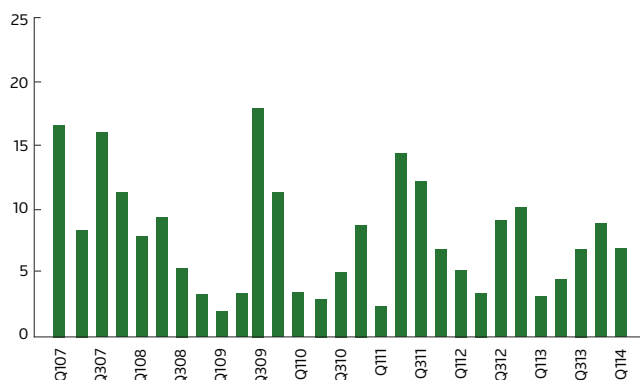


**LATAM TOTAL SYNDICATED VOLUME**

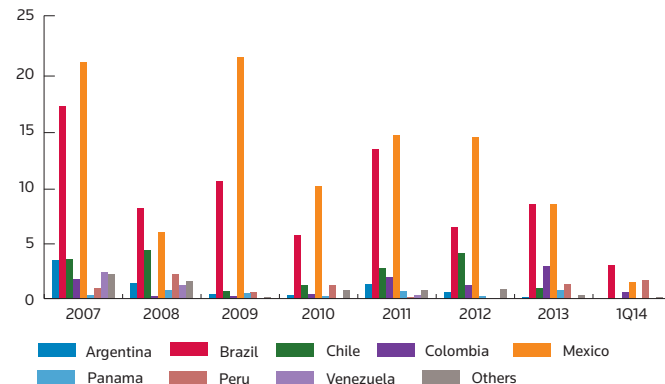
US\$BN



Source: Thomson Reuters LPC

**LATAM TOTAL SYNDICATED VOLUME BY COUNTRY**

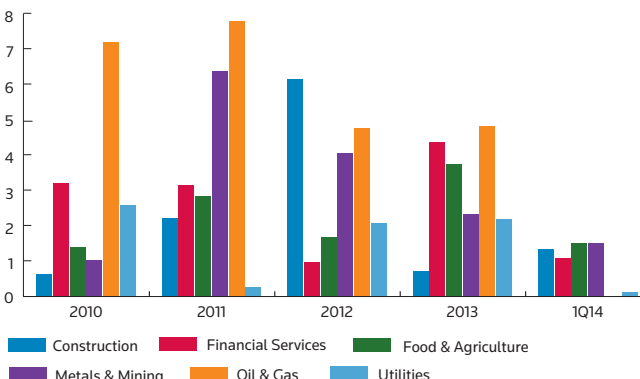
US\$BN



Source: Thomson Reuters LPC

**LATAM TOTAL SYNDICATED VOLUME BY INDUSTRY**

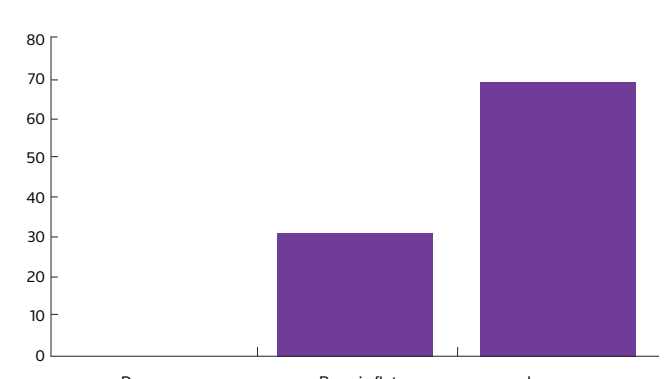
US\$BN



Source: Thomson Reuters LPC

**EXPECTATIONS FOR SYNDICATED LOAN ISSUANCE IN 2014 RELATIVE TO 2013?**

% OF RESPONDENTS

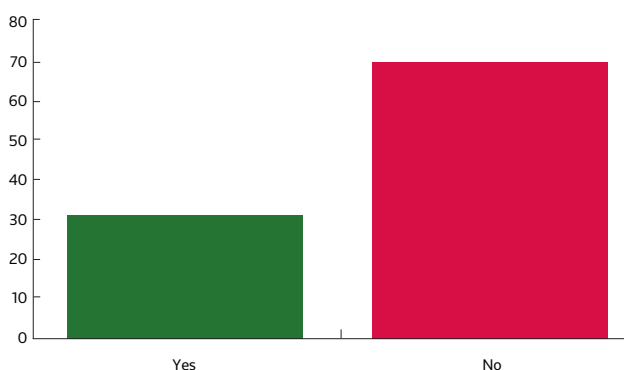


Source: Thomson Reuters LPC

**MAJORITY OF RESPONDENTS EXPECT LOANS TO BECOME MORE RELEVANT IN 2014**

% OF RESPONDENTS

**Do you expect bonds to continue to displace loans in 2014 in LatAm?**



Source: Thomson Reuters LPC

**Why or why not?**

**Those who said yes:**

- Rates remain low and do not expect the Fed to significantly taper its monetary easing
- In spite of tapering, access to liquidity remains in bond market

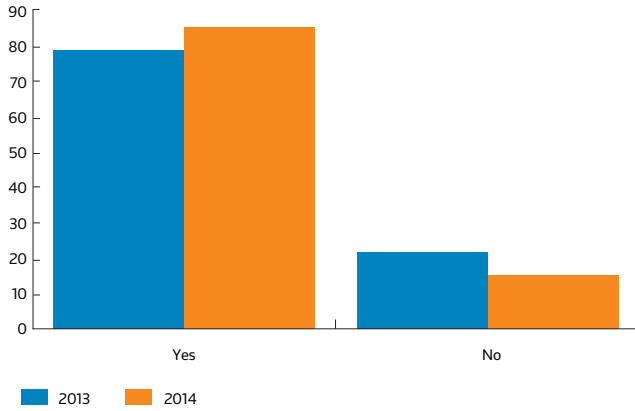
**Those who said no:**

- If US interest rates increase, there will be less appetite for LatAm bonds
- Issuers will not put their eggs in just one basket now that loans are so "borrower-friendly"

**MAJORITY OF RESPONDENTS EXPECT MORE BANKS WILL BE WILLING TO UNDERWRITE DEALS IN 2014**

% OF RESPONDENTS

**Will more banks be willing to underwrite loans?**



Source: Thomson Reuters LPC

**Why or why not?**

*Those who said yes:*

- **Liquidity is very good and supportive**
- **More acquisition financing**
- **Issuers are asking for underwritings**
- **There is a “positive fever going on and hopefully it will spread”**
- **Banks that were shy about underwriting are back doing them**

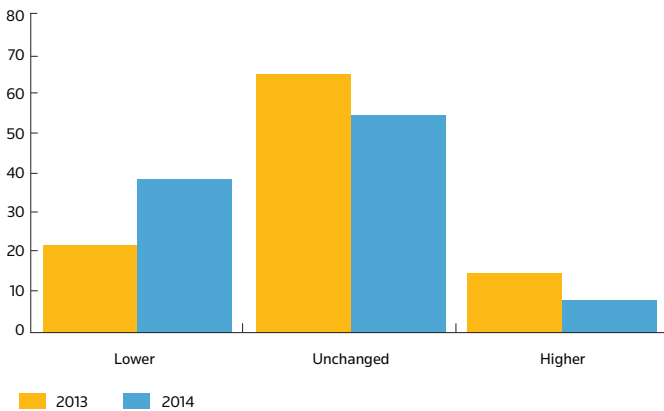
*Those who said no:*

- **Balance sheet usage is likely to be scrutinised**

**MAJORITY OF RESPONDENTS EXPECT PRICING FOR SYNDICATED LOANS WILL BE UNCHANGED IN 2014**

% OF RESPONDENTS

**Pricing expectations – Syndicated loans**



Source: Thomson Reuters LPC

**What will be the drivers?**

*Those who said unchanged or lower:*

- **Increased appetite for LatAm cross-sale**
- **Too much bank liquidity**
- **Limited dealflow**
- **No discipline, banks continue to buy market share**

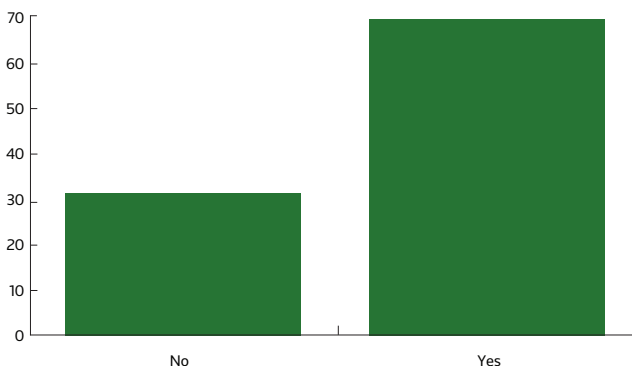
*Those who said up:*

- **Basel III will continue to play a role**
- **Hopeful that banks will stop “underpricing” each other**

**MAJORITY SEE PRICING CONVERGING BETWEEN LATAM AND GLOBAL DEALS FOR CERTAIN ISSUERS**

% OF RESPONDENTS

**Do you see pricing converging between LatAm and global deals?**



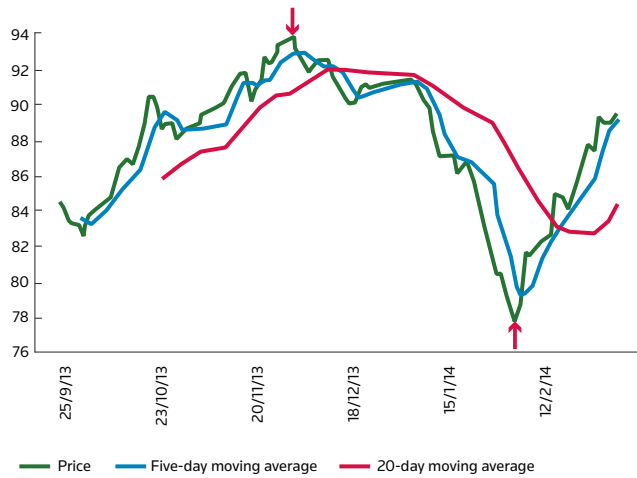
Source: Thomson Reuters LPC

**If yes, in which situations?**

- **We have seen this already in 2013 for prime LatAm credits; will see more in 2014 as lesser LatAm names demand US pricing**
- **Only for those companies that have international presence; still see the impact of local/regional risk**
- **For large blue-chip companies we have already seen more aggressive pricing than US deals**
- **Self-arranged deals are bringing pricing down**
- **Only for investment-grade names but structures might differ**

**ARGENTINA 8.75% 2017 US\$ BONDS**

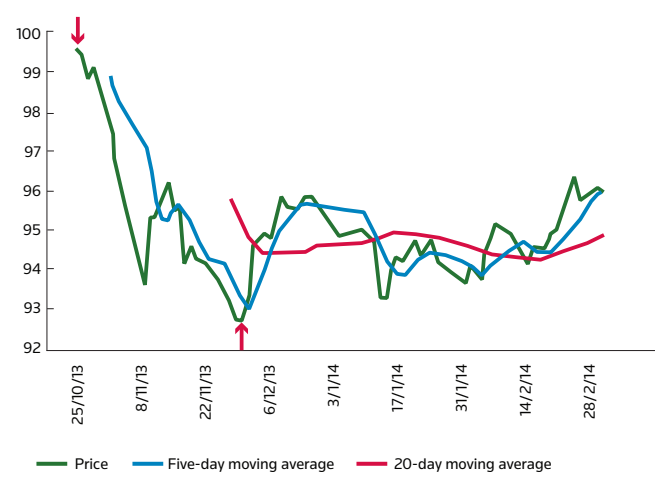
BID PRICES



Source: Tradeweb

**BRAZIL 4.25% 2025 US\$ BONDS**

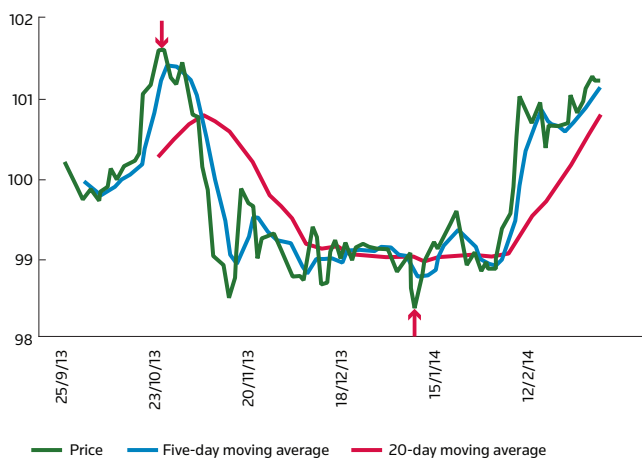
BID PRICES



Source: Tradeweb

**MEXICO 4% 2023 US\$ BONDS**

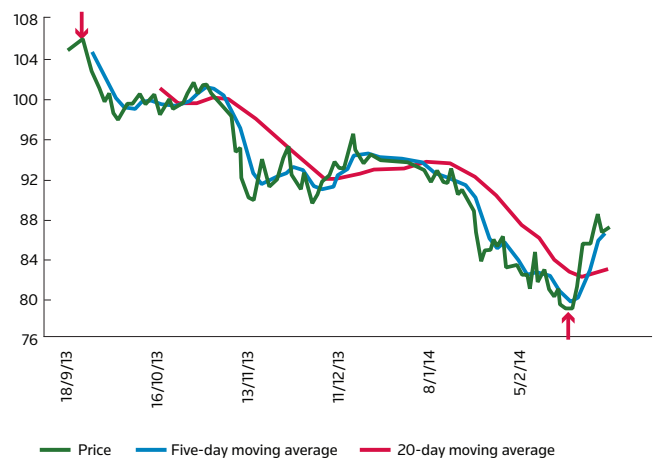
BID PRICES



Source: Tradeweb

**VENEZUELA 12.75% 2022 US\$ BONDS**

BID PRICES



Source: Tradeweb

**ARGENTINA AND VENEZUELA 10YR CDS (IN BASIS POINTS)**

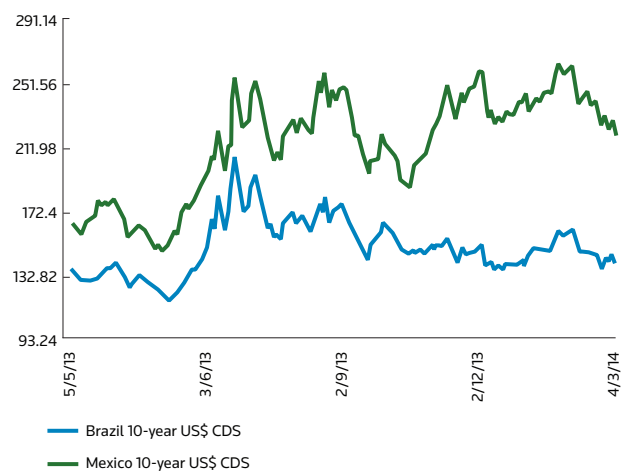
BID PRICES



Source: Thomson Reuters EOD/CreditViews

**BRAZIL AND MEXICO 10YR CDSOVER (IN BASIS POINTS)**

BID PRICES



Source: Thomson Reuters EOD/CreditViews

**ESTIMATED GDP WARRANT PAYMENTS (BASED ON ASSUMED 2013 GROWTH)**

Year	Argentina	Brazil	Chile	Colombia	Mexico	Panama	Peru	Venezuela	Others
2007	3.40	10.43	0.25	3.08	13.30	0.78	1.86	8.45	1.04
2008	0.17	6.58	0.68	1.14	8.66	0.74	0.48	5.72	0.14
2009	0.57	25.67	3.08	5.92	18.80	1.32	2.71	7.99	1.97
2010	4.20	38.69	7.06	2.17	26.44	0.45	5.16	8.23	0.60
2011	2.55	35.15	5.77	7.67	22.90	0.67	1.70	13.69	3.49
2012	0.81	40.26	7.48	6.80	30.52	0.59	6.05	4.92	3.70
2013	0.53	35.10	11.40	9.06	37.57	1.87	5.66	1.97	9.56
1Q14	-	7.45	2.54	1.99	9.76	0.20	0.44	0.88	0.60

Source: Thomson Reuters LPC

**LENDER SURVEY CONDUCTED BY THOMSON REUTERS LPC**

The survey was sent to senior syndicators at US, Canadian, European and local LatAm banks

**Biggest change in LatAm market in 2013**

- The return of European banks
- Increase in high yield loans
- Tightening pricing and fees
- New lenders participating in deals despite very low margins/yields
- Top Latin American credits obtaining pricing similar to that of comparable global names
- The change in interest rates trends
- Underwriting became more relevant as international banks stepped up
- Shift from Brazil to Mexico
- Slowdown in the bond market towards the end of the year
- Increased competitiveness of regional Latin American banks
- Lack of deal flow
- Aggressiveness of Japanese banks
- Financial institutions tapping the loan market for funds

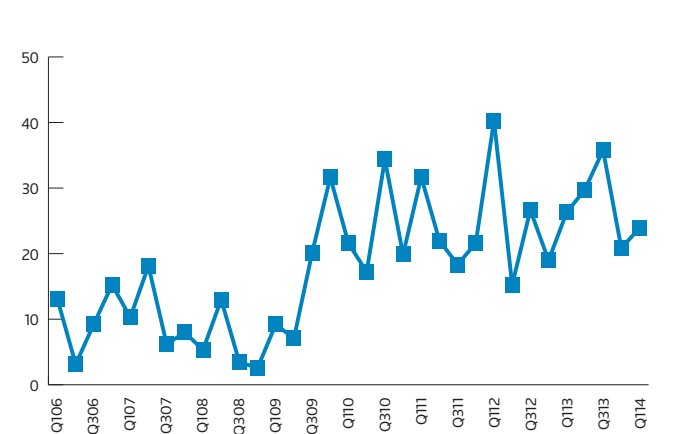
**Will regulatory pressures continue to lead to an increased focus on returns?**

Lender commentary

- Regulatory pressures have led to an increase in returns globally and expect this to continue in 2014
- Regulatory pressures did not have much of an effect in 2013, will become more relevant in 2014 as restrictions get closer
- The effects of regulatory changes are just starting
- More banks are focused on relationships because of regulatory pressures
- Lenders will struggle (internally) to provide 'desirable' funding for top-tier borrowers and probably start to look at second & possibly even third-tier names (in the corporate arena)
- Hopefully this will create some discipline going forward
- With cost of funds coming down, regulatory pressures will lessen

**QUARTERLY LATAM BOND ISSUANCE**

US\$BN



Source: Thomson Reuters

**Biggest obstacles to getting deals done in 2013?**

- Tight pricing and longer tenors
- Borrower price expectations
- Limited supply of deals
- Continued competition from the bond market
- Heightened competition between banks
- With very high levels of liquidity in the market, issuers went after "self-arranged" transactions with fewer banks

**What will be the biggest challenge, issue or opportunity in the latam market in 2014?**

Lender commentary

**Challenges/issues**

- Finding attractive deals
- Ample market capacity and liquidity
- Any potential unexpected credit and/or geopolitical event
- Continue to find the right balance between banks' balance sheet returns and being able to provide issuers with a pricing that is competitive in the current environment
- Continued pressure on fees and margins
- Maintenance or growth of private sector as central banks and multilaterals start to reduce their "blanket support"
- Brazil macroeconomic challenges

**Opportunities**

- Increase in acquisition financing as Latin America issuers continue to emerge as global corporations