

## Various Italian Bank Outlooks Revised To Negative After Action On Sovereign And BICRA Industry Trend; Ratings Affirmed

**Primary Credit Analyst:**

Mirko Sanna, Milan (39) 02-72111-275; mirko.sanna@spglobal.com

**Secondary Contacts:**

Regina Argenio, Milan (39) 02-72111-208; regina.argenio@spglobal.com

Francesca Sacchi, Milan (39) 02-72111-272; francesca.sacchi@spglobal.com

Letizia Conversano, Dublin (39) 02-72111-283; letizia.conversano@spglobal.com

Alessandro Ulliana, Milan (39) 02-72111-228; alessandro.ulliana@spglobal.com

OVERVIEW

- On Oct. 26, 2018, S&P Global Ratings revised to negative from stable its outlook on the 'BBB/A-2' long- and short-term ratings on the Republic of Italy following the government's planned budgetary policy deviation and the related drag on the country's already weak budgetary position and economic prospects.
- Prolonged turmoil in the capital markets due to concerns about sovereign creditworthiness could impair the banks' funding profiles, potentially hiking up their cost of financing and thus reducing their profitability.
- We are affirming the ratings on 19 Italian financial institutions. We are revising to negative from stable the outlooks on the ratings on 11 of these institutions.
- The negative outlook on Intesa Sanpaolo and its core subsidiaries Banca IMI and Fideuram - Intesa Sanpaolo Private Banking SpA; UniCredit; Mediobanca and its core subsidiary MB Funding Lux; FCA Bank; Banca Nazionale del Lavoro; Dexia Crediop; MedioCredito Centrale; and the Italian branch of Bank of New York Mellon S.A./N.V. primarily mirrors that on Italy.
- We are also revising the outlook on the Italian branches of both BNP

Paribas S.A and BNP Paribas Securities Services to stable from positive, reflecting the action on the sovereign.

MILAN (S&P Global Ratings) Oct. 30, 2018--S&P Global Ratings said today that it affirmed the long- and short-term issuer credit ratings on:

- UniCredit SpA (BBB/A-2);
- Mediobanca Banca di Credito Finanziario SpA (Mediobanca; BBB/A-2) and its core subsidiary MB Funding Lux (BBB/A-2);
- Intesa Sanpaolo SpA and its core subsidiaries Banca IMI and Fideuram (all rated: BBB/A-2);
- FCA Bank SpA (BBB/A-2);
- Banca Nazionale del Lavoro SpA (BNL; BBB/A-2);
- Dexia Creditop SpA (BBB/A-2);
- Unione di Banche Italiane SpA (UBI; BBB-/A-3);
- Credito Emiliano SpA (Credem; BBB-/A-3);
- Istituto Credito Sportivo (Credito Sportivo; BBB-/A-3);
- Banca del Mezzogiorno - MedioCredito Centrale SpA (MedioCredito; BBB-/A-3);
- Banca Popolare dell'Alto Adige Volsbank SpA (BPAA; BB+/B);
- Iccrea Banca SpA and Iccrea BancaImpresa SpA (together ICCREA; both rated BB/B);
- Bank Of New York Mellon S.A./N.V. (Italian Branch) (A+/A-1; and
- The Italian branches of BNP Paribas: BNPP SA (Milan branch) and BNPP Securities Services (Milan branch) (both rated: A/A-1).

At the same time, we revised the outlook to negative from stable on:

- UniCredit;
- Mediobanca and its core subsidiary MB Funding Lux;
- Intesa Sanpaolo and its subsidiaries Banca IMI and Fideuram;
- FCA Bank;
- BNL;
- Dexia Creditop;
- MedioCredito Centrale; and
- Bank Of New York Mellon S.A./N.V. (Italian Branch).

We also revised to stable from positive the outlook on the BNPP SA (Milan branch) and BNPP Securities Services (Milan branch).

The outlook on UBI, Credem, ICCREA, BPAA, and Credito Sportivo remains stable.

We believe the recent spike of volatility due to increased concerns about the Italian sovereign's creditworthiness could, in the longer term, constrain Italian banks' access to wholesale, affordable funding. Therefore, we anticipate that if market pressure were to rise further and for a prolonged period, this could erode the banks' already modest profitability and their funding profiles. Consequently, we have revised to negative the trend for our assessment of Italian banks' industry risk, under our Banking Industry Country

Risk Assessment.

In this context, we acknowledge that the abundant liquidity provided to Italian banks by the European Central Bank (ECB) over the years, and the banking sector's very low external position--just 5% excluding ECB funding--have so far largely cushioned the effect of recent market turbulence on the banks' funding profiles.

This is also because in the past couple of years, Italian banks have taken advantage of the ECB's second series of targeted longer-term refinancing operations (TLTRO II) to contain their funding costs. Most banks have increased their reliance on this cheaper and more stable source of funding. As of June 2018, Italian banks' exposure to the ECB amounted to €250 billion, the highest in Europe.

In our view, however, banks will likely have to adjust their funding strategy in the following few months. Since TLTRO II loans have maturities of four years (mostly expiring in 2020 and 2021), Italian banks will need to gradually replace them with other funding sources, or apply for other shorter-term ECB liquidity facilities. Alternatively, they may have to cut their exposure to government bonds, although the ECB might implement measures to cushion the effect of maturing TLTRO II loans.

While we consider Italian banks' external refinancing needs to be relatively contained, we expect systemically important institutions in Italy to be asked to comply with the new minimum requirements for own funds and eligible liabilities (MREL) over the next couple of years. MREL comprise not only senior unsecured debt, but also more expensive forms of subordinated debt. This could be a very costly exercise for Italian banks if difficult market conditions persist.

Furthermore, the government's policy reversal puts at risk the path of government debt in GDP terms, particularly because it may undermine Italy's ongoing economic recovery. Investor confidence is being eroded this year; external financial conditions have deteriorated in particular since late May and this deterioration will likely adversely affect economic agents, in our view.

We now project that real GDP will grow by about 1.1% this year and next, supported by domestic demand. We previously forecast 1.4% for the same period.

Stronger economic recovery in past quarters in Italy has spurred on Italian banks to reduce their stock of nonperforming exposures (NPEs), helped by a more developed secondary market for those assets. The overall gross stock of NPEs fell to €221 billion as of June, around 12.5% of customer loans compared with €340 billion in 2015, mainly thanks to disposals. If the economy progresses as we think, we anticipate the improving trend to continue, with the stock of NPEs falling below 10% in 2020. While this represents material progress, this stock would still represent a tail-risk if the Italian economy

deteriorates materially. Partially cushioning this risk, we believe banks have considerably improved their underwriting standards in recent years and private sector creditworthiness, particularly that of corporations, has steadily progressed since the peak of the recession.

Thus, despite our now reduced economic growth forecast for Italy and the market turbulence weighing on the banking sector since May, we have affirmed our ratings on the aforementioned Italian banks. For most of them, this action reflects both that those institutions have improved their asset quality remarkably since 2016, and that the sharp increase in Italy's sovereign borrowing cost has, in our view, not yet significantly affected economic activity.

Among those banks, we continue to rate Intesa Sanpaolo and UniCredit higher (both 'BBB/A-2'), with a higher stand-alone credit profile (SACP; 'bbb'), mainly to reflect their stronger business diversification, scale, and better profitability prospects. We also rate Mediobanca at 'BBB/A-2' due to its better-than-peers asset quality and capitalization. While we have slightly reduced our earnings forecast over the next couple of years, we continue to expect that, in our base-case scenario, the return of equity (ROE) of those banks will exceed the median ROE we forecast for the top 50 European banks--around 6.0%-7% both in 2018 and 2019.

As such, the revision of the outlook to negative from stable on UniCredit, Intesa Sanpaolo, and Mediobanca primarily reflects the action on the sovereign rating and the potential repercussions of a deteriorated operating environment.

For Dexia's core subsidiary, Dexia Crediop, and Credit Agricole's systemically important subsidiary, FCA Bank, the negative outlook reflects that we do not expect to rate them above the sovereign rating on Italy.

The negative outlook on BNP Paribas' core subsidiary, BNL, reflects that our ratings are currently capped at the level of those on Italy. However, we will continue to monitor the benefits for the bank from being part of the BNP group, and factor in any potential change in our perception of the likelihood that BNL's creditworthiness could benefit from support from its parent group even during stress associated with a potential sovereign default.

The revision of the outlook to negative from stable on The Bank Of New York Mellon S.A./N.V. (Italian Branch) reflects the action on the sovereign rating and the core integration of The Bank Of New York Mellon S.A./N.V. (AA-/Stable/A-1+) in its group.

The revision of the outlooks to stable from positive on BNPP SA (Milan branch) and BNPP Securities Services (Milan branch), reflects the revision of the outlook on the Italian sovereign rating, combined with the current level our ratings on BNP Paribas and its core subsidiary (see "Assessing Bank Branch Creditworthiness," published Oct. 14, 2013).

The stable outlook on the other Italian banks reflects that we do not expect most of the main factors currently supporting our ratings to change materially over the next 12-24 months, as long as the downside scenario is not more severe than we currently assume.

#### UniCredit SpA

The negative outlook on UniCredit mirrors that on Italy. It primarily reflects that we could downgrade UniCredit over the next 12-24 months if we downgrade Italy and conclude that UniCredit would be unlikely to withstand a sovereign default without defaulting.

In our base-case scenario for UniCredit, we anticipate that the bank will be able to reduce its stock of NPEs below 8% by 2019. We expect it will post risk-adjusted capital (RAC) sustainably above 7% over the next two years and maintain a balanced funding profile. Consequently, we could also lower the ratings on UniCredit if we anticipated that the bank were likely to materially deviate from our current expectations.

We might revise the outlook back to stable if we took a similar action on Italy. We might also take this action if we concluded that UniCredit were likely to be able to withstand the effect a hypothetical default scenario of Italy without itself defaulting. The latter eventuality would stem from the bank's declining direct exposures to the sovereign, the ability to reduce further its stock of NPEs in Italy, and the issuance of further loss-absorbing instruments in line with the group total loss-absorbing capacity funding plan.

We will continue to notch the ratings on the hybrids down starting from the lowest between the bank's SACP and the issuer credit rating. At this stage, if we were to lower the rating on UniCredit, we would also lower the rating on the bank's rated senior non-preferred notes, Tier II instruments, and legacy Tier 1 instruments.

#### Intesa Sanpaolo

The negative outlook on Intesa Sanpaolo mirrors that on the sovereign and signifies that we could downgrade Intesa if we lowered the ratings on Italy in the next 12-24 months. This is because we believe that Intesa would be unlikely to continue to fulfil its obligations in a timely manner in the event of an Italian sovereign default, given its domestic concentration.

In our base-case scenario, we anticipate Intesa Sanpaolo's leading market position in Italy in commercial banking and wealth management, well-diversified revenue sources, strong efficiency, and prudent management will continue to support the bank's outperformance of other domestic banks. Providing that Italian economic conditions remain supportive, we also anticipate that Intesa will reduce its gross NPA ratio to the targeted 6% by end-2021, while preserving its capitalization over the next couple of years

within 5.5%-6.0%, as measured by our RAC ratio.

Conversely, if we revised the outlook on Italy to stable we would take the same action on Intesa Sanpaolo.

We will continue to notch down the ratings on Intesa Sanpaolo's hybrids starting from the lowest between the bank's SACP and the ICR. At this stage, if we were to lower the ratings on Intesa Sanpaolo, we would also lower the rating on the bank's rated Additional Tier I and Tier II instruments.

#### Fideuram-Intesa Sanpaolo Private Banking and Banca IMI

The negative outlooks on Fideuram-Intesa Sanpaolo Private Banking SpA (Fideuram ISPB) and Banca IMI mirror that on its parent, Intesa Sanpaolo, and on our long-term rating on Italy. As Fideuram ISPB and Banca IMI are core entities within the group, a negative rating action on Intesa Sanpaolo would trigger a similar rating action on the two banks. Similarly, if we revised the outlook on Intesa to stable, we would take the same action on Fideuram ISPB and Banca IMI.

#### BNL

The negative outlook on BNL mirrors that on Italy and reflects that we may lower our long and short-term ratings on the bank following a similar action on the sovereign credit rating over the next 12-24 months. This is because our ratings on BNL are currently constrained by the ones on Italy.

Conversely, we could revise the outlook back to stable if we took this action on Italy or if we perceived that BNL's creditworthiness would benefit from being part of the BNP group even during stress associated with a potential sovereign default.

#### Dexia Crediop

The negative outlook on Dexia Crediop mirrors that on the sovereign and reflects that we could downgrade Dexia Crediop if we lowered the ratings on Italy in the next 12-24 months. This is because our ratings on Dexia Crediop are constrained by the rating on Italy. We also expect Dexia Crediop to remain a core subsidiary of its parent Dexia Credit Local. As result, although unlikely at this stage, a negative rating action on its parent would trigger a similar action on Dexia Crediop.

Conversely, if we revised the outlook on Italy to stable we would take the same action on Dexia Crediop.

#### MedioCredito Centrale

Our negative outlook on MedioCredito mirrors that on the sovereign, the bank's major shareholder. This reflects that we could lower the ratings over the next

24 months if we lowered our rating on Italy, as this would imply that the sovereign were less able to support the bank in case of need. Furthermore, we may also consider lowering our ratings on MedioCredito if we anticipated that the bank would not be able to maintain its RAC ratio sustainably above 10% in 2018-2020, or if we perceived that the bank's business prospects had deteriorated, all other factors remaining the same.

Alternatively, we could revise our outlook on MedioCredito back to stable following a similar action on Italy.

#### Mediobanca

The negative outlook on Mediobanca and its subsidiary, MB Funding Lux, reflects that we could lower the rating if we were to lower our ratings on Italy. We could also take this action if operating conditions deteriorated and at the same time, we saw market pressure rising further and for a prolonged period, and we perceived this could significantly erode Mediobanca's funding profile, over the next 12-24 months.

We could revise the outlook on Mediobanca to stable if we took the same action on Italy. Although less likely, we could also revise the outlook to stable if we considered that Mediobanca were unlikely to default if the sovereign defaulted. This could happen if Mediobanca's capital position strengthened and the bank demonstrated that it could rollover its maturing debt without hampering profitability.

We will continue to notch the ratings on the hybrids down starting from the lowest between the bank's SACP and the issuer credit rating. At this stage, if we were to lower the rating on Mediobanca, we would also lower the rating on the bank's rated subordinated debt.

#### FCA Bank

The negative outlook on FCA Bank mirrors that on Italy. We consider FCA Bank to be a strategically important subsidiary for CASA (its 50% owner). As such, under our criteria, uplift for group support for these types of entities is capped at the level of the rating on its sovereign. This reflects our opinion that potential extraordinary support from CASA will not extend to a level sufficient to allow FCA Bank to withstand a sovereign default stress scenario. Absent a sovereign downgrade, a downward revision of the bank's SACP due to a deterioration of the financing conditions for the Italian banks that hit its profitability and internal capital generation, would not lead us to lower the ratings on FCA Bank, in our view. This is because we would incorporate an additional notch of support from CASA given our view of its importance for the French group.

We would revise the outlook to stable if we revised the outlook on Italy to stable.

## UBI

The stable outlook reflects balanced risks to our ratings on UBI over the next 24 months. We anticipate that the bank will be able to gradually improve its RAC ratio before adjustments to be comfortably above 5% by end 2020, on increasing internal capital generation and declining NPEs. We also believe that UBI's NPE ratio will gradually decline to about 9% by end-2020, remaining slightly below the domestic average in the next 24 months.

We would downgrade UBI if we expected market pressure to rise further, thus negatively affecting the bank's already fragile profitability and capital position. This could occur if we anticipated that lower internal capital generation would result in UBI's RAC ratio declining below 5% or if we anticipated that prolonged market pressure and increased competition jeopardized UBI's efforts to improve revenue generation and efficiency, and the bank continued to lag behind peers. We could also downgrade UBI if, contrary to past transactions, the bank entered into acquisitions that we considered detrimental to its financial profile, for example by adding material NPEs.

Although unlikely, we could raise the ratings on UBI if market pressure and concerns on the sovereign creditworthiness eased and we projected that the bank would materially increase its subordinated liabilities, thus reaching an amount of additional loss-absorbing capacity instruments higher than 5% of S&P Global Ratings' risk-weighted assets, from about 1% currently. An upgrade, in this case, would not benefit our ratings on UBI's hybrid debt because we expect these instruments to be written off or converted into equity in a bail-in resolution, and therefore we rate the hybrids using the bank's SACP.

## Credem

The stable outlook on Credem reflects our opinion that the bank's superior asset quality and resilient profitability will allow it to preserve its solvency position in the next 24 months. We anticipate that Credem's profitability will continue to benefit from lower credit losses than those of its peers. We forecast that the bank's retained earnings will likely allow it to maintain capitalization in line with our current assessment and our RAC ratio of 5.5%-6.0% by end-2020.

We could lower the ratings on Credem if we anticipated that the bank's RAC ratio would not remain sustainably above 5.0% in the next 24 months due to higher-than-expected credit growth or insufficient organic capital generation.

Providing that market pressure and concerns on the sovereign creditworthiness eased, we could consider an upgrade if we anticipated that the bank's RAC ratio had improved above the 7% threshold due to higher-than-expected internal capital generation. We could also upgrade Credem if it improved its recurring return on equity sustainably above 9% over the next two years, while continuing to maintain much better asset quality metrics than Italian banks'



average.

#### BP Alto Adige-Volksbank

The stable outlook reflects our expectation that BP Alto Adige (BPAA) will maintain better asset quality than the Italian system average while preserving its capitalization. Specifically, we expect BPAA's NPE ratio to decrease below 10% in 2019 and to further materially decrease afterward, and its RAC to stay comfortably above 5% over the next 12 months.

We could lower the rating if we considered BPAA's asset quality unlikely to progress in line with our expectations, to the point that we no longer considered it as better than domestic peers.

We could raise the ratings on BPAA if operating conditions in Italy stabilized and the bank built up sufficient capital to maintain its RAC ratio sustainably above 7.0%, while keeping all the drivers of its creditworthiness unchanged.

#### Credito Sportivo

The stable outlook on Credito Sportivo factors in our view that the bank will preserve its very strong capital base over the next 18-24 months on the back of contained loan growth and stable organic capital generation, while making constant progress in improving its asset quality.

We could lower the ratings if we perceived a diminished commitment from the Italian government toward Credito Sportivo, possibly reflected in a request of capital reduction, or lower funding or business support. We could also consider a downgrade if the workout of Credito Sportivo's stock of NPEs did not proceed in line with our expectations, with a projected NPE ratio below 13% by end-2020, from about 16.8% as of September 2018.

Alternatively, and providing that we revise the sovereign outlook to stable, we could consider raising the ratings if we observed a material reduction in Credito Sportivo's NPE ratio to a level comparable with the domestic average, which we estimate at approximately 10% by year-end 2020. In addition to the NPE reduction, a positive action would also stem from the bank's ability to materially diminish the existing single-name concentration in its loan book, while other factors underpinning the bank's creditworthiness remain unchanged.

#### ICCREA

The stable outlook on Iccrea Banca and its core subsidiary Iccrea Banca Impresa reflects the balanced risks to our ratings over the next 12 months. In particular, we expect the group to successfully progress in the consolidation of 142 local Banche di Credito Cooperativo (BCCs) while maintaining a strong funding and liquidity position and its RAC ratio above 5%. We factor in our expectation that the group will increase efforts to reduce the high stock of NPEs, thus narrowing the gap with peers.

We could lower the ratings if we perceived that market pressure were to rise further and for a prolonged period, thus eroding the group's already modest profitability and leading its RAC ratio to decline to below 5.0%, without a material improvement in asset quality. Similarly, this could happen if the group's outstanding funding and liquidity profile deteriorated or if the group members failed to agree on a joint strategy that enabled strong risk governance and reaping of cost synergies.

An upgrade is less likely under the current environment. We could take this action if market pressure abated and the group's combined solvency and risk profiles strengthened. For example, this could happen if we expected the RAC ratio to increase comfortably above 7% or asset quality materially improved to a level more akin to the rest of the domestic sector. As a result of the transformation, we would also need to observe the following in the new group:

- Significant tightening of the relationship between individual BCCs and the holding companies, with effective risk-sharing system among members;
- Better efficiency; and
- Improved corporate governance, enabling the central body and BCC members to operate as a single group in the market.

#### RELATED CRITERIA

- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- Criteria - Financial Institutions - General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria - Financial Institutions - Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria - Financial Institutions - Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And



*Various Italian Bank Outlooks Revised To Negative After Action On Sovereign And BICRA Industry Trend;  
Ratings Affirmed*

MedioCredito Centrale SpA		
Issuer Credit Rating	BBB-/Negative/A-3	BBB-/Stable/A-3
UniCredit SpA		
Issuer Credit Rating	BBB/Negative/A-2	BBB/Stable/A-2
BNP Paribas Securities Services (Milan Branch)		
BNP Paribas SA (Milan Branch)		
Issuer Credit Rating	A/Stable/A-1	A/Positive/A-1
Ratings Affirmed		
Banca Popolare dell'Alto Adige Volksbank S.p.A.		
Issuer Credit Rating	BB+/Stable/B	
Credito Emiliano SpA		
Issuer Credit Rating	BBB-/Stable/A-3	
Iccrea Banca SpA		
Iccrea BancaImpresa SpA		
Issuer Credit Rating	BB/Stable/B	
Istituto per il Credito Sportivo		
Issuer Credit Rating	BBB-/Stable/A-3	
UBI Banca SpA		
Issuer Credit Rating	BBB-/Stable/A-3	

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.