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Research Update:

Agence Francaise de Developpement Downgraded To 'AA+' On Similar Sovereign Rating Action; Outlook Negative

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Overview

- On Jan. 13, 2012, we lowered our unsolicited long-term sovereign credit rating on the Republic of France to 'AA+' from 'AAA'.
- The ratings on French state-owned Agence Francaise de Developpement (AFD) are equalized with those on the Republic of France, owing to our view of an "almost certain" likelihood of timely and sufficient extraordinary government support for AFD.
- Consequently, we are lowering our long-term ratings on AFD to 'AA+' from 'AAA' and removing them from CreditWatch negative. We are affirming the 'A-1+' short-term rating.
- The negative outlook on AFD reflects that on the Republic of France.

Rating Action

On Jan. 17, 2012, Standard & Poor's Ratings Services lowered its long-term issuer credit ratings on France-based Agence Francaise de Developpement (AFD) to 'AA+' from 'AAA'. At the same time, we removed the ratings from CreditWatch, where they were placed with negative implications on Dec. 7, 2011. The outlook is negative.

We have affirmed our 'A-1+' short-term issuer credit rating on AFD.

Rationale

The downgrade on AFD follows a similar action on the Republic of France (unsolicited ratings AA+/Negative/A-1+) on Jan. 13, 2012. In accordance with our criteria for government-related entities, we believe that there is an "almost certain" likelihood that AFD would receive timely and sufficient extraordinary support from the French government in the event of financial distress. As a result, the ratings on AFD are equalized with those on the Republic of France.

Our opinion of an "almost certain" likelihood of support reflects our view of AFD's:

- "Critical" role through its public policy mandate; and
- "Integral" link with the French government, its owner.

Outlook

The negative outlook reflects that on the Republic of France.

Related Criteria And Research

All articles listed below are available on RatingsDirect on the Global Credit Portal, unless otherwise stated.

- France's Unsolicited Long-Term Ratings Lowered To 'AA+'; Outlook Negative, Jan. 13, 2012
- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010

Ratings List

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
Agence Francaise de Developpement Sovereign Credit Rating	AA+/Negative/A-1+	AAA/Watch Neg/A-1+
Certificate Of Deposit	AA+/A-1+	AAA/Watch Neg/A-1+

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Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

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