



COMPAGNIE DE  
FINANCEMENT  
FONCIER  
CREDIT FONCIER GROUP

## COMPAGNIE DE FINANCEMENT FONCIER

**Euro 125,000,000,000**

### **Euro Medium Term Note Programme**

#### **for the issue of *Obligations Foncières* due from one month from the date of original issue**

Under the Euro Medium Term Note Programme described in this Base Prospectus (the “**Programme**”), Compagnie de Financement Foncier (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue *obligations foncières* (the “*Obligations Foncières*” or the “**Notes**”), benefiting from the statutory *privilège* created by Article L. 515-19 of the French *Code monétaire et financier*, as more fully described herein. No credit linked Notes will be issued under the Programme.

The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 125,000,000,000 (or the equivalent in other currencies).

This Base Prospectus replaces and supersedes the Base Prospectus dated 30 June 2011 and the supplements thereto.

Application has been made to the *Autorité des marchés financiers* (the “**AMF**”) in France for approval of this Base Prospectus, in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* and, at the same time for the notification of a certificate of approval released to the *Commission de surveillance du secteur financier* in Luxembourg for Notes issued under the Programme to be listed and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, both of approval and notification being made in its capacity as competent authority under Article 212-2 of the *Règlement Général* of the AMF which implements the Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading. References in this Base Prospectus to the “**Prospectus Directive**” shall include the amendments made by Directive 2010/73/EU (the “**2010 PD Amending Directive**”) to the extent that such amendments have been implemented in the relevant Member of the European Economic Area.

Application may be made to Euronext Paris for Notes issued under the Programme for the period of 12 months from the date of this Base Prospectus to be listed and admitted to trading on Euronext Paris and/or to the competent authority of any other Member State of the European Economic Area (“**EEA**”) for Notes issued under the Programme to be listed and admitted to trading on a Regulated Market (as defined below) in such Member State. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EEC, appearing on the list of regulated markets issued by the European Commission (a “**Regulated Market**”). Notes which are not listed or admitted to trading on a regulated market, or which are not offered to the public, in a Member State of the EEA may be issued under the Programme and may also be listed on an alternative stock exchange or may not be listed at all. The relevant final terms (the “**Final Terms**”) (as defined in “**Overview of the Programme**”) in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading and/or offered to the public (except in France where no offer to the public shall be made) and, if so, the relevant regulated market in the EEA where the Notes will be listed and admitted to trading and/or the Member State(s) in the EEA where the Notes will be offered to the public and will be published, if relevant, on the website of the regulated market where the admission to trading is sought, if the rules applicable to such regulated market so require.

Each time the Notes will be admitted to trading on Euronext Paris, the Notes will also be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

Notes may be issued either in dematerialised form (“**Dematerialised Notes**”) or in materialised form (“**Materialised Notes**”) as more fully described herein.

Dematerialised Notes will at all times be in book entry form in compliance with Articles L. 211-3 and R.211-1 of the French *Code monétaire et financier*. No physical documents of title will be issued in respect of the Dematerialised Notes.

Dematerialised Notes may, at the option of the Issuer, be in bearer dematerialised form (*au porteur*) inscribed as from the issue date in the books of Euroclear France (“**Euroclear France**”) (acting as central depository) which shall credit the accounts of Account Holders (as defined in “**Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination**”) including, Euroclear Bank S.A./N.V. (“**Euroclear**”) and the depository bank for Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”), or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant holder, in either fully registered dematerialised form (*nominatif pur*), in which case they will be inscribed with a registration agent (appointed in the relevant Final Terms) for the Issuer, or in administered registered dematerialised form (*nominatif administré*) in which case they will be inscribed in the accounts of the Account Holders (as defined in “**Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination**”) designated by the relevant holder of Notes.

Materialised Notes will be in bearer materialised form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a “**Temporary Global Certificate**”) will initially be issued in relation to Materialised Notes. Such Temporary Global Certificate will subsequently be exchanged for definitive Materialised Notes in bearer form (the “**Definitive Materialised Notes**”) on or after a date expected to be on or about the 40<sup>th</sup> day after the issue date of the Notes (subject to postponement as described in “**Temporary Global Certificates issued in respect of Materialised Notes**”) upon certification as to non-US beneficial ownership with, where applicable, coupons for interest attached.

Temporary Global Certificates will (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depository for Euroclear and Clearstream, Luxembourg, (b) in the case of a Tranche intended to be cleared through Euroclear France, be deposited with Euroclear France as central depository, and (c) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg and Euroclear France or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer (as defined below).

The Programme has been rated Aaa by Moody’s Investors Service and AAA by Standard & Poor’s Ratings Services. It is expected that the Notes issued under the Programme will be rated AAA by Standard & Poor’s Ratings Services (“**S&P**”), by Fitch Ratings (“**Fitch**”) and Aaa by Moody’s Investors Service (“**Moody’s**”). Each of S&P, Fitch and Moody’s is established in the European Union, registered under Regulation (EC) No.1060/2009 on credit ratings agencies, as amended by Regulation (EU) No. 513/2011 (the “**CRA Regulation**”) and included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority ([www.esma.europa.eu](http://www.esma.europa.eu)). The relevant Final Terms will specify whether or not such credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The final terms of the Notes will be determined at the time of the offering of each Tranche and will be set out in the relevant Final Terms.

Copies of the documents incorporated by reference can be obtained without charge from the registered office of the Issuer and are also published on the Issuer’s website ([www.foncier.fr](http://www.foncier.fr)).

Arranger  
**DEUTSCHE BANK**  
Dealers

**BARCLAYS**  
**BOFA MERRILL LYNCH**  
**CRÉDIT AGRICOLE CIB**  
**CREDIT SUISSE**  
**HSBC**  
**MORGAN STANLEY**  
**NOMURA**  
**THE ROYAL BANK OF SCOTLAND**  
**UBS INVESTMENT BANK**

**BNP PARIBAS**  
**COMMERZBANK**  
**CRÉDIT FONCIER DE FRANCE**  
**DEUTSCHE BANK**  
**J.P. MORGAN**  
**NATIXIS**  
**SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT**  
**BANKING**

The date of this Base Prospectus is 26 June 2012.

The prospectus as defined in Article 5.4 of the Prospectus Directive consists in (a) this base prospectus (the “Base Prospectus”) containing the base terms and conditions of the Notes to be issued under the Programme, together with any supplements thereto (the “Supplements”) and (b) the Final Terms of the Notes.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in “Overview of the Programme”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Issuer has undertaken with the Dealers to amend or supplement this Base Prospectus or publish a new Base Prospectus if and when the information herein should become materially inaccurate or incomplete.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) or with any security regulation authority of any state or other jurisdiction of the United States and include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered or sold or, in the case of Materialised Notes delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)) or, in the case of Materialised Notes in bearer forms the U.S. Internal Revenue Code of 1986, as amended (the “U.S. Internal Revenue Code”).

**THE NOTES ARE BEING OFFERED OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S.**

For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale”.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements nor any other information incorporated by reference are intended to provide the basis of any credit or

other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements or any information incorporated by reference should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche (as defined in “Overview of the Programme - Method of issue”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment shall be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with applicable laws and rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “Euro”, “EUR” are to the currency which was introduced as of 1 January 1999 with the start of the third stage of the European Economic and Monetary Union by which date the Euro became the legal currency in eleven Member States of the European Union, references to “£”, “pounds sterling”, “GBP” and “Sterling” are to the lawful currency of the United Kingdom, references to “\$”, “USD” and “US Dollars” are to the lawful currency of the United States of America, references to “HKD”, “Hong Kong Dollars” are to the lawful currency of Hong Kong, “¥”, “JPY” and “Yen” are to the lawful currency of Japan, references to “CHF” and “Swiss Francs” are to the lawful currency of the Helvetic Confederation and references to “CAD” and “Canadian Dollars” are to the lawful currency of Canada.

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## **RÉSUMÉ EN FRANÇAIS DU PROGRAMME (FRENCH SUMMARY OF THE PROGRAMME)**

Le paragraphe suivant doit être lu comme une introduction au résumé si l'État membre de l'Union Européenne ou partie à l'accord sur l'Espace Économique Européen concerné n'a pas transposé les modifications apportées par la Directive 2010/73/EU (la « **Directive 2010 modifiant la Directive Prospectus** ») aux informations requises dans le résumé.

*Ce résumé doit être lu comme une introduction au prospectus de base relatif au Programme (le « **Prospectus de Base** »). Toute décision d'investir dans des titres à émettre dans le cadre du Programme doit être fondée sur un examen exhaustif du Prospectus de Base, incluant le cas échéant les documents incorporés par référence, de tout supplément au Prospectus de Base, le cas échéant, et des Conditions Définitives des titres concernés. Lorsqu'une action en responsabilité fondée sur les informations contenues dans le Prospectus de Base est intentée devant un tribunal, l'investisseur plaignant peut, selon la législation nationale des Etats membres de l'Union Européenne ou parties à l'accord sur l'Espace Economique Européen, avoir à supporter les frais de traduction du Prospectus de Base avant le début de la procédure judiciaire. Les personnes qui ont présenté le résumé, y compris le cas échéant sa traduction, et en ont demandé la notification au sens de l'article 212-41 du Règlement Général de l'Autorité des marchés financiers (l'« **AMF** ») n'engagent leur responsabilité civile que si le contenu du résumé est trompeur, inexact ou contradictoire par rapport aux autres parties du Prospectus de Base, incluant le cas échéant les documents incorporés par référence.*

Le paragraphe suivant doit être lu comme une introduction au résumé si l'État membre de l'Union Européenne ou partie à l'accord sur l'Espace Économique Européen concerné a transposé les modifications apportées par la Directive 2010 modifiant la Directive Prospectus aux informations requises dans le résumé.

*Ce résumé doit être lu comme une introduction au Prospectus de Base. Toute décision d'investir dans des titres à émettre dans le cadre du Programme doit être fondée sur un examen exhaustif du Prospectus de Base, incluant le cas échéant les documents incorporés par référence. En application de la transposition des dispositions applicables de la Directive Prospectus (la Directive 2003/71/CE, telle que modifiée par la Directive 2010/73/EU) dans chaque État membre de l'Espace Économique Européen, aucune action en responsabilité ne saurait être engagée à l'encontre de l'Émetteur sur la base du seul résumé, y compris de sa traduction, sauf si le contenu du résumé est trompeur, inexact ou contradictoire par rapport aux autres parties du Prospectus de Base, ou s'il ne fournit pas, lu en combinaison avec les autres parties du Prospectus de Base, les informations essentielles permettant d'aider les investisseurs lorsqu'ils envisagent d'investir dans les titres à émettre dans le cadre du Programme. Lorsqu'une action en responsabilité fondée sur les informations contenues dans le Prospectus de Base est intentée devant le tribunal d'un État membre de l'Espace Économique Européen, l'investisseur plaignant peut, selon la législation nationale de l'État membre concerné, avoir à supporter les frais de traduction du Prospectus de Base avant le début de la procédure judiciaire.*

### **1. INFORMATION SUR LES TITRES EMIS SOUS LE PROGRAMME**

<b>Emetteur :</b>	Compagnie de Financement Foncier
<b>Arrangeur :</b>	Deutsche Bank AG, Paris Branch
<b>Agents Placeurs :</b>	Barclays Bank PLC, BNP Paribas, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Crédit Foncier de France, Credit Suisse Securities (Europe) Limited, Deutsche Bank Aktiengesellschaft, HSBC France, J.P. Morgan Securities Ltd., Merrill Lynch International, Morgan Stanley & Co. International plc, NATIXIS, Nomura International plc, Société

	Générale, The Royal Bank of Scotland plc et UBS Limited.
<b>Montant Maximum :</b>	Jusqu'à 125 000 000 000 d'euros
<b>Agent Financier et Agent Payeur Principal :</b>	Deutsche Bank AG, London Branch
<b>Agents Payeurs :</b>	Crédit Foncier de France (Agent Payeur à Paris) Deutsche Bank Luxembourg S.A. (Agent Payeur à Luxembourg) Deutsche Bank Aktiengesellschaft (Agent Payeur à Francfort).
<b>Agent de cotation à Luxembourg :</b>	Deutsche Bank Luxembourg S.A.
<b>Méthode d'émission :</b>	Les Titres seront émis dans le cadre d'émissions syndiquées ou non syndiquées.
<b>Échéances :</b>	Sous réserve des lois, règlements et directives applicables, toute échéance d'un mois minimum à compter de la date d'émission initiale.
<b>Devises :</b>	Euro, Dollar U.S., Dollar de Hong Kong, Dollar canadien, Yen japonais, Franc suisse, Livre Sterling et toute autre devise qui pourrait être convenue dans les conditions définitives préparées à l'occasion de l'émission ( <i>Final Terms</i> ) (les « <b>Conditions Définitives</b> »).
<b>Modalités des titres (prix, montant, taux d'intérêt etc.) :</b>	Les conditions définitives des Titres et de chaque souche de Titres seront décrites dans les Conditions Définitives.
<b>Valeur nominale :</b>	Valeur nominale minimum de chaque Titre : 1 000 euros (ou l'équivalent en toute autre devise à la date d'émission). Les Titres Dématérialisés seront émis avec une seule valeur nominale.
<b>Utilisation des Produits :</b>	Les produits nets de l'émission des Titres seront utilisés pour les besoins de l'activité de l'Emetteur, telle que définie par son objet social.
<b>Rang de créance :</b>	Les Titres (Obligations Foncières) sont émis en vertu des articles L. 515-13 à L. 515-33 du Code monétaire et financier. Les porteurs de Titres bénéficient d'un privilège (droit prioritaire au paiement) sur tous les actifs et revenus de l'Emetteur.
<b>Forme des Titres :</b>	Les Titres peuvent être émis soit sous forme de titres dématérialisés, soit sous forme de titres matérialisés. Les Titres Dématérialisés pourront, au gré de l'Emetteur, être émis au porteur ou au nominatif. Les Titres Matérialisés seront uniquement émis au porteur.
<b>Maintien de l'emprunt à son rang :</b>	Aucun.
<b>Cas de Défaut (notamment Défaut Croisé) :</b>	Aucun.
<b>Remboursement :</b>	Les Conditions Définitives indiqueront les conditions sous lesquelles les titres pourront être remboursés avant échéance au gré de l'Emetteur ou des porteurs de Titres.
<b>Fiscalité :</b>	Les paiements du principal, des intérêts et autres produits effectués par ou pour le compte de l'Émetteur se rapportant aux Titres ne

seront pas soumis à une retenue à la source ou à une déduction d'impôts, droits, assiettes ou charges gouvernementales d'une quelconque nature que ce soit, imposée, prélevée, collectée, retenue ou fixée par la France ou en France ou tout autre autorité française ayant le pouvoir de prélever l'impôt, à moins que cette retenue à la source ou déduction ne soit imposée par la loi.

Tous les paiements se rapportant aux Titres seront effectués sous réserve de toute retenue à la source ou déduction imposée par FATCA, conformément à la Modalité 7(d).

**Dépositaire Central :**

Euroclear France pour les Titres Dématérialisés ou tout autre dépositaire central mentionné dans les Conditions Définitives.

**Systèmes de compensation :**

Euroclear et Clearstream, Luxembourg, ou tout autre système de compensation mentionné dans les Conditions Définitives.

**Cotation et admission à la négociation :**

Euronext Paris ou comme spécifié dans les Conditions Définitives. Comme mentionné dans les Conditions Définitives, une souche de Titres pourra ou non être cotée et admise à la négociation.

**Offre au public :**

Les Titres ne seront pas offerts au public en France.

**Méthode de publication :**

Le Prospectus de Base, le(s) supplément(s) au Prospectus de Base, le cas échéant, et les Conditions Définitives relatives aux Titres cotés et admis à la négociation seront publiés sur le site de l'AMF et, dans le cas de Titres cotés et admis à la négociation sur un marché réglementé de l'Espace Economique Européen autre qu'Euronext Paris, ou offerts au public dans un Etat partie à l'Espace Economique Européen autre que la France, selon les modalités prévues aux Conditions Définitives relatives à cette émission.

Dans le cas de Titres cotés et admis à la négociation sur le marché réglementé de la bourse de Luxembourg, ou offerts au public au Luxembourg, les Conditions Définitives seront publiées sur le site internet de la bourse de Luxembourg ([www.bourse.lu](http://www.bourse.lu)).

Lorsque les Titres seront cotés et admis à la négociation sur Euronext Paris, ils le seront également sur le marché réglementé de la bourse de Luxembourg. En conséquence, les Conditions Définitives seront disponibles sur le site de la bourse de Luxembourg ([www.bourse.lu](http://www.bourse.lu)).

**Notation :**

Les Titres émis sous le Programme seront notés.

Le Programme bénéficie de la notation Aaa par Moody's Investors Service, et AAA par Standard & Poor's Ratings Services.

Chacun de Moody's Investors Service, Standard & Poor's Ratings Services et/ou Fitch Ratings est établi dans l'Union Européenne, enregistré conformément au Règlement (CE) No. 1060/2009 sur les agences de notation de crédit, tel que modifié par le Règlement (UE) No. 513/2011 (le « **Règlement ANC** ») et inclus dans la liste des agences enregistrées de notation de crédit publiée sur le site

internet de *European Securities and Markets Authority* ([www.esma.europa.eu](http://www.esma.europa.eu)).

Une notation ne constitue pas une recommandation d'acheter, de vendre ou de détenir des Titres et pourra faire l'objet d'une suspension, d'un changement ou d'un retrait à tout moment par l'agence de notation l'ayant attribuée.

**Restrictions de vente :**

L'offre et la vente des Titres sont soumises aux restrictions de vente applicables dans différents pays, en particulier celles applicables aux Etats-Unis d'Amérique, dans l'Espace Economique Européen, y compris en France et au Royaume Uni. D'autres restrictions qui s'appliqueraient aux Titres seront spécifiées dans les Conditions Définitives concernées.

**Droit applicable :**

Droit français.

## 2. INFORMATIONS IMPORTANTES A PROPOS DE L'EMETTEUR

En conformité avec la loi « Epargne et Sécurité Financière » du 25 juin 1999, le Crédit Foncier de France, institution financière fondée en 1852, a créé le 23 juillet 1999 la Compagnie de Financement Foncier (AAA/Aaa/AAA) et y a transféré les anciennes obligations et les actifs éligibles qu'elle refinançait.

Filiale à 100 % du Crédit Foncier (A-/A2/A+), affiliée à BPCE (A/A2/A+), organe central du Groupe BPCE qui avec 19 Banques Populaires et 17 Caisses d'Epargne constitue l'un des principaux groupes bancaires français, sa mission consiste à financer l'activité de crédit hypothécaire et de crédit au secteur public, aussi bien pour sa maison-mère que pour le Groupe dans son ensemble que pour d'autres établissements de crédit.

La Compagnie de Financement Foncier est un établissement de crédit agréé en qualité de société financière et de société de crédit foncier (décision du 23 juillet 1999 du Comité des établissements de crédit et des entreprises d'investissement (devenu en 2010, Autorité de contrôle prudentiel)). La Compagnie de Financement Foncier est régie par la législation applicable aux établissements de crédit et, en tant que société de crédit foncier, par les articles L. 515-13 à L. 515-33 du Code monétaire et financier.

Le siège social est situé au 19, rue des Capucines 75001 Paris.

Depuis sa création en 1999, et au 31 décembre 2011, la Compagnie de Financement Foncier a émis pour plus de 148,4 milliards d'euros d'obligations foncières et autres ressources privilégiées, dont 8,7 milliards d'euros en 2011 et 17,2 milliards d'euros en 2010.

La Compagnie de Financement Foncier a pour unique activité d'acquérir des actifs éligibles et de les refinancer.

Sont éligibles :

- les prêts garantis par une hypothèque de premier rang ou une garantie au moins équivalente lorsque les biens sous-jacents sont situés dans un État de l'espace économique européen ou dans un État bénéficiant de la meilleure notation de qualité de crédit ;
- les expositions sur des personnes publiques (entités publiques, collectivités territoriales, etc.) lorsqu'elles portent sur (ou sont garanties par) des personnes publiques de l'espace économique européen ou localisées en Suisse, États-Unis d'Amérique, Canada, Japon, Australie et Nouvelle Zélande, et, le cas échéant, lorsqu'elles bénéficient, par leur bénéficiaire ou leur garant, des meilleures notations externes de qualité de crédit ;



- les valeurs de remplacement : des titres, valeurs et dépôts suffisamment sûrs et liquides.

Pour refinancer ces actifs, la société de crédit foncier est autorisée à émettre des obligations foncières notées AAA/Aaa/AAA ainsi que d'autres instruments financiers bénéficiant ou non du privilège défini par l'article L. 515-19 du Code monétaire et financier.

### 3. CHIFFRES CLÉS SUR DES INFORMATIONS SÉLECTIONNÉES DE LA COMPAGNIE DE FINANCEMENT FONCIER AU 31 DÉCEMBRE 2011

#### Chiffres clés du bilan au 31 décembre 2011 (total bilan : 105,78 Md€)

	en Md€	% bilan		en Md€	% bilan
<b>Prêts hypothécaires</b>	<b>36,21</b>	<b>34,2%</b>	<b>Ressources privilégiées</b>	<b>91,08</b>	<b>86,1%</b>
Prêts hypothécaires et assimilés	26,03	24,6%	Obligations foncières	89,77	84,9%
Parts senior de titrisation de créances hypothécaires résidentielles européennes	10,18	9,6%	Autres ressources privilégiées	1,31	1,2%
<b>Expositions secteur public</b>	<b>51,71</b>	<b>48,9%</b>	<b>Ressources non privilégiées</b>	<b>14,70</b>	<b>13,9%</b>
Prêts hypothécaires garantis par l'Etat français ou un établissement public européen	9,99	9,4%	Dettes chirographaires	8,83	8,4%
Prêts au secteur public en France	18,06	17,1%	Dettes subordonnées et assimilées	4,03	3,8%
Titres du secteur public à l'étranger	23,66	22,4%	- dont titres subordonnés remboursables	2,10	2,0%
<b>Valeurs de remplacement et autres actifs</b>	<b>17,86</b>	<b>16,9%</b>	- dont titre super subordonné à durée indéterminée	1,35	1,3%
Valeurs de remplacement	14,58	13,8%	<b>Capitaux propres provisions et FRBG<sup>1</sup></b>	<b>1,84</b>	<b>1,7%</b>
Autres actifs	3,28	3,1%			
<b>TOTAL ACTIF</b>	<b>105,78</b>	<b>100,0%</b>	<b>TOTAL PASSIF</b>	<b>105,78</b>	<b>100,0%</b>
			<i>(Fonds propres réglementaires)</i>	<b>4,00</b>	<b>3,8%</b>

Indicateurs de performance :

<b>108,1 M€</b>	<b>110,6%</b>	<b>61,6%</b>
Résultat net	Ratio de surdimensionnement réglementaire	Quotité moyenne des créances hypothécaires

#### Passif privilégié (obligations foncières) au 31 décembre 2011

- Emises en 2011: 8,7 Md€
- Passif privilégié: 91 Md€ dont 90 Md€ d'obligations foncières et autres ressources privilégiées (y compris dettes rattachées)

<sup>1</sup> Fonds pour risques bancaires généraux

**4. CHIFFRES CLÉS SUR DES INFORMATIONS SÉLECTIONNÉES DE LA COMPAGNIE DE FINANCEMENT FONCIER AU 31 DÉCEMBRE 2010**

**Chiffres clés du bilan au 31 décembre 2010 (total bilan : 103,83 Md€)**

	en Md€	% bilan		en Md€	% bilan
<b>Prêts hypothécaires</b>	<b>34,83</b>	<b>33,6%</b>	<b>Ressources privilégiées</b>	<b>89,76</b>	<b>86,5%</b>
Prêts hypothécaires et assimilés	20,73	20,0%	Obligations foncières	88,13	84,9%
Parts senior de titrisation de créances hypothécaires résidentielles européennes	14,10	13,6%	Autres ressources privilégiées	1,63	1,6%
<b>Expositions secteur public</b>	<b>54,05</b>	<b>52,0%</b>	<b>Ressources non privilégiées</b>	<b>14,07</b>	<b>13,5%</b>
Prêts hypothécaires garantis par l'Etat français ou un établissement public européen	10,09	9,7%	Dettes chirographaires	8,31	8,0%
Prêts au secteur public en France	18,79	18,1%	Dettes subordonnées et assimilées	4,12	4,0%
Titres du secteur public à l'étranger	25,17	24,2%	- dont titres subordonnés remboursables	2,10	2,0%
<b>Valeurs de remplacement et autres actifs</b>	<b>14,95</b>	<b>14,4%</b>	- dont titre super subordonné à durée indéterminée	1,35	1,3%
Valeurs de remplacement	11,82	11,4%	<b>Capitaux propres provisions et FRBG<sup>1</sup></b>	<b>1,64</b>	<b>1,6%</b>
Autres actifs	3,13	3,0%			
<b>TOTAL ACTIF</b>	<b>103,83</b>	<b>100,0%</b>	<b>TOTAL PASSIF</b>	<b>103,83</b>	<b>100,0%</b>

*(Fonds propres réglementaires)*

*n/a \*\**

*n/a\*\**

<sup>1</sup> Fonds pour risques bancaires généraux

<sup>11</sup> Non applicable

### **Actifs éligibles au 31 décembre 2011 (total : 105,78 Md€)**

	<b><u>en Md€</u></b>	<b><u>% bilan</u></b>
<b>Prêts hypothécaires</b>	<b>36,21</b>	<b>34,2%</b>
Prêts hypothécaires et assimilés	26,03	24,6%
Parts senior de titrisation de créances hypothécaires résidentielles européennes	10,18	9,6%
<b>Expositions secteur public</b>	<b>51,71</b>	<b>48,9%</b>
Prêts hypothécaires garantis par l'Etat français ou un établissement public européen	9,99	9,4%
Prêts au secteur public en France	18,06	17,1%
Titres du secteur public à l'étranger	23,66	22,4%
<b>Valeurs de remplacement et autres actifs</b>	<b>17,86</b>	<b>16,9%</b>
Valeur de remplacement	14,58	13,8%
Autres actifs	3,28	3,1%
<b>TOTAL ACTIF</b>	<b>105,78</b>	<b>100,0%</b>

En considérant les garanties publiques directes et indirectes accordées à certains encours de prêts bénéficiant également de sûretés immobilières, notamment les prêts garantis par le FGAS, l'ensemble des actifs sécurisés par une garantie publique représente 51,71 Md€ au 31 décembre 2011, et 48,9% du total bilan.

## **5. FACTEURS DE RISQUES**

### **A. Facteurs de risques liés à l'Emetteur**

Les investisseurs potentiels doivent prendre en compte, entre autres, les facteurs de risques décrits dans la section « *Risk Factors* » ci-après, qui comprend les risques suivants relatifs à l'Emetteur et son activité :

#### Risque de crédit

Le risque de crédit se matérialise lorsqu'une contrepartie est dans l'incapacité de faire face à ses obligations et il peut se manifester par la migration de la qualité de crédit voire le défaut de la contrepartie.

En plus du niveau de sécurité important conféré par la qualité des actifs réglementaires éligibles, la Compagnie de Financement Foncier s'impose pour chaque catégorie d'actifs achetés, des restrictions limitant son exposition au risque de crédit, sous forme de filtres à l'achat. La Compagnie de Financement Foncier s'interdit notamment d'acheter des créances sur l'immobilier commercial et des créances corporates hypothécaires non assorties de garanties complémentaires. Une étude est menée par la Compagnie de Financement Foncier sur la base des notations, probabilités de défaut, notations à l'octroi, taux de remboursement, espérance de perte et éventuelle couverture des actifs ainsi que sur la courbe des taux. Les

actifs correspondant aux critères de la Compagnie de Financement Foncier sont ensuite achetés à un prix déterminé par la précédente étude.

### Risque de taux

Le risque de taux d'intérêt global est le risque encouru en cas de variation des taux d'intérêt du fait de l'ensemble des opérations de bilan et de hors bilan, à l'exception, le cas échéant, des opérations soumises aux risques de marché (portefeuille de négociation).

La Compagnie de Financement Foncier s'impose de maintenir le niveau de ses impasses de taux à l'intérieur de limites définies par horizon temporel et de corriger tout dépassement au plus tard dans le trimestre suivant :

<u>Périodes d'observation des impasses</u>	<u>Limite de l'impasse maximale en % du bilan projeté</u>
<u>Moins de 2 ans</u>	<u>2%</u>
<u>2-5 ans</u>	<u>3%</u>
<u>5-10 ans</u>	<u>5%</u>
<u>Plus de 10 ans</u>	<u>10%</u>

En pratique, le bilan de la Compagnie de Financement Foncier est couvert structurellement contre le risque de taux, les actifs et les passifs étant systématiquement swappés à taux révisable.

### Risque de change

Le risque de change est le risque encouru en cas de variation des cours des devises (contre euro) du fait de l'ensemble des opérations de bilan et hors bilan, à l'exception, le cas échéant, des opérations soumises aux risques de marché (portefeuille de négociation).

La Compagnie de Financement Foncier s'interdit toute position ouverte de change. Par conséquent, toutes les opérations d'acquisition d'actifs ou de refinancement non libellées en euros sont systématiquement couvertes contre le risque de change dès leur conclusion. En pratique, la Compagnie de Financement Foncier s'astreint à limiter ses positions de change résiduelles à un montant maximal de 0,1% de son bilan.

### Risque de liquidité

Le risque de liquidité est le risque de ne pas pouvoir faire face à ses engagements ou de ne pas pouvoir dénouer ou compenser une position en raison de la situation du marché, dans un délai déterminé et à un coût raisonnable.

Au-delà des contraintes législatives imposant aux sociétés de crédit foncier d'assurer à tout moment la couverture de l'ensemble de leurs besoins de trésorerie sur une période de 180 jours, la Compagnie de Financement Foncier s'impose des règles strictes de gestion complémentaires. Celles-ci lui garantissent à tout moment une liquidité suffisante pour honorer ses engagements de passifs privilégiés sans besoin de nouvelles ressources pendant un an en format extinctif (c'est-à-dire sans activité nouvelle).

Ainsi, à tout moment, la Compagnie de Financement Foncier dispose d'une position de trésorerie assurant, sur les douze mois suivants, les remboursements contractuels de sa dette privilégiée.

Le volume d'actifs mobilisables en Banque centrale européenne de la Compagnie de Financement Foncier (27 Md€) lui permettrait, dans la configuration actuelle, de conforter sa liquidité bien au-delà des douze mois auxquels elle s'est engagée.

Sensibilisé très tôt à l'importance de sécuriser sa liquidité, le Groupe Crédit Foncier a en effet mis en oeuvre dès 1995 une politique stricte de gestion de ses stocks d'encours mobilisables *via* des cessions de portefeuille de prêts au secteur public puis, dès 2001, par l'utilisation d'autres filières de refinancement. La qualité de ses actifs, et en particulier celle des titres et des créances éligibles au bilan de la Compagnie de Financement Foncier, lui donne la capacité d'avoir un accès immédiat au refinancement de banques centrales comme la BCE pour des volumes importants.

La Compagnie de Financement Foncier s'oblige par ailleurs à limiter la différence entre la durée de son actif et celle de son passif global à 2 ans au maximum. Au 31 décembre 2011, cet écart est négligeable (la durée de l'actif s'établissant à 6,2 ans, la durée du passif à 6,4 ans).

### Risque de contrepartie

Le risque de contrepartie est le risque que la contrepartie d'une opération fasse défaut avant le règlement définitif de l'ensemble des flux de trésorerie, que cette opération soit classée en portefeuille bancaire ou en portefeuille de négociation.

La politique de risques du Groupe Crédit Foncier définit des limites par contrepartie ; ces dernières entrent dans le processus de décision de la Compagnie de Financement Foncier.

La Compagnie de Financement Foncier, dans le cadre de ses opérations de couverture ou de pensions livrées, a conclu avec chacune de ses contreparties une convention-cadre disposant d'une annexe spécifique qui définit notamment des accords de collatéralisation asymétriques.

La contrepartie s'engage à verser à périodicité quotidienne ou hebdomadaire à la Compagnie de Financement Foncier un dépôt de garantie égal à sa position débitrice nette sans qu'il y ait réciprocité de la part de cette dernière.

### Risque opérationnel

Le risque opérationnel est défini au sein du Groupe BPCE comme le risque de perte liée à une défaillance ou un dysfonctionnement des processus, des systèmes d'information, des hommes ou suite à des événements extérieurs.

La gestion des risques opérationnels pour la Compagnie de Financement Foncier est confiée au Crédit Foncier dans le cadre des conventions de prestations établies entre les deux établissements. L'essentiel des risques opérationnels est lié aux prestations externalisées confiées à la maison-mère. Dans ce cadre les conséquences d'un incident opérationnel détecté dans le cadre d'un traitement du Crédit Foncier relatif à un élément du bilan de la Compagnie de Financement Foncier sont portées par le Crédit Foncier.

Ces risques incluent notamment les risques comptable, juridique, réglementaire, fiscal, ainsi que les risques liés à la sécurité des personnes, des biens et des systèmes d'information.

La gestion du risque opérationnel de la Compagnie de Financement Foncier s'appuie sur le dispositif du Crédit Foncier, selon les règles du Groupe BPCE. Seuls les risques opérationnels liés à l'activité du Secrétariat général de la Compagnie de Financement Foncier font l'objet d'une cartographie spécifique et de déclarations présentées trimestriellement au Comité de contrôle interne. Il est à noter qu'aucun incident n'a été détecté en 2011 spécifiquement sur la Compagnie de Financement Foncier.

Au 31 décembre 2011, le dispositif global de surveillance et de maîtrise des risques opérationnels du Crédit Foncier est composé de 166 personnes.

### Risque de règlement

Le risque de règlement est le risque encouru en cas de non respect de la part d'une contrepartie de ses engagements de paiements alors que la seconde a respecté les siens.

Les opérations de trésorerie réalisées pour la Compagnie de Financement Foncier relèvent pour l'essentiel de l'activité de gestion de bilan. Leur traitement est centralisé au sein du service *back-office* trésorerie du Crédit Foncier.

Cette unité assure :

- les gestions de flux de trésorerie (réception et émission) ;
- la prévision de trésorerie à 24 heures.

La gestion des comptes de trésorerie et le contrôle comptable des comptes sont sous la responsabilité d'un cadre en charge d'une unité indépendante, le principe de séparation des fonctions est ainsi respecté.

La Compagnie de Financement Foncier accède directement, pour les opérations de gros montants en euros, aux moyens de paiement de la Place de Paris ; elle est participante directe du système européen Target. Pour les opérations en devises ou pour les opérations en euros de petits montants, elle dispose de comptes auprès de BPCE.

Le suivi du risque de règlement est effectué quotidiennement par :

- l'élaboration des échéanciers prévisionnels de flux ;
- le rapprochement quotidien des flux unitaires par rapport à l'échéancier prévisionnel.

En cas de défaut définitif d'une contrepartie de règlement, et si la position en Banque de France de la Compagnie de Financement Foncier devenait potentiellement débitrice, il est prévu la mise en place de mécanismes de couverture (emprunt sur le marché, emprunt de fin de journée auprès de la BCE).

La Compagnie de Financement Foncier dispose d'un plan de continuité dans le cadre d'un accord avec BPCE. À ce titre, la Compagnie de Financement Foncier bénéficie du plan de continuité d'activité de BPCE pour son activité bancaire.

Les risques pour la Compagnie de Financement Foncier sont également les suivants :

- le risque de non-conformité ;
- le risque d'assurance ;
- le risque lié aux activités externalisées ;
- le risque informatique ;
- le risque lié à l'organisation de la continuité d'activité ;
- le risque juridique.

Tous ces risques et leur analyse sont plus amplement décrits dans la section « *Risk Factors* » ci-après.

## **B. Facteurs de risques liés aux titres émis par l'Emetteur**

Par ailleurs, il existe certains facteurs de risques spécifiques aux Titres à émettre par l'Emetteur en vertu du Programme, décrits dans la section « *Risk Factors* » ci-après. Ces risques sont notamment :

- Risques liés aux conflits d'intérêts potentiels
- Risques liés à la légalité de l'acquisition des titres
- Risques liés à une modification des modalités des titres
- Risques liés à la fiscalité
- Risques liés à la Directive 2003/48/CE relative à la fiscalité de l'épargne
- Risques liés à la retenue à la source - absence d'obligation de paiements additionnels
- Risques liés à la retenue à la source US pour la régularisation des comptes étrangers
- Risques liés à un changement de loi
- Risque de change
- Risques liés aux notations financières
- Risques liés à l'absence de liquidité sur le marché secondaire
- Risques liés à l'évolution du prix de marché des titres
- Risques liés à la structure de certains titres

Les facteurs de risques relatifs aux Titres émis par l'Emetteur et à l'Emetteur sont plus amplement détaillés dans la section « *Risk Factors* » du Prospectus de Base.



## SUMMARY OF THE PROGRAMME

The following paragraph is to be read as an introduction to the Summary if the relevant Member State has not implemented the changes to the Summary requirements under the Directive 2010/73/EU (the “**2010 PD Amending Directive**”):

This summary must be read as an introduction to this base prospectus relating to the Programme (the “**Base Prospectus**”) and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference, together with any supplements thereto, if any, and with the relevant Final Terms. Where a claim relating to the information contained in this Base Prospectus is brought before a court, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. No civil liability will attach to the persons who presented the summary, including any translation thereof, and requested its notification pursuant to Article 212-41 of the *Règlement Général* of the *Autorité des marchés financiers* (“**AMF**”), unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus, including the documents incorporated by reference.

The following paragraph is to be read as an introduction to the Summary if the relevant Member State has implemented the changes to the Summary requirements under the 2010 PD Amending Directive:

This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC, as amended by Directive 2010/73/EU) in each Member State of the European Economic Area, no civil liability will attach to the Issuer in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

### 1. KEY INFORMATION ABOUT NOTES TO BE ISSUED UNDER THE PROGRAMME

<b>Issuer:</b>	Compagnie de Financement Foncier
<b>Arranger:</b>	Deutsche Bank AG, Paris Branch
<b>Dealers:</b>	Barclays Bank PLC, BNP Paribas, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Crédit Foncier de France, Credit Suisse Securities (Europe) Limited, Deutsche Bank Aktiengesellschaft, HSBC France, J.P. Morgan Securities Ltd., Merrill Lynch International, Morgan Stanley & Co. International plc, NATIXIS, Nomura International plc, Société Générale, The Royal Bank of Scotland plc and UBS Limited.
<b>Programme Limit:</b>	Up to Euro 125,000,000,000
<b>Fiscal Agent and Principal Paying Agent:</b>	Deutsche Bank AG, London Branch

<b>Paying Agents:</b>	Crédit Foncier de France (as Paris Paying Agent) Deutsche Bank Luxembourg S.A. (as Luxembourg Paying Agent) Deutsche Bank Aktiengesellschaft (as Frankfurt Paying Agent)
<b>Luxembourg Listing Agent:</b>	Deutsche Bank Luxembourg S.A.
<b>Method of issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis.
<b>Maturities:</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue.
<b>Currencies:</b>	Euro, U.S. Dollars, Hong Kong Dollars, Canadian Dollars, Japanese yen, Swiss francs, Sterling and in any other currency specified in the relevant Final Terms.
<b>Commercial terms of the Notes (price, amount, interest rate, etc.):</b>	The commercial terms and conditions of the Notes of each Series of Notes will be set out in the applicable Final Terms.
<b>Denomination:</b>	Minimum denomination of each Note: Euro 1,000 (or the equivalent amount in any other currency at the issue date). Dematerialised Notes shall be issued in one denomination only.
<b>Use of Proceeds:</b>	The net proceeds of the issue of the Notes will be used for the Issuer's general corporate purposes.
<b>Status of Notes:</b>	The Notes ( <i>Obligations Foncières</i> ) are issued under Articles L. 515-13 to L. 515-33 of the French <i>Code monétaire et financier</i> . Holders of Notes benefit from a <i>privilège</i> (priority right of payment) over all the assets and revenues of the Issuer.
<b>Form of Notes:</b>	Dematerialised Notes or Materialised Notes. Dematerialised Notes may be issued in bearer dematerialised form ( <i>au porteur</i> ) or in registered dematerialised form ( <i>au nominatif</i> ). Materialised Notes will be in bearer form only.
<b>Negative Pledge:</b>	None.
<b>Events of Default (including Cross Default):</b>	None.
<b>Redemption:</b>	The Final Terms will specify the conditions under which the Notes may be redeemed prior to maturity at the option of the Issuer or of the Noteholders.
<b>Taxation:</b>	All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA, as

provided in Condition 7(d) of the “Terms and Conditions of the Notes”.

**Central Depository:** Euroclear France in respect of Dematerialised Notes or any other central depository specified in the Final Terms.

**Clearing Systems:** Euroclear and Clearstream, Luxembourg or any other clearing system specified in the Final Terms.

**Listing and Admission to Trading:** As specified in the relevant Final Terms, a Series of Notes may or may not be listed and admitted to trading on Euronext Paris and/or on any Regulated Market or other stock exchange.

**Offer to the public:** The Notes shall not be offered to the public in France.

**Method of publication:** The Base Prospectus, the supplement(s) thereto, if any, and the Final Terms related to Notes listed and admitted to trading will be published, if relevant, on the website of the AMF. In addition, if the Notes are listed and admitted to trading on a Regulated Market other than Euronext Paris, or offered to the public in a Member State of the European Economic Area other than France, the relevant Final Terms will provide whether additional methods of publication are required and what they consist of.

If the Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and/or offered to the public in Luxembourg, the Final Terms will be published in an electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Each time the Notes will be admitted to trading on Euronext Paris, the Notes will also be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. As a consequence, the Final Terms will be available in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

**Rating:** Notes issued under the Programme will be rated.

The Programme is rated Aaa by Moody’s Investors Service and AAA by Standard & Poor’s Ratings Services.

Each of Moody’s Investors Services, Standard & Poor’s Rating Services and/or Fitch Ratings is established in the European Union, registered under Regulation (EC) No.1060/2009 on credit ratings agencies, as amended by Regulation (EU) No. 513/2011 (the “**CRA Regulation**”) and included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority ([www.esma.europa.eu](http://www.esma.europa.eu)).

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Selling Restrictions:**

The offer and sale of Notes will be subject to selling restrictions in various jurisdictions, in particular, those of the United States of America, those of the European Economic Area including France and the United Kingdom. Further restrictions that may apply to a Series of Notes will be specified in the applicable Final Terms.

**Governing Law:**

French law.

**2. KEY INFORMATION ABOUT THE ISSUER**

In compliance with the Savings and Financial Security Act of 25 June 1999, Crédit Foncier de France founded in 1852, created the SCF (*société de crédit foncier*) Compagnie de Financement Foncier (AAA/Aaa/AAA) on 23 July 1999. At this time, the existing stock of bonds and eligible assets was transferred to this new entity from Crédit Foncier de France.

A fully-owned subsidiary of Crédit Foncier (A-/A2/A+) and an affiliate of BPCE (A/A2/A+), the “central body” of Groupe BPCE, which, with 19 Banques Populaires and 17 Caisses d’Epargne, constitutes one of France’s largest banking groups, the Compagnie de Financement Foncier’s sole business is to finance the housing and public-sector lending activities of its parent company, and of Groupe BPCE.

Compagnie de Financement Foncier (AAA/Aaa/AAA) is a credit institution that was licensed by the French *Autorité de contrôle prudentiel* (formerly known as *Comité des Établissements de Crédit et des Entreprises d’Investissement*) on 23 July 1999, as a finance company (*société financière*) and a *société de crédit foncier* (a specific type of company authorised to issue French legal covered bonds). It is therefore governed by the legislation applicable to credit institutions and, as a *société de crédit foncier*, it is also governed by Articles L. 515-13 to L. 515-33 of the French *Code monétaire et financier*.

Its registered office is located at 19, rue des Capucines, 75001 Paris.

Since its creation in 1999, and as at 31 December 2011, the Compagnie de Financement Foncier has issued more than Euro 148.4 billion in principal amount of *obligations foncières* and other preferred debts, with an issue volume of Euro 8.7 billion in 2011 and Euro 17.2 billion in 2010.

Compagnie de Financement Foncier's sole activity is to acquire and refinance eligible assets. These assets are comprised of loans with a first rank mortgage, local authority and public sector loans, securities issued or guaranteed by local authorities and public entities and senior securitisation bonds or units of mortgage loans or loans to public sector. In order to refinance these assets, the Compagnie de Financement Foncier issues AAA/Aaa/AAA rated *obligations foncières* and raises other resources which may or may not benefit from the *privilège* as defined by Article L. 515-19 of the French *Code monétaire et financier*.

### 3. KEY INFORMATION CONCERNING SELECTED DATA OF COMPAGNIE DE FINANCEMENT FONCIER AS AT 31 DECEMBER 2011

#### Simplified economic balance sheet at 31 December 2011 (total balance sheet: euro 105.78 billion)

	€ Billion	% Balance sheet		€ Billion	% Balance sheet
<b>Mortgage loans</b>	<b>36.21</b>	<b>34.2%</b>	<b>Privileged resources</b>	<b>91.08</b>	<b>86.1%</b>
Mortgage loans and related items	26.03	24.6%	<i>Obligations foncières</i>	89.77	84.9%
European <i>senior</i> residential mortgage-backed securities	10.18	9.6%	Other privileged resources	1.31	1.2%
<b>Public sector exposures</b>	<b>51.71</b>	<b>48.9%</b>	<b>Non-privileged debt</b>	<b>14.7</b>	<b>13.9%</b>
Mortgage loans guaranteed by the French state or a European public institution	9.99	9.4%	Unsecured debt	8.83	8.4%
French public sector loans	18.06	17.1%	Subordinated debt and similar debt	4.03	3.8%
International public sector securities	23.66	22.4%	<i>of which redeemable subordinated notes (RSN)</i>	<i>2.10</i>	<i>2.0%</i>
<b>Other assets and replacement securities</b>	<b>17.86</b>	<b>16.9%</b>	<i>of which perpetual super-subordinated notes</i>	<i>1.35</i>	<i>1.3%</i>
Replacement securities	14.58	13.8%	Shareholder's equity, Provisions and FRBG <sup>1</sup>	1.84	1.7%
Other assets	3.28	3.1%			
<b>TOTAL ASSETS</b>	<b>105.78</b>	<b>100.0%</b>	<b>TOTAL LIABILITIES</b>	<b>105.78</b>	<b>100.0%</b>
			<b>Regulatory capital</b>	<b>4.00</b>	<b>3.8%</b>

Performance indicators:

<b>€108.1 million</b>	<b>110.6%</b>	<b>61.6%</b>
Net income	Regulatory overcollateralization ratio	Average LTV of mortgage loans

#### Liabilities benefiting from the *privilege (obligations foncières)* as at 31 December 2011

- Issued in 2011: Euro 8.7 billion
- Liabilities benefiting from the *privilege*: Euro 91 billion with Euro 90 billion in *obligations foncières* and other preferred debts (including related payables)

<sup>1</sup> *Fonds pour risques bancaires généraux* (Fund for General Banking Risks)

#### 4. KEY INFORMATION CONCERNING SELECTED DATA OF COMPAGNIE DE FINANCEMENT FONCIER AS AT 31 DECEMBER 2010

##### Simplified balance sheet at 31 December 2010 (total balance sheet: euro 103.83 billion)

	€ Billion	% Balance sheet		€ Billion	% Balance sheet
<b>Mortgage loans</b>	<b>34.83</b>	<b>33.6%</b>	<b>Privileged resources</b>	<b>89.76</b>	<b>86.5%</b>
Mortgage loans and related items	20.73	20.0%	<i>Obligations foncières</i>	88.13	84.9%
European residential mortgage-backed securities	14.10	13.6%	Other privileged resources	1.63	1.6%
<b>Public sector exposures</b>	<b>54.05</b>	<b>52.0%</b>	<b>Non-privileged debt</b>	<b>14.07</b>	<b>13.5%</b>
Mortgage loans guaranteed by the French state or a European public institution	10.09	9.7%	Unsecured debt	8.31	8.0%
French public sector loans	18.79	18.1%	Subordinated debt and similar debt	4.12	4.0%
International public sector exposures	25.17	24.2%	<i>of which redeemable subordinated notes (RSN)</i>	2.10	2.0%
<b>Other assets and replacement securities</b>	<b>14.95</b>	<b>14.4%</b>	<i>of which perpetual super-subordinated notes</i>	1.35	1.3%
Replacement securities	11.82	11.4%	Shareholder's equity, Provisions and FRBG <sup>1</sup>	1.64	1.6%
Other assets	3.13	3.0%			
<b>TOTAL ASSETS</b>	<b>103.83</b>	<b>100.0%</b>	<b>TOTAL LIABILITIES</b>	<b>103.83</b>	<b>100.0%</b>
			<b>Regulatory capital</b>	<b>n/a**</b>	<b>n/a**</b>

<sup>1</sup> *Fonds pour risques bancaires généraux* (Fund for General Banking Risks)

<sup>11</sup> *Not Applicable*

**Eligible assets as at 31 December 2011 (total: euro 105.78 billion)**

	€ billions	%
<b>Mortgage loans</b>	<b>36.21</b>	<b>34.2%</b>
Mortgage loans and related terms	26.03	24.6%
European <i>senior</i> residential mortgage-backed securities	10.18	9.6%
<b>Public sector exposures</b>	<b>51.71</b>	<b>48.9%</b>
Mortgage loans guaranteed by the French state or a European public institution	9.99	9.4%
French public sector loans	18.6	17.1%
International public sector securities	23.66	22.4%
<b>Other assets and replacement securities</b>	<b>17.86</b>	<b>16.9%</b>
Replacement securities	14.58	13.8%
Other assets	3.28	3.1%
<b>Total assets</b>	<b>105.78</b>	<b>100.00</b>

By taking into account the direct and indirect public guarantees on certain outstanding loans also backed by real estate collateral, especially loans secured by the FGAS guarantee fund, the assets secured by a public guarantee represented € 51.71 billion at 31 December 2011, and 48.9% of all assets.

## **5. RISK FACTORS**

### **A. Risk factors relating to the Issuer**

Prospective investors should consider, among other things, the risk factors described in the section “Risk Factors” below, which include the following risk factors relating to the Issuer and its operations and which are inherent in investing in the Notes:

#### Credit risk

Credit risk arises when a counterparty is unable to meet its obligations and it may result in a change in credit quality or default by the counterparty.

Although regulations require that a société de crédit foncier invest only in high quality assets, to limit its exposure to credit risk Compagnie de Financement Foncier implements additional assets purchasing criteria that include purchasing scores and minimum credit ratings. Compagnie de Financement Foncier will not, for example, buy commercial real estate assets and corporate mortgage loans without complementary guarantees. Compagnie de Financement Foncier selects the assets that it wishes to acquire based on their rating, probability of default, score at origination, expected loss and any hedging of assets, as well as yield curves. The assets that meet the Compagnie de Financement Foncier’s criteria are then purchased at a price determined by the previous study.

#### Interest rate risk

Interest rate risk is the risk incurred in the event of interest rate fluctuations stemming from all balance sheet and off-balance sheet transactions, with the exception, where applicable, of transactions subject to market risks (trading portfolio).

Compagnie de Financement Foncier is committed to keeping its interest rate gaps within the specific limits set for each period and to correct any excess observed by the following quarter.

<b>Liquidity gap observation periods</b>	<b>Maximum liquidity gap limit as a % of projected assets</b>
Less than 2 years	2%
2-5 years	3%
5-10 years	5%
Over 10 years	10%

Compagnie de Financement Foncier's balance sheet is structurally protected against interest rate risk, since assets and liabilities are systematically hedged with adjustable-rate swaps.

#### Currency risk

Foreign exchange risk is the risk incurred in the event of exchange rate fluctuations (against the euro) stemming from all balance sheet and off-balance sheet transactions, with the exception, where applicable, of transactions subject to market risks (trading portfolio).

Compagnie de Financement Foncier prohibits any open foreign exchange positions. As such, all asset purchase or refinancing transactions that are not denominated in euros are systematically hedged against currency risk.

In practice, Compagnie de Financement Foncier limits its residual currency positions to 0.1% of its balance sheet.

#### Liquidity risk

Liquidity risk is the risk of not being able to honour one's commitments or not being able to unwind or offset a position, within a given period and at a reasonable cost, due to the market situation.

Beyond the legislative constraints requiring that *sociétés de crédit foncier* ensure that, at all times, all of their cash flow requirements are hedged for a period of 180 days, Compagnie de Financement Foncier has its own additional management rules. These guarantee that, it always maintains enough liquidity to honour its privileged liability commitments with no need for new resources for one year, with no need for new resources in a run-off scenario (i.e. with no new activity).

Thus, the Compagnie de Financement Foncier's cash position is sufficient at any given time to meet the contractual payments on its privileged debt over the coming twelve months.

With the volume of Compagnie de Financement Foncier's assets eligible for the liquidity facility of the European Central Bank (€27 billion), it could service its payments and build up its liquidity for much longer than the 12 months to which it is committed.

Long aware of the importance of maintaining liquidity, as early as 1995, Crédit Foncier Group implemented a rigorous policy for managing its liquid assets through disposals of loan portfolios to the public sector, and then, in 2011, by the use of other refinancing channels. The high quality of Compagnie de Financement Foncier's assets, and in particular of its eligible securities and receivables, give it immediate access to funding from central banks, such as the ECB for important amounts.

Compagnie de Financement Foncier also limits the duration gap between its assets and its overall liabilities to two years at most. At 31 December 2011, the duration gap was insignificant (asset duration being 6.2 years and liabilities duration being 6.4 years).

#### Counterparty risk

Counterparty risk is the risk that the counterparty to a transaction might default before settling all cash payments, whether the transaction is classified in the banking or trading portfolio.



Crédit Foncier Group's risk policy specifies per-counterparty limits and Compagnie de Financement Foncier observes these limits in its decision process.

For its hedging transactions and repurchasing agreements the Compagnie de Financement Foncier executes a framework agreement with each of its counterparties, with asymmetrical collateralisation and other specific terms set forth in an appendix to this agreement.

The counterparty agrees to pay Compagnie de Financement Foncier on a daily or weekly basis depending on the counterparty's rating a security deposit equal to its net debt position, with no compensation for this.

#### Operational risk

Operational risk is defined within Groupe BPCE as the risk of loss resulting from inadequate or faulty procedures, personnel information systems or external events.

Compagnie de Financement Foncier's operational risk management is entrusted to Crédit Foncier under service agreements signed between the two institutions. The greater part of operational risk is linked to the services outsourced to the parent company. Any consequence of operational incidents detected in the framework of a Crédit Foncier process relating to a Compagnie de Financement Foncier balance sheet item are borne by Crédit Foncier.

These risks include in particular accounting, legal, regulatory and tax risks, as well as risks relating to staff, property and information system security.

Compagnie de Financement Foncier's operational risk management relies on Crédit Foncier's system, according to Groupe BPCE rules. Only the operational risks associated with the activity of Compagnie de Financement Foncier's General Secretariat are specifically mapped and reported every term to the Internal control committee. We would point out that no incidents specifically involving Compagnie de Financement Foncier were detected in 2011.

As of 31 December 2011, Crédit Foncier's operational risk management and monitoring system comprised 166 people.

#### Settlement risk

Settlement risk is the risk for non compliance by a counterparty of its payment commitments, while the second has met his.

Compagnie de Financement Foncier's treasury transactions are essentially carried out in connection with ALM activities. Processing is centralised in Crédit Foncier's treasury back office.

This unit provides:

- cash flow management (inflows and outflows);
- cash forecasting 24 hours ahead.

The handling and accounting control of treasury accounts is the responsibility of a manager in charge of an independent unit, in keeping with the principle of segregation of duties.

Compagnie de Financement Foncier has direct access to the market settlement systems of Paris for large transactions in euros; it is a member of the European Target system. For transactions in foreign currencies and small transactions in euros, it has accounts with BPCE.

Daily procedures for settlement risk monitoring include:

- preparation of forecast financial flow profiles;

- daily reconciliation of individual flows with forecast.

In the event of the definitive default of a settlement counterparty leading to Compagnie de Financement Foncier's potentially being overdrawn with Banque de France, there are provisions for hedging mechanisms to be put in place (interbank borrowing or end-of-day borrowing facility provided by the European Central Bank).

Compagnie de Financement Foncier has a business continuity plan under an agreement with BPCE. On that matter, Compagnie de Financement Foncier benefits from the BPCE's BCP for its financial activities.

Compagnie de Financement Foncier's risks also include :

- non-compliance risk ;
- insurance risk ;
- outsourced services risk ;
- Information technology risk ;
- risk related to the Business Continuity Plan (BCP) ;
- Legal risk.

All these risks and their analysis are more fully described in section "*Risk Factors*" below.

## **B. Risk factors relating to the Notes to be issued by the Issuer**

In addition, there are certain factors that are specific to the Notes to be issued by the Issuer under the Programme, as more fully described in section "*Risk Factors*" below. These risks are, among others:

- Risks related to potential conflicts of interest
- Risks related to legality of purchase
- Risks related to modification, waivers and substitution
- Risks related to taxation
- Risks related to Directive 2003/48/EC on the taxation savings income
- Risks related to withholding tax - no gross-up obligation
- Risks related to US foreign account tax compliant withholding
- Risks related to a change of law
- Currency risk
- Risks related to credit ratings
- Risks related to the absence of active secondary/trading market for the Notes
- Risks related to the market value of the Notes
- Risks related to the structure of a particular issue of Notes

*The risk factors relating to the Issuer and to the Notes issued by the Issuer are more detailed in the section "*Risk Factors*" of this Base Prospectus.*

## PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS

### In the name of the Issuer

We declare, having taken all care to ensure that such is the case and to the best of our knowledge, that the information contained in this Base Prospectus is in accordance with the facts and that it contains no omission likely to affect its import.

In the statutory auditors' report on the financial statements for the fiscal year ended 31 December 2010, included on page 79 of the Reference Document 2010, the statutory auditors make two observations without qualifying their opinion.

Compagnie de Financement Foncier  
19, rue des Capucines  
75001 Paris  
France

Duly represented by: Thierry Dufour  
*Président Directeur Général/Chairman and C.E.O.*  
Duly authorised  
on 26 June 2012



### *Autorité des marchés financiers*

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* ("AMF"), in particular Articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the visa No.12-295 on 26 June 2012. This document may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This visa has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.

## RISK FACTORS

Prospective purchasers of the Notes offered hereby should consider carefully, in light of their financial circumstances and investment objectives, all of the information in this Base Prospectus and, in particular, the risk factors set forth below in making an investment decision.

### RISK FACTORS RELATING TO THE ISSUER

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The risks described below are not the only risks the Issuer faces. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. In particular, investors should make their own assessment as to the risks associated with the Notes prior to investing in Notes issued under the Programme.*

### 1. CREDIT RISK

Credit risk arises when a counterparty is unable to meet its obligations and it may result in a change in credit quality or default by the counterparty.

Credit risk is analysed differently depending on the type of asset. Compagnie de Financement Foncier's assets can be divided into three major categories with different approaches used to assess and monitor their creditworthiness:

- loans granted to individuals and professionals mainly in the public sector. Since April 2007, the category of secured loans includes mortgage notes whose underlying assets consists of mortgage loans to individuals;
- securities comprising senior securitisation tranches that are rated by independent, internationally recognised credit rating agencies and approved by the French Prudential Control Authority;
- replacement securities, consisting of investments with credit institutions with the highest external short-term ratings. For Compagnie de Financement Foncier, these for the most part correspond to loans with a maturity of less than six months extended to its parent company, Crédit Foncier, a large part of which are secured by a portfolio of loans.

#### 1.1 Loans and similar items

Credit risk on the loan portfolio is measured by analysing the changes in doubtful loans and the related provisions and impairment allowances. These loans, which represent half of Compagnie de Financement Foncier's balance sheet, broke down at 31 December 2011 as €46.8 billion of directly-held loans and €9.3 billion of mortgage notes.

*Analysis of loans and similar items*

31 December 2011	Outstanding loans (€ million)	Percentage of total outstanding loans	Of which doubtful loans	Doubtful loans (%)	Of which compromised doubtful	Compromised doubtful (%)	Provisions (€ million)
<b>Subsidised sector (run-off)</b>	<b>706.4</b>	<b>1.3%</b>	<b>52.1</b>	<b>7.4%</b>		<b>0.0%</b>	<b>0.1</b>
<b>Private sector</b>	<b>55,330.3</b>	<b>98.7%</b>	<b>527.1</b>	<b>1.0%</b>	<b>88.8</b>	<b>0.2%</b>	<b>30.5</b>
- Loans to individuals and mortgage notes	34,618.6	61.8%	518.4	1.5%	85.6	0.2%	28.4
of which mortgage notes	9,263.7	16.5%					
of which loans guaranteed by FGAS	9,483.0	16.9%	241.1	2.5%			
of which other mortgage loans	15,871.9	28.3%	277.3	1.7%	85.6	0.5%	28.4
- Loans to public authorities	18,443.6	32.9%	1.1				
- Loans to social housing	2,255.9	4.0%	5.6	0.2%	1.3	0.1%	1.0
- Loans to commercial property (run-off)	12.2		2.1	16.8%	2.0	16.1%	1.1
<b>TOTAL</b>	<b>56,036.7</b>	<b>100.0%</b>	<b>579.3</b>	<b>1.0%</b>	<b>88.8</b>	<b>0.2%</b>	<b>30.6</b>

31 December 2010	Outstanding loans (€ million)	Percentage of total outstanding loans	Of which doubtful loans	Doubtful loans (%)	Of which compromised doubtful	Compromised doubtful (%)	Provisions (€ million)
<b>Subsidised sector (run-off)</b>	<b>922.9</b>	<b>1.8%</b>	<b>62.4</b>	<b>6.8%</b>			<b>0.1</b>
<b>Private sector</b>	<b>50,517.7</b>	<b>98.2%</b>	<b>425.0</b>	<b>0.8%</b>	<b>60.7</b>	<b>0.1%</b>	<b>25.3</b>
- Loans to individuals and mortgage notes	29,374.1	57.1%	410.8	1.4%	56.4	0.2%	22.8
of which mortgage notes	6,975.9	13.6%					
of which loans guaranteed by FGAS	8,364.7	16.3%	186.7	2.2%			
of which other mortgage loans	14,033.5	27.3%	224.1	1.6%	56.4	0.4%	22.8
- Loans to public authorities	18,618.6	36.2%	5.9				0.1
- Loans to social housing	2,511.1	4.9%	6.2	0.2%	2.3	0.1%	1.2
- Loans to commercial property (run-off)	13.9		2.1	14.9%	2.0	14.0%	1.2
<b>TOTAL</b>	<b>51,440.6</b>	<b>100.0%</b>	<b>487.4</b>	<b>0.9%</b>	<b>60.7</b>	<b>0.1%</b>	<b>25.4</b>

Outstanding loans increased by €4.6 billion in 2011, with loans to individuals alone rising by €5.2 billion thanks to substantial acquisitions of loan originated by Crédit Foncier throughout the year.

The percentage of doubtful loans on the retail loans portfolio increased slightly to 1.5% from 1.4% a year earlier but remains very low and tightly controlled.

Among these loans, those covered by an FGAS guarantee had the highest doubtful ratio loan ratio at 2.5% compared with 2.2% in 2010, but the final loss is covered by the French state.

The €15.9 billion of outstanding mortgages, which are more risky since they do not benefit from a double guarantee, recorded the same trend, with doubtful loans edging up in percentage terms from 1.6% to 1.7% but remaining at low levels. This segment is covered by provisions equal to 10% of doubtful loans in 2011, as in 2010.

Credit risk on public sector loans, Compagnie de Financement Foncier's second core business, continued to be negligible with €1.1 million of doubtful loans out of a total portfolio of €18.4 billion at the end of 2011.

The percentage of doubtful loans in the low-income housing loan portfolio, comprised of mortgage loans and/or loans guaranteed by a public entity, was in between the levels recorded for the two preceding categories. In 2011, this ratio remained particularly low at 0.2%, with a €1 million provision taken on the €5.6 million of doubtful loans.

Commercial property loans, which relate mainly to the portfolio transferred to Compagnie de Financement Foncier on its creation in 1999 and with regard to which no loans has been acquired since 2001, are structurally declining with a residual portfolio of only €12 million at 31 December 2011. The doubtful loan ratio seems relatively high when expressed as a percentage, as the portfolio is being run off.

For the loan portfolio as a whole, compromised doubtful loans slightly increased at 17% of the doubtful loans. They are mainly observed on mortgage loans that don't benefit from a double guaranty (€86 billion on a total amount of €89 billion). These loans are provided for a total of €28 million.

In terms of impact on Compagnie de Financement Foncier's results, the risk arising on these assets is recognised in cost of risk with respect to capital and in net banking income with respect to interest. For 2011, the total risk charge remained very low at €6.1 million, resulting from €4.9 million of risk on capital and €1.3 million of loss of interest on doubtful loans. In 2010, the risk charge had amounted to €4.2 million, which is still very small when set against a loan portfolio of almost €50 billion.

The expense for 2011 was comprised of:

- €5.2 million of net allowances for provisions and impairment;
- €2.4 million of losses not covered by impairment provisions and €0.2 million of losses covered by provisions;
- €1.6 million of gains on amortised debt.

### Analysis of the risk charge

	31 December 2011			31 December 2010		
	Outstanding loans (€ million)	Risk charge (€ million)	Risk charge (basis points)	Outstanding loans (€ million)	Risk charge (€ million)	Risk charge (basis points)
<b>Subsidised sector</b>	<b>706.4</b>	<b>0.25</b>	<b>3.6</b>	<b>922.9</b>	<b>0.03</b>	<b>0.3</b>
<b>Private sector</b>	<b>55,330.3</b>	<b>5.89</b>	<b>1.1</b>	<b>50,517.7</b>	<b>4.18</b>	<b>0.8</b>
- Loans to individuals and mortgage notes	34,618.6	5.61	1.6	29,374.1	3.89	1.3
- Loans to public authorities	18,443.6	-0.10	-0.1	18,618.6		
- Loans to social housing	2,255.9	0.32	1.4	2,511.1	0.21	0.8
- Loans to commercial property (run-off)	12.2	0.07	54.1	13.9	0.08	56.1
<b>TOTAL</b>	<b>56,036.7</b>	<b>6.14</b>	<b>1.1</b>	<b>51,440.6</b>	<b>4.20</b>	<b>0.8</b>

NB: as a rule, the risk charge is positive when it represents a cost and negative when it is a gain on income.

In 2011, the risk charge was extremely low, corresponding to 1.1 basis points of the total portfolio. It related mainly to loans granted to individuals, principally because of the increase in impairments recorded on the portion of these loans considered doubtful.

#### 1.2 International securities and securitisation tranches

This portfolio of assets held by Compagnie de Financement Foncier outside France amounts to €33.8 billion, or 32% of total balance-sheet assets. In 2011, it decreased by almost 11% in volume following Crédit Foncier's decision to halt origination in this sector and subsequently to reduce significantly its exposure to tranches of RMBS and to European sovereign bonds.

This portfolio specifically consists of:

- €10.2 billion of senior tranches of mortgage-backed securities, such as RMBS;
- €7.4 billion of securities issued or guaranteed by public bodies (mainly the US government and NHG, a Dutch public body that plays the same role in the Netherlands as the FGAS does in France);
- €14 billion of securities issued or guaranteed by international public bodies;
- €2.3 billion of public sector loans whose beneficiaries are predominantly Swiss entities.

As Compagnie de Financement Foncier didn't notice any known risk, no doubtful loans, provisions or impairment have been recognised on this portfolio. To assess its credit quality, Compagnie de Financement Foncier constantly monitors a number of different indicators (quality of the counterparty or guarantor, structure of the operation and geographical breakdown), which are notably reflected in the ratings. The greater part of the portfolio is rated by independent credit rating agencies and only some loans amounting to €113 million guaranteed by the Swiss Cantonal authorities are rated solely in-house using an application developed by Standard & Poor's. An analysis of these internal ratings is provided in the risk management report.

As regards the securitisation portfolio and in accordance with its regulatory framework, Compagnie de Financement Foncier can hold only senior securitisation tranches or similar securities, of which at least 90% must comply with the eligibility criteria applicable to *sociétés de crédit foncier*.

For residential mortgage-backed securities, Compagnie de Financement Foncier calculates each year the present value of the collateral securing the assets as a ratio of the outstanding underlying loans to verify the effectiveness of the guarantees.

On these bases, simulations are performed applying different stress scenarios, whose results of which are described in the risk management report and which reveal a very small cash flow deficit of €20 million (0.14% of outstandings, or just 0.08% after discounting lost income) in the most catastrophic scenario. Moreover impairment tests confirm that there is no need to depreciate this portfolio.

Compagnie de Financement Foncier also monitors the quality of the data provided by the fund management companies, particularly in terms of timeliness, completeness and accuracy.

The portfolio of mortgage-backed securities decreased sharply over the course of the year and represented just 9.6% of total balance-sheet assets at 31 December 2011.

This decrease principally resulted from a €1.4 billion asset repurchase by Crédit Foncier in 2011 at the net book value under an agreement signed in 2008 to cover the consequences for Compagnie de Financement Foncier of a rating downgrade to below step-2 credit quality of securitisation tranches listed on the internal watch list because they are considered to present potentially higher risk. After these transfer operations, the amount still covered by this guarantee stood at €2.9 billion, or 29% of the portfolio, as at 31 December 2011. Assets were sold over the course of the year on the secondary market for an amount of €0.7 billion.

The high quality of the RMBS portfolio was maintained, despite some significant rating downgrades after a review by the agencies of both sovereign ratings and the link between a country's rating and that of an asset securitisation originated in the country.

At 31 December 2011, the main features of this portfolio were:

- no exposure to “subprime” risk;
- no direct or indirect exposure to US real estate;
- 18% of the portfolio received the highest rating from the three agencies (AAA/Aaa/AAA) and 63% received the highest rating from at least one agency;
- 75% of the portfolio, or €7.7 billion, had the highest rating scale.

The loans underlying these tranches are spread across five countries in the European Economic Area, namely:

- €4.9 billion in Spain;
- €3.1 billion in Italy;
- €1.1 billion in the Netherlands;
- €0.8 billion in Portugal;
- €0.3 billion in Germany.

The international public sector portfolio, consisting of securities, loans or securitisation tranches and other assets issued or guaranteed by public entities (mainly governments, public bodies and local authorities) amounted to €23.7 billion at 31 December 2011, down €1.5 billion from a year earlier, mainly because of sales of European sovereign debt, which totalled €1.5 billion, of which the entire exposure to Greece for a total of €1.1 billion. It represented 22% of Compagnie de Financement Foncier's total assets.

Geographically, exposure is diversified over a number of countries, with strong exposure being to the American continent (€6.6 billion to the US and €0.8 billion to Canada), a significant presence in Japan (€2.1 billion),



substantial investments in five European countries the Netherlands (€3.6 billion), Italy (€3.7 billion), Switzerland (€1.7 billion), Germany (€1.4 billion) and Spain (€1.0 billion) - and smaller investments in 11 other countries on the European continent.

At 31 December 2011, the ratings profile of the international public sector portfolio was as follows:

- 70% of the outstanding amount had a step-1 credit rating, with €3.8 billion assigned the top rating by three principal agencies (AAA/Aaa/AAA);
- 22% of the outstanding amount had a step-2 credit rating.

Part of the securities and securitisation portfolio is counter-guaranteed by monoline insurers. At year-end 2011, the guaranteed portion totalled €2.7 billion.

However, the very significant downgrading of these companies in the recent past means that their guarantee is ineffective as the transaction's intrinsic credit rating is higher than that of the credit enhancer; only Assured Guaranty Municipal Corp (formerly FSA) rated Aa3/AA- continues to provide effective protection against credit risk on a portfolio amounting to €1.6 billion.

### 1.3 Overall Analysis

The main risk indicators for Compagnie de Financement Foncier's core business portfolio, comprising loans to the competitive sector and securities and securitisation tranches, showed a slight deterioration in 2011 but remain at very low levels in absolute terms.

#### *Analysis of the competitive sector*

	31 December 2011				31 December 2010			
	Outstanding loans (€ million)	Doubtful loans (€ million)	Doubtful loans (%)	Risk (basis points)	Outstanding loans (€ million)	Doubtful loans (€ million)	Doubtful loans (%)	Risk (basis points)
Loans to individuals and related <i>of which securitisation tranches and mortgage notes</i>	44,802 <i>19,447</i>	518	1.2%	1.3	43,478 <i>21,080</i>	411	0.9%	0.9
Exposures on public entities <i>of which securities and securitisation tranches</i>	40,169 <i>21,725</i>	1			41,964 <i>23,346</i>	6		
Loans to social housing	2,256	6	0.2%	1.4	2,511	6	0.2%	8.0
Loans to commercial property (run-off)	12	2	16.8%	54.1	14	2	14.9%	56.1
<b>TOTAL</b>	<b>87,238</b>	<b>527</b>	<b>0.6%</b>	<b>0.7</b>	<b>87,968</b>	<b>425</b>	<b>0.5%</b>	<b>0.5</b>

NB: as a rule, the risk charge is positive when it represents a cost and negative when it is a gain on income.

Doubtful loans and the risk charge were recorded mainly on the portfolio of loans to individuals. They nonetheless remain very low relative to the overall volume of loans:

- doubtful loans ratio of 1.2% on an almost €45 billion portfolio;
- a risk charge of 1.3 basis points.

These results are available in every major sector according to their nature: a portfolio of loans and related items located in France, and an international loan portfolio mainly consisting of securities and securitisation tranches.

Compagnie de Financement Foncier is exposed to the risk of losses if sovereign states or other credit counterparties become insolvent or are no longer able to fulfill their obligations to Compagnie de Financement

Foncier. Compagnie de Financement Foncier holds sovereign obligations issued by certain of the countries that have been significantly affected by the Eurozone crisis and a worsening of the Eurozone crisis may trigger a decline in the quality of Compagnie de Financement Foncier's assets in the affected countries.

## **2. ANALYSIS OF INTEREST RATE AND FOREIGN EXCHANGE RISKS**

Interest rate risk is the risk incurred in the event of interest rate fluctuations stemming from all balance sheet and off-balance sheet transactions, with the exception, where applicable, of transactions subject to market risks (trading portfolio).

Foreign exchange risk is the risk incurred in the event of exchange rate fluctuations (against the euro) stemming from all balance sheet and off-balance sheet transactions, with the exception, where applicable, of transactions subject to market risks (trading portfolio).

Compagnie de Financement Foncier has no open currency positions except for very small ones inherent in any hedging transaction. Transactions initiated in foreign currencies are converted into euro upon execution.

Compagnie de Financement Foncier is only very marginally exposed to interest rate risks thanks to the hedging mechanisms implemented.

### **2.1 Hedging transactions**

As soon as an asset is recorded on the balance sheet, it is transformed, if necessary, into a variable-rate asset in euro. Macro-hedging swaps are entered into when acquiring loan portfolios, micro-hedging swaps are made for single transactions. Similarly, the debt issued by Compagnie de Financement Foncier is micro swapped at the outset to transform it into variable rate liabilities in euro.

Crédit Foncier is counterparty to these hedging transactions when it acquires and transfers loans to Compagnie de Financement Foncier. Other banks also act as counterparty in the case of market transactions or loans originated abroad. Compagnie de Financement Foncier has hedging arrangements with around 30 major international banks and Credit Foncier represents only one-fifth of the notional amount of the derivatives portfolio.

All of the counterparties to these currency or interest rate swaps have concluded collateralisation agreements with Compagnie de Financement Foncier that require them to provide a security deposit depending on their debt position and rating. These deposits are drawn on daily if the counterparty's credit rating slips below F1+ or AA- with Fitch Ratings, P1 or Aa3 with Moody's, A1+ or AA- with Standard and Poor's. If the opposite situation occurs, the agreements stipulate that Compagnie de Financement Foncier shall not deposit any collateral. At 31 December 2011, the amount of deposits received was €2.9 billion.

Interest rate positions are also reviewed each quarter and macro-hedging transactions are entered into if the position deteriorates to a point that might result in non-compliance with the strict limits that Compagnie de Financement Foncier has committed to. Whenever early repayments exceed the amounts initially budgeted, an interest rate swap is entered into to reduce open positions to a small percentage of the balance sheet.

The basic risks, resulting from different reference rates on positions already transformed into variable rates by swaps, are also managed through macro hedges.

Special interest-rate risk-reduction mechanisms have been put in place for Compagnie de Financement Foncier with the French state for the subsidised sector loans and with Caisses d'Epargne, which assigned it French public sector loans.

Hedging activity continued in 2011 in line with acquisition and issuance volumes. The notional amount of forward financial instruments remained stable and amount to €107 billion at 31 December 2011. Foreign currency transactions also increased in volume to €49 billion from €47 billion a year earlier.

By hedging purpose, notional amounts of interest-rate swaps broke down as follows at 31 December 2011:

- €24 billion of macro-hedging swaps, most of which cover fixed-rate loan portfolios at their acquisition of adjustable-rate loan portfolios when their interest rates are reset;
- €83 billion of micro-hedging swaps, of which around 80% relate to liabilities;
- €3.1 billion in conditional micro-hedging transactions to cover variable-rate loans with an interest-rate cap in favour of the borrower.

## **2.2 Residual interest-rate position**

Given the various hedging mechanisms implemented by Compagnie de Financement Foncier when transactions are entered into, exposure to interest rate risk is limited to the possible distortion of the hedging transaction arising from events not known when the transaction was entered into and which occurred during the term of the contract.

Since the securitisation tranches have variable rates from the start and the other investment securities have set maturity dates, the residual interest-rate position consists of fixed-rate loans whose early repayment is not covered by indemnities equivalent to the risk incurred or by a third party, such as the French state for the subsidised sector.

The interest rate risk arising from distortion over time of the underlying is therefore limited to fixed-rate loans to individuals in the competitive sector, due to the regulatory ceiling set on the indemnity due in the event of early repayment, which is limited to 6 months interest with a maximum of 3% of the outstanding principal.

For Compagnie de Financement Foncier, these loans amounted to €14.1 billion at 31 December 2011, up significantly during the year and Credit Foncier's recent mortgage loan production is mainly fixed-rate loans. Moreover, the low nominal rate of these loans constitutes an additional protection against the risk of early repayment and renegotiation. Three-quarters of these loans, or an amount of €10.5 billion, have an interest rate of below 5%, including €2.6 billion of zero-rate loans, and the vast majority of the remaining loans have an interest rate of between 5% and 6%.

In 2011, the average prepayment rate on the portfolio of loans to individuals remained very high in 2010, exceeding that a year earlier. Prepayments were particularly high in the first half of the year, spread evenly between fixed-rate and adjustable-rate loans. This resulted in an increase in perceived benefits, from €44.5 million in 2010 to €55.9 million in 2011.

## **3. LIQUIDITY RISK**

Liquidity risk is the risk of not being able to honour one's commitments or not being able to unwind or offset a position, within a given period and at a reasonable cost, due to the market situation.

As for interest-rate risks, the Compagnie de Financement Foncier's asset/liability management rules ensure very limited exposure to liquidity risk.

Since its creation in 1999, Compagnie de Financement Foncier has also undertaken to maintain adequate liquidity at all times to enable it fulfil all the contractual obligations of its privileged liabilities over a 12-month period with no new activity.

Its cash requirements are analysed on a quarterly basis for the entire term of the assets on its balance sheet. They are then compared with its capacity to raise funds.

Without even envisaging asset sales, Compagnie de Financement Foncier has substantial liquidity reserves, as a significant percentage of its public sector securities and loans are eligible for ECB refinancing.

At 31 December 2011, the total nominal amount of assets immediately available for ECB refinancing came to €27 billion, comprising €18.8 billion in securities and €8.2 billion in private loans. At the same time, assets pledged with the central bank amounted to €1.5 billion with another €0.6 billion pledged to a banking entity.

Moreover, its portfolio of replacement securities, which represented 13.8% of total assets at the end of 2011, mainly consists of loans with maturities of less than six months to financial institutions with the highest short-term ratings.

Compagnie de Financement Foncier also analyses the duration of its assets and liabilities to ensure they are properly matched and is committed to keeping the duration gap to less than 2 years. At 31 December 2011, as at the end of the previous year, there was virtually no difference between the average duration of assets and liabilities at 6.2 years and 6.4 years respectively, corresponding to a duration gap of two-and-a-half months.

#### **4. OPERATIONAL RISK**

Operational risks are defined within Groupe BPCE as the risk of loss resulting from inadequate or faulty procedures, personnel, information systems or external events.

Compagnie de Financement Foncier's operational risk management is entrusted to Crédit Foncier under service agreements signed between the two institutions. The greater part of operational risk is linked to the services outsourced to the parent company. Any consequence of operational incidents detected in the framework of a Crédit Foncier process relating to a Compagnie de Financement Foncier balance sheet item are borne by Crédit Foncier. These risks include in particular accounting, legal, regulatory and tax risks, as well as risks relating to staff, property and information system security.

Compagnie de Financement Foncier's operational risk management relies on Credit Foncier's system, according to Groupe BPCE rules. Only the operational risks associated with the activity of Compagnie de Financement Foncier's General Secretariat are specifically mapped and reported every term to the Internal control committee. We would point out that no incidents specifically involving Compagnie de Financement Foncier were detected in 2011.

As of 31 December 2011, Crédit Foncier's operational risk management and monitoring system comprised 166 people.

##### **4.1 General Approach**

All of Crédit Foncier Group's Operational Risk processes are managed by its Risk Department, which relies on the risk charters and on the operational risk standards and methods employed by Groupe BPCE's Risk Department.

##### **4.2 Governance**

Operational risk management is part of the Crédit Foncier Group's risk structure. It is managed by a specialised unit that is separate from operating activities and attached to the Risk Department. This unit reports to Compagnie de Financement Foncier's executive bodies and those responsible for controlling Compagnie de Financement Foncier.

##### **4.3 Management environment**

###### **Management network**

Operational risk oversight and management is delegated to the managers of the various departments. Each manager relies on a network of correspondents coordinated by a supervisor, with a functional link to the Risk

Department. At the end of 2011, the comprehensive operational risk supervision and control system included 166 people.

### **Methods and tools**

The method is based on three key elements that are part of an iterative, interactive approach: identification and assessment by each business line of its vulnerability to the main operational risks, frequency and evaluation, determination of existing or necessary preventive and corrective measures to manage or reduce the impact of risks. The mapping is updated whenever processes or the organisational structure changes, and in any case at least once a year.

In parallel with this, the following have been put in place:

- a system for recording incidents in a dedicated database: the management network feeds the incident database as and when such incidents appear and evolve; monitoring of corrective action plans; analysis of changes in risks exposures and resulting losses;
- indicators for the main risk areas warning when incidents are likely to enter a critical phase.

Through BPCE's ORIS application, the Crédit Foncier Group also has access to reporting facilities and an operational risk scorecard generated quarterly from the database.

Lastly, for calculating capital adequacy requirements the Crédit Foncier Group currently applies the Basel II standard method.

## **5. SETTLEMENT RISK**

Settlement risk is the risk for non compliance by a counterparty of its payment commitments, while the second has met his.

Compagnie de Financement Foncier's treasury transactions are essentially carried out in connection with ALM activities. Processing is centralised in Crédit Foncier's treasury back office.

This unit provides:

- cash flow management (inflows and outflows);
- cash forecasting 24 hours ahead.

The handling and accounting control of treasury accounts is the responsibility of a manager in charge of an independent unit, in keeping with the principle of segregation of duties. Compagnie de Financement Foncier has direct access to the market settlement systems of Paris for large transactions in euros; it is a member of the European Target system. For transactions in foreign currencies and small transactions in euros, it has accounts with BPCE.

Daily procedures for settlement risk monitoring include:

- preparation of forecast flow profiles;
- daily reconciliation of individual flows with forecast.

In the event of the definitive default of a settlement counterparty leading to Compagnie de Financement Foncier's potentially being overdrawn with Banque de France, there are provisions for hedging mechanisms to be put in place (interbank borrowing or end-of-day borrowing facility provided by the European Central Bank).

Compagnie de Financement Foncier has a business continuity plan (BCP) under an agreement with BPCE. On that matter, Compagnie de Financement Foncier benefits from the BPCE's BCP for its financial activities.

## **6. NON-COMPLIANCE RISK**

The compliance function for Compagnie de Financement Foncier is performed by Crédit Foncier in accordance with the terms of the relevant agreements (framework agreement and internal control and compliance service agreement) between the two entities, and by the delegation of the relevant powers of Compagnie de Financement Foncier's Chief Executive Officer to the Chief Compliance Officer of Crédit Foncier de France.

### **Non-compliance risk monitoring and measurement**

Non-compliance risk monitoring and control is based on the methods used by BPCE and covers all of Crédit Foncier's business lines. It is supplemented by a risk management system that covers all business lines and the major risks to which they are exposed.

### **Identification and monitoring of non-compliance risks**

Non-compliance risks are identified using a dual approach:

- analysis of the results of first level controls focusing on the non-compliance issues listed in the compliance guidelines or resulting from thematic approaches;
- operational risk reports.

### **Control of non-compliance risks**

The control of non-compliance risks is divided between the controls carried out by Crédit Foncier on its business, which directly benefit Compagnie de Financement Foncier, and the controls carried out on transactions specific to its business.

The compliance controls carried out specifically for Compagnie de Financement Foncier related in particular to compliance with the regulations applying to the acquisition of receivables and the updating of the value of guarantees.

### **Monitoring of dysfunctions**

Specific action plans are drawn up by the operational units to address dysfunctions identified during audits or revealed by recurrent operational risk incidents. These action plans are monitored by the permanent control and compliance officers of the departments concerned. These dysfunctions and the progress of the corresponding action plans are monitored by permanent control coordination, which reports on them to Crédit Foncier's Internal Control Committee and Compagnie de Financement Foncier's Audit Committee.

### **Approval of new products or services**

Consideration of non-compliance risk is integrated into Crédit Foncier's approval process for new products and services. As part of the study and approval process for new products, services or activities, matters specific to Compagnie de Financement Foncier, in particular the eligibility of future outstandings on its balance sheet, are systematically examined.

### **Ethics – Market abuse - Conflicts of interest**

Financial ethics standards incorporate the regulatory provisions arising from the Market Abuse Directive. Corporate officers, directors and other personnel acting on behalf of Compagnie de Financement Foncier are covered by this procedure insofar as necessary.

## **Combating money laundering and the financing of terrorism**

The Crédit Foncier Group combats money laundering and the financing of terrorism by means of a group-wide system of vigilance and control at every level of banking and lending transactions. This system includes appropriate procedures as well as training and awareness programmes for staff.

The system, incorporating the risk approach deriving from the new anti money-laundering regulations, provides for systematic analysis prior to any new customer relationship. Outstandings are regularly checked against international lists of persons with links to terrorism and for the application of embargos. Unusual events during the life of loans, in particular early repayments, are scrutinised by the Financial Security Unit of the Compliance Department.

## **7. INSURANCE**

As Compagnie de Financement Foncier's servicer, Crédit Foncier takes out insurance for the risks relating to its activity. Under service agreements with Compagnie de Financement Foncier, it provides insurance related services on behalf of Compagnie de Financement Foncier, whereby the Company receives cover for the following risks:

- banking business losses;
- IT fraud and malicious acts;
- professional civil liability;
- civil liability of senior executives and corporate officers.

## **8. OUTSOURCED SERVICES**

Essential services outsourced, as defined by Article 37 of CRBF Regulation No. 97-02 as amended, are those covered by agreements between Crédit Foncier and Compagnie de Financement Foncier. Crédit Foncier controls compliance with this regulation for services the execution of which it delegates to third parties. At the end of 2010 this control was incorporated into Groupe BPCE's PILCOP application, thus enabling existing services to be monitored and new ones to be properly implemented.

The General Secretariat of Compagnie de Financement Foncier is in charge in particular of the control of services outsourced of Crédit Foncier.

## **9. INFORMATION TECHNOLOGY RISK**

Under the agreements governing its activity, Compagnie de Financement Foncier makes use of human and technical resources provided by Crédit Foncier. Accordingly, Compagnie de Financement Foncier benefits fully from developments in Crédit Foncier IT systems and from all the mechanisms which guarantee its proper functioning. Crédit Foncier commits to adapt the dimension of the available resources to the accomplishment of its assignments given by Compagnie de Financement Foncier in a normal context as well as in a risky situation or in facing with an exceptional situation, as it does for its own needs.

## **10. ORGANISATION OF THE BUSINESS CONTINUITY PLAN (BCP)**

Under the service agreements between the Crédit Foncier Group and Compagnie de Financement Foncier, business continuity at Compagnie de Financement Foncier is covered by Crédit Foncier's business continuity plan (BCP). All aspects of this plan are maintained in operational condition as required by the regulations. Compagnie de Financement Foncier has a BCP manager, who represents it in the compliance and the maintenance in operational conditions with this plan with Crédit Foncier.

## **11. LEGAL RISKS**

According to the service agreements that link Crédit Foncier Group to Compagnie de Financement Foncier, legal risks incurred by the latter are monitored by the General Secretariat of the Group.

### **RISK FACTORS RELATING TO THE NOTES**

*The following paragraphs describe some risk factors that are material to the Notes to be offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes. The risks described below are not the only risks the investors face when investing in the Notes. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations. Prospective investors should consult their own financial and legal advisers about risks associated with investment in a particular Series of Notes and the suitability of investing in the Notes in light of their particular circumstances. These risk factors may be completed in the Final Terms of the relevant Notes for a particular issue of Notes.*

#### **1. GENERAL RISKS RELATING TO THE NOTES**

##### **1.1 Independent Review and Advice**

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A prospective investor may not rely on the Issuer or the Dealer(s) or any of their affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

##### **1.2 Potential Conflicts of Interest**

The Issuer, the Dealer(s) or their respective affiliates may deal with and engage generally in any kind of commercial or investment banking or other business with any issuer of the securities taken up in an index, their respective affiliates or any guarantor or any other person or entities having obligations relating to any issuer of the securities taken up in an index or their respective affiliates or any guarantor in the same manner as if any index-linked Notes issued under the Programme did not exist, regardless of whether any such action might have an adverse effect on an issuer of the securities taken up in the index, any of their respective affiliates or any guarantor.

##### **1.3 Legality of Purchase**

Neither the Issuer, the Dealer(s) nor any of their affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

##### **1.4 Modification, waivers and substitution**

The conditions of the Notes contain provisions for calling general meetings of holders of Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all including holders



of Notes who did not attend and vote at the relevant general meeting and holders of Notes who voted in a manner contrary to the majority.

### **1.5 Taxation**

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial notes such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Base Prospectus and the additional tax sections, if any, contained in the relevant Final Terms.

### **1.6 EU Savings Directive**

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a Directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "**Directive**"). The Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise (see "Taxation - EU Directive on the Taxation of Savings Income").

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If, following implementation of the Directive, a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payments made by a Paying Agent following implementation of the Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

### **1.7 Withholding taxes - No gross-up obligation**

If French law should require that any payments in respect of any Note be subject to deduction or withholding in respect of any taxes or duties whatsoever, the Issuer will not pay any additional amounts. Therefore, the corresponding risk shall be borne by the Noteholders or, if applicable, the Receiptholders and the Couponholders.

### **1.8 Withholding pursuant to the U.S. Foreign Account Tax Compliance Act may affect payment on the Notes**

The Issuer, and other non US financial institutions through which payments on the Notes are made, may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 on any Notes issued or materially modified on or after 1 January 2013 (and any Notes which are treated as equity for U.S. federal income tax purposes, whenever issued) pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") or similar law implementing an intergovernmental approach to FATCA. The rules governing FATCA have not yet been fully developed in this regard and the future application of FATCA to the Issuer, the Notes and holders is uncertain. This withholding by the Issuer, and other non-US

financial institutions through which payments on the Notes are made, may be required, inter alia, where (i) the Issuer or such other non-US financial institution through which payment is made is a foreign financial institution (“**FFI**”) (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service to provide certain information on its account holders (making the Issuer a “**Participating FFI**”), (ii) the Issuer has a positive “passthru percentage” (as defined in FATCA), and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA or (b) any FFI through which payment on such Notes is made is not a participating FFI or otherwise exempt from FATCA withholding.

If an amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, neither the Issuer, nor any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay any additional amount as a result of the deduction or withholding of such tax other than in respect of payments that the Issuer makes itself to the Paying Agents (as defined in the Terms and Conditions of the Notes). Investors should consult their own tax advisors to determine on how these rules may apply to payments they will receive under the Notes. FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change. The application of FATCA to Notes issued or materially modified on or after 1 January 2013 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to this Base Prospectus, as applicable.

### **1.9 Change of Law**

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in French law or the official application or interpretation of French law after the date of this Base Prospectus.

### **1.10 Currency risk**

Prospective investors of the Notes should be aware that an investment in the Notes may involve exchange rate risks. The Notes may be denominated in a currency other than the currency of the purchaser’s home jurisdiction; and/or the Notes may be denominated in a currency other than the currency in which a purchaser wishes to receive funds. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Notes.

### **1.11 Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### **1.12 No active secondary/trading market for the Notes**

Notes issued under the Programme will be new securities which may not be widely distributed and for which there may be no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although in relation to Notes to be admitted to trading on Euronext Paris and/or any other Regulated Market in the European Economic Area and/or offered to the public in the European Economic Area (with the exception of France), the Final Terms of the Notes will be filed with the *Autorité des marchés financiers*

in France and with the competent authority of the Regulated Market of the European Economic Area where the Notes will be listed and admitted to trading, there is no assurance that such admission to trading or offer to the public will occur, that any particular Tranche of Notes will be so listed and admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

### **1.13 Market Value of the Notes**

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including the value of an index, including, but not limited to, the volatility of an index, or the dividend on the securities taken up in the index, market interest and yield rates and the time remaining to the maturity date.

The value of the Notes, the index depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes, the securities taken up in the index, or the index are traded. The price at which a holder of Notes will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. The historical market prices of an index should not be taken as an indication of an index's future performance during the term of any Note.

## **2. RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES**

The Programme allows for different types of Notes to be issued. Accordingly, each Tranche of Notes may carry varying risks for potential investors depending on the specific features of such Notes such as, *inter alia*, the provisions for computation of periodic interest payments, if any, redemption and issue price.

### **2.1 Notes subject to optional redemption by the Issuer**

If in the case of any particular Tranche of Notes the Final Terms specifies that the Notes are redeemable at the Issuer's option in certain circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect, or has elected, to redeem Notes, such Notes may feature a market value not substantially above the price at which they can be redeemed. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

### **2.2 Fixed Rate Notes**

Investment in Notes which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche of Notes.

### **2.3 Floating Rate Notes**

Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the Final Terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate.

### **2.4 Inverse Floating Rate Notes**

Investment in Notes which bear interest at an inverse floating rate comprise (i) a fixed base rate minus (ii) a reference rate. The market value of such Notes typically is more volatile than the market value of floating rate

Notes based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### **2.5 Fixed to Floating Rate Notes**

Fixed to floating rate Notes initially bear interest at a fixed rate; conversion from a fixed rate to a floating rate then takes place either automatically or at the option of the Issuer if certain predetermined conditions are met. The conversion (whether it be automatic or optional) of the interest rate will affect the secondary market and the market value of the Notes since the conversion may lead to a lower overall cost of borrowing. If a fixed rate is converted to a floating rate, the spread on the fixed to floating rate Notes may be less favourable than then prevailing spreads on comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes.

### **2.6 Notes issued at a substantial discount or premium**

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### **2.7 Index-Linked Notes**

Index-linked Notes are debt securities which do not provide for predetermined redemption amounts and/or interest payments but amounts due in respect of principal and/or interest will be dependent upon the performance of an index, which itself may contain substantial credit, interest rate or other risks. The amount of principal and/or interest, if any, payable by the Issuer might be substantially less than the issue price or, as the case may be, the purchase price invested by the holder of Notes and may even be zero in which case the holder of Notes may lose his entire investment.

Index-linked Notes are not in any way sponsored, endorsed, sold or promoted by the index sponsor or the respective licensor of the index and such index sponsor or licensor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the index and/or the figure at which the index stands at any particular time. Each index is determined, composed and calculated by its respective index sponsor or licensor, without regard to the Issuer or the Notes. None of the index sponsors or licensors is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Notes to be issued or in determination or calculation of the equation by which the Notes settle into cash. None of the index sponsors or licensors has any obligation or liability in connection with the administration, marketing or trading of the Notes. The index sponsor or licensor of an index has no responsibility for any calculation agency adjustment made for the index.

None of the Issuer, the Dealer(s) or any of their affiliates makes any representation as to an index. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to an index that is or may be material in the context of index-linked Notes. The issue of index-linked Notes will not create any obligation on the part of any such persons to disclose to the holders of Notes or any other party such information (whether or not confidential).

### **2.8 Partly-paid Notes**

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

## **2.9 Variable rate Notes with a multiplier or other leverage factor**

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

## **2.10 Structured Notes**

An investment in Notes, the premium and/or the interest on or principal of which is determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor may lose the value of its entire investment or part of it, as the case may be. Neither the current nor the historical value of the relevant currencies, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates or other indices or formulae during the term of any Note.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with:

- (a) the reference document of the Issuer in French and English language for the financial year ended 31 December 2011, excluding the section entitled “*attestation du responsable du document de référence*” (statement by the person responsible for the reference document referring to the *lettre de fin de travaux* of the statutory auditors of the Issuer) respectively on page 85 of Tome 2 and page 85 of Volume 2 of the French and the English version of such reference document; which received visa n.°D.12-0265 from the AMF on 3 April 2012 (the “**Reference Document 2011**”).
- (b) the reference document of the Issuer in French and English language for the financial year ended 31 December 2010, excluding the section entitled “*attestation du responsable du document de référence*” (statement by the person responsible for the reference document referring to the *lettre de fin de travaux* of the statutory auditors of the Issuer) respectively on page 87 of Tome 2 and page 87 of Volume 2 of the French and the English version of such reference document; which received visa n.°D.11-0214 from the AMF on 1 April 2011 (the “**Reference Document 2010**”).

Such documents are incorporated in, and form part of this Base Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Copies of documents incorporated by reference in this Base Prospectus may be obtained without charge from (i) the registered office of the Issuer, (ii) the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) (iii) the website of the Issuer ([www.foncier.fr](http://www.foncier.fr)) and/or (iv) the offices of each Paying Agent set out at the end of this Base Prospectus during normal business hours.

The information incorporated by reference in this Base Prospectus shall be read in connection with the following cross-reference list:

Regulation – Annex IV	Reference Document 2011	Reference Document 2010
<b>3. SELECTED FINANCIAL INFORMATION</b>		
3.1 Selected financial information.	Volume 1 Pages 10 and 11	Volume 1 Pages 8 and 9
<b>5. Information about the Issuer</b>		
5.1.5 any recent event particular to the issuer which are to a material extent relevant to the evaluation of the issuer’s solvency.	Volume 3 Page 25 and Pages 74 and 75	
<b>6. BUSINESS OVERVIEW</b>		
6.2 Principal markets: A brief description of the principal markets in which the issuer competes.	Volume 1 Pages 35 to 36; Volume 2 Pages 4 to 9	
6.3 The basis for any statements made by the issuer regarding its competitive position.	Volume 1 Page 11	Volume 1 Page 9
<b>9. PROFIT FORECASTS OR ESTIMATES</b>		
If an issuer chooses to include a profit forecast or a profit estimate, the registration document must contain the information items 9.1 and 9.2.	Not Applicable	

<b>10. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES</b>		
10.1 Names, business addresses and functions of the members of the administrative, management or supervisory bodies and principal activities performed by them outside the Issuer	Volume 2 Pages 20 to 28; Volume 3 Pages 56 and 59	
10.2 Statement that there is no conflicts of interests	Volume 3 Page 74	
<b>11. BOARD PRACTICES</b>		
11.1 Details relating to the Issuer's audit committee	Volume 3 Pages 47 to 55	
11.2 A statement as to whether or not the Issuer complies with its country's of incorporation corporate governance	Volume 3 Page 75	
<b>12. MAJOR SHAREHOLDERS</b>		
12.1 Ownership, control	Volume 3 Pages 63 to 65; Volume 3 Page 77	
12.2 Arrangements which may result in a change in control of the Issuer.	Not Applicable	Not Applicable
<b>13. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>		
<u>13.1 Historical financial information</u>		
Audited historical financial information	Volume 2 Pages 33 to 76	Volume 2 Pages 33 to 78
Audit reports	Volume 2 Pages 77 to 78	Volume 2 Pages 79 to 80
Balance sheet	Volume 2 Page 33	Volume 2 Page 33
Off-balance sheet	Volume 2 Page 34	Volume 2 Page 34
Income statement	Volume 2 Page 35	Volume 2 Page 35
Cash flow statement	Volume 2 Pages 74 to 75	Volume 2 Pages 76 to 77
Accounting policies and explanatory notes	Volume 2 Pages 36 to 76	Volume 2 Pages 36 to 75
<u>13.2 Consolidated financial statements</u>	Not Applicable	Not Applicable

Any information not listed in the cross-reference list but included in the documents incorporated by reference is given for information purposes only.

## **SUPPLEMENT TO THE BASE PROSPECTUS**

If at any time the Issuer shall be required to prepare a supplement to the Base Prospectus pursuant to Article 212-25 of the *Règlement Général* of the AMF implementing Article 16 of the Prospectus Directive, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a restated Base Prospectus, which in respect of any subsequent issue of Notes to be listed and admitted to trading on Euronext Paris or on a Regulated Market of a Member State of the European Economic Area, shall constitute a supplement to the Base Prospectus for the purpose of the relevant provisions of the Prospectus Directive.



## OVERVIEW OF THE PROGRAMME

*The following overview is qualified in its entirety by the remainder of this Base Prospectus.*

**Issuer:** Compagnie de Financement Foncier, (a *société anonyme* incorporated under French law duly licensed in France as a *société de crédit foncier*).

**Description:** Euro Medium Term Note Programme for the continuous offer of Notes (as described herein) (the “**Programme**”); under the Programme, the Issuer may, from time to time, issue *obligations foncières* (the “**Obligations Foncières**”) benefiting from the *privilège* created by Article L. 515-19 of the French *Code monétaire et financier* (for further description see “Summary of the legislation and regulations relating to *sociétés de crédit foncier*”). The *Obligations Foncières* are hereinafter referred to as the “**Notes**”.

**Arranger:** Deutsche Bank AG, Paris Branch

**Dealers:** Barclays Bank PLC  
BNP PARIBAS  
Commerzbank Aktiengesellschaft  
Crédit Agricole Corporate and Investment Bank  
Crédit Foncier de France  
Credit Suisse Securities (Europe) Limited  
Deutsche Bank Aktiengesellschaft  
HSBC France  
J.P. Morgan Securities Ltd.  
Merrill Lynch International  
Morgan Stanley & Co. International plc  
NATIXIS  
Nomura International plc  
Société Générale  
The Royal Bank of Scotland plc  
UBS Limited

The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “**Permanent Dealers**” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “**Dealers**” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

At the date of this Base Prospectus, only credit institutions and investment firms incorporated in a member state of the European Union (“**EU**”) and which are authorised by the relevant authority of such member home state to lead-manage bond issues in such member state may act (a) as Dealers with respect to non-syndicated issues of Notes denominated in Euro and (b) as lead manager of issues of Notes denominated in Euro issued on a syndicated basis.

<b>Programme Limit:</b>	Up to Euro 125,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
<b>Luxembourg Listing Agent:</b>	Deutsche Bank Luxembourg S.A. 2, boulevard Konrad Adenauer L-1115 Luxembourg Grand-Duchy of Luxembourg
<b>Fiscal Agent and Principal Paying Agent:</b>	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street EC2N 2DB London United Kingdom
<b>Paying Agents:</b>	Crédit Foncier de France as Paris Paying Agent 4, Quai de Bercy 94224 Charenton Cedex France
	Deutsche Bank Luxembourg S.A. as Luxembourg Paying Agent 2, boulevard Konrad Adenauer L-1115 Luxembourg Grand-Duchy of Luxembourg
	Deutsche Bank Aktiengesellschaft, as Frankfurt Paying Agent Grosse Gallustrasse 10-14 60272 Frankfurt am Main Germany
<b>Method of issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ <b>Series</b> ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ <b>Tranche</b> ”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and which, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a Final Terms to this Base Prospectus (the “ <b>Final Terms</b> ”).
<b>Maturities:</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue.
<b>Currencies:</b>	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, U.S. dollars, Hong Kong dollars, Japanese yen, Swiss francs, Sterling, Canadian dollars and in any other currency agreed between the Issuer and the relevant Dealers.
<b>Denomination:</b>	Notes will be in such denominations as may be specified in the relevant Final Terms.  The Notes will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note listed and admitted to trading on a regulated

market, or offered to the public, in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be Euro 1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least Sterling 100,000 or its equivalent.

Dematerialised Notes shall be issued in one denomination only.

**Status of Notes:**

The Notes will constitute direct, unconditional, and, as provided below, privileged obligations of the Issuer, all as described in “Terms and Conditions of the Notes - Status”. The Notes are issued under Articles L. 515-13 to L. 515-33 of the French *Code monétaire et financier*. Holders of Notes issued by a *société de crédit foncier* (like the Issuer) benefit from a *privilège* (priority right of payment) over all the assets and revenues of such *société de crédit foncier*. See “Terms and Conditions of the Notes - *Privilège*” and “Summary of the legislation and regulations relating to *sociétés de crédit foncier*”.

**Negative Pledge:**

None.

**Events of Default (including Cross Default):**

None.

**Redemption:**

The relevant Final Terms will specify the basis for calculating the redemption amounts payable.

**Optional Redemption:**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer and or the Noteholders (in each case, either in whole or in part) and if so the terms applicable to such redemption.

**Redemption by Instalments:**

The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Interest Periods and Interest Rates:**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

**Fixed Rate Notes:**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under an interest rate swap transaction in the relevant Specified Currency pursuant to the 2001 FBF Master Agreement relating to transactions on forward financial instruments (formerly 1994 AFB Master Agreement for Foreign Exchange and Derivatives Transactions), as supplemented by the Technical Schedules published by the <i>Association Française des Banques</i> or the FBF, or</li> <li>(ii) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., or</li> <li>(iii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms), or as otherwise provided in the relevant Final Terms,</li> </ul> <p>in each case as adjusted for any applicable margin.</p> <p>Interest periods will be specified in the relevant Final Terms.</p>
<b>Zero Coupon Notes:</b>	<p>Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.</p>
<b>Dual Currency Notes:</b>	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Final Terms.</p>
<b>Index Linked Interest Notes:</b>	<p>Payments of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.</p>
<b>Other Notes:</b>	<p>Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Notes that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms or in a supplement to the Base Prospectus. No credit linked Notes will be issued under the Programme.</p>
<b>Redenomination:</b>	<p>Notes issued in the currency of any Member State of the EU which participates in the single currency of the EMU may be redenominated into Euro, all as more fully provided in “Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination” below.</p>
<b>Consolidation:</b>	<p>Notes of one Series may be consolidated with Notes of another Series as more fully provided in “Terms and Conditions of the Notes - Further Issues and Consolidation”.</p>
<b>Form of Notes:</b>	<p>Notes may be issued in either dematerialised form (“<b>Dematerialised Notes</b>”) or in bearer materialised form (“<b>Materialised Notes</b>”).</p> <p>Dematerialised Notes may, at the option of the Issuer, be issued in bearer dematerialised form (<i>au porteur</i>) or in registered dematerialised form (<i>au nominatif</i>) and, in such latter case, at the option of the relevant holder, in either fully registered dematerialised form (<i>au nominatif pur</i>)</p>

or administered registered dematerialised form (*au nominatif administré*). No physical documents of title will be issued in respect of Dematerialised Notes. See “Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination”.

Materialised Notes will be in bearer materialised form only. A Temporary Global Certificate will initially be issued in respect of each Tranche of Materialised Notes. Materialised Notes may only be issued outside France.

<b>Governing Law:</b>	French.
<b>Central Depository:</b>	Euroclear France in relation to Dematerialised Notes or any other central depository specified in the Final Terms.
<b>Clearing Systems:</b>	Euroclear France as central depository in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer and specified in the relevant Final Terms.
<b>Initial Delivery of Dematerialised Notes:</b>	No later than one Paris business day before the issue date of each Tranche of Dematerialised Notes, the <i>lettre comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depository.
<b>Initial Delivery of Materialised Notes:</b>	On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.
<b>Issue Price:</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
<b>Taxation:</b>	<p>All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.</p> <p>There will be no grossing up provisions and accordingly no Issuer’s tax call option. See “Terms and Conditions of the Notes - Taxation”.</p>
<b>Listing and Admission to Trading:</b>	Euronext Paris or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may or may not be admitted to trading.
<b>Offer to the public:</b>	The Notes shall not be offered to the public in France.
<b>Method of Publication:</b>	The Base Prospectus, the supplement(s) thereto, if any, and the Final

Terms related to Notes listed and admitted to trading will be published, if relevant, on the website of the AMF. In addition, if the Notes are listed and admitted to trading on a Regulated Market other than Euronext Paris, or offered to the public in a Member State of the European Economic Area other than France, the relevant Final Terms will provide whether additional methods of publication are required and what they consist of.

If the Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and/or offered to the public in Luxembourg, the Final Terms will be published in an electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Each time the Notes are admitted to trading on Euronext Paris, the Notes are also admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. As a consequence, the Final Terms will be available in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

#### **Rating:**

The Programme has been rated Aaa by Moody's Investors Service<sup>1</sup> and AAA by Standard & Poor's Ratings Services. For Moody's Investors Service, Notes issued under the Programme are deemed to have the same rating as the Programme, investors are invited to check on a regular basis the rating assigned to the Programme which is publicly disclosed via Moody's Investors Service rating desk or [moodys.com](http://moodys.com). The Notes issued under the Programme will be rated AAA by Standard & Poor's Ratings Services<sup>\*\*</sup> and by Fitch Ratings<sup>\*\*\*</sup>.

Each of Moody's Investors Services, Standard & Poor's Rating Services and/or Fitch Ratings is established in the European Union, registered under Regulation (EC) No.1060/2009 on credit ratings agencies, as amended by Regulation (EU) No. 513/2011 (the "**CRA Regulation**") and included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority ([www.esma.europa.eu](http://www.esma.europa.eu)).

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without notice.

#### **Selling Restrictions:**

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See "Subscription and Sale". In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms. See "Subscription and Sale".

The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms states that such Materialised Notes are issued in compliance with U.S.

<sup>1</sup> Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk (source: Moody's Investors Service).

<sup>\*\*</sup> An obligation rated "AAA" has the highest rating assigned by Standard & Poor's Ratings Services. The obligor capacity to meet its financial commitment on the obligation is extremely strong (source: Standard & Poor's Ratings Services).

<sup>\*\*\*</sup> AAA ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events (source: Fitch Ratings).

Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”) or (ii) such Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Dematerialised Notes do not require compliance with the TEFRA Rules.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes. In the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed by Part A of the relevant Final Terms. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on Definitive Materialised Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

An amended and restated agency agreement dated 26 June 2012 has been agreed between Compagnie de Financement Foncier (the “**Issuer**”), Deutsche Bank AG, London Branch as fiscal agent and the other agents named in it (the “**Amended and Restated Agency Agreement**”). The fiscal agent, the paying agents, the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Redenomination Agent**”, the “**Consolidation Agent**” and the “**Calculation Agent(s)**”.

For the purpose of these Terms and Conditions, “**Regulated Market**” means any regulated market situated in a Member State of the European Economic Area (“**EEA**”) as defined in the Markets in Financial Instruments Directive 2004/39/EEC.

References below to “**Conditions**” are, unless the context requires otherwise, to the numbered paragraphs below.

Certain defined terms contained in the 2001 FBF Master Agreement relating to transactions on forward financial instruments as supplemented by the Technical Schedules published by the AFB or the FBF (together, the “**FBF Master Agreement**”) and in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., have either been used or reproduced in Condition 5 below.

Copies of the FBF Master Agreement are available for inspection at the specified offices of each of the Paying Agents.

### 1 Form, Denomination, Title and Redenomination

- (a) **Form:** Notes may be issued either in dematerialised form (“**Dematerialised Notes**”) or in materialised form (“**Materialised Notes**”).
  - (i) Title to Dematerialised Notes will be evidenced in accordance with Articles L. 211-3 and R.211-1 of the French *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of the Dematerialised Notes.
    - (a) Dematerialised Notes are issued, at the option of the Issuer and as specified in the final terms (the “**Final Terms**”), in either bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France (“**Euroclear France**”) (acting as central depository) which shall credit the accounts of Account Holders, or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant holder in either administered registered dematerialised form (*au nominatif administré*) inscribed in the books of an Account Holder designated by the relevant holder of Notes or in fully registered dematerialised form (*au nominatif pur*) inscribed in an account in the books of a registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the “**Registration Agent**”).
    - (b) For the purpose of these Conditions, “**Account Holder**” means any intermediary institution entitled to hold directly or indirectly accounts on behalf of its customers with



Euroclear France, Euroclear Bank S.A./N.V. (“**Euroclear**”) and the depositary bank for Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”).

- (ii) Materialised Notes are issued in bearer form. Definitive Materialised Notes are printed on security paper, are serially numbered and are issued with coupons (the “**Coupons**”) (and, where appropriate, a talon (the “**Talons**”) attached), save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more receipts (the “**Receipts**”) attached.

*In accordance with Articles L. 211-3 and R.211-1 of the French Code monétaire et financier, securities (including the Notes) in materialised form and governed by French law must be issued outside the French territory.*

- (b) **Denomination:** Notes shall be issued in the Specified Denomination(s) as set out in the relevant Final Terms save that the minimum denomination of each Note listed and admitted to trading on a regulated market, or offered to the public, in a Member State of the European Economic Area (“**EEA**”) in circumstances which require the publication of a prospectus under the Prospectus Directive will be Euro 1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Dematerialised Notes shall be issued in one Specified Denomination only.
- (c) **Title:**
  - (i) Title to Dematerialised Notes in bearer dematerialised form (*au porteur*) and in administered registered dematerialised form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised Notes in fully registered dematerialised form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Registration Agent.
  - (ii) Title to Definitive Materialised Notes and Receipts, Coupons and Talons shall pass by delivery.
  - (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
  - (iv) In these Conditions, “**holder of Notes**”, “**holder of any Note**” or “**Noteholder**” means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any definitive Materialised Note and the Receipt, Coupon or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.
- (d) **Redenomination:**
  - (i) The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, Receipt, Coupon or Talon, by giving at least 30 days’ notice in accordance with Condition 14 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the third stage (or any further stage) of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the “**EC**”, as amended from time to time (the “**Treaty**”)) or events have occurred which have

substantially the same effects (in either case, “**EMU**”), redenominate all, but not some only, of the Notes of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the “**Redenomination Date**”.

- (ii) Unless otherwise specified in the relevant Final Terms, the redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to applicable regulations of the Treaty and rounding the resulting figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the Notes so determined shall be notified to holders of Notes in accordance with Condition 14. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euros on the Redenomination Date in the manner notified to holders of Notes by the Issuer.
- (iii) Upon redenomination of the Notes, any reference hereon to the relevant national currency shall be construed as a reference to Euro.
- (iv) Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the Redenomination Agent and the Consolidation Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 13, without the consent of the holder of any Note, Receipt, Coupon or Talon, make any changes or additions to these Conditions or Condition 13 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated Euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of Notes, Receipts, Coupons and Talons and shall be notified to holders of Notes in accordance with Condition 14 as soon as practicable thereafter.
- (v) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euros or any currency conversion or rounding effected in connection therewith.

## 2 Conversions and Exchanges of Notes

### (a) Dematerialised Notes

- (i) Dematerialised Notes issued in bearer dematerialised form (*au porteur*) may not be converted for Dematerialised Notes in registered dematerialised form, whether in fully registered dematerialised form (*au nominatif pur*) or in administered registered dematerialised form (*au nominatif administré*).
- (ii) Dematerialised Notes issued in registered dematerialised form (*au nominatif*) may not be converted for Dematerialised Notes in bearer dematerialised form (*au porteur*).
- (iii) Dematerialised Notes issued in fully registered dematerialised form (*au nominatif pur*) may, at the option of the holder of such Notes, be converted into Notes in administered registered dematerialised form (*au nominatif administré*), and *vice versa*. The exercise of any such

option by such holder shall be made in accordance with Article R. 211-4 of the French *Code monétaire et financier*. Any such conversion shall be effected at the cost of such holder.

(b) **Materialised Notes**

Materialised Notes of one Specified Denomination may not be exchanged for Materialised Notes of another Specified Denomination.

### 3 **Status**

The Notes and, where applicable, any Receipts and Coupons relating to them constitute direct, unconditional and, pursuant to the provisions of Condition 4, privileged obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and equally and rateably with all other present or future notes (including the Notes of all other Series) and other resources raised by the Issuer benefiting from the *privilège* (the “*Privilège*”) created by Article L. 515-19 of the French *Code monétaire et financier* as described in Condition 4.

### 4 **Privilège**

(a) The Notes benefit from the *Privilège* (priority right of payment) created by Article L. 515-19 of the French *Code monétaire et financier*.

(b) Pursuant to Article L. 515-19 of the French *Code monétaire et financier*, all amounts payable to the Issuer in respect of loans, assimilated receivables, exposure and securities referred to in Article L. 515-14 to L. 515-17 of the French *Code monétaire et financier* and the forward financial instruments referred to in Article L. 515-18 of the French *Code monétaire et financier* (in each case after any applicable netting), together with the claims in respect of deposits made by the Issuer with credit institutions, are allocated in priority to the payment of any sums due in respect of the *obligations foncières* issued by the Issuer and any other resources raised by the Issuer pursuant to the *Privilège*.

It should be noted that not only Notes benefit from the *Privilège*; other resources (such as loans) and derivative transactions for hedging Notes and such other resources may also benefit from the *Privilège*.

(c) Article L. 515-19 of the French *Code monétaire et financier* provides that, notwithstanding any legislative provisions to the contrary and in particular those contained in the French *Code de Commerce* (relating to conciliation (*conciliation*), preservation (*sauvegarde*), judicial reorganisation (*redressement judiciaire*) and judicial liquidation (*liquidation judiciaire*)), the amounts due regularly under *obligations foncières* and any other resources benefiting from the *Privilège*, are paid on their contractual due date, and in priority to all other debts, whether or not preferred, including interest resulting from agreements whatever their duration. Accordingly, until all creditors benefiting from the *Privilège* have been fully paid, no other creditor of the Issuer may exercise any right over the assets and rights of the Issuer.

### 5 **Interest and other Calculations**

(a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of Euro, a day on which the TARGET system is operating (a “**TARGET Business Day**”) and/or
- (ii) in the case of a Specified Currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency and/or
- (iii) in the case of a Specified Currency and/or one or more business centres specified in the relevant Final Terms (the “**Business Centres**”), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” or “**Act/Act**” or “**Act/Act (ISDA)**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/365 - FBF**” is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during the Calculation Period and whose denominator is 365. If part of that Calculation Period falls in a leap year, Actual/365 - FBF shall mean the sum of (i) the fraction whose numerator is the actual number of days elapsed during the non-leap year and whose denominator is 365 and (ii) the fraction whose numerator is the number of actual days elapsed during the leap year and whose denominator is 366
- (iii) if “**Actual/Actual - FBF**” is specified in the relevant Final Terms in respect of each calculation, the fraction whose numerator is the actual number of days elapsed during such period and whose denominator is 365 (or 366 if 29 February falls within the Calculation Period)
- (iv) if “**Actual/Actual-ICMA**” is specified in the relevant Final Terms

if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

if the Calculation Period is longer than one Determination Period, the sum of:

the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date specified hereon or, if none is specified, the Interest Payment Date.

- (v) if “**Actual/365 (Fixed)**” is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during the Calculation Period and whose denominator is 365
- (vi) if “**Actual/360**” is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during the Calculation Period and whose denominator is 360

- (vii) if “**30/360**” or “**360/360 (Bond Basis)**” is specified in the relevant Final Terms, the number of days in the Calculation Period by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30

- (viii) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D<sub>2</sub>** will be 30

- (ix) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty

“**FBF Definitions**” means the definitions set out in the 2001 FBF Master Agreement relating to Transactions on Forward Financial Instruments as supplemented by the Technical Schedules published by the *Fédération Bancaire Française*, as the case may be (“**FBF**”) (together the “**FBF Master Agreement**”), unless otherwise specified in the relevant Final Terms

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date

“**Interest Amount**” means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the relevant Final Terms

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two Business Days in Paris for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro

“**Interest Payment Date**” means the date(s) specified in the relevant Final Terms

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date, unless otherwise specified in the relevant Final Terms

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the relevant Final Terms

“**ISDA Definitions**” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms

“**Rate of Interest**” means the rate of interest payable from time to time in respect of the Notes and that is either specified or calculated in accordance with the provisions of the relevant Final Terms

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the relevant Final Terms

“**Relevant Date**” means, in respect of any Note, Receipt or Coupon, the date on which payment in respect of it first became due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (in the case of Materialised Notes if earlier) the date seven days after that on which notice is duly given to the holders of such Materialised Notes that, upon further presentation of the Materialised Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation

“**Reference Rate**” means the rate specified as such in the relevant Final Terms

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms

“**Specified Currency**” means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (b) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

- (c) **Interest on Floating Rate Notes and Index Linked Interest Notes:**

(i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(i). Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Following Business Day Convention, such date shall be carried forward to the following Business Day, (B) the Following Business Day except the Following Month Convention, such date shall be carried forward to the following day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be carried back to the previous Business Day or (C) the Preceding Business Day Convention, such date shall be carried back to the previous Business Day.

(iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either FBF Determination, ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) FBF Determination for Floating Rate Notes

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant FBF Rate. For the purposes of this sub-paragraph (A), “**FBF Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Transaction under the terms of an agreement incorporating the FBF Definitions and under which:

- (a) the Floating Rate is as specified in the relevant Final Terms and
- (b) the relevant Floating Rate Determination Date (*Date de Détermination du Taux Variable*) is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Determination Date (*Date de Détermination du Taux Variable*)” and “Transaction” have the meanings given to those terms in the FBF Definitions, provided that “Euribor” means the rate calculated for deposits in Euro which appears on Reuters page EURIBOR01, as more fully described in the relevant Final Terms.

(B) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (B), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Final Terms
- (b) the Designated Maturity is a period specified in the relevant Final Terms and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (B), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(C) Screen Rate Determination for Floating Rate Notes

- (a) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m.



(London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the relevant Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the relevant Final Terms.

- (b) if the Relevant Screen Page is not available or, if sub-paragraph (a)(i) applies and no such offered quotation appears on the Relevant Screen Page or, if sub-paragraph (a)(ii) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (c) if paragraph (b) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to

be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.

(d) **Zero Coupon Notes:**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date pursuant to an Issuer's Option or, if so specified in the relevant Final Terms, pursuant to Condition 6(e)(i) or otherwise and is not paid when due, the amount due and payable prior to the Maturity Date shall, unless otherwise provided in the relevant Final Terms, be the Early Redemption Amount. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(e)(i)).

(e) **Dual Currency Notes:**

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

(f) **Partly Paid Notes:**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.

(g) **Accrual of Interest:**

Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, on such due date or (ii) in the case of Materialised Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.

(h) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**

- (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and

(z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

(i) **Calculations:**

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:**

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the holders of Notes, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed and admitted on a Regulated Market and the rules of such Regulated Market so require, such Regulated Market as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(k) **Calculation Agent:**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall

appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. So long as the Notes are listed and admitted to trading on any Regulated Market and the rules of, or applicable to, that Regulated Market so require, notice of any change of Calculation Agent shall be given in accordance with Condition 14.

For the purpose of these Conditions, “**outstanding**” means, in relation to the Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid (i) in the case of Dematerialised Notes in bearer dematerialised form and in administered registered dematerialised form, to the relevant Account Holder on behalf of the holder of Notes, (ii) in the case of Dematerialised Notes in fully registered dematerialised form, to the account of the holder of Notes and (iii) in the case of Materialised Notes, to the Fiscal Agent and remain available for payment against presentation and surrender of Bearer Materialised Notes, Receipts and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in these Conditions, (e) in the case of Materialised Notes (i) those mutilated or defaced Bearer Materialised Notes that have been surrendered in exchange for replacement Bearer Materialised Notes, (ii) (for the purpose only of determining how many such Bearer Materialised Notes are outstanding and without prejudice to their status for any other purpose) those Bearer Materialised Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Bearer Materialised Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more definitive Bearer Materialised Notes, pursuant to its provisions.

## 6 Redemption, Purchase and Options

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(b) below, its final Instalment Amount.
- (b) **Redemption by Instalments:** Unless previously redeemed, purchased and cancelled as provided in this Condition 6 each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the due date for such payment or (ii) in the case of Materialised Notes, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (c) **Redemption at the Option of the Issuer and Partial Redemption:** If a Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days’ irrevocable notice in accordance with Condition 14 to the holders of Notes (or such other notice period as may be specified in the relevant Final Terms) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption, if any and such redemption must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed as

specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed as specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the numbers of the Definitive Materialised Notes to be redeemed which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements of the Regulated Market on which the Notes are listed and admitted to trading.

In the case of a partial redemption of Dematerialised Notes, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed and those Dematerialised Notes of any Series that will not be redeemed shall be made in accordance with Article R. 213-16 of the French *Code monétaire et financier* and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and stock exchange requirements of the Regulated Market on which the Notes are listed and admitted to trading.

So long as the Notes are listed and admitted to trading on Euronext Paris and the rules applicable to that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in the city where the Regulated Market on which such Notes are listed and admitted to trading is located, which in the case of Euronext Paris is expected to be *La Tribune*, a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes a list of any Materialised Notes, drawn for redemption but not surrendered.

- (d) **Redemption at the Option of Noteholders and Exercise of Noteholders' Options:** If Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of any Noteholder, upon the Noteholder giving not less than 10 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) (the "**Notice Period**") redeem all or, if so provided in the Put Option Notice, some of the Notes on any Optional Redemption Date(s) at their Optional Redemption Amounts together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit with the Paris Paying Agent at its specified office, and whichever of Euroclear, Clearstream, Luxembourg, or, in the case of Notes held through Euroclear France, the relevant Account Holder who holds the Notes in respect of which the Put Option is being exercised, with a copy to the Fiscal Agent, a duly completed option exercise notice ("**Put Option Notice**") in the form obtainable from any Paying Agent within the Notice Period. In the case of Materialised Notes, the Put Option Notice shall have attached to it the relevant Notes (together with all unmatured Receipts and Coupons and unexchanged Talons). In the case of Dematerialised Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Fiscal Agent or the Paying Agent with a specified office in Paris as specified in the Put Option Notice. No option so exercised and, where applicable, no Note so deposited or transferred, may be withdrawn without the prior consent of the Issuer.

- (e) **Early Redemption:**

- (i) Zero Coupon Notes:

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(f) if so specified in the relevant Final Terms shall be the Amortised Nominal Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, unless otherwise provided in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Amortised Nominal Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction as provided in the relevant Final Terms.

(ii) Other Notes: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note, if so provided in the Relevant Final Terms pursuant to Condition 6(f), shall be the Final Redemption Amount, together with interest accrued to the date fixed for redemption, if any unless otherwise specified in the relevant Final Terms.

(f) **No Redemption for Taxation Reasons:** Unless otherwise specified in the relevant Final Terms, if French law should require that payments of principal or interest in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, such Notes may not be redeemed early.

(g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.

(h) **Purchases:** The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price, in accordance with applicable laws and regulations. Unless otherwise specified in the Final Terms, all Notes so purchased by the Issuer may be held and resold for the purpose of enhancing the liquidity of the Notes in accordance with Articles L.213-1 A and D.213-1 A of the French *Code monétaire et financier*.

(i) **Cancellation:** All Notes purchased for cancellation by or on behalf of the Issuer will forthwith be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Notes, by surrendering the Definitive Materialised Notes in question together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

- (j) **Subscription and use as collateral:** Notwithstanding this Condition 6, the Issuer may, pursuant to Article L.515-32-1 of the French *Code monétaire et financier*, subscribe its own Notes for the sole purpose of pledging them as collateral for the credit operations of the *Banque de France* in accordance with the procedures and conditions laid out by it for its monetary policy and intraday credit operations, in instances where the Issuer is unable to meet its cash-flow needs with other means available to it.

## 7 Payments and Talons

- (a) **Dematerialised Notes:** Payments of principal and interest in respect of Dematerialised Notes shall (in the case of Dematerialised Notes in bearer dematerialised form or administered registered dematerialised form) be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the holders of Notes and, (in the case of Dematerialised Notes in fully registered dematerialised form), to an account denominated in the relevant currency with a Bank designated by the relevant holder of Notes. All payments validly made to such Account Holders will be an effective discharge of the Issuer in respect of such payments.
- (b) **Materialised Notes:** Payments of principal and interest in respect of Materialised Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Materialised Note), Materialised Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Materialised Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in any jurisdiction, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent, the Consolidation Agent and the Registration Agent initially appointed by the Issuer and their respective specified offices are listed at the end of the Base Prospectus relating to the Programme of the Notes of the Issuer. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Consolidation Agent and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any holder of Note or Coupon. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Redenomination Agent, the Consolidation Agent and the Registration Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a

Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) Paying Agents having specified offices in at least two major European cities (including Paris so long as the Notes are listed and admitted to trading on Euronext Paris) (v), in the case of Dematerialised Notes in fully registered form, a Registration Agent, (vi) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive, and (vii) such other agents as may be required by the rules applicable to any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Notes denominated in U.S. Dollars in the circumstances described in paragraph (c) above.

On a redenomination of the Notes of any Series pursuant to Condition 1(d) with a view to consolidating such Notes with one or more other Series of Notes, in accordance with Condition 13, the Issuer shall ensure that the same entity shall be appointed as both Redenomination Agent and Consolidation Agent in respect of both such Notes and such other Series of Notes to be so consolidated with such Notes.

Notice of any such change or any change of any specified office shall promptly be given to the holders of Notes in accordance with Condition 14.

**(f) Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Materialised Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Interest Notes) should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Amortised Nominal Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Materialised Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Interest Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Materialised Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Materialised Note that is redeemable in instalments, all Receipts relating to such Materialised Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Materialised Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Materialised Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.



- (vi) If the due date for redemption of any Materialised Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant definitive Materialised Note. Interest accrued on a Materialised Note that only bears interest after its Maturity Date shall be payable on redemption of such Materialised Note against presentation (and surrender if appropriate) of the relevant definitive Materialised Note.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Business Days for payment:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day unless otherwise specified in the relevant Final Terms, nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) in such jurisdictions as shall be specified as “**Financial Centres**” in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than Euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in Euro, which is a TARGET Business Day.
- (i) **Bank:** For the purpose of this Condition 7, “**Bank**” means a bank in the principal financial centre of the relevant currency or, in the case of Euro, in a city in which banks have access to the TARGET System.

## 8 Taxation

- (a) **Tax exemption:** All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- (b) **No Additional Amounts:** If French law should require that payments of principal or interest in respect of any Note, or any Receipt or Coupon relating thereto, be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will not be required to pay any additional amounts.
- (c) **Supply of Information:** Each Noteholder shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be required in a timely manner in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

## 9 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 10 Representation of holders of Notes

Except as otherwise provided by the relevant Final Terms, holders of Notes will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the “*Masse*”).

The *Masse* will be governed by the provisions of the French *Code de commerce* with the exception of Articles L. 228-47, L. 228-48, L. 228-59, R. 228-63, R. 228-67, R. 228-69 and R. 228-76 subject to the following provisions:

### (a) Legal Personality

The *Masse* will be a separate legal entity and will act in part through one or two representatives (each a “**Representative**”) and in part through a general meeting of the holders of Notes (the “**General Meeting**”).

The *Masse* alone, to the exclusion of all individual holders of Notes, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

### (b) Representatives

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer, the members of its Board of Directors (*conseil d'administration*), its statutory auditors, its employees and their ascendants, descendants and spouses; or
- (ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors, Executive Board or Supervisory Board, their statutory auditors, employees and their ascendants, descendants and spouses; or
- (iii) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representatives and their alternates will be set out in the Final Terms.

The remuneration of each Representative, and date(s) of payment thereof, will be set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of one or both Representatives, such Representative(s) will be replaced by one or both Representatives, as the case may be. In the event of the death, retirement or revocation of appointment of one or both alternate Representatives, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

### (c) Powers of Representative

The Representatives, acting jointly or separately, shall, in the absence of any decision to the contrary of the General Meeting and except as provided by paragraph 1 of Article L. 515-31 of the French *Code monétaire et financier*, have the power to take all acts of management necessary in order to defend the common interests of the holders of Notes.

All legal proceedings against the holders of Notes or initiated by them, must be brought by or against the Representatives; except that, should judicial reorganisation or liquidation (*redressement judiciaire* or *liquidation judiciaire*) proceedings be commenced against the Issuer, the specific controller would

file the proof of debt of all creditors (including the holders of Notes) of the Issuer benefiting from the *Privilège*.

The Representatives may not be involved in the management of the affairs of the Issuer.

(d) **General Meeting**

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representatives. One or more holders of Notes, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representatives a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such demand, the holders of Notes may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place and agenda of any General Meeting will be published as provided under Condition 14.

Each holder of a Note has the right to participate in a General Meeting in person, by proxy, correspondence or, if the *statuts* of the Issuer so specify<sup>1</sup>, videoconference or any other means of telecommunication allowing the identification of the participating Noteholders. Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

In accordance with Article R. 228-71 of the French *Code de commerce*, the rights of each holder of a Note to participate in a General Meeting must be evidenced by entries in the books of the relevant Account Holder of the name of such holder of a Note on the third business day in Paris preceding the date set for the relevant General Meeting at 0.00, Paris time.

(e) **Powers of the General Meetings**

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representatives and the alternate Representatives and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representatives to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) by holders of Notes, nor establish any unequal treatment between the holders of Notes nor decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if holders of Notes present or represented hold at least a quarter of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third majority of votes cast by holders of Notes attending such General Meetings or represented thereat.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 14.

(f) **Information to holders of Notes**

Each holder of a Note or representative thereof will have the right, as from the date specified in the notice of the General Meeting, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by

<sup>1</sup> At the date of this Base Prospectus, the *statuts* of the Issuer do not contemplate the right for a holder of a Note to participate in a General Meeting by videoconference or any other means of telecommunication allowing the identification of the participating Noteholders.

the relevant holders of Notes at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

(g) **Expenses**

The Issuer will pay all expenses relating to the operation of the *Masse* (including those incurred by the Representatives in the proper performance of their functions and duties), and those relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

(h) **Single Masse**

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 13, shall, for the defence of their respective common interests, be grouped in a single *Masse*. The Representatives appointed in respect of the first Tranche of any Series of Notes will be the Representatives of the single *Masse* of all Tranches in such Series.

For the avoidance of doubt, in this Condition 10, the term “**outstanding**” shall not include those Notes subscribed or purchased by the Issuer pursuant to, respectively, Articles L.515-32-1 and L.213-1 A of the French *Code monétaire et financier* that are held by it and not cancelled.

## 11 Modifications

These Conditions may be (i) completed in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series and/or (ii) amended, modified or varied in a supplement to the Base Prospectus.

## 12 Replacement of Definitive Materialised Notes, Receipts, Coupons and Talons

If, in the case of any Materialised Notes, a definitive Materialised Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and regulations of the Regulated Market on which the Notes are listed and admitted to trading, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to holders of Notes, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed definitive Materialised Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 13 Further Issues and Consolidation

- (a) **Further Issues:** The Issuer may from time to time without the consent of the holders of Notes, Receipts or Coupons create and issue further Notes to be assimilated (*assimilées*) with the Notes provided such Notes and the further Notes carry rights identical in all respects (or in all respects save for the principal amount thereof and the first payment of interest specified in the relevant Final Terms) and that the terms of such Notes provide for such assimilation and references in these Conditions to “Notes” shall be construed accordingly.
- (b) **Consolidation:** The Issuer may from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days’ prior notice to the holders of Notes in accordance with Condition 14, without the consent of the holders of Notes, Receipts or Coupons, consolidate the Notes of one Series denominated in Euro with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in Euro, provided such other Notes have been redenominated in Euro (if not originally denominated in Euro)

and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

## 14 Notices

- (a) Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) they are published (a) so long as such Notes are listed and admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*) or (b) they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (c) they are published following Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the French *Autorité des marchés financiers* (the “AMF”) or so long as such Notes are listed and admitted to trading on any Regulated Market in a leading daily newspaper with general circulation in the city where the Regulated Market on which such Notes are listed and admitted to trading is located, if the rules of such Regulated Market so require.
- (b) Notices to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published (i) so long as such Notes are listed and admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*) or (ii) at the option of the Issuer, in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (iii) they are published following Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF or so long as such Notes are listed and admitted to trading on any Regulated Market in a leading daily newspaper with general circulation in the city where the Regulated Market on which such Notes are listed and admitted to trading is located, if the rules of such Regulated Market so require.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Holders of coupons shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Notes in accordance with this Condition.
- (d) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 14(a), (b), (c) above; except that (i) (a) so long as such Notes are listed and admitted to trading on Euronext Paris in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*) or (b) following Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF or (c) so long as such Notes are listed and admitted to trading on any Regulated Market and the rules applicable to that Regulated Market so require, notices shall be published in a leading daily newspaper with general circulation in the city Regulated Market on which such Notes are listed and admitted to trading is located and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 10 shall also be published (a) so long as such Notes are listed and admitted to trading on the Euronext Paris and the rules of such Stock Exchange so permit, on the website of the AMF in France or (b) in a leading daily newspaper of general circulation in Europe.

## 15 Method of Publication of the Final Terms

The Base Prospectus (including any document incorporated by reference), the supplement(s) to the Base Prospectus, as the case may be, and the Final Terms related to Notes listed and admitted to trading and/or offered to the public will be published on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)). Copies of these documents may be obtained from Compagnie de Financement Foncier 4, Quai de Bercy, 94224 Charenton, France, and, in respect of the Base Prospectus (including any document incorporated by reference) and the

supplement(s) to the Base Prospectus, such documents will be available on the website of the Issuer ([www.foncier.fr](http://www.foncier.fr)).

In relation to the Notes admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and/or offered to the public in Luxembourg, the Final Terms will be published, without prejudice of any provisions of the Prospectus Directive, upon each relevant issue, in a manner complying with Article 14 of the Prospectus Directive in an electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Each time the Notes are admitted to trading on Euronext Paris, the Notes are also admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. As a consequence, the Final Terms will be available in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

In addition, should the Notes be listed and admitted to trading on a Regulated Market other than Euronext Paris and the Regulated Market of the Luxembourg Stock Exchange, the Final Terms relating to those Notes will provide whether this Base Prospectus (including any document incorporated by reference), the supplement(s) to the Base Prospectus, as the case may be, and the relevant Final Terms will be published on the website of (x) such Regulated Market or/and (y) the competent authority of the Member State in the EEA where such Regulated Market is situated.

## **16 Governing Law and Jurisdiction**

- (a) **Governing Law:** The Notes, the Receipts, the Coupons and the Talons and all non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons may be brought before any competent court in Paris.

## **TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALIZED NOTES**

### **Temporary Global Certificates**

A Temporary Global Certificate without interest coupons, will initially be issued in connection with Materialised Notes. Upon the initial deposit of such Temporary Global Certificate with a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”), Euroclear or Clearstream, Luxembourg will credit the accounts of each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depository may also credit with a nominal amount of Notes the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, a nominal amount of Notes that is initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **Exchange**

Each Temporary Global Certificate issued in respect of Materialised Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- if the relevant Final Terms indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Overview of the Programme - Selling Restrictions”), in whole, but not in part, for the Definitive Materialised Notes and
- otherwise, in whole but not in part, upon certification as to non-U.S. beneficial ownership (a form of which shall be available at the specified offices of any of the Paying Agents) for Definitive Materialised Notes.

### **Delivery of Definitive Materialised Notes**

On or after its Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. In exchange for any Temporary Global Certificate, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Notes. In this Base Prospectus, “**Definitive Materialised Notes**” means, in relation to any Temporary Global Certificate, the Definitive Materialised Notes for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Notes will be security printed in accordance with any applicable legal and requirements of the Regulated Market. Forms of such Definitive Materialised Notes shall be available at the specified offices of any of the Paying Agents set out in the Schedules to the Amended and Restated Agency Agreement.

### **Exchange Date**

“**Exchange Date**” means, in relation to a Temporary Global Certificate in respect of any Materialised Notes, the day falling after the expiry of 40 days after its issue date, provided that in the event any further Materialised Notes which are to be assimilated with such first mentioned Materialised Notes are issued prior to such day pursuant to Condition 13(a), the Exchange Date may, at the option of the Issuer, be postponed to the day falling after the expiry of 40 days after the issue date of such further Materialised Notes.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used for the Issuer's general corporate purposes.



## **SUMMARY OF THE LEGISLATION AND REGULATIONS RELATING TO *SOCIÉTÉS DE CRÉDIT FONCIER***

### ***Entities entitled to issue Obligations Foncières***

Prior to the introduction of French law no. 99-532 of 25 June 1999 governing savings and financial security (the “Law”), now integrated into the French *Code monétaire et financier* (the “Code”), only Crédit Foncier de France and Crédit Communal d’Alsace-Lorraine were entitled to issue *obligations foncières*. The Law created a whole new category of credit institutions (*sociétés de crédit foncier*) the exclusive purpose of which is to grant or acquire secured loans from the proceeds of the issue of *obligations foncières* as well as other forms of notes or borrowings.

Article L. 515-13 of the Code provides that the sole purpose of *sociétés de crédit foncier* is to grant or acquire guaranteed loans, exposures to public bodies and the securities referred to in Articles L. 515-14 to L. 515-17 of the Code.

In order to finance such categories of loans, securities or exposures, *sociétés de crédit foncier* issue *obligations foncières* which benefit from a *privilège* as described in Article L. 515-19, and to acquire other resources having an issuing contract or subscription which refers to that *privilège*.

*Sociétés de crédit foncier* may also provide financing for the activities referred to above through the issue of bonds or resources which do not benefit from the *privilège*.

Holders of *obligations foncières* or of these other borrowings benefit from a *privilège* (priority right of payment) on all the assets and revenues of the *sociétés de crédit foncier* and are allowed to operate in a bankruptcy remote environment.

*Sociétés de crédit foncier* may grant or acquire either mortgage-backed loans or loans to states or state-owned entities (regional and local authorities) and issue *obligations foncières* (or incur other forms of borrowings) in order to finance these loans.

The Code allows *sociétés de crédit foncier* to issue ordinary bonds or raise funds which do not benefit from the *privilège*.

Pursuant to Article L. 515-13 of the Code, *sociétés de crédit foncier* may not hold shares in other companies.

### ***Eligible receivables***

The mortgage-backed loans include loans which are secured by a first-ranking mortgage. Other types of charges and security interest also qualify under certain conditions provided in particular they are at least equivalent to a first-ranking mortgage such as a guarantee given by a credit institution or an insurance company that does not belong to the same group as the relevant *société de crédit foncier*. The property must be located in France, in the European Economic Area (the “EEA”), in a Member State of the European Community (“EC”) or in a State benefiting from the best credit rating given by a rating agency recognised by the French *Autorité de contrôle prudentiel* (formerly known as *Commission Bancaire*) as provided in Article L. 511-44 of the Code. Article R. 515-2 of the Code provides, *inter alia*, that the mortgage-backed loans cannot exceed a threshold of 60 per cent. of the property’s value, except under certain conditions.

The other eligible receivables comprise, *inter alia*, loans granted to, or bonds issued by, state or state-owned entities located within the EEA, in a Member State of the EC or in a State benefiting from the best credit rating given by a rating agency recognised by the French *Autorité de contrôle prudentiel* (formerly known as *Commission Bancaire*) as provided in Article L. 511-44 of the Code, or wholly guaranteed by such entities, and specific investments (namely units and bonds (*titres de créance*) issued by *organismes de titrisation*, which are French securitisation vehicles, or other similar vehicles, the assets of which comprise at least 90 per cent. of secured loans or loans to state or state-owned entities).

As provided in Article L. 515-17 of the Code, *sociétés de crédit foncier* may not make any other investments, except investments in securities which are sufficiently secure and liquid to be held as so-called replacement values, as defined in Article R. 515-7 of the Code.

### **Over-Collateralisation**

Article L. 515-20 of the Code provides for the principle of over-collateralisation (*surdimensionnement*), which entails that the total amount of the assets of a *société de crédit foncier* must be at all times greater than the global amount of liabilities benefiting from the *privilège*.

*Sociétés de crédit foncier* must appoint a specific controller (*contrôleur spécifique*) with the approval of the French *Autorité de contrôle prudentiel* whose mission is to ensure that the principle of over-collateralisation is at all times complied with. In particular, the specific controller must certify that the principle of over-collateralisation is satisfied in connection with (i) the *société de crédit foncier*'s quarterly programme of issues benefiting from the *privilège* and (ii) any specific issue also benefiting from the *privilège* whose amount is greater than Euro 500 million. The specific controller must verify the quality of the assets, the process of yearly revaluation and the quality of the asset liability management (ALM).

### **Privilège**

For bonds to qualify as *obligations foncières* and for other resources to benefit from the *privilège*, the documentation relating thereto must explicitly refer to such *privilège*. *Sociétés de crédit foncier* may enter into derivative transactions for hedging *obligations foncières* and other resources benefiting from the *privilège*; the amounts due under these derivative transactions also benefit from the *privilège*.

The sums resulting from the eligible receivables and from derivative transactions, together with deposits made by *sociétés de crédit foncier* with other credit institutions, are allocated in priority to the payment of any sums due in relation to the *obligations foncières* or other financial resources benefiting from the *privilège*.

### **Insolvency remoteness**

Finally, Article L. 515-27 of the Code precludes the extension of insolvency proceedings in respect of the *société de crédit foncier*'s parent company to the *société de crédit foncier*.

The Code provides for a regime which derogates in many ways from the French legal provisions relating to insolvency proceedings. In particular, in the event of conciliation proceeding (*procédure de conciliation*) preservation proceeding (*procédure de sauvegarde*), judicial reorganisation (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) of a *société de crédit foncier*, all claims benefiting from the *privilège*, including interest thereon, must be paid on their due dates and in preference to all other claims, whether or not secured or statutorily preferred and, until payment in full of all such preferred claims, no other creditors may take any action against the assets of the *société de crédit foncier*.

In addition, the provision of French insolvency law which provides that certain transactions entered into in the months preceding the commencement of insolvency proceedings (*période suspecte*) are voidable has been set aside by the Code in respect of *sociétés de crédit foncier* (Article L. 515-25 of the Code).

The judicial liquidation (*liquidation judiciaire*) of a *société de crédit foncier* will not result in the acceleration of payment of *obligations foncières* and other debts benefiting from the *privilège*.

## DESCRIPTION OF COMPAGNIE DE FINANCEMENT FONCIER

### I) INFORMATION ABOUT THE ISSUER

#### History and development of the Issuer

Compagnie de Financement Foncier is a credit institution authorised as a financial company and *société de crédit foncier* by a decision of the French Credit Institutions and Investment Companies Committee (*CECEI - Comité des Etablissements de Crédit et des Entreprises d'Investissements*, now known as *Autorité de contrôle prudentiel*) on 23 July 1999. Consequently, it is governed by the general body of legislative and regulatory provisions applicable to credit institutions and, as a *société de crédit foncier* (“SCF”), by the specific provisions of Section IV of the second part of French law no. 99-532 of 25 June 1999 governing savings and financial security, which has been incorporated into Articles L. 515-13 to L. 515-33 of the French *Code monétaire et financier* (the “Code”).

It is a wholly-owned subsidiary of Crédit Foncier (A-/A2/A+) and affiliate of BPCE (A/A2/A+) (the “central body” of Groupe BPCE, which, with 19 Banques Populaires and 17 Caisses d'Epargne, constitutes one of France’s largest banking groups). Its sole business is to finance the housing and public-sector lending activities of its parent company, of the Groupe BPCE and other credit institutions.

The registered office of the Issuer is located at 19, rue des Capucines, 75001 Paris, France and is registered with the Trade and Companies Registry of Paris under reference number 421 263 047 RCS Paris.

The Issuer was created on 22 December 1998 for a period of 99 years.

The Issuer’s legal and commercial name is Compagnie de Financement Foncier.

#### Investments

Pursuant to Article L. 515-13 of the Code, the Issuer is prohibited from owning shares in other companies.

### II) BUSINESS OVERVIEW

#### Principal activities

As a SCF, the objects of Compagnie de Financement Foncier are to grant or acquire secured loans which are financed by the issue of *obligations foncières*, or by raising funds benefiting or not from the privilege created by Article L. 515-19 of the Code (the “*Privilège*”).

More specifically, the purpose of the Compagnie de Financement Foncier (Article 2 of the by-laws), in the context of the laws and regulations applicable to SCF, is to:

1. carrying out all transactions referred to in Articles L. 515-13 et seq. of the Code and without any restriction as to the countries in which it can operate, other than those set out in such articles.

These transactions include, in particular:

- granting or acquiring secured loans, exposures to public authorities and securities as defined in Articles L. 515-14 to L. 515-17 of the Code;
- financing these types of loans, exposures, securities and instruments by issuing *obligations foncières* benefiting from the *Privilège* defined in Article L. 515-19 of the Code and by raising other resources whose issuance or subscription contract mentions this *Privilège*

The Compagnie de Financement Foncier may also finance the activities mentioned above by issuing bonds or resources that do not benefit from the *Privilège*. It can issue promissory notes referred to in Articles L. 313-42 to L. 313-48 of the Code.

Notwithstanding any other provisions or stipulations to the contrary, the Company may carry out temporary transfers of its securities in accordance with Articles L. 211-22 to L. 211-34 of the Code, pledge securities accounts pursuant to Article L. 211-20 of said Code and assign all or some of receivables that it holds in accordance with Articles L. 211-36 to L. 211-40 or in accordance with Articles L. 313-23 to L. 313-35, whether or not these receivables are professional.

The receivables or securities thus assigned or transferred are not booked pursuant to Article L. 515-20 of the said Code.

As an exception to Articles 1300 of the French *Code civil* and L. 228-44 and L. 228-74 of the French *Code de commerce*, the Company may subscribe for its own mortgage bonds solely for the purpose of using them as collateral for lending transactions with the *Banque de France* under the conditions set forth in Article L. 515-32-1 of the Code.

The Company cannot hold equity investments.

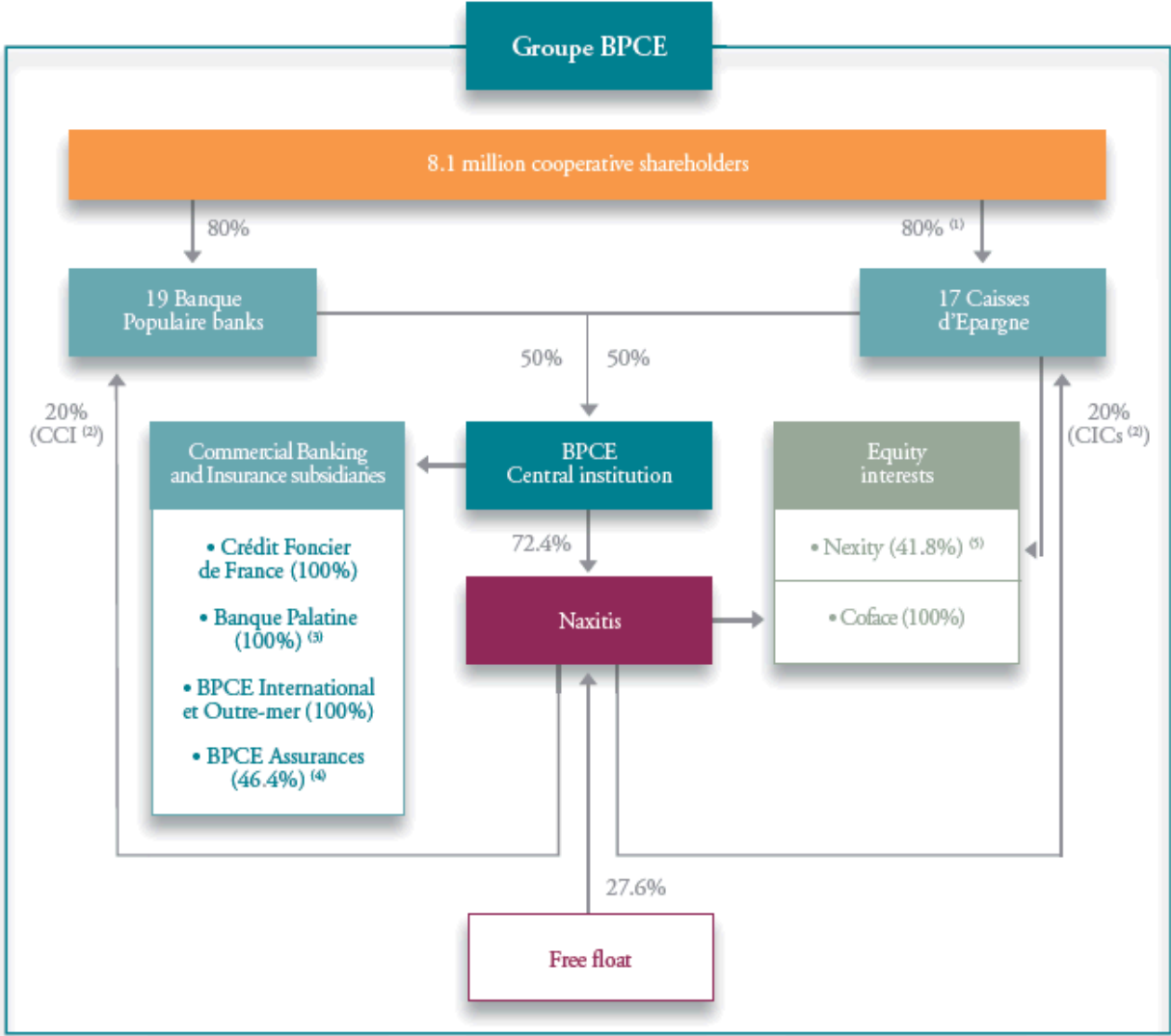
In addition, pursuant to Article R.515-7-1 of the Code, the Company, as a SCF, shall ensure at all times that it has sufficient funds to cover its liquidity requirements, for a period of 180 days.

2. contracting with any credit institution all needed agreements:
  - servicing and recovering loans, exposures and securities;
  - managing bonds and other financing;
  - more generally, providing all services necessary to manage the assets, liabilities and the financial stability of the Company;
  - as well as all agreements concerning the distribution and refinancing of loans
3. acquiring and owning all property and equipment necessary to fulfil its purpose or arising from the recovery of its loans;
  - contracting with any third party any agreement related to the acquisition, ownership, management, maintenance and disposal of such assets;
4. contracting with any insurance company any agreement, which serves the Company purpose, notably to cover risks related to borrowers, risks related to both assets securing the loans and assets owned by the Company, and the liability risks of the Company or its Directors and Officers;
5. in connection with its own activity, or on behalf of other companies, providing customers with and manage payment processes, in particular:
  - for issuing payment of funds or the receipt of all sums arising from loan activities;
  - for managing any accounts for financial transactions with other credit institutions or public entities;
  - for the management of technical accounts in respect to expenses and receipts;
6. participating in any system for interbank settlements, settlement-delivery of securities, as well as in any transaction within the framework of the monetary policy of the European Central Bank, which contribute to the development of the Company's activities;
7. more generally:
  - carrying out all operations contributing to the fulfilment of its corporate purpose as long as such transactions comply with the purpose of SCF as defined in the legislation and regulations that regulate their activity;
  - contracting any agreement allowing the Company to use outsourcing services.

**III) ORGANISATIONAL STRUCTURE**

The merger of holding companies previously owned by the Banques Populaires (BP Participations) and the Caisses d’Epargne (CE Participations) on 5 August 2010 within the central institution (BPCE) led to Cr dit Foncier’s direct consolidation by Groupe BPCE, the second French banking group<sup>1</sup>.

The following diagram illustrates the position of the Compagnie de Financement Foncier within the Groupe BPCE as at 31 December 2011:



■ Commercial Banking and Insurance  
 ■ CIB, Investment Solutions and Specialized Financial Services

(1) Indirectly through Local Savings Companies  
 (2) CICs: Cooperative Investment Certificates (economic interests, no voting rights)  
 (3) With the equity interest held by Cr dit Foncier de France in Banque Palatine, the group owns a 100% stake in the company  
 (4) With the equity interest held by the Caisses d’Epargne in BPCE Assurances  
 (5) Via CE Holding Promotion

<sup>1</sup> No. 2 in number of branches (source: database, banks’ websites), no. 2 in market share for customer savings and customer lending (source: Banque de France), no. 2 in terms of penetration rate with professionals and individual entrepreneurs (source: Pepites CSA 2009-2010 poll).

#### **IV) ADDITIONAL INFORMATION**

##### **Share capital**

As at 31 December 2011, the share capital of the Issuer, which is not listed on any exchange, consisted of 74,216,246 fully paid ordinary shares of EUR16 nominal value each (for a total capital of EUR1,187,459,936). Nearly all of the share capital of the Company is held by Crédit Foncier. As required by the by-laws of the Company, each member of the Board of Directors must own at least one share during his or her term of office.

##### **Memorandum and articles of association**

Please refer to section “Business overview - Principal activities” above.

#### **V) MATERIAL CONTRACTS**

Please refer to section “Relationship between Compagnie de Financement Foncier and Crédit Foncier de France” below.

#### **VI) THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

##### **I. SPECIFIC CONTROLLER’S CERTIFICATION ON THE VALUATION AND PERIODIC REVIEW METHODS AND RESULTS FOR REAL ESTATE AS OF 31 DECEMBER 2011**

To the Board of Directors of Compagnie de Financement Foncier,

In our capacity as the Specific Controller of Compagnie de Financement Foncier, and pursuant to the Article 5 of Regulation 99-10 of the CRBF, we proceeded to the assessment of the validity, in accordance with regulations in force, of the methods used to value the real estate assets underlying the loans and their results, and of the methods for periodically reviewing their value, as published together with the financial statements for the year ended 31 December 2011 and appended hereto.

The valuation methods and their results for real estate assets and the methods for periodically reviewing their value have been defined and implemented under the responsibility of your company's management.

Our responsibility is to assess the validity of this procedure in terms of its compliance with regulations in force as of 31 December 2011.

We implemented the diligences that we considered necessary in view of the professional standards of the Compagnie nationale des commissaires aux comptes applicable to this assignment. Our work consisted in checking the compliance of:

- the procedures, the valuation and periodic review methods and their results, in their design and application, with regulations in force as of 31 December 2011;
- the information published together with the annual financial statements with, on one hand, the system for the valuation and periodic review implemented, and on the other hand, with the results arising from the implementation of the valuation system.

Based on our work, we have no observations to make as regards compliance with the provisions set out in Articles 2 to 4 of the Regulation 99-10 of the CRBF, the valuation methods for the real estate assets and their results or the methods for periodically reviewing their value as published together with the financial statements for the year ended 31 December 2011.

Paris, 30 March 2012

Specific Controller

**CAILLIAU DEDOUIT et Associés**

**Laurent BRUN**

CAILLIAU DEDOUIT et Associés

19, rue Clément Marot

75008 Paris

COMPAGNIE DE FINANCEMENT FONCIER

4, quai de Bercy

94224 Charenton Cedex

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## II. PROCEDURE FOR THE VALUATION AND PERIODIC REVIEW OF THE VALUE OF THE ASSETS UNDERLYING THE LOANS AS OF 31 DECEMBER 2011

### I - Valuation method for the assets underlying loans

#### General asset valuation principles

The procedure described below has been determined pursuant to Articles 1 and 2 of CRBF Regulation No. 99-10 as amended by Regulation No. 2002-02 and subsequently by the decrees of 7 May 2007 and 23 February 2011 transposing European Directive 2006/48/EC into French law.

Real estate financed by eligible loans or provided as security for these loans is subject to prudent valuation rules.

The valuation is based on the real estate's long-term characteristics, normal and local market conditions, the current use of the asset and other possible uses.

#### Derogation rule used by Compagnie de Financement Foncier

For loans originated between 1 January 2003 and 31 December 2006, in accordance with the provisions of CRBF Regulation No. 99-10 and a decision by the Chairman of Crédit Foncier de France's Executive Board dated 28 July 2003, the cost of the transaction without discount is taken as the estimated value of the asset for all transactions involving residential property for individuals where the transaction cost is less than €350,000. Following the amendments made to CRBF Regulation No. 99-10, this principle was extended to:

- for the period of 7 May 2007 to 23 February 2011, all residential property transactions with individuals where the transaction cost is less than €450,000 or where the outstanding principal amount of the loan acquired or the total amount authorised is less than €360,000;
- beginning on 24 February 2011, all residential property transactions with individuals where the transaction cost is less than €600,000 or where the outstanding principal amount of the loan acquired or the total amount authorised is less than €480,000.

Above these thresholds, the appraised value is considered as the value of the property.

#### Summary

The abovementioned rules, applied since 24 February 2011, are summarised in the following table:

Property Type	Cost of transaction is less than €600,000 or acquired loan less than €480,000	Cost of transaction is €600,000 or more, or acquired loan greater than €480,000 or more
Residential property for private individuals	Transaction cost	Appraisal
Residential property for professionals	Appraisal	Appraisal
Commercial property (1)	Appraisal	Appraisal

(1) Commercial property means all properties other than residential and multiple-use properties where the value allocated to the residential part is less than 75% of the total value of the property.

Valuations apply to all collateral underlying loans authorised (*i.e* signed by the parties) during the year, regardless of whether or not they have been drawn down.

Other collateral (underlying loans authorised before 2011 and already valued or re-valued) is mandatorily subject to a periodic review of its value as presented hereafter (see Sections II, III and IV).



## II - Periodic review methods for residential property for individuals and professionals

The rules detailed below apply to collateral underlying loans implemented before 2011.

Two periodic review methods are used to determine the value of collateral, as per the following distinction:

- the so-called S1 statistical method :
  - for residential properties for private individuals,
  - for all residential properties for professionals where the amount is less than €600,000 or for which the outstanding principal amount of the loan secured by the property is less than €480,000.
- the so-called S2 statistical method for all residential properties for professionals where the amount is more than €600,000 or for which the outstanding principal amount of the loan secured by the property is €480,000 or greater.

### A - S1 periodic review method

#### i) Principles

This method, which aims to approximate market value as closely as possible, is based on establishing indices. The indices obtained are the changes from one year to the next in market values. In accordance with the law, assets are valued on a prudent basis, and then revalued by applying the indices.

The indices reflect four distinct geographical categories:

- (i) the 110 urban areas with more than 50,000 inhabitants as per the postal code groups established by the INSEE (French National Institute for Statistics and Economic Studies). The list of these towns and their composition change as the urban fabric and real estate markets evolve.
- (ii) outside these urban areas, the “non-urban” real estate market is divided into twenty administrative regions, excluding Corsica and Île-de-France (Paris metropolitan area).
- (iii) Île-de-France excluding the city of Paris is valued separately using specific indices for each of the seven departments.
- (iv) Paris is also valued separately using a specific index.

Indices for each of these four categories (urban, non-urban, Île-de-France and Paris), are grouped according to postal codes, and broken down as follows:

- urban: 110 apartment indices / 110 house indices;
- non-urban: 20 house indices;
- Île-de-France (excluding Paris): 7 apartment indices / 7 house indices;
- Paris: 1 apartment index

When the apartment/house distinction is not available for a particular item of collateral, the lower of the two indices, for the corresponding postal code, is used.

When the collateral is located in Corsica or in the French overseas departments or territories, or if its location is unclear, the annual trend indices used for the corresponding type of housing are:

- for apartments: the average of the urban apartment indices;
- for houses: the lower of the two averages for urban and non-urban houses.

#### Revaluation cycle management

Real estate value indices are updated annually. New indices are established each November based on the period ending 30 September.

The revaluation cycle is thus managed on a one year rolling period from 30 September of year “n-1” to 30 September of year “n”.

#### Sources

These indices are based on an *ad hoc* survey of the network of regional real estate appraisers carried out each year by the real estate research division, quarterly gross statistical real estate information held in its database and regional indicators from ”marche-immo.com”.

#### B - S2 periodic review method

For 2011, the S2 revaluation method consisted in applying the annual change in the rental index for residential property to 2010 values, i.e. +1.4% (source: INSEE).

### III - Methods for periodic review of commercial real estate (non residential)

In accordance with the provisions of CRBF Regulation No. 99-10, the following three valuation methods are applied to commercial properties depending on their characteristics:

#### A – The so-called “E1” method

This category covers commercial properties, the value of which is less than €600,000 or for which the outstanding principal amount of the loan secured by the property is more than €480,000.

Assets in this category are individually revalued by means of appraisal every three years, and statistically in the interim years using the S1 method.

#### B – The so-called “E2” method

This category covers commercial properties, the value of which is more than €600,000 and for which the outstanding principal of the loan secured by the property is more than €480,000.

Each property in this category is individually revalued every year by means of appraisal. The appraiser determines a prudential mortgage value based on an in-depth analysis of the type of asset and its specific characteristics and on a prudent, forward-looking view of the market.

#### C – The so-called “S1” statistical method

This category covers commercial properties where the outstanding principal amount of the loan secured by the property has fallen below 30% of the initial principal amount of the loan.

For real estate in this category, the S1 statistical revaluation method (see section II.A above) is applied to the most recent appraisal value.

### IV - Summary table of methods

Type of asset	Transaction cost > € 600K and total authorised amount ≤ € 480K or Transaction cost ≤ € 600K and total authorised amount > € 480K	Transaction cost > €600 K And total authorised amount > €480 K		Disputes cases
Residential	If private individual customer : S1 method			Specific individual appraisal
	If professional customer : S1 method	If professional customer : S2 method		
Non-residential	Outstanding principal/initial principal < 30% and total authorised amount ≤ €480K	Outstanding principal/initial principal > 30%		
		Transaction cost or value of asset ≤ € 600 K and total	Transaction cost > €600 K and total authorised amount >	

		authorised amount > € 480 K	€480 K	
	S1 method	E1 method	E2 method	

#### V. Specificities of Dutch security

The re-evaluation focused on a volume of 900 securities, associated to 900 credits for a total amount of €77.9 million. The re-evaluation is realised upon the PBK index (*Prijsindex Bestaande Koopwoningen*) developed by the Dutch land register. The average index decreased by 2.6% in 2011.

## Changes in real estate indices 2010 / 2011

Towns and cities with more than 200,000 inhabitants

Region	Department	Town/city	Apartment Index 2010-2011	House Index 2010-2011
ALSACE	67 BAS RHIN	Strasbourg	1.032	1.019
ALSACE	68 HAUT RHIN	Mulhouse	1.000	1.013
AQUITAINE	33 GIRONDE	Bordeaux	1.056	1.090
AUVERGNE	63 PUY DE DOME	Clermont-Ferrand	1.024	1.035
BOURGOGNE	21 COTE D'OR	Dijon	1.052	1.034
BRETAGNE	29 FINISTERE	Brest	1.049	1.058
BRETAGNE	35 ILLE ET VILAINE	Rennes	1.047	1.043
CENTRE	37 INDRE ET LOIRE	Tours	1.000	0.993
CENTRE	45 LOIRET	Orléans	1.034	1.000
CHAMPAGNE	51 MARNE	Reims	1.046	1.024
HAUTE NORMANDIE	76 SEINE MARITIME	Le Havre	1.037	1.026
HAUTE NORMANDIE	76 SEINE MARITIME	Rouen	1.052	1.024
LANGUEDOC ROUSSILLON	34 HERAULT	Montpellier	1.065	1.062
LORRAINE	54 MEURTHE ET MOSELLE	Nancy	1.053	1.024
LORRAINE	57 MOSELLE	Metz	1.046	1.024
MIDI PYRENEES	31 HAUTE GARONNE	Toulouse	1.038	1.036
NORD	59 NORD	Lille	1.044	1.035
NORD	59 NORD	Valenciennes	1.037	1.049
NORD	62 PAS DE CALAIS	Béthune	1.034	1.028
NORD	62 PAS DE CALAIS	Douai-Lens	1.021	1.031
PACA	6 ALPES MARITIMES	Nice	1.043	1.031

Region	Department	Town/city	Apartment Index 2010-2011	House Index 2010-2011
PACA	13 BOUCHES DU RHONE	Marseille-Aix-en-Provence	1.056	1.045
PACA	83 VAR	Toulon	1.034	1.014
PACA	84 VAUCLUSE	Avignon	1.042	1.020
PAYS DE LOIRE	44 LOIRE ATLANTIQUE	Nantes	1.058	1.045
PAYS DE LOIRE	49 MAINE ET LOIRE	Angers	1.049	1.045
RHONE ALPES	38 ISERE	Grenoble	1.054	1.066
RHONE ALPES	42 LOIRE	Saint-Étienne	1.026	1.026
RHONE ALPES	69 RHONE	Lyon	1.078	1.066
<b>Average</b>			<b>1.042</b>	<b>1.035</b>

Towns and cities with between 100,000 and 199,999 inhabitants

Region	Department	Town/city	Apartment Index 2010-2011	House Index 2010-2011
AQUITAINE	64 PYRENEES ATLANTIQUES	Pau	1.045	1.038
AQUITAINE	64 PYRENEES ATLANTIQUES	Bayonne	1.045	1.056
BASSE NORMANDIE	14 CALVADOS	Caen	1.051	1.047
BRETAGNE	56 MORBIHAN	Lorient	1.020	1.017
CHAMPAGNE	10 AUBE	Troyes	1.053	1.055
FRANCHE COMTE	25 DOUBS	Montbéliard	1.000	1.032
FRANCHE COMTE	25 DOUBS	Besançon	1.000	1.038
LANGUEDOC ROUSSILLON	30 GARD	Nîmes	1.022	1.022
LANGUEDOC ROUSSILLON	66 PYRENEES ORIENTALES	Perpignan	1.058	1.033
LIMOUSIN	87 HAUTE VIENNE	Limoges	1.014	1.061
LORRAINE	57 MOSELLE	Thionville	1.055	1.025

Region	Department	Town/city	Apartment Index 2010-2011	House Index 2010-2011
NORD	59 NORD	Dunkerque	1.035	1.026
NORD	62 PAS DE CALAIS	Calais	1.018	1.013
PAYS DE LOIRE	44 LOIRE ATLANTIQUE	Saint-Nazaire	1.032	1.019
PAYS DE LOIRE	72 SARTHE	Le Mans	1.043	1.019
PICARDIE	80 SOMME	Amiens	1.036	1.032
POITOU CHARENTES	16 CHARENTE	Angoulême	1.000	1.000
POITOU CHARENTES	17 CHARENTE MARITIME	La Rochelle	1.050	1.056
POITOU CHARENTES	86 VIENNE	Poitiers	1.013	1.029
RHONE ALPES	26 DROME	Valence	1.049	1.051
RHONE ALPES	73 SAVOIE	Chambéry	0.991	1.008
RHONE ALPES	74 HAUTE SAVOIE	Genève- Annemasse	1.056	1.026
RHONE ALPES	74 HAUTE SAVOIE	Annecy	1.038	1.026
<b>Average</b>			<b>1.031</b>	<b>1.032</b>

Towns and cities with between 50,000 to 99,999 inhabitants

Region	Department	Town/city	Apartment Index 2010-2011	House Index 2010-2011
ALSACE	67 BAS RHIN	Haguenau	1.026	1.038
ALSACE	68 HAUT RHIN	Colmar	1.025	1.023
AQUITAINE	24 DORDOGNE	Périgueux	1.014	1.048
AQUITAINE	24 DORDOGNE	Bergerac	1.000	1.045
AQUITAINE	33 GIRONDE	Arcachon	1.076	1.059
AQUITAINE	47 LOT ET GARONNE	Agen	1.000	1.000
AUVERGNE	3 ALLIER	Montluçon	1.033	1.038
AUVERGNE	3 ALLIER	Vichy	1.014	1.047
BASSE NORMANDIE	50 MANCHE	Cherbourg	1.021	1.033

Region	Department	Town/city	Apartment Index 2010-2011	House Index 2010-2011
BOURGOGNE	58 NIEVRE	Nevers	0.986	1.000
BOURGOGNE	71 SAONE ET LOIRE	Chalon-sur-Saône	1.036	1.034
BRETAGNE	22 COTES D'ARMOR	Saint-Brieuc	1.010	1.022
BRETAGNE	29 FINISTERE	Quimper	1.017	1.021
BRETAGNE	35 ILLE ET VILAINE	Saint-Malo	1.047	1.035
BRETAGNE	56 MORBIHAN	Vannes	1.031	1.020
CENTRE	18 CHER	Bourges	1.013	1.031
CENTRE	28 EURE ET LOIR	Chartres	1.000	1.000
CENTRE	36 INDRE	Châteauroux	1.000	1.000
CENTRE	41 LOIR ET CHER	Blois	1.008	1.014
CENTRE	45 LOIRET	Montargis	1.000	1.000
CHAMPAGNE	8 ARDENNES	Charleville-Mézières	1.011	0.993
CHAMPAGNE	51 MARNE	Châlons-en-Champagne	1.028	1.015
FRANCHE COMTE	90 TERRITOIRE DE BELFORT	Belfort	1.028	1.044
HAUTE NORMANDIE	27 EURE	Évreux	1.024	1.021
HAUTE NORMANDIE	76 SEINE MARITIME	Elbeuf	1.028	1.029
LANGUEDOC ROUSSILLON	30 GARD	Alès	1,046	1,027
LANGUEDOC ROUSSILLON	34 HERAULT	Sète	1,013	1,010
LANGUEDOC ROUSSILLON	34 HERAULT	Béziers	1,049	1,011
LIMOUSIN	19 CORREZE	Brive-la-Gaillarde	1,013	1,000
LORRAINE	57 MOSELLE	Forbach	1,000	0,983
LORRAINE	88 VOSGES	Épinal	1.018	1.031
MIDI PYRENEES	65 HAUTES PYRENEES	Tarbes	0.990	0.990
MIDI PYRENEES	81 TARN	Castres	1.000	1.020
MIDI PYRENEES	81 TARN	Albi	1.000	1.021

Region	Department	Town/city	Apartment Index 2010-2011	House Index 2010-2011
MIDI PYRENEES	82 TARN ET GARONNE	Montauban	1.010	0.988
NORD	59 NORD	Maubeuge	1.013	1.028
NORD	59 NORD	Armentières	1.017	1.031
NORD	62 PAS DE CALAIS	Arras	1.031	1.036
NORD	62 PAS DE CALAIS	Saint-Omer	1.039	1.028
NORD	62 PAS DE CALAIS	Boulogne-sur-Mer	1.023	1.014
PACA	6 ALPES MARITIMES	Menton-Monaco	1.053	1.043
PACA	13 BOUCHES DU RHONE	Arles	0.993	0.990
PACA	13 BOUCHES DU RHONE	Salon-de-Provence	1.031	1.036
PACA	83 VAR	Fréjus	1.039	1.050
PAYS DE LOIRE	49 MAINE ET LOIRE	Cholet	1.014	1.020
PAYS DE LOIRE	53 MAYENNE	Laval	1.045	1.000
PICARDIE	2 AISNE	Saint-Quentin	1.031	1.024
PICARDIE	60 OISE	Beauvais	0.979	0.987
PICARDIE	60 OISE	Creil	1.012	1.000
PICARDIE	60 OISE	Compiègne	0.990	0.981
POITOU CHARENTES	79 DEUX SEVRES	Niort	1.028	1.055
RHONE ALPES	1 AIN	Bourg-en-Bresse	1.015	1.029
RHONE ALPES	26 DROME	Romans-sur-Isère	1.029	1.028
RHONE ALPES	42 LOIRE	Roanne	1.030	1.037
RHONE ALPES	42 LOIRE	Saint-Chamond	1.042	1.025
RHONE ALPES	69 RHONE	Villefranche-sur- Saône	1.056	1.059
RHONE ALPES	74 HAUTE SAVOIE	Thonon-les-Bains	1.036	1.007
RHONE ALPES	74 HAUTE SAVOIE	Cluses	0.988	0.991
Average			<b>1.020</b>	<b>1.021</b>



Non-Urban:

<b>REGION</b>	<b>House Index 2010-2011</b>
ALSACE	1.033
AQUITAINE	1.000
AUVERGNE	1.048
BASSE NORMANDIE	1.014
BOURGOGNE	1.000
BRETAGNE	1.029
CENTRE	1.000
CHAMPAGNE	1.000
FRANCHE COMTE	1.036
HAUTE NORMANDIE	1.034
LANGUEDOC ROUSSILLON	1.031
LIMOUSIN	1.027
LORRAINE	0.983
MIDI PYRENEES	1.036
NORD	1.032
PACA	1.022
PAYS DE LOIRE	1.042
PICARDIE	1.014
POITOU CHARENTES	1.000
RHONE ALPES	1.063
<b>Average</b>	<b>1.022</b>

Paris and Île de France:

Region	Departement	Apartment Index 2010-2011	House Index 2010-2011
Île de France	91 ESSONNE	1.0621	1.054
	92 HAUTS DE SEINE	1.1349	1.1395
	75 PARIS	1.1908	
	77 SEINE ET MARNE	1.0458	1.0408
	93 SEINE ST DENIS	1.1044	1.0910
	94 VAL DE MARNE	1.1173	1.0974
	95 VAL D'OISE	1.0688	1.0731
	78 YVELINES	1.0908	1.072
<b>Average</b>		<b>1.1019</b>	<b>1.0811</b>

## STRINGENT RISK MANAGEMENT RULES AND COMMITMENTS TO THE MARKET

### A. Overcollateralisation

Overcollateralisation, defined by law (Article L. 515-20 of the Code) requires that total société de crédit foncier eligible assets are always at least 102% of the total amount of liabilities secured with a privileged claim. One of the Specific Controller's duties is to monitor compliance with this overcollateralisation rule.

When calculating overcollateralisation, as stated in CRBF Regulation No. 99-10 as amended, assets must be weighted in accordance with their quality.

According to this rule, for 2011, assets are weighted as follows:

- 0%, 50%, 80%, 100% for guaranteed loans and debt securitisation fund units depending on their rating;
- 100% for sure and liquid securities, loans backed by a prime mortgage or equivalent guarantee, exposures on public entities, transactions reducing assets, and other eligible assets;
- 50% for real-estate assets acquired under foreclosure proceedings;

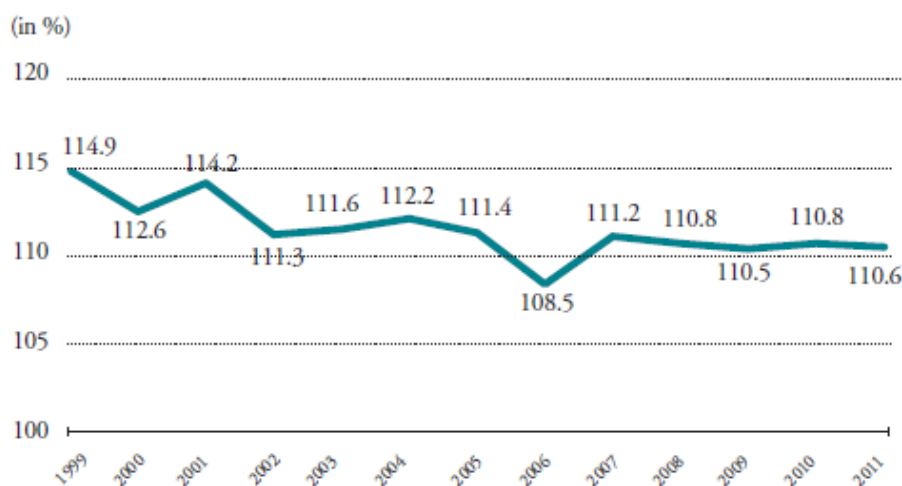
Rating agencies, depending on their own methodologies, calculate an overcollateralisation level needed to get AAA/Aaa/AAA.

Compagnie de Financement Foncier permanently manages its operations to respect at any time its legal ratio and the overcollateralisation levels defined by the rating agencies.

With €1.8 billion in capital, €4.0 billion in subordinated debt and €8.8 billion in unsecured debt, regulatory overcollateralisation is well above the legal minimum of 102%.

Since the company's formation in 1999, this regulatory ratio has always been above 108%. On 31 December 2011 it was 110.6%.

### Overcollateralisation since 1999



### *Additional commitment of Compagnie de Financement Foncier*

Since 2009, Compagnie de Financement Foncier has, moreover, made a commitment to investors to maintain, at all times, its ratio of non-preferential resources to preferential resources above 5%. As of 31 December 2011, the ratio amounted 13.8% (excluding BCE refinancing and repurchase agreements).

### ***A particularly high and sustainable overcollateralisation ratio specific to Compagnie de Financement Foncier***

This level of overcollateralisation corresponds to the minimum legal requirement. As of 31 December 2011, the Compagnie de Financement Foncier's regulatory overcollateralisation ratio was 110.6% (110.8% as of 31 December 2010), far above the required legal minimum (102%).

But Compagnie de Financement Foncier has gone further than this to cover its risks and has chosen to maintain a volume of non-privileged liabilities at least equal to 5% of the liabilities that benefit from the privilege.

This level of non-preferential resources protects investors in the Company's privileged debt, such as the holders of *obligations foncières*.

As part of its internal rules, two levels of minimum overcollateralisation requirement, which of asset quality and interest rate risk, are regularly calculated. Compagnie de Financement Foncier's overcollateralisation ratio is calculated to cover the credit risk on its assets, while the second ensures that the overall interest rate risk on its balance sheet is covered.

The sum of these two ratios must of course meet Compagnie de Financement Foncier minimum overcollateralisation commitment of 5%. Compagnie de Financement Foncier's overcollateralisation ratio at 31 December 2011 is 110.6%.

Overcollateralisation – which in Compagnie de Financement Foncier's case consists of equity and long-term subordinated and unsecured resources – must enable a *société de crédit foncier* to withstand stress test scenarii on credit, interest rate and liquidity risk.

If some or all of these risk scenarii are realised, this high level of overcollateralization will enable the Company to maintain payments on its *obligations foncières*.

### ***Overcollateralisation of credit risk***

Compagnie de Financement Foncier's loan portfolio is divided into six sub-categories, by type of borrower, type of property being financed and type of collateral provided. Each sub category has its own overcollateralisation ratio.

The following overcollateralisation ratios are currently applied:

<b>Asset class</b>	<b>Minimum overcollateralisation ratio</b>
Subsidised sector	3%
PAS + PTZ	2.5%
Residential / Social access	3%
Residential / Rentals	25%
Public sector	3%
Low-cost housing	4.5%

### ***Overcollateralisation of interest rate risk***

The overcollateralisation required to cover Compagnie de Financement Foncier's overall interest rate risk depends on the size of its balance sheet and on its estimated future earnings. It is 0.5% of Compagnie de Financement Foncier's assets, minus the net present value of estimated earnings over the next 10 years.

To ensure a high security level, several net present values are calculated in a run-off scenario without new lending and by combining the following assumptions:

- three advance repayment assumptions: no advance repayment, likely advance repayment rate and a stressed advance repayment rate that is three times greater than the likely rate;
- three market interest rate assumptions: benchmark yield curve, stressed cash flow assuming unfavourable borrowing and lending conditions at EONIA +1% and EONIA -0.5% respectively, and a 200 bp upward shift in the yield curve.

The lowest net present value among the nine calculated is used to determine the overcollateralisation ratio.

### ***Continuous monitoring of overcollateralisation***

To ensure that compliance with the overcollateralisation requirement is maintained at all times, it is monitored on an on-going basis.

If the overcollateralisation quarterly observed turns out to be less than one of the specified minimum levels, all asset purchases are immediately suspended and non-privileged resources are used to increase overcollateralisation above the minimum required amount.

## **B. Financed LTV for residential mortgage loans**

### ***Principle of financed LTV for residential mortgage loans***

The loan-to-value ratio on residential mortgage loans (€36.21 billion at end-2011) is the ratio of the outstanding principal over the value of the underlying real estate. Collateral is revalued annually to monitor compliance with this ratio.

The regulatory annual valuation of underlying assets is based on a prudent assessment of the property's long-term characteristics, local market conditions, the current use of the property and other possible uses. All of this information is provided by Foncier Expertise, Crédit Foncier's wholly-owned, Veritas-certified subsidiary. Their experts, who are either certified by a court or qualified as chartered surveyors (MRICS<sup>1</sup>), conducted nearly 10,000 appraisals in 2011. The Specific Controller monitors these appraisals each year to verify compliance with the real-estate market parameters used in the valuation process, as described in the risk report section of the Registration Document.

On the basis of these rules, at 31 December 2011, the company's LTV ratio on its mortgage portfolio was relatively stable at 61.6% (vs. 62.3% at 31 December 2010).

## **C. Credit risk**

### ***Asset purchasing criteria by category***

Although regulations require that a société de credit Foncier invest only in high quality assets, to limit its exposure to credit risk, Compagnie de Financement Foncier implements additional asset purchasing criteria that include purchasing scores and minimum credit ratings. Compagnie de Financement Foncier will not, for example, buy commercial real estate assets and corporate mortgage loans without complementary guarantees.

Compagnie de Financement Foncier selects the assets that it wishes to acquire based on their rating, probability of default, score at origination, expected loss and any hedging of assets, as well as yield curves. The assets that meet the Compagnie de Financement Foncier's criteria are then purchased at a price determined by the previous study.

<sup>1</sup> MRICS: Members accredited par la Royal Institution of Chartered Surveyors (RICS). The RICS is a professional organisation in whose the mission is to regulate and promote the real estate profession.

Furthermore, Compagnie de Financement Foncier replacement securities have the very good external credit ratings. The minimum acceptable credit rating for each asset (except for intragroup assets) depends on the investment horizon and must meet the minimum rating criteria of each of the three main agencies, as shown below:

	Standard & Poor's	Moody's	Fitch Ratings
From 0 to 1 month	ST A-1; LT A	ST P1	ST F1
From 1 to 12 months	ST A-1; LT A	ST P1	ST F1+
More than 1 year	LT AAA	LT Aaa	LT AAA

### ***Limiting counterparty risk***

Crédit Foncier Group's risk policy specifies per-counterparty limits and Compagnie de Financement Foncier observes these limits in its decision process.

For its hedging transactions and repurchasing agreements the Company executes a framework agreement with each of its counterparties, with asymmetrical collateralization and other specific terms set forth in an appendix to this agreement.

The counterparty agrees to pay Compagnie de Financement Foncier on a daily or weekly basis depending on the counterparty's rating a security deposit equal to its net debt position, with no compensation for this.

## **D. Management of balance sheet risks**

### ***Management of interest rate risk***

Compagnie de Financement Foncier is committed to keeping its interest rate gaps within the specific limits set for each period and to correct any excess observed by the following quarter:

Liquidity gap observation period	Maximum liquidity gap limit as a % of projected budget
Less than 2 years	2%
2 - 5 years	3%
5 - 10 years	5%
More than 10 years	10%

### ***Covering liquidity risk***

Beyond the legislative constraints requiring that *sociétés de crédit foncier* ensure that, at all times, all of their cash flow requirements are hedged for a period of 180 days, Compagnie de Financement Foncier has its own additional strict management rules. These guarantees that, it always maintains enough liquidity to honour its privileged liability commitments with no need for new resources for one year, with no need for new resources in a run-off scenario (i.e. with no new activity).

Thus, the Company's cash position is sufficient at any given time to meet the contractual payments on its privileged debt over the coming twelve months.

With the volume of Compagnie de Financement Foncier's assets eligible for the liquidity facility of the European Central Bank (€27 billion), it could service its payments and build up its liquidity for much longer than the 12 months to which it is committed.

Long aware of the importance of maintaining liquidity, as early as 1995 the Crédit Foncier Group implemented a rigorous policy for managing its liquid assets through disposals of loan portfolios to the public sector, and then, in 2011, by the use of other refinancing channels. The high quality of Compagnie de Financement Foncier's assets, and in particular of its eligible securities and receivables, give it immediate access to funding from central banks, such as the ECB for important amounts.

Compagnie de Financement Foncier also limits the duration gap between its assets and its overall liabilities to two years at most. At 31 December 2011, the duration gap was insignificant (asset duration being 6.2 years and liabilities duration being 6.4 years).

### ***No currency risk***

Compagnie de Financement Foncier prohibits any open foreign exchange positions. As such, all asset purchase or refinancing transactions that are not denominated in euros are systematically hedged against currency risk.

In practice, Compagnie de Financement Foncier limits its residual currency positions to 0.1% of its balance sheet.

## **RELATIONSHIP BETWEEN COMPAGNIE DE FINANCEMENT FONCIER AND CRÉDIT FONCIER DE FRANCE**

As stipulated by law, Compagnie de Financement Foncier draws on the technical and human resources of its parent company under agreements binding the two companies. These agreements, which are regulated as defined by Article L. 225-38 of the French *Code de commerce*, cover all of the Compagnie de Financement Foncier's activities.

The general principles applied in preparing these agreements are described below.

The texts as drafted take into account the special nature of the relationship between Crédit Foncier de France and its subsidiary Compagnie de Financement Foncier.

Twenty-two agreements have been entered into by Crédit Foncier de France and Compagnie de Financement Foncier, namely:

- a framework agreement, setting forth the general principles;
- an agreement for loan assignments;
- an agreement for loan servicing and recovery;
- an agreement governing financial services;
- an asset/liability management (ALM) agreement;
- an administrative and accounting management agreement;
- a service agreement on internal control and compliance;
- an agreement related to the implementation of information technology services;
- an agreement concerning human resources;
- an agreement concerning compensation for services;
- an agreement related to settlement bank services;
- an guarantee agreement for adjustable-rate loans;
- a guarantee and compensation agreement;
- an agreement regarding the disbursing agent;
- an agreement relating to management and collection of loans subsidised by the French State;
- an agreement regarding deeply subordinated notes (transformation of participation loans);
- an agreement related to redeemable subordinated notes;
- an agreement relating to the assignment of mortgage ranking/priority;
- an agreement relating to the fiscal integration between Crédit Foncier, Compagnie de Financement Foncier and BPCE;
- renewal of the agreement for introductory source (between BPCE, Caisse d'Épargne and Crédit Foncier);
- an agreement on assignment of receivables on French local authorities;
- an agreement on assignment of receivables bonds (Greece on 29 June and on 29 December 2011; Portugal on 30 September 2011).

With the exception of Directors and Officers, Compagnie de Financement Foncier does not directly employ any salaried personnel.



### **Information on the Crédit Foncier Group, to which Compagnie de Financement Foncier belongs**

The principal business of Crédit Foncier de France is to grant mortgage loans to individuals and real estate professionals, grant loans to local authorities, provide structured financing and to issue bonds to finance these loans.

From its creation in 1852 and until 1999, Crédit Foncier de France held the special status as a *société de crédit foncier*.

A key player in the specialised real estate financing market responsible for distributing French state subsidised loans, following the real estate crisis in the 1990's and the government's elimination of subsidised loans, in 1999 Crédit Foncier joined the private sector after its 90% acquisition by the Groupe Caisses d'Épargne.

In the context of legislation governing this acquisition, the Parliament created a specific new status for property lending companies. The Compagnie de Financement Foncier was then formed and authorised as a *société de crédit foncier* by the *Comité des Etablissements de Crédit et des Entreprises d'Investissements* ("CECEI"). Crédit Foncier de France transferred all its property commitments and pledged assets to the CECEI pursuant to Article 110 of law 99-532 of 25 June 1999.

After having been affiliated with the Groupe Caisse d'Épargne between 1999 and 2009, Crédit Foncier became affiliated in 2009 with Groupe BPCE, which resulted from the merger of Groupe Caisse d'Épargne and Groupe Banque Populaire. Since August 5, 2010, Crédit Foncier has been fully owned by the central body BPCE.

The continuous expansion of its activities led Crédit Foncier to become a major player in real estate and the French local public sector.

### **Key events of Crédit Foncier Group**

The year 2010 was marked by the following events:

A dynamic year serving the community;

- in March 2010, Crédit Foncier published its 2009 annual report, indicating a net result of €220M; a high level of activity equal to Crédit Foncier's ambitions.
- Crédit Foncier launches in June 2010 the *École Nationale du Financement de l'Immobilier* (National School of housing Financing), the only school company dedicated to housing-financing. Thanks to the partnerships with Paris-Dauphine University and the CFPB (Training center for banking professions). It offers trainings "*à la carte*" and delivers diplomas.

A completed governance

- Crédit Foncier announced on 11 March 2010 the creation of a Committee of Executive office, reflection group and authority of decision and control, in charge of enlarging the scope of the strategic reflections. It consists of eight members.
- Christophe Pinault is nominated as Deputy Chief Executive Officer, in charge of the Business Development and becomes a legal representative on 26 April 2010.

The continuation of the reorganisation of shareholding;

- On 5 August 2010, after the merger-takeover of the holding companies BP Participations and CE Participations with BPCE, the entirety of the capital of Crédit Foncier now belongs to BPCE.
- Crédit Foncier and Ad Valorem create in November 2010 Crédit Foncier Immobilier, a service provider and real estate advisor platform for private individuals, owners and corporate. Stéphane Imowicz, CEO of Ad Valorem, is designated for being at the head of this new organization.

- Crédit Foncier sells to Crédit Mutuel Arkéa 68.30% of the shares that it held in CFCAL-Banque (Crédit Foncier et Communal d'Alsace et de Lorraine – Banque) in December 2010.

Refinancing: a very acclaimed welcome by investors for Compagnie de Financement Foncier's issues, thanks to its high credit quality.

- 3 USD benchmark issues in the 144A RegS format, allowing foreign investors to have access to the US domestic market.
  - a 3-year issue in April for a principal amount of \$2bn (standalone Issue).
  - a 3-year issue in July for a principal amount of \$1.8bn and a 5-year Issue of \$1bn in September (in the USMTS programme framework).
- 4 EUR benchmark issues along the year.
  - 3-year issue in January for a principal amount of €2bn.
  - 5-year issue in April for a principal amount for €1bn.
  - 15-year issue in June for a principal amount of €600m.
  - 10-year issue in November for a principal amount of €1bn.
- Compagnie de Financement Foncier was awarded Best Issuer of the year 2010 by a jury composed of professionals of finance. The prize was given by Euroweek.

The year 2011 was marked by the following events, which are broken down by theme:

- a major commitment to civil society and its customers:
  - September 2011 the ENFI congratulates its first graduates: 19 graduates in "Personal Real Estate Financing";
  - January 2011: 21 students graduate from ENFI with a «Crédit Foncier-Dauphine Executive Master's in Real Estate Financing».
- expert positioning in real estate markets and their financing:
  - 17 January 2011: signature of the first interest-free loans (PTZ+) financed by Crédit Foncier;
  - 23 March 2011: real estate market report and outlook: Crédit Foncier presented its annual *Regards Croisés* study to 500 partners;
  - May-June 2011: 50 key Crédit Foncier employees met 500 local decision-makers to discuss housing problems, provide specific indicators on their regions and offer tailored solutions.
- renowned service quality:
  - Foncier Home won the Jury's first prize at the Top Com 2011 awards during the congress held in Paris from 3-6 October.
- group operations:
  - 2 March 2011: 2010 Annual results released;
  - 4 July 2011: Bruno Deletré is appointed Chief Executive Officer of Crédit Foncier by the Board of Directors at its meeting of 28 June 2011;
  - 21 November 2011: Adoption of the Company's new strategic plan by the Board of Directors;
  - 14 December 2011: €1.5 billion capital increase.
- BPCE intra-group synergies:
  - October-December 2011: Development of synergies with the Banque Populaire banks and the Caisses d'Épargne.

- refinancing:
  - Compagnie de Financement Foncier, a wholly-owned subsidiary of Crédit Foncier, launched three benchmark issues of *obligations foncières* in 2011:
    - 14 January 2011: €1 billion with a five-year maturity;
    - 8 March 2011: \$1.5 billion with a three-year maturity;
    - 15 April 2011: €1 billion with a ten-year maturity.
    - 18 April 2011: Crédit Foncier took part in the 12th Paris-Europlace forum in New York.
    - 6 June 2011: during the Euromoney conference in London, Crédit Foncier took part in a round table on «access to liquidity for domestic/regional format issuers».
    - 28 November 2011: Crédit Foncier ran a workshop entitled «*Obligations foncières*: The French Business Model of Covered Bonds: Security, Transparency and Stability» at the 15th Paris-Europlace forum in Tokyo.
- capital increase:

The Crédit Foncier de France extraordinary general meeting of the shareholders dated 13 December 2011 decided to proceed to a capital increase of Euros 1,499,999,995 raising the Crédit Foncier de France capital from Euros 903,917,969.50 to Euros 2,403,917,964.50.

This capital increase restricted to BPCE (which holds 100% of Crédit Foncier de France share capital), has been fully paid-up as at 14 December 2011 as follows : Euros 969,999,998.50 offset against shareholder advances, and Euros 529,999,996.50 paid in cash. It responds to a supplementary need for regulatory capital especially subsequent to an investment depreciation provision requested due to sovereign risk and downgrade of specific securitisation transactions, and an above regulatory capital levels increase meant to face the long lasting financial crisis situation.

The first half of 2012 was marked by the following event:

The Crédit Foncier de France extraordinary general meeting of the shareholders dated 10 May 2012, in order to consider the loss for the year ended 31 December 2011, decided to proceed to a capital reduction of Euros 1,072,517,245.70 from Euros 2,403,917,964.50 to Euros 1,331,400,718.80 by reduction of the shares nominal value from 6.50 Euros to 3.60 Euros.

As at 10 May 2012, Crédit Foncier de France's subscribed capital amounts to Euros 1,331,400,718.80 divided into 369,833,533 shares fully paid-up each with a nominal value of Euros 3.60.

### **Specialised subsidiary within a large group**

As a *société de crédit foncier*, Compagnie de Financement Foncier enables Crédit Foncier to obtain particularly advantageous financing conditions (AAA/Aaa/AAA) and top-notch financial engineering. Crédit Foncier is now positioned within Groupe BPCE as a specialised real estate lending entity.

## RECENT DEVELOPMENTS

### Indebtedness

Compagnie de Financement Foncier has issued between 1 January 2012 and 31 May 2012 *Obligations Foncières* for an amount of Euro 5,786,841,921.81 equivalent, measured in accordance with French GAAP.

### Financial information as at 31 March 2012 and as at 31 March 2011

The following quarterly financial information is un-audited and has not been reviewed.

For the avoidance of doubt, the financial information as at 31 March 2012 and as at 31 March 2011<sup>1</sup> is reproduced in its entirety in the table below.

In thousands of euros

Assets	31 March 2012	31 March 2011
Cash due from central banks and post office accounts .....	8,710	18,894
Treasury notes and similar securities .....	–	–
Due from banks .....	23,425,902	16,331,772
Customers loans .....	40,279,425	37,888,903
Bonds and other fixed income securities .....	40,448,526	45,522,980
Shares and other variable income securities .....	–	–
Other long term securities .....	–	–
Equity in subsidiary companies .....	–	–
Intangible fixed assets .....	–	–
Tangible fixed assets .....	–	–
Unpaid subscribed capital stock .....	–	–
Equity .....	–	–
Other assets .....	71,230	86,865
Prepayments deferred charges and accrued income .....	2,536,805	2,541,737
<b>Total Assets</b>	<b>106,770,598</b>	<b>102,391,151</b>

<sup>1</sup> Free translation of the French BALO (Bulletin des Annonces Légales Obligatoires) published on 08/06/2012 and on 10/06/2011, respectively under number 1203698 and number 1103514.

In thousands of euros

Liabilities and Equity	31 March 2012	31 March 2011
Cash due to central banks and post office accounts .....	–	–
Due to banks .....	5,634,392	4,470,509
Customer deposits .....	8,998	412
Debt securities .....	89,853,507	88,475,404
Other liabilities .....	3,551,609	1,463,915
Accruals and deferred income(*) .....	2,420,123	2,880,261
Provisions for liabilities and charges .....	7,757	7,792
Subordinated debt .....	3,460,019	3,460,729
Fund for general banking risks .....	20,000	20,000
Equity other than fund for general banking risks	1,814,193	1,612,129
Subscribed capital stock .....	1,187,460	1,008,000
Share premiums .....	343,002	302,462
Reserves .....	89,963	82,802
Revaluation variation .....	–	–
Regulated provisions and investment subsidies .....	–	–
Retained earnings .....	85,704	75,654
Net income for the year (provisional) .....	108,064	143,211
<b>Total Liabilities and Equity</b>	<b>106,770,598</b>	<b>102,391,151</b>

(\*)

- Of which un-audited net income for the first quarterly borrowing 2012 of 20,345 Euro K
- Of which unaudited net income for the first quarterly borrowing 2011 of 47,140 Euro K

In thousands of euros

Off-Balance Sheet	31 March 2012	31 March 2011
Commitments given :		
<i>Financing commitments</i> .....		
- Commitments in favour of banks	–	300,000
- Commitments in favour of customers	3,018,131	2,669,440
<i>Guarantee commitments</i> .....		
- Commitments from banks	–	–
- Commitments from customers	–	–
<i>Securities commitments</i> .....		
- Other commitments given	170,000	73,833
<i>Commitments given for Insurance activities</i> .....	–	–
Commitments received :		
<i>Financing commitments</i> .....		
- Commitments received from banks.....	4,064,966	4,160,611
<i>Guarantee commitments</i> .....		
- Commitments received from banks.....	6,444,580	7,679,462
<i>Securities commitments</i> .....		
- Other commitments received.....	20,000	907,000
<i>Commitments received from Insurance activities</i> .....	–	–

**Changes in the composition of the Board of Directors (*Conseil d'administration*) of the Issuer since 31 December 2011**

On 28 March 2012, the Board of Directors of the Issuer decided to appoint Mr Eric FILLIAT as member of the Board of Directors to replace Mr Nicolas DARBO, following the latter's resignation.

## TAXATION

### EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

*The following is a summary limited to certain tax considerations applicable under the laws of the European Union relating to the Notes that may be issued under the Programme. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.*

On 3 June 2003, the European Council of Economic and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income (the “**Directive**”). Pursuant to the Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Directive (interests, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the “**Disclosure of Information Method**”).

For these purposes, the term “paying agent” is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax is 35 per cent. until the end of the transitional period.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the “**OECD Model Agreement**”) with respect to interest payments within the meaning of the Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

On 13 November 2008, the European Commission published a detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of these proposed changes are made in relation to the Savings Directive they may amend or broaden the scope of the requirements described above.

### LUXEMBOURG - TAXATION

*The following is a summary limited to certain tax considerations in Luxembourg relating to the Notes that may be issued under the Programme and specifically contains information on taxes on the income from the securities withheld at source. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.*

## **Withholding tax**

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Noteholders and to certain residual entities (as described below) there is no Luxembourg withholding tax on payments of interest, including accrued but unpaid interest. There is also no Luxembourg withholding tax, with the possible exception of payments made to individual Noteholders, and to certain residual entities (as described below) upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

## **Individuals**

### *Luxembourg non-residents*

Under the Luxembourg laws dated 21 June 2005 implementing the Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (“EU”), a Luxembourg based paying agent (within the meaning of the Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain so-called “residual entities” within the meaning of Article 4.2 of the Directive (*i.e.* an entity established in a Member State or in certain EU dependent or associated territories without legal personality (the Finnish and Swedish companies listed in Article 4.5 of the Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognised in accordance with Council Directive 85/611/EEC).

The withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

### *Luxembourg residents*

A 10 per cent. withholding tax is levied on interest payments made by Luxembourg paying agents (defined in the same way as in the Directive) to Luxembourg individual residents or to certain residual entities (as described below) that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EC or for the exchange of information regime).

Only interest accrued after 1 July 2005 falls within the scope of the withholding tax. Interest income from current and sight accounts (*comptes courants et à vue*) provided that the remuneration on these accounts is not higher than 0.75% are exempt from the withholding tax. Furthermore, interest which is accrued once a year on savings accounts (short and long term) and which does not exceed €250 per person and per paying agent is exempt from the withholding tax.

This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers.

## **Corporations**

There is no Luxembourg withholding tax for Luxembourg resident and non-resident corporations holders of the Notes on payments of interest (including accrued but unpaid interest).



## FRANCE – TAXATION

*The following is a summary limited to certain tax considerations in France relating to the Notes that may be issued under the Programme. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.*

The Savings Directive was implemented into French law under Article 242 *ter* of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

### Notes issued as from 1 March 2010

Following the introduction of the French *loi de finances rectificative pour 2009 no. 3* (n° 2009-1674 dated 30 December 2009) (the “**Law**”), payments of interest and other revenues made by the Issuer with respect to Notes issued on or after 1 March 2010 (other than Notes (described below) which are assimilated (*assimilables*) with Notes issued prior to 1 March 2010 having the benefit of Article 131 *quater* of the French *Code général des impôts*) will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a “**Non-Cooperative State**”). If such payments under the Notes are made in a Non-Cooperative State, a 50 % withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*. The French tax authorities indicated in a ruling (*rescrit*) no. 2010/11 (FP and FE) dated 22 February 2010 (the “**Ruling**”) that, in this context, the relevant payment is that made by a French paying entity (*établissement payeur*) within the meaning of Article 75 of Schedule II to the French *Code général des impôts* (the last French paying entity in case of a chain of payments) to an account opened in the books of an establishment located in a Non-Cooperative State (irrespective of the domicile, registered seat or place of establishment of the beneficiary).

Furthermore, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French *Code général des impôts*, at a rate of 30% or 55%.

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax nor the non-deductibility will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes were not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”). Pursuant to the Ruling, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

(i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer other than in a Non-cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a French or foreign regulated market or multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(iii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

**Notes issued before 1 March 2010 and Notes which are assimilated (*assimilables*) with Notes issued before 1 March 2010**

Payments of interest and other revenues with respect to (i) Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French *Code général des impôts*, before 1 March 2010 and (ii) Notes which are assimilated (*assimilables*) with such Notes, will continue to be exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*.

Notes issued before 1 March 2010, whether denominated in Euro or in any other currency, and constituting *obligations* under French law, or *titres de créances négociables* within the meaning of rulings (*rescrits*) 2007/59 (FP) and 2009/23 (FP) dated 8 January 2008 and 7 April 2009, respectively, or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France for the purpose of Article 131 *quater* of the French *Code général des impôts*, in accordance with Circular 5 I-11-98 dated 30 September 1998 and the aforementioned rulings (*rescrits*) 2007/59 (FP) and 2009/23 (FP).

In addition, interest and other revenues paid by the Issuer on Notes issued before 1 March 2010 (or Notes issued after 1 March 2010 and which are to be assimilated (*assimilables*) with such Notes) will not be subject to the withholding tax set out in Article 119 *bis* of the French *Code général des impôts* solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

## SUBSCRIPTION AND SALE

Subject to the terms and the conditions contained in an amended and restated dealer agreement dated 26 June 2012 (the “**Amended and Restated Dealer Agreement**”) between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Amended and Restated Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes having a Specified Denomination of less than Euro 50,000 and, following the implementation of the 2010 PD Amending Directive, Euro 100,000 will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Amended and Restated Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### **Selling Restrictions**

#### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such final terms and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive ;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

#### **France**

Each Dealer has represented and agreed that:

##### **(a) Offer to the public in France**

it has only made and will only make an offer of Notes to the public in France (i) on or after the date of publication of the prospectus relating to those Notes approved by the *Autorité des marchés financiers* (“**AMF**”) or (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of the approval of the Base Prospectus; or

##### **(b) Private Placement in France**

it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

If necessary these selling restrictions will be supplemented in the relevant Final Terms.

#### **United States**

The Notes have not been and will not be registered under the U.S. Securities Act and include Materialised Notes having a maturity of more than one year that are subject to U.S tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Materialised Notes, delivered within the United States or to U.S. persons. Each Dealer has agreed that it will not offer, sell or deliver the Notes except as permitted by the Amended and Restated Dealer Agreement.

In addition, until 40 days after the commencement of the offering, an offer or sale of any identifiable Tranche of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### **United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year from the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in

acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and shall not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph I, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws, ministerial guidelines and regulations of Japan.

### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a Supplement to the Prospectus.

Unless otherwise specified in the Final Terms, no action has been taken in any jurisdiction that would permit an offer to the public of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefore.

Each of the Dealers and the Issuer has represented and agreed that Materialised Notes may only be issued outside France.

## FORM OF FINAL TERMS 1

### FORM OF FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF NOTES WITH A DENOMINATION OF LESS THAN [EURO 50,000/EURO 100,000] TO BE LISTED AND ADMITTED TO TRADING ON A REGULATED MARKET OR REGULATED MARKETS AND/OR OFFERED TO THE PUBLIC IN THE EUROPEAN ECONOMIC AREA

Final Terms dated [●]

[LOGO, if document is printed]

#### COMPAGNIE DE FINANCEMENT FONCIER

Euro 125,000,000,000

Euro Medium Term Note Programme

for the issue of *Obligations Foncières*

Due from one month from the date of original issue

SERIES NO: [●]

TRANCHE NO: [●]

[Brief Description and Amount of *Obligations Foncières*]

Issued by: COMPAGNIE DE FINANCEMENT FONCIER (the “Issuer”)

Issue Price: [●] per cent.

[Name(s) of Dealer(s)]

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) [as amended by the 2010 PD Amending Directive] (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so in:

(i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or

(ii) in those Public Offer Jurisdictions mentioned in Paragraph 37 of Part A below, provided such person is one of the persons mentioned in Paragraph 37 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances] [*Include this legend where a non-exempt offer of Notes is anticipated*].

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) [as amended by the 2010 PD Amending Directive] (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances] [*Include this legend where an exempt offer of Notes is anticipated*].

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [•] which received visa n°[•] from the *Autorité des marchés financiers* (the “**AMF**”) on [•] [and the supplement(s) to the Base Prospectus dated [•] which received visa n°[•] from the AMF on [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) [as amended by the 2010 PD Amending Directive (Directive 2010/73/EU)] (the “**Prospectus Directive**”).

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement(s) to the Base Prospectus] [is] [are] available for viewing on the website of the AMF, and copies may be obtained from Compagnie de Financement Foncier, 4, Quai de Bercy, 94224 Charenton Cedex, France.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a [Prospectus and/or an Offering Circular] with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the [Prospectus/Offering Circular] dated [original date] [approved by the Luxembourg Stock Exchange/*Commission de surveillance du secteur financier* in Luxembourg] / [which received visa n°[•] from the *Autorité des marchés financiers* (“**AMF**”) on [•]] [and the supplement(s) to the Base Prospectus] [approved by the Luxembourg Stock Exchange/*Commission de surveillance du secteur financier* in Luxembourg] / [which received visa n°[•] from the AMF on [•]] dated [•]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) [as amended by the 2010 PD Amending Directive (Directive 2010/73/EU)] (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] which received visa n°[•] from the AMF on [•] [and the supplement(s) to the Base Prospectus dated [•] which received visa n°[•] from the AMF on [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Prospectus/Offering Circular] dated [original date] [and the supplement(s) to the Base Prospectus] dated [•] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Prospectus/Offering Circular] dated [original date] and the Base Prospectus dated [current date] which received visa n°[•] from the AMF on [•] [and the supplement(s) to the Base Prospectus dated [•] which received visa n°[•] from the AMF on [•]]. The Base Prospectus/Offering Circular [and the supplement(s) to the Base Prospectus]

are available for viewing at the office of the Fiscal Agent or each of the Paying Agents and, if relevant, on the website of the AMF, and copies may be obtained from [Compagnie de Financement Foncier 4, Quai de Bercy, 94224 Charenton Cedex, France].

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information in these Final Terms consideration should be given as to whether such terms or information constitute a "significant new factor" and consequently triggers the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

1	Issuer:	Compagnie de Financement Foncier
2	(i) Series Number:	[•]
	(ii) [Tranche Number:	[•]
	<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)</i>	
3	Specified Currency or Currencies:	[•]
4	Aggregate Nominal Amount:	
	(i) Series:	[•]
	(ii) [Tranche:	[•]
5	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date],(if applicable)]
6	Specified Denominations:	[•] <i>(one denomination only for Dematerialised Notes)<sup>1</sup></i>
7	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
8	Maturity Date:	<i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>
9	Interest Basis:	[[•] per cent. Fixed Rate] [[specify reference rate] +/- [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (specify)] <i>[(further particulars specified below)]</i>

<sup>1</sup> Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and having a maturity of less than one year must have a minimum denomination of Sterling 100,000 (or its equivalent in other currencies).



- 10 Redemption/Payment Basis<sup>1</sup>: [Redemption at par]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (*specify*)]
- 11 Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- 12 Put/Call Options: [Noteholder Put]  
[Issuer Call]  
[*(further particulars specified below)*]
- 13 (i) Status of the Notes: [*Obligations Foncières*]
- (ii) Dates of the corporate authorisations for issuance of Notes obtained: Decision of the *Conseil d'administration* of Compagnie de Financement Foncier dated [•] authorising the issue of the Notes and authorising, *inter alios*, its *Président Directeur Général* and its *Directeur Général Délégué* to sign and execute all documents in relation to the issue of Notes, and decision of the *Conseil d'administration* of the Issuer dated [•] authorising the quarterly programme of borrowings which benefit from the *privilège* referred to in Article L. 515-19 of the French *Code monétaire et financier* up to and including Euro [•] billion for the [•] quarter of 200[•].
- 14 Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 15 **Fixed Rate Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Rate [(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted] (*Note that this item relates to interest period end dates and not to the date and place of payment, to which item 25 relates*)

<sup>1</sup> If the Final Redemption Amount is less than 100% of the nominal value the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- (iii) Fixed Coupon Amount [(s)]: [•] per [•] in nominal amount
- (iv) Broken Amount(s): [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate*]
- (v) Day Count Fraction (Condition 5(a)): [30/360/Actual/Actual[ICMA]/FBF/ISDA/Other] [Adjusted/Unadjusted]
- (vi) Determination Date(s) (Condition 5(a)): [•] in each year (*insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]

**16 Floating Rate Provisions**

[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

- (i) Interest Period(s): [•]
  - (ii) Specified Interest Payment Dates: [•]
  - (iii) Business Day Convention: [Following Business Day Convention/ Following Business Day Except the Following Month Convention/Preceding Business Day Convention/other (*give details*)]. (*Note that this item relates to interest period end dates and not to the date and place of payment, to which item 25 relates*)
  - (iv) Interest Period Date: [•] (*not applicable unless different from Interest Payment Date*)
  - (v) Business Centre(s) (Condition 5(a)): [•]
  - (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/FBF Determination/ISDA Determination/other (*give details*)]
  - (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [•]
  - (viii) Screen Rate Determination (Condition 5(c)(iii)(C)): [•]
- Reference Rate: [•]
- Interest Determination Date: [•] [*•*] [*TARGET*] *Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest*

*Payment Date*], subject to adjustment in accordance with [Following Business Day Convention/ Following Business Day Except the Following Month Convention/Preceding Business Day Convention/other (give details)].]

Relevant Screen Page:	[•]
(ix) FBF Determination (Condition 5(c)(iii)(A)):	
Floating Rate:	[•]
Floating Rate Determination Date ( <i>Date de Détermination du Taux Variable</i> ):	[•]
FBF Definitions: (if different from those set out in the Conditions):	[•]
(x) ISDA Determination (Condition 5(c)(iii)(B)):	
• Floating Rate Option:	[•]
• Designated Maturity:	[•]
• Reset Date:	[•]
• ISDA Definitions: (if different from those set out in the Conditions)	[•]
(xi) Margin(s):	[+/-] [•] per cent. per annum
(xii) Minimum Rate of Interest:	[Not Applicable] / [•] per cent. per annum
(xiii) Maximum Rate of Interest:	[Not Applicable] / [•] per cent. per annum
(xiv) Day Count Fraction (Condition 5(a)):	[•]
(xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•]
<b>17 Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining subparagraphs of this paragraph</i> )
(i) Amortisation Yield (Condition 6(e)):	[•] per cent. per annum
(ii) Day Count Fraction (Condition 5(a)):	[•]
(iii) Any other formula/basis of determining amount payable:	[•]
<b>18 Index Linked Interest Note/other variable-linked interest Note Provisions</b>	[Applicable/Not Applicable] ( <i>If Not Applicable, delete the remaining subparagraphs of this paragraph</i> )
(i) Index/Formula/other variable:	[Give or annex details]
(ii) Calculation Agent responsible for calculating the	

interest due:	[•]
(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[•]
(iv) Interest Period(s):	[•][•][ subject to adjustment in accordance with [Following Business Day Convention/ Following Business Day Except the Following Month Convention/Preceding Business Day Convention/other (give details)]]
(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula an/or other variable is impossible or impracticable or other wise disrupted:	[•]
(vi) Interest Determination Date(s):	[•]
(vii) Specified Interest Payment Dates:	[•]
(viii) Business Day Convention:	[Following Business Day Convention/ Following Business Day Except the Following Month Convention/Preceding Business Day Convention/other (give details)]. (Note that this item relates to interest period end dates and not to the place of payment, to which item 25 relates)
(ix) Business Centre(s) (Condition 5(a)):	[•]
(x) Minimum Rate of Interest:	[Not Applicable]/[•] per cent. per annum
(xi) Maximum Rate of Interest:	[Not Applicable]/[•] per cent. per annum
(xii) Day Count Fraction (Condition 5(a)):	[•]
<b>19 Dual Currency Note Provisions<sup>1</sup></b>	[Applicable/Not Applicable] (If Not Applicable, delete the remaining sub-paragraphs of this paragraph)
(i) Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•]

<sup>1</sup> If the Final Redemption Amount is less than 100% of the nominal value the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- (iv) Person at whose option Specified Currency(-ies) is/are payable: [•]

#### PROVISIONS RELATING TO REDEMPTION

- 20 Call Option** [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Note [of [•] Specified Denomination]
- (iii) If redeemable in part: [•]  
 Minimum Redemption Amount to be redeemed: [•]  
 Maximum Redemption Amount to be redeemed: [•]
- (iv) Notice period: [•]
- 21 Put Option** [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- Optional Redemption Date(s): [•]
- Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Note of [•] Specified Denomination
- Notice Period: [•]
- 22 Final Redemption Amount of each Note<sup>1</sup>** [[•] per Note of [[•] Specified Denomination/] Aggregate Nominal Amount/Other/See Appendix]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [*give or annex details*]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [•]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Determination Date(s): [•]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]

<sup>1</sup> If the Final Redemption Amount is less than 100% of the nominal value the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- (vi) Payment Date: [•]
- (vii) Minimum Final Redemption Amount : [•]
- (viii) Maximum Final Redemption Amount : [•]

**23 Early Redemption Amount**

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on any early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

[Not Applicable/[•]]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 24** Form of Notes: [Dematerialised Notes/ Materialised Notes] *(Materialised Notes are only in bearer form)*  
[Delete as appropriate]
- (i) Form of Dematerialised Notes: [Not Applicable/specify whether Bearer dematerialised form (*au porteur*) / Administered Registered dematerialised form (*au nominatif administré*) / Fully Registered dematerialised form (*au nominatif pur*)]
  - (ii) Registration Agent: [Not Applicable/Applicable] *if applicable give name and details* (note that a registration agent must be appointed in relation to Fully Registered Dematerialised Notes only)
  - (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [•] (the “**Exchange Date**”), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
  - (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] *(Only applicable to Materialised Notes)*
- 25** Financial Centre(s) (Condition 7(h)) or other special provisions relating to Payment Dates: [Not Applicable/Give details]. *(Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(iii) and 18(viii) relate)*
- Adjusted Payment Date (Condition 7(h)): [The next following business day unless it would thereby fall into the next calendar month, in which such event such date shall be brought forward to the immediately preceding business day.] [The immediately preceding business day]/[Other ]<sup>\*</sup>

\* In the market practice, if any date for payment in respect of Fixed Rate Notes, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day (as defined in Condition 7(h)).

- 26 Talons for future Coupons or Receipts to be attached to Definitive Materialised Notes (and dates on which such Talons mature): [Yes/No/Not Applicable. *If yes, give details*] (Only applicable to *Materialised Notes*)
- 27 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay]: [Not Applicable/*give details*]
- 28 Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
- 29 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] [annexed to this Final Terms] apply]
- 30 Consolidation provisions: [Not Applicable/The provisions [in Condition 13(b)] [annexed to this Final Terms] apply]
- 31 Representation of holders of Notes<sup>1</sup> *Masse* (Condition 10): [Applicable/Not Applicable/Condition 10 replaced by the full provisions of French *Code de commerce* relating to the *Masse*] (*Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 10 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 10 must be waived in its entirety and replaced by the provisions of French Code de commerce relating to the Masse. If Condition 10 (as it may be amended or supplemented) applies or if the full provisions of French Code de commerce apply, insert details of Representative and Alternative Representative and remuneration, if any).*)
- 32 Other final terms: [Not Applicable/*give details*] (*When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)

## DISTRIBUTION

- 33 (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of*

<sup>1</sup> The provisions of the French *Code de commerce* relating to the *Masse* of holders of Notes are applicable in full to French domestic issues of Notes. Pursuant to Article L. 228-90 of the French *Code de commerce*, the *Masse* provisions contained in the French *Code de commerce* are NOT applicable to international issues (*emprunt émis à l'étranger*); accordingly international issues may have no *Masse* provisions at all or the *Masse* provisions contained in the French *Code de commerce* may be varied along the lines of the provisions of Condition 10

*the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*

- (ii) Date of [Subscription] Agreement: [•]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
- 34 If non-syndicated, name and address of Dealer: [Not Applicable/give name]
- 35 Total commission and concession: [•] per cent. of the Aggregate Nominal Amount.
- 36 Additional selling restrictions: [Not Applicable/give details]
- 37 Non-exempt offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported] (“**Public Offer Jurisdictions**”) during the period from [specify date] until [specify date] (“**Offer Period**”). See further Paragraph 2 of Part B below.

#### **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [specify relevant regulated market] of the Notes described herein] pursuant to the Euro 125,000,000,000 Euro Medium Term Note Programme of Compagnie de Financement Foncier.

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading. ]

Signed on behalf of the Issuer:

Duly represented by:



## PART B – OTHER INFORMATION

### 1. RISK FACTORS

*[[Insert any risk factors that are material to the Notes being offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.] [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]\* ]*

### 2. LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market] with effect from [•].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market]] with effect from [•].] [Not Applicable.]  
*(Where documenting a fungible issue, need to indicate that original securities are already listed and admitted to trading.)*
- (ii) Additional publication of the Base Prospectus and Final Terms: *Condition 15 which provides that the Base Prospectus and Final Terms of Notes listed and admitted to trading on any Regulated Market will be published on the website of the AMF. Please provide for additional methods of publication in respect of a listing and admission to trading on a Regulated Market other than Euronext Paris S.A.*
- (iii) Regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading: [•]

### 3. TERMS AND CONDITIONS OF THE OFFER

Offer Price: [Issue Price][specify]

Conditions to which the offer is subject: [Not Applicable/give details]

\* Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

Description of the application process: [Not Applicable/*give details*]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/*give detail*]

Details of the minimum and/or maximum amount of application: [Not Applicable/*give details*]

Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/*give details*]

Manner in and date on which results of the offer are to be made public: [Not Applicable/*give details*]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/*give details*]

Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/*give details*]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/*give details*]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/*give details*]

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. [None/*give details*]

#### 4. RATINGS

Ratings: The Programme has been rated Aaa by Moody's Investors Service ("**Moody's**") and AAA by Standard & Poor's Ratings Services ("**S&P**").

For Moody's, Notes issued under the Programme are deemed to have the same rating as the Programme, investors are invited to check on a regular basis the rating assigned to the Programme which is publicly disclosed via Moody's rating desk or moodys.com.

The Notes issued under the Programme will be rated AAA by S&P<sup>1</sup> and by Fitch Ratings ("**Fitch**")\*\*.

<sup>1</sup> An obligation rated "AAA" has the highest rating assigned by Standard & Poor's Rating Services. The obligor capacity to meet its financial commitment on the obligation is extremely strong (source: Standard & Poor's Ratings Services). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without notice.

[[Each of] [●] and] [●] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No. 513/2011, although the result of such applications has not been determined.]

[[Each of [S&P] [Moody's] [and Fitch] is established in the European Union and registered under Regulation (EC) No 1060/2009 (the “**CRA Regulation**”) as amended by Regulation (EU) No. 513/2011. As such, each of [S&P] [Moody's] [and Fitch] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]

[[None of [●] and] [●] is [not] established in the European Union [nor has/and has not] applied for registration under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No. 513/2011.]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

## 5. [NOTIFICATION]

The *Autorité des marchés financiers* in France [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

## 6. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

["Save as discussed in [“Subscription and Sale”] so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

## 7. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer:

[●]

*(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

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\*\* “AAA” ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events (source: Fitch Ratings).

[(ii)] Estimated net proceeds:

[•]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii)] Estimated total expenses:

[•] *[Include breakdown of expenses.]*

*(If the Notes are derivative securities to which Annex 12 of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

## 8. **[Fixed Rate Notes only – YIELD**

Indication of yield:

[•]

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

## 9. **[Floating Rate Notes only - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

## 10. **[Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING \*\*\***

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident and any settlement disruption events that affect the underlying. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex 12 of the Prospectus Directive Regulation.]\* ]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]\*.

\* Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

\*\*\* For derivative securities to which Annex 12 to the Prospectus Directive Regulation applies, please complete instead paragraph 12 below relating to explanation of effect on value of investment, return on derivatives securities and information concerning the underlying.

**11. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained, the underlying on which it is based and of the method used to relate the two, a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident and any settlement disruption events that affect the underlying. Include details of rules with relation to events concerning the underlying.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

**12. [Derivatives only – EXPLANATION OF EFFECT ON VALUE OF INVESTMENT, RETURN ON DERIVATIVES SECURITIES AND INFORMATION CONCERNING THE UNDERLYING\*]**

**EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.*

**INFORMATION CONCERNING THE UNDERLYING**

- a statement setting out the type of the underlying and details of where information on the underlying can be obtained: [•]
  
- an indication where information about the past and the further performance of the underlying and its volatility can be obtained [•]
  
- where the underlying is an index: [Applicable/Not Applicable]
  - the name of the index and a description of the index if it is composed by the issuer. If the index is not composed by the issuer, where information about the index can be obtained: [•]
  
- where the underlying is an interest rate: [Applicable/Not Applicable]
  - a description of the interest rate: [•]
  
- others: [Applicable/Not Applicable]
  - where the underlying does not fall within the categories specified above the securities note shall contain equivalent information: [•]
  
- where the underlying is a basket of underlyings: [Applicable/Not Applicable]

\* Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- disclosure of the relevant weightings of each underlying in the basket: [•]

A description of any market disruption or settlement disruption events that affect the underlying: [•]

Adjustment rules with relation to events concerning the underlying:] [•]

- an indication of the intent of the Issuer regarding the providing of post-issuance information and where the intent of the Issuer is to report such information, an indication of the type of information reported and where it can be obtained: [•]

### 13. OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

Depositaries:

(i) Euroclear France to act as Central Depositary [Yes/No]

(ii) Common Depositary for Euroclear Bank S.A./N.V. and Clearstream Luxembourg [Yes/No]

Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

The Agents appointed in respect of the Notes are: [•]

Names and addresses of additional Paying Agent(s) (if any): [•]

The aggregate principal amount of Notes issued has been translated into Euro at the rate of [currency] [•] per Euro 1. 00, producing a sum of: [Not Applicable/Euro [•]] (Only applicable for Notes not denominated in Euro)

**CERTIFICATE OF THE SPECIFIC CONTROLLER RELATING TO THE DEBENTURE  
ISSUE AMOUNTING TO [•] PURSUANT TO ARTICLES R.515-13 AND L.515-30 OF  
THE FRENCH MONETARY AND FINANCIAL CODE**

*[Only applicable if the amount of Notes issued equals or exceeds Euro 500,000,000 or  
its equivalent in any other currency]*

To the Directors of Compagnie de Financement Foncier,

In our capacity of specific controller (*contrôleur spécifique*) of your company and pursuant to the provisions set forth in Articles L.515-30 and Articles R.515-13 of the French Monetary and Financial Code, we have verified the compliance with the rules provided for in Articles L.515-20 and R.515-7-2 pursuant to the French Monetary and Financial Code within the framework of the note issuance of at least [•].

In a decision dated [•], the board of directors of Compagnie de Financement Foncier set the maximum amount of the issuance programme benefiting from the statutory privileged right of payment set forth in Article L.515-19 of the French Monetary and Financial Code at EUR [•] billion, for the period from [•] to [•], 200[•].

Within the scope of this quarterly issuance programme, in a decision dated [•], 200[•], the [•] of Compagnie de Financement Foncier approved a note issuance benefiting from the statutory privileged right of payment set forth in Article L.515-19 of the French Monetary and Financial Code, for an amount of [•].

Article L.515-20 of the French Monetary and Financial Code states that the total amount of assets held by *sociétés de crédit foncier* must be greater than the amount of liabilities benefiting from the privileged right of payment mentioned in Article L.515-19 of such code. Furthermore, Article R.515-7-2 of such code provides that *sociétés de crédit foncier* must all the time maintain a cover ratio of at least 102 per cent. of their assets to the total amount of their liabilities benefiting from the statutory privileged right.

It is our responsibility to certify the compliance with such rules for the issuance at stake.

Compliance with these rules, after taking into account the aforementioned note issuance, was verified on the basis of estimated and forecasted financial data, drawn up under your responsibility. The forecasted financial data were drawn up on the basis of assumptions which reflect the position that you deemed to be most likely as of the date of the issuance at stake. This information is presented in an appendix to this report.

We performed our review in accordance with the standards procedures issued in the professional rules and practises of the *Compagnie Nationale des Commissaires aux Comptes* (National Association of Statutory Auditors) that are applicable to this type of assessment.

Our work consisted in:

- verifying the conformity for the amount of the note issuance with the decision authorizing this issue,
- examining the process of presenting the forecasted financial data including the aforementioned issue, considering that, as the forecasts are uncertain by nature, the actual results could differ significantly from the forecasted data presented,
- verifying the methods for calculating the forecasted cover ratio provided for in Regulation no. 99-10 of the French Banking and Financial Regulations Committee and Instruction 2011-I-06 of *Autorité de Contrôle Prudentiel*,
- verifying compliance with the rules set forth in Articles L.515-20 and R.515-7-2 of the French Monetary and Financial Code, based on the forecasted financial data.

Based on our work, we have no comments with respect to the compliance by Compagnie de Financement Foncier with Articles L.515-20 and R.515-7-2 of the French Monetary and Financial Code, after taking into account of the aforementioned note issuance.

This certificate is established for your only attention and should not be used, transmitted or quoted for any other purposes.

Paris, [•], 20[•]

The Specific Controller

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**CAILLIAU DEDOUT ET ASSOCIES**

**Laurent BRUN**





## APPENDIX

Figures after taking into account the notes issues for the period from [•] [•] to [•] [•] including the present note issuance of [•] (value date [•][•])

In million of EUR	Estimated figures	Forecasted Figures
	As of [•] [•]	As of [•] [•]
Total application of funds	[•]	[•]
Total of weighted assets	[•]	[•]
Total sources of funds that qualify for the privileged right mentioned in Article L. 515-19 of the French Monetary and Financial Code	[•]	[•]

The original certificate in French reads:

Au Conseil d'administration de la Compagnie de Financement Foncier,

En notre qualité de Contrôleur Spécifique de la Compagnie de Financement Foncier et en exécution des dispositions prévues par les articles L.515-30 et R.515-13 du Code monétaire et financier, nous avons procédé à la vérification du respect des règles relatives au ratio de couverture prévues aux articles L.515-20 et R.515-7-2 du Code monétaire et financier, dans le cadre de l'émission d'obligations foncières d'une valeur unitaire au moins égale à EUR 500 millions.

Par décision en date du [•] 200[•], le Conseil d'administration de la Compagnie de Financement Foncier a fixé le plafond maximum du programme d'émissions de ressources bénéficiant du privilège institué par l'article L.515-19 du Code monétaire et financier, à [•] milliards, pour la période allant du [•] au [•] 200[•].

Dans le cadre de ce programme trimestriel d'émissions, par décision en date du [•], le [•] de la Compagnie de Financement Foncier a autorisé une émission de ressources bénéficiant du privilège institué par l'article L.515-19 du Code monétaire et financier, pour un montant de [•].

L'article L.515-20 du Code monétaire et financier dispose que le montant total des éléments d'actif des sociétés de crédit foncier doit être supérieur au montant des éléments de passif bénéficiant du privilège mentionné à l'article L.515-19 de ce code. En outre, l'article R.515-7-2 de ce code dispose que les sociétés de crédit foncier sont tenues de respecter à tout moment un ratio de couverture des ressources privilégiées par les éléments d'actifs au moins égal à 102%.

Il nous appartient d'attester du respect de ces règles au titre de la présente opération.

Le respect de ces règles, après prise en compte de l'émission susvisée, a été vérifié sur la base d'informations financières estimées et prévisionnelles établies sous votre responsabilité. Les informations prévisionnelles ont été établies à partir des hypothèses traduisant la situation future que vous avez estimée la plus probable à la date de la présente émission. Ces informations sont jointes à la présente attestation.

Nous avons mis en œuvre les diligences que nous avons estimé nécessaires au regard de la doctrine professionnelle de la Compagnie Nationale des Commissaires aux Comptes relative à cette mission.

Nos travaux ont consisté à:

- vérifier la conformité du montant de l'émission visée ci-dessus avec le procès-verbal de l'organe autorisant cette émission ;
- examiner le processus d'élaboration des données financières prévisionnelles tenant compte de la présente émission, étant rappelé que, s'agissant de prévisions présentant par nature un caractère incertain, les réalisations différeront parfois de manière significative, des informations prévisionnelles établies ;
- vérifier les modalités de calcul du ratio de couverture issu de ces données prévisionnelles, telles qu'elles sont prévues par les dispositions du règlement 99-10 du CRBF et par l'instruction 2011-I-06 de l'Autorité de Contrôle Prudentiel ;
- vérifier le respect des règles prévues aux articles L.515-20 et R.515-7-2 sur la base de ces données financières prévisionnelles.

Sur la base de nos travaux, nous n'avons pas d'observation à formuler sur le respect, par la Compagnie de Financement Foncier, des dispositions prévues aux articles L.515-20 et R.515-7-2 du Code monétaire et financier, après prise en compte de la présente émission visée ci-dessus.

Cette attestation est établie à votre attention dans le contexte décrit ci-avant et ne doit pas être utilisée, diffusée ou citée à d'autres fins.

Paris, le [•] 20[•]

Le Contrôleur Spécifique

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**CAILLIAU DEDOUT ET ASSOCIES**

**Laurent BRUN**



**ANNEXE**

**Montants après prise en compte des émissions obligataires réalisées du [•] [•] au [•] [•], y compris la présente émission de [•] (date de règlement [•] [•])**

<b>En million d'euros</b>	<b>Estimé</b>	<b>Prévisionnel</b>
	<b>Au [•] [•]</b>	<b>Au [•] [•]</b>
Total des emplois	[•]	[•]
Total des emplois pondérés	[•]	[•]
Total des ressources bénéficiant du privilège mentionné à l'article L. 515-19 du Code monétaire et financier	[•]	[•]

## FORM OF FINAL TERMS 2

### PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF NOTES WITH A DENOMINATION OF AT LEAST EURO [50,000/100,000] TO BE LISTED AND ADMITTED TO TRADING ON AN E.U. REGULATED MARKET

Final Terms dated [●]

[LOGO, if document is printed]

#### COMPAGNIE DE FINANCEMENT FONCIER

Euro 125,000,000,000

Euro Medium Term Note Programme

for the issue of *Obligations Foncières*

Due from one month from the date of original issue

SERIES NO: [●]

TRANCHE NO: [●]

[Brief Description and Amount of *Obligations Foncières*]

Issued by: COMPAGNIE DE FINANCEMENT FONCIER (the “Issuer”)

Issue Price: [●] per cent.

[Name(s) of Dealer(s)]

#### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] which has received visa n°[●] from the *Autorité des marchés financiers* (the “AMF”) on [●] [and the supplement(s) to the Base Prospectus dated [●] which has received visa n°[●] from the AMF on [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) [as amended by the 2010 PD Amending Directive] (Directive 2010/73/EU) (the “**Prospectus Directive**”).

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement(s) to the Base Prospectus] [is] [are] available for viewing at the office of the Fiscal Agent or each of the Paying Agents and on the website of the AMF, and copies may be obtained from [Compagnie de Financement Foncier, 4, Quai de Bercy, 94224 Charenton Cedex, France].

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Prospectus and/or Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the [Prospectus/Offering Circular] dated [original date] [approved by the Luxembourg Stock Exchange/*Commission de surveillance du secteur financier* in Luxembourg] / [which received visa n°[•] from the *Autorité des marchés financiers* (“**AMF**”) on [•]] [and the supplement(s) to the Base Prospectus dated [•]] [approved by the Luxembourg Stock Exchange/*Commission de surveillance du secteur financier* in Luxembourg] / [which received visa n°[•] from the AMF on [•]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) [as amended by the 2010 PD Amending Directive (Directive 2010/73/EU)] (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] which has received visa n°[•] from the AMF on [•] [and the supplement(s) to the Base Prospectus dated [•] which has received visa n°[•] from the AMF on [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Base Prospectus/Offering Circular] dated [original date] [and the supplement to the Base Prospectus dated [•]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Prospectus/Offering Circular] dated [original date] and the Base Prospectus dated [current date] [and the supplement(s) to the Base Prospectus dated [•]]. The Base Prospectus/Offering Circular [and the supplement(s) to the Base Prospectus] are available for viewing at the office of the Fiscal Agent or each of the Paying Agents and on the website of the AMF, and copies may be obtained from Compagnie de Financement Foncier, 4, Quai de Bercy, 94224 Charenton, France.

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

- |   |  |  |
|---|--|--|
| 1 | Issuer:  | Compagnie de Financement Foncier   |
| 2 | (i) Series Number:   | [•]  |
|   | (ii) [Tranche Number:  | [•]  |
|   | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)</i> |  |
| 3 | Specified Currency or Currencies:  | [•]  |
| 4 | Aggregate Nominal Amount of Notes listed and admitted to trading:  |  |
|   | (i) Series:  | [•]  |
|   | (ii) [Tranche:   | [•]  |
| 5 | Issue Price:   | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)] |
| 6 | Specified Denominations:   | [•] <i>(one denomination only for Dematerialised Notes)</i> <sup>1</sup>                                 |

<sup>1</sup> Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and having a maturity of less than one year must have a minimum denomination of Sterling 100,000 (or its equivalent in other currencies).

7	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
8	Maturity Date:	<i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>
9	Interest Basis:	[[•] per cent. Fixed Rate] [[specify reference rate] +/- [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (specify)] <i>[(further particulars specified below)]</i>
10	Redemption/Payment Basis <sup>1</sup> :	[Redemption at par] [Dual Currency] [Partly Paid] [Instalment] [Other (specify)]
11	Change of Interest or Redemption/Payment Basis:	<i>[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]</i>
12	Put/Call Options:	[Noteholder Put] [Issuer Call] <i>[(further particulars specified below)]</i>
13	(i) Status of the Notes:	[Obligations Foncières]
	(ii) Dates of the corporate authorisations for issuance of Notes obtained:	Decision of the <i>Conseil d'administration</i> of <i>Compagnie de Financement Foncier</i> dated [•] authorising the issue of the Notes and authorising, <i>inter alios</i> , its <i>Président Directeur Général</i> and <i>Directeur Général Délégué</i> to sign and execute all documents in relation to the issue of Notes, and decision of the <i>Conseil d'administration</i> of the Issuer dated [•] authorising the quarterly programme of borrowings which benefit from the <i>privilège</i> referred to in Article L. 515-19 of the French <i>Code monétaire et financier</i> up to and including Euro [•] billion for the [•] quarter of 200[•].
14	Method of distribution:	[Syndicated/Non-syndicated]

<sup>1</sup> If the Final Redemption Amount is less than 100% of the nominal value the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

**PROVISIONS RELATING TO INTEREST (IF ANY)  
PAYABLE**

<b>15</b>	<b>Fixed Rate Note Provisions</b>	<p>[Applicable/Not Applicable] (<i>If Not Applicable, delete the remaining subparagraphs of this paragraph</i>)</p> <p>(i) Rate [(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear]</p> <p>(ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [<i>specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"</i>]/not adjusted]</p> <p><i>(Note that this item relates to interest period end dates and not to the date and place of payment, to which item 25 relates)</i></p> <p>(iii) Fixed Coupon Amount [(s)]: [•] per [•] in nominal amount</p> <p>(iv) Broken Amount(s): [<i>Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate</i>]</p> <p>(v) Day Count Fraction (Condition 5(a)): [30/360/ Actual/Actual [ICMA]/FBF/ISDA/Other] [Adjusted/Unadjusted]</p> <p>(vi) Determination Date(s) (Condition 5(a)): [•] in each year (<i>insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)</i>)</p> <p>(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/<i>give details</i>]</p>
<b>16</b>	<b>Floating Rate Provisions</b>	<p>[Applicable/Not Applicable] (<i>If Not Applicable, delete the remaining subparagraphs of this paragraph.</i>)</p> <p>(i) Interest Period(s): [•]</p> <p>(ii) Specified Interest Payment Dates: [•]</p> <p>(iii) First Interest Payment Date: [•]</p>



- (iv) Business Day Convention: [Following Business Day Convention/  
Following Business Day Except  
the Following Month  
Convention/Preceding Business Day  
Convention/other (give details)]. (Note  
that this item relates to interest period  
end dates and not to the date and place  
of payment, to which item 25 relates)
- (v) Interest Period Date: [•] (Not Applicable unless different from  
Interest Payment Date)
- (vi) Business Centre(s) (Condition 5(a)): [•]
- (vii) Manner in which the Rate(s) of Interest is/are to be  
determined: [Screen Rate Determination/BBF  
Determination/ISDA  
Determination/other (give details)]
- (viii) Party responsible for calculating the Rate(s) of  
Interest and Interest Amount(s) (if not the  
Calculation Agent): [•]
- (ix) Screen Rate Determination (Condition  
5(c)(iii)(C)): [•]
- Reference Rate: [•]
- Interest Determination Date: [•] [TARGET] Business Days in [specify  
city] for [specify currency] prior to [the  
first day in each Interest Accrual  
Period/each Interest Payment Date]],  
subject to adjustment in accordance with  
[Following Business Day Convention/  
Following Business Day Except the  
Following Month Convention/Preceding  
Business Day Convention/other (give  
details)].]
- Relevant Screen Page: [•]
- (x) BBF Determination (Condition 5(c)(iii)(A)):  
Floating Rate: [•]  
Floating Rate Determination Date (Date de  
Détermination du Taux Variable): [•]
- BBF Definitions: (if different from those set out in the  
Conditions): [•]
- (xi) ISDA Determination (Condition 5(c)(iii)(B)):  
(a) Floating Rate Option: [•]  
(b) Designated Maturity: [•]  
(c) Reset Date: [•]

	(d) ISDA Definitions: (if different from those set out in the Conditions)	[•]
	(xii) Margin(s):	[+/-] [•] per cent. per annum
	(xiii) Minimum Rate of Interest:	[Not Applicable] / [•] per cent. per annum
	(xiv) Maximum Rate of Interest:	[Not Applicable] / [•] per cent. per annum
	(xv) Day Count Fraction (Condition 5(a)):	[•]
	(xvi) [Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:]	[•]
<b>17</b>	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] ( <i>If Not Applicable, delete the remaining subparagraphs of this paragraph</i> )
	(i) Amortisation Yield (Condition 6(e)):	[•] per cent. per annum
	(ii) Day Count Fraction (Condition 5(a)):	[•]
	(iii) Any other formula/basis of determining amount payable:	[•]
<b>18</b>	<b>Index Linked Interest Note/other variable-linked interest Note Provisions</b>	[Applicable/Not Applicable] ( <i>If Not Applicable, delete the remaining subparagraphs of this paragraph</i> )
	(i) Index/Formula/other variable:	[Give or annex details]
	(ii) Calculation Agent responsible for calculating the interest due:	[•]
	(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[•]
	(iv) Interest Period(s):	[•]
	(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula an/or other variable is impossible or impracticable or other wise disrupted:	[•]
	(vi) Interest Determinations Date(s)	[•]
	(vii) Specified Interest Payment Dates:	[•]

- (viii) Business Day Convention: [Following Business Day Convention/ Following Business Day Except the Following Month Convention/ Preceding Business Day Convention / other (give details)]. (Note that this item relates to interest period end dates and not to the date and place of payment, to which item 25 relates)
- (ix) Business Centre(s) (Condition 5(a)): [•]
- (x) Minimum Rate of Interest: [Not Applicable]/[•] per cent. per annum
- (xi) Maximum Rate of Interest: [Not Applicable]/[•] per cent. per annum
- (xii) Day Count Fraction (Condition 5(a)): [•]

**19 Dual Currency Note Provisions<sup>1</sup>**

- [Applicable/Not Applicable] (If Not Applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [•]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•] (Need to include a description of market disruption or settlement disruption events and adjustment provisions.)
- (iv) Person at whose option Specified Currency(-ies) is/are payable: [•]

**PROVISIONS RELATING TO REDEMPTION**

**20 Call Option**

- [Applicable/Not Applicable] (If Not Applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Note [of [•] Specified Denomination]

<sup>1</sup> If the Final Redemption Amount is less than 100% of the nominal value the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

	(iii) If redeemable in part:	[•]
	(a) Minimum Redemption Amount to be redeemed:	[•]
	(b) Maximum Redemption Amount to be redeemed:	[•]
	(iv) Notice period:	[•]
<b>21</b>	<b>Put Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Note of [•] Specified Denomination
	(iii) Notice Period:	[•]
<b>22</b>	<b>Final Redemption Amount of each Note<sup>1</sup></b>	[[•] per Note of [[•] Specified Denomination/] Aggregate Nominal Amount/Other/See Appendix]
	In cases where the Final Redemption Amount is Index-Linked or other variable-linked:	
	(i) Index/Formula/variable:	[•]
	(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[•]
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[•]
	(iv) Determination Date(s):	[•]
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
	(vi) Payment Date:	[•]
	(vii) Minimum Final Redemption Amount :	[•]
	(viii) Maximum Final Redemption Amount :	[•]
<b>23</b>	<b>Early Redemption Amount</b>	
	Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on any early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions).	Not Applicable / [•]

<sup>1</sup> If the Final Redemption Amount is less than 100% of the nominal value the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

24	Form of Notes:	[Dematerialised Notes/ Materialised Notes] (Materialised Notes are only in bearer form)  [Delete as appropriate]
	(i) Form of Dematerialised Notes:	[Not Applicable/specify whether Bearer dematerialised form ( <i>au porteur</i> ) / Administered Registered dematerialised form ( <i>au nominatif administré</i> ) / Fully Registered dematerialised form ( <i>au nominatif pur</i> )]
	(ii) Registration Agent:	[Not Applicable/Applicable] <i>if applicable give name and details</i> (note that a registration agent must be appointed in relation to Fully Registered Dematerialised Notes only)
	(iii) Temporary Global Certificate:	[Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [•] (the “ <b>Exchange Date</b> ”), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
	(iv) Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable] ( <i>Only applicable to Materialised Notes</i> )
25	Financial Centre(s) (Condition 7(h)) or other special provisions relating to Payment Dates:	[Not Applicable/Give details]. ( <i>Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(iii) and 18(viii) relate</i> )
	Adjusted Payment Date (Condition 7(h)):	[The next following business day unless it would thereby fall into the next calendar month, in which such event such date shall be brought forward to the immediately preceding business day.] [The immediately preceding business day]/[Other*]
26	Talons for future Coupons or Receipts to be attached to Definitive Materialised Notes (and dates on which such Talons mature):	[Yes/No/Not Applicable. <i>If yes, give details</i> ] ( <i>Only applicable to Materialised Notes</i> )
27	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay]:	[Not Applicable/give details]

\* In the market practice, if any date for payment in respect of Fixed Rate Notes, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day (as defined in Condition 7(h)).

- 28 Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
- 29 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] [annexed to this Final Terms] apply]
- 30 Consolidation provisions: [Not Applicable/The provisions [in Condition 13(b)] [annexed to this Final Terms] apply]
- 31 Representation of holders of Notes<sup>1</sup> - Masse (Condition 10): [Applicable/Not Applicable/Condition 10 replaced by the full provisions of French *Code de commerce* relating to the Masse] (*Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 10 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 10 must be waived in its entirety and replaced by the provisions of French Code de commerce relating to the Masse. If Condition 10 (as it may be amended or supplemented) applies or if the full provisions of French Code de commerce apply, insert details of Representative and Alternative Representative and remuneration, if any).*)
- 32 Other final terms: [Not Applicable/give details]  
(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

## DISTRIBUTION

- 33 (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/give name]
- 34 If non-syndicated, name of Dealer: [Not Applicable/give name]
- 35 Additional selling restrictions: [Not Applicable/give details]

<sup>1</sup> The provisions of the French *Code de commerce* relating to the Masse of holders of Notes are applicable in full to French domestic issues of Notes. Pursuant to Article L. 228-90 of the French *Code de commerce*, the Masse provisions contained in the French *Code de commerce* are NOT applicable to international issues (*emprunt émis à l'étranger*); accordingly international issues may have no Masse provisions at all or the Masse provisions contained in the French *Code de commerce* may be varied along the lines of the provisions of Condition 10.

## **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and] [admission to trading on [*specify relevant regulated market*] of the Notes described herein] pursuant to the Euro 125,000,000,000 Euro Medium Term Note Programme of Compagnie de Financement Foncier.

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading. ]

Signed on behalf of the Issuer:

Duly represented by:

## PART B – OTHER INFORMATION

### 1. RISK FACTORS

*[[Insert any risk factors that are material to the Notes being offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute a "significant new factor" and consequently triggers the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.] [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]<sup>1</sup>]*

### 2. LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market] with effect from [•].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market] with effect from [•].]  
[Not Applicable.]  
*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
- (ii) Additional publication of the Base Prospectus and Final Terms: *Condition 15 which provides that the Base Prospectus and Final Terms of Notes listed and admitted to trading on any Regulated Market will be published on the website of the AMF. Please provide for additional methods of publication in respect of a listing and admission to trading on a Regulated Market other than Euronext Paris S.A.*
- (iii) Estimate of total expenses related to admission to trading: [•]
- (iv) Regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading: [•]

### 3. RATINGS

Ratings:

The Programme has been rated Aaa by Moody's Investors Service ("Moody's") and AAA by Standard & Poor's Ratings Services ("S&P").  
For Moody's, Notes issued under the Programme are

<sup>1</sup> Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.



deemed to have the same rating as the Programme, investors are invited to check on a regular basis the rating assigned to the Programme which is publicly disclosed via Moody's rating desk or moodys.com.

The Notes issued under the Programme will be rated AAA by S&P<sup>1</sup> and by Fitch Ratings ("Fitch")<sup>1</sup>.

[[Each of] [●] and] [●] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No. 513/2011, although the result of such applications has not been determined.]

[[Each of [S&P] [Moody's] [and Fitch] is established in the European Union and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation") as amended by Regulation (EU) No. 513/2011. As such, each of [S&P] [Moody's] [and Fitch] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]

[[None of [●] and] [●] is [not] established in the European Union [nor has/and has not] applied for registration under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No. 513/2011.]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

#### 4. [NOTIFICATION]

The *Autorité des marchés financiers* in France [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

#### 5. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

["Save as discussed in "Subscription and Sale" so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]/[●]

<sup>1</sup> An obligation rated "AAA" has the highest rating assigned by Standard & Poor's Ratings Services. The obligor capacity to meet its financial commitment on the obligation is extremely strong (source: Standard & Poors Ratings Services). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without notice.

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

## **6. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer:

**[•]**

*(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

[(ii) Estimated net proceeds:

**[•]**

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses:

**[•]** *[Include breakdown of expenses.]*

*(If the Notes are derivative securities to which Annex 12 of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

## **7. [Fixed Rate Notes only – YIELD**

Indication of yield:

**[•]**

*The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]*

## **8. [Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex 12 of the Prospectus Directive Regulation.]\* ]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

\* Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information]\*.

**9. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained, the underlying on which it is based and of the method used to relate the two, a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident and any settlement disruption events that affect the underlying. Include details of rules with relation to events concerning the underlying.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

**10. [Derivatives only – EXPLANATION OF EFFECT ON VALUE OF INVESTMENT, RETURN ON DERIVATIVES SECURITIES AND INFORMATION CONCERNING THE UNDERLYING\***

**EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.*

**INFORMATION CONCERNING THE UNDERLYING**

- a statement setting out the type of the underlying and details of where information on the underlying can be obtained: [•]
- an indication where information about the past and the further performance of the underlying and its volatility can be obtained: [•]
- where the underlying is an index: [Applicable/Not Applicable]
  - the name of the index and a description of the index if it is composed by the issuer. If the index is not composed by the issuer, where information about the index can be obtained: [•]
- where the underlying is an interest rate: [Applicable/Not Applicable]
  - a description of the interest rate: [•]
- others: [Applicable/Not Applicable]
  - where the underlying does not fall within the categories specified above the securities note shall contain equivalent

\* Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- information: [•]
- where the underlying is a basket of underlyings: [Applicable/Not Applicable]
- disclosure of the relevant weightings of each underlying in the basket: [•]

A description of any market disruption or settlement disruption events that affect the underlying: [•]

Adjustment rules with relation to events concerning the underlying:] \* [•]

- an indication of the intent of the Issuer regarding the providing of post-issuance information and where the intent of the Issuer is to report such information, an indication of the type of information reported and where it can be obtained: [•]

## 11. OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

Depositories:

(i) Euroclear France to act as Central Depository [Yes/No]

(ii) Common Depository for Euroclear and Clearstream Luxembourg [Yes/No]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

The Agents appointed in respect of the Notes are: [•]

Names and addresses of additional Paying Agent(s) (if any): [•]

The aggregate principal amount of Notes issued has been translated into Euro at the rate of [currency] [•] per Euro 1.00, producing a sum of: [Not Applicable/Euro [•]] (Only applicable for Notes not denominated in Euro)



**CERTIFICATE OF THE SPECIFIC CONTROLLER RELATING TO THE DEBENTURE  
ISSUE AMOUNTING TO [•] PURSUANT TO ARTICLES R.515-13 AND L.515-30 OF  
THE FRENCH MONETARY AND FINANCIAL CODE**

*[Only applicable if the amount of Notes issued equals or exceeds Euro 500,000,000  
or its equivalent in any other currency]*

To the Directors of Compagnie de Financement Foncier,

In our capacity of specific controller (*contrôleur spécifique*) of your company and pursuant to the provisions set forth in Articles L.515-30 and R.515-13 of the French Monetary and Financial Code, we have verified the compliance with the rules provided for in Article L.515-20 and R.515-7-2 pursuant to the French Monetary and Financial Code within the framework of the note issuance of at least [•].

In a decision dated [•], the board of directors of Compagnie de Financement Foncier set the maximum amount of the issuance programme benefiting from the statutory privileged right of payment set forth in Article L.515-19 of the French Monetary and Financial Code at EUR [•] billion, for the period from [•] to [•], 200[•].

Within the scope of this quarterly issuance programme, in a decision dated [•], 200[•], the [•] of Compagnie de Financement Foncier approved a note issuance benefiting from the statutory privileged right of payment set forth in Article L.515-19 of the French Monetary and Financial Code, for an amount of [•].

Article L.515-20 of the French Monetary and Financial Code states that the total amount of assets held by *sociétés de crédit foncier* must be greater than the amount of liabilities benefiting from the privileged right of payment mentioned in Article L.515-19 of such code. Furthermore, Article R.515-7-2 of such code provides that *sociétés de crédit foncier* must all the time maintain a cover ratio of at least 102 per cent. of their assets to the total amount of their liabilities benefiting from the statutory privileged right.

It is our responsibility to certify the compliance with such rules for the issuance at stake.

Compliance with these rules, after taking into account the aforementioned note issuance, was verified on the basis of estimated and forecasted financial data, drawn up under your responsibility. The forecasted financial data were drawn up on the basis of assumptions which reflect the position that you deemed to be most likely as of the date of the issuance at stake. This information is presented in an appendix to this report.

We performed our review in accordance with the standards procedures issued in the professional rules and practises of the Compagnie Nationale des Commissaires aux Comptes (National Association of Statutory Auditors) that are applicable to this type of assessment.

Our work consisted in:

- verifying the conformity for the amount of the note issuance with the decision authorizing this issue,
- examining the process of presenting the forecasted financial data including the aforementioned issue, considering that, as the forecasts are uncertain by nature, the actual results could differ significantly from the forecasted data presented,
- verifying the methods for calculating the forecasted cover ratio provided for in Regulation no. 99-10 of the French Banking and Financial Regulations Committee and Instruction 2011-I-06 of *Autorité de Contrôle Prudentiel*,
- verifying compliance with the rules set forth in Articles L.515-20 and R.515-7-2 of the French Monetary and Financial Code, based on the forecasted financial data.

Based on our work, we have no comments with respect to the compliance by Compagnie de Financement Foncier with Articles L.515-20 and R.515-7-2 of the French Monetary and Financial Code, after taking into account of the aforementioned note issuance.

This certificate is established for your only attention and should not be used, transmitted or quoted for any other purposes.

Paris, [•], 200[•]  
The Specific Controller

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**CAILLIAU DEDOUT ET ASSOCIES**

**Laurent BRUN**



## APPENDIX

Figures after taking into account the notes issues for the period from [•] [•] to [•] [•] including the present note issuance of [•] (value date [•][•])

In million of EUR	Estimated figures	Forecasted Figures
	As of [•] [•]	As of [•] [•]
Total application of funds	[•]	[•]
Total of weighted assets	[•]	[•]
Total sources of funds that qualify for the privileged right mentioned in Article L. 515-19 of the French Monetary and Financial Code	[•]	[•]



The original certificate in French reads:

Au Conseil d'administration de la Compagnie de Financement Foncier,

En notre qualité de Contrôleur Spécifique de la Compagnie de Financement Foncier et en exécution des dispositions prévues par les articles L.515-30 et R.515-13 du Code monétaire et financier, nous avons procédé à la vérification du respect des règles relatives au ratio de couverture prévues aux articles L.515-20 et R.515-7-2 du Code monétaire et financier, dans le cadre de l'émission d'obligations foncières d'une valeur unitaire au moins égale à EUR 500 millions.

Par décision en date du [•] 20[•], le Conseil d'administration de la Compagnie de Financement Foncier a fixé le plafond maximum du programme d'émissions de ressources bénéficiant du privilège institué par l'article L.515-19 du Code monétaire et financier, à [•] milliards, pour la période allant du [•] au [•] 20[•].

Dans le cadre de ce programme trimestriel d'émissions, par décision en date du [•], le [•] de la Compagnie de Financement Foncier a autorisé une émission de ressources bénéficiant du privilège institué par l'article L.515-19 du Code monétaire et financier, pour un montant de [•].

L'article L.515-20 du Code monétaire et financier dispose que le montant total des éléments d'actif des sociétés de crédit foncier doit être supérieur au montant des éléments de passif bénéficiant du privilège mentionné à l'article L.515-19 de ce code. En outre, l'article R.515-7-2 de ce code dispose que les sociétés de crédit foncier sont tenues de respecter à tout moment un ratio de couverture des ressources privilégiées par les éléments d'actifs au moins égal à 102%.

Il nous appartient d'attester du respect de ces règles au titre de la présente opération.

Le respect de ces règles, après prise en compte de l'émission susvisée, a été vérifié sur la base d'informations financières estimées et prévisionnelles établies sous votre responsabilité. Les informations prévisionnelles ont été établies à partir des hypothèses traduisant la situation future que vous avez estimée la plus probable à la date de la présente émission. Ces informations sont jointes à la présente attestation.

Nous avons mis en œuvre les diligences que nous avons estimé nécessaires au regard de la doctrine professionnelle de la Compagnie Nationale des Commissaires aux Comptes relative à cette mission.

Nos travaux ont consisté à:

- vérifier la conformité du montant de l'émission visée ci-dessus avec le procès-verbal de l'organe autorisant cette émission ;
- examiner le processus d'élaboration des données financières prévisionnelles tenant compte de la présente émission, étant rappelé que, s'agissant de prévisions présentant par nature un caractère incertain, les réalisations différeront parfois de manière significative, des informations prévisionnelles établies ;
- vérifier les modalités de calcul du ratio de couverture issu de ces données prévisionnelles, telles qu'elles sont prévues par les dispositions du règlement 99-10 du CRBF et par l'instruction 2011-I-06 de l'Autorité de Contrôle Prudentiel ;
- vérifier le respect des règles prévues aux articles L.515-20 et R.515-7-2 sur la base de ces données financières prévisionnelles.

Sur la base de nos travaux, nous n'avons pas d'observation à formuler sur le respect, par la Compagnie de Financement Foncier, des dispositions prévues aux articles L.515-20 et R.515-7-2 du Code monétaire et financier, après prise en compte de la présente émission visée ci-dessus.

Cette attestation est établie à votre attention dans le contexte décrit ci-avant et ne doit pas être utilisée, diffusée ou citée à d'autres fins.

Paris, le [•] 20[•]  
Le Contrôleur Spécifique

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**CAILLIAU DEDOIT ET ASSOCIES**  
**Laurent BRUN**



**ANNEXE**

**Montants après prise en compte des émissions obligataires réalisées du [•] [•] au [•] [•], y compris la présente émission de [•] (date de règlement [•] [•])**

<b>En million d'euros</b>	<b>Estimé</b>	<b>Prévisionnel</b>
	<b>Au [•] [•]</b>	<b>Au [•] [•]</b>
Total des emplois	[•]	[•]
Total des emplois pondérés	[•]	[•]
Total des ressources bénéficiant du privilège mentionné à l'article L. 515-19 du Code monétaire et financier	[•]	[•]

## GENERAL INFORMATION

### 1 AMF visa and admission to trading of the Notes issued under the Programme

This Base Prospectus has received visa n°12-295 from the AMF on 26 June 2012. Application has been made to list and admit the Notes to trading on Euronext Paris and/or on any other regulated market in a Member State of the European Economic Area (“EEA”). At the same time, application has been made for the notification of a certificate of approval released to the *Commission de surveillance du secteur financier* in Luxembourg, both of approval and notification being made by the AMF in its capacity as competent authority under the Article 212-2 of its *Règlement Général* which implements the Prospectus Directive. In compliance with Article 18 of the Prospectus Directive, such notification may also be made at the Issuer’s request to any other competent authority of any other Member State of the EEA.

### 2 Consents, approvals and authorisations in connection with the Programme

The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the establishment of the Programme.

The establishment of the Programme was authorised by a decision of the Board of Directors (*Conseil d’administration*) of the Issuer passed on 21 March 2000.

On 14 December 2007, the Board of Directors (*Conseil d’administration*) of the Issuer has authorised the increase of the Programme Limit from Euro 75 billion to Euro 125 billion.

Any drawdown of Notes under the Programme, to the extent that such Notes constitute *obligations*, requires the prior authorisation of (i) the Board of Directors (*Conseil d’administration*) of the Issuer or (ii) the Ordinary General Meeting of the Issuer’s shareholders if (a) the *statuts* of the Issuer so require or (b) such Ordinary General Meeting decides itself to exercise such authority.

Any drawdown of Notes, to the extent that such Notes do not constitute *obligations*, fall within the general powers of the *directeur général* or a *directeur général délégué* of the Issuer.

### 3 Quarterly certification of the specific controller

It should be noted that the Programme Limit (Euro 125,000,000,000) defined in section “Overview of the Programme” is subject to quarterly certification of the specific controller.

### 4 No significant changes in the financial and trading position of the Issuer

Except as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31 December 2011.

### 5 No material adverse change

Except as disclosed in this Base Prospectus, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2011.

### 6 Limitations under United States income tax laws

Each definitive Materialised Note, Receipt, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.

## **7 Clearance and Trading of the Notes issued under the Programme**

Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are entities in charge of keeping the records. The Common Code, the International Securities Identification Number (ISIN) and the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

Dematerialised Notes will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Notes which are in registered form (*au nominatif*) are also inscribed either with the Issuer or with the registration agent.

The address of Euroclear France is 115, rue Réaumur, 75081 Paris Cedex 02, France

## **8 No governmental, legal or arbitration proceedings involving the Issuer**

The Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

## **9 Availability of documents**

For so long as Notes may be admitted to trading on Euronext Paris, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of the Fiscal Agent and the Paying Agents:

- (i) the Amended and Restated Agency Agreement;
- (ii) the *statuts* of the Issuer in both French and English;
- (iii) the annual accounts of the Issuer for the financial year ended 31 December 2010 and for the financial year ended 31 December 2011; and
- (iv) the latest quarterly borrowing programme of the Issuer and the specific controller's certificate relating thereto which are usually delivered at the beginning of each quarter.

For so long as Notes may be admitted to trading on Euronext Paris, the following documents will be available, on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)):

- (i) the Final Terms for Notes that are listed and admitted to trading on Euronext Paris, and any other Regulated Market;
- (ii) this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus; and
- (iii) the documents incorporated by reference in this Base Prospectus.

The documents listed in paragraphs (ii) and (iii) above will be available on the website of the Issuer ([www.foncier.fr](http://www.foncier.fr)).

Each time the Notes will be admitted to trading on Euronext Paris, the Notes will also be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. As a consequence, the Final Terms will be available in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## **10 Audited and unaudited financial information**

The non-consolidated accounts of the Issuer are audited and are published on an annual basis. The Issuer also produces unaudited interim financial information.

## **11 Compliance with the legal over-collateralization ratio**

Pursuant to Article R. 515-13 IV of the French *Code monétaire et financier*, the specific controller certifies that the rule providing that the amount of eligible assets of the Issuer is greater than the amount of liabilities benefiting from the *Privilège* is satisfied on the basis of a quarterly borrowing programme and for any issue of *Obligations Foncières* in a principal amount equal to or above Euro 500 million or its equivalent in the currency of issue.

## **12 Auditors**

PricewaterhouseCoopers Audit, 63, rue de Villiers, 92200 Neuilly sur Seine, France and KPMG Audit, Department of KPMG S.A., 1, Cours Valmy, 92923 La Défense Cedex, France (both entities regulated by the *Haut Conseil du Commissariat aux Comptes* and members of the *Compagnie régionale des Commissaires aux comptes de Versailles* and duly authorised as *Commissaires aux comptes*) have audited and rendered audit reports on the financial statements of the Issuer for the years ended 31 December 2010 and 31 December 2011.

**Registered Office of the Issuer**

**Compagnie de Financement Foncier**

19, rue des Capucines  
75001 Paris  
France

**Principal Place of Business of the Issuer**

4, Quai de Bercy  
94224 Charenton Cedex  
Telephone : +33 1 57 44 92 20

**Arranger**

**Deutsche Bank AG, Paris Branch**

3, avenue de Friedland  
75008 Paris  
France

**Dealers**

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Commerzbank Aktiengesellschaft**

Kaiserstraße 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Federal Republic of Germany

**Crédit Agricole Corporate and Investment Bank**

9, quai du Président Paul Doumer  
92920 Paris La Défense Cedex  
France

**Crédit Foncier de France**

19, rue des Capucines  
75001 Paris  
France

**Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London E14 4QJ  
United Kingdom

**Deutsche Bank Aktiengesellschaft**

Theodor-Heuss-Allee 70  
60486 Frankfurt am Main  
Germany

**HSBC France**

103, avenue des Champs Elysées  
75008 Paris  
France

**J.P. Morgan Securities Ltd.**

125 London Wall  
London EC2Y 5AJ  
United Kingdom

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**NATIXIS**

30 avenue Pierre Mendès France  
75013 Paris  
France

**Nomura International plc**

1 Angel Lane  
London EC4R 3AB  
United Kingdom

**Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

**Fiscal Agent, Principal Paying Agent, Redenomination Agent,  
Consolidation Agent and Calculation Agent**

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
EC2N 2DB London  
United Kingdom

**Paying Agents**

**Luxembourg Paying Agent**

**Deutsche Bank Luxembourg  
S.A.**  
2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
Grand-Duchy of Luxembourg

**Paris Paying Agent**

**Crédit Foncier de France**  
4, Quai de Bercy  
94224 Charenton Cedex  
France

**Frankfurt Paying Agent**

**Deutsche Bank  
Aktiengesellschaft**  
Grosse Gallustrasse 10-14  
60272 Frankfurt am Main  
Germany

**Listing Agent**

**Luxembourg Listing Agent**

**Deutsche Bank Luxembourg S.A.**  
2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
Grand-Duchy of Luxembourg

**Auditors to the Issuer**

**PricewaterhouseCoopers**

**Audit**  
63, rue de Villiers  
92200 Neuilly sur Seine  
France

**KPMG Audit, Department  
of KPMG SA**

1, Cours VALMY  
92923 La Défense Cedex  
France



**Legal Advisers**

**To the Issuer**

**Freshfields Bruckhaus Deringer**

2-4, rue Paul Cezanne

75008 Paris

France

**To the Dealers**

**Linklaters LLP**

25, rue de Marignan

75008 Paris

France