

## KA Finanz AG

## Update

## Ratings

## Foreign Currency

Long-Term IDR	A+
Short-Term IDR	F1+
Support Rating	1
Support Rating Floor	A+

## Sovereign Risk

Foreign-Currency Long-Term IDR	AAA
Local-Currency Long-Term IDR	AAA

## Outlooks

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

## Financial Data

## KA Finanz AG

	30 Jun 14	31 Dec 13
Total assets (USDm)	10,643	11,301
Total assets (EURm)	7,793	8,194
Total equity (EURm)	404	404
Operating profit (EURm)	-2.4	-332.5
Net income (EURm)	0	0
Operating ROAA (%)	-0.1	-3.5
Operating ROAE (%)	-1.2	-83.7
Tier 1 ratio (%)	13.6	12.4
Fitch core capital (FCC)/weighted risks (%)	14.2	12.4
Tangible equity/tangible assets (%)	5.2	4.9

## Related Research

[Fitch Revises Outlooks on 18 EU State-sponsored Banks to Negative on Weakening Support \(March 2014\)](#)

[Rating Paths for EU State-Sponsored Banks \(April 2014\)](#)

[Kommunalkredit Austria AG \(September 2014\)](#)

[2014 Outlook: Austrian Banks \(December 2013\)](#)

[Austria \(March 2014\)](#)

## Analysts

Patrick Rioual  
+49 69 768 076 123  
[patrick.rioual@fitchratings.com](mailto:patrick.rioual@fitchratings.com)

Krista Davies  
+44 20 3530 1579  
[krista.davies@fitchratings.com](mailto:krista.davies@fitchratings.com)

## Key Rating Drivers

**State Support-Driven IDRs:** Fitch Ratings believes Austria (AAA/Stable) is likely to continue to support KA Finanz AG (KF) as needed. This reflects the fact that Austria does not intend to sell KF and will thus remain its sole owner until the bank's wind-down is completed. It also reflects KF's large share of state-guaranteed funding and Austria's commitment to maintain a minimum Tier 1 ratio of 7%. We do not assign KF a Viability Rating as its business model as a run-off bank cannot be analysed on a standalone basis.

**Structurally Weak Profitability:** KF has reported year-end operating losses since being set up as a run-off bank in 2009, although the bank expects to break even in 2014. Performance was historically burdened by low-margin assets and funding cost pressure, high state support fees, asset sales and impairments, although funding costs and asset quality improved in 1H14. KF's use of Austrian GAAP partly cushions its sensitivity to market valuation swings.

**Main Challenge Asset Quality:** KF's eurozone periphery exposure has constrained its otherwise solid asset quality, benefiting from its public-sector focus. The periphery exposure was a high EUR1.0bn at end-1H14, equivalent to over 2x FCC, although this is a significant improvement from 2013 (EUR1.8bn; 4.5x) and fell further in July 2014. KF's loan concentration is declining, mitigating the risk of single defaults such as Greece's in 2011.

**Focus on Asset Reduction:** KF's strategy is to wind down its assets through a combination of maturities and disposals. The latter have dominated since 2012, but KF still aims to prevent large losses on disposals and thus limit the need for capital injections from the government. Asset maturities, while still limited in the short term, will accelerate from 2016.

**State Support-Reliant Funding:** Of KF's end-1H14 non-equity funding, 30% consisted of explicitly government-guaranteed debt. Non-guaranteed funding is wholesale and strongly benefits from the support implicit in KF's state ownership, which maintains adequate investor demand. Funding tends to be short-term, in line with KF's strategy to minimise funding costs.

**Basel III-Driven Capital Support:** KF's capitalisation was burdened by the implementation of Basel III but is adequate – the end-1H14 CET1 ratio was 13.6%. The medium-term burden of the phasing-in of Basel III rules will be somewhat mitigated by shrinking risk-weighted assets. The government gave KF EUR350m in additional capital in 2013 to address Basel III and enhance the flexibility of KF's asset disposal plan by enabling limited losses from disposals.

## Rating Sensitivities

**Regulation Drives Negative Outlook:** In March 2014, we revised the Outlooks on the Long-Term IDRs of KF and 17 other EU state-sponsored banks to Negative from Stable. The increased likelihood of downgrade reflects the implementation of legislative and practical aspects of bank resolution frameworks, which are likely to reduce implicit sovereign support for banks in the EU.

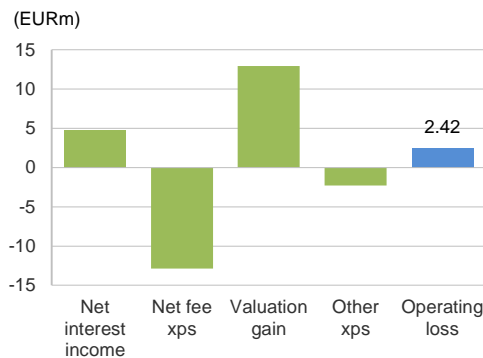
Given KF's wind-down status and support framework agreed with the European Commission, we are likely to retain some state support in KF's ratings. Because of this, a downgrade of KF's Long-Term IDR by end-1H15 is likely to be limited to the high 'BBB' range.

**Weakening State Support:** Apart from the EU resolution measures outlined above, the following could also be ratings-negative for KF: i) a downgrade of the sovereign Long-Term IDR, indicating weakened ability to support KF; or ii) a change in the terms of state support. Both are, in our view, currently unlikely given the Outlook on Austria's ratings and KF's wind-down status.

- Recurring historical losses due to negative carry from low-yield legacy loans, high but declining state guarantee fees, and large asset disposals
- Positive 1H14 result driven by improved funding costs and valuation recoveries
- Performance sensitivity to market-driven impairments and writebacks is only partly smoothed by KF's use of Austrian GAAP
- Shrinking CDS portfolio; remaining EUR0.4bn risk at end-1H14 relates almost entirely to Austria
- If the partial sale of KF's sister bank Kommunalkredit Austria (KA; A/Negative) is successful, it is possible that KF will absorb KA's excess assets and liabilities
- At end-1H14, 65% of KF's exposures related to EU countries
- The vast majority of exposures are to the public sector
- 15.7% of exposures at end-1H14 had a sub-investment-grade internal rating
- KF's long-term asset maturities mean that disposals are likely to play a significant role in its medium-term asset wind-down
- As market conditions recover, asset sales increasingly drive KF's balance sheet shrinkage but are opportunistic in nature so as to limit capital-eroding losses
- Improving capitalisation due to state capital injections and RWA shrinkage from asset wind-down slightly outweighing disposal losses
- KF's regulatory risk weights are relatively high and its leverage is solid for a public-sector lender, due to the use of the standard approach

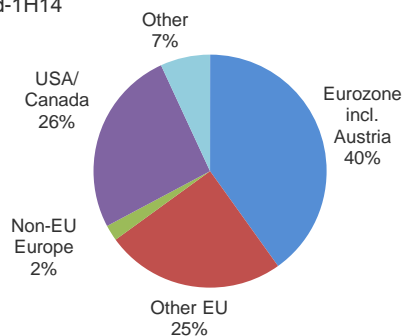
Source: KA Finanz; Fitch

## Performance Drivers 1H14



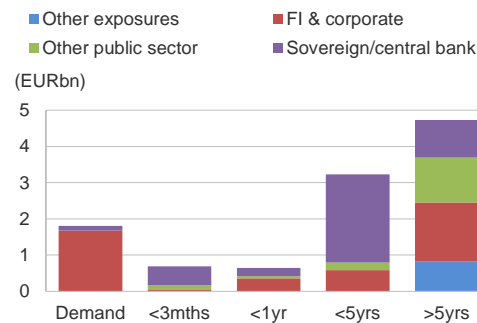
## Exposure by Region

End-1H14



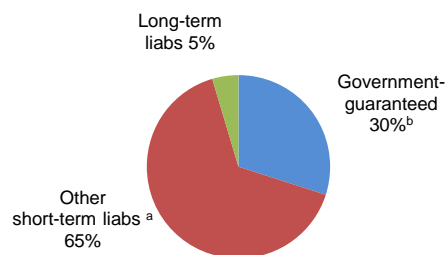
## Exposure Maturities

End-2013



## Funding Structure

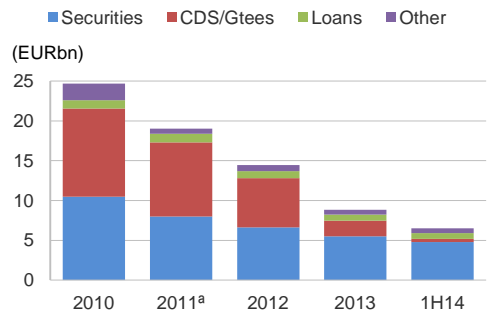
Book value excl. equity end-1H14



<sup>a</sup> Incl. commercial paper, ECB tenders, money market transactions and repos  
<sup>b</sup> commercial paper programme

## Total Exposure by Asset Type

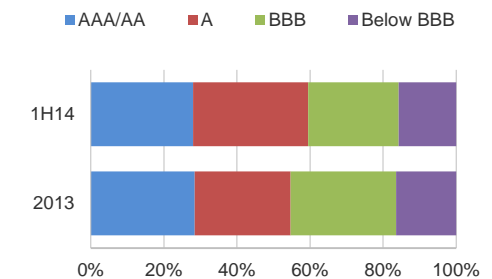
Period ends



<sup>a</sup> Net of 80% Greece risk provision

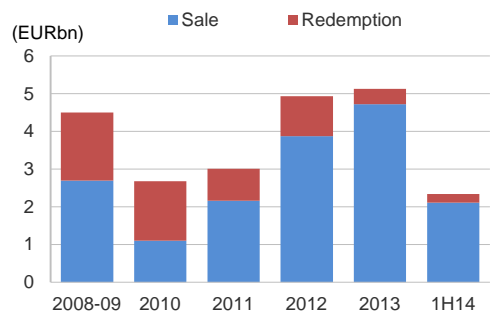
## Exposure by Rating

2013-1H14



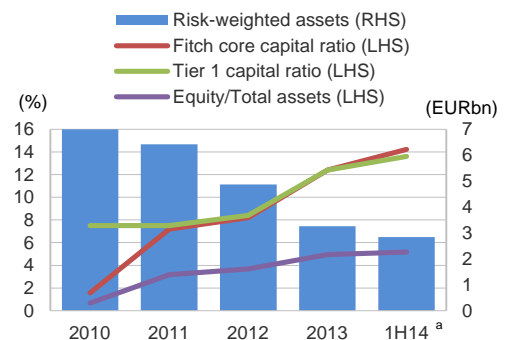
## Asset Disposals vs. Redemptions<sup>a</sup>

2008-1H14



<sup>a</sup> Incl. off-balance sheet items

## Capitalisation



<sup>a</sup> Basel III

## Related Criteria

Global Financial Institutions Rating Criteria (January 2014)

KA Finanz AG  
Income Statement

	30 Jun 2014			31 Dec 2013		31 Dec 2012		31 Dec 2011		31 Dec 2010	
	6 Months - Interim		As % of Earning Assets	Year End EURm	As % of Earning Assets	Year End EURm	As % of Earning Assets	Year End EURm	As % of Earning Assets	Year End EURm	As % of Earning Assets
	USDm	EURm									
1. Interest Income on Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Interest Income	284.6	208.4	5.75	481.0	6.13	688.2	6.80	903.7	6.61	1,423.8	9.26
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>4. Gross Interest and Dividend Income</b>	<b>284.6</b>	<b>208.4</b>	<b>5.75</b>	<b>481.0</b>	<b>6.13</b>	<b>688.2</b>	<b>6.80</b>	<b>903.7</b>	<b>6.61</b>	<b>1,423.8</b>	<b>9.26</b>
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Interest Expense	278.2	203.7	5.62	494.1	6.30	731.6	7.23	923.3	6.75	1,440.3	9.36
<b>7. Total Interest Expense</b>	<b>278.2</b>	<b>203.7</b>	<b>5.62</b>	<b>494.1</b>	<b>6.30</b>	<b>731.6</b>	<b>7.23</b>	<b>923.3</b>	<b>6.75</b>	<b>1,440.3</b>	<b>9.36</b>
<b>8. Net Interest Income</b>	<b>6.4</b>	<b>4.7</b>	<b>0.13</b>	<b>(13.1)</b>	<b>(0.17)</b>	<b>(43.4)</b>	<b>(0.43)</b>	<b>(19.6)</b>	<b>(0.14)</b>	<b>(16.5)</b>	<b>(0.11)</b>
9. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Net Gains (Losses) on Other Securities	0.0	0.0	0.00	15.8	0.20	(9.9)	(0.10)	16.8	0.12	(17.1)	(0.11)
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	(17.6)	(12.9)	(0.36)	(52.7)	(0.67)	(101.3)	(1.00)	(184.8)	(1.35)	(195.4)	(1.27)
14. Other Operating Income	0.0	0.0	0.00	0.0	0.00	1.0	0.01	0.4	0.00	0.4	0.00
<b>15. Total Non-Interest Operating Income</b>	<b>(17.6)</b>	<b>(12.9)</b>	<b>(0.36)</b>	<b>(36.9)</b>	<b>(0.47)</b>	<b>(110.2)</b>	<b>(1.09)</b>	<b>(167.6)</b>	<b>(1.23)</b>	<b>(212.1)</b>	<b>(1.38)</b>
16. Personnel Expenses	0.0	0.0	0.00	n.a.	-	0.0	0.00	0.0	0.00	0.5	0.00
17. Other Operating Expenses	9.7	7.1	0.20	17.5	0.22	19.9	0.20	30.2	0.22	25.6	0.17
<b>18. Total Non-Interest Expenses</b>	<b>9.7</b>	<b>7.1</b>	<b>0.20</b>	<b>17.5</b>	<b>0.22</b>	<b>19.9</b>	<b>0.20</b>	<b>30.2</b>	<b>0.22</b>	<b>26.1</b>	<b>0.17</b>
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>20. Pre-Impairment Operating Profit</b>	<b>(20.9)</b>	<b>(15.3)</b>	<b>(0.42)</b>	<b>(67.5)</b>	<b>(0.86)</b>	<b>(173.5)</b>	<b>(1.72)</b>	<b>(217.4)</b>	<b>(1.59)</b>	<b>(254.7)</b>	<b>(1.66)</b>
21. Loan Impairment Charge	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00	0.1	0.00
22. Securities and Other Credit Impairment Charges	(17.6)	(12.9)	(0.36)	265.0	3.38	(103.2)	(1.02)	926.2	6.77	(238.4)	(1.55)
<b>23. Operating Profit</b>	<b>(3.3)</b>	<b>(2.4)</b>	<b>(0.07)</b>	<b>(332.5)</b>	<b>(4.24)</b>	<b>(70.3)</b>	<b>(0.70)</b>	<b>(1,143.6)</b>	<b>(8.36)</b>	<b>(16.4)</b>	<b>(0.11)</b>
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	3.3	2.4	0.07	332.5	4.24	0.0	0.00	609.6	4.46	114.5	0.74
26. Non-recurring Expense	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	95.0	0.62
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>29. Pre-tax Profit</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.00</b>	<b>(70.3)</b>	<b>(0.70)</b>	<b>(534.0)</b>	<b>(3.91)</b>	<b>3.1</b>	<b>0.02</b>
30. Tax expense	0.0	0.0	0.00	0.0	0.00	0.4	0.00	0.3	0.00	3.1	0.02
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>32. Net Income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.00</b>	<b>(70.7)</b>	<b>(0.70)</b>	<b>(534.3)</b>	<b>(3.91)</b>	<b>0.0</b>	<b>0.00</b>
33. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>37. Fitch Comprehensive Income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.00</b>	<b>(70.7)</b>	<b>(0.70)</b>	<b>(534.3)</b>	<b>(3.91)</b>	<b>0.0</b>	<b>0.00</b>
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	0.0	0.0	0.00	0.0	0.00	(70.7)	(0.70)	(534.3)	(3.91)	0.0	0.00
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate USD1 = EUR0.73220 USD1 = EUR0.72510 USD1 = EUR0.75790 USD1 = EUR0.77290 USD1 = EUR0.74840

KA Finanz AG  
Balance Sheet

	30 Jun 2014			31 Dec 2013		31 Dec 2012		31 Dec 2011		31 Dec 2010	
	6 Months - Interim	s - Interim	As % of	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	EURm	Assets	EURm	Assets	EURm	Assets	EURm	Assets	EURm	Assets
<b>Assets</b>											
<b>A. Loans</b>											
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	3,041.4	2,226.9	28.58	2,301.9	28.09	2,769.5	25.25	3,445.1	23.12	3,588.3	21.76
6. Less: Reserves for Impaired Loans	n.a.	n.a.	-	0.8	0.01	5.3	0.05	43.3	0.29	64.3	0.39
<b>7. Net Loans</b>	<b>3,041.4</b>	<b>2,226.9</b>	<b>28.58</b>	<b>2,301.1</b>	<b>28.08</b>	<b>2,764.2</b>	<b>25.20</b>	<b>3,401.8</b>	<b>22.83</b>	<b>3,524.0</b>	<b>21.37</b>
<b>8. Gross Loans</b>	<b>3,041.4</b>	<b>2,226.9</b>	<b>28.58</b>	<b>2,301.9</b>	<b>28.09</b>	<b>2,769.5</b>	<b>25.25</b>	<b>3,445.1</b>	<b>23.12</b>	<b>3,588.3</b>	<b>21.76</b>
9. Memo: Impaired Loans included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>B. Other Earning Assets</b>											
1. Loans and Advances to Banks	2,690.2	1,969.8	25.28	144.4	1.76	397.2	3.62	1,050.8	7.05	1,054.1	6.39
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	1,616.4	19.73	2,463.6	22.46	3,421.2	22.96	2,904.2	17.61
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Available for Sale Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Equity Investments in Associates	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	3.4	0.02
8. Other Securities	4,253.9	3,114.7	39.97	3,782.4	46.16	4,488.2	40.92	5,800.9	38.93	7,895.7	47.88
<b>9. Total Securities</b>	<b>4,253.9</b>	<b>3,114.7</b>	<b>39.97</b>	<b>5,398.8</b>	<b>65.89</b>	<b>6,951.8</b>	<b>63.37</b>	<b>9,222.1</b>	<b>61.89</b>	<b>10,803.3</b>	<b>65.51</b>
10. Memo: Government Securities included Above	1,432.3	1,048.7	13.46	2,490.2	30.39	2,847.6	25.96	1,297.7	8.71	1,703.4	10.33
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>15. Total Earning Assets</b>	<b>9,985.5</b>	<b>7,311.4</b>	<b>93.82</b>	<b>7,844.3</b>	<b>95.73</b>	<b>10,113.2</b>	<b>92.19</b>	<b>13,674.7</b>	<b>91.77</b>	<b>15,381.4</b>	<b>93.27</b>
<b>C. Non-Earning Assets</b>											
1. Cash and Due From Banks	430.5	315.2	4.04	128.0	1.56	550.9	5.02	237.7	1.60	317.1	1.92
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	0.1	0.1	0.00	0.1	0.00	0.1	0.00	0.1	0.00	0.1	0.00
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	227.3	166.4	2.14	221.8	2.71	305.3	2.78	988.8	6.64	793.0	4.81
<b>11. Total Assets</b>	<b>10,643.4</b>	<b>7,793.1</b>	<b>100.00</b>	<b>8,194.2</b>	<b>100.00</b>	<b>10,969.5</b>	<b>100.00</b>	<b>14,901.3</b>	<b>100.00</b>	<b>16,491.6</b>	<b>100.00</b>
<b>Liabilities and Equity</b>											
<b>D. Interest-Bearing Liabilities</b>											
1. Customer Deposits - Current	837.9	613.5	7.87	24.5	0.30	5.7	0.05	n.a.	-	n.a.	-
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	396.7	4.84	353.6	3.22	528.5	3.55	121.2	0.73
<b>4. Total Customer Deposits</b>	<b>837.9</b>	<b>613.5</b>	<b>7.87</b>	<b>421.2</b>	<b>5.14</b>	<b>359.3</b>	<b>3.28</b>	<b>528.5</b>	<b>3.55</b>	<b>121.2</b>	<b>0.73</b>
5. Deposits from Banks	3,079.3	2,254.7	28.93	1,576.9	19.24	2,975.9	27.13	5,330.2	35.77	6,375.2	38.66
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	5,536.6	4,053.9	52.02	5,025.3	61.33	4,885.7	44.54	491.8	3.30	3,433.4	20.82
<b>8. Total Deposits, Money Market and Short-term Funding</b>	<b>9,453.8</b>	<b>6,922.1</b>	<b>88.82</b>	<b>7,023.4</b>	<b>85.71</b>	<b>8,220.9</b>	<b>74.94</b>	<b>6,350.5</b>	<b>42.62</b>	<b>9,929.8</b>	<b>60.21</b>
9. Senior Debt Maturing after 1 Year	n.a.	n.a.	-	89.8	1.10	1,578.1	14.39	6,858.0	46.02	4,850.1	29.41
10. Subordinated Borrowing	0.0	0.0	0.00	0.0	0.00	167.0	1.52	171.7	1.15	202.7	1.23
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>12. Total Long Term Funding</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>89.8</b>	<b>1.10</b>	<b>1,745.1</b>	<b>15.91</b>	<b>7,029.7</b>	<b>47.18</b>	<b>5,052.8</b>	<b>30.64</b>
13. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>15. Total Funding</b>	<b>9,453.8</b>	<b>6,922.1</b>	<b>88.82</b>	<b>7,113.2</b>	<b>86.81</b>	<b>9,966.0</b>	<b>90.85</b>	<b>13,380.2</b>	<b>89.79</b>	<b>14,982.6</b>	<b>90.85</b>
<b>E. Non-Interest Bearing Liabilities</b>											
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	146.8	107.5	1.38	194.3	2.37	150.6	1.37	555.7	3.73	139.7	0.85
4. Current Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Deferred Liabilities	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	294.6	215.7	2.77	339.5	4.14	422.5	3.85	463.2	3.11	788.0	4.78
<b>10. Total Liabilities</b>	<b>9,895.2</b>	<b>7,245.3</b>	<b>92.97</b>	<b>7,647.0</b>	<b>93.32</b>	<b>10,539.1</b>	<b>96.08</b>	<b>14,399.1</b>	<b>96.63</b>	<b>15,910.3</b>	<b>96.48</b>
<b>F. Hybrid Capital</b>											
1. Pref. Shares and Hybrid Capital accounted for as Debt	196.9	144.2	1.85	143.6	1.75	26.8	0.24	27.9	0.19	36.6	0.22
2. Pref. Shares and Hybrid Capital accounted for as Equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	434.1	2.63
<b>G. Equity</b>											
1. Common Equity	551.2	403.6	5.18	403.6	4.93	403.6	3.68	474.3	3.18	110.6	0.67
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>6. Total Equity</b>	<b>551.2</b>	<b>403.6</b>	<b>5.18</b>	<b>403.6</b>	<b>4.93</b>	<b>403.6</b>	<b>3.68</b>	<b>474.3</b>	<b>3.18</b>	<b>110.6</b>	<b>0.67</b>
<b>7. Total Liabilities and Equity</b>	<b>10,643.4</b>	<b>7,793.1</b>	<b>100.00</b>	<b>8,194.2</b>	<b>100.00</b>	<b>10,969.5</b>	<b>100.00</b>	<b>14,901.3</b>	<b>100.00</b>	<b>16,491.6</b>	<b>100.00</b>
8. Memo: Fitch Core Capital	551.2	403.6	5.18	403.6	4.93	403.6	3.68	474.3	3.18	n.a.	-
9. Memo: Fitch Eligible Capital	551.2	403.6	5.18	403.6	4.93	403.6	3.68	474.3	3.18	n.a.	-

Exchange rate

USD1 = EUR0.73220

USD1 = EUR0.72510

USD1 = EUR0.75790

USD1 = EUR0.77290

USD1 = EUR0.74840

**KA Finanz AG**  
**Summary Analytics**

	30 Jun 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010
	6 Months - Interim	Year End	Year End	Year End	Year End
<b>A. Interest Ratios</b>					
1. Interest Income on Loans/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.	n.a.
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	5.55	5.36	6.08	6.83	9.51
4. Interest Expense/ Average Interest-bearing Liabilities	5.81	5.77	6.28	6.75	9.20
5. Net Interest Income/ Average Earning Assets	0.13	(0.15)	(0.38)	(0.15)	(0.11)
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	n.a.	n.a.	n.a.	(0.15)	(0.11)
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Asset	0.13	(0.15)	(0.38)	(0.15)	(0.11)
<b>B. Other Operating Profitability Ratios</b>					
1. Non-Interest Income/ Gross Revenues	157.32	73.80	71.74	89.53	92.78
2. Non-Interest Expense/ Gross Revenues	(86.59)	(35.00)	(12.96)	(16.13)	(11.42)
3. Non-Interest Expense/ Average Assets	0.18	0.18	0.15	0.20	0.15
4. Pre-impairment Op. Profit/ Average Equity	(7.64)	(16.99)	(39.96)	(104.52)	(994.92)
5. Pre-impairment Op. Profit/ Average Total Assets	(0.39)	(0.71)	(1.35)	(1.44)	(1.49)
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	84.31	(392.59)	59.48	(426.03)	93.56
7. Operating Profit/ Average Equity	(1.20)	(83.67)	(16.19)	(549.81)	(64.06)
8. Operating Profit/ Average Total Assets	(0.06)	(3.47)	(0.55)	(7.60)	(0.10)
9. Taxes/ Pre-tax Profit	n.a.	n.a.	(0.57)	(0.06)	100.00
10. Pre-Impairment Operating Profit / Risk Weighted Assets	(1.09)	(2.07)	(3.56)	(3.38)	(3.58)
11. Operating Profit / Risk Weighted Assets	(0.17)	(10.21)	(1.44)	(17.80)	(0.23)
<b>C. Other Profitability Ratios</b>					
1. Net Income/ Average Total Equity	0.00	0.00	(16.28)	(256.88)	0.00
2. Net Income/ Average Total Assets	0.00	0.00	(0.55)	(3.55)	0.00
3. Fitch Comprehensive Income/ Average Total Equity	0.00	0.00	(16.28)	(256.88)	0.00
4. Fitch Comprehensive Income/ Average Total Assets	0.00	0.00	(0.55)	(3.55)	0.00
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	0.00	0.00	(1.45)	(8.32)	0.00
7. Fitch Comprehensive Income/ Risk Weighted Assets	0.00	0.00	(1.45)	(8.32)	0.00
<b>D. Capitalization</b>					
1. Fitch Core Capital/ Risk Weighted Assets	14.23	12.39	8.28	7.38	n.a.
2. Fitch Eligible Capital/ Risk Weighted Assets	14.23	12.39	8.28	7.38	n.a.
3. Tangible Common Equity/ Tangible Assets	5.18	4.93	3.68	3.18	0.67
4. Tier 1 Regulatory Capital Ratio	13.60	12.40	8.30	7.30	7.50
5. Total Regulatory Capital Ratio	19.90	19.10	13.10	12.90	12.70
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	5.18	4.93	3.68	3.18	0.67
8. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.	n.a.
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	n.a.	n.a.	n.a.	n.a.
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.	n.a.
11. Internal Capital Generation	0.00	0.00	(17.52)	(112.65)	0.00
<b>E. Loan Quality</b>					
1. Growth of Total Assets	(4.89)	(25.30)	(26.39)	(9.64)	(6.60)
2. Growth of Gross Loans	(3.26)	(16.88)	(19.61)	(3.99)	66.86
3. Impaired Loans/ Gross Loans	n.a.	n.a.	n.a.	n.a.	n.a.
4. Reserves for Impaired Loans/ Gross Loans	n.a.	0.03	0.19	1.26	1.79
5. Reserves for Impaired Loans/ Impaired Loans	n.a.	n.a.	n.a.	n.a.	n.a.
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	n.a.	n.a.	n.a.	n.a.	n.a.
7. Impaired Loans less Reserves for Impaired Loans/ Equity	n.a.	n.a.	n.a.	n.a.	n.a.
8. Loan Impairment Charges/ Average Gross Loans	n.a.	n.a.	n.a.	0.00	0.00
9. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	(270.10)	n.a.
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Ass	n.a.	n.a.	n.a.	n.a.	n.a.
<b>F. Funding</b>					
1. Loans/ Customer Deposits	362.98	546.51	770.80	651.86	2,960.64
2. Interbank Assets/ Interbank Liabilities	87.36	9.16	13.35	19.71	16.53
3. Customer Deposits/ Total Funding (excluding derivatives)	8.86	5.92	3.61	3.95	0.81

**KA Finanz AG**  
**Reference Data**

	30 Jun 2014			31 Dec 2013		31 Dec 2012		31 Dec 2011		31 Dec 2010	
	6 Months - Interim	Interim	As % of	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	EURm	Assets	EURm	Assets	EURm	Assets	EURm	Assets	EURm	Assets
<b>A. Off-Balance Sheet Items</b>											
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	939.0	687.5	8.82	2,565.1	31.30	7,208.7	65.72	10,464.0	70.22	10,704.1	64.91
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00	10.5	0.06
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Total Business Volume	11,582.4	8,480.6	108.82	10,759.3	131.30	18,178.2	165.72	25,365.3	170.22	27,206.2	164.97
8. Memo: Risk Weighted Assets	3,872.7	2,835.6	36.39	3,256.3	39.74	4,872.7	44.42	6,423.2	43.10	7,113.5	43.13
9. Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Fitch Adjusted Risk Weighted Assets	3,872.7	2,835.6	36.39	3,256.3	39.74	4,872.7	44.42	6,423.2	43.10	7,113.5	43.13
<b>B. Average Balance Sheet</b>											
Average Loans	3,092.6	2,264.4	29.06	2,544.2	31.05	3,146.4	28.68	3,339.1	22.41	2,869.4	17.40
Average Earning Assets	10,349.5	7,577.9	97.24	8,982.1	109.62	11,314.3	103.14	13,222.3	88.73	14,963.9	90.74
Average Assets	10,917.4	7,993.7	102.57	9,569.7	116.79	12,860.3	117.24	15,054.8	101.03	17,074.5	103.53
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	9,664.3	7,076.2	90.80	8,569.0	104.57	11,640.6	106.12	13,670.7	91.74	15,648.7	94.89
Average Common equity	551.2	403.6	5.18	397.4	4.85	434.2	3.96	208.0	1.40	25.6	0.16
Average Equity	551.2	403.6	5.18	397.4	4.85	434.2	3.96	208.0	1.40	25.6	0.16
Average Customer Deposits	706.6	517.4	6.64	422.2	5.15	446.9	4.07	247.8	1.66	97.7	0.59
<b>C. Maturities</b>											
<b>Asset Maturities:</b>											
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>Liability Maturities:</b>											
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	251.6	3.07	189.2	1.72	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	111.4	1.36	95.2	0.87	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	25.4	0.31	22.6	0.21	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	32.8	0.40	52.3	0.48	n.a.	-	n.a.	-
Deposits from Banks < 3 Months	n.a.	n.a.	-	938.7	11.46	745.9	6.80	n.a.	-	n.a.	-
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	311.0	3.80	1,231.4	11.23	n.a.	-	n.a.	-
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	327.2	3.99	868.6	7.92	n.a.	-	n.a.	-
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	130.0	1.19	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1-5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1-5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	0.0	0.0	0.00	0.0	0.00	167.0	1.52	171.7	1.15	202.7	1.23
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>D. Equity Reconciliation</b>											
1. Equity	551.2	403.6	5.18	403.6	4.93	403.6	3.68	474.3	3.18	110.6	0.67
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	434.1	2.63
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	551.2	403.6	5.18	403.6	4.93	403.6	3.68	474.3	3.18	544.7	3.30
<b>E. Fitch Eligible Capital Reconciliation</b>											
1. Total Equity as reported (including non-controlling interests)	551.2	403.6	5.18	403.6	4.93	403.6	3.68	474.3	3.18	110.6	0.67
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
5. Other intangibles	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
<b>9. Fitch Core Capital</b>	<b>551.2</b>	<b>403.6</b>	<b>5.18</b>	<b>403.6</b>	<b>4.93</b>	<b>403.6</b>	<b>3.68</b>	<b>474.3</b>	<b>3.18</b>	<b>n.a.</b>	<b>-</b>
10. Eligible weighted Hybrid capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
<b>12. Fitch Eligible Capital</b>	<b>551.2</b>	<b>403.6</b>	<b>5.18</b>	<b>403.6</b>	<b>4.93</b>	<b>403.6</b>	<b>3.68</b>	<b>474.3</b>	<b>3.18</b>	<b>n.a.</b>	<b>-</b>

Exchange Rate

USD1 = EUR0.73220

USD1 = EUR0.72510

USD1 = EUR0.75790

USD1 = EUR0.77290

USD1 = EUR0.74840

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