Creditreform Bank Rating

Banque Fédérative du Crédit Mutuel SA (BFCM) as part of Crédit Mutuel CM11 (Group)

Creditreform Rating
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Rating object	Rating information		
Banque Fédérative du Crédit Mutuel SA (BFCM) as part of Crédit Mutuel CM11 (Group)	**Long Term Issuer Rating / Outlook:** A / stable		**Short Term:** L2
	Rating of Bank Capital and Unsecured Debt Instruments:		
Creditreform ID (subsidiary): 355801929 Incorporation (subsidiary): 1919 (Main-) Industry: Banks Management (subsidiary): Daniel Baal (CEO), Marc Bauer (CFO), Alexandre Saada (COO)	Senior Unsecured A	Tier 2 BBB-	Additional Tier 1 BB+
	Rating Date: **04 December 2018** Monitoring until: withdrawal of the rating Rating Type: **unsolicited** Rating Methodology: bank ratings; rating of bank capital and unsecured debt instruments		

Our rating of Banque Fédérative du Crédit Mutuel SA (BFCM) is reflected by our rating opinion of Crédit Mutel CM11 (Group) due to the group structure.
Therefore we refer to our rating report of Crédit Mutuel CM11 (Group) from 21 September 2018:

Contents

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Neuss

SWOT-Analysis

Strengths

+ One of the four largest banking groups in France, most significant part of the Crédit Mutuel Group
+ Diversified business model with unique approach to digital banking
+ Low operating cost and low cost of risk
+ Excellent capitalization
+ Solid profitability
+ Good asset quality

Weaknesses

- Low-interest environment cuts into net interest margin
- Continuously shrinking income ratios
- Elevated credit risk due to credit concentration in real estate and home loans

Opportunities / Threats

+/- High reliance on French home market, but successful diversification and expansion efforts in significant neighboring countries

+/- Digital transformation in full swing

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Company Overview

The Groupe Crédit Mutuel can trace back its origins to 1882 with the creation of the first Caisse de Crédit Mutuel in Wantzenau, then part of the German Empire. The group nowadays consists of 18 regional federations across France. The Crédit Mutuel CM11 Group (Hereinafter: CM11) represents an alliance of eleven of these regional federations, including well over a thousand cooperative banks, organized around the common federal bank Caisse Fédérale de Crédit Mutuel (Hereinafter: CFCM). CM11 has almost five million members. It is the single most important cooperative alliance within the Groupe Crédit Mutuel, representing about two thirds of the Group's local banks (1,368 vs 2,092 total) and three fourths of the Group's total assets (€619.2bn vs €813,2bn).

CFCM and the eleven federations (including local and regional banks) represent over 98% of the share capital of Banque Fédérative du Crédit Mutuel SA (hereinafter: BFCM). BFCM is the issuer of unsecured bonds on capital markets, and fulfils three roles for CM11. First, it is the funding arm of the group. Second, CM11 manages the group's liquidity, critical and payment functions, and has access to the ECB. Third, it is the owner of all business lines outside the mutual perimeter. These subsidiaries cover fields of finance, insurance, electronic banking and information technology. The biggest subsidiary is Crédit Industriel et Commercial (CIC), a French group of regional banks. Other important banking subsidiaries are BECM, Targobank Germany and Spain, among others.

CM11 is mainly active in France, but through its subsidiaries also maintains important activities in Germany and to a lesser extent in Spain. It serves more than 24 million customers. The core business of CM11 is retail banking, followed by insurance and other specialized business like electronic payments, mobile phone contracts, remote surveillance and real estate.

Among significant events of 2017 was the delisting of CIC in August 2017, which is now 100% owned by BFCM as well as acquiring the remaining 48.98% of Targobank Spain from Banco Popular.

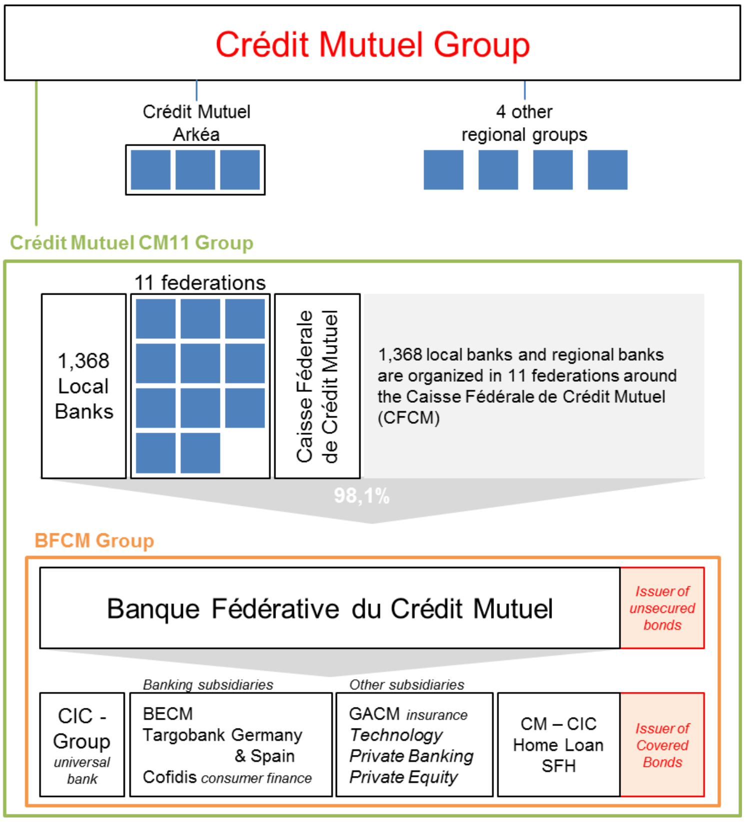

Chart 1: Structure of CM11
(Source: Registration document 2017 – own illustration)

Business Development

Profitability

The operating income of CM11 rose for the fourth time in succession in the observed time period. Increases were noticed broadly across almost all relevant fields of business, bar net trading. Net interest income was responsible for 42% of total operating income, of which 78% was earned in metropolitan France. Of the remaining 22%, more than half was earned in Germany last year, predominantly through Targobank Germany. Responsible for the increase over last year was robust business development. Net fees and commissions as well as insurance income were the other two big staples of operating income, the latter profiting from very dynamic growth in business.

The operating expense increased only modestly throughout 2017, including restructuring costs in the press sector as well as an increased contribution to the Single Resolution Fund by 29%. As a result, the pre-impairment operating profit increased moderately over the previous year.

Amid slightly higher costs of risk yet decreased goodwill and impairment losses, asset writedowns decreased almost 20% compared to the previous year.

Despite a higher pre-tax profit, the posted net profit of CM11 was less than that of the previous year, due to an increased income tax expense. The increase was predominantly driven by an additional factor of almost €0.3bn, a surtax imposed on large companies such as CM11 to offset the unconstitutional dividend tax by the French state. Without the surtax, net profit would have been €100m higher than in the previous year. The surtax is a non-recurring tax and will not affect the bank negatively in the future.

A detailed group income statement for the years of 2014 through 2017 can be found in Figure 1 below:

Income Statement	2014	%	2015	%	2016	%	2017	%
Income (€000)								
Net Interest Income	5,619,000	46.6%	5,561,000	43.2%	5,552,000	42.1%	5,713,000	41.8%
Net Fee & Commission Income	2,851,000	23.7%	3,157,000	24.5%	3,256,000	24.7%	3,511,000	25.7%
Net Insurance Income	2,213,000	18.4%	2,246,000	17.5%	2,168,000	16.5%	2,514,000	18.4%
Net Trading Income	605,000	5.0%	1,119,000	8.7%	1,609,000	12.2%	1,259,000	9.2%
Equity Accounted Results	71,000	0.6%	42,000	0.3%	-136,000	-1.0%	-334,000	-2.4%
Dividends from Equity Instruments	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Rental Revenue	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Lease and Rental Revenue	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Other Income	691,000	5.7%	745,000	5.8%	730,000	5.5%	1,014,000	7.4%
Operating Income	**12,049,000**	**100%**	**12,871,000**	**100%**	**13,179,000**	**100%**	**13,678,000**	**100%**
Expenses (€000)								
Depreciation and Amortisation	495,000	6.6%	515,000	6.5%	461,000	5.7%	465,000	5.5%
Personnel Expense	4,417,000	58.6%	4,639,000	58.8%	4,709,000	58.1%	4,856,000	57.5%
Occupancy & Equipment	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Tech & Communications Expense	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Marketing and Promotion Expense	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Other Provisions	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Other Expense	2,625,000	34.8%	2,732,000	34.6%	2,936,000	36.2%	3,127,000	37.0%
Operating Expense	**7,537,000**	**100%**	**7,886,000**	**100%**	**8,107,000**	**100%**	**8,448,000**	**100%**
Operating Profit & Impairment (€000)								
Pre-impairment Operating Profit	**4,512,000**		**4,985,000**		**5,072,000**		**5,231,000**	
Asset Writedowns	902,000		914,000		1,108,000		897,000	
Net Income (€000)								
Non-Recurring Revenue	NA		NA		NA		NA	
Non-Recurring Expense	NA		NA		NA		NA	
Pre-tax Profit	**3,610,000**		**4,072,000**		**3,963,000**		**4,334,000**	
Income Tax Expense	1,195,000	33.1%	1,539,000	37.8%	1,383,000	34.9%	1,929,000	44.5%
Discontinued Operations	0		-23,000		44,000		22,000	
Net Profit	**2,415,000**		**2,510,000**		**2,624,000**		**2,427,000**	

Figure 1: Group income statement
(Source: Based on data of S&P Global Market Intelligence as of 21 September 2018)

Amid the decrease in net profit, associated income ratios decreased as well. The ROAA, ROAE and RORWA ratios in 2017 were lower than the average of the wider peer group; compared to its large French peers however the ratios were solidly average. The net interest margin (NIM) was well below that of its general peers, yet again average compared to its French peers. The NIM has continued to decline in the previous years, but appears to have bottomed out. Nevertheless, the impact of the low interest environment and high competition on the French home market is solidly felt by CM11. The group has managed strict cost discipline over the years, maintaining a low cost income ratio compared to its general peers, and especially compared to its French peers where it ranks lowest by a comparably large margin.

A detailed overview of the income ratios for the years of 2014 through 2017 can be found in Figure 2 below:

Income Ratios (%)	2014	%	2015	%	2016	%	2017	%
Return on Average Assets (ROAA)	0.46	0.02	0.45	-0.01	0.44	-0.01	0.39	-0.05
Return on Average Equity (ROAE)	7.22	0.06	6.97	-0.25	6.84	-0.13	6.02	-0.82
Return on Risk-Weighted Assets (RORWA)	NA	NA	1.34	NA	1.31	-0.03	1.20	-0.12
Net Interest Margin (NIM)	1.13	-0.16	1.05	-0.08	0.99	-0.06	0.98	-0.01
Cost Income Ratio ex. Trading (CIRex)	65.86	2.99	67.10	1.24	70.07	2.97	68.02	-2.04
Cost Income Ratio (CIR)	62.55	0.55	61.27	-1.28	61.51	0.25	61.76	0.25
Change in %-Points								

Figure 2: Group key earnings figures
(Source: Based on data of S&P Global Market Intelligence as of 21 September 2018)

Asset Situation and Asset Quality

Total assets grew moderately by almost €10bn over the previous year. Net loans to customers made up 55.7% of total assets in 2017 and increased robustly by 4.5% (+€15bn). Crédit Mutuel's banking network as well as the subsidiary banks of CIC contribute about $1/3^{rd}$ each to the net loans figure. The large majority of these loans are home loans (about $3/4^{th}$ for CM and $3/5^{th}$ for CIC). There was no single responsible factor for the increase in net loans but a broad increase of business across the board.

A detailed look at the development of the asset side of the balance sheet for the years of 2014 through 2017 can be taken in Figure 3 below:

Assets (€000)	2014	%	2015	%	2016	%	2017	%
Cash and Balances with Central Banks	33,791,000	6.2%	11,078,000	1.9%	61,044,000	10.0%	57,049,000	9.2%
Net Loans to Banks	43,606,000	8.0%	70,250,000	12.3%	37,694,000	6.2%	37,609,000	6.1%
Net Loans to Customers	287,224,000	52.8%	304,136,000	53.3%	329,958,000	54.1%	344,942,000	55.7%
Total Securities	149,243,000	27.4%	155,523,000	27.2%	151,338,000	24.8%	150,065,000	24.2%
Financial Assets	**513,864,000**	**95%**	**540,987,000**	**95%**	**580,034,000**	**95%**	**589,665,000**	**95%**
Equity Accounted Investments	2,468,000	0.5%	2,427,000	0.4%	1,973,000	0.3%	1,744,000	0.3%
Other Investments	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Insurance Assets	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Non-current Assets HFS & Discontinued Ops	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Tangible and Intangible Assets	7,726,000	1.4%	7,730,000	1.4%	7,785,000	1.3%	7,777,000	1.3%
Tax Assets	1,078,000	0.2%	1,267,000	0.2%	1,293,000	0.2%	1,255,000	0.2%
Total Other Assets	18,599,000	3.4%	18,442,000	3.2%	18,671,000	3.1%	18,758,000	3.0%
Total Assets	**543,735,000**	**100%**	**570,853,000**	**100%**	**609,756,000**	**100%**	**619,199,000**	**100%**
Net Loans to Customers Growth*	4.65	NA	5.89	NA	8.49	NA	4.54	NA
*Change in %								

Figure 3: Development of assets
(Source: Based on data of S&P Global Market Intelligence as of 21 September 2018)

As the economy of the Eurozone kept improving throughout 2017, so did the asset quality of the consolidated group. Both NPL/loans ratios as well as NPL/RWA ratios were low and continued to decrease year-over-year. The posted ratios were among the lowest compared to the general and French peer group. The RWA ratio was, not uncommon for banking groups of this size, fairly low and has been stable for the observed period. Reserves for loan losses were adequate, but on the lower side compared to the observed peer groups.

A detailed overview of the asset quality for the years of 2014 through 2017 can be found in Figure 4 below:

Asset-Quality (%)	2014	%	2015	%	2016	%	2017	%
Non-Performing Loans (NPL) / Loans	4.55	-0.15	4.27	-0.29	4.08	-0.18	3.41	-0.68
Risk-Weighted Assets (RWA) / Total Assets	33.44	NA	33.72	0.28	33.97	0.25	32.04	-1.93
NPL / RWA	7.19	NA	6.74	-0.45	6.50	-0.24	5.93	-0.58
Potential Problem Loans / NPL	NA	NA	NA	NA	NA	NA	NA	NA
Reserves / Impaired Loans	64.76	-2.17	64.56	-0.20	63.03	-1.53	59.69	-3.34
Net Write-Offs / RWA	NA	NA	NA	NA	NA	NA	NA	NA
Change in % Points								

Figure 4: Development of asset quality
(Source: Based on data of S&P Global Market Intelligence as of 21 September 2018)

Refinancing and Capital Quality

Financial liabilities of CM11 increased only slightly over the previous year, the biggest increase coming from total deposits with 4.5% (+€12.3bn). Similarly to loans, both the CM network as well as CIC account for about two thirds of total deposits. The increase over the previous year mostly came from additional demand deposits and savings accounts.

CM11 issued various debt securities through its respective subsidiaries last year. Among these, BFCM issued €2.5bn worth of notes via the EMTN program as well as €1bn of covered bonds via CM CIC Home Loan SFH. Total equity increased to €41bn, mostly through retained earnings.

Due to CM11's bank capital debt structure, the group's senior unsecured debt instruments have not been notched down in comparison to the long-term issuer rating. However, CM11's Tier 2 capital rating is four notches below the long-term issuer rating based on CM11's capital structure and seniority in accordance with our rating methodology. Additional Tier 1 capital is rated five notches below the long-term issuer rating, reflecting a high bail-in risk in case of resolution.

A detailed overview of the development of liabilities for the years of 2014 through 2017 can be found in Figure 5 below:

Liabilities (€000)	2014	%	2015	%	2016	%	2017	%
Total Deposits from Banks	37,271,000	7.3%	43,990,000	8.2%	49,209,000	8.6%	44,175,000	7.6%
Total Deposits from Customers	235,831,000	46.3%	254,370,000	47.7%	276,194,000	48.4%	288,532,000	49.9%
Total Debt	112,158,000	22.0%	111,484,000	20.9%	119,168,000	20.9%	120,156,000	20.8%
Derivative Liabilities	9,800,000	1.9%	8,405,000	1.6%	8,236,000	1.4%	5,978,000	1.0%
Securities Sold, not yet Purchased	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Other Financial Liabilities	11,222,000	2.2%	9,294,000	1.7%	7,483,000	1.3%	6,579,000	1.1%
Total Financial Liabilities	**406,282,000**	**80%**	**427,543,000**	**80%**	**460,290,000**	**81%**	**465,420,000**	**80%**
Insurance Liabilities	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Non-current Liab. HFS & Discontinued Ops	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Unit-Linked Insurance and Investment Contr.	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Tax Liabilities	1,254,000	0.2%	1,100,000	0.2%	1,268,000	0.2%	1,273,000	0.2%
Non-current Asset Retirement Obligations	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Other Provisions	NA	0.0%	NA	0.0%	NA	0.0%	NA	0.0%
Total Other Liabilities	101,343,000	19.9%	105,077,000	19.7%	108,611,000	19.0%	111,516,000	19.3%
Total Liabilities	**508,879,000**	**93.6%**	**533,720,000**	**93.5%**	**570,169,000**	**93.5%**	**578,209,000**	**93.4%**
Total Equity	**34,856,000**	**6.4%**	**37,133,000**	**6.5%**	**39,587,000**	**6.5%**	**40,990,000**	**6.6%**
Total Liabilities and Equity	**543,735,000**	**100%**	**570,853,000**	**100%**	**609,756,000**	**100%**	**619,199,000**	**100%**
Deposits from Customers Growth*	3.21	NA	7.86	4.65	8.58	0.72	4.47	-4.11
*Change in %								

Figure 5: Development of refinancing and capital adequacy
(Source: Based on data of S&P Global Market Intelligence as of 21 September 2018)

Total capital increased similarly to total equity by €2bn over the previous year. At the same time, RWA decreased by almost €9bn. As a result, all regulatory capital ratios increased significantly over the previous year. The figures stand slightly above average for the general peer group, and far above those observed by its French peers. The capitalization is thus deemed very well for a banking group of this size. The leverage ratio stands far above future requirements.

A detailed overview of the development of capital ratios for the years of 2014 through 2017 can be found in Figure 6 below:

Capital (€000)	2014	%	2015	%	2016	%	2017	%
Total Capital	32,572,871	NA	35,122,415	7.83	38,263,189	8.94	40,296,000	5.31
Total risk-weighted Assets	181,851,273	NA	192,499,795	5.86	207,129,223	7.60	198,374,000	-4.23
Capital Ratios (%)								
Core Tier 1 Ratio	14.48	1.48	15.05	0.57	15.08	0.03	16.44	1.36
Tier 1 Ratio	15.44	NA	15.84	0.40	15.70	-0.14	17.02	1.31
Total Capital Ratio	17.91	2.11	18.25	0.33	18.47	0.23	20.31	1.84
Leverage Ratio	6.10	0.90	5.70	-0.40	6.00	0.30	6.10	0.10
Fully Loaded: Common Equity Tier 1 Ratio	14.40	NA	NA	NA	NA	NA	NA	NA
Fully Loaded: Tier 1 Ratio	NA	NA	NA	NA	NA	NA	NA	NA
Fully Loaded: Risk-weighted Capital Ratio	NA	NA	NA	NA	NA	NA	NA	NA
Total Equity/ Total Assets	6.41	0.13	6.50	0.09	6.49	-0.01	6.62	0.13
Change in %Points								

Figure 6: Development of capital ratios
(Source: Based on data of S&P Global Market Intelligence as of 21 September 2018)

Liquidity

The liquidity situation of CM11 is deemed satisfactory. The LCR decreased by 9.4% percentage points, but remained well over regulatory requirements.

A detailed overview of the development of liquidity for the years of 2014 through 2017 can be found in Figure 7 below.

Liquidity (%)	2014	%	2015	%	2016	%	2017	%
Liquidity Coverage Ratio (LCR)	109.00	NA	140.00	31.00	140.30	0.30	130.90	-9.40
Interbank Ratio	117.00	-88.71	159.70	42.70	76.60	-83.10	85.14	8.54
Loan to Deposit (LTD)	121.79	1.68	119.56	-2.23	119.47	-0.10	119.55	0.08
Change in %Points								

Figure 7: Development of liquidity
(Source: Based on data of S&P Global Market Intelligence as of 21 September 2018)

Conclusion

The Crédit Mutuel CM11 Group delivered a solid performance in 2017. The overall business model is robust, costs of risk are low. The group, contrary to many of its competitors, manages to maintain cost discipline while continuing to grow. The low interest environment remains challenging for the group and its competitors, and the regulatory burden keeps on increasing. CM11 operates a proven diversification model with a unique approach of combining mobile banking with mobile phone contracts, as well as a very strong footing in residential remote surveillance, adding significant cross-selling revenue. CM11 continues on its ambitious mobile/digital banking path, seeking digital transformation across all relevant business fields. The transformation of the business model is the number one goal for the group.

Expansion of business, moderate expense increases and low cost of risk increased the pre-tax profit significantly. Surtax however led to decrease in net profits over the previous year. The CIR only rose moderately and remained average in comparison to peers. Nevertheless, a low interest margin shows the effect of the prolonged low interest environment in general.
The balance sheet grew moderately through increased lending across most major fields of business. Both lending and deposits grew significantly. Equity increased through the retaining of earnings.
As a result, regulatory capital ratios increased substantially, aided by lower RWA levels. The ratios remain well above regulatory requirements and are highest among French peers.
The liquidity situation in 2017 was satisfactory.

In outperforming many of its peers, CM11 seems well footed for the immediate future. A slight cause for concern is the very low net interest margin, showing the strains of the continued low interest environment and the fierce completion on the French home market.

In a conducted scenario analysis, the rating would receive a slight upgrade in the “best case” scenario and slight downgrade in the “worst case” scenario, highlighting the relative stability and diversification of the business model of CM11.

The ratings of bank capital and senior unsecured debt would behave similarly due to our rating mechanics. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

Ratings Detail

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 **A / stable / L2**

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.

Senior unsecured debt: **A**
Tier 2 (T2): **BBB-**
Tier 1 (AT1): **BB+**

Ratings Detail and History:

Ratings			
Bank Issuer Ratings			
Type	Rating Date	Publication Date	Ratings
LT Issuer / Outlook / Short-Term	04.12.2018	13.12.2018	A / stable / L2

Bank Capital und Debt Instruments			
Instruments	Rating Date	Publication Date	Ratings
Senior Unsecured / T2 / AT1	04.12.2018	13.12.2018	A / BBB- / BB+

Figure 8: Ratings Detail and History

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 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 S&P Global Market Intelligence (as of 21 September 2018). Subject to a peer group analysis were 39 competing institutes.

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. The rating was carried out on the basis of the rating methodology for unsolicited bank ratings as well as the methodology for the rating of bank capital and unsecured debt instruments in conjunction with Creditreform's basic document "Rating Criteria and Definitions".

On 04 December 2018, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to BFCM, and the preliminary rating report was made available to the bank.

The rating is subject to one-year monitoring from the rating date (see cover sheet). Within this period, the rating can be updated. At the latest after one year, a monitoring is required to maintain the validity of the rating.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG (CRA) is permitted to issue credit ratings within the EU, and is obligated to comply with the provisions 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 nor any other natural persons 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 in approving credit ratings and rating outlooks.

In the event 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 'Rating Committee' policy, 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 the following substantially material sources:

1. Transaction structure and participants

2. Transaction documents

3. Issuance documents

There are no other attributes and limitations of the credit rating or rating outlook other than those 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 the available historical data as sufficient.

Between the time of 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 cases 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 rating report and indicates how the different methodologies or 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 and best-case scenario credit ratings are explained.

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