S&P Global
Ratings

# Credit Conditions Emerging Markets:
# COVID-19 Magnifies Risks

March 31, 2020

*(Editor's Note: S&P Global Ratings' Credit Conditions Committees meet quarterly to review macroeconomic conditions in each of four regions (Asia-Pacific, Emerging Markets, North America, and Europe). Discussions center on identifying credit risks and their potential ratings impact in various asset classes, as well as borrowing and lending trends for businesses and consumers. This commentary reflects views discussed in the Emerging Markets committee on March 26, 2020. Given the fluidity of current conditions, we have chosen to publish a truncated version of our usual article this quarter. Please see our "Global Credit Conditions, Three Black Swans: Virus, Oil, Volatility" article to be published today for a comprehensive discussion of credit conditions globally).*


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## Key Takeaways

- Overall. Emerging markets (EMs) are facing severe stress resulting from three simultaneous shocks, as the COVID-19 pandemic spreads globally. All key emerging economies that we cover will fall into recession or see sharply lower growth in 2020.
- Risks. Downside risks are significant. A prolonged outbreak will depress economic activity and stress health systems. Extended shock to investor sentiment could result in heightened refinancing risk, especially for low rated issuers.
- Credit. Global recession is heightening risk aversion, resulting in significant capital outflows from EMs, pressuring currencies and widening spreads. The sudden and substantial shock to global economy has impacted several sectors in EM economies, pressuring credit ratings.

Credit conditions in EMs will rapidly deteriorate as the COVID-19 pandemic advances. The virus contagion is growing in key EMS, and governments are taking measures to tackle the epidemic. EMs were already hit by indirect impact of the pandemic in developed economies by trade and supply chains disruptions and plunging commodity prices. Now, direct effects will be felt across EMs as social distancing halts economic activity. Deteriorating financing conditions with significant capital outflows are causing EM currencies to fall and credit spreads to widen.

Rapidly weakening economic and financial conditions will cast a chill across all key EMs. Nevertheless, those that faced structural weaknesses prior to the coronavirus outbreak will suffer the most. EM economies with low growth, increasing leverage, and fiscal rigidities will have very limited space for policy stimulus. These countries will have to deal with the economic shock at the expense of deteriorating credit quality. Only few EMs have room to maneuver, offer fiscal and/or monetary stimulus, and keep fundamentals intact; these countries have investment-grade ratings, strong fiscal and monetary profiles, and in some cases, sufficient savings to provide countercyclical policies. Still these countries will see sharply lower economic growth in 2020.

Economic conditions.

APAC EMs. Growth. Discretionary consumption will be battered due to virus prevention efforts, while lockdowns across the world mean that tourism and related spending will collapse. We forecast growth of 3.0% for APAC EMs in 2020, the lowest since 1998. Policy. There has been targeted and expanding fiscal stimulus that will cushion the blow to growth. We expect further monetary easing as external monetary settings are now highly accommodative. Risks. Further spread of the virus is the chief risk that could lead to sharp welfare and economic losses. Healthcare infrastructure in parts of the region remains patchy.

EMEA EMs. Growth. While external exposure varies across EMEA EMs, from commodity exports to tourism, most economies will be hit hard. Domestically, containment measures are ratcheting up, which will depress activity. Policy. Room for further monetary easing might be constrained in the risk-off environment. Limited clarity on fiscal support measures at this point. Risks. Prolonged outbreak will result in higher costs. Policy mistakes may impede the recovery.

Latin America. We forecast GDP in the region to contract 1.3%, the sharpest decline since the GFC. Rising confirmed COVID-19 cases across the region are prompting travel bans, social distancing measures, and factory closures. Policy. Economic measures include emergency rate cuts, liquidity-boosting measures, and fiscal stimulus. However, responses vary--Argentina, Chile, and Colombia swiftly implemented social distancing policies, while Brazil and Mexico resisted and delayed similar measures. Risks. We are most concerned about countries with pre-existing structural economic weakness and delayed public health responses--Mexico fits that bill.

Financing conditions. Lack of clarity about the depth and breadth of COVID-19's ferocity, and its impact on global economy and supply chains caused extreme capital outflows from EMs to risk-free assets. Speed of outflows from EMs is without precedents. Adverse investor sentiment towards EMs is pressuring currencies and liquidity. Continued outflows could ultimately elevate refinancing risk and inflationary pressures. Some EM economies still have space to cut rates and challenging conditions demand monetary stimulus. However, currency pressures and pass-through to inflation effects might prevent central banks from further easing. Extended shock to investor sentiment could result in heightened refinancing risk, especially for low rated issuers.

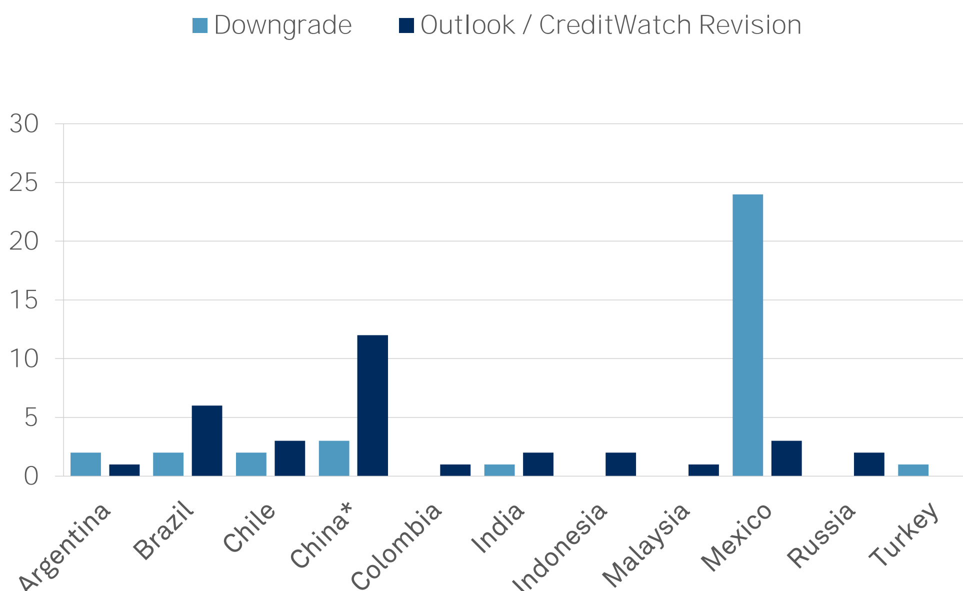
EMs' bond spreads quickly escalated to the highest levels and at the fastest pace in a decade, owing to a flight to quality as COVID-19 wreaks havoc on capital markets. Weak investor confidence will likely constrain debt issuances, despite accommodative monetary policy across most emerging economies due to tumbling capital needs and weakening demand for goods and services across most economies. Cumulative corporate bond issuances across EMs totalled $247 billion through March 10, 2020 (reflecting a strong January), after new debt capital stalls due to COVID-19 choke on demand.

Sector trends. Corporations in EMs are facing a combination of shocks as the COVID-19 pandemic advances. The airline, oil and gas, metals and mining, forest products, leisure, lodging and gaming sectors rapidly felt the effect of falling global demand and commodity prices, the disrupted supply chains and declining people flows as the virus extended across developed countries and China. The consumer products, retail, home appliances, shopping malls, car rentals, sectors will now feel additional stress as EM economies apply social distancing measures and domestic demand halts. The weakening credit quality of sovereigns is also pressuring corporate ratings, given that some EMs were already facing fiscal challenges or rely on external financing.

Financial institutions in EMs will confront increasing risks as domestic economies go into recession or sharply slow down. Many EM financial regulators are relaxing provisioning rules, allowing banks to offer forbearance, especially for small- to midsize enterprise (SME) loans and mortgages. Most large commercial banks in EMs enter the crisis with sound capitalization levels and manageable asset quality. The economic toll, however, will probably hurt smaller niche banks, especially those focused on vulnerable sectors (already mentioned above) and institutions that rely on wholesale funding or with highly concentrated deposit bases, as financing conditions weaken and corporate liquidity needs rise. Non-bank financial companies could also face significant stress because they usually rely on market funding and their portfolios are more concentrated in SMEs or vulnerable sectors.

Chart 1

Emerging Markets COVID-19 Related Rating Actions as of March 27, 2020




* Includes China, Hong Kong, and Macau. Data as of Mar. 27, 2020. Source: S&P Global Ratings

S&P Global Ratings acknowledges a high degree of uncertainty about the rate of spread and peak of the coronavirus outbreak. Some government authorities estimate the pandemic will peak about midyear, and we are using this assumption in assessing the economic and credit implications. We believe the measures adopted to contain COVID-19 have pushed the global economy into recession (see our macroeconomic and credit updates here: www.spglobal.com/ratings). As the situation evolves, we will update our assumptions and estimates accordingly.

This report does not constitute a rating action.

# Appendix 1: Top Emerging Markets Risks

Table 1

Top EM Risks

## COVID-19 Spreading Across Key EMs

| Risk level* | Very low | Moderate | Elevated | High | Very high | Risk trend** | Improving | Unchanged | Worsening |
|---|---|---|---|---|---|---|---|---|---|

Risk level: High. Risk trend: Worsening.

COVID-19 is rapidly accelerating across EMs. Containment measures along with the negative effects on identified transmission channels (trade of goods, supply chains, commodity prices, people flows, and financial conditions) will erode economic growth and business conditions across key EM economies, triggering credit stress. The COVID-19 pandemic comes at a bad time, because many EM economies were already undergoing domestic strains, including low investment levels, policy uncertainty, or facing geopolitical risk.

## Volatile capital flows, fickle financing conditions, and currency pressures

| Risk level* | Very low | Moderate | Elevated | High | Very high | Risk trend** | Improving | Unchanged | Worsening |
|---|---|---|---|---|---|---|---|---|---|

Risk level: High. Risk trend: Worsening.

The COVID-19 crisis, along with falling oil prices and global recession, has triggered significant risk aversion towards risky assets. Spreads have widened sharply across EMs, although they have yet to reach levels during the 2008-2009 global financial crisis, the speed of deterioration is without precedents. If the pandemic extends beyond the second quarter of 2020, refinancing risk will escalate, especially for speculative-grade rated issuers. We expect extremely tight financing conditions for such issuers in the second quarter of 2020. Benign financing conditions over the first two months of the year have diminished immediate impact, because many issuers took advantage to extend debt maturities and improve financing conditions. However, issuers looking to refinance in the second quarter of 2020 will face funding crunch.

## Commodity price volatility

| Risk level* | Very low | Moderate | Elevated | High | Very high | Risk trend** | Improving | Unchanged | Worsening |
|---|---|---|---|---|---|---|---|---|---|

Risk level: Elevated. Risk trend: Worsening.

The effects of the pandemic on global demand, along with tensions in the OPEC+ group, have caused commodity prices to tumble. We have revised down our assumptions for key commodities for the rest of 2020 including oil and metals. We expect the plunge to be temporary and as the pandemic fades, demand for commodities, along with prices, should gradually recover. Falling commodity prices have mixed effects across EMs. While many EM economies are net exporters and depend on commodity revenues, others could benefit, especially from falling fuel costs. However, weak commodity prices curtail investor confidence for EMs, because such a scenario is usually driven by soft global growth. In our view, factors behind falling prices, including slower global growth and tighter financial conditions, will pressure credit quality across EM economies.

## Geopolitical tensions and policy uncertainty

| Risk level* | Very low | Moderate | Elevated | High | Very high | Risk trend** | Improving | Unchanged | Worsening |
|---|---|---|---|---|---|---|---|---|---|

Risk level: Elevated. Risk trend: Unchanged.

Geopolitical tensions and policy uncertainty might be masked by the urgency to tackle the coronavirus pandemic, but they haven't faded and key EMs still face challenging conditions. In Latin America, policy uncertainty continues to undermine investment, while social unrest has driven governments to apply extraordinary fiscal measures. Tensions between Turkey and Syria have escalated further, threatening stability in the Middle East, with important implications for geopolitics and energy markets. Recent disagreement in the OPEC+ meeting has prompted an additional shock to oil prices, pressuring countries with high break-even price levels such as Iran. The latter sabotaged Saudi Arabia's facilities in the past; and current price levels could raise tensions in the region.

## U.S.-China dispute reigniting

| Risk level* | Very low | Moderate | Elevated | High | Very high | Risk trend** | Improving | Unchanged | Worsening |
|---|---|---|---|---|---|---|---|---|---|

Risk level: Elevated. Risk trend: Unchanged.

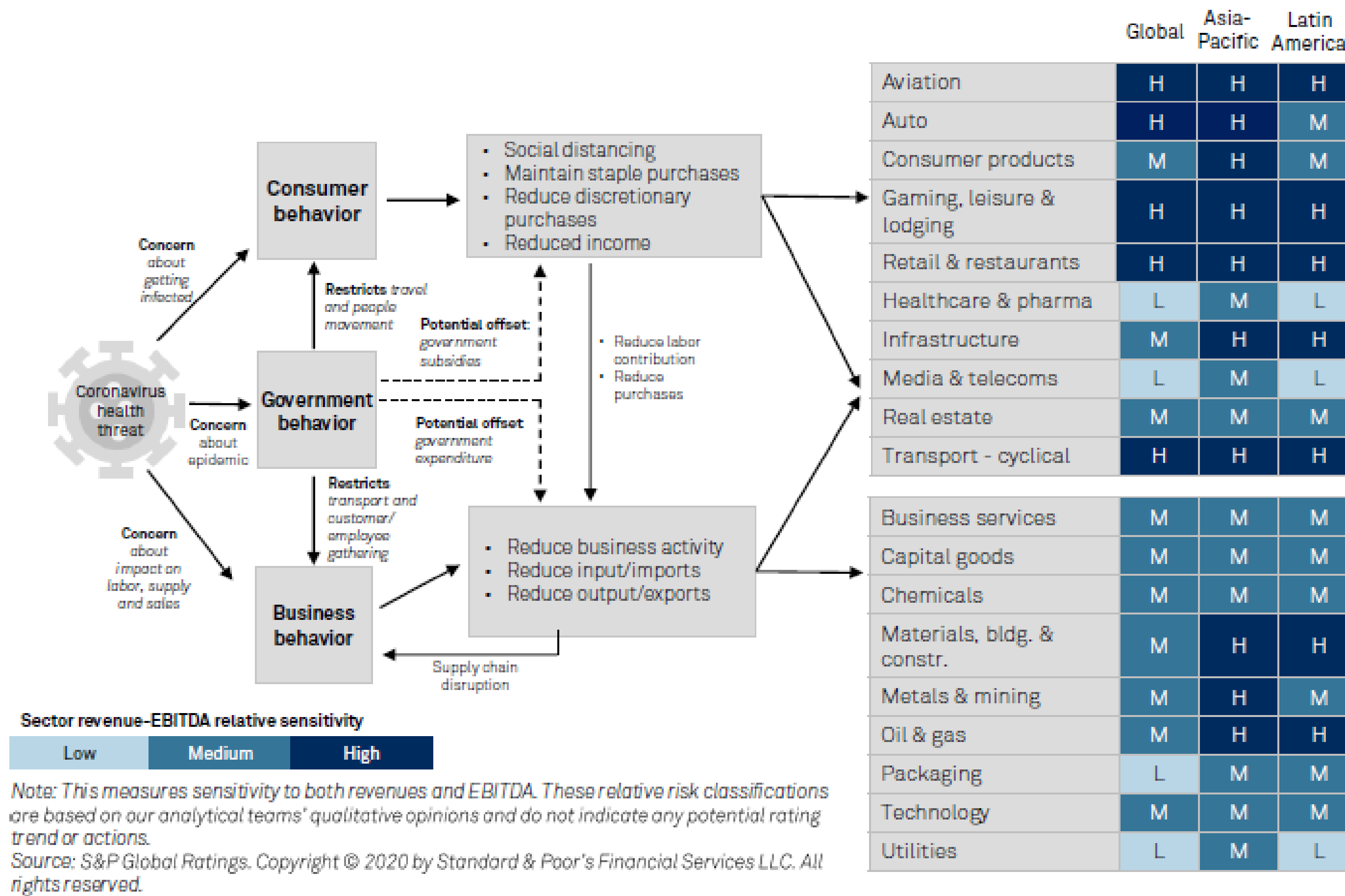
The January 2020 ‘Phase 1’ trade deal seem to be marking a hiatus in the strategic and trade dispute between the U.S. and China. In the meantime, both countries seem more focused on dealing with the effects of COVID-19. However, given that China may find it difficult to fulfill its pledges under the trade deal for 2020 given global public health emergency, the dispute could reignite during the U.S. presidential election year.

Sources: S&P Global Ratings.

* Risk levels may be classified as very low, moderate, elevated, high, or very high, and are evaluated by considering both the likelihood and systemic impact of such an event occurring over the next one to two years. Typically these risks are not factored into our base case rating assumptions unless the risk level is very high.

** Risk trend reflects our current view on whether the risk level could increase or decrease over the next 12 months.

# Appendix 2: COVID-19 Emerging Market Corporate Sector Sensitivity




| | Global | Asia-Pacific | Latin America |
|---|---|---|---|
| Aviation | H | H | H |
| Auto | H | H | M |
| Consumer products | M | H | M |
| Gaming, leisure & lodging | H | H | H |
| Retail & restaurants | H | H | H |
| Healthcare & pharma | L | M | L |
| Infrastructure | M | H | H |
| Media & telecoms | L | M | L |
| Real estate | M | M | M |
| Transport - cyclical | H | H | H |
| Business services | M | M | M |
| Capital goods | M | M | M |
| Chemicals | M | M | M |
| Materials, bldg. & constr. | M | H | H |
| Metals & mining | M | H | M |
| Oil & gas | M | H | H |
| Packaging | L | M | M |
| Technology | M | M | M |
| Utilities | L | M | L |

*Note: This measures sensitivity to both revenues and EBITDA. These relative risk classifications are based on our analytical teams' qualitative opinions and do not indicate any potential rating trend or actions.*
*Source: S&P Global Ratings. Copyright © 2020 by Standard & Poor's Financial Services LLC. All rights reserved.*

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# Appendix 3: Economic Data And Forecast Summaries

Table 2

Real GDP %

| | 2019 | 2020F | 2021F | 2022F |
|---|---|---|---|---|
| Argentina | -2.1 | -2.5 | 2.4 | 2.0 |
| Brazil | 1.1 | -0.7 | 2.9 | 2.5 |
| Chile | 1.0 | -0.2 | 3.0 | 2.6 |
| Colombia | 3.3 | 0.7 | 3.8 | 3.2 |
| Mexico | -0.1 | -2.5 | 2.2 | 1.8 |
| China | 6.1 | 2.9 | 8.4 | 5.4 |
| India | 5.0 | 3.5 | 7.3 | 6.6 |
| Indonesia | 5.0 | 3.8 | 6.3 | 5.0 |
| Malaysia | 4.3 | 2.4 | 6.4 | 4.6 |
| Philippines | 5.9 | 4.2 | 7.5 | 6.7 |
| Thailand | 2.4 | -2.5 | 7.6 | 3.4 |
| Russia | 1.3 | -0.8 | 3.8 | 1.9 |
| Saudi Arabia | 0.3 | 4.0 | 1.6 | 2.7 |
| South Africa | 0.2 | -2.7 | 3.0 | 1.7 |
| Turkey | 0.9 | 1.8 | 5.2 | 3.4 |

Source: Oxford Economics; F--S&P Global Ratings forecast.

For India, 2019 = FY 2019 / 20, 2020 = FY 2020 / 21, 2021 = FY 2021 / 22, 2022 = FY 2022 / 23, 2023 = FY 2023 / 24

Table 3

CPI Inflation % (Year Average)

| | 2019 | 2020F | 2021F | 2022F |
|---|---|---|---|---|
| Argentina | 53.5 | 47.0 | 33.0 | 28.0 |
| Brazil | 3.7 | 4.2 | 3.8 | 3.9 |
| Chile | 2.3 | 3.7 | 3.2 | 3.0 |
| Colombia | 3.5 | 3.6 | 3.2 | 3.0 |
| Mexico | 3.6 | 3.9 | 3.2 | 3.0 |
| China | 2.9 | 3.6 | 1.5 | 1.7 |
| India | 4.7 | 4.4 | 4.2 | 4.4 |
| Indonesia | 2.8 | 2.5 | 3.3 | 3.2 |
| Malaysia | 0.7 | 1.1 | 1.6 | 1.7 |
| Philippines | 2.5 | 1.6 | 2.9 | 3.0 |
| Thailand | 0.6 | -0.5 | 0.0 | 0.5 |
| Russia | 4.5 | 4.3 | 4.0 | 4.0 |
| Saudi Arabia | -1.2 | 1.9 | 2.0 | 2.1 |
| South Africa | 4.1 | 4.7 | 4.7 | 4.5 |
| Turkey | 15.2 | 11.7 | 10.3 | 9.8 |

Source: Oxford Economics; F--S&P Global Ratings forecast. For India, 2019 = FY 2019 / 20, 2020 = FY 2020 / 21, 2021 = FY 2021 / 22, 2022 = FY 2022 / 23, 2023 = FY 2023 / 24

Table 4

Policy Rates % (End of Period)

| | 2019 | 2020F | 2021F | 2022F |
|---|---|---|---|---|
| Argentina | 55.0 | 35.0 | 30.0 | 25.0 |
| Brazil | 4.5 | 3.75 | 4.75 | 5.50 |
| Chile | 1.75 | 1.00 | 1.75 | 2.00 |
| Colombia | 4.25 | 3.50 | 4.25 | 4.25 |
| Mexico | 7.25 | 5.50 | 5.50 | 5.50 |
| India | 5.15 | 4.00 | 5.00 | 5.50 |
| Indonesia | 5.00 | 4.25 | 4.50 | 4.50 |
| Malaysia | 3.00 | 1.75 | 2.00 | 2.25 |
| Philippines | 4.00 | 2.75 | 3.50 | 4.00 |
| Thailand | 1.25 | 0.50 | 0.75 | 0.75 |
| Russia | 6.25 | 6.00 | 6.00 | 6.00 |
| South Africa | 6.50 | 5.00 | 5.25 | 5.75 |
| Turkey | 11.43 | 9.00 | 9.00 | 9.00 |

Source: Oxford Economics; f--S&P Global Ratings forecast.

Table 5

Exchange Rates % (Year Average)

| | 2019 | 2020F | 2021F | 2022F |
|---|---|---|---|---|
| Argentina | 48.0 | 75.0 | 90.0 | 97.5 |
| Brazil | 3.94 | 4.85 | 4.75 | 4.65 |
| Chile | 703 | 825 | 805 | 790 |
| Colombia | 3,281 | 3,750 | 3,825 | 3,800 |
| Mexico | 19.25 | 22.00 | 21.75 | 21.25 |
| China | 6.91 | 7.07 | 7.14 | 7.18 |
| India | 70.4 | 72.6 | 73.6 | 74.9 |
| Indonesia | 14,138 | 15,025 | 14,938 | 14,838 |
| Malaysia | 4.14 | 4.24 | 4.27 | 4.22 |
| Philippines | 51.80 | 51.25 | 52.63 | 53.00 |
| Thailand | 31.05 | 31.81 | 31.63 | 30.60 |
| Russia | 64.74 | 78.00 | 71.00 | 71.50 |
| Saudi Arabia | 3.75 | 3.75 | 3.75 | 3.75 |
| South Africa | 15.75 | 15.13 | 15.35 | 15.35 |
| Turkey | 5.68 | 6.53 | 6.94 | 7.10 |

Source: Oxford Economics; F--S&P Global Ratings forecast.

Table 6

Exchange Rates % (End of Period)

| | 2019 | 2020F | 2021F | 2022F |
|---|---|---|---|---|
| Argentina | 59.89 | 85.00 | 95.00 | 100.00 |
| Brazil | 4.03 | 4.80 | 4.70 | 4.60 |
| Chile | 745 | 815 | 800 | 785 |
| Colombia | 3,277 | 3,850 | 3,800 | 3,800 |
| Mexico | 18.93 | 22.00 | 21.50 | 21.00 |
| China | 6.99 | 7.11 | 7.15 | 7.19 |
| India | 73.5 | 74.0 | 73.0 | 74.5 |
| Indonesia | 13,883 | 15,000 | 14,900 | 14,800 |
| Malaysia | 4.09 | 4.30 | 4.25 | 4.20 |
| Philippines | 50.74 | 52.00 | 53.00 | 53.00 |
| Thailand | 30.15 | 32.30 | 31.30 | 30.20 |
| Russia | 61.91 | 72.00 | 70.00 | 72.00 |
| Saudi Arabia | 3.75 | 3.75 | 3.75 | 3.75 |
| South Africa | 14.01 | 15.52 | 15.24 | 15.48 |
| Turkey | 5.95 | 6.79 | 7.02 | 7.20 |

Source: Oxford Economics; F--S&P Global Ratings forecast; End of Period - Q4 values. For India, 2019 = FY 2019 / 20, 2020 = FY 2020 / 21, 2021 = FY 2021 / 22, 2022 = FY 2022 / 23, 2023 = FY 2023 / 24

Table 7

Unemployment % (Year Average)

| | 2019 | 2020F | 2021F | 2022F |
|---|---|---|---|---|
| Argentina | 10.1 | 10.8 | 9.6 | 9.7 |
| Brazil | 11.9 | 12.8 | 12.8 | 12.0 |
| Chile | 7.4 | 9.2 | 7.7 | 7.2 |
| Colombia | 10.6 | 11.2 | 11.0 | 10.5 |
| Mexico | 3.5 | 4.9 | 4.7 | 4.3 |
| China | 3.6 | 3.9 | 3.6 | 3.8 |
| India | 10.9 | 12.1 | 12.7 | 12.6 |
| Indonesia | 5.2 | 5.8 | 5.5 | 5.2 |
| Malaysia | 3.3 | 3.6 | 3.6 | 3.5 |
| Philippines | 5.1 | 6.8 | 5.5 | 5.4 |
| Thailand | 1.0 | 0.9 | 0.6 | 0.4 |
| Russia | 4.6 | 5.2 | 4.6 | 4.5 |
| Saudi Arabia | 5.5 | 6.0 | 6.0 | 6.0 |
| South Africa | 28.7 | 30.2 | 29.3 | 29.2 |
| Turkey | 13.7 | 13.4 | 11.9 | 11.2 |

Source: Oxford Economics; F--S&P Global Ratings forecast

## Emerging Markets Risk Profile

| | Argentina | Brazil | Chile | Colombia | Mexico | China | India | Indonesia | Malaysia | Philippines | Thailand | Poland | Russia | Saudi Arabia | South Africa | Turkey |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sovereign Rating (Mar. 3, '20) | CCC- | BB- | A+ | BBB- | BBB | A+ | BBB- | BBB | A- | BBB+ | BBB+ | A- | BBB- | A- | BB | B+ |
| Soveriegn Outlook | Negative | Positive | Stable | Negative | Negative | Stable | Stable | Stable | Stable | Stable | Positive | Stable | Stable | Stable | Negative | Stable |
| Institutional Asmt. | 6 | 4 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 5 | 4 | 4 | 5 |
| Economic | 5 | 5 | 4 | 4 | 5 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 4 | 5 | 4 |
| External | 6 | 3 | 4 | 6 | 2 | 1 | 2 | 3 | 2 | 1 | 1 | 2 | 1 | 1 | 3 | 6 |
| Fiscal (BDGT) | 6 | 5 | 2 | 3 | 3 | 4 | 6 | 3 | 3 | 3 | 3 | 3 | 4 | 5 | 6 | 4 |
| Fiscal (DBT) | 5 | 5 | 1 | 4 | 4 | 2 | 6 | 2 | 4 | 2 | 2 | 2 | 1 | 1 | 6 | 3 |
| Monetary | 5 | 3 | 2 | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 2 | 2 | 3 | 4 | 2 | 4 |

**Financial Institutions (Mar. 22, '19)**

| | Argentina | Brazil | Chile | Colombia | Mexico | China | India | Indonesia | Malaysia | Philippines | Thailand | Poland | Russia | Saudi Arabia | South Africa | Turkey |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Economic Risk* | 10 | 7 | 4 | 7 | 6 | 7 | 6 | 6 | 5 | 6 | 7 | 4 | 8 | 5 | 6 | 8 |
| *Industry Risk* | 7 | 5 | 3 | 5 | 3 | 5 | 5 | 6 | 3 | 5 | 4 | 5 | 7 | 3 | 5 | 9 |
| *Institutional Framework* | High | Intermediate | Low | High | Intermediate | High | High | High | Intermediate | High | Intermediate | Intermediate | Very High | Low | Intermediate | Very High |
| Derived Anchor | *b+* | *bb+* | *bbb+* | *bb+* | *bbb-* | *bb+* | *bbb-* | *bb+* | *bbb* | *bbb-* | *bb+* | *bbb* | *bb-* | *bbb* | *bbb-* | *b+* |
| Eco. Risk Trend | *Stable* | *Stable* | *Stable* | *Stable* | *Stable* | *Stable* | *Stable* | *Stable* | *Stable* | *Stable* | *Stable* | *Stable* | *Stable* | *Stable* | *Negative* | *Negative* |
| Eco. Imb. | H | Int | Lw | H | VLw | H | Lw | Lw | Lw | Lw | Lw | Lw | H | Int | Lw | VH |
| Credit Risk | EH | H | Int | H | H | VH | VH | VH | H | H | EH | Int | VH | Int | H | VH |
| Competitive Dynamics | H | H | Int | Int | Int | H | H | H | Int | Int | H | H | H | Int | Int | H |
| Funding | VH | Int | Lw | Int | Lw | VLw | Lw | Int | Lw | Int | Lw | Int | H | Lw | H | EH |

**Non Financial Corporates (Rated)**

| | Argentina | Brazil | Chile | Colombia | Mexico | China | India | Indonesia | Malaysia | Philippines | Thailand | Poland | Russia | Saudi Arabia | South Africa | Turkey |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Median Rating (Mar. 20, 2019)* | *B-* | *BB-* | *BBB* | *BBB-* | *BB+* | *BBB* | *BBB-* | *BB-* | *BBB+* | *BBB+* | *BBB+* | *BBB* | *BB+* | *BBB+* | *BB* | *BB-* |
| Net Debt / EBITDA | 2.3 | 3.1 | 2.5 | 2.6 | 2.7 | 6.2 | 3.8 | 3.4 | 1.9 | 2.2 | 3.5 | 3.3 | 2.0 | 4.6 | 2.5 | 2.0 |
| ROC Adj.° | -23.3 | 8.5 | 5.8 | 8.8 | 6.4 | 3.8 | 5.7 | 5.6 | 7.0 | 10.7 | 8.2 | 4.2 | 9.0 | 7.3 | 6.6 | -2.2 |
| EBITDA INT. COV. | 4.3 | 3.8 | 6.5 | 5.3 | 5.1 | 2.7 | 3.1 | 3.4 | 7.7 | 7.0 | 5.2 | 7.7 | 5.2 | 5.4 | 4.7 | 5.8 |
| FFO / DEBT | 28.0 | 19.6 | 26.7 | 22.0 | 22.6 | 7.3 | 12.6 | 17.8 | 39.0 | 38.2 | 23.0 | 23.4 | 31.6 | 12.3 | 27.2 | 31.6 |
| NFC FC Debt % GDP* | 11.6 | 14.9 | 32.4 | 8.6 | 17.3 | 6.3 | 6.3 | 7.7 | 11.5 | 5.8t | 7.1 | 13.4 | 12.5 | 9.9 | 15.2 | 36.5 |
| NFC Debt % of GDP* | 15.6 | 42.9 | 103.3 | 33.6 | 26.4 | 156.7 | 44.2 | 22.9 | 68.1 | 45.7t | 47.6 | 43.8 | 46.0 | 45.5 | 40.2 | 67.3 |

Color Coding
Sovereign – Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). Based on Sovereign Rating Methodology. Dec. 23, 2014.
Financial Institutions BICRA—The overall assessment of economic risk and industry risk, which ultimately leads to the classification of banking systems into BICRA groups, is determined by the number of "points" assigned to each risk score on the six-grade scale. The points range from 1 to 10, with one point corresponding to "very low risk" and 10 points corresponding "extremely high risk," based on Banking Industry Country Risk Assessment Methodology and Assumptions, Nov. 09, 2011; and Banks Rating Methodology and Assumptions Nov. 09, 2011.
Non-Financial Corporates—Ratios are derived from a the Median of Rated Corporates in their respective country, we then rank them according to our Corporate Methodology, Nov. 19, 2013 by using table 17, with levels that go from minimal to highly leveraged. ° - We assess return on capital by using the median of our rated corporates in their respective country, then we adjust for inflation, we then rank it based on our Corporate Methodology, Nov. 19, 2013. * - Non financial corporates debt and foreign currency denominated debt is based on IIF global debt monitor with data as of March 2020.
t - Source: Bangko Sental NG Pilipinas; S&P Global Ratings.
Source: S&P Global Ratings.
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