

**THIRD SUPPLEMENT DATED 6 DECEMBER 2013
TO THE BASE PROSPECTUS DATED 26 JUNE 2013**



**COMPAGNIE DE
FINANCEMENT
FONCIER**
CREDIT FONCIER GROUP

**Euro 125,000,000,000
Euro Medium Term Note Programme
for the issue of *Obligations Foncières* due from one month from the date of original issue**

This third supplement (the “**Third Supplement**”) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 26 June 2013 (the “**Base Prospectus**”) which has been prepared by Compagnie de Financement Foncier (the “**Issuer**”) with respect to its €125,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), the first supplement dated 22 July 2013 (the “**First Supplement**”) and the second supplement dated 3 September 2013 (the “**Second Supplement**”). The Base Prospectus as supplemented constitutes a base prospectus for the purpose of the Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the “**Prospectus Directive**”). The *Autorité des marchés financiers* (the “**AMF**”) has granted visa no. 13-307 on 26 June 2013 on the Base Prospectus, visa no. 13-385 on 22 July 2013 on the First Supplement and visa no. 13-471 on 3 September 2013 on the Second Supplement.

Terms defined in the Base Prospectus have the same meaning when used in this Third Supplement.

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

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

Copies of this Third Supplement (a) may be obtained, free of charge, at the principal place of business of the Issuer, 4, Quai de Bercy, 94224 Charenton, France, during normal business hours,

and (b) will be available on the Issuer's website (www.foncier.fr) and on the website of the AMF (www.amf-france.org).

This Third Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 212-25 of the AMF's *Règlement Général* for the purposes of giving information with regard to the Issuer and the Notes to be issued under the Programme additional to the information already contained or incorporated by reference in the Base Prospectus. As a result, the section "Recent Developments" of the Base Prospectus has been updated and completed.

To the extent applicable, and provided that the conditions of Article 212-25 I of the AMF's General Regulation are fulfilled, investors who have already agreed to purchase or subscribe for Notes to be issued under the Programme before this Third Supplement is published, have the right, according to Article 212-25 II of the AMF's General Regulation, to withdraw their acceptances by no later than 10 December 2013.

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1. UPDATE OF THE SECTION “RECENT DEVELOPMENTS” OF THE BASE PROSPECTUS

The section “RECENT DEVELOPMENTS” of the Base Prospectus is updated and completed as follow:

RECENT DEVELOPMENTS

Rating

After having downgraded France from AAA to AA+ on July 12, 2013, the rating agency FitchRatings 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, has placed Compagnie de Financement Foncier's *Obligations Foncières* under negative watch, waiting for the update of the calculation of the minimum level of overcollateralisation required to maintain a AAA rating.

The rating agency FitchRatings announced on 4 December 2013 that it revised the rating of the Compagnie de Financement Foncier's *Obligations Foncières* from AAA to AA+ with a stable outlook.

As a simple mechanical consequence of its recently amended methodology, this new rating does not call into question the safety and robustness of the business model of Compagnie de Financement Foncier, nor the quality of its asset cover pool.

The following is a press release of Fitch Ratings dated 4 December 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 CoFF'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 Programme rating of Compagnie de Financement Foncier by Standard & Poor's ("**Standard & Poor's**") and Moody's Investors Service ("**Moody's**") stays unchanged with the respective rates of AAA and Aaa. stable outlook.

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

As at the date of the present Supplement, each of credit rating agencies are established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit ratings agencies (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 THIRD SUPPLEMENT

In the name of the Issuer

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 Third Supplement (when read together with the Base Prospectus as supplemented by the First Supplement and the Second 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

on 6 December 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 Third Supplement the visa no. 13-655 on 6 December 2013. This document and the Base Prospectus may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This visa has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.

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