Creditreform Bank Rating
SFIL SA

Creditreform Rating

Rating Object	Rating Information
SFIL SA	Long Term Issuer Rating / Outlook: **AA / negative** — Short Term: **L1**
Creditreform ID: 803073840	Stand Alone Rating: -
	Type: Update / Unsolicited

Rating Date:	**15 August 2023**
Monitoring until:	withdrawal of the rating
Rating Methodology:	CRA "Bank Ratings v.3.2" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.1" CRA "Government-Related Banks v.2.1" CRA "Environmental, Social and Governance Score for Banks v.1.0" CRA "Rating Criteria and Definitions v.1.3"
Rating History:	www.creditreform-rating.de

Rating of Bank Capital and Unsecured Debt Instruments:

Preferred Senior Unsecured (PSU):	AA
Non-Preferred Senior Unsecured (NPS):	-
Tier 2 (T2):	-
Additional Tier 1 (AT1):	-

Rating Action

Creditreform Rating affirms SFIL SA's Long-Term Issuer Rating at AA (Outlook: negative)

Creditreform Rating (CRA) affirms SFIL SA's Long-Term Issuer Rating at AA. The rating outlook is negative.

CRA affirms SFIL SA's Preferred Senior Unsecured Debt at AA.

Please find a complete list of rating actions regarding the bank and its affected subsidiaries at the end of this rating update.

Key Rating Drivers

- Highest probability of support by the French State (CRA rating: AA/negative of 21.04.23)
- One of the major lenders to the French Public Sector
- Very high regulatory capital ratios, but very low total equity volume
- Very good asset-quality with no significant negative impact following COVID-19
- Low profitability, but no intention to achieve high profits

Executive Summary

The Long-Term Issuer Rating of SFIL SA is affirmed at AA. The rating of Preferred Senior Unsecured is affirmed in line with the LT Issuer Rating.

The bank's rating remains influenced by the high exposure to the French Republic and the rating of the French Republic (AA (negative), CRA Sovereign Rating as of 21 April 2023). This confines the Long-Term Issuer Rating of SFIL SA to AA.

The decisive factor for the rating is the explicit guarantee of the French Republic and that SFIL SA is almost fully owned by Caisse des Dépôts (CDC), which is an institution of the French Republic. Creditreform Rating therefore adjusts the Long-Term Issuer Rating to the rating of the French Republic (AA (negative) as of 21 April 2023).

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Quantitative:	Good	
Earnings	Sufficient	
Assets	Good	
Capital	Very Good	
Liquidity	Very Good	
Qualitative:	Very Good	

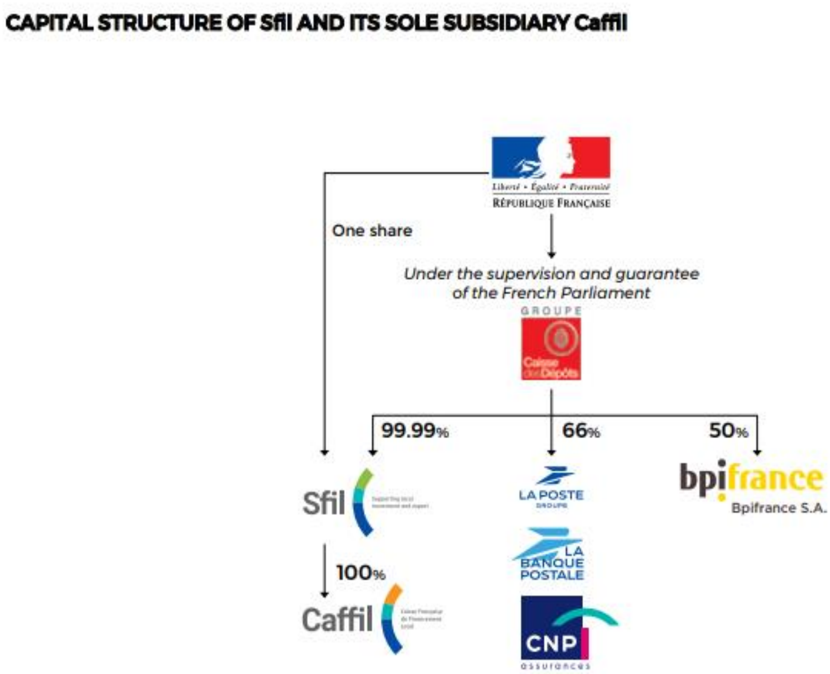
Company Overview

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.

Since September 2020, CDC (Caisse des dépôts et consignations), a state-owned group serving the public interest and France's economic development, is the reference shareholder with 99.99% of capital (the French State retains a single ordinary share) and provides a letter of comfort, complemented by a direct letter of support by the French Republic.

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. We therefore consider SFIL SA as a government related bank according to our methodology.

Chart 1: Shareholder structur | Source: Website of SFIL



Business Development

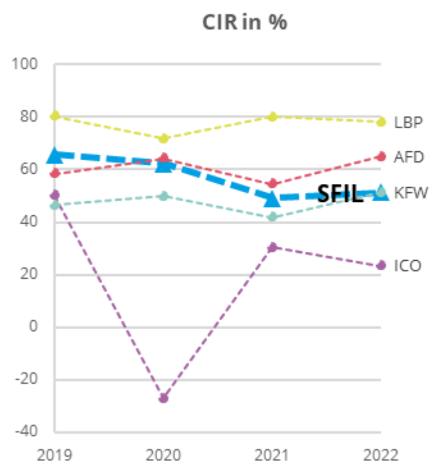
Profitability

In 2022 SFIL's net interest income rose again by about 6.2% from EUR 161mn to EUR 171mn but SFIL describes the impact of the rising interest rates as not significant. Furthermore, fair value gains amounting EUR 71mn resulted in a general increase of the bank's operating income. While these gains are likely not persistent they increased significantly the second year in a row. Net fee and commission income decreased due to declining fee income because of lower margins, which is already on a low level, but rising fee expenses.

Operating expenses increased by EUR 10mn to EUR 125mn mostly due to the record level of inflation, but that did not affect the profitability of the bank. Personnel expenses increased slightly to EUR 55mn due to the record level of inflation and the resulting increase in payroll. Depreciation and amortization remained unchanged. In line with the increase in earnings, the related key figures also improved. In addition, the cost income ratio, which indicates intrinsic profitability, remains on a sound level, which is however uncharacteristically boosted, partially as a result of fair value gains as well as an increasing net interest income. It remains to be said that the bank's earning power is low but adequate in terms of its mission as the bank does not pursues profit maximization.

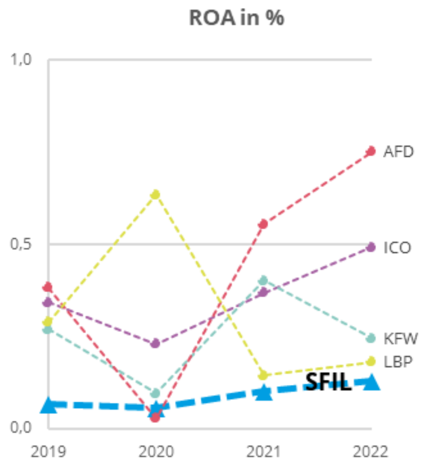
Cost of risk was flat at EUR 0 in 2022 after EUR 3mn in 2021, reflecting the high quality of SFIL's loan portfolio and the low risk profile resulting from its business model and which is linked to the success of the sensitivity reduction policy for residual structured outstandings. SFIL is actively working on reducing its exposure to structured finance and lowered it by about 50.3% compared to 2021.

Chart 2: Cost income ratio | Source: eValueRate / CRA



In its peer group, SFIL has a comparatively low cost income ratio (CIR), which increased slightly in 2022 as operating expenses grew somewhat more dynamically than operating income. The other state affiliated French bank Agence Française de Développement (AFD), has a significantly higher CIR compared to the SFIL. The spread between the CIR of SFIL and AFD was larger compared to last year due to a steeper increase in AFD´s CIR.

Chart 3: Return on Assets. | Source: eValueRate / CRA / Pillar 3



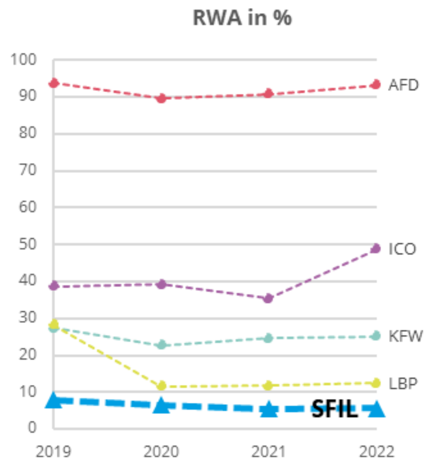
Concerning the return on assets (RoA), SFIL continues to lag behind its peers but stays on a constant slightly increasing level compared to the last years but it must be taken into account that the RoA does not play a major role for the bank concerning its affiliation with the Republic of France.

Asset Situation and Asset Quality

Total assets decreased again in the reporting year 2022 and loans to customers remain the bank's major asset class. The majority of SFIL's loans are related to the public sector, mirroring the bank's business model. New loans generated by La Banque Postale and purchased by CAFFIL resulted in an increase of EUR 4.8bn, while at the same time EUR 1.8bn in new export credit loans were granted. The loan portfolio has an average maturity of 20 years. The distribution of loans to the local public sector in 2022 is as follows: 30% Municipalities and similar, 38% Group Municipalities, 12% Departments, 15% Hospitals, 5% Regions. As in the case of the bank's loan book, the securities portfolio is dominated by public sector securities. The bank's lower balance of derivative assets and the accompanying balance sheet contraction is a result of shrinking valuation effects of derivatives and hedged risk due to the high inflation in 2022 and the accompanying rise of interest rates.

Asset quality improved in fiscal year 2022. Stage 3 exposures (non-performing loans) decreased again to an even lower level, primarily a result of the bank's business activities with the public sector and its low risk profile. However, Stage 2 exposure (potential problem loans under IFRS 9) remained at an elevated level, due to the tourist cruise business. However, following the bank's low risk credit exposure to the public sector, SFIL's cost of risk ratios are naturally on a very low level compared with major commercial banks. The RWA ratio was again extremely low, also illustrating the low risk profile of the bank's business model.

Chart 2: RWA ratio of SFIL in comparison to the peer Group | Source: eValueRate / CRA



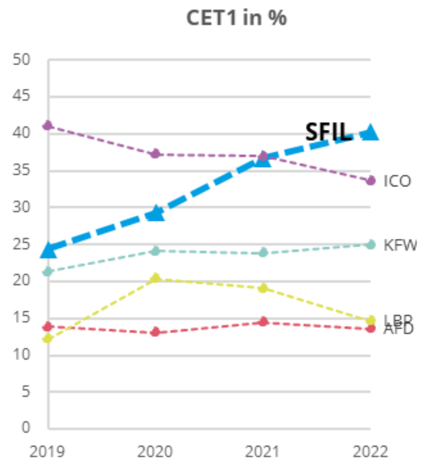
Risk-weighted assets were again extremely low and decreased again, which shows the low risk profile of the bank's assets. Within its peergroup, SFIL has the lowest RWA ratio.

Refinancing, Capital Quality and Liquidity

SFIL is almost exclusively refinanced by bonds. 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. Moreover, SFIL objective is to reach 25% of total funding by 2024 under green, social and sustainable format with at least one transaction planned per year.

The regulatory capital ratios in 2022 increased again significantly in comparison to the previous year due to the reductions of the RWA-exposure. In addition, the bank's leverage ratio increased as well. All regulatory capital ratios of the bank are at an outstanding level and exceed the minimum requirements (CET1: 7.42% SREP, TC: 11.25% SREP and Leverage ratio: 3%) comfortably with a very large buffer. The CET1 ratio of 40.3% was 5.4-times higher than its regulatory requirements. However, the balance sheet equity ratio remains very low. The bank can maintain such a low level due to the low credit risk of the business with the public sector. The liquidity situation of the bank is very comfortable with a very high but declining Liquidity Coverage Ratio (LCR) and an appropriate Net Stable Funding Ratio (NSFR). As the bank's business is ultimate-backed by the government of the French Republic, we see no liquidity nor refinancing issues at the bank.

Chart 5: CET1 ratios | Source: eValueRate / CRA



Compared to its peergroup, SFIL's CET1 ratio rose in the last couple of years amounting to 40.3% in 2022, while the CET1 ratios of peers mostly remained flat or even deteriorated. Coming from an already high level SFIL even surpassed the leader the Instituto de Crédito Oficial (ICO) in its peer group in 2022 after being close to it in 2021.

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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 and due SFIL's clear role in the economy of the French Republic.

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

ESG Bank Score

3,8 / 5

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 2022	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 Environ-mental 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	( )

Outlook

The outlook of the Long-Term Issuer Rating of SFIL SA is negative due to the ongoing negative outlook of its domicile country, the French Republic, which CRA substantiate as follows. While macroeconomic risks related to the war in Ukraine appear manageable, acknowledging unpredictability of any further escalation of geopolitical tensions, extended government support highlights ongoing challenges to sustainably bringing down the elevated debt ratio. Adding to fiscal sustainability risks in our view, the ability to implement envisaged economic policies and reform initiatives seems subject to increased challenges due to a more fragmented parliament following the elections in 2022.

Scenario Analysis

Best-case scenario: AA+

Worst-case scenario: AA-

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.

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of AA+ in the "Best-Case-Scenario" and a Long-Term Issuer Rating of AA- in the "Worst-Case-Scenario". The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade SFIL SA's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt due to an upgrade of the rating of the French Republic.

By contrast, we might downgrade SFIL SA's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt due to a downgrade of the rating of the French Republic or changes in existing contracts or guarantees.

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.

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

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 (PSU):	**AA**
Non-Preferred Senior Unsecured (NPS):	**-**
Tier 2 (T2):	**-**
Additional Tier 1 (AT1):	**-**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: 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
Rating Update	01.06.2022	AA / negative / L1
Rating Update	15.08.2023	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 / - / - / -
PSU / NPS / T2 / AT1	01.06.2022	AA / - / - / -
PSU / NPS / T2 / AT1	15.08.2023	AA / - / - / -

Tables Group (if applicable)

Figure 2: Income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2022	%	2021	2020	2019
Income					
Net Interest Income	171	+6,2	161	135	131
Net Fee & Commission Income	1	-80,0	5	17	2
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	71	+4,4	68	27	33
Equity Accounted Results	-	-	-	-	-
Dividends from Equity Instruments	-	-	-	-	-
Other Income	1	-	0	1	-
Operating Income	**244**	**+4,3**	**234**	**180**	**166**
Expense					
Depreciation and Amortisation	18	+0,0	18	17	16
Personnel Expense	55	+5,8	52	50	49
Tech & Communications Expense	-	-	-	-	-
Marketing and Promotion Expense	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Expense	52	+15,6	45	45	44
Operating Expense	**125**	**+8,7**	**115**	**112**	**109**
Operating Profit & Impairment					
Operating Profit	**119**	**+0,0**	**119**	**68**	**57**
Cost of Risk / Impairment	-	-	-3	6	-7
Net Income					
Non-Recurring Income	-	-	-	-	-
Non-Recurring Expense	-	-	-	-	-
Pre-tax Profit	**119**	**-2,5**	**122**	**62**	**64**
Income Tax Expense	33	-28,3	46	18	14
Discontinued Operations	-	-	-	-	-
Net Profit	**86**	**+13,2**	**76**	**44**	**50**
Attributable to minority interest (non-controlling interest)	-	-	-	-	-
Attributable to owners of the parent	86	+13,2	76	44	-

Figure 3: Key earnings figures| Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2022	%	2021	2020	2019
Cost Income Ratio (CIR)	51,23	+2,08	49,15	62,22	65,66
Cost Income Ratio ex. Trading (CIRex)	72,25	+2,98	69,28	73,20	81,95
Return on Assets (ROA)	0,13	+0,03	0,10	0,06	0,07
Return on Equity (ROE)	5,00	+0,49	4,51	2,64	3,08
Return on Assets before Taxes (ROAbT)	0,18	+0,02	0,16	0,08	0,09
Return on Equity before Taxes (ROEbT)	6,92	-0,32	7,24	3,72	3,95
Return on Risk-Weighted Assets (RORWA)	2,29	+0,35	1,94	0,86	0,84
Return on Risk-Weighted Assets before Taxes (RORWAbT)	3,17	+0,06	3,11	1,22	1,08
Net Financial Margin (NFM)	0,38	+0,06	0,32	0,22	0,23
Pre-Impairment Operating Profit / Assets	0,18	+0,02	0,16	0,09	0,08

Change in %- Points

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets| Source: eValueRate / CRA

Assets (EUR m)	2022	%	2021	2020	2019
Cash and Balances with Central Banks	1.969	-50,3	3.961	1.932	1.191
Net Loans to Banks	87	-72,1	312	328	323
Net Loans to Customers	52.629	-3,2	54.395	54.110	52.226
Total Securities	6.452	-21,8	8.249	9.749	10.518
Total Derivative Assets	2.636	-50,3	5.302	8.018	7.963
Other Financial Assets	-	-	-	-	-
Financial Assets	**63.773**	**-11,7**	**72.219**	**74.137**	**72.221**
Equity Accounted Investments	-	-	-	-	-
Other Investments	-	-	-	-	-
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	-	-	-	-	-
Tangible and Intangible Assets	28	-9,7	31	39	47
Tax Assets	79	-3,7	82	82	78
Total Other Assets	2.728	+10,6	2.467	2.778	2.450
Total Assets	**66.608**	**-11,0**	**74.799**	**77.036**	**74.796**

Figure 5: Development of asset quality| Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2022	%	2021	2020	2019
Net Loans to Customers / Assets	79,01	+6,29	72,72	70,24	69,82
Risk-weighted Assets[1] / Assets	5,63	+0,39	5,24	6,62	0,00
NPL[2]/ Loans to Customers[3]	0,01	+0,01	0,00	-	-
NPL[2]/ Risk-weighted Assets[1]	0,02	+0,02	0,00	0,00	0,00
Potential Problem Loans[4]/ Loans to Customers[3]	69,70	+3,10	66,60	-	-
Reserves[5]/ NPL[2]	0,05	-	-	-	-
Cost of Risk / Loans to Customers[3]	-	-	-0,06	-	-
Cost of Risk / Risk-weighted Assets[1]	-	-	-0,08	0,12	-0,12
Cost of Risk / Total Assets	-	-	0,00	0,01	-0,01

Change in %- Points

1 RWA: Pillar 3, EU CR1

2 NPL: Gross; Non- Performing Loans of the categories Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

3 Loans to Customers: Gross; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

4 Potential Problem Loans: Stage 2; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non- Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy| Source: eValueRate / CRA

Liabilities (EUR m)	2022	%	2021	2020	2019
Total Deposits from Banks	-	-	-	-	379
Total Deposits from Customers	0	-	0	0	0
Total Debt	59.090	-9,4	65.250	64.398	62.466
Derivative Liabilities	5.559	-17,6	6.749	9.371	8.520
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-
Total Financial Liabilities	**64.649**	**-10,2**	**71.999**	**73.769**	**71.365**
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	2	-33,3	3	5	8
Provisions	20	-13,0	23	23	14
Total Other Liabilities	217	-80,1	1.088	1.572	1.788
Total Liabilities	**64.888**	**-11,2**	**73.113**	**75.369**	**73.175**
Total Equity	**1.720**	**+2,0**	**1.686**	**1.667**	**1.621**
Total Liabilities and Equity	**66.608**	**-11,0**	**74.799**	**77.036**	**74.796**

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2022	%	2021	2020	2019
Total Equity / Total Assets	2,58	+0,33	2,25	2,16	2,17
Leverage Ratio[1]	11,08	+2,07	9,01	8,80	8,60
Common Equity Tier 1 Ratio (CET1)[2]	40,30	+3,62	36,68	29,38	24,39
Tier 1 Ratio (CET1 + AT1)[2]	40,30	+2,96	37,34	29,89	24,83
Total Capital Ratio (CET1 + AT1 + T2)[2]	40,37	+2,93	37,43	29,89	25,15
CET1 Minimum Capital Requirements[1]	7,42	+0,00	7,42	7,66	-
Net Stable Funding Ratio (NSFR)[1]	118,53	+0,79	117,74	-	-
Liquidity Coverage Ratio (LCR)[1]	841,86	-201,47	1043,33	0,00	0,00

Change in %- Points
1 Pillar 3 EU KM1
2 Regulatory Capital Ratios: Pillar 3 EU KM1

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 table 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. The rating was carried out on the basis of the following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.2)
- Rating of bank capital and unsecured debt instruments (v2.1)
- Government-Related Banks (v2.1)
- Environmental, Social and Governance Score for Banks (v1.0)

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

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

On 15 August 2023, 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 the bank. There was no change in the rating.

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.

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