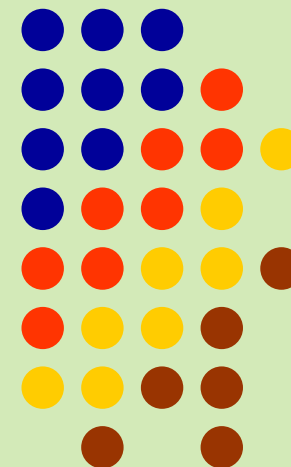


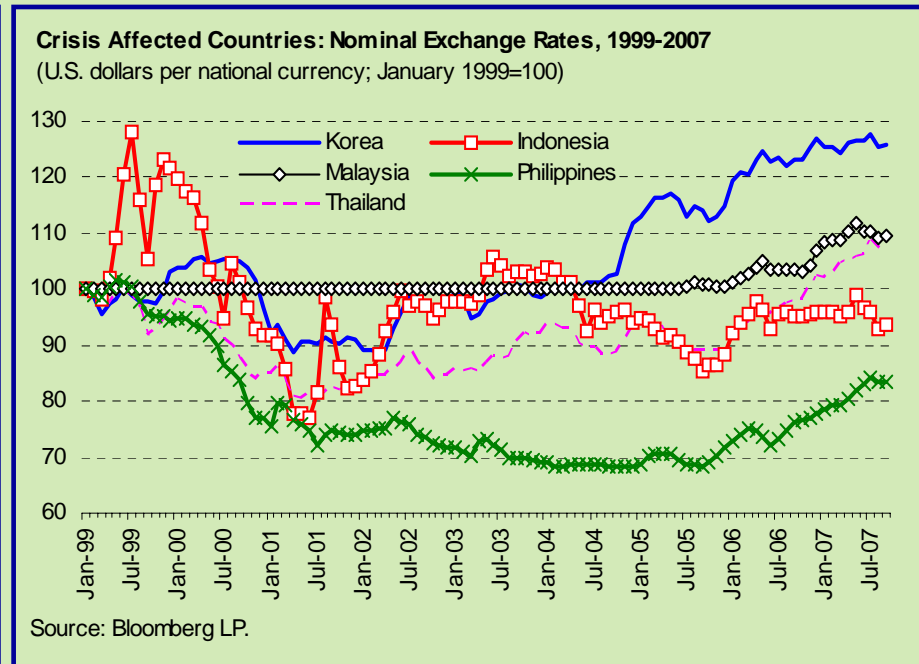
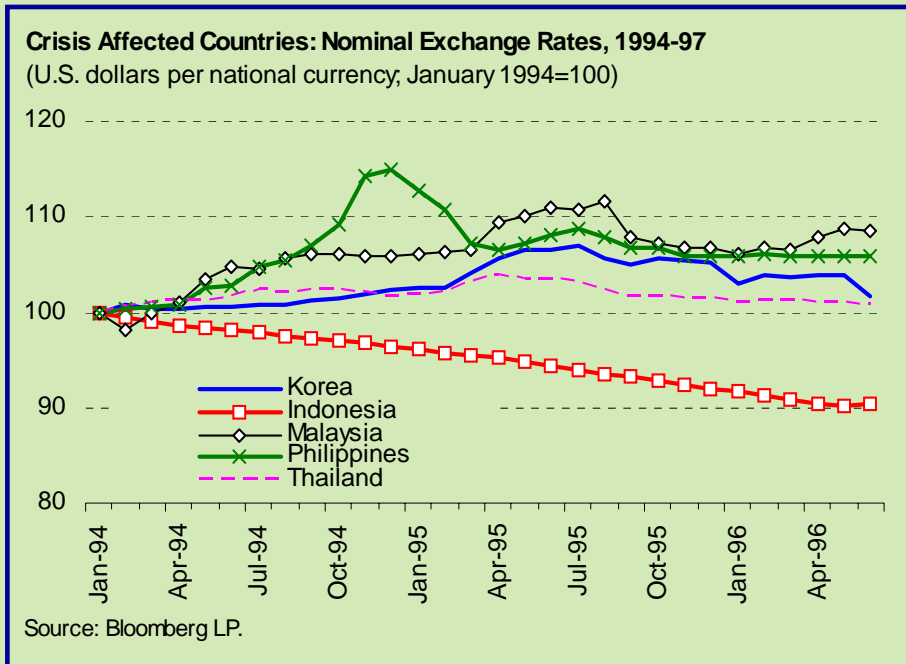
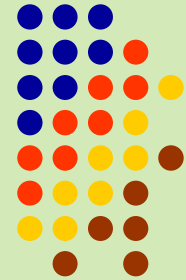
24th ABA General Meeting and Seminar
Asian Banks: Ten Years After the Asian Financial Crisis and Beyond

Plenary Session 1: Macroeconomic Challenges

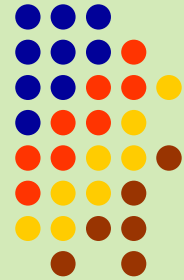
Akira Ariyoshi, Director
Regional Office for Asia and the Pacific
International Monetary Fund



Exchange rates are much more flexible.

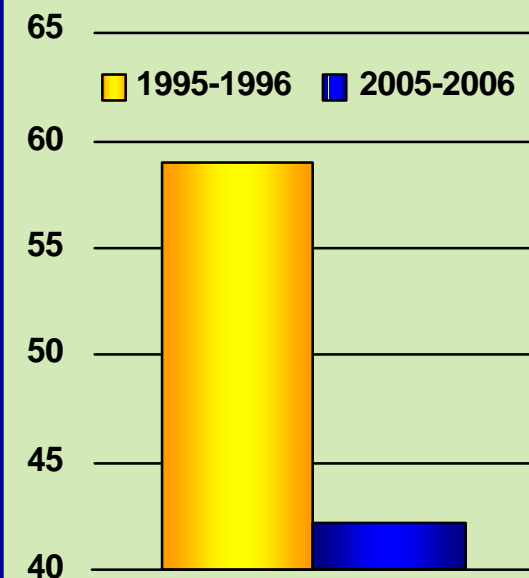


The external position is stronger.

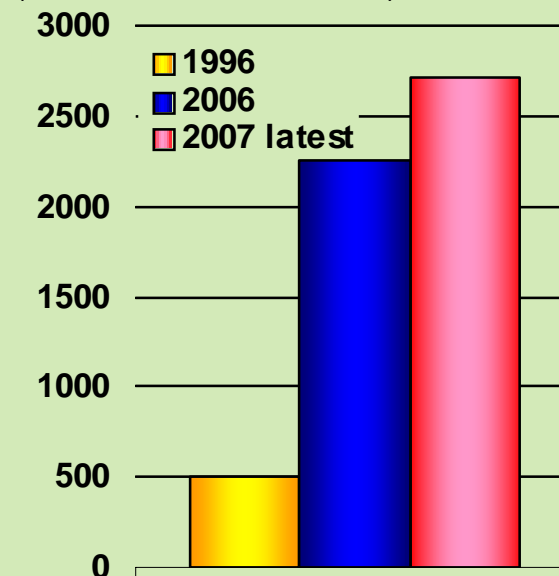


Emerging Asia 1/

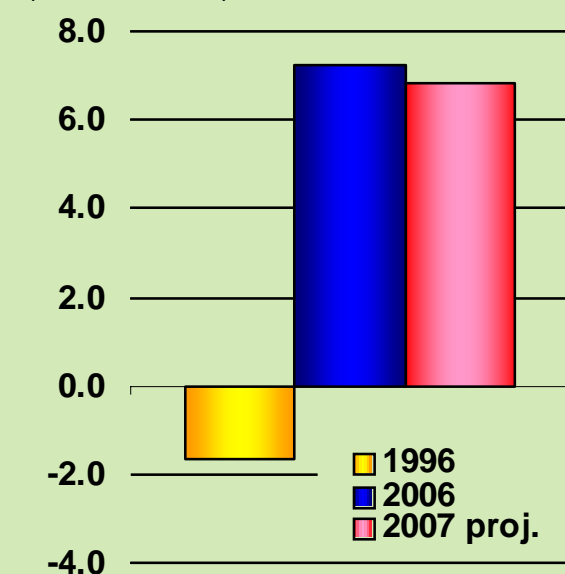
Total Foreign Debt
(In percent of GDP)



Total Foreign Reserves 2/
(In billions of U.S. dollars)



Current Account Balance 3/
(In % of GDP)

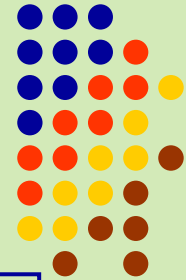


Source: IMF, Regional Economic Outlook and WEO database (October 2007).

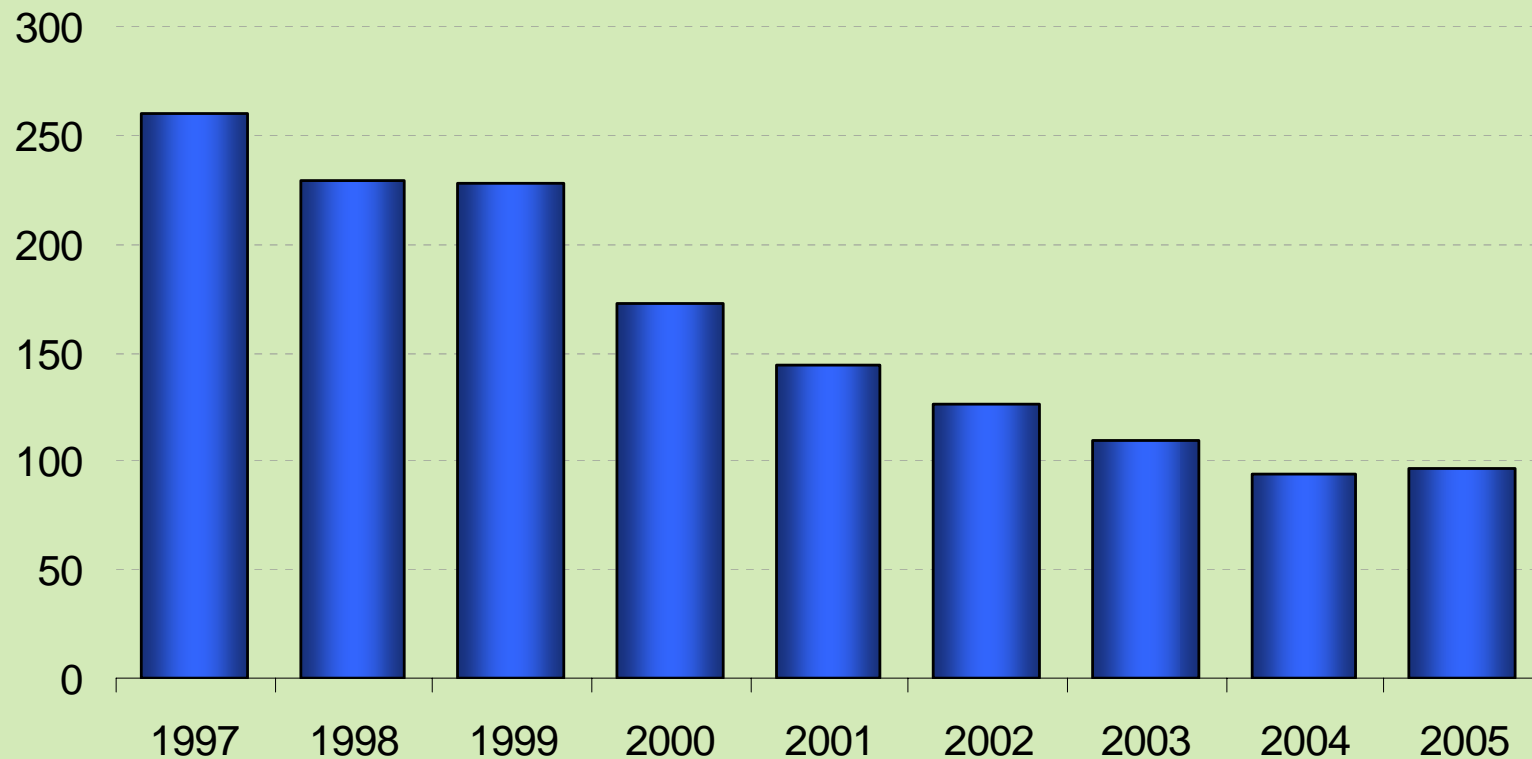
1/ Emerging Asia includes China, Hong Kong SAR, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan Province of China, Thailand and Vietnam.

2/ Sum of Emerging Asia 3/ Simple average

Once over-gearred companies have reduced their debt.



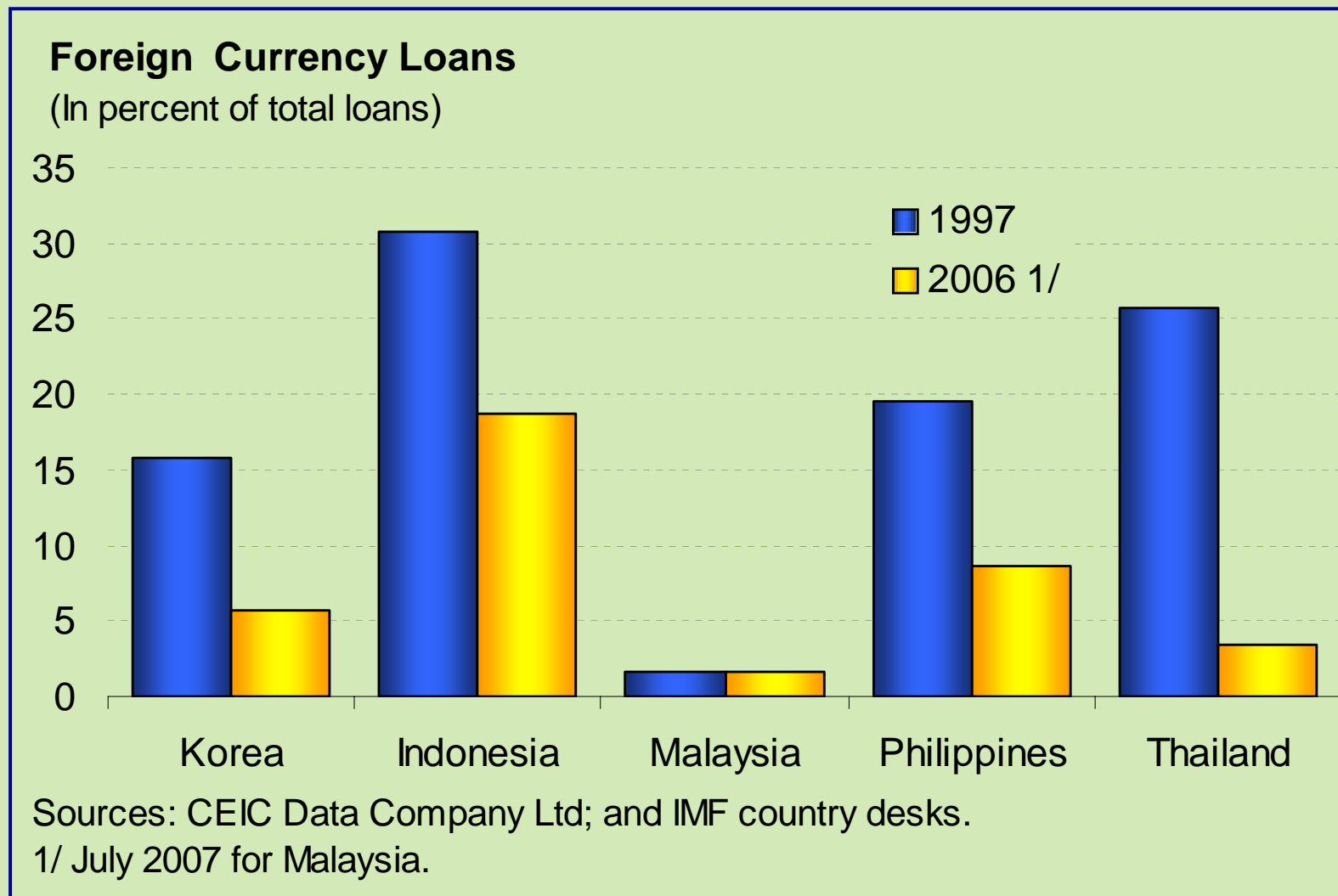
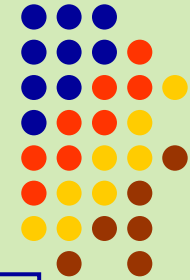
Crisis Affected Countries: Corporate Debt/Equity Ratio 1/
(In percent)



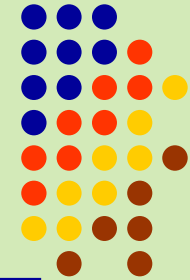
Source: IMF, Corporate Vulnerability Unit database.

1/ Nonfinancials. Simple average of Indonesia, Korea, Malaysia, Philippines, and Thailand.

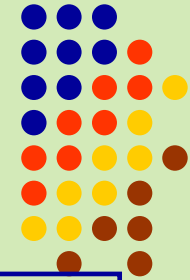
The share of foreign currency borrowing has declined significantly.



Corporate governance has improved ...

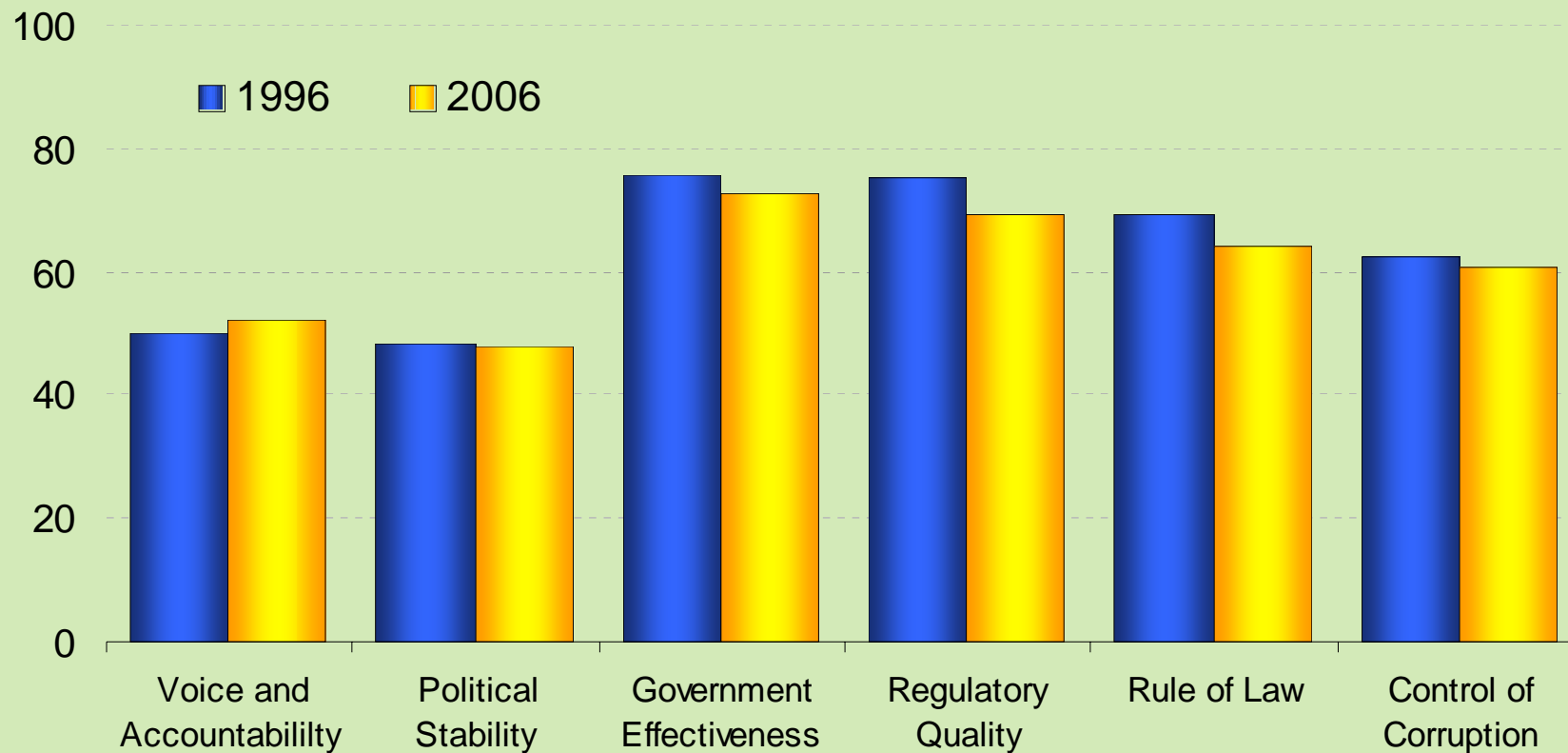


... although more remains to be done,
particularly in the public sector.



Emerging Asia: Governance Indicators 1/

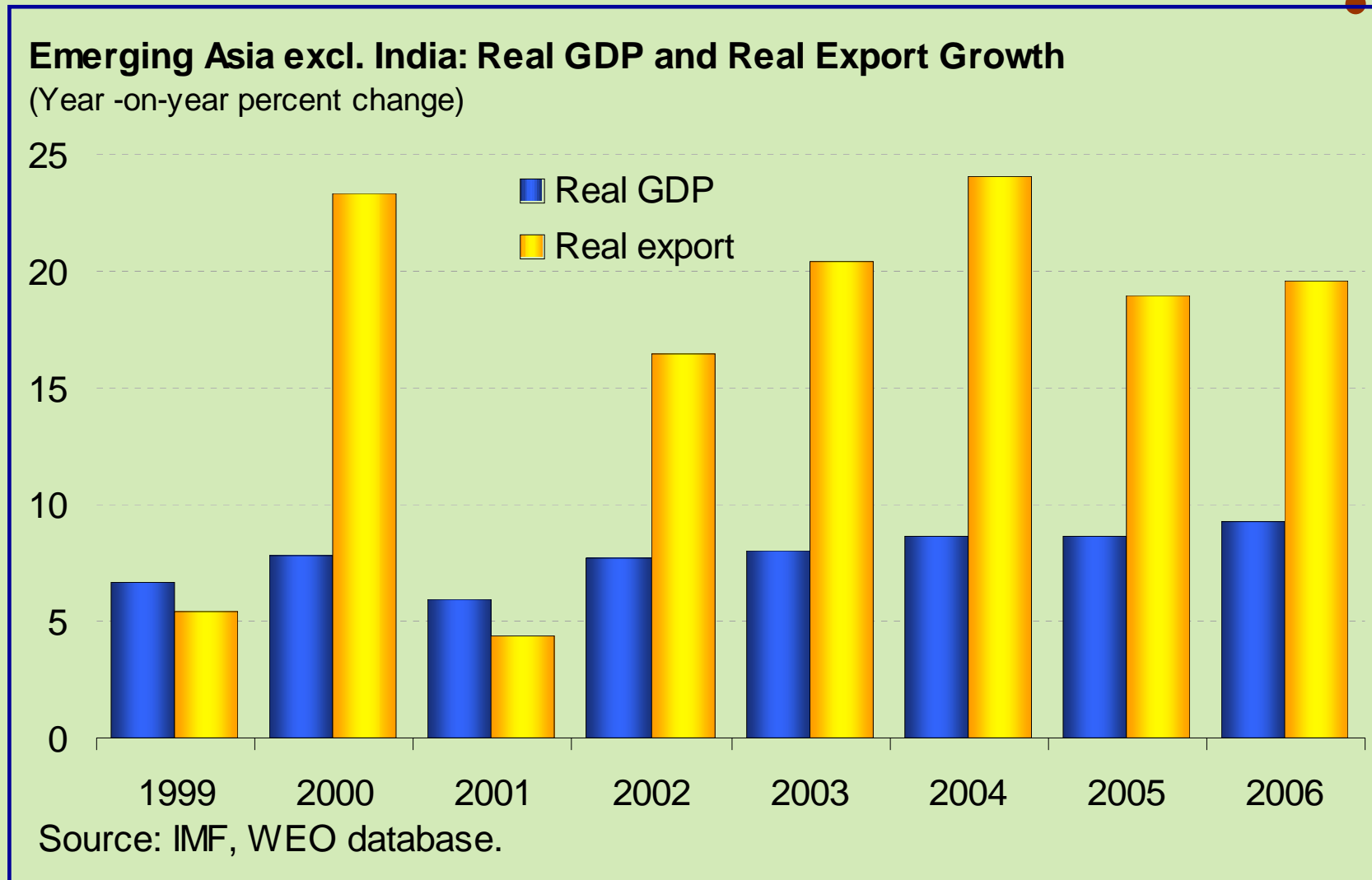
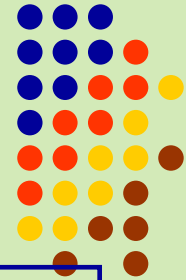
(Average, top ranking = 100)



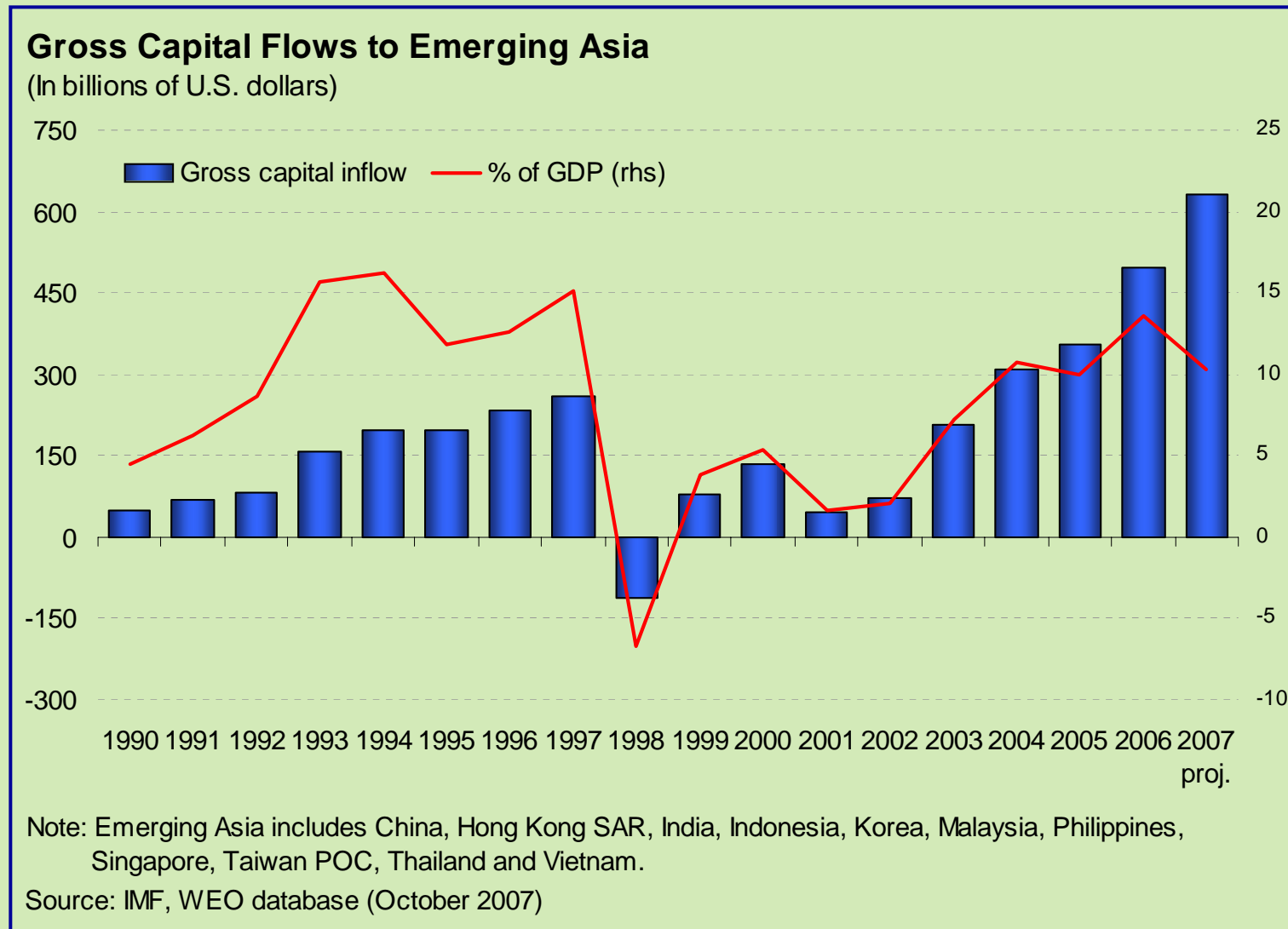
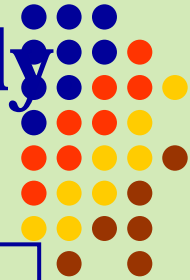
Source: World Bank, Governance Indicators database.

1/ Excludes China.

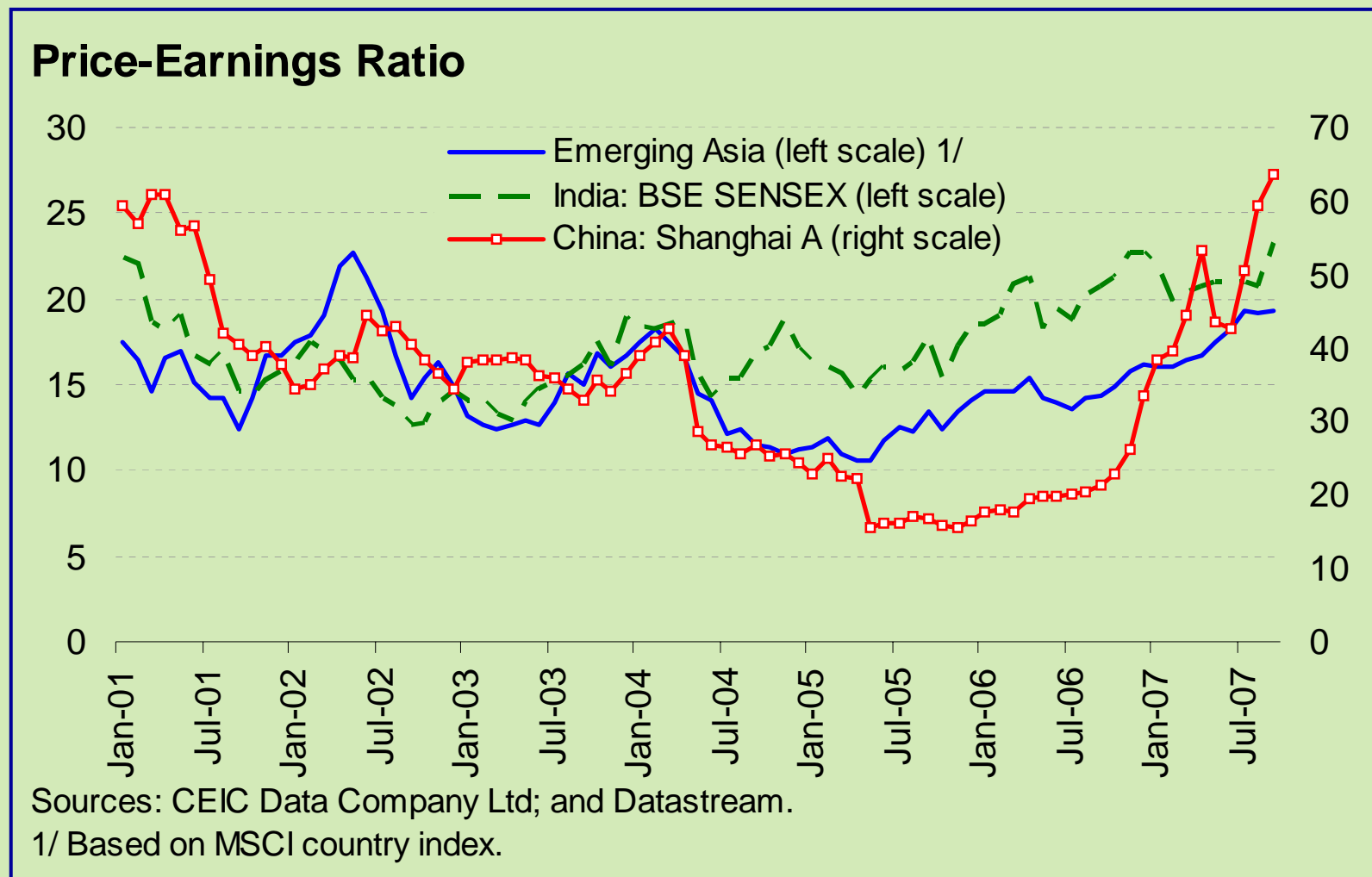
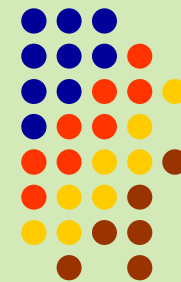
The region remains dependent on external demand.



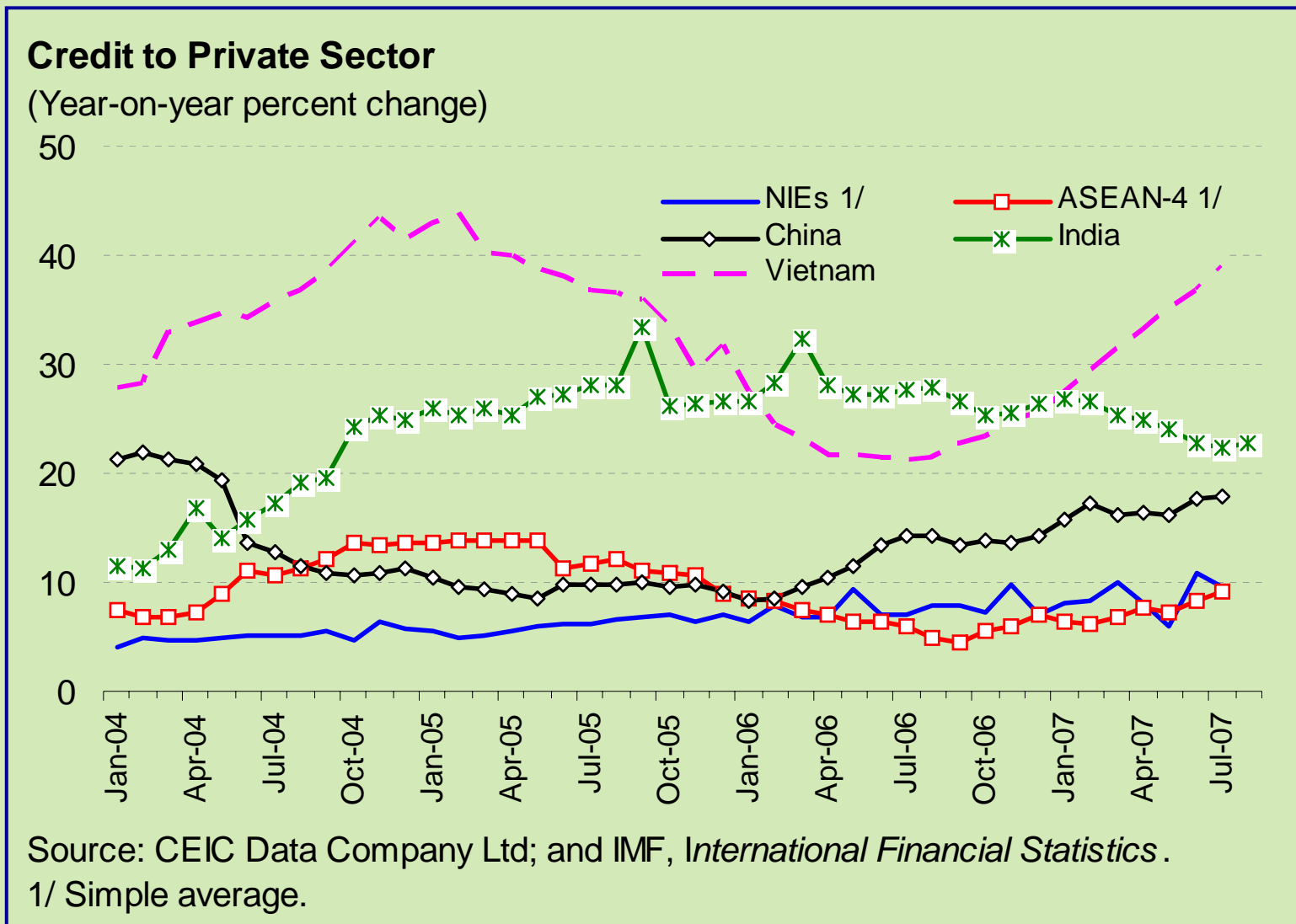
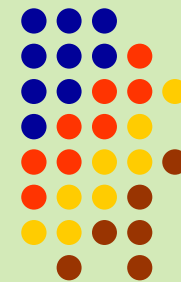
Capital flows to Asia have grown significantly



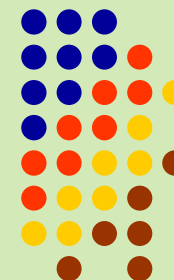
... with equity valuations, particularly in China and India, having appreciated significantly.



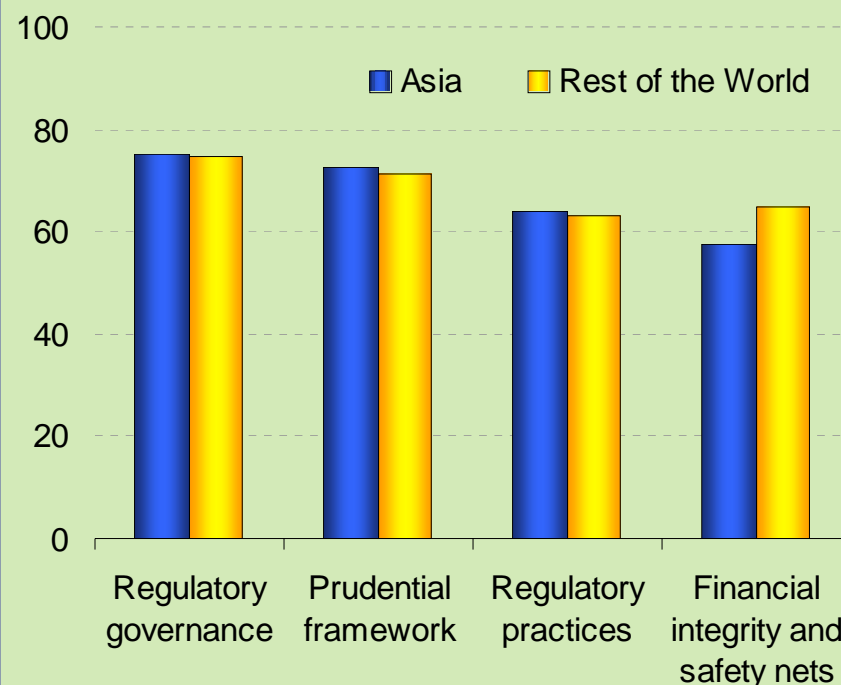
Still, there is little sign of a credit boom across Asia (with exception of China, India and Vietnam).



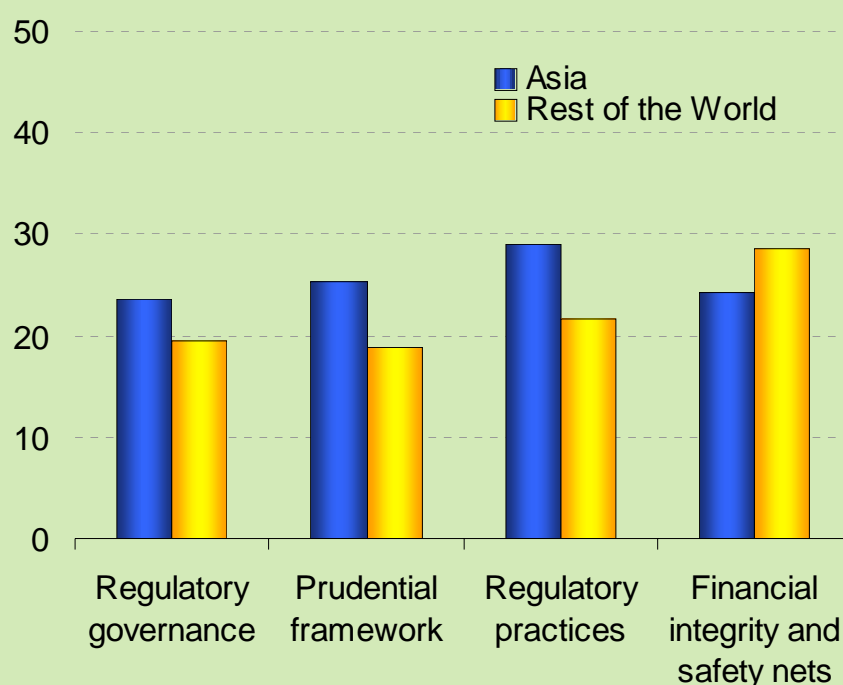
Compliance with Basel Core Principles show some vulnerabilities.



Component Grading (Average) 1/



Component Grading (Standard Deviation)



Source: IMF and World Bank, FSAP assessments.

1/ Simple average for observed countries. For each country, BCP component is the average grading of the principles in the standard. For each principle, 100 is the maximum grading (observance), and 0 is the minimum grading (no observance).

Non-performing loans are lower but remain elevated in some countries.

