

CREDIT OPINION

9 June 2023

Update



Send Your Feedback

RATINGS

CNP Assurances

Domicile	PARIS-FR, France
Long Term Rating	A1
Type	Insurance Financial Strength - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Louis Nonchez +33.1.5330.1052
AVP-Analyst
louis.nonchez@moody's.com

Mikhail Panasiuk +33.1.5330.3442
Associate Analyst
mikhail.panasiuk@moody's.com

Antonello Aquino +44.20.7772.1582
Associate Managing Director
antonello.aquino@moody's.com

CLIENT SERVICES

Americas 1-212-553-1653

Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

EMEA 44-20-7772-5454

CNP Assurances

Semi-annual update

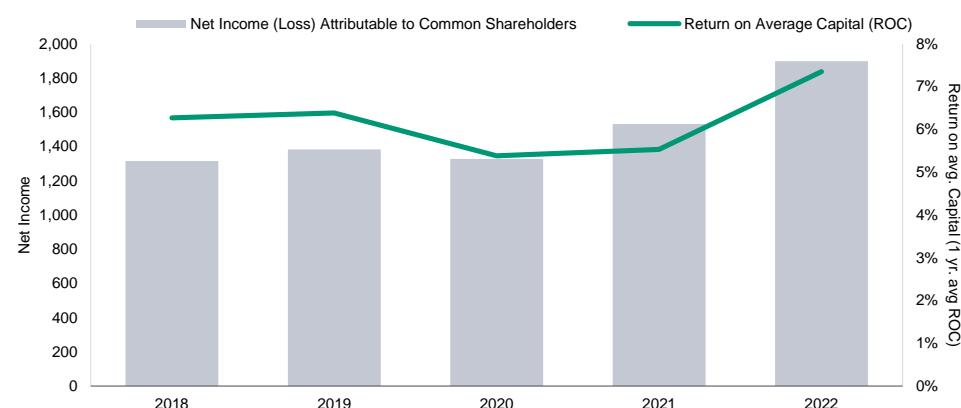
Summary

The credit profile of CNP Assurances (CNP), rated A1 for Insurance Financial Strength Rating (IFSR), is supported by (1) the group's very strong market position in the French life insurance market, (2) a low liability risk profile thanks to a low average guaranteed rate on traditional savings business, (3) a very stable level of profitability, as well as (4) a good financial flexibility, in part thanks to [Caisse des Dépôts et Consignations](#) (CDC, Aa2 senior unsecured debt, stable) which is the main ultimate shareholder within the new corporate structure effective since mid-2022, while [La Banque Postale](#) (LBP, A2 senior unsecured debt, stable) is the only shareholder of CNP in June 2023.

These strengths are partly offset by (1) the concentration of the distribution strategy on the banking channel, including partnerships with banks outside the LBP group, (2) a relatively high level of risky assets - mostly equities and real estate - on CNP's balance sheet, although the participating nature of French traditional guaranteed products strongly mitigates asset risk, and (3) a balance sheet that is still dominated by traditional savings. In addition, in a context of rising interest rates, CNP is facing an increased level of competition with banking products.

Exhibit 1

Net Income and Return on Capital



Source: Company reports and Moody's Investors Service

Credit strengths

- » Very strong market position in the French life insurance market, with a market share of 11% and a relative market share of around 2x
- » A low liability risk profile thanks to a low average guaranteed rate (0.15% in France as at 31 December 2022 vs. 0.16% at 31 December 2021) on traditional savings business (74% of CNP's net average technical reserves)
- » Very stable profitability as profits are mostly made of technical results and of fee-based earnings on long duration liabilities
- » Good financial flexibility, in part supported by [Caisse des Dépôts et Consignations](#) which is the ultimate shareholder of CNP since 2022

Credit challenges

- » Distribution strategy somewhat concentrated on the banking channel, which can result in a relatively low control of the distribution
- » Relatively high proportion of equities and real estate in the investment portfolio
- » Balance sheet still dominated by traditional savings business, despite gradual reorientation of the business towards unit-linked and protection in a context of increased competition in these segments

Rating outlook

The outlook is stable, reflecting our expectation that CNP will offset challenges in the traditional products segment by improving product diversification (with further rebalancing of the life business towards unit-linked and protection products and integration of the LBP non-life business), and geographic diversification.

Factors that could lead to an upgrade

- » Material improvement in geographic, business and distribution diversification
- » Decrease in high risk assets coupled to improvements in capitalization, as evidenced by a Solvency II ratio sustainably above 200% (adjusted for deferred profit sharing reserve), with low volatility risk

Factors that could lead to a downgrade

- » Loss of a significant distribution agreement, which would materially affect CNP's franchise and financial metrics
- » Prolonged decline in profitability with a return on capital below 5% resulting, for example, from the group's inability to grow profitably protection and unit-linked business to offset the expected gradual decline in earnings generated by the traditional savings business
- » A material reduction in CNP's economic capital, for example driven by further decline in interest rates or an increase in asset risk
- » Increased adjusted financial leverage to above 30% and reduced earnings coverage to below 5x, or a material change in CNP's shareholders structure which would result in a reduced financial flexibility

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

CNP Assurances

CNP Assurances [1][2]	2022	2021	2020	2019	2018
As Reported (Euro Millions)					
Total Assets	452,228	483,002	442,540	440,366	415,524
Total Shareholders' Equity	20,762	24,763	23,999	21,188	19,521
Net Income (Loss) Attributable to Common Shareholders	1,939	1,552	1,350	1,412	1,367
Total Revenue	39,072	44,149	34,945	48,714	38,636
Moody's Adjusted Ratios					
High Risk Assets % Shareholders' Equity	470.5%	401.6%	347.8%	356.5%	366.6%
Goodwill & Intangibles % Shareholders' Equity	24.8%	27.5%	26.4%	13.1%	14.2%
Shareholders' Equity % Total Assets	2.1%	2.6%	3.0%	2.8%	2.7%
Return on Average Capital (ROC)	7.3%	5.5%	5.4%	6.4%	6.3%
Sharpe Ratio of ROC (5 yr.)	786.5%	1312.1%	1522.2%	3393.1%	2525.6%
Adjusted Financial Leverage	26.0%	23.6%	24.8%	26.3%	24.7%
Total Leverage	33.1%	29.0%	29.2%	31.2%	30.6%
Earnings Coverage	12.5x	9.7x	8.6x	9.0x	8.1x
Cash Flow Coverage	NA	NA	NA	NA	NA

[1] Information based on IFRS financial statements as of the fiscal year ended 31 December. [2] Certain items may have been relabeled and/or reclassified for global consistency.

Sources: Moody's Investors Service and company filings

Profile

CNP is the second largest French life insurer primarily selling life insurance savings and protection products mostly through the networks of LBP and of Groupe BPCE ("[BPCE](#)", A1, A1, baa1¹). The group operates in France, in several other European countries, and in Brazil. In Europe excluding France, the focus is on Italy, where CNP has a long-term partnership with Unicredit, but also develops its open model strategy through the fully owned entity CNP Vita Assicura S.p.A (CNP Vita). In Brazil, the group operates a joint venture with [Caixa Economica Federal](#) (Ba2, (P)Ba2, ba3), one of the largest banks in the country, and it also sells its products through new fully owned entities such as CNP Consorcios, as part of CNP's strategy to rely on two distribution models.

CNP is wholly owned by LBP since the simplified tender offer that took place in the first half of 2022. In April 2023, LBP and CNP announced the creation of a dedicated division bringing together all of the Group's insurance activities hosted by CNP Assurances Holding, which combines CNP Assurances SA and the four insurance subsidiaries of LBP (P&C, healthcare, protection, and advisory).

Detailed credit considerations

Improvement of the distribution model following integration within LBP, while keeping a low product risk

Market position: position remains very strong thanks to the new ownership structure and progress of the bancassurance strategy - Aa

CNP is the second largest life insurer in France by premiums with around 11% market share and the number three life insurer in Brazil, benefitting from exclusive distribution agreements with some of the largest banks in these two countries. Excluding France, CNP is present in a number of other European countries, but Italy remains its most significant source of revenues (5th largest life insurer in the country at year-end 2022, generating over 21% of consolidated premium income). We expect CNP to continue investing in Europe (Spain, Luxembourg) and Latin America (Argentina) going forward. CNP remains Europe's fifth largest insurer in 2022.

CNP's relative market share remains at a very strong 2.2x in France, despite limited growth opportunities in life as a result of the termination of the sale of insurance savings products through [BPCE](#) networks since the end of 2016 and of term creditor insurance through [Crédit Agricole S.A.](#) (Aa3, Aa3, baa2) since 2018. However, the change in ownership is strengthening the role of CNP as the central insurer of LBP, which is materialized by the recent structural changes (creation of CNP Assurances Holding regrouping both CNP and LBP's insurance activities). The transfer of LBP's non-life operations to CNP, effective since April 2023, strengthens the group's market position and the breadth of its product portfolio, even though the size of non-life entities (less than 7% of consolidated earned premiums in 2022) remains small. CNP will also continue to benefit from BPCE's network for its protection products, with a distribution agreement renewed until 2030.

Distribution: long-term agreements with large banking networks are secured, reliance on third parties expected to decrease - A

CNP's access to very large banking networks is positive for the group's market position but we also consider the concentrated distribution strategy with a few third-party banking partners as a challenge. CNP is steadily building on a multi-partnership strategy which should decrease this risk: in 2022, 38% of the group's premiums were sourced from BPCE and LBP's networks in France (2021: 44%), and 19% from Caixa Economica Federal's networks in Brazil (2021: 20%).

Positively, CNP has secured long-term agreements with its banking distributors. In France, the absorption of CNP by La Banque Postale virtually eliminates the risk of non renewal of the insurer's access to the distribution network of its parent company. Additionally, the existing distribution agreement with BPCE has been renewed until 2030.

With [Caixa Economica Federal](#), CNP has signed a renewed agreement in 2020 to manage the Brazilian business via a joint-venture, which led to a reduction of CNP's economic rights on the underwritten business. Nonetheless, this also enables CNP to secure a distribution agreement with this major domestic bank until 2046 for a significant part of the previous activities. We expect CNP will progressively increase the share of business underwritten through CNP Seguros (2% of total premium income in 2022), following the creation of the CNP Seguradora brand in March 2023 which will call on various partners to distribute its products.

Finally, as part of its multi-partnership strategy, we expect CNP will continue to diversify its distribution through partnerships with other banks in Europe (e.g., UniCredit in Italy, Santander Consumer Finance in several European countries), but also with mutual and provident associations, reducing concentration to the banking channel.

Product risk: low average guaranteed rate on traditional savings products, diversification toward unit-linked and protection business set to continue - A

CNP's balance sheet is dominated by French insurance savings and pension products (79% of average technical reserves net of reinsurance as of year-end 2022), which we consider as low risk given a very low average guaranteed rate in the French business at only 0.15% in 2022, one of the lowest level among European life insurers. Also, as French guaranteed products are participating products, CNP is able to share a high portion of investments results with policyholders and has some flexibility to smooth the returns credited to policyholders over time (the participation reserve can be withheld up to 8 years). These features bring stability in the credit profile of CNP and drive our assessment of asset quality, profitability and capital adequacy. Lastly, CNP is diversifying its business outside of France, which should result in lower risk concentration, however the share of France's reserves among total reserves decreases very slowly (81% as of 2021).

In order to reduce its exposure to interest rate risk, CNP has been limiting the underwriting of traditional savings products and increasingly focusing new business sales on unit-linked products, on which investment risk relies on policyholders. At the same time, CNP is active in transferring existing policyholders from pure guaranteed products to other products with a minimum portion of unit-linked, using boosted yields offered to client in order to accelerate transfers. In 2022 negative net flows for traditional savings accelerated the shift from guaranteed products to unit-linked.

These transfers will contribute to gradually improve the group's risk profile, as well as efforts to sell more protection products (mostly term creditor products which we also consider as low risk), and ongoing diversification to non-life policies.

Stable financial profile overall, recent increase of leverage and high-risk assets ratios in line with interest rates movements**Asset quality: stable quality despite increasing high-risk assets relatively to equity in a context of higher interest rates - A**

High risk assets (Moody's definition, including equities, real estate and below investment grade or non-rated bonds) represented 470% of CNP's shareholders' equity as of year-end 2022. This ratio remains high for an insurer within the A rating category, but its increase over the last 12 months was mostly due to the decrease of shareholders' equity given the context of increasing rates under IFRS 4, and not to a deterioration of asset quality.

Also, the ability of CNP to pass on some asset losses to policyholders in stress scenarios is a positive, thanks to the participating nature of French guaranteed products. Another mitigant to the high level of high-risk assets is the difference between CNP's investment return, and the average level of guaranteed rate (1.79%² vs. 0.15% in 2022 i.e. 164 bps). Thanks to these characteristics, we view the company's exposure to high risk assets as in line with CNP's rating level. CNP opportunistically implements hedging programs to cover interest rate and equity risks, which contribute to balance the exposure to high-risk assets.

In 2022, CNP has kept asset risk stable, with a reduced equity exposure following the realisation of capital gains and investment of proceeds in bonds. Investment flows over the last year have been at 91% to bonds, the remaining being real-estate (4%), equities (2%), and private equity and debt (3%). The context of increasing interest rates also permitted the group to strengthen average reinvestment yield from 0.8% in 2021 to 2.2% in 2022 without deteriorating the risk profile. We expect CNP to continue to keep asset risk stable given improved yields on new investments.

Capital adequacy: Solvency II ratio is strong, policyholders' surplus reserve remains an important contributor of Tier 1 capital - A

CNP reported a very strong Solvency II ratio at year-end 2022 with 230% (year-end 2021: 217%) after having peaked at 249% at end-June 2022. The improvement of the ratio was mainly due to the strong increase of interest rates (accounting for a rise of 18 ppts) and the operating results (+5 ppts). We estimate the issuance of €500 million Tier 2 sustainable subordinated debt issued in January 2023 had a +3 ppts effect on the ratio.

Historically, CNP's Solvency II ratio has been volatile and sensitive to movements in interest rates. As of year-end 2022, a 50 bps decline in interest rates would cause an increase in the solvency ratio by 4 ppts (year-end 2021: -18 ppts impact). The sensitivity of CNP's to financial market conditions is largely driven by the weight of future profits included in CNP's Tier 1 capital, which is common for life insurance groups and is technically resulting from the large duration gap of the group, but the issuer benefitted from this gap when interest rates rose in 2022. In 2022 we note that the sensitivity to equity markets increased, with a -20 ppts for a drop in share prices of -25% vs. 0 ppts in 2021, reflecting larger unrealized losses in equity investments.

We continue to consider CNP's Solvency II ratio to be a broadly adequate measure of CNP's economic capital (CNP does not use transitional measures or equivalence to calculate its ratio). The ratio takes into account the low risk nature of the products sold by CNP and the group's ability to share losses with policyholders.

Excluding the share of deferred profit sharing reserve qualified as Tier 1 capital (€9.8 billion, or 70% of its total amount in 2022), the Solvency II ratio would be approximately 170% at year-end 2022, which remains below our expectations for CNP's rating level. Nonetheless, we consider the risk of CNP not being able to meet its interest rate guarantees to be very low in the medium term. We also take into account the capital management policy of the company in our analysis of capital. The low duration of the assets and the stock of discretionary deferred policyholders' participation reserves enable the group to facilitate policy transfers from one product to another. The shift in CNP's business profile (increase of diversification and of the share of unit-linked in the business), although slow in terms of pace, will also contribute to the improvement of the group's solvency.

CNP is expected to maintain a 45% to 50% dividend payout ratio to La Banque Postale (aligned on the average payout ratio for all the group's subsidiaries), we expect the capital management policy of CNP to remain unchanged in the medium-term. Going forward, our expectation is that CNP will maintain a Solvency II ratio of at least 190% through the cycle.

Profitability: continuation of portfolio rebalancing in France, good momentum on Brazil and Italy led to improved results - A

CNP's consolidated profitability metrics (return on capital at 6.2% on a five-year average, Moody's calculation) are good, at the best level since pre-pandemics and in line with an upper A rating category. We also view that the progressive diversification of Brazilian activities, in particular through CNP Seguros as part of the multi-partnerships strategy, should result in improved profitability going forward and balance the reduced perimeter of the current distribution agreement with Caixa Economica Federal compared to the initial one, which should help to sustain a return on capital sustainably above 6%.

In 2022, operating income improved by 7% like for like compared to 2021 to €3,570 million, with international business's contribution that increased from 30% to 37% thanks to a strong momentum on protection in Italy, and on pension in Brazil. We positively view the improving geographic diversification, Brazil and Italy representing the bulk of it, but France also contributed significantly to the improvement of operating income, up +4% in 2022 compared to 2021. This was due to the continued shift to unit-linked products, the favourable effect of higher interest rates, and the continuation of cost-control measures. France remain the major contributor to income, with 63% of EBIT, but this dominance is set to decrease on the long-term.

We continue to expect the profitability of traditional guaranteed products to erode gradually as the net outflows on these products accelerated in 2022 (-€6.0 billion in 2022 after -€5.3 billion in 2021), whereas unit-linked grew by +11% year-on-year to €3.1 billion of net inflow in 2022, outperforming the French market (stable unit-linked net inflows in 2022 compared to 2021). We view the resilience

and commercial performance of CNP as an asset, particularly in a currently volatile market environment and we expect the company will continue to rebalance its life insurance activities, reducing its footprint on traditional, euro-denominated contracts.

Under IFRS 17 (implemented since 1 January 2023), we expect CNP's reported profits to be more volatile, but that does not affect our view of the company's credit quality. At the same time, [the new standard will improve transparency thanks to new disclosures](#).

Liquidity & ALM: good liquidity, lapse risk partly offset by flexible management of crediting rates - A

CNP's liquidity is stable and good, with a high ratio of liquid assets over liquid liabilities at 2.6x as of year-end 2022. CNP remains exposed however to interest rate risk, in particular to a sharp increase of rates which harms the value of the group's fixed income assets and results in lower shareholders' equity and in potentially sharply higher lapse risk materialized through an increase in surrender rates on traditional, guaranteed life insurance products.

In order to mitigate this risk, CNP has implemented hedges to protect a part of its asset portfolio, but a sharp increase in surrenders would still reduce the volume of fees that CNP takes out from savings policies, reducing the company's recurring earnings.

In 2022, the group faced an important increase in interest rates, but no significant increase in surrender rates was observed. As CNP is able to progressively increase average crediting rates offered on euro contracts (through its high stock of deferred profit sharing reserves available, from 0.91% in 2021 to 1.57% in 2022), we view the group in capacity to sufficiently tackle competition with other savings products and retain customers, thus reducing lapse risk.

CNP is also exposed to reinvestment risk, but we consider it limited given the very low average guaranteed rate on traditional savings business. The gap between guaranteed rates and investment yields tends to stabilize, and the current macroeconomic perspective both in terms of inflation and interest rates tends to reduce the risk associated with very low interest rates on the short-term.

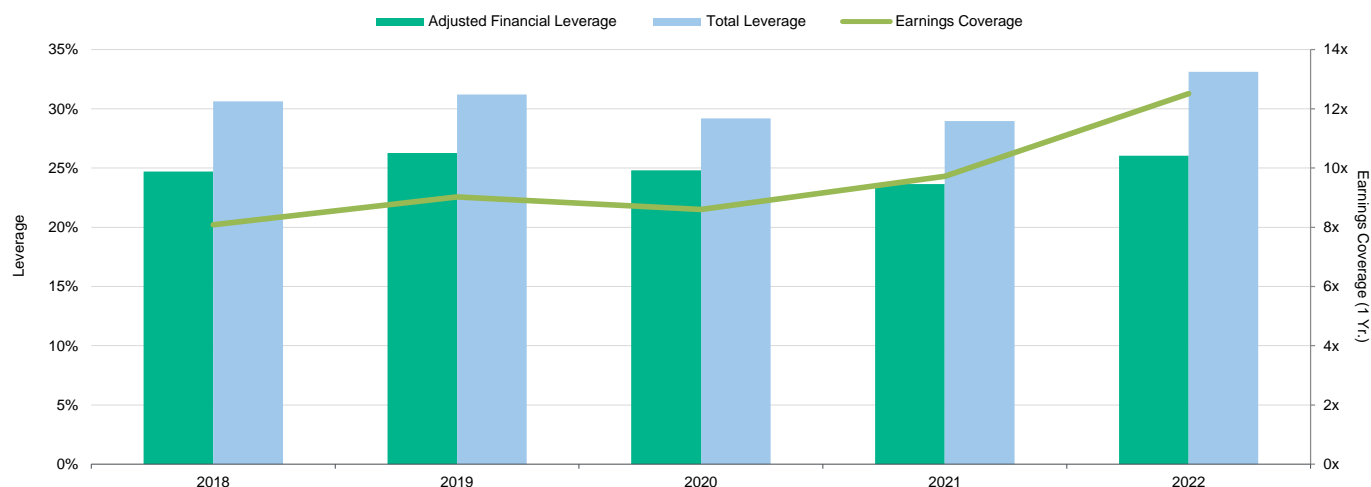
Financial flexibility: deterioration of financial leverage linked to market effect, financial flexibility remains strong and in line with the rating - A

CNP's leverage metrics remain consistent with a strong credit profile. In 2022 adjusted financial leverage deteriorated to 26.0% from 23.6% as a result of lower IFRS equity due to increased interest rates. This volatility of equity will be largely eliminated from 2023 as IFRS 17 accounting standards are implemented. We thus expect that CNP's financial leverage will not deteriorate further, and that the metrics do not reflect any meaningful deterioration of the financial flexibility of the issuer, remaining in line with an A-range credit profile. Earnings coverage (5-year average) also remained high in 2022 at 9.6x vs. 8.8x in 2021, reflecting higher profitability, even if the current level is inflated by the inclusion of 100% of the profits of CNP's Brazilian operations, while only around 50%³ of these earnings are effectively available for the holding. When adjusted for this, earnings coverage would be lower, at around 8x, and leverage would be higher.

In January 2022, CNP issued a €500 million Tier 3 subordinated debt. The change in ownership in 2022 and the delisting of CNP's shares did also not deteriorate CNP's access to external sources of funding to our view, as CDC will remain a key indirect shareholder, able to enhance CNP's financial flexibility.

Exhibit 3

Financial Flexibility



Source: Company reports and Moody's Investors Service

ESG considerations

CNP Assurances' ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 4

ESG Credit Impact Score

CIS-2

Neutral-to-Low

For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.



Source: Moody's Investors Service

CNP Assurances' Credit Impact Score is neutral-to-low, which reflects a limited to moderate impact of environmental and social risks on the rating to date. We estimate the exposure to environmental risks to be limited in Europe, but more pronounced in Brazil. Social exposure is moderate, in line with the sector, given the group's business and a solid track record. However, the governance is evolving since the integration of CNP within 'La Banque Postale' which created a new public bancassurer in France.

Exhibit 5

ESG Issuer Profile Scores

ENVIRONMENTAL

E-3

Moderately Negative



SOCIAL

S-4

Highly Negative



GOVERNANCE

G-2

Neutral-to-Low



Source: Moody's Investors Service

Environmental

We expect environmental risks faced by CNP to be moderate. The group mainly sells life insurance contracts to its clients in France (over 53% of premiums at the group level, split between traditional life, unit-linked, and protection), in Europe (around 26%), and Brazil (unit-linked, pension, and personal risk/protection). As its shareholder La Banque Postale is expected to transfer some of its P&C portfolio, CNP activities will thus include a small non-life exposure (to France), but it will not have a significant impact on its profile.

Social

We estimate that CNP faces highly negative social risks through its exposure to the life insurance market both in Europe and in Brazil. Given the social importance of these products on the policyholders' lives, it is expected that regulation will increase in the coming years. Regarding pension insurance, the aging population will however continue to steadily increase the share of the population eligible (particularly in Europe given current demographic trends). The same is true for Accident and Health insurance, and the protection segment as a whole.

Governance

CNP Assurances faces neutral-to-low governance risks, and we consider its risk management, policies and procedures are in line with industry best practices. We understand the acquisition by La Banque Postale now effective will not have a noticeable effect on the governance of CNP, and that the degree of contribution to the results of the owner (through dividend) will remain stable as well.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

Exhibit 6

CNP Assurances

Financial Strength Rating Scorecard [1][2]	Aaa	Aa	A	Baa	Ba	B	Caa	ScoreAdj	Score
Business Profile								Aa	A
Market Position and Brand (15%)								Aa	Aa
-Relative Market Share Ratio		X							
Distribution (10%)								A	A
-Distribution Control		X							
-Diversity of Distribution			X						
Product Focus and Diversification (10%)								A	A
-Product Risk			X						
-Life Insurance Product Diversification			X						
Financial Profile								Baa	A
Asset Quality (10%)								B	A
-High Risk Assets % Shareholders' Equity							X		
-Goodwill & Intangibles % Shareholders' Equity		24.8%							
Capital Adequacy (15%)								Ba	A
-Shareholders' Equity % Total Assets					X				
Profitability (15%)								Aa	A
-Return on Capital (5 yr. avg.)			X						
-Sharpe Ratio of ROC (5 yr.)	X								
Liquidity and Asset/Liability Management (10%)								Aa	A
-Liquid Assets % Liquid Liabilities		X							
Financial Flexibility (15%)								Aa	A
-Adjusted Financial Leverage		26.0%							
-Total Leverage			33.1%						
-Earnings Coverage (5 yr. avg.)		X							
-Cash Flow Coverage (5 yr. avg.)									
Operating Environment								Aaa - A	Aaa - A
Preliminary Standalone Outcome								A2	A1

[1] Information based on IFRS financial statements as of fiscal year ended 12/31/2022. [2] The Scorecard rating is an important component of the company's published rating, reflecting the standalone financial strength before other considerations (discussed above) are incorporated into the analysis.

Source: Moody's Investors Service

Notching considerations

The A3(hyb) ratings on CNP's subordinated debt instruments are rated two notches below CNP's IFSR, in line with our standard notching practice for operating companies.

The Baa2(hyb) rating on CNP's Restricted Tier 1 notes is 4 notches below CNP's IFSR. Moody's uses a model to rate insurers' high trigger capital securities ("CoCos"), using CNP's expected Solvency II ratio and the write-down trigger (100% of SCR) of the notes as main inputs in this model.

Ratings

Exhibit 7

Category	Moody's Rating
CNP ASSURANCES	
Rating Outlook	STA
Insurance Financial Strength	A1
Subordinate	A3 (hyb)
Pref. Stock Non-cumulative	Baa2 (hyb)
CAISSE DES DEPOTS ET CONSIGNATIONS	
Rating Outlook	STA
Senior Unsecured	Aa2
Senior Unsecured MTN	(P)Aa2
Commercial Paper	P-1
LT Issuer Rating	Aa2
LT Bank Deposits	Aa2

Source: Moody's Investors Service

Endnotes

- ¹ The bank ratings shown in this report are the bank's deposit rating, senior unsecured debt rating and Baseline Credit Assessment
- ² Average return on fixed-income securities in CNP's investment portfolio
- ³ We expect this percentage will slowly increase as direct distribution is set to progress as a share of CNP's activities in Brazil.

© 2023 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 CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. 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 OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER 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. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS 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, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN 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.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

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 credit rating process or in preparing its 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 CREDIT RATING, ASSESSMENT, 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 credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Additional terms 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 investors.

Additional terms 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 credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

REPORT NUMBER

1366100

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454