

AGENCE FRANCE LOCALE - SOCIÉTÉ TERRITORIALE

CONSOLIDATED ACCOUNTS
FOR THE PERIOD FROM
JANUARY 1, 2023 TO
JUNE 30, 2023



Agence France Locale - Société Territoriale
Consolidated accounts (IFRS GAAP)

BALANCE SHEET

Assets as of June 30, 2023

(€ '000s)	Notes	30/06/2023	31/12/2022
Cash, central banks	5	1 171 639	1 134 411
Financial assets at fair value through profit or loss	1	20 218	28 591
Hedging derivative instruments	2	851 785	912 259
Financial assets at fair value through other comprehensive income	3	698 917	707 306
Securities at amortized cost	4	326 365	261 164
Loans and receivables due from credit institutions and similar items at amortized cost	5	248 703	274 582
Loans and receivables due from customers at amortized cost	6	5 369 776	4 690 415
Revaluation adjustment on interest rate risk-hedged portfolios			
Current tax assets			2
Deferred tax assets	7	6 186	6 664
Accruals and other assets	8	1 403	994
Intangible assets	9	2 229	2 381
Property, plant and equipment	9	2 547	2 576
Goodwill			
TOTAL ASSETS		8 699 766	8 021 344

Liabilities as of June 30, 2023

(€ '000s)	Notes	30/06/2023	31/12/2022
Central banks			
Financial liabilities at fair value through profit or loss	1	20 207	28 562
Hedging derivative instruments	2	933 386	973 829
Debt securities	10	7 335 281	6 589 082
Due to credit institutions	11	81 067	102 377
Due to customers			
Revaluation adjustment on interest rate hedged portfolios		120 709	126 038
Current tax liabilities		230	
Deferred tax liabilities	7	128	467
Accruals and other liabilities	12	3 468	3 461
Provisions	13	142	140
Equity		205 150	197 388
Equity, Group share		205 150	197 388
Share capital and reserves		224 310	217 658
Consolidated reserves		(15 254)	(18 030)
Reevaluation reserve			
Gains and losses recognised directly in equity		(6 746)	(5 015)
Profit (loss) for the period		2 840	2 775
Non-controlling interests			
TOTAL LIABILITIES		8 699 766	8 021 344

Income statement

(€ '000s)	Notes	30/06/2023	30/06/2022	31/12/2022
Interest and similar income	14	135 248	19 010	50 563
Interest and similar expenses	14	(122 308)	(11 337)	(34 912)
Fee & Commission Income	15	76	94	301
Fee & Commission Expense	15	(122)	(79)	(161)
Net gains (losses) on financial instruments at fair value through profit or loss	16	2 733	3 154	8 968
Net gains or losses on financial instruments at fair value through other comprehensive income	17	(3 448)	(1 270)	(7 150)
Net gains and losses on derecognition of financial assets at amortised cost	18			
Income on other activities				
Expenses on other activities				
NET BANKING INCOME		12 179	9 571	17 608
Operating expenses	19	(7 857)	(6 640)	(12 603)
Net depreciation, amortisation and impairments of tangible and intangible assets	9	(454)	(552)	(799)
GROSS OPERATING INCOME		3 868	2 379	4 206
Cost of risk	20	(71)	(392)	(404)
OPERATING INCOME		3 797	1 987	3 801
Net gains and losses on other assets	21	(0,1)		
INCOME BEFORE TAX		3 797	1 987	3 801
Income tax	22	(957)	(589)	(1 026)
NET INCOME		2 840	1 397	2 775
Non-controlling interests				
NET INCOME GROUP SHARE		2 840	1 397	2 775
Basic earnings per share (in EUR)		1,27	0,66	1,28
Diluted earnings per share (in EUR)		1,27	0,66	1,28

Net income and other comprehensive income

(€ '000s)	30/06/2023	30/06/2021	31/12/2021
Net income	2 840	1 397	2 775
Items will be reclassified subsequently to profit or loss	222	(477)	(2 507)
Revaluation of financial assets at fair value through other comprehensive income recyclable to income	285	(709)	(3 367)
Other items recognized through other comprehensive income recyclable to income			
Related taxes	(63)	233	861
Elements not recyclable in profit or loss	(1 953)	(3 066)	(3 416)
Revaluation in respect of defined benefit plans			
Revaluation of financial assets at fair value through to equity	(2 604)	(4 088)	(4 554)
Other items recognized through other comprehensive income not recyclable to income			
Related taxes	651	1 022	1 139
Total gains and losses recognized directly in equity	(1 730)	(3 542)	(5 922)
COMPREHENSIVE INCOME	1 109	(2 145)	(3 147)

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 2022	206 416	-	(19 641)	961	-	-	(54)	1 612	189 293	-	189 293
Increase in share capital	11 243								11 243		11 243
Elimination of treasury shares											
Allocation of profit 2021			1 612					(1 612)			
Dividends 2021 paid											
Sub-total of changes linked to transactions with shareholders	11 243	-	1 612	-	-	-	-	(1 612)	11 243	-	11 243
Changes in fair value through equity				(2 810)					(2 810)		(2 810)
Change in value of through profit or loss				(557)					(557)		(557)
Revaluation of financial assets at fair value through not recyclable equity							(4 554)		(4 554)		(4 554)
Changes in actuarial gains on retirement benefits											
Related taxes				861			1 139		1 999		1 999
Changes in gains and losses recognized directly in equity	-	-	-	(2 507)	-	-	(3 416)	-	(5 922)	-	(5 922)
2022 Net income								2 775	2 775		2 775
Sub-total	-	-	-	(2 507)	-	-	(3 416)	2 775	(3 147)	-	(3 147)
Effect of acquisitions and disposals on non-controlling interests											
Shareholders' equity at 31 December 2022	217 658	-	(18 030)	(1 546)	-	-	(3 470)	2 775	197 388	-	197 388
Increase in share capital	6 652 ⁽¹⁾								6 652		6 652
Elimination of treasury shares											
Allocation of profit 2022			2 775					(2 775)			
Dividends 2022 paid											
Sub-total of changes linked to transactions with shareholders	6 652	-	2 775	-	-	-	-	(2 775)	6 652	-	6 652
Changes in fair value through equity				240					240		240
Change in value of through profit or loss				45					45		45
Revaluation of financial assets at fair value through not recyclable equity							(2 604)		(2 604)		(2 604)
Changes in actuarial gains on retirement benefits											
Related taxes				(63)			651		588		588
Changes in gains and losses recognized directly in equity	-	-	-	222	-	-	(1 953)	-	(1 730)	-	(1 730)
30 June 2023 Net income								2 840	2 840		2 840
Sub-total	-	-	-	222	-	-	(1 953)	2 840	1 109	-	1 109
Effect of acquisitions and disposals on non-controlling interests											
Shareholders' equity at 30 June 2023	224 310	-	(15 254)	(1 323)	-	-	(5 422)	2 840	205 150	-	205 150

(1) The share capital of Agence France Locale - Société Territoriale which amounts on 30 of June, 2023 to € 224,310K consists of 2,243,103 shares. The Company carried out two capital increases during the first year-half 2022 subscribed on 14th March for € 3,088K and on 27th June 2023 for €3,564K.

Cash flow statement

(€ '000s)	30/06/2023	31/12/2022
Net income before taxes	3 797	3 801
+/- Net depreciation and amortisation of tangible and intangible non-current assets	454	799
+/- Net provisions and impairment charges	71	364
+/- Expense/income from investing activities	(1 875)	2 875
+/- Expense/income from financing activities	(21 651)	689
+/- Other non-cash items	1 555	(5 992)
= Non-monetary items included in net income before tax and other adjustments	(21 446)	(1 265)
+/- Cash from interbank operations		
+/- Cash from customer operations	(644 677)	(913 685)
+/- Cash from financing assets and liabilities	19 211	(22 202)
+/- Cash from not financing assets and liabilities	(489)	(497)
- Income tax paid		
= Decrease/(increase) in cash from operating activities	(625 954)	(936 384)
= CASH FLOW FROM OPERATING ACTIVITIES (A)	(643 603)	(933 847)
+/- Flows linked to financial assets and investments	(45 749)	(107 425)
+/- Flows linked to investment properties		
+/- Flows linked to tangible and intangible non-current assets	(411)	(1 367)
= CASH FLOW FROM INVESTING ACTIVITIES (B)	(46 159)	(108 792)
+/- Cash from or for shareholders	6 655	11 364
+/- Other cash from financing activities	715 123	901 107
= CASH FLOW FROM FINANCING ACTIVITIES (C)	721 778	912 471
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH (D)		
Increase/(decrease) in cash equivalents (A + B+ C + D)	32 015	(130 168)
Cash flow from operating activities (A)	(643 603)	(933 847)
Cash flow from investing activities (B)	(46 159)	(108 792)
Cash flow from financing activities (C)	721 778	912 471
Effect of changes in exchange rates on cash and cash equivalents (D)		
Cash and cash equivalents at the beginning of the period	1 151 253	1 281 421
Cash and balances with central banks (assets & liabilities)	1 134 476	1 175 973
Interbank accounts (assets & liabilities) and loans/deposits at sight	16 777	105 448
Cash and cash equivalents at the end of the period	1 183 268	1 151 253
Cash and balances with central banks (assets & liabilities)	1 171 588	1 134 476
Interbank accounts (assets & liabilities) and loans/deposits at sight	11 680	16 777
CHANGE IN NET CASH	32 015	(130 168)

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS ACCORDING TO IFRS STANDARDS

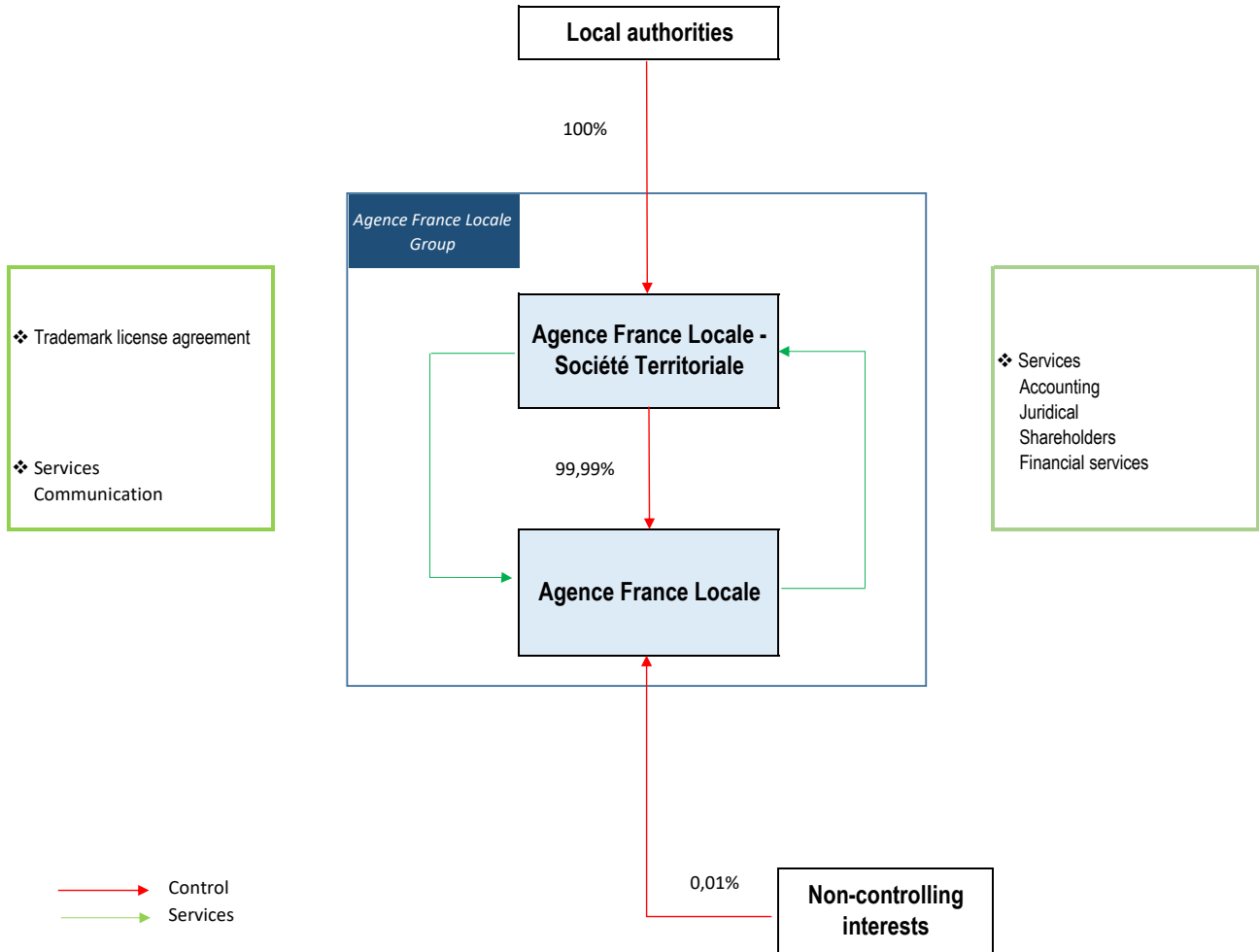
General framework

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 2023 financial statements were approved by the Executive Board on September 25, 2023.

II - Highlights from the first half year

The production of medium and long-term loans carried out by AFL in the first half of 2023 amounted to 525 million euros compared to 215 million euros in the first half of 2022. This new increase in the volume of production from one year on the other is due to two reasons; the regular increase in the number of local authorities Members of the AFL Group, and the maintenance of a good momentum of investment by French local authorities.

In January 2023, a syndicated 750 million euro 7-year issue was successfully completed. This was the second benchmark transaction of this size since the creation of AFL, after the inaugural issue in 2015. The placement of this transaction remains characterized by the presence of a large majority of international investors. In addition, diversification through issues in foreign currencies continued with two tappings of the bond issue in sterling, which had been launched in 2022, for a total amount of £160 million, equivalent of €181 million. Lastly, a private placement denominated in US dollars was renewed for an amount of 125 million.

During the first half of 2023, the AFL-ST, pursuing its corporate purpose, subscribed to the capital of the AFL in the amount of 6.5 million euros with two capital increases, thus increasing the share capital from €207.6 million at January 1, 2023 to €214.1 million at June 30, 2023. The AFL Group now has 650 members, including 51 new communities, who joined the AFL Group during the period.

The first half of 2023 marked a strong increase in the net interest margin, to €12,940K compared to €7,673K at June 30, 2022. This increase is due to the following 3 factors:

- The increase in outstanding loans, which is due in particular to the strong production of loans in 2022;
- The sharp increase in the profitability of variable rate assets replacing equity; And
- The improvement in the cost of carrying liquidity due to market expectations of rate hikes below those of the ECB

In addition to interest income, there are commitment and non-use commissions on cash lines in the amount of €76K compared to €94K in the first half of 2022, and capital gains on the sale of investment securities of €450K, after taking into account the result of the termination of hedging relationships for securities, compared to €1,006K in the first half of 2022. Finally, the result of hedge accounting represents an expense of €1,189K.

This results in net banking income of €12,179K as of June 30, 2023, compared to €9,571K as of June 30, 2022.

The increase in interest income observed over the period led to a change in the structure of income resulting from the sharp rise in interest rates and in particular the 3-month Euribor index. As of June 30, 2023, interest income breaks down as follows:

▪ €85.4 million in interest income, net of hedging instruments, on outstanding loans for the first half of 2023, compared to €2.3 million in the first half of 2022. If the increase in volume of loans from one period to the next contributes to the growth of interest income, the explanation for this considerable increase is essentially due to the increase in short rates initiated by the European Central Bank, which represented 400 basis points between June 30, 2022 and June 30, 2023.

▪ €36.8 million in interest income, net of hedging instruments, on liquidity reserve and collateral management assets for the first half of 2023, compared to €5.2 million in interest charges interest in the first half of 2023. This change also reflects the rise in interest rates over the period and in particular the remuneration of deposits that AFL makes with the Banque de France. Indeed, while the interest rate on deposits with the Banque de France was minus 50 basis points as of June 30, 2022, it stood at 4% as of June 30, 2023.

▪ €109.3 million in interest expense, net of hedging instruments, on outstanding debt carried by AFL on the balance sheet, compared to €10.5 million in interest income in the first half of 2022, when the negative interest rate environment led to recording debt interest as income.

During the period, portfolio management of the liquidity reserve generated €450K in profit on the sale of investment securities net of the cancellation of interest rate hedging instruments for securities subject to disposals. By way of comparison, portfolio management generated a net amount of capital gains on disposals of €1,006K in the first half of 2022.

As of June 30, 2023, net income from hedge accounting amounted to €2,708K compared to €3,153K as of June 30, 2022. It is made up of two elements; on the one hand, proceeds from the termination of interest rate hedging related to the sale of securities mentioned above for €3,898K, and on the other hand the sum of the differences in fair value of the hedged items and their hedging instruments for -€1,189K. Among these differences, -€190K relate to differences in valuation of interest rate hedging instruments classified as macro-hedging, and -€999K relate to differences in valuation of interest rate hedging instruments classified as micro-hedging and denominated in euros. There thus remains, as hedging inefficiencies, latent differences in valuations between the hedged items and the hedging instruments, one of the components of which comes from market practice leading to a valuation asymmetry between on the one hand the hedging instruments collateralized daily and discounted on a €STR curve, and on the other hand, the hedged items discounted on a Euribor curve. It should be noted that this is, however, a latent result.

As of June 30, 2023, general operating expenses represented €7,857K compared to €6,640K as of June 30, 2022. They account for €3,536K in personnel expenses, compared to those of the first half of the previous financial year, which amounted to €2,900K. General operating expenses also include administrative expenses, which amounted to €4,321K, after re-invoicing to Société Territoriale, compared to €3,741K as of June 30, 2022. This increase of €580K in general operating expenses is explained primarily by an increase in taxes and duties, including contributions to banking regulatory bodies, which amounted to €1,132K for the first half of 2022, and which amounted to €1,295K in the first half of 2023, due to a further increase in the 2023 contribution to the Single Resolution Fund to €1,259K compared to €1,094K in 2022.

The result as of June 30, 2023 takes into account depreciation and amortization charges for intangible and tangible assets which amount to €454K compared to €552K as of June 30, 2022. This relative stability marks the maintenance by the AFL of regular and significant investment expenditure in its information systems.

After depreciation and amortization, gross operating income as of June 30, 2023 stands at €3,886K compared to €2,379K for the first half of 2022.

The cost of risk relating to ex-ante depreciation for expected credit losses (ECL) on financial assets under IFRS 9 represents a charge of €71K over the first half of 2023 compared to €391K over the first half 2022. This reduction in the cost of risk comes from a more favorable evolution of the hypotheses retained for the construction of macroeconomic scenarios by asset class in order to take into account a context of stabilization of the macroeconomic and geostrategic environment. The stock of impairments amounted to €1,352K as of June 30, 2023.

After the allocation of the cost of risk resulting from the application of IFRS 9, the operating profit as of June 30, 2023 stands at €3,797K compared to €1,987K as of June 30, 2022.

Finally, tax expenses for 2023 amount to €957K. They include:

- €230K of residual tax payable after allocation of tax losses on a corporate basis;
- €727K in deferred tax expenses, of which €1,066 million in expenses come from the reduction of deferred tax assets linked to the activation of tax losses previously established and €339K in deferred tax income linked to consolidation restatements which mostly stem from hedging ineffectiveness charges.

After taking into account deferred tax charges, the net result amounts to €2,840K compared to €1,397K as of June 30, 2022.

Subsequent events

No significant subsequent events occurred on the beginning of the second half 2023 after the accounts closure date has to be reported.

Subsequent events

No significant subsequent events occurred on the beginning of 2023 after the accounts closure date has to be reported.

III - Principles and methods applicable to AFL Group, judgments and estimates used

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 at 31 December 2022, 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.

Future achievements depend on many factors: fluctuations in interest and foreign exchange rates, the economic environment, changes in regulations or legislation, etc., which means that the final outcome of the transactions concerned may differ from these estimates and have an impact on the financial statements.

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 2022.

V - Notes to the Balance Sheet

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

(€ '000s)	30/06/2023		31/12/2022	
	Assets	Liabilities	Assets	Liabilities
Financial assets held for trading	20 218	20 207	28 591	28 562
Financial assets at fair value option through profit or loss				
Total financial assets at fair value through profit or loss	20 218	20 207	28 591	28 562

Financial assets held for trading

(€ '000s)	30/06/2023		31/12/2022	
	Assets	Liabilities	Assets	Liabilities
Equity instruments				
Debt securities				
Loans and advances				
Derivatives	20 218	20 207	28 591	28 562
Total Financial assets held for trading	20 218	20 207	28 591	28 562

(€ '000s)	30/06/2023				31/12/2022			
	Notional amount		Fair value		Notional amount		Fair value	
	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
FIRM TRANSACTIONS	289 625	289 625	20 218	20 207	383 450	383 450	28 591	28 562
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	289 625	289 625	20 218	20 207	383 450	383 450	28 591	28 562
Interest rate contracts	289 625	289 625	20 218	20 207	383 450	383 450	28 591	28 562
FRA								
Cross Currency Swaps								
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

	30/06/2023		31/12/2022	
	Assets	Liabilities	Assets	Liabilities
(€ '000s)				
Derivatives designated as fair value hedges	706 139	905 640	756 089	941 846
Derivatives designated as cash flow hedges				
Derivatives designated as portfolio hedges	145 646	27 746	156 171	31 983
Total Hedging derivatives	851 785	933 386	912 259	973 829

Detail of derivatives designated as fair value hedges

	30/06/2023				31/12/2022			
	Notional amount		Fair value		Notional amount		Fair value	
	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
(€ '000s)								
FIRM TRANSACTIONS	8 354 049	5 056 522	706 139	905 640	7 187 446	5 013 778	756 089	941 846
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	8 354 049	5 056 522	706 139	905 640	7 187 446	5 013 778	756 089	941 846
Interest rate contracts	7 298 642	4 876 500	690 310	734 172	6 211 642	4 809 098	736 789	782 025
FRA								
Cross Currency Swaps	1 055 408	180 022	15 829	171 468	975 805	204 680	19 300	159 821
Other contracts								
CONDITIONAL TRANSACTIONS	-	-	-	-	-	-	-	-
Organised markets	-	-	-	-	-	-	-	-
Over-the-counter markets	-	-	-	-	-	-	-	-

Detail of derivatives designated as interest rate hedged portfolios

	30/06/2023				31/12/2022			
	Notional amount		Fair value		Notional amount		Fair value	
	To receive	To deliver	Positive	Negative	To receive	To deliver	Positive	Negative
(€ '000s)								
FIRM TRANSACTIONS	181 260	989 011	145 646	27 746	203 760	947 640	156 171	31 983
Organised markets	-	-	-	-	-	-	-	-
Interest rate contracts								
Other contracts								
Over-the-counter markets	181 260	989 011	145 646	27 746	203 760	947 640	156 171	31 983
Interest rate contracts	181 260	989 011	145 646	27 746	203 760	947 640	156 171	31 983
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)	30/06/2023	31/12/2022
Government paper and similar securities	479 628	604 899
Bonds	219 288	102 407
Other fixed income securities		
Net amount in balance sheet	698 917	707 306
Including depreciation	(562)	(528)
Including net unrealised gains and losses	(64 660)	(71 918)

Expected credit losses on debt instruments	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31st December 2022	(528)	-	-	-
<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	(33)	-	-	-
<i>Acquisitions</i>	(204)			
<i>Re-estimate of parameters</i>	12			
<i>Bad debts written off</i>				
<i>On sales</i>	159			
Expected losses as of 30th June 2023	(562)	-	-	-

Fixed-income securities - Analysis by counterparty

(€ '000s)	30/06/2023	31/12/2022
Local public sector	385 304	464 941
Financial institutions and other financial corporations	313 613	242 365
Non-financial corporations	-	-
Net amount in balance sheet	698 917	707 306

Fixed income securities held on Financial institutions include € 51,634K 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 31/12/2022	Additions	Disposals	Other movements	Change in fair value recognised in equity	Change in accrued interest	Prem/Disc Amort.	Total amount as of 30/06/2023
Government paper and similar securities	604 899	305 104	(427 862)	(4 807)	2 880	(469)	(116)	479 628
Bonds	102 407	136 414	(20 016)	-	47	181	254	219 288
Other fixed income securities	-	-	-	-	-	-	-	-
TOTAL	707 306	441 518	(447 878)	-	2 927	(288)	138	698 917

Note 4 - SECURITIES AT AMORTIZED COST

Fixed-income securities - Analysis by nature

(€ '000s)	30/06/2023	31/12/2022
Government paper and similar securities	319 287	253 961
Bonds	7 078	7 203
Other fixed income securities		
Net amount in balance sheet	326 365	261 164
Including expected credit losses on debt instruments	(346)	(260)

Expected credit losses on securities at amortized cost	12-month expected losses	Lifetime expected losses		Incurred losses
		Individual	collective	
Expected losses as of 31st December 2022	(260)	-	-	-
<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	(86)	-	-	-
<i>Acquisitions</i>	(78)			
<i>Re-estimate of parameters</i>	(21)			
<i>Bad debts written off</i>				
<i>On sales</i>	13			
Expected losses as of 30th June 2023	(346)	-	-	-

Fixed-income securities - Analysis by counterparty

(€ '000s)	30/06/2023	31/12/2022
Local public sector	176 716	129 102
Financial institutions and other financial corporations	149 649	132 062
Non-financial corporations		
Net amount in balance sheet	326 365	261 164

Fixed income securities held on Financial institutions include € 124,571K of securities guaranteed by States of the European Economic Area.

Changes in securities at amortized cost

(€ '000s)	Total amount as of 31/12/2022	Additions	Disposals	Other movements	Interest rate Reevaluation	Change in accrued interest	Prem/Disc Amort.	Expected credit losses change	Total amount as of 30/06/2023
Government paper and similar securities	253 961	83 541	(19 173)	(1 123)	1 299	879	(10)	(86)	319 287
Bonds	7 203	-	-	28	(137)	0,4	(17)	0,1	7 078
Other fixed income securities	-	-	-	-	-	-	-	-	-
TOTAL	261 164	83 541	(19 173)	(1 095)	1 162	879	(26)	(86)	326 365

Note 5 - RECEIVABLES ON CREDIT INSTITUTIONS

Accounts with central banks

(€ '000s)	30/06/2023	31/12/2022
Mandatory reserve deposits with central banks	1 171 706	1 134 477
Other deposits		
Cash and central banks	1 171 706	1 134 477
Impairment	(67)	(65)
Net amount in balance sheet	1 171 639	1 134 411

Receivables on credit institutions

(€ '000s)	30/06/2023	31/12/2022
Loans and receivables		
- on demand and short notice	11 707	16 792
- term	80 852	80 219
Cash collateral paid	156 176	177 604
Securities bought under repurchase agreements		
TOTAL	248 735	274 615
Impairment for expected losses	(33)	(33)
NET CARRYING AMOUNT	248 703	274 582

Note 6 - LOANS AND ADVANCES TO CUSTOMERS

(€ '000s)	30/06/2023	31/12/2022
Short-term credit facilities	15 215	8 698
Other loans	5 354 887	4 682 094
Customers transactions before impairment charges	5 370 102	4 690 792
Impairment	(326)	(377)
Net carrying amount	5 369 776	4 690 415
<i>Of which individual impairment</i>	(326)	(377)
<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 31st December 2022	(279)	(196)	-	-
<i>Transfers from 12-month to maturity</i>				
<i>Transfers from maturity to 12-month</i>	(8)	8		
<i>Transfers from expected to incurred losses</i>				
Total transfer movement	(8)	8	-	-
Movement attributable to financial instruments recognized over the period	(32)	81	-	-
<i>Production and acquisition</i>	(43)	(2)		
<i>Re-estimate of parameters</i>	(1)	83		
<i>Bad debts written off</i>				
<i>Repayments</i>	12	0,4		
Expected losses as of 30th June 2023	(318)	(108)	-	-

SUMMARY OF PROVISIONS ON SECURITIES, LOANS AND FINANCING COMMITMENTS

(€ '000s)	31/12/2022	Depreciation charges	Reversals amounts not used	Net charge	Utilised	30/06/2023
Financial assets at fair value through other comprehensive income						
<i>Depreciations on performing assets</i>	528	192	(159)	33		562
<i>Depreciations on non-performing assets</i>	-					-
<i>Depreciations on doubtful assets</i>	-					-
Total	528	192	(159)	33		562
Financial assets at amortized cost						
<i>Depreciations on performing assets</i>	539	143	(18)	125		664
<i>Depreciations on non-performing assets</i>	196	(80)	(8)	(88)		108
<i>Depreciations on doubtful assets</i>	-					-
Total	735	63	(26)	37		772

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	1 171 706			(67)			1 171 639
Financial assets at fair value through other comprehensive income	699 478			(562)			698 917
Securities at amortized cost	326 711			(346)			326 365
Loans and receivables due from credit institutions at amortized cost	248 735			(33)			248 703
Loans and receivables due from customers at amortized cost	5 279 820	90 212	70	(218)	(107)	(0,04)	5 369 776

Note 7 - DEFERRED TAX

The movement on the deferred tax account is as follows:

(€ '000s)	30/06/2023	31/12/2022
Net asset as at 1st of january	6 197	5 224
Of which deferred tax assets	6 664	5 394
Of which deferred tax liabilities	467	169
Recognised in income statement	(727)	(1 026)
Income statement (charge) / credit	(727)	(1 026)
Recognised in equity	588	1 999
Financial assets at fair value through other comprehensive income	(63)	861
Cash flow hedges	651	1 139
Other		
Net asset as at	6 058	6 197
Of which deferred tax assets	6 186	6 664
Of which deferred tax liabilities	128	467

Deferred tax are attributable to the following items:

(€ '000s)	30/06/2023	31/12/2022
Financial assets at fair value through other comprehensive income	628	691
Cash flow hedges	1 807	1 157
Losses carried forward	3 750	4 816
Other temporary differences		
TOTAL DEFERRED TAX ASSETS	6 186	6 664

(€ '000s)	30/06/2023	31/12/2022
Financial assets at fair value through other comprehensive income		
Cash flow hedges		
Other temporary differences	128	467
TOTAL DEFERRED TAX LIABILITIES	128	467

Note 8 - OTHER ASSETS AND ACCRUALS

(€ '000s)	30/06/2023	31/12/2022
Other assets		
Deposits	239	238
Other assets	251	250
Impairment		
Total	491	488
Accruals		
Prepaid charges	671	280
Other deferred income	2	
Transaction to receive and settlement accounts		0,3
Other accruals	239	226
Total	912	506
TOTAL OTHER ASSETS AND ACCRUALS	1 403	994

Note 9 - BREAKDOWN OF FIXED ASSETS

(€ '000s)

Intangible fixed assets	31/12/2022	Additions	Transfers	Disposals	Amort. and provisions	Other	30/06/2023
Intangible fixed assets							
IT development costs	12 641	160	(37)			(57)	12 708
Other intangible assets	163						163
Intangible assets in progress	-	116					116
Intangible fixed assets gross amount	12 804	276	(37)	-	-	(57)	12 987
Depreciation and allowances - Intangible fixed assets	(10 423)		37		(372)		(10 758)
Intangible fixed assets net carrying amount	2 381	276	-	-	(372)	(57)	2 229

Tangible fixed assets	31/12/2022	Additions	Disposals	Amort. and provisions	Other	30/06/2023
Commercial leases	191					191
Property, plant & equipment	2 918	54		(5)		2 967
Tangible fixed assets gross amount	3 110	54	-	(5)	-	3 159
Depreciation and allowances - Tangible fixed assets	(533)		4	(82)		(612)
Tangible fixed assets net carrying amount	2 576	54	4	(87)	-	2 547

Note 10 - DEBT SECURITIES

(€ '000s)

	30/06/2023	31/12/2022
Negotiable debt securities	347 213	370 794
Bonds	6 988 067	6 218 288
Other debt securities		
TOTAL	7 335 281	6 589 082

NOTE 11 - DUE TO CREDIT INSTITUTIONS

(€ '000s)

	30/06/2023	31/12/2022
Loans and receivables		
- on demand and short notice	0,1	0,2
- term		
Cash collateral paid	81 066	102 377
Securities bought under repurchase agreements		
TOTAL	81 067	102 377

Note 12 - ACCRUALS AND OTHER LIABILITIES

(€ '000s)

	30/06/2023	31/12/2022
Other liabilities		
Miscellaneous creditors	1 940	1 762
Total	1 940	1 762
Accruals		
Transaction to pay and settlement accounts	296	
Other accrued expenses	1 200	1 667
Unearned income	2	
Other accruals	30	32
Total	1 528	1 699
TOTAL ACCRUALS AND OTHER LIABILITIES	3 468	3 461

Note 13 - PROVISIONS

(€ '000s)	Balance as of 31/12/2022	Depreciation charges	Reversals amounts used	Reversals amounts not used	Other movements	Balance as of 30/06/2023
Provisions						
Financing commitment execution risks	16	19		(17)		18
Provisions for litigations						
Provisions for employee retirement and similar benefits	124					124
Provisions for other liabilities to employees						
Other provisions						
TOTAL	140	19	-	(17)	-	142

OFF-BALANCE SHEET

(€ '000s)	30/06/2023	31/12/2022
Commitments given	572 902	810 248
Financing commitments	514 667	810 248
<i>For credit institutions</i>		
<i>For customers</i>	514 667	810 248
Guarantee commitments	58 235	
<i>For credit institutions</i>		
<i>For customers</i>	58 235	
Commitments on securities		
<i>Securities to be delivered to the issuance</i>		
<i>Other securities to be delivered</i>		
Commitments received	1 893	1 960
Financing commitments		
<i>From credit institutions</i>		
Guarantee commitments	1 893	1 960
<i>From credit institutions</i>		
<i>From customers</i>	1 893	1 960
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 31st December 2022	16	-	-	-
<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	2			
<i>Charge</i>	19			
<i>Utilised</i>				
<i>Reversal utilised</i>	(17)			
Expected losses as of 30th June 2023	18	-	-	-

VI - Notes to the Income Statement

Note 14 - INTEREST INCOME AND EXPENSES

(€ '000s)	30/06/2023	30/06/2022	31/12/2022
Interest and similar income	135 248	19 010	50 563
Due from banks	23 586	229	4 509
Due from customers	78 371	4 704	33 007
Bonds and other fixed income securities	14 481		2 148
<i>Financial assets at fair value through other comprehensive income</i>	9 915		1 068
<i>Securities at amortized cost</i>	4 566		1 080
Debt securities		10 542	
Macro-hedge transactions	13 149	1 360	6 106
Other interest income	5 661	2 175	4 793
Interest and similar expenses	(122 308)	(11 337)	(34 912)
Due to banks	(1 265)	(3 484)	(4 136)
Bonds and other fixed income securities		(1 903)	
<i>Financial assets at fair value through other comprehensive income</i>		(1 805)	
<i>Securities at amortized cost</i>		(97)	
Debt securities	(109 273)		(18 033)
Macro-hedge transactions	(6 086)	(3 776)	(7 931)
Other interest expenses	(5 684)	(2 175)	(4 812)
Interest margin	12 940	7 673	15 651

Note 15 - NET FEE AND COMMISSION INCOME

(€ '000s)	30/06/2023	30/06/2022	31/12/2022
Fee & Commission Income	76	94	301
Interbank transactions			
Customer transactions			100
Securities transactions			
Forward financial instruments transactions			
Currencies transactions			
Financing commitments and guarantee	76	94	201
Other commissions received			
Fee & Commission Expense	(122)	(79)	(161)
Interbank transactions	(43)	(8)	(17)
Securities transactions	(4)	(4)	(8)
Forward financial instruments transactions	(75)	(68)	(136)
Currencies transactions			
Financing commitments and guarantee			
Other commissions paid			
Net Fee and Commission income	(46)	14	139

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

(€ '000s)	30/06/2023	30/06/2022	31/12/2022
Gains/(losses) on Trading book	15	(3)	(18)
Net result of hedge accounting	2 708	3 153	8 986
Net result of foreign exchange transactions	10	5	(0,02)
TOTAL	2 733	3 154	8 968

Analysis of net result of hedge accounting

(€ '000s)	30/06/2023	30/06/2022	31/12/2022
Fair value hedges			
Fair value changes in the hedged item attributable to the hedged risk	92 692	53 498	138 213
Fair value changes in the hedging derivatives	(93 691)	(52 311)	(136 860)
Hedging relationship disposal gain	3 898	2 276	8 617
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	8 220	(80 335)	(132 739)
Fair value changes in the hedging derivatives	(8 411)	80 025	131 755
Net result of hedge accounting	2 708	3 153	8 986

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

(€ '000s)	30/06/2023	30/06/2022	31/12/2022
Gains from disposal of fixed income securities	335	2 095	2 124
Losses from disposal of fixed income securities	(3 783)	(3 365)	(9 274)
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	(3 448)	(1 270)	(7 150)

Note 18 - NET GAINS AND LOSSES ON DERECOGNITION OF FINANCIAL ASSETS AT AMORTISED COST

(€ '000s)	30/06/2023	30/06/2022	31/12/2022
Gains on derecognition of fixed income securities at amortised cost			
Losses on derecognition of fixed income securities at amortised cost			
Gains on loans sold			
Losses on loans sold			
Total Net gains and losses on derecognition of financial assets at amortised cost	-	-	-

Note 19 - GENERAL OPERATING EXPENSES

(€ '000s)	30/06/2023	30/06/2022	31/12/2022
Employee expenses			
Wages and salaries	2 285	1 930	4 243
Post-employment benefit expenses	212	181	382
Other expenses	1 038	789	1 712
Total Employee expenses	3 536	2 900	6 337
Operating expenses			
Taxes and duties	1 461	1 292	1 232
External services	2 860	2 449	5 034
Total Administrative expenses	4 321	3 741	6 266
Charge-backs and reclassification of administrative expenses			
Total General operating expenses	7 857	6 640	12 603

Note 20 - COST OF RISK

(€ '000s)	30/06/2023	30/06/2022	31/12/2022
Net charge to provisions	(69)	(393)	(398)
<i>for financial assets at fair value through other comprehensive income</i>	(33)	(222)	(75)
<i>for financial assets at amortized cost</i>	(36)	(171)	(323)
Net charge to provisions	(2)	1	(6)
<i>for financing commitments</i>	(2)	1	(6)
<i>for guarantee commitments</i>			
Irrecoverable loans written off not covered by provisions			
Recoveries of bad debts written off			
Total Cost of risk	(71)	(392)	(404)

Note 21 - NET GAINS AND LOSSES ON OTHER ASSETS

(€ '000s)	30/06/2023	30/06/2022	31/12/2022
Gains on sales of Investment securities			
Gains on sales of tangible or intangible assets	1		
Reversal of impairment			
Total Gains on other assets	1	-	-
Losses on sales of Investment securities			
Losses on sales of tangible or intangible assets	(1)		
Charge of impairment			
Total Losses on other assets	(1)	-	-

Note 22 - INCOME TAX

(€ '000s)	30/06/2023	30/06/2022	31/12/2022
Expense and income of current tax	(230)		
Expense and income of differed tax	(727)	(589)	(1 026)
Ajustement on previous period			
Total Income tax	(957)	(589)	(1 026)

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)	30/06/2023			
	Total	Measured using		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at fair value through profit or loss	20 218	-	20 218	-
Hedging derivative instruments	851 785	-	851 785	-
Government paper and similar securities	479 628	479 628	-	-
Bonds	219 288	147 182	-	72 106
Other fixed income securities	-	-	-	-
Total Financial assets at fair value through other comprehensive income	698 917	626 810	-	72 106
Total Financial assets	1 570 920	626 810	872 003	72 106
Financial liabilities				
Financial liabilities at fair value through profit or loss	20 207	-	20 207	-
Hedging derivative instruments	933 386	-	933 386	-
Total Financial liabilities	953 592	-	953 592	-

Fair values of instruments carried at amortised cost:

(€ '000s)	30/06/2023				
	Net Carrying value	Fair value	Measured using		
			Level 1	Level 2	Level 3
Financial assets					
Cash, central banks and issuing institutions	1 171 639	1 171 639	-	-	1 171 639
Government paper and similar securities	319 287	318 354	224 237	-	94 117
Bonds	7 078	6 842	6 842	-	-
Other fixed income securities	-	-	-	-	-
Total Securities at amortized cost	326 365	325 196	231 079	-	94 117
Loans and receivables due from credit institutions	248 703	248 703	-	-	248 703
Loans and advances to customers	5 249 067	5 249 067	-	-	5 249 067
Total Financial assets	6 995 773	6 994 604	231 079	-	6 763 526
Financial liabilities					
Debt securities	7 335 281	7 332 771	6 135 126	847 645	350 000
Total Financial liabilities	7 335 281	7 332 771	6 135 126	847 645	350 000

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 2023 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 30/06/2023
Cash, central banks	1 171 706		(67)	1 171 639
Financial assets at fair value through profit or loss	20 218			20 218
Hedging derivative instruments	851 785			851 785
Financial assets at fair value through other comprehensive income	698 917			698 917
Securities at amortized cost	326 711		(346)	326 365
Loans and receivables due from credit institutions	248 735		(33)	248 703
Loans and advances to customers	5 370 032	70	(326)	5 369 776
Revaluation adjustment on interest rate hedged portfolios				-
Current tax assets				-
Other assets	491			491
Sub-total Assets	8 688 595	70	(772)	8 687 893
Financing commitments given	514 667			514 667
TOTAL Credit risk exposure	9 203 262	70	(772)	9 202 560

Exposure analysis by counterparty

(€ '000s)	Total 30/06/2023
Central banks	1 171 639
Local public sector	6 446 866
Credit institutions guaranteed by the EEA States	194 205
Credit institutions	1 389 763
Other financial corporations guaranteed by the EEA States	
Other financial corporations	
Non-financial corporations guaranteed by the EEA States	
Non-financial corporations	87
Total Exposure by counterparty	9 202 560

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

(€ '000s)	Total 30/06/2023
France	8 451 289
Supranational	226 703
Canada	174 517
Finland	65 732
Germany	53 246
New Zealand	44 885
Switzerland	40 735
Iceland	22 990
South Korea	22 864
Japan	19 826
Spain	19 696
Netherlands	13 901
Sweden	13 003
Poland	12 376
Denmark	11 286
Belgium	9 511
Total Exposure by geographic area	9 202 560

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 30/06/2023
Cash, central banks	1 171 639				1 171 639			1 171 639
Financial assets at fair value through profit or loss	14	1 869	11 711	6 615	20 210	9		20 218
Hedging derivative instruments	176	2 713	72 873	778 287	854 048	(2 263)		851 785
Financial assets at fair value through other comprehensive income								
Government paper and similar securities	11 005	30 310	264 233	226 833	532 381	2 064	(54 817)	479 628
Bonds		64 526	144 134	19 535	228 195	937	(9 844)	219 288
Total Financial assets at fair value through other comprehensive income	11 005	94 836	408 367	246 369	760 576	3 001	(64 660)	698 917
Securities at amortized cost								
Government paper and similar securities		35 581	138 583	168 503	342 667	1 669	(25 049)	319 287
Bonds				7 129	7 129	101	(152)	7 078
Total Securities at amortized cost	-	35 581	138 583	175 632	349 797	1 770	(25 201)	326 365
Loans and receivables due from credit institutions	167 442		80 000		247 442	1 260		248 703
Loans and advances to customers	161 147	391 017	1 667 221	3 747 555	5 966 940	14 670	(611 835)	5 369 776
Revaluation adjustment on interest rate hedged portfolios								-
Current tax assets								0
Other assets	491				491			491
TOTAL ASSETS								8 687 893
Central banks								-
Financial assets at fair value through profit or loss	14	1 869	11 713	6 615	20 211	(5)		20 207
Hedging derivative instruments	27	29 943	310 923	602 889	943 782	(10 396)		933 386
Debt securities	223 926	943 985	2 827 158	4 134 651	8 129 720	22 600	(817 039)	7 335 281
Due to credit institutions	81 067				81 067			81 067
Revaluation adjustment on interest rate hedged portfolios							120 709	120 709
Other liabilities	1 940				1 940			1 940
TOTAL LIABILITIES								8 492 588

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 2023 are described into the financial report as at 30th June 2023.

Agence France Locale - Société Territoriale

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

For the six-month period ended June 30, 2023
Agence France Locale - Société Territoriale

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

Agence France Locale - Société Territoriale

Statutory Auditors' Review Report on interim consolidated condensed financial statements

For the six-month period ended June 30, 2023

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, 2023 to June 30, 2023.

These interim consolidated condensed financial statements are the responsibility of the Board of Directors. 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, 2023 do not present fairly, in all material respects, the assets and liabilities and the financial position of the Group as at 30 June, 2023 and the results of its operations for the period then ended, 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, on 25 September 2023

Paris, on the 25 September 2023

KPMG S.A.

Cailliau Dedouit et Associés

Xavier de Coninck
Partner

Laurent Brun
Partner