

Press Release: Neuss, 05 June 2019

Creditreform Rating affirms the French Republic's ratings at AA /stable

Creditreform Rating has affirmed the unsolicited long-term sovereign rating of "AA" for the French Republic. Creditreform Rating has also affirmed France's unsolicited ratings for foreign and local currency senior unsecured long-term debt of "AA". The outlook is stable.

France's sovereign ratings and the related rating outlook were published on 05 June 2019 at 11:30pm CET. According to Creditreform Rating's Sovereign Rating Calendar 2019, the publication was originally scheduled for 31 May 2019. The deviation from the announced publication date is due to the additional information and comments, which were provided by Agence France Trésor (AFT) on Friday, 31 May 2019 at 5:14pm CET, and had to be thoroughly reviewed.

More specifically, Creditreform Rating staff discussed the AFT's additional information and comments on the French government's fiscal policy measures in 2019 and 2020. Furthermore, some statistical figures had to be reedited, as the Institut national de la statistique et des études économiques (Insee) had published a national statistical account revision on 29 May 2019, which was not consistently taken into account in the rating report.

AFT was informed of the deviation from the publication date in a timely manner, and took notice of the postponement.

The published rating report represents an updated version, which was augmented in response to the factual remarks of AFT during their review. However, the rating outcome as well as the related outlook remained unchanged.

The French Republic's AA ratings reflect its favorable institutional and macroeconomic performance profile, as well as solid fiscal and external metrics. The key rating drivers are:

1. Very large, wealthy and resilient economy, displaying very high productivity levels; solid GDP growth set to remain in place in 2019/20, supported by purchasing power gains of households and a further decrease in unemployment; while labor markets continue to strengthen, challenges persist
2. Sovereign continues to exhibit a high-quality institutional framework, and benefits from integration in the European Union and the euro area; government has demonstrated its willingness

Contact

Dr. Benjamin Mohr
Head of Sovereign Ratings

Creditreform Rating AG
Hellersbergstraße 11
41460 Neuss
b.mohr@creditreform-rating.de

Creditreform Rating

Objective.
Transparent.
Independent.

Creditreform Rating AG has been registered by ESMA as a European rating agency. We are specialist providers of credit risk assessments and offer our customers a wide range of rating and credit services as well as risk management solutions. Our reports inform investment decisions of global investors and creditors and are also widely used for regulatory purposes. We issue corporate, sovereign, and bank ratings, and evaluate structured finance products. Creditreform Rating is a shareholder of European DataWarehouse GmbH.

www.creditreform-rating.de

to address structural shortcomings, and we expect broad adherence to the enshrined reform path

3. Budget deficit continued to narrow in 2018, driven by expenditure constraint; largely due to one-offs, we expect a temporary rise in the headline deficit this year before budget consolidation should resume in 2020

4. Elevated debt-to-GDP ratio should peak this year but decrease only slowly thereafter; fiscal sustainability risks arising from high spending on age-related expenditures tempered by favorable redemption profile and very favorable refinancing conditions

5. Limited external vulnerabilities stemming from moderately negative current account balance and net international investment position

The rating outlook on France's sovereign ratings is stable, as we assume that the risk situation underlying the key factors affecting sovereign credit risk – including macroeconomic performance, institutional structure, fiscal sustainability, and foreign exposure – will remain fundamentally unchanged in the next twelve months.

Visit www.creditreform-rating.de to read the full rating report, which contains the rating outcome as well as the reasons for the rating decision and the related outlook.