

## DBRS Morningstar Confirms SFIL's Senior Ratings at AA (high), Trend Changed to Negative

### BANKING ORGANIZATIONS

DBRS Ratings GmbH (DBRS Morningstar) confirmed the ratings of SFIL SA (SFIL or the Bank), including the Long-Term Issuer Rating of AA (high) and the Short-Term Issuer Rating of R-1 (high). The trend on the Long-Term ratings has been changed to Negative from Stable whilst the Trend on the Short-Term ratings remains Stable. The Support Assessment remains SA1. A full list of rating actions is included at the end of this press release.

### KEY RATING CONSIDERATIONS

The confirmation of SFIL's Long-Term Issuer Rating at AA (high) and the change of Trend to Negative follows DBRS Morningstar's confirmation of the Republic of France's Long-Term Foreign and Local Currency rating at "AAA" with a Negative Trend on April 17, 2020. SFIL's ratings reflect its statutory ownership and the expectation of predictable support from its shareholders, all of whom are ultimately owned by the French state. As a result, DBRS Morningstar's support assessment for SFIL is SA1 which implies the expectation of predictable support from its shareholders.

### RATING DRIVERS

Given the recent change of Trend, an upgrade is unlikely. Given the already high rating level stemming from the high likelihood of support from the French State, an upgrade would require additional comfort in relation to potential support from the State.

Given the strong link with the French State, a downgrade could occur from a deterioration in the ratings of France or from a weakening in the likelihood of support.

### RATING RATIONALE

SFIL is a public development bank focusing on two public policy missions, public-sector financing and export credit agreement refinancing. SFIL owns 100% of the Caisse Française de Financement Local (CAFFIL), through which it refinances medium and long-term loans offered by la Banque Postale in partnership with the Caisse des Dépôts et Consignations to French local authorities and French Public hospitals.

The Bank is ultimately owned 100% by the French State, with 75% direct ownership and 25% indirect ownership through the Caisse des Dépôts et Consignations (CDC) and La Banque Postale which are both 100% state-owned. DBRS Morningstar considers that there is a strong likelihood that the French State would support SFIL because we understand the French Republic – as the reference shareholder – is committed to ensuring that SFIL is able to pursue its activities in an ongoing manner and to honour its financial commitments.

Discussions have started between the French State and the CDC to transfer the ownership of SFIL to the CDC. We do not consider that this transfer will materially impact SFIL's ratings, as the Bank would remain entirely owned by the French State. In addition, such a transfer would come with a commitment of the shareholders to ensure SFIL's financial strength, to protect its economic base

and to provide necessary support for the continuation of SFIL's activities.

## ESG CONSIDERATIONS

A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework and its methodologies can be found at: <https://www.dbrsmorningstar.com/research/357792>.

Notes:

All figures are in EUR unless otherwise noted.

The principal methodology is the Global Methodology for Rating Banks and Banking Organisations (11 June 2019) <https://www.dbrsmorningstar.com/research/346375/global-methodology-for-rating-banks-and-banking-organisations>.

The sources of information used for this rating include Company Documents, SFIL SA Annual Report 2019 and S&P Global Market Intelligence. DBRS Morningstar considers the information available to it for the purposes of providing this rating to be of satisfactory quality.

DBRS Morningstar does not audit the information it receives in connection with the rating process, and it does not and cannot independently verify that information in every instance.

Generally, the conditions that lead to the assignment of a Negative or Positive trend are resolved within a 12-month period. DBRS Morningstar's outlooks and ratings are under regular surveillance.

For further information on DBRS Morningstar historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: <http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

The sensitivity analysis of the relevant key rating assumptions can be found at: <https://www.dbrsmorningstar.com/research/359927>

Ratings assigned by DBRS Ratings GmbH are subject to EU and U.S. regulations only.

Lead Analyst: Arnaud Journois, Vice President – Global Financial Institutions Group

Rating Committee Chair: Ross Abercromby, Managing Director– Global Financial Institutions Group

Initial Rating Date: September 10, 2018

Last Rating Date: August 29, 2019

DBRS Ratings GmbH

Neue Mainzer Straße 75

Tel. +49 (69) 8088 3500

60311 Frankfurt am Main Deutschland





Geschäftsführer: Detlef Scholz

Amtsgericht Frankfurt am Main, HRB 110259

For more information on this credit or on this industry, visit [www.dbrsmorningstar.com](http://www.dbrsmorningstar.com).

## Ratings

### SFIL SA

Date Issued	Debt Rated	Action	Rating	Trend	Issued
23-Apr-20	Long-Term Issuer Rating	Trend Change	AA (high)	Neg	
23-Apr-20	Short-Term Issuer Rating	Confirmed	R-1 (high)	Stb	
23-Apr-20	Short-Term Debt	Confirmed	R-1 (high)	Stb	
23-Apr-20	Long-Term Senior Debt	Trend Change	AA (high)	Neg	

ALL DBRS RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE [DISCLAIMERS AND LIMITATIONS](#). ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING DEFINITIONS, POLICIES AND METHODOLOGIES, ARE AVAILABLE ON [WWW.DBRS.COM](http://WWW.DBRS.COM).

## Contacts

### Arnaud Journois

*Vice President - European Financial Institutions*

+49 69 8088 3526

[arnaud.journois@dbbrsmorningstar.com](mailto:arnaud.journois@dbbrsmorningstar.com)

### Ross Abercromby

*Managing Director - Global FIG*

+44 20 7855 6657

[ross.abercromby@dbbrsmorningstar.com](mailto:ross.abercromby@dbbrsmorningstar.com)

The DBRS group of companies consists of DBRS, Inc. (Delaware, U.S.)(NRSRO, DRO affiliate); DBRS Limited (Ontario, Canada)(DRO, NRSRO affiliate); DBRS Ratings GmbH (Frankfurt, Germany)(CRA, NRSRO affiliate, DRO affiliate); and DBRS Ratings Limited (England and Wales)(CRA, NRSRO affiliate, DRO affiliate). Morningstar Credit Ratings, LLC is a NRSRO affiliate of DBRS, Inc. For more information on regulatory registrations, recognitions and approvals of DBRS group of companies and Morningstar Credit Ratings, LLC, please see: <http://www.dbrsmorningstar.com/research/highlights.pdf>.

The DBRS group and Morningstar Credit Ratings, LLC are wholly-owned subsidiaries of Morningstar, Inc.© 2020 Morningstar. All Rights Reserved.

The information upon which DBRS ratings and other types of credit opinions and reports are based is obtained by DBRS from sources DBRS believes to be reliable. DBRS does not audit the information it receives in connection with the analytical process, and it does not and cannot independently verify that information in every instance. The extent of any factual investigation or independent verification depends on facts and circumstances. DBRS ratings, other types of credit opinions, reports and any other information provided by DBRS are provided "as is" and without representation or warranty of any kind. DBRS hereby disclaims any representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose or non-infringement of any of such information. In no event shall DBRS or its directors, officers, employees, independent contractors, agents and representatives (collectively, DBRS Representatives) be liable (1) for any inaccuracy, delay, loss of data, interruption in service, error or omission or for any damages resulting therefrom, or (2) for any direct, indirect, incidental, special, compensatory or consequential damages arising from any use of ratings and rating reports or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of DBRS or any DBRS Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. No DBRS entity is an investment advisor. DBRS does not provide investment, financial or other advice. Ratings, other types of credit opinions, other analysis and research issued or published by DBRS are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness, investment, financial or other advice or recommendations to purchase, sell or hold any securities. A report with respect to a DBRS rating or other credit opinion is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. DBRS may receive compensation for its ratings and other credit opinions from, among others, issuers, insurers, guarantors and/or underwriters of debt securities. DBRS is not responsible for the content or operation of third party websites accessed through hypertext or other computer links and DBRS shall have no liability to any person or entity for the use of such third party websites. This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of DBRS. ALL DBRS RATINGS AND OTHER TYPES OF CREDIT OPINIONS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE DISCLAIMERS AND LIMITATIONS AT <http://www.dbrsmorningstar.com/about/disclaimer>. ADDITIONAL INFORMATION REGARDING DBRS RATINGS AND OTHER TYPES OF CREDIT OPINIONS, INCLUDING DEFINITIONS, POLICIES AND METHODOLOGIES, ARE AVAILABLE ON <http://www.dbrsmorningstar.com>.