

EUROFIMA Outlook Revised To Negative On Potentially Weaker Market Access; 'AA+/A-1+' Ratings Affirmed

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- EUROFIMA's proposed amendments to its statutes could differentiate levels of shareholder support between holders of its existing and future debt issues.
- This makes EUROFIRMA more reliant on continued strong funding and liquidity positions to maintain the rating.
- We are revising our outlook on EUROFIMA to negative and affirming our 'AA+/A-1+' long- and short-term issuer credit ratings.
- The negative outlook reflects our view that we could lower the ratings on EUROFIMA over the coming 24 months if we observe weaker market access, which could deteriorate our current funding and liquidity assessment.

LONDON (S&P Global Ratings) June 4, 2018--S&P Global Ratings said today it revised its outlook on the ratings on EUROFIMA to negative from stable. At the same time, we affirmed the 'AA+/A-1+' long- and short-term issuer credit ratings.

The outlook revision reflects our view that we could lower the ratings on EUROFIMA within the next two years if its financial profile weakens as a result of possibly weaker market access. We could lower the ratings if the implementation of the proposed amendments on its statutes disrupted EUROFIMA's funding in the market.

The negative outlook reflects the risk of a one-notch downgrade in the next

two years if EUROFIMA's financial indicators slip, access to funding is disrupted under the new bonds terms and conditions, or its lending portfolio shrinks beyond our estimations, pointing to a weaker role and weaker public policy mandate. We also assume that after the proposed amendments on its statutes, the new shareholders will finance a meaningful part of their rolling stock with EUROFIMA to counterbalance the reduction among current shareholder borrowings.

We could revise the outlook to stable if the implementation of statute changes enables EUROFIMA to broaden its shareholder base and offset the reduction in borrowings by historical shareholders while the company maintains strong market access.

RELATED CRITERIA

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Governments - General: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology, Nov. 26, 2012
- Criteria - Financial Institutions - Banks: Multilateral Lending Institutions Capital Methodology And Assumptions, Dec. 6, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

RELATED RESEARCH

- Sovereign Ratings History, May 7, 2018
- How Brexit Could Impact Ratings On Supranational Institutions, April 10, 2017
- 2016 Annual Sovereign Default Study And Rating Transitions, April 3, 2017
- Supranationals Special Edition 2017: Comparative Data For Multilateral Lending Institutions, Oct. 20, 2017
- How Much Can Multilateral Lending Institutions Up The Ante?, April 12, 2016
- The Heat Is On: How Climate Change Can Impact Sovereign Ratings, Nov. 25, 2015
- How An Erosion Of Preferred Creditor Treatment Could Lead To Lower Ratings On Multilateral Lending Institutions, Aug. 26, 2013

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