FitchRatings

Fitch Affirms CIFD at 'A'; Stable Outlook

Fitch Ratings-Paris-17 January 2017: Fitch Ratings has affirmed Credit Immobilier de France Developpement's (CIFD) Long-Term Issuer Default Rating (IDR) at 'A'. The Long-Term IDR of Caisse Centrale du Credit Immobilier de France (3CIF), the group's financing arm, has also been affirmed at 'A'. The Outlooks are Stable.

A full list of rating actions is at the end of this rating action commentary. These rating actions are part of a review of eurozone wind-down institutions rated by Fitch.

KEY RATING DRIVERS

IDRs, SUPPORT RATINGS, SUPPORT RATING FLOORS AND SENIOR DEBT

CIFD's ratings are based on sovereign support, reflecting Fitch's opinion of an extremely high probability of continuing support by the French authorities (AA/Stable) to meet the institution's financial obligations. CIFD is the central body of the cooperative group. The ratings of 3CIF reflect the institution's integral role within the group, the legally established cross-support mechanism between group's entities and the conduit role it serves for state support.

The robust support structure and France's financial strength are the key rating drivers. Fitch's assessment of the extremely high likelihood of state support is driven primarily by France's substantial commitments to the orderly wind-down outlined in the 2013 European Commission state aid agreement. The French state has granted a EUR28bn guarantee to 3CIF, including EUR16bn for senior debt issuance. 3CIF's use of this external guarantee is currently below EUR10bn and we expect this to remain materially below the EUR16bn limit.

CIFD's resolution plan mainly consists in the run-off of a granular housing loan portfolio and, in our opinion, is unlikely to deviate from the lender's current projections. The group streamlined its organisation by merging nine out of 10 operating subsidiaries into CIFD as well as centralising risk controls and financial management within CIFD.

CIFD did not require a capital injection when it was placed in orderly resolution. Its common equity Tier 1 (CET1) ratio is expected to have stood above 12% at end-2016 and the lender anticipates maintaining a CET1 above this threshold until its wind-down is complete in 2035. It benefits from specific protection as the payment of additional guarantee fees to the French state would be automatically deferred if its CET1 ratio falls below 12% after such payment. Fitch sees only a limited risk of state capital injection.

CIFD's Stable Outlook is in line with France's and also reflects Fitch's view that CIFD's state aid plan will not be affected by the Bank Recovery and Resolution Directive (BRRD).

Fitch does not assign a Viability Rating to CIFD because it cannot be meaningfully analysed as a viable entity in its own right as it is in orderly wind-down and relies on extraordinary support from the French state to meet its financial liabilities.

STATE-GUARANTEED DEBT

The ratings assigned to the state-guaranteed securities issued by 3CIF are aligned with France's IDRs. This reflects the EUR16bn unconditional, irrevocable and timely funding guarantee provided by the French state to 3CIF.

RATING SENSITIVITIES

IDRs, SUPPORT RATINGS, SUPPORT RATING FLOORS AND SENIOR DEBT

CIFD's and 3CIF's ratings are sensitive to a reduction in the French state's ability or propensity to provide additional state support, including a downgrade of France's sovereign rating.

The ratings are also sensitive to the lender's wind-down deviating materially from plan. A deviation would likely trigger a fresh state aid review and heighten the likelihood of the authorities requiring more stringent measures, which could include burden-sharing for senior creditors.

Deviation from the bank's resolution plan could arise following sharp loan quality deterioration, which would be severe enough to result in a material fall in capital ratios despite mechanisms in place and in an even higher use of France's external funding guarantee. This is not Fitch's central scenario.

A rating upgrade would be contingent on France demonstrating greater support. This is highly unlikely in Fitch's view, although not impossible.

STATE-GUARANTEED DEBT

The long- and short-term state-guaranteed debt ratings are both sensitive to a change to the French sovereign ratings.

The rating actions are as follows:

Credit Immobilier de France Developpement (CIFD)
Long-Term IDR: affirmed at 'A'; Stable Outlook
Short-Term IDR: affirmed at 'F1';
Support Rating: affirmed at '1'
Support Rating Floor: affirmed at 'A'

Caisse Centrale du Credit Immobilier de France (3CIF)
Long-Term IDR: affirmed at 'A'; Stable Outlook
Short-Term IDR: affirmed at 'F1'
Support Rating: affirmed at '1'
Support Rating Floor: affirmed at 'A'
State-guaranteed notes: affirmed at 'AA'
State-guaranteed EMTN programme: affirmed at 'AA'/'F1+'
State-guaranteed French MTN programme: affirmed at 'AA'
State-guaranteed French CP programme: affirmed at 'F1+'
Senior unsecured debt: affirmed at 'A'
French MTN programme: affirmed at 'A'
French CP programme: affirmed at 'F1'

Contact:

Primary Analyst
Francois-Xavier Deucher, CFA
Director
+33 1 44 29 92 72
Fitch France S.A.S
60 rue de Monceau,
75008 Paris

Secondary Analyst
Julien Grandjean
Analyst
+33 1 44 29 91 41

Committee Chairperson
Claudia Nelson
Senior Director
+44 20 3530 1191

Media Relations: Francoise Alos, Paris, Tel: +33 1 44 29 91 22, Email: francoise.alos@fitchratings.com; Elaine Bailey, London, Tel: +44 203 530 1153, Email: elaine.bailey@fitchratings.com.

Additional information is available on www.fitchratings.com

Applicable Criteria
Global Bank Rating Criteria (pub. 25 Nov 2016) (https://www.fitchratings.com/site/re/891051)

Additional Disclosures
Dodd-Frank Rating Information Disclosure Form
(https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=1017647&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJzZXNzaW9uS2V5IjoiVTZKU1hNTUhCR0xWVFhNWTlZVkZMNUNVV0M3U0NOVlRVUUpaRVNYRyIsImV4cCI6MTQ4NTI2NzE3NSwidXNlcklkIjoyMzgxMDIzfQ.R-l2Sagtq6oH5raw2AuuUXkNsTKz6delywVwWlFX6hc)
Solicitation Status (https://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=1017647)
Endorsement Policy (https://www.fitchratings.com/regulatory)

CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

 In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating 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. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Endorsement Policy - Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures (https://www.fitchratings.com/regulatory) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.