

Covered Bonds follow-up Rating

Caisse Francaise de Financement Local
Public Sector Covered Bond Program

Rating Object	Rating Information	
Caisse Francaise de Financement Local S.A., Public Sector Covered Bond Program	Rating / Outlook : AAA / Stable	Type: Rating Update (unsolicited)
Type of Issuance : Public Sector Covered Bond under French law Issuer : Caisse Francaise de Financement Local S.A.	Rating Date : 05.02.2024 Rating Renewal until : Withdrawal of the rating Maximum validity: 01.01.2050 Rating Methodology : CRA „Covered Bond Ratings“	
LT Issuer Rating : AA (CAFFIL) ST Issuer Rating : L1 Outlook Issuer : Negative		

Program Overview			
Nominal value	EUR 52,059 m.	WAL maturity covered bonds	6.85 Years
Cover pool value	EUR 60,272 m.	WAL maturity cover pool	7.01 Years
Cover pool asset class	Public Sector	Overcollateralization (nominal/committed)	15.78%/ 5.00%
Repayment method	Hard Bullet	Min. overcollateralization	5.00%
Legal framework	SCF Legislation	Covered bonds coupon type	Fix (37.42%), Floating (62.58%)

Cut-off date Cover Pool information: 30.09.2023.

Rating Action

Content

Rating Action	1
Issuer Risk	2
Structural Risk	3
Liquidity- and Refinancing Risk	4
ESG Criteria	5
Credit and Portfolio Risk	5
Cash-Flow Analysis	8
Counterparty Risk	10
Appendix	11

This follow-up report covers our analysis of the public sector covered bond program issued under French law by Caisse Francaise de Financement Local S.A. („CAFFIL“). The total covered bond issuance at the cut-off date (30.09.2023) had a nominal value of EUR 52,058.65 m, backed by a cover pool with a current value of EUR 60,272.04 m. This corresponds to a nominal overcollateralization of 15.78%. The cover assets mainly include French public sector assets as well as obligations of regional and local authorities in France.

Taking into consideration the issuer rating, our analysis of the regulatory framework, liquidity- and refinancing risks, as well as our cover pool assessment and results of the cash flow analysis, Creditreform Rating AG (“Creditreform Rating” or “CRA”) affirms the covered bond program with an AAA rating. The AAA rating represents the highest level of credit quality and the lowest investment risk.

Analysts

Philip Michaelis
Lead - Analyst
p.michaelis@creditreform-rating.de
+49 2131 109 2157

Qinghang Lin
Analyst
b.passos@creditreform-rating.de
+49 2131 109 1203

Neuss, Germany

Key Rating Findings

- + Covered Bonds are subject to a strict French legal framework for covered bonds (SCF Legislation)
- + Covered Bond holders have full recourse to the issuer.
- + The sponsor bank (SFIL SA) benefits from explicit guarantee from the French government to maintain its financial viability
- + Very good asset quality of the issuer, very high regulatory capital ratios
- Low level of profitability of the issuer, but no profit motive

Table1: Overview results

Risk Factor	Result
Issuer rating	AA (rating as of 15.08.2023)
+ Legal and regulatory framework	+4 Notches
+ Liquidity and refinancing risk	+1 Notch
= Rating after 1 st uplift	AAA
Cover pool & cash flow analysis	AA-
+ 2 nd rating uplift	+/-0 Notch
= Rating covered bond program	AAA

Issuer Risk

Issuer

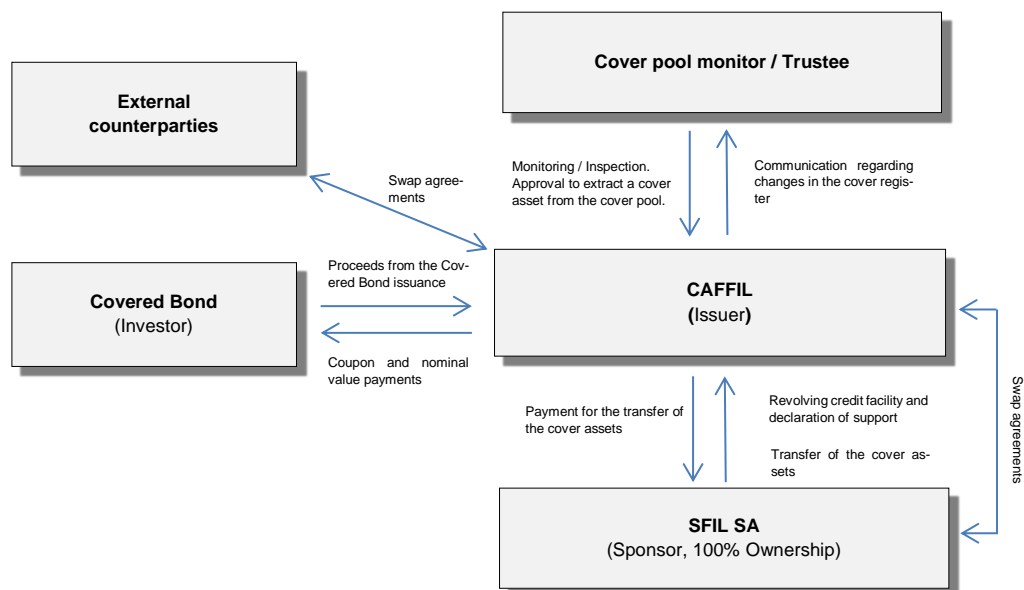
Our rating of CAFFIL covered bond program is reflected by our issuer rating opinion of SFIL SA (Group) due to its group structure. CRA has affirmed the Long-term rating of SFIL at AA (negative) in a Rating Update dated 15.08.2023. The rating of SFIL SA remains influenced by the high exposure to the French Republic. The sovereign rating of French Republic has been affirmed by CRA at AA with a negative outlook as of 21.04.2023. The negative outlook is due to the macroeconomic risk in Ukraine, unpredictability of any further escalation of geopolitical tensions, and challenges associated with sustainably reducing the elevated debt ratio amidst ongoing government support measures.

SFIL SA benefits from a very good asset quality, which did not have a significant negative impact after COVID-19. Although profitability is low, the issuer is not profit-driven. The outlook 'negative', is in line with the long-term sovereign rating of the French Republic by CRA. For a detailed overview of the issuer rating, please refer to the webpage of Creditreform Rating AG.

Structural Risk

Transaction structure

Figure1: Overview of Covered Bond emission | Source: CRA



Legal and Regulatory Framework

In order to comply with the EU Covered Bond Directive, French covered bond legislation was recently amended. The previous French Covered Bond Law was already in line with most of the minimum standards required by the new EU rules. Therefore, no major changes were required to comply with the EU requirements. On 1 July, ordonnance no 2021-858 of 30 June 2021 was published, which proposed the adoption of a number of legal measures necessary for the transposition of EU CB Directive into French law. The legal decree n° 2021-898 on the transposition was published on 7 July 2021 in the Journal Officiel n° 0156. Furthermore, ACPR instructions were published on 9 March 2022. The new French law came into force on 8 July 2022.

In France, there exist three different types of covered bonds – 'Obligations Foncières' (OF), 'Caisse de Refinancement de l'habitat' (CRH) and 'Obligations de Financement de l'habitat' (OH) – governed by different legal frameworks.

A comprehensive overview of the SCF legislation with previous amendments that governs the 'Obligations Foncières' (OF), can be found in our initial and follow-up rating reports of CAFFIL Public Sector Covered Bonds. The following major provisions describe the current status of the SCF legislation.

An affiliated company – the 'Sociétés de Crédit Foncier (SCF), which is a regulated French specialized credit institution with the restricted purpose to provide and fund home loans, issues OFs. As the issuer is not the originator, the cover assets are owned by and segregated in the sponsor bank but pledged and transferred to the SCF.

Under the SCF legislation, the OF holders has direct recourse to the issuer and legal privilege over the SCF's eligible cover assets, which are exposures to the public entities such as states,

central banks, local authorities or state-owned entities confined to EU/EEA countries or such public sector entities must be in compliance with specific limits and the level of credit assessment by an external rating agency that is recognised by the ACPR.

In addition, the legal framework allows for substitution assets up to a maximum of 15% of the outstanding covered bonds with specific sub-limits for credit quality step 1 (15%), 2 (10%), and 3 (8%) exposures.

Along with the nomination of two external statutory auditors, the legal framework stipulates to nominate an independent Specific Controller to monitor the cover pool.

In case of issuer's insolvency, the general insolvency court will manage the cover pool and will act in the interest of the covered bondholders. The SCF issuers have to disclose information regarding cover assets and covered bond programs on their website on a regular basis as well.

In general, we consider the structural framework for covered bond programs in France as positive as SCF legislation defines clear rules to mitigate risks in particular regarding insolvency remoteness, asset segregation, investor's special claim vis-à-vis other creditors, the roll and appointment of a special administrator, among other provisions. Due to those reasons we have set a rating uplift of four (+4) notches for the regulatory and structural framework for French covered bond programs under SCF legislation.

Liquidity- and Refinancing Risk

With respect to OFs, it is compulsory for the covered bond issuers to maintain a nominal overcollateralization (OC) of 5% at all times, while the coverage calculations have to be done on a monthly basis. Furthermore, the Issuer is also required to maintain a liquidity buffer to cover, for the next 180 days, all debt service outflows (interest and principal) and derivative transactions.

The underlying cover pool is also subjected to an asset-coverage test in order to ensure sufficient OC level and cash flow adequacy. SCF must manage and hedge interest rate risks, currency risks, and liquidity and maturity mismatches between assets and liabilities.

In the event of the issuer's insolvency, the special administrator (i.e. general insolvency court) can sell assets of the cover pool or use them as a guarantee for liquidity operations if liquidity shortfalls are foreseeable.

According to the new framework, maturity extensions are optionally possible, but subject to conditions. Two objective triggers for covered bond maturity extensions are introduced. First, if an issuer or sponsor bank becomes insolvent or is put into liquidation. Second, by decision of the ACPR, if the issuer breaches the 180-day liquidity coverage requirement for covered bonds.

Overall, the SCF legislation and the stipulated risk management processes for liquidity risks constitute a comparatively strict framework by which they can be effectively reduced. Refinancing risks, however, may not be structurally reduced under the hard bullet repayment structure, which can only be cushioned by sufficiently high overcollateralization or by other liquid funds. Nevertheless, we assess the overall legal provisions on liquidity management for French Covered Bond programs under SCF legislation as positive and set a rating uplift of one (+1) notch.

ESG Criteria

CRA generally takes ESG-relevant factors (environmental, social and governance) into account when assessing Covered Bond ratings. Overall, ESG factors have a significant impact on the current rating of this Covered Bond program. CRA identifies governance factors, in particular, to have a highly significant impact on Covered Bond ratings. Since Covered Bonds are subject to strict legal requirements, regulatory risk plays an important role in assessing the credit rating.

The SCF legislation defines clear rules to mitigate risks in particular regarding insolvency remoteness, asset segregation, investor's special claim vis-à-vis other creditors, the roll and appointment of a special administrator, among other provisions. Additionally, Risk management and internal controls as well as the macroeconomic factors such as hedging strategies, interest rates and yield curve are considered to have a highly significant impact on the assessment of the credit rating. Other individual factors with a potential key rating influence were not identified, and therefore did not affect the final rating.

Credit and Portfolio Risk

Cover pool analysis

The analysis of the cover pool is based on public information which has been made available by the Issuer, in particular the Harmonised Transparency Template („HTT“) as per regulatory requirements. This information was sufficient according to CRA´s rating methodology “Covered Bond Ratings”.

At the cut-off-date 30.09.2023, the pool of cover assets consisted of 38,399 debt receivables from 12,314 debtors, of which 92.68% are domiciled in France. The total cover pool volume amounted to EUR 60,272.04 m in bonds (7.26%), loans (91.17%) and others (1.57%) loans, which have been lent to the central government, regional authorities and entities, and other debtors. The ten largest debtors of the portfolio total to 20.73%. Table 2 displays additional characteristics of the cover pool:

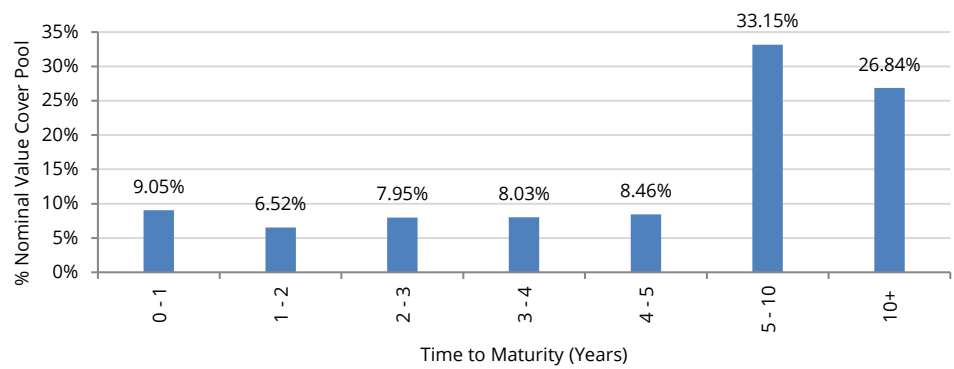
Table 2: Cover pool characteristics | Source: CAFFIL

Characteristics	Value
Cover assets	EUR 60,272 m.
Covered bonds outstanding	EUR 52,059 m.
Substitute assets	EUR 2,086 m.
Cover pool composition	
<i>Public Sector</i>	96.54%
<i>Substitute assets</i>	3.46%
<i>Other / Derivative</i>	0.00%
Number of debtors	12,314
Cover Pool Composition	
<i>Bonds</i>	7.26%
<i>Loans</i>	91.17%
<i>Other</i>	1.57%
Average asset value	EUR 1,515.29 k.

Non-performing loans	0.15%
10 biggest debtors	20.73%
WA seasoning	83.88 Months
WA maturity cover pool (WAL)	7.01 Years
WA maturity covered bonds (WAL)	6.85 Years

We have listed an extended view of the composition of the cover pool in the appendix section "Cover pool details". The following chart displays the maturity profile of the cover assets at the cut-off date 30.09.2023 (see figure 2):

Figure 2: Distribution by remaining time to maturity | Source: CAFFIL



Maturity profile

The following charts present the cash flow profile of the Issuer (see figure 3 and figure 4):

Figure 3: Cover asset congruence | Source: CAFFIL

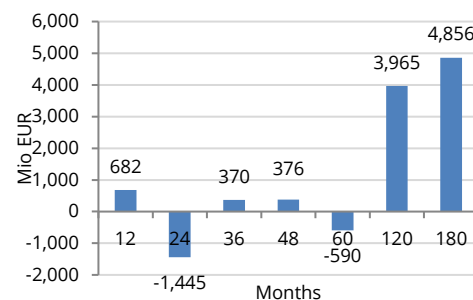
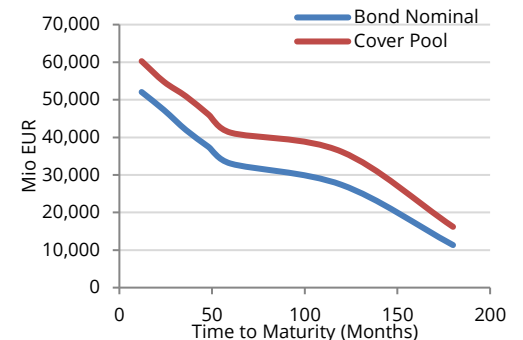


Figure 4: Amortization profile | Source: CAFFIL



During its cash flow modelling, CRA has taken into consideration the maturity structure of cover assets and liabilities. This structure was an integral part of the cash flow analysis.

Interest rate and currency risk

This covered bond program uses derivatives to hedge interest rate- and currency risks. The legal framework also provides for quarterly or monthly stress tests to be conducted on interest rate

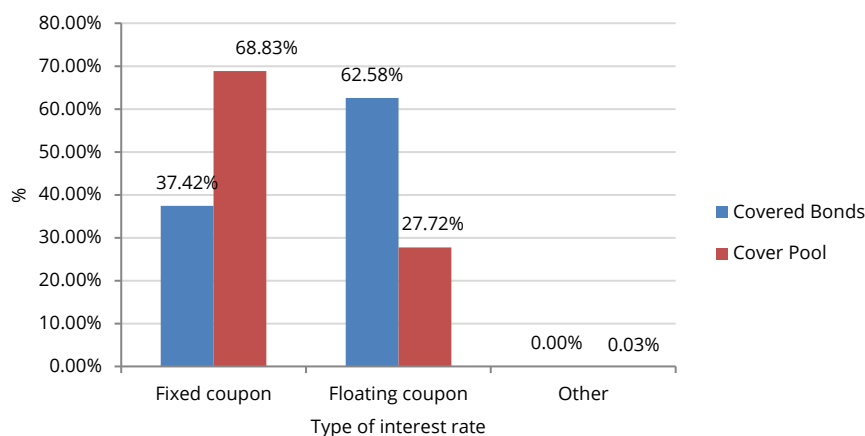
and currency risks to maintain the mandatory OC. Currency risk, on the other hand, is also limited for this program as 100.00% of the cover pool assets and 100.00% of the cover bonds are denominated mainly in euro after hedging. In our Cash flow analysis we assume that the interest rate mismatches is fully hedged in the form of swap agreements; therefore, CRA did not apply any interest rate and foreign exchange stresses for the cash flows.

Table 3: Program distribution by currency | Source: CAFFIL

Currency	Volume	Share (%)
<i>Cover Pool</i>		
EUR	60,272 m.	100.00%
<i>Covered Bond</i>		
EUR	52,059 m.	100.00%

Figure 5 shows the types of interest rate used in this program.

Figure 5: Type of interest rate | Source: CAFFIL



Credit Risk

In Covered Bond Public Sector programs, CRA assesses the credit risk of the cover assets primarily through an assessment of the creditworthiness of the obligors and their future ability to meet all payment obligations. In order to derive a base case assumption for credit risk, CRA uses the CRA Sovereign Ratings of all obligors in the portfolio, which will be taken into account pro-rata. The rating reports of relevant sovereigns can be accessed at www.creditreform-rating.de. Using all portfolio information available (number of debtors, sovereign – sub-sovereign, maturity profile, regional diversification etc.), CRA has modelled the cover asset portfolio and, using Monte Carlo simulations, derived a distribution of defaults which can be used to elicit rating-level dependent default assumptions.

Recovery and loss-severity assumptions have been determined in accordance with CRA rating methodology. This includes a differentiation of sovereign- and sub-sovereign credits in terms of loss severities, which is included using the current portfolio composition to determine a weighted average recovery rate.

Using both rating-level dependent default and recovery assumptions, the following loss assumptions have been derived for the current cover pool (see Table 4):

Table 4: Cover Pool Base case assumptions | Source: CRA

Rating	Default Rate (%)	Recoveries (%)	Expected Loss (%)
AAA	29.90%	37.66%	18.64%
AA+	24.88%	40.16%	14.89%
AA	23.30%	42.66%	13.36%
AA-	20.27%	44.32%	11.29%
A+	18.97%	45.99%	10.25%
A	17.96%	47.66%	9.40%
A-	16.44%	49.32%	8.33%

Cash-Flow Analysis

Model Assumptions

Based on public information and using the base case loss assumptions, we implement a scenario-based cash flow model. This model aims to test the ability of the structure to service all covered bonds according to their payment profile in diverse stress scenarios. The CRA cash flow analysis assumes that the Issuer has defaulted, i.e. all obligations will be met using cash flows from the cover pool assets only. We also assume that no additional assets will be added to the cover pool during the wind-down phase.

The cash-flow analysis considers, among other factors, asset value haircuts (“asset-sale discount”), and the possible positive yield spread between covered assets and covered bonds (“yield spreads”). To derive the asset-sale discount, CRA assumes, based on secondary market data, a rating level haircut on the asset value. Furthermore, CRA, using available public information (i.e. issuer’s annual accounts), has derived estimations for yield spreads (see table 5):

Table 5: Cash-Flow Model assumptions | Source: CRA

Rating level	Asset-Sale Discount	Yield Spread
AAA	17.01%	0.01%
AA+	15.59%	0.03%
AA	14.67%	0.04%
AA-	13.80%	0.05%
A+	13.12%	0.06%
A	12.57%	0.07%
A-	11.85%	0.08%

Rating Scenarios

In our cash flow model rating scenarios have been tested considering several central input parameters, such as:

- Portfolio composition (diversification, concentration, granularity)
- Probability of default of cover assets
- Correlations of cover assets and systematic risk factors
- Recoveries
- Maturity profile of covered bonds and cover assets (ALM)

Within a AA- rating scenario, the cash flow model showed that obligations can be paid fully and in a timely manner. Overall, the cash flow analysis revealed that the portfolio, given all used information as of 30.09.2023, may ensure the repayment of bonds' nominal capital notwithstanding the occurrence of the presented stressed scenarios.

Overcollateralization Break-Even Analysis

CRA also performed a break-even OC analysis taking into considerations the following drivers: ALM, Loss level, Interest rate spreads, foreign currency mismatches and Recoveries. Performing the break-even OC analysis, we took rating-level specific stressed outcomes into account. Based on these analyses, the maximum OC required for each relevant rating level during the whole period has been presented in table 6.

Table 6: Breakeven Analysis | Source: CRA

Rating Level	Break-Even OC
AA-	14.84%
A+	13.53%
A	12.48%
A-	11.17%
BBB+	9.90%
BBB	8.75%
BBB-	7.90%

Sensitivity Analysis

CRA also evaluates the sensitivity of the structure and program with respect to important input parameters. In particular, the following factors have been varied:

- Credit quality of cover assets
- Recoveries

The following table presents the rating impact of a decline in recoveries and an increase in the credit risk of single debtors (sovereigns). Starting from the best-case, which is represented by our base case assumptions, the analysis reveals the sensitivity of the rating with respect to recovery rates and credit risk. The worst-case scenario, in which we reduce recoveries by 50% and increase credit risk by 50%, the impact can be seen by a change in the implied rating scenario by 7 notches (see Table 7):

Table 7: Covered Bond Program Sensitivity: Credit Quality und Recovery Rates | Source: CRA

Recovery Defaults	Base Case	-25%	-50%
Base Case	AA-	A	A-
+25%	A	BBB+	BBB
+50%	BBB+	BBB	BB+

In general, based on the presented cash flow analysis results, the rating of the cover pool within our covered bond program rating has been set at AA-. This, however, did not ensure any secondary rating uplift, which has therefore been set at zero (+/-0) notch.

Counterparty Risk

Derivatives

To minimize the risks associated with open foreign currency positions and interest rate mismatches, SFIL, on behalf of CAFFIL, enters into micro (primarily interest rate swaps) and macro hedge derivatives. These interest rate swaps are in the forms of intra-group swaps with SFIL or swap agreements with external counterparties or both. In order to incur no foreign exchange risk, CAFFIL also enters into cross-currency swaps against the euro for its bonds and assets denominated in currencies other than euro. Type of currency rate swaps are again in the forms of intra-group swaps with SFIL or external counterparty swaps or both.

These swap arrangements contain collateral posting of the counterparties to the CAFFIL triggered by the credit rating; those who enjoy the highest credit rating are not required to post collateral. A full list of counterparties entered into the derivatives transactions has been presented in Table 10.

Commingling

Incoming cash flows generated from the cover pool will normally be transferred to the Issuer and will be forwarded to the covered bond holders according to the payment terms and conditions. Should the issuer become bankrupt, there is a risk ("commingling risk") that funds may not be returned and commingled with the insolvency estate of the issuer. In order to avoid such risk, the SCF law stipulates that the cover assets should be isolated from the general bankruptcy estate (insolvency-free assets) and a special cover pool administrator will be appointed to manage the cover pool. Under that mandate the cover pool administrator will have first priority on the up-coming cash flows from the cover pool assets. These cash flows in turn should be used to cover interest and principal payments of the covered bond holders in case of issuer's insolvency.

Appendix

Rating History

Event	Rating Date	Publication Date	Result
Initial Rating	23.01.2019	30.01.2019	AAA/ stable
Rating Update	05.02.2020	10.02.2020	AAA/ stable
Monitoring	03.06.2020	05.06.2020	AAA/ watch unknown
Rating Update	04.02.2021	10.02.2021	AAA/ stable
Monitoring	05.07.2021	06.07.2021	AAA/ watch unknown
Rating Update	03.02.2022	09.02.2022	AAA/ stable
Rating Update	02.02.2023	09.02.2023	AAA/ stable
Rating Update	05.02.2024	09.02.2024	AAA/ stable

Details Cover Pool

Table 8: Characteristics of Cover Pool | Source: CAFFIL

Characteristics	Value
Cover Pool Volume	EUR 60,272 m
Covered Bonds Outstanding	EUR 52,059 m
Substitute Assets	EUR 2,086 m
Share Derivatives	0.00%
Share Other	100.00%
Substitute Assets breakdown by asset type	
Cash	0.24%
Guaranteed by Supranational/Sovereign agency	0.00%
Central bank	0.00%
Credit institutions	99.76%
Other	0.00%
Substitute Assets breakdown by country	
Issuers country	48.72%
Eurozone	8.58%
Rest European Union	18.40%
European Economic Area	3.07%
Switzerland	0.00%
Australia	0.00%
Brazil	0.00%
Canada	21.15%
Japan	0.00%
Korea	0.00%
New Zealand	0.00%

Creditreform Covered Bond Rating

Caisse Francaise de Financement Local
Public Sector Covered Bond Program

Creditreform 
Rating

Singapore	0.00%
US	0.09%
Other	0.00%
Cover Pool Composition	
Public Sector	96.54%
Total Substitute Assets	3.46%
Other / Derivatives	0.00%
Number of Debtors	12,314
Distribution by debtor type	
Central Government	14.78%
Regional authorities	20.19%
Municipal authorities	50.63%
Other	14.40%
Distribution by asset type	
Loans	91.17%
Bonds	7.26%
Other	1.57%
Average asset value	EUR 1,515,29 k
Share of Non-Performing Loans	0.15%
Share of 10 biggest debtors	20.73%
WA Maturity (months)	151.88
WAL (months)	84.07
Distribution by Country (%)	
Austria	0.26
Belgium	0.04
France	92.68
Italy	5.65
Portugal	0.01
Spain	0.50
Sweden	0.03
Switzerland	0.39
Canada	0.21
Japan	0.04
US	0.19
Distribution by Region (%)	
Auvergne-Rhône-Alpes	10.47
Bourgogne-Franche-Comté	2.94
Bretagne	3.27
Centre-Val de Loire	1.88
Corse	1.03

Grand Est	5.69
Hauts-de-France	8.64
Île-de-France	26.96
Normandie	3.05
Nouvelle-Aquitaine	7.66
Occitanie	8.43
Pays de la Loire	3.12
Provence-Alpes-Côte d'Azur	8.17
Outre-Mer	1.37

Table 9: Participant counterparties | Source: CAFFIL

Role	Name	Legal Entity Identifier
Issuer	CAFFIL	549300E6W08778I4OW85
Servicer	SFIL	549300HFEHJQXGE4ZE63
Account Bank	Banque de France, Trésor Public (French Sovereign),CITI, La Banque Postale, NATIXIS, Skandinaviska Enskilda Banken Stockholm, Société Générale Securities Services	Not relevant
Sponsor	SFIL	549300HFEHJQXGE4ZE63

Table 10: Interest rate and Swap counterparties | Source: CAFFIL

Name	Legal Entity Identifier	Agreement Type
ABN AMRO BANK NV	BFXS5XCH7N0Y05NIXW11	Interest
BANCO BILBAO VIZCAYA ARGENTARI	K8MS7FD7N5Z2WQ51AZ71	Interest & FX
BANCO SANTANDER SA	5493006QMFDDMYWIAM13	Interest & FX
BANK OF AMERICA NA	B4TYDEB6GKMZO031MB27	Interest
BOA EUROPE DAC	EQYXK86SF381Q21S3020	Interest
BARCLAYS BANK IRELAND PUBLIC LIMITED COMPANY	2G5BKIC2CB69PRJH1W31	Interest & FX
BELFIUS BANQUE	A5GWLFBH3KM7YV2SFQL84	Interest
BNP PARIBAS SA	R0MUW5FPU8MPRO8K5P83	Interest & FX
CITIBANK EUROPE PLC	N1FBEDJ5J41VKZLO2475	Interest & FX
CREDIT AGRICOLE CIB	1VUV7VQFKUOQSJ21A208	Interest & FX
CREDIT SUISSE INTERNATIONAL	E58DKGMJYYYJLN8C3868	Interest & FX
DEUTSCHE BANK AG	7LTFWZYICNSX8D621K86	Interest
DZ BANK AG	529900HNOAA1KXQUQ27	Interest
GOLDMAN SACHS MITSUI MARINE DERIVATIVE PRODUCTS LP	X1H61UOUXUPKXR51OV18	Interest
HSBC CONTINENTALE EUROPE	F0HUI1NY1AZMJMD8LP67	Interest
ING BANK NV	3TK201VIUJ8J3ZU0QE75	Interest & FX

JP MORGAN SE	549300ZK53CNGEEI6A29	Interest & FX
MORGAN STANLEY CAPITAL SERVICES LLC	I7331LVCZKQKX5T7XV54	Interest
NATIXIS	KX1WK48MPD4Y2NCUIZ63	Interest & FX
NATWEST MARKETS PLC	RR3QWICWWIPCS8A4S074	Interest
ROYAL BANK OF CANADA	ES7IP3U3RHIGC71XBU11	Interest & FX
SFIL	549300HFEHJOXGE4ZE63	Interest & FX
SOCIETE GENERALE	O2RNE8IBXP4R0TD8PU41	Interest & FX
MORGAN STANLEY EUROPE SE	54930056FHWP7GIWYY08	Interest & FX

Figure 6: Arrears Distribution | Source: CAFFIL

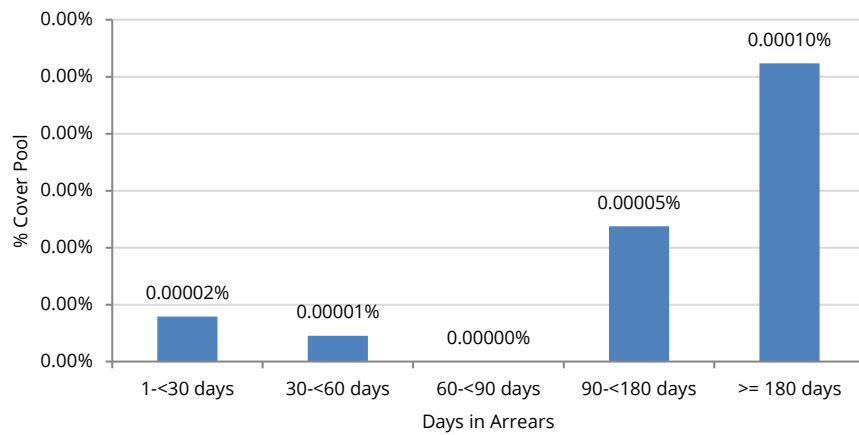
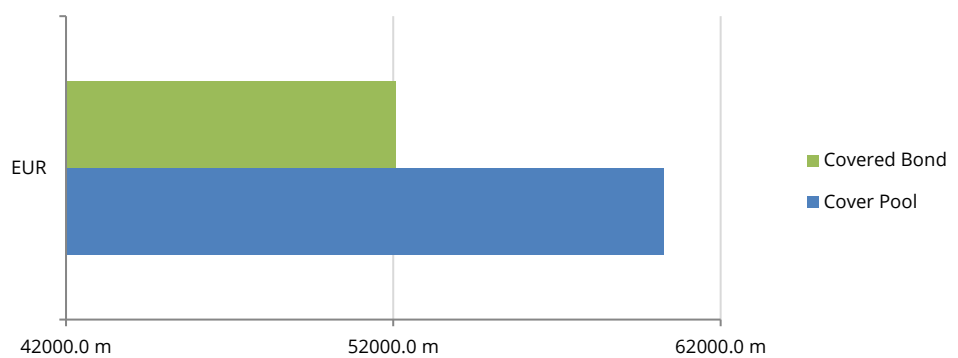


Figure 7: Program currency mismatches | Source: CAFFIL



Key Source of Information

Documents (Date: 30.09.2023)

Issuer

- Audited consolidated annual reports of SFIL SA (Group) 2019-2022
- Final Rating report as of 15.08.2023
- Miscellaneous Investor Relations Information and Press releases
- Other rating relevant data from eValueRate/CRA databank

Covered Bond and Cover Pool

- HTT Reporting from CAFFIL as of 30.09.2023
- Base prospectus of CAFFIL public sector covered bond program dated 12.06.2023
- Market data of public sector Cover Bond Program

Regulatory and Legal Disclosures

Creditreform Rating AG was neither commissioned by the rating object nor by any other third parties for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The rating was conducted on the basis of Creditreform Rating's "["Covered Bond Ratings" methodology \(v1.2, July 2023\)](#)" and "["Technical Documentation Portfolio Loss Distributions" \(v.1.0, July 2018\)](#)" in conjunction with Creditreform's basic document "["Rating Criteria and Definitions" \(v1.3, January 2018\)](#)". On the subject of ESG (environment, social and governance), Creditreform Rating AG has published the basic document "["The Impact of ESG Factors on Credit Ratings" \(March 2020\)](#)".

Unsolicited Credit Rating

With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

The rating is based on publicly available information and internal evaluation methods for the rated bank and program. The issuer's quantitative analysis is based mainly on the latest annual accounts, interim reports, other information of the bank pertaining to investor relations, and key figures from CRA/eValueRate database. The cover pool's quantitative analysis for the rated Covered Bond Program was based on the "Harmonised Transparency Template" (HTT) published by the CAFFIL

Information on the meaning of a rating category, definition of default and sensitivity analysis of relevant key rating assumptions can be found at "Creditreform Rating AG, Rating Criteria and Definitions":

<https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html>

This rating was carried out by analysts Philip Michaelis (Lead Analyst) und Qinghang Lin (Analyst) both based in Neuss/Germany. On 05.02.2024, the rating was presented to the rating committee by the analysts and adopted in a resolution. The function of Person Approving Credit Ratings (PAC) was performed by Christian Konieczny.

On 05.02.2024, the rating result was communicated to CAFFIL, and the preliminary rating report was made available. The Issuer and all relevant parties examined the rating report prior

to publication and were given at least one full working day to appeal the rating committee decision and provide additional information. The rating decision was not amended following this examination.

The rating is subject to one-year monitoring from the creation date (see cover sheet). Within this period, the rating can be updated. After one year at the latest, a follow-up is required to maintain the validity of the rating.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is permitted to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Endorsement

Creditreform Rating did not endorse the rating according Article 4 (3), CRA-Regulation.

Conflict of Interests

Creditreform Rating AG ensures that the provision of ancillary services does not present conflicts of interest with its credit rating activities and discloses in the final ratings reports any ancillary services provided for the rated entity or any related third party. The following ancillary services were provided for the rated entity or for third parties associated with the rated entity:

In the case of the provision of ancillary services to the rated entity or a related third party, CRA will disclose all ancillary services in the credit rating report of the issuer.

For the complete list of provided rating and credit service ancillaries please refer to the Creditreform Rating AG's website: <https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html#non-core-business-activities>.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Transaction structure and participants
2. Transaction documents
3. Issuing documents
4. Other rating relevant documentation

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore, CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The rating report and/or Press release indicate the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology, or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies and other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery, and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings, are explained.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks, is indicated clearly and prominently in the rating report and/or Press Release as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the rating report and/or Press Release.

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

An explanatory statement of the meaning of Creditreform`s default rates are available in the credit rating methodologies disclosed on the website.

Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one's own research, inquiries and assessments.

We have assumed that the documents and information made available to us by the client are complete and accurate and that the copies provided to us represent the full and unchanged

contents of the original documents. Creditreform Rating AG assumes no responsibility for the true and fair representation of the original information.

This report is protected by copyright. Any commercial use is prohibited without prior written permission from Creditreform Rating AG. Only the full report may be published in order to prevent distortion of the report's overall assessment. Excerpts may only be used with the express consent of Creditreform Rating AG. Publication of the report without the consent of Creditreform Rating AG is prohibited. Only ratings published on the Creditreform Rating AG web pages remain valid.

Creditreform Rating AG

Contacts

Creditreform Rating AG

Europadamm 2-6
D - 41460 Neuss

Fon +49 (0) 2131 / 109-626
Fax +49 (0) 2131 / 109-627
E-Mail info@creditreform-rating.de
Internet www.creditreform-rating.de

CEO:
Dr. Michael Munsch
Chairman of the board:
Michael Bruns

HRB 10522, Amtsgericht Neuss