

## ARC'S RATINGS NOW RECOGNISED FOR CAPITAL RELIEF PURPOSES IN EUROPE

ARC Ratings is pleased to announce the approval and publication by the European Commission of its mapping tables for:

- Securitisation Positions, according to Commission Implementing Regulation (EU) 2016/1801;
- Corporate/Issuer Ratings, according to Commission Implementing Regulation (EU) 2016/1799; and
- Solvency Capital Requirements, according to Commission Implementing Regulation (EU) 2016/1800.

Crucially, ARC has been accorded the same mapping as the "big 3" CRAs and, therefore, ARC's ratings can be used for capital relief purposes under the standardised and ratings based approach, as well as under Solvency II.

### SECURITIZATION POSITIONS

ARC Ratings mapping for Securitisation Positions, according to Commission Implementing Regulation (EU) 2016/1801, of 11 October 2016, is as follows:

#### MAPPING TABLE UNDER THE STANDARDISED APPROACH AS REFERRED TO IN ARTICLE 1

Credit quality step	1	2	3	4	All other
<b>ARC Ratings S.A.</b>					
<b>Medium and Long-Term Issues</b>	AAA <sub>SF</sub> to AA <sub>-SF</sub>	A <sub>+SF</sub> to A <sub>-SF</sub>	BBB <sub>+SF</sub> to BBB <sub>-SF</sub>	BB <sub>+SF</sub> to BB <sub>-SF</sub>	Below BB <sub>-SF</sub>
<b>Short-Term Issues</b>	A-1 <sub>+SF</sub> , A-1 <sub>-SF</sub>	A-2 <sub>SF</sub>	A-3 <sub>SF</sub>		Below A-3 <sub>SF</sub>

#### MAPPING TABLE UNDER THE RATINGS BASED METHOD AS REFERRED TO IN ARTICLE 2

Credit quality step	1	2	3	4	5	6	7	8	9	10	11	All other
<b>ARC Ratings S.A.</b>												
<b>Medium and Long-Term Issues</b>	AAA <sub>SF</sub>	AA <sub>+SF</sub> to AA <sub>-SF</sub>	A <sub>+SF</sub>	A <sub>SF</sub>	A <sub>-SF</sub>	BBB <sub>+SF</sub>	BBB <sub>SF</sub>	BBB <sub>-SF</sub>	BB <sub>+SF</sub>	BB <sub>SF</sub>	BB <sub>-SF</sub>	Below BB <sub>-SF</sub>
<b>Short-Term Issues</b>	A-1 <sub>+SF</sub> , A-1 <sub>-SF</sub>	A-2 <sub>SF</sub>	A-3 <sub>SF</sub>									Below A-3 <sub>SF</sub>

The above mappings show how ARC's Ratings can be used for capital relief purposes under the standardised and rating based approach.

#### CORPORATE/ISSUER RATINGS

ARC Ratings mapping for Corporate Ratings, according to Commission Implementing Regulation (EU) 2016/1799, of 7 October 2016, is as follows:

Credit quality step	1	2	3	4	5	6
<b>ARC Ratings S.A.</b>						
<b>Medium and Long-Term Issuers and Issues</b>	AAA to AA	A	BBB	BB	B	CCC, CC, C, D
<b>Short-Term Issuers and Issues</b>	A-1+	A-1	A-2, A-3	B, C, D		

#### SOLVENCY CAPITAL REQUIREMENTS

ARC Ratings mapping for Solvency Capital Requirements pertaining to the business of Insurance and Reinsurance (Solvency II), according to Commission Implementing Regulation (EU) 2016/1800, of 11 October 2016, is as follows:

Credit quality step	0	1	2	3	4	5	6
<b>ARC Ratings S.A.</b>							
<b>Medium and Long-Term Issuers and Issues</b>	AAA	AA	A	BBB	BB	B	CCC, CC, C, D
<b>Short-Term Issuers and Issues</b>		A-1+	A-1	A-2, A-3	B, C, D		

#### DOUBLE CREDIT RATING OF STRUCTURED FINANCE INSTRUMENTS [ARTICLE 8C OF THE CRA3]

Where an issuer or a related third party intends to solicit a credit rating of a structured finance instrument, it shall appoint at least two credit rating agencies to provide credit ratings independently of each other.

#### USE OF MULTIPLE CREDIT RATING AGENCIES [ARTICLE 8D OF THE CRA3]

Where an issuer or a related third party intends to appoint at least two credit rating agencies for the credit rating of the same issuance or entity, the issuer or a related third party shall consider appointing at least one credit rating agency with no more than 10% of the total market share, which can be evaluated by the issuer or a related third party as capable of rating the relevant issuance or entity, provided that, based on ESMA's list referred to in paragraph 2, available for rating the specific issuance or entity. Where the issuer or a related third party does not appoint at least one credit rating agency with no more than 10% of the total market share, this shall be documented.

## ARC Ratings, S.A.

Unit 1324 Baltimore Wharf Building

Canary Wharf

E149EY

UNITED KINGDOM

Phone: +44 (0) 7481-592289

E-mail: [king@arcratings.net](mailto:king@arcratings.net)

Site: [www.arcratings.com](http://www.arcratings.com)

Contact:

Emma-Jane Fulcher

Head of Structured Finance and

Corporate Ratings

Phone: +44 (0) 7889 263197

E-mail: [emma.fulcher@arcratings.com](mailto:emma.fulcher@arcratings.com)



### RATINGS LIMITATIONS AND DISCLAIMERS

ARC Ratings, S.A. is registered as a Credit Rating Agency (CRA) by the European Securities and Markets Authority (ESMA), within the scope of the REGULATION (EC) N° 1060/2009 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, of 16 September, and recognised as External Credit Assessment Institution (ECAI).

Ratings assigned by ARC Ratings represent opinions on the capacity and willingness of an entity to honour, in due time and in full, the financial commitments (principal and interest) subject to rating.

Prior to the assignment or revision of a rating ARC Ratings provides to the entity whose financial commitments are subject to rating the documents that substantiate the rating to be attributed (the preliminary rating report). This entity is thus given the opportunity to clarify or correct factual details, thus allowing the rating assigned to be as accurate as possible. The comments made by the entity whose financial commitments are subject to rating are taken into account by ARC Ratings in the assignment of the rating.

Ratings do not constitute a recommendation to buy or sell, but only one of the factors to be weighted by investors.

Throughout the entire period during which ratings are valid, ARC Ratings monitors the issuer's performance on a constant basis, and may even bring forward the date of the follow-up. Hence, prior to an investor using a rating, ARC Ratings recommends that it be confirmed, namely by consulting the listing of public ratings available at the web site [www.arcratings.com](http://www.arcratings.com).

Ratings are assigned based on information, including confidential information, collected from a wide group of sources, and in particular from the entity whose financial commitments are subject to rating. ARC Ratings uses and treats this information with due care and attention. Although all due care was taken in the collection, cross-checking and processing of the information for the purposes of the rating analysis, ARC Ratings cannot be held liable for its truthfulness. ARC Ratings must make sure that the information has a minimum level of quality prior to assigning a rating based on such information.

In the rating process, ARC Ratings adopts procedures and methodologies aimed at ensuring transparency, credibility and independence, and also that ratings are not influenced by situations of conflict of interests. Any exceptions to these principles are disclosed by ARC Ratings together with the rating of the financial commitment in question.