

Bank Nederlandse Gemeenten (BNG)

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	AA+
Short-Term IDR	F1+

Support Rating	1
Support Rating Floor	AA+

Sovereign Risk

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Short-Term IDR	F1+

Outlooks

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

Financial Data

Bank Nederlandse Gemeenten (BNG)

	31 Dec 17	31 Dec 16
Total assets (USDbn)	167.9	162.3
Total assets (EURbn)	140.0	154.0
Total equity (EURbn)	4.2	3.8
Net income (EURm)	393	369
Operating ROAA (%)	0.4	0.3
Operating ROAE (%)	13.3	13.0
Common equity Tier 1 capital ratio (%)	30.0	26.0
Equity/total assets	3.0	2.4

Key Rating Drivers

Support Drives Ratings: The Long-Term Issuer Default Rating (IDR) of Bank Nederlandse Gemeenten (BNG) reflects Fitch Ratings' view that there is an extremely high probability that the Netherlands will support the bank in case of need. Fitch will continue to factor in state support for BNG Bank despite the implementation of the EU's Bank Recovery and Resolution Directive (BRRD). This expectation is based on BNG Bank's state ownership and its long-lasting policy role in financing the Dutch public sector.

Support Ability Less Certain: The BRRD represents a small incremental risk to state support being made available to BNG Bank's senior unsecured creditors in a timely manner, as well as dilution of national discretion over resolution decisions. This drives the one-notch differential between the Netherlands' Long-Term IDR and BNG Bank's Support Rating Floor and hence Long-Term IDR.

Pre-emptive Support Highly Likely: Fitch believes the state would act pre-emptively to replenish BNG Bank's capital levels, if needed, due to the dependence of the bank's business model on wholesale funding. Fitch considers it highly likely that support from the public owners of BNG Bank would be arranged in accordance with the private investor test as part of EU state-aid considerations and also required under BRRD to avoid necessary bail-in of senior creditors.

The remote risk that this may not be achieved drives the one-notch differential between the bank's and the state's Long-Term IDRs.

Full Public Ownership: BNG Bank's full public ownership is long-term and strategic. Half of its capital has been held by the Dutch state since 1921 with the other half controlled by the Dutch provinces and local authorities. BNG Bank's articles of association prevent private ownership.

Clear Policy Role: BNG Bank is one of two Dutch policy banks whose clear, strategic and long-established roles have been to provide banking services to public authorities. We believe it would be difficult to transfer this role to commercial banks given the low yield and long maturity of the assets generated by the business model. In our view, the absence of an explicit funding guarantee from the Netherlands and of a special legal status, which would legally bind the state to support BNG Bank, is largely offset by the bank's policy role and public ownership.

Low-Risk Operations: BNG Bank's operations are entirely determined by its policy role, its strategy is framed by the bank's articles of association and its franchise largely dependent on its public ownership. The extremely low-risk nature of BNG Bank's assets, its solid risk-weighted capital ratios, accommodative Dutch regulatory policy towards policy banks and prudent liquidity management make it highly unlikely that it will require extraordinary support.

Related Research

[Netherlands \(May 2018\)](#)

Analysts

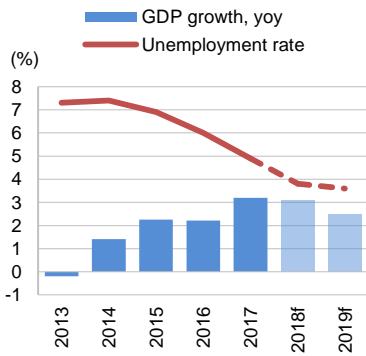
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Rating Sensitivities

Sovereign Rating, Support Propensity: BNG Bank's ratings are sensitive to changes in the Netherlands' ability to provide support as reflected in its ratings. A weakening of BNG Bank's strategic importance to the Dutch state and/or ownership, which we view as highly unlikely, could also cause a widening of the notching between the Netherlands' and BNG Bank's ratings. A deviation from its narrowly defined domestic policy role may be rating negative.

Dutch Economy



Source: Fitch Ratings

Operating Environment

BNG Bank operates almost exclusively in the Netherlands and its performance is therefore dependant on the health of the Dutch economy. The Netherlands maintained its ‘AAA’ rating throughout the global financial crisis and its Outlook is Stable. The country’s flexible, diversified, high value-added and competitive economy benefits from strong domestic institutions, a record of sound budgetary management, and historically broad public and political consensus in support of fiscal discipline.

The Dutch banking sector is highly concentrated. Barriers to enter BNG Bank’s core business of lending to local authorities are very high given the extremely low funding costs and the expertise required. BNG Bank has been able to access various capital markets internationally as a result of its close relationship with the Dutch state.

Fitch believes that the Dutch regulatory environment is developed and transparent, and that legislation and regulation are enforced effectively. From November 2014, BNG Bank has been supervised by the ECB under the Single Supervisory Mechanism. It is also designated as a domestic systemically important bank by the Dutch central bank and is subject to a 1% systemic importance capital buffer (phased in between 2016 and 2019).

Company Profile

BNG Bank has a long tradition of providing the Dutch public sector with low-cost funding, with the aim of minimising the cost of social provision. The bank is owned by the Dutch state (50%) and related public-sector entities (50% by a combination of Dutch provinces and municipalities) and its articles of association forbid non-public, commercial ownership. Although no explicit guarantee exists between the Dutch state and BNG Bank, government involvement in the bank is substantial. We expect the Dutch government to maintain its shareholding.

The customer base consists almost entirely of Dutch local authorities, public-sector utilities and entities involved in social housing, healthcare provision, education and infrastructure projects. BNG Bank also offers several other services including co-investing in area development, payment services and electronic banking facilities. BNG Bank is involved in a small number of public-private partnerships, some internationally, and has recently started providing refinancing to banks under the Dutch export credit guarantee scheme.

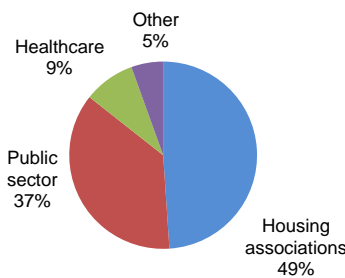
BNG Bank is the larger of the two Dutch banks with a clear policy role of financing public-sector entities. Fitch believes the Dutch authorities have no intention to merge these two entities as potential cost synergies would be limited. The narrow lending margins that require very low cost of funding make the business economically unattractive for a commercial bank. In 2017, BNG Bank enjoyed a 71% market share in zero risk-weighted long-term lending to the public sector, housing associations and healthcare institutions.

Management and Strategy

BNG Bank is a statutory two-tier company under Dutch law. Daily management of the bank is undertaken by a three-member executive board. The Dutch government is not involved in day-to-day management or oversight of the bank. However, several supervisory board members are either representatives of the municipalities or former government officials. Senior management turnover has been low. In January 2018, the bank’s chief executive retired after 10 years in the role and a replacement was appointed who had held several senior positions within the Dutch Ministry of Finance.

Long-Term Lending by Segment

EUR80bn at end-2017

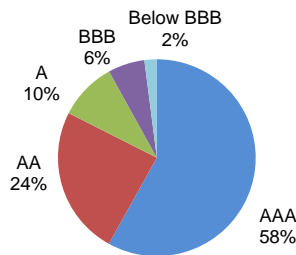


Source: BNG

Related Criteria

[Bank Rating Criteria \(March 2018\)](#)

Securities Portfolio
EUR14.5bn^a at end-2017



^a Principal amount
Source: BNG, Fitch Ratings

BNG Bank’s main strategic objectives are retaining a substantial market share in the Dutch public- and semi-public-sector long-term zero risk-weighted financing (over 55% in 2018 and beyond) while generating a reasonable return for shareholders. The latter is set by the Ministry of Finance and is 4.1% for 2018. Management has generally met most of the financial and business objectives.

Risk Appetite

BNG Bank’s very low appetite for credit risk follows from its policy role. At end-2017, 88% of total loans and off-balance-sheet commitments were zero risk-weighted (“solvency-free”) as they were extended either to the Dutch public-sector bodies or benefitted from the state’s guarantee. Non-solvency-free loans are mostly extended to public utilities, housing associations and healthcare institutions. Non-guaranteed exposures are permitted if they are sufficiently focused on the public sector. The bank predominantly lends to Dutch entities. Foreign exposure is mostly in the form of interest-bearing securities. The limit on total long-term foreign exposure is a moderate 15% of total assets (actual exposure was 8% at end-2017).

The bank’s market-risk exposure is fairly low. BNG Bank aims to hedge most of its interest-rate risk stemming from its typically long-term loan book. At end-2017, the impact on earnings from a minus 180bp gradual parallel shift of the interest-rate curve would have been a low EUR16 million negative on the one-year and EUR86 million negative on the two-year horizons. Foreign-currency risk arises from substantial funding in foreign currency, while lending is exclusively in euros. The risk is fully hedged through swaps.

Financial Profile

Asset Quality

Owing to its very low risk appetite, BNG Bank’s asset quality is strong. Impaired loans represented just 0.05% of gross loans at end-2017. Impairment charges are small and infrequent. The vast majority of loans are extended either to government bodies or to housing associations under the Dutch social housing fund guarantee, ultimately backed by the central government.

The securities portfolio is low risk and almost exclusively investment grade. Exposure to peripheral eurozone countries was sizeable at EUR1.8 billion at end-2017 (about half of equity) but is being gradually run down.

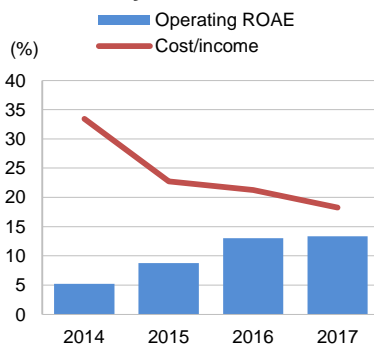
Earnings and Profitability

BNG Bank’s revenue is driven by net interest income. As a reflection of its low-risk business model, the bank’s net interest margin has been quite narrow at 30bp-45bp, but stable. BNG Bank has exceptionally low cost of funding due to its close relationship and association with the state. Fitch believes that the bank’s business model would hardly be viable otherwise.

BNG Bank has reported a consistent performance in recent years with the exception of 2014, when its bottom line was affected by a EUR189 million unrealised valuation loss on several long-term inflation-linked securities and related hedges. Fitch expects profitability to remain broadly stable, although it will continue to suffer from low interest rates and reduced demand for loans from BNG Bank’s core clients.

Operating efficiency is very strong due to limited staff and lack of branches but may slightly weaken as a result of increased reporting requirements. The bank’s net profit of EUR369 million in 2016 and EUR393 million in 2017 benefitted from a positive result on financial transactions (EUR181 million in 2017, EUR118 million in 2016) and a EUR39 million reversal in 2016 of the provision booked for bonds of HETA Asset Resolution AG.

Profitability Metrics



Source: BNG, Fitch Ratings

Capitalisation and Leverage

BNG Bank reports solid risk-weighted regulatory capital ratios (fully loaded common equity Tier 1 (CET1) ratio of 31% at end-2017) as it benefits from low risk-weightings on its large public-sector lending. From end-2016, the bank also complies with the minimum regulatory leverage ratio of 3% thanks to profit retention and issuance of additional Tier 1 (AT1) instruments subscribed to by the Dutch provinces (in total EUR733 million AT1: EUR424 million in 2014 and EUR309 million in 2016). The Basel leverage ratio increased to 3.5% at end-2017, or 3.7% if full-year profits are included.

BNG Bank reported that the impact from the first-time adoption of IFRS 9 was a reduction of equity of EUR271 million. However, it had a limited effect on the regulatory capital and leverage ratios (0.9pt on the end-2017 CET1 ratio) as most of the impact relates to the reduction in the cash flow reserve, which is not part of capital calculation for regulatory purposes.

Fitch believes Basel III end-game proposals, which will introduce stricter risk-weighting for certain asset classes and limit the use of internal models by banks, are only likely to have a limited effect on BNG Bank’s capital ratios given that the bank uses the standardised approach for calculating risk-weights.

Funding and Liquidity

BNG Bank is highly reliant on wholesale funding but has maintained access to the capital markets through the cycle, most likely thanks to its special links to the state and consequent high ratings. The bank strives to diversify its investor base and lower the cost of funding by actively issuing internationally and in various currencies (only 36% of long-term debt issuance in 2017 was denominated in euros). BNG Bank’s debt issues qualify in the EU as Level 1 (highest-quality) liquid assets for the purposes of calculating the liquidity coverage ratio (LCR). BNG Bank does not gather retail deposits or issue secured debt.

Refinancing risk is also mitigated by prudent liquidity management. On top of annual refinancing needs of about EUR15 billion, the bank’s liquidity is sensitive to market movements as it may be required to post additional cash collateral on derivatives used to hedge market risk. At end-2017, the liquidity cushion was ample and consisted of EUR3 billion of cash and equivalents and EUR12.7 billion of unpledged LCR-eligible securities. BNG Bank could use its entire solvency-free loan portfolio as collateral to obtain funding from the ECB in case of need. The bank had a strong LCR of 207% and a net stable funding ratio of 130% at end-2017.

BNG Bank will be subject to the minimum requirement for own funds and eligible liabilities (MREL). The specific requirement has not been set. If MREL cannot be met with existing capital and debt instruments, BNG Bank is likely to need to shift some of its issuance to senior non-preferred debt. The relevant changes to the Dutch legal framework that would allow Dutch banks to use this new debt class are being implemented and we expect first issues in the second half of 2018. We believe any issuance needs will be manageable for BNG Bank given its sound market access.

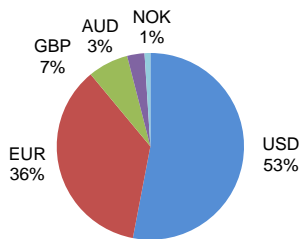
Support

In Fitch’s view, legislative, regulatory and policy initiatives – including the implementation of the BRRD – have substantially reduced the likelihood of sovereign support for EU commercial banks in general. Fitch will, however, continue to factor in Dutch state support into BNG Bank’s IDRs in light of the specific nature of BNG Bank’s business and status.

Fitch believes the Dutch state will act pre-emptively to maintain BNG Bank’s viability. In addition, banks are required to draw up recovery plans prior to resolution. On the basis of a recovery plan, the relevant resolution authority will draw up a resolution plan. The Single Resolution Board will make a resolvability assessment of each bank to evaluate the extent to which a bank is resolvable without public support or central bank liquidity assistance.

Funding Raised in 2017 by Currency

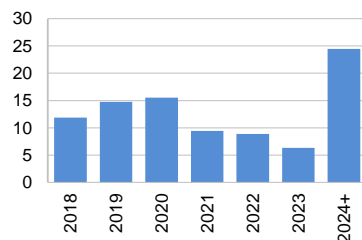
EUR17.7bn at end-2017



Source: BNG, Fitch Ratings

Wholesale Debt Maturity Profile

As of end-2017 (EURbn)



Source: Bloomberg

Resolution action requires the following cumulative conditions: the institution is failing or likely to fail; failure could not be avoided by a private solution or a supervisory action within reasonable framework; and a resolution is necessary in the public interest to prevent insolvency. If these conditions are met, the Single Resolution Board would place the entity concerned under resolution and adopt a solution scheme involving resolution measures. Where the bail-in tool is applied as part of a resolution scheme, a minimum level of losses equivalent to 8% of the total liabilities (including own funds) must be imposed upon a bank before access can be granted to a resolution fund.

In Fitch's view, the resolution authority would first consider the write-down and/or conversion into equity of relevant capital instrument if that could adequately restore capitalisation. This would amount to a "private-sector solution", preventing the resolution process. In addition, at the stage when the three conditions above required to trigger resolution are being considered, public shareholders of a bank may decide to protect their investment by taking all necessary measures to restore capitalisation to ensure that the bank they own will not fail. We believe that for BNG Bank, such measures would qualify as "private-sector solution". However, since the shareholders of BNG Bank are public-sector entities, any recapitalisation must be compliant with EU state-aid rules.

Under the EU state-aid rules, the public support does not qualify as state aid if the investments by the state in a company do not confer an advantage to the company. This would be the case when the state acts at market conditions in the same way as a private investor would do (i.e. a private investor would have taken a similar decision under the circumstances – this principle is commonly referred to as the "market economy operator test").

The BRRD and the single resolution mechanism does not restrict shareholders' ability to carry out a capital injection under market conforming conditions to protect their investment in a strategic, long-term and viable institution that has yielded healthy returns in the past. The implementation of BRRD into Dutch law also does not include any specific provisions on the treatment of public banks. This could suggest that the Dutch authorities are confident that the BRRD provides sufficient flexibility for public shareholders to inject funds into public banks to address any capital shortfalls.

The one-notch difference between the bank's and the state's IDRs reflect some uncertainties arising from the new regulations, including the qualification of state support as "private-sector measures" (a condition to avoid resolution conditions being met) and timing of such support. There is a small risk that the state may be prevented from providing support on a timely basis.

Debt Ratings

BNG Bank's senior debt is rated in line with the bank's IDRs.

**Bank Nederlandse Gemeenten (BNG)
Income Statement**

	31 Dec 2017			31 Dec 2016		31 Dec 2015		31 Dec 2014	
	Year End USDm Audited - Unqualified	Year End EURm Audited - Unqualified	As % of Earning Assets	Year End EURm Audited - Unqualified	As % of Earning Assets	Year End EURm Audited - Unqualified	As % of Earning Assets	Year End EURm Audited - Unqualified	As % of Earning Assets
1. Interest Income on Loans	2,788.4	2,325.0	1.70	2,495.0	1.69	2,688.0	1.84	n.a.	-
2. Other Interest Income	4,293.5	3,580.0	2.61	3,631.0	2.46	3,590.0	2.45	1,258.0	0.83
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	7,081.9	5,905.0	4.31	6,126.0	4.15	6,278.0	4.29	1,258.0	0.83
5. Interest Expense on Customer Deposits	153.5	128.0	0.09	111.0	0.08	84.0	0.06	n.a.	-
6. Other Interest Expense	6,406.7	5,342.0	3.90	5,610.0	3.80	5,744.0	3.93	814.0	0.54
7. Total Interest Expense	6,560.2	5,470.0	3.99	5,721.0	3.88	5,828.0	3.98	814.0	0.54
8. Net Interest Income	521.7	435.0	0.32	405.0	0.27	450.0	0.31	444.0	0.29
9. Net Fees and Commissions	27.6	23.0	0.02	24.0	0.02	28.0	0.02	29.0	0.02
10. Net Gains (Losses) on Trading and Derivatives	69.6	58.0	0.04	26.0	0.02	32.0	0.02	(14.0)	(0.01)
11. Net Gains (Losses) on Assets and Liabilities at FV	52.8	44.0	0.03	47.0	0.03	(93.0)	(0.06)	(109.0)	(0.07)
12. Net Gains (Losses) on Other Securities	94.7	79.0	0.06	45.0	0.03	77.0	0.05	(64.0)	(0.04)
13. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Operating Income	2.4	2.0	0.00	3.0	0.00	3.0	0.00	4.0	0.00
15. Total Non-Interest Operating Income	247.1	206.0	0.15	145.0	0.10	47.0	0.03	(154.0)	(0.10)
16. Total Operating Income	768.8	641.0	0.47	550.0	0.37	497.0	0.34	290.0	0.19
17. Personnel Expenses	52.8	44.0	0.03	38.0	0.03	38.0	0.03	38.0	0.03
18. Other Operating Expenses	87.5	73.0	0.05	79.0	0.05	75.0	0.05	59.0	0.04
19. Total Non-Interest Expenses	140.3	117.0	0.09	117.0	0.08	113.0	0.08	97.0	0.06
20. Equity-accounted Profit/ Loss - Operating	2.4	2.0	0.00	4.0	0.00	2.0	0.00	1.0	0.00
21. Pre-Impairment Operating Profit	630.8	526.0	0.38	437.0	0.30	386.0	0.26	194.0	0.13
22. Loan Impairment Charge	(4.8)	(4.0)	(0.00)	(4.0)	(0.00)	1.0	0.00	10.0	0.01
23. Securities and Other Credit Impairment Charges	(3.6)	(3.0)	(0.00)	(35.0)	(0.02)	63.0	0.04	n.a.	-
24. Operating Profit	639.2	533.0	0.39	476.0	0.32	322.0	0.22	184.0	0.12
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Goodwill Impairment	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Non-recurring Income	4.8	4.0	0.00	35.0	0.02	n.a.	-	n.a.	-
28. Non-recurring Expense	1.2	1.0	0.00	8.0	0.01	8.0	0.01	5.0	0.00
29. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
30. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
31. Pre-tax Profit	642.8	536.0	0.39	503.0	0.34	314.0	0.21	179.0	0.12
32. Tax expense	171.5	143.0	0.10	134.0	0.09	88.0	0.06	53.0	0.04
33. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
34. Net Income	471.3	393.0	0.29	369.0	0.25	226.0	0.15	126.0	0.08
35. Change in Value of AFS Investments	9.6	8.0	0.01	(69.0)	(0.05)	86.0	0.06	54.0	0.04
36. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
38. Remaining OCI Gains/(losses)	209.9	175.0	0.13	(224.0)	(0.15)	(124.0)	(0.08)	43.0	0.03
39. Fitch Comprehensive Income	690.8	576.0	0.42	76.0	0.05	188.0	0.13	223.0	0.15
40. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Net Income after Allocation to Non-controlling Interests	471.3	393.0	0.29	369.0	0.25	226.0	0.15	126.0	0.08
42. Memo: Common Dividends Relating to the Period	169.1	141.0	0.10	91.0	0.06	57.0	0.04	32.0	0.02
43. Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = EUR0.83382

USD1 = EUR0.9487

USD1 = EUR0.9185

USD1 = EUR0.8237

Bank Nederlandse Gemeenten (BNG)
Balance Sheet

	31 Dec 2017		31 Dec 2016		31 Dec 2015		31 Dec 2014		As % of Assets
	Year End USDm	Year End EURm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	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.	-
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	103,190.1	86,042.0	61.45	87,618.0	56.89	88,914.0	59.47	90,284.0	58.82
6. Less: Reserves for Impaired Loans	40.8	34.0	0.02	42.0	0.03	49.0	0.03	53.0	0.03
7. Net Loans	103,149.4	86,008.0	61.42	87,576.0	56.87	88,865.0	59.44	90,231.0	58.78
8. Gross Loans	103,190.1	86,042.0	61.45	87,618.0	56.89	88,914.0	59.47	90,284.0	58.82
9. Memo: Impaired Loans included above	51.6	43.0	0.03	145.0	0.09	145.0	0.10	115.0	0.07
B. Other Earning Assets									
1. Loans and Advances to Banks	125.9	105.0	0.07	254.0	0.16	499.0	0.33	455.0	0.30
2. Reverse Repos and Securities Borrowing	16,660.7	13,892.0	9.92	11,541.0	7.49	10,542.0	7.05	11,092.0	7.23
3. Derivatives	24,939.4	20,795.0	14.85	30,306.0	19.68	29,929.0	20.02	32,844.0	21.40
4. Trading Securities and at FV through Income	2,405.8	2,006.0	1.43	2,350.0	1.53	2,884.0	1.93	2,725.0	1.78
5. Available for Sale Securities	16,958.1	14,140.0	10.10	15,437.0	10.02	13,459.0	9.00	13,693.0	8.92
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Securities	19,363.9	16,146.0	11.53	17,787.0	11.55	16,343.0	10.93	16,418.0	10.70
9. Memo: Government Securities included Above	9,986.6	8,327.0	5.95	9,472.0	6.15	9,508.0	6.36	9,753.0	6.35
10. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Equity Investments in Associates	56.4	47.0	0.03	46.0	0.03	47.0	0.03	54.0	0.04
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	0.0	0.0	0.00	0.0	0.00	68.0	0.05	n.a.	-
15. Total Earning Assets	164,295.7	136,993.0	97.83	147,510.0	95.79	146,293.0	97.85	151,094.0	98.43
C. Non-Earning Assets									
1. Cash and Due From Banks	3,593.1	2,996.0	2.14	6,417.0	4.17	3,175.0	2.12	2,241.0	1.46
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	20.4	17.0	0.01	17.0	0.01	16.0	0.01	16.0	0.01
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	58.0	0.04
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	22.8	19.0	0.01	56.0	0.04	27.0	0.02	96.0	0.06
11. Total Assets	167,931.9	140,025.0	100.00	154,000.0	100.00	149,511.0	100.00	153,505.0	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Total Customer Deposits	6,496.6	5,417.0	3.87	7,479.0	4.86	6,794.0	4.54	12,334.0	8.03
2. Deposits from Banks	2,493.3	2,079.0	1.48	1,832.0	1.19	1,282.0	0.86	2,544.0	1.66
3. Repos and Securities Lending	442.5	369.0	0.26	1,776.0	1.15	1,761.0	1.18	0.0	0.00
4. Commercial Paper and Short-term Borrowings	11,037.2	9,203.0	6.57	14,297.0	9.28	13,341.0	8.92	15,211.0	9.91
5. Customer Deposits and Short-term Funding	20,469.6	17,068.0	12.19	25,384.0	16.48	23,178.0	15.50	30,089.0	19.60
6. Senior Unsecured Debt	113,842.3	94,924.0	67.79	97,883.0	63.56	96,782.0	64.73	90,858.0	59.19
7. Subordinated Borrowing	37.2	31.0	0.02	31.0	0.02	31.0	0.02	32.0	0.02
8. Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Long-term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Total LT Funding	113,879.5	94,955.0	67.81	97,914.0	63.58	96,813.0	64.75	90,890.0	59.21
11. Memo: o/w matures in less than 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Trading Liabilities	1,132.1	944.0	0.67	1,190.0	0.77	1,788.0	1.20	2,077.0	1.35
13. Total Funding	135,481.3	112,967.0	80.68	124,488.0	80.84	121,779.0	81.45	123,056.0	80.16
14. Derivatives	26,228.7	21,870.0	15.62	24,780.0	16.09	23,261.0	15.56	26,607.0	17.33
15. Total Funding and Derivatives	161,710.0	134,837.0	96.29	149,268.0	96.93	145,040.0	97.01	149,663.0	97.50
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	2.4	2.0	0.00	3.0	0.00	2.0	0.00	3.0	0.00
4. Current Tax Liabilities	20.4	17.0	0.01	31.0	0.02	16.0	0.01	n.a.	-
5. Deferred Tax Liabilities	207.5	173.0	0.12	116.0	0.08	206.0	0.14	224.0	0.15
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	51.6	43.0	0.03	96.0	0.06	84.0	0.06	33.0	0.02
10. Total Liabilities	161,991.8	135,072.0	96.46	149,514.0	97.09	145,348.0	97.22	149,923.0	97.67
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	879.1	733.0	0.52	733.0	0.48	424.0	0.28	n.a.	-
G. Equity									
1. Common Equity	4,508.2	3,759.0	2.68	3,475.0	2.26	3,168.0	2.12	2,973.0	1.94
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	321.4	268.0	0.19	275.0	0.18	320.0	0.21	234.0	0.15
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	231.5	193.0	0.14	3.0	0.00	251.0	0.17	375.0	0.24
6. Total Equity	5,061.0	4,220.0	3.01	3,753.0	2.44	3,739.0	2.50	3,582.0	2.33
7. Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as E	5,940.1	4,953.0	3.54	4,486.0	2.91	4,163.0	2.78	3,582.0	2.33
8. Total Liabilities and Equity	167,931.9	140,025.0	100.00	154,000.0	100.00	149,511.0	100.00	153,505.0	100.00
9. Memo: Fitch Core Capital	5,047.9	4,209.0	3.01	3,729.0	2.42	3,739.0	2.50	3,582.0	2.33

Exchange rate

USD1 = EUR0.83382

USD1 = EUR0.9487

USD1 = EUR0.9185

USD1 = EUR0.8237

Bank Nederlandse Gemeenten (BNG) Summary Analytics

	31 Dec 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
	Year End	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income/ Average Earning Assets	4.18	4.06	4.23	0.90
2. Interest Income on Loans/ Average Gross Loans	2.69	2.82	2.98	n.a.
3. Interest Expense on Customer Deposits/ Average Customer Deposits	1.96	1.58	0.95	n.a.
4. Interest Expense/ Average Interest-bearing Liabilities	3.86	3.78	3.94	0.59
5. Net Interest Income/ Average Earning Assets	0.31	0.27	0.30	0.32
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.31	0.27	0.30	0.31
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	0.31	0.27	0.30	0.32
B. Other Operating Profitability Ratios				
1. Operating Profit/ Risk Weighted Assets	4.58	3.86	2.52	1.58
2. Non-Interest Expense/ Gross Revenues	18.25	21.27	22.74	33.45
3. Loans and securities impairment charges/ Pre-impairment Op. Profit	(1.33)	(8.92)	16.58	5.15
4. Operating Profit/ Average Total Assets	0.36	0.31	0.21	0.13
5. Non-Interest Income/ Gross Revenues	32.14	26.36	9.46	(53.10)
6. Non-Interest Expense/ Average Total Assets	0.08	0.08	0.07	0.07
7. Pre-impairment Op. Profit/ Average Equity	13.14	11.95	10.49	5.48
8. Pre-impairment Op. Profit/ Average Total Assets	0.36	0.28	0.25	0.14
9. Operating Profit/ Average Equity	13.32	13.01	8.75	5.20
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	9.82	10.09	6.14	3.56
2. Net Income/ Average Total Assets	0.27	0.24	0.15	0.09
3. Fitch Comprehensive Income/ Average Total Equity	14.39	2.08	5.11	6.30
4. Fitch Comprehensive Income/ Average Total Assets	0.39	0.05	0.12	0.16
5. Taxes/ Pre-tax Profit	26.68	26.64	28.03	29.61
6. Net Income/ Risk Weighted Assets	3.38	2.99	1.77	1.08
D. Capitalization				
1. FCC/ FCC-Adjusted Risk Weighted Assets	36.16	30.25	29.22	30.67
2. Tangible Common Equity/ Tangible Assets	3.01	2.44	2.50	2.33
3. Equity/ Total Assets	3.01	2.44	2.50	2.33
4. Basel Leverage Ratio	3.50	3.00	2.60	2.00
5. Common Equity Tier 1 Capital Ratio	30.00	26.00	23.30	24.00
6. Fully Loaded Common Equity Tier 1 Capital Ratio	31.00	27.00	25.00	26.00
7. Tier 1 Capital Ratio	37.00	32.00	26.70	24.00
8. Total Capital Ratio	37.00	32.00	26.70	24.00
9. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	0.21	2.76	2.57	1.73
10. Impaired Loans less Reserves for Impaired Loans/ Equity	0.21	2.74	2.57	1.73
11. Cash Dividends Paid & Declared/ Net Income	35.88	24.66	25.22	25.40
12. Risk Weighted Assets/ Total Assets	8.31	8.01	8.56	7.61
E. Loan Quality				
1. Impaired Loans/ Gross Loans	0.05	0.17	0.16	0.13
2. Growth of Gross Loans	(1.80)	(1.46)	(1.52)	(1.45)
3. Reserves for Impaired Loans/ Impaired Loans	79.07	28.97	33.79	46.09
4. Loan Impairment Charges/ Average Gross Loans	0.00	0.00	0.00	0.01
5. Growth of Total Assets	(9.07)	3.00	(2.60)	17.02
6. Reserves for Impaired Loans/ Gross Loans	0.04	0.05	0.06	0.06
7. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.
8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.05	0.17	0.16	0.13
F. Funding and Liquidity				
1. Loans/ Customer Deposits	1,588.37	1,171.52	1,308.71	731.99
2. Liquidity Coverage Ratio	207.00	173.00	171.00	168.00
3. Customer Deposits/ Total Funding (excluding derivatives)	4.76	5.97	5.56	10.02
4. Interbank Assets/ Interbank Liabilities	5.05	13.86	38.92	17.89
5. Net Stable Funding Ratio	130.00	130.00	120.00	103.00
6. Growth of Total Customer Deposits	(27.57)	10.08	(44.92)	22.93

Bank Nederlandse Gemeenten (BNG)

Reference Data

	31 Dec 2017			31 Dec 2016			31 Dec 2015			31 Dec 2014		
	Year End USDm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	
A. Off-Balance Sheet Items												
1. Managed Securitised 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	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
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	15,235.9	12,704.0	9.07	13,901.0	9.03	6,415.0	4.29	5,326.0	3.47			
6. Other Contingent Liabilities	93.5	78.0	0.06	105.0	0.07	99.0	0.07	172.0	0.11			
7. Other Off-Balance Sheet items	n.a.	n.a.	-	n.a.	-	99.0	0.07	172.0	0.11			
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
B. Average Balance Sheet												
1. Average Loans	103,772.6	86,527.7	61.79	88,442.3	57.43	90,109.0	60.27	90,880.0	59.20			
2. Average Earning Assets	169,534.2	141,361.0	100.95	150,944.3	98.02	148,505.3	99.33	139,833.0	91.09			
3. Average Total Assets	176,043.2	146,788.3	104.83	155,655.7	101.08	152,207.7	101.80	141,639.7	92.27			
4. Average Managed Securitised Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
5. Average Interest-Bearing Liabilities	170,082.3	141,818.0	101.28	151,231.3	98.20	148,062.0	99.03	137,781.7	89.76			
6. Average Common equity	4,334.3	3,614.0	2.58	3,292.0	2.14	3,182.0	2.13	3,044.7	1.98			
7. Average Equity	4,799.2	4,001.7	2.86	3,657.7	2.38	3,678.7	2.46	3,540.3	2.31			
8. Average Customer Deposits	7,833.3	6,531.6	4.66	7,011.7	4.55	8,829.0	5.91	11,195.0	7.29			
C. Maturities												
Asset Maturities:												
Loans & Advances < 3 months	8,409.5	7,012.0	5.01	7,731.0	5.02	6,825.0	4.56	7,604.0	4.95			
Loans & Advances 3 - 12 Months	11,278.2	9,404.0	6.72	8,875.0	5.76	10,523.0	7.04	9,476.0	6.17			
Loans and Advances 1 - 5 Years	39,738.8	33,135.0	23.66	33,599.0	21.82	34,130.0	22.83	36,261.0	23.62			
Loans & Advances > 5 years	43,722.9	36,457.0	26.04	37,371.0	24.27	37,387.0	25.01	36,890.0	24.03			
Debt Securities < 3 Months	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.	-			
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Loans & Advances to Banks < 3 Months	4.8	4.0	0.00	122.0	0.08	51.0	0.03	13.0	0.01			
Loans & Advances to Banks 3 - 12 Months	87.5	73.0	0.05	30.0	0.02	203.0	0.14	8.0	0.01			
Loans & Advances to Banks 1 - 5 Years	30.0	25.0	0.02	97.0	0.06	241.0	0.16	389.0	0.25			
Loans & Advances to Banks > 5 Years	3.6	3.0	0.00	4.0	0.00	4.0	0.00	45.0	0.03			
Liability Maturities:												
Retail Deposits < 3 months	2,336.2	1,948.0	1.39	3,294.0	2.14	2,506.0	1.68	3,001.0	1.95			
Retail Deposits 3 - 12 Months	220.7	184.0	0.13	432.0	0.28	251.0	0.17	1,169.0	0.76			
Retail Deposits 1 - 5 Years	2,771.6	2,311.0	1.65	2,567.0	1.67	1,706.0	1.14	2,365.0	1.54			
Retail Deposits > 5 Years	1,168.1	974.0	0.70	1,186.0	0.77	2,331.0	1.56	4,411.0	2.87			
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Deposits from Banks < 3 Months	1,719.8	1,434.0	1.02	1,732.0	1.12	2,968.0	1.99	2,352.0	1.53			
Deposits from Banks 3 - 12 Months	195.5	163.0	0.12	2.0	0.00	n.a.	-	192.0	0.13			
Deposits from Banks 1 - 5 Years	57.6	48.0	0.03	10.0	0.01	n.a.	-	n.a.	-			
Deposits from Banks > 5 Years	224.3	187.0	0.13	38.0	0.02	n.a.	-	n.a.	-			
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	11,062.0	7.40	12,160.0	7.92			
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	21,678.0	14.50	22,248.0	14.49			
Senior Debt Maturing 1-5 Years	n.a.	n.a.	-	n.a.	-	49,626.0	33.19	47,765.0	31.12			
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	27,757.0	18.57	23,896.0	15.57			
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	110,123.0	73.66	106,069.0	69.10			
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Subordinated Debt Maturing < 3 months	1.2	1.0	0.00	1.0	0.00	1.0	0.00	1.0	0.00			
Subordinated Debt Maturing 3-12 Months	0.0	0.0	0.00	1.0	0.00	1.0	0.00	2.0	0.00			
Subordinated Debt Maturing 1 - 5 Year	2.4	2.0	0.00	3.0	0.00	4.0	0.00	5.0	0.00			
Subordinated Debt Maturing > 5 Years	33.6	28.0	0.02	26.0	0.02	25.0	0.02	24.0	0.02			
Total Subordinated Debt on Balance Sheet	37.2	31.0	0.02	31.0	0.02	31.0	0.02	32.0	0.02			
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
D. Risk Weighted Assets												
1. Risk Weighted Assets	13,961.0	11,641.0	8.31	12,328.0	8.01	12,797.0	8.56	11,681.0	7.61			
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Fitch Core Capital Adjusted Risk Weighted Assets	13,961.0	11,641.0	8.31	12,328.0	8.01	12,797.0	8.56	11,681.0	7.61			
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
5. Fitch Adjusted Risk Weighted Assets	13,961.0	11,641.0	8.31	12,328.0	8.01	12,797.0	8.56	11,681.0	7.61			
E. Fitch Core Capital Reconciliation												
1. Total Equity as reported (including non-controlling interests)	5,061.0	4,220.0	3.01	3,753.0	2.44	3,739.0	2.50	3,582.0	2.33			
2. Fair-value adjustments relating to own credit risk on debt issued	(10.8)	(9.0)	(0.01)	(24.0)	(0.02)	0.0	0.00	0.0	0.00			
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			
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
5. Other intangibles	2.4	2.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
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			
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			
9. Fund for general banking risks if not already included and readily convertible into equi	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
10. Fitch Core Capital	5,047.9	4,209.0	3.01	3,729.0	2.42	3,739.0	2.50	3,582.0	2.33			

Exchange Rate

USD1 = EUR0.83382

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