16.66
National 100	67802	69736	78489	74938	85721
USD/TRY	2.15	2.14	2.12	2.28	2.34
3m Treas. Yield (%)	8.03	10.83	7.95	8.99	10.32
10Y Treas. Yield (%)	10.15	10.10	8.71	9.72	7.86
3m Interbank (%)	9.12	12.14	9.03	10.69	9.79
GDP (YoY%)	4.5	4.8	2.2	1.7	—
OECD CLI	2.80	2.10	2.80	3.80	—
PPI (YoY%)	6.8	—	—	—	—
Sov. Rating, Moody's	Baa3	Baa3	Baa3	Baa3	Baa3
Sov. Rating, S&P	BB+	BB+	BB+	BB+	BB+
5Y CDS (bps)	244.72	219.80	176.81	207.66	184.39
FDI (%GDP)	1.57	—	—	—	—
Fiscal Budget (%GDP)	-1.22	—	—	—	—

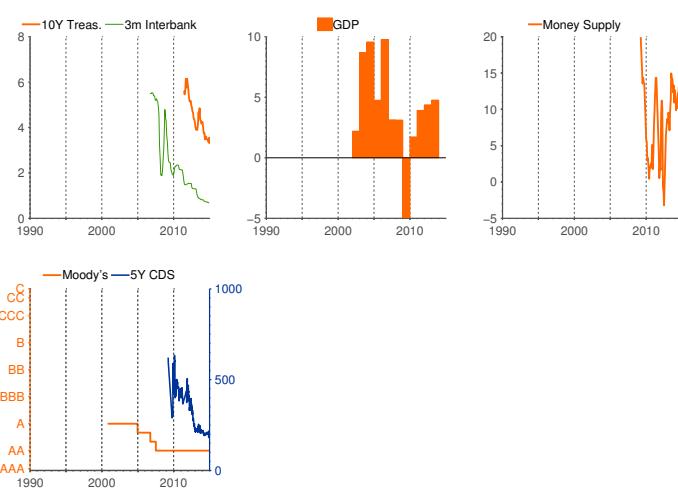


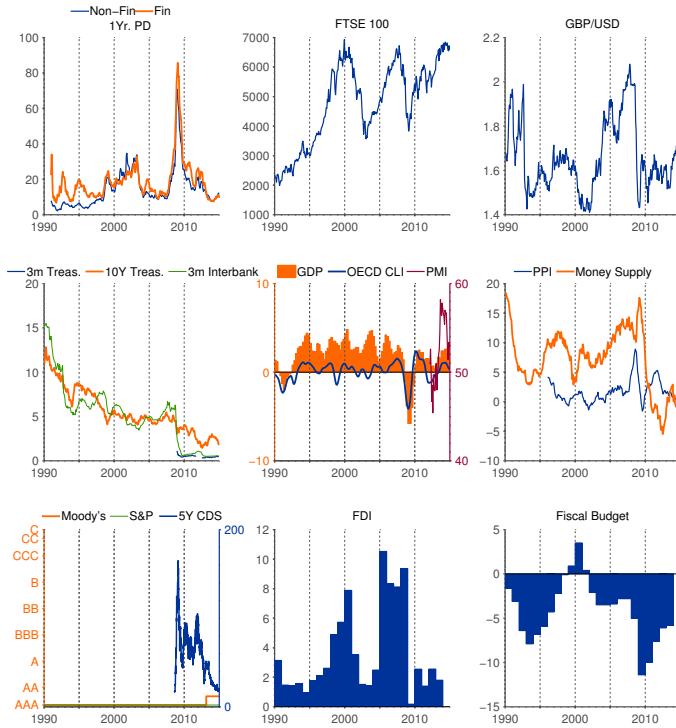


	Ukraine		2014			
	2013	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	50.35	72.31	48.36	71.33	120.51	
1Yr. PD, Fin.	57.41	110.27	124.00	161.58	193.44	
PFTS	301	369	444	424	387	
USD/UAH	8.24	11.12	11.75	12.95	15.82	
3m Treas. Yield (%)	—	14.00	12.00	12.00*	—	
10Y Treas. Yield (%)	9.13	8.66	8.49	8.35*	—	
3m Interbank (%)	16.00	18.00	18.00	18.00	20.00	
GDP (YoY%)	3.7	-1.2	-4.6	-5.3	—	
PPI (YoY%)	1.7	3.9	15.9	26.9	31.8	
Money Supply (YoY%)	17.60	18.00	13.40	14.10	5.30	
Sov. Rating, Moody's	Caa1	Caa2	Caa3	Caa3	Caa3	
Sov. Rating, S&P	B-	CCC	CCC	CCC	CCC-	
5Y CDS (bps)	816.68	890.14	840.10	1303.98	2233.33	
FDI (%GDP)	2.54	—	—	—	—	
Fiscal Budget (%GDP)	-4.41	—	—	—	—	

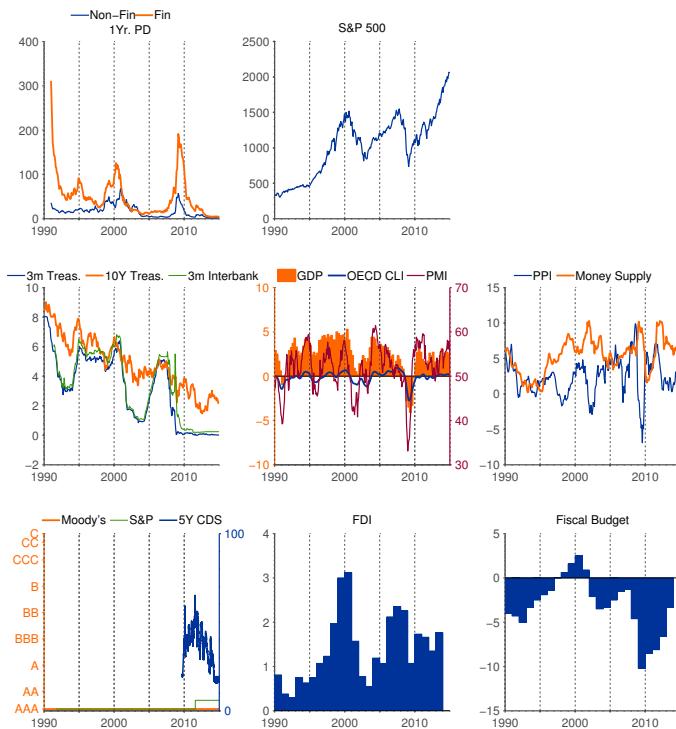


	United Arab Emirates		2014			
	2013	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	9.46	8.23	17.33	14.60	18.61	
1Yr. PD, Fin.	8.84	9.13	15.62	11.24	20.60	
USD/AED	3.67	3.67	3.67	3.67	3.67	
10Y Treas. Yield (%)	4.25	3.74	3.60	3.47	3.55	
3m Interbank (%)	0.81	0.78	0.73	0.71	0.68	
GDP (YoY%)	4.8	—	—	—	—	
Money Supply (YoY%)	12.63	10.87	12.34	12.05	9.19	
Sov. Rating, Moody's	Aa2	Aa2	Aa2	Aa2	Aa2	
5Y CDS (bps)	214.83	191.67	193.46	198.08	201.62	

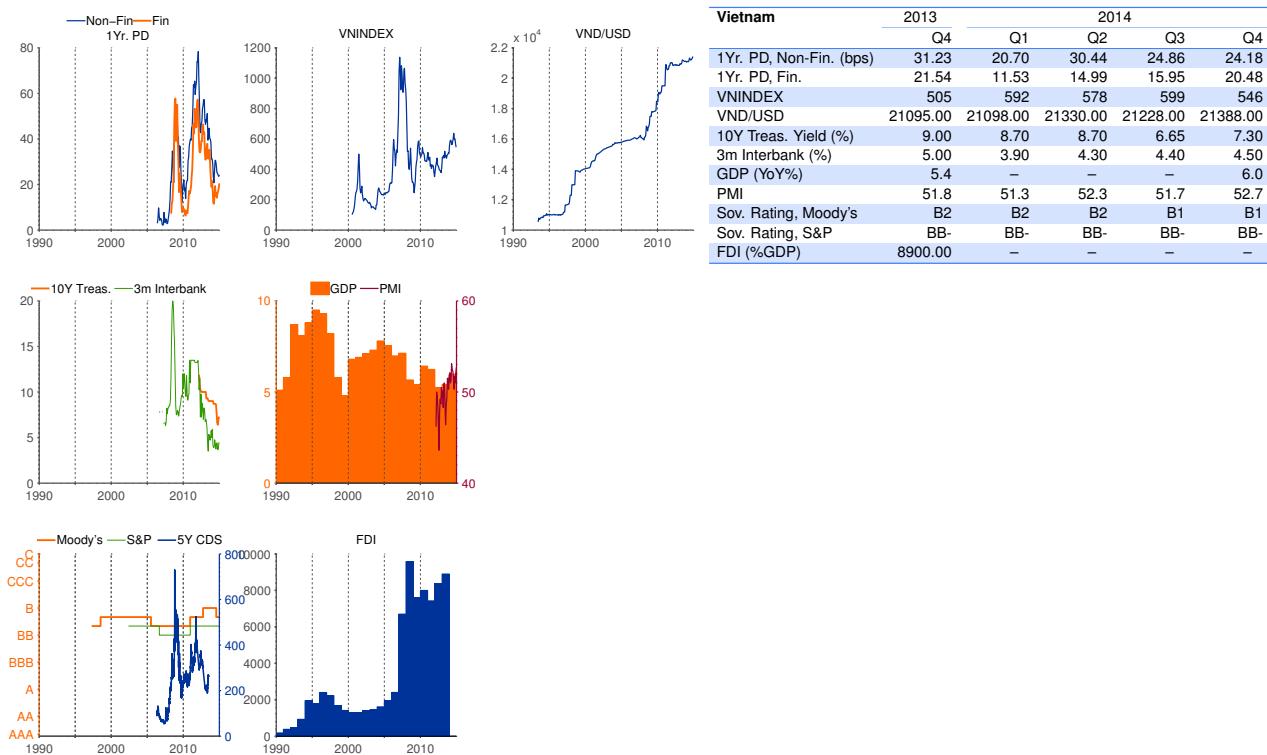
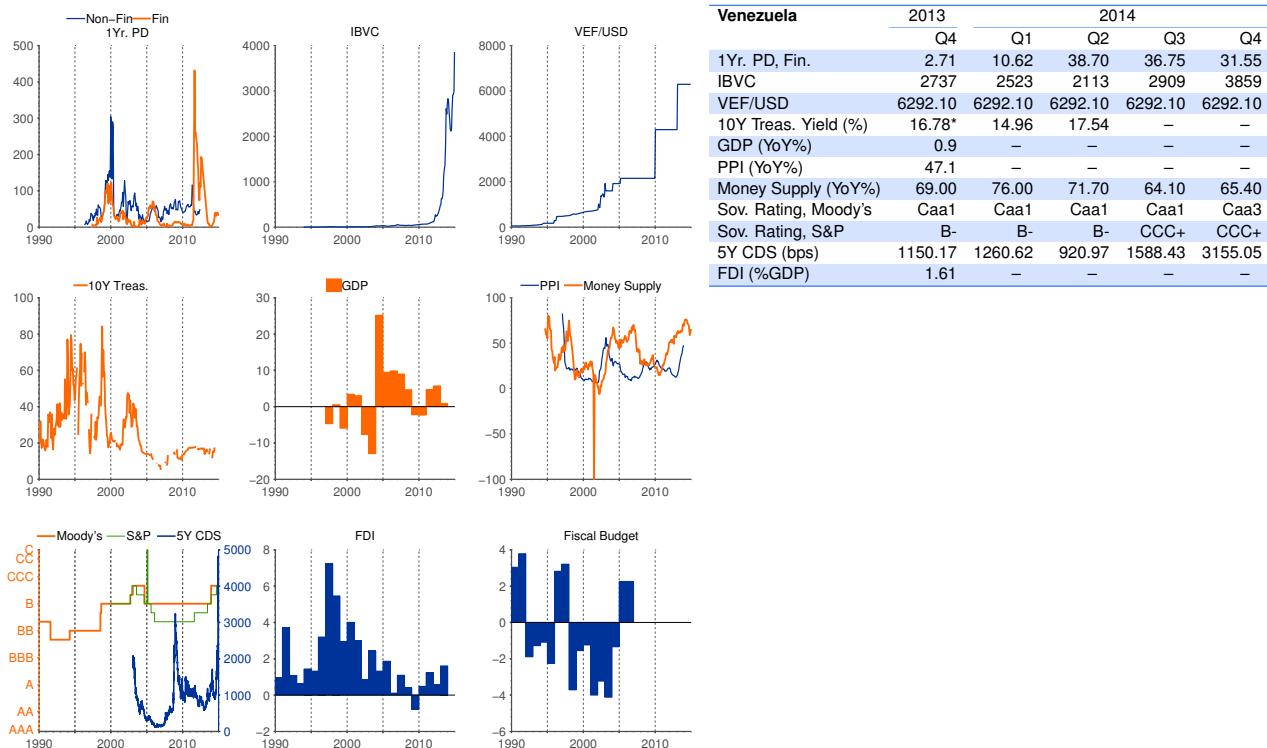




	United Kingdom		2014				
	2013	2014	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	8.04	8.11	9.43	10.26	11.90		
1Yr. PD, Fin.	8.01	7.76	8.82	10.80	9.46		
FTSE 100	6749	6598	6744	6623	6566		
GBP/USD	1.66	1.67	1.71	1.62	1.56		
3m Treas. Yield (%)	0.35	0.44	0.44	0.47	0.46		
10Y Treas. Yield (%)	3.02	2.74	2.67	2.42	1.76		
3m Interbank (%)	0.53	0.52	0.55	0.57	0.56		
GDP (YoY%)	2.4	2.4	2.6	2.6	2.7		
OECD CLI	101.03	101.06	101.00	100.59	100.30*		
PMI	57.2	55.4	56.7	51.4	52.7		
PPI (YoY%)	1.0	0.4	0.3	-0.5	-0.8		
Money Supply (YoY%)	0.20	-0.30	-0.70	-2.50	-1.10		
Sov. Rating, Moody's	Aa1	Aa1	Aa1	Aa1	Aa1		
Sov. Rating, S&P	AAA	AAA	AAA	AAA	AAA		
5Y CDS (bps)	28.00	24.17	19.08	20.58	20.48		
FDI (%GDP)	1.80	—	—	—	—		
Fiscal Budget (%GDP)	-5.80	—	—	—	—		



	United States		2014				
	2013	2014	Q4	Q1	Q2	Q3	Q4
1Yr. PD, Non-Fin. (bps)	1.63	1.70	1.81	2.32	2.63		
1Yr. PD, Fin.	4.19	4.70	4.71	5.29	4.04		
S&P 500	1848	1872	1960	1972	2059		
3m Treas. Yield (%)	0.07	0.03	0.02	0.02	0.04		
10Y Treas. Yield (%)	3.03	2.72	2.53	2.49	2.17		
3m Interbank (%)	0.24	0.24	0.24	0.24	0.26		
GDP (YoY%)	3.1	1.9	2.6	2.7	2.5		
OECD CLI	100.30	100.25	100.39	100.44	100.44*		
PMI	56.1	54.4	55.7	56.1	55.1		
PPI (YoY%)	1.4	1.8	2.8	2.2	-0.4		
Money Supply (YoY%)	5.50	6.10	6.50	6.20	5.80		
Sov. Rating, Moody's	Aaa	Aaa	Aaa	Aaa	Aaa		
Sov. Rating, S&P	AA+	AA+	AA+	AA+	AA+		
5Y CDS (bps)	29.00	18.96	16.34	16.18	17.18		
FDI (%GDP)	1.76	—	—	—	—		
Fiscal Budget (%GDP)	-3.30	—	—	—	—		



## 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 October 15 and every effort has been made to verify its accuracy.

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

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

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

Conversion to Euro

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## PDiR

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

The table at right classifies firms into S&P-equivalent PDiR based on their 1-year PD. For example, if a firm has a 1-year PD of 50bps, then it will be assigned an S&P-equivalent rating of BB. The upper bounds for each PDiR are derived using default and rating transition data provided by credit rating agencies to the European Securities and Markets Authority (ESMA) Central Ratings Repository.<sup>†</sup> RMI uses this data to compute issuer-weighted 1-year average default rates (ADR) for each ratings cohort, using ratings data from 2003-2013.

**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.

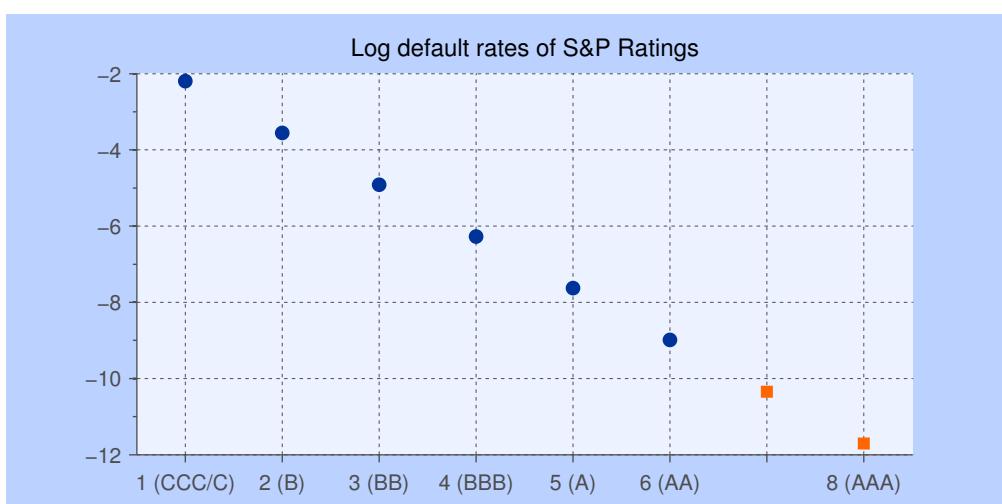
PDiR	Upper bound (bps)
AAA	0.16
AA	2.46
A	9.58
BBB	37.2
BB	144
B	563
CCC/C	—

Given the linear relationship between the observed log default rates and the ratings, we interpolate the log default rate for each rating notch from this result by plotting a line of best fit through the observed points (red diamonds). We then take the boundary between PDiR classes as the mid-point of the interpolated log default rates.

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

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

For the upper boundary for AAA firms, a mid-point of observed log ADR cannot be taken as the ADR is zero for S&P rated AAA firms. Instead, a line of best fit can be plotted through the six observed points for the other rating classes in order to extrapolate the green diamonds. However, taking the default rate based on the first extrapolated green diamond results in a boundary that leads to a far larger fraction of PDiR-rated AAA firms as compared to actual rated AAA firms. Thus, the boundary between AA and AAA is taken as the mid-point between the first and second green diamond.



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

# About RMI and the Credit Research Initiative

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

Credit Research Initiative (CRI) is a non-profit project undertaken by NUS-RMI in response to the 2008-2009 GFC. The CRI takes a "public good" approach to credit ratings by providing the outputs from our default forecast system in a transparent, non-profit basis. In the current phase, the CRI model generates probabilities of default (PD) on a daily basis for corporate entities in 116 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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