

Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of SFIL

06 Oct 2021

Paris, October 06, 2021 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of SFIL and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review discussion held on 28 September 2021 in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

SFIL's Aa3 deposit and senior unsecured ratings reflect (1) the bank's standalone Baseline Credit Assessment (BCA) of a3; (2) a one-notch uplift from the application of Moody's Advanced Loss Given Failure (LGF) analysis, which indicates a low loss-given-failure; and (3) a government support uplift of two notches, reflecting the very high probability of support which stems from the French State's indirect (through Caisse des Depots et Consignations (CDC, Aa2)) ownership and SFIL's public-service mandate.

SFIL's BCA of a3 reflects its strong commercial franchise towards the local governments, low-risk profile, limited market risk and well-managed liquidity. Nevertheless, the BCA is constrained by its moderate profitability and high leverage, owing to the very low-risk profile of public-sector assets.

Moody's assumption of very high probability of support from the French government is based on the commitment from CDC and the State to support SFIL's solvency and liquidity, through letters of comfort which have been communicated to the French supervisor (Autorite de Controle Prudentiel et de Regulation, ACPR).

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Banks Methodology published in July 2021. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non EU rated, non UK rated, non EU endorsed and non UK endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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