

Seven French Government-Related Entities Downgraded To 'AA-' After Similar Action On France; Outlooks Stable

June 4, 2024

- On May 31, 2024, S&P Global Ratings lowered its unsolicited long-term sovereign credit ratings on France to 'AA-', while affirming the 'A-1+' short-term ratings. The outlook on the long-term ratings is stable.
- We equalize our ratings on Agence Française de Développement (AFD), Caisse des Dépôts et Consignations (CDC), Assistance Publique - Hôpitaux de Paris (AP-HP), Caisse d'Amortissement de la Dette Sociale (CADES), Société Anonyme de Gestion de Stocks de Sécurité (SAGESSE), Agence Centrale des Organismes de Sécurité Sociale (ACOSS), and SFIL (Société de Financement Local) with the sovereign credit ratings on France because we view these companies as government-related entities with an almost certain likelihood of receiving extraordinary government support in case of financial distress.
- We therefore lowered our long-term credit ratings on the seven abovementioned French GREs to 'AA-', mirroring those on France, and affirmed our 'A-1+' short-term ratings.
- The rating outlooks on all seven entities are stable, mirroring that on our long-term ratings on France.

PARIS (S&P Global Ratings) June 4, 2024--S&P Global Ratings said today it has lowered its long-term issuer credit ratings, to 'AA-' from 'AA', on seven French government-related entities: AFD, CDC, AP-HP, CADES, SAGESSE, ACOSS, and SFIL (see the ratings list at the end of this report). The outlooks on our long-term ratings on these entities are stable.

At the same time, we affirmed our 'A-1+' short-term issuer credit ratings.

The rating actions follow similar action on France (see "France Long-Term Rating Lowered To 'AA-' From 'AA' On Deterioration Of Budgetary Position; Outlook Stable," published May 31, 2024, on RatingsDirect). In line with our criteria for rating government-related entities, we consider that there is an almost certain likelihood that AFD, CDC, AP-HP, CADES, SAGESSE, ACOSS, and SFIL would receive timely and sufficient extraordinary support from the French government in a scenario of financial distress. This is because all seven entities provide services critical to France and have close ties with the French government. As such, we equalize our ratings on these entities with our unsolicited ratings on France.

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Agence Française de Développement (AFD)

Primary credit analyst: Pierre Hollegien

Outlook

The stable outlook on AFD mirrors that on France. We expect that AFD will retain its crucial role for and integral link with the French government, and therefore we expect our ratings on the entity to move in line with those on the sovereign.

Downside scenario: We would lower our ratings on AFD if we took a similar action on France.

We would also take a negative rating action if we believe that AFD no longer had an integral link with the government, for example, if it loses its status as a state public industrial and commercial agency (Établissement Public à Caractère Industriel et Commercial d'État; EPIC d'Etat); or if AFD's role diminishes, for instance, because the state decided to rely solely on multilateral banks for international aid or concessional loans. However, we view these scenarios as unlikely.

Upside scenario: We would raise the ratings if we took a similar action on France and the likelihood of support for AFD remained almost certain.

Caisse des Depots et des Consignations (CDC)

Primary credit analyst: Adrienne Benassy

Outlook

The stable outlook on CDC mirrors that on France. We expect that CDC will retain its critical role for and integral link with the French government, and therefore we expect our ratings on CDC to move in line with those on the sovereign.

Downside scenario; We would lower the ratings on CDC if we took a similar action on France, or if we perceived a weakening of the group's link with or role for the French government.

Upside scenario: We could take a positive rating action following a similar one on France, assuming the likelihood of extraordinary support for the group remained almost certain.

Assistance Publique - Hopitaux de Paris (AP-HP)

Primary credit analyst: Pierre Hollegien

Outlook

The outlook on AP-HP is stable, mirroring that on France. We expect AP-HP will retain a critical role for, and integral link with, the French government. As such, we expect our ratings on AP-HP to

move in line with those on the sovereign.

Downside scenario: We would lower our ratings on AP-HP if we took a similar action on France.

Although unlikely at this stage, we would also consider a negative rating action if we saw any indication that AP-HP's role for or link with the French government was weakening, leading us to see a lower likelihood of the company receiving extraordinary government support.

Upside scenario

We would raise the ratings if we took a similar action on France and the likelihood of support for AP-HP remained almost certain.

Caisse d'Amortissement De La Dette Sociale (CADES)

Primary credit analyst: Adrienne Benassy

Outlook

The stable outlook on CADES mirrors that on France. We believe that CADES will retain its critical role for and integral link with the French government, and therefore we expect our ratings on CADES to move in line with those on the sovereign.

Downside scenario: We would lower the ratings on CADES if a similar action was taken on France or if we perceived a weakening of the entity's link with or role for the French government.

Upside scenario:

We would raise the ratings if a similar action was taken on France, assuming the likelihood of extraordinary support for the entity remained almost certain.

Societe Anonyme de Gestion de Stocks de Securite (SAGESS)

Primary credit analyst: Pierre Hollegien

Outlook

The stable outlook on SAGESS mirrors that on France. We expect that SAGESS will retain its critical role for and integral link with the French government, and therefore we expect our ratings on SAGESS to move in line with those on the sovereign.

Downside scenario: We would lower our ratings on SAGESS if we took a similar action on France. We would also lower our ratings on SAGESS if we revised down our assessment of the likelihood of support from almost certain, which we consider very unlikely. However, it could occur if we observed weakening of the French government's commitment to international rules regarding oil stock management, or if there were changes in the regulatory framework, such as the one

guaranteeing full cost coverage for SAGESS.

Upside scenario: We would raise the ratings if we took a similar action on France and the likelihood of support for SAGESS remained almost certain.

Agence Centrale des Organismes de Securite Sociale (ACOSS)

Primary credit analyst: Adrienne Benassy

Outlook

The stable outlook on ACOSS mirrors that on France. We believe that ACOSS will retain its critical role for and integral link with the French government, so we expect our ratings on the entity to move in line with those on the sovereign.

Downside scenario: We would lower the ratings on ACOSS if we took a similar action on France. We could also lower the ratings on ACOSS to below those on France in the unlikely event that we revised down our assessment of ACOSS' role for and link with the French government, for example, if ACOSS were to lose its status as a state public administrative agency (Etablissement Public à Caractere Administratif).

Upside scenario: We would raise the ratings if we took a similar rating action on France and if the likelihood of support for the entity remained almost certain.

Societe de Financement Local (SFIL)

Primary credit analyst: Stephanie Mery

Outlook

The stable outlook on SFIL mirrors that on France. We expect that SFIL will retain its critical role for and integral link with the French government, and therefore we expect our ratings on the entity to move in line with those on the sovereign.

Downside scenario: We would lower the ratings on SFIL if we took a similar action on France, or if the central government were to change SFIL's full public-sector entity status or SFIL's role were to diminish.

Upside scenario: We would raise the ratings on SFIL if we took a similar action on France and the likelihood of support for the entity remained almost certain.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019

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- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- France Long-Term Rating Lowered To 'AA-' From 'AA' On Deterioration Of Budgetary Position; Outlook Stable, May 31, 2024
- Caisse des Depots et des Consignations, Mar. 28, 2024
- Caisse d'Amortissement de la Dette Sociale, Mar. 21, 2024
- Agence Francaise de Developpement, Feb. 29, 2024
- ACOSS, Feb. 28, 2024
- Société Anonyme de Gestion de Stocks de Sécurité, Sept. 28, 2023
- Assistance Publique - Hôpitaux de Paris, Sept. 11, 2023
- Societe de Financement Local (SFIL), Jun. 5, 2023

Ratings List

**** Agence Centrale des Organismes de Securite Sociale (ACOSS) ****

Downgraded; Outlook Action; Ratings Affirmed

	To	From
Agence Centrale des Organismes de Securite Sociale (ACOSS)		
Issuer Credit Rating	AA-/Stable/A-1+	AA/Negative/A-1+

Ratings Affirmed

Agence Centrale des Organismes de Securite Sociale (ACOSS)

Commercial Paper	A-1+
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***** Agence Francaise de Developpement *****

Downgraded

	To	From
Agence Francaise de Developpement		
Senior Unsecured	AA-	AA
Commercial Paper	AA-	AA

Downgraded; Outlook Action; Ratings Affirmed

	To	From
Agence Francaise de Developpement		
Sovereign Credit Rating	AA-/Stable/A-1+	AA/Negative/A-1+

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***** Assistance Publique - Hopitaux de Paris *****

Downgraded

	To	From
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Assistance Publique - Hopitaux de Paris

Senior Unsecured	AA-	AA
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Downgraded; Outlook Action; Ratings Affirmed

	To	From
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Assistance Publique - Hopitaux de Paris

Issuer Credit Rating	AA-/Stable/A-1+	AA/Negative/A-1+
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Ratings Affirmed

Assistance Publique - Hopitaux de Paris

Commercial Paper	A-1+	
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***** Caisse d'Amortissement de la Dette Sociale *****

Downgraded

	To	From
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Caisse d'Amortissement de la Dette Sociale

Senior Unsecured	AA-	AA
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Downgraded; Outlook Action; Ratings Affirmed

	To	From
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Caisse d'Amortissement de la Dette Sociale

Issuer Credit Rating	AA-/Stable/A-1+	AA/Negative/A-1+
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Ratings Affirmed

Caisse d'Amortissement de la Dette Sociale

Commercial Paper	A-1+	
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***** Caisse des Dépôts et Consignations *****

Downgraded

	To	From
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Caisse des Dépôts et Consignations

Senior Unsecured	AA-	AA
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Downgraded; Outlook Action; Ratings Affirmed

	To	From
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Caisse des Dépôts et Consignations

Issuer Credit Rating	AA-/Stable/A-1+	AA/Negative/A-1+
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Ratings Affirmed

Caisse des Dépôts et Consignations

Commercial Paper	A-1+	
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Seven French Government-Related Entities Downgraded To 'AA-' After Similar Action On France; Outlooks Stable

***** SFIL *****

Downgraded

	To	From
SFIL		
Senior Unsecured	AA-	AA

Downgraded; Outlook Action; Ratings Affirmed

	To	From
SFIL		
Issuer Credit Rating	AA-/Stable/A-1+	AA/Negative/A-1+

Ratings Affirmed

SFIL		
Commercial Paper	A-1+	

***** Societe Anonyme de Gestion de Stocks de Securite *****

Downgraded

	To	From
Societe Anonyme de Gestion de Stocks de Securite		
Senior Unsecured	AA-	AA

Downgraded; Outlook Action; Ratings Affirmed

	To	From
Societe Anonyme de Gestion de Stocks de Securite		
Issuer Credit Rating	AA-/Stable/A-1+	AA/Negative/A-1+

Ratings Affirmed

Societe Anonyme de Gestion de Stocks de Securite		
Commercial Paper	A-1+	

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceld/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings. Alternatively, call S&P Global Ratings' Global Client Support line (44) 20-7176-7176.

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