HD **Fitch: New Zealand Subnational Ratings Still Underpinned by Institutional Framework 25 May 2014**

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[**Company** Release] Fitch Ratings-Sydney-25 May 2014: Fitch Ratings says in a newly-published report that the overall strength of the New Zealand institutional framework remains a major positive credit factor for subnationals. The positive factors within the framework focus on substantial disclosure, including full accruals-based balance sheet, income statement, cash flow and 10-year rolling long-term plan which sets out revenue, expenditure and debt projections. It is a requirement that this plan be updated on a regular basis. The reporting of financials is in line with IFRS, with all budgetary and financial information being readily and promptly available. Fitch considers this level of disclosure and transparency to be optimal and compares very favourably with international peers.

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There have been positive enhancements to the control and supervision of the subnationals with the Minister of Local Government powers increasing dramatically. The Amendment Act 2012 to the Local Government Act 2002, outlines six key powers the minister now has when considering whether to intervene in a council's activities. These powers gradually increase, depending on the seriousness of the issue.

Furthermore, lenders are protected by the local authority's ability to charge any assets to secure borrowings, including **property** rates via a debenture. This allows for high levels of recovery. The report also highlights some weaknesses including lack of prudential borrowing regulations. This could include maximum debt to operating revenues and maximum debt servicing ratios, which allows for a more formal overall control by the central government, with regards to the level of borrowing by local councils. The government has introduced new regulations that require all councils to disclose performance against benchmarks in their annual reports from FY14 onwards.

There is also no fiscal equalisation system in place, which would allow the weaker councils to improve their overall revenues. This is mitigated by the fact that the majority of revenues such as **property** rates, are less correlated to the local socio-economic profile.

The special report, entitled "Institutional Framework for New Zealand Subnationals' is one in a series of Fitch's reports examining the institutional frameworks for subnationals in various countries which are available on the agency's website at www.fitchratings.com. Contacts:

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Applicable criteria, "Tax-Supported Rating Criteria", dated 14 August 2012, and "Local and Regional Governments Rating Criteria", dated 23 April 2014, are available on www.fitchratings.com.

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COMPANY BACKGROUND

ACTIVITIES

Fitch Training Ltd. designs, develops, and delivers credit, risk, and corporate finance training courses for individuals and corporate clients in the United Kingdom and internationally. Its training courses include workshops for corporate; non-bank financial institutions, insurance, and banks courses; risk and capital, and risk applications courses; and securitization courses. The company was founded in 1987 and is based in London, United Kingdom with locations in Dubai, Frankfurt, London, Paris, Riyadh, Stockholm, Beijing, Hong Kong, Singapore, Sydney, Chicago, New York, San Francisco, Sao Paulo, and Toronto; and Washington, D.C. Fitch Training Ltd. operates as a subsidiary of Fitch Group, Inc.

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23 May 2014: Fitch: Turkey Rate Cut Sends Mixed Message, Highlights Risks

[Company Release] The Central Bank of the Republic of Turkey's (CBRT) decision to cut its main interest rate while leaving other rates unchanged sends a mixed message regarding monetary policy that may dent its credibility, and highlights the risk that policy reversals could undermine economic adjustment, Fitch Ratings says. The CBRT on Thursday unexpectedly cut its one-week repo rate by 50bp to 9.5%, while leaving its overnight borrowing and lending rates unchanged at 12% and 8% respectively.

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23 May 2014: Fitch Affirms Two Platinum Trusts at "BBB-sf"; Outlook Stable.

[Company Release] Fitch Ratings has affirmed Platinum Trust February 2013 Tranche II (Platinum Feb 13 II) and Platinum Trust March 2013 (Platinum Mar 13). The transactions are securitisations of commercial vehicle loans in India originated by Cholamandalam Investment and Finance Co.

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23 May 2014: Fitch: Nordic Credit Markets Expect Bank & Sovereign Links To Remain, Despite Resolution Tools

[Company Release] Fitch Ratings-London-23 May 2014: The vast majority of nearly 200 delegates who attended Fitch Ratings' "Viking Tour" events this month said that sovereign support for domestic systemically important banks (D-SIFIs) in the Nordic region remained as likely as before, or at least still highly probable, despite the coming resolution tools being introduced to deal with failing banks. Over the three events, held in Copenhagen, Helsinki and Stockholm from 7 to 9 May, just 2% to 7% of delegates thought new resolution tools would make sovereign support less likely for D-SIFIs. The majority of delegates (spanning 48% to 62% over the three events) also said they expect the Nordic high-yield market to continue growing and that high-yield bonds would establish themselves as a permanent funding source.

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23 May 2014: Fitch Assigns Deutsche Bank's Additional Tier 1 Securities "BB+" Final Rating

[Company Release] Fitch Ratings-Frankfurt/London-23 May 2014: Fitch Ratings has assigned Deutsche Bank AG's (A+/Negative/a/F1+) undated non-cumulative fixed to reset rate additional Tier 1 securities of 2014 a final rating of "BB+". The rating is in line with the expected rating assigned on 2 May 2014. KEY RATING DRIVERS The notes are additional Tier 1 (AT1) instruments with fully discretionary coupon payments and are subject to a write-down if Deutsche Bank breaches a 5.125% Basel III common equity Tier 1 (CET1) ratio.

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21 May 2014: Fitch: China's New Cross-Border Guarantee Scheme a Market Positive.

[Company Release] Fitch Ratings-Shanghai/Singapore-20 May 2014: Fitch Ratings says China's relaxation of restrictions on cross-border debt guarantees is a positive development for the offshore Chinese bond market as it simplifies the regulatory and administrative process for onshore corporates to register their offshore debt guarantees with the foreign-exchange regulator.

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