

RatingsDirect®

SBAB Bank AB (publ)

Primary Credit Analyst:

Olivia Fleischmann, Stockholm (46) 8-440-5904; olivia.fleischmann@spglobal.com

Secondary Contact:

Sean Cotten, Stockholm (46) 8-440-5928; sean.cotten@spglobal.com

Table Of Contents

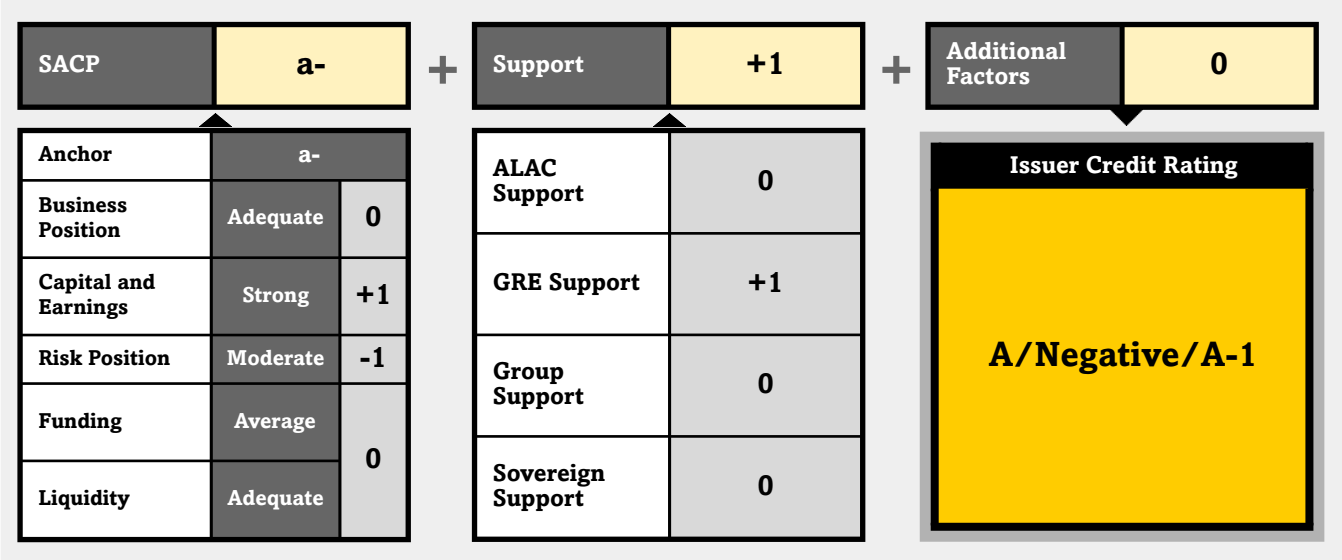
Major Rating Factors

Outlook

Rationale

Related Criteria And Research

SBAB Bank AB (publ)



Major Rating Factors

Strengths:	Weaknesses:
<ul style="list-style-type: none"> Strong capital levels. Minimal credit losses. Stable market position in mortgage lending. 	<ul style="list-style-type: none"> Business model highly concentrated on the Swedish property market. Narrow product offering.

Outlook: Negative

The negative outlook on SBAB Bank AB (publ) reflects our view that economic imbalances in Sweden have been increasing at an unsustainable rate. In particular, household debt continues to increase unabated, and given the rapid pace of house price appreciation, we believe that economic risks will continue to rise if the measures introduced by the Swedish regulator fail to mitigate such developments.

As such, our negative outlook accounts for the at least one-in-three likelihood that we could downgrade SBAB by one notch over the next two years if we believed that efforts to inhibit further debt accumulation or house price appreciation were derailed, leading us to increase the economic risk scoring used in our Banking Industry Country Risk Assessment for the Swedish economy. This would, in turn, lead us to revise downward our assessment of SBAB's anchor to 'bbb+' and to assign a higher risk weight to SBAB's domestic loan exposures in our risk-adjusted capital (RAC) ratio. In such a scenario, we anticipate SBAB's sound capital level and risk position would prevent a two-notch downgrade.

We could revise the outlook to stable if we see Swedish economic imbalances stabilizing, indicated by a more balanced development of household debt. In addition, further improvements in SBAB's capital position could lead us to revise our outlook to stable. However, we see this as unlikely over the next 18-24 months.

Rationale

Our ratings on SBAB reflect its 'a-' anchor, its adequate business position, strong capital and earnings, moderate risk position, average funding, and adequate liquidity. The bank's stand-alone credit profile is 'a-'.

Anchor: 'a-' for Swedish banks

Our bank criteria use our Banking Industry Country Risk Assessment's economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. The anchor for a commercial bank operating only in Sweden is 'a-', based on an economic risk score of '2' and an industry risk score of '3'.

Economic risks for Sweden's banks are relatively low in a global comparison. However, we see imbalances increasing at an unsustainable rate. We view the economy as highly diverse and competitive, and Sweden has strong monetary and fiscal flexibility given the authorities' strong record of prudent management of public finances. We believe that the development in house prices over the past two years is no longer fully explained by fundamental factors and, in connection with Sweden's high and rising household and private sector debt, are exacerbating existing imbalances. Despite the authorities' efforts to reintroduce an amortization culture, we believe that low interest rates, tax incentives, and a structural shortage of housing will continue to push existing imbalances in Sweden. Household incomes are high and households' net financial assets and high savings remain relative strengths for the banking sector. As such, we expect credit losses will remain low in a low-interest environment, but believe that high household indebtedness increases the sensitivity of small and midsize enterprises to swings in consumer confidence and interest rates.

We assess Sweden's industry risk at intermediate, and we see the high share of net external debt as a key risk factor for the sector. Core customer deposits represent only 34% of domestic loans, with a large share of households' financial assets in pensions and other investments. The banks fill the resulting funding gap with covered bonds and senior debt, often in international markets. The authorities' handling of the 2008-2009 global financial crisis, comparatively high capital buffers, and general early adoption of regulation support our view of the sector. We also note the stability of the banking sector and absence of complex instruments. The four largest banks account for about 70% of systemwide lending and deposits, and there is an absence of material market distortions.

Despite the implementation of EU Bank Recovery and Resolution Directive (BRRD) in Sweden in early 2016, we continue to classify the Swedish government as supportive of the domestic banking system. Sweden is the only EU country that has implemented bail-in provisions under the BRRD that we assess as supportive.

Table 1

SBAB Bank AB (publ) Key Figures					
	--Year-ended Dec. 31--				
(Mil. SEK)	2016*	2015	2014	2013	2012
Adjusted assets	389,411.0	374,496.0	338,933.0	334,893.0	334,308.0
Customer loans (gross)	305,229.0	297,234.0	261,687.0	259,030.0	256,282.0
Adjusted common equity	12,110.6	11,528.0	10,370.0	9,503.0	8,676.0
Operating revenues	2,133.0	2,341.0	2,622.0	1,893.0	1,248.0
Noninterest expenses	650.0	789.0	830.0	815.0	725.0

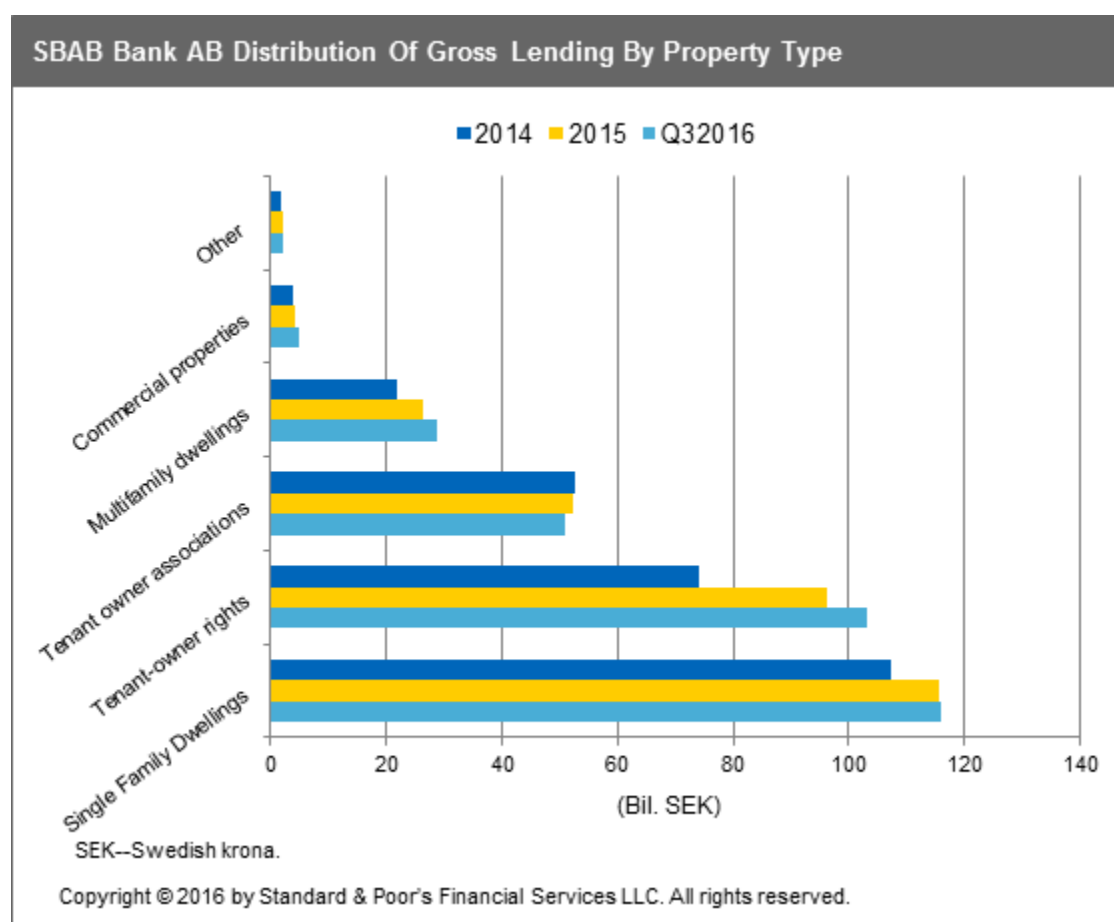
Table 1

SBAB Bank AB (publ) Key Figures (cont.)					
(Mil. SEK)	--Year-ended Dec. 31--				
	2016*	2015	2014	2013	2012
Core earnings	1,141.0	1,177.6	1,392.0	873.0	363.0

*Data as of Sept. 30.

Business position: Adequate given stable market position

We view mortgage bank SBAB's business position in the Swedish market as adequate given that the bank's current business model is supportive of revenue stability. In the past, SBAB had sought to become a full-service retail bank. However, in 2014 this strategy was abandoned in order to simplify processes and preserve profitability levels. As Sweden's fifth-largest bank, SBAB's primary business focus is domestic mortgage lending to private individual and tenant-owned associations (chart 1), where its market share in the latter is relatively high (12%), in addition to income-producing real estate in urban areas. Continued lending growth has allowed the bank to retain a 7%-8% market share within retail mortgages, a level that we believe the bank will continue to maintain.

Chart 1

As one of the five-leading financial institutions in Sweden, SBAB has about Swedish krona (SEK) 390 billion (€40.5

billion) in assets on its balance sheet as of Sept. 30, 2016. The bank serves clients only by phone and internet, which allows for a more variable operating cost structure than having a traditional established branch network. Furthermore, since SBAB is no longer burdened by the sizable investment cost that would have been needed to compete as a full-scale retail bank, the bank now boasts a cost-income ratio of about 32%, which compares favorably with both Nordic and European peers'. Given the re-positioned strategy, net interest income will continue to be the primary driver of SBAB's future revenue growth.

In the 2014 Swedish general election, a shift of the governing political party created potential scope for a more defined public policy role for SBAB. The center-left Social Democrats, who won the election and formed a minority coalition to lead the government, had SBAB removed from the possible privatization list in March 2011. While there had been discussions of a potential capital injection from the government to expedite new housing projects in high-demand urban areas during the election, there has been no change to SBAB's general mandate, nor has the government budgeted for a forthcoming capital injection. As such, we anticipate that SBAB will continue to pursue its prevailing streamlined strategy and work to further improve its position in the housing loan market.

Table 2

SBAB Bank AB (publ) Business Position					
	--Year-ended Dec. 31--				
(%)	2016*	2015	2014	2013	2012
Loan market share in country of domicile	7.7	7.9	7.3	7.3	8.4
Deposit market share in country of domicile	4.0	3.8	3.5	2.9	1.5
Total revenues from business line (Mil. SEK)	2,133.0	2,341.0	2,622.0	1,893.0	1,248.0
Commercial banking/total revenues from business line	20.0	22.2	22.2	33.3	26.4
Retail banking/total revenues from business line	78.2	76.6	53.5	65.5	117.2
Commercial & retail banking/total revenues from business line	98.1	98.8	75.7	98.8	143.6
Other revenues/total revenues from business line	1.9	1.2	24.3	1.2	(43.6)
Return on equity	11.9	10.2	12.1	9.5	4.2

*Data as of Sept. 30. SEK--Swedish krona.

Capital and earnings: Strong, reflecting the predominance of retail exposure

We view SBAB's capital and earnings as strong, as reflected by a 13.4% RAC ratio as of June 30, 2016. We anticipate the bank's RAC ratio will remain at 13.5-14.0% over the next 18-24 months.

Underpinning our forecast is the expectation of mortgage loan growth of 5%-7% annually with a continued focus on both low loan losses and efficiency. This is broadly in-line with our view for system-wide lending growth. Our measure of capital includes SEK3 billion of additional Tier 1 hybrid capital instruments that were issued in 2015 and 2016. The instruments are EU Capital Requirement Directive IV compliant, and we assess their equity content to be intermediate and therefore are included in our total adjusted capital measure (TAC), representing approximately 20% of TAC. We view SBAB to have average quality of capital as many European peers have a relatively higher quality of capital given they have a higher share of core capital, as measured by adjusted common equity. We exclude additional hybrid capital issuance from our forecast.

In 2014, SBAB paid out SEK502 million in dividends for the first time since 2006; this corresponds with a 40% payout

ratio. While dividends were withheld in 2015 to compensate for the increase in lending, we anticipate a similar payout over the near to medium term and as such incorporate this in our view of SBAB's capital. We anticipate SBAB's capital level will continue to compare favorably with those of other domestic banks. This is supported by the view that the bank's average earnings buffer will continue to be near 100-110 basis points (bps).

Decreased foreign currency funding and reduced use of basis swaps are likely to smooth large swings in SBAB's results, further supporting our view that the bank's earnings will remain stable (chart 2). The bank is aiming for growth in net interest income via volume and margin increases, and for costs to remain competitive relative to peers. We believe this will enable the bank to achieve its return on equity target of 10% or better. As of the third quarter (Q3) 2016, the bank achieved a 12.3% return on equity. While the bank's return on equity target is below the level of the larger Swedish commercial banks, it also reflects a lower level of risk in the lending portfolio.

Chart 2

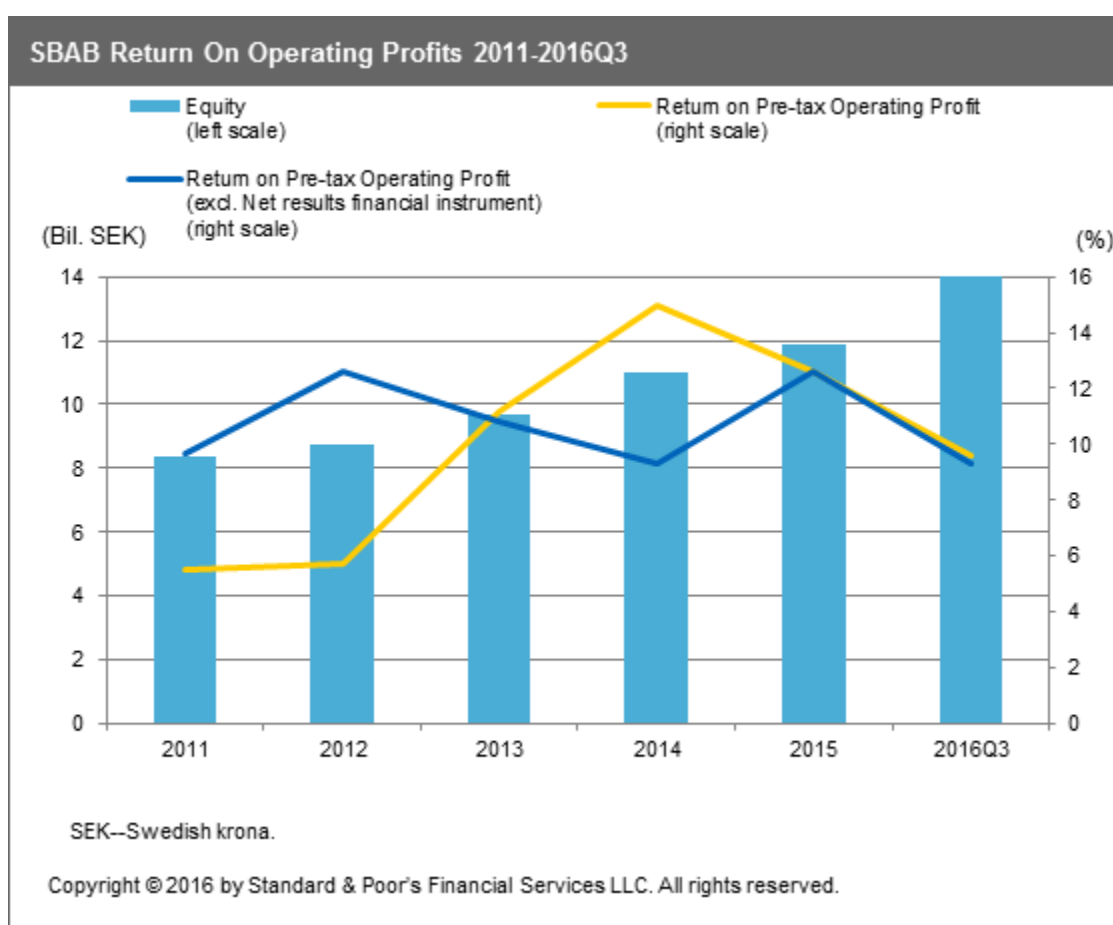


Table 3

SBAB Bank AB (publ) Capital And Earnings					
	--Year-ended Dec. 31--				
(%)	2016*	2015	2014	2013	2012
Tier 1 capital ratio	26.3	8.1	8.8	9.0	9.1

Table 3

SBAB Bank AB (publ) Capital And Earnings (cont.)					
--Year-ended Dec. 31--					
(%)	2016*	2015	2014	2013	2012
S&P RAC ratio before diversification	N.M.	12.3	13.3	11.9	10.8
S&P RAC ratio after diversification	N.M.	9.3	9.4	8.7	7.8
Adjusted common equity/total adjusted capital	80.1	88.5	83.7	82.4	80.9
Double leverage	105.7	127.6	118.4	124.5	121.0
Net interest income/operating revenues	96.9	104.3	80.5	103.7	155.5
Fee income/operating revenues	0.4	(4.4)	(4.2)	(5.8)	(7.6)
Market-sensitive income/operating revenues	1.9	0.0	23.6	2.1	(48.2)
Noninterest expenses/operating revenues	30.5	33.7	31.7	43.1	58.1
Preprovision operating income/average assets	0.5	0.4	0.5	0.3	0.2
Core earnings/average managed assets	0.4	0.3	0.4	0.3	0.1

*Data as of Sept. 30. RAC--Risk-adjusted capital. N.M.--Not meaningful.

Table 4

SBAB Bank AB (publ) Risk-Adjusted Capital Framework Data					
(Mil. SEK)					
	Exposure*	Basel II RWA	Average Basel II RW (%)	S&P Global Ratings' RWA	Average S&P Global Ratings' RW (%)
Credit risk					
Government and central banks	12,965	0	0	429	3
Institutions	43,132	5,800	13	5,622	13
Corporate	38,877	11,638	30	28,204	73
Retail	275,977	15,730	6	67,440	24
Of which mortgage	273,104	13,575	5	65,545	24
Securitization§	0	0	0	0	0
Other assets	1,038	913	88	1,027	99
Total credit risk	371,989	34,080	9	102,722	28
Market risk					
Equity in the banking book†	0	0	0	0	0
Trading book market risk	--	1,613	--	2,419	--
Total market risk	--	1,613	--	2,419	--
Insurance risk					
Total insurance risk	--	--	--	0	--
Operational risk					
Total operational risk	--	3,638	--	5,510	--
		Basel II RWA		S&P Global Ratings' RWA	% of S&P Global Ratings' RWA
Diversification adjustments					
RWA before diversification		41,380		110,650	100
Total Diversification/Concentration Adjustments		--		43,720	40

Table 4

SBAB Bank AB (publ) Risk-Adjusted Capital Framework Data (cont.)				
RWA after diversification		41,380	154,370	140
	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings' RAC ratio (%)
Capital ratio				
Capital ratio before adjustments	14,742	35.6	14,865	13.4
Capital ratio after adjustments†	14,742	35.6	14,865	9.6

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions.

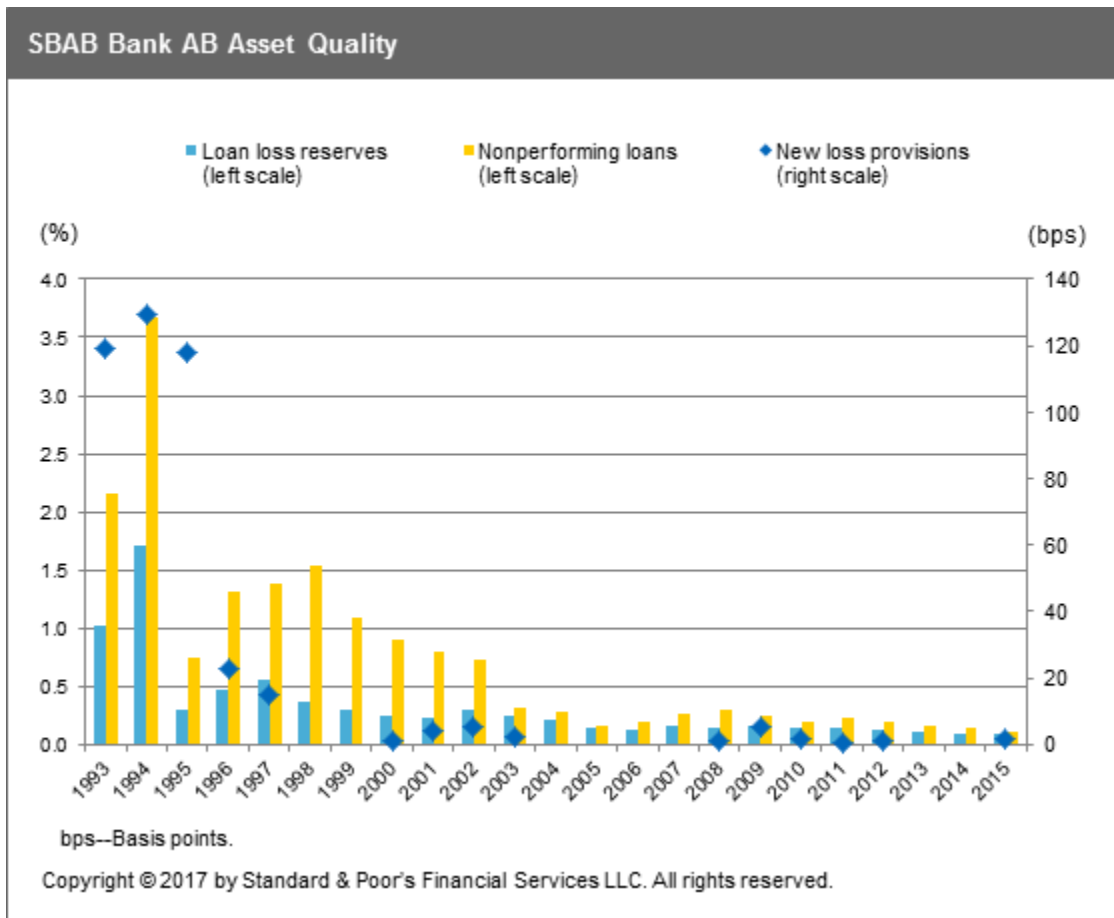
‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. SEK--Sweden krona. Sources: Company data as of June. 30, 2016, S&P Global Ratings.

Risk position: Moderate, reflecting a buildup of systemic leverage

We view SBAB's risk position in line with a moderate assessment. This reflects our view that SBAB's select product mix leads to concentration risks, notably within residential real estate, where the bank has continued to pursue growth.

We see the trend of increasing household debt and fast pace of house price appreciation as the main source of rising economic imbalances in Sweden. Given the leverage in the private sector, we believe that a rapid adjustment of housing prices could weaken the asset quality of Swedish banks. While our main scenario is that a shock to the Swedish system would predominantly affect private consumption and primarily impact the small and midsize companies, we do believe that increasing economic imbalances could lead to losses if various risks for the household sector materialize. However, we anticipate new loan-loss provisions to be minimal, given the operating environment and the bank's average loan-loss rate of about 2-4 bps over the most recent five-year cycle (chart 3).

Chart 3



SBAB has seen nearly 14% lending growth over 2015, which has been primarily within its main market of residential real estate; this has led to an approximate 13% increase in risk-weighted assets. As of Q2 2016, residential retail mortgage loans constituted 72% of SBAB's loan book (88% including loans to tenant-owned associations, which we consider to be of similar risk). SBAB has reduced some of its exposure to the commercial real estate market, which we believe would be more severely impacted if Sweden were faced with a recession. As of Q2 2016, commercial real estate represents about 1.5% of the bank's lending book and is equivalent to approximately SEK4.6 billion. This is down from 3% of the loan book or approximately SEK7.9 billion in 2012. The remaining balance of the loan book is primarily second-homes and unsecured consumer lending. As of Sept. 30, 2016, SBAB's ratio of gross nonperforming assets to customer loans was at 0.1% and marks stabilization over the past several years. Generally, we believe that asset quality—particularly for residential retail mortgage portfolios—should continue to be supported by the central bank's low interest rate policy.

SBAB continues to actively manage its reserves, having conservatively raised provisions for a few tenant-owned associations and corporate loans throughout 2015. We view this as a precautionary increase in SBAB's coverage ratio in line with sound risk-management practices. We anticipate new loan loss provisions to be minimal and SBAB's net charge-offs to remain at or near 0.0% of gross lending, given the bank's average of 0.01% for the past nine years.

Table 5

SBAB Bank AB (publ) Risk Position					
	--Year-ended Dec. 31--				
(%)	2016*	2015	2014	2013	2012
Growth in customer loans	3.6	13.6	1.0	1.1	3.1
Total diversification adjustment / S&P RWA before diversification	N.M.	32.8	41.2	36.8	39.4
Total managed assets/adjusted common equity (x)	32.2	32.5	32.7	35.3	38.5
Gross nonperforming assets/customer loans + other real estate owned	0.1	0.1	0.1	0.2	0.2
Loan loss reserves/gross nonperforming assets	80.9	74.4	65.4	69.8	65.2

*Data as of Sept. 30. RWA--Risk-weighted assets. N.M.--Not meaningful.

Funding and liquidity: A diverse wholesale funding base and increasing retail deposits

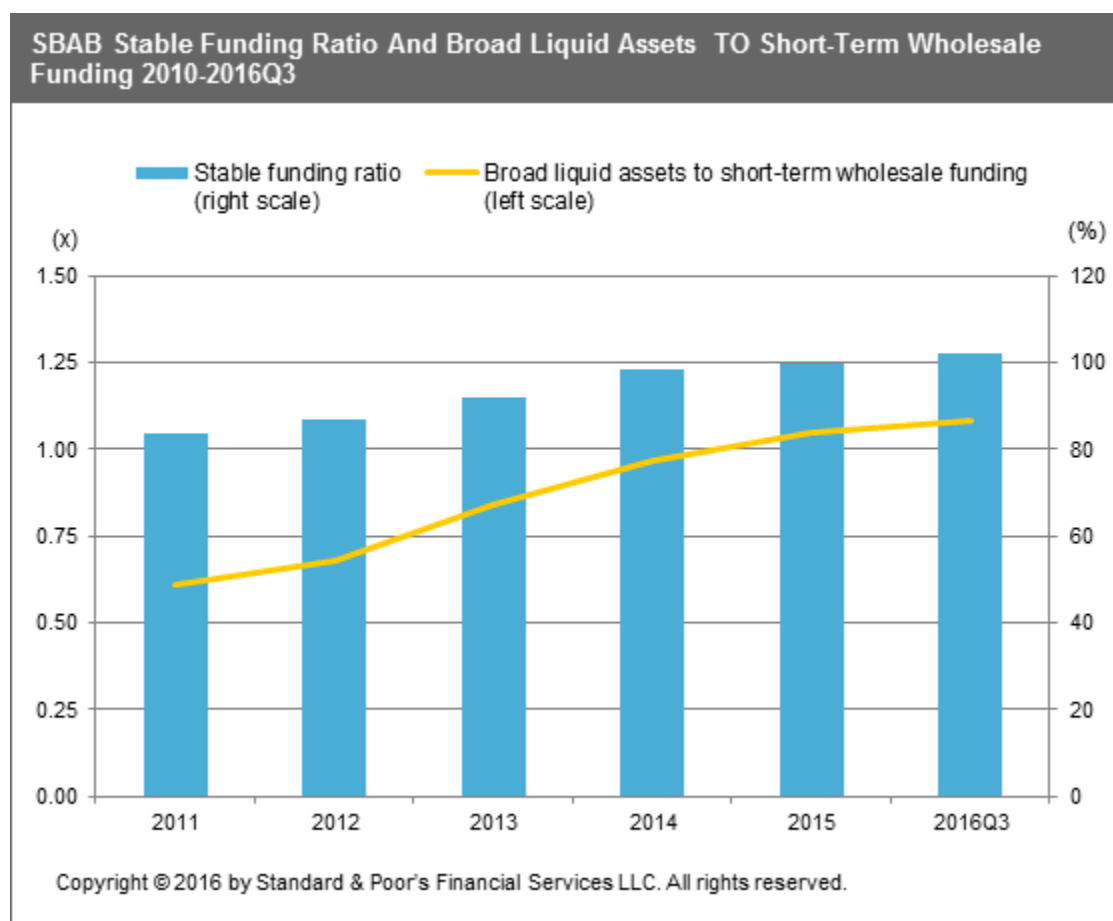
We view SBAB's current funding profile as average in light of improvements achieved over the past three years and expect that the bank will continue to lengthen its debt maturity profile. SBAB has been successful in attracting a deposit base, and while the bank is relatively more reliant on wholesale funding, its broader funding metrics will continue to converge nearer to the levels of Nordic peers.

In Q3 2016, SBAB had nearly 4% of the retail deposit market in Sweden. As of Sept. 30, 2016, SBAB's deposits totaled SEK93.4 billion, covering nearly 25% of its total liabilities, compared with SEK8.8 billion at the end of 2011. We believe SBAB will continue to develop its deposit funding base, which should also improve broader funding metrics and make it less reliant on functioning markets and strong reputation.

Within wholesale funding, SBAB pursues a diverse funding strategy and has access to multiple markets for its covered bonds, which represent nearly 53% of total funding (where over half of the banks covered issuance via subsidiary AB Sveriges Säkerställda Obligationer (publ)). This is in addition to medium-term note program and commercial paper issuance. SBAB has actively been extending funding maturities and improved its stable funding ratio to 101.9% at the end of Q3 2016 from 73.5% in 2010. Short-term wholesale funding is approximately 18% of the total funding base and as SBAB works to lengthen its current weighted average maturity of approximately 2.9 years, we expect it will be able to sustain a stable funding ratio of at least 100% over the next 18-24 months.

In the past, SBAB has issued some external funding in other currencies. However, in order to minimize the need for cross-currency basis swaps, which have led to earnings volatility in the past, the bank continues to aim to do most of its issuance in Swedish krona and euro. Currently Swedish krona issuance dominates, representing approximately 75% of outstanding issuance.

Chart 4



We consider SBAB's liquidity to be adequate, reflecting ongoing government support for the domestic covered bond market, as well as the bank's own initiatives to strengthen its liquidity.

Initiatives put in place in 2013 have substantially strengthened the bank's liquidity profile, which was weaker than those of its peers. The initiatives have also helped SBAB meet regulatory requirements. The bank's liquidity portfolio has increased to SEK70 billion from SEK30 billion in 2011 while short-term funding (mainly commercial paper) has decreased somewhat. The bank's ratio of broad liquid assets to short-term wholesale funding is likely to remain at or above 1x in 2017; as of Q3 2016 this figure was 1.1x. This represents a very substantial improvement from 0.41x on Dec. 31, 2010 (chart 4).

Table 6

SBAB Bank AB (publ) Funding And Liquidity					
	--Year-ended Dec. 31--				
(%)	2016*	2015	2014	2013	2012
Core deposits/funding base	25.5	21.7	19.2	14.9	9.1
Customer loans (net)/customer deposits	326.6	387.5	431.4	564.1	925.5
Long term funding ratio	82.3	82.6	79.7	75.6	72.2
Stable funding ratio	101.9	99.8	98.3	91.9	86.7

Table 6

SBAB Bank AB (publ) Funding And Liquidity (cont.)					
--Year-ended Dec. 31--					
(%)	2016*	2015	2014	2013	2012
Short-term wholesale funding/funding base	18.5	18.1	21.2	25.3	28.8
Broad liquid assets/short-term wholesale funding (x)	1.1	1.0	1.0	0.8	0.7
Net broad liquid assets/short-term customer deposits	6.3	3.8	(3.1)	(27.3)	(100.7)
Short-term wholesale funding/total wholesale funding	24.5	23.0	26.0	29.5	31.4
Narrow liquid assets/3-month wholesale funding (x)	1.6	1.4	N/A	N/A	N/A

*Data as of Sept. 30. N/A--Not applicable.

External support: One notch of uplift to reflect moderate likelihood of government support

In our view, SBAB's status as a government-related entity implies that the likelihood that the Swedish government would provide timely and sufficient support in the event of financial stress is moderate. This is due to the bank's strong link to its 100% owner, the Kingdom of Sweden, which has a track record of providing support. Our assessment also factors in the currently limited importance of the bank's public policy role. SBAB is a profit-seeking entity and is currently providing a service that we believe could be undertaken by a private sector entity.

We believe that the European BRRD regulatory initiatives implemented in 2016 will not impede on the Swedish government's willingness and ability to provide timely support in a going-concern situation, as we view the Swedish government as supportive of its banking system. This reinforces the view that SBAB has a moderate likelihood of receiving extraordinary support, which if needed, would limit potential impact on senior unsecured debtholders.

Additional rating factors: None

No additional factors affect this rating.

Related Criteria And Research

Related Criteria

- Group Rating Methodology - November 19, 2013
- Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions - January 29, 2015
- Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions - July 17, 2013
- Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework - June 22, 2012
- Banks: Rating Methodology And Assumptions - November 09, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions - November 09, 2011
- Bank Capital Methodology And Assumptions - December 06, 2010
- Methodology For Mapping Short- And Long-Term Issuer Credit Ratings For Banks - May 04, 2010
- Commercial Paper I: Banks - March 23, 2004
- Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- Use Of CreditWatch And Outlooks - September 14, 2009
- National And Regional Scale Credit Ratings - September 22, 2014

Related Research

- Nordic Banks' Capital Growth Tapers Off, Aug. 2, 2016
- The Future Of Banking: Nordic Banks Looking Svelte In The Fintech Race, June 14, 2016
- Banking Industry Country Risk Assessment: Sweden, Dec. 8, 2015

Anchor Matrix										
Industry Risk	Economic Risk									
	1	2	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of January 11, 2017)

SBAB Bank AB (publ)

Counterparty Credit Rating	A/Negative/A-1
<i>Nordic Regional Scale</i>	--/--/K-1
Commercial Paper	A-1
<i>Nordic Regional Scale</i>	K-1
Junior Subordinated	BB+
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB

Counterparty Credit Ratings History

25-Sep-2013	A/Negative/A-1
19-Jul-2013	A/Watch Neg/A-1
14-Dec-2012	A/Negative/A-1
20-Nov-2012	A+/Negative/A-1
22-Jun-2004 <i>Nordic Regional Scale</i>	--/--/K-1

Sovereign Rating

Sweden (Kingdom of)	AAA/Stable/A-1+
---------------------	-----------------

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Additional Contact:

Financial Institutions Ratings Europe; FIG_Europe@spglobal.com

Copyright © 2017 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.

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 acknowledgement 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 nonpublic 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 (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.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.

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