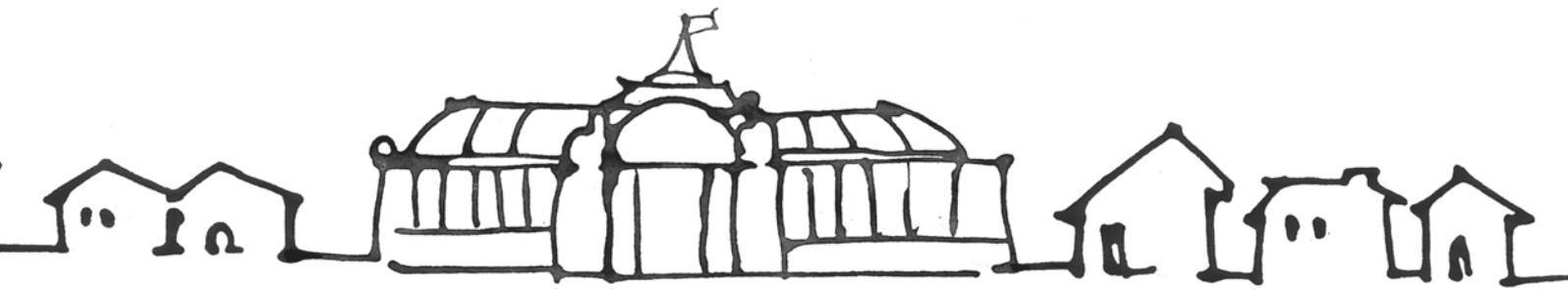


2012



Half-year report

Update at June 30, 2012 of the 2011
Registration document including a half-year financial report



**COMPAGNIE DE
FINANCEMENT
FONCIER**
CREDIT FONCIER GROUP



AUTORITÉ
DES MARCHÉS FINANCIERS

This is a free translation into English of Compagnie de Financement Foncier 2012 half-year report issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy the French version prevails.

Only the French version of the update of the Reference document as of June 30, 2012, has been submitted to the AMF. It is therefore the only version that is binding in law.

The original document was filed with the Autorité des marchés financiers (French Financial Market's Authority) on August 30, 2012, and registered under the number D.12-0265-A01 in accordance with Article 212-13 of its general regulation. It completes the French "Document de référence" of the Compagnie de Financement Foncier registered with the AMF on April 3, 2012, and registered under the number D.12-0265.

As such, it may be used in support of a financial transaction when accompanied by a prospectus duly approved by the AMF. It was prepared by the Issuer and its signatories assume responsibility for it.

Copies of this document are available at Compagnie de Financement Foncier, 4 quai de Bercy - 94224 Charenton-le-Pont, on Compagnie de Financement Foncier's website: www.foncier.fr under the heading "Regulated information" and on the website of the Autorité des marchés financiers: www.amf-france.org

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Activity report

Profile

Compagnie de Financement Foncier (AAA/Aaa/AAA) is a credit institution company and a *société de crédit foncier* (a French legal covered bonds issuer).

A fully-owned subsidiary of Crédit Foncier (A-/A2/A+) and an affiliate of BPCE (A/A2/A+), the company's sole purpose is to finance the mortgage and public-sector lending activities of both its parent company and the Group as a whole, issuing AAA/Aaa/AAA rated *obligations foncières*, in different formats and currencies.

The *obligations foncières* of Compagnie de Financement Foncier are French legal covered bonds that comply with European Directives UCITS 52-4 and CRD.

Context

The first half-year of 2012 was marked by strong uncertainty regarding European peripheral sovereign debt, including those of Italy and Spain. In this context, France has distinguished itself with historically low refinancing rates, approaching zero at the end of the semester.

Since 2009 the world economy has continued to slow down, from a growth of 3.8% in 2011 to 3.5% expected by the International Monetary Fund for 2012. Even some emerging countries seemed to have stalled, China registering a growth of 7.8% over the first half of 2012, down from 2011 (8.9%).

The French covered bond market has meanwhile been active; France remains the world's second issuer of covered bonds, after Spain, with €233 billion outstanding of Jumbo bonds from French issuers.

Activity

In a turbulent banking environment, Compagnie de Financement Foncier was able to offer products that meet the expectations of investors and thus achieved a large part of its annual program of refinancing during the first semester.

At June 30, 2012, €6.3 billion have been issued including the following euro benchmarks:

- a 10-year €1 billion issue on January 19;
- a 3.5-year €2 billion issue on February 22.

Key figures

Issuer information

Issuer: Compagnie de Financement Foncier, part of Groupe BPCE

Parent company: Crédit Foncier de France (100%), a subsidiary of BPCE (100%)

Type of bonds issued: Obligations foncières

Issue programmes: EMTN, AMTN & USMTS

Sole service provider: Crédit Foncier (A-/A2/A+) ^(*) a subsidiary of BPCE (A/A2/A+) ^(*)

^(*) Standard & Poor's/Moody's/Fitch Ratings.

Ratings of <i>obligations foncières</i> ^(**)	Long-term rating	Outlook
Standard & Poor's	AAA	Stable
Moody's	Aaa	Stable
Fitch Ratings	AAA	Stable

^(**) Ratings updated as of the Registration document's filing date.

Simplified economic balance sheet at June 30, 2012 and December 31, 2011

(from the regulatory report on the calculation components of the coverage ratio, certified by the Specific Controller)

Including the direct and indirect public guarantees on certain outstanding loans also backed by real estate collateral, in particular loans secured by the FGAS ^(*), the assets secured by a public guarantee represented €53.61 billion at June 30, 2012, and 50,0% of total assets.

^(*) FGAS: Fonds de garantie de l'accès sociale à la propriété (*Government fund promoting access to home ownership*).

	At June 30, 2012		At Dec. 31, 2011	
	€ bn	% balance sheet	€ bn	% balance sheet
Mortgage loans	36.29	33.9%	36.21	34.2%
Mortgage loans and related items	27.20	25.4%	26.03	24.6%
European senior residential mortgage-backed securities	9.09	8.5%	10.18	9.6%
Public sector exposures	53.61	50.0%	51.71	48.9%
Mortgage loans guaranteed by the French state or a European public institution	10.61	9.9%	9.99	9.4%
French public sector loans	19.94	18.6%	18.06	17.1%
International public sector securities	23.06	21.5%	23.66	22.4%
Other assets and replacement securities	17.20	16.1%	17.86	16.9%
Replacement securities	14.14	13.2%	14.58	13.8%
Other assets	3.06	2.9%	3.28	3.1%
TOTAL ASSETS	107.10	100.0%	105.78	100.0%

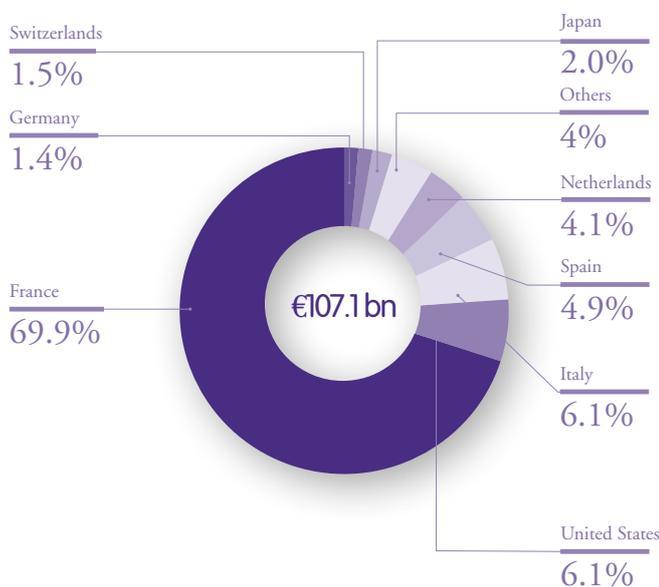
	At June 30, 2012		At Dec. 31, 2011	
	€ bn	% balance sheet	€ bn	% balance sheet
Privileged ressources	90.26	84.3%	91.08	86.1%
<i>Obligations foncières</i>	89.03	83.1%	89.77	84.9%
Other privileged ressources	1.23	1.2%	1.31	1.2%
Non-privileged ressources	16.84	15.7%	14.70	13.9%
Unsecured debt	11.03	10.3%	8.83	8.4%
Subordinated debt and similar debt	4.01	3.7%	4.03	3.8%
- of which redeemable subordinated notes (RSN)	2.10	2.0%	2.10	2.0%
- of which Perpetual super-subordinated notes	1.37	1.3%	1.35	1.3%
Shareholder's equity, provisions and FRBG*	1.80	1.7%	1.84	1.7%
TOTAL LIABILITIES	107.10	100.0%	105.78	100.0%
Capital	4.42	4.1%	4.41	4.2%
of which Tier-1 capital	2.67	2.5%	2.66	2.5%
of which Tier-2 capital	1.75	1.6%	1.75	1.7%

^(*) Fonds pour risques bancaires généraux (*Fund for General Banking Risks*).

Breakdown by type of assets



Geographic distribution assets



Performance indicators

€6.3 billion

Obligations foncières issued in 2012

€57.1 million

Net income

113.0%

Overcollateralisation ratio

(being validated by the specific controller)

16.9%

Non-privileged resources/privileged resources ratio
 (excluding BCE refinancing and repurchase agreements).

62.4%

Average LTV of mortgage loans

Outstanding privileged liabilities at June 30, 2012

€90 billion, including €89 billion in *obligations foncières*

Positioning

One of the leaders in the European covered bonds market.

Highlights of first half-year 2012

- €1 bn 10-year issue launched on January 19
- €2 bn 3.5-year issue launched on February 22



Financial report

Management report

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In a persistently difficult environment with growth deteriorating, significant uncertainty surrounding the resolution of the sovereign debt crisis afflicting certain European countries, notably Greece, Compagnie de Financement Foncier issued a substantial €6.3 billion in *obligations foncières* (French legal covered bonds) in the first half of 2012, generating a considerable share of its full-year funding requirements. These funds were mainly invested in mortgage loans acquired from Crédit Foncier and the remainder in treasury investments with the Banque de France.

Compagnie de Financement Foncier continued to carry out transactions aimed at trimming the international investments in its balance sheet and to restructure its portfolio of derivatives, which it initiated in 2011.

Over the period, the three main ratings agencies confirmed their AAA/Aaa/AAA ratings for all Compagnie de Financement Foncier's senior debt, recognising the security afforded by the *société de crédit foncier* status and the additional commitments made by Compagnie de Financement Foncier in the areas of financial management and risk control.

Compagnie de Financement Foncier slightly increased its outstandings over the period, bringing its balance sheet assets to €107.1 billion as at June 30, 2012 compared with €105.8 billion on December 31, 2011. Net income mid-way through the year stands at €57 million compared with €108 million for full-year 2011.

1. Transactions carried out over the period

1.1. Investments and related financing

Over the period, Compagnie de Financement Foncier mainly acquired mortgage loans granted by its parent company to private individuals in France:

- direct acquisitions to the tune of €2.4 billion, split into €1.1 billion benefiting from the French State guarantee via FGAS (Government fund promoting access to home ownership), €0.9 billion in other home ownership loans and €0.3 billion in rental loans;
- subscription to the tune of €0.8 billion to mortgage notes issued by Crédit Foncier, guaranteed by a proportion of the mortgage loans granted to its private individual customers.

The main public transactions involved treasury investments with the Banque de France in the amount of €4 billion as at June 30, 2012, up €2.8 billion. On a more marginal level, Compagnie de Financement Foncier spent €0.2 billion acquiring some loans from French local authorities which had been granted by Crédit Foncier.

These investments were financed by the issuance of €6.3 billion in *obligations foncières* during the first half of 2012, which break down as follows:

- €4.6 billion in public issues with an average maturity of 8.6 years, increasing the total existing lines, of which €0.2 billion in *obligations foncières* at 3.875% maturing in April 2055, and creating two new *obligations foncières* benchmarks in euros: a €1 billion benchmark maturing in 2022 and a €2 billion benchmark maturing in August 2015; the launch of these new lines was approved by the Specific controller, who, as for all transactions above €0.5 billion, is required to check compliance with prudential regulations;
- €1.7 billion in private placements with an average maturity of 14.3 years (or 12.1 years if all early exit options are exercised as of their next exercise date).

All issues over the period were euro-denominated, with the exception of two, one in US dollars and one in Norwegian kroner, totalling €0.04 billion. Among the main investors, asset managers replaced banks with 39% of issues over the period, followed by insurers with 25%, close to their 2011 level; central banks also continued to subscribe to Compagnie de Financement Foncier's *obligations foncières* (8% in the first half of 2012 and 11% over full-year 2011). German investors accounted for a substantial 46% of the half-year programme, while French investors accounted for 35% versus 28% each in 2011.

Compagnie de Financement Foncier also raised €1.5 billion within Groupe BPCE, but without benefiting from the legal privilege applicable to the *obligations foncières* issued on the markets. These short-term debts partly substituted (up to €0.5 billion) for previous refinancing operations with the ECB.

1.2. Reduction of the balance sheet

In accordance with the Crédit Foncier group's decision to reduce its balance sheet over three years to comply with future Basel III requirements and to limit its international exposure, Compagnie de Financement Foncier continued to sell assets over the period, to the tune of €1.2 billion.

These comprised:

- €0.8 billion related to units in RMBS securitisation funds;
- €0.3 billion in international public sector securities.

Correspondingly, and to preserve a balance of assets and liabilities on the one hand and limit the impact on the income statement on the other, Compagnie de Financement Foncier redeemed €0.9 billion in *obligations foncières* that it had issued with the aim of cancelling them at a later stage.

The balance sheet was therefore reduced by almost €1 billion.

1.3. Restructuring of the derivatives portfolio

Since 2011, Compagnie de Financement Foncier has been working on reconfiguring its swaps portfolio. Over the period, it recorded 44 swap cancellations for a notional amount of €4 billion.

2. Changes in assets

Breakdown of assets by guarantee category

	06/30/12		12/31/11	
	€M	% balance sheet	€M	% balance sheet
Secured loans - Articles L515-14 et 16	46,902	43.8%	46,203	43.7%
- state-subsidised mortgage loans	433	0.4%	509	0.5%
- mortgage loans guaranteed by the FGAS	10,181	9.5%	9,483	9.0%
- other mortgage loans	16,811	15.7%	16,438	15.5%
- senior mortgage-backed securitisation tranches	9,094	8.5%	10,183	9.6%
- other loans with real estate guarantee	301	0.3%	325	0.3%
- mortgage loans	10,083	9.4%	9,264	8.8%
Exposures to public authorities - Articles L515-15 et 16	43,002	40.2%	41,717	39.4%
- state-subsidised public loans	182	0.2%	196	0.2%
- other public loans	21,676	20.2%	19,797	18.7%
- public entity securities	13,916	13.0%	14,371	13.6%
- securitisation units of public debt	7,227	6.7%	7,354	7.0%
Other assets (interests on IFAT, adjustment accounts, goodwill, etc.)	3,053	2.9%	3,280	3.1%
Replacement securities - Article L515-17	14,145	13.2%	14,579	13.8%
TOTAL ASSETS	107,101	100.0%	105,778	100.0%

Overall, the assets changed little over the period; on June 30, 2012, the balance sheet comprised 44% secured loans, 40% exposures to the public sector and 13% replacement securities.

Considering the additional public guarantees backing some of the mortgage loans (mainly subsidised sector and loans guaranteed by the French State via FGAS), outstanding loans to the public sector accounted for 50% and outstanding mortgages 34% of the balance sheet assets at June 30, 2012, versus 50% and 33% respectively at the end of 2011.

In terms of geographical diversification, the changes in breakdown by country introduced in 2011 were continued: the discontinuation of international activity and the sale of certain positions outside of France led to a two-point increase in the share of assets invested in France to €75 billion, i.e. 70% of balance sheet assets at the end of June 2012, compared with €72 billion and 68% of the balance sheet as at December 31, 2011.

Outside of France, the main reductions were noted in Spain and the Netherlands after the sale over the period of units in funds comprising mortgage loans granted in these countries.

As at June 30, 2012, the international assets could be split into three categories made up of:

- four countries comprising a substantial 4%-6% of the balance sheet assets, i.e. the United States representing €6.6 billion, Italy €6.6 billion, Spain €5.3 billion and the Netherlands €4.4 billion;
- six countries comprising 0.5% to 2% of the balance sheet, i.e. Japan (€2.1 billion), Switzerland (€1.7 billion), Germany (€1.5 billion), Portugal (€0.9 billion), Belgium (€0.7 billion) and Canada (€0.7 billion);
- nine countries with less than 0.5% of the balance sheet assets, corresponding to sovereign exposures to continental European countries for a total of €1.8 billion.

3. Changes in liabilities

Breakdown of liabilities by guarantee rank

	06/30/12		12/31/11	
	€M	% balance sheet	€M	% balance sheet
Privileged ressources	90,255	84.3%	91,074	86.1%
<i>Obligations foncières</i>	89,030	83.1%	89,769	84.9%
Other privileged ressources	1,225	1.1%	1,305	1.2%
Non-privileged ressources	16,846	15.7%	14,705	13.9%
Unsecured debt	11,034	10.3%	8,836	8.4%
Subordinated debt and similar debt	4,012	3.7%	4,027	3.8%
of which redeemable subordinated notes (RSN)	2,100	2.0%	2,100	2.0%
of which participating loans	1,369	1.3%	1,350	1.3%
Shareholders' equity, provisions and FRBG	1,800	1.7%	1,842	1.7%
TOTAL LIABILITIES	107,101	100.0%	105,778	100.0%
<i>Capital</i>	4,419	4.1%	4,413	4.2%
of which Tier-1 capital	2,669	2.5%	2,664	2.5%
of which Tier-2 capital	1,750	1.6%	1,750	1.7%

Compagnie de Financement Foncier recorded a net increase in non-senior liabilities over the period. At end-June 2012, these amounted to 16% of the balance sheet versus 14% six months earlier, increasing the security for holders of *obligations foncières*.

Total liabilities benefiting from the *privilege* fell by €0.8 billion over the period, comprising three key components:

- issuance of €6.3 billion in *obligations foncières*;
- €0.9 billion related to the cancellation of Compagnie de Financement Foncier debt;
- and for the remainder, contractual amortisation on the portfolio and the effects of the currency change.

At the same time, non-privileged liabilities increased by more than €2 billion due, in equal amounts, to the capital contribution by Crédit Foncier and an increase in deposits received as a result of variations in the market value of interest rate and currency swaps. Shareholders' equity and subordinated debt remained stable over the period at €5.8 billion, i.e. 5.4% of the balance sheet, representing significant last-resort security on the entire duration of the *obligations foncières* issued by Compagnie de Financement Foncier.

4. Coverage ratios

Regulations applicable to *sociétés de crédit foncier* require that specific prudential ratios, that are to be complied with at all times, be monitored.

First, Compagnie de Financement Foncier measures the overcollateralisation ratio that corresponds to the relationship between weighted assets and senior debts and must always remain above 102%, the new limit set by regulations beginning in FY 2011.

The weighting limits the value of some assets that carry a higher risk. In Compagnie de Financement Foncier's case, the ratio's numerator corresponds to total assets minus:

- RMBS-type housing loan securitisation, the outstandings of which exceed 10% of the par value of senior liabilities;
- some securitisation units whose weighting is 0% or 50% depending on their rating;
- the amount of securities or loans mobilised with the ECB or sold under repurchase agreements to lending institutions, and;
- the portion of loans whose financing LTV exceeds the regulatory threshold, which makes them ineligible for financing with senior debt.

At June 30, 2012, after factoring in these reductions, the selected hedge amount for senior liabilities stood at €102.0 billion, for a balance sheet total of €107.1 billion.

The overcollateralisation ratio thus stood at 113.0% on June 30, 2012, an increase on its level of 110.6% at end-December 2011, reflecting the relatively lower weight of senior liabilities in comparison with the balance sheet's size (84% at end-June 2012 compared to 86% at end-December 2011). This result will be given final approval by the specific controller in September 2012.

As a precaution, this overcollateralisation ratio for senior liabilities factors in the revised scores issued by Moody's on July 2, 2012 following its downgrading of the Spanish State at end-June.

Beyond this minimum imposed by law, Compagnie de Financement Foncier has undertaken to maintain a level of non-senior liabilities above 5% at all times, thereby creating a security reserve to guarantee full payment on time of the maturities of its *obligations foncières*. At June 30, 2012, this ratio was 16.9%, much higher than the minimum guaranteed by the company, and higher than the 13.8% observed at end-2011, due also to the lesser weight in the balance sheet of privileged liabilities.

As part of its risk management and supervision rules, Compagnie de Financement Foncier measures the average LTV of acquired mortgage loans, which reflects changes in invested capital, and the annual reappraisal of assets provided as collateral.

With regard to mortgage loans held directly, the average financing LTV, equal to the ratio between the discounted value of the asset pledged as collateral and the capital still owed on the receivable, was 62.4% at end-June 2012, out of more than €27 billion outstanding; it increased slightly over the LTV seen at end-June 2011 of 61.6%, under the automatic effect of the replacement of old loans that are amortised by recent loans at higher LTVs.

Furthermore, as a credit institution, Compagnie de Financement Foncier kept liquidity ratios well above the minimum requirements set by banking regulations throughout 2011 due to its commitment to maintain enough available treasury to cover a period of one year. The other prudential ratios applicable to credit institutions are monitored by Crédit Foncier at the consolidated level. However, Compagnie de Financement Foncier determines the solvency ratios only within its scope. Using the standard method, the solvency ratio and the Tier One ratio were 21.4% and 12.9% at June 30, 2012 down slightly from their levels of 22.1% and 13.3%, respectively, at end-December 2011. This change corresponds to a €57 million increase in capital requirements, most of which is related to the downgrading of certain securitisation lines.

5. Analysis of net income

5.1. Net banking income

Net banking income was €296 million at mid-year 2012, compared to €339 million for the whole of FY 2011 and €193 million for the first half of 2011.

This sharp increase is essentially due to the capital gains realised on buybacks of covered bonds, debts that were then cancelled by Compagnie de Financement Foncier. The profit made on these transactions was €124 million and includes the capital gains entered on the securities as well as the termination balances of the swaps that hedged these liabilities against interest rate and exchange rate fluctuations. As these buybacks had disposals of investment portfolio securities as counterparties, this income is in fact neutralised by a €144 million loss on fixed assets.

Not including this non-recurring income, the net interest margin was stable: €161 million for the first half of 2012 compared with €327 million for the full year 2011, including €159 million for the half-year 2011.

The other components in net banking income post a drop over the half-year for two main reasons:

- the decline in prepayment penalties collected. Indeed, the average prepayment on loans to private individuals in 2012 came out to more customary levels: 4.6% over the first half of 2012 compared with 10.0% in 2011 and 13.3% for just the first half of 2011;
- the decline in losses posted on the available for sale portfolio. In the first half of 2012, this line item included only a net provisioning on securities of €2.9 million, of which €3.1 million on units of a Spanish securitisation fund; in 2011, this same security had already been provisioned for €5.8 million, and Compagnie de Financement Foncier had also posted €36.1 million in losses in this section, first during the purchase and sale of its own bonds to promote liquidity on the market (€26.8 million), and then during the restructuring of the two securitisation funds (€9.3 million).

5.2. Gross operating income

Operating expenses did not post any significant change in 2012. They came to €52 million over the half-year and, generally, correspond to the commissions paid to Crédit Foncier in its capacity as service provider to Compagnie de Financement Foncier.

Gross operating income came out to €244 million at June 30, 2012, compared to €235 million for the previous year and €138 million at June 30, 2011.

5.3. Cost of risk

Cost of risk remains limited to €5.4 million for the half-year with regard to the volume of outstandings held, i.e. a balance sheet total of €107 billion. However, it does post an increase compared to its level of €4.9 million recognised for the whole of 2011, primarily due to an additional collective provisions in response to an adjustment in methodology. Provisions on performing assets are now backed by the Basel rating instead of a calculation based on the amount of past-due payments.

For the first half of 2012, the cost of risk corresponds to a net collective provision of €2.9 million and a cost of risk on an individual basis of €2.6 million. 2011 had posted a net reversal on a collective provision of €1.0 million and a cost of risk on an individual basis of €5.9, close to the one supported over the half-year 2012.

Total cost of risk includes both the share in capital entered as cost of risk, €5.4 million at end-June 2012, and the share in interest entered as net banking income of €0.8 million. Thus, total cost of risk is €6.2 million for the first half of 2012, compared with €6.1 million for the entire FY 2011. These risk factors are analysed by asset type in the management report in the chapter on credit risk.

5.4. Net income

Losses posted upon sales of assets should be deducted from operating income. Transfers of securities from the international sector reduced income by €143.7 million in the first half of 2012, a charge largely offset by gains generated on the buyback of *obligations foncières*.

After deducting corporate income tax, which now factors in the choice of recognising deferred taxes that was decided on in 2010, net income from Compagnie de Financement Foncier for the first half-year 2012 was €57 million; for the previous year, it was €108 million, and €89 million for the first half of 2011.

6. Credit risk analysis

In terms of credit risk, three major asset categories can be identified, responding to differentiated approaches as to the measuring and monitoring of the quality of those investments:

- loans in the subsidised or competitive sector granted to natural persons or professionals, most of whom come from the public sector. Equivalent to them are mortgage notes, because of their underlying assets having the same risk features as loans held directly;
- public-sector securities and securitisation units, which are rated externally by accredited agencies; by law, the fund's assets are at least 90% composed of loans or exposures that meet the eligibility criteria to be held by a *société de crédit foncier*. For the analysis, the distinction is made between RMBS-type mortgage securities, and publicly-guaranteed securitisation units;
- replacement securities made up of investments with credit institutions that have the best external rating step. For Compagnie de Financement Foncier, this compartment is composed of loans of less than six months to Groupe BPCE entities; the vast majority of these receivables are secured by a portfolio of assets provided as collateral.

Analysis of the credit risk is also developed in the report on the risk management of this document, with segmentation of clientele and a breakdown by Basel-type rating.

6.1. Overall analysis

During the half-year, the main credit-risk indicators show a very relative deterioration and remain at low levels.

Outstanding non-performing loans rose from €579 million to €764 million, but this €185 million change reflects an increase in the potential risk of only €43 million seen for the compartment of loans to natural persons.

Indeed, the method of declassification as non-performing debts was reviewed in the context of preparatory work for the certification of internal credit-risk rating models, with the introduction of a three-month probationary period after settlement of any past-due payments before returning to healthy status. This change has resulted in a €63 million increase in non-performing loans, but there has been no impact on the level of depreciations recognised by Compagnie de Financement Foncier.

Moreover, a €79 million account in the subsidised sector, which therefore benefits from the French government's guarantee, has been classified as non-performing.

Likewise, the cost of risk has stayed very low compared to investment volume; it was €6.2 million for the first half of 2012 and includes the portion in capital and interest of appreciated risks over the period, compared with €6.1 million recorded for FY 2011. The increase in the cost of risk over the half-year is essentially explained by the adjustment in methodology applied for the provisioning of performing loans that resulted in an additional provision of €2.9 million.

The main risk indicators for Compagnie de Financement Foncier's core business portfolio, comprising loans to the competitive sector and securities and securitisation tranches, remained well under control in the first half of 2012.

6.2. Analysis of the competitive sector as a whole

	06/30/12				12/31/11			
	Outstanding loans (€mn)	Doubtful loans (€mn)	Doubtful loans (%)	Risk (basis points)	Outstanding loans (€mn)	Doubtful loans (€mn)	Doubtful loans (%)	Risk (basis points)
Loans to individuals and related	45,682	629	1.4%	1.4	44,802	518	1.2%	1.3
- of which securitisation tranches and mortgage notes	(19,177)				(19,447)			
Exposures on public entities	41,448	1			40,169	1		
- of which securities and securitisation tranches	(21,143)				(21,725)			
Loans to social housing	2,179	6	0.3%	-0.3	2,256	6	0.2%	1.4
Loans to commercial property (run-off)	7	2	29.0%	7.3	12	2	16.8%	54.1
TOTAL	89,316	639	0.7%	0.7	87,238	527	0.6%	0.7

NB: by convention, the cost of risk is positive when it represents cost, and negative when it constitutes income.

Compared with invested capital, the non-performing loan rate comes to 0.7% at June 30, 2012, up from 0.6% at December 31, 2011, a slight increase seen in the portfolio of loans to private individuals, in which the rate moves from 1.2% to 1.4%. The cost of risk remained stable, at the very low level of 0.7 basis point.

These results are broken down in each of the major business sectors according to their nature: portfolio of loans and similar items located in France, a portfolio of international receivables, the vast majority of which are securities and securitisation units.

6.3. Loans and similar items

Risk indicators on outstanding loans and similar items

06/30/12	Outstanding loans (€mn)	Percentage of total outstanding loans	of which doubtful loans	Doubtful loans (%)	of which compromised doubtful	Compromised doubtful (%)	Provisions (€mn)
SUBSIDISED SECTOR (RUN-OFF)	615.1	1.0%	126.1	20.5%			0.1
PRIVATE SECTOR	59,078.4	99.0%	638.5	1.1%	74.9	0.1%	36.5
- Loans to individuals and mortgage notes	36,587.8	61.3%	629.1	1.7%	72.8	0.2%	34.5
<i>of which mortgage notes</i>	10,082.8	16.9%					
<i>of which loans guaranteed by FGAS</i>	10,181.1	17.1%	294.6	2.9%			
<i>of which other mortgage loans</i>	16,324.0	27.3%	334.5	2.0%	72.8	0.4%	34.5
- Loans to public authorities	20,304.7	34.0%	1.1				
- Loans to social housing	2,179.0	3.7%	6.4	0.3%	0.7		1.0
- Loans to commercial property (run-off)	6.8		2.0	29.0%	1.4	20.4%	1.0
TOTAL	59,693.4	100.0%	764.6	1.3%	74.9	0.1%	36.6

12/31/11	Outstanding loans (€mn)	Percentage of total outstanding loans	of which doubtful loans	Doubtful loans (%)	of which compromised doubtful	Compromised doubtful (%)	Provisions (€mn)
SUBSIDISED SECTOR (RUN-OFF)	706.4	1.3%	52.1	7.4%			0.1
PRIVATE SECTOR	55,330.3	98.7%	527.1	1.0%	88.8	0.2%	30.5
- Loans to individuals and mortgage notes	34,618.6	61.8%	518.4	1.5%	85.6	0.2%	28.4
<i>of which mortgage notes</i>	9,263.7	16.5%					
<i>of which loans guaranteed by FGAS</i>	9,483.0	16.9%	241.1	2.5%			
<i>of which other mortgage loans</i>	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
TOTAL	56,036.7	100.0%	579.3	1.0%	88.8	0.2%	30.6

These assets make up half of Compagnie de Financement Foncier's balance sheet and present very reduced and controlled risk levels.

The sectors that may appear riskiest because they have a high level of non-performing loans, i.e. the subsidised sector and the commercial real estate sector, are in fact insignificant. First, these sectors are in workout, which has the automatic effect of increasing their proportion of non-performing debts over time. Second, the risk of a final loss in the subsidised sector is assumed by the French State, and non-performing commercial real estate loans are marginal.

In fact, the more sensitive portfolio is composed of loans not guaranteed by the FGAS representing an outstanding of €16.3 billion at June 30, 2012 and on which is observed a relative increase in non-performing loans from 1.7% to 2.0% over the period, changes due to more than half to the change of method used to classify a loan as doubtful. In this segment, the amount of bad debts, which is another indicator of risk, has evolved favorably, lowering over the period from €86 million to €73 million, expressed as a percentage of the portfolio reaches a very low level of 0.4% which is also reflected in the rate of cost of risk observed is almost zero. The provisioning rate has remained unchanged for more than 10% of doubtful loans.

6.4. Analysis of the cost of risk

	06/30/12			12/30/11		
	Outstanding loans (€mn)	Risk charge (€mn)	Risk charge (basis points)	Outstanding loans (€mn)	Risk charge (€mn)	Risk charge (basis points)
SUBSIDISED SECTOR	615.1	-0.16	-2.6	706.4	0.25	3.6
PRIVATE SECTOR	59,078.4	6.38	1.1	55,330.3	5.89	1.1
- Loans to individuals and mortgage notes	36,587.8	6.46	1.8	34,618.6	5.61	1.6
- Loans to public authorities	20,304.7	-0.02		18,443.6	-0.10	-0.1
- Loans to social housing	2,179.0	-0.07	-0.3	2,255.9	0.32	1.4
- Loans to commercial property (run-off)	6.8	0.01	7.3	12.2	0.07	54.1
TOTAL	59,693.4	6.22	1.0	56,036.7	6.14	1.1

NB: by convention, the cost of risk is positive when it represents cost, and negative when it constitutes income.

Despite its increase over the half-year, the cost of risk, which includes the cost of risk for capital flows and the impact, in net banking income, for interest flows, remains very low; it is €6.2 million or 1 basis point compared with total non-performing loans and similar items and remains focused on the portfolio of loans to private individuals.

Without adjustment of the method for determining provisioning on performing loans, the increase in the cost of risk is more limited: it reportedly rose from €6.1 million for full-year 2011 to €3.3 million for the first half of 2012.

6.5. Securities and securitisation units

This category consists of:

- senior securitisation units of two different types: RMBS, for outstandings of €9.1 billion at end-June 2012, and debt funds that are public or have public guarantees, for €7.2 billion on the same date;
- securities issued or guaranteed by essentially foreign public entities, with outstandings of €13.9 billion at June 30, 2012.

At June 30, 2012, as at previous closings of accounts, this category does not include any non-performing loans. However, during the half-year, this securities portfolio was provisioned for depreciation on two of its lines:

- €25 million in provisions were entered on units in a Spanish mortgage securitisation sold on June 29 with a settlement date of July 2; at the end-June closing, the book value of the units thus factors in the discount applied at the sale;
- €3 million in provisions were also recognised on units in another Spanish RMBS, which brings total depreciations on this line to €23 million for a par value of €50 million.

The RMBS portfolio after the sales of units made during the half-year represents €9.1 billion or 8.5% of the balance sheet at June 30, 2012, compared to €10.2 billion and 9.6% of the balance sheet at December 31, 2011; it is broken down over five European countries, primarily in Spain, with €4.3 billion, and Italy, with €2.9 billion.

Nearly half the outstandings, or €4.3 billion, have credit quality ratings (better than AA-), of which €2.1 million has at least one AAA rating by an agency. For the remainder, the scores are in the second credit quality tier (i.e. A+, A or A-), with the exception of one line in the amount of €28 million after recognition of the €23 million provision for depreciation that is assigned to it.

In addition, Crédit Foncier has committed to offsetting the consequences for the *société de crédit foncier* of any scores falling below the second tier of credit quality (scores below A-) on a portion of the mortgage securitisation portfolio; at June 30, 2012, €3.5 billion in outstandings had this additional protection.

Other outstandings in this category, i.e. a total of €21.1 billion at June 30, 2012, belong to the public sector, in the amount of €7.2 billion in public securitisation funds and €13.9 billion in securities issued or guaranteed by public entities, all located outside France, with the exception of €0.4 billion in outstanding securities.

By adding on the €2.3 billion in loans made to foreign public entities, primarily Swiss, this category includes all of Compagnie de Financement Foncier's international public assets, for a total of €23.1 billion at June 30, 2012, representing 21.5% of the balance sheet; its outstanding loans were reduced €0.6 billion over the half-year.

The breakdown by country also changed little over the half-year, with strong representativeness of North America (€6.6 billion in the US and €0.7 billion in Canada), a significant presence in Japan with €2.1 billion and in five European countries (€3.6 billion in Italy, €3.5 billion in the Netherlands, €1.7 billion in Switzerland, €1.2 billion in Germany and €1.0 billion in Spain) and transactions on lesser amounts in 11 other countries in Europe.

In terms of rating, at June 30, 2012, the international public sector had:

- a tier one rating on 65% of its total outstanding loans, i.e. €15.0 billion, of which €8.6 billion rated AAA by at least one agency;
- a tier two rating on 21% of total outstanding loans.

7. Financial risk analysis

7.1. Analysis of interest-rate and foreign-exchange risks

In keeping with its management rules, Compagnie de Financement Foncier has accompanied its acquisition and issue activities this half-year with the required interest-rate and exchange-rate hedge transactions.

Likewise, the interest-rate position on the remaining period for outstanding loans stayed within the narrow limits, during this period, that Compagnie de Financement Foncier has undertaken to respect.

Consequently, outstanding financial instruments for micro- and macro-hedging in interest rates and currencies have remained significant, €102 billion in interest-rate swaps at end-June 2012 and €47 billion in currency swaps - down for the half-year - due to portfolio-restructuring transactions on derivatives that involved a notional amount of €4 billion.

7.2. Analysis of liquidity risk

The very prudent liquidity management policy continued through the half-year, with Compagnie de Financement Foncier still committed to maintaining available cash flow to deal with the contractual maturities on all of its senior debt, for one year, with no new liabilities.

Compagnie de Financement Foncier's cash assets consist of:

- more than €14 billion in replacement securities as of June 30, 2012, as at year-end 2011, representative of very short-term receivables (less than two months at end-June 2012) of which about 80% is guaranteed by an asset portfolio provided by the borrowing institution;
- €4 billion in deposits and placements of less than one month with the Banque de France, entered as exposures on public entities, as of June 30, 2012, up from €1.2 billion at the end of the previous year.

Furthermore, Compagnie de Financement Foncier has a very high volume of assets eligible for the ECB's financing operations. As of June 30, 2012, outstanding loans thus mobilisable had a par value of €52 billion, broken down as:

- €8 billion in public-sector loans;
- €17 billion in securities;
- €26 billion in mortgage loans to private individuals, meeting the criteria set out by Banque de France after the ECB's decision on February 9, 2012 to expand, on a temporary and national basis, the conditions under which a receivable may be accepted as collateral for financing operations in the Eurosystem.

Therefore, even after cautious estimates on haircuts, the financing that Compagnie de Financement Foncier may obtain from the ECB is very substantial; at June 30, 2012, only €1.3 billion was mobilised in that way.

At all times, Compagnie de Financement Foncier ensures that its balance sheet is properly backed by liquidity, which specifically shows the weak spread between the durations of assets and liabilities; at June 30, 2012, these two durations were at 6.3 years and 6.5 years, very close to those seen at end-2011, which were 6.2 and 6.4 years.

8. Notes to the management report

Compagnie de Financement Foncier is filing with the French Banking Authority (Autorité de Contrôle Prudentiel) a quarterly report on the quality of the financed assets including the list of securitisation funds it holds. Responding to the request of the ACP, this document is available on the company website www.foncier.fr



Financial report

Condensed Interim Financial Statements

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Balance sheet

(in thousands of euros)

As per notes	ASSETS	06/30/12	06/30/11	12/31/11
	Cash due from central banks and post office accounts	19,333	9,482	14,697
1	Loans and receivables due from banks	23,219,400	18,665,136	20,609,849
	<i>On demand</i>	2,317,429	442,644	1,409,394
	<i>At maturity</i>	20,901,971	18,222,492	19,200,455
2	Customer loans	40,483,224	38,524,738	40,660,039
	<i>Other customer loans</i>	40,483,224	38,524,738	40,660,039
3	Bonds and other fixed income securities	40,346,211	43,909,051	41,228,820
4	Tangible and intangible fixed assets			
5	Other assets	68,992	95,057	72,965
6	Adjusting accounts	2,964,241	2,543,596	3,191,907
	TOTAL ASSETS	107,101,402	103,747,060	105,778,277

As per notes	LIABILITIES AND EQUITY	06/30/12	06/30/11	12/31/11
	Central Banks			
7	Due to banks	5,925,202	3,950,660	4,903,513
	<i>On demand</i>	61,214	1,322	3,931
	<i>At maturity</i>	5,863,988	3,949,338	4,899,582
8	Customer deposits	6,689	1,379	7,008
	<i>On demand</i>	6,689	1,379	7,008
9	Debt securities	89,181,493	90,033,570	89,923,945
	Inter-bank market securities and negotiable debt securities	151,533	152,068	155,313
	Bonds (<i>obligations foncières</i>)	89,029,960	89,881,502	89,768,632
10	Other liabilities	4,285,012	1,841,455	3,184,632
11	Adjusting accounts	2,433,943	2,624,062	2,466,759
12	Provisions for liabilities and charges	10,636	8,049	7,775
13	Subordinated debt	3,469,535	3,472,469	3,450,452
	Fund for general banking risks	20,000	20,000	20,000
14	Equity other than fund for general banking risks	1,768,891	1,795,416	1,814,193
	<i>Subscribed capital stock</i>	1,187,460	1,187,460	1,187,460
	<i>Share premiums</i>	343,002	343,002	343,002
	<i>Reserves</i>	95,367	89,963	89,963
	<i>Regulated provisions and investment subsidies</i>			
	<i>Retained earnings (+/-)</i>	85,946	85,704	85,704
	<i>Income to be allocated</i>			
	<i>Net income for the period</i>	57,116	89,287	108,064
	TOTAL LIABILITIES AND EQUITY	107,101,402	103,747,060	105,778,277

Notes to the individual financial statements of Compagnie de Financement Foncier

1. General framework

Compagnie de Financement Foncier is approved to operate as a *société de crédit foncier* under the Act of June 25, 1999, which deals with savings and financial security. As such it is subject to Articles L. 515-13 to L. 515-33 of the French Monetary and Financial Code. *Sociétés de crédit foncier* are credit institutions accredited as financial companies by the *Comité des établissements de crédit et des entreprises d'investissement* (CECEI). As such, they must comply with the regulation No. 99-10 of the CRBF, as amended, which specifically concerns *sociétés de crédit foncier* and:

- the valuation of real property financed by loans that can be held as assets by *sociétés de crédit foncier*;
- the valuation of the assets and liabilities of such companies;
- their specific management standards.

Compagnie de Financement Foncier is an affiliated subsidiary of BPCE. As such, it falls under the guarantee of its parent company as well as the guarantee and liquidity mechanism of Groupe BPCE. As an affiliated subsidiary, Compagnie de Financement Foncier does not contribute to the network's solidarity mechanism and will not be called upon in the event of default of a Banque Populaire or a Caisse d'Épargne.

2. Interim highlights

2.1. Current activity

During the first half of 2012, Compagnie de Financement Foncier acquired loans from Crédit Foncier for €2,403.5 million, with an outstanding principal of €2,159.2 million and €182.8 million in loans not yet released and which were recorded as "Financing commitments given".

In terms of refinancing, Compagnie de Financement Foncier issued €6,340.1 million in obligations foncières in the first half of 2012, in line with the annual issuance program. It also subscribed for refinancing credit lines from the Banque de France under the "Pool 3G" mechanism. The total outstanding amount for this financing was €1 billion at June 30, 2012 versus €1.5 billion at December 31, 2011.

Furthermore, under the financial guarantee agreements pursuant to Article L.211-38 of the French Monetary and Financial Code, Compagnie de Financement Foncier established, in previous financial years, several credit lines with its parent company, Crédit Foncier, recorded as replacement securities for a total of €14,200 million at December 31, 2011.

In order to reduce the exposure to the parent company, these credit lines are now granted to BPCE SA, for a total of €14,000 million at June 30, 2012, 80% of which is collateralised.

2.2. Dynamic balance sheet management

Within its new strategic plan, and due to the enhancement of prudential rules both within the framework of the implementation of European Directive CRD 3 at December 30, 2011 and in preparation for the entry into force of Basel III (draft directive CRD 4 and European regulation CRR, the preliminary version of which was published in July 2011, liable to introduce a leverage ratio constraint), Crédit Foncier group continued the dynamic balance sheet management initiatives launched at the end of 2011, selling off several security lines and redeeming previously issued *obligations foncières*, asset and liability items primarily comprising in the balance sheet of Compagnie de Financement Foncier.

The amount of sales of securities totalled an outstanding of €1,002.1 million and consisted of international public sector securities and shares of securitisation funds.

These disposals, together with the cancellation of the associated hedging swaps, generated net capital losses of €143.6 million, booked to the income statement under "Gains or losses on fixed assets".

Together with these asset reduction operations, Compagnie de Financement Foncier redeemed some of its own bonds issued on the market. These secondary market redemptions, totalling €899.3 million, were subsequently cancelled, reducing its outstanding bond refinancing debt accordingly.

Premiums and discounts on these redemptions were booked directly to the income statement under "Interest and similar income" or "Interest and similar expenses", in accordance with regulations. At the same time, the hedges associated with these redeemed issues were cancelled accordingly. Gains or losses generated on these cancellations were booked directly to the income statement, also under "Interest and similar income" or "Interest and similar expenses".

The net impact of these redemptions on the income statement in 2012 was a gain of €124.4 million.

Considering the amortization of cash payments on swaps related to Compagnie de Financement Foncier's *obligations foncières* purchased and resold in 2011, the impact of the dynamic management of the balance sheet is relatively neutral on the interim results.

2.3. Disposal of securitisation funds (FCCs)

In 2008, Crédit Foncier put an agreement in place with its subsidiary to offset the impact of a drop in their weighting, within the meaning of Article 9 of CRBF Regulation 99-10 on *sociétés de crédit foncier*, of a portfolio of securitization funds (FCC) in the event they were downgraded below a certain level.

Within this framework, Compagnie de Financement Foncier sold a line of FCC shares, originally classified as “Investment Securities”, to its parent company at book value, i.e. €78.8 million.

2.4. Off-balance sheet restructuring transactions

In order to meet the twofold objective of reducing the size of the Crédit Foncier group’s off-balance sheet to minimise the level of capital allocated to derivatives and to limit exposure to counterparties, Compagnie de Financement Foncier carried out several interest rate derivative restructuring transactions with Crédit Foncier and external counterparties.

Consequently, macro-hedging swaps between Crédit Foncier and Compagnie de Financement Foncier with a notional amount of €1,902 million were cancelled. At that time, Compagnie de Financement Foncier paid a net cancellation balance of €169.1 million. At the same time, a number of securities hedging swaps with external counterparties were cancelled for a total of €2,127.6 million and Compagnie de Financement Foncier received a net cancellation balance of €221.7 million.

These cancellation balances, as well as the unamortised original balance at June 30, 2012, are spread out and booked to the income statement over the life of the hedged items under “Interest and similar income” or “Interest and similar expenses”.

2.5. Doubtful loans

In preparation for the approval of the internal credit risk rating models, the Group has changed its method for reclassifying doubtful loans by aligning the accounting concept of doubtful loans with the Basel concept of default. This change resulted in an increase of €62.9 million in doubtful loans, with no material impact on the level of impairments recorded by Compagnie de Financement Foncier barring any differences, all else being equal, in its credit risk exposure.

3. Post-closing events

As the Rectifying Finance Act was not extended at June 30 and the draft Finance Act was not published until July 4, 2012, the financial statements of Compagnie de Financement Foncier at June 30 don’t include the exceptional additional contribution in respect of the systemic banking tax (TSB), equivalent to the tax paid in 2012 and payable by September 30, 2012.

The exceptional contribution in respect of the TSB will comprise an additional expense of approximately €3.7 million for Compagnie de Financement Foncier before tax, which will be recorded in the second half.

4. Information about accounting rules and principles

4.1. Valuation and presentation methods used

The condensed interim financial statements of Compagnie de Financement Foncier are prepared and presented in accordance with the rules defined by BPCE, in compliance with the regulations of the French accounting standards authority (ANC). In compliance with CRBF Regulation No. 91-01, as amended by ANC Regulation No. 2010-08 and CRC Regulation No. 2001-2 and Recommendation No. 2001-R.02, the summary financial statements are presented in the format required for credit institutions.

Generally accepted accounting principles have been applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern;
- consistency of accounting methods over time;
- independence of financial years;

and in compliance with the general rules for preparing and presenting interim financial statements.

The accounting principles and methods used are identical to those used for the annual financial statements. Specifically, the income and expenses related to the half year were calculated in accordance with the principle of the separation of financial years.

4.2. Changes in accounting methods

No changes in accounting methods were applicable to the 2012 interim financial statements.

Note 1: loans and receivables due from banks

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
On demand loans to banks	2,317,429	442,644	1,409,394
Current account overdrafts	70,365	342,574	239,378
Accounts and loans on demand	2,247,000	100,000	1,170,000
Non-allocated securities on demand	33	65	
Related receivables	31	5	16
At maturity loans to banks	20,901,971	18,222,492	19,200,455
Accounts and loans at maturity	3,438,288	4,904,194	4,421,343
Values received as pension	17,456,856	13,309,605	14,748,769
Securities subject to repurchase agreements			
Subordinated loans and participating loans			
Related receivables	6,827	8,693	30,343
Doubtful loans			
GROSS AMOUNT OF LOANS AND RECEIVABLES	23,219,400	18,665,136	20,609,849
Depreciations on doubtful loans			
NET AMOUNT OF LOANS AND RECEIVABLES DUE FROM BANKS ⁽¹⁾	23,219,400	18,665,136	20,609,849
<i>⁽¹⁾ of which subsidised sector</i>	<i>396</i>	<i>521</i>	<i>472</i>
Detail on Group and non-Group loans at maturity			
Accounts and loans at maturity			
- of which Group's transactions	48,162	2,496,378	2,754,938
- of which non-Group's transactions	3,390,126	2,407,816	1,666,405
Values received as pension			
- of which Group's transactions	17,456,856	13,309,605	14,748,769
- of which non-Group's transactions			
Related receivables			
- of which Group's transactions		591	1,595
- of which non-Group's transactions	6,827	8,103	28,748
Group loans	17,505,018	15,806,573	17,505,302
Non-Group loans	3,396,953	2,415,919	1,695,153
TOTAL	20,901,971	18,222,492	19,200,455
Detail on Group and non-Group loans on demand			
Accounts and loans on demand			
- of which Group's transactions	51,273	335,257	232,019
- of which non-Group's transactions	2,266,091	107,317	1,177,359
Related receivables			
- of which Group's transactions			
- of which non-Group's transactions	31	5	16
Non-allocated securities			
- of which Group's transactions (at CFF level)			
- of which non-Group's transactions	33	65	
GROUP LOANS	51,273	335,257	232,019
NON-GROUP LOANS	2,266,155	107,322	1,177,376
TOTAL	2,317,429	442,644	1,409,395

Note 1b: breakdown of loans at maturity to banks

(in thousands of euros)

	06/30/12			06/30/11		12/31/11	
	GROSS	WRITE-DOWNS	NET	NET		NET	
Term loans							
Refinancing of subsidised residential property	396		396	521		472	
Refinancing of unsubsidised residential property	855		855	1,155		984	
Public authorities	3,395,702		3,395,702	2,414,242		1,693,697	
Structured financing							
Other loans to banks	17,505,018		17,505,018	15,806,573		17,505,302	
Doubtful term loans							
NET AMOUNT OF LOANS AND RECEIVABLES DUE FROM BANKS	20,901,971		20,901,971	18,222,492		19,200,455	

Note 2: customer loans

(in thousands of euros)

	Performing loans			Doubtful loans			Write-downs			Net amounts		
	06/30/12	06/30/11	12/31/11	06/30/12	06/30/11	12/31/11	06/30/12	06/30/11	12/31/11	06/30/12	06/30/11	12/31/11
Current account overdrafts												
Customer loans ⁽¹⁾	39,745,763	38,016,017	40,104,789	764,592	529,241	579,251	27,131	20,520	24,001	40,483,224	38,524,738	40,660,039
Loans to financial customers												
Export credits												
Short-term loans ⁽²⁾	1,588,134	2,554,101	2,676,687							1,588,134	2,554,101	2,676,687
Equipment loans	8,703,510	8,684,620	8,754,660	746	1,043	1,035	243	215	210	8,704,014	8,685,448	8,755,485
Residential property loans	29,199,676	26,521,802	28,430,432	760,163	524,901	574,696	25,809	19,255	22,698	29,934,030	27,027,448	28,982,430
Other customer loans	45,837	52,162	48,535	1,453	1,510	1,548	1,079	1,050	1,093	46,210	52,622	48,990
Non-allocated securities		3,009	404								3,009	404
Subordinated loans												
Related receivables	208,606	200,323	194,071	2,230	1,787	1,972				210,836	202,110	196,043
TOTAL GENERAL	39,745,763	38,016,017	40,104,789	764,592	529,241	579,251	27,131	20,520	24,001	40,483,224	38,524,738	40,660,039
⁽¹⁾ of which subsidised sector	488,591	754,303	653,841	126,075	56,767	52,118	89	94	81	614,577	810,976	705,878
of which unsubsidised sector	39,257,172	37,261,714	39,450,948	638,517	472,474	527,133	27,042	20,426	23,920	39,868,647	37,713,762	39,954,161

The increase of the doubtful loans in the subsidised sector is mainly due to a receivable of €79 million, fully guaranteed by the French State.

Note: Compagnie de Financement Foncier does not include any intra Group loans in customer loans.

⁽²⁾ The Company acquired Crédit Foncier's loan on the Trésor concerning the Découvert sur Prime d'Épargne Logement. In 2007, it purchased Ixis CIB loans, which include revolving credit lines amounting to €1,588 million at the end of June 2012 and €2,554 million at the end of June 2011.

Note 2b1: write-downs and provisions for counterparty risks

(in thousands of euros)

	12/31/10	Additions	Reversals	12/31/11	Additions	Reversals	Misc. Transaction	06/30/12
Write-downs recorded as a deduction from assets								
Customer loans and due from banks ⁽¹⁾	17,888	13,770	-7,657	24,001	9,978	-6,848		27,131
Provisions recorded in liabilities								
Customer loans and due from banks and from securities	7,515	2,239	-3,182	6,572	2,879	-18		9,433
TOTAL	25,403	16,009	-10,839	35,743	12,857	-6,866		36,564

⁽¹⁾ Write-downs of loans are booked at their present value, as per CRB 2002-03.

Note 2b2: premiums - discounts on acquired loans

(in thousands of euros)

	12/31/10	New entries	Amortisation	12/31/11	New entries	Amortisation	06/30/2012
Due from banks							
Premiums	99,571		-10,137	89,434		-5,054	84,380
Discounts							
NET	99,571		-10,137	89,434		-5,054	84,380
Customer loans							
Premiums	473,288	114,197	-101,232	486,253	76,485	-38,509	524,229
Discounts	-711,511	-249,878	72,525	-888,864	-19,217	34,714	-873,367
NET	-238,223	-135,681	-28,707	-402,611	57,268	-3,795	-349,138
TOTAL	-138,652	-135,681	-38,844	-313,177	57,268	-8,849	-264,758

Note 2c: breakdown of outstanding customer loans

(in thousands of euros)

	06/30/12			06/30/11	12/31/11
	GROSS	WRITE-DOWNS	NET		
Individuals	24,731,083		24,731,083	21,592,143	23,576,699
Subsidised sector	225,818		225,818	354,098	286,801
Unsubsidised residential property	24,504,817		24,504,817	21,237,876	23,289,589
Other	448		448	169	309
Individual entrepreneurs	1,384,267		1,384,267	1,421,543	1,560,889
Subsidised sector	13,576		13,576	17,706	14,309
Unsubsidised residential property	1,370,691		1,370,691	1,403,655	1,546,418
Other				182	162
Regional Public Sector and sovereigns	10,221,124		10,221,124	11,340,722	11,351,941
Subsidised sector	73,117		73,117	86,978	80,646
Unsubsidised residential property	334,986		334,986	361,515	344,578
Other	9,813,021		9,813,021	10,892,229	10,926,717
Social organizations	2,696,796		2,696,796	2,969,170	2,804,880
Subsidised sector	165,463		165,463	197,087	179,670
Unsubsidised residential property	2,462,872		2,462,872	2,695,667	2,551,067
Other	68,461		68,461	76,416	74,143
Real estate investors	7,437		7,437	109,533	103,247
Subsidised sector	2,595		2,595	88,468	84,813
Unsubsidised residential property	4,660		4,660	10,741	10,145
Other	182		182	10,324	8,289
Structured financing	703,522		703,522	576,544	702,381
Subsidised sector	7,634		7,634	9,437	7,120
Transportation				182	182
Large projects	673,848		673,848	544,684	676,376
Other	22,040		22,040	22,241	18,703
Other	1,534		1,534	6,362	4,752
Subsidised sector	388		388	529	482
Unsubsidised residential property	291		291	4,678	3,288
Other	855		855	1,155	982
Subtotal customer loans	39,745,763		39,745,763	38,016,017	40,104,789
DOUBTFUL LOANS	764,592	27,131	737,461	508,721	555,250
Of which subsidised sector	126,075	89	125,986	56,673	52,037
Of which unsubsidised sector	638,517	27,042	611,475	452,048	503,213
TOTAL CUSTOMER LOANS ⁽¹⁾	40,510,355	27,131	40,483,224	38,524,738	40,660,039
⁽¹⁾ of which subsidised sector	614,666	89	614,577	810,976	705,878
of which unsubsidised sector	39,895,689	27,042	39,868,647	37,713,762	39,954,161

The breakdown of the outstanding customer loans of 2011 is based upon Risk's segmentation reviewed in 2009. This approach allows a much finer understanding.

Note 2d: breakdown of outstanding doubtful loans

(in thousands of euros)

In 06/30/12	Total doubtful loans			Of which compromised doubtful loans		
	GROSS	WRITE-DOWNS	NET	GROSS	WRITE-DOWNS	NET
Individuals	632,926	23,140	609,786	66,192	16,659	49,533
Subsidised sector	35,098	43	35,055			
Unsubsidised residential property	596,256	21,936	574,320	64,645	15,498	49,147
Other	1,572	1,161	411	1,547	1,161	386
Individual entrepreneurs	37,256	2,241	35,015	6,592	1,858	4,734
Subsidised sector	6,032		6,032			
Unsubsidised residential property	31,209	2,238	28,971	6,583	1,856	4,727
Other	15	3	12	9	2	7
Regional Public Sector and sovereigns	1,659	10	1,649			
Subsidised sector	524		524			
Unsubsidised residential property						
Other	1,135	10	1,125			
Social organizations	4,443	98	4,345	84	48	36
Subsidised sector	433		433			
Unsubsidised residential property	3,716	88	3,628	84	48	36
Other	294	10	284			
Real estate investors	85,029	765	84,264	1,391	581	810
Subsidised sector	83,052	46	83,006			
Unsubsidised residential property	1,473	597	876	1,387	581	806
Other	504	122	382	4		4
Structured financing	3,279	877	2,402	639	217	422
Subsidised sector	936		936			
Unsubsidised residential property						
Other	2,343	877	1,466	639	217	422
Other						
TOTAL ⁽¹⁾	764,592	27,131	737,461	74,898	19,363	55,535
⁽¹⁾ of which subsidised sector	126,075	89	125,986			
of which unsubsidised sector ⁽²⁾	638,517	27,042	611,475	74,898	19,363	55,535

⁽²⁾ The amount of doubtful loans in the competitive sector includes €294.6 million of SGFGAS-guaranteed loans.

In accordance with CRC Regulation n°2005-03, compromised doubtful loans do not include loans that benefit from a guarantee covering almost all risks, such as loans of the subsidised sector and French State-guaranteed PAS loans.

(in thousands of euros)

In 06/30/11	Total doubtful loans			Of which compromised doubtful loans		
	GROSS	WRITE-DOWNS	NET	GROSS	WRITE-DOWNS	NET
Individuals	467,901	14,940	452,961	57,744	9,365	48,379
Subsidised sector	39,837	57	39,780			
Unsubsidised residential property	426,572	13,814	412,758	56,390	8,344	48,046
Other	1,492	1,069	423	1,354	1,021	333
Individual entrepreneurs	44,867	4,035	40,832	12,055	3,490	8,565
Subsidised sector	9,218	2	9,216			
Unsubsidised residential property	35,483	3,991	31,492	11,999	3,490	8,509
Other	166	42	124	56		56
Regional Public Sector and sovereigns	1,745	43	1,702			
Subsidised sector	656		656			
Unsubsidised residential property						
Other	1,089	43	1,046			
Social organizations	5,037	94	4,943	79	43	36
Subsidised sector	678		678			
Unsubsidised residential property	3,978	80	3,898	79	43	36
Other	381	14	367			
Real estate investors	5,937	658	5,279	2,018	613	1,405
Subsidised sector	3,839	35	3,804			
Unsubsidised residential property	1,604	501	1,103	1,524	491	1,033
Other	494	122	372	494	122	372
Structured financing	3,754	750	3,004	1,194	737	457
Subsidised sector	2,539		2,539			
Unsubsidised residential property						
Other	1,215	750	465	1,194	737	457
Other						
TOTAL ⁽¹⁾	529,241	20,520	508,721	73,090	14,248	58,842
⁽¹⁾ of which subsidised sector	56,767	94	56,673			
of which unsubsidised sector ⁽²⁾	472,474	20,426	452,048	73,090	14,248	58,842

⁽²⁾ The amount of doubtful loans in the competitive sector includes €209.6 million of SGFGAS-guaranteed loans.

In accordance with CRC Regulation n°2005-03, compromised doubtful loans do not include loans that benefit from a guarantee covering almost all risks, such as loans of the subsidised sector and French State-guaranteed PAS loans.

(in thousands of euros)

In 12/31/11	Total doubtful loans			Of which compromised doubtful loans		
	GROSS	WRITE-DOWNS	NET	GROSS	WRITE-DOWNS	NET
Individuals	517,766	17,598	500,168	72,983	11,687	61,296
Subsidised sector	35,572	42	35,530			
Unsubsidised residential property	480,662	16,455	464,207	71,593	10,638	60,955
Other	1,532	1,101	431	1,390	1,049	341
Individual entrepreneurs	44,825	4,571	40,254	12,571	3,990	8,581
Subsidised sector	8,631		8,631			
Unsubsidised residential property	36,027	4,527	31,500	12,504	3,988	8,516
Other	167	44	123	67	2	65
Regional Public Sector and sovereigns	1,629	35	1,594			
Subsidised sector	535		535			
Unsubsidised residential property						
Other	1,094	35	1,059			
Social organizations	4,879	95	4,784	81	45	36
Subsidised sector	679	0	679			
Unsubsidised residential property	3,914	92	3,822	81	45	36
Other	286	3	283			
Real estate investors	5,704	837	4,867	1,968	693	1,275
Subsidised sector	3,653	39	3,614			
Unsubsidised residential property	1,547	676	871	1,464	571	893
Other	504	122	382	504	122	382
Structured financing	4,448	865	3,583	1,222	764	458
Subsidised sector	3,048		3,048			
Unsubsidised residential property						
Other	1,400	865	535	1,222	764	458
Other						
TOTAL ⁽¹⁾	579,251	24,001	555,250	88,825	17,179	71,646
⁽¹⁾ of which subsidised sector	52,118	81	52,037			
of which unsubsidised sector ⁽²⁾	527,133	23,920	503,213	88,825	17,179	71,646

⁽²⁾ The amount of doubtful loans in the competitive sector includes €241.1 million of SGFGAS-guaranteed loans. In accordance with CRC Regulation n°2005-03, compromised doubtful loans do not include loans that benefit from a guarantee covering almost all risks, such as loans of the subsidised sector and French State-guaranteed PAS loans.

Note 3: investments securities available for sale and held to maturity

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Investments securities available for sale ⁽¹⁾	10,159,977	10,412,163	9,341,377
Bonds	75,805	76,153	75,905
Inter-bank market securities	10,061,500	8,373,000	9,238,000
Negotiable debt securities		1,942,000	
Related receivables	22,672	21,010	27,471
Gross amounts	10,159,977	10,412,163	9,341,377
Write-downs on fixed income securities available for sale	-22,660	-13,368	-19,762
NET AMOUNTS	10,137,317	10,398,795	9,321,615
INVESTMENTS SECURITIES HELD TO MATURITY ⁽²⁾	30,208,894	33,510,256	31,907,205
Bonds	13,719,484	14,352,725	14,168,533
FCC shares	16,300,165	18,908,793	17,497,702
Write-downs on securities held to maturity	-25,000		
Related receivables	214,245	248,738	240,970
TOTAL INVESTMENTS SECURITIES AVAILABLE FOR SALE AND HELD TO MATURITY ⁽³⁾	40,346,211	43,909,051	41,228,820

⁽¹⁾ At June 30, 2012, the market value of short-term investment bond securities amounted to €63,142K including €22,660K of depreciated unrealized capital loss (after swaps) and €1,422K of depreciated unrealized capital gain (before swaps).

⁽²⁾ At June 30, 2012, a write-down amounting to €25,000K was recorded on securities being ceased, representing the expected loss on the cease of which settlement and delivery were to intervene in early July 2012. This write-down was recorded as in "Gains or losses on fixed assets". Moreover, no unrealized capital loss on investment securities held to maturity was recorded at June 30, 2012 (data communicated pursuant to Regulation CRC 2004-16 of 11/23/2004 regarding information to be provided further to the transposition of the European Directives, "Fair value" and "Modernisation").

Under the instruction CB 94-07, the aggregate fair value of the investment portfolio amounts to €28,771,851K, excluding related receivables.

In the first half-year of 2012, no reclassification on investment assets occurred.

At June 30, 2012, exposures on States having been subject to a support plan by the European Union (Greece, Ireland, Portugal) are the following:

(in thousands of euros)

Country	Face value	Book value excluding accrued interest not yet due	Fair value excluding accrued interest not yet due
Ireland	135	135	125

Compagnie de Financement Foncier's exposure to the Sovereign risk on other countries is reviewed in the management risk report.

⁽³⁾ There are no doubtful loans in the securities portfolio.

Note 3b: premiums - discounts

(in thousands of euros)

As of June 30, 2012	Gross amount	Redemption value	Difference +/-
Investment securities available for sale			
Bonds	75,805	75,803	-2
Other fixed income securities	10,061,500	10,061,500	
Investment securities held to maturity			
Bonds	13,719,484	13,683,591	-35,893
Other fixed income securities	16,300,165	16,326,222	26,057

Note 3c: financial fixed assets

(in thousands of euros)

	Gross amount at 12/31/10	Acquisitions	Disposal/ repayments ⁽¹⁾	Reclas- sifica- tion	Change in premiums/ discounts	Currency differences	Gross amount at 12/31/11	Acquisi- tions	Disposal/ repay- ments ⁽¹⁾	Reclas- sifica- tion	Change in premiums/ discounts	Currency differences	Gross amount at 06/30/12
Investment securities held to maturity	37,193,760	329,537	-6,187,657		7,599	322,997	31,666,236	31,061	-1,800,615		3,520	119,447	30,019,649
TOTAL	37,193,760	329,537	-6,187,657		7,599	322,997	31,666,236	31,061	-1,800,615		3,520	119,447	30,019,649
Related receivables	256,138						240,970						214,245
GRAND TOTAL	37,449,898	329,537	-6,187,657		7,599	322,997	31,907,206	31,061	-1,800,615		3,520	119,447	30,233,894

⁽¹⁾ Sales were conducted in accordance with the possibilities offered by the regulation (CRBF 90-01) and can be achieved without penalty of tainting, especially in cases of deterioration of credit quality issuer or regulatory constraints.

Note 4: tangible and intangible fixed assets

(in thousands of euros)

	Gross amount at 12/31/11	Acquisitions in 2012	Disposals in 2012	Gross amount at 06/30/12	Amortisation and write-downs at 06/30/12	Net amount at 06/30/12	Net amount at 06/30/11	Net amount at 12/31/11
Intangible fixed assets								
Difference intangible/ CFF contribution								
Other intangible fixed assets								
TOTAL								

Note 4b: amortisation and write-downs of tangible and intangible fixed

(in thousands of euros)

	Amount at 12/31/10	Additions in 2011	Reversals in 2011	Amount at 12/31/11	Additions in 2012	Reversals in 2012	Amount at 06/30/12
Intangible fixed assets		119,408		119,408			
TOTAL		119,408		119,408			

Note 5: other assets

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Conditional instruments purchased	2,106	3,986	2,852
Settlement accounts related to securities transactions	860		440
Miscellaneous receivables	3,211	14,705	2,167
Deposits on collateralisation transactions			
Other deposits and guarantees	22	21	22
Taxation integration receivables		9,476	
Other miscellaneous receivables	3,189	5,208	2,144
Special bonus account	62,815	76,366	67,506
TOTAL	68,992	95,057	72,965

Note 6: asset adjusting accounts

(in thousands of euros)

	06/30/2012	06/30/2011	12/31/2011
Collection accounts			
Deferred charges ⁽¹⁾	425,956	462,718	427,176
Issue and redemption of premiums of fixed income securities	425,956	462,718	427,176
Other deferred charges			
Prepaid expenses	645,727	208,620	223,249
Termination balances of paid swaps to be amortized	645,327	208,223	222,532
Other prepaid expenses	400	397	717
Accrued income	1,401,558	1,608,211	1,900,876
Accrued interests but not due on swaps contracts	1,397,710	1,604,667	1,896,372
Other accrued income	3,848	3,544	4,504
Asset adjusting accounts	491,001	264,047	640,606
Cash in domiciliation	107,416	29,032	141,605
Deferred tax assets ⁽²⁾	141,799	25,617	68,701
Other adjusting accounts ⁽³⁾	241,786	209,398	430,300
TOTAL	2,964,241	2,543,596	3,191,907

⁽¹⁾ Deferred charges consist of issue premiums on long-term loans and debt securities. See following table entitled "Deferred charges". Other deferred charges correspond to the issue fees to be amortized over the remaining term to maturity of the bonds and loans. The evolution of the account statements presentation made in 2010, without any impact on the results, consisted in not considering these charges as commissions but as items directly related to issues and in being also amortized over the remaining term to maturity of the bonds.

⁽²⁾ Deferred tax assets mainly consist of temporary differences and does not suggest uncertainty about their use.

⁽³⁾ Includes borrower accounts (pending payments on loan accounts) and released loan funds on behalf of Cr dit Foncier:  29,317K as of June 30, 2012 compared to  136,230K as of June 30, 2011 and  96,058K as of December 31, 2011.

Note 6b: deferred charges

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Issue and redemption of premiums			
Debt securities			
<i>Obligations fonci�res</i>			
- Subsidised sector	1,253	1,841	1,545
- Unsubsidised sectors	424,703	460,877	425,631
Negotiable debt securities (B.M.T.N.)			
TOTAL ISSUE AND REDEMPTION OF PREMIUMS	425,956	462,718	427,176
Other deferred charges			
Loan and bond issuance costs ⁽¹⁾			
Total other deferred charges			
TOTAL DEFERRED CHARGES	425,956	462,718	427,176

⁽¹⁾ The issue fees were recorded in commission accounts and amortized over the remaining term to maturity of the bonds. The evolution of the account statements presentation made in 2010, without any impact on the results, consisted in not considering these charges as commissions but as items directly related to issues and in being also amortized over the remaining term to maturity of the bonds.

Note 7: due to banks

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Due to banks - on demand	61,214	1,322	3,931
Current accounts of banks			
On demand loans to banks	50,000		
- Other amounts due	11,213	1,322	3,931
- Related payables	1		
Due to banks - at maturity	5,863,988	3,949,338	4,899,582
Due and accounts at maturity ⁽¹⁾	5,233,607	3,325,350	4,272,668
Values subject to repurchase agreements			
Securities subject to repurchase agreements	597,829	597,829	597,829
Related payables	32,552	26,160	29,085
TOTAL	5,925,202	3,950,660	4,903,513
⁽¹⁾ of which subsidised sector	20,526	21,745	20,887
Detail of due to banks - on demand (group/non-group)	61,214	1,322	3,931
Of which Group	50,978	1,320	1,024
- Other amounts due to banks	978	1,320	1,024
- On demand loans to banks	50,000		
- Related payables	1		
Of which non-Group	10,236	2	2,907
- Other amounts due to banks	10,236	2	2,907
Detail of due to banks - at maturity (group/non-group)	5,863,988	3,949,338	4,899,582
Of which Group	4,791,120	3,860,433	3,315,990
- Due and accounts at maturity	4,191,692	3,260,241	2,715,544
- Securities subject to repurchase agreements	599,429	600,192	600,446
Of which non-Group	1,072,868	88,905	1,583,592
- Refinancing BdF (pool 3G)	1,000,000		1,500,000
- Other term loans	65,894	86,817	78,584
- Securities subject to repurchase agreements			
- Related payables	6,974	2,088	5,008
DUE TO GROUP BANKS	4,842,099	3,861,753	3,317,014
DUE TO NON GROUP BANKS	1,083,103	88,907	1,586,499
TOTAL	5,925,202	3,950,660	4,903,513

Note 8: customer deposits

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Current accounts			
Other on demand and term accounts	6,689	1,379	7,008
Other amounts due	6,689	1,379	7,008
Other term loans to customers			
Term accounts			
Related payables			
TOTAL	6,689	1,379	7,008

Note 9: debt securities

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Negotiable debt securities	150,000	150,000	150,000
Related payables	1,533	2,068	5,313
Negotiable debt securities and related payables	151,533	152,068	155,313
Bonds ⁽¹⁾	87,491,226	88,203,241	87,765,796
Related payables	1,538,734	1,678,261	2,002,836
Bonds and related payables	89,029,960	89,881,502	89,768,632
TOTAL	89,181,493	90,033,570	89,923,945
⁽¹⁾ of which subsidised sector	92,960	110,797	89,788

Including a total of 75 million pounds sterling explicitly guaranteed by the French State.
 All of these debt securities benefit from a priority right of payment.

Note 10: other liabilities

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Conditional instruments sold		8	
Other creditors	4,053,992	1,602,572	2,947,362
Deposits on collateralisation transactions	3,828,920	1,509,230	2,884,180
Margin calls on repo transactions			
Trade account payable		8	
Fiscal integration debts ⁽¹⁾	62,964		14,180
Other fiscal and social debts	186	244	22
Other misc. creditors	161,923	93,090	48,980
Allocated public funds ⁽²⁾	231,020	238,875	237,270
TOTAL	4,285,012	1,841,455	3,184,632
⁽¹⁾ corporate taxes due to CFF	62,964		14,180
⁽²⁾ of which subsidised sector	186,737	188,250	189,530

Note 11: liability adjusting accounts

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Collection accounts	552	979	893
Prepaid charges	1,301,989	1,109,773	1,165,034
Gains on disposal of receivables to securitization funds			
Subsidies for access to homeownership and former interest-free loans	254,022	309,446	281,227
Cash in payment of swaps received to be amortized	893,295	612,721	704,535
Other prepaid charges	154,672	187,606	179,272
Accrued charges	931,981	977,070	951,445
Accrued interest but not yet due on derivatives (swaps)	916,832	966,521	940,488
Other accrued charges	15,149	10,549	10,957
Liabilities adjusting accounts	199,421	536,240	349,387
External withdrawals			
Currency adjusting accounts ⁽¹⁾	88,600	343,882	127,905
Miscellaneous	110,821	192,358	221,482
TOTAL	2,433,943	2,624,062	2,466,759

(1) This item restores balance between assets and liabilities, after taking into account in the income statement of gains or losses related to the assessment of off-balance sheet transactions in currency (cf.note 17).

Note 12: provisions

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Provisions counterparty risks	9,432	6,846	6,572
Provisions for potential risks on non-doubtful loans	9,432	6,846	6,572
Sectorial provisions			
Provisions for litigation	1,203	1,203	1,203
Litigation on Individual customers	1,203	1,203	1,203
Fiscal litigation			
Other litigation			
Other provisions			
Other provisions			
TOTAL	10,636	8,049	7,775

Changes in the period

	12/31/11	Changes in 2012 first half-year			06/30/12	
		Additions	Reversals			Other changes
			Used	Not used		
Provisions counterparty risks	6,572	2,879	-18		9,432	
Provisions for potential risks on non-doubtful loans ⁽¹⁾	6,572	2,879	-18		9,432	
Sectorial provisions						
Provisions for litigation	1,203				1,203	
Litigation on Individual customers	1,203				1,203	
Fiscal litigation						
Other litigation						
Other provisions						
Other provisions						
TOTAL	7,775	2,879	-18		10,636	

⁽¹⁾ The provision of €2.9 million mainly concerned the provision for counterparty risk on customers.

Note 13: subordinated debt

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Redeemable subordinated notes "RSN"	2,100,000	2,100,000	2,100,000
Subordinated participating loan		1,350,000	
Perpetual super-subordinated notes	1,350,000		1,350,000
Related payables	19,535	22,469	452
TOTAL	3,469,535	3,472,469	3,450,452

a) Amount in financial statements

	Currency	Date of issue	Maturity date	Rate	Nominal amounts
Subordinated debt					
Subordinated debt with floating rate					
- Redeemable subordinated notes "RSN" ⁽¹⁾	EUR	12/30/03	12/30/43	Euribor 3M+0.5%	2,100,000
- Perpetual super-subordinated notes	EUR	12/30/11		EONIA+2.5%	1,350,000
TOTAL					3,450,000

⁽¹⁾ of which €2bn issued on 12/28/07, related to the issue of 12/30/03.

b) Possibility and conditions for early repayment

• On the subordinated participating loan

Compagnie de Financement Foncier has the right to reimburse all or part of the participating loan before maturity without penalty. This right was exercised on December 30, 2011 and the subordinated participating loan amounting to €1,350 million was entirely reimbursed at that date.

• On the redeemable subordinated notes "RSN"

The RSNs were placed privately with Crédit Foncier and therefore, for reasons of prudence, are not deemed to represent shareholders' equity of the Crédit Foncier group. Compagnie de Financement Foncier has undertaken not to repay RSNs early for the entire duration of the loan. However, it reserves the right to redeem these instruments prior to maturity, as these transactions have no impact on the normal repayment schedule of outstanding securities. Redeemed RSNs are cancelled. Nevertheless, if Crédit Foncier were to sell these securities to entities outside the Group, they would become representative of shareholders' equity and their purchase would require the prior agreement of the French Banking Authority (Autorité de Contrôle Prudential).

• On the perpetual super-subordinated notes "PSSN"

Compagnie de Financement Foncier has an option to redeem securities early, following authorisation by the ACP, either as part of an early redemption option exercisable five years after the securities issue date and on each subsequent interest payment date in the event of any fiscal or regulatory changes, or by repurchasing the securities issued. The repurchased securities are cancelled.

c) Conditions relating to interest rate payable

• On the subordinated participating loan

In order to ensure the Company's profitability, interest is only due if the net income for the year in respect of which the interest is due, after payment of that interest, is at least €10 million. As a consequence, if net income before payment of the interest were to be less than €10 million, no interest would be due and it would not be carried over to subsequent years. If net income, before payment of the interest, were greater than €10 million but would become less than this amount after payment of the interest, this interest is reduced by a corresponding amount, and the amount of interest greater than the interest thus reduced would not be carried forward to subsequent years. The interests of FY 2011 have all been paid

• On the redeemable subordinated notes "RSN"

Any interest not paid is carried over as unsecured debt.

• On the perpetual super-subordinated notes "PSSN"

In order to ensure balanced company income and respect prudential ratios, interest will only be due when net income for the year in which interest is due, after payment of said interest, is at least €10 million. As a result, in cases where income before the interest payment is less than €10 million, interest shall not be due and shall not be deferred to subsequent years. In cases where income before the interest payment is above €10 million, but would fall below €10 million following the interest payment, the interest due shall be reduced by the appropriate amount and the interest over and above the resulting reduced amount shall not be referred to subsequent years.

Note 14: change in shareholder's equity

(in thousands of euros)

	Opening 01/01/11	Allocations	Changes in capital and reserves		Balance at 12/31/11	Allocations	Changes in capital and reserves		Balance at 06/30/12
			Dividends paid in shares change	Other			Dividends paid in shares change	Other	
Capital stock ⁽¹⁾	1,008,000		85,460	94,000	1,187,460				1,187,460
Share premiums ⁽¹⁾	302,462		40,540		343,002				343,002
Reserves									
Legal reserve	27,285	7,161			34,446	5,404			39,850
General reserve	55,517				55,517				55,517
Regulated reserves of which									
Regulated revaluation reserves									
Special long-term capital gains reserves									
Retained earnings	75,654	10,050			85,704	242			85,946
Net shareholders' equity before income for the year	1,468,918				1,706,129				1,711,775
Income for the year before distribution	143,211	-143,211			108,064	-108,064			57,116
Net shareholders' equity after income for the year	1,612,129				1,814,193				1,768,891
Dividends distributed		126,000	-126,000			102,418			

	Opening balance 01/01/11	Allocations	Changes in provisions		Balance at 12/31/11	Allocations	Changes in provisions		Balance at 06/30/12
			Increases	Reversals			Increases	Reversals	
Special provisions reserve									
Other regulated provisions									
Regulated provisions									
Amount of shareholders equity before dividends	1,612,129				1,814,193				1,768,891

	Opening balance 01/01/11	Allocations	Changes in FRBG		Balance at 12/31/11	Allocations	Changes in FRBG		Balance at 06/30/12
			Increases	Reversals			Increases	Reversals	
Fund for general banking risks	20,000				20,000				20,000
TOTAL	1,632,129				1,834,193				1,788,891

⁽¹⁾ The capital stock consists of 74,216,246 ordinary shares with a per value of €16, which all benefit from the same rights. No revaluation has been carried out to date.

A capital increase amounting €94 million has been decided by an extraordinary general meeting on June 27, 2011, fully subscribed and liberated on June 29, 2011.

Note 15: commitments given

(in thousands of euros)

	06/30/12		06/30/11		12/31/11	
	Net authorisations	Amounts not drawn down	Net authorisations	Amounts not drawn down	Net authorisations	Amounts not drawn down
Financial commitments	8,120,862	2,790,539	5,889,963	2,758,539	5,473,101	2,311,996
Subsidised sector commitments						
Non-Group commitments						
Banks						
Customers						
Competitive sector	8,120,862	2,790,539	5,889,963	2,758,539	5,473,101	2,311,996
Non-Group commitments						
Other values given as a guarantee ⁽¹⁾	4,954,439		5,741,222		5,325,312	
Customers ⁽²⁾	166,423	2,790,539	148,741	2,758,539	147,789	2,311,996
Group commitments						
Banks ⁽⁴⁾	3,000,000					
Guarantee commitments						
Commitments on securities	130,000		271,313		25,000	
Other commitments given	130,000		271,313		25,000	
TOTAL ⁽³⁾	11,041,401		8,919,815		7,810,097	

Amounts not drawn down represent the fractions that remain to be drawn on loans already partially put in place. Net authorisations represent the amount of loans authorised but which have not yet been put in place.

⁽¹⁾ This line represents assets and securities given as collateral to the Banque de France, in the framework of the pool of the Overall collateral management program or Gestion Globale des Garanties (3G) of which:

In millions of euros	06/30/12	06/30/11	12/31/11
- Securities	1,220	2,169	1,675
- Loans	3,734	3,572	3,650

⁽²⁾ Main changes concerning financing commitments given to customers are:

In millions of euros	06/30/12	06/30/11	12/31/11
- Interactive treasury lines	-	-	-
- French Local Authorities	-	-	-
- Revolving credit lines (outstanding taken from Ixis CIB)	1,790	1,740	1,311
- Treasury housing savings accounts ("primes d'épargne logement")	1,000	1,000	1,000

⁽³⁾ Of which doubtful:

In thousands of euros	06/30/12	06/30/11	12/31/11
	886	1,534	1,250

⁽⁴⁾ Reciprocal credit line signed between Compagnie de Financemet Foncier and BPCE as of May 2, 2012

Note 16: commitments received

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Financing commitments			
Non-group commitments			
Banks ⁽¹⁾	3,924,377	5,094,533	3,907,641
Subtotal	3,924,377	5,094,533	3,907,641
Group commitments ⁽²⁾			
Repurchase guarantee		50,499	50,499
Banks ⁽³⁾	3,000,000		
Other values received as collateral from the group ⁽⁴⁾	24,941,691	13,435,233	14,754,439
Subtotal	27,941,691	13,485,732	14,804,938
TOTAL	31,866,068	18,580,265	18,712,579
Guarantee commitments			
Non-group commitments			
Banks and related ⁽⁵⁾	3,296,896	3,448,276	3,337,954
Customers ⁽⁶⁾	33,727,526	37,764,393	39,756,337
Subtotal	37,024,421	41,212,669	43,094,291
Group commitments ⁽⁷⁾	6,759,794	4,443,763	4,146,956
TOTAL	43,784,215	45,656,432	47,241,247
Commitments on securities			
Other securities to be received		220,000	
TOTAL		220,000	
TOTAL COMMITMENTS RECEIVED	75,650,283	64,456,697	65,953,825

⁽¹⁾ The non-group financing commitments represented the commitment received from the Banque de France as part of the Global Management guarantee pool which amounted to €3,197.3 million at June 30, 2012 compared to €3,151.6 million at December 31, 2011, and the engagement of FCC repurchases an amount of €727 million.

In thousands of euros

⁽²⁾ Group commitments included FCC share repurchase agreements. These agreements were recorded in 2012 as guarantee commitment received:

They also include a reciprocal credit line agreed between Compagnie de Financement Foncier and BPCE as od May 2, 2012.

⁽³⁾ Reciprocal credit line agreed between Compagnie de Financement Foncier and BPCE as od May 2, 2012.

⁽⁴⁾ Guarantees related to loans hold by Crédit Foncier and put in place within the framework of loans authorized outline article L 211-38.

In thousands of euros	06/30/12	06/30/11	12/31/11
- Guarantees received from Crédit Foncier (L211-38)	3,344,264	13,435,233	14,640,825
- Guarantees received from other institutions (L211-38)	11,896,446		113,614
- Guarantees received from Crédit Foncier (others)	9,700,981	8,373,590	8,857,476

These figures were recorded for the first time in 2012. The comparative data of 2011 were not published and are given in this report for information.

⁽⁵⁾ Includes rated AA/AA-	301,160	354,314	325,804
- Guarantees received from Cr��serfi	326,311	310,125	340,167
- Security enhancement guarantees received from insurance companie	2,669,425	2,783,837	2,671,984

⁽⁶⁾ Compagnie de Financement Foncier posts guarantees to the balance sheet that are explicitly or implicitly related to certain types of customer loans on the balance sheet, in view of their materiality.

In thousands of euros	06/30/12	06/30/11	12/31/11
These guarantees are broken down as follows:			
- State guarantees on subsidised sector loans	799,441	995,698	883,179
- SFGAS guarantees on FGAS-eligible loans and repurchased by the state	10,258,843	8,613,471	9,558,980
- Mortgage guarantees for mortgage loans benefiting from only one such guarantee	16,785,025	14,143,705	15,581,447
- Guarantees granted by local authorities and other entities	2,380,074	2,430,512	2,417,943
- Security enhancement guarantees granted by States	3,504,142	11,581,007	11,314,789

Since June 30, 2012 only direct guarantees are off balance sheet. For information purposes, the assets benefiting from indirect guarantees amounted to €6.9 billion as of 12/31/11 and to €7.1 billion as of 06/30/11.

⁽⁷⁾ At June 30, 2012, guarantee commitments received include a guarantee received from BPCE in connection with French local authority public sector loans purchased from Ixis CIB for €3,049 million compared to €3,249 million at December 31, 2011 and €3,467 million at June 30, 2011, as well as a guarantee received from Cr  dit Foncier on a portion of the portfolio of RMBS tranches, recorded in the assets of Compagnie de Financement Foncier, engaging to compensate the decrease of the securities weighting in case of downgrade ratings below the thresholds A-/A3/A-. This guarantee amounts to €3,535 million at June 30, 2012. Previously, this guarantee was recorded with financial instruments (cf. note 18 footnote 3).

Note 17: foreign exchange transactions

(in thousands of euros)

	06/30/12		06/30/11		12/31/11	
	Currency receivable	Currency payable	Currency receivable	Currency payable	Currency receivable	Currency payable
FORWARD TRANSACTIONS (nominal amounts) ⁽¹⁾	23,216,331	23,304,931	23,749,071	24,092,953	24,250,631	24,378,535
Transactions directly with counterparties						
Hedging transactions	23,216,331	23,304,931	23,749,071	24,092,953	24,250,631	24,378,535
Financial swaps						
- Micro-hedging transactions						
<i>Subsidised sector</i>	92,960	121,418	110,797	161,891	89,788	121,418
<i>Unsubsidised sector</i>	23,123,371	23,183,512	23,638,274	23,931,062	24,160,843	24,257,117
- Macro-hedging transactions						
<i>Subsidised sector</i>						
<i>Unsubsidised sector</i>						
- Other forward transactions						
Forward transactions (fair value) ⁽²⁾	-949,478		-516,099		-846,204	
CURRENT CASH TRANSACTIONS			16,569	14,578		
TOTAL FOREIGN CURRENCY TRANSACTIONS	23,216,331	23,304,931	23,765,640	24,107,531	24,250,631	24,378,535
Total	46,521,261		47,873,171		48,629,166	

⁽¹⁾ Compagnie de Financement Foncier does not transact any forward foreign currency contracts on regulated markets.

⁽²⁾ Data communicated pursuant to regulation CRC 2004-16 of November 23, 2004 regarding information to be provided further to the transposition of the European directives, "Fair value" and "Modernisation".

Note 18: Forward Financial Instruments

(in thousands of euros)

	06/30/12		06/30/11		12/31/11	
	Euros ⁽¹⁾	Other currencies ⁽²⁾	Euros ⁽¹⁾	Other currencies ⁽²⁾	Euros ⁽¹⁾	Other currencies ⁽²⁾
Transactions directly with counterparties						
CONDITIONAL TRANSACTIONS	3,006,968		2,803,163		3,059,936	
Micro-hedging transactions						
- Purchases						
- Sales			3,049			
Macro-hedging transactions						
- Purchases	3,006,968		2,800,114		3,059,936	
- Sales						
Other conditional transactions						
- Purchases						
- Sales						
Conditional transactions (fair value)	31,693		46,784		37,666	
FIRM TRANSACTIONS (nominal amounts)	101,686,830	331,018	112,559,166	304,438	106,969,424	321,699
Micro-hedging transactions	78,332,092	331,018	86,209,607	304,438	80,015,754	321,699
- Interest rate instruments	78,332,092	331,018	86,209,607	304,438	80,015,754	321,699
- Exchange rate instruments						
- Other instruments						
Macro-hedging transactions	23,354,738		23,349,102		24,039,213	
- Interest rate instruments	23,354,738		23,349,102		24,039,213	
- Exchange rate instruments						
- Other instruments						
Other transactions			3,000,457		2,914,457	
- Interest rate instruments						
- Exchange rate instruments						
- Other instruments ⁽³⁾			3,000,457		2,914,457	
Firm transactions (fair value) ⁽⁴⁾	3,707,316	82,301	1,899,846	36,828	3,345,533	86,497
FIRM AND CONDITIONAL TRANSACTIONS	104,693,798	331,018	115,362,329	304,438	110,029,360	321,699
TOTAL⁽⁵⁾ (nominal amounts)	105,024,816		115,666,767		110,351,059	
Total (fair value)	3,821,310		1,983,458		3,469,696	

⁽¹⁾ Euro equivalent for non-euro currencies IN.

⁽²⁾ Euro equivalent currencies that became the euro OUT.

⁽³⁾ This amount represents a guarantee from Crédit Foncier on the RMBS tranches held on Compagnie de Financement Foncier's balance sheet. This portfolio was protected against credit risk following Crédit Foncier's implementation of a mirror operation of a Credit Default Swap. As this guarantee ended during the first half of 2008, Crédit Foncier granted an equivalent protection on June 15, 2008 on a portion of the portfolio by committing to compensate for a drop of the weighting if the rating agencies downgraded the rating to under A-/A3/A-. This guarantee was reclassified in 2012 as financial guarantee received (cf. note 16)

⁽⁴⁾ Data communicated pursuant to regulation CRC 2004-16 of November 23, 2004 regarding information to be provided further to the transposition of the European directives, "Fair value" and "Modernisation".

⁽⁵⁾ At June 30, 2012, there were no outstanding doubtful loans relating to transactions on financial instruments.

Note 19: Interest, similar income and expenses

(in thousands of euros)

	06/30/12			06/30/11	12/31/11
	INCOME	EXPENSES	NET	NET	NET
Interbanking transactions	149,388	-87,368	62,021	45,212	142,481
Interests on ordinary accounts	225	-1	223	637	1,660
Interests on forward transactions	28,947	-58,935	-29,988	-18,006	-28,371
Interests on subordinated loans					
Interests on values given in pension (BCTG)	120,217		120,217	91,519	224,232
Interests on securities received/given as in pension		-4,694	-4,694	-4,541	-10,215
Guarantee and financing commitments					
Other interests on income and expenses					
Hedging transactions		-23,738	-23,738	-24,397	-44,824
Losses covered on payables					
Losses non-covered on payables					
Provisions net flows					
Transactions with customers	751,770	-265,113	486,657	486,317	1,025,404
Interests on accounts on demand, at maturity and with special regime					
Interests on customer loans	743,267		743,267	678,349	1,395,297
Interests on subordinated loans					
Interests on doubtful loans	15,036		15,036	13,038	26,706
Amortisation to credit accessories (CRC 2009-03)	-272		-272	-340	-586
Interest on cash collateral of FCC					
Other interests on income and expenses	-5,708	-4,491	-10,198	-10,945	-24,865
Income on guarantee and financing commitments	378		378	186	464
Hedging transactions		-260,622	-260,622	-193,807	-370,276
Losses covered on payables	-181		-181	-32	-83
Losses non-covered on payables					
Provisions net flows ⁽¹⁾	-750		-750	-132	-1,252
Leasing transactions					
Securitisation portfolio transactions	1,624,787	-1,710,163	-85,376	-166,689	-466,883
Interests on securities available for sale	103,539		103,539	80,591	191,567
Amortization of premiums and discounts on securities available for sale	-1		-1	-15	-15
Interests on securities held to maturity	393,778		393,778	445,241	917,996
Amortization of premiums and discounts on securities held to maturity	3,548		3,548	5,762	10,815
Interests on medium term negotiable bills issued		-2,712	-2,712	-3,789	-7,035
Interests on certificates of deposits issued					
Interests on mortgage notes issued		-650	-650		
Interests and expenses on bonds		-1,706,801	-1,706,801	-1,631,533	-3,208,808
Interests on doubtful securities					
Hedging transactions	1,123,923		1,123,923	937,053	1,628,598
Subordinated debt		-35,932	-35,932	-39,325	-84,419
Charges on subordinated securities at maturity		-35,932	-35,932	-17,067	-39,150
Charges on subordinated debt - banks				-22,258	-45,268
Charges on subordinated debt - customers					
Other interests, similar income and expenses	31,643	-173,605	-141,962	-166,878	-289,488
Income on debt securities	26,934		26,934	25,776	52,959
Commissions on credit derivatives					
Commitments received/given on securities		-1,075	-1,075	-1,150	-1,586
Other interests on charges and expenses	4,710		4,710	116	177
Macro-hedging transactions		-172,529	-172,529	-191,620	-341,038
Provisions net flows ⁽¹⁾					
TOTAL OF INTEREST, SIMILAR INCOME AND EXPENSES ⁽²⁾	2,557,588	-2,272,180	285,407	158,637	327,095
⁽¹⁾ Total cost of risk contained in the net interest margin customers	-750		-750	-132	-1,252
⁽²⁾ of which subsidised sector	28,757	-25,326	3,431	4,530	8,499

Note 20: net commissions

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Commissions interbanking and treasury transactions (Net)	-10	-65	-73
Income			
Expenses	-10	-65	-73
Commissions on transactions with customers (Net)	14,759	35,649	55,930
Income	14,907	35,649	55,930
Expenses	-148		
Commissions on securities transactions (Net)	-1,881	-2,174	-4,117
Income			
Expenses	-1,881	-2,174	-4,117
Other commissions (Net)	-144	145	215
Income	1,059	299	480
Expenses	-1,203	-154	-265
TOTAL INCOME	15,966	35,948	56,410
TOTAL CHARGES	-3,242	-2,393	-4,455
TOTAL NET COMMISSIONS ⁽¹⁾	12,724	33,555	51,955

⁽¹⁾ The increase of the net commissions on the transactions with customers recorded on June 30, 2011 and on December 31, 2011 was linked to the increase of the early repayments and therefore the perceived indemnities.

Note 21: gains or losses on transactions on trading portfolio

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Income on foreign exchange and arbitrage transactions	864	-811	712
Expenses on forward financial instruments			
Income from forward financial instruments			
Expenses on FFI under trading rates conditions			
Income on FFI under trading rates conditions			
Expenses on other forward financial instruments			
Income from other forward financial instruments			
Accruals of provisions for risks on FFI - trading			
Reversals of provisions for risks on FFI - trading			
TOTAL NET GAINS/LOSSES ON TRANSACTIONS ON TRADING PORTFOLIO (FAIR VALUE BY INCOME)	864	-811	712

Note 22: gains or losses on transactions on investment portfolio

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Gains on sales			
Loss on sales ⁽¹⁾			-36,101
Accruals on FCC and other securities ⁽²⁾	-3,130	-157	-5,820
Reversals on FCC and other securities	231	731	
TOTAL NET GAINS/LOSSES ON TRANSACTIONS ON INVESTMENT PORTFOLIO	-2,898	574	-41,921

⁽¹⁾ Including €26,8 million on sales related to the repurchase by Compagnie de Financement Foncier of part of its own bonds and sold to Crédit Foncier.

⁽²⁾ At June 30, 2012, the stock of bonds depreciation was amounted to €22,660K including €22,636K for AYT CEDULA 4% bonds.

Note 23: other banking operating income and expenses

(in thousands of euros)

	06/30/12			06/30/11	12/31/11
	INCOME	EXPENSES	NET	NET	NET
Rebilled expenses, retroceded income, transfer of expenses		-139	-139	-22	-619
Rebilled expenses					
- Rebilled expenses					
- Other rebillings and retrocedings					
Retroceded income		-139	-139	-22	-619
Transfer of expenses					
Total other banking operating income and expenses	316	-235	82	1,497	1,602
Other miscellaneous operating income and expenses (cf.details)	316	-235	82	1,497	1,602
Accruals and reversals on provisions for other operating income and expenses (cf. details)					
TOTAL	316	-374	-58	1,475	982

Details					
Other miscellaneous operating income and expenses	316	-235	82	1,497	1,602
Exceptional transfer from FGAS/flat contributions ⁽¹⁾				2,127	2,127
Recorded as exceptional income	200		200		
Other miscellaneous operating income	116		116	224	670
Amortization of flat contributions					
Losses on reported interests and PTR		-4	-4	-50	-60
Recorded as exceptional losses				-203	-200
Losses non-covered by the provision for litigation					
Other losses non-covered by the provision for litigation					
Other miscellaneous operating expenses		-230	-230	-601	-936

⁽¹⁾ Following the termination of the FGAS guarantee system, Compagnie de Financement Foncier received in June 2011, from FGAS, dividends on PAS flat commissions for the periods 1993 to 2005. It was the last reimbursement to be made.

Note 24: general operating expenses

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
PERSONNEL COSTS	-102	-101	-191
Wages and salaries	-60	-60	-120
Expenses for services and contributions regimes	-7	-6	-11
Other employee benefit expenses and taxes	-35	-35	-60
Movements in provision for operating claims and litigation			
TOTAL OTHER ADMINISTRATIVE EXPENSES	-51,949	-54,880	-104,002
Taxes and income taxes	-10,413	-7,612	-14,172
CET et CVAE	-5,058	-2,335	-3,406
Solidarity social contribution	-2,818	-2,786	-5,789
ACP control fees contribution	-470	-439	-878
Banking systemic taxes	-1,866	-1,829	-3,659
Other taxes and income taxes	-201	-223	-439
Movements in provision for taxes and income taxes			
External services	-41,572	-47,268	-89,830
Locations			
External services provided by the Group	-39,232	-45,301	-85,777
Fees, subcontracting and service	-2,015	-1,487	-3,084
Advertising	-165	-285	-536
Intermediaries remunerations			
Transportations	-9	-8	-20
Maintenance and repairs	-4		-4
Insurance premiums			
Other external services	-148	-186	-409
Accruals/reversals of provisions on litigation for external services			
Accruals/reversals of provisions on expenses for external services			
Other expenses			
Refactured expenses	36		
TOTAL GENERAL OPERATING EXPENSES	-52,051	-54,980	-104,193

Note: the total amount of compensation received by members of management entities during the first-half year of 2012 mounted €60K.

Note 25: cost of risk

(in thousands of euros)

	06/30/12			06/30/11	12/31/11
	ACCRUALS	REVERSALS	NET	NET	NET
Net accrual/reversal on customers transactions	-10,107	4,681	-5,426	-1,875	-4,062
Depreciations on customers transactions	-7,229	4,663	-2,566	-2,544	-5,004
Provisions for counterparty risks	-2,879	18	-2,860	668	942
Sectorial provisions					
Gains and losses on customers transactions	-1,617	1,619	2	-258	-807
Losses provisioned for unrecoverable loans	-186	186			
Losses provisioned for unrecoverable loans uncovered by provisions	-1,431		-1,431	-1,044	-2,368
Recoveries on amortized loans ⁽¹⁾		1,433	1,433	786	1,561
TOTAL COST OF RISK	-11,724	6,300	-5,424	-2,133	-4,869
⁽¹⁾ of which recoveries for correcting account			5	19	19

Note 25b: increases in provisions for doubtful loans

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Provisions for doubtful loans	-7,229	-5,603	-9,421
Provisions for loans to customers	-7,229	-5,603	-9,421
Provisions - Cost of risk	-2,879	-723	-2,239
Provision for losses and charges on commitments			
Provision for counterparty risks ⁽¹⁾	-2,879	-723	-2,239
TOTAL	-10,107	-6,326	-11,660

⁽¹⁾ In 2012, provision of €2,879K was made for client dynamic provision.

In 2011, provision of €1,950K was made for client dynamic provision and €289K for the sector provision.

Note 26: gains and losses on intangible assets

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Gain or losses on disposals of investment securities held to maturity	-118,608		-58,599
Increases/Reversals of impairment losses on other securities	-25,000		
TOTAL GAIN OR LOSSES ON OTHER SECURITIES	-143,608		-58,599

Note 27: income taxes

(in thousands of euros)

COMPOSITIONS OF TAX EXPENSES	06/30/12	06/30/11	12/31/11
Income tax expense (income) of current taxes	-110,937	-41,437	-100,591
Income tax expense (income) of deferred taxes	73,097	-5,994	37,091
Provisions for deferred taxes			
Provisions for risks or for tax litigations		401	401
TOTAL	-37,840	-47,030	-63,100
Breakdown of deferred taxes of the period			
Non-deductible provisions	1,577	-146	1,727
Other temporal differences	71,520	-5,848	35,364
TOTAL	73,097	-5,994	37,091

Note 28: transactions with related companies and other investments

(in thousands of euros)

06/30/12	Related companies		Other investments	TOTAL
	Group ⁽¹⁾	Non-Group		
Loans receivable from banks				
On demand	51,273			51,273
At maturity	48,162			48,162
Values received as long-term pension	17,456,856			17,456,856
Loans payable to banks				
On demand	50,978			50,978
At maturity	4,191,692			4,191,692
Securities subject to repurchase agreement	599,429			599,429
Commitments given				
Financing	3,000,000			3,000,000
Commitments received				
Financing	3,000,000			3,000,000
Guarantee	6,759,794			6,759,794
Other values received as collateral	24,941,691			24,941,691
On securities transactions				
Bonds and other fixed income securities	10,151,991			10,151,991
Debt securities				
Subordinated debt	2,119,535			2,119,535

⁽¹⁾ The definition of Group refers to the consolidated group to which Compagnie de Financement Foncier belongs. The Company is fully consolidated within the consolidated financial statements of Crédit Foncier de France, itself a part of the BPCE Group. As a result, the Group represents all of the fully and proportionally consolidated entities of the BPCE Group.

Note 29: schedule of foreign exchange positions

(in thousands of euros)

C.O.B recommendation 89.01

Items	\$ Australian	\$ Canadian	\$ US	\$ Hong Kong	£ Sterling	Swiss franc	Yen	Hungarian Forint	\$ New Zealand	Norwegian Krone	Danish Krone	TOTAL
Balance sheet												
Financial assets	21,747	85,879	4,274,766	187	146,849	1,851,178	2,544,527	11	35	9,846	7	8,935,032
Financial liabilities	832,068	417,622	7,240,089	30,190	1,155,552	5,526,143	682,437			361,631		16,245,732
BALANCE SHEET DIFFERENTIAL (I)	-810,321	-331,743	-2,965,323	-30,003	-1,008,703	-3,674,965	1,862,090	11	35	-351,785	7	-7,310,700
Off – balance sheet												
Commitments received	810,438	469,272	8,555,832	30,003	1,574,506	6,793,298	1,566,429			351,785		20,151,563
Commitments given		137,518	5,589,489		565,830	3,118,058	3,428,473					12,839,368
OFF-BALANCE SHEET DIFFERENTIAL (II)	810,438	331,754	2,966,343	30,003	1,008,676	3,675,240	-1,862,044			351,785		7,312,195
OVERALL DIFFERENTIAL (I)+(II)	117	11	1,020		-27	275	46	11	35		7	1,495

Financial assets are comprised of amounts due from banks and customers.
 Financial liabilities are comprised of amounts due to banks, customer deposits, and debt securities.

Foreign Exchange Position: the table above only shows the amount of transactions carried out by Compagnie de Financement Foncier on its own behalf and thus excludes transactions carried out on behalf of the French State for the subsidised sector.

Note 30: schedule of positions – liquidity risk

(in thousands of euros)

C.O.B. Recommendation 89.01

06/30/12	Remaining term to maturity					TOTAL ⁽²⁾
	< 3 months	3M<T<6M	6M<T<1Y	1Y<T<5Y	>5 years	
BALANCE SHEET						
Financial assets ⁽¹⁾	17,009,562	971,998	1,921,423	19,647,454	60,985,693	100,536,130
- Due from banks	15,784,255	16,666	73,760	2,926,110	2,081,856	20,882,647
- Customer loans	815,027	572,276	984,787	8,228,334	28,921,105	39,521,529
- Bonds and other fixed income securities	410,280	383,056	862,876	8,493,010	29,982,732	40,131,954
- Subordinate term loans						
Financial liabilities	3,863,879	2,890,090	8,774,157	34,479,618	45,564,918	95,572,662
- Due to banks	1,533,019	69,287	37,619	1,885,295	2,306,216	5,831,436
- Customer deposits						
- Debt securities:	2,330,860	2,820,803	8,736,538	32,594,323	41,158,702	87,641,226
Liquid notes						
Inter-bank market securities						
Negotiable debt securities					150,000	150,000
Bonds	2,330,860	2,820,803	8,736,538	32,594,323	41,008,702	87,491,226
Other debt securities						
- Subordinated term debt					2,100,000	2,100,000
BALANCE SHEET DIFFERENTIAL (I)	13,145,683	-1,918,092	-6,852,734	-14,832,164	15,420,775	4,963,468
Off-balance sheet						
- Commitments given			2,956,076	3,000,000		5,956,076
- Commitments received	3,197,311			3,000,000	727,066	6,924,377
OFF BALANCE SHEET DIFFERENTIAL (II)	3,197,311		-2,956,076		727,066	968,301
TOTAL DIFFERENTIAL (I)+(II)	16,342,994	-1,918,092	-9,808,810	-14,832,164	16,147,841	5,931,769
Conditional positions	62,479	60,980		146,921	2,736,588	3,006,968

⁽¹⁾ Among the financial assets of the Compagnie de Financement Foncier, we have identified €25.4bn euros of securities that conform to the refinancing criteria of the European Central Bank to which are added loans amounting to €26.4bn meeting the criteria defined by Banque de France, as planned by the temporary process approved by the ECB on February 9, 2012.

⁽²⁾ The difference with the amounts shown on the balance sheet is principally explained by unpaid loans, doubtful loans and related receivables.

Note 31: privileged/non-privileged liabilities

(in thousands of euros)

C.O.B. Recommendation 89.01

	06/30/12	06/30/11	12/31/11
Privileged debt	90,255,248	91,435,440	91,073,675
Due to banks	66,515	87,886	79,567
Debt securities	89,181,493	90,033,570	89,923,945
Amounts due under forward financial instruments	1,005,432	1,310,403	1,068,392
Amounts due under the agreement covered by Article L. 515-22 of the French Monetary and Financial Code	1,808	3,581	1,771
Debt resulting from related expenses mentioned in the last paragraph of Article L. 515-19 of the French Monetary and Financial Code			
Non-privileged debt	16,846,154	12,311,620	14,704,602
Unsecured debt	11,034,142	6,384,133	8,835,585
Subordinated and similar debt of which:	4,012,485	4,104,022	4,027,049
Redeemable subordinated notes "RSNs"	2,100,134	2,100,118	2,100,221
Perpetual subordinated notes	1,369,401		1,350,231
Participating loan		1,372,350	
Shareholders' equity and provisions	1,799,527	1,823,465	1,841,968
TOTAL LIABILITIES	107,101,402	103,747,060	105,778,277

Note 32: cash flow statement

I. Principles

The Cash flow Statement analyses the changes in cash positions due to operating, investment, and financing activities between two financial years.

The Compagnie de Financement Foncier Cash Flow Statement is presented according to recommendation 2004-R-03 of the French Conseil National de la Comptabilité, concerning the format of company financial summary as part of the Finance and Banking Regulatory.

It is prepared using the indirect method: the net income for the year is restated for non-monetary items: depreciation allowances for tangible and intangible assets, net provisions, other transactions without cash payments such as expenses payable and accrued income. Cash flow related to operating, investment, and financing activities is determined by the difference between items in the financial statements of the previous year and those of the current year.

Transactions concerning capital that do not generate cash flow or have no impact on income are neutral: payment of dividends in shares, increase in a provision by allocation on retained earnings.

The breakdown of Compagnie de Financement Foncier activities between operating, investment, and financing activities reflects its status as a *société de crédit foncier*.

Operating activities include:

- the acquisition of eligible loans;
- the acquisition of eligible securitisation tranches;
- the issue of *obligations foncières* and other unsubordinated long-term resources.

Financing activities include:

- dividends paid in cash;
- the issue and reimbursement of subordinated loans.

The cash position is defined using the standards of the French Conseil National de la Comptabilité. It includes cash on hand and on-demand deposits at the Banque de France, in post office accounts and with banks.

II. Cash flow statement

(in thousands of euros)

	06/30/12	06/30/11	12/31/11
Operating activities			
Net income for the year	57,116	89,287	108,064
Restatement of earnings, related to operating activities			
Tangible and intangible fixed assets, excluding goodwill			
Net provisions / customers and banks	3,130	2,632	6,113
Net provisions / short-term investment securities	2,899	-574	5,820
Net provisions for risks / loans	2,861	-1,069	-1,343
Net gain on sale of fixed assets			
Other transactions without cash payments	-669,987	1,265,685	947,360
Cash flow on loans to banks and customers	-1,558,501	-984,688	-4,081,022
Cash flow on short-term investment securities	-823,399	-3,354,993	-2,277,746
Cash flow on long-term investment securities	2,114,031	2,757,624	4,503,245
Cash flow on other assets	153,997	164,797	-189,229
Cash flow on debts / banks and customers	1,017,903	-1,620,294	-664,737
Net borrowing	-274,571	2,017,207	1,579,762
Cash flow on other liabilities	887,144	-206,687	1,164,659
NET CASH FLOW USED FOR OPERATING ACTIVITIES	912,623	128,927	1,100,946
Investment activities			
Cash flow related to the sale of:			
- Financial assets			
- Tangible and intangible fixed assets			
Disbursements for the acquisition of:			
- Financial assets			
- Tangible and intangible fixed assets			
Net cash flow from other investment activities			
NET CASH FLOW USED FOR INVESTMENT ACTIVITIES			
Financing activities			
Cash flow from share issues			
Dividends paid			
Net issue of subordinated debt			
Other			
NET CASH FLOW FROM FINANCING ACTIVITIES			
NET CHANGE IN CASH POSITION	912,623	128,927	1,100,946
Cash position at start of year	1,424,075	323,129	323,129
Cash position at end of year	2,336,698	452,056	1,424,075
- Net	912,623	128,927	1,100,946
- Cash	19,333	9,482	14,697
Due to banks at maturity	2,317,365	442,574	1,409,378
TOTAL	2,336,698	452,056	1,424,075

Statutory auditors' review report on the 2012 interim financial information

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim financial statements of Compagnie de Financement Foncier, for the six months ended June 30th 2012;
- the verification of the information contained in the interim management report.

These condensed interim financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the company as at June 30th 2012, and of the results of its operations for the six-month period then ended, in accordance with the accounting rules and principles applicable in France.

II. Specific verification

We have also verified the information given in the interim management report on the condensed interim financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim financial statements.

Neuilly-sur-Seine and Paris La Défense, August 29th, 2012

The Statutory Auditors
French original signed by

KPMG Audit
Division of KPMG S.A.
Jean-François DANDÉ

PricewaterhouseCoopers Audit
Jean-Baptiste DESCHRYVER



Financial report
Statement from the person
who assumes responsibility

Statement from the person who assumes responsibility

I certify, after having taken all reasonable measures to this purpose, that the information provided in the present updating is provided, to my knowledge, true to fact and that no information has been omitted that would change the interpretation of the information provided.

I certify, to my knowledge, that the condensed financial statements for the previous half-year have been established in compliance with the applicable accounting standards and accurately represent the Company's assets, financial situation and its earnings and that the enclosed half-year activity management report (pages 3 to 5) is an accurate representation of the important events that occurred in the first six months of the financial year, of their impact on the financial statements as well as a description of the primary risks and uncertainties in the remaining six months of the year.

I have received a letter from the statutory auditors indicating that they have completed their work which consisted of verifying the information on the financial position and the financial statements provided in this update of the Registration Document as well as a review of the entire document.

Signed in Charenton-le-Pont, on August 30, 2012

Deputy Chief Executive Officer of Compagnie de Financement Foncier
Sandrine GUÉRIN



Risk management report

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1. Foreword

With a view to transparent financial disclosure, and above and beyond its regulatory obligations, Compagnie de Financement Foncier includes in its shelf registration document a detailed Risk Management Report based on IFRS (not applicable to Compagnie de Financement Foncier) and Basel II rules. This report is prepared using the data that feeds the risk monitoring tool, the accounting consistency of which is ensured by Crédit Foncier's Risk Management Department.

2. Organisational overview: risk management

2.1. Implementation of prudential regulations applicable to *sociétés de crédit foncier*

As a credit institution approved as a financial company and *société de crédit foncier*, Compagnie de Financement Foncier performs specialised transactions with the sole purpose of granting or acquiring assets backed by prime mortgages or on public entities or fully guaranteed by them. Beyond the security provided by law, Compagnie de Financement Foncier observes stringent management rules to optimize the quality of its assets and improve its risk profile (AAA/Aaa/AAA).

For further information, please refer to the 2011 Registration Document (Volume 3, page 3).

2.2. Organisation of the Risk, Compliance and Permanent Control Coordination Divisions

For further information, please refer to the 2011 Registration Document (Volume 3, pages 4 to 9).

2.3. Information system and consistency of data

In the context of the implementation of the Basel II reforms, the Risk Division ensures the accounting consistency of the information feeding the risk management application. All of Compagnie de Financement Foncier's exposures are fully integrated with these consistency mechanisms.

Groupe BPCE's establishments must ensure that all the information sent to Group regulatory production systems undergo accounting consistency treatment on at least a quarterly basis. This new system was deployed on all commercial transactions (retail and corporate), and will also cover financial transactions in 2012 via developments that are continuing in the context of Crédit Foncier's strategic projects (Basel II, decision-making IS).

2.4. Risk selection, measurement and supervision procedures

2.4.1. Crédit Foncier's debt selection system

2.4.1.1. General selection and monitoring mechanisms for commitments at Crédit Foncier level

For all items related to the mechanism for selecting receivables and the rating issues, see the 2011 Registration Document (Volume 3 / page 7).

2.4.1.2. External credit assessment

For all items related to the mechanism for selecting receivables and the rating issues, see the 2011 Registration Document (Volume 3 / page 7).

2.4.1.3. Internal ratings

The new segmentation standards applicable throughout Groupe BPCE on "retail" and "commercial mortgage" customers (not including Public Sector) were implemented in early 2012 by Crédit Foncier on all of Compagnie de Financement Foncier's loans. These new segmenting standards are adapted to the specificities of Basel II and make it possible to distinguish the different Basel categories (retail, corporate, banking).

Compagnie de Financement Foncier is no longer buying "commercial mortgage" loans. This change in segmentation on the "commercial mortgage" only impacts the inventory of commercial mortgage loans in run-off and is still low at 0.1% of total exposures.

Moreover, the upgrade of Crédit Foncier's Basel II system was also marked in the first half of 2012 by the establishment of a new third-party rating system based on a tool shared with the Caisses d'Épargne and Banques Populaires networks for "commercial" customers and an internal tool for "retail" customers. Along with the set-up of these new tools came an adjustment of the IRBA models (PD, EAD, LGD).

2.4.1.3.1. Private individuals

At origination, for private individuals, the mechanism for assessing the borrower's solvency relies on a decision-making system that includes:

- a detailed set of solvency rules that is adapted to the applicants' profiles and the risks contemplated;
- an origination score based on both an expert system and a predictive statistical module;
- a decision-delegating chain that includes a counter-analysis by the Risk Department for the applications for the largest amounts.

In addition, risk monitoring on the loan portfolio is done via monthly rating on seven positions using the information characteristic of the real estate transaction and of the borrower at the time of the origination, as well as information on any payment incidents. The scores thus calculated for each loan (commitment) are forced as value "RX," "CX" or "DX," depending on whether it is a restructured loan, a loan in litigation or a loan in default (where the concepts of default within the meaning of Basel II and non-performing debt are the same).

2.4.1.3.2. Public operators

The commitment mechanism is based on several major principles:

- respect of limits (activity or individual limits applicable);
- a system of rating at origination and yearly re-rating, using Groupe BPCE's tools;
- authorisation according to the delegation chain, specifying different levels of delegations according to the nature of the transaction, the amount and the counterparty's rating:
 - the applications are submitted to two committee levels: applications for the highest amounts are submitted to the National Commitments Committee (CNE). The DRI (Risk Department), which has no voting rights, issues an independent opinion which is backed by its counter-analysis;
 - for other accounts, the decision is made by a specific Business Line Committee. The DRI, as a member of that committee, has a right of appeal;
 - above certain amounts BPCE's Group Risk Management Division (DRG) is asked to approve the transaction.

2.4.1.3.3. International Public Financing

Since the beginning of the second half of 2011, no further investment has been made by Compagnie de Financement Foncier in the international public sector. The portfolio has gone into run-off management.

2.4.2. Eligibility criteria for the *société de crédit foncier* and the acquisition or mobilisation filter

The asset acquisition process carried out by Compagnie de Financement Foncier is very cautious, and rounds out an approval system that was already producing quality assets.

2.4.2.1. Private individuals

Compagnie de Financement Foncier acquires loans:

- whose purpose is home-ownership and, to a lesser extent, rental housing; it does not allow the financing of commercial property;
- that are backed by a prime mortgage or equivalent security.

The origination of receivables is carried out almost entirely by Crédit Foncier. Compagnie de Financement Foncier can however acquire loans from other credit institutions. The *modus operandi* for selecting the receivables described hereunder in the case of Crédit Foncier is then adapted as appropriate.

Following origination by Compagnie de Financement Foncier in accordance with the risk policy and acceptance rules in force, Compagnie de Financement Foncier selects the loans (sometimes after a period of observation) that present a risk of default below a certain threshold, and acquires them.

The purchasing filter combines, depending on the age of the loan, the approval score assessing the probability of default (PD) on a three-to-five-year horizon with the current score which assesses the risk in one year's time (regardless of the age of the loan).

The acquisition filter was updated in the first half of 2012 following the rollout of the new Basel II rating tool.

In addition to the rating filter, the eligible guarantees are:

- prime mortgages or similar;
- the State guarantee of the social housing loans guaranteed by the *Société de gestion du fonds de garantie à l'accession sociale à la propriété* (SGFGAS);
- to a lesser extent, a guarantee from Crédit Logement, a financial company rated AA- by the rating agencies.

The LTVs applied to the mortgage value are used to determine the outstanding loans that can be financed by preferred resources:

- 100% for SGFGAS guarantees;
- 80% housing loans made to natural persons having a first mortgage or security with the equivalent effect;
- 60% for the others (mainly related to low-income housing).

2.4.2.2. Public operators in France

The criteria for acquisition by Compagnie de Financement Foncier of the Regional public sector in France are based on the BPCE internal rating.

This rating includes the borrower's inherent characteristics (budget, debt level, credit quality, etc.).

Lesser ratings (8-9) are automatically removed from the selection.

2.4.2.3. International Public Financing

Compagnie de Financement Foncier presents exposures on international counterparties that meet the eligibility requirements of the French Monetary and Financial Code. The *société de crédit foncier* has also established additional criteria for selecting receivables: before production stopped in 2011 (the portfolio is now in run-off management), the selection at origination focused on counterparties having ratings in the top tier, with the vast majority in Step 1 (\geq AA-).

2.4.3. Assigning credit limits

Compagnie de Financement Foncier's credit limit system uses the same levels as that of BPCE, as adapted to Crédit Foncier, notably with regard to country limits and individual limits.

For further information, please refer to the 2011 Registration Document (Volume 3, page 10).

2.4.4. Managing overruns and alert procedures

For further information, please refer to the 2011 Registration Document (Volume 3, page 11).

2.4.5. Risk monitoring

Monitoring of sensitive cases

For further information, please refer to the 2011 Registration Document (Volume 3, pages 11 and 12).

Portfolio reviews

For further information, please refer to the 2011 Registration Document (Volume 3, pages 11 and 12).

Monitoring bodies

For further information, please refer to the 2011 Registration Document (Volume 3, pages 11 and 12).

"Sensitive case" committees

For further information, please refer to the 2011 Registration Document (Volume 3, pages 11 and 12).

Specific mechanisms

For further information, please refer to the 2011 Registration Document (Volume 3, pages 11 and 12).

2.4.6. Risk management

As part of the work in preparation to the certification of internal credit risk rating models, Crédit Foncier has aligned the methodologies of downgrading non-performing debts by aligning the accounting concept of non-performing debts with the "Basel" concept of default. This change has resulted in an increase in downgrades to non-performing debt, with no substantial impact on impairment. Work on the retail portfolio also progressed considerably with the establishment of a new collective provisioning methodology. This new methodology consists of switching from provisioning on the basis of past due payments to provisioning based on "sensitivity," including the Basel rating.

These new key application components in the Basel framework (segmentation, rating, incidents, default/non-performing alignment, prudential reporting feed) are now deployed from origination to recovery.

For further information, please refer to the 2011 Registration Document (Volume 3, page 12).

3. Internal capital adequacy and equity requirements

3.1. Management of capital and regulatory ratios

The management of Compagnie de Financement Foncier's capital is supervised directly by its General Management. Its oversight ensures constant compliance with regulatory ratios, to aims to optimise the allocation of capital and to secure its overcollateralisation ratio. It therefore contributes directly to its AAA/Aaa/AAA ratings.

Composition of capital

Capital is determined in accordance with Regulation 90-02 of the CRBF as amended, and consists of three broad categories:

- **Tier-1 capital:** Tier-1 capital is calculated from consolidated equity;
- **Tier-2 capital:** Level-1 Tier-2 capital should be distinguished from Level-2 Tier-2 capital. Level-1 Tier-2 capital includes the share of capped items in the Tier-1 capital that exceed regulatory limits. Level-2 Tier-2 capital consists of redeemable subordinated debt that meet the requirements set forth in Article 4d of the above mentioned regulation.
- **Deductions:** since Compagnie de Financement Foncier is not legally allowed to hold equity interests, it is not subject to any capital deductions.

(in millions of euros)

	dec-11	dec-11 pro forma	june-12
CAPITAL	3,996	4,413	4,419
Core capital	2,664	2,664	2,669
Supplementary capital	1,332	1,750	1,750
- Deductions			

Pro forma including elements from capped core capital in excess of regulatory limits supplementary capital by the first level items capped core capital exceeding regulatory limits in accordance with the regulatory bank.

Compagnie de Financement Foncier's equity amounted to €4.4 billion as of June 30, 2012, including €2.7 billion in Tier-1 capital. Tier-1 capital includes the equity loan (the relevant agreement of which was author-ised by the Prudential Supervisory Authority) up to the limit of 35% of Tier-1 capital. Now, the surplus por-tion of the equity loan that cannot be included into the core capital is included in the Level-1 Tier-2 capital.

Capital requirements

Capital requirements are calculated using the standard Basel II method. Mortgage notes and French Local Authorities L211-38 outstandings are treated by transparency, by calculating requirements on the underlying loans.

Loans to affiliates of Groupe BPCE are weighted at 0%.

	12/31/11	06/30/12
CAPITAL REQUIREMENTS (€M)	1,597	1,654
STANDARD CREDIT - RISK APPROACH (€M)	1,552	1,609
<i>Categories of Exposure</i>	1,173	1,193
National governments and central banks	7	10
Institutions	339	306
Businesses	51	48
Retail clients	761	817
Shares		
OTHER ASSETS THAT ARE NOT CREDIT OBLIGATIONS	15	11
<i>Securitisation positions in standard approach</i>	379	415
MARKET RISK - STANDARD APPROACH		
STANDARD APPROACH - OPERATIONAL RISK	45	45

Solvency ratios

The solvency ratio of Compagnie de Financement Foncier's solvency ratio at June 30, 2012, was estab-lished according to the standard method, with the options given above.

	12/31/11	12/31/11 pro forma	06/30/12
SOLVENCY RATIOS	20,0%	22,1%	21,4%
TIER ONE RATIOS	13,3%	13,3%	12,9%

Pro forma including elements from capped core capital in excess of regulatory limits supplementary capital first level in accordance with banking regulations.

The decline in the solvency ratio between December 2011 and June 2012 is primarily a result of a €57 million increase in capital requirements related to the downgrading of certain securitisation positions on receivables due from retail customers and, to a lesser extent, procurement.

3.2. Management of specific ratios

In addition to their obligations as a credit institution, *sociétés de crédit foncier* are required to comply with specific ratios and limits described in Articles L. 515-13 et seq. of the French Monetary and Financial Code. French Prudential Supervisory Authority ⁽¹⁾ Order No. 2008-05 points out the calculation of specific ratios.

The Specific Controller of Compagnie de Financement Foncier controls the calculation of these ratios and certifies them every half-year. The Risk Management Division of Credit Foncier carries out second-level controls on these specific indicators every half-year.

⁽¹⁾ The reform of the French supervision system (the Economic Modernisation Act of 2008) led to the merging of the Banking Commission and the Insurance and Benefit Societies Control Authority into the ACP (*Autorité de Contrôle Prudentiel* - Prudential Supervisory Authority).

Overcollateralisation ratio

French law (Article L. 515-20) requires all *sociétés de crédit foncier* to maintain a volume of weighted assets that exceeds its privileged debt. Beginning with FY 2011, this overcollateralisation ratio moved to 102% in line with regulations, compared with a minimum of only 100% until that date.

The legal prescriptions on weighting reduce the value of some assets when calculating the ratio, especially those assets that carry a higher risk. Compagnie de Financement Foncier's overcollateralisation rate was 113% at June 30, 2012 (compared to 110.6% at end-2011), a level that remains quite a bit higher than the regulatory threshold.

Since Compagnie de Financement Foncier's formation in 1999, this regulatory ratio has always been above 108%, and therefore always decidedly higher than the regulatory threshold.

Asset composition ratio

Asset composition	Limit	06/30/12	12/31/11
Replacement securities (R. 515-7)	15.0%	12.0%	13.5%
Promissory notes (L. 515-16-1)	10.0%	9.4%	8.8%
Guaranteed loans (R. 515-6)	35.0%	2.3%	2.1%

The replacement securities ratio is determined by comparing replacement values with nominal value of privileged liabilities. These replacement securities are defined by law (pursuant to Article L. 515-17 of the French Monetary and Financial Code) as being "sufficiently, secure and liquid" securities and make up a large part of Compagnie de Financement Foncier's cash position.

Compagnie de Financement Foncier's strict management rules have always enabled it to comply with this ratio's regulatory limit of 15%. Other assets including promissory notes and guaranteed loans are also limited by regulations. Compagnie de Financement Foncier complies with these limits.

LTV overrun ratio

In accordance with the instructions of the ACP, the calculation of the LTV overrun ratio is carried out on loans secured by mortgages or guarantees, transferred and/or mobilised, of Compagnie de Financement Foncier (not including loans arising from the original transfer) and on the loans held by the Securitisation Funds' assets.

The aim of this calculation is to ensure that LTV overruns remain lower than non-preferred liabilities.

Overruns are observed when the actual LTV (assets evaluated on the closing date) is lower than the regulatory LTV. LTV overruns are updated based on the value of the receivables at the balance sheet date and on the value of the pledged assets revised at the end of each year.

As of June 30, 2012, the amount of overrun LTV on loans purchased and originated stood at €126.6 million (split between €113.3 million for transferred loans and €13.3 million for mobilised loans) to which must be added €13.7 million of excess on units and debt securities issued by securitisation mutual funds.

In all, total LTV overrun was €140.3 million at June 30, 2012, vs. €145.7 million at December 31, 2011. Total overruns remain substantially lower than non-preferred liabilities, which totalled €16,846 million on the same date.

4. Management of credit risk and counterparty risk

The credit risk on customer loans relates mainly to the risk of deterioration in the borrower's financial situation or to the associated risk of default which could lead to non-repayment of part of the principal or interest.

Compagnie de Financement Foncier's exceptionally low credit risk profile is also linked to:

- the intrinsic quality of the counterparties concerned: Public sector in France and retail banking (private individuals) for mortgage loans;
- the robustness of the loan approval system, based on expert systems or procedures and on a constantly evolving rating and loan selection system;
- the nature of the financing granted, and the extent and variety of security mechanisms, supplemented by a selection process when assets are acquired (*see section 5*).

The mechanisms for selecting and monitoring Compagnie de Financement Foncier's commitments derive both from those in force in the parent company and from a very strict selection process which involves in particular, apart from the eligibility criteria laid down by the law and specific criteria of Compagnie de Financement Foncier:

- by business sector (definition of Public Sector, exclusion of commercial real estate);
- by rating, known as "filter." This recognises the origination and outstanding loan scores (Basel II) provided by the loans' originator.

Compagnie de Financement Foncier also finances Crédit Foncier's production of mortgage loans to retail customers by purchasing mortgage notes issued by the latter. These mortgage notes have been equivalent to guaranteed loans since April 2007. Eligibility criteria for this mobilisation respond rigorously to those applied to loans held directly by a *société de crédit foncier*.

4.1. Significant events for credit risk

Against the backdrop of the European crisis, the real estate market was somewhat deflated at end-2011, which was confirmed as 2012 began.

In residential real estate in France, after two successive years of increases, prices were stable in the first half of 2012. The capital gains reform, the elimination of certain tax breaks and subsidised loans, refocused the production of loans to individuals on home ownership rather than the rental market.

In commercial real estate, consumption posted a downturn in the first half of 2012. In terms of rental value, we seem to be seeing significant downward adjustments, except for Paris and the Central Business District.

In commercial real estate, the immediate supply of second-hand surfaces seems stable, while new construction seems to be posting a strong downturn.

Internationally, the key event of the first half of 2012 continues to be the European sovereign debt crisis. In 2012, Crédit Foncier pursued this policy to reduce its exposure on the other European Sovereigns, resulting in a decline in that portfolio's loans, for Compagnie de Financement Foncier as well.

This backdrop of European crisis, coupled with the re-evaluation of rating methods used by external agencies, furthermore led to many ratings being lowered within the public-sector and securitisation portfolios, with no past due payments observed.

The stress tests performed on the securitisation portfolio showed how low the credit risk is.

4.2. Breakdown of commitments of Compagnie de Financement Foncier

4.2.1. Exposure to credit risk

The following tables break down on the one hand the gross basis of transactions with customers excluding off-balance-sheet commitments and financial guarantees given (representing a balance sheet total of €107.1 billion as of June 30, 2012) and on the other hand, the rate of non-performing debts observed, which is 0.7% (0.6% excluding subsidised loans).

(in millions of euros)

Risk exposures ^(*)	Expositions as of December 31, 2011			Exposures as of June 30, 2012		
	Balance sheet	Doubtful loans	Rate of doubtful loans excluding subsidised sector	Balance sheet	Doubtful loans	Rate of doubtful loans excluding subsidised sector
<i>Private individuals</i>	45,179	1.3%	1.2%	46,077	1.5%	1.4%
French mortgage loans ^(**)	25,700	2.2%	2.1%	26,853	2.6%	2.5%
French mortgage notes (in nominal) ⁽¹⁾	9,264			10,083		
Mortgage total	34,964	1.6%	1.5%	36,936	1.9%	1.8%
Securitised French mortgage (internal securitization)						
European residential mortgage-backed securities	10,215			9,142		
Securitised mortgages total	10,215			9,142		
PUBLIC SECTOR	37,574			40,368		
Low-income housing	2,810	0.2%	0.2%	2,611		
French Local Authorities (FLA)	10,382			9,373		
FLA L. 211-38 ⁽²⁾	3,224			3,456		
Sovereign debt (France)	70			4,609		
French Public Debt	16,486			20,050		
Private-Public-Partnership	678			675		
International Public Financing	10,569			9,412		
International Sovereign	2,486			3,003		
Securitisations backed by loans (essentially mortgage loans) benefiting from State safeguards	7,354			7,227		
Public sector large companies ^(***)				580		
International Operators	20,409			20,223		
COMMERCIAL MORTGAGES DISAPPEARING (RESULTING FROM THE LEGAL TRANSFER IN OCTOBER 1999)	141	7.2%	8.2%	156	55.9%	4.8%
BANKING SECTOR EXPOSURES	19,625			17,117		
of which Banque de France and CDC ^(****)	1,683					
of which other banks with public or semi-public guarantees	2,909			2,777		
of which other banks	3,508			340		
of which BCTG (Crédit Foncier's exposures guaranteed by asset collateral) ⁽³⁾	11,525			14,001		
TOTAL RISK EXPOSURE	102,519	0.6%	0.5%	104,297	0.8%	0.6%
MISCELLANEOUS ADJUSTMENTS AND OTHER ASSETS ^(*****)	3,260			2,804		
TOTAL	105,778	0.6%	0.5%	107,101	0.7%	0.6%

^(*) Balance sheet commitments (excluding off-balance sheet commitments and liabilities) representing overall exposure to credit risk, gross figures (performing and doubtful) according to French accounting standards from management data.

^(**) The line "French mortgage loans" includes a limited outstanding of Dutch debts (€78 million at December 31, 2011 and €77 million at June 30, 2012).

^(***) Following BPCE committees segmentation previously segmented SPI.

^(****) Segmented as French sovereign from Q1 2012.

^(*****) The line "miscellaneous adjustments and other assets" is essentially composed of accrued interests on financial forward instruments and adjustment accounts.

⁽¹⁾ of which mortgage notes in Belgium totaling €362 million vs. €384 million as of December 31, 2011.

⁽²⁾ of which €117 million of L.211-38 loans with Caisses d'Epargne vs. €115 million as of December 31, 2011.

⁽³⁾ Short-term bills overwhelmingly guaranteed by assets collateral.

In the first half of 2012, loans rose slightly by 1.2% with variable changes in exposures:

- continued rise in French mortgage total (4.5%);
- continued reduction in exposure on retail mortgage securitisations (2%) following RMBS transfers.

In addition, changes in segmentation have also impacted the distribution of outstandings:

- an increase in exposure on the French sovereign state due to the integration of Banque de France and Caisse des Dépôts previously segmented as International Public Sector;
- reclassification of ISPA securities previously classified as International Public Sector, now Italian government bonds;
- commercial mortgages, although in run-off management, are on the rise due to the integration into this segment of some exposures on mutual groups previously classified as social housing or FLA;
- the creation of a public sector large companies category (€580 million) further to the reclassification of the counterparties, Hydroquebec, SNBC Holding, Sogetram and Poste Italiane, previously classified as French Local Authorities.

The difficult economic conditions that prevailed in this first half of 2012 did not jeopardise Compagnie de Financement Foncier's low risk profile or the quality of its loan portfolio.

The rate of non-performing loans comes out higher than total mortgages at 1.9% instead of 1.6% at end 2011, due to the alignment of default and non-performing debt (see 2.4.6). Indeed, this change has resulted in a rise in non-performing receivables with no material impact on the level of impairments recognised by the group in the absence of any change, all things being equal otherwise, in its exposures at risk.

The rate of non-performing loans for Commercial mortgages, which represent 0.15% of Compagnie de Financement Foncier's exposures, has increased following the movement of a large account into non-performing loans.

FLA outstandings show virtually zero claims.

4.2.2. Analysis of the credit risk exposures

4.2.2.1. Geographic distribution of exposures

The portfolio at June 30, 2012 is still focused on the European Union (89.7%) with a French share that is growing (69.9% vs. 67.9% at end December 2011) due to freezes affecting the other countries and transfers having taken place in the first half of 2012.

It should be noted that commitments in the United States consist solely of securities in states or highly rated Local Authorities, or units of securitised loans backed by the Federal government, and do not include any direct or indirect exposure to real estate risks. Commitments in Japan concern solely public agencies, prefectures or cities.

Breakdown of exposures by geographical area ^(*)

	12/31/11	06/30/12	
	%	Balance sheet (€M)	%
France	67.9	74,823	69.9
Other countries within European Economic Area	21.6	21,259	19.8
Other European countries	1.6	1,660	1.5
North America (USA & Canada)	7	7,265	6.8
Africa/Middle-East			
Central and Latin America (including Mexico)			
Asia (excluding Japan)			
Japan	2	2,094	2.0
Oceania			
Others			
TOTAL	100.0%	107,101	100
		105,778	

^(*) Accounting management data: "Balance sheet" commitments portion (excluding off balance sheet commitments and financial guarantees) of the overall exposure to credit risk, based on gross customer loans (performing and doubtful) according to French accounting standards.

4.2.2.2. Breakdown of exposures by product family

Compagnie de Financement Foncier is not legally allowed to hold equity interests or trading portfolios. Its balance sheet commitments by product family (loans, securities and financial transactions) at June 30, 2012 show a *de facto* concentration on loans (72% including short term credit facilities) and debt securities (15% for securitisation and 13% for bonds).

Breakdown of exposure by product family

Product families ⁽¹⁾ - Breakdown by %	12/31/11	06/30/12
Shares/Funds		
Other balance sheet products		
Short term credit facilities ^(**)	4	4
Loans ^(***)	66	68
Bonds ["Banking" ^(****)]	14	13
Bonds ["Trading" ^(****)]		
Securitisation	17	15
BALANCE SHEET TOTAL	100	100
Balance sheet assets ⁽¹⁾ €millions	105,778	107,101

⁽¹⁾ Accounting management data: "Balance sheet" commitments portion (excluding off balance sheet commitments and financial guarantees) of the overall exposure to credit risk, based on gross customer loans (performing and doubtful) according to French accounting standards.

^(**) "Short term credit facilities" essentially include adjustments accounts and forward financial instruments.

^(***) Customer loans excluding cash credit.

^(****) The bonds it holds are held in the context of lending transactions with a view to being held until maturity.

^(****) Compagnie de Financement Foncier is not allowed by law to hold securities for trading purposes.

4.2.2.3. Analysis of exposures on securitisations

4.2.2.3.1. Targets and activity

For the application of European CRD 3 Directive, it should be noted that securitisations held by Compagnie de Financement Foncier belong exclusively to the banking portfolio and that Compagnie de Financement Foncier is not an investor in any re-securitisations.

For the past few years, Compagnie de Financement Foncier's initial securitisation target was to create a diversified, top-quality portfolio of mostly mortgage-backed securities, with asset classes located outside France, which the bank knows and controls especially well. Since the second half of 2011, no further investment has been made, and this portfolio has moved into run-off management.

Compagnie de Financement Foncier's investments are focused on transactions with a limited risk profile:

- senior bonds, rated publicly by one or more agencies (AAA at acquisition), and issued by structures that have strong investor-protection mechanisms: subordination of junior tranches, reserve funds, interest rate differential, protection against exchange-rate and interest-rate risks;
- underlying assets of prime mortgage receivables, in Europe - residential or mixed (maximum 20% tolerance on non-residential real estate receivables in the underlying portfolio in certain Italian transactions);
- underlying assets of Public Sector receivables benefiting from a claim on a Sovereign State (FFELP student loans in the United States, NHG receivables in the Netherlands) or to a local community (healthcare securitisations in Italy).

These assets also meet the regulatory requirements applicable to *sociétés de crédit foncier*.

The securitisation portfolio management intention is holding until maturity, and the assets that make it up are recognised at the amortised cost.

4.2.2.3.2. Risk control

The entire portfolio is monitored by the operational teams but also, independently, by Crédit Foncier's Risk Management which has the right skills.

For further information, please refer to the 2011 Registration Document (Volume 3, page 19).

BPCE's DRG gives a dual view of the portfolio's analysis and monitoring.

Over the first half of 2012, no securitisation held by Compagnie de Financement Foncier requires provisioning, and no securitisation is thus entered on the *Watch List* ⁽¹⁾. To date, no default has been recorded in Compagnie de Financement Foncier's securitisation portfolio.

⁽¹⁾ Identifying transactions for which a potential risk is detected.

4.2.2.3.3. Stress tests

The entire residential mortgage-backed securities portfolio is regularly subjected to a battery of stress tests, the results of which demonstrate the resiliency of the assets held to extreme scenarios.

These simulations presume the conjunction of events of such a magnitude that it remains unlikely at this stage:

- a doubling until maturity of historical default rates by transaction (i.e. 15%-30% total defaults depending on the transactions);
- an abrupt and lasting drop in real estate prices, of different scope according to the country (up to a 60% drop from the 2008 peak, in the case of Spain);
- one-quarter reduction in the last known prepayment rates.

The defaults modelled in the simulations correspond to foreclosures, which is a conservative hypothesis given that in practice defaults on loans do not automatically trigger foreclosure.

During the testing session in the course of the half-year, no cash flow deficit was observed at the transactions' maturity (no loss on capital or interest). The previous session had posted a cash flow deficit representing 0.14% of the capital still due from stressed transactions: at equivalent stress, the portfolio's resistance improves because of the strengthened mechanisms that protect senior tranches.

4.2.2.3.4. Exposures to external securitisations

At end-June, Compagnie de Financement Foncier held a €16.4 billion portfolio, down by nearly 7% from the half-year (the outstanding portfolio at end-December was €17.6 billion).

(in millions of euros)

As of 06/30/12

Category of FCTs		External securitisation positions - Breakdown by country and asset class							Total
		Germany	Spain	USA	Greece	Italy	Netherlands	Portugal	
Residential mortgage	MIXTE					178			178
	RMBS	293	4,307			2,748	824	792	8,963
Total Residential mortgage		293	4,307			2,926	824	792	9,142
Public Sector	Healthcare					431			431
	RMBS NHG						3,509		3,509
	Sovereign					1			1
	Student loans FFELP			3,287					3,287
Total Public Sector				3,287		432	3,509		7,227
TOTAL		293	4,307	3,287		3,358	4,332	792	16,369

MIXED RMBS: securitisations of residential mortgage receivables (more than 80% private individuals/professionals).

RMBS: residential mortgage-backed securities.

NHG RMBS: securitisations of residential mortgage loans guaranteed by NHG in the Netherlands.

Sovereign: securitisations of receivables carrying an explicit Italian sovereign guarantee.

Healthcare: securitisations of healthcare receivables, with the end risk being on Italian regions.

ABS Student Loans FFELP: senior tranches of securitisation of American student loans with a guarantee from the Federal government for at least 98% of the capital.

In the first half of 2012, profiting from takeover bids launched by certain originating banks, Compagnie de Financement Foncier continued the transfers of lines in its portfolio: these involved mainly Dutch and Spanish securitisations.

Moreover, a Spanish RMBS was transferred to Compagnie de Financement Foncier during the half-year, as that RMBS had undergone significant ratings downgrades. The process is compliant with the agreement binding Crédit Foncier to Compagnie de Financement Foncier, which stipulates that Crédit Foncier undertakes to buy some RMBS at their book value as soon as their rating is downgraded.

These factors, as well as the portfolio's natural amortisation, are the reason for the downward move in Compagnie de Financement Foncier's outstanding securitisation portfolio.

Compagnie de Financement Foncier also holds a €3.3 billion Student Loans FFELP securitisation portfolio, securitisations whose underlying is composed of student loans that are backed by the US Federal Government for at least 98% of the loan outstanding.

Outstandings are primarily concentrated in Europe (Spain, Netherlands and Italy, which represent 73% of total outstandings) and the United States (20% of outstandings).

4.2.2.3.5. Distribution of portfolio by weighting

Securitisation positions acquired by Compagnie de Financement Foncier are broken down in the table below by weighting and rating category. Weighting of securitisation positions held is determined using the external ratings of tranches published by Moody's, Standard & Poor's and Fitch rating agencies. At June 30, 2012, all tranches held by Compagnie de Financement Foncier are rated by at least one agency (if there is no external rating on a tranche, a weighting of 1,250% of exposure is applied). If the tranche is given different ratings by the three agencies, the "Basel II" criterion is applied: the lesser of the top two ratings is applied.

The amounts of the weighted exposures of the securitisation positions are calculated by standard method for all of Groupe BPCE's banks (excluding Natixis) and therefore for Compagnie de Financement Foncier.

(in millions of euros)

Basel II weighting using the standardised approach	Basel II ratings	12/31/11		06/30/12	
		Outstanding loans	% of portfolio	Outstanding loans	% of portfolio
20%	AA- to AAA	14,162	81	10,587	64
50%	A- to A+	3,013	17	5,342	33
100%	BBB- to BBB+	393	2	440	3
TOTAL		17,569	100	16,369	100

At end June 2012, the portfolio is still very much composed of transactions rated Step 1 (rating \geq AA-) despite the reduction in the share of this type of outstandings in the portfolio: 64% vs. 81% in 2011. 100% weighted outstandings are composed primarily of outstandings of an Italian healthcare securitisation whose rating reflects the credit quality of the local community.

4.2.3. Quality of the portfolio exposed to credit risk

4.2.3.1. Lending to individuals

Total outstandings on individual customers is up slightly in the first half of 2012 (2%) compared with December 2011.

4.2.3.1.1. Lending to individuals (excluding securitisations)

Compagnie de Financement Foncier continued its acquisitions of mortgage loans from Crédit Foncier for a total amount at June 30, 2012 of €2,191 million, including €1,106 million in loans for low-income families at zero-interest loans, €873 million in housing loans and €302 million in loans to the rental sector.

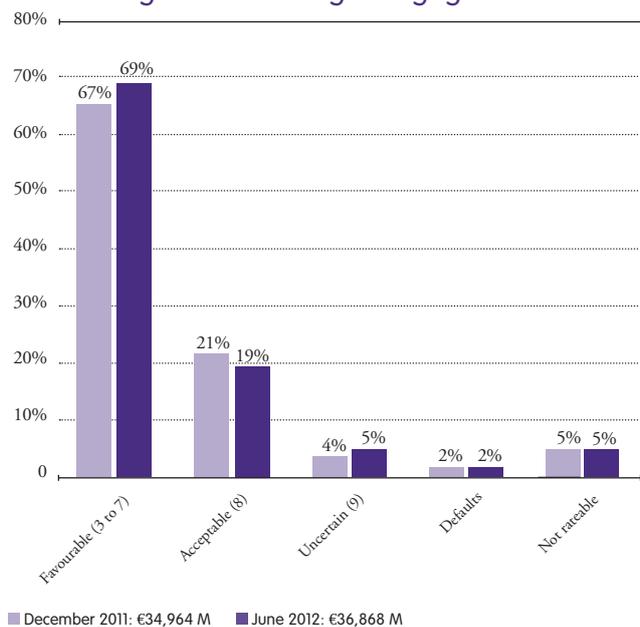
On direct mortgage receivables, the "non-performing receivables/outstandings" (not including the subsidised sector) is up very slightly to 1.8% over 1.5% at end-December 2011.

Because Compagnie de Financement Foncier makes its acquisitions after selection, its claims rate (amount of payments over six months past due) remains lower than that of Crédit Foncier.

Moreover, the entire portfolio of assets selected is hedged by guarantees (first mortgages) that have additional protection (more than one-third of mortgage loans on Individual Customers is backed by the *Fonds de garantie à l'accession sociale* (FGAS)), limiting the risk of terminal loss by that much.

The breakdown below confirms the quality of Compagnie de Financement Foncier's outstanding loans on Individual Customers (excluding retail professionals and small associations). It was stable overall between end-2011 and June 2012; 88% of its receivables are of satisfactory quality. The proportion of loans in default posted down slightly at end-June 2012 (2% down from 3% at end-December 2011).

Internal rating of outstanding mortgage loans to individuals



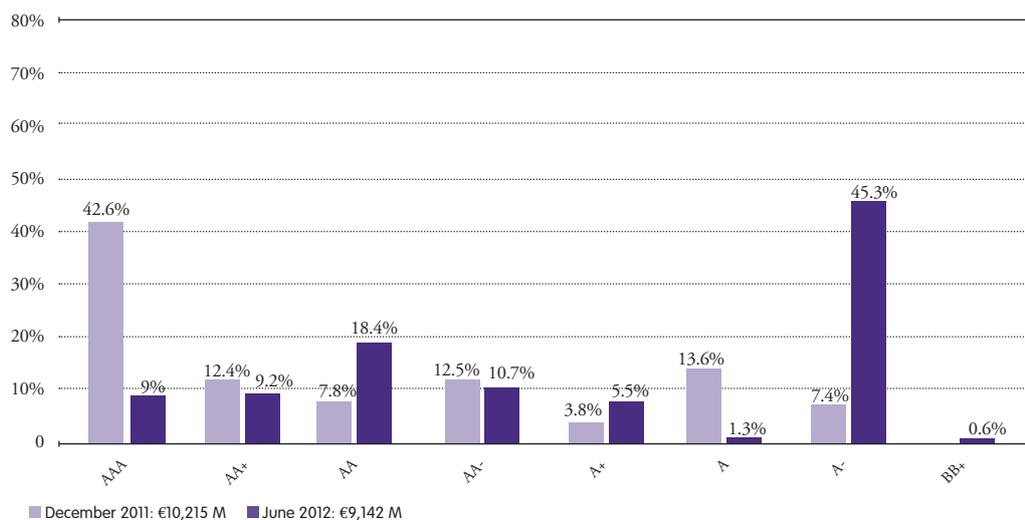
December 31, 2011: pro forma realized following the change of engine rating occurred in January 2012.

4.2.3.1.2. Residential mortgage securitisations

Compagnie de Financement Foncier's RMBS portfolio is composed of senior portions of securitised residential mortgage loans granted to private individuals. These are secured mortgage receivables, located in Europe (non-France) and these portfolios include a high degree of granularity.

Consequently, the transfers described in paragraph 4.2.2.3.4., the outstandings in the RMBS portfolio on Compagnie de Financement Foncier's balance sheet continued to decline in the first half of 2012: from €10.2 billion at end 2011 to €9.1 billion at the half-year end.

Breakdown by internal rating of exposure to securitised mortgage loans to individuals in Europe (excluding France)



Step 1 (\geq AA-) outstandings are now no more than 47% of RMBS outstandings held by Compagnie de Financement Foncier. Exposed to Europe, the RMBS portfolio suffered the consequences of the downgrading of that geographic area's Sovereigns; the rating agencies' methodology meant they could only tolerate a spread of a few notches between the rating of a securitisation transaction and the rating of its Sovereign. The revision of some aspects of the rating methodology (specifically the counterparty risk at Standard & Poor's) also

had an effect on the transactions' rating. Despite the decline in the rating of RMBS, note that Compagnie de Financement Foncier's RMBS portfolio continues to hold up well under the extreme situations described in the stress tests performed regularly by Crédit Foncier's Risk Management Department (see paragraph 4.2.2.3.3.).

As of 06/30/12		Breakdown by rating								Total
Category of FCTs		AAA	AA+	AA	AA-	A+	A	A-	BBB+	
Residential mortgage	MIXTE		58	120						178
	RMBS	824	779	1,565	982	504	117	4,142	51	8,963
TOTAL RESIDENTIAL MORTGAGE		824	837	1,685	982	504	117	4,142	51	9,142
		9.0%	9.2%	18.4%	10.7%	5.5%	1.3%	45.3%	0.6%	

MIX: securitisations of residential mortgage receivables (more than 80% private individuals/professionals).
 RMBS: residential mortgage-backed securities.

4.2.3.2. French public debt portfolio

Crédit Foncier serves the French Local Authorities (FLA) market, which consists of regional, departmental and local bodies and institutions in France, including health facilities and low-income housing organisations and institutions (Public Housing Offices (PHO) and Social Housing Enterprises (SHE)).

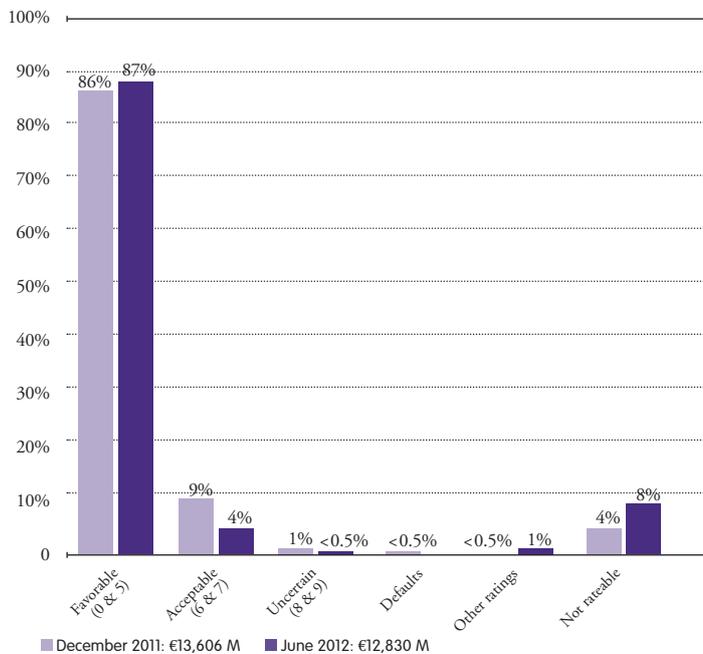
French Public Sector exposures acquired by Compagnie de Financement Foncier are originated by the Groupe BPCE, either by the Caisses d'Épargne or by Crédit Foncier. For social housing, Compagnie de Financement Foncier has direct guarantees from local communities and/or mortgage guarantees.

"Social housing" outstandings fell 7% from their end-2011 level. Likewise, FLA outstandings decreased by 6%.

The Public Sector Portfolio has a very marginal rate of non-performing debts, corresponding to old cases, which attests to the good quality of the portfolio.

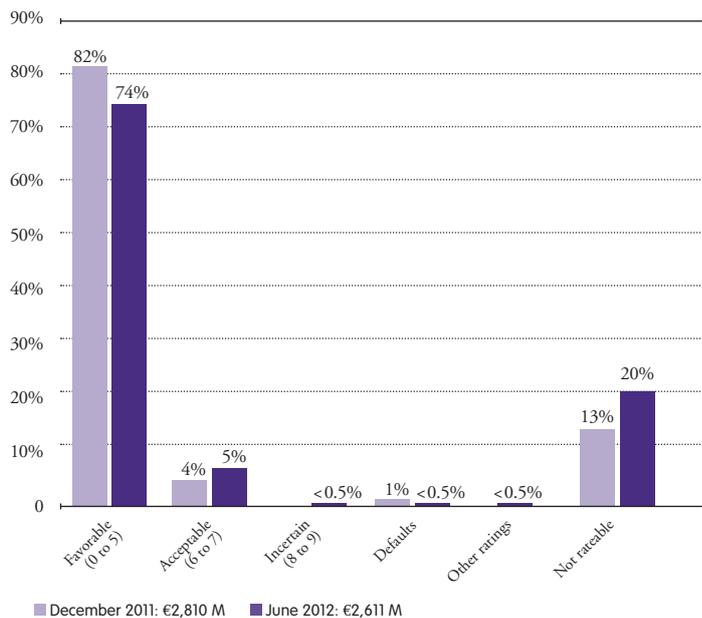
For all its French Local Authority and low-income housing financing activities, Crédit Foncier uses Groupe BPCE's internal rating tools (scale from 0 to 9 for each level of increased risk) which are based on scoring functions and specific criteria for each customer segment (regions, departments, municipalities, social economy, low-income housing, healthcare institutions, etc.). Unrated counterparties are analysed on an individual basis and in great detail.

French Public Sector Portfolio - Basel II breakdown



Of Compagnie de Financement Foncier's outstandings, 87% of accounts obtain a "favourable" rating (scores from 0 to 5), stable compared with end-2011 (86%). As the "other scores" come from a distinct rating engine, mapping was performed in order to break down the majority of that category and thus harmonise the rating scales.

Social housing portfolio - Breakdown by Basel II rating

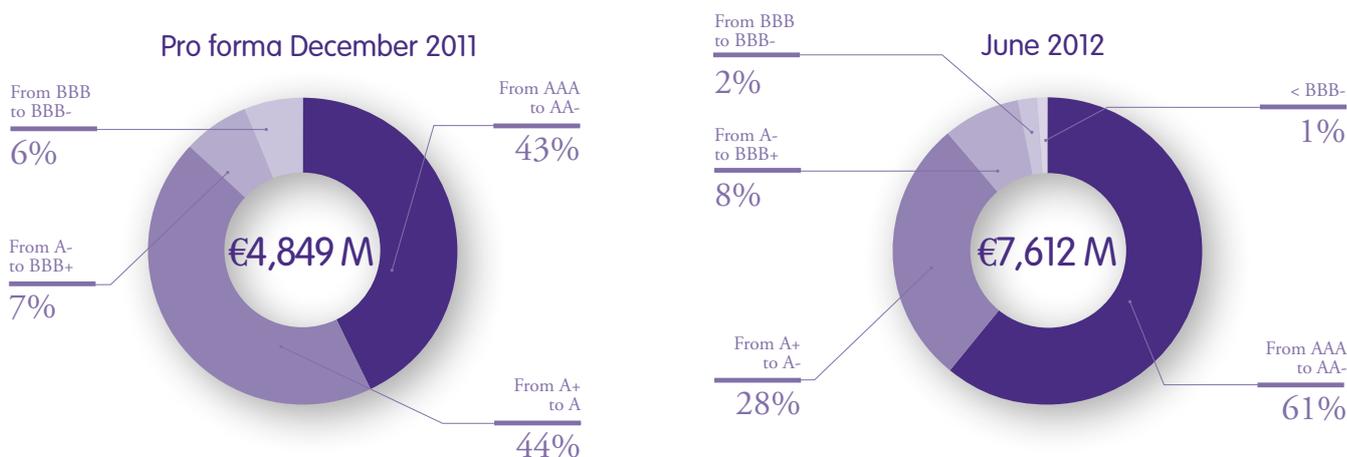


Of Compagnie de Financement Foncier's total social housing outstandings, nearly 74% of cases are rated "favourable" (0 to 5), down slightly from 2011 (82%). The proportion of counterparties rated in the "uncertain" category and in default remains minimal. Non-rated outstandings (20%) consist largely of institutions that collect PEEC⁽¹⁾ contributions and their subsidiaries, which are not covered by BPCE's rating tools. Prior to any commitment decision, these counterparties undergo an in-depth analysis on a case by case basis. Also, the PEEC sector is closely overseen and supervised by the French State.

4.2.3.3. International Public Sector portfolio

4.2.3.3.1. Sovereign States

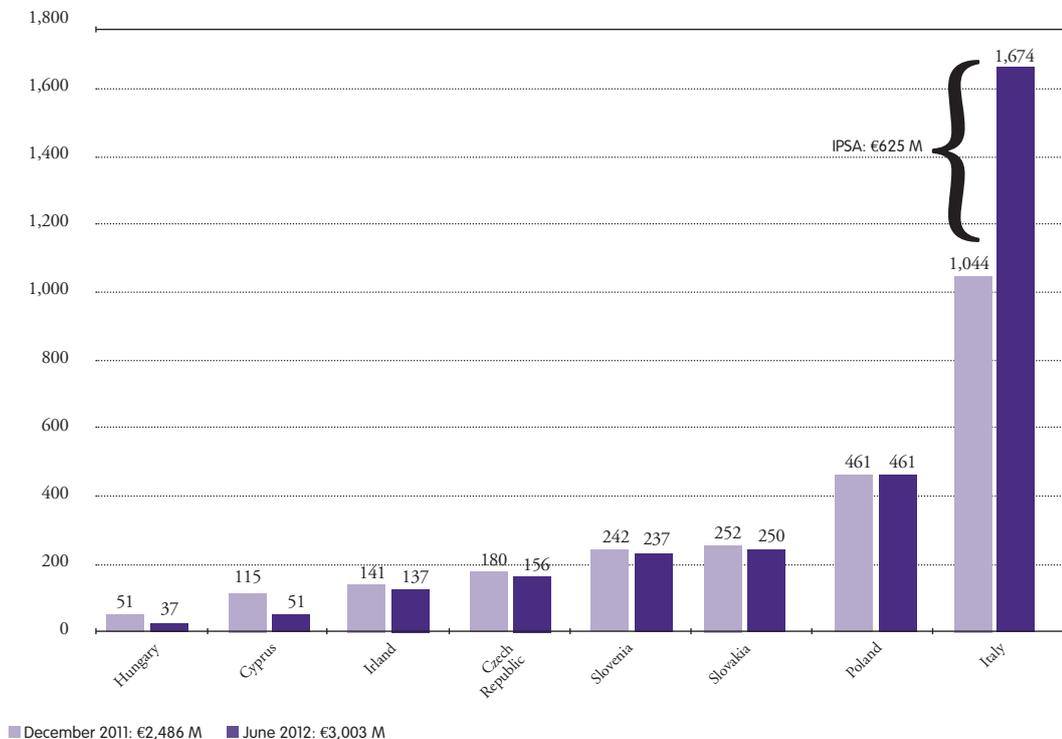
At June 30, 2012, the Sovereign portfolio (including France) came to €7.6 billion. In the first half of 2012, internal reclassifications were made to phase the segmentation of outstandings as practised by Compagnie de Financement Foncier with that of Groupe BPCE. As such, exposure on Banque de France (whose outstandings are on the rise) and *Caisse des Dépôts* is now equivalent to exposure on French Sovereign. Those two reclassifications were subject to a pro forma at December 31, 2011.



⁽¹⁾ *Participation des employeurs à l'effort de construction* (PEEC), is a system whereby non-agricultural private sector businesses with 20 or more employees (10 or more before 2006) contribute towards the construction of new housing. It is commonly known as the "1% housing fund".

The Sovereign portfolio (excluding France) has been in run-off management since the second half of 2011. This type of management continued in the first half of 2012 with the reduction, via securities transfers, of exposure to Cyprus and, to a lesser extent, Hungary and Czech Republic. Note that securities issued by counterparty ISPA (*Infrastrutture società per azioni*), initially segmented as public counterparty, are now equivalent to exposure to the Italian Sovereign (classified as International Public Sector in previous years).

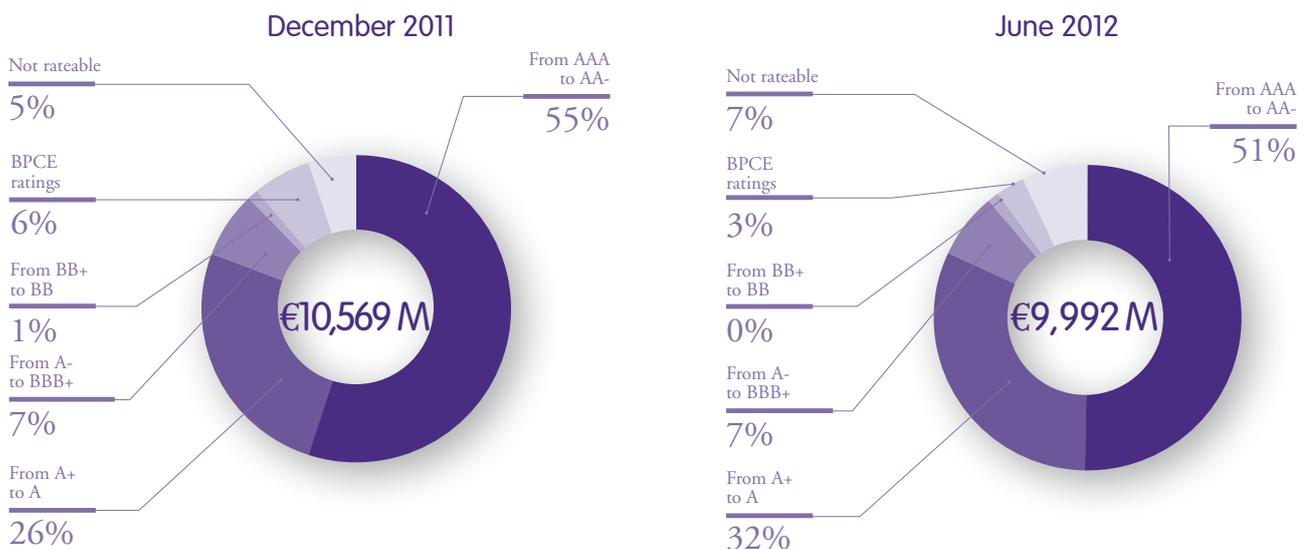
Breakdown of direct sovereign exposures (excluding France)



4.2.3.3.2. Public and international communities

Compagnie de Financement Foncier's International Public sector portfolio has been in run-off management since 2011. In the first half of 2012, transfers on the portfolio's line continued.

Exposures (*) by internal rating on IPS and Public sector Large Companies



(*) End-of-period "balance sheet" commitments (excluding off-balance sheet commitments and financial guarantees) of the overall exposure to credit risk, consolidated IFRS contribution, gross (performing + non-performing).

4.2.3.3. International Public Sector Securitisations

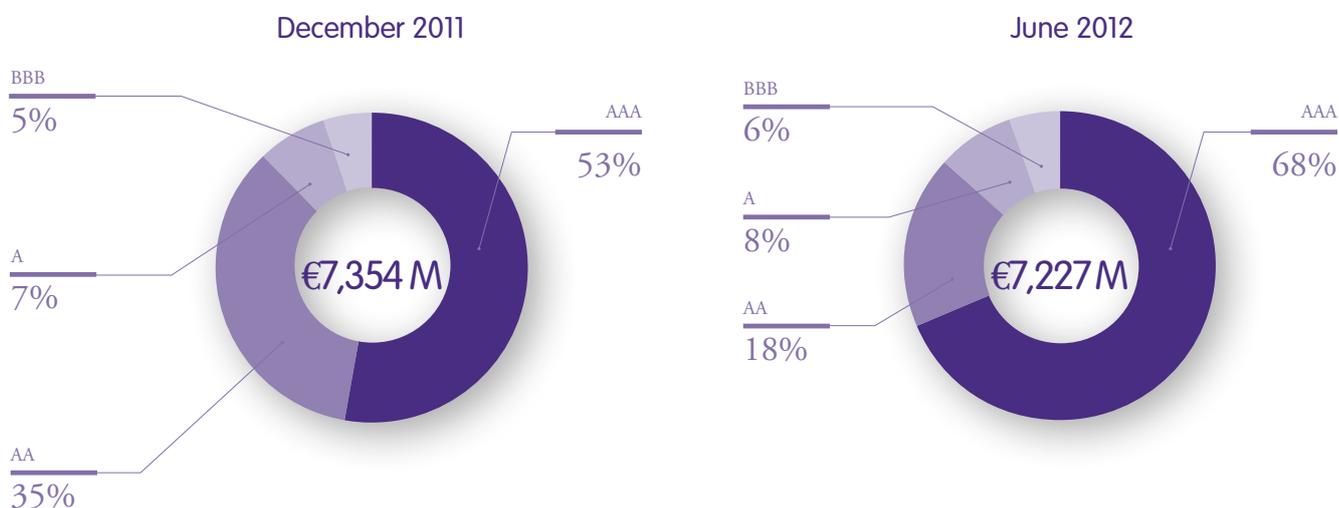
Changes in exposures

Compagnie de Financement Foncier's outstanding "Public Sector" securitisations portfolio stood at €7.2 billion at June 30, 2012, a slight decline over the half-year (1.7%).

Three types of transactions are grouped into this category:

- €3.5 billion in Dutch mortgage loan securitisations guaranteed by NHG, a Dutch public institution that plays a role similar to the SGFGAS in France. These transactions represent an end risk on the Dutch Sovereign State. Thus 87% of the portfolio's outstandings have a Step 1 rating (\geq AA-);
- €3.3 billion in securitisations of FFELP American student loans guaranteed by the US Federal Government for at least 98% of the outstanding loan. Despite the lowering of ratings by Moody's and S&P, 94% of outstanding securitisations still have a Basel II rating equal to AAA at June 30, 2012;
- €431 million in healthcare outstandings exposed on the Italian Public Sector, mainly as BBB.

Breakdown of exposures by external rating ^(*)



Public Sector Securitisation Positions

(in millions of euros)

As of 06/30/12 Category of FCTs		Breakdown by rating						Total	
		AAA	AA+	AA	AA-	A+	A		BBB
Public Sector	Healthcare				42			389	431
	RMBS NHG	1,846	281	409	505	468			3,509
	Sovereign						1		1
	Student loans FFELP	3,093	83			110			3,286
PUBLIC SECTOR TOTAL		4,939	364	409	547	578	1	389	7,227

A very large majority of outstanding Public Sector securitisations (87%) have a Step 1 rating \geq AA-. This situation is stable compared with 2011.

Enhanced transactions in the external securitisation portfolio

Only two securitisations totalling €431 million were enhanced with a monoline company in the form of financial guarantees: to date, and further to the massive lowering of ratings for the majority of these monolines, a single security (€41.6 million) is still benefiting from the positive impact of the enhancement, because since then it has been enhanced at the source by FSA (now Assured Guaranty Municipal Corp.).

This monoline was rated Aa3/AA- (Moody's/Standard & Poor's) at June 30, 2012. It is a Public Sector securitisation with final claim on an Italian local community publicly rated BBB. If this monoline's score is lowered, at worst the security's rating will be aligned downward with the community's.

4.2.3.4. Risk charge

(in millions of euros)

Risk Charge (€M)	12/31/11	06/30/12
Individual cost of risk (a)	(5,81)	(2,56)
Collective provisions (b)	0,94	(2,86)
Cost of risk (a+b)	(4,87)	(5,42)
Risk charge net banking income (c)	(1,27)	(0,79)
Overall charge of risk (a+b+c)	(6,14)	(6,21)

At June 30, 2012, Compagnie de Financement Foncier's assets amounted to €6.21 billion. At end-June 2012, total provisions stood at €36.56 million, including €27.1 million in individual provisions and €9.4 million in collective provisions.

The risk assumption level, on an individual basis, stands at €2.6 million for the second half of the year. This provision is justified by a slight increase in the loan loss rate, partially related to the impact of the methodological alignment of default and non-performing. The €2.9 million net allowance for collective provisions is in response to an adjustment of the provisioning methodology. That methodology is now based on so-called "sensitive" Basel rating instead of a methodology based on past-due payments.

4.3. Risk diversification and concentration risks

Summary of counterparty groups concentration for Compagnie de Financement Foncier

(in millions of euros)

	Top 10	Top 20	Top 50	Top 100	Total
Private finance initiatives			n.s. ⁽¹⁾		
Public sector large companies			n.s. ⁽¹⁾		
Sovereign States	8,825 [99%]	8,912 [100%]	8,912 [100%]	8,912 [100%]	8,912
External securitisation	6,060 [37%]	9,719 [59%]	14,502 [89%]	16,369 [100%]	16,369
French Local Authorities and low-income housing	2,762 [20%]	3,968 [29%]	6,209 [46%]	8,067 [59%]	13,590
IPF (International Public Financing)	4,455 [45%]	6,223 [62%]	8,967 [90%]	9,992 [100%]	9,992

⁽¹⁾ ns: not significant

This table represents the weight of the largest 10, 20, 50 or 100 counterparties in the exposure to a given category.

This classification is carried out on groups of counterparties and on- and off-balance sheet exposures.

For securitisation, which represents a significant proportion of the portfolio of large counterparties, more than 89% of risks are concentrated among the 50 largest exposures. This concentration is due to Compagnie de Financement Foncier's strategy of acquiring, after in-depth analysis, sizeable assets in the primary market. In terms of credit risk, this concentration is only apparent, since the underlying assets are mainly residential mortgage receivables on individuals and as such have a high degree of granularity.

The French regional government and local authorities, social housing and large companies sectors have a much lower concentration, a reflection of the risk diversification policy.

Direct exposures to sovereign States are relatively concentrated (less than ten counterparties) since they concern only a few European countries.

5. Risk mitigation techniques

Compagnie de Financement Foncier's portfolio is highly secured, because it is based on either a mortgage risk or a Public Sector risk. These two risks are limited by the presence of additional guarantees.

Thus, 38% of individual mortgages outstanding are guaranteed by the SGFGAS. This guarantee is similar to a Sovereign risk. SGFGAS provides a State guarantee for low-income homebuyer loans within the scope of the subsidised loans regulations and guaranteed by a first-rank surety (mortgage or privilege of money lender).

As such, it is given external scores by the French government and is used to weight credits at 0% for which the FGAS hedge was signed before December 31, 2006. Due to a change in FGAS hedging procedures, any protections granted on a later date generate a Basel II weighting, for credit risk, of 15% of the relevant receivables.

As for mortgage guarantees, in keeping with regulations, each year Compagnie de Financement Foncier conducts a thorough reassessment of the pledges entered in the mortgage. Compagnie de Financement Foncier's Specific Controller issues his or her opinion on the validity of the building evaluation methods and results and of the period re-examination methods.

5.1. Valuation and periodic review methods for real estate assets

For further information, please refer to the 2011 Registration Document (Volume 3, page 29).

5.2. Effect of credit risk mitigation techniques

In accordance with the regulations covering *sociétés de crédit foncier*, 100% of Compagnie de Financement Foncier's portfolio of direct loans to private individuals is hedged either by personal guarantees eligible for reducing Basel II regulatory capital requirements (mutual guarantee bodies, bank guarantees, etc.) or by first mortgages or equivalents.

Of the €26.9 billion in receivables directly on individuals hedged by first mortgages or equivalent (privilege⁽¹⁾ de prêteur de deniers), €11.2 billion also carry a personal guarantee.

The following table presents the distribution of different hedges associated with the Private Individuals portfolio.

(in millions of euros)

Schemes	Individuals		
	12/31/11	06/30/12	
Regulated schemes	FGAS (100% - State guarantee)	9,555	10,252
	Subsidised sector (State guarantee)	346	293
Mortgage insurance companies	Crédit Logement ^(*)	325	302
	CRESERFI ^(**)	340	326
International financial organisations	Indirect European public guarantee ^(***)	78	76
Loans guaranteed by a personal surety complementing mortgage or equivalent guarantee		10,644	11,249
First-rank mortgage		15,259	15,685
TOTAL OUTSTANDING FRENCH MORTGAGE LOANS		25,903	26,934

Source COREP at 06/30/12, outstanding loans including off balance sheet commitments & source COREP.

^(*) Crédit Logement: rated Aa2 by Moody's and AA- by Standard & Poor's. Loans guaranteed by Crédit Logement also benefit from the promise of mortgage allocation.

^(**) CRESERFI: public employees mutual guarantee fund. Loans guaranteed by CRESERFI also benefit from a first rank mortgage allocation.

^(***) Indirect European public guarantee: €76 million of guarantee NHG (Dutch State) on the GMAC portfolio as of June 30, 2012 vs. €78 million as of December 31, 2011.

100% of outstandings come with a Basel II-eligible guarantee.

⁽¹⁾ Privilege: The very nature of the loan gives a creditor privilege over other creditors.

5.3. Balance sheet and off-balance sheet netting

Crédit Foncier Group measures exposures linked to off-balance sheet derivatives by applying an add-on in addition to current exposures. Compagnie de Financement Foncier has a policy of systematically signing asymmetrical master netting agreements with its banking counterparties, meaning that only the counterparties provide collateral if need be, according to their ratings.

In terms of derivatives, relations between Compagnie de Financement Foncier and the derivative counterparty are regulated via a blanket market agreement that, previously signed by the parties, significantly limits the credit risk to which Compagnie de Financement Foncier is exposed. In fact, the blanket market agreement makes it possible to offset exposures to the same group (netting), which limits equity consumed. Moreover, via the margin-call mechanism, the blanket market agreement introduces the option of reducing exposure to the credit risk.

The blanket agreements signed by Compagnie de Financement Foncier comply with national standards. Every blanket market agreement is negotiated by operators and lawyers from the front office in association with the Risk Management Department.

6. G7 Reporting

In its April 7, 2008 report, the Financial Stability Forum (FSF) - G7 issued a series of recommendations in response to the crisis, specifically in terms of financial transparency, valuation, risk management and rating agency. Thus, the FSF asked that financial disclosure from financial institutions be increased.

In response, Compagnie de Financement Foncier stated that, at June 30, 2012, it no longer held any exposure on the following asset classes:

- CDO (Collateralised Debt Obligation) or direct exposures on monolines;
- exposures to CMBS (Commercial mortgage-backed securities);
- other subprime and Alt-A exposures and, more generally, exposures on American mortgages;
- ad hoc vehicles;
- leveraged buyouts.

Compagnie de Financement Foncier does not hold any direct exposures on monolines, but it does benefit from enhancements acquired from these latter on certain assets in the portfolio. Compagnie de Financement Foncier therefore has an initial claim with a counterparty other than the monoline. All of these enhancements involve underlying Public Sector assets (loans or securities), granted either directly to a Sovereign State or to a local community (including healthcare securitisations) or a public institution. At June 30, 2012, the overall breakdown of the portfolio enhanced by scoring the underlying assets was as follows:

Face value (in millions of euros)

As of 06/30/12

Monoline	Monoline rating	AA	A	BBB	Non Investment grade	Non dispo	Total	%
AMBAC ⁽¹⁾	Not avail.		138	458			595	22%
CIFG	Not avail.			163			163	6%
FGIC	Not avail.					107	107	4%
AGMC ⁽²⁾	AA-	462	1,119				1,580	59%
MBIA ⁽³⁾	BBB		85			139	225	9%
TOTAL		462	1,341	620		246	2,669	100%
%		18%	50%	23%		9%		

⁽¹⁾ Rating of Assured Guaranty Municipal Corp. (for FSA).

⁽²⁾ Rating of Assured Guaranty Municipal Corp. (for FSA).

⁽³⁾ Rating of National Public Finance Guarantee Corp. (for MBIA).

These financing commitments are in the form of financial guarantees (not CDS) that constitute an additional security for the enhanced asset in the portfolio. These guarantees are neither valued nor recognised on Compagnie de Financement Foncier's balance sheet (only the enhancement premium is recognised as an expense). The monoline's rating corresponds to the lesser of the top two agency ratings, from among Standard & Poor's, Moody's and Fitch at June 30, 2012. The intrinsic rating of the underlying asset corresponds to its Basel II score before enhancement on the same date.

More than two-thirds of the enhanced outstandings are scored AA or A. The 9% not available (that do not have an intrinsic Basel II rating) are appraised by Compagnie de Financement Foncier as belonging to the investment category (i.e. \geq BBB-).

Given the restructurings that affected the monoline sector, the score applied for securities enhanced at the source by FSA is now that of Assured Guaranty. This monoline was rated Aa3 (Moody's) and AA- (Standard & Poor's) at June 30, 2012. Likewise, those enhanced by MBIA are now given the rating of National Public Finance Guarantee Corporation (Baa2 by Moody's and BBB by Standard & Poor's at June 30, 2012), with the entity now guaranteeing local communities in North America.

7. Market risks and asset & liability management risks

For further information, please refer to the 2011 Registration Document (Volume 3, pages 34 and 35).

7.1. Organisation of ALM risk monitoring, a methodology used for evaluating liquidity, interest-rate and exchange-rate risks

See 2011 Registration Document (Volume 3, page 35).

7.2. Liquidity risk monitoring

7.2.1. Organisation of Compagnie de Financement Foncier's refinancing

The bulk of Compagnie de Financement Foncier's resources come from medium- and long-term issues of *obligations foncières*. Its additional resources consist of a significant securities and loan portfolio that is eligible for refinancing with the ECB. Thus, it has €51.8 billion in securities and loans that meet the ECB's refinancing eligibility criteria (of which €26.4 billion for residential loans, eligible with the Banque de France on a temporary basis since February 9, 2012). At June 30, 2012, Compagnie de Financement Foncier mobilised €1.3 billion in assets from the ECB, far below available reserves.

7.2.2. Liquidity risk monitoring

Liquidity risk is the risk that Compagnie de Financement Foncier may not be able to meet its short-term liabilities. Compagnie de Financement Foncier's ALM rules ensure that its exposure to liquidity risk remains very limited.

In particular, Compagnie de Financement Foncier is committed to maintaining sufficient short-term liquidity to hedge its privileged debt repayment commitments for a period of twelve months.

In addition, some of its assets, known as replacement securities, consist of safe and liquid investments, as required by law for *sociétés de crédit foncier*. At June 30, 2012, Compagnie de Financement Foncier held €14.1 billion in replacement securities.

Liquidity needs are analysed using a combination of static and dynamic approaches. They are managed using a system of internal limits, which are approved annually by Compagnie de Financement Foncier's ALM Committee and monitored by its ALM Committee and Risk Committee.

With the static approach, liquidity monitoring ensures that medium-term liquidity management does not concentrate liquidity requirements excessively over certain periods. The main indicator used is the static liquidity gap that takes into account Compagnie de Financement Foncier's capacity to raise liquidity over the next 20 years.

7.2.3. Respecting limits

As of June 30, 2012, Compagnie de Financement Foncier had a liquidity ratio of 772%.

Compagnie de Financement Foncier also determines the terms of its assets and liabilities to ensure that their maturities are properly matched and is committed to a maximum spread of two years. At June 30, 2012, this rule was still complied with, as the average duration was 6.3 years for assets and 6.5 years for liabilities.

7.3. Monitoring of overall interest rate risk

7.3.1. Management procedures

See 2011 Registration Document (Volume 3, page 36).

7.3.2. Interest rate risk monitoring

See 2011 Registration Document (Volume 3, page 36).

7.3.3. Compliance with limits

Compagnie de Financement Foncier has undertaken to maintain the level of its interest-rate gapping within limits defined by observation periods. These gaps measure the difference between fixed-rate assets and liabilities over time, with no acquisition of new assets nor any new issues.

The limits currently in effect for interest-rate gapping are:

Horizon	Limits as percentage of the balance sheet
Less than 2 years	2%
2 to 5 years	3%
5 to 10 years	5%
More than 10 years	10%

All of these indicators are subject to quarterly review by its ALM Committee and in Risk Committee meetings. As in previous years, all the limits linked to interest-rate risk monitoring were respected throughout the first half of 2012.

7.4. Monitoring of foreign exchange risk

Foreign exchange risk arises from the fact that exchange rate movements in currencies in which Compagnie de Financement Foncier's assets and liabilities are denominated can negatively affect the value of assets or commitments denominated in foreign currencies. Compagnie de Financement Foncier prohibits any open foreign exchange positions.

Its policy in this area remains unchanged and consists of not assuming any exchange risk. This means that all assets and liabilities denominated in currencies other than the euro are systematically swapped as soon as they are recognised on the balance sheet. This hedging can be achieved using exchange rate swaps, term loans or currency swaps. Residual differences arising from the adjustment of balance sheet positions, particularly those created by margins, are hedged monthly.

They are monitored by the Compagnie de Financement Foncier's financial operations middle office, which centralises month-end foreign exchange positions, by currency and by total amounts of foreign currencies.

Spot foreign exchange positions per currency are now limited to 5% of the balance sheet total in the currency concerned. This limit only applies if the outstanding loans in the currency concerned exceed the euro equivalent of €1 million.

Compliance with this limit is monitored by the ALM Committee and the Risk Committee of Compagnie de Financement Foncier. Throughout the first half of 2012, this limit was respected.

8. Operational risks

Compagnie de Financement Foncier's operational risk management is entrusted to Compagnie de Financement 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.

It should be noted that no incident was detected in the first half of 2012 specifically on Compagnie de Financement Foncier, even though the Operational Risks Department increased its completeness checks of incidents on this entity.

More generally, the work on harmonising practices, tools and benchmarks with Groupe BPCE continued over the first half of 2012. Change-management meetings are also an opportunity to define the schedule of pre-liminaries, the PARO ("Steering and Analysis of Operational Risks") slated for early April 2013.

Coordination of these operational risk actions with the permanent controls improves the consolidation of the entire system and ensures better management of the overall risk.

For further information, please refer to the 2011 Registration Document (Volume 3, pages 37 to 38).

9. Other risks

For further information relating to settlement risk, non-compliance risk and other risks (insurance, outsourced activities, IT risk, business continuity planning (BCP) and legal risks), please refer to the 2011 Registration Document, Volume 3, pages 38 to 40).



Legal information

The following information outlines significant changes to the legal information that occurred during the first half-year 2012. All other legal information contained in the Registration document (registered under the number D.12-0265) for the financial year ending December 31, 2011 remains in effect.

Corporate governance

Members of the Board of Directors as of June 30, 2012 and their professional addresses.

Mr Thierry DUFOUR

Director since December 18, 1998

Chairman from December 18, 1998 to June 25, 1999

Chief Executive Officer from June 25, 1999 to May 16, 2001

Deputy Chief Executive Officer from May 16, 2001 (following the promulgation of the New Economic Regulations Act) to May 17, 2002

Chief Executive Officer since May 17, 2002 (following the separation of the offices of Chairman of the Board and Chief Executive Officer)

Resignation from the office of Chief Executive on September 4, 2006

Chairman of the Board of Directors since July 31, 2007

Chairman & Chief Executive Officer since December 14, 2007

Crédit Foncier de France – 4, quai de Bercy – 94220 Charenton-le-Pont

Ms Sandrine GUÉRIN

Deputy Chief Executive Officer (non-Director) since October 15, 2001

Director since March 25, 2002

Deputy Chief Executive Officer since May 17, 2002 (following the separation of the offices of Chairman of the Board and Chief Executive Officer)

Crédit Foncier de France – 4, quai de Bercy – 94220 Charenton-le-Pont

BPCE, Represented by Mr Roland CHARBONNEL

Director since March 28, 2011

BPCE – 50, avenue Pierre Mendès France – 75013 Paris

Mr Eric FILLIAT

Director since March 28, 2012 (replacing Mr Nicolas DARBO who has resigned)

Crédit Foncier de France – 4, quai de Bercy – 94220 Charenton-le-Pont

Mr Didier PATAULT

Director since September 26, 2008

Caisse d'Épargne Bretagne Pays de Loire – 4, Place Graslin – 44000 Nantes

Crédit Foncier de France represented by Mr Bruno DELETRE

Director since June 25, 1999

4, quai de Bercy – 94220 Charenton-le-Pont

Ms Christine JACGLIN

Director since September 29, 2011 (replacing Mr Alain DENIZOT who has resigned)

Banque Populaire d'Alsace – Immeuble Le Concorde – 4, quai Kléber – 67000 Strasbourg

Ms Pascale PARQUET

Director since September 29, 2011 (replacing Mr Philippe DRUART who has resigned)

Caisse d'Épargne et de Prévoyance Île-de-France – 26/28, rue Neuve-Tolbiac – 75013 Paris

Resolutions submitted to the Shareholders' Meeting

Combined Shareholders' Meeting of May 4, 2012
All proposed resolutions were adopted.

General information

Current events

None

Trends

No significant deterioration has affected the outlook of the Company since its last financial report was audited and published. No known trend, uncertainty, claim, commitment or event is reasonably susceptible to influence the Company's outlook.

Audit

To the Company's knowledge, no agreement exists whose implementation at a later date could lead to a change of its audit.

Material events

No significant changes in the financial or commercial situation have occurred between August 29, 2012, the date at which the Board of Directors closed the accounts, and the filing date of this update of the Registration document.

Complementary information

- No potential conflicts of interest exist between the duties with regard to Compagnie de Financement Foncier and the private interests and/or other duties of members of the Board.
- As of June 30, 2012, there were no exceptional events or legal disputes (government procedures, legal or arbitration) likely to have or to have had a material impact on Compagnie de Financement Foncier's activity, financial position or results.
- Compagnie de Financement Foncier conducts itself and its corporate entities in accordance with the corporate governance framework in practice in France.



Registration document cross-reference index

AMF Registration document cross-reference index

References from the diagram in annex IV of European Commission Regulation (EC) N° 809/2004

		Information provided in the present document on page:	Information provided in Compagnie de Financement Foncier's Registration document filed with the AMF on April 3rd, 2011 under the number D.12-0265 on page:	
			Volume(s)	Pages
1.	Persons responsible			
1.1.	Persons responsible for the information	53	Volume 2	85
1.2.	Declaration by those responsible for the registration document	53	Volume 2	85
2.	Statutory auditors			
2.1.	Names and addresses of the issuer's auditors	N/A	Volume 3	74 and 75
2.2.	Auditors during the period covered by the past financial information	N/A	Volume 3	74 and 75
3.	Selected financial information			
3.1.	Financial information	N/A	Volume 1	10 to 11
3.2.	Financial information for interim periods	4 to 5	N/A	N/A
4.	Risk factors	16 to 17 55 to 77	Volume 1 Volume 2 Volume 3	28 to 32 13 to 18 2 to 45
5.	Information about the issuer			
5.1.	History and development of the issuer			
5.1.1.	Legal and commercial name of the issuer	N/A	Volume 3	60 and 68
5.1.2.	Place and registration number of the issuer	N/A	Volume 3	64
5.1.3.	Date of incorporation and length of life of the issuer	N/A	Volume 3	61 and 68
5.1.4.	Domicile and legal form of the issuer	N/A	Volume 3	60 to 62 67
5.1.5.	Recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency	80	Volume 3	74
5.2.	Investments	N/A	N/A	N/A
6.	Business overview			
6.1.	Principal activities			
6.1.1.	Main categories of services performed	3	Volume 1 Volume 1 Volume 1	3 to 7 25 28
6.1.2.	New products and/or activities	N/A	N/A	N/A
6.2.	Principal markets	3 and 9 to 10	Volume 1 Volume 2	34 to 36 4 to 9
6.3.	Competitive position	5	Volume 1	11
7.	Organisational structure			
7.1.	Description of the group and issuer's position within it	4	Volume 3	77
7.2.	Dependence upon other entities within the group	4	Volume 3	63 to 65
8.	Trend information			
8.1.	Statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements	80	Volume 3	74
8.2.	Events that are reasonably likely to have a material effect on the issuer's prospects	80	Volume 3	74
9.	Profit forecasts or estimates	N/A	N/A	N/A
10.	Administrative, management, and supervisory bodies			
10.1.	Names, business addresses and functions of the administrative, and management bodies and principal activities performed by them outside the issuer	79	Volume 2 Volume 3	23 to 28 56 59 to 60
10.2.	Statement that there are no conflicts of interests	80	Volume 3	74

11.	Management and executive bodies			
11.1.	Details relating to the issuer's audit committee	N/A	Volume 1 Volume 3	31 47 to 48
11.1.1.	Names of committee members and terms of reference under which the committee operates	N/A	Volume 3	48
11.2.	Corporate governance	N/A	Volume 3	46 to 56
12.	Major shareholders			
12.1.	Ownership, control	3 and 4	Volume 3	63 to 65
12.2.	Arrangements which may result in a change in control of the issuer	80	N/A	N/A
13.	Financial information concerning the issuer's assets and liabilities, financial position and profits and losses			
13.1.	Past Financial Information			
13.1.1.	Balance Sheet	20	Volume 2	33
13.1.2.	Off-Balance Sheet	21	Volume 2	34
13.1.3.	Income Statement	21	Volume 2	35
13.1.4.	Cash Flow Statement	50	Volume 2	74 to 75
13.1.5.	Accounting Policies and Explanatory Notes	22 to 50	Volume 2	36 to 76
13.1.6.	Statutory Auditors' Report	51	Volume 2	77 to 78
13.1.7.	Past Financial Information: Reference Document	Registration document 2011		Registration document 2010 ⁽¹⁾
13.1.7.1.	Financial Statements	Volume 2 33 to 76	Volume 2	33 to 78
13.1.7.2.	Certification of statutory auditors of the financial statements	Volume 2 77 to 78	Volume 2	79 to 80
13.2.	Consolidated financial statements	N/A	N/A	N/A
13.3.	Auditing of past annual financial information			
13.3.1.	Certification of statutory auditors	N/A	Volume 3	57
13.3.2.	Other information in the registration document which has been audited by the auditors	N/A	Volume 3	29 to 32 46 to 56
13.3.3.	Financial data in the registration document not extracted from audited financial statements	N/A	N/A	N/A
13.4.	Date of latest financial information			
13.4.1.	Last year of audited financial information	Registration document 2011		Registration document 2010 ⁽¹⁾
13.5.	Interim and other financial information			
13.5.1.	Quarterly or half yearly financial information published since the last audited financial statements	N/A		Half-yearly financial report (visa n° D.11-0214-A01)
13.5.2.	Interim financial information since the end of the last audited financial year	N/A		Half-yearly financial report (visa n° D.11-0214-A01)
13.6.	Legal and arbitration proceedings	80	Volume 3	74
13.7.	Significant change in the issuer's financial or trading position			
13.7.1.	Statement	80	Volume 3	74
14.	Additional information			
14.1.	Share Capital			
14.1.1.	Amount of the issued capital	38	Volume 3	63 to 64 68
14.2.	Memorandum and bylaws			
14.2.1.	Register and corporate purpose	N/A	Volume 3	60 to 63 65 to 73
15.	Material contracts			
15.1.	Regulated agreements	N/A	Volume 3	60 to 61

16.	Third party information and statement by experts and declarations of any interest			
16.1.	Report attributed to a person as an expert	N/A	Volume 3	30 to 32
16.2.	Certification	N/A	Volume 3	29
17.	Documents on public display			
17.1.	Place where the documents on display may be inspected, by physical or electronic means	Second cover	Volume 3	62 and 80

⁽¹⁾ In application of article 28 of Regulation no. 809-2004 on prospectuses, the corporate financial statements for the accounting period ended December 31, 2010 and the Statutory Auditors' report on the corporate financial statements, included in the reference document no. D.11-0214 filed with the *Autorité des marchés financiers* (AMF – French financial markets authority) on April 1, 2011, are incorporated by reference in this document.

The sections of reference document no. D.11-0214 not referred to above are either of no consequence to investors or covered by another section of this reference document.

Information required for annual financial statements	Information provided in the present document on page:	Information provided in Compagnie de Financement Foncier's Registration document filed with the AMF on April 3rd, 2011 under the number D.12-0265 on page:	
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Financial statements	19 to 50	Volume 2	32 to 76
Statutory auditors report	51	Volume 2	77 to 78



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