S&P Global
Ratings

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Research Update:

DRAFT: Pays de la Loire Ratings Lowered To 'A+/A-1' After Similar Action On France; Outlook Stable

October 20, 2025

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Overview

- On Oct. 10, 2025, S&P Global Ratings lowered its unsolicited long- and short-term sovereign credit ratings on France to 'A+/A-1' from 'AA-/A-1+'. The outlook on the long-term rating is stable.
- The close links between the central government and French local and regional governments (LRGs) mean that we continue to cap our ratings on Pays de la Loire at the level of our sovereign ratings on France.
- We therefore lowered our long- and short-term issuer credit ratings on Pays de la Loire to 'A+/A-1' from 'AA-/A-1+' and assigned a stable outlook, mirroring that on our long-term rating on France.

Rating Action

On Oct. 21, 2025, S&P Global Ratings lowered its long- and short-term issuer credit ratings on Pays de la Loire to 'A+/A-1' from 'AA-/A-1+'. The outlook on the long-term rating is stable.

As a "sovereign rating" (as defined in EU CRA Regulation 1060/2009 "EU CRA Regulation"), the ratings on the Region of Pays de la Loire are subject to certain publication restrictions set out in Art. 8a of the EU CRA Regulation, including publication in accordance with a pre-established calendar (see "Calendar Of 2025 EMEA Sovereign, Regional, And Local Government Rating Publication Dates: Midyear Update," July 2, 2025). Under the EU CRA Regulation, deviations from the announced calendar are allowed only in limited circumstances and must be accompanied by a detailed explanation of the reasons for the deviation. In this case, the reason for the deviation is the lowering of our unsolicited sovereign ratings on France.

Outlook

The stable outlook on Pays de la Loire mirrors that on France, since we cap our ratings on the region at the sovereign credit rating.

Downside scenario

We would lower our ratings on Pays de la Loire following a similar rating action on France.

Upside scenario

We would raise our ratings on Pays de la Loire if we took a similar rating action on France.

Rationale

The rating action follows a similar action on France (see "Research Update: France Ratings Lowered To 'A+/A-1' From 'AA-/A-1+' On Heightened Risks To Budgetary Consolidation; Outlook Stable," Oct. 17, 2025). In accordance with our criteria for rating non-U.S. LRGs and their related sovereigns, we generally cap the long-term rating on an LRG at the level of that on its respective sovereign.

We do not think that the institutional and financial framework for French LRGs allows any of them to be rated above the sovereign. In particular, we view French LRGs' autonomy as limited by their revenue's dependence on transfers or shared taxes from the sovereign, and above all by their incapacity to collect their main tax proceeds, which is the sovereign's prerogative. French LRGs do not control their cash surplus, which they have to deposit in a non-interest-bearing account at the French treasury. As a result, we consider that our credit ratings on Pays de la Loire cannot be higher than those on the sovereign.

In our view, Pays de la Loire's budgetary performance will be weakened by lower-than-expected value-added tax receipts resulting from the state's 2025 budget measures. Although current national political situation add uncertainty to the 2026 state budget law measures, we expect LRGs to continue supporting public finance consolidation efforts. Overall, we anticipate Pays de la Loire's budgetary performance will modestly recover through 2027 as tax revenue rebounds and the region's €100 million cost savings plan takes effect. The region's core capital expenditure will remain high, with most of its investments dedicated to high schools and the railway sector, translating into a higher debt burden through 2027. Our long-term rating on Pays de la Loire is two notches below our 'aa' assessment of the region's stand-alone credit profile.

Region of Pays de la Loire--Rating component scores

Key rating factors	Scores
Institutional framework	2
Economy	1
Financial management	1
Budgetary performance	2
Liquidity	2
Debt burden	4
Stand-alone credit profile	aa
Issuer credit rating	A+

S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "Methodology For Rating Local And Regional Governments Outside Of The U.S", July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of the economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.

Key Sovereign Statistics

- Research Update: France Ratings Lowered To 'A+/A-1' From 'AA-/A-1+' On Heightened Risks To Budgetary Consolidation; Outlook Stable, Oct. 17, 2025
- Sovereign Risk Indicators, Oct. 17, 2020. An interactive version is available at http://www.spratings.com/sri

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Subnational Government Outlook 2025: France's Local And Regional Government Debt Is On The Rise, Feb. 25, 2025
- Subnational Government Outlook 2025: Anticipating A Year Of Change, Jan. 16, 2025
- Subnational Government Outlook 2025: Developed Markets' Regional Differences Intensify, Jan. 16, 2025
- Institutional Framework Assessment: French Regions, July 29, 2024

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see "Related Criteria"). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Rating Component Scores above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see "Related Criteria").

Ratings List

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.