

Global Credit Research - 24 Mar 2015

Noisy-le-Grand, France

## Ratings

Category	Moody's Rating
Outlook	Rating(s) Under Review
Bank Deposits	*Baa3/*P-3
Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	baa3
Senior Unsecured	**Baa3
Subordinate -Dom Curr	Ba1
Commercial Paper	**P-3
Other Short Term -Dom Curr	** (P)P-3
<b>Parent: Renault S.A.</b>	
Outlook	Positive
Corporate Family Rating	Ba1
Senior Unsecured	Ba1
Commercial Paper -Dom Curr	NP
Other Short Term -Dom Curr	(P)NP
<b>Companhia de Cr., Financ. e Invest. RCI BR</b>	
Outlook	Stable
Corporate Family Rating -Dom Curr	Ba1
Issuer Rating -Dom Curr	Ba1
NSR Issuer Rating -Dom Curr	Aa1.br
<b>RCI Banque Sucursal Argentina</b>	
Outlook	Stable
Issuer Rating -Dom Curr	B1

\* Rating(s) within this class was/were placed on review on March 17, 2015

\*\* Placed under review for possible upgrade on March 17, 2015

## Contacts

Analyst	Phone
Guillaume Lucien-Baugas/Paris	33.1.53.30.10.20
Yasuko Nakamura/Paris	
Carola Schuler/Frankfurt am Main	49.69.707.30.700
Virginie Ketterlin/Paris	33.1.53.30.10.20

## Key Indicators

### RCI Banque (Consolidated Financials)[1]

	[2]6-14	[2]12-13	[2]12-12	[2]12-11	[2]12-10	Avg.
Total Assets (EUR million)	30,110.0	29,505.0	28,767.0	27,105.0	24,110.0	[3]5.7
Total Assets (USD million)	41,225.1	40,656.2	37,926.2	35,186.2	32,344.6	[3]6.3
Tangible Common Equity (EUR million)	2,852.0	2,815.0	2,609.0	2,485.0	2,380.0	[3]4.6

Tangible Common Equity (USD million)	3,904.8	3,878.9	3,439.7	3,225.9	3,192.9	[3]5.2
Problem Loans / Gross Loans (%)	3.1	3.5	3.5	3.5	4.8	[4]3.7
Tangible Common Equity / Risk Weighted Assets (%)	–	12.9	12.1	11.8	12.5	[5]12.3
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	24.6	26.7	27.6	27.1	32.9	[4]27.8
Net Interest Margin (%)	3.2	3.2	3.5	3.8	3.9	[4]3.5
PPI / Average RWA (%)	–	3.9	4.0	4.1	4.3	[5]4.1
Net Income / Tangible Assets (%)	1.5	1.7	1.8	1.9	2.0	[4]1.8
Cost / Income Ratio (%)	33.5	31.4	30.9	30.0	30.6	[4]31.3
Market Funds / Tangible Banking Assets (%)	64.7	66.6	78.9	81.7	80.7	[4]74.5
Liquid Banking Assets / Tangible Banking Assets (%)	4.6	6.2	5.0	4.5	5.8	[4]5.2
Gross Loans / Total Deposits (%)	344.1	331.9	499.3	543.5	411.2	[4]426.0

Source: Moody's

[1] All figures and ratios are adjusted using Moody's standard adjustments [2] Basel II; IFRS [3] Compound Annual Growth Rate based on IFRS reporting periods [4] IFRS reporting periods have been used for average calculation [5] Basel II & IFRS reporting periods have been used for average calculation

## Opinion

### SUMMARY RATING RATIONALE

On March 17, we placed RCI Banque's (RCI) long-term and short-term debt and deposit ratings on review for upgrade. RCI's baseline credit assessment (BCA) of baa3 was unaffected by the action. We believe that RCI's deposit and senior debt ratings are most likely to benefit from a very low loss-given-failure, which could result in a two-notch uplift to the current BCA (baa3), at Baa1.

RCI's credit assessment of baa3 is supported by (1) the bank's franchise which reflects its role as a strategic captive for Renault S.A. (Renault; Ba1, positive), and (2) its sound risk management and financial fundamentals, including high and stable earning streams as well as limited credit losses on both its retail and dealer exposures. The baa3 BCA therefore reflects the strengths of the subsidiary and a credit profile healthier than that of its parent.

At the same time, the BCA is constrained by the bank's lack of business diversification, large exposures to car dealers as well as the reliance on confidence-sensitive wholesale-funding, albeit progressively being reduced. These are characteristics more commonly associated with non-investment-grade ratings, as shown by the rating levels of other non-bank auto finance companies with similar business models.

RCI's strategic role within the Renault / Nissan alliance closely ties its standalone creditworthiness to the strength of its parent, Renault. So far, Renault and Nissan Motor Co., Ltd. (A3, stable) have demonstrated a high degree of resilience to macroeconomic pressures despite the cyclical nature of the car market, which in turn affords a degree of protection to RCI.

The review for upgrade on the debt and deposit ratings reflects the introduction of our new methodology, and specifically our advanced Loss Given Failure (LGF) analysis, which applies to RCI given that it is subject to an operational resolution regime under the Bank Recovery and Resolution Directive (BRRD).

### RCI'S BCA IS SUPPORTED BY ITS STRONG + MACRO PROFILE

RCI's operating environment is heavily influenced by European countries and its Macro Profile is in line with the EU average Macro Profile at Strong +.

In general, French banks benefit from operating in a nation with a large and broadly diversified economy, a robust institutional framework and a very low susceptibility to event risk. Nevertheless, France's long-term economic performance will continue to be constrained by subdued growth prospects, a loss in competitiveness relative to its trading partners, a gradual erosion of its export-oriented industrial base and rigidities in labour, goods and service markets. French banks' high reliance on wholesale funding is and will remain a source of vulnerability: this reliance arises both from the large stock of loans and financial assets to finance and from the intense competition on deposits, stemming from regulated savings accounts and insurance products. The French banking sector is relatively concentrated, with several banks benefiting from high retail market share in their core regions.

## RATING DRIVERS

- RCI is a key vehicle of the strategy of its industrial parent
- RCI's risk profile remains high because of some structural features
- RCI exhibited strong resilience to the current difficult operating environment despite cyclical nature of the car market
- RCI is reliant on wholesale funding, a credit weakness ; partly mitigated by limited refinancing risk, an increasing deposit base and an adequate liquidity buffer
- Adequate capitalisation supports the bank's risk profile
- RCI exhibited limited deterioration to date in the bank's retail, corporate and dealer loan books
- Large volume of senior unsecured long-term debt resulting in debt and deposit ratings benefiting from a very low given-failure rate and two-notch uplift from the BCA
- Low probability of government support resulting in no uplift from BCA for debt and deposits

## RATING OUTLOOK

The review for upgrade on RCI's long-term and short-term debt and deposit ratings was triggered by the introduction of our new methodology, and specifically our advanced Loss Given Failure (LGF) analysis, which applies to RCI given that it is subject to an operational resolution regime under the Bank Recovery and Resolution Directive (BRRD). We expect both the debt and deposit ratings to benefit from a two-notch uplift from our LGF analysis.

### WHAT COULD CHANGE THE RATING - UP

The long-term and short-term debt and deposit ratings are on review for upgrade due to the implementation of the Loss-Given Failure analysis.

The bank's monoline business model and its captive status inherently limit any upwards pressure on the BCA that could develop following (1) a material reduction in the reliance on wholesale funding; or (2) any other material improvement in the bank's credit fundamentals.

### WHAT COULD CHANGE THE RATING - DOWN

A downgrade of RCI's ratings could materialise if (1) the parent's credit profile weakens; or (2) the bank's credit fundamentals deteriorate.

RCI's long-term debt and deposit ratings are on review for upgrade driven by our review of their likely loss-given-failure.

## DETAILED RATING CONSIDERATIONS

Our detailed considerations for RCI's current baseline credit assessment of baa3 are based on the bank's 2014 half-year report. Our scorecard uses RCI's financial ratios for the period 2011-H1 2014. Unless noted otherwise, data in this report is sourced from company reports and Moody's Banking Financial Metrics.

### RCI IS A KEY VEHICLE OF THE STRATEGY OF ITS INDUSTRIAL PARENT

RCI is a wholly-owned captive finance company that supports the sales of the Renault/Nissan alliance by offering auto loans to customers (both individual and corporates) and loans to dealers to help them finance their inventories. RCI also offers related services such as maintenance, insurance and roadside assistance, and has started offering savings accounts through the Internet in February 2012. In 2013, RCI started collecting deposits in Germany (current and term savings accounts) and launched a term deposit offer in France. RCI also started collecting deposits in Austria in May 2014. At year-end 2014, total savings accounts exceeded EUR6.5 billion, which represented 26% of average performing loans outstanding. As a result of its mandate as a captive finance company, the bank's franchise is reliant on the performance of the brands of the Renault/Nissan group alliance. Moreover, the wholesale funded nature of the bank means that its franchise may quickly suffer in the event of market turmoil.

RCI is one of the largest automotive captive banks in Europe, in terms of total assets and loans, reflecting the market shares of the Renault/Nissan alliance brands. The bank operates in 37 countries across the globe. Its main markets are those where its parent is most active in Europe: France, Germany and Italy and, to a lesser extent, Spain and the UK. The bank has also been increasingly active in new markets such as South America (Brazil and Argentina), "Asia-Pacific" (South Korea), Eurasia (Russia) and the "Euromed-Africa" region (Turkey, Morocco, Romania).

Exposures to retail customers and to corporate clients (excluding dealers) can take the form of loans, long-term leases, which are almost exclusively finance leases (EUR6.4 billion, as at end-June 2014) and to a much lesser extent operating leases (EUR219 million, as at end-June 2014). The residual value risk was EUR607 million at end-June 2014, which also includes the risk on used vehicle financed to dealers, and is therefore limited.

Although ancillary products and services, such as insurances, warrantee extensions and maintenance contracts, have been developed in recent years to improve customer loyalty, we believe they do not materially enhance the bank's diversification, which remains mainly focused on existing customers of the Renault/Nissan alliance car brands.

#### RCI'S RISK PROFILE REMAINS HIGH BECAUSE OF SOME STRUCTURAL FEATURES

As is the case with other captive companies, RCI's creditworthiness is constrained by corporate management issues, while we view its credit risk management as sound. Unlike many other finance companies, RCI has a full banking license, and for this reason it is subject to similar regulatory prudential standards (capital, liquidity, etc.) as other credit institutions and to ongoing supervision. This oversight, together with access to central bank refinancing facilities, provides a certain level of protection to creditors.

One of RCI's main risks is the lack of business diversification, as it is a captive specialised institution. As such, a downturn in sales volumes of Renault/Nissan alliance brands could result in lower origination volumes and therefore lower revenues. It also results in relatively high credit risk concentration towards car dealers, which represented 27% of the bank's loan book of EUR26.8 billion, as at end-June 2014. Although we recognise that this portfolio is granular, as it comprises a large number of borrowers, the high degree of correlation among car dealers leads us to consider these exposures cumulatively from a credit risk concentration viewpoint. Nevertheless, we believe that RCI is sufficiently strong to absorb losses resulting from these exposures, which are short-term and secured on vehicles, in a highly adverse scenario of widespread dealer defaults and a significant increase in retail loan losses.

Despite a certain degree of independence, RCI is closely linked with its parent Renault, as it is an important vehicle of the group strategy and therefore highly influenced by the group commercial policy and sales volumes. We consider this as an overriding issue for the risk positioning factor.

We note that no members of RCI's supervisory board is truly independent insofar as that they have ties to either RCI or the Renault/Nissan alliance. We believe that this could potentially give rise to conflicts of interest between RCI and its parent. We nonetheless take comfort from the presence of independent board members at the level of its parent Renault, which we believe should provide for an independent perspective on RCI's strategy and risk management. In addition, RCI announced in July 2014 that it had split the functions of chairman and chief executive officer in order to comply with European banking directives.

#### RCI EXHIBITED STRONG RESILIENCE TO THE CURRENT DIFFICULT OPERATING ENVIRONMENT DESPITE CYCLICAL NATURE OF THE CAR MARKET

RCI's net profit margins are high, owing to the profitable car-financing activities (including packaged products, which are less price-sensitive than plain-vanilla loans) and contained funding costs. On customer financing transactions, RCI seeks to pass any increases in funding costs onto customers. In addition, it benefits indirectly from marketing initiatives undertaken by its parent, which are therefore cost-neutral for the bank. RCI has maintained stable profit margins over recent years and we do not expect margins to decline significantly because of its predominately variable cost base.

Given its status as a captive specialised institution, RCI lacks income stream diversification. In common with its peers, RCI's profitability is also characterised by its reliance on net interest income, which represented 74% of its net banking income for the first half of 2014.

Given its cost structure, RCI has the ability to sustain a significant fall in volume without jeopardising its profitability. The bank's business model is such that the cost structure includes only a low proportion of fixed

costs, allowing RCI to adjust to lower volumes and thereby maintain its level of returns. At end-June 2014, the cost-to-income ratio stood at 34%, broadly in line with that reported for full years 2013, 2012 and 2011. This reflects the fact that the RCI benefits from various services provided by the group (e.g.; distribution channels).

#### RCI IS RELIANT ON WHOLESALE FUNDING, A CREDIT WEAKNESS ; PARTLY MITIGATED BY LIMITED REFINANCING RISK, AN INCREASING DEPOSIT BASE AND AN ADEQUATE LIQUIDITY BUFFER

RCI is mainly wholesale-funded, making it vulnerable to sudden changes in investors' confidence. Restricted market access could lead to a shortening of the bank's maturity profile and higher funding costs, which would constrain loan origination. This would in turn affect the strength of RCI's franchise and ultimately reduce its earnings generation, particularly if any funding constraints coincided with higher loan impairments. Our assigned Combined Liquidity score of b1 reflects the relative weakness of funding and liquidity for the rating of the bank.

However, we recognize that RCI (1) strives to match its assets and liabilities thereby limiting maturity transformation and refinancing risk; and (2) that it has access to considerable liquidity, principally in the form of committed bank credit lines to bridge any mismatches or temporary market access restrictions.

We note positively that the bank (1) receives very limited funding from the Renault group, and (2) has started collecting internet deposits from retail customers in 2012, which accounted for approximately 26% of outstanding loans as at year-end 2014 (average performing loans in 2014). In February 2014, RCI announced that it now targeted a deposit base representing 30% of its outstanding loans by 2016. The funds collected in 2014 - a total of EUR2.2 billion - represent a significant 33% of RCI's funding plan for the year.

RCI claims to have a funding surplus because it finances its loan book with longer term liabilities, resulting in little refinancing risk. Funds outstanding through Euro CD/CP programmes (domestic and international) totaled EUR877 million, or 4% of funding, as at end-June 2014. Funds drawn under these programmes are fully covered, in accordance with RCI's policy, by confirmed bilateral back-up lines with banks of high credit standing. The bank has been able to issue debt of various maturities on the markets on a number of occasions in the past couple of years and in different currencies. We also take comfort from the geographic spread of the resources and investors.

Securitisation is used both for funding purposes and to increase asset liquidity. Its use has increased over the years and has stabilised between 2006 and 2012. At end-June 2014, securitisation represented 13% of the bank's funding. We note that RCI still has a sizeable pool of securitizable assets available. In a stress scenario, RCI should therefore be able to increase its recourse to securitization to make its balance sheet more liquid and create ECB-eligible assets.

In its H1 2014 financial report, RCI stated that it could carry out its commercial business activity for almost twelve months without having recourse to unsecured public funding markets, due to its EUR6.8 billion available liquidity. However, in this scenario it would use EUR4.1 billion of its available confirmed lines of credit, which we believe could be subject to changes in availability and pricing.

#### ADEQUATE CAPITALISATION SUPPORTS THE BANK'S RISK PROFILE

RCI Banque had a core Tier 1 ratio of 11.7% (including transitional capital floors) as at 30 June 2014, stable from year-end 2013. Excluding transitional capital floors, the core Tier 1 ratio would be 14.8%. We believe that RCI Banque's economic solvency is adequate given its risk profile. Securitisation transactions remain on the balance sheet and do not generate any capital relief.

As part of our recent review on the European auto banks, we considered the extent to which the aggregate exposures to car dealers were posing risks to RCI. This is because although this portfolio is well diversified in terms of borrowers and geographies, we consider that these exposures represent substantial aggregate risks due to their correlation. We concluded that based on the current risk profile of Renault and related consequences for its network of dealers, RCI's capital is sufficiently strong to absorb losses resulting from these exposures in a highly adverse scenario of widespread dealer defaults and significant increase in retail loan losses.

#### RCI EXHIBITED LIMITED DETERIORATION TO DATE IN THE BANK'S RETAIL, CORPORATE AND DEALER LOAN BOOKS

At end-June 2014, RCI's problem loans represented 3.10% of total loans (2013: 3.48%). The portfolio remained well-provisioned with loan loss reserves accounting for 80% of problem loans, as at end-June 2014. We see RCI's customer base as relatively risky and note that high provisions have been sustained over time, and that RCI experienced a sharp deterioration in asset quality in the recession, notably in Spain and Romania, before

improving since 2010.

Overall, our assigned BCA is baa3, one notch below the unadjusted Financial Profile of baa2. This is due to our adjustment of -1 for business diversification as for other similar monoline issuers.

## NOTCHING CONSIDERATIONS

### LOSS GIVEN FAILURE AND ADDITIONAL NOTCHING

RCI is subject to the EU Bank Resolution and Recovery Directive (BRRD), which we consider to be an Operational Resolution Regime. We assume residual tangible common equity of 3% and losses post-failure of 8% of tangible banking assets, a 25% run-off in "junior" wholesale deposits, a 5% run-off in preferred deposits, and assign a 25% probability to deposits being preferred to senior unsecured debt. These are in line with our standard assumptions.

We believe that RCI's deposits are likely to benefit from a very low loss-given-failure, due to the loss absorption provided by (i) the large amount of senior unsecured debt should deposits be treated preferentially in a resolution; and (ii) the small volume of deposits. We factor in the modest deposit volume (we estimate junior deposits to make up less than 1% of the bank's tangible banking assets in failure) and the subordination of 3.8% of tangible banking assets (and about 41% in the event of deposits being preferred to senior debt). This results in a Preliminary Rating Assessment (PRA) two notches above the BCA.

We believe that RCI's senior unsecured debt is also likely to benefit from a very low loss-given-failure. This is supported by the senior debt's own volume (about 37% of the group's tangible banking assets in failure, or 38% including junior deposits), and the amount of subordination including residual equity (3.8%). This results in a Preliminary Rating Assessment (PRA) two notches above the BCA.

### GOVERNMENT SUPPORT

The implementation of the BRRD has led us to reconsider the potential for government support to the bank's creditors. We expect a low probability of government support for debt and deposits, resulting in no uplift to the baa1 PRAs on both the long-term deposits and senior unsecured debt issued by the bank.

### ABOUT MOODY'S BANK SCORECARD

Our Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our Scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

## Rating Factors

### RCI Banque

<b>Macro Factors</b>	
<b>Weighted Macro Profile</b>	<b>Strong +</b>

<b>Financial Profile</b>						
<b>Factor</b>	<b>Historic Ratio</b>	<b>Macro Adjusted Score</b>	<b>Credit Trend</b>	<b>Assigned Score</b>	<b>Key driver #1</b>	<b>Key driver #2</b>
<b>Solvency</b>						
<b>Asset Risk</b>						
<i>Problem Loans / Gross Loans</i>	3.4%	a3	← →	a3	Sector concentration	Long-run loss performance
<b>Capital</b>						
<i>TCE / RWA</i>	12.9%	a3	← →	a3	Risk-weighted capitalisation	

<b>Profitability</b> <i>Net Income / Tangible Assets</i>	1.5%	a1	← →	a1	Earnings quality	Return on assets
<b>Combined Solvency Score</b>		a3		a3		
<b>Liquidity</b> <b>Funding Structure</b> <i>Market Funds / Tangible Banking Assets</i>	66.6%	caa1	↑	b3	Extent of market funding reliance	Term structure
<b>Liquid Resources</b> <i>Liquid Banking Assets / Tangible Banking Assets</i>	6.2%	b1	← →	ba2	Access to committed facilities	
<b>Combined Liquidity Score</b>		b3		b1		

<b>Financial Profile</b>
--------------------------

<b>baa2</b>
-------------

<b>Qualitative Adjustments</b>
--------------------------------

<b>Adjustment</b>
-------------------

Business Diversification
Opacity and Complexity
Corporate Behavior
<b>Total Qualitative Adjustments</b>

-1
0
0
-1

Sovereign or Affiliate constraint
-----------------------------------

Aa1
-----

Scorecard Calculated BCA range
--------------------------------

baa2 - ba1
------------

<b>Assigned BCA</b>
---------------------

<b>baa3</b>
-------------

Affiliate Support notching
----------------------------

0
---

<b>Adjusted BCA</b>
---------------------

<b>baa3</b>
-------------

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency rating	Foreign Currency rating
Deposits	--	--	--	--	Baa3 RUR Possible Upgrade	Baa3 RUR Possible Upgrade
Senior unsecured bank debt	--	--	--	--	Baa3 RUR Possible Upgrade	Baa3 RUR Possible Upgrade
Dated subordinated bank debt	-1	0	ba1	0	Ba1	

This publication does not announce a credit rating action. For any credit ratings referenced in this publication,

please see the ratings tab on the issuer/entity page on <http://www.moody's.com> for the most updated credit rating action information and rating history.



© 2015 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS FOR RETAIL INVESTORS TO CONSIDER MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS IN MAKING ANY INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors



and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody.com](http://www.moody.com) under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for "retail clients" to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.

For Japan only: MOODY'S Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of MOODY'S Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000. MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.