



SCHWABE, LEY & GREINER
part of x1F

Bank Monitor

Are you at
the right bank?



www.slg.co.at

Objective criteria for selecting banks

With the SLG Bank Monitor,
you have near-time
information on the market
assessment of your bank
partners' creditworthiness.

The SLG Bank Monitor shows default probabilities calculated from CDS spreads – close to the market and updated daily. From these, we determine “implicit ratings” which you can compare with the agencies' official ratings.

Benefits for you:

- ▲ Keep a constant eye on counterparty risk.
- ▲ In addition to the official ratings, you also receive a market-implied assessment of your banks' creditworthiness, based on CDS.
- ▲ You don't need to deal with market data and the required financial mathematics.

The SLG Bank Monitor



Methodology:

The level of CDS spreads reflect the probability of default as seen from the market. By calculating the probabilities of default given by the CDS spreads, an implicit rating can be derived, which gives a more timely assessment of the creditworthiness than official ratings.



This is what the SLG Bank Monitor offers you:

- ▲ You name the banks whose creditworthiness you want us to monitor.
- ▲ We collect the relevant market data and traded probabilities of default.
- ▲ By comparing empirical default rates with traded probabilities we derive a market-implied rating.
- ▲ In addition, a relative rating is calculated in comparison to the median of the respective rating class.
- ▲ You receive your individual bank monitor as an Excel or PDF file by e-mail. Delivery is monthly or in other intervals specified by you.

Bank	FX	5 yr CDS-Spread in bp	PD (5yr)	Implicit rating according to CDS		
				absolut	relativ	
Agricultural Bank of China	USD	144,5	10,3%	BB	—	BB+ ▲
Banco Bradesco S.A.	USD	487,3	25,8%	B	▼	CCC+ ▼
Banco Santander SA	EUR	125,7	7,3%	BB	▼	BBB —

Bank monitor (excerpt)



From the Banking Monitor to the Counterparty Risk Report:

- ▲ The delivered credit scores can be imported into a risk management system or any Excel report.
- ▲ CDS-implied ratings serve as a basis for assigning risk-calibrated counterparty limits.
- ▲ This allows you to report to management not only on where you have your exposures but also on the resulting risk profile.