Creditreform Bankrating
SFIL SA (Group)

Creditreform Rating
www.creditreform-rating.de

Rating object	Rating information		
SFIL SA (Group)	**Long Term Issuer Rating / Outlook:** AA- / Stable		**Short Term:** L1
	Rating of Bank Capital and Unsecured Debt Instruments:		
	Senior Unsecured: AA-	Tier 2: -	Additional Tier 1: -

Creditreform ID:	803073840
Incorporation:	2013
(Main-) Industry:	Banks
Management:	Philippe Mills (CEO) Florent Lecinq (CFO and COO) Chantal Lory (Chairman of the Board)

Prepared on:	**23 May 2018**
Monitoring until:	withdrawal of the rating
Rating type:	**unsolicited**
Rating system(s):	bank ratings; rating of bank capital and unsecured debt instruments; government related banks
Rating history:	www.creditreform-rating.de

Contents

SWOT-Analysis

Strengths

+ High probability of support by the French Government
+ One of the major lenders to the French Public Sector
+ Outstanding asset quality
+ Remarkable regulatory capital ratios
+ Remarkable earnings performance since incorporation
+ Stability and continuity through public shareholders
+ Dense network of La Banque Postale offers good penetration of home market

Weaknesses

- Despite good earnings performance low profitability
- Low Leverage Ratio due to business model
- Limits of diversification through home market restrictions

Opportunities / Threats

+ Increasing need for financial funding on part of public authorities

+/- Export financing taking off, but also introducing new risks

- Regulatory requirements compromise the role of public authorities as guarantor
- Dependency on public authorities in France

Analysts

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Lead-Analyst

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Co-Analyst / Senior Analyst

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.

The ownership of SFIL is shared by the French State, Caisse de Dépôts et Consignations (CDC) and La Banque Postale (LBP). SFIL SA owns a 100% subsidiary with CAFFIL, a leading European public sector covered bond issuer.

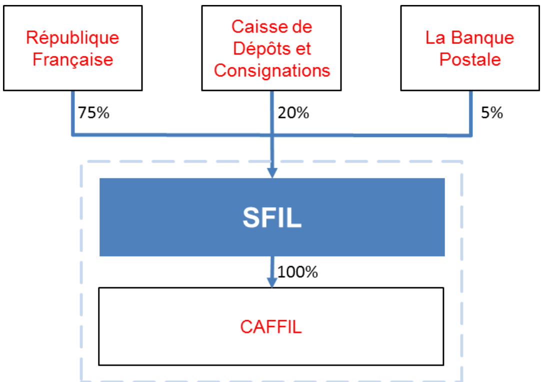

Chart 1: Ownership of SFIL SA
(Source: Website of SFIL SA)

The SFIL acts as a service provider to both LBP and CAFFIL, an SFIL subsidiary. Loans to the French public sector are originated at LBP after previous approval by CAFFIL. In a true sale of loans, CAFFIL holds these loans on the balance sheet and refinances the transactions by issuing obligations foncières (French covered bonds) on international financial markets. SFIL, together with CAFFIL, is the second biggest public bond issuer after the French State itself.

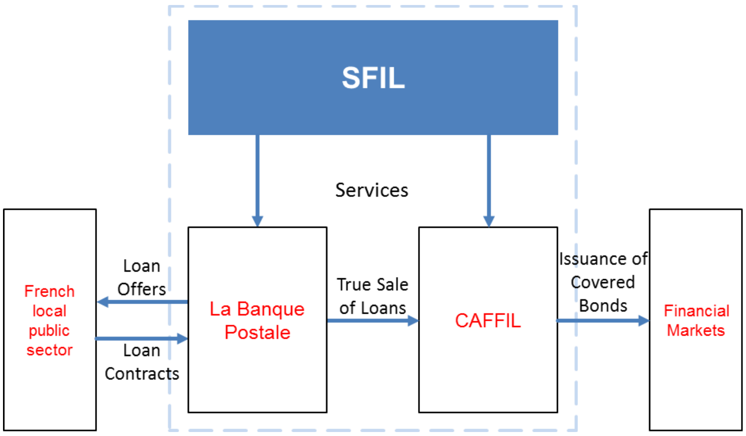

Chart 2: Operational Structure of SFIL SA
(Source: Website of SFIL SA)

Business Development

Profitability

The operating income of SFIL stems almost entirely from interest, with net interest income providing almost 95%. Operating income jumped 32.4% over the previous year, mostly from net interest income. Both interest income as well as expense declined YOY. Operating expense increased moderately over the preceding reporting year, resulting in a 129% increase of pre-impairment operating profit.

With a net write-up of assets due to recoveries on loans and borrowings, the Pre-Tax Profit in 2017 stood at €93m, an increase of 89.8% YOY. In sum, the bank delivered a net profit of €54m in 2017, in excess of what had been forecasted in the “#Horizon2021” strategic plan, and three times more than reported in the previous year.

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	77.000	102,7%	89.000	103,5%	142.000	102,2%	174.000	94,6%
Net Fee & Commission Income	-4.000	-5,3%	-4.000	-4,7%	0	0,0%	3.000	1,6%
Net Insurance Income	NA	0,0%	NA	0,0%	NA	0,0%	NA	0,0%
Net Trading Income	-3.000	-4,0%	1.000	1,2%	-3.000	-2,2%	7.000	3,8%
Equity Accounted Results	0	0,0%	0	0,0%	0	0,0%	0	0,0%
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 Noninterest Income	5.000	6,7%	NA	0,0%	NA	0,0%	NA	0,0%
Operating Income	**75.000**	**100%**	**86.000**	**100%**	**139.000**	**100%**	**184.000**	**100%**
Expenses (€000)								
Depreciation and Amortisation	1.000	0,9%	3.000	2,5%	5.000	4,7%	6.000	5,3%
Personnel Expense	44.000	37,6%	47.000	38,5%	49.000	45,8%	51.000	45,1%
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	72.000	61,5%	72.000	59,0%	53.000	49,5%	56.000	49,6%
Operating Expense	**117.000**	**100%**	**122.000**	**100%**	**107.000**	**100%**	**113.000**	**100%**
Operating Profit & Impairment (€000)								
Pre-impairment Operating Profit	**-42.000**		**-36.000**		**31.000***		**71.000**	
Asset Writedowns	0		-6.000		-18.000		-22.000	
Net Income (€000)								
Nonrecurring Revenue	NA		NA		NA		NA	
Nonrecurring Expense	NA		NA		NA		NA	
Pre-tax Profit	**-42.000**		**-30.000**		**49.000**		**93.000**	
Income Tax Expense	-8.000	19,0%	29.000	-96,7%	31.000	63,3%	39.000	41,9%
Discontinued Operations	0		0		0		0	
Net Profit	**-34.000**		**-59.000**		**18.000**		**54.000**	

**Difference due to rounding*

Figure 1: Group income statement
(Source: S&P Global Market Intelligence)

As a result of the threefold increase of the net profit, income ratios depending on net profit mostly tripled as well. Compared to a peer group of other development banks, income ratios were on the lower end of results. This is not surprising, given the operating income stems from financing low risk public sector entities.

It is noteworthy, that the overall development of operating profit since the bank's founding in 2013 has been generally very positive and steady.

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)	-0,04	0,04	-0,07	-0,03	0,02	0,09	0,07	0,05
Return on Equity (ROAE)	-2,41	2,70	-4,22	-1,82	1,30	5,52	3,78	2,48
RoRWA	-0,60	NA	-0,99	-0,40	0,32	1,32	0,96	0,64
Net Interest Margin	0,09	-0,05	0,11	0,01	0,18	0,07	0,24	0,06
Cost income Ratio ex. Trading	150,00	-42,68	143,53	-6,47	75,35	-68,18	63,84	-11,51
Cost income Ratio	156,00	3,10	141,86	-14,14	76,98	-64,88	61,41	-15,57
Change in %Points								

Figure 2: Group key earnings figures (Source: S&P Global Market Intelligence)

Asset Situation and Asset Quality

The balance sheet of SFIL SA generally decreased over the course of the observed period, from €88.0bn in 2014 to €72.4bn in 2017, with decreases observed across all major financial assets. Chiefly responsible for the decrease in 2017 was mainly the amortization of loans and securities, which exceeded the purchase of loans from LBP as well as the decrease in the balance of the Banque de France account.

The dense LBP network enables SFIL to service a wide array of customers, with loans ranging from €40k to €90m in 2017. The capability of SFIL to issue very long term loans via CAFFIL at competitive terms resulted in 57% of loans issued in 2017 with maturities of longer than 15 years. 59% of all loans and securities were issued to municipalities or federations of municipalities, 15% to departments, 14% to public healthcare institutions, and 11% to others.
2017 has also been the year where another staple of income, export financing, took off. SFIL became the biggest liquidity provider for state-guaranteed export credits, with €2.6bn of confirmed refinancing in 2017 and another 70 potential projects worth more than €24bn in the pipeline. However, the total drawdown of new export credit loans was merely €0.2bn in 2017 compared to the purchase of loans from LBP with €3.3bn.

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	877.000	1,0%	3.361.000	4,0%	4.878.000	6,2%	2.560.000	3,5%
Net Loans to Banks	2.847.000	3,2%	2.530.000	3,0%	390.000	0,5%	295.000	0,4%
Net Loans to Customers	66.175.000	75,2%	63.209.000	75,5%	59.682.000	75,6%	57.014.000	78,7%
Total Securities	14.365.000	16,3%	11.127.000	13,3%	11.531.000	14,6%	10.023.000	13,8%
Financial Assets	**84.264.000**	**96%**	**80.227.000**	**96%**	**76.481.000**	**97%**	**69.892.000**	**96%**
Equity Accounted Investments	0	0,0%	0	0,0%	0	0,0%	0	0,0%
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%
Noncurrent Assets HFS & Discontinued Ops	NA	0,0%	NA	0,0%	NA	0,0%	NA	0,0%
Tangible and Intangible Assets	12.000	0,0%	21.000	0,0%	27.000	0,0%	35.000	0,0%
Tax Assets	116.000	0,1%	116.000	0,1%	113.000	0,1%	64.000	0,1%
Total Other Assets	3.610.000	4,1%	3.319.000	4,0%	2.316.000	2,9%	2.441.000	3,4%
Total Assets	**88.002.000**	**100%**	**83.683.000**	**100%**	**78.937.000**	**100%**	**72.432.000**	**100%**

Figure 3: Development of assets (Source: S&P Global Market Intelligence)

The quality of assets is, given the specialization of SFIL SA, naturally very good. Non-performing loans (NPL) account for less than 1% of total loans issued and represent less than 10% of risk-weighted assets (RWA). The ratio of RWA compared to total assets is, with less than 8%, well below the ratio of commercial banks.

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	NA	NA	NA	NA	0,93	NA	0,98	0,05
NPL / RWA	NA	NA	NA	NA	10,27	NA	9,66	-0,61
Potential Problem Loans / NPL	NA	NA	NA	NA	NA	NA	NA	NA
Reserves / Impaired Loans	23,76	-9,31	19,17	-4,59	19,03	-0,14	9,50	-9,53
Net Write-offs / Risk-adjusted Assets	NA	NA	NA	NA	NA	NA	NA	NA
Risk-weighted Assets/ Assets	7,04	0,80	6,79	-0,25	6,87	0,09	7,97	1,10
Change in %Points								

Figure 4: Development of asset quality
(Source: S&P Global Market Intelligence)

Refinancing and Capital Quality

SFIL SA refinances itself mainly through CAFFIL issued obligations foncières (French covered bonds). Total debt as such accounts for almost 80% of total liabilities, while taking in no deposits from customers. Financial liabilities decreased for the fourth consecutive year. Last year’s decrease was predominantly due to decreasing outstanding French covered bonds, as amortization was greater than issuance, as well as a decrease in shareholder refinancing through long-term borrowing from banks.
The maturity structure of SFIL/CAFFIL is mostly long term. One third has a maturity of 1 to 5 years, while another half has a maturity of over 5 years.

Due to SFIL’s bank capital and debt structure and the likelihood of state support, SFIL’s preferred senior unsecured debt instruments have not been notched down in comparison to the long term issuer rating.

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	9.788.000	11,3%	8.837.000	10,7%	6.720.000	8,7%	4.215.000	5,9%
Total Deposits from Customers	0	0,0%	0	0,0%	0	0,0%	0	0,0%
Total Debt	58.501.000	67,6%	57.740.000	70,2%	57.681.000	74,4%	56.315.000	79,4%
Derivative Liabilities	15.399.000	17,8%	13.537.000	16,4%	11.063.000	14,3%	8.950.000	12,6%
Securities Sold, not yet Purchased	NA	0,0%	NA	0,0%	NA	0,0%	NA	0,0%
Other Financial Liabilities	0	0,0%	0	0,0%	0	0,0%	0	0,0%
Total Financial Liabilities	**83.688.000**	**97%**	**80.114.000**	**97%**	**75.464.000**	**97%**	**69.480.000**	**98%**
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	NA	0,0%	NA	0,0%	NA	0,0%	NA	0,0%
Noncurrent 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	2.905.000	3,4%	2.184.000	2,7%	2.085.000	2,7%	1.483.000	2,1%
Total Liabilities	**86.593.000**	**98,4%**	**82.298.000**	**98,3%**	**77.549.000**	**98,2%**	**70.963.000**	**98,0%**
Total Equity	**1.409.000**	**1,6%**	**1.385.000**	**1,7%**	**1.388.000**	**1,8%**	**1.469.000**	**2,0%**
Total Passiva	**88.002.000**	**100%**	**83.683.000**	**100%**	**78.937.000**	**100%**	**72.432.000**	**100%**
Deposits from Customers Growth*	NA	NA	NA	NA	NA	NA	NA	NA
Change in %Points								

Figure 5: Development of refinancing and capital adequacy

(Source: S&P Global Market Intelligence)

The development of capital ratios was negative in 2017. While in absolute terms capital ratio values rose over the previous year, the ratios declined due to a 6.5% increase in risk-weighted assets (RWA). Nevertheless, these values were very much in excess of regulatory requirements. Following the SREP conducted by the ECB, the phased-in CET1-ratio must stand at 7.125% as of January 1, 2018, and as such per December 31, 2017, the reported ratio was more than three times as high.

The leverage ratio of SFIL stood at 2% for 2017. The difficulty in fulfilling the requirement is due to SFIL's business model as a lender to public authorities, which are likely to have a 0% risk weight. The European Commission is expected to ease the leverage ratio requirements for development banks.

The total equity ratio is with 2.03% very low, but due to the business model pursued by SFIL, this appears reasonable.

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	1.521.000	-2,44	1.448.000	-4,80	1.357.000	-6,28	1.376.000	1,40
Total Risk-weighted Assets	6.192.591	18,90	5.678.039	-8,31	5.425.644	-4,45	5.776.000	6,46
Capital Ratios (%)								
Core Tier 1 Ratio	23,87	NA	24,74	0,87	24,22	-0,52	23,06	-1,16
Tier 1 Ratio	23,87	-5,89	24,74	0,87	24,70	-0,04	23,51	-1,19
Total Capital Ratio	24,56	-5,37	25,50	0,94	25,01	-0,49	23,82	-1,19
Leverage Ratio	1,92	NA	1,88	-0,04	1,82	-0,06	2,00	0,18
Fully Loaded: Common Equity Tier 1 Ratio	21,20	NA	22,50	1,30	22,75	0,25	22,61	-0,14
Fully Loaded: Tier 1 Ratio	21,20	-8,56	22,50	1,30	23,23	0,73	23,06	-0,17
Fully Loaded: Risk-weighted Capital Ratio	21,80	-8,13	23,30	1,50	23,55	0,25	23,37	-0,18
Total Equity/ Total Assets	1,60	-0,10	1,66	0,05	1,76	0,10	2,03	0,27
Change in %Points								

Figure 6: Development of capital ratios
(Source: S&P Global Market Intelligence)

Liquidity

The liquidity situation is, given the specific business model, unusual for a bank. The lack of deposits leads to an undefined loan to deposit ratio (LTD). The interbank ratio is very lopsided. The liquidity coverage ratio (LCR) is, with 725%, far in excess of regulatory requirements of 80% for 2017.

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	113,00	-1,00	113,00	0,00	182,00	69,00	725,00	543,00
Interbank Ratio	29,09	0,94	28,63	-0,46	5,80	-22,83	7,00	1,20
Loan to Deposit (LTD)	NA	NA	NA	NA	NA	NA	NA	NA
Change in %Points								

Figure 7: Development of liquidity
(Source: S&P Global Market Intelligence)

Conclusion

The rating of SFIL SA (Group) is predominantly affected by our opinion that there is almost certain support of the French Republic (CRA Rating: AA- on 28 July 2017) in the event of financial distress. This owes to the fact that the bank benefits from explicit state guarantees. The French government has the legal obligation to protect the economic basis of SFIL and maintain its financial viability. Banque de France may ask shareholders (the French Republic as direct and indirect owner of SFIL SA) to provide necessary support under Art. 511-542, French Monetary and Financial Code. In addition, we assume therefore a public interest of the French authorities in the business operations of the bank.

Regardless of the probability of state support, SFIL SA can look back at a satisfactory year of operations.

Operating income has hit a record high, as did the operating profit through a lagging increase in operating expense. A net write-up of assets lead to the highest net profit for SFIL SA since its founding. As a direct result, key earnings figures increased at the same pace, while obviously lagging behind more profit-oriented commercial peers.
The asset quality is, due to engaging mainly public sector entities, very good. NPL as well as RWA ratios are far below those of other banks.
SFIL refinances itself predominantly through CAFFIL, via the issuing of French covered bonds. Debt issued through either entity is classified as LCR Level 1, and as such SFIL benefits from very low refinancing costs, which in turn also benefits its customers. Through the dense network of LBP, SFIL enjoys thorough geographic penetration of business, and services clients from very small to very large.
Due to the very low RWA ratio stemming from its low risk investments, SFIL enjoys very high regulatory capital ratios, which are far in excess of regulatory requirements.
The liquidity situation in 2017 was very much satisfactory.

In the near future, growing regulation, ongoing digitalization and the ECB's low interest rate policy pose a general challenge to all banks. However, as an interest rate reversal is becoming more likely, the business model pursued by SFIL actually makes the bank relatively insensitive to the interest rate environment, as every interest position is hedged and the bank holds no demand deposits from customers. As such, the bank is not affected by the transformation margin reduction in a low interest rate environment.

In a scenario analysis, the rating remained unchanged in the “best case” scenario, and slightly worse in the “worst case” scenario. The rating is specifically sensitive to changes in the rating of the French Republic. A downgrade in the rating of the French Republic will most likely coincide with a downgrade in the rating of SFIL SA (Group), while an upgrade may not necessarily coincide with an upgrade. The ratings of bank capital and (preferred) senior unsecured debt would behave similarly due to our rating mechanics. These ratings are especially sensitive to changes in total equity, 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 / Short-Term / Outlook **AA- / L1 / Stable**

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.

Tier 1 (AT1): **-**
Tier 2 (T2): **-**
'preferred senior unsecured debt: **AA-**

Ratings Detail and History

Ratings			
Bank Capital und Debt Instruments			
Instruments	Rating Date	Publication Date	Ratings
Senior Unsecured / T2 / AT1	23.05.2018	24.05.2018	AA- / - / -

Bank Issuer Ratings			
Type	Rating Date	Publication Date	Ratings
LT Issuer / Outlook / Short-Term	23.05.2018	24.05.2018	AA- / L1 / Stable

Figure 8: Ratings Detail and History

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third parties 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 subject to a peer group analysis were 19 competing institutes.

The information and documents processed satisfied the requirements according to the rating system of Creditreform Rating AG published on the website www.creditreform-rating.de. The rating was carried out on the basis of the rating methodology for unsolicited bank, the methodology for the rating of bank capital and unsecured debt instruments as well as the methodology for government-related banks in conjunction with Creditreform`s basic document "Rating Criteria and Definitions".

On 23 May 2018, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to SFIL SA and the preliminary rating report was made available to it.

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

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 in 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 '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 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 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.

The date at which the credit rating was initially released for distribution and the date when it was last updated including any rating outlooks is indicated clearly and prominently in the ‘Basic Data’ card as a “rating action”; initial 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, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating 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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