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NORD/LB Issuer Guide 2023 – French Agencies

Markets Strategy & Floor Research

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Marketing communication (see disclaimer on the last pages)

NORD/LB

ISSUER GUIDE 2023

French Agencies

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The French agency market – an overview

Authors: Dr Norman Rudschuck, CIIA // Jan-Phillipp Hensing

French agency market characterised by institutions with a diverse range of activities
The French agency market is the second-largest of its kind in Europe. The aggregated outstanding total volume of the ten institutions covered in this Issuer Guide amounts to the equivalent of around EUR 360bn. In part, there are huge differences between the market players active in France. The market is dominated, in particular, by institutions closely associated with the French social security system (Caisse d'Amortissement de la Dette Sociale [CADES] and Unédic). Financial institutions such as Caisse des Dépôts et Consignations (CDC) and Bpifrance are also important market players. Another benchmark issuer joined the French agency market over the course of 2015: Agence France Locale (AFL). Its focus is on the provision of financing to French regional governments and local authorities (RGLAs). In 2016, Société de Financement Local (SFIL) was added to our coverage, before the regular green benchmark issuer Société du Grand Paris (SGP) was included in 2018.

Some issuers not included in this Issuer Guide
Some issuers have not been included in this Issuer Guide as they only have small bond volumes outstanding or are not agencies according to our definition. In this context, we highlight the fact that Assistance publique – Hôpitaux de Paris (AP-HP), which is responsible for operating French hospitals, and the operator of the Parisian transport system, Régie autonome des transports Parisiens (RATP; corporate), are not included in this publication. Following its re-branding, SNCF Réseau (formerly RFF; the operator of the French railway network that has formed part of our coverage in recent years) is likewise no longer included.

French agencies – an overview

Institution	Type	Owner(s)	Guarantee	Risk weight
Caisse d'Amortisation de la Dette Sociale (CADES)	Deficit and debt amortisation fund	100% France	EP status	0%
Agence Française de Développement (AFD)	Promotional development bank	100% France	EP status	20%
Unédic	Institution of the social security system	50% employer associations, 50% trade unions	Explicit guarantee of the EMTN programme	0%
Caisse des Dépôts et Consignations (CDC)	Other financial institute	100% France	ES status	0%
Bpifrance	Promotional bank	49.2% EPIC Bpifrance [Owner: 100% France], 49.2% Caisse des Dépôts et Consignations [Owner: 100% France], 1.4% private banks, 0.2% Bpifrance	Explicit guarantee for the EMTN programme (through EPIC BPI-Groupe)	20%
Société anonyme de gestion de stocks de sécurité (SAGESS)	Administrator of strategic oil reserves	46% refineries and European distribution companies, 37% hypermarkets, 17% independents	-	20%
Agence France Locale (AFL)	Municipal bank	99.9999% Agence France Locale – Société Territoriale (AFL – ST) 0.0001% Lyon metropolitan area	Explicit guarantee (through AFL – ST) and limited joint and several guarantee (through members of AFL – ST)	20%
Société de Financement Local (SFIL)	Municipal and export financier	99.99% Caisse des Dépôts, 0.01% French state	Maintenance obligation	20%
Société du Grand Paris (SGP)	Infrastructure operator	100% France	EP status	20%
Caisse Centrale du Crédit Immobilier de France (3CIF)	Winding-up agency	99.99% (CIFD), 0.01% six natural persons	Explicit guarantee	0%

Source: Issuers, NORD/LB Markets Strategy & Floor Research

Various legal forms and liability mechanisms
The French agencies covered in this Issuer Guide feature five different legal forms in total: Société Anonyme (S.A.), Association loi de 1901 (association), Établissement public à caractère industriel et commercial (EPIC), Établissement public à caractère administratif (EPA) and Établissement spécial (ES).

Société Anonyme (S.A.)
The legal form S.A. is equivalent to a public limited company. Key principles such as shareholders' liability up to the amount of their shareholding are similar to corresponding laws in other European countries.

Association loi de 1901 (association)
The legal form of an Association loi de 1901 is based on the French law from 1 July 1901, which created the legal framework for French non-profit organisations and associations. Unédic is the only French agency included in this Issuer Guide to operate under this legal form. Its remit is in the area of public service.

Établissement public à caractère administratif (EPA)
An EPA operates as an institution established under public law in the context of service and administrative activities. It has a certain degree of administrative and financial autonomy in order to fulfil tasks in the public interest that are of a non-commercial nature. They are generally financed in full by public funds. In the case of agencies with this legal status, Banque de France allows a risk weighting based on the standard approach of Basel III/CRR of 0%, provided that they are treated as ODAC (Organisme divers d'administration centrale) with an administrative nature. In terms of national accounting processes, ODAC are recorded as "other state agencies" and perform specialised functions at national level. They are managed and usually also financed by the state.

Établissement public à caractère industriel et commercial (EPIC)
EPICs operate in the form of institutions established under public law. Their mission is to provide services of an industrial or commercial nature that cannot be provided by a private company subject to competition. The usual sources of revenue for EPICs are turnover and user fees. EPICs are permitted to generate profits.

Établissement spécial (ES)
The legal form of ES is unique to France. Only CDC operates in the form of an ES. The rules that govern an Établissement public (EP) also apply to the legal form ES, covering regulations in connection with liability, among other aspects.

Strong state control of EP
By definition, all EP are influenced to a high degree by the institution that established them, i.e. the state in the case of the agencies included in this publication. The EP's sponsor has the option, for example, to block or authorise business decisions. This influence on the day-to-day operations of an EP is limited, and it is also not possible to appoint a member of government as a director, for example. It is likewise not possible to transfer any expenditure to an EP that is unrelated to its specific remit. Moreover, some EPs (CADES, AP-HP, Bpifrance and Unédic) are classified as part of the central government for the purpose of national accounting. For example, the debt level of these agencies counts towards the liabilities of the French central government.

Implicit liability from EP status
All EPs benefit from an implicit guarantee from the French state. Law No. 80-539 of 16 July 1980 stipulates that the French state is ultimately liable for the liabilities of EPs. In the event of an EP being liquidated, which can only be done by the sponsor, its assets and liabilities would be transferred to the sponsor (the state in the case of the EPs discussed here) or another public institution. Examples of this include Agence de l'Informatique in 1988, Charbonnages de France in 2007 and Entreprise de Recherches et d'Activités Pétrolières in 2010. In these cases, liquidation involved transferring liabilities to the state.

Strong liquidity support through EP status
In addition to the implied ultimate liability assumed by the French state, there are also several options that EPs can use to meet their liquidity requirements. Apart from relatively small government subsidies, the amount of which is limited by the budget legislation, the Caisse de la Dette Publique (CDP) is authorised to acquire commercial paper (CP) from EPs. As part of the French treasury, CDP's mandate is to safeguard France's creditworthiness. In this respect it is assumed that payment difficulties on the part of an EP would have a negative effect on the state. Agence France Trésor (AFT) is also authorised to buy CP issued by French EPA, which represents an additional level of liquidity protection.

The case of La Poste and the lost EP status
Up to 2010, La Poste, the French postal service, operated as an Établissement public à caractère industriel et commercial (EPIC). In response to its increasingly competition-orientated activities, the European Commission initiated proceedings regarding French state aid to La Poste. The result of this was a change in legal form to an S.A. in 2010. Consequently, La Poste has not benefited from an implicit state guarantee since 2010, which also led to the loss of the implicit liability for bonds issued by La Poste. Grandfathering rules therefore do not apply. This means that investors are exposed to a credit risk if the legal form changes (e.g., in the case of privatisations, but also due to actions of a voluntary nature – see former AFD case), which should be taken into account at the long end in particular.

Exceptions – Unédic and 3CIF: Explicit bond guarantees
Bonds issues by Unédic and 3CIF are the only bonds issued by French agencies to currently feature an explicit guarantee provided by the state. France guaranteed the last funding programme launched by Unédic, which neither has the state as its owner nor operates as an EP. The respective issuance programmes must be differentiated according to their state guarantees. While the pre-existing EMTN programme benefits from an explicit state guarantee, this is not the case for the NEU MTN (Negotiable EUropean Medium-Term Note).

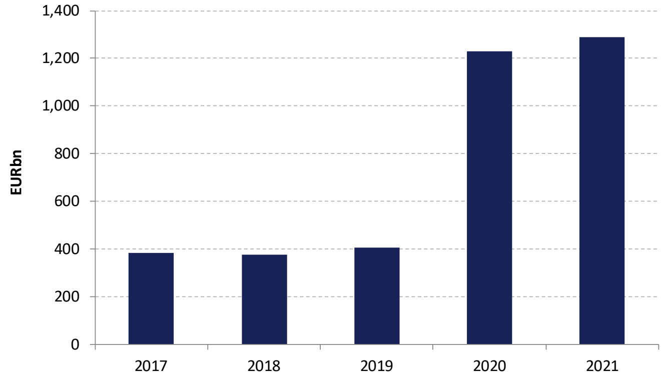
The AFL exception: explicit guarantee and limited joint and several guarantee

Another exception is the guarantee structure of AFL, which basically has two lines of liability: firstly, investors have an explicit guarantee-based claim against the owner of AFL, namely AFL – ST. Secondly, there is an explicit guarantee through the members of AFL – ST (French sub-sovereigns), which ultimately amounts to a joint and several guarantee: each shareholder guarantees AFL liabilities. If a liability event occurs, the creditors may demand performance or satisfaction of the claim, from the entirety of the guarantors, even if they address only one guarantor. The guarantors are obliged to service the overall claim should one of the guarantors be unable to make the necessary payment. In the case of AFL, the factor that differs from these usual characteristics of a joint and several guarantee is the limitation on the amount of liability: the maximum liability for members of AFL in this line of guarantee is the amount of their liability towards AFL (loans including accrued interest). If the liabilities of AFL members amount, for example, to 90% of outstanding AFL bonds, there is no explicit direct guarantee by AFL members for the remaining 10%. The second line of liability, the explicit guarantee from AFL – ST, does cover this residual amount. In parallel with this, AFL – ST has a direct guarantee-based claim against its members. Unlike the first line of liability, however, this line is unlimited.

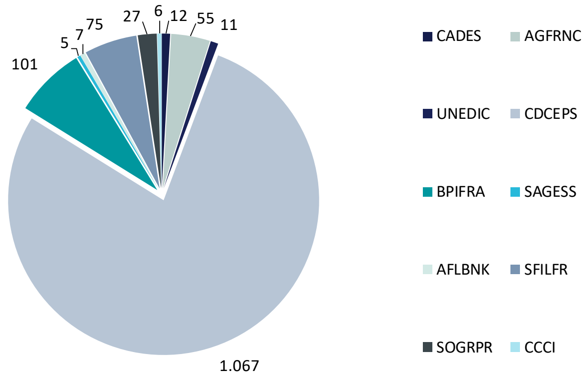
Varying risk weighting under CRR/Basel III

It must be noted that the risk weighting differs according to each issuer due to the differences in the liability and guarantee framework of French agencies. Banque de France provides a list of the institutions for which it is possible to apply a risk weighting of 0%. Conversely, we also derive all other risk weights on this basis, which therefore amount to 20% for the other agencies (please refer to table above and the profiles below respectively).

French agencies – aggregated balance sheet totals*



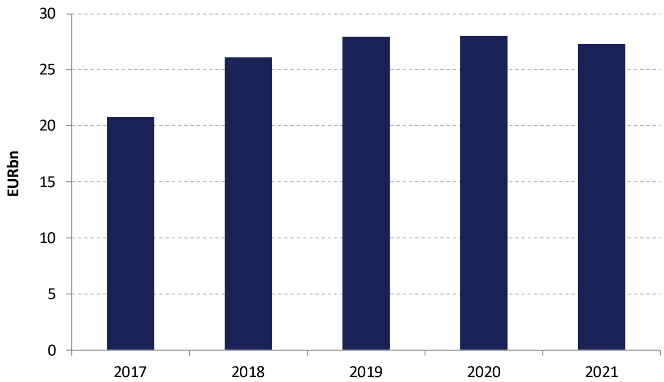
Comparison of balance sheet totals



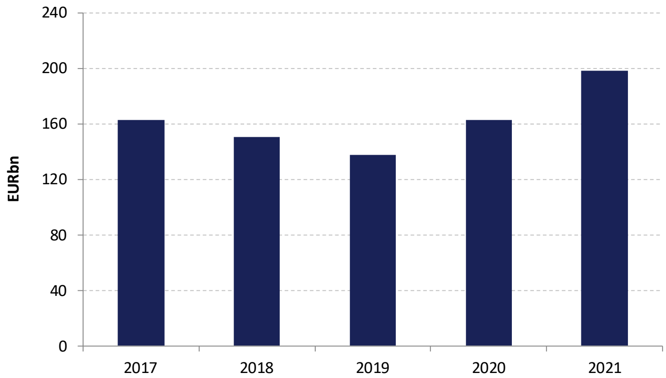
* SFIL excluded since 2020 due to consolidated balance sheet with CDC.
Source: Issuers, NORD/LB Markets Strategy & Floor Research

Increase in aggregated balance sheet totals and net debt, new commitments decline
Substantial growth of EUR 59.5bn or +4.8% year on year was recorded in the aggregated balance sheet totals of French agencies in 2021. In 2020, CDC acquired 99.9% of the shares in Société de Financement (SFIL) and increased its shareholding in La Poste Groupe to 66%, which led to pronounced balance sheet growth on account of consolidated accounting. On closer inspection, the balance sheet growth in 2021 is also practically exclusively attributable to CDC (EUR +51.6bn). At 42.5%, SGP accounted for the highest balance sheet growth in percentage terms within the market segment covered here, increasing its total assets to EUR 26.7bn in the process. AFD, Bpifrance and AFL also all posted balance sheet growth in 2021. In contrast, however, CADES, Unédic, SFIL and 3CIF recorded what were in some cases significant contractions to their respective total assets. Net debt at the French agencies that we define as sub-sovereign "corporates" grew by EUR 35.8bn to EUR 198.5bn in 2021. As such, the rising trend from the previous year was continued. This figure is dominated by CADES, whose net financial liabilities increased by 25.7% to stand at EUR 118.8bn (approx. 60% of the total volume) in 2021. Unédic likewise recorded growth in its net debt of EUR 8.9bn to EUR 64.8bn, while, in contrast, SAGESS experienced a slight decline of 4.4% to EUR 4.3bn. In 2021, new commitments declined by 2.5% to now total EUR 27.3bn. In large part, this is attributable to developments at Bpifrance, whose volume fell by EUR 1.7bn to EUR 9.7bn. While AFD, AFL and SFIL all experienced growth in their new commitments of EUR 1.1bn in total, this was not quite sufficient to offset the negative dynamic.

French agencies – aggregated new commitments

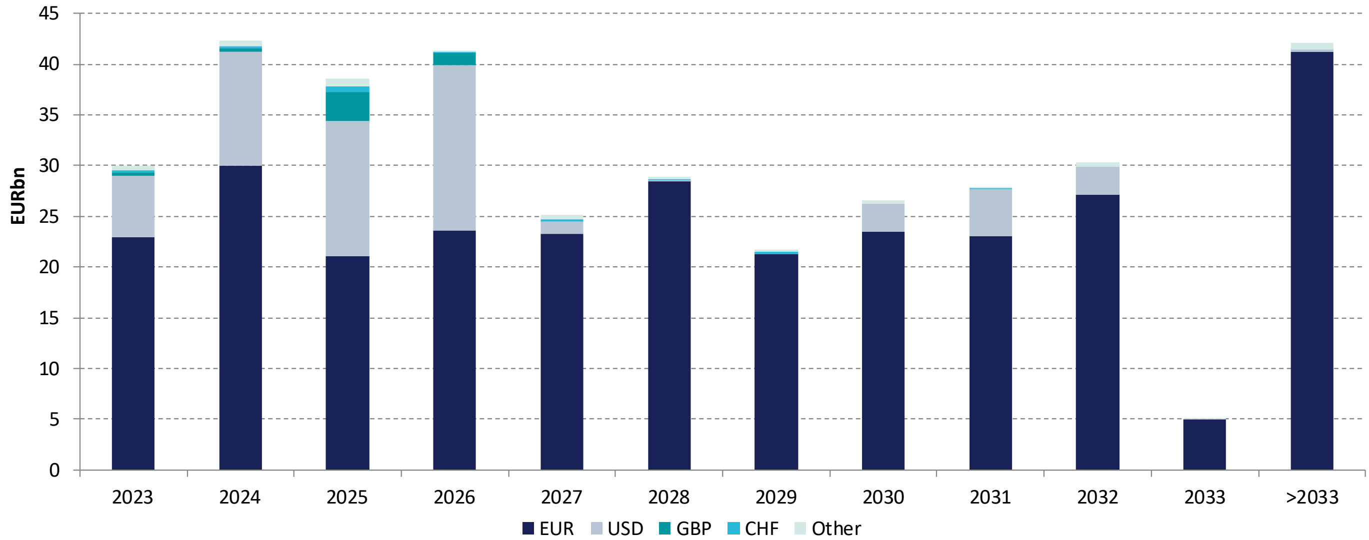


French agencies – net debt

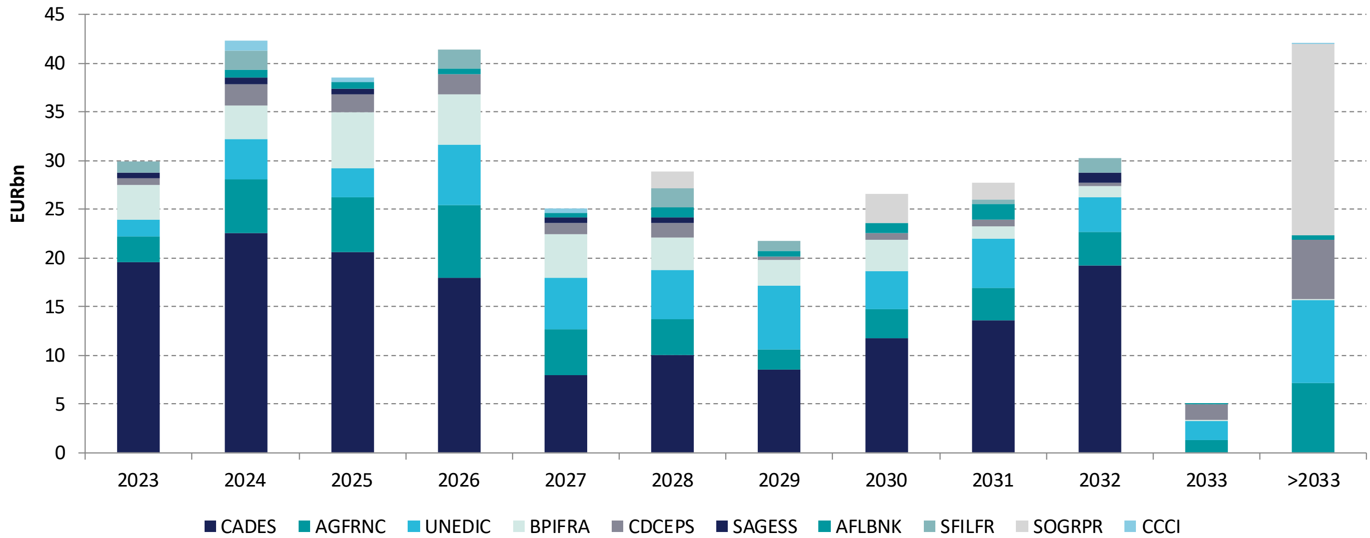


Source: Issuers, NORD/LB Markets Strategy & Floor Research

French agencies: outstanding bonds by currency



French agencies: outstanding bonds by issuer

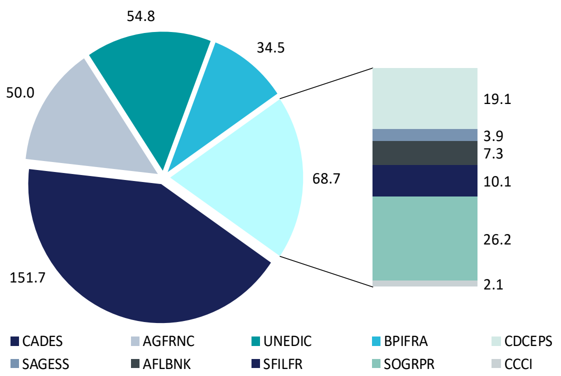


NB: Foreign currencies are converted into EUR at rates as at 12 April 2023. Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

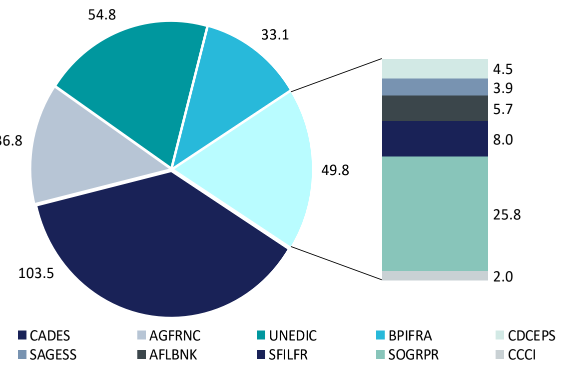
Broad supply with strong focus on EUR

All in all, there is a relatively broad supply within the French agency market that extends across all maturity segments. The EUR is especially important in this respect. In terms of individual issuers, CADES dominates the supply. However, other agencies are set to come into focus over the longer term, as the mandate of CADES is set to expire in 2033. The second-largest issuer on the French agency market is currently Unédic, with AFD ranked third. Société du Grand Paris, which is responsible for the expansion of the public transport network in the Greater Paris region, is a relative newcomer to the market. For this task, its capital market debt level is capped at a maximum of EUR 35bn. In addition, the long-term funding strategy is 100% focused on green bonds.

Comparison of French agencies – outstanding bond volumes (EUR bn)



Comparison of French agencies – outstanding EUR benchmarks (EUR bn)



NB: Benchmarks are defined as bonds with a minimum volume of EUR 0.5bn.
Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

French agencies – an overview (EUR bn/EUR equivalent)

Name	Ticker	Rating (Fitch/Moody's/S&P)	Outstanding Volume	EUR volume	Funding target 2023	Maturities 2023	Net Supply 2023	Number of ESG bonds	ESG volume
CADES	CADES	AAu/Aa2/AA	151.7	104.9	30.0	20.2	9.8	28	105.7
AFD	AGFRNC	AA/-/AA	50.0	38.3	9.0	4.3	4.7	11	14.9
Unédic	UNEDIC	AA/Aa2/-	54.8	54.8	1.0	3.8	-2.8	10	28.0
CDC	CDCEPS	AA/Aa2/AA	19.1	11.9	4.0	1.7	2.3	4	2.0
Bpifrance	BPIFRA	AA/Aa2/-	34.5	34.2	4.0	4.5	-4.5	2	2.5
SAGESS	SAGESS	-/-/AA	3.9	3.9	0.6	0.6	0.0	0	0.0
AFL	AFLBNK	-/Aa3/AA-	7.3	6.2	2.0	0.8	1.2	3	1.1
SFIL	SFILR	-/Aa2/AA	10.1	8.0	2.5	1.1	1.4	2	1.0
SGP	SOGRPR	AA/Aa2/-	26.2	26.2	4.0	0.0	4.0	20	26.2
3CIF*	CCCI	AAu/Aa2/AAu A/Baa2/-	2.1	2.1	1.0	0.7	0.4	0	0.0
Total			**359.8**	**290.5**	**58.1**	**37.6**	**16.5**	**80**	**181.4**

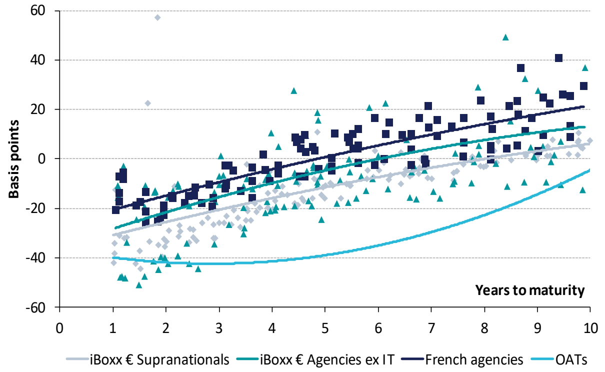
* 3CIF has both guaranteed and non-guaranteed bonds outstanding. NB: Foreign currencies are converted into EUR at rates as at 12 April 2023.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Comment

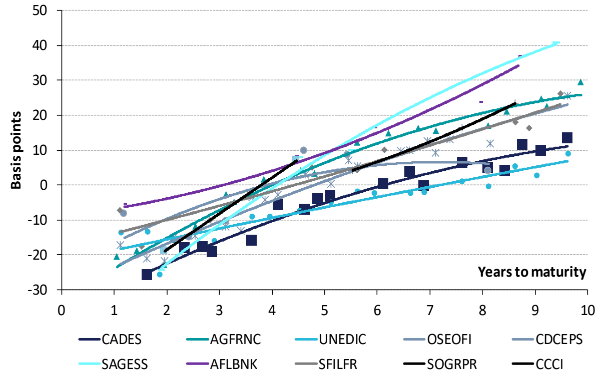
The French agency market is the second-largest of its type in Europe due to the substantial supply of EUR and foreign currency bonds. Owing to lofty funding targets on the part of CADES, AFD and SGP, the fresh supply is also at a high level. Generally speaking, we view French agency bonds as attractive potential substitutes for French government bonds due to their explicit or implicit guarantees. They also offer interesting pick-ups. In our view, the various special aspects of EP status should be noted. While this status may not constitute an explicit guarantee, it does, in general, represent a strong implicit liability mechanism in our view. The fact that the risk weighting under CRR differs between 0% and 20% and the LCR classification is also different results in the regulatory framework conditions varying more in France than in the agency market of any other jurisdiction. Finally, we should also acknowledge the high ESG volume, especially in the social segment. Due to its public mandate to finance and repay the debts of the social security system, CADES exclusively issues social bonds. In recent years, it has risen to become the largest social bond issuer worldwide. For its part, SOGRPR only issues green bonds, albeit on a smaller scale overall.

France A comparison of spreads

French agencies vs. iBoxx € indices & OATs



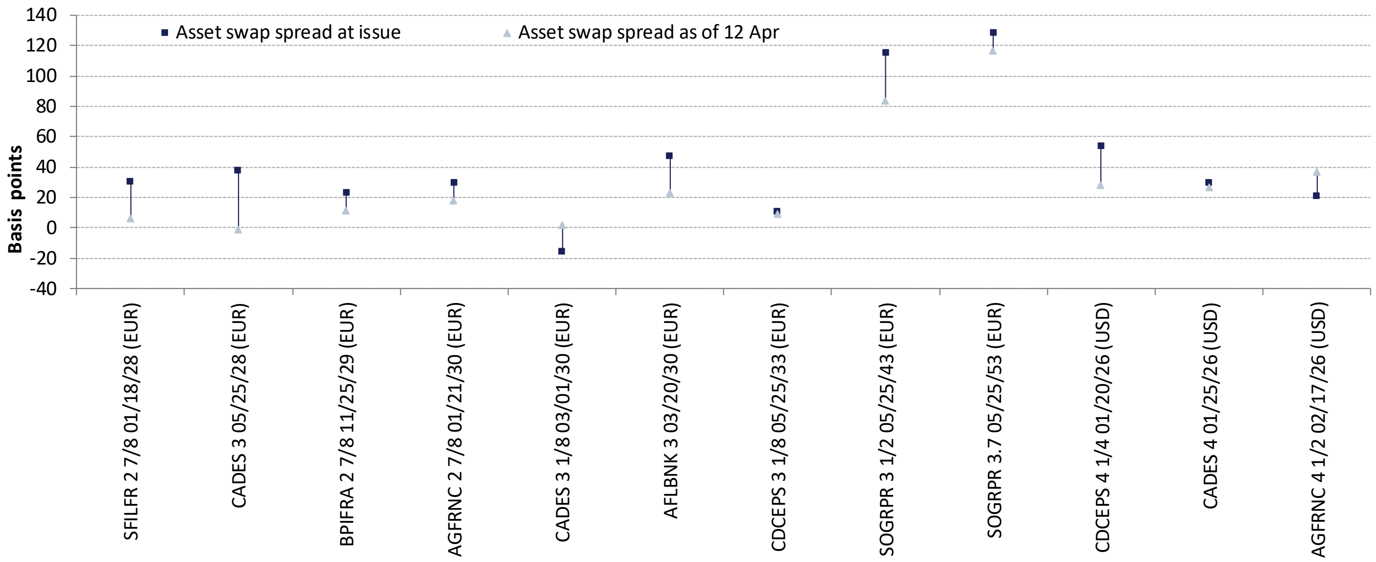
A comparison of French agencies



* Residual term to maturity > 1 year and < 10 years; outstanding volume at least EUR 0.5bn.
Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

France Primary market activities – an overview

Performance of fixed income benchmark issues 2023



NB: Benchmarks are defined as bonds with a minimum volume of EUR 0.5bn or USD 1.0bn.
Source: Bloomberg, NORD/LB Markets Strategy & Floor Research

Pandemic causes primary market activity to rise

In recent years, the primary market activities of the French agencies had tended to decline due to the lower funding requirements of CADES. However, with the onset of the COVID-19 pandemic and the resulting extension of CADES' mandate, this trend was reversed. We are also observing movement in the French agencies segment. For example, Société du Grand Paris accessed the capital market on a more regular basis as a “new” promotional entity and still has some scope for a couple of issues before hitting its debt ceiling of EUR 35bn. Overall, we assume that a positive net supply will be generated in this sub-segment across 2023.

General information

[Homepage]

[Investor Relations]

Owner(s)
100% France

Guarantor(s)
France (implicit)

Liability mechanism
EP status

Legal form
Établissement public à caractère administratif (EPA)

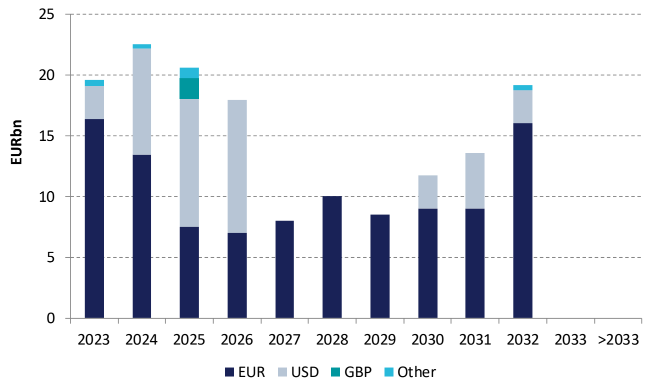
Bloomberg ticker
CADES

Ratings	Long-term	Outlook
Fitch	AAu	neg
Moody's	Aa2	stab
S&P	AA	neg

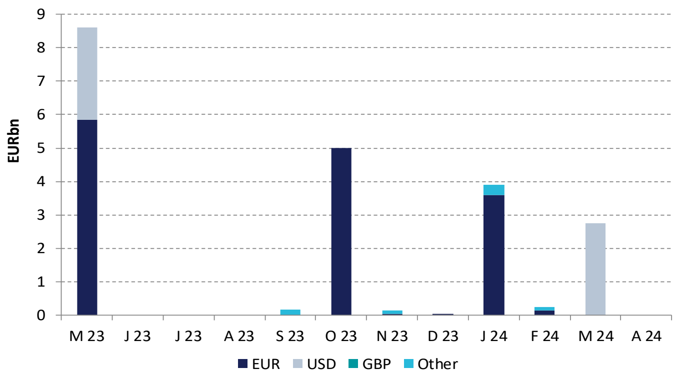
Caisse d'Amortissement de la Dette Sociale (CADES)

The Caisse d'Amortissement de la Dette Sociale (CADES) was established as a state finance agency on 24 January 1996 as part of a reform of the French social security system. The mission of CADES is to finance and repay the debts of the social security system that were transferred to CADES from the Agence Centrale des Organismes de Sécurité Sociale (ACOSS), the central administration for social security agencies. Since being founded, debt transfers totalling EUR 320.5bn have been made to CADES. Gradual reduction of these liabilities is guaranteed by CADES primarily through an income tax in the form of the Contribution pour le Remboursement de la Dette Sociale (CRDS). The CRDS is a special tax which was specially introduced to pay off the debt of the social security system. It has been the case since 2005 that, by law, every further debt transfer to CADES automatically entails the transfer of new sources of revenue. On this basis, CADES has also received a share of the social security contribution known as the Contribution Sociale Généralisée (CSG) since 2009. Since January 2016, the CSG share attributable to CADES has stood at between 0.48% and 0.60% of taxable work income as well as rent and investment income. From 2024 onwards, however, this share will be cut to 0.45%. Revenue has additionally been obtained through transfers from a social security fund (Fonds de Réserves des Retraites; FRR) since 2011. Originally set up with a time limit until 2014, CADES will continue to exist until all the debts transferred to it have been settled. Prior to 2020, CADES had expected that this could be the case by 2024. However, on account of the economic challenges presented by the COVID-19 pandemic, a further EUR 136bn in ACOSS debt was transferred to CADES. Repayment is planned by 2033, meaning that CADES is likely to remain active until then. CADES is 100% owned by France. As an Établissement public à caractère administratif (EPA), the French state is implicitly liable for the liabilities of CADES.

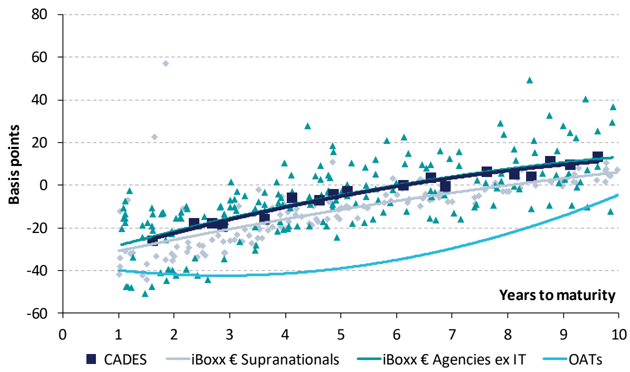
Bonds by currency



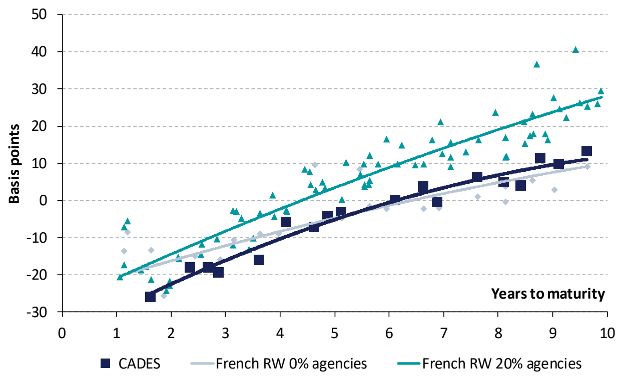
Bond amounts maturing in the next 12 months



CADES vs. iBoxx € indices & OATs



CADES vs. French SSAs



NB: Foreign currencies are converted into EUR at rates as at 12 April 2023; Residual term to maturity >1year & <10 years; outstanding volume at least EUR 0.5bn
Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
0%	Level 1	II	Does not apply

Relative Value

Attractiveness vs. OATs (G-spread; bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
24	31	37	-26	-2	13	4.1%	14.3%

Funding & ESG (EURbn/EUR equivalent)

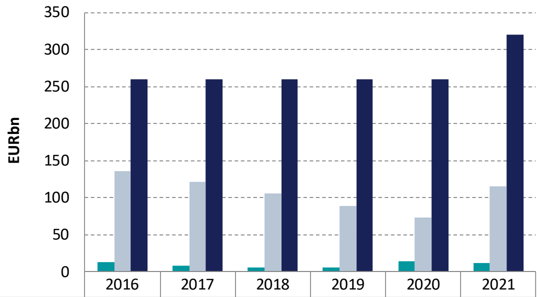
Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
30.0	20.2	9.8	Benchmarks, social bonds, commercial paper	-	28	105.7

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
151.7	104.9	23	43.0	13	3.8

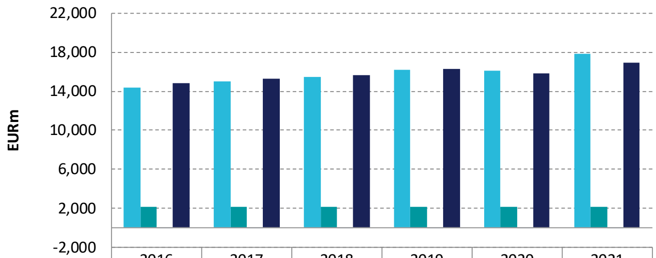
* Residual term to maturity > 1 year and < 10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 12 April 2023.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Balance sheet development



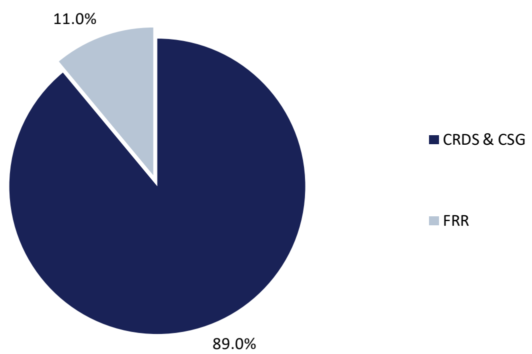
	2016	2017	2018	2019	2020	2021
Assumed debt	260.5	260.5	260.5	260.5	260.5	320.5
Still to be amortized debt	135.8	120.8	105.3	89.3	72.5	115.2
Total assets	12.6	7.4	5.1	6.1	13.8	11.7

Earnings development

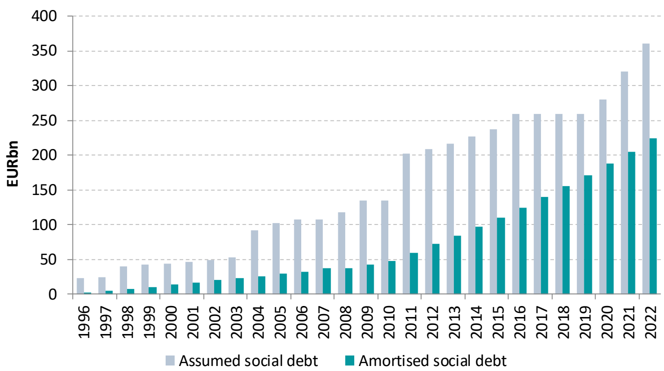


	2016	2017	2018	2019	2020	2021
CRDS & CSG	14,811.4	15,262.5	15,631.7	16,340.4	15,882.5	16,970.0
Social levies	-15.3	-3.6	-1.9	-0.8	-1.0	-0.2
FRR	2,100.0	2,100.0	2,100.0	2,100.0	2,100.0	2,100.0
Net income	14,426.4	15,044.0	15,443.8	16,253.0	16,088.7	17,813.4

CADES: revenue sources



Debt trend



Source: Issuer, NORD/LB Markets Strategy & Floor Research

Strengths

+ EP status
+ Tax income
+ High significance for the social security system

Weaknesses

– Debt transfer due to COVID-19 pandemic
– No explicit guarantee

General information

[Homepage]

[Investor Relations]

Owner(s)
100% France

Guarantor(s)
France (implicit)

Liability mechanism
EP status

Legal form
Établissement public à caractère industriel et commercial (EPIC), Société de Financement

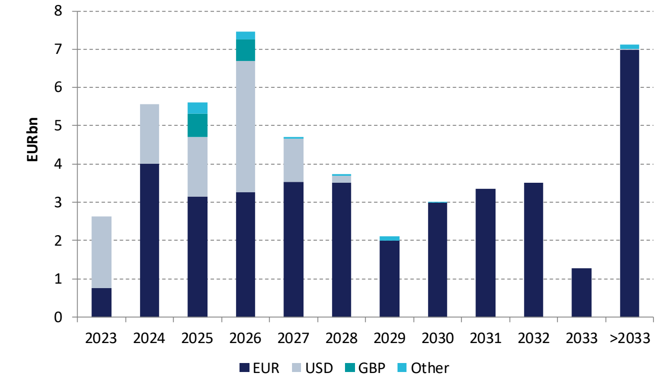
Bloomberg ticker
AGFRNC

Ratings	Long-term	Outlook
Fitch	AA	neg
Moody's	-	-
S&P	AA	neg

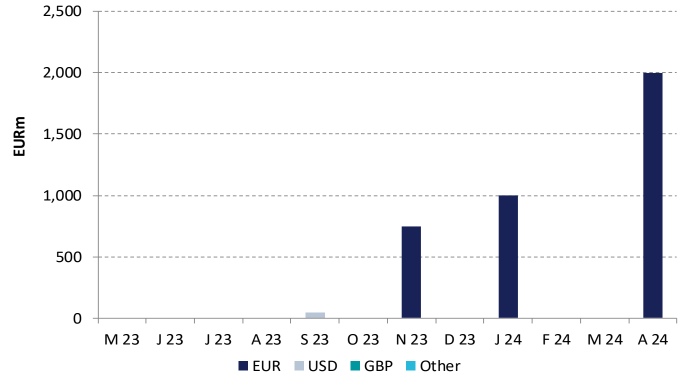
Agence Française de Développement (AFD)

Agence Française de Développement (AFD) is the main instrument of the French state for promotional activities in developing countries and overseas territories. The roots of AFD extend back to 1941 when Charles de Gaulle, as an exile in in the UK, formed the ARD's predecessor institution: Caisse centrale de la France libre. Following the Second World War, the institution focused on the task of promoting French overseas territories, which continued to receive support even after gaining independence. In the years that followed, the agency's remit was significantly expanded to include, for example, promotional activities in the commercial sector. Eventually, the organisation's name was changed to Agence Française de Développement in 1998. AFD's promotional mandate covers numerous sectors today, including infrastructure, water and sanitation, climate and the environment, agriculture and the development of the private sector. Promotional activities related to private sector companies are managed by the subsidiary Proparco, which was founded in 1977. One of AFD's foremost priorities is to contribute to the achievement of the UN Sustainable Development Goals (SDG). To this end, projects are initiated that seek to drive social and economic transformation processes, in addition to those linked to areas such as energy policy, digitalisation, civil society and ecology. At present, AFD operates in approximately 115 countries around the world, now including some that are not former French overseas territories. Loans are the most important instrument at the disposal of the promotional development bank. In this context, the lending business can be subsidised and is operated both with and without state guarantees. Other instruments used by AFD include subsidies, guarantees and equity capital investments. The French state is the sole owner of AFD. Due to the legal status of AFD as an Établissement public à caractère industriel et commercial (EPIC), the French state is implicitly liable for the liabilities of this promotional institution. However, the strong link to the state goes further still: among other functions, AFD part-finances the French government's contribution to the IMF and the World Bank.

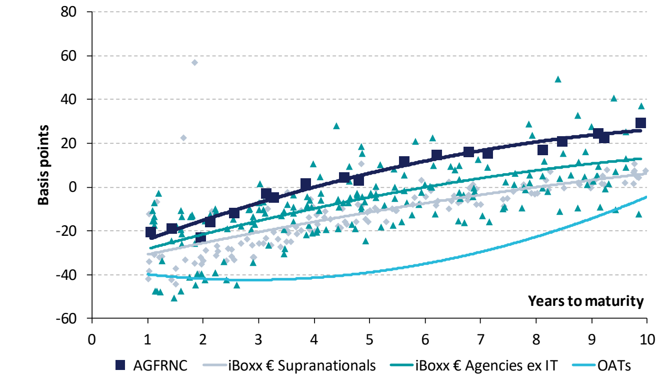
Bonds by currency



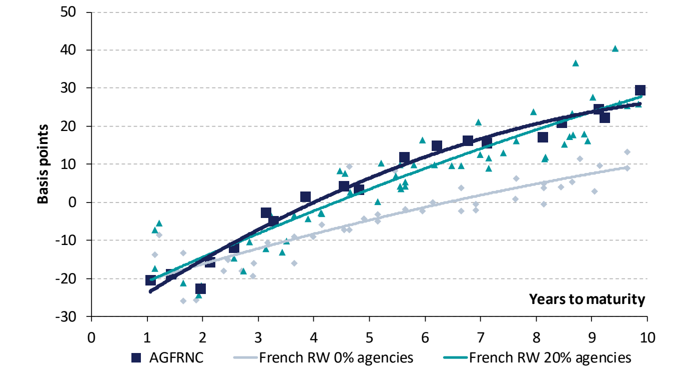
Bond amounts maturing in the next 12 months



AGFRNC vs. iBoxx € indices & OATS



AGFRNC vs. French SSAs



NB: Foreign currencies are converted into EUR at rates as at 12 April 2023; Residual term to maturity >1year & <10 years; outstanding volume at least EUR 0.5bn
Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
20%	-	II	Relevant; in our opinion, implicit guarantee prevents use of a bail-in

Relative Value

Attractiveness vs. OATs (G-spread; bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
18	41	48	-23	4	29	1.7%	6.0%

Funding & ESG (EURbn/EUR equivalent)

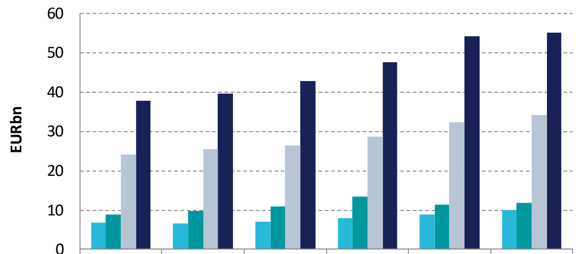
Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
9.0	4.3	4.7	Benchmarks, other public bonds, ESG bonds, private placements, certificate of deposit	-	11	14.9

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
50.0	38.3	25	9.8	6	2.0

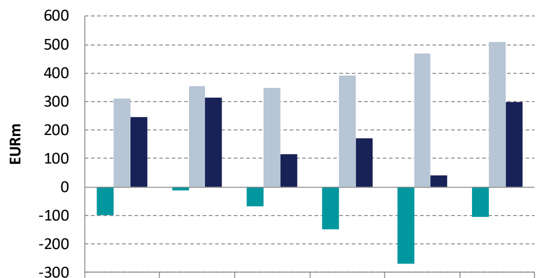
* Residual term to maturity > 1 year and < 10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 12 April 2023.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Balance sheet development



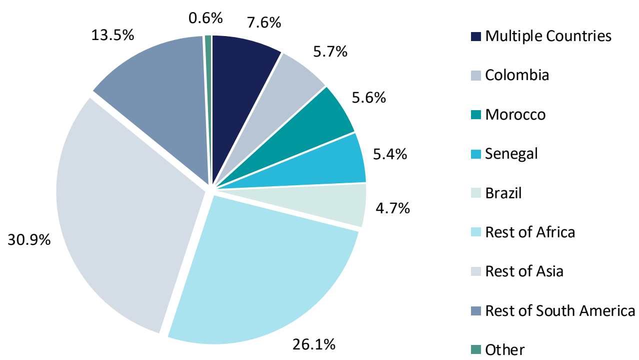
	2016	2017	2018	2019	2020	2021
Total assets	37.7	39.7	42.9	47.6	54.2	55.2
Loans to customers	24.2	25.4	26.5	28.8	32.3	34.2
New commitments	8.9	9.8	11.0	13.4	11.5	11.8
Loans to banks	6.8	6.6	7.1	8.1	9.0	10.1

Balance sheet development

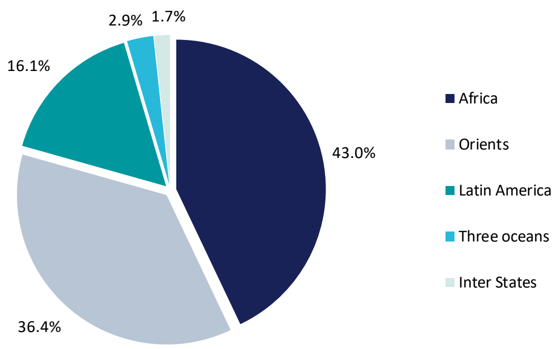


	2016	2017	2018	2019	2020	2021
Consolidated net income	246.2	312.8	115.2	172.4	40.4	297.8
Net interest income	311.7	352.8	346.8	391.2	470.2	509.4
Cost of credit risk	-97.9	-12.3	-67.3	-149.8	-268.6	-106.1

Loan portfolio by country/region



New commitments by region



Source: Issuer, NORD/LB Markets Strategy & Floor Research

Strengths

+ EP status
+ High strategic significance

Weaknesses

– Loss of LCR eligibility
– Dependence on government subsidies
– Relatively high-risk loan portfolio

Unédic

General information

[Homepage]

[Investor Relations]

Owner(s)
50% employer associations, 50% trade unions

Guarantor(s)
France

Liability mechanism
Explicit guarantee for the EMTN programme

Legal form
Association loi de 1901

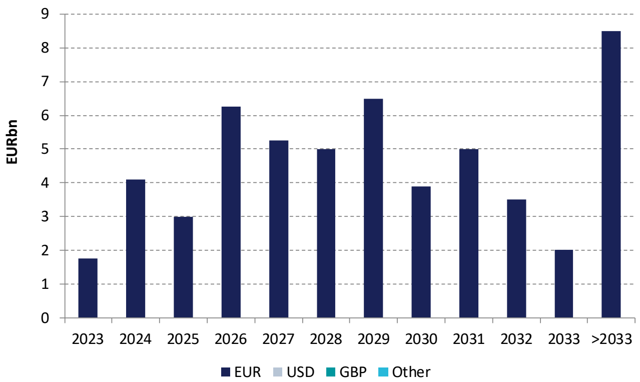
Bloomberg ticker
UNEDIC

Ratings	Long-term	Outlook
Fitch	AA	neg
Moody's	Aa2	stab
S&P	-	-

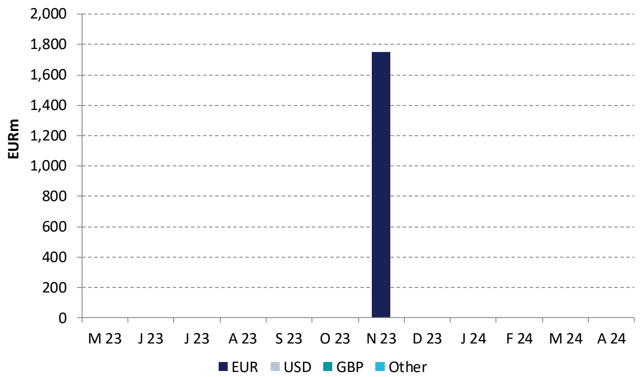
Unédic

In parallel with unemployment insurance, Unédic (Union Nationale Interprofessionelle pour l'Emploi dans l'Industrie et le Commerce) was established in 1958 by trade unions and employer associations ("social partners") as an Association loi de 1901 (French non-profit organisation). Since then, Unédic has been the central administrative institution of the unemployment insurance system. This is financed by the social security contributions from both employers and employees. There are very strong links with the central administrator of the French social security system, the Agence centrale des organismes de sécurité sociale (ACOSS). The regulations relating to unemployment insurance are drafted by the social partners, although it is the French government that ultimately passes the proposals and decides on the functions and funding of Unédic. Agreements concerning the administration of the institution are concluded at regular intervals by the social partners and must be approved by the state. If a new agreement is not reached, the state is entitled to take control of the unemployment insurance system. Unédic divides its responsibilities into three areas: determination and implementation of insurance benefits, carrying out economic analyses for decision-making processes as well as the financial management of the unemployment insurance system. Unédic is owned by five trade unions and three employer associations. While the French state has explicitly guaranteed bonds issued under the EMTN programme of Unédic since 2011, this is not the case for the NEU MTN programme. As far as the EMTN programme is concerned, the French state has therefore explicitly guaranteed new issuances amounting to EUR 1bn in 2023. Besides the guarantee, there has also been concrete evidence of state support: in 1993 and 1994, the French state provided Unédic with subsidies of EUR 635m and EUR 1,143.4m respectively in order to ensure liquidity.

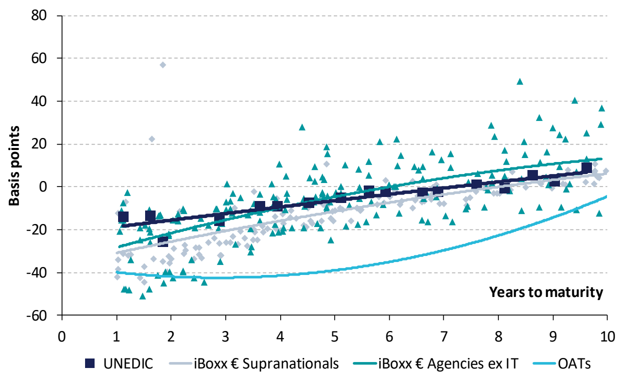
Bonds by currency



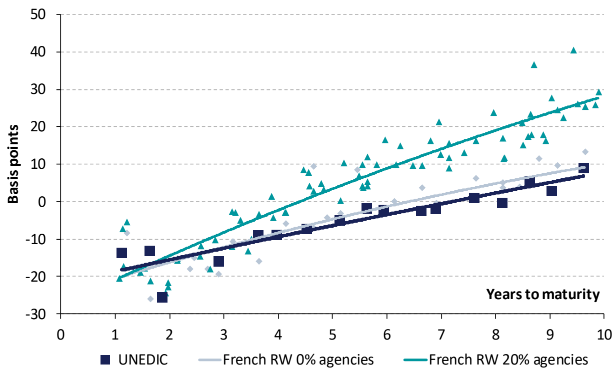
Bond amounts maturing in the next 12 months



UNEDIC vs. iBoxx € indices & OATs



UNEDIC vs. French SSAs



NB: Foreign currencies are converted into EUR at rates as at 12 April 2023; Residual term to maturity >1year & <10 years; outstanding volume at least EUR 0.5bn
Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
0%	Level 1	II	Does not apply

Relative Value

Attractiveness vs. OATs (G-spread; bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
20	29	38	-26	-2	9	2.6%	9.0%

Funding & ESG (EURbn/EUR equivalent)

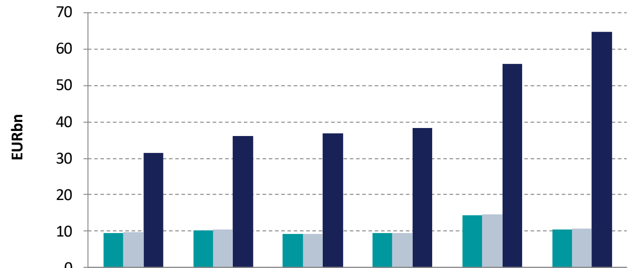
Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
1.0	3.8	-2.8	Benchmarks, social bonds, taps, CP	-	10	28.0

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
54.8	54.8	22	0.0	0	0.0

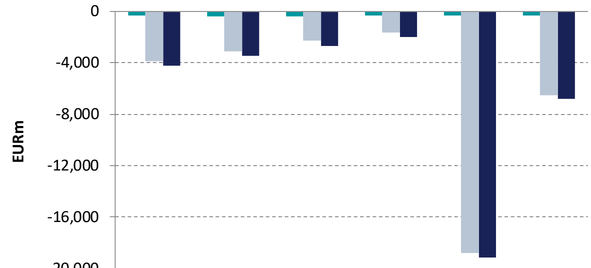
* Residual term to maturity > 1 year and < 10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 12 April 2023.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Balance sheet development



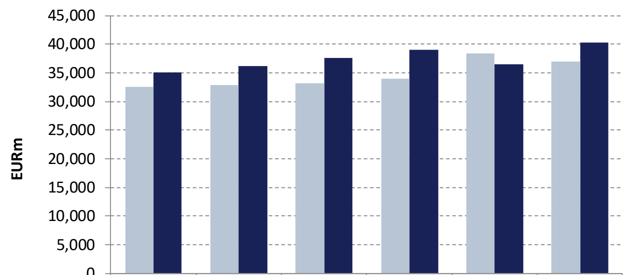
	2016	2017	2018	2019	2020	2021
Net debt	31.5	36.0	36.9	38.3	55.9	64.8
Total assets	9.8	10.4	9.3	9.6	14.6	10.8
Current assets	9.6	10.2	9.1	9.4	14.4	10.6

Earnings development



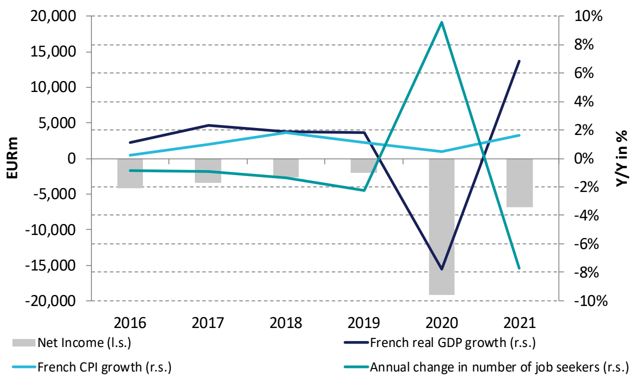
	2016	2017	2018	2019	2020	2021
Net income	-4,203	-3,444	-2,658	-1,970	-19,155	-6,833
Technical management	-3,870	-3,076	-2,271	-1,614	-18,813	-6,507
Financial management	-324	-352	-365	-334	-315	-303

Development of insurance contributions and unemployment benefits



	2016	2017	2018	2019	2020	2021
Contributions	35,086	36,270	37,595	39,105	36,519	40,333
Unemployment & other benefits	32,534	32,876	33,265	34,030	38,385	36,947

A comparison of the development of net income and various economic indicators



Source: Issuer, INSEE, Bureaux d'emploi, NORD/LB Markets Strategy & Floor Research

Strengths

+ Explicit guarantee for the EMTN programme
+ Very high strategic significance

Weaknesses

– Potential uncertainty related to unemployment insurance system reforms
– Huge strain owing to the pandemic

Caisse des Dépôts et Consignations (CDC)

Founded in 1816 due to the high level of sovereign debt, Caisse des Dépôts et Consignations (CDC) was a key component in French attempts to manage the financial consequences of the Napoleonic Wars. Today, CDC is a public sector financial institution which divides its business activities into two pillars. The first pillar contains the core business, which primarily includes supporting regional development. These projects are financed in part by inactive account balances managed by CDC, dormant life insurance policies and statutory deposits. A wide range of strategic shareholdings, for example in La Poste group, the promotional bank Bpifrance and real estate companies such as CDC Habitat and Icade, likewise form part of the first business pillar at CDC. In 2020, CDC acquired 99.9% of the shares in Société de Financement (SFIL) and increased its shareholding in La Poste Groupe to 66%, which led to pronounced balance sheet growth on account of consolidated accounting. Service providers such as the transport firm Transdev also form part of the financial institution's shareholding portfolio. The companies in which CDC maintains shareholdings fund themselves by their own means. The second pillar, which is not reported on as part of the annual report, is centred on the fulfilment of tasks on behalf of the Republic of France. This includes the administration of various bond, pension and social insurance funds with approximately 20% of all pensioners. CDC also centrally manages the financial products Livret A, LDDS and LEP. On account of tax benefits and the state guarantee, these products are widespread in France. The majority of the money linked to these products is used to support social housing construction projects. As such, CDC provides housing for around one in six people in France. CDC is the only institution in France that trades in the legal form of an Établissement spécial (ES). The same regulations apply to both ES and EP, meaning that an implicit state guarantee is in place.

General information

Homepage

Investor Relations

Owner(s)

100% France

Guarantor(s)

France (implicit)

Liability mechanism

ES status

Legal form

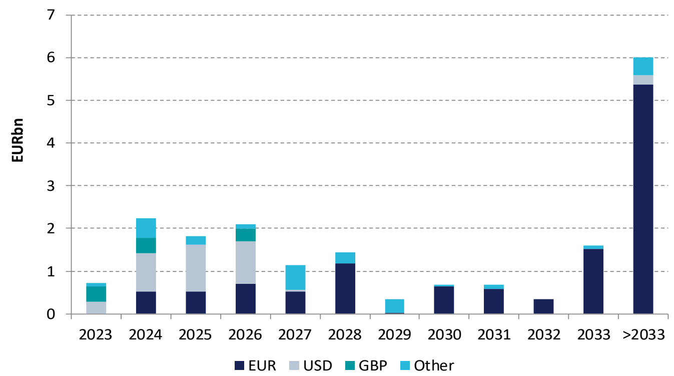
Établissement spécial (ES)

Bloomberg ticker

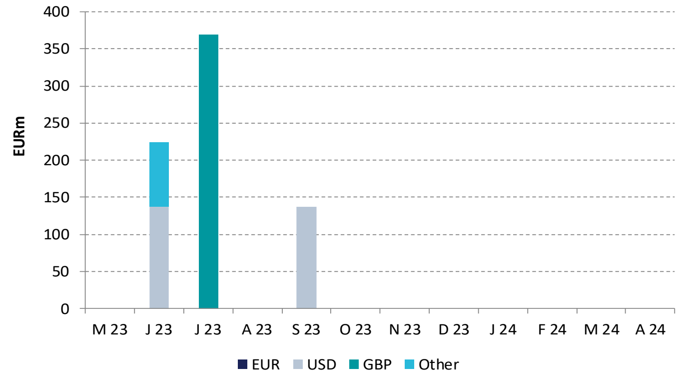
CDCEPS

Ratings	Long-term	Outlook
Fitch	AA	neg
Moody's	Aa2	stab
S&P	AA	neg

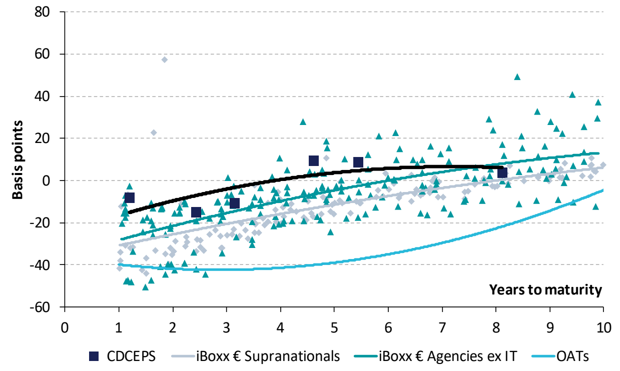
Bonds by currency



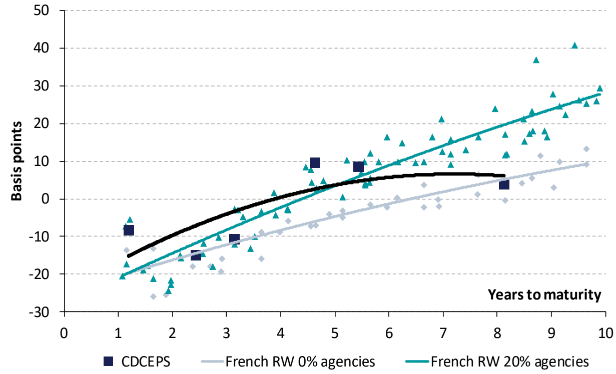
Bond amounts maturing in the next 12 months



CDCEPS vs. iBoxx € indices & OATs



CDCEPS vs. French SSAs



NB: Foreign currencies are converted into EUR at rates as at 12 April 2023; Residual term to maturity >1year & <10 years; outstanding volume at least EUR 0.5bn
Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
0%	Level 1	IV	Does not apply

Relative Value

Attractiveness vs. OATs (G-spread; bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
30	34	48	-15	-2	10	0.1%	0.4%

Funding & ESG (EURbn/EUR equivalent)

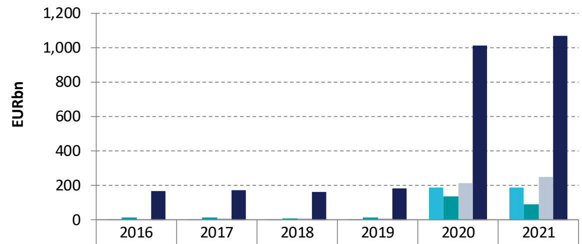
Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
4.0	1.7	2.3	Benchmarks issuance, ESG bonds, other public bonds, private placements, commercial paper, Certificate of Deposit	ECB	4	2.0

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
19.1	11.9	7	3.6	3	3.7

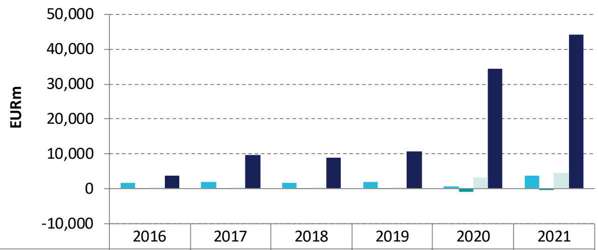
* Residual term to maturity > 1 year and < 10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 12 April 2023.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Balance sheet development



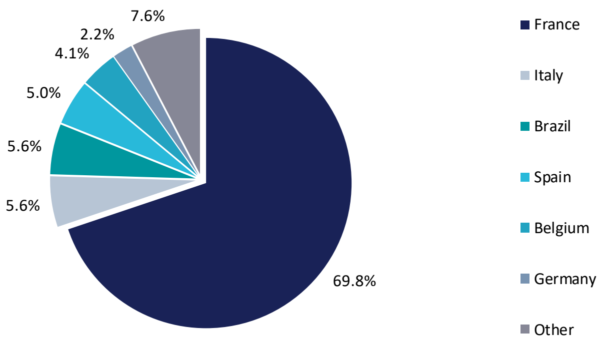
	2016	2017	2018	2019	2020	2021
Total assets	166.5	173.5	163.0	180.6	1,015.0	1,066.7
Financial assets at fair value through P/L	1.9	10.1	9.7	10.7	212.6	247.2
Loans to banks	14.0	15.9	10.8	15.1	134.7	91.1
Loans to customers	5.3	3.5	4.0	4.2	186.9	187.7

Earnings development

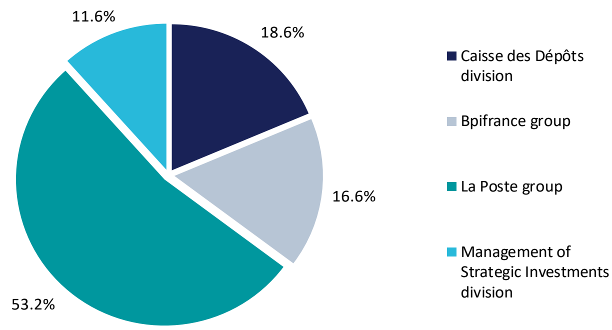


	2016	2017	2018	2019	2020	2021
Net banking income	3,621	9,678	8,991	10,637	34,501	44,249
Net interest income	334	238	420	290	3,264	4,433
Cost of credit risk	-58	-1	-15	-37	-986	-283
Net profit attributable to owners	1,783	1,906	1,768	2,056	566	3,861

Breakdown of the country portfolio



Net profit by company



Source: Issuer, NORD/LB Markets Strategy & Floor Research

Strengths

+ ES status
+ Very high strategic significance
+ Highly diversified business fields

Weaknesses

– No explicit guarantee
– High volatility in earnings and balance sheet items
– High cost-income ratio

General information

[Homepage]

[Investor Relations]

Owner(s)

49.2% EPIC Bpifrance [Owner: 100% France], 49.2% Caisse des Dépôts et Consignations [Owner: 100% France], 1.4% private banks, 0.2% Bpifrance

Guarantor(s)

EPIC Bpifrance (implicitly: French state)

Liability mechanism

Explicit guarantee for the EMTN programme from EPIC Bpifrance

Legal form

Société Anonyme (S.A.)

Bloomberg ticker

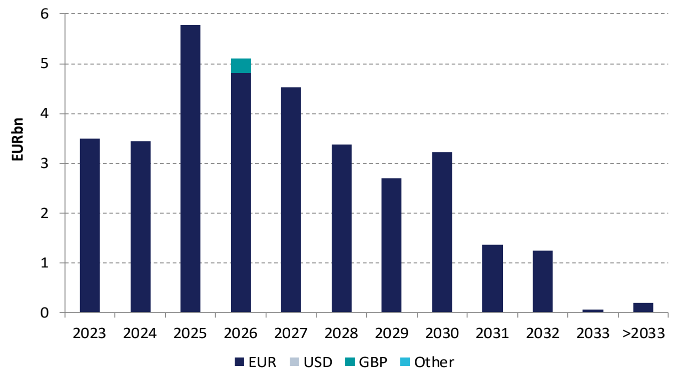
BPIFRA (formerly known as OSEOFI)

Ratings	Long-term	Outlook
Fitch	AA	Neg
Moody's	Aa2	stab
S&P	-	-

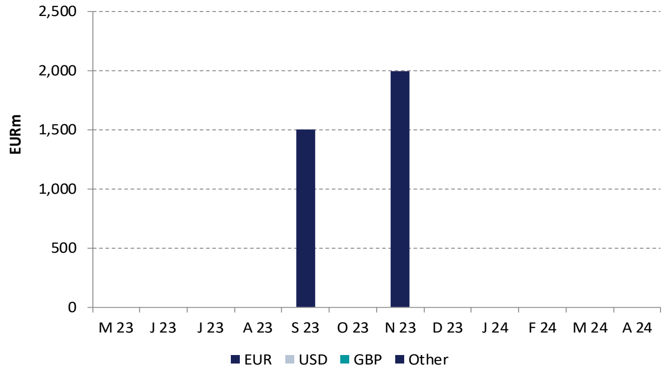
Bpifrance

The formation of the Banque Publique d'Investissement (BPI; Bpifrance) as a promotional bank in the style of the German KfW was a key element in the election manifesto of François Hollande, the former French President elected in 2012. Established on 12 July 2013, Bpifrance is fundamentally divided into three top-level segments: Bpifrance S.A., which merged with Bpifrance Financement in 2020 and comprises the SME financing business, Bpifrance Participations, which is the holding company for the merged strategic investment companies CDC Enterprises (CDCE) and Fonds Stratégique d'Investissement (FSI), as well as Bpifrance Assurance Export, a state-owned export credit agency, that was added in 2017. Only Bpifrance Financement, or Bpifrance SA since 2020, uses the capital market as a refinancing source The business model is focused on small and medium-sized enterprises (SMEs). Overall, the promotional bank's activities can be broken down into three distinct business areas: corporate loans and co-financing projects, guarantees and soft loans for innovation promotion are all offered. To this end, BPI works closely with local banks and financial institutes, maintaining 50 regional offices in which 90% of credit decisions are made. In reaction to the COVID-19 crisis, comprehensive aid was provided to micro-enterprises and SMEs in April 2020, while equity financing through the EMTN programme was additionally increased from EUR 35bn to EUR 45bn. Following the merger of Bpifrance S.A. and Bpifrance Financement, the French state's (indirect) participation amounts to a shareholding of 98.4%. An explicit guarantee is provided by the EPIC Bpifrance for the bonds issued by Bpifrance within the scope of the EMTN programme. Due to its legal status as an EP, the liabilities are in turn backed up by an implicit guarantee from the French state. As a domestic systemically important bank (D-SIB) in France, Bpifrance is subject to direct supervision by the ECB.

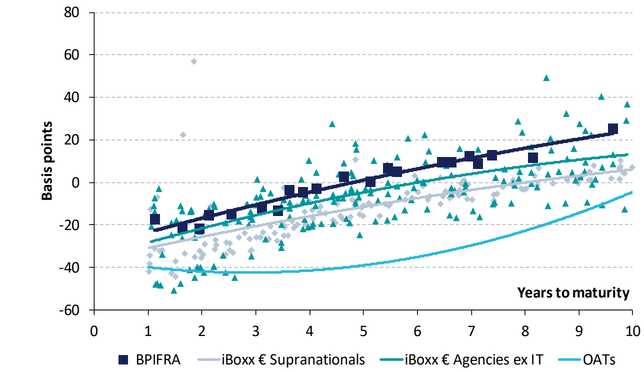
Bonds by currency



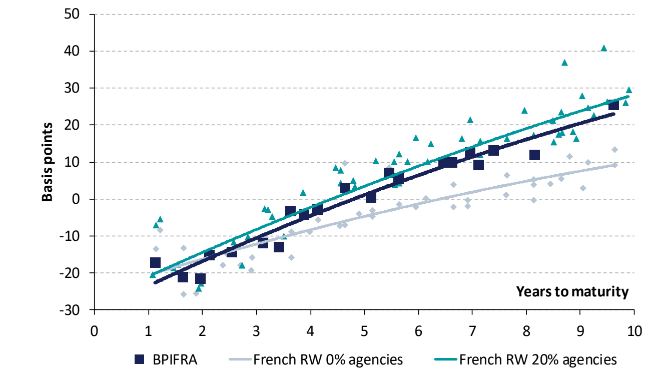
Bond amounts maturing in the next 12 months



BPIFRA vs. iBoxx € indices & OATs



BPIFRA vs. French SSAs



NB: Foreign currencies are converted into EUR at rates as at 12 April 2023; Residual term to maturity >1year & <10 years; outstanding volume at least EUR 0.5bn
Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
20%	Level 1	II	Relevant; in our opinion, implicit guarantee prevents use of a bail-in

Relative Value

Attractiveness vs. OATs (G-spread; bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
22	39	43	-22	0	25	1.5%	5.2%

Funding & ESG (EURbn/EUR equivalent)

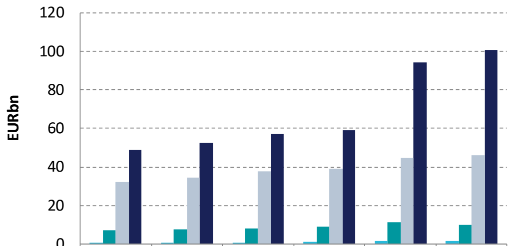
Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
4.0	4.5	-0.5	Benchmarks, ESG bonds, private placements, Certificate of Deposit	ECB	2	2.5

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
34.5	34.2	23	0.0	0	0.3

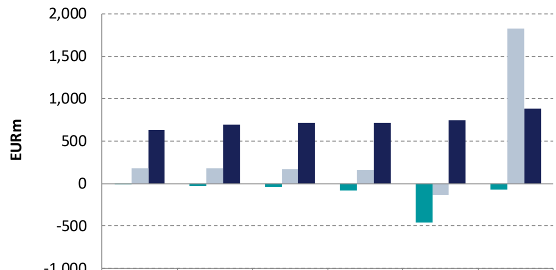
* Residual term to maturity > 1 year and < 10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 12 April 2023.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Balance sheet development



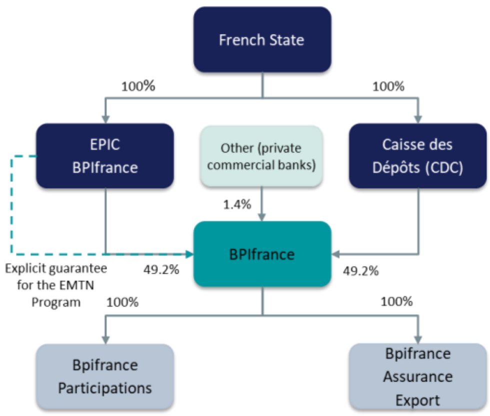
	2016	2017	2018	2019	2020	2021
Total assets	48.6	52.4	57.4	59.2	94.3	100.8
Loans to customers	32.1	34.5	37.6	39.2	44.4	45.9
New financing commitments	7.1	7.5	8.2	8.7	11.4	9.7
Loans to banks	0.6	0.5	0.7	0.9	1.5	1.7

Earnings development

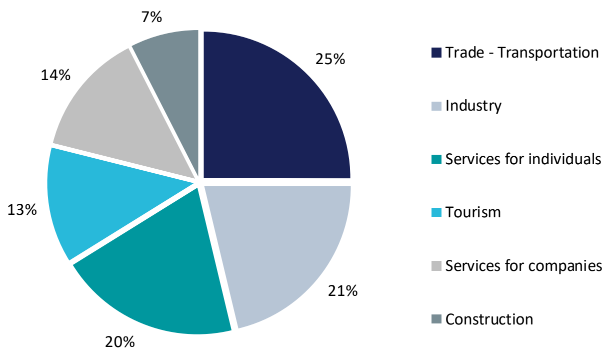


	2016	2017	2018	2019	2020	2021
Net interest income	627.9	692.7	713.1	715.9	747.4	882.8
Consolidated net income	183.8	182.3	167.3	153.4	-139.6	1828.7
Cost of credit risk	-5.9	-35.3	-37.0	-85.0	-461.5	-74.6

Ownership structure of Bpifrance



Guaranteed loan portfolio by sector



Source: Issuer, NORD/LB Markets Strategy & Floor Research

Strengths

\+ Conservative risk management and very high capitalisation

\+ High strategic significance

Weaknesses

– Lack of explicit state guarantee

– Complex ownership and liability structure

Société anonyme de gestion de stocks de sécurité (SAGESS)

General information

[Homepage]

Owner(s)

46% refineries and European distribution companies,
37% hypermarkets, 17% independents

Guarantor(s)

-

Liability mechanism

-

Legal form

Société Anonyme (S.A.)

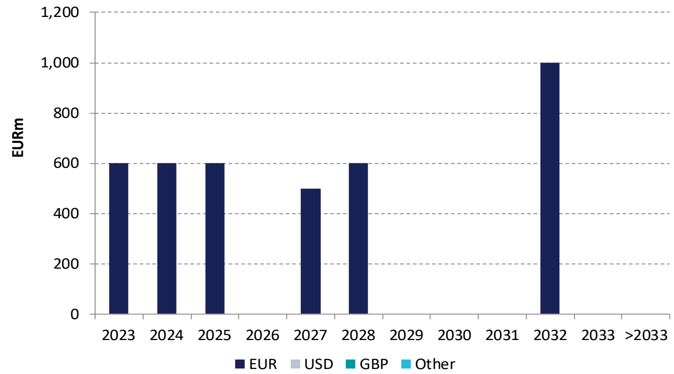
Bloomberg ticker

SAGESS

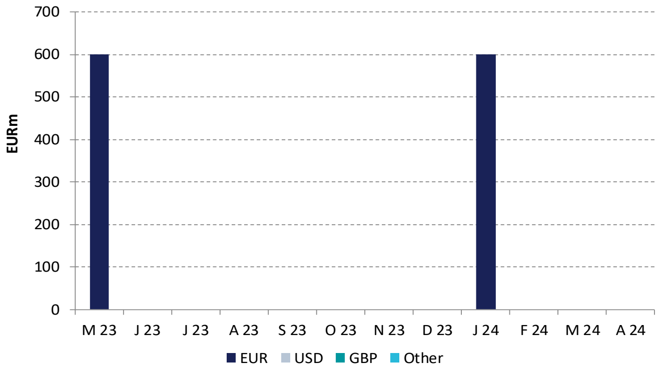
Ratings	Long-term	Outlook
Fitch	-	-
Moody's	-	-
S&P	AA	neg

While France has held strategic oil reserves since 1925, the French state established the Société anonyme de gestion de stocks de sécurité (SAGESS) in 1988. Created at the initiative of companies in the oil industry, SAGESS has the central role of building up, stockpiling and maintaining strategic oil reserves. The overall dependence on oil imports by EU states in general and France in particular, together with supply-side shocks in recent decades, have underlined the necessity of building up and maintaining strategic oil reserves. In 1968, the Member States of the European Community implemented the regulation that companies in the oil industry must hold stocks to cover requirements for at least 65 days (based on the previous year's consumption level). Following the implementation of Directive 2009/119/EC in 2012, the EU changed the calculation of minimum stocks (90 days based on expected net imports). In order to comply with these requirements, companies operating in the French oil industry have the choice of delegating 56% or 90% of the required stocks, against payment of charges, to SAGESS or the Comité Professionnel des Stocks Stratégiques Pétroliers (CPSSP). SAGESS therefore hold the majority of strategic oil reserves in France in a total of 89 storage facilities. CPSSP ranks higher than SAGESS, which acts in the name and on behalf of CPSSP in operational management of holding the reserves. CPSSP and SAGESS jointly form the national oil reserve agency, with SAGESS having also been nominated as the Central Storage Entity (CSE) for France. SAGESS is owned by companies in the oil industry, whose shares must correspond to oil sales recorded in the previous year. There is no legal guarantee or liability mechanism in place. However, on account of the central importance of SAGESS for France's oil reserves, it is safe to assume that the likelihood of support is high – as a last resort, this could come from the French state.

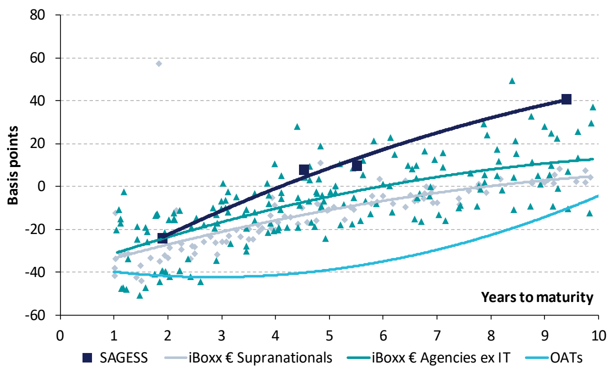
Bonds by currency



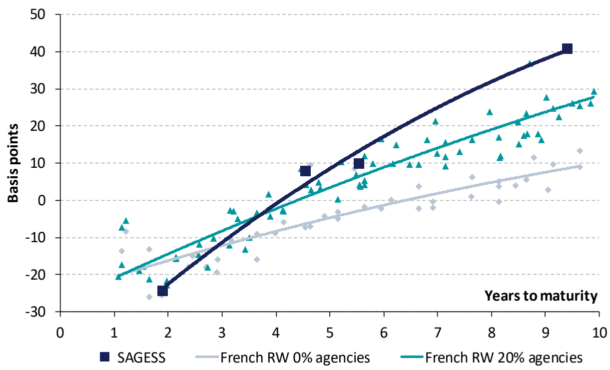
Bond amounts maturing in the next 12 months



SAGESS vs. iBoxx € indices & OATs



SAGESS vs. French SSAs



NB: Foreign currencies are converted into EUR at rates as at 12 April 2023; Residual term to maturity >1year & <10 years; outstanding volume at least EUR 0.5bn
Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
20%	Level 2A	III	Does not apply

Relative Value

Attractiveness vs. OATs (G-spread; bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
37	46	56	-24	9	41	0.1%	0.2%

Funding & ESG (EURbn/EUR equivalent)

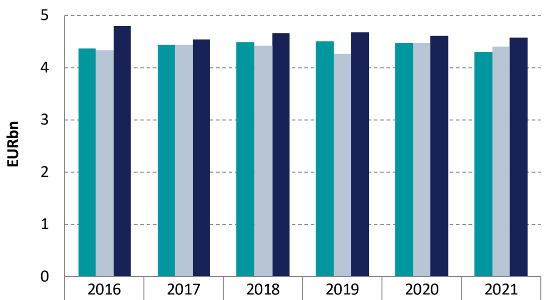
Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
0.6	0.6	0.0	Public bonds, commercial paper	-	0	0.0

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
3.9	3.9	6	0.0	0	0.0

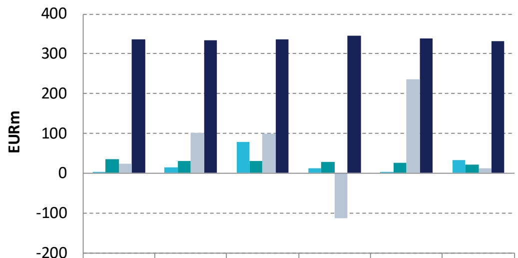
* Residual term to maturity > 1 year and < 10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 12 April 2023.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Balance sheet development



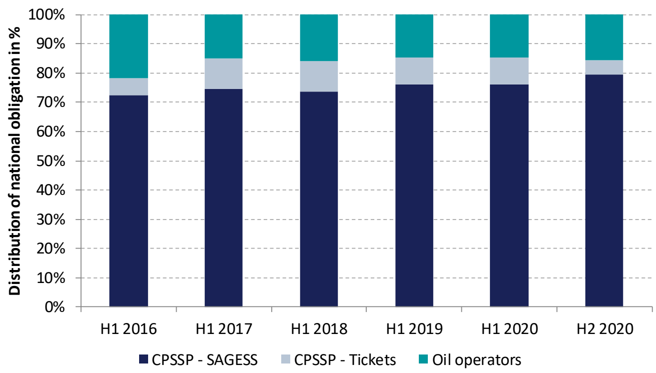
	2016	2017	2018	2019	2020	2021
Total assets	4.8	4.5	4.7	4.7	4.6	4.6
Stocks of oil products	4.3	4.4	4.4	4.3	4.5	4.4
Net debt	4.4	4.4	4.5	4.5	4.5	4.3

Earnings development

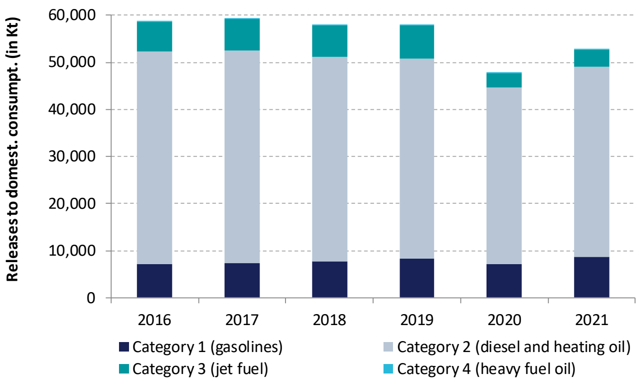


	2016	2017	2018	2019	2020	2021
Costs recovered from CPSSP	337.3	334.9	335.4	344.3	338.6	332.2
Purchases of oil products	24.1	101.5	98.8	-113.2	235.3	12.1
Net financial expenses	35.6	31.5	31.1	28.9	25.0	21.1
Net income	0.0	13.7	77.4	11.8	3.9	33.5

Development of shares in national oil reserves



Development of petroleum products released for domestic consumption



Source: Issuer, NORD/LB Markets Strategy & Floor Research

Strengths

+ High strategic significance
+ Rules on covering costs significantly reduce liquidity risks

Weaknesses

– No explicit guarantee
– Low equity capital ratio (due to business model)

Agence France Locale (AFL)

Agence France Locale (AFL) was established in 2013 by eleven French regional governments and local authorities (RGLAs) as a Société Anonyme (S.A.). Its objective, in line with the Scandinavian municipal financing model, is to diversify the funding of French regions, departments and municipalities, optimise their costs and secure access to liquidity. AFL is 99.9999% owned by Agence France Locale – Société Territoriale (AFL – ST), which in turn is 100% owned by French sub-sovereigns (towns, inter-municipality corporations with tax sovereignty, departments and regions). The remaining 0.0001% is held by the metropolitan region of Lyon, where AFL's sole headquarters are also based. As at the end of June 2022, a total of 521 authorities held a stake in AFL – ST, although this number is likely to rise further in the coming years. The level of participation is dependent on aspects such as the debt burden and operating income. Each paid-in share remains with AFL – ST for a minimum of ten years. A dual guarantee structure is in place for the liabilities of AFL. As part of an explicit guarantee, investors have a claim against AFL – ST, which in turn has a direct claim against its members. In addition, AFL has a claim separately against AFL – ST, in the event that financial difficulties should arise. In this case, too, AFL – ST has a direct claim against its members. As an alternative to this guarantee route, investors have a direct claim against the individual members of AFL – ST. In both guarantee methods, the liability of a member is limited to its own liabilities towards AFL (including accrued interest). Each member furthermore has a claim against the other members in order to ensure a joint and several settlement. This structure is similar to a limited joint and several guarantee.

General information

Homepage

Investor Relations

Owner(s)

99.9999% Agence France Locale – Société Territoriale
0.0001% metropolitan region of Lyon

Guarantor(s)

AFL – ST and members of AFL – ST

Liability mechanism

Explicit guarantee and limited joint and several guarantee

Legal form

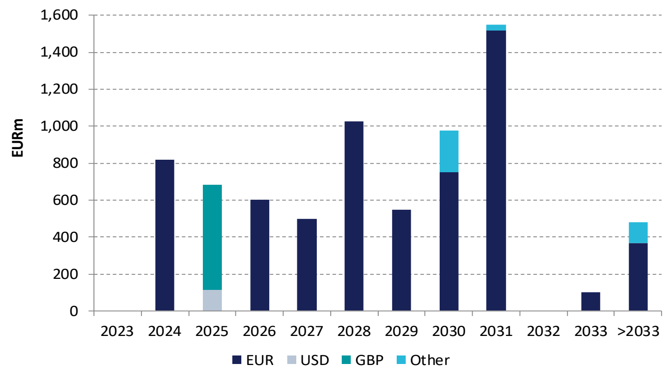
Société Anonyme (S.A.)

Bloomberg ticker

AFLBNK

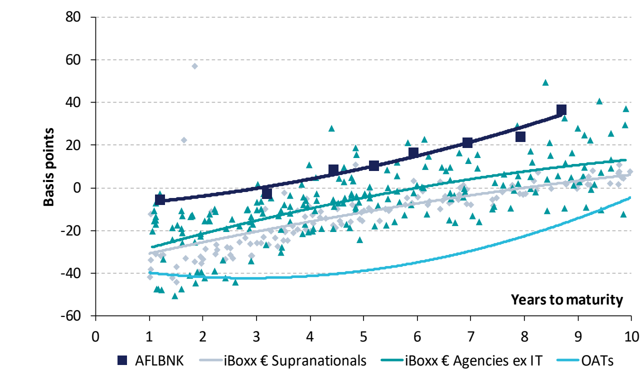
Ratings	Long-term	Outlook
Fitch	-	-
Moody's	Aa3	stab
S&P	AA-	stab

Bonds by currency

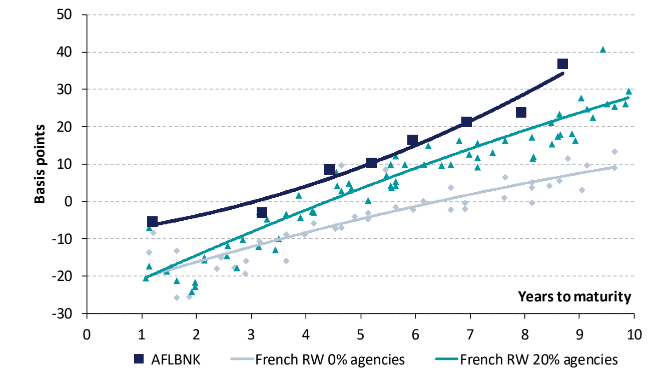


Bond amounts maturing in the next 12 months

AFLBNK vs. iBoxx € indices & OATs



AFLBNK vs. French SSAs



NB: Foreign currencies are converted into EUR at rates as at 12 April 2023; Residual term to maturity >1year & <10 years; outstanding volume at least EUR 0.5bn
Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
20%	Level 2A	IV	Relevant; in our opinion, guarantee prevents use of a bail-in

Relative Value

Attractiveness vs. OATs (G-spread; bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
35	47	57	-5	13	37	0.1%	0.3%

Funding & ESG (EURbn/EUR equivalent)

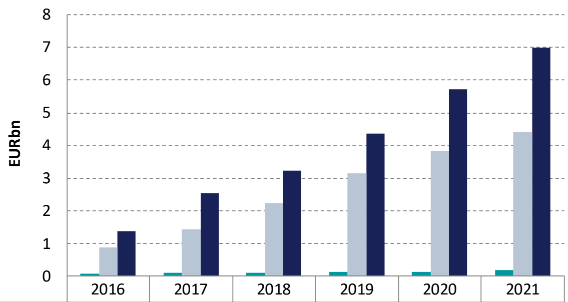
Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
2.0	0.8	1.2	Benchmarks, ESG bonds, public bonds and private placements	ECB	3	1.1

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
7.3	6.2	8	0.1	0	0.9

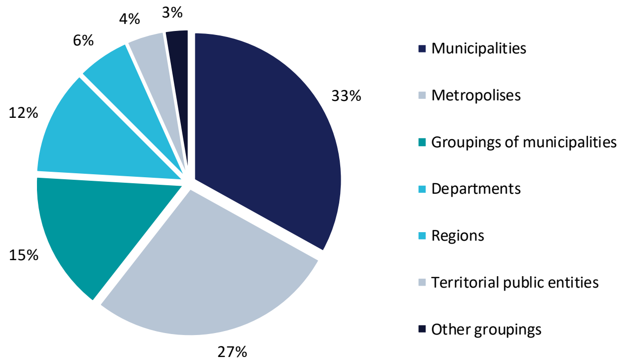
* Residual term to maturity > 1 year and < 10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 12 April 2023.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Balance sheet development

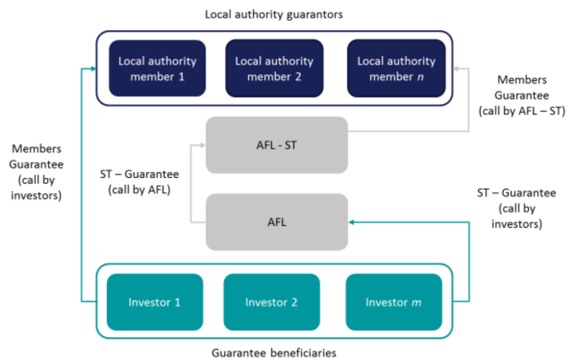


	2016	2017	2018	2019	2020	2021
Total assets	1.4	2.5	3.2	4.4	5.7	7.0
Loans to customers	0.9	1.4	2.2	3.2	3.8	4.4
Total equity	0.1	0.1	0.1	0.1	0.1	0.2

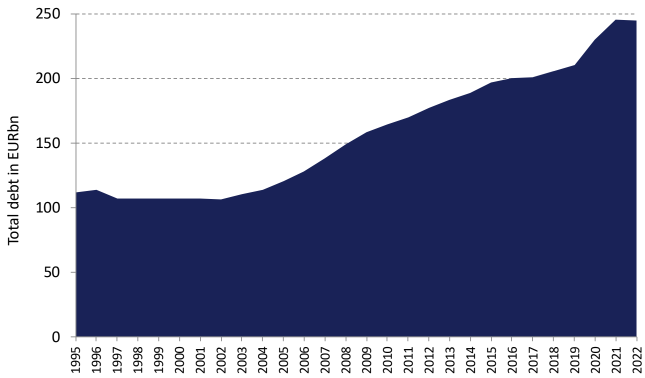
Exposure by member



AFL's guarantee structure



Development of debt in French sub-sovereign sector



Source: Issuer, INSEE, NORD/LB Markets Strategy & Floor Research

Strengths

+ Comprehensive guarantee
+ High importance for French sub-sovereigns

Weaknesses

– Complexity of guarantee structure
– Growth dependent of member support

Société de Financement Local (SFIL)

Société de Financement Local (SFIL) was established in February 2013 to remedy the insufficient range of long-term funding options for French administrative bodies and public hospitals. Since 2020, CDC has held 99.99% of the shares in SFIL, in return for which it has issued a letter of comfort to SFIL. The French states retains ownership of a single share. Caisse Française de Financement Local (CAFFIL, formerly DEXMA) handles the refinancing activities for the lending business with the public sector in France. As a wholly owned subsidiary, it has been responsible for covered bond issues since SFIL was established. It procures most of the liabilities it requires in this way. At the beginning of 2015, the French government tasked SFIL with establishing a public model for granting export loans based on the model of the Nordic states. These loans are granted in collaboration with banks active in the area of export financing. The respective syndicate partner bears at least 5% of the loan, while SFIL bears up to a maximum of 95%. In this business branch, too, CAFFIL handles the funding side, with money being transferred to SFIL in the form of refinancing loans. In order to diversify the refinancing sources and investor base of the Group, SFIL is additionally active on the capital market itself. In this regard, the French state acts as the “primary shareholder”. A letter of comfort has been issued, which requires the French state to provide financial support when requested by Banque de France (Art 511-42 code monétaire et financier). Furthermore, pursuant to Article 10 (1) (e) (i) of the LCR Delegated Act, it has been required to secure the economic basis of the institute since being founded. The French state also guarantees the portion of export loans that remain with SFIL. Due to this, as well as the political desire to establish SFIL as a strong public sector and export economy financier, we take the view that state aid would be provided in the event of a crisis or emergency at SFIL.

General information

Homepage

Investor Relations

Owner(s)

99.99% Caisse des Dépôts,
0.01% French state

Guarantor(s)

France (implicit)

Liability mechanism

Maintenance obligation

Legal form

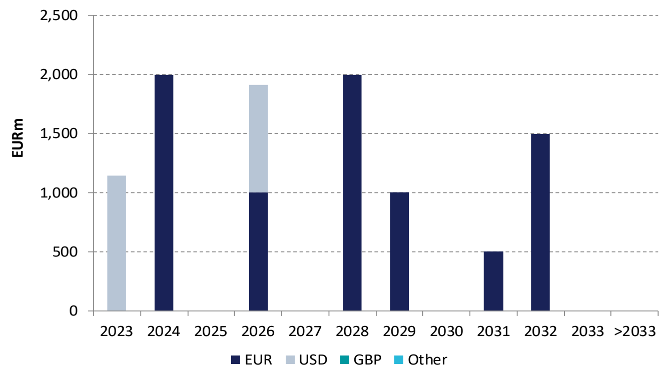
Société Anonyme (S.A.)

Bloomberg ticker

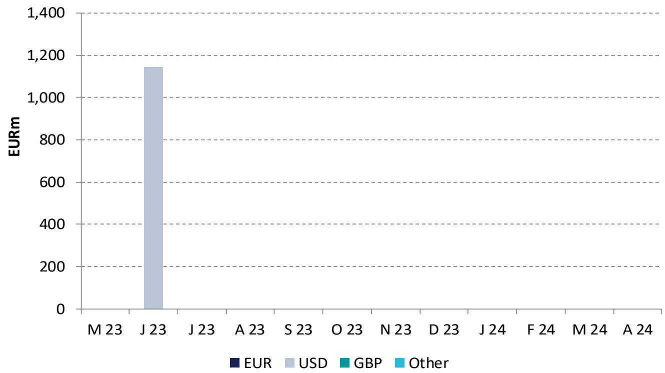
SFILFR

Ratings	Lfr.	Ausblick
Fitch	-	-
Moody’s	Aa2	stab
S&P	AA	neg

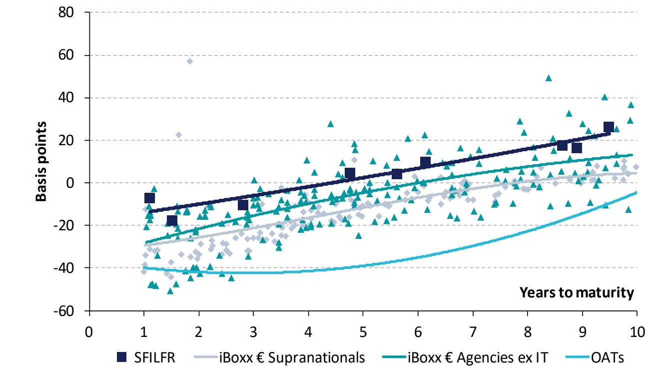
Bonds by currency



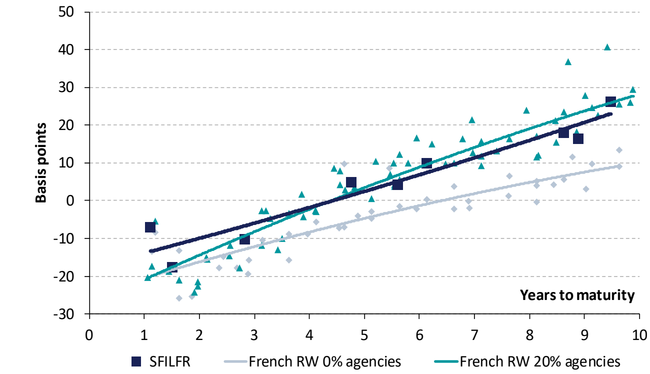
Bond amounts maturing in the next 12 months



SFILFR vs. iBoxx € indices & OATs



SFILFR vs. French SSAs



NB: Foreign currencies are converted into EUR at rates as at 12 April 2023; Residual term to maturity >1year & <10 years; outstanding volume at least EUR 0.5bn
Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
20%	Level 1	II	Relevant; in our opinion, implicit guarantee prevents use of a bail-in

Relative Value

Attractiveness vs. OATs (G-spread; bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
33	39	43	-19	4	27	0.3%	1.2%

Funding & ESG (EURbn/EUR equivalent)

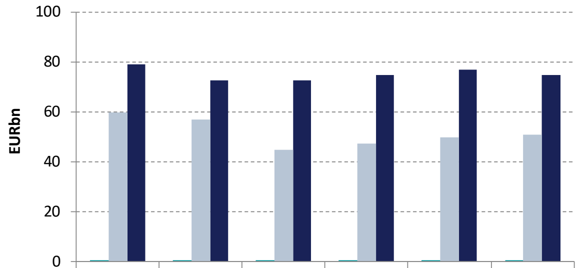
Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
2.5	1.1	1.4	Benchmarks, other public bonds, ESG bonds and private placements	ECB	2	1.0

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
10.1	8.0	9	2.1	2	0.0

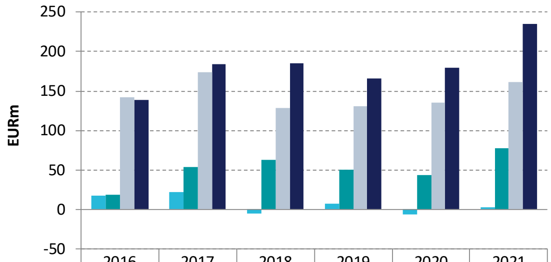
* Residual term to maturity > 1 year and < 10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 12 April 2023.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Balance sheet development



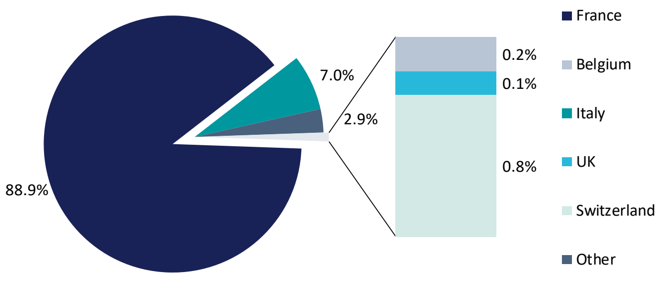
	2016	2017	2018	2019	2020	2021
Total assets	78.9	72.4	72.7	74.8	77.0	74.8
Loans to customers	59.7	57.0	44.7	47.3	49.9	50.9
Loans to banks	0.4	0.3	0.2	0.3	0.3	0.3

Earnings development

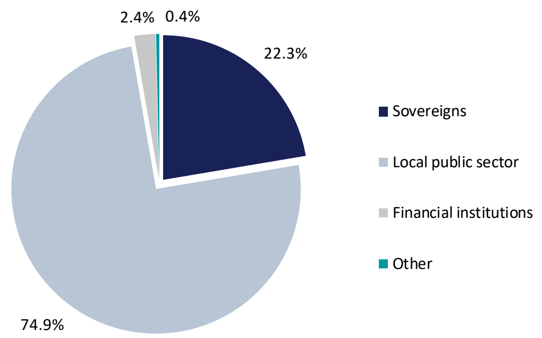


	2016	2017	2018	2019	2020	2021
Net banking income	139	184	185	166	180	235
Net interest income	142	174	129	131	135	161
Consolidated net income	19	54	63	50	44	77
Cost of risk	18	22	-5	7	-6	3

Loan portfolio by region



Loan portfolio by borrower



Source: Issuer, NORD/LB Markets Strategy & Floor Research

Strengths

+ Strong mandate from the state
+ Low-risk loan portfolio
+ High-level capitalisation

Weaknesses

– No explicit guarantee
– Low profitability

Société du Grand Paris (SGP)

Back in April 2009, the then French president Nicolas Sarkozy announced his plans for a "Grand Paris Express", which was shorthand for an expansion to the Paris metro system. In May 2010, the project was approved by a slender majority in the Senate. Subsequently, the agency Société du Grand Paris (SGP) was founded on 07 July 2010. The plans drawn up by the former Secretary of State of the Greater Paris Region, Christian Blanc, envisaged the construction of four new metro lines between 2013 and 2030, with six existing lines to be expanded, in order to link the suburbs and city centre more effectively. The project also seeks to develop connections to three airports that serve the French capital. One of the new metro routes will be a circle line around the city, with Paris taking inspiration from London. The first stage of the metro expansion project is scheduled to be ready in time for the Olympic Games in the summer of 2024. The estimated costs in 2010 of EUR 19bn for Europe's largest infrastructure project were significantly scaled up again to EUR 42bn in 2020. Owing to the high costs associated with the project, Cour des Comptes, the independent control organ for the appropriation of taxpayers' money, criticised the project's overall socio-economic relevance as early as 2018, in addition to the governance structures, which it claims lack transparency in presenting the costs of the project. It also claimed that funding for the project will continue to be highly susceptible to changes in the economic landscape, for example any increase in interest rates. SGP calculates the regional relevance of the project based on the estimated 3 million daily passengers and more than 115,000 new jobs following its completion. SGP has earmarked the following instruments for project financing: a commercial paper programme introduced in 2018 totalling EUR 3bn in addition to a green bond EMTN programme with a volume of EUR 32.5bn. Capital market debt for the project is capped at EUR 35bn, with 79% (as at April 2022) of this ceiling having been exhausted so far. In recent years, the EIB and CDC have granted credit lines totalling EUR 3.5bn to SGP. The owner and implicit guarantee provider (EPIC status) is the French state.

General information

[Homepage]
[Investor Relations]

Owner(s)
100% French state

Guarantor(s)
France (implicit)

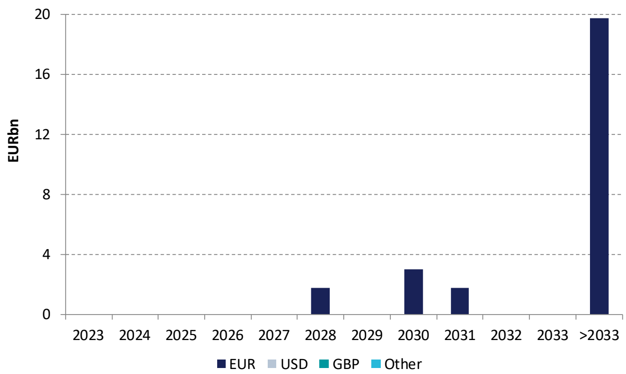
Liability mechanism
EP status

Legal form
Établissement Public Industriel et Commercial (EPIC)

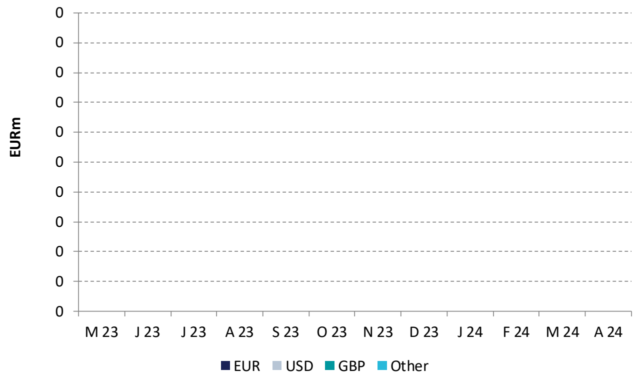
Bloomberg ticker
SOGRPR

Ratings	Long-term	Outlook
Fitch	AA	neg
Moody's	Aa2	stab
S&P	-	-

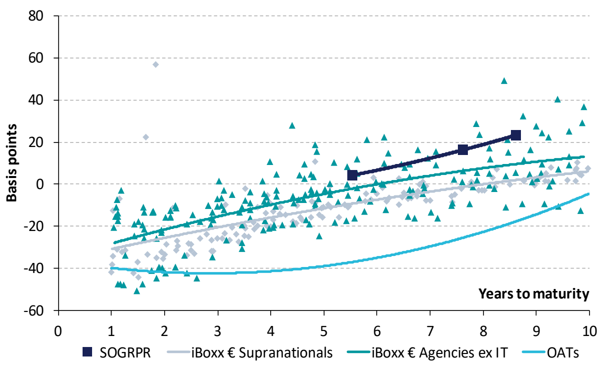
Bonds by currency



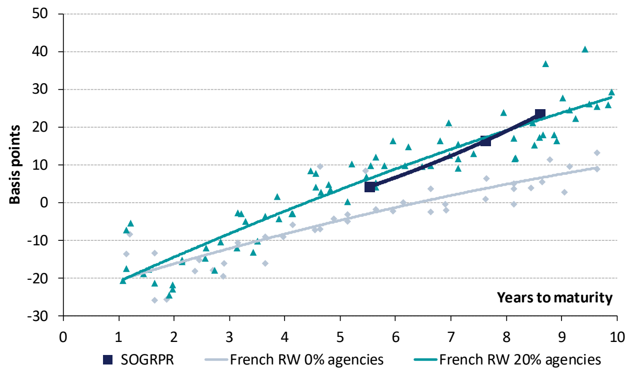
Bond amounts maturing in the next 12 months



SOGRPR vs. iBoxx € indices & OATs



SOGRPR vs. French SSAs



NB: Foreign currencies are converted into EUR at rates as at 12 April 2023; Residual term to maturity >1year & <10 years; outstanding volume at least EUR 0.5bn
Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
20%	Level 2A	II	Does not apply

Relative Value

Attractiveness vs. OATs (G-spread; bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € OSSNF
40	46	47	5	18	26	0.8%	32.0%

Funding & ESG (EURbn/EUR equivalent)

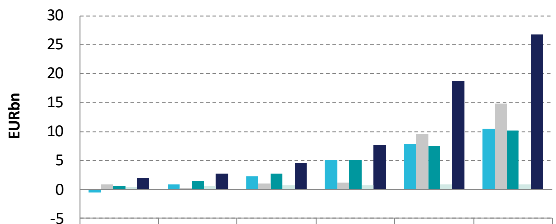
Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
4.0	0.0	4.0	Benchmarks, ESG bonds, private placements and commercial paper	-	20	26.2

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
26.2	26.2	13	0.0	0	0.0

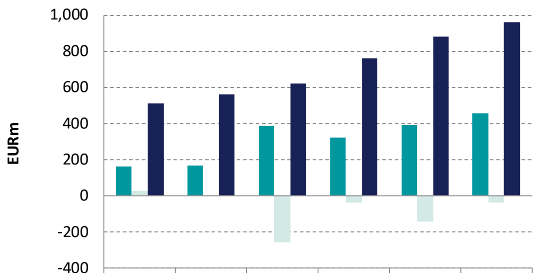
* Residual term to maturity > 1 year and < 10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 12 April 2023.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Balance sheet development



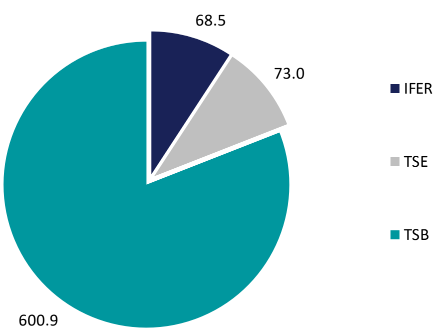
	2016	2017	2018	2019	2020	2021
Total Assets	2.0	2.8	4.6	7.7	18.7	26.7
PP&E	0.4	0.5	0.7	0.7	0.8	0.9
PP&E in Progress	0.6	1.5	2.8	5.1	7.5	10.1
Liquid Funds	0.8	0.3	1.0	1.2	9.6	14.9
Net Debt	-0.5	1.0	2.3	5.0	7.8	10.5

Earnings development

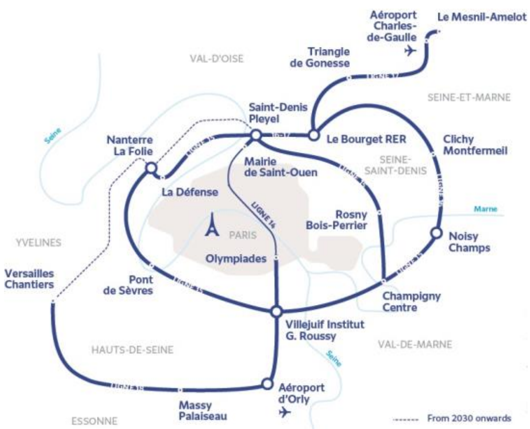


	2016	2017	2018	2019	2020	2021
Total Income	513.2	562.6	622.5	761.8	878.3	958.2
Net Income	25.5	-4.9	-258.7	-39.3	-144.8	-36.6
Total Operating Expense	161.9	168.8	388.4	319.3	391.5	456.0

Tax income per programme (EUR m)



Planned rail network and expansion status



Source: Issuer, NORD/LB Markets Strategy & Floor Research

Strengths

+ Strong mandate from the state
+ Higher tax income in future
+ Needs-orientated funding strategy

Weaknesses

– Significantly higher costs than originally predicted
– High debt level (due to business model)
– Significant volatility in balance sheet items

Caisse Centrale du Crédit Immobilier de France (3CIF)

General information

Homepage

Investor Relations

Owner(s)

99.99% (CIFD),
0.01% six natural persons

Guarantor(s)

France (explicit)

Liability mechanism

Explicit guarantee

Legal form

Société Anonyme (S.A.)

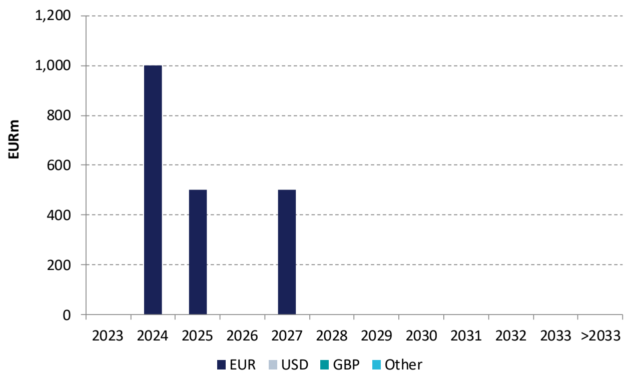
Bloomberg ticker

CCCI

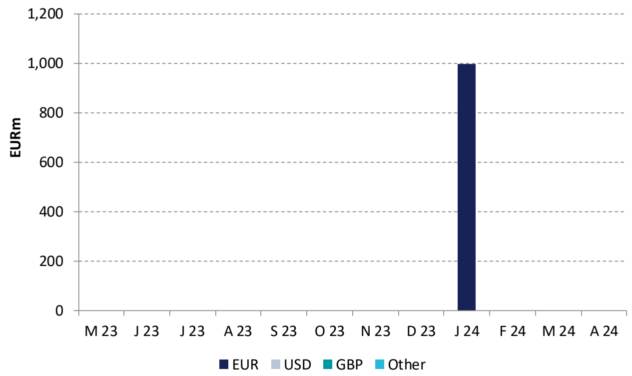
Ratings	Long-term	Outlook
Fitch	AAu/A	neg/stab
Moody's	Aa2/Baa2	stab/stab
S&P	AAu/-	neg/-

Caisse Centrale du Crédit Immobilier de France (3CIF) was originally founded in 1986 in order to guarantee the financing of Crédit Immobilier de France Développement (CIFD). Since being established in 1908, the Group has focused on granting mortgage loans to private individuals. CIFD is owned exclusively by regional cooperatives, which is one of the reasons why the Group has issued loans to households with below-average income up to the present day. During the financial crisis, this contributed to re-payment difficulties and led to a downgrade of four notches in the Moody's rating. As a result of this, capital market refinancing activities essentially ground to a halt, meaning that the Group was forced to appeal for state aid. In 2013, the French government issued a state guarantee of up to a maximum of EUR 16bn until 2035. For this, the issuances must be EUR-denominated and may carry a maximum term to maturity of five years. The costs of the guarantee, the fees for which are to be paid to the French state, entail a fixed mark-up of 5bp, with an additional variable annual premium of 145bp due in the event that the Group's Tier 1 ratio remains in excess of 12% and the Autorité de contrôle prudentiel et de résolution (ACPR) does not anticipate a stress scenario in connection with payments. The guarantee also imposed a winding-up order on the bank. Resolution in compliance with the regulations is controlled by the ACPR and European Commission. The official requirements stipulate that no assets other than bonds are to be sold, while premature mortgage repayments are only permitted to a minimal extent. As the balance sheet of CIFD is not directly consolidated in the accounts of the French state, the guarantee has generated a form of income for the Republic of France. The short maturities of the bond issuances are offset by the Group's long-term mortgage loans on the asset side. A majority of the loans run for a minimum of five years. The bonds that carry an explicit guarantee from the French state benefit from preferred regulatory treatment (risk weight of 0% and LCR Level 1).

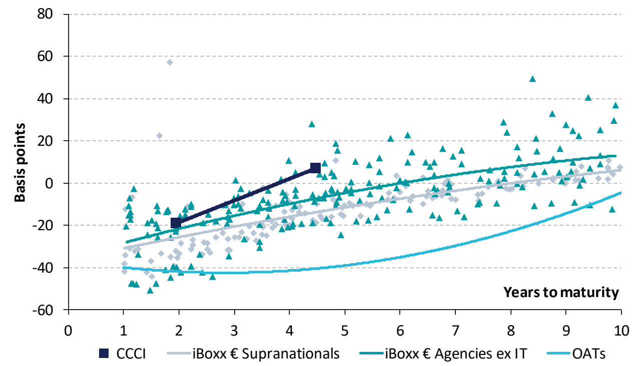
Bonds by currency



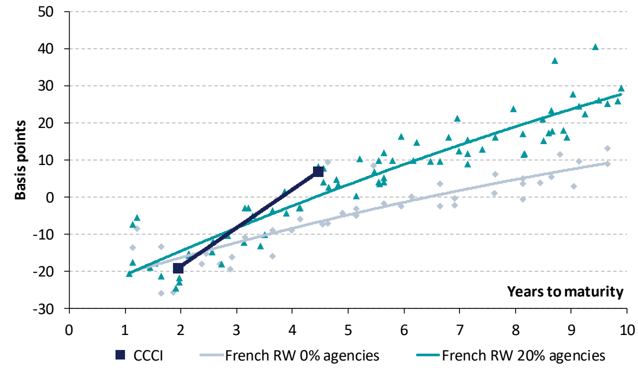
Bond amounts maturing in the next 12 months



CCCI vs. iBoxx € indices & OATs



CCCI vs. French SSAs



NB: Foreign currencies are converted into EUR at rates as at 12 April 2023; Residual term to maturity >1year & <10 years; outstanding volume at least EUR 0.5bn
Source: Bloomberg, Markit, NORD/LB Markets Strategy & Floor Research

Regulatory details

Risk weighting according to CRR/Basel III (standard approach)	Liquidity category according to Liquidity Coverage Ratio (LCR)	Haircut category according to ECB repo rules	Leverage ratio/BRRD
0% (guaranteed bonds)	Level 1	IV	Does not apply

Relative Value

Attractiveness vs. OATs (G-spread; bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
38	42	47	-19	-6	7	0.0%	0.0%

Funding & ESG (EURbn/EUR equivalent)

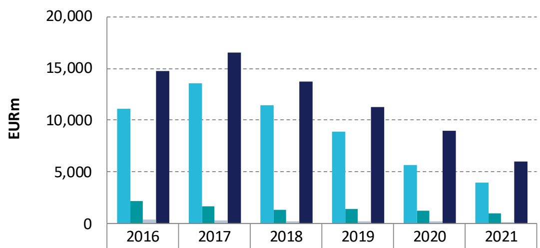
Target 2023	Maturities 2023	Net Supply 2023	Funding instruments	Central bank access	No. of ESG bonds	ESG volume
1.0	0.7	0.4	Benchmarks, EMTN programme, PP, CP, certificates of deposits	-	0	0.0

Outstanding volume (EURbn/EUR equivalent)

Total	of which in EUR	No. of EUR benchmarks**	of which in USD	No. of USD benchmarks**	of which in other currencies
2.1	2.1	3	0.0	0	0.0

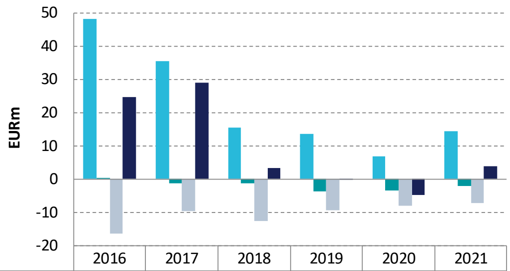
* Residual term to maturity > 1 year and < 10 years; outstanding volume at least EUR 0.5bn.
** Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies are converted into EUR at rates as at 12 April 2023.
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.
Source: Bloomberg, issuers, NORD/LB Markets Strategy & Floor Research

Balance sheet development



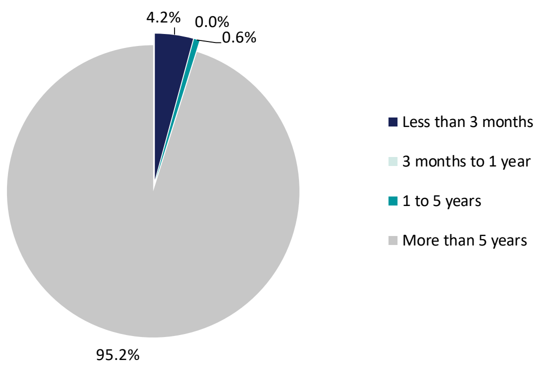
	2016	2017	2018	2019	2020	2021
Total assets	14,763	16,550	13,700	11,305	8,983	6,033
Government securities and equivalents	383	323	280	265	265	184
Other assets	2,219	1,700	1,372	1,456	1,290	1,010
Due from credit institutions	11,139	13,565	11,455	8,933	5,669	3,954

Earnings development

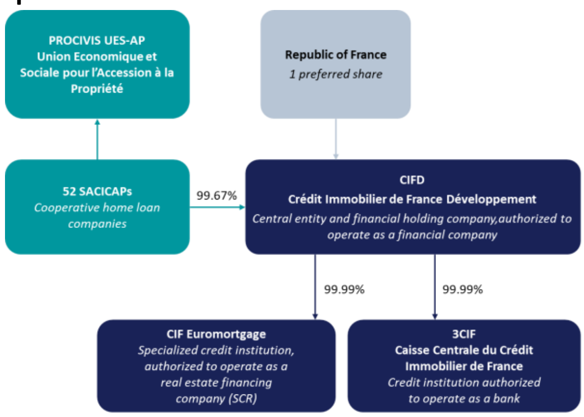


	2016	2017	2018	2019	2020	2021
Net income	24.6	29.1	3.2	-0.3	-4.7	3.8
General operating expenses	-16.6	-9.8	-12.6	-9.3	-8.1	-7.3
Net provision income	0.3	-1.4	-1.3	-3.6	-3.3	-2.2
Net interest income	48.3	35.4	15	14	7	14

Residual term of issued loans



Group structure



Source: Issuer, NORD/LB Markets Strategy & Floor Research

Strengths

+ Explicit state guarantee
+ No pressure for asset fire sale

Weaknesses

– Mortgage loans concentrated on French market
– High degree of credit fluctuation
– Very high NPL ratios

Appendix
Publication overview

Issuer Guides:

- **European Supranationals 2023**
- **German Agencies 2022**
- **Dutch Agencies 2022**
- **Austrian Agencies 2022**
- **Skandinavian Agencies (Nordics) 2022**
- **Spanish Agencies 2022**
- **Issuer Guide – German Laender 2022**
- **Issuer Guide Covered Bonds 2022**

SSA/Public Issuers:

- **Public Issuer Special – City of Amsterdam**
- **Beyond Bundeslaender: Greater Paris (IDF/VDP)**
- **Beyond Bundeslaender: Belgium**
- **Spotlight on Spanish regions**

Fixed Income Specials:

- **ESG-Update 2022**
- **ECB interest rate decision: Backbone in times of turmoil?!**
- **ECB interest rate decision: Roadmap to QT**
- **ECB: The Wishing-Table, the Gold-Ass, and the Cudgel in the Sack**
- **ECB interest rate decision: delivered as expected?**
- **ECB acts as the 'House of Hikes' – or: Winter is coming!**

NORD/LB:	NORD/LB:	NORD/LB:	Bloomberg:
Markets Strategy & Floor Research	Covered Bond Research	SSA/Public Issuer Research	RESP NRDR <GO>

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Sales Europe	+352 452211-515

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Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9550
Frequent Issuers	+49 511 9818-9640

Origination & Syndicate

Origination FI	+49 511 9818-6600
Origination Corporates	+49 511 361-2911

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Asset Finance	+49 511 361-8150

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