



Fitch Affirms CIFD at 'A'; Stable Outlook

Fitch Ratings-Paris/London-02 February 2016: Fitch Ratings has affirmed Credit Immobilier de France Developpement's (CIFD) Long-term Issuer Default Ratings (IDR) at 'A'. The Long-term IDR of Caisse Centrale du Credit Immobilier de France (3CIF), the group's central financing arm, has also been affirmed at 'A'. The Outlooks on the Long-Term IDRs of both entities are Stable.

A full list of rating actions is at the end of this rating action commentary.

The rating actions are part of a review of eurozone wind-down institutions.

KEY RATING DRIVERS - IDRs, SUPPORT RATINGS, SUPPORT RATING FLOORS AND SENIOR DEBT RATINGS

CIFD's ratings are based on sovereign support, reflecting Fitch's opinion that it is extremely likely that the bank will continue to be supported by the French authorities (AA/Stable) to meet its financial obligations. The ratings of 3CIF reflect its integral role within the CIFD group in addition to being part of the group's cross-support mechanism, and Fitch's opinion that potential state support to the group would flow through 3CIF.

The strength of the support structure in place 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 funding guarantees and commitments to the orderly wind-down outlined in the European Commission state aid agreement in 2013. The French state has granted CIFD a global EUR28bn funding guarantee (of which EUR16bn is for new external issuance). We expect CIFD's use of the external guarantee, which was EUR10bn at end-2015, to remain materially below the EUR16bn limit.

The flexibility of CIFD's orderly resolution plan and the fact that its resolution has not required a capital injection are positive rating drivers, reflected in the Stable Outlooks on CIFD's and 3CIF's Long-Term IDRs. The Stable Outlooks also reflect Fitch's view that the extensive flexibility of CIFD's approved state aid plan will not be affected by the Bank Recovery and Resolution Directive (BRRD).

Fitch expects the plan to ensure that CIFD will maintain sound capital ratios until its wind-down is complete, therefore limiting the potential need for any state capital injection. This expectation is based on the predictability of the cash flows arising from its assets, essentially in the form of sound housing loans in run-off (exclusively in France), and cost-effective interest expenses under the state-guaranteed debt programmes. In addition, CIFD benefits from specific protection in its orderly resolution process relating to the additional fee it has to pay to the state for the funding guarantee, which it will not pay if its regulatory total capital ratio falls below 12% after such payment (14.2% at end-September 2015).

Fitch does not assign a Viability Rating to CIFD as the bank is a wind-down institution that relies on extraordinary support from the French state to meet its financial liabilities.

KEY RATING DRIVERS - GUARANTEED DEBT

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

RATING SENSITIVITIES - IDRs, SUPPORT RATINGS, SUPPORT RATING FLOORS AND SENIOR DEBT RATINGS

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 any concerns arising around the bank's orderly wind-down deviating materially from plan. A deviation would be likely to trigger a fresh state aid review and heighten the likelihood of the European Commission or Single Resolution Board 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 a higher use of France's external funding guarantee. This is not Fitch's central scenario.

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

RATING SENSITIVITIES - GUARANTEED DEBT

The Long- and Short-term guaranteed debt ratings are both sensitive to any changes to the French sovereign rating.

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'

Senior unsecured debt: affirmed at 'A'

BMTN Programme: affirmed at 'A'

EMTN Programme: affirmed at Long-term at 'A' and Short-term 'F1'

Commercial paper programme: affirmed at 'F1'

Certificate of deposit programme: affirmed at 'F1'

Guaranteed BMTN programme: affirmed at 'AA'

Guaranteed EMTN programme: Long-term affirmed at 'AA', Short-term affirmed at 'F1+'

Guaranteed certificate of deposits programme: affirmed at 'F1+'

Guaranteed notes: affirmed at 'AA'

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Applicable Criteria

Global Bank Rating Criteria (pub. 20 Mar 2015) ([https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=863501&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiE0NTQ0NjQ1NDMsInNic3Npb25LZXkiOiJKTK04VldBTUhhCTkY3MFpGWJPRIFJVVQ3VVQzUkx)

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