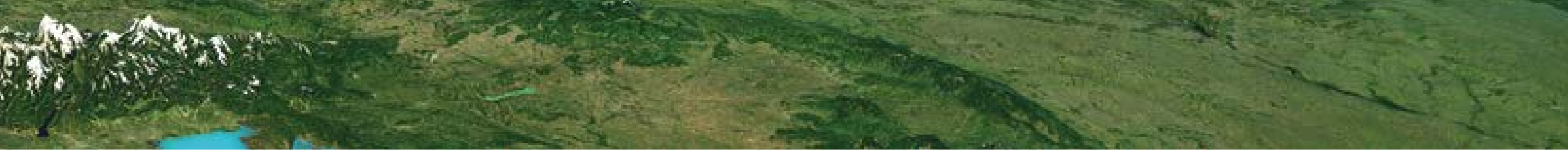
Annual financial report 2024

CONTENTS

Annual financial report
2024

This document is intended to describe the Company's activity in 2024, in accordance to the provisions of article L. 451-1-2 of the French Monetary and Financial Code, and article 222-3 of the General Regulation of the French Financial Markets Authority (Autorité des marchés financiers). It is filed with the AMF in accordance with the terms and conditions provided for the general regulation, and is available on the issuer's website.

This document is a free translation into English, which is provided solely for the convenience of English speaking readers, of the annual financial report issued in French and is available on the website www.caffil.fr.



Caffil

The Sfil Group

Serving regional growth

A vision

Financing a sustainable future through a long-term and responsible support to regional development and large exporters

Two public policy missions, serving the economic recovery and the environmental transition

Long-term financing of French local authorities and public hospitals

Long-term financing of French large export contracts

Caffil

A market leader in covered bonds

Leading European issuer of covered bonds financing the public sector

A recognized issuer with an excellent signature

A subsidiary of the French public development bank, Sfil

A fully public shareholding, within the Caisse des Dépôts Group

A very low risk profile

High visibility in terms of business volume, financing conditions and results

The leading European issuer of covered bonds financing the public sector

High-quality bonds

- Solid and very protective legal framework for sociétés de crédit foncier
- Eligibility for European Central Bank (ECB) refinancing operations
- "European Covered bond (premium)" label recipient
- Preferential prudential treatment under Capital Requirements Regulation
- Member of the Covered bond label created by the ECBC

A regular, trustworthy issuer of green and social issues

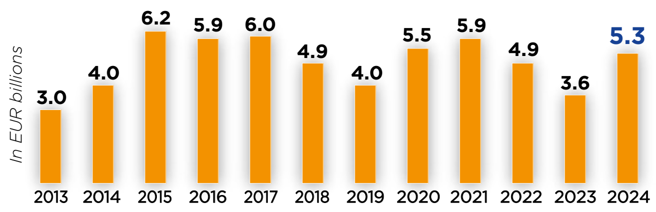
One purpose: to support the environmental transition and the social cohesion of the territories

Green, social and sustainable issue program

To finance green and social investments for local authorities, public hospitals and exporters

An exceptional funding capacity

Bonds issues since 2013



EUR 53.5 billion

Outstanding covered bonds as of December 31, 2024

A recognized issuer

Issues awarded internationally

The Covered Bond Report Awards for Excellence

European Deal of the Year
CBR Awards 2024

IFR AWARDS 2024

Best Covered Bond
IFR Awards 2024

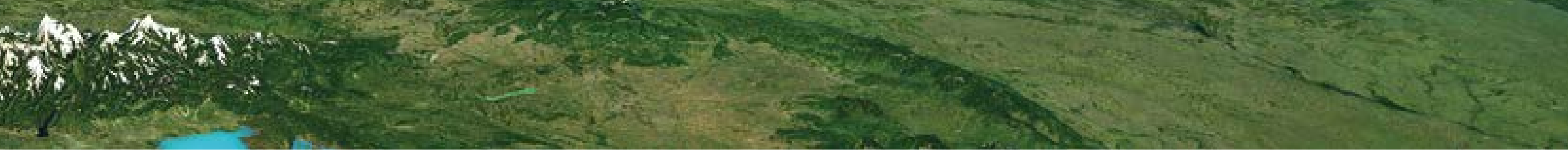
With an excellent signature

Caffil

MOODY'S: Aaa

DBRS: AAA

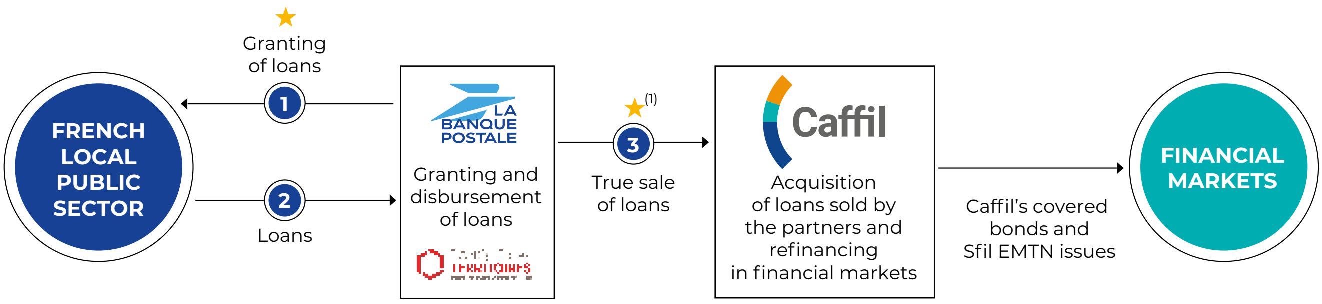
ISS: Corporate ESG Performance Prime, RATED BY ISS ESG



Leader in its two main markets

The leading local public sector lender in France in partnership with La Banque Postale and Banque des Territoires

Caffil refinances medium- and long-term loans marketed by its partners La Banque Postale and La Banque des Territoires to local authorities and public hospitals. These loans are refinanced by bond issues dedicated to institutional investor



★ *Caffil's credit decision-making process*

(1) *Only in the case of the partnership with La Banque Postale*

An extensive offering of thematic loans

A green loan offering, broken down into five categories for local authorities:

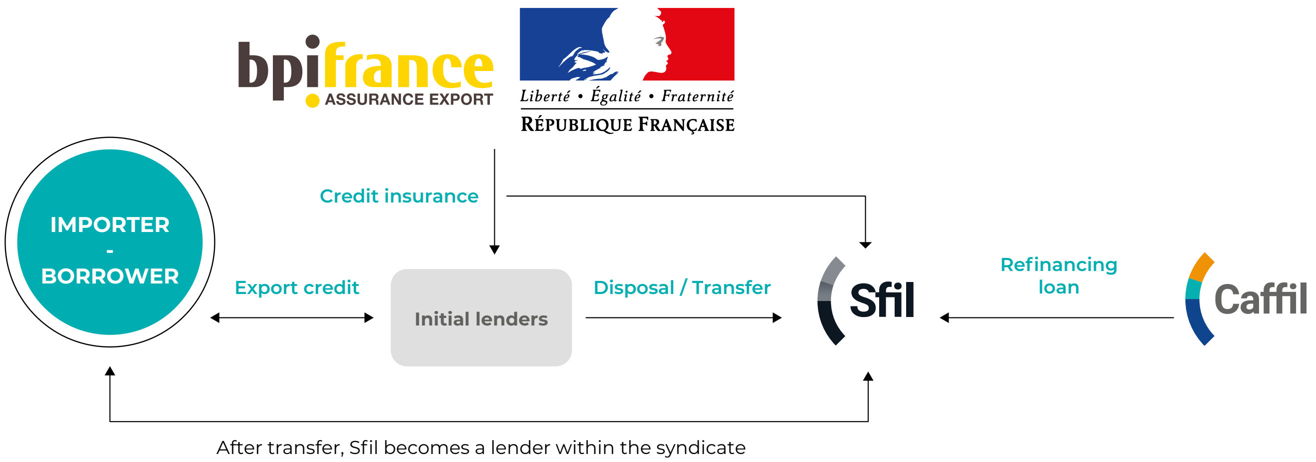
- Renewable energies
- Sustainable water and sanitation management
- Management and waste recovery
- Soft mobility and clean transport
- Energy efficiency of construction and urban planning

A **social loan offering,** broken down into five categories for local authorities:

- **Fire and Rescue Service**
- **Health, social and family action**
- **Education and vocational training**
- **Sport, culture and community life**
- **Territories development and cohesion**

The leading liquidity provider for the export credit market

The Sfil Group refinances large export contracts, with the objective to improve the competitiveness of financing associated with French exports. These large export credits are refinanced by bond issues dedicated to institutional investors.



Key figures

Balance sheet

EUR 64.7 billion
Portfolio of assets
(cover pool)

EUR 53.5 billion
Covered bonds

119.4%
Over-collateralization ratio

Business activity 2024

EUR 5.5 billion
Loans to the French public sector acquired

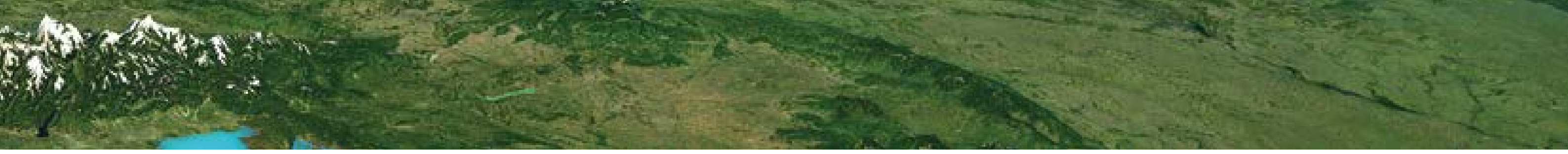
EUR 2.4 billion
Export credits refinanced

EUR 5.3 billion
Covered bonds issued

Asset quality

0.24%
Doubtful and litigious loans
(% cover pool)

65%
Assets eligible for Banque de France refinancing
(% cover pool)



01

General scope of business activity

General business environment

01

1.1 Nature and legal framework of the Company

1.1.1 Nature of the Company

Caisse Française de Financement Local (hereinafter referred to as Caffil), created on December 29, 1998 for a period of 99 years, is a credit institution whose business is the refinancing of loans to French public sector entities through the issuance of covered bonds, called *obligations foncières*.

This specialized credit institution was authorized to operate as a *société de crédit foncier* by the Comité des Établissements de Crédit et des Entreprises d'Investissement (now part of the Autorité de contrôle prudentiel et de résolution – ACPR) at its meeting of July 23, 1999. This approval became definitive on October 1, 1999. On January 31, 2013, the Company took the name Caisse Française de Financement Local, replacing Dexia Municipal Agency, upon the sale of its sole shareholder, Sfil (formerly Société de Financement Local), to the French Republic, the Caisse des Dépôts Group and La Banque Postale.

As a credit institution, Caffil is subject to all legal and regulatory provisions that apply to credit institutions. It conducts banking transactions in its ordinary course of business.

Caffil is a French limited liability company (société anonyme) with an Executive Board and a Supervisory Board whose registered office is located at 112-114, avenue Émile Zola - 75105 Paris.

1.1.2 Applicable legal framework

As a *société de crédit foncier*, Caffil engages in specialized transactions that have an exclusive purpose, as defined in articles L.513-2 et seq. of the French Monetary and Financial Code. In the case of Caffil, this specialization is exclusively limited to transactions with public sector entities or entities they fully guarantee as specified in its October 1, 1999 authorization and its own by-laws.

Sociétés de crédit foncier issue covered bonds, known as "*obligations foncières*" and may contract other covered bonds that are or are not tradeable on regulated markets. These instruments are characterized by the legal privilege, which, as a priority, allocates the sums from the Company's assets (cover pool) to pay their interest and reimbursements. *Sociétés de crédit foncier* may also issue or contract non-covered debt.

The bonds that Caffil issues have the "European Covered Bond (Premium)" label.

The legal and regulatory framework applicable to Caffil is set out below.

French legal and regulatory framework

Sociétés de crédit foncier are governed by the contents of articles L.513-2 to L.513-27 and R.513-1-A to R.513-18 of the French Monetary and Financial Code. These articles of the law are complemented by the following regulatory texts:

- Regulation No. 99-10 of the Comité de la Réglementation Bancaire et Financière of July 9, 1999, as amended, relating to *sociétés de crédit foncier* and *sociétés de financement de l'habitat*;
- ACPR instructions 2022-I-03, 2022-I-04 and 2022-I-05.

In addition to the laws and regulations described below, Caffil is subject to the same reporting and liquidity ratio obligations *vis-à-vis* the regulator as credit institutions. Monitoring of solvency (solvency ratios, major risks and leverage) is carried out on a consolidated basis at the level of the parent company, Sfil.

The table below describes the main provisions of the French legal and regulatory framework, including the European provisions on covered bonds, for *sociétés de crédit foncier* as well as its application to Caffil.

Main provisions of the French legal and regulatory framework	Application to Caffil
Legal framework for the operation of *sociétés de crédit foncier:*	

• article L.513-2 which describes in particular:
  • their exclusive purpose which is to finance guaranteed home loans, loans to the public sector and exposure on credit institutions, refinanced by *obligations foncières* and other resources which may or may not benefit from the legal privilege;
  • the possibility of obtaining financing by pledging certain assets;
  • the impossibility of owning subsidiaries or affiliates.
	• assets solely made up of exposure to the public sector and exposure to credit institutions;
	• large volume of available assets eligible for European Central Bank refinancing operations, which provide additional access to financing that can be mobilized very quickly in the event of liquidity need;
	• no equity interest held.

Definition of assets eligible to *sociétés de crédit foncier*:	
• article L.513-3 (home loans); • article L.513-4 (exposure on public sector entities); • article L.513-5 (securitization shares); • article L.513-6 (exposure to credit institutions).	• Caffil's major assets: exposure on public sector entities (article L.513-4), in other words, loans and/or bond issues representing a commitment on, or totally guaranteed by, these public entities; • Caffil's other assets: exposures on credit institutions (article L.513-6) with a credit quality step 1 (triple A or double A level) or step 2 (single A level) rating or, when their remaining maturity does not exceed 100 days, a credit quality step 3 rating. The amount of these exposures is limited, depending on their rating scale, in relation to the total covered bonds issued by Caffil. This asset category is used for Caffil's cash investments.
Legal privilege:	

• article L.513-2: possibility for *sociétés de crédit foncier* to issue debts which may or may not benefit from the privilege;
• article L.513-10: possibility of hedging the risks associated with the assets and liabilities that benefit from the privilege through derivative contracts. In that case, the derivative contract also benefits from the privilege;
• article L.513-11:
  • when a *société de crédit foncier* is subject to a safeguard, bankruptcy, resolution, liquidation, or conciliation procedure, the cash flows generated by the eligible assets after financial instrument hedges, if applicable, are allocated as a priority to service the *obligations foncières* and other resources benefiting from the privilege, also after any financial instrument hedges, if applicable,
  • the liquidation of a *société de crédit foncier* does not accelerate the reimbursement of *obligations foncières* and other debts benefiting from the privilege, which continue to be paid on their contractual due dates with priority over all other commitments;
• article L.513-20: the bankruptcy, safeguard or liquidation of the shareholder of a *société de crédit foncier* cannot be extended to the *société de crédit foncier*;
• article L.513-15: the *société de crédit foncier* entrusts the management of its transactions to another credit institution to which it is bound by a contract* which itself benefits from the legal privilege defined in article L.513-11;
• article L.613-55-1.I, transposing the BRRD directive: the *obligations foncières* cannot be used to absorb losses in the event of the resolution of the *société de crédit foncier* (bail-in).
	• Caffil contracts that benefit from the legal privilege are:
	  • *obligations foncières*;
	  • registered covered bonds;
	  • derivative contracts that hedge the risks associated with the privileged assets and liabilities;
	  • the management agreement signed with Sfil in accordance with article L.513-15.

Other provisions:	
• articles L.513-12 and R.513-8: the over-collateralization (ratio between the assets covering the debts benefiting from the legal privilege and the debts benefiting from the legal privilege) must at all times be greater than 105%.	• Caffil shall at all times maintain an over-collateralization greater than 105%. In practice, for several years, it has been set at a much higher level, in order to comply with the minimum requirements required by external rating agencies to ensure Caffil's current financial rating levels (see section 2.1.3 "Financial and extra-financial ratings" in the management report).

* *To maintain the privilege which benefits investors in obligations foncières and other covered resources, the société de crédit foncier must not have employees (who would benefit under French law from a first ranking privilege). This management agreement itself benefits from the privilege of article L.513-11, pari passu with holders of privileged debt.*

The other articles of the French Monetary and Financial Code define management and control procedures for *sociétés de crédit foncier*. They can be accessed on the Company's website (http://www.caffil.fr) or on the official Légifrance website (http://www.legifrance.gouv.fr).

European framework

At the European level, covered bonds are defined and governed by:

- Directive (EU) 2019-2162 of November 27, 2019, known as the Covered Bonds Directive, which aims to harmonize the European models of covered bonds and to regulate issues; it specifies the assets that may be incorporated into the portfolio financed by the covered bonds, the privilege that protects investors, as well as the required levels of over-collateralization, public oversight and transparency in terms of communication. This directive has been transposed into French law and has been applicable since July 8, 2022;
- Article 129 of the Capital Requirements Regulation (CRR), combined with the Capital Requirements Directive (CRD) on regulatory capital requirements; a new version of this article entered into force on July 8, 2022, at the same time as the Covered Bonds Directive.

Covered bonds issued after July 8, 2022 that comply with the Covered Bonds Directive may be awarded the "European Covered bond" label. If, in addition, they also comply with article 129 of the CRR, then they can also apply for the "European Covered bond (Premium)" label.

Covered bonds issued before July 8, 2022, if they comply with article 52-4 of the UCITS (Undertakings for Collective Investment in Transferable Securities) Directive on the legislative, regulatory and administrative provisions concerning certain undertakings for collective investment securities, may continue to be classified as covered bonds. Investors holding these bonds can continue to enjoy the same financial and regulatory benefits as the labeled issues.

All covered bond 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 labeled "European Covered Bond (Premium)" and *obligations foncières* issued before that date, all benefit from the best possible financial and regulatory/prudential treatment, and in particular from a preferential weighting of 10% for bank solvency calculations according to the standard method (given their current rating).

Current and future *obligations foncières* issued by Caffil comply with the eligibility criteria for refinancing by the European Central Bank.

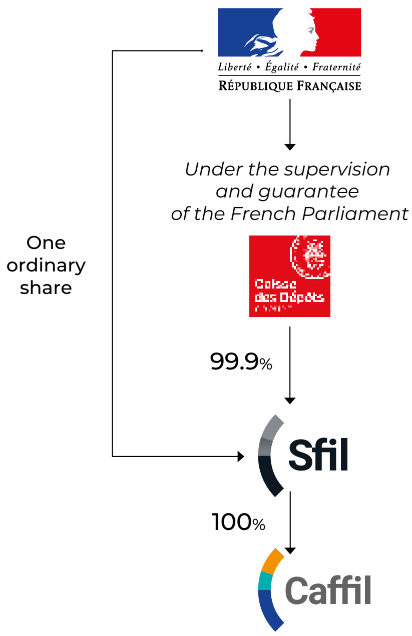
Furthermore, all the *obligations foncières* issued on the basis of the Caffil cover pool benefit from the Covered Bond Label. The European Covered Bond Council (ECBC) created the label in 2012 to improve the quality of the financial information and the transparency of the European covered bonds market. To meet Label requirements, Caffil committed to comply with the above-mentioned directives and to ensure a high level of transparency in its communication to investors. All detailed information on Caffil's issued covered bonds and cover pool is accessible *via* the Covered Bond Label website [1]. A harmonized standard quarterly reporting template (Harmonized Transparency Template - HTT) used by all beneficiaries of the label is presented.

1.2 Shareholding structure

As of December 31, 2024, Sfil wholly owned Caffil's share capital.

Sfil is a credit institution approved by the ACPR. Since September 30, 2020, its shareholder, Caisse des Dépôts, holds 99.99% of its shares. The French Republic retained one ordinary share. Sfil's shareholders thus remain firmly anchored in the public sphere, reflecting the missions the French Republic assigned it. Caisse des Dépôts is the reference shareholder of Sfil.

Sfil is also the institution managing Caffil, in accordance with article L.513-15 of the French Monetary and Financial Code.



(1) https://www.coveredbondlabel.com/issuer/47/.

1.3 Business model

Caffil and its parent company Sfil are key components of the financing scheme set up for French local authorities and public hospitals by the French government in 2013. This scheme is based on a commercial activity developed by La Banque Postale for which Caffil is responsible for refinancing. As part of its integration into the Caisse des Dépôts Group, Caffil also refinances long-term loans to local authorities distributed by Caisse des Dépôts, *via* Banque des Territoires, since the end of 2022.

Since 2015, the French government has entrusted Sfil and Caffil with a second mission, which is to refinance large export credits with its the guarantee.

The objective is to enable large export credits as well as French local authorities and public hospitals to benefit from optimal financing conditions through a high rating and irreproachable risk management.

1.3.1 Local public sector lending

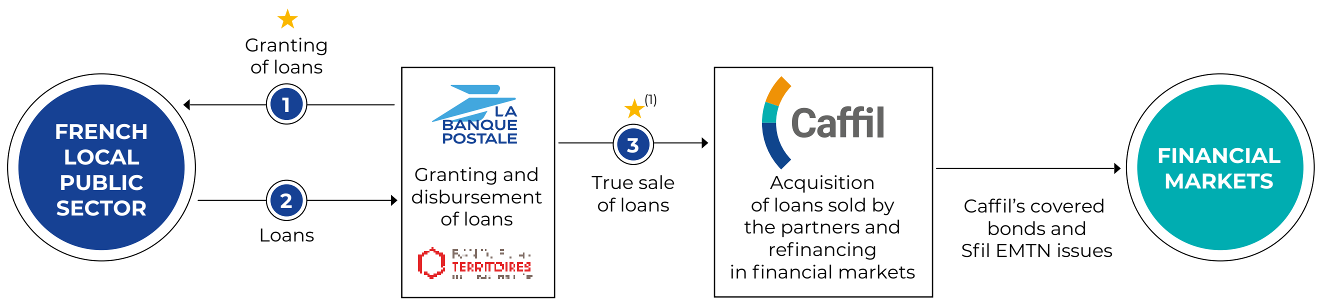
The Sfil Group, fully integrated into the Caisse des Dépôts Group, is at the heart of a system whose objective is to provide local authorities and public hospitals with sustainable and efficient access to long-term bank financing.

In this context, Caffil finances investments of local authorities and public hospitals through two partnerships with La Banque Postale and Caisse des Dépôts signed in 2013 and 2022 respectively and subject to assignment agreements. These schemes share the following characteristics:

- the partners originate loans to French local authorities and public hospitals and then sell them to Caffil;
- the loan offer is intended for all local authorities throughout France, from the smallest municipalities to the largest inter-municipal, departmental or regional structures;
- these amortizing loans, for a minimum amount of EUR 40,000, are exclusively denominated in euros and bear a fixed interest rate or a single-indexed (EURIBOR + margin) or double-phased (fixed rate then variable rate) interest rate;
- Caffil acquires loans by using a transfer form (*bordereau de cession*) that is provided by law and specific to *sociétés de crédit foncier*;
- Caffil finances acquired loans by issuing *obligations foncières* (covered bonds). When these loans are thematic loans (i.e. green or social loans to local authorities or loans to public hospitals), they are financed by green, social or sustainable bonds (see 1.3.3 "Financing" *via* the issue of *obligations foncières*).

These partnerships enable Caffil to maintain control of its credit risk:

- before origination, the two entities involved carry out an initial analysis of the counterparty. The loans that do not meet the credit and eligibility criteria of Caffil cannot be transferred to its balance sheet. These eligibility criteria are strictly governed by internal management policies;
- in the case of the partnership with La Banque Postale, before each acquisition of loans by Caffil, a new analysis of loans is carried out. Caffil may then refuse any loan that no longer meets its criteria, before the transfer.



★ *Caffil's credit decision-making process*
(1) *Only in the case of the partnership with La Banque Postale*

More specifically, loans originated by La Banque Postale:

- have maturities between 10 and 30 years;
- since mid-2019, also consist of green loans whose purpose is to finance investments by local authorities that contribute to the environmental transition and sustainability in the fields of renewable energies, sustainable water management and sanitation, waste management and recovery, soft mobility and clean transport, and energy efficiency in construction and urban planning;
- since the end of 2022, La Banque Postale has offered a range of social loans intended to finance the social investments of local authorities in the fields of health, education, sport, culture, development and regional cohesion.

For their part, the loans originated by Banque des Territoires:

- cover long periods of between 25 and 40 years;
- are for the large majority intended for the financing of sustainable investments, on green themes identical to those developed with La Banque Postale or the financing of public hospitals. And since June 2024, the offer also covers three social themes (sport, culture and community life, health, social and family action as well as education and professional training).

1.3.2 Refinancing of large export credits

The French Republic has entrusted Sfil and its subsidiary Caffil with a second mission: refinancing of large export contracts. Its objective is to improve the competitiveness of financing associated with French exports, according to a public refinancing scheme that also exists in several OECD countries, and this by leveraging on the excellent financing capacities of the Group on the international financial markets.

This refinancing scheme is open to all partner banks of French exporters for their loans insured by Bpifrance Assurance Export in the name and on behalf of the French Republic. In this context, Sfil organizes its relations through bilateral agreements with almost all the banks that are active in the French export credit market. Sfil may acquire a portion of the interest of each of these banks in an export credit (maximum 95% of this interest depending on the size of the transactions and the number of lenders involved in the transaction).

Each of these acquisitions is refinanced by Caffil through the granting of refinancing loans to Sfil, as detailed below (see "Refinancing scheme").

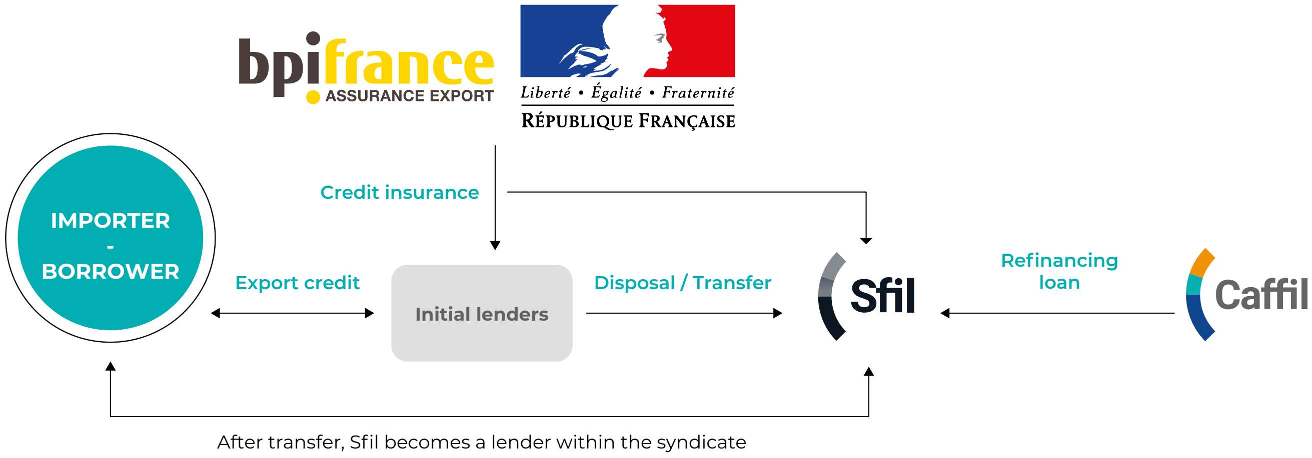
Refinancing scheme

The scheme operates as follows:

- Sfil contributes to the financial proposal prepared by one or more banks of the banking syndicate granting buyer credit covered by export credit insurance granted by the French Republic;
- after signing the export credit agreement, the partner banks sell to Sfil a share of the loan, the rights attached to it as well as those attached to the portion of the loan that they retain. They retain the portion of the loan that does not benefit from credit insurance (at least 5%);
- Caffil grants Sfil a refinancing loan which is backed by the acquired export credit. In this context, the portion of the export credit acquired by Sfil is pledged to Caffil. Sfil's rights to compensation under the Bpifrance Assurance Export credit insurance policy are also delegated by Sfil to Caffil.

  The refinancing loans granted to Sfil benefit from an unconditional guarantee on first demand issued by the French Republic, known as an enhanced guarantee. Caffil no longer uses this mechanism for transactions concluded since September 2024, but still benefits from the export credit insurance issued by Bpifrance Assurance Export. This change reflects a simplification process for the Sfil Group. It does not call into question the principle of direct exposures to public entities or guaranteed by them in line with the regulations applicable to *sociétés de crédit foncier*;

Caffil finances these loans by issuing *obligations foncières* (covered bonds). When these export credit contracts are eligible, they are refinanced by green, social or sustainable bonds (see 1.3.3 "Financing *via* the issuance of *obligations foncières*").



Public export guarantees

These guarantees are managed by Bpifrance Assurance Export, in the name, on behalf of, and under the control of the French Republic, pursuant to article L.432.2 of the French Insurance Code. They are, therefore, granted directly by the French Republic to encourage, support and secure French exports financed in the medium and long term as well as French investments abroad:

- the Minister of the Economy and Finance takes the decision to grant the guarantee after examination by Bpifrance Assurance Export and the opinion from the Commission for Guarantees and Foreign Trade Credit. Bpifrance Assurance Export manages French Republic guarantees in strict compliance with the international rules of the WTO, the European Union and the OECD;
- Bpifrance Assurance Export issues insurance policies, pure and unconditional guarantees as well as enhanced guarantees, in accordance with the decision made. In this context, it is also tasked with collecting insurance and guarantee premiums, risk management, payments, and recoveries on behalf of the French Republic;
- the French Republic bears the risks associated with these guarantees. All financial flows (premiums, payments, repayments) are recorded in separate accounting entries by Bpifrance Assurance Export. Premiums and recoveries are received directly on the account of the French Republic, and payments are made directly from the same account, without passing through the accounts of Bpifrance Assurance Export.

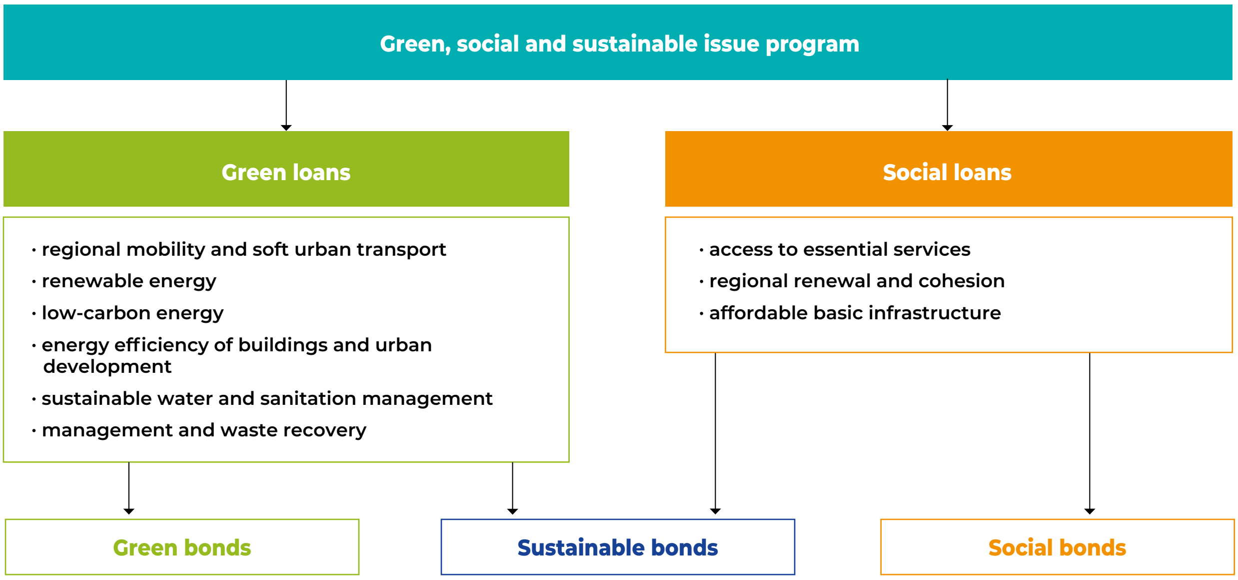
1.3.3 Financing *via* the issuance of *obligations foncières*

In order to refinance these two activities, Caffil issues *obligations foncières* (covered bonds) on financial markets both in the form of benchmark public issues and in the form of private placements, particularly in the registered covered bonds format, suitable for its very broad investor base. These instruments are characterized by the legal privilege, which, as a priority, allocates the sums from the Company's cover pool to pay their interest and reimbursements.

The *obligations foncières* issued by Caffil benefit from the European Covered Bond (Premium) label.

Obligations foncières are the main source of financing for Caffil.

In addition, since 2019, Caffil has issued green and social *obligations foncières* to support its customers in their investments in favor of the ecological transition and social cohesion. These issues are governed by the Sfil Group's Green, Social and Sustainability Bond Framework of October 2022. The updated November 2024 version of this program aims to include all key areas of green and social investments of French local authorities and public hospitals.



The Sfil Group has already issued social bonds to finance the French public hospital sector in a separate program, the Social Note Framework. This remains applicable to all bonds previously issued under this program, and remains publicly available.

Caffil does not use the option of issuing securities with an extendable maturity date. All outstanding bonds have a fixed contractual maturity date; there are no plans to change this practice.

1.3.4 Servicing and financing by Sfil

Sfil's role *vis-à-vis* Caffil consists mainly of:

- operational management of all of the Company's transactions in accordance with the regulations applicable to *sociétés de crédit foncier*, in particular within the meaning of article L.513-15 of the French Monetary and Financial Code. In this context, Sfil and Caffil signed a management agreement developed in a Service Level Agreement (SLA) that precisely determines the tasks entrusted to Sfil and the indicators for monitoring the quality of the service provided. This agreement and its Service Level Agreement are regularly updated by both parties;
- provision of Caffil with the non-privileged funding and derivatives it needs to carry out its activities. Sfil obtains the resources necessary to finance Caffil's activity (financing of over-collateralization and derivatives) through the issuance on the financial markets of long-term bonds and, to a lesser extent, short-term debt (Neu CP).

In addition to the commitments made by Caisse des Dépôts as Sfil's reference shareholder, Sfil signed a statement of support for Caffil on November 5, 2020: "*Since January 31, 2013, Sfil has been the reference shareholder of Caisse Française de Financement Local, a société de crédit foncier subject to the provisions of articles L.513-2 et seq. of the French Monetary and Financial Code, and holds 99.99% of its share capital. Sfil will continue to play the role of reference shareholder of Caisse Française de Financement Local and will hold more than 99.99% of the capital over the long term. Sfil, its reference shareholder Caisse des Dépôts et Consignations and the State will ensure, subject to the European Union rules on State aid, to protect the economic base of Caisse Française de Financement Local and to preserve its financial viability throughout its existence in accordance with the obligations imposed by the banking regulations in force.*"

02

2024 Management report

02

2.1 Highlights

2.1.1 Geopolitical and macroeconomic context

2024 was marked by uncertainty resulting both from the continued war in Ukraine and the conflict in the Middle East and from a changing political environment with, in particular, elections in the EU, in France, in the United Kingdom and then in the United States at the end of the year.

From an economic perspective, the European Central Bank (ECB) lowered its key rates by 100 basis points in 2024. The US Federal Reserve reduced its main key rate by the same amount over the year to land in the 4.25% - 4.5% range. These rate cuts took place in a context of a decline in inflation, to 2.4% for the euro zone and 2.9% in the United States, respectively.

In this context, the activity of European economies remained sluggish with 0.8% growth in 2024, while the US economy stayed robust with 2.8% growth.

2.1.2 Business activity

French Local public sector lending

In 2024, Caffil acquired or refinanced EUR 5.5 billion in loans originated by La Banque Postale and Banque des Territoires, partners of the Sfil Group (compared to EUR 3.4 billion in 2023). This amount was a record level since the start of the activity and reflected increased recourse to borrowing by local authorities that was stimulated by the upcoming end of the electoral cycle and decreasing interest rates starting from the last quarter of 2023.

Thematic loans represented 44% of loans acquired, i.e. a volume of EUR 2.4 billion, up 73% compared to 2023 (EUR 1.4 billion). They included:

- EUR 1.2 billion in green loans to local authorities (EUR 0.8 billion in 2023);
- EUR 0.7 billion in social loans to local authorities (EUR 0.2 billion in 2023);
- EUR 0.5 billion in loans to hospitals (EUR 0.4 billion in 2023).

Financing of large export credits

After a record year in 2023, the refinancing of export credits remained at a high level in 2024: five contracts were signed for EUR 2.4 billion (compared to six contracts for EUR 5.0 billion in 2023). These transactions, one in Africa, one in America, one in Europe and two in Asia, resulted in EUR 4.1 billion in export contracts concluded involving six different exporters, including one that benefited from the Sfil refinancing scheme for the first time.

Two of the export credits refinanced on behalf of Sfil in 2024 relate to the infrastructure and transport equipment sector. The other transactions were carried out in the defense and cruise sector.

Issuance of *obligations foncières*

The bond markets were marked in 2024 by a new cycle of monetary policy easing by the main central banks (Federal Reserve and the ECB), leading each of them to reduce their key rates by 100 basis points cumulatively over the year. This favorable context for the bond issuance business in the covered bond segment resulted in the first half of the year in strong overall demand from investors for a wider range of maturities as well as a shift in the performance of spreads.

Subsequently, the announcement of early general elections in France in June 2024 resulted in a widening of the OAT-Bund spread and French credit spreads in general, which continued into the second half of the year. This market environment, the result of the elections in the United States and the deterioration in the European geopolitical, economic and financial outlook from November onwards resulted in a slowdown in the covered bond issue activity and a shortening of maturities requested by issuers.

In this context, in 2024, Caffil issued a total volume of EUR 5.3 billion, with an average overall maturity of 9.4 years, including:

- EUR 4.75 billion on the public primary market, of which EUR 0.5 billion *via* three matching transactions carried out on three of its existing benchmark issues;
- EUR 0.57 billion in the private placements segment.

2.1.3 Financial and ESG ratings

The issuance program is rated by Moody's Ratings and Morningstar DBRS. The credit rating of the *obligations foncières* at the highest credit level was confirmed during 2024.

	Moody's	DBRS
Long-term rating	Aaa	AAA
Outlook	-	-
Date of update	December 2024	September 2024

The ratings of the *obligations foncières* issued by Caffil provided by these agencies are at the highest level of credit quality. This requires that the quality of the cover pool and strict management rules be consistent with the criteria and approaches of these agencies. The principle by which each agency rates *obligations foncières* (and covered bonds in general) involves taking as a starting point the issuer's rating or that of the parent company if the issuer is not rated, and enhancing this rating by one or more notches in function of existing safeguards (legal framework, quality of assets, balance sheet management, over-collateralization, etc.).

ISS also assesses Caffil on its environmental, social and governance dimensions. Its current rating is Prime C + (last update in March 2023).

2.2 Change in assets

The asset portfolio consists mainly of assets held in the cover pool and a few non-eligible assets held outside the cover pool.

(EUR billions)	12/31/2024	12/31/2023
Assets held in the cover pool	64.7	61.2
Assets held outside the cover pool	0.3	0.3
TOTAL OUTSTANDING	**65.0**	**61.5**

2.2.1 Assets held in the cover pool

The cover pool is exclusively composed of exposures to public sector borrowers, or guaranteed by the same, and exposures to credit institutions (within the limits specified by current legislation).

(EUR billions)	12/31/2024	12/31/2023
Loans and bonds to the public sector	60.3	57.4
of which local public sector and export credit	59.3	56.8
of which treasury investment in public sector bonds	1.0	0.6
Banque de France cash deposit	1.3	1.1
Exposures to credit institutions	3.1	2.8
ASSETS IN THE COVER POOL	**64.7**	**61.2**
Financing commitments granted to refinance large export credits*	7.9	6.9
Financing commitments granted to other public sector loans	0.0	0.0
TOTAL FINANCING COMMITMENTS GRANTED	**7.9**	**6.9**

* *In 2023 and 2024, the commitments granted in respect of large export credits correspond to contracts entered into in the course of payment and to firm refinancing offers from Caffil to Sfil valid at December 31.*

In 2024, Caffil acquired or refinanced loans to French local public sector and to French public hospitals originated by its partners for an amount of EUR 5.5 billion. Drawdowns on loans to refinance large export credits granted to Sfil amounted to EUR 2.3 billion over the financial year. At December 31, 2024, total outstanding loans to the French local public sector amounted to EUR 46.0 billion and large export credits reached EUR 9.4 billion.

Cash surpluses are held at the Banque de France or invested in either European public sector bonds or exposures to credit institutions (banking sector securities or short-term loans to Sfil, its parent company). The total amount of cash surpluses increased to EUR 5.4 billion at the end of December 2024 from EUR 4.5 billion at the end of December 2023.

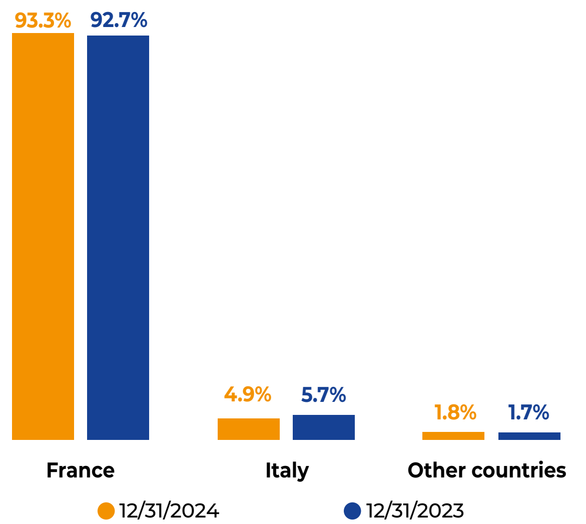
The amount of the liquid assets and assets eligible for refinancing by the Banque de France, before haircut, excluding cash deposited with banks, the French Treasury or the Banque de France, represented EUR 42.1 billion, i.e. 65% of the cover pool at the end of 2024 (compared to EUR 39.5 billion i.e. 65% of the cover pool at the end of 2023). The high quality liquid assets (level 1, 2A and 2B) were composed of exposures to credit institutions amounting to EUR 2.2 billion and of other high quality liquid assets (level 1, 2A and 2B) amounting to EUR 2.8 billion. In addition, the other assets eligible for refinancing by the Banque de France before haircut (excluding cash deposited with a bank, the French Treasury or the Banque de France) totaled EUR 37.1 billion.

Public sector loans and securities

Geographical breakdown

As of December 31, 2024, loans to the French public sector were predominant (93.3%) in the cover pool (excluding exposures to credit institutions and cash deposits with the Banque de France and French Treasury). The other assets are managed in run-off mode; they correspond to granular and geographically diversified exposures to foreign public sector entities.

The change in the relative proportion of total assets by country was as follows:

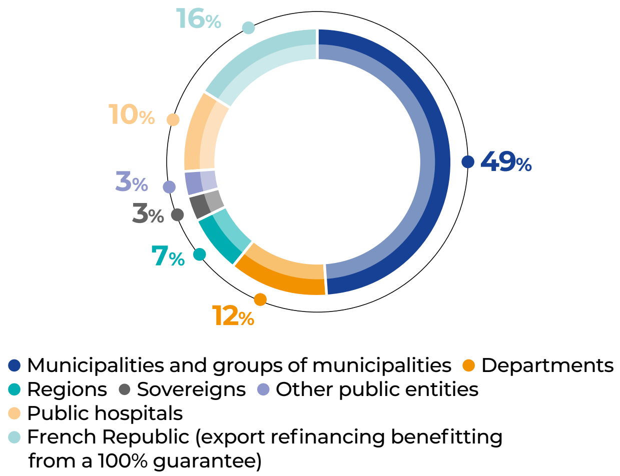


As of December 31, 2024, Italian assets represented the largest portion of non-French assets in run-off mode, with a total volume of EUR 3.0 billion, or 4.9% of public sector loans and securities held in the cover pool. These assets are granular exposures (just under 90 counterparties consisting mainly of regions and municipalities) distributed throughout Italy.

Breakdown by type of counterparty

Nearly 69% of Caffil's cover pool consisted of exposures to municipalities and their groups, departments or regions.

The breakdown of the cover pool by type of counterparty (excluding exposures to credit institutions and cash deposited with the Banque de France and the French Treasury) is as follows:



Exposures to credit institutions

In accordance with article 129 of the CRR and with EU Directive no. 2019/2162 applicable from July 8, 2022, articles L.513-7 and R.513-6 authorize the institution to hold exposures to credit institutions in respect of replacement assets or liquid assets, in addition to exposures to the public sector, which are the main assets held in the cover pool.

These exposures considered as safe and liquid correspond to securities, exposures and deposits for which credit institutions are debtors. They are subject to the limits specified below [1]:

- the exposures to credit institutions authorized by law are those benefiting from the best or second-best credit quality step, or the third-best credit quality step when their duration does not exceed 100 days;
- the amount of exposures to credit institutions benefiting from the best credit quality step is limited to 15% of the nominal outstanding of *obligations foncières* and registered covered bonds. As of December 31, 2024, this amount represented 4.7%;
- the amount of exposures to credit institutions with the second-best credit quality step is limited to 10% of the nominal outstanding of *obligations foncières* and registered covered bonds. As of December 31, 2024, this amount represented 1.1%;
- the amount of exposures to credit institutions benefiting from the third-best credit quality step and taking the form of short-term deposits or derivative contracts is limited to 8% of the nominal outstanding of *obligations foncières* and registered covered bonds. In addition, the French regulator, the *Autorité de contrôle prudentiel et de résolution*, does not authorize the conclusion of derivatives with counterparties rated in the third-best credit quality step. As of December 31, 2024, no exposure to credit institutions was in the third-best step;

(1) *Securities, exposures and deposits that are sufficiently safe and liquid that contribute to a minimum over-collateralization of 5% are not subject to these limits and are not counted for the purposes of these limits.*

- the total amount of exposures to credit institutions with the best, second-best or third-best credit quality step is limited to 15% of outstanding *obligations foncières* and registered covered bonds. As of December 31, 2024, this amount represented 5.8%;
- the total amount of exposures to credit institutions benefiting from the second-best or the third-best credit quality step is limited to 10% of the nominal outstanding of *obligations foncières* and registered covered bonds. As of December 31, 2024, this amount represented 1.1%.

Caffil holds exposures to credit institutions as part of its management of surplus cash. In addition to deposits with the Banque de France and investments in European public sector bonds, its exposures to credit institutions correspond to:

- banking sector bonds;
- loans to its parent company, Sfil;
- the balance of its current bank accounts in various currencies.

They are broken down below according to the rating of the issuers:

(EUR millions)	Country	12/31/2024	12/31/2023
STEP 1 CREDIT RATING			
Covered bonds	France	829	693
	Other countries	1,287	985
Other bank bonds	France	78	21
	Other countries	318	249
Loans to the parent company, Sfil	France	-	-
Bank accounts balances	France and other countries	0	0
STEP 2 CREDIT RATING			
Covered bonds	France	-	-
	Other countries	46	-
Other bank bonds	France	205	399
	Other countries	313	428
Bank accounts balances	France and other countries	25	10
STEP 3 CREDIT RATING			
Bank securities (maturity <100 days) and current account balances	France and other countries	-	-
TOTAL		**3,101**	**2,785**

2.2.2 Assets held outside the cover pool

Assets temporarily excluded from the cover pool

Due to its status as a credit institution, Caffil has access to refinancing operations offered to banks by the Banque de France within the Eurosystem. To manage its cover pool and its over-collateralization or in order to meet the need for temporary liquidity, Caffil may thus convert a portion of its assets into cash. Loans or securities assigned in guarantee with the central bank in order to obtain financing on the occasion of tenders organized by the Banque de France are then taken out of the cover pool and replaced by the cash thus obtained. The same treatment would be applied to assets in the cover pool if they were mobilized in interbank repurchase agreements implemented in the event of a liquidity need.

During the last three years, Caffil has mobilized assets of very small amounts in the context of the regular tests of its operational procedures for accessing refinancing from the Banque de France or bank counterparties.

Assets that have become ineligible

Assets held may also be removed from the cover pool if they are not eligible under article 129 of the CRR, pending maturity or disposal.

This outstanding excluded from the cover pool consisted of EUR 0.2 billion in loans to French local public sector entities that became ineligible for Caffil's cover pool.

The outstanding excluded from the cover pool also includes loans granted to local authorities located outside the European Union, which must, since the application of the new covered bond directive, have a first or second credit quality step from a rating agency. This concerns loans to Swiss municipalities for a total amount of EUR 0.1 billion.

2.3 Description of debt

2.3.1 Debt benefiting from the legal privilege

As of December 31, 2024, debt benefiting from the legal privilege was composed of *obligations foncières* and registered covered bonds issued by Caffil as well as cash collateral received from counterparties in derivative transactions.

(EUR billions)	12/31/2024	12/31/2023
Cash collateral received	0.1	0.1
Obligations foncières and registered covered bonds	53.5	53.2
TOTAL	**53.6**	**53.3**

2024 Issues

As part of a recurring EUR 3 to 6 billion annual program, Caffil's issuance policy aims first and foremost to build a coherent benchmark curve on the euro market while ensuring the strong performance of its issues on the secondary market. The diversification of funding sources is necessary to achieve long maturities consistent with its needs. This involves an active presence in the private placements market as part of the EMTN program or by issuing registered covered bonds, a format specifically dedicated to German investors.

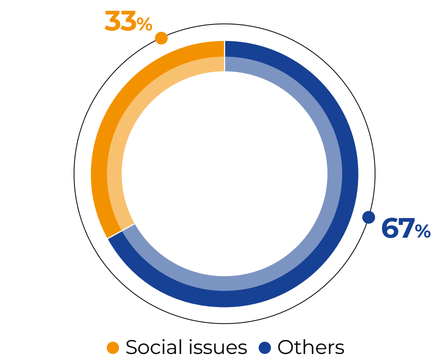
In 2024, Caffil issued a total volume of EUR 5.3 billion with an average duration of 9.4 years, enriching its benchmark curve with new transactions, as well as being active on matching transactions and in the private placement segment. Caffil carried out five benchmark public issues for a total amount of EUR 4.25 billion:

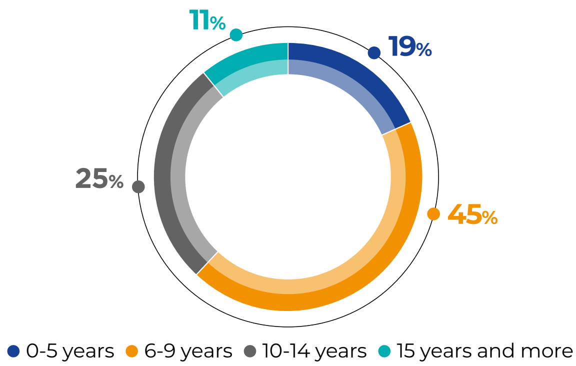
- an issue with a maturity of 10 years in January 2024 in the amount of EUR 1.0 billion;
- a social issue with a maturity of 12 years in March 2024 in the amount of EUR 0.5 billion;
- an issue with a maturity of 15 years in May 2024 in the amount of EUR 0.5 billion;
- a social issue with a maturity of 7 years in September 2024 in the amount of EUR 1.25 billion;
- an issue with a maturity of 5 years in November 2024 in the amount of EUR 1 billion.

At the same time, Caffil provided additional liquidity to three of its benchmark issues with three matching transactions for an amount of EUR 0.5 billion.

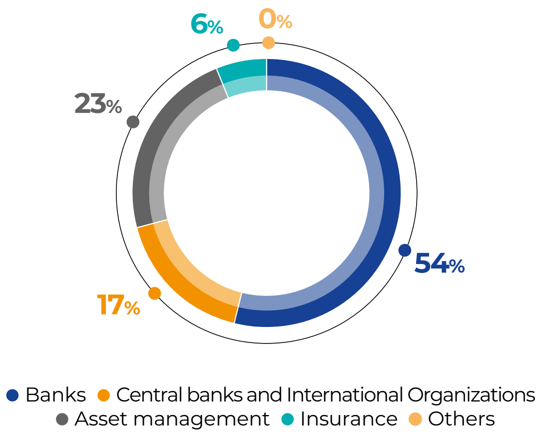
In addition to these public transactions, Caffil responded to specific requests from investors in the private placements segment, in the EMTN and RCB formats, for an amount of EUR 0.6 billion with long maturities.

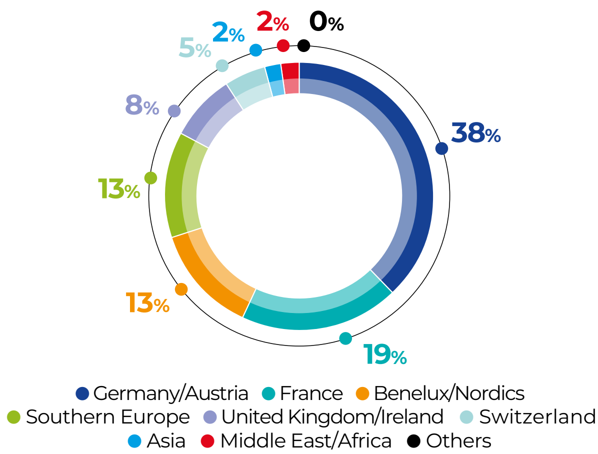
The breakdown of the issues carried out in 2024 by theme and by maturity range is presented in the two infographics below:





The two infographics below detail the breakdown by type of investor and by geographical area of public benchmark issues completed in 2024:





Outstandings as of December 31, 2024

The change in outstanding *obligations foncières* and registered covered bonds between December 31, 2023 and December 31, 2024, in swapped value, is as follows:

(EUR billions, value after currency swaps)	**2024**	2023
BEGINNING OF THE PERIOD	**53.2**	**52.9**
Issues	5.3	3.6
Amortizations	(5.0)	(3.2)
Buybacks	-	(0.1)
END OF THE PERIOD	**53.5**	**53.2**

In addition, since 2020, Sfil has carried out three "green" bond issues for a total amount of EUR 2.25 billion. Sfil lent the funds obtained from these issues to Caffil, with the obligation to use them to finance green loans purchased from La Banque Postale, which originated them. These loans granted by Sfil do not benefit from the legal privilege of the *sociétés de crédit foncier*.

2.3.2 Non-privileged debt

The cover pool asset surplus compared to *obligations foncières* and registered covered bonds (over-collateralization), the assets held outside of the cover pool (if applicable) and miscellaneous needs are financed by equity and debt that does not benefit from the legal privilege on *sociétés de crédit foncier*. Such financing is obtained through the parent company, Sfil, under the financing agreement. As of December 31, 2024, they were made up of different loans with maturities that could run from one day to ten years with an EURIBOR, EONIA or €STER index.

Temporary financing may also be obtained from the Banque de France. These debts do not benefit from the privilege provided by the law on *sociétés de crédit foncier*. They are guaranteed by loans and/or securities deposited as collateral in the Caffil account opened with the Banque de France. Since the creation of Sfil, Caffil has not contracted any loans with the Banque de France, except for the purpose of testing the procedures for accessing this financing, which is regularly used for very small amounts. Neither has it obtained financing from credit institutions other than its parent company.

Change in debt not covered by the legal privilege, excluding accrued interest not yet due

(EUR billions)	**2024**	2023
Sfil	10.0	6.8
Banque de France	-	-
TOTAL	**10.0**	**6.8**

2.4 Net income

2.4.1 Change in net income

The income statement according to French Gaap is presented below:

(EUR millions)	**12/31/2024**	12/31/2023	Change 2024 vs 2023
Interest margin	193	179	
Net commissions	(3)	(3)	
Net gains or losses on portfolio transactions	-	-	
Net gains or losses on placement portfolios	2	7	
Other income and expense	(0)	(0)	
NET BANKING INCOME	**192**	**183**	**+5%**
General operating expenses	(95)	(103)	
Taxes	(3)	(6)	
GROSS OPERATING INCOME	**94**	**75**	**+26%**
Cost of risk	(2)	2	
OPERATING INCOME	**92**	**77**	**+19%**
Gains or losses on fixed assets	-	-	
Income tax	(21)	(11)	
NET INCOME	**71**	**66**	**+6%**

The French GAAP financial statements are published in accordance with legal requirements and serve as a base to calculate income subject to corporate income tax.

The methods used under French accounting standards are described in the presentation and valuation rules of the financial statements in the notes to these financial statements. The accounting treatment adopted by Caffil for the recognition of early repayment indemnities and compensation payments for hedging swap cancellations follows the treatment required by the tax authorities. This accounting treatment leads to recognition of the results earlier than would an amortization approach over the life of the transactions. These indemnities and compensation payments are generated by early repayments or renegotiation of the debt of certain borrowers (sensitivity reduction or active management of their debt), but also when liability swaps are terminated in order to match these liabilities with a portfolio of acquired loans, or when asset swaps are terminated in order to match a new bond issue with a portfolio of loans covered by these swaps.

Caffil's net income amounted to EUR +71 million for 2024, an increase of EUR +5 million from 2023.

This change is mainly due to the increase in net banking income (EUR 192 million in 2024 compared to EUR 183 million in 2023): the strong activity both in terms of financing of French local public sector loans since the fourth quarter 2023 and the refinancing of export credits in 2023 then in 2024 offset the increase in financing costs in a context of volatility on the financial markets.

General operating expenses decreased by EUR 11 million (-10% compared to 2023) mainly due to the end of the contribution to the Single Resolution Fund.

The cost of risk remains limited at EUR 2 million. It reflects the excellent quality of assets on Caffil's balance sheet.

2.4.2 Proposed appropriation of net income

The Board will propose to the Ordinary Shareholders' Meeting a distribution of dividend in the amount of EUR 66,960,000, or EUR 4.96 per share and an appropriation of net income for the financial year as follows:

(EUR)

NET INCOME FOR THE YEAR	**70,511,297.41**
Legal reserve (5%)	3,525,564.87
BALANCE TO BE ALLOCATED	**69,985,732.54**
Retained earnings	41,885.77
INCOME AVAILABLE FOR DISTRIBUTION	**67,027,618.31**
PROPOSED DIVIDENDS *(EUR 4.96 per action)*	**66,960,000**
Retained earnings after allocation	67,618.31

In accordance with article 243 bis of the French General Tax Code, it should be noted that during the three previous financial years, Caffil distributed the following dividends:

Financial year of distribution	On the net income of the financial year	**Amount distributed** *(EUR)*	Amount per share *(EUR)*	Number of shares
2022	2021	85,320,000	6.32	13,500,000
2023	2022	83,565,000	6.19	13,500,000
2024	2023	63,045,000	4.67	13,500,000

2.5 Return on assets

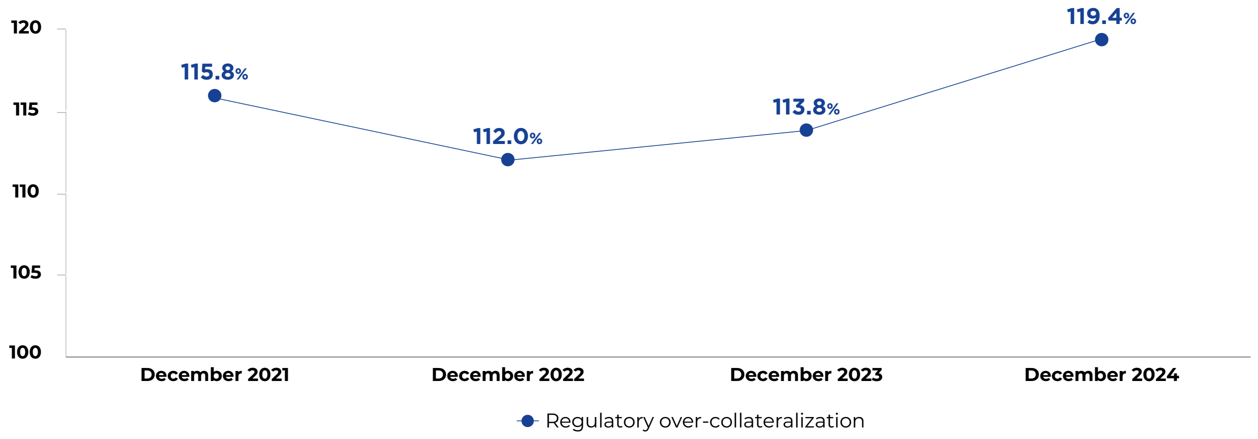
Article R.511-16-1 of the French Monetary and Financial Code, introduced by Decree No. 2014-1315 of November 3, 2014, sets forth that in their Annual Financial Report, credit institutions shall publish the yield on their assets, defined as the ratio between the net income and the total of the balance sheet. For 2024, this ratio is equal to 0.10%.

2.6 Over-collateralization ratio

The over-collateralization ratio, which is calculated on the basis of regulatory standards governing *sociétés de crédit foncier*, is the ratio between the assets of the cover pool (except for assets in default) and the debt benefiting from the legal privilege. Its minimum level has been set by law at 105%, which corresponds to the minimum level that Caffil must comply with pursuant to articles L.513-8, L.513-11 and L.513-12 and the article of the French Monetary and Financial Code.

In practice, the over-collateralization ratio is regularly higher than 105%. To maintain a sufficient rating, a level of over-collateralization of more than 5% may be required by the rating agencies. This requirement depends on the methodology used by each rating agency and the new assets and liabilities recorded on the balance sheet of Caffil. It is also variable over time. Caffil takes these specific requirements into account in the steering of its business to ensure that they are always met.

The rules for calculating the regulatory over-collateralization ratio were modified as of July 8, 2022, when the European Covered Bonds Directive of November 2019 entered into force, without a material impact for Caffil.



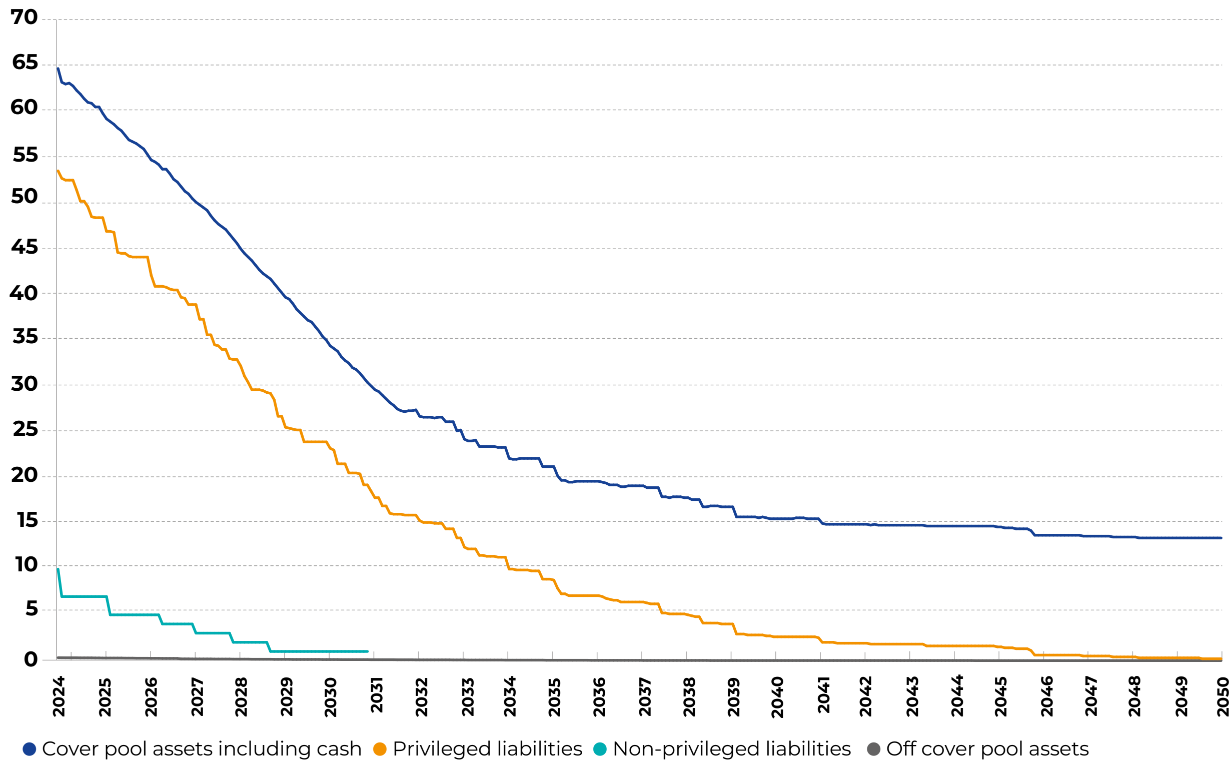
Details of the assets and liabilities used to calculate the over-collateralization are presented below:

Assets covering liabilities benefiting from the privilege *(weighted amounts in EUR millions)*	**12/31/2024**
Exposures to public sector entities	62,014
Sufficiently safe and liquid securities, exposures and deposits covered by article R.513-6	3,130
Net accrued amounts in respect of forward financial instruments benefiting from the privilege defined in article L.513-11 of the French Monetary and Financial Code	946
Other assets	405
Operations deducted from the assets	-
TOTAL ASSETS	**66,495**

Resources benefiting from the privilege defined in article L.513-11 of the French Monetary and Financial Code *(weighted amounts in EUR millions)*	**12/31/2024**
Obligations foncières	47,245
Other bonds benefiting from the privilege	6,177
Liabilities related to these securities	576
Expected maintenance and management costs to terminate the *obligations foncières* program	109
Amounts owed under the contract stipulated in article L.513-15 of the French Monetary and Financial Code	20
Net amounts owed for forward financial instruments benefiting from the privilege defined in article L.513-11 of the French Monetary and Financial Code	1,544
Debt attributable to miscellaneous expenses mentioned in the last section of article L.513-11 of the French Monetary and Financial Code	-
TOTAL LIABILITIES	**55,671**
OVER-COLLATERALIZATION RATIO	**119.4%**

The over-collateralization ratio increased from 113.8% to 119.4% between December 31, 2023 and December 31, 2024, notably due to the increase in funding obtained from Sfil.

Over-collateralization may also be illustrated by the gap between the amortization curves of the cover pool and privileged liabilities. The following graph presents the curves as of December 31, 2024.



This graph assumes that the cash surpluses generated over time are retained in the cover pool.

2.7 Post-closing events

No event that had a material impact on the Company's financial position has occurred between the closing on December 31, 2024 and the date of the management report.

2.8 Outlook

In 2025, Caffil will continue to implement the strategic plan of its parent company, Sfil, with the following main priorities:

- execute the financing program under the best possible financial conditions in a disrupted context;
- maintain leadership in its two activities, while maintaining a very low risk profile;
- continue to support its clients in their efforts to promote the transition.

More specifically, the uncertainties of the geopolitical and macroeconomic context are liable to deteriorate the refinancing conditions of Caffil, which provides for an issuance program on the primary market for 2025 between EUR 5.5 and 6.5 billion.

Volumes of loans to the local public sector acquired in 2025 are expected to benefit from:

- the significant increase in loans originated by La Banque Postale in the last quarter of 2024;
- the continuation of local investments in the last year preceding the elections of municipalities and their groupings;
- the increase in green and social loans in connection with investments by local authorities in support of public policies for the ecological transition and social cohesion;
- ongoing financial support for hospitals in making the investments stimulated by Ségur de la Santé.

The outlook for export credit also remains very positive. Active deals at the end of 2024 remained stable compared to the previous year with 175 deals for a total amount of EUR 64.8 billion (compared to 176 deals for an amount of EUR 62.4 billion at the end of 2023) materializing the positive dynamics of the underlying markets, in particular those relating to sovereignty.

In a financial market environment where the Sovereign rating has recently been downgraded, Caffil's ability to intervene, in conjunction with its parent company Sfil, is not affected in terms of the volumes of financing that may be made available.

Finally, on December 18, 2024, the European Commission authorized the extension of the scope of activity of the Sfil Group. This expansion is part of the mandates historically entrusted by the French government. Thus, the Sfil Group should be in a position, by the end of 2025, to expand its scope of activity to export credits guaranteed by other European export credit agencies or multilateral lendersdon. The Sfil Group will thus be able to intervene in transactions of French interest but benefiting from a guarantee other than that of Bpifrance Assurance Export. In addition, the financing of the local public sector, previously limited to local authorities and French public hospitals, may be extended to other French public entities, namely public institutions and French public entities *sui generis* or exposures guaranteed by the latter. The first transactions could be finalized during the year.

2.9 Internal control

Caffil, which has no employees of its own, has delegated its internal control functions to its parent company, Sfil, pursuant to the management agreement that binds the two companies. Consequently, internal control at Sfil, as described below, also fulfills the regulatory obligations of Caffil in this regard.

Fundamental principles

The internal control system was set up by the Sfil Group in accordance with the principles set out in the amended *arrêté* of November 3, 2014, which relate to:

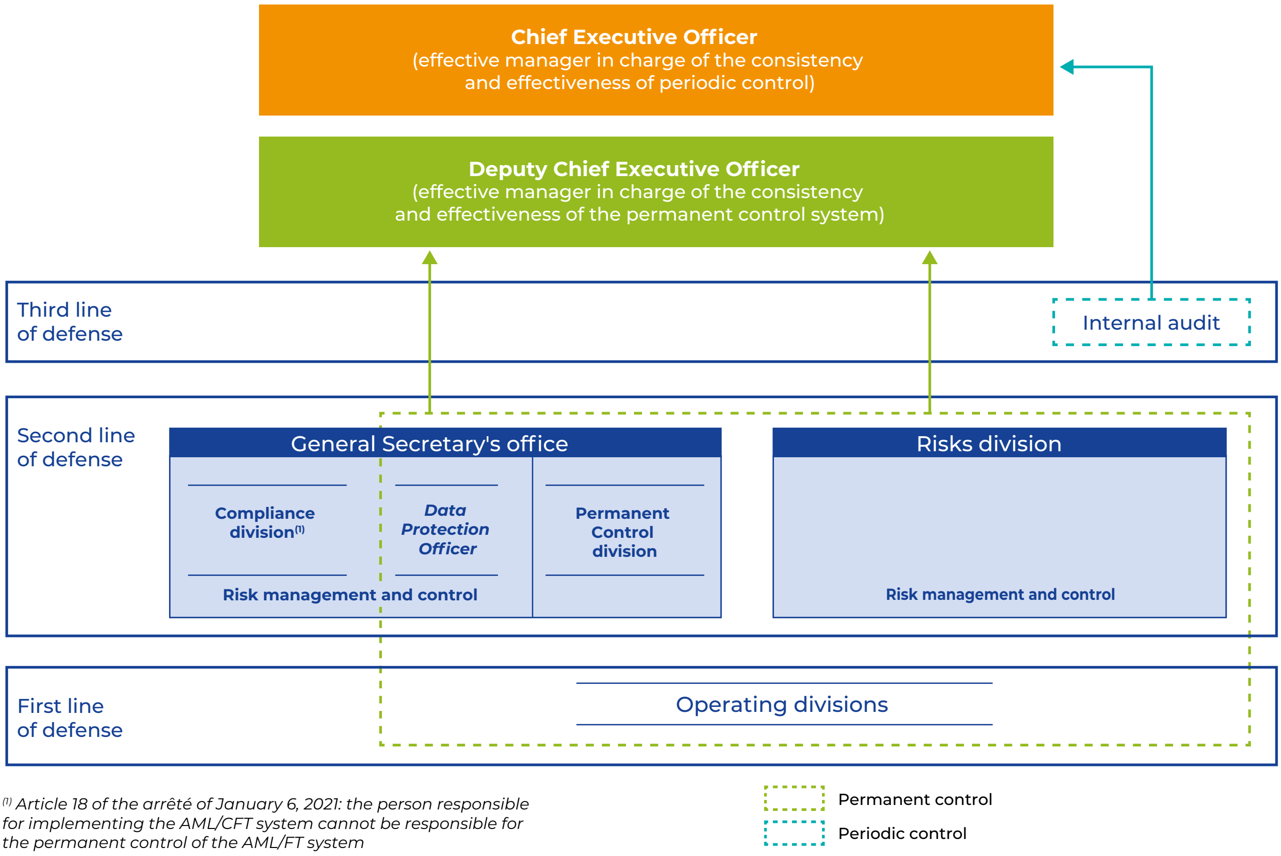
- the systems to control transactions and internal procedures;
- accounting organization and data processing;
- risk measurement systems and their results;
- risk monitoring and control systems;
- the verification of compliance;
- the documentation and information system on internal control.

The internal control system ensures a reasonable overall control of risks. More specifically, it aims to:

- verify the effectiveness of the risk control system to ensure that risks are in line with the risk appetite that its governance bodies have defined;
- ensure compliance with legal and regulatory provisions and internal policies;
- monitor the operational security of Sfil Group processes to ensure that the transactions are conducted properly;
- verify the reliability and relevance of the accounting and financial information produced.

General architecture

In accordance with the amended *arrêté* of November 3, 2014, the general architecture of the Sfil Group's internal control system is based on three lines of defense, under the ultimate responsibility of the General Management and the supervision of the Board of Directors of Sfil:



[1] *Article 18 of the arrêté of January 6, 2021: the person responsible for implementing the AML/CFT system cannot be responsible for the permanent control of the AML/FT system*

The permanent control is provided by the first two lines of defense which allow a continuous implementation of the internal control procedures . The periodic control, which provides the third line of defense, is a verification and assessment function of the first two lines of defense that intervenes according to its own multiannual audit cycle. The second and third levels of control exercise independent control and do not participate in any operational activities.

These three functions report directly to the General management of Sfil and to the Executive Board of Directors of Caffil. Pursuant to the *arrêté* of February 25, 2021 amending the *arrêté* of November 3, 2014, the Deputy Chief Executive Officer of Sfil has been appointed effective manager responsible for the consistency and effectiveness of permanent control (first two lines of defense). The Chief Executive Officer of Sfil has been appointed as the effective manager responsible for the consistency and effectiveness of periodic control (third line of defense). Three members of the Executive Board of Caffil have also been appointed, respectively, as head of the consistency and effectiveness of permanent control, head of the consistency and effectiveness of the internal audit function and head of the implementation of the AML/CFT system, for Caffil.

These functions also report on the performance of their duties to the Sfil Risks and Internal Control Committee, a specialized committee of the Board of Directors of Sfil, which also acts on behalf of Caffil. At their request, they can be heard by this committee and by the Board. They also have the right of initiative and may directly contact Board of Directors, the Risks and Internal Control Committee of Sfil or the Executive Board of Caffil if they consider that an event that could have a significant impact must be submitted to it. They also present their activity reports, mappings, and control plans to the Executive Board of Caffil, which reports to the Supervisory Board.

Workforce in the second and third line of defense	December 31, 2024
Compliance	10
Permanent control	4
Risks	88
Periodic control	8
TOTAL	**110**

The players in the second and third lines of defense meet as needed in the Internal Control Coordination Committee, which coordinates the Sfil Group's internal control system.

Supervisory body and effective managers

Sfil's Board of Directors

The internal control system is placed under the supervision of the Board of Directors of Sfil. The latter directly exercises key responsibilities in terms of internal control:

- firstly, it ensures that an adequate and effective framework with a clear organizational structure and independent and effective risk management, verification of compliance and audit functions exists;
- on the proposal of the effective managers, it determines the strategy and guidelines of the internal control activity and ensures their implementation;
- it reviews the activity and results of internal control at least twice a year;
- it regularly examines, assesses and controls the effectiveness of the governance system, including the clear definition of the responsibilities of internal control, and the procedures for declaring risks. It takes the appropriate measures to remedy any shortcomings that it observes;
- it validates the Risk Appetite Statement, approves and regularly reviews the strategies and policies governing the taking, management, monitoring and control of risks and approves their overall limits.

The heads of the internal control functions provide the Board of Directors of Sfil and the effective managers of Sfil with a reasoned opinion on the level of control of the proven or potential risks, in particular with regard to the defined Risk Appetite Statement. They propose any improvement action they deem necessary.

The heads of the Internal Audit division, the Risks division and the General Secretary may be heard by the Board of Directors of Sfil or one of its specialized committees, possibly without the presence of the effective managers of Sfil.

Sfil's Risks and Internal Control Committee

For the purposes of carrying out its responsibilities, the Board of Directors of Sfil relies on the Risks and Internal Control Committee, of which it is an offshoot, which also acts on behalf of Caffil and is responsible for:

- advising the Board of Directors on risk appetite, management and monitoring of all types of risks in order to ensure their alignment with the bank's strategy and objectives;
- conducting a regular review of the strategies, policies, procedures, systems, tools and limits used to detect, measure, manage and monitor liquidity risk as well as the underlying assumptions. It communicates its conclusions to the Board of Directors of Sfil;
- examining different scenarios, including stress scenarios, to assess how the bank's risk profile would react to external and internal events;
- assessing the effectiveness of internal control, in particular the consistency of the systems for measuring, monitoring and controlling risks, particularly with regard to the Risk Appetite Statement approved by the Board of Directors of Sfil and the Supervisory Board of Caffil, and to propose, as necessary, additional actions in this respect;
- carrying out the monitoring of Sfil Group's permanent control, compliance and periodic control system; to this end, it analyzes the reports on internal control and the measurement and monitoring of risks, the activity reports of the Internal Audit division, and any significant correspondence with supervisors and reports thereon to the Board of Directors;
- giving an opinion on the compensation policy and practices, in particular if they are compatible with the company's situation with regard to the risks to which it is exposed,

The reports of the internal control functions are presented and discussed within the Risks and Internal Control Committee.

Sfil's effective managers

The effective managers of Sfil, namely the Chief Executive Officer and the Deputy Chief Executive Officer, are responsible for the overall internal control system. In this respect and without prejudice to the prerogatives of the Board of Directors, they:

- determine the essential policies and procedures governing this system;
- directly supervise the functions exercising independent control and provide them with the means enabling them to carry out their responsibilities effectively;
- set the Sfil Group's risk-taking policies, validate the most important decisions in this area and, if necessary, make the final decisions as part of the escalation process;
- periodically assess and monitor the effectiveness of internal control policies, systems and procedures and take appropriate measures to remedy any shortcomings;
- receive reports on internal control;
- report to the Board of Directors of Sfil or its relevant committee on the operation of this system.

Caffil's Executive Board

The Executive Board is the front-ranking guarantor of the efficient operation of the Company's internal control procedures. Given the structure of Caffil and the management agreement which binds it to its parent company, the Executive Board of Caffil relies on the governance and organization of internal control in effect at Sfil and in particular on:

- the Risks and Internal Control Committee, attached to the Board of Directors of Sfil, the role of which, described in the French Commercial Code and in the amended *arrêté* of November 3, 2014, is described in detail above;
- the Chief Executive Officer and Deputy Chief Executive Officer of Sfil, effective managers within the meaning of the regulations, who are responsible for the efficient operation of Sfil Group's internal control system, within their respective scope as defined above (see General architecture).

The Chairman of the Executive Board of Caffil reports on the content and decisions of the Risks and Internal Control Committee of Sfil to the Supervisory Board of Caffil.

Permanent control

Fundamental principles

In line with the fundamental principles of internal control described above, permanent control is defined as all the processes and resources implemented on an ongoing basis to obtain reasonable assurance that the following objectives have been achieved:

- compliance of the transactions carried out with the instructions and guidelines of the Chief Executive Officer, with the legislative and regulatory provisions covering banking and financial regulations, as well as with the rules of law and internal procedures;
- adequate control of the risks incurred;
- reliability and integrity of financial and management information [1];
- protection of the Sfil Group's reputation, ethical professional behavior, prevention of conflicts of interest;
- fight against money laundering, corruption and the financing of terrorism and compliance with financial sanctions and embargoes;
- protection of the interests of the Sfil Group's investors and clients as well as the integrity of the markets;
- protection of personal data.

Permanent control is based on the body of standards and procedures governing all of Sfil Group's activities and processes, and is an element of the overall system for managing financial and non-financial risks. It contributes to the reliability of existing processes and to the security of all activities.

The permanent control system covers all the activities of the departments of Sfil, its subsidiary Caffil, including the essential activities outsourced to a service provider. The system covers all financial (credit, market & ALM) and non-financial (strategic and business, operational, non-compliance, ESG) risks generated by these activities.

Permanent control is thus based on a control plan whose objective is to ensure reasonable coverage of the risks listed in the consolidated mapping of the Sfil Group and covering the Group's various divisions, activities and processes. Other sources are taken into account to develop the control plan: new activities or products, incidents, regulatory changes, audit and regulator recommendations and feedback from permanent control campaigns. The permanent control plan is formally reviewed annually after the consolidated risk mapping is updated.

Some risks may not be covered by permanent control due to their nature. They are clearly identified and are nevertheless accompanied by other mitigating factors within the risk management system.

Sfil's permanent control system is adapted to the nature and scope of its activities and the risks arising from them, according to the principle of a risk-based approach. In particular, the frequency of the controls included in the control plan is proportionate to the level of risks of the activities examined and to the risk tolerance.

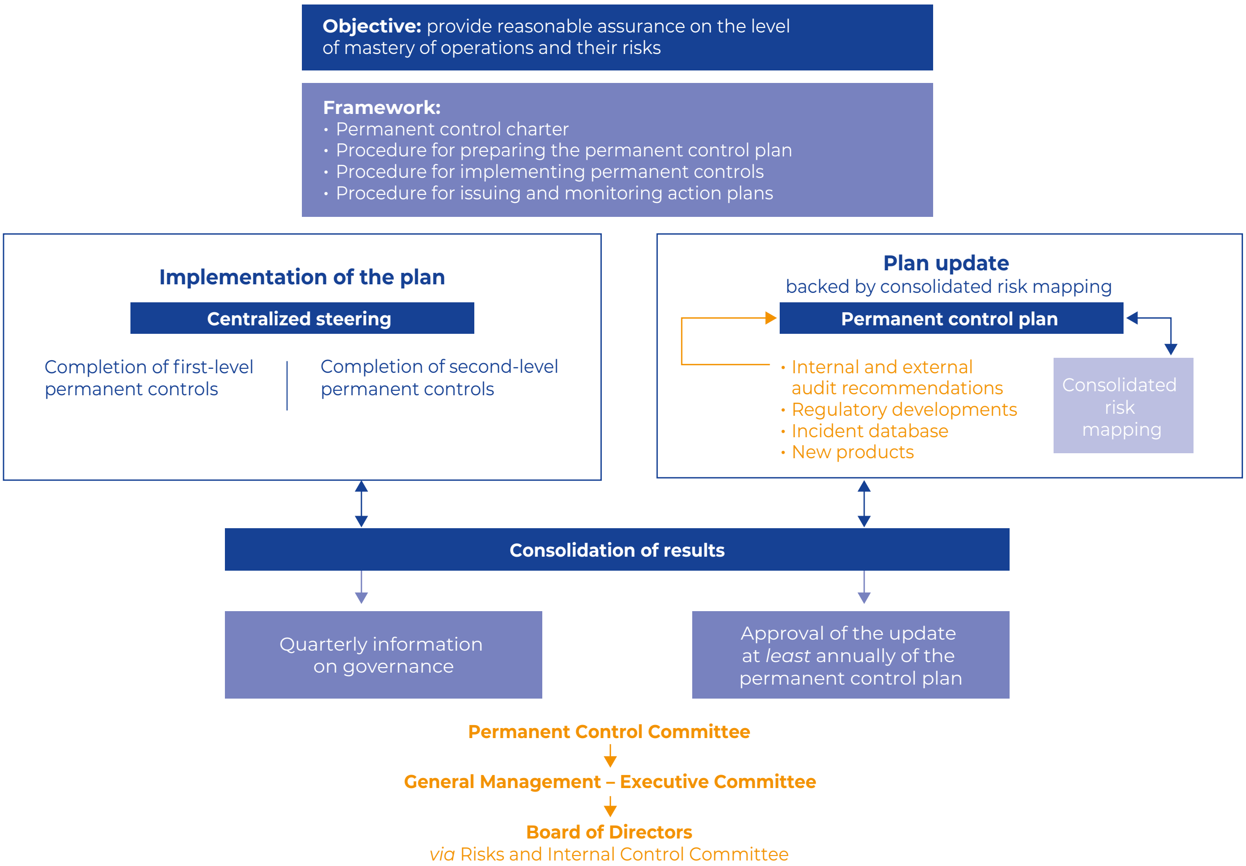
Organization and governance

The permanent control charter, made available to all Sfil employees, defines the permanent control system and activities by specifying:

- the regulatory context and scope of application;
- the fundamental principles of permanent control;
- the principles governing the organization of permanent control;
- the main permanent control tools.

(1) See below Internal control procedures for accounting and financial information

PERMANENT CONTROL SYSTEM



The permanent control system is based both on the first-level operational controls carried out by the first line of defense and on the work of employees dedicated solely to control functions (second line of defense).

First line of defense

The first line of defense is provided within the operational divisions by employees, internal control referents and division managers. They are responsible for:

- analyzing the risks of each transaction they handle according to their respective field of activity;
- defining and describing, in the operational procedures, the first-level controls relating to these transactions;
- implementing them, verifying that these controls are effectively adapted to these risks and adapting them if necessary.

The internal control system is the responsibility of each employee, whatever his or her hierarchical level and his or herresponsibilities.

To this end, these employees, internal control referents and managers, rely on a set of policies, limits and indicators with a clear separation between the launch of operations and their validation, control or settlement. These policies, limits and indicators are defined by several internal committees composed of employees from the operational, support and control functions and chaired by a member of the Executive Committee. These elements are included in the Risk Appetite Statement approved by the Board of Directors.

Employees are required to report to a higher level as soon as possible:

- any information necessary for the correct analysis of a situation likely to affect the risks or the reputation of Sfil with which they would be confronted;
- any issue that they cannot resolve on their own in the performance of their duties;
- any situation that they deem to be abnormal.

In addition, employees have the right to whistleblowing, provided for by the Sfil code of conduct, allowing them to make an alert within a framework placed under the responsibility of the Compliance division, providing a guarantee of enhanced confidentiality and protection against possible retaliation.

In addition, internal control objectives are taken into account in human resources management, particularly as part of the annual assessment process and the definition of training.

Second line of defense

The second line of defense aims to verify that the risks have been identified and managed by the first line of defense according to the rules and procedures provided. It also ensures the proper functioning and effectiveness of the first-level permanent control.

The three integrated functions, independent of the operational divisions, which exercise second-level control are:

- the Risks division, in charge of the organization and deployment of the overall risk management system, excluding non-compliance risks, to which the Sfil Group is exposed, and more specifically in terms of credit risk, interest rate risk, liquidity risk, market risk, foreign exchange risk, operational risk and climate and environmental risks; The Chief Risk Officer develops the risk management framework, taking into account the risk appetite defined by the Board of Directors, and implements it by measuring and monitoring risks. The Chief Risk Officer is a member of Sfil's Executive Committee;
- the Compliance division, in charge of setting up and managing non-compliance risk management systems;
- the permanent control division, in charge of managing and coordinating Sfil Group's overall first- and second-level permanent control system and ensuring the consistency and effectiveness of the permanent control plan (see Organization and governance above). The Director of Permanent Control is responsible for the second-level control system. He contributes to risk management. In his capacity as Head of the compliance verification function, he has direct access to the Deputy Chief Executive Officer with a whistleblowing right.

The Permanent Control and Compliance divisions report directly to the General Secretary, a member of Sfil's Executive Committee.

To carry out their duties, the permanent control division and the Risks division have full access to the business, risk and compliance tools necessary for the implementation of controls in complete independence as well as to any useful information from the operational departments.

Permanent controls	Risks mapping
Second-level permanent controls are defined using a **risk-based approach**, in conjunction with risks mappings. The second-level permanent controls, whose frequency and depth are adjusted to the criticality of the risks and their volume, are based on: • **execution controls**: recurring controls to verify that the first-level controls constituting the risk management system (RMS) are in place, relevant, carried out in accordance with standards and procedures and effective; • **assessment controls**: additional specific controls carried out on the basis of criteria and sampling specific to second-level controls (defined on the basis of internal policies and procedures or regulatory texts).	Sfil monitors and manages its risks by means of **risks mappings** prepared by the Risks division and the Compliance division, in conjunction with the business lines, which make it possible to: • **identify significant risks and associated RMS** intended to reduce their probability of occurrence and/or potential impact; • **take into account the incidents identified**, in order to develop and update the first and second level control plans; • **update the list of feared events** based on the results of the execution of these plans, the operational risk management system and the action plans. The risks mappings are updated at least annually. The assessment of the RMS for year N takes into account the incidents reported for year N, as well as the results of controls carried out for year N.

The results of the second-level permanent controls, including potential malfunctions identified are shared with the relevant business line divisions for correction. If necessary, action plans may be implemented following the analysis of the cause of the malfunction to prevent it from recurring. These actions may lead to changes in the processes and procedures controlled or the redefinition of the first- and second-level permanent controls, in collaboration with the divisions concerned, in order to improve their effectiveness.

Risks division

The permanent control system is based on the risk management system put in place by the Risks division to identify the main operational and non-compliance risks and to guide the controls in order to assess their degree of control, as part of a risk-based approach.

The risk management system developed and implemented by the Risks division complements the permanent control system described above.

Where appropriate, the Risks division supports the Permanent Control division through its experts (credit, market, internal models, information systems security) in the implementation of the unified permanent control plan.

Permanent Control division

The second-level permanent control function is under the responsibility of a single, new division within the General Secretary's office. Its main objectives are to:

- ensure compliance with the reference body of documents, including the Permanent Control Charter;
- assess the permanent control system (financial and non-financial risks);
- support the operational departments and the Risks division in defining and reviewing permanent controls;
- consolidate the control plan while reporting the consolidated control results to Sfil's governance bodies and monitor the action plans.

Compliance division

The General Secretary, who is also the Chief Compliance Officer, is responsible for the compliance verification function in accordance with Article 28 of the *Arrêté*. The Compliance division assists the General Secretary by defining the non-compliance risk management framework. As a second line of defense, this framework guarantees reasonable assurance of non-compliance risk control. The Compliance division steers the management of non-compliance risks by relying, among other things, on the non-compliance risk mapping that it carries out (see table above). Lastly, permanent compliance control is based on the annual control plan (see Fundamental Principles above), updated taking into account the assessment of non-compliance risks.

To perform its duties, the Compliance division also relies on internal systems that enable the detection and reporting of reports, breaches, violations or malfunctions, *via*:

- a network of referents within the operating divisions;
- a professional or ethical whistleblowing procedure.

2024 permanent control activities

Missions	2024 Results
Preparation of the permanent control plan	• 193 permanent controls in the 2025 permanent control plan, including 92 second-level permanent controls; • Approval by the Board of Directors in December 2024 of the backing of the control plan with the consolidated risks mapping.
Roll-out of the permanent control plan	• 100% completion rate of the 2024 permanent control plan; • Average compliance rate of 97% of permanent controls assessed in 2024.

Periodic control

Organization and governance

The periodic control function, which represents the third line of defense, is performed by the Internal Audit division of Sfil. The scope of intervention of this division extends to all activities carried out by the Sfil Group, operational processes and systems, without reservation or exception, including essential outsourced activities and techniques to fight against fraud.

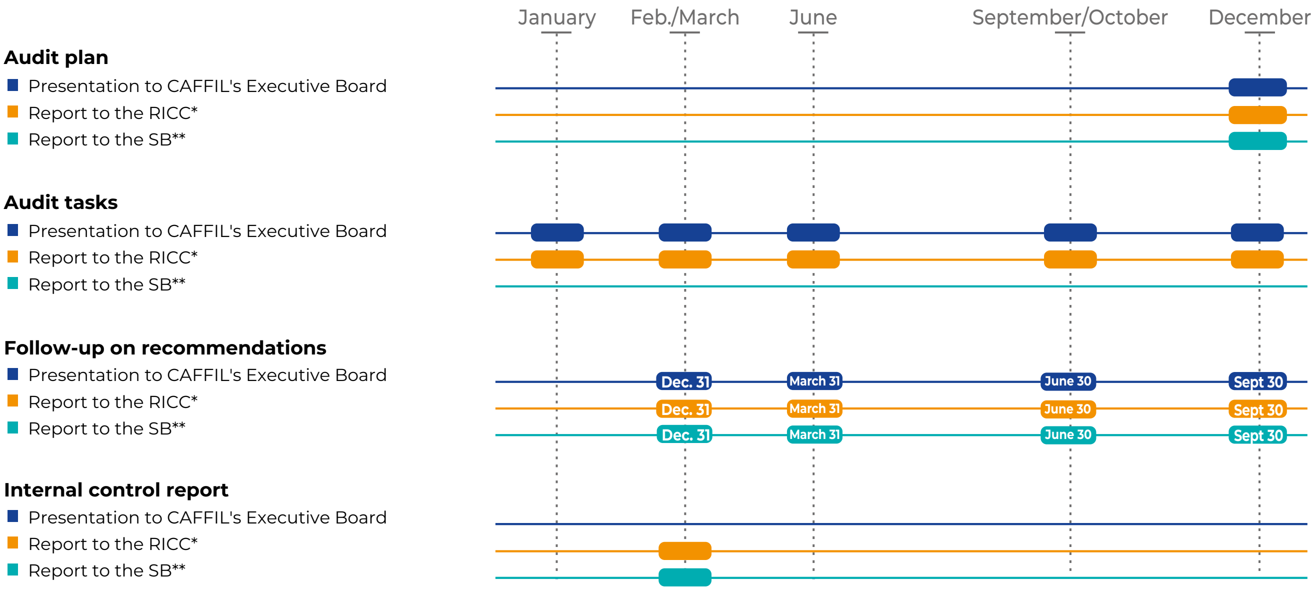
In addition to the direct reporting of the General Auditor to the Chief Executive Officer, independence and efficiency of the Internal Audit division is assured by:

- the absence of involvement in the operational management of activities;
- unconditional and immediate access to all information, documents, premises, systems or persons its activities require;
- the resources supplied by the General Management to carry out these missions;
- compliance with the principles of integrity, objectivity, confidentiality and competence (in particular through a permanent training plan on audit techniques and regulatory developments) on the part of the staff of the division.

These principles are reflected in the internal audit charter and the inspection charter, approved by the Risks and Internal Control Committee of Sfil, and distributed to all Sfil employees to remind them of the rights and duties of the auditors and the auditees.

The General Auditor supervises all the division's audit activities and reports. He is assisted in his assignments by his deputy, who is also in charge of the audit team and supervises the performance of the audit missions. Furthermore, every auditor is responsible for a specific field, *via* the participation on some of governance committees of the Sfil Group as an observer, risk monitoring and the following up of recommendations for implementation by operating divisions.

The supervision of the periodic control by Sfil's Board of Directors and Risks and Internal Control Committee is based on a system of structured and recurrent reporting of all the Internal Audit division's activities. The effective managers, and in particular the Chief Executive Officer, designated as responsible for the consistency and effectiveness of periodic control, are informed on a regular basis and as the results of the division's activities progress through the reports prepared for the Sfil's Executive Committee and the Caffil's Executive Board which then reports to its Supervisory Board.



(*) *Risks and Internal Control Committee*
(**) *Caffil Supervisory Board*

2024 business activity

The division's activities are described in an internal audit manual that is based on the reference framework of the professional internal audit practices of the IFACI [(1)] and are mapped in a dedicated process.

Missions	2024 Achievements

Preparation and roll-out of the multi-year audit plan	• Preparation of the 2025 audit plan and approval in December 2024 by the governance bodies of the Sfil Group, after favorable opinion from the Risks and Internal Control Committee. This plan provides for the completion of 12 audit missions;
	• Completion of 12 missions as at the end of January 2025 as part of the 2024 audit plan, i.e. a completion rate of 92%.
	• Missions carried out in 2024 relating in particular to:
	  • key operational processes (cash management and investment, refinancing on the markets, payment continuity);
	  • support processes (business continuity management, data quality management);
	  • the monitoring of risks including foreign exchange risk, liquidity risk, climate and environmental risk management, risks related to internal models, information system security and the audit of essential outsourced services.

Preparation and roll-out of the inspection plan	• During Q4 2024, definition of the 2025 inspection plan providing for the completion of an inspection control; • Completion of a mission under the 2024 plan.
Follow-up on recommendations	For all of the recommendations made following missions conducted by the Internal Audit and Inspection division or the supervisory authorities; • monitoring during the year 2024; • production of quarterly statements highlighting the main risk points remaining to be covered, including those subject to temporary acceptance of the risk given that their initial maturity date was more than six months past due, and those closed during the period review.

(1) *Institut français de l'audit et du contrôle interne (IFACI).*

Specific Controller

In accordance with articles R.513-15 and R.513-16 of the French Monetary and Financial Code, Caffil has appointed a Specific Controller. The Specific Controller is responsible for ensuring that the Company respects its exclusive corporate purpose and prudential standards specific to *sociétés de crédit foncier*. The Specific Controller is a French professionally certified statutory auditor named by the Executive Board.

The Specific Controller performs controls provided for in Articles L.513-23 and L.513-24 of the French Monetary and Financial Code, He verifies, in this context, the Company's compliance with Articles L.513-2 to L.513-12 of the French Monetary and Financial Code, Articles 5, 10 and 12 of the amended CRBF Regulation 99-10, the provisions of *Autorité de contrôle prudentiel et de résolution* Instruction No. 2022-I-03 and Article 129 of the EU Regulation no. 575/2013 as amended. He conducts appropriate audits in cooperation with the Statutory Auditors and is completely independent *vis-à-vis* the Company's managers. He is also liable for the negative consequences of any error or negligence committed in the exercise of his functions. He has access to all information from management, internal control and internal audit operating divisions. These divisions have been instructed to provide specified information in order to allow the Specific Controller to carry out his controls, notably on the over-collateralization, the nature of assets, interest rate risk management, the gap in the average life of assets and liabilities, coverage of cash needs over 180 days, and the coverage plan of privileged liabilities by the assets.

For every Caffil issue contract or on the basis of a quarterly issuance program, he affirms compliance with legal and regulatory standards concerning the over-collateralization of the privileged liabilities by the assets, once the issue has been settled. The Specific Controller certifies that the documents the Company sends to the Autorité de contrôle prudentiel et de résolution meet legal and regulatory requirements for *sociétés de crédit foncier*. He also verifies the existence of the transfer and recovery plan for receivables containing the elements provided for by the regulations on an annual basis.

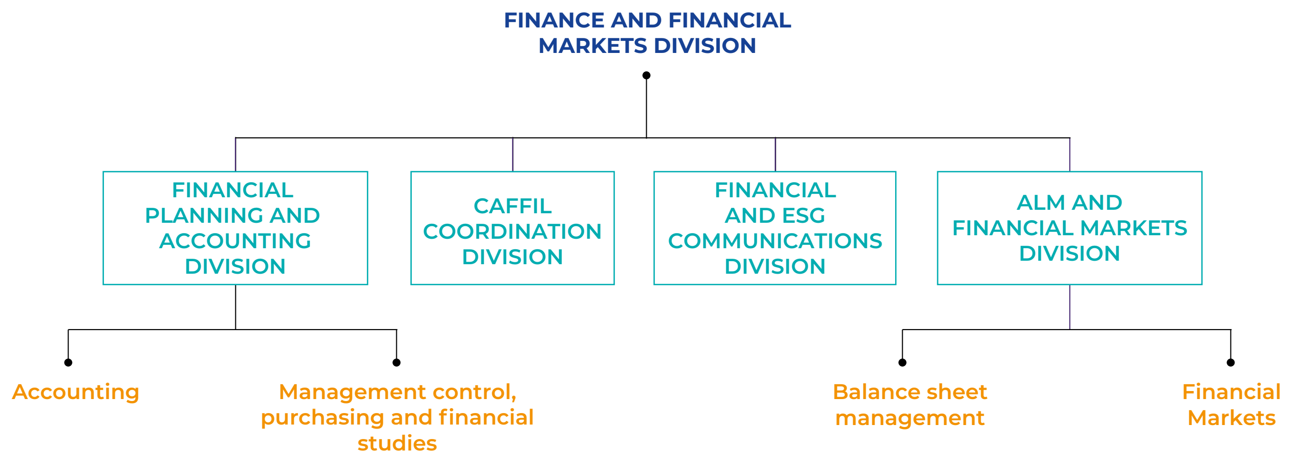
The Specific Controller submits an annual report on his activity to the Supervisory Board of Caffil, and a copy is addressed to the *Autorité de contrôle prudentiel et de résolution*.

Supervisors

Given its status as a *société de crédit foncier*, Caffil is subject to regular supervision and controls by the *Autorité de contrôle prudentiel et de résolution* and the Banque de France.

Internal control procedures for accounting and financial information

The Finance and Financial Markets division is responsible for the Group's financial strategy, in conjunction with other Sfil divisions where applicable. It also determines the methods applicable in the Group with regard to accounting and financial information.



Financial statements

The main aim of the Accounting company's annual financial statements, and all the financial data produced by the Accounting function is to give a true and fair view of its assets, financial position and results. The *arrêté* of November 3, 2014 highlights in its accounting chapter that the organization adopted should guarantee the existence of procedures called "audit tracks". They make it possible to establish a link between accounting data and the original supporting document, and vice versa.

All these items should make it possible to reconstitute, justify and explain any and all financial items produced for accounting or regulatory purposes. It is this principle that underpins the organization of the Sfil Group's accounting function.

Mission and organization of the Accounting division

Accounting data for Caffil is produced by the Accounting division of Sfil, within the framework of the management agreement between the two companies.

Sfil's accounting division reports to Sfil's Financial Planning and Accounting division. It interacts with numerous divisions within Sfil, providing it with a cross-sectional overview of the Group's business activities.

The Accounting division is organized around four teams:

- the business line accounting team, which provides first-level control over transactions related to clients and market instruments;
- the overheads and payroll accounting team, which is responsible for paying supplier invoices. This team also provides first-level control over the accounting processing associated with supplier invoices and the payroll process;
- the statutory accounting and regulatory declarations team, which provides second-level control over the activities carried out by the two previous teams. This team also prepares the consolidated and separate financial statements of the two Sfil Group entities. Finally, this team performs tax and regulatory reporting;
- the standards and studies team, which is responsible for managing the accounting basis and monitoring accounting and prudential standards. It also validates the implementation of accounting procedures for activities and specifically reviews new, complex or unusual transactions.

The Accounting division is tasked with analyzing and verifying accounting data. It relies, in particular, on a process of reconciling this data in a contradictory approach with the other Sfil teams, notably the management control, in particular as regards to product control and balance sheet and off-balance sheet amounts of the entities managed. This approach is also applied to the accounting data which are reconciled with the data used to calculate the prudential indicators and reporting by the Risks division.

To carry out its mission, the Accounting division participates in the main committees that may affect its activity and has access to a very wide range of information. It participates actively in managing the technical development of IT systems, and relies on a cross-divisional team within the Technology and Organization division to improve, secure and ensure the sustainability of its IT system.

This organization makes it possible to ensure continuous improvement in terms of process quality and efficiency and reliability of financial information.

Preparation of the separate financial statements

The Sfil Group's accounting system enables the separate financial statements to be prepared and is in large measure automatically supplied by upstream management systems that manage transactions with clients and market counterparties as well as operating expenses. When a transaction is entered in one of the systems, one or more accounting entries are directly generated through automated accounting plans. These automatic functions may be supplemented by manual entries for certain specific transactions. The synthesis of this data is thus obtained automatically using parameterized publication tools.

The internal control system in the operating divisions guarantees the completeness and accuracy of accounting entries. When certain operations cannot be completely incorporated into the management tools available, the controls implemented within the accounting teams aim to translate the specific effects related to these specific transactions and correct their translation if required.

A first level of control is conducted by accounting teams that are specialized by products, in particular by analyzing accounting/management data reconciliation, bank reconciliation and technical suspense accounts. These teams also reconcile the accounting data from net banking income with management data produced by separate teams. This cross-referencing is done at least once a quarter and consistency from one period to the next is verified using analytical controls. The main changes must be explained. Moreover, these teams prepare a synthetic memorandum on the work done, which points out areas that need attention and improvement for the processes to be used in future financial statements. Lastly, management control performs consistency checks on net banking income and may, if necessary, conduct more in-depth analyzes in the event of significant discrepancies.

To monitor the application of its second-level control plan, the Accounting division has a monitoring tool at its disposal with which it can verify the execution of key controls. The validation of key controls is carried out by the line manager of the staff who carried out the control. This information and any comments made on discrepancies are subject to review by the Deputy Head of the Accounting division and the Head of Financial Planning and Accounting with the main heads of accounting teams.

The summary reports are carried out *via* an automated process based on settings administered by the standards and studies team. Consolidation transactions are included in a set of developments planned within the Sfil Group's accounting information system. Notes to the separate financial statements and regulatory declarations are produced based on accounting data that may be enhanced by management information. Qualitative analyzes are then carried out through a cross-review of the summary data within the Finance and Financial Markets division. Cross-referenced controls are also conducted between the financial statements and the notes to the financial statements.

Financial statements reporting process

The financial statements are prepared by Sfil's divisions, in particular the Finance and Financial Markets division, the Risks division and the General Secretary's office.

The financial statements are subject to a special review during production and in their final version by one of the members of the Executive Board of Caffil, responsible for overseeing this process.

The Executive Board of Caffil approves the annual and half-yearly financial statements at a meeting attended by the two Statutory Auditors and the Accounting division. The principal issues in the period's management report are examined during another meeting. The annual and interim financial statements are subject to an audit and a limited review by the Statutory Auditors.

The annual and interim financial reports are presented to the Sfil Group Financial Statements Committee. They are also presented by the Executive Board to the Supervisory Board and then to the Shareholders' Meeting.

Financial information

The Financial and Extra-Financial Communication division ensures the consistency of all messages circulated relating to the Sfil Group's financial information. It is responsible for the information published through the press releases and presentations of the Sfil Group's results and the annual and interim financial reports made available to the public on the Group's website. They are also filed with the French Financial Markets Authority (AMF - Autorité des Marchés Financiers). In this context, the Financial Communication division, under the responsibility of General Management and the Director of Finance and Financial Markets, prepares the presentation of the results and the financial structure of the Sfil Group, making it possible to base the opinion of third parties on its performance, financial strength and outlook.

Role of the Statutory Auditors

Caffil's Statutory Auditors comprise a panel of two Statutory Auditors, who are common with Sfil.

The Statutory Auditors regularly participate in the entire process of preparation of the financial statements in order to ensure efficiency and transparency.

As part of their due diligence, they analyze accounting procedures and evaluate current internal control systems to determine the nature of their controls following an assessment of the principal areas of risk. Following these analyses, they may make recommendations to the Company's management on internal control procedures and systems that could improve the quality or security of financial and accounting information produced.

They also are provided with the documents that enable them to carry out their due diligence. These include, in particular, the Internal Audit division's mission reports, the minutes of the meetings of the Executive Board and the Supervisory Board, and the accounting treatment notes or closing summary prepared by the Accounting division.

Their work also includes a review of all the agreements that are regulated. They provide an exhaustive and accurate summary of regulated agreements in the special report they submit at the end of their legal mission.

They employ due diligence to obtain reasonable assurance that financial statements are free from any material misstatement.

Management reporting

The interim and annual financial statements that Caffil provides to its shareholder and the public are supplemented by a management report. This management information includes items relating to the acquisition of loans originated by the two partners or the refinancing of large export credits. This management information is mainly prepared by the Accounting and Financial planning division on the basis of management data reconciled with the accounts. The outlook and risk assessments included in the financial reports are prepared by the operating divisions or the Risks division. Their accuracy is therefore guaranteed by the internal control system of the divisions concerned. The Statutory Auditors also verify the consistency of this information during their review or audit of the management report section of the Half-yearly and Annual Financial Reports.

2.10 Management of the main risks

2.10.1 Global risk management system

Because the Company is an issuer of covered bonds, the risks authorized for Caffil are strictly limited. A distinction has been made between risks that are compatible and not compatible with the legal and regulatory framework of *sociétés de crédit foncier* and with the specificities of Caffil's by-laws and official approval.

The general approach decided by the Executive Board of Caffil and applied in every Sfil division in charge of the operations concerned involves monitoring that:

- risks not compatible with the activity of Caffil are not taken by the Company or are eliminated from the start;
- risks compatible with the activity are maintained strictly within authorized limits;
- controls are carried out by the Risks division on the front and middle offices of Sfil. The results of the controls are reported to the Executive Board of Caffil and any anomalies discovered during such controls are reported to the Supervisory Board. Finally, these results are transmitted to the Specific Controller and the data is made available for his review.

The Sfil Group has set up a comprehensive risk management system:

- to identify, monitor, manage and measure risks using specific methods;
- to decide on limits to be implemented;
- to decide on delegations to assign to the front office teams;
- to decide on the amount of the provisions that are required;
- to inform the relevant committees regarding changes in these risks, proactively warning them that a limit or threshold has been exceeded.

Sfil Group's risk appetite is defined by Sfil's General Management and Risks Committee. It is approved by the Risks and Internal Control Committee of Sfil, which also acts on behalf of Caffil, and ultimately approved by the Board of Directors of Sfil and the Supervisory Board of Caffil.

The risk appetite framework is formalized by indicators that are monitored quarterly by the Risks and Internal Control Committee of Sfil, defined for each risk area. Levels to be monitored or respected have been set for most of these indicators. In the event of non-compliance with the limits, a system for reporting and correcting information is provided.

Risk review

The Chief Risk Officer presents the "quarterly risk review" to the Risks and Internal Control Committee. This presents a summary of the main risks of the Sfil Group and their evolution during the past quarter as well as the regulatory changes during the quarter. Information specific to Caffil is presented by the Executive Board to the Supervisory Board.

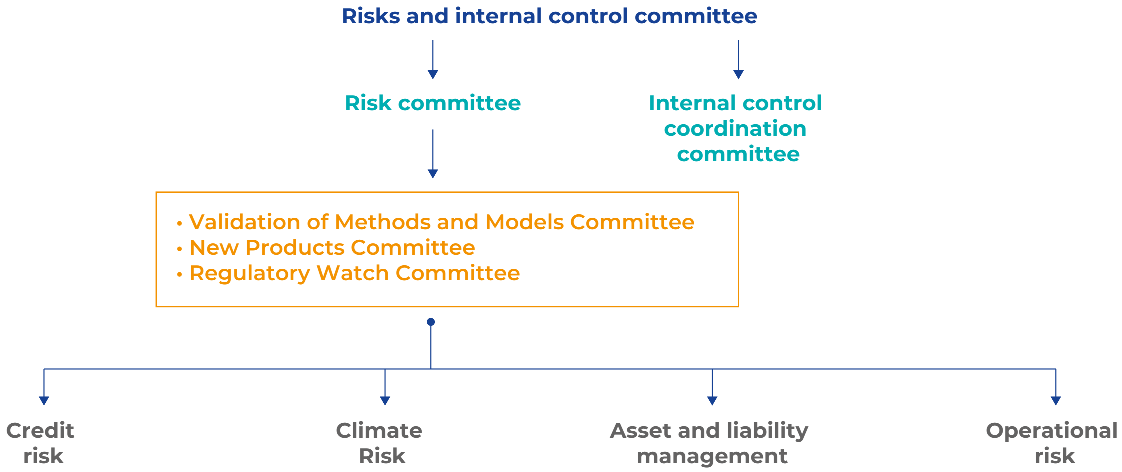
Details on risk assessment methods are provided in the sections detailing the various risks.

Governance

The governance of Caffil is detailed in Chapter 3 "Report on corporate governance".

The Risks division, which manages risks on behalf of the Sfil Group, is supported by internal cross-functional committees:

- Risks Committee: chaired by the Deputy Chief Executive Officer, it defines the risk profile of the Sfil Group, validates the risk management systems and ensures their compliance;
- Internal Control Coordination Committee: chaired by the Chief Executive Officer, its purpose is to contribute to the consistency and operational efficiency of the internal control system within Sfil;
- Validation of Methods and Models Committee: chaired by the Chief Risk Officer, it is the decision-maker for all methodological changes to models, for the validation of back-test and stress-test exercises, as well as their respective implementation;
- New Products Committee: chaired by the Chief Risk Officer, it is responsible for examining any new product or management process or any transformation of a pre-existing product or process (insofar as it substantially changes the risk profile or internal processes).
- Regulatory Watch Committee: chaired by the Chief Risk Officer, it is responsible for identifying regulatory texts in the areas falling within the remit of the Risks division and the Finance and Financial Markets division likely to affect the Sfil Group, and, where applicable, to mobilize expert employees for an in-depth analysis.



Specialized committees exist for credit, climate, balance sheet and market risks, and operational risks. They are detailed in the dedicated sections.

The Chairman of the Executive Board of Caffil is a member of the Risks Committee and of the main committees mentioned above.

2.10.2 Main risks of Caffil

Credit risk

Credit risk is the risk incurred in the event of default by a counterparty or counterparties considered to be a same group of customers.

Counterparty risk related to market transactions is discussed in the section "Counterparty risk".

Organization and governance

The Credit Risks division is tasked with the following missions within the scope of its function to monitor credit risks:

- in line with the risk appetite of Sfil Group, definition of the credit risk policies and directives, the various concentration limits and the delegations to be granted;
- management of the process of granting loans (new commitments and restructurings) through credit analysis and giving ratings;
- monitoring of existing portfolios by carrying out annual reviews, annual re-rating of portfolios, identification of assets whose risk has deteriorated (watchlist, defaulting or non-performing exposures, contract in forbearance), estimation of provisions to be implemented, proactive monitoring of limits and the performance of stress tests;
- development of expert models and contribution to the development of quantitative models.

The governance of credit risk management is based on the following specialized committees:

- **Credit Committee:** each week, it approves new commitments and restructuringof loans not delegated to the first and second lines of defense. It monitors concentration limits (see below) and validates exceedances of limits beyond certain predefined thresholds. Each file presented to the Credit Committee contains an independent analysis carried out by the Risks division;
- **Watchlist Committee:** it is in charge of monitoring assets for which the risk has deteriorated;
- **Defaults, non-performing exposures and forbearance Committee:** it validates each quarter the qualifications of borrowers in arrears and thus decides to add or withdraw borrowers from default. Each quarter, it also validates the list of counterparties whose exposures are non-performing, as well as the list of counterparties in financial difficulty for which concessions have been granted;
- **Provisions Committee:** every quarter, it determines the amount of expected credit losses and determines the cost of risk;
- **Ratings Committee:** it ensures that the Internal rating systems and processes are correctly and appropriately applied. This committee is organized and managed by the Director of the Credit Validation and Quality Control team, who reports directly to the Chief Risk Officer in order to guarantee the independence of the control process.

Monitoring system

The Credit Risks division is tasked with the following missions within the scope of its function to monitor credit risks:

- in line with the risk appetite of Sfil and Caffil, definition of the credit risk policies and directives, the various concentration limits and the delegations to be granted;
- management of the process of granting loans (new commitments and restructurings) through credit analysis and giving ratings;
- monitoring of existing portfolios by carrying out annual reviews, annual re-rating of portfolios, identification of assets whose risk has deteriorated (watchlist, defaulting or contract in forbearance), estimation of provisions to be implemented, proactive monitoring of limits and the performance of stress tests;
- development of expert models and contribution to the development of quantitative models.

Credit risk measurements are mainly based on approved internal rating systems. The internal rating corresponds to an assessment of the counterparty's risk of default, expressed on an internal rating scale, and is a key element in the credit granting process. Counterparty ratings are reviewed at least once a year.

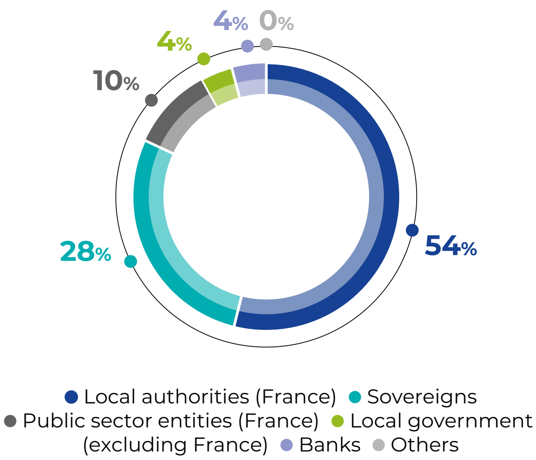
In addition, as part of the asset acquisitions carried out by Caffil, controls on credit risks and the eligibility of assets to a *société de crédit foncier* are carried out at two successive levels:

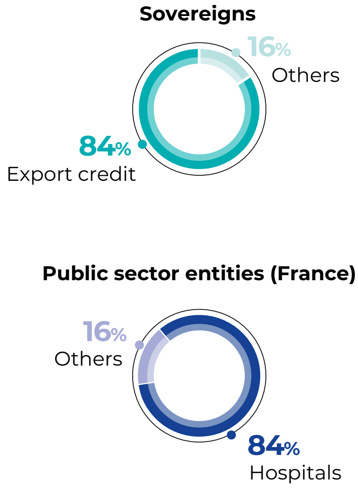
- before the origination of a loan, a preliminary analysis of the counterparty is carried out by the Credit Risks division of Sfil and by the partners. The loans that do not meet the credit and eligibility criteria of Caffil cannot be transferred to its balance sheet. These eligibility criteria are strictly governed by law and internal management policies;
- in the case of the partnership with La Banque Postale, before each acquisition of loans by Caffil, a new analysis of loans is carried out. Caffil may then refuse any loan that no longer meets its criteria, before the transfer to its balance sheet;
- Sfil's back office carries out permanent daily checks on the outstandings.

These controls are standardized by procedures.

The Specific Controller also carries out regular, detailed backtesting on the eligibility of Caffil's assets.

Exposure to credit risk



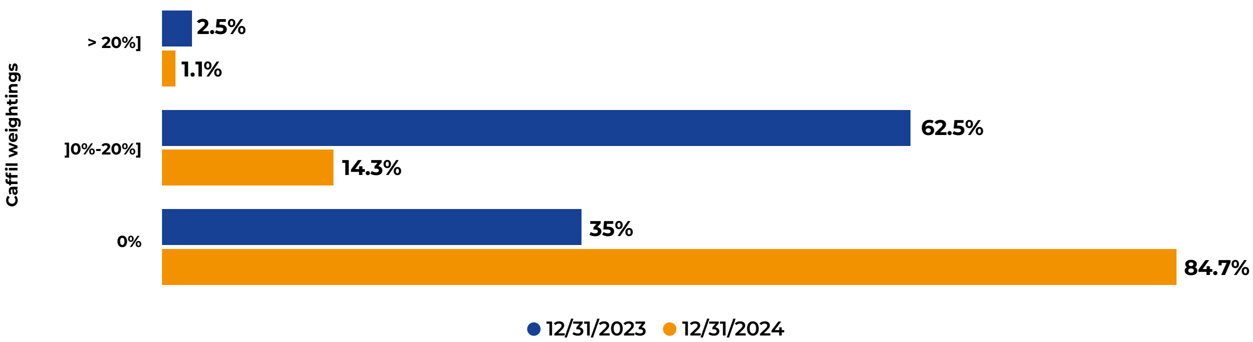


This breakdown represents exposure in the event of default, which takes into account the undrawn portion of loans granted. It therefore differs from that presented in section 2.2, which only presents the outstanding principal of loans in the balance sheet. It may be noted here that:

- 54% of these exposures were concentrated on French local authorities (regions, departments, municipalities, groups of municipalities, etc.);
- 23% of the exposures resulted from the export refinancing activity;
- 8% of the exposures concerned the public hospital sector.

Breakdown of exposures by risk weighting

The quality of the portfolio is illustrated by the risk weightings assigned to its assets. It is specified that Caffil is not subject on an individual basis to capital requirements under the provisions of CRR II. Since September 2024, weighted risks are determined according to the standardized approach for the entire portfolio. This approach is essentially based on fixed weighting rates, which for certain categories of counterparties may depend on the external valuation provided by external assessment bodies.



This confirmed the excellent quality of the assets in the portfolio: almost 85% of the portfolio had a risk weighting of 0%. The average asset weighting is 3.5% (compared to 4.8% in 2023).

Weighted exposure with respect to credit risk amounted to EUR 2,642 million. Including other risks, total weighted risks came to EUR 3,042 million.

Arrears, doubtful loans and provisions

Financial year	Non-technical arrears	Doubtful loans
12/31/2024	**EUR 2 million** i.e. 0.00% of the assets	**EUR 155 million** (EUR 147 million of which is for loans with no arrears)
12/31/2023	**EUR 2 million** i.e. 0.00% of the assets	**EUR 147 million** (EUR 142 million of which is for loans with no arrears)

As of December 31, 2024, non-technical arrears amounted to EUR 2 million and concerned only four clients in France. Non-technical arrears remained stable in 2024. They were at their lowest level ever and represented 0.003% of Caffil's assets.

As of December 31, 2024, doubtful loans amounted to EUR 155 million, or 0.24% of Caffil's total assets. They were up slightly by EUR 8 million compared to December 31, 2023 (EUR 147 million).

The doubtful loans at the end of December 2024 only concerned French clients.

The total amount of provisions associated with balance sheet assets (loans or securities) or financing commitments amounted to EUR 24 million at December 31, 2024 up by EUR 3 million compared to December 31, 2023.

(EUR millions)	12/31/2024	12/31/2023
Specific impairments	7	6
Collective impairments	17	15
TOTAL	**24**	**21**

As of December 31, 2024, the stock of specific provisions amounted to EUR 7 million. They were up by EUR 1 million compared to December 31, 2023, mainly due to the slight increase in doubtful loans.

In addition, collective provisions are calculated on the various portfolios of assets and financing commitments. They amounted to EUR 17 million as of December 31, 2024 compared to EUR 15 million as of December 31, 2023. This change was mainly due to entry/exit decisions taken during the year from the scope of clients monitored on the credit watchlist.

Counterparty risk

Counterparty risk is the credit risk associated with market transactions. It may be exacerbated by the risk of individual, geographic or sectoral concentration.

Organization and Governance

A review of flows relating to the cleared derivatives activity (Initial Margin and Variation Margin) is presented weekly to the Financial Markets Committee.

The ALM team of the Finance and Financial Markets division has the Initial Margin limit validated annually by the Asset and Liability Management Committee.

The Credit Risk division presents counterparty credit limit reviews to the Credit Committee, as well as a quarterly report on credit risk monitoring for market activities.

Monitoring system

Caffil holds two types of banking exposures:

- cash investments in the form of bonds (including covered bonds), current account deposits and occasionally loans to its parent company Sfil. These investments amounted to EUR 5.4 billion as at December 31, 2024 (see 2.2.1 "Assets held in the cover pool");
- derivative contracts, entered into within the framework of its management of interest rate and foreign exchange risks.

Offsetting policy

Caffil uses derivatives to hedge its balance sheet for interest rates, bases and foreign exchange rates. These derivatives can be exchanged for:

- Variation Margin, in order to offset the daily change in the market value of the swap portfolio entered into with each counterparty;
- Initial Margin, equivalent to a guarantee deposit to cover the risk of market loss between the date of default of a counterparty and the date of liquidation of its position.

As a *société de crédit foncier*, Caffil is exempt from mandatory clearing. The swaps entered into by this entity are therefore considered as non-cleared derivatives and benefit from the same legal privilege as *obligations foncières*. In this respect, Caffil:

- receives the Variation Margin on these swaps, but does not pay any (so-called "one-way" contracts);
- does not pay any Initial Margin to its counterparties and does not require to receive any in return.

By way of derogation from this principle, at the end of June 2022, a derivatives agreement was concluded with Sfil to which was attached only the derivatives that cover the few assets that will be excluded from the cover pool on July 8, 2022 as part of the implementation of the Covered Bonds Directive. Since these derivatives will not benefit from the legal privilege, exchanging collateral in both directions may be completed under this agreement.

In accordance with the risk policy relating to framework agreements, the conclusion of derivative transactions is governed by collateralization agreements and annexes (FBF framework agreement and Guarantee Annex - ARG, or International Swaps and Derivatives Association agreement) - ISDA and Credit Support Annex - CSA). Each counterparty covered by a framework agreement must be approved by the Credit Committee, which also sets the amount of the credit limits against which derivative transactions will be charged.

All derivative exposures as of December 31, 2024, are listed below:

(EUR billions)	Total notional	% of total notional	Mark to Market -	Mark to Market +	Collateral received	Collateral paid	Number of counterparties
Cover pool - external counterparties	73.5	81%	(1.1)	0.1	(0.1)	-	23
Cover pool - Sfil	17.6	19%	(1.4)	-	-	-	1
Outside of cover pool - Sfil	0.2	0%	(0.1)	-	-	0.1	-
TOTAL	**91.3**	**100%**	**(2.6)**	**0.1**	**(0.1)**	**0.1**	**24**

As of December 31, 2024, Caffil is exposed to six bank counterparties, all of which pay cash collateral for a total amount of EUR 0.1 billion, which neutralizes the fair value of the derivatives entered into with Caffil.

The swaps signed with the five largest external counterparties represented a total of 50% of the notional amounts.

Liquidity risk

Liquidity risk is defined as the risk of not being able to meet its commitments or not to be able to unwind or offset a position, within a given time and at a reasonable cost, due to unfavorable market conditions or idiosyncratic factors.

At the level of Caffil, liquidity risk breaks down as follows:

- Refinancing risk of not being able to honor its financial commitments in all circumstances;
- Regulatory risk, of not complying with the limits associated with regulatory liquidity ratios;
- Spread risk, of realizing a loss generated by an unfavorable change in its financing costs.

Organization and governance

A monitoring system for indicators and limits associated with liquidity risk is defined annually by the Market and ALM Risk division, which aims to manage liquidity risk under its various types.

Liquidity risk is managed by the ALM team of the Finance and Financial Markets division. As such, ALM produces monitoring indicators, carries out first-level controls and proposes management measures to comply with the limits.

This management is controlled by the Market and ALM Risk division through the implementation of second-level controls on the most significant indicators and the verification of compliance with the associated limits.

This activity is structured around two committees:

- the Asset & Liability Management Committee, which decides on the strategy and monitors its proper implementation through the review of management indicators;
- the "Liquidity ALM" committee prepares information for the ALM Committee and are responsible for implementing its decisions.

Monitoring system

Funding requirements and sources

Caffil's liquidity risk lies mainly in its inability to repay its privileged debts by the due date when there is too great a gap between the repayment rate of its assets and that of its privileged liabilities.

Liquidity needs are mainly threefold:

- the financing of the assets that cover the *obligations foncières* issued and the few assets held outside the cover pool;
- repayment of debts as they fall due;
- financing of the liquidity requirements related to compliance with regulatory ratios, specific *sociétés de crédit foncier* ratios and the constraints associated with compliance with rating agency methodologies used to meet a rating target.

The sources of funding used to meet these requirements, other than the entity's equity, are:

- debt benefiting from the legal privilege, i.e. *obligations foncières*, registered covered bonds and cash collateral received;
- refinancing arising from the financing agreement entered into with Sfil to cover the funding requirements related to Caffil's over-collateralization. It relates to the fact that Sfil is responsible for most of the funding requirement associated with Caffil's over-collateralization (the remainder being total equity).

In addition, Caffil owns:

- liquid assets in the form of liquid level 1, 2A or 2B securities and short-term exposures to credit institutions (including short-term deposits);
- a very large stock of assets eligible for European Central Bank refinancing *via* the Banque de France. Caffil can easily access the central bank refinancing in its own name, if necessary, to cover its cash flow requirements. This access is regularly tested for small amounts to ensure the proper functioning of tools and procedures and to maintain the appropriate level of knowledge.

Mobilizable assets as of December 31, 2024

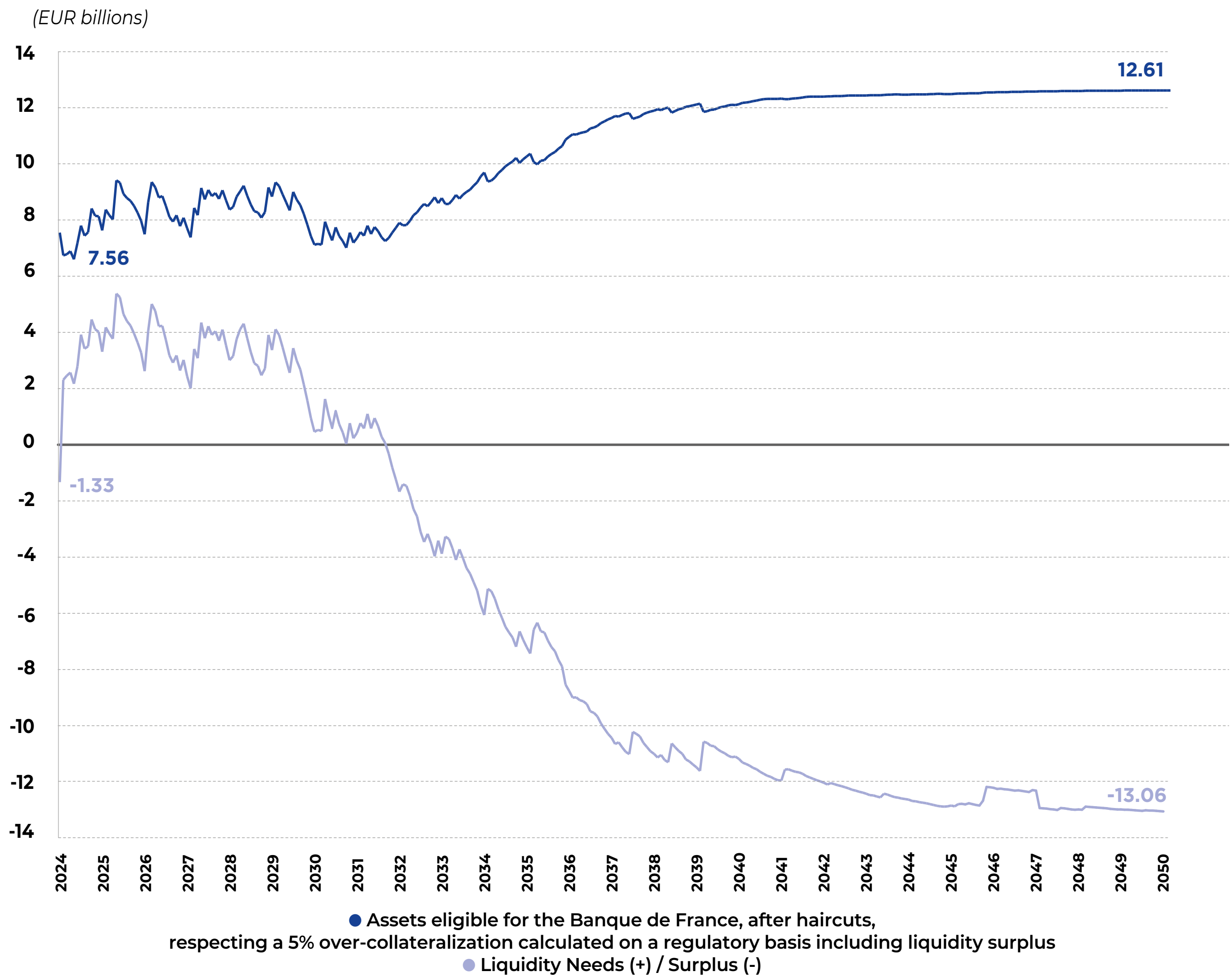
(EUR millions)	(nominal value)
Central bank deposits	1,294
High Quality Liquid Assets (HQLA) - exposures to credit institutions	2,162
High Quality Liquid Assets (HQLA) - excluding exposures to credit institutions	2,809
Other eligible securities available at the central bank	814
Eligible private loans with central banks	35,868
TOTAL LIQUIDITY RESERVES	**42,946**

Liquidity risk management principles implemented by Caffil

In order to ensure a sufficient level of resilience for the Group, short- and long-term dynamic liquidity projections are supplemented by stressed projections including the end of market financing. These stress tests must make it possible to verify that, even in the event of a prolonged market closure, the Group is able to cover its liquidity needs by first mobilizing available cash, then by requesting secured financing from the ECB or the market and, in extreme situations, by drawing on credit lines with Caisse des Dépôts and La Banque Postale. The survival horizon is set at one year. In December 2024, Caffil's reserves amounted to EUR 43 billion.

The aggregate maximum liquidity requirement that Caffil could face in the future in a run-off situation in which it would be unable to issue new *obligations foncières* is lower than the maximum funding already occasionally obtained on a one-off basis from the central bank in the past. It is also lower than its refinancing potential with the Banque de France, measured by the amount of eligible assets after haircut that would be available while complying with the minimum over-collateralization required by the regulations.

The chart below shows the forecast aggregate liquidity requirement and the assets needed to cover this requirement.

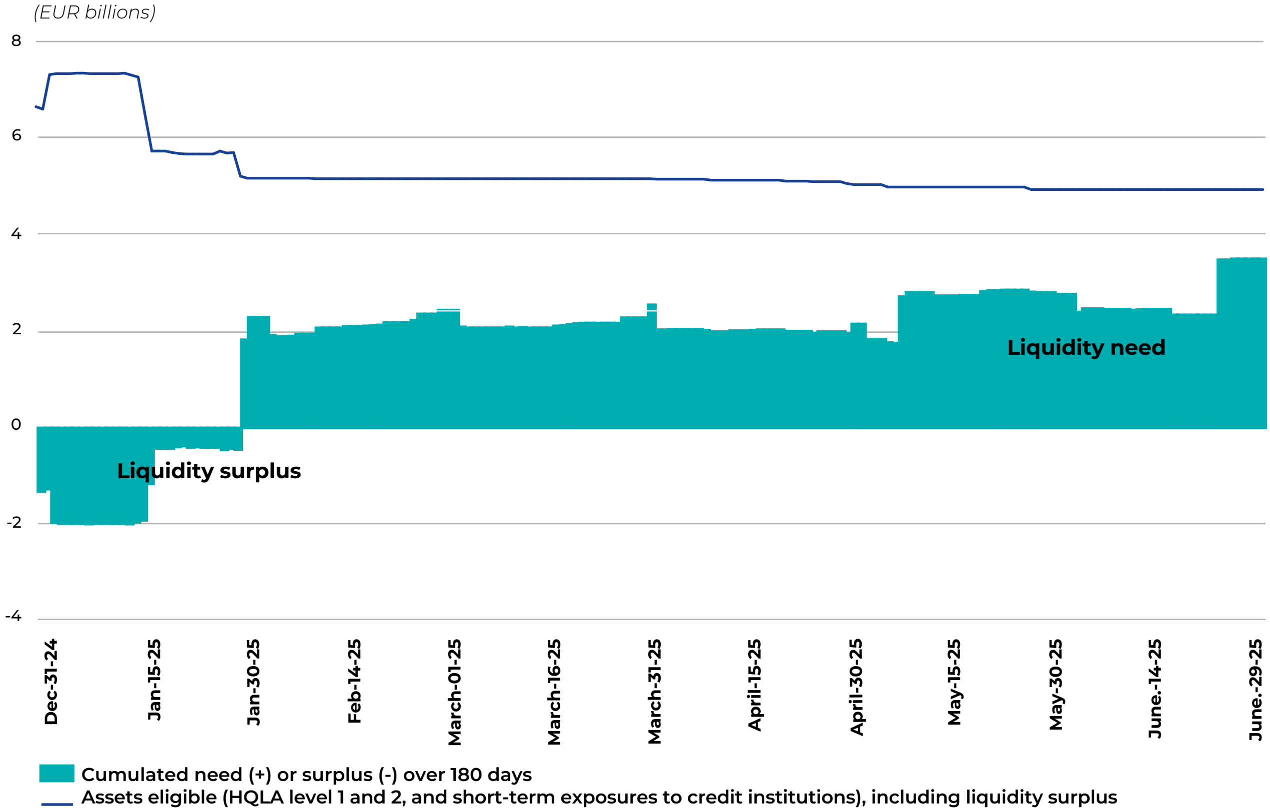


Caffil has thus its own autonomous, safe resources that enable it to cover its temporary liquidity needs, even in the event of the default of its parent company, since any legal proceedings engaged for the safeguard, bankruptcy or liquidation of its parent company cannot be extended to Caffil (article L.513-20 of the French Monetary and Financial Code).

In addition, Caffil manages its liquidity risk using the following indicators:

- ***the regulatory indicators specific to* sociétés de crédit foncier *(SCF):***
  - the regulatory over-collateralization: this represents the ratio between assets in the cover pool and debts benefiting from the legal privilege, and must be at least 105% (see section 2.6 "Over-collateralization ratio");
  - the maximum difference of 1.5 years between the average maturity of the privileged liabilities and that of the assets considered as pledged up to the minimum amount necessary to meet the regulatory over-collateralization (see Definition of transformation risk below);
  - the projection of cash requirements over 180 days: Caffil ensures that at all times its net cash requirements over a period of 180 days, calculated in a situation of run-off, are hedged by high-quality liquid assets (level 1, 2A or 2B) and by short-term exposures to credit institutions (including short-term deposits) in the cover pool. Unsecured receivables deemed to be in default, in accordance with article 178 of the CRR, cannot be used to cover cash requirements. Cash needs include repayments of *obligations foncières* and registered covered bonds, non-privileged debt and forecast repayments of cash collateral received, after deduction of received assets repayments. This projection is published quarterly in the report on asset quality.

At December 31, 2024, the liquidity position at 180 days shows a cash surplus up to end-January 2025 (with a maximum of EUR 2.0 billion at the beginning of January 2025) and a cash requirement over the rest of the period (with a maximum of EUR 3.5 billion at the end of June 2025). Over the period, the liquidity needs were 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 (for example, the completion of a new bond issue or the use of central bank financing) may be taken to cover the needs.



- ***the regulatory liquidity indicators applicable to credit institutions pursuant to the CRR, relating to:***
  - the short term LCR (Liquidity Coverage Ratio): at December 31, 2024, Caffil's LCR was 100%. A European delegated act modified the methods for calculating the LCR provided for in the CRR for issuers of covered bonds, in order to bring them into line with the new Covered Bonds Directive. As a result, since July 8, 2022, the LCR of issuers of covered bonds must continue to respect the minimum level of 100% but may no longer exceed it;
  - the Net Stable Funding Ratio (NSFR), a transformation ratio which compares with a one-year horizon, the proportion of available stable funding over required stable funding: as of December 31, 2024, Caffil's NSFR was 114.0%.

- ***the internal liquidity indicators:***
  - the permanent steering of the over-collateralization ratio, which targets an over-collateralization level consistent with the Caffil's target rating;
  - the difference in duration between assets and liabilities benefiting from the legal privilege (limited to three years): this is published every quarter and came to 0.56 years as of December 31, 2024 (see Definition of transformation risk below).

Definition of the transformation risk contained in the specific components monitored in connection with liquidity risk

Transformation risk is part of liquidity risk. It corresponds to the differences in maturity between assets and the resources used to refinance them.

Caffil manages this risk using the following two indicators:

- duration gap;
- weighted average life gap.

Duration gap

The difference in maturity between assets and liabilities can lead to liquidity risk. As the interest rate risk is controlled (see Interest rate risk below), Caffil ensures that the asset and liability maturities match by keeping the duration gap between assets and privileged liabilities to three years or less.

Given the method used to hedge interest rate risk, assets and debts benefiting from the legal privilege are all generally recognized at floating rates after swaps. Caffil's balance sheet thus appears to have a single loan opposite a single borrowing. Durations are calculated as follows: sum of the periods, weighted by the cash flows and discounted at the zero coupon curve rate for the period (t), over the sum of cash flows discounted at the interest rate of the zero coupon curve for the period (t).

The duration gap between the assets and the liabilities is closely monitored since it is sensitive to fluctuations in interest rates (discount effect) used to calculate the net present value and to significant changes in assets and liabilities. The duration gap observed in practice remains under the three-year limit, as shown in the table below:

Duration *(in years)*	12/31/2024	12/31/2023
Assets	6.13	6.11
Privileged liabilities	5.57	5.61
DURATION GAP BETWEEN PRIVILEGED ASSETS AND LIABILITIES	**0.56**	**0.50**
Duration gap limit	3	3

If the duration only took into account assets eligible for over-collateralization, the duration gap with privileged liabilities would be similar.

Weighted average life gap

Changes in the weighted average life gap can differ from the changes in the duration gap over the same period, for the evolution in the duration gap is partly attributable to movements in the interest rate curve.

The weighted average life gap between the assets eligible for over-collateralization and privileged liabilities, as well as the weighted average life gap between all assets and privileged liabilities are presented below.

Weighted average life *(in years)*	12/31/2024	12/31/2023
Assets eligible for the over-collateralization	6.79	6.79
Privileged liabilities	6.06	6.15
WEIGHTED AVERAGE LIFE GAP BETWEEN THE ASSETS ELIGIBLE FOR OVER-COLLATERALIZATION AND THE PRIVILEGED LIABILITIES	**0.73**	**0.64**
Weighted average life gap	1.5	1.5

If the average life took into account all assets, the weighted average life gap with the privileged liabilities would be similar.

Interest rate risk

As Caffil has no trading activity, interest rate risk is limited to so-called "banking book" activities (IRRBB - Interest Rate risk of the Banking Book). According to the Basel Committee, it refers to the current or future risk to which the bank's equity and profits are exposed due to unfavorable movements in interest rates that affect the positions of the banking book.

Among the various interest rate risks, the Group is exposed to three types of risk, namely fixed interest rate risk, floating rate risk (basis and fixing) and option risk related to the existence of floors on commercial loans:

Organization and governance

Interest rate risk is managed by the ALM team of the Finance and Financial Markets division, which:

- produces monitoring indicators;
- performs first-level controls;
- proposes management measures.

This management is controlled and supervised by the Market and ALM Risk division, which:

- defines monitoring indicators in conjunction with ALM;
- determines, for the most important management indicators, limits consistent with the risk appetite defined by the Board of Directors and with the regulatory framework;
- carries out second-level controls on management indicators subject to limits.

This activity is structured around two committees:

- the Asset & Liability Management Committee (Alco), which decides on the strategy and monitors its proper implementation through the review of management indicators;
- the "Rate ALM" Committee which prepare the files presented to Alco and the operational implementation of Alco's decisions.

Hedging Strategy

The Sfil Group has defined an interest rate risk appetite, 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, Caffil 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 of the NPV or NIM 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 far as possible by matching assets and liabilities with the same risk profile or by setting up new swaps.

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

These hedges can be entered into either directly on the market, or through Sfil, which in turn hedges its resulting position in the market.

Non-privileged debt is not hedged. Indeed, the debts contracted by Caffil with its shareholder to finance the over-collateralization 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 to EURIBOR. Where applicable, short-term and fixed-rate debts to the Banque de France are not hedged, but also finance fixed-rate assets.

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

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

Fixed rate gap	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.
Index gap	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.
Fixing gap	Difference between balance sheet and off-balance sheet variable rate assets and liabilities for a given index tenor, by fixing date.

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 Caffil'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 compared to eight different interest rate scenarios. These eight scenarios correspond to the six scenarios used for calculating the regulatory "outlier" ratio, to which are added two additional internal scenarios based on historical variations in rates. Unlike regulatory ratios, equity is taken into account in the calculation of these indicators.

The maximum loss observed at the end of the year among the eight scenarios used is presented below:

(EUR millions)	Limit	12/31/2024	12/31/2023
Maximum loss observed in NPV	(80)	(10.4)	(13.9)

Foreign exchange and euro/currency basis risk

The foreign exchange risk is defined as the risk of loss, linked to a change in the exchange rate of currencies against a reference currency.

For Caffil, the reference currency is the euro: the foreign exchange risk reflects, therefore, a change in the value of assets and liabilities denominated in a currency other than the euro because of fluctuations of this same currency *vis-à-vis* the euro.

The euro/currency basis risk is defined as the risk of loss related to the difference in basis when matching uses and resources denominated in different currencies.

Organization and Governance

Foreign exchange risk is managed by the ALM team of the Finance and Financial Markets division, which:

- produces monitoring indicators;
- performs first-level controls;
- proposes management measures.

This management is controlled and supervised by the Market and ALM Risk division, which:

- defines monitoring indicators in conjunction with ALM;
- sets limits for the most material currencies that are consistent with the risk appetite;
- carries out second-level controls on management indicators subject to limits.

This activity is structured around two committees:

- the Asset & Liability Management Committee (Alco), which decides on the strategy and monitors its proper implementation through the review of management indicators;
- the "Liquidity ALM" Committee which prepare the files presented to Alco and the operational implementation of Alco's decisions.

Hedging Strategy

Caffil'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 very low sensitivity limit on the euro/currency basis, calculated over the life of the loans.

Market risk

Market risk is defined as the potential risk of loss (through the income statement or directly through equity) resulting from fluctuations in the prices of financial instruments that make up a particular portfolio.

Market risk scope

Caffil, 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 Caffil, 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. In French Gaap, this also concerns "placement" securities, the losses in value at the balance sheet date of which are provisioned.

Organization and governance

Market risk monitoring is governed by the Market Risk and Guidelines Committee, which monitors on a quarterly basis:

- the valuation of provisions for investment securities under French Gaap;
- the change in value of derivatives and cash collateral paid/ received;

This Committee is also responsible for approving policies, directives and procedures relating to non-regulatory market risks before they are submitted to the Risks Committee.

Monitoring system

The assessment and continuous monitoring of non-regulatory market risks are carried out by the Market and ALM Risk division through:

- daily control of margin calls on derivatives *via* the monitoring of sensitivities to the market parameters [(1)].
- the calculation of the impact of the spread risk on the securities portfolio.

Operational risk

In accordance with the latest version of EU Regulation No. 575/2013 (CRR3), operational risk is defined as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including but not limited to legal risk, model risk or information and communication technology (ICT) risk, but excluding strategic risk and reputation risk".

Legal risk and non-compliance risk are detailed in the dedicated sections.

Organization and governance

Sfil Group has set up an organization, procedures and a management tool to monitor and control its operational risks. This system is managed by the Operational, Cyber and Resilience Risks division (DROCR) and relies on a network of internal control officers from the first line of defense (see 2.9 "Internal control") as well as on the process managers whose role is to identify the operational risks related to their scope.

The internal control officers are responsible for reporting operational incidents, participating in risk mapping exercises and reporting key operational risk indicators. Their role is the subject of an assignment sheet and an annual objective is defined and assessed during the annual reviews.

The second line of defense is provided by the internal control functions of the DROCR as well as by the Permanent Control division, which carries out the second-level permanent controls (see 2.9 "Internal control").

Operational risk management governance is structured around three committees:

- the Operational Risks Committee, whose role is to validate the mapping of operational risks and monitor key risk indicators and incidents;
- the Information Systems Security Committee (ISS) and the Recovery and Business Continuity Plan (RBCP), whose role is to monitor the implementation of the information systems security policy as well as the contingency and business continuity plan;
- the Outsourced essential services (PSEE) Committee, which validates the classification of new services as outsourced essential services.

Monitoring system

The Sfil Group's policy for measuring and managing operational risks consists of regularly identifying and assessing its risk exposure and the existing mitigation and control systems to establish whether or not the level of residual risk is acceptable. The monitoring system is based on three main processes:

- **Collection and reporting of operational incidents, action plans**

  Sfil Group has defined an operational incident and loss collection process governed by guidelines and procedures. This process allows Sfil Group to comply with regulatory requirements and also to gather key data to improve the quality of its internal control system. The threshold of mandatory declaration for financial impacts is EUR 10,000.

  The internal control officers define the action plans to correct the significant incidents or major operational risks identified. The DROCR regularly monitors these action plans.

  Caffil's activities in 2024 did not generate any incidents that exceeded the collection thresholds.

- **Operational risk mapping**

  Operational risk mapping makes it possible to identify and assess operational risks. It is established and regularly updated for each Sfil Group process.

- **Key indicators**

  The monitoring of key operational risk indicators associated with alert thresholds makes it possible to continuously and dynamically monitor changes in operational risks. This system is complemented by an Information system security policy (ISSP), a Recovery and Business Continuity Plan (RBCP) and, where necessary, insurance policies subscribed by Sfil Group to cover specific risks.

(1) They correspond to a change in the fair value of the instruments for a standardized movement (or shock) of the market's parameters.

Risks related to Information and Communication Technologies (ICT)

This system is complemented by an information system security management policy, a Recovery and Business Continuity Plan (RBCP) and, where necessary, insurance policies to cover specific risks.

More specifically, the monitoring of ICT-related risks at Sfil is currently based on two areas:

- **IT system security management**

  The DROCR has put in place a set of provisions, governed by a policy and directives, based on the requirements of the ISO 27001 standard, applicable to all of Sfil's operating divisions.

  These provisions are intended to protect information against any threat that could affect its confidentiality, integrity or availability. They are broken down into operational processes determined in collaboration with the operational divisions, including the Technology and Organization department, and are subject to regular controls.

  In addition, with a view to continuous improvement, a three-year plan to strengthen IT security has been defined and is regularly monitored. A plan to ensure compliance with the DORA regulations has also been defined.

- **Business continuity and crisis management**

  The Sfil Group has developed a Recovery and Business Continuity Plan (RBCP). This includes all the measures aimed at ensuring, under various operational crisis scenarios, the temporary maintenance of essential operational tasks in degraded mode, then the planned resumption of its activities, in order to limit its losses.

Outsourced Essential Services

The Sfil Group has an outsourcing policy that specifies the Group's outsourcing strategies as well as the monitoring and control system associated with outsourcing. The Operational Risk Committee monitors outsourcing and, more specifically, outsourced essential service providers.

Secure payment methods

Caffil does not provide its customers with any means of payment and is not exposed to operational risks in this area.

Non-compliance risk

Non-compliance risk is defined by article 10p) of the *arrêté* of November 3, 2014 on the internal control of companies in the banking, payment services and investment services sector subject to the control of the Autorité de contrôle prudentiel et de résolution amended by the *arrêté* of February 25, 2021. It corresponds to the risk of legal, administrative or disciplinary sanction, significant financial loss or damage to reputation resulting from failure to respect the provisions directly applicable to banking and financial activities, irrespective of whether they are legislative or regulatory, national or European and irrespective of whether it concerns professional and ethical standards or instructions from effective managers taken pursuant to guidelines from the supervisory body.

Reputational risk is the risk of damage to the trust in the Sfil Group by its clients, counterparties, suppliers, employees, shareholders, supervisors or any other third party whose trust, in any capacity whatsoever, is a necessary condition for the normal continuation of activity. Reputational risk is essentially a risk contingent on all the other risks incurred and in particular the potential materialization of a credit risk, a market risk, an operational risk or a risk of non-compliance, as well as a violation of the Ethics and Professional Conduct Code of Sfil.

The risks of non-compliance are broken down into the following four categories:

- financial security risk (including the fight against money laundering and the financing of terrorism - AML/CFT, sanctions, export rules and embargoes);
- ethics and corruption risks (including conflicts of interest);
- risks relating to the protection of customers' interests and compliance with other banking and financial regulations;
- risks related to the protection of personal data.

Regulatory non-compliance					Financial security			
Ethics and business conduct, prevention of conflicts of interest	Protection of customer interests	Fight against corruption	Preservation of market integrity	Protection of personal data	Anti-Money Laundering and Counter Financing of Terrorism	Sanctions, asset freezes and embargoes	Export rules	Ethics and business conduct, prevention of conflicts of interest

Organization and governance

Adherence to the rules and compliance system concerns all Sfil employees, who must act in compliance and with integrity in their daily work. The Compliance division ensures compliance with the laws, regulations and ethical principles specific to the banking activities carried out by the Sfil Group that may affect the systems for which it is responsible.

In accordance with applicable legal and regulatory requirements, professional standards, the internal control framework policy and the permanent control charter, the organization of functions aimed at managing non-compliance risk is part of the internal control system of the Sfil Group.

The Sfil Group has defined a scheme to guarantee reasonable assurance of non-compliance risk control. The framework of these schemes is submitted to the Compliance Committee and proposed to the Board of Directors for approval on the proposal of the Risks and Internal Control Committee.

The non-compliance risk management processes apply to all the Sfil Group's departments, activities and processes. For each of these categories, the Compliance division has defined systems adapted to the risks previously assessed.

The General Secretary is the Chief Compliance Officer. As such, she is responsible for the compliance verification function in accordance with Article 28 of the *Arrêté*. The Compliance division, in its role as the second line of defense, ensures compliance with the compliance systems entrusted to the various business lines. It implements actions to control the non-compliance risks listed in the above table.

In this context, Sfil's Compliance division:

- defines the non-compliance risk management systems taking into account the risk appetite approved by the Board of Directors;
- prepares internal reports for the Board of Directors;
- contributes to the training of employees on non-compliance risks.

To support the business lines and ensure the supervision of the system, the Compliance division relies on employees identified as internal control officers (see 2.9 "Internal control") within the operational divisions as a point of contact with the business lines.

Implementation of the compliance systems

In compliance with risk appetite, compliance policies and procedures have been defined for all of Sfil Group's activities. The Compliance division verifies compliance with these policies and procedures and, if necessary, proposes actions to the divisions concerned to ensure their compliance.

The Sfil Group has no risk appetite for banking and financial non-compliance risk and has a zero tolerance policy for corruption, influence peddling and all breaches of probity.

Sfil's policy for measuring and managing non-compliance risk, consists of regularly identifying and assessing its risk exposure and the existing mitigation and control systems to establish whether or not the level of residual risk is acceptable. This policy is divided into four main processes:

- the mapping of non-compliance risks (see 2.9 "Internal control");
- the collection and reporting of compliance incidents;
- the performance of permanent compliance controls (see 2.9 "Internal Control");
- monitoring key operational risk indicators.

Ethics and professional conduct

Since its creation, Sfil has defined its code of ethics and professional conduct as a set of values and principles shared by all managers and employees in order to carry out our duties on a daily basis with complete integrity, in compliance with the provisions specific to our activities.

The Code of Ethics and Professional Conduct, appended to the internal regulations, establishes the rules of conduct applicable both within the Sfil Group and *vis-à-vis* the outside world (customers, suppliers, service providers, investors and financial markets, etc.). The Compliance division has set out the rules applicable to each employee in terms of managing and declaring conflicts of interest, gifts and invitations and secondary activities within an additional set of procedures.

In order to strengthen its system, the Sfil Group has appointed a Professional Conduct Officer who relies on the Professional conduct section within the Compliance division to exercise their duties. The Professional Conduct Officer, who has a comprehensive view of the bank's activities, can thus be consulted on any ethical or professional conduct issue, including the prevention of conflicts of interest.

The compliance training system rolled out to Sfil Group employees makes it possible to maintain an up-to-date knowledge of compliance systems within the workforce. The aim is to promote a culture of risk and compliance. The obligation to attend training sessions is specified in the code of ethics and professional conduct. The Sfil Group's employees follow a basic compliance training program supplemented by expert training for the staff most exposed to some of the risks of non-compliance.

Fight against corruption

The governance of the corruption prevention system at the highest level of Sfil is a guarantee of the credibility of the approach and the proactive behavior of the governing body. Through its clear and unequivocal commitment, it promotes a culture of compliance and transparency essential to the assessment of corruption risks.

In this respect, General Management is responsible for defining the anti-corruption system, formally validates the risk management strategy implemented on the basis of the corruption risk mapping and ensures the implementation of the selected action plan. General Management has entrusted the deployment of the system and its coordination to the Compliance division. In this context, the Compliance division is responsible for:

- designing and defining the methods for implementing the policy to prevent and fight against corruption, which are then rolled out within the corresponding operational business line processes/procedures;
- conducting the anti-corruption analyzes required when entering into a business relationship with third parties (particularly in the context of export refinancing);
- defining awareness-raising and training programs in the prevention and fight against corruption in order to disseminate the anti-corruption culture;
- assisting, where applicable, in internal investigations carried out following the revelation of suspicions or facts of corruption;
- monitoring best practices and changes in regulatory requirements, reporting on the implementation and effectiveness of the system to General Management and the supervisory body;
- advising, supporting and issuing recommendations to employees on how to apply the anti-corruption system;
- ensuring compliance by means of controls. The Compliance division is the preferred contact for all theoretical and practical questions that employees may have about situations potentially constituting acts of corruption, both in a preventive and corrective manner.

General Management also ensures that the resources allocated to the challenges of preventing and detecting acts of corruption are adequate, in particular by ensuring that the Compliance division has sufficient human and financial resources to fight against corruption.

Protection of customer interests

Respect for the integrity and loyalty of third parties is essential. The Sfil Group expects all its employees to act ethically at all times in their relationships with third parties, as stated in the Code of Ethics and Professional Conduct.

The Compliance division has implemented procedures to comply with regulatory requirements related to the protection of customer interests and in consideration of the specific scope of activities of the Sfil Group. The operational divisions working with customers implement these requirements in their operational procedures; regular training is provided to them in order to maintain an appropriate culture of compliance.

Integrity of markets

The Sfil Group has deployed a system to combat and prevent market abuse tailored to its size, organization and specific activities, in particular with regard to the types and potential indicators of market abuse.

In compliance with the amended European Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse and the various associated implementing regulations, the Compliance division has deployed a set of procedures describing the principles, measures, systems and processes implemented by Sfil and Caffil to prevent, monitor, detect and report suspicious transactions in terms of market abuse. This procedural corpus is rolled out in the operational procedures within the most concerned divisions.

The prevention of market abuse also relies on effective dissemination to employees of the regulatory requirements in this area. In this context, the Compliance division deploys training and awareness-raising programs in terms of preventing market abuse adapted to the roles and responsibilities of employees, managers and corporate officers.

Financial security

The Sfil Group implements all the provisions set out in the fifth European directive on combating money laundering and the financing of terrorism (AML/CFT).

As a banking institution covered by article L.561-2 of the French Monetary and Financial Code, the Sfil Group is subject to the AML/CFT regulations, which impose obligations on it to strengthen its role in the prevention of money laundering and the financing of terrorism. The system put in place also meets the requirements of the *arrêté* of November 3, 2014 on the internal control of companies in the banking, payment services and investment services sector, as amended by the *arrêté* of February 25, 2021, with regard to the implementation and internal control of the AML/CFT system.

- **A structured framework for financial security**

The Compliance division has a comprehensive and structured financial security procedure corpus, which forms the basis of the internal practices. This corpus, regularly updated to include legislative, regulatory, and case law changes, includes a general AML/CFT policy, which defines the Sfil Group's commitments and guiding principles for the prevention of money laundering and the financing of terrorism. This policy is supplemented by operational procedures detailing the implementation methods and the procedures to be carried out to ensure compliance with regulatory obligations.

- **A culture of compliance and an adapted training system**

The prevention of financial security risks is based on a strong culture of compliance within the Sfil Group. In order to meet regulatory requirements in this area, the Compliance division deploys AML/CFT training and awareness programs adapted to the roles and responsibilities of employees, directors and corporate officers. This system makes it possible to maintain a high level of vigilance proportionate to the challenges of financial security, while guaranteeing employees' adherence to compliance requirements and observance of internal procedures.

- **A robust system for detecting and treating non-compliance risks**

To ensure the detection and treatment of non-compliance risks in terms of financial security, the Compliance division relies on human, technological and organizational resources.

The vigilance system is based on the KYC (Know Your Customer) process. Sfil implements strict procedures to identify and verify its customers and their beneficial owners, including the collection and analysis of identification information, the assessment of the purpose and nature of the business relationships, as well as the review of the origin of the customer's funds and activities. A risk classification is carried out in order to segment customers according to their level of risk, with the implementation of enhanced vigilance measures for high-risk profiles.

A screening tool ensures daily screening of the business relationships database and third parties with which Sfil interacts, by comparing them with the official lists of sanctions, asset freezes and politically exposed persons. These lists are updated regularly. The centralized processing of alerts generated by this tool is based on an in-depth, documented, and traced analysis of each alert.

In addition, enhanced monitoring of transactions is put in place to detect any atypical transactions. Transactions deemed sensitive are subject to an in-depth review to identify any unusual patterns. The analysis carried out feed into the decision-making process, which may lead, if necessary, to the filing of a suspicious transaction report with the competent authorities.

This structured system enables Sfil to meet regulatory requirements and ensure the effective management of financial security risks.

Protection of personal data

The Sfil Group, which is particularly sensitive to the protection of personal data, has appointed a data protection officer (DPO), who reports to the Chief Compliance Officer. The governance and procedural framework in place provide the necessary framework to meet the regulatory requirements of the European regulation on the protection of personal data and the legitimate expectations of its employees, customers and more broadly any third parties interacting with it.

As part of their mission, the DPO monitors risk indicators including personal data leaks, registry compliance and employee training rates. A personal data charter as well as a *corpus* of operational policies and procedures set out the principles that must be respected in order to comply with the European regulation on the protection of personal data. More specifically, for external third parties interacting with the Sfil Group, a confidentiality policy is made available on the website.

The Sfil Group, as data controller, has a register of personal data processing activities in accordance with Article 30 of the General Data Protection Regulation (GDPR); it also includes a reporting module for incidents and violations. Lastly, the DPO, in conjunction with the Permanent Control division, ensures compliance with the rules set out in the policies and procedures relating to the protection of personal data.

All employees are trained in compliance with the GDPR *via* an e-learning module. The internal contacts or intermediaries within the divisions are trained, firstly, on personal data protection regulations and also on compliance with the GDPR compliance systems in place within the Sfil Group. This training is provided in a face-to-face format. The objective is to provide the knowledge and skills they need as part of their missions to maintain the Sfil Group's compliance with the GDPR. The DPO, for their part, follows training courses and joins professional groups in order to keep their knowledge up to date.

Legal and tax risk

The *arrêté* of November 3, 2014 defines Legal Risk as the risk of any dispute with a counterparty resulting from any inaccuracy, lack or insufficiency that may be attributed to the Company in the exercise of its activities.

Tax risk corresponds to the possible non-compliance with the applicable tax regulations.

Although the Sfil Group has no appetite for legal and tax risks, this does not mean that it is fully protected against these risks, especially since it is subject to significant and evolving regulations, in particular the introduction of new rules to improve the transparency, efficiency and integrity of financial markets and the strengthening of tax transparency requirements. In the event of non-compliance with applicable laws and regulations, Sfil could be exposed to significant fines and administrative sanctions and could suffer losses as a result of private litigation.

Organization and governance

The control and management of legal and tax risk (excluding declarations) is handled within the General Secretary's office by:

- the Financing Legal division, which covers the financing of the local public sector and the financing of export credit;
- the Financial Markets Legal division;
- the Legal Affairs and Governance division, dedicated to the social life of Sfil and its subsidiary Caffil and their governance.

These three divisions report to the General Secretary, who validates the legal strategies implemented. They may issue opinions intended for the decision-making process of the following committees:

- Regulatory Watch Committee;
- New Products Committee;
- Credit Committee;
- the weekly Financial Markets Committee;
- Asset Management Committee.

Legal and tax risk is managed by:

- advising and assisting the Bank's General Management and operating divisions in order to prevent, detect, measure and control the legal and tax risks inherent in their activity;
- participation in the organization of governance and the implementation of best practices in this area (policies, procedures and internal regulations) in order to promote the management and control of risks by the management bodies;
- monitoring regulatory changes *via* a legal watch initiated by the three divisions in their areas of expertise;
- review and negotiation of contracts as well as the adaptation of all contracts to regulatory changes having an impact on the business;
- insurance management (excluding social protection insurance);
- trademark protection;
- the management of pre-litigation and litigation.

Litigation information

The Financing Legal division monitors litigation cases and the progress of proceedings.

As of December 31, 2024, to the best of Caffil's knowledge, there were no disputes or disputes between Caffil and its borrowers, nor any other governmental, legal or arbitration proceedings that could have a material impact on its financial position.

Information on tax risk

The Finance division prepares tax declarations and can contact the General Secretary for tax advice.

There is no change during 2024 concerning the file linked to the treatment of the taxation in Ireland of the income of the former Dexia Municipal Agency (Caffil's former name) branch in Dublin, which closed in 2013.

In the absence of new cases or litigation with the administration, the risk is currently considered not significant.

2.11 Additional information

2.11.1 Payment terms

Pursuant to articles L.441-14 and D.441-6 of the French Commercial Code, Caffil publishes an annual breakdown of the balance of its trade payables by due date.

Caffil has a very limited number of direct suppliers, since its management is contractually entrusted to its parent company, in accordance with article L.513-15 of the French Monetary and Financial Code.

Caffil usually settles its bills as soon as they are recorded, and the balance of amounts owed to suppliers is theoretically always zero. The breakdown of arrears on invoices due at the end of 2024 is as follows:

	Invoices received and not paid at the financial year reporting date whose term has expired					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total
(A) CLASSES OF LATE PAYMENT						
Number of invoices concerned	-	-	-	-	-	-
Total amount of invoices concerned excl. VAT *(EUR thousands)*	-	-	-	-	-	-
Percentage of the total amount of purchases excl. VAT of the financial year	-	-	-	-	-	-
(B) INVOICES EXCLUDED FROM (A) RELATING TO LITIGIOUS DEBT OR DEBT NOT YET POSTED						
Number of invoices excluded	-	-	-	-	-	-
Amount of invoices excluded	-	-	-	-	-	-

Reference payment period: legal or contractual, generally 45 days.
Bank and related transactions are not included in the information on payment terms.

2.11.2 Research and development

Pursuant to the provisions of article L.232-1 of the French Commercial Code, it is specified that Caffil does not carry out any research and development activities.

2.11.3 Non-tax deductible charges and expenses

In accordance with article 223 (4) of the French General Tax Code, no non-deductible expense or charge referred to in article 39-4 of the French General Tax Code was made by the Company during the financial year.

The general operating expenses considered non-deductible following a final tax assessment (article 223 (5), articles 39-5 and 54 (4) of the French General Tax Code) are zero.

2.11.4 Social, environmental and societal information

Caffil is not subject to the provisions relating to the extra-financial performance statement.

Social, environmental and societal information on Sfil, the parent company of Caffil, is presented in its Annual Financial Report and on its website.

Moreover, Sfil Group prepares a sustainability report each year that includes the activities of Caffil. This is available on the Sfil website.

2.11.5 Table of results during the last five financial years

Financial position	2020	2021	2022	2023	2024
Share capital *(EUR millions)*	1,350	1,350	1,350	1,350	1,350
Number of shares	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000
RESULTS OF OPERATIONS *(EUR millions)*					
Revenues[1]	326	371	676	1,912	2,262
Net income before income tax, amortization, depreciation and contingencies net of reversals	68	80	101	68	93
Income tax	(19)	(28)	(24)	(11)	(21)
Income after income tax expense, amortization, depreciation and contingencies net of reversals	59	81	88	66	71
Exceptional distribution	-	-	-	-	-
Dividend distributed[2]	49	85	84	63	67
PER SHARE DATA *(EUR millions)*					
Revenues[1]	24.12	27.47	50.09	141.65	167.54
Net income before income tax, amortization, depreciation and contingencies net of reversals	6.44	7.98	9.24	5.85	6.88
Income tax	(1.43)	(2.04)	(1.75)	(0.80)	(1.59)
Income after income tax expense, amortization, depreciation and contingencies net of reversals	4.34	6.02	6.52	4.91	5.22
Exceptional distribution	-	-	-	-	-
Dividend distributed[2]	3.60	6.32	6.19	4.67	4.96

(1) Revenue comprises the following items:
- *interest income, net of macro-hedging expenses;*
- *commissions received;*
- *net income from foreign exchange transactions;*
- *other operating income.*

(2) Proposed dividend distribution in 2025 for the 2024 financial year.

2.11.6 Shareholders' Meeting of May 27, 2025

It is proposed to renew the terms of office of Nathalie ARGOURD and Anne CRÉPIN and of Philippe MILLS, François LAUGIER and Florent LECINQ as members of the Supervisory Board for a period of four years, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2028.

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03

Report on corporate governance

03

This report of the Supervisory Board on corporate governance presented in accordance with articles L.225-68, L.225-37-4, L.22-10-10 and L.22-10-11 of the French Commercial Code aims to report to shareholders on the Board's activity in 2024, its composition, the conditions for the preparation and organization of its work. It also includes the list of all terms of office and functions held in any company by each corporate officer during the financial year, information on the compensation of corporate officers, the diversity policy applied to the members of the Supervisory Board and information on the elements likely to have an impact in the event of a takeover bid or public offer.

For the preparation of this report, Caffil refers to:

- the French Commercial Code, as a commercial company;
- the French Monetary and Financial Code, as a credit institution;
- the relevant European regulations for credit institutions;
- the governance provisions adopted by its parent company Sfil, which opted to refer to the Afep-MEDEF Code of governance as a reference for the Sfil Group.

This report was drawn up by the Supervisory Board of Caffil which gathered the appropriate information from its Executive Board and the General Secretariat of Sfil.

Caffil's operational structure and organization are controlled by its status as a *société de crédit foncier*. It is a legally independent company with its own Supervisory Board and Executive Board. However, in order to preserve the privilege granted to the holders of *obligations foncières* and other privileged debt securities, the law stipulates that a *société de crédit foncier* is not allowed to employ staff directly and must entrust the management of all its operations to a credit institution with which it signs an agreement (article L.513-15 of the French Monetary and Financial Code). This is because employees would have a priority that would supersede any other claim in the event of bankruptcy or liquidation, whereas the management agreement benefits from the legal privilege on *sociétés de crédit foncier* with the holders of *obligations foncières* and other privileged debt securities. Caffil has entrusted the management of its operations to Sfil, since January 31, 2013.

All items presented are as of December 31, 2024, unless indicated otherwise.

3.1 Governance

Caffil is a limited liability company with an Executive Board and a Supervisory Board (*société anonyme à directoire et conseil de surveillance*), governed by the provisions of articles L.210-1 and seq. and L.22-10-1 and seq. of the French Commercial Code. Its activity is governed by articles L.511-1 and seq. (credit institutions) and L.513-2 and seq. (*sociétés de crédit foncier*) of the French Monetary and Financial Code.

As the French Monetary and Financial Code authorizes an entity to refer to the Governance, Appointments and CSR Committee and the Compensation Committee of its parent company for the definition of its appointment and compensation policy, the Supervisory Board of Caffil has decided not to create a specific committee at its level and to rely on those of Sfil. Similarly, Sfil's Financial Statements Committee, on the one hand, and Sfil's Risks and Internal Control Committee, on the other hand, deal with issues concerning Caffil. The documents presenting these issues are included in the files presented to the Supervisory Board, which is also informed on these committees' discussions when they are related to the Company.

In terms of governance, Caffil implements the recommendations of the Afep-MEDEF Code, to which its parent company refers, which are applicable to it as a *société de crédit foncier* whose shares are not listed. The representation of women and men has been balanced on the Supervisory Board, as well as on the Executive Board since January 31, 2025. The composition of the Supervisory Board reflects the Company's business activity in terms of skills, training and professional experience. The Board's members are experts in the main areas of activity of the Company. In 2024, the members of the Supervisory Board and the Executive Board benefited from training sessions on governance, risks (including the main prudential regulation metrics, the risk management process and the supervision process), export credit as well as on the AML/CFT system.

In addition, Caffil has a succession plan for corporate officers.

The main differences between the Company's governance and the provisions of the Afep-MEDEF Code are as follows:

Code recommendations	Comments
Recommendation 8 - Gender diversity policy within governing bodies	The gender balance on the Executive Board has once again been respected since January 31, 2025.
Recommendation 10.3 - Presence of at least one-third of independent members on the Supervisory Board	The absence of independent members on the Supervisory Board is the result of a choice by Sfil, shareholder of Caffil, Caisse des Dépôts and the French Republic, shareholders of Sfil, given the status and role assigned to Caffil within the Sfil Group. However, the specialized committees (Risks and Internal Control Committee, Financial Statements Committee, Governance, Appointments and CSR Committee and Compensation Committee) of the Board of Directors of Sfil, which also act on behalf of Caffil and report to the Supervisory Board of Caffil, include independent members.
Recommendation 12.3 - Meetings of a Supervisory Board at least once a year without the presence of executive corporate officers	The possibility of holding an annual executive session at the end of one of the Supervisory Board meetings is included in the Supervisory Board's internal rules and remains optional (not used in 2024).
Recommendation 15.2 - Staggering of terms of office	The renewal of the Supervisory Board as a whole (except for one member) results from the Company's history and the stability of the number of members.
Recommendation 24 - Number of shares held by Supervisory Board members	This provision is not applicable for Caffil, whose shareholding structure is described above (100% owned and controlled by Sfil, its parent company) and whose shares are not listed.

3.1.1 Supervisory Board

Key figures of the Supervisory Board

Number of members	Independence	Women	Average age	Average seniority	Meetings in 2024	Attendance rate
6	0	50%	54 years	8 years and 8 months	6	100%

The role of the Supervisory Board

The Supervisory Board exercises permanent control over the Executive Board's management of the Company. The Shareholders' Meeting appoints the Supervisory Board's members for four-year terms, on the basis of their qualifications and potential contribution to the Company. Sfil's Governance, Appointments and CSR Committee identifies through a file and an analysis framework the key skills the Board is seeking, for each appointment. Although this is an individual assessment, it also considers the Board's collective expertise. The appointments are approved by the European supervisor through the Fit & Proper analysis. Sfil's Governance, Appointments and CSR Committee also took note of the absence of an independent member within the Supervisory Board.

The Supervisory Board meets at least once a quarter, with both Statutory Auditors and the Company's Specific Controller in attendance. The Board met six times during the 2024 financial year. The members' average attendance rate was 100% (individual rates are given below). The Chairman of the Supervisory Board or of the Executive Board informs the Board's members of meeting agendas, within a reasonable time-frame to review the items for discussion, and provides a file containing the memos or documents relating to said items. The files containing the information and documents sent to the Board enable it to form a clear, reliable and comprehensive view of the Company's situation, profitability and development. At the Supervisory Board Meetings, the Executive Board reviews and comments on the agenda items, using summary presentations where appropriate. The Supervisory Board issues opinions on strategic choices, makes recommendations and, where appropriate, commissions ad hoc studies, which are reviewed at subsequent meetings.

The main tasks of the Supervisory Board	Specific work carried out in 2024
• appoint the members of the Executive Board and co-opt the members of the Supervisory Board after a favorable opinion from the Sfil's Governance, Appointments and CSR Committee; • establish a succession plan to prepare and organize changes to the corporate officers; • examine the system of governance; • prepare the governance report; • ensure that effective policies to prevent and manage conflicts of interest exist; • propose the appointment of the Statutory Auditors to the Shareholders' Meeting, after a favorable opinion from the Sfil's Financial Statements Committee.	• co-option of a member of the Supervisory Board; • annual review on the operation of the Supervisory Board; • review on the training plan for corporate officers; • preparation of the annual report on governance; • official notice of the Annual Ordinary Shareholders' Meeting (with proposal to co-opt a member of the Supervisory Board and then to renew its term of office).
• authorize the Company's agreements.	• update of the export credit refinancing agreement (with enhanced guarantee) between Caffil and Sfil; • update of the loan assignment agreement between La Banque Postale and Caffil; • new export credit refinancing agreement between Caffil and Sfil due to the cancellation of the enhanced guarantee; • update of the management agreement between Sfil and Caffil.
• monitor the compliance with internal control obligations; • examine the results and activity of internal control; • ensure the existence of an adequate organizational framework for the management of AML/CFT and IT security risks.	• approval of the internal control report, including the AML/CFT control report; • followed-up the quarterly Internal Audit, Compliance and Permanent control reports; • followed-up inspections by supervisors and the responses to their recommendations; • acknowledgment of the permanent control charter and the new AML/CFT policy.
• define risk appetite; • regularly examine the Company's opportunities and risks especially in the financial, legal, social and environmental sectors and the measures taken as a result; • define the terms and frequency for communicating information on compliance with risk limits to it; • approve the overall risk limits which are fixed and reviewed at least once a year by the Executive Board; • regularly examine the Company's policies; • ensure the implementation of compliance policies.	• authorization of the cancellation of the enhanced guarantee for Caffil's export credit refinancing loans to Sfil; • approval of the key data concerning Caffil contained in the ICAAP and ILAAP policies and the Pillar III report; • approval of the methodological evolution of the permanent control assessment; • approval of the retention of the dual building approach as part of the information systems continuity plan; • approval of changes to the risk identification policy; • approval of the update of the consolidated risk mapping; • approval of the update of the non-compliance risks mapping; • monitoring of quarterly reports on Sfil Group's risk monitoring; • annual approval of all the Caffil management policies; • monitoring of the quality of Sfil's services for Caffil; • removal of the rating by S&P of Caffil's covered bonds.
• perform the controls and verifications it considers appropriate.	• approval of the covered bonds issuance program; • monitoring of activity comprising (i) the conditions for the execution of the issuance program notably the social and green issues, (ii) asset acquisitions from La Banque Postale and the Banque des Territoires and (iii) new loans to refinance signed export credits; • review of the financial statements; • review of Caffil's contribution to Caisse des Dépôts' medium-term strategic plan; • approval of the 2025 budget; • approval of the financial reports (half-year and annual); • strategic review of the refinancing of large export credits activity; • strategic review of the financing of the local public sector and hospitals in France.

Composition of the Supervisory Board

The Supervisory Board met six times during the 2024 financial year. The attendance rate of its members is shown below.

Members of the Supervisory Board	Attendance rate
Philippe Mills – Chairman	100%
François Laugier – Vice-Chairman	100%
Nathalie Argourd – Member	100%
Anne Crépin – Member	100%
Cécile Degove - Member*	100%
Florent Lecinq – Member	100%

* *Since February 15, 2024*

3.1.2 Executive Board

Key figures for the Executive Board

Number of members	Women*	Average age	Average seniority	Meetings in 2024	Attendance rate
5	80%	47 years	4 years and 4 months	24	95%

** At December 31, 2024 (60% from January 31, 2025)*

The role of the Executive Board

The Executive Board is in charge of the management and administration of Caffil. It represents and binds it. As such, its role is to take all decisions impacting the Company's activity and results. Moreover, the Executive Board is the first guarantor of the proper functioning of all of Caffil's internal control procedures (see 2.9 "Management report").

The main tasks of the Executive Board	Specific work carried out in 2024

• convene Shareholders' Meetings;
• decide, by delegation from the Extraordinary Shareholders' Meeting, to increase the share capital and/or determine the terms of this increase, and if necessary carry out a capital reduction;
• modify the share capital following the conversion of convertible bonds, subscriptions using rights detached from hybrid securities containing share subscription options, and the exercise of share subscription options;
• appoint and reappoint the Statutory Auditors and the Specific Controller.
	• convene an Ordinary and Extraordinary Shareholders' Meeting held on May 29, 2024. The purpose of this meeting was to:
	  • approve the 2023 financial statements and the appropriation of net income;
	  • approve the Company's regulated agreements and commitments,
	  • discharge to corporate officers;
	  • the co-option and then reappointment of a member of the Supervisory Board.

• decide to issue *obligations foncières* or Registered Covered Bonds; • decide to acquire assets as part of the two missions entrusted to Caffil; • decide to sell assets; • monitor the Company's outstandings management and balance sheet and off-balance sheet operations.	• update on an annual basis, and as necessary, of the EMTN issuance program of the Covered Bonds; • decision on blackout periods for issues; • approval of the annual and quarterly issuance program and monitoring of its implementation; • approval of the removal of the rating from the S&P rating agency for Caffil's covered bonds; • approval of quarterly asset acquisitions from La Banque Postale; • monitoring of asset acquisitions from Banque des Territoires; • approval of the removal of the enhanced guarantee for Caffil's export credit refinancing loans to Sfil; • signature of five refinancing loans granted to Sfil as part of the export credit refinancing activity.
• validate the Company's risk appetite and its application in the risk analysis and measurement oversight systems and procedures; • monitor the Company's level of risk and take the necessary measures to reduce it if necessary.	• review of changes specific to Caffil relating to risk appetite, ICAAP and ILAAP; • quarterly monitoring of the system and activities of Sfil's internal control functions, with regard to Caffil (permanent control, internal audit); • review of litigation; • monitoring of credit, operational, ALM and non-compliance risks for Caffil.

The main tasks of the Executive Board	Specific work carried out in 2024
• define Sfil's servicing conditions, notably by (i) approving and monitoring the management agreement and amendments thereto, the Service Level Agreement and the associated quality indicators, and (ii) approving Caffil's operational management policies.	• approval of the update of the management agreement and the Service Level Agreement with Sfil in November 2024; • quarterly review of quality indicators covering the provision of services carried out by Sfil; • approval of all the Caffil management policies.
• preparation of the annual and half-yearly financial reports for presentation to the Supervisory Board.	• preparation and coordination of six Supervisory Board Meetings; • preparation of two financial reports.
• closure of the financial statements in accordance with French Gaap standards.	• approval of the 2023 annual financial statements in accordance with French Gaap standards at the Executive Board meeting of February 14, 2024; • approval of the 2024 half-year financial statements in accordance with French Gaap standards at the Executive Board meeting of September 4, 2024; • approval of the 2024 budget landing and the 2025 budget.

The Executive Board meets on average every three weeks. A quarterly meeting is dedicated to preparing the next Supervisory Board Meeting. One-off meetings may also be held, possibly by electronic means, depending on the issues to be addressed.

The Statutory Auditors are invited to Executive Board Meetings if their attendance is mandatory, in particular during the review of the annual and half-yearly financial statements. Depending on the agenda items, the Chairwoman of the Executive Board may decide, in particular on the proposal of another Executive Board member, to invite any person that she deems useful to present a subject or assist with preparatory discussions for decisions.

Composition of the Executive Board

The Executive Board met twenty-four times during the 2024 financial year. The attendance rate of its members is shown below.

Members of the Executive Board	Attendance rate
Herdile Guérin - Chairwoman	100%
Olivier Eudes - Chief Executive Officer	96%
Thi Lan Anh Pham – Member	92%
Émilie Boissier - Member	96%
Céline Gouy - Member	92%

3.2 Mandates and functions of corporate officers

In application of article L.225-37-4 1° of the French Commercial Code, the following list presents the mandates and positions held in 2024 financial year by every corporate officer of Caffil who served during the financial year.

3.2.1 Supervisory Board

The members of the Supervisory Board are experts in the main areas of activity of the *société de crédit foncier*. They are all employees of Sfil, except for the Chairman of the Supervisory Board, who is a corporate officer of Sfil. Almost all of them are either members of the Executive Committee or directors. In addition, the Chairman of the Supervisory Board of Caffil is also a director and Chief Executive Officer of Sfil.

Chairman

Philippe Mills

59 years old – French nationality

Business address: Sfil - 112-114, avenue Émile Zola 75015 Paris

Date term of office begins and ends: May 27, 2021-2025

Date of the first mandate: January 31, 2013

Principal function: Chief Executive Officer, Sfil

Other mandates and responsibilities:

- Sfil, Director and Chairman of the Executive Committee
- European Association of Public Banks (EAPB), director (until May 2024)
- Fondation du Collège de France, permanent representative of Sfil, member of the Board of Directors

Vice-Chairman

François Laugier

60 years old – French nationality

Business address: Sfil - 112-114, avenue Émile Zola 75015 Paris

Date term of office begins and ends: May 27, 2021-2025

Date of the first mandate: January 31, 2013

Principal function: Deputy Chief Executive Officer, Sfil

Other mandates and responsibilities:

- Sfil, member of the Executive Committee

Members

Nathalie Argourd

53 years old – French nationality

Business address: Sfil - 112-114, avenue Émile Zola 75015 Paris

Date term of office begins and ends: May 27, 2021-2025

Date of the first mandate: May 30, 2017

Principal function: Director of local public sector development, coordination of the sustainable development business lines of Sfil

Other mandates and responsibilities: None

Anne Crépin

55 years old – French nationality

Business address: Sfil - 112-114, avenue Émile Zola 75015 Paris

Date term of office begins and ends: May 27, 2021-2025

Date of the first mandate: May 30, 2017

Principal function: Director of Export Credit, Sfil

Other mandates and responsibilities:

- Sfil, member of the Executive Committee
- Member of the National Committee of Foreign Trade Advisors of France - Vice-Chairwoman of the Business Support Commission

Cécile Degove (since February 15, 2024)

48 years old – French nationality

Business address: Sfil - 112-114, avenue Émile Zola 75015 Paris

Date term of office begins and ends: May 29, 2024 - 2028

Date of the first mandate: February 15, 2024

Principal function: General Secretary and Head of Legal and Compliance of Sfil (since February 1, 2024)

Other mandates and responsibilities:

- Caisse des Dépôts et Consignations, Head of strategic, financial and non-financial planning of Caisse des Dépôts Group (until January 31, 2024)
- Sfil, member of the Executive Committee (since February 1, 2024)
- Logivolt Territoires, member of the Strategic Committee

Florent Lecinq

49 years old – French nationality

Business address: Sfil - 112-114, avenue Émile Zola 75015 Paris

Date term of office begins and ends: May 27, 2021-2025

Date of the first mandate: February 25, 2013

Principal function: Chief Financial Officer and Director of Finance and Financial Markets, Sfil

Other mandates and responsibilities:

- Sfil, member of the Executive Committee

3.2.2 Executive Board

Chairwoman

Herdile Guérin

51 years old – French nationality

Business address: Sfil - 112-114, avenue Émile Zola 75015 Paris

Date term of office begins and ends: January 31, 2021-2025

Date of the first mandate: March 18, 2020

Principal function: Director of Caffil's Coordination division within Sfil

Other mandates and responsibilities:

- Association française des sociétés financières (ASF), member of the Board of Directors (since March 19, 2024)

Member and Chief Executive Officer

Olivier Eudes

56 years old – French nationality

Business address: Sfil - 112-114, avenue Émile Zola 75015 Paris

Date term of office begins and ends: January 31, 2021-2025

Date of the first mandate: May 27, 2015

Principal function: Director of ALM and Financial Markets, Sfil

Other mandates and responsibilities:

- SCI Phœnix, Manager

Members

Thi Lan Anh Pham

40 years old – French nationality

Business address: Sfil - 112-114, avenue Émile Zola 75015 Paris

Date term of office begins and ends: January 31, 2021-2025

Date of the first mandate: January 31, 2021

Principal function: Senior ALM Manager of Sfil

Other mandates and responsibilities:

- SARL Mai Kim, co-manager

Émilie Boissier

45 years old – French nationality

Business address: Sfil - 112-114, avenue Émile Zola 75015 Paris

Date term of office begins and ends: September 8, 2022-2025

Date of the first mandate: September 8, 2022

Principal function: Director of Middle-office and export credit portfolio, Sfil

Other mandates and responsibilities: None

Céline Gouy

43 years old – French nationality

Business address: Sfil - 112-114, avenue Émile Zola 75015 Paris

Date term of office begins and ends: November 1, 2023-2025

Date of the first mandate: November 1, 2023

Main function: Head of Corporate Risk Center of Sfil

Other mandates and responsibilities: None

3.2.3 Changes in the composition of the Supervisory Board and the Executive Board

	Departure	Appointment
Supervisory Board	None	**Cécile Degove** As a member February 15, 2024
Executive Board	None	None

3.3 Compensation of corporate officers

In the 2024 financial year, Caffil paid no compensation to the corporate officers who are employees of Sfil and who exercise their terms of office with no specific compensation, except for the Chairman of the Supervisory Board, who is also a corporate officer of the parent company and only in this role receives any compensation. Readers are reminded that Caffil has no Compensation Committee and that reference is made to the Governance, Appointments and CSR Committee and the Compensation Committee that exist at the level of its parent company, Sfil.

3.4 Statutory Auditors

Statutory Auditors are:

PricewaterhouseCoopers Audit

63, rue de Villiers - 92200 Neuilly-sur-Seine (France)

Company represented by Ridha Ben Chamek, partner

Reappointed by the Ordinary and Extraordinary Shareholders' Meeting of May 24, 2023 up to the end of the Shareholders' Meeting called to approve the financial statements for the financial year ended December 31, 2028.

KPMG SA

Eqho Tower – 2, avenue Gambetta - 92066 Paris-La Défense Cedex (France)

Company represented by Jean-François Dandé, partner

Reappointed by the Ordinary and Extraordinary Shareholders' Meeting of May 24, 2023 up to the end of the Shareholders' Meeting called to approve the financial statements for the financial year ended December 31, 2028.

3.5 Specific Controller

RSM Paris

26, rue Cambacérès - 75008 Paris

Reappointed by the Executive Board on December 5, 2022 for a period of four years from January 1, 2023.

Represented by Martine Leconte

Alternate: Ratana Lyvong

3.6 Information on items likely to have an impact in the event of a public takeover bid or public offer

Given that the Company's shares are not listed and that the securities (*obligations foncières*) it issues do not give access to its capital, there is no requirement to give specific information in relation to the provisions of article L.22-10-11 of the French Commercial Code. The composition of the share capital is specified below.

3.6.1 Information about the capital and shares

Amount of capital, number and nature of shares making up the capital

Share capital currently stands at EUR 1,350,000,000 represented by 13,500,000 nominative shares with a face value of EUR 100. There are no other securities giving access to Caffil's share capital.

Breakdown of capital

Caffil's share capital is fully owned by Sfil with the exception of one share which was lent to an individual (*prêt de consommation d'action*), a member of the Supervisory Board.

3.6.2 Information on voting rights

The voting rights attached to the shares are proportional to the percentage of capital the shares represent, according to the provisions of article 31 of the by-laws. Each share conveys one voting right. At Shareholders' Meetings, the number of votes that may be cast by each shareholder corresponds to the number of shares held plus the number of shares for which the shareholder holds proxy.

3.6.3 Information concerning transactions by managers on the Company's shares

No transactions were brought to the attention of Caffil (see article 223-26 of the AMF General Regulation).

3.6.4 Agreements referred to in article L.225-37-4 of the French Commercial Code

No convention subject to article L.225-37-4 2° of the French Commercial Code requires mention.

3.7 Observations of the Supervisory Board on the Executive Board's report and the 2024 financial year statements

Pursuant to the provisions of article L.225-68 of the French Commercial Code and the by-laws, the Supervisory Board carried out the checks and controls that it deemed necessary in the context of its oversight of the management of Caffil by the Executive Board.

In this respect, the Board examined the annual financial statements for the 2024 financial year presented to it by the Executive Board, in accordance with the law. It also reviewed the Executive Board's management report on Caffil's business during the financial year.

The Executive Board's management report and the financial statements for the financial year ended December 31, 2024 do not call for any particular observations on its part. The Supervisory Board wishes to thank the Executive Board for the initiatives taken and the results achieved during the financial year ended December 31, 2024.

04

Financial statements according to French GAAP

French Gaap Financial Statements

04

4.1 Financial statements

4.1.1 Assets

EUR millions	*Notes*	12/31/2024	12/31/2023
Central banks	*2.1*	1,295	1,053
Government and public securities	*2.2*	3,075	2,889
Loans and advances to banks	*2.3*	9,814	8,016
Loans and advances to customers	*2.4*	47,465	46,238
Bonds and other fixed income securities	*2.5*	4,422	4,186
Equities and other variable income securities		-	-
Investments in non-consolidated companies and other long-term investments		-	-
Investments in consolidated companies		-	-
Intangible assets		-	-
Property and equipment		-	-
Unpaid capital		-	-
Uncalled subscribed capital		-	-
Treasury stock		-	-
Other assets	*2.6*	86	93
Accruals and other liabilities	*2.7*	2,459	2,497
TOTAL ASSETS	***2.8***	**68,617**	**64,973**

4.1.2 Liabilities

EUR millions	*Notes*	12/31/2024	12/31/2023
Central banks		-	-
Due to banks	*3.1*	10,216	6,926
Customer borrowings and deposits		-	-
Debt securities	*3.2*	53,978	53,751
Other liabilities	*3.3*	168	162
Accruals and other liabilities	*3.4*	2,736	2,622
Provisions	*3.5*	29	28
Subordinated debt		-	-
EQUITY		**1,490**	**1,483**
Share capital	*3.6*	1,350	1,350
Additional paid-in capital	*3.6*	-	-
Reserves and retained earnings	*3.6*	70	67
Net income	*3.6*	71	66
TOTAL LIABILITIES	***3.7***	**68,617**	**64,973**

4.1.3 Off-balance sheet items

EUR millions	*Notes*	12/31/2024	12/31/2023
COMMITMENTS GRANTED	**4.1**	**7,928**	**6,877**
Financing commitments		7,921	6,870
Guarantees granted		-	-
Commitments on securities		-	-
Other commitments granted		7	7
COMMITMENTS RECEIVED	**4.2**	**18,870**	**16,164**
Financing commitments		50	50
Guarantees received		18,709	15,991
Commitments on securities		-	-
Forward commitments received		-	-
Other commitments received		111	124
OTHER COMMITMENTS		**99,444**	**100,531**
Foreign currency transactions	*4.3*	13,212	13,109
Commitments on forward financial instruments	*4.4*	86,232	87,422

4.1.4 Income statement

EUR millions	*Notes*	2024	2023
Interest income	*5.1*	3,354	2,815
Interest expense	*5.1*	(3,161)	(2,636)
Income from variable income securities		-	-
Commission income	*5.2*	0	0
Commission expense	*5.2*	(3)	(3)
Net gains (losses) on held for trading portfolio		0	(0)
Net gains (losses) on placement portfolio	*5.3*	2	7
Other banking income		0	0
Other banking expense		(0)	(0)
NET BANKING INCOME		**192**	**183**
General operating expenses	*5.4*	(98)	(109)
Depreciation and amortization		-	-
GROSS OPERATING INCOME		**94**	**75**
Cost of risk	*5.5*	(2)	2
INCOME FROM OPERATIONS		**92**	**77**
Gains or losses on fixed assets		(0)	-
INCOME BEFORE NON-RECURRING ITEMS AND TAXES		**92**	**77**
Non-recurring items		-	-
Income tax	*5.6*	(21)	(11)
NET INCOME		**71**	**66**
Basic earnings per share		5.22	4.91
Diluted earnings per share		5.22	4.91

4.1.5 Equity

EUR millions	Amount
AS OF 12/31/2023	
Share capital	1,350
Additional paid-in capital	-
Commitments to increase share capital and additional paid-in capital	-
Reserves and retained earnings	67
Net income for the year	66
Interim dividends	-
EQUITY AS OF 12/31/2023	**1,483**
MOVEMENTS FOR THE PERIOD	
Changes in share capital	-
Changes in additional paid-in capital	-
Changes in commitments to increase share capital and additional paid-in capital	-
Changes in reserves and retained earnings	66
Dividends paid (-)	(63)
Changes in net income for the period	4
Other movements	-
SITUATION AS OF 12/31/2024	
Share capital	1,350
Additional paid-in capital	-
Commitments to increase share capital and additional paid-in capital	-
Reserves and retained earnings	70
Net income for the period	71
EQUITY AS OF 12/31/2024	**1,490**

4.2 Notes to the French GAAP financial statements

4

Note 1 Accounting and valuation policies

1.1 Applicable accounting standards: rules adopted by the French Accounting Standards Board (Autorité des Normes Comptables – ANC)

The financial statements as of December 31, 2024, were approved by the Management Board on February 10, 2025, and presented to the Supervisory Board on February 11, 2025.

Caffil prepares its financial statements in compliance with ANC Regulation n°2014-07 issued on November 26, 2014 and related to the financial statements for the reporting entities of the banking sector, and in particular credit institutions. As stated in its article 3 and subject to the provisions of the latter regulation, these reporting entities prepare their financial statements in compliance with ANC Regulation n°2014-03 issued on June 5, 2014 and related to general accounting plan. The financial statements are furthermore in accordance with the indications of Directive 86/635/EEC of the Council of European Communities.

The financial statements as of December 31, 2024, were prepared using the same accounting policies as those used in the financial statements as of December 31, 2023.

The French Accounting Standards Board College has adopted ANC regulation N°2023-03 of July, 7 2023 amending various ANC regulations in coordination with ANC regulation N°2022-06 of November 22, 2022 relating to the modernization of financial statements. The latter will apply to financial statements beginning on or after January 1, 2025. Its application should not have a material impact on Sfil.

1.2 Accounting principles applied to the financial statements

The financial statements have been prepared in accordance with French generally accepted accounting principles, respecting the principles of prudence, sincerity and true and faithful image, on the basis of the following assumptions:

- going concern principle;
- segregation of accounting periods;
- consistency of methods;
- historical costs;
- no netting principle;
- intangibility of the opening balance sheet.

1.2.1 Loans and advances to banks and to customers

Loans and advances to banks include all loans connected to banking transactions with credit institutions, except securities. They are broken down into sight accounts and term loans. They include in particular loans granted to Sfil refinancing export credit transactions.

Loans and advances to customers comprise mainly loans granted in the form of export credits.

Loans and advances to customers are recognized in the balance sheet net of impairment for possible losses.

Commissions received and marginal transaction costs related to the granting or the acquisition of a loan, if they are significant, are amortized over the maturity of the loan. Other commission income is immediately recognized in the income statement.

Interest on loans is recognized as Interest income, *prorata temporis* for accrued amounts due and not yet due, as is interest on past-dues.

Prepayment indemnities are recognized in the income statement at the date they occur.

The undrawn portion of signed loan contracts is recognized as an off-balance sheet item.

Sound loans and 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.

Compromised non-performing loans

Compromised non-performing loans are loans to borrowers whose recovery outlook is so downgraded that they might be ultimately written off. Loans accounted for as non-performing for more than one year are transferred to this category.

Restructured loans:

Restructured loans for financial difficulties are loans for witch the entity has modified the original contractual terms (interest rate, maturity, etc.) for economic reasons linked to the borrower's financial difficulties, in a way that would not have been envisaged in other circumstances.

The definition of restructured loans for financial difficulties meets two cumulative criteria:

- contract modifications or debt refinancing (concessions);
- customers in financial difficulty (debtors experiencing, or about to experience, difficulties in meeting their financial commitments).

Restructured loans do not include loans whose terms have been commercially renegotiated with counterparties who are not insolvent or in a deteriorated financial situation.

This notion of restructuring must be assessed at contract level and not at customer level (there is no contagion). It concerns both non-performing and performing loans, at the time of restructuring.

Depending on the terms of the restructuring, the restructured receivable may be considered as "in default", resulting in its classification in doubtful debts. The return to performing loans follows the same procedure as for a return to "non-default". Information on these loans is provided in the notes to the financial statements.

Accounting treatment of credit risk

As soon as a loan is non-performing (see above), the probable loss must be taken into account by recording an impairment loss against the loan.

Caffil 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 lowest 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.

1.2.2 Securities

Securities held by Caffil are recognized on the asset side of the balance sheet under the item Government and public securities or Bonds and other fixed income securities.

The item Government and public securities includes securities issued by public sector entities that may be refinanced through the European system of central banks.

The item Bonds and other fixed income securities includes:

- securities issued by public sector entities that are not eligible for refinancing by central banks;
- securities guaranteed by public sector entities.

Securities held by Caffil are recognized as either investment securities or placement securities.

1.2.2.1 Investment 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. Accrued interest at the date of acquisition and subsequently accrued interest at each closing date is recognized on the balance sheet in the same categories as the corresponding security. Interest on these securities is recognized as Interest income.

The difference between the redemption value and the acquisition clean cost (discount or premium) is amortized according to a quasi-actuarial method over the residual maturity of the security.

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.

1.2.2.2 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. Accrued interest at the date of acquisition and subsequently accrued interest at each closing date is recognized on the balance sheet in the same categories as the corresponding security. Interest on these securities is recognized as Interest income.

The difference between the redemption value and the acquisition clean cost (discount or premium) is amortized according to a quasi-actuarial method over the residual maturity of the security.

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 valuating 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.

When the decrease in the value of the security exceeds the unrealized gain on the micro-hedge, the decrease in net value is recognized as asset impairment in Net gains (losses) on placement portfolio transactions, as well as subsequent impairment reversals and capital gains and losses on sales.

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.

1.2.3 Debt due to banks

Debt due to banks is broken down according to the type of debt (sight accounts, current accounts, long-term loans or non-allocated receivables) and the initial maturity (sight or term debt).

Interest accrued on this debt is recognized in liabilities, offsetting income statement.

1.2.4 Debt securities

These debts consist of *obligations foncières* and other resources benefiting from the privilege defined in article L.513-11 of the French Monetary and Financial Code (Registered covered bonds). Debt securities are recognized at nominal value.

Redemption and issue premiums are amortized according to a quasi-actuarial method over the maturity of the securities concerned *prorata temporis*. They are recognized on the balance sheet in the same categories as the corresponding debt. Amortization of these premiums is recognized in the income statement as Interest expense. If securities are issued above par, amortization of issue premiums is deducted from Interest expense.

Interest is recognized in the net interest margin for accrued amounts calculated *prorata temporis*.

Issuance costs and commissions related to issued securities are amortized according to a quasi-actuarial method over the maturity of the related debts and are recognized in the net interest margin.

Bonds issued which are denominated in foreign currencies are accounted for using the same method as foreign currency transactions (see below).

1.2.5 Provisions

Provisions are recognized based on their discounted value when the following three conditions are met:

- Caffil has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources representing economic benefits will be required to settle the obligation;
- a reliable estimate of the amount of the obligation can be made.

Collective provision covers the risk of loss in value among the loans, bonds and loan commitments not yet covered by any specific loss allowance at closing date. Among this group, counterparties that are reviewed in Watchlist Committee or might be reviewed in a foreseeable future are identified through the use of automatic criteria (based in particular on internal ratings and warning indicators for rating migration determined to be risky) and *ad-hoc* analysis based on the use of professional judgment and expert opinion: outstanding on these counterparties form the base of the collective provision. Losses on these counterparties are estimated on the basis of past events (use of historical patterns), current economic environment and expectations on future economic environment. For this purpose, Caffil uses a credit risk model based on an approach derived from Basel approach; this model is subject to regular back-testing.

1.2.6 Derivative transactions

Caffil engages in derivative transactions only to hedge the interest rate and foreign exchange risks to which it is exposed in its activity. Depending on their purpose, these transactions are assigned to micro-hedge or macro-hedge portfolios. The valuation and accounting treatments of these financial instruments depends on the chosen category.

The notional amount of these transactions is recognized off-balance sheet over the maturity of the instruments, *i.e.* from the date the contract is signed (including forward contracts) up to maturity. The amount recognized is adjusted to reflect any changes in notional amounts so as to represent the current or future maximum commitment.

Payments made at the inception of financial instruments are amortized over their maturity for the time remaining according to a quasi-actuarial method.

1.2.6.1 Micro-hedge transactions

Derivatives are booked as micro-hedges when they are designed to hedge against the interest rate risk or the foreign exchange risk related to an item or a set of homogeneous items identified from the outset.

Expense and income on these transactions are recognized in the income statement the same way as income and expense on the hedged item or set of homogeneous items.

Termination fees received or paid because of the early interruption of the hedging instrument are generally recognized in the income statement at the termination date. In the framework of a restructuring, they are by way of exception amortized when they constitute an expense in compliance with the tax rule.

1.2.6.2 Macro-hedge transactions

This category includes transactions designed to hedge and manage the Company's overall exposure to interest rate risk on assets, liabilities and off-balance sheet items, excluding micro-hedge transactions. They were authorized on December 1, 1999, by a specific decision of the Executive Board of Caffil.

Expense and income on these transactions are recognized in the income statement *prorata temporis*, respectively as Interest expense and Interest income. The counterpart is recognized in accruals until the payment date.

Termination fees received or paid because of the early interruption of the hedging instrument are recognized in the income statement at the termination date.

1.2.7 Foreign currency transactions

Caffil recognizes foreign currency transactions in accounts opened and denominated in each of the currencies used.

Specific foreign exchange position accounts and foreign exchange position equivalent accounts are opened in each currency.

At each closing date, differences between on the one hand the amounts resulting from a market price valuation at closing date of the foreign exchange position accounts and on the other hand the amounts recognized in the foreign exchange position equivalent accounts are recognized in the income statement.

1.2.8 Foreign exchange transactions

In the course of systematic hedging of its foreign exchange risk, Caffil enters into currency swaps. These currency swaps are initiated to eliminate the risk of foreign exchange rate fluctuations that might affect an asset or liability as soon as such a risk is identified. They are mainly used to hedge certain liabilities, debt securities and customer loans.

Results of foreign exchange hedging transactions are accounted for by recognizing the difference between the hedging rate and the spot rate – contango or backwardation – *prorata temporis* in the income statement.

1.2.9 Guarantees

As part of its activity to refinance large export credits, Caffil benefits from an irrevocable and unconditional 100% guarantee by the French State, called an enhanced guarantee which benefits the transactions implemented until September 30, 2024. Expenses related to these guarantees are recognized *prorata temporis* in the net interest margin.

1.2.10 Non-recurring income and expense

Non-recurring income and expense results from events or transactions that do not relate to ordinary business operations or routine management of the Company's assets and liabilities.

Furthermore, the income or expense involved does not depend on decisions taken within the framework of usual management of the Company's activities or assets, but results from external events of a completely exceptional nature. Only items of this nature that have a significant impact on the period's income statement are recognized as non-recurring income and expense.

1.2.11 Tax consolidation

Since January 1, 2014, Caffil belongs to the tax group that is headed up by Sfil. This entity pays the total income tax and lump-sum annual tax owed by the Group. Caffil recognizes in its accounts the tax expense for which it would be liable if it were not a member of the tax group.

Tax savings realized by the tax group are recognized in the accounts of Sfil.

1.2.12 Offices and activities in uncooperative States and territories

In application of article L.511-45 of the French Monetary and Financial Code, it should be noted that Caffil has no offices in countries that have not signed an administrative assistance agreement with France (subsidiaries, branches, including *ad hoc* entities, and equity interest in other entities over which the Company has exclusive or joint (or *de facto*) control).

1.2.13 Identity of the parent company consolidating the accounts of Caffil Local as of December 31, 2024

Sfil
112-114 avenue Emile Zola,
75015 Paris

Note 2 Notes to the assets

2.1 Central banks

Eur millions	**12/31/2024**	12/31/2023
Mandatory reserves	-	-
Other deposits	1,295	1,053
TOTAL	**1,295**	**1,053**

2.2 Government and public entity securities eligible for central bank refinancing

2.2.1 Accrued interest included in this item: EUR 45 million

2.2.2 Analysis by residual maturity excluding accrued interest

Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Indeterminate	**Total**
35	3	53	990	1,949	-	3,031

2.2.3 Analysis by listed securities and other securities excluding accrued interest

Eur millions	**Gross amount as of 12/31/2024**	Impairment as of 12/31/2024	**Net amount as of 12/31/2024**	Unrealized capital gain or loss as of 12/31/2024 (2)	Net amount as of 12/31/2023
Listed securities(1)	3,031	-	3,031	(455)	2,846
Other securities	-	-	-	-	-
TOTAL	**3,031**	**-**	**3,031**	**(455)**	**2,846**

(1) Listed securities are registered for trading on a stock exchange.
(2) The unrealized capital gain or loss is calculated as the difference between the book value and the market value, taking derivatives into account.

2.2.4 Analysis by type of portfolio excluding accrued interest and changes during the financial year

Portfolio *EUR millions*	Net amount as of 12/31/2023	Gross amount as of 12/31/2023	Acquisitions, increase	Amortization, redemption or disposals	Others movements	Exchange rate variation	Impairment as of 12/31/2024	**Net amount as of 12/31/2024**	Unrealized capital gain or loss as of 12/31/2024*
Trading	-	-	-	-	-	-	-	-	-
Placement	116	116	-	(1)	-	-	-	115	(12)
Investment	2,730	2,730	319	(161)	27	-	-	2,915	(443)
TOTAL	**2,846**	**2,846**	**319**	**(161)**	**27**	**-**	**-**	**3,031**	**(455)**

* *The unrealized capital gain or loss is calculated as the difference between the book value and the market value, taking derivatives into account.*

2.2.5 Impairment breakdown by country

See note 2.9.

2.3 Loans and advances to banks

2.3.1 Sight accounts and advances to banks

EUR millions	**12/31/2024**	12/31/2023
Sight accounts	25	11
Unallocated sums	-	-
TOTAL	**25**	**11**

2.3.2 Term loans and advances to banks

2.3.2.1 Accrued interest included in this item: EUR 72 million

2.3.2.2 Analysis by residual maturity excluding accrued interest

EUR millions	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Indeterminate	**Total**
	46	53	871	3,663	5,084	-	9,718

2.3.2.3 Analysis by initial maturity excluding accrued interest

EUR millions	**Gross amount as of 12/31/2024**	Impairment as of 12/31/2024	**Net amount as of 12/31/2024**	Net amount as of 12/31/2023
Loans of less than 1 year	-	-	-	-
Loans of more than 1 year	9,718	-	9,718	7,923
TOTAL	**9,718**	**-**	**9,718**	**7,923**

2.3.2.4 Breakdown by counterparty

EUR millions	**12/31/2024**	12/31/2023
Sfil – Export credits refinancing loans guaranteed by the French Republic(1)	9,618	7,809
Cash advances granted to Caisse des Dépôts et Consignations(2)	100	113
Banks guaranteed by a local government, *crédits municipaux*	0	0
TOTAL	**9,718**	**7,923**

(1) *Caffil grants loans to its parent company, Sfil, to refinance large export credits granted by Sfil. These loans benefit from an irrevocable and unconditional 100% guarantee by the French Republic, referred to as enhanced guarantee. It is important to note that Caffil no longer uses this mechanism for transactions concluded since September 2024, but still benefits from the export credit insurance provided by BPI AE. This change is part of the Sfil group's effort to simplify its operations. However, it does not undermine the principle of exposure to public entities or those fully guaranteed by them, in accordance with the regulations applicable to sociétés de crédit foncier.*

(2) *At the end of 2022, Caffil signed a partnership with Caisse des Dépôts to offer a new long-term and very long-term fixed-rate offer to local authorities and public hospitals in France. In this context, Caffil makes cash advances with Caisse des Dépôts corresponding to the amounts of loans granted by the latter. This cash advance enables Caffil to finance the acquisition of the loans that it has committed to acquire. In return, Caisse des Dépôts also undertakes to sell the loans to Caffil at the end of the drawdown phase of the loan.*

2.4 Loans and advances to customers

2.4.1 Accrued interest included in this item: EUR 410 million

2.4.2 Analysis by residual maturity excluding accrued interest

EUR millions	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Indeterminate	Total
	619	582	3,301	15,778	26,782	(7)	47,056

2.4.3 Analysis of commitments by counterparty's economic sector excluding accrued interest

Economic sector *EUR millions*	12/31/2024	12/31/2023
Public sector	46,205	44,862
Other sectors	851	957
TOTAL	**47,056**	**45,818**

2.4.4 Analysis by initial maturity excluding accrued interest

EUR millions	Gross amount as of 12/31/2024	Impairment as of 12/31/2024	Net amount as of 12/31/2024	Net amount as of 12/31/2023
Loans of less than 1 year	5	-	5	6
Loans of more than 1 year	47,057	(7)	47,051	45,812
TOTAL	**47,062**	**(7)**	**47,056**	**45,818**

2.4.5 Analysis of loans by category of outstanding loans excluding accrued interest

EUR millions	Gross amount as of 12/31/2024	Impairment as of 12/31/2024	Net amount as of 12/31/2024	Net amount as of 12/31/2023
Performing commitments (1)	46,909	-	46,909	45,680
Non-performing loans (2)	14	(1)	13	15
Compromised non-performing loans (3)	140	(6)	133	123
TOTAL	**47,062**	**(7)**	**47,056**	**45,818**

(1) of which loans restructured in the past and now classified as performing for EUR 320million as of December 31, 2024
(2) of which restructured loans for EUR 1 million as of December 31, 2024.
(3) of which restructured loans for EUR 41 million as of December 31 , 2024.

Most of the customers restructured were French local authorities or public hospitals.

2.4.6 Depreciation for non-performing loans - changes during the year

EUR millions	Net amount as of 12/31/2023	Allocations	Reversals	Transfers	Amount as of 12/31/2024
For non-performing loans					
On loans	(0)	(0)	0	-	(0)
On interest	(0)	(0)	0	-	(0)
For compromised non-performing loans					
On loans	(4)	(0)	0	-	(4)
On interest	(3)	(0)	0	-	(3)
TOTAL	**(6)**	**(1)**	**1**	**-**	**(7)**

Provisions on interest are recorded in Net banking income and provisions on nominal are recorded in Cost of risk.

2.4.7 Impairement breakdown by country

See note 2.9.

2.5 Bonds and other fixed income securities

2.5.1 Accrued interest included in this item: EUR 50 million

2.5.2 Analysis by residual maturity excluding accrued interest

EUR millions	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Indeterminate	Total
	103	17	585	2,268	1,400	-	4,373

2.5.3 Analysis by the issuer's economic sector excluding accrued interest

EUR millions	12/31/2024	12/31/2023
Public sector	1,316	1,470
Credit institutions	3,057	2,667
TOTAL	**4,373**	**4,138**

2.5.4 Analysis by listed securities and other securities excluding accrued interest

EUR millions	Gross amount as of 12/31/2024	Impairment as of 12/31/2024	Net amount as of 12/31/2024	Unrealized capital gain or loss as of 12/31/2024 (2)	Net amount as of 12/31/2023
Listed securities(1)	3,508	-	3,508	(26)	3,011
Other securities	865	-	865	(43)	1,126
TOTAL	**4,373**	**-**	**4,373**	**(70)**	**4,138**

(1) Listed securities are registered for trading on a stock exchange.
(2) The unrealized capital gain or loss is calculated as the difference between the book value and the market value, taking derivatives into account.

2.5.5 Analysis by type of portfolio excluding accrued interest and changes during the financial year

Portfolio EUR millions	Montant net au 12/31/2023	Gross amount as of 12/31/2023	Acquisitions, increase	Amortization, redemption or disposals	Others move-ments	Exchange rate variation	Impairment as of 12/31/2024	Net amount as of 12/31/2024	Unrealized capital gain or loss as of 12/31/2024*
Trading	-	-	-	-	-		-	-	-
Placement	294	295	-	(140)	1	11	-	166	13
Investment	3,843	3,843	1,016	(698)	44	0	-	4,206	(83)
TOTAL	**4,138**	**4,138**	**1,016**	**(838)**	**46**	**11**	**-**	**4,373**	**(70)**

* *The unrealized capital gain or loss is calculated as the difference between the book value and the market value, taking derivatives into account.*

2.5.6 Breakdown of impairment by country

See note 2.9.

2.6 Other assets

EUR millions	**12/31/2024**	12/31/2023
Taxes	20	23
Other receivables	7	7
Collateral cash paid to Sfil*	59	63
TOTAL	**86**	**93**

* *It should be noted that Caffil has set up a new ISDA framework agreement with Sfil. This new framework agreement enables the implementation of interest rate and exchange rate risk hedging derivatives associated with a very limited number of Caffil's assets that do not meet the requirements of article 129 of the CRR as amended as part of the new covered bonds directive that came into force at the beginning of July 2022. Caffil has complied with this new framework in order to obtain the "European High Quality Covered Bond" label for its obligations foncières. As the new texts are more restrictive as regards the eligibility of certain assets, the derivatives used to hedge the associated risks no longer benefit from the legal privilege. A symmetrical exchange of cash collateral between the parties is carried out in line with market practices.*

It should be noted that all of Sfil's other derivative counterparties benefit from the legal privilege and therefore do not receive any cash collateral paid by Caffil.

2.7 Accruals and other assets

EUR millions	**12/31/2024**	12/31/2023
Deferred losses on hedging transactions	703	791
Deferred charges on bond issues	59	58
Prepaid charges on hedging transactions	145	163
Premiums on acquisition of loans	601	548
Other prepaid charges	0	0
Accrued interest not yet due on hedging transactions	949	930
Translation adjustments	-	-
Other deferred income	1	1
Other accruals - assets	-	5
TOTAL	**2,459**	**2,497**

2.8 Breakdown of assets by currency

Millions	**Amount in original currency as of 12/31/2024**	**Amount in euros as of 12/31/2024**	Amount in original currency as of 12/31/2023	Amount in euros as of 12/31/2023
EUR	64,637	64,637	64,409	64,409
CHF	472	503	128	138
GBP	256	310	129	149
PLN	2	0	56	13
SEK	170	15	-	-
USD	3,145	3,034	46	42
AUD	0	0	20	12
CAD	175	118	306	210
JPY	0	0	-	-
TOTAL		**68,617**		**64,973**

2.9 Breakdown of depreciation by country

EUR millions	Amount as of 12/31/2024	Amount as of 12/31/2023
GOVERNMENT AND PUBLIC ENTITY - PLACEMENT SECURITIES	**-**	**-**
France	-	-
Italy	-	-
BONDS AND OTHER FIXED INCOME – PLACEMENT SECURITIES	**-**	**(1)**
France	-	(0)
Belgium	-	-
Canada	-	(0)
Finland	-	-
Norway	-	-
Netherlands	-	-
Germany	-	-
Sweden	-	-
BONDS AND OTHER FIXED INCOME – INVESTMENT SECURITIES	**-**	**-**
LOANS AND ADVANCES TO CUSTOMERS	**(7)**	**(6)**
France	(7)	(6)

Note 3 Notes to the liabilities

3.1 Due to banks

Funding obtained from Sfil, within the framework of the financing agreement, was comprised of different loans with maturities initially between one day and ten years, indexed on EURIBOR or €STER.

3.1.1 Accrued interest included in this item: EUR 197 million

3.1.2 Debt to credit institutions excluding accrued interest

EUR millions	12/31/2024	12/31/2023
Sight accounts	-	-
Current account – parent company	-	-
Term borrowing – parent company	10,020	6,830
Unallocated sums	-	-
TOTAL	**10,020**	**6,830**

3.1.3 Analysis by residual maturity excluding accrued interest

EUR millions	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Indeterminate	Total
Sight	-	-	-	-	-	-	-
Term	3,000	-	500	6,020	500		10,020
TOTAL	**3,000**	**-**	**500**	**6,020**	**500**	**-**	**10,020**

3.2 Debt securities

3.2.1 Debt securities (*obligations foncières*)

3.2.1.1 Accrued interest included in this item: Eur 436 million

3.2.1.2 Analysis by residual maturity excluding accrued interest

Type of securities *EUR millions*	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Indeterminate	**Total**
Obligations foncières	770	216	3,721	19,624	22,867	-	47,198
of which net issue premiums	*(0)*	*(0)*	*0*	*12*	*(59)*	-	*(47)*

3.2.1.3 Changes during the financial year excluding accrued interest

Type of securities *EUR millions*	Amount as of 12/31/2023	Increases	Decreases	Others movements	**Amount as of 12/31/2024**
Obligations foncières	47,055	4,874	(4,732)	1	47,198

3.2.2 Other bonds (registered covered bonds)

3.2.2.1 Accrued interest included in this item: EUR 140 million

3.2.2.2 Analysis by residual maturity excluding accrued interest

Type of securities *EUR millions*	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Indeterminate	**Total**
Registered covered bonds	-	15	395	2,008	3,785	-	6,203
of which net issue premiums	-	*(0)*	*(0)*	*(1)*	*27*	-	*27*

3.2.2.3 Changes during the financial year excluding accrued interest

Type of securities *EUR millions*	Amount as of 12/31/2023	Increases	Decreases	Others movements	**Amount as of 12/31/2024**
Registered covered bonds	6,123	481	(401)	-	6,203

3.3 Other liabilities

EUR millions	**12/31/2024**	12/31/2023
Cash collateral received	106	94
Accrued interest not yet due on cash collateral received	0	0
Taxes	22	18
Balances to pay on unwound hedging contracts	-	-
Contribution to the support fund*	40	50
Other creditors	-	(0)
TOTAL	**168**	**162**

* *This item includes the residual balance of the commitments made in 2013 by Caffil to contribute EUR 10 million per year over 15 years to the multi-year local government entity support funds, for a total of EUR 150 million.*

3.4 Accruals and other liabilities

EUR millions	12/31/2024	12/31/2023
Deferred gains on hedging transactions	-	-
Deferred income on hedging transactions	580	631
Deferred income on loans	651	688
Accrued interest not yet due on hedging transactions	1,014	1,002
Other accrued charges	21	20
Translation adjustments	470	281
Other accruals - liabilities	0	-
TOTAL	**2,736**	**2,622**

3.5 Provisions for risks and charges

EUR millions	Amount as of 12/31/2023	Increases	Decreases	Others movements	Amount as of 12/31/2024
Loans and commitments[1]	15	4	(2)	-	17
Financial instruments[2]	13	-	(1)	-	12
Other provisions	0	-	(0)	-	-
TOTAL	**28**	**4**	**(3)**	**-**	**29**

(1) The change in provisions for loans and commitments is mainly due to additions and removals from the customer credit watchlist approved during the financial year.

(2) The change in provisions for risks and charges on financial instruments relates to the change in the market value of the hedged placement securities concerned.

3.6 Breakdown of equity

EUR millions	Amount as of 12/31/2024	Amount as of 12/31/2023
Share capital	1,350	1,350
Legal reserve	70	66
Retained earnings (+/-)	0	0
Net income (+/-)	71	66
TOTAL	**1,490**	**1,483**

On May 29, 2024, the Ordinary and Extraordinary Shareholders' Meeting decided to allocate the 2023 financial year net profit, *i.e.* a balance of EUR 63 million after taking into account retained earnings and after deduction of the legal reserve, to payment of a dividend in the amount of EUR 63 million.

Caffil's share capital totaled EUR 1,350 million, comprising 13,500,000 shares.

3.7 Breakdown of liabilities by currency

Millions	**Amount in original currency as of 12/31/2024**	**Amount in euros as of 12/31/2024**	Amount in original currency as of 12/31/2023	Amount in euros as of 12/31/2023
EUR	68,054	68,054	64,409	64,409
CHF	128	136	128	138
GBP	129	156	129	149
PLN	59	14	56	13
SEK	0	0	-	-
USD	41	40	46	42
AUD	20	12	20	12
CAD	306	205	306	210
TOTAL		**68,617**		**64,973**

3.8 Transactions with related parties

Analysis by nature *EUR millions*	Parent company(1)		Other related parties(2)	
	12/31/2024	12/31/2023	**12/31/2024**	12/31/2023
ASSETS				
Loans and advances to banks	9,689	7,891	100	114
Bonds and other fixed income securities	-	-	40	41
Other assets	79	86	-	-
Accruals and other assets	235	226	1	1
LIABILITIES				
Due to banks	10,216	6,926	-	-
Debt securities	-	-	273	295
Other liabilities	22	17	-	-
Accruals and other liabilities	392	329	-	0
INCOME STATEMENT				
Interest income	651	441	4	2
Interest expense	(725)	(509)	(9)	(11)
Commission income	0	0	-	-
Commission expense	-	-	(0)	(0)
Net gains (losses) on held for trading portfolio	-	-	-	-
Net gains (losses) on placement portfolio	-	-	-	-
Other banking income	-	0	-	-
Other banking expense	-	-	-	-
General operating expenses	(94)	(102)	-	-
OFF-BALANCE SHEET				
Interest rate derivatives	17,019	14,829	-	-
Foreign exchange derivatives	955	1,011	-	-
Financing commitments received	50	50	-	-
Other commitments received(3)	-	-	111	124
Financing commitments given(3)	7,908	6,859	12	10

(1) This item includes transactions with Sfil, the parent company of Caffil.
(2) This item includes transactions with Caisse des dépôts, shareholder of Sfil and La Banque Postale and Bpifrance, subsidiaries of Caisse des Dépôts group.
(3) At the end of 2022,Caffil signed a partnership with Caisse des Dépôts to offer a new long-term and very long-term fixed-rate offer to local authorities and public hospitals in France. In this context, Caffil makes cash advances with Caisse des Dépôtscorresponding to the amounts of loans granted by the latter. This cash advance enables Caffil to finance the acquisition of the loans that it has committed to acquire. In return, Caisse des Dépôts also undertakes to sell the loans to Caffil at the end of the drawdown phase of the loan.

Note 4 Notes to the off-balance sheet items

4.1 Commitments granted

EUR millions	12/31/2024	12/31/2023
Financing commitments granted to credit institutions(1)	7,920	6,869
Financing commitments granted to customers(2)	1	1
Commitments on securities - commitments to pay	-	-
Other commitments given, assets assigned in guarantee(3)	7	7
TOTAL	**7,928**	**6,877**

(1) Within the framework of the export credit business, this amount corresponds to a commitment by Caffil to refinance its parent company, Sfil.

(2) Financing commitments granted to customers correspond to contracts signed for loans not yet paid out to customers at year-end.

(3) It means the irrevocable payment commitment to the Fonds de garantie et de résolution. These commitments are collateralized by remunerated cash deposits of the same amount. The European judgment rejecting the appeal against the Single Resolution Board (SRB) of a bank for the restitution of commitments of a subsidiary whose banking license was withdrawn, did not result in any change for Caffil in the accounting of these commitments.

4.2 Commitments received

EUR millions	12/31/2024	12/31/2023
Financing commitments received from credit institutions(1)	50	50
Currencies borrowed	-	-
Guarantees received from credit institutions	-	-
Enhanced guarantees(2)	17,593	14,748
Guarantees received from local governments and asset transfers as guarantees of commitments on local governments	1,115	1,243
Commitments on securities - securities to be received	-	-
Other commitments received(3)	111	124
TOTAL	**18,870**	**16,164**

(1) This item corresponded to the amount of the overdraft, authorized in the current account agreement set up with Sfil, totaling EUR 50 million.

(2) Caisse Française de Financement Local grants loans to its parent company, Sfil, to refinance large export credits granted by Sfil. These loans benefit from an irrevocable and unconditional 100% guarantee by the French Republic, referred to as enhanced guarantee. It is important to note that Caffil no longer uses this mechanism for transactions concluded since September 2024, but still benefits from the export credit insurance provided by BPI AE. This change is part of the Sfil group's effort to simplify its operations. However, it does not undermine the principle of exposure to public entities or those fully guaranteed by them, in accordance with the regulations applicable to sociétés de crédit foncier.

(3) At the end of 2022, Caffil signed a partnership with Caisse des Dépôts to offer a new long-term and very long-term fixed-rate offer to local authorities and public hospitals in France. In this context, Caffil makes cash advances with Caisse des Dépôts corresponding to the amounts of loans granted by the latter. This cash advance enables Caffil to finance the acquisition of the loans that it has committed to acquire. In return, Caisse des Dépôts also undertakes to sell the loans to Caffil at the end of the drawdown phase of the loan.

4.3 Foreign currency transactions

Cash and forward foreign exchange transactions are recorded at their value in foreign currencies translated at the exchange rate at the end of the period.

The items Currencies to receive and Currencies to deliver are composed of long currency swaps with intermediate payment flows corresponding to hedging transactions. The Foreign exchange transactions item also includes off-balance sheet foreign currency adjustment accounts in the primary financial statements, which are not presented in the table below.

EUR millions	12/31/2024	Fair value as of 12/31/2024	12/31/2023
Currencies to receive	6,136	(256)	6,273
Currencies to deliver	6,606	165	6,554
TOTAL	**12,743**	**(91)**	**12,828**

4.4 Commitments on forward financial instruments

Commitments on forward interest rate financial instruments are recorded in accordance with the provisions of regulations No. 88-02 and No. 90-15: amounts relating to firm transactions are recorded for the nominal value of the contracts.

4.4.1 Analysis of over-the-counter interest rate transactions by residual maturity

EUR millions	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Indeterminate	Amount as of 12/31/2024
Notional amount	4,893	1,447	12,799	27,303	39,789	-	86,232
of which deferred start	-	-	*2,600*	*29*	*2,522*	-	*5,151*

These hedging transactions include micro-hedge and macro-hedge transactions.

4.4.2 Analysis of interest rate transactions by product type

EUR millions	12/31/2024	12/31/2023
Interest rate swaps	86,232	87,422
Term contracts	-	-
Interest rate options	-	-
TOTAL	**86,232**	**87,422**

4.4.3 Analysis of interest rate swap transactions

EUR millions	12/31/2024	Fair value as of 12/31/2024	12/31/2023
Micro-hedge	46,054	(1,825)	46,537
Macro-hedge	40,178	(104)	40,885
TOTAL	**86,232**	**(1,929)**	**87,422**

4.4.4 Analysis of interest rate transactions by counterparty

EUR millions	12/31/2024	12/31/2023
Related parties	17,019	14,829
Other counterparties	69,213	72,593
TOTAL	**86,232**	**87,422**

Note 5 Notes to the income statement

5.1 Interest and related income/expense

EUR millions	2024	2023
INCOME	**3,354**	**2,815**
Due from banks	430	327
Due from customers	1,444	1,302
Bonds and other fixed income securities	279	195
Macro-hedge transactions	1,200	991
Other commitments	-	-
EXPENSE	**(3,161)**	**(2,636)**
Due to banks	(381)	(256)
Due to customers	(81)	(57)
Bonds and other fixed income securities	(1,606)	(1,420)
Macro-hedge transactions	(1,093)	(903)
Other commitments	-	-
INTEREST MARGIN	**193**	**179**

5.2 Commissions received and paid

EUR millions	2024	2023
COMMISSIONS (INCOME)	**0**	**0**
Commissions received on securities	-	-
Commissions received on forward financial instruments	-	-
Commissions received on financial services	-	-
Other commissions received	0	0
COMMISSIONS (CHARGES)	**(3)**	**(3)**
Commissions paid on securities	(2)	(3)
Commissions paid on forward financial instruments	-	-
Commissions paid on financial services	(1)	(0)
Other commissions paid	(0)	(0)
TOTAL	**(3)**	**(3)**

5.3 Net gains or losses on portfolio transactions

EUR millions	2024	2023
Transactions on placement securities*	2	7
Transactions on interest rate derivatives	-	-
Foreign exchange transactions	0	(0)
TOTAL	**2**	**7**

* *This item regroups capital gains and losses on sales and provisions and reversals on this portfolio amount after swaps.*

5.4 General operating expenses

Caffil has no salaried employees in accordance with article L.513-15 of the French Monetary and Financial Code. The general management of the operations of Caffil has been entrusted by way of an agreement to its parent company, Sfil, a credit institution.

EUR millions	**2024**	2023
Payroll costs	-	-
Other general and administrative operating expenses	(95)	(103)
Taxes	(3)	(6)
TOTAL	**(98)**	**(109)**
of which fees charged back by Sfil	*(94)*	*(102)*

5.5 Cost of risk

EUR millions	**2024**	2023
Collective and specific impairments	(2)	2
TOTAL	**(2)**	**2**

5.6 Corporate income tax

EUR millions	**2024**	2023
Income tax for the year*	(21)	(17)
Other operations	-	6
TOTAL	**(21)**	**(11)**

In 2023, as part of the tax reassessment relating to the 2012 financial year, Caffil signed a memorandum of understanding with Dexia SA to settle the amounts due between the entities, generating an income of EUR 6 million.

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Note 6 Impact of the war in Ukraine on the Company's financial statements

The foreseeable impacts of the war situation in Ukraine are very limited for Caffil. Caffil has no exposure to Russia or Belarus. Sfil, its parent company, has only one exposure in Ukraine, representing an outstanding amount of EUR 33 million at December 31, 2024. This exposure was granted as part of Sfil's export credit activity and is 100% guaranteed by the French Republic. Sfil is therefore not directly exposed to credit risk on this file. This contract benefited from a refinancing loan granted by Caffil which, in addition to the 100% credit insurance, benefits from the 100% guarantee granted by the French Republic, known as the "*garantie rehaussée*".

Note 7 Cash flow statement

EUR millions	31/12/2024	31/12/2023
NET INCOME BEFORE TAX	**92**	**77**
+/- Net depreciation and amortization of tangible and intangible fixed assets	-	-
+/- Depreciation and write-downs	2	(9)
+/- Expense / income from investing activities	-	-
+/- Expense / income from financing activities	-	-
+/- Other non-cash items	85	99
Non-monetary items included in net income before tax and other adjustments	**87**	**90**
+/- Cash from interbank operations	(1,619)	(1,203)
+/- Cash from customer operations	(1,301)	1,177
+/- Cash from financing assets and liabilities	(324)	(1,775)
+/- Cash from not financing assets and liabilities	(10)	(11)
- Income tax paid	(23)	(29)
Decrease / (increase) in cash from operating activities	**(3,278)**	**(1,840)**
CASH FLOW FROM OPERATING ACTIVITIES (A)	**(3,098)**	**(1,673)**
CASH FLOW FROM INVESTING ACTIVITIES (B)	**-**	**-**
+/- Cash from or for shareholders	(63)	(84)
+/- Other cash from financing activities	3,417	991
CASH FLOW FROM FINANCING ACTIVITIES (C)	**3,354**	**907**
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)	**-**	**-**
INCREASE / (DECREASE) IN CASH EQUIVALENTS (A + B + C + D)	**255**	**(766)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1,070**	**1,836**
Cash and balances with central banks (assets & liabilities)	1,053	1,808
Interbank accounts (assets & liabilities) and loans / sight deposits	17	28
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,325**	**1,070**
Cash and balances with central banks (assets & liabilities)	1,295	1,053
Interbank accounts (assets & liabilities) and loans / sight deposits	30	17
CHANGE IN NET CASH	**255**	**(766)**

Note 8 Post-closing events

No significant event that influenced the Company's financial situation has occured since the closing on december 31, 2024.

Note 9 Statutory auditor's fees

	KMPG SA				PricewaterhouseCoopers Audit			
	Amount including VAT		%		Amount including VAT		%	
Eur thousands	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
AUDIT								
Audit, certification, examination of company financial statements	303	300	82 %	82 %	328	325	88 %	89 %
Other audit tasks	66	67	18 %	18 %	45	38	12 %	11 %
TOTAL	**369**	**367**	**100 %**	**100 %**	**373**	**363**	**100 %**	**100 %**

Services other than the certification of accounts mainly include the issuance of comfort letters for the updating of EMTN issue programs or the completion of syndicated public issues, as well as reports on asset allocations associated with the Sfil Group's thematic issues.

4.3 Statutory Auditors’ report on the financial statements

For the year ended 31 December 2024

This is a free translation into English of the Statutory Auditors’ report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

CAISSE FRANCAISE DE FINANCEMENT LOCAL
112-114 avenue Emile Zola
75015 Paris, France

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Caisse Française de Financement Local (Caffil) for the year ended 31 December 2024.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2024 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the “Responsibilities of the Statutory Auditors relating to the audit of the financial statements” section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from 1 January 2024 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Risk of estimating collective provisions on customer loan portfolios

Description of risk	How our audit addressed this risk
As part of its activities, Caffil is exposed to credit risk in connection with its credit transactions, particularly to local authorities and hospitals. At 31 December 2024, transactions with customers amounted to €47.5 billion, in addition to financing commitments given for €7.9 billion as shown under off-balance sheet commitments. In relation to credit risk, CaffilL records a collective provision whose purpose is to cover the risk of probable impairment of loans and loan commitments not already covered by specific (individual) impairment. These collective provisions are assessed according to a credit risk model based on an approach consistent with the Basel approach. The geopolitical and commercial tensions are destabilising the economic environment in Europe and worldwide, affecting the repayment ability of borrowers. Given the significant judgement required of management in determining the inputs and methods for calculating the collective provisions, we considered that their assessment at 31 December 2024 constituted a key audit matter. Transactions with customers, financing commitments given, collective provisions and risk costs are presented in notes 2.4, 3.5, 4.1, 5.5 and 6 respectively to the financial statements of Caffil.	Against a backdrop of heightened uncertainty, our work consisted primarily in: • verifying that a governance system is in place that ensures that the appropriateness of the provision models and inputs used to calculate provisions is reviewed at a suitable frequency, as well as an analysis of the changes in collective provisions; • testing the controls considered key in the provision calculation process; • analysing assumptions leading to the identification of a deterioration in credit risk; • assessing the main inputs used to estimate the collective provisions; • estimating the main assumptions used in developing macro-economic scenarios; • performing a counter-calculation of the collective provisions, in collaboration with our experts; • carrying out checks on the IT system, including a review of general IT controls, interfaces and automatic controls for specific data used to define the collective provisions. We assessed the adequacy of the level of credit risk coverage and the overall level of the related cost of risk and, in particular, ensured that it was suitable in the context of the current crisis. We have also examined the qualitative and quantitative information provided in the notes to the financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Executive Board and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the following item.

Concerning the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-6 of the French Commercial Code, we have the following matter to report: As indicated in the management report, these disclosures do not include banking and related transactions, as the Company considers that such disclosures are not within the scope of the information to be provided.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by articles L.225-37-4 and L.22-10-10 of the French Commercial Code.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chairman of the Management Board's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the financial statements included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Caisse Française de Financement Local by the Annual General Meeting held on 30 September 2020.

At 31 December 2024, we were in the fifth consecutive year of our engagement.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Financial Statements Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Executive Board.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L.821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 to L.821-34 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly sur Seine and Paris La Défense, 25 March 2025

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG S.A.
Ridha Ben Chamek	Jean-François Dandé

05

General information

General information

05

5

5.1 Legal and administrative information

Corporate name

Caisse Française de Financement Local

Acronym

Caffil

Registered office

112-114, avenue Émile Zola 75015 Paris, France

Legal structure

A limited liability company with an Executive Board and a Supervisory Board (*société anonyme à directoire et conseil de surveillance*)

Official approval

The Company was approved by the Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI) on July 23, 1999, as a *société financière – société de crédit foncier*. This approval became definitive on October 1, 1999. Ordonnance 2013-544 of June 27, 2013, modified the legal status of *sociétés de crédit foncier* (article L.513-2 of the French Monetary and Financial Code). Since January 1, 2014, *sociétés de crédit foncier* are no longer financial companies (*sociétés financières*), but specialized credit institutions (*établissements de crédit spécialisés*).

Applicable legislation

A limited liability company (*société anonyme*) under the provisions of articles L.210-1 and seq. and L.22-10-1 and seq. of the French Commercial Code, and by articles L.511-1 and seq. and L.513-2 and seq. of the French Monetary and Financial Code.

Date of incorporation and duration of the Company

The Company was founded on December 29, 1998, for a period of 99 years.

Purpose

In accordance with article 2 of the by-laws, the exclusive purpose of the Company is:

- to grant or acquire exposures to public entities as defined in article L. 513-4 and article L. 513-6 paragraph 2 of the French Monetary and Financial Code,
- to hold securities, exposures or deposits under the conditions set by decree,
- to finance the aforementioned exposures, to issue *obligations foncières* benefiting from the privilege defined in article L. 513-11 of the French Monetary and Financial Code and to collect other resources benefiting from said privilege.

The Company may also fund the above-mentioned activities by issuing loans or other sources of financing that do not benefit from the privilege defined in article L.513-11 of the French Monetary and Financial Code.

It may carry out temporary sales of its securities under the conditions set out in articles L. 211-22 to L. 211-34, use the pledge of a securities account defined in article L. 211-20 and mobilize any or part of the receivables it holds in accordance with articles L. 211-36 to L. 211-40 or in accordance with articles L. 313-23 to L.313-35, whether or not these receivables are of a professional nature.

Within the framework of the achievement of the exclusive purpose mentioned above, the Company may conduct all related operations directly or indirectly associated with its activities or contributing to this exclusive purpose, as long as these operations are carried out in accordance with the terms of articles L.513-2 and seq. and R.513-1-A and seq. of the French Monetary and Financial Code related to *sociétés de crédit foncier*.

Company registration and APE business identification code, LEI

Caisse Française de Financement Local is registered as a corporate entity under the designation PARIS 421 318 064 (*Registre du Commerce et des Sociétés*). Its APE code is 6492Z. Its LEI code is 549300E6W08778I4OW85.

Availability of legal information concerning the Company

Legal documents concerning Caffil may be consulted at the Company's registered office at the following address: 112-114, avenue Émile Zola 75015 Paris France.

Financial year

The Company's financial year begins on January 1 and ends on December 31, according to the provisions of article 38 of the by-laws.

Exceptional events and lawsuits

See the section on legal and tax risk in section 2.10.2 "Caffil's main risks" of the management report of this Annual Financial Report.

Statutory distribution of profits

Pursuant to article 39 of the by-laws, income available for distribution comprises net profit (loss) for the financial year minus any prior year losses and any allocations to reserves pursuant to current legislation, plus any retained earnings carried forward from previous years.

From the available surplus, the Ordinary Shareholders' Meeting, voting on a recommendation of the Executive Board, may allocate all or a part of the remaining income to retained earnings.

There are no priority shares or Preferred Dividends.

Shareholders' Meetings

Notice of meeting

Article 27 of the by-laws stipulates that Shareholders' Meetings are convened under the conditions set by law. They are held at the Company's registered office or any other location specified in the notice of meeting. All shareholders have the right to obtain copies of the documents required to make an informed decision concerning the overall management and control of the Company. The types of documents concerned and the terms of their availability and dispatch are determined by applicable legislation and regulations.

Right to attend Shareholders' Meetings

Legal rights apply.

Voting rights

Article 31 of the by-laws specifies that the voting rights attached to the shares are proportional to the percentage of capital the shares represent. Each share conveys one voting right. At Shareholders' Meetings, the number of votes that may be cast by each shareholder corresponds to the number of shares held plus the number of shares for which the shareholder holds proxy.

Information about the capital and shares

Amount of the capital

Share capital currently stands at EUR 1,350,000,000 represented by 13,500,000 nominative shares with a face value of EUR 100. There are no other securities giving access to Caffil's share capital.

Breakdown of capital in the last five years

Date of the Shareholders' Meeting	Date of the increase in capital	Amount of the increase in capital *(in EUR)*	Accumulated capital *(in EUR)*
5/27/2020	-	-	1,350,000,000
5/27/2021	-	-	1,350,000,000
5/24/2022	-	-	1,350,000,000
5/24/2023	-	-	1,350,000,000
5/29/2024	**-**	**-**	**1,350,000,000**

Breakdown of capital	2020	2021	2022	2023	2024
Sfil	99.99%	99.99%	99.99%	99.99%	99.99%
Individual investors	0.01%	0.01%	0.01%	0.01%	0.01%

The share capital of Caffil is 99.99% owned by Sfil and 0.01% by a single individual, member of the Supervisory Board (*prêt de consommation d'actions* granted by Sfil). The amount of capital has not changed over the last five years.

5.2 Statement by the person responsible

I, Herdile Guérin, Chairwoman of the Executive Board of Caisse Française de Financement Local, hereby affirm that to the best of my knowledge, the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets and liabilities, financial position and profit and loss of Caisse Française de Financement Local, and that the management report presents a fair image of trends in the Company's business, results and financial position, as well as a description of the main risks and uncertainties it faces.

Paris, March 25, 2025

Herdile Guérin

Chairwoman of the Executive Board

Photo credits: Eric Deniset

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A limited liability company with an Executive Board
and a Supervisory Board (société anonyme
à directoire et conseil de surveillance)
Capital of EUR 1,350,000,000
Trade and Companies Register (RCS) 421 318 064 PARIS

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