



**Caisse
Française de
Financement
Local**

Financial report
for the period January 1 to March 31, 2013
Caisse Française de Financement Local
Local public sector assets – *Obligations foncières*

Financial report

for the period January 1 to March 31, 2013

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1 Management report 1Q 2013

1. HIGHLIGHTS OF THE FIRST THREE MONTHS OF 2013

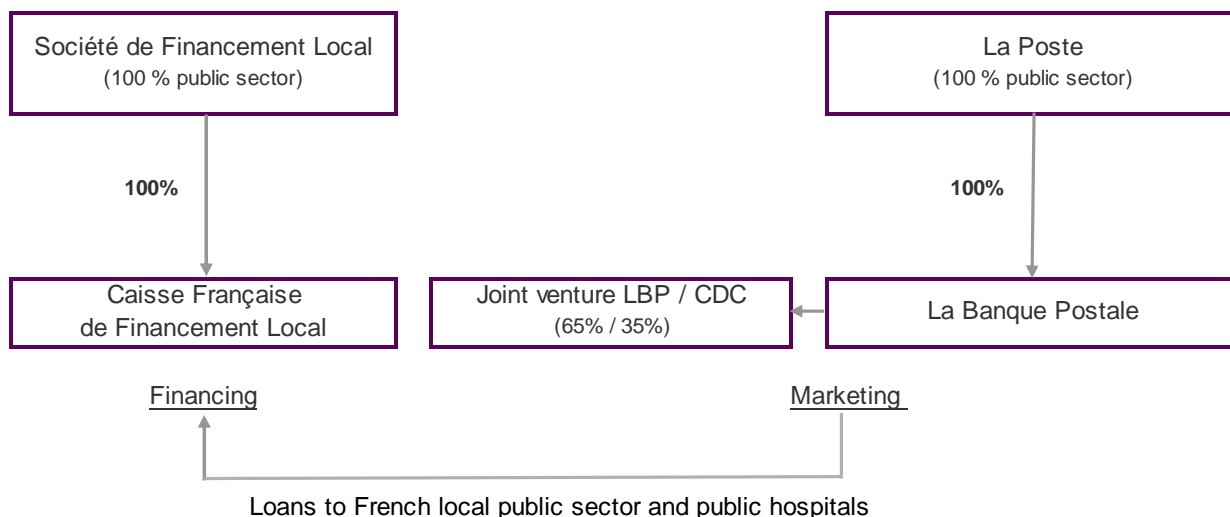
1.1 CHANGE IN THE SHAREHOLDING STRUCTURE OF CAISSE FRANÇAISE DE FINANCEMENT LOCAL

On January 31, 2013, Société de Financement Local (SFIL) became the new parent company of Dexia Municipal Agency, which took the name Caisse Française de Financement Local. SFIL is a credit institution approved by the Autorité de contrôle prudentiel.

SFIL's shareholders are the French State (75%), Caisse des Dépôts et Consignations (20%) and La Banque Postale (5%). The French State is the reference shareholder for the Autorité de contrôle prudentiel, underlining its commitment to ensure oversight and strategic decision-making, as well as its determination to ensure SFIL's ongoing financial transactions if so required.

Caisse des Dépôts et Consignations provides SFIL with the resources required to finance business existing prior to the date of transfer. It will contribute with La Banque Postale to meet the financing needs engendered by future business originated by the joint venture. All the financing provided by Caisse des Dépôts et consignations will be capped at EUR 12.5 billion.

New organization for the financing of the local public sector in France



The role of Société de Financement Local is to support the activities of Caisse Française de Financement Local as a servicer. This role is defined by the regulations that apply to *sociétés de crédit foncier*, in particular in the sense of article L.515-22 of the Monetary and Financial Code. In this regard,

- SFIL provides Caisse Française de Financement Local with the non-privileged funding its activity requires;
- SFIL has replaced Dexia Credit Local in all derivative transactions between Dexia Municipal Agency and Dexia Credit Local at the date of sale;
- SFIL will also manage the reduction of the sensitivity of the structured loans on Caisse Française de Financement Local's balance sheet.

SFIL likewise provides services for La Banque Postale and the joint venture in the fields of commercial support, financial control, risk management and back office.

SFIL's long-term ratings are respectively Aa2 by Moody's, AA+ by Standard and Poor's and AA+ by Fitch. These ratings reflect the strategic character of the role the French State has assigned to SFIL and Caisse Française de Financement Local, and the French State's long-term commitment to assure them of its support if so required. These long-term ratings include a negative outlook, reflecting the current outlook of the rating of the French State.

On January 31, 2013 SFIL signed a declaration of support for Caisse Française de Financement Local. This declaration is reproduced in the 2012 annual report - General informations.

1.2 RATINGS OF CAISSE FRANÇAISE DE FINANCEMENT LOCAL

The issuance program of Caisse Française de Financement Local is rated by the three main rating agencies Standard & Poor's, Fitch and Moody's.

Since the change in the nature and shareholding structure of the parent company, the rating agencies reviewed the ratings of Caisse Française de Financement. They raised their ratings to the highest possible level:

- Aaa by Moody's,
- AAA by S&P,
- AAA by Fitch.

The negative outlook of S&P and Fitch's ratings is reflecting the negative outlook of the sovereign rating as well as of the rating of Société de Financement Local.

1.3 THE COVERED BONDS MARKET

In the first quarter of 2013, issues of euro-denominated benchmark covered bonds, totaling EUR 29.6 billion, contracted significantly in the primary market, compared with the same period in 2012 and 2011 (respectively -45% and -69%). Issuers tended to privilege sub-jumbo for jumbo issues in the first quarter (sub-jumbos accounted for 34% of all issues at the end of March 2013, compared with 21.7% in 2012).

With a 17% market share, French issuers were less present than usual in the first quarter in the primary market, but, with German (18%) and Scandinavian (22%) issuers, they remained the most active players in the market.

At the same time, PIIGS issuers (Ireland, Italy, Portugal and Spain) made a marked return in the primary market with a 38% market share (compared with 13.5% in the first quarter of 2012).

Average spreads for covered bonds in all countries continued to narrow, reflecting the progressive trend begun in early 2013, as they demonstrated resistance to numerous political and economic uncertainties in Europe.

The spread of Caisse Française de Financement Local bonds in the secondary market continued to narrow in the first quarter of 2013, returning to the level of the other French issuers.

Caisse Française de Financement Local launched no issues in the first quarter because of the change in its shareholding structure at the end of January 2013. It is scheduled to return to the euro benchmark market in the second quarter of 2013.

1.4 STRUCTURED LOANS

A detailed presentation about structured and litigious loans is presented in the part 3.3.d Structured loans.

1.5 FIRST APPLICATION OF IFRS 13 FAIR VALUE MEASUREMENT

Since January 1st, 2013, Caisse Française de Financement Local reports a credit value adjustment (CVA) and a debit value adjustment (DVA) in the context of the first application of IFRS13. The impact of the initial application of the standard totaled EUR - 21 million for the CVA and EUR + 163 million for the DVA, in the

first quarter of 2013. These amount include the overall effects of the first application of this standard and changes in the period.

Such CVA/DVA represent an adjustment of the fair value of the portfolio of derivatives contracted by Caisse Française de Financement Local with other banks. These adjustments represent the measurement of the counterparty risk on derivative instruments, whether this risk is borne by Caisse Française de Financement Local or its counterparties. Thus the CVA measures the losses that Caisse Française de Financement Local would assume in the event of the default of a swap counterparty. The measurement of this risk takes into account the cash collateral received for these operations.

The DVA represents an evaluation of the losses that the counterparties would assume in the event of the default of Caisse Française de Financement Local.

The absence of any payment by Caisse Française de Financement Local of cash collateral, that would have the effect of reducing the exposure of its counterparties, explains why the amount of DVA is high despite Caisse Française de Financement Local's very good rating. The DVA is sensitive to changes in Caisse Française de Financement Local's own credit risk.

The obligation to report these adjustments, in effect since the beginning of 2013, will introduce a certain degree of volatility in net banking income in the future. This will depend among others on the spreads of Caisse Française de Financement Local and its counterparties.

2. CHANGES IN MAIN BALANCE SHEET ITEMS

| EUR billions - value after swaps | 12/31/2011 | 12/31/2012 | 3/31/2013 | Change March 2013 / Dec. 2012 |
|--|-------------|-------------|-------------|-------------------------------|
| Cover pool | 76.0 | 69.2 | 65.8 | (4.9)% |
| Central bank | 2.2 | 2.4 | 0.9 | (62.5)% |
| Loans | 54.9 | 51.7 | 50.6 | (2.2)% |
| Securities | 18.9 | 15.1 | 14.3 | (5.1)% |
| Assets assigned in guarantee to Banque de France | 3.2 | - | - | - |
| Privileged debt | 65.6 | 59.7 | 56.4 | (5.6)% |
| <i>Obligations foncières *</i> | 63.1 | 56.2 | 53.2 | (5.3)% |
| Cash collateral received | 2.5 | 3.5 | 3.1 | (10.1)% |
| Non-privileged debt | 12.2 | 7.6 | 7.6 | 0.0% |
| Sponsor bank | 9.5 | 7.6 | 7.6 | 0.0% |
| Banque de France | 2.7 | - | - | - |
| Equity IFRS (excluding unrealized gains and losses) | 1.3 | 1.5 | 1.4 | (6.7)% |

*Including registered covered bonds

The cover pool and the privileged debt continued to amortize in the first quarter, in the absence of new assets and new issues. Since the amortization schedules are different for the assets and the liabilities, there was an increase in the level of over-collateralization.

As of March 31, 2013, Caisse Française de Financement Local's cover pool, composed of loans and debt securities, totaled EUR 65.8 billion, excluding accrued interest not yet due. As of December 31, 2012, the total pool was EUR 69.2 billion; the decrease was therefore EUR 3.4 billion (-4.9%).

As of March 31, 2013, no asset has been assigned in guarantee to the Banque de France.

Outstanding debt benefiting from the legal privilege was EUR 56.4 billion, including cash collateral received, down 5.6% from December 2012.

Debt vis-à-vis the parent company, which does not benefit from the legal privilege, totaled EUR 7.6 billion. This amount corresponds to the financing of over-collateralization both structurally (commitment of Caisse Française de Financement Local and requirements of the rating agencies) and on a temporary basis (assets

waiting to be refinanced by *obligations foncières*).

Equity, according to IFRS, but excluding reserves for unrealized gains and losses, totaled EUR 1.4 billion at the end of March 2013.

3. CHANGE IN ASSETS IN THE FIRST THREE MONTHS OF 2013

3.1 ASSET PRODUCTION

The net change in assets as of March 31, 2013, was a decrease of EUR 3.4 billion. The change can be analyzed as follows.

| EUR billions | 1Q 2013 |
|------------------------------|-------------|
| Beginning of the year | 69.2 |
| New assets | |
| <i>Loans</i> | 0.1 |
| <i>Bonds</i> | - |
| Amortization | -3.5 |
| Early reimbursements | 0.0 |
| Divestments | - |
| Changes in provisions | 0.0 |
| End of the period | 65.8 |

Gross asset production and acquisitions in the period totaled EUR 45 millions.

| EUR billions | 2012 | First quarter 2013 |
|--------------------|------------|--------------------|
| Loans | 1.1 | 0.1 |
| Canada | 0.1 | - |
| France | | |
| - commercial loans | 1.0 | 0.1 |
| Bonds | | - |
| TOTAL | 1.1 | 0.1 |

This amount correspond to payments on contracts that have already been in Caisse Française de Financement Local's balance sheet.

The decrease in assets mainly corresponded to the natural amortization of the portfolio of loans and securities, in particular EUR 0.5 billion in *cedulas territoriales* in January 2013 and the amortization of the Banque de France account for EUR 1.5 billion.

3.2 OUTSTANDING ASSETS AS OF MARCH 31, 2013

a. Geographic breakdown of the cover pool (including replacement assets)

The breakdown of assets by country was influenced by movements in the cover pool in 2012, including the disappearance of Greek and Icelandic exposures from the pool, of Luxembourg lettres de gage, of a Belgian securitization vehicle and of Spanish *cedulas territoriales*. French assets remained predominant, with significant geographic diversification.

The trend in the relative proportion of assets by country can be analyzed as follows.

| % | 12/31/2012 | 3/31/2013 |
|-----------------|---------------|---------------|
| France | 69.9% | 69.9% |
| Belgium | 7.5% | 7.6% |
| Italy | 10.5% | 10.9% |
| Switzerland | 4.1% | 4.0% |
| Spain | 1.5% | 0.8% |
| United Kingdom | 3.6% | 3.7% |
| Luxembourg | 0.0% | 0.0% |
| Subtotal | 97.1% | 96.9% |
| Other countries | 2.9% | 3.1% |
| TOTAL | 100.0% | 100.0% |

As of March 31, 2013, exposures on other countries could be broken down as follows.:

| Other countries (%) | 12/31/2012 | 3/31/2013 |
|---------------------|-------------|-------------|
| Germany | 1.2% | 1.3% |
| Greece | 0.0% | 0.0% |
| Austria | 0.4% | 0.5% |
| Sweden/Finland | 0.3% | 0.3% |
| United States | 0.3% | 0.3% |
| Canada | 0.5% | 0.5% |
| Portugal | 0.1% | 0.1% |
| Iceland | 0.0% | 0.0% |
| Japan | 0.1% | 0.1% |
| TOTAL | 2.9% | 3.1% |

b. Assets removed from the cover pool

As of March 31, 2013, no asset was assigned by Caisse Française de Financement Local in guarantee to the Banque de France.

c. Concentration by borrower

As of March 31, 2013, the 20 largest exposures (excluding replacement assets and cash accounts) represented 16.1% of the cover pool. The largest exposure accounted for only 1.8% of the cover pool and the twentieth exposure less than 0.4%.

d. Replacement assets

As of March 31, 2013, replacement assets represented a total of EUR 100 millions. This major decrease from December 31, 2012, was due to the arrival at maturity of *cedulas territoriales* for EUR 0.5 billion at the beginning of January 2013. Replacement assets are solely composed of the balance of bank current accounts.

Current legislation limits the amount of replacement assets, excluding bank current accounts, to 15% of outstanding *obligations foncières* and registered covered bonds.

| Replacement assets | Country | Issuer | EUR millions | |
|------------------------------|---------|----------------|--------------|------------|
| | | | 12/31/2012 | 3/31/2013 |
| Step 2 credit rating | | | | |
| Bank account balances | | | 23 | 100 |
| Other assets | | | | |
| <i>Cedulas territoriales</i> | Spain | Dexia Sabadell | 500 | - |
| TOTAL | | | 523 | 100 |

3.3 ASSET QUALITY

Caisse Française de Financement Local's pool of assets is exclusively composed of exposures on public sector entities or issues guaranteed by the same.

a. Quality of the assets in the portfolio

Caisse Française de Financement Local's portfolio of assets is composed of loans and debt securities.

Loans and advances: Loans and most of the bonds held by Caisse Française de Financement Local are classified in the "Loans and advances" portfolio according to IFRS, corresponding to an intention to hold them until maturity. They are valued at their historical cost and, if necessary, are covered by provisions for impairment when there is a risk of non-payment.

In addition, collective impairment is calculated on the different portfolios of loans and advances. In the absence of specific depreciation, it covers the risk of loss in value when there is an objective indication of the probability of loss in certain segments of the portfolio or in other commitments involving outstanding loans at the end of the period. These losses are estimated on the basis of each segment's past performance and trends, each borrower's rating, and the borrower's economic environment. To this end, Caisse Française de Financement Local uses a credit risk model using an approach that combines probabilities of default (PD) and loss given default (LGD) in line with the model of expected losses.

This model, which is also used for Caisse Française de Financement Local's transactions, is regularly tested a posteriori.

The small amount of non-performing loans observed indicates the low risk profile and the portfolio's overall high quality.

Non-performing and litigious loans as of March 31, 2013, amounted to EUR 123.7 million, i.e. less than 0.19% of the total cover pool (EUR 65.8 billion).

They can be broken down into,

- EUR 90.1 million of non-performing loans, which for the most part can be divided between municipalities and groups of municipalities for small unit amounts
- EUR 33.6 million of unpaid amounts related to structured loans subject to litigation.

| Non-performing loans & litigious loans EUR millions | 12/31/2012 | | 3/31/2013 | |
|--|-------------------------|-----------------|-------------------------|-----------------|
| | Non-performing loans | Litigious loans | Non-performing loans | Litigious loans |
| FRANCE | | | | |
| Municipalities | 39.9 | 9.2 | 43.1 | 11.8 |
| Departments | - | 12.8 | 0.0 | 12.8 |
| Group of municipalities | 45.3 | 6.3 | 43.7 | 8.5 |
| Public sector entities | 6.5 | 0.5 | 3.3 | 0.5 |
| Total | 91.6 | 28.7 | 90.1 | 33.6 |

Non-performing loans are carried by a limited number of counterparties and turnover is frequent. Since the beginning of 2013, three files were resolved and two new cases were identified.

No litigation was resolved in the first three month of 2013 given the long delays in procedures (cf.4.3.e. Structured loans).

| Non-performing loans & litigious loans (number of clients) | 12/31/2012 | | 3/31/2013 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | Non-performing loans | Litigious loans | Non-performing loans | Litigious loans |
| Beginning of the year | 25 | - | 33 | 25 |
| New | 17 | 25 | 2 | 2 |
| Outgoing | 9 | - | 3 | - |
| End of the year | 33 | 25 | 32 | 27 |

To take in consideration the situation of the structured loan portfolio, Caisse Française de Financement Local recorded EUR 170 millions of collective impairments, which total amount is EUR 209 millions as of March 31, 2013. These impairments have been assessed on the basis of an estimate of the risk that some local authorities that have subscribed structured loans would not be able to refinance the cost of transformation of their structured loans into vanilla loans.

| EUR millions | 12/31/2012 | 3/31/2013 |
|-----------------------|------------|------------|
| Specific impairment | 8 | 9 |
| Collective impairment | 44 | 215 |
| Total | 52 | 224 |

AFS securities. Because of their liquidity, in particular, certain securities remain classified for accounting purposes as available for sale according to IFRS and are valued for accounting purposes on the basis of their fair value.

To determine the fair value of these securities, the reference is the market price when such data is available. When no price is listed in a market, the fair value is obtained by estimating the value using price valuation models or the discounted cash flow method, including observable and non-observable market data. When there is no price listed for these instruments, the valuation model attempts to apprehend as best as possible the market conditions at the date of the valuation, as well as any changes in the quality of the credit risk of these financial instruments and in market liquidity. The methods that have served to determine the fair value of AFS securities are indicated in the notes to the financial statements according to IFRS. The difference with the accounting value gives rise to a positive or negative AFS reserve. These reserves would only represent gains or losses if Caisse Française de Financement Local were to sell these securities, but Caisse Française de Financement Local acquired these assets with the intention of holding them to maturity.

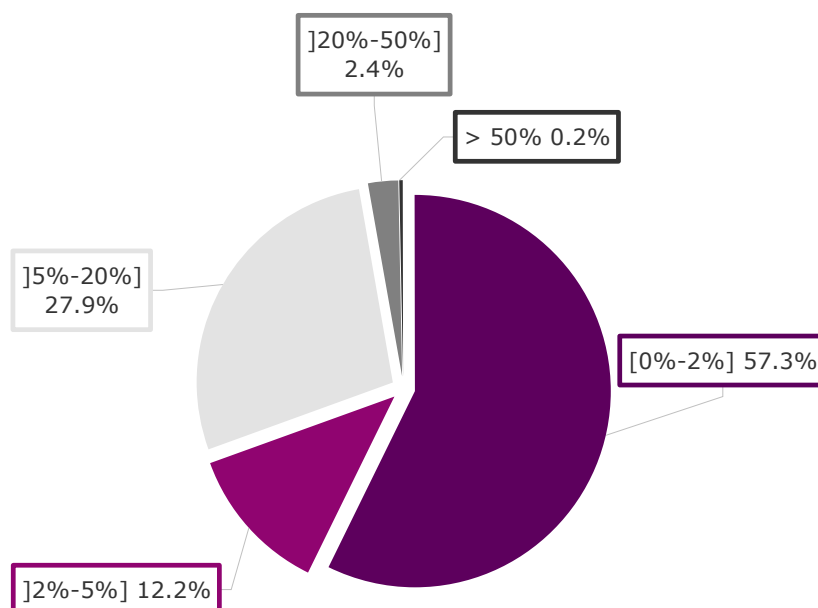
As of March 31, 2013, the overall AFS reserve, before taxes, was stable at EUR -288 million, versus EUR -291 million as of December 31, 2012. For the most part, this reserve corresponded to the decrease in value of Italian sovereign, EUR -175 millions.

b. Breakdown of exposures according to Basel II risk weighting

The quality of Caisse Française de Financement Local's portfolio can also be seen in the weighting of its assets within the framework of the calculation of the Group's solvency ratio. The group chose the advanced method within the framework of the reform of the solvency ratio and capital adequacy according to Basel II criteria. Banking regulators authorized the Group to use advanced internal models for the calculation and reporting of equity requirements for credit risk. As of March 31, 2013, Caisse Française de Financement Local was therefore able to present in the following graph an analysis of its exposures, broken down by risk

weighting, such as used for the calculation of equity requirements for credit risk.

Risk weighting (Basel II) of Caisse Française de Financement Local's portfolio as of March 31, 2013



These weightings are primarily calculated on the basis of the probability of default (PD) and loss given default (LGD) of the counterparty. This analysis confirms the excellent quality of the assets in Caisse Française de Financement Local's portfolio, since more than 67% of the portfolio assets have a weighting that is less than or equal to 5%, and more than 95% of the portfolio assets have a weighting that is less than or equal to 20%.

Caisse Française de Financement Local has a solvency ratio of more than 25% as of March 31, 2013, by reason of the size of its equity and the credit quality of its assets.

c. Exposure to ABS, banks and sovereign countries

Exposure in the form of asset-backed securities (ABS)

At the end of March 2013, Caisse Française de Financement Local had a limited number of exposures in the form of amortizable securitization units, totaling EUR 8.0 billion, down 3.5% from December 31, 2012. The amount of these exposures before provisions is listed below.

| EUR millions | ISIN code | 12/31/2012 | 3/31/2013 |
|--|--------------|----------------|----------------|
| Internal securitizations* | | | |
| Dexia Secured Funding Belgium SIC (DSFB 2) | BE0934330268 | 1,303.3 | 1,266.8 |
| Dexia Secured Funding Belgium SIC (DSFB 4) | BE6000495752 | 3,527.8 | 3,376.6 |
| Dexia Crediop per la Cartolarizzazione SRL (DCC 1) | IT0003674691 | 690.7 | 662.0 |
| Dexia Crediop per la Cartolarizzazione SRL (DCC 2) | IT0003941124 | 614.5 | 575.7 |
| Dexia Crediop per la Cartolarizzazione SRL (DCC 3) | IT0004349665 | 2,054.5 | 2,028.0 |
| Subtotal | | 8,190.7 | 7,909.1 |
| External securitizations | | | |
| Blue Danube Loan Funding GmbH | XS0140097873 | 70.0 | 69.0 |
| Colombo SRL | IT0003156939 | 3.2 | 2.1 |
| Societa veicolo Astrea SRL | IT0003331292 | 0.1 | - |
| Subtotal | | 73.3 | 71.1 |
| TOTAL | | 8,264.0 | 7,980.2 |

* The seller of the securitized exposures and Caisse Française de Financement Local were integrated in the same scope of consolidation at the acquisition date of the securitization units.

Most of these exposures are asset-backed securities especially designed to transfer to Caisse Française de Financement Local exposures on Italian and Belgian local governments originated by Dexia subsidiaries. Caisse Française de Financement Local thus holds almost all of the debt issued by DCC and DSFB, with the remainder held by the entity that originated the assets – Dexia Crediop or Belfius Banque et Assurances. DCC securities benefit from the guarantee of Dexia Crediop, and were therefore rated BBB+ / negative outlook by Fitch, B+ / negative outlook by S&P, and Ba2 by Moody's as of March 31, 2013.

The securities issued by DSFB 2 benefit from the guarantee of Belfius Bank and Insurances and are therefore rated A- / outlook stable by Fitch, A- by S&P and Baa1 by Moody's. The securities issued by DSFB 4 are not guaranteed by Belfius Bank and Insurances but are rated AA- / outlook stable by Fitch. The composition of the DCC and DSFB portfolios is presented at the end of this report.

The other ABS have the following characteristics:

- Blue Danube Loan Funding GmbH is governed by Austrian law and is rated AA+ by S&P; its debt is unconditionally and irrevocably guaranteed by the Land of Lower Austria;
- Colombo SRL and Societa veicolo Astrea SRL is an Italian company with assets that are exclusively loans to the Italian public sector (regions, municipalities, etc.).

These securitization units were entirely sold in April and May 2013. Since these sales, Caisse Française de Financement Local has no external securitizations on its balance sheet.

Exposure to banks

Caisse Française de Financement Local held as of March 31, 2013, two types of exposure to banks:

- bank account balances in euros and other currencies;
- the value of its derivative contracts, entered into within the framework of its management of interest rate and foreign exchange risks.

All of Caisse Française de Financement Local's derivative operations are conducted within the framework of standard ISDA or AFB contracts with major international banks. These contracts have particular characteristics, since they must meet the standards set by rating agencies for *sociétés de crédit foncier* (and other issuers of covered bonds). These interest rate and currency swaps all benefit from the same legal privilege as *obligations foncières*. For this reason, Caisse Française de Financement Local does not pay its derivative counterparties any collateral, whereas they have to pay Caisse Française de Financement Local unless they benefit from the agencies' highest short-term rating.

As of March 31, 2013, Caisse Française de Financement Local was exposed (positive fair value of the swaps) to fifteen banking counterparties. Twelve of these paid collateral for EUR 3.1 billion, offsetting total exposure, and three paid no collateral because of its very good short-term ratings. These counterparties represented an exposure of EUR 72 million. All long-term derivative exposures as of December 31, 2013, are listed below.

| EUR millions | Notional amounts | % | Mark to Market | | Collateral received | Number of counterparties |
|----------------------|------------------|---------------|----------------|------------|---------------------|--------------------------|
| | | | - | + | | |
| SFIL | 18.3 | 18.0% | (3.5) | - | - | 1 |
| Other counterparties | 83.2 | 82.0% | (3.7) | 3.2 | 3.1 | 28 |
| Total | 101.5 | 100.0% | (7.2) | 3.2 | 3.1 | 29 |

In January 2013, Société de Financement Local, the new parent company of Caisse Française de Financement Local, acquired all the long-term swaps between its subsidiary and the Dexia Group. Therefore, there are no more long-term swaps between the Dexia Group and Caisse Française de Financement Local.

Derivatives signed with external counterparties represented a total of 82.0% of outstanding long-term swaps and those signed with Société de Financement Local 18.0%. Short-term swaps (Eonia) were exclusively negotiated with external counterparties. Those contracted with the five largest external

counterparties represented a total of 34.9% of the notional amounts.

Exposure on sovereign countries

Caisse Française de Financement Local has limited exposure on sovereign countries. Most of these exposures are concentrated on countries benefiting from very good ratings as of March 31, 2013.

| EUR millions | Ratings as of 3/31/2013** | 12/31/2012 | 3/31/2013 | in % of the cover pool |
|----------------|------------------------------|--------------|--------------|---------------------------|
| France* | AAA/Aa1/AA+ | 171 | 164 | 0.2% |
| United Kingdom | AAA/Aa1/AAA | 608 | 592 | 0.9% |
| Germany | AAA/Aaa/AAA | 12 | 12 | 0.0% |
| Italy | BBB+/Baa2/BBB+ | 560 | 562 | 0.9% |
| TOTAL | | 1,351 | 1,330 | 2.0% |

*Excluding the Banque de France sight account

** Fitch, Moody's, S&P

d. Structured loans

Definition

Certain loans to French public sector entities in the cover pool of Caisse Française de Financement Local may be qualified as structured loans.

To define this notion, Caisse Française de Financement Local refers to the charter of good practices signed by banks and local government (the Gissler charter), which can be consulted on the Internet site of the French Ministry of the Interior . This document was signed on December 7, 2009, by several organizations that are representative of local governments in France (Association des maires de France, Fédération des maires des villes moyennes, Association des petites villes de France, Association des maires de grandes villes de France and Assemblée des communautés de France) as well as certain banks.

Therefore, structured loans are defined as:

- all the loans with structures belonging to Gissler charter categories B to E;
- all the loans the commercialization of which is excluded by the charter, either because of their structure (i.e. leverage > 5, etc.), the underlying index(es) (i.e. foreign exchange, commodities, etc.), or the currency of the exposure (loans denominated in CHF, JPY, etc.);
- to the exclusion of all the loans of which the structured phase is terminated and the interest rate is a fixed rate or a simple variable rate definitively.

According to this definition, outstanding structured loans on the balance sheet of Caisse Française de Financement Local at the end of March 2013 represented EUR 15.0 billion (versus EUR 15.4 billion at the end of 2012).

Sensitive loans

The most structured loans according to the Gissler categories may be qualified as "sensitive". They are specially monitored and specific measures are taken to reduce their sensitivity. These loans represented a total of EUR 8.3 billion at the end of March 2013 compared with EUR 8.5 billion at the end of 2012.

| EUR billions | Amount | % | Number of clients |
|------------------------------------|-------------|---------------|----------------------|
| Total cover pool | 65.8 | 100.0% | |
| French public sector loans | 44.2 | 67.1% | 18,904 |
| Sensitive loans not in the charter | 4.0 | 6.1% | 409 |
| Sensitive loans (3E/4E/5E) | 4.3 | 6.5% | 465 |
| Other structured loans | 6.7 | 10.2% | 1,380 |
| Vanilla loans | 29.1 | 44.2% | 16,650 |

Sensitive loans not in the charter represented 6.1% of the cover pool and 409 clients, as described above. These loans concern the following client categories:

