FitchRatings

Public Finance
Government-Related Entities
France

Caisse des Depots et Consignations

Fitch Ratings views Caisse des Depots et Consignations (CDC) as one of the key agencies of the French government. We believe the government has a 'Virtually Certain' incentive to extend its support to CDC, if needed, leading to an equalisation of CDC's ratings with those of the sovereign (AA-/Negative). The October 2024 revision of the Outlook on CDC to Negative, from Stable, reflects the revision of the Outlook to Negative on France's rating.

Key Rating Drivers

Support Score Assessment – 'Virtually Certain'

We view extraordinary support from the French government to CDC as 'Virtually Certain', as underlined by a maximum support score of 60 under Fitch's *Government-Related Entities (GRE) Rating Criteria*. This reflects a combination of our assessment of the government's responsibility and incentives to provide support, as shown below.

Responsibility to Support: CDC is the only public agency (etablissement public (EP)) in France to have the status of etablissement special. Its status means that if it was dissolved, all its assets and liabilities would be transferred to the French state or to another public entity designated by the state. As an EP, CDC also has access to the state's emergency liquidity support mechanisms. CDC is monitored by the state and is under the supervision of the French parliament. Its chief executive is appointed by the French president for a five-year term.

Incentive to Support: Considering CDC's key role in many aspects of French economic life, Fitch believes there is no potential substitute if CDC were not able to perform its missions, which makes it one of the highest profile entities for the French government. As such, a default of CDC would endanger the continued provision of essential public services, lead to a deep political crisis and have a large impact on the French state's credit standing and on the borrowing capacity of other French GREs, especially EPs.

Operating Performance: CDC had net banking income of EUR3.6 billion in 2023 at the holding level, up 47% year-on-year. This was mostly driven by a stabilisation in rates and a rise in both equity valuations and dividends. The economic environment proved favourable to CDC, after the entity was hit in 2022 by sharp financial market volatility, induced by high inflation, falling economic growth and surging interest rates. CDC's strong performance has been confirmed by its solid 1H24 margins.

Ratings

Foreign Currency

Long-Term IDR	AA-
Short-Term IDR	F1+

Local Currency

Long-Term IDR	AA-
Short-Term IDR	F1+

Outlooks

Long-Term Foreign-Currency IDR	Negative
Long-Term Local-Currency IDR	Negative

Debt Ratings

Senior Unsecured Debt - Long-Term Rating	AA-
Senior Unsecured Debt - Short-Term Rating	F1+

Issuer Profile Summary

CDC is mandated to perform public interest missions, such as the financing of social housing, local and sustainable development and the protection of legal deposits in France. It also manages most of the regulated savings deposits and major public pension schemes.

Financial Data Summary

(EURm)	2022	2023
Interest revenue	10,605	19,523
Net interest income	6,635	7,075
Net profit (loss)	4,217	4,197
Total assets	1,016,608	1,039,793
Total debt	143,730	155,354
Net interest income/ earning assets (%)	0.8	0.8
Long-term debt/total equity and reserves (%)	174.9	175.7

Source: Fitch Ratings, Fitch Solutions, CDC

Applicable Criteria

Government-Related Entities Rating Criteria (July 2024)

Public Policy Revenue-Supported Entities Rating Criteria (January 2024)

Related Research

What Investors Want to Know: The Status of EPs Is not Tantamount to a Guarantee (February 2018)

Supranationals, Subnationals and Agencies Handbook (September 2024)

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Rating Synopsis

Caisse des Depots et Consignations Rating Derivation

		Government LT IDR	GRE LT IDR
Summary			
Government LT IDR	AA-		
GRE Standalone Credit Profile (SCP)	No SCP	AAA	AAA
Support category	Virtually certain	AA+	AA+
Notching expression	Equalised	AA	AA
Single equalisation factor	No	AA-	AA-
GRE LT IDR	AA-	A+	A+
		A	A
GRE Key Risk Factors and Support Score		A-	A-
Responsibility to support	20	BBB+	BBB+
Decision making and oversight	Very Strong	BBB	BBB
Precedents of support	Very Strong	BBB-	BBB-
Incentives to support	40	BB+	BB+
Preservation of government policy role	Very Strong	BB	BB
Contagion risk	Very Strong	BB-	BB-
Support score	60 (max 60)	B+	B+
		B	B
Stylized Notching Guideline Table		B-	B-
Support score	**Notching expression**	CCC+	CCC+
>=45	Equalised	CCC	CCC
35-42.5	Top down - 1	CCC-	CCC-
30-32.5	Top down - 2	CC	CC
20-25	Top down - 3	C	C
<=15	Not ratable	RD	RD
Note: Refer to the GRE criteria for further details		D	D

LT IDR – Long-Term Issuer Default Rating; GRE – Government-related entity
Source: Fitch Ratings

We regard CDC as a GRE of the French state and equalise its ratings with those of the sovereign. This reflects our view that support from the French state is 'Virtually Certain'. The Negative Outlook reflects that on the sovereign.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

A revision of the Outlook on the sovereign to Stable would be reflected in the Outlook on CDC's ratings, all things being equal.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Negative rating action on the sovereign would be reflected on CDC's ratings, all things being equal. A downgrade could also result from a weaker assessment of government's responsibility and incentives to provide support, that leads to a score of below 45 points under our GRE criteria. This could result from the issuer having lower strategic importance to the state, but we regard this to be unlikely to occur.

Issuer Profile

Created in 1816, CDC is a French public entity with a highly protected legal status. It is supervised by the French parliament and acts as a long-term institutional investor. It performs various public interest missions granted by law, such as the financing of infrastructure projects, universities and renewable energy as well as contributing to local and sustainable economic development.

Despite its independent governance, CDC is used by authorities to address market failures and achieve nationally important strategic goals. It is also used to roll out major investment projects. Its strategy is focused on three main pillars: ecological transformation, sovereignty and economic development, and social and regional cohesion. Some of its activities are consolidated, while others are carried out on behalf of the French state and are not consolidated.

Consolidated Activities

Protection of Legal Deposits

CDC is the institutional manager of legal deposits, which comprise more than 20 legally mandated monopolies for the custodianship of specific private funds for protection. CDC centralises and safeguards deposits linked to legal proceedings under the control of specialised public appointees, consignations in cases of disagreement between parties, dormant bank accounts and unclaimed life insurance.

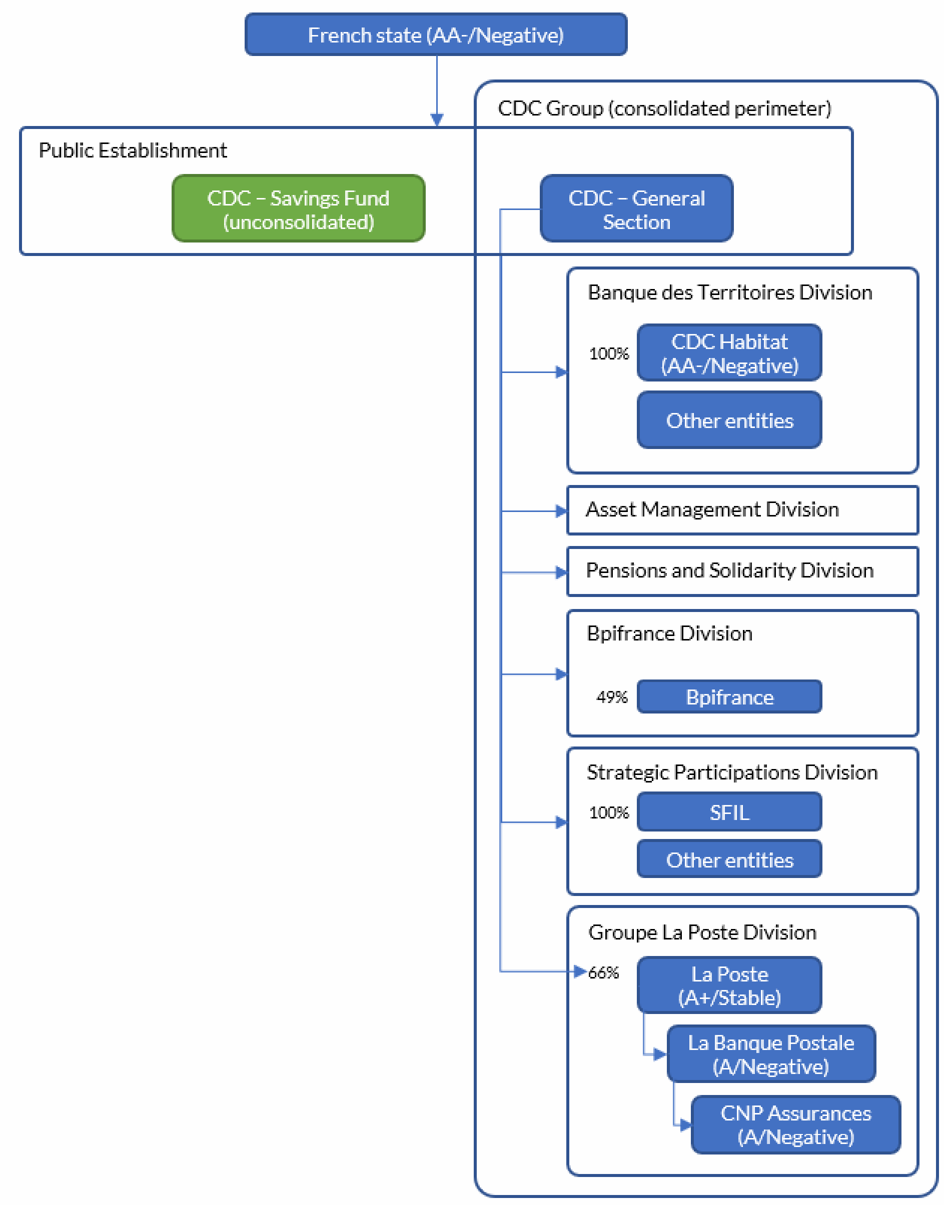
Local Development Long-Term Investments

CDC finances local government projects by providing equity financing for infrastructure, universities, renewable energy and high-broadband network programmes. It also 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.

Social Security Support

CDC acts as the institutional bank of Agence Centrale des Organismes de Securite Sociale (ACOSS) (AA-/Negative), a public agency in charge of the social security scheme's cash operations and the financing of short-term deficits accumulated by social security branches. ACOSS's funding is based on a EUR70 billion NeuCP social programme, a EUR70 billion commercial paper programme and different liquidity instruments provided by CDC.

CDC Organisational Chart



Source: Fitch Ratings

Affiliates and Strategic Shareholdings

CDC group holds shares in several strategic entities in banking and insurance, housing, infrastructure, transportation, energy and the environmental sectors. It is organised around five business units since the 2020 integration of La Poste.

- **La Poste:** CDC owns 66% of La Poste (A+/Stable), which fully owns La Banque Postale S.A. (LBP, A/Negative). CNP Assurance SA (A/Negative), one of France's largest life insurance providers and term creditor insurers, has been owned by LBP since mid-2022. CDC also owns 99.99% of Société de Financement Local (SFIL). SFIL is a financial institution providing funding to French local and regional governments and public hospitals.
- **Banque des Territoires:** Banque des Territoires aims to support social housing as well as local and sustainable development in French territories. It is the intermediary between the Savings Fund, General Section and a few other entities, and public-sector borrowers. Within this business unit, CDC fully owns Services, Conseil, Expertises et Territoires (SCET), which provides financial engineering and advisory services to local governments and social housing entities. It also fully owns CDC Habitat (AA-/Negative), one of France's largest social housing providers with a portfolio of about 545,000 units at end-2022.
- **Bpifrance:** CDC owns an equal 49% shareholdings in Bpifrance (senior unsecured rating: AA-) with state-owned EPIC Bpifrance (AA-/Negative). Bpifrance is a development bank that facilitates the efficient provision of funding for technological innovation, SMEs and mid-cap companies.
- **Strategic Shareholdings:** CDC held majority stakes in a number of real-estate and tourism entities as of end-2023; notably ICADE (39%), Compagnie des Alpes (41%) and Transdev (66%). It also holds a 30% indirect share of Réseau de Transport d'Électricité, France's transmission system operator, through Coentreprise de Transport d'électricité S.A, and 34% of Egis's capital, after reducing its share in 2022. CDC's key transactions in 2023 included the sale of Viaduc de Millau, a large French bridge in Tarn valley, the continued increase of its stake in Euroclear Holding SA/NV (AA/Stable) to around 11% and the settlement of its acquisition of French retirement home provider, Orpéa, in which it has a stake of slightly more than 50% alongside CNP Assurances, MAIF and MACSF.
- **Asset Management:** CDC acts as an institutional investor through its asset management division. Its role is to generate returns and guide companies towards better governance and a more environmentally friendly business approach. It is the fourth-largest institutional investor in France and holds minority stakes in most large and medium-sized French companies.

Non-Consolidated Activities

Management of Saving Funds

CDC acts as the custodian and manager of funds collected in tax-exempt savings deposits by French banks, mainly Livret A. These funds benefit from a full state guarantee. Livret A-backed loans generated by CDC are the main source of funding for the French social housing sector. Deposits reached EUR415 billion in 2023, from EUR375 billion in 2022, with an annual average growth rate of 8.3% since 2017. Deposit growth remained strong in 2023, despite the 3% rate cap until February 2025 due to a period of high inflation, which reached 4.9% in France.

Administration of Retirement Schemes

CDC administers a large number of public retirement schemes, covering over one in five retirees; it had about 7.4 million contributors and 4.1 million pensioners as of November 2023, which represented EUR63 billion of contributions and EUR60 billion of pensions paid. 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 to be breakeven and is not a profit centre for CDC.

Management of "My Training Account"

"My Training Account" is an online platform created by the Ministry of Labour to offer French workers with access to training to help them remain competitive in the job market. CDC manages this platform on behalf of the French state. It had around 39 million individual registered accounts as of end-2023.

Support Rating Factors

Summary

Responsibility to support		Incentives to support			
Decision making and oversight	Precedents of support	Preservation of government policy role	Contagion risk	Support score	Support category
Very Strong	Very Strong	Very Strong	Very Strong	60 (max 60)	Virtually Certain

Source: Fitch Ratings

Decision Making and Oversight

CDC is the only EP in France to have the status of etablissement special. It is closely monitored by the state and supervised by the French parliament. Its chief executive is appointed by the French president for a five-year term and most of its supervisory board are members of parliament or are appointed by it. CDC's legal status is defined by the monetary and financial code and can only be modified by law. CDC is supervised by the French banking regulator (ACPR) under a framework that considers its specificities.

CDC's supervisory board became a deliberative body with strengthened prerogatives on its strategic positioning and subsidiaries, the execution of its public-interest mandates, investment strategy and financial position after the 2019 implementation of the Plan d'Action pour la Croissance et la Transformation des Entreprises law.

Precedents of Support

CDC's special status means that in the event of dissolution, all its assets and liabilities would be transferred to the state or to another public entity designated by the state. There are precedents for this support mechanism in France. As an EP, CDC also has access to the state's emergency liquidity support mechanisms, including emergency loans and the purchase by the French treasury of its long-term bonds or short-term notes issued through its General Section.

One of CDC's key mandates under its Saving Fund division is to centralise, hold in custody and manage the funds collected in tax-exempt savings deposits by French banks, notably Livret A. These funds benefit from a full, unconditional and irrevocable state guarantee, while the loans granted to social housing providers are largely guaranteed by French local and regional governments.

We see no risk of state support being considered as an illegal state aid, driven CDC's core activities, and believe there is no legal or regulatory restriction on the government providing support.

Preservation of Government Policy Role

We believe a default of CDC would endanger the continued provision of essential public services and lead to a deep political crisis. These services include the administration of public pension schemes, the management of unclaimed accounts held by French banks, the protection of legal deposits and the management of regulatory deposits. CDC also undertakes major public investment projects. It is the institutional bank of ACOSS, the French social security agency. We see no substitute for CDC, given its key role in many aspects of French economic life that makes it one of the government's highest-profile GREs.

CDC also holds strategic subsidiaries whose default would have significant political implications for the state, including Bpifrance, the government arm for financing French SMEs and guaranteeing export finance contracts, La Poste, the French postal operator, and SFIL, the public development bank for French local and regional governments and public hospitals. With total assets of around 40% of France's GDP at end-2022, CDC remains an essential component of the country's economic environment. Its default would also disrupt social housing financing and pension fund management.

Contagion Risk

We believe a financial default by CDC would have a large impact on the state's credit standing and on the borrowing capacity of other French GREs, especially Eps, as it would erode investor confidence in the state's willingness to support its entities.

CDC is a large and regular issuer on the national and international markets. It aims to issue EUR3 billion-4 billion of notes a year. Of these, it aims to have at least EUR500 million a year of new sustainability bonds, making it an important issuer of ESG financing. The size of the programme and the role CDC plays for its government make it a reference public-sector issuer for financial markets.

Operating Performance

Rate Stabilisation, Lower Volatility Drive Performance

The economic environment greatly improved in 2023 as rates stabilised and financial market volatility fell. This led to a sharp increase in equity valuations, combined with record dividend payouts. At the holding level (General Section), CDC had net banking income of EUR3.6 billion in 2023, up 47% year-on-year, driven by rising equity valuations and dividends. The net interest income of EUR648 million was steady from the 2022 level of EUR655 million, which was low relative to the historical average. However, the interest margin structure shifted from 2022, with interest income more than doubling to EUR4.7 billion alongside the interest expense of EUR4.1 billion, reflecting the rise in rates.

Operating expenses rose by 21% in 2023, mostly linked to higher staff costs. However, this did not hamper the significant growth in revenue, leading to an all-time high operating income of EUR2.8 billion, up 58% year-on-year. The cost of risk rose slightly to EUR18 million, with steady risk exposure after a volatile few years that were marked by large-scale provisioning.

General Section net income remained stable at EUR2.2 billion, as 2022 benefitted from both large-scale asset sales, at EUR611 million of non-operating revenue, and lower taxes. Excluding this non-operating revenue, the General Section of the CDC's net income would have been up by around 40%. At the consolidated level, net income remained steady at around EUR4.2 billion in 2023.

Capital Structure Remains Strong

As a pubic law entity, CDC does not have share capital: its equity consists of reserves accumulated over the years. CDC's capital structure remains strong. Its equity-to-assets ratio remained stable in 2023 at 6.8%, driven by a continued strong increase in regulated savings, which were up by 10.6% year-on-year. Most new deposits are driven by the Livret A savings account. It has recently attracted further savings, as the rate is fixed at 3% until February 2025, outperforming the current rate of inflation.

These legal deposits are CDC's main source of funds as part of its custodian role: they include deposits from notaries and other legal professions, as well as unclaimed bank accounts and life insurance funds. The notaries' deposits are closely correlated to the performance of the real-estate market. As such, they began to decline sharply from the end of 2022 as the number of real-estate transactions slowed drastically amid rising rates and historically high house prices. The decline in the real estate market was comparable to that in 2008-2009 and so far, there has been a sign of a recovery.

Deposits from notaries have been remunerated at a rate of 0.3% per year since 2019. CDC has no legal requirement to change the rate. While deposits were expensive in a low rate environment, they are now a cheap source of funding, which can be arbitraged with safe and liquid investments, such as French government bonds.

At the consolidated level, the capital structure remains in line with that of prior years.

CDC - General Section (holding)

Profit & loss account

(EURm)	2022	2023
Interest revenue	2,171	4,716
Interest expenditure	-1,516	-4,068
Net interest income	**655**	**648**
Other operating income, including dividends	1,756	2,912
Net banking income	**2,411**	**3,560**
Operating expenses	-647	-777
Net operating income	**1,764**	**2,783**
Cost of risk	-3	-18
Other non-operating income and taxes	412	-584
Net income, group's share	**2,173**	**2,181**

Source : Fitch Ratings, Caisse des Depots et Consignations

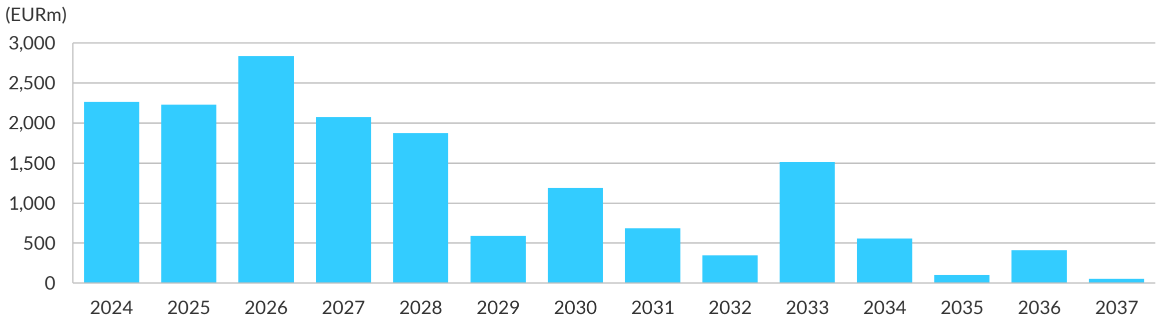
Debt and Liquidity Analysis

CDC has good access to long-term funding in capital markets. Its EMTN programme was increased to EUR25 billion in 2023, from EUR18.5 billion. Outstanding debt under its EMTN programme was around EUR17 billion at end-2022. CDC also has a EUR1.5 billion NeuMTN programme. CDC issues on average EUR3 billion-4 billion of notes a year, split between euro, US dollar and other currencies. Of this, it aims to have at least EUR500 million in new sustainability bonds per year.

CDC benefits from ample liquidity on its balance sheet in case of disruption to the commercial paper market, with EUR44 billion of cash and cash equivalents at end-2023. Liquidity is also enhanced by CDC's large amount of liquid assets, including a large-cap equity portfolio and the option to mobilise its bond portfolio in extreme circumstances.

The off-balance-sheet commitments of the consolidated CDC group fell slightly to EUR141 billion at end-2023. These were mostly issued guarantees and committed credit facilities in favour of banks and other third parties, most of which were aimed at SFIL and La Poste group. A key portion of these guarantees specifically stem from La Banque Postale's commitments to Credit Logement to maintain its equity ratios in line with solvency requirements. Credit Logement is a financial institution specialising in mortgage guarantees, co-owned by French banks. Fitch does not view these guarantees as an inherent financial risk to CDC, as they are provided to safe and reputable institutions.

Debt Maturity Profile



Source : Fitch Ratings, Caisse des Depots et Consignations

Debt Ratings

The ratings of CDC's EMTN, Neu MTN, Neu and global commercial paper programmes are equalised with its IDRs.

Peer Analysis

Peers

	Government	Government Long-Term IDR	Outlook	GRE Score	Support category	Notching expression	Issuer Long-Term IDR	Outlook
Caisse des Depots et Consignations	**France**	**AA-**	**Negative**	**60**	**Virtually Certain**	**Equalised**	**AA-**	**Negative**
Agence Centrale des Organismes de Securite Sociale (ACOSS)	France	AA-	Negative	60	Virtually Certain	Equalised	AA-	Negative
Agence Française de Developpement	France	AA-	Negative	50	Virtually Certain	Equalised	AA-	Negative
Cassa Depositi e Prestiti SpA	Italy	BBB	Positive	55	Virtually Certain	Equalised	BBB	Positive
EPIC Bpifrance	France	AA-	Negative	50	Virtually Certain	Equalised	AA-	Negative
Unedic	France	AA-	Negative	60	Virtually Certain	Equalised	AA-	Negative

Source : Fitch Ratings

CDC compares well with other French state operators, whose ratings are equalised with those of the sovereign. ACOSS, Agence Francaise de Developpement, and EPIC Bpifrance are also EPs. The Negative Outlook on their ratings reflect that on the French state rating.

Internationally, CDC compares well with Cassa Depositi e Prestiti in Italy, which issues retail savings products and holds stakes in strategic companies. Its ratings are equalised with those of the Italian sovereign.

ESG Considerations

CDC's ESG Relevance profile is derived from its parent. ESG relevance scores and commentary for the parent – France – can be found here.

Appendix A: Financial Data

Caisse des Depots et Consignations

(EURm)	2019	2020	2021	2022	2023
Income Statement					
Interest revenue	1,406	3,903	7,283	10,605	19,523
Interest expenditure	-1,116	-639	-2,850	-3,970	-12,448
Net interest income	290	3,264	4,433	6,635	7,075
Net fees and commissions	-16	-1,231	-1,347	1,848	1,997
Other operating income	10,363	33,160	42,237	33,991	35,542
Personal expenses	-5,910	-16,314	-18,477	-17,592	-18,899
Other operating expenses	-2,875	-18,232	-21,302	-22,206	-22,295
Net gains and losses on securities and trading	0	0	0	0	0
Net operating income (loss)	1,852	647	5,544	2,676	3,420
Provisions	-37	-986	-283	-330	-262
Other non-operating items	1,074	1,825	1,146	1,427	2,136
Transfers and grants from public sector	0	0	0	0	0
Taxation	-526	-1,076	-1,011	444	-1,097
Net profit (loss)	2,363	410	5,396	4,217	4,197
Balance Sheet					
Assets					
Cash and cash equivalents	3,263	20,518	76,041	42,974	44,193
Liquid securities	46,988	487,522	521,585	475,687	490,533
Deposits with banks	0	0	0	0	0
Loans	19,337	321,567	278,764	302,414	302,892
Other earning assets	24,520	18,733	23,406	25,423	27,531
Long term Investments	55,708	75,401	68,340	92,806	97,319
Fixed assets	4,339	13,969	15,227	14,873	15,916
Intangible assets	1,926	7,848	8,168	8,289	9,838
Other long-term assets	24,547	69,486	75,139	54,142	51,571
Total assets	180,628	1,015,044	1,066,670	1,016,608	1,039,793
Liabilities & equity					
Customer deposits	71,546	310,674	319,639	311,489	316,199
Deposits from banks	11,869	29,667	30,871	34,733	25,250
Short-term borrowing	19,023	22,610	21,347	30,715	31,257
Other short-term liabilities	0	14,265	11,999	15,280	14,335
Debt maturing after one year	14,550	116,236	121,356	113,015	124,097
Other long-term funding	0	0	0	0	0
Other provisions and reserves	1,298	386,841	421,039	370,742	384,466
Other long-term liabilities	16,778	73,310	70,608	76,020	73,538
Share capital	33,109	33,597	37,100	39,848	42,145
Reserves and retained earnings	12,455	27,844	32,711	24,766	28,506
Equity and reserves	45,564	61,441	69,811	64,614	70,651
Total liabilities and equity	180,628	1,015,044	1,066,670	1,016,608	1,039,793
Memo:					
Guarantees and other contingent liabilities	53,922	260,194	151,367	151,586	140,990

Source: Fitch Ratings, Fitch Solutions, Caisse des Depots et Consignations

Appendix B: Financial Ratios

Caisse des Depots et Consignations

(%)	2019	2020	2021	2022	2023
Performance					
Interest revenue on loans/loans	0.4	0.4	1.3	1.6	3.4
Interest expense/borrowings and deposits	1.0	0.1	0.6	0.8	2.5
Net interest income/earning assets	0.3	0.4	0.5	0.8	0.8
Net operating income/net interest income and other operating revenue	17.4	1.8	12.2	6.3	7.7
Net operating income/equity and reserves	4.1	1.1	7.9	4.1	4.8
Net operating income/total assets	1.0	0.1	0.5	0.3	0.3
Credit Portfolio					
Growth of total assets	10.8	462.0	5.1	-4.7	2.3
Growth of loans	30.0	1,527.2	-13.2	8.4	0.3
Impaired loans/total loans	1.6	0.2	0.2	0.1	0.1
Reserves for impaired loans/impaired loans	191.4	540.9	564.5	876.0	1,023.5
Loan impairment charges/loans	0.1	0.3	0.1	0.1	0.1
Debt and Liquidity					
Long-term debt/total equity and reserves	32	189	174	175	176
Liquid assets/total assets	27.8	50.1	56.0	51.0	51.4
Total deposits and debt/total assets	64.8	47.2	46.2	48.2	47.8
Liquid assets/short-term deposits and borrowing	55.8	152.5	175.3	151.6	153.9
Capitalization					
Equity and reserves/total assets	25.2	6.1	6.5	6.4	6.8
Profit after tax/total equity and reserves	5.2	0.7	7.7	6.5	5.9
Loans/equity and reserves	43.8	527.9	403.2	472.3	433.1

Source: Fitch Ratings, Fitch Solutions, Caisse des Depots et Consignations

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.