



Report on asset quality  
of the cover pool and on outstanding covered bonds  
as of December 31, 2024  
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, 2024, Caisse Française de Financement Local's cover pool is made of:

- exposure on public sector entities amounting to EUR 61.6 billion including EUR 57.3 billion of loans (of which cash deposits with Banque de France amounting to 1.2 billion) and EUR 4.3 billion of bonds, and
- exposure on credit institutions (bonds and deposits) amounting to EUR 3.1 billion.

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

EUR thousands, as of 12/31/2024	Total Outstanding	Assets removed from the cover pool	Total cover pool
Exposures on public sector			
-Loans (except cash deposits with Banque de France)	56,364,065	317,713	56,046,352
-cash deposits with Banque de France	1,295,265	-	1,295,265
-Bonds	4,276,536	-	4,276,536
Other exposures: Exposures to credit institutions Bonds, exposures and deposits	3,100,650	-	3,100,650
Collective impairment	- 15,030	-	- 15,030
<b>TOTAL</b>	<b>65,021,486</b>	<b>317,713</b>	<b>64,703,773</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, 2024.

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 12/31/2024		Direct Exposure		Indirect Exposure		Total	Of which non-performing loans (3)	Of which past due	Of which specific impairment	of which provisions on placement securities
COUNTRY		Loans	Bonds	Loans	Bonds					
<b>France</b>										
Central governments :										
- export refinancing		-		9,403,871	-	9,403,871	-	-	-	-
- others		5,000	120,000	-	230,000	355,000	-	-	-	-
Central banks										
- cash deposits with Banque de France <sup>(1)</sup>		1,295,265	-	-	-	1,295,265	-	-	-	-
Regional and local authorities										
- Regions		2,938,035	55,010	5,133	-	2,998,177	2,299	-	-	-
- Departments		6,802,424	-	280,048	-	7,082,472	4,804	244	(170)	-
- Municipalities		13,860,628	11,692	464,021	-	14,336,341	87,922	11	(21)	-
- Overseas Territories		55,676	-	3,324	-	59,000	3,943	289	(77)	-
- Groups of municipalities <sup>(2)</sup>		14,371,168	29,075	75,853	-	14,476,096	3,676	479	(125)	-
Public sector entities :										
- health		5,998,000	-	-	-	5,998,000	37,490	0	(1,173)	-
- others		1,190,685	401,800	-	-	1,592,485	9,859	2	-104	-
<b>Sub total</b>		<b>46,516,881</b>	<b>617,577</b>	<b>10,232,250</b>	<b>230,000</b>	<b>57,596,708</b>	<b>149,993</b>	<b>1,026</b>	<b>(1,670)</b>	<b>-</b>
<b>Austria</b>										
Regional and local authorities										
- Länder		145,312	-	-	-	145,312	-	-	-	-
<b>Sub total</b>		<b>145,312</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145,312</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Belgium</b>										
Regional and local authorities										
- Regions		159	-	17,760	-	17,919	-	-	-	-
<b>Sub total</b>		<b>159</b>	<b>-</b>	<b>17,760</b>	<b>-</b>	<b>17,919</b>	<b>-</b>	<b>-</b>	<b>-</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>-</b>	<b>-</b>	<b>-</b>
<b>Spain</b>										
Central governments		-	208,000	-	74,500	282,500	-	-	-	-
Regional and local authorities										
- Regions		-	50,000	-	-	50,000	-	-	-	-
- Municipalities		54,428	-	-	-	54,428	-	-	-	-
<b>Sub total</b>		<b>54,428</b>	<b>258,000</b>	<b>-</b>	<b>74,500</b>	<b>386,928</b>	<b>-</b>	<b>-</b>	<b>-</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>	<b>-</b>	<b>-</b>	<b>-</b>

COUNTRY	Direct Exposure		Indirect Exposure		Total	Of which non-performing loans	Of which past due <sup>(1)</sup>	Of which specific impairment <sup>(3)</sup>	of witch provisions on placement securities
	Loans	Bonds	Loans	Bonds					
<b>Italy</b>									
Central governments	-	1,082,883	-	-	1,082,883	-	-	-	(12,117)
Regional and local authorities	-	-	-	-	-	-	-	-	-
- Regions	-	1,035,978	-	-	1,035,978	-	-	-	-
- Provinces	-	337,689	-	-	337,689	-	-	-	-
- Municipalities	3,005	500,892	-	-	503,896	-	-	-	-
- Groups of municipalities	-	6,075	-	-	6,075	-	-	-	-
<b>Sub total</b>	<b>3,005</b>	<b>2,963,516</b>	-	-	<b>2,966,521</b>	-	-	-	<b>(12,117)</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	3,472	-	-	-	3,472	-	-	-	-
<b>Sub total</b>	<b>3,472</b>	-	-	-	<b>3,472</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>47,039,962</b>	<b>3,972,036</b>	<b>10,301,655</b>	<b>304,500</b>	<b>61,618,153</b>	<b>149,993</b>	<b>1,026</b>	<b>(1,670)</b>	<b>(12,117)</b>
<b>Collective impairment</b>	-	-	-	-	<b>(15,030)</b>	-	-	-	-
<b>GENERAL TOTAL</b>	-	-	-	-	<b>61,603,123</b>	-	-	-	-

(1) Caisse Française de Financement Local's Banque de France account as of December 31, 2024

(2) Of which EUR 7,929 thousand on operations linked to partnership agreements.

(3) of witch EUR 0 thousands of litigious claim

## 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 12/31/2024

Residual maturity		
Maturity date in years	Number of deals <sup>(1)</sup>	Total outstanding
0	1,642	1,543,663
1	3,866	332,317
2	2,321	966,682
3	2,383	1,533,144
4	2,660	1,554,944
5	2,452	2,373,928
6	2,670	2,264,261
7	1,603	1,994,133
8	1,596	2,244,902
9	1,661	3,467,436
10	1,957	4,530,586
11	1,746	6,514,253
12	1,722	4,836,966
13	1,204	2,942,236
14	1,396	2,971,477
15	1,195	3,715,435
16	826	2,690,245
17	863	3,102,291
18	613	1,862,820
19	722	2,340,255
20	472	1,412,888
21	211	597,717
22	280	880,928
23	230	1,564,353
24	269	815,858
25	233	780,142
26	60	342,660
27	73	390,184
28	68	193,370
29	93	509,848
30	66	427,287
31	27	40,967
32	17	25,443
33	9	25,502
34	12	34,668
35	8	18,788
36	4	9,726
37	1	6,245
39	18	119,030
40	30	63,643
41	5	4,099
	<b>37,284</b>	<b>62,045,324</b>
ÉCART DE CHANGE		- 427,171
Provisions collectives non ventilées		- 15,030
<b>TOTAL GÉNÉRAL</b>		<b>61,603,123</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 12/31/2024

COUNTRY	Early repayments during the year 2024	Rate of early repayments
- Refinancements export	-	0.00%
- Secteur public local	31,577	0.06%
<b>TOTAL expositions sur personnes publiq</b>	<b>31,577</b>	<b>0.05%</b>

The rate of early repayments for the year 2024 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 2023, the rate of early repayments for this entire year was 0.27% for a total amount of repayments of EUR 162 million.

## 2.5 Accounting policies relating to the classification of exposures as non-performing loans

As long as loans are not classified as non-performing, they are classified as sound or stressed; they remain in their original position. A loan is considered as non-performing when it presents one of the following characteristics:

- A probable or certain risk that it will not be repaid (past-due for more than nine months for local government borrowers, and for more than three months for the other counterparties). A counterparty that is overdue by more than this amount may not be downgraded to non-performing if special circumstances demonstrate that the overdue amounts are due to causes unrelated to the debtor's situation (technical overdue amounts).
- when the situation of a counterparty presents characteristics such that, independently of the existence of any outstanding payments, it can be concluded that a proven risk exists (worsening of the financial situation or alert procedures for example).

For the sake of operational simplicity and conservatism, Caffil has aligned the notion of non-performing loan with the prudential notion of actual default, i.e. a default due to arrears in payment and/or due to the risk of non-payment of the totality of outstanding due by the borrower (notion of "Unlikely To Pay (UTP)" with reference to the default policy of the Company. Counterparties on probation prior a potential reclassification out of the default category are also on the scope of non-performing loans from an accounting perspective.

Caisse Française de Financement Local records impairment losses corresponding, in present value terms, to all its expected losses on non performing or compromised non performing loans.

Forecast losses are equal to the difference between initial contractual cash flows, less cash already received, and forecast cash flows. The latter are determined by taking into account the counterparty's financial situation, its economic outlook, the guarantees called or likely to be called, after deduction of the costs associated with their realization, and the status of ongoing proceedings.

Initial contractual cash flows, less cash already received, and forecast cash flows are discounted at the original effective rate of the corresponding outstanding for fixed rate loans, or at the most recent effective rate determined in accordance with the contractual terms for variable rate loans.

At the closing date, the carrying amount of a loan net of impairment must be equal to the lower of historical cost or the present value of expected cash flows from interest, repayment of principal and, where applicable, the net value of collateral. Interest on loans downgraded to non performing continues to be

recognized after the downgrade. Impairment is at least equal to the amount of interest recorded on non performing loans and not collected. Impairment corresponding to unpaid interest is recognized in NBI, while the portion corresponding to principal is recognized in cost of risk. Litigious loans are provisioned on a case by case basis.

### 3. OTHER EXPOSURE: EXPOSURE ON CREDIT INSTITUTIONS

#### 3.1. BREAKDOWN BY COUNTERPART

EUR thousands, as of 12/31/2024	Country	Amount	of witch placement securities	of witch provisions on placement securities	of witch investements securities	of witch provisions on investements securities
<b>Step 1 credit rating</b>						
Covered Bonds						
	France	829,300	-	-	829,300	-
	Other countries	1,286,925	-	-	1,286,925	-
Other Bank bonds						
	France	78,000	-	-	78,000	-
	Other countries	318,000	-	-	318,000	-
Loans to SFIL	France	-				
Bank accounts' balances	France and other countries	9				
<b>Step 2 credit rating</b>						
Covered Bonds						
	France	-	-	-	-	-
	Other countries	45,600	-	-	45,600	-
Other Bank bonds						
	France	205,000	-	-	205,000	-
	Other countries	313,000	-	-	313,000	-
Bank accounts' balances	France and other countries	24,816				
<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>3,100,650</b>	<b>-</b>	<b>-</b>	<b>3,075,825</b>	<b>-</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, 2024 all these conditions are completed.

## 3.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 12/31/2024

Residual maturity		
Maturity date in years	Number of deals <sup>(1)</sup>	TOTAL
0	12	331,200
1	11	337,250
2	14	425,775
3	13	573,300
4	16	681,500
5	3	75,925
6	11	326,100
7	1	69,800
8	3	205,200
9	2	74,600
<b>Total</b>	<b>86</b>	<b>3,100,650</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 2024, nor during the whole year 2023.

## 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, 2024 amounts to EUR 106 million.

## 3.6 VALUATION METHOD OF INVESTISSEMENT AND PLACEMENT SECURITIES

**Investissement securities**

Fixed income securities with a specified maturity are recognized as investment securities when there is the intention and the capacity to hold them to maturity. Securities in this category are subject to back-financing or interest rate hedging over their residual maturity.

Investment securities are recognized on the date of purchase at acquisition clean price, excluding fees.

They are presented excluding accrued interest and any discounts or premiums on acquisition.

At closing date, unrealized gains are not recognized and unrealized losses are generally not impaired. By way of exception, unrealized losses are impaired in the following cases:

- a doubt about the issuer's ability to meet its obligations;
- the probability that the Company will not hold these securities until maturity due to new circumstances.



## **Placement securities**

Securities that do not fit into the category investment securities are recognized as placement securities.

Placement securities are recognized on the date of purchase at acquisition clean price, excluding fees

They are presented excluding accrued interest and any discounts or premiums on acquisition.

In application of the principle of prudence, placement securities are recognized on the balance sheet at their acquisition cost including if applicable the amortization of discount or premium or selling price at closing date, whichever is lower, after accounting, when relevant, for the value of the micro-hedge swap.

If the market for a financial instrument is not active, valuation techniques are used to calculate its selling price. The valuation model should take into account all the factors that market players would consider to value the asset. Within this framework, Caffil relies on its own valuation models, making every effort to take into account the market conditions at the date of the valuation as well as any changes in the credit quality of these financial instruments and market liquidity.

Placement securities transferred to investment securities are recognized at their acquisition cost and previously recognized impairment is reversed over the residual maturity of the securities concerned.



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

### 5.1 INTEREST RATE RISK

Among the various interest rate risks, the Sfil group is exposed to three types of risk, namely fixed rate risk, revisable rate risk (base and fixing) and optional risk linked to the existence of floors on commercial loans.

- Hedging policy:

The Sfil group has defined an appetite for interest rate risks which is broken down into a system of limits governing the sensitivity of the net present value (NPV) and the sensitivity of the Net Interest Margin (NIM).

In order to manage these sensitivities 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 rate structure. Certain vanilla transactions denominated in euros may also be subject to micro-hedging if their notional amount or duration risks exceeding a limit on the sensitivity of the NPV or the NIM. Micro-hedging is carried out by swap;
- macro-hedging of interest rate risk for all operations that are not micro-hedged. The operations concerned are essentially (i) loans to the local public sector and (ii) issues of covered bonds denominated in euros. This macro-hedging is obtained as much as possible by backing between assets and liabilities with the same risk profile or by setting up new swaps.

This fixed rate risk management is supplemented by monitoring the fixings of revisable rate transactions to ensure that these do not result in the short-term sensitivity limit being exceeded. Where appropriate, swaps against €STER may be entered into to cover 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 debts are not hedged. Indeed, the debts contracted by Caisse Française de Financement Local with its shareholder to finance the overcollateralization are borrowed either directly with a €STER index and do not need to be swapped, or with a EURIBOR index and then finance assets also indexed on EURIBOR. Where applicable, debts to the Banque de France, short-term and at a fixed rate, are not hedged, but finance assets at a fixed rate as well.

These different types of rate risk are analyzed and managed through:

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

<b>Fixed rate gap</b>	Difference between balance sheet and off-balance sheet assets and liabilities for fixed-rate transactions or transactions for which the rate has been set. It is calculated every month until balance sheet run-off.
<b>Index gap</b>	Difference between balance sheet and off-balance sheet assets and liabilities for a given index tenor that has not yet been fixed. This gap is calculated every month until balance sheet run-off.
<b>Fixing gap</b>	Difference between balance sheet and off-balance sheet assets and liabilities for a given index tenor that has not yet been fixed.

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 monthly production of net present value sensitivity indicators;

The measurement of this risk is equal to the maximum loss in net present value observed in relation to eight different rate change scenarios. These eight scenarios correspond to the six scenarios for calculating the outlier regulatory ratio, to which are added two internal scenarios defined on the basis of historical

rate changes. Unlike regulatory ratios, equity is taken into account in calculating these indicators. The maximum loss observed at the end of the year among the eight scenarios considered is presented below:

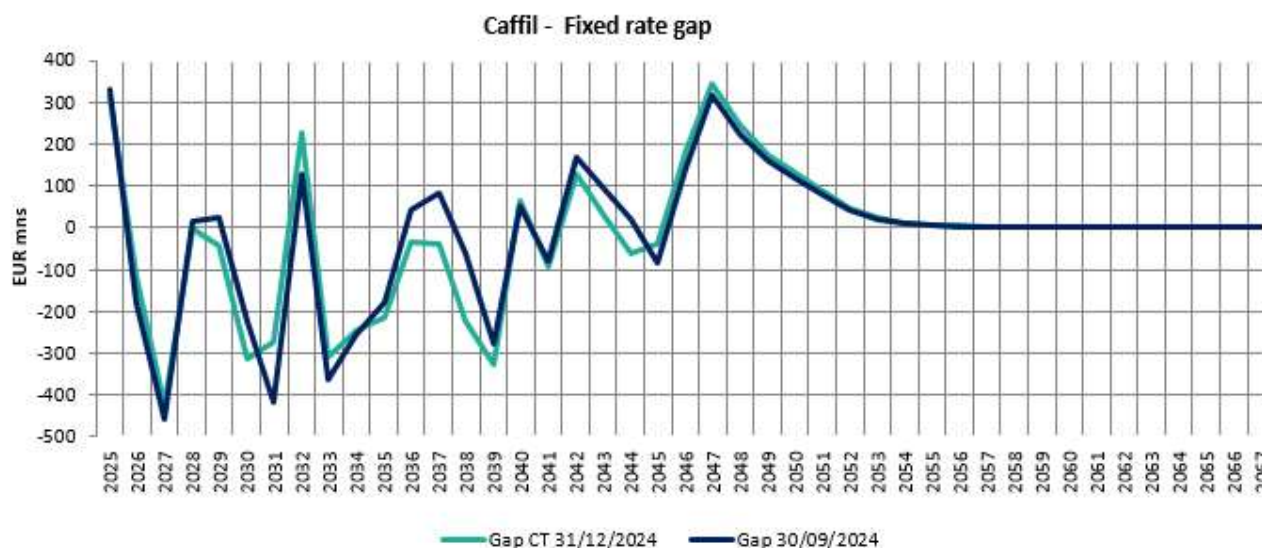
Sensitivity (EUR mns)	12/31/2023	12/31/2024
"Outlier" regulatory scenario of a 200bp rate increase	-4,4	0,1
"Outlier" regulatory scenario of a 200 bp rate decrease with application of a floor	11,6	6,9
"Outlier" regulatory scenario of a increase in short-term rates	-0,9	-9,6
"Outlier" regulatory scenario of a decrease in short-term rates with application of a floor	0,9	10,2
"Outlier" regulatory scenario of flattening of the rate curve with application of a floor	1,8	-8,7
"Outlier" regulatory scenario of steepening of the rate curve with application of a floor	-1,1	9,6
Internal rate curve flattening scenario	-13,9	-10,4
Internal rate curve inversion scenario	-5,3	5,0

- 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, 2024 is as follows:



## 5.2 EURO/CURRENCY BASE AND EXCHANGE RATE RISK

The reference currency of Caisse Française de Financement Local is the euro: the exchange rate risk therefore reflects the change in value of assets and liabilities denominated in a currency other than the euro due to a fluctuation of this same currency against the euro.

The euro/currency basis risk is defined as the risk of loss linked to the basis mismatch when matching jobs and resources denominated in different currencies.

The foreign exchange risk management policy of Caisse Française de Financement Local consists of not taking any foreign exchange risk: issues and assets denominated in foreign currencies give rise, at the latest when they are entered into the balance sheet and until their final maturity, to the conclusion of a cross-currency swap against the euro, thus ensuring foreign exchange coverage of the nominal value and the rate carried by these balance sheet items. Exposures to revisable rates in euros resulting from this management are integrated into the overall management of interest rate risk.

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 land credit company, cannot hold a trading or participation portfolio and is therefore not exposed to regulatory market risk.

Certain positions or activities in the banking portfolio of Caisse Française de Financement Local, even if they do not carry 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 to equity; they are monitored under non-regulatory market risks. These are investment securities under French accounting standards, for which impairment losses at the reporting date are provisioned.

The assessment and continuous monitoring of non-regulatory market risks are carried out by the market and balance sheet risk department through:

- daily control of margin calls on derivatives via monitoring of sensitivities to market parameters;
- calculation of the impact of spread risk on the securities portfolio

## 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 :

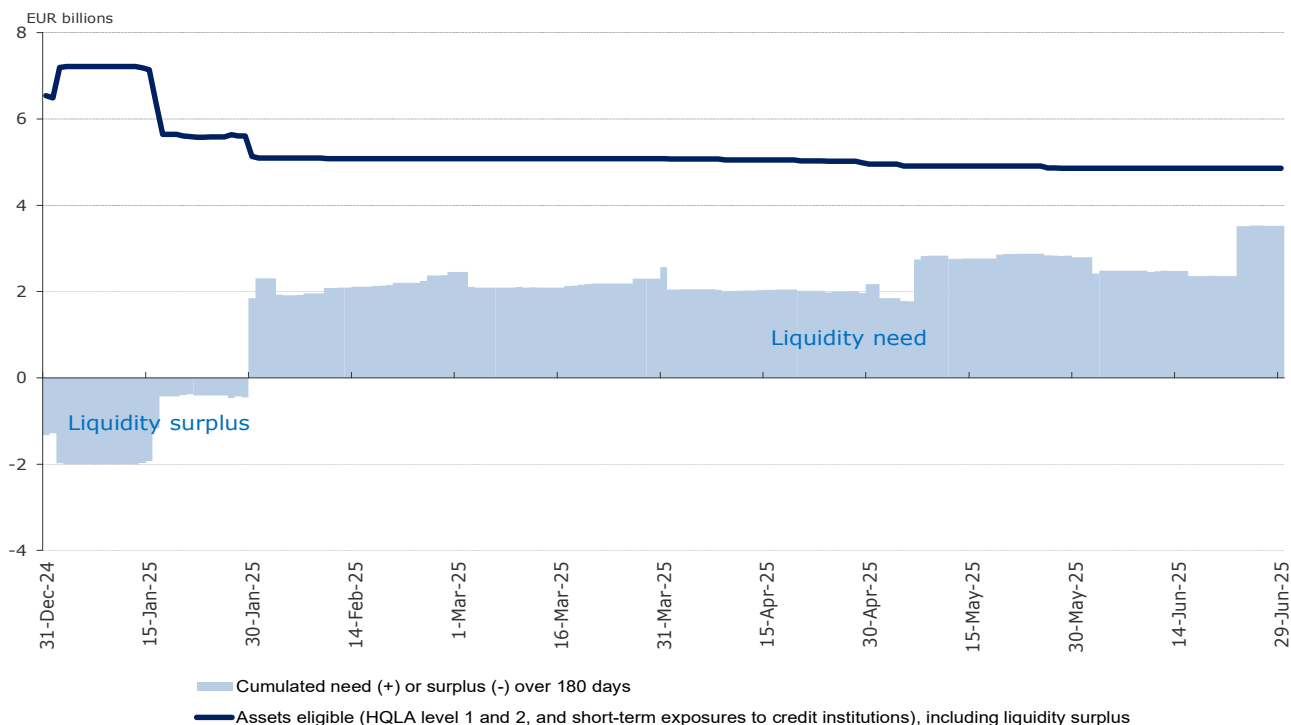
- Use the excess cash available. As of December 31, 2024, they amount to EUR 1,325.1 million (deposits at the Bank of France, the Treasury and commercial banks);
- Carry out a covered bond issue;
- Have additional drawings from its parent company within the framework of the financing agreement;

- 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, 2024, these amount to EUR 3,075.8 million, including EUR 2,161.8 million of high quality liquid assets (level 1, 2A, or 2B);
  - High quality liquid public sector securities (level 1, 2A or 2B), excluding bank securities. As of December 31, 2024, these amount to EUR 2,809.4 million.
  - Other assets which are directly eligible for refinancing from the Banque de France. As of December 31, 2024, these amount to EUR 36,176.2 million, before haircut.

As of December 31, 2024, Caisse Française de Financement Local thus had approximately EUR 43,386.5 million in liquid assets or assets eligible for refinancing by the Banque de France, including its cash deposited with the bank or the Treasury 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, 2024, the liquidity situation at 180 days shows a cash requirement of EUR 3.53 billion at the end of June 2025. Over the period, liquidity needs are covered at all times by high-quality liquid assets (level 1, 2A or 2B) 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.

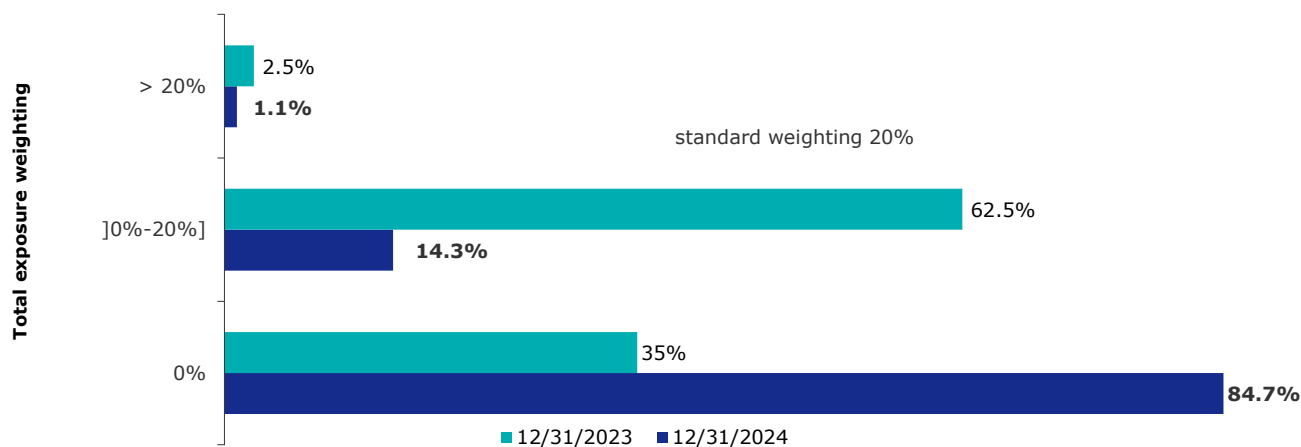
The assumptions used for the calculation are as follows:

- 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, 2024 (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 the portfolio is illustrated by the risk weightings assigned to its assets. Since September 30, 2024, the risk weights are determined according to the standardized approach for the entire portfolio. This approach is mainly based on flat-rate weighting rates, which for certain categories of counterparties may depend on the external assessment provided by external assessment bodies.

**Risk Weighting of Caisse Française de Financement Local's portfolio as of December 31, 2024:**

This analysis confirms the excellent quality of the assets in Caisse Française de Financement Local's portfolio. As of December 31, 2024 :

- nearly 85% of the portfolio has a risk weighting equal to 0%;
- 1% of the portfolio has a weighting greater than 20%.

The average asset weighting is 3.5% as of December 31, 2024. It was 4.8% as of December 31, 2023.

- Bank counterparty risk

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

- exposures on credit institution in the amount of EUR 3.1 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 December 31, 2024 are listed below.

EUR billions	Total of notional amounts	% of total notional amounts	Mark to Market		Collateral received	Collateral paid
			-	+		
Cover pool - external counterparties	73.5	81%	(1.1)	0.1	(0.1)	-
cover pool - SFIL	17.6	19%	(1.4)	-	-	-
Outside cover pool - SFIL	0.2	0%	(0.1)	-	-	0.1
<b>Total</b>	<b>91.3</b>	<b>100%</b>	<b>(2.6)</b>	<b>0.1</b>	<b>(0.1)</b>	<b>0.1</b>

As of December 31, 2024, 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.

Swaps entered into with the top five external counterparties represent a total of 50% of the notional amounts.

## 6. Coverage of liquidity needs

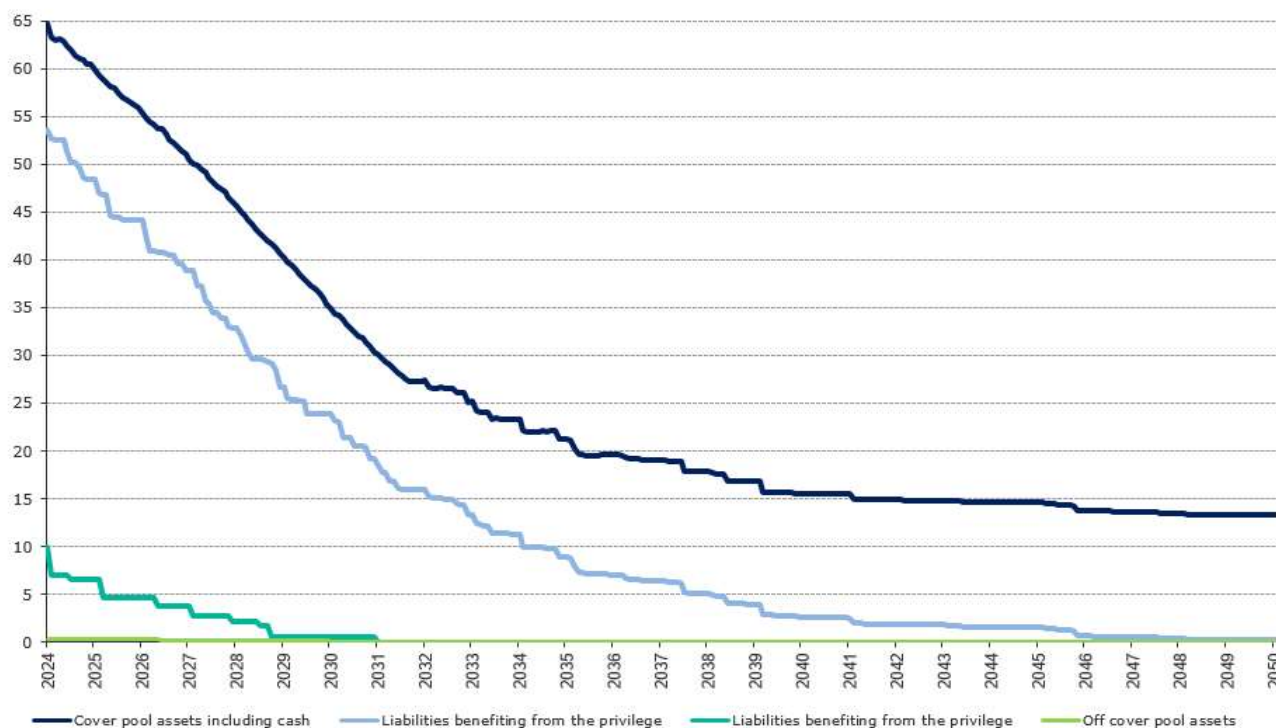
Information on the 180-day cash requirement and the hedging methods are presented in paragraph 5.4.

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 31, 2024, amounts to 121.7%.