



Report on asset quality  
of the cover pool and on outstanding covered bonds  
as of December 31, 2023  
Caisse Française de Financement Local  
(Instruction n° 2022-I-04 of March 9, 2022)

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 December 31, 2023, Caisse Française de Financement Local's cover pool is made of:

- exposure on public sector entities amounting to EUR 58.4 billion including EUR 54.2 billion of loans (of which cash deposits with Banque de France amounting to 1.1 billion) and EUR 4.2 billion of bonds, and
- exposure on credit institutions (bonds and deposits) amounting to EUR 2.8 billion.

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

EUR thousands, as of 12/31/2023	Total Outstanding	Assets removed from the cover pool	Total cover pool
Exposures on public sector			
-Loans (except cash deposits with Banque de France)	53,512,002	319,787	53,192,215
-cash deposits with Banque de France	1,053,132	-	1,053,132
-Bonds	4,169,554	-	4,169,554
Other exposures: Exposures to credit institutions Bonds, exposures and deposits	2,784,557	-	2,784,557
Collective impairment	- 13,923	-	- 13,923
<b>TOTAL</b>	<b>61,505,322</b>	<b>319,787</b>	<b>61,185,535</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 December 31, 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 12/31/2023	Direct Exposure		Indirect Exposure		Total	Of which non-performing loans	Of which past due <sup>(1)</sup>	Of which specific Impairment <sup>(1)</sup>
COUNTRY	Loans	Bonds	Loans	Bonds				
France								
Central governments :								
- export refinancing	-		7,784,394	-	7,784,394	-	-	
- others	6,047		22	230,000	236,069	-	-	-
Central banks								
- cash deposits with Banque de France <sup>(2)</sup>	1,053,132		-	-	1,053,132	-	-	-
Regional and local authorities								
- Regions	2,489,499	60,009	5,995	-	2,555,503	-	-	-
- Departments	6,602,225	-	298,712	-	6,900,936	-	-	-
- Municipalities	13,964,064	12,240	533,192	-	14,509,495	93,793	65	(17)
- Overseas Territories	72,647	-	3,626	-	76,273	-	-	-
- Groups of municipalities <sup>(3)</sup>	13,542,918	37,919	91,312	-	13,672,149	6,310	1,124	(72)
Public sector entities :								0
- health	5,969,325	-	-	-	5,969,325	31,410	0	(1,097)
- others	1,219,700	225,000	-	-	1,444,700	10,027	35	(71)
Sub total	44,919,556	335,168	8,717,253	230,000	54,201,977	141,540	1,224	(1,257)
Austria								
Regional and local authorities								
- Länder	153,110	-	-	-	153,110	-	-	-
Sub total	153,110	-	-	-	153,110	-	-	-
Belgium								
Regional and local authorities								
- Regions	252	-	21,698	-	21,951	-	-	-
Sub total	252	-	21,698	-	21,951	-	-	-
Canada								
Regional and local authorities								
- Municipalities step 1 credit rating	100,287	-	21,471	-	121,757	-	-	-
Sub total	100,287	-	21,471	-	121,757	-	-	-
Spain								
Central governments	-	180,000	-	-	180,000	-	-	-
Regional and local authorities								
- Regions	-	50,000	-	-	50,000	-	-	-
- Municipalities	57,962	-	-	-	57,962	-	-	-
Sub total	57,962	230,000	-	-	287,962	-	-	-
United States								
Regional and local authorities								
- Federated States step 1 credit rating	-	107,943	-	-	107,943	-	-	-
Sub total	-	107,943	-	-	107,943	-	-	-

## REPORT ON ASSET QUALITY

### CAISSE FRANÇAISE DE FINANCEMENT LOCAL

EUR thousands, as of 12/31/2023		Direct Exposure		Indirect Exposure		TOTAL			
COUNTRY	Loans	Bonds	Loans	Bonds	Total	Of which non-performing loans	Of which past due <sup>(1)</sup>	Of which specific Impairment <sup>(1)</sup>	
Italy									
Central governments	-	1,081,800	-	-	1,081,800	-	-	(13,200)	
Regional and local authorities	-	-	-	-	-	-	-	-	
- Regions	-	1,195,584	-	-	1,195,584	-	-	-	
- Provinces	-	364,327	-	-	364,327	-	-	-	
- Municipalities	3,130	593,113	-	-	596,243	-	-	-	
- Groups of municipalities	-	6,620	-	-	6,620	-	-	-	
Sub total	3,130	3,241,444	-	-	3,244,574	-	-	(13,200)	
Japan									
Regional and local authorities	-	-	-	-	-	-	-	-	
- Municipalities step 2 credit rating	-	25,000	-	-	25,000	-	-	-	
Sub total	-	25,000	-	-	25,000	-	-	-	
Portugal									
Regional and local authorities	-	-	-	-	-	-	-	-	
- Municipalities	4,036	-	-	-	4,036	-	-	-	
Sub total	4,036	-	-	-	4,036	-	-	-	
Sweden									
Regional and local authorities	-	-	-	-	-	-	-	-	
- Municipalities	18,490	-	-	-	18,490	-	-	-	
Sub total	18,490	-	-	-	18,490	-	-	-	
Switzerland									
Regional and local authorities	-	-	-	-	-	-	-	-	
- Cantons step 1 credit rating	65,253	-	30,175	-	95,428	-	-	-	
- Municipalities step 1 credit rating	132,674	-	-	-	132,674	-	-	-	
Sub total	197,927	-	30,175	-	228,102	-	-	-	
GENERAL SUB TOTAL	45,454,751	3,939,554	8,790,597	230,000	58,414,902	141,540	1,224	(14,457)	
Collective Impairment	-	-	-	-	(13,923)	-	-	-	
GENERAL TOTAL	-	-	-	-	58,400,978	-	-	-	

(1) Specific impairments on loans and bonds are composed as followed :

- specific impairments on non performing loans : EUR 1,257 thousand.
- provisions for unrealised losses on placement portfolio bonds : EUR 13,200 thousand

(2) Caisse Française de Financement Local's Banque de France account as of December 31, 2023

(3) Of which EUR 9,886 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 12/31/2023

Residual maturity		
Maturity date in years	Number of deals <sup>(1)</sup>	Total outstanding
0	1,477	1,128,508
1	2,312	567,639
2	3,881	600,845
3	2,341	1,287,005
4	2,396	1,673,304
5	2,699	1,800,287
6	2,456	2,967,427
7	2,679	2,584,255
8	1,597	2,168,841
9	1,599	2,449,585
10	1,611	3,411,226
11	1,915	4,882,815
12	1,746	6,092,150
13	1,690	4,107,995
14	1,208	3,123,802
15	1,147	2,604,952
16	1,025	2,548,720
17	821	2,831,805
18	855	2,957,697
19	607	1,932,744
20	431	992,004
21	234	428,572
22	212	622,818
23	280	919,108
24	228	1,598,660
25	182	400,823
26	114	408,407
27	58	350,810
28	73	402,820
29	68	198,105
30	53	204,891
31	32	133,586
32	27	41,934
33	17	26,336
34	9	25,956
35	13	34,657
36	4	16,537
37	1	8,922
38	1	6,318
40	33	86,225
41	15	20,774
	<b>38,147</b>	<b>58,649,862</b>
TRANSLATION ADJUSTMENTS		- 234,960
Non allocated collective impairment		- 13,923
<b>TOTAL</b>		<b>58,400,978</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 12/31/2023

COUNTRY	Early repayments during the year 2023	Rate of early repayments
- Export credit refinancing	56,780	0.81%
- Local public sector	104,829	0.19%
<b>GLOVAL exposure on public sector</b>	<b>161,609</b>	<b>0.27%</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 12/31/2023	Country	Amount
<b>Step 1 credit rating</b>		
Covered Bonds		
	France	692,487
	Other countries	984,943
Other Bank bonds		
	France	21,000
	Other countries	249,000
Loans to SFIL	France	-
Bank accounts' balances	France and other countries	410
<b>Step 2 credit rating</b>		
Covered Bonds		
	France	-
	Other countries	-
Other Bank bonds		-
	France	399,000
	Other countries	427,500
Bank accounts' balances	France and other countries	10,217
<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>2,784,557</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 December 31, 2023, all these conditions are completed.

### 3.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 12/31/2023

Residual maturity		
Maturity date in years	Number of deals <sup>(1)</sup>	TOTAL
0	7	468,957
1	7	314,000
2	4	80,600
3	7	318,000
4	7	405,800
5	15	702,000
6	2	67,000
7	8	228,000
9	2	200,200
<b>Total</b>	<b>59</b>	<b>2,784,557</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 December 31, 2023 amounts to EUR 94.4 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 103	No	RCB 168	No	RCB 2013-17	No	RCB 2014-44	No	FR0013230703	No	FR0014000N39	No
AU0000DXAHB0	No	RCB 104	No	RCB 169	No	RCB 2013-18	No	RCB 2014-45	No	RCB 2017-10	No	FR0014001GV5	No
FR0010093336	No	RCB 105	No	RCB 170	No	RCB 2013-19	No	RCB 2014-46	No	FR0013255866	No	FR0013482189	No
FR0010089839	No	RCB 106	No	RCB 172	No	RCB 2013-20	No	FR0012169910	No	FR0013256872	No	FR00140024W5	No
FR0010114371	No	RCB 107	No	RCB 173	No	RCB 2013-21	No	RCB 2015-1	No	RCB 2017-11	No	FR00140033E4	No
FR0010134577	No	RCB 108	No	RCB 174	No	RCB 2013-22	No	RCB 2015-2	No	FR0013267259	No	FR00140049N1	No
FR0010160911	No	RCB 109	No	RCB 175	No	RCB 2013-23	No	RCB 2015-3	No	FR0013267754	No	FR00140006K7	No
FR0010163394	No	RCB 110	No	RCB 176	No	RCB 2013-24	No	RCB 2015-4	No	FR0013150257	No	FR0014001ZD3	No
FR0010212977	No	FR0010766923	No	RCB 177	No	RCB 2013-25	No	RCB 2015-5	No	RCB 2017-12	No	FR0014005MV4	No
FR0010261529	No	FR0010775486	No	CH0111862063	No	RCB 2013-26	No	FR0012568228	No	RCB 2017-13	No	FR0014005N34	No
FR0010279109	No	RCB 116	No	RCB 178	No	RCB 2013-27	No	RCB 2015-6	No	FR0013284072	No	FR0014005YZ0	No
FR0010289322	No	RCB 117	No	RCB 179	No	RCB 2014-1	No	RCB 2015-7	No	FR0013293578	No	FR0014007PX9	No
FR0010289397	No	RCB 118	No	RCB 181	No	RCB 2014-10	No	RCB 2015-8A	No	RCB 2017-14	No	FR0014007PY7	No
FR0010306456	No	RCB 119	No	RCB 182	No	RCB 2014-11	No	RCB 2015-8B	No	RCB 2017-15	No	RCB 2022-1	No
FR0010306498	No	RCB 120	No	RCB 183	No	RCB 2014-12	No	RCB 2015-9	No	FR0013267374	No	FR0014008C18	No
FR0010306506	No	RCB 121	No	FR0010923920	No	RCB 2014-2	No	RCB 2015-10	No	RCB 2018-1	No	FR0014008E65	No
FR0010306514	No	RCB 122	No	FR0010925073	No	RCB 2014-3	No	RCB 2015-11	No	FR0013311495	No	RCB 2022-2	No
FR0010306522	No	FR0010781591	No	RCB 184	No	RCB 2014-4	No	FR0012686111	No	FR0013319399	No	FR0014009OM1	No
FR0010306548	No	RCB 123	No	FR0010963959	No	RCB 2014-5	No	FR0012686145	No	FR0013310018	No	FR0014009QA1	No
FR0010318410	No	RCB 124	No	RCB 185	No	RCB 2014-6	No	FR0012722973	No	RCB 2018-2	No	FR001400ACQ1	No
FR0010322792	No	RCB 125	No	RCB 187	No	RCB 2014-7	No	RCB 2015-12	No	FR0013330156	No	FR001400AJT0	No
RCB 1	No	RCB 126	No	RCB 188	No	RCB 2014-8	No	RCB 2015-13	No	RCB 2018-3	No	FR001400BAQ3	No
RCB 10	No	RCB 127	No	RCB 189	No	RCB 2014-9	No	RCB 2015-14	No	FR0013088432	No	FR001400DAI6	Yes
RCB 11	No	RCB 128	No	RCB 190	No	FR0011686401	No	RCB 2015-15	No	RCB 2018-4	No	FR001400DXR9	Yes
RCB 12	No	RCB 129	No	RCB 191	No	RCB 2014-13	No	FR0012939882	No	RCB 2018-5	No	FR001400E159	Yes
RCB 13	No	RCB 131	No	RCB 192	No	RCB 2014-14	No	FR0012968451	No	FR0013347085	No	RCB 2022-3	Yes
RCB 14	No	RCB 132	No	RCB 193	No	FR0011701044	No	FR0013029220	No	FR0013347143	No	FR001400FGK4	Yes
RCB 15	No	RCB 133	No	RCB 194	No	RCB 2014-15	No	RCB 2015-16	No	RCB 2018-6	No	FR001400FFW1	Yes
RCB 16	No	RCB 134	No	RCB 195	No	RCB 2014-16	No	RCB 2015-17	No	FR0013348919	No	FR001400FKH2	Yes
RCB 4	No	RCB 135	No	RCB 196	No	RCB 2014-17	No	FR0013081049	No	FR0013351848	No	RCB 2023-1	Yes
RCB 5	No	RCB 136	No	RCB 197	No	FR0011737956	No	RCB 2015-18	No	FR0013352499	No	FR001400HMS1	Yes
RCB 6	No	RCB 137	No	RCB 199	No	RCB 2014-18	No	RCB 2015-19	No	FR0013330693	No	FR001400HQE2	Yes
RCB 7	No	RCB 138	No	RCB 200	No	RCB 2014-19	No	RCB 2016-1	No	FR0013385788	No	FR001400HS62	Yes
RCB 20	No	RCB 139	No	RCB 202	No	RCB 2014-20	No	RCB 2016-2	No	FR0013255858	No	RCB 2023-2	Yes
RCB 21	No	RCB 140	No	RCB 203	No	RCB 2014-25	No	FR0013108248	No	FR0013387362	No	RCB 2023-3	Yes
RCB 22	No	RCB 141	No	RCB 204	No	RCB 2014-21	No	RCB 2016-3	No	FR0013396355	No	RCB 2023-4	Yes
RCB 24	No	RCB 142	No	RCB 205	No	RCB 2014-22	No	FR0013119070	No	FR0013397205	No	FR001400JD75	Yes
RCB 25	No	RCB 143	No	RCB 206	No	RCB 2014-23	No	RCB 2016-4	No	FR0013397361	No	FR001400JIR7	Yes
RCB 26	No	RCB 144	No	RCB 208	No	RCB 2014-24	No	RCB 2016-5	No	FR0013397676	No	RCB 2023-5	Yes
RCB 27	No	RCB 145	No	FR0011546886	No	RCB 2014-26	No	RCB 2016-6	No	FR0013397767	No	FR001400GM85	Yes
RCB 28	No	RCB 146	No	FR0011547744	No	RCB 2014-27	No	FR0012467942	No	RCB 2019-1	No	FR001400JWN7	Yes
RCB 29	No	RCB 147	No	FR0011548791	No	RCB 2014-28	No	FR0013198223	No	FR0013400538	No	RCB 2023-6	Yes
RCB 30	No	RCB 149	No	FR0011548866	No	RCB 2014-31	No	RCB 2016-7	No	RCB 2019-2	No	FR001400KL72	Yes
RCB 35	No	RCB 150	No	FR0011549997	No	RCB 2014-32	No	RCB 2016-8	No	FR0013396363	No	FR001400LDK9	Yes
RCB 39	No	RCB 151	No	RCB 2013-1	No	FR0011580588	No	FR0013202850	No	FR0013403433	No	FR001400M1S9	Yes
RCB 40	No	RCB 152	No	RCB 2013-2	No	RCB 2014-29	No	FR0013203619	No	FR0013403516	No	RCB 2023-7	Yes
RCB 44	No	RCB 153	No	RCB 2013-3	No	RCB 2014-30	No	FR0013204609	No	FR0013405560	No	FR001400KL72	Yes
RCB 45	No	RCB 154	No	RCB 2013-4	No	RCB 2014-33	No	FR0013184181	No	RCB 2019-4	No		
RCB 50	No	RCB 155	No	RCB 2013-5	No	RCB 2014-34	No	FR0013219631	No	RCB 2019-3	No		
FR0010443630	No	RCB 156	No	RCB 2013-10	No	RCB 2014-35	No	RCB 2017-1	No	RCB 2019-5	No		
FR0010504761	No	RCB 157	No	RCB 2013-11	No	RCB 2014-36	No	FR0013234952	No	FR0013345485	No		
RCB 51	No	RCB 158	No	RCB 2013-12	No	RCB 2014-37	No	RCB 2017-2	No	FR0013436623	No		
FR0010526376	No	RCB 159	No	RCB 2013-13	No	RCB 2014-38	No	RCB 2017-3	No	FR0013456589	No		
FR0010594374	No	RCB 160	No	RCB 2013-7	No	RCB 2014-40	No	RCB 2017-4	No	FR0013459757	No		
RCB 69	No	RCB 162	No	RCB 2013-8	No	FR0011907963	No	RCB 2017-5	No	FR0013479052	No		
RCB 76	No	RCB 163	No	RCB 2013-9	No	RCB 2014-39	No	RCB 2017-6	No	FR0013511615	No		
RCB 80	No	FR0010840108	No	RCB 2013-6	No	RCB 2014-41	No	FR0013221389	No	RCB 2020-1	No		
RCB 90	No	RCB 165	No	RCB 2013-14	No	RCB 2014-42	No	RCB 2017-7	No	FR0013310026	No		
RCB 97	No	RCB 166	No	RCB 2013-15	No	FR0011916220	No	RCB 2017-8	No	FR0013535820	No		
RCB 98	No	RCB 167	No	RCB 2013-16	No	RCB 2014-43	No	RCB 2017-9	No	FR0013519568	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).

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

### 5.1 INTEREST RATE RISK

- Hedging policy :

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 exclusively 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 €str (previously against euribor).

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 short-term 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.

Debt not benefiting from the non-privileged debt is not hedged. Debt contracted by Caisse Française de Financement Local with its shareholder to finance over-collateralization is borrowed either directly with a €str index and does not need to be swapped, or with a Euribor index and thus finances assets also indexed on Euribor. 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 followed, analyzed and managed based on the following indicators:

- The sensitivity of the so-called "management" net present value (NPV): this indicator is produced monthly and is calculated for eight rate shock scenarios (the six scenarios for calculating the "outlier" regulatory ratio, defined by the EBA, and two "internal" stress scenarios revised once a year after analysis of the economic and financial situation and determined on the basis of historical rate variations). Equity is taken into account in the calculation of this indicator. The maximum loss observed among these eight scenarios must not exceed the limit defined in the context of interest rate risk appetite

Sensitivity (EUR mns)	12/31/2022	12/31/2023
"Outlier" regulatory scenario of a 200bp rate increase	1.3	-4.4
"Outlier" regulatory scenario of a 200 bp rate decrease with application of a floor	-21.1	11.6
"Outlier" regulatory scenario of a increase in short-term rates	-9.2	-0.9
"Outlier" regulatory scenario of a decrease in short-term rates with application of a floor	8.2	0.9
"Outlier" regulatory scenario of flattening of the rate curve with application of a floor	-11.0	1.8
"Outlier" regulatory scenario of steepening of the rate curve with application of a floor	10.5	-1.1
Internal rate curve flattening scenario	-16.6	-13.9
Internal rate curve inversion scenario	-31.4 (*)	-5.3

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.

- the monitoring of fixed-rate, index and fixing gaps, calculated using a static approach:

<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.

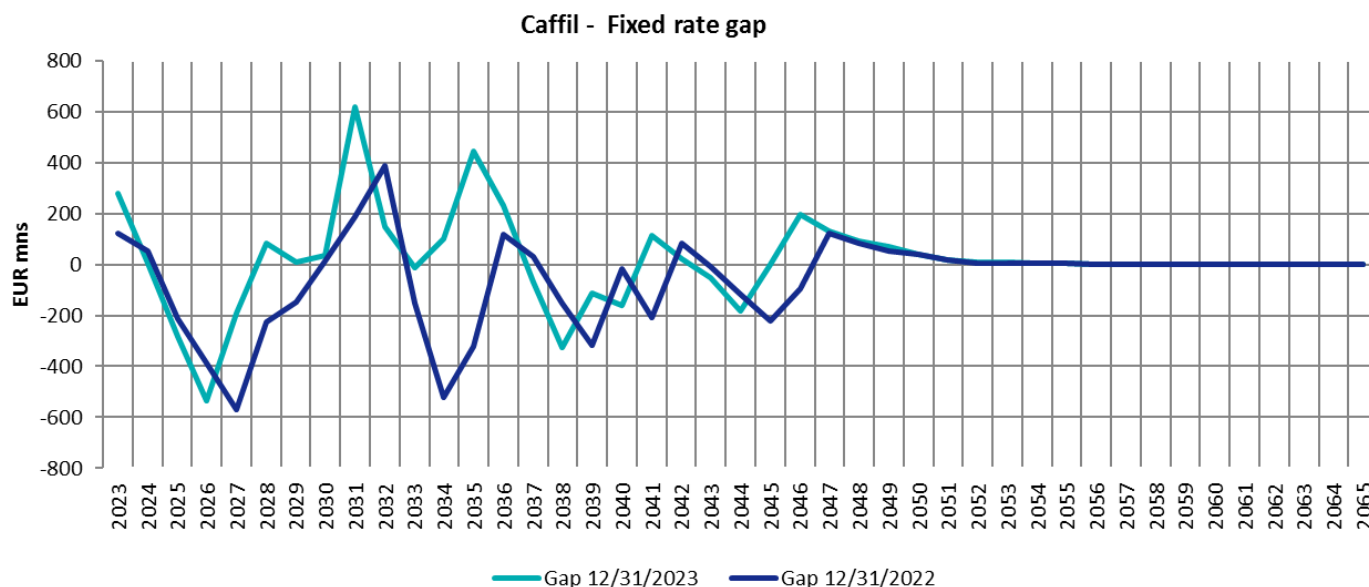
Floored Euribor gaps are used to monitor exposure to option risk. For Caisse Française de Financement Local, most of this risk is attributable to the floors of commercial loans indexed to euribor. This optional risk is hedged by swap. The net position (after swaps) is subject to a limit on the gap.

- 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 December 31, 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 its issues and assets denominated in foreign currency, on initial recognition at the latest and until their final maturity, thereby ensuring that these balance sheet items' principal and interest rates are hedged. Floating rate exposures in euros generated by this management policy are incorporated into interest rate risk management.

Foreign exchange risk is monitored using the net foreign exchange position in each currency, calculated on all foreign currency balance sheet receivables, debts (including accrued interest not yet due) and off-balance sheet commitments. The net foreign exchange position per currency must be zero, with the exception of USD, GBP and CHF, in which a marginal position is tolerated for operational reasons.

Nonetheless, certain loans to refinance large export credits denominated in foreign currency may cause a very limited temporary foreign exchange risk during their drawing phase in case of a shift between effective drawing dates and those initially scheduled and hedged. This residual risk is controlled by a sensitivity limit on the euro/currency basis, calculated over the life of the loans.

## 5.3 MARKET RISK

Caisse Française de Financement Local, as a société de crédit foncier, is not authorized to hold a trading or stocks investment portfolio and is therefore not exposed to regulatory market risks.

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.

These are investment securities, for which the losses in value on the closing date are provisioned in accordance with French accounting standards.

## 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 :

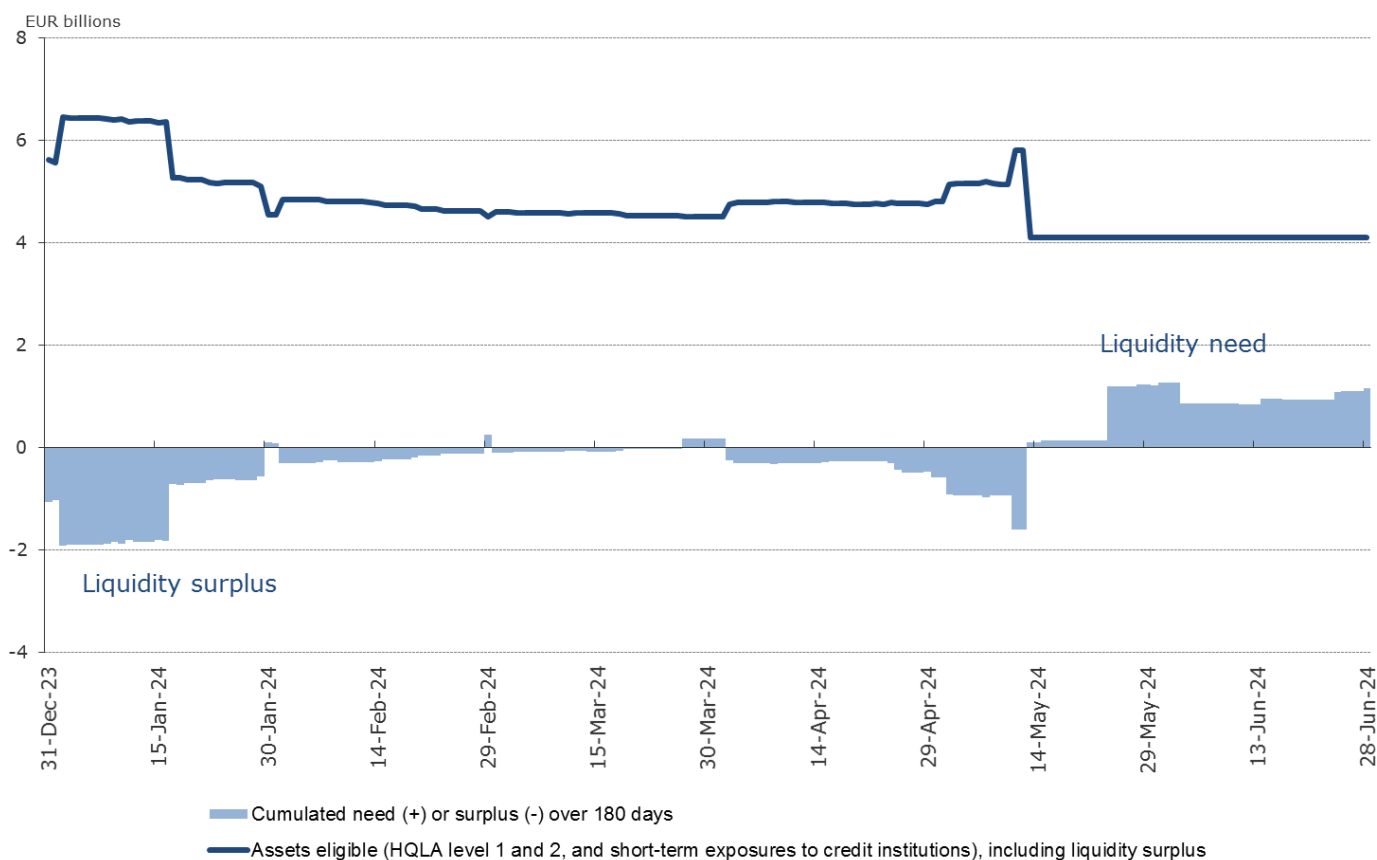
- Use the excess cash available. As of December 31, 2023, they amount to EUR 1,069.8 million before taking into account the assumption of non-performance of assets;
- Carry out a covered bond issue;
- Have additional drawings from its parent company within the framework of the financing agreement;
- 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 (excluding bank current accounts). As of December 31, 2023, these amount to EUR 2,774.3 million, including EUR 1,752.5 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 December 31, 2023, these amount to EUR 2,423.9 million.
  - Other assets which are directly eligible for refinancing from the Banque de France. As of December 31, 2023, these amount to EUR 34,884 million, before haircut.

As of December 31, 2023, Caisse Française de Financement Local thus had approximately EUR 41,152.3 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 December 31, 2023, the liquidity situation at 180 days shows excess liquidity until mid-May 2024 (with a maximum of EUR 1.9 billion beginning of January 2024) and a cash requirement over the rest of the period (with a maximum of EUR 1.3 billion end of May 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.

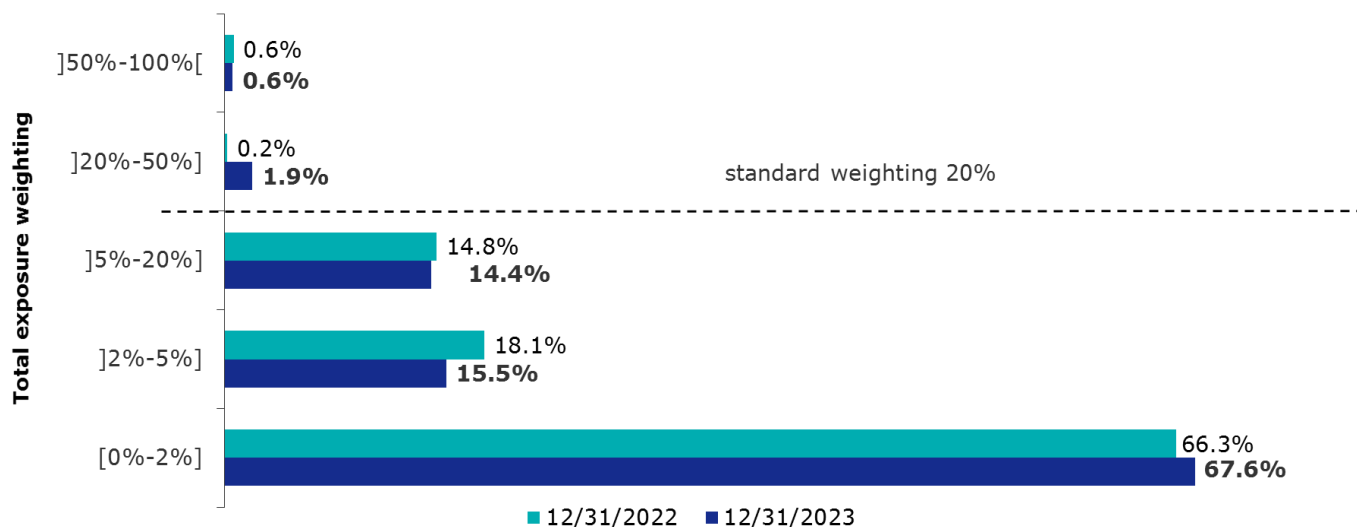
The assumptions used for the calculation are as follows:

- 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 – December 31, 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 December 31, 2023:**

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

- 83% of the portfolio has a risk weighting of 5% or less;
- 3% of the portfolio has a weighting greater than 20%.

The average risk weighting of assets is 4.8% 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 2.8 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 December 31, 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	76.6	83%	(1.3)	0.1	(0.1)	-
cover pool - SFIL	15.4	17%	(1.4)	-	-	-
Outside cover pool - SFIL	0.2	0%	(0.1)	-	-	0.1
<b>Total</b>	<b>92.2</b>	<b>100%</b>	<b>(2.8)</b>	<b>0.1</b>	<b>(0.1)</b>	<b>0.1</b>

As of December 31, 2023, Caisse Française de Financement Local was exposed (positive fair value of swaps) to six bank counterparties, all of these paid cash collateral totalling EUR 0.1 billion, offsetting the total exposure.

The swaps negotiated with external counterparties represented 83% of outstanding swaps and those signed with SFIL 17%. The swaps signed with the five largest counterparties represented a total of 57.1% of notional amounts.



## 6. Coverage of liquidity needs

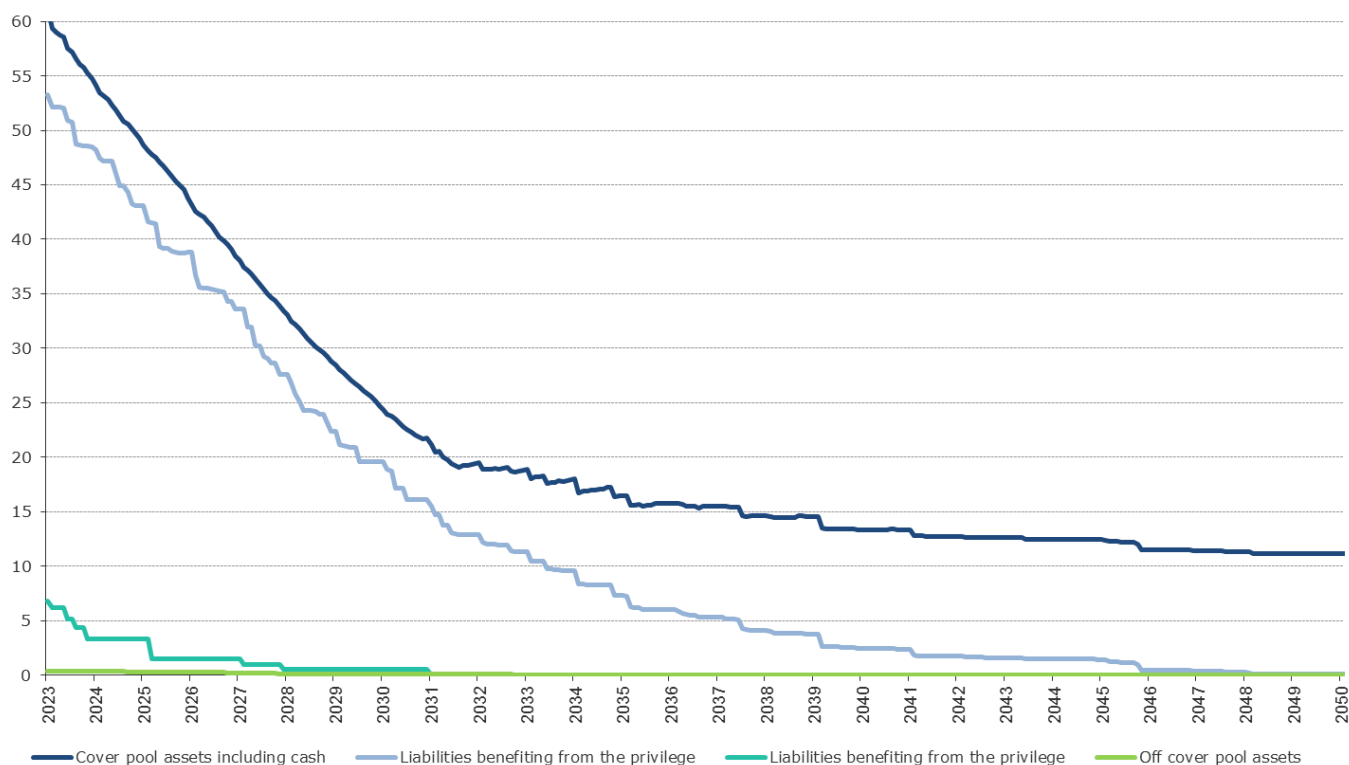
Information on the 180-day cash requirement and the hedging methods are presented in paragraph 5.4.

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 September 30, 2023, amounts to 114.6%.