

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit ratings.

French Republic (security code: -)

<Affirmation>

Foreign Currency Long-term Issuer Rating:	AAA
Outlook:	Stable
Local Currency Long-term Issuer Rating:	AAA
Outlook:	Stable

Rationale

- (1) The ratings are supported by the country's diversified and highly developed economic base, the government's promotion of flexible and appropriate policies including structural reforms as well as its response to the COVID-19 pandemic, and stable financial system. The economy largely deteriorated in 2020 due to the impact of the pandemic. However, the infections are now calming down thanks to the government's swift policy responses and the progress on vaccination. The government started gradually easing the outing regulations on May 3, 2021. Moreover, owing to the effects of a large-scale economic package, the economy turned improving after bottoming out in the second quarter of 2020. JCR predicts that the economic growth rate in 2021 will turn positive at around 5%. While the government debt increased significantly due to the expansion of the fiscal deficit left by the implementation of the economic package, JCR holds that the government will be able to return its fiscal deficit again to a declining trend and maintain the debt-GDP ratio at a manageable level in the medium term, given its fiscal management up to the present time and the EU's monitoring system. Based on the above, JCR has kept its credit rating unchanged with a Stable outlook.
- (2) France has a highly developed economic base, with its nominal GDP totaling approximately USD2.7 trillion and a high per capita GDP of about USD45,000 (in ppp terms) in 2020. Its industrial structure is diversified centering on aircraft, automobiles, nuclear power, chemicals and foods. One of the highest fertility rates among developed countries which France achieved through various government measures including household support is expected to underpin the economy's potential growth rate in the future. Meanwhile, the Macron Administration has been pushing ahead with various reform initiatives to resolve structural problems, such as the high unemployment rate and declining export competitiveness, while working to curb expenditures by reforming the labor market, reducing tax and social security burdens of companies and individuals, and promoting investment through tax reforms. The reforms were inevitably delayed as the government prioritized its anti-pandemic measures in 2020. JCR will watch how the administration will address the challenges of expanding public support and promoting structural reforms toward the next presidential election in the spring of 2022.
- (3) The economy was forced to contract 7.9% in 2020 due to the impact of the pandemic. Though another wave of the pandemic needs to be watched, it is expected to return to a positive growth of about 5% in 2021 on the effect of massive economic package and the base effect of the previous year as well as the progress of vaccination. With regard to the financial system, the nonperforming loan ratio at banks stayed low at 2.19% at the end of 2020 with their capital adequacy rate remaining sound at 19.48% at the end of the year. Therefore, banks will be able to manage even when bad loans increase in the future. As for the external position, France has become a net debtor due to its continuing current account deficits. However, the current account deficit-GDP ratio has been kept low. In 2020, the deficit was estimated to have widened due to a fall of exports and reduced service exports stemming from a drop in the number of foreign tourists. However, it is expected to decrease in line with the normalization of the economy in the medium term.
- (4) The general government fiscal deficit (ESA2010) widened to 9.2% of GDP in 2020. As a result, the general government debt (ESA2010) rose to 115.1% of GDP. Under its 2021 budget, the government envisages the budget deficit at 9.0% of GDP due partly to the extension and reinforcement of support against the pandemic. Consequently, the debt-to-GDP ratio is planned to increase to 117.8%. However, as the government plans to reduce the fiscal deficit to GDP ratio

moderately after 2022, JCR holds that it will be possible to keep the debt-to-GDP ratio at a manageable level.

Toshihiko Naito, Yoshihiko Tamura

Rating

Issuer: French Republic

<Affirmation>

Foreign Currency Long-term Issuer Rating: AAA Outlook: Stable
Local Currency Long-term Issuer Rating : AAA Outlook: Stable

Rating Assignment Date: May 28, 2021

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "Sovereign and Public Sector Entities" (November 7, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

The aforementioned credit ratings are unsolicited. Except in cases of a credit rating for a sovereign, JCR indicates affix "p" after a rating symbol to distinguish it from a rating with solicitation. The undisclosed information, which has material influence on the credit rating, was not obtained from the rating stakeholder.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

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INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	French Republic
Rating Publication Date:	June 2, 2021

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Economic Base

The likelihood of a given debt payment is highly conditional to the issuing government's ability to maintain/expand the economic base into the future with maintaining soundness of financial systems.

B) Fiscal Base

The likelihood of a given debt payment is highly correlated to fiscal balance, public debt and other factors of the issuing government's fiscal condition.

C) External Positions

The likelihood of a given debt payment is highly correlated to the liquidity positions which change along with the international balance of payments and the international investment position.

D) Social and Political Bases and Economic Policy

The likelihood of a given debt payment is highly conditional to the social and political stability, effectiveness of economic and monetary policies as well as international economics.

E) Related Parties' Stance of Support/ Assistance for the Government

The likelihood of a given debt payment is affected by the stance of the credit enhancement provider and other related parties with regard to their stance of support/ assistance for the issuing government.

F) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuing government's will, and/ or its rank relative to other debts of the same government in the order of seniority in principal/ interest payment which is determined by design as financial product or by international practice, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.
 - A) Informational and explanatory materials published by the rating stakeholders with regard to the economy and fiscal management policy, etc. of the issuing government
 - B) Statistics and reports published by an independent organization with regard to the economy and fiscal status, etc. of the issuing government

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the publication by the issuer, some independent media etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR does not receive payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Economic Base

The credit rating is subject to alteration if there is an improvement or deterioration of the issuer's economy or financial systems, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

B) Fiscal Base

The credit rating is subject to alteration if the issuer increases/ decreases its fiscal deficit/ surplus and its public debt and thereby makes given debt payment liability less/ more bearable. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

C) External Positions

The credit rating is subject to alteration if there is a change in the issuer's international balance of payments and international investment position and thereby an improvement/ deterioration of its liquidity positions. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Social and Political Bases and Economic Policy

The credit rating is subject to alteration if there is a change in the issuer's social and political conditions or economic/ monetary policies, etc. and thereby an improvement/ deterioration of its economy and fiscal positions. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

E) Related Parties' Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the credit enhancement provider or other related parties with regard to their stance of support/ assistance for the issuing government and thereby an improvement/ deterioration of its economy, fiscal positions and liquidity positions. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

F) Order of Seniority in Debt Payment

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts, due to improvement/ deterioration of the issuer's fiscal condition and/or will. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

G) International Economies

The credit rating is subject to alteration if there is a change in the international economies, commodity or foreign exchange markets, etc. and thereby, through international balance of payments, an improvement/ deterioration in the issuer's fiscal balance or debt payment capacity. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

H) Various Events

The credit rating is subject to alteration on occurrence of various events, such as domestic unrest, war, natural disaster, etc. which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's economy, fiscal positions, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

12

Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

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Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Economic Base

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's economy or financial systems, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's economy or financial systems on some drastic change in environments, etc.

B) Fiscal Base

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's fiscal conditions in terms of annual balance or public debt. The resultant change of the credit rating is most likely by a notch, as

JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's fiscal condition on some drastic change in its economy.

C) External Positions

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions reflecting improvement or deterioration of the international balance of payments and the international investment position. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in the country's economic/ fiscal conditions and financing activities, etc.

D) Social and Political Bases and Economic Policies

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's social and political bases and economic/ monetary policies. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the country's situation changes drastically, making the issuer's social and political bases and economic/monetary policies significantly improved or deteriorated.

E) International Economics

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of the international economies or commodity/ foreign exchange markets, etc. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

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Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Republique Francaise	Issuer(Long-term)(FC)	November 1, 2000	AAA	
Republique Francaise	Issuer(Long-term)(FC)	May 30, 2002	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	June 13, 2002	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	July 16, 2003	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	May 20, 2004	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	June 17, 2005	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	August 28, 2006	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	August 13, 2007	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	September 18, 2008	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	October 1, 2009	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	November 11, 2010	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	January 19, 2012	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	April 26, 2013	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	August 1, 2014	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	September 14, 2015	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	January 26, 2017	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	December 14, 2017	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	October 19, 2018	AAA	Stable
Republique Francaise	Issuer(Long-term)(FC)	June 16, 2020	AAA	Stable
Republique Francaise	Issuer(Long-term)(LC)	November 1, 2000	AAA	
Republique Francaise	Issuer(Long-term)(LC)	May 30, 2002	AAA	Stable
Republique Francaise	Issuer(Long-term)(LC)	June 13, 2002	AAA	Stable
Republique Francaise	Issuer(Long-term)(LC)	July 16, 2003	AAA	Stable
Republique Francaise	Issuer(Long-term)(LC)	May 20, 2004	AAA	Stable
Republique Francaise	Issuer(Long-term)(LC)	June 17, 2005	AAA	Stable
Republique Francaise	Issuer(Long-term)(LC)	August 28, 2006	AAA	Stable
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Republique Francaise	Issuer(Long-term)(LC)	January 19, 2012	AAA	Stable
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Republique Francaise	Issuer(Long-term)(LC)	August 1, 2014	AAA	Stable
Republique Francaise	Issuer(Long-term)(LC)	September 14, 2015	AAA	Stable
Republique Francaise	Issuer(Long-term)(LC)	January 26, 2017	AAA	Stable
Republique Francaise	Issuer(Long-term)(LC)	December 14, 2017	AAA	Stable
Republique Francaise	Issuer(Long-term)(LC)	October 19, 2018	AAA	Stable
Republique Francaise	Issuer(Long-term)(LC)	June 16, 2020	AAA	Stable

Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Toshihiko Naito, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.



Toshihiko Naito
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