



Report on asset quality  
of the cover pool and on outstanding covered bonds  
as of September 30, 2023  
Caisse Française de Financement Local  
(Instruction n° 2022-I-04 of March 9, 2022)

## C.I.B 14 388

In compliance with Instruction No. 2022-I-04 of March 9, 2022, the report on asset quality aims at presenting information on:

- all of the assets comprising the cover pool of Caisse Française de Financement Local, excluding accrued interest the outstanding *obligations foncières*
- the framework for managing interest rate, exchange, liquidity and credit risks.

As of September 30, 2023, Caisse Française de Financement Local's cover pool is made of:

- exposure on public sector entities amounting to EUR 58.2 billion including EUR EUR 54.0 billion of loans (of which EUR 0.9 billion in cash deposits with Banque de France) and EUR 4.2 billion of bonds, and
- exposure on credit institutions (bonds and deposits) amounting to EUR 2.1 billion.

The detail of the cover pool is presented in the table below:

EUR thousands, as of 9/30/2023	Total Outstanding	Assets removed from the cover pool	Total cover pool
Exposures on public sector			
-Loans (except cash deposits with Banque de France)	53,386,637	334,377	53,052,260
-cash deposits with Banque de France	910,877	-	910,877
-Bonds	4,222,539	-	4,222,539
Other exposures: Exposures to credit institutions Bonds, exposures and deposits	2,086,360	-	2,086,360
Collective impairment	- 14,863	-	- 14,863
<b>TOTAL</b>	<b>60,591,549</b>	<b>334,377</b>	<b>60,257,172</b>

As a *société de crédit foncier*, Caisse Française de Financement Local can access the refinancing possibilities offered by the Banque de France to banks. Within the framework of the management of its cover pool and its cash, Caisse Française de Financement Local can thus remove some assets from its cover pool and pledge them to the central bank to obtain funding from tenders organized by the Banque de France. Caisse Française de Financement Local did not use this possibility over the course of the last three years (with the exception of operational access tests, regularly implemented) and no asset has been pledged to the Banque de France as of September 30, 2023.

Some assets held by Caisse Française de Financement Local may also be removed from the cover pool if they become non-eligible, before being sold or matured.

The *obligations foncières* issued by Caisse Française de Financement Local are in line with the eligibility criteria required by the European Central Bank for refinancing and also comply with the covered bond directive and the CRR/CRD IV regulation.

## 1. MORTGAGE LOANS

Caisse Française de Financement Local has no guaranteed nor mortgage loans in its cover pool.

## 2. EXPOSURE ON PUBLIC SECTOR

### 2.1 BREAKDOWN BY COUNTERPARTY

In the table below, direct exposures refer to exposures on public sector entities and indirect exposures to exposures fully guaranteed by public sector entities. Exposures in a foreign currency are converted into euro using the exchange rate of the hedging swap. Loans and bonds are presented after specific impairments and are off premium / discount. The total amount of these exposures is presented net of collective impairment.

EUR thousands, as of 9/30/2023	Direct Exposure		Indirect Exposure		Total	Of which past due <sup>(1)</sup>
	Loans	Bonds	Loans	Bonds		
<b>France</b>						
Central governments :						
- export refinancing	-	-	7,106,172	-	7,106,172	-
- others	5,016	-	22	230,000	235,039	-
Central banks						
- cash deposits with Banque de France <sup>(2)</sup>	910,877	-	-	-	910,877	-
Regional and local authorities						
- Regions	2,555,673	60,009	6,035	-	2,621,717	-
- Departments	6,721,548	-	307,098	-	7,028,646	1,250
- Municipalities	14,107,180	12,240	544,893	-	14,664,313	20
- Overseas Territories	76,925	-	3,626	-	80,551	-
- Groups of municipalities <sup>(3)</sup>	13,671,017	45,737	94,384	-	13,811,137	2,976
Public sector entities :						
- health	5,978,088	-	-	-	5,978,088	-
- others	1,263,727	225,000	-	-	1,488,727	5
<b>Sub total</b>	<b>45,290,051</b>	<b>342,986</b>	<b>8,062,229</b>	<b>230,000</b>	<b>53,925,266</b>	<b>4,251</b>
<b>Austria</b>						
Regional and local authorities						
- Länder	153,455	-	-	-	153,455	-
<b>Sub total</b>	<b>153,455</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153,455</b>	<b>-</b>
<b>Belgium</b>						
Regional and local authorities						
- Regions	252	-	21,698	-	21,951	-
<b>Sub total</b>	<b>252</b>	<b>-</b>	<b>21,698</b>	<b>-</b>	<b>21,951</b>	<b>-</b>
<b>Canada</b>						
Regional and local authorities						
- Municipalities step 1 credit rating	100,287	-	21,471	-	121,757	-
<b>Sub total</b>	<b>100,287</b>	<b>-</b>	<b>21,471</b>	<b>-</b>	<b>121,757</b>	<b>-</b>
<b>Spain</b>						
Central governments	-	180,000	-	-	180,000	-
Regional and local authorities						
- Regions	-	50,000	-	-	50,000	-
- Municipalities	59,594	-	-	-	59,594	-
<b>Sub total</b>	<b>59,594</b>	<b>230,000</b>	<b>-</b>	<b>-</b>	<b>289,594</b>	<b>-</b>
<b>United States</b>						
Regional and local authorities						
- Federated States step 1 credit rating	-	107,943	-	-	107,943	-
<b>Sub total</b>	<b>-</b>	<b>107,943</b>	<b>-</b>	<b>-</b>	<b>107,943</b>	<b>-</b>

EUR thousands, as of 9/30/2023	Direct Exposure		Indirect Exposure		Total	Of which past due <sup>(1)</sup>
	Loans	Bonds	Loans	Bonds		
<b>Italy</b>						
Central governments	-	1,080,614	-	-	1,080,614	-
Regional and local authorities						
- Regions	-	1,212,486	-	-	1,212,486	-
- Provinces	-	375,092	-	-	375,092	-
- Municipalities	3,192	611,542	-	-	614,734	-
- Groups of municipalities	-	6,877	-	-	6,877	-
<b>Sub total</b>	<b>3,192</b>	<b>3,286,611</b>	-	-	<b>3,289,802</b>	-
<b>Japan</b>						
Regional and local authorities						
- Municipalities step 2 credit rating	-	25,000	-	-	25,000	-
<b>Sub total</b>	-	<b>25,000</b>	-	-	<b>25,000</b>	-
<b>Portugal</b>						
Regional and local authorities						
- Municipalities	4,316	-	-	-	4,316	-
<b>Sub total</b>	<b>4,316</b>	-	-	-	<b>4,316</b>	-
<b>Sweden</b>						
Regional and local authorities						
- Municipalities	18,490	-	-	-	18,490	-
<b>Sub total</b>	<b>18,490</b>	-	-	-	<b>18,490</b>	-
<b>Switzerland</b>						
Regional and local authorities						
- Cantons step 1 credit rating	65,253	-	30,175	-	95,428	-
- Municipalities step 1 credit rating	132,674	-	-	-	132,674	-
<b>Sub total</b>	<b>197,927</b>	-	<b>30,175</b>	-	<b>228,102</b>	-
<b>GENERAL SUB TOTAL</b>	<b>45,827,564</b>	<b>3,992,539</b>	<b>8,135,573</b>	<b>230,000</b>	<b>58,185,676</b>	<b>4,251</b>
<b>Collective impairment</b>					<b>(14,863)</b>	
<b>GENERAL TOTAL</b>					<b>58,170,813</b>	

(1) Caisse Française de Financement Local publishes annual and semi-annual accounts.

Consequently, data relating to nonperforming and litigious loans, and specific impairments as of September 30, 2023, are not disclosed in the table below. Nevertheless, non-performing and litigious loans and specific impairments are under regular monitoring and can lead to some adjustments of exposures

(2) Caisse Française de Financement Local's Banque de France account as of September 30, 2023

(3) Of which EUR 10,367 thousand on operations linked to partnership agreements.

## 2.2 RATINGS

Caisse Française de Financement Local has exposure on public entities in Canada, United States, Japan and Switzerland that require a minimal rating from an external rating agency recognized by the *Autorité de contrôle prudentiel et de résolution* (ACPR).

## 2.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 9/30/2023

Residual maturity		
Maturity date in years	Number of deals <sup>(1)</sup>	Total outstanding
0	1,388	1,013,869
1	2,125	442,519
2	4,066	753,377
3	2,367	1,277,372
4	2,234	1,673,514
5	2,856	1,917,135
6	2,359	2,895,404
7	2,809	2,738,885
8	1,688	2,264,898
9	1,577	2,382,442
10	1,622	3,220,127
11	1,813	4,340,799
12	1,855	4,982,008
13	1,652	5,251,599
14	1,281	3,250,782
15	1,126	2,708,133
16	1,083	2,465,494
17	822	3,064,068
18	855	2,927,098
19	627	2,148,439
20	402	864,257
21	259	488,555
22	200	514,391
23	253	854,102
24	259	1,741,767
25	144	344,169
26	129	374,446
27	64	423,003
28	56	183,066
29	61	357,573
30	78	233,601
31	15	100,991
32	31	77,146
33	14	12,062
34	13	34,544
35	11	37,229
36	6	9,145
37	2	19,947
38	1	6,318
40	24	58,660
41	14	26,288
	<b>38,241</b>	<b>58,479,223</b>
TRANSLATION ADJUSTMENTS		- 293,547
Non allocated collective impairment		- 14,863
<b>TOTAL</b>		<b>58,170,813</b>

(1) Number of loans and bonds maturing during the period.

The first period (maturity date in 0 year) includes the balance of Banque de France account.

## 2.4 EARLY REPAYMENTS

EUR thousands, as of 9/30/2023

COUNTRY	Early repayments during the year 2023	Rate of early repayments
- Export credit refinancing	56,780	0.83%
- Local public sector	91,108	0.17%
<b>GLOBAL exposure on public sector</b>	<b>147,888</b>	<b>0.24%</b>

The rate of early repayments for the year 2023 corresponds to the volume of early repayments occurred over the year divided by the average outstanding amount (equal to the arithmetic average amount of daily outstanding over the period).

In 2022, the rate of early repayments for this entire year was 0.44% for a total amount of repayments of EUR 257 million.

## 3. OTHER EXPOSURE: EXPOSURE ON CREDIT INSTITUTIONS

## 3.1. BREAKDOWN BY COUNTERPART

EUR thousands, as of 9/30/2023	Country	Amount
<b>Step 1 credit rating</b>		
Covered Bonds		
	France	593,222
	Other countries	620,031
Other Bank bonds		
	France	21,000
	Other countries	258,000
Loans to SFIL	France	-
Bank accounts' balances	France and other countries	308
<b>Step 2 credit rating</b>		
Covered Bonds		
	France	-
	Other countries	-
Other Bank bonds		
	France	399,000
	Other countries	190,000
Bank accounts' balances	France and other countries	4,799
<b>Step 3 credit rating</b>		
Bank bonds (Maturity < 100 days)		
	France	-
	Other countries	-
Bank accounts' balances	France and other countries	-
<b>TOTAL</b>		<b>2,086,360</b>

Other exposure corresponds mainly to cash investments made of bonds, covered bonds or certificates of deposit issued by credit institutions. This section also includes bank accounts' balances in different currencies. It can also include loans that Caisse Française de Financement Local grant to SFIL, its parent company, in order to invest its surplus cash.

Derivative instruments included in the cover pool are recognized off-balance sheet and therefore do not appear in the table of exposures to credit institutions on the asset side of the balance sheet.

Bank bonds are presented after specific impairments and are off premium / discount.

No non-performing or litigious loans are included among these exposures.

## 3.2 RATINGS

In order to be eligible to the cover pool, exposure on credit institutions should benefit from ratings corresponding to a step 1 or step 2 credit rating, or, when their maturity is less than 100 days and when they are in the form of short-term deposits used to meet the cover pool liquidity buffer requirement, a step 3 credit rating.

Volume limits are applicable to these exposures depending on their rating. However, assets that contribute to the minimum level of over-collateralization of 105% are not subject to these limits.

As of September 30, 2023, all these conditions are completed.

### 3.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 9/30/2023

Residual maturity		
Maturity date in years	Number of deals <sup>(1)</sup>	TOTAL
0	3	99,707
1	10	649,253
2	6	145,900
3	5	184,000
4	3	183,000
5	9	483,300
7	3	117,000
8	1	24,000
10	2	200,200
<b>Total</b>	<b>42</b>	<b>2,086,360</b>

(1) Numbers of loans and bonds maturing during the period

Balances of bank current accounts are presented as a unique matured deal with a maturity of less 1 year.

### 3.4 EARLY REPAYMENTS

No early repayment occurred neither during the year 2023, nor during the whole year 2022.

### 3.5 AMOUNT OF SECURITIES, SUMS AND VALUES RECEIVED AS COLLATERAL FOR HEDGING TRANSACTIONS

The amount received as collateral for hedging transactions consists solely of cash and is fungible with the rest of the company's cash. The debt for restitution of the cash collateral received as of September 30, 2023 amounts to EUR 118.4 million.



## 4. LIST OF INTERNATIONAL SECURITIES IDENTIFICATION NUMBERS (ISIN)

ISIN code / Internal Code	European Covered Bond Premium	ISIN code / Internal Code	European Covered Bond Premium	ISIN code / Internal Code	European Covered Bond Premium	ISIN code / Internal Code	European Covered Bond Premium	ISIN code / Internal Code	European Covered Bond Premium	ISIN code / Internal Code	European Covered Bond Premium	ISIN code / Internal Code	European Covered Bond Premium
FR0000486581	No	RCB 90	No	RCB 165	No	RCB 2013-6	No	RCB 2014-41	No	FR001322138	No	RCB 2020-1	No
AU0000DXAHB0	No	RCB 97	No	RCB 166	No	RCB 2013-14	No	RCB 2014-42	No	RCB 2017-7	No	FR0013310026	No
FR0010093336	No	RCB 98	No	RCB 167	No	RCB 2013-15	No	FR001191622	No	RCB 2017-8	No	FR0013535820	No
FR0010089839	No	RCB 103	No	RCB 168	No	RCB 2013-16	No	RCB 2014-43	No	RCB 2017-9	No	FR0013519568	No
FR0010114371	No	RCB 104	No	RCB 169	No	RCB 2013-17	No	RCB 2014-44	No	FR001323070	No	FR0014000N39	No
FR0010134577	No	RCB 105	No	RCB 170	No	RCB 2013-18	No	RCB 2014-45	No	RCB 2017-10	No	FR0014001GV5	No
FR0010160911	No	RCB 106	No	RCB 171	No	RCB 2013-19	No	RCB 2014-46	No	FR0013482189	No	FR0013482189	No
FR0010163394	No	RCB 107	No	RCB 172	No	RCB 2013-20	No	FR001216991	No	FR001325687	No	FR00140024W5	No
FR0010212977	No	RCB 108	No	RCB 173	No	RCB 2013-21	No	RCB 2015-1	No	RCB 2017-11	No	FR00140033E4	No
FR0010261529	No	RCB 109	No	RCB 174	No	RCB 2013-22	No	RCB 2015-2	No	FR001326725	No	FR00140049N1	No
FR0010279109	No	RCB 110	No	RCB 175	No	RCB 2013-23	No	RCB 2015-3	No	FR001326775	No	FR00140006K7	No
FR0010289322	No	FR0010766923	No	RCB 176	No	RCB 2013-24	No	RCB 2015-4	No	FR001315025	No	FR0014001ZD3	No
FR0010289397	No	FR0010775486	No	RCB 177	No	RCB 2013-25	No	RCB 2015-5	No	RCB 2017-12	No	FR0014005MV4	No
FR0010306456	No	RCB 116	No	CH0111862063	No	RCB 2013-26	No	FR001256822	No	RCB 2017-13	No	FR0014005N34	No
FR0010306498	No	RCB 117	No	RCB 178	No	RCB 2013-27	No	RCB 2015-6	No	FR001328407	No	FR0014005Y20	No
FR0010306506	No	RCB 118	No	RCB 179	No	RCB 2014-1	No	RCB 2015-7	No	FR001329357	No	FR0014007PX9	No
FR0010306514	No	RCB 119	No	RCB 181	No	RCB 2014-10	No	RCB 2015-8A	No	RCB 2017-14	No	FR0014007PY7	No
FR0010306522	No	RCB 120	No	RCB 182	No	RCB 2014-11	No	RCB 2015-8B	No	RCB 2017-15	No	RCB 2022-1	No
FR0010306548	No	RCB 121	No	RCB 183	No	RCB 2014-12	No	RCB 2015-9	No	FR001326737	No	FR0014008C18	No
FR0010318410	No	RCB 122	No	FR0010923920	No	RCB 2014-2	No	RCB 2015-10	No	RCB 2018-1	No	FR0014008E65	No
FR0010322792	No	FR0010781591	No	FR0010925073	No	RCB 2014-3	No	RCB 2015-11	No	FR001331149	No	RCB 2022-2	No
RCB 1	No	RCB 123	No	RCB 184	No	RCB 2014-4	No	FR001268611	No	FR001331939	No	FR0014009OM1	No
RCB 10	No	RCB 124	No	FR0010963959	No	RCB 2014-5	No	FR001268614	No	FR001331001	No	FR0014009QA1	No
RCB 11	No	RCB 125	No	RCB 185	No	RCB 2014-6	No	FR001272297	No	RCB 2018-2	No	FR001400ACC1	No
RCB 12	No	RCB 126	No	RCB 187	No	RCB 2014-7	No	RCB 2015-12	No	FR001333015	No	FR001400AJT0	No
RCB 13	No	RCB 127	No	RCB 188	No	RCB 2014-8	No	RCB 2015-13	No	RCB 2018-3	No	FR001400BAQ3	No
RCB 14	No	RCB 128	No	RCB 189	No	RCB 2014-9	No	RCB 2015-14	No	FR001308843	No	FR001400DAI6	Yes
RCB 15	No	RCB 129	No	RCB 190	No	FR001168640	No	RCB 2015-15	No	RCB 2018-4	No	FR001400DXR9	Yes
RCB 16	No	RCB 131	No	RCB 191	No	RCB 2014-13	No	FR001293988	No	RCB 2018-5	No	FR001400EI59	Yes
RCB 4	No	RCB 132	No	RCB 192	No	RCB 2014-14	No	FR001296845	No	FR001334708	No	RCB 2022-3	Yes
RCB 5	No	RCB 133	No	RCB 193	No	FR001170104	No	FR001302922	No	FR001334714	No	FR001400FGK4	Yes
RCB 6	No	RCB 134	No	RCB 194	No	RCB 2014-15	No	RCB 2015-16	No	RCB 2018-6	No	FR001400FFW1	Yes
RCB 7	No	RCB 135	No	RCB 195	No	RCB 2014-16	No	RCB 2015-17	No	FR001334891	No	FR001400FKH2	Yes
RCB 19	No	RCB 136	No	RCB 196	No	RCB 2014-17	No	FR001308104	No	FR001335184	No	RCB 2023-1	Yes
RCB 20	No	RCB 137	No	RCB 197	No	FR001173795	No	RCB 2015-18	No	FR001335249	No	FR001400HMS1	Yes
RCB 21	No	RCB 138	No	RCB 199	No	RCB 2014-18	No	RCB 2015-19	No	FR001333069	No	FR001400HQE2	Yes
RCB 22	No	RCB 139	No	RCB 200	No	RCB 2014-19	No	RCB 2016-1	No	FR001338578	No	FR001400HS62	Yes
RCB 24	No	RCB 140	No	RCB 202	No	RCB 2014-20	No	RCB 2016-2	No	FR001325585	No	RCB 2023-2	Yes
RCB 25	No	RCB 141	No	RCB 203	No	RCB 2014-25	No	FR001310824	No	FR001338736	No	RCB 2023-3	Yes
RCB 26	No	RCB 142	No	RCB 204	No	RCB 2014-21	No	RCB 2016-3	No	FR001339635	No	RCB 2023-4	Yes
RCB 27	No	RCB 143	No	RCB 205	No	RCB 2014-22	No	FR001311907	No	FR001339720	No	FR001400JD75	Yes
RCB 28	No	RCB 144	No	RCB 206	No	RCB 2014-23	No	RCB 2016-4	No	FR001339736	No	FR001400JIR7	Yes
RCB 29	No	RCB 145	No	RCB 208	No	RCB 2014-24	No	RCB 2016-5	No	FR001339767	No	RCB 2023-5	Yes
RCB 30	No	RCB 146	No	FR0011546886	No	RCB 2014-26	No	RCB 2016-6	No	FR001339776	No	FR001400GM85	Yes
RCB 35	No	RCB 147	No	FR0011547744	No	RCB 2014-27	No	FR001246794	No	RCB 2019-1	No	FR001400JWN7	Yes
RCB 39	No	RCB 149	No	FR0011548791	No	RCB 2014-28	No	FR001319822	No	FR001340053	No	RCB 2023-6	Yes
RCB 40	No	RCB 150	No	FR0011548866	No	RCB 2014-31	No	RCB 2016-7	No	RCB 2019-2	No	FR001400KL72	Yes
RCB 44	No	RCB 151	No	FR0011549997	No	RCB 2014-32	No	RCB 2016-8	No	FR001339636	No		
RCB 45	No	RCB 152	No	RCB 2013-1	No	FR001158058	No	FR001320285	No	FR001340343	No		
RCB 50	No	RCB 153	No	RCB 2013-2	No	RCB 2014-29	No	FR001320361	No	FR001340351	No		
FR0010443630	No	RCB 154	No	RCB 2013-3	No	RCB 2014-30	No	FR001320460	No	FR001340556	No		
FR0010504761	No	RCB 155	No	RCB 2013-4	No	RCB 2014-33	No	FR001318418	No	RCB 2019-4	No		
RCB 51	No	RCB 156	No	RCB 2013-5	No	RCB 2014-34	No	FR001321963	No	RCB 2019-3	No		
FR0010526376	No	RCB 157	No	RCB 2013-10	No	RCB 2014-35	No	RCB 2017-1	No	RCB 2019-5	No		
FR0010594374	No	RCB 158	No	RCB 2013-11	No	RCB 2014-36	No	FR001323495	No	FR001334548	No		
RCB 69	No	RCB 159	No	RCB 2013-12	No	RCB 2014-37	No	RCB 2017-2	No	FR001343662	No		
RCB 76	No	RCB 160	No	RCB 2013-13	No	RCB 2014-38	No	RCB 2017-3	No	FR001345658	No		
RCB 78	No	RCB 162	No	RCB 2013-7	No	RCB 2014-40	No	RCB 2017-4	No	FR001345975	No		
RCB 79	No	RCB 163	No	RCB 2013-8	No	FR001190796	No	RCB 2017-5	No	FR001347905	No		
RCB 80	No	FR0010840108	No	RCB 2013-9	No	RCB 2014-39	No	RCB 2017-6	No	FR001351161	No		

The table above presents the list of International Securities Identification Numbers (ISIN) for all issues of *obligations foncières* to which an ISIN code has been assigned, and the contract number for private placements made in the form of registered covered bonds (RCB). For each of these securities, it is indicated whether or not it has been awarded the "European Covered Bond Premium" label.

All of Caisse Française de Financement Local's issuances comply with the requirements of the new Covered Bonds Directive, article 129 of the CRR and article 52 4 of the UCITS directive. In this respect, *obligations foncières* issued after July 8, 2022, which are labelled "European Covered Bond (Premium)" and *obligations foncières* issued before that date, all benefit from the best possible financial and regulatory/prudential treatment.

## 5. EXPOSURE TO MARKET, CREDIT AND LIQUIDITY RISKS

### 5.1 INTEREST RATE RISK

- Interest rate risk management :

Caisse Française de Financement Local has defined a fixed-rate risk appetite, which is broken down into a system of limits governing the sensitivity of the net present value (NPV). In order to manage this sensitivity within the limits set, Caisse Française de Financement Local has implemented the following hedging strategy:

- micro-hedging of interest rate risk on balance sheet items denominated in a currency other than the euro or indexed to a complex interest rate structure. Certain euro-denominated vanilla transactions may also be micro-hedged if their notional value or duration could lead to a sensitivity limit being exceeded. Micro-hedging is carried out by swaps;
- macro-hedging of interest rate risk for all transactions that are not micro-hedged. The transactions concerned are mainly (i) loans to the local public sector and (ii) issues of *obligations foncières* denominated in euros. This macro-hedging is obtained as much as possible by matching fixed-rate assets and liabilities *via* the unwinding of swaps and, for the rest, by setting up new swaps against Euribor or €str.

This fixed-rate risk management is supplemented by monitoring of the fixings of operations at adjustable rates in order to ensure that they do not lead to the sensitivity limit being exceeded. Where appropriate, swaps against €str may be entered into to hedge the fixing risk.

These hedges can be entered into either directly on the market by Caisse Française de Financement Local, or through Sfil, which in turn hedges its resulting position in the market.

Non-privileged debt is not hedged. Debt contracted by Caisse Française de Financement Local with its shareholder to finance over-collateralization is borrowed directly with a €str index and does not need to be swapped. Short-term debt owed to the Banque de France with a fixed rate (if any) is not hedged, but finances fixed rate assets.

These different kinds of interest rate risks are analyzed and managed through:

- the monitoring of index gap and floored euribor gap:

<b>Index gap</b>	Difference between balance sheet and off-balance sheet assets and liabilities for operations indexed on euribor. This gap is projected until the balance sheet is extinguished.
<b>Floored euribor gap</b>	Difference between balance sheet and off-balance sheet assets and liabilities, for transactions indexed on floored euribor. This gap is projected until the balance sheet is extinguished.

These indicators are calculated in static vision.

Index gaps are used to monitor exposure to euribor versus €str basis risk. These gaps are framed for each tenor index by a limit calculated on the average of the different 12-month gaps.

Floored Euribor gaps are used to monitor exposure to option risk. For Caisse Française de Financement Local, most of this risk is attributable to the floors of commercial loans indexed to euribor. This optional risk is hedged by swap. The net position (after swaps) is subject to a limit on the gap.

- o The monthly production of net present value (NPV) sensitivity indicators:

In order to manage the fixed interest rate risk, Caisse Française de Financement Local implements a risk management system which is mainly based on the risk indicator in economic value (sensitivity of the so-called “management” net present value (NPV)): This indicator is produced monthly and is calculated for eight interest rate shock scenarios (the six scenarios used to calculate the regulatory 'outlier' ratio, defined by the EBA, and two 'internal' stress scenarios revised once a year after analysing the economic and financial situation and determined on the basis of historical variations in interest rates). The maximum loss observed in these eight scenarios must not exceed the limit defined in the interest rate risk appetite framework.

Sensitivity (EUR mns)	12/31/2022	9/30/2023
"Outlier" regulatory scenario of a 200bp rate increase	1.3	-1.2
"Outlier" regulatory scenario of a 200 bp rate decrease with application of a floor	-21.1	7.7
"Outlier" regulatory scenario of a increase in short-term rates	-9.2	-2.7
"Outlier" regulatory scenario of a decrease in short-term rates with application of a floor	8.2	2.6
"Outlier" regulatory scenario of flattening of the rate curve with application of a floor	-11.0	-1.1
"Outlier" regulatory scenario of steepening of the rate curve with application of a floor	10.5	2.1
Internal rate curve flattening scenario	-16.6	-9.2
Internal rate curve inversion scenario	-31.4 (*)	-4.6

(\*) pro forma

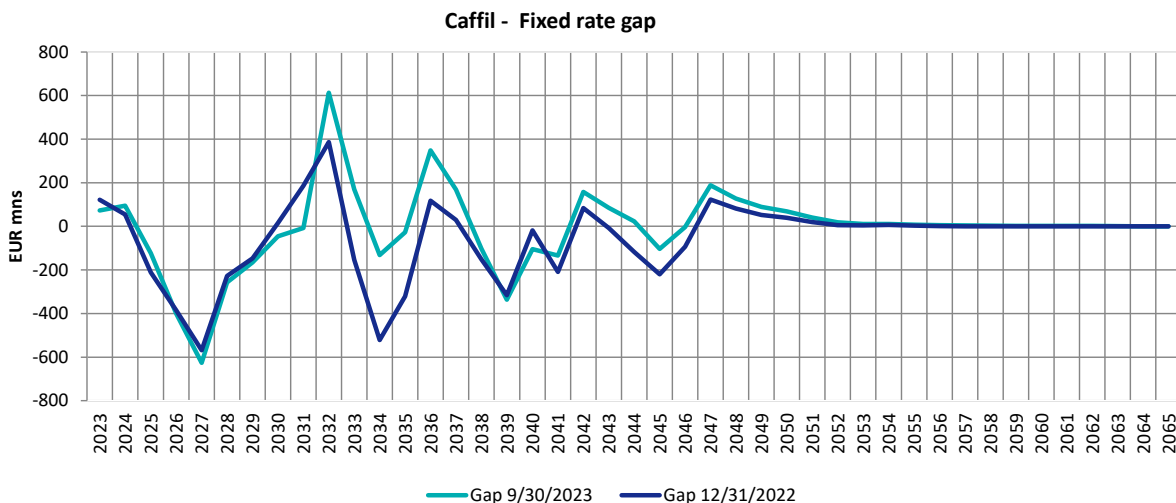
Assets portfolios for which the strategy is to be entirely hedged are not sensitive to interest rates changes and thus are not integrated in the calculation of the global sensitivity of Caisse Française de Financement Local's balance sheet.

- Measurement of interest rate position:

The fixed interest rate position is measured by modelling a fixed rate gap based on the flow of balance sheet and off-balance sheet transactions at fixed rates. It is calculated for each time interval as being equal to the difference between the average outstanding fixed rate assets and the average outstanding fixed rate liabilities. To be noted:

- the current fixing of adjustable rate transactions is included in the fixed rate gap,
- the investment of equity, represented by internal contracts, is included in the fixed rate gap,
- premiums and discounts related to derivatives, which are amortized in the accounts, are also included in the fixed rate gap

Caisse Française de Financement Local's interest rate position as of September 30, 2023 is as follows:



## 5.2 EXCHANGE RATE RISK

Caisse Française de Financement Local's foreign exchange risk management policy is to incur no foreign exchange risk.

It enters into cross-currency swaps against the euro for the assets and issues denominated in foreign currencies, on initial recognition at the latest and until their final maturity, thereby ensuring that these balance sheet items' principal and interest are hedged.

As an exception to this policy, foreign exchange positions, limited in terms of time and volume, are accepted for operational reasons, particularly in the context of the refinancing of export credits. This corresponds to the following situations:

- operational cost of hedging swaps too high in relation to the risk to be hedged (low amount of drawdowns entered on the balance sheet, non-standard index to be hedged, etc.)
- impossibility of perfectly micro-hedging off-balance sheet drawdowns, the amount and timing of which are, by definition, unknown
- payment of a commission in a currency other than the euro.

The risk resulting from these foreign exchange positions is monitored using the total net foreign exchange position in each currency, calculated on all receivables, payables and off-balance sheet commitments. Net positions are subject to a very low foreign exchange limit.

## 5.3 MARKET RISK

Certain positions or activities in the banking portfolio of Caisse Française de Financement Local, even if they do not carry any market risk in the regulatory sense of the term, are nevertheless sensitive to the volatility of market parameters and pose a risk to the accounting result or on equity; they are monitored for non-regulatory market risks.

It concerns "placement" securities of which the losses in value at closing date are provisioned in accordance with French GAAP.

## 5.4 LIQUIDITY RISK

Caisse Française de Financement Local's management makes it possible to provide a structural coverage of its liquidity needs by assets eligible for refinancing by the Banque de France, until the full amortization of the privileged liabilities.

Caisse Française de Financement Local has its own resources and can by order of priority :

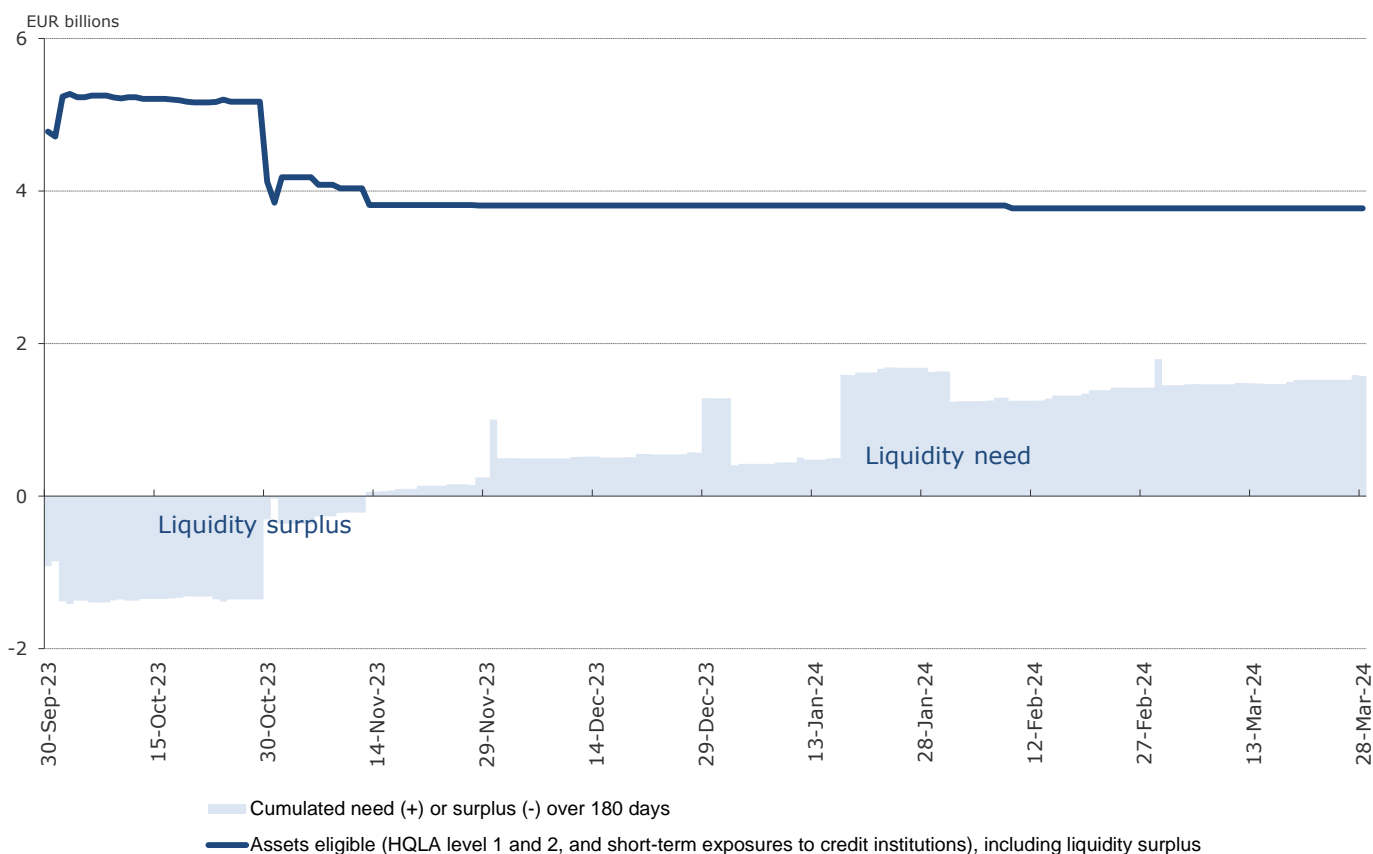
- Use the excess cash available. As of September 30, 2023, they amount to EUR 921.0 million before taking into account the assumption of non-performance of assets;
- Carry out a covered bond issue;
- Have additional drawings from its parent company within the framework of the financing agreement;
- Assign, obtain reimbursement or give as a guarantee to the Banque de France, to obtain financing during calls for tenders, the following assets:
  - Exposures to credit institutions. As of September 30, 2023, these amount to EUR 2,081.3 million, including EUR 1,213.3 million of high quality liquid assets (level 1, 2A, or 2B);
  - High quality liquid securities (level 1, 2A or 2B), excluding bank securities. As of September 30, 2023, these amount to EUR 2,416.3 million.
  - Other assets which are directly eligible for refinancing from the Banque de France. As of September 30, 2023, these amount to EUR 35,150.7 million, before haircut.

As of September, 2023, Caisse Française de Financement Local thus had approximately EUR 40,569.3 million in liquid assets or assets eligible for refinancing by the Banque de France, including its cash

deposited with the bank or the Banque de France. There are no legal obstacles likely to prevent the use of a part of these assets in compliance with Articles L. 513-12 and R. 513-8 of the Monetary and Financial Code.

Moreover, Caisse Française de Financement Local monitors that, at any time, its liquidity need over a 180-day period, calculated in a run-off situation, is covered firstly by high quality liquid assets (level 1, 2A or 2B) and, secondly, by short-term exposures on credit institutions benefiting from the best or the second best step of credit quality, or the third best credit quality step for short-term deposits. Unsecured receivables deemed to be in default, in accordance with Article 178 of Regulation (EU) No. 575/2013 of June 26, 2013, cannot participate in covering cash requirements.

Cash needs are defined as repayments of *obligations foncières* and registered covered bonds (RCB), of debts that do not benefit from the legal privilege and forecasts of repayment of the cash collateral received, after deduction of amortization cash flows from assets, taking into account cash flows from hedging derivatives. As of September 30, 2023, the liquidity situation at 180 days shows a cash surplus until half November 2023 (with a maximum surplus of EUR 1.4 billion beginning of October 2023) and a cash requirement over the rest of the period (with a maximum requirement of EUR 1.8 billion at the end of February 2024). Over the period, liquidity needs are covered at all times by high-quality liquid assets (level 1, 2A or 2 B) or by short-term exposures to credit institutions. (see chart below). In addition, specific management measures may be taken to cover needs (for example, the completion of a new bond issue or the use of central bank financing).



The movements observed correspond to cash flows from amortization of *obligations foncières*, cash collateral, non-privileged liabilities, derivatives and assets.

The projection of the cash balance at 180 days is calculated on the basis of the contractual schedule of interest flows and nominal amounts of the assets and liabilities present in the balance sheet of Caisse Française de Financement Local at September 30, 2023. Furthermore, this projection takes into account flows related to certain operations but beginning after the closing date.

Caisse Française de Financement Local does not hold any financial assets that include maturity extension

triggers. It has not issued any *obligations foncières* that include maturity extension triggers. Certain *obligations foncières* include call options that can only be exercised by Caisse Française de Financement Local.

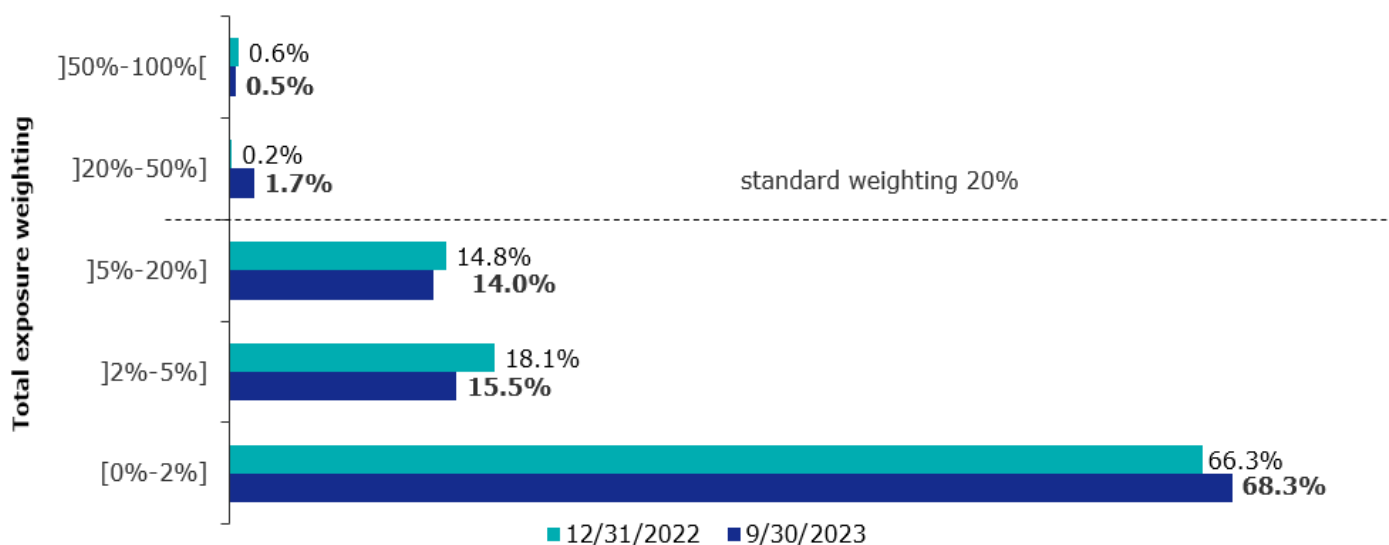
The assumptions used for the calculation are as follows:

- No voluntary early repayment on commercial loans in accordance with the assumptions used in ALM management, nor exercise of options on securities held by Caisse Française de Financement Local. From a liquidity point of view, this is therefore the worst case scenario.
- Modelling of liabilities with an early redemption clause in hand with Caisse Française de Financement Local: case-by-case analysis of options exercisable over 180 days. It should be noted that there are no liabilities on Caisse Française de Financement Local's balance sheet that include an early repayment clause in the hands of the investor.
- Cash guarantees received from counterparties for hedging derivatives (cash collateral or variation margin) are presented on the basis of future cash flows and by projecting the market value of the underlying transactions at unchanged market conditions. In concrete terms, for each framework agreement, a projection of the valuation of the swaps is made taking into account the flows of interest and capital remaining to be received and paid until the maturity of the swaps. The amount of cash collateral to be paid or received over the next 180 days is determined on the basis of this valuation.
- Projection of variable rate interest flows based on the last known fixing for the first payment of interest and the projected rate for the following flows.
- Estimate of the non-performance of assets based on the highest variation in the amount of outstanding payments over a period of 180 days observed over the period December 31, 2011 – September 30, 2023 (currently EUR 34.9 million positioned on the first day).

## 5.5 CREDIT RISK

- Breakdown of the total of assets according to risk weightings:

The quality of Caisse Française de Financement Local's portfolio can be illustrated by the risk weighting assigned to each of its assets for the calculation of the bank's solvency ratio. This reflects the fact that for most of its assets, Caisse Française de Financement Local has opted for the advanced method of calculating regulatory capital requirements.

**Risk Weighting of Caisse Française de Financement Local's portfolio as of September 30, 2023:**

This analysis confirms the excellent quality of the assets in Caisse Française de Financement Local's portfolio:

- 84% of the portfolio has a risk weighting of 5% or less;
- 2% of the portfolio has a weighting greater than 20%.

The average risk weighting of assets is 4.6% versus 20% for European local government entities according to the Basel standard method.

- Bank counterparty risk

Caisse Française de Financement Local holds two types of exposure to banks:

- exposures on credit institution in the amount of EUR 2.1 billion;
- derivative contracts, entered into within the framework of its management of interest rate and foreign exchange risks.

All of Caisse Française de Financement Local's derivative operations are conducted within the framework of standard ISDA or FBF (Fédération Bancaire Française) contracts with major international banks. These contracts have particular characteristics, since they must meet the standards set by rating agencies for sociétés de crédit foncier (and other issuers of covered bonds). Over the last few years, Caisse Française de Financement Local amended these contracts to take into account recent EMIR regulatory changes (signing of variation margin amendments). Caisse Française de Financement Local's derivatives are not subject to the clearing obligation nor the payment of initial margin. These interest rate and currency swaps all benefit from the same legal privilege as obligations foncières. For this reason, Caisse Française de Financement Local does not pay its derivative counterparties any collateral (or variation margin), whereas they have to pay Caisse Française de Financement Local except for some which benefit from the agencies highest short-term rating. At the end of June 2022, a new derivatives agreement was concluded with SFIL to which is attached only the derivatives that cover the few assets that are excluded from the cover pool from July 8, 2022 as part of the implementation of the covered bonds directive. Since these derivatives do not benefit from the privilege of the law, the agreement provides for the possibility of exchanging collateral in both directions. The collateral claim paid under this agreement is classified outside the cover pool, like the corresponding derivatives and their covered assets.

All derivative exposures as of September 30, 2023 are listed below.

EUR billions	Total of notional amounts	% of total notional amounts	Mark to Market		Collateral received	Collateral paid
			-	+		
Cover pool - external counterparties	66.7	81%	(1.8)	0.1	(0.1)	-
cover pool - SFIL	15.4	19%	(1.4)	-	-	-
Outside cover pool - SFIL	0.2	0%	(0.0)	-	-	0.0
<b>Total</b>	<b>82.3</b>	<b>100%</b>	<b>(3.2)</b>	<b>0.1</b>	<b>(0.1)</b>	<b>0.0</b>

As of September 30, 2023, Caisse Française de Financement Local was exposed (positive fair value of swaps) to nine bank counterparties, all of these paid cash collateral totalling EUR 0.1 billion, offsetting the total exposure.

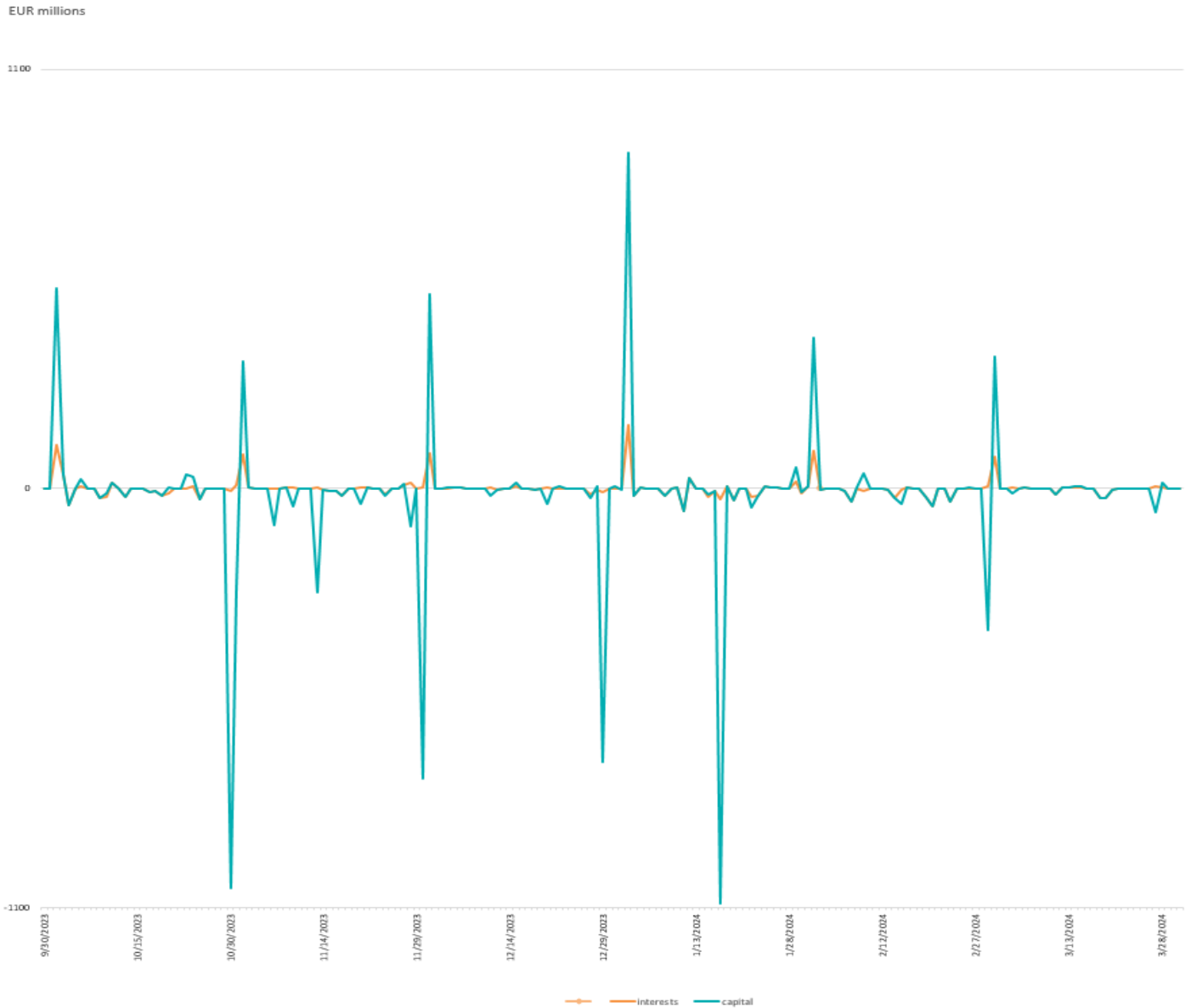
The swaps negotiated with external counterparties represented 81% of outstanding swaps and those signed with SFIL 19%. The swaps signed with the five largest counterparties represented a total of 52% of notional amounts.



## 6. Coverage of liquidity needs

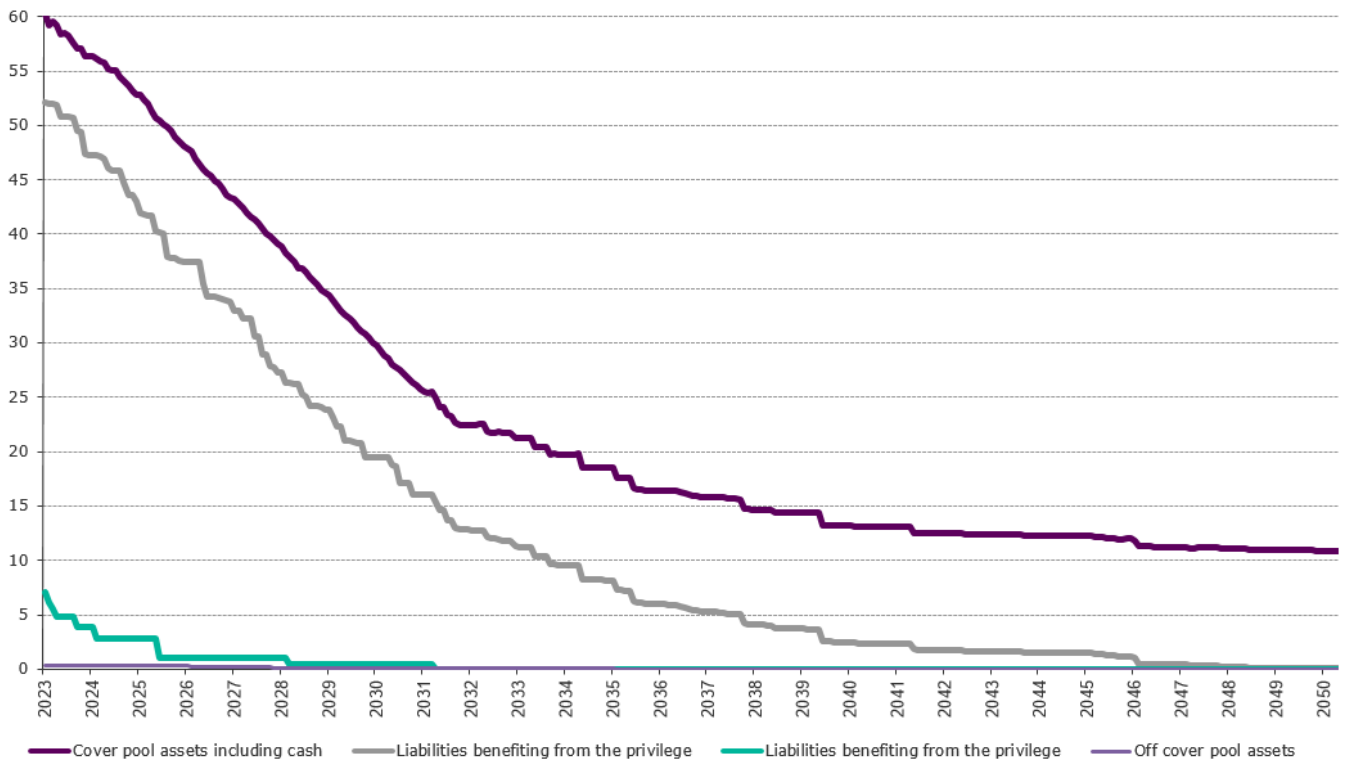
Information on the 180-day cash requirement and the hedging methods are presented in paragraph 5.4.

The graph below shows the distinction between capital flows and interest flows which constitute the 180-day liquidity requirement:



## 7. Maturity structure

EUR billion



Caisse Française de Financement Local does not hold any financial assets that include maturity extension triggers. It has not issued any *obligations foncières* that include maturity extension triggers. Certain *obligations foncières* include call options that can only be exercised by Caisse Française de Financement Local.

## 8. Level of coverage of privileged resources

The certified regulatory coverage ratio, corresponding to the situation as of June 30, 2023, amounts to 113.9%.