

**RATING ACTION COMMENTARY****Fitch Affirms Region of Ile-de-France at 'A+'; Outlook Stable**

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Fitch Ratings - Paris - 24 Oct 2025: Fitch Ratings has affirmed the Region of Ile-de-France's Long-Term Foreign-and-Local-Currency Issuer Default Ratings (IDRs) at 'A+' with Stable Outlook. A full list of rating actions is below.

Ile-de-France's IDRs reflect its 'aa' Standalone Credit Profile (SCP) and a sovereign cap (France; A+/Stable). We have revised the region's SCP to 'aa' from 'aa+' as its payback ratio is now in the middle of the 'aa' category, at over 6x by 2029 under our rating case.

**KEY RATING DRIVERS**

The 'aa' SCP reflects the combination of a 'High Midrange' risk profile and a financial profile in the middle of the 'aa' category.

**Risk Profile: 'High Midrange'**

Ile-de-France's 'High Midrange' risk profile reflects the combination of 'Stronger' and 'Midrange' assessments of six key risk factors, as outlined below.

**Revenue Robustness: 'Stronger'**

Ile-de-France has stable revenues and solid growth prospects. Operating revenue mostly comprises growing and predictable taxes, especially VAT (43% of operating revenue in 2024), which has historically been resilient. It also includes stable resources from the state with moderate counterparty risk, including transfers and fuel tax proceeds (totalling 36% of operating revenue in 2024). Vehicle registration fees (10%) are a less robust revenue source as they are linked to a specific market.

**Revenue Adjustability: 'Midrange'**

Ile-de-France's rate-setting power is limited to vehicle registration fees. An increase in the tax rate to EUR60 (the legal maximum for French regions) from EUR54.95 would

have raised total revenue by close to 1% in 2024, covering more than 50% of a Fitch-estimated 1.5% revenue decline in an economic downturn. Unlike other regions, Ile-de-France cannot introduce a transport levy as this tax is already collected in the region by Ile-de-France Mobilites (IDFM, A+/Stable).

### **Expenditure Sustainability: 'Stronger'**

Ile-de-France's responsibilities mainly include non-cyclical expenditure that is unlikely to increase in an economic downturn (planned investments, transportation and secondary education). It has a strong record of operating expenditure restraint, which we expect to continue. In 2022 and 2023, opex increased faster than revenue (8% versus 6% in 2022 and 11% versus 9% in 2023), due to exceptional, high inflation and energy costs in 2022-2023. In 2024, the region managed to contain opex growth by limiting non-mandatory expenses, leading to a 0.2% decline in opex, compared with a 3% increase in operating revenue.

### **Expenditure Adjustability: 'Midrange'**

Ile-de-France's opex mainly comprises mandatory transfers related to transport (30% in 2024), vocational training and secondary education (53%). Staff costs (18%) are also a rigid expense as most of the region's employees are civil servants. The region retains flexibility to lower or postpone capex, given high capex (43% of total spending in 2024), mostly for transportation and high schools, but this is limited by the region's high capex needs. Overall, we estimate the share of inflexible expenditure at 70%-90%.

### **Liabilities and Liquidity Robustness: 'Stronger'**

Ile-de-France's liabilities carry little risk. At end-2024, close to 99% of its debt was fixed-rate and 100% was deemed risk-free under national regulation (Gissler Charter - 1A). Debt service is well-covered by the region's operating balance (2024: 1.7x) and the share of short-term debt was low (1%). The region's debt amortisation schedule peaks in 2034, but this is mitigated by coverage with the region's operating balance.

Off-balance-sheet liabilities mostly relate to IDFM, a public-sector entity in charge of public transport in the region. IDFM is a public establishment (*établissement public*) created by the French state, which is responsible for its debt. However, the region has 51% of the seats on the company's board of directors and has agreed to increase its transfers to IDFM following the high inflation of 2022-2023.

### **Liabilities and Liquidity Flexibility: 'Midrange'**

Fitch views the framework for emergency liquidity support from the state as 'Midrange', given the sovereign's rating in the 'A' category. This reflects cash pooling with liquidity from local and regional governments (LRGs) deposited at the national Treasury. French LRGs may benefit from the transfer of tax proceeds in advance from the state in a liquidity shortfall. Ile-de-France has strong access to liquidity in various forms, including via institutional lenders, such as Caisse des Depots et Consignations (A+/Stable). As of October 2025, it had two undrawn committed credit lines for a total of EUR200 million with banks rated in the 'A' category.

### **Financial Profile: 'aa category'**

Our rating case expects the region's payback ratio (net adjusted debt/operating balance) to be between 6x and 6.5x by 2028-2029 (2024: 5.5x), the coverage ratio (Fitch's synthetic calculation) to be 1.9x by 2029 and the fiscal debt burden to be close to 200%.

Under our rating case, we expect the region's operating balance to be EUR1.3 billion-1.35 billion in 2025-2029. The operating balance will mainly be supported by stringent cost control and savings on non-mandatory transfers. The region's operating balance will be under pressure from rising personnel costs, including additional pension charges, and a planned increase in transfers to IDFM. We expect VAT proceeds to be stable in 2026.

In our rating case, the region's self-financing capacity (current balance + capital revenue/capex) will average 84% in 2025-2029. We therefore expect net adjusted debt to rise to close to EUR8.7 billion at end-2029 (end-2024: EUR6.9 billion) as the region continues to implement a large capex programme of more than EUR2 billion a year on average in 2025-2029.

### **Short-Term Ratings**

The 'F1+' Short-Term IDR reflects 'Stronger' liabilities and liquidity robustness, 'Midrange' liabilities and liquidity flexibility and liquidity coverage above 1.8x in 2025 and 2026 under our rating case.

### **Debt Ratings**

Ile-de-France's European medium-term note (EMTN) programme, EUR1 billion Neu commercial paper programme and all its senior unsecured debt ratings are in line with its IDRs.

### **PEER ANALYSIS**

The region compares well with Region of Occitanie (A+/Stable), which also has an 'aa' SCP and a payback ratio below 7.5x under our rating case. Ile-de-France has a higher SCP than Region of Nouvelle Aquitaine's 'aa-' SCP (A+/Stable) due to its lower payback ratio in our rating case. Ile-de-France's SCP is lower than Region of Bretagne's 'aa+' SCP (A+/Stable) due to its higher payback in our rating case.

## **Issuer Profile**

Ile-de France is France's main political and economic centre and one of the wealthiest regions in the European Union (AAA/Stable). It represents 19% of the national population but accounts for more than 30% of national GDP.

## **KEY ASSUMPTIONS**

Qualitative assumptions:

**Risk Profile: 'High Midrange'**

**Revenue Robustness: 'Stronger'**

**Revenue Adjustability: 'Midrange'**

**Expenditure Sustainability: 'Stronger'**

**Expenditure Adjustability: 'Midrange'**

**Liabilities and Liquidity Robustness: 'Stronger'**

**Liabilities and Liquidity Flexibility: 'Midrange'**

**Financial Profile: 'aa'**

**Asymmetric Risk: 'N/A'**

**Support (Budget Loans): 'N/A'**

**Support (Ad Hoc): 'N/A'**

**Rating Cap (LT IDR): 'A+'**

**Rating Cap (LT LC IDR) 'A+'**

**Rating Floor: 'N/A'**

## Quantitative assumptions - Issuer Specific

Fitch's rating case is a "through-the-cycle" scenario, which incorporates a combination of revenue, cost and financial risk stresses. It is based on 2020-2024 published figures and 2025-2029 projected ratios. The key assumptions for the scenario include:

- On average 0.2% increase a year in operating revenue, mostly driven by expected growth in VAT from 2027, but weighed down by an expected gradual decline in transfers received
- On average 0.3% decline a year in opex, as expected cost savings offset additional pension charges and growth in IDFM transfers
- Capital balance close to a negative EUR1.5 billion on average a year, reflecting Ile-de-France's investment plan and an execution rate of 95% in 2026-2027
- Average cost of debt of 2.5%, factoring in the region's high share of fixed-rate debt (close to 99% at end-2024) and a fixed 3.4% rate on new borrowings from 2025

We have not taken into account the 2026 Draft Budget Law measures in our scenario as we believe that they are still subject to change.

## RATING SENSITIVITIES

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

Deterioration of the payback to above 10.5x on a sustained basis in our rating case could lead to a downgrade. A downgrade of the sovereign would also be reflected in the region's ratings.

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

An upgrade of France would be reflected in the ratings, all else being equal.

## ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

Summary of Financial Adjustments

Fitch considers the transfers from the region to offset the amount of VAT proceeds it receives as pass-through revenue (EUR1,401 million in 2024). In 2024, this included a transfer from the region to its departments to compensate for the end of the corporate VAT receipts as of 2017, and equalisation transfer (fonds de la solidarité régionale).

DISCUSSION NOTE

Committee date: 22 October 2025

There was an appropriate quorum at the committee and the members confirmed that they were free from recusal. It was agreed that the data was sufficiently robust relative to its materiality. During the committee no material issues were raised that were not in the original committee package. The main rating factors under the relevant criteria were discussed by the committee members. The rating decision as discussed in this rating action commentary reflects the committee discussion.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

The region's ratings are capped by those of France (A+/Stable).

References for Substantially Material Source Cited as Key Driver Rating

The principal sources of information used in the analysis are described in the Applicable Criteria.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			PRIOR ⚡
Ile-de-France, Region of	LT IDR	A+ Rating Outlook Stable		A+ Rating Outlook Stable
	Affirmed			
	ST IDR	F1+	Affirmed	F1+
	LC LT IDR	A+ Rating Outlook Stable		A+ Rating Outlook Stable
	Affirmed			

	LC ST IDR		F1+	Affirmed	F1+
senior unsecured	LT	A+	Affirmed		A+
senior unsecured	ST	F1+	Affirmed		F1+

[VIEW ADDITIONAL RATING DETAILS](#)

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## APPLICABLE CRITERIA

[International Local and Regional Governments Rating Criteria \(pub. 17 Aug 2024\)](#)  
(including rating assumption sensitivity)

## ADDITIONAL DISCLOSURES

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Ile-de-France, Region of

EU Issued, UK Endorsed

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