

Agence France Locale - Société Territoriale

Consolidated accounts (IFRS GAAP) BALANCE SHEET

Assets as of June 30, 2020

(€ '000s)	Notes	30/06/2020	31/12/2019
Cash, central banks	5	448,057	165,604
Financial assets at fair value through profit or loss	1	17,775	15,962
Hedging derivative instruments	2	179,899	130,957
Financial assets at fair value through other comprehensive income	3	518,012	535,900
Securities at amortized cost	4	194,838	139,718
Loans and receivables due from credit institutions and similar items at amortized cost	5	229,826	190,830
Loans and receivables due from customers at amortized cost	6	3,411,437	3,160,500
Revaluation adjustment on interest rate risk-hedged portfolios		26,812	14,284
Current tax assets		32	42
Deferred tax assets	7	6,489	5,654
Accruals and other assets	8	561	380
Intangible assets	9	1,861	2,097
Property, plant and equipment	9	2,682	2,633
Goodwill			
TOTAL ASSETS		5,038,281	4,364,561

Liabilities as of June 30, 2020

(€ '000s)	Notes	30/06/2020	31/12/2019
Central banks		127	26
Financial liabilities at fair value through profit or loss	1	17,823	15,476
Hedging derivative instruments	2	263,953	173,597
Debt securities	10	4,618,004	4,036,974
Due to credit institutions	11	1,587	4,236
Due to customers			
Revaluation adjustment on interest rate hedged portfolios			
Current tax liabilities			
Deferred tax liabilities	7		18
Accruals and other liabilities	12	2,531	2,465
Provisions	13	193	278
Equity		134,064	131,490
Equity, Group share		134,064	131,490
Share capital and reserves		158,992	154,460
Consolidated reserves		(21,404)	(20,218)
Reevaluation reserve			
Gains and losses recognised directly in equity		(3,499)	(1,566)
Profit (loss) for the period		(24)	(1,186)
Non-controlling interests			
TOTAL LIABILITIES		5,038,281	4,364,561

Income statement

(€ '000s)	Notes	30/06/2020	30/06/2019	31/12/2019
Interest and similar income	14	43,813	37,030	77,870
Interest and similar expenses	14	(37,514)	(32,367)	(67,747)
Fee & Commission Income	15	75	35	178
Fee & Commission Expense	15	(67)	(49)	(112)
Net gains (losses) on financial instruments at fair value through profit or loss	16	(623)	(2,567)	(2,444)
Net gains or losses on financial instruments at fair value through other comprehensive income	17	425	2,874	3,363
Income on other activities				
Expenses on other activities				
NET BANKING INCOME		6,109	4,956	11,106
Operating expenses	18	(4,971)	(4,871)	(9,320)
Net depreciation, amortisation and impairments of tangible and intangible assets	9	(838)	(1,180)	(2,289)
GROSS OPERATING INCOME		300	(1,095)	(503)
Cost of risk	19	(455)	(7)	5
OPERATING INCOME		(155)	(1,102)	(498)
Net gains and losses on other assets	20	(21)		(461)
INCOME BEFORE TAX		(176)	(1,102)	(959)
Income tax	7	152	74	(227)
NET INCOME		(24)	(1,027)	(1,186)
Non-controlling interests				
NET INCOME GROUP SHARE		(24)	(1,027)	(1,186)
Basic earnings per share (in EUR)		(0.02)	(0.68)	(0.77)
Diluted earnings per share (in EUR)		(0.02)	(0.68)	(0.77)

Net income and other comprehensive income

(€ '000s)	30/06/2020	30/06/2019	31/12/2019
Net income	(24)	(1,027)	(1,186)
Items will be reclassified subsequently to profit or loss	(1,685)	278	(156)
Revaluation of financial assets at fair value through other comprehensive income recyclable to income	(2,303)	366	(213)
Other items recognized through other comprehensive income recyclable to income			
Related taxes	618	(88)	57
Elements not recyclable in profit or loss	(248)	(9)	(9)
Revaluation in respect of defined benefit plans		(9)	(9)
Revaluation of financial instruments at fair value through other comprehensive income not recyclable to income	(331)		
Other items recognized through other comprehensive income not recyclable to income			
Related taxes	83		
Total gains and losses recognized directly in equity	(1,933)	269	(164)
COMPREHENSIVE INCOME	(1,957)	(758)	(1,351)

Consolidated statement of changes in equity

	Capital	Associated reserves to capital	Consolidated reserves	Gains and losses recognized directly in comprehensive income				Net income, Group share	Share-holders' equity - Group share	Share-holders' equity, non-controlling interests	Total share-holders equity
				Recyclable		Not recyclable					
				Net change in fair value of Financial assets at fair value through other comprehensive income, after tax	Net change in fair value of cash flow hedging derivatives, after tax	Revaluation in respect of defined benefit plans	Other items recognized through other comprehensive income not recyclable to income				
(€ '000s)											
Shareholders' equity at 1 January 2019	145,905	-	(18,504)	(1,411)	-	-	-	(1,705)	124,285	-	124,285
Increase in share capital	8,555								8,555		8,555
Elimination of treasury shares											
Allocation of profit 2018			(1,705)					1,705			
Dividends 2018 paid											
Sub-total of changes linked to transactions with shareholders	8,555	-	(1,705)	-	-	-	-	1,705	8,555	-	8,555
Changes in fair value through equity				(397)					(397)		(397)
Change in value of through profit or loss				184					184		184
Changes in actuarial gains on retirement benefits			(9)						(9)		(9)
Related taxes				57					57		57
Changes in gains and losses recognized directly in equity	-	-	(9)	(156)	-	-	-	-	(164)	-	(164)
2019 Net income								(1,186)	(1,186)		(1,186)
Sub-total	-	-	(9)	(156)	-	-	-	(1,186)	(1,351)	-	(1,351)
Effect of acquisitions and disposals on non-controlling interests											
Shareholders' equity at 31 December 2019	154,460	-	(20,218)	(1,566)	-	-	-	(1,186)	131,490	-	131,490
Increase in share capital	4,532 ⁽¹⁾								4,532		4,532
Elimination of treasury shares											
Allocation of profit 2019			(1,186)					1,186			
Dividends 2019 paid											
Sub-total of changes linked to transactions with shareholders	4,532	-	(1,186)	-	-	-	-	1,186	4,532	-	4,532
Changes in fair value through equity				(2,487)					(2,487)		(2,487)
Change in value of through profit or loss				184					184		184
Revaluation of financial instruments at fair value through other comprehensive income not recyclable to income							(331)		(331)		(331)
Changes in actuarial gains on retirement benefits											
Related taxes				618			83		701		701
Changes in gains and losses recognized directly in equity	-	-	-	(1,685)	-	-	(248)	-	(1,933)	-	(1,933)
30 June 2020 Net income								(24)	(24)		(24)
Sub-total	-	-	-	(1,685)	-	-	(248)	(24)	(1,957)	-	(1,957)
Effect of acquisitions and disposals on non-controlling interests											
Shareholders' equity at 30 June 2020	158,992	-	(21,404)	(3,251)	-	-	(248)	(24)	134,064	-	134,064

(1) The share capital of Agence France Locale - Société Territoriale which amounts on 30 of June, 2020 to € 158,991,500 consists of 1,589,915 shares. The Company carried out two capital increases during the first year-half 2020 for the benefit of the Territorial Company, its parent company, they were subscribed on 19th March, 2020 for € 3,335k and on 15th June, 2020 for € 1,197k.

Cash flow statement

(€ '000s)	30/06/2020	31/12/2019
Net income before taxes	(176)	(959)
+/- Net depreciation and amortisation of tangible and intangible non-current assets	838	2,289
+/- Net provisions and impairment charges	285	184
+/- Expense/income from investing activities	(899)	(6,090)
+/- Expense/income from financing activities	290	474
+/- Other non-cash items	765	(622)
= Non-monetary items included in net income before tax and other adjustments	1,280	(3,764)
+/- Cash from interbank operations		
+/- Cash from customer operations	(181,452)	(857,188)
+/- Cash from financing assets and liabilities	(21,853)	(36,808)
+/- Cash from not financing assets and liabilities	(2,596)	4,222
- Income tax paid		
= Decrease/(increase) in cash from operating activities	(205,902)	(889,774)
= CASH FLOW FROM OPERATING ACTIVITIES (A)	(204,798)	(894,497)
+/- Flows linked to financial assets and investments	(51,308)	(24,573)
+/- Flows linked to investment properties		
+/- Flows linked to tangible and intangible non-current assets	(525)	(1,142)
= CASH FLOW FROM INVESTING ACTIVITIES (B)	(51,833)	(25,715)
+/- Cash from or for shareholders	4,542	8,104
+/- Other cash from financing activities	544,053	964,293
= CASH FLOW FROM FINANCING ACTIVITIES (C)	548,595	972,397
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)		
Increase/(decrease) in cash equivalents (A + B+ C + D)	291,964	52,185
Cash flow from operating activities (A)	(204,798)	(894,497)
Cash flow from investing activities (B)	(51,833)	(25,715)
Cash flow from financing activities (C)	548,595	972,397
Effect of changes in exchange rates on cash and cash equivalents (D)		
Cash and cash equivalents at the beginning of the period	182,217	130,032
Cash and balances with central banks (assets & liabilities)	165,609.38	121,654
Interbank accounts (assets & liabilities) and loans/deposits at sight	16,607	8,378
Cash and cash equivalents at the end of the period	474,180	182,217
Cash and balances with central banks (assets & liabilities)	448,082	165,609
Interbank accounts (assets & liabilities) and loans/deposits at sight	26,098	16,607
CHANGE IN NET CASH	291,964	52,185

NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

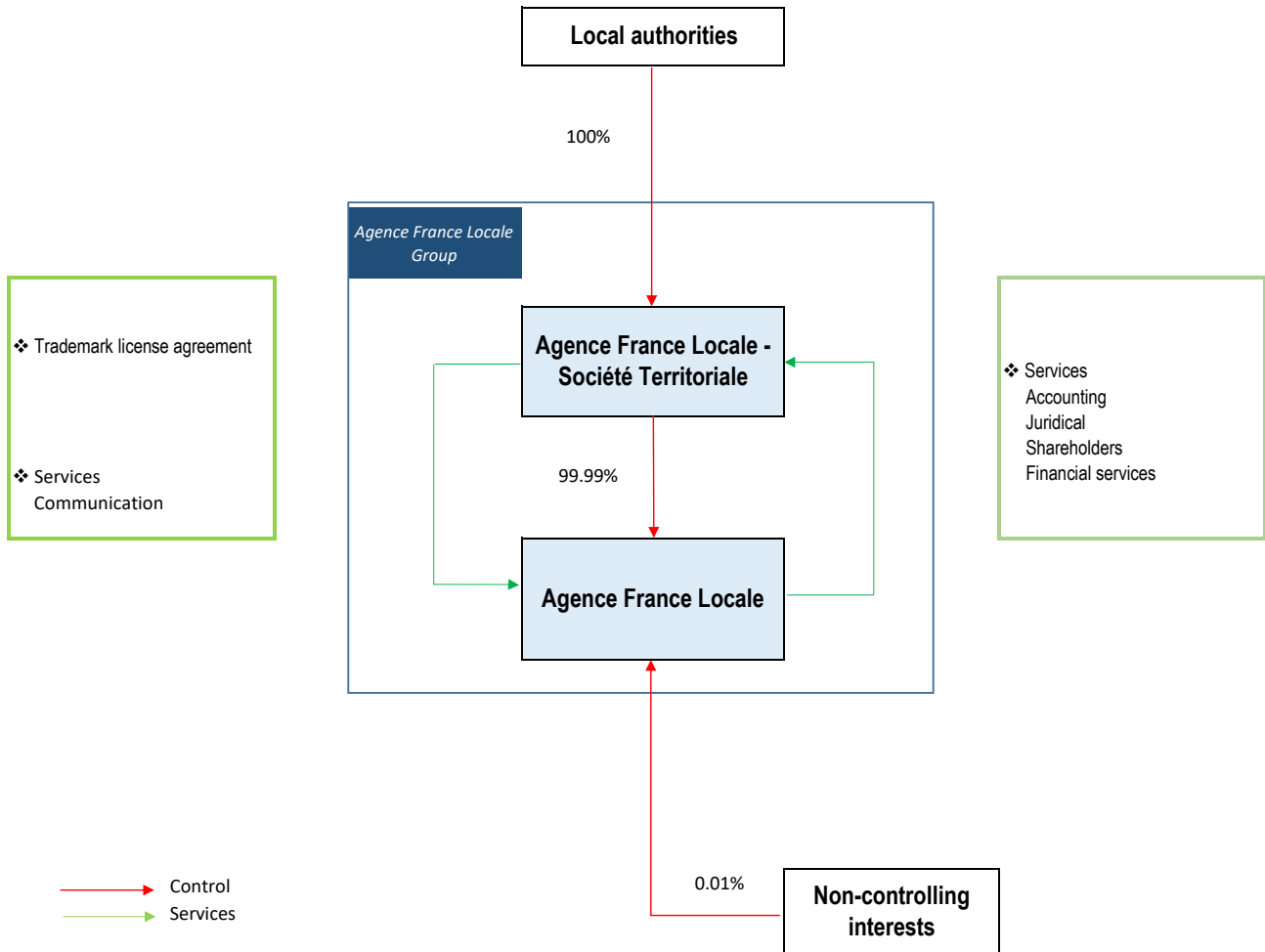
General framework

AFL (« Agence ») presentation

The AFL ("Agence") is the subsidiary of Agence France Locale - Société Territoriale ("AFL ST").

The AFL ST is a limited company with a Board of Directors whose shareholders are comprised exclusively of Communities that the membership of the Group AFL. The AFL ST is the parent company of the Agence. Agence is a limited company with an Executive Board and a Supervisory Board.

The diagram below shows the structure of the AFL group:



I - Publication context

The half-year financial statements were approved by the Board of Directors as of September 7, 2020.

II - Highlights from the first half year

AFL is pursuing an annual target of 800 million euros. As of June 30, 2020, production over the period with member amounted to € 247.5 million compared to € 166.3 million during the first half of 2019, for 68 credit contracts with an average maturity of 16.8 years. To this is added a production of € 52.8 million short-term facilities. Although seasonal, the use of borrowing by local authorities was more dynamic in the first half of 2020 than it had been in previous years, despite the municipal elections held in the first half of 2020, and which generally result in a decrease in investments and hence in financing needs.

In January 2020, the AFL performed three EMTN issues constituting contributions immediately fungible with existing bond issues. The first is an Australian dollar denominated issue with a size of AUD 65 million, or 40.2 million euros equivalent, matches an existing issue maturing in June 2030 at an issue margin of 19 basis points above the Obligations Assimilables du Trésor (OAT) curve. The second transaction for an amount of 100 million euros, which is a fungible issue of June 2026 maturity debt, was made at OAT plus 27.3 basis points. Finally, two transactions of 60 million euros each, topping up the stock in euros due June 2028, carried out at 26.3 and 35 basis points above the OAT.

On June 11, 2020, the AFL originated the central bank loan mobilization system (TRiCP - Data Processing of Private Claims) which provides it with a line of credit, available at any time, from the Banque de France for an amount of 70% of its medium-to-long-term loan balance sheet, i.e. € 2,279 million as of June 30, 2020.

During the first half of 2020, Société Territoriale saw its capital increase from 4.5 million euros to 159 million euros following two capital increases which were subscribed on March 13, 2020 for 3,335k € and June 15, 2020 for € 1,197k. As a result of these capital increase operations, the total number of local authority shareholders of the Agence France Locale Group was increased to 369.

The first half of 2020 marks a further increase in net banking income related to the loan business, which is part of the Company's development path in accordance with the objectives of the 2017-2021 strategic plan. Net banking income generated by the activity stands at € 6,109K. It corresponds to an interest margin of € 6,299K, to capital gains on the sale of investment securities of € 83K after taking into account the result of ending hedging relationship which relates to the management of the liquidity reserve, commission income of € 8K and a reversal on the depreciation of investment securities of € 281K.

These results should be compared with those of the first half of 2019 at the end of which the NBI amounted to € 4,956K, corresponding mainly to a net interest margin of € 4,663K, to capital gains on the sale of securities of € 409K after taking into account the result of ending hedging relationship, to commission charges of € 14K and a reversal of depreciation of investment securities of € 103K.

The interest margin of € 6,299K, realized on June 30, 2020, originates mainly from the following three elements:

- Income related to the loan portfolio in the amount of € 3,741K, once their hedging has been restated;
- Income related to the management of the liquidity reserve, negative € 1,581K, due to interest rates deeply in negative territory during the period; and
- The interest charge on the debt and collateral, which for the reasons indicated above, represents a source of income amounting to € 4,139K, once the income from its coverage is taken into account.

During the first half of the year, portfolio management of the liquidity reserve led to € 425K in income on sales of investment securities and € 342K in loss on termination of interest rate hedging instruments for securities that were disposed, ie a net amount of capital gains on disposals of € 83K which breaks down into € 207K of capital losses on disposals and € 290K of capital gains on disposals.

Net income from hedge accounting comes from two items. First of all, it comes from the sale of interest rate hedging of fixed-income securities for €-342K and secondly €-281K which represents, for instruments still in portfolio at the reporting date, the sum related to unrealized valuation differences between hedged items and hedging instruments. Among these differences, € 882K relate to valuation differential charges on instruments classified as macro-hedges and €-867K of products relate to valuations of instruments classified as micro-hedges. There are still unrealized differences in valuations between the hedged items and the hedging instruments, one of the components of which comes from an accounting practice that leads to an asymmetry in the valuation, on the one hand, of hedging instruments collateralised daily, discounted on the basis of an Eonia curve, and, on the other, of hedged items, discounted on the basis of a Euribor curve, which, pursuant to IFRS standards, leads to the recognition of a hedging ineffectiveness that is recorded in the income statement. However, it should be noted that this corresponds to unrealized income.

As of June 30, 2020, general operating expenses represented € 4,971K compared to € 4,871K as of June 30, 2019. They account for € 2,607K in personnel costs compared to 2,497K € for the first semester of the previous year. General operating expenses also include administrative expenses, which amount to € 2,364K compared to € 2,374K as of June 30, 2019.

Depreciation charges at June 30, 2020 amounted to € 838K compared to € 1,180K at June 30, 2019, a decrease of € 342K which corresponds to the end of the depreciation of the first tranche of the information system.

After depreciation and amortization, gross operating income at June 30, 2020 stood at € 300K, compared to € -1,095K for the first half of 2019.

The cost of risk relating to ex ante depreciation for expected losses on financial assets under IFRS 9 is negative over the first half of 2020 of € 455K, reflecting an increase in provisions. In fact, given the nature of the assets carried on the AFL's balance sheet, the increase in provisions comes from the effects of the health crisis and from the change of the assumptions made for macroeconomic scenarios by asset class. In addition, we will note the requalification in stage 2 of a few credits and the transition to stage 3 of 2 new credits without any effect on the level of provisions given the high expectation of recovery of these credits. Finally, given the credit quality of the assets in the liquidity reserve and the absence of any credit event during the period on them, the "low risk" character of the assets in the liquidity reserve is maintained.

After cost of risk related to IFRS 9, the operating income as of June 30, 2020 stands at -155K €, compared to -1,102K € on 30 June 2019.

Finally, after the scrapping of € 21K of intangible assets and the activation of deferred tax assets of € 152K related to IFRS restatements, the first half of fiscal year 2020 thus ended in negative net income of 24K € compared to a loss of 1,027K € for the first half of the previous year, a period which, as indicated above, was characterized by capital gains on the sale of securities of a non-recurring level of 409K €.

Subsequent events

No significant subsequent events occurred on the beginning of the second half 2020 after the accounts closure date has to be reported.

III - Principles and methods applicable to Agence, judgments and estimates used

The condensed interim consolidated financial statements for the half-year ended June 30, 2020 were prepared in accordance with IAS 34, Interim financial reporting which identify accounting and valuation principles to be applied to a half-year financial report.

The preparation of the financial statements involves making assumptions and estimates that may or may not prove accurate in the future. These estimates, which are based on the information available as the closing date, call upon the judgement of managers and the parties involved in preparing the financial statements, particularly where assessing the fair value of financial instruments is concerned.

The valuation of financial instruments not listed on organized markets involves the use of models based on observable market data for most OTC instruments. The determination of the value of certain instruments, like loans that are not traded on an active market is based on valuation techniques which, in certain cases, rely on parameters that are deemed to be non-observable.

Information on the fair value of financial assets and liabilities carried at cost is disclosed in appendix.

IV - Accounting principles

Application of IFRS basis

In accordance with IFRS 1 "First-time Adoption of IFRS" and pursuant to European Regulation 1606/2002 of July 19, 2002, the financial statements for first year-half 2019 are presented in compliance with the IFRS (International Financial Reporting Standards) published by and as approved by the European Union and in force on that date. The IFRS framework includes IFRS standards and also include International Accounting Standards (IAS) and related interpretations issued by the International Financial Reporting Interpretations Committee) et SIC (Standing Interpretations Committee).

The format used for the summary financial statements is a banking format. It is consistent with Recommendation No. 2017-02 of 2 June 2017 of the French Accounting Standards Authority (Autorité des normes comptables).

Accounting principles applied to the financial statements

The accounting principles and methods used to prepare the interim financial statements are identical to those applied at 31 December 2019.

Health crisis linked to Covid-19

In December 2019, a new form of coronavirus (Covid-19) appeared in China. The virus has spread out to many countries becoming pandemic in March 2020. Very important health measures have been taken at national level in most countries to prevent the transmission of the virus (border closing, travel ban, containment measures, etc.). To date, however, the pandemic is still not contained and new measures are being implemented on the date of closing of the half-yearly accounts.

Due to the internationalisation of economies, the considerable weight of trade and the internationalisation of supply chains, the effects of the pandemic affect all countries and economies without exception.

The consequences of this crisis for AFL are mainly at three levels:

- During the first half of 2020, the French local public sector financing market, which constitutes the market in which AFL realises all of its credit operations, was significantly affected by the health crisis linked to the Covid-19 epidemic, which notably resulted in the postponement of the second round of municipal elections. The recession in France should result in a contraction of part of the tax and revenues of local authorities, which could reduce in the short and medium term their self-financing capacity and hence their investment expenditure and possibly their borrowing needs even if it is traditionally less supported at the start of the mandate at the municipal level.
- The considerable increase in public debt in France, as a result of government expenditure to support households and businesses, will lead AFL to an increase in its cost of market refinancing, this being strongly linked to the price at which the French government itself borrows from investors. Beyond the public debt in France, the high level of State debt in general, following the budgetary support policies that have been implemented, could have significant negative impact on the situation of the financial markets on which AFL operates as well as on the quality of these counterparties, on which AFL is largely dependent because of its business model.

However, in the environment described above, AFL's medium and long-term loan production was dynamic with 247.5 million euros for the first half of 2020 and AFL was able to resume its refinancing operations from April 2020.

Otherwise, given the measures taken by the French State to support economic activity in these exceptional circumstances, the public debt of the French State and the local authorities should experience a significant increase, which could lead to a deterioration in the quality of credit from France, the local authorities and consequently AFL. AFL's financial position has already been affected at the margin by the increase in spreads which impacted the cost of the refinancing, which could at this stage be passed to the borrowers.

This context of deteriorating economic conditions led to a significant increase in the cost of risk for AFL in the first half of the year. However, this increase in ex-ante provisions for expected losses under IFRS 9 is essentially the result of changes in the weighting of macroeconomic scenarios by asset class following the pandemic crisis, although the quality of assets on the balance sheet remains very high. The cost of risk amounted to € 453k at June 30, 2020 corresponding to 1.8 basis point of exposures for 1bp at December 31, 2019.

The current context of high volatility in financial markets linked to the Covid-19 pandemic and the sharp fall in oil prices have led to a generalized significant drop in the price of financial instruments and to tensions in the bond market. AFL's liquidity reserve was affected by the increase in spreads of securities in fair value which could have had a more negative impact on prudential capital without the so-called "CRR quick fix" measures. It should be mentioned that as of June 30, 2020, AFL has a liquidity reserve of € 1,778m allowing it to meet more than 12 months of its cash flow needs and the regulatory liquidity ratio at 30 days LCR is 626%. AFL can also count on the central bank loan mobilization system which provides it with a line of credit, available at any time, from the Banque de France for an amount of 70% of its outstanding medium & long term loan portfolio, i.e. € 2,279 million as of June 30, 2020.

V - Notes to the Balance Sheet

Note 1 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(€ '000s)	30/06/2020		31/12/2019	
	Assets	Liabilities	Assets	Liabilities
Financial assets held for trading	17,775	17,823	15,962	15,476
Financial assets at fair value option through profit or loss				
Total financial assets at fair value through profit or loss	17,775	17,823	15,962	15,476

Financial assets held for trading

(€ '000s)	30/06/2020		31/12/2019	
	Assets	Liabilities	Assets	Liabilities
Equity instruments				
Debt securities				
Loans and advances				
Derivatives	17,775	17,823	15,962	15,476
Total Financial assets held for trading	17,775	17,823	15,962	15,476

(€ '000s)	30/06/2020				31/12/2019			
	Notional amount		Fair value		Notional amount		Fair value	
	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	439,928	439,928	17,775	17,823	493,058	493,058	15,962	15,476
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	439,928	439,928	17,775	17,823	493,058	493,058	15,962	15,476
Interest rate contracts	357,050	357,050	17,775	17,823	411,050	411,050	15,336	15,476
FRA								
Cross Currency Swaps	82,878	82,878			82,008	82,008	626	
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

Derivatives classified as financial assets held for transaction purposes do not constitute interest rate positions taken with a view to drawing short-term profits. They are investment portfolio fair value hedging derivatives in a fixed-rate borrower position which have been neutralised by fixed-rate lender derivatives. These contracts, concluded in a clearing house, present positions which are rigorously symmetric in terms of rates and maturities. These financial assets and liabilities, although they are the object of a framework netting agreement, are presented as assets and liabilities because future cash flows payable and receivable differ in the amount of the fixed-rate coupon payable and receivable. The positions presented in the table above do not entail any kind of residual interest rate risk, the fair value difference is only the result of payable or receivable cash flows.

Note 2 - HEDGING DERIVATIVES

Analysis by type of hedge

	30/06/2020		31/12/2019	
	Assets	Liabilities	Assets	Liabilities
(€ '000s)				
Derivatives designated as fair value hedges	175,938	232,857	125,690	152,729
Derivatives designated as cash flow hedges				
Derivatives designated as portfolio hedges	3,961	31,096	5,267	20,868
Total Hedging derivatives	179,899	263,953	130,957	173,597

Detail of derivatives designated as fair value hedges

	30/06/2020				31/12/2019			
	Notional amount		Fair value		Notional amount		Fair value	
	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
(€ '000s)								
FIRM TRANSACTIONS	4,660,233	3,317,088	175,938	232,857	3,924,974	3,148,740	125,690	152,729
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	4,660,233	3,317,088	175,938	232,857	3,924,974	3,148,740	125,690	152,729
Interest rate contracts	4,121,154	3,317,088	168,357	222,385	3,690,000	3,148,740	121,793	151,022
FRA								
Cross Currency Swaps	539,078		7,581	10,472	234,974		3,897	1,707
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

Detail of derivatives designated as interest rate hedged portfolios

	30/06/2020				31/12/2019			
	Notional amount		Fair value		Notional amount		Fair value	
	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
(€ '000s)								
FIRM TRANSACTIONS	87,010	560,430	3,961	31,096	87,910	515,504	5,267	20,868
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	87,010	560,430	3,961	31,096	87,910	515,504	5,267	20,868
Interest rate contracts	87,010	560,430	3,961	31,096	87,910	515,504	5,267	20,868
FRA								
Cross Currency Swaps								
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

PORTFOLIO

Note 3 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Fixed-income securities - Analysis by nature

(€ '000s)	30/06/2020	31/12/2019
Government paper and similar securities	518,012	535,900
Bonds		
Other fixed income securities		
Net amount in balance sheet	518,012	535,900
Including depreciation	(413)	(245)
Including net unrealised gains and losses	16,735	13,248

Expected credit losses on debt instruments	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31 December 2019	(245)	-	-	-
<i>Transfers from 12-month to maturity</i>				
<i>Transfers from maturity to 12-month</i>				
<i>Transfers from expected to incurred losses</i>				
Total transfer movement	-	-	-	-
Movement attributable to financial instruments recognized over the period	(169)	-	-	-
<i>Acquisitions</i>				
<i>Re-estimate of parameters</i>	(172)			
<i>Bad debts written off</i>				
<i>On sales</i>	4			
Expected losses as of 30 June 2020	(413)	-	-	-

Fixed-income securities - Analysis by counterparty

(€ '000s)	30/06/2020	31/12/2019
Local public sector	503,274	521,278
Financial institutions and other financial corporations	14,738	14,621
Non-financial corporations	-	-
Net amount in balance sheet	518,012	535,900

Fixed income securities held on Financial institutions include € 14,738k of securities guaranteed by States of the European Economic Area.

Changes in Financial assets at fair value through other comprehensive income

(€ '000s)	Total amount as of 31/12/2019	Additions	Disposals	Change in fair value recognised in equity	Change in accrued interest	Prem/Disc Amort.	Total amount as of 30/06/2020
Government paper and similar securities	535,900	393,047	(414,262)	3,335	163	(171)	518,012
Bonds	-	-	-	-	-	-	-
Other fixed income securities	-	-	-	-	-	-	-
TOTAL	535,900	393,047	(414,262)	3,335	163	(171)	518,012

Note 4 - SECURITIES AT AMORTIZED COST

Fixed-income securities - Analysis by nature

(€ '000s)	30/06/2020	31/12/2019
Government paper and similar securities	182,669	111,037
Bonds	12,169	28,681
Other fixed income securities		
Net amount in balance sheet	194,838	139,718
Including expected credit losses on debt instruments	(203)	(78)

Expected credit losses on securities at amortized cost	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31 December 2019	(78)	-	-	-
<i>Transfers from 12-month to maturity</i>				
<i>Transfers from maturity to 12-month</i>				
<i>Transfers from expected to incurred losses</i>				
Total des mouvements de transfert	-	-	-	-
Movement attributable to financial instruments recognized over the period	(125)	-	-	-
<i>Acquisitions</i>	(124)			
<i>Re-estimate of parameters</i>	(17)			
<i>Bad debts written off</i>				
<i>On sales</i>	16			
Expected losses as of 30 June 2020	(203)	-	-	-

Fixed-income securities - Analysis by counterparty

(€ '000s)	30/06/2020	31/12/2019
Local public sector	145,449	52,414
Financial institutions and other financial corporations	49,389	87,304
Non-financial corporations		
Net amount in balance sheet	194,838	139,718

Fixed income securities held on Financial institutions include € 8,182k of securities guaranteed by States of the European Economic Area.

Changes in securities at amortized cost

(€ '000s)	Total amount as of 31/12/2019	Additions	Disposals	Interest rate Reevaluation	Change in accrued interest	Prem/Disc Amort.	Expected credit losses change	Total 30/06/2020
Government paper and similar securities	111,037	105,676	(35,612)	1,704	464	(473)	(126)	182,669
Bonds	28,681	-	(16,534)	4	(6)	23	1	12,169
Other fixed income securities	-	-	-	-	-	-	-	-
TOTAL	139,718	105,676	(52,146)	1,707	458	(450)	(125)	194,838

Note 5 - RECEIVABLES ON CREDIT INSTITUTIONS

Accounts with central banks

(€ '000s)	30/06/2020	31/12/2019
Mandatory reserve deposits with central banks	448,082	165,609
Other deposits		
Cash and central banks	448,082	165,609
Impairment	(26)	(6)
Net amount in balance sheet	448,057	165,604

Receivables on credit institutions

(€ '000s)	30/06/2020	31/12/2019
Loans and receivables		
- on demand and short notice	26,099	16,609
- term	115,151	95,064
Cash collateral paid	88,630	79,190
Securities bought under repurchase agreements		
TOTAL	229,880	190,862
Impairment for expected losses	(54)	(33)
NET CARRYING AMOUNT	229,826	190,830

Note 6 - LOANS AND ADVANCES TO CUSTOMERS

(€ '000s)	30/06/2020	31/12/2019
Short-term credit facilities	38,619	9,971
Other loans	3,372,995	3,150,593
Customers transactions before impairment charges	3,411,614	3,160,563
Impairment	(177)	(63)
Net carrying amount	3,411,437	3,160,500
<i>Of which individual impairment</i>	(177)	(63)
<i>Of which collective impairment</i>		

Expected credit losses on loans and financing commitments	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31 December 2019	(94)	(7)	-	-
<i>Transfers from 12-month to maturity</i>	0.2	(0.2)		
<i>Transfers from maturity to 12-month</i>				
<i>Transfers from expected to incurred losses</i>				
Total transfer movement	0.2	(0.2)	-	-
Movement attributable to financial instruments recognized over the period	(147)	(9)	-	-
<i>Production and acquisition</i>	(37)	(1)		
<i>Re-estimate of parameters</i>	(112)	(8)		
<i>Bad debts written off</i>				
<i>Repayments</i>	3	0.3		
Expected losses as of 30 June 2020	(241)	(16)	-	-

SUMMARY OF PROVISIONS ON SECURITIES, LOANS AND FINANCING COMMITMENTS

(€ '000s)	31/12/2019	Depreciation charges	Reversals amounts not used	Net charge	Utilised	30/06/2020
Financial assets at fair value through other comprehensive income						
<i>Depreciations on performing assets</i>	245	169		169		413
<i>Depreciations on non-performing assets</i>						-
<i>Depreciations on doubtful assets</i>						-
Total	245	169		169		413
Financial assets at amortized cost						
<i>Depreciations on performing assets</i>	172	290	(19)	272		444
<i>Depreciations on non-performing assets</i>	7	9	(0.3)	9		16
<i>Depreciations on doubtful assets</i>						-
Total	179	300	(19)	280		460

CLASSIFICATION OF FINANCIAL ASSETS BY RISK LEVEL

(€ '000s)	Gross amount			Depreciation			Net Amount
	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3	
Accounts with central banks	448,082			(26)			448,057
Financial assets at fair value through other comprehensive income	518,426			(413)			518,012
Securities at amortized cost	195,041			(203)			194,838
Loans and receivables due from credit institutions at amortized cost	229,880			(54)			229,826
Loans and receivables due from customers at amortized cost	3,394,109	11,024	6,480	(162)	(12)	(4)	3,411,437

Note 7 - DEFERRED TAX

The movement on the deferred tax account is as follows:

(€ '000s)	30/06/2020	31/12/2019
Net asset as at 1st of january	5,636	5,691
<i>Of which deferred tax assets</i>	5,654	5,691
<i>Of which deferred tax liabilities</i>	18	
Recognised in income statement	152	(227)
Income statement (charge) / credit	152	(227)
Recognised in equity	701	172
Financial assets at fair value through other comprehensive income	618	57
Cash flow hedges	83	
Other		114
Net asset as at	6,489	5,636
<i>Of which deferred tax assets</i>	6,489	5,654
<i>Of which deferred tax liabilities</i>		18

Deferred tax are attributable to the following items:

(€ '000s)	30/06/2020	31/12/2019
Financial assets at fair value through other comprehensive income	1,222	604
Cash flow hedges	83	
Losses carried forward	5,051	5,051
Other temporary differences	134	
TOTAL DEFERRED TAX ASSETS	6,489	5,654

(€ '000s)	30/06/2020	31/12/2019
Financial assets at fair value through other comprehensive income		
Cash flow hedges		
Other temporary differences		18
TOTAL DEFERRED TAX LIABILITIES	-	18

Note 8 - OTHER ASSETS AND ACCRUALS

(€ '000s)	30/06/2020	31/12/2019
Other assets		
Deposits	70	70
Other assets	78	61
Impairment		
Total	148	131
Accruals		
Prepaid charges	388	219
Other deferred income		
Transaction to receive and settlement accounts	0.4	
Other accruals	24	30
Total	413	249
TOTAL OTHER ASSETS AND ACCRUALS	561	380

Note 9 - BREAKDOWN OF FIXED ASSETS

(€ '000s)

Intangible fixed assets	31/12/2019	Additions	Transfers	Disposals	Amort. and provisions	Other	30/06/2020
Intangible fixed assets							
IT development costs	10,031	242				103	10,376
Other intangible assets	550			(388)			162
Intangible assets in progress	122	144				(103)	163
Intangible fixed assets gross amount	10,703	387	-	(388)	-	-	10,702
Depreciation and allowances - Intangible fixed assets	(8,606)			368	(603)		(8,841)
Intangible fixed assets net carrying amount	2,097	387	-	(20)	(603)	-	1,861

Tangible fixed assets	31/12/2019	Additions	Transfers	Disposals	Amort. and provisions	Other	30/06/2020
Commercial leases	282	76				(76)	282
Property, plant & equipment	3,351	139		(32)		(13)	3,444
Tangible fixed assets gross amount	3,633	215	-	(32)	-	(89)	3,726
Depreciation and allowances - Tangible fixed assets	(1,000)			32	(236)	160	(1,044)
Tangible fixed assets net carrying amount	2,633	215	-	(0.4)	(236)	71	2,682

Note 10 - DEBT SECURITIES

(€ '000s)

	30/06/2020	31/12/2019
Negotiable debt securities	353,453	88,923
Bonds	4,264,550	3,948,052
Other debt securities		
TOTAL	4,618,004	4,036,974

NOTE 11 - DUE TO CREDIT INSTITUTIONS

(€ '000s)

	30/06/2020	31/12/2019
Loans and receivables		
- on demand and short notice	17	9
- term		
Cash collateral paid	1,569	4,228
Securities bought under repurchase agreements		
TOTAL	1,587	4,236

Note 12 - ACCRUALS AND OTHER LIABILITIES

(€ '000s)

	30/06/2020	31/12/2019
Other liabilities		
Miscellaneous creditors	1,941	1,773
Total	1,941	1,773
Accruals		
Transaction to pay and settlement accounts		
Other accrued expenses	561	661
Unearned income		
Other accruals	29	31
Total	590	692
TOTAL ACCRUALS AND OTHER LIABILITIES	2,531	2,465

Note 13 - PROVISIONS

(€ '000s)	Balance as of 31/12/2019	Depreciation charges	Reversals amounts used	Reversals amounts not used	Other movements	Balance as of 30/06/2020
Provisions						
Financing commitment execution risks	3	9		(3)		9
Provisions for litigations						
Provisions for employee retirement and similar benefits	75					75
Provisions for other liabilities to employees						
Other provisions	200	9	(37)	(64)		109
TOTAL	278	18	(37)	(67)	-	193

OFF-BALANCE SHEET

(€ '000s)	30/06/2020	31/12/2019
Commitments given	339,506	317,666
Financing commitments	280,511	317,666
<i>For credit institutions</i>		
<i>For customers</i>	280,511	317,666
Guarantee commitments	58,996	
<i>For credit institutions</i>		
<i>For customers</i>	58,996	
Commitments on securities		
<i>Securities to be delivered to the issuance</i>		
<i>Other securities to be delivered</i>		
Commitments received	2,282	2,345
Financing commitments		
<i>From credit institutions</i>		
Guarantee commitments	2,282	2,345
<i>From credit institutions</i>		
<i>From customers</i>	2,282	2,345
Commitments on securities		
<i>Securities receivable</i>		

EXPECTED LOSSES ON COMMITMENTS

Expected credit losses on loans and financing commitments	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31 December 2019	3	-	-	-
<i>Transfers from 12-month to maturity</i>				
<i>Transfers from maturity to 12-month</i>				
<i>Transfers from expected to incurred losses</i>				
Total transfer movement	-	-	-	-
Movement attributable to financial instruments recognized over the period	6			
<i>Charge</i>	9			
<i>Utilised</i>				
<i>Reversal utilised</i>	(3)			
Expected losses as of 30 June 2020	9	-	-	-

VI - Notes to the Income Statement

Note 14 - INTEREST INCOME AND EXPENSES

(€ '000s)	30/06/2020	30/06/2019	31/12/2019
Interest and similar income	43,813	37,030	77,870
Due from banks	109	8	88
Due from customers	16,275	13,394	28,405
Bonds and other fixed income securities	1,073	1,153	2,072
<i>Financial assets at fair value through other comprehensive income</i>	953	1,284	2,050
<i>Securities at amortized cost</i>	120	(131)	22
Income from interest rate instruments	26,356	22,475	47,304
Other interest income			
Interest and similar expenses	(37,514)	(32,367)	(67,747)
Due to banks	(917)	(484)	(1,171)
Due to customers			
Debt securities	(12,399)	(10,717)	(23,451)
Expense from interest rate instruments	(24,198)	(21,166)	(43,125)
Other interest expenses			
Interest margin	6,299	4,663	10,123

Note 15 - NET FEE AND COMMISSION INCOME

(€ '000s)	30/06/2020	30/06/2019	31/12/2019
Fee & Commission Income	75	35	178
Interbank transactions			
Customer transactions	0.03	0.3	59
Securities transactions			
Forward financial instruments transactions			
Currencies transactions			
Financing commitments and guarantee	75	35	118
Other commissions received			
Fee & Commission Expense	(67)	(49)	(112)
Interbank transactions	(6)	(2)	(5)
Securities transactions	(4)	(4)	(7)
Forward financial instruments transactions	(56)	(43)	(100)
Currencies transactions			
Financing commitments and guarantee			
Other commissions paid			
Net Fee and Commission income	8	(14)	65

Note 16 - NET RESULT OF FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(€ '000s)	30/06/2020	30/06/2019	31/12/2019
Gains/(losses) on Trading book	0.5	1	1
Net result of hedge accounting	(623)	(2,568)	(2,444)
Net result of foreign exchange transactions	(0.4)	(0.5)	(2)
TOTAL	(623)	(2,567)	(2,444)

Analysis of net result of hedge accounting

(€ '000s)	30/06/2020	30/06/2019	31/12/2019
Fair value hedges			
Fair value changes in the hedged item attributable to the hedged risk	49,050	10,233	13,724
Fair value changes in the hedging derivatives	(50,213)	(10,864)	(13,736)
Hedging relationship disposal gain	(342)	(2,466)	(2,862)
Cash flow hedges			
Fair value changes in the hedging derivatives – ineffective portion			
Discontinuation of cash flow hedge accounting			
Portfolio hedge			
Fair value changes in the hedged item	13,732	14,410	11,835
Fair value changes in the hedging derivatives	(12,850)	(13,882)	(11,404)
Net result of hedge accounting	(623)	(2,568)	(2,444)

Note 17 - NET GAINS (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(€ '000s)	30/06/2020	30/06/2019	31/12/2019
Gains from disposal of fixed income securities	656	2,972	3,734
Losses from disposal of fixed income securities	(232)	(98)	(371)
Gains from disposal of variable income securities			
Other income/(expenses) from Financial assets at fair value through other comprehensive income			
Impairment (charges) and reversals on Financial assets at fair value through other comprehensive income			
Gains or (losses) on Financial assets at fair value through other comprehensive income	425	2,874	3,363

Note 18 - GENERAL OPERATING EXPENSES

(€ '000s)	30/06/2020	30/06/2019	31/12/2019
Employee expenses			
Wages and salaries	1,669	1,621	3,084
Post-employment benefit expenses	171	162	331
Other expenses	768	714	1,449
Total Employee expenses	2,607	2,497	4,863
Operating expenses			
Taxes and duties	575	444	533
External services	1,789	1,930	3,924
Total Administrative expenses	2,364	2,374	4,457
Charge-backs and reclassification of administrative expenses			
Total General operating expenses	4,971	4,871	9,320

Note 19 - COST OF RISK

(€ '000s)	30/06/2020	30/06/2019	31/12/2019
Net charge to provisions	(449)	(9)	3
<i>for financial assets at fair value through other comprehensive income</i>	(169)	(14)	(16)
<i>for financial assets at amortized cost</i>	(280)	5	20
Net charge to provisions	(6)	2	2
<i>for financing commitments</i>	(6)	2	2
<i>for guarantee commitments</i>			
Irrecoverable loans written off not covered by provisions			
Recoveries of bad debts written off			
Total Cost of risk	(455)	(7)	5

Note 20 - NET GAINS AND LOSSES ON OTHER ASSETS

(€ '000s)	30/06/2020	30/06/2019	31/12/2019
Gains on sales of Investment securities			
Gains on sales of tangible or intangible assets			
Reversal of impairment			
Total Gains on other assets	-	-	-
Losses on sales of Investment securities			
Losses on sales of tangible or intangible assets	(21)		(461)
Charge of impairment			
Total Losses on other assets	(21)	-	(461)

VII - Notes to Risk exposure

A - Fair value of financial instruments

For financial reporting purposes, the new standard IFRS 13 requires fair value measurements applied to financial instruments to be allocated to one of three Levels, reflecting the extent to which the valuation is based on observable data.

level 1: Instruments valued using quoted prices (non-adjusted) in active markets for identical assets or liabilities. These specifically include bonds and negotiable debt securities listed on markets;

level 2: Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. derived from prices);

Level 3: Fair value instruments which are measured at least in part on the basis of non-observable market in the valuation.

Fair value of instruments carried at fair value:

(€ '000s)	30/06/2020			
	Total	Measured using		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss	17,775	-	17,775	-
Hedging derivative instruments	179,899	-	179,899	-
Government paper and similar securities	518,012	518,012	-	-
Bonds	-	-	-	-
Other fixed income securities	-	-	-	-
Total Financial assets at fair value through other comprehensive income	518,012	518,012	-	-
Total Financial assets	715,686	518,012	197,674	-
Financial liabilities				
Financial liabilities at fair value through profit or loss	17,823	-	17,823	-
Hedging derivative instruments	263,953	-	263,953	-
Total Financial liabilities	281,775	-	281,775	-

Fair values of instruments carried at amortised cost:

(€ '000s)	30/06/2020				
	Net Carrying value	Fair value	Measured using		
			Level 1	Level 2	Level 3
Financial assets					
Cash, central banks and issuing institutions	448,057	448,057	-	-	448,057
Government paper and similar securities	182,669	182,152	125,054	-	57,098
Bonds	12,169	12,165	12,165	-	-
Other fixed income securities	-	-	-	-	-
Total Securities at amortized cost	194,838	194,317	137,219	-	57,098
Loans and receivables due from credit institutions	229,826	229,826	-	-	229,826
Loans and advances to customers	3,438,249	3,438,249	-	-	3,438,249
Total Financial assets	4,310,970	4,310,449	137,219	-	4,173,230
Financial liabilities					
Debt securities	4,618,004	4,600,021	3,786,064	460,504	353,453
Total Financial liabilities	4,618,004	4,600,021	3,786,064	460,504	353,453

The fair value of loans and receivables to customers includes the outstanding capital and the revaluation in interest rates of the loans hedged on the closing date.

For Loans and receivables due from credit institutions, which are deposits, the fair value used was the nominal value.

B - Credit risk exposure

The tables below disclose the maximum exposure to credit risk at 30 June 2020 for financial assets with exposure to credit risk, without taking account of collateral held or other credit risk mitigation.

(€ '000s)	Performing assets	Past due but not impaired	Impairment allowance	Total 30/06/2020
Cash, central banks	448,082		(26)	448,057
Financial assets at fair value through profit or loss	17,775			17,775
Hedging derivative instruments	179,899			179,899
Financial assets at fair value through other comprehensive income	518,012			518,012
Securities at amortized cost	195,041		(203)	194,838
Loans and receivables due from credit institutions	229,880		(54)	229,826
Loans and advances to customers	3,405,134	6,480	(177)	3,411,437
Revaluation adjustment on interest rate hedged portfolios	26,812			26,812
Current tax assets	32			32
Other assets	148			148
Sub-total Assets	5,020,816	6,480	(460)	5,026,836
Financing commitments given	280,511			280,511
TOTAL Credit risk exposure	5,301,326	6,480	(460)	5,307,347

Exposure analysis by counterparty

(€ '000s)	Total 30/06/2020
Central banks	448,057
Local public sector	4,367,556
Credit institutions guaranteed by the EEA States	22,920
Credit institutions	384,397
Other financial corporations guaranteed by the EEA States	
Other financial corporations	84,310
Non-financial corporations guaranteed by the EEA States	
Non-financial corporations	107
Total Exposure by counterparty	5,307,347

Agence France Locale's very cautious investment policy prefers securities issued by States and central governments, or ones that are guaranteed by such counterparties.

Credit institutions exposures primarily result from cash management and interest rates hedging transactions.

Exposure analysis by geographic area

(En milliers d'euros)	Total 30/06/2020
France	4,737,290
Supranational	333,346
Canada	85,363
Finland	50,889
New Zealand	26,075
Japan	25,516
Germany	20,656
Netherlands	15,226
China	9,049
Denmark	3,529
Belgium	409
Exposition totale par zone géographique	5,307,347

As credits are solely granted to French local authorities, the largest exposure is to France.

Exposures to other countries (EEA, North America, Asia and Oceania) result from Agence France Locale's cash management policy and its investment in sovereign or equivalent securities.

C - Liquidity risk : Assets and liabilities, analysed by remaining contractual maturity

(€ '000s)	Less than 3 month	3 month to 1 year	1 year to 5 years	more than 5 years	Total	Related receivables and payables	Revaluation	Total 30/06/2020
Cash, central banks	448,057				448,057			448,057
Financial assets at fair value through profit or loss		62	6,740	9,853	16,655	1,120		17,775
Hedging derivative instruments	8	2,468	44,679	130,459	177,614	2,285		179,899
Financial assets at fair value through other comprehensive income								
Government paper and similar securities			230,126	270,029	500,155	1,122	16,735	518,012
Bonds								
Total Financial assets at fair value through other comprehensive income			230,126	270,029	500,155	1,122	16,735	518,012
Securities at amortized cost								
Government paper and similar securities	20,653	5,020	51,674	102,619	179,966	764	1,939	182,669
Bonds	1,594		10,449		12,043	1	125	12,169
Total Securities at amortized cost	22,248	5,020	62,123	102,619	192,009	766	2,064	194,838
Loans and receivables due from credit institutions	129,676		100,000		229,676	150		229,826
Loans and advances to customers	101,363	244,193	899,852	2,009,329	3,254,736	7,298	149,403	3,411,437
Revaluation adjustment on interest rate hedged portfolios							26,812	26,812
Current tax assets	32				32			32
Other assets	148				148			148
TOTAL ASSETS								5,026,836
Central banks						127		127
Financial assets at fair value through profit or loss		62	6,739	9,852	16,653	1,169		17,823
Hedging derivative instruments	5,337	5,696	14,070	230,276	255,380	8,573		263,953
Debt securities	148,498	294,240	2,247,089	1,773,851	4,463,678	2,303	152,022	4,618,004
Due to credit institutions	1,587				1,587			1,587
Revaluation adjustment on interest rate hedged portfolios								-
Other liabilities	1,941				1,941			1,941
TOTAL LIABILITIES								4,903,434

Agence France Locale oversees the transformation of its balance sheet into liquidity by monitoring several indicators, including the difference in average maturity between assets and liabilities which is limited to 12 months, temporarily increased to 18 months, and limits in gaps.

D - Interest rate risk: sensitivity to interest rate changes

Exposure to interest rate risk relates to that of the Operational subsidiary, Agence France Locale. The rate risk management policy and its implications on the first half of 2020 are described into the financial report as at 30th June 2020.



Agence France Locale - Société Territoriale

**Statutory Auditors' Review Report
on the interim consolidated condensed financial statements**

For the six-month period ended June 30, 2020
Agence France Locale - Société Territoriale
41 Quai d'Orsay - 75007 Paris



This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Agence France Locale - Société Territoriale

Registered office : 41 Quai d'Orsay - 75007 Paris
Share capital : €158.991.500

Statutory Auditors' Review Report on the interim consolidated condensed financial statements

For the six-month period ended June 30, 2020

To the Shareholders,

In our capacity as Statutory Auditors of Agence France Locale - Société Territoriale and in answer to your request made in the context of your willingness to produce an extended financial information to investors, we conducted a review of the accompanying interim consolidated condensed financial statements of Agence France Locale - Société Territoriale prepared in compliance with IFRS (International Financial Reporting Standards) as adopted by the European Union, for the period from January 1, 2020 to June 30, 2020.

These interim consolidated condensed financial statements are the responsibility of the Board of Directors on September 28, 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our responsibility is to express a conclusion on these interim consolidated condensed financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France and the professional doctrine of the French national auditing body (Compagnie nationale des commissaires aux comptes) related to this engagement. 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 has come to our attention that causes us to believe that the accompanying interim consolidated condensed financial statements as at June 30, 2020 are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

This report is addressed to your attention in the context described above and is not to be used, circulated, quoted or otherwise referred to for any other purposes.

This report is governed by French law. The Courts of France shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the engagement letter or this report, and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

Paris La Défense, September 28th, 2020

Paris, September 28th, 2020

KPMG S.A.

Cailliau Dedouit et Associés

Ulrich Sarfati
Partner

Laurent Brun
Partner