

SECOND SUPPLEMENT DATED DECEMBER 9, 2013
TO THE BASE PROSPECTUS DATED JULY 30, 2013



USD 10,000,000,000
US Medium Term Securities Program for the issue of *Obligations Foncières*

This second supplement (the “**Second Supplement**”) is supplemental to, and should be read in conjunction with, the Base Prospectus dated July 30, 2013 (the “**Base Prospectus**”) which was prepared by Compagnie de Financement Foncier (the “**Company**”) with respect to its USD 10,000,000,000 US Medium Term Securities Program (the “**Program**”) and the first supplement dated September 16, 2013 (the “**First Supplement**”). The Base Prospectus, as supplemented, constitutes a base prospectus for the purpose of the Directive 2003/71/EC of November 4, 2003 (as amended by Directive 2010/73/EU) on the prospectus to be published when securities are offered to the public or admitted to trading (the “**Prospectus Directive**”). The *Autorité des marchés financiers* (the “**AMF**”) granted visa No. 13-439 on July 30, 2013 to the Base Prospectus and visa No. 13-495 on September 16, 2013 to the First Supplement.

Terms defined in the Base Prospectus (as supplemented by the First Supplement) have the same meaning when used in this Second Supplement.

Application has been made to the AMF in France for approval of this Second Supplement to the Base Prospectus, in its capacity as competent authority pursuant to Article 212-2 of the *Règlement Général* of the AMF and at the same time for the notification of a certificate of approval released to the *Commission de Surveillance du Secteur Financier* in Luxembourg for Securities issued under the Program to be listed and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, both such approval and notification being made in its capacity as competent authority under Article 212-2 of the *Règlement Général* of the AMF which implements the Prospectus Directive in France.

Save as disclosed in this Second Supplement and the First Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Securities to be issued under the Program since the publication of the Base Prospectus. To the extent that there is any inconsistency between (a) any statements in this Second Supplement and (b) any other statement in, or incorporated

in, the Base Prospectus, as supplemented by the First Supplement, the statements in (a) above will prevail.

Copies of this Second Supplement (a) may be obtained, free of charge, at the principal place of business of the Company, 4, Quai de Bercy, 94224 Charenton, France, during regular business hours, and (b) will also be made available on the Company's website (www.foncier.fr) and on the website of the AMF (www.amf-france.org).

This Second Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 212-25 of the *Règlement Général* of the AMF for the purposes of updating and amending the sub-section entitled "*Recent Developments - Rating*" on pages 110 to 112 of the Base Prospectus.

To the extent applicable and provided that the conditions of Article 212-25 I of the *Règlement Général* of the AMF are fulfilled, investors who have already agreed to purchase or subscribe for Securities to be issued under the Program before this Second Supplement is published shall have the right, pursuant to Article 212-25 II of the *Règlement Général* of the AMF, to withdraw their acceptances by no later than December 11, 2013.

TABLE OF CONTENTS

1. UPDATE OF THE SUB-SECTION "<i>RECENT DEVELOPMENTS – RATING</i>" OF THE BASE PROSPECTUS	4
2. PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE SECOND SUPPLEMENT TO THE BASE PROSPECTUS	7

1. UPDATE OF THE SUB-SECTION "RECENT DEVELOPMENTS – RATING" OF THE BASE PROSPECTUS

The content of the sub-section entitled "Recent Developments - Rating" appearing on pages 110 to 112 of the Base Prospectus is deemed to be deleted in its entirety and replaced with the following:

"Rating

After having downgraded France from AAA to AA+ on July 12, 2013, the rating agency Fitch Ratings has automatically downgraded during the same month many players in the French banking sector (BPCE, Société Générale, Crédit Agricole) as well as the French covered bonds specialized in public sector financing and for which it assigns a rating (BNP SCF and CAFFIL). The rating agency also estimated that the credit quality of the entire French public sector was affected and, pursuant to its methodology related to the links between state, public sector and covered bonds, had placed the Company's *Obligations Foncières* AAA rating on Rating Watch Negative on July 18, 2013, waiting for the update of the calculation of the minimum level of overcollateralisation required to maintain the AAA rating.

The rating agency Fitch Ratings announced on December 4, 2013 that it revised the rating of the Company's *Obligations Foncières* from AAA to AA+ with a stable outlook. As a simple mechanical consequence of its recently amended methodology, the Company believes this new rating does not call into question the safety and robustness of the business model of the Company, nor the quality of its asset cover pool.

The following is a press release of Fitch Ratings dated December 4, 2013:

"Fitch Downgrades CoFF's OF To 'AA+'; Outlook Stable [Ratings Endorsement Policy](#)

04 Dec 2013 10:27 AM (EST)

Fitch Ratings-London/Paris-04 December 2013: Fitch Ratings has downgraded Compagnie de Financement Foncier's (CoFF) Obligations Foncières (OF, French legislative covered bonds) to 'AA+' from 'AAA' and removed them from Rating Watch Negative (RWN). The Outlook is Stable.

The rating action concludes the review of the programme following Fitch's downgrade of France to 'AA+' in July 2013 and reflects the agency's updated loss expectation on CoFF's underlying cover pool which, as of the beginning of September 2013, included approximately 32.5% of public sector (PS) asset exposures, 50% of residential mortgages loan exposures, 10% of securitisation exposures and 3% of cash exposures currently held in an account with the Banque de France.

KEY RATING DRIVERS

The rating is based on CoFF's reference Long-term Issuer Default Rating (IDR), which is the IDR of its parent, Credit Foncier de France (CFF, A/Stable/F1), a Discontinuity-Cap (D-Cap) of 4 (moderate) and a 19% breakeven level of overcollateralisation (OC) for the instrument rating (AA+). This compares with a nominal OC level of 19.3% observed as of November 2013. Fitch uses the IDR of CFF as the reference IDR for the programme

because the issuer is 100% owned by CFF, itself owned by Groupe BPCE, and Fitch considers it very likely that the issuer would be supported by its parent should it get into financial difficulties.

When analysing a cover pool consisting of PS entities concentrated in a country, Fitch models the sovereign default risk together with that of the PS entities from the country. If the sovereign defaults during the simulation, which is likely to occur in a rating scenario above the rating of the sovereign, then all the sovereign assets as well as a high proportion of PS entities are assumed to default. In such a scenario, Fitch assumes that defaulted PS entities would be subject to the sovereign recovery assumption.

Following the downgrade of France to 'AA+' in July 2013, these assumptions have led to increased modelled losses in a 'AAA' scenario for entities with exposures to French PS assets (60% French PS exposures in the case of CoFF), with the 'AAA' breakeven OC for the OF increasing to 35%. The remaining cumulative exposures to lower-rated sovereigns within the overall PS exposure (such as Italy or Spain) are also a driver of the expected loss on PS assets in lower rating scenarios.

The 19% breakeven OC for the 'AA+' rating also reflects Fitch's updated loss expectations on the securitisation and residential mortgage exposures within the cover pool. In its analysis of the residential mortgage loans exposure, Fitch has made a distinction between (a) those loans backing the mortgage promissory notes and the prime residential mortgage loans included as direct collateral and (b) the residential loans partly securing a loan to the issuer's parent, making up approximately 7% of the cover pool as of the beginning of November 2013 and which the agency views as being of a worse credit quality.

The maximum rating achievable for the programme on a probability of default (PD) basis is 'AA+', based on a D-Cap of 4 (moderate) and CoFF's reference IDR. The D-Cap of 4 is driven by Fitch's moderate risk assessment of the liquidity gap and systemic risk, which takes into account the liquid assets held by CoFF, its access to the ECB repo facility and its asset and liability management rules, as well as the comfort gained from the segregation mechanism provided by the OF law. A moderate risk assessment was also assigned to the cover pool-specific alternative management and the privileged derivatives, reflecting the quality of CFF's IT systems and the issuer's exposure to privileged derivatives. The systemic alternative management component was assessed as low risk, whereas the asset segregation component was assessed as very low risk.

RATING SENSITIVITIES

The OF rating is vulnerable to a downgrade if any of the following occurs: (i) the Reference IDR is downgraded by 3 notches or more; (ii) the current D-Cap is revised downwards to 1 (very high Discontinuity); (iii) the OC drops below Fitch's 'AA+' breakeven level of 19% for the rating; (iv) France is downgraded below 'AA+'.

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Additional information is available at www.fitchratings.com.

Applicable criteria, 'Covered Bonds Rating Criteria', dated 4 September 2013; 'Counterparty Criteria for Structured Finance and Covered Bonds' and 'Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum', both dated 13 May 2013; 'EMEA RMBS Master Rating Criteria', dated 6 June 2013; 'EMEA Criteria Addendum - France', dated 17 June 2013; 'Asset Analysis Criteria for Covered Bonds of European Public Entities', dated 30 January 2013, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

[Covered Bonds Rating Criteria](#)

[Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum](#)

*Counterparty Criteria for Structured Finance and Covered Bonds
EMEA RMBS Master Rating Criteria
EMEA Criteria Addendum – France
Asset Analysis Criteria for Covered Bonds of European Public Entities*

Additional Disclosure

Solicitation Status

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE."

The Program rating of the Company by Standard & Poor's and Moody's remains unchanged with the respective rates of AAA and Aaa, stable outlook.

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

As at the date of this present Supplement, each of the credit rating agencies are established in the European Union and registered under the CRA Regulation, as amended by Regulation (EU) No. 513/2011, and included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority's website."

2. PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE SECOND SUPPLEMENT TO THE BASE PROSPECTUS

In the name of the Company

We declare, having taken all reasonable care to ensure that such is the case and to the best of our knowledge, that the information contained in this Second Supplement (when read together with the Base Prospectus as supplemented by the First Supplement) is in accordance with the facts and that it contains no omission likely to affect its import.

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

Duly represented by: Thierry Dufour
Président Directeur Général / Chairman and C.E.O.
Duly authorised

Date : December 9, 2013



Autorité des marchés financiers

In accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (AMF), in particular Articles 212-31 to 212-33, the AMF has granted to this Second Supplement the visa No. 13-656 on December 9, 2013. This document, the Base Prospectus and the First Supplement may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Company and its signatories assume responsibility for it. In accordance with Article L.621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This visa has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the Securities being issued.