



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

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

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

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

- exposure on public sector entities amounting to EUR 56.8 billion of loans (of which cash deposits with Banque de France amounting to 3.3 billion) and EUR 4.5 billion of bonds, and
- exposure on credit institutions (bonds and deposits) amounting to EUR 0.4 billion.

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

EUR thousands, as of 3/31/2023	Total cover pool	Assets removed from the cover pool	Total Outstanding
Exposures on public sector			
-Loans (except cash deposits with Banque de France)	53,811,359	369,684	53,441,675
-cash deposits with Banque de France	3,346,617	-	3,346,617
-Bonds	4,546,788	39,545	4,507,243
Other exposures: Exposures to credit institutions Bonds, exposures and deposits	382,031	-	382,031
Collective impairment	-	-	18,493
TOTAL	62,068,302	409,230	61,659,072

As a *société de crédit foncier*, Caisse Française de Financement Local can access the refinancing possibilities offered by the Banque de France to banks. Within the framework of the management of its cover pool and its cash, Caisse Française de Financement Local can thus remove some assets from its cover pool and pledge them to the central bank to obtain funding from tenders organized by the Banque de France. Caisse Française de Financement Local did not use this possibility over the course of the last three years (with the exception of operational access tests, regularly implemented) and no asset has been pledged to the Banque de France as of March 31, 2023.

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

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

1. MORTGAGE LOANS

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

2. EXPOSURE ON PUBLIC SECTOR

2.1 BREAKDOWN BY COUNTERPARTY

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

EUR thousands as of 3/31/2023	Direct Exposure		Indirect Exposure		Total	Of which past due ⁽¹⁾
COUNTRY	Loans	Bonds	Loans	Bonds		
France						
Central governments :						
- export refinancing	-		6,627,343	-	6,627,343	-
- others	10,023		44	230,000	240,067	-
Central banks						
- cash deposits with Banque de France ⁽²⁾	3,346,617		-	-	3,346,617	-
Regional and local authorities						
- Regions	2,579,174	65,009	6,471	-	2,650,654	-
- Departments	6,998,438	-	328,293	-	7,326,731	-
- Municipalities	14,400,095	12,788	574,043	-	14,986,926	38
- Overseas Territories	89,801	-	3,868	-	93,669	-
- Groups of municipalities ⁽³⁾	13,874,119	45,737	101,667	-	14,021,523	2,875
Public sector entities :						
- health	6,082,110	-	-	-	6,082,110	0
- others	1,149,447	149,978	-	-	1,299,425	190
Sub total	48,529,824	273,511	7,641,730	230,000	56,675,065	3,102
Austria						
Regional and local authorities						
- Länder	157,225	-	-	-	157,225	-
Sub total	157,225	-	-	-	157,225	-
Belgium						
Regional and local authorities						
- Regions	392	-	21,698	-	22,090	-
Sub total	392	-	21,698	-	22,090	-
Canada						
Regional and local authorities						
- Municipalities step 1 credit rating	100,287	-	21,471	-	121,757	-
Sub total	100,287	-	21,471	-	121,757	-
Spain						
Central governments	-	180,000	-	-	180,000	-
Regional and local authorities						
- Regions	-	50,000	-	-	50,000	-
- Municipalities	61,226	-	-	-	61,226	-
Sub total	61,226	230,000	-	-	291,226	-
United States						
Regional and local authorities						
- Federated States step 1 credit rating	-	107,943	-	-	107,943	-
Sub total	-	107,943	-	-	107,943	-

EUR thousands as of 3/31/2023	Direct Exposure		Indirect Exposure		Total	Of which past due ⁽¹⁾
	Loans	Bonds	Loans	Bonds		
Italy						
Central governments	-	1,153,240	-	-	1,153,240	-
Regional and local authorities						
- Regions	-	1,436,773	-	-	1,436,773	-
- Provinces	-	387,863	-	-	387,863	-
- Municipalities	3,252	655,246	-	-	658,498	-
- Groups of municipalities	-	7,665	-	-	7,665	-
Sub total	3,252	3,640,789	-	-	3,644,041	-
Japan						
Regional and local authorities						
- Municipalities step 2 credit rating	-	25,000	-	-	25,000	-
Sub total	-	25,000	-	-	25,000	-
Portugal						
Regional and local authorities						
- Municipalities	4,595	-	-	-	4,595	-
- Groups of municipalities	-	-	-	-	-	-
Sub total	4,595	-	-	-	4,595	-
Sweden						
Regional and local authorities						
- Municipalities	18,490	-	-	-	18,490	-
Sub total	18,490	-	-	-	18,490	-
Switzerland						
Regional and local authorities						
- Cantons step 1 credit rating	65,253	-	30,175	-	95,428	-
- Municipalities step 1 credit rating	132,674	-	-	-	132,674	-
Sub total	197,927	-	30,175	-	228,102	-
GENERAL SUB TOTAL	49,073,218	4,277,243	7,715,074	230,000	61,295,535	3,102
Collective impairment					(18,493)	
GENERAL TOTAL					61,277,041	

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

Consequently, data relating to nonperforming and litigious loans, and specific impairments as of March 31, 2023, are not disclosed in the table below.

Nevertheless, non-performing and litigious loans and specific impairments are under regular monitoring and can lead to some adjustments of exposures

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

(3) Of which EUR 11,314 thousand on operations linked to partnership agreements.

2.2 RATINGS

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

2.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 3/31/2023

Residual maturity		
Maturity date in years	Number of deals ⁽¹⁾	Total outstanding
0	1,165	3,712,195
1	2,030	247,432
2	3,324	851,086
3	3,089	805,719
4	2,240	1,631,011
5	2,687	2,016,883
6	2,544	1,986,569
7	2,665	3,501,007
8	2,323	2,543,007
9	1,571	2,394,350
10	1,622	2,686,526
11	1,630	3,778,615
12	1,936	5,238,883
13	1,715	4,515,959
14	1,558	4,443,025
15	1,112	3,092,073
16	1,048	2,252,617
17	929	2,904,103
18	808	2,687,773
19	789	2,930,508
20	432	1,385,041
21	270	553,251
22	204	435,258
23	226	799,599
24	285	1,044,433
25	160	1,246,629
26	102	309,805
27	80	369,144
28	62	363,741
29	66	383,615
30	52	85,287
31	14	74,226
32	16	92,303
33	26	38,447
34	20	38,194
35	6	21,166
36	7	26,614
37	2	20,149
38	1	6,353
	38,816	61,512,596
TRANSLATION ADJUSTMENTS		- 217,062
Non allocated collective impairment		- 18,493
TOTAL		61,277,041

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

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

2.4 EARLY REPAYMENTS

EUR thousands, as of 3/31/2023

COUNTRY	Early repayments during the year 2023	Rate of early repayments
France		
Central governments and central banks		
- Export refinancing	56,780	0.87%
- Others	-	-
Regional and local authorities		
- Regions	-	-
- Departments	30,523	0.42%
- Municipalities	881	0.01%
- Overseas Territories	-	-
- Groups of municipalities	2,015	0.01%
Public sector entities :		
- health	5,377	0.09%
- others	-	-
Sub total	95,575	0.17%
GLOBAL exposure on public sector	95,575	0.16%

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

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

3. OTHER EXPOSURE: EXPOSURE ON CREDIT INSTITUTIONS

3.1. BREAKDOWN BY COUNTERPART

EUR thousands, as of 3/31/2023	Country	Amount
Step 1 credit rating		
Covered Bonds		
	France	91,080
	Other countries	286,482
Other Bank bonds		
	France	
	Other countries	
Loans to SFIL	France	
Bank accounts' balances	France and other countries	612
Step 2 credit rating		
Covered Bonds		
	France	-
	Other countries	-
Other Bank bonds		-
	France	
	Other countries	
Bank accounts' balances	France and other countries	3,856
Step 3 credit rating		
Bank bonds (Maturity <100 days)		
	France	
	Other countries	
Bank accounts' balances	France and other countries	
TOTAL		382,031

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

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

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

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

3.2 RATINGS

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

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

As of March 31, 2023, all these conditions are completed.

3.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 3/31/2023

Residual maturity		Term to maturity					TOTAL
Maturity date in years	Number of deals ⁽¹⁾	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	
0	4	79,180	19,797	-	-	-	98,977
1	5	-	-	94,489	92,465	-	186,954
2	1	-	-	-	46,100	-	46,100
4	1	-	-	-	50,000	-	50,000
Total	11	79,180	19,797	94,489	188,565	-	382,031

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

Balances of bank current accounts are presented as a unique matured deal with a maturity of less than 3 months.

3.4 EARLY REPAYMENTS

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

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

The amount received as collateral for hedging transactions consists solely of cash and is fungible with the rest of the company's cash. The debt for restitution of the cash collateral received as of March 31, 2023 amounts to EUR 75.4 million.

4. LIST OF INTERNATIONAL SECURITIES IDENTIFICATION NUMBERS (ISIN)

| ISIN code / Internal Code |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| AU0000DXAHB0 | FR0013108248 | FR0014005N34 | RCB 139 | RCB 200 | RCB 2014-39 | RCB 2018-4 |
| CH0111862063 | FR0013119070 | FR0014005YZ0 | RCB 14 | RCB 2013-1 | RCB 2014-4 | RCB 2018-5 |
| FR0000486581 | FR0013150257 | FR0014007PX9 | RCB 140 | RCB 2013-10 | RCB 2014-40 | RCB 2018-6 |
| FR0010089839 | FR0013184181 | FR0014007PY7 | RCB 141 | RCB 2013-11 | RCB 2014-41 | RCB 2019-1 |
| FR0010093336 | FR0013198223 | FR0014008C18 | RCB 142 | RCB 2013-12 | RCB 2014-42 | RCB 2019-2 |
| FR00101114371 | FR0013202850 | FR0014008E65 | RCB 143 | RCB 2013-13 | RCB 2014-43 | RCB 2019-3 |
| FR00101134577 | FR0013203619 | FR0014009OM1 | RCB 144 | RCB 2013-14 | RCB 2014-44 | RCB 2019-4 |
| FR0010160911 | FR0013204609 | FR0014009QA1 | RCB 145 | RCB 2013-15 | RCB 2014-45 | RCB 2019-5 |
| FR0010163394 | FR0013219631 | FR001400ACQ1 | RCB 146 | RCB 2013-16 | RCB 2014-46 | RCB 202 |
| FR0010212977 | FR0013221389 | FR001400AJT0 | RCB 147 | RCB 2013-17 | RCB 2014-5 | RCB 2020-1 |
| FR0010261529 | FR0013230703 | FR001400BAQ3 | RCB 149 | RCB 2013-18 | RCB 2014-6 | RCB 2022-1 |
| FR0010279109 | FR0013234952 | FR001400DAI6 | RCB 15 | RCB 2013-19 | RCB 2014-7 | RCB 2022-2 |
| FR0010289322 | FR0013255858 | FR001400DXR9 | RCB 150 | RCB 2013-2 | RCB 2014-8 | RCB 2022-3 |
| FR0010289397 | FR0013255866 | FR001400EI59 | RCB 151 | RCB 2013-20 | RCB 2014-9 | RCB 203 |
| FR0010306456 | FR0013256872 | FR001400FFW1 | RCB 152 | RCB 2013-21 | RCB 2015-1 | RCB 204 |
| FR0010306498 | FR0013267259 | FR001400FGK4 | RCB 153 | RCB 2013-22 | RCB 2015-10 | RCB 205 |
| FR0010306506 | FR0013267374 | FR001400FKH2 | RCB 154 | RCB 2013-23 | RCB 2015-11 | RCB 206 |
| FR0010306514 | FR0013267754 | FR001400GM85 | RCB 155 | RCB 2013-24 | RCB 2015-12 | RCB 208 |
| FR0010306522 | FR0013284072 | RCB 1 | RCB 156 | RCB 2013-25 | RCB 2015-13 | RCB 21 |
| FR0010306548 | FR0013293578 | RCB 10 | RCB 157 | RCB 2013-26 | RCB 2015-14 | RCB 22 |
| FR0010318410 | FR0013310018 | RCB 100 | RCB 158 | RCB 2013-27 | RCB 2015-15 | RCB 24 |
| FR0010322792 | FR0013310026 | RCB 101 | RCB 159 | RCB 2013-3 | RCB 2015-16 | RCB 25 |
| FR0010443630 | FR0013311495 | RCB 102 | RCB 16 | RCB 2013-4 | RCB 2015-17 | RCB 26 |
| FR0010504761 | FR0013319399 | RCB 103 | RCB 160 | RCB 2013-5 | RCB 2015-18 | RCB 27 |
| FR0010526376 | FR0013330156 | RCB 104 | RCB 162 | RCB 2013-6 | RCB 2015-19 | RCB 28 |
| FR0010594374 | FR0013330693 | RCB 105 | RCB 163 | RCB 2013-7 | RCB 2015-2 | RCB 29 |
| FR0010614644 | FR0013345485 | RCB 106 | RCB 165 | RCB 2013-8 | RCB 2015-3 | RCB 30 |
| FR0010631762 | FR0013347085 | RCB 107 | RCB 166 | RCB 2013-9 | RCB 2015-4 | RCB 35 |
| FR0010766923 | FR0013347143 | RCB 108 | RCB 167 | RCB 2014-1 | RCB 2015-5 | RCB 39 |
| FR0010775486 | FR0013348919 | RCB 109 | RCB 168 | RCB 2014-10 | RCB 2015-6 | RCB 4 |
| FR0010781591 | FR0013351848 | RCB 11 | RCB 169 | RCB 2014-11 | RCB 2015-7 | RCB 40 |
| FR0010840108 | FR0013352499 | RCB 110 | RCB 170 | RCB 2014-12 | RCB 2015-8A | RCB 44 |
| FR0010923920 | FR0013385788 | RCB 111 | RCB 171 | RCB 2014-13 | RCB 2015-8B | RCB 45 |
| FR0010925073 | FR0013387362 | RCB 112 | RCB 172 | RCB 2014-14 | RCB 2015-9 | RCB 5 |
| FR0010963959 | FR0013396355 | RCB 113 | RCB 173 | RCB 2014-15 | RCB 2016-1 | RCB 50 |
| FR0011072826 | FR0013396363 | RCB 116 | RCB 174 | RCB 2014-16 | RCB 2016-2 | RCB 51 |
| FR0011546886 | FR0013397205 | RCB 117 | RCB 175 | RCB 2014-17 | RCB 2016-3 | RCB 6 |
| FR0011547744 | FR0013397361 | RCB 118 | RCB 176 | RCB 2014-18 | RCB 2016-4 | RCB 69 |
| FR0011548791 | FR0013397676 | RCB 119 | RCB 177 | RCB 2014-19 | RCB 2016-5 | RCB 7 |
| FR0011548866 | FR0013397767 | RCB 12 | RCB 178 | RCB 2014-2 | RCB 2016-6 | RCB 72 |
| FR0011549997 | FR0013400538 | RCB 120 | RCB 179 | RCB 2014-20 | RCB 2016-7 | RCB 76 |
| FR0011580588 | FR0013403433 | RCB 121 | RCB 181 | RCB 2014-21 | RCB 2016-8 | RCB 78 |
| FR0011686401 | FR0013403516 | RCB 122 | RCB 182 | RCB 2014-22 | RCB 2017-1 | RCB 79 |
| FR0011701044 | FR0013405560 | RCB 123 | RCB 183 | RCB 2014-23 | RCB 2017-10 | RCB 80 |
| FR0011737956 | FR0013436623 | RCB 124 | RCB 184 | RCB 2014-24 | RCB 2017-11 | RCB 90 |
| FR0011907963 | FR0013456589 | RCB 125 | RCB 185 | RCB 2014-25 | RCB 2017-12 | RCB 97 |
| FR0011916220 | FR0013459757 | RCB 126 | RCB 187 | RCB 2014-26 | RCB 2017-13 | RCB 98 |
| FR0012169910 | FR0013479052 | RCB 127 | RCB 188 | RCB 2014-27 | RCB 2017-14 | |
| FR0012467942 | FR0013482189 | RCB 128 | RCB 189 | RCB 2014-28 | RCB 2017-15 | |
| FR0012568228 | FR0013511615 | RCB 129 | RCB 19 | RCB 2014-29 | RCB 2017-2 | |
| FR0012572725 | FR0013519568 | RCB 13 | RCB 190 | RCB 2014-3 | RCB 2017-3 | |
| FR0012686111 | FR0013535820 | RCB 130 | RCB 191 | RCB 2014-30 | RCB 2017-4 | |
| FR0012686145 | FR00140006K7 | RCB 131 | RCB 192 | RCB 2014-31 | RCB 2017-5 | |
| FR0012688208 | FR0014000N39 | RCB 132 | RCB 193 | RCB 2014-32 | RCB 2017-6 | |
| FR0012722973 | FR0014001GV5 | RCB 133 | RCB 194 | RCB 2014-33 | RCB 2017-7 | |
| FR0012939882 | FR0014001ZD3 | RCB 134 | RCB 195 | RCB 2014-34 | RCB 2017-8 | |
| FR0012968451 | FR00140024W5 | RCB 135 | RCB 196 | RCB 2014-35 | RCB 2017-9 | |
| FR0013029220 | FR00140033E4 | RCB 136 | RCB 197 | RCB 2014-36 | RCB 2018-1 | |
| FR0013081049 | FR00140049N1 | RCB 137 | RCB 199 | RCB 2014-37 | RCB 2018-2 | |
| FR0013088432 | FR0014005MV4 | RCB 138 | RCB 20 | RCB 2014-38 | RCB 2018-3 | |

The table above presents the list of International Securities Identification Numbers (ISIN) for all issues of *obligations foncières* to which an ISIN code has been assigned, and the contract number for private placements made in the form of registered covered bonds (RCB).

5. EXPOSURE TO MARKET, CREDIT AND LIQUIDITY RISKS

5.1 INTEREST RATE RISK

- Hedging policy:

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

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

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

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

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

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

- o the 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 assets and liabilities for a given index tenor that has not yet been fixed.

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

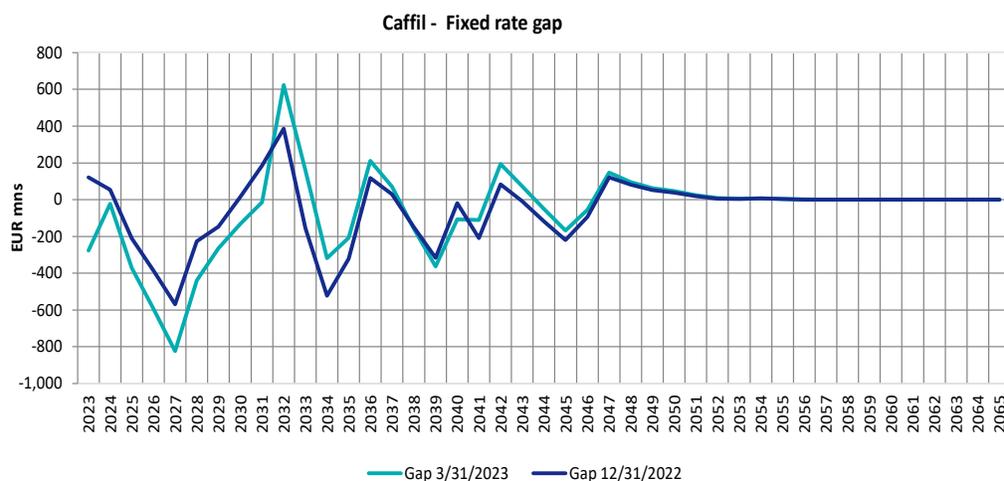
- o The monthly production of net present value (NPV) sensitivity indicators

- Measurement of interest rate position:

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

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

Caisse Française de Financement Local's interest rate position as of March 31, 2023 is as follows:



- Sensitivity of the rate position:

In order to manage the interest rate risk, Caisse Française de Financement Local implements a risk management system which is mainly based on the risk indicator in economic value (sensitivity of the net present value (NPV)): the measurement of this risk will be the maximum loss observed in net present value (NPV) according to eight different scenarios of rate changes. 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.

Sensitivity (EUR mns)	12/31/2022	3/31/2023
"Outlier" regulatory scenario of a 200bp rate increase	1,3	19,3
"Outlier" regulatory scenario of a 200 bp rate decrease with application of a floor	-21,1	-20,9
"Outlier" regulatory scenario of a increase in short-term rates	-9,2	0,4
"Outlier" regulatory scenario of a decrease in short-term rates with application of a floor	8,2	-0,3
"Outlier" regulatory scenario of flattening of the rate curve with application of a floor	-11,0	-5,3
"Outlier" regulatory scenario of steepening of the rate curve with application of a floor	10,5	8,9
Internal rate curve flattening scenario	-16,6	4,8
Internal rate curve inversion scenario	-31,4 (*)	-23,5

(*) pro forma

The two internal scenarios combine both a rate hike risk and a slope risk (flattening and steepening). These scenarios were defined based on historical rates. Unlike regulatory ratios, equity is taken into account in the calculation of these indicators. They are likely to be adjusted each year depending on the economic situation and the expected change in interest rates.

5.2 EXCHANGE RATE RISK

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

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

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

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

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

5.3 MARKET RISK

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

This concerns mainly the following, under IFRS:

- the assets recorded at fair value through profit or loss or through equity, the value of which can fluctuate;
- cross-currency and basic swaps hedging the export refinancing activity in currency, the changes in value of which may impact earnings or equity depending on the IFRS hedging method used;
- derivatives, of which the book value adjustments like the CVA (Credit Valuation Adjustment) and the DVA (Debit Valuation Adjustment), are recorded through income pursuant to IFRS;
- certain derivatives classified as hedges according to IFRS, for which there may be a difference between the valuation of the hedged risk and the valuation of the hedging item (derivative), which are valued using different yield curves.

In French GAAP, this also concerns "placement" securities, the losses in value at closing date of which are provisioned.

5.4 LIQUIDITY RISK

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

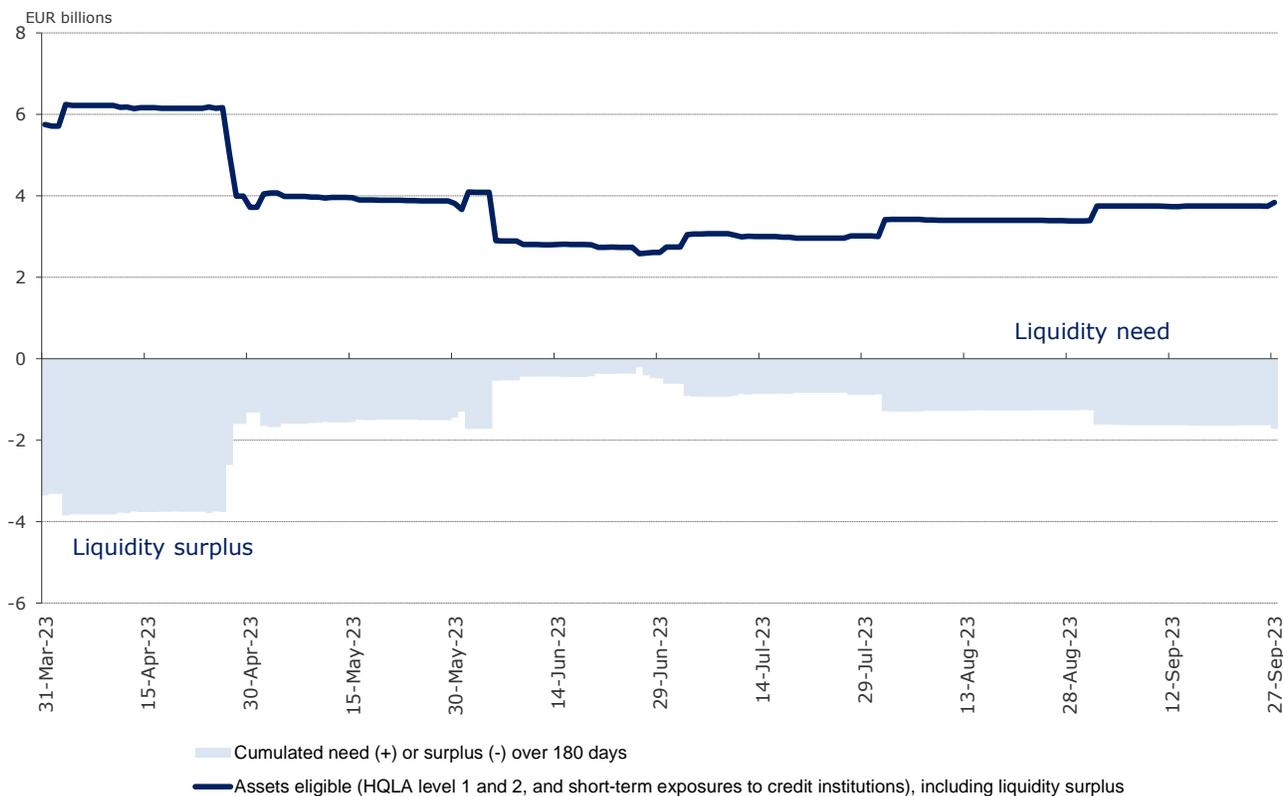
Caisse Française de Financement Local has its own resources and can by order of priority :

- Use the excess cash available. As of March 31, 2023, they amount to EUR 3,361.1 million before taking into account the assumption of non-performance of assets;
- Carry out a covered bond issue;
- Have additional drawings from its parent company within the framework of the financing agreement;
- Assign, obtain reimbursement or give as a guarantee to the Banque de France, to obtain financing during calls for tenders, the following assets:
 - Exposures to credit institutions. As of March 31, 2023, these amount to EUR 377.6 million.
 - High quality liquid securities (level 1, 2A or 2B), excluding bank securities. As of March 31, 2023, these amount to EUR 2,552.9 million.
 - Other assets which are directly eligible for refinancing from the Banque de France. As of March 31, 2023, these amount to EUR 35,729.3 million, before haircut.

As of March 31, 2023, Caisse Française de Financement Local thus had approximately EUR 42,020.9 million in liquid assets or assets eligible for refinancing by the Banque de France, including its cash deposited with the bank or the Banque de France. There are no legal obstacles likely to prevent the use of a part of these assets in compliance with Articles L. 513-12 and R. 513-8 of the Monetary and Financial Code.

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

Cash needs are defined as repayments of *obligations foncières* and registered covered bonds (RCB), of debts that do not benefit from the legal privilege and forecasts of repayment of the cash collateral received, after deduction of amortization cash flows from assets, taking into account cash flows from hedging derivatives. As of March 31, 2023, the liquidity situation at 180 days shows a cash surplus over the period with a maximum of EUR 3.8 billion at the beginning of April 2023).



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

The projection of the cash balance at 180 days is calculated on the basis of the contractual schedule of interest flows and nominal amounts of the assets and liabilities present in the balance sheet of Caisse Française de Financement Local at March 31, 2023. Furthermore, this projection takes into account flows related to certain operations but beginning after the closing date.

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

The assumptions used for the calculation are as follows:

- No voluntary early repayment on commercial loans in accordance with the assumptions used in ALM management, nor exercise of options on securities held by Caisse Française de Financement Local. From a liquidity point of view, this is therefore the worst case scenario.
- Modelling of liabilities with an early redemption clause in hand with Caisse Française de Financement Local: case-by-case analysis of options exercisable over 180 days. It should be noted that there are no liabilities on Caisse Française de Financement Local's balance sheet that include an early repayment clause in the hands of the investor.
- Cash guarantees received from counterparties for hedging derivatives (cash collateral or variation margin) are presented on the basis of future cash flows and by projecting the market value of the underlying transactions at unchanged market conditions. In concrete terms, for each framework agreement, a projection of the valuation of the swaps is made taking into account the flows of interest and capital remaining to be received and paid until the maturity of the swaps. The amount

of cash collateral to be paid or received over the next 180 days is determined on the basis of this valuation.

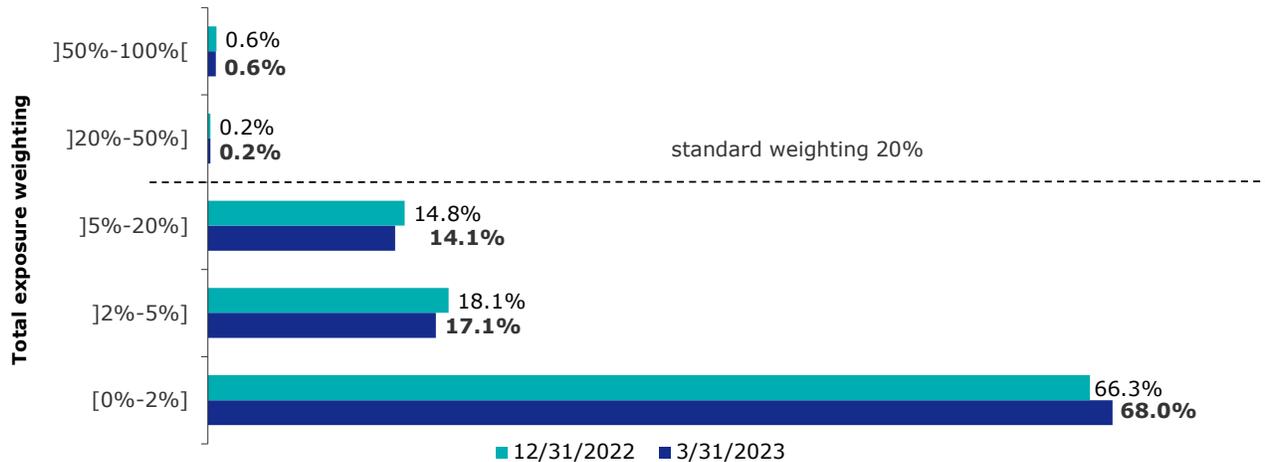
- Projection of variable rate interest flows based on the last known fixing for the first payment of interest and the projected rate for the following flows.
- Estimate of the non-performance of assets based on the highest variation in the amount of outstanding payments over a period of 180 days observed over the period December 31, 2011 – March 31, 2023 (currently EUR 34.9 million positioned on the first day).

5.5 CREDIT RISK

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

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

Risk Weighting of Caisse Française de Financement Local's portfolio as of March 31, 2023:



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

- 85% of the portfolio has a risk weighting of 5% or less;
- 1% of the portfolio has a weighting greater than 20%.

The average risk weighting of assets is 4.3% versus 20% for European local government entities according to the Basel standard method.

- Bank counterparty risk

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

- Exposures on credit institution in the amount of EUR 0.4 billion;
- derivative contracts, entered into within the framework of its management of interest rate and foreign exchange risks.

All of Caisse Française de Financement Local's derivative operations are conducted within the framework of standard ISDA or FBF (Fédération Bancaire Française) contracts with major international banks. These contracts have particular characteristics, since they must meet the standards set by rating agencies for sociétés de crédit foncier (and other issuers of covered bonds). Over the last few years, Caisse Française de Financement Local amended these contracts to take into account recent EMIR regulatory changes (signing

of variation margin amendments). Caisse Française de Financement Local's derivatives are not subject to the clearing obligation nor the payment of initial margin. These interest rate and currency swaps all benefit from the same legal privilege as obligations foncières. For this reason, Caisse Française de Financement Local does not pay its derivative counterparties any collateral (or variation margin), whereas they have to pay Caisse Française de Financement Local except for some which benefit from the agencies highest short-term rating. At the end of June 2022, a new derivatives agreement was concluded with SFIL to which is attached only the derivatives that cover the few assets that are excluded from the cover pool from July 8, 2022 as part of the implementation of the covered bonds directive. Since these derivatives do not benefit from the privilege of the law, the agreement provides for the possibility of exchanging collateral in both directions. The collateral claim paid under this agreement is classified outside the cover pool, like the corresponding derivatives and their covered assets.

All derivative exposures as of March 31, 2023 are listed below.

EUR billions	Total of notional amounts	% of total notional amounts	Mark to Market		Collateral received	Collateral paid
			-	+		
Cover pool - external counterparties	74.7	83%	(1.6)	0.1	(0.1)	-
cover pool - SFIL	15.5	17%	(1.5)	-	-	-
Outside cover pool - SFIL	0.3	0%	(0.1)	-	-	0.1
Total	90.5	100%	(3.2)	0.1	(0.1)	0.1

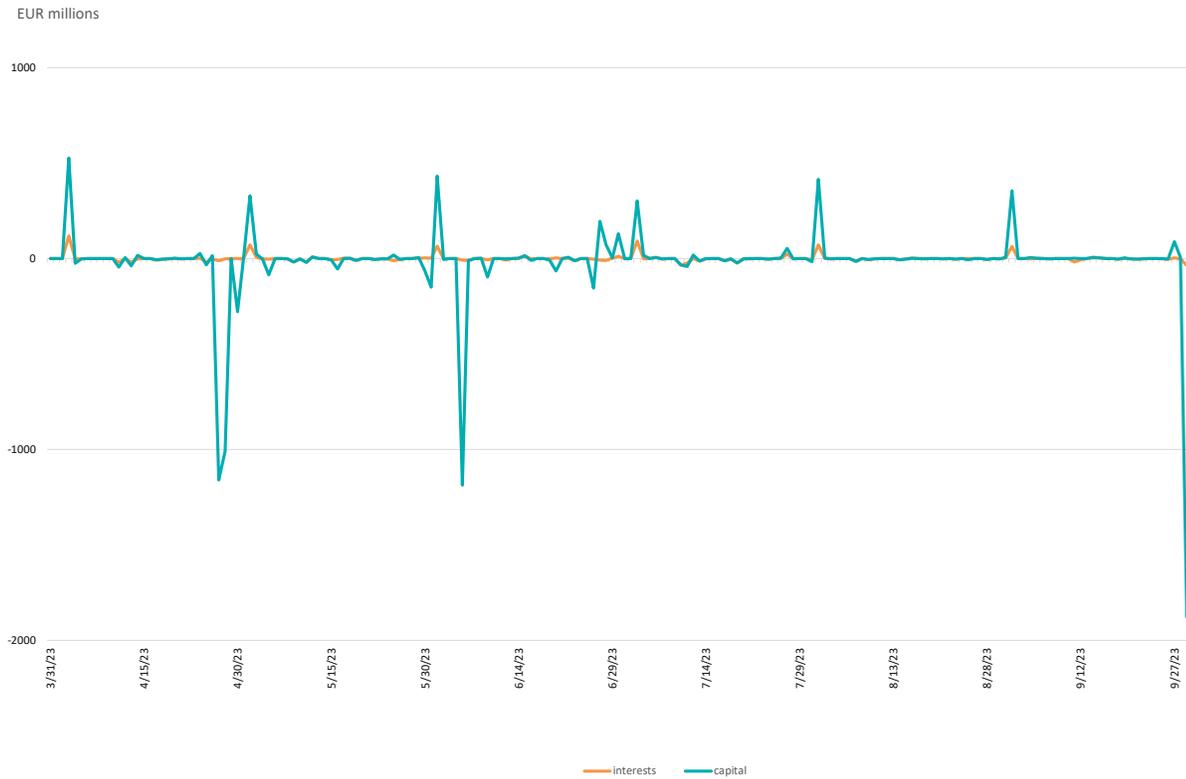
As of March 31, 2023, Caisse Française de Financement Local was exposed (positive fair value of swaps) to nine bank counterparties, all of these paid cash collateral totalling EUR 0.1 billion, offsetting the total exposure.

The swaps negotiated with external counterparties represented 83% of outstanding swaps and those signed with SFIL 17%. The swaps signed with the five largest counterparties represented a total of 53% of notional amounts.

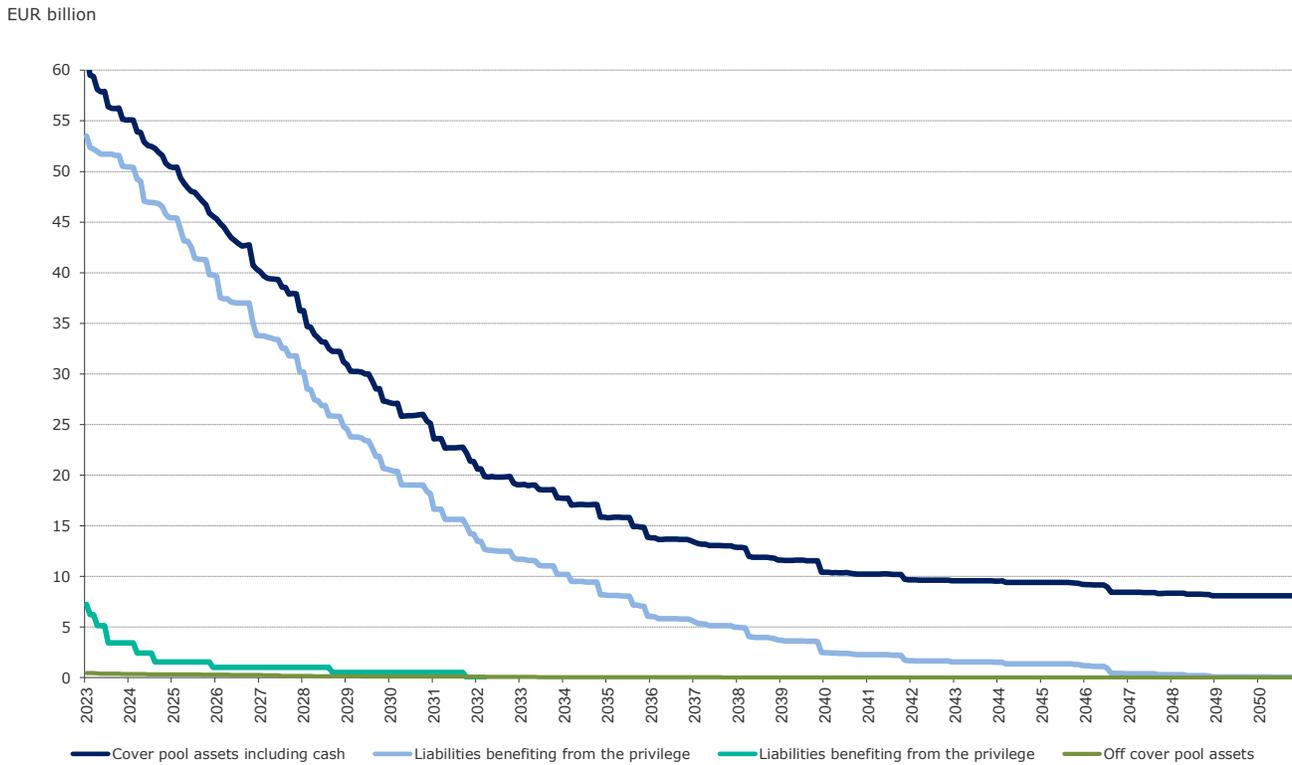
6. Coverage of liquidity needs

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

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



7. Maturity structure



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

8. Level of coverage of privileged resources

The certified regulatory coverage ratio, corresponding to the situation as of December 31, 2022, amounts to 112.0%.