

**Rating Action: Moody's affirms the Aa2 long-term debt and deposit ratings of Caisse Des Depots et Consignations; outlook stable**

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Paris, December 07, 2020 -- Moody's Investors Service (Moody's) today affirmed the Aa2 long-term senior unsecured debt and deposit ratings of Caisse des Depots et Consignations (CDC). The outlook remains stable. CDC's short-term deposit and Commercial Paper ratings of Prime-1 were also affirmed.

A full list of affected ratings can be found at the end of this press release.

**RATINGS RATIONALE**

Moody's considers that CDC is a Government Related Institution ("GRI"). From a credit risk profile perspective, the governance structure of CDC as well its missions and modus operandi reflect CDC's close ties with the French State. Therefore, CDC's ratings are aligned with the rating of the Government of France (Aa2 stable).

While being a separate entity from a legal standpoint CDC supports government objectives and policies at the State's behest. These policies include among other things the investment of regulated savings deposits (notably the Livret A and Livret de Developpement Durable et Solidaire accounts) in long-term projects (e.g., social housing), the collection of regulated deposits (e.g., from notaries) as well as the custody service for the French social security agency. CDC's importance in supporting government policies has been reinforced by the creation of the Banque Publique d'Investissement (BPI France), an institution that finances and invests in the capital of French small and medium-size enterprises (SMEs) and large corporations. BPI France's joint shareholders are CDC and the French state.

CDC's importance as a government agency was further reaffirmed on 4 March 2020 by (i) the transfer from the State and the CDC to the French post office (La Poste) of their respective stakes, approximately 1.1% and 40.9% of the capital of CNP Assurances (CNP, A1 IFSR Stable) paid, as part of a capital increase, by allocation of La Poste shares to the State and to CDC; and (ii) the acquisition by CDC, from the State, of an additional stake in La Poste's capital of nearly €1 billion. Pursuant to these transactions, CDC holds 66% of the capital and voting rights in La Poste. At the same date the transfer from La Poste to La Banque Postale (LBP, La Poste's banking subsidiary) of all CNP Assurances shares, received from the State and from the CDC, paid by a capital increase from LBP, led to the creation of a financial conglomerate within La Poste, with LBP now holding 62.1% of CNP's capital. Further, on 30 September 2020, the equity stakes of the French government and LBP in SFIL (75% and 5%, respectively) were also transferred to CDC (with the exception of one ordinary share retained by the French State), reinforcing CDC's role as the main financier of French local and public authorities. CDC is now the ultimate parent of a large public financial conglomerate, concentrating a large amount of the State's strategic investments.

Furthermore, the French government's role in the appointment of CDC's senior management, in its oversight and strategic decisions, are strong evidence of the intrinsic operational and financial ties between CDC and the French State. CDC is a public-sector financial institution ("Etablissement Public") with a specific status (*sui generis*) derived from a law dating from 28 April 1816. Although there is no explicit guarantee on its debt, CDC is not subject to liquidation laws (articles L. 631-2 and L. 640-2 of French Commercial Code), while its creditors have ultimate recourse to the French State (Law 80-539 enacted on 16 July 1980).

**OUTLOOK**

The outlook is stable, in line with the outlook on the rating of the French government. Like other European countries, France is heavily affected by the coronavirus outbreak. Moody's assumes that the pandemic will have a significant, but ultimately transitory impact on France's economy and fiscal metrics.

**FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS**

Upward pressures on the rating of the government of France, and in turn on CDC's, are limited at this stage. While unlikely in the short term, the outlooks could return to positive and the ratings ultimately upgraded if France's fiscal and debt metrics were to improve materially given more significant structural measures on the

State's spending policies.

A downgrade is unlikely, as evidenced by the stable outlook currently assigned to the government of France's, and in turn CDC's, long term ratings. However, both ratings would come under downward pressure if the reforms implemented since 2017 were to be reversed over the coming years with materially negative medium-term implications for growth, or if the unavoidable temporary increase in the budget deficit and debt ratio's trajectory due to the coronavirus outbreak were not corrected again over the coming years. Additionally, should Moody's perceive a weakening in CDC's operational or financial integration with the French State, the long-term ratings could be downgraded.

#### LIST OF AFFECTED RATINGS

Issuer: Caisse Des Depots et Consignations

..Affirmations:

...Long-term Bank Deposits, affirmed Aa2, outlook remains Stable

...Short-term Bank Deposits, affirmed P-1

...Short-term Deposit Note/CD Program, affirmed P-1

...Long-term Issuer Rating, affirmed Aa2, outlook remains Stable

...Senior Unsecured Regular Bond/Debenture, affirmed Aa2, outlook remains Stable

...Senior Unsecured Medium-Term Note Program, affirmed (P)Aa2

...Commercial Paper, affirmed P-1

...Other Short Term, affirmed (P)P-1

..Outlook Action:

...Outlook remains Stable

#### PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Government-Related Issuers Methodology published in February 2020 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1186207](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1186207). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

#### REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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