



RATING ACTION COMMENTARY

Fitch Downgrades 27 French GREs on Sovereign Rating Action; Outlooks Stable

Fri 12 May, 2023 - 06:07 ET

Fitch Ratings - Paris - 12 May 2023: Fitch Ratings has downgraded the Long-Term Issuer Default Ratings (IDRs) on 27 French Government-Related Entities (GRE), following a similar action on the French state (AA-/Stable) on 28 April 2023. The Outlooks are Stable.

Fitch has also downgraded the long-term unsecured debt issued or guaranteed by the GREs, as well as a joint bond issue made by eight public hospitals. The Short-Term IDRs of four entities (Clesence, Erilia, LogiRrep Societe d'habitations a loyer modere and SHLMR) were also downgraded to 'F1' from 'F1+' as a result of the downgrade of their Long-Term IDRs.

A full list of rating actions is detailed below.

KEY RATING DRIVERS

On 28 April 2023, Fitch downgraded the French state's Long-Term IDR to 'AA-' from 'AA' and assigned a Stable Outlook (see <https://www.fitchratings.com/research/sovereigns/fitch-downgrades-france-to-aa-outlook-stable-28-04-2023>). This rating action has a direct impact on the ratings and Outlooks of 27 entities considered as GRE of the French state, as well as on Bpifrance's debt programmes, and on a EUR100 million bullet bond issued by eight French hospitals, which will mature on 29 December 2025 (French Public Hospitals Joint Bond Issue CHU; CHU 2015).

The list of 27 GREs includes 14 entities whose ratings are equalised with the French state's, eight entities that are rated on a top-down minus 1 approach from the French state's ratings, and five social housing providers rated using a bottom-up approach.

The Standalone Credit Profiles (SCPs) of the GREs were not reviewed. All rating factors based on the Government-Related Entities Criteria and the Public-Sector Revenue-Supported Entities Rating Criteria are unchanged since our last reviews. For rating factors, see the latest published rating action commentary for each entity.

DERIVATION SUMMARY

The ratings of 14 GREs are equalised with those of the French state. They are Action Logement Groupe, Action Logement Immobilier, Action Logement Services, Agence Centrale des Organismes de Securite sociale (ACOSS), Agence Francaise de Developpement (AFD), Assistance Publique- Hopitaux de Paris (AP-HP), Caisse d'Amortissement de la Dette Sociale (CADES), Caisse de Depots et Consignations (CDC), Caisse nationale des autoroutes (CNA), EPIC Bpifrance, Regie Autonome des Transports Parisiens (RATP), SNCF Reseau, Societe du Grand Paris (SGP), Unedic.

These entities have a support score of 45 or above under our GRE Criteria, meaning that their ratings are driven by support from the French state. They may not be rated above the French state, and their ratings are equalised with those of the French state. Their Short-Term IDRs remain unchanged at 'F1+', which is the only option mapping to a 'AA-' Long-Term IDR under Fitch's correspondence table.

Eight entities are rated on a top-down rating minus 1 approach from the sovereign rating. They are Assistance Publique Hopitaux de Marseille (AP-HM), the university hospitals (CHU) of Angers, Nancy, Nantes, Nice, Rennes and Strasbourg, and Ile-de-France Mobilites. This reflects a support score of 35 under our GRE Criteria. The SCPs of these entities are all at more than three notches away from the French state's rating. The same approach applies to the weakest members of the joint bond issue CHU 2015.

The Short-Term IDRs of these eight entities are 'F1+', the highest of two options possible, reflecting the rating approach applied. According to Fitch's GRE Criteria, the higher of the two Short-Term IDR options applies when an issuer's rating is derived on a top-down notching basis.

Four social housing providers are rated under a bottom-up approach with a support score of 15 under our GRE Criteria. They are Clesence, Erilia, LogiRep Societe d'habitations a loyer modere, and Societe Anonyme d'Habitations a loyer modere de la Reunion (SHLMR). The gap between these entities' SCPs (bbb+) and the sovereign rating is now four notches away. The uplift from the SCP to the IDR is now one notch,

versus two notches previously, as a result of the sponsor's weakened credit quality. Their Short-Term IDRs are now 'F1', the highest of two options mapping to their Long-Term IDRs, as the conditions set in our criteria are met (ie 'Stronger' assessment on revenue defensibility, neutral debt characteristics and liquidity profile, and liquidity coverage above 1.1x).

Residences le Logement des Fonctionnaires' (RLF) ratings now reflect its SCP of 'a+'. The latter is only one notch below the sovereign rating. According to Fitch's GRE Criteria, the uplift is capped at government minus 1 in such a case, which applies to RLF. The Short-Term IDR of this entity remains 'F1+', the highest of the two possible options, as the conditions set in our criteria are met (ie 'Stronger' assessment on revenue defensibility, neutral debt characteristics and liquidity profile, and liquidity coverage above 2x).

DEBT RATINGS

The ratings of all long-term issuance debt programmes and senior debt instruments have been downgraded as they are aligned with Long-Term IDRs of their respective issuers.

Bpifrance's debt programmes and issuance were downgraded to 'AA-' from 'AA' as they benefit from an independent, unconditional and irrevocable first-call guarantee from EPIC Bpifrance.

The ratings of Clesence's Neu CP programme were also downgraded to 'F1' from 'F1+', in line with its Short-Term IDR.

RATING SENSITIVITIES

Factors That Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

-A positive rating action on the sovereign would be reflected in the ratings of all 27 GREs, as well in those of Bpifrance's debt programmes and CHU 2015 joint bond issue, all else being equal.

Factors That Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

-A further downgrade on the sovereign would be reflected in a similar downgrade to the 27 GREs, Bpifrance's debt programmes and CHU 2015 joint bond issue. For CHU Angers and the five social housing providers rated using a bottom-up rating approach, a multiple-notch downgrade of the sovereign would be required.

Other rating sensitivities are unchanged since our last reviews.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

The ratings of the 27 GREs and of CHU 2015 joint bond issue are linked to those of France (AA-/Stable)

ESG CONSIDERATIONS

Fitch no longer provides ESG scores for Action Logement Groupe or Action Logement Services as their ratings and ESG profiles are derived from their ultimate parent (the French state). ESG relevance scores and commentary for the parent entity can be found here <https://www.fitchratings.com/entity/france-80442195#ratings>

Other ESG scores are unchanged since our last reviews and are available on www.fitchratings.com

RATING ACTIONS

ENTITY / DEBT ↕

RATING ↕

PRIOR ↕

Agence Centrale des Organismes de Securite Sociale (ACOSS)	LT IDR	AA-	Rating Outlook Stable	AA Rating Outlook Negative
	Downgrade			
	ST IDR	F1+	Affirmed	F1+
	LC LT IDR	AA-	Rating Outlook Stable	AA Rating Outlook Negative
	Downgrade			
	LC ST IDR	F1+	Affirmed	F1+
senior unsecured	ST	F1+	Affirmed	F1+
Ile-de-France Mobilites	LT IDR	A+	Rating Outlook Stable	AA- Rating Outlook Negative
	Downgrade			
	ST IDR	F1+	Affirmed	F1+
	LC LT IDR	A+	Rating Outlook Stable	AA- Rating Outlook Negative
	Downgrade			
	LC ST IDR	F1+	Affirmed	F1+
senior unsecured	LT	A+	Downgrade	AA-

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Government-Related Entities Rating Criteria \(pub. 30 Sep 2020\)](#)

[Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 27 Apr 2023\) \(including rating assumption sensitivity\)](#)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

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ENDORSEMENT STATUS

Action Logement Groupe	EU Issued, UK Endorsed
Action Logement Immobilier	EU Issued, UK Endorsed
Action Logement Services	EU Issued, UK Endorsed
Agence Centrale des Organismes de Securite Sociale (ACOSS)	EU Issued, UK Endorsed
Assistance Publique - Hopitaux de Paris (AP-HP)	EU Issued, UK Endorsed
Caisse Nationale des Autoroutes (CNA)	EU Issued, UK Endorsed
Regie Autonome des Transports Parisiens (RATP)	EU Issued, UK Endorsed
SNCF Reseau	EU Issued, UK Endorsed
Societe du Grand Paris	EU Issued, UK Endorsed
Unedic	EU Issued, UK Endorsed
Agence Francaise de Developpement	EU Issued, UK Endorsed
Assistance Publique Hopitaux de Marseille	EU Issued, UK Endorsed
Ile-de-France Mobilites	EU Issued, UK Endorsed
University Hospital of Angers (CHU Angers)	EU Issued, UK Endorsed
University Hospital of Nancy (CHU Nancy)	EU Issued, UK Endorsed
University Hospital of Nantes (CHU Nantes)	EU Issued, UK Endorsed
University Hospital of Nice (CHU Nice)	EU Issued, UK Endorsed
University Hospital of Rennes (CHU Rennes)	EU Issued, UK Endorsed
University Hospital of Strasbourg (CHU Strasbourg)	EU Issued, UK Endorsed
French Public Hospitals Joint Bond Issue CHU France Finance	EU Issued, UK Endorsed
Clesence	EU Issued, UK Endorsed

UNSOLICITED ISSUERS

Caisse d'Amortissement de la Dette Sociale (CADES) (Unsolicited)

With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

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Caisse d'Amortissement	FR0011027929	Long Term Rating	Unsolicited

UNSOLICITED ISSUERS

ENTITY/SECURITY	ISIN/CUSIP	RATING TYPE	SOLICITATION STATUS
de la Dette Sociale (CADES) EUR 200 mln 3.8% Notes 20 Dec 2025			

Caisse d'Amortissement de la Dette Sociale (CADES) USD 3 bln 3.375% Notes 20	XS1046806821	Long Term Rating	Unsolicited
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