

# Kommunalkredit Austria AG

## Key Rating Drivers

**Niche I&E Franchise:** Kommunalkredit Austria AG's (KA) ratings reflect its established niche franchise in infrastructure and energy (I&E) finance, strong record of asset quality, experienced management team and adequate risk management structure. The ratings also reflect the bank's small capital base (in absolute terms), which leads to concentration risks and increases the bank's sensitivity to individual credit events or outsized operational losses, as well as its reliance on a diversified base of syndication partners.

**Small Capital Base:** KA's small capital base results in a significant number of large single loan exposures in relation to its capital. This limits the benefits arising from the loan portfolio's sound diversification by geography, asset class and industrial sector and is unlikely to change in the foreseeable future. This is because we believe that capital injections by KA's owners to support its growth would only moderately improve concentration risk relative to its equity.

**Diversified Syndication Pipeline:** The combination of relatively large I&E transactions and KA's small capital base renders the bank dependent on a reliable and diversified base of syndication partners both pre- and post-commitment under variable market conditions. This is mitigated by the "originate to collaborate" approach (i.e. syndication to a pool of recurring investors) of KA's credit approval process and its infrastructure debt fund targeted at institutional investors.

**Adequate Margins:** KA has adequate returns owing to its clearly defined niche strategy, which allows a focus on I&E financing transactions with adequate risk/return profiles, lean cost base, and flexibility derived from its small size. Its targeting of rapid new-business growth, planned small equity participations and selected higher-risk I&E financing in recent years indicate some appetite for higher-risk, higher-return opportunistic transactions. But we expect the bank's exposure to such transactions to remain moderate and well-controlled.

**Strong Asset Quality Metrics:** KA's main source of risk is project risk inherent in I&E assets which represent an increasing proportion of its loan book. The bank's asset quality benefits from its low-risk municipal loan book (largely in Austria), which will continue to decrease but still makes up about 40% of the loan book. So far, one year since the start of the pandemic, the bank has not reported any impaired loans, but impairments may arise as its I&E loan book seasons.

**Improving Funding, Sound Liquidity:** The bank's funding profile is stable, with a sizeable and growing stock of customer deposits. Funding diversification is adequate and likely to increase as KA plans to make more substantial use of capital market funding. Its liquidity is healthy.

## Rating Sensitivities

**Sizeable Capital Injection:** An upgrade of the Issuer Default Ratings (IDRs) and the Viability Rating (VR) is highly unlikely in the medium term and would require a major reduction in single-name concentration. This would necessitate a very substantial growth in KA's capital base, for instance through a large capital injection from the owners.

**Loosening of Risk Controls:** We could downgrade the ratings if the bank incurs multiple defaults in its portfolio or if it loosens its underwriting standards. We could also downgrade the ratings if aggressive risk-weighted assets (RWAs) growth without matching capital increases results in increasing usage of KA's large exposure limit. A downgrade could also result from a significant deterioration in the bank's ability to syndicate its lending commitments to a sizeable pool of external investors or to its infrastructure debt fund.

## Ratings

### Issuer Ratings

Long-Term IDR	BBB-
Short-Term IDR	F3

Viability Rating	bbb-
------------------	------

Support Rating	5
Support Rating Floor	NF

### Sovereign Risk

Long-Term Foreign-Currency IDR	AA+
Long-Term Local-Currency IDR	AA+
Country Ceiling	AAA

### Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

## Applicable Criteria

[Bank Rating Criteria \(February 2020\)](#)

## Related Research

[Fitch Assigns Kommunalkredit Austria 'BBB-' Long-Term IDR; Outlook Stable \(March 2021\)](#)

## Analysts

Rioual, Patrick  
+49 69 768076 123  
[patrick.rioual@fitchratings.com](mailto:patrick.rioual@fitchratings.com)

Diamantini, Marco  
+49 69 768076 114  
[marco.diamantini@fitchratings.com](mailto:marco.diamantini@fitchratings.com)

Ratings Navigator

Kommunalkredit Austria AG



Banks  
Ratings Navigator

	Peer Ratings	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Asset Quality	Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity	Viability Rating	Support Rating Floor	Issuer Default Rating
aaa										aaa	AAA	AAA
aa+										aa+	AA+	AA+
aa										aa	AA	AA
aa-										aa-	AA-	AA-
a+										a+	A+	A+
a										a	A	A
a-										a-	A-	A-
bbb+										bbb+	BBB+	BBB+
bbb										bbb	BBB	BBB
bbb-										bbb-	BBB-	BBB- Stable
bb+										bb+	BB+	BB+
bb										bb	BB	BB
bb-										bb-	BB-	BB-
b+										b+	B+	B+
b										b	B	B
b-										b-	B-	B-
ccc+										ccc+	CCC+	CCC+
ccc										ccc	CCC	CCC
ccc-										ccc-	CCC-	CCC-

Brief Company Summary

Niche I&E Lender with Five-Year Record

KA mainly focused on vanilla lending to municipalities before the 2008 financial crisis. Following its privatisation in 2015, it leveraged on its franchise in municipal finance to transform its business model towards the provision of advisory, structuring and financing for the I&E sectors. Its focus lies on energy & renewables, social, transport, and digital infrastructure finance. Starting from its Austrian core market, it has expanded its geographic scope, providing I&E financing in 20 European countries. Its commitments in I&E have grown from EUR146 million in 2016 to EUR1.1 billion in 2020, equivalent to 0.5% of the European I&E market. It ranked among the top 25 mandated lead arrangers of I&E projects in Europe in 2020 in a market dominated by large universal banks.

KA's business generation and pricing capacity is also supported by its advisory to project sponsors which allows the bank to enter transactions at an early stage. The bank aims at building long-term relationships with the sponsors to secure recurring business, but we did not identify any significant dependence on a particular sponsor.

Balance-Sheet Light Business Model

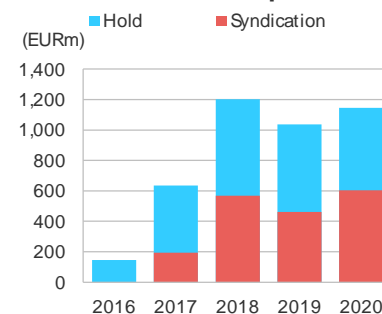
KA operates as an arranger of primary market deals, which it structures and syndicates to partners, targeting final holds of EUR10 million to EUR35 million. It (pre-)places most of the syndicated volumes within 120 days from closing the transactions. We view KA's syndication pipeline as adequately granular and diversified by investor and geography. Its placement capacity quickly recovered in 2H20 after the market freeze triggered by the pandemic in 1H20.

Between mid-2018 and early 2020, KA raised over EUR350 million for its first I&E senior debt fund Fidelio targeted at institutional investors, for which it is the general partner, exclusive asset originator and servicer. By pre-placing part of its exposures at Fidelio, KA is able to participate in larger transactions. Fidelio is managed independently from KA, has its own investment policy and carries out independent valuation to determine eligible assets. The fund is not leveraged and does not benefit from any liquidity or credit guarantee from KA.

We expect KA's new business in renewables, social and digital infrastructure to grow amid a favourable post-Covid-19 environment. But its balance sheet is likely to remain below EUR5 billion under local GAAP over the next two years to minimise regulatory burden by benefitting from regulatory relief applicable to small banks.

Bar Chart Legend	
Vertical bars	VR range of Rating Factor
Bar Colors	Influence on final VR
Red	Higher influence
Blue	Moderate influence
Light Blue	Lower influence
Bar Arrows	Rating Factor Outlook
Up Arrow	Positive
Down Arrow	Negative

New Business Development



Source: Fitch Ratings, KA

**Summary Financials and Key Ratios - Kommunalkredit Group**

	31 Dec 20 (EURm)	31 Dec 19 (EURm)	31 Dec 18 (EURm)	31 Dec 17 (EURm)
<b>Summary income statement</b>				
Net interest and dividend income	77	59	53	36
Net fees and commissions	29	25	19	17
Other operating income	2	3	21	15
Total operating income	107	86	93	68
Operating costs	59	56	57	61
Pre-impairment operating profit	48	30	36	7
Loan and other impairment charges	0	3	1	0
Operating profit	48	27	35	7
Tax	12	-2	18	-11
Net income	36	30	14	18
<b>Summary balance sheet</b>				
Gross loans	2,428	2,689	2,448	2,225
- Of which impaired	0	0	0	0
Loan loss allowances	4	5	1	0
Net loans	2,423	2,685	2,447	2,225
Interbank	153	106	29	53
Derivatives	140	188	222	233
Other securities and earning assets	863	817	891	772
Total earning assets	3,579	3,796	3,589	3,282
Cash and due from banks	809	463	314	318
Other assets	35	47	39	63
<b>Total assets</b>	<b>4,423</b>	<b>4,305</b>	<b>3,942</b>	<b>3,663</b>
Customer deposits	1,773	1,393	1,003	645
Interbank and other short-term funding	520	487	496	533
Other long-term funding	1,509	1,825	1,919	1,931
Trading liabilities and derivatives	223	220	201	245
Total funding	4,025	3,924	3,618	3,353
Other liabilities	39	38	29	27
Total equity	359	343	295	283
<b>Total liabilities and equity</b>	<b>4,423</b>	<b>4,305</b>	<b>3,942</b>	<b>3,663</b>
<b>Ratios (annualised as appropriate)</b>				
<b>Profitability</b>				
Operating profit/risk-weighted assets	2.8	1.6	2.6	0.7
Net interest income/average earning assets	2.1	1.6	1.6	1.1
Non-interest expense/gross revenue	55.1	65.4	61.3	89.2
Net income/average equity	10.4	9.2	5.0	6.3
<b>Asset quality</b>				
Impaired loans ratio	0.0	0.0	0.0	0.0
Growth in gross loans	-9.7	9.9	10.0	-6.3
Loan impairment charges/average gross loans	0.0	0.1	0.0	0.0

Source: Fitch Ratings, Fitch Solutions, KA

## Summary Financials and Key Ratios - Kommunalkredit Group

	31 Dec 20	31 Dec 19	31 Dec 18	31 Dec 17
<b>Ratios (annualised as appropriate)</b>				
<b>Capitalisation</b>				
Common equity Tier 1 (CET1) ratio	20.0	18.4	19.5	22.8
CET1 ratio Kommunalkredit Austria AG solo	20.3	18.7	19.9	23.5
Tangible common equity/tangible assets	8.0	7.6	7.1	6.9
<b>Funding and liquidity</b>				
Loans/customer deposits	137.0	193.1	244.2	345.3
Liquidity coverage ratio	420.6	765.5	453.7	449.9
Customer deposits/funding	46.6	37.6	29.3	20.7
Net stable funding ratio	117.5	111.9	104.7	101.5

Source: Fitch Ratings, Fitch Solutions, KA

## Key Financial Metrics – Latest Developments

### Disciplined Underwriting Benefits Asset Quality

KA has maintained an impaired loan ratio of 0% since its privatisation in 2015. However, our assessment of asset quality also reflects the bank's large exposures to single borrowers and the planned reduction of its low-risk Austrian municipal loan portfolio, which made up about 40% of the loan book at end-2020. The VR also reflects that KA's I&E portfolio has a high share of projects rated sub-investment grade, that the majority of these loans are fairly new, and impairments are more likely to materialise once they season. At the same time, we expect KA's disciplined underwriting to result in a very low impaired loans ratio in the medium term.

KA focuses on financing projects with resilient and proven business models and technologies, mostly during the operational phase, with low market risk. The underwriting of large tickets is mitigated by extensive project due-diligence and the application of conservative covenants. Projects in lower-rated countries involve reputable Western European sponsors or financing in cooperation with development banks. Selected higher-risk I&E financing in recent years and planned small equity investments indicate some appetite for higher-risk, opportunistic transactions, but limits appear reasonable.

Risk controls benefit from KA's highly experienced management and senior staff. We believe that the bank's lean structure with only 168 employees is adequate for its current size but could be stretched if business volumes rise materially or if asset quality deteriorates strongly, because of the complexity of the I&E transactions.

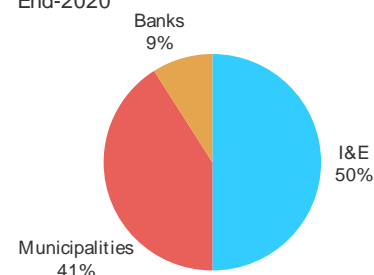
### Concentration Risk Constrains our Assessment of Capitalisation and Earnings

KA's common equity Tier 1 (CET1) ratio of 20.3% at end-2020 on a solo basis comfortably exceeded its minimum regulatory requirement of 11.1% for Tier 1 capital. We expect the CET1 ratio to remain above the management's target of 15% in the foreseeable future, but also to remain volatile as the underwriting of large tickets before syndication can make balance sheet usage fluctuate. The moderate RWAs density of 38% at end-2020 reflects the large proportion of municipal loans and cash from the participation in central bank tenders (TLTRO) on KA's balance sheet. However, we expect RWAs density to rise materially in the next years as TLTRO liquidity is deployed to grow the capital-intensive I&E business.

Our assessment of KA's capitalisation assigns a high importance to its small capital base, which exposes the bank to potential defaults of large I&E loans. In 2019, the owners increased KA's equity by EUR20 million and authorised an additional EUR86 million. However, this does not materially mitigate the concentration risk, in our view, because the management could use the higher regulatory large exposure limit (EUR97 million at end-2020) that would result from future capital increases to underwrite larger tickets or increase its final holds.

### Portfolio Composition

End-2020



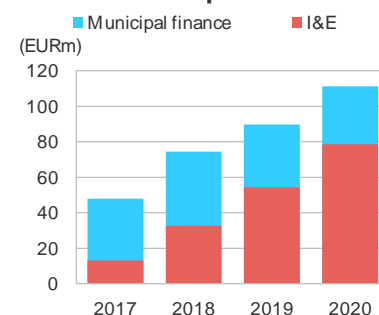
Source: Fitch Ratings, KA

### Medium Term Targets

Operating profit (EURm)	50
Cost/Income (%)	50
Pre-tax RoE (%)	10
CET1 ratio (%)	>15

Source: Fitch Ratings

### Revenue Development



Source: Fitch Ratings, KA

Similarly, we believe that the earnings and profitability score will remain constrained within the 'bbb' range in the medium term, because KA's small earnings base (in absolute terms) provides limited headroom to absorb asset quality swings. KA's operating profit (adjusted for valuation effects from the repurchase of own debt and other one-offs) has steadily improved over the last four years. This is mainly due to the rising revenue contribution (71% in 2020) of higher-margin I&E business and lower funding spreads.

The I&E business also enhances revenue diversification by generating advisory, commitment and placement fees. We expect KA to maintain its lean cost structure, which adequately compensates for the limited economies of scale inherent in the bank's small size.

**Improving Funding Mix and Sound Liquidity**

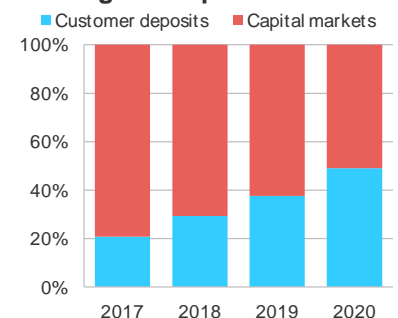
Our funding and liquidity assessment reflects KA's ability to attract online term deposits from corporates, municipalities and retail clients in Austria and in Germany at improving conditions. This has reduced its loans-to-deposits ratio to 137% at end-2020. Our assessment also reflects the bank's good access to the covered bond market and TLTRO as well as the maturity-matched funded municipal loan book. We expect KA to increasingly tap the unsecured market as its covered pool (which consists mainly of gradually maturing Austrian municipal loans) shrinks.

The low maturity transformation inherent in the bank's business model also leads to a high net stable funding ratio. We expect the bank's strong liquidity buffers to gradually decrease but remain adequate as the bank uses the TLTRO proceeds for I&E lending.

**Sovereign Support Assessment**

KA's IDRs are driven by its VR and assume that extraordinary external support cannot be relied upon. The Support Rating and Support Rating Floor reflect KA's lack of systemic importance and our view that the EU's resolution framework is likely to require senior creditors participating in losses, if necessary, instead or ahead of a bank receiving sovereign support. The Support Rating does not factor in any support from KA's owners either, because Fitch Ratings generally considers that support from financial investors, while possible, cannot be relied upon.

**Funding Development**



Support Factors	Positive	Neutral	Negative
<b>Sovereign ability to support system</b>			
Size of banking system relative to economy		✓	
Size of potential problem		✓	
Structure of banking system		✓	
Liability structure of banking system		✓	
Sovereign financial flexibility (for rating level)		✓	
<b>Sovereign propensity to support system</b>			
Resolution legislation with senior debt bail-in			✓
Track record of banking sector support			✓
Government statements of support		✓	
<b>Sovereign propensity to support bank</b>			
Systemic importance			✓
Liability structure of bank		✓	
Ownership		✓	
Specifics of bank failure		✓	

## Environmental, Social and Governance Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg).

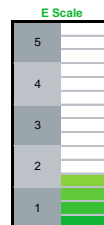
### FitchRatings Kommunalkredit Austria AG

#### Credit-Relevant ESG Derivation

			Overall ESG Scale	
Kommunalkredit Austria AG has 5 ESG potential rating drivers ▶ Kommunalkredit Austria AG has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating. ▶ Governance is minimally relevant to the rating and is not currently a driver.	key driver	0	issues	5
	driver	0	issues	4
	potential driver	5	issues	3
	not a rating driver	4	issues	2
		5	issues	1

#### Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	1	n.a.	n.a.
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Company Profile; Management & Strategy; Risk Appetite; Asset Quality



#### How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

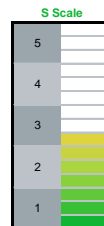
The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

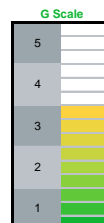
#### Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities; SME and community development programs; financial literacy programs	Company Profile; Management & Strategy; Risk Appetite
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Company Profile; Management & Strategy; Risk Appetite
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Company Profile; Financial Profile



#### Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Operational implementation of strategy	Management & Strategy
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy; Earnings & Profitability; Capitalisation & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Management & Strategy



CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT [WWW.FITCHRATINGS.COM](http://WWW.FITCHRATINGS.COM). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR WHICH THE LEAD ANALYST IS BASED IN AN ESMA- OR FCA-REGISTERED FITCH RATINGS COMPANY (OR BRANCH OF SUCH A COMPANY) CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH RATINGS WEBSITE.

Copyright © 2021 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.