

# ANNUAL REPORT

20  
23



**RÉPUBLIQUE  
FRANÇAISE**

*Liberté  
Égalité  
Fraternité*



**AGENCE  
FRANCE TRÉSOR**

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**AGENCE FRANCE  
TRÉSOR (AFT)**

is tasked with managing  
the State's debt and  
cash requirements  
in the taxpayers' best  
interests and under  
optimum conditions  
of security.

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# A word

FROM THE CHIEF EXECUTIVE  
OF THE TREASURY AND CHAIR  
OF AGENCE FRANCE TRÉSOR



**A resilient French economy, boosted by an improved balance of trade and buoyant business investment.**

The French economy gainsaid forecasts of recession and showed resilience in 2023. Despite an inflationary environment, rising interest rates and a sluggish international context, France recorded growth of 1.1% in 2023, higher than the euro area average (0.5%). The soundness and appeal of the French economy is the result of the economic policy strategy pursued in the last six years. Several structural reforms have supported growth and employment, and have accelerated industrial redevelopment and the ecological and digital transitions.

Growth has been driven by foreign trade, thanks to the contribution of traditionally export-led sectors like aeronautics. Thanks to France's restored power generating capacity, it has once again become an exporter of electricity. Exports grew by more than 2% over the year. Business investments also increased significantly (by nearly 3%) in 2023, more particularly reflecting investments in connection with the digital transition.

The State protected households and businesses worst affected by the inflationary shock and the rising price of electricity. The price cap proved to be effective in preserving households' purchasing power, as France was one of the countries in Europe that recorded the lowest rise in inflation in 2023, peaking at 7.3% in February 2023 (based on the Harmonised Index of Consumer Prices) compared to 10.6% for the euro area as a whole.

The strategy of reducing the unemployment rate and achieving full employment by 2027 continues to bear fruit: the employment rate for 15–64-year-olds reached 68.4%, its highest level since 1975, as did the activity rate, which reached 74.1% in the fourth quarter. The development of work-study programmes significantly boosted the employment rate for 15–24-year-olds, which rose by 5.5 points. The unemployment rate was close to its lowest level in forty years, standing at 7.5% in the fourth quarter of 2023.

The French brand is a gilt-edged investment for investors due to its quality and security. French securities are favoured for their liquidity and diversity. Green bonds indexed on inflation or with long maturities continued to prove popular in 2023. Thanks to this strategy, AFT's teams were able to complete their annual medium- and long-term securities issue programme totalling 270 billion euros.

**Bertrand Dumont**  
CHIEF EXECUTIVE OF  
THE TREASURY AND CHAIR OF AFT

# A word

FROM THE CHIEF EXECUTIVE  
OF AGENCE FRANCE TRÉSOR



**True to its strategy, AFT completed its 2023 issue programme by issuing 270 billion euros, against a backdrop of an increasingly restrictive monetary policy.**

The financing of the State's debt in 2023 was marked by continued normalisation of monetary policy, characterised by a rise in the official interest rates of the European Central Bank (ECB) and the phasing out of its purchasing programmes. This led to an increase in interest rates. Furthermore, the issues took place in an uncertain geopolitical context.

AFT's teams completed a 270 billion euro financing programme, as announced in the 2023 Budget bill. To that end, AFT issued 303.1 billion euros of debt and made 33.1 billion euros of buybacks.

The average yield on medium- and long-term debt issuance (excluding index-linked bonds) increased to 3.03% in 2023, compared to 1.43% in 2022. The increase is more marked for short-term securities (BTFs) with an average yield of 3.33%, closely following the rates fixed by the ECB.

Agence France Trésor continued its programme of green issues supporting the financing of the French ecological transition, issuing 10.2 billion euros of green securities. At 31 December 2023, the outstanding total of sovereign green bonds amounted to 61.9 billion euros, making France the biggest green sovereign issuer in the world.

On 7 February 2023 AFT launched a new OAT with a 30-year maturity, the OAT 3.00% 25 May 2054, confirming the market's appetite for long maturity securities. In total, the average maturity of securities on issue remains steady: 8 years and 168 days.

Lastly, the high demand for index-linked OATs, in the context of a sharp rise in interest paid on regulated savings accounts, enabled AFT to issue nearly 10% of the financing programme on this segment. To complete its index-linked securities offer, AFT has created two new securities: the OATi 0.55% 1<sup>st</sup> March 2039, by syndication, and the OATei 0.60% 25 July 2034, by auction.

In 2023, the ECB's change in the rate of interest paid on the Treasury's account led AFT to take back active control of the State's cash assets.

On behalf of CADES, a total of 22.2 billion euros was issued through 6 issues, maintaining CADES as the biggest global issuer of social bonds. Its effectiveness enabled the assumption of 27.2 billion euros of additional social security debt.

In 2023, AFT managed the financing of the State by providing investors with secure and liquid products. This achievement stems from the commitment of all its staff, its partnership with the primary dealers, the advice of its strategic committee, the quality of the Banque de France's services and due observance of its well-established principles of foresight, transparency, consistency and innovation.

**Antoine Deruennes**  
AFT CHIEF EXECUTIVE

At the end of 2023, AFT had **49 staff members** (22 women and 27 men; 23 contract agents and 26 civil servants).

AFT's staff members are notable for the diversity of their education and experience.

They share the same values as the Directorate General of the Treasury, namely

**Commitment, loyalty, openness and team spirit.**

All staff members adhere to strict commitments with regard to professional ethics.



Agence France Trésor is a department with national scope reporting to the Directorate General of the Treasury and the Ministry for the Economy and Finance, a ministry committed to serving a strong and sustainable economy that defines France's economic strategy, elaborates and executes its budget, fights fraud and creates an environment favouring the development of businesses.

# TASKS AND OPERATION

## TASKS

### MANAGING THE STATE'S CASH REQUIREMENTS

Agence France Trésor (AFT) manages the State's cash requirements so that it can meet all its financial commitments at all times, whatever the circumstances.

This task covers the year as a whole, as well as day-to-day developments: the State's forecasts of collections and disbursements and the Treasury's correspondents are constantly updated; the execution of cash flows on the account is monitored to meet short-term cash requirements.

### MANAGING THE STATE'S DEBT

AFT is tasked with managing debt in the taxpayers' best interest. Its strategy takes a long-term view, while tracking the market closely. This

strategy promotes liquidity across the full range of AFT's debt securities, while maintaining full transparency and a commitment to combining innovation and security.

### AN AUTONOMOUS, ACCOUNTABLE AGENCY WITH NATIONAL SCOPE

AFT is an agency with national scope (SCN) that reports to the Ministry for the Economy, Finance and Industrial and Digital Sovereignty and the Director General of the Treasury. It has the required visibility and resources to carry out its activities, particularly as regards navigating complex financial markets and maintaining close relations with all financial stakeholders.

The fact that AFT reports to the Directorate General of the Treasury at the Ministry for the Economy,

Finance and Industrial and Digital Sovereignty means that it has access to the full range of information it needs to carry out its strictly defined tasks, often liaising closely with other structures at the Ministry, such as the Budget Directorate and the Public Finances Directorate General.

AFT is staffed by civil servants who are fully conversant with the government's financial procedures, and by market professionals under contract with the government. Staff members serve in operational functions (cash management, market transactions, risk management and post-trade procedures, information technology), analytical functions (strategic modelling, macro-economics and legal) and communication functions.

## FINANCING TRANSACTIONS

### CARRIED OUT ON BEHALF OF CADES

In the past year, CADES completed a medium- and long-term financing programme of 22.2 billion euros. A total of 6 issues were successfully launched on international financial markets. All the amounts were raised as part of a programme of social issues through loans in euros and dollars, with maturities ranging from 3 to 8 years, maintaining CADES as the biggest global issuer of social bonds.

Furthermore, in line with the transparency commitments made when the social bond issues were arranged in September 2020, in 2023 CADES published its third social bonds allocation and performance report on the funds raised in 2023.

Following constitutional bylaws and acts promulgated on 7 August 2020 in response to the pandemic and its impact on social security finances, which authorised the transfer of 136 billion euros of social security debt, the social security debt repayment date of 2024 was postponed to 2033. Thanks to the 2023 financing

programme and after a transfer of 20 billion euros of debts in 2020 and 40 billion euros in 2021 and 2022, a fourth phase of debt assumption totalling was completed in 2023 for a total of 27.2 billion euros.

### KEY FIGURES

> Since its creation in 1996, **387.7** billion euros of debt have been assumed, **242.6** billion euros of which have been amortised, namely nearly two thirds of the social debt assumed over that period.

## HOW AFT OPERATES

To perform its State debt and cash management tasks, AFT has a directorate general, a secretariat general and the following units:

### 1. "CASH" unit:

- > Cash forecasts;
- > Relations with the *Banque de France* as the Treasury's banker;
- > Relations with government authorising officers and accountants;
- > Cash management transactions: loans and deposits, repo transactions in government securities.

### 2. "DEBT" unit:

- > Auctions, syndicated issues, buybacks;
- > Relations with the primary dealers;
- > Proactive debt management transactions;
- > Promoting Treasury securities to investors.

### 3. "POST-TRADE AND RISK MONITORING" unit:

- > Reimbursement of the debt and all market transactions, including the hedging of financial risks for the State;
- > Monitoring and control of market risks;
- > Managing market calls;
- > Administrative management of the Public Debt Fund (CDP);
- > Overseeing auctions of carbon quotas for France as part of the European Union's greenhouse gas emissions trading system (EU-ETS).
- > Technology watch for innovation and the digitalisation of payment and currency systems

### 4. "RESEARCH AND STRATEGY" unit:

- > Quantitative contribution to the definition and execution of the State's financing strategy;
- > Monitoring fixed-income markets and relations with primary dealers' strategists;

- > Coordinating working groups with international bodies and other public sector issuers (EU, OECD, etc.);
- > Secretariat for the AFT Strategic Committee.

### 5. "MACROECONOMICS" unit:

- > Monitoring the macroeconomic and financial situation, budgetary and monetary policies and discussions on structural policies;
- > Talking with French and foreign investors and market stakeholders;
- > Relations with rating agencies.

### 6. "SUSTAINABLE FINANCE" unit:

- > Coordinating the interministerial process for selecting green expenditures eligible for Green OATs;
- > Tracking the allocation of green expenditures and producing the Allocation and Performance Report;
- > Overseeing the work of the Green OATs Evaluation Council;
- > Monitoring best practices and standards in sustainable finance;
- > Contributing to the promotion and reach of Green OATs;
- > Supporting the CADES social bond programme.

### 7. "INFORMATION TECHNOLOGY" unit:

- > Administering and operating the information system to provide the information technology tools needed for AFT's tasks;
- > Leading projects to implement new software and services;
- > Monitoring and applying the information system security policy and maintaining information

technology resources under the business continuity plan.

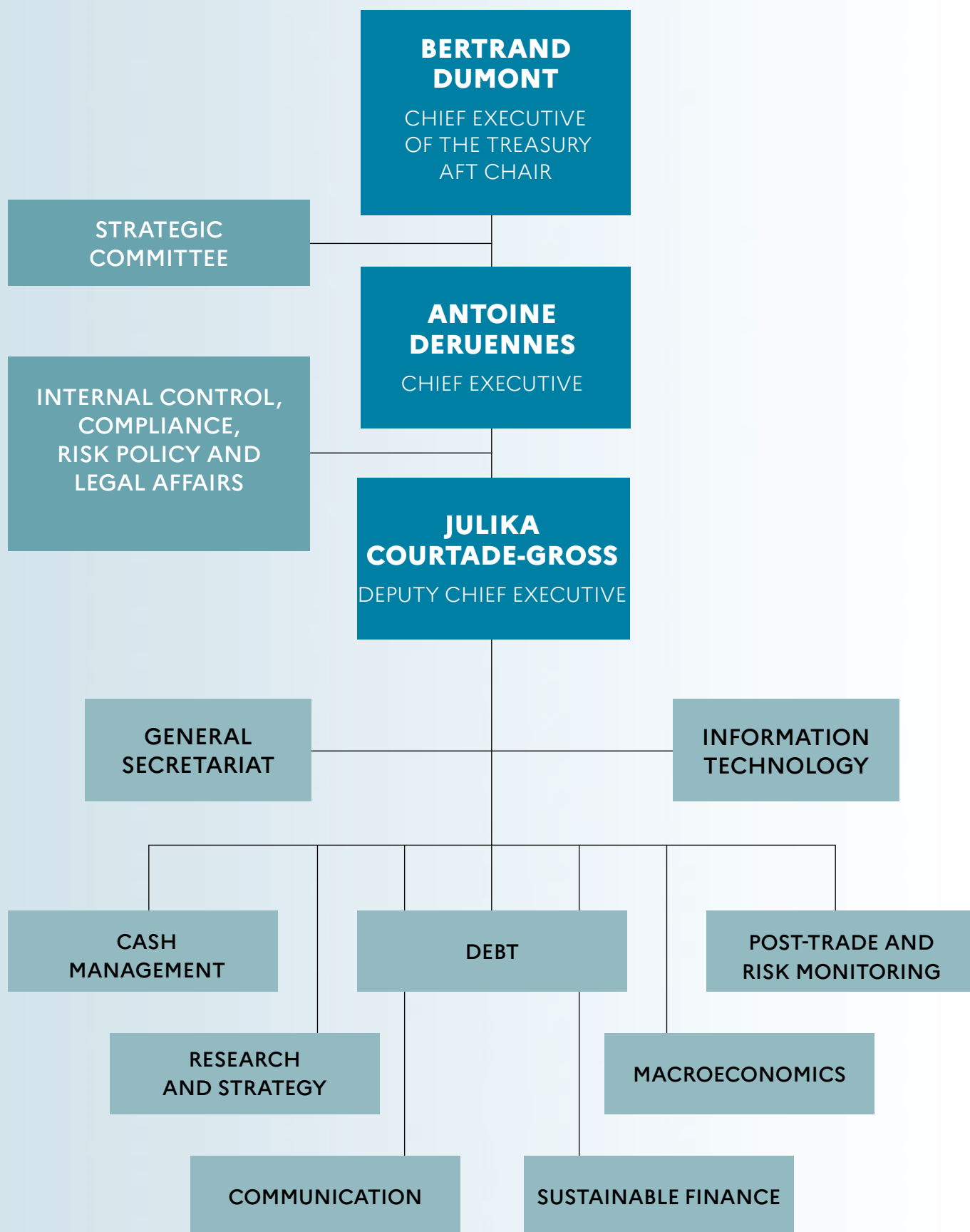
### 8. "INTERNAL CONTROL, COMPLIANCE, RISK POLICY AND LEGAL AFFAIRS" unit:

- > Internal control of transactions, defining the general business framework and risk mapping for AFT and CADES;
- > implementation of ministerial crisis management and business continuity instructions for AFT and CADES activities;
- > Coordinating the AFT Risk Committee's audit, coordination and secretariat functions;
- > Managing legal and compliance risks for AFT and CADES transactions;
- > Managing rules of professional conduct for AFT staff, defining AFT confidentiality policy and monitoring their implementation.

### 9. "COMMUNICATION" unit:

- > External communications; reporting on AFT's work and assignments, and promoting events to the financial community and the media;
- > Internal communications: monitoring and gathering information, creating communication tools;
- > Digital communications: website, social media and deploying AFT's digital presence.





# THE STRATEGIC COMMITTEE

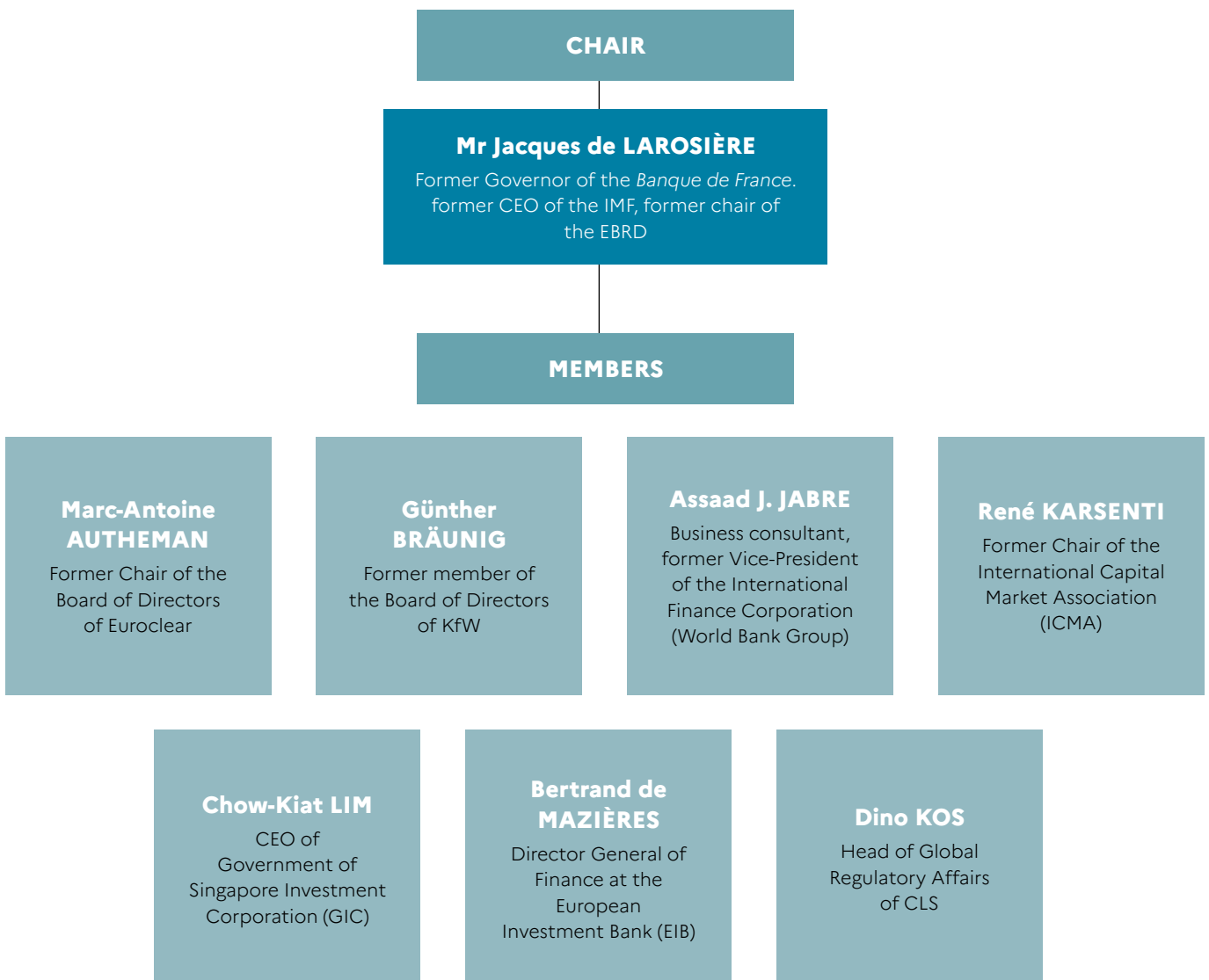
The Strategic Committee assists AFT in the performance of its tasks. The committee, along with the primary dealers, advises AFT on the main facets of the State's issuance policy. The committee acts in an advisory capacity to help AFT apply its issuance policy principles. Its members are leading French and international figures whose careers,

experience and in-depth knowledge of how financial markets work provide AFT with a broad range of skills and expertise.

The Strategic Committee's role is to give its opinion on the principles governing the State's issuance policy and cash management, and more generally, its role is to advise on any

matters concerning AFT's business. The Strategic Committee meets twice a year to review AFT's strategy and envisages future circumstances in which the agency will organise its work.

## MEMBERS OF THE STRATEGIC COMMITTEE



# PRIMARY DEALERS

Primary dealers are AFT's close counterparties for all its market activities.

They advise and assist AFT with its issuance policy and debt management, and more generally, with any matter concerning the smooth operation of markets.

The members of the primary dealers' group have changed over time. Their ranks grew from 13 in 1987 to 22 in the early 2000s. They numbered fifteen institutions for the latest selection in December 2022. Today's group of primary dealers represents the diversity of institutions active on the French government debt market.

At 31 December 2023, the group of primary dealers included fifteen institutions from various geographical areas, including four French institutions, two German institutions, three British institutions, five North American institutions and one Japanese institution. This diversity

underlines the central role and appeal of French Treasury securities on the euro debt market.

It is the primary dealers' responsibility to participate in auctions, place Treasury securities and ensure the liquidity of the secondary market.

AFT deals with them as necessary for them to perform their duties:

- > overseeing the proper functioning of primary issues;
- > ensuring the liquidity of the secondary market in French Treasury securities and maintaining their status as some of the euro area's most liquid securities;
- > promoting the market for Treasury securities;
- > providing constant and highly pertinent advice to AFT on issuance policy, debt management, promoting the State's creditworthiness, hedging the State's financial risks and the workings of the fixed-income markets.

These duties are described in a charter\* initially introduced in 2003, which governs the relations between AFT and the primary dealers. The latter sign the charter, which is updated on each new appointment, and have pledged to comply with it. They also undertake to act ethically and comply with marketplace best practices when carrying out their transactions.











\*Available at <https://www.aft.gouv.fr/fr/presentation-svt>

## 2023 LEAGUE TABLE OF PRIMARY DEALERS

### ANNUAL RANKING: THE MOST ACTIVE PRIMARY DEALERS IN 2023

Since 1999, AFT has published an annual ranking of the most active primary dealers. The assessment of primary dealers' activity takes all their tasks into account: bidding at auctions, dealing on the secondary market, and qualitative aspects of their relationship with AFT (operational quality, quality of advice, and the closeness and stability of the relationship with AFT). Each of the 15 primary dealers is given a score of up to 100 points; up to 40 points for their involvement in auctions, up to 30 points for their presence on the secondary market and up to 30 points for the qualitative aspects.

ON THAT BASIS, THE 2023 RANKING OF THE TOP TEN INSTITUTIONS IS AS FOLLOWS:

	1	 BNP PARIBAS	
2		 SOCIÉTÉ GÉNÉRALE	3
			 citi
			4
			J.P.Morgan
5		 HSBC	6
			 CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK
			7
			Deutsche Bank 
8		Morgan Stanley	9
			 BofA SECURITIES
			10
			 BARCLAYS

## PRESENCE ON THE PRIMARY MARKET, THE SECONDARY MARKET AND QUALITATIVE ASPECTS

### PRIMARY MARKET

For bidding at auctions and buybacks, the top ten institutions in the 2023 ranking are as follows:

1	 BNP PARIBAS
2	 SOCIÉTÉ GÉNÉRALE
3	 HSBC
4	J.P.Morgan
5	 citi
6	 CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK
7	Morgan Stanley
8	Deutsche Bank 
9	BofA SECURITIES 
10	Goldman Sachs


### SECONDARY MARKET

For dealing in Treasury securities on the secondary market, the top ten institutions in the 2023 ranking are as follows:

1	 BNP PARIBAS
2	 citi
3	Deutsche Bank 
4	J.P.Morgan
5	 CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK
6	Morgan Stanley
7	 SOCIÉTÉ GÉNÉRALE
8	 BARCLAYS
9	 HSBC
10	BofA SECURITIES 

### QUALITY OF SERVICES

Lastly, for the quality of services, the top ten institutions in the 2023 ranking are as follows:

1	 BNP PARIBAS
2	 SOCIÉTÉ GÉNÉRALE
3	 CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK
4	 HSBC
4	J.P.Morgan
6	 citi
7	 NATIXIS CORPORATE AND INVESTMENT BANKING
8	BofA SECURITIES 
9	Morgan Stanley
10	Deutsche Bank 

# INVESTORS

## INVESTOR RELATIONS ARE A PRIORITY

Throughout the year, AFT holds regular meetings with investors (investment managers, portfolio managers, economists, etc.) to maintain or develop long-term relationships. In 2023, AFT held meetings in France and abroad with over 90 investors from 16 different countries.

These meetings are an opportunity for AFT to outline the State's issuance strategy and the technical strengths of its debt management, as well as providing a better understanding of France's and Europe's economic situations, economic and fiscal policies and the structural reforms underway. Investors can use these meetings to give their opinion of France and its debt market, thus providing invaluable feedback for policy-makers. This regular groundwork helps maintain investors' positive image of France.

MEETINGS WITH  
INVESTORS FROM

**16**  
COUN-  
TRIES



**99%**

OF THE FRENCH AND  
INTERNATIONAL  
INVESTORS WERE  
"VERY SATISFIED" OR  
"SATISFIED"  
IN 2023

The State debt investor base is diversified both in terms of geography and categories. French investors held 46.8% of French State debt on 31 December 2023 and non-resident investors, including a large share from the euro area, held 53.2%. Investors include central banks, sovereign wealth funds, asset managers, commercial banks, insurance companies and pension funds. This diversity is an important factor for the security of French debt that optimises the State's borrowing costs in all market situations. After several years marked by historically low interest rates, including the last two years at negative rates, financing conditions started returning to normal in 2023, with a weighted average yield on medium- and long-term debt of 3.03%.

## NATIONALITY OF INVESTORS MET IN 2023

AFT met investors from 20 countries in 2023 to promote French Treasury securities and France's credit: Australia, Austria, Cambodia, China, India, Italy, Japan, Luxembourg, Mexico, Morocco, Netherlands, Portugal, Qatar, Romania, South Korea, Spain, Switzerland, United Arab Emirates, United Kingdom, United States.



## SURVEY CONDUCTED BY IEM FINANCE

AFT has conducted an investor survey every year since 2002 to assess their opinion of French debt.

IEM Finance conducted this twentieth online survey of primary dealers' customers from 4 to 22 September 2023. The survey considered the quality of business relations with the primary dealers and the services they render to their customers, along with the customers' assessment of how well the French debt market works. In 2023, 188 investors filled in the questionnaire; these respondents represented most of the major asset managers and insurers, along with many public institutions that trade in French debt.

Investors' satisfaction with the functioning of the French debt market remains very high, both in France and abroad. Across all investors, 99.4% of them stated that they were "very satisfied" or "satisfied", the highest percentage since 2014. The liquidity of par value and index-linked OATs, as well as BTFs,

is deemed to be satisfactory ("very satisfactory" or "fairly satisfactory") by the vast majority of investors. Among investors able to assess these three types of securities, respectively 96.2%, 99.4% and 93.4% of them rated their liquidity as satisfactory.

In addition to the information provided by AFT, the vast majority of investors (94.1%) continue to state that they are "satisfied" with the information they receive from French public institutions regarding economic policy and public finances.

Investors who state they are "very satisfied" or "fairly satisfied" with the reissuing of former securities remain the vast majority. 97.8% of those who responded state they are satisfied.

Green OATs continue to satisfy investors. 98.1% of those who responded state they are "satisfied" with the information published on green OATs, the highest level of satisfaction since the launch of the green OATs.

> [For more information:](#)

Who holds France's debt?  
<https://www.youtube.com/watch?v=8PnwigXY1Yg>

## BANQUE DE FRANCE

All the State's flows of funds (expenditure and revenue), along with the Treasury correspondents' flows, are centralised in real time through a single account held with the Banque de France and managed by AFT. The single account records all financial transactions executed by public accountants using nearly 3,000 transaction accounts.

This structure enables the Banque de France to provide AFT with a centralised, real-time view of the Treasury's single account so that AFT can make medium- and long-term forecasts of expenditure and financing in order to optimise the State's cash management.

AFT also relies on Banque de France staff for the practical organisation of Treasury security auctions and oversight of the settlement process for the securities sold.

Acting as an intermediary between AFT and the primary dealers, the Banque de France receives the primary dealers' bids and then compiles an anonymous summary of the orders and presents it to AFT, which uses it to allocate each security.

To carry out this task, the Banque de France has developed a dedicated and highly secure system called MAITRE (*Mécanisme d'Adjudications Informatisé du Trésor*), which replaced

the former TELSAT system (*système de TELétransmission des Soumissions aux Adjudications du Trésor*) in 2022. This new system is used by the primary dealers to submit their bids and by AFT to allocate Treasury securities.

The *Banque de France* provides this service under the terms of separate agreements with AFT and with each primary dealer.





# INTERNATIONAL PUBLIC DEBT AND CASH MANAGEMENT WORKING GROUPS

## AFT REPRESENTS FRANCE AS A MEMBER OF VARIOUS PUBLIC DEBT AND CASH MANAGEMENT WORKING GROUPS:

### SUB-COMMITTEE ON EU SOVEREIGN DEBT MARKETS (EUROPEAN UNION)

The Sub-Committee on EU sovereign debt markets (ESDM) is a sub-group of the European Union's Economic and Financial Committee. It is responsible for coordinating issuance policy (timetable and amounts as provided for in the 2012 regulations), preparing common positions for the various Member States on regulatory matters and technical aspects relating to the sovereign debt market. It also ensures

that the information disseminated about the different Member States debt issues is harmonised. The group meets at least three times a year in Brussels.

> [Sub-committee's website](https://europa.eu/efc/efc-sub-committee-eu-sovereigndebt-markets_en) (in English): [https://europa.eu/efc/efc-sub-committee-eu-sovereigndebt-markets\\_en](https://europa.eu/efc/efc-sub-committee-eu-sovereigndebt-markets_en)

> [Economic and Financial Committee's website](https://www.consilium.europa.eu/fr/council-eu/preparatory-bodies/economicfinancial-committee) (in French): <https://www.consilium.europa.eu/fr/council-eu/preparatory-bodies/economicfinancial-committee>

### WORKING PARTY ON PUBLIC DEBT MANAGEMENT (OECD)

This group provides sovereign debt managers with a forum to discuss their experience and their issuance policies. It publishes standardised

statistics and reports comparing the management approaches adopted in different countries. The group meets twice a year, usually in Paris.

> [Website](https://www.oecd.org/fr/daf/fin/dette-publique) (in French): <https://www.oecd.org/fr/daf/fin/dette-publique>

### PUBLIC DEBT MANAGEMENT FORUM (IMF)

This forum is attended by all public debt managers, as well as representatives of the private sector, international institutions and regulators. The aim of the forum is to discuss current public debt management issues with regard to developments in the economic and regulatory environment. The forum meets once every two years,

alternating venues between Washington and one of the IMF member countries.

Working closely with the World Bank, this group helped to review the Guidelines for Public Debt Management, an initiative undertaken by the G20 in 2013.

> [IMF website](https://www.imf.org/fr/Home) (in French): <https://www.imf.org/fr/Home>

### **GOVERNMENT BORROWERS' FORUM**

AFT also takes part in the World Bank's Government Borrowers' Forum, an annual event that brings together senior civil servants from countries issuing securities on international capital markets and the treasurers of supranational organisations to share their debt management experience and discuss their views

on issues of common interest on financial markets. Approximately 100 senior debt managers from some 40 countries attend the forum.

The World Bank Treasury provides the secretariat for the forum, which is hosted by a different country each year.

> [Website](https://www.banquemonnaie.org/fr/home) (in French): <https://www.banquemonnaie.org/fr/home>

### **PUBLIC SECTOR ISSUER FORUM**

AFT also participates in the *Public Sector Issuer Forum*, which is organised by the *International Capital Market Association*, ("ICMA"). The purpose of the forum's meetings is

to discuss issuers' practices and the issues facing their ecosystem.

> [Website](https://www.icmagroup.org/market-practice-and-regulatory-policy/primary-markets/primary-market-committees/public-sector-issuer-forum/) (in English): Public Sector Issuer Forum - ICMA - International Capital Market Association: <https://www.icmagroup.org/market-practice-and-regulatory-policy/primary-markets/primary-market-committees/public-sector-issuer-forum/>



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# 2023 MANAGEMENT REPORT

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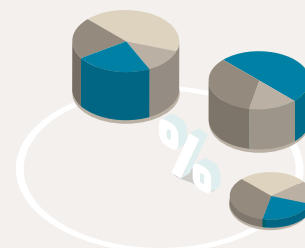
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# Key figures 2023



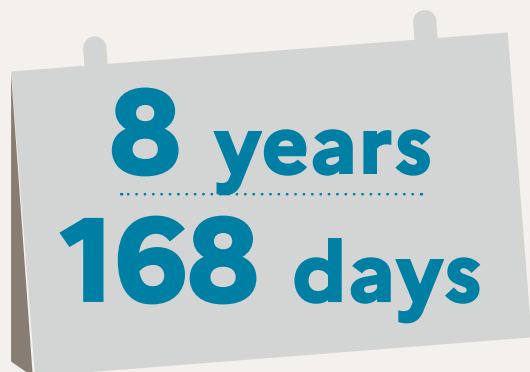
**€303.1** bn

GROSS ISSUANCE OF MEDIUM- AND  
LONG-TERM SECURITIES



**3.03%**

WEIGHTED AVERAGE RATE  
OF MEDIUM-  
AND LONG-TERM FIXED-RATE  
SECURITIES



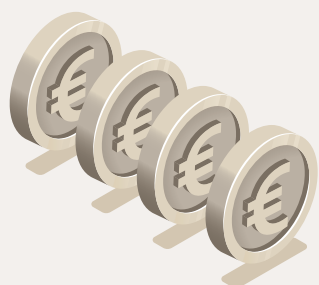
**8 years**  
**168 days**

RESIDUAL MATURITY  
OF THE DEBT AT 31/12/2023



**€2,429** bn

NEGOTIABLE DEBT  
AT 31/12/2023



**53.2%**

NEGOTIABLE DEBT  
HELD BY NON-RESIDENTS AT 31/12/2023  
AT MARKET VALUE

# 2023 HIGHLIGHTS

**23**  
**January**

Announcement of 11 billion euros of green eligible expenditure for 2023, to be backed by potential issues of the State's green bonds.

Syndicated launch of a new 30-year maturity OAT for 5 billion euros with a real yield at issue of 3.13%: The OAT 3.00% 25 May 2054.

**7**  
**February**

**10**  
**February**

Creation of the OAT 2.50% 24 September 2026.

Publication of the 2022 league table of primary dealers.

**21**  
**February**

**31**  
**March**

Creation of the OAT 3.00% 25 May 2033.

Creation of the OAT 2.75% 25 February 2029.

**14**  
**April**

**7**  
**June**

Syndicated launch of a new 15-year maturity OATi for 3 billion euros with a real yield at issue of 0.646%: the OATi 0.55% 1<sup>st</sup> March 2039.

Creation of the OAT 0.60% 25 July 2034.

**14**  
**July**

**27**  
**September**

Announcement of the forecast amount of 285 billion euros for the 2024 financing programme under the terms of the 2024 Budget bill.

**29**  
**September**

Publication of the 2022 Green OATs Allocation and Performance Report.

**21**  
**November**

Results of the 21<sup>st</sup> survey of primary dealers' customers conducted by IEM Finance.

**21**  
**December**

Publication of the sixth green OATs impact report on the environmental impact of public subsidies granted to renewable energies.

Creation of the OAT 3.50%  
25 November 2033.

**29**  
**September**

Antoine Deruennes  
becomes CEO  
of Agence France Trésor.

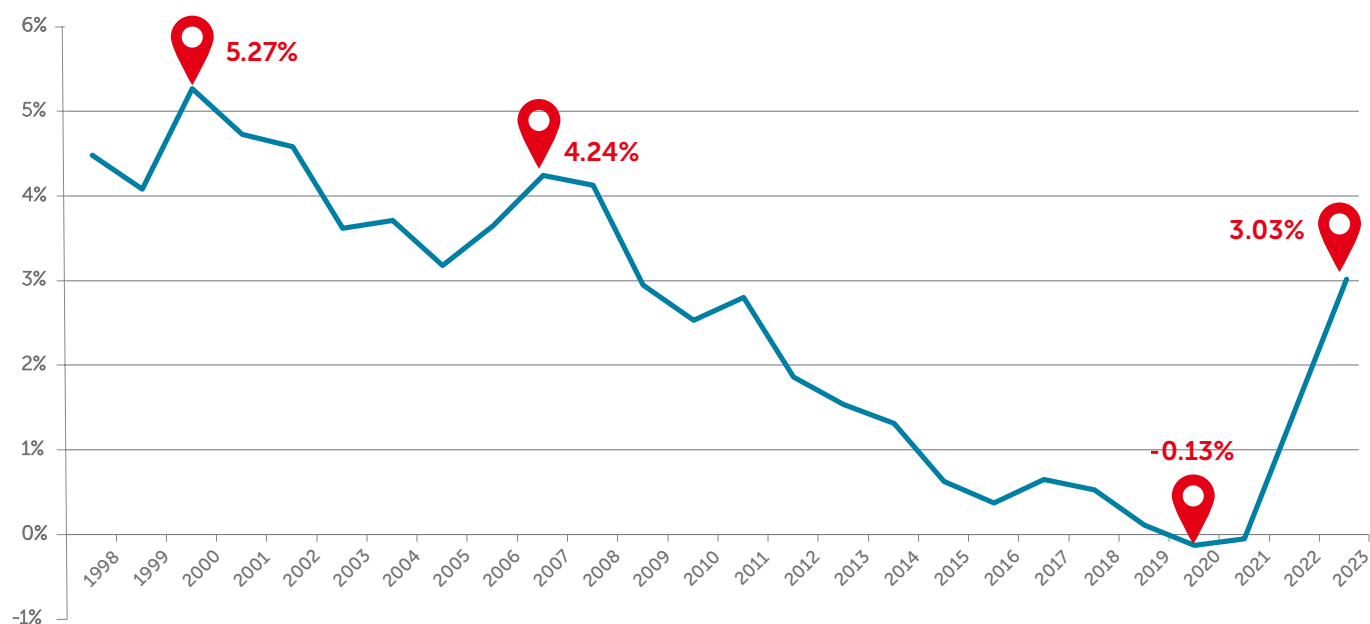
**5**  
**October**

AFT announced its  
indicative financing  
programme for 2024.

**13**  
**December**

# YIELDS

## > WEIGHTED AVERAGE YIELD ON MEDIUM- AND LONG-TERM DEBT ISSUES



The financing of the State's debt in 2023 was marked by ongoing normalisation of monetary policy, which led to a rise in interest rates.

Against a backdrop of persistently high inflation, the European Central Bank continued normalising its monetary policy launched in July 2022. After a long period of low or even negative rates, the average yield on medium- and long-term

debt issuance (excluding index-linked bonds) rose rapidly: it stood at 3.03 % in 2023, compared to 1.43 % in 2022 and -0.05 % in 2021. The rise was more marked for short-term securities (BTFs), with an average yield of 3.33 %.

However, this level is still lower than the average for period 1998-2008, before the *subprimes crisis*, which was 4.15%.



# ECONOMIC AND FINANCIAL ENVIRONMENT

## IN 2023, THE FRENCH ECONOMY SHOWED RESILIENCE IN THE FACE OF INFLATION AND MONETARY TIGHTENING BY THE EUROPEAN CENTRAL BANK

### RESILIENT GROWTH DESPITE RISING INFLATION AND INTEREST RATES

Despite threats to activity posed by rising inflation and interest rates and by renewed tension on supplies in the winter of 2022-2023, the French economy showed resilience in 2023, averting the recession dreaded by all the market economists (Chart 1). Such resilience resulted firstly from sustained domestic demand, in particular investment by businesses, and secondly from the recovery in foreign trade.

Household consumption drove growth in the first three quarters of 2023 further to the fall in inflation, which peaked in the first quarter; this helped preserve the purchasing power of households, which rose by 0.8% in 2023. Investment by businesses benefited from the increase in the margin of non-financial companies in 2023, which was nearly 2 percentage points higher than its historic average

since the early 2010s, due to the increased weighting of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) as a proportion of added value and the relatively insignificant effect of monetary tightening measures, the full effect of which is expected in 2024 (Chart 2).

### GROWTH DRIVEN BY IMPROVEMENT IN THE BALANCE OF TRADE

Foreign trade made a positive contribution to growth again in 2023 (+0.6 GDP points after -0.6 GDP points in 2022). This is accounted for by a better balance of trade, resulting both from a reduction in imports of goods and a rise in total exports.

Moreover, exports rose by +2.1%, thanks in particular to the ongoing recovery of the aeronautics sector, whose exports stand at 87% of their 2019 level. This upturn in foreign trade came with a gain in the value

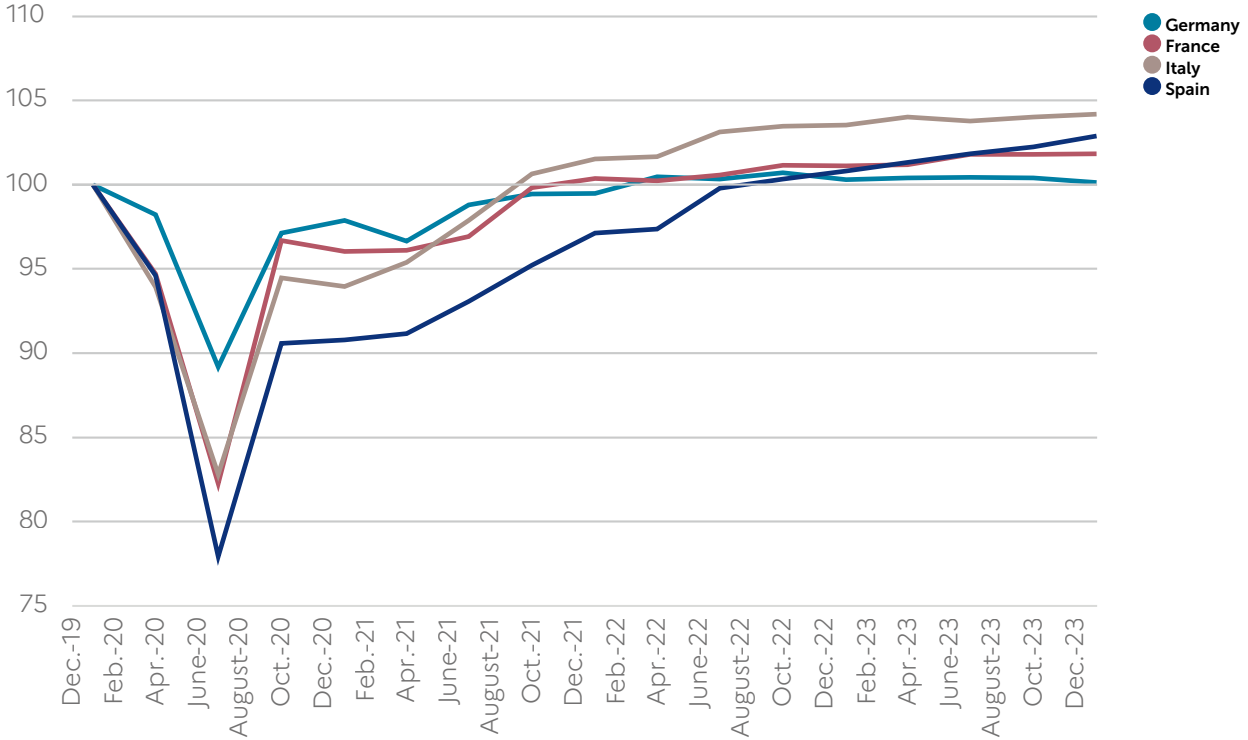
of market shares in sectors that were particularly hard hit by the COVID-19 crisis (the aeronautics sector in particular); this helped start the recovery of market shares lost since 2019. In the first three quarters of 2023, France's market share of global trade was 2.7%, against 2.5% in 2022. However, it remains lower than the average pre-crisis level (around 3%).

In value, the reduction in imports is by and large accounted for by the normalisation of the energy bill, which is roughly 36% lower, down from 118.8 billion euros to 76.0 billion euros in 2023, after having more than doubled in 2022 following the rise in the price of imported energy (oil and gas).

In total, the current balance deficit is being absorbed thanks to a reduced deficit in the balance of goods, while the balance of services and revenues has maintained high surpluses.

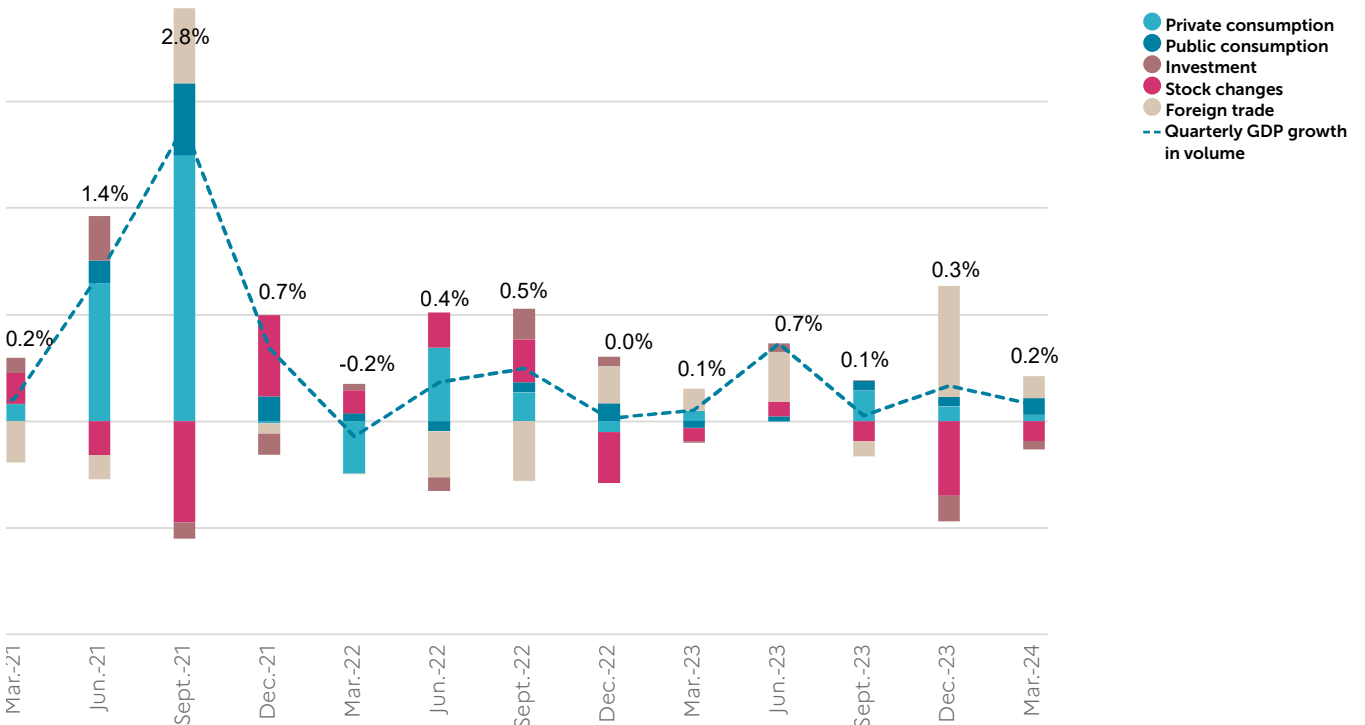
**> CHART 1:  
EURO AREA - ACTUAL GROWTH IN GDP**

(g.t., as %, Q4 2019 = 100)  
Source: Eurostat, latest update: 2023 Q2



**> CHART 2:  
FRANCE - ACTUAL GDP GROWTH AND COMPONENTS OF DEMAND**

(latest update: Q4 2023)  
Source: INSEE



### INCREASE IN ACTIVITY IN INDUSTRY AND SERVICES

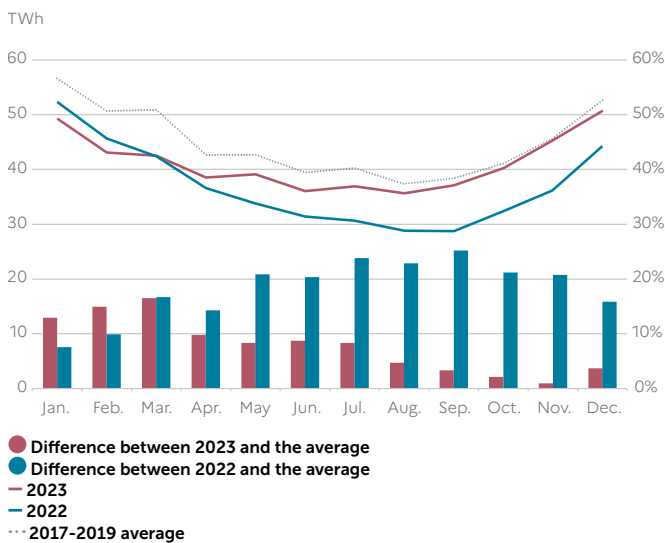
2021 and 2022 were particularly marked by tensions in industry, especially in procurement: in the manufacturing industry, up to 44.5% of companies saw their output affected by procurement problems, in December 2021, compared to 10.6% over the longer period. These constraints started to ease in 2023, affecting only 19.4% of companies from May 2023.

This dynamism in industry is also reflected in the recovery of French electricity production further to the renewed availability of nuclear power plants. France’s nuclear power plants had suffered severe problems in 2022, more particularly due to stress corrosion. This restored output of France’s nuclear plants made it a net exporter of electricity again, making up for the exceptional deficit in 2022. In the end, France’s balance of trade was bolstered by two industrial sectors, energy and manufacturing (see Chart 4 opposite).

2023 was also marked by the dynamism of market services, historically the driving force behind French growth: their output increased by over 2.6% (base 2020). Consumption, particularly in hotels, cafés and restaurants, as well as transport services, was particularly lively: household spending on services as a whole grew by 3.0% (base 2020) in 2023. Business investments in market services, in particular those concerning the digital transition, also grew sharply in 2023 (+5.3%, base 2020).

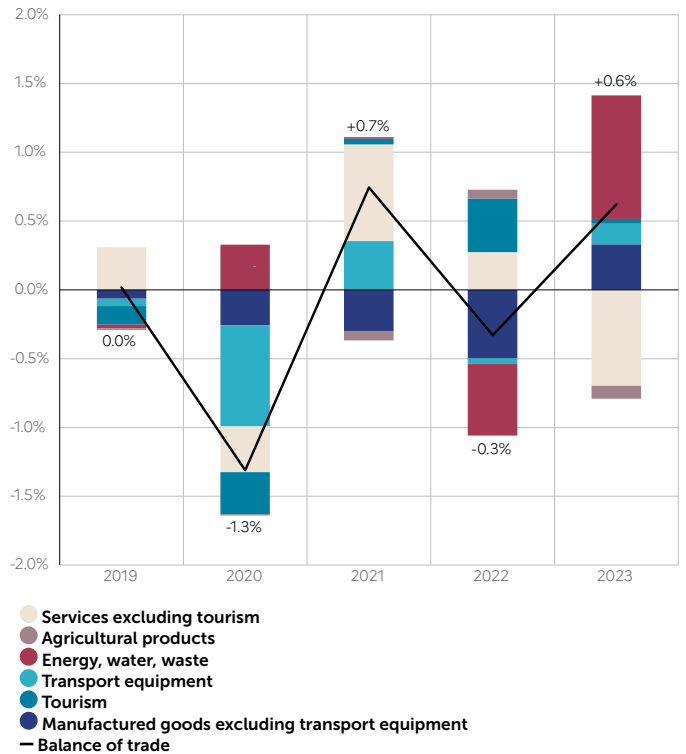
#### > CHART 3: MONTHLY PRODUCTION OF ELECTRICITY

Source: RTE, Treasury management calculations



#### > CHART 4: FOREIGN TRADE'S CONTRIBUTION TO GROWTH, BROKEN DOWN BY PRODUCT

Source: INSEE (RD-T 2023, in volume)  
Calculations: Treasury management



### IN MITIGATING THE INFLATION SHOCK, THE ENERGY PRICE CAP PRESERVED THE INCOME OF HOUSEHOLDS

Inflation started to decrease from the beginning of 2023, thanks to the fall in energy prices and in their wake, those of manufactured goods, now close to their pre-pandemic levels (Chart 5). This fall then continued with a slowdown in food prices. Albeit still persistent in the services sector, inflation in retail prices is expected to fall to the target of the European Central Bank (ECB) by the end of 2024.

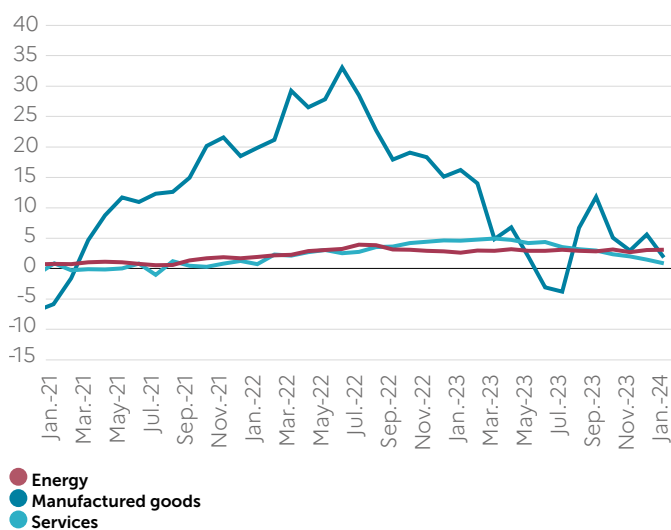
In that respect, the price cap introduced by the government to protect the purchasing power of households proved particularly effective: France was one of the countries in Europe that recorded the lowest rise in inflation in 2023, peaking at 7.3% in February 2023 (according to the Harmonised Index of Consumer Prices), compared to +10.6% for the euro area as a whole (Chart 6).

This inflation shock affected wages more rapidly than usual: growth in nominal wages peaked at the end of 2022 before falling in 2023. The rise in wages is accounted for in particular by

the rise in the guaranteed minimum monthly wage, which is automatically index-linked to inflation, but also by the support provided by the exceptional purchasing power bonus and the shared added value bonus, the full effect of which was felt in 2022. In 2023, the gradual slowdown in the nominal wage eliminated the risk of a price-wage loop. Furthermore, this slowdown was less marked than that of inflation, which led to a rebound in actual wages in the second half of the year. This preserved households' purchasing power, which rose by +0.8% in 2023 (INSEE RDT4).

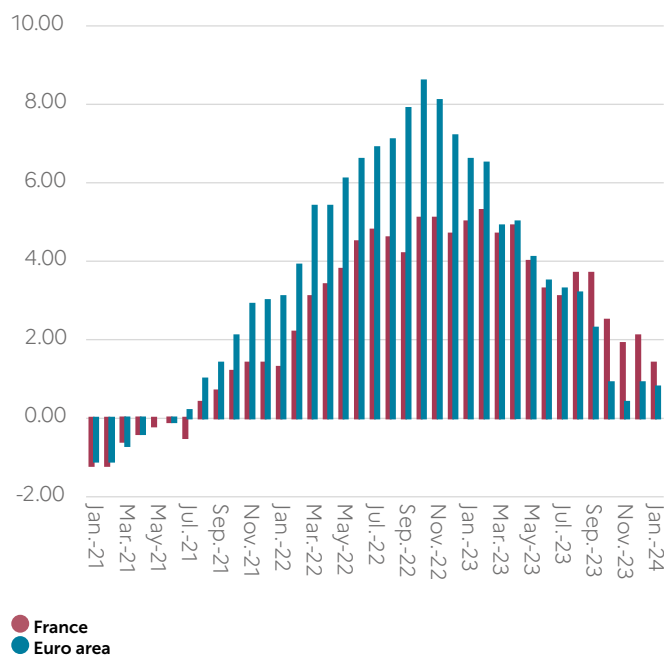
> CHART 5: RETAIL PRICE INFLATION IN FRANCE BY SUB-SECTOR (%)

Source: Eurostat



> CHART 6: INFLATION GAP COMPARED TO ECB TARGET (in p.p.)

Source: Eurostat



**A STILL BUOYANT LABOUR MARKET**

After a particularly buoyant first quarter, salaried employment slowed down in the second quarter then picked up in the third quarter and remained steady in the fourth quarter. According to a detailed INSEE estimate for the fourth quarter of 2023, 150,000 salaried jobs had been created by the end of 2023 compared to the end of 2022. Unemployment rose slightly in 2023 but remains close to its lowest level in forty years, 7.5%

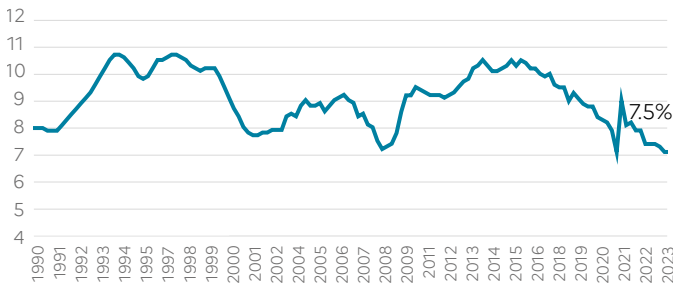
in the fourth quarter of 2023, - 0.7 points compared to its pre-pandemic level in the fourth quarter of 2019 (Chart 7).

In parallel, the employment rate for 15-64-year-olds reached its highest level since 1975, the year in which INSEE started measuring it. The employment rate stood at 68.4% in the fourth quarter of 2023, a significantly higher level (+1.6 pt) than the one observed before the health crisis. This was mirrored by a rising activity rate, standing at 74.1% in the

fourth quarter of 2023, its highest level since INSEE started measuring it (1975): it was +0.4 points higher than its level in the fourth quarter of 2022 and +1.3 points higher than its level at the end of 2019. This rise in the employment and activity rates since the end of 2019 is more particularly driven by the bottom of the age pyramid: the employment rate of 15-24-year-olds rose by +5.5 points since the end of 2019 and their activity rate rose by +4.6 points, illustrating the development of work-study contracts.

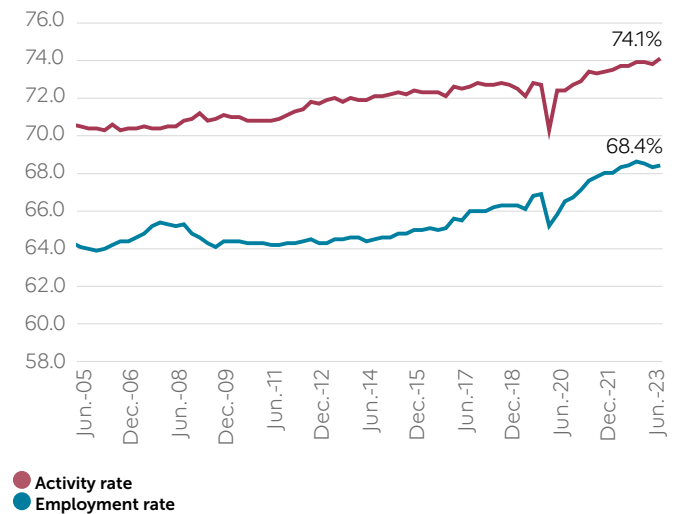
**> CHART 7:  
UNEMPLOYMENT RATE AS DEFINED BY ILO**

Source: INSEE  
Field: All of France excluding Mayotte



**> CHART 8:  
ACTIVITY RATE AND EMPLOYMENT RATE AS DEFINED BY ILO**

Source: INSEE



# FINANCIAL MARKETS

## RISE IN SOVEREIGN YIELDS IN THE SPRING, FOLLOWED BY A SHARP FALL IN THE AUTUMN

In 2023, the continuing monetary restrictions on both sides of the Atlantic (Fed and ECB) were the main factor accounting for the rise in sovereign yields observed until the autumn. After an initial particularly pronounced and rapid phase from March 2022<sup>1</sup>, the Fed continued steadily raising its rates at each monetary policy meeting until the summer. However, it reduced the scale of these rises by half, to +25 basis points, the last one made in July after a pause in June, thereby ending this second phase with a tightening of +100 basis points, against +425 basis points in 2022. Following in the wake of the Fed a few months later, the ECB implemented a cumulative tightening of 200 basis points until September 2023, at virtually the same pace as in the previous year<sup>2</sup>, before also finally observing a pause for the rest of the year.

The restrictive bias maintained by the two main central banks in global terms until autumn 2023 fuelled a rise in 10-year sovereign yields concomitant with that of official interest rates, albeit on a smaller scale. Apart from the temporary rebound observed in February due to the disruption caused by the bankruptcy of the Silicon Valley Bank in the United States, this resulted in a rise in the order of +150 basis points in the United States, where the 10-year rate rose from an average of 3.5% in the first half of the year to nearly 5% in October. In the euro area, their equivalents rose by +80 basis points between the first half of the year and October, up from 2.2% to nearly 3% in Germany and from a little over 2.8% to nearly 3.6% in France.

The pause observed by the Fed and the ECB in the second half of the year led the market consensus to anticipate an “accommodating” central rate of the two central banks from the first half of 2024. During the autumn, both the Fed and the ECB responded with a message of patience and prudence, leading them to systematically dismiss such anticipated easing of monetary policy, too premature in their view. They thus added a “restrictive” dimension to the pause, the aim of which was to curb the rapid easing of financial conditions induced by the turnaround of anticipations. This easing manifested itself in as sharp a fall in sovereign yields as their initial rise: they ended the year slightly below the level they started at in Germany and France, and slightly higher in the United States.

<sup>1</sup> This initial phase, initiated in March 2022, was characterised by a total tightening of +425 basis points (+4.25 percentage points) in increments of +50 basis points (and selectively +75 basis points).

<sup>2</sup> In July 2022, the ECB had initiated its tightening measures a few months later than the Fed, with a cumulative rise of +250 basis points (+2.50 percentage points) over 2022 as a whole.

# THE STATE'S CASH MANAGEMENT

## ACHIEVEMENTS OF THE YEAR

2023 was marked by a resumption of active cash management from 1<sup>st</sup> May 2023, i.e. investing cash surpluses in the form of unsecured deposits and repurchase agreements. Every day, AFT thus targets the minimum balance on the account stated by the performance indicator of budget programme 117, equal to a security deposit (between 70 million euros and 80 million euros).

## MANAGING THE STATE'S CASH HOLDINGS IS A CORE PART OF AFT'S TASKS

The State's cash holdings are centralised in a single account with the Banque de France. The single account records all financial transactions executed by public accountants using nearly 2,600 transaction accounts. It aggregates transactions under the State budget, the transactions of Treasury correspondents, namely other entities that deposit their funds in the Treasury Account (primarily local authorities and government-funded institutions), and AFT's transactions (redemption of bonds at maturity, interest payments, investments, margin calls, etc.).

AFT's management of cash holdings relies on daily forecasts to assess the amounts needed to cover forthcoming transactions. Temporary cash surpluses may be invested in interbank market transactions, with due consideration of counterparty risk. These transactions take the form of unsecured deposits (with no guarantee) or repurchase agreements involving government securities (guaranteed loans backed by collateral security). In the financial interests of the State, these investments are made only if they earn more interest than the Treasury's account at the Banque de France.

The average daily volume of cash flowing in and out of the account came to 32 billion euros in 2023.



**AFT has a reserve of securities that are usable as collateral for accessing cash on the repo market.** This responsive and secure facility enjoys a deep market. It supplements the other short-term cash management instruments, which include Treasury bills and cash lines of credit granted by banks. Use of this reserve was successfully tested in December 2023.

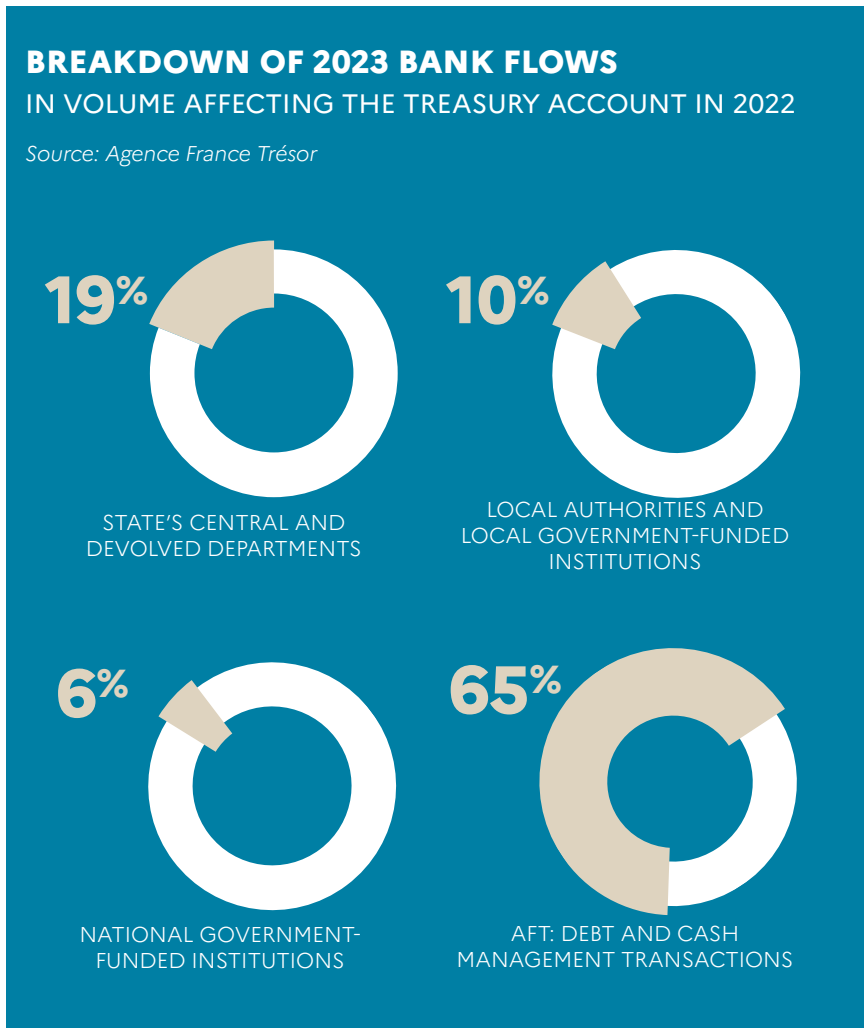
**THE DEPOSITS OF THE TREASURY CORRESPONDENTS**

Entities that are required<sup>2</sup> or authorised to deposit their cash holdings on the Treasury Account are called "Treasury correspondents". Transactions made on Treasury correspondents' accounts have

a direct impact on the Treasury Account. AFT oversees daily reporting of advance notifications of cash transactions from Treasury correspondents, which enables it to determine the settlement dates and amounts of transaction flows posted to the Treasury Account as accurately as possible. More specifically, local authorities and government-funded institutions are required to notify AFT of any financial transaction amounting to more than 1 million euros by 4 p.m. on the previous day. In 2023, the percentage of such transactions notified in advance stood at 99% for local authorities and government-funded institutions. These results are better than the performance target set out in the Budget Act.

**AFT RESUMED PROACTIVE CASH MANAGEMENT AGAINST A BACKDROP OF RISING INTEREST RATES.**

The balance of the State's account in the books of Banque de France must be in credit every evening, while also preserving taxpayers' financial interests. Cash left on deposit in the State's single account with the Banque de France bears interest based on monetary policy aims. Up to mid-2014, these rates were essentially lower than the State's investment rates on the interbank market, the benchmark criterion of which was the Eonia<sup>1</sup> rate, and it was in the interests of taxpayers to try and limit available funds on the single account with the Banque de France by placing as much cash as possible on the interbank market. Trends in interest rates and the abundance of liquidity on the money market between mid-2014 and May 2023 resulted in a relatively better rate of interest on the State's single account with the Banque de France, which accordingly presented a much bigger outstanding balance at the end of the day. With the normalisation of monetary policy. Since 1<sup>st</sup> May 2023, it is again in the taxpayer's interest to try and limit the outstanding balance of the single account at the Banque de France by placing as much cash as possible on the interbank market. After a transitional ramp-up period, AFT has sought to have a target end-of-day balance of 70 to 80 million euros from 1<sup>st</sup> July 2023. The daily invested amount averaged approximately 28.1 billion euros in 2023.



<sup>1</sup> Former day-to-day interbank market rate

<sup>2</sup> Under the terms of the decree on government budget and accounting management of 7 November 2012, most public sector entities are required to deposit their funds with the Treasury. This requirement applies in particular to local authorities, government-funded institutions and hospitals.



# FINANCING PROGRAMME IMPLEMENTATION

**AFT managed the State's cash holdings and executed a financing programme in a context of accelerated normalisation of monetary policy, but also of high volatility in 2023.**

**It continued to observe the principles of transparency, consistency and flexibility that characterise the State's issuance strategy.**

## THE MEDIUM- AND LONG-TERM FINANCING PROGRAMME REMAINS UNCHANGED

The Initial Budget Act for 2023 identified borrowing requirements of 304.9 billion euros (compared to 280 billion euros in the 2022 Budget Review Bill). For any given year, this requirement mainly covers the deficit to be financed and the redemption amount for maturing securities. In November 2023, in the end-of-year finance act, this requirement was eventually raised to 309.4 billion euros, mainly due to a budget deficit more important than expected. In

the end, the 2023 outturn showed a financing requirement of 314.6 billion euros due to a larger deficit.

Moreover, other sources of cash, mainly comprising issue discounts due to rising rates, and the reduction in correspondents' deposits, represent fewer financing sources (respectively -18.8 billion euros and -11.5 billion euros). The medium- and long-term financing programme (MLT, securities maturing in over 2 years) was

maintained at 270 billion euros thanks to the Treasury's cash holdings at the *Banque de France* and to short-term debt. In the end, outstanding fixed-rate discount Treasury bills (BTFs), which were to increase by 3.3 billion euros, increased by 20.8 billion euros. The contribution of the Treasury's cash holdings came to 47.6 billion euros, against the initially planned amount of 24.5 billion euros.

## THE ACCELERATED NORMALISATION OF MONETARY POLICY HAS BEEN ACCOMPANIED BY HIGH VOLATILITY IN INTEREST RATES

In 2023 the European Central Bank continued the rapid normalisation of its monetary policy (by raising bank rates and gradually ending quantitative easing). In this context, bond market yields trended upward, with periods of high volatility.

## RISING INFLATION INCREASES THE DEBT SERVICING COST, BUT ITS IMPACT ON CASH REQUIREMENTS IS LIMITED

Index-linked bonds have a redemption value that depends on benchmark inflation observed between issue and redemption. The provision for indexing charges records the index-linking supplements paid to the security's bearer over time (recognised as "index-linking supplements paid" in the State's flow of funds statement): it is a budgetary expense that increases the deficit to be financed but does not generate an immediate cash requirement.

Only index-linked securities maturing in a given year generate a cash disbursement. In 2023, the index-linking supplement paid at maturity concerned OATi 2.10% 25 July 2023 for a total of 5.1 billion euros. For the other securities, the increase in the provision for indexing charges is a transaction that has no impact on the cash position. It is cancelled in the State's flow of funds statement on the "other cash requirements" line, for a total of 15.8 billion euros in 2023.

Overall, the debt servicing cost amounted to 54.8 billion euros in 2023, after 51.5 billion euros in 2022 (in the budget accounts). The interest paid on short-term securities (BTFs) rose by +5,2 billion euros, accounting for the bulk of the debt servicing cost and cash (+3.2 billion euros), a rise limited by more cash receipts than expected (+ 1.6 billion euros).

### > THE STATE'S 2023 FLOW OF FUNDS STATEMENT

<i>IN BILLION EUROS</i>	LFI 2023 (LOI DE FINANCES INITIALE)	LFG (END-OF-YEAR FINANCE ACT) (30 NOVEMBER 2023)	2023 OUTTURN
<b>Borrowing requirements</b>			
Redemption of medium- and long-term debt	149.5	149.6	149.6
Of which medium- and long-term debt redemption (par value)	144.5	144.5	144.5
Of which index-linked supplements paid at maturity' (index-linked securities)	5.0	5.1	5.1
Redemption of other debts	0.9	0.9	0.9
SNCF Réseau – redemptions	2.2	2.2	2.1
Deficit to be financed	164.9	171.2	173.0
Other cash requirements	-12.6	-14.5	-11.0
<b>TOTAL</b>	<b>304.9</b>	<b>309.4</b>	<b>314.6</b>
<b>Source of funds</b>			
Issuance of medium- and long-term debt, net of buybacks	270.0	270.0	270.0
Funds allocated to the Public Debt Fund to reduce debt	6.6	6.6	6.6
Net change in outstanding short-term government securities	3.3	20.0	20.8
Change in correspondents' deposits	0.0	0.0	-11.5
Change in cash available in the Treasury's account	24.5	31.2	47.6
Other cash sources	0.5	-18.4	-18.8
<b>TOTAL</b>	<b>304.9</b>	<b>309.4</b>	<b>314.6</b>

# THE STATE'S DEBT MANAGEMENT STRATEGY

## PRINCIPLES

AFT is tasked with raising sufficient funds on the markets to finance the State under optimum conditions of security while keeping the debt servicing cost for taxpayers down to a minimum. AFT bases its financing policy on the consistency and transparency of its issuance and announces the issuance schedule on a yearly basis. It regularly taps every segment of France's debt curve and ensures that the market is as deep and liquid as possible to keep issuance costs to a minimum.

## NET MEDIUM- AND LONG-TERM ISSUES AMOUNTED TO €270BN IN 2023

This amount was the result of:

- > 303.1 billion euros of medium- and long-term borrowing, including 24.5 billion euros of securities indexed on French inflation (OATi) and in the euro area (OAT€i);
- > less 33.1 billion euros of buybacks all concerning securities set to be redeemed in 2024 and 2025.

In 2023, average yields at issue rose in the wake of the ECB's monetary tightening decisions, in a context marked by the resurgence of inflation: 3.03% (after 1.43% in 2022) on average

for medium- and long-term issues excluding index-linked securities.

The consistency and transparency of auctions remained central to the State's financing strategy in fixed-income markets, the volatility of which returned to levels observed prior to the ECB's *quantitative easing* policies.

AFT published its indicative financing programme on 8 December 2022, setting the main guidelines for 2023. In accordance with the auction schedule:

- > Long-term OATs, meaning bonds with a residual maturity of more than eight and a half years, were issued on the first Thursday of each month,
- > medium-term OATs, with a residual maturity of between two and eight and a half years, and index-linked bonds were issued on the third Thursday of the month.
- > Except in December, when only one auction was held.

## > CHANGES IN FINANCING CONDITIONS

Source: Agence France Trésor, data updated as of 31 December 2023

WEIGHTED AVERAGE YIELDS		1998-2008 AVERAGE	2009-2021 AVERAGE	2021	2022	2023
SHORT-TERM	All BTFs	3.15%	-0.12%	-0.67%	0.19%	3.33%
	Of which 3-month BTFs	3.10%	-0.15%	-0.68%	-0.02%	3.24%
MEDIUM AND LONG TERM	Fixed-rate issues with maturities of more than one year (excluding index-linked securities)	4.15%	1.16%	-0.05%	1.43%	3.03%
	of which 10-year-rate issues (excluding index-linked securities)	4.44%	1.55%	0.00%	1.50%	3.02%
TOTAL ISSUES		3.73%	0.56%	-0.28%	1.04%	3.16%

WEIGHTED AVERAGE YIELDS		Q1 2023	Q2 2023	Q3 2023	Q4 2023
SHORT-TERM	All BTFs	2.68%	3.23%	3.66%	3.74%
	Of which 3-month BTFs	2.50%	3.15%	3.65%	3.78%
MEDIUM AND LONG TERM	Fixed-rate issues with maturities of more than one year (excluding index-linked securities)	2.86%	2.90%	3.16%	3.32%
	of which 10-year-rate issues (excluding index-linked securities)	2.87%	2.79%	3.10%	3.37%
TOTAL ISSUES		2.84%	3.05%	3.36%	3.48%

## AFT CONTINUED ITS FLEXIBLE ISSUANCE POLICY IN 2023 TO BEST MEET CHANGING MARKET DEMAND.

2023 was marked by ECB's continued monetary tightening aimed at curbing inflationary tensions: accordingly, the deposit facility rate rose from 2.0% at the end of 2022 to 4.0% at the end of 2023. This tightening was nonetheless broadly expected at the end of 2022, and its restrictive effect on underlying inflation and economic activity eased long-term yields over the year. A

volatility phase in March 2023, due to the bankruptcy of certain American regional banks and Crédit Suisse's difficulties in Europe, was followed by a phase of rising rates until October, due to fears regarding the absorption of issues of public securities, first and foremost the absorption of American state securities, after which falling inflation led to falling rates in the 4<sup>th</sup>

quarter of 2023. At the end of 2023, the yield of 10-year OATs was 2.6%, against 3.1% at the end of 2022. The interest rate spread between France and Germany was volatile during the year, but 2023 ended in line with its level at the end of 2022, close to 50 basis points.

Lastly, AFT continued to support investor demand for longer-dated securities, while at the same time continuing its work to maintain very good liquidity for all of its securities. Many different means were used for this purpose.

> As it does every year, AFT systematically heeded primary dealers' recommendations before holding auctions to ensure that the selection of securities to be issued was tailored to meet final investor demand.

> To ensure uniform liquidity in every segment of the yield curve for government bonds, AFT continued to tap "off-the-run" issues in 2023, in addition to tapping *benchmarks*. The aggregate amount of such issuance was 86.5 billion euros, or 28.5% of gross issuance, excluding index-linked bonds.

> The optional December auction was held to enhance the regularity with which Treasury issues are tapped in the course of the year. This meant that AFT held 34 auctions of

medium- and long-term fixed-rate bonds and index-linked bonds in 2023.

> In the end, by buying back 33.1 billion euros in short-term securities to smooth out the debt redemption curve over several years, AFT was able to offer investors a liquid market for securities maturing in 2024 and 2025.



## SEVEN NEW BENCHMARK OATS WERE CREATED, TWO OF WHICH BY SYNDICATION, IN ACCORDANCE WITH THE INDICATIVE STATE FINANCING PROGRAMME

In the medium-term segment, AFT issued a new 3-year benchmark bond in February, the OAT 2.50% 24 September 2026, and in April a new 5-year benchmark bond, the OAT 2.75% 25 February 2029.

In the long-term segment, AFT created two new 10-year benchmark

bonds, the OAT 3.00% 25 May 2033 (launched in April) and the OAT 3.50% 25 November 2033 (launched in October).

In the segment of OATs index-linked to European inflation, AFT created a new 10-year bond, the OAT€i 0.60% 25 July 2034 (launched in July).

Lastly, two bonds were created by syndication, namely the new 30-year benchmark nominal bond OAT 3.00% 25 May 2054, launched in February, as a new 15-year bond index-linked to French inflation, the OATi 0.55% 1<sup>st</sup> March 2039 (launched in June).

## > GROSS ISSUANCE BY AGENCE FRANCE TRÉSOR IN 2023 (in billion of euros)

	JAN. 2023	FEB. 2023	MARCH 2023	APRIL 2023	MAY 2023	JUNE 2023	JULY 2023	AUGUST 2023	SEP. 2023	OCT. 2023	NOV. 2023	DEC. 2023	TOTAL 2023	TOTAL 2022
2 Y	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	0.0
3-4 Y	0.0	4.6	3.9	4.8	7.9	4.3	6.2	3.8	6.1	8.0	3.7	1.0	54.4	41.0
5 Y	3.8	4.3	5.4	4.8	3.1	8.0	5.8	3.8	7.5	3.9	7.7	0.0	57.9	56.2
6-8 Y	2.5	2.5	5.7	2.1	0.0	0.0	0.0	2.9	0.0	2.2	0.0	0.0	17.8	31.4
10 Y	7.9	11.3	9.6	6.7	5.1	6.4	6.0	6.4	7.3	8.0	6.3	3.3	84.4	74.4
15 Y + 20 Y	2.3	2.8	3.3	2.1	1.9	2.0	2.6	2.4	2.8	1.9	3.0	0.0	27.1	31.3
30Y + 50Y	4.8	5.0	1.6	2.3	3.8	2.6	2.7	1.7	2.5	1.9	4.4	0.0	33.2	26.6
i/€i	1.7	1.8	1.5	1.8	2.0	4.9	2.8	1.2	2.1	2.2	1.9	0.7	24.5	25.4
GROSS ISSUANCE	26.7	32.3	31.0	24.4	23.7	28.2	26.1	22.3	28.2	28.1	27.0	5.0	303.1	286.2

Source: Agence France Trésor

## DEMAND FOR BTFS REMAINED VERY STRONG

At the end of 2023, the outstanding amount of short-term securities (BTFS) stood at 169.2 billion euros, compared to 148.5 billion euros at the end of 2022, making 7.0% of total negotiable debt compared with 6.5% in the previous year. After a slack phase, outstanding BTFS increased, notably to finance the issue discounts recorded on subscriptions of low-coupon securities after the rise in rates that began in 2022.

As a general rule, three benchmark securities (3-month, 6-month and 1-year maturities) were sold at weekly BTF auctions and met with sustained demand. Marginal use was made of the ability to tap off-the-run securities to ensure liquidity for BTFS of all maturities and meet investor demand transmitted by primary dealers.

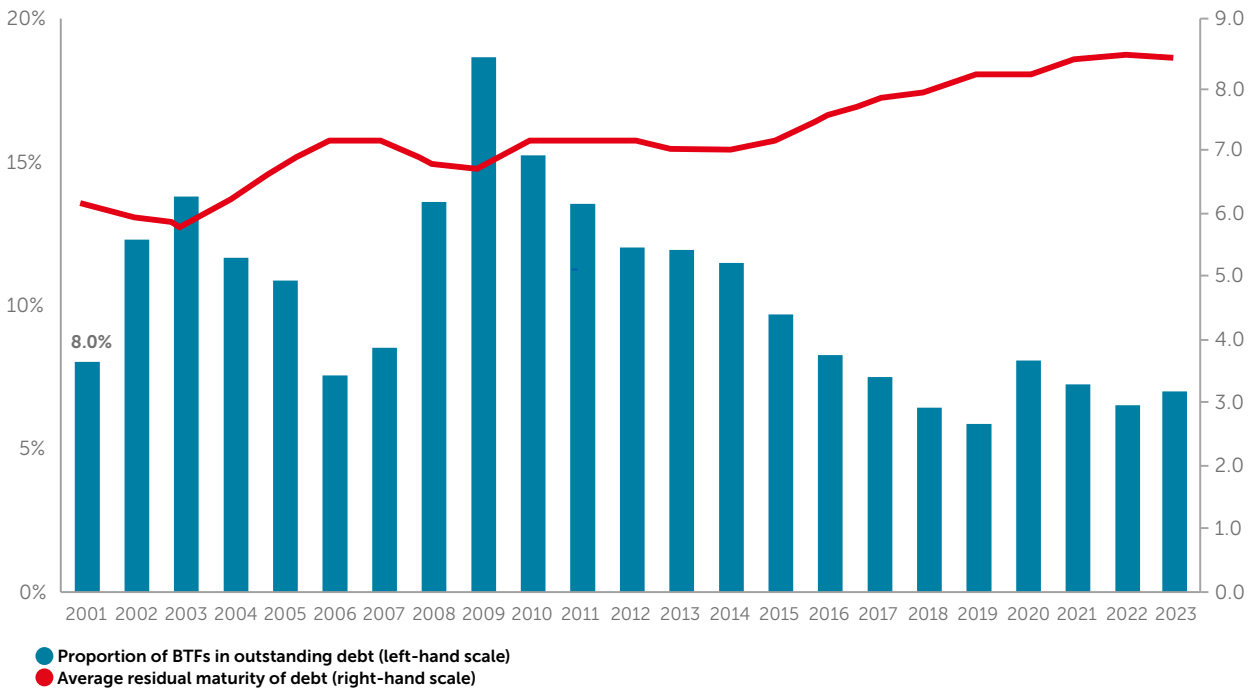
BTF auctions produced an average yield of 3.33% over the year as a whole, a higher yield than in 2022 (0.19%), in a context of rising bank rates in the euro area.

## THE AVERAGE RESIDUAL MATURITY OF DEBT REMAINS AT ITS RECORD HIGH, REACHED AT THE END OF 2022

The average residual maturity of French sovereign debt stood at 8.5 years at the end of 2023, on a par with the figure recorded at the end of 2022. It remains at the highest level observed since the creation of AFT. The average residual maturity of the debt continues to enjoy sustained demand for long-maturity OATs.

Maintaining a long average residual maturity for France's debt makes debt reduces refinancing risk and spreads the effect of the rise in rates observed since 2022 on the debt service expense.

### > PROPORTION OF BTFS IN OUTSTANDING STATE DEBT AND AVERAGE RESIDUAL MATURITY OF DEBT



Source: Agence France Trésor

# SYNDICATED ISSUES

## LAUNCH OF THE OAT 3.00% 25 MAY 2024

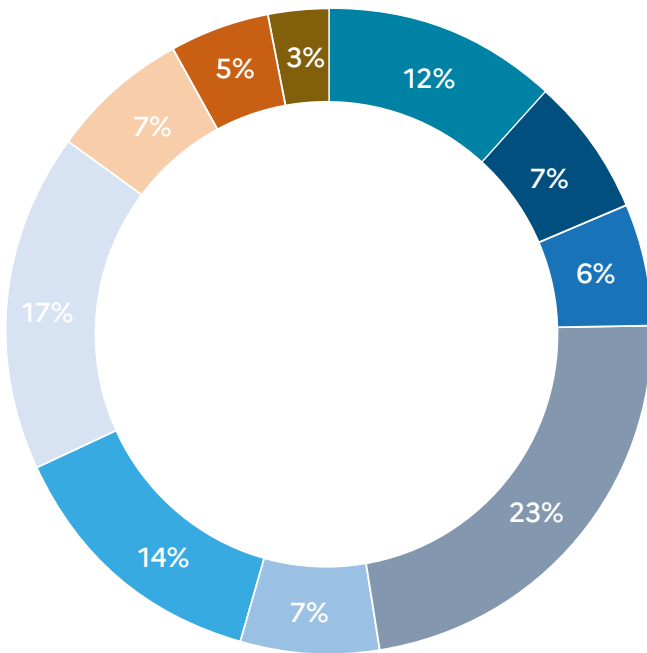
On 7 February 2023, AFT issued the OAT 3.00% 25 May 2024 by syndication. When the book-building process was completed, total demand stood at 47 billion euros, with 5 billion euros allocated.

This bond was issued with a nominal yield of 3.13%.

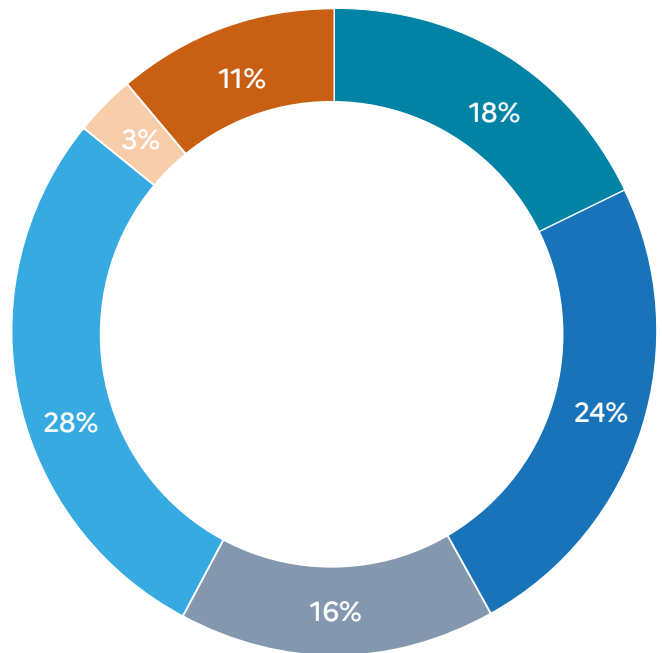
**LEAD BOOK RUNNERS**

The allocation reflected the diversified investor base in Europe and the quality of French debt. More than 280 end investors took part in the transaction. In geographical

terms, the distribution reflects sustained demand from French and international investors for long-maturity state securities.



- France
- Germany
- Italy
- Netherlands
- Other euro area
- Nordic countries
- United Kingdom
- Other Europe
- North America
- Asia




- Government-funded institutions
- Pension funds
- Insurers
- Asset managers
- Hedge funds
- Banks



## LAUNCH OF OATi 0.55% 1<sup>ST</sup> MARCH 2039

On 7 June 2023, AFT launched by syndication a new OAT index-linked to French inflation, the OATi 0.55% 1st March 2039. When the book-building process was completed, total demand stood at nearly 22 billion euros, with 3 billion euros allocated. This bond was issued at a real yield of 0.65%.

**LEAD BOOK RUNNERS**

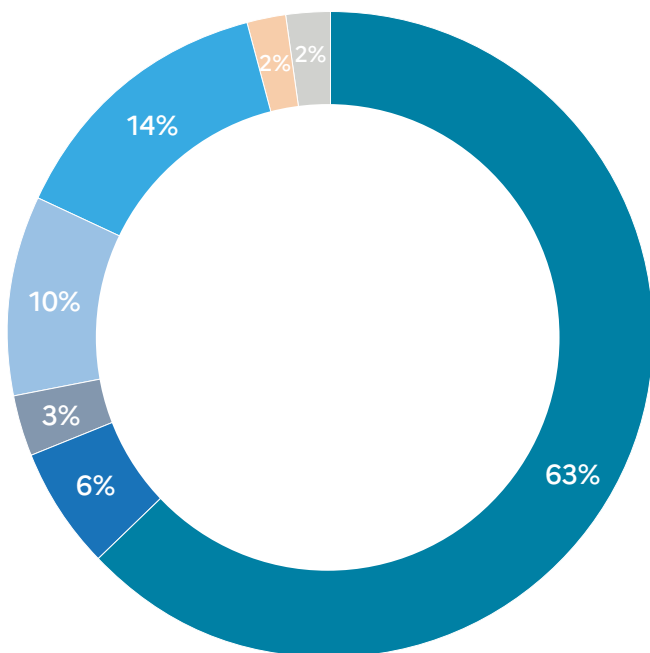


BNP PARIBAS J.P.Morgan BARCLAYS

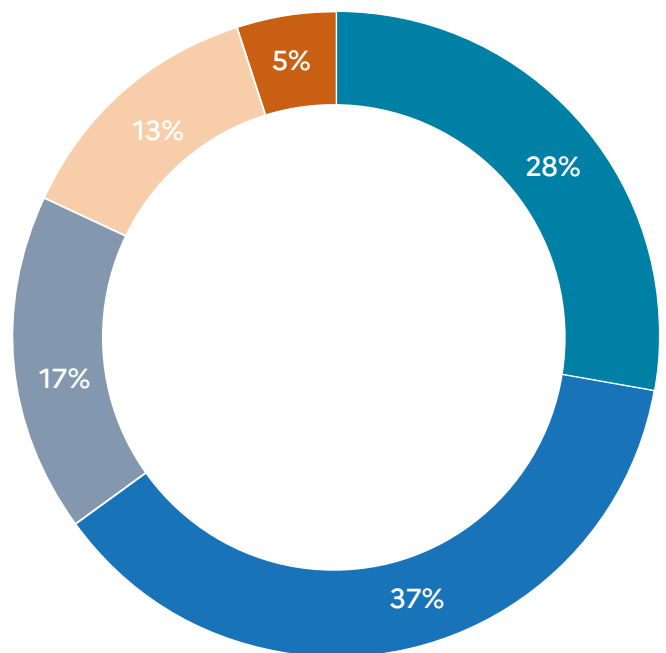
CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK Deutsche Bank

From a geographical point of view, and consistent with structural demand for the OATis of public French banks and institutions, the distribution reflects high demand

from French investors and also sustained demand from European investors for long-maturity French State securities index-linked to French inflation.



- France
- Germany
- Italy
- Other euro area
- United Kingdom
- Other Europe
- Rest of the world



- Official institutions
- Banks (assets/liabilities management)
- Banks
- Insurers and asset managers
- Hedge funds

# GREEN OATS

## PRESENTATION AND CONTEXT OF GREEN OATS

On 24 January 2017, AFT issued its first green sovereign bond, the OAT 1.75% 25 June 2039. The first State in the world to have issued a green bond for a benchmark amount, France then reasserted its commitment to sustainable finance by issuing a second green bond, the OAT 0.50% 25 June 2044 in 2021, then a third, linked to inflation in the euro area, the OAT€i 0.10% 25 July 2038 in 2022. In 2023, it is the only green sovereign bond in the world linked to inflation.

A green sovereign bond is a security issued by a government to finance expenditure specified in a reference document: such expenditure is termed Green Eligible expenditure.

Although no green bonds were created in 2023, a tap issue was arranged for the three existing ones. The Green OAT 2039 was reissued in May 2023 by auction for a total of 1.9 billion euros, thereby taking its outstanding amount to 32.8 billion euros. As for the OAT 2044, it was reissued on two occasions in 2023, in February and November, for a total of 5.8 billion euros. Its outstanding amount at the end of 2023 is thus 22.3 billion euros. Regarding the OAT€i, after its creation by syndication in 2022 and

an initial auction in the same year, it was reissued on four occasions in 2023, in February, April, August and September. Its outstanding amount increased by 2.5 billion euros over one year, rising to 6.7 billion euros by the end of 2023.

France issued green bonds for a total of 10.2 billion euros in 2023; the outstanding amount of the three green bonds thus totalled 61.8 billion euros at the end of the year. France has thus confirmed its as the first global issuer of green OATs, a position consistent with its leading role in implementing the ambitions of the Paris Climate Accord of December 2015.

Year after year, the funds raised by green OAT issues are used to finance a set of projects or expenses listed in the State budget and having a positive effect on the environment with the following goals: mitigating climate change, adapting to the associated risks, preserving biodiversity and fighting pollution. Each year, the various ministries identify the expenditures in their budgets that match these objectives. These expenditures are submitted to the Green OAT Evaluation Council for its

opinion, and then they are submitted for validation by an interministerial steering committee working under the aegis of the Prime Minister. The Greenfin certification created by the Ministry for Ecological Transition to attest to the green credentials of investment funds is used as a benchmark in this selection process.

For accounting purposes, raised funds are treated in the same way as funds from a conventional OAT and managed in compliance with the general budget rule. The allocation and performance reports, drawn up every year on the basis of the Budget Review Bill, are used to verify the nominal equivalence between this source of funds and the uses matched to it. In September 2023, the sixth allocation and performance reports was published, presenting the expenditures covering the 2022 green debt issues. Furthermore, in December 2023 the sixth environmental evaluation report on expenditure eligible for Green OATs, focusing on public support for renewable energies, was published. These evaluations contribute to effective steering of public policy and constitute one of the contributions of green OATs.

## ALLOCATION OF THE FUNDS RAISED BY GREEN OATS IN 2023

An annual report details the allocation of funds raised by Green OATs and the performance of the funded programmes. A seventh report will be published in the third quarter of 2024 (available on the AFT website). It presents the Green Eligible Expenditure backed by issues in 2023 for a total of 10.2 billion euros, complying with the maximum Green Eligible Expenditure budget identified by the interdepartmental working group for 2023 (11 billion euros).

As is the case each year, the 2022 Allocation and Performance Report included independent third-party audits that verified the expenditures and their green credentials. KPMG examines the allocation of funds and specifically the proper implementation of the Green OATs framework document. In addition, the Moody's ESG rating agency was approached for an opinion on the green credentials of the expenditures matched to 2023 issues.

Roughly 2 billion of the 11 billion euros of Green Eligible Expenditure identified for 2023 was additional green expenditure compared to 2022. It was allocated to public sector transformation tasks, green competitiveness, public development aid, management of the State's real estate assets, but also to calls for projects for the environmental part of France 2030.

The 10.2 billion euros of Green Eligible Expenditure allocated for 2023 was thus shared out among the different eligible programmes. As was the case in previous years, expenditure on climate change mitigation accounted for the largest share at 62%, followed by expenditure on climate change adaptation at 19%. Biodiversity expenditure accounted for approximately 11% of the total and the fight against pollution accounted for 8%. The breakdown of allocations by economic sector shows that construction accounted for 22% of

expenditure and energy 17%, whereas the latter accounted for 15% in 2021.

The presentation of the allocation of funds comes with a performance evaluation of the programmes concerned in very general terms. It is essentially based on indicators taken from budget documents, characterising the effectiveness of the expenditure more particularly with regard to its environmental objective. Finally, the annual report also focuses on the various expenditure items funded sector by sector, highlighting their relevance to the objectives set out in the Green OAT framework document<sup>1</sup>, which are in turn aligned with several of the UN's Sustainable Development Goals. The report also focuses on the degree of alignment of eligible green expenditure with the EU taxonomy for sustainable activities.

<sup>1</sup> [https://www.aft.gouv.fr/files/medias-aft/3\\_Dette/2\\_Framework\\_FR\\_cadre%20OAT%20Verte%20130117.pdf](https://www.aft.gouv.fr/files/medias-aft/3_Dette/2_Framework_FR_cadre%20OAT%20Verte%20130117.pdf)

## EVALUATION COUNCIL'S WORK

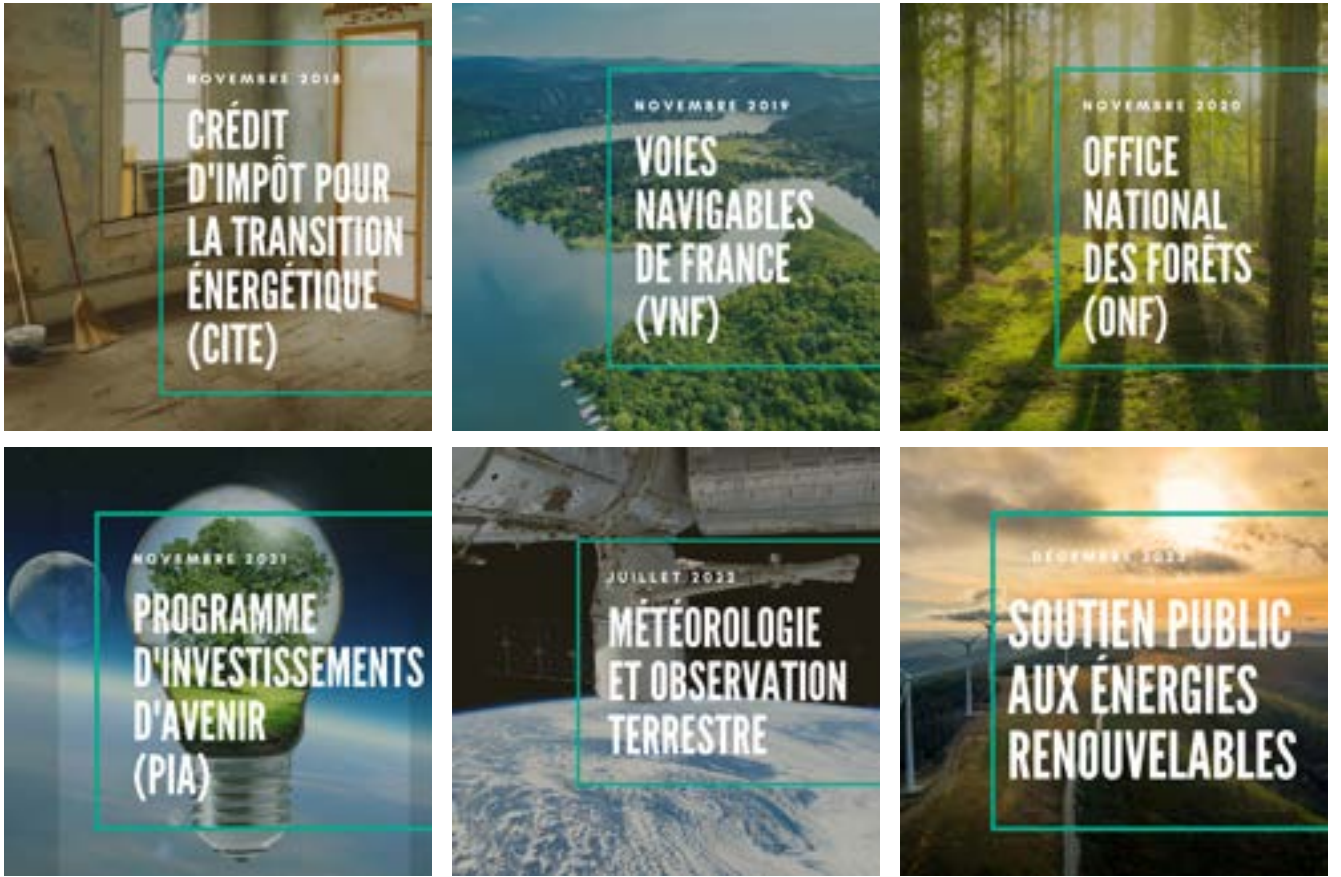
In addition to the allocation and performance reports, expenditure funded by the Green OATs is evaluated for its environmental impact, in accordance with the commitments France made when the first Green OAT was issued. Every year, the Evaluation Council produces impact assessments examining a programme or specific budget line, with the ultimate aim of covering all eligible green expenditure.

The council's members are qualified individuals of international standing.

The Chair is Manuel Pulgar-Vidal, Peru's former Minister for the Environment, Chair of the COP 20 and Director of WW Climate and Energy. Its members include: Mats Andersson, Vice Chair of the Global Challenges Foundation and former CEO of AP4, Sweden's fourth national pension fund; Nathalie Girouard, Head of the Environmental Performance and Information Division of the Environment Directorate at the OECD, Karin Kemper, formerly Senior Director for the Environment and Natural Resources Global Practice at the World Bank, Mike Holland; Rana

Roy, independent consultant; Thomas Sterner, Professor of Environmental Economics at the University of Goteborg; and Eric Usher, Head of the Secretariat of the United Nations Environment Programme Finance Initiative. The council also includes two observers: Sean Kidney, co-founder and CEO of the Climate Bond Initiative, and Nicholas Pfaff, Senior Director, deputy CEO at the International Capital Markets Association (ICMA).





**FOCUS ON 2023:  
PUBLIC SUPPORT FOR RENEWABLE ENERGIES**

In 2023, the Council's work was marked by the publication in December of a report highlighting the environmental impact of a series of public policies promoting renewable energies. The study, overseen by the council, was carried out by independent firm Artelys. It deals with subsidies for renewable energies in metropolitan France and non-interconnected areas (Corsica and overseas departments and territories). The report sets out to quantitatively estimate the contribution of renewable energy subsidies to the mitigation of climate change (reduction of greenhouse gas emissions) and the other environmental effects (pollution, biodiversity, land use, use and recycling of materials and adaptation to climate change). The report uses empirical methods to estimate this

causal link between subsidies for renewable energies and the reduction of greenhouse gas emissions. The study shows that in recent years the renewable electricity generated in metropolitan France has mostly replaced thermal power generation, in particular from neighbouring countries. The same is true for non-interconnected areas, where subsidised renewable electricity financed by green OATs exclusively replaces power generation using fossil fuels. As a result, carbon emissions avoided by renewable energies make up approximately 4.5% of France's total carbon footprint in 2019. Similarly, the observed benefits concerning water and land pollution are directly correlated to this substitution of electricity generated with fossil fuels by electricity generated with renewable energies.

# INTERNAL CONTROL AND RISK CONTROL

## A BROAD CONTROL FRAMEWORK

AFT must meet stringent control criteria. The agency is legally required to answer parliamentary questions, especially concerning the groundwork for budget acts. AFT is also subject to a number of audits, including by the Government Audit Office (two audits per year for accounting matters and one for the Budget Outturn Report).

These controls also include action by specialised audit firms to validate the quality and probity of accounting information, to issue opinions on the monitoring of prudential measures or to conduct the annual internal audit.

AFT has also elected to comply with the obligations stipulated in the Order

of 3 November 2014 on the internal control of businesses in the banking sector, inasmuch as they apply to the agency. All these measures mean that AFT has permanent mechanisms for assessing and controlling all the risks generated by its market and cash management transactions.

## TASKS OF THE AFT INTERNAL CONTROL, COMPLIANCE, RISK POLICY AND LEGAL AFFAIRS UNIT

AFT has an Internal Control, Compliance, Risk Policy and Legal Affairs Unit that is independent from its operating functions. This unit oversees AFT's internal control system, organises permanent monitoring of its activities and legal commitments, and manages the risks associated with financial transactions and the selection of counterparties. The unit coordinates the various external control and audit tasks in these areas.

The scope of this control and risk monitoring function has widened because of the diversity of AFT's transactions, the payment circuits used and the growing number of international counterparties.

The unit also drafts recommendations on risk management policy approved by AFT General Management and the

Directorate General of the Treasury, along with any other measures that enhance risk monitoring. The unit is also responsible for managing legal and compliance risks, ensuring the validity of AFT's contracts, monitoring regulatory developments, managing the rules of professional conduct for employees and managing the confidentiality policy.

Together with the line functions, the unit regularly updates AFT's general activity framework, which sets management, organisation and control standards for managing identified risks, which is approved by the Director General of the Treasury. The unit is also responsible for maintaining AFT's business continuity plan, and for adapting ministerial instructions on crisis management to AFT's structure.

Lastly, it provides coordination and secretariat services for the AFT Risk Committee, which was inaugurated based on the provisions of the Order of 3 November 2014, as adapted to the structure of AFT. The purpose of the committee is to enhance the formalisation of some of the work and decisions regarding risk management and internal control, but it also brings in experts from outside AFT for their views on these matters and priorities for future action. Its members include senior managers from the Treasury, the Ministry's Budget and Accounting Control Department and external persons with the requisite expertise. The committee meets once a year.

## PERFORMANCE INDICATORS

In accordance with the legislative framework, AFT submits an annual audit report to Parliament on financial risk management and the prudential procedures implemented for activities concerning management of the State's negotiable debt and cash holdings.

In recent years, AFT has relied on the expertise of a specialised external audit firm to conduct the audit. The audit assesses the adequacy of AFT's procedures with regard to its activities and the associated risks by considering five angles with reference to current regulatory provisions applying to financial institutions:

- > Organisation of internal control;
- > Accounting organisation;
- > Risk measuring systems and results;

- > Risk supervision and management systems;
- > Documentation and reporting system and IT risk management.

The assessment gives ratings ranging from one to four:

- > One: the existing mechanism satisfactorily covers identified risks generated by AFT's transactions;
- > Two: the existing mechanism needs to be extended to cover identified risks;
- > Three: the existing mechanism has substantial shortcomings requiring immediate corrective action to cover the identified risks
- > Four: the existing mechanism does not cover the identified risks generated by AFT's transactions.

This external assessment is the main component of the first performance indicator presented to Parliament during the budget preparation process. It considers the quality of the control system put in place by AFT.

It is supplemented by data on the number of incidents or violations of the general framework for AFT's activities, for qualitative and quantitative monitoring of various incidents, which break down into the following main categories:

- > Violation of accreditation and delegation rules;
- > Risk exposure limits exceeded;
- > Violation of transaction procedures.

It is an internal quality measurement of AFT's organisation and compliance with requirements.

	UNIT	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 TARGET
Incidents or violations of the general activity framework	Number	0	0	2	0
External rating of the internal control function: Organisation of internal control	Rating between 1 and 4	1	1	1	1
External rating of the internal control function: Accounting organisation	Rating between 1 and 4	1	1	1	1
External rating of the internal control function: Risk and result measurement systems	Rating between 1 and 4	1	1	1	1
External rating of the internal control function: Risk supervision and management system	Rating between 1 and 4	1	1	1	1
External rating of the internal control function: Documentation and reporting system and IT risk management	Rating between 1 and 4	1	1	1	1

AFT submits a performance indicator to Parliament that measures **the number of execution incidents occurring in AFT's debt transactions**, to ensure rapid detection of problems or incidents that could disrupt the proper execution of debt and cash management transactions.

This indicator relies on the day-to-day record of these transaction execution incidents, divided into three categories, depending on whether or not they have an impact on the Treasury single Account.

	UNIT	2021 ACTUAL	2022 ACTUAL	2023 ACTUAL	2024 TARGET
Incidents that decreased the account's balance at the Banque de France	Number	1	1	3	0
Incidents that increased the balance at the Banque de France	Number	6	8	0	0
Other incidents with no impact on the account balance at the Banque de account France	Number	64	71	244	0

These operating incidents may have affected the smooth execution of transactions, but none of the recorded incidents in 2023 led to any threat to the State's financial continuity.

Incidents that affect the Treasury Account are rare and short-lived: as a general rule they consist of a one-day delay in a receipt or disbursement on the account.

In 2023 a new type of incident was observed, relating directly to the resumption of proactive cash management, which could lead to delays on the part of AFT's counterparties in delivering securities when investing cash in repo transactions (problems that postponed to the next day the cash

payment to the counterparty who failed to deliver the securities within the agreed deadlines). These incidents increase the State's cash position; however, inasmuch as AFT places this cash before the end of the day, they are treated as operational incidents affecting daily cash management but having no real impact on the account.

As a result, the number of incidents having no impact on the Treasury account rose sharply in 2023. It is worth noting that there would have been fewer incidents (66 against 71) if those concerning delayed deliveries of securities were not counted. Other incidents having no impact on the Treasury account are essentially minor occasional and often technical

incidents occurring in the IT systems or communication networks involved in handling transactions, whether internal or external. They may also be due to human error, or result from possible non-observance of internal operating procedures or our partners' operating procedures. While they can cause delays in the processing of flows or market transactions, they can generally be corrected on the same day, without affecting the proper outcome of such transactions.

The incident record, which relies on the comprehensiveness of controls and the granularity of the risk indicators used, is part of a continuous improvement approach with regard to the operational quality of internal and external operations.



# POST-TRADE MANAGEMENT AND TRANSACTION RISK MONITORING

The activity of the Post-Trade and Risk Monitoring Unit focuses on State debt redemption and interest payments, processing AFT's cash and hedging transactions, and risk management and monitoring for all financial market transactions. The unit also manages the Government Debt Fund and administers its market transactions.

The Post-Trade Operations Unit is France's auctioneer for emissions

trading on the European platform for greenhouse gas emissions allowance trading. In this capacity it supervises the auctions and proper execution of transactions. It tracks carbon allowance transactions and prices on the market each month.

It tracks final settlement yields on the secondary market for government securities on a regular basis, since this yield is a component in the liquidity of the debt.

In 2023, the Post-Trade Operations Unit processed and executed nearly 18,000 market transactions, including over 17,000 cash transactions, 850 short-, medium- and long-term financing transactions, and 16 hedging transactions with forward financial instruments behalf of other State bodies.

## POST-TRADE OPERATIONS ARE ORGANISED AROUND FIVE MAIN TASKS:

- > **1. Debt redemption and all market transactions** including financial risk hedging for the State;
- > **2. Market risk management and monitoring:** the Post-Trade Operations Unit, working with the Internal Control Unit and Senior Management, regularly tracks the main market risks that AFT monitors: credit risk, exposure concentration, commitment risk, settlement risk and counterparty risk. It also monitors compliance with limits. The unit constantly reviews risk-monitoring techniques to keep pace with changes in the financial environment and AFT's evolving needs;
- > **3. Management of margin calls:** all forward trades, derivatives and repurchase agreements are governed by bilateral contracts that establish mechanisms to mitigate AFT's exposure to counterparty risk in the performance of its tasks. The Post-Trade Operations Unit handles the margin calls for all these transactions to reduce AFT's residual counterparty risk exposure;
- > **4. Administrative management of the Public Debt Fund (CDP);**
- > **5. Overseeing auctions of carbon quotas** for France as part of the European Union's greenhouse gas emissions trading system (EU-ETS).

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# 2023 KEY FIGURES

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P.51 FINANCIAL REPORT  
P.67 STATISTICAL REPORT



# AFT'S FINANCIAL STATEMENTS

On the management of negotiable debt securities and cash, hedging the state's financial risks and managing the debts transferred to the State

## > POSITION AT 31 DECEMBER 2023

### I - FINANCIAL STATEMENTS

#### > ASSET BASE

ASSETS	NOTE	AMOUNTS (IN €M)		
		31/12/2023	31/12/2022	CHANGE
CURRENT ASSETS (EXCLUDING CASH)	1			
<b>Prepaid expenses on financial debts</b>	1.2	45,265.54	26,148.01	19,117.53
Discounts on OATs		45,265.54	26,148.01	19,117.53
<b>Deferred expenses on financial debt</b>		202.53	198.47	4.06
OAT issuance expense		202.53	198.47	4.06
<b>Other claims</b>	1.7	28.58	-	28.58
Margin calls provided for repurchase agreements		28.51	-	28.51
Accrued interest		0.07	-	0.07
Margin calls provided for forward financial instruments		-	-	-
Accrued interest		-	-	-
CASH MANAGEMENT	2			
<b>Bank funds</b>		5.50	93.67	-88.17
Accrued interest on the State's account at the Banque de France		5.50	93.67	-88.17
<b>Other cash items</b>	2.2	21,949.91	4,900.80	17,049.11
Unsecured loans on the interbank market		17,940.00	4,900.00	13,040.00
Accrued interest		8.45	0.80	7.65
Repurchase agreements		4,000.00	-	4,000.00
Accrued interest		1.46	-	1.46
<b>Investment securities</b>	2.1	-	-	-
Securities purchases		-	-	-
Prepaid interest		-	-	-
ACCRUALS AND DEFERRED EXPENSES	3			
<b>Deferred income – off-balance sheet commitments</b>		-	-	-
Interest payable on interest rate swaps for macro-hedging	3.2	-	-	-
Interest payable on interest rate swaps for micro-hedging	3.3	-	-	-

LIABILITIES	NOTE	AMOUNTS (IN €M)		
		31/12/2023	31/12/2022	CHANGE
FINANCIAL DEBT	1			
<b>Negotiable securities</b>		<b>2,445,097.98</b>	<b>2,922,873.61</b>	<b>152,224.37</b>
<b>Treasury Bonds (OATs)</b>	1.1	<b>2,277,839.78</b>	<b>2,144,994.37</b>	<b>132,845.41</b>
Par values		2,206,559.51	2,081,070.70	125,488.81
Capitalised interest		-	-	-
Index-linking supplements		54,207.97	48,290.09	5,917.88
Accrued coupons at issue		823.23	297.18	526.05
Accrued interest		16,249.07	15,336.40	912.67
<b>Discount Treasury bills (BTFs)</b>	1.3	<b>167,258.20</b>	<b>147,879.23</b>	<b>19,378.97</b>
Par values		169,217.00	148,463.00	20,754.00
Prepaid interest		-1,958.80	-583.77	-1,375.03
<b>Other loans</b>	1.6	<b>27,248.36</b>	<b>30,392.88</b>	<b>-3,144.52</b>
SNCF loans assumed via the CDP		26,876.45	29,928.84	-3,052.39
Accrued interest		371.91	464.04	-92.13
NON-FINANCIAL DEBTS	1			-
<b>Prepaid income on financial debts</b>	1.2	<b>92,827.35</b>	<b>104,321.99</b>	<b>-11,494.64</b>
Issue premiums on OATs		92,827.35	104,321.99	-11,494.64
<b>Other debts</b>	1.7	<b>2.46</b>	<b>68.75</b>	<b>-66.29</b>
Margin calls received on repurchase agreements		2.14	-	2.14
Accrued interest		0.00	-	0.00
Margin calls received on forward financial instruments		-	68.36	-68.36
Accrued interest		-	0.09	-0.09
Accounts payable		0.31	0.30	0.01
CASH MANAGEMENT	2			
<b>Other cash items</b>	2.2	<b>-</b>	<b>-</b>	<b>-</b>
Unsecured loans		-	-	-
Accrued interest		-	-	-
Repurchase agreements		-	-	-
Accrued interest		-	-	-
ACCRUALS AND DEFERRED EXPENSES	3			
<b>Payables – off-balance sheet liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
Interest payable on interest rate swaps for macro-hedging	3.2	-	-	-
Interest payable on interest rate swaps for micro-hedging	3.3	-	-	-

**> INCOME STATEMENT**

TABLE OF NET EXPENSES	NOTE	AMOUNTS (IN €M)		
		31/12/2023	31/12/2022	CHANGE
<b>FINANCIAL DEBT</b>				
<b>Negotiable securities</b>				
<b>Interest</b>	<b>4.1</b>	<b>-38,565.19</b>	<b>-32,637.33</b>	<b>-5,927.86</b>
Interest expense on OATs		-34,290.48	-33,046.72	-1,243.76
Net interest expense on BTFs		-4,274.70	409.39	-4,684.09
<b>Amortisation of premiums and discounts</b>	<b>4.1</b>	<b>8,579.69</b>	<b>11,529.93</b>	<b>-2,950.24</b>
Amortisation expense for discounts on securities issued		-3,771.71	-1,707.31	-2,064.40
Amortisation income from premiums on securities issued		12,351.41	13,237.24	-885.83
<b>Index-linking of OATs</b>	<b>4.1</b>	<b>-8,490.85</b>	<b>-22,997.00</b>	<b>14,506.15</b>
Net index-linking expense		-8,490.85	-22,997.00	14,506.15
<b>Buybacks or swaps</b>		<b>845.98</b>	<b>-75.26</b>	<b>921.24</b>
Net income		845.98	-75.26	921.24
<b>Commissions and fees related to debt management</b>	<b>4.2</b>	<b>-16.10</b>	<b>-14.90</b>	<b>-1.20</b>
Net expense		-16.10	-14.90	-1.20
<b>Net financial expense on financial debts</b>		<b>-37,646.46</b>	<b>-44,194.57</b>	<b>6,548.10</b>
<b>OTHER FINANCIAL DEBTS</b>				
<b>Loans and forward financial instruments assumed for third parties</b>				
<b>SNCF loans assumed via the CDP</b>		<b>-893.78</b>	<b>-1,002.37</b>	<b>108.59</b>
Interest expense on borrowing		-893.78	-1,003.10	109.32
Interest expense on forward financial instruments		-	-	-
Interest income on forward financial instruments		-	0.73	-0.73
Expense related to the revaluation of contracts in foreign currencies		-	-	-
Income related to the revaluation of contracts in foreign currencies		-	-	-
<b>Net financial expense on other financial debts</b>		<b>-893.78</b>	<b>-1,002.37</b>	<b>108.59</b>
<b>FORWARD FINANCIAL INSTRUMENTS</b>				
Interest expense on forward financial instruments		-	-	-
Other net expense or net income on forward financial instruments		-0.97	0.03	-1.00
Interest income on forward financial instruments		-	-	-
<b>Net interest income on forward financial instruments</b>		<b>-0.97</b>	<b>0.03</b>	<b>-1.00</b>
<b>CASH MANAGEMENT</b>				
<b>Interest expense</b>		<b>-9.74</b>	<b>-171.26</b>	<b>161.52</b>
Net interest expense on bank liquidity	4.3	-	-150.87	150.87
Interest expense on unsecured lending and borrowing on the interbank market		-0.72	-20.40	19.68
Interest expense on unsecured lending and borrowing – other euro area States		-4.62	-	-4.62
Interest expense on unsecured lending and borrowing – supranational agencies		-1.96	-	-1.96
Interest expense on margin calls for repurchase agreements		-2.43	-	-2.43
Net interest expense on repurchase agreements		-0.00	-	-0.00
Interest expense on securities purchases		-	-	-
<b>Interest income</b>		<b>1,722.82</b>	<b>18.59</b>	<b>1,704.23</b>
Net interest income on bank liquidity	4.3	732.48	-	732.48
Interest income on unsecured lending and borrowing on the interbank market		454.46	18.46	436.00
Interest income on unsecured lending and borrowing – other euro area States		1.35	0.13	1.22
Interest income on margin calls for repurchase agreements		1.21	-	1.21
Net interest income from repurchase agreements		533.32	-	533.32
Interest income on securities purchases		-	-	-
<b>Net financial expense on cash management transactions</b>		<b>1,713.08</b>	<b>-152.67</b>	<b>1,865.75</b>
<b>NET EXPENSE</b>		<b>-36,828.13</b>	<b>-45,349.58</b>	<b>8,521.44</b>

## > FINANCIAL CONTRACTS AND COMMITMENTS

COMMITMENTS UNDER THE TERMS OF CLEARLY SPECIFIED AGREEMENTS	NOTE	AMOUNTS (IN €M)	
		31/12/2023	31/12/2022
FORWARD FINANCIAL INSTRUMENTS	3		
<b>Interest-rate swaps</b>			
Macro-hedging	3.2	-	-
Micro-hedging	3.3	-	-
<b>Forward currency contracts</b>	<b>3.4</b>	<b>653.82</b>	<b>992.88</b>
<b>Oil swaps*</b>	<b>3.5</b>	<b>211.36</b>	<b>295.54</b>
OTHER LIABILITIES			
<b>Cash lines of credit</b>	<b>2.3</b>	<b>6,000.00</b>	<b>6,000.00</b>
<b>Repurchase agreements**</b>		<b>13,999.99</b>	-
<b>SNCF Réseau loans assumed via the CDP</b>	<b>1.6</b>	-	-

\*The transactions arising from oil swaps are carried out by the Finance Ministry Accounts Department on behalf of the Armed Forces Fuel Department. They are recorded as off-balance sheet transactions (see Note 3.5).

\*\*Repurchase agreements for securities traded prior to the reporting date but paid after the reporting date are the subject of an off-balance sheet presentation.

## II – NOTES TO THE FINANCIAL STATEMENTS

### II.1 OVERVIEW

AFT was created by the Order of 8 February 2001 as a department with national scope reporting to the Directorate General of the Treasury. Its mission is to manage the State's debt and cash holdings under optimum security conditions and at the lowest cost for taxpayers.

Since 2006, AFT has also been responsible for hedging certain financial risks on behalf of other ministries or other departments of the Ministry for the Economy, Finance and Industrial and Digital Sovereignty. Therefore, in addition to managing the government's debt and cash positions, it also carries out ancillary industrial and commercial transactions.

Budget transactions relating to AFT's management tasks are recorded in two trading accounts:

- > Budget transactions arising from management of the State's debt and cash holdings are recorded in Trading Account 903 "State Debt and Cash Management", which was opened under the terms of Article

22 of Constitutional Bylaw 2001-692 on Budget Acts of 1 August 2001;

- > Budget transactions relating to hedging the State's financial risks, other than those recorded in Trading Account 903, are recorded in Trading Account 910 "Hedging the State's Financial Risks", which was opened under the terms of Article 54 of the 2006 Budget Act 2005-1719 of 30 December 2005.

This means that all the transactions made by AFT are recorded in the State's accounts and finalised in the State's general account.

AFT's financial statements are derived directly from the State's general account. They present the balance sheet and income statement items relating to AFT's transactions:

- > The balance sheet items from the State's general account for transactions relating to the management of the State's negotiable debt and debt transferred to the State (SNCF and SNCF Réseau) and the State's cash holdings;

- > The income statement items that show the impact of AFT's transactions on debt servicing (interest, index-linking supplements, amortisation of premiums and discounts, and costs of loan commissions and issues);
- > The balance sheet and income statement items from derivatives management accounts (margin calls);
- > As well as a summary of off-balance sheet commitments relating to hedging the State's financial risks.

However, the presented financial statements do not include transactions concerning the Treasury correspondents, nor transactions concerning other non-negotiable debts, even though they are budgeted in the 903 trade account. The financial statements do not include the effects in profit or loss of SNCF Réseau's transferred debt as at 1<sup>st</sup> January 2020 and 1<sup>st</sup> January 2022.

## II.2 - HIGHLIGHTS OF 2023

The objective of fighting inflation to limit price rises to the 2% target led the *European Central Bank* (ECB) to continue its monetary tightening cycle initiated in 2022 for the first three quarters of 2023, then to interrupt it at the end of the third quarter (the last rise in the official interest rates in September 2023). On the bond market, sovereign short-term yields (3-month) continued to progress in the wake of monetary tightening, while the 10-year yields rose less in the first nine months of 2023, peaking in October before starting to fall in the fourth quarter. On average over the year, the yield at issue stood at 3.16%, compared to 1.04% in 2022.

In this context, AFT completed its 2023 financing programme for a total amount of 270 billion euros of net medium- and long-term issues, in accordance with the initial budget act. In total, AFT issued 303 billion euros of medium- and long-term securities and bought back 33 billion euros of securities, the latter accounting for 10.9% of gross issues. The weighted average yield

of all issues over 1 year was 3.03% (excluding index-linked securities) and 3.33% for BTF issues (under one year). The average residual maturity of the debt stood at 8.46 years at the end of December, very close to its level at the end of December 2022 (8.50 years).

In accordance with its indicative financing programme published in December 2022, AFT created seven new securities in 2023. It created five new benchmark fixed-rate bonds with maturities of 3, 5 and 10 years (two bonds), 30 years, as well as two new index-linked bonds: a bond index-linked to European inflation with a 10-year maturity, and a bond linked to French inflation with a maturity of 15 years. Inflation-linked issues accounted for 10 % of the issue programme net of buybacks, in line with the indications of the financing programme. Two securities were created by syndication, namely the new 30-year nominal benchmark security and the new 15-year benchmark security linked to inflation.

In other respects, 2023 was marked by the resumption of proactive cash management, i.e. investing cash surpluses in the form of unsecured deposits or against collateral, from 1<sup>st</sup> May 2023, the effective date of the interest rate on the Treasury's account at the Banque de France lowered to €STR -0.20%. Every day, AFT thus targets the minimum account balance stated by the performance indicator of budget programme 117.

2023 also marked the end of redemption of the debt assumed in 2007 from SNCF's Special debt account. The assumed debt amounted to 7.8 billion euros and the final instalment was paid in August 2023.

Finally, in 2023, in accordance with article 38 of the 2023 budget bill, AFT was also tasked with executing future macro-hedging transactions stabilising rates granted by the State in connection with export credits, which until 1<sup>st</sup> January 2023 were executed by Natixis. The first hedging transactions are planned for 2024.

## II.3 ACCOUNTING PRINCIPLES AND METHODS

### 1 - ACCOUNTING PRINCIPLES

The accounting principles used for these financial statements are outlined below.

The **regularity** principle states that the accounts comply with the rules and procedures in force.

The **probity** principle states that the rules and procedures in force have been applied to present a true and fair view of the situation and the materiality of the recorded events.

The **true and fair view** principle states that the information provided is sufficient in all material aspects and gives the reader satisfactory knowledge. This principle means that supplementary information must be provided in the notes to the financial statements when the application of an accounting rule is not adequate to provide a true and fair view.

The **accrual** principle states that expense and income must be attached to an accounting period and must be reported in that period only.

The **going concern** principle states that the State will continue to conduct its activities for the foreseeable future.

The **consistency** principle ensures the consistency of accounting information over successive periods. This is necessary for comparing periods. Changes to accounting policies and methods should only be made if they help give a truer and fairer presentation of the financial statements. Any change that has a material impact on the results should be explained in the notes to the financial statements (see the provisions of Standard 14 – “Changes in accounting methods, changes in accounting estimates and adjustments”).

The **full disclosure** principle states that the financial statements must be intelligible, material and accurate.

### 2 - ACCOUNTING STANDARDS

The accounting standards are set out in the State Accounting Standards Manual (RNCE) that was adopted by the Order of 21 May 2004, and is updated on a regular basis.

Standard 10 – “Cash items” and standard 11 – “Financial debts and forward financial instruments” are more particularly relevant to AFT’s transactions.

The latest amendment to these standards was introduced by the Order of 23 September 2015, published in the Official Journal on 25 September 2015, which implemented the relevant Notices 2015-06 and 2015-07 with immediate effect.

These standards apply to balance sheet items and the expense and income arising from the transactions are covered by Standard 2 “Expense” and Standard 4 – “Operating income, trading income and financial income”.

### 3 - RECOGNITION AND MEASUREMENT PROCEDURES

#### 3.1 - Rules and methods applying to balance sheet items

##### 3.1.1 - Cash management

Assets and liabilities are first recognised at their acquisition cost, excluding ancillary charges. Various ancillary assets and liabilities are attached to each asset and liability item.

**Cash position:** The cash position refers to all assets that are by nature immediately convertible to cash at their par value. The cash position is recognised in the financial statements for the accounting period in which the corresponding assets are acquired:

- > Transfers received and automatic credits and debits are recognised when they are posted to the bank account;
- > Transfers sent and in transit are recognised when the transfer order is issued.

The cash position may generate positive and/or negative returns, but accrued interest is recognised for the net amount, which may be negative, and attached to the relevant asset.

The cash position in foreign currencies is converted to euros at the end of the accounting period on the basis of the period's latest spot exchange rate. Currency translation adjustments are recognised in the income statement for the period.

Investment securities are the financial instruments defined in the Monetary and Financial Code (Articles L.211-1 and L.211-2).

They are recognised during the accounting period when they were acquired, and ancillary acquisition costs are recognised as an expense. At the end of the accounting period, the difference between the book value (represented by the market value) and the cost may show unrealised capital gains or losses. Unrealised capital losses are recognised as impairment of assets and they are not offset against unrealised capital gains.

In the case of securities with prepaid interest, the difference between the purchase price and the par value of the securities corresponds to the financial income recognised in the income statement.

Securities may generate positive and/or negative returns, and the net amount of accrued interest, which may be negative or positive, is attached to the relevant asset.



Other cash items are securities that can be realised in the very short term with no risk of a change in value, such as:

- > Claims arising from repurchase agreements in State securities or equivalents or from unsecured lending and borrowing;
- > Debts arising from reverse repurchase agreements in State securities or equivalents or from unsecured lending and borrowing;
- > Debts arising from the use of cash lines of credit.

These claims and debts are recognised when the funds are transferred for the transferred amount.

Claims and debts arising from unsecured borrowing or loans are recognised for the nominal amount deposited.

Liabilities arising from cash lines of credit are recognised for the proportion of the authorised amounts actually drawn. Any drawing on a cash line of credit will have an off-balance sheet impact on the financial commitment received.

### 3.1.2 - Financial and non-financial debts

#### 3.1.2.1 - Negotiable debt securities

Financial debts are recognised in the accounts if they meet both of the following conditions:

- > they constitute a definite debt,
- > they can be reliably measured.

Financial debts are recognised in the financial statements for the period in which the securities were issued or the loans were contracted and the corresponding funds were received or taken over on behalf of third parties.

The debts are recognised at their redemption value, which generally corresponds to their par value.

Negotiable government securities include the various instruments listed below.

Capitalisation OATs: the annual financial interest expense is offset as financial debt at the end of the accounting period.

Index-linked securities (OATi and OAT€i, linked to the consumer price index): they are recognised at their redemption value, which corresponds to their index-linked par value at the time of issue, at the end of each accounting period and at maturity. If the par value of an index-linked security is guaranteed to be the redemption value, the liability recognised cannot be less than 100% of the par value.

The index-linking supplement at the time of issue of index-linked securities is recognised as either a gain corresponding to the portion of the index-linking supplement collected by the State, or as a loss corresponding to the proportion of the index-linking supplement paid by the State. This supplement is recognised in a separate liability account from the par value.

The index-linking supplements calculated over the life of the securities are recognised as financial expenses if the index rises or as financial income if the index falls.

AFT issues medium- and long-term securities only in the form of OATs, OATis and OAT€is.

Fixed-rate discount Treasury bills (BTFs): the difference between the issue price and the par value is recognised as a financial expense in the income statement.

Securities may generate positive or negative yields, and the net amount of accrued interest, which may be negative or positive, is recognised as a liability.

Securities with annual coupons (OATs): Accrued interest is recognised in the income statement at the end of the accounting period.

#### 3.1.2.2 - Premiums, discounts, related expenses and accrued interest at the time of issue

Premiums and discounts: the premium or discount at issue is the difference recognised on the day of issue between the issue price and the par value (possibly indexed) of State securities. The main premiums and discounts primarily stem from the technique of associating new issues with existing ones. When this technique is used, new issues are attached to existing loans, and the price of the new tranches is adjusted to suit market conditions.

Premiums are recognised as prepaid income under non-financial debt on the liability side of the balance sheet, and discounts are recognised as prepaid expenses under current assets on the asset side of the balance sheet.

Premiums and discounts are recognised in the income statement at the end of the accounting period using the actuarial valuation method over the life of the security.

Premiums and discounts that have not been amortised must be recognised in the income statement on the redemption date.

Extraordinary premium and discount payments are recognised for securities buybacks, using the "first-in-first-out" method.

Issuance expense: This expense includes commissions paid to financial intermediaries (syndication commissions on syndicated bonds).

They are initially recognised as prepaid expenses on the asset side of the balance sheet. They are amortised in the income statement using the straight-line method over the life of the relevant issues. Straight-line amortisation is used because it does not produce significantly different values in the income statement from those that would have been obtained using the actuarial valuation method.

Accrued interest at issue: if the issue date of a security is different from the coupon date of the tranche, the subscriber pays the interest accruing between the annual coupon payment date and the date of issue.

The interest accruing between the coupon payment date and the issue date is paid and recognised as an account payable on the liability side of the balance sheet.

### 3.1.2.3 - Securities buybacks

When a security buyback occurs, the difference between its buyback value and its par value, possibly index-linked, is recognised as a financial expense or financial income in the income statement.

For index-linked OATs, the index-linking supplement is also taken into account to determine the gain or loss. Any accrued interest calculation is based on the par value, plus the index-linking coefficient for index-linked OATs, from the last maturity to the settlement date.

An index-linking readjustment is calculated for the index-linking differential determined from the year before the repurchase to the settlement date. This readjustment leads to the recognition of a financial expense for a positive differential, or a financial income for a negative differential.

Buybacks are finally taken into account when premiums and discounts are amortised, after deduction of the par value and net value excluding coupon of the previous year. The actuarial rate calculated on amortised premiums and discounts takes this new base into account.

### 3.1.2.4 - Debt assumed for third parties

Debts assumed for third parties are recorded on the balance sheet as the counterpart to a financial expense equal to the redemption value of the loan, plus ancillary items where appropriate, such as accrued interest on the date the debt was assumed.

### 3.1.2.5 - Borrowings in foreign currencies

Borrowing is recognised at the par value on the date the funds are received using the exchange rate of that day. At the end of the accounting period, the par value of the borrowing is recognised using the exchange rate of that day and currency translation adjustments are recognised as an unrealised gain or loss in the income statement.

Accrued interest in foreign currencies is recognised at the current exchange rate and recorded in the income statement at the end of the accounting period.

Accrued interest at maturity is recognised in the income statement at the exchange rate on the payment date.

To date, all negotiable and transferred debts presented in the financial statements for Agence France Trésor transactions are denominated in euros.

### 3.1.2.6 - Adjustments in 2023

No adjustments were recognised in 2023.

### 3.1.3 - forward financial instruments

forward financial instruments are contracts under which one of the counterparties undertakes vis-à-vis the second to deliver or take delivery of an underlying asset, or to pay or receive a price differential on or before a given expiry date.

The notional amounts of the contracts, regardless of whether they are to be paid at maturity, are not recognised in the balance sheet, but the relevant information is reported in a note to the financial statements.

The accounting treatment depends on whether the transaction is classified as a hedging contract.

### 3.1.3.1 - Hedging transactions

A hedging transaction consists in matching an asset or liability and a hedging instrument to mitigate the risk of an adverse impact on the State's future income or financial flows.

Recognition of a forward financial instrument used in a hedging operation is symmetrical to the hedged asset or liability on the balance sheet and in the income statement.

Realised and unrealised income and expense, along with the cash settlements, are recognised in the income statement symmetrically to the recognition of income and expense on the hedged asset or liability.

Changes in the value of hedging instruments are not recognised on the balance sheet, unless partial or full recognition of the changes ensures symmetrical recognition of the hedged asset or liability.

The different hedging strategies are listed below.

Macro-hedging swaps: The State implements this management strategy over the entire life of financial debt to reduce the average interest expense in the long run, in exchange for an average increase in the short-term variability of this expense. This programme has been suspended since September 2002, in view of market conditions.

Forward currency purchases and oil hedging contracts: AFT hedges foreign currencies and oil on behalf of other departments of the Ministry for the Economy, Finance and Industrial and Digital Sovereignty or other ministries.

These transactions are classified as hedging transactions in the State's general account and the impact of the hedging is recognised symmetrically in the income statement for the hedged asset or liability.

As AFT does not manage the hedged assets and liabilities, the impact of the forward financial instruments is not recorded in its own financial statements. Only contracts with external counterparties and their market value, along with the transactions made during the accounting period and their result, are reported in the notes to the financial statements.

### 3.1.3.2 - Transactions that cannot be classified as hedging transactions

When a transaction cannot be shown to be a hedging transaction, it is recognised as an **isolated open position**. Changes in the value of the relevant forward financial instrument are recognised in the balance sheet as a counterpart to an item under net financial expense in the income statement.

### 3.1.3.3 - Margin calls paid and/or received on forward financial instruments

Margin calls are made to secure repurchase agreements and forward financial instrument transactions to hedge against counterparty risk.

A margin call is paid or received, depending on whether the value of the instrument rises or falls.

Margin calls are recognised as claims or debts since the State or the counterparty must repay them. They are recognised for the amount corresponding to the change in the value of the instruments, up to a limit set by contract.

These sums bear interest.

## 3.2 - Rules and methods applying to income statement items

### 3.2.1 - Period recognition criterions for financial expenses and income

#### 3.2.1.1 - Expenses

Financial expense is generated by financial debt, forward financial instruments and cash.

In the case of **interest** recognised as a financial expense, the *prorated* interest accruing to the third party is recognised in the period.

**Losses** recorded as financial expense are recognised when they are realised, except in the case of losses on forward financial instruments used for hedging, which are recorded when the income on the hedged liability or asset is recognised, starting on the expiry date of the contract.

For discounts recorded as financial expense, the portion of the **discount** for the period is calculated using the actuarial valuation method and recognised.

#### 3.2.1.2 - Income

Financial income is earned on financial debt, forward financial instruments and cash.

It does not include currency translation gains from transactions other than those related to the State's financing and cash management.

The income from such gains is recognised in the period when it accrues to the State, provided that the income for the period or the income from the transaction can be measured accurately.

The criterion for assigning financial income in the form of **interest** to a particular financial year is the State's *prorated* acquisition of such interest.

**Currency translation gains** arising from financial debts and forward financial instruments denominated in foreign currencies are recognised:

- > when the gains are realised, in the case of financial debt, cash and *forward financial instrument transactions that are not classified as hedging transactions*;
- > When the expense on the hedged liability or asset is recognised, starting on the expiry date of the contract, in the case of gains on *forward financial instruments used for hedging*.

For **amortisation of premiums**: the portion of the premium calculated using the actuarial valuation method determines the financial year of recognition thereof.

## II.4 - NOTES

### 1 - FINANCIAL AND NON-FINANCIAL DEBTS

#### 1.1 Change in medium- and long-term negotiable financial debt

At 31 December 2023, negotiable financial debt amounted to 2,277,839.78 million euros, compared to 2,144,994.37 million euros in 2022, an increase of 132,845.41 million euros.

CHANGES IN MEDIUM- AND LONG-TERM NEGOTIABLE DEBT SECURITIES IN 2023 (in €m)	OAT			TOTAL LONG- TERM SECURITIES
	FIXED-RATE OATS	VARIABLE-RATE OATS	TOTAL	
<b>Long- and medium-term negotiable debt securities at 31 December 2022</b>	<b>1,881,581.27</b>	<b>263,413.10</b>	<b>2,144,994.37</b>	<b>2,144,994.37</b>
of which par value	1,867,130.56	213,940.14	2,081,070.70	2,081,070.70
of which index-linking supplements, interest, accrued coupons and similar debt	14,450.71	49,472.96	63,923.67	63,923.67
<b>Change in par value <sup>(1)</sup></b>	<b>122,274.80</b>	<b>3,214.00</b>	<b>125,488.80</b>	<b>125,488.80</b>
<b>Increases</b>	<b>278,557.00</b>	<b>24,537.00</b>	<b>303,094.00</b>	<b>303,094.00</b>
of which auctions	273,557.00	21,537.00	295,094.00	295,094.00
of which syndications	5,000.00	3,000.00	8,000.00	8,000.00
<b>Reductions</b>	<b>156,282.20</b>	<b>21,323.00</b>	<b>177,605.20</b>	<b>177,605.20</b>
of which redemptions	126,463.20	18,048.00	144,511.20	144,511.20
of which buybacks	29,819.00	3,275.00	33,094.00	33,094.00
<b>Change in accrued interest and similar debt <sup>(2)</sup></b>	<b>1,577.10</b>	<b>5,779.50</b>	<b>7,356.60</b>	<b>7,356.60</b>
<b>Increases</b>	<b>16,027.82</b>	<b>12,834.39</b>	<b>28,862.21</b>	<b>28,862.21</b>
of which index-linking supplements	-	11,789.91	11,789.91	11,789.91
of which accrued and capitalised interest	15,216.13	1,032.95	16,249.07	16,249.07
of which accrued coupons	811.69	11.54	823.23	823.23
<b>Reductions</b>	<b>14,450.71</b>	<b>7,054.89</b>	<b>21,505.61</b>	<b>21,505.61</b>
of which index-linking supplements	-	5,872.03	5,872.03	5,872.03
of which index-linking supplements	14,164.72	1,171.67	15,336.40	15,336.40
of which accrued coupons	285.99	11.19	297.18	297.18
<b>Change in long- and medium-term negotiable debt securities <sup>(1) + (2)</sup></b>	<b>123,851.91</b>	<b>8,993.50</b>	<b>132,845.41</b>	<b>132,845.41</b>
<b>Long- and medium-term negotiable debt securities at 31 December 2023</b>	<b>2,005,433.18</b>	<b>272,406.60</b>	<b>2,277,839.78</b>	<b>2,277,839.78</b>
of which par value	1,989,405.36	217,154.14	2,206,559.51	<b>2,206,559.51</b>
of which index-linking supplements, interest, accrued coupons and similar debt	16,027.82	55,252.45	71,280.27	<b>71,280.27</b>

### 1.2 - Premiums and discounts on OATs

Premiums are recorded as liabilities on the balance sheet and discounts as assets in the form of prepaid income or expenses to be amortised over the life of the security.

AMORTISATION OF PREMIUMS AND DISCOUNTS ON OATS (in €m)					
PREMIUMS	Items from "prepaid income"	Balance au 31/12/2022 <sup>(1)</sup>	Issue premiums <sup>(2)</sup>	Amortisation of issue premiums <sup>(3)</sup>	Balance at 31/12/2023 <sup>(1) + (2) - (3)</sup>
	fixed-rate OATs	87,416	792	10,003	78,205
	variable-rate OATs	16,906	65	2,349	14,622
	<b>Total premiums</b>	<b>104,322</b>	<b>857</b>	<b>12,351</b>	<b>92,827</b>
DISCOUNTS	Items from "prepaid expenses"	Balance au 31/12/2022 <sup>(1)</sup>	Issue discounts <sup>(2)</sup>	Amortisation of discounts <sup>(3)</sup>	Balance at 31/12/2023 <sup>(1) + (2) - (3)</sup>
	fixed-rate OATs	25,723	21,855	3,680	43,898
	variable-rate OATs	425	1,035	92	1,368
	<b>Total discounts</b>	<b>26,148</b>	<b>22,889</b>	<b>3,772</b>	<b>45,266</b>

### 1.3 - Short-term negotiable debt securities

Fixed-rate Treasury bills (BTFs) are the instruments used for short-term borrowing.

At 31 December 2023, BTFs amounted to 169,217 million euros, up by nearly 13.98% (+20,745 million euros) on 2022.

CHANGE IN THE PAR VALUE OF SHORT-TERM NEGOTIABLE DEBT SECURITIES IN 2022 (in €m)	
Short-term negotiable debt securities at 31 December 2022	148,463.00
<b>Increases</b>	<b>344,544.00</b>
- of which auctions	344,544.00
<b>Reductions</b>	<b>323,790.00</b>
- of which buybacks	-
- of which redemptions	323,790.00
<b>Change in par value</b>	<b>20,754.00</b>
Short-term negotiable debt securities at 31 December 2023	169,217.00

### 1.4 - Maturity structure of negotiable debt securities

MARKET VALUE OF NEGOTIABLE DEBT SECURITIES AT 31 DECEMBER 2023 (in €m)		BREAKDOWN BY MATURITY			
		LESS THAN 1 YEAR (in €m)	1 TO 2 YEARS (in €m)	2 TO 5 YEARS (in €m)	MORE THAN 5 YEARS (in €m)
<b>Long- and medium-term negotiable debt securities</b>	<b>2,206,559.51</b>	<b>151,092.00</b>	<b>191,098.93</b>	<b>592,559.23</b>	<b>1,271,809.35</b>
- fixed-rate OATs	1,989,405.36	136,448.00	178,305.93	541,263.23	1,133,388.20
- variable-rate OATs	217,154.14	14,644.00	12,793.00	51,296.00	138,421.14
<b>Short-term negotiable debt securities</b>	<b>169,217.00</b>	<b>169,217.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
BTF	169,217.00	169,217.00	-	-	-
<b>Total negotiable debt securities</b>	<b>2,375,776.51</b>	<b>320,309.00</b>	<b>191,098.93</b>	<b>592,559.23</b>	<b>1,271,809.35</b>

**1.5 - Market value of negotiable debt securities**

MARKET VALUE OF NEGOTIABLE DEBT SECURITIES AT 31 DECEMBER 2023 (in €m)			
SECURITIES	VALUE EXCLUDING ACCRUED INTEREST	ACCRUED INTEREST	TOTAL VALUE
OAT	2,158,896	16,736	<b>2,175,632</b>
BTF	167,338	-	<b>167,338</b>
<b>Total</b>	<b>2,326,235</b>	<b>16,736</b>	<b>2,342,970</b>

**1.6 - Debt assumed for third parties****SNCF-SAAD**

The 2007 Supplementary Budget Act authorised the assumption of the SNCF's debt in the special debt account (SAAD), through contracts with the Public Debt Fund (CDF). This debt comprised euro-denominated loans (6,346 million euros) and foreign-currency loans (1,515 million euros) hedged with forward financial instruments.

The last loan was amortised on 11 August 2023. This operation has now been fully amortised.

**SNCF Réseau**

Article 229 of the Budget Act no. 2019-1479 of 28 December 2019 for 2020 stipulates that:

**I.** - The CDF shall be authorised to contract any euro-denominated lending or borrowing with SNCF Réseau up to the limit of 25 billion euros in principal to be reimbursed, including the specified index-linking supplements in the case of borrowing linked to inflation.

**II.** - The State shall be authorised as of 1 January 2020 to assume the rights and obligations relating to the loans contracted with the CDF by SNCF Réseau up to the limit of €25bn in principal to be reimbursed,

including the specified index-linking supplements in the case of borrowing linked to inflation.

**III.** - The transactions carried out under the provisions of II of this article shall be recorded directly in the SNCF Réseau balance carried forward and shall not give rise to the collection of any taxes or duties of any nature whatsoever."

The assumption of the debt is to be implemented using similar technical procedures to the ones used in 2007 for the assumption of the SNCF-SAAD debt. These procedures involve contracting matching loans for €25bn with identical characteristics between the CDF and SNCF Réseau. The



novation of one of the loan contracts, in accordance with the Order of 30 December 2019 enacting the assumption of the SNCF Réseau debt by the State, substitutes the State for SNCF Réseau as the debtor to the CDP. As a result, the State meets the principal and interest payments each year under the terms of the loan contract between itself and the CDP, and the latter does the same with regard to SNCF Réseau.

The second portion of assumption of the debt is provided for in Article 167 of Budget Act 2021-1900 of 30 December 2021 for 2022, which stipulates that:

**I.** - The CDP shall be authorised to contract any euro-denominated lending or borrowing with SNCF

Réseau up to the limit of 10 billion euros in principal to be reimbursed, including the specified index-linking supplements in the case of borrowing linked to inflation.

**II.** - The State shall be authorised as of 1 January 2020 to assume the rights and obligations relating to the loans contracted with the CDP by SNCF Réseau up to the limit of €10bn in principal to be reimbursed, including the specified index-linking supplements in the case of borrowing linked to inflation.

**III.** - The transactions carried out under the provisions of II of this article shall be recorded directly in the SNCF Réseau balance carried forward and shall not give rise to the collection of any taxes or duties of any nature whatsoever."

This second step in assumption of the debt is being implemented according to similar technical procedures as those chosen for the first portion of assumption of SNCF Réseau's debt in 2020. These procedures involve contracting matching loans for €10bn with identical characteristics between the CDP and SNCF Réseau. The novation of one of the loan contracts, in accordance with the Order of 30 December 2021 enacting the assumption of the SNCF Réseau debt by the State, substitutes the State for SNCF Réseau as the debtor to the CDP. As a result, the State meets the principal and interest payments each year under the terms of the loan contract between itself and the CDP, and the latter does the same with regard to SNCF Réseau.

Total debt at 31 December 2023 is presented below:

SNCF SAAD BORROWINGS ASSUMED THROUGH THE CDP AT 31 DECEMBER 2023 (in €m)				
NOTIONAL AMOUNTS	AMOUNTS BY MATURITY			ACCRUED INTEREST
	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	
26,876.45	2,696.13	6,272.73	17,907.59	371.91
<b>Total financial debts</b>				<b>27,248.36</b>

### 1.7- Margin calls

The net amount of deposits given in respect of margin calls amounted to 26.37 million euros at 31 December 2023, only in respect of repurchase agreements.

## 2 - CASH MANAGEMENT

### 2.1 - Investment securities

This item stood at zero on 31 December 2023. In 2023, the State purchased 17.2 billion euros of interest-bearing commercial bills.

### 2.2 - Other cash items

The bulk of these items comprises short-term investments made to optimise cash management, including very short-term unsecured loans or State security repurchase agreements delivered on the interbank market.

On 31 December 2023, 17.94 billion euros of unsecured deposits and 4 billion of State security repurchase agreements delivered on the interbank market had not yet been returned.

### 2.3 - Cash lines of credit

AFT has lines of credit with primary dealers worth a total of 6 billion euros that it may use for the purpose of securing the balance on the Treasury's single account at the Banque de France. These lines of credit are annual and renewable by tacit agreement.

### 3 - FORWARD FINANCIAL INSTRUMENTS

#### 3.1 - Market value of forward financial instruments

MARKET VALUE OF FORWARD FINANCIAL INSTRUMENTS (in €m)		
FORWARD FINANCIAL INSTRUMENTS	PAR VALUE	MARKET VALUE
<b>Swaps</b>		
Macro-hedging	-	-
Micro-hedging	-	-
<b>Forward currency contracts</b>	<b>654</b>	<b>-1.6</b>
<b>Oil swaps</b>	<b>211</b>	<b>-10.4</b>

The flows of funds for two oil swaps that expired on 31 December 2023 for 157.77 million euros were paid on 8 January 2023.

#### 3.2 - Proactive debt and cash management (macro-hedging)

Since September 2002, the programme to reduce the average life of debt through interest-rate swaps has been suspended due to market conditions, in particular low long-term interest rates.

The last swaps, for a total of 1 billion euros, were repaid during 2021. Therefore, this item showed a zero balance on 31 December 2023.

#### 3.3 - Micro-hedging interest rate swaps

These amounts relate to interest-rate swaps for the assumed SNCF or other debt.

There were no new transactions in 2023. Therefore, this item showed a zero balance on 31 December 2023.

#### 3.4 - Foreign exchange hedging

This item relates to forward exchange transactions consisting of purchases or sales of foreign currencies at exchange rates that are fixed from the outset and where the period between the trade date and the settlement date is longer than the usual two days.

AFT makes such transactions on behalf of other State departments and they do not have any impact on these financial statements.

In 2023, forward purchases of foreign currencies for euros were settled for a total value of 1,017.03 million euros, exchanged against a total of 37.6 million Swiss francs and 1,123.62 million dollars.

The table below shows the amounts of foreign exchange transactions outstanding at the end of the accounting period:

CLOSING DATES	EUROS PAYABLE TO PRIMARY DEALERS IN EXCHANGE FOR FOREIGN CURRENCY RECEIVABLES (in millions)	US DOLLARS RECEIVABLE FROM PRIMARY DEALERS AND PAYABLE TO FINAL BENEFICIARIES (in millions)	CHF RECEIVABLE FROM PRIMARY DEALERS AND PAYABLE TO FINAL BENEFICIARIES (in millions)	EXCHANGE VALUE IN MILLIONS OF EUROS FOR CASH	UNREALISED EXCHANGE GAINS OR LOSSES (in millions of euros)
31/12/2022	992.88	1,104.48	37.60	1,072.96	80.08
31/12/2023	653.82	685.94	35.70	659.22	5.39



### 3.5 - Oil swaps

Oil swap contracts are recognised as off-balance sheet items by the department requesting the hedge and the financial transfers are carried out by the Finance Ministry Accounts Department. Therefore, they have no impact on these financial statements and are reported for information only.

AFT hedges oil supplies for the Military Fuel Unit (SEA) at the Ministry of Defence.

This concerns commodity price swaps. These swap contracts hedge against oil price fluctuations by swapping a price fixed in the contract for a variable price corresponding to the average market price observed over one month.

In 2023, three new swaps totalling 73.59 million euros were negotiated.

## 4 - FINANCIAL EXPENSES AND INCOME

### 4.1 - Financial expenses on financial debts

Three elements make up the financing cost of the State's negotiable debt securities: interest payments, amortisation of issue discounts and premiums, and index-linking supplements.

**a)** Interest is prepaid at the time of issue for BTFs, or paid on the annual coupon dates for OATs.

The interest expense on negotiable securities amounted to 38,565.19 million euros in 2023. It increased by 5,927.86 million euros compared to the previous financial year. This variation is accounted for by the widespread rise in interest rates.

**b)** The issue discount or premium, which is the difference between the issue price and the par value, results from the difference between the coupon yield of the bond and the yield demanded at the time of issue. Amortisation of the premium or discount is recognised in the income statement over the life of the bond. The total financial expense (amortisation and coupon payments) corresponds to the yield demanded at the time of issue (see 3.1.2.2 – Accounting principles and methods).

Amortisation of premiums and discounts resulted in net financial income of 8,579.69 million euros in 2023. This income was down by 2,950.24 million euros on 2022 but still a high figure. This results from the large issue premiums in recent years, which increased the stock of premiums to be amortised.

**c)** The index-linking income or expense corresponds to the variation in the principal amount to be redeemed, which depends on changes in an index. The two indices used for government bonds are the French consumer price index excluding tobacco and the same index in the euro area.

**NB:** as a result of the index-linking component, the yields at issue of index-linked bonds are lower than those of other bonds. Index-linked yields are "real" yields that do not include the inflation component of nominal interest rates.

Net index-linking expenses amounted to 8,490.85 million euros in 2023. They are down by 14,506.15 million euros due to the return to normal following the high inflation that affected France and the euro area in 2022.

#### 4.2 - Commissions and fees related to debt management

This item records syndication commission paid to the primary dealers that are members of syndicates. This commission is amortised over the life of syndicated bonds. This item also includes fees charged by Euroclear, which is the depository for the securities issued by the State, and communication expenses directly related to debt management.

#### 4.3 - Interest income and expense on the current account at the Banque de France and on investments

The State holds a single account at the Banque de France, which breaks down into different transaction accounts. This single account is not presented in the financial statements' assets. The *Banque de France* pays the State interest on this current account's daily balance.

The European Central Bank's Decision (EU) 2019/670 and Guideline (EU) 2019/671 of 9 April 2019, which came into force on 1 October 2019, defined the following procedures for the remuneration of government entities' deposits with national central banks:

- a) Below a jointly defined threshold not exceeding 0.04% of GDP, the remuneration rate for overnight deposits is the uncollateralised euro overnight index average (€STR - euro short-term rate - since 3 January 2022)
- b) Deposits of more than the aforementioned threshold are remunerated at the lower of the uncollateralised overnight index average, the deposit facility rate and 0%.

As this relates to the State's single account at the *Banque de France*, the threshold referred to in point a) was set at 872.3 million euros for 2023.

In September 2022, the Governing Council of the European Central Bank (ECB) decided to temporarily (until 30 April 2023) suspend the 0 % interest-rate cap on interest paid on government deposits in order to maintain efficient deployment of monetary policy and promote the smooth operation of markets. Accordingly, interest on the single account deposits was paid at the €STR rate up to that date.

From 1<sup>st</sup> May 2023, pursuant to the directives of the Governing Council of the European Central Bank, the following measures were applied:

- > the 0.04% GDP threshold was abolished;
- > the interest rate is now fixed at €STR -20 basis points.

The net income relating to interest on the *Banque de France* account totalled 732.48 million euros in this financial year, including 5.5 million euros of accrued interest yet to be received at 31 December 2023.

Since 1<sup>st</sup> May 2023, AFT has invested cash surpluses in the form of unsecured loans and repurchase agreements. Every day, AFT thus targets the minimum balance on the account stated by the performance indicator of budget programme 117, equal to a security deposit (between 70 million and 80 million euros). Unsecured loans and repurchase agreements generated net income respectively of 454 million euros and 532 million euros in 2023.

# STATISTICAL REPORT

## NEGOTIABLE STATE DEBT

### > NEGOTIABLE STATE DEBT

Source: Agence France Trésor

#### OUTSTANDING AND RESIDUAL MATURITY

AMOUNTS AT YEAR-END	2004	2005	2006	2007	2008	2009
<b>Outstanding debt (in €m)</b>	<b>832,859</b>	<b>877,350</b>	<b>876,590</b>	<b>920,724</b>	<b>1,016,645</b>	<b>1,147,985</b>
Medium-term issuance (BTANs & OATs)	735,787	782,027	810,343	842,268	878,364	933,865
- of which index-linked securities <sup>(1)</sup>	71,089	90,352	110,485	131,848	152,411	147,831
Short-term issuance (BTFs)	97,072	95,323	66,247	78,456	138,281	214,120
Outstanding interest rate swaps (in €m)	61,225	51,875	44,412	41,562	28,362	20,362
Residual maturity (before swaps)	6 years 79 days	6 years 267 days	7 years 45 days	7 years 51 days	6 years 292 days	6 years 246 days
Residual maturity (after swaps)	6 years 34 days	6 years 228 days	7 years 16 days	7 years 29 days	6 years 276 days	6 years 233 days

AMOUNTS AT YEAR-END	2010	2011	2012	2013	2014	2015	2016
<b>Outstanding debt (in €m)</b>	<b>1,228,971</b>	<b>1,312,980</b>	<b>1,386,154</b>	<b>1,457,220</b>	<b>1,527,562</b>	<b>1,576,372</b>	<b>1,620,597</b>
Medium-term issuance (BTANs & OATs)	1,041,833	1,135,184	1,219,554	1,283,377	1,352,277	1,423,699	1,486,672
- of which index-linked securities <sup>(1)</sup>	159,433	165,914	173,030	173,660	189,258	190,390	199,528
Short-term issuance (BTFs)	187,138	177,796	166,600	173,843	175,285	152,673	133,925
Outstanding interest rate swaps - in millions of euros	15,562	12,500	10,450	6,900	5,800	5,800	1,000
Residual maturity (before swaps)	7 years 68 days	7 years 57 days	7 years 37 days	7 years 5 days	6 years 363 days	7 years 47 days	7 years 195 days
Residual maturity (after swaps)	7 years 60 days	7 years 52 days	7 years 34 days	7 years 2 days	6 years 362 days	7 years 47 days	7 years 195 days

AMOUNTS AT YEAR-END	2017	2018	2019	2020	2021	2022	2023
<b>Outstanding debt (in €m)</b>	<b>1,686,112</b>	<b>1,756,400</b>	<b>1,822,805</b>	<b>2,001,014</b>	<b>2,145,121</b>	<b>2,277,811</b>	<b>2,429,973</b>
Medium-term issuance (BTANs & OATs)	1,559,639	1,643,500	1,715,872	1,839,406	1,989,742	2,129,348	<b>2,260,756</b>
- of which index-linked securities <sup>(1)</sup>	201,742	219,584	226,396	220,054	236,362	262,230	<b>271,362</b>
Short-term issuance (BTFs)	126,473	112,900	106,933	161,608	155,379	148,463	<b>169,217</b>
Outstanding interest rate swaps (in €m)	1,000	1,000	1,000	1,000	0	0	<b>0</b>
Residual maturity (before swaps)	7 years 296 days	7 years 336 days	8 years 63 days	8 years 73 days	8 years 153 days	8 years 184 days	<b>8 years 168 days</b>
Residual maturity (after swaps)	7 years 296 days	7 years 336 days	8 years 63 days	8 years 73 days	8 years 153 days	8 years 184 days	<b>8 years 168 days</b>

(1) For these securities, the outstanding debt on a given date equals the par value multiplied by the index-linking coefficient for that date; at end-2022, the index-linking commitment stood at €48.3bn.

## DEBT SERVICING COST DATA

### NEGOTIABLE DEBT OUTSTANDING

Par value: **€2,375.8bn** end 2023 (+€146.2bn compared to end 2022)

Par value with index-linking supplement: **€2,430.0bn** end 2023 (€152.2bn compared to end 2022)

> **€2,260.8bn** of medium- and long-term securities

> **€169.2bn** of short-term securities

### RENEWAL OF MEDIUM- AND LONG-TERM DEBT

> **8.6%** of the debt at end 2022 renewed in 2023

(€178bn of securities amortised or repurchased out of €2,081bn outstanding at end 2022)

### AVERAGE RESIDUAL MATURITY

> **8 years and 168 days** at end 2023

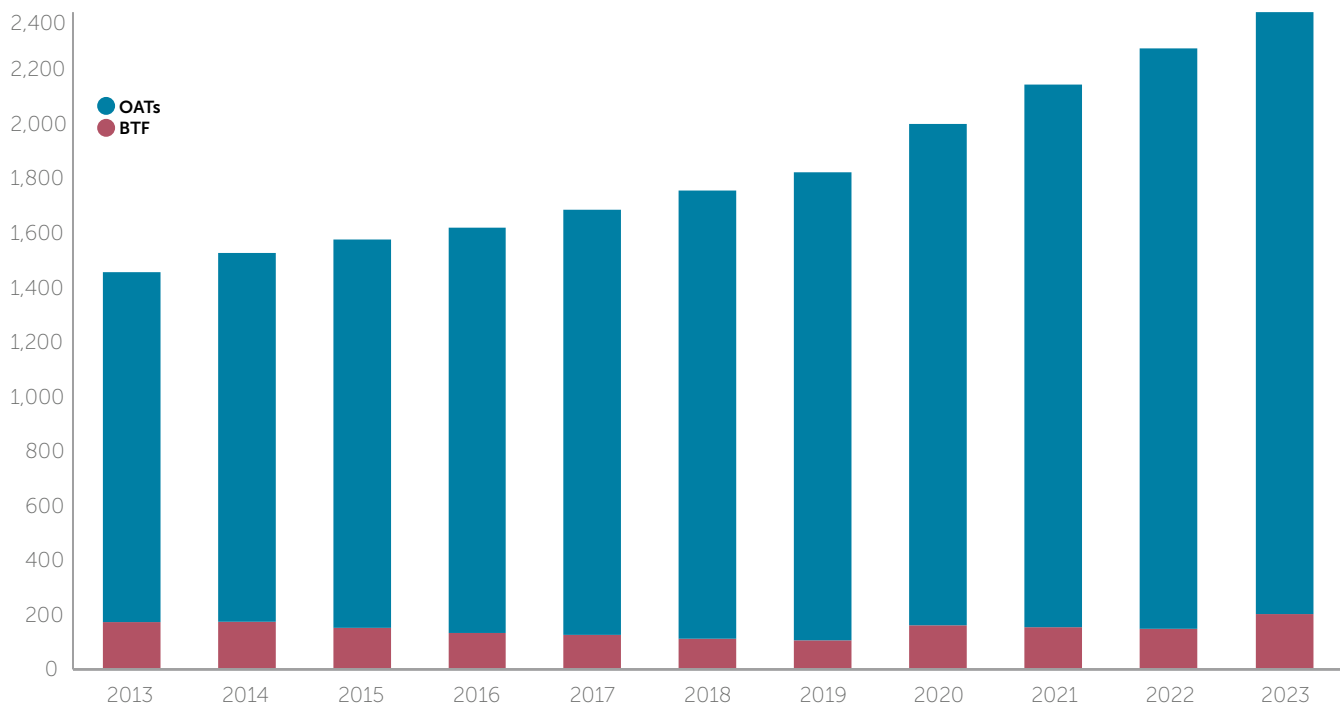
### SWAPS

> **€0bn** outstanding at end 2023

### >BTFS AND OATS OUTSTANDING

Outstanding in billion euros at year-end

Source: Agence France Trésor



## > NON-RESIDENT HOLDINGS

Source: Agence France Trésor

In % at year-end	2004	2005	2006	2007	2008	2009
<b>Total securities</b>	<b>52.7%</b>	<b>56.5%</b>	<b>59.0%</b>	<b>61.3%</b>	<b>64.1%</b>	<b>67.8%</b>
Medium-and long-term issuance (BTANs & OATs)	51.3%	54.9%	58.2%	61.1%	63.5%	66.2%
Short-term issuance (BTFs)	64.4%	71.5%	68.7%	63.4%	68.2%	75.3%

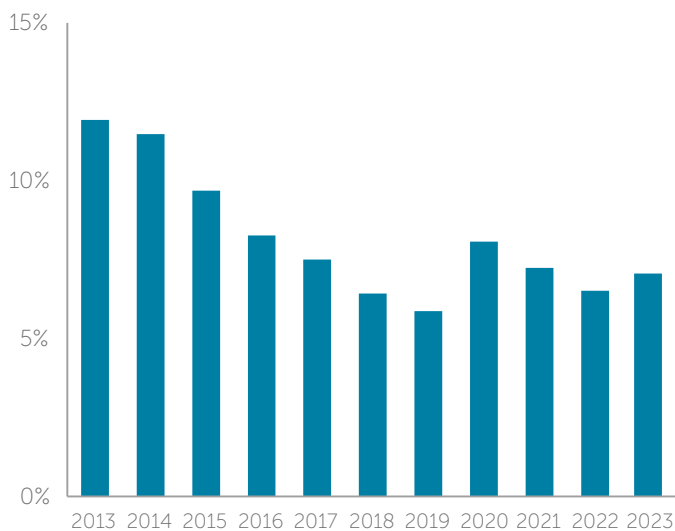
In % at year-end	2010	2011	2012	2013	2014	2015	2016
<b>Total securities</b>	<b>67.0%</b>	<b>64.0%</b>	<b>61.9%</b>	<b>63.5%</b>	<b>63.6%</b>	<b>61.9%</b>	<b>58.3%</b>
Medium-and long-term issuance (BTANs & OATs)	64.2%	61.8%	60.7%	61.5%	61.5%	60.0%	56.3%
Short-term issuance (BTFs)	83.9%	79.6%	72.0%	79.9%	82.1%	82.8%	88.6%

In % at year-end	2017	2018	2019	2020	2021	2022	2023
<b>Total securities</b>	<b>54.6%</b>	<b>52.7%</b>	<b>53.6%</b>	<b>50.1%</b>	<b>47.8%</b>	<b>50.1%</b>	<b>53.2%</b>
Medium-and long-term issuance (BTANs & OATs)	52.2%	50.3%	51.8%	48.8%	46.1%	48.0%	<b>51.0%</b>
Short-term issuance (BTFs)	90.4%	91.5%	87.1%	68.1%	73.9%	78.4%	<b>81.1%</b>

## > BTFs AS A SHARE OF OUTSTANDING NEGOTIABLE STATE DEBT

In % at year-end

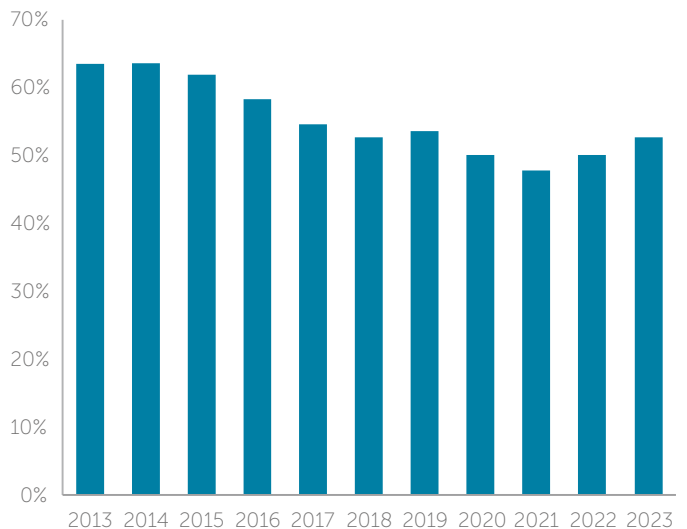
Source: Agence France Trésor



## > NON-RESIDENT HOLDINGS OF NEGOTIABLE DEBT SECURITIES

In % at year-end

Source: Agence France Trésor



## > MEDIUM- AND LONG-TERM DEBT

### MEDIUM- AND LONG-TERM DEBT FIGURES

#### REDEMPTIONS IN 2023

- > Fixed-rate securities: **€126.5bn** in redemptions (par value)
- > Index-linked securities: **€18.0bn** + €5.1bn of index-linked supplements

#### ISSUANCE IN 2023

- > **36 auctions**
- > **2 syndicated issues** (for the inaugural issuance of the new lines: OAT 3% 25 May 2054 and OATi 0.55% 1<sup>st</sup> March 2039)
- > Fixed-rate securities: **€278.6bn** (par value)
- > Index-linked securities: **€24.5bn** (par value)
- > Average bid-to-cover ratio\*: **2.30**

\*the ratio of bids to amount to amount auctioned before non-competitive tenders

#### BUYBACKS IN 2023

- > **€33.1bn** (par value)

NEW BONDS ISSUED IN 2023	
2 NEW FIXED-RATE MEDIUM-TERM OATS	
3 years	OAT 2.50% 24 September 2026
5 years	OAT 2.75% 25 February 2029

FOUR NEW FIXED-RATE LONG-TERM OATS	
10 years	OAT 3.00% 25 May 2033
10 years	OAT 3.50% 25 November 2033
30 years	OAT 3.00% 25 May 2054

TWO NEW INDEX-LINKED OATS	
Euro area	OAT€i 0.60% 25 July 2034
France	OATi 0.55% 1 <sup>st</sup> March 2039

AVERAGE YIELD AT ISSUE OF FIXED-RATE SECURITIES		
	AGGREGATE	10 YEAR MATURITIES
<b>2023</b>	<b>3.03%</b>	<b>3.02%</b>
2022	1.43%	1.50%
2021	-0.05%	0.00%
2020	-0.13%	-0.12%
2019	0.11%	0.23%
2018	0.53%	0.81%
2017	0.65%	0.83%
2009-2016 AVERAGE	1.75%	2.31%
1998-2008 AVERAGE	4.15%	4.44%

Source: Agence France Trésor

OUTSTANDING AMOUNTS AND FLOWS OF MEDIUM- AND LONG-TERM DEBT			
in €m	PAR VALUE		
	FIXED-RATE SECURITIES	INDEX-LINKED SECURITIES	TOTAL
<b>Outstanding at end-2022<sup>(1)</sup></b>	<b>1,867,130</b>	<b>213,940</b>	<b>2,081,071</b>
Issuance	278,557	24,537	303,094
- auctions	273,557	21,537	295,094
- syndicated issues	5,000	3,000	8,000
Buybacks <sup>(2)</sup>	29,819	3,275	33,094
- over the counter	29,819	3,275	33,094
- reverse auctions	0	0	0
<b>Issuance net of buybacks</b>	<b>248,738</b>	<b>21,262</b>	<b>270,000</b>
Redemptions	126,463	18,048	144,511
<b>Net flows</b>	<b>122,275</b>	<b>3,214</b>	<b>125,489</b>
<b>Outstanding at end-2023<sup>(1)</sup></b>	<b>1,989,405</b>	<b>217,154</b>	<b>2,206,560</b>

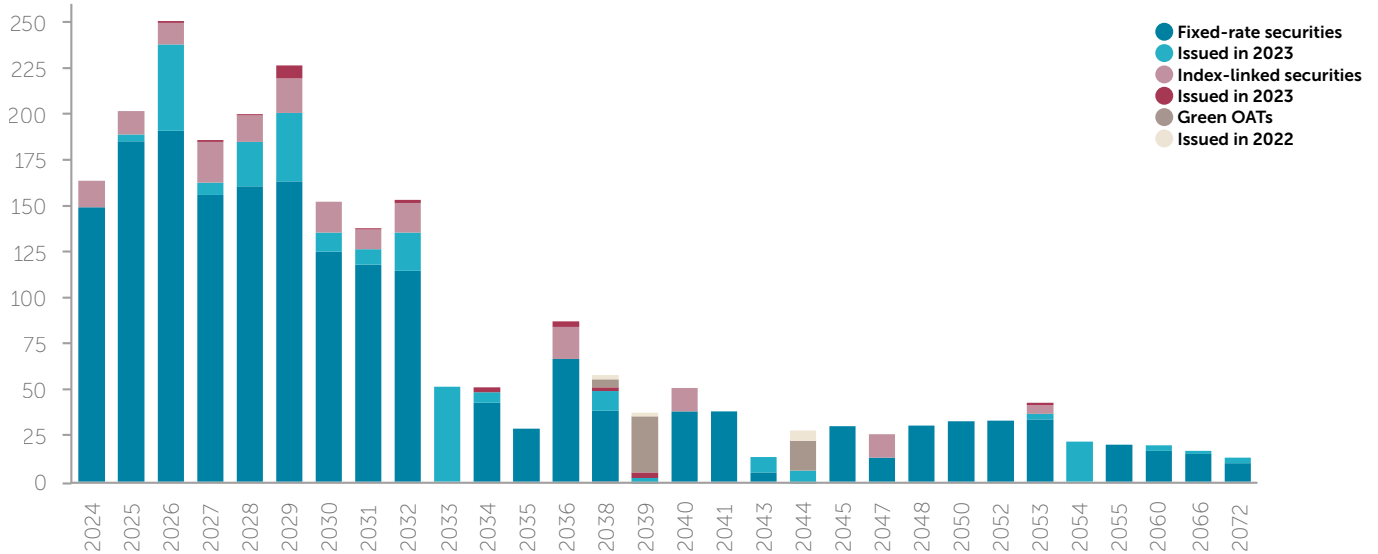
(1) Outstanding amounts in par value issued, not including index-linking supplements, unlike the outstanding amounts shown in other tables

(2) Excluding buybacks of securities maturing during the year, which are recognised as redemptions

### > BREAKDOWN OF MEDIUM- AND LONG-TERM DEBT AT 31/12/2023

Par value, in billion euros

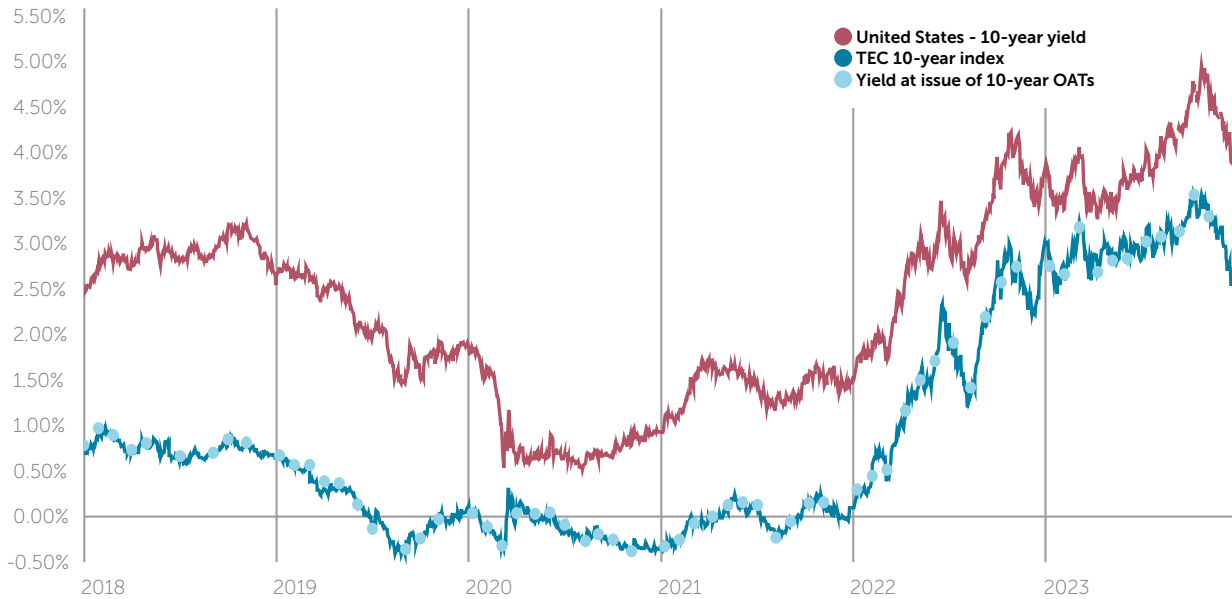
Source: Agence France Trésor



### > LONG-TERM YIELDS

As %

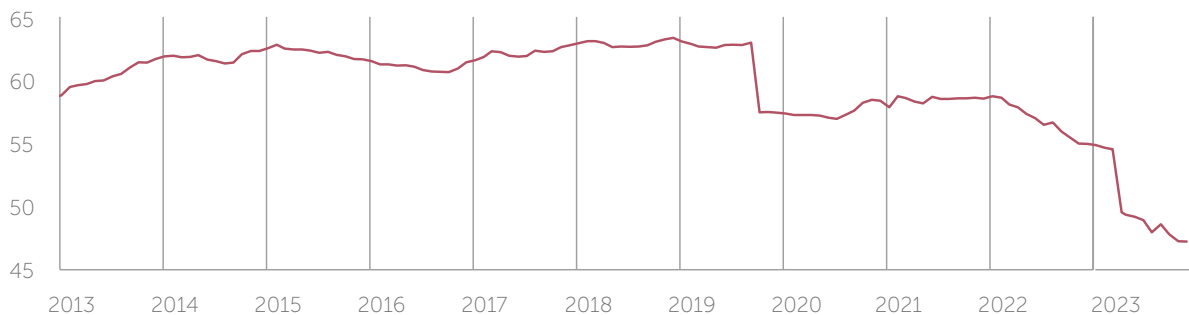
Source: US Treasury; Banque de France; Agence France Trésor



### > STRIPS OUTSTANDING

In billion euros

Source: Euroclear



Source: Agence France Trésor

MEDIUM- AND LONG-TERM SECURITIES TRADING IN 2023				
in €m	OUTSTANDING	ISSUANCE	BUYBACKS	OUTSTANDING
	END-2022	2023	2023	END 2023
OAT 2/2024	31,676		670	31,006
OAT 3/2024	42,533		9,130	33,403
OAT 5/2024	37,948		1,680	36,268
OAT€i 7/ 2024	17,919		3,275	14,644
OAT 11/2024	38,536		2,765	35,771
OAT 2/2025	28,192	3,768	10,281	21,679
OAT 3/2025	47,814		700	47,114
OAT 5/2025	45,530		3,695	41,835
OAT 10/2025	30,654		698	29,956
OAT 11/2025	37,922		200	37,722
OAT€i 3/2026	11,900	836		12,736
OAT 9/2026	-	47,661		47,661
OAT 5/2027	38,814	2,720		41,534
OAT€i 7/2027	22,671	762		23,433
OAT 10/2027	54,099	4,001		58,100
OAT 2/2028	33,065	16,536		49,601
OATi 3/2028	14,308	819		15,127
OAT 5/2028	57,437	5,838		63,275
OAT 11/2028	56,943	2,225		59,168
OAT 2/2029	-	33,332		33,332
OAT€i 3/2029	9,897	7,039		16,936
OAT 5/2029	53,980	2,472		56,452
OAT 11/2029	45,475	2,055		47,530
OAT 5/2030	57,749	4,710		62,459
OAT 11/2030	51,606	5,673		57,279
OAT 5/2031	58,987	2,928		61,915
OAT€i 7/2031	10,986	755		11,741
OAT 11/2031	48,740	5,394		54,134
OATi 3/2032	4,766	1,897		6,663
OAT 5/2032	35,865	1,318		37,183
OAT 11/2032	26,683	19,823		46,506
OAT 5/2033	-	37,804		37,804
OAT 11/2033	-	14,335		14,335
OAT 5/2034	40,613	5,681		46,294
OAT€i 7/2034	-	2,816		2,816
OATi 3/2036	6,677	1,132		7,809
OAT€i 7/2036	10,980	1,767		12,747
OAT 5/2038	5,710	10,792		16,502
OAT€i 7/2038	4,549	2,162		6,711
OATi 3/2039	-	3,000		3,000
OAT 6/2039	30,941	1,911		32,852
OAT 5/2043	5,000	8,593		13,593
OAT 6/2044	16,498	5,812		22,310
OAT 5/2053	27,980	3,189		31,169
OAT€i 7/2053	4,546	1,552		6,098
OAT 5/2054	-	22,022		22,022
OAT 4/2 060	16,696	3,333		20,029
OAT 5/2066	15,263	1,565		16,828
OAT 5/2072	10,152	3,066		13,218
<b>AGGREGATE</b>		<b>303,094</b>	<b>33,094</b>	
Non-index-linked securities		278,557	29,819	
Index-linked securities		24,537	3,275	



## > STATE FINANCING

### FINANCING REQUIREMENT

€314.6 bn in 2023, of which:

- > €149.6bn in redemptions of OATs (including index-linking supplements)
- > €173.0bn in deficit financing (excluding future expenses)

### SOURCES OF FUNDS

€270.0bn from issues of OATs in 2023 (net of buybacks)

+€44.7bn from other sources in 2023, including:

- > €47.6bn from changes in cash position
- > €20.8 bn from changes in outstanding short-term State securities
- > €6.6bn from funds allocated to the CDP to reduce debt
- > less €18.8bn from other funding sources (mainly issue discounts)
- > less €11.5bn from changes in correspondents' deposits

## > THE STATE'S FLOW OF FUNDS STATEMENT SINCE 2007

Source: Agence France Trésor: DGFIP

THE STATE'S FLOW OF FUNDS STATEMENT						
In €bn	2007	2008	2009	2010	2011	2012
<b>Financing requirement</b>	<b>102.5</b>	<b>160.3</b>	<b>246.4</b>	<b>196.8</b>	<b>185.6</b>	<b>187.0</b>
Redemption of medium- and long-term debt	69.0	97.6	110.1	82.9	94.9	97.9
- <i>par value</i>	69.0	97.6	107.7	82.2	93.0	95.3
- <i>index-linking supplements paid at maturity</i>			2.5	0.8	1.8	2.7
Redemption of other debts	0.6	10.3	1.6	4.1	0.6	1.3
SNCF Réseau – redemptions						
Deficit to be financed	42.1	56.3	138.0	110.1	90.7	87.2
Other cash requirements	-9.3	-3.9	-3.4	-0.4	-0.6	0.6
<b>Source of funds</b>	<b>102.5</b>	<b>160.3</b>	<b>246.4</b>	<b>196.8</b>	<b>185.6</b>	<b>187.0</b>
Medium- and long-term issuance net of buybacks	97.6	128.5	165.0	188.0	184.0	178.0
Funds allocated to the CDP to reduce debt						
Change in outstanding short-term State securities	12.2	59.8	75.8	-27.0	-9.3	-11.2
Change in correspondents' deposits	2.6	-1.6	0.8	6.0	13.4	13.4
Change in cash position <sup>(1)</sup>	-8.1	-25.3	-0.5	22.1	-3.9	-2.0
<b>Other net cash sources</b>	<b>-1.8</b>	<b>-1.2</b>	<b>5.3</b>	<b>7.7</b>	<b>1.5</b>	<b>8.9</b>

In €bn	2013	2014	2015	2016	2017	2018
<b>Financing requirement</b>	<b>185.5</b>	<b>179.1</b>	<b>189.1</b>	<b>194.1</b>	<b>183.1</b>	<b>192.0</b>
Redemption of medium- and long-term debt	106.7	103.8	116.4	124.9	115.2	116.6
- <i>par value</i>	103.8	103.8	114.1	124.5	112.8	115.9
- <i>index-linking supplements paid at maturity</i>	2.8		2.3	0.4	2.4	0.7
Redemption of other debts	6.1	0.2	0.1			0.0
SNCF Réseau – redemptions						
Deficit to be financed	74.9	73.6	70.5	69.1	67.7	76.1
Other cash requirements	-2.2	1.5	2.0	0.1	0.2	-0.7
<b>Source of funds</b>	<b>185.5</b>	<b>179.1</b>	<b>189.1</b>	<b>194.1</b>	<b>183.1</b>	<b>192.0</b>
Medium- and long-term issuance net of buybacks	168.8	172.0	187.0	187.0	185.0	195.0
Funds allocated to the CDP to reduce debt		1.5	0.8			0.0
Change in outstanding short-term State securities	7.2	1.4	-22.6	-18.7	-7.5	-13.6
Change in correspondents' deposits	-4.2	-1.3	6.7	1.6	4.7	9.9
Change in cash position <sup>(1)</sup>	7.9	-1.4	-5.2	4.6	-9.2	-11.1
<b>Other net cash sources</b>	<b>5.7</b>	<b>6.9</b>	<b>22.4</b>	<b>19.7</b>	<b>10.0</b>	<b>11.8</b>

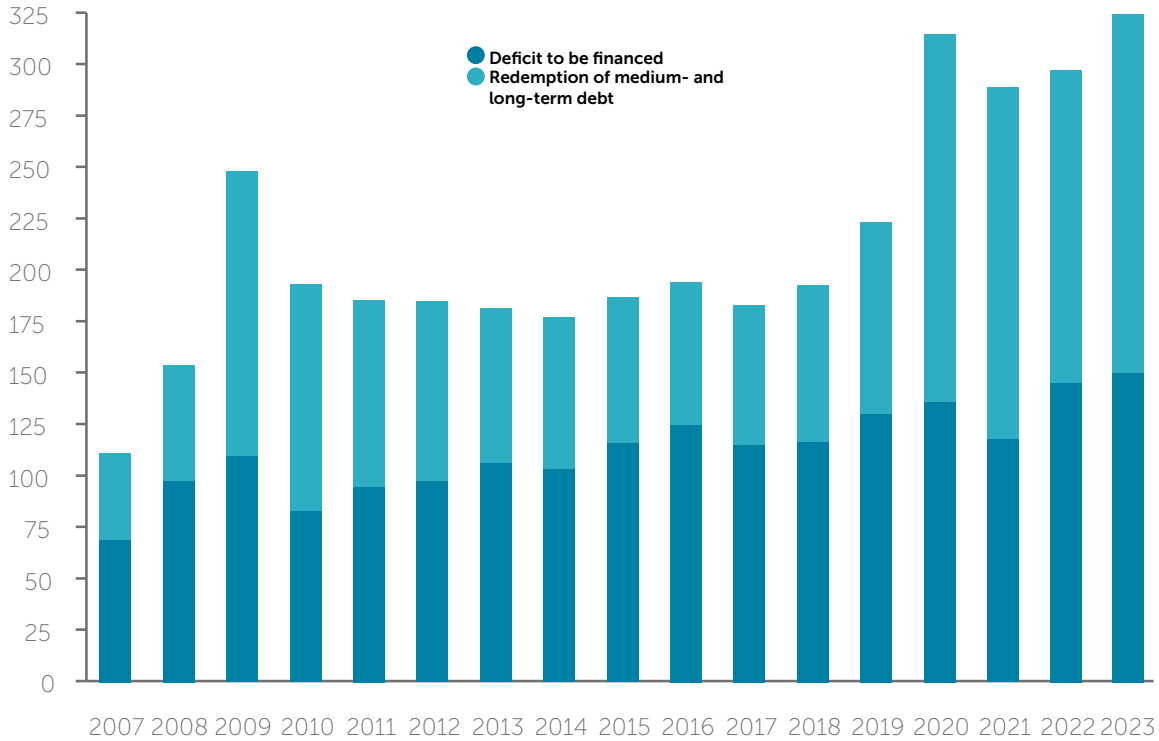
In €bn	2019	2020	2021	2022	2023
<b>Financing requirement</b>	<b>220.5</b>	<b>309.5</b>	<b>285.2</b>	<b>280.0</b>	<b>314.6</b>
Redemption of medium- and long-term debt	130.2	136.1	118.3	145.7	149.6
- <i>par value</i>	128.9	130.5	117.5	140.8	144.5
- <i>index-linking supplements paid at maturity</i>	1.3	5.6	0.8	5.0	5.1
Redemption of other debts	0.0	0.5	0.0	0.0	0.9
SNCF Réseau – redemptions		1.7	1.3	3.0	2.1
Deficit to be financed	92.7	178.1	170.7	151.4	173.0
Other cash requirements	-2.4	-6.9	-5.1	-20.2	-11.0
<b>Source of funds</b>	<b>220.5</b>	<b>309.5</b>	<b>285.2</b>	<b>280.0</b>	<b>314.6</b>
Medium- and long-term issuance net of buybacks	200.0	260.0	260.0	260.0	270.0
Funds allocated to the CDP to reduce debt	0.0	0.0	0.0	1.9	6.6
Change in outstanding short-term State securities	-6.0	54.7	-6.2	-6.9	20.8
Change in correspondents' deposits	11.5	27.8	18.7	1.1	-11.5
Change in cash position <sup>(1)</sup>	-5.7	-63.4	-4.4	35.2	47.6
<b>Other net cash sources</b>	<b>20.6</b>	<b>30.4</b>	<b>17.2</b>	<b>-11.3</b>	<b>-18.8</b>

(1) including short-term investments; a positive sign indicates a decrease in the stock.

## > STATE FINANCING REQUIREMENT

In billion euros

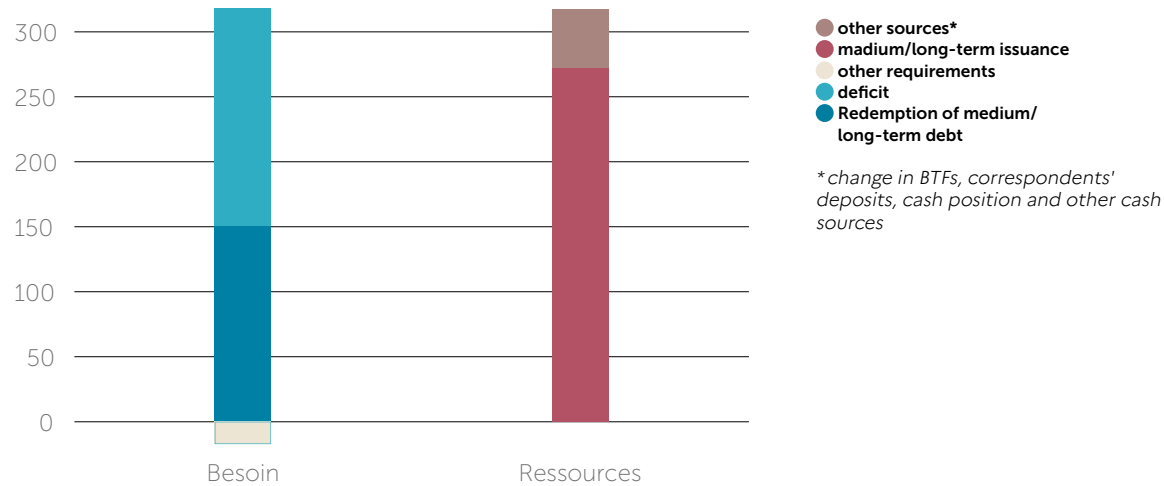
Source: Agence France Trésor, DGFIP



## > STATE FINANCING REQUIREMENT AND SOURCES OF FUNDS IN 2023

In billion euros

Source: Agence France Trésor, DGFIP



## DEBT SERVICING COST DATA

### BUDGETARY ACCOUNTING (ALSO KNOWN AS COMMITMENT ACCOUNTING)

€53.9bn in net cost charged in 2023, including:

- > €54.4bn for negotiable State debt
- > increase of €3.2bn compared to 2022

### ACCRUAL ACCOUNTING

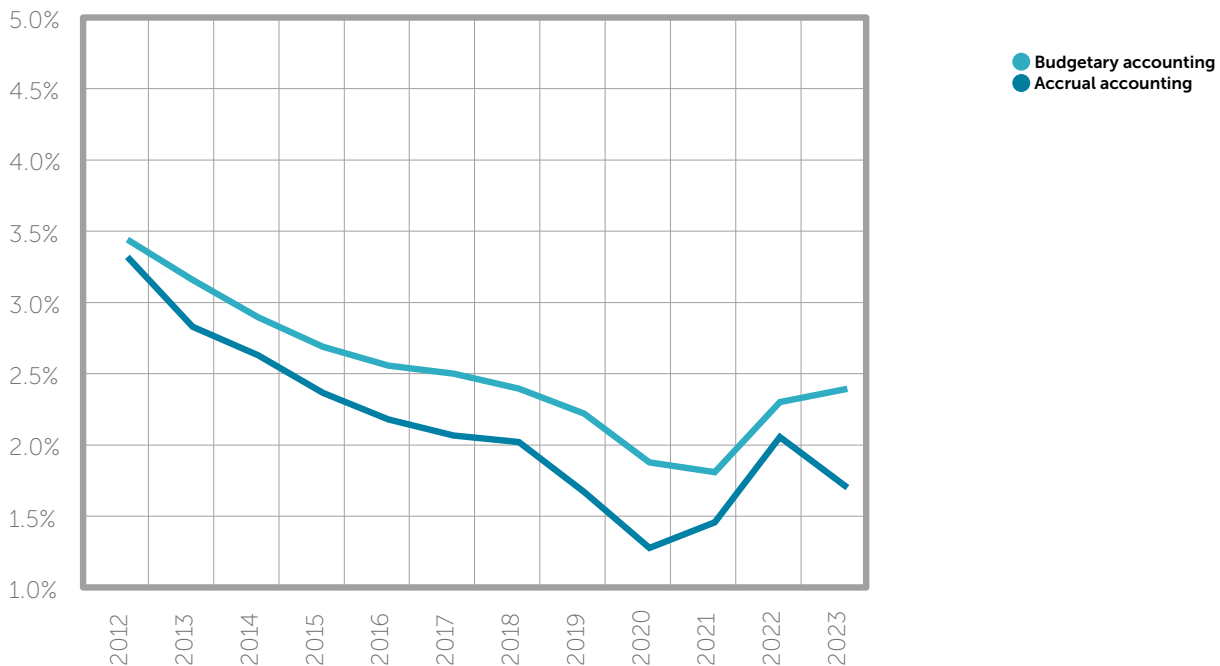
€39.0bn in net cost of for negotiable debt, including:

- > €34.3bn for accrued coupons on OATs
- > €8.5bn for for index-linking expenses
- > -€8.6bn for issue premiums and discounts
- > €4.3bn for interest on BTFs

### > COST OF SERVICING NEGOTIABLE DEBT (OATS AND BTFs)

Implied yield (cost for the year as a % of the outstanding debt at the beginning of the year)

Source: Agence France Trésor



Source: Agence France Trésor

COST OF SERVICING STATE DEBT AND CASH MANAGEMENT – BUDGETARY ACCOUNTING										
in €m	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Negotiable debt – net expense<sup>(1)</sup></b>	<b>38,253</b>	<b>38,944</b>	<b>39,184</b>	<b>39,596</b>	<b>43,796</b>	<b>36,895</b>	<b>39,801</b>	<b>45,502</b>	<b>45,182</b>	<b>43,778</b>
OATs and BTANs – net interest payments	35,068	35,545	34,856	34,435	34,785	35,128	36,505	39,924	41,339	41,849
- interest paid	37,037	37,428	36,706	36,504	36,855	37,923	39,330	42,897	43,958	43,735
- accrued interest received at issue (-)	1,969	1,883	1,849	2,069	2,070	2,795	2,825	2,973	2,620	1,887
OATs AND BTANs – index-linking expense	1,072	1,352	2,107	1,756	4,615	84	2,267	3,967	3-638	1,772
BTF – interest paid	2,113	2,047	2,220	3,405	4,396	1,682	1,029	1,611	206	158
<b>Other expenses and income</b>	<b>-140</b>	<b>-64</b>	<b>-243</b>	<b>-45</b>	<b>668</b>	<b>731</b>	<b>703</b>	<b>754</b>	<b>1,120</b>	<b>1,107</b>
Debt assumed – net expense	2	2	20	16	626	504	412	265	231	180
Non-negotiable debt	21	6	5	4	14	2	1	1	1	1
Invest for the Future – interest on funds	-	-	-	-	-	-	165	408	645	667
Cash management – net expense	-206	-116	-275	-80	14	204	104	66	234	242
- Expenses	318	398	404	586	751	540	248	365	309	253
- Income	525	514	679	666	736	336	144	300	75	11
Other	43	45	7	16	13	20	20	14	9	17
<b>Total expense for debt and cash management</b>	<b>38,113</b>	<b>38,881</b>	<b>38,941</b>	<b>39,550</b>	<b>44,464</b>	<b>37,625</b>	<b>40,503</b>	<b>46,256</b>	<b>46,303</b>	<b>44,886</b>
Interest-rate swaps – gains	294	479	519	273	156	140	386	322	307	208
- Income	2,137	2,154	2,091	1,939	1,912	1,210	800	619	488	290
- Expenses	1,843	1,675	1,572	1,666	1,757	1,070	414	297	181	82

COST OF SERVICING STATE DEBT AND CASH MANAGEMENT – BUDGETARY ACCOUNTING										
in €m	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Negotiable debt – net expense<sup>(1)</sup></b>	<b>42,193</b>	<b>41,094</b>	<b>40,301</b>	<b>40,541</b>	<b>40,378</b>	<b>38,998</b>	<b>34,230</b>	<b>36,205</b>	<b>49,379</b>	<b>54,304</b>
OATs and BTANs – net interest payments	41,118	40,897	41,041	39,087	37,753	36,898	34,729	34,217	33,351	32,852
- interest paid	43,339	42,703	42,195	40,291	38,764	37,978	35,666	34,856	34,451	35,825
- accrued interest received at issue (-)	2,221	1,806	1,154	1,205	1,011	1,080	937	639	1,100	2,973
OATs AND BTANs – index-linking expense	932	499	13	2,309	3,348	2,764	458	3,022	15,530	15,802
BTF – interest paid	142	-301	-753	-855	-723	-664	-957	-1,034	498	5,650
<b>Other expenses and income</b>	<b>966</b>	<b>1,043</b>	<b>1,146</b>	<b>1,157</b>	<b>1,163</b>	<b>1,257</b>	<b>1,972</b>	<b>2,293</b>	<b>2,158</b>	<b>477</b>
Debt assumed – net expense	83	81	80	80	79	79	480	770	905	986
Non-negotiable debt	0	0	0	0	0	0	0	0	0	0
Invest for the Future – interest on funds	688	751	754	750	752	752	754	751	752	752
Cash management – net expense	181	204	282	297	316	409	706	729	475	-1,281
- Expenses	205	205	282	297	316	410	706	731	672	541
- Income	24	1	0	0	0	1	0	2	197	1,822
Other	14	6	30	31	16	17	32	43	26	20
<b>Total expense for debt and cash management</b>	<b>43,159</b>	<b>42,136</b>	<b>41,447</b>	<b>41,697</b>	<b>41,541</b>	<b>40,256</b>	<b>36,202</b>	<b>38,498</b>	<b>51,537</b>	<b>54,780</b>
Interest-rate swaps – gains	134	145	145	25	25	26	0	0	0	0
- Income	185	155	155	28	29	30				
- Expenses	51	11	10	4	4	4				

(1) Excluding fees and commissions; excluding gains/losses on buybacks

Source: Agence France Trésor, DGFIP

COST OF SERVICING THE STATE'S NEGOTIABLE DEBT – ACCRUAL BASIS ACCOUNTING						
In millions of euros	2004	2005	2006	2007	2008	2009
<b>Negotiable debt – net expense<sup>(1)</sup></b>	<b>38,447</b>	<b>38,541</b>	<b>37,721</b>	<b>40,244</b>	<b>43,523</b>	<b>37,855</b>
OATs and BTANs – interest and similar expenses	35,066	34,874	34,157	34,380	35,252	35,831
- accrued interest	35,380	35,394	34,369	34,395	34,944	35,736
- amortisation of issue discounts (+)	1,034	912	1,057	1,182	1,417	1,457
- amortisation of issue premiums (-)	1,348	1,432	1,269	1,198	1,109	1,362
OATs AND BTANs – index-linking expense <sup>(2)</sup>	1,168	1,695	1,320	2,705	4,094	-338
BTFs - accrued interest	2,213	1,972	2,244	3,159	4,176	2,362

COST OF SERVICING NEGOTIABLE STATE DEBT – ACCRUAL ACCOUNTING							
In millions of euros	2010	2011	2012	2013	2014	2015	2016
<b>Negotiable debt – net expense<sup>(1)</sup></b>	<b>40,762</b>	<b>44,529</b>	<b>43,588</b>	<b>39,207</b>	<b>38,305</b>	<b>36,126</b>	<b>34,365</b>
OATs and BTANs – interest and similar expenses	37,006	38,507	39,411	37,993	37,450	36,135	34,038
- accrued interest	38,176	40,285	41,690	41,016	40,667	40,687	40,222
- amortisation of issue discounts (+)	1,234	1,372	1,491	1,400	1,530	1,621	1,474
- amortisation of issue premiums (-)	2,404	3,149	3,771	4,423	4,747	6,173	7,658
OATs AND BTANs – index-linking expense <sup>(2)</sup>	2,642	4,412	3,618	1,106	648	170	955
BTFs - accrued interest	1,114	1,610	559	109	208	-179	-628

COST OF SERVICING NEGOTIABLE STATE DEBT – ACCRUAL ACCOUNTING							
In millions of euros	2017	2018	2019	2020	2021	2022	2023
<b>Negotiable debt – net expense<sup>(1)</sup></b>	<b>33,499</b>	<b>34,062</b>	<b>29,350</b>	<b>23,283</b>	<b>29,143</b>	<b>44,104</b>	<b>38,475</b>
OATs and BTANs – interest and similar expenses	31,834	30,387	28,206	24,897	22,131	21,517	25,709
- accrued interest	38,612	37,670	36,219	34,654	33,884	33,047	34,290
- amortisation of issue discounts (+)	1,389	1,288	1,274	1,141	962	1,707	3,771
- amortisation of issue premiums (-)	8,166	8,571	9,288	10,898	12,715	13,237	12,352
OATs AND BTANs – index-linking expense <sup>(2)</sup>	2,535	4,441	1,788	-782	8,045	22,997	8,491
BTFs - accrued interest	-871	-765	-643	-832	-1,033	-410	4,275

(1) Excluding fees and commissions; excluding gains/losses on buybacks

(2) The decrease in prices means that a gain was recorded in 2020 (counted negatively as a reduction in expenses).

## > SHORT-TERM DEBT

### BTFS OUTSTANDING

- > Outstanding at end 2023: **€169.2bn**
- > Increase of **€20.8bn** in 2023

### BTF ISSUANCE

- > **51 auctions** in 2023
- > **€6.8bn** issued per auction on average
- > Average bid-to-cover ratio\* in 2023: **2.67**

\*Ratio of Bid amount to amount auctioned before non-competitive tenders

### EUROPEAN CENTRAL BANK REFINANCING RATE

- > end 2023 **4.50%**
- > end 2022 **2.50%**

Source: Agence France Trésor

AVERAGE YIELD AT ISSUE OF FIXED-RATE SECURITIES		
	AGGREGATE	3-MONTH MATURITIES
<b>2023</b>	<b>3.33%</b>	<b>3.24%</b>
<b>2022</b>	0.19%	-0.02%
<b>2021</b>	-0.67%	-0.68%
<b>2020</b>	-0.56%	-0.57%
<b>2019</b>	-0.58%	-0.57%
<b>2018</b>	-0.60%	-0.60%
<b>2010-2017 AVERAGE</b>	0.02%	-0.02%
<b>1998-2009 AVERAGE</b>	2.94%	2.89%

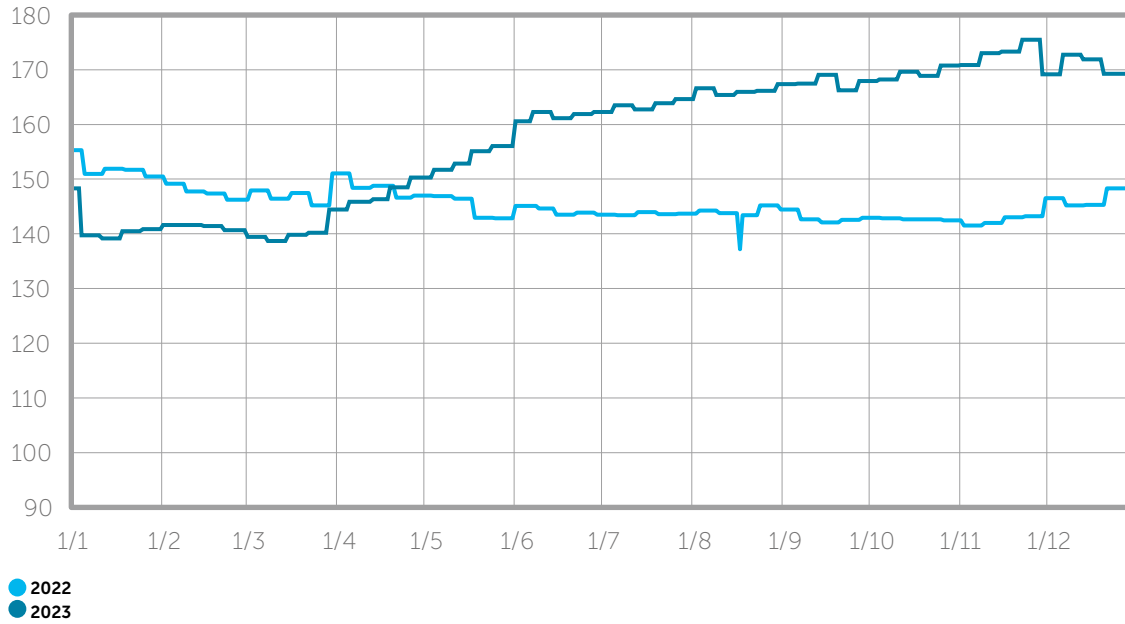
BTFS OUTSTANDING AND BTF FLOWS	
in €m	
<b>Outstanding at end-2022</b>	<b>148,463</b>
<b>Issuance in 2023</b>	<b>344,544</b>
<2-month BTFs	5,178
3-month BTFs	143,576
4-to-5 month BTFs	—
6-month BTFs	92,694
7-to-11 month BTFs	12,496
12-month BTFs	90,600
<b>Redemptions in 2023</b>	<b>323,790</b>
<2-month BTFs	4,772
3-month BTFs	146,807
4-to-5 month BTFs	—
6-month BTFs	85,258
7-to-11 month BTFs	14,450
12-month BTFs	72,503
<b>Outstanding at end 2023</b>	<b>169,217</b>



## > BTFS OUTSTANDING

In billion euros

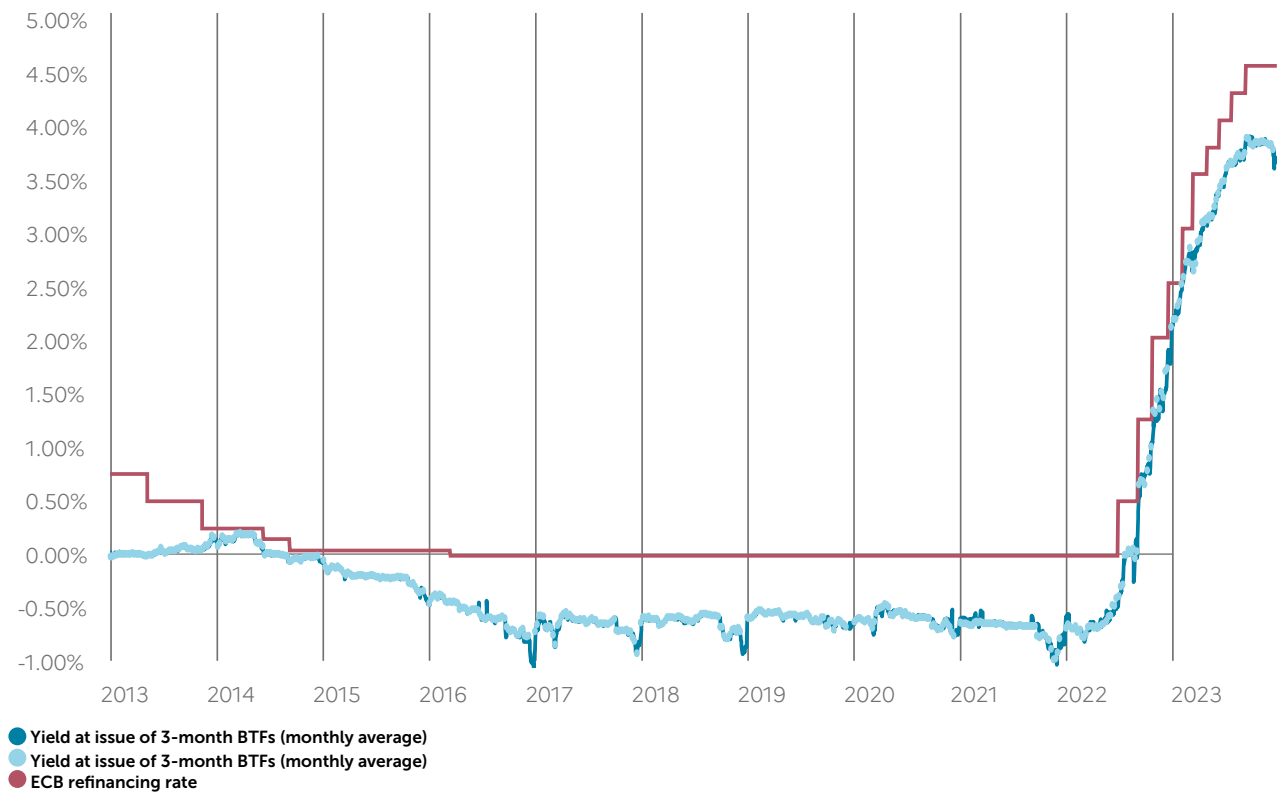
Source: Agence France Trésor



## > YIELDS

As %

Source: Banque de France, Agence France Trésor



## > OVER-THE-COUNTER BUYBACKS OF OATS

in €m	
By month	Amount bought back*
January 2023	0
February 2023	0
March 2023	0
April 2023	0
May 2023	0
June 2023	0
July 2023	0
August 2023	4,515
September 2023	12,355
October 2023	3,370
November 2023	10,888
December 2023	1,966

\* Excluding securities maturing in 2022

By bond	Amount bought back*
OAT 0% 25 February 2024	670
OAT 0% 25 March 2024	9,130
OAT 2.25% 25 May 2024	1,680
OAT€i 0.25% 25 July 2024	3,275
OAT 1.75% 25 November 2024	2,765
OAT 0% 25 February 2025	10,281
OAT 0% 25 March 2025	700
OAT 0.5% 25 May 2025	3,695
OAT 6% 25 October 2025	698
OAT 1% 25 November 2025	200

\* Excluding securities maturing in 2022

TOTAL BUYBACKS	33,094
Maturing 2024	17,520
Maturing 2025	15,574
Fixed-rate securities	29,819
Index-linked securities	3,275

## > STATE FINANCING

SHORT-TERM DEBT		
CODE	MATURITY	OUTSTANDING (€)
FR0128070952	BTF 4 January 2024	6,621,000,000
FR0127921288	BTF 10 January 2024	7,392,000,000
FR0128070960	BTF 17 January 2024	6,261,000,000
FR0127613497	BTF 24 January 2024	8,829,000,000
FR0128070978	BTF 31 January 2024	5,557,000,000
FR0127921296	BTF 7 February 2024	7,081,000,000
FR0128070986	BTF 14 February 2024	6,055,000,000
FR0127613505	BTF 21 February 2024	6,668,000,000
FR0128070994	BTF 28 February 2024	6,075,000,000
FR0127921304	BTF 6 March 2024	7,760,000,000
FR0128071000	BTF 13 March 2024	4,675,000,000
FR0127613513	BTF 20 March 2024	8,906,000,000
FR0128227685	BTF 4 April 2024	7,028,000,000
FR0127921064	BTF 17 April 2024	9,076,000,000
FR0128071034	BTF 2 May 2024	7,814,000,000
FR0127921072	BTF 15 May 2024	7,658,000,000
FR0128071042	BTF 29 May 2024	1,194,000,000
FR0127921080	BTF 12 June 2024	8,472,000,000
FR0127921312	BTF 10 July 2024	10,284,000,000
FR0127921320	BTF 7 August 2024	8,701,000,000
FR0127921338	BTF 4 September 2024	7,855,000,000
FR0128071059	BTF 2 October 2024	6,217,000,000
FR0128071067	BTF 30 October 2024	8,446,000,000
FR0128071075	BTF 27 November 2024	4,592,000,000
TOTAL BTFS	OUTSTANDING	169,217,000,000
	RESIDUAL MATURITY (DAYS)	120

MEDIUM AND LONG-TERM DEBT (MATURING 2027–2033)						
ISIN CODE	TITLE	OUTSTANDING (€)	INDEX COEFF.	NOMINAL OUTSTANDING (€)	STRIPPED BONDS (€)	CAC
	<b>Maturing 2024</b>	<b>154,883,331,600</b>				
FR0014001N46	OAT 0.00% 25 February 2024	31,006,000,000			0	×
FR0013344751	OAT 0.00% 25 March 2024	33,403,000,000			0	×
FR0011619436	OAT 2.25% 25 May 2024	36,268,000,000			0	×
FR0011427848	OAT€i 0.25% 25 July 2024	18,435,331,600 (1)	1.25890	14,644,000,000	0	×
FR0011962398	OAT 1.75% 25 November 2024	35,771,000,000			37,000,000	×
	<b>Maturing 2025</b>	<b>193,361,242,238</b>				
FR0014007TY9	OAT 0.00% 25 February 2025	21,679,000,000			0	×
FR0012558310	OATI 0.10% 1 <sup>st</sup> March 2025	15,055,314,120 (1)	1.17684	12,793,000,000	0	×
FR0013415627	OAT 0.00% 25 March 2025	47,114,000,000			0	×
FR0012517027	OAT 0.50% 25 May 2025	41,835,000,000			0	×
FR0000571150	OAT 6.00% 25 October 2025	29,955,928,118			2,563,334,400	
FR0012938116	OAT 1.00% 25 November 2025	37,722,000,000			0	×
	<b>Maturing 2026</b>	<b>243,135,234,880</b>				
FR0013508470	OAT 0.00% 25 February 2026	45,590,000,000			0	×
FR0013519253	OATI 0.10% 1 <sup>st</sup> March 2026	15,042,234,880 (1)	1.18108	12,736,000,000	0	×
FR0010916924	OAT 3.50% 25 April 2026	44,202,000,000			0	
FR0013131877	OAT 0.50% 25 May 2026	51,113,000,000			0	×
FR001400FYQ4	OAT 2.50% 24 September 2026	47,661,000,000			0	×
FR0013200813	OAT 0.25% 25 November 2026	39,527,000,000			0	×

(1) Par value x indexation coefficient (par value if coefficient is less than 1)

MEDIUM- AND LONG-TERM DEBT (MATURING 2027–2033)						
ISIN CODE	TITLE	OUTSTANDING (€)	INDEX COEFF.	NOMINAL OUTSTANDING (€)	STRIPPED BONDS (€)	CAC
	<b>Maturing 2027</b>	<b>172,123,569,740</b>				
FR0014003513	OAT 0.00% 25 February 2027	41,446,000,000			0	x
FR0013250560	OAT 1.00% 25 May 2027	41,534,000,000			0	x
FR0011008705	OAT€i 1.85% 25 July 2027	31,043,569,740 (1)	1.32478	23,433,000,000	0	
FR0011317783	OAT 2.75% 25 October 2027	58,100,000,000			19,773,600	
	<b>Maturing 2028</b>	<b>189,851,477,828</b>				
FR001400AIN5	OAT 0.75% 25 February 2028	49,601,000,000			0	x
FR0013238268	OATi 0.10% 1 <sup>st</sup> March 2028	17,772,409,760 (1)	1.17488	15,127,000,000	0	x
FR0000571226	OAT zero coupon 28 March 2028	35,068,068 (2)		46,232,603	–	
FR0013286192	OAT 0.75% 25 May 2028	63,275,000,000			0	x
FR0013341682	OAT 0.75% 25 November 2028	59,168,000,000			0	x
	<b>Maturing 2029</b>	<b>210,652,709,866</b>				
FR001400HI98	OAT 2.75% 25 February 2029	33,332,000,000			0	x
FR0013410552	OAT€i 0.10% 1 <sup>st</sup> March 2029	20,200,583,360 (1)	1.19276	16,936,000,000	0	x
FR0000571218	OAT 5.50% 25 April 2029	39,618,880,458			1,237,967,100	
FR0013407236	OAT 0.50% 25 May 2029	56,452,000,000			0	x
FR0000186413	OATi 3.40% 25 July 2029	13,519,246,048 (1)	1.47186	9,185,144,000	0	
FR0013451507	OAT 0.00% 25 November 2029	47,530,000,000			0	x
	<b>Maturing 2030</b>	<b>141,152,723,360</b>				
FR0011883966	OAT 2.50% 25 May 2030	62,459,000,000			0	x
FR0011982776	OAT€i 0.70% 25 July 2030	21,414,723,360 (1)	1.24273	17,232,000,000	0	x
FR0013516549	OAT 0.00% 25 November 2030	57,279,000,000			0	x
	<b>Maturing 2031</b>	<b>129,937,546,310</b>				
FR0012993103	OAT 1.50% 25 May 2031	61,915,000,000			30,900,000	x
FR0014001N38	OAT€i 0.10% 25 July 2031	13,888,546,310 (1)	1.18291	11,741,000,000	0	x
FR0014002WK3	OAT 0.00% 25 November 2031	54,134,000,000			0	x
	<b>Maturing 2032</b>	<b>144,066,469,810</b>				
FR0014003N51	OATi 0.10% 1 <sup>st</sup> March 2032	7,523,593,080 (1)	1.12916	6,663,000,000	0	x
FR0014007L00	OAT 0.00% 25 May 2032	37,183,000,000			0	x
FR0000188799	OAT€i 3.15% 25 July 2032	17,661,554,130 (1)	1.53219	11,527,000,000	0	
FR0000187635	OAT 5.75% 25 October 2032	35,192,322,600			9,010,517,400	
FR001400BKZ3	OAT 2.00% 25 November 2032	46,506,000,000			0	x
	<b>Maturing 2033</b>	<b>52,139,000,000</b>				
FR001400H7V7	OAT 3.00% 25 May 2033	37,804,000,000			0	x
FR001400L834	OAT 3.50% 25 November 2033	14,335,000,000			0	x

MEDIUM AND LONG-TERM DEBT (MATURING 2034–2072)						
ISIN CODE	TITLE	OUTSTANDING (€)	INDEX COEFF.	NOMINAL OUTSTANDING (€)	STRIPPED BONDS (€)	CAC
	<b>Maturing in 2034 and later</b>	<b>629,453,006,140</b>				
FR0013313582	OAT 1.25% 25 May 2034	46,294,000,000			0	x
FR001400J188	OAT€i 0.60% 25 July 2034	3,026,693,120 (1)	1.07482	2,816,000,000	0	x
FR0010070060	OAT 4.75% 25 April 2035	29,004,000,000			1,717,587,000	
FR0013524014	OATi 0.10% 1 <sup>st</sup> March 2036	8,792,309,280 (1)	1.12592	7,809,000,000	0	x
FR0013154044	OAT 1.25% 25 May 2036	47,051,000,000			0	x
FR0013327491	OAT€i 0.10% 25 July 2036	15,537,445,770 (1)	1.21891	12,747,000,000	0	x
FR0014009062	OAT 1.25% 25 May 2038	16,502,000,000			0	x
FR001400AQH0	OAT€i 0.10% 25 July 2038	7,794,490,950 (1)	1.16145	6,711,000,000	0	x
FR0010371401	OAT 4.00% 25 October 2038	26,534,000,000			4,343,496,400	
FR001400IKW5	OATi 0.55% 1 <sup>st</sup> March 2039	3,108,840,000 (1)	1.03628	3,000,000,000	0	x
FR0013234333	OAT 1.75% 25 June 2039	32,852,000,000			0	x
FR0013515806	OAT 0.50% 25 May 2040	25,660,000,000			0	x
FR0010447367	OAT€i 1.80% 25 July 2040	18,350,129,700 (1)	1.41930	12,929,000,000	0	
FR0010773192	OAT 4.50% 25 April 2041	38,446,000,000			3,853,199,000	
FR001400CMX2	OAT 2.50% 25 May 2043	13,593,000,000			28,700,000	x
FR0014002JM6	OAT 0.50% 25 June 2044	22,310,000,000			0	x
FR0011461037	OAT 3.25% 25 May 2045	30,557,000,000			888,110,000	x
FR0013209871	OAT€i 0.10% 25 July 2047	16,112,575,220 (1)	1.23686	13,027,000,000	0	x
FR0013257524	OAT 2.00% 25 May 2048	30,644,000,000			613,650,000	x
FR0013404969	OAT 1.50% 25 May 2050	33,195,000,000			157,900,000	x
FR0013480613	OAT 0.75% 25 May 2052	33,622,000,000			722,100,000	x
FR0014004J31	OAT 0.75% 25 May 2053	31,169,000,000			270,000,000	x
FR0014008181	OAT€i 0.10% 25 July 2053	7,082,522,100 (1)	1.16145	6,098,000,000	0	x
FR001400FTH3	OAT 3.00% 25 May 2054	22,022,000,000			693,650,000	x
FR0010171975	OAT 4.00% 25 April 2055	20,118,000,000			11,004,518,000	
FR0010870956	OAT 4.00% 25 April 2060	20,029,000,000			8,876,652,100	
FR0013154028	OAT 1.75% 25 May 2066	16,828,000,000			1,143,480,000	x
FR0014001NN8	OAT 0.50% 25 May 2072	13,218,000,000			116,100,000	x

(1) Par value x index-linking coefficient (par value if coefficient is less than 1)

(2) Present value at 28/03/2023; not available for subscription

TOTAL MEDIUM AND LONG-TERM DEBT	OUTSTANDING (PRESENT VALUE)	2,260,756,311,772	INDEX-LINKED FRANCE	OUTSTANDING (PRESENT VALUE)	65,771,712,288
	Outstanding (par value)	2,206,559,507,779		Outstanding (par value)	54,577,144,000
	Stripped bonds outstanding (par value)	47,328,635,000		Residual maturity (days)	2,124
	Strippable bonds outstanding (par value)	2,206,513,275,176		Outstanding (par value)	2,206,513,275,176 5 years and 299 days
	Residual maturity (days)	3,310 9 years and 25 days	<b>Index-linked euro area</b>	<b>Outstanding (present value)</b>	<b>205,590,400,240</b>
<b>Total debt</b>	<b>Outstanding (present value)</b>	<b>2,429,973,311,772</b>		Outstanding (par value)	162,577,000,000
	Outstanding (par value)	2,375,776,507,779		Residual maturity (days)	3,356 9 years and 71 days
	Residual maturity (days)	3,088 8 years and 168 days			

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# FACT SHEETS

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# ISSUANCE TECHNIQUES

**The principal method of issuing French government securities since 1985 has been the bid price system (known as the Dutch method in France). Nowadays, issuance through bank syndicates is used only in special circumstances.**

## BID PRICE AUCTIONS

Participants compete in the auction on an equal footing through a transparent system of open bidding according to a planned issuance programme. The bid price system

consists of supplying securities at the bid price or the effective bid rate as opposed to the marginal price or rate. AFT first serves the bids whose prices are best for the taxpayer, until

the sum final auction sum is reached. Participants pay different prices that precisely match their bid prices.

## PROCEDURES:

- > Auction announcements: For BTF auctions, AFT announces one business day prior to the auction the upper and lower limits on the amounts it intends to issue of each security designated in the quarterly calendar for BTF issues. For OAT auctions, AFT announces four days prior to auction the securities concerned and an upper and lower limit.
- > The auction process: bids from participants (primary dealers) can be sent to the *Banque de France* up to auction time (10:50 a.m. for auctions of medium- and long-term OATs, 11:50 a.m. for auctions of securities index-linked to inflation and 2.50 p.m. for auctions of BTFs). The *Banque de France* delivers the bids to AFT, withholding the names of the bidders. AFT then determines the amount bid. AFT serves all of the bids over the price limit in OAT auctions or all of the bids under the yield limit in BTF auctions. It may proportionately reduce bids at the price limit or yield limit.
- > Publication of prices: Auction results are immediately announced to the bidders, displayed on the specialised agencies' screens and posted to the AFT website. These disclosures report the quantities requested, the quantities served, the marginal price for each security (or marginal rate for BTFs) and the weighted average rate for the various auctioned securities.



## SYNDICATED ISSUES

This is another issuance technique. For a syndication, AFT works with a number of banks who form a syndicate, their role being to guarantee the success and security

of the issue. The syndicate liaises between AFT and the investors. Investors can directly subscribe through a book-building process.

This technique is used to issue innovative securities or securities on less deep market segments, particularly on the long end of the yield curve.

### SYNDICATED BOND ISSUES SINCE 2014

**> 7 June 2023:**

Syndicated issue of the OATi 0.55% 1<sup>st</sup> March 2039

**> 7 February 2023:**

Syndicated issue of the OAT 3.00% 25 May 2054;

**> 6 September 2022:**

Syndicated issue of the OAT 2.50% 25 May 2043;

**> 25 May 2022:**

Syndicated issue of the green OAT€i 0.10% 25 July 2038

**> 25 January 2022:**

Syndicated issue of the OAT€i 0.10% 25 July 2053;

**> 6 July 2021:**

Syndicated issue of the OAT 0.75% 25 May 2053;

**> 16 March 2021:**

Syndicated issue of the green OAT 0.50% 25 June 2044;

**> 19 January 2021:**

Syndicated issue of the OAT 0.50% 25 May 2072;

**> 8 July 2020:**

Syndicated issue of the OATi 0.10% 1<sup>st</sup> March 2036;

**> 27 May 2020:**

Syndicated issue of the OAT 0.50% 25 May 2040

**> 28 January 2020:**

Syndicated issue of the OAT 0.75% 25 May 2052

**> 19 February 2019:**

Syndicated issue of the OAT 1.50% 25 May 2050

**> 26 June 2018:**

Syndicated tap issue of the green OAT 1.75% 25 June 2039;

**> 28 March 2018:**

Syndicated issue of the OAT€i 0.10% 25 July 2036;

**> 16 May 2017:**

Syndicated issue of the OAT 1.75% 25 May 2048;

**> 24 January 2017:**

Syndicated issue of the green OAT 1.75% 25 June 2039;

**> 28 September 2016:**

Syndicated issue of the OAT€i 0.10% 25 July 2047;

**> 12 April 2016:**

Syndicated issue of the OAT 1.25% 25 May 2036 and of the OAT 1.75% 25 May 2066;

**> 11 June 2014:**

Syndicated issue of the OAT€i 0.70% 25 July 2030.

# PROACTIVE DEBT MANAGEMENT

## AFT can intervene on the secondary markets in several ways

### BUYBACKS

AFT can carry out over-the-counter (OTC) buybacks and reverse auctions to pre-finance future issuance programmes, thereby spreading the amounts to be issued over time more evenly. AFT factors in market

conditions when doing so: buying back securities on the market depends on their liquidity and price. AFT publishes a monthly report on the amounts of each security bought back during the previous month.

In 2023, AFT bought back 33.1 billion euros in securities maturing in 2024 and 2025.

### SECURITIES SWAPS

The goal is to replace the oldest securities, which are often the least liquid, with securities with stronger market demand. Such swaps are conducted via auctions or syndicated deals by offering newly issued

securities in exchange for older securities that are then retired.

The last swap was held on 4 December 2008. It entailed swapping OAT 4.00% 25 October 2038 for OATs 5.75%

25 October 2032. A total of 1,367 billion euros in OATs 2038 were issued and 1,129 billion euros in OATs 2032 were bought back.

### INTEREST-RATE SWAPS

AFT managed the average residual maturity of debt between 2001 and 2021. This maturity has been fairly long as a natural result of the requirement that each issue be liquid, of growing demand from investors for very long maturities and of refinancing risk management. When the yield curve is clearly normal, with higher yields on the longer maturities and lower but more volatile yields on the shorter ones, reducing average maturity helps reduce the cost of servicing the debt

in the long run, all else being equal. On the other hand, this cost will be more variable. Such a reduction should be implemented gradually over at least one economic cycle, since interest rates vary according to economic conditions.

The aim of reducing the average residual maturity of debt is to strike a balance between lower interest expense and greater variability of this expense.

In October 2021, the last transactions under AFT's interest-rate swaps programme reached maturity. The cumulative gains from the swaps programme came to 4.34 billion euros.

At end 2023, this strategy was still suspended. The interest-rate swaps programme may nevertheless be revived if warranted by market conditions.

# BTFS

## Fixed-rate discount Treasury bills (BTFS) are similar to short-term Treasury bonds. They have an initial maturity of up to one year

### MARKET OVERVIEW

The maturity of BTFS is expressed in weeks. The most frequently issued maturities are 13, 26 and 52 weeks. Bills with maturities of 20–28 weeks may be issued as half-year bills and bills with maturities of 48–52 weeks may be issued as one-year bills.

BTFS have a par value of €1 and are issued every week by auction according to a quarterly schedule

that AFT publishes in advance. This schedule specifies the maturities of the bills that will be auctioned during the quarter. Unscheduled issuance of certain BTFS with shorter than standard maturities may take place to meet the State's cash requirements. A quarterly BTFS, a half-year BTFS and a one-year BTFS are normally issued each week.

On 31 December 2023, outstanding BTFS totalled 169 billion euros.

To ensure the fungibility of new and existing issues, the maturities of new bills are aligned on those of previously issued bills. In 2023, the market featured around 25 different BTFS at any time.

### AUCTIONS

Every Friday at 11 a.m., AFT announces the BTFS that will be auctioned the following Monday. The announcement includes the amounts to be auctioned with an upper and lower limit for each auctioned BTFS to ensure that there is sufficient flexibility to meet demand.

Bids of at least 1 million euros are expressed as a money-market straight-line yield to three decimal places, with ticks of 0.5 basis points, and as the exact number of days out of 360 (ACT/360). BTFS are discounted Treasury bills. The pro-rated discount is applied to the par value of the bill

when the bill is issued. Therefore, no coupon payments are made.

As of Monday 6 October 2014, settlement of BTFS auctions has been at T+2 to bring primary market settlement dates into line with secondary market settlement dates.

### TRADING

BTFS purchases on the secondary market are governed by the same rules that govern primary market purchases. Trades are based on a

money-market straight-line yield to three decimal places, with ticks of 0.5 basis points, and the exact number of days out of 360 (ACT/360). Since

2 April 2012, the settlement date for BTFS on the secondary market is T+2, instead of T+1 as before.

# OATS

## OATs are fungible medium- and long-term Treasury bonds with maturities of 2 to 50 years.

For the sake of simplicity, as of 1 January 2013, new benchmark medium-term securities (those with two-year and five-year maturities), formerly issued as BTANs (fixed-rate Treasury bills with annual interest), have been issued as OATs, as have long-term securities.

OATs are the only form of medium- and long-term State financing. OATs are fungible securities with maturities at issue of 2 to 50 years, usually issued by auction. New issues are generally associated with existing issues. This enables the State to issue new bonds at a price in line with the latest market prices but identical in all other respects to the inaugural issue. As a result, the State avoids issuing too many bonds with different characteristics and ensures the liquidity of those already issued. OATs have a par value of €1. The value of the accrued coupon is calculated on the basis of the exact number of days over the exact number of days (ACT/ACT). The maturity dates and coupon dates of OATs are the 1<sup>st</sup>, 24<sup>th</sup> or 25<sup>th</sup> of the month. OAT trades are settled by national and international central securities depositories. In January 2017, AFT innovated by launching the first green OAT.

### OAT AUCTIONS

On the Friday preceding an auction, AFT announces the bonds to be auctioned on the following Thursday and the upper and lower limits of the total amount to be auctioned. Auctions of long-term OATs (maturities of eight and a half years or more in 2023) are held on the first Thursday of the month at 10:50am, while auctions of medium-

term OATs (maturities of two to eight and a half years in 2023) are held on the third Thursday of the month at 10:50am. Bids of at least 1 million euros are expressed on the basis of price as a percentage of par value net of accrued interest to two decimal places. Since 6 October 2014, OAT auctions have been settled at T+2, i.e. usually the Monday after the auction.

> [For more information:](https://www.youtube.com/watch?v=asGtrlc6MTo) AFT tutorial: How does the State finance itself? <https://www.youtube.com/watch?v=asGtrlc6MTo>

# INDEX-LINKED OATS

**The State issued the first OAT linked to the French consumer price index (OATi) on 15 September 1998. This innovation was followed in October 2001 by the very first issue of an OAT linked to the euro-area consumer price index excluding tobacco (OAT€i), and a third OAT was issued in May 2022, the very first green OAT€i.**

Since then, AFT has issued index-linked securities on a regular and transparent basis, thus creating two real yield curves, one linked to French inflation and the other to euro area inflation. securities account for around 10% of AFT's annual issuance programme.

Since 2004, OATi and OAT€i auctions are held on a regular basis on the same day as auctions for medium-term OATs, but during a separate session held at 11:50am. OATis and OAT€is are designed for all types of investors looking to protect the purchasing power of their investments, improve their asset-liability management or diversify their investment portfolio.

On 31 December 2023, the par value of outstanding OATi issues amounted to 54.6 billion euros and OAT€i issues stood at 162.3 billion euros.

## OATI GENERAL CHARACTERISTICS

These bonds have a par value of €1 and the real coupon yield is calculated as a fixed percentage of the index-linked principal at the time of issue and remains fixed to maturity. The coupon is paid annually and calculated as follows: real coupon yield × par value × indexation coefficient. The indexation coefficient is equal to the daily inflation benchmark of the day divided by the base benchmark. The daily benchmark is calculated by linear interpolation between the consumer price index excluding tobacco (CPI) for month M-3 and the CPI for month M-2, and the base

benchmark is the daily benchmark used to calculate changes in the price index. The benchmark index used is the consumer price index excluding tobacco for all resident households in France, which is published by INSEE (France's national institute of statistics and economic studies) each month.

AFT calculates the daily inflation benchmarks and indexation coefficients and publishes them on its website.

OAT redemption is based on the following formula: par value × indexation coefficient.

If the daily inflation index at maturity is lower than the base benchmark, redemption at par is guaranteed.

The dated date for an OAT is the starting date for calculating the first coupon for the said OAT, i.e. the coupon date immediately prior to the first date of issue for the OAT in question. For example, an OAT issued for the first time on 15 April of year Y, with a coupon date of 25 May Y, will have a dated date of 25 May of year Y-1.

## OAT€I GENERAL CHARACTERISTICS

OAT€is are identical to OATis apart from the benchmark index, which is the Harmonised Index of Consumer Prices (HICP) excluding tobacco for the euro area. This index is published by Eurostat on a monthly basis.

# THE OAT MARKET FOR RETAIL INVESTORS

Retail investors can purchase fungible medium- and long-term Treasury bonds, called *Obligations Assimilables du Trésor* (OATs), with maturities ranging from 2 to 50 years. Fixed-rate discount Treasury bills (BTFs) with maturities of up to 1 year cannot be purchased by retail investors.

AFT has established a secondary market where retail investors can buy and sell OATs. Retail investors can purchase them through Euronext or their bank, receive interest or coupons every year from these bonds, and redeem them in one go at maturity.

Like any other negotiable security, OATs can be traded at the market price at any time. Orders can be placed through traditional or online financial intermediaries. The retail OAT market is managed by Euronext and financial institution market makers. It operates under the securities regulations in force and complies with transparency and disclosure rules.

The prices of OATs are published on the Euronext site at <https://live.euronext.com/fr/markets/paris>, under "OAT" in the list of offered bonds.

# OAT STRIPS

## MARKET ORGANISATION

The market for OAT strips enjoys the same liquidity and security as the market for other French Treasury securities. Stripping and unstripping are managed by an economic interest group comprising Euroclear France and primary dealers. This group lays down the rules for trading such bonds. AFT participates in the group in an advisory capacity.

The primary dealers that trade on this market act as market makers. OAT

strips are listed on the Euronext Paris exchange. They are traded on the basis of an actuarial rate expressed as an annual percentage over 365 or 366 days (ACT/ACT). The price is rounded up to the fourth decimal place as a percentage of the par value.

Bond stripping separates interest payments from bond principal redemption payments, creating the same number of zero-coupon bonds. Using this technique, one can trade

the bond principal and the related interest payments separately.

France was the first sovereign issuer in Europe to authorise stripping of its bonds in 1991 and has become a benchmark for this type of product in the euro area.

On 31 December 2023, outstanding fixed-rate OAT strips amounted to approximately 47 billion euros.

## FUNGIBILITY RULES

At the end of 2009, AFT introduced new rules for stripping and unstripping fixed-rate OATs in response to market demand. The new rules introduced a new type of bond that makes no distinction between principal and interest: a "fungible zero-coupon bond".

Stripped OATs are then divided into a number of these bonds with the

same par value (€0.01) but different maturities, modelled on cash flows attached to the original OAT. All bonds with the same maturity are fungible. They may also be unstripped to reconstitute the original bond or a synthetic bond composed of bonds from different OAT issues. Interest certificates from different OATs are interchangeable (fungible) if they have the same maturity.

Like all euro area bonds, bonds issued after 1 January 2013 include collective action clauses (CACs), which means that they are not fungible with bonds issued prior to that date.

# AFT'S MANAGEMENT OF CASH FLOWS

**All of the State's cash flows (expenditure and revenue), along with those of Treasury correspondents (primarily local and regional authorities and government-funded institutions), are centralised in a single account at the *Banque de France*. AFT is responsible for the day-to-day management of this account.**

## ENSURING THE STATE'S FINANCIAL CONTINUITY IN ACCORDANCE WITH FRANCE'S EUROPEAN COMMITMENTS

AFT is responsible for managing the government's cash holdings. This means ensuring that the government has the financial resources needed to meet its commitments at all times, regardless of the circumstances.

Article 123 of the Treaty on the Functioning of the European Union (TFEU) prohibits the *Banque de France*, which holds the State's account, from granting the State overdrafts. This means that the Treasury Account must show a credit balance at the end of each day.

## CASH MANAGEMENT THAT MEETS THE HIGHEST INTERNATIONAL STANDARDS

France has gradually introduced a pooling arrangement called "centralisation" to optimise public cash management. This involves channelling most public financial flows through the single Treasury Account. Centralisation of public cash holdings is a best practice recommended by international institutions, including the World Bank and the IMF.

In addition to the State, the vast majority of French public sector entities, including local authorities,

local and national government-funded institutions, and hospitals, are required to deposit their cash holdings with the Treasury. Other entities also deposit some or all of their cash with the Treasury under the terms of agreements, the European Union in particular, which deposits some of its funds with the French Treasury. All the entities that deposit their cash with the Treasury are called "Treasury correspondents".

Treasury correspondents' deposits are a cash resource for the State. They enable the State to reduce its reliance on market financing.

## PROMOTING CENTRALISATION OF PUBLIC-SECTOR CASH HOLDINGS

Centralisation prevents situations where some entities post a financing requirement while others post a cash surplus, thereby reducing recourse to market financing by government departments. This has a favourable impact on the yields France obtains on the market and reduces the State's reliance on market financing. It provides absolute security for Treasury correspondents' deposits.

## USING CASH HOLDINGS IN THE TAXPAYERS' BEST INTERESTS

AFT optimises the cost of cash holdings for taxpayers by ensuring that an appropriate cash balance,

including a safety cushion, is on hand to meet expected expenditures.

For that purpose, AFT constantly updates its cash flow forecasts for the next 12 months. At the end of each day, it also forecasts the cash flows for the next day. All day long, AFT monitors expenditure and revenue in real time.

Centralisation of public cash holdings enables AFT to oversee both the State's financial flows and those arising from the financial activities of Treasury correspondents. It relies on a dedicated information system for that purpose that identifies each flow.

The cash management strategy, aimed at ensuring optimum security for the settlement of the State's financial commitments and those of the Treasury correspondents, generally results in a surplus on the Treasury Account. AFT invests this cash on the interbank market every day to reduce the cost of the cash surplus. These investments may take the form of loans or securities repurchase agreements. AFT may offer investments to its counterparties several times a day, depending on market demand.

> [For more information:](#) Tutorial: How is the State's cash managed? <https://bit.ly/2T0NaE8>



# ISSUE PREMIUMS AND DISCOUNTS

**Issues of securities give rise to issue premiums or discounts when there is a difference between the coupon yield and the market yield at the time of issue.**

**Premiums and discounts compensate for the difference between the coupon payments and the market yield at the time of issue over the life of the security.**

If the coupon yield is greater than the market yield at the time of issue, the price subscribers pay at the time of issue is greater than the "par" value they will receive when the security is redeemed. In such cases, a cash inflow called an "issue premium" is recognised. Otherwise, an "issue discount" applies and the State receives less than the par value of the security. Issue premiums and discounts affect both new issues and issues of off-the-run securities.

Regarding the issue of new securities, the coupon yields of par value securities are rounded to the nearest quarter of a percentage point (increments of 0.25%; and one twentieth of a percentage point for index-linked securities, i.e. 0.05%). Generally, this means that the coupon yield is different from the market yield.

The difference in the case of off-the-run issues stems from the fact that the market yield at the time of issue rarely matches the original coupon yield, which was set when the security was created and applies for its entire life. On the one hand, yields vary, and on the other, the residual maturity of the off-the-run security is shorter than its original maturity. For instance, when issuance consists in re-tapping a bond at the coupon rate of 2.50%, the market yield may be lower (in this example à 2%) or higher (in this example 3%). In that case, the price received by the State for a new bond with a par value of €100 will be respectively €125 or €83.40, i.e. a €25 premium or a €16.60 discount. In any case, the yield paid to the purchaser will be 2.50%.

The downward trend in yields up to 2021 meant that the State recorded more issue premiums than issue discounts for many years. By contrast, in 2022, in a context of rapid normalisation of monetary policy, average yields on off-the-run

securities were more often higher than lower of their coupon yields, resulting in recognition of more discounts than premiums.

The debt servicing cost recognised in budgetary accounting reflects only the facial coupon paid (issue premiums and discounts have no impact). On the other hand, the premiums and discounts are recognised in State's financial accounts and Maastricht accounts. They are amortised over the entire term to maturity of the securities in question. This means that the effective financial expense recognised under both accounting systems corresponds to the market yield at the time of issue, regardless of the amount of the actual coupon payments.

Premiums and discounts at issue are cash receipts or expenses in the State's flow of funds statement.

# AFT'S SUPERVISORY DUTIES

## Goal: maintain risk management quality standards and minimise incidents.

AFT's internal audit and risk management system must comply with market standards with regard to negotiable debt, cash and derivatives management transactions as well as trades on behalf of third parties. The system in place should be able to detect problems and incidents that could disrupt debt and cash management transactions as soon as possible, mitigate them and assess their impact. The scope of the system has also been broadened due to the diversity of AFT's transactions, the payment circuits it uses and the growing number of international counterparties.

In the draft Budget Act and performance indicators submitted to Parliament, AFT states its goal as "achieving a constant quality of risk management that minimises incidents".

Several sets of indicators have been developed to assess whether or not this goal is achieved.

### QUALITY INDICATORS RELATING TO AFT'S AUDIT SYSTEM

- > A first quality indicator lists the number of incidents or breaches of AFT's internal rules stated in its general activity framework (authorisations, risk limits, or transaction fulfilment limits).
- > Five other quality indicators are assessed by an external auditor (PricewaterhouseCoopers for 2023) based on verifying that AFT's procedures are consistent with its activities and related risks. The Order of 3 November 2014 on internal control in the banking sector has been the benchmark for the rules governing AFT.

### INDICATOR TRACKING AFT'S DEBT AND CASH MANAGEMENT TRANSACTION EXECUTION INCIDENTS

- > First sub-indicator: the number of incidents that decrease the balance of the Treasury Account at the *Banque de France*.
- > Second sub-indicator: the number of incidents that increase the balance of the Treasury Account at the *Banque de France*.
- > Third sub-indicator: the number of incidents that have no impact on the balance of the Treasury Account at the *Banque de France*.

The latter may be caused by the IT systems or communication networks involved in handling transactions, or be due to human error, or result from possible non-observance of internal operating procedures or our partners' operating procedures.

# INFORMATION SYSTEM SECURITY POLICY

## AFT's information system is the mainstay of its operating activities.

As such it must provide staff with a high level of security with regard to:

- > Timely availability of information;
- > Data integrity, by preventing any corruption of the data entered over the long term;
- > A level of confidentiality consistent with the information being processed.

Regular audits by the French Government Audit Office or external audit firms necessarily include an audit of the information system. This part of the such audits ensures that the system access policies are compliant with the general framework for AFT's operation regarding the segregation of activities and the procedures for granting and rescinding staff access privileges.

Cyber threats require a more technical audit. These audits are conducted by the staff of the Senior Defence and Security Official (SHFDS) of the Finance Economy and Finance Ministries or by the National Information System Security Agency (ANSSI). They verify hardware and software configuration to ensure that they meet regulations and best security practices.

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# GLOSSARY

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**AUCTION**

The “bid price” auctioning system has been the preferred technique for issuing French Treasury securities since 1985. Participants compete in the auction on an equal footing through a transparent system of open bidding according to a planned issuance programme. The “bid price” system consists in supplying securities at the bid price or the effective bid rate, as opposed to the price or rate limit. The other issuance system is syndication.

**BOND**

A bond is a recognition of debt. The State, some public sector entities and major corporations issue bonds. The borrower promises to make annual interest payments until the bond matures.

**BREAKEVEN INFLATION RATE**

The breakeven inflation rate is the difference between the yield of fixed-rate (non-indexed) bonds and the yield on index-linked bonds. It represents the market participants’ inflation expectations. Factors other than inflation expectations affect the values of index-linked bonds compared with fixed-rate bonds, such as liquidity or the mismatch between supply and demand of index-linked bonds compared to fixed-rate bonds. Lastly, an inflation risk premium is included in the yield of fixed-rate bonds, unlike index-linked bonds.

**BUYBACK**

AFT can carry out over-the-counter (OTC) buybacks and reverse auctions to pre-finance future issuance programmes, thereby spreading the amounts to be issued over time more evenly. AFT factors in market conditions when doing so: buying back securities on the market depends on their liquidity and price.

**COLLECTION**

Occurs when a creditor is paid back the sum borrowed. Collection notice: request for payment of a receivable.

**COLLECTIVE ACTION CLAUSE (CAC)**

With bonds, collective action clauses ensure orderly and predictable debt restructuring with the agreement of a qualified majority of creditors:

- By bondholders voting bond by bond and, when the restructuring methods are the same for a number of bonds, by means of a second vote by the holders of the relevant bonds: this is known as “double-limb” aggregation;

- By a direct vote by holders for all the relevant bonds subject to similar restructuring methods: this is known as “single-limb” aggregation.

OATs created prior to 1 January 2013 do not include CACs, whereas those created after this date include “double-limb” CACs. OATs to be created as from adoption of the Treaty instituting the European Stability Mechanism Treaty will include “single limb” CACs.

**CORPORATE ACTIONS**

This term covers all actions carried out during a security’s lifetime. For bonds, this mainly concerns coupon payments, i.e. receiving interest on the securities owned. For equities, this concerns paying dividends or stock splits. Both bonds and equities may be exchanged for another type of security.

**COUPON**

In the past, a coupon was a piece of paper that would be detached from the security in return for payment of interest accrued or a dividend, or during another transaction (to prove that the bearer had traded in the coupon). Now that securities are paperless, the coupon refers to bond interest or share dividends. Coupon payment: payment of interest or dividend.

**DEBT**

Any sum of money borrowed by an individual or legal entity (debtor) that must be paid back to another individual or legal entity (creditor). Until the debt matures, the debtor will pay the creditor interest (a coupon) at an agreed rate (yield) every year on an agreed date.

**DEBT AMORTISATION**

Payment of amounts due when a security reaches maturity. Synonym: redemption (for the debtor); collection (for the creditor).

**DELIVERY**

For financial transactions or trades, delivery consists in the seller handing over a security to the buyer or subscriber.

**DEPOSITORY**

A financial institution (bank) where bearers deposit their securities. The depository must know at all times who owns what, the status of securities (unrestricted, loaned, borrowed or pledged), and where the securities are held. Since the move to paperless transactions, security deposits have been digitised; they are secure and backed up on a regular basis.

**FIXED-RATE DISCOUNT TREASURY BILL (BTF)**

Fixed-rate discount Treasury bills (BTFs) are similar to short-term Treasury bonds. They have an initial maturity of up to one year. All the BTFs represent the government’s short-term debt (webpage: <https://www.aft.gouv/en/btf-characteristics>). For the fungible nature of a bond, see the definition of a “fungible Treasury bond”.

**FUNGIBLE TREASURY BOND (OAT)**

OATs are fungible medium- and long-term Treasury bonds with maturities of 2 to 50 years.

The fungibility technique consists in associating new OAT issues with existing ones. This enables the State to issue new bonds at a price in line with the latest market prices but identical in all other respects to the initial issue. As a result, the State avoids issuing too many bonds with different characteristics and ensures the liquidity of those already issued. OATs are the only form of medium-term and long-term State financing.

There are more than seventy OATs in circulation, listed by their yield and their date of maturity (e.g.: “OAT 0.00% 25 May 2032” or “OAT 0.50% 25 May 2072”). Their characteristics and issuance history are set out in the security fact sheets published on AFT’s website (<https://www.aft.gouv.fr/index.php/en/encours-detaille-oat>).

**GREEN OAT**

See the web page at: <https://www.aft.gouv.fr/en/green-oat>.

**INTEREST-RATE SWAP**

An interest rate swap is based on the comparison of a variable interest rate and a fixed interest rate between counterparties who swap interest-rate margins without exchanging principal over a specified period. They are particularly suited to hedging long-term risk in business. Corporate treasurers like the flexibility of swaps, which enable them to choose the duration, benchmark variable interest rate and the notional value. A swap between a bank and a company can be settled at any time by calculating the present value of the future fixed-rate flows at the market rate and comparing this to the initial notional value. Swaps are also used on a regular basis to hedge the interest rate risk on variable or fixed interest rate assets.

**LEAD BOOK RUNNER**

This is one of the primary dealers intervening in a syndicated issue. When a syndicated bond is being issued, the banks that prepare the bond, collect orders, allocate the bond based on supply and demand and set the price are known as the "lead book runners".

**LEGAL TENDER**

A currency is legal tender if it can be used in exchange for goods or services, or to pay taxes and duties in a given geographic area. The euro is legal tender in the 20 euro area countries and in Kosovo and Montenegro.

**LIQUIDITY**

A financial instrument or market is said to be liquid when buy and sell transactions can be carried out without triggering excessive variations in price compared with the last transaction price.

**MARKET MAKER**

Market makers are spot market operators who supply a price whenever they are contacted, regardless of market conditions.

**MATURITY**

Date of redemption set when a loan agreement is signed. Synonym: redemption date.

**OATI AND OAT€I**

Bond indexed to French inflation (excluding tobacco) (OATi: webpage: <https://www.aft.gouv.fr/en/oatis-characteristics>) or European inflation (OAT€i: webpage: <https://www.aft.gouv.fr/index.php/en/oateurois-characteristics>).

**OPTION**

A call option gives the holder the right to buy an asset at a fixed price at a point in the future up to a certain date. A put option gives the holder the right to sell the same asset under the same conditions. Negotiable options are contracts that can be exchanged on regulated markets.

**PAR VALUE**

Face value of a security. All French Treasury securities have a par value of one euro. By extension, "par" bonds have a fixed rate of interest, as opposed to "index-linked" bonds.

**PRICE**

Sum of money equivalent to the market value of a good or service. The price is set by the interplay of supply and demand. Bond prices vary inversely to bond yields.

**PRIMARY MARKET**

The primary market is where new securities are issued and subscribed by investors; it is the market for capital increases and bond issues. Compared to the secondary market, which sells "second-hand" financial securities, the primary market sells only "new" ones. It is on this market that debt issuance takes place, either through auctions or by syndication.

**PRINCIPAL**

Value of a bond less the coupon amounts. For bond debt, the amount paid by the debtor to the creditor when the bond matures.

**RATING**

Assessment by agencies specialising in rating the soundness of corporate financial statements and financial instruments issued by economic agents. *Rating* agency: a firm specialising in corporate credit ratings, i.e. in awarding scores based on

the state of a company's accounts or the financial instruments issued by an economic agent.

**RISK**

Risk is the possibility, which is never zero, of losing all or part of an asset or its equivalent monetary value. Risk is at the very heart of financial activity: evaluating, spreading, assuming, diversifying and hedging risk are all tasks involved in the settlement of financial transactions. The price of a bond indicates the degree of risk incurred by the buyer. Counterparty risk is the risk that the buyer will not pay for what they have purchased, that the seller will not deliver what they have sold, that the borrower will not repay their loan or that the lender will not supply the loan funds they have promised (and for which they have taken guarantees). Also called default risk, issuer risk or risk of non-payment.

**SECONDARY MARKET**

The secondary market is the market for securities already in circulation (created on the primary market). By ensuring investments remain liquid, the secondary market guarantees the quality of the primary market and the valuation of securities. Primary and secondary markets are therefore highly complementary.

**SECURITY**

A financial instrument held for investment purposes. In France, securities are issued in electronic form nowadays. Securities issued by the State are governed, *inter alia*, by Articles L.213-21-1 to L.213-31 of the Monetary and Financial Code. For the fungible nature of a bond, see the definition of a "fungible Treasury bond".

**SETTLEMENT**

For financial trades and transactions, settlement consists in a buyer or subscriber paying the seller for acquired securities and the seller delivering the said securities.

**STRIPPING**

Stripping is a technique that splits a bond into as many securities as there are coupon and redemption payments. The stripped bonds created in this way are sold and listed separately as zero-coupon bonds.

There is specific demand for this type of instrument on the French debt market.

### SYNDICATE

A group of banks that organises and oversees a large-scale bond issue. It intervenes as part of debt issuance by syndication. It comprises lead book runners.

### SYNDICATED ISSUE

Together with auctions, this is the other debt issuance method. A syndicated issue is where the issuer sells some or all of the securities to be placed with the public to a bank or a syndicate of banks. This is the preferred placement method for corporate issuers. This was also true for the State until 1985, but AFT still uses it for certain innovative or long-maturity securities, more particularly if they are green or index-linked to inflation.

### TEC

The daily CNO-TEC N index, with a constant maturity of N years (N is between 1 and 30), represents the yield to maturity of a fictitious OAT with a maturity equal to N. The yield to maturity is obtained through straight-line interpolation of the annual yields to maturity of the two OATs with maturities closest to maturity N.

### TRADE

A stock market transaction involving the exchange of a certain quantity of a given security at an agreed price between two parties, each represented by a financial intermediary (investment company). The trade is time- and date-stamped on Euronext then sent for clearing then settlement and delivery. Synonyms: transaction, exchange, market.

### TRANSACTION

A stock market transaction involving the exchange of a certain quantity of a given security at an agreed price between two parties, each represented by a financial intermediary (investment company). Synonyms: transaction, exchange, market.

### TREASURY SECURITY

French Treasury securities are issued by the State to finance its debt. There are several types of French Treasury securities: fixed-rate discount Treasury bills (BTFs) issued with a maturity of less than one year and fungible Treasury bonds (OATs) issued with maturities of between 2 and 50 years.

### VARIABLE

Said of an interest rate that is not constant for the duration of a contract, but which changes depending on outside factors, such as market rates (Euribor, €str) or statistical indices.

### VOLATILITY (BOND PRICES)

Bond price volatility stems mainly from the interest-rate risk that affects fixed-rate bonds. The price of a bond varies inversely to the market interest rate. Sensitivity is even greater when the coupon rate and the market interest rate are low.

### YIELD

Percentage used to calculate the bond coupon. expressed as a percentage. The yield is established when the bond is issued. It can be fixed or variable. Interest (payment): sum paid annually to a bondholder by the issuer up to maturity.

### YIELD CURVE

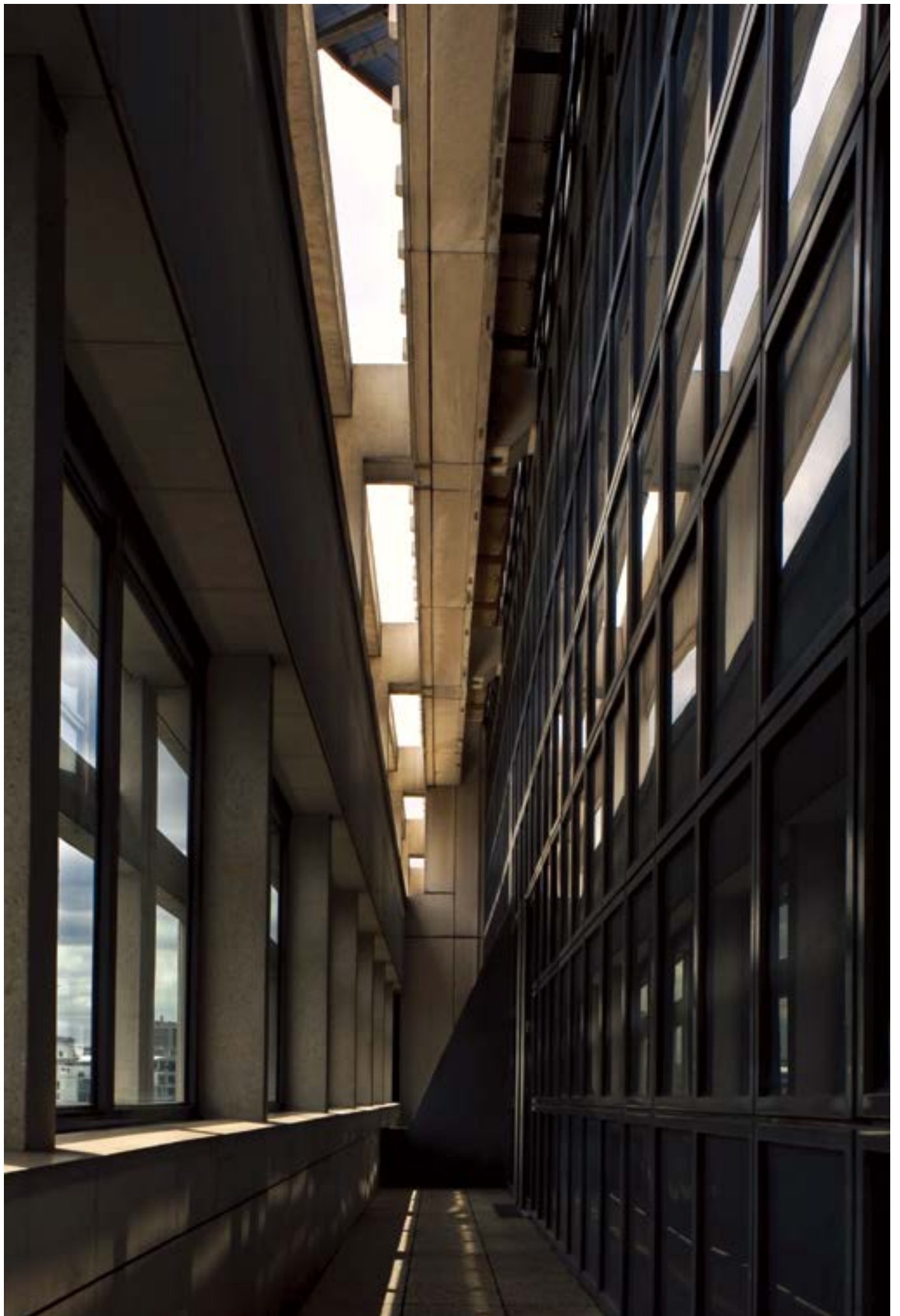
The yield curve illustrates the relationship between yields and their maturities. The curve generally, but not always, rises because of the risk premium (i.e. long-term yields are higher than short-term yields).

## LIST OF ABBREVIATIONS

<b>AFT</b> Agence France Trésor	<b>DCM</b> Ministerial Accounts Department	<b>GDP</b> Gross Domestic Product
<b>ANSSI</b> National Information System Security Agency of France	<b>DGFIP</b> Public Finances Directorate General	<b>GIC</b> Government of Singapore Investment Corporation - Singaporean sovereign wealth fund
<b>BTAN</b> Fixed-rate French Treasury note with interest paid annually	<b>ECB</b> European Central Bank	<b>GIE</b> Economic interest grouping
<b>BTF</b> Fixed-rate French Treasury bill	<b>EIB</b> European Investment Bank	<b>ICMA</b> International Capital Market Association
<b>CAC</b> Collective action clause	<b>ESDM</b> Economic and Financial Committee's Sub-Committee on European Union Sovereign Debt Markets	<b>IMF</b> International Monetary Fund
<b>CADES</b> Social Security Debt Repayment Fund	<b>€STR</b> <i>Euro short-term rate</i> - benchmark interbank interest rate calculated by the European Central Bank	<b>INSEE</b> National Statistics and Economic Research Institute
<b>CDP</b> Public Debt Fund	<b>FED</b> Federal Reserve of the United States (central bank)	<b>IPC</b> Consumer Price Index
<b>CLS</b> Continuous Linked Settlement		<b>IPCH</b> Harmonised Consumer Price Index



<b>JO</b>	Official Journal	<b>PAP</b>	Annual performance project	<b>SNCF</b>	<i>Société nationale des chemins de fer français</i> French national railway company
<b>KFW (GERMAN)</b>	<i>Kreditanstalt für Wiederaufbau</i> - German Development Bank	<b>QE</b>	Quantitative Easing	<b>SHFDS</b>	Senior defence and security official from France's Finance and Economic ministries
<b>LFI</b>	Initial Budget Act	<b>RNCE</b>	State Accounting Standards Manual	<b>SVT</b>	Primary dealer
<b>LFR</b>	Supplementary Budget Act	<b>SAAD</b>	Special debt account	<b>TEC</b>	Constant maturity rate
<b>LOLF</b>	Organic law on finance acts	<b>SCBCM</b>	Ministerial Budget and Accounting Control Department	<b>TELSAT</b>	Electronic bidding system for French Treasury auctions
<b>MAITRE</b>	Treasury's computerised auction mechanism	<b>SCN</b>	Department with national scope	<b>TFUE</b>	Treaty on the Functioning of the European Union
<b>OAT</b>	Fungible Treasury bond	<b>SEA</b>	Military Fuel Unit	<b>UNEP</b>	United Nations Environment Programme
<b>OECD</b>	Organisation for Economic Co-operation and Development	<b>SMES</b>	Small and medium-sized enterprises	<b>WWF</b>	World Wildlife Fund
<b>ONC</b>	Non-competitive offers				



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