

Global financial crisis, banking crisis and first country risk in the viewpoint of domestic risk rating agencies

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Abstract

In a period of dire financial crisis, with which all countries seem to cope, it seemed interesting to analyse the assessment of the risk for our country, viewed from the vantage point of our domestic rating agencies, but also compared to assessments made to our country by international rating agencies, such as Moody's rating agency, Standard & Poor rating agency, Fitch ratings agency etc. The objective of this study is to recognize indicators and factors affecting the risk assessment and rating of a country, and evaluate whether there has been an impact of the financial crisis faced by other countries in the rating given to Albanian by domestic and foreign agencies. We stopped at the history of earlier financial crisis development to understand better what is happening in this financial crisis. We shall develop upon a wide existing literature, and a range of credible resources such as the IMF, the World Bank, the International Institute of Finance, Economic Intelligence Unit, and local official data sources, eg. The Bank of Albania and INSTAT).

Key words: Financial crisis, banking risk, national risk, rating

Methodology

This paper shall provide general information on the financial crisis, its influence in Albania and risk rating for our country. The basic research shall focus on reviewing available sources on financial crisis, country risk rating, obtained from credible sources such as the IMF, the World Bank, the International Institute of Finance, Economic Intelligence Unit, the Bank of Albania and INSTAT. We shall study the risk rating for Albania, by comparing the rating given by international rating agencies such as Moody's, Standard & Poor, Fitch, and ratings rendered by a domestic agency, the Raiffeisen Bank.

Some words on the background history of earlier financial crisis

The aim of this short summary on the largest financial crisis the world has seen is to freshen the memory of the readers, but also to comprehend features and characteristics of the current financial crisis. Using statistical data collected and processed since the 17th century, Klindberger Ch., (1996),¹ Reinhart e al (2009)², and other authors claim that independently of features and characteristics representing special cycles of financial crises, they are all characterized by positive and negative deviations in comparison to the general tendency. These deviations are generally spotted in terms of size and duration of such crisis. Various authors state that in essence, all financial crisis have four stages: the hoisting phase, unrestrained enthusiasm, fear and disruption phase, and reorganization. Klindberger states that the economic growth phase is characterised by an increase in production, investment and employment. In the stage of unrestrained enthusiasm, the economic growth pace increases generally, hopes of enrichment of people are on the rise, all rhythm of economic and financial transactions, real and fictitious prices, goods and services, and long term assets. In this stage, the assets grow to a large extent. When the upraise reaches its peak, the downward movement begins, with the same market mechanisms which initially cause the high enthusiasm. This is where the second stage begins, fear and disruption, which is noticeable in people and institutions. This fear is related to prices and expected profits, and all other economic and financial indicators. In this stage, production decreases, investments are suspended, unemployment grows, etc.

At the end of the freefall period, the period of fatigue sets in, combined with a long period of reorganization, coping with decreasing real and fictitious prices of products, goods, services and long term material assets. There are efforts of economic units of all ranges to clean up balances from fictitious elements, and to re-establish real relations between various indicators and various sides of economy. In this stage, the effects of the crisis are felt throughout the economy. People tend to narrow down their consumption to necessary minimums, and cut their excessive consumption or unnecessary investments. Literature suggests that this stage may be further extended, if the state does not intervene. By intervention of financial and monetary authorities, fair relations of macro-economic indicators are established, various losses are coped with, liabilities are paid, accounting balances are improved by removing fictitious values, the trust of the people is regained, and by that they begin consuming and investing again, thereby jumpstarting the engine of the economy for a new rise.

In relation to the duration of economic cycles, the International Cycles Research at Columbia University, USA, suggests that from 1857 until 1945, the stages of rise and high enthusiasm have had an average duration of 39 months, while the stages of fear, disruption and reorganization have had an average duration of 21 months. After the World War II, crisis took 50 months in the economic rise period, and 11 months of recession and economic downfall. It may be concluded that in both periods, the economic cycles have had an average duration of 60 months in both cases, albeit with a positive change, which is the extension of the growing period, and shortening of the downfall period.

¹ Klindberger Ch., (1996) në "Manias, Panics and Crashes: A history of Financial Crisis", NY Basic books 3rd ed.

² Carmen Reinhart, Kenneth Rogoff (2009), "This time is different: Eight centuries of financial folly".

The reoccurrence of crisis is unavoidable, parallel with the reappearance of economic cycles. Economists have had the task of finding paths of coping with crisis, and in overcoming such crisis with as few damages as possible during any period of development.

By not wanting to dwell on every financial crisis of the world, after the crisis in 1945, we would like to state that the last crisis is the one having its onset with the bankruptcy of the famous US company "Lehman and Brothers", on 15th of September 2008. It also involved the rating of credibility of debts throughout the world. The beginning of the financial and banking crisis was already a reality. The crisis expanded rapidly to all other world markets. A decline in stocks was noticed in all stock markets, followed by a sharp decline of real estate prices in US and developed European countries. Setting from credible information sources, such as local stock indexes such as MSCI, the decline of bonds had a rapid pace also in 2009 and 2010. To overcome the difficult situation, the US and EU countries begun taking extraordinary measures to save first and foremost the countries from bankruptcy of banking systems, which were overwhelmed with bad loans, and suspicious non-payable liabilities. Due to the effect on the banking systems, the measures taken by states were proven to be insufficient, and the crisis began expanding into the real economy, thereby influencing whole branches of economy, such as construction, automotive industries, etc. The decline in production was coupled with a concerning growth of unemployment, thereby indicating deflation. "The Economist" in March 2009 published the data on unemployment rates in the most important countries of the world: in US, the unemployment rate in February 2009 reached 8,1%, thereby marking the highest rate of the 21st century, and especially in the last 50 years. China had cut 3% of jobs (around 20M people). Other indicators of the crisis, according to the IMF, also included the high budgetary deficits in a ratio with the GNP, and the heavy burden of public debts. These two indicators were grossly high for Greece and Italy, thereby rendering difficult any further loans.

The most recent rating data, pertaining to December 2010, and the first semester of 2011, show a deterioration, especially for Greece and Italy. Greece was rated C by Raiffeisen Group, and Ca by Moody's, with a negative inclination. Greece has been rated C from B3, while Italy A3 from A2. This is related to the most recent crisis in the Eurozone³. Greece seems to have a dire situation in quality factors, which are related to internal and external political risk, and financial sector and access to international equity markets.

The impact of the 2008 crisis in Albania

Albania has had numerous debates amongst economists, but also politicians from various wings, on the effects of the crisis in Albania. Has there been any financial crisis in Albania? What have been the most important effects thereof? What are the policies to be pursued to alleviate the situation?

To respond to these questions, one must initially understand the nature and extent of the possible impact of the economic and financial crisis generally on our economy, and secondly, we must identify factors and features characterizing our economy.

If we would set off from the status of development and structure of our economy, economists would suggest that our country enjoys a relatively poor

³ Sovereign Crise

development level, with its banking and financial systems being less complex than in other countries. Although there is a number of foreign and domestic banks operating in our economy, not all financial instruments, as used in other countries, are used in Albania. There are no transactions of different types of bonds (apart from treasury bonds), there are no transactions with various financial derivatives. This means that clients, and banks, are not very much exposed to negative fluctuations of various world markets. For this reason, economists cling to the idea that the integration of our internal financial market with the world economy is much poorer than in any other country more affected by the crisis.

The size and structure of our economy are less susceptible to fluctuations in global economy. Since around 60% of the GDP consists of services, a sector which is dominated by education, health care, defence, etc., which are even less sensitive to such fluctuations. Around 19% of the GDP is made by the agriculture sector, which is considered to be relatively less sensitive to the crisis, since the consumption of such products is not affected that much in comparison with industrial products, e.g. the construction sector, which has enjoyed the highest development pace in the recent years in Albania, which may be largely affected by the global crisis. In the total structure of the GDP, it takes a share of 14%. The factors influencing the downward line of the construction sector are numerous, and are mainly related to the declining purchase power, costly construction sites, increased prices of imported construction materials, etc. One may notice a contraction in this sector, manifested in poor solvency, and payment of liabilities by apartments, in dire absence of cash.

In relation to industrial manufacturing, its share in the GDP is 8%⁴ in average, consisting largely of electricity generation by hydro-power plants. As it is widely known, this generation is considerably dependant on climatic conditions. Also, this industrial sector includes manufacturing several minerals for export, and manufacturing of clothes, shoes (raw material supplied by the requestor).

This sector has recorded a slowdown, due to the declining prices of mineral commodities in global markets, difficulties in exporting textile and shoe industry goods, and if we combine the declining purchase power in countries receiving such goods, than we may freely say that all these shall have their toll on our growth trends, which shall slow down, thereby influencing unemployment, and ultimately the purchase power in the country.

One cannot forget the fact that the remittances from abroad, which make for an important source of purchasing parity of the country, and an important factor influencing the exchange of our currency in comparison to foreign currencies, are declining as well. Numerous reasons may be numerated, though one cannot fail to see the connection with economic declines of both neighbouring countries, Greece and Italy.

Banking risk and country risk from the vantage point of domestic risk rating agencies

Scholars, government officials and international institutions have finally understood that in this globalization era, national authorities' control and oversight of markets must be strengthened, parallel with activities of international institutions, such as the WTO, IMF, WB⁵ etc. One cannot forget to mention the 2009 meeting of the G-20, a

⁴ Information obtained from the official site of the Ministry of Finance.

⁵ WTO – World Trade Organization.

meeting considered to be the beginning of a new era for the global economic order due to the results achieved. The most important decisions of the G-20 summit are related to recognition by the countries of the need to strengthen state control and intervention for better operations of markets and preventing disastrous crisis, within which one might mention the addition of resources and strengthening of the IMF role, in coping with negative phenomena brought about by the world economy, also helping developing countries. In lieu with these, the decision was to triple the IMF funds from \$250 to \$750 Billion⁶. The IMF was given the right to place \$250 Billion in Special Drawing Rights⁷, to help the most needy member states.

Another important decision of the G-20 was the establishment of a new board for financial stabilization, which together with the IMF would raise the flags on risks potentially to be faced by the world's economy, and measures to be taken to avoid excessive loaning, strengthening own ventures by banks, creating necessary reserve funds in high profit years, to cope with any difficulty in the future. Another issue was discussed in terms of taking measures for a more stricter limitation and control of the so-called "tax havens", placing stronger controls on the so-called "Hedge Funds"⁸.

One of the special measures included good functioning of rating companies, be they private such as Moody's, Standard & Poor, Fitch etc., and domestic agencies in various countries which deal with rating risks of the banks and country.

There are many rating agencies by risk level⁹ faced by many countries. These agencies make risk assessment based on scoring to be given to an entity or a country. The most known companies are Moody's, Fitch; Standard & Poor's; securities rating agencies.

These companies make qualitative and quantitative analysis based on economic indicators, and based on scores assessing quality and quantity indicators, thereby issuing a risk rating of countries and all financial or international companies, mainly those listed.

To explain how does a domestic agency go about rating the risk of companies or a country, we have taken the example of the Raiffeisen Group. This Group, based on a similar methodology with other rating agencies, such as Standard & Poor's, moody's rates its clients (mainly corporations and financial institutions) and the country. This company may afford its entry into the analysis, because it is a company present in more than one country (a total of 17 affiliate branches abroad Austria, and a large number of sub-branches, such as in Singapore, London, Washington, etc.). This company also enables various transactions between countries. Let us see how the country risk has been assessed by the Raiffeisen Group (HO).

IMF – International Monetary Fund.

WB – World Bank

⁶ Data source: Bloomberg, April 2009

⁷ SDR – Special Drawing Rights, meaning the currency used by the IMF to regulate international liquidations.

⁸ Large speculative funds to counterbalance risks.

⁹ In literature, these agencies are known by the term rating agency.

The Country Rating Model at Raiffeisen Bank - RZB¹⁰

To analyse the risk of the country in which a transaction is made, the RZB analyses several indicators of all countries it engages in transactions with.

First and foremost, the quantity indicators of economic risk are assessed. Such an analysis takes into account the economic indicators of the country being rated by the rating agency. To obtain such indicators, credible sources are used, such as the IMF, World Bank, the International Institute of Finance (IIF), Economic Intelligence Unit (EIU) and domestic official websites (such as Bank of Albania and INSTAT). Further, the agency selects the quantitative indicators. These indicators are divided into two groups, for the purposes of the analysis:

Potential indicators – how much assets can the economy potentially generate?

Balance indicators – internal and external balances

According to the RZB agency, potential economic indicators to be considered include: population, which is studied separately: number, growth, unemployment, education levels; resources; economic structure GDP, investments, exports; economic growth: GDP, consumer demand, industrial production, public consumption, and growth of loan provision.

These indicators are noted in various time periods, looking at the past, current developments, and projections for these indicators.

At the same time, internal balances are reviewed, in studying capability of countries to fund their internal public expenditure only by internal revenues. The main indicators assessed for this purpose are: ratio of budget revenues to GDP, ratio of government debt to GDP, ratio of budget expenditure to GDP. Indicators of annual inflation and government debt are also reviewed as a priority.

The rating agency also studies relevant information on financial positions and liquidity of a country. The major funding make for the demand of the country for currency exchange be larger than the supply the country can generate. In studying these aspects, the agency reviews the external debts, payments' balance, exchange rates, currency reserves, and import coverage.

High importance is assigned to problems of country's liquidity by the agency, especially in conditions generated by the financial crisis which has captured the world for several years already. In studying liquidity, the agency takes into consideration specifically the indicators related to: deficits in current accounts and repayment of external debt instalments, funding demands, the manner of covering these funding demands. When studying the manner of covering for funding demands, the agency views whether that is made by using capital incomes, therefore represented by portfolio investment or by foreign direct investments (FDI), or funding was made from loans.

If the country is not capable to access international capital markets, it must direct itself to withdrawals from currency reserves, or might require bilateral/multilateral support.

Further, we shall be introduced to the ceilings set by the domestic agency, which are taken into account to rate the country.

- Annual real GDP growth < 2%
- Annual inflation > 10%
- Unemployment > 10%
- Budget deficit > 3% of GDP

¹⁰ RZB – Raiffeisen Bank

- Deficit in current account	> 3% of GDP
- Currency reserves	< 3 months of import coverage
- Total external debt	> 50% of GDP
- External debt/export service	> 25%
- Short-term debt/Reserves	> 60%

Based on these relations and specific weights each indicator is assigned, a + or a - is given for each indicator, thereby making the quantitative assessment outcomes based on scores. Important items are also quality indicators of political risk type. In the tables below, which are presented as annexes of the present paper, it is clear how the country is rated by the private agency Moody's and by the domestic agency RZB. As one may see in the last table, there is a sum of quantitative sorting (quantitative indicators) and the sum of qualitative sorting (qualitative indicators), thereby making the total score of the country. The results show that the domestic agency was a bit more conservative in calculating the country risk rating than the private agency Moody's. Therefore, Albania, according to the RZB keeps the rating of B4 for more than 2 years, from July 2007 to December 2009, while according to Moody's, it is rated B1, which means a stable economic/financial situation. If one would comment on the last table, which compares Albania, Bulgaria and Croatia, the first part of the table analyses and assesses internal qualitative indicators, such as: GDP per capita, real GDP growth, annual inflation rate, budget deficit and concentration of exports in percentages. Further, external indicators are analysed, such as: total external debt, external debt in a ratio of GDP (in %), external debt to exports (in %), short term debts to total debts, debt service to exports, current account balance. Further, the liquidity indicators are assessed, including: coverage of imports (months), short term debts to currency reserves (in %), funding demands to reserves, net direct investment to funding demands.

The second part of the table reviews the political risk indicators, which are divided into two specific sectors: internal political risk, which analyse indicators such as economic management, economic environment, economic policies, inequality in income distribution, unemployment and living standard, legal and fiscal system standards. The external political risk indicators include: neighbourly relations, relations with international institutions, behaviour expected towards creditors. The last is the financial sector.

One must underline that Albania, for the period for which there are quantitative risk data, has been rated better than Bulgaria and Croatia, while it is scored negatively in terms of qualitative indicators' risks, which in total lowers the rating in comparison to the two countries we have mentioned. From this assessment, one may conclude that Albania must do more in the sense of fulfilling conditions to reduce political risks. In saying that, one must also take into account that we are also in compliance with permanent requirements presented by international institutions monitoring Albania's steps in opening EU membership negotiations.

The most recent official data published for each country were obtained from both agencies. This information is regularly updated at every moment new data are published. For Albania, the most recent information is from December 2010.

In the rating sheet, apart from risk assessment, there is also a short description of political developments of each specific country, which reflects a short background history, together with the most recent developments in the country, and also a summary

of economic developments, containing general economic data of the country under analysis and rating, thereby mentioning economic growth indicators, inflation, CPI, exchange rates, etc.

Usually, the information used by the rating agencies is the information published in official sites of competent institutions such as the Central Bank, Institute of Statistics, etc. Presently, for our country, we used the official website of the Bank of Albania, www.bankofalbania.org.

In the data above, Albania continues to be rated B4 in the first semester of 2011. Albania is one of the poorest economies in Europe, reflecting a permanent structural weakness. Inefficient infrastructure and poor institutional environment have impeded economic development.

Nevertheless, with the assistance of the IMF, the macroeconomic situation has been stabilized in the last years, with an average real rate of GDP of around 6% in the last 10 years, and an inflation rate kept at the limits of 2-4%, which has been in conformity of the objectives of the Central Bank ($3\pm 1\%$).

Albania was less influenced from the global financial crisis than other countries. By avoiding the recession, with a considerable increase of government expenditures, especially in infrastructure, which reached their peak in the last legislative elections in June 2009.

Growth engines have seriously lost their energy. Construction, one of the key sectors of economy generating growth, has suffered a decrease of 30% in 2010, and there is no expectation of improvement. In these conditions, the possibility for further investment in infrastructure is extremely limited, as a consequence of very high public debts. The largest growth in the last two semesters was generated by the sectors of services and electricity generation, the latter being largely dependant on climatic conditions.

The largest economic challenges derive from chronic external deficits, including the real commercial deficit and current account, and the high public debt. Although still in lower levels, the external debt has marked concerning curves. Albania has recorded a very high level of public debt and external debt in general, in comparison to its development rate. Necessary infrastructure expenditure and the lack of production development facilities make for the understanding that the external and public debt is higher than reported.

The unstable political climate and the negative opinion of the European Commission in terms of the Candidate status can only make for impediments to the optimal use of scarce public funding, with a negative impact on future growth and will make pressure on Government Rating (Sovereign) .

Conclusions

Rating of different countries is strongly based on accuracy and quality of information, its credibility.

Albania must do more in terms of fulfilling conditions for lowering political risk.

The objective of rating the country risk is to take into account the risk of transactions made in various countries based on client demands, especially for products that may be offered in relation to these international transactions. These may be documentary loan

products, such as: Credit Letter, Warranty Letter, treasury products such as placements and deposits abroad, currency exchanges (Forward and Spot) etc.

The purpose of this analysis is to set maximal limits of group exposure to a country for all transactions made.

The main basis of limit approval is the country rating (A1, A2,.. etc), transaction maturity periods and products. These limits are reviewed on annual basis, and are combined with demands that the bank / country has for transactions with various countries.

The comparison with rating of international rating agencies is the basis for rating accuracy. The risk rating reports are updated in monthly/quarterly basis.

In extraordinary events in financial markets, information may even be updated daily (the Greek case).

The Raiffeisen Bank HQ has an integrated risk division, which engages in the analysis of these risks in a centralized manner.

The domestic RZB agency was more conservative in calculating the country risk rating than the private agency Moody's.

ANNEXES

A1 unidentifiable – payment capacity is outstanding

A2 unidentifiable - payment capacity is very strong

A3 unidentifiable – payment capacity is strong

B1 must be kept under control (observation) – payment capacity is good

B2 must be kept under control (observation) – payment capacity is satisfactory

B3 must be kept under control (observation) – payment capacity is sufficient

B4 must be kept under control (observation) – payment capacity is disputable

B5 must be kept under control (observation) – payment capacity is very disputable

C very high risk – payment capacity is unsure

D non-payment (in default)

Rating class	Scores	Comparison to Moody's Rating
A1	90-100	Aaa
A2	80-90	Aa1-Aa3
A3	65-80	A1-A2
B1	57-65	A3- Baa1
B2	50-57	Baa2-Baa3
B3	40-50	Ba1-Ba2
B4	30-40	Ba3-B1
B5	20-30	B2-B3
C	0-20	Caa-Ca
D	Default	D

2.d. Analysis made for Albania and several regional countries by Raiffeisen Grup

Baseline economic data and projections	2007	2008	2009	2010	2011f	2012f
Population (thousands, avg)	3175	3187	3190	3194	3195	3195
Nominal GDP (EUR Billion)	7.8	8.9	8.8	9.4	9.7	10.2
Real GDP (% yoy)	6	7.9	4	3.9	3.5	3
GDP Per capita (EUR) 2	2463	2781	2764	2928	3046	3192
Industrial production (% yoy)	4.5	4.5	1	2	3	3
Unemployment rate (average in %)	13.6	12.6	13.5	13.5	14	13.8
Gross average monthly salary increase (EUR)	289	325	317	342	369	369
Manufacturer price (avg % yoy)	4.1	6.5	5	4	3.7	5
Consumer price (avg % yoy)	2.9	3.4	2.2	3.6	3.8	3.6
Consumer price (end of period % yoy)	3.1	2.2	3.5	2.5	3	3
General Budget balance (% of GDP)	-4.8	-5.5	-7	-5.7	-5.6	-5.5
Public debt (% of GDP)	52.8	54.8	59.5	59.5	59	59
Current account balance (% of GDP)	-10.6	-15.8	-15.6	-10.3	-11.5	-10.9
FDI (% of GDP)	6	7	7.6	8	6.2	6.4
Official currency reserves (EUR Billion)	1.3	1.8	1.6	1.9	1.9	1.9
EUR/ALL (end period)	121.8	123.8	138	138.5	142.1	140
EUR/ALL (avg)	123.6	122.7	132.1	137.8	140.5	140
USD/ALL (end period)	83.4	89.1	96.3	103.6	109.3	112
USD/ALL (avg)	90.2	83.5	94.7	103.9	102	112.3
EUR/USD (end period)	1.46	1.39	1.44	1.37	1.25	1.25
EUR/USD (avg)	1.37	1.47	1.4	1.33	1.38	1.26

Basic data for Albania

Source: Bank of Albania, REUTER, IMF

For 2011, the expectation of these indicators was taken based on publications of the last quarter of 2010 (www.bankofalbania.org)

Tab. 1 Country's rating history - sovereign - ALBANIA

Rating Data	RZB Rating Class	RZB Rating Score	Moody's*	S&P*
29-Jun-11	B4	38.87	B1	
23-Dec-10	B4	37.41	B1	
29-Jun-10	Ba	33.32	B1	
23-Dec-09	B4	33.09	B1	
30-Jun-09	B4	33.78	B1	
19-Dec-08	B4	36.50	B1	
1-Jul-08	B4	31.97	B1	
24-Jan-08	B4	33.31	B1	
11-Jul-07	B4	30.47	B1	
23-Jan-07	B5	28.84	nr	
30-Jun-06	B5	29.13	nr	
9-Feb-06	B5	28.54	nr	

Source: Raiffeisen Bank (confidential)

Tab. 2 Current Rating for regional countries

ISO-Code	Country	RZB Rating Class	RZB Rating Score	Moody's*	S&P*
AL	ALBANIA	B4	38.87	B1	
AT	AUSTRIA	A1	92.58	Aaa	
BG	BULGARIA	B3	49.26	Baa3	
HR	CROATIA	B3	44.42	Baa3	
GR	GREECE	C	36.96	Ca	
IT	ITALY	A3	79.86	A2	
RK	KOSOVO	B5	24.99	nr	
MK	MACEDONIA	B4	34.06	nr	
ME	MONTENEGRO	B5	29.56	Ba3	
RO	ROMANIA	B3	45.46	Baa3	
RS	SERBIA	B4	37.05	nr	
CS	SERBIA AND MONTENEGRO	-		nr	
SI	SLOVENIA	A2	83.05	Aa3	
TR	TURKEY	B3	40.85	Ba2	

Source: Raiffeisen Bank (confidential)

Vendet Treguesit	Shqiperia		Bullgaria		Kroacia	
	Treguesit	Weighted Score	Treguesit	Weighted Score	Treguesit	Weighted Score
Rating Sasior						
Treguesit domestik (vendas)						
PBB / Fryme ne USD	3720	1.75	7100	2.14	14360	2.57
Rritja reale e PBB ne % (p.a.)	4	2.22	2.5	1.18	1.5	0.52
Norma inflacionit vjetor ne % p.a., mesatare	3.6	3.78	4.5	3.5	2.7	4
Deficiti Buxhetor ne % ndaj PBB	-3.8	1	-2.8	1.83	-4.3	0.58
Perqendrimi i Eksporteve ne % ndaj eksporteve	33	2.31	36.5	1.81	30.1	2.72
Treguesit e Jashtem						
Totali i borxhit te jashtem ne mil USD	4998	5	36093.4	2.67	59776.6	1.25
Borxhi jashtem / PBB ne %	44.02	4.33	68.7	1.9	92.8	0.01
Borxhi jashtem / Eksporteve G&S ne %	89.03	4.02	111.9	3.45	205.6	1.11
Borxhi afat-shkurter / Total borxhit ne %	11.67	5.96	37.16	0.02	9.66	6.5
Sherbimet e borxhit/ Eksporteve G&S ne %	2.1	6.5	18.3	3.8	39.7	0.01
Balanca e llogarise korente / PBB ne %	-10.3	0	-2.5	3.79	-3.2	3.03
Treguesit likuiditetit						
Mbulimi Importit (muajt)	4.2	2.76	6.6	4	6	4
Borxhi afat-shkurter / Rezervave valutore ne %	28.35	5	75.98	2.39	41.5	5
Kerkesat per Financime / Rezervave ne %	53.1	1.91	34.92	2.67	88.17	0.45
Investimet direkte Neto / Kerkesave per Financim ne %	63.42	4	51.11	3.11	13.04	0
Shuma e Rating sasior	50.54		38.26		31.75	
Treguesit e Riskut Politik						
Risku I brendshem politik						
Manaxhimi I ekonomise	-5	-5	3	3	2	2
Mjedisi Politik	-6	-6	3	3	2	2
Politika ekonomike	0	0	0	0	3	3
Pabarazia ne shperndarjen e te ardhurave	1	0.33	1	0.33	1	0.33
Papunesia, standardi I jeteses	-3	-1	0	0	0	0
Standardi I sistemit ligjor dhe fiskal	-3	-2	-3	-2	0	0
Risku I jashtem politik						
Marredheniet me vendet fqinje	0	0	1	0.67	1	0.67
Marredheniet me institucionet nderkombetare	0	0	2	1.33	3	2
Sjellja e pritshme kundrejt kreditoreve	0	0	3	2	1	0.67
Spektori Financiar	2	2	2	2	2	2
Aksesi ne tregjet nderkombetare te kapitalit	0	0	0	0	0	0
Faktoret Strukturore - perqendrimi	0	0	1	0.67	0	0
Shuma e ratingut cilesor	-11.67		11		12.67	
RZB Rating Score	38.87		49.26		44.42	
Final Rating (A1,A2,A3,B1,B2,B3,B4,B5,C,D)	B4		B3		B3	
Viti Baze : 2011	29/06/2011					
RZB Rating History	RZB Rating Class	RZB Rating Score	RZB Rating Class	RZB Rating Score	RZB Rating Class	RZB Rating Score
23/12/2010	B4	37.41	B3	42.03	B3	44.78
29/06/2010	B4	33.32	B3	47.33	B3	44.42
23/12/2009	B4	33.09	B3	44.59	B2	41.52
30/06/2009	B4	33.78	B3	41.74	B3	41.54
External Ratings	Rating Class	Outlook	Rating Class	Outlook	Rating Class	Outlook
Standard & Poor's:*						
Moody's:*	B1	stable	Baa2	stable	Baa3	stable

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Most recent rating results according to RZB for regional countries

Vendet	Shqipëria		Bullgaria		Kroacia		Serbia		Maqedonia		Mali i Zi		Slloveni		Kosova		Rumani		G
RZB Rating Histori	RZB Rating Klasa	RZB Rating Score	RZB Rating Klasa	RZB Rating Score	RZB Rating Klasa	RZB Rating Score	RZB Rating Klasa	RZB Rating Score	RZB Rating Klasa	RZB Rating Score	RZB Rating Klasa	RZB Rating Score	RZB Rating Klasa	RZB Rating Score	RZB Rating Klasa	RZB Rating Score	RZB Rating Klasa	RZB Rating Score	RZB Rating Klasa
23/12/2010	B4	37.41	B3	42.03	B3	44.78	B4	30.13	B4	38.12	B5	27.5	A2	83.26	B5	27.21	B3	41.55	B5
29/06/2010	B4	33.32	B3	47.33	B3	44.42	B4	31.53	B4	35.35	B5	26.67	A2	81.98	B5	20.78	B3	43.79	B4
23/12/2009	B4	33.09	B3	44.59	B2	41.52	B5	29.73	B4	35.95	B4	30.19	A2	81.25	B5	22.43	B3	41.09	B4
30/06/2009	B4	33.78	B3	41.74	B3	41.54	B5	26.27	B3	40.95	B4	30.04	A2	83.84			B3	41.01	B3
External Ratings	Rating Klasa	Outlook	Rating Klasa	Outlook	Rating Klasa	Outlook	Rating Klasa	Outlook	Rating Klasa	Outlook	Rating Klasa	Outlook	Rating Klasa	Outlook	Rating Klasa	Outlook	Rating Klasa	Outlook	Rating Klasa
Standard & Poor's: [*] Moody's: ^{**}	B1	stable	Baa2	stable	Baa3	stable	nr		nr		Ba3	stable	Aa3	stable	nr		Baa3	stable	Ca

Vendet	Shqipëria	Bullgaria	Kroacia	Serbia	Maqedonia	Mali i Zi	Slloveni	Kosova	Rumani	Greqj	Itali	Turqi
Treguesit	Score i Ponder.	Score i Ponder.	Score i Ponder.	Score i Ponder.	Score i Ponder.	Score i Ponder.	Score i Ponder.	Score i Ponder.	Score i Ponder.	Score i Ponder.	Score i Ponder.	Score i Ponder.
Shuma e Rating sasior	50.54	38.26	31.75	35.72	36.73	26.23	66.38	45.66	32.46	53.62	51.19	24.85
Shuma e ratingut olesor	-11.67	13.33	12.67	1.33	-2.67	3.33	16.67	-20.67	13	-16.67	22.67	16
RZB Rating Score	38.87	51.59	51.59	51.59	34.06	29.56	83.05	24.99	45.46	36.95	73.86	40.85
Final Rating (A1,A2,A3,B1,B2,B3,B4,B5,C,D)	B4	B3	B3	B4	B4	B4	A2	B5	B3	C	A3	B3

Source: Raiffeisen Bank (confidential).