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28.08.2018 г.

АО «КАЗАХСТАНСКАЯ
ФОНДОВАЯ БИРЖА»
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В соответствии с листинговыми правилами АО «Банк ЦентрКредит» предоставляет информацию по состоянию на 28.08.2018 г.:

- 1) о кредитных рейтингах агентства S&P Global Ratings, подтвержденных Банку ЦентрКредит:

Наименование рейтинга	Рейтинг	дата подтверждения
Долгосрочный кредитный рейтинг эмитента Long-term issuer credit rating	B	27.08.2018
Краткосрочный кредитный рейтинг эмитента Short-term issuer credit rating	B	27.08.2018
Долгосрочный рейтинг по национальной шкале National scale long-term credit rating	kzBBB-	27.08.2018
Прогноз/Outlook	Стабильный	27.08.2018

Приложение: *Рейтинговый отчет агентства S&P Global Ratings от 27.08.2018 г. о подтверждении рейтингов Банка ЦентрКредит на английском языке на 11 стр.*

С уважением,

Директор казначейства

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Research

Bank CenterCredit JSC

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Table Of Contents

Major Rating Factors

Outlook

Rationale

Related Criteria

Bank CenterCredit JSC

SACP	b-		+	Support	+1	+	Additional Factors	0				
Anchor	bb-			ALAC Support	0		<table border="1"> <tr> <th colspan="2">Issuer Credit Rating</th> </tr> <tr> <td colspan="2" style="text-align: center;">B/Stable/B</td> </tr> </table>		Issuer Credit Rating		B/Stable/B	
Issuer Credit Rating												
B/Stable/B												
Business Position	Moderate	-1		GRE Support	0							
Capital and Earnings	Weak	-1		Group Support	0							
Risk Position	Moderate	-1		Sovereign Support	+1							
Funding	Average											
Liquidity	Adequate	0										

Major Rating Factors

Strengths:	Weaknesses:
<ul style="list-style-type: none"> • Midsize franchise in Kazakhstan and the seventh largest bank by assets. • Moderate systemic importance due to a decent market share in retail deposits, resulting in a moderate likelihood of extraordinary government support. 	<ul style="list-style-type: none"> • Weak capitalization as measured by our risk-adjusted capital (RAC) ratio. • Weak profitability, negatively affected by a low interest margin and high provisioning expenses. • Higher exposure to the real estate and construction sectors than global peers.

Outlook: Stable

The stable outlook on Bank CenterCredit (BCC) reflects S&P Global Ratings' expectation that BCC's business and financial profiles will remain broadly unchanged over the next 12 months.

We could take a negative rating action in the next 12 months if we see a significant decline in the bank's capitalization, with its RAC ratio dropping below 3%, or if we see material deterioration in asset quality indicators as a result of the bank's large stock of restructured loans.

A positive rating action appears remote in the next 12 months but could follow unexpected significant strengthening of the bank's capitalization through a capital injection, or material strengthening of its profitability.

Rationale

Our ratings on BCC are lower than the 'bb-' anchor for commercial banks operating in Kazakhstan. The bank's stand-alone credit profile (SACP) of 'b-', reflects our belief that its weak capitalization due to the lack of shareholder Tier 1 capital injections, a poor track record of profitability in the past seven years, a high volume of nonperforming loans (NPLs; over 90 days overdue) compared with international peers, and sizable single-name, construction, and real estate sector lending concentrations, are unlikely to improve materially in the next 24 months. We view the bank's funding and liquidity metrics as in line with the Kazakh banking system average. We view the bank as of moderate systemic importance for the Kazakh banking sector due to its market position as the seventh largest bank in Kazakhstan, with a decent market share in retail deposits and residential mortgages. Therefore, our long-term issuer credit rating on BCC is one notch higher than the bank's SACP, reflecting our belief that it would likely receive support from the government if required.

Anchor:

We use our Banking Industry Country Risk Assessment (BICRA) economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our anchor for a commercial bank operating only in Kazakhstan is 'bb-'.

In our view, economic risks remain elevated in Kazakhstan because the commodity-dependent economy is still exposed to trade volatility. For 2018-2019, we expect economic growth to average 3%, supported by the government's infrastructure programs and rising oil production, and steady private consumption and a sound export performance. Extremely high credit risk remains a key weakness for Kazakh banks, in our view. Provisions under International Financial Reporting Standards (IFRS) cover only about one-half of our estimate of NPLs and restructured loans at the system level, which we project at about 25%-30% in 2018. The negative trend for economic risk reflects the repercussions of the prolonged correction phase on the banking sector started in 2011. We expect credit losses will normalize to about 2.0%-2.5% in 2018, following the spike of 7.7% in 2017, largely pointing to Kazakh banks' inability to absorb higher credit losses without additional government support.

Banking industry risks are also high. We believe Kazakhstan's banking regulators lack independence and could be subject to political interference. They are also prone to regulatory forbearance policies. Generating sufficient risk-adjusted returns over a cycle will remain difficult for most banks, owing to narrowed margins and elevated credit and funding costs. We expect market consolidation over the next few years, reflecting the exit of those small banks that have difficulty attracting market funding and liquidity, and that would face a capital shortfall if they were to adequately provision their problem loans. We expect Kazakhstani tenge liquidity across the system overall will remain sufficient in 2018, but will favor larger more creditworthy banks. The industry risk trend is stable.

Table 1

Bank CenterCredit JSC Key Figures					
	--Year-ended Dec. 31--				
(Mil. KZT)	2018*	2017	2016	2015	2014
Adjusted assets	1,405,936.0	1,325,505.0	1,359,430.0	1,439,811.0	1,104,505.0
Customer loans (gross)	952,801.0	930,656.0	889,209.0	1,039,441.0	971,931.0

Table 1

Bank CenterCredit JSC Key Figures (cont.)					
--Year-ended Dec. 31--					
(Mil. KZT)	2018*	2017	2016	2015	2014
Adjusted common equity	98 288 0	124,820 0	98,383 0	86 322 0	84,927 0
Operating revenues	35,434 0	73,346 0	50,660 0	64,214 0	72,286 0
Noninterest expenses	13,657 0	25,158 0	30,732 0	28 090 0	26,142 0
Core earnings	5 125 0	3 105 7	7 236 4	4 049 1	967 0

*Data as of June 30.

KZT—KZT-Kazakhstani tenge.

Business position: Expected continuation of strategy following rollercoaster changes in ownership

Our assessment of BCC's business position balances the bank's decent market share (6% of the system's retail deposits as of July 1, 2018) and its track record of very low profitability over the past 10 years.

We see the recent change in the bank's ownership as neutral for the future development of its business and strategy. In March 2018, Tsesnabank and Financial Holding Tsesna sold their respective 27.96% and 13.42% stakes in BCC, which they acquired about a year earlier from Kookmin Bank and International Finance Corporation. As a result, BCC's long-standing owner Mr. Baiseitov's stake increased to 38.73%, and the bank's former CEO's Vladislav Lee's to 8.09% as of July 1, 2018. The rest of the shares are held by minority shareholders.

We believe BCC is well positioned to implement its strategy, with a focus on new business generation in order to increase its market share in the small and midsize enterprise (SME) and retail segments, to maintain its market share in the corporate segment, and to improve its profitability. BCC benefits from a more favorable diversification of risks and returns than other medium-sized banks in Kazakhstan, which are heavily skewed toward corporate or retail customers. As of mid-2018, retail loans accounted for about 39% of BCC's loan book and SME loans about 5%, the rest being corporate loans. Deposits are almost equally split between retail and corporate customers.

Table 2

Bank CenterCredit JSC Business Position					
--Year-ended Dec. 31--					
(%)	2018*	2017	2016	2015	2014
Total revenues from business line (currency in millions)	35,434.0	108,339.0	52,628.0	64,214.0	72,286.0
Commercial banking/total revenues from business line	N/A	70.6	42.2	(14.8)	62.6
Retail banking/total revenues from business line	N/A	20.5	36.8	(2.0)	42.9
Return on average equity	7.3	25.3	5.8	2.2	1.2

*Data as of June 30.

N/A—Not applicable.

Capital and earnings: Weak capitalization and profitability are likely to remain

We expect BCC's capital and earnings will remain a negative rating factor because we believe its earnings are insufficient to rebuild historically low capital levels and provide sufficient loss absorption capacity if loan portfolio quality deteriorates.

The bank's RAC ratio reached 5.3% at year-end 2017 compared with 4.4% at year-end 2016, due to a significant one-off capital gain. The 2017 result was underpinned by subordinated debt of Kazakhstani tenge (KZT) 60 billion (about \$180 million) provided by the National Bank of Kazakhstan for 15 years to BCC and four other large Kazakh banks as part of the program to increase the financial stability of the Kazakh banking sector. As a result, in 2017 the bank's total adjusted capital was boosted by a KZT35 billion one-off capital gain through its profit and loss account. However, we believe the IFRS 9 provisions incurred by BCC in the first quarter of 2018 diluted this capital gain, and therefore project the RAC ratio will stay about 4.0%-4.5% in the next 12-18 months. In addition, any downward movement in interest rates in Kazakhstan could reduce these capital gains and introduce some volatility in the bank's total adjusted capital.

Our forecast RAC ratio for BCC in 2018-2019 is based on the following assumptions:

- Annual loans growth of 3%-5%, in line with peers.
- KZT5.9 billion injection of common equity from shareholders in 2019 and no dividends.
- Net interest margin of about 3.7%, which is at the peer average .
- Cost of risk of about 2.5%-3.5%, in line with the system average.
- IFRS provisions of KZT20.3 billion in the first quarter of 2018.
- Return on assets of about 0.5%-0.7%, below the system average.

BCC currently meets all regulatory requirements for capital adequacy and reported a Tier 1 ratio of 7.9% and a total capital adequacy ratio of 16.4% under local regulatory standards at July 1, 2018, compared with required minimums of 7.5% and 10% (including countercyclical buffer). However, we consider the bank's quality of regulatory capital to be rather weak because it includes a large amount of subordinated debt and capital gain, and is not sufficient to withstand significant deterioration in the loan portfolio's quality.

We believe that the bank's earnings capacity will remain moderate due to onerous provisioning expenses, although it has a positive earnings buffer, indicating that it could generate sufficient preprovisioning income to absorb a marked cyclical spike in credit losses.

Table 3

Bank CenterCredit JSC Capital And Earnings					
	--Year-ended Dec. 31--				
(%)	2018*	2017	2016	2015	2014
Tier 1 capital ratio	N/A	13.3	10.0	8.0	9.4
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	51.1	64.8	52.0	70.2	64.2
Fee income/operating revenues	27.1	25.8	36.2	29.0	27.6
Market-sensitive income/operating revenues	11.5	8.9	10.3	0.3	8.1
Noninterest expenses/operating revenues	38.5	34.3	60.7	43.7	36.2
Preprovision operating income/average assets	3.2	3.6	1.4	2.8	4.2

Table 3

Bank CenterCredit JSC Capital And Earnings (cont.)					
	--Year-ended Dec. 31--				
(%)	2018*	2017	2016	2015	2014
Core earnings/average managed assets	0.8	0.2	0.5	0.3	0.1

*Data as of June 30.

N/A--Not applicable.

Table 4

Bank CenterCredit JSC RACF [Risk-Adjusted Capital Framework] Data

(Mil. KZT)	Exposure*	S&P Global Ratings' RWA	Average S&P Global Ratings' RW (%)
Credit risk			
Government and central banks	265,463.0	59,090.0	22.3
	--		
Institutions and CCPs	40,320.0	30,672.1	76.1
Corporate	703,255.0	1,275,829.7	181.4
Retail	297,499.0	394,941.2	132.8
Of which mortgage	132,217.0	122,287.5	92.5
Securitization§	0.0	0.0	0.0
Other assets†	159,479.5	389,465.8	244.2
Total credit risk	1,466,016.5	2,149,998.7	146.7
Market risk			
Equity in the banking book	810.0	8,183.8	1,010.3
Trading book market risk	--	--	--
Total market risk	--	8,183.8	--
Operational risk			
Total operational risk	--	203,135.6	--
(Mil. KZT)		S&P Global Ratings' RWA	% of S&P Ratings' Global RWA
RWA before diversification		2,361,318	100
(Mil. KZT)		Total adjusted capital	S&P Global Ratings' RAC ratio (%)
Capital ratio			
Capital ratio before adjustments		124,820.0	5.3

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Other assets includes Deferred Tax Assets (DTAs) not deducted from ACE. ‡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. KZT--Kazakhstan Tenge. Sources: Company data as of Dec. 31, 2017, S&P Global Ratings.

Risk position: Positive track record of reducing legacy NPLs through write offs and recoveries to continue

We expect gradual improvement in the bank's asset quality indicators through recoveries and write-offs of legacy problem loans. BCC's problem loans are currently at the Kazakhstan banking system average, but significantly above the level of medium-sized banks in peer countries with similar level of economic risk as in Kazakhstan, such as in

Russia, Georgia, and Bulgaria. Problem loans relate mostly to legacy problem loans generated before 2008. According to consolidated accounts prepared under IFRS, BCC's NPLs decreased to 9.9% as of mid 2018 from 14.6% two years earlier. Restructured loans accounted for an additional 17% of total loans as of year-end 2017, which is in line with that of domestic peers.

We view BCC's provision coverage of NPLs and restructured loans as only moderate, at 53% as of March 31, 2018 and do not expect it will improve substantially in 2018 because the bank's pre-provision earnings are not high enough to create more reserves, which is a risk in the event that one of the bank's largest exposures deteriorates.

Our view of BCC's risk position also reflects the bank's sizable single-name and sector lending concentrations in a global comparison that are in line with the system average. We believe that BCC's exposure to real estate and construction, at 30% of the total loan book on March 31, 2018, and is unlikely to increase materially over the next two years as most of the exposures date back to pre-2009. Of this exposure, 16% relates to the lower-risk retail mortgage portfolio and 14% to higher-risk commercial and residential construction and real estate related loans. The real estate and construction sector performed poorly in Kazakhstan during the 2007-2008 financial crisis and was one of the major factors behind the system's nonperforming assets. The recovery process is lengthy and prospects are uncertain because real estate prices still remain below their 2007 peak.

Individual loan concentrations at BCC are somewhat lower than peers', with the top-20 exposures accounting for 2.4x total-adjusted capital at March 31, 2018. We consider this to be high, however, in a global context.

Table 5

Bank CenterCredit JSC Risk Position

(%)	--Year-ended Dec. 31--				
	2018*	2017	2016	2015	2014
Growth in customer loans	4.8	4.7	(14.5)	6.9	(0.1)
Total managed assets/adjusted common equity (x)	14.4	10.7	13.8	16.7	13.0
New loan loss provisions/average customer loans	2.9	4.8	1.1	2.8	4.5
Net charge-offs/average customer loans	9.1	0.2	6.0	4.1	9.2
Gross nonperforming assets/customer loans + other real estate owned	9.9	10.5	11.7	17.1	15.6
Loan loss reserves/gross nonperforming assets	100.6	116.9	90.1	85.0	98.1

*Data as of June 30.

Funding and liquidity: Profile in line with that of domestic peers

We consider BCC's funding to be a neutral rating factor. It is comparable to that of other Kazakh banks, reflecting funding by retail and corporate customer deposits complemented by local senior unsecured bonds and subordinated debt. The bank's average stable funding ratio over the past five years of 122% (as calculated by S&P Global Ratings) supports this assessment.

Customer deposits represented the largest funding source (81% of total liabilities), in line with other midsize Kazakh banks as of mid 2018. About half of total deposits were retail deposits a higher share than for domestic peers. Although retail deposits are more expensive, higher dollarized, and more confidence sensitive than corporate deposits in Kazakhstan, we view a balanced profile of retail and corporate deposits as positive for funding diversification. We view

BCC's deposit stability as at the system average. We do not expect any significant deposits outflows over the next 12 months in view of BCC's strong brand name and established franchise.

BCC's depositor concentration is adequate, in our view, with the top-20 depositors accounting for about 19% of total deposits at year-end 2017, comparing very favorably with the bank's peers due to a higher share of retail depositors. In line with other midsized Kazakh banks, deposits from state-related companies, pension funds, and high-net-worth individuals, account for the majority of the top-20 deposits. We consider them to be relatively stable and highly dependent on the rating level, which is higher for BCC than for smaller Kazakh banks.

We view BCC's liquidity position as adequate, reflecting its adequate share of broad liquid assets, covering wholesale debt maturing in the next 12 months by 4.6x as of mid 2108. In addition, broad liquid assets covered about one-third of all customer deposits, which compares positively to deposit outflows of 7% in 2017. As a bank of moderate systemic importance, we believe that BCC is likely to expeditiously receive a short-term liquidity line from the National Bank of Kazakhstan, in the case of unplanned funds outflows.

Table 6

Bank CenterCredit JSC Funding And Liquidity

(%)	--Year-ended Dec. 31--				
	2018*	2017	2016	2015	2014
Core deposits/funding base	80.7	83.5	84.7	77.9	79.0
Customer loans (net)/customer deposits	83.8	83.8	75.6	85.7	103.0
Long term funding ratio	94.7	95.7	97.4	90.8	92.4
Stable funding ratio	123.3	124.6	137.4	126.5	110.7
Short-term wholesale funding/funding base	5.7	4.7	2.8	9.7	8.2
Broad liquid assets/short-term wholesale funding (x)	4.6	5.8	10.6	2.6	2.3
Net broad liquid assets/short-term customer deposits	36.8	39.6	47.9	26.0	15.3
Short-term wholesale funding/total wholesale funding	29.5	28.7	18.5	44.0	39.1
Narrow liquid assets/3-month wholesale funding (x)	6.5	8.3	48.0	5.0	3.6

*Data as of June 30.

Support: Moderate systemic importance resulting in one notch of support

Given BCC's market position as the seventh-largest Kazakh bank by assets and its sizable market share in lending and retail deposits, we consider the bank to have moderate systemic importance for the Kazakhstan banking sector and economy. We believe it would likely receive extraordinary support from the government if required. Accordingly, the issuer credit rating is one notch higher than the stand-alone credit profile, reflecting potential extraordinary government support.

Related Criteria

- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 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

- Criteria - Financial Institutions - Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Group Rating Methodology, Nov. 19, 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 Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

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 August 27, 2018)

Bank CenterCredit JSC

Issuer Credit Rating

B/Stable/B

Kazakhstan National Scale

kzBBB-/--/--

Issuer Credit Ratings History

28-Oct-2015

B/Stable/B

29-Dec-2011

B+/Stable/B

20-Jul-2018

Kazakhstan National Scale

kzBBB-/--/--

28-Oct-2015

kzBB+/--/--

29-Dec-2011

kzBBB-/--/--

Sovereign Rating

Kazakhstan

BBB-/Stable/A-3

Kazakhstan National Scale

kzAAA/--/--

*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.

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