



**Report on asset quality  
as of September 30, 2015**  
Caisse Française de Financement Local  
(Instruction n° 2011-I-07 of June 15, 2011)

**C.I.B 14 388**

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

As of September 30, 2015, Caisse Française de Financement Local's cover pool is made of EUR 48.6 billion of loans, EUR 8.0 billion of bonds and EUR 2.4 billion of replacement assets, that correspond to the following exposures :

| EUR thousands, as of 9/30/2015 | Amount            | Assets temporarily removed from the cover pool | TOTAL             |
|--------------------------------|-------------------|--|-------------------|
| Exposures on public sector     | 56,587,239        |  | 56,587,239        |
| Asset-backed securities        | -                 |  | -                 |
| Replacement assets             | 2,405,053         |  | 2,405,053         |
| <b>TOTAL</b>                   | <b>58,992,292</b> | <b>-</b>                                       | <b>58,992,292</b> |

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 its cash, 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. Caisse Française de Financement Local did not use this possibility over the course of the last three years (with the exception of operational access tests, regularly implemented) and no asset has been pledged to the Banque de France as of September 30, 2015.

The cover pool does not contain any asset-backed securities. The current and future *obligations foncières* issued by Caisse Française de Financement Local are in line with the eligibility criteria required by the European Central Bank for refinancing and are also compliant with new regulations rules CRR / CRD IV.

## 1. MORTGAGE LOANS

Caisse Française de Financement Local has no mortgage loans in its cover pool.

## 2. EXPOSURES ON PUBLIC SECTOR

### 2.1 BREAKDOWN BY COUNTERPARTY

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 converted into euro using the exchange rate of the hedging swap.

| EUR thousands                | Direct Exposure   |                | Indirect Exposure |                | Total             | Of which past due |
|------------------------------|-------------------|----------------|-------------------|----------------|-------------------|-------------------|
|                              | Loans             | Bonds          | Loans             | Bonds          |                   |                   |
| Country                      |                   |                |                   |                |                   |                   |
| <b>France</b>                |                   |                |                   |                |                   |                   |
| State (2)                    |                   |                | 182,253           |                | 182,253           | 262               |
| Banque de France (3)         | 768,364           |                |                   |                | 768,364           |                   |
| Regions                      | 1,593,015         | 104,551        | 276,548           |                | 1,974,114         | 58                |
| Departments                  | 6,328,334         |                | 235,886           |                | 6,564,220         | 8,229             |
| Municipalities               | 15,672,499        | 24,174         | 576,580           |                | 16,273,253        | 74,822            |
| Groups of municipalities (4) | 9,809,749         | 101,341        | 208,103           |                | 10,119,193        | 50,519            |
| Public sector entities :     |                   |                |                   |                | 0                 |                   |
| - health                     | 6,051,740         |                |                   |                | 6,051,740         | 11,759            |
| - social housing             | 1,572,684         |                |                   |                | 1,572,684         | 3                 |
| - others                     | 903,479           |                | 2,696             |                | 906,175           | 78                |
| <b>Sub total</b>             | <b>42,699,864</b> | <b>230,066</b> | <b>1,482,066</b>  | <b>-</b>       | <b>44,411,996</b> | <b>145,730</b>    |
| <b>Germany</b>               |                   |                |                   |                |                   |                   |
| Länder                       |                   | 512,953        |                   | 102,500        | 615,453           |                   |
| <b>Sub total</b>             | <b>-</b>          | <b>512,953</b> | <b>-</b>          | <b>102,500</b> | <b>615,453</b>    | <b>-</b>          |
| <b>Austria</b>               |                   |                |                   |                |                   |                   |
| Länder                       |                   |                | 194,577           |                | 194,577           |                   |
| <b>Sub total</b>             | <b>-</b>          | <b>-</b>       | <b>194,577</b>    | <b>-</b>       | <b>194,577</b>    | <b>-</b>          |
| <b>Belgium</b>               |                   |                |                   |                |                   |                   |
| Regions                      | 22,437            |                | 44,210            |                | 66,647            |                   |
| Communities                  |                   | 50,000         |                   |                | 50,000            |                   |
| Public sector entities       | 65,288            |                |                   |                | 65,288            |                   |
| <b>Sub total</b>             | <b>87,725</b>     | <b>50,000</b>  | <b>44,210</b>     | <b>-</b>       | <b>181,935</b>    | <b>-</b>          |
| <b>Canada</b>                |                   |                |                   |                |                   |                   |
| Provinces                    |                   | 22,371         |                   |                | 22,371            |                   |
| Municipalities               | 181,865           |                |                   |                | 181,865           |                   |
| Public sector entities       | 128,676           |                |                   |                | 128,676           |                   |
| <b>Sub total</b>             | <b>310,541</b>    | <b>22,371</b>  | <b>-</b>          | <b>-</b>       | <b>332,912</b>    | <b>-</b>          |
| <b>Spain</b>                 |                   |                |                   |                |                   |                   |
| Municipalities               | 246,350           |                |                   |                | 246,350           |                   |
| Regions                      |                   | 104,353        |                   |                | 104,353           |                   |
| <b>Sub total</b>             | <b>246,350</b>    | <b>104,353</b> | <b>-</b>          | <b>-</b>       | <b>350,703</b>    | <b>-</b>          |
| <b>United States</b>         |                   |                |                   |                |                   |                   |
| Federated States             |                   | 251,635        |                   |                | 251,635           |                   |
| <b>Sub total</b>             | <b>-</b>          | <b>251,635</b> | <b>-</b>          | <b>-</b>       | <b>251,635</b>    | <b>-</b>          |
| <b>Finland</b>               |                   |                |                   |                |                   |                   |
| Municipalities               | 850               |                |                   |                | 850               |                   |
| <b>Sub total</b>             | <b>850</b>        | <b>-</b>       | <b>-</b>          | <b>-</b>       | <b>850</b>        | <b>-</b>          |

| EUR thousands               | Direct Exposure   |                  | Indirect Exposure |                | Global            | Of which past due |
|-----------------------------|-------------------|------------------|-------------------|----------------|-------------------|-------------------|
|                             | Loans             | Bonds            | Loans             | Bonds          |                   |                   |
| <b>Italy</b>                |                   |                  |                   |                |                   |                   |
| State                       |                   | 562,967          |                   |                | 562,967           |                   |
| Regions                     |                   | 2,922,161        |                   |                | 2,922,161         |                   |
| Provinces                   |                   | 625,519          |                   |                | 625,519           |                   |
| Municipalities              | 10,281            | 2,132,981        |                   |                | 2,143,262         |                   |
| <b>Sub total</b>            | <b>10,281</b>     | <b>6,243,628</b> | -                 | -              | <b>6,253,909</b>  | -                 |
| <b>Japon</b>                |                   |                  |                   |                |                   |                   |
| Municipalities              |                   | 25,000           |                   |                | 25,000            |                   |
| <b>Sub total</b>            | -                 | <b>25,000</b>    | -                 | -              | <b>25,000</b>     | -                 |
| <b>Portugal</b>             |                   |                  |                   |                |                   |                   |
| Municipalities              | 47,377            |                  |                   |                | 47,377            |                   |
| Public sector entities      | 6,445             |                  |                   |                | 6,445             |                   |
| <b>Sub total</b>            | <b>53,822</b>     | -                | -                 | -              | <b>53,822</b>     | -                 |
| <b>United Kingdom</b>       |                   |                  |                   |                |                   |                   |
| State                       |                   |                  |                   | 422,823        | 422,823           |                   |
| County (5)                  |                   |                  | 398,124           |                | 398,124           |                   |
| District (5)                |                   |                  | 27,973            |                | 27,973            |                   |
| Municipalities (5)          |                   |                  | 1,367,720         |                | 1,367,720         |                   |
| Public sector entities (5)  |                   |                  | 56,183            |                | 56,183            |                   |
| <b>Sub total</b>            | -                 | -                | <b>1,850,000</b>  | <b>422,823</b> | <b>2,272,823</b>  | -                 |
| <b>Sweden</b>               |                   |                  |                   |                |                   |                   |
| Municipalities              | 22,898            |                  | 11,218            |                | 34,116            |                   |
| <b>Sub total</b>            | <b>22,898</b>     | -                | <b>11,218</b>     | -              | <b>34,116</b>     | -                 |
| <b>Switzerland</b>          |                   |                  |                   |                |                   |                   |
| Cantons                     | 578,966           |                  | 274,253           |                | 853,219           |                   |
| Municipalities              | 628,049           |                  |                   |                | 628,049           |                   |
| Public sector entities      | 90,525            |                  |                   |                | 90,525            |                   |
| <b>Sub total</b>            | <b>1,297,540</b>  | -                | <b>274,253</b>    | -              | <b>1,571,793</b>  | -                 |
| <b>Supranational</b>        |                   |                  |                   |                |                   |                   |
| International organizations | 35,715            |                  |                   |                | 35,715            |                   |
| <b>Sub total</b>            | <b>35,715</b>     | -                | -                 | -              | <b>35,715</b>     | -                 |
| <b>TOTAL</b>                | <b>44,765,586</b> | <b>7,440,006</b> | <b>3,856,324</b>  | <b>525,323</b> | <b>56,587,239</b> | <b>145,730</b>    |

(1) Caisse Française de Financement Local publishes annual and semi-annual accounts. Data relating to non-performing and litigious loans, and specific impairments in this report as of September 30, 2015, correspond to the last annual report. For the record, as of June 2015, non-performing and litigious loans amounted at 634,081 thousand and specific impairments on loans and bonds are composed as followed:

- specific impairment on non performing loans : EUR 51,894 thousand. In addition to these impairments, Caisse Française de Financement Local makes collective and sector specific provisions.
- provisions for unrealised losses on placement portfolio bonds : EUR 36,528 thousand

(2) Of which EUR 81,233 thousand on operations linked to partnership agreement (PPP)

(3) Caisse Française de Financement Local's Banque de France account as of September 30, 2015

(4) Of which EUR 23,871 thousand on operations linked to partnership agreement (PPP)

(5) 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 as described below) that would require a minimal rating from a rating agency recognized by the Autorité de contrôle prudentiel et de résolution (ACPR).

### 2.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 9/30/2015

| Maturity date in years  | Residual maturity              |                    | Term to maturity |                    |                   |                   | TOTAL             |
|-------------------------|--------------------------------|--------------------|------------------|--------------------|-------------------|-------------------|-------------------|
|                         | Number of deals <sup>(1)</sup> | Less than 3 months | 3 to 6 months    | 6 months to 1 year | 1 to 5 years      | More than 5 years |                   |
| 0                       | 2,490                          | 1,272,431          | 253,921          | -                  | -                 | -                 | 1,526,352         |
| 1                       | 3,073                          | 45,692             | 53,055           | 1,984,711          | 628,638           | -                 | 2,712,096         |
| 2                       | 3,773                          | 48,206             | 63,135           | 66,226             | 1,046,606         | -                 | 1,224,173         |
| 3                       | 3,657                          | 41,878             | 68,969           | 111,743            | 933,495           | -                 | 1,156,085         |
| 4                       | 3,449                          | 51,989             | 68,674           | 104,055            | 1,526,020         | -                 | 1,750,738         |
| 5                       | 2,929                          | 69,997             | 46,204           | 80,917             | 1,000,931         | 279,829           | 1,477,878         |
| 6                       | 2,618                          | 51,234             | 63,515           | 75,737             | 800,077           | 462,015           | 1,452,578         |
| 7                       | 2,709                          | 39,707             | 50,629           | 76,488             | 707,816           | 995,050           | 1,869,690         |
| 8                       | 2,334                          | 44,824             | 51,528           | 81,679             | 809,509           | 1,212,097         | 2,199,637         |
| 9                       | 2,213                          | 36,601             | 55,740           | 65,094             | 671,859           | 1,025,345         | 1,854,639         |
| 10                      | 4,198                          | 50,597             | 63,508           | 106,635            | 923,562           | 1,672,480         | 2,816,782         |
| 11                      | 2,251                          | 53,663             | 40,553           | 71,436             | 719,312           | 2,281,386         | 3,166,350         |
| 12                      | 1,989                          | 37,130             | 61,056           | 78,501             | 795,984           | 2,209,751         | 3,182,422         |
| 13                      | 2,500                          | 61,744             | 62,410           | 113,940            | 1,002,406         | 2,481,892         | 3,722,392         |
| 14                      | 2,082                          | 59,973             | 49,639           | 103,961            | 882,357           | 2,332,360         | 3,428,290         |
| 15                      | 1,978                          | 24,792             | 34,565           | 81,362             | 583,215           | 2,013,337         | 2,737,271         |
| 16                      | 872                            | 20,132             | 14,041           | 29,792             | 270,956           | 1,017,370         | 1,352,291         |
| 17                      | 939                            | 22,576             | 21,498           | 42,046             | 360,199           | 1,496,121         | 1,942,440         |
| 18                      | 856                            | 22,549             | 14,436           | 28,679             | 280,920           | 1,286,178         | 1,632,762         |
| 19                      | 921                            | 24,121             | 24,149           | 40,549             | 389,751           | 2,470,850         | 2,949,420         |
| 20                      | 948                            | 19,372             | 15,760           | 47,041             | 357,603           | 2,434,758         | 2,874,534         |
| 21                      | 602                            | 17,597             | 14,319           | 19,422             | 229,057           | 2,024,040         | 2,304,435         |
| 22                      | 605                            | 17,936             | 13,760           | 23,026             | 232,926           | 1,523,916         | 1,811,564         |
| 23                      | 513                            | 14,420             | 11,152           | 29,911             | 232,510           | 1,532,494         | 1,820,487         |
| 24                      | 333                            | 6,302              | 10,251           | 14,581             | 129,920           | 835,552           | 996,606           |
| 25                      | 209                            | 5,645              | 4,451            | 12,591             | 94,793            | 563,183           | 680,663           |
| 26                      | 95                             | 2,734              | 4,205            | 5,715              | 54,413            | 357,444           | 424,511           |
| 27                      | 73                             | 1,372              | 1,197            | 3,782              | 26,832            | 191,538           | 224,721           |
| 28                      | 80                             | 734                | 2,839            | 1,184              | 19,277            | 134,168           | 158,202           |
| 29                      | 53                             | 898                | 575              | 1,482              | 12,200            | 99,711            | 114,866           |
| 30                      | 53                             | 678                | 539              | 775                | 8,648             | 96,011            | 106,651           |
| 31                      | 47                             | 497                | 518              | 2,078              | 14,232            | 138,115           | 155,440           |
| 32                      | 51                             | 441                | 673              | 2,165              | 14,370            | 785,069           | 802,718           |
| 33                      | 37                             | 397                | 1,367            | 1,323              | 13,957            | 235,718           | 252,762           |
| 34                      | 18                             | 377                | 219              | 557                | 4,851             | 56,217            | 62,221            |
| 35                      | 3                              | 85                 | 85               | 171                | 1,368             | 10,775            | 12,484            |
| 36                      | 4                              | 91                 | 103              | 181                | 1,508             | 12,694            | 14,577            |
| 37                      | 13                             | 10                 | 108              | 559                | 2,756             | 27,890            | 31,323            |
| 38                      | 34                             | 266                | 574              | 106                | 4,206             | 81,371            | 86,523            |
| 39                      | 11                             | 144                | 202              | 928                | 5,653             | 64,170            | 71,097            |
| 40                      | 32                             | 349                | 171              | 697                | 5,088             | 81,550            | 87,855            |
| 41                      | 14                             | 29                 | 76               | 76                 | 760               | 12,675            | 13,616            |
| 42                      | 17                             | 107                | 99               | 238                | 2,074             | 34,542            | 37,060            |
| 43                      | 8                              | 80                 | 205              | 197                | 2,045             | 33,085            | 35,612            |
| 44                      | 2                              | 60                 | 80               | 141                | 1,141             | 8,613             | 10,035            |
| 45                      | 2                              | 75                 | 114              | 190                | 1,549             | 21,147            | 23,075            |
| 46                      | 1                              | -                  | 26               | 27                 | 235               | 6,520             | 6,808             |
| <b>Total</b>            | <b>51,689</b>                  | <b>2,170,532</b>   | <b>1,244,893</b> | <b>3,512,695</b>   | <b>15,807,585</b> | <b>34,639,027</b> | <b>57,374,732</b> |
| TRANSLATION ADJUSTMENTS |                                |                    |                  |                    |                   |                   | - 787,493         |
| <b>GLOBAL</b>           |                                |                    |                  |                    |                   |                   | <b>56,587,239</b> |

(1) Numbers of loans and bonds arrived at maturity during the period

The first period (maturity date in 0 year) includes the balance of Banque de France account.

## 2.4 EARLY REPAYMENTS

EUR thousands, as of 9/30/2015

| State                                    | Early repayments during the year | Rate of early repayments |
|--|----------------------------------|--------------------------|
| <b>France</b>                            |                                  |                          |
| Departments                              | 3,912                            | 0.08%                    |
| Municipalities                           | 20,315                           | 0.17%                    |
| Group of municipalities                  | 4,077                            | 0.06%                    |
| Public sector entities :                 |                                  |                          |
| - health                                 | 1,053                            | 0.02%                    |
| - social housing                         | 2,591                            | 0.21%                    |
| - others                                 | 1,860                            | 0.28%                    |
| <b>Sub total</b>                         | <b>33,808</b>                    | <b>0.10%</b>             |
| <b>Finland</b>                           |                                  |                          |
| Public sector entities :                 |                                  |                          |
| - others                                 | 41,160                           | N/A                      |
| <b>Sub total</b>                         | <b>41,160</b>                    | <b>N/A</b>               |
| <b>GLOBAL exposures on public sector</b> | <b>74,968</b>                    | <b>0.18%</b>             |

The annual rate of early repayments corresponds to the volume of early repayments occurred during 2015 divided by the average outstanding amount for the period (equal to the average amount of daily outstandings).

As a reminder, the rate of early repayments in 2014 was 0.12% for a total amount of repayments of EUR 72 million.

### 3. ASSET-BACKED SECURITIES AND SIMILAR STRUCTURES

#### 3.1 BREAKDOWN BY COUNTERPART

As of September 30, 2015, Caisse Française de Financement Local did not hold any asset-backed securities or similar structures.

#### 3.2 RATINGS

Not applicable

#### 3.3 BREAKDOWN BY MATURITY DATE

Not applicable

#### 3.4 EARLY REPAYMENTS

Not applicable

## 4. REPLACEMENT ASSETS

### 4.1. BREAKDOWN BY COUNTERPART

| EUR thousands, as of 9/30/2015 | Amount           |
|--------------------------------|------------------|
| Replacement assets             | 2,405,053        |
| <b>TOTAL</b>                   | <b>2,405,053</b> |

| Replacement assets          | Amount in EUR thousands |
|-----------------------------|-------------------------|
| <b>Step 1 credit rating</b> |                         |
| Loan to SFIL                | 2,402,812               |
| <b>Step 2 credit rating</b> |                         |
| Bank account's balances     | 2,241                   |
| <b>Other assets</b>         | -                       |
| <b>TOTAL</b>                | <b>2,405,053</b>        |
| PREMIUMS AND DISCOUNTS      | -                       |
| <b>GLOBAL</b>               | <b>2,405,053</b>        |

### 4.2 RATINGS

As of September 30, 2015, replacement assets were composed of a loan to SFIL, which was rated AA- by Fitch, Aa3 by Moody's and AA by S&P, and bank account's balances, whose ratings correspond to a step 2 credit rating.

### 4.3 BREAKDOWN BY MATURITY DATE

EUR thousands, as of 9/30/2015

| Residual maturity      |                                | Term to maturity   |                |                    |                  |                   | TOTAL            |
|------------------------|--------------------------------|--------------------|----------------|--------------------|------------------|-------------------|------------------|
| Maturity date in years | Number of deals <sup>(1)</sup> | Less than 3 months | 3 to 6 months  | 6 months to 1 year | 1 to 5 years     | More than 5 years |                  |
| 0                      | 1                              | 2,241              | -              | -                  | -                | -                 | 2,241            |
| 12                     | 1                              | 5,753              | 117,835        | 141,686            | 1,049,950        | 1,087,588         | 2,402,812        |
| <b>Total</b>           | <b>2</b>                       | <b>7,994</b>       | <b>117,835</b> | <b>141,686</b>     | <b>1,049,950</b> | <b>1,087,588</b>  | <b>2,405,053</b> |
| PREMIUMS AND DISCOUNTS |                                |                    |                |                    |                  |                   | -                |
| <b>GLOBAL</b>          |                                |                    |                |                    |                  |                   | <b>2,405,053</b> |

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

Balances of bank current accounts are presented as a unique matured deal.

### 4.4 EARLY REPAYMENTS

There was one early repayment among the replacement assets in 2015.

EUR thousands, as of 9/30/2015

| State                       | Early repayments during the year | Rate of early repayments |
|-----------------------------|----------------------------------|--------------------------|
| <b>Step 1 credit rating</b> |                                  |                          |
| Loans to SFIL               | 1,120,139                        | N/A                      |
| <b>Sub total</b>            | <b>1,120,139</b>                 | <b>N/A</b>               |
| <b>GLOBAL</b>               | <b>1,120,139</b>                 | <b>N/A</b>               |



## 5. MANAGEMENT OF THE INTEREST RATE RISK

The policy applied by Caisse Française de Financement Local makes it possible to be protected from interest rate risk because any acquisition of assets or issue of liabilities is systematically hedged in a variable rate from the beginning.

There are two steps in the hedging process of interest rate risk.

- In the first stage, all the assets and the liabilities benefiting from the privilege which do not naturally have a floating rate are hedged against Euribor until maturity as soon as they are recorded on the balance sheet. In practice, acquisitions of loan portfolios (in which the unit amount is generally small) are usually macro-hedged whereas loans granted individually or bond issues are micro-hedged. Hedging of assets is more often obtained in using interest rate swaps, but the same effect may be obtained whenever possible by the cancelation of liability swaps.
- In the second step, Euribor lending and borrowing flows (naturally or after hedges) are swapped against Eonia over a sliding period of two years in order to eliminate the basis risk generated by differences in Euribor fixing dates (1, 3, 6 or 12 months) and the fixing risk due to refixing dates based on different reference indices in the assets and the liabilities.

Non-privileged debt is not concerned by these hedging operations. In fact, debt contracted by Caisse Française de Financement Local with its shareholder to finance over-collateralization is borrowed either directly with a monetary index and does not need to be swapped, or with a Euribor index and thus finances assets also indexed on Euribor. Short term debt owed the Banque de France with a fixed rate is not hedged, but also finances fixed rate assets.

The sensitivity of residual positions that remain after the first step and after the second level of hedges is monitored carefully and kept within strict limits.

Limits on interest rate risk guarantee, with 99% probability, a maximum one year loss of less than EUR 80 million in the event of a change in interest rates of 200 basis point (bp), equivalent to a maximum loss set at EUR 40 million (3% of equity) for a fluctuation in interest rates of 100 bp. This calibration is based on a directional shift in rates corresponding to a 1% probability at one-year decile observed over the period 2005-2013, which was approximately 200 bp.

A set of three limits makes it possible to have a grasp of the slope risk, as well as the directional risk. These limits control the sensitivity of the fixed rate risk and together guarantee the maximum losses mentioned above.

The measurement of sensitivity for shifts in rates of 100 bp at the end of each quarter is presented below.

**Directional risk**

Total sensitivity

| EUR millions, end of quarter | Limite      | 4Q 2014    | 1Q 2015    | 2Q 2015     | 3Q 2015    |
|------------------------------|-------------|------------|------------|-------------|------------|
| <b>Sensitivity</b>           | <b>25.0</b> | <b>0.6</b> | <b>4.9</b> | <b>10.5</b> | <b>0.0</b> |

**Risk of slope between two distant points on the rate curve**

Sum of sensitivities

| EUR millions, end of quarter | Limite      | 4Q 2014     | 1Q 2015     | 2Q 2015     | 3Q 2015     |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Short term</b>            | <b>10.0</b> | <b>-1.6</b> | <b>0.3</b>  | <b>2.0</b>  | <b>3.5</b>  |
| <b>Medium term</b>           | <b>10.0</b> | <b>3.8</b>  | <b>5.2</b>  | <b>5.6</b>  | <b>-0.8</b> |
| <b>Long term</b>             | <b>10.0</b> | <b>6.4</b>  | <b>6.8</b>  | <b>6.3</b>  | <b>-0.5</b> |
| <b>Very long term</b>        | <b>10.0</b> | <b>-8.0</b> | <b>-7.3</b> | <b>-3.4</b> | <b>-2.2</b> |

**Risk of slope between two close points on the rate curve**

Sum of sensitivities in absolute value

| EUR millions, end of quarter | Limite      | 4Q 2014    | 1Q 2015    | 2Q 2015     | 3Q 2015    |
|------------------------------|-------------|------------|------------|-------------|------------|
| <b>Short term</b>            | <b>20.0</b> | <b>4.2</b> | <b>1.0</b> | <b>7.6</b>  | <b>5.2</b> |
| <b>Medium term</b>           | <b>20.0</b> | <b>6.3</b> | <b>7.8</b> | <b>13.4</b> | <b>8.4</b> |
| <b>Long term</b>             | <b>20.0</b> | <b>4.7</b> | <b>4.1</b> | <b>8.9</b>  | <b>4.9</b> |
| <b>Very long term</b>        | <b>20.0</b> | <b>8.0</b> | <b>7.3</b> | <b>7.6</b>  | <b>3.8</b> |

## 6. MANAGEMENT OF THE LIQUIDITY RISK

Caisse Française de Financement Local's management makes it possible to provide a structural coverage of its liquidity needs by assets eligible for refinancing by the Banque de France, until the full amortization of the privileged liabilities.

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 and assets eligible for credit operations with the Banque de France. Cash needs are defined as repayments of *obligations foncières* and RCB, of debts that do not benefit from the legal privilege and forecasts of repayment of the cash collateral received, after deduction of amortization cash flows from assets.

As of September 2015, the liquidity situation for the next 180 days showed a surplus in liquidity most of the time. The movements observed correspond to cash flows from amortization of *obligations foncières*, cash collateral, non privileged liabilities and assets. However, a liquidity need arises in February 2016 for a limited amount. Covered bond issued after September 30, 2015, and particularly the benchmark issue of October for an amount of EUR 1.0 billion, will cover these needs. When needed, Caisse Française de Financement Local can make use of funds granted by SFIL, or pledge assets with other banks through repurchase agreements or with the central bank.

