



Country Risk Panorama

Risks overview

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A new web site : www.coface.com, Country Risk and Economic Research

The screenshot shows the Coface Singapore website. At the top, there is a navigation bar with the Coface logo and 'SINGAPORE' in a blue box. Below the logo, there is a horizontal menu with various country codes (EUR, GBP, CHF, SEK, JPY, HKD, USD, etc.). The date 'Wed, 19 May 2010' is displayed. A left sidebar contains a menu with items: 'Who we are', 'What we do', 'News', 'Country Risk and Economic Research' (expanded to show 'Country Risk', 'Sectors', and 'Business Climate'), and 'Contact us'. The main content area is titled 'Country Risk and Economic Research' and features three columns of information:

- Country risks:** A section with a background image of a city skyline. It states: 'Consult the evolutions of Coface country ratings (re-examined each quarter), Country analysis and forecasts prepared by the Economic Research and Country Risk Department of Coface and methodology of Country Rating. The Coface country rating aims at evaluating the average credit risk of companies in a given country. The rating is based on economic, financial and political data. But it also takes into account Coface experience on the country, under two dimensions: Coface's payment experience on the companies of the country and also its assessment of the Business climate.' Below the text is a 'Know more' link.
- Sectors:** A section with a background image of a modern building. It states: 'In this section, you can find the evolutions of the sector ratings (reviewed twice a year), and the studies on sectors prepared by the Economic Research and Country Risk Department of Coface. Methodology of Sector Rating is also available. The sector rating aims at evaluating the credit risk of corporate of a given sector. It uses Macroeconomic data and forecasts of the given sector, the payment experience registered by Coface on the companies of this sector and an assessment of the financial situation of the companies given by the Coface rating of the companies belonging to the rated sector.' Below the text is a 'Know more' link.
- Business Climate:** A section with a background image of trees. It states: 'Consult the evolutions of Coface Business Climate rating and its methodology. The Business climate rating assessed by Coface aims at measuring the quality of the private governance in a given country and more specifically the financial transparency of companies and the efficiency of the court system for settling debt issues. It is based on a survey filled by all Coface entities in the world and completed by business environment rating prepared by international organisations.' Below the text is a 'Know more' link.

Coface Ratings

- **@Country rating**

- Assesses the average risk of payment defaults by companies in a given country
- To rate Countries, Coface combines Economic and Political prospects of the Country, Coface Payment Experience and Business Climate Assessment
- This rating has 7 grades: A1, A2, A3, A4, B, C, D

- **@Sector Rating**

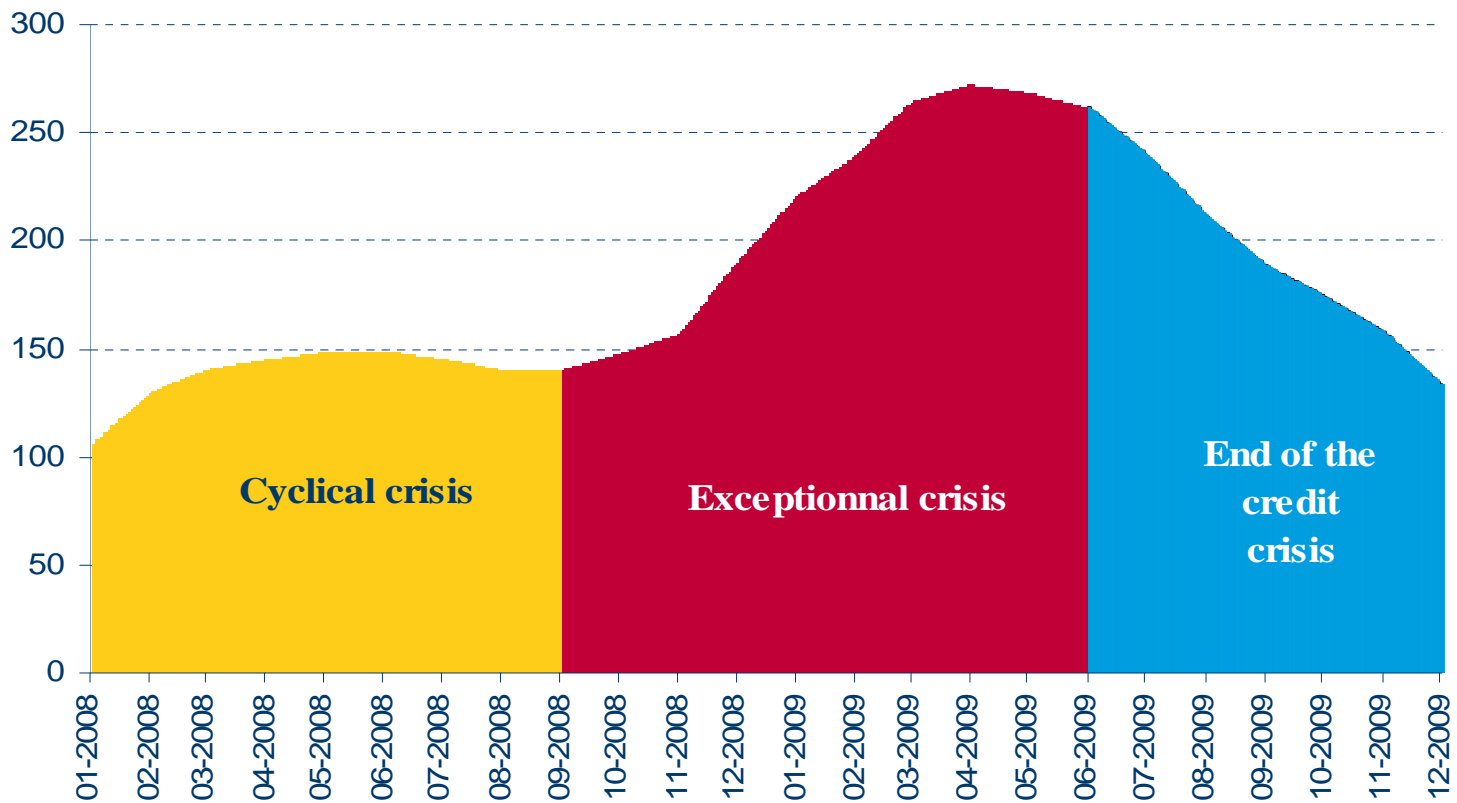
- Assesses the average risk of payment default by companies in a given sector
- To rate Sectors, Coface combines economic prospects of the sector , Companies' financial situation and Coface payment experience
- There are ten different grades from A+ to D, regularly updated for 15 sectors

- **"Business Climate" Rating**

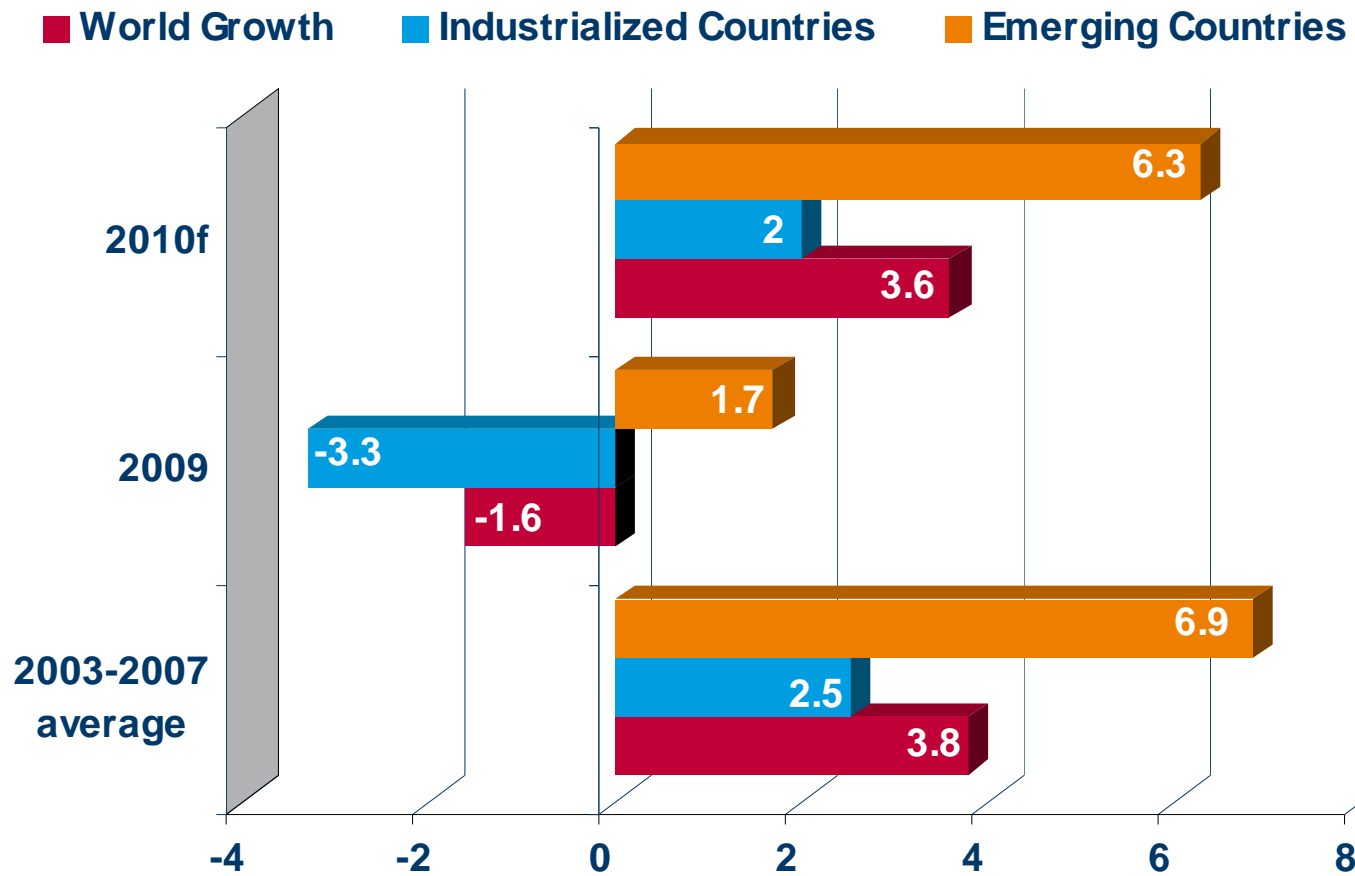
- Assesses overall business environment and more precisely whether corporate information is available and reliable and whether the legal system provides fair and efficient creditor protection
- This rating has seven grades: A1, A2, A3, A4, B, C, D

A normal Crisis...until Lehman Brothers

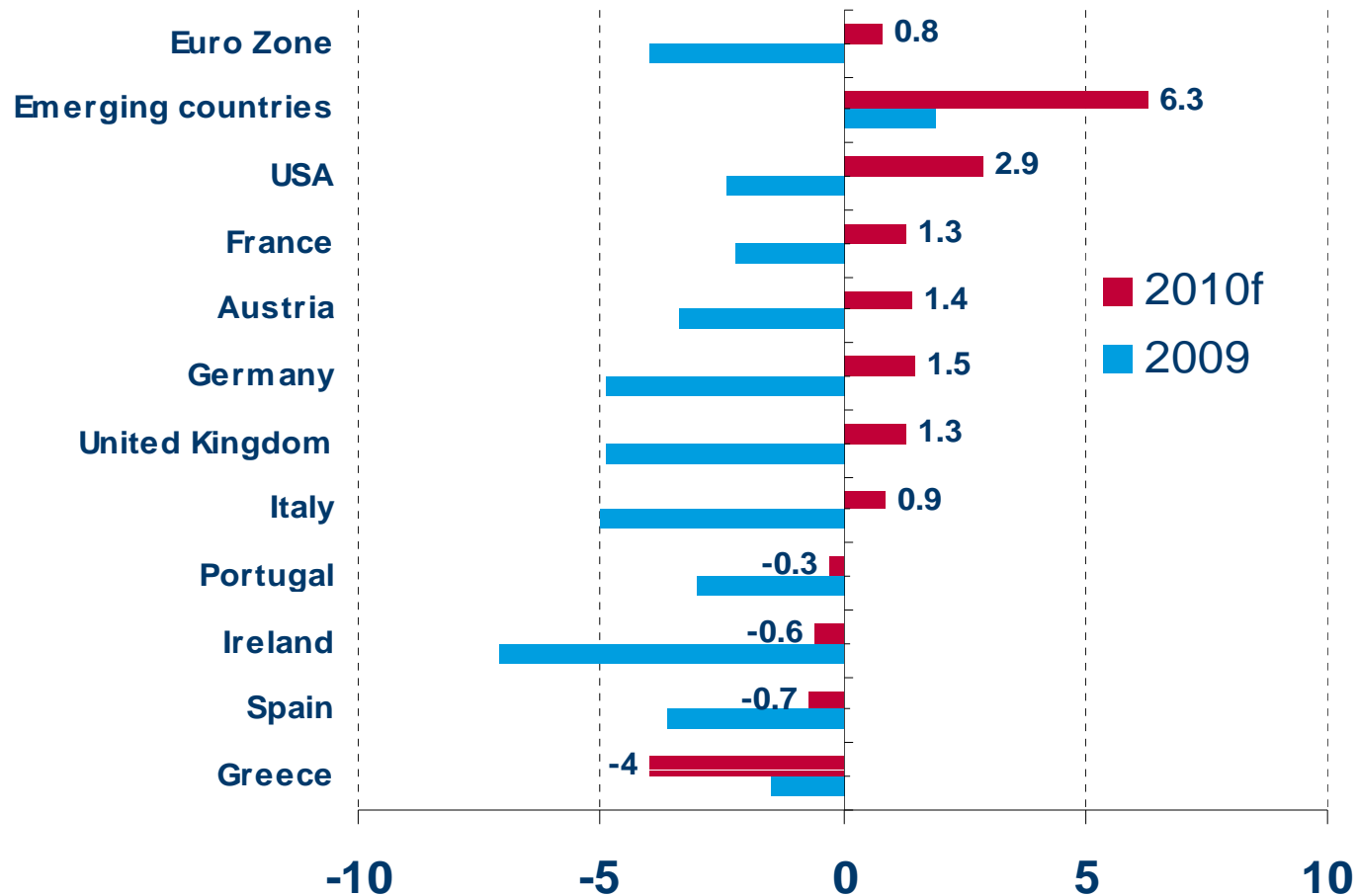
World Payment Incidents (index, 100 basis = ave. 2007)



2010 : Two-speed recovery



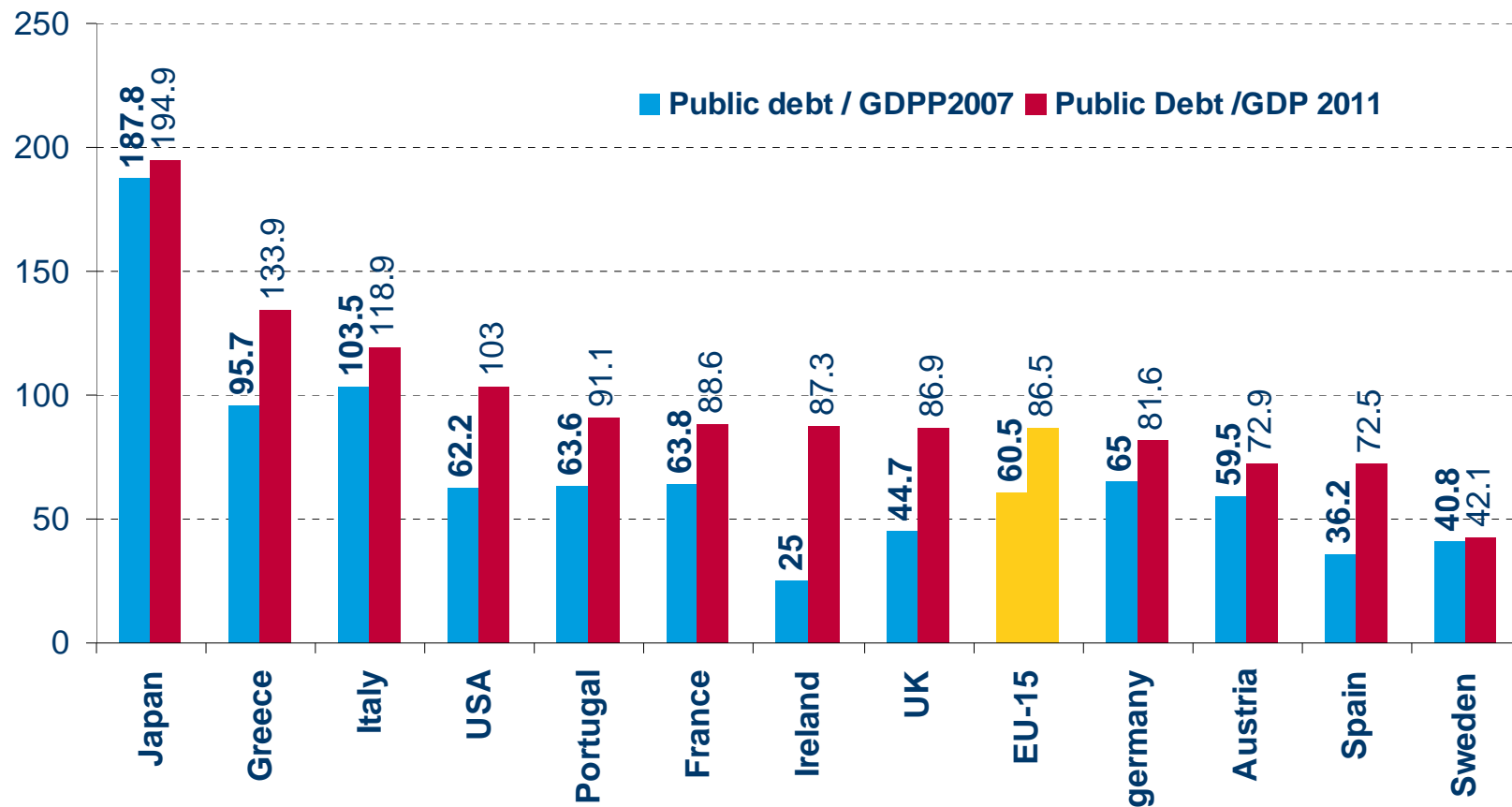
Europe's recovery is slower



3 growth profile in Europe, 3 problems

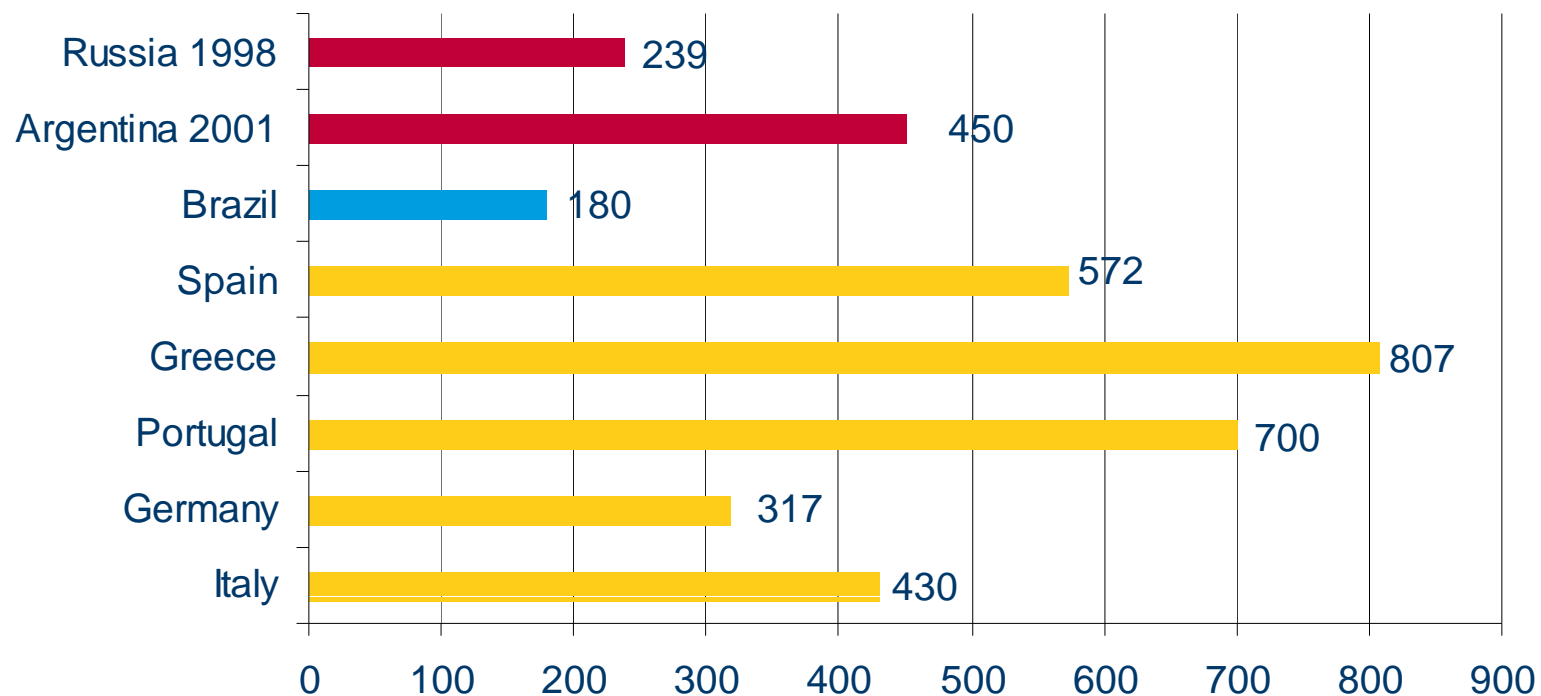
- « Savers » (*Germany, Austria, Netherlands, Finland*) are rather export-oriented and suffer from the weak demand of their euro zone partners
- « Spenders » (*France, Italy*) are rather focused on household consumption and consumers suffer from harder conditions in labor markets, that constraint their spendings.
- « Transition economies » (*Greece, Spain, Portugal, Ireland*) go through a difficult adjustment of their « spender » profile, with most of demand components contracting.

Sovereign confidence crisis : why?



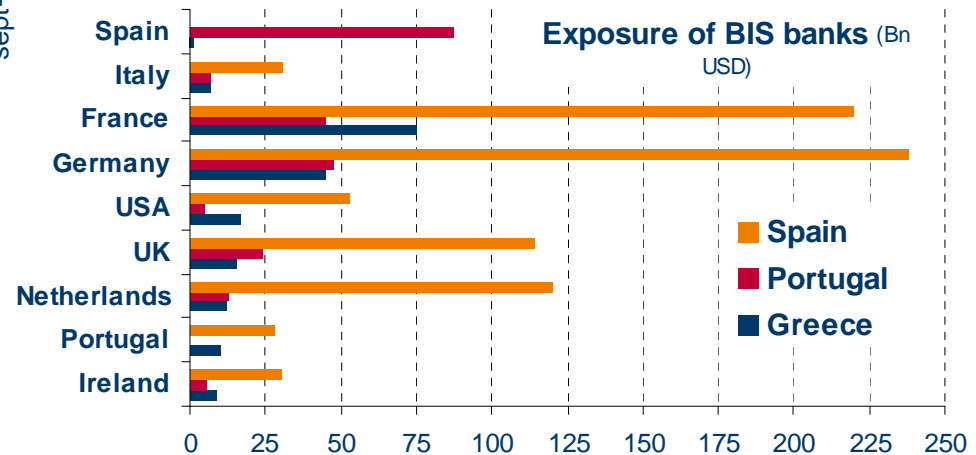
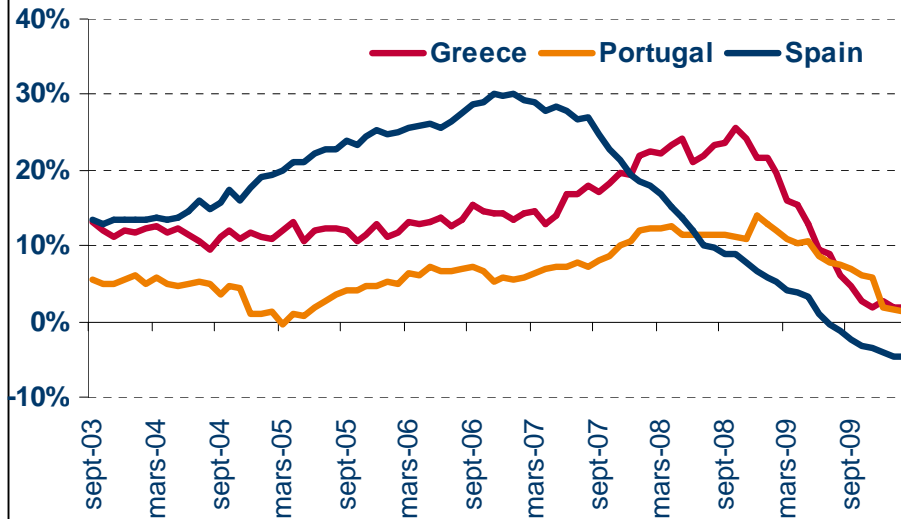
Leaving the euro is not an option...

External Debt (Total debt towards non residents) / exports (%) 2009
except Russia and Argentina



Impact of sovereign problems on companies

Domestic Bank Credit to corporates (annual growth, %)

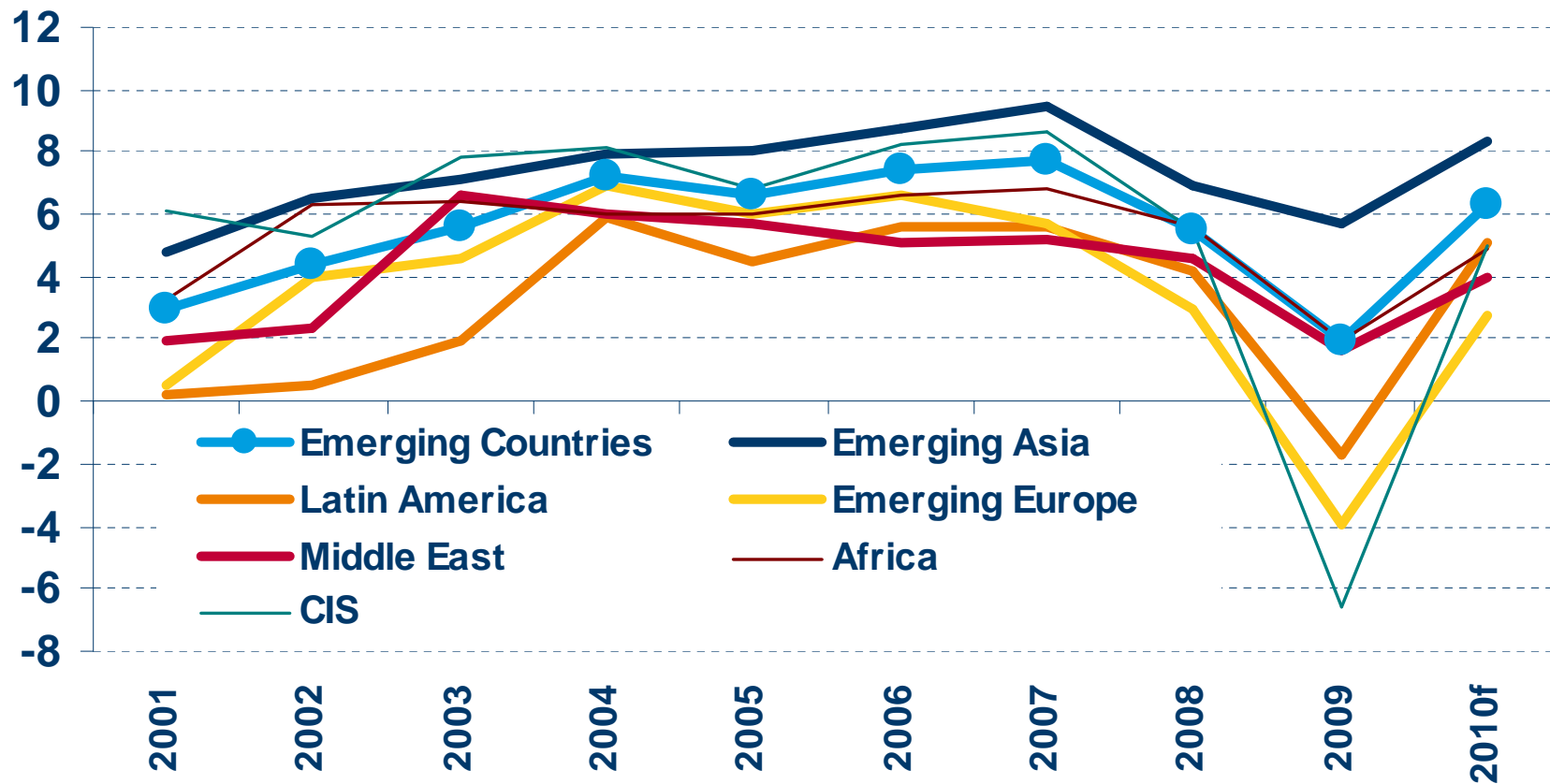


Country rating: Industrialized countries

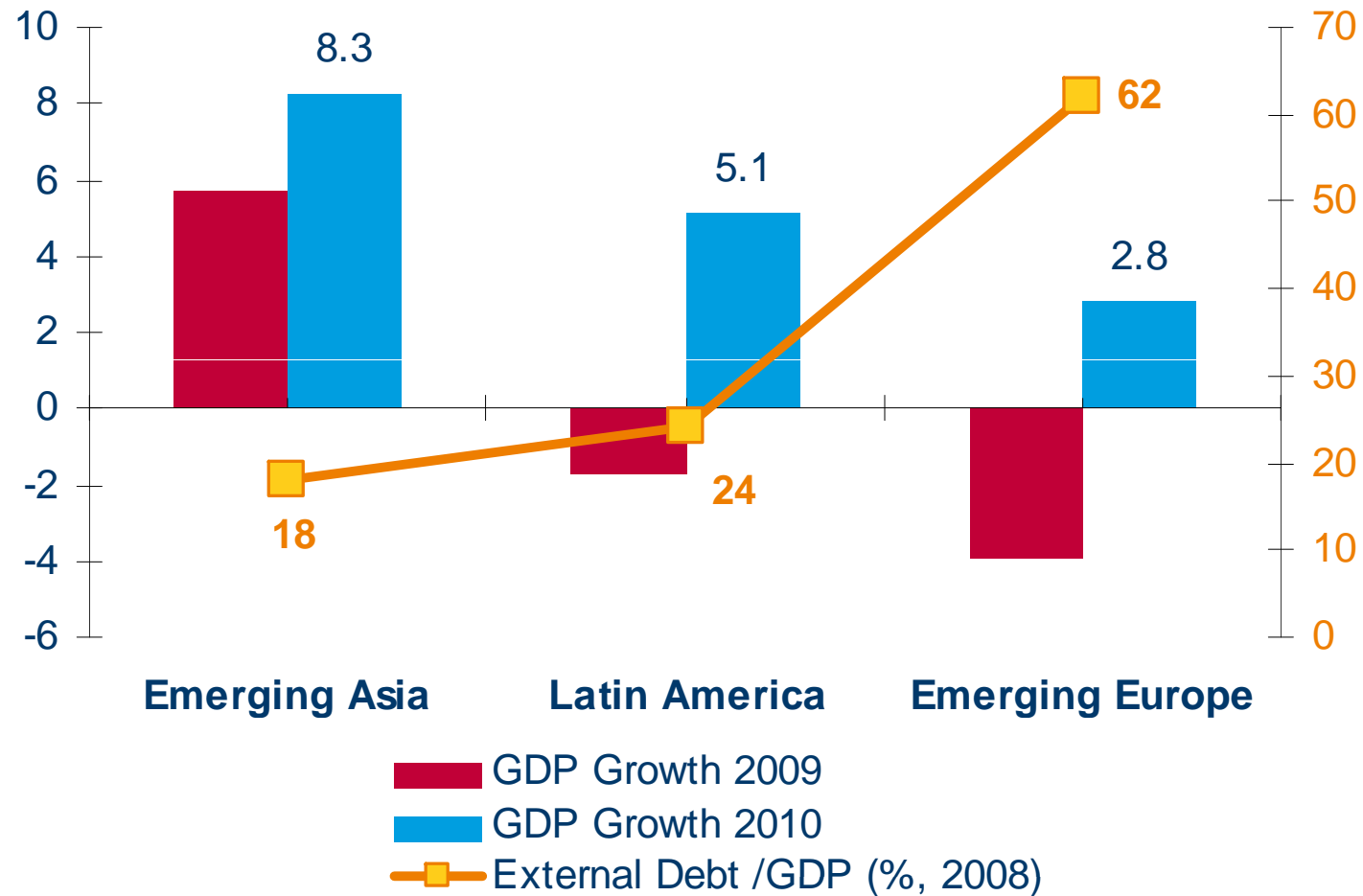
	Business Climate Rating	Country Risk Rating						
		January 2009	March 2009	June 2009	September 2009	January 2010	March 2010	June 2010
	2010							
Australia	A1	A2	A2	A2	A2	A2 ↗	A1	A1
Canada	A1	A1 ↘	A2	A2	A2	A2 ↗	A1	A1
Japan	A1	A1 ↘	A2	A2	A2	A2 ↗	A2 ↗	A1
New Zealand	A1	A2	A2	A2	A2	A2 ↗	A1	A1
Sweden	A1	A1	A1 ↘	A1 ↘	A1 ↘	A1	A1	A1
Switzerland	A1	A1	A1 ↘	A1 ↘	A1 ↘	A1 ↘	A1 ↘	A1
United States	A1	A2	A2 ↘	A2 ↘	A2 ↘	A2	A2 ↗	A2 ↗
Germany	A1	A1 ↘	A2	A2	A2	A2 ↗	A2 ↗	A2 ↗
Austria	A1	A1	A1 ↘	A2	A2	A2 ↗	A2 ↗	A2 ↗
Belgium	A1	A1 ↘	A2	A2	A2	A2 ↗	A2 ↗	A2 ↗
France	A1	A1 ↘	A2	A2	A2	A2 ↗	A2 ↗	A2 ↗
Norway	A1	A1	A2	A2	A2	A2 ↗	A2 ↗	A2 ↗
Netherlands	A1	A1	A1 ↘	A2	A2	A2 ↗	A2 ↗	A2 ↗
Denmark	A1	A1 ↘	A2	A2	A2	A2	A2	A2
Italy	A2	A2 ↘	A3	A3	A3	A3	A3	A3
United Kingdom	A1	A2	A3	A3	A3	A3	A3	A3 ↗
Ireland	A1	A2	A3	A3	A3	A3	A3	A3
Spain	A1	A2 ↘	A3 ↘	A3 ↘	A3 ↘	A3 ↘	A3 ↘	A3 ↘
Portugal	A2	A2 ↘	A3	A3 ↘	A3 ↘	A3 ↘	A3 ↘	A3 ↘
Greece	A2	A2 ↘	A3	A3	A3	A3 ↘	A3 ↘	A4
Iceland	A1	A3	A4	A4	A4	A4	A4	A4

Emerging economies: a “managed” impact of the crisis

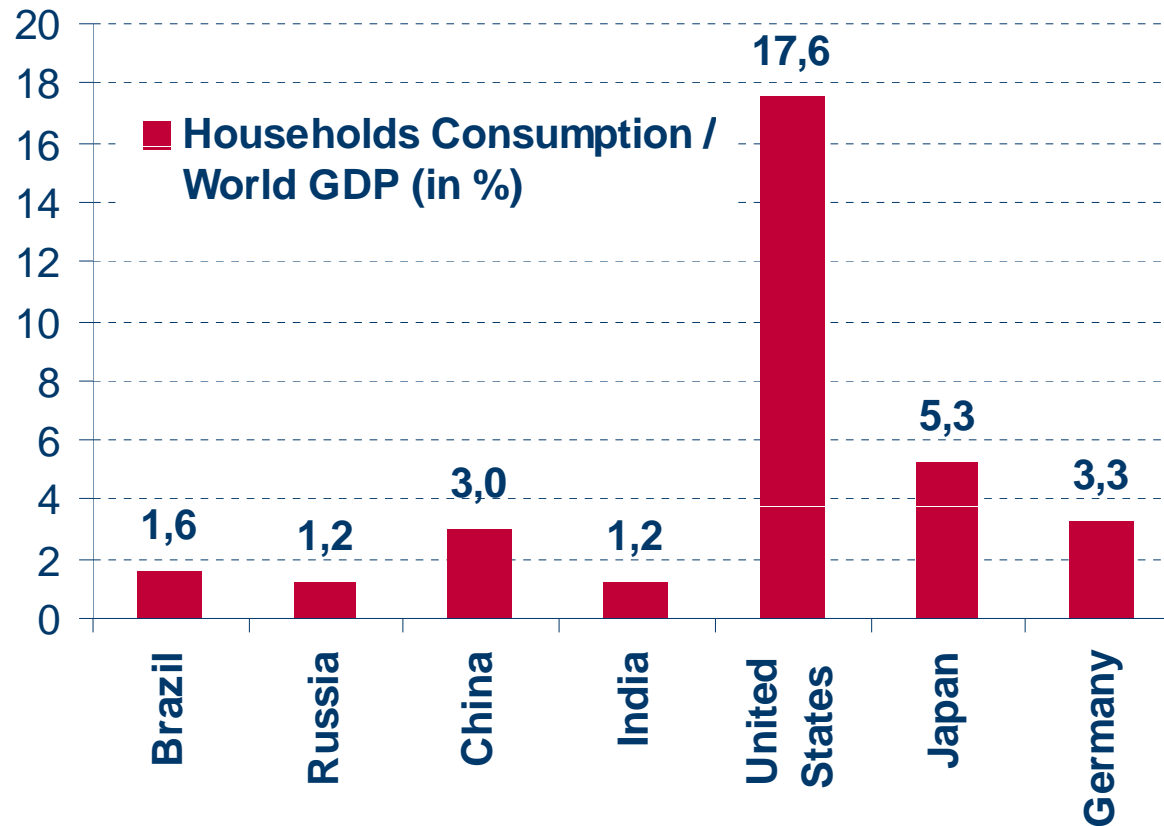
Emerging countries: GDP Growth (%)



Two kinds of emerging markets, two profiles of the recovery

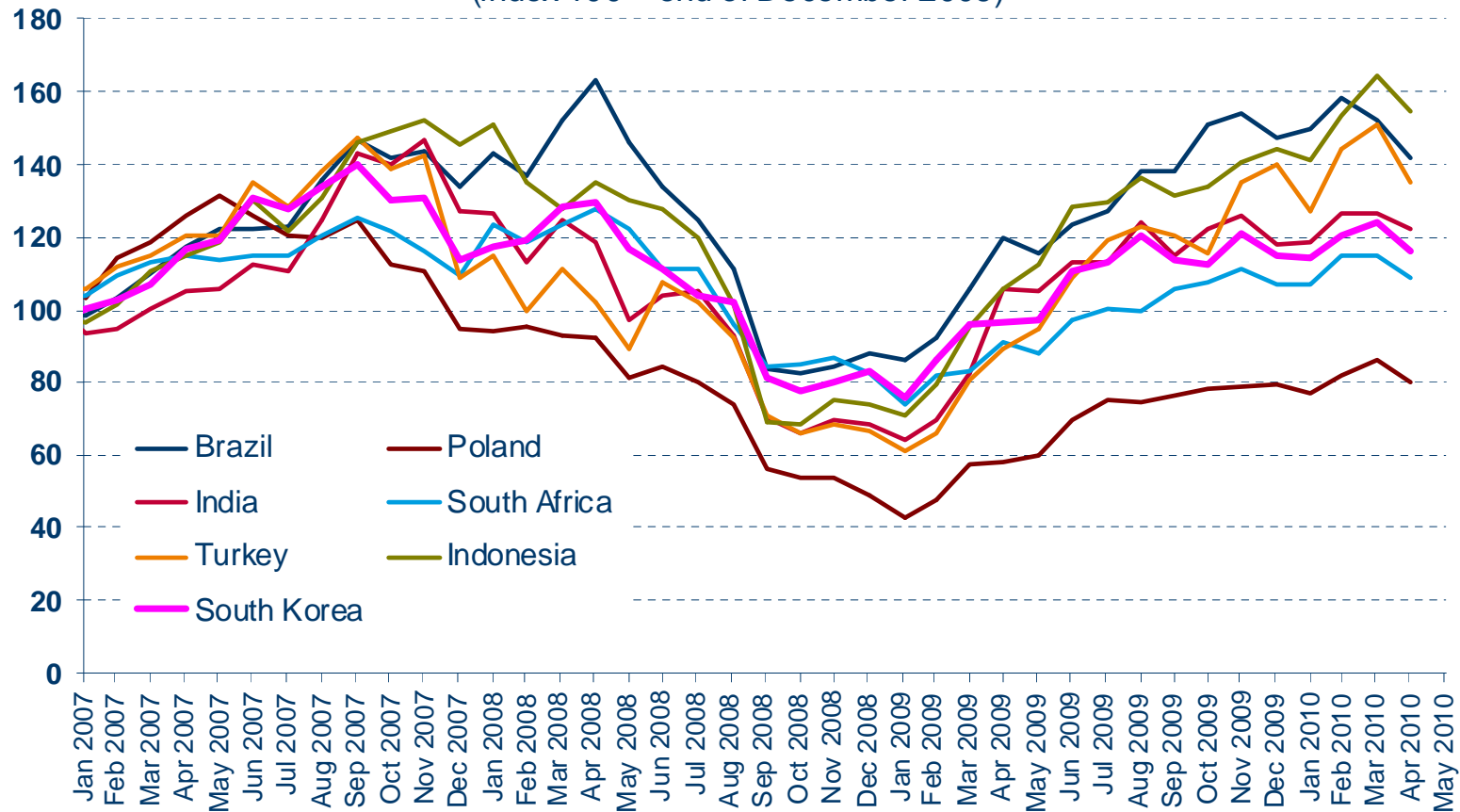


First challenge ahead: where will demand be?



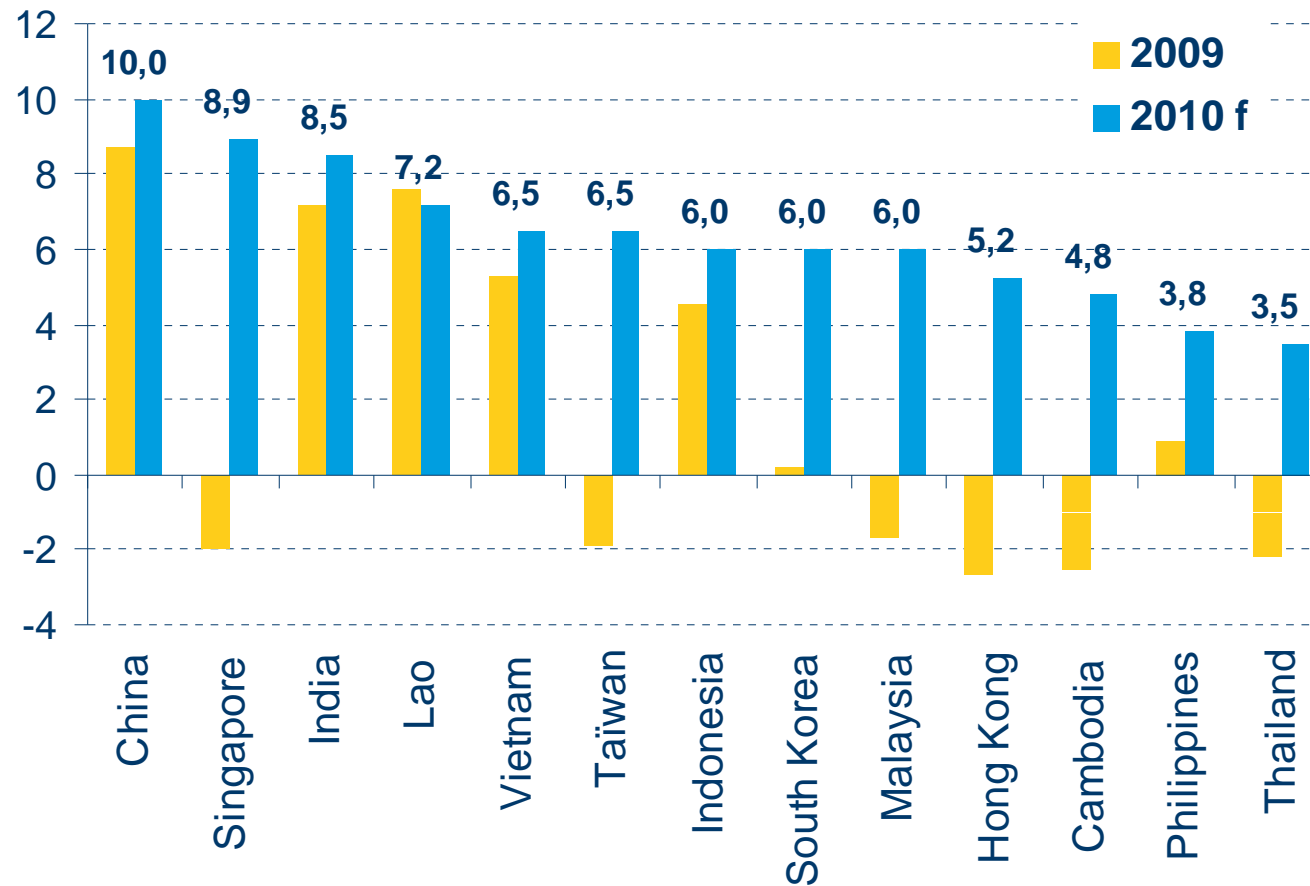
Second challenge: dealing with volatility

Recent Evolution of Emerging Stock Markets
(index 100 = end of December 2006)



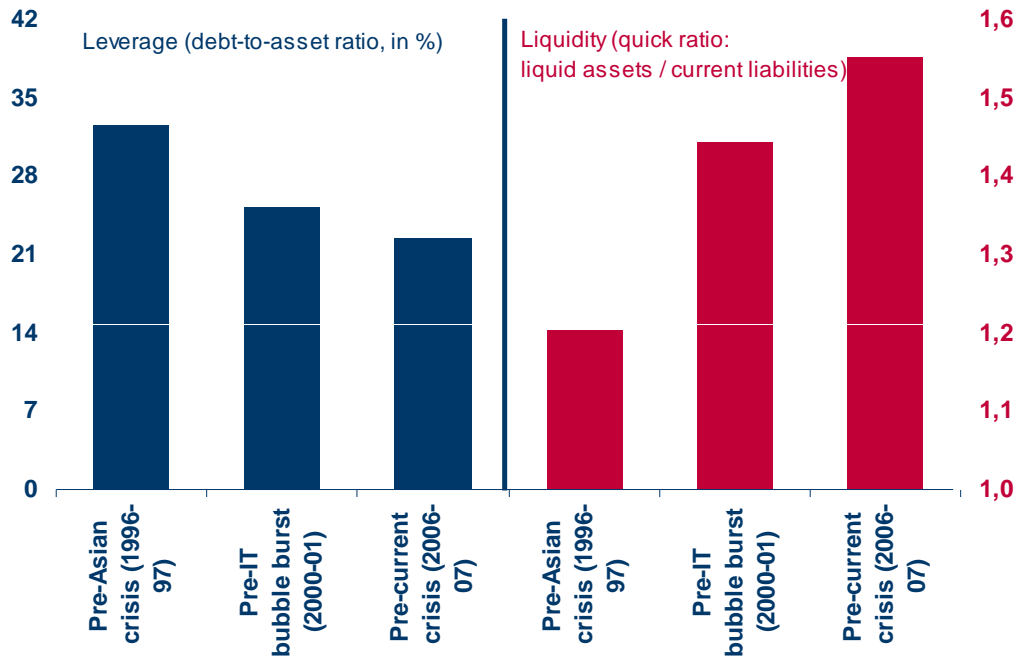
Emerging Asia: robust rebound in 2010

GDP growth (in %)

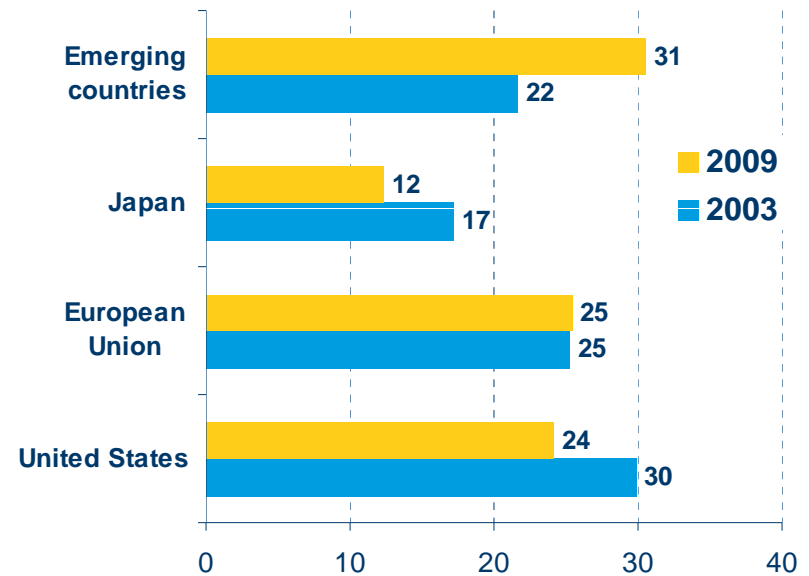


Good Asian resilience: strong corporates and diversified exports

Asia: Corporate Balance Sheet
(2-year average prior to selected recessions)

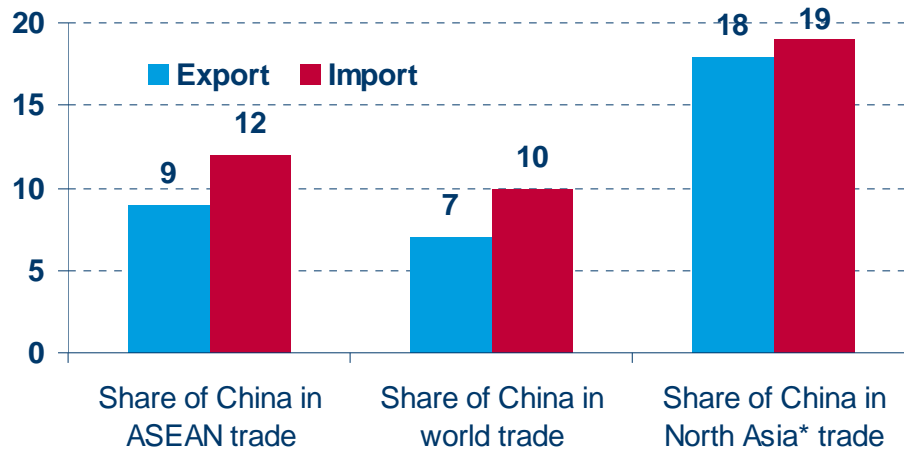


Destination of emerging Asia exports
(without intra-zone trade), in %



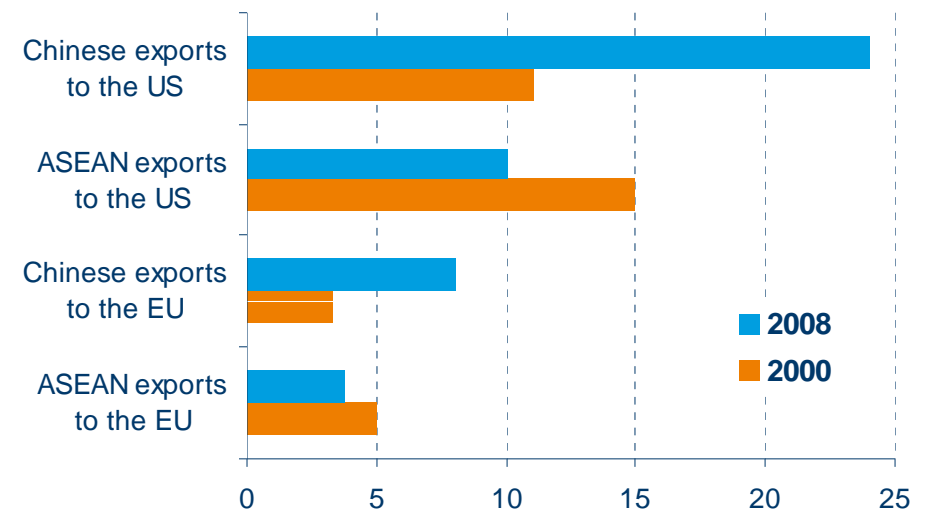
China-ASEAN Free Trade Agreement: an opportunity for ASEAN countries?

Share of China in international trade (in %)



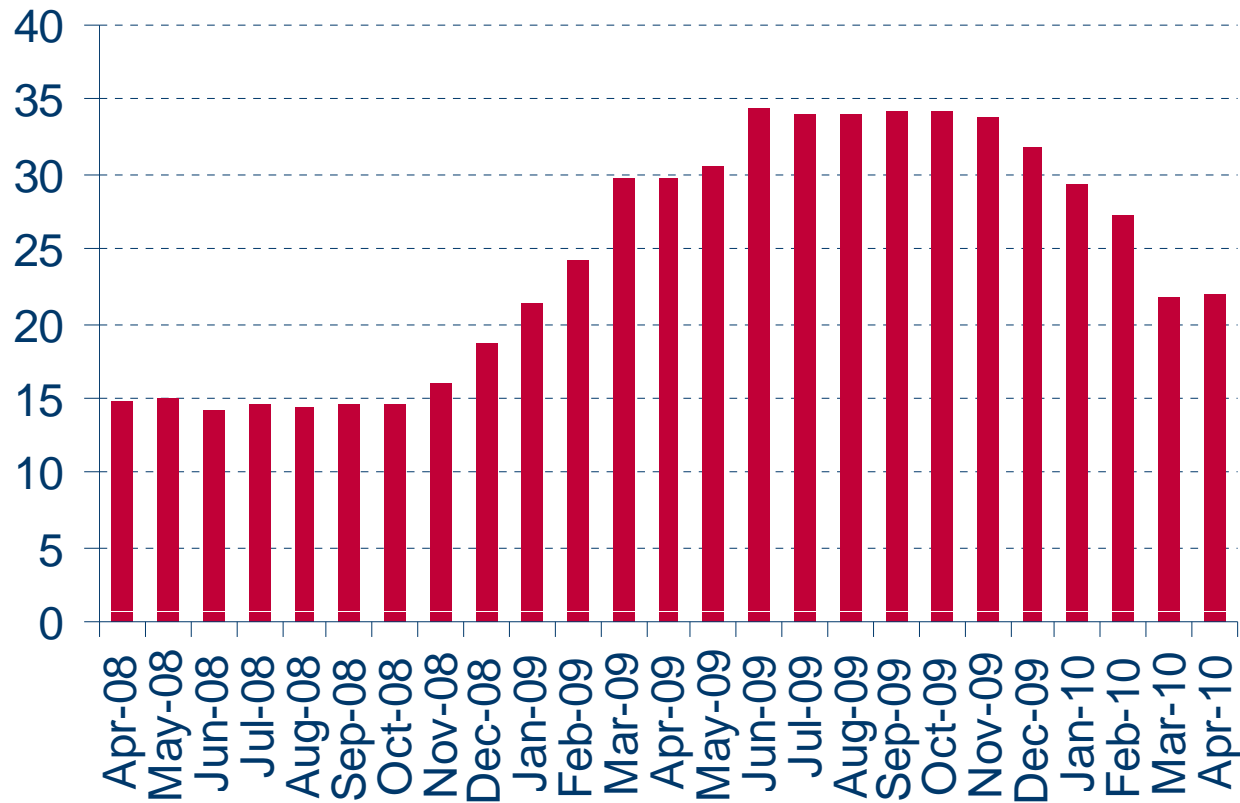
*North Asia: Japan, South Korea, Taiwan

Share of Chinese and ASEAN exports to industrialized countries (in %)



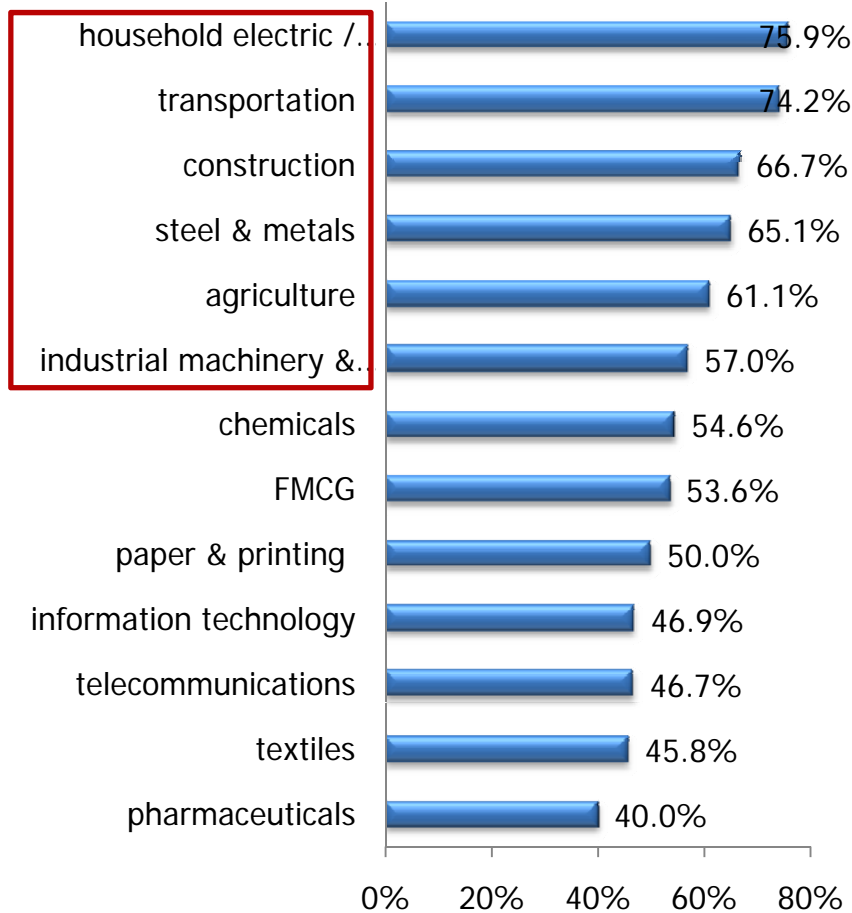
China : dealing with exit strategy

China: Credit to Corporates (growth, %)

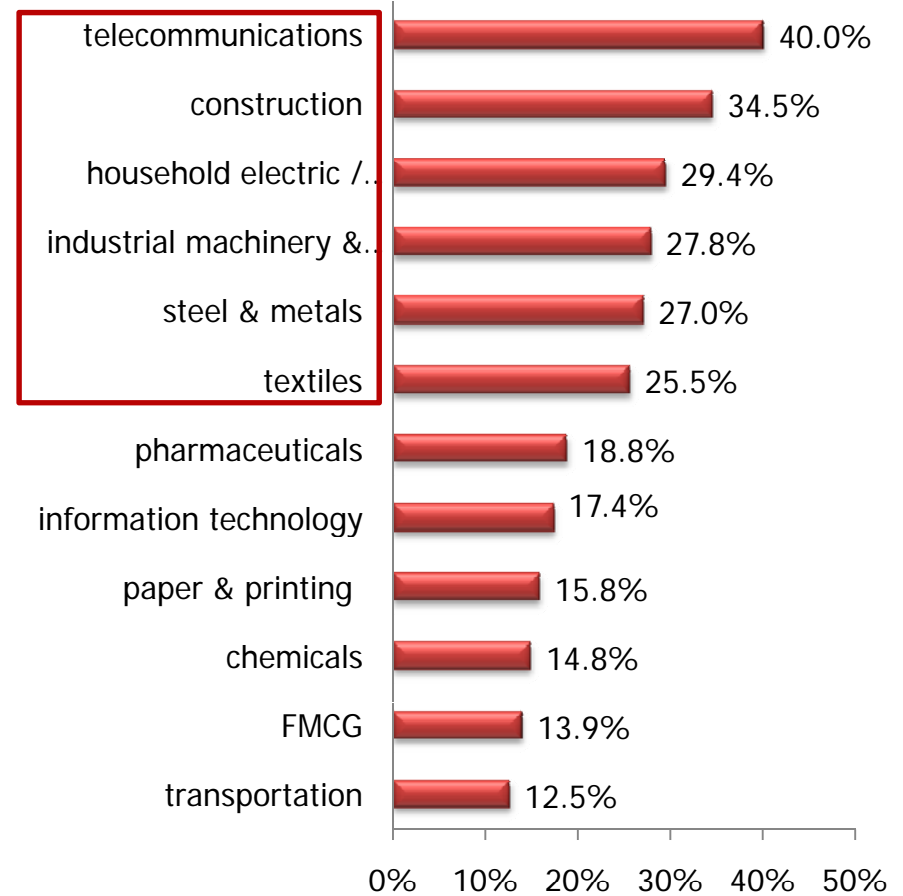


China (A3) : the challenges of post-crisis economic policy

Companies benefiting from the government's stimulus package by sectors



Companies having more than 2% of their total sales in overdue for more than 12 months by sectors



Country rating : Emerging Asia

	Business Climate Rating	Country Risk Rating						
		January 2009	March 2009	June 2009	September 2009	January 2010	March 2010	June 2010
Singapore	A1	A1 ↘	A2	A2	A2	A2 ↗	A2 ↗	A1
Korea	A2	A2	A2 ↘	A2 ↘	A2	A2	A2	A2
Malaysia	A3	A2	A2 ↘	A2 ↘	A2 ↘	A2	A2	A2
Hong Kong	A2	A2	A2 ↘	A2 ↘	A2 ↘	A2	A2	A2 ↗
Taiwan	A2	A2	A2 ↘	A2 ↘	A2 ↘	A2	A2	A2 ↗
China	B	A3 ↘	A3 ↘	A3 ↘	A3	A3	A3	A3
India	A4	A3	A3	A3	A3	A3	A3	A3
Thailand	A3	A3	A3 ↘	A3 ↘	A3 ↘	A3 ↘	A3 ↘	A3 ↘
Indonesia	C	B	B	B	B	B	B	B
Philippines	B	B	B	B	B	B	B	B
Vietnam	C	B ↘	B ↘	B ↘	B ↘	B ↘	B ↘	B ↘
Bangladesh	D	C	C	C	C	C	C	C
Sri Lanka	B	B	C	C	C	C	C	C
Pakistan	C	C ↘	D	D	D	D	D	D

Country Rating: Emerging Markets

	Business Climate Rating	Country Risk Rating						
		January 2009	March 2009	June 2009	September 2009	January 2010	March 2010	June 2010
U.A.E.	A3 ↘	A2 ↘	A2 ↘	A2 ↘	A2 ↘	A3	A3	A3
Poland	A3	A3	A3 ↘	A3 ↘	A3 ↘	A3	A3	A3
South Africa	A3	A3 ↘	A3 ↘	A3 ↘	A3 ↘	A3 ↘	A3 ↘	A3 ↘
Algeria	B ↘	A4	A4	A4	A4	A4	A4	A4
Saudi Arabia	B	A4	A4	A4	A4	A4	A4	A4
Brazil	A4	A4	A4	A4	A4	A4	A4	A4 ↗
Mexico	A4	A4	A4 ↘	A4 ↘	A4 ↘	A4 ↘	A4	A4
Turkey	A4	B	B ↘	B ↘	B ↘	B	B	B ↗
Angola	D	C	C	C	C	C	C	C
Argentina	B	C	C	C	C	C	C	C
Russia	B	B ↘	C	C	C	C	C ↗	C ↗
Venezuela	C	C	C ↘	C ↘	C ↘	C ↘	C ↘	C ↘
Iran	C	D	D	D	D	D	D	D
Nigeria	D	D	D	D	D	D	D	D
Ukraine	C	C ↘	D	D	D	D	D	D ↗