

**Rating Action: Moody's assigns Counterparty Risk Ratings to 12 French banks and banking groups**

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22 Jun 2018

**Ratings are assigned following 6 June 2018 update to Moody's Banks rating methodology**

London, 22 June 2018 -- Moody's Investors Service today assigned Counterparty Risk Ratings to 12 French banks and banking groups: Agence France Locale (AFL), Banque PSA Finance (BPF), BNP PARIBAS Personal Finance (BNPP PF), Groupe BPCE (BPCE), Caisse Centrale du Credit Immobilier de France (3CIF), Groupe Credit Agricole (Credit Agricole), Groupe Credit Mutuel, Dexia Group (Dexia), PSA Banque France, RCI Banque, SFIL and Socram Banque (Socram).

Moody's Counterparty Risk Ratings (CRRs) are opinions of the ability of entities to honor the uncollateralized portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honored. CRR liabilities typically relate to transactions with unrelated parties. Examples of CRR liabilities include the uncollateralized portion of payables arising from derivatives transactions and the uncollateralized portion of liabilities under sale and repurchase agreements. CRRs are not applicable to funding commitments or other obligations associated with covered bonds, letters of credit, guarantees, servicer and trustee obligations, and other similar obligations that arise from a bank performing its essential operating functions.

**RATINGS RATIONALE**

In assigning CRRs to 10 banks and banking groups, out of the 12 subject to this rating action, Moody's starts with the banks' adjusted Baseline Credit Assessments (BCAs) and uses the agency's existing advanced Loss Given Failure (LGF) approach that takes into account the level of subordination to CRR liabilities in the bank's balance sheet, and assumes a nominal volume of such liabilities. In addition, where applicable, Moody's has incorporated the likelihood of government support for CRR liabilities.

As a result, of the CRRs assigned to these 10 banks and banking groups, the CRRs of five institutions (BNPP PF, BPCE, Credit Agricole, Groupe Credit Mutuel, SFIL) are four notches higher than their respective Adjusted BCAs and the CRRs of five banks (AFL, BPF, PSA Banque France, RCI Banque, Socram) are positioned three notches higher.

Although most if not all of the 10 banks and banking groups whose CRRs receive four or three notches of uplift from their adjusted BCAs are likely to have more than a nominal volume of CRR liabilities at failure, this has no impact on the ratings because the significant level of subordination below the CRR liabilities at each of the 10 banks already provides the maximum amount of uplift under Moody's rating methodology (i.e. three notches).

In all cases the CRRs assigned are equal to, or higher than, the rated banks' senior debt and deposit ratings. This reflects Moody's view that secured counterparties to banks typically benefit from greater protections under insolvency laws and bank resolution regimes than do senior unsecured creditors, and that this benefit is likely to extend to the unsecured portion of such secured transactions in most bank resolution regimes. Moody's believes that in many cases regulators will use their discretion to allow a bank in resolution to continue to honor its CRR liabilities or to transfer those liabilities to another party who will honor them, in part because of the greater complexity of bailing in obligations that fluctuate with market prices, and also because the regulator will typically seek to preserve much of the bank's operations as a going concern in order to maximize the value of the bank in resolution, stabilize the bank quickly, and avoid contagion within the banking system. CRR liabilities at these banks therefore benefit from the subordination provided by more junior liabilities, with the extent of the uplift of the CRR from the adjusted BCA depending on the amount of subordination.

In assigning CRRs to two additional banks (Dexia and 3CIF), Moody's starts with the adjusted BCA and uses the agency's existing basic LGF approach. Both banks have been placed in run-off in accordance with resolution plans approved by the European Commission in December 2012 and November 2013, respectively. Moody's considers that any additional support needed from public authorities would not necessarily result in a resolution under the EU Bank Recovery and Resolution Directive (BRRD). Therefore, Moody's considers that

these banks are in practice out of the scope of the EU's Operational Resolution Regime and, hence, the advanced LGF approach is not applied. Moreover, the CRRs are positioned at the same level of these banks' respective deposits and senior unsecured ratings as Moody's considers that the CRR obligations of these entities, already in resolution, are unlikely to benefit from any additional protection compared to depositors and senior creditors.

The following ratings were assigned:

Issuer: Agence France Locale

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Edel SNC

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Federative du Credit Mutuel

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa2

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Monetaire et Financiere

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Palatine

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Populaire Alsace Lorraine Champagne

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Populaire Aquitaine Centre Atlantique

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Populaire Atlantique

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Populaire Bourgogne Franche-Comte

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Populaire de la Cote d'Azur

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Populaire de l'Ouest

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Populaire des Alpes

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Populaire du Massif Central

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Populaire du Nord

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Populaire Occitane

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Populaire Rives de Paris

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque Populaire Val de France

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Banque PSA Finance

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-2

Issuer: BNP PARIBAS Personal Finance

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: BPCE

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: BRED-Banque Populaire

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Caisse Centrale du Credit Immobilier de France

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Baa2

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-2

Issuer: CASDEN - Banque Populaire

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Alsace Vosges

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Atlantique Vendee

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Brie Picardie

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Centre Loire

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Centre-Est

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Charente Maritime Deux Sevres

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Charente Perigord

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM d'Alpes-Provence

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM d'Aquitaine

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM de Centre France

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM de Champagne-Bourgogne

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM de la Guadeloupe

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM de la Martinique-Guyane

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM de la Reunion

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM de l'Anjou et du Maine

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM de Lorraine

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM de Normandie

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM de Paris et d'Ile-de-France

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM de Touraine et du Poitou

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM des Cotes-d'Armor

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM des Savoie

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM d'Ille et Vilaine

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM du Centre-Ouest

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM du Finistere

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM du Languedoc

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM du Morbihan

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM du Nord Est

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Franche-Comte

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Loire - Haute-Loire

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Nord de France

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Nord Midi-Pyrenees

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Normandie-Seine

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Provence Cote d'Azur

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Pyrenees-Gascogne

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Sud-Mediterranee

..Assignments:



...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Sud-Rhone-Alpes

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Toulouse 31

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: CRCAM Val de France

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Credit Agricole CIB, New York Branch

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Credit Agricole CIB, Tokyo Branch

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Credit Agricole Corporate and Investment Bank

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Credit Agricole S.A.

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Credit Agricole S.A., London Branch

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Credit Cooperatif

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Credit Foncier de France

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Credit Industriel et Commercial

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa2

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Credit Mutuel Arkea

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa2; placed on review for downgrade

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Dexia Crediop S.p.A.

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Baa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-3

Issuer: Dexia Credit Local

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Baa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-3

Issuer: Dexia Credit Local, New York Branch

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Baa3

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-3

Issuer: Natixis

..Assignments:

....Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

....Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Natixis, New York Branch

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: PSA Banque France

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-2

Issuer: RCI Banque

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A3

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-2

Issuer: SFIL

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned Aa2

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

Issuer: Socram Banque

..Assignments:

...Long-term Counterparty Risk Rating (Local and Foreign Currency), assigned A1

...Short-term Counterparty Risk Rating (Local and Foreign Currency), assigned P-1

#### WHAT COULD CHANGE THE RATING UP/DOWN

##### Agence France Locale

AFL's CRR could be upgraded if the government of France's (Aa2 positive) rating were upgraded. Moody's assumes a high probability of government support for the CRR, but owing to the proximity between the current sovereign rating and the CRR prior to government support, this support does not currently result in any uplift. Although unlikely over the outlook horizon, the CRR could also be upgraded if the bank's adjusted BCA were upgraded should AFL develop a stable franchise, increase its market share, generate sustainable profits and accumulate capital that will support its growth.

AFL's CRR could be downgraded if its adjusted BCA were downgraded as a result of evidence that its business model's viability is challenged. This could arise if the bank were unable to (1) increase its membership and build up a loan portfolio that would enable AFL to break-even by 2022; (2) raise funding at a cost that would allow it to originate competitive loans; or (3) follow the credit and funding policies initially contemplated. A significant deterioration in asset quality or operating deficiency, or a deterioration in France' macro profile (currently 'Strong +') could also trigger a downgrade of AFL's adjusted BCA.

##### Banque PSA Finance

BPF's CRR could be upgraded if its adjusted BCA of baa3 were upgraded. To the extent BPF's current adjusted BCA is constrained by the adjusted BCA of its subsidiary PSA Banque France (PSA BF, LT deposits Baa1 stable, LT senior unsecured Baa1 stable, adjusted BCA baa3, BCA ba1), the bank's BCA would be upgraded if PSA BF's adjusted BCA were upgraded.

BPF's CRR could be downgraded if its adjusted BCA were downgraded. A downgrade of its adjusted BCA

could be triggered by a downgrade of PSA BF's adjusted BCA or if the credit quality of its other operating subsidiaries were to deteriorate materially. The adjusted BCA could also be downgraded if BPF moved a substantial amount of capital to its parent or if it significantly increased its investments in the operating subsidiaries without raising its capital base and by relying on wholesale funding instead (double leverage).

BPF's CRR could also be downgraded if the excess capital available for BPF's own lending activities (after netting of its equity stakes in the operating JVs) were to materially reduce.

#### BNP PARIBAS Personal Finance

BNPP PF's CRR is aligned with the CRR of BNP Paribas (BNPP, LT deposits Aa3 stable, LT senior unsecured Aa3 stable, BCA baa1) because of (1) its strategic position as BNPP's operating arm for its consumer finance activities; (2) BNPP's track-record of capital injection into the company whenever it was necessary; (3) BNPP's large exposure to the company through the provision of the bulk of its funding in the form of long-term interbank loans; and (4) Moody's expectation that BNPP PF, as a closely-related bank affiliate incorporated in France, will be included in the resolution perimeter of BNPP. BNPP PF's CRR therefore moves in sync with that of BNPP.

Groupe BPCE (BPCE, Natixis, Credit Foncier de France, Banque Palatine, and the affiliated entities of Banque Populaire)

BPCE and group rated entities' CRRs could be upgraded if BPCE's adjusted BCA of baa2 were upgraded. This could result from a reduction in the group's cost structure leading to improved profitability or an increase of its Common Equity Tier 1 capital, while maintaining a low risk profile.

BPCE and group rated entities' CRRs could also be downgraded if BPCE's adjusted BCA of baa2 were downgraded. BPCE's adjusted BCA could be downgraded as a result of an unexpected erosion of the group's profitability or a sudden increase in its asset risk.

#### PSA Banque France

PSA Banque France's CRR could be upgraded if its adjusted BCA of baa3 were upgraded. The bank's adjusted BCA could be upgraded (1) following a proven track record of sound and efficient governance; or (2) as a result of a material improvement in the bank's asset quality or solvency.

PSA Banque France's CRR could be downgraded if its adjusted BCA were downgraded as a result of a significant increase in its loan-loss charges, which would affect its profitability and solvency. Owing to the bank's close links with Peugeot S.A.'s (Ba1 stable) credit strength, a downgrade of Peugeot S.A.'s rating could lead to a downgrade of the bank's adjusted BCA.

#### RCI Banque

RCI Banque's CRR could be upgraded if its adjusted BCA of baa3 were upgraded. Given the assumption of a high probability of affiliate support, RCI Banque's adjusted BCA could be upgraded following an upgrade of its parent, Renault S.A. (Baa3 positive). RCI Banque's adjusted BCA could also be upgraded following (1) a material reduction in the bank's reliance on wholesale funding; or (2) a material improvement in asset quality or solvency.

A downgrade of RCI Banque's CRR could materialize if its adjusted BCA is downgraded as a result of (1) a downgrade by more than one notch of its parent's rating, which is unlikely, given the positive outlook; or (2) a deterioration of the bank's credit fundamentals.

#### Socram Banque

Socram's CRR could be upgraded if its adjusted BCA of baa1 were upgraded as a result of an upgrade of the ratings of its main shareholders. An upgrade of its baa3 BCA is unlikely owing to its limited franchise and dependence on its shareholders.

Socram's CRR could be downgraded in the event of a downgrade of its adjusted BCA as a result of (1) a downgrade of its main shareholders' ratings; (2) a reduced probability of support from its shareholders; or (3) a significant deterioration in the bank's funding profile, asset quality or solvency. The CRR could also be downgraded if there were a reduction in subordination resulting in higher loss-given-failure for CRR obligations.

#### Caisse Centrale du Credit Immobilier de France

3CIF's CRR is unlikely to be upgraded given its run-off status.

3CIF's CRR could be downgraded if its adjusted BCA of ba2 were downgraded. 3CIF's adjusted BCA could be downgraded if (1) Moody's considered that the current guarantee is insufficient to cover the bank's funding needs; or (2) asset performance were worse than expected, resulting in a significant decline in capital, which would not be addressed by the guarantee fee deferral mechanism. 3CIF's CRR could also be downgraded in the case of a decrease in the probability of government support.

Groupe Credit Agricole (Credit Agricole S.A. - CASA, Credit Agricole Corporate and Investment Bank - CACIB, Caisses Regionales du Credit Agricole Mutuel - CRCAM)

An upgrade of the CRRs of CASA, CACIB and the CRCAMs would likely follow an upgrade of CASA's adjusted BCA of baa1, which could result from (1) a longer track record of stable and sustainable profit, together with a low risk profile; and (2) Groupe Credit Agricole's capital metrics were to improve significantly, above the objectives currently set by the bank.

Conversely, a downgrade of CASA's adjusted BCA would likely trigger a downgrade of the CRRs of CASA, CACIB and the CRCAMs. A downgrade of CASA's adjusted BCA could occur following (1) a significant deterioration in its asset quality, driven, for instance, by impairments in the CIB franchise; (2) a greater-than-expected erosion of revenue, linked to declining net interest margins; or (3) negative developments in its capital or liquidity.

Groupe Credit Mutuel -- CM11 (Banque Federative du Credit Mutuel - BFCM, Credit Industriel et Commercial - CIC)

BFCM and CIC's CRRs could be upgraded if their adjusted BCAs were upgraded as a result of more positive trends in net interest margins, which is unlikely over the outlook horizon.

BFCM and CIC's CRR could be downgraded if their adjusted BCAs of a3 were downgraded in the event of (1) a material weakening in Groupe Credit Mutuel's underlying profitability, chiefly as a result of asset quality deterioration or a structural increase in the cost of funding; (2) a weakening liquidity position or funding profile of the group; (3) an unexpected weakening of the group's fundamentals prompted by the potential split between Credit Mutuel Arkea (LT deposit Aa3 ratings under review, LT senior unsecured Aa3 ratings under review, BCA baa1) and the rest of Groupe Credit Mutuel; or (4) a material weakening in the operating environment in France.

Credit Mutuel Arkea (CMA)

CMA's CRR is on review for downgrade due to the increased risk of CMA leaving Groupe Credit Mutuel. An upgrade is therefore unlikely.

CMA's CRR could be downgraded through the removal of the one-notch affiliate-backed support from Groupe Credit Mutuel if it were to leave the group. As a smaller standalone entity, CMA's CRR obligations are also less likely to benefit from potential government support than is currently the case as part of the much larger and systemically important Groupe Credit Mutuel. Moody's may consider the probability of government support to an independent CMA to be "low", which could result in no uplift for the CRR.

Dexia Group (Dexia Credit Local - DCL, Dexia Crediop S.p.A.)

DCL and Dexia Crediop's CRRs could be upgraded if DCL's BCA and adjusted BCA of b2 were upgraded. This could result from the bank performing better than expected in the implementation of the orderly resolution plan.

Conversely, significant deviations from the trend set out in the resolution plan could trigger a downgrade of DCL's BCA, which, in turn, could lead to a downgrade of DCL and Dexia Crediop's CRRs.

Evidence from the banks' guarantor States and/or national or European resolution authorities that additional government support would not be provided, or under conditions detrimental to investors, could also likely result in a downgrade of the banks' CRRs.

SFIL

SFIL's CRR could be upgraded as a result of an upgrade of the government of France, its major shareholder.

SFIL's CRR could be downgraded as a result of a downgrade of its BCA of a3. This could result from (1) worse-than-expected asset performance, (2) weakening capitalization, (3) lower-than-expected profitability, (4) deteriorating funding and liquidity profiles, or (5) a material worsening of France's Macro Profile. SFIL's CRR could also be downgraded in the case of a decrease in the probability of government support.

#### PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks published in June 2018. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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