

Emerging Markets

Distressed Debt Report

1Q09 update

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There are some signs of easing conditions in the EM distressed debt market with the number of corporate bonds trading above 999bp dropping from 449 in December to 401 in March.

Investors have shown greater preference for the greater liquidity and information transparency offered by sovereigns versus corporates over 1Q09. This has also been reflected in the funding environment, where sovereigns have had less difficulty tapping new investor money. Other than sovereign-related corporates, there has been almost no corporate issuance outside of the Digicel bond in 1Q08.

This lack of corporate risk appetite among investors also helps explain the contraction in EM equity and loan funding markets, where the levels of issuance have returned to pre-2004 levels.

The amount outstanding of distressed sovereign debt fell to US\$53bn in March from US\$61bn in December, while the number of underlying issuers dropped to 24 from 35.

More noteworthy was the sharp decline of stressed sovereign debt to just US\$15bn from US\$47bn at the end of 2008. The widening gap between distressed debt and bonds trading below 700bp underscores the speed with which investors took advantage of 4Q08 market distortions by determining those credits at real risk of default irrespective of agency assigned credit rating.

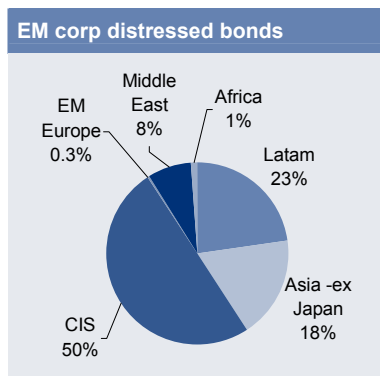
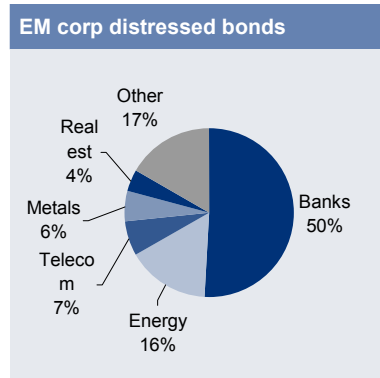
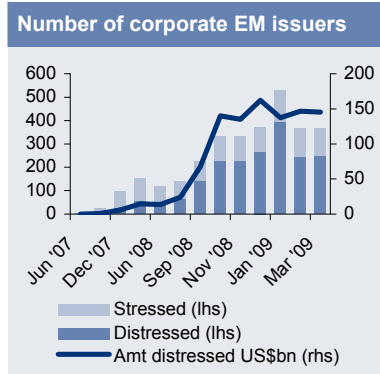
Unfortunately, corporate debt did not see the same amount of arbitrage as was the case for sovereigns, although market conditions have seen an improvement. The overall level of distressed corporates has declined to US\$145bn on 248 issuers from US\$162bn (265 issuers) in December while stressed debt dropped to US\$43.5bn (116 issuers) from US\$50.4bn (107 issuers).

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Bloomberg: ING <GO>

SEE THE DISCLOSURES APPENDIX FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATION

24 March 2009

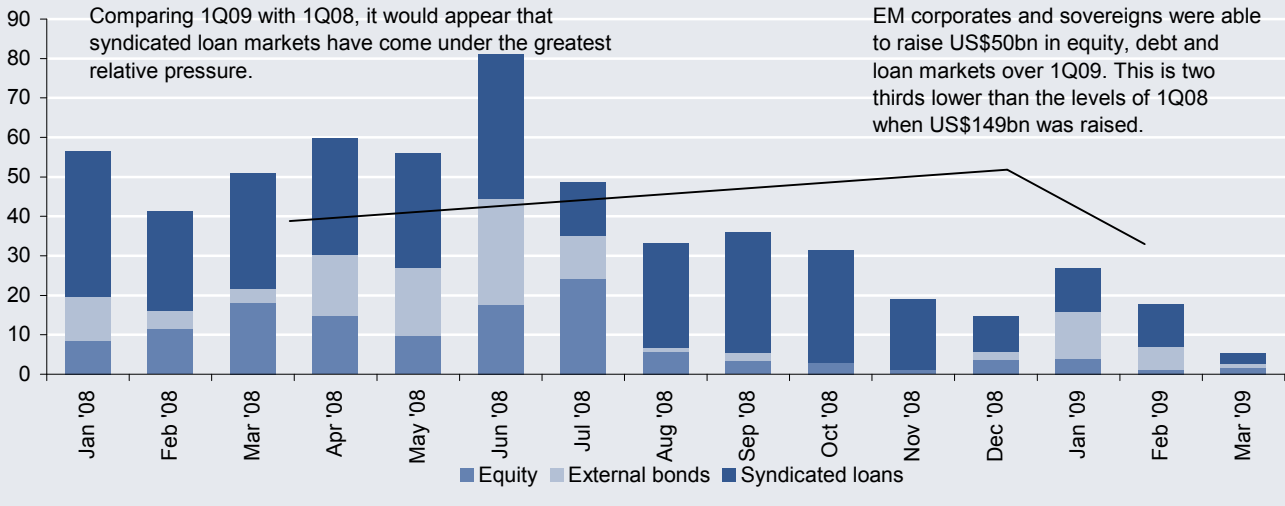


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Global EM funding conditions

Fig 1 Monthly EM funding by source (US\$bn)



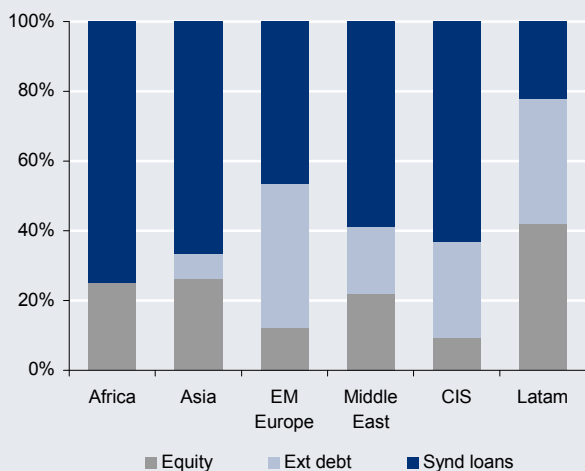
Source: ING

So long as EM funding conditions remain constrained, rollovers will continue to be a worry and distressed market conditions will persist

EM corporates and sovereigns were able to raise US\$50bn in equity, debt and loan markets over 1Q09. This is two-thirds lower than the levels of 1Q08 when US\$149bn was raised. Rollover pressures will remain a constraint to significant easing of distressed conditions until funding ability improves. Perhaps reflecting ongoing bank balance sheet pressures or government demands to focus on home markets, EM loans appear to have suffered the greatest YoY declines in 1Q09 relative to other funding markets (Figure 1). Equity markets also faced pressure, whereas bonds appear to have fared better perhaps because most of the new issues originated from sovereign-related entities while equity and loan markets are corporate focused.

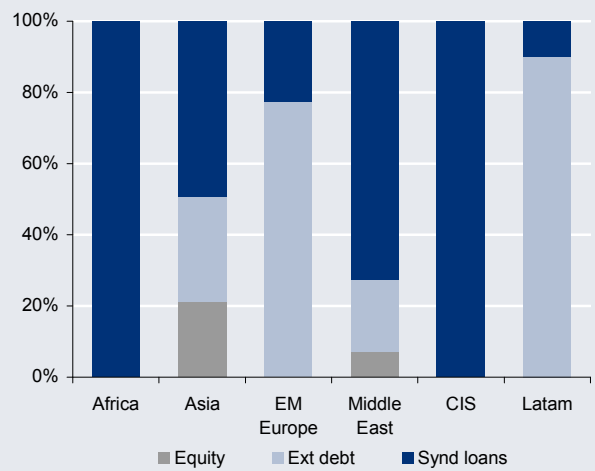
From a regional perspective (Figures 2 and 3) Latam firms were unable (or unwilling) to tap equity sources of funds in 1Q09. These provided 40% of funding in 2008. Bond issues have provided the region with the bulk of capital raised so far this year. For CIS, the only source of funds appeared to come from the loan market, although only US\$4.2bn was raised in 1Q09 versus US\$18.8bn in 1Q08.

Fig 2 2008 by funding instrument



Source: ING

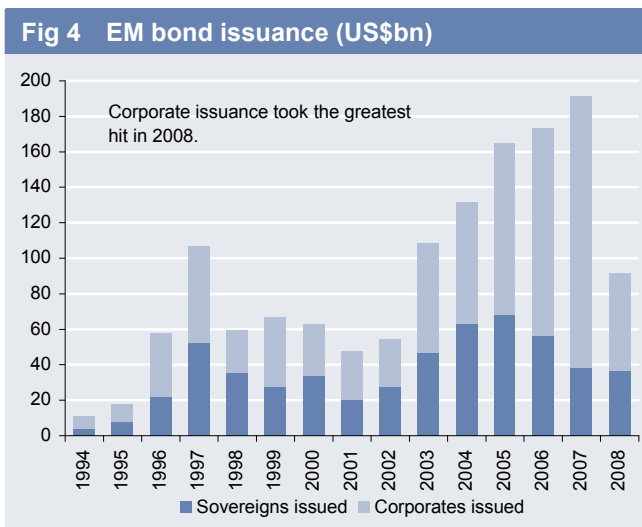
Fig 3 1Q09 by funding instrument



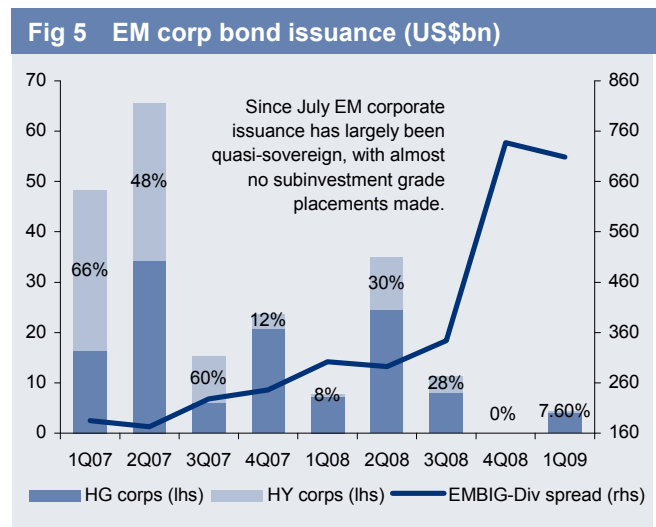
Source: ING

Bond financing conditions

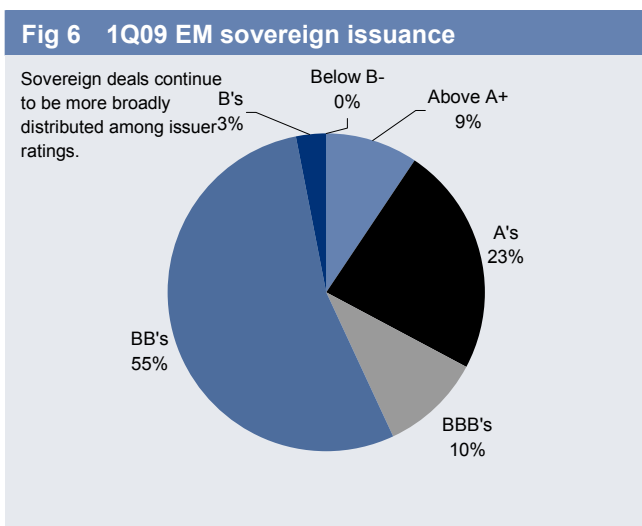
Emerging market *corporate* DCM markets have been mostly shut since September, although this has not entirely been the case for sovereigns and quasi-sovereign corporates. Nevertheless, it remains clear that the brunt of crunch has been borne by corporates, where new issuance dropped by 64% YoY to US\$54.8bn in 2008 (Figure 4), while in 1Q08 with the exception of the US\$335m B2/B- Digicel issue, the other five placements have been investment grade quasi-sovereigns. In total, there have been just 19 new bond issues this year, totalling US\$21.4bn, US\$14.5bn (13 issues) of which have been Republic bonds. On the sovereign side, investors have also shown greater willingness to accept sub-investment grade issues (Figure 6 versus Figure 7).



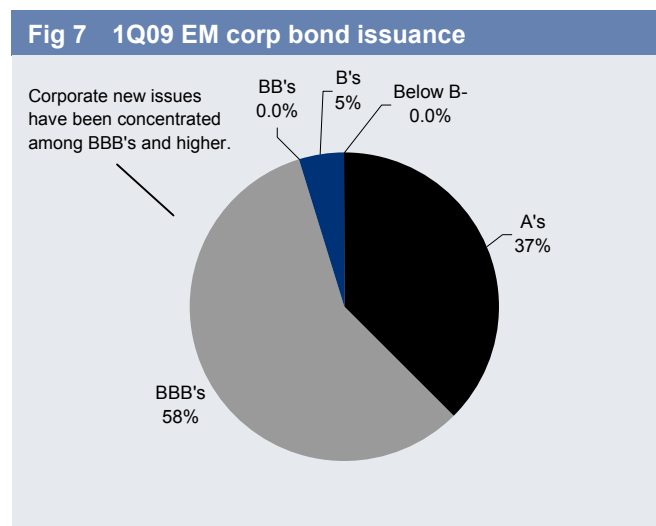
Republics, states and municipals excluded (includes quasi-sovereign corporates)
Source: ING



Republics, states and municipals excluded (includes quasi-sovereign corporates)
Source: ING



Source: ING



Source: ING

Loan and equity financing conditions

Meanwhile, the syndicated loan market – which had proven more robust than bond primary markets prior to August 2008 – remains severely constrained (Figure 8). 1Q09 issuance dropped to US\$24.5bn from US\$55.6bn issued in 4Q08 and US\$91.5bn in 1Q08. So far, Asian borrowers continue to have the best access to funding in the syndicated loan market. This may be because Japanese banks are a significant

provider of funds and have experienced less balance sheet pressures than their Western peers. Nevertheless, even Asian loan issuance has been significantly reduced from typical levels. Asia raised US\$14.4bn in the loan market, down 63% from 4Q08 levels and 72% on a YoY basis.

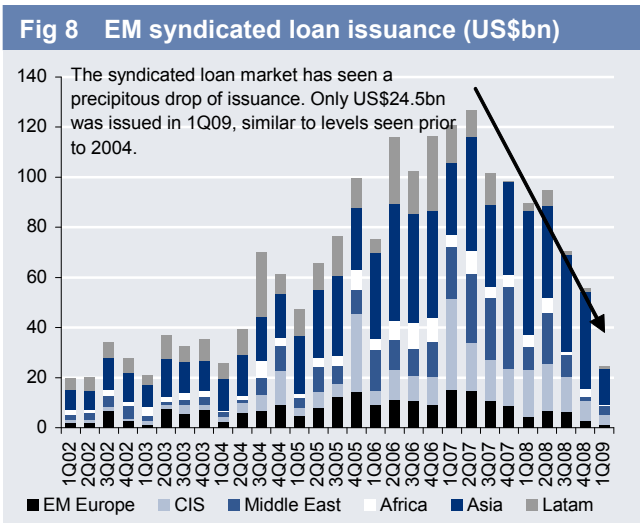
The share of loan borrowing by basic materials and financials has declined

From an industry perspective (Figures 10 and 11), the greatest changes in the syndicated loan market reflect a decline of borrowing by basic materials, financial, consumer and energy-related firms. On the other side, the relative share of borrowing by governments and utilities has increased. The case was similar with the EM bond issuance market.

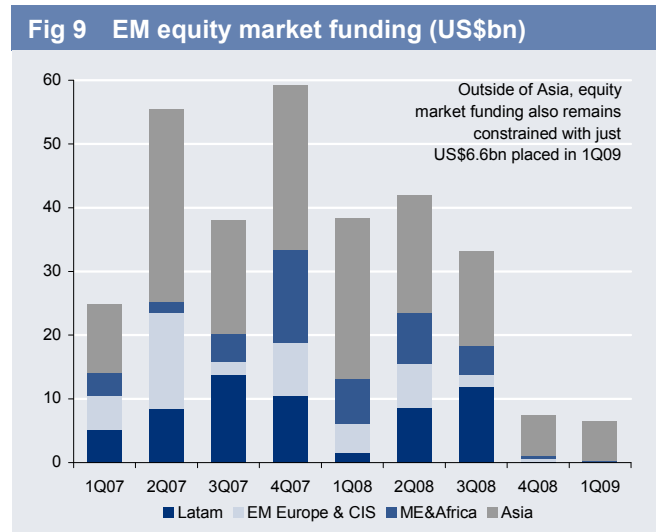
EM equity funding has returned to pre-2004 levels

In terms of funding via equity IPOs and secondary offerings (including for ADRs), this market also remains under severe pressure (Figure 9) and have not proven a stable source of funding for EM corporates. 1Q09 was witness to just US\$6.6bn of new equity offerings, up slightly from the US\$5.6bn seen in 4Q08. On a historical basis, the EM equity market has returned to pre-2004 levels. Like with the syndicated loan market, here too Asian corporates appear to have had the best access to funding, albeit at significantly reduced levels.

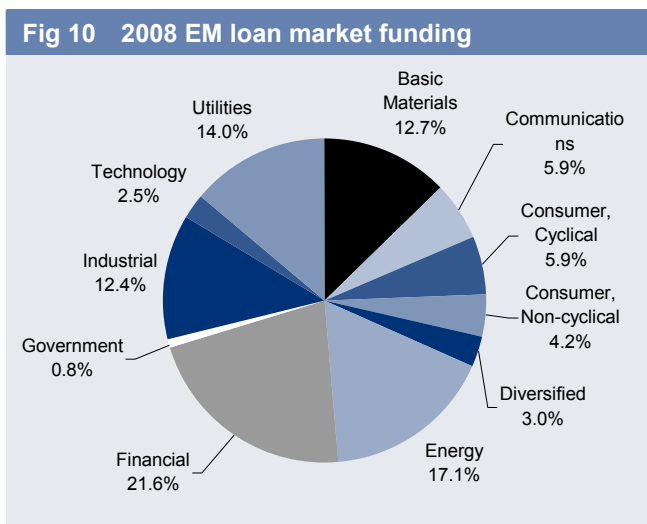
It is interesting to note that where 2008 saw a broadly disbursed amount of issuance across industries, in 1Q09 banks accounted for the largest share (Figure 12 versus Figure 13). However, this likely relates to the heavy share of Asia this quarter relative to 2008 where much of the equity funds originate from banks.



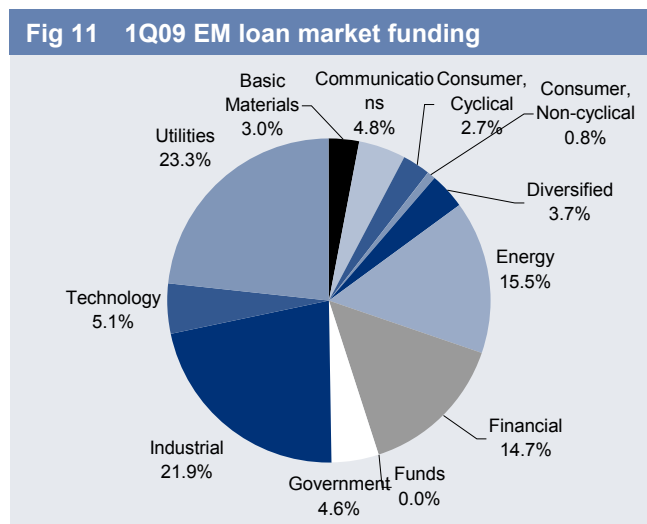
Excludes IMF, WB and other multilateral loans
Source: IMF/DealLogic, BondRadar, Bloomberg and ING



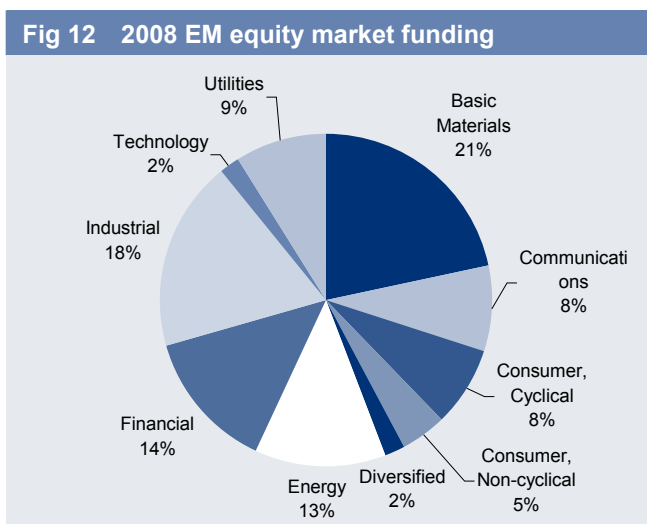
Source: ING



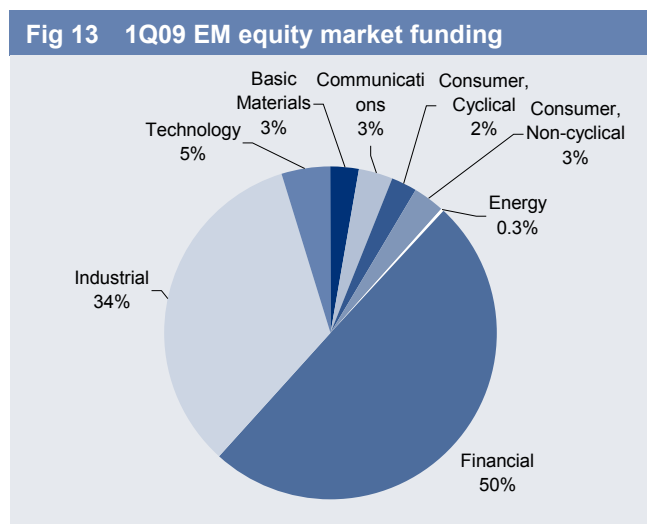
Source: ING



Source: ING



Source: ING



Source: ING

Balance of payments pressures

The main question of the moment relates to the longevity of the equity, bond and loan funding squeeze

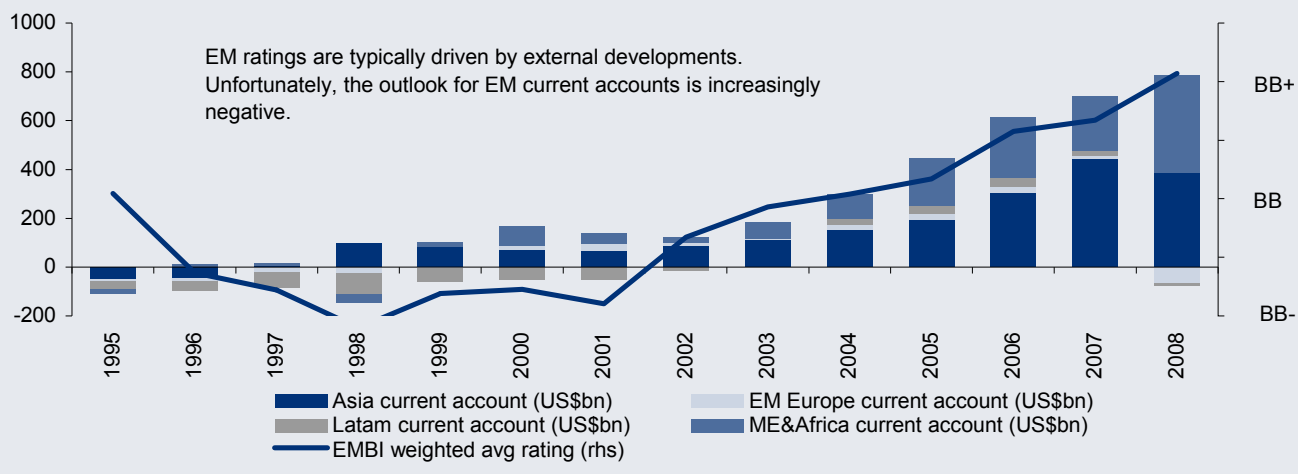
The question for loan, debt and EM equity funding remains whether lenders have only scaled back as a temporary measure or whether the near-absence of funds will prove more long-lasting. Certainly the drop in asset values has reduced the amount of new issuance investors may buy via leverage. Of course the rise of haircuts has further magnified this, which may explain why corporate debt issuance – traditionally more favoured by leveraged accounts – has been severely dented. Regardless, the economic-related refunding risks for sub-investment grade EMs, which are typically highly levered and sensitive to demand shocks, are very real. Further, it would be made far worse should DCM markets not normalise in the next two years and alternative sources of funding continue to contract. The debt-servicing implications of rolling over or issuing at the current high levels demanded by the market would be very negative for corporate credit fundamentals.

Current account receipts are likely to be significantly lower in 2009. This has implications for both issuance as well as ratings migration

Current account developments help explain both EM issuance levels as well as ratings migration. Typically, corporates issue more than sovereigns in periods of rising current account inflows as corporate dollar revenue streams are matched with debt and as corporates – particularly exporters – expand CAPEX programs. For sovereigns, the increased level of foreign currency flows typically requires reduced dollar issuance.

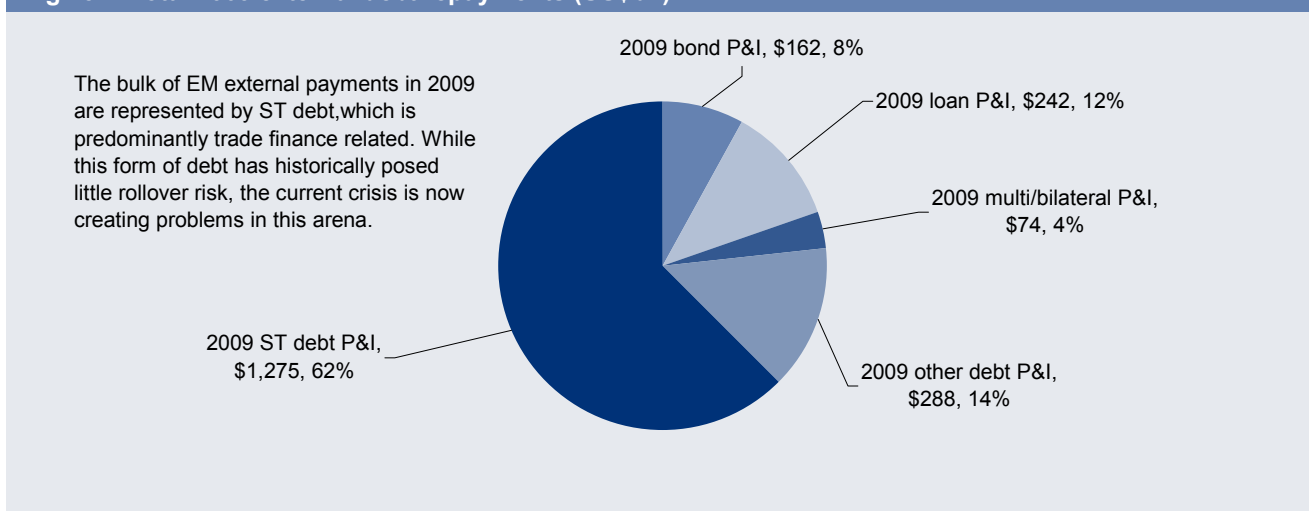
The rising level of FX reserves related to bigger current account surpluses and improved growth prospects aids in reducing foreign currency payment risks and therefore better ratings (Figure 14).

Fig 14 EM credit ratings are closely tied with external fundamentals



Source: ING

Fig 15 Total 2009 external debt repayments (US\$bn)



Source: Domestic source, IMF and ING

Although there are some exceptions (eg Turkey), the collapse of commodity prices in 4Q08 in hand with reduced external demand for EM exports will see current account receipts remain under pressure for some time. This is likely to have a negative impact on ratings and increased need for sovereign issuance and less corporate issuance.

Greater sovereign issuance needed to cushion BoP pressures will crowd out the corporate market...

On top of negative current account developments, there are also rising BoP pressures owed to the capital side. Even assuming no further equity-related capital flight from domestic and foreign investors, unless capital markets re-open fully, there will be net negative debt issuance (likely owed more to corporate bonds and loans). This will require greater levels of sovereign issuance as governments aim to cushion their economies and currencies from negative BoP pressures.

...particularly for low grade EM issuers who are more highly levered and therefore most in need

In light of the high level of loan and bond amortisations on the horizon (Figure 16) and given the ongoing investor redemption stress that hard currency portfolio managers are facing (Figure 17), it remains uncertain to what extent these managers will buy new corporate issues by drawing down on their cash positions (Figure 18) as these have been

The outlook is not entirely negative. There is plenty of coupon income and amortisation money that will be put to work

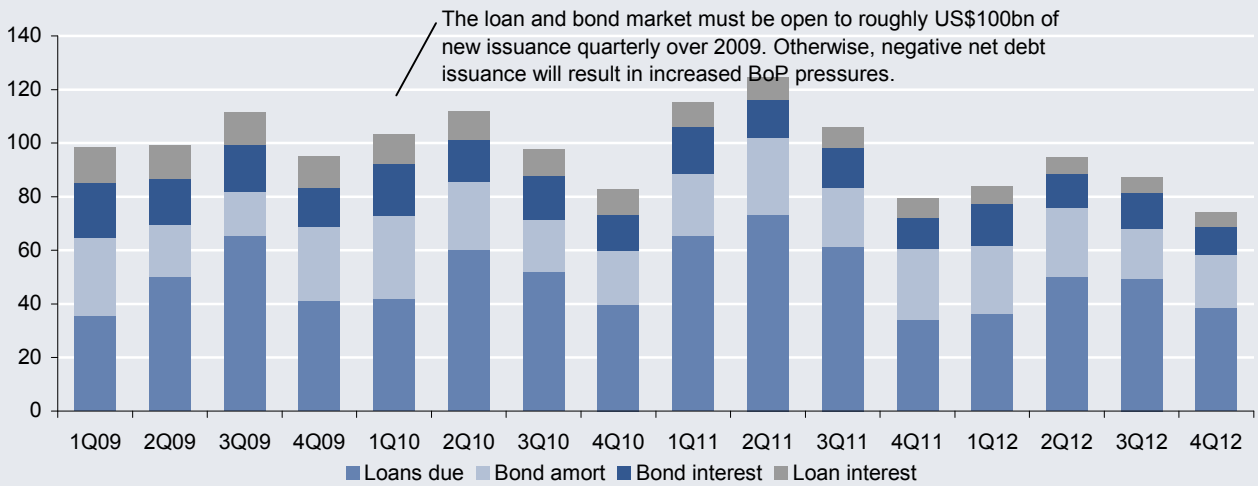
Still, we expect distressed conditions to persist for most of 2009 for highly levered issuers

built to fund redemptions. Highly levered corporate issuers, which typify the lower end of the ratings spectrum and who are most in need of funds, are likely to suffer most.

That said, the reduced level of investor outflows and already high level of cash suggests some money is available to be put to work. Furthermore, it is worth keeping in mind that dedicated EM investors will not entirely be taking interest income (US\$70bn in 2009) and amortisation money (US\$92bn in 2009) off the table and will instead be looking to put a lot of this back to work in the market. However, given the still cloudy risk horizon, we believe this will more likely be constrained to the HG sovereign arena.

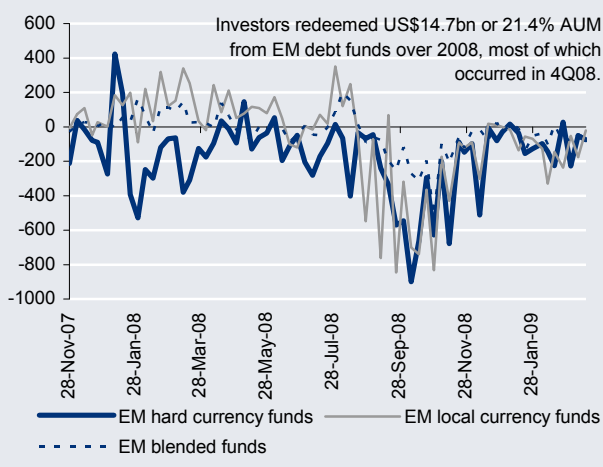
Should strained conditions in global credit markets persist, it will become increasingly difficult for corporates to roll over maturing external obligations – let alone tap markets for new money – at rates that do not further pressure their default risk dynamics. EM corporate profitability may be expected to suffer in the upcoming period as a consequence and capital expenditure plans will likely have to be curtailed even further in many cases.

Fig 16 EM bond and loan amortisations (US\$bn)



Source: ING

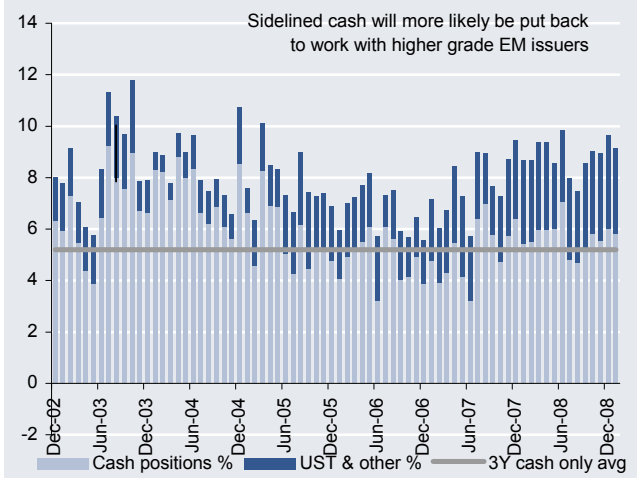
Fig 17 Dedicated EM debt fund flows (US\$m)



Based on investor flows for US\$42bn weekly reporting EM bond funds

Source: EMPortfolio

Fig 18 EM debt fund cash positions (% of AUM)



Cash positions for US\$22bn AUM EM bond funds

Source: EMPortfolio

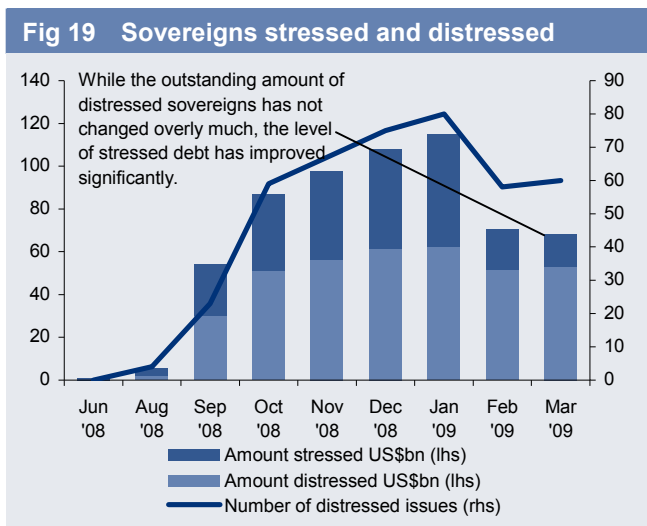
Sovereigns

While the level of distressed sovereigns has shown little change, the amount of stressed sovereigns has dropped markedly

The EMBIG Diversified is still misaligned with expected future global default rates

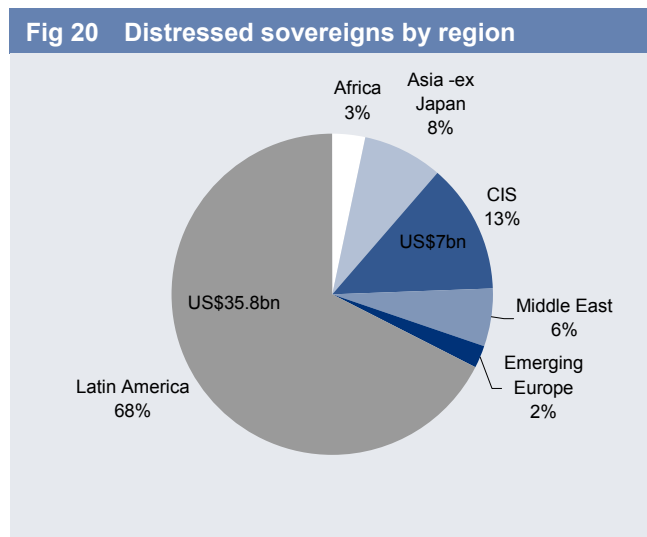
The proportional amount and number of sovereign bonds (60 issues) trading at distressed levels remains well below that of corporates (401 issue). However, on an amount outstanding basis, the difference is less encouraging with US\$53bn worth of sovereign bonds trading at distressed levels versus US\$145bn for corporates. While the outstanding level of distressed sovereigns changed very little in 1Q09 from the prior quarter, there was a notable drop in the level of *stressed* sovereigns, which fell to US\$15bn in March from between US\$42bn to US\$52bn in prior months (Figure 19).

At the moment, the EMBIG Diversified is trading at 681bp, about 100bp lower than the levels quoted in our December report. We had expected spreads to move the opposite direction in order to reflect the deteriorating global macro environment and consequent impact on default probability. However, a combination of factors including a more than 50bp rise of underlying UST rates as well as reduced financial markets volatility worked against our forecast. We remain of the view that global speculative grade default rates will increase and that sovereigns will come under further downwards ratings pressures owed to external BoP pressures including the still tight funding environment. EMBIG spreads appear to reflect a current global default rate of about 5%, which remains well below that seen in the Dot.com bust (10.8%) let alone the last US housing crisis of the early '90s (12.8%). On this basis, corporate spreads appear to reflect a more realistic *forward-looking* valuation more in line with US bond markets (Figure 21).



For Republics, states and municipal issues (quasi-sovereign corporates, like Gazprom, are in the corporate analysis)

Source: ING



Source: ING

Distressed sovereigns represent 9.1% of total outstanding sovereign bonds versus 42% for corporates

Among sovereigns, states and municipals in March, there were US\$53bn of bonds in distress, or 9.1% of total outstanding sovereign debt. This compares with corporates where distressed issues represent 42% of outstanding supply. Underlying this were 14 (US\$42.2bn) government issuers and 10 state and municipal issuers. This excludes non-performing debt (such as the Ivory Coast notes and hold-out Argentina Republics). The March number compares with February when there were 26 issuers with 58 bonds trading at distressed levels, with an amount outstanding of US\$51.8bn. The bulk of the distressed names are Latin American, which accounts for US\$35.8bn, or 68% of

outstanding sovereign distressed debt. Issuers there include Argentina, Belize, Dominican Republic, Ecuador, Jamaica Air, PDVSA and Venezuela.

Fig 21 Historical relationship for EM spreads and spec default rates

Spec default rate (%)	Corresponding spreads	
	EM BB 10Y corporate	Sovereign (EMBIG)
3.0	555	475
5.2 (Global spec default rate, Feb '09)	698	600
7.0	878	600
7.6	941	792
8.5	1,044	828
10.8 (Dot.com peak)	1,208	921
12.8 (early '90's US housing crash peak)	1,365	1,002
15.0 (Moody's peak 2009 spec grade default forecast)	1,539	1,091
20.0	1,934	1,294
25.0	2,329	1,497

EM corporate spread is average of CIS, Latam and Asia spreads. Recent EMBIG spread and EM BB 10Y corporate spread highlighted. Based on historic spread trends with speculative grade default rates

Source: ING

Fig 22 Core markets bond spreads (bp) versus EM corporates and sovereigns

	5-year bonds				10-year bonds			
	US industrials	Sovereign	CIS-corp	Asia/Latam-corp	US industrials	Sovereign	CIS-corp	Asia/Latam-corp
AAs	257	--	255	233	208	--	270	248
A+	--	249	470	421	--	296	467	412
A	282	293	532	496	260	340	518	466
A-	--	345	621	501	--	389	581	492
BBB+	--	406	629	485	--	446	659	532
BBB	478	478	836	587	441	512	794	606
BBB-	537	562	891	794	529	586	882	799
BB+	765	662	1,404	831	875	672	1,276	820
BB	819	779	1,635	1,222	885	771	1,556	1,207
BB-	953	917	1,955	1,243	915	883	1,760	1,198
B+	1,153	1,079	2,747	2,328	993	1,013	2,733	2,238
B	1,190	1,270	3,649	3,708	1,120	1,161	3,324	3,241
B-	1,397	1,494	--	--	1,425	1,331	3,681	--

Based on US\$212bn (919 issues) of US industrial bonds, US\$352.5bn (954 issues) of EM corporates and US\$188bn (201 issues) of sovereigns

Source: ING

Corporates

Distressed versus stressed breakdown

December's US\$145bn worth of distressed and stressed bonds represents 42% of outstanding dollar-denominated EM corporates monitored

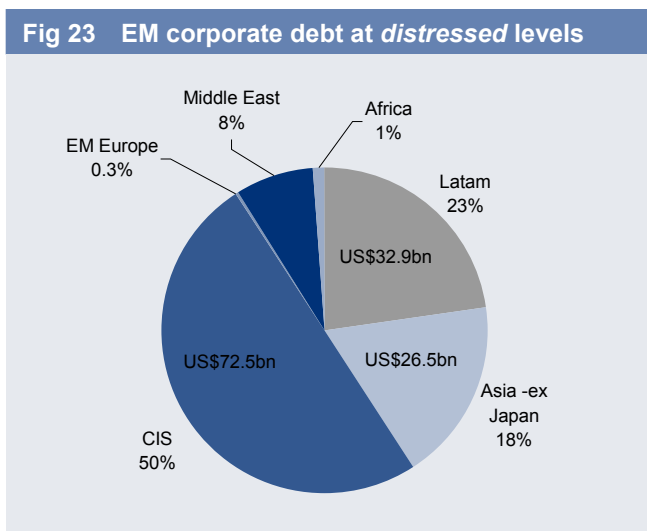
In December, there were 401 EM corporate bonds related to 248 issuers trading at distressed spread levels. These amounted to US\$145bn outstanding and compare with the 449 issues worth US\$162bn in December. In March 2008 when there were only 57 issuers with distressed debt, amounting to US\$4.3bn. A further 120 EM bonds covering 116 issuers, worth US\$43.5bn were *stressed*, from 136 bonds in December worth US\$50.4bn. Together, these two groups account for 54% of the outstanding US dollar EM corporate market that we track.

CIS corporates account for 50% of distressed bonds. The amount of Middle East distressed paper is rising

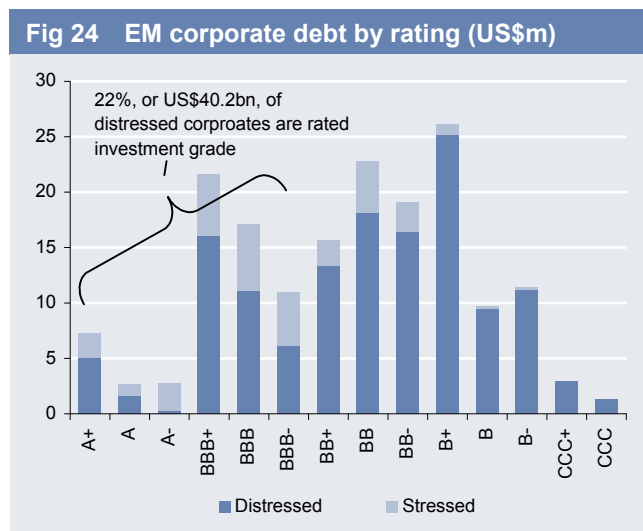
Although half of *distressed* corporate bonds were from the CIS (Figure 23), amounting to US\$72.5bn, this was down from the 58% in December and the region's 73% market share in September. The bulk (US\$50.6bn) of this is owed by Russian issuers (Figure 25). Middle East issues have risen from US\$3bn in December to US\$11.5bn. Where in December these were all from the UAE, now there is a greater dispersion across the region including Bahrain, Egypt, Kuwait, Oman and Qatar. Latin American bonds accounted for a further US\$32.9bn (23%), represented by 113 bonds issued by 75 corporates. US\$9bn of this was related to Brazilian issuers and a further US\$5.7bn from Mexico. Asian corporates accounted for about 14% of distressed debt, US\$4.8bn was of Indonesian origin.

22% of distressed EM bonds were HG rated

It is noteworthy that 22% (US\$40.2bn) of distressed corporate bonds are in the investment-grade arena (Figure 24). Before September, all EM distressed corporate bonds were rated below BBB-.



Source: ING



Highest rating of three agencies used (ie Moody's, S&P and Fitch).
Source: ING

Fig 25 EM corporate bonds trading at distressed and stressed levels in March

Country	Distressed (1,000bp+)				Stressed (700bp to 999bp)			
	Outst (US\$m)	% total	Number of issues	Underlying issuers	Outst (US\$m)	% total	Number of issues	Underlying issuers
Argentina	5,249	3.61	28	19	1,495	3.45	7	7
Bahrain	1,600	1.10	4	2	899	2.08	2	2
Barbados	0	0.00	0	0	0	0.00	0	0
Bermuda	1,415	0.97	2	0	0	0.00	0	0
Brazil	9,072	6.24	45	26	6,464	14.92	22	21
Chile	0	0.00	0	0	465	1.07	1	1
China	3,869	2.66	12	9	0	0.00	0	0
Colombia	920	0.63	2	2	780	1.80	2	2
Dominican Republic	710	0.49	4	4	86	0.20	1	1
Egypt	750	0.52	1	1	0	0.00	0	0
El Salvador	0	0.00	0	0	300	0.69	1	1
Georgia	200	0.14	1	1	0	0.00	0	0
Hong Kong	2,914	2.00	11	10	2,920	6.74	6	6
India	4,531	3.12	9	3	646	1.49	5	4
Indonesia	4,284	2.95	17	15	1,272	2.94	5	5
Jamaica	1,961	1.35	5	3	0	0.00	0	0
Kazakhstan	16,984	11.68	46	17	943	2.18	1	1
Korea	4,700	3.23	9	8	6,450	14.89	19	19
Kuwait	350	0.24	1	1	0	0.00	0	0
Lebanon	0	0.00	0	0	0	0.00	0	0
Malaysia	200	0.14	1	1	300	0.69	1	1
Mexico	5,672	3.90	21	17	1,281	2.96	6	6
Mongolia	75	0.05	1	1	0	0.00	0	0
Nigeria	525	0.36	2	2	0	0.00	0	0
Oman	250	0.17	1	1	0	0.00	0	0
Pakistan	1,000	0.69	2	1	0	0.00	0	0
Panama	0	0.00	0	0	0	0.00	0	0
Peru	225	0.15	1	1	979	2.26	1	1
Philippines	437	0.30	3	3	700	1.62	4	4
Qatar	840	0.58	2	2	300	0.69	1	1
Russia	50,605	34.81	110	52	11,292	26.07	21	20
Saudi Arabia	0	0.00	0	0	500	1.15	1	1
Singapore	2,837	1.95	13	8	500	1.15	1	1
South Africa	266	0.18	1	1	0	0.00	0	0
Supra National	0	0.00	0	0	540	1.25	1	1
Thailand	1,641	1.13	7	6	600	1.39	2	2
Trinidad and Tobago	0	0.00	0	0	77	0.18	1	1
Turkey	450	0.31	3	3	150	0.35	1	1
Ukraine	4,720	3.25	19	15	622	1.44	2	2
United Arab Emirates	8,450	5.81	12	10	2,750	6.35	4	3
Uruguay	100	0.07	1	1	0	0.00	0	0
Venezuela	7,595	5.22	4	2	0	0.00	0	0
Total	145,394		401	248	43,311		119	115

Analysis is for US dollar-denominated issues only.

Distressed bonds identified as those with spreads greater than 999bp; Stressed bonds are those with spreads between 700bp and 999bp.

Source: ING

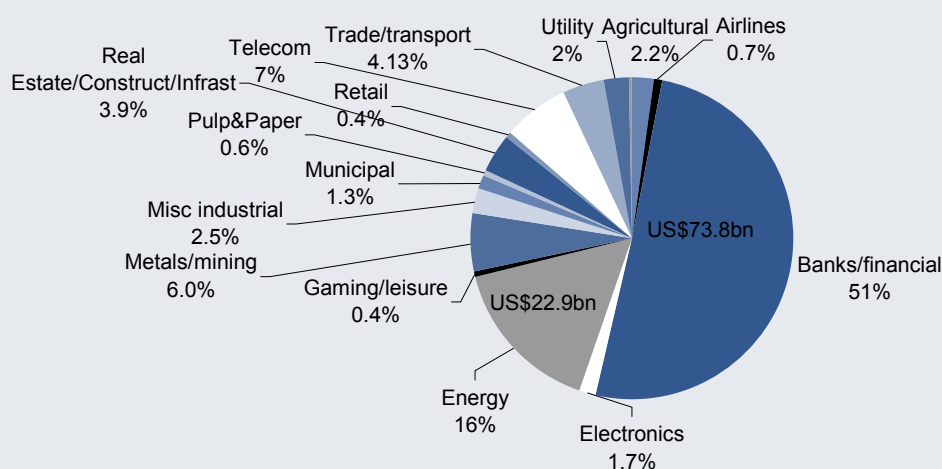
Sector breakdown

EM bank issues account for half of all corporate distressed bonds

The level of EM *distressed* debt represented by bank/financial sector bonds is nearly US\$74bn, or 51% of all distressed corporates. This was the same share represented by the sector for the past two quarters. Energy-related corporates account for the next largest segment at 16% (US\$22.9bn), down slightly from 18% in December. Real estate and construction accounted for 3.9% (US\$5.7bn) while telecom issues accounted for a further 7% (US\$9.8bn).

Among *stressed* EM corporates (Figures 27), banks accounted for 52% (US\$22.3bn) and energy-related corporates accounted for 21% (US\$9.1bn). Taking third place was metals and mining with US\$3.6bn of stressed debt representing 8.5% of the total.

Fig 26 EM distressed debt in March by industry (excludes stressed bonds)



Excludes stressed debt

Source: ING

Fig 27 Global EM distressed debt in December by industry

	Latin America		Asia-ex Japan		CIS		EM Europe		Middle East & Africa		Totals			
	Distress	Stressed	Distress	Stressed	Distress	Stressed	Distress	Stressed	Distress	Stressed	Distress	% total	Stressed	% total
Agricultural	1,961	250	1,264	0	0	0	0	0	0	0	3,225	2.22	250	0.58
Airlines	1,030	0	0	0	0	0	0	0	0	0	1,030	0.71	0	0.00
Banks/financial	7,520	1,843	8,664	7,885	48,606	8,292	250	150	8,765	4,149	73,805	50.76	22,320	52.18
Electronics	0	0	2,489	0	0	0	0	0	0	0	2,489	1.71	0	0.00
Energy	8,433	2,820	2,100	2,500	12,397	3,493	0	0	0	300	22,931	15.77	9,113	21.31
Gaming/leisure	250	325	294	0	0	0	0	0	0	0	544	0.37	325	0.76
Metals/mining	1,035	3,135	2,020	0	5,650	500	0	0	0	0	8,705	5.99	3,635	8.50
Misc industrial	1,647	576	1,320	0	725	0	0	0	0	0	3,692	2.54	576	1.35
Municipal	1,125	213	0	0	700	0	0	0	0	0	1,825	1.26	213	0.50
Pulp&Paper	520	0	379	0	0	0	0	0	0	0	899	0.62	0	0.00
Real Est/Const/Infra	1,775	350	3,510	0	455	0	0	0	0	0	5,740	3.95	350	0.82
Retail	100	0	495	800	0	0	0	0	0	0	595	0.41	800	1.87
Telecom	3,532	488	1,690	503	3,600	572	0	0	1,016	0	9,838	6.77	1,562	3.65
Trade/transport	2,180	175	400	0	175	0	0	0	3,250	0	6,005	4.13	175	0.41
Utility	1,548	1,545	1,862	1,700	0	0	200	0	0	0	3,609	2.48	3,245	7.59
Other	264	206	0	0	200	0	0	0	0	0	464	0.32	206	0.48
Total	32,919	11,927	26,486	13,388	72,509	12,857	450	150	13,031	4,449	145,394		42,771	
% total	22.64	27.89	18.22	31.30	49.87	30.06	0.31	0.35	8.96	10.40				

Excludes US\$540m of stressed Supranational bonds

Source: ING

Duration risk

US\$23bn of distressed debt will mature in the next two years...

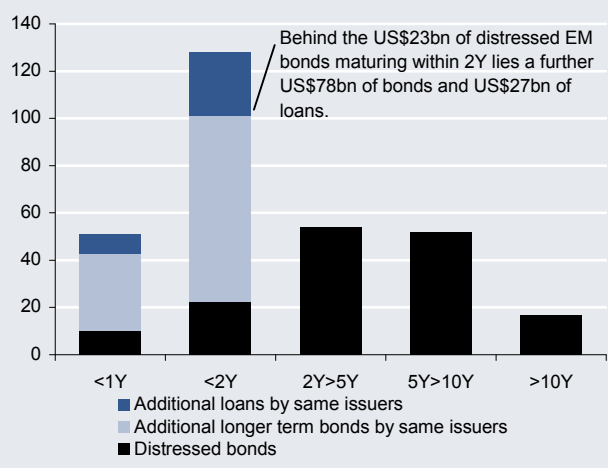
...behind these same issuers is an additional US\$105.4bn of loans and longer-term bonds

In EM, the average life of distressed corporate debt was 7.6 years. This was up from 6.8 years in December, which is a positive sign. For stressed debt it is 8 years, up from 7.8. Put together, about US\$77bn will be maturing in under five years, US\$23bn of which will mature in two years or less (Figures 28).

More concerning is the fact that the underlying issuers with distressed obligations maturing in under two years have a further US\$78.4bn of bonds outstanding. In addition, US\$27bn of syndicated loans is owed by these same issuers, the bulk of which is from CIS borrowers (Figure 30).

US\$10.2bn of distressed bonds mature in the next twelve months, behind which lie a further US\$32.4bn of longer-term bonds and US\$58.2bn of loans.

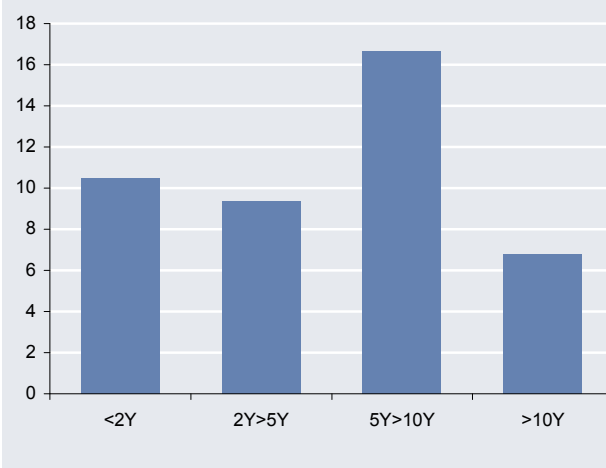
Fig 28 Distressed corp bonds by tenor (US\$m)



Excludes stressed bonds

Source: ING

Fig 29 Stressed corp bonds by tenor (US\$m)



Source: ING

Fig 30 Syndicated loans of corps with distressed bonds maturing <2Y

Country	Issuer	US\$m out
India	ICICI	1,800
Kazakhstan	Alliance Bank	177
Kazakhstan	ATF	500
Kazakhstan	Halyk Savings Bank	700
Kazakhstan	Turanalem	580
Oman	Banco Marco	770
Russia	Absolut Bank	120
Russia	AK Bars Bank	200
Russia	Bank Zenit	358
Russia	Bin Bank	27
Russia	Gazprom	14,336
Russia	IIBRU	267
Russia	Kuzbassrazrezugo	225
Russia	MDMBK	1,183
Russia	Moscow Bank R&D	62
Russia	Nizhnekamskneftekhim	164
Russia	Nomos Bank	234
Russia	Promsvyaz	955
Russia	TMK	1,355
Russia	Transcapital Bank	95
Russia	Ursa Bank	275
Singapore	Chartered Semiconductor	300
Singapore	Stats Chippac Ltd	248

Fig 30 Syndicated loans of corps with distressed bonds maturing <2Y

Country	Issuer	US\$m oust
Ukraine	Alfa Russia Fin	448
Ukraine	Bank Nadra	345
Ukraine	Finance & Credit	73
Ukraine	Interpipe Ltd	631
Ukraine	UrksibBank	435
Uruguay	IMCOPA Intl SA	100
Total		26,961

Bonds maturing less than 2Y, not loans. Does not include bilateral loans or loans taken from domestic lenders.

Source: ING

Potential opportunities

Although there remains a risk of default, distressed EM provides significant opportunities for investors who have the patience and willingness to examine corporate fundamentals in order to assess recovery value. US\$24.5bn worth of EM corporates (78 issues) that we track are trading at or below prices consistent with historic recovery values of about 35 cents (Figure 31). A number of these, like CEMEX and Vitro bonds, are trading below levels ING believes would represent recovery (around 34). While market conditions will probably keep a large portion of currently distressed EM bonds under negative pressure, investors with an eye on recovery may be attracted by those offering significant longer-term recovery potential.

Fig 31 Recovery at default on corporate bonds (1974-2003) and bank loans (1989-Q3-2003)

Loan/Bond	Number Seniority	Median	Mean	Standard Deviation
Senior Secured Loans	155	73	68.5	24.4
Senior Unsecured Loans	28	50.5	55	28.4
Senior Secured Bonds	220	54.49	52.84	23.05
Senior Unsecured Bonds	910	42.27	34.89	26.62
Senior Subordinated Bonds	395	32.35	30.17	24.97
Subordinated Bonds	248	31.96	29.03	22.53
Discount Bonds	136	18.25	20.93	17.64
Total Sample Bonds	1,909	40.05	34.31	24.87

Based on prices just after default on bonds and 30 days after default on loans

Source: K. Emery (Moody's), 2003 (Bank Loans) and Altman & Fanjul, 2004 (Bonds)

Pricing in recovery value

There seems to be a healthy risk tolerance for investment grade bonds out to 5 years tenor

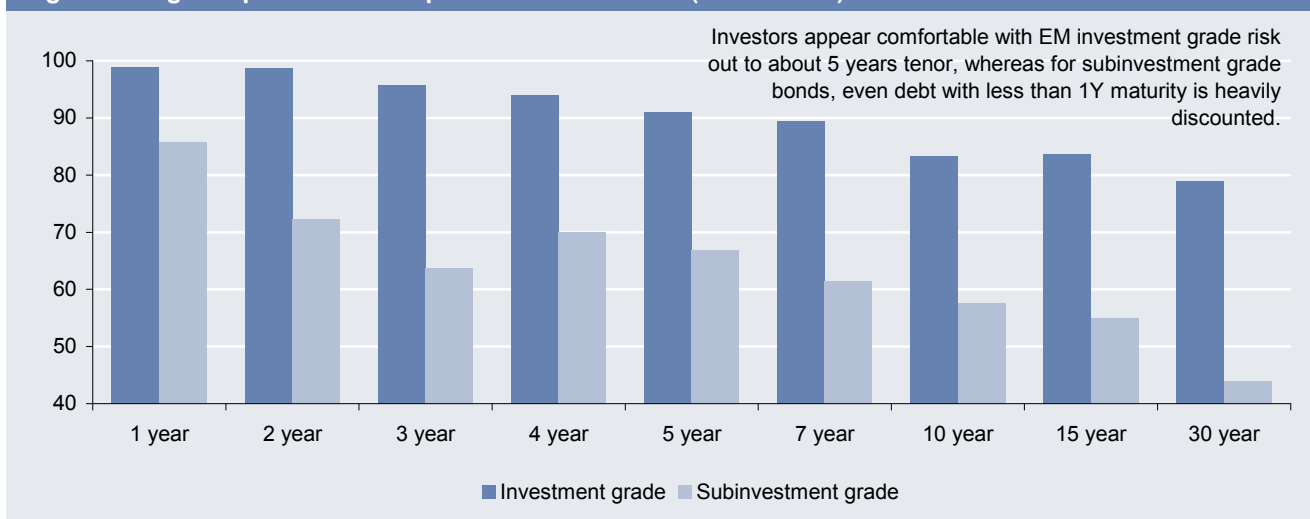
We use an average of the three main ratings agencies in this analysis (Moody's, Fitch and S&P). As might be expected, there is a significant differential between bonds of differing tenors and of different credit risk (Figure 32). Generally, investment grade EM's continue to be priced at 90 cents or above provided their maturities are no greater than five years. Indeed, even 30 year bonds are being priced near to 80 cents on the dollar of face. Even in December 2008, investment grade EM bonds were trading above 80 cents on the dollar as far out as thirty years (Figure 33). The most notable price adjustment appears to occur after seven years.

But for subinvestment grade bonds, even those maturing in less than a year have prices below 90 cents

Pricing is very different for EM subinvestment grade paper, where even bonds maturing under 12 months do not have an average price above 90 cents and at five years tenor, this drops down to 66.8 cents. The differential between investment and subinvestment grade EM corporate prices suggests a graduating deterioration of risk tolerance by investors based on bond maturity. As might be expected, the greatest differential (35 cents) is at the very long end where subinvestment grade bonds have a price of about 44 cents on the dollar.

Comparing December price data with today, it can be seen that the greatest upside has been experienced among investment grade bonds almost across the duration spectrum. In the subinvestment grade arena, although upside was seen in the one- to five-year segment, prices have changed little beyond that point.

Fig 32 Weighted price of EM corporate bond universe (March 2009)



Weighted by face outstanding. Based on 852 EM corporate bonds worth US\$348bn of outstanding.

Source: ING

Fig 33 Current average EM bond prices

	23-Mar-09				31-Dec-08				
	Overall	Investment grade	Sub-investment grade	Difference	Overall	Investment grade	Sub-investment grade	Difference	
1 year	93.15	98.88	85.66	13.22	1 year	90.85	97.58	82.07	15.52
2 year	87.32	98.69	72.29	26.40	2 year	84.73	96.09	69.70	26.38
3 year	80.92	95.83	63.76	32.08	3 year	78.43	91.41	63.49	27.93
4 year	87.70	94.02	70.09	23.93	4 year	83.74	90.28	65.51	24.77
5 year	81.59	90.99	66.80	24.20	5 year	77.91	86.37	64.61	21.76
7 year	79.26	89.47	61.43	28.04	7 year	78.73	88.26	62.10	26.15
10 year	71.73	83.38	57.49	25.89	10 year	70.58	80.65	58.28	22.37
15 year	71.00	83.60	50.00	33.60	15 year	71.00	80.71	50.00	30.71
30 year	71.05	78.92	43.97	34.96	30 year	73.97	82.65	44.11	38.54

Weighted by face outstanding

Source: ING

Latin America

Mexico

Vitro: Despite the default of Vitro (Ca/NR/D) triggered by its derivative counterparties at the beginning of February, we continue to like Vitro's debt at 22 cents on the dollar. We believe that the glass maker is in an industry that is more recession proof. The company continues to negotiate with its derivative counterparties and bondholders to reach an agreement. Our recovery value based on the forward-looking earnings potential and the level of shareholder retention post restructuring, is between 40 cents and 56 cents on the dollar. This makes Vitro an attractive opportunity in the EM distressed space.

Cemex: We maintain our view that Cemex (NR/B-/B+) will be able to roll over its debt commitments. The company is negotiating the extension of US\$14.5bn of debt – two-thirds of its total indebtedness. Despite the sizeable debt extension, we believe that Cemex will reach partial agreements with banks that will be able to service its debt through internal cash flow generation as it is in the best interests of both parties. In our 30 January report on Cemex we recommended staying on the sidelines and buying on dips as Cemex's notes will be under downward pressure. We think that current prices

for the perps have substantial upside versus our 47 cents on the dollar target price. Cemex '14 euro-denominated notes also look attractively priced at 43 versus our recovery value of par. The notes have a higher recovery value as they are under Cemex España – the operational company for the businesses outside Mexico – and therefore are senior in claim to the perps.

The deferral of the coupon for the perps is unlikely in our view, at least for the next two coupon payments – ie, June and December. If the company declares or pays any dividend in cash or stock, coupon payments for the perps cannot be deferred. Management has commented that is very likely that Cemex will pay dividends this year. We will need to wait a month as the company's shareholder meeting is usually held at the end of April. We forecast that Cemex's cash outflows for the stock dividend and perps are not significant – less than US\$140m for the year. Cemex's coupon payment for the US\$3.0bn is US\$120m or 4.1% vs 6.3% average interest expenses as the company lowered the coupon payment through derivative contracts. Dividends for its ADR stocks can be paid in kind as they have done in the past. Please bear in mind that any coupon that is deferred for the perps debt must be paid in full before Cemex resumes its dividend payment to common shareholders. The banks' debt extension negotiation could potentially cut the dividend policy and defer the coupon for the perps as its main creditors would prefer those funds reduce debt.

Fig 34 Cemex notes

Bond	Coupon (%)	Amount (US\$m)	Workout date	S&P/Fitch	Price Bid/Ask	Target Price
CEMEX C5	6.196	350	Dec-11	CCC/B+	25/30	47
CEMEX C8	6.640	750	Dec-14	CCC/B+	25/30	47
CEMEX C10	6.722	900	Dec-16	CCC/B+	25/30	47
CEMEX C10 - EUR	6.277	EUR 730	Jun-17	CCC/B+	18/23	47
Cemex 14 - EUR	4.750	EUR 900	Mar- 14	B-/B+	37/42	68

Source: ING, Bloomberg. Indicative prices as of 20 March. Target price assumes our US\$3.7bn EBITDA forecast for 2009

Diego Torres, New York (1 646) 424 7247

Asia

Greentown and Shimao appear to still offer good value. We highlight the rally for Shimao '11 from 49 to 62 cents on the dollar since our last report published back on 19 December. We continue to like Shimao '16 and Greentown '13. Government policies to boost mortgage demand and support property developers through deferral of land premium have boosted property transactions in major cities.

CIS

Russia

Russian Standard Bank (RSB '16,'15,'11,'10): In our view, the bonds of RSB (Ba3/B-/NR) remain the most undervalued in Russia's corporate universe. We think that the market is overlooking RSB's healthy liquidity position, which ensures the company a strong ability to meet its debt redemptions. As of 1H08, the bank's cumulative one-year liquidity surplus was RBL65bn, or 33% of total assets, mainly due to the fact that 83% of its loan book matures within a year. The bank's decision to stop providing car loans, which is its longest-term product, is expected to further shorten the duration of its assets, and thus support its liquidity. The fact that RSB generates on average US\$30m of cash inflows per day allows it to accumulate sufficient cash reserves ahead of large debt redemptions. We also see

additional comfort for bondholders as the bank has some of the sector's highest ratios in profitability and capital adequacy. Certainly the bank's loan book quality will be tested in a weakening economic environment, though we see high diversification as good protection against uncontrolled loan book losses (more than six million customers with an average single name exposure of around US\$1,000). The bank seems to be keeping its asset quality under control, with its share of NPLs even falling from 5.5% to 3.2% during 2008. The bank has written off some loans, although their total size in 2008 was smaller than in 2007. According to RSB's management, the bank currently sees the benefits from a shift to much more conservative lending policy since 2H07.

Severstal (Severstal '13, '14): We maintain our positive view on Severstal's (Ba2/BB/BB) credit profile, for which the main supportive factor is its strong liquidity position. Severstal's liquidity position reached almost US\$3.5bn as of end-2008, supported by US\$950m in unutilised long-term credit facilities. In total, this is enough to cover its US\$4.1bn in debt due over 2009-11 (US\$1.9bn in 2009). The company's management and controlling shareholders are committed to preserving a strong balance sheet going forward. For this, Severstal plans to limit its 2009 capex to US\$1bn (US\$0.6bn maintenance capex) and refrain from making dividend payments in case the market does not improve. Despite its significant liquidity cushion, the company is not planning any M&A activity at the moment. The company is also intending to generate US\$1.2bn in cash from optimisation of its working capital – as of end-2008 its inventories totalled US\$4.3bn. Thus, it appears that Severstal will be able to meet all its debt redemptions to 2012 from own sources even if we assume no support from free operating cash flow. In our view, Severstal's Eurobonds represent the best investment opportunity among Russian real sector corporates.

Stanislav Ponomarenko, Moscow (7 495) 755 5480

Ukraine

The slight improvement in steel production over the first 1.5 months of this year recently took a turn and we anticipate another cloudy period for domestic steel producers for the next two months. Thus we do not see any rise in the attractiveness of Azovstal or Interpipe within the next months. Mironovsky Hleboproduct continues to be the most defensive bond among Ukrainian corporate Eurobonds as lower consumer incomes are forcing a switch in meat consumption from pork and beef to cheaper poultry. Among Eurobonds of Ukrainian banks, the most attractive are banks with strong external support from foreign shareholders represented by the largest banking groups in Europe – in particular, the Eurobonds of Ukrsibbank (owned by BNP Paribas), Bank Forum (owned by Commerzbank) and Ukrsofsbank (owned by UniCredit). In particular, the recent move towards banking recapitalisation shows that the foreign owners of these banks are ready to inject additional capital.

Alexander Pecherytsyn, Kiev (38 044) 230 3017

Fig 35 Distressed EM corporate bonds (excludes "stressed")

Region	Country	Name	Amt outst (US\$m)	Price	Spread	YTM (%)	Industry
Latin America	Argentina	Autopistas del Sol 11.5% 23 May 17	155	34.50	4,341	45.34	Public Thoroughfares
Latin America	Argentina	Autopistas del Sol 3% 15 Jun 14	215	22.00	5,835	59.86	Public Thoroughfares
Latin America	Argentina	Banco Galicia 7% 01 Jan 14	272	54.63	3,621	37.23	Commer Banks Non-US
Latin America	Argentina	Banco Galicia 7.19% 01 Jan 10	68	90.00	2,689	27.21	Commer Banks Non-US
Latin America	Argentina	Banco Hipotecario 4% 01 Dec 13	119	45.00	4,739	48.43	Commer Banks Non-US
Latin America	Argentina	Banco Hipotecario 9.75% 16 Nov 10	240	64.50	4,103	41.61	Commer Banks Non-US
Latin America	Argentina	Banco Hipotecario 9.75% 27 Apr 16	250	31.50	3,620	38.41	Commer Banks Non-US
Latin America	Argentina	Banco Marco 10.75% 07 Jun 12	98	32.00	6,051	61.74	Commer Banks Non-US
Latin America	Argentina	Banco Marco 8.5% 01 Feb 17	136	53.00	1,859	20.94	Commer Banks Non-US
Latin America	Argentina	Banco Marco 9.75% 18 Dec 36	149	33.50	2,557	29.44	Commer Banks Non-US
Latin America	Argentina	Banco Rio de la Plata 4% 15 Dec 09	31	90.00	3,006	30.41	Commer Banks Non-US
Latin America	Argentina	Buenos Aires Prov 9.375% 14 Sep 18	475	25.25	3,821	40.79	Regional Authority
Latin America	Argentina	Buenos Aires Prov 9.625% 18 Apr 28	400	24.50	3,593	39.34	Regional Authority
Latin America	Argentina	City of Buenos Aires VAR 11 Apr 11	250	73.00	4,588	46.21	Municipal-City
Latin America	Argentina	EDNAR Var 14 Dec 16	36	50.00	2,383	25.82	Electric-Distribution
Latin America	Argentina	Hidroelec Piedra 9% 11 Jul 17	100	61.75	1,728	19.44	Electric-Distribution
Latin America	Argentina	Industrias Metal 11.25% 22 Oct 14	225	45.75	3,838	39.89	Electric-Distribution
Latin America	Argentina	Industrias Metal 9.5% 04 Jun 09	65	99.45	1,174	12.09	Metal Processors&Fabrica
Latin America	Argentina	Invers Rep Y Soc FRN 02 Feb 17	150	40.00	2,478	27.43	Metal Processors&Fabrica
Latin America	Argentina	Loma Negra Ciasa 7.25% 15 Mar 13	100	80.00	1,250	13.98	Real Estate Oper/Develop
Latin America	Argentina	Pan American 7.75% 09 Feb 12	250	85.00	1,318	14.29	Bldg Prod-Cement/Aggreg
Latin America	Argentina	Pecom Energia 9% 01 May 09	181	45.90	15,567	156.14	Oil Comp-Explor&Prodn
Latin America	Argentina	Telecom Argent 9.25% 22 Dec 10	200	94.50	1,222	12.85	Oil Comp-Integrated
Latin America	Argentina	Telefonica de Arg 8.85% 01 Aug 11	135	95.00	1,042	11.32	Special Purpose Entity
Latin America	Argentina	Transener 15 Dec 16	220	42.00	2,812	30.46	Telephone-Integrated
Latin America	Argentina	TransGas 7.875% 14 May 17	402	59.58	1,676	18.88	Electric-Transmission
Latin America	Argentina	YPF 10% 02 Nov 28	100	75.00	1,026	13.70	Pipelines
Latin America	Bermuda	DLLTD 8.875% 15 Jan 15	1000	64.00	1,741	19.65	Oil Comp-Integrated
Latin America	Bermuda	DLLTD 9.125% 15 Jan 15	415	61.50	1,857	20.81	Telecom Services
Latin America	Brazil	ARANTE 10.25% 19 Jun 13	150	7.00	15,299	154.55	Telecom Services
Latin America	Brazil	Banco BMG 6.875% 11 Mar 10	250	91.25	1,682	17.12	Food-Meat Products
Latin America	Brazil	Banco BMG 7.25% 23 May 11	200	82.00	1,679	17.60	Commer Banks Non-US
Latin America	Brazil	Banco BMG 8.75% 01 Jul 10	233	93.25	1,743	17.70	Commer Banks Non-US
Latin America	Brazil	Banco BMG 9.15% 15 Jan 16	300	68.75	1,801	19.72	Commer Banks Non-US
Latin America	Brazil	Banco Cruzeiro 6.75% 22 Apr 10	110	83.13	2,564	25.98	Commer Banks Non-US
Latin America	Brazil	Banco Cruzeiro 7.25% 20 Aug 09	100	95.50	1,880	19.15	Commer Banks Non-US
Latin America	Brazil	Banco Cruzeiro 7.375% 30 Apr 10	125	81.71	1,792	18.88	Commer Banks Non-US
Latin America	Brazil	Banco Cruzeiro VAR 24 Nov 16	50	70.75	1,569	18.01	Commer Banks Non-US
Latin America	Brazil	Banco Galicia 11% 01 Jan 19	218	34.66	2,158	24.20	Commer Banks Non-US
Latin America	Brazil	Banco Industr Com 7% 23 Apr 10	180	93.13	1,374	14.08	Commer Banks Non-US
Latin America	Brazil	Banco Industr Com 8.25% 21 Sep 09	150	100.20	747	7.81	Commer Banks Non-US
Latin America	Brazil	Banco Industr Com 9.75% 03 Mar 16	120	69.50	1,499	17.47	Commer Banks Non-US
Latin America	Brazil	Banco Mercantil 10.625% 22 Sep 16	125	74.13	1,427	16.86	Commer Banks Non-US
Latin America	Brazil	Banco Mercantil 7.75% 08 May 12	98	82.25	1,765	18.45	Commer Banks Non-US
Latin America	Brazil	Banco Mercantil VAR 08 Nov 10	152	89.13	1,582	16.39	Commer Banks Non-US
Latin America	Brazil	Banco Panamer 11% 18 Jul 16	125	74.75	1,463	17.19	Commer Banks Non-US
Latin America	Brazil	Banco Panamerican 7.25% 29 May 10	130	92.15	1,435	14.72	Commer Banks Non-US
Latin America	Brazil	Banco Panamerican 7.375% 16 Apr 10	75	92.50	1,497	15.30	Commer Banks Non-US
Latin America	Brazil	Banco Pine 7.375% 17 Jun 10	150	94.70	1,173	12.13	Commer Banks Non-US
Latin America	Brazil	Banco Schahin 9.75% 21 Nov 16	50	40.25	2,743	30.05	Commer Banks Non-US
Latin America	Brazil	Bertin Ltd 10.25% 05 Oct 16	350	42.45	2,753	29.82	Commer Banks Non-US
Latin America	Brazil	Brazil Malls 9.75% Perp	175	67.96	1,057	14.60	Food-Meat Products
Latin America	Brazil	Centrais Elect 9.5% 14 Feb 12	36	88.75	1,421	15.26	Real Estate Mgmtnt/Servic
Latin America	Brazil	COSAN 7% 01 Feb 17	400	54.00	1,590	18.24	Electric-Integrated
Latin America	Brazil	COSAN 8.25% Perp	450	45.20	1,480	18.72	Special Purpose Entity
Latin America	Brazil	COSAN 9% 01 Nov 09	36	95.88	1,617	16.45	Sugar
Latin America	Brazil	DIAM 8.75% 29 May 18	250	80.14	988	12.42	Sugar
Latin America	Brazil	ENERGI 10.5% 19 Jul 13	250	94.06	1,072	12.30	Medical Labs&Testing Srv
Latin America	Brazil	FIBRA 7% 06 Jun 11	150	92.18	1,026	11.10	Electric-Distribution
Latin America	Brazil	FIBRA 9.375% 26 Sep 11	150	93.63	1,296	13.29	Commer Banks Non-US
Latin America	Brazil	FRIBOI 10.5% 4 Aug 16	300	62.54	1,833	20.59	Commer Banks Non-US
Latin America	Brazil	FRIBOI 9.375% 07 Feb 11	275	84.38	1,919	19.97	Food-Meat Products
Latin America	Brazil	GOL 7.5% 03 Apr 17	221	53.00	1,683	19.20	Food-Meat Products
Latin America	Brazil	GOL 8.75% Perp	200	46.73	1,839	22.30	Airlines
Latin America	Brazil	GPIXLX 10% Perp	190	70.00	1,063	14.54	Airlines
Latin America	Brazil	Independencia 9.875% 15 May 15	300	12.50	8,341	85.44	Invest Mgmtnt/Advis Serv
Latin America	Brazil	Independencia 9.875% 31 Jan 17	225	10.00	9,606	98.41	Special Purpose Entity
Latin America	Brazil	Lupatech SA 9.625% Perp	275	67.05	1,097	15.00	Special Purpose Entity
Latin America	Brazil	MARFRI 9.625% 16 Nov 16	375	54.50	1,995	22.26	Metal Processors&Fabrica

Fig 35 Distressed EM corporate bonds (excludes "stressed")

Region	Country	Name	Amt outst (US\$m)	Price	Spread	YTM (%)	Industry
Latin America	Brazil	MINERV 9.5% 01 Feb 17	200	39.00	2,780	30.15	Import/Export
Latin America	Brazil	National Steel 9.875% Perp	450	69.11	1,081	14.72	Import/Export
Latin America	Brazil	Rede Empresas 11.125% Perp	400	38.58	2,580	29.83	Steel-Producers
Latin America	Brazil	TAM 7.375% 25 Apr 17	298	54.50	1,600	18.38	Electric-Integrated
Latin America	Brazil	VIGOR FRN 23 Feb 17	100	31.08	3,406	36.72	Airlines
Latin America	Colombia	TGI Intl 9.5% 03 Oct 17	750	86.77	956	12.01	Food-Dairy Products
Latin America	Colombia	TransTel Intermedia 12% 1 Jun 16	170	15.00	7,979	82.02	Transport-Services
Latin America	Dom Rep	AES Dominicana Energ 11% 13 Dec 15	160	55.00	2,303	25.17	Telephone-Integrated
Latin America	Dom Rep	Cap Cana SA 9.625% 03 Nov 13	250	32.50	7,005	71.15	Electric-Integrated
Latin America	Dom Rep	Ege Haina SA 9.5% 26 Apr 17	175	50.50	2,099	23.37	Recreational Centers
Latin America	Dom Rep	Itabo Finance 10.875% 05 Oct 13	125	54.50	2,813	29.77	Diversified Finan Serv
Latin America	Jamaica	Air Jamaica 8.125% 14 Jun 27	125	42.00	1,682	20.19	Electric-Generation
Latin America	Jamaica	Air Jamaica 9.375% 08 Jul 15	186	71.00	2,243	23.69	Airlines
Latin America	Jamaica	Clarendon Alumin 8.5% 00 Jan 00	200	60.00	1,300	15.94	Airlines
Latin America	Jamaica	Digicel Ltd 8.875% 15 Jan 15	1000	64.00	1,750	19.46	Special Purpose Entity
Latin America	Jamaica	Digicel Ltd 9.25% 01 Sep 12	450	87.00	1,281	14.12	Telecom Services
Latin America	Mexico	AXTEL 11% 15 Dec 13	163	82.00	1,492	16.61	Telecom Services
Latin America	Mexico	Banca Mifel 11% Perp	100	59.39	1,441	18.49	Telephone-Integrated
Latin America	Mexico	Banco Norte Var 13 Oct 21	200	54.58	1,171	14.95	Commer Banks Non-US
Latin America	Mexico	CEMEX 6.196% Perp	350	26.91	2,203	25.88	Commer Banks Non-US
Latin America	Mexico	CEMEX 6.64% PERP	750	26.90	2,173	25.61	Special Purpose Entity
Latin America	Mexico	CEMEX 6.722% PERP	350	26.91	2,050	24.38	Bldg Prod-Cement/Aggreg
Latin America	Mexico	Corp Interam de Entret 8.875% 14 Jun 15	14	80.00	1,170	13.74	Special Purpose Entity
Latin America	Mexico	Desarroloos Metropolitan 10.875% 09 May 17	200	77.00	1,362	16.01	Multimedia
Latin America	Mexico	GIDUSA 10.5% 05 Oct 17	520	15.50	6,723	69.68	Building&Construct-Misc
Latin America	Mexico	Gruma 7.75% Perp (call '09)	300	39.37	1,613	20.15	Paper&Related Products
Latin America	Mexico	Grupo Senda 10.5% 03 Oct 15	150	60.00	2,034	22.44	Food-Flour&Grain
Latin America	Mexico	HOMEX 7.5% 28 Sep 15	250	66.00	1,371	16.11	Transport-Services
Latin America	Mexico	IXE Banco 9.75% Perp	120	63.50	1,173	15.65	Bldg-Residential/Commer
Latin America	Mexico	Max Telecom 11% 15 Dec 14	200	57.00	2,347	25.69	Finance-Other Services
Latin America	Mexico	Metrofinanciera 11.25% Perp	100	15.00	7,760	81.51	Telecom Services
Latin America	Mexico	Oceanografia 11.25% 15 Jul 15	335	55.75	2,370	25.76	Finance-Consumer Loans
Latin America	Mexico	Unidas Industrias 11.5% 15 Nov 16	200	15.00	7,599	78.30	Marine services
Latin America	Mexico	Urbi Desarrollos 8.5% 19 Apr 16	150	68.50	1,390	16.11	Miscellaneous Manufactur
Latin America	Mexico	VITROA 11.75% 01 Nov 13	224	22.75	6,614	67.80	Bldg-Residential/Commer
Latin America	Mexico	VITROA 8.625% 01 Feb 12	300	22.75	8,243	83.70	Containers-Metal/Glass
Latin America	Mexico	VITROA VAR 01 Feb 17	698	22.75	4,422	46.87	Containers-Metal/Glass
Latin America	Peru	CFG Invest 9.25% 19 Dec 13	225	77.00	1,469	16.39	Containers-Metal/Glass
Latin America	Uruguay	IMCOPA Intl SA 10.375% 27 Nov 09	100	69.00	7,711	77.37	Diversified Operations
Latin America	Venezuela	PDVSA 5.25% 12 Apr 17	3000	42.50	1,746	19.84	Food-Misc/Diversified
Latin America	Venezuela	PDVSA 5.375% 12 Apr 27	3000	34.00	1,418	17.53	Oil Comp-Integrated
Latin America	Venezuela	PDVSA 5.5% 12 Apr 37	1500	33.50	1,301	16.78	Oil Comp-Integrated
Latin America	Venezuela	SIDETU VAR 20 Apr 16	95	44.00	3,295	35.17	Oil Comp-Integrated
EM Europe	Turkey	BankPozitif Kredi 7.1% 20 Feb 13	150	85.00	1,056	12.02	Metals/mining
EM Europe	Turkey	CALIK 8.5% 05 Mar 12	200	44.38	4,277	43.90	Regional Banks-Non US
EM Europe	Turkey	Global Yatirim 9.25% 31 Jul 12	100	73.63	1,922	20.50	Electric-Generation
CIS	Georgia	Bank Georgia 9% 08 Feb 12	200	37.11	5,375	54.85	Diversified Finan Serv
CIS	Kazakhstan	Alliance Bank 8.75% 20 Apr 11	250	33.12	7,888	79.66	Commer Banks Non-US
CIS	Kazakhstan	Alliance Bank 9% 22 Nov 10	200	37.01	8,696	87.56	Commer Banks Non-US
CIS	Kazakhstan	Alliance Bank 9.25% 25 Sep 13	350	23.50	5,816	59.79	Commer Banks Non-US
CIS	Kazakhstan	Alliance Bank 9.375% PERP	150	20.00	4,293	46.82	Commer Banks Non-US
CIS	Kazakhstan	Astana Finance 9% 16 Nov 11	175	24.00	8,450	85.52	Commer Banks Non-US
CIS	Kazakhstan	ATF Bank 10% PERP	100	37.85	2,267	26.56	Finance-Consumer Loans
CIS	Kazakhstan	ATF Bank 8.125% 28 Oct 10	200	68.88	3,471	35.27	Commer Banks Non-US
CIS	Kazakhstan	ATF Bank 8.875% 09 Nov 09	200	89.71	2,764	27.91	Commer Banks Non-US
CIS	Kazakhstan	ATF Bank 9% 11 May 16	350	39.44	2,781	30.03	Commer Banks Non-US
CIS	Kazakhstan	ATF Bank 9.25% 12 Mar 12	200	63.33	2,670	27.87	Commer Banks Non-US
CIS	Kazakhstan	ATF Bank 9.25% 21 Feb 14	450	39.47	3,496	36.70	Commer Banks Non-US
CIS	Kazakhstan	Bank Centercredit 9.125% Perp	100	30.34	2,664	30.55	Commer Banks Non-US
CIS	Kazakhstan	BCCRD 8.625% 30 Jan 14	500	41.63	3,224	33.97	Commer Banks Non-US
CIS	Kazakhstan	BTAS VAR 00 Jan 00	1000	23.74	3,847	41.12	Commer Banks Non-US
CIS	Kazakhstan	Dev Bnk of Kazakstn 6% 23 Mar 26	150	42.29	1,264	15.93	Commer Banks Non-US
CIS	Kazakhstan	Dev Bnk of Kazakstn 6.5% 03 Jun 20	100	52.36	1,285	15.64	Special Purpose Banks
CIS	Kazakhstan	Dev Bnk of Kazakstn 7.375% 12 Nov 13	100	74.57	1,355	15.22	Special Purpose Banks
CIS	Kazakhstan	HALYK 7.25% 03 May 17	700	44.72	1,988	22.26	Special Purpose Banks
CIS	Kazakhstan	Halyk Savings Bank 7.75% 13 May 13	300	51.55	2,684	28.37	Commer Banks Non-US
CIS	Kazakhstan	Halyk Savings Bank 8.125% 07 Oct 09	200	92.44	2,373	24.04	Commer Banks Non-US
CIS	Kazakhstan	Intergas 6.375% 14 May 17	540	57.82	1,335	15.74	Commer Banks Non-US
CIS	Kazakhstan	Intergas 6.875% 04 Nov 11	179	70.00	2,172	22.73	Gas-Distribution

Fig 35 Distressed EM corporate bonds (excludes "stressed")

Region	Country	Name	Amt outst (US\$m)	Price	Spread	YTM (%)	Industry
CIS	Kazakhstan	JSC NurBank 9.375% 17 Oct 11	150	25.08	8,499	85.97	Gas-Distribution
CIS	Kazakhstan	Kazkomerts Bank (JSC) VAR 07 Apr 14	100	43.46	3,025	32.02	Commer Banks Non-US
CIS	Kazakhstan	Kazkomerts Bank 7% 03 Nov 09	500	85.58	3,512	35.40	Commer Banks Non-US
CIS	Kazakhstan	Kazkomerts Bank 7.5% 29 Nov 16	500	43.14	2,175	24.07	Commer Banks Non-US
CIS	Kazakhstan	Kazkomerts Bank 7.875% 07 Apr 14	400	43.28	2,894	30.71	Commer Banks Non-US
CIS	Kazakhstan	Kazkomerts Bank 8% 03 Nov 15	500	43.34	2,456	26.68	Commer Banks Non-US
CIS	Kazakhstan	Kazkomerts Bank 8.5% 16 Apr 13	500	46.86	3,177	33.27	Commer Banks Non-US
CIS	Kazakhstan	Kazkomerts Bank 9.2% Perp	100	23.88	3,455	38.61	Commer Banks Non-US
CIS	Kazakhstan	Kazkomerts Bank VAR 13 Jun 17	250	17.47	4,961	52.01	Commer Banks Non-US
CIS	Kazakhstan	Kazkomerts Bank Variable 27 Jul 16	200	21.88	4,412	46.37	Commer Banks Non-US
CIS	Kazakhstan	KMG 8.375% 02 Jul 13	1400	81.99	1,256	14.13	Commer Banks Non-US
CIS	Kazakhstan	KMG 9.125% 02 Jul 18	1600	72.39	1,210	14.66	Oil Comp-Explor&Prodtn
CIS	Kazakhstan	KTZKZ 6.5% 11 May 11	450	66.05	2,814	28.94	Oil Comp-Explor&Prodtn
CIS	Kazakhstan	KTZKZ 7% 11 May 16	350	50.22	1,840	20.62	Special Purpose Entity
CIS	Kazakhstan	KZGOLD 9.375% 06 Nov 13	200	52.85	2,631	28.22	Special Purpose Entity
CIS	Kazakhstan	TEMIR 9% 24 Nov 11	281	11.05	14,408	145.10	Gold Mining
CIS	Kazakhstan	TemirBank 9.5% 21 May 14	500	21.92	5,697	58.77	Commer Banks Non-US
CIS	Kazakhstan	TRISTN 10.5% 01 Jan 12	420	17.00	10,977	110.84	Commer Banks Non-US
CIS	Kazakhstan	TSESNA 9.875% 05 Feb 10	89	30.00	22,592	226.20	Oil Comp-Integrated
CIS	Kazakhstan	Turanalem 7.75% 25 Apr 13	250	26.03	5,317	54.68	Commer Banks Non-US
CIS	Kazakhstan	Turanalem 7.875% 2 Jun 10	600	35.43	12,566	126.04	Commer Banks Non-US
CIS	Kazakhstan	Turanalem 8% 24 Mar 14	400	22.67	5,215	53.92	Commer Banks Non-US
CIS	Kazakhstan	Turanalem 8.25% Perp	400	10.00	4,385	47.75	Commer Banks Non-US
CIS	Kazakhstan	Turanalem 8.5% 10 Feb 15	350	25.15	4,461	46.58	Commer Banks Non-US
CIS	Russia	ABSOLT 9.125% 30 Mar 10	175	92.49	1,720	17.52	Commer Banks Non-US
CIS	Russia	Absolut Bank 8.75% 07 Apr 09	177	98.00	6,700	67.35	Special Purpose Entity
CIS	Russia	AK Bars Bank 8.25% 28 Jun 10	250	87.78	1,922	19.63	Commer Banks Non-US
CIS	Russia	AK Bars Bank 9.25% 20 Jun 11	300	65.71	3,091	31.76	Commer Banks Non-US
CIS	Russia	Alfa Russia 8.625% 09 Dec 15	225	55.89	1,933	21.77	Commer Banks Non-US
CIS	Russia	Alfa Russia Fin 8.2% 25 Jun 12	500	72.39	1,893	20.17	Special Purpose Entity
CIS	Russia	Alfa Russia VAR 22 Feb 17	300	50.00	1,585	18.51	Special Purpose Entity
CIS	Russia	ALFARU 9.25% 24 Jun 13	400	79.64	2,017	21.03	Special Purpose Entity
CIS	Russia	Alrosa 8.875% 17 Nov 14	500	68.48	1,606	17.98	Special Purpose Entity
CIS	Russia	Bank of Moscow 7.335% 13 May 13	500	66.16	1,813	19.66	Diamonds/Precious Stones
CIS	Russia	Bank of Moscow 7.5% 25 Nov 15	300	52.97	1,780	20.23	Commer Banks Non-US
CIS	Russia	Bank of Moscow VAR 10 May 17	400	40.68	2,006	22.44	Commer Banks Non-US
CIS	Russia	Bank St Petersburg 9.501% 25 Nov 09	94	96.93	1,418	14.44	Commer Banks Non-US
CIS	Russia	Bank St Petersburg VAR 25 Jul 17	100	30.00	3,655	38.97	Commer Banks Non-US
CIS	Russia	Bank Zenit 8.75% 27 Oct 09	200	97.50	1,298	13.26	Commer Banks Non-US
CIS	Russia	Bin Bank 9.5% 18 May 09	100	82.50	19,144	191.79	Commer Banks Non-US
CIS	Russia	BSOYUZ 9.375% 16 Feb 10	125	72.50	5,117	51.45	Commer Banks Non-US
CIS	Russia	Colgrade (LPN) 8.25% 28 Jun 10	250	22.86	18,212	182.53	Commer Banks Non-US
CIS	Russia	COMMBA 9% 03 Apr 09	175	96.50	16,483	165.18	Retail-Automobile
CIS	Russia	Credit Bank Moscow 9.5% 21 Oct 09	100	79.97	5,493	55.22	Commer Banks Non-US
CIS	Russia	Eurochem Fin 7.875% 21 Mar 12	300	63.25	2,526	26.41	Commer Banks Non-US
CIS	Russia	Evrax 8.25% 10 Nov 15	750	62.03	1,626	18.39	Special Purpose Entity
CIS	Russia	Evrax 8.875% 24 Apr 13	1300	61.86	2,253	24.04	Steel-Producers
CIS	Russia	Evrax 9.5% 24 Apr 18	700	53.40	1,876	21.29	Steel-Producers
CIS	Russia	FCFIN 7.5% 13 Apr 10	250	90.33	1,768	18.00	Steel-Producers
CIS	Russia	Gazprom 5.625% 22 Jul 13	319	92.20	1,079	11.35	Special Purpose Entity
CIS	Russia	Gazprom 6.212% 22 Nov 16	1350	70.31	999	12.30	Oil Comp-Explor&Prodtn
CIS	Russia	Gazprom 6.5% 23 Sep 15	961	66.42	1,260	14.70	Oil Comp-Explor&Prodtn
CIS	Russia	Gazprom 7.201% 01 Feb 20	939	84.60	1,121	12.71	Special Purpose Entity
CIS	Russia	Gazprom 7.933% 28 Jun 13	500	75.17	1,466	16.22	Oil Comp-Explor&Prodtn
CIS	Russia	Gazprom 7.97% 15 Jun 11	300	78.00	1,994	20.79	Commer Banks Non-US
CIS	Russia	Gazprom 8.146% 11 Apr 18	1100	77.67	978	12.31	Special Purpose Entity
CIS	Russia	Gazprom 8.625% 28 Apr 34	1200	85.64	1,072	12.51	Oil Comp-Explor&Prodtn
CIS	Russia	Gazprom 9.625% 01 Mar 13	1750	93.32	1,032	11.79	Oil Comp-Explor&Prodtn
CIS	Russia	GAZPRU FRN 04 Apr 10	657	91.21	1,119	11.51	Oil Comp-Explor&Prodtn
CIS	Russia	HCFB 11% 20 Jun 11	500	78.97	4,739	47.64	Special Purpose Entity
CIS	Russia	HCFB 11.75% 11 Aug 11	450	75.60	2,517	26.08	Commer Banks Non-US
CIS	Russia	HCFB 9.5% 11 Apr 10	200	99.19	1,000	10.33	Commer Banks Non-US
CIS	Russia	IIBRU 9.5% 12 Feb 10	150	47.00	12,350	123.78	Commer Banks Non-US
CIS	Russia	IIBRU 9.5% 31 Jul 09	100	72.50	12,821	128.56	Commer Banks Non-US
CIS	Russia	Kazan Orgsintez 9.25% 30 Oct 11	200	41.35	5,250	53.50	Commer Banks Non-US
CIS	Russia	Kuzbassrazrezugo 9% 12 Jul 10	200	60.26	5,543	55.86	Chemicals-Diversified
CIS	Russia	LOCKO 10% 01 Mar 10	100	63.50	6,890	69.19	Diversified Minerals
CIS	Russia	MDM Bank 9.75% 21 Jul 11	200	69.26	2,786	28.75	Commer Banks Non-US
CIS	Russia	MDMBK 7.765% 25 Jan 10	425	97.40	1,082	11.09	Commer Banks Non-US

Fig 35 Distressed EM corporate bonds (excludes "stressed")

Region	Country	Name	Amt outst (US\$m)	Price	Spread	YTM (%)	Industry
CIS	Russia	MIRAX 9.45% 20 Mar 11	180	95.00	1,162	12.36	Commer Banks Non-US
CIS	Russia	Mobil Teles 8% 28 Jan 12	400	88.12	1,204	13.13	Real Estate Oper/Develop
CIS	Russia	Moscow Bank R&D 8.8% 29 Jun 09	100	97.50	1,049	10.93	Cellular Telecom
CIS	Russia	Moscow Bank R&D 8.875% 10 Mar 16	60	35.00	2,977	32.25	Special Purpose Banks
CIS	Russia	Moscow River 8.25% 10 Apr 09	125	97.88	5,794	58.28	Commer Banks Non-US
CIS	Russia	NBT Fianace 9.375% 29 May 10	200	44.00	9,970	100.07	Aerospace/Defense
CIS	Russia	Nizhnekamsknefte 8.5% 22 Dec 15	200	61.57	4,058	41.29	Commer Banks Non-US
CIS	Russia	Nomos Bank 8.1875% 02 Feb 10	200	95.62	1,350	13.77	Petrochemicals
CIS	Russia	Nomos Bank 9.75% 20 Oct 16	125	56.18	1,841	20.71	Commer Banks Non-US
CIS	Russia	Novorossiysk Port 7% 17 May 12	300	70.32	1,898	20.19	Commer Banks Non-US
CIS	Russia	OR-ICB 6.2% 29 Sep 15	400	55.84	1,520	17.30	Special Purpose Entity
CIS	Russia	Petrocommerce Bank 8% 27 Mar 09	225	99.50	9,438	94.73	Commer Banks Non-US
CIS	Russia	Petrocommerce Bank 875% 17 Dec 09	425	98.50	1,064	10.90	Investment Companies
CIS	Russia	PRBANK 8% 06 Feb 12	500	25.25	7,321	74.32	Commer Banks Non-US
CIS	Russia	Promsvyaz Bank 10.75% 15 Jul 13	150	74.00	2,558	26.46	Commer Banks Non-US
CIS	Russia	Promsvyaz Bank 12.5% 31 Jan 18	100	55.81	2,286	25.36	Commer Banks Non-US
CIS	Russia	Promsvyaz Bank 8.5% 04 Oct 10	200	84.34	2,077	21.30	Commer Banks Non-US
CIS	Russia	Promsvyaz Bank 8.75% 20 Oct 11	225	75.00	2,099	21.98	Commer Banks Non-US
CIS	Russia	Promsvyaz Bank 9.625% 23 May 12	100	55.81	3,198	33.20	Commer Banks Non-US
CIS	Russia	Raspad 7.5% 22 May 12	300	58.05	2,727	28.48	Commer Banks Non-US
CIS	Russia	Renaissance Capital 9.5% 27 Jun 10	209	55.00	6,769	68.11	Coal
CIS	Russia	Renaissance Sec SPV 8.75% 17 Nov 09	250	58.03	13,165	131.91	Investment Companies
CIS	Russia	Russ Agric Bank 6.97% 21 Sep 16	500	58.00	1,369	15.97	Diversified Finan Serv
CIS	Russia	Russ Agric Bank 7.125% 14 Jan 14	741	73.68	1,329	15.00	Commer Banks Non-US
CIS	Russia	Russ Agric Bank 7.175% 16 May 13	695	78.27	1,277	14.30	Commer Banks Non-US
CIS	Russia	Russ Agric Bank 7.75% 29 May 18	987	67.84	1,155	14.10	Commer Banks Non-US
CIS	Russia	Russia Agric Bnk 6.299% 15 May 17	1175	65.80	1,091	13.30	Commer Banks Non-US
CIS	Russia	Russia Standard Bank 7.5% 07 Oct 10	461	51.44	5,976	60.29	Commer Banks Non-US
CIS	Russia	Russia Standard Bank 8.485% 29 Jun 10	388	56.36	6,323	63.65	Commer Banks Non-US
CIS	Russia	Russia Standard Bank 8.625% 05 May 11	350	42.50	5,930	60.09	Commer Banks Non-US
CIS	Russia	Russia Standard Bank 8.875% 16 Dec 15	200	20.03	5,156	54.00	Commer Banks Non-US
CIS	Russia	Russia Standard Bank 9.75% 01 Dec 16	200	25.50	4,061	42.92	Commer Banks Non-US
CIS	Russia	SberBank 6.23% 11 Feb 15	1000	67.94	1,178	13.75	Commer Banks Non-US
CIS	Russia	Severstal 9.25% 19 Apr 14	375	64.16	1,931	21.09	Commer Banks Non-US
CIS	Russia	Severstal 9.75% 29 Jul 13	1250	60.80	2,344	25.03	Steel-Producers
CIS	Russia	Sistema Fin 8.875% 28 Jan 11	350	74.56	2,656	27.24	Steel-Producers
CIS	Russia	Tatfond Bank 9.75% 26 Apr 10	200	44.88	10,635	106.69	Diversified Operations
CIS	Russia	TMK 10% 29 Jul 11	600	65.13	3,138	32.27	Commer Banks Non-US
CIS	Russia	TMK 8.5% 29 Sep 09	300	96.00	1,667	17.00	Oil Comp-Integrated
CIS	Russia	Transcapital Bank 9.125% 10 May 10	175	72.51	4,181	42.17	Special Purpose Entity
CIS	Russia	Transcapital Bank VAR 18 Jul 17	100	25.00	4,252	44.96	Commer Banks Non-US
CIS	Russia	Transcredit Bank 7% 16 May 10	348	92.99	1,346	13.82	Commer Banks Non-US
CIS	Russia	Transcredit Bank 9% 25 Jun 11	350	72.77	2,477	25.62	Special Purpose Entity
CIS	Russia	TransNeft 5.67% 05 Mar 14	1300	79.12	954	11.29	Special Purpose Entity
CIS	Russia	TransNeft 7.7% 07 Aug 13	600	87.83	971	11.30	Special Purpose Entity
CIS	Russia	Transportation Inv 8.5% 22 Jun 10	175	90.00	1,759	18.00	Special Purpose Entity
CIS	Russia	Trust Inv Bank 9.25% 05 Oct 09	150	50.50	19,908	199.39	Transport-Rail
CIS	Russia	Tyumen Oil 6.125% 20 Mar 12	500	84.30	1,145	12.60	Commer Banks Non-US
CIS	Russia	Tyumen Oil 6.625% 20 Mar 17	800	66.34	1,132	13.68	Diversified Finan Serv
CIS	Russia	Tyumen Oil 6.875% Perp	500	90.27	1,091	11.79	Diversified Finan Serv
CIS	Russia	Tyumen Oil 7.5% 18 Jul 16	1000	69.48	1,212	14.37	Diversified Finan Serv
CIS	Russia	Tyumen Oil VAR 13 Mar 13	600	82.77	1,174	13.22	Diversified Finan Serv
CIS	Russia	Tyumen Oil VAR 13 Mar 18	1100	69.29	1,147	13.99	Diversified Finan Serv
CIS	Russia	Ursa Bank 12% 30 Dec 11	130	60.63	3,433	35.40	Diversified Finan Serv
CIS	Russia	Ursa Bank 9% 12 May 09	219	99.50	1,213	12.48	Commer Banks Non-US
CIS	Russia	Vimpelcom 8% 11 Feb 10	300	95.92	1,276	13.04	Commer Banks Non-US
CIS	Russia	Vimpelcom 8.25% 23 May 16	600	60.77	1,606	18.28	Cellular Telecom
CIS	Russia	Vimpelcom 8.375% 22 Oct 11	300	85.55	1,438	15.37	Cellular Telecom
CIS	Russia	Vimpelcom 8.375% 30 Apr 13	1000	69.83	1,785	19.36	Cellular Telecom
CIS	Russia	Vimpelcom 9.125% 30 Apr 18	1000	60.16	1,572	18.26	Cellular Telecom
CIS	Russia	VTB Capital 6.875% 29 May 18	2000	74.15	1,395	15.49	Cellular Telecom
CIS	Russia	VTB Capital 7.5% 12 Oct 11	450	92.54	995	10.93	Commer Banks Non-US
CIS	Russia	VTB Capital VAR 04 Feb 15	750	65.01	1,375	15.72	Commer Banks Non-US
CIS	Russia	VTB Capital VAR 31 Oct 12	1200	78.69	1,304	14.40	Commer Banks Non-US
CIS	Ukraine	Alfa Bank 9.75% 22 Dec 09	345	101.17	780	8.06	Commer Banks Non-US
CIS	Ukraine	ALFAUA 12% 11 Aug 11	250	70.50	2,926	30.17	Diversified Finan Serv
CIS	Ukraine	Azovstal 9.125% 28 Feb 11	175	29.99	9,332	94.04	Commer Banks Non-US
CIS	Ukraine	Bank Nadra 9.25% 28 Jun 10	175	3.00	67,091	671.32	Metals/mining
CIS	Ukraine	City of Kiev 8% 06 Nov 15	250	23.93	4,199	44.11	Commer Banks Non-US

Fig 35 Distressed EM corporate bonds (excludes "stressed")

Region	Country	Name	Amt outst (US\$m)	Price	Spread	YTM (%)	Industry
CIS	Ukraine	City of Kiev' 8.25% 26 Nov 12	250	35.75	4,467	46.06	Municipal-City
CIS	Ukraine	City of Kiev 8.625% 15 Jul 11	200	47.61	4,797	48.85	Municipal-City
CIS	Ukraine	EXIM Bank 7.75% 23 Sep 09	250	84.00	4,740	47.74	Municipal-City
CIS	Ukraine	Finance & Credit 10.375% 25 Jan 10	100	27.50	25,969	259.95	Export/Import Bank
CIS	Ukraine	Interpipe Ltd VAR 02 Aug 10	200	38.57	10,095	101.40	Commer Banks Non-US
CIS	Ukraine	Naftogaz Ukrainy 8.125% 30 Sep 09	350	49.00	1,939	22.02	Steel Pipe&Tube
CIS	Ukraine	Naftogaz Ukrainy 8.125% 30 Sep 09	500	54.50	17,522	175.55	Real Estate Oper/Develop
CIS	Ukraine	Pivdennui Bank 10.25% 03 Aug 10	100	42.82	9,148	91.93	Oil Comp-Explor&Prodn
CIS	Ukraine	Standard Bank (1st Ukraine) 9.75% 16 Feb 10	275	30.00	21,651	216.79	Real Estate Oper/Develop
CIS	Ukraine	UKRSIB 9.25% 04 Aug 11	250	43.00	5,432	55.22	Commer Banks Non-US
CIS	Ukraine	UkrsothsBank 8% 22 Feb 10	400	55.00	9,022	90.51	Special Purpose Entity
CIS	Ukraine	UrksibBank 7.375% 23 Jul 10	200	51.99	6,700	67.44	Finance-Invest Bnkr/Brkr
CIS	Ukraine	UrksibBank 7.75% 21 Dec 11	500	40.39	4,880	49.86	Commer Banks Non-US
CIS	Ukraine	VAB Bank 10.125% 14 Jun 10	125	24.00	18,597	186.37	Commer Banks Non-US
CIS	Ukraine	XXI Century 10% 24 May 10	175	12.50	582,417	5824.5	Commer Banks Non-US
Middle East	Bahrain	ABCORP FRN 04 Apr 17	500	50.75	1,149	14.17	Real Estate Oper/Develop
Middle East	Bahrain	Arab Banking Corp FRN 29 Nov 10	400	84.99	1,162	12.22	Commer Banks Non-US
Middle East	Bahrain	Arab Banking CorpFRN 25 Jul 11	300	74.90	1,113	12.15	Commer Banks Non-US
Middle East	Bahrain	Gulf Intl Bank FRN 30 Sep 15	400	53.03	1,249	14.59	Commer Banks Non-US
Middle East	Kuwait	KWIPKK VAR 00 Jan 00	350	78.50	1,431	15.18	Commer Banks Non-US
Middle East	Oman	BKMBOM FRN 26 May 09	250	97.00	2,057	20.92	Special Purpose Entity
Middle East	Qatar	Commercial Bk Qatar FRN 12 Oct 11	500	92.54	431	5.29	Commer Banks Non-US
Middle East	Qatar	Doha Bank FRN 12 Dec 16	340	58.00	1,257	14.62	Commer Banks Non-US
Africa	Egypt	Orascom Telecom Fin 7.875 08 Feb 14	750	71.00	1,479	16.78	Commer Banks Non-US
Africa	Nigeria	FBN Capital FRN 30 Mar 17	175	39.52	2,783	30.51	Telecom Services
Africa	Nigeria	GTB Finance 8.5% 29 Jan 12	350	60.00	2,939	30.48	Commer Banks Non-US
Africa	South Africa	Cell C Pty Ltd 11% 01 Jul 15	266	88.75	1,166	13.71	Commer Banks Non-US
Middle East	UAE	DP World 0% 02 Jul 17	1500	56.50	1,346	15.87	Cellular Telecom
Middle East	UAE	DP World 6.85% 02 Jul 37	1750	48.21	1,073	14.50	Transport-Marine
Middle East	UAE	Dubai Holdings FRN 01 Feb 12	500	67.13	1,620	17.29	Transport-Marine
Middle East	UAE	Dubai Islamic Bank FRN 22 Mar 12	750	82.50	783	8.98	Special Purpose Entity
Middle East	UAE	Dubai Sukuk Ctr FRN 13 Jun 12	1250	67.63	1,337	14.69	Special Purpose Entity
Middle East	UAE	EIB Sukuk Ltd FRN 12 Jun 12	350	72.54	1,182	13.05	Finance-Other Services
Middle East	UAE	Emirates Bank Intl FRN 07 Dec 16	500	55.52	1,049	13.12	Commer Banks Non-US
Middle East	UAE	MashreqBank FRN 06 Apr 11	300	81.96	1,138	12.24	Commer Banks Non-US
Middle East	UAE	Nat Bank Dubai FRN 30 Jan 12	500	78.51	1,007	11.33	Commer Banks Non-US
Middle East	UAE	Nat Bank Dubai FRN 31 Oct 16	500	55.52	1,071	13.32	Commer Banks Non-US
Middle East	UAE	RAKBNK 5.71% 06 Oct 10	350	84.84	1,216	12.75	Commer Banks Non-US
Middle East	UAE	TABRED FRN 20 Jul 11	200	67.50	2,064	21.65	Commer Banks Non-US
Asia -ex Japan	China	AES China Generating 8.25% 26 Jun 10	175	80.57	2,716	27.57	Special Purpose Entity
Asia -ex Japan	China	Agile Property 0% 22 Sep 13	400	65.63	1,955	21.42	Independ Power Producer
Asia -ex Japan	China	China Properties 9.125% 04 May 14	300	39.25	3,399	35.78	Real Estate Oper/Develop
Asia -ex Japan	China	Citic Resources 6.75% 15 May 14	1000	71.86	1,294	14.74	Real Estate Oper/Develop
Asia -ex Japan	China	GITI Tire 12.25% 26 Jan 12	200	25.24	8,484	85.94	Oil Comp-Explor&Prodn
Asia -ex Japan	China	Greentown China 9% 08 Nov 13	400	45.00	3,524	37.16	Rubber-Tires
Asia -ex Japan	China	Hopson Devl Hldngs 8.125% 09 Nov 12	350	38.00	4,219	43.56	Real Estate Oper/Develop
Asia -ex Japan	China	Nine Dragons 7.875% 29 Apr 13	119	30.14	5,189	53.40	Real Estate Oper/Develop
Asia -ex Japan	China	Parkson Retail Group 7.125% 30 May 12	125	79.76	1,416	15.38	Paper&Related Products
Asia -ex Japan	China	Shanghai Real Est 8.625% 24 Apr 13	200	31.54	4,720	48.71	Retail-Major Dept Store
Asia -ex Japan	China	Shimao Property FRN 01 Dec 11	250	63.17	2,014	23.27	Real Estate Oper/Develop
Asia -ex Japan	Hong Kong	ASIAAL 8% 23 Dec 11	450	13.00	12,193	122.98	Real Estate Oper/Develop
Asia -ex Japan	Hong Kong	Dah Sing Bank 6.253% Perp	200	38.53	1,562	19.53	Bldg&Construct Prod-Misc
Asia -ex Japan	Hong Kong	Galaxy Entertainment 9.875% 15 Dec 12	294	55.13	2,928	30.89	Commer Banks Non-US
Asia -ex Japan	Hong Kong	HFGOLD 9.25% 17 Oct 14	170	10.00	9,895	100.85	Gaming
Asia -ex Japan	Hong Kong	Lai Fung Holdings 9.125% 04 Apr 14	200	67.00	1,801	19.78	Retail-Jewelry
Asia -ex Japan	Hong Kong	NOBGRP 8.5% 30 May 13	500	77.01	1,474	16.28	Real Estate Oper/Develop
Asia -ex Japan	Hong Kong	Road King Infra 7.61% 14 May 12	150	58.00	1,824	19.76	Diversified Operations
Asia -ex Japan	Hong Kong	Road King Infra 7.625% 14 May 14	200	57.00	2,017	21.97	Infrastructure development
Asia -ex Japan	Hong Kong	Win Hang Finance 6% Perp	400	40.75	1,078	14.81	Infrastructure development
Asia -ex Japan	Hong Kong	XINAOG 7.375% 05 Aug 12	200	82.84	1,265	13.93	Commer Banks Non-US
Asia -ex Japan	Hong Kong	ZENDA 10% 06 Jun 12	150	43.85	4,323	44.46	Gas-Distribution
Asia -ex Japan	India	ICICI 5.75% 12 Jan 12	745	89.38	912	10.20	Real Estate Oper/Develop
Asia -ex Japan	India	ICICI 5.875% 20 Oct 11	500	85.02	1,192	12.90	Commer Banks Non-US
Asia -ex Japan	India	ICICI 7.25% PERP	126	40.00	1,195	15.83	Commer Banks Non-US
Asia -ex Japan	India	ICICI FRN 12 Jan 10	500	93.30	1,032	10.57	Commer Banks Non-US
Asia -ex Japan	India	ICICI FRN 30 Apr 22	750	57.53	998	13.26	Commer Banks Non-US
Asia -ex Japan	India	UTI Bank VAR 28 Jun 22	60	59.60	1,054	13.54	Commer Banks Non-US
Asia -ex Japan	India	Vedanta Resource 6.625% 22 Feb 10	600	96.00	1,108	11.37	Commer Banks Non-US
Asia -ex Japan	India	Vedanta Resource 8.75% 15 Jan 14	500	70.28	1,658	18.30	Metal-Diversified

Fig 35 Distressed EM corporate bonds (excludes "stressed")

Region	Country	Name	Amt outst (US\$m)	Price	Spread	YTM (%)	Industry
Asia -ex Japan	India	Vedanta Resource 9.5% 18 Jul 18	750	60.67	1,594	18.50	Metal-Diversified
Asia -ex Japan	Indonesia	AGRIBV 10.875% 15 Jul 12	150	20.00	8,572	86.99	Metal-Diversified
Asia -ex Japan	Indonesia	APOLIJ 8.75% 03 May 13	160	37.00	4,050	42.25	Pastoral&Agricultural
Asia -ex Japan	Indonesia	Berlian Laju 7.5% 15 May 14	400	27.00	4,307	44.87	Diversified Finan Serv
Asia -ex Japan	Indonesia	Blue Ocean Resources 11% 28 Jun 12	325	19.15	9,083	92.07	Transport-Marine
Asia -ex Japan	Indonesia	BSP Finance 10.75% 01 Nov 11	160	45.00	5,012	51.13	Pastoral&Agricultural
Asia -ex Japan	Indonesia	Ciliandra 10.75% 08 Dec 11	141	71.00	2,534	26.38	Pastoral&Agricultural
Asia -ex Japan	Indonesia	Fajar Paper Fin 10.75% 31 Oct 11	100	77.80	2,147	22.47	Agricultural Operations
Asia -ex Japan	Indonesia	Gajah Tunggal 10.25% 21 Jul 10	420	23.93	17,093	171.37	Paper&Related Products
Asia -ex Japan	Indonesia	INDIKA 8.5% 01 Jun 12	250	72.76	1,934	20.56	Rubber-Tires
Asia -ex Japan	Indonesia	Majapahit Hold 7.25% 17 Oct 11	450	90.35	1,073	11.71	Coal
Asia -ex Japan	Indonesia	Majapahit Hold 7.75% 00 Jan 00	550	69.50	1,223	14.52	Electric-Distribution
Asia -ex Japan	Indonesia	Majapahit Hold 7.875% 29 Jun 37	500	55.18	1,072	14.49	Electric-Distribution
Asia -ex Japan	Indonesia	Media Nusantara Citra 10.75% 12 Sep 11	143	48.00	4,856	49.51	Electric-Distribution
Asia -ex Japan	Indonesia	Pakuwon Jati 12% 14 Nov 11	110	44.00	6,993	70.78	Special Purpose Entity
Asia -ex Japan	Indonesia	PGN Finance 7.5% 24 Feb 14	125	68.00	3,001	30.72	Diversified Finan Serv
Asia -ex Japan	Indonesia	PT Bank Lippo TBK 7.375% 22 Nov 16	200	66.78	1,179	14.41	Special Purpose Entity
Asia -ex Japan	Indonesia	PT Bank Niaga Var 14 Jul 15	100	65.45	1,496	17.01	Commer Banks Non-US
Asia -ex Japan	Korea	Hana Bank Var Perp (call '12)	200	64.15	1,068	14.72	Commer Banks Non-US
Asia -ex Japan	Korea	Hynix Semiconductor 7.875% 27 Jun 17	500	38.13	2,439	26.80	Special Purpose Entity
Asia -ex Japan	Korea	Hyundai CAP 5.5% 23 Nov 10	400	87.88	1,331	13.91	Electronic Compo-Semicon
Asia -ex Japan	Korea	Hyundai CAP 5.625% 24 Jan 12	400	81.57	1,260	13.69	Diversified Finan Serv
Asia -ex Japan	Korea	Hyundai Card Co FRN 03 May 10	400	89.81	1,150	11.85	Diversified Finan Serv
Asia -ex Japan	Korea	Shinhan Bank VAR 20 Sep 36	350	48.70	1,037	14.24	Finance-Credit Card
Asia -ex Japan	Korea	SK Energy 7% 19 Jun 13	450	81.96	1,107	12.62	Commer Banks Non-US
Asia -ex Japan	Korea	Woori Bank VAR 02 May 37	1000	41.52	1,159	15.36	Oil Refining&Marketing
Asia -ex Japan	Korea	Woori Bank VAR 03 May 16	1000	69.01	1,040	12.92	Commer Banks Non-US
Asia -ex Japan	Malaysia	AMBB Capital 6.77% Perp	200	45.91	1,112	15.01	Commer Banks Non-US
Asia -ex Japan	Mongolia	Trade&Devl Bank Mongolia 8.625% 22 Jan 10	75	45.00	13,976	140.03	Commer Banks Non-US
Asia -ex Japan	Pakistan	Pakistan Mobile 7.875% 8 Feb 14	750	60.00	1,973	21.47	Commer Banks Non-US
Asia -ex Japan	Pakistan	Pakistan Mobile 8.625% 13 Nov 13	250	46.00	3,008	32.00	Telecom Services
Asia -ex Japan	Philippines	CE Case Wtr & Pwr 11.95% 15 Nov 10	31	90.01	2,443	24.73	Telecom Services
Asia -ex Japan	Philippines	MHPSA 10.25% 30 Nov 11	250	33.00	6,619	67.22	Electric-Generation
Asia -ex Japan	Philippines	Quezon Pwr 8.86% 15 Jun 17	156	80.00	1,355	15.30	Pastoral&Agricultural
Asia -ex Japan	Singapore	AVATEC 10.125% 01 Dec 13	403	86.00	1,236	14.29	Electric-Generation
Asia -ex Japan	Singapore	AVATEC 11.875% 01 Dec 15	248	75.00	1,607	18.51	Electronic Compo-Semicon
Asia -ex Japan	Singapore	AVATEC 9.91% 01 Jun 13	50	79.63	1,292	14.46	Electronic Compo-Semicon
Asia -ex Japan	Singapore	Chartered Semico 5.75% 03 Aug 10	375	88.71	1,481	15.27	Electronic Compo-Semicon
Asia -ex Japan	Singapore	Chartered Semico 6.25% 04 Apr 13	300	72.70	1,415	15.64	Electronic Compo-Semicon
Asia -ex Japan	Singapore	Chartered Semico 6.375% 03 Aug 15	250	63.75	1,348	15.55	Electronic Compo-Semicon
Asia -ex Japan	Singapore	Davomas Intl Fin 11% 09 May 11	238	12.00	17,777	178.68	Electronic Compo-Semicon
Asia -ex Japan	Singapore	Empire Cap Resources 9.375% 15 Dec 11	100	75.25	2,080	21.85	Agricultural Operations
Asia -ex Japan	Singapore	Giti Tire 12.25% 26 Jan 12	200	25.24	8,493	86.19	Special Purpose Entity
Asia -ex Japan	Singapore	Leighton Fin 7.875% 16 May 11	110	77.22	2,090	21.71	Rubber-Tires
Asia -ex Japan	Singapore	Parkskon Retail Group 7.875% 14 Nov 11	200	83.00	1,500	16.02	Real Estate Oper/Develop
Asia -ex Japan	Singapore	Stats Chippac Ltd 6.75% 15 Nov 11	214	84.50	1,292	13.93	Retail-Major Dept Store
Asia -ex Japan	Singapore	Stats Chippac Ltd 7.5% 19 Jul 10	149	91.13	1,472	15.16	Electronic Compo-Semicon
Asia -ex Japan	Thailand	ADAGRO 11% 19 Dec 12	161	37.00	4,774	49.36	Electronic Compo-Semicon
Asia -ex Japan	Thailand	GSTEEL 10.5% 04 Oct 10	170	23.50	15,572	156.31	Paper&Related Products
Asia -ex Japan	Thailand	Krung Thai Bank 7.378% PERP	220	47.53	1,160	15.49	Steel-Specialty
Asia -ex Japan	Thailand	THAIPI 6.375% 25 May 17	200	33.38	2,450	26.89	Commer Banks Non-US
Asia -ex Japan	Thailand	TMB Bank PLC 7.75% Perp	200	33.38	1,917	23.06	Petrochemicals
Asia -ex Japan	Thailand	True Move 10.375% 1 Aug 14	225	42.00	3,322	35.07	Commer Banks Non-US
Asia -ex Japan	Thailand	True Move 10.75% 16 Dec 13	465	44.00	3,465	36.35	Cellular Telecom

The amount in distress refers to the amount outstanding of bonds trading at or above 1,000bp. This number does not represent the total amount of debt outstanding for the company.

Data for close 20 March

Includes banks, corporates and quasi-sovereigns.

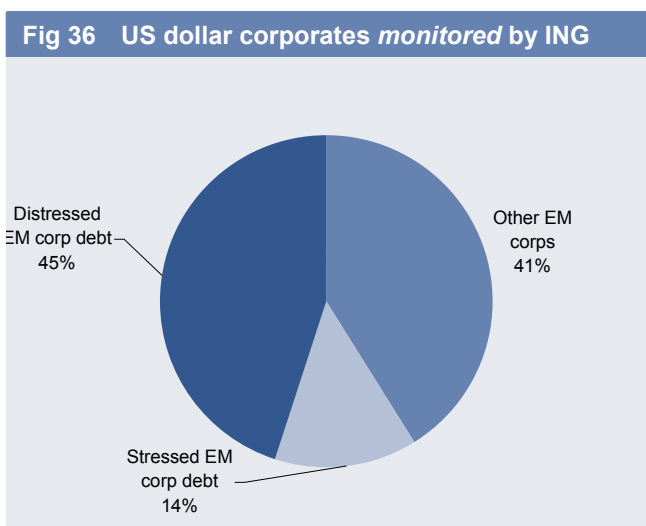
Source: ING

Appendix

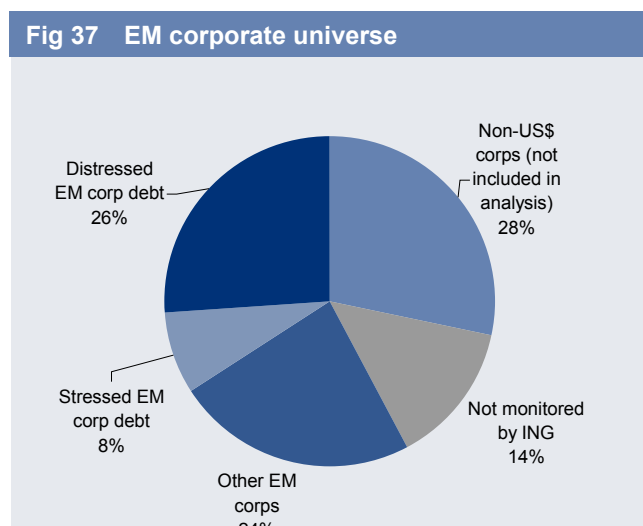
Methodology

This analysis is based on over 70% of the universe of dollar-denominated EM corporate debt

Our corporate analysis is based on a sample of US\$359bn in EM corporate, quasi-sovereign and bank bonds denominated in US dollars. This represents over 70% of total EM corporates that are denominated in dollars.¹ The non-US dollar EM corporate universe that has been excluded from our analysis (for standardisation purposes) is about US\$176bn in size and a further US\$89bn of EM corporates that we do not track is also absent. This latter category represents bonds that are usually illiquid and are not priced regularly. This means that the actual level of distressed EM assets is probably higher, although our sample set is large enough that the percentage breakdowns are likely applicable to the EM corporate universe. In all cases, we have excluded defaulted-on, unstructured and other non-performing debt prior to the current crisis.



Source: ING



On total underlying corporate debt of US\$625bn.

Source: ING

¹ The excluded non-US dollar (eg GBP, EUR, CHF and JPY) EM corporate universe is US\$176.7bn in size.

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