



RATING ACTION COMMENTARY

Fitch Revises Outlook on 23 French Government-Related Entities to Negative

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Fitch Ratings - Paris - 22 May 2020: Fitch Ratings has revised the Outlook on 23 French government-related entities (GRE) to Negative from Stable following similar action on the French state (AA/Negative) on 15 May 2020. The entities' Long-Term Issuer Default Ratings (IDRs) have been affirmed. A full list of rating actions is detailed below.

KEY RATING DRIVERS

On 15 May 2020, Fitch revised the Outlook on the French state to Negative from Stable, and affirmed its Long-Term IDR at 'AA'. This rating action has a direct impact on the Outlooks of 23 entities considered as GRE of the French state. This includes 14 entities whose ratings are equalised with the French state, seven entities that are rated on a top-down approach from the French state's ratings, and two social housing providers rated under a bottom-up approach. All these rating actions were based on Fitch's GRE criteria.

Fitch equalises the ratings of 14 entities with those of the French state: Agence centrale des organismes de sécurité sociale (ACOSS), Agence française de développement (AFD), Caisse d'amortissement de la dette sociale (CADES), Caisse de depots et Consignations (CDC), Caisse nationale des autoroutes (CNA), EPIC Bpifrance, Société du Grand Paris (SGP), Unedic, Action Logement Groupe, Action Logement Services, Action Logement Immobilier, Assistance Publique- Hôpitaux de Paris (AP-HP), RATP, SNCF Réseau. This reflects a score of 45 or above under our GRE criteria. A one-notch downgrade of the sovereign would lead to a one-notch downgrade of these 14 entities. The entities above either do not have Standalone Credit Profiles (SCP), or their SCPs do not drive their ratings. This includes Action Logement Immobilier (bbb+), AP-HP (bb), RATP (a-) and SNCF Réseau (bbb+).

Fitch rates seven entities on a top-down rating approach, for which ratings would be downgraded by one notch if the sovereign was downgraded by one notch, all other things unchanged. Five entities are rated 'AA-', one notch below the French state: Assistance publique-Hôpitaux de Marseille (AP-HM), the university hospitals (CHU) of Nancy, Rennes and Strasbourg, and CDC Habitat. This reflects a score of 35 or 40 under our GRE criteria. The SCPs of these entities are all more than four notches away from the French state as they are currently 'bb-' (AP-HM; CHU Nancy), 'bb+' (CHU Strasbourg) or 'bbb+' (CHU Rennes, CDC Habitat). In addition, two entities are rated 'A+', two notches below the French state: La Poste and Société nationale SNCF SA. This reflects a score of 30 under our GRE criteria. The SCPs of these entities are currently 'bbb', six notches away from the state.

Centre Hospitalier of Roubaix's (A/Positive) ratings and Outlook are unaffected. The Positive Outlook reflects the hospital's sound and improving debt ratios, which could lead to an upward revision of the SCP to 'a-' from 'bbb+' and an upgrade of the IDR. The possibility of this upgrade would remain if France was downgraded to 'AA-'.

Fitch rates two French social housing providers under a bottom-up approach, for which ratings would be downgraded by one notch if the sovereign was downgraded by one notch, all other things unchanged: Clesence and Logirep. Their 'A' IDRs result from 'bbb+' SCPs and a two-notch uplift applied based on the support expected from the French public sector, which reflects a score of 17.5 under our GRE criteria. If France was downgraded by one-notch, the uplift applied would be constrained at 'A-', three notches away from the sovereign rating, according to our GRE criteria.

The constraint described above would not apply for the following entities rated on a bottom-up approach: Résidences Logement des fonctionnaires (RLF), Vilogia, French Red Cross, and Sciences Po. As a result, their ratings and Stable Outlooks are unaffected.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

A revision of the sovereign Outlook to Stable would result in similar action on these effected entities, assuming other factors were unchanged.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

A one-notch downgrade of the sovereign would be reflected in a similar one-notch downgrade of all these effected entities, assuming other factors were unchanged.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Public Finance 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.

ESG CONSIDERATIONS

The highest level of ESG credit relevance, if present, is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity(ies), either due to their nature or to the way in which they are being managed by the entity(ies). For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

RATING ACTIONS

ENTITY/DEBT	RATING		
Agence Centrale des Organismes de Securite Sociale (ACOSS)	LT IDR	AA	Affirmed
●	LC LT IDR	AA	Affirmed
● senior unsecured	ST	F1+	Affirmed
CDC Habitat	LT IDR	AA-	Affirmed
●	ST IDR	F1+	Affirmed

[VIEW ADDITIONAL RATING DETAILS](#)

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Additional information is available on www.fitchratings.com**APPLICABLE CRITERIA**[Government-Related Entities Rating Criteria \(pub. 13 Nov 2019\)](#)[Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 27 Mar 2020\)
\(including rating assumption sensitivity\)](#)**ADDITIONAL DISCLOSURES**[Dodd-Frank Rating Information Disclosure Form](#)[Solicitation Status](#)[Endorsement Policy](#)**ENDORSEMENT STATUS**

Action Logement Groupe

Action Logement Immobilier

Action Logement Services

Agence Centrale des Organismes de Securite Sociale (ACOSS)

Agence Francaise de Developpement

Assistance Publique - Hopitaux de Paris (AP-HP)

Assistance Publique Hopitaux de Marseille

Caisse d'Amortissement de la Dette Sociale (CADES)

Caisse des Depots et Consignations

Caisse Nationale des Autoroutes (CNA)

CDC Habitat

Centre Hospitalier Regional Universitaire de Nancy

Centre Hospitalier Universitaire de Rennes

Clesence

EPIC Bpifrance

Hopitaux Universitaires de Strasbourg

La Poste

Regie Autonome des Transports Parisiens (RATP)

SNCF Reseau

Societe Anonyme d'Habitations a Loyer Modere Logement et Gestion Immobiliere pour le Reg

Societe du Grand Paris

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