Caisse des Dépôts et Consignations (CDC)

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	AA
Short-Term IDR	F1+

Outlook

Long-Term IDR	Stable

Financial Data

Caisse des Dépots and Consignations (CDC) – Consolidated Data

	31 Dec 15	31 Dec 14r
Total assets (EURm)	155,844	143,089
Total equity (common equity + reserves) (EURm)	35,139	33,237
Total (long-term and short-term) debt (EURm)	40,787	30,322
Net consolidated profit after allocation of non-controlling interest (EURm)	1,371	1,793
ROA (%)	0.85	1.32
ROE (%)	3.80	5.99
Total equity and reserves/total assets (%)	22.55	22.25

r: restated

Related Research

France (December 2015)

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Key Rating Drivers

Rating Support, State Backing: Caisse des Dépôts et Consignations' (CDC) ratings are credit-linked to those of France under Fitch's *Rating of Public-Sector Entities – Outside the United States* criteria top down-approach. This is in light of the strong likelihood of extraordinary support from its sponsor of its status as a special agency (établissement special) and CDC's importance to the French public sector.

Strong State Support: CDC's legal status as a special agency, fully state controlled, is unique in France. However, Fitch considers that the French state is bound to provide support to CDC and that the state has the legal and financial means to enable CDC to meet its debt service obligations pursuant to Law 80-539 on French public establishments in a timely manner. Consequently, its IDRs are aligned and move in tandem with those of the French sovereign.

State Oversight: The French state tightly monitors CDC, notably through its supervisory board. Although CDC is not a bank, ACPR, France's bank regulator, gives its opinion on CDC's capital adequacy in banking regulation terms, as well as on CDC's internal solvency ratio.

Strategic Role for France: CDC manages most of the regulated savings deposits (notably Livret A) collected by French banks, administers several public pension schemes and protects the deposits of the legal professions. CDC is also the institutional custody account manager of ACOSS (commercial paper and Euro CP rating: F1+), the French social security agency. CDC's long-term strategy focuses on economic development, housing and infrastructure, including lending to social housing and healthcare entities and local governments.

Diversified Operations: CDC operates in the insurance (through CNP Assurances – CNP), postal services (through La Poste) and lending sectors through a 50% stake in BPI Group SA and 20% stake in Société de Financement Local (SFIL). It also operates in leisure, real estate and housing through its subsidiaries and strategic participations, and also has private equity operations. CDC also has stakes in large listed French and European companies. At end-2015, CDC had EUR155.8bn in consolidated assets, of which EUR89.8bn was in securities.

Sound but Volatile Profitability: CDC's profitability tends to be volatile due to its large equity portfolio and yields on fixed-income securities. In 2015, CDC posted a consolidated net profit after allocation of non-controlling interests of EUR1.37bn, below the 2014 net profit of EUR1.79bn, which included EUR327m of non-recurring items due to capital gains on the sale of securities.

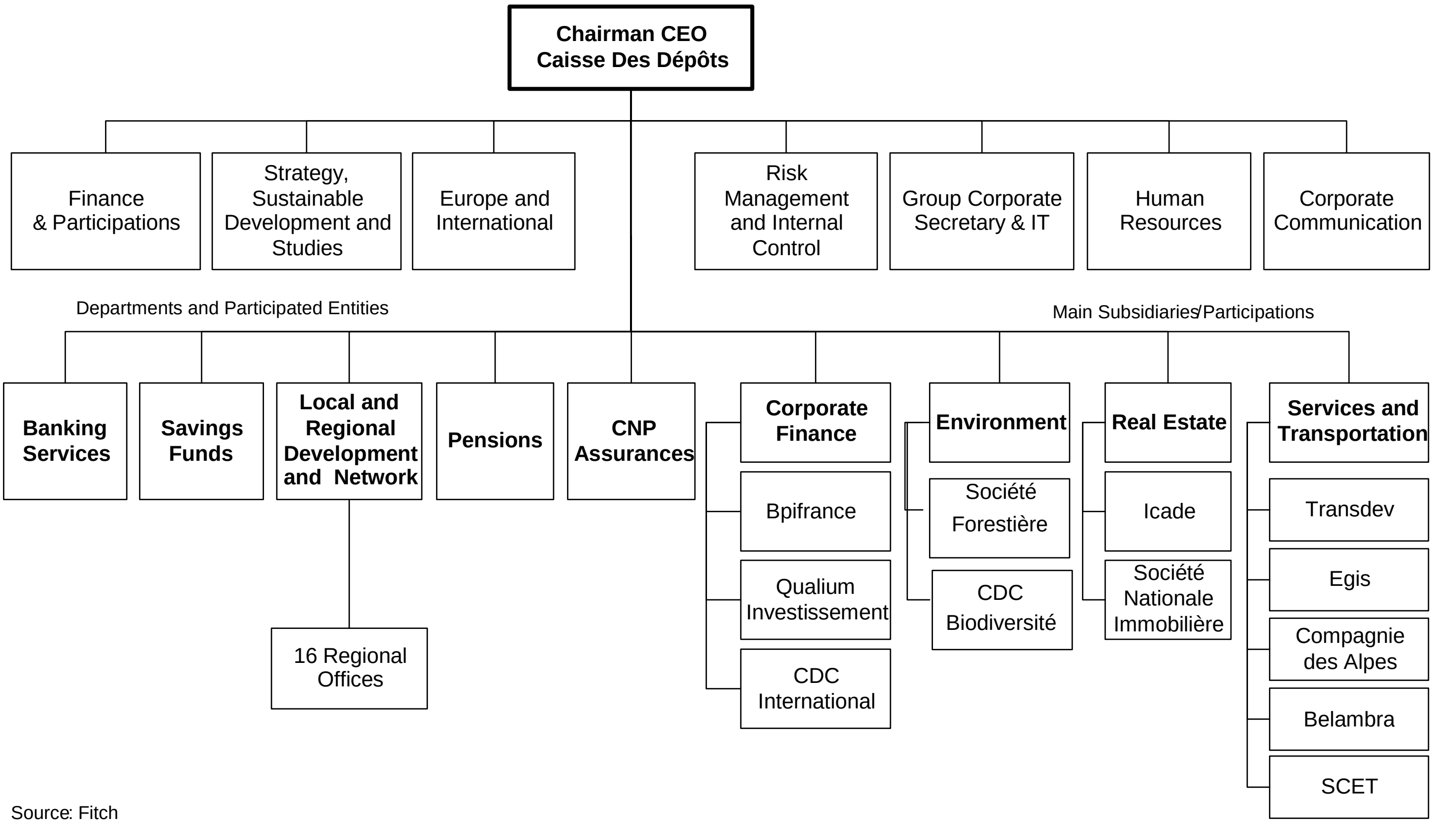
Sound Liquidity: Sizeable reserves (on CDC's social accounts) and stable outstanding deposits from the legal professions (EUR47bn at end-2015) sustain CDC's solid liquidity profile. CDC's liquidity needs are also covered by a EUR30bn global commercial paper programme, a EUR20bn Certificates of Deposit programme, and its EMTN and BMTN programmes. CDC's strong overall standalone liquidity is also underpinned by a EUR238.3bn savings account and a large equity portfolio (EUR18.9bn at end-2015).

Rating Sensitivities

Sovereign Link: CDC's ratings are credit linked to those of the sovereign. A positive or negative rating action on the sovereign would result in a similar rating action on the issuer. Changes to CDC's legal status that weaken potential support from the state could also lead to a downgrade.

Profile and Overview

Figure 1
Structure Diagram



Source: Fitch

Rating History

Date	Long-Term Foreign IDR
9 Dec 15	AA
18 Dec 14	AA
16 Oct 14	AA+
18 Jun 14	AA+
17 Jul 13	AA+
28 Dec 12	AAA
13 Jan 12	AAA
20 Dec 11	AAA
19 Jan 11	AAA
23 Oct 09	AAA
20 Nov 08	AAA
18 Apr 08	AAA
26 Nov 07	AAA
23 Feb 06	AAA
13 Dec 05	AAA
24 Jul 03	AAA
23 Jan 03	AAA
22 Jan 03	AAA
25 Jun 01	AAA
16 Oct 00	AAA
24 Dec 96	AAA

Related Criteria

Rating of Public-Sector Entities – Outside the United States (February 2016)

International Local and Regional Governments Rating Criteria – Outside the United States (April 2016)

CDC, created by the finance law of April 1816, is a French public special institution supervised by the French parliament. Its strategic plan focuses on financing public housing, universities, IT technologies, SMEs and sustainable development. CDC performs a wide array of public-interest missions, some of which are not consolidated (management of tax-free savings deposit funds and fiduciary management of major public pension schemes), and others which are consolidated (banking and financial activities, support for local and regional development, urban planning, financial support of French small and medium-sized businesses, support for renewable energies and French university modernisation policies).

Non-Consolidated Activities

Saving Funds Management

CDC manages the funds collected in tax-exempt savings deposits by the French banks, the main product being Livret A. Funds centralised by CDC benefit from a state guarantee. In this role, CDC acts only as custodian and manager of the collected funds. Total savings deposits managed by CDC decreased slightly at end-2015, to EUR238.3bn from EUR243.5bn in 2014 mainly due to the deceleration of Livret A funds collection following a drop in the remuneration rate served on those savings, to 0.75% pa in August 2015 from 1% pa before.

Most of these funds are used by CDC to finance French public sector social housing companies. Fitch considers that the French social housing sector entails low credit risk, as social housing companies' debt is mostly guaranteed by local authorities. These funds are also used to finance the French local and regional governments (LRGs) through a total package of EUR20bn that CDC has made available for local authority lending.

Retirement Plans Management

CDC administers a large number of nationwide retirement savings plans, covering over 75,000 employers with about 7.5 million members and 3.5 million pensioners, or one out of five French pensions. These retirement savings plans are mostly pay-as-you-go schemes. CDC is responsible for collecting contributions, calculating rights and paying out pensions. The activity is managed in such a way as to break even and it is not a profit centre for CDC. The board of each retirement scheme takes all decisions pertaining to the management of the pension funds' resources and their utilisation. CDC cannot be held responsible for any deficits arising in any of the retirement schemes. CDC also administers the retirement trust fund (FRR) to maintain the solvency of the French national pay-as-you-go retirement system after 2020.

Consolidated Activities

Local and Regional Development

CDC finances a number of local governments' projects by providing equity financing for housing, urban renovation, public facilities, digital infrastructure and renewable energy programmes. CDC thoroughly analyses the profitability and the risks related to these investments, and selects the equity financing projects according to strict internal guidelines. In addition, CDC supports new businesses and local job creation schemes and provides private equity financing to SMEs. CDC is engaged in infrastructure finance through long-term public interest projects, and partly through public private partnerships (PPPs).

Regulated Banking

CDC acts as the custodian for ACOSS (ACOSS's ECP and French CP programmes rated 'F1+'), a public agency that acts as the central treasury of France's social security system. ACOSS's deficits are volatile. CDC provides ACOSS with liquidity instruments according to a 2015-2018 funding contract with a ceiling of EUR14bn. There is a long track record of state support to ACOSS through Caisse d'Amortissement de la Dette Sociale's (CADES; AA/Stable/F1+) assumption of social security institutions' accumulated deficits, thereby reducing ACOSS's short-term debt (expected to amount to EUR23.6bn in 2016). In spite of these write-offs by CADES, Fitch considers ACOSS's deficits will be a permanent feature and CDC's responsibilities will remain significant, although ACOSS's funding will remain mostly market-based through its EUR25bn CP programme and its EUR20bn Euro CP programme.

Investment Activities

CDC is the largest long-term equity investor on the Paris Stock Exchange and in other European countries. It holds investments in listed companies, unlisted equities, real estate, infrastructure (including transport, energy, telecommunications and the environment) and forestry assets, and units in private equity and venture capital funds. CDC-owned equity in French companies amounted to EUR18.9bn at end-2015.

Competitive Activities

CDC is a strategic, long-term shareholder in CNP Assurances (CNP), with a 40.9% stake; La Banque Postale and BPCE together control 36.3% of CNP. CNP has been listed as a company on the Paris Stock Exchange since 1998 and is France's leading life insurance company. Its three business lines are savings products, retirement schemes and personal life assurance in France and it has branches in Spain, Portugal, Italy, Brazil and Argentina. CNP's overall profitability was sound in 2015, with a 4.7% rise in net profit or EUR1.11bn (from EUR1.08bn in 2014), on the back of continuing growth of its insurance revenue (+4.7%) and despite adverse market and exchange rate conditions in Brazil. CNP's contribution to CDC's net profit grew in 2015 to EUR420m, compared to EUR404m in 2014.

CDC holds investments of about EUR3bn in real estate, notably through Icade, a quoted real estate company that is 42% owned by CDC. Icade generated operating revenues of EUR1.44bn in 2015. It is a property development company and a major player in all sectors of the real estate market, including housing and property management, and office and commercial building development. It also develops healthcare facilities and has several public sector partnerships.

CDC is also a major player in the social housing sector, through Société Nationale Immobilière (SNI; AA/Stable/F1+). SNI is 99.9% controlled by CDC, and has a supervisory board chaired by CDC's CEO. It is France's largest social landlord, managing a portfolio of about 271,300 units that provide housing for about one million individuals, both in intermediate housing (81,000 homes) and social housing (182,000 homes). Over 2015-2019, 62,000 units are planned for development, 13,000 of which are under the state stimulus package. SNI's consolidated operating revenue amounted to EUR1.75bn in 2015.

Other Service Subsidiaries

CDC has created, developed and invested in various service subsidiaries in relationship with the local authorities. Its main subsidiary is Transdev, a company jointly owned by CDC and Véolia Environnement (BBB/Stable). The company is the world's private-sector leader in sustainable mobility, with EUR6.6bn in revenues in 2015 and more than 83,000 employees in 19 countries. CDC also holds a majority share in Egis (generating EUR937m revenues in 2015), an international engineering service company.

Public Investment Bank: Bpifrance

Since July 2013, EPIC Bpifrance (AA/Stable/F1+) and CDC have owned in equal shareholdings BPI-Group SA (BPI). BPI was created from OSEO (the funding agency for SME development), CDC Enterprises (CDC's former private equity arm) and the Strategic Investment Fund (FSI), which all transferred their assets to BPI. BPI provides funding for technological innovation, developing enterprises and the social economy through its Bpifrance subsidiary.

The purpose of the merger was to create a more efficient, centralised channel for all development financing so that long-term development goals of the former FSI, OSEO and CDC Entreprises could be coordinated over a broader scope of projects, avoiding several business overlaps. Bpifrance posted a net profit of EUR676m in 2015, up 10% from 2014. BPI pays dividends to both EPIC and CDC, although the amounts should be minimal as BPI should allocate most of its net profit to its legal reserves.

Bpifrance Financement has a solid and safe liquidity profile, with liquid reserves stable at EUR9.4bn at end-2015 (of which EUR5.3bn is in deposits with the French Treasury), representing one year of business activity. Beyond its core business, BPI public partnerships were reinforced in 2016 with the transfer of COFACE SA's (A+/Stable/F1) state-guaranteed portfolio and dedicated team from the insurer to Bpifrance Group to foster the international development of French SMEs.

Shareholding in La Poste

After La Poste's (LP; A+/Stable/F1) legal status was changed to a limited-liability company in March 2010, CDC acquired a 26.32% stake in LP. This change was associated with an agreement to increase LP's capital by EUR2.7bn, financed by CDC (EUR1.5bn) and the state (EUR1.2bn). These increased resources enabled LP to fund its business plan and ensure a balanced financial structure. LP provides key public services, such as the universal postal service and regional planning through its extensive post-office network. LP also contributes to public sector funding, through its subsidiary La Banque Postale (LBP, A−/Stable/F1).

LP achieved a sound net income of EUR635m in 2015, up 23.4% from 2014. LP's group net debt decreased in 2015, allowing the net debt/equity ratio to improve to 38% in 2015 from 44% in 2014. Growth in the more profitable business lines (banking, express) should offset the decline in mail revenue, which still accounts for a large share of turnover. Diversification should help LP withstand the decline in mail volume and is key to improving LP's profitability.

French LRG Financing Sector Restructuring

In January 2013, Société de Financement Local (SFIL) was established to refinance some of Dexia Credit Local's (BBB+/Stable/F2) assets after the latter was dismantled. SFIL is a financial institution owned by the French state (the reference shareholder), CDC and LBP, with respectively 75%, 20% and 5% of capital. SFIL has three main missions: to manage and refinance its covered bond subsidiary Caisse Française de Financement Local (CAFFIL; "obligations foncières" issues rated 'AA', around EUR43bn of which are eligible for central bank repo at end-2015); to provide funding to French LRGs and public hospitals; and to restructure a large portfolio of structured public-sector loans inherited from Dexia. New loans to the French public sector are originated by a joint venture 65% held by LBP and 35% held by CDC. CDC has provided SFIL with a EUR1.25bn short credit line and a EUR6.87bn long-term credit line.

Principal Rating Factors

Figure 2
Principal Rating Factors

	Legal status	Strategic importance	Control and oversight	Integration/ financial
Rating factors[a]	Stronger	Stronger	Stronger	Mid-range

[a] Linkage with the sponsor
Source: Fitch

Legal Status

Fitch considers CDC's legal status as highly supportive of its credit quality.

As an EP, Fitch believes CDC benefits from a strong state support as the state is its sponsor and reference shareholder

CDC's legal status is defined by article L-518 of the monetary and financial code and its status could only be modified by a new law. In particular, CDC cannot be liquidated. CDC is defined as a special agency (établissement special) entrusted with mandates to act in various areas of national interest. CDC makes its investment decisions autonomously, in accordance with strict guidelines and criteria.

Although CDC's legal status is unique in France, it is akin to that of the other public agencies (EPs). In the event that an EP defaults on an obligation, and when a final settlement has been obtained against the EP, French law obliges the relevant supervisory authority (ie, the French state) to provide the EP with all necessary resources. This liquidity support could be in the form of purchase by the Caisse de la Dette Publique (CDP, part of the French Treasury) of commercial paper issued by CDC. As CDC's core activities are not subject to EU regulation on state aid, there is no threat of any pressure on CDC's EP status nor any risk of the state's support being considered illegal state aid.

Strategic Importance

Fitch considers CDC's strategic importance as strongly supportive of its credit quality.

CDC performs a wide array of activities, most of which are linked to public missions or are strategic for the state

Originally created to safeguard legal deposits, CDC supports economic development and performs other public interest missions on behalf of the French government. At 31 December 2015, CDC reported a consolidated asset base of EUR155.8bn, which corresponds to the assets of the general section. Its long-term investments are made in sectors that the central government is keen to develop. In some of these investments, it may seek to retain a minimum controlling interest.

CDC administers a significant part of the savings of the French population. It also finances at cost the construction and renovation of social housing. It further administers the pensions of one-seventh of French retirees. CDC carries out these general interest missions under a mandate (in particular savings and pension management) at cost price, without making any profit from them: it is only compensated for its management costs.

CDC's current strategic plan is designed to strengthen CDC's consistency and performance and make its actions more effective. CDC will give priority to the energy, social, demographic and environmental transition, housing, digital economy, sustainable infrastructure and mobility, and business development sectors. CDC has also rehearsed the importance of its traditional role of trusted manager of funds and mandates. CDC's role in financing local and regional governments has been strengthened. CDC's loans – on savings funds – in favour of local authorities' long-term projects amounted to EUR8bn in 2015, within a total committed amount of EUR20bn over 2013-2017.

CDC coordinates and manages several projects falling within the scope of the 'Investments for the Future' programme on behalf of the French State and on a ring-fenced basis, for a total of EUR7.4bn. These projects are coordinated by a specific department and cover the group's own strategic priorities such as higher education and training, research, industry and SMEs, sustainable development and digital infrastructure. In 2015, CDC funded new operations falling within that scope for a total of EUR623m.

Integration with the State

CDC is moderately integrated with the state

Fitch considers that there is a moderate overall Integration of CDC into the general government accounts and therefore it is not a major rating factor.

CDC is an autonomous public agency. It independently manages its assets and its personnel are not, for the most part, accounted for as civil servants. CDC's debt does not consolidate into the general government debt.

CDC distributes dividends to the state, although it does not have shared capital, according to the legal definition of capital. In 2010, CDC signed with the state a net profit agreement whereby the state's share in CDC's consolidated net profits amounts to 50%, with a cap at 75% of CDC's net profits registered in its social accounts. Fitch considers that this agreement provides stability in CDC's equity and the financing of its missions of public interest. Applying this new rule, the state received, from CDC's net profits, over EUR1.2bn in 2015 (comprising both the dividend paid on behalf of the Saving Funds Division and the CRIS – the contribution representative of corporates taxes on profit).

Control and Oversight – Tight State Control

Fitch considers the control and oversight by the French state as highly supportive of CDC's credit quality.

Control and oversight by the French State – notably through Parliament – of CDC's strategy, governance and activities are thorough

CDC's governance rules were set in law when it was created in 1816. They respond to two principles: the independence of the supervisory board, chairman and CEO. The 1816 law stipulates the rights, obligations and status of the CEO, deputy CEO and general financial officer. Most of CDC's key managerial positions are held by civil servants. CDC's CEO is nominated by the president of the republic for a period of five years and, unlike other public agencies that are controlled by the central government, its supervisory board is overseen by the French parliament.

CDC's CEO has far-reaching management powers and great autonomy over CDC's executives. The law also stipulates that they are personally and financially responsible for the management of funds held by CDC. CDC's current CEO, Pierre-René Lemas, was appointed in May 2014 by decree of the President of the Republic in the Council of Ministers.

CDC's legal framework was enhanced in 2008 by the "loi de modernisation de l'économie" (LME), whereby the two chambers of French parliament appoint five of CDC's members on the board (four previously) plus three qualified new members. Members of the supervisory board include MPs, representatives of state bodies (the director of the Treasury and the governor of the Banque de France) and qualified individuals drawn from relevant fields (magistrates, economists, bankers, commerce). The supervisory board approves all funding programmes in the capital markets issued by CDC and is informed of all its investment decisions which, in turn, are approved by CDC's investment committee. The present president of the supervisory board is Henri Emmanuelli.

As an EP, CDC is subject to the control of the national court of auditors (routine and specific inspections are carried out regularly).

Ability and Willingness of the State to Provide Extraordinary Support

Fitch considers the ability and willingness of France (AA/Stable/F1+), CDC's sponsor, to extend extraordinary support as very high and it is an important factor in CDC's credit quality.

Given CDC's important role in government policy concerning social housing and local infrastructure, providing support to the French economy and managing most of the regulated savings deposits administering French pension schemes, Fitch considers that the French state would extend its support in a timely manner in case of stress towards CDC.

Fitch considers CDC's debt as low in comparison both with the central government's debt and the French GDP (around 0.2%). This ensures that the state is well able to provide support.

In case of need, Fitch would expect timely government intervention to prevent CDC failing to meet its obligations, particularly given both the large amount of debt it has issued in the international markets and its strategic importance.

Overall Assessment of Linkage

Fitch classifies CDC as a state dependent entity under its public sector entity rating criteria

In view of these factors, Fitch has classified CDC as a state credit-linked entity under its rating of public sector entities criteria. This is attributable to the CDC's strong legal status, strategic importance, strong state control and oversight, and ability and willingness of the state to support CDC. As a result, the ratings of CDC are equalised with those of France and are credit linked.

Secure Risk Management

CDC's investment strategy, which includes risk tolerance thresholds and expected returns, is determined by its board at the outset of each year and achievements are reviewed regularly. Management considers its risk appetite to be modest. CDC's risk controls are decentralised, with a risk management department in each division. The central control unit ensures that procedures and risk indicators are followed up. Since 2010, the Prudential Control Authority has overseen CDC and as such, CDC conveys to ACPR, for information purposes, its regulatory capital adequacy ratios. CDC thoroughly monitors the ALM risks and regularly runs stress tests involving a large number of scenarios.

Figure 3

Breakdown of Reported Net Income (EURm)

	2015	2014
CDC's central sector	507	640
CDC's subsidiaries	864	1,153
Of which CNP insurance	420	404
Of which real estate subsidiaries (SNI, Icade, Silic)	234	481
Total net income	1,371	1,793

Source: CDC

CDC's asset quality has historically been robust. Most of its assets are bonds, stocks and participations, a mix that reflects its role as a prominent institutional investor. Loans represent a minimal amount on CDC's balance sheet, chiefly concentrated on ACOSS and SFIL. Corporate loans remain on CDC's balance sheet, but they are not meaningful, and impaired loans are minimal.

Credit risk is concentrated within CDC's securities portfolios. Investment criteria adopted by CDC are strict, requiring high external ratings, adherence to selected industry sectors and concentration limits. CDC has no exposure to assets containing US subprime residential mortgages or complex structured securities. CDC has no material exposure to toxic assets, such as subprime mortgages, CDOs or MBS.

At end-2015, CDC's strategic long-term holdings for the central sector totalled about EUR39bn, split between a sovereign bonds portfolio and a credit portfolio. As of 30 June 2015, a rating split of CDC's long-term investment portfolio shows that more than 77% is rated 'AA' or above. CDC also holds a diversified equity portfolio with a market value of around EUR19bn at end-

2015 (in its consolidated accounts). Fitch estimates this portfolio bears a significant high risk, as equity investments are, overall, rather volatile and significant depreciations may occur over time.

CDC is exposed to market risk through its extensive securities portfolios. It is exposed to interest rate risk in its available-for-sale securities portfolio, since all securities held to maturity are fixed-rate bonds. CDC remunerates its deposits at fixed rates; these deposits are generally stable. The balance-sheet structure may give rise to significant interest rate gaps, which CDC, to maximise its revenues, does not hedge entirely. It makes no use of macro hedging instruments, but monitors interest rate gaps and applies stress tests to ensure ranges remain within acceptable limits.

Financial Performance

Given the size of CDC's securities portfolios, market fluctuations have a significant impact on its results each year. CDC's net interest revenue decreased slightly to EUR381m in 2015 from EUR437m in 2014 and is mainly composed of interest generated by its HTM and AVS bond portfolios. Overall, CDC posted a consolidated net profit – after allocation of non-controlling interests – of EUR1.37bn in 2015, below the EUR1.79bn net profit recorded in 2014, mainly due to a negative effect of asset depreciations of an exceptional nature. However, CDC's net results in 2014 included EUR327m of non-recurring items due to capital gains on the sale of securities. CDC's income excluding exceptional items rose by 4% to EUR1.52bn in 2015 compared to EUR1.47bn in 2014, driven by the growth in income from the general section and the subsidiaries, despite the extremely low interest rates that negatively affect CDC's financial margins.

In 2015, the contribution of CDC's central section to the consolidated net income was EUR507m compared to EUR640m in 2014, while the contribution of CDC central section to the CDC group's consolidated income excluding exceptional items increased by 4% to EUR452m in 2015. CDC's subsidiaries and long-term equity interests added a contribution of EUR864m in 2014, a 25% fall due to significant write-downs taken on participating interests carried on the books of BPI.

Consolidated operating expenses remained almost stable at EUR2.2bn. On a consolidated basis, personnel costs were fairly well controlled in 2015, dropping slightly to EUR1.425m in 2015 from EUR1.427m in 2014, corresponding to a headcount of 25,179 in 2015 (2014: 24,227).

In 2016, Fitch believes CDC's profitability will remain stable, as Fitch does not expect significant write-downs on securities or large losses on CDC's fair-value equity portfolio and CDC's loans and investment growth will remained sustained, according to its medium-term strategy.

Debt and Liquidity

Access to capital market funding is straightforward, given CDC's profile; strong standalone liquidity profile

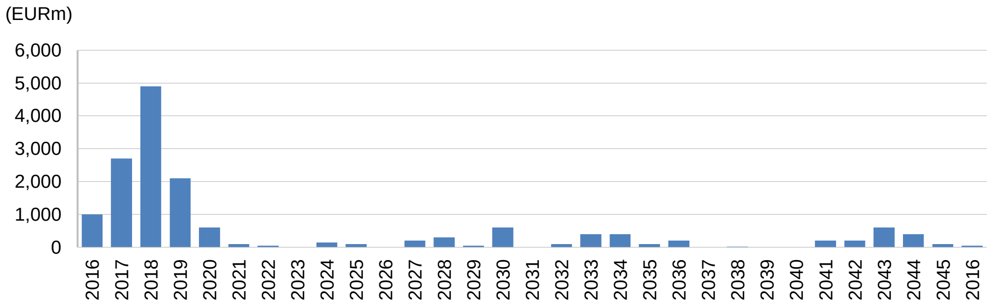
Debt

On average over the last three years, CDC's deposits have made up 32.5% of its total unconsolidated liabilities. Repo funding has on average accounted for 5% over the five last years, while issued long-term debt has represented 12.5% of the latter on average and short-term debt 32.5%. In 2013, CDC's balance sheet structure was significantly modified by the application of the new IFRS standards on the consolidation methods of participated entities. As a result, a large amount of CDC's balance sheet has been resized down.

CDC has good access to LT funding in capital markets through an EUR18.5bn EMTN programme that it uses for issues in EUR, CHF, GBP, USD, JPY and NOK, for an average EUR4bn annual issuance volume. Overall outstanding debt under its EMTN programme was around EUR16bn at end-March 2016, about half of which were benchmark issues. CDC also has a EUR1.5bn BMTN programme. CDC's liabilities are usually far shorter-term than many assets, but CDC considers its deposit base to be stable. CDC has no difficulty in raising funds, given its high ratings and close links with the French state. CDC is 0% risk weighted for bank capital adequacy purpose.

Figure 4

Long Term Debt Redemption
(Capital, as of 1 Januray 2016)



Source: CDC

CDC is not a bank and therefore does not declare the standardised regulatory solvency ratios to ACPR (the French banking regulator). However, since January 2010 ACPR gives its opinion both on CDC's capital adequacy in banking regulation terms and on CDC's internal solvency ratio. CDC's capital adequacy ratio, as calculated by CDC's internal model, is strong and its leverage is particularly low (equity/assets of 22.5% at the same date). The implementation of the more stringent Basel III/CRD IV is not expected to have any material impact on its current strong capital ratios. CDC's consolidated shareholders' equity increased by EUR2bn to EUR31.6bn at year-end 2015, due to both retained earnings and CDC's securities revaluation reserves.

CDC is not considered as a systematically important financial institution by the Financial Stability Board and the Basel Committee on Banking, and hence is excluded from the Bank Recovery and Resolution Directive (BRRD).

Liquidity

CDC has wide access to liquidity through its EUR30bn global commercial paper programme and its EUR20bn CD programme (with an average overall outstanding of EUR21bn in February 2016 drawn under the two short-term issuance programmes). CDC has a strong liquidity profile. This high liquidity is further enhanced by the possibility CDC has to mobilise its bond portfolios. CDC's equity portfolio of EUR18.9bn at end-2015 also underpins its strong liquidity. Although they are ring-fenced, Fitch also considers that EUR238.3bn of CDC's savings funds in 2015 (although these funds are not CDC's own assets) could ultimately constitute a liquidity cushion.

Ultimately, CDC would have immediate access to liquidity support from the state treasury through advances from CDP thanks to its status, in case of liquidity stress. CDC's funding is underpinned by the eligibility of its securities for the public-sector purchase programme of the European Central Bank (ECB) set in 2015.

No Significant Off-Balance-Sheet Commitments

The off-balance-sheet commitments of the consolidated CDC group shrank to EUR44bn at end-2015 from EUR36.5bn at end-2014, consisting mainly of committed credit facilities in favour of banks and other third parties and issued guarantees. On the off-balance-sheet assets side, CDC reported a total of EUR42bn received commitments – mainly from banks – at end-2015.

Appendix A

Caisse des Dépôts et Consignations (CDC)

(EURm)	2011	2012	2013	2014(restated)	2015
Profit and loss					
Interest revenue	4,920.0	1,725.0	1,429.0	1,413.0	1,402.0
Interest expenditure	-1,044.0	-1,062.0	-977.0	-976.0	-1,021.0
Net interest income	3,876.0	663.0	452.0	437.0	381.0
Net fees and commissions	17.0	51.0	30.0	10.0	1.0
Other operating income	4,269.0	2,819.0	3,167.0	3,201.0	2,731.0
Personal expenses	-3,766.0	-1,454.0	-1,415.0	-1,427.0	-1,425.0
Other operating expenses	-2,108.0	-883.0	-817.0	-759.0	-756.0
Net gains and losses on securities and trading	0.0	0.0	0.0	0.0	0.0
Net operating income/(loss)	2,288.0	1,196.0	1,417.0	1,462.0	932.0
Provisions	-69.0	-235.0	-55.0	-7.0	-168.0
Operating profit (loss) after provisions	2,219.0	961.0	1,362.0	1,455.0	764.0
Other non-operating revenues/expenses	-881.0	-1,923.0	1,607.0	1,013.0	993.0
Contributions from state budgets	0.0	0.0	0.0	0.0	0.0
Profit (loss) before tax	1,338.0	-962.0	2,969.0	2,468.0	1,757.0
Taxation	-580.0	-354.0	-671.0	-540.0	-457.0
Net profit (loss)	758.0	-1,316.0	2,298.0	1,928.0	1,300.0
Net consolidated profit after allocation of non-controlling interest	206.0	-454.0	2,137	1,793	1,371
Balance sheet					
Assets					
Cash and cash equivalents	*5.0*	3,672.0	325.0	16.0	34.0
Liquid securities	167,378.0	68,966.0	65,542.0	53,494.0	68,576.0
Deposits with banks	11,880.0	7,491.0	17,067.0	16,468.0	12,102.0
Loans	12,807.0	7,391.0	10,357.0	12,795.0	10,058.0
Other earning assets	5,734.0	9,200.0	19,844.0	20,806.0	21,353.0
Long term investments	36,143.0	7,220.0	6,496.0	22,187.0	19,628.0
Fixed assets	2,584.0	1,580.0	1,593.0	1,543.0	1,508.0
Intangible	2,261.0	779.0	808.0	840.0	846.0
Other long-term assets	23,471.0	39,025.0	21,057.0	21,200.0	21,739.0
Total assets	262,263.0	145,324.0	143,089.0	149,349.0	155,844.0
Liabilities & equity					
Customer deposits	50,736.0	49,173.0	49,325.0	47,786.0	55,246.0
Deposits from banks	13,938.0	22,065.0	17,810.0	11,734.0	10,646.0
Short-term borrowing	19,242.0	16,965.0	20,589.0	27,670.0	25,113.0
Other short-term liabilities	-	-	-	0.0	0.0
Debt maturing after 1 year	6,637.0	6,466.0	9,733.0	14,605.0	15,674.0
Other long-term funding	1,025.0	1.0	1.0	1.0	0.0
Other provisions and reserves	867.0	531.0	530.0	631.0	747.0
Other long-term liabilities	135,264.0	13,522.0	14,007.0	13,685.0	13,279.0
Equity	19,829.0	19,405.0	21,324.0	22,427.0	23,132.0
Reserves	14,725.0	17,196.0	9,770.0	10,810.0	12,007.0
Total liabilities & equity	262,263.0	145,324.0	143,089.0	149,349.0	155,844.0
Memo					
Guarantees and other contingent liabilities	31,627.0	44,065.0	35,618.0	36,471.0	44,002.0

Source: Issuer and Fitch calculations

Appendix B

Caisse des Dépôts et Consignations (CDC)

	2011	2012	2013	2014 (restated)	2015
Ratios					
Performance					
Interest revenue on loans/loans (%)	2.45	3.27	2.18	1.83	1.74
Interest expense/borrowings and deposits (%)	1.14	1.12	1	0.96	0.96
Net interest income /earning assets (%)	1.96	0.69	0.4	0.42	0.34
Net operating income/net interest income and other oper. revenue (%)	28.03	33.85	38.83	40.08	29.94
Net operating income/equity and reserves (%)	6.62	3.27	4.56	4.4	2.65
Net operating income/total assets (%)	0.87	0.82	0.99	0.98	0.6
Credit					
Growth of total assets (%)	-2.69	-44.59	-1.54	4.37	4.35
Growth of loans (%)	-57.84	-40.97	38.47	22.52	-20
Impaired loans/total loans (%)	5.04	9.13	6.84	5.57	8.15
Reserves for impaired loans/impaired loans (%)	53.09	53.17	54.21	52.18	56.34
Loan impairment charges/loans (%)	0.52	1.24	0.49	0.12	0.81
Liquidity and funding					
Long term debt/total equity and reserves (%)	19.21	17.67	31.3	43.94	44.61
Liquid assets/total assets (%)	63.82	49.98	46.03	35.83	44.02
Total deposits and debt/total assets (%)	34.92	65.14	68.11	68.16	68.45
Liquid assets/short term deposits and borrowing (%)	248.45	113.65	96.63	71.9	86.87
Capitalization					
Equity and reserves/total assets (%)	13.18	25.19	21.73	22.25	22.55
Net profit/total equity and reserves (%)	2.19	-3.6	7.39	5.8	3.7
Loans/equity and reserves (%)	38.08	21.22	34.59	39.65	30
Regulatory capital adequacy ratio (%)	12.42	24.78	21.29	21.93	22.12

n.a.: Not available
Source: Issuer and Fitch calculations

Appendix C

Caisse des Dépôts et Consignations – Central Section (Section Générale)

	31 Dec 15	31 Dec 14
1. Total assets (EURm)	133,332	129,141
2. Of which securities (EURm)	52,153	42,385
3. Equity (EURm)	20,196	19,692
4. Interbank loans (EURm)	4,795	5,576
5. Debt securities (EURm)	40,101	42,233
6. Interest income (EURm)	1,858	1,875
7. Net banking income (EURm)	2,084	2,413
8. Net profit (EURm)	1,140	1,235
9. Commitments given in respect of financing and guarantees (EURm)	34,773	29,273
10. ROA (%)	0.85	0.96
11. ROE (%)	5.6	6.3
12. Equity/assets (%)	15.15	15.25
13. Growth of total assets (%)	3.2	4.8

n.a.: Not available
Source: Fitch, Caisse des Dépôts et Consignations

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.