

Rating Action: Moody's takes rating actions on four French banks following update to banks methodology

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Junior Senior unsecured ratings of four banks upgraded, senior unsecured rating of one bank affirmed

Paris, July 13, 2021 -- Moody's Investors Service (Moody's) has today taken rating actions on four French banks, namely BPCE, Credit Agricole S.A., Banque Federative du Credit Mutuel and Credit Mutuel Arkea. The rating actions were driven by revisions to Moody's Advanced Loss Given Failure (Advanced LGF) framework, which is applied to banks operating in jurisdictions with Operation Resolution Regimes, following the publication of Moody's updated Banks Methodology on 9 July 2021. This methodology is available at this link: https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1269625

All other French banks were unaffected by today's rating action and the update of the Banks methodology.

A full list of affected ratings can be found at the end of this press release.

RATINGS RATIONALE

Today's rating actions on four French banks and branches were driven by revisions to the Advanced Loss Given Failure framework within Moody's updated Banks methodology.

In particular, ratings were impacted by revised notching guidance table thresholds at lower levels of subordination and volume in the liability structure, which have been applied to all French banks. For French banks with overseas subsidiaries the rating actions also incorporate Moody's view that group-wide resolutions coordinated in a unified manner will be more common following the requirement to issue internal loss absorbing capital (ILAC), leading to a likely transfer of losses from subsidiaries to parents at the point of failure. The update further includes the consideration of all Additional Tier 1 (AT1) securities issued by banks domiciled in France in Moody's Advanced LGF framework, eliminating the previous analytical distinction between those high trigger instruments that were deemed to provide equity-like absorption of losses before the point of failure and other AT1 securities.

RATINGS RATIONALE FOR INDIVIDUAL BANKS

- BPCE

Moody's affirmed the A1 senior unsecured rating of BPCE with stable outlook and upgraded the junior senior unsecured debt of BPCE to Baa1 from Baa2.

Moody's Advanced LGF analysis shows a very low loss-given-failure for the senior unsecured ratings while the previous LGF showed a low loss-given-failure for this class of debt. However the assigned LGF notching remains unchanged at two notches as under the previous methodology, it was positioned one notch higher than that indicated by the LGF analysis to reflect a forward looking view of bank's issuance of senior and subordinated debt.

BPCE's long-term junior senior ratings was upgraded by one notch, as under Moody's Advanced LGF analysis they are now rated in line with the baa1 Adjusted Baseline Credit Assessment (Adjusted BCA), which better captures the risk characteristics of this class of debt following the agency's revised view around the distribution of losses post failure.

- Credit Agricole S.A.

Moody's upgraded the long-term junior-senior unsecured debt ratings of Credit Agricole S.A. (CASA) to A3 from Baa1 and the long-term junior senior unsecured MTN ratings to (P)A3 from (P)Baa1.

CASA's long-term junior senior ratings of A3 were upgraded by one notch, as under Moody's Advanced LGF analysis they are now rated in line with the a3 Adjusted BCA of CASA, which better captures the risk

characteristics of this class of debt following the agency's revised view around the distribution of losses post failure.

- Banque Federative du Credit Mutuel

Moody's upgraded the junior senior unsecured debt rating and the junior senior unsecured MTN programme rating of Banque Federative du Credit Mutuel (BFCM) to A3 from Baa1 (and to (P)A3 from (P)Baa1 for the programme).

BFCM's junior senior ratings of A3 were upgraded by one notch, as under Moody's Advanced LGF analysis they are now rated in line with BFCM's BCA of a3, which better captures the risk characteristics of this class of debt following the agency's revised view around the distribution of losses post failure.

- Credit Mutuel Arkea

Moody's upgraded the junior senior unsecured debt rating and the long-term junior senior unsecured MTN programme rating of Credit Mutuel Arkea to A3 from Baa1 and to (P)A3 from (P)Baa1 for the programme.

Credit Mutuel Arkea's junior senior ratings of A3 were upgraded by one notch, as under Moody's Advanced LGF analysis they are now rated in line with Credit Mutuel Arkea's Adjusted BCA of a3, which better captures the risk characteristics of this class of debt following the agency's revised view around the distribution of losses post failure.

OUTLOOK

The rating outlook for BPCE remains stable. The rating outlook for the other banks affected by today's rating action remains unchanged.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The affected long-term senior unsecured debt ratings, issuer ratings and junior senior ratings could be upgraded following an improvement in the standalone creditworthiness of the banks, or an upgrade of the relevant country sovereign debt rating.

The long-term senior unsecured debt ratings and issuer ratings could also be upgraded following a significant increase in the stock of more junior bail-in-able liabilities.

The affected ratings and assessments could be downgraded following a substantial deterioration in the standalone creditworthiness of the banks or following a significant reduction in the stock of bail-in-able liabilities.

LIST OF AFFECTED RATINGS

..Issuer: Credit Agricole S.A.

Upgrades:

....Junior Senior Unsecured Regular Bond/Debenture, upgraded to A3 from Baa1

....Junior Senior Unsecured Shelf, upgraded to (P)A3 from (P)Baa1

....Junior Senior Unsecured Medium-Term Note Program, upgraded to (P)A3 from (P)Baa1

..Issuer: Credit Agricole S.A., London Branch

Upgrades:

....Junior Senior Unsecured Regular Bond/Debenture, upgraded to A3 from Baa1

....Junior Senior Unsecured Shelf, upgraded to (P)A3 from (P)Baa1

....Junior Senior Unsecured Medium-Term Note Program, upgraded to (P)A3 from (P)Baa1

..Issuer: Banque Federative du Credit Mutuel

Upgrades:

....Junior Senior Unsecured Regular Bond/Debenture, upgraded to A3 from Baa1

....Junior Senior Unsecured Medium-Term Note Program, upgraded to (P)A3 from (P)Baa1

..Issuer: Credit Mutuel Arkea

Upgrades:

....Junior Senior Unsecured Regular Bond/Debenture, upgraded to A3 from Baa1

....Junior Senior Unsecured Medium-Term Note Program, upgraded to (P)A3 from (P)Baa1

..Issuer: BPCE

Upgrades:

....Junior Senior Unsecured Regular Bond/Debenture, upgraded to Baa1 from Baa2

....Junior Senior Unsecured Shelf, upgraded to (P)Baa1 from (P)Baa2

....Junior Senior Unsecured Medium-Term Note Program, upgraded to (P)Baa1 from (P)Baa2

Affirmations:

....Senior Unsecured Regular Bond/Debenture, affirmed A1, outlook remains Stable

....Backed Senior Unsecured Regular Bond/Debenture, affirmed A1, outlook remains Stable

....Senior Unsecured Shelf, affirmed (P)A1

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

....Backed Senior Unsecured Medium-Term Note Program, affirmed (P)A1

Outlook Action:

....Outlook remains Stable

..Issuer: Banque Populaire Alsace Lorraine Champagne

Affirmation:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: Banque Populaire Aquitaine Centre Atlantique

Affirmation:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: Banque Populaire Atlantique

Affirmation:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: Banque Populaire Auvergne Rhone Alpes

Affirmation:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

....Long-term Issuer Ratings, affirmed A1, outlook remains Stable

Outlook Action:

....Outlook remains Stable

..Issuer: Banque Populaire de l'Ouest

Affirmation:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: Banque Populaire du Massif Central

Affirmation:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: Banque Populaire du Nord

Affirmation:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: Banque Populaire Grand Ouest

Affirmation:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: Banque Populaire Rives de Paris

Affirmation:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: Banque Populaire Val de France

Affirmation:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: BRED-Banque Populaire

Upgrades:

....Junior Senior Unsecured Medium-Term Note Program, upgraded to (P)Baa1 from (P)Baa2

Affirmations:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: Caisses d'Epargne Participations

Affirmations:

....Senior Unsecured Regular Bond/Debenture, affirmed A1, outlook remains Stable (Assumed by BPCE)

..Issuer: CASDEN - Banque Populaire

Affirmation:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: Credit Cooperatif

Affirmation:

....Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: Credit Foncier de France

Affirmation:

...Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: IXIS Corporate & Investment Bank

Affirmations:

...Backed Senior Unsecured Regular Bond/Debenture, affirmed A1, outlook remains Stable (Assumed by Natixis)

...Backed Senior Unsecured Medium-Term Note Program, affirmed (P)A1

..Issuer: Natixis

Affirmations:

...Senior Unsecured Regular Bond/Debenture, affirmed A1, outlook remains Stable

...Senior Unsecured Medium-Term Note Program, affirmed (P)A1

...Backed Senior Unsecured Medium-Term Note Program, affirmed (P)A1

...Long-term Issuer Rating, affirmed A1, outlook remains Stable

Outlook Action:

...Outlook remains Stable

..Issuer: Natixis Funding Corp.

Affirmations:

...Backed Long-term Issuer Ratings, affirmed A1, outlook remains Stable

Outlook Action:

...Outlook remains Stable

..Issuer: Natixis Securities Americas LLC

Affirmations:

...Backed Long-term Issuer Ratings, affirmed A1, outlook remains Stable

Outlook Action:

...Outlook remains Stable

..Issuer: Natixis Loan Funding-Comp BPCE

Affirmations:

...Backed Senior Unsecured Regular Bond/Debenture, affirmed A1, outlook remains Stable

...Backed Senior Unsecured Medium-Term Note Program, affirmed (P)A1

Outlook Action:

...Outlook remains Stable

..Issuer: NATIXIS Structured Products Limited

Affirmations:

...Backed Senior Unsecured Regular Bond/Debenture, affirmed A1, outlook remains Stable

...Backed Senior Unsecured Medium-Term Note Program, affirmed (P)A1

Outlook Action:

...Outlook remains Stable

..Issuer: Natixis US Medium-Term Note Program LLC

Affirmations:

...Backed Senior Unsecured Regular Bond/Debenture, affirmed A1, outlook remains Stable

...Backed Senior Unsecured Medium-Term Note Program, affirmed (P)A1

Outlook Action:

...Outlook remains Stable

..Issuer: Natixis, New York Branch

Affirmation:

...Senior Unsecured Medium-Term Note Program, affirmed (P)A1

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks Methodology published in July 2021 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1269625 . Alternatively, please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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