

## **Singapore back to A1 rating Coface positions itself as the first Pan-Asian rating agency**

**Singapore, 29 June 2010 – On the occasion of its first Country Risk Conference in Singapore, Coface announces the upgrade of its Singapore country rating to A1. Coface also unveils its plan to become the first pan-Asian rating agency, specialised in corporates, with a totally new rating approach. Coface fully supports the robust recovery in Asia, with its credit covers on Asian corporates increasing at a 34% pace in the first months of 2010.**

### **Singapore back to A1 rating**

The rating was released in conjunction with the Coface Country Risk Conference 2010 held today for the first time in Singapore. Coface's country rating reflects the extent to which a country's economic, financial, and political outlook influences financial commitments of local companies. The Country Risk Conference covered international and regional trade post-crisis, focusing on the issues of China-led growth and intra-ASEAN trade in the second half of 2010. This conference is part of an annual series of conferences held in 12 countries this year around the world, with Singapore being the most recent addition.

The half-day conference featured the Minister for Trade and Industry, Mr Lim Hng Kiang, and key international and regional economists including Dr Rajan Govil from the International Monetary Fund, David Carbon of DBS Bank, and Tai Hui of Standard Chartered Bank. Over 500 local and regional business leaders, risk specialists and economists attended the conference.

"As trade activities grow globally and in the region, there will be a corresponding demand for risk management solutions. A vibrant insurance marketplace will be able to respond to these needs. Singapore can play a key role in providing political risk insurance to companies engaged in cross border investments in the region. We have therefore made efforts to boost capacity and attract expertise in the underwriting of specialised risks, including areas such as trade credit and political risks insurance" said Mr Lim Hng Kiang, who delivered the keynote address at the Country Risk Conference.

### **Coface positions itself as a pan-Asian rating agency**

After one year of tests in Hong Kong, Coface decided to complete its country rating with a new corporate credit rating, using the usual rating scale (AAA to D). Coface will bring to Asian companies and investors a first class local cover, together with a new model, addressing the accusations of conflicts of interest raised against the existing rating agencies.

- Coface will rate 1,200 Asian corporates by the end of the year, through its rating analysts present in 10 Asian countries, with 2 full rating offices in 2010 (Hong Kong and Singapore) and 2 others in 2011 (India and Australia).
- Coface only rates corporates on which it has a high credit exposure, which ensures the perfect alignment of Coface and Coface Credit Ratings users' interests.
- Coface Credit Ratings are free for the rated companies, and investors can subscribe to them for a fee.

*"We want to establish the first pan-Asian rating agency specialised in corporate ratings. It is for us a way to contribute to restore more confidence in corporate credit"* explains Jérôme Cazes, CEO of Coface.

## **Coface forecasts global recovery in 2010, especially robust in emerging markets**

Coface sees the years 2008-2009 as the worst global credit crisis ever recorded since 1945: the negative growth shock between 2007 and 2009 has reached 5.8 points of GDP, the strongest ever seen, leading to a massive hike of corporate non payments. Since the end of 2009 however, the credit crisis – defined as a strong increase of companies' non payments - has ended: activity has stopped contracting in most of the countries, allowing a steady decrease of corporate non payments. Coface forecasts a recovery of 3.6% for World growth in 2010 after a recession in 2009 of -1.6%. If the United States show a respectable recovery (2.9% in 2010), the ending of the crisis is painstaking in Western Europe, the euro zone forecasted to post a very modest 0.8% in 2010. On the other end, Emerging countries will nearly recover their pre-crisis growth level, with 6.3% GDP growth.

Asia has been affected by the sharp contraction of world trade in 2009. But the return to strong growth is rapid. Thanks to steady exports to Asian partners, Japan should grow at 2% in 2010. The current rebound and the improved financial situation of Japanese corporates allow Coface to announce the upgrade of the country rating of Japan to A1. China, thanks to the strong response of macro policy to the crisis showed an impressive resilience. The country went back to its pre crisis rating A3 as soon as September 2009. The very open economies of Asia such as Singapore, Malaysia and Thailand - experienced recession in 2009, while the Philippines, Indonesia and Vietnam proved to be resilient. Most of Asian economies were able to implement counter cyclical policies to weather the external shock. Furthermore, leverage of both public and private sectors is generally low. Therefore, the rebound in 2010 is significant, as shown by GDP numbers in Q1 2010, (15.5% y/y in Singapore or 10.1% y/y in Malaysia).

For the entire year, Emerging Asian countries will achieve strong growth (8.3%) thanks to the recovery of exports, especially of electronics and to the increase in commodity prices (favourable to Indonesia and Malaysia). Indeed, GDP growth should reach 8.9% in Singapore, 3.8% in the Philippines, 6% in both Indonesia and Malaysia. Coface announces the upgrade of Singapore to A1 and the positive watch on the A2 country ratings of Hong Kong and Taiwan.

Nevertheless, two Asian economies bear watching: Thailand country rating A3 is still under negative watch, because of political uncertainties. Vietnam's B rating is also under negative watch since the country's financial situation shows ongoing weaknesses (persistent imbalances in the external accounts, continued downward pressure on the dong and low level of reserves). But growth is expected in both countries in 2010 (6.5% for Vietnam and 3.5% in Thailand).

*"Over the past few months intra-Asian trade has developed dramatically, helping offset the missing orders from the US and Europe. All ASEAN countries are participating in and benefiting from this move"* explains Jean-Claude Speitel, Regional Manager for Coface South Asia Pacific.

## **A 34% pace increase in Coface support to intercompany trade in Asia**

Coface is number 1 of the trade receivables market in Asia with offices in 11 countries, and thanks to partnerships with 26 top Asian insurers and information providers. Its presence can be extended in 2 more countries via local partners addressing Coface's clients. Coface has a very strong position being the first credit insurer in the region; the coordination for this activity is based in Singapore. Coface's credit insurance offer is supported by 23 partners, in particular in China, India and Korea. Services of Credit Management are also proposed in all countries, with coordination from India and Hong Kong and 7 local partnerships. The Factoring activity is managed in 4 countries extending the expertise developed in Japan since 2006. Most partners are members of CreditAlliance, the world's largest receivables management network, and will attend a dedicated meeting following the country risk conference.

Coface's main mission is to support the real economy by providing guarantees to intercompany trade. Thanks to its strong local presence and its partners, Coface responds to the robust recovery in Asia with an increase of the cover that benefits its customers on their own customers. Total exposure in Asia at the end of April stands at €34bn, which is increasing at a 34% pace since the end of December 2009. In the ASEAN area, €7.5bn of supplier credit are guaranteed on 28,000 companies of which €2.7bn on 8,000 Singaporean companies.

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**About Coface**

Coface's mission is to facilitate global business-to-business trade by offering its 130,000 customers four business lines to fully or partly outsource trade relationship management and to finance and protect their receivables: credit insurance, factoring, ratings and business information and receivables management. Thanks to the worldwide local service delivered by 6,600 staff in 67 countries, over 45% of the world's 500 largest corporate groups are already customers of Coface.

Coface is a subsidiary of Natixis whose share capital (Tier 1) was 12.7 billion Euros end December 2009.

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**Appendix: Coface growth forecast for Emerging Asia**

