Interim financial report

For the period from January 1 to June 30, 2024

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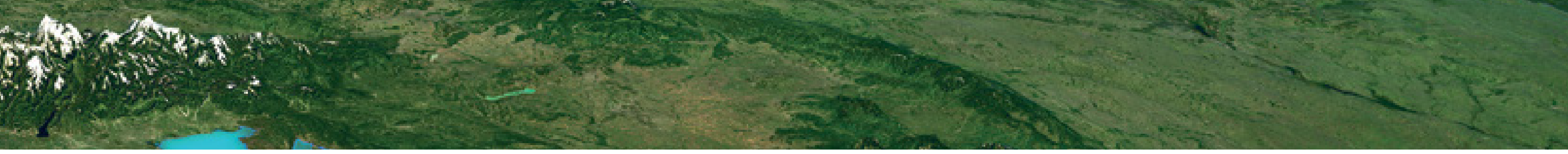
Information submitted to a limited review by statutory auditors



Key figures

First half of 2024

Balance sheet

EUR 64.3 billion
Asset portfolio
(cover pool)

EUR 53.4 billion
Obligations foncières
(covered bonds)

119.2%
Over-collateralization ratio

Business activity

EUR 2.8 billion
Loans to the French public sector acquired

EUR 1.7 billion
Export credits refinanced

EUR 2.7 billion
Covered bonds issued

Asset quality

0.2%
Doubtful and litigious loans
(% cover pool)

63%
Assets eligible for Banque de France refinancing
(% cover pool)

Liquidity ratio

100%
LCR Ratio

112%
NSFR Ratio

Financial ratings

Moody's	Standard & Poor's	DBRS
Aaa	AA+	AAA

01

General business environment

01

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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 issue 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 State, 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 to 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 on 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: exposure to 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 an agreement* 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 (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 ratio 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 Legifrance 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 of Caffil's issues 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.

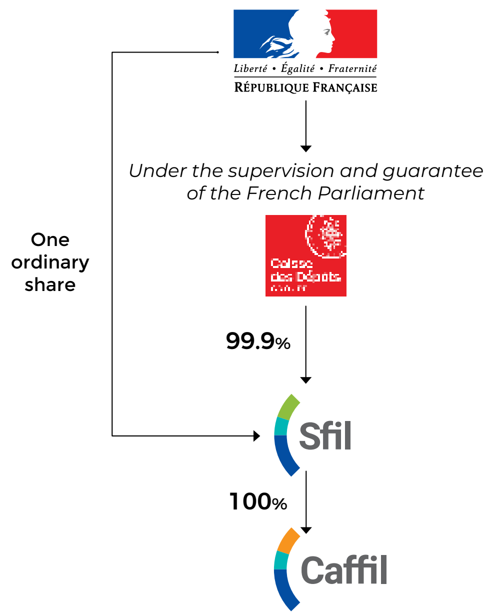
Furthermore, all the *obligations foncières* issued on the basis of the Caffil cover pool benefit from the Covered Bond Label. The European Covered Bond Council (ECBC) created the label in 2012 to improve the quality of the financial information and the transparency of the European covered bonds market. 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 June 30, 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 State retained one ordinary share. Sfil's shareholders thus remain firmly anchored in the public sphere, reflecting the missions the French State 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 State 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 the local public sector distributed by Caisse des Dépôts, *via* Banque des Territoires, since the end of 2022.

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

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 French local public sector lending

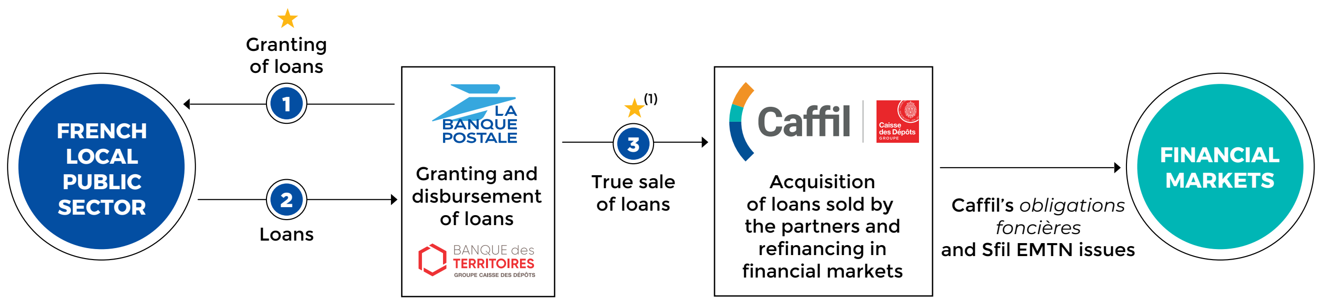
The Sfil Group, fully integrated into the Caisse des Dépôts Group, is at the heart of a system whose objective is to provide local authorities and public hospitals with sustainable and efficient access to long-term bank financing.

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 use-of-proceeds loans (*i.e.* green or social loans to local authorities or loans to public hospitals), they are financed *via* 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.

The loans originated by Banque des Territoires:

- cover long periods of between 25 and 40 years;
- are mainly 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 State 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 Sfil 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").

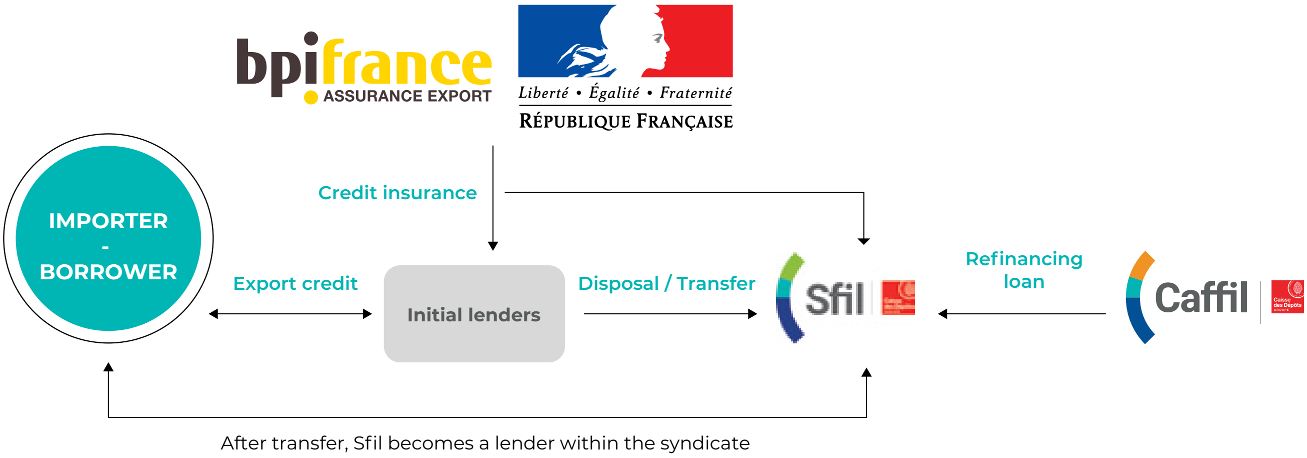
Refinancing scheme

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 (hereinafter referred to as the "French State");
- 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 State, known as an enhanced guarantee [(1)]. Caffil will no longer use this guarantee for transactions concluded from September 2024. 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 issue of *obligations foncières*").

(1) The enhanced guarantee was introduced by law 2012-1510 of December 29, 2012 and Decree No. 2013-693 of July 30, 2013. It was then amended by Decree No. 2018-1162 of December 17, 2018 relating to the granting of the French State's guarantee for transactions that are likely to contribute to the development of France's foreign trade or are of strategic interest for its overseas economy.



Public export guarantees

These guarantees are managed by Bpifrance Assurance Export, in the name, on behalf of, and under the control of the French State, pursuant to article L.432.2 of the French Insurance Code. They are, therefore, granted directly by the French State 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 guarantees for strategic projects, 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 State;
- the French State 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 State, and payments are made directly from the same account, without passing through the accounts of Bpifrance Assurance Export.

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

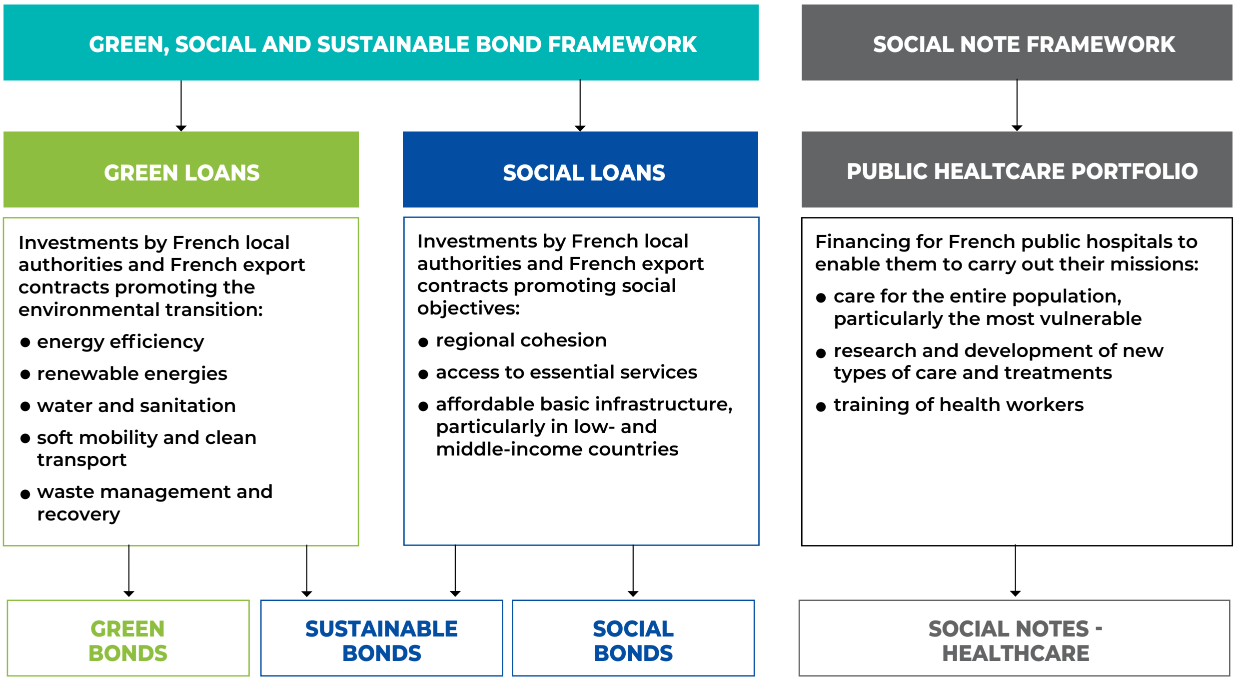
In order to refinance these two activities, Caffil issues *obligations foncières* (covered bonds) on financial markets both in the form of benchmark public issues and in the form of private placements, particularly in the registered covered bonds format, suitable for its very broad investor base. These 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 borrowers in their investments in favor of the ecological transition and social cohesion. Two reference documents govern green, social and sustainable emissions:

- the framework for social issues intended for the health sector, set up in 2018: Social Note Framework;
- the green, social and sustainable emissions framework in place since October 2022: Green, Social and Sustainability Bond Framework.



Caffil does not use the option of issuing securities with an extendable maturity date. All of Caffil's outstanding issues 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 issue 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 French 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."*

1.4 Other management agreements

Specific individual agreements have been established with entities that, in the past, have transferred assets to Caffil, and continue to ensure the management of these assets for their national clientele. These assets are managed in run-off mode. As of June 30, 2024, the contracts in force were signed with the following entities: Belfius Banque et Assurances (Belgium) and Dexia Crédit Local (Italy). All of these management contracts already existed in previous years.

Management of the registered covered bonds (RCB) subscribed by German investors is entrusted to Landesbank Baden-Württemberg (LBBW).

1.5 Ratings of *obligations foncières* issued

The issue program is rated by three international rating agencies: Moody's, Standard & Poor's (S&P) and DBRS Morningstar.

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.).

The credit ratings as of June 30, 2024 are presented in section 2.1.3 "Financial ratings" of the interim activity report.

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Interim activity report

Interim activity report

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2.1 Highlights

2.1.1 Geopolitical and macroeconomic context

The geopolitical context in the first half of 2024 remained dominated by the continuing war in Ukraine and the conflict in the Middle East. The global political environment also remains quite unstable, with elections at the European level, France, the UK and the USA at the end of the year. The outcome of these elections could have a significant impact on public policy in these countries, resulting in uncertainty for businesses and world trade, and volatility on financial markets.

From an economic perspective, the European Central Bank lowered its key rates in June 2024 for the first time since 2019, after taking note of a downturn in inflation since September 2023. Eurozone growth was stable in the second quarter of 2024 after a slight increase in the first quarter, and economic activity continued to expand. For its part, the US Federal Reserve has maintained its main key rate in the range it has been in since July 2023, in a context of a slowing economic activity in the US in the first half of 2024.

2.1.2 Interim activity

French local public sector lending

In the first half of 2024, Caffil acquired or refinanced EUR 2.8 billion in loans originated by La Banque Postale and Banque des Territoires, partners of the Sfil Group. This amount was up compared to the first half of 2023 (EUR 2.2 billion), reflecting in particular the acceleration of production in the last quarter of 2023.

Use-of-proceeds loans represented 44.0% of loans acquired compared to 42.0% in the first half of 2023 and broke down between:

- EUR 0.6 billion in green loans to local authorities (EUR 0.6 billion in the first half of 2023);
- EUR 0.3 billion in loans to hospitals (EUR 0.2 billion in the first half of 2023);
- EUR 0.3 billion in social loans to local authorities (EUR 0.1 billion in the first half of 2023).

Refinancing of large export credits

While the global export credit market covered by export credit agencies (ECAs) grew very strongly in 2023, the first half of 2024 saw a decrease in both transaction volumes (-46% compared with the first half of 2023 to USD 36.7 billion) and the number of transactions (-34% from 282 transactions in the first half of 2023 to 187 transactions in the first half of 2024). These trends were mainly due to :

- a decline in the number of transactions in high-income countries;
- a slowdown in transactions in the offshore wind energy sector; and
- a nearly complete extinction of export financing for upstream oil and gas projects.

In contrast, sectors such as transport infrastructure, aeronautics, battery factories and shipbuilding (including cruise ships) remained at a strong level of activity in the first half of 2024.

Caffil refinanced two export credit transactions to Sfil for a total amount of EUR 1.7 billion in the first half of 2024, enabling the conclusion of EUR 3.1 billion of export contracts. They concerned Europe and the Americas. These operations contributed to Sustainable Development Goal n°8 aimed at achieving full employment nationwide.

Since the launch of the activity in 2015, the Sfil Group has supported 30 operations for a total amount of almost EUR 18 billion, enabling the conclusion of EUR 31 billion in export contracts.

Issue of *obligations foncières*

During the first half of 2024, the covered bond market was marked by the end of the monetary tightening cycle of the main central banks (Federal Reserve and European Central Bank) and the anticipation of the first measures in easing their monetary policy. In this promising context, dynamic primary market activity was supported by strong overall demand from investors across a wide range of maturities and resulted in a movement in spread performance during the semester. At the end of the semester, the early legislative elections in France led to a slowdown in the activity of covered bond issues and a widening of spreads for French issuers.

In this context, Caffil issued a total volume of EUR 2.7 billion in issues, with an average overall maturity of 12 years, including:

- EUR 2.0 billion on the public primary market;
- EUR 0.35 billion *via* two matching transactions carried out on an existing benchmark issue;
- EUR 0.34 billion in the private placements segment.

2.1.3 Credit ratings

The credit rating of the *obligations foncières* issued by Caffil, at the highest credit level, was confirmed during the first half of 2024. Standard and Poor's notably revised the outlook from negative to stable.

	Moody's	DBRS	Standard & Poor's
Long-term rating	Aaa	AAA	AA+
Outlook	-	-	stable
Date of update	May 2024	May 2024	July 2024

2.1.4 Regulatory developments

On December 6, 2023, the Board approved the inter-institutional agreement on the banking package (CRR3/CRD6). Following this agreement, the European Parliament adopted these texts (CRR3/CRD6) which were published in the Official Journal of the European Union on June 19, 2024, and are due to enter into force on January 1, 2025.

On June 21, 2024, the Board of the ACPR decided to assimilate exposure to most French local authorities as exposure to a French sovereign risk in respect of prudential requirements applicable to credit institutions. Local authorities in the scope now benefit from a 0% risk factor under the standard approach. On July 8, 2024, the European Banking Authority (EBA) also updated the list of entities assimilated to the French State. Following these publications and a decision by the ECB on July 24, 2024, from the third quarter of 2024, Caffil will calculate all its risk-weighted assets using the standard approach.

2.1.5 Changes in governance

The Shareholders' Meeting of May 29, 2024 ratified the co-option by the Supervisory Board of February 15, 2024 of Ms. Cécile Degove as a member of the Supervisory Board.

The Supervisory Board is now composed as follows:

- Mr. Philippe Mills, Chairman
- Mr. François Laugier, Vice-Chairman
- Ms. Nathalie Argourd
- Ms. Anne Crépin
- Ms. Cécile Degove
- Mr. Florent Lecinq

2.2 Description of assets

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

EUR billions	6/30/2024	12/31/2023
Assets held in the cover pool	64.3	61.2
Assets held outside the cover pool	0.3	0.3
Total outstanding	**64.6**	**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	6/30/2024	12/31/2023
Loans and bonds to the public sector	59.3	57.4
of which local public sector and export credit	58.5	56.8
of which treasury investment in public sector bonds	0.8	0.6
Banque de France cash deposit	2.0	1.1
Exposures to credit institutions	3.0	2.8
ASSETS IN THE COVER POOL	**64.3**	**61.2**
Financing commitments granted to refinance large export credits*	7.1	6.9
Financing commitments granted to other public sector loans	0.0	0.0
TOTAL FINANCING COMMITMENTS GRANTED	**7.1**	**6.9**

* *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 as of December 31, 2023 and June 30, 2024.*

In the first half of 2024, Caffil acquired or refinanced loans to the French local public sector and to French public hospitals originated by its partners for an amount of EUR 2.8 billion. Drawdowns on loans to refinance large export credits granted to Sfil amounted to EUR 1.3 billion over the period. As of June 30, 2024, the total outstanding loans to the French local public sector amounted to EUR 45.5 billion. Large export credits for their part amounted to EUR 8.9 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 these cash surpluses increased from EUR 4.5 billion at the end of 2023 to EUR 5.8 billion at the end of June 2024.

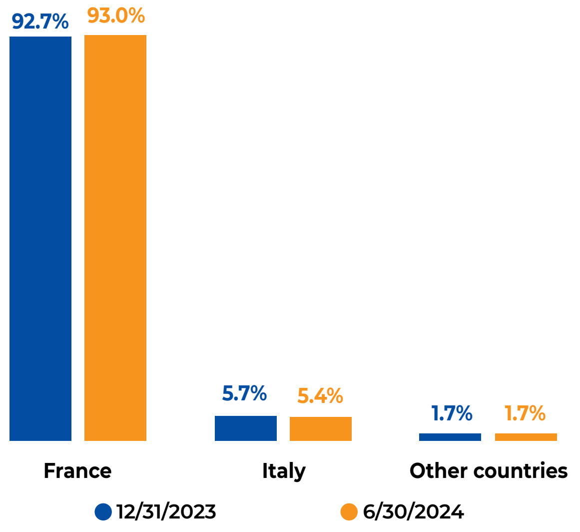
The amount of the liquid assets and assets eligible for refinancing by the Banque de France, excluding cash deposited with banks, the French Treasury or the Banque de France, represented EUR 40.8 billion, *i.e.* 63% of the cover pool at the end of June 2024 (compared to EUR 39.5 billion and 65% of the 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 2.6 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 36.0 billion.

Public sector loans and securities

Geographical breakdown

As of June 30, 2024, the exposures to the French public sector were predominant (93%) in the cover pool (excluding exposures to credit institutions and cash deposits with the Banque de France and the 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:

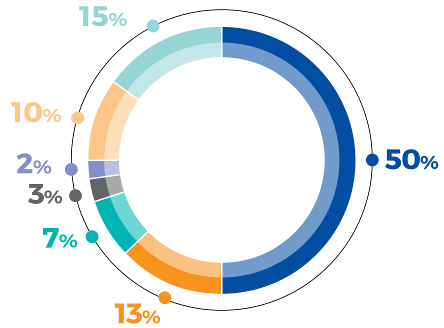


As of June 30, 2024, Italian assets represented the largest portion of non-French assets in run-off, with a total volume of EUR 3.2 billion, or 5.4% of public sector loans and securities in the cover pool. These assets are granular exposures (just under 100 counterparties consisting mainly of regions and municipalities) distributed throughout Italy.

Breakdown by type of counterparty

Nearly 70% of Caffil's cover pool consisted of exposures to French 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 Directive (EU) 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:

- 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 June 30, 2024, this amount represented 4.5%;
- 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 June 30, 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 ACPR, does not authorize the conclusion of derivatives with counterparties rated in the third-best credit quality step. As of June 30, 2024, no exposure to credit institutions was in the third-best step;

- 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 June 30, 2024, this amount represented 5.6%;
- 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 June 30, 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	6/30/2024	12/31/2023
CREDIT QUALITY STEP 1			
Covered bonds	France	814	693
	Other countries	1,310	985
Other bank bonds	France	21	21
	Other countries	265	249
Loans to the parent company, Sfil	France	-	-
Bank accounts balances	France and other countries	0	0
CREDIT QUALITY STEP 2			
Other bank bonds	France	352	399
	Other countries	229	428
Bank accounts balances	France and other countries	21	10
CREDIT QUALITY STEP 3			
Bank securities (maturity <100 days) and current account balances	France and other countries	-	-
TOTAL		**3,012**	**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.

As of June 30, 2024, this outstanding excluded from the cover pool, for a total amount of EUR 0.3 billion, consisted of slightly more than EUR 0.2 billion in loans to French local public sector entities that had become ineligible for the Caffil 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 nearly EUR 0.1 billion.

2.3 Description of debt

2.3.1 Debt benefiting from the legal privilege

As of June 30, 2024, debt benefiting from the legal privilege was composed of *obligations foncières* and registered covered bonds that Caffil issued as well as cash collateral received from counterparties in derivative transactions.

EUR billions	**6/30/2024**	12/31/2023
Cash collateral received	0.1	0.1
Obligations foncières and registered covered bonds	53.4	53.2
TOTAL	**53.5**	**53.3**

Issues during the first half of 2024

Given the financing needs identified, the annual issue program amounts to EUR 4.7 billion in 2024. In the first half of 2024, Caffil issued a total volume of EUR 2.7 billion with an average duration of 12 years, enriching its benchmark curve with three new transactions, as well as being active on matching transactions and in the private placement segment.

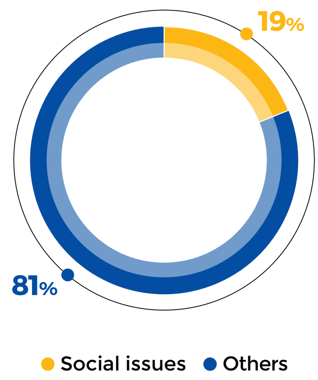
Caffil solicited the public primary market three times for a total amount of EUR 2.0 billion:

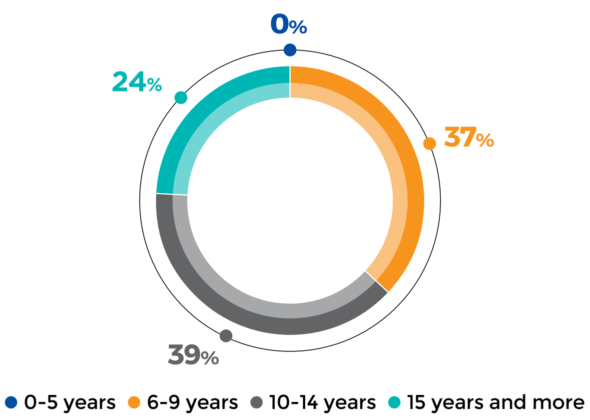
- an issue with a maturity of 10 years in January 2024 in the amount of EUR 1.0 billion;
- a social issue with a 12-year maturity in March 2024 for an amount of EUR 0.5 billion, in line with the Group's objective of achieving a ratio of 25% of green, social or sustainable issues by 2024;
- an issue with a maturity of 15 years in May 2024 in the amount of EUR 0.5 billion;

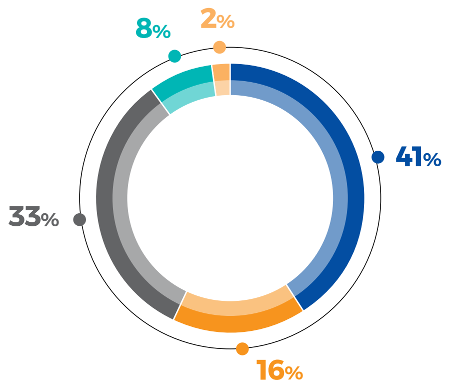
At the same time, Caffil provided additional liquidity to its benchmark issues with two matching transactions for an amount of EUR 0.35 billion.

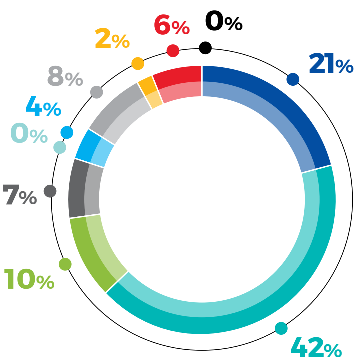
In addition to these public transactions, Caffil responded to specific requests from investors in the private placements segment, in the EMTN and RCB formats, for an amount of EUR 0.34 billion with long maturities (13% of the total issued).

The breakdown of new issues in the first half of 2024 by type and by maturity is presented hereafter, as well as the breakdown of benchmark public issues by investor category and geographic zone:









Outstanding as of June 30, 2024

The change in outstanding *obligations foncières* and registered covered bonds between December 31, 2023 and June 30, 2024, in swapped value, is as follows:

EUR billions, value after currency swaps	H1 2024	H1+H2 2023
BEGINNING OF THE PERIOD	**53.2**	**52.9**
Issues	2.7	3.6
Amortizations	(2.5)	(3.2)
Buyback	-	(0.1)
END OF THE PERIOD	**53.4**	**53.2**

In addition, in November 2020, November 2021 and July 2024, Sfil issued three green bonds 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. They were made up of different loans with maturities that could run from one day to 10 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	6/30/2024	12/31/2023
Sfil	9.8	6.8
Banque de France	-	-
TOTAL	**9.8**	**6.8**

2.4 Interim results

The income statement according to French Gaap is presented below:

EUR millions	6/30/2024	6/30/2023	Change 6/30/2024 *vs.* 6/30/2023
Interest margin	78	105	
Net commissions	(1)	(1)	
Provisions and income on trading portfolio	-	-	
Provisions and income on securities	(0)	7	
Other income and expense	-	-	
NET BANKING INCOME	**76**	**110**	**(31)%**
General operating expenses	(46)	(54)	
Taxes	(3)	(6)	
GROSS OPERATING INCOME	**28**	**50**	**(45)%**
Cost of risk	0	(1)	
INCOME FROM OPERATIONS	**28**	**49**	**(42)%**
Gains or losses on fixed assets	-	-	
Income tax	(5)	(11)	
NET INCOME	**24**	**38**	**(38)%**

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 under French accounting standards, unchanged over the last two financial years, 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 for loans 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.

The net income of Caffil amounted to EUR +24 million for the first half of 2024, down by EUR 14 million compared to the first half of 2023. This change was mainly due to the decrease in net banking income for EUR -34 million. The general operating expenses, consisting mainly of intragroup invoicing with Sfil and taxes, improved by EUR 11 million.

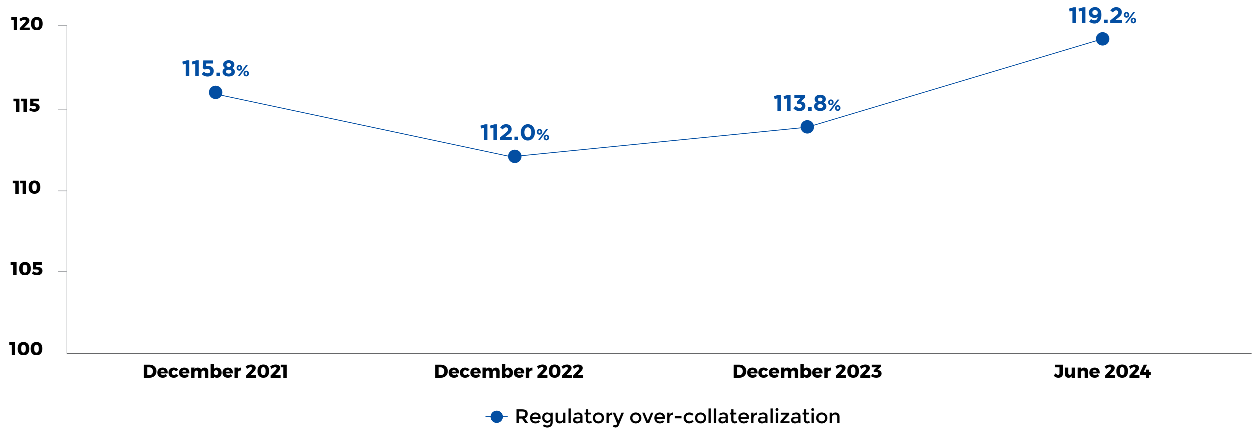
At the end of June 2024, the net banking income included upfront balances recorded for EUR -9 million (compared to EUR +9 million in June 2023). These payments are directly linked to the accounting treatment of terminations of interest rate hedges as part of the natural matching policy for fixed-rate assets and liabilities (see above). In 2023, the net banking income also included an improvement in the valuation of the securities portfolio for EUR +7 million (the valuation remained stable in the first half of 2024). Restated for these items, the decline in the net banking income was more limited (EUR -9 million) despite the increase in financing costs, as for all covered bond market players, in a context of significant financial market volatility.

2.5 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.

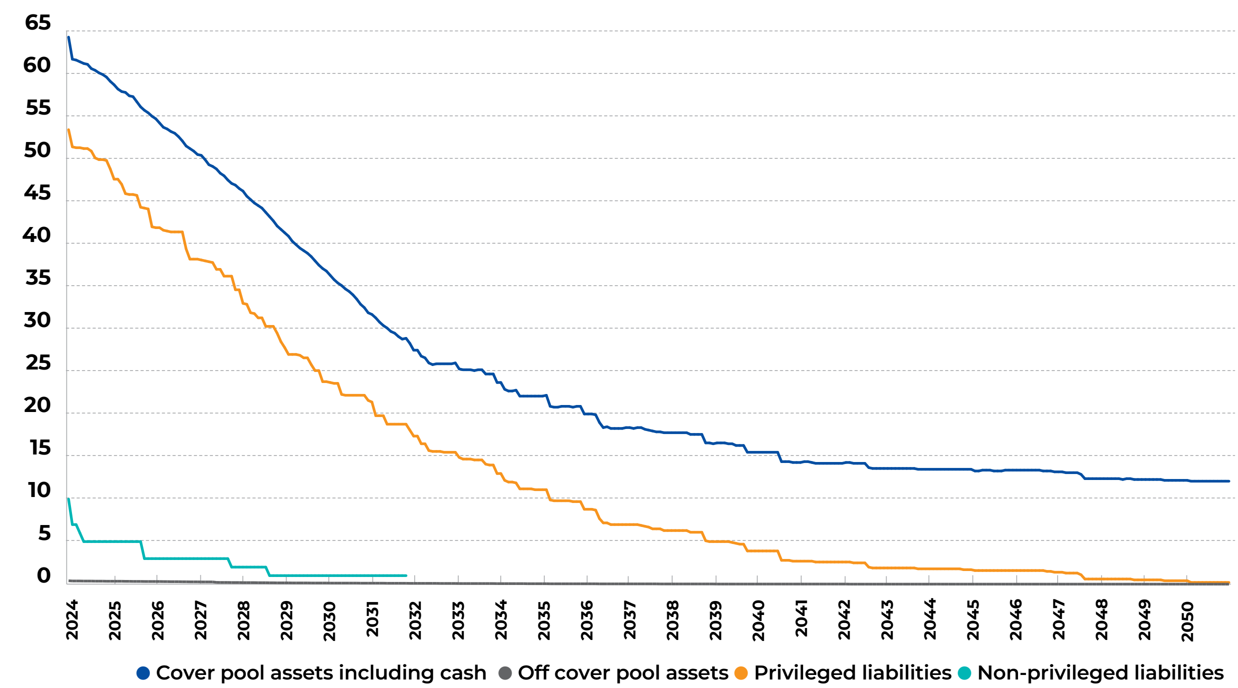
In practice, the over-collateralization ratio is regularly higher than 105%. To maintain a sufficient rating, a level of over-collateralization of more than 5% may be required by the rating agencies. This requirement depends on the methodology used by each rating agency and the new assets and liabilities 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.



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 June 30, 2024.

(EUR billions)



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

2.6 Post-closing events

No event that had a material impact on the Company's financial position has occurred since the closing on June 30, 2024.

2.7 Outlook for the second half of 2024

In the second half of the year, Caffil will continue to implement the objectives defined for 2024 by its parent company Sfil:

- maintain leadership in its two activities;
- maintain a low risk profile and improve its economic performance;
- continue to support its clients in their efforts to promote the environmental transition.

The beginning of the second half of 2024 has been marked by a more volatile financial environment with a widening of the credit spreads in a more uncertain context following the early legislative elections in France. The impact on Caffil's refinancing cost is very moderate to date and does not call into question the finalization of Caffil's 2024 issue program for a balance of EUR 2 to 3 billion.

The volumes of loans to the local public sector acquired in the second half of the year should benefit from the very strong momentum in production observed in the first half of the year just as volumes acquired in the first half of 2024 benefited from the high level of production achieved in the last quarter of 2023.

The outlook for export-credit refinancing is also very positive. Active files amounted to EUR 68 billion for a total of approximately 170 projects, which augurs a particularly dynamic activity for the Sfil-Caffil refinancing scheme in the months and years to come.

In addition, the discussions that the Sfil Group started previously with the European authorities are still ongoing. A favorable outcome would enable Caffil to broaden the type of public assets that it could finance under the current mandates of the Sfil Group.

2.8 Management of the main risks

2.8.1 Risk profile

The risk profile of the Sfil Group is low as indicated in the analysis below.

Nature of risk	Overall risk assessment
Credit	• New production on the local public sector exclusively dedicated to French public-law borrowers, with an extremely low historical default rate (less than 2%) • Exposures to Italy (local authorities and sovereign) under run-off management and without any borrower in default • Export loans fully covered by Bpifrance Assurance Export [1] hedging both political and commercial risk, thus making Sfil's residual risk extremely low
Rate	• Systematic hedging of the Sfil Group's fixed-rate balance sheet items *via* a natural matching of assets and liabilities or the implementation of interest rate derivatives
Liquidity	• Rigorous management of the illiquidity risk exposure using internal and regulatory stress scenarios • A commercial pricing policy consisting of passing on all financing costs in the loans granted
Market	• Due to the Sfil Group's nature as a public development bank, there is no trading portfolio and therefore no market risks in the regulatory meaning of the term
Foreign exchange	• Foreign currency outstandings systematically hedged from entry on the balance sheet to maturity
Operational	• Mapped in a granular manner and subject to permanent control with a very low number of operational incidents and marginal materiality

(1) See 1.3.2 "Refinancing scheme for large export credits"

2.8.2 Main risks

Credit risk

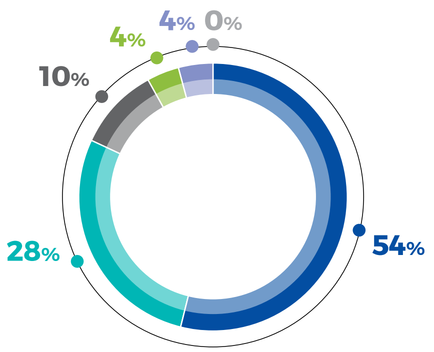
Definition

Credit risk represents the potential impact that the Sfil Group could suffer due to the deterioration of a counterparty's solvency.

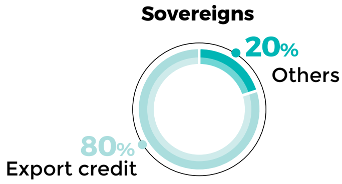
The Credit Risks division is tasked with the following missions within the scope of its function to monitor credit risks:

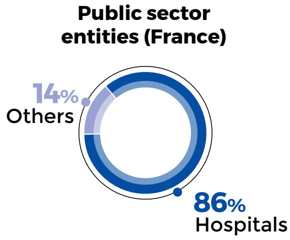
- definition of credit risk policies and guidelines, the various concentration limits and the delegations to be granted;
- management of the credit granting process;
- monitoring of the analysis and internal rating processes.

Exposure to credit risk



● Local authorities (France) ● Sovereigns
● Public sector entities (France) ● Local government (excluding France)
● Banks ● Others



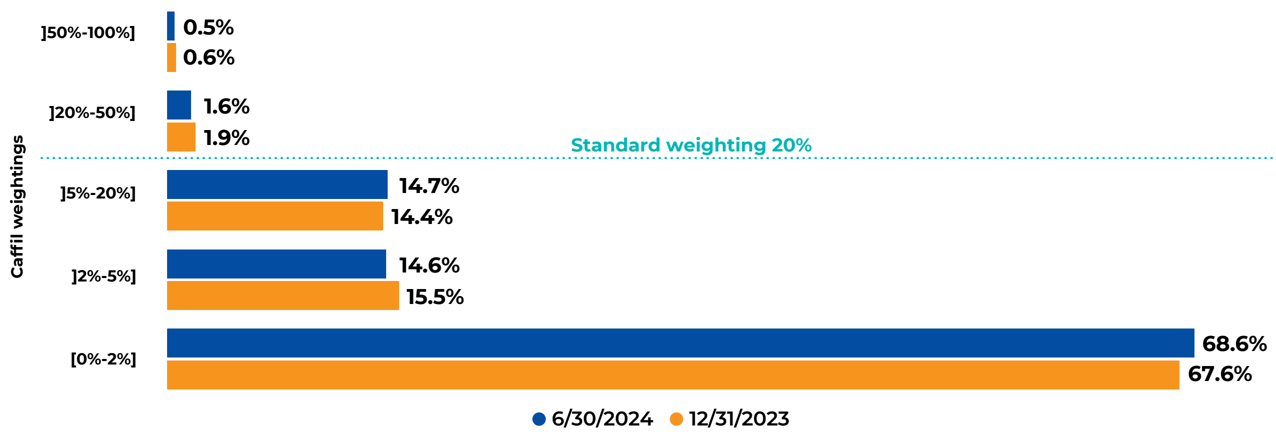


This breakdown represents exposure in the event of default, which takes into account the undrawn portion of loans granted. It therefore differs from that presented in section 2.2, which only presents the outstanding principal of loans in the balance sheet. It may be noted here that :

- 54% of these exposures were concentrated on French local authorities (regions, departments, municipalities, groups of municipalities, etc.);
- 22% 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 the assets in the portfolio.



This confirmed the excellent quality of the assets in the portfolio :

- 83% of the portfolio had a risk weighting of 5% or less;
- 2% of the portfolio had a weighting greater than 20%.

The average risk weighting of the assets was 4.6% (according to the advanced method). It was 4.8% at the end of 2023.

Arrears, doubtful loans and provisions

Financial year	Non-technical arrears	Doubtful and litigious loans
6/30/2024	**EUR 2 million** *i.e.* 0.00% of the assets	**EUR 134 million** (EUR 124 million of which 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 for loans with no arrears)

As of June 30, 2024, the non-technical arrears amounted to EUR 2 million and concerned only five clients in France. They remained stable at their lowest level ever during the first half of 2024 and represented 0.00% of Caffil's assets.

As of June 30, 2024, doubtful and litigious loans amounted to EUR 134 million, or 0.2% of Caffil's total assets. They were down by EUR 13 million compared to December 31, 2023 (EUR 147 million) and also reached their lowest level ever.

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

The total amount of provisions associated with balance sheet assets (loans or securities) or financing commitments amounted to EUR 20 million as of June 30, 2024 and were slightly down compared to December 31, 2023 (EUR 21 million).

EUR millions	**6/30/2024**	**12/31/2023**
Specific impairments	6	6
Collective impairments	14	15
TOTAL	**20**	**21**

As of June 30, 2024, the stock of specific provisions amounted to EUR 6 million. They were stable compared to December 31, 2023.

In addition, collective provisions are calculated on the various portfolios of assets and financing commitments. They amounted to EUR 14 million as of June 30, 2024 compared to EUR 15 million as of December 31, 2023. This change was mainly due to decisions taken during the year of entry to/exit from the scope of clients monitored on the credit watchlist.

Bank counterparty risk

Definition

Counterparty risk refers to the risk of loss on an exposure linked to the default of a counterparty. It depends on the amount of the exposure, the probability of default on the part of the counterparty, and the portion of the loan that cannot be recovered in the event of default.

Exposures to bank counterparties

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 3.0 billion as of June 30, 2024 (see section 2.2.1) ;
- derivative contracts, entered into within the framework of its management of interest rate and foreign exchange risks.

Caffil's derivative transactions are governed by ISDA or FBF (French Banking Federation) master agreements signed with major international banks, rated at least at the second credit quality step by the rating agencies. These contracts must meet certain constraints imposed on *sociétés de crédit foncier* (and other issuers of covered bonds) by the rating agencies. Over the last few years, Caffil amended these contracts to take into account recent EMIR regulatory changes (signing of variation margin amendments). All interest rate and currency swaps concluded by Caffil benefit from the same legal privilege as *obligations foncières*. For this reason, Caffil does not pay its derivative counterparties any cash collateral (or variation margin), whereas Caffil does receive cash collateral from them, except for some which benefit from the agencies' highest short-term rating.

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

All derivative exposures as of June 30, 2024, are listed below:

EUR billions	Total notional	% of total notional	Mark to Market -	+	Collateral received	Collateral paid	Number of counterparties
Cover pool - external counterparties	70.7	81%	(1.3)	0.1	(0.1)	-	23
Cover pool - Sfil	16.9	19%	(1.3)	-	-	-	1
Outside of cover pool - Sfil	0.2	0%	(0.1)	-	-	0.1	0
TOTAL	**87.8**	**100%**	**(2.7)**	**0.1**	**(0.1)**	**0.1**	**24**

As of June 30, 2024, Caffil was exposed to 24 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 counterparties represented a total of 53.2% of the notional amounts.

Market risk

Definition and scope of market risks

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. 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.

Balance sheet risk

Balance sheet risk management in the first half of the year took place in a context of stabilizing European interest rates and falling volatility. Acknowledging the decline in inflation and the slowdown in the economy, the ECB showed pragmatism by lowering its key rates as early of June without waiting for inflation to return to its 2% target. However, the announcement of the dissolution of the French National Assembly and early legislative elections in France resulted in a rise in uncertainties, leading to a widening of the OAT spread against the Bund. All other things being equal, the cost of refinancing of Caffil was relatively unaffected by the increase in the OAT yield.

The interest rate risk management method, which aims to limit the exposure to interest rate risk as much as possible, is relatively insensitive to market fluctuations.

The foreign exchange risk is marginal, as foreign currency outstandings are systematically hedged as soon as they are recognized on the balance sheet and until maturity.

Liquidity risk

Definition

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

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 June 30, 2024
EUR millions

	(nominal value)
Central bank deposits	472
High Quality Liquid Assets (HQLA) - exposures to credit institutions	2,124
High Quality Liquid Assets (HQLA) - excluding exposures to credit institutions	2,685
Other eligible securities available at the central bank	799
Eligible private loans with central banks	34,711
TOTAL LIQUIDITY RESERVES	**40,790**

The amount of liquidity reserves taken into account in the calculation of the Liquidity Coverage Ratio (LCR) is capped at the amount of the net cash outflows over 30 days, in accordance with the changes made in July 2022 to the calculation of the LCR in the context of the entry into force of the directive on covered bonds.

Liquidity risk management principles implemented by Caffil

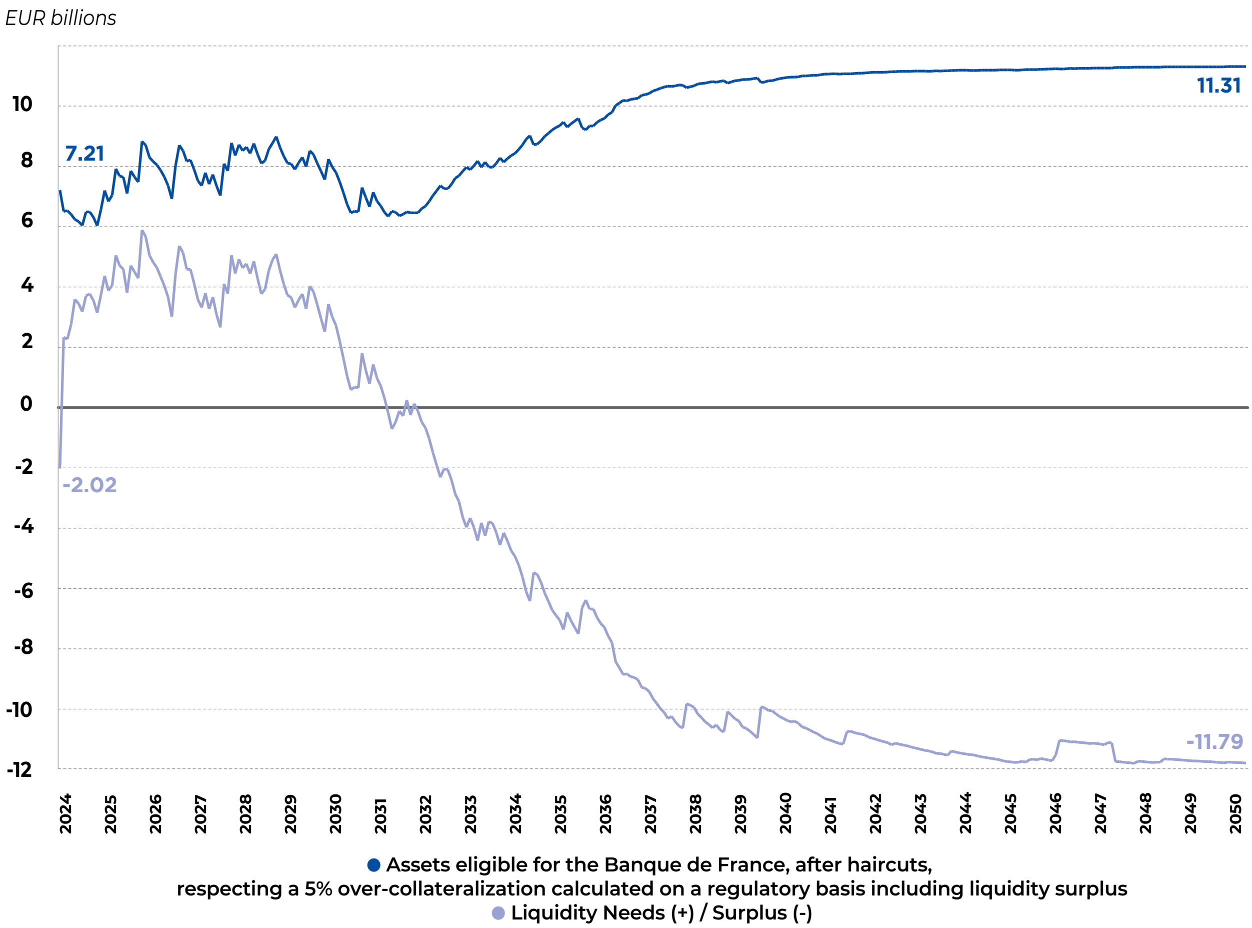
To control its liquidity risk, Caffil relies mainly on static, dynamic and stressed liquidity forecasts in order to ensure that the liquidity reserves at its disposal in the short and long term will be able to cope with its commitments.

The dynamic liquidity projections take into account business assumptions (new assets and new financing), under normal and stressed conditions, in order to ensure that the liquidity reserves at its disposal in the short and long term will be sufficient to cope with its commitments:

- under normal conditions, these forecasts aim to define the amounts and maturity of the various sources of financing that may be raised;
- under stressed conditions, these projections aim to assess the ability to resist a liquidity shock and to determine its survival horizon, which, consistent with its risk appetite, must remain longer than one year.

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.

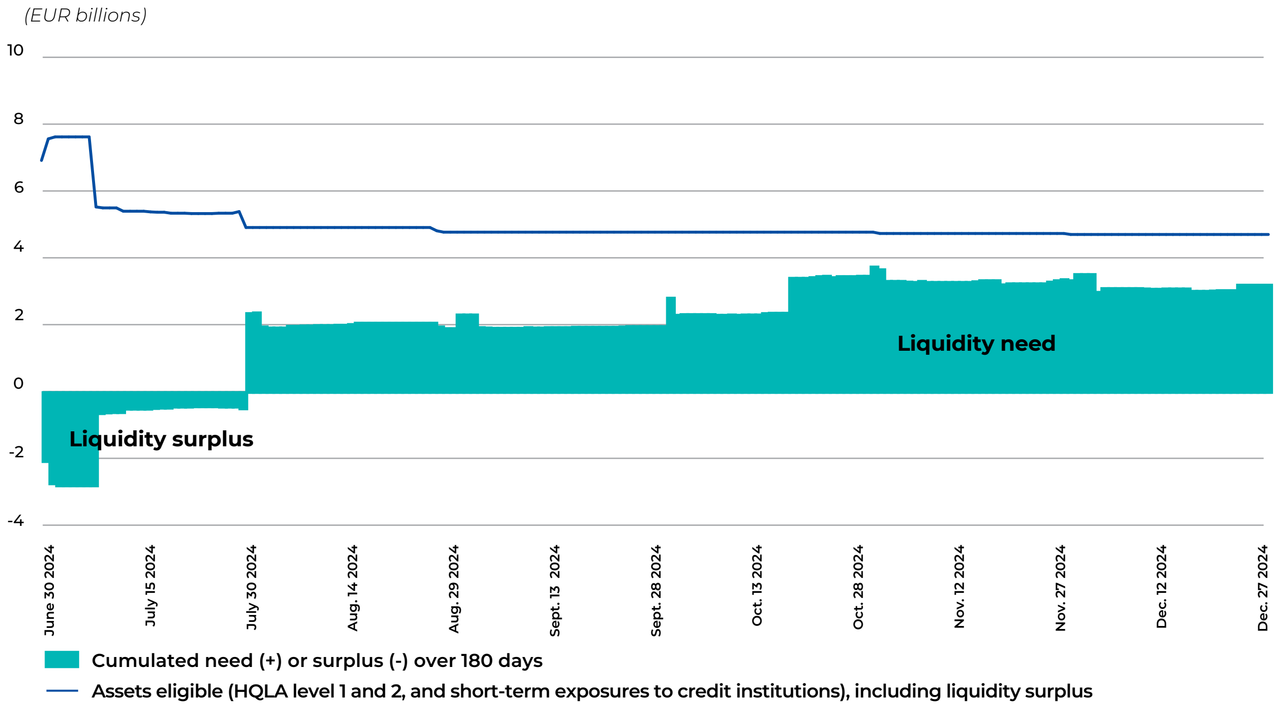


Caffil has thus its own autonomous, safe resources that enable it to cover its temporary liquidity needs, even in the event of the default of its parent company, since any legal proceedings engaged for the safeguard, bankruptcy or liquidation of its parent company cannot be extended to Caffil (article 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 ratio: 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 2.5);
  - 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 ratio (see below concerning transformation risk);
  - 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 .

As of June 30, 2024, the liquidity position at 180 days showed a cash surplus up to the end of July 2024 (with a maximum of EUR 2.7 billion at the beginning of July 2024) and a cash requirement over the rest of the period (with a maximum of EUR 3.7 billion at the end of October 2024). 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 LCR: as of June 30, 2024, it 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 June 30, 2024, Caffil's NSFR was 112%.

- ***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 duration gap between the privileged assets and liabilities (limited to three years): this is published every quarter and came to 0.35 years as of June 30, 2024 (see the specific section on transformation risk below).
- ***the indicators on a consolidated level:***
  - the dynamic financing requirement over a one-year period, as well as the issue conditions of Caffil;
  - the one-year survival horizon in stressed conditions;
  - management of the maturities of privileged liabilities;
  - the level of unencumbered assets mobilizable in the event of a liquidity crisis;
  - the sensitivity of the net present value of the static liquidity gap to an increase in the Group's funding costs;
  - the consumption of the spread and basis risk appetite for export credit transactions which measures the loss of income on these transactions which could result from stress on the funding costs in euros or foreign currency (USD or GBP).

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 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).

$$D = \sum_{t=1}^{T} [(t \times CFt) / (1 + st)^t] \Big/ \sum_{t=1}^{T} [(CFt) / (1 + st)^t]$$

The duration gap between the assets and the privileged liabilities is closely monitored since it is sensitive to fluctuations in interest rates (discount effect) 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)*	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024
Assets	6.24	6.08	6.11	6.06	5.98
Privileged liabilities	6.18	5.76	5.61	5.64	5.63
DURATION GAP BETWEEN ASSETS AND PRIVILEGED LIABILITIES	**0.06**	**0.32**	**0.50**	**0.42**	**0.35**
Duration gap limit	3	3	3	3	3

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

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 ratio 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)*	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024
Assets eligible for the over-collateralization	7.01	6.88	6.79	6.79	6.72
Privileged liabilities	6.85	6.38	6.15	6.19	6.22
WEIGHTED AVERAGE LIFE GAP BETWEEN THE ASSETS ELIGIBLE FOR THE OVER-COLLATERALIZATION AND THE PRIVILEGED LIABILITIES	**0.16**	**0.50**	**0.64**	**0.60**	**0.50**
Weighted average life gap	1.5	1.5	1.5	1.5	1.5

Weighted average life *(in years)*	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024
Assets	7.00	6.87	6.78	6.77	6.71
Privileged liabilities	6.85	6.38	6.15	6.19	6.22
WEIGHTED AVERAGE LIFE GAP BETWEEN ASSETS AND PRIVILEGED LIABILITIES	**0.15**	**0.49**	**0.63**	**0.58**	**0.49**

Regulatory limit

Current regulations impose a limit of one-and-a-half year on the weighted average life gap between assets eligible for over-collateralization and privileged liabilities. Caffil complies with this limit.

Interest rate risk

Definition

Interest rate structural risk is defined as the risk of loss incurred in the event of a change in interest rates that would lead to a loss in value of balance sheet and off-balance sheet transactions, excluding, if applicable, any trading portfolio transactions. As Caffil does not hold a trading portfolio, it is not affected by this last exception.

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:

Fixed interest rate risk	Results from the difference in volume and maturity between assets and liabilities with a fixed rate or an adjustable rate that has already been set. This risk can result in the case of interest rate curve parallel shifts (translation) or steepening, flattening or rotation.
Basis risk	Results from the gap that may exist in the matching of assets and liabilities which are indexed on variable rates of different types or index tenors.
Fixing risk	Results, for each index, from the gap between the fixing dates applied to all the variable rate balance sheet and off-balance sheet items linked to the same index tenor.
Option risk	Arises from the triggering of implicit or explicit options due to a change in interest rates, or the possibility given to the institution or its customer to change the level and/or timing of cash flows of an operation.

Hedging Strategy

Caffil has defined a fixed-rate risk appetite, which is broken down into a system of limits governing the sensitivity of the net present value. In order to manage this sensitivity 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 being exceeded. Micro-hedging is carried out exclusively by swaps;
- macro-hedging of interest rate risk for all transactions that are not micro-hedged. The transactions concerned are mainly (i) loans to the local public sector and (ii) issues of *obligations foncières* denominated in euros. This macro-hedging is obtained as much as possible by matching fixed-rate assets and liabilities *via* the unwinding of swaps and, for the rest, by setting up new swaps against €STER (previously against EURIBOR).

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, fixed-rate debts to the Banque de France are not hedged, but also finance fixed-rate assets.

These 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 quarter among the eight scenarios used is presented below:

EUR millions	Limit	6/30/2023 ***(pro forma)***	9/30/2023	12/31/2023	3/31/2024	**6/30/2024**
Maximum loss observed in NPV	(80)	(24.6)	(9.2)	(13.9)	(26.0)	(22.4)

Foreign exchange risk

Definition

The foreign exchange risk is defined as the risk of recorded or unrealized net income volatility, linked to a change in the exchange rate of currencies against a reference currency. The reference currency of Caffil is the euro. The foreign exchange risk reflects 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.

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.

Operational risk

Definition

The Sfil Group defines operational risk as the risk of loss arising from an inadequacy or failure in the processes, personnel and internal systems or from external events including the legal risk. It includes model risks but excludes strategic risks.

The operational risk management processes apply to all divisions, activities and processes of Sfil and Caffil.

Measurement and management of operational risk excluding non-compliance risk

The Sfil Group has opted for the standard method of calculating the regulatory equity requirement for operational risk. This requirement amounted to EUR 32.8 million as of June 30, 2024.

Sfil's activities in the first half of 2024 generated only two incidents above the collection thresholds that only generated losses in man-days.

Non-compliance risk

Definition

Non-compliance risk is defined in article 10 p) of the arrêté of November 3, 2014, as amended as 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 by the bank 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.

Non-compliance risks by the Sfil Group are organized into two major categories: regulatory non-compliance risks and risks in terms of financial security.

2

Regulatory non-compliance risks					Risks in terms of financial security			
Professional conduct and prevention of conflicts of interest	Markets integrity	Protection of customer interests	Fight against corruption	Protection of personal data	Customer knowledge (KYC)	AML/CFT	Sanctions, asset freezes and embargoes	Export rules

The non-compliance risk management processes apply to all the Sfil Group's departments, activities and processes. The monitoring and control of these risks is based, among other things, on a mapping of non-compliance risks and an associated internal control system.

Implementation of the compliance system

In terms of financial security / AML/CFT, the Sfil Group, as part of the project to manage money laundering and terrorist financing risks, finalized the review of its AML/CFT normative corpus, which is consistent with the corpus of its parent company, Caisse des Dépôts. This corpus was presented to and validated by the governance bodies of the Sfil Group in March 2024. During the first half of the year, Sfil's Compliance division focused on the operational implementation of these new standards to ensure consistency with intra-group reporting standards, thus enabling enhanced steering of the AML/CFT systems. Sfil's Compliance division is a member of Caisse des Dépôts' AML/CFT Steering Committee, which enables, among other things, to share best practices in terms of financial security.

In the fight against corruption, the risk mapping is the cornerstone of risk management to identify, assess and prioritize the Sfil Group's exposure to corruption risks. The mapping is reviewed once a year for presentation to the governance bodies of the Sfil Group. Although Sfil is not subject to the Sapin II law, it has also taken into account the recommendations of the French Anti-Corruption Agency insofar as they are relevant to its activities. The Sfil Group has a recently updated third-party supplier assessment procedure. The procedure is an important part of its system. In particular, it incorporates the fundamental principles relating to the implementation of appropriate measures to prevent, detect and deter corruption with "zero tolerance", in line with the Caisse des Dépôts Group's corruption prevention policy. It promotes an anti-corruption culture in employee behavior. Lastly, the Sfil Group's internal whistleblowing system complies with the regulatory requirements of the European Banking Authority's guidelines transposed by the Waserman laws and the implementing decree of October 3, 2022.

When it comes to protecting customer interests, risks are mapped and reviewed once a year. Training on customer protection was rolled out and provided to business lines in conjunction with customers. The importance that the Sfil Group attaches to this topic is reflected in its Ethics and Professional Conduct Code.

In terms of personal data protection, the Personal Data Protection Officer ensures that the associated compliance systems are maintained. An annual report on the activity of the Data Protection Officer and the compliance of the Sfil Group with the European regulation on the protection of personal data is presented once a year to the governance bodies of the Sfil Group.

The fact that the Sfil Group's Permanent Control division reports directly to the General Secretariat gives it independence *vis-à-vis* the Compliance division and in particular the AML/CFT system in accordance with regulatory requirements. The permanent control system aims to provide reasonable assurance on the level of risk control. The control plan evolves in line with regulatory changes, the activities of the Sfil Group and changes in risks. In this context, the governance bodies of the Sfil Group approve the compliance control plan once a year.

The training plan presented to the Risks and Internal Control Committee in March 2024 was rolled out in line with the objectives defined at the beginning of the year. The training of employees and corporate officers is a priority for the Sfil Group insofar as it contributes to spreading the culture of compliance. These training courses cover all topics: the fight against money laundering and the financing of terrorism, customer protection, the fight against corruption, professional conduct and ethics, prevention of conflicts of interest and market abuse, protection of personal data. The compliance training plan provides for a program dedicated to corporate officers on governance and compliance.

In general, the Compliance division continued to improve its organization, processes and tools with a focus on digital, with the growing aim of improving its effectiveness in handling regulatory changes and meeting supervisors' expectations.

Legal and tax risk

Legal 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.

As of June 30, 2024, to the bank's knowledge, there were no lawsuits or disputes considered significant between Caffil and its borrowers.

Tax risk

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

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

03

Interim French Gaap Financial Statements

Interim French Gaap Financial Statements

03

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3.1 Financial statements

3.1.1 Assets

EUR millions	*Notes*	12/31/2023	6/30/2024
Central banks	*2.1*	1 053	1 996
Government and public securities	*2.2*	2 889	3 078
Loans and advances to banks	*2.3*	8 016	9 183
Loans and advances to customers	*2.4*	46 238	46 954
Bonds and other fixed income securities	*2.5*	4 186	4 320
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 capital		-	-
Treasury stock		-	-
Other assets	*2.6*	93	72
Accruals and other liabilities	*2.7*	2 497	2 541
TOTAL ASSETS	***2.8***	**64 973**	**68 145**

3.1.2 Liabilities

EUR millions	*Notes*	12/31/2023	6/30/2024
Central banks		-	-
Due to banks	*3.1*	6 926	9 983
Customer borrowings and deposits		-	-
Debt securities	*3.2*	53 751	53 911
Other liabilities	*3.3*	162	135
Accruals and other liabilities	*3.4*	2 622	2 645
Provisions	*3.5*	28	28
Subordinated debt		-	-
EQUITY		**1 483**	**1 443**
Share capital	*3.6*	1 350	1 350
Additional paid-in capital	*3.6*	-	-
Reserves and retained earnings	*3.6*	67	70
Net income	*3.6*	66	24
TOTAL LIABILITIES	***3.7***	**64 973**	**68 145**

3.1.3 Off-balance sheet items

EUR millions	*Notes*	12/31/2023	6/30/2024
COMMITMENTS GRANTED	**4.1**	**6 877**	**7 144**
Financing commitments		6 870	7 137
Guarantees granted		-	-
Commitments on securities		-	-
Other commitments granted		7	7
COMMITMENTS RECEIVED	**4.2**	**16 164**	**17 497**
Financing commitments		50	50
Guarantees received		16 114	17 447
Commitments on securities		-	-
Forward commitments received		-	-
Other commitments received		-	-
OTHER COMMITMENTS		**100 531**	**96 463**
Foreign currency transactions	*4.3*	13 109	13 900
Commitments on forward financial instruments	*4.4*	87 422	82 563

3.1.4 Income statement

EUR millions	*Notes*	1H23	2023	1H24
Interest income	*5.1*	1 268	2 815	1 706
Interest expense	*5.1*	(1 164)	(2 636)	(1 628)
Income from variable income securities		-	-	-
Commission income	*5.2*	-	0	-
Commission expense	*5.2*	(1)	(3)	(1)
Net gains (losses) on held for trading portfolio		0	(0)	0
Net gains (losses) on placement portfolio	*5.3*	7	7	(0)
Other banking income		0	0	0
Other banking expense		(0)	(0)	(0)
NET BANKING INCOME		**110**	**183**	**76**
General operating expenses	*5.4*	(60)	(109)	(49)
Depreciation and amortization		-	-	-
GROSS OPERATING INCOME		**50**	**75**	**28**
Cost of risk	*5.5*	(1)	2	0
INCOME FROM OPERATIONS		**49**	**77**	**28**
Gains or losses on fixed assets	*5.6*	-	-	-
INCOME BEFORE NON-RECURRING ITEMS AND TAXES		**49**	**77**	**28**
Non-recurring items		-	-	-
Income tax	*5.7*	(11)	(11)	(5)
NET INCOME		**38**	**66**	**24**
Basic earnings per share		2,8	4,9	1,7
Diluted earnings per share		2,8	4,9	1,7

3.1.5 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	(43)
Other movements	-
SITUATION AS OF 6/30/2024	
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	24
EQUITY AS OF 6/30/2024	**1 443**

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3

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 June 30, 2024, were examined by the Management Board on September 4, 2024 and presented to the Supervisory Board on September 5, 2024.

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 June 30, 2024, were prepared using the same accounting policies as those used in the financial statements as of December 31, 2023.

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 loans granted to or guaranteed by local authorities and public health institutions.

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 non-performing loans section), 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 lower of historical cost or the present value of expected cash flows from interest, repayment of principal and, where applicable, the net value of collateral.

Interest on loans downgraded to non-performing continues to be recognized after the downgrade.

Impairment is at least equal to the amount of interest recorded on non-performing loans and not collected.

Impairment corresponding to unpaid interest is recognized in NBI, while the portion corresponding to principal is recognized in cost of risk.

Litigious loans are provisioned on a case-by-case basis.

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 include:

- 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 to valuate 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 legal 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*.

Issue 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: outstandings 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 represent an expense under tax provisions.

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.

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 Republic, called an enhanced guarantee. 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 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 ofCaffil as of June 30, 2024

Sfil
112-114, avenue Émile-Zola,
75015 Paris

Note 2 Notes to the assets *(EUR millions)*

2.1 Central banks

	12/31/2023	6/30/2024
Mandatory reserves	-	-
Other deposits	1 053	1 996
TOTAL	**1 053**	**1 996**

2.2 Government and public entity securities eligible for central bank refinancing

2.2.1 Accrued interest included in this item: 36

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
-	2	208	763	2 068	-	3 041

2.2.3 Analysis by listed securities and other securities excluding accrued interest

	Net amount as of 12/31/2023	Gross amount as of 6/30/2024	Impairment as of 06/30/2024	Net amount as of 6/30/2024	Unrealized capital gain or loss as of 6/30/2024[2]
Listed securities[1]	2 846	3 041	-	3 041	(479)
Other securities	-	-	-	-	-
TOTAL	**2 846**	**3 041**	**-**	**3 041**	**(479)**

(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	Net amount as of 12/31/2023	Gross amount as of 12/31/2023	Acquisitions, increase	Amortization, redemption or disposals	Other movements	Exchange rate variation	Impairment as of 6/30/2024	Net amount as of 6/30/2024[1]	Unrealized capital gain or loss as of 6/30/2024[2]
Trading	-	-	-	-	-	-	-	-	-
Placement	116	116	-	(0)	-	-		115	(14)
Investment	2 730	2 730	215	(20)	0	-	-	2 926	(465)
TOTAL	**2 846**	**2 846**	**215**	**(20)**	**0**	**-**	**-**	**3 041**	**(479)**

(1) These amounts include a premium/discount of EUR 5 million for the placement portfolio and of EUR 37 million for the investment portfolio.
(2) The unrealized capital gain or loss is calculated as the difference between the book value and the market value, taking derivatives into account.

2.2.5 Impairment breakdown by country

See note 2.9.

2.3 Loans and advances to banks

2.3.1 Sight accounts and advances to banks

	12/31/2023	6/30/2024
Sight accounts	11	21
Unallocated sums	-	-
TOTAL	**11**	**21**

2.3.2 Term loans and advances to banks

2.3.2.1 Accrued interest included in this item: 85

2.3.2.2 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
157	52	777	3 474	4 618	-	9 078

2.3.2.3 Analysis by initial maturity excluding accrued interest

	Net amount as of 12/31/2023	Gross amount as of 6/30/2024	Impairment as of 6/30/2024	Net amount as of 6/30/2024
Loans of less than 1 year	-	-	-	-
Loans of more than 1 year	7 923	9 078	-	9 078
TOTAL	**7 923**	**9 078**	**-**	**9 078**

2.3.2.4 Breakdown by counterparty

	12/31/2023	6/30/2024
Sfil – Export credits refinancing loans guaranteed by the French Republic(1)	7 809	8 995
Cash advances granted to Caisse des Dépôts et Consignations(2)	113	83
Banks guaranteed by a local government, *crédits municipaux*	0	0
TOTAL	**7 923**	**9 078**

(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.*

(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: 436

2.4.2 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
480	621	3 327	15 715	26 381	(6)	46 518

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

Economic sector	12/31/2023	6/30/2024
Public sector	44 862	45 619
Other sectors	957	899
TOTAL	**45 818**	**46 518**

2.4.4 Analysis by initial maturity excluding accrued interest

	Net amount as of 12/31/2023	Gross amount as of 6/30/2024	Impairment as of 6/30/2024	Net amount as of 6/30/2024
Loans of less than 1 year	6	5	-	5
Loans of more than 1 year	45 812	46 519	(6)	46 513
TOTAL	**45 818**	**46 524**	**(6)**	**46 518**

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

	Net amount as of 12/31/2023	Gross amount as of 6/30/2024	Impairment as of 6/30/2024	Net amount as of 6/30/2024
Performing commitments (1) (4)	45 680	46 391	-	46 391
Non-performing loans (2) (4)	15	9	(0)	9
Compromised non-performing loans (3) (4)	123	124	(6)	118
TOTAL	**45 818**	**46 524**	**(6)**	**46 518**

(1) of which loans restructured in the past and now classified as performing for EUR 346 million
(2) of which restructured loans for EUR 0 million.
(3) of which restructured loans for EUR 24 million.
(4) Clients who have undergone restructuring are very largely clients such as French local authorities or public hospitals.

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

	Net amount as of 12/31/2023	Allocations	Reversals	Transfers	Amount as of 6/30/2024
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)	(1)	1	-	(2)
TOTAL	**(6)**	**(1)**	**2**	**-**	**(6)**

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: 42

2.5.2 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
24	145	478	2 192	1 440	-	4 278

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

	12/31/2023	6/30/2024
Public sector	1 470	1 392
Other sectors (guaranteed by a central or a local government)	-	-
Credit institutions	2 667	2 886
TOTAL	**4 138**	**4 278**

2.5.4 Analysis by listed securities and other securities excluding accrued interest

	Net amount as of 12/31/2023	Gross amount as of 6/30/2024	Impairment as of 6/30/2024	Net amount as of 6/30/2024	Unrealized capital gain or loss as of 6/30/2024(2)
Listed securities(1)	3 011	3 246	-	3 246	(51)
Other securities	1 126	1 032	-	1 032	(46)
TOTAL	**4 138**	**4 278**	**-**	**4 278**	**(96)**

(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	Net amount as of 12/31/2023	Gross amount as of 12/31/2023	Acquisitions, increase	Amortization, redemption or disposals	Other movements	Exchange rate variation	Impairment as of 6/30/2024	Net amount as of 6/30/2024(1)	Unrealized capital gain or loss as of 6/30/2024(2)
Trading	-	-	-	-	-	-	-	-	-
Placement	294	295	-	(140)	1	5	-	161	16
Investment	3 843	3 843	663	(415)	25	0	-	4 117	(112)
TOTAL	**4 138**	**4 138**	**663**	**(555)**	**26**	**5**	**-**	**4 278**	**(96)**

(1) This amount includes a premium/discount of EUR 65 million for the investment portfolio.
(2) The unrealized capital gain or loss is calculated as the difference between the book value and the market value, taking derivatives into account.

2.5.6 Breakdown of impairment by country

See note 2.9.

2.6 Other assets

	12/31/2023	6/30/2024
Taxes	23	10
Other receivables	7	7
Collateral cash paid to Sfil*	63	55
TOTAL	**93**	**72**

* *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

	12/31/2023	6/30/2024
Deferred losses on hedging transactions	791	761
Deferred charges on bond issues	58	60
Prepaid charges on hedging transactions	163	152
Premiums on acquisition of loans	548	564
Other prepaid charges	0	0
Accrued interest not yet due on hedging transactions	930	990
Translation adjustments	-	-
Other deferred income	1	10
Other accruals	5	5
TOTAL	**2 497**	**2 541**

2.8 Breakdown of assets by currency

	Amount in original currency as of 12/31/2023	Amount in euros as of 12/31/2023	Amount in original currency as of 6/30/2024	Amount in euros as of 6/30/2024
EUR	64 409	64 409	64 275	64 275
CHF	128	138	471	489
GBP	129	149	237	280
PLN	56	13	1	0
SEK	-	-	170	15
USD	46	42	3 174	2 966
AUD	20	12	0	0
CAD	306	210	175	119
HKD	-	-	0	(0)
JPY	-	-	0	0
TOTAL		**64 973**		**68 145**

2.9 Breakdown of depreciation by country

	Amount as of 12/31/2023	Amount as of 6/30/2024
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	**(6)**	**(6)**
France	(6)	(6)

3

Note 3 Notes to the liabilities *(EUR millions)*

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: 163

3.1.2 Debt to credit institutions excluding accrued interest

	12/31/2023	6/30/2024
Sight accounts	-	-
Current account – parent company	-	-
Term borrowing – parent company	6 830	9 820
Unallocated sums	-	-
TOTAL	**6 830**	**9 820**

3.1.3 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
Sight	-	-	-	-	-	-	-
Term	2 850	700	1 000	4 770	500	-	9 820
TOTAL	**2 850**	**700**	**1 000**	**4 770**	**500**	**-**	**9 820**

3.2 Debt securities

3.2.1 Debt securities (*obligations foncières*)

3.2.1.1 Accrued interest included in this item: 417

3.2.1.2 Analysis by residual maturity excluding accrued interest

Type of securities	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	2 000	70	3 447	18 598	23 063	-	47 179
of which net issue premiums	*(0)*	*(0)*	*0*	*16*	*(34)*	-	*(18)*

3.2.1.3 Changes during the financial year excluding accrued interest

Type of securities	Amount as of 12/31/2023	Increases	Decreases	Other movements	Amount as of 6/30/2024
Obligations foncières	47 055	2 463	(2 337)	(2)	47 179

3.2.2 Other bonds (registered covered bonds)

3.2.2.1 Accrued interest included in this item: 144

3.2.2.2 Analysis by residual maturity excluding accrued interest

Type of securities	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More tha n 5 years	Indeterminate	Total
Registered covered bonds	-	88	218	1 986	3 879	-	6 171
of which net issue premiums	-	*(0)*	*(0)*	*(1)*	*29*	-	*28*

3.2.2.3 Changes during the financial year excluding accrued interest

Type of securities	Amount as of 12/31/2023	Increases	Decreases	Other movements	Amount as of 6/30/2024
Registered covered bonds	6 123	250	(203)	-	6 171

3.3 Other liabilities

	12/31/2023	6/30/2024
Cash collateral received	94	91
Accrued interest not yet due on cash collateral received	0	0
Taxes	18	4
Balances to pay on unwound hedging contracts	-	-
Contribution to the support fund*	50	40
Other creditors	(0)	(0)
TOTAL	**162**	**135**

* *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

	12/31/2023	6/30/2024
Deferred gains on hedging transactions	-	-
Deferred income on hedging transactions	631	605
Deferred income on loans	688	685
Accrued interest not yet due on hedging transactions	1 002	972
Other accrued charges	20	18
Translation adjustments	281	365
Other accruals - liabilities	-	-
TOTAL	**2 622**	**2 645**

3.5 Provisions for risks and charges

	Amount as of 12/31/2023	Increases	Decreases	Other movements	Amount as of 6/30/2024
Loans and commitments(1)	15	1	(1)	-	14
Financial instruments(2)	13	1	-	-	14
Other provisions	0	-	(0)	-	-
TOTAL	**28**	**2**	**(2)**	**-**	**28**

(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

	Amount as of 12/31/2023	Amount as of 6/30/2024
Share capital	1 350	1 350
Legal reserve	66	70
Retained earnings (+/-)	0	0
Net income (+/-)	66	24
TOTAL	**1 483**	**1 443**

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 to Sfil, its parent company, 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

	Amount in original currency as of 12/31/2023	Amount in euros as of 12/31/2023	Amount in original currency as of 6/30/2024	Amount in euros as of 6/30/2024
EUR	64 409	64 409	64 275	64 275
CHF	128	138	471	489
GBP	129	149	237	280
PLN	56	13	1	0
SEK	-	-	170	15
USD	46	42	3 174	2 966
AUD	20	12	0	0
CAD	306	210	175	119
HKD	-	-	0	(0)
JPY	-	-	0	0
TOTAL		**64 973**		**68 145**

3.8 Transactions with related parties

	Parent company[1]		Other related parties[2]	
Analysis by nature	12/31/2023	6/30/2024	12/31/2023	6/30/2024
ASSETS				
Loans and advances to banks	7 891	9 078	114	84
Bonds and other fixed income securities	-	-	41	41
Other assets	86	65	-	-
Accruals and other assets	226	243	1	1
LIABILITIES				
Due to banks	6 926	9 983	-	-
Debt securities	-	-	295	422
Other liabilities	17	4	-	-
Accruals and other liabilities	329	321	0	1
INCOME STATEMENT				
Interest income	441	322	2	3
Interest expense	(509)	(375)	(11)	(7)
Commission income	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	(102)	(45)	-	-
OFF-BALANCE SHEET				
Interest rate derivatives	14 829	16 222	-	-
Foreign exchange derivatives	1 011	1 192	-	-
Financing commitments received	50	50	-	-
Other commitments received[3]	-	-	124	90
Financing commitments given	6 859	7 109	10	7

(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 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.

Note 4 Notes to the off-balance sheet items *(EUR millions)*

4.1 Commitments granted

	12/31/2023	6/30/2024
Financing commitments granted to credit institutions(1)	6 869	7 116
Financing commitments granted to customers(2)	1	20
Commitments on securities - commitments to pay	-	-
Other commitments given, assets assigned in guarantee(3)	7	7
TOTAL	**6 877**	**7 144**

(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 modification for Caffil in the accounting of these commitments.

4.2 Commitments received

	12/31/2023	6/30/2024
Financing commitments received from credit institutions(1)	50	50
Currencies borrowed	-	-
Guarantees received from credit institutions	-	-
Enhanced guarantees(2)	14 748	16 187
Guarantees received from local governments and asset transfers as guarantees of commitments on local governments	1 243	1 169
Commitments on securities - securities to be received	-	-
Other commitments received(3)	124	90
TOTAL	**16 164**	**17 497**

(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) The financing and financing commitments granted to Sfil by Caffil to refinance the former's large export credits benefit from a 100% unconditional and irrevocable guarantee of the French Republic, referred to as an enhanced guarantee.
(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.

	12/31/2023	6/30/2024	Fair value as of 6/30/2024
Currencies to receive	6 273	6 584	(222)
Currencies to deliver	6 554	6 951	146
TOTAL	**12 828**	**13 535**	**(76)**

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

	Amount as of 12/31/2023	Up to 1 month	From 1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Indeter-minate	6/30/2024
Notional amount	87 422	6 784	1 501	11 507	26 976	35 796	-	82 563
of which deferred start	*12 597*	-	-	*2 000*	*27*	*1 094*	-	*3 120*

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

4.4.2 Analysis of interest rate transactions by product type

	12/31/2023	6/30/2024
Interest rate swaps	87 422	82 563
Term contracts	-	-
Interest rate options	-	-
TOTAL	**87 422**	**82 563**

4.4.3 Analysis of interest rate swap transactions

	12/31/2023	6/30/2024	Fair value as of 6/30/2024
Micro-hedge	46 537	46 295	(2 321)
Macro-hedge	40 885	36 269	192
TOTAL	**87 422**	**82 563**	**(2 129)**

4.4.4 Analysis of interest rate transactions by counterparty

	12/31/2023	6/30/2024
Related parties	14 829	16 222
Other counterparties	72 593	66 341
TOTAL	**87 422**	**82 563**

Note 5 Notes to the income statement *(EUR millions)*

5.1 Interest and related income/expense

	1H23	1H24
INCOME	**1 268**	**1 706**
Due from banks	138	222
Due from customers	607	744
Bonds and other fixed income securities	74	143
Macro-hedge transactions	449	598
Other commitments	-	-
EXPENSE	**(1 164)**	**(1 628)**
Due to banks	(103)	(176)
Due to customers	(34)	(55)
Bonds and other fixed income securities	(603)	(854)
Macro-hedge transactions	(424)	(542)
Other commitments	-	-
INTEREST MARGIN*	**105**	**78**

* *In first-half 2023, the interest margin included upfront balances of EUR +9 million, compared with EUR -9 million in first-half 2024. These balances are directly linked to the accounting treatment of terminations of interest-rate hedges as part of the policy of naturally matching fixed-rate assets and liabilities (see accounting principles). Adjusted for these items, the decline in interest margin was more limited (EUR -9 million), despite the volatile financial markets and the general rise in financing costs.*

5.2 Commissions received and paid

	1H23	1H24
COMMISSIONS (INCOME)	**-**	**-**
Commissions received on securities	-	-
Commissions received on forward financial instruments	-	-
Commissions received on financial services	-	-
Other commissions received	-	-
COMMISSIONS (CHARGES)	**(1)**	**(1)**
Commissions paid on securities	(1)	(1)
Commissions paid on forward financial instruments	-	-
Commissions paid on financial services	(0)	(0)
Others commissions paid	(0)	(0)
TOTAL	**(1)**	**(1)**

5.3 Net gains or losses on portfolio transactions

	1H23	1H24
Transactions on placement securities*	7	(0)
Transactions on interest rate derivatives	-	-
Foreign exchange transactions	0	0
TOTAL	**7**	**(0)**

* *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 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.

	1H23	1H24
Payroll costs	-	-
Other general and administrative operating expenses	(54)	(46)
Taxes	(6)	(3)
TOTAL	**(60)**	**(49)**
of which fees charged back by Sfil	*(53)*	*(45)*

5.5 Cost of risk

	1H23	1H24
Collective and specific impairments	(1)	0
TOTAL	**(1)**	**0**

5.6 Gains or losses on fixed assets

	1H23	1H24
Transactions on investment securitie	-	-
Other operations	-	-
TOTAL	**-**	**-**

5.7 Corporate income tax

	1H23	1H24
Income tax for the year	(11)	(5)
Deferred taxes on previous financial years	-	-
TOTAL	**(11)**	**(5)**

Note 6 Impact of the war in Ukraine on the 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 39 million at June 30, 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

	1H23	1H24
NET INCOME BEFORE TAX	**49**	**28**
+/- Net depreciation and amortization of tangible and intangible fixed assets	-	-
+/- Depreciation and write-downs	(6)	(1)
+/- Expense/income from investing activities	-	-
+/- Expense/income from financing activities	-	-
+/- Other non-cash items	47	(70)
Non-monetary items included in net income before tax and other adjustments	**41**	**(71)**
+/- Cash from interbank operations	(412)	(1 091)
+/- Cash from customer operations	195	(691)
+/- Cash from financing assets and liabilities	(595)	(306)
+/- Cash from not financing assets and liabilities	(11)	(10)
- Income tax paid	(19)	(13)
DECREASE/(INCREASE) IN CASH FROM OPERATING ACTIVITIES	**(842)**	**(2 112)**
CASH FLOW FROM OPERATING ACTIVITIES (A)	**(752)**	**(2 154)**
CASH FLOW FROM INVESTING ACTIVITIES (B)	**-**	**-**
+/- Cash flows to/from shareholders	(84)	(63)
+/- Other cash from financing activities	(246)	3 169
CASH FLOW FROM FINANCING ACTIVITIES (C)	**(329)**	**3 106**
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)	**-**	**-**
INCREASE/(DECREASE) IN CASH EQUIVALENTS (A + B + C + D)	**(1 082)**	**952**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1 836**	**1 070**
Cash and balances with central banks (assets & liabilities)	1 808	1 053
Interbank accounts (assets & liabilities) and loans/sight deposits	28	17
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**754**	**2 022**
Cash and balances with central banks (assets & liabilities)	709	1 996
Interbank accounts (assets & liabilities) and loans/sight deposits	45	26
CHANGE IN NET CASH	**(1 082)**	**952**

Note 8 Post-closing events

No event that has a material impact on the Company's financial situation has occurred since June 30, 2024.

3.3 Statutory Auditors' review report on the interim financial information

For the period from January 1, 2024 to June 30, 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 should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

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

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying interim financial statements of Caisse Française de Financement Local for the period from January 1, 2024 to June 30, 2024;
- the verification of the information presented in the interim activity report.

These financial statements are the responsibility of the Executive Board. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing came to our attention that caused us to believe that the accompanying interim financial statements have not been prepared, in all material respects, in accordance with French generally accepted accounting principles.

Specific verification

We also verified the information given in the interim activity report on the interim financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the interim financial statements.

Neuilly sur Seine and Paris La Défense, September 9, 2024

PricewaterhouseCoopers Audit	**KPMG S.A.**
Ridha BEN CHAMEK	Jean-François DANDÉ

04

Statement by the person responsible

04

Statement by the person responsible

I, the undersigned, Herdile Guérin, Chairwoman of the Executive Board of Caisse Française de Financement Local, hereby affirm that, to the best of my knowledge, these interim financial statements have been prepared in conformity with applicable accounting standards and provide an accurate and fair view of the assets and liabilities, financial position and earnings of the Company, and that the interim activity report presents a fair image of significant events that have taken place during the first six months of the financial year and their impact on the interim financial statements, and a description of all the major risks and uncertainties concerning the remaining six months of the financial year.

Paris, September 6, 2024

Herdile Guérin

Chairwoman of the Executive Board

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More information on caffil.fr

A limited liability company with an Executive Board
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à directoire et conseil de surveillance)
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