



**Caisse
Française de
Financement
Local**

Report on asset quality as of March 31, 2013

Caisse Française de Financement Local
(Instruction n° 2011-I-07 of June 15, 2011)

The report on cover pool quality, consistent with Instruction No. 2011-I-07, June 15, 2011, aims at presenting all of the assets comprising the cover pool of Caisse Française de Financement Local.

As of March 31, 2013, Caisse Française de Financement Local's cover pool is made of EUR 51.5 billion of loans and EUR 14.3 billion of bonds, that correspond to the following exposures :

EUR thousands, as of 3/31/2013	Amount	Assets temporarily removed from the cover pool	TOTAL
Exposures on public sector	57,723,228		57,723,228
Asset-backed securities	7,978,156		7,978,156
Replacement assets	100,465		100,465
TOTAL	65,801,849	-	65,801,849

As a *société de crédit foncier*, Caisse Française de Financement Local can access the refinancing possibilities offered by the Banque de France to banks. Within the framework of the management of its cover pool and over-collateralization level, Caisse Française de Financement Local can thus remove some assets from its cover pool and pledge them to the central bank to obtain funding from tenders organized by the Banque de France. As of March 31, 2013, no asset has been assigned by Caisse Française de Financement Local in guarantee to the Banque de France.

1. MORTGAGE LOANS

Caisse Française de Financement Local has no mortgage loans.

2. EXPOSURES ON PUBLIC SECTOR

2.1 BREAKDOWN BY COUNTERPART

Direct exposures refer to exposures on public sector entities and indirect exposures to exposures fully guaranteed by public sector entities. Exposures in a foreign currency are translated to the exchange rate of the hedging swap.

EUR thousands	Direct Exposure		Indirect Exposure		Total	Of which non-performing loans	Of which past due	Of which specific impairment (2)
	Loans	Bonds	Loans	Bonds				
France								
State (3)	31,500		132,554		164,054		257	
Banque de France (4)	947,000				947,000			
Regions	1,826,311	128,640	293,184		2,248,135		7	
Departments	5,869,179		322,804		6,191,983	12,807	13,100	
Municipalities (5)	16,241,052	103,838	816,401		17,161,291	54,519	18,931	3,560
Groups of municipalities (6)	9,498,820	112,449	250,651		9,861,920	52,196	14,300	3,166
Public sector entities :								
- health	6,398,929				6,398,929	3,795	2,781	180
- social housing	1,887,796				1,887,796		94	
- others	988,236		11,742		999,978		294	
Sub total	43,688,823	344,927	1,827,336	-	45,861,086	123,317	49,764	6,906
Germany								
State				11,580	11,580			
Länder		505,447		342,280	847,727			9,773
Sub total	-	505,447	-	353,860	859,307	-	-	9,773
Austria								
Länder	200,796				200,796			
Sub total	200,796	-	-	-	200,796	-	-	-
Belgium								
Regions	175,409		68,793		244,202			
Communities		50,000			50,000			
Public sector entities	76,205				76,205			
Sub total	251,614	50,000	68,793	-	370,407	-	-	-
Canada								
Provinces		22,371			22,371			
Municipalities	220,296				220,296			
Public sector entities	128,676				128,676			
Sub total	348,972	22,371	-	-	371,343	-	-	-
Spain								
Municipalities	279,495				279,495			
Regions		228,136			228,136			4,217
Sub total	279,495	228,136	-	-	507,631	-	-	4,217
United States								
Federated States		252,943			252,943			
Sub total	-	252,943	-	-	252,943	-	-	-
Finland								
Municipalities	10,150				10,150			
Public sector entities	42,600				42,600			
Sub total	52,750	-	-	-	52,750	-	-	-

EUR thousands	Direct Exposure		Indirect Exposure		Global	Of which non performing loans	Of which past due	Of which specific impairment (2)
	Loans	Bonds	Loans	Bonds				
Italy								
State		506,270		55,705	561,975			54,295
Regions		1,542,816			1,542,816			4,768
Provinces		274,564			274,564			
Municipalities	12,541	1,518,724			1,531,265			
Sub total	12,541	3,842,374	-	55,705	3,910,620	-	-	59,063
Japon								
Municipalities		25,000			25,000			
Sub total	-	25,000	-	-	25,000	-	-	-
Portugal								
Municipalities	64,865				64,865			
Public sector entities	8,594				8,594			
Sub total	73,459	-	-	-	73,459	-	-	-
United Kingdom								
State				592,171	592,171			15,174
County (7)			398,124		398,124			
District (7)			27,973		27,973			
Municipalities (7)			1,367,720		1,367,720			
Public sector entities (7)			56,183		56,183			
Sub total	-	-	1,850,000	592,171	2,442,171	-	-	15,174
Sweden								
Municipalities	70,519		33,506		104,025			
Public sector entities	4,624				4,624			
Sub total	75,143	-	33,506	-	108,649	-	-	-
Switzerland								
Cantons	1,166,027		589,844		1,755,871			
Municipalities	796,049				796,049			
Public sector entities	90,525				90,525			
Sub total	2,052,601	-	589,844	-	2,642,445	-	-	-
Supranational								
International organizations	44,621				44,621			
Sub total	44,621	-	-	-	44,621	-	-	-
TOTAL	47,080,815	5,271,198	4,369,479	1,001,736	57,723,228	123,317	49,764	95,133

(2) Specific impairments on loans and bonds are composed as followed:

- specific impairment on non performing loans : EUR 6,906 thousand. In addition to these impairments, Caisse Française de Financement Local makes collective and sectorial impairments.

- provisions for unrealised losses on placement portfolio bonds : EUR 88,227 thousand

(3) Of which EUR 17,078 thousand on operations linked to partnership agreement (PPP)

(4) Caisse Française de Financement Local's Banque de France account as of March 31, 2013

(5) Of which EUR 17,759 thousand on operations linked to partnership agreement (PPP)

(6) Of which EUR 16,927 thousand on operations linked to partnership agreement (PPP)

(7) This concerns a loan granted to Dexia Credit Local for EUR 1,850 million guaranteed by United Kingdom's public entities

2.2 RATINGS

Caisse Française de Financement Local has no exposure (except replacement assets or asset-backed securities, as described below) requiring a minimal rating from a rating agency recognized by the Autorité de contrôle prudentiel (ACP).

2.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 3/31/2013

Residual maturity		Term to maturity					TOTAL
Maturity date in years	Number of deals ⁽¹⁾	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	
0	2,208	987,952	209,929	-	-	-	1,197,880
1	3,563	56,203	32,874	377,296	269,434	-	735,807
2	3,633	40,453	40,025	97,178	1,708,691	-	1,886,346
3	3,154	42,526	33,533	90,003	2,870,084	-	3,036,146
4	3,353	26,259	29,459	91,398	1,474,860	-	1,621,975
5	4,066	62,020	58,148	104,805	1,237,475	-	1,462,448
6	3,432	45,438	46,997	106,572	849,331	1,500,594	2,548,931
7	3,341	43,975	41,792	113,849	840,322	1,460,226	2,500,164
8	2,621	31,685	31,168	107,906	722,185	700,844	1,593,787
9	2,644	33,266	36,503	107,701	751,772	1,200,021	2,129,263
10	2,628	29,932	35,217	88,621	655,965	1,567,908	2,377,642
11	1,972	31,928	32,647	89,114	660,756	1,189,700	2,004,145
12	3,251	58,285	43,126	91,149	764,507	1,589,198	2,546,264
13	3,018	32,082	36,083	94,228	703,722	2,336,256	3,202,371
14	1,956	34,459	40,431	89,005	689,913	2,348,225	3,202,033
15	1,771	24,006	40,558	84,263	675,112	2,474,909	3,298,847
16	1,365	18,433	25,541	68,252	480,970	1,661,091	2,254,287
17	1,478	20,474	19,340	50,128	382,720	1,472,024	1,944,686
18	1,301	14,770	14,673	37,150	285,612	1,317,682	1,669,888
19	869	14,808	22,453	37,320	317,230	1,542,410	1,934,222
20	929	13,751	9,628	40,642	274,330	1,407,684	1,746,035
21	656	9,608	9,185	25,400	185,560	1,115,000	1,344,753
22	778	14,826	10,078	21,135	196,368	1,511,813	1,754,219
23	627	13,464	7,721	27,892	189,418	1,300,250	1,538,745
24	640	11,354	6,782	32,008	216,214	1,690,703	1,957,061
25	545	8,483	16,249	28,739	227,797	1,581,259	1,862,527
26	431	6,556	6,837	20,756	143,617	1,033,480	1,211,245
27	289	5,498	4,774	12,742	105,060	771,142	899,216
28	133	2,481	4,333	6,883	57,432	383,452	454,581
29	90	1,220	2,292	4,851	35,686	328,776	372,825
30	70	1,110	957	2,514	18,725	166,172	189,478
31	68	782	370	2,825	16,504	90,710	111,191
32	49	386	241	1,239	9,334	103,054	114,255
33	54	637	584	1,159	11,972	172,151	186,503
34	53	892	1,033	733	11,475	159,569	173,703
35	46	545	627	957	10,138	842,192	854,459
36	27	231	331	1,773	9,640	97,286	109,261
37	10	69	83	400	2,332	32,601	35,485
38	3	90	90	181	1,444	11,889	13,694
39	9	508	216	193	3,693	35,836	40,446
40	36	55	54	208	1,349	24,395	26,061
41	12	29	613	735	5,996	81,900	89,272
42	16	402	170	289	3,814	98,057	102,732
43	27	165	150	467	3,282	42,972	47,036
44	22	107	93	159	1,618	36,749	38,726
45	8	64	116	261	1,878	25,492	27,810
46	7	42	88	211	1,462	28,700	30,502
47	2	75	110	186	1,516	22,121	24,008
48	1	-	24	24	212	6,671	6,931
Total	57,262	1,742,380	954,327	2,161,498	18,088,526	35,563,166	58,509,897
TRANSLATION ADJUSTMENTS							- 786,669
GLOBAL							57,723,228

(1) Numbers of loans and bonds arrived at maturity during the period
The first period includes the balance of Banque de France account.

2.4 EARLY REPAYMENTS

EUR thousands, as of 3/31/2013

State	Early repayments during the year	Rate of early repayments
France		
Regions	0	0.00%
Departments	0	0.00%
Municipalities	12,558	0.30%
Group of municipalities	4,060	0.17%
Public sector entities :		
- health	2,462	0.13%
- social housing	10,214	1.79%
- others	1,600	0.53%
Sub total	30,894	0.28%
GLOBAL	30,894	0.27%

The annual rate of early repayments corresponds to the volume of early repayments occurred during the first quarter of 2013 divided by the average of daily outstanding amount.

As a reminder, the rate of early repayments in 2012 was 1.17% for EUR 554 millions of repayments.

1Q :	290
2Q :	133
3Q :	26
4Q :	<u>105</u>
	554

3. ASSET-BACKED SECURITIES AND SIMILAR STRUCTURES

3.1 BREAKDOWN BY COUNTERPART

Name	Group*	Date of the acquisition	Number of bonds	Face value in EUR	Amount in EUR thousands as of 3/31/2013	Of which specific impairment	Maturity date	
Colombo SRL	No	2001	55,000	1,000	2,050	-	2026	
Blue Danube Loan Funding Gmbh	No	2002	1,000	100,000	67,019	7,000	2049	
Dexia Crediop per la Cartolarizzazione	DCC1	Yes	2004	1,128,851	1,000	661,969	-	2039
	DCC2	Yes	2005	1	1,005,965,000	575,684	-	2041
	DCC3	Yes	2008	23,000	100,000	2,028,002	-	2037
				Sub Total		3,265,655	-	
Dexia Secured Funding Belgium	DSFB2	Yes	2008	6,356	250,000	1,266,836	-	2040
	DSFB4	Yes	2009/2010	18,800	250,000	3,376,596	-	2047
				Sub Total		4,643,432	-	
TOTAL					7,978,156	7,000		
PREMIUMS AND DISCOUNTS					43	-		
GLOBAL					7,978,199	7,000		

* 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.

All asset-backed securities and similar structures hold by Caisse Française de Financement Local represent public sector exposures. The securitization units of Colombo SRL and Blue Danube Loan Funding Gmbh were entirely sold in April and May 2013.

3.2 RATINGS

As of March 31, 2013, asset-backed securities and similar structures held by Caisse Française de Financement Local get the following ratings:

- Colombo SRL is an Italian companies, previously rated by Standard and Poor's, with assets that are exclusively loans to the Italian public sector (regions, municipalities, etc...).
- Blue Danube Loan Funding GmbH is governed by Austrian law, rated AA+ by Standard and Poor's, and its debt is unconditionally and irrevocably guaranteed by the Land of Lower Austria.
- DCC Securities held by Caisse Française de Financement Local benefit from the guarantee of Dexia Crediop, and are rated, BBB+ / outlook negative by Fitch, B+ outlook negative by Standard and Poor's and Ba2 by Moody's.
- The securities issued by DSFB 2 held by Caisse Française de Financement Local benefit from the guarantee of Belfius Bank and Insurance, and are 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 Insurance but are rated AA- / outlook stable by Fitch.

3.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 3/31/2013

Residual maturity		Term to maturity					TOTAL
Maturity date in years	Number of deals ⁽¹⁾	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	
13	1	-	-	-	2,050	-	2,050
24	1	2,392	21,344	36,294	246,882	1,721,090	2,028,002
26	1	-	19,721	22,114	166,923	453,210	661,969
27	1	27,406	3,267	44,817	278,975	912,371	1,266,836
28	1	-	25,270	25,632	207,430	317,352	575,684
34	1	73,968	104,276	198,941	1,250,674	1,748,737	3,376,596
36	1	1,955	-	2,050	20,171	42,843	67,019
Total	7	105,721	173,878	329,848	2,173,105	5,195,603	7,978,156
PREMIUMS AND DISCOUNTS							43
GLOBAL							7,978,199

⁽¹⁾ Number of ABS reaching their maturity during the period

3.4 EARLY REPAYMENTS

There were no early repayments on the securitization units during the first quarter of 2013.

4. REPLACEMENT ASSETS

4.1. BREAKDOWN BY COUNTERPART

EUR thousands, as of 3/31/2013	Amount
Replacement assets	100,465
TOTAL	100,465

Replacement assets	Amount in EUR thousands
Step 1 credit rating	
Step 2 credit rating	
Bank account's balances	100,465
Other assets	-
TOTAL	100,465
PREMIUMS AND DISCOUNTS	-
GLOBAL	100,465

4.2 RATINGS

As of March 31, 2013, replacement assets are solely composed of bank account's balances, which rating correspond to a step 2 credit rating.

4.3 BREAKDOWN BY MATURITY DATE

Residual maturity		Term to maturity					TOTAL
Maturity date in years	Number of deals ⁽¹⁾	Less than 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	
0	1	100,465	-	-	-	-	100,465
Total	1	100,465	-	-	-	-	100,465
PREMIUMS AND DISCOUNTS							-
GLOBAL							100,465

(1) Numbers of deals arrived at maturity during the period

4.4 EARLY REPAYMENTS

There were no early repayments on the replacement assets during the first quarter of 2013.

5. MANAGEMENT OF THE INTEREST RATE RISK

The management of the interest rate risk involves two steps.

- In the first stage, all the assets and the liabilities benefiting from the privilege which do not naturally have a floating rate are swapped against Euribor until maturity as soon as they are recorded on the balance sheet. A residual fixed rate gap remains on certain fixed rate assets that are hedged by macro-swaps (in particular, small loans to clients). This gap is monitored within very strict limits.
- In the second step, Euribor lending and borrowing flows are swapped against Eonia over a sliding period of two years in order to eliminate the interest rate risk generated by differences in fixing dates. A residual gap remains after the first and second levels of hedging and is also monitored within strict limits.

In addition, any debt contracted with its shareholder to finance over-collateralization is directly borrowed with a monetary index, and does not have to be swapped, or with an Euribor index and are fully parts of management of Euribor/Eonia macro-hedging . If such is the case, debt vis-à-vis the Banque de France, which is short-term and at a fixed rate, is not hedged, but finances assets that also have a fixed rate. The objective targeted by this interest rate risk management is to convert the assets and liabilities on the balance sheet into floating rates, so that they move together in a parallel manner following the trend in interest rates, while maintaining the margin unchanged.

The sensitivity limits for the fixed rate gap and the monetary gap mentioned above are defined as the change in the gaps' net present value (NPV) under the impact of a parallel 1% (100 basis points) shift in the yield curve. The aggregate of these two limits for the fixed rate gap and the monetary gap is set at 3% of equity, and this figure is reviewed every year at the end of the first quarter. This general sensitivity limit is unchanged to EUR 40.0 million, including EUR 9.0 million for the monetary gap and EUR 31.0 million for the fixed rate gap. In practice, the real sensitivity is maintained significantly below this limit, as can be seen in the following table.

		Average	Maximum	Minimum	Limit
Fixed Rate	2Q 2012	15.0	17.9	12.5	31.0
	3Q 2012	15.2	16.6	13.2	31.0
	4Q 2012	13.3	16.0	10.9	31.0
	1Q 2013	16.4	18.1	15.7	31.0
Monetary	2Q 2012	(0.0)	1.0	(1.1)	9.0
	3Q 2012	0.9	1.2	0.6	9.0
	4Q 2012	0.4	1.8	(1.3)	9.0
	1Q 2013	(0.3)	0.5	(0.7)	9.0
Total	2Q 2012	14.9	18.4	12.9	40.0
	3Q 2012	16.1	17.2	14.1	40.0
	4Q 2012	13.7	16.4	11.7	40.0
	1Q 2013	16.1	18.6	15.1	40.0

6. MANAGEMENT OF THE LIQUIDITY RISK

Cash needs over the next 180 days: Caisse Française de Financement Local's management makes it possible to provide structural coverage for its liquidity needs up to the extinguishment of the privileged liabilities by assets eligible for refinancing by the Banque de France. Moreover, Caisse Française de Financement Local ensures that at any time, its cash needs over a period of 180 days are covered by replacement assets, assets eligible for credit operations with the Banque de France, or by refinancing agreements signed with credit institutions with the best short-term credit rating.

At the end of March 2013, Caisse Française de Financement Local's cumulated need for cash mainly corresponded to reimbursement at the end of the first week of the cash collateral received (stress scenario) and reimbursement of a benchmark of *obligations foncières* in June, as shown in the following graph.

