

Rating Object	Rating Information	
SFIL SA (Group)	Long Term Issuer Rating / Outlook: <b>AA / negative</b>	Short Term: <b>L1</b>
Creditreform ID: 803073840 Management: Philippe Mills (CEO) François Laugier (Deputy CEO) Florent Lecinq (CFO and FMO)	Type: Update / Unsolicited	
Rating Date: <b>17 December 2021</b> Monitoring until: withdrawal of the rating Rating Methodology: CRA "Bank Ratings v.3.0" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.0" CRA "Government-Related Banks v.2.0" CRA "Environmental, Social and Governance Score for Banks v.1.0" CRA "Rating Criteria and Definitions v.1.3"	Rating of Bank Capital and Unsecured Debt Instruments:	
Rating History: <a href="http://www.creditreform-rating.de">www.creditreform-rating.de</a>	Preferred Senior Unsecured:	<b>AA</b>
	Non-Preferred Senior Unsecured:	-
	Tier 2:	-
	Additional Tier 1:	-

#### Contents

Key Rating Driver .....	1
Executive Summary .....	1
Company Overview .....	2
Business Development .....	3
Profitability .....	3
Asset Situation and Asset Quality .....	5
Refinancing, Capital Quality and Liquidity .....	6
ESG Score Card .....	8
Conclusion .....	9
Appendix .....	10

## Key Rating Driver

- + High probability of support by the French State
- + One of the major lenders to the French Public Sector
- + Very good asset-quality, very high regulatory capital ratios
- + Low costs of risk, despite COVID-19 crisis
- +/- Low profitability, but no profit motive
- +/- Very high regulatory capital ratios, but very low equity levels

## Executive Summary

Creditreform Rating affirms the long-term issuer rating of SFIL SA at AA (negative). Deciding key rating driver is the close relationship and the high probability of support by the government of the French Republic (CRA Rating: AA (negative) as of 21.05.2021)

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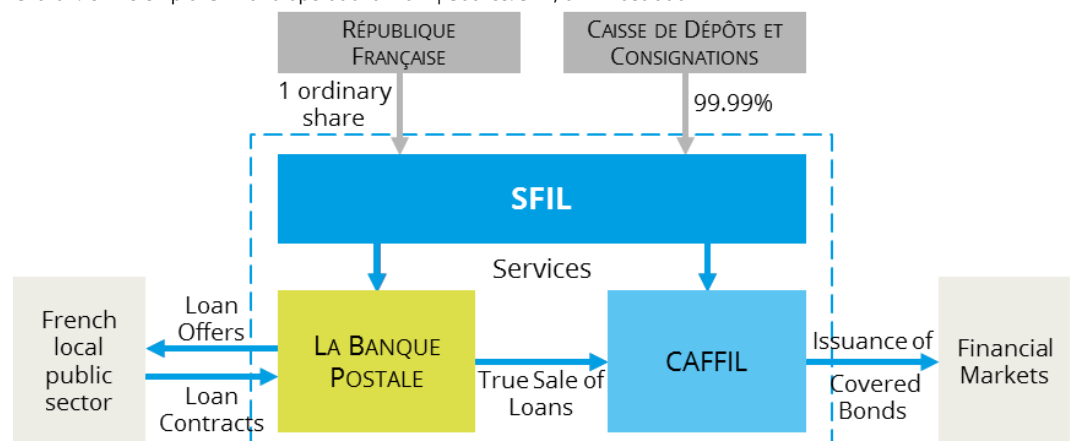
## Company Overview

The Société de financement local SA (in the following SFIL SA or SFIL) was founded in 2013 as a government owned development bank in order to guarantee stability in local public sector financing in France. The bank refinances medium and long term loans to local governments and public hospitals and engages in refinancing of export loans guaranteed by the French State. It provides additional services in the areas of loan management, middle and back office management solutions, asset and liability management reporting, accounting and third party management. The customers benefit from low refinancing costs due to explicit state guarantees and risk control.

On 9 October 2019 it was agreed in principle that CDC (Caisse des dépôts et consignations), a state-owned group serving the public interest and France's economic development, was to become the reference shareholder with 99.99% of its capital (the French State retains a single ordinary share). On 30 September 2020, this deal was finalized. SFIL continues to be fully publicly owned, its shareholders will continue to ensure that its financial strength is preserved and its economic base is protected. The mission remains the same, financing the local public sector and the refinancing of large export contracts.

Art 4 §1 (8) CRR defines the term public sector entity, and Art 116 §4 allows for public sector exposures to be treated as exposures to the central government. Banque de France and ACPR as competent authority declared CDC as a public sector entity that may be treated equivalently to the treatment of the central government. Hence, Creditreform Rating treats CDC as equivalent to the French Republic.

Chart 1: Ownership of SFIL and operational flow | Source: SFIL, own illustration



## Business Development

### Profitability

In 2020, the first year of the COVID-19 crisis, SFIL SA reported a net profit of EUR 44 Million. Operating income increased by EUR 14 million year-on-year, which was mainly attributable to net fee and commission income. This was mainly due to commission income from swap transactions.

Operating expenses increased slightly by just under EUR 3 million.

Cost of risk was EUR 6 million, following a positive earnings contribution of EUR 7 million in the previous year. The main reason for this movement was downgrades in stage 2 exposures in the cruise sector as part of export credit activity. Due to the impact of the COVID-19 crisis on the tourist cruise sector, SFIL decided to transfer all business activities in this sector from Stage 1 to Stage 2, resulting in risk provisions of EUR 18 million. At the same time, this charge was offset by a reduction in sensitivity to structured finance, which transferred the exposure from Stage 3 to Stage 2. SFIL is actively working on reducing its exposure to structured finance.

Net income was EUR 28 million in the first half of 2021, after a net loss of EUR 2 million in the first half of 2020. While operating expense on climbed slowly, net banking income rose quickly and was EUR 35 million higher than in the first half of 2020. Cost of risk was only EUR 1 million, compared to 9 million a year prior.

A detailed group income statement for the years of 2017 through 2020 can be found in Figure 1 below:

Figure 1: Group income statement | Source: eValueRate / CRA

Income Statement (EUR m)	2020	%	2019	2018	2017
<b>Income</b>					
Net Interest Income	135	3	131	129	174
Net Fee & Commission Income	17	> +100	2	1	3
Net Insurance Income	-	-	-	-	-
Net Trading Income	27	-18	33	55	7
Equity Accounted Results	-	-	-	-	-
Dividends from Equity Instruments	-	-	-	-	-
Other Income	1	-	-	-	-
<b>Operating Income</b>	<b>180</b>	<b>8</b>	<b>166</b>	<b>185</b>	<b>184</b>
<b>Expense</b>					
Depreciation and Amortisation	17	6	16	10	6
Personnel Expense	50	2	49	48	51
Tech & Communications Expense	-	-	-	-	-
Marketing and Promotion Expense	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Expense	45	2	44	53	56
<b>Operating Expense</b>	<b>112</b>	<b>3</b>	<b>109</b>	<b>111</b>	<b>113</b>
<b>Operating Profit &amp; Impairment</b>					
<b>Pre-impairment Operating Profit</b>	<b>68</b>	<b>19</b>	<b>57</b>	<b>74</b>	<b>71</b>
Asset Writedowns	6	< -100	-7	5	-22
<b>Net Income</b>					
Non-Recurring Income	-	-	-	-	-
Non-Recurring Expense	-	-	-	-	-
<b>Pre-tax Profit</b>	<b>62</b>	<b>-3</b>	<b>64</b>	<b>69</b>	<b>93</b>
Income Tax Expense	18	29	14	6	39
Discontinued Operations	-	-	-	-	-
<b>Net Profit</b>	<b>44</b>	<b>-12</b>	<b>50</b>	<b>63</b>	<b>54</b>
Attributable to minority interest (non-controlling interest)	-	-	-	-	-
Attributable to owners of the parent	-	-	-	-	-

In line with the slight decline in earnings, the related key figures also decreased. It remains to be said that the bank's earning power is low but adequate in terms of its mission. In addition, the cost income ratio is low.

A detailed overview of the income ratios for the years of 2017 through 2020 can be found in Figure 2 below:

Figure 2: Group key earnings figures | Source: eValueRate / CRA

Income Ratios (%)	2020	%	2019	2018	2017
Cost Income Ratio (CIR)	62,22	-3,44	65,66	60,00	61,41
Cost Income Ratio ex. Trading (CIRex)	73,20	-8,75	81,95	85,38	63,84
Return on Assets (ROA)	0,06	-0,01	0,07	0,09	0,07
Return on Equity (ROE)	2,64	-0,45	3,08	4,03	3,68
Return on Assets before Taxes (ROAbT)	0,08	-0,01	0,09	0,09	0,13
Return on Equity before Taxes (ROEbT)	3,72	-0,23	3,95	4,41	6,33
Return on Risk-Weighted Assets (RORWA)	0,86	+0,02	0,84	1,15	0,94
Return on Risk-Weighted Assets before Taxes (RORWAbT)	1,22	+0,14	1,08	1,26	1,61
Net Interest Margin (NIM)	0,22	-0,01	0,23	0,26	0,26
Pre-Impairment Operating Profit / Assets	0,09	+0,01	0,08	0,10	0,10
Cost of Funds (COF)	3,17	-0,40	3,56	3,72	3,57
Change in %Points					

## Asset Situation and Asset Quality

Total assets increased slightly in the reporting year 2020. Significant changes were only observed in loans to customers. New loans generated by La Banque Postale and purchased by CAFFIL resulted in an increase of EUR 4.6 billion, while at the same time EUR 1.2 billion in new export credit loans were granted. Amortizations accounted for a decrease of EUR 4.7 billion. Sensitivity reduction operations generated EUR 0.2 billion in new loans, while exposure to structured finance will shrink from an initial EUR 8.5 billion to EUR 0.6 billion by the end of 2021.

A detailed look at the development of the asset side of the balance sheet for the years of 2017 through 2020 can be taken in Figure 3 below:

Figure 3: Development of assets | Source: eValueRate / CRA

Assets (EUR m)	2020	%	2019	2018	2017
Cash and Balances with Central Banks	1.932	+62,2	1.191	1.927	2.560
Net Loans to Banks	328	+1,5	323	239	295
Net Loans to Customers	54.110	+3,6	52.226	50.279	57.014
Total Securities	9.749	-7,3	10.518	10.947	2.790
Total Derivative Assets	8.018	+0,7	7.963	6.980	7.233
Other Financial Assets	-	-	-	-	-
<b>Financial Assets</b>	<b>74.137</b>	<b>+2,7</b>	<b>72.221</b>	<b>70.372</b>	<b>69.892</b>
Equity Accounted Investments	-	-	-	-	-
Other Investments	-	-	-	-	-
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	-	-	-	-	-
Tangible and Intangible Assets	39	-17,0	47	39	35
Tax Assets	82	+5,1	78	80	78
Total Other Assets	2.778	+13,4	2.450	2.231	2.427
<b>Total Assets</b>	<b>77.036</b>	<b>+3,0</b>	<b>74.796</b>	<b>72.722</b>	<b>72.432</b>

Asset quality changed unevenly. While Stage 2 exposures (potential problem loans under IFRS 9) more than doubled due to the tourist cruise business, Stage 3 exposures (non-performing) decreased by more than half due to a reclassification following a desensitization operation involving a customer. This exposure was not in default from a credit risk perspective. However, the risk costs were very low compared with major commercial banks, and the NPL ratio was generally very low. Risk-weighted assets were again extremely low.

A detailed overview of the asset quality for the years of 2017 through 2020 can be found in Figure 4 below:

Figure 4: Development of asset quality | Source: eValueRate / CRA

Asset Ratios (%)	2020	%	2019	2018	2017
Net Loans/ Assets	70,24	+0,42	69,82	69,14	78,71
Risk-weighted Assets/ Assets	6,62	-1,30	7,92	7,52	7,97
NPLs*/ Net Loans to Customers	1,04	-0,96	2,00	2,17	0,98
NPLs*/ Risk-weighted Assets	11,08	-6,59	17,67	19,92	9,66
Potential Problem Loans**/ Net Loans to Customers	8,19	+2,44	5,75	6,85	0,00
Reserves/ NPLs*	6,02	+2,58	3,44	3,12	9,50
Reserves/ Net Loans	0,06	-0,01	0,07	0,07	0,09
Net Write-offs/ Net Loans	0,01	+0,02	-0,01	0,01	-0,04
Net Write-offs/ Risk-weighted Assets	0,12	+0,24	-0,12	0,09	-0,38
Net Write-offs/ Total Assets	0,01	+0,02	-0,01	0,01	-0,03
Change in %Points					

\* NPLs are represented from 2017 onwards by Stage 3 Loans.

\*\* Potential Problem Loans are Stage 2 Loans where available.

## Refinancing, Capital Quality and Liquidity

SFIL is almost exclusively refinanced by bonds, and this situation did not change in 2020. Covered bonds increased by EUR 0.8 billion net, new volume amounted to EUR 5.5 billion. Unsecured bonds increased by EUR 0.7 billion, with a new volume of EUR 1.7 billion.

The funding strategy of SFIL rests on four pillars, namely commercial paper (CP), supranational, sub-sovereign and agency issuance (SSA bonds), covered bonds issuance as well as ESG issuance. Together, yearly issuance is planned in the realm of EUR 6-9 billion, with focus on covered bonds with EUR 2-4 billion each year, as well as at least one benchmark ESG issue per year.

A detailed overview of the development of liabilities for the years of 2017 through 2020 can be found in Figure 5 below:

Figure 5: Development of refinancing and capital adequacy | Source: eValueRate / CRA

Liabilities (EUR m)	2020	%	2019	2018	2017
Total Deposits from Banks	-	-	379	1.928	4.215
Total Deposits from Customers	-	-	0	0	-
Total Debt	64.398	+3,1	62.466	60.068	56.315
Derivative Liabilities	9.371	+10,0	8.520	7.706	8.950
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>73.769</b>	<b>+3,4</b>	<b>71.365</b>	<b>69.702</b>	<b>69.480</b>
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	5	-37,5	8	8	1
Provisions	23	+64,3	14	20	48
Total Other Liabilities	1.572	-12,1	1.788	1.429	1.434
<b>Total Liabilities</b>	<b>75.369</b>	<b>+3,0</b>	<b>73.175</b>	<b>71.159</b>	<b>70.963</b>
<b>Total Equity</b>	<b>1.667</b>	<b>+2,8</b>	<b>1.621</b>	<b>1.563</b>	<b>1.469</b>
<b>Total Liabilities and Equity</b>	<b>77.036</b>	<b>+3,0</b>	<b>74.796</b>	<b>72.722</b>	<b>72.432</b>

The capital ratios in 2020 were significantly higher than in the previous year due to the lower RWA volume, and the leverage ratio also increased further. However, the balance sheet equity ratio remains very low, which is due to the low credit risk of the

business.

The capital ratios of SFIL increased further in the first half of 2021, with the Leverage Ratio standing at 9.9% and the CET1 ratio at 33.2%. The Liquidity Coverage Ratio (LCR) increased again to well over a thousand per cent.

A detailed overview of the development of capital and liquidity ratios for the years of 2017 through 2020 can be found in Figure 6 below:

Figure 6: Development of capital and liquidity ratios | Source: eValueRate / CRA

Capital Ratios and Liquidity (%)	2020	%	2019	2018	2017
Total Equity/ Total Assets	2,16	-0,00	2,17	2,15	2,03
Leverage Ratio	8,80	+0,20	8,60	1,92	2,00
Common Equity Tier 1 Ratio (CET1)*	29,40	+5,00	24,40	24,80	22,61
Tier 1 Ratio (CET1 + AT1)*	29,90	+5,10	24,80	25,30	23,06
Total Capital Ratio (CET1 + AT1 + T2)*	29,90	+4,70	25,20	25,60	23,38
SREP Capital Requirements	7,75	-0,24	7,99	7,75	-
MREL / TLAC Ratio	-	-	-	-	-
Net Loans/ Deposits (LTD)	-	-	-	-	-
Interbank Ratio	-	-	85,22	12,40	7,00
Liquidity Coverage Ratio	193,00	<-100	1804,00	422,00	725,00
Customer Deposits / Total Funding (excl. Derivates)	-	-	0,00	0,00	-
Net Stable Funding Ratio (NSFR)	-	-	-	-	-

Change in %Points

\* Fully-loaded where available

Due to SFIL's bank capital and debt structure, as well as its affiliated status with the French Republic, the Group's Preferred Senior Unsecured Debt instruments have not been notched down in comparison to the long-term issuer rating.

## Environmental, Social and Governance (ESG) Score Card

SFIL has one significant and two moderate ESG rating drivers

- Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated neutral, as no major positive or negative drivers were identified.

- Corporate Behaviour and Green Financing / Promoting are identified as moderate rating drivers. Green Financing / Promoting is rated positive due to the first Green Bond issue and SFIL's commitment for Green Bonds to become a regular source of refinancing. Corporate Behaviour is also rated positive, as no significant legal risks or otherwise unacceptable behavior could be identified.

### ESG Score

3,8 / 5

ESG Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
<= 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2021	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	3	(+ +)
	1.2 Exposure to Environmental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	1	( )

Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	2	( )
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	1	(+ +)

Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	4	( )
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	1	( )

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
( - )	Negative
( - - )	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage <https://creditreform-rating.de/en/about-us/regulatory-requirements.html>. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".



## Conclusion

The rating of SFIL SA (Group) is predominantly affected by our opinion that there is almost certain likelihood of support by the French Republic (CRA Rating: AA (negative) on 21 May 2021) in the event of financial distress. This owes to the fact that the bank benefits from explicit state guarantees by way of letter of support, even after the CDC has taken the French Republic's place as reference shareholder. Its shareholders will continue to ensure that its financial strength and economic base is protected.

In 2020, the world was significantly affected by the COVID-19 crisis, which actually had only a minor impact on SFIL. Only in the area of export financing, especially in the area of tourist cruises, significant risk provisions had to be made. Despite higher Stage 2 exposure, the overall very good asset quality did not deteriorate significantly. The decline in RWA led to new highs in the regulatory ratios.

## Outlook

The outlook of the Long-Term Issuer Rating of SFIL SA is 'negative', in line with the long-term sovereign rating of the French Republic. For details, please refer to the rating report of the French Republic found on our website.

## Scenario Analysis

In a scenario analysis, the bank is able to reach an 'AA' rating in the "best case" scenario and a 'BBB-' rating in the "worst case" scenario.

In the best-case scenario, SFIL SA is upward bound by long-term sovereign rating of the French Republic. In the worst-case scenario, a negative development in the COVID-19 crisis might lead to a downgrade in the long-term sovereign rating of the French Republic and as such a downgrade in the long-term issuer rating of SFIL SA.

Best-case scenario: AA

Worst-case scenario: BBB+

### Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

## Appendix

### Bank ratings

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

LT Issuer / Outlook / Short-Term **AA / negative / L1**

### Bank Capital and Debt Instruments Ratings

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured Debt (PSU): **AA**

Non-Preferred Senior Unsecured Debt (NPS): -

Tier 2 (T2): -

Additional Tier 1 (AT1): -

### Rating History

Please consult our website [www.creditreform-rating.de](http://www.creditreform-rating.de) for additional information regarding the dates of publication.

Figure 7: Rating History

Bank Issuer Rating	Rating Date	Result
LT / Outlook / Short-Term (Initial)	24.05.2018	AA- / stable / L1
Rating Update	31.08.2018	AA / stable / L1
Rating Update	10.12.2019	AA / stable / L1
Monitoring	29.05.2020	AA / watch unknown / L1
Rating Update	25.11.2020	AA / negative / L1
Rating Update	17.12.2021	AA / negative / L1
Bank Capital and Debt Instruments	Rating Date	Result
Senior Unsecured / T2 / AT1 (Initial)	24.05.2018	AA- / - / -
Senior Unsecured / T2 / AT1	31.08.2018	AA / - / -
PSU / NPS / T2 / AT1	10.12.2019	AA / - / - / -
PSU / NPS / T2 / AT1	29.05.2020	AA / - / - / - (watch unknown)
PSU / NPS / T2 / AT1	25.11.2020	AA / - / - / -
PSU / NPS / T2 / AT1	17.12.2021	AA / - / - / -

## Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following scheme clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website [www.creditreform-rating.de](http://www.creditreform-rating.de). The rating was carried out on the basis of the rating methodology for [bank ratings as \(v3.0\)](#), the methodology for the [rating of bank capital and unsecured debt instruments \(v2.0\)](#), the methodology for the rating of [Government-Related Banks \(v2.0\)](#), as well as the rating methodology for [Environmental, Social and Governance Score for Banks \(v1.0\)](#) in conjunction with Creditreform's basic document [Rating Criteria and Definitions \(v1.3\)](#).

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions (v1.3) are published on our homepage:

<https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html>

On 17 December 2021, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to SFIL SA (Group), and the preliminary rating report was made available to the bank. There was no change in the rating score.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Rating Endorsement Status: The rating of SFIL SA (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

## Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services

are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

#### **Rules on the Presentation of Credit Ratings and Rating Outlooks**

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate
2. Annual Report and interim reports
3. Investors relations information and other publications
4. Website of the rated bank
5. Public and internal market analyses
6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the "Basic

data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within „Basic data“ information card.

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

An explanatory statement of the meaning of Creditreform's default rates are available in the credit rating methodologies disclosed on the website.

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