

O, 187(6 2) 7+(O((7, 1* 2) 7+(%\$1&2 &(175\$/
' 2 %5\$6, / O21(7\$5< 32/, &< &200, 77((&232O
6XP PDU\
\$JJUHJDWH VXSS0\ DQG GHPDQG
([WHUQD0 HQYLURQPHQW
3ULFHV
3URVSHFWLYH DVVHVVPHQW RI LQIDWLRO WUHQGV
ORQH\ PDUNHW DQG RSHQ PDUNHW RSHUDWLROV
ORQHWDU\ SR0LF\ JXLGH0LQHV
([HFXWLYH 6HFUHWDU\ RI &232O
' DWH
30DFH I0RRU PHHWLQJ URRP %DQFR &HQWUD0 +HDGTXDUWHUV -
%UDVt0LD - ')
&D00HG WR RUGHU 3O RQ DQG 3O RQ
\$GMRXUQH 3O RQ DQG 3O RQ

, Q DWWHQGDQFH
OHPEHUV RI WKH %RDUG
\$UPtQLR)UDJD 1HWR - *RYHUQRU
&DU0RV (GXDUGR GH)UHLWDV
' DQLH0 /XL] *0HL]HU
(GLVRQ %HUQDUGHV GRV 6DQWRV
/XL])HUQDQGR)LJXHLUHGR
6pUJLR ' DUF\ GD 6L0YD \$0YHV
6pUJLR 5LEHLUR GD &RVWD : HU0DQJ

' HSDUWPHQW + HDGV
\$0WDPLU /RSHV - ' HSDUWPHQW RI (FRQRPLFV ' (3(&
' DVR ODUDQKmR &RLPEUD - ,QWHUQDWLRQD0 5HVHUYH 2SHUDWLQV
' HSDUWPHQW ' (3,1
/XL] *XVWDYR GD ODWWD ODFKDGR - ' HSDUWPHQW RI %DQNLQJ
2SHUDWLQV ' (%\$1
\$0H[DQG UH \$QWRQLR 7RPELQL - 5HVHDFK ' HSDUWPHQW ' (3(3
(GXDUGR +LWLUR 1DNDR - 2SHQ ODUNHW 2SHUDWLQV ' HSDUWPHQW
' (O\$%

2WKHU SDUWLFLSDQV
\$0H[DQG UH 3XQGHN 5RFKD - 6HQIRU \$GYLVRU WR WKH %RDUG
\$QWRQLR &DU0RV ORQWHLUR - ([HFXWLYH 6HFUHWDU\ RI WKH %RDUG
*XVWDYR %XVVLQJHU - &RQVX0WDQW WR ' (3(&
6pUJLR *R0GHQVWHLQ - &RQVX0WDQW WR WKH %RDUG DQG ([HFXWLYH
6HFUHWDU\ RI &232O
-RmR GRV 5HLV %RUJHV OXQL] - 3UHV \$GYLVRU \$6,03

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FRXQWU\¶V QHZ PRQHWDU\ SR0LF\ UHJLPH ZKLFK LV GHVLJQHG WR
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XQGHU LQGXFVULD0 DQG WUDGH VHFWRU VD0HV DV ZH00 DV FRQVXPHU
FUHGLW RSHUDWLQV ,Q D IUDPHZRUN RI PRUH G\QDPLF ZRUOG
HFRQRPLF JURZWK WKH GURS LQ WKH DFFXPX0DWHG WZH0YH PRQWK
WUDGH GHILFLW LQ WKH ' HFHPEHU -DQXDU\ SHULRG VXJJHVVV D
SRVLWLYH WXUQDURXQG LQ WKLV DUHD DV ZH00

,Q WKH PRQWK RI -DQXDU\ LQGXFVULD0 VD0HV RI DXWRPRWLYH
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WKDW RUGHU ZKHQ FRPSDUHG WR WKH SUHYLRXV PRQWK ' DWD RQ
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VD0HV 7KH EHVW SHUIRUPDQFH RFFXUUHG XQGHU DXWRPREL0HV
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GURSSHG E\ DQG XS WR 'HFHPHU UHVSHFWLYH0\
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DQG %1' (6 GLVEXUVHPHQWV GURSSHG E\ DV FRPSDUHG
WR QHJDWLYH UDWLH RI DQG UHVSHFWLYH0\ XS WR
1RYHPHU : LWK WKHVH UHVX0WV LW LV HVWLPDWHG WKDW WKH UDWL RI
JURVV IL[HG FDSLWD0 IRUPDWLRQ LQ F0RVHG DW RI * ' 3 DW
FXUUHQW SULFHV LQ

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VHFWRU GHF0LQHG LQ ' HFHPEHU PRVW0\ DV D UHVX0W RI FXWEDFNV LQ
FUHGLWV JUDQWHG WR LQGXVWU\ KRXVLQJ DQG
FRPPHUFH +RZHYHU JURZWK LQ WKH ED0DQFHV RI 0RDQV WR
LQGLYLGXDV DQG RWKHU VHUylFHV FRQLQXHG
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' HVSLWH D ' HFHPEHU GHILFLW RI 5 EL00LRQ LQ WKH FRQVR0LGDWHG
SXE0LF VHFWRU SULPDU\ ILVFD0 UHVX0W WKH VXUS0XV IRU WKH \H DU
F0RVHG DW 5 EL00LRQ VXUSDVVLQJ WKH 5 EL00LRQ WDUJHW
LQ WKH ,O) DJUHHPHQW ,Q WKH FRQVR0LGDWHG SXE0LF VHFWRU
QRPLQD0 GHILFLW FDPH WR 5 EL00LRQ HTXLYD0HQW WR RI
*' 3 7KH QHW SXE0LF VHFWRU GHEW WRWD0HG 5 EL00LRQ LQ
' HFHPEHU RU RI *' 3

,Q WKH PRQWK RI -DQXDU\ WKH WUDGH ED0DQFH UHJLVWHUHG D GHILFLW
RI 86 PL00LRQ WKH EHVW SHUIRUPDQFH IRU WKDW PRQWK LQ WKH
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GURSSHG E\ LQ UH0DWLRQ WR -DQXDU\ ODQXIDFWXUHG
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0HG E\ WUDQVPLVVLRQ DQG UHFHSWLRQ HTXLSPHQW DQG
WUDQVSRUWDWLRQ JRRGV PRVW0\ DXWRPREL0HV DLUFUDIW DQG HQJLQH
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7KH SURGXFWV WKDW DFFRXQWHG IRU WKH PDMRU VKDUH RI WKLV JURZWK
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D0XPLQXP 3ULPDU\ SURGXFWV F0RVHG ZLWK WKH 0RZHVW JURZWK UDW
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DQG FRQVXPHU JRRGV E\ 7KH 0DWWHU ILJXUH UH10HFWV JURZWK
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DQG KDYH SRVLWLRQHG WKHPVH0YHV WR UHVSROG UDSL0\ WR XSWXUQV
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LQFUHDVLQJ0\ HYLGHQW \$ JRRG H[DP0H RI WKLV WUHQG LV FUHDWLRQ
RI MRE SRVLWLRQV LQ 6mR 3DX0R LQGXFVWU\ LQ -DQXDU\ WKH ILUVW
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UDWH RI LQ 'HFHPEHU LQ FRPSDULVRQ WR WKH PRQWK RI
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PRQWK RI WKH \HDU \$W WKH VDPH WLPH WKH ED0DQFH RI WUDGH LQ
JRRGV UHJLVWHUHG D 86 EL0LRQ GHILFLW LQ 1RYHPEHU UDLVLQJ
WKH DFFXPX0DWHG GHILFLW IRU WKH \HDU WR D 0HY0 DERYH WKH
UHVX0W

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8QLWHG 6WDWHV LQ UH0DWLRQ WR WKH SUHYLRXV TXDUWHU ZKL0H
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LQ WKH VHULHV SXUJHG RI VHDVRQD0 IDFWRUV 7KH JURZWK WUDMHFWRU\
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XQHPS0R\PHQW F0RVHG -DQXDU\ DW MXVW DQG LQFUHDVLQJ
SURGXFWLYLW\ : LWK WKLV 0DERU PDUNHW SUHVXUHV KDYH QRW
HQQHQQGHUHG XSZDUG SULFH PRYHPHQW ,Q WKH IRXUWK TXDUWHU RI
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DQQXD0LJHG UDWK RI ZKHQ FRPSDUHG WR WKH SUHYLRXV
TXDUWHU ZKLOH WKH QRQIDUP VHFWRU PDQDJHG WR PDLQWDLQ D
VWHDG\ SDFH XWL0LJLQJ WKH VDPH EDVLV RI FRPSDULVRQ ,Q
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,Q WKH SURGXFHU SULFH LQGH[LQFUHDVHG E\ ZKLOH WKH
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SXE0LF VHFWRU RXW0D\V UHVX0WHG LQ GLPLQLVKLQJ DJJUHJDWH GHPDQG
DW WKH HQG RI ,W VKRX0G EH VWUHVHVG WKDW LQGXXVULD0 JURZWK
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EL00LRQ LQ ' HFHP0EHU UDLVLQJ WKH DFFXPX0DWHG VXUS0XV WR 86

EL00LRQ LQ WKH \HDU FRUHHVSRQG0LQJ WR DQ LQFUHDVH RI
DERYH WKH ILQD0 ILJXUH 7KH JUDGXD0 GRZQZDUG V0LGH LQ WKH
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DJJUHJDWH LQFUHDVHG E\ LQ 2FWREHU LQ 1RYHPEHU DQG
LQ ' HFHPEHU DV DJDLQVW WKH VDPH PRQWKV RI %\ ZD\
RI FRPSDULVRQ WKH (XURSHDQ &HQWUD0 %DQN KDG GHILQH WKH
WKUHH PRQWK PRYHDE0H DYHUDJH UHIHUHQFH UDWK DW 7KH
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DV FRPSDUHG WR DQ LQIRUPD0 WDUJHW RI

,Q (QJ0DQG * ' 3 H[SDQG HG E\ DQ DQNXDOL]HG UDWK RI LQ WKH
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WR WKH SRVLELOLW\ RI VXVWDLQLQJ WKLV JURZWK SDFH 0HG WR DGRSWLRO
RI D SHUFHQWDJH SRLQW LQFUHDVH LQ WKH EDVLF LQWHUHVW UDWK
WR SHU \HDU LQ)HEUXDU\ 2QH VKRX0G UHFD00 WKDW DQ LQFUHDVH
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,Q \$UJHQWLQD LQGXFVWULD0 SURGXFWLRO H[SDQG HG E\ LQ
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VWDE0H LQ ' HFHPEHU DW 86 PL00LRQ DV F0RVHG ZLWK DQ
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3ULFHV

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&RQVXPHU SULFH LQGLFHV URVH V0LJKW0\ LQ WKH PRQW RI -DQXDU\
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EURDG FRQVXPHU SULFH LQGH[, 3&\$ URVH E\ LQ -DQXDU\ DV
FRPSDUHG WR LQ ' HFHPEHU DQG WKH FRQVXPHU SULFH LQGH[-
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PDMRU SULFH LQGLFHV WR FRQWLQXH RQ D GRZQZDUG LQI0DWLRQ
WUDMHFWRU\ LQ WKH ILUVW TXDUWHU RI

3URVSHFWLYH DVVHVVP HQW RI LQI0DWLRQ WUHQGV
\$Q DVVHVVP HQW RI WKH LQI0DWLRQ RXW0RRN PXVW EHJLQ ZLWK
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WUHQGV 7KH VKRFNV LGHQWLILHG DUH SUDFWLFD00\ WKH VDPH DV WKRVH
GH0LQHDWHG DW WKH SUHYLRXV &RSRP PHHWLQJ &RQVHTXH00\ WKH
EDVLF VFHQDULR UH0HFV WKH IHGHU0 IXQG UDWL LPS0LFLW LQ IXWXUHV
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SULFHV LQ IDUP VHFWRU QHXWUD0LW\ DV UHJDUGV SULFH
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\HDU ZL00 HIIHFWLYH0\ FRPH DERXW DQG D ILVFD0 SR0LF\ IX00\ LQ
FRPS0LDQFH ZLWK WKH 5 EL00LRQ WDUJHW GHILQH IRU WKH
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LQ D IDFWRU RI RYHU0LGLQJ LPSRUWDQFH WR SULFH VWDE0LW\
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VFHQDULRV 7KH PDMRU GLIIHUHQFHV LQ UH0DWLRQ WR WKH FHQWUD0
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ULVN %DVHG RQ VLPX0DWLRQV WKDW XWL0L]H WKH K\SRWKHVV RI WKH

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UDWHV DW WKHLU FXUUHQW 0HYH0 ZL00 PDNH LW SRVVLE0H WR FRPS0\ ZLWK
LQIDWLRO WDUJHWV IRU DQG (YHQ WKRXJK WKH
VLPX0DWLRQV WKDW XWL0L]H D0WHUQDWLYH K\SRWKHVVH D0VR
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WKH FHQWUD0 VFHQDULR

%RWK VKRUW WHUP IRUHFDVWV DQG WKH 0HDGLQJ LQIDWLRO LQGLFDWRUV
ZHUH SUHVHQWHG 7KH UHVX0WV FRQILUP WKH WUHQG WRZDUG D
UHGXFWLRQ LQ WKH ILUVW TXDUWHU RI ORUH VSHFLILFD00\ WKH
0HDGLQJ LQGLFDWRUV VXJJHVW D VWHDG\ GHF0LQH LQ WKH HDU0\ SDUW RI
WKH \HDU 7KRXJK RWKHU VKRUW WHUP IRUHFDVWV UDWLI\ WKLW WUHQG
IRU WKH ILUVW TXDUWHU RI WKH\ D0VR SRLQW WR D VPD00
LQFUHDVH LQ LQIDWLRO LQ WKH VHFROG TXDUWHU RI WKH \HDU FDXVHG
E\ VHDVRQD0 IDFWRUV

0HDXUHG E\ WKH EURDG FRQVXPHU SULFH LQGH[,3&\$ WKH PHGLDQ
LQIDWLRO H[SHFWDWLROV SHUFHLYHG LQ WKH GDL0\ %DQFR &HQWUD0
VXUYH\ RQ)HEUXDU\ UHPDLQHG DERYH WKH LQIDWLRO WDUJHW IRU
DV DJDLQVW D WDUJHW RI +RZHYHU LQ UH0DWLRQ
WR WKH IRUHFDVW PHGLDQ DW WKH HQG RI -DQXDU\ WKH
)HEUXDU\ ILJXUH LQGLFDWHG GRZQZDUG PRYHPHQW

ORQH\ PDUNHW DQG RSHQ PDUNHW RSHUDWLROV

\$W LWV PRVW UHFHQW PHHWLQJ KHOG RQ -DQXDU\ &232O UHVR0YHG
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LQGLFDWLRO RI D ELDV

%HWZHHQ -DQXDU\ DQG)HEUXDU\ GHILQLWLYH RSHUDWLROV ZLWK
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LPSDFW RI 5 EL00LRO 2Q WKH RWKHU KDQG GHILQLWLYH
RSHUDWLROV ZLWK 1DWLRQD0 7UHDVXU\ VHFXULWLHV SURGXFHG D 5
EL00LRO FRQWUDFWLYH LPSDFW 7KHHV UHVX0WV UH0HFW RQJRLQJ
LPS0HPPHQDWLRO RI WKH SR0LF\ RI JUDGXD00\ ZLWKGUDZLQJ %DQFR
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VR0H H[FHSWLRO RI SDSHUV XSGDWHG DFFRUG0QJ WR H[FKDQJH UDWK
YDULDWLROV

%HWZHHQ -DQXDU\ DQG)HEUXDU\ WKH 1DWLRQD0 7UHDVXU\
VSRQVRUHG QLQH /71 VD0H DXFWLROV WRWD0LQJ 5 EL00LRO DV
DJDLQVW 5 EL00LRO LQ UHGHPSWLROV \$PRQJ WKHHV DXFWLROV
RQH VKRX0G KLJK0LJKW WKH ILUVW ILUP RIIHU RI RQH \H DU /71 RQ
-DQXDU\ DQG 2IIHUV RI WKHHV SDSHUV KDG QRW RFFXUUHG
VLQFH -X0\ DQG WKHLU UHWXUQ WR WKH PDUNHW VKRX0G EH
YLHZHG LQ WKH FRQWH[W RI WKH JRYHUQPHQW V LQWHQWLRO RI
0HQJJWKHQ0LQJ WKH DYHUDJH WHUP RI WKH IHGHUD0 VHFXULWLHV GHEW 2Q
-DQXDU\ WKH 1DWLRQD0 7UHDVXU\ KHOG WZR 171 & XQLRUP SULFH
DXFWLROV ,QVRIDU DV 'HFHPEHU DXFWLROV DUH FRQFHUQH G WKH
VKDUH RI RSHUDWLROV ZLWK ILQDQFLD0 0LTXLGDWLRO WKURXJK

VHFXULWL]HG FUHGLWV PRYHG IURP WR

2QFH DJDLQ GHILQLWLYH RSHUDWLRQV ZLWK %DQFR &HQWUD0 VHFXULWLHV
ZHUH UHVWULFWHG WR VDOHV RI 1%&(7KH VHYHQ XQLRUP SULFH
DXFWLRQV ZHUH WDUJHWHG DW UR00LQJ RYHU WKH PDWXULQJ GHEW VLQFH
WKH\ UHVX0WHG LQ 5 PL00LRQ LQ QHW UHGHPSWLRQV ,Q D WRWD0
RI EXVLQHVV GD\V %DQFR &HQWUD0 HQWHUHG WKH PRQH\ PDUNHW
RQ RFFDVLRQV ZLWK WKH DLP RI PDQDJLQJ WKH ILQDQFLQJ FRVWV
RI SXEOLF VHFXULWLHV KH0G E\ WKH PDUNHW LQ VLWXDWLRQV RI EDQNLQJ
UHVHUYH LPED0DQFHV

ORQHWDU\ SR0LF\ JXLGH0LQH

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VWHDGL0\ FRQYHUJLQJ VXJJHVWLQJ WKDW WKH SURFHVV RI HFRQRPLF
UHFHYHU\ LV JDLQLQJ LQ PRPHQWXP 3DUD00H0 WR WKLV DQ DQD0\VLV
RI VXSS0\ LQGLFDWRUV 0DERU PDUNHW RYHUD00 ZDJHV XWL0L]DWLRQ RI
SURGXFWLRQ FDSDFLW\ UHYHD0V QR VLJQV RI LPED0DQFHV FDSDE0H RI
JHQHUDWLQJ VKRUW WHUP LQIDWLRQDU\ SUHV VXUHV)LVFD0 SR0LF\ KDV
PDGH D PDMRU FRQWULEXWLRQ WR SULFH VWDELOLW\ 6LQFH 'HFHPEHU
WUDGH ED0DQFH UHVX0WV KDYH LPSURYHG VKDUS0\ ZLWK D VWURQJ
XSWXUQ XQGHU H[SRUWV JHQHUDWHG E\ LQFUHDVHG GHPDQG 1HW
FDSLWD0 LQI0RZV FRQILUPHG LPSURYHPHQW LQ IRUHLQJ ILQDQFLQJ
FRQGLWLRQV LQ WKH HDU0\ GD\V RI *URZWK LQ WKH IDUP
KDUYHVW VXJJHVWV WKDW WKHUH ZL00 EH QR VLJQLILFDQW SULFH
SUHV VXUHV RQ WKLV IURQW GXULQJ WKH FXUUHQW \HDU

ORUH UHFHQW SULFH LQGLFDWRUV FRQILUP WKH GRZQZDUG WUHQG LQ
FRQVXPHU LQIDWLRO LQ)HEUXDU\ 1HYHUWKH0HV V ZLWK UHJDUG WR
IXWXUH LQIDWLRO FHUWDLQ ULVN IDFWRUV GR H[LVW DQG KDYH HLWKHU
QRW EHHQ GLVVLSDWHG RU KDYH DFWXD00\ ZRUVHQHG VLQFH WKH PRVW
UHFHQW &RSRP PHHWLQJ \$PRQJ WKHVH RQH VKRX0G VUHHV WKH
IR00RZLQJ XQFHUWDLQLHV UHJDUGLQJ WKH HYR0XWLRO RI
JRYHUQPHQW PDQDJHG SULFHV DQG RWKHU FRVW SUHVXUXHV WKH
WUHQG WRZDUG VKDUSHU LQWHUHV UDWH KLNHV LQ WKH GHYH0RSHG
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ERWK WKH VSRW DQG IXWXUHV PDUNHVV

)R00RZLQJ D GHWDL0HG DQD0\VLV RI WKH RYHUD00 HFRQRPLF VLWXDWLRQ
DQG WKH RXW0RRN IRU &RSRP GHFLGHG WR KR0G WKH 6H0LF UDWH
WDUJHW VWHDG\ DW SHU \H DU ZLWK QR LQGLFDWLRO RI D ELDV

\$W WKH FORVH RI WKH PHHWLQJ LW ZDV DQQRXQFHG WKDW EDVHG RQ
WKH 6FKHGX0H RI 2UGLQDU\ &2320 OHHWLQJV UH0HDVHG E\ %DQFR
&HQWUD0 &RPPXQLTXp QR GDWHG WKH
&RPPLWWHH ZRX0G PHHW DJDLQ RQ ODUFK DW 30
IRU WHFKQLFD0 SUHVHQWDWLROV DQG RQ WKH IR00RZLQJ GD\ DW
30 LQ RUGHU WR GLVFXVV PRQHWDU\ SR0LF\ JXLGH0LQHV

6pUJLR *R0GHQVWHLQ

([HFXWLYH 6HFUHWDU\ RI &2320