Rating Action: Moody's assigns a provisional long-term rating of (P)Aaa to the obligations foncières to be issued by Compagnie de Financement Foncier under the US Medium Term Programme.

Global Credit Research - 01 Jul 2010

London, 01 July 2010 -- Moody's has assigned a provisional long-term rating of (P)Aaa to the covered bonds (the "Covered Bonds" or "Obligations Foncières") to be issued by Compagnie de Financement Foncier (the "Issuer") under the terms of the USD 10bn US Medium Term Securities Programme (the "Programme" or "US Securities Programme") established by it.

The Issuer is now entitled to issue obligations foncières under i) the Euro 125bn Euro Medium Term Note Programme (the "Euro Notes Programme") and ii) the US Securities Programme, which allows for the Obligations Foncières to be offered a) in an off shore transaction within the meaning of Regulation S under the United States Securities Act 1933, as amended (the "SA"); and b) in the United States to qualified institutional buyers within the meaning of Rule 144A of the SA.

The Covered Bond investors will benefit from two layers of protection by having recourse to both the Issuer and a collateral pool. The rating therefore takes into account the following factors.

1. The credit strength of Groupe Crédit Foncier de France ("GCFF", rated Aa3; Prime-1). The issuer is an affiliated entity of GCFF. Moody's believes that the affiliation mechanism enables the Issuer to benefit from the ultimate credit strength of the Sponsor Bank whose involvement in and commitment to the Programme are also evidenced by the various functions and services performed and provided to the Issuer;

2. A "Cover Pool" comprising of assets mostly originated by the GCFF and of in all cases eligible for inclusion in the Cover Pool pursuant to the French Monetary and Financial Code, L.515-13 et seq. (the "Law"). Moody's assessment of the Cover Pool can be found in the latest Performance Overview published in respect of the Programme.

3. The Law and the regulatory framework applicable to obligations foncières; and

4. 5% committed minimum over-collateralisation.

As is the case with other covered bonds, Moody's considers the credit strength of the transaction to be linked to that of certain parties — in particular the Sponsor Bank. Should such credit strength deteriorate, all other things being equal, the rating of the Covered Bonds may come under pressure.

Moody's issues provisional ratings in advance of the final sale of securities, and these ratings only represent Moody's preliminary opinion. Upon a conclusive review of the transaction and associated documentation, Moody's will endeavour to assign a definitive rating to the Covered Bonds.

The principal methodologies used in rating the transaction were "Moody's Rating Approach to Covered Bond" published in March 2010, and "Assessing Swaps as Hedges in the Covered Bond Market", published in September 2008. All can be found on www.moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issue can also be found in the Rating Methodologies sub-directory on Moody's website. In addition, Moody's publishes a weekly summary of structured finance credit, ratings and methodologies, available to all registered users of our website, at www.moodys.com/SFQuickCheck

A copy of Moody's Pre Sale Report for this transaction is available on our website www.moodys.com. Alternatively please call Moody's Client Service Desk on +44 (0) 20 7772 5454

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