



COMPAGNIE DE  
FINANCEMENT  
FONCIER  
CREDIT FONCIER GROUP

## COMPAGNIE DE FINANCEMENT FONCIER

**Euro 75,000,000,000**

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

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

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

The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 75,000,000,000 (or the equivalent in other currencies).

This Base Prospectus replaces and supersedes the Base Prospectus dated 25 August 2005 and the supplements thereto.

Application has been made to the *Autorité des marchés financiers* (the “**AMF**”) in France for approval of this Base Prospectus, in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* and, at the same time for the notification of a certificate of approval released to the *Commission de Surveillance du Secteur Financier* in Luxembourg for Notes issued under the Programme to be listed and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, both of approval and notification being made in its capacity as competent authority under Article 212-2 of the *Règlement Général* of the *Autorité des marchés financiers* which implements the Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading.

Application may be made to Euronext Paris S.A. for Notes issued under the Programme for the period of 12 months from the date of this Base Prospectus to be listed and admitted to trading on the *Eurolist by Euronext*<sup>TM</sup> of Euronext Paris S.A. and/or to the competent authority of any other Member State of the European Economic Area (“**EEA**”) for Notes issued under the Programme to be listed and admitted to trading on a Regulated Market (as defined below) in such Member State. *Eurolist by Euronext*<sup>TM</sup> of Euronext Paris S.A. is a regulated market for the purposes of the Investment Services Directive 93/22/EEC, appearing on the list of regulated markets issued by the European Commission (a “**Regulated Market**”). Notes which are not listed or admitted to trading on a regulated market, or which are not offered to the public, in a Member State of the EEA may be issued under the Programme and may also be listed on an alternative stock exchange or may not be listed at all. The relevant final terms (the “**Final Terms**”) (as defined in “Overview of the Programme”) in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading and/or offered to the public (except in France where no offer to the public shall be made) and, if so, the relevant regulated market in the EEA where the Notes will be listed and admitted to trading and/or the Member State(s) in the EEA where the Notes will be offered to the public and will be published, if relevant, on the website of the regulated market where the admission to trading is sought, if the rules applicable to such regulated market so require.

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

Dematerialised Notes will at all times be in book entry form in compliance with Article L.211-4 of the French *Code monétaire et financier*. No physical documents of title will be issued in respect of the Dematerialised Notes.

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

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

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

The Programme has been rated Aaa by Moody’s Investors Service and AAA by Standard & Poors Ratings Services. It is expected that the Notes issued under the Programme will be rated AAA by Standard & Poors Ratings Services, by Fitch Ratings and Aaa by Moody’s Investors Service.

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

Arranger  
**Deutsche Bank**  
Dealers

ABN AMRO  
BNP PARIBAS  
IXIS Corporate & Investment Bank  
Credit Suisse  
Dresdner Kleinwort  
Merrill Lynch International  
Nomura International

Barclays Capital  
CALYON Corporate & Investment Bank  
Crédit Foncier de France  
Deutsche Bank  
HSBC  
Morgan Stanley  
Société Générale Corporate & Investment Banking

The prospectus as defined in Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”) consists in (a) this base prospectus (the « Base Prospectus ») containing the base terms and conditions of the Notes to be issued under the Programme, together with any supplements thereto (the “Supplements”) and (b) the Final Terms of the Notes.

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

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

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

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

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

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

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

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

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

recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche (as defined in “Overview of the Programme - Method of issue”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes (provided that, in the case of any Tranche to be listed and admitted to trading, the aggregate principal amount of Obligations Foncières allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche.

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

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

Ce résumé doit être lu comme une introduction au prospectus de base relatif au Programme (le « **Prospectus de Base** »). Toute décision d'investir dans des titres à émettre dans le cadre du Programme doit être fondée sur un examen exhaustif du Prospectus de Base, incluant le cas échéant les documents incorporés par référence, de tout supplément au Prospectus de Base, le cas échéant, et des Conditions Définitives des titres concernés. Lorsqu'une action en responsabilité fondée sur les informations contenues dans le Prospectus de Base est intentée devant un tribunal, l'investisseur plaignant peut, selon la législation nationale des Etats membres de la Communauté Européenne ou parties à l'accord sur l'Espace économique européen, avoir à supporter les frais de traduction du Prospectus de Base avant le début de la procédure judiciaire. Les personnes qui ont présenté le résumé, y compris le cas échéant sa traduction et en ont demandé la notification au sens de l'article 212-42 du Règlement Général de l'Autorité des marchés financiers (l'« **AMF** »), n'engagent leur responsabilité civile que si le contenu du résumé est trompeur, inexact ou contradictoire par rapport aux autres parties du Prospectus de Base, incluant le cas échéant les documents incorporés par référence.

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

<b>Emetteur :</b>	Compagnie de Financement Foncier
<b>Arrangeur :</b>	Deutsche Bank AG, Paris Branch
<b>Agents Placeurs :</b>	ABN Amro Bank N.V, Barclays Bank PLC, BNP Paribas, CALYON, HSBC France, IXIS Corporate & Investment Bank, Crédit Foncier de France, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Dresdner Bank Aktiengesellschaft, Merrill Lynch International, Morgan Stanley & Co. International Limited, Nomura International plc et Société Générale
<b>Montant Maximum :</b>	Jusqu'à EUR 75 000 000 000
<b>Agent Financier et Agent Payeur Principal :</b>	Deutsche Bank AG, London Branch
<b>Agents Payeurs :</b>	Crédit Foncier de France (Agent Payeur à Paris), Deutsche Bank Luxembourg S.A. (Agent Payeur à Luxembourg), Deutsche Bank Aktiengesellschaft (Agent Payeur à Francfort)
<b>Agent de cotation à Luxembourg :</b>	Deutsche Bank Luxembourg S.A.
<b>Méthode d'émission :</b>	Les Titres seront émis dans le cadre d'émissions syndiquées ou non syndiquées.
<b>Échéances :</b>	Sous réserve des lois, règlements et directives applicables, toute échéance d'un mois minimum à compter de la date d'émission initiale.
<b>Devises :</b>	Euro, Dollar U.S., Dollar Hong Kong, Yen Japonais, Francs Suisse, Livre Sterling, et toute autre devise qui pourrait être convenue dans les conditions définitives préparées à l'occasion de l'émission ( <i>Final Terms</i> ) (les « <b>Conditions Définitives</b> »).
<b>Modalités des titres (prix, montant,</b>	Les conditions définitives des Titres et de chaque série de Titres

<b>taux d'intérêt etc.) :</b>	seront décrites dans les Conditions Définitives.
<b>Valeur nominale :</b>	Valeur nominale minimum de chaque Titre : EUR 1 000 (ou l'équivalent en toute autre devise à la date d'émission). Les Titres Dématérialisés seront émis avec une seule valeur nominale.
<b>Utilisation des Produits :</b>	Les produits nets de l'émission des Titres seront utilisés pour les besoins de l'activité de l'Emetteur, telle que définie par son objet social.
<b>Rang de créance :</b>	Les Titres (Obligations Foncières) sont émis en vertu des articles L. 515-13 à L. 515-33 du Code monétaire et financier. Les porteurs de Titres bénéficient d'un privilège (droit prioritaire au paiement) sur tous les actifs et revenus de l'Emetteur.
<b>Forme des Titres :</b>	<p>Les Titres peuvent être émis soit sous forme de titres dématérialisés, soit sous forme de titres matérialisés.</p> <p>Les Titres Dématérialisés pourront, au gré de l'Emetteur, être émis au porteur ou au nominatif.</p> <p>Les Titres Matérialisés seront uniquement émis au porteur.</p>
<b>Maintien de l'emprunt à son rang :</b>	Aucun.
<b>Cas de Défaut (notamment Défaut Croisé) :</b>	Aucun.
<b>Remboursement :</b>	Les Conditions Définitives indiqueront les conditions sous lesquelles les titres pourront être remboursés avant échéance au gré de l'Emetteur.
<b>Fiscalité :</b>	A moins que cela ne soit spécifiquement indiqué différemment dans les Conditions Définitives, tout paiement lié aux Titres émis ou réputés émis hors de France par la Compagnie de Financement Foncier sera fait sans retenue à la source ou déduction pour raisons fiscales imposées par ou au nom de la République Française.
<b>Dépositaire Central :</b>	Euroclear France en tant que dépositaire central pour les Titres Dématérialisés
<b>Systèmes de compensation :</b>	Euroclear France, Euroclear et Clearstream, Luxembourg.
<b>Cotation et admission à la négociation :</b>	L'Eurolist d'Euronext Paris S.A. ou comme spécifié dans les Conditions Définitives. Comme mentionné dans les Conditions Définitives, une série de Titres pourra ou non être cotée et admis à la négociation
<b>Offre au public :</b>	Les titres ne seront pas offerts au public en France.
<b>Méthode de publication :</b>	Le Prospectus de Base, le(s) supplément(s) au Prospectus de Base, le cas échéant, et les Conditions Définitives relatives aux Titres cotés et admis à la négociation seront publiées sur le site de l'Autorité des marchés financiers, et, dans le cas de Titres cotés et admis à la négociation sur un marché réglementé de l'Espace Economique Européen autre que l'Eurolist d'Euronext Paris S.A.,

ou offerts au public dans un Etat partie à l'Espace Economique Européen autre que la France, selon les modalités prévues aux Conditions Definitives relatives à cette émission.

**Notation :**

Les Titres émis sous le Programme seront notés.

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

**Restrictions de vente :**

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

**Droit applicable :**

Droit français

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

En conformité avec la loi « Epargne et Sécurité Financière » du 25 juin 1999, le Crédit Foncier de France, institution financière fondée en 1852, a créé le 23 juillet 1999 la Compagnie de Financement Foncier et y a transféré les anciennes obligations et les actifs éligibles qu'elle refinançait. Société de crédit foncier du Groupe Crédit Foncier de France (AA-, Aa3, AA) et de sa maison mère, le Groupe Caisse d'Epargne (AA/Aa2/AA), la Compagnie de Financement Foncier est le véhicule dédié de refinancement AAA/Aaa/AAA.

La Compagnie de Financement Foncier est une société anonyme de crédit foncier et un établissement de crédit agréé en qualité de société financière par le Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI). La Compagnie de Financement Foncier est régie par la législation applicable aux établissements de crédit et, en tant que société de crédit foncier, par les articles L.515-13 à L.515-33 du Code Monétaire et Financier.

La Compagnie de Financement Foncier a souscrit une augmentation de capital au 22 juin 2006 portant son capital social à 132 000 000 EUR. Il est désormais divisé en 8 250 000 actions entièrement libérées d'une valeur nominale de 16 euros chacune dont 8 249 994 sont détenues par le Crédit Foncier de France.

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

Depuis sa création en 1999, la Compagnie de Financement Foncier a émis pour 67,5 Md EUR d'obligations foncières. L'encours des obligations foncières atteignait au 31 décembre 2005 48,7 Md EUR avec un volume d'émission de 13,1 Md d'Euros en 2005, et de 11,2Md EUR en 2004.

La Compagnie de Financement Foncier a pour unique activité d'acquérir des actifs éligibles et de les refinancer. Ces actifs se composent des prêts avec garantie hypothécaire de premier rang, des prêts aux collectivités locales et au secteur public, des titres émis ou garantis par des entités publiques et enfin des parts seniors de titrisation notées AAA (FCC). Pour refinancer ces actifs, la société de crédit foncier est autorisée à émettre des obligations foncières notées AAA/Aaa/AAA ainsi que d'autres instruments financiers bénéficiant ou non du privilège défini par l'article L.515-19 du Code Monétaire et Financier.

### 3. CHIFFRES CLES SUR DES INFORMATIONS SELECTIONNEES DE LA COMPAGNIE DE FINANCEMENT FONCIER AU 31 DECEMBRE 2005

#### **Bilan simplifié au 31 décembre 2005 (total bilan: 57,4 Md€)**

Actif	En Md€	%	Passif	En Md€	%
<b>Prêts garantis</b>	<b>30.49</b>	<b>53.1%</b>	<b>Ressources privilégiées</b>	<b>51.1</b>	<b>89.0%</b>
Prêts hypothécaires du secteur aide	2.95	5.1%	Obligations foncières	49.75	86.6%
Prêts garantis par l'Etat (ex-garantie FGAS*)	6.16	10.7%	Autres ressources privilégiées	1.35	2.4%
Autres prêts hypothécaires	7.12	12.4%			
Parts de titrisation de créances hypothécaires résidentielles	13.46	23.5%	<b>Ressources non privilégiées</b>	<b>6.30</b>	<b>11.0%</b>
Autres prêts garantis	0.80	1.4%	Dettes chirographaires	2.53	4.4%
<b>Prêts à des personnes publiques</b>	<b>15.63</b>	<b>27.2%</b>	Dettes subordonnées et assimilées	3.30	5.7%
Prêts publics du secteur aide	0.46	0.8%	Capitaux propres, provisions et FRBG	0.47	0.9%
Autres prêts publics	7.21	12.6%			
Titres d'entités publiques	7.20	12.5%			
Parts de titrisation de créances publiques	0.76	1.3%			
<b>Autres actifs non répartis dans les 2 catégories précédentes</b>	<b>2.14</b>	<b>3.7%</b>			
<b>Valeurs de remplacement</b>	<b>9.14</b>	<b>15.9%</b>			
<b>TOTAL ACTIF</b>	<b>57.4</b>	<b>100%</b>	<b>TOTAL PASSIF</b>	<b>57.4</b>	<b>100%</b>

\* FGAS: Fonds de garantie à l'accession sociale

La Compagnie détient 17 Md€ de prêts hypothécaires dont 9,1 Md€ bénéficient de garanties directes ou indirectes de l'Etat français et 2,2 Md€ bénéficient de garanties indirectes d'Etat AAA de l'Espace Economique Européen.

#### **Passif privilégié (obligations foncières) au 31 décembre 2005**

- Emises en 2005: 13,1 Md€
- Passif privilégié: 51,1 Md€ dont 49,7 Md€ d'obligations foncières (y compris dettes rattachées)

#### **Actifs éligibles au 31 décembre 2005 (TOTAL 57.4 Md€)**

	Md€	%
<b>Prêts hypothécaires (garantie de 1er rang)</b>	5.66	<b>9.8%</b>
<b>Parts de titrisation de créances hypothécaires résidentielles AAA</b>	13.46	<b>23.5%</b>
<b>Prêts hypothécaires bénéficiant d'une garantie d'Etat AAA</b>	11.37	<b>19.8%</b>
o FGAS	6.16	10.7%
o Secteur Aidé	2.95	5.1%
o Garantie d'Etat AAA de l'Espace Economique Européen	2.26	4.0%



<b>Prêts aux personnes publiques</b>	15.63	<b>27.2%</b>
<b>Autres actifs éligibles</b>	2.14	<b>3.7%</b>
<b>Valeurs de remplacement</b> ( <i>meilleures notations court terme</i> )	9.14	<b>15.9%</b>

En considérant les garanties publiques accordées à certains encours de prêts bénéficiant également de sûreté immobilière, tels que les prêts du secteur aide et ceux garantis par le FGAS, l'ensemble des actifs sécurisés par une garantie publique représentent 27Md€ au 31 décembre 2005, soit 47% du bilan.

L'Emetteur a publié des informations financières trimestrielles au 31 mars 2006 qui n'ont pas été auditées ou revues et qui figurent aux pages 150 à 152 du présent Prospectus de Base.

#### **4. FACTEURS DE RISQUES**

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

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

##### Risque de crédit

L'activité de financement et de refinancement de l'Emetteur l'expose naturellement à un risque de crédit, maîtrisé grâce d'une part à la sélectivité légale des actifs éligibles au refinancement et à une politique interne stricte de sélection des actifs. Ce risque et son analyse sont plus amplement décrits dans la section « Risk Factors » ci-après.

##### Risque de change

Les activités de financement ou de refinancement de l'Emetteur l'exposant à un risque de change par rapport à l'Euro sont toutes couvertes par des instruments de couverture. Ce risque et son analyse sont plus amplement décrits dans la section « Risk Factors » ci-après.

##### Risque de liquidité

Comme tout établissement de crédit, l'Emetteur peut présenter un risque de liquidité. Toutefois, ce risque est très significativement encadré d'une part par les contraintes réglementaires applicables aux sociétés de crédit foncier et aux contraintes imposées par les agences de notation pour l'obtention et le maintien de la notation de l'Emetteur. Ce risque et son analyse sont plus amplement décrits dans la section « Risk Factors » ci-après.

##### Risque juridique

Au 31 décembre 2005, l'Emetteur n'est pas engagé dans des procédures judiciaires ou administratives qui soient susceptibles d'avoir un effet significatif sur sa situation financière. Afin de se préserver au mieux des risques juridiques encourus, l'Emetteur bénéficie de la garantie des assurances souscrites au niveau du groupe Crédit Foncier. Ce risque et son analyse sont plus amplement décrits dans la section « Risk Factors » ci-après.

##### Risque social et environnemental

L'activité de l'Emetteur n'est pas susceptible d'avoir un effet négatif sur l'environnement.

Concernant les conséquences sociales et environnementales, l'Emetteur utilise les ressources matérielles et humaines mises à sa disposition par le Crédit Foncier.

##### **Facteurs de Risques liés aux titres émis par l'Emetteur**

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

- Risques liés aux conflits d'intérêts potentiels
- Risques liés à la légalité de l'acquisition des titres
- Risques liés à une modification des modalités des titres

- Risques liés à la fiscalité
- Risques liés à l'absence d'obligation de paiements additionnels en cas de retenue à la source
- Risques liés à un changement de loi
- Risque de change
- Risques liés aux notations financières
- Risques liés à l'absence de liquidité sur le marché secondaire
- Risques liés à l'évolution du prix de marché des titres
- Risques liés à la structure de certains Titres

Les facteurs de risque relatifs aux titres émis par l'Emetteur et à l'Emetteur sont plus amplement détaillés dans le paragraphe « *Risk Factors* » du Prospectus de Base.

## SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this base prospectus relating to the Programme (the “**Base Prospectus**”). Any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference, together with any supplements thereto, if any, and with the relevant Final Terms. Where a claim relating to the information contained in this Base Prospectus is brought before a court, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. No civil liability will attach to the persons who presented the summary, including any translation thereof, and requested its notification pursuant to Article 212-42 of the Règlement Général of the AMF, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus, including the documents incorporated by reference.

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

<b>Issuer:</b>	Compagnie de Financement Foncier
<b>Arranger:</b>	Deutsche Bank AG, Paris Branch
<b>Dealers:</b>	ABN Amro Bank N.V, Barclays Bank PLC, BNP Paribas, CALYON, HSBC France, IXIS Corporate & Investment Bank, Crédit Foncier de France, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Dresdner Bank Aktiengesellschaft, Merrill Lynch International, Morgan Stanley & Co. International Limited, Nomura International plc and Société Générale
<b>Programme Limit:</b>	Up to Euro 75,000,000,000
<b>Fiscal Agent and Principal Paying Agent:</b>	Deutsche Bank AG, London Branch
<b>Paying Agents:</b>	Crédit Foncier de France (as Paris Paying Agent) Deutsche Bank Luxembourg S.A. (as Luxembourg Paying Agent) Deutsche Bank Aktiengesellschaft (as Frankfurt Paying Agent)
<b>Luxembourg Listing Agent:</b>	Deutsche Bank Luxembourg S.A.
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis.
<b>Maturities:</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue.
<b>Currencies:</b>	Euro, U.S. Dollars, Hong Kong Dollars, Japanese yen, Swiss francs, Sterling and in any other currency specified in the relevant Final Terms.
<b>Commercial terms of the Notes (price, amount, interest rate, etc.):</b>	The commercial terms and conditions of the Notes of each Series of Notes will be set out in the applicable Final Terms.
<b>Denomination:</b>	Minimum denomination of each Note: €1,000 (or the equivalent amount in any other currency at the issue date).

	Dematerialised Notes shall be issued in one denomination only.
<b>Use of Proceeds:</b>	The net proceeds of the issue of the Notes will be used for the Issuer's general corporate purposes.
<b>Status of Notes:</b>	The Notes ( <i>Obligations Foncières</i> ) are issued under Articles L. 515-13 to L. 515-33 of the French <i>Code monétaire et financier</i> . Holders of Notes benefit from a <i>privilège</i> (priority right of payment) over all the assets and revenues of the Issuer.
<b>Form of Notes:</b>	Dematerialised Notes or Materialised Notes.  Dematerialised Notes may be issued in bearer dematerialised form ( <i>au porteur</i> ) or in registered dematerialised form ( <i>au nominatif</i> ).  Materialised Notes will be in bearer form only.
<b>Negative Pledge:</b>	None.
<b>Events of Default (including Cross Default):</b>	None.
<b>Redemption:</b>	The Final Terms will specify the conditions under which the Notes may be redeemed prior to maturity at the option of the Issuer.
<b>Taxation:</b>	Except as otherwise stated in the Final Terms, payments in respect of the Notes issued or deemed to be issued outside France by Compagnie de Financement Foncier will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France.
<b>Central Depository</b>	Euroclear France in respect of Dematerialised Notes.
<b>Clearing Systems</b>	Euroclear France, Euroclear and Clearstream Luxembourg.
<b>Listing and Admission to Trading:</b>	As specified in the relevant Final Terms, a Series of Notes may or may not be listed and admitted to trading on the <i>Eurolist by Euronext</i> <sup>TM</sup> of Euronext Paris S.A. and/or on any Regulated Market or other stock exchange.
<b>Offer to the public:</b>	The Notes shall not be offered to the public in France.
<b>Method of Publication:</b>	The Base Prospectus, the supplement(s) thereto, if any, and the Final Terms related to Notes listed and admitted to trading will be published, if relevant, on the website of the <i>Autorité des marchés financiers</i> . In addition, if the Notes are listed and admitted to trading on a Regulated Market other than the Eurolist by Euronext <sup>TM</sup> of Euronext Paris S.A., or offered to the public in a Member State of the European Economic Area other than France, the relevant Final Terms will provide whether additional methods of publication are required and what they consist of.

<b>Rating:</b>	Notes issued under the Programme will be rated. The Programme is rated Aaa by Moody's Investors Services and AAA by Standard & Poor's Rating Services.
<b>Selling Restrictions:</b>	The offer and sale of Notes will be subject to selling restrictions in various jurisdictions, in particular, those of the United States of America, those of the European Economic Area including France and the United Kingdom. Further restrictions that may apply to a Series of Notes will be specified in the applicable Final Terms.
<b>Governing Law:</b>	French law.

## 2-KEY INFORMATION ABOUT THE ISSUER

In compliance with the Savings and Financial Security Act of June 1999, Crédit Foncier de France founded in 1852, created the SCF (*Société de Crédit Foncier*) Compagnie de Financement Foncier on July 23, 1999. At this time, the existing stock of bonds and eligible assets was transferred to this new entity from Crédit Foncier de France. As the *Société de Crédit Foncier* of Groupe Crédit Foncier de France (AA-/Aa3/AA) and its parent company Groupe Caisse d'Epargne (AA/Aa2/AA), Compagnie de Financement Foncier is their dedicated AAA/Aaa/AAA refinancing vehicle.

It is a French *société anonyme* (limited liability company) authorised as a Financial Company (*Société Financière*) and a *Société de Crédit Foncier* by a decision of the French Credit Institutions Committee (CECEI – Comité des Etablissements de Crédit et des Entreprises d'Investissement). It is therefore governed by the legislation applicable to credit institutions and, as a *Société de Crédit Foncier*, it is also governed by Articles L.515-13 to L.515-33 of the French *Code monétaire et financier*.

As at 22 June 2006 the Compagnie de Financement Foncier's subscribed capital amounted to 132,000,000 euros. It is divided into 8,250,000 fully paid-up shares with a par-value of 16 euros each, of which 8,249,994 are held by Crédit Foncier de France.

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

Since its creation in 1999, Compagnie de Financement Foncier issued €67.5 billion worth of *obligations foncières*. The total outstanding of *obligations foncières* amounted to €48.7 billion as at 31 December 2005 with an issue volume of €13.1 billion in 2005 and €11.2 billion in 2004.

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

### 3-Key information concerning selected data of Compagnie de Financement Foncier as at 31 December 2005

#### Simplified balance sheet at December 31, 2005 (total balance sheet: €57.4 billion)

Assets	€ billion	%	Liabilities and Equity	€ billion	%
<b>Mortgage loans</b>	<b>30.49</b>	<b>53.1%</b>	<b>Privileged debt</b>	<b>51.1</b>	<b>89.0%</b>
State subsidised mortgage loans	2.95	5.1%	<i>Obligations foncières</i>	49.75	86.6%
State-secured loans (former FGAS guarantee)	6.16	10.7%	Other privileged debts	1.35	2.4%
Other mortgage loans	7.12	12.4%			
Residential mortgage loan securisation units	13.46	23.5%	<b>Non-preferred debt</b>	<b>6.30</b>	<b>11.0%</b>
Other secured loans	0.80	1.4%	Unsecured senior debt	2.53	4.4%
<b>Loans to public sector entities</b>	<b>15.63</b>	<b>27.2%</b>	Subordinated and similar debt capital	3.30	5.7%
Public loans of the subsidised sector	0.46	0.8%	Shareholder's equity, provisions and FRBG	0.47	0.9%
Other public loans	7.21	12.6%			
Debt of public entities	7.20	12.5%			
Senior securisation units of public debt	0.76	1.3%			
<b>Other eligible assets</b>	<b>2.14</b>	<b>3.7%</b>			
<b>Replacement securities</b>	<b>9.14</b>	<b>15.9%</b>			
<b>TOTAL ASSETS</b>	<b>57.4</b>	<b>100%</b>	<b>TOTAL LIABILITIES</b>	<b>57.4</b>	<b>100%</b>

Compagnie de Financement Foncier holds €17 billion in mortgage loans, €9.1 billion of which are directly or indirectly secured by the French state, and €2.2 billion of which benefit from AAA indirect guarantees from a State in the European Economic Area.

#### Liabilities benefiting from the *privilège (obligations foncières)* at December 31, 2005

- Issued in 2005: €13.1 billion
- Liabilities benefiting from the *privilège*: €51.1 billion with €49.7 billion in *obligations foncières* (including related payables)

**Eligible assets, at December 31, 2005 (TOTAL €57.4 billion)**

	€ billion	%
<b>Mortgage loans (first-rank guarantee)</b>	5.66	<b>9.8%</b>
<b>Residential mortgage loan securisation units</b>	13.46	<b>23.5%</b>
<b>Mortgage loans with a AAA State guarantee</b>	11.37	<b>19.8%</b>
○ <i>State secured loans (former FGAS guarantee)</i>	6.16	10.7%
○ <i>State subsidised mortgage loans</i>	2.95	5.1%
○ <i>AAA State guarantees from the European Economic Area</i>	2.26	4.0%
<b>Loans to public entities</b>	15.63	<b>27.2%</b>
<b>Other eligible assets</b>	2.14	<b>3.7%</b>
<b>Replacement securities (best short-term ratings)</b>	9.14	<b>15.9%</b>

By taking into account the public guarantees on certain outstanding loans also backed by real-estate collateral, such as subsidised sector loans and loans secured by the FGAS guarantee fund, the assets secured by a public guarantee represented €27 billion at 31 December 2005, i.e. 47% of the balance sheet.

The Issuer has published quarterly financial information on 31 March 2006 which have not been audited or reviewed, and which are inserted on pages 150 to 152 of this Base Prospectus.

**4-RISK FACTORS****A. Risk factors relating to the Issuer**

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

Credit risk

By its financing and refinancing activity the Issuer is naturally exposed to a credit risk which is controlled by the legal eligibility of assets for refinancing and a strict internal policy of selection of the assets. This risk and its analysis are more fully described in “Risk Factors” below.

Currency risk

Financing and refinancing activities exposing the Issuer to an exchange rate risk for conversions in Euro are covered by hedging instruments. This risk and its analysis are more fully described in “Risk Factors” below.

Liquidity risk

As any credit institution, the Issuer can be exposed to a liquidity risk. However, this risk is strictly controlled by the regulatory constraints applicable to *sociétés de crédit foncier* and by the rating agencies’ restrictions imposed to the Issuer to maintain its rating. This risk and its analysis are more fully described in “Risk Factors” below.

Legal risk

At 31 December 2005, the Issuer was not involved in any legal or governmental proceedings likely to have any material impact on its financial position. In order to be protected from any legal risk, the Issuer benefit from

insurance policies taken out by the Crédit Foncier group. This risk and its analysis are more fully described in “Risk Factors” below.

#### Social and environmental risks

The Issuers’ business is not likely to have any impact on the environment.

In terms of social and environmental consequences, Compagnie de Financement Foncier relies upon the material and human resources provided by Crédit Foncier de France.

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

In addition, there are certain factors that are specific to the Notes to be issued by the Issuer under the Programme, as more fully set out in “Risk Factors” below. These risks are, among others:

- Risks related to potential conflicts of interest
- Risks related to legality of purchase
- Risks related to modification, waivers and substitution
- Risks related to taxation
- Risks related to withholding tax - no gross-up obligation
- Risks related to a change of Law
- Currency risk
- Risks related to credit ratings
- Risks related to the absence of active secondary/trading market for the Notes
- Risks related to the market value of the Notes
- Risks related to the structure of a particular issue of Notes

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



## RISK FACTORS

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

### RISK FACTORS RELATING TO THE ISSUER

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The risk factors may relate to the Issuer or any of its subsidiaries.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

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

#### *Credit risk*

Assets that are eligible for refinancing by a *société de crédit foncier* are defined very clearly by the legislation in force, and are essentially made up of public or mortgage loans and securities originating in areas that are economically and politically stable. While this rule already gives it a high level of security, Compagnie de Financement Foncier has also implemented additional restrictions to further limit credit risk exposure.

- ***With regard to purchases of mortgage loans:*** loan purchase scoring was implemented in 2002. Based on the probability of loan default, it makes it possible to acquire only those loans presenting the lowest level of risk and to monitor those judged potentially more risky with a view to their possible purchase only after a certain “seasoning period” has passed without incident.

With regard to loans in the subsidised sector, it must be remembered that the risk of default is borne by the French State through the guarantees provided, and that arrears due to unpaid interest for the first 18 months are the responsibility of Crédit Foncier. Similarly, loans with the FGAS guarantee (“Fonds de garantie à l’accession sociale”, the French Social Purchase Guarantee Fund) benefit from a direct guarantee from the French State.

- ***With regard to purchases of domestic public loans:*** these assets consist solely of loans to or guaranteed by the public sector in accordance with the legislation concerning *sociétés de crédit foncier*, and as a result they enjoy a very low rate of credit risk. In addition, Compagnie de Financement Foncier uses the Caisse d’Epargne Group’s proprietary rating tool: only loans with very good ratings are purchased.

- ***With regard to eligible international assets with long term ratings:*** only assets with a public or private rating from at least one of the 3 rating agencies, Standard and Poor’s, Moody’s and Fitch Ratings, can be acquired by Compagnie de Financement Foncier. This rating must be superior or equal to AA-/Aa3/AA-. Moreover,

Compagnie de Financement Foncier undertakes to limit the proportion of these assets that benefit from a single rating to 20 per cent. of all eligible rated assets.

- ***With regard to the replacement securities held by Compagnie de Financement Foncier:*** these are short-term assets that enjoy the best short- or long-term ratings assigned by the rating agencies. The minimum rating that is accepted for each asset is dependent upon the duration of the placement and corresponds to the top of the “investment grade” tranche of the agencies’ rating scale.

	Standard & Poor’s	Moody’s	FitchRatings
From 0 to 1 month	ST A1	LT A2 or CT P1	ST F1
From 1 to 3 months	ST A1+	LT A1 and CT P1	ST F1+
From 3 to 6 months	ST A1+	LT Aa3 and CT P1	ST F1+
More than 6 months	LT AAA	LT Aaa	LT AAA

ST : Short-Term ; LT : Long-Term

- ***With regard to off-balance-sheet activities,*** all counterparties carrying out off-balance-sheet operations with Compagnie de Financement Foncier have previously signed a master agreement and a specific annex defining asymmetric collateralisation agreements between the two parties. Accordingly, the counterparty undertakes, in the event that its rating is or falls below the lowest A1+ or AA- ratings at Standard & Poor’s, or P1 or Aa3 at Moody’s, or F1+ or AA- at Fitch Ratings, to pay Compagnie de Financement Foncier a security deposit equal to its net debt position with no reciprocity required by the latter. The security deposit is calculated and paid to Compagnie de Financement Foncier on a weekly or daily basis depending on the level of degradation of the counterparty’s rating.

#### *Interest rate risk*

Compagnie de Financement Foncier’s balance sheet is rigorously covered against interest rate risk. Each asset purchase or refinancing operation is systematically swapped to a variable interest rate, so that rate fluctuations have an identical impact on both sides of the balance sheet. In addition, Compagnie de Financement Foncier undertakes to maintain the level of its rate gaps within limits defined by period of observation. If the limits are exceeded, the necessary corrective actions are completed, at the latest, in the quarter following the observation.

The current limits in force for rate gaps are:

Horizon	Percentage of the balance sheet observed at the start of the period
Under 2 years	2%
2 -5 years	3%
5 -10 years	5%
More than 10 years	10%

Finally, Compagnie de Financement Foncier undertakes to limit the difference between the duration of its assets and the duration of its liabilities to more or less two years.

#### *Currency risk*

Compagnie de Financement Foncier does not maintain any open positions; any non-Euro denominated asset acquisition or refinancing operation is immediately converted into Euros at the time of execution.

### *Liquidity risk*

Compagnie de Financement Foncier has set itself strict management rules guaranteeing itself sufficient liquidity to meet its privileged liability commitments even in the event of market access difficulties. Statutorily, Compagnie de Financement Foncier may not have more than 20 per cent. of its balance sheet in the form of replacement securities, securities that make up its treasury reserves. In addition, the rating agencies' restrictions ensure that at least one year's liquidity needs are held on the balance sheet at all times.

Compagnie de Financement Foncier thus undertakes to cover the contractual reimbursements of its privileged debt net of expected payments on its assets:

- over the next twelve months, for at least half, by replacement securities and securities issued by public entities, both reputed liquid, and, for the balance, by other assets eligible as repo instruments with the ECB;
- beyond one year, by the sum of the assets mentioned previously to which the other quoted assets are added.

In any case, a financing deficit limited to 10 per cent. of the current balance is allowed beyond the second year.

### **ANALYSIS OF CREDIT RISK**

Concerning credit risk, the assets held by Compagnie de Financement Foncier are analysed according to the four main categories below:

- Loans from the subsidised sector which are guaranteed by the State,
- Competitive sector loans which are guaranteed by a first rank mortgage or a public entity guarantee and loans granted to public entities. This category includes securities issued or guaranteed by public entities, in accordance with the regulatory classification of eligible assets for *sociétés de crédit foncier*,
- Eligible securitisation units, in other words funds with at least 90 per cent. of their underlying assets comprised of loans with the same guarantees as those required for the direct acquisition of loans. Concerning the senior units, the credit risks on these securities are covered by different mechanisms put in place at the time of the fund structuring which are permanently monitored by the rating agencies. Furthermore, the analysis of the performance of underlying credits and the management of funds, developed by Compagnie de Financement Foncier on its securitisation transactions, confirm the quality of these assets. The overcollateralisation rates within the fund at the end of 2005 have all improved since the time of acquisition,
- The replacement securities inherently comprised of safe and liquid securities are of the highest possible credit quality. No provisions are allocated for this asset category, which does not include any doubtful loans.

At December 31, 2005, all the eligible loans and similar securities of Compagnie de Financement Foncier represented €46.1 billion, broken down as follows:

- €3,420 million for the subsidised sector,
- €28,502 million for the competitive sector, of which:
  - €12,645 million in real estate loans granted to private individuals,
  - €13,378 million in loans and instruments granted to, or guaranteed by, public authorities,
  - €2,339 million in loans granted to social housing professionals (these loans are covered by a mortgage and/or a public guarantee),

- €139 million in loans granted to commercial property professionals,
- €14,222 million in securitisation units whose underlying assets are largely made up of real estate loans to private individuals. For these outstanding loans, 95 per cent. or €13,462 million, are secured loans, as defined by law.

During 2005, two changes to the rules for determining doubtful loans led to strong variations in this item.

Firstly, the January 2005 migration of the majority of private individuals' customer loans to the supra community – shared software - application of the Caisse d'Epargne Group led to a revision in the rules for reclassifying performing loans as doubtful loans. In this system, any amount at least 3 months in arrears requires that the entire debt be reclassified as doubtful debt, from the first euro. This method is different from that applied by traditional Crédit Foncier Group management systems, which uses equivalence rules for amounts in arrears by three monthly payments and which only applies them if the amount in arrears is greater than €150. It led to a €72.8 million increase in the amount of doubtful loans in 2005.

Secondly, in accordance with CNC recommendation no. 2005-07 dated 21 June 2005, amending CRC Regulation no. 2002-03, as of 2005 compromised doubtful loans will not be included in loans benefiting from a guarantee covering nearly all risks, or €355 million at the end of 2005. This especially concerns subsidised sector loans and loans with an FGAS guarantee, now provided directly by the French government. Within the doubtful loans, compromised doubtful loans are loans for which no reclassification into non-doubtful loans is foreseeable and, in particular, loans that have reached maturity and whose receivables have been considered to be doubtful for more than one year.

As of January 1, 2005, as indicated in section II-1, Compagnie de Financement Foncier applies the Regulations of the Accounting Regulations Committee no. 2002-03, regarding the accounting treatment of credit risk, and calculates in discounted values the provisions covering expected losses on doubtful loans and compromised doubtful loans.

Furthermore and in addition to the unconsolidated accounting items which will be analysed below, the unrealised gains from the accounting methods used for loans transferred in 1999 from Crédit Foncier to Compagnie de Financement Foncier must be taken into account. These unrealised gains correspond to reversals on provisions made by Crédit Foncier before the transfer and which were recognised at the consolidated Group level only. Today, these potential profits for Compagnie de Financement Foncier will be recorded in the individual Company financial statements as extraordinary profit at the time of the total amortisation of the loan, and only insofar as this improvement of the situation since the transfer is effectively confirmed. The unrealised gains amounted to €2.4 million for the subsidised sector and €1.1 million for the competitive sector at December 31, 2005.

#### **a. Subsidised sector loans**

This sector also includes outstanding loans to the subsidised sector produced by Crédit Foncier and transferred to Compagnie de Financement Foncier in October 1999, with their related guarantees. This guarantee is exercised by means of various regulatory mechanisms that have the effect of stabilising the income and expenses of the assets and liabilities of this sector; it provides Compagnie de Financement Foncier with coverage against the risk of default of debtors, of late payments and prepayments of loans. Thanks to these mechanisms, only a residual credit risk is retained by Compagnie de Financement Foncier.

In addition, the French government has historically given its direct guarantee for a portion of the debt refinancing for the subsidised sector. Two bonds covered by the explicit guarantee of the French government were accordingly transferred. The total outstanding principal of these bonds totalled £150 million at December 31, 2005, with their maturity dates in 2007 and 2014.

SUBSIDISED SECTOR (in millions of euros)	2005	2004	Change 2005/2004	2003
Outstanding loans	3,420.3	4,477.3	-23.6%	5,774.1
Doubtful loans	346.5	374.5	-7.5%	440.5
Rate of doubtful loans	10.1%	8.4%	21.1%	7.6%
Compromised doubtful loans	0.0	293.7	n.s.	305.1
Rate of compromised doubtful loans	0.0	6.6%	n.s.	5.3%
Overall provisions	3.9	4.4	-10.3%	4.5
Net losses	-3.4	-0.4	n.s.	-0.7
Cost of risk	-6.5	-0.5	n.s.	0.0
Cost of risk (in basis points)	-19.0bp	-1.2bp	n.s.	0.0bp

Structurally, this sector, which is being extinguished, records a sharp drop in its outstanding loans each year. In 2005, there was a decrease of nearly one quarter of its total outstanding amount due to amortisation, leaving a total outstanding amount of €3.4 billion at the end of 2005. At the same time, the doubtful loan rate increased; it was 10.1 per cent. at December 31, 2005, representing €346.5 million in outstanding loans. The decrease in unpaid loans is less than that of performing loans, and the changes to the doubtful debt classification rules for loans to private individuals managed under the new application resulted in a €18.0 million increase.

These items, usually representative of the potential risk, remain, in the case of the subsidised sector, immaterial of the actual risks incurred, considering the existence of the State guarantees protecting this sector. Also for this reason and pursuant to CNC Recommendation no. 2005-07, there are no compromised doubtful loans in this sector.

The amount of provisions followed the evolution of outstanding loans, falling from €4.4 million at the end of 2004 to €3.9 million at the end of 2005. The overall risk charge showed a €6.5 million gain for 2005.

#### **b. Competitive sector excluding securitisation units**

This sector expanded considerably in 2005, increasing by €2.7 billion to reach €28.5 billion at the end of 2005 and representing, as at the end of 2004, half of all Compagnie de Financement Foncier assets.

(in € millions)

INDIVIDUALS	2005	2004	Change 2005/2004	2003
Outstanding loans	12,645.2	12,402.4	2.0%	11,216.3
Doubtful loans (1)	272.9	208.6	30.8%	186.5
Rate of doubtful loans (1)	2.2%	1.7%	28.3%	1.7%
Compromised doubtful loans	31.7	40.1	-21.1%	27.6
Rate of compromised doubtful loans	0.25%	0.32%	-22.6%	0.2%
Overall provisions (2)	17.8	9.9	79.4%	10.2
Net losses	1.9	0.6	n.s.	-0.7
Overall risk expense (2)	7.0	0.9	n.s.	-1.6
Cost of risk in basis points (2)	5.5bp	0.7bp	n.s.	-1.4bp

(1) doubtful loans at December 31, 2005 included:

- € 54.8 million due to changes in the method for reclassifying doubtful loans
- €156.9 million in customer receivables guaranteed by the French state as part of FGAS

(2) these items take into account a provision for Neiertz risks recognised for the first time during 2005, for a total of €5.3 million

(in € millions)

PUBLIC ENTITIES	2005	2004	Change 2005/2004	2003
Outstanding loans	13,378.2	11,349.3	17.9%	8,211.8
Doubtful loans	2.8	3.2	-12.7%	3.7
Rate of doubtful loans	0.02%	0.03%	-26.0%	0.0%
Compromised doubtful loans	0.5	0.0	n.s.	0.0
Rate of compromised doubtful loans	0.0%	0.0%	n.s.	0.0%
Overall provisions	1.8	0.8	114.3%	1.4
Net losses	0.0	0.0	n.s.	0.0
Cost of risk	0.3	0.0	n.s.	0.1
Cost of risk in basis points	0.2bp	0.0bp	n.s.	0.1bp

(in € millions)

SOCIAL HOUSING	2005	2004	Change 2005/2004	2003
Outstanding loans	2,339.3	1,875.6	24.7%	1,791.6
Doubtful loans	6.3	4.7	34.2%	12.2
Rate of doubtful loans	0.27%	0.25%	7.6%	0.7%
Compromised doubtful loans	3.0	3.2	-5.9%	2.3
Rate of compromised doubtful loans	0.13%	0.17%	-24.6%	0.1%
Overall provisions	3.4	3.0	11.9%	2.7
Net losses	0.0	0.3	n.s.	1.0
Cost of risk	0.3	0.6	-49.2%	0.3
Cost of risk in basis points	1.3bp	3.1bp	-59.2%	1.7bp

(in € millions)

COMMERCIAL PROPERTY	2005	2004	Change 2005/2004	2003
Outstanding loans	139.0	175.1	-20.6%	231.9
Doubtful loans	20.8	27.5	-24.3%	54.2
Rate of doubtful loans	15.0%	15.7%	-4.7%	23.4%
Compromised doubtful loans	13.2	11.8	11.9%	30.1
Rate of compromised doubtful loans	9.5%	6.7%	40.9%	13.0%
Overall provisions	7.1	18.5	-61.5%	16.1
Net losses	9.3	-7.8	n.s.	-1.6
Cost of risk	-1.1	-5.5	-80.0%	-2.5

COMMERCIAL PROPERTY	2005	2004	Change 2005/2004	2003
Cost of risk in basis points	n.s.	n.s.	n.s.	-107.8bp

(in € millions)

TOTAL COMPETITIVE SECTOR	2005	2004	Change 2005/2004	2003
Outstanding loans	28,501.8	25,802.3	10.5%	21,451.5
Doubtful loans (1)	302.8	244.0	24.1%	256.6
Rate of doubtful loans (1)	1.1%	0.9%	12.4%	1.2%
Compromised doubtful loans	48.4	55.1	-12.2%	60.0
Rate of compromised doubtful loans	0.17%	0.21%	-20.5%	0.3%
Overall provisions (2)	30.2	32.3	-6.7%	30.4
Net losses	11.2	-6.9	n.s.	-1.3
Cost of risk (2)	6.5	-4.0	n.s.	-3.7
Cost of risk in basis points (2)	2.3bp	-1.6bp	n.s.	-1.7bp

(1) doubtful loans at December 31, 2005 included:

- € 54.8 million due to changes in the method for reclassifying doubtful loans
- €156.9 million in customer receivables guaranteed by the French state as part of FGAS

(2) these items take into account a provision for Neiertz risks recognised for the first time during 2005, for a total of €5.3 million

n.s. : not significant

Note: By convention, losses and the cost of risk represent costs when they are positive

The increase in outstanding loans in this sector is mainly due to loans and similar securities granted or guaranteed by public authorities, representing €13.4 billion at the end of 2005. Outstanding loans in the commercial property sector, in the course of extinction, continued to fall, reaching €139 million at December 31, 2005, or 0.2 per cent. of the balance sheet.

The doubtful loans rate increased slightly due to the change in the classification rules for those loans. Using an identical method, the amount of doubtful loans barely changed between the two periods, increasing to €248 million at the end of 2005 from €244 million at the end of 2004; compared to outstanding loans, the restated doubtful loan rate was less than 0.9 per cent. at the end of 2005.

The share of compromised doubtful loans remains low, under 0.2 per cent. of the portfolio analysed.

The slight reduction in the risk level in 2005 resulted in a €30.2 million provision at December 31, 2005, down from the €32.3 million provision in 2004.

The cost of risk increased during 2005, from a €4.0 million gain in 2004 to a €6.5 million expense for 2005. This change is due in particular to the €5.3 million provision for Neiertz risks recognised for the first time in 2005. The cost of risk remains very limited, however, representing only 2.3 basis points of outstanding loans in the competitive sector.

### c. The competitive sector including securitisation units

To analyse all the loans of the competitive sector in terms of risk, securitisation operations which allow the indirect holding of loans must be included.

The securitisation portfolio of Compagnie de Financement Foncier has the best ratings, and the integration of securitisation units in the competitive sector improves the overall results.

	2005			2004			2003		
	Total loans in € million	Rate of doubtful loans	Risk in bp	Total loans in € million	Rate of doubtful loans	Risk in bp	Total loans in € million	Rate of doubtful loans	Risk in bp
Individuals	26,107	1.0%	2.7bp	21,004	1.0%	0.4bp	17,373	1.1%	-0.9bp
<i>Of which securitisation units</i>	<i>13,462</i>			<i>8,602</i>			<i>6,157</i>		
Public Entities	14,138	0.0%	0.2bp	11,518	0.0%	0.0bp	8,303	0.0%	0.1bp
<i>Of which securitisation units</i>	<i>760</i>			<i>169</i>			<i>91</i>		
Social Housing	2,339	0.3%	1.3bp	1,876	0.3%	3.1bp	1,792	0.7%	1.7bp
Commercial Property	139	15.0%	-79.1bp	175	15.7%	-313.6bp	232	23.4%	-108.0bp
<b>TOTAL</b>	<b>42,723</b>	<b>0.7%</b>	<b>1.5bp</b>	<b>34,572</b>	<b>0.7%</b>	<b>-1.2bp</b>	<b>27,699</b>	<b>0.9%</b>	<b>-1.3bp</b>
<i>Total excluding securitisation units</i>	<i>28,502</i>	<i>1.1%</i>	<i>2.3bp</i>	<i>25,802</i>	<i>0.9%</i>	<i>-1.6bp</i>	<i>21,452</i>	<i>1.2%</i>	<i>-1.7bp</i>
<b>Total excluding commercial property</b>	<b>42,584</b>	<b>0.7%</b>	<b>1.8bp</b>	<b>34,397</b>	<b>0.6%</b>	<b>0.4bp</b>	<b>27,467</b>	<b>0.7%</b>	<b>-0.4bp</b>

This table confirms the results already observed on the portfolio of loans and equivalents in the competitive sector:

- strong growth in 2005, from €34.6 billion to €42.7 billion in one year,
- a percentage of doubtful loans that remains very low, equal to 0.7 per cent. of the entire sector, after taking into account the new, more prudent method which accelerates the switch to doubtful debt and therefore increases the amount classified in doubtful loans, due to the drop in the arrears threshold required for reclassification (to one euro) for the majority of loans to private individuals,
- a very low overall risk expense, representing 1.5 basis points out of €42.7 billion in total assets.

### ANALYSIS OF INTEREST RATE AND CURRENCY RISKS

As a result of the implementation of a series of hedging mechanisms, Compagnie de Financement Foncier is only very marginally exposed to interest rate risk. All balance sheet items are transformed, as applicable, into variable rate assets and liabilities from origination. Additionally its rate position is checked quarterly and corrected immediately in case of distortion.

Furthermore, Compagnie de Financement Foncier has no open currency positions. The operations initiated in foreign currencies, primarily those negotiated during issuance of *obligations foncières* are converted into euros at the time of their execution.



#### **a. Hedging transactions**

At the time of the transfer on October 21, 1999, micro-hedging swaps were established to transform the balance sheet into variable interest rates. In addition, during the life of the loans, all the risks of the subsidised sector, including interest rate risks, prepayment risk, and the risk of renegotiations, are covered under the guarantee granted by the French State.

With respect to loans acquired since the transfer, suitable mechanisms have been implemented upon acquisition to neutralise interest rate risks on these assets.

The fixed rate loans transferred by Crédit Foncier de France are covered by variable-rate micro-hedging swaps, and rate guarantee operations are executed for the variable-rate loans that have a rate cap.

With the Caisses d'Épargne group, a series of mechanisms has also been put in place to allow hedging of the interest rate risks and to guarantee the anticipated profitability for Compagnie de Financement Foncier.

Securities acquired on financial markets and loans to public sector authorities outside France granted directly by Compagnie de Financement Foncier that are not originated in euros and at variable rates are the subject of interest rate and currency swaps, as applicable.

The funds raised by Compagnie de Financement Foncier are covered by interest rate and currency swap transactions, in order to ensure a variable interest rate in euros for the primary market issues, through micro-hedging swaps put in place at the time of issuance.

Finally, Compagnie de Financement Foncier reviews its interest rate positions every quarter, and periodically executes new macro-hedging swaps to correct positions in order to maintain compliance with its commitment limits for the full balance sheet duration.

In order to offset any credit risks tied to these derivatives, Compagnie de Financement Foncier has signed asymmetrical collateralisation agreements with all counterparties. As a result, it receives deposits corresponding to its net position after deductions depending on the rating of the counterparty, without having to deposit collateral itself in the opposite case. As of December 31, 2005, the total amount of those unsecured deposits of liquidity received equalled €682 million.

The financial instruments traded in these hedging operations represent very significant amounts recorded as off balance sheet transactions. The total of the reciprocal commitments at December 31, 2005 was €96.6 billion, up 22 per cent. over December 31, 2004, due to the strong growth in Compagnie de Financement Foncier's activity and the continuation of its very active risk management.

These financial instruments can be analysed, based on the desired hedging objective as:

- Macro-hedging rate swaps totalling €11.2 billion. Of this amount, €1.5 billion represents the stock at December 31, 2005 of swaps transferred from Crédit Foncier in 1999 related to its former activity as a *société de crédit foncier*, and swaps which closed the open positions that appeared at the time of the legal split for the transfer of loans to Compagnie de Financement Foncier.

The balance of the portfolio, representing €9.7 billion, corresponds to operations realised after the transfer in order to correct balance sheet distortions that appeared during the life of the loans, due to prepayments, for example. Of this total, €1.2 billion concerns interest rate management for the subsidised sector.

- Micro-hedging swaps of assets acquired for €14.6 billion in 2005, up €2 billion over the previous year. These primarily correspond to interest rate swaps executed by Compagnie de Financement Foncier to transform the fixed-rate loans acquired from Crédit Foncier, and other investment securities issued or guaranteed by public entities into variable-rate assets. Currency swaps were also put in place for the

portion of these securities not denominated in euros; their outstanding amount was €1.1 billion of currencies to be delivered (€1.1 billion euros to be received).

Starting in December 2005, hedging of portfolio loan purchases will be recognised via macro-hedging. Financial management remains unchanged, reflecting the desire to remove any interest-rate risk from the balance sheet for those new assets.

- Micro-hedging swaps for issued debt. Interest rate operations totalled €45.2 billion and those of currency exchange €10.9 billion to be delivered (€10.7 billion to be received). These swaps recorded a sharp rise in fiscal 2005, over €7 billion, reflecting the very active management of benchmark indices for the variable-rate component of the swaps, the increase in issues most often at fixed rates for privileged debt, and the lower proportion in 2005 of securities originally denominated in euros.
- Micro-hedging conditional operations for €1.6 billion, used to protect the variable-rate loan portfolios with a remuneration capped to the benefit of their borrowers.

#### **b. Residual rate position**

Considering the different hedging mechanisms entered into by Compagnie de Financement Foncier from the closing of operations, exposure to interest rate risk is limited to the possible distortion of the hedging transaction due to unknown events at origination and occurring during the life of these operations.

Since the securitisation units are at variable rate from origination and the other investment securities have a certain maturity date, the residual rate position is constituted by fixed rate loans whose prepayment is not covered by indemnities equivalent to the risk incurred.

In the subsidised sector, interest rate risk is borne by the State in the context of its guarantee and all the loans granted to corporate entities benefit from actuarial indemnities. Therefore, there is only a residual risk on the outstanding fixed rate loans in the competitive sector granted to individuals, because of the cap on the indemnity stipulated in the contract in the event of prepayment, which is 6 months interest with a maximum of 3 per cent. of the outstanding principal amount.

For Compagnie de Financement Foncier, these loans amounted to €5.1 billion at December 31, 2005, as the recent production of Crédit Foncier remains mostly at variable rate. Moreover, the low nominal rate of these loans constitutes an additional protection against the risk of prepayment and renegotiation. Interest free loans amounted to €1.3 billion and loans with non-zero but less than 6 per cent. interest rates totalled €2.9 billion. The interest rate risk, resulting from the prepayment or imperfectly indemnified renegotiation, may be estimated as potentially present, on a portfolio of less than €1 billion, i.e. 1.7 per cent. of the balance sheet.

Considering the portfolio of loans held by Compagnie de Financement Foncier, the observation of prepayment flows shows a steady and moderate increase over the past few years. This rate remains nevertheless low and close to the incompressible levels not linked to changes in interest rates. Prepayments remain more significant on loans in the subsidised sector for which Compagnie de Financement Foncier benefits from a rate guarantee from the French State. This change in the last three years is summarised in the table below:

	2005	2004	2003
Subsidised sector	9.9%	9.2%	7.4%
Competitive sector	5.4%	4.4%	3.8%
Total	6.2%	5.6%	4.9%

This increase in the early prepayment rate over time is also apparent through the underlying loans of European securitisation funds. In Italy and more especially in Spain, the percentage is higher than the estimated value when the funds were created. Yet this risk is not borne by Compagnie de Financement Foncier, which invested exclusively in variable rate units; an acceleration in loan prepayments would only impact on the duration of the investment, without changing the margin.

## **ANALYSIS OF LIQUIDITY RISK**

As for rate risks, the asset/liability management rules of Compagnie de Financement Foncier provide a very low exposure to liquidity risk.

Accordingly, Compagnie de Financement Foncier is committed to maintaining sufficient short term liquidity to cover its privileged debt commitments for a period of one year.

Moreover, a significant portion of its assets are inherently easily negotiable, such as replacement securities comprised of risk free, liquid investments, as required by the law applicable to *sociétés de crédit foncier*. Accordingly, at December 31, 2005, Compagnie de Financement Foncier had €9.1 billion in replacement securities, or 15.9 per cent. of the balance sheet, the bulk of which had a remaining term of under 6 months, as well as securities eligible for refinancing at the European Central Bank, for an amount of €13.0 billion. At December 31, 2004, Compagnie de Financement Foncier also had the equivalent of 15.2 per cent. of its balance sheet in replacement securities and the amount of its short-term claims on the European Central Bank was less significant, at €9.2 billion.

Furthermore, according to the same rules as those applied to the monitoring of interest-rate risk, the liquidity position of Compagnie de Financement Foncier is reviewed every quarter and compliance with its commitments, regarding its immediately available cash and realisable assets is permanently checked.

## **SENSIVITY OF THE BALANCE SHEET**

The exposure of Compagnie de Financement Foncier to interest rate and liquidity risks can be measured using different sensitivity indicators of its income or asset/liability matching.

Thus, in a cash-flow methodology, excluding new acquisitions and issuance, the present value of the net results as they may be estimated over the next 10 years would decline by €65 million, i.e. 0.11 per cent. related to the balance sheet in the event of an increase of 2 points in market rates, all other elements being equal. In 2004, this sensitivity of results to market trends was also low at 0.11 per cent. of the balance sheet.

The duration of the balance sheet items, both fixed rate and variable rate, at December 31, 2005 remained very close: asset duration was 5.90 years versus liabilities which were 6.09 years; a difference of less than 3 months. The efficiency of the matching was therefore confirmed for fiscal 2005.

## **OTHER RISKS**

### **Legal risk**

#### **Outstanding events and disputes**

At December 31, 2005, there were no exceptional events or disputes likely to have a material impact on the results or the financial position of Compagnie de Financement Foncier.

#### **Insurance policy**

Compagnie de Financement Foncier has insurance policies taken out by Crédit Foncier de France, of which the following:

- A "comprehensive" policy covering all risks except real estate, subscribed by Crédit Foncier for all operating buildings (head office and satellite offices), which covers Compagnie de Financement Foncier as well, so long as its business is conducted in buildings belonging to Crédit Foncier de France. This policy also covers the mainframe computer system of Crédit Foncier, which is also used by Compagnie de Financement Foncier.
- An insurance policy for protection against risks of "fraud, malice or embezzlement". This contract cites Compagnie de Financement Foncier among the companies insured.
- A "civil liability policy for senior executives and corporate officers" (Chairman, Chief Executive, Administrators) for any judgments against them for negligence in the performance of their duties. This policy was taken out by Crédit Foncier de France for its own account and for subsidiaries (including Compagnie de Financement Foncier).

In addition, Compagnie de Financement Foncier has also signed the Group Insurance Agreements covering borrowers of mortgage loans for risks of death, total and irreversible loss of autonomy, inability to work and disability. Under the Agreement, Compagnie de Financement Foncier is named as the beneficiary of any payments made by the Insurance Company. The same is true of the Group insurance agreements subscribed to protect mortgage borrowers from the risk of "job loss". Lastly, Compagnie de Financement Foncier has also signed a "collateral loss" agreement under which it can be compensated if the building financed and mortgaged is damaged by fire or explosion, while the owner, borrower would not qualify for compensation by his own insurer owing to lack of coverage or to insufficient coverage.

#### **Social and environmental risks**

In terms of social and environmental consequences, Compagnie de Financement Foncier relies upon the material and human resources provided by Crédit Foncier de France under the agreements entered into pursuant to Articles L.515-22 and L.515.23 of the French *Code monétaire et financier*. Its own business as a *société de crédit foncier* is not likely to have any impact on the environment.

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

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

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

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

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

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

## **1.2 Potential Conflicts of Interest**

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

## **1.3 Legality of Purchase**

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

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

The conditions of the Notes contain provisions for calling general meetings of holders of Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all including holders of Notes who did not attend and vote at the relevant general meeting and holders of Notes who voted in a manner contrary to the majority.

## **1.5 Taxation**

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

## **1.6 EU Savings Directive**

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

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

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

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

### **1.8 Change of Law**

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

### **1.9 Currency risk**

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

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

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

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

Notes issued under the Programme will be new securities which may not be widely distributed and for which there may be no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although in relation to Notes to be admitted to trading on the *Eurolist by Euronext*<sup>TM</sup> of Euronext Paris S.A. and/or any other Regulated Market in the European Economic Area and/or offered to the public in the European Economic Area (with the exception of France), the Final Terms of the Notes will be filed with the *Autorité des marchés financiers* in France and with the competent authority of the Regulated Market of the European Economic Area where the Notes will be listed and admitted to trading, there is no assurance that such admission to trading or offer to the public will occur, that any particular Tranche of Notes will be so listed and admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

### **1.12 Market Value of the Notes**

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

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

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

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

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

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

### **2.2 Fixed Rate Notes**

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

### **2.3 Floating Rate Notes**

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

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

Investment in Notes which bear interest at an inverse floating rate comprise (i) a fixed base rate minus (ii) a reference rate. The market value of such Notes typically is more volatile than the market value of floating rate Notes based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

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

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

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

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

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

Index-linked Notes are debt securities which do not provide for predetermined redemption amounts and/or interest payments but amounts due in respect of principal and/or interest will be dependent upon the performance

of an index, which itself may contain substantial credit, interest rate or other risks. The amount of principal and/or interest, if any, payable by the Issuer might be substantially less than the issue price or, as the case may be, the purchase price invested by the Holder of Notes and may even be zero in which case the Holder of Notes may lose his entire investment.

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

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

## **2.8 Partly-paid Notes**

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

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

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

## **2.10 Structured Notes**

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



## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited annual financial statements of the Issuer for the financial year ended 31 December 2004 with the audit report thereon, which are contained in the Issuer's *Document de référence* for 2004 filed with the AMF on 8 April 2005 under n°D05-0387 (the « **Document de Référence 2004** »). Such documents are incorporated in, and form part of this Base Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Copies of documents deemed to be incorporated by reference in this Base Prospectus may be obtained from (i) the registered office of the Issuer, (ii) the website of the *Autorité des marchés financiers* ([www.amf-france.org](http://www.amf-france.org)) and/or (iii) the offices of each Paying Agent set out at the end of this Base Prospectus during normal business hours.

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

Regulation – Annex IV		<i>Document de Référence 2004</i>
13. Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses	<u>13.1. Historical Financial Information</u>	Pages 76 to 118, 61(12) and 175. Balance sheet: pages 77 to 79. Income statement: page 80. Accounting policies and explanatory notes: pages 83 to 88.
	<u>13.3. Auditing of historical annual financial information</u> 13.3.1.	Pages 119 to 120.

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

## **SUPPLEMENT TO THE BASE PROSPECTUS**

If at any time the Issuer shall be required to prepare a supplement to the Base Prospectus pursuant to Article 212-25 of the *Règlement Général* of the *Autorité des marchés financiers* implementing Article 16 of the Prospectus Directive 2003/71/EC, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a restated Base Prospectus, which in respect of any subsequent issue of Notes to be listed and admitted to trading on the *Eurolist by Euronext*<sup>TM</sup> of Euronext Paris S.A. or on a Regulated Market of a Member State of the European Economic Area, shall constitute a supplement to the Base Prospectus for the purpose of the relevant provisions of the Directive 2003/71/EC.

## OVERVIEW OF THE PROGRAMME

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

<b>Issuer:</b>	Compagnie de Financement Foncier, (a <i>société anonyme</i> incorporated under French law duly licensed in France as a <i>société de crédit foncier</i> ).
<b>Description:</b>	Euro Medium Term Note Programme for the continuous offer of Notes (as described herein) (the “ <b>Programme</b> ”); under the Programme, the Issuer may, from time to time, issue <i>obligations foncières</i> (the “ <b>Obligations Foncières</b> ”) benefiting from the <i>privilege</i> created by Article L. 515-19 of the French <i>Code monétaire et financier</i> (for further description see “Summary of the legislation and regulations relating to <i>Sociétés de Crédit Foncier</i> ”). The <i>Obligations Foncières</i> are hereinafter referred to as the “ <b>Notes</b> ”.
<b>Arranger:</b>	Deutsche Bank AG, Paris Branch
<b>Dealers:</b>	<p>ABN AMRO Bank N.V. Barclays Bank PLC BNP PARIBAS CALYON HSBC France IXIS Corporate &amp; Investment Bank Crédit Foncier de France Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Dresdner Bank Aktiengesellschaft Merrill Lynch International Morgan Stanley &amp; Co. International Limited Nomura International plc Société Générale</p> <p>The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “<b>Permanent Dealers</b>” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “<b>Dealers</b>” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p> <p>At the date of this Base Prospectus, only credit institutions and investment firms incorporated in a member state of the European Union (“<b>EU</b>”) and which are authorised by the relevant authority of such member home state to lead-manage bond issues in such member state may act (a) as Dealers with respect to non-syndicated issues of Notes denominated in Euro and (b) as lead manager of issues of Notes denominated in Euro issued on a syndicated basis.</p>

<b>Programme Limit:</b>	Up to Euro 75,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
<b>Luxembourg Listing Agent:</b>	Deutsche Bank Luxembourg S.A. 2, boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
<b>Fiscal Agent and Principal Paying Agent:</b>	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street EC2N 2DB London United Kingdom
<b>Paying Agents:</b>	Crédit Foncier de France as Paris Paying Agent 4, Quai de Bercy 94224 Charenton Cedex France  Deutsche Bank Luxembourg S.A. as Luxembourg Paying Agent 2, boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg  Deutsche Bank Aktiengesellschaft, as Frankfurt Paying Agent Grosse Gallustrasse 10-14 60272 Frankfurt am Main Germany
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ <b>Series</b> ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ <b>Tranche</b> ”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and which, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a Final Terms to this Base Prospectus (the “ <b>Final Terms</b> ”).
<b>Maturities:</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue.
<b>Currencies:</b>	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, U.S. Dollars, Hong Kong Dollars, Japanese yen, Swiss francs, Sterling and in any other currency agreed between the Issuer and the relevant Dealers.  The Arranger, each Dealer and the Issuer will, in relation to issues of Notes denominated in Euro, comply with the Guidelines provided by the letter dated 1 October 1998 from the French Minister of Economy, Finance and Industry to the <i>Président</i> of the <i>Association française des</i>

*établissements de crédit et des entreprises d'investissement* (the “**Euro Guidelines**”).

**Denomination:**

Notes will be in such denominations as may be specified in the relevant Final Terms.

The Notes will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note listed and admitted to trading on a regulated market, or offered to the public, in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

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

Dematerialised Notes shall be issued in one denomination only.

**Status of Notes:**

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

**Negative Pledge:**

None.

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

None.

**Redemption:**

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

**Optional Redemption:**

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

**Redemption by Instalments:**

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

**Interest Periods and Interest Rates:**

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

<b>Fixed Rate Notes:</b>	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under an interest rate swap transaction in the relevant Specified Currency pursuant to the 2001 FBF Master Agreement relating to transactions on forward financial instruments (formerly 1994 AFB Master Agreement for Foreign Exchange and Derivatives Transactions), as supplemented by the Technical Schedules published by the <i>Association Française des Banques</i> or the FBF, or</li> <li>(ii) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., or</li> <li>(iii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms), or as otherwise provided in the relevant Final Terms,</li> </ul> <p>in each case as adjusted for any applicable margin.</p> <p>Interest periods will be specified in the relevant Final Terms.</p>
<b>Zero Coupon Notes:</b>	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
<b>Dual Currency Notes:</b>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Final Terms.
<b>Index Linked Notes:</b>	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms. Index Linked Notes will be issued in accordance with the applicable provisions of French law and the Issuer's <i>statuts</i> from time to time.
<b>Other Notes:</b>	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Notes that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms or in a Supplement to the Base Prospectus. No credit linked Notes will be issued under the Programme.
<b>Redenomination:</b>	Notes issued in the currency of any Member State of the EU which participates in the single currency of the EMU may be redenominated into Euro, all as more fully provided in "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination(s)" below.
<b>Consolidation:</b>	Notes of one Series may be consolidated with Notes of another Series as more fully provided in "Terms and Conditions of the Notes - Further Issues and Consolidation".

<b>Form of Notes:</b>	<p>Notes may be issued in either dematerialised form (“<b>Dematerialised Notes</b>”) or in bearer materialised form (“<b>Materialised Notes</b>”).</p> <p>Dematerialised Notes may, at the option of the Issuer, be issued in bearer dematerialised form (<i>au porteur</i>) or in registered dematerialised form (<i>au nominatif</i>) and, in such latter case, at the option of the relevant holder, in either fully registered dematerialised form (<i>au nominatif pur</i>) or administered registered dematerialised form (<i>au nominatif administré</i>). No physical documents of title will be issued in respect of Dematerialised Notes. See “Notes - Form, Denomination, Title and Redenomination”.</p> <p>Materialised Notes will be in bearer materialised form only. A Temporary Global Certificate will initially be issued in respect of each Tranche of Materialised Notes. Materialised Notes may only be issued outside France.</p>
<b>Governing Law:</b>	French.
<b>Clearing Systems:</b>	Euroclear France as central depositary in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.
<b>Initial Delivery of Dematerialised Notes:</b>	No later than one Paris business day before the issue date of each Tranche of Dematerialised Notes, the <i>lettre comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depositary.
<b>Initial Delivery of Materialised Notes:</b>	On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.
<b>Issue Price:</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Taxation:**

The European Council Directive 2003/48/EC on the taxation of savings income was implemented into French law under Article 242 *ter* of the French *Code Général des Impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Payments of interest and other revenues with respect to Notes which constitute *obligations* under French law and are issued or deemed to be issued by the Issuer outside the Republic of France benefit from the exemption from deduction of tax at source on interest set out under Article 125 A III of the French *Code Général des Impôts*, as provided for in Article 131 *quater* of the French *Code Général des Impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.

Notes constituting *Obligations Foncières* under French law will be issued (or deemed to be issued) outside France (i) in the case of syndicated or non-syndicated issues of Notes, if such Notes are denominated in Euro, (ii) in the case of syndicated issues of Notes denominated in currencies other than Euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the Notes to the public in the Republic of France and such Notes are offered in the Republic of France only through an international syndicate to qualified investors (*investisseurs qualifiés*) as described in Article L. 411-2 of the French *Code monétaire et financier*, or (iii) in the case of issues of Notes denominated in currencies other than euro that are not offered and sold through an international syndicate, if each of the initial subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France and does not act through a permanent establishment or fixed base therein, in each case as more fully set out in the Circular 5 I-11-98 of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the relevant Final Terms, Notes constituting *Obligations Foncières* denominated in currencies other than Euro may be offered without an international syndicate and may be placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the *Obligations Foncières* will not benefit from the exemption from deduction at source provided for in Article 131 *quater* of the French *Code Général des Impôts* and interest payments under such Notes made to a non-French resident will be exempt from withholding or deduction at source only if the beneficiary of the payment provides certification that he is not resident in the Republic of France, all in accordance with the provisions of Article 125 A III of the French *Code Général des Impôts*, as more fully described in “Terms and Conditions of the Notes - Taxation”.

There will be no grossing up provisions and accordingly no Issuer’s tax call option. See “Terms and Conditions of the Notes - Taxation”.

**Listing and Admission to Trading:**

The *Eurolist by Euronext*<sup>TM</sup> of Euronext Paris S.A. or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may or may not be admitted to trading



<b>Offer to the public:</b>	The Notes shall not be offered to the public in France
<b>Method of Publication:</b>	The Base Prospectus, the supplement(s) thereto, if any, and the Final Terms related to Notes listed and admitted to trading will be published, if relevant, on the website of the <i>Autorité des marchés financiers</i> . In addition, if the Notes are listed and admitted to trading on a Regulated Market other than the Eurolist by Euronext™ of Euronext Paris S.A., or offered to the public in a Member State of the European Economic Area other than France, the relevant Final Terms will provide whether additional methods of publication are required and what they consist of.
<b>Rating:</b>	The Programme has been rated Aaa by Moody's Investors Service <sup>1</sup> and AAA by Standard & Poors Ratings Services. For Moody's Investors Service, Notes issued under the Programme are deemed to have the same rating as the Programme, investors are invited to check on a regular basis the rating assigned to the Programme which is publicly disclosed via Moody's rating desk or moodys.com. The Notes issued under the Programme will be rated AAA by Standard & Poors Ratings Services <sup>2</sup> and by Fitch Ratings <sup>3</sup> . A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without notice.
<b>Selling Restrictions:</b>	<p>There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See "Subscription and Sale". In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms. See "Subscription and Sale".</p> <p>The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.</p> <p>Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "<b>D Rules</b>") unless (i) the relevant Final Terms states that such Materialised Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "<b>C Rules</b>") or (ii) such Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("<b>TEFRA</b>"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.</p> <p>Dematerialised Notes do not require compliance with the TEFRA Rules.</p>

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

<sup>2</sup> An obligation rated "AAA" has the highest rating assigned by Standard & Poor's. The obligor capacity to meet its financial commitment on the obligation is extremely strong (source: Standard & Poors Ratings Services).

<sup>3</sup> "AAA" ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events (source: Fitch Ratings).

## TERMS AND CONDITIONS OF THE NOTES

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

The Notes are issued by Compagnie de Financement Foncier (the “**Issuer**”) with the benefit of an amended and restated agency agreement dated 1 August 2006 between the Issuer, Deutsche Bank AG, London Branch as fiscal agent and the other agents named in it (the “**Amended and Restated Agency Agreement**”). The fiscal agent, the paying agents, the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Redenomination Agent**”, the “**Consolidation Agent**” and the “**Calculation Agent(s)**”.

For the purpose of these Terms and Conditions, “**Regulated Market**” means any regulated market situated in a Member State of the European Economic Area (“**EEA**”) as defined in the Investment Services Directive 93/22/EC and as listed on the website of Europa ([http://ec.europa.eu/internal\\_market/securities/isd/index\\_en.htm](http://ec.europa.eu/internal_market/securities/isd/index_en.htm)).

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

Certain defined terms contained in the 2001 FBF Master Agreement relating to transactions on forward financial instruments (formerly the 1994 AFB Master Agreement for Foreign Exchange and Derivatives Transactions) as supplemented by the Technical Schedules published by the AFB or the FBF (together, the “**FBF Master Agreement**”) and in the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., have either been used or reproduced in Condition 5 below.

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

### 1 Form, Denomination, Title and Redenomination

- (a) **Form:** Notes may be issued either in dematerialised form (“**Dematerialised Notes**”) or in materialised form (“**Materialised Notes**”).

- (i) Title to Dematerialised Notes will be evidenced in accordance with Article L.211-4 of the French *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Dematerialised Notes.

Dematerialised Notes are issued, at the option of the Issuer and as specified in the final terms (the “**Final Terms**”), in either bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France (“**Euroclear France**”) (acting as central depository) which shall credit the accounts of Account Holders, or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant holder in either administered registered dematerialised form (*au nominatif administré*) inscribed in the books of an Account Holder designated by the relevant holder of Notes or in fully registered dematerialised form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by a registration agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the “**Registration Agent**”).

For the purpose of these Conditions, “**Account Holder**” means any authorised financial intermediary institution entitled to hold directly or indirectly accounts on behalf of its customers with Euroclear France, Euroclear Bank S.A. / N.V. (“**Euroclear**”) and the depository bank for Clearstream Banking, *société anonyme*, (“**Clearstream, Luxembourg**”).

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

*In accordance with Article L.211-4 of the French Code monétaire et financier, securities (including the Notes) in materialised form and governed by French law must be issued outside the French territory.*

- (b) **Denomination:** Notes shall be issued in the Specified Denomination(s) as set out in the relevant Final Terms save that the minimum denomination of each Note listed and admitted to trading on a regulated market, or offered to the public, in a Member State of the European Economic Area (“**EEA**”) in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Dematerialised Notes shall be issued in one Specified Denomination only.

- (c) **Title:**

- (i) Title to Dematerialised Notes in bearer dematerialised form (*au porteur*) and in administered registered dematerialised form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised Notes in fully registered dematerialised form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Registration Agent.
- (ii) Title to Definitive Materialised Notes and Receipts, Coupons and Talons shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
- (iv) In these Conditions, “**holder of Notes**”, “**holder of any Note**” or “**Noteholder**” means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any definitive Materialised Note and the Receipt, Coupon or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

- (d) **Redenomination:**

- (i) The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, Receipt, Coupon or Talon, by giving at least 30 days’ notice in accordance with Condition 14 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the third stage (or any further stage) of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the “**EC**”, as amended from time to time (the “**Treaty**”)) or events have occurred which have substantially the same effects (in either case, “**EMU**”), redenominate all, but not some only, of the Notes of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described

below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the “**Redenomination Date**”.

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

## 2 Conversions and Exchanges of Notes

### (a) Dematerialised Notes

- (i) Dematerialised Notes issued in bearer dematerialised form (*au porteur*) may not be converted for Dematerialised Notes in registered dematerialised form, whether in fully registered dematerialised form (*au nominatif pur*) or in administered registered dematerialised form (*au nominatif administré*).
- (ii) Dematerialised Notes issued in registered dematerialised form (*au nominatif*) may not be converted for Dematerialised Notes in bearer dematerialised form (*au porteur*).
- (iii) Dematerialised Notes issued in fully registered dematerialised form (*au nominatif pur*) may, at the option of the holder of such Notes, be converted into Notes in administered registered dematerialised form (*au nominatif administré*), and *vice versa*. The exercise of any such option by such holder shall be made in accordance with Article R.211-4 of the French *Code Monétaire et Financier*. Any such conversion shall be effected at the cost of such holder.

(b) **Materialised Notes**

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

**3 Status**

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

**4 Privilège**

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

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

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

**5 Interest and other Calculations**

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

“**Business Day**” means:

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

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

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

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

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

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

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

where

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

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

- (v) if **“Actual/365 (Fixed)”** is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during the Calculation Period and whose denominator is 365
- (vi) if **“Actual/360”** is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during the Calculation Period and whose denominator is 360
- (vii) if **“30/360”** or **“Actual 30A/360 (American Bond Basis)”** is specified in the relevant Final Terms

in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days calculated as for 30E/360, subject to the following exception:

where the last day of this period is the 31<sup>st</sup> and the first day is neither the 30<sup>th</sup> nor the 31<sup>st</sup>, the last month of the period shall be deemed to be a month of 31 days. Using the previous notation as with 30E/360 the fraction is:

If  $dd2 = 31$  and  $dd1 \neq (30, 31)$

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + (dd2 - dd1)]$$

or

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)]$$

and

(viii) if “**30E/360**” (“**Eurobond Basis**”) is specified in the relevant Final Terms,

in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days elapsed during such period, calculated on the basis of a year comprising 12 months of 30 days, subject to the following exception:

if the last day of the period is the last day of the month of February, the number of days elapsed during such month shall be taken as the actual number of days.

Where:

D1 (dd1, mm1, yy1) is the date of the beginning of the period

D2 (dd2, mm2, yy2) is the date of the end of the period

The fraction is:

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)]$$

“**Effective Date**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates

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

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

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

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

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

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two

TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two Business Days in Paris for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro

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

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

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

**“ISDA Definitions”** means the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms

**“Page”** means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 (**“Reuters”**) and Telerate (**“Telerate”**)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

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

**“Reference Banks”** means the institutions specified as such in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone)

**“Relevant Financial Centre”** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, Paris

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

**“Relevant Rate”** means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date

**“Relevant Time”** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose “local time” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11.00 a.m, Brussels time.



“**Representative Amount**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time

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

“**Specified Duration**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(c)(ii)

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

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

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

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

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Following Business Day Convention, such date shall be carried forward to the following Business Day, (B) the Following Business Day except the Following Month Convention, such date shall be carried forward to the following day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be carried back to the previous Business Day or (C) the Preceding Business Day Convention, such date shall be carried back to the previous Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either FBF Determination, ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

- (A) FBF Determination for Floating Rate Notes

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant FBF Rate plus or minus (as indicated in the relevant Final Terms) the

Margin (if any). For the purposes of this sub-paragraph (A), “**FBF Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Transaction under the terms of an agreement incorporating the FBF Definitions and under which:

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

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Determination Date (*Date de Détermination du Taux Variable*)” and “Transaction” have the meanings given to those terms in the FBF Definitions, provided that “Euribor” means the rate calculated for deposits in Euro which appears on Telerate Page 248, as more fully described in the relevant Final Terms.

(B) ISDA Determination for Floating Rate Notes

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

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

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

(C) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (a) if the primary source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
  - (i) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
  - (ii) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date.

- (b) if the primary source for the Floating Rate is Reference Banks or if sub-paragraph (a)(i) applies and no Relevant Rate appears on the Page or the

Page is not available at the Relevant Time on the Interest Determination Date or if sub-paragraph (a)(ii) applies and fewer than two Relevant Rates appear on the Page or the Page is not available at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent and

- (c) if paragraph (b) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is Euro, in the Euro-zone as selected by the Calculation Agent (the “**Principal Financial Centre**”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

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

(d) **Zero Coupon Notes:**

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

(e) **Dual Currency Notes:**

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

(f) **Partly Paid Notes:**

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

(g) **Accrual of Interest:**

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

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

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

(i) **Calculations:**

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

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

As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the

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

(k) **Calculation Agent and Reference Banks:**

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. So long as the Notes are listed and admitted to trading on any Regulated Market and the rules of, or applicable to, that Regulated Market so require, notice of any change of Calculation Agent shall be given in accordance with Condition 14.

For the purpose of these Conditions, “**outstanding**” means, in relation to the Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid (i) in the case of Dematerialised Notes in bearer dematerialised form and in administered registered dematerialised form, to the relevant Account Holder on behalf of the holder of Notes, (ii) in the case of Dematerialised Notes in fully registered dematerialised form, to the account of the holder of Notes and (iii) in the case of Materialised Notes, to the Fiscal Agent and remain

available for payment against presentation and surrender of Bearer Materialised Notes, Receipts and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in these Conditions, (e) in the case of Materialised Notes (i) those mutilated or defaced Bearer Materialised Notes that have been surrendered in exchange for replacement Bearer Materialised Notes, (ii) (for the purpose only of determining how many such Bearer Materialised Notes are outstanding and without prejudice to their status for any other purpose) those Bearer Materialised Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Bearer Materialised Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more definitive Bearer Materialised Notes, pursuant to its provisions.

## 6 Redemption, Purchase and Options

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's option in accordance with Condition 6(c), each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(b) below, its final Instalment Amount.
- (b) **Redemption by Instalments and Final Redemption:** Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified in the relevant Final Terms) is extended pursuant to any Issuer's option in accordance with Condition 6(c) as specified in the relevant Final Terms, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the due date for such payment or (ii) in the case of Materialised Notes, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (c) **Redemption at the Option of the Issuer, Exercise of Issuer's Options and Partial Redemption:** If a Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 14 to the holders of Notes (or such other notice period as may be specified in the relevant Final Terms) redeem, or exercise any Issuer's option (as may be described) in relation to, all or, if so provided, some, of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption, if any. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed as specified in the relevant Final Terms and no greater than the maximum nominal amount to be redeemed as specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

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

In the case of a partial redemption of, or a partial exercise of an Issuer's option in respect of, Dematerialised Notes, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a Series in proportion to the aggregate nominal

amount redeemed or (ii) by redeeming in full some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed and those Dematerialised Notes of any Series that will not be redeemed shall be made in accordance with Article R.213-16 of the French *Code Monétaire et Financier* and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and stock exchange requirements of the Regulated Market on which the Notes are listed and admitted to trading.

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

(d) **Early Redemption:**

(i) Zero Coupon Notes:

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(e) if so specified in the relevant Final Terms shall be the Amortised Nominal Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, unless otherwise provided in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Amortised Nominal Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(e) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

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

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

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

- (f) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.
- (g) **Purchases:** The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price, in accordance with applicable laws and regulations.
- (h) **Cancellation:** All Notes purchased by or on behalf of the Issuer must be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Notes, by surrendering the Definitive Materialised Notes in question together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 7 Payments and Talons

- (a) **Dematerialised Notes:** Payments of principal and interest in respect of Dematerialised Notes shall (in the case of Dematerialised Notes in bearer dematerialised form or administered registered dematerialised form) be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the holders of Notes and, (in the case of Dematerialised Notes in fully registered dematerialised form), to an account denominated in the relevant currency with a Bank designated by the relevant holder of Notes. All payments validly made to such Account Holders will be an effective discharge of the Issuer in respect of such payments.
- (b) **Materialised Notes:** Payments of principal and interest in respect of Materialised Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Materialised Note), Materialised Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Materialised Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to Condition 8. No commission or expenses shall be charged to the holders of Notes or Coupons in respect of such payments.



- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent, the Consolidation Agent and the Registration Agent initially appointed by the Issuer and their respective specified offices are listed at the end of the Base Prospectus relating to the Programme of the Notes of the Issuer. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Consolidation Agent and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any holder of Note or Coupon. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Redenomination Agent, the Consolidation Agent and the Registration Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) Paying Agents having specified offices in at least two major European cities (including Paris so long as the Notes are listed and admitted to trading on the *Eurolist by Euronext*<sup>TM</sup> of Euronext Paris S.A.) (v), in the case of Dematerialised Notes in fully registered form, a Registration Agent, (vi) a Paying Agent that with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income, and (vii) such other agents as may be required by the rules applicable to any other stock exchange on which the Notes may be listed.

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

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

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

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

- (i) Unless Materialised Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Materialised Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Amortised Nominal Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) If Materialised Notes so provide, upon the due date for redemption of any such Materialised Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Materialised Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Materialised Note that is redeemable in instalments, all Receipts relating to such Materialised Note having an Instalment Date falling on or after

such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

- (v) Where any Materialised Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Materialised Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Materialised Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant definitive Materialised Note. Interest accrued on a Materialised Note that only bears interest after its Maturity Date shall be payable on redemption of such Materialised Note against presentation (and surrender if appropriate) of the relevant definitive Materialised Note.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Business Days for payment:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day unless otherwise specified in the relevant Final Terms, nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) in such jurisdictions as shall be specified as “**Financial Centres**” in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than Euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in Euro, which is a TARGET Business Day.
- (i) **Bank:** For the purpose of this Condition 7, “**Bank**” means a bank in the principal financial centre of the relevant currency or, in the case of Euro, in a city in which banks have access to the TARGET System.

## 8 Taxation

- (a) **Tax exemption for *Obligations Foncières* issued or deemed to be issued outside France:** Interest and other revenues with respect to Notes which constitute *Obligations Foncières* and which are being issued or deemed to be issued outside the Republic of France, benefit from the exemption provided for in Article 131 *quater* of the French *Code Général des Impôts*, from deduction of tax at source set out under Article 125 A III of the French *Code Général des Impôts*. Accordingly such payments do not give the right to any tax credit from any French source.

*As to the meaning of the expression “issued or deemed to be issued outside the Republic of France” see “Overview of the Programme - Taxation” above.*

- (b) **No Additional Amounts:** If French law should require that payments of principal or interest in respect of any Note constituting *Obligations Foncières*, or any Receipt or Coupon relating thereto, be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will not be required to pay any additional amounts in respect of any such deduction or withholding.
- (c) **Tax exemption for *Obligations Foncières* not issued or deemed to be issued outside France:** Interest and other revenues with respect to Notes constituting *Obligations Foncières* which are not

being issued or deemed to be issued outside the Republic of France will not be entitled to the provisions of Article 131 *quater* of the French *Code Général des Impôts* but will only benefit from the exemption from deduction of tax at source provided for in, and subject to, the provisions of Article 125 A III of the French *Code Général des Impôts*, which requires, *inter alia*, certification of non-French residency.

- (d) **Certification of non-residency in France:** Each Noteholder shall be responsible for supplying certification of non-French residency (a form of which shall be available at the specified offices of any of the Paying Agents or in such other form as may be required by the French tax authorities from time to time) in accordance with the provisions of Article 125 A III of the *Code Général des Impôts*.
- (e) **Supply of Information:** Each Noteholder shall be responsible for supplying, in a timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

## 9 Prescription

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

## 10 Representation of holders of Notes

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

The Masse will be governed by the provisions of the French *Code of Commerce* with the exception of Articles L.228-47, L.228-48 and L.228-59 and by the decree no. 67-236 of 23 March 1967, with the exception of Articles 218, 222 and 224 subject to the following provisions:

### (a) Legal Personality

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

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

### (b) Representatives

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

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

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

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

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

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

**(c) Powers of Representative**

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

All legal proceedings against the holders of Notes or initiated by them, must be brought by or against the Representatives; except that, should judicial reorganisation or liquidation (*redressement judiciaire* or *liquidation judiciaire*) proceedings be commenced against the Issuer, the specific controller would file the proof of debt of all creditors (including the holders of Notes) of the Issuer benefiting from the *Privilège*.

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

**(d) General Meeting**

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

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

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

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

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

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the

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

General Meeting may not increase amounts payable by holders of Notes, nor authorise or accept a postponement of the date of payment of interest on or a modification of the terms of repayment of or the rate of interest on the Notes, nor establish any unequal treatment between the holders of Notes nor decide to convert Notes into shares.

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

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

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

Each holder of a Note or representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant holders of Notes at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

**(g) Expenses**

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

**(h) Single Masse**

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

## **11 Modifications**

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

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

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

### 13 Further Issues and Consolidation

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

### 14 Notices

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

*Eurolist by Euronext*<sup>TM</sup> of Euronext Paris S.A. in a leading daily newspaper of general circulation in France (which is expected to be *La Tribune*), and/or if the rules of such Stock Exchange so permit, notices shall also be published on the website of the *Autorité des marchés financiers* in France or (b) so long as such Notes are listed and admitted to trading on any Regulated Market and the rules applicable to that Regulated Market so require, notices shall be published in a leading daily newspaper with general circulation in the city Regulated Market on which such Notes are listed and admitted to trading is located and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 10 shall also be published (a) so long as such Notes are listed and admitted to trading on the *Eurolist by Euronext*<sup>TM</sup> of Euronext Paris S.A. and the rules of such Stock Exchange so permit, on the website of the *Autorité des marchés financiers* in France or (b) in a leading daily newspaper of general circulation in Europe.

## 15 Method of Publication of the Final Terms

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

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

## 16 Governing Law and Jurisdiction

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

## TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED NOTES

### Temporary Global Certificates

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

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

### Exchange

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

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

### Delivery of Definitive Materialised Notes

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

### Exchange Date

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



## **USE OF PROCEEDS**

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

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

### *Entities entitled to issue Obligations Foncières*

Prior to the introduction of French law n°99-532 of 25 June 1999 (the “**Law**”), now integrated into the French *Code monétaire et financier* (the “**Code**”), only Crédit Foncier de France and Crédit Communal d’Alsace-Lorraine were entitled to issue *Obligations Foncières*. The Law creates a whole new category of credit institutions (*sociétés de crédit foncier*) the exclusive purpose of which is to grant or acquire secured loans from the proceeds of the issue of *obligations foncières* as well as other forms of notes or borrowings.

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

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

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

Pursuant to Article L.515-17 of the Code, *sociétés de crédit foncier* may not hold shares in other companies.

### *Eligible receivables*

The mortgage-backed loans include loans which are secured by a first-ranking mortgage. Other types of charges and security interest also qualify under certain conditions provided in particular they are at least equivalent to a first-ranking mortgage such as a guarantee given by a credit institution or an insurance company that does not belong to the same group as the relevant *société de crédit foncier*. The property must be located in the European Economic Area (the “**EEA**”), in France’s overseas territories, in Switzerland, in the United States of America, in Canada or in Japan. Article R.515-12 of the French *Code Monétaire et Financier* (the “**Decree**”) provides that the mortgage-backed loans cannot exceed a threshold of 60 per cent. of the property’s value, except under certain conditions.

The other eligible receivables comprise loans granted to, or bonds issued by, state or state-owned entities located within the EEA, in Switzerland, in the United States of America, in Canada or in Japan, or wholly guaranteed by such entities, and specific investments (namely units issued by FCCs – *Fonds Commun de Créances*, which are French securitisation vehicles, or other similar vehicles, the assets of which comprise at least 90 per cent. of secured loans or loans to state or state-owned entities).

*Sociétés de crédit foncier* may not make any other investments, except investments in securities which are sufficiently secure and liquid to be held as so-called replacement values, as defined in the Decree.

### *Over-Collateralisation*

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

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

### ***Privilège***

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

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

### ***Insolvency remoteness***

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

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

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

## DESCRIPTION OF COMPAGNIE DE FINANCEMENT FONCIER

### INFORMATION ABOUT THE ISSUER

#### History and development of the Issuer

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

It is a wholly-owned subsidiary of the Crédit Foncier Group. Its mission is to finance real estate and local public sector credit activity for its parent company as well as for the Caisses d’Epargne Group as a whole.

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

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

#### Investments

Pursuant to article L.515-17 of the Code, the Issuer is prohibited from owning shares in other companies.

### BUSINESS OVERVIEW

#### Principal activities

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

More specifically, the purpose of the company (Article 2 of the bylaws), in the context of the laws and regulations applicable to SCF, in particular Articles L515-13 and following of the Code, and without restriction as to the countries in which it can operate other than those set out in these provisions, is

1. In respect of loan and similar transactions:
  - to grant or acquire secured loans, whether these are loans benefiting from a senior mortgage, a property lien, or any other form of property-based security that is at least equivalent, or loans that carry a guarantee issued by a lending institution or an insurance company;
  - to grant or acquire loans from public entities, and loans fully guaranteed by public entities, and to subscribe for or acquire bonds and other debt securities issued or guaranteed by public entities;
  - to acquire, by subscription at the time of issue, either on the markets on which they are traded, or over the counter or, more generally, in any other manner which in compliance with current legislation, units of FCCs and units or securities issued by similar entities subject to the law of a foreign state, as long as these units or securities are authorized for inclusion in the assets of SCF;
  - to acquire and hold certain and liquid investments and securities as replacement securities authorized for inclusion in the assets of SCF ;
2. For financing these categories of loans, investments and securities:
  - to issue *obligations foncières* benefiting from a preferred right of repayment granted by the legislation governing SCF and, in particular, Article L.515-19 of the Code;
  - to procure any other type of financing, stipulating that such financing will benefit from the preferred right of payment granted by the law to *obligations foncières*;

- to procure any other financing, including through issue of loans, which does not benefit from the preferred right of payment granted by the law to *obligations foncières*;
3. To carry out all financial and banking transactions necessary in the context of its purpose and, in particular:
    - securitize, in any manner compliant with current legislation, all or part of the loans that it holds, whatever the nature of such loans;
    - use forward financial instruments, in order to hedge operations to manage loans, *obligations foncières*, other senior instruments, and other financing without the preferred right of payment granted by law to *obligations foncières*;
  4. To contract with any credit institution all agreements necessary
    - to manage and recover loans;
    - to manage bonds and other financing;
    - more generally, to provide all services necessary to manage the assets, liabilities and the financial balances of the company;
    - as well as all agreements concerning the distribution and refinancing of loans;
  5. To acquire and own all property and equipment necessary to achieve its purpose or arising from the recovery of its loans; to contract with any third party any agreement in respect of the acquisition, ownership, management, maintenance and sale of such assets;
  6. To contract with any insurance company any agreement which serves the company purpose, notably to cover risks related to borrowers, risks in respect of both assets securing the loans and assets owned by the company, and the liability risks of the company or its directors and officers;
  7. To replace Crédit Foncier de France in all loan and credit transactions, whether involving bonds or not, which this company had contracted in its capacity as a mortgage bank prior to this replacement; this replacement
    - is the result of the provisions of the Law of June 25, 1999 concerning savings and financial security and, in particular, Article 110 of said law, as well as any agreement signed with Crédit Foncier de France for the implementation of these provisions; and
    - also results in the transfer to the company of the forward financial instruments described by these legislative provisions, as well as all securities, guarantees and similar commitments;
  8. In the context of its proprietary activity, or on behalf of other companies, to make available to customers and manage payment terms, in particular:
    - for the payment of funds or the receipt of all sums arising from the loan activities;
    - for the holding of all accounts of financial relations with other banks or public entities;
    - for the management of technical accounts in respect of expenses and receipts;
  9. To participate in any system for interbank settlement, settlement-delivery of securities, as well as in any transactions within the framework of the monetary policy of the European Central Bank, which contribute to the development of the company's activities;
  10. More generally, to carry out all operations related to its activity or contributing to the achievement of its corporate purpose as long as such transactions comply with the purpose of SCF as defined in the legislation and regulations that regulate their activity.

### **Principal markets**

*A global economy characterised by sustained growth.*

**Overall:** in 2005, all the major economic zones (the United States, China, Japan, etc) recorded sustained rhythms of growth. The United States and China continued to be the principal driving forces of the global economy.

### Monetary policy (USA and Euro zone):

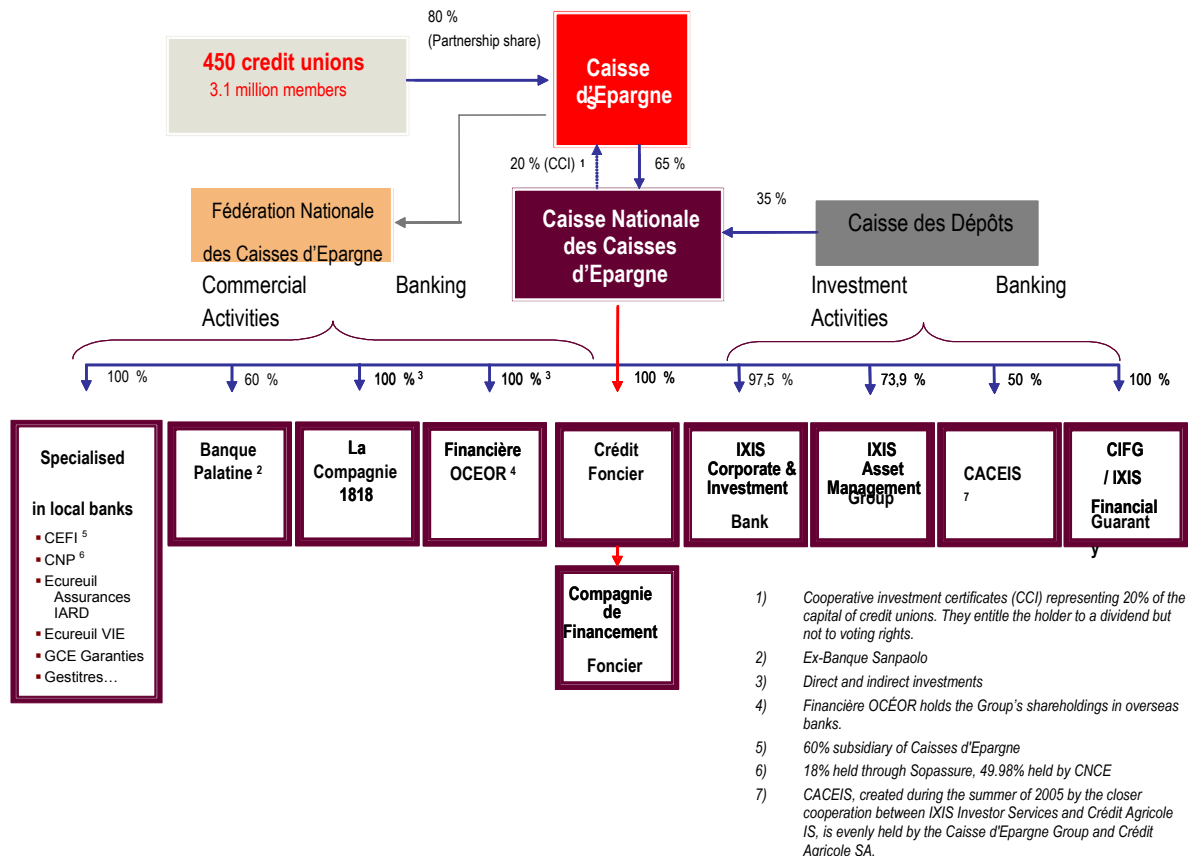
All through 2005, the Fed continued its tightening process with a Fed Funds rate reaching a level of 4.25 per cent. in December, to guarantee price stability in the medium term knowing that global liquidities remained excessive.

In Europe, despite inflation and growth below its potential except for certain States (Spain, the Netherlands), the European Central Bank (the “ECB”), against all expectations, increased its repo rate by 25 basis points (“bp”) on 1 December 2005 to bring it to 2.25 per cent., chiefly for monetarist reasons. The monetary tightening is explained in fact by the ECB’s fears concerning liquidity levels deemed to be excessive and the inflationary risks associated with this.

**Spreads between covered bonds and swaps narrowed thanks to improved fundamentals and the growing demand for covered bonds.** The reference primary market for Euro covered bonds (benchmarks) attracted investors thanks to an interesting issuance policy, offering attractive yield premiums compared to the secondary market. This environment allowed issuers to launch a total volume of €133 billion (+13 per cent. year-on-year), of which more than 50 per cent. had maturities greater than 10 years.

### ORGANISATIONAL STRUCTURE

*Simplified organisation of the Caisse d’Epargne Group as of December 31, 2005*



### *Dependence upon other entities within the group*

Please refer to section “RELATIONSHIP BETWEEN COMPAGNIE DE FINANCEMENT FONCIER AND CRÉDIT FONCIER DE FRANCE” below.

### **TREND INFORMATION**

No significant deterioration has affected the outlook of Compagnie de Financement Foncier since its last financial report was audited and published.

No known trend, uncertainty or claim or commitment or event is reasonably susceptible to influence Compagnie de Financement Foncier’s outlook.

### **PROFIT FORECASTS OR ESTIMATES**

The Issuer does not produce profit forecasts and estimates.

### **ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

*Names, business addresses and functions of the administrative, and management bodies and principal activities performed by them outside the Issuer*

<b>Surname/first name company name + permanent representative</b>	<b>Function within the company's board</b>	<b>Date of appointment</b>	<b>Date of expiration of term of office</b>	<b>Observations</b>
CREDIT FONCIER DE FRANCE  represented by Mr. Alain PRÉVOT	Director	June 25, 1999	AGM 2011	Mr Prévot has been permanent representative of the CFF since April 6, 2004, when he replaced Mr. Guy Cotret
Mr François DROUIN	Chairman of the board of Directors	June 25, 2003	AGM 2011	He replaced Mr Jean Sebeyran
Mr Thierry DUFOUR	Director – Chief Executive Officer	Director since December 18, 1998  CEO since May 17, 2002	AGM 2007	Following the separation of the functions of Chairman and CEO
Mrs Sandrine GUERIN	Director – Deputy Chief Executive Officer	Director since 25 March 2002  Deputy CEO since May 17, 2002	AGM 2006	Following the separation of the functions of Chairman and CEO
Mr François CHAUVEAU	Director	December 16, 2004	AGM 2011	He replaced Mr Pierre Servant, who resigned
Mr Pierre-Eric FUZIER	Director	December 18, 1998	AGM 2007	
Mr Philippe BOMPARD	Adviser	May 17, 2002	AGM 2005	Resigned January 6, 2005
Mr Guy LAFITE	Adviser	May 25, 2005	AGM 2006	He replaced Mr Nicolas MERINDOL who resigned in December 2004

## Offices or Positions held by Mr. François Drouin

MANAGEMENT POSITIONS	
COMPANY	POSITIONS
CREDIT FONCIER DE FRANCE – SACS	Chairman of the Executive Board
ENTENIAL – SA (merger)	Chairman & Chief Executive Officer (until June 1, 2005)
OFFICES AS DIRECTOR AND SUPERVISORY BOARD MEMBER	
A.C.F.F. – SA	Chairman of the Board of Directors
COMPAGNIE DE FINANCEMENT FONCIER – SA	Chairman of the Board of Directors
CREDIT FONCIER BANQUE – SA (merger)	Director (until June 1, 2005)
FONCIER EXPERTISE (formerly SEIEF) – SA	Chairman of the Board of Directors
FONCIER PARTICIPATIONS – SA	Permanent Representative of Crédit Foncier, Director
MUR ÉCUREUIL – SA	Chairman of the Board of Directors (since September 7, 2005)
SIPAREX ASSOCIÉS – SA	Director
CFD – SAS	Legal Representative of Cofimab, Chairman
DOM 9 – SAS	Legal Representative of Crédit Foncier, Chairman of the SAS
ENTENIAL CONSEIL – SAS	Legal Representative of Crédit Foncier, Chairman of the SAS
FONCIER VIGNOBLES – SAS	Legal Representative of Crédit Foncier, Chairman of the SAS
FONCIÈRE IMMEUBLES 1 – SAS	Legal Representative of Crédit Foncier Chairman (since June 1, 2005)
OTHER OFFICES AND POSITIONS	
COFIMAB - SNC	Legal Representative of Crédit Foncier, General Partner
SOCLIM - SNC	Legal Representative of CFD, Manager
SOFIPAR LOGEMENT - SNC	Legal Representative of Crédit Foncier, General Partner
SOFONEG - SNC	Legal Representative of Crédit Foncier, General Partner
CHÂTEAU BEAUREGARD – SC	Legal Representative of Foncier Vignobles, Manager
CHAUVEAU LAGARDE – SCI	Legal Representative of CFD, Manager
COLOMIA 31 – SCI	Legal Representative of Crédit Foncier Manager (since June 1, 2005)
COMELIA – SCI	Legal Representative of Crédit Foncier Manager (since June 1, 2005)
FRANCILIA – SCI	Legal Representative of Crédit Foncier Manager (since June 1, 2005)
IMMOBILIÈRE MADELEINE DUPHOT – SCI	Legal Representative of CFD, Manager



MANTELIA – SCI	Legal Representative of Crédit Foncier Manager (since June 1, 2005)
RENTE IMMOBILIÈRE 2 – SCI	Legal Representative of CFD, Manager
GIRCE INGENIERIE – GIE	Permanent Representative of Crédit Foncier, Supervisory Board member
GIRCE STRATÉGIE – GIE	Permanent Representative of Crédit Foncier, Director

#### Offices or Positions held by Mr. Thierry Dufour

MANAGEMENT POSITIONS	
COMPANY	POSITIONS
COMPAGNIE DE FINANCEMENT FONCIER –SA	Chief Executive Officer, Director
CREDIT FONCIER DE FRANCE – SACS	Member of the Executive Board
OFFICES AS DIRECTOR AND SUPERVISORY BOARD MEMBER	
ACFF – SA	Director
CREDIT FONCIER BANQUE – SA (MERGER)	Permanent Representative of ACFF, Director (until June 1, 2005)
ENTENIAL – SA (merger)	Permanent Representative of Crédit Foncier, Director (until June 1, 2005)
FINANCIÈRE DESVIEUX – SA	Director
FONCIER EXPERTISE (formerly SEIEF) – SA	Director
SOCRELOG – SA	Director
VAUBAN MOBILISATION GARANTIE – SACS	Supervisory Board member
EUROPEAN COVERED BOND COUNCIL (ECBC)	Vice-Chairman
OTHER OFFICES AND POSITIONS	
CREDIT FONCIER DE FRANCE - SACS	Financial Operations Director, Executive Board member
ENTENIAL - SA	Financial Director (until June 1, 2005)

#### Offices or Positions held by Mrs. Sandrine Guérin

MANAGEMENT POSITIONS	
COMPANY	POSITIONS
COMPAGNIE DE FINANCEMENT FONCIER –SA	Deputy Chief Executive Officer, Director
FINANCIÈRE DESVIEUX – SA	Chief Executive Officer
VAUBAN MOBILISATION GARANTIE – SACS	Chairman of the Executive Board
OFFICES AS DIRECTOR AND SUPERVISORY BOARD MEMBER	
FONCIER COURT TERME – SICAV	Director
FONCIER ASSURANCE	Director
OTHER OFFICES AND POSITIONS	

CREDIT FONCIER DE FRANCE - SACS	Executive Director of Market Operations – Director of Financial Operations
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#### Offices or Positions held by Mr. François Chauveau

OFFICES AS DIRECTOR AND SUPERVISORY BOARD MEMBER	
COMPAGNIE DE FINANCEMENT FONCIER –SA	Director
ECUFONCIER – SCA	Supervisory Board member
GROUPE D’INTERET ECONOMIQUE CDS ECUREUIL - GIE	Chairman
ISSORIA – SA	Permanent Representative of CNCE
SURASSUR – SA	Permanent Representative of CNCE
GCE BAIL – SA	Permanent Representative of CNCE
IXIS CIB - SA	Permanent Representative of Ecureuil Participations
EUROTITRISATION - SA	Permanent Representative of CNCE
OTHER OFFICES AND POSITIONS	
CNCE - SA	Group Financial Director
GCE BAIL – SA	Chairman of the Audit Committee
COMPAGNIE DE FINANCEMENT FONCIER –SA	Chairman of the Audit Committee
IXIS CIB - SA	Permanent Representative of Ecureuil Participations on the Accounts and Internal Control Committee
INGEPAR - SA	Adviser and Chairman of the Audit Committee
CAISSE DES RETRAITES (CGR) - IRS	Employer Representative
CAISSE GENERALE DE PREVOYANCE – (CGP) IP	Employer Representative
ECUREUIL PROTECTION SOCIALE - ASSOCIATION	Employer Representative

#### Offices or Positions held by Mr. Pierre-Eric Fuzier

COMPANY	POSITIONS
OFFICES AS DIRECTOR AND SUPERVISORY BOARD MEMBER	
COMPAGNIE DE FINANCEMENT FONCIER –SA	Director
DOM 3 – SA	Director (until June 29, 2005)
SOCRELOG – SA	Director
CARPI – SA HLM	Director
OTHER OFFICES AND POSITIONS	
CREDIT FONCIER DE FRANCE – SACS	General Counsel

## Offices held by Crédit Foncier de France in 2005

COMPANY		IDENTIFICATION
<b>PUBLIC LIMITED COMPANIES (<i>SOCIETE ANONYMES</i>)</b>		
<b>DIRECTORSHIPS</b>		
Auxiliaire du Crédit Foncier de France ACFF – SA		334 183 704
CFCAL Banque – SA		568 501 282
CFCAL SCF – SA		424 184 737
CFG – Comptoir Financier de Garantie – SA (since 01/06/2005)		330 316 316
Cicobail – SA (since 23/05/2005)		722 004 355
Cinergie – SA (since 27/05/2005)		322 214 883
Compagnie de Financement Foncier – SA		421 263 047
Compagnie Foncière de Construction – SA		308 383 058
Crédit de l'Arche – SA (dissolution 12/2005)		352 109 490
Crédit Foncier Assurance Courtage – SA		347 708 562
Crédit Foncier Banque – SA (merger at 01/06/2005)		319 327 250
Crédit Logement – SA		302 493 275
CREPAH – SA		306 065 665
EMGP – SA		582 074 944
Entenial – SA (merger at 01/06/2005)		562 064 352
FGI – Société Financière de Gestion et d'Investissement – SA		542 103 657
Foncier Assurance – SA		349 004 341
Foncier Consultants – SA		395 304 330
Foncier Expertise (ex SEIEF) – SA		788 276 806
Foncier Participations – SA		319 893 815
Foncière d'Evreux – SA		399 293 067
H & T Conseil (ex TEC Habitat) – SA		313 149 973
Immobilière Trocadero – SA (since 01/06/2005)		352 412 217
Mobilière Volney – SA		338 097 223
Mur Ecureuil – SA (since 26/05/2005)		345 044 929
Odacia – SA (until 27/05/2005)		438 803 033
SAF Environnement – SA		319 051 017
SGFGAS - Société de Gestion du FGAS – SA		390 818 235
SNTE – Société Nationale de la Tour Eiffel – SA		317 479 806
Société de Réalisation de Défaillance SRD – SA		421 003 450
SOCRELOG – SA		642 051 924
SIA – Société Immobilière de l'Artois – SAHLM		045 550 268
Foncier Valeurs – SICAV		339 817 421

POSITIONS AS SUPERVISORY BOARD MEMBER	
SCAFR Terres d'Europe – Société Centrale d'Aménagement Foncier et Rural	612 007 468
Union Européenne d'Assurance – SACS	347 642 183
La Compagnie 1818 – Banquiers Privés – SACS (ex Vega Finances)	306 063 355
La Compagnie 1818 – Gestion – SACS	353 690 514
Perexia (ex SICP) – SACS	379 722 853
SOCFIM	390 348 779
F.S.I. (ex MLDC) – SACS	412 974 875
La Compagnie 1818 Gestion (ex Vega Multimanager)	353 690 514
VMG – SACS (since 01/06/2005)	399 343 300
POSITIONS OF CHAIRMAN / DIRECTOR	
A3C – SAS (merger at 01/06/2005)	343 252 417
DOM 9 – SAS	389 724 246
Entenial Conseil – SAS	449 755 586
Foncier Vignobles – SAS	399 293 828
Foncière Immeuble 1 – SAS	444 494 116
GENERAL PARTNERSHIPS (SNC, SCI)	
MANAGING PARTNER	
Arion Conseil (liquidator)	390 466 498
Cofimab	391 754 363
Colomia 31	453 162 927
Comelia	451 226 963
Francilia	440 775 617
Hausmann St Honoré (liquidator)	380 042 168
Mantelia	432 255 271
Sofipar Logement	331 786 723
Sofoneg	331 444 539
G.I.E.	
Girce Ingenierie	469 600 050
Girce Stratégie	443 028 634
SAEM	
Sonacotra	788 058 030

#### Offices or Positions held by Mr. Alain Prévot

MANAGEMENT POSITIONS	
COMPANY	POSITIONS
COMPTOIR FINANCIER DE GARANTIE – SA	Chairman and Chief Executive Officer
CREDIT FONCIER DE FRANCE – SACS	Member of the Executive Board
ENTENIAL – SA (merger)	Deputy Chief Executive (until June 1, 2005)

OFFICES AS DIRECTOR AND SUPERVISORY BOARD MEMBER	
AUXILIAIRE DU CREDIT FONCIER DE FRANCE – SA	Director
CICOBAIL – SA	Permanent Representative of Crédit Foncier de France, Director (since May 23, 2005)
CINERGIE – SA	Permanent Representative of Crédit Foncier de France, Director (since May 27, 2005)
COMPAGNIE DE FINANCEMENT FONCIER –SA	Permanent Representative of Crédit Foncier de France, Director
COMPAGNIE FONCIERE DE CREDIT – SA	Permanent Representative of Auxiliaire du Crédit Foncier de France, Director
CREDIT DE L'ARCHE – SA (dissolved)	Chairman of the Board of Directors (until December 2005)
CREDIT FONCIER BANQUE – SA (MERGER)	Permanent Representative of Foncier Participations, Director (until June 1, 2005)
FONCIER BAIL – SA	Permanent Representative of Auxiliaire du Crédit Foncier de France, Director
INVESTIMUR – SA	Permanent Representative of Crédit Foncier de France, Director
MUR ÉCUREUIL – SA	Permanent Representative of Crédit Foncier de France, Director (since May 26 2005)
F.S.I. (ex MLDC) – SACS	Supervisory Board member
VAUBAN MOBILISATIONS GARANTIES – SACS	Permanent Representative of Crédit Foncier de France, Supervisory Board member

There is no potential conflict of interests between the duties to the Issuer of the members of the Board of Directors and their private interests and or other duties.

## BOARD PRACTICES

In accordance with the requirements of French law, Compagnie de Financement Foncier has put in place corporate governance and internal auditing procedures as set out below:

### Corporate governance

The Board of Directors of Compagnie de Financement Foncier elects from among its members a Chairman, who organises and directs the work of the Board. The Board of Directors ensures that the governing bodies of Compagnie de Financement Foncier operate properly, and that the Directors are able to perform their duties.

The dedicated Audit Committee of Compagnie de Financement Foncier, created in 2004, has relieved the Audit Committee of Crédit Foncier of its responsibilities relating to Compagnie de Financement Foncier. Its primary mission is to ensure the relevance and consistency of accounting policies adopted to establish Company accounts and ensure that internal procedures relating to the collection and control of information guarantee the successful execution of these functions.

Management of Compagnie de Financement Foncier is performed by a Chief Executive Officer and a Deputy Chief Executive Officer designated to assist him. The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of Compagnie de Financement Foncier within the limits of the corporate purpose, and subject to the powers expressly attributed by law to shareholders' meetings and the special powers of the Board of Directors. He represents the Company in its relationships with third parties. The Deputy Chief Executive Officer has the same powers as the Chief Executive Officer with respect to third parties.

### Internal auditing system

The internal auditing system is organised around varying levels of ongoing and periodic control, and is reflected in various organisational measures (e.g. involving line and staff managers, the delegation system, reporting, and separation of functions) which are detailed below.

(a) *The different levels of internal control*

There are different levels of internal control at Crédit Foncier as follows:

> **First level ongoing operational control** is the job of the operating units' staff or managers as well as designated units. The procedures are included in procedural and operating manuals. Unit heads are responsible for producing and updating these manuals.

In this respect, it should be noted that the units are rapidly changing, and substantial IT changes, either completed or underway, are profoundly changing the ways transactions are processed, and, as a result, many instructions have to be reformulated.

The larger management teams have permanent control units which are responsible for creating and implementing permanent controls and producing reports.

Three entities merit further elaboration:

- Accounting: The “Accounting Standards and Control” Department in the Accounting Division is responsible for first level account auditing and ensuring there is sufficient documentation for the accounting system to operate properly.
- Finance: the “Suivi de la SCF et de VMG” (SCF and VMG Monitoring) Department, created in the Financial Operations Office, was placed in charge of ongoing, first level control and for all processes affecting Compagnie de Financement Foncier (most notably, auditing the quality of procedures).
- IT: The IT Security Department participates in drawing up rules and responsibilities in the area of information systems security.

> **Second level ongoing control** is the responsibility of non-operating units:

- Risk Department: this entity is responsible for the control of loan commitments (individual and business loans) and the monitoring of operational risk.
- Compliance Department: created in December 2004, this department is responsible for controlling non-compliance risks and investment services; the department head organised its operations in 2005. The department head supervises ethics activities (ethics and money laundering).
- Head of information systems security: in 2004, CFF Group created and filled the position of Head of Information Systems Security, a function which directly reports to management. The responsibilities of the Head of Information Systems Security are threefold:
  - To define a policy for the security of information systems,
  - To supervise a network of contacts within the various entities of the Company,
  - To provide assistance and advice to the Technology Department with respect to security issues.

> **Periodic control** is the responsibility of the Crédit Foncier de France General Inspection Office. The auditing units of Crédit Foncier shareholders (CNCE) also take part in this periodic control.

On June 1, 2005, the merger of Crédit Foncier, Entenial, Crédit Foncier Banque and A3C resulted in a complete overhaul of Crédit Foncier de France Group's ongoing control system. A project was launched to create a formal Risk Control System. A Pilot committee, which will assess overall risk control, will be responsible for the oversight and development of this system.

(b) *Role of line and staff managers in controlling the activities of employees*

As a major component of ongoing control, control by line and staff managers is usually conducted:

> Through reports of anomalies, oversight and reporting, which enable risk monitoring and ensure that unit activities are being controlled by those in charge;

> Through the delegation of power, which is generally integrated into information procedures (authorisation by type of transaction or by threshold, transactions subject to approval) or by manual approvals.

*(c) Delegation system*

Under the agreements binding the two institutions, the delegation system implemented by Crédit Foncier de France applies to Compagnie de Financement Foncier. It is based on two series of measures:

- > First, a system ensuring that decisions, based on the magnitude of the risks they present, are made at an appropriate level within the Company (involvement of the competent decision-making committees, or the internal delegation system);
- > Second, a system ensuring that representatives of Crédit Foncier de France provide third parties with the necessary documents, demonstrating their power to engage the Company in a transaction.

Decisions that are not made by the Executive Management of Compagnie de Financement Foncier and that exceed the delegations granted to operating managers are the responsibility of specialised Committees. Under an internal control system, two kinds of decision-making committees are responsible for the operation and monitoring of the activity of Compagnie de Financement Foncier:

- > All the Crédit Foncier de France committees responsible for the business of its subsidiary,
- > Two specific committees of Compagnie de Financement Foncier.

1. Among the committees of Crédit Foncier de France, the most important are:

- > The National Loan Committee: it authorises loans exceeding the powers delegated to the operating units and key committees,
- > The Risk Committee: it monitors overall changes in counterparty risks and the resulting decisions (scoring rules, delegations, limits),
- > The National Committee of Sensitive Operations: it manages strategy and decisions regarding substantial debts which are either in difficulty or exposed to risk,
- > The Asset and Liability Management Committee: it analyses ALM indicators and resulting decisions,
- > The Finance Committee: it executes financial commitments, sets objectives for refinancing, authorises special operations and determines operations to hedge the balance sheet.

2. The two committees specific to the Compagnie de Financement Foncier are:

- > The Committee monitoring the Master Agreement and the special agreements signed by Crédit Foncier de France and Compagnie de Financement Foncier. It is responsible for the interpretation, application and fairness of the agreements. Committee meetings are held sporadically at the request of the Executive Management of either party, or, if necessary, of the Compagnie de Financement Foncier Management Committee.
- > The Management Committee: examines problems confronting the operating units of Crédit Foncier with respect to the operations of Compagnie de Financement Foncier, approves proposed solutions and monitors implementation. It also ensures the application of recommendations made by the General Inspection Department of Crédit Foncier following inspections.

*(d) Risk oversight measurement*

Information on risks is reported regularly to the Audit Committee and the Board of Directors of Compagnie de Financement Foncier.

As a *société de crédit foncier*, Compagnie Financement Foncier is specifically required to monitor all risks related to credit, interest rates, liquidity levels, and the valuation of assets provided as guarantees. In addition, all of these elements fall under the scope of the Specific Controller's activities.

*(e) Reporting*

Information from the Board of Directors of Compagnie de Financement Foncier is provided through activity reports prepared by management of the various business sectors of the Crédit Foncier de France Group.

*(f) Principle of the separation of functions*

The principles in force at Crédit Foncier de France also apply to Compagnie de Financement Foncier.

> Overall independence among the units in charge of operating commitments and the units in charge of accounting approval, oversight and control of the related risks.

> The independence of the control units vis-à-vis the operating units is provided by:

- oversight of counterparty, financial and operating risks by the Department of Risk,
- accounting control by the Department of General Accounting and its dedicated unit,
- ethics and compliance by the Department of Ethics and the Ethics Officer,
- Periodic control by the General Inspection Department.

*(g) Accounting system and procedures*

The Crédit Foncier de France accounting system and, therefore, the accounting system of Compagnie de Financement Foncier, is based largely on management chains that supply accounting data.

The methods used for internal accounting audits are described in the section covering procedures for auditing accounting and financial data.

**General inspection**

*(a) Organisation and resources of general inspection.*

Evaluating **ongoing** control systems is the responsibility of the General Inspection division of Crédit Foncier de France.

Management of the General Inspection Division reports to the Executive Management, Board of Directors and Audit Committee of Compagnie de Financement Foncier for all assignments that concern it directly or indirectly.

In late 2005, the General Inspection division had 29 staff members (including recruitments taking place at that time), of which 5 project leaders, 13 auditors and 2 supervisors, all with advanced degrees and a combination of varied skills (accounting, financial, legal, computer and sales).

The annual audit plan of Compagnie de Financement Foncier is submitted for approval to the Company's Audit Committee and Board of Directors. It is part of the annual audit plan of Crédit Foncier de France which is in turn included in a multi-year audit plan for Caisse d'Épargne Group. The annual audit plan is designed for the Crédit Foncier de France Group by the Management of the General Inspection division in cooperation with the CNCE General Inspection division. It is approved by the Chairman of the Executive Board of Crédit Foncier and then submitted to its Audit Committee for approval. It falls under the responsibility of the General Inspection division, which is covered under a multi-annual plan that takes into account the audit cycle of each business activity, and the context. In addition to the contribution of Crédit Foncier de France Group's General Inspection division, the auditing units of Caisse Nationale des Caisses d'Épargne also helped to design the annual plan.

During the year, special investigations or assignments may be conducted at the request of the Board of Directors or the Management of Compagnie de Financement Foncier.

The assignments performed and the follow-up on the recommendations, concerning either directly or indirectly the SCF, result in reports to the Executive Management and Audit Committee of Compagnie de Financement Foncier.

*Inspection assignments conducted in 2005*

A total of 58 assignments were conducted by the General Inspection Department of Crédit Foncier in 2005. In addition, 7 assignments that began at the end of 2004 were finalised and their recommendations were approved in 2005.



These assignments had generally been included in the annual audit plan approved by the Audit Committee on December 8, 2004, including 14 concerning directly or indirectly the SCF and bearing on various sectors of the Crédit Foncier Group and the monitoring of regulatory projects (Basle II):

- Network of branches,
- Business loans,
- Commitments,
- Financial management,
- Banking production,
- Development,
- Management information,
- Human resources,
- IT, logistics,

In addition, seven assignments were carried out by the General Inspection division of the CNCE of which one concerned all the activities of the SCF.

*(c) Follow-up on recommendations of previous assignments*

During 2005, the General Inspection division followed up on the implementation of recommendations by the audited units. The procedure for following up on recommendations is now in compliance with the methodology used by the General Inspection of CNCE, namely a systematic semi-annual follow-up with management stating the audited unit, the percentage of completion and if applicable, the action plan indicating the new deadline.

The responses of the audited units were subjected to consistency checks rated by the General Inspection division. A summary was then forwarded to the Executive Management and Audit Committee of Compagnie de Financement Foncier.

This summary includes comments relating to cases where worrying delays in implementation were observed.

## **MAJOR SHAREHOLDERS**

Crédit Foncier de France holds directly 99.99 per cent of the shares of the Issuer. Compagnie de Financement Foncier is a wholly-owned subsidiary of the Crédit Foncier Group.

The measures in place to ensure that such control is not abused are detailed under the section “RELATIONSHIP BETWEEN COMPAGNIE DE FINANCEMENT FONCIER AND CRÉDIT FONCIER DE FRANCE” of this Base Prospectus.

## **FINANCIAL INFORMATION CONCERNING THE ISSUER’S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**

### **Historical financial information**

Please refer to section entitled “FINANCIAL STATEMENTS AS AT 31 DECEMBER 2005” below.

### **Auditing of historical annual financial information**

Please refer to the sections entitled “STATUTORY AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS IN RESPECT OF YEAR 2004” and “STATUTORY AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS IN RESPECT OF YEAR 2005” below.

### **Legal and arbitration proceedings**

The Issuer neither is nor has been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer is aware) during a period covering at least the previous

12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

#### **Significant change in the Issuer's financial or trading position**

Since the end of the last financial year for which the financial report was audited and published, no significant change has affected Compagnie de Financement Foncier's situation.

#### **ADDITIONAL INFORMATION**

##### **Share capital**

As at 22 June 2006, the share capital of the Issuer amounted to € 132,000,000 divided into 8,250,000 fully paid-up shares with a par value of € 16 each.

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

Please refer to section "BUSINESS OVERVIEW - Principal activities" above.

#### **MATERIAL CONTRACTS**

Please refer to section "RELATIONSHIP BETWEEN COMPAGNIE DE FINANCEMENT FONCIER AND CRÉDIT FONCIER DE FRANCE" below.

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

##### **Procedure for the valuation and periodic review of the assets underlying loans at December 31, 2005**

###### I. METHOD FOR THE VALUATION OF ASSETS UNDERLYING LOANS

###### a. General asset valuation principles

The procedure described below was determined, in accordance with Articles 1 and 2 of Regulation no. 99-10 of the CRBF, as amended by Regulation no. 2002-02.

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

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

Exceptionally, the valuation may be based on the total cost of the operation where this cost is lower than €350,000 (CRBF Regulation no. 2002-02).

###### b. Special rule used by Compagnie de Financement Foncier

As from January 1, 2003, in accordance with the provisions of CRBF Regulation no. 2002-02 and a decision from the Chairman of the Crédit Foncier de France Executive Board dated July 28, 2003, the cost of the operation including VAT and without discount is taken as the estimated value of the asset, for all operations concerning residential property which is valued at less than €350,000.

Exceptionally, the VAT-inclusive collateral less a 10 per cent. discount on new property and 5 per cent. on old (for old constructions requiring renovation, the collateral is previously discounted by 60 per cent. of the renovation cost), is taken as the asset value in the following cases:

- > Presence of a bridging loan in the operation (Foncier Intégral product)
- > The cost of the operation is less than the authorised amount
- > One of the loans of the operation was authorised or implemented before January 1, 2003
- > One of the loans of the operation was transferred to the "Société de Crédit Foncier" before September 1, 2003.

###### SUMMARY

The foregoing rules are summarised in the tables below:

TYPE OF ASSET	Amounts below €350,000	Amounts above €350,000
RESIDENTIAL PROPERTY for private individuals	Cost of the operation (1)	Expert appraisal
RESIDENTIAL PROPERTY for a business	Expert appraisal	Expert appraisal
BUSINESS PROPERTY (2)	Expert appraisal	Expert appraisal

(1) Less any discounts in the scenario described previously.

(2) the term business property indicates assets other than a residence and combined property where the value assigned to the residential section represents less than 75 per cent. of the overall value.

At 31/12/2005, this valuation method was only used on collateral underlying loans authorised in 2005; collateral underlying loans authorised before 2005 is necessarily subject to periodic reviews of its value at December 31, 2005, as presented hereafter (Cf. § II and III).

## II. METHODS FOR PERIODIC REVIEW OF RESIDENTIAL PROPERTY

The rules detailed below apply to collateral underlying loans authorised before 2005. Collateral underlying loans authorised in 2005 is valued according to the method explained in § I above.

Two periodic review methods are applied according to the following distinction:

> The S1 method for all residential assets below €350,000 and for the residential property of private clients above €350,000.

> The S2 method for the residential property of business customers valued at more than €350,000.

### a. S1 periodic review method

This revaluation method entails applying to the real property the revaluation ratios of one year to the next:

> According to price changes on the property market in the geographical sector in question;

> Taking into account an annual natural obsolescence ratio equal to 0.65 per cent..

In practice, the revaluation ratios are applied to the assets' real estate value in two steps:

> From the end of 2003 to the end of 2004: replacement of the provisional revaluation indices applied in 2004 with those used for the "final" real estate development indices for 2004.

> From the end of 2004 to the end of 2005: application of the provisional revaluation indices for 2005, including the effects of obsolescence.

This procedure applies to all French *départements*, except for assets located in Paris, for which the provisional index is considered to be final.

### 1) FROM THE END OF 2004 TO THE END OF 2005:

The provisional indices of price changes in 2004, applied in the previous year, have been replaced by final price-change indices obtained from the "2004 Real Estate Market" study by Foncier Expertise. These final indices are therefore based on the opinion of real estate experts conducted each year by Foncier Expertise.

The results of this survey are restated in an econometric model which includes the average indices of the annual price change by cities, for apartments and houses.

The following adjustments were carried out on these indices:

1. Even if the locations of the assets on which Crédit Foncier loans are secured are precisely known, some variables (area, neighbourhood, and building quality in particular) are not included in the survey carried out by Foncier Expertise. Consequently, we limited the use of the econometric model to just the average variation in prices for each city.
2. Assets which were subject to sharp price changes (decrease greater than 10 per cent. or increase greater than 30 per cent.) were excluded as it was considered that the variations probably revealed the expert's difficulty in determining the price of genuinely comparable properties.

3. The final model uses the annual price change in the French *départements*, based on the values observed in each city located in the *département* in question. The method used to calculate these indices is as follows:
  - a. The average index of cities in the *département* was extrapolated to the whole *département*.
  - b. When a *département* has no surveyed city, the change used for the *département* is the average change for the cities in the region of the *département*.

On these bases, the final ratios for 2004 are attached to this note.

## 2) FROM THE END OF 2004 TO THE END OF 2005

Considering the early date of the statistical revaluation procedure for real estate assets, the exact change in the price of assets during 2005 was provisionally estimated by Foncier Expertise.

The indices selected for 2005 take into account a rise in real estate property prices for apartments and houses during the year, and are determined as follows:

- For the first half of the year, the information is extracted from the "CD-Biens" database, which contains indices of real estate prices statistically determined by notaries, for Ile-de-France (Greater Paris area), Paris and other French cities;
- Since no statistical information was available for the second half of 2005, zero change was recorded for this period, in a hesitant real estate market.

As a result, an extrapolation of the indices from the first half of 2005 can be used to establish the provisional change indices for 2005, as shown in the following table:

Changes 2005	Paris	Ile de France	Rest of France
Apartments	5.5%	7%	6%
Houses	5.5%	6.5%	5%

These provisional changes will be replaced next year by the final changes obtained from the next real estate survey conducted in 2005 by Foncier Expertise.

Accordingly, at each annual revaluation, systematic correction of the provisional changes of the real estate market estimated the previous year is carried out using a model based on the actual changes observed.

### b. S2 periodic review method

For 2005, the S2 revaluation method entailed applying the annual change in the rent index for residential property to 2004 values, i.e. + 3.4 per cent. (source INSEE).

This change was then adjusted to reflect annual obsolescence, at a rate of 0.65 per cent..

## III. METHODS FOR PERIODIC REVIEW OF BUSINESS PROPERTY

### a. Revaluation of business property valued at more than €350,000

This segment is revalued each year by an expert, on an asset-by-asset basis.

The expert determines a prudential mortgage value, based on an in-depth analysis of the nature of the asset and its specific characteristics, and on a forward and prudent vision of the market.

On an exceptional basis and in accordance with the provisions of CRBF regulation no. 2002-02, for loans in this category whose "Outstanding Principal/Initial Loan Amount" ratio has fallen below 30 per cent., the S1 revaluation method is applied based on the last known expert appraisal.

### b. Revaluation of business property valued at less than €350,000

Pursuant to the provisions of CRBF no. 2002-02, this collateral is revalued individually, every three years, through an expert appraisal, then statistically in the interval, according to the S1 method.

## **IV. SUMMARY TABLE**

TYPE OF ASSET	HEALTHY CASES			CASES IN DISPUTE
	RATIO OF OUTSTANDING PRINCIPAL TO INITIAL AMOUNT		RATIO OF OUTSTANDING PRINCIPAL TO INITIAL AMOUNT	
	> 30%		≤ 30%	
	AMOUNTS LOWER THAN €350,000	AMOUNTS GREATER THAN €350,000	ALL AMOUNTS	ALL AMOUNTS
RESIDENTIAL PROPERTY	<b>S1</b>  With 2 sub-periods:  <b>S1</b> <sub>2003-2004</sub>  <b>S1</b> <sub>2004-2005</sub>	<b>If private client: S1 method</b>  <b>If business client: S2 method</b>	<b>S1 (&lt; €350 000)</b>  <b>or S2 (&gt; €350 000)</b>	Specific individual expert appraisal
BUSINESS PROPERTY	Individual triennial expert appraisal  <b>S1 in the intervening period</b>	Annual individual expert appraisal	<b>S1</b>	Specific individual expert appraisal

## APPENDIX

### Changes in housing prices in French *départements* between 2003 and 2004

#### Final ratios for sales in France regions (excluding Paris and Ile-de-France)

<i>Département</i>	House ratios	Appartements ratios
Ain	1,1580	1,1334
Aisne	1,0820	1,1155
Allier	1,0569	1,0905
Alpes-de-Haute-Provence	1,1038	1,1276
Alpes-Maritimes	1,1236	1,1295
Ardèche	1,1580	1,1334
Ardenne	1,1186	1,1031
Ariège	1,1212	1,1294
Aube	1,1084	1,0908
Aude	1,1135	1,1138
Aveyron	1,1212	1,1294
Bas-Rhin	1,0707	1,0821
Bouches-du-rhône	1,0500	1,1135
Calvados	1,1382	1,1129
Cantal	1,0613	1,0662
Charente	1,0979	1,1097
Charente-Maritime	1,1147	1,1376

<i>Département</i>	House ratios	Appartements ratios
Cher	1,1212	1,1315
Corrèze	1,1200	1,0326
Côte d'or	1,0874	1,0729
Côtes d'Armor	1,1417	1,1493
Creuse	1,1196	1,0470
Deux-Sèvres	1,1519	1,0933
Dordogne	1,0553	1,1048
Doubs	1,0759	1,0703
Drôme	1,1677	1,1119
Eure	1,0838	1,0941
Eure-et-Loire	1,1669	1,0885
Finistère	1,1128	1,1169
Gard	1,0510	1,0406
Gers	1,1212	1,1294
Gironde	1,0531	1,1929
Haute-Garonne	1,1353	1,1749
Haute-Loire	1,0613	1,0662
Haute-Marne	1,0927	1,0941
Hautes-Alpes	1,1038	1,1276
Haute-Saône	1,0791	1,0775
Haute-Savoie	1,0838	1,0941
Hautes-Pyrénées	1,0673	1,0308
Haute-Vienne	1,1192	1,0616
Haut-Rhin	1,0707	1,0821
Hérault	1,0563	1,0846
Jura	1,0791	1,0775
Ille-et-Vilaine	1,1355	1,1356
Indre	1,1691	1,1458
Indre-et-Loire	1,1671	1,1389
Isère	1,0924	1,1213
Landes	1,0553	1,1048
Loire	1,2619	1,1646
Loire-Atlantique	1,1432	1,1303
Loiret	1,2232	1,2287
Loir-et-Cher	1,1691	1,1458
Lot	1,1212	1,1294

<i>Département</i>	House ratios	Appartements ratios
Lot-et-Garonne	1,0066	1,0417
Lozère	1,0726	1,0917
Maine-et-Loire	1,0681	1,0675
Manche	1,1431	1,1420
Marne	1,0521	1,0884
Mayenne	1,0721	1,0907
Meurthe-et-Moselle	1,0500	1,0426
Meuse	1,0516	1,0535
Morbihan	1,0931	1,0539
Moselle	1,0532	1,0646
Nièvre	1,0753	1,0539
Nord	1,0929	1,0595
Oise	1,0853	1,1002
Orne	1,1407	1,1274
Pas-de-Calais	1,1876	1,1282
Puy-de-dôme	1,0658	1,0423
Pyrénées-Atlantiques	1,1088	1,0852
Pyrénées-Orientales	1,0710	1,1299
Rhône	1,1023	1,1397
Saône-et-Loire	1,0745	1,0512
Sarthe	1,0092	1,0754
Savoie	1,1248	1,1440
Seine-Maritime	1,0838	1,0941
Somme	1,0787	1,1310
Tarn	1,1212	1,1294
Tarn-et-Garonne	1,1631	1,1897
Territoire-de-Belfort	1,0822	1,0846
Var	1,1631	1,1897
Vaucluse	1,0819	1,0806
Vendée	1,0395	1,0395
Vienne	1,1223	1,1067
Vosges	1,0516	1,0535
Yonne	1,0598	1,0461

*Final ratios for sales in Ile-de-France*

Departement	House ratios	Appartement ratios
Essonne	1,1320	1,0501
Hauts-de-Seine	1,0694	1,0798
Seine-et-Marne	1,1033	1,1099
Seine-Saint-denis	1,1000	1,1399
Val-de-Marne	1,1199	1,0287
Val-d'Oise	1,0845	1,1179
Yvelines	1,1219	1,1127
Average	1,1044	1,0913

**Specific controller's report on the valuation methods and the methods for the periodic review of the value of real estate at 31 December 2005**

To the Directors of Compagnie de Financement Foncier,

In our capacity as the Specific Controller of your Company, and pursuant to the provisions of Article L 515-30 of the French Monetary and Financial Code, as well as those set out in Article 5 of Regulation 99-10 of the CRBF (French Banking and Financial Regulations Committee), we hereby present you with our report relating to the assessment of the procedure describing the methods used to value the real estate underlying loans and the methods for periodically reviewing their value, published at the same time as the annual financial statements on December 31, 2005 and appended herewith.

The procedure relating to the valuation methods for real estate and the methods for periodically reviewing their value was defined and implemented under the responsibility of the management of your Company. It is our responsibility to assess the validity of this procedure in light of its compliance with the regulations in force.

We have examined the valuation methods and the methods for periodically reviewing the value of real estate underlying loans in accordance with the professional standards applicable to this assignment. These standards require that we take the steps necessary to ascertain that the valuation methods and periodic review methods comply, in their design and their application, with the regulations in force, and that we check the presentation of the procedure which is published simultaneously in the annual financial statements.

Based on our work, the procedure describing the valuation methods for the buildings underlying the loans and the periodic review methods of their value, published simultaneously in the financial statements at December 31, 2005, respects the provisions set out in regulations 2002-02 and 99-10 of the CRBF (French Banking and Financial Regulations Committee).

It should however be noted that, based on the tests we carried out, the operational implementation of this procedure could be improved in terms of:

- the internal controls related to the building valuation and period review procedure, which must be reinforced so as to ensure in particular the permanence of the valuation rules applied and the validity of the indices used;
- the consistency of the methods used to calculate the "provisional" revaluation indices with those used for the "final" indices.

Paris, April 24, 2006

The Specific Controller

CAILLIAU DEDOUIT ET ASSOCIES

Laurent BRUN



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

The new production of Crédit Foncier de France, as long as it meets the eligibility criteria defined by law, may be financed by Compagnie de Financement Foncier, subject to the provisions of Articles L 515-13 to L 515-33 of the French *Code monétaire et financier*.

As stipulated by law, Compagnie de Financement Foncier uses the technical and human resources of its parent company under agreements binding the two companies. These agreements, which are regulated agreements in the meaning attributed to this term by Articles L 225-38 and L 225-86 of the French *Code de commerce* (previously Articles 101 and 143 of Law No. 66-537 of July 24, 1966), cover all lending activities carried out in the enterprise.

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

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

Seven agreements have been entered into by Crédit Foncier and Compagnie de Financement Foncier, namely:

- A master agreement, setting forth the general principles;
- An agreement for the sale of loans;
- An agreement for the servicing and recovery of loans;
- An agreement governing financial services;
- An administrative and accounting management agreement;
- An agreement concerning audit and control services and;
- An agreement concerning remuneration of the services.

As a result, with the exception of Directors and Officers, Compagnie de Financement Foncier does not have any employees.

### **Breakdown of assets acquired by Compagnie de Financement Foncier**

In 2005, Compagnie de Financement Foncier's business grew significantly, firstly through its efforts to diversify and optimise the refinancing of Group entities, and secondly through an intensification of the international development strategy.

In France, Compagnie de Financement Foncier offered Groupe Caisse d'Épargne entities access to AAA financing conditions by acquiring €2 billion in French local authority loans. Compagnie de Financement Foncier was thus able to provide the group with financing under the best possible conditions.

In the international arena, the rise in the number of loans to the foreign public sector was confirmed by the production of €2.7 billion financed by Compagnie de Financement Foncier, in Italy (33 per cent.), North America (16 per cent.), Germany (16 per cent.) and Switzerland (14 per cent.).

Moreover, acquisitions of loans to private individuals outside France continued to rise with €4.3 billion in AAA-rated senior securitisation units. These portfolios mainly concern loans in Spain, Italy, the Netherlands and Portugal. Compagnie de Financement Foncier thus financed new international assets worth approximately €7 billion.

Total production stands at €13.5 billion for 2005, including €5 billion in Crédit Foncier refinancing and €7 billion in loans abroad thus confirming the internationalisation of Compagnie de Financement Foncier.

On 10 March 2006, the Banque Populaire Group and the Caisses d'Epargne Group began exclusive negotiations with the view of a merger of their investment banking activities. On 13 April 2006, the Banque Populaire Group and the Caisses d'Epargne Group announced that Crédit Foncier will not be included in the perimeter of this transaction.

# FINANCIAL STATEMENTS AS AT 31 DECEMBER 2005

## BALANCE SHEET

(in thousands of euros)

As per notes	ASSETS	31 December 2005	31 December 2004	31 December 2003
	Cash due from central banks and post office accounts	2,363	6,684	140,251
1	Treasury notes and similar securities			161,860
2	Due from banks	4,581,545	8,857,377	7,437,379
	<i>On demand</i>	269,460	594,546	629,852
	<i>At maturity</i>	4,312,085	8,262,831	6,807,527
3	Customer loans	23,032,980	20,533,958	20,484,770
	<i>Other customer loans</i>	23,032,980	20,533,958	20,484,770
4	Bonds and other fixed income securities	27,646,424	17,119,338	11,994,182
5	Intangible fixed assets	21,540	31,144	43,492
6	Other assets	168,528	212,296	206,107
7	Prepayments, deferred charges and accrued income	1,950,224	2,434,008	2,058,202
	<b>TOTAL ASSETS</b>	<b>57,403,604</b>	<b>49,194,805</b>	<b>42,526,243</b>

(in thousands of euros)

As per notes	LIABILITIES AND EQUITY	31 December 2005	31 December 2004	31 December 2003
8	Due to banks	1,282,971	1,468,162	2,119,344
	<i>On demand</i>	10,874	18,284	26,095
	<i>At maturity</i>	1,272,097	1,449,878	2,093,249
9	Customer loans	29,914	307,323	150,064
	<i>On demand</i>	29,914	307,323	150,064
10	Debt securities	50,041,539	41,358,710	34,536,839
	<i>Inter-bank market securities and negotiable debt securities</i>	294,986	270,888	297,266
	<i>Bonds (obligations foncières)</i>	49,746,553	41,087,822	34,239,573
11	Other liabilities	1,069,712	467,551	553,703
12	Accrual and deferred income	2,260,244	2,959,086	2,589,371
13	Provisions for liabilities and charges	11,134	6,588	9,930
14	Subordinated debt	2,250,491	2,250,465	2,250,439
15	Fund for general banking risk	20,000	20,000	20,000
15	Equity other than fund for general banking risks	437,599	356,920	296,553
	<i>Subscribed capital stock</i>	110,000	100,000	100,000
	<i>Share premiums</i>	144,223	118,536	118,536
	<i>Reserves</i>	66,517	65,517	46,303
	<i>Regulated provisions and investments subsidies</i>			
	<i>Retained earnings (+/-)</i>	30,923		
	<i>Net income for the year (+/-)</i>	85,936	72,867	31,714
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>57,403,604</b>	<b>49,194,805</b>	<b>42,526,243</b>

## OFF-BALANCE SHEET

(in thousands of euros)

As per notes	OFF-BALANCE SHEET	12/31/2005	12/31/2004	12/31/2003
	<b>Commitments given</b>			
16	Financing commitments			
	- Commitments in favour of banks			
	- Commitments in favour of customers	614,870	293,803	332,011
	Guarantee commitments			
	- Commitments for customers			
17	<b>Commitments received</b>			
	Financing commitments			
	- Commitments received from banks	1,303,249	1,306,445	2,134,642
	Guarantee commitments			
	- Commitments received from banks	4,159,981	3,449,718	319,966
	- Commitments received from customers	16,530,429	16,894,787	16,842,639
	<b>Reciprocal commitments</b>			
18	- Sale and purchase of foreign currencies	23,889,538	15,281,596	11,788,963
19	- Non-unwound financial instruments	72,729,810	64,175,547	44,442,826

# INCOME STATEMENT

(in thousands of euros)

As per notes		12/31/2005	12/31/2004	12/31/2003
20	Interest and similar income	2,506,342	2,332,226	2,234,283
21	Interest and similar expenses	-2,296,626	-2,105,932	-2,031,635
22	Commission and fee income	35,291	32,389	28,366
22	Commission and fee expenses	-14,081	-16,654	-15,793
23	Gains or losses on investment securities transactions	845	-228	-212
24	Gains or losses on investment securities transactions and similar instruments	9,413	1,155	4,165
25	Other income from banking operations	35,710	23,887	37,367
26	Other expenses on banking operations	-27,103	-35,760	-48,417
	<b>NET BANKING INCOME</b>	<b>249,791</b>	<b>231,083</b>	<b>208,124</b>
27	General operating expenses	-94,565	-107,050	-114,971
	Depreciation, amortisation and provisions on tangible and intangible fixed assets	-9,604	-12,348	-13,416
	<b>GROSS OPERATING INCOME</b>	<b>145,622</b>	<b>111,685</b>	<b>79,737</b>
28	Cost of risk	-1,034	1,983	4,000
	<b>OPERATING INCOME</b>	<b>144,588</b>	<b>113,668</b>	<b>83,737</b>
	Gains or losses on fixed assets		-134	27
	<b>ORDINARY INCOME BEFORE TAX</b>	<b>144,588</b>	<b>113,534</b>	<b>83,764</b>
	Exceptional items			
	Income taxes	-58,652	-40,667	-32,051
29	Increases and decreases in fund for general banking risks and provisions			-19,999
	<b>NET INCOME</b>	<b>85,936</b>	<b>72,867</b>	<b>31,714</b>
	<i>Earnings per share (1)</i>	<i>12.50</i>	<i>11.66</i>	<i>5.07</i>
	<i>Diluted earnings per share</i>	<i>12.50</i>	<i>11.66</i>	<i>5.07</i>

(1) Earnings per share is calculated by dividing the net income by the number of shares in issue at the balance sheet date

The notes set out in the following pages form an integral part of the Company's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 OF COMPAGNIE DE FINANCEMENT FONCIER

### I - Major Events of the Fiscal Year

**I-1** In 2005, Compagnie de Financement Foncier acquired loans from Crédit Foncier totalling €2,485 M (including €2,415 M in outstanding principal), in addition to the €421 M of loans not yet released, which are recorded as "Financing commitments given". The company also acquired loans to local authorities from Caisses d'Epargne for €1,851 M; the outstanding principal on these loans amounted to €1,789 M and financing authorisations to €171 M.

Compagnie de Financement Foncier also acquired shares in FCC Antilope II (€1,647 M), shares in external securitisation (€4,865 M), long-term bonds from public authorities (€1,501 M) and granted €532 M in loans to public authorities.

The total value of these acquisitions for fiscal 2005 amounted to €12,749 M.

Compagnie de Financement Foncier increased its replacement assets by 1650 M€.

**I-2** Compagnie de Financement Foncier issued *obligations foncières* for a total amount of €13,146 M during fiscal 2005.

**I-3** The company sold investment securities with a net book value of €174.2 M, out of a portfolio of investment securities of €5,857 M at the end of 2005. This transaction generated a net book gain of €9.4 M, recorded in the income statement under the heading "GAINS OR LOSSES ON INVESTMENT SECURITIES TRANSACTIONS AND SIMILAR INSTRUMENTS". It is partially compensated by a swap compensation receipt of €-4.4 M, recorded as "INTEREST AND SIMILAR INCOME".

**I-4** In late 2005, the French Ministry of the Economy and Finance terminated the FGAS guarantee system. This decision does not call into question the guarantee obtained on social access loans (*Prêts à l'accession sociale*) or on interest free loans (*prêts à taux zéro*). According to the agreement with financial institutions, the French government will ensure that all the commitments subscribed by FGAS for social access loans and interest-free loans are fulfilled.

This event had a positive impact of €9.7 M on the earnings of Compagnie de Financement Foncier. The company paid flat-rate commissions to be amortised on PAS loans and recorded a non-recurrent cost of €12.6 M, shown under "OTHER EXPENSES ON BANKING OPERATIONS ". In consideration, it received an exceptional payment of €22.3 M, related to the repayment by FGAS of the flat and periodic contributions of loans for previous generations. This income appears on the balance sheet under "OTHER INCOME FROM BANKING OPERATIONS".

### II – Presentation of Financial Statements and Accounting Policies

Compagnie de Financement Foncier was authorised to operate as a *société de crédit foncier* by the savings and financial security act passed in France on June 25, 1999. It is therefore regulated by articles L.515-13 to L.515-33 of the French *Code monétaire et financier* (the "Code").

*Sociétés de crédit foncier* are credit institutions accredited as financial companies by the French Credit Institutions and Investment Companies Committee ("CECEI"). For this reason, they are subject to the following accounting regulations:

- Regulation no. 99-04 and 2000-03 of the French National Accounting Committee ("CRC"), concerning the preparation and disclosure of annual corporate accounts of credit institutions,

- Regulation no. 99-10 of the French Banking Regulation Committee ("CRBF"), which relates only to *sociétés de crédit foncier* and refers to:
  - the valuation of buildings financed by eligible loans recorded as assets of *sociétés de crédit foncier*,
  - the valuation of the assets and liabilities of such companies,
  - their specific management policies.

Since Crédit Foncier joined the Caisses d'Epargne group in 1999, Compagnie de Financement Foncier, affiliated to CNCE, the central body of the CE Group, has applied the accounting standards of this group.

## **II - 1 Changes in accounting methods**

Compagnie de Financement Foncier applies the Regulations of the Accounting Regulations Committee no. 2002-03, regarding the accounting treatment of credit risk, and calculates, in discounted values the provisions covering expected losses on doubtful loans and compromised doubtful loans. This regulatory change resulted in a €5.3 M reduction in shareholders' equity at the start of fiscal 2005.

Compagnie de Financement Foncier chose not to apply prematurely the CRC regulation no. 2005-03, relating to the accounting treatment of credit risk and CRC no. 2005-01 relating to securities transactions.

## **II - 2 Recording of loans**

Loans granted appear on the assets side of the balance sheet for the portion actually paid, once the implementation procedures have been applied. Amounts not yet paid are recognised as off-balance sheet items under FINANCING COMMITMENTS GIVEN.

Compagnie de Financement Foncier acquires loans at market value. The goodwill is then calculated by comparing this value to the net book value of the loans, known as a premium or discount depending on whether it is positive or negative and is booked in a sub-account of the customer loan account.

Premiums and discounts on acquisitions made up to December 31, 2005 are then transferred to income for the fiscal year on an actuarial basis over the term remaining to maturity of the loans acquired.

The amount of outstanding loan instalments appears under assets in each loan receivable heading, unless they are deemed to be doubtful, in which case they are included in doubtful loans.

Interest accrued on loans is entered in the relevant customer loan account with a corresponding entry in the income statement.

Early repayment fees are recognised in full in the income statement for the fiscal year in which the transaction was booked.

Doubtful loans consist of all loans due from debtors of which at least one commitment presents a known credit risk.

A risk is considered as known as soon as it is probable that the institution will not receive all or part of the amounts due from the counterparty, notwithstanding the existence of guarantees or securities. Loans are classified as doubtful especially when one or several amounts are more than three months overdue (nine months for loans granted to local communities).

The January 2005 migration of the majority of private individuals' customer loans to the common software system of the Caisse d'Epargne Group led to a revision in the rules for reclassifying performing loans as doubtful loans. In this system, any amount unpaid for at least 3 months requires that the private individual's entire debt be reclassified as doubtful debt, from the first euro. This approach, different from the method applied by traditional management systems in the Crédit Foncier Group, which retains the

rule of 3 months arrears, and applies these arrears if the amount is superior to € 150 increased the amount of doubtful loans by about €72.8 M in 2005.

In accordance with CNC recommendation no. 2005-07 dated June 21 2005, amending CRC Regulation no. 2002-03, as of 2005 compromised doubtful loans will not be included in loans benefiting from a guarantee covering nearly all risks, or €355 M at the end of 2005. This applies in particular to loans in the subsidised sector and PAS loans guaranteed by the State.

Some doubtful loans are further classified as compromised doubtful loans when there is no foreseeable hope of reclassifying them as performing loans in the future. They include, in particular:

- a) Loans with overdue payment dates.
- b) Loans considered doubtful for over a year, unless an examination of guarantees suggests that the loan will be fully repaid.

Unrecoverable loans are written off and the corresponding bad debt provisions are reversed.

Doubtful loans are reclassified as performing loans when the repayments are resumed on a regular basis, in the amounts corresponding to the original contractual instalments.

Loans that are restructured under non-market terms are identified in a specific sub-category until their final maturity. They are subject to a discount that represents the present value of the future interest difference. This discount is recorded in the income statement under cost of risk and in the balance sheet as a deduction from the corresponding performing loan. It is transferred to the income statement in the interest margin based on an actuarial method over the term of the loan (see note 3 b regarding loans, note 20 on interest and similar income and note 28 on cost of risk).

For the presentation of note 3 b, the loans are analysed according to the same method used within the Cr dit Foncier Group for its internal management requirements especially in the commercial, financial and risk areas.

Since 2003, in accordance with the standards of the Caisses d'Epargne Group, Compagnie de Financement Foncier has recognised guarantees that are explicitly or implicitly attached to certain types of customer loans recorded on the balance sheet, considering their material nature, such as mortgage values or counter-guarantees received from SGFGAS and taken over by the French government, or from KFW, a AAA-rated Germany public entity (see note 17 on Commitments received). They are periodically revalued. The book value of all the guarantees taken on a same loan is limited to the outstanding portion of that loan.

## **II - 3 Provisions for Loan Risks**

### **II.3.1 Provisions for known risks**

Provisions for known risks cover all potential risks calculated as the difference between the principal outstanding and the recoverable amounts. The risk is calculated for each individual loan taking into account the present value of the guarantees received.

For loans to the subsidised sector and those guaranteed by SGFGAS, the portion of the risk assumed by the French government is also taken into account.

Since loans transferred or sold to Compagnie de Financement Foncier are recorded in the balance sheet at acquisition cost, the provision is calculated with respect to that cost.

Interest on doubtful loans is booked as income from banking operations and provisions are set aside for the full amount (excluding loans to the subsidised sector or guaranteed by SGFGAS). Interest on compromised doubtful loans no longer appears in the income statement, pursuant to CRC no. 2002-03.



Increases and decreases to loan provisions as well as charges covered by this provision appear in the income statement under items related to cost of risk for the principal portion of the loans. Interest paid on these loans is reported under "Interest and similar income".

### **II.3.2 Provisions for counterparty risks**

For a more economic calculation of counterparty risks, and while waiting for a modification of the CRC related to the accounting method for credit risk which will concern portfolio-based provisions, a provision is recorded on performing balance sheet and off-balance sheet commitments. This provision is calculated by applying different coefficients according to the counterpart rating and the remaining maturity of the loans, and is weighted according to recovery assumptions in case of default.

The provision covers potential risks on performing loans to professional real estate, credit institutions and public sector authorities.

Total provisions for counterparty risks on credit institutions and customers were €4.1 M at year-end 2004. Provisions at the end of 2005 were €4.3 M.

Moreover, Crédit Foncier transferred to Compagnie de Financement Foncier the dynamic provision on the Neiertz risks for a total of €5.3 M.

These provisions for counterparty risks totalled €9.6 M at the end of 2005.

These provisions are recorded as Liabilities and any increases or reversals of the provisions appear under the "COST OF RISK" heading.

## **II - 4 Foreign Exchange Transactions**

Balance sheet and off-balance sheet transactions are translated into euros at the end of each month at the prevailing exchange rate of the currency in which the transactions are denominated. Corresponding gains or expenses are immediately converted into euros at the exchange rate effective on the day they are recorded in the income statement.

Realised and unrealised foreign exchange gains and losses on proprietary transactions of Compagnie de Financement Foncier are booked as foreign exchange income under GAINS OR LOSSES ON TRADING SECURITIES TRANSACTIONS.

To date, Compagnie de Financement Foncier has not conducted any transaction in "non liquid" currencies.

## **II - 5 Securities Transactions**

Compagnie de Financement Foncier does not hold any trading securities and does not conduct any securities repurchase transactions.

Moreover, as *sociétés de crédit foncier*, Compagnie de Financement Foncier cannot hold equity investments, even as a minority interest. It holds only one share in SGFGAS, which enables it to acquire loans guaranteed by the French government, by virtue of SGFGAS. This investment is controlled by legislative authority.

## **II.5.1 Securities Portfolio (Short-term and Long-term investment securities)**

### **c) Short-term investment securities**

Short-term investment securities are securities acquired with the intention of holding them for six months or more, without the bank being obliged to hold them until maturity, if they are fixed-income securities.

Short-term investment securities are entered in the balance sheet at their acquisition cost net of expenses. If these are interest-bearing securities, the accrued interest at acquisition is included in the acquisition cost.

Premiums and discounts on short-term investment securities correspond to the difference, if any, between the acquisition cost and the redemption value of fixed-income securities. They are amortised over their remaining term to maturity based on a straight line method for fixed-income securities and on the actuarial method for Treasury bills, other negotiable debt securities and interbank market instruments.

Interest accrued on fixed-income securities are recorded in related receivables as a double entry of the income statement item of "INTEREST AND SIMILAR INCOME".

Short-term investment securities are valued at the lower of acquisition cost and probable market value. Unrealised losses are recognised by means of provisions, while unrealised gains are not recognised. Where applicable, the provision takes into account income or losses on hedging instruments.

Gains from sales and increases and reversals of provisions appear under the heading "GAINS OR LOSSES ON SHORT-TERM INVESTMENT SECURITIES AND SIMILAR INSTRUMENTS".

However, in case of a known credit risk on fixed income securities, a provision for doubtful loans is booked, which appears on the income statement under "COST OF RISK".

### **b) Long-term investment securities**

Long-term investment securities are fixed-income securities with a fixed redemption price, acquired with the intention of holding them long-term, in principle until maturity. The securities must be specifically hedged by duration or by rate.

Securities which meet the required criteria, but which were initially included in short-term securities, are also included in the long-term investment portfolio if the specific hedge conditions with respect to their term or their rate had not yet been met at the time of their acquisition.

Long-term investment securities are booked on the date of their acquisition based on the same rules as short-term investment securities. A contingency provision may be booked against them if there is a strong probability that the bank will not keep the securities until maturity due to new developments or in case of risk of default by the issuer.

In accordance with regulation 90-01 as amended of the CRBF, securities transferred from the short-term investment portfolio to the long-term investment portfolio are booked at their acquisition price; the provisions set aside at the beginning of the fiscal year are carried forward for the remaining term to maturity of the securities in question.

Premiums and discounts are amortised over the remaining term to maturity of the securities, according to the same methods as the ones used for short-term investment securities. Interest accrued on long-term investment securities are recorded according to the same rules as those applicable to short-term fixed income investment securities.

Any gain or loss on disposals and increases and reversals of provisions appear under the heading "GAINS OR LOSSES ON FIXED ASSETS".

In 2005, the A3 shares of the FCC Teddy - a fund created in 1998 from loans issued by Crédit Foncier and the Auxiliaire du Crédit Foncier and included in the scope of consolidation of Crédit Foncier - and the shares of FCC UCI were transferred from the short-term investment portfolio to the long-term investment portfolio, for a total of €226 M, because they now meet the hedging conditions in terms of rate and duration.

## **II - 6 Intangible Fixed Assets**

Compagnie de Financement Foncier recorded as an intangible asset the difference between the market value and the net book value of the items transferred in 1999 by Crédit Foncier pursuant to the law of June 25, 1999, which stood at a gross amount of €119.4 M.

This intangible asset is amortised in the accounts according to a predetermined schedule, using annual amortisation rates calculated in 1999 on the basis of the expected decrease in the volume of the assets contributed, until they are fully eliminated in 2009.

The amortisation booked in 2005 amounted to €9.6M.

## **II - 7 Interbank loans and bonds**

The outstanding principal from bonds and loans (borrowings) is booked under liabilities on the balance sheet for the gross amount. Bonds and loans in foreign currencies are translated into euros at the exchange rate prevailing at year-end.

Issuing expenses, less any “premiums”, are first booked for their full amount under “COMMISSIONS AND FEES” in the years in which they are incurred. They are then amortised as follows:

- recorded on the assets side of the balance sheet in accruals under “DEFERRED EXPENSES” as a double entry to the expense transfer account which appears under “COMMISSIONS AND FEES – INCOME”;
- amortisation of the asset account over the term to maturity of the relevant loans, recorded as “OTHER EXPENSES FROM BANKING OPERATIONS.”

Issue and redemption premiums are amortised over the term of the loans to which they relate. They are booked as deferred charges in assets under “DEFERRED EXPENSES.” They are amortised with the double entry being booked as “INTEREST AND SIMILAR EXPENSES ON BONDS AND OTHER FIXED-INCOME SECURITIES.”

## **II - 8 Forward Financial Instruments**

Compagnie de Financement Foncier does not hold any option contract or firm forward contract on regulated markets.

### **II.8.1 Interest Rate and Foreign Exchange Swaps and Forward Rate Agreements (FRA)**

Interest rate swaps and foreign exchange swaps include isolated open positions, micro-hedging and macro-hedging contracts.

All the foregoing are considered as over-the-counter transactions. They are recorded based on the following principles:

- the commitments related to these transactions are posted in the off-balance sheet statements for the nominal value of unsettled contracts;

- expenses and income relating to micro-hedging operations are posted in the income statement symmetrically to the hedged item;
- expenses and income relating to macro-hedging operations are posted in the income statement on a proportional basis; estimated unrealised gains and losses compared to market value are not recognised.
- swap compensation receipts represent the market value, at the date of the transaction. The compensation receipts paid or received are amortised using the straight line method over the remaining term, for as long as the underlying agreement is maintained.

Until November 2005, Compagnie de Financement Foncier classified in micro-hedging all derivative instruments (swaps and rate caps) set up for hedging, when the loan portfolio was acquired. Originally this classification was chosen due to the regulations applicable to *sociétés de crédit foncier*. Amendments made to regulations caused the company to classify new transactions as macro-hedging and to analyse whether it should reclassify earlier transactions as macro-hedging, in accordance with its economic management of interest-rate risks. This reclassification would not impact the company's results.

At 31 December 2005, Compagnie de Financement Foncier did not have any unmatched open position.

### **II.8.2 Caps and floors market rate contracts**

Caps and floors rate contracts are handled over-the-counter and classified as isolated open positions and micro-hedging. These transactions are similar to a series of options and their accounting treatment is the same.

#### **Micro-hedging transactions:**

- 1) Premiums are booked in accruals and amortised over the remaining term of the hedged item.
- 2) Interest rate differentials, paid or received at each payment date, constitute realised gains or losses; they are recognised under the same conditions as the gains and losses generated when an option is unwound, symmetrically to the hedged item.

At December 31 2005, Compagnie de Financement Foncier did not have any rate cap or floor contract as an isolated open position.

## **II – 9 Provisions for liabilities and expenses**

This position covers provisions for liabilities and expenses not directly related to banking transactions as defined by Article L.311-1 of the Code and related transactions defined under Article L.311-2 of the Code. Their purpose is clearly identified whenever their amount or maturity is uncertain.

It also covers provisions for liabilities and expenses related to banking transactions as defined by Article L.311-1 of the Code and related transactions defined under Article L.311-2 of the Code, which are likely to occur in view of events that have occurred or are occurring. Their purpose is clearly identified whenever their amount or maturity is uncertain. They mainly comprise provisions for counterparty risks (see paragraph II 2-2).

They are presented in detail in note 13.

## **II – 10 Income Taxes**

Since 1 January 2005, Compagnie de Financement Foncier is included in the tax integration scope for which CNCE is the "lead company in the group". In this respect, in accordance with the tax consolidation

agreement, Compagnie de Financement Foncier will pay to CNCE as a contribution towards the income taxes due for the tax group, a sum equal to the tax that it would have incurred on its profits if it had been assessed independently.

In 2005, Compagnie de Financement Foncier reported a taxable income which resulted in the booking in the income statement of an income tax charge at the full rate of €48.7 M. Moreover, following a tax audit for the years from 2000 to 2004, the company recorded an additional income tax expense of €9.9 M. This adjustment mainly corresponds to the fiscal restatement of the accrued interest in FCC shares, applied by the companies in the Crédit Foncier group, but it is disputed by Compagnie de Financement Foncier.

**Note 1: Treasury notes and similar securities (1) (2)***(in thousands of euros)*

	2005			2004	2003
	GROSS	PROVISIONS	NET		
- Trading securities					
- Short-term investment securities					
- Long-term investment securities					159,237
-Related receivables					2,623
<b>TOTAL</b>					<b>161,860</b>

(1) This account only includes treasury notes. Other securities issued by the State or guaranteed by the State are recorded under bonds and other fixed income securities.

(2) The portfolio in existence at December 31, 2003 matured in July 2004. Since then, Compagnie de Financement Foncier no longer holds any treasury notes.

**NOTE 1 a: PREMIUMS/DISCOUNTS***(in thousands of euros)*

	2005			2004			2003		
	GROSS AMOUNT	REDEMPTION VALUE	DIFFERENCE +/-	GROSS AMOUNT	REDEMPTION VALUE	DIFFERENCE +/-	GROSS AMOUNT	REDEMPTION VALUE	DIFFERENCE +/-
- Short-term Investment securities									
- Long-term investment securities							159,237	160,000	763

## NOTE 2 : DUE FROM BANKS

(in thousands of euros)

	Performing loans			Doubtful loans			Provisions			Net amounts		
	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003
<b><u>NON-GROUP LOANS</u></b>												
<u>On demand</u>												
Customer accounts	3,337	1,442	3,113							3,337	1,442	3,113
Loans and accounts	209,000	250,000	453,000							209,000	250,000	453,000
Related receivables	27	16	38							27	16	38
Non-allocated securities		15	170								15	170
<b>Sub-total</b>	<b>212,364</b>	<b>251,473</b>	<b>456,321</b>							<b>212,364</b>	<b>251,473</b>	<b>456,321</b>
<u>At maturity</u>												
Loans and accounts	1,259,164	5,217,831	3,760,777	218	906	165				1,259,382	5,218,737	3,760,942
Related receivables	34,156	35,411	37,823							34,156	35,411	37,823
<b>Sub-total</b>	<b>1,293,320</b>	<b>5,253,242</b>	<b>3,798,600</b>	<b>218</b>	<b>906</b>	<b>165</b>				<b>1,293,538</b>	<b>5,254,148</b>	<b>3,798,765</b>
<b>Total non-group loans</b>	<b>1,505,684</b>	<b>5,504,715</b>	<b>4,254,921</b>	<b>218</b>	<b>906</b>	<b>165</b>				<b>1,505,902</b>	<b>5,505,621</b>	<b>4,255,086</b>
<b><u>GROUP LOANS</u></b>												
On demand	57,096	343,073	173,531							57,096	343,073	173,531
At maturity	3,018,547	3,008,683	3,008,762							3,018,547	3,008,683	3,008,762
<b>Sub-total</b>	<b>3,075,643</b>	<b>3,351,756</b>	<b>3,182,293</b>							<b>3,075,643</b>	<b>3,351,756</b>	<b>3,182,293</b>
<b>Total Group loans</b>	<b>3,075,643</b>	<b>3,351,756</b>	<b>3,182,293</b>							<b>3,075,643</b>	<b>3,351,756</b>	<b>3,182,293</b>
<b>Grand total (1)</b>	<b>4,581,327</b>	<b>8,856,471</b>	<b>7,437,214</b>	<b>218</b>	<b>906</b>	<b>165</b>				<b>4,581,545</b>	<b>8,857,377</b>	<b>7,437,379</b>
(1) Of which subsidised sector	2,362	10,659	15,060	68	108	161						

**Note 2a: BREAKDOWN OF TERM LOANS TO BANKS**
*(in thousands of euros)*

	12/31/2005			12/31/2004	12/31/2003
	GROSS	PROVISIONS	NET		
<i>Term loans:</i>					
- Refinancing of subsidised residential property	2,362		2,362	10,659	15,060
- Refinancing of subsidised residential property	6,197		6,197	34,126	84,356
- Public authorities	1,283,721		1,283,721	5,208,480	3,698,079
- Structured financing			0		0
- Other loans to banks	3,019,587		3,019,587	3,008,660	3,009,867
- Doubtful term loans	218		218	906	165
<b>TOTAL</b>	<b>4,312,085</b>	<b>0</b>	<b>4,312,085</b>	<b>8,262,831</b>	<b>6,807,527</b>



### NOTE 3 : CUSTOMER LOANS

(in thousands of euros)

	Performing loans			Doubtful loans			Provisions			Net amounts		
	2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003
<b>Customer loans</b>												
Commercial loans												
Export credits												
Short-term loans												
Equipment loans	4,330,369	1,601,949	1,649,512	10,906	11,327	11,897	2,970	2,727	3,027	4,338,305	1,610,549	1,658,382
Residential property loans	17,910,060	18,196,120	17,998,697	633,199	600,631	677,778	22,055	30,076	27,220	18,521,204	18,766,675	18,649,255
Other customer loans	16,784	18,030	25,388	1,377	1,585	1,942	631	930	1,009	17,530	18,685	26,321
Loans to financial customers												
Non-allocated securities	355	285	304							355	285	304
Subordinated loans												
Related receivables	151,948	133,686	145,264	3,638	4,078	5,244				155,586	137,764	150,508
Non-allocated securities												
<b>Sub-total</b>	<b>22,409,516</b>	<b>19,950,070</b>	<b>19,819,165</b>	<b>649,120</b>	<b>617,621</b>	<b>696,861</b>	<b>25,656</b>	<b>33,733</b>	<b>31,256</b>	<b>23,032,980</b>	<b>20,533,958</b>	<b>20,484,770</b>
<b>Customer accounts:</b>												
Customer accounts												
Related receivables												
<b>Sub-total</b>												
<b>Total loans</b>	<b>22,409,516</b>	<b>19,950,070</b>	<b>19,819,165</b>	<b>649,120</b>	<b>617,621</b>	<b>696,861</b>	<b>25,656</b>	<b>33,733</b>	<b>31,256</b>	<b>23,032,980</b>	<b>20,533,958</b>	<b>20,484,770</b>
<b>Grand total (1)</b>	<b>22,409,516</b>	<b>19,950,070</b>	<b>19,819,165</b>	<b>649,120</b>	<b>617,621</b>	<b>696,861</b>	<b>25,656</b>	<b>33,733</b>	<b>31,256</b>	<b>23,032,980</b>	<b>20,533,958</b>	<b>20,484,770</b>
(1) - of which subsidised sector 2)	3,071,459	4,092,119	5,318,567	346,447	374,414	440,363	3,896	4,359	4,531	3,414,010	4,462,174	5,754,399
- of which unsubsidised sector 2)	19,338,057	15,857,951	14,500,598	302,673	243,207	256,498	21,760	29,374	26,725	19,618,970	16,071,784	14,730,371

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

2) The amount of doubtful loans increased in 2005, due to the rules for declassifying receivables from private individuals applied within the Caisse d'Epargne Group. (see appendix II§2)

The impact of these new rules is valued at €72.8 million, of which €18 million for the subsidised sector and €54.8 million for the competitive sector.

### Note 3 a A: Provisions for counterparty risks

(in thousands of euros)

	12/31/03	Increases	Reversals	12/31/04	Increases	Reversals	Misc. transactions	12/31/05
<b><u>Provisions recorded as a deduction from assets</u></b>								
Customer loans and due from banks 1)	31,256	26,926	-24,449	33,733	28,545	-41,879	5,257	25,656
<b><u>Provisions recorded in liabilities</u></b>								
Customer loans and due from banks and from securities	4,131	664	-694	4,101	6,048	-555		9,594
<b>Total</b>	<b>35,387</b>	<b>27,590</b>	<b>-25,143</b>	<b>37,834</b>	<b>34,593</b>	<b>-42,434</b>	<b>5,257</b>	<b>35,250</b>

1) Provisions for depreciation of loans are booked at their discount value, as per CRB 2002-03. This change in the regulations resulted in a € 5,257 K reduction in shareholders' equity on January 1, 2005.

### Note 3 a B: Premium discounts on acquired loans

(in thousands of euros)

	12/31/03	New entries	Amortisation	12/31/04	New entries	Amortisation	12/31/05
<b><u>Due from banks</u></b>							
Premiums	203,617		-16,414	187,203		-16,725	170,478
Discounts							
<b>NET</b>	<b>203,617</b>		<b>-16,414</b>	<b>187,203</b>		<b>-16,725</b>	<b>170,478</b>
<b><u>Customer loans</u></b>							
Premiums	182,134	85,915	-26,424	241,625	102,496	-36,466	307,655
Discounts	-53,334	-5,586	8,950	-49,970	-11,209	7,369	-53,810
<b>NET</b>	<b>128,800</b>	<b>80,329</b>	<b>-17,474</b>	<b>191,655</b>	<b>91,287</b>	<b>-29,097</b>	<b>253,845</b>
<b>Total</b>	<b>332,417</b>	<b>80,329</b>	<b>-33,888</b>	<b>378,858</b>	<b>91,287</b>	<b>-45,822</b>	<b>424,323</b>

**Note 3 b: Breakdown of customer loans (2)**
*(in thousands of euros)*

	12/31/2005			12/31/2004	12/31/2003
	GROSS	PROVISIONS	NET		
<b>Loans to households:</b>	<b>14,398,004</b>		<b>14,398,004</b>	<b>15,009,817</b>	<b>14,865,193</b>
- Individuals	<b>13,724,346</b>		<b>13,724,346</b>	<b>14,307,087</b>	<b>14,134,237</b>
. Subsidised residential property	2,270,909		2,270,909	3,111,411	4,161,400
. Unsubsidised residential property	11,451,254		11,451,254	11,193,092	9,969,216
. Other	2,183		2,183	2,584	3,621
- Individual entrepreneurs	<b>673,658</b>		<b>673,658</b>	<b>702,730</b>	<b>730,956</b>
. Subsidised residential property	128,300		128,300	165,836	219,031
. Unsubsidised residential property	544,747		544,747	535,640	509,918
. Other	611		611	1,254	2,007
<b>Loans to companies:</b>					
-Regional public sector (local communities)	<b>4,792,398</b>		<b>4,792,398</b>	<b>2,112,286</b>	<b>2,171,179</b>
- Social organisations	<b>3,023,986</b>		<b>3,023,986</b>	<b>2,588,762</b>	<b>2,498,582</b>
. Subsidised residential property	440,905		440,905	543,167	610,081
. Unsubsidised residential property	2,383,864		2,383,864	2,028,852	1,855,944
. Other	199,217		199,217	16,743	32,557
- Real estate professionals					
. Unsubsidised residential property					
. Other					
- Real estate investors	<b>150,522</b>		<b>150,522</b>	<b>189,734</b>	<b>230,450</b>
. Subsidised residential property	32,306		32,306	42,168	52,742
. Unsubsidised residential property	110,004		110,004	133,880	160,331
. Other	8,212		8,212	13,686	17,377
- Structured financing	<b>10,144</b>		<b>10,144</b>	<b>15,162</b>	<b>17,511</b>
. Transportation	8,651		8,651	13,495	15,696
. Large projects	1,493		1,493	1,667	1,815
- Other	<b>34,461</b>		<b>34,461</b>	<b>34,309</b>	<b>36,250</b>
<b>Sub-total customer loans</b>	<b>22,409,515</b>		<b>22,409,515</b>	<b>19,950,070</b>	<b>19,819,165</b>
Doubtful loans	<b>649,120</b>	<b>25,656</b>	<b>623,464</b>	<b>583,888</b>	<b>665,605</b>
- Of which subsidised sector	346,447	3,896	342,551	370,055	435,832
- Of which unsubsidised sector	302,673	21,760	280,913	213,833	229,773
<b>Total customer loans (1)</b>	<b>23,058,635</b>	<b>25,656</b>	<b>23,032,979</b>	<b>20,533,958</b>	<b>20,484,770</b>
(1) - of which subsidised sector	3,417,906	3,896	3,414,010	4,462,174	5,754,399
- of which unsubsidised sector	19,640,729	21,760	19,618,969	16,071,784	14,730,371

(2) The amount of restructured performing loans outside market conditions at Dec. 31, 2005 is € 4,158 K after deducting a discount of € 74 K.

### Note 3 c - Breakdown of doubtful loans

(in thousands of euros)

December 31, 2005	Total doubtful loans			of which compromised doubtful loans		
	GROSS	PROV.	NET	GROSS	PROV.	NET
<b>Loans to households:</b>	<b>418,589</b>	<b>14,087</b>	<b>404,502</b>	<b>31,656</b>	<b>7,213</b>	<b>24,443</b>
<b>Individuals</b>	<b>368,236</b>	<b>10,257</b>	<b>357,979</b>	<b>23,780</b>	<b>4,177</b>	<b>19,603</b>
- Subsidised residential property	123,756	1,365	122,391			
- Unsubsidised residential property	244,306	8,853	235,453	23,679	4,147	19,532
- Other	174	39	135	101	30	71
<b>Individual entrepreneurs</b>	<b>50,353</b>	<b>3,830</b>	<b>46,523</b>	<b>7,876</b>	<b>3,036</b>	<b>4,840</b>
- Subsidised residential property	21,954	165	21,789			
- Unsubsidised residential property	28,192	3,623	24,569	7,733	2,994	4,739
- Other	207	42	165	143	42	101
<b>Loans to companies:</b>						
-Regional public sector (local communities)	<b>5,358</b>	<b>486</b>	<b>4,872</b>	<b>506</b>	<b>306</b>	<b>200</b>
Social organisations	<b>33,747</b>	<b>2,522</b>	<b>31,225</b>	<b>2,430</b>	<b>2,274</b>	<b>156</b>
- Subsidised residential property	28,705	52	28,653			
- Unsubsidised residential property	2,687	255	2,432	97	59	38
- Other	2,355	2,215	140	2,333	2,215	118
Real estate professionals						
- Unsubsidised residential property						
- Other						
Real estate investors	<b>189,840</b>	<b>8,411</b>	<b>181,429</b>	<b>13,217</b>	<b>6,238</b>	<b>6,979</b>
- Subsidised residential property	169,027	2,133	166,894			
- Unsubsidised residential property	19,095	5,278	13,817	11,639	5,238	6,401
- Other	1,718	1,000	718	1,578	1,000	578
Structured financing						
- Transportation						
- Large projects						
Other	<b>1,586</b>	<b>150</b>	<b>1,436</b>	<b>462</b>	<b>130</b>	<b>332</b>
<b>Total (1)</b>	<b>649,120</b>	<b>25,656</b>	<b>623,464</b>	<b>48,271</b>	<b>16,161</b>	<b>32,110</b>
(1)- of which subsidised sector	346,447	3,896	342,551			
- of which competitive sector 2)	302,673	21,760	280,913	48,271	16,161	32,110

2) The amount of doubtful loans in the competitive sector includes €156.9 million in loans guaranteed by SGFGAS.

# NOTE 3 d – BREAKDOWN OF DOUBTFUL LOANS

(in thousands of euros)

December 31, 2004	Total doubtful loans			Of which compromised doubtful loans		
	GROSS AMOUNT	PROVISIONS	NET AMOUNT	GROSS AMOUNT	PROVISION	NET AMOUNT
<b>Loans to households:</b>	<b>366,388</b>	<b>10,078</b>	<b>356,310</b>	<b>131,692</b>	<b>7,330</b>	<b>124,362</b>
<b>Individuals</b>	<b>312,299</b>	<b>6,085</b>	<b>306,214</b>	<b>104,024</b>	<b>3,863</b>	<b>100,161</b>
- Subsidised residential property	131,313	145	131,168	72,751	145	72,606
- Unsubsidised residential property	180,645	5,891	174,754	31,128	3,677	27,451
- Other	341	49	292	145	41	104
<b>Individual entrepreneurs</b>	<b>54,089</b>	<b>3,993</b>	<b>50,096</b>	<b>27,668</b>	<b>3,467</b>	<b>24,201</b>
- Subsidised residential property	26,501		26,501	18,839		18,839
- Unsubsidised residential property	27,062	3,635	23,427	8,416	3,116	5,300
- Other	526	358	168	413	351	62
<b>Loans to companies:</b>						
<b>Regional public sector (local communities)</b>	<b>4,890</b>	<b>167</b>	<b>4,723</b>	<b>602</b>		<b>602</b>
Social organisations	37,131	2,266	34,865	27,723	2,253	25,470
- Subsidised residential property	34,347		34,347	25,289		25,289
- Unsubsidised residential property	358	8	350	57	5	52
- Other	2,426	2,258	168	2,377	2,248	129
<b>Real estate professionals</b>						
- Unsubsidised residential property						
- Other						
<b>Real estate investors</b>	<b>207,767</b>	<b>21,167</b>	<b>186,600</b>	<b>187,689</b>	<b>10,311</b>	<b>177,378</b>
- Subsidised residential property	180,272	4,214	176,058	175,874	4,214	171,660
- Unsubsidised residential property	25,487	15,987	9,500	10,310	5,227	5,083
- Other	2,008	966	1,042	1,505	870	635
<b>Structured financing</b>						
- Transportation						
- Large projects						
<b>Other</b>	<b>1,445</b>	<b>55</b>	<b>1,390</b>	<b>226</b>		<b>226</b>
<b>Total (1)</b>	<b>617,621</b>	<b>33,733</b>	<b>583,888</b>	<b>347,932</b>	<b>19,894</b>	<b>328,038</b>
(1) - of which subsidised sector	374,414	4,359	370,055	293,582	4,359	289,223
- of which unsubsidised residential sector	243,207	29,374	213,833	54,350	15,535	38,815

**NOTE 3 e – BREAKDOWN OF DOUBTFUL LOANS**
*(in thousands of euros)*

<b>Reminder</b> <b>December 31, 2003</b>	<b>Total doubtful loans</b>			<b>of which compromised doubtful loans</b>		
	<b>GROSS</b>	<b>PROV.</b>	<b>NET</b>	<b>GROSS</b>	<b>PROV.</b>	<b>NET</b>
<b>Loans to households:</b>	<b>404,631</b>	<b>10,329</b>	<b>394,302</b>	<b>120,815</b>	<b>6,662</b>	<b>114,153</b>
<b>Individuals</b>	<b>347,553</b>	<b>6,146</b>	<b>341,407</b>	<b>92,579</b>	<b>3,263</b>	<b>89,316</b>
- Subsidised residential property	188,218	153	188,065	74,250	133	74,117
- Unsubsidised residential property	158,583	5,866	152,717	18,051	3,033	15,018
- Other	752	127	625	278	97	181
<b>Individual entrepreneurs</b>	<b>57,078</b>	<b>4,183</b>	<b>52,895</b>	<b>28,236</b>	<b>3,399</b>	<b>24,837</b>
- Subsidised residential property	30,015		30,015	18,932		18,932
- Unsubsidised residential property	26,075	3,663	22,412	8,836	2,994	5,842
- Other	988	520	468	468	405	63
<b>Loans to companies:</b>						
-Regional public sector (local communities)	4,546	115	4,431	586		586
Social organisations	38,488	2,541	35,947	25,428	2,289	23,139
- Subsidised residential property	26,390	67	26,323	23,092	67	23,025
- Unsubsidised residential property	9,443	534	8,909	448	334	114
- Other	2,655	1,940	715	1,888	1,888	
Real estate professionals						
- Unsubsidised residential property						
- Other						
Real estate investors	248,756	18,268	230,488	217,947	17,062	200,885
- Subsidised residential property	194,551	4,233	190,318	187,880	4,199	183,681
- Unsubsidised residential property	52,291	13,169	39,122	28,646	12,078	16,568
- Other	1,914	866	1,048	1,421	785	636
Structured financing	72		72			
- Transportation	72		72			
- Large projects						
Other	368	3	365	150		150
<b>Total (1)</b>	<b>696,861</b>	<b>31,256</b>	<b>665,605</b>	<b>364,926</b>	<b>26,013</b>	<b>338,913</b>
(1) - of which subsidised sector	440,363	4,531	435,832	304,889	4,399	300,490
- of which unsubsidised sector	256,498	26,725	229,773	60,037	21,614	38,423

## NOTE 4: BONDS AND OTHER FIXED INCOME SECURITIES

(in thousands of euros)

	12/31/2005			12/31/2004	12/31/2003
	GROSS	PROVISIONS	NET		
<b>Bonds and other fixed income securities (1)</b>					
<u>Short-term investment securities</u>					
Listed securities	319,239		<b>319,239</b>	520,714	526,993
Unlisted securities	5,521,400		<b>5,521,400</b>	3,830,304	3,270,761
<u>Long-term investment securities (2)</u>					
Listed securities	15,319,530		<b>15,319,530</b>	9,905,407	7,202,648
Unlisted securities	6,349,320		<b>6,349,320</b>	2,768,136	911,903
<u>Related receivables</u>	136,935		<b>136,935</b>	94,777	81,877
<b>TOTAL (3)</b>	<b>27,646,424</b>		<b>27,646,424</b>	<b>17,119,338</b>	<b>11,994,182</b>

(1) Units of mutual receivables funds under this item represent €14,183,545 K (excluding related receivables).

(2) At December 31, 2005, underlying capital losses on long-term investment securities totalled €9,898 K on an overall portfolio of €21.8 billion (data made available pursuant to CRC regulation 2004-16 of November 23, 2004 on information to be provided following the transposition of European "Fair value" and "Modernisation" directives).

(3) There are no compromised doubtful loans within Bonds and other fixed income securities.

## NOTE 4 a: PREMIUMS/DISCOUNTS

(in thousands of euros)

As of December 31, 2005	Gross Amount	Redemption Value	Difference +/-
<b>Short-term investment securities(1)</b>			
Bonds	297,019	299,431	2,412
Other fixed income securities	5,543,619	5,543,505	-114
<b>Long-term investment securities</b>			
Bonds	4,303,843	4,299,365	-4,478
Other fixed income securities	17,365,007	17,364,569	-438

(1) of which unrealised capital gains when compared to the market price of €33,183 K

**NOTE 4 b: FINANCIAL FIXED ASSETS**

*(in thousands of euros)*

	Gross amount at 12/31/ 2003	Acquisitions	Disposals/ Repayments	Change in premiums/ discounts	Currency differences	Gross amount at 12/31/ 2004	Acquisitions	Disposals/ Repayments	Reclass.	Change in premiums/discounts	Currency differences	Gross amount at 12/31/2005
Long-term investment securities	8,114,551	5,571,130	-975,938	4,659	-40,859	12,673,543	18,075,279	-9,306,872	147,167	1,147	78,586	21,668,850
<b>Total</b>	<b>8,114,551</b>	<b>5,571,130</b>	<b>-975,938</b>	<b>4,659</b>	<b>-40,859</b>	<b>12,673,543</b>	<b>18,075,279</b>	<b>-9,306,872</b>	<b>147,167</b>	<b>1,147</b>	<b>78,586</b>	<b>21,668,850</b>
<b>Related receivables</b>	<b>60,252</b>					<b>78,293</b>						<b>120,598</b>
<b>Grand Total</b>	<b>8,174,803</b>	<b>5,571,130</b>	<b>-975,938</b>	<b>4,659</b>	<b>-40,859</b>	<b>12,751,836</b>	<b>18,075,279</b>	<b>-9,306,872</b>	<b>147,167</b>	<b>1,147</b>	<b>78,586</b>	<b>21,789,448</b>



## NOTE 5: TANGIBLE AND INTANGIBLE FIXED ASSETS

(in thousands of euros)

	Gross amount at 12/31/2004	Acquisitions in 2005	Disposals in 2005	Gross amount at 12/31/2005	Amortisation and provisions	Net amount at 12/31/2005	Net amount at 12/31/2004	Net amount at 12/31/2003
<b>Intangible fixed assets</b>								
Difference intangible/CFF equity contribution	119,408			119,408	97,872	21,536	31,140	43,488
Other intangible fixed assets	4			4		4	4	4
<b>Total</b>	<b>119,412</b>			<b>119,412</b>	<b>97,872</b>	<b>21,540</b>	<b>31,144</b>	<b>43,492</b>

## NOTE 5 a : AMORTISATION AND PROVISIONS ON TANGIBLE AND INTANGIBLE FIXED ASSETS

(in thousands of euros)

	Amount at 12/31/2003	Increases in 2004	Reversals in 2004	Amount at 12/31/2004	Increases in 2005	Reversals in 2005	Amount at 12/31/2005
Intangible fixed assets	75,920	12,348		88,268	9,604		97,872
<b>Total</b>	<b>75,920</b>	<b>12,348</b>		<b>88,268</b>	<b>9,604</b>		<b>97,872</b>

## NOTE 6: OTHER ASSETS

(in thousands of euros)

	12/31/2005	12/31/2004	12/31/2003
Conditional instruments purchased	32,774	42,659	59,307
Miscellaneous receivables	1,497	30,884	42,486
Special bonus account	134,257	138,753	104,314
<b>TOTAL</b>	<b>168,528</b>	<b>212,296</b>	<b>206,107</b>

## NOTE 7: PREPAYMENTS DEFERRED CHARGES AND ACCRUE INCOME

(in thousands of euros)

	12/31/2005	12/31/2004	12/31/2003
<b>Deferred charges (1)</b>			
Issue and redemption of premiums	170,238	128,590	103,146
Other deferred charges	42,473	57,200	61,850
(See note 7 a)			
<b>Foreign exchange differences (2)</b>			16,399
<b>Other prepayments, deferred charges and accrued income</b>			
Prepayments	153,646	111,609	74,184
Accrued income (3)	1,139,639	1,220,189	1,027,539
Other(4)	444,228	916,420	775,084
<b>TOTAL</b>	<b>1,950,224</b>	<b>2,434,008</b>	<b>2,058,202</b>

(1)Deferred charges consist of issue premiums on long-term loans and debt securities. See following table entitled "Deferred charges".

Other deferred charges correspond in 2003 and 2004 to the loan issue fees to be amortised over the remaining term to maturity of the bonds and loans and flat-rate commissions paid to the FGAS guarantee fund in respect of PAS loans which are being amortised over the remaining term to maturity of the loans. In 2005, they included only loan issue fees. The flat-rate commissions on the PAS, to be amortised over the remaining term, were paid following the termination of the FGAS guarantee.

(2)Foreign exchange differences are those arising on funding allocated to the subsidised sector which benefit from a State guarantee. They are included in the 2004 liabilities and equity for €1599 K and in 2005 liabilities and equity for €96 K (see note 12 item "Other" in "Liability adjustment accounts").

(3)Of which accrued income on swaps contracts for €1,131,744 K as of Dec. 31, 2005

(4)Of which borrower accounts €223,247 K as of Dec. 31 2005, compared to €285,378 K as of Dec. 31 2004 (see note 12)

### NOTE 7 a: DEFERRED CHARGES

(in thousands of euros)

	12/31/2005	12/31/2004	12/31/2003
<b>Issue and redemption of premiums</b>			
<b>Debt securities</b>			
Mortgage loans (obligations foncières)			
Subsidised sector	6,734	8,671	13,320
Other sectors	162,841	119,045	88,669
Negotiable debt securities (B.M.T.N.)	663	874	1,157
<b>Total issue and redemption of premiums</b>	<b>170,238</b>	<b>128,590</b>	<b>103,146</b>
<b>Other deferred charges</b>			
Loan and bond issuance costs	42,473	42,206	42,709
Flat-rate commissions on PAS loans 1)		14,994	19,141
<b>Total other deferred charges</b>	<b>42,473</b>	<b>57,200</b>	<b>61,850</b>
<b>Total deferred charges</b>	<b>212,711</b>	<b>185,790</b>	<b>164,996</b>

1) The flat-rate commissions on PAS loans to be amortised were paid in 2005, following the end of the FGAS guarantee.

**NOTE 8: DUE TO BANKS***(in thousands of euros)*

	12/31/2005	12/31/2004	12/31/2003
<b>DUE TO NON-GROUP BANKS</b>			
<u>On demand</u>			
Current accounts	1,277	806	441
Other amounts due	334	615	8,690
Related payables			13
<b>Sub-total</b>	<b>1,611</b>	<b>1,421</b>	<b>9,144</b>
<u>At maturity</u>			
At maturity (1) (2)	311,216	638,576	1,570,835
Related payables	8,138	12,889	36,685
<b>Sub-total</b>	<b>319,354</b>	<b>651,465</b>	<b>1,607,520</b>
<b>TOTAL DUE TO NON-GROUP BANKS</b>	<b>320,965</b>	<b>652,886</b>	<b>1,616,664</b>
<b>DUE TO GROUP BANKS</b>			
<u>On demand</u>	9,263	16,863	16,951
<u>At maturity</u>	952,743	798,413	485,729
<b>TOTAL DUE TO GROUP BANKS</b>	<b>962,006</b>	<b>815,276</b>	<b>502,680</b>
<b>Grand Total</b>	<b>1,282,971</b>	<b>1,468,162</b>	<b>2,119,344</b>
(1)- of which subsidised sector	141,259	388,574	1,304,562

2) The deposits received were classified as term loans in 2003 and 2004. There were reclassified in 2005 as Other liabilities ( Note 11 ).

**NOTE 9: CUSTOMER DEPOSITS***(in thousands of euros)*

	12/31/05	12/31/04	12/31/03
<b>Other liabilities</b>			
<b>Non-group</b>			
On demand			
Other amounts due to customers	29,914	307,323	150,064
<b>Total</b>	<b>29,914</b>	<b>307,323</b>	<b>150,064</b>

**NOTE 10 : DEBT SECURITIES***(in thousands of euros)*

	12/31/2005	12/31/2004	12/31/2003
Negotiable debt securities (1)	286,072	254,808	279,200
Mortgage Bonds ("obligations foncières") (2)	48,692,035	39,907,738	33,226,971
Related payables	1,063,432	1,196,164	1,030,668
<b>Grand Total</b>	<b>50,041,539</b>	<b>41,358,710</b>	<b>34,536,839</b>
(1) of which subsidised sector	41,923	134,435	135,960
(2) of which subsidised sector*	2,584,296	4,977,113	6,976,247

All of these debt securities benefit from a priority right of payment.

\* Borrowings from the subsidised sector include a total of 150 million pounds sterling explicitly guaranteed by the French State.

**Note 11 : Other liabilities***(in thousands of euros)*

	12/31/2005	12/31/2004	12/31/2003
Other payables	28,655	63,312	95,135
Related payables	1,734	119	175
Conditional instruments sold	435	583	749
Allocated public funds (1)	357,038	403,537	457,644
Deposits received (2)	681,850	-	-
<b>TOTAL</b>	<b>1,069,712</b>	<b>467,551</b>	<b>553,703</b>
(1) of which subsidised sector	293,814	340,313	394,420

2) The deposits received were reclassified as Other liabilities in 2005. Previously they appeared as bank term loans ( Note 8 ).

**NOTE 12: LIABILITY ADJUSTMENT ACCOUNTS***(in thousands of euros)*

	12/31/2005	12/31/2004	12/31/2003
Other liability adjustment accounts			
Prepaid FGAS subsidies	549,147	615,890	521,887
Other pre-payments	351,622	268,742	198,605
Accruals (1)	572,499	603,387	651,288
Adjustment accounts (2)	142,271	909,954	748,113
Other(3)	644,705	561,113	469,478
<b>Total</b>	<b>2,260,244</b>	<b>2,959,086</b>	<b>2,589,371</b>

(1) Of which accrued income on swaps contracts for €564,728 K at 12.31.2005

(2) This account is the double entry to assets and liabilities after recognition in the income statement of gains and losses arising on the valuation of off balance sheet transactions (see note 18).

(3) Of which borrower accounts of €42, 821 K at 12.31.2005 compared to €197,869 K at 12.31.2004 (see note 7)

# NOTE 13: PROVISIONS FOR LIABILITIES AND CHARGES

(in thousands of euros)

	12/31/2003	12/31/2004				12/31/2005			
	Balance	Increases	Reversals	Reversals	Balance	Increases	Reversals	Reversals	Balance
			used	not used			used	not used	
<b>Provisions for liabilities and charges on banking operations</b>									
Provisions for litigation	947			544	403	43	1	2	443
Provisions for tax litigation						275			275
Provisions for amortisation of loans									
- Subsidised sector	2,160		1,732		428			428	
- Unsubsidised sector	2,678		1,037		1,641			819	822
Provisions for losses on commitments	15				15			15	
Provisions for liabilities and charges on financial instruments									
<b>Provisions for liabilities and charges - cost of risk</b>									
Provisions for potential risks on non-doubtful loans (1)	4,130	664		693	4,101	6,048		555	9,594
<b>Total</b>	<b>9,930</b>	<b>664</b>	<b>2,769</b>	<b>1,237</b>	<b>6,588</b>	<b>6,366</b>	<b>1</b>	<b>1,819</b>	<b>11,134</b>

(1) see paragraph II.2.2 of the draft appendix

In 2005, increase of €5,276 K, for provision for Neiertz risks.

## NOTE 14 : SUBORDINATED DEBT

### 1) Amounts in financial statements (in thousands of euros)

Description	Amount at 12/31/05	Amount at 12/31/04	Amount at 12/31/03
Reimbursable subordinated instruments "TSR"	900,000	900,000	900,000
Subordinated participating loan	1,350,000	1,350,000	1,350,000
Related payables	491	465	439
<b>Total subordinated debt</b>	<b>2,250,491</b>	<b>2,250,465</b>	<b>2,250,439</b>

### 2) Detailed information concerning subordinated debt (in thousands of euros )

#### a) Financial characteristics

Description	Date of issue	Maturity date	Rate	Repayment terms	Amount at 12/31/2004
Reimbursable subordinated instruments "TSR"	12/30/2003	12/30/2043	Euribor 3 months+0.5%	At maturity	900,000
Subordinated participating loan from Crédit Foncier de France <i>rescheduled on June 28, 2002</i>	10/22/1999	10/21/2040	TAM + 2.5%	At maturity	1,350,000

#### 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 loan before maturity without penalty.

-On the reimbursable subordinated instruments "TSR"

The TSRs 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 TSRs 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 TSRs 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 [*Commission Bancaire*].

#### 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 euros. As a consequence, if net income before payment of the interest were to be lower than 10 million euros, 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 euros 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.

-On the reimbursable subordinated instruments "TSR"

Any interest not paid is carried over as unsecured debt.

# NOTE 15: CHANGE IN SHAREHOLDERS' EQUITY

(in thousands of euros)

	Opening balance 01/01/04	Allocations	Changes in capital and reserves		Balance at 12/31/04	Allocations	Changes in capital and reserves		Balance at 12/31/05
			Dividends paid in shares	Other change			Dividends paid in shares	Other change	
Capital stock (1)	100,000				100,000		10,000		110,000
Share premiums (1)	118,536				118,536		25,687		144,223
Reserves									
Legal reserve	10,000				10,000	1,000			11,000
General reserve	36,303	19,214			55,517				55,517
Regulated reserves									
of which									
<i>Regulated revaluation reserves</i>									
<i>Special long-term capital gains reserves</i>									
Retained earnings						36,180		-5,257	30,923
Net shareholders' equity before income for the year	264,839				284,053			-5,257	351,663
Income for the year before distribution	31,714				72,867				85,936
Net shareholders' equity after income for the year	296,553				356,920				437,599
Dividends distributed		12,500				35,687			
	Opening balance 01/01/04	Allocations	Changes in provisions		Balance at 12/31/04	Allocations	Changes in provisions		Balance at 12/31/05
			Increases	Reversals			Increases	Reversals	
Regulated revaluation reserves									
Other regulated reserves									
Regulated reserves									
Amount of shareholders' equity before dividends	296,553				356,920				437,599
	Opening balance 01/01/04	Allocations	Changes in FRBG		Balance at 12/31/04	Allocations	Changes in FRBG		Balance at 12/31/05
			Increases	Reversals			Increases	Reversals	
Fund for general banking risks	20,000				20,000				20,000
<b>TOTAL</b>	<b>316,553</b>				<b>376,920</b>				<b>457,599</b>

(1) The capital stock consists of 6,875,000 ordinary shares with a par value of 16 euros, which all benefit from the same rights.

No revaluation has been carried out to date. During the year, 625,000 new shares were issued, with a par value of €16.



**NOTE 15 a: PROPOSED ALLOCATION OF INCOME***(in thousands of euros)*

Sources		
Retained earnings		30,923
Net income for the year		85,936
Drawing from reserves		
Allocations		
Allocation to reserves		
- Legal reserve	2,200	
- Special long-term capital gains reserves		
- Other reserves		
Dividends	87,519	
Other distributions		
Retained earnings	27,140	
<b>TOTAL</b>	<b>116,859</b>	<b>116,859</b>

# NOTE 16 : COMMITMENTS GIVEN

## FINANCING COMMITMENTS

(in thousands of euros)

	2005		2004		2003	
	Net authorisations	Amounts not drawn down	Net authorisations	Amounts not drawn down	Net authorisations	Amounts not drawn down
<b><u>Subsidised sector</u></b>						
NON-GROUP COMMITMENTS						
Banks						
Customers		162		229		564
<b>Sub-total subsidised sector</b>		<b>162</b>		<b>229</b>		<b>564</b>
<b><u>Competitive sector</u></b>						
NON-GROUP COMMITMENTS						
Banks						
Customers	250,000	364,708		293,574		331,447
<b>Sub-total competitive sector</b>	<b>250,000</b>	<b>364,708</b>		<b>293,574</b>		<b>331,447</b>
<b>Total (1)</b>	250,000	364,870		293,803		332,011
	<b>614,870</b>		<b>293,803</b>		<b>332,011</b>	

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) At Dec. 31 2005, doubtful commitments came to €1,427 K

## NOTE 17: COMMITMENTS RECEIVED

(in thousands of euros)

	2005	2004	2003
<b>FINANCING COMMITMENTS</b>			
NON-GROUP COMMITMENTS			
Banks			
<b>Sub-total</b>			
GROUP COMMITMENTS (1)	1,303,249	1,306,445	2,134,642
<b>Total</b>	<b>1,303,249</b>	<b>1,306,445</b>	<b>2,134,642</b>
<b>Guarantee commitments</b>			
NON-GROUP COMMITMENTS			
Banks (2)	414,518	806,034	319,966
Customers (3)	16,530,429	16,894,787	16,842,639
<b>Sub-total</b>	<b>16,944,947</b>	<b>17,700,821</b>	<b>17,162,605</b>
GROUP COMMITMENT (4)	3,745,463	2,643,684	
<b>Total</b>	<b>20,690,410</b>	<b>20,344,505</b>	<b>17,162,605</b>
<b>Total commitments received (5)</b>	<b>21,993,659</b>	<b>21,650,950</b>	<b>19,297,247</b>

(1) Lines of credit granted by Crédit Foncier rated AA-/Aa3 and by a public bank rated AAA. This last line for one billion euros was not renewed at the end of 2004. On Dec. 31, 2005 Group Commitments include a credit line from Credit Foncier for € 500,000K and a repurchase agreement for securitisation units worth € 803,249K.

(2) Of which € 408,984k rated AA/Aa2

(3) In fiscal year 2003, Compagnie de Financement Foncier began posting 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.

For 2005, these guarantees are broken down as follows:

- Government guarantees on subsidised sector loans:	3,378,635	€K
- SFGAS guarantees on FGAS-eligible loans	5,303,225	€K
- Mortgage guarantees for mortgage loans benefiting from only one such guarantee:	6,463,897	€K
- Guarantees granted by local municipalities and other entities:	1,384,672	€K

(4) Guarantee commitment received during the establishment of a credit risk transfer transaction, indirectly on a German public entity rated AAA for € 2,260,291 K and € 1,485,172 K, by virtue of commitment received from CIFG.

(5) Compagnie de Financement Foncier has also received a deposit commitment from a public bank rated AAA. The maximum amount of this commitment is set at 3 billion euros. It will bear interest at market rates. This commitment affords assurance that any excess cash can be replaced under highly secure conditions and in accordance with the special legal constraints applying to *sociétés de crédit foncier*.

# NOTE 18: FOREIGN CURRENCY TRANSACTIONS

(in thousands of euros)

	2005		2004		2003	
	Currency receivable	Currency payable	Currency receivable	Currency payable	Currency receivable	Currency payable
<b>FORWARD TRANSACTIONS</b>						
Transactions directly with counterparties (1)						
Hedging transactions						
Financial swaps						
Micro-hedging transactions						
Subsidised sector	218,882	249,780	212,751	249,780	212,826	249,780
Unsubsidised sector	11,590,496	11,701,075	6,929,765	7,788,880	5,260,896	5,961,643
Macro-hedging transactions						
Subsidised sector						
Unsubsidised sector			43,305	57,115	46,703	57,115
Total hedging transactions	11,809,378	11,950,855	7,185,821	8,095,775	5,520,425	6,268,538
<b>FORWARD TRANSACTIONS (nominal amounts)</b>	<b>11,809,378</b>	<b>11,950,855</b>	<b>7,185,821</b>	<b>8,095,775</b>	<b>5,520,425</b>	<b>6,268,538</b>
<b>FORWARD TRANSACTIONS (fair value) (2)</b>	<b>-250,175</b>	<b>-</b>	<b>-949,559</b>	<b>-</b>	<b>//////////</b>	<b>-</b>
<b>CURRENT CASH TRANSACTIONS</b>	64,305	65,000				
<b>TOTAL FOREIGN CURRENCY TRANSACTIONS</b>	<b>11,873,683</b>	<b>12,015,855</b>	<b>7,185,821</b>	<b>8,095,775</b>	<b>5,520,425</b>	<b>6,268,538</b>
<b>TOTAL</b>	<b>23,889,538</b>		<b>15,281,596</b>		<b>11,788,963</b>	

(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 Nov. 23, 2004 regarding information to be provided further to the transposition of the European directives, "Fair value" and "Modernisation."

## NOTE 19: FORWARD FINANCIAL INSTRUMENTS

(in thousands of euros)

	2005		2004		2003	
	Euros (1)	Other currencies (2)	Euros (1)	Other currencies (2)	Euros (1)	Other currencies (2)
<b>TRANSACTIONS DIRECTLY WITH COUNTERPARTIES (3)</b>						
<b><u>CONDITIONAL TRANSACTIONS</u></b>						
<b>Micro-hedging transactions</b>						
Purchases	1,604,936		1,858,606		2,053,039	
Sales	22,105		25,154		28,203	
<b>Macro-hedging transactions</b>						
Purchases						
Sales						
<b>Other conditional transactions</b>						
Purchases						
Sales						
<b>CONDITIONAL TRANSACTIONS (nominal amounts)</b>	<b>1,627,041</b>		<b>1,883,760</b>		<b>2,081,242</b>	
<b>CONDITIONAL TRANSACTIONS (fair value) (4)</b>	<b>5,547</b>		<b>14,679</b>		////////////////	
<b><u>FIRM TRANSACTIONS</u></b>						
<b>Micro-hedging transactions</b>	<b>59,515,028</b>	<b>356,148</b>	<b>49,503,773</b>		<b>31,295,696</b>	
Interest rate instruments	59,515,028	356,148	49,503,773		31,295,696	
Exchange rate instruments						
Other instruments						
<b>Macro-hedging transactions</b>	<b>11,231,593</b>		<b>12,788,014</b>		<b>11,065,888</b>	
Interest rate instruments	11,231,593		12,788,014		11,065,888	
Exchange rate instruments						
Other instruments						
<b>Other transactions</b>						
Interest rate instruments						
Exchange rate instruments						
Other instruments						
<b>FIRM TRANSACTIONS (nominal amounts)</b>	<b>70,746,621</b>	<b>356,148</b>	<b>62,291,787</b>		<b>42,361,584</b>	
<b>FIRM TRANSACTIONS (fair value) (4)</b>	<b>1,617,466</b>	<b>30,290</b>	<b>1,457,246</b>		////////////////	
<b>FIRM AND CONDITIONAL TRANSACTIONS</b>	<b>72,373,662</b>	<b>356,148</b>	<b>64,175,547</b>		<b>44,442,826</b>	
<b>TOTALS (5) (nominal amounts)</b>	<b>72,729,810</b>		<b>64,175,547</b>		<b>44,442,826</b>	
<b>TOTALS (4) (fair value)</b>	<b>1,653,303</b>		<b>1,471,925</b>		////////////////	

(1) Euro equivalent for non-euro currencies.

(2) Euro equivalent currencies that became the euro.

(3) Compagnie de Financement Foncier does not transact any forward financial instruments on regulated markets.

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

(5) At Dec. 31, 2005, there were no outstanding doubtful loans relating to transactions on financial instruments.

**NOTE 20 : INTEREST AND SIMILAR INCOME (1) (2)***(in thousands of euros)*

	<b>2005</b>	<b>2004</b>	<b>2003</b>
- On transactions with banks	200,532	241,840	210,649
- On transactions with customers	1,089,457	1,189,530	1,335,873
- On bonds and other fixed income securities	1,216,241	900,856	686,165
- Other interest and similar income	112		1,596
<b>Total</b>	<b>2,506,342</b>	<b>2,332,226</b>	<b>2,234,283</b>

(1) Of which income from the subsidised sector 348,240 623,321 869,614

(2) Of which €21 K as reversals of discounts on restructured loans under non-market conditions

**NOTE 21 : INTEREST AND SIMILAR EXPENSES (1)***(in thousands of euros)*

	<b>2005</b>	<b>2004</b>	<b>2003</b>
- On transactions with banks	-69,158	-74,669	-134,722
- On transactions with customers	-41,386	-1,536	-18,987
- On bonds and other fixed income securities	-1,996,221	-1,865,749	-1,681,583
- Related to subordinated debt	-86,739	-85,783	-65,997
- Other interest and similar expenses (1)	-103,122	-78,195	-130,346
<b>Total</b>	<b>-2,296,626</b>	<b>-2,105,932</b>	<b>-2,031,635</b>

(1) Of which expenses from the subsidised sector -289,882 -548,716 -774,126

## NOTE 22 : NET COMMISSIONS AND FEES

(in thousands of euros)

	2005	2004	2003
<b>Income</b>	<b>35,291</b>	<b>32,389</b>	<b>28,366</b>
- On transactions with banks	1,218	-	-
- On transactions with customers	22,481	20,718	17,735
- Transfer of loan issuance costs/expenses	10,672	11,602	10,544
- On securities transactions	7		50
- Other commissions and fees	913	69	37
<b>Expenses</b>	<b>-14,081</b>	<b>-16,654</b>	<b>-15,793</b>
- On transactions with banks	-73	-157	-163
- On transactions with customers	-466	-1,266	-1,475
- On securities transactions (1)	-11,023	-12,471	-11,556
- On payment method transactions	-33	-2,692	-2,500
- Other commissions and fees	-2,486	-68	-99
<b>Net balance</b>	<b>21,210</b>	<b>15,735</b>	<b>12,573</b>

(1) Of which loan issuance costs

11,023 11,602 10,544

## NOTE 23 : GAINS AND LOSSES ON TRADING PORTFOLIO TRANSACTIONS

(in thousands of euros)

	2005	2004	2003
<b>Foreign exchange and arbitrage transactions</b>	<b>845</b>	<b>-218</b>	<b>-220</b>
- Gains on foreign exchange and arbitrage transactions	1,012	284	413
- Losses on foreign exchange and arbitrage transactions	-167	-502	-633
<b>Forward financial instrument transactions</b>		<b>-10</b>	<b>8</b>
- Income from forward financial instruments			
- Expenses on forward financial instruments		-10	
- Reversals in provisions for unrealised losses on interest-rate instruments			12
- Increases in provisions for unrealised losses on interest-rate instruments			-4
<b>Net balance</b>	<b>845</b>	<b>-228</b>	<b>-212</b>

**NOTE 24: GAINS AND LOSSES ON INVESTMENT SECURITIES TRANSACTIONS***(in thousands of euros)*

	2005	2004	2003
- Gains on disposal	9,406	1,310	4,172
- Losses on disposal		-156	
- Reversals of provisions for loss of value	182	11	6
- Increases in provisions for loss of value	-175	-10	-13
<b>Net balance</b>	<b>9,413</b>	<b>1,155</b>	<b>4,165</b>

**NOTE 25 : OTHER INCOME FROM BANKING OPERATIONS***(in thousands of euros)*

	2005	2004	2003
<b>Reversals of provisions relating to banking transactions</b>			
- Surplus of reversals over increases in provisions for amortisation of loans (1)	1,248	2,769	2,837
- Provision for claims and litigation on banking transactions	2	544	
<b>Other income from banking operations</b>			
- Transfer of operating expenses			
* Flat-rate commissions on PAS loans	29	3,963	6,720
- Other sundry income from banking operations (2)	34,431	16,611	27,810
<b>Total</b>	<b>35,710</b>	<b>23,887</b>	<b>37,367</b>

*(1) Of which subsidised sector* 428      1,732      1,794

*(2) Of which repayments of P.A.S. commissions by FGAS :* 34,282      5,075      11,554

In 2005, the amount of €34,282 K includes the exceptional repayment of €22,532 K in flat contributions and on outstanding PAS loans, following the termination of the FGAS guarantee system



**NOTE 26 : OTHER EXPENSES ON BANKING OPERATIONS***(in thousands of euros)*

	2005	2004	2003
<b>Increases in provisions relating to banking operations</b>			
- Provision for claims and litigation on banking transactions	-43		-546
<b>Other expenses on banking operations</b>			
- Commissions on PAS and PTZ loans paid to FGAS	5,136	-8,543	-11,760
- Amortisation of loan issuance expenses	-10,389	-12,093	-11,256
- Amortisation of flat-rate commissions on PAS loans 1)	-15,023	-8,110	-16,743
- Amortisation of the correcting account on PC and PAS loans	-5,695	-6,772	-7,731
- Other sundry expenses from banking operations	-1,089	-242	-381
<b>Total</b>	<b>-27,103</b>	<b>-35,760</b>	<b>-48,417</b>

1) The flat-rate commissions on PAS loans to be amortised were paid in 2005, following the termination of the FGAS guarantee system.

**NOTE 27 : GENERAL OPERATING EXPENSES***(in thousands of euros)*

	2005	2004	2003
- Personnel expenses	-261	-290	-127
- Taxes and duties	-6,433	-6,777	-4,342
- External services	-3,399	-3,319	-3,053
- Expenses invoiced by Crédit Foncier de France	-84,472	-96,664	-107,449
<b>Total</b>	<b>-94,565</b>	<b>-107,050</b>	<b>-114,971</b>

Note: The total amount of compensation received by members of management bodies in financial year 2005 was €178 K.

## NOTE 28 : COST OF RISK

(in thousands of euros)

	2005	2004	2003
<b>Provisions and losses on doubtful loans</b>	<b>-4,269</b>	<b>-4,234</b>	<b>-1,429</b>
- Increases in provisions ( <i>see note 28 a</i> )	-19,801	-11,505	-6,872
- Reversals of provisions	16,136	8,753	7,249
- Losses not covered by provisions	-604	-1,482	-1,806
- of which discounts on restructured loans			358
<b>Losses provisioned for unrecoverable loans</b>			
- Losses covered by provisions	-4,900	-849	-1,415
- Reversals of provisions used	4,900	849	1,415
<b>Recoveries on loans written off (1)</b>	<b>3,235</b>	<b>6,217</b>	<b>5,429</b>
<b>Net balance</b>	<b>-1,034</b>	<b>1,983</b>	<b>4,000</b>

(1): of which recoveries for correcting account 2,391 4,659 3,659

## NOTE 28 a : INCREASES IN PROVISIONS FOR DOUBTFUL LOANS

(in thousands of euros)

	2005	2004	2003
<b>Provisions for doubtful loans</b>			
- Provisions for loans to customers	13,753	10,841	6,724
<b>Provisions for liabilities and charges - Cost of risk</b>			
- Provision for losses and charges on commitments			
- Provision for counterparty risks 1)	6,048	664	148
<b>Total</b>	<b>19,801</b>	<b>11,505</b>	<b>6,872</b>

1) In 2005, increase of €5,276 K, for provision for Neiertz risks.

**NOTE 28 b : REVERSALS IN PROVISIONS FOR DOUBTFUL LOANS***(in thousands of euros)*

	2005	2004	2003
<b>Provisions for doubtful loans</b>			
- Provisions for loans to banks			
- Provisions for loans to customers	20,467	8,909	7,608
<b>Provisions for liabilities and charges - Cost of risk</b>			
- Provision for losses and charges on commitments	14		
- Provision for counterparty risks	555	693	1,056
<b>Total</b>	<b>21,036</b>	<b>9,602</b>	<b>8,664</b>

**NOTE 29 : FRBG INCREASES/REVERSALS AND REGULATED PROVISIONS***(in thousands of euros)*

	2005	2004	2003
- Increases to the FRBG			-20,000
- Reversal from the FRBG			
- Reversals of regulated provisions		1	1
- Increases to regulated provisions		-1	
<b>Total</b>			<b>-19,999</b>

# NOTE 30 : TRANSACTIONS WITH RELATED ENTERPRISES AND OTHER INVESTMENTS

(in thousands of euros)

	Related enterprises		Other investments	Total
	Group (1)	Non-group		
<b>Transactions with banks</b>				
Loans receivable				
- on demand	57,096			57,096
- at maturity	3,018,547			3,018,547
Loans payable				
- on demand	9,263			9,263
- at maturity	952,743			952,743
Commitments given				
- financing				
- guarantee				
Commitments received				
- financing	1,303,249			1,303,249
- guarantee	3,745,463			3,745,463
On securities transactions				
- Bonds and other fixed income securities	8,668,968			8,668,968
- Debt securities				
- Subordinated debt	2,250,491			2,250,491

(1) The definition of Group applied 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 Caisses d'Épargne Group. Consequently, the Group thus defined represents all the entities fully and proportionally consolidated in the Caisses d'Épargne Group.

## NOTE 31: SCHEDULE OF FOREIGN EXCHANGE POSITIONS

C.O.B. recommendation 89.01

(in thousands of euros)

Headings	Australian \$	Canadian \$	US \$	Hong - Kong \$	£ Sterling	Swiss franc	Yen	Total
<b>Balance Sheet</b>								
Financial assets	8,207	2,342	753,163	2,718	30,484	339,443	24,372	1,160,729
Financial liabilities	517,232	75,201	4,846,185	147,228	2,073,336	1,881,833	1,110,510	10,651,525
<b>Balance sheet differential (I)</b>	<b>-509,025</b>	<b>-72,859</b>	<b>-4,093,022</b>	<b>-144,510</b>	<b>-2,042,852</b>	<b>-1,542,390</b>	<b>-1,086,138</b>	<b>-9,490,796</b>
<b>Off-Balance Sheet</b>								
Commitments received	509,032	72,860	5,069,509	144,513	2,344,280	2,057,745	1,103,672	11,301,611
Commitments given			975,986		301,379	514,435	17,999	1,809,799
<b>Off balance sheet differential (II)</b>	<b>509,032</b>	<b>72,860</b>	<b>4,093,523</b>	<b>144,513</b>	<b>2,042,901</b>	<b>1,543,310</b>	<b>1,085,673</b>	<b>9,491,812</b>
<b>Overall differential (I)+(II)</b>	<b>7</b>	<b>1</b>	<b>501</b>	<b>3</b>	<b>49</b>	<b>920</b>	<b>-465</b>	<b>1,016</b>

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.

## NOTE 32: SCHEDULE OF POSITIONS : LIQUIDITY RISK

C.O.B. recommendation 89.01

(in thousands of euros)

Headings	Remaining term to maturity					
	< 3 months	3M<T<6M	6M<T<1Y	1Y<T<5Y	>5 years	Total (2)
<b>Balance Sheet</b>						
<b>Financial assets (1)</b>	<b>7,504,724</b>	<b>5,615,619</b>	<b>2,343,546</b>	<b>12,387,941</b>	<b>26,158,877</b>	<b>54,010,707</b>
Due from banks	2,501,617	500,418	743	304,185	953,183	4,260,146
Customer loans	903,606	498,949	943,737	6,127,584	13,767,196	22,241,072
Bonds and other fixed income securities	4,099,501	4,616,252	1,399,066	5,956,172	11,438,498	27,509,489
Subordinated term loans						
<b>Financial liabilities</b>	<b>2,018,725</b>	<b>1,304,518</b>	<b>1,882,735</b>	<b>20,989,206</b>	<b>26,289,673</b>	<b>52,484,857</b>
Due to banks	165,108	33,615	73,030	92,865	892,132	1,256,750
Customer deposits						
Debt securities:	1,853,617	1,270,903	1,809,705	20,896,341	23,147,541	48,978,107
Liquid notes						
Inter-bank market securities						
Negotiable debt securities	7,123		499	41,923	236,527	286,072
Bonds	1,846,494	1,270,903	1,809,206	20,854,418	22,911,014	48,692,035
Other debt securities						
Subordinated term debt					2,250,000	2,250,000
<b>Balance sheet differential (I)</b>	<b>5,485,999</b>	<b>4,311,101</b>	<b>460,811</b>	<b>-8,601,265</b>	<b>-130,796</b>	<b>1,525,850</b>
<b>Off-Balance Sheet</b>						
Commitments given		250,000	364,870			614,870
Commitments received				500,000	803,249	1,303,249
<b>Off balance sheet differential (II)</b>		<b>-250,000</b>	<b>-364,870</b>	<b>500,000</b>	<b>803,249</b>	<b>688,379</b>
<b>Total differential (I)+(II)</b>	<b>5,485,999</b>	<b>4,061,101</b>	<b>95,941</b>	<b>-8,101,265</b>	<b>672,453</b>	<b>2,214,229</b>
Conditional positions		1,500	45,735	808,888	770,918	1,627,041

(1) Among the financial assets of the SCF, we have identified 13.0 billion euros of securities that conform to the refinancing criteria of the European Central Bank.

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

**NOTE 33: FINANCIAL RESULTS OF THE COMPANY OVER THE LAST FIVE FINANCIAL YEARS**

DESCRIPTION <i>(amounts in euros)</i>	2001	2002	2003	2004	2005
<b>I) FINANCIAL SITUATION AT THE END OF THE FINANCIAL YEAR:</b>					
a) Capital stock	100,000,000	100,000,000	100,000,000	100,000,000	110,000,000
b) Number of shares in issue	6,250,000	6,250,000	6,250,000	6,250,000	6,875,000
c) Number of bonds convertible into shares	None	None	None	None	None
<b>II) OVERALL RESULTS FROM OPERATIONS</b>					
a) Revenue excluding taxes	2,077,184,00 0	2,110,376,0 00	2,303,969,00 0	2,389,429,0 00	2,587,600,75 7
b) Profit for the financial year before tax, employee profit sharing and net increase/reversal in amortisation and provisions	32,177,753	34,314,680	93,082,657	125,017,146	145,122,712
c) Income taxes	5,840,388	13,931,136	32,050,715	40,666,904	58,377,265
d) Employee profit sharing for the financial year	None	None	None	None	None
e) Profit for the financial year after tax, employee profit sharing and net increase/reversal in amortisation and provisions	7,622,451	26,395,577	31,714,173	72,867,183	85,935,735
f) Amount of profits distributed	None	6,250,000	12,500,000	35,687,500	
<b>III) RESULTS FROM OPERATIONS PER SHARE</b>					
a) Profit for the financial year after tax and employee profit sharing but before net increase/reversal in amortisation and provisions	4.21	3.26	9.77	13.50	12.62
b) Profit for the financial year after tax and employee profit sharing and net increase/reversal in amortisation and provisions	1.22	4.22	5.07	11.66	12.50
c) Dividend paid per share	None	1	2	5.71	
<b>IV) PERSONNEL:</b>					
a) Number of employees	Not significant	Not significant	Not significant	Not significant	Not significant
- Management category	Not significant	Not significant	Not significant	Not significant	Not significant
- Employee and Technician category	None	None	None	None	None
b) Total employee salaries	Not significant	Not significant	Not significant	Not significant	Not significant
c) Amount paid for social contributions and benefits (social security, other staff benefits, etc.)	Not significant	Not significant	Not significant	Not significant	Not significant

**NOTE 34: SUMMARY COMPANY BALANCE SHEETS FOR THE LAST FIVE YEARS**
*(in thousands of euros)*

<b>ASSETS</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Cash due from central banks and post office accounts	2,363	6,684	140,251	37,952	1,704
Treasury notes and similar securities			161,860	160,422	128,228
Due from banks	4,581,545	8,857,377	7,437,379	5,110,038	5,326,990
Customer loans	23,032,980	20,533,958	20,484,770	20,856,013	20,515,965
Bonds and other fixed-income securities	27,646,424	17,119,338	11,994,182	8,667,323	6,014,173
Fixed assets	21,540	31,144	43,492	56,908	77,793
Other assets	168,528	212,296	206,107	180,647	140,213
Prepayments, deferred charges and accrued income	1,950,224	2,434,008	2,058,202	2,438,851	2,395,270
<b>TOTAL ASSETS</b>	<b>57,403,604</b>	<b>49,194,805</b>	<b>42,526,243</b>	<b>37,508,154</b>	<b>34,600,336</b>
<b>LIABILITIES</b>					
Central banks, post office accounts					
Due to banks	1,282,971	1,468,162	2,119,344	2,890,397	5,312,609
Customer deposits	29,914	307,323	150,064	77,806	41,641
« obligations foncières »	50,041,539	41,358,710	34,536,839	29,681,433	25,660,986
Other liabilities	1,069,712	467,551	553,703	587,405	658,959
Accruals and deferred income	2,260,244	2,959,086	2,589,371	2,636,478	1,750,391
Provisions for liabilities and charges	11,134	6,588	9,930	13,165	15,731
Subordinated debt	2,250,491	2,250,465	2,250,439	1,350,379	915,325
Fund for general banking risks	20,000	20,000	20,000		
Regulated reserves and subsidies					
Capital, reserves and retained earnings	351,663	284,053	264,839	244,695	237,071
Net income for the year	85,936	72,867	31,714	26,396	7,623
<b>TOTAL LIABILITIES</b>	<b>57,403,604</b>	<b>49,194,805</b>	<b>42,526,243</b>	<b>37,508,154</b>	<b>34,600,336</b>
<b>OFF-BALANCE SHEET</b>					
<b>Commitments given</b>					
- financing	614,870	293,803	332,011	393,698	1,406,389
- guarantee					
<b>Total commitments given</b>	<b>614,870</b>	<b>293,803</b>	<b>332,011</b>	<b>393,698</b>	<b>1,406,389</b>
<b>Commitments received</b>	<b>21,993,659</b>	<b>21,650,950</b>	<b>19,297,247</b>	<b>3,641,496</b>	<b>3,103,119</b>
<b>Reciprocal commitments</b>					
- Sale and purchase of foreign currencies	23,889,538	15,281,596	11,788,963	11,658,391	7,378,780
- Loans to be made or received in foreign currencies					
- Non-unwound financial instruments	72,729,810	64,175,547	44,442,826	36,488,049	32,600,893
<b>Total reciprocal commitments</b>	<b>96,619,348</b>	<b>79,457,143</b>	<b>56,231,789</b>	<b>48,146,440</b>	<b>39,979,673</b>



# NOTE 35: PRIVILEGED/NON-PRIVILEGED LIABILITIES

(in thousands of euros)

	2005	2004	2003
<b>PRIVILEGED DEBT</b>	<b>51,101,470</b>	<b>43,484,546</b>	<b>37,763,805</b>
Due to banks	350,045	629,848	1,609,576
« obligations foncières »	50,041,539	41,358,710	34,536,839
Amounts due under forward financial instruments	706,889	1,485,947	1,524,359
Amounts due under the agreement covered by Article L515-22 of the French Monetary and Financial Code	2,997	10,041	19,565
Debt resulting from related expenses mentioned in the last paragraph of Article L515-19 of the French Monetary and Financial Code			73,466
<b>NON-PRIVILEGED DEBT</b>	<b>6,302,134</b>	<b>5,710,259</b>	<b>4,762,438</b>
<u>Unsecured debt</u>	<u>2,532,011</u>	<u>1,929,510</u>	<u>1,075,985</u>
<u>Subordinated and similar debt</u>	<u>3,301,390</u>	<u>3,397,241</u>	<u>3,359,970</u>
of which : reimbursable subordinated instruments « TSP »	900,150	900,134	900,107
Participating loan	1,350,183	1,350,175	1,350,179
<u>Shareholders' equity and provisions</u>	<u>468,733</u>	<u>383,508</u>	<u>326,483</u>
<b>TOTAL LIABILITIES</b>	<b>57,403,604</b>	<b>49,194,805</b>	<b>42,526,243</b>

**NOTE 36: TOTALS FOR THE SUBSIDISED SECTOR**

**Balance sheet**

(in thousands of euros)

ASSETS	2005	2004	2003	LIABILITIES	2005	2004	2003
<b><u>Loans</u></b>	<b>3,416,440</b>	<b>4,472,941</b>	<b>5,769,620</b>	<b><u>Interbank loans</u></b>	<b>144,519</b>	<b>395,934</b>	<b>1,334,596</b>
				<b><u>Customer deposits</u></b>	<b>5,555</b>	<b>10,495</b>	<b>12,140</b>
				<b><u>Debt securities</u></b>	<b>2,709,260</b>	<b>5,297,200</b>	<b>7,361,596</b>
<b><u>Other assets</u></b>	<b>134,257</b>	<b>138,753</b>	<b>104,314</b>	<b><u>Other liabilities</u></b>	<b>1,780</b>	<b>5,168</b>	<b>3,377</b>
<i>Special subsidy account</i>	<i>134,257</i>	<i>138,753</i>	<i>104,314</i>				
<b><u>Prepayments, deferred charges and accrued income</u></b>	<b>54,788</b>	<b>103,726</b>	<b>314,600</b>	<b><u>Accruals and deferred income</u></b>	<b>158,402</b>	<b>83,292</b>	<b>240,978</b>
	<i>0</i>	<i>0</i>	<i>16,399</i>	<i>CSB - State guaranteed foreign exchange and rate differences</i>	<i>99</i>	<i>1,599</i>	<i>239</i>
<i>CSB - Foreign exchange and rate differences</i>							
<i>Other prepayments, deferred charges and accrued income</i>	<i>54,788</i>	<i>103,726</i>	<i>298,201</i>	<i>Other accruals and deferred income</i>	<i>158,303</i>	<i>81,693</i>	<i>240,739</i>
				<b><u>Public funds allocated</u></b>	<b>293,815</b>	<b>340,313</b>	<b>394,419</b>
				<i>Subsidies</i>	<i>174,374</i>	<i>236,803</i>	<i>312,656</i>
				<i>Guarantee fund</i>	<i>119,441</i>	<i>103,510</i>	<i>81,763</i>
<b><u>Cash and cash equivalents</u></b>		<b>1,416,982</b>	<b>3,158,572</b>	<b><u>Cash and cash equivalents</u></b>	<b>292,154</b>		
	<b>3,605,485</b>	<b>6,132,402</b>	<b>9,347,106</b>		<b>3,605,485</b>	<b>6,132,402</b>	<b>9,347,106</b>

## OFF BALANCE SHEET

(in thousands of euros)

	2005	2004	2003		2005	2004	2003
<b><u>Commitments received</u></b>				<b><u>Commitments given</u></b>			
State guarantees	3,378,635	4,092,234	5,269,136	Loan amounts not drawn down	162	229	564

## RECIPROCAL COMMITMENTS

(in thousands of Euros)

	2005	2004	2003
<b><u>Commitments on forward financial instruments</u></b>			
Hedge rate instruments			
- micro-hedging	-	38,112	1,164,287
- macro hedging	1,200,000	2,357,347	3,617,347
Exchange hedging instruments			
- micro-hedging			
- Foreign exchange receivable	218,882	212,751	212,826
- Foreign exchange payable	-249,780	-249,780	-249,780

## NOTE 37 : CASH FLOW STATEMENT

### 1) 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 Committee.*

*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 securitisation units, shares in public authorities*
- \* 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.*

## 2) Cash flow statement:

	<i>(in thousands of euros)</i>		
	2005	2004	2003
<b>Operating activities</b>			
Net income for the year	85,936	72,867	31,714
Restatement of earnings, related to operating activities			
Tangible and intangible fixed assets, excluding goodwill	9,604	12,348	13,416
Net provisions / customers and banks	-13,334	2,477	-869
Net provisions / short-term investment securities	-7	-1	8
Net provisions for risks / loans	4,546	-3,342	16,765
Net gain on sale of fixed assets	0	0	0
Other transactions without cash payments	-1,049,905	223,801	344,868
Cash flow on loans to banks and customers	1,486,308	-1,522,125	-2,609,145
Cash flow on short-term investment securities	-1,489,621	-553,263	-647,343
Cash flow on long-term investment securities	-8,915,574	-4,595,192	-2,741,682
Cash flow on other assets	515,960	-147,525	516,831
Cash flow on debts / banks and customers	-463,030	-470,114	-677,595
Net borrowing	8,815,561	6,656,375	4,723,510
Cash flow on other liabilities	684,138	5,483	-397,535
<b>Net cash flow used for operating activities</b>	<b>-329,418</b>	<b>-318,211</b>	<b>-1,427,057</b>
<b>Investment activities</b>			
Cash flow related to the sale of:			
Financial assets	0	0	0
Tangible and intangible fixed assets	0	0	0
Disbursements for the acquisition of:			
Financial assets	0	0	0
Tangible and intangible fixed assets	0	0	0
Net cash flow from other investment activities			
<b>Net cash flow used for investment activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financing activities</b>			
Cash flow from share issues		0	0
Dividends paid	0	-12,500	-6,250
Net issue of subordinated debt	0	0	900,000
Other	0	0	-2
<b>Net cash flow from financing activities</b>	<b>0</b>	<b>-12,500</b>	<b>893,748</b>
<b>Net change in cash position</b>	<b>-329,418</b>	<b>-330,711</b>	<b>-533,309</b>
Cash position at start of year	601,214	931,925	1,465,234
Cash position at end of year	271,796	601,214	931,925
net	-329,418	-330,711	-533,309
Cash	2,363		
Treasury notes	0		
Due to banks at maturity	269,433		
	271,796		

## STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS IN RESPECT OF YEAR 2005

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Immeuble KPMG  
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92923 Paris La Défense Cedex

**PricewaterhouseCoopers Audit**  
63, rue de Villiers  
92200 Neuilly sur Seine

**Year ended 31 December 2005**

*This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2005, on:

- the audit of the accompanying financial statements of Compagnie de Financement Foncier S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

### **Opinion on the financial statements**

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities as of 31 December 2005, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

Without qualifying our opinion, we wish to draw your attention to note II-1 to the financial statements detailing the implementation as at 1 January 2005 of the change in accounting method relating to *Comité de la Réglementation Comptable* (French Accounting Regulatory Committee) Rule 2002-03 on the treatment of credit risks, which requires expected losses on outstanding doubtful and irrecoverable loans to be covered by provisions calculated on the basis of discounted recoverable amounts.

### **Justification of our assessments**

In accordance with the requirements of article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- Change in accounting principle:

As part of our assessment of accounting rules and principles applied by your Company, we verified that the above-mentioned change in accounting principle is appropriate and that the resulting impact is properly calculated and disclosed.

- Accounting estimates:

Your Company records provisions to cover the credit risks inherent in its business (notes II-2 and II-3 to the financial statements). As part of our assessment of significant estimates used in the preparation of the financial statements, we examined the control procedures for monitoring these risks, assessing the risks of non-recovery and determining the specific provisions to be recorded in assets and the provisions to be recorded in liabilities in order to cover unallocated counterparty risks.

- Accounting rules and principles:

Your Company holds positions on securities and financial instruments. Notes II-5 and II-8 to the financial statements describe the accounting rules and principles applicable to securities and financial instruments. We examined the control procedures applicable to the related accounting classification and the determination of the criteria used for valuing these positions. As part of our assessment of the accounting rules and principles applied by your Company, we verified that the above-mentioned accounting methods and the related information provided in the notes to the financial statements were appropriate, and ensured that these methods were properly applied.

The assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

### **Specific verifications and information**

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Paris La Défense and Neuilly-sur-Seine, 31 March 2006

#### **KPMG Audit**

*A division of KPMG S.A.*

#### **PricewaterhouseCoopers Audit**

Rémy Tabuteau

*Partner*

Philippe Saint-Pierre

*Partner*

Anik Chaumartin

*Partner*

## DETAIL OF CALCULATION OF THE MOD 4001-1 AND 4001-2 RATIO

### DETAIL OF THE CALCULATION OF THE OVERCOLLATERALISATION RATIO - MOD 4001-1

(in thousands of Euros)

Resources benefiting from the privilege (priority right of payment) defined under article 98 of the French Law No. 99-532 of 25 June 1999: liabilities		Item Code	Amount
<b>I -</b>	<b>Privileged funding received from banks</b>	101	350,045
<b>II -</b>	<b>Privileged resources from customers</b>		
	Financial customers	105	0
	Non-financial customers	106	0
	Subtotal	110	0
<b>III -</b>	<b>Securities benefiting from the privilege</b>		
	Obligations Foncières	115	48,692,035
	Negotiable debt instruments	116	286,072
	Other securities benefiting from the privilege	117	0
	Liabilities related to these securities	118	1,063,432
	Non-financial customer base		
	Subtotal	120	50,041,539
<b>IV -</b>	<b>Amounts due in respect of the contract provided for by article 99 of Law No. 99-532 of 25 June 1999</b>	125	2,995
<b>V -</b>	<b>Amounts due in respect of forward financial instruments benefiting from the privilege defined under article 98 of Law No. 99-532 of 25 June 1999</b>	130	706,889
<b>VI -</b>	<b>Liabilities resulting from the incidental expenses mentioned in the last paragraph of article 98 of Law No. 99-532 of 25 June 1999</b>	135	2
	<b>PRIVILEGED RESOURCES (140 = 101+110+120+125+130+135)</b>	140	51,101,470

#### Calculation of non-privileged resources

<b>PRIVILEGED RESOURCES</b>	51,101,470
<b>TOTAL LIABILITIES</b>	57,403,604
<b>NON-PRIVILEGED RESOURCES</b>	6,302,134



(in thousands of euros)

Assets covering privileged resources	item code	Amount	weighting as %	Weighted amount
Guaranteed loans which do not conform with the conditions of section 1) of the appendix to regulation No. 99-10	201	0	0%	0
Mortgage Backed Securities (FCCs) which do not conform with the conditions of section 2) of the appendix to regulation No. 99-10	202	0	0%	0
Guaranteed loans which do not conform with the conditions of section 1.b) of the appendix to regulation No. 99-10	205	0	50%	0
Mortgage Backed Securities (FCCs) which do not conform with the conditions of section 2.b) of the appendix to regulation No. 99-10	206	0	50%	0
Fixed assets resulting from the acquisition of real estate				
Under implementation of guarantees	207	0	50%	0
<b>Risk free safe and liquid securities</b>				
[the total value of safe and liquid assets cannot exceed 20% of the total assets of sociétés de crédit foncier]				
Deposits for a term less than one year with banks	210	8,791,960		
Securities	211	319,239		
Receivables related to these items	212	31,684		
<b>Total replacement cost</b>		<b>9,142,883</b>	95%	8,685,739
<b>Other 1st category assets</b>	<b>215</b>	<b>2,363</b>	<b>100%</b>	<b>2,363</b>
<b>Other 2<sup>nd</sup> category assets:</b>				
<b>Mortgage loans</b>	220	15,860,234	100%	15,860,234
of which				
- mortgage loans also guaranteed by the FGAS guarantee fund	221	6,157,491		
- mortgage loans also guaranteed by a bank or an insurance Company	222	5,194		
- mortgage loans also guaranteed by a public body	223	3,005,733		
Guaranteed loans that meet the conditions of section 1.a) of the appendix to regulation No. 99-10	225	348,842	100%	348,842
Loans to public bodies:	230	14,865,822	100%	14,865,822
of which				
- loans to a public legal body or guaranteed by one: €7,669,447,000				
- interbank loans: 258,133,000				
- investments by state-owned enterprises: €7,196,375,000				
Other 2 <sup>nd</sup> Category Assets	235	447,995	100%	447,995
<b>Other 3rd Category Assets:</b>				
Mortgage Backed Securities (FCCs) which conform with the conditions of section 2.a) of the appendix to regulation No. 99-10	240	14,221,622	100%	14,221,622
Other 3rd Category Assets	241	2,492,304	100%	2,492,304
<b>Other 4th Category Assets</b>	<b>245</b>	<b>0</b>	<b>100%</b>	<b>0</b>
For information:				
assets deducted from the shareholders' equity		21,540		
assets not deducted		0		
<b>TOTAL WEIGHTED ASSETS</b>				
(250 = 205+206+207+210+211+212+215+220+225+230+235+240+241+245) R	250	57,403,605		56,924,921
<b>COVERAGE RATIO (to 2 decimal places) (R/T*100)</b>	260			<b>111.40%</b>

**COVERAGE OF LOAN-TO-VALUE RATIO OVERRUNS PROVIDED FOR BY ARTICLE 94 OF THE FRENCH LAW No. 99-532 OF 25 JUNE 1999 USING NON-PRIVILEGED RESOURCES - mod.4001-2-**

<i>(in thousands of euros)</i>		
<b>NON-PRIVILEGED RESOURCES: LIABILITIES</b>	Item code	Amount 1
Privileged resources	<b>T</b> 101	51,101,470
Total liabilities + equity	<b>V</b> 102	57,403,604
Non-privileged resources (U = V-T)	<b>U</b> 103	6,302,134
<b>OVERRUNS</b>	Item code	Gross amount
<b>I – Sociétés de Crédit Foncier for which the loan-to-value ratio is 60%:</b>		
Outstanding loans with a first rank mortgage or real security providing a guarantee at least equivalent, excluding the guarantees and sureties specified in Section 1 paragraph 2 of article 94 of Law No. 99-532 of 25 June 1999 overrun at the time of granting or acquisition and which still overrun 60% of the total value of the assets provided as collateral for the above-mentioned loans	<b>F</b> 110	1,919,788
Outstanding loans with a first rank mortgage or real security providing a guarantee at least equivalent, excluding the guarantees and sureties specified in Section 1 paragraph 2 of article 94 of Law No. 99-532 of 25 June 1999 60% of the total value of the assets provided as collateral for the above-mentioned loans	<b>G</b> 116	1,689,393
Outstanding loans with a first rank mortgage or real security providing a guarantee at least equivalent, excluding the guarantees and sureties specified in Section 1 paragraph 2 of article 94 of Law No. 99-532 of 25 June 1999 60% of the total value of the assets provided as collateral for the above-mentioned loans	<b>H</b> 112	6,691,816
If $H > I$ , $A = F + H$	<b>A</b> 121	
And $B = G + I$	<b>B</b> 122	
If $H < I$ , $A = F$	<b>A</b> 123	1,919,788
And $B = G$	<b>B</b> 124	1,689,393
<b>II Sociétés de Crédit Foncier for which the loan-to-value ratio is 80%:</b>		
Outstanding loans with a first rank mortgage or real security providing a guarantee at least equivalent, excluding the guarantees and sureties specified in Section 1 paragraph 2 of article 94 of Law No. 99-532 of 25 June 1999 80% of the total value of the assets provided as collateral for the above-mentioned loans	<b>H</b> 126	
	<b>I</b> 127	

If H>I, A=H	<b>A</b>	131	
And B=I	<b>B</b>	132	
(If H<=I, A and B are nil).			
<b>III - TOTAL OVERRUN (D=A-B)</b>	<b>D</b>	135	230,395
<b>IV - CAPITAL TO FIXED ASSETS RATIO FOR OVERRUNS USING NON-PRIVILEGED RESOURCES (with 2 decimal places) (U/D*100)</b>		140	2735.36%
<b>V - OVERRUN FUNDING SURPLUS OR GAP USING NON-PRIVILEGED RESOURCES (U-D)</b>		145	6,071,739

## RECENT DEVELOPMENTS

### Indebtedness

Compagnie de Financement Foncier has issued between 1 January 2006 and the 25 July 2006 debt securities for an amount of € 11.4 bn equivalent, measured in accordance with French GAAP.

### Financial information as at 31 March 2006 and as at 31 March 2005

The following quarterly financial information are un-audited and have not been reviewed.

For the avoidance of doubt, the financial information as at 31 March 2005 and as at 31 March 2005 are reproduced in their entirety in the table below.

In thousands of euros

Assets	31 March 2006	31 March 2005
Cash due from central banks and post office accounts .....	403	201
Treasury notes and similar securities .....	—	—
Due from banks .....	6 417 983	9 533 795
Customers loans .....	22 875 864	20 041 136
Bonds and other fixed income securities .....	28 985 661	19 303 540
Shares and other variable income securities .....	—	—
Insurance Company short-term investment securities .....	—	—
Reinsurance company securities in technical provisions .....	—	—
Other long term securities .....	—	—
Equity in subsidiary companies .....	—	—
Leasing .....	—	—
Intangible fixed assets .....	19 673	28 743
Tangible fixed assets .....	—	—
Unpaid subscribed capital stock .....	—	—
Equity .....	—	—
Other insurance assets .....	—	—
Others assets .....	166 156	192 626
Prepayments deferred charges and accrued income .....	2 411 036	1 850 469
<b>Total Assets</b>	<b>60 876 776</b>	<b>50 950 510</b>

**In thousands of euros**

<b>Liabilities and Equity</b>	<b>31 March 2006</b>	<b>31 March 2005</b>
Cash due to central banks and post office accounts .....	—	8 278
Due to banks .....	1 414 574	1 357 429
Customer deposits .....	18 281	22 242
Debt securities .....	53 086 222	43 772 745
Technical provisions of insurance company .....	—	—
Other Insurance liabilities .....	—	—
Other liabilities .....	787 552	473 478
Accruals and deferred income .....	2 835 294 <sup>▪</sup>	2 668 252 <sup>◦</sup>
Provisions for liabilities and charges .....	10 313	5 403
Subordinated debt .....	2 266 941	2 265 763
Fund for general banking risks .....	20 000	20 000
Equity other than fund for general banking risks	437 599	356 920
Subscribed capital stock .....	110 000	100 000
Share premiums .....	144 223	118 536
Reserves .....	66 517	65 517
Revaluation variation .....	—	—
Regulated provisions and investment subsidies .....	—	—
Retained earnings .....	30 923	—
Net income for the year (provisional) .....	85 936	72 867
<b>Total Liabilities and Equity</b>	<b>60 876 776</b>	<b>50 950 510</b>

▪ Of which un-audited net income for the first quarterly borrowing 2006 of €11 216K

◦ Of which net income for the first quarterly borrowing 2005 of €23 406K

In thousands of euros

Off-Balance Sheet	31 March 2006	31 March 2005
Commitments given :		
<i>Financing commitments</i> .....	1 247 156	941 970
<i>Guarantee commitments</i> .....	—	—
<i>Securities commitments</i> .....	—	—
<i>Commitments given for Insurance activities</i> .....	—	—
Commitments received :		
<i>Financing commitments</i> .....	1 303 249	1 304 901
<i>Guarantee commitments</i> .....	4 351 775	3 688 426
<i>Securities commitments</i> .....	1 128 258	115 000
<i>Commitments received from Insurance activities</i> .....	—	—

## TAXATION

### EU TAXATION

On 3 June 2003, the European Council of Economic and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income (the “**Directive**”). Pursuant to the Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Directive (interests, products, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the “**Disclosure of Information Method**”).

For these purposes, the term “paying agent” is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg, Belgium and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax equals 15 per cent. during the first three years, 20 per cent. during the subsequent three years and 35 per cent. until the end of the transitional period.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the “**OECD Model Agreement**”) with respect to interest payments within the meaning of the Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

### LUXEMBOURG - TAXATION

*The comments below are intended as a basic summary of certain tax consequences in relation to the purchase, ownership and disposition of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.*

#### **Withholding tax**

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

#### *Luxembourg non-resident individuals*

Under the Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) and several agreements concluded between Luxembourg and certain dependent territories of the European Union, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar

income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State, unless the beneficiary of the interest payments elects for an exchange of information. The same regime applies to payments to individuals resident in certain EU dependent territories.

The withholding tax rate is initially 15 per cent., increasing steadily to 20 per cent. and to 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

#### *Luxembourg resident individuals*

A 10 per cent. withholding tax has been introduced, as from 1 January 2006, on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents. Only interest accrued after 1 July, 2005 falls within the scope of the withholding tax. This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers.

### **FRANCE – TAXATION**

The Directive was implemented into French law under Article 242 *ter* of the French *Code Général des Impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Payments of interest and other revenues with respect to Notes which constitute *obligations* under French law and are issued or deemed to be issued by the Issuer outside the Republic of France benefit from the exemption from deduction of tax at source on interest set out under Article 125 A III of the French *Code Général des Impôts*, as provided for in Article 131 *quater* of the French *Code Général des Impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.

Notes constituting *obligations* under French law will be issued (or deemed to be issued) outside France by the Issuer (i) in the case of syndicated or non-syndicated issues of Notes, if such Notes are denominated in euro, (ii) in the case of syndicated issues of Notes denominated in currencies other than euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the Notes to the public in the Republic of France in connection with their initial distribution and such Notes are offered in the Republic of France only through an international syndicate to qualified investors (*investisseurs qualifiés*) as described in Article L. 411-2 of the French *Code monétaire et financier* or (iii) in the case of non-syndicated issues of Notes denominated in currencies other than euro, if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France and does not act through a permanent establishment or fixed base therein, in each case as more fully set out in the Circular 5 I-11-98 of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the relevant Final Terms, Notes constituting *obligations* denominated in currencies other than euro may be issued on a non-syndicated basis and placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the Notes will not benefit from the exemption from deduction at source provided for in Article 131 *quater* of the French *Code Général des Impôts* and interest payments under such Notes made to a non-French resident will be exempt from withholding or deduction imposed by or on behalf of the Republic of France at source only if the beneficiary of the payment provides certification that he is not resident in the Republic of France, all in accordance with the provisions of Article 125 A III of the French *Code Général des Impôts*, as more fully described in Condition 8.

*See “Terms and Conditions of the Notes – Taxation”.*



## SUBSCRIPTION AND SALE

Subject to the terms and the conditions contained in an amended and restated dealer agreement dated 1 August 2006 (the “**Amended and Restated Dealer Agreement**”) between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Amended and Restated Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Amended and Restated Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### Selling Restrictions

#### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Directive 2003/71/EC (the “**Prospectus Directive**”) (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), unless as otherwise specified in the Final Terms, it has not made and will not make an offer of Notes to the public in that Relevant Member State and may, unless otherwise provided in the selling restrictions relating to a particular Member State, with effect from and including the Relevant Implementation Date, only offer at any time:

- (i) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (ii) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- (iii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (iv) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## France

### (a) Notes denominated in euro:

In respect of Notes constituting *obligations* denominated in euro whether issued on a syndicated or non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to qualified investors (*investisseurs qualifiés*) as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 to D.411-3 of the French *Code monétaire et financier*; but excluding individuals referred to in Article D.411-1 II 2° of the French *Code monétaire et financier*.

### (b) Syndicated issues of Notes denominated in currencies other than euro:

In respect of Notes constituting *obligations* denominated in currencies other than euro issued on a syndicated basis, each of the Dealers and the Issuer has represented and agreed that, in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will only be made in France through an international syndicate to qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 to D.411-3 of the French *Code monétaire et financier*; but excluding individuals referred to in Article D.411-1 II 2° of the French *Code monétaire et financier*.

### (c) Non-syndicated issues of Notes denominated in currencies other than euro:

In respect of Notes constituting *obligations* denominated in currencies other than euro issued on a non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and each subscriber of the Notes will be domiciled or resident for tax purposes outside France.

If necessary these selling restrictions will be supplemented in the relevant Final Terms.

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

## United States

The Notes have not been and will not be registered under the U.S. Securities Act and include Materialised Notes having a maturity of more than one year that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Materialised Notes, delivered within the United States or to U.S. persons. Each Dealer has agreed that it will not offer, sell or deliver the Notes except as permitted by the Amended and Restated Dealer Agreement.

In addition, until 40 days after the commencement of the offering, an offer or sale of any identifiable Tranche of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

## United Kingdom

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (i) in relation to any Notes which have a maturity of less than one year from the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold

and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “**Securities and Exchange Law**”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a Supplement to the Prospectus.

Unless otherwise specified in the Final Terms, no action has been taken in any jurisdiction that would permit an offer to the public of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefore.

Each of the Dealers and the Issuer has represented and agreed that Materialised Notes may only be issued outside France.

**FORM OF FINAL TERMS 1**  
**FORM OF FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF NOTES**  
**WITH A DENOMINATION OF LESS THAN €50,000 TO BE LISTED**  
**AND ADMITTED TO TRADING ON A REGULATED MARKET**  
**OR REGULATED MARKETS AND/OR OFFERED TO THE PUBLIC IN THE**  
**EUROPEAN ECONOMIC AREA**

**Final Terms dated [●]**

[LOGO, if document is printed]

**COMPAGNIE DE FINANCEMENT FONCIER**

Euro 75,000,000,000

Euro Medium Term Note Programme

for the issue of *Obligations Foncières*

Due from one month from the date of original issue

**SERIES NO: [●]**

**TRANCHE NO: [●]**

**[Brief Description and Amount of *Obligations Foncières*]**

**Issued by: COMPAGNIE DE FINANCEMENT FONCIER (the “Issuer”)**

Issue Price: [●] per cent.

**[Name(s) of Dealer(s)]**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] 2006 which received visa n°[●] from the *Autorité des marchés financiers* (the “AMF”) on [●] [and the supplement to the Base Prospectus dated [●] which received visa n°[●] from the AMF on [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”).

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [is] [are]

available for viewing on the website of the *Autorité des marchés financiers*, and copies may be obtained from Compagnie de Financement Foncier, 4, Quai de Bercy, 94224 Charenton Cedex, France.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a [Prospectus and/or an Offering Circular] with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the [Prospectus/Offering Circular] dated [original date] [approved by the Luxembourg Stock Exchange/Commission de Surveillance du Secteur Financier in Luxembourg] / [which received visa n°[•] from the *Autorité des marchés financiers* (“AMF”) on [•]] [and the supplement to the Base Prospectus] [approved by the Luxembourg Stock Exchange/Commission de Surveillance du Secteur Financier in Luxembourg] / [which received visa n°[•] from the *Autorité des marchés financiers* (“AMF”) on [•]] dated [•]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] which received visa n°[•] from the AMF on [•] [and the supplement to the Base Prospectus dated [•] which received visa n°[•] from the AMF on [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Prospectus/Offering Circular] dated [original date] [and the supplement to the Base Prospectus] dated [•] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Prospectus/Offering Circular] dated [original date] and the Base Prospectus dated [current date] which received visa n°[•] from the AMF on [•] [and the supplement to the Base Prospectus dated [•] which received visa n°[•] from the AMF on [•]]. The Base Prospectus/Offering Circular [and the supplement to the Base Prospectus] are available for viewing at the office of the Fiscal Agent or each of the Paying Agents and, if relevant, on the website of the *Autorité des marchés financiers*, and copies may be obtained from [Compagnie de Financement Foncier 4, Quai de Bercy, 94224 Charenton, France].

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information in these Final Terms consideration should be given as to whether such terms or information constitute a “significant new factor” and consequently triggers the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

- |   |   |   |
|---|---|---|
| 1 | Issuer:   | Compagnie de Financement Foncier  |
| 2 | (i) Series Number:  | [•]   |
|   | (ii) [Tranche Number:   | [•]   |
|   | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)]</i> |   |
| 3 | Specified Currency or Currencies:   | [•]   |
| 4 | Aggregate Nominal Amount:   |   |
|   | (i) Series:   | [•]   |
|   | (ii) [Tranche:  | [•]]  |
| 5 | Issue Price:  | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date],( if applicable)] |

6	Specified Denominations:	[•] <i>(one denomination only for Dematerialised Notes)</i> <sup>1</sup>
7	(i) Issue Date:	[•]
	(ii) [Interest Commencement Date:	[•]]
8	Maturity Date:	<i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>
9	Interest Basis:	[[•] per cent. Fixed Rate] [[specify reference rate] +/- [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (specify)] <i>[(further particulars specified below)]</i>
10	Redemption/Payment Basis <sup>2</sup> :	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (specify)]
11	Change of Interest or Redemption/Payment Basis:	<i>[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]</i>
12	Call Options:	[Issuer Call] <i>[(further particulars specified below)]</i>
13	(i) Status of the Notes:	[Obligations Foncières]

<sup>1</sup> Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and having a maturity of less than one year must have a minimum denomination of £100,000 (or its equivalent in other currencies).

<sup>2</sup> If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- (ii) Dates of the corporate authorisations for issuance of the Notes: Decision of the *Conseil d'administration* of Compagnie de Financement Foncier dated [•] authorising the issue of the Notes and authorising its *directeur général* the power to sign and execute all documents in relation to the issue of Notes, and decision of the *Conseil d'administration* of the Issuer dated [•] authorising the quarterly programme of borrowings which benefit from the *privilège* referred to in Article L.515-19 of the Code of up to and including Euro [•] billion for the [•] quarter of 200[•].

14 Method of distribution:

[Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

#### 15 Fixed Rate Note Provisions

[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

- (i) Rate [(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted] (*Note that this item relates to interest period end dates and not to the date and place of payment, to which item 25 relates*)
- (iii) Fixed Coupon Amount [(s)]: [•] per [•] in nominal amount
- (iv) Broken Amount(s): [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate*]
- (v) Day Count Fraction (Condition 5(a)): [30/360/Actual/Actual<sup>1</sup>/ICMA<sup>1</sup>]/FBF/ISDA/Other] Adjusted/Unadjusted
- (vi) Determination Date(s) (Condition 5(a)): [•] in each year (*insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA<sup>1</sup>)*)

<sup>1</sup> As announced on 3 February 2005 ISMA and IPMA have agreed the terms of a proposed merger. The merger was completed in July 2005 and the merged association is called ICMA (the International Capital Markets Association).

	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
<b>16</b>	<b>Floating Rate Provisions</b>	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) Interest Period(s):	[•]
	(ii) Specified Interest Payment Dates:	[•]
	(iii) Business Day Convention:	[Following Business Day Convention/ Following Business Day Except the Following Month Convention/Preceding Business Day Convention/other (give details)]. (Note that this item relates to interest period end dates and not to the date and place of payment, to which item 25 relates)
	(iv) Business Centre(s) (Condition 5(a)):	[•]
	(v) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/BBF Determination/ISDA Determination/other (give details)]
	(vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[•]
	(vii) Screen Rate Determination (Condition 5(c)(iii)(C)):	[•]
	• Relevant Time:	[•]
	• Interest Determination Date:	[/•] [TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date], subject to adjustment in accordance with [Following Business Day Convention/ Following Business Day Except the Following Month Convention/Preceding Business Day Convention/other (give details)].]
	• Primary Source for Floating Rate:	[Specify relevant screen page or “Reference Banks”]
	• Reference Banks (if primary source is “Reference Banks”):	[Specify four]
	• Relevant Financial Centre:	[The financial centre most closely connected to the benchmark - specify if not Paris]
	• Benchmark:	[LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]



- Representative Amount: *[Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]*
- Effective Date: *[Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]*
- Specified Duration: *[Specify period for quotation if not duration of Interest Accrual Period]*

(viii) FBF Determination (Condition 5(c)(iii)(A)):

- Floating Rate: **[•]**
- Floating Rate Determination Date (*Date de Détermination du Taux Variable*): **[•]**
- FBF Definitions: (if different from those set out in the Conditions): **[•]**

(ix) ISDA Determination (Condition 5(c)(iii)(B)):

- Floating Rate Option: **[•]**
- Designated Maturity: **[•]**
- Reset Date: **[•]**
- ISDA Definitions: (if different from those set out in the Conditions) **[•]**

(x) Margin(s): **[+/-] [•] per cent. per annum**

(xi) Minimum Rate of Interest: **[Not Applicable] / [•] per cent. per annum**

(xii) Maximum Rate of Interest: **[Not Applicable] / [•] per cent. per annum**

(xiii) Day Count Fraction (Condition 5(a)): **[•]**

(xiv) Rate Multiplier: **[•]**

(xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

**[•]**

## 17 Zero Coupon Note Provisions

**[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)**

- (i) Amortisation Yield (Condition 6(d)): **[•] per cent. per annum**
- (ii) Day Count Fraction (Condition 5(a)): **[•]**
- (iii) Any other formula/basis of determining amount payable: **[•]**

<b>18</b>	<b>Index Linked Interest Note/other variable-linked interest Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index/Formula/other variable:	[Give or annex details]
	(ii) Calculation Agent responsible for calculating the interest due:	[•]
	(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[•]
	(iv) Interest Period(s):	[•][•] subject to adjustment in accordance with [Following Business Day Convention/ Following Business Day Except the Following Month Convention/Preceding Business Day Convention/other (give details)]
	(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula an/or other variable is impossible or impracticable or other wise disrupted:	[•]
	(vi) Interest Determination Date(s):	[•]
	(vii) Specified Interest Payment Dates:	[•]
	(viii) Business Day Convention:	[Following Business Day Convention/ Following Business Day Except the Following Month Convention/Preceding Business Day Convention/other (give details)]. <i>(Note that this item relates to interest period end dates and not to the place of payment, to which item 25 relates)</i>
	(ix) Business Centre(s) (Condition 5(a)):	[•]
	(x) Minimum Rate /Amount of Interest:	[Not Applicable]/[•] per cent. per annum
	(xi) Maximum Rate /Amount of Interest:	[Not Applicable]/[•] per cent. per annum
	(xii) Day Count Fraction (Condition 5(a)):	[•]
<b>19</b>	<b>Dual Currency Note Provisions<sup>1</sup></b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
	(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]

<sup>1</sup> If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
- (iv) Person at whose option Specified Currency(-ies) is/are payable: [•]

## PROVISIONS RELATING TO REDEMPTION

- 20 Call Option** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Option Exercise Date(s) / Optional Redemption Date(s): [•]
  - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Note [of [•] Specified Denomination]
  - (iii) If redeemable in part: [•]
  - (iv) Minimum Nominal Amount to be redeemed: [•]
  - (v) Maximum Nominal Amount to be redeemed: [•]
  - (vi) Notice period: [•]
- 21 Other Option** [[•]/Not Applicable] *(If applicable, specify details)*
- 22 Final Redemption Amount of each Note**<sup>1</sup> [[•] per Note of [[•] Specified Denomination/] Aggregate Nominal Amount/Other/See Appendix]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [give or annex details]
  - (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [•]
  - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•]
  - (iv) Determination Date(s): [•]
  - (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
  - (vi) Payment Date: [•]

<sup>1</sup> If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- (vii) Minimum Final Redemption Amount : [•]
- (viii) Maximum Final Redemption Amount : [•]

## 23 Early Redemption Amount

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on any early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions).: Not Applicable

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 24 Form of Notes: [Dematerialised Notes/ Materialised Notes]  
*(Materialised Notes are only in bearer form)*  
*[Delete as appropriate]*
- (i) Form of Dematerialised Notes: [Not Applicable/specify whether Bearer dematerialised form (*au porteur*) / Administered Registered dematerialised form (*au nominatif administré*) / Fully Registered dematerialised form (*au nominatif pur*)]
- (ii) Registration Agent: [Not Applicable/Applicable] *if applicable give name and details* (note that a registration agent must be appointed in relation to Fully Registered Dematerialised Notes only)
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [•] (the “**Exchange Date**”), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] *(Only applicable to Materialised Notes)*
- 25 Financial Centre(s) (Condition 7(h)) or other special provisions relating to Payment Dates: [Not Applicable/Give details]. *(Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(iii) and 18(viii) relate)*
- Adjusted Payment Date (Condition 7(h)): [The next following business day unless it would thereby fall into the next calendar month, in which such event such date shall be brought forward to the immediately preceding business day.] [The immediately preceding business day]/[Other <sup>\*</sup> ]

\* In the market practice, if any date for payment in respect of Fixed Rate Notes, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day (as defined in Condition 7(h)).

26	Talons for future Coupons or Receipts to be attached to Definitive Materialised Notes (and dates on which such Talons mature):	[Yes/No/Not Applicable. <i>If yes, give details</i> ] (Only applicable <i>to Materialised Notes</i> )
27	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay]:	[Not Applicable/ <i>give details</i> ]
28	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/ <i>give details</i> ]
29	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition 1(d)] [annexed to this Final Terms] apply]
30	Consolidation provisions:	[Not Applicable/The provisions [in Condition 13(b)] [annexed to this Final Terms] apply]
31	Representation of holders of Notes <sup>1</sup> <i>Masse</i> (Condition 10)	[Applicable/Not Applicable/Condition 10 replaced by the full provisions of French Code of Commerce relating to the <i>Masse</i> ] <i>(Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 10 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 10 must be waived in its entirety and replaced by the provisions of French Code of Commerce relating to the Masse. If Condition 10 (as it may be amended or supplemented) applies or if the full provisions of French Code of Commerce apply, insert details of Representative and Alternative Representative and remuneration, if any).</i>
32	Other final terms:	[Not Applicable/ <i>give details</i> ] <i>(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)</i>

<sup>1</sup> The provisions of the French *Code de Commerce* relating to the *Masse* of holders of Notes are applicable in full to French domestic issues of Notes. Pursuant to Article L.228-90 of the French *Code de Commerce*, the *Masse* provisions contained in the French *Code de Commerce* are NOT applicable to international issues (*emprunt émis à l'étranger*); accordingly international issues may have no *Masse* provisions at all or the *Masse* provisions contained in the French *Code de Commerce* may be varied along the lines of the provisions of Condition 10

## DISTRIBUTION

- 33 (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) Date of [Subscription] Agreement: [•]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
- 34 If non-syndicated, name and address of Dealer: [Not Applicable/give name]
- 35 Total [underwriting] commission and concession: [•] per cent. of the Aggregate Nominal Amount.
- 36 Additional selling restrictions: [Not Applicable/give details]

## [LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprises the final terms required to list and have listed and admitted to trading the issue of Notes described herein pursuant to the Euro 75,000,000,000 Euro Medium Term Note Programme of Compagnie de Financement Foncier.]

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading. ]

Signed on behalf of the Issuer:

Duly represented by:

## PART B – OTHER INFORMATION

### 1. RISK FACTORS

*[[Insert any risk factors that are material to the Notes being offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.] [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]\*]*

### 2. LISTING

- (i) Listing: [Eurolist by Euronext<sup>TM</sup> of Euronext Paris S.A./other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be listed and admitted to trading on [●] with effect from [●].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already listed and admitted to trading.)*

- (iii) Additional publication of Base Prospectus and Final Terms: [●] (See Condition 15 which provides that the Base Prospectus and Final Terms of Notes listed and admitted to trading on any Regulated Market will be published on the website of the AMF. Please provide for additional methods of publication in respect of a listing and admission to trading on a Regulated Market other than Euronext Paris S.A.)
- (iv) Regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading:

### 3. PUBLIC OFFER(S)

- (i) Public Offer(s): [Yes/Not Applicable]  
*(No offers shall be made to the public in France)*
- (ii) Member State(s): [The Notes will be offered to the public in [●] (insert any Member State of the European Economic Area where the Notes will be offered to the public/Not Applicable]
- (iii) Time period, including any [[-]/Not Applicable]

\* Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

possible amendments, during which the offer will be open and description of the applicable process

(iv) Description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants [[-]/Not Applicable]

(v) Details of the minimum and/or maximum amount of application, (whether in number of securities or aggregate amount to invest) [[-]/Not Applicable]

(vi) Procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised [[-]/Not Applicable]

(vii) Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made [[-]/Not Applicable]

#### 4. RATINGS

Ratings:

The Programme has been rated Aaa by Moody's Investors Service and AAA by Standard & Poors Ratings Services.

For Moody's Investors Service, Notes issued under the Programme are deemed to have the same rating as the Programme, investors are invited to check on a regular basis the rating assigned to the Programme which is publicly disclosed via Moody's rating desk or moodys.com.

The Notes issued under the Programme will be rated AAA by Standard & Poors Ratings Services<sup>1</sup> and by Fitch Ratings<sup>2</sup>.

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

#### 5. [NOTIFICATION

The *Autorité des marchés financiers* in France [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

<sup>1</sup> An obligation rated "AAA" has the highest rating assigned by Standard & Poors. The obligor capacity to meet its financial commitment on the obligation is extremely strong (source: Standard & Poors Ratings Services).

<sup>2</sup> A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without notice.



**6. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

["Save as discussed in ["Subscription and Sale"] so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

## 7. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES\*

**[(i) Reasons for the offer:**

$$[\bullet]$$

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

[(ii)] Estimated net proceeds:

$$[\cdot]$$

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii)] Estimated total expenses:

$$[\cdot]$$

*[Include breakdown of expenses.]*

*(If the Notes are derivative securities to which Annex 12 of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

## 8. OFFER STATISTICS AND EXPECTED TIMETABLE

(i) Offer statistics

(ii) Expected timetable

**9. [Fixed Rate Notes only – YIELD**

Indication of yield:

$$[\bullet]$$

Calculated as [include details of method of calculation in summary form] on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

**10. [Floating Rate Notes only - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].

**[Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING \*\*\***

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained, the underlying on which it is based and of the method used to relate the two, a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. and any settlement disruption events that affect the underlying. Include details of rules with relation to events concerning the underlying.*

**11. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained, the underlying on which it is based and of the method used to relate the two, a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident and any settlement disruption events that affect the underlying. Include details of rules with relation to events concerning the underlying.]*

**12. [Derivatives only – EXPLANATION OF EFFECT ON VALUE OF INVESTMENT, RETURN ON DERIVATIVES SECURITIES AND INFORMATION CONCERNING THE UNDERLYING\* ]**

**EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.*

**INFORMATION CONCERNING THE UNDERLYING**

- a statement setting out the type of the underlying and details of where information on the underlying can be obtained: [•]

- an indication where information about the past and the further performance of the underlying and its volatility can be obtained [•]

- where the underlying is an index: [Applicable/Not Applicable]

- the name of the index and a description of the index if it is composed by the issuer. If the index is not composed by the issuer, where information about the index can be obtained: [•]

- where the underlying is an interest rate: [Applicable/Not Applicable]

\*\*\* For derivative securities to which Annex 12 to the Prospectus Directive Regulation applies, please complete instead paragraph 12 below relating to explanation of effect on value of investment, return on derivatives securities and information concerning the underlying.

\* Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- a description of the interest rate: [•]
  - others: [Applicable/Not Applicable]
    - where the underlying does not fall within the categories specified above the securities note shall contain equivalent information: [•]
  - where the underlying is a basket of underlyings: [Applicable/Not Applicable]
    - disclosure of the relevant weightings of each underlying in the basket: [•]
- A description of any market disruption or settlement disruption events that affect the underlying: [•]
- Adjustment rules with relation to events concerning the underlying:] \* [•]
- an indication of the intent of the Issuer regarding the providing of post-issuance information and where the intent of the Issuer is to report such information, an indication of the type of information reported and where it can be obtained: [•]

### 13. OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

Depositories:

- (i) Euroclear France to act as Central Depositary [Yes/No]
- (ii) Common Depositary for Euroclear Bank S.A./N.V. and Clearstream Luxembourg [Yes/No]

Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

The Agents appointed in respect of the Notes are: [•]

\* Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

Names and addresses of additional  
Paying Agent(s) (if any): [•]

The aggregate principal amount of  
Notes issued has been translated [Not Applicable/Euro [•]] (*Only applicable for Notes not  
into Euro at the rate of [currency] denominated in Euro*)  
[•] per Euro 1. 00, producing a sum  
of:

**SPECIFIC CONTROLLER’S CERTIFICATE RELATING TO THE NOTES  
CERTIFICATE OF THE SPECIFIC CONTROLLER RELATING TO THE DEBENTURE  
ISSUE AMOUNTING TO [•] PURSUANT TO ARTICLE L. 515-30 OF THE FRENCH  
MONETARY AND FINANCIAL CODE AND ARTICLE 9 – IV OF THE DECREE OF  
AUGUST 3, 1999**

TRANSLATED FROM FRENCH

*[Only applicable if the amount of Notes issued equals or exceeds Euro 500,000,000 or its equivalent in any other currency]*

To the Directors of Compagnie de Financement Foncier,

In our capacity as Specific Controller of your company and pursuant to the provisions set forth in Article L. 515-30 of the French Monetary and Financial Code and Article 9 – IV of Decree no. 99-710 of August 3, 1999, we hereby set out our certification regarding compliance with the rule provided for in Article L. 515-20 of the French Monetary and Financial Code within the framework of any issue of mortgage debentures with a unit value of at least EUR 500 million.

In a decision dated [•] [•], the Board of Directors of Compagnie de Financement Foncier set the maximum ceiling for the programme for issuing funding that qualify for the privileged right laid down by Article L. 515-19 of the French Monetary and Financial Code at [•], for the period from [•] [•] to [•] [•].

Within the scope of this quarterly issue programme, in a decision dated [•] [•], the chief executive officer of Compagnie de Financement Foncier approved a new issue of funds qualifying for the preferential rights set forth in Article L. 515-19 of the French Monetary and Financial Code, for an amount of [•].

Article L. 515-20 of the French Monetary and Financial Code states that the total amount of assets held by *sociétés de crédit foncier* (special-purpose real estate credit institutions) must be greater than the amount of liabilities which qualify for the privileged right mentioned in Article L. 515-19 of said code. Our responsibility is to certify the compliance of the current transaction with this rule.

Compliance with this rule, after taking into account the aforementioned debenture issue, was verified on the basis of estimated and forecasted financial data, drawn up under the responsibility of your Board of Directors. The forecasted financial data were drawn up on the basis of assumptions which reflect the position that you deemed to be most probable as of the date of the present issue. This information is presented in an appendix to this report.

We performed our review in accordance with the standards of the profession that are applicable to this type of assignment. These standards require that we perform procedures, based on such financial information, in order to verify compliance with the rule laid down by Article L. 515-20 of the French Monetary and Financial Code and with the methods of calculating the hedge ratio provided for in Regulation no. 99-10 of July 9, 1999 of the French Banking and Financial Regulations Committee.

Our work has also required that we plan and prepare our review leading to an assessment of the fair presentation of the estimated and the forecasted financial data, drawn up as of the closest date of the present issue, with regard to its consistency, plausibility and relevance, with a view to checking compliance with the rule provided for in Article L. 515-20 of the French Monetary and Financial Code. Regarding the forecasted financial data, we have assessed the assumptions used and their statement in figures, considering that, as the forecasts are, by their nature, uncertain, the actual results could differ significantly from the forecasted data presented.

Based on our work, we have no comments to make as regards compliance by Compagnie de Financement Foncier with Article L. 515-20 of the French Monetary and Financial Code, which states that the amount of assets must be greater than the amount of preferential liabilities, after taking into account the aforementioned issue.

Paris, [•] [•]

The Specific Controller

CAILLIAU DEDOUIT ET ASSOCIES

Laurent BRUN

CAILLIAU DEDOUIT ET ASSOCIES  
19, rue Clément Marot, 75008 Paris



## APPENDIX

Figures after taking into account the debentures issues for the period from [•] [•] to [•] [•], including the present issue of [•] (value date [•][•])

In million of EUR	Estimated figures	Forecasted Figures
	As of [•] [•]	As of [•] [•]
Total application of funds	[•]	[•]
Total sources of funds that qualify for the privileged right mentioned in Article L. 515-19 of the French Monetary and Financial Code	[•]	[•]

**ATTESTATION DU CONTROLEUR SPECIFIQUE RELATIVE A UNE EMISSION  
OBLIGATAIRE D'UN MONTANT DE [•] EN APPLICATION DE L'ARTICLE L.515-30  
DU CODE MONETAIRE ET FINANCIER ET DE L'ARTICLE 9 – IV DU DECRET DU 3  
AOUT 1999**

*[Only applicable if the amount of Notes issued equals or exceeds Euro 500,000,000 or its equivalent in any other currency]*

Messieurs les Administrateurs de la Compagnie de Financement Foncier,

En notre qualité de contrôleur spécifique de votre société et en exécution des dispositions prévues par les articles L.515-30 du Code monétaire et financier et 9-IV du décret n°99-710 du 3 août 1999, nous devons établir une attestation du respect de la règle prévue à l'article L. 515-20 de ce Code, dans le cadre de toute émission d'obligations foncières d'une valeur unitaire au moins égale à EUR 500 millions.

Par décision en date du [•] [•], le conseil d'administration de la Compagnie de Financement Foncier a fixé le plafond maximum du programme d'émissions de ressources bénéficiant du privilège institué par l'article L.515-19 du Code monétaire et financier, à EUR [•], pour la période allant du [•] [•] au [•] [•].

Dans le cadre de ce programme trimestriel d'émissions, par décision en date du [•] [•], le directeur général de la Compagnie de Financement Foncier a autorisé le lancement d'une nouvelle émission de ressources bénéficiant du privilège institué par l'article L.515-19 du Code monétaire et financier, pour un montant de [•].

L'article L. 515-20 du Code monétaire et financier dispose que le montant total des éléments d'actif des sociétés de crédit foncier doit être supérieur au montant des éléments de passif bénéficiant du privilège mentionné à l'article L.515-19 de ce même Code. Il nous appartient d'attester du respect de cette règle au titre de la présente opération.

Le respect de cette règle, après prise en compte de l'émission visée ci-dessus, a été vérifié sur la base d'informations financières estimées et prévisionnelles établies sous la responsabilité de votre conseil d'administration. Les informations financières prévisionnelles ont été établies à partir des hypothèses traduisant la situation future que vous avez estimée la plus probable à la date de la présente émission. Ces informations sont présentées en annexe à la présente attestation.

Nous avons effectué nos travaux selon les normes de la profession applicables à cette intervention. Ces normes requièrent la mise en œuvre de diligences destinées à vérifier, sur la base des informations financières établies, le respect de la règle prévue par l'article L. 515-20 du Code monétaire et financier et les modalités de calcul du ratio de couverture prévues par les dispositions du règlement n°99-10 du 9 juillet 1999 du Comité de la Réglementation Bancaire et Financière.

Nos diligences ont notamment consisté à examiner le processus d'élaboration des informations financières estimées et prévisionnelles, établies à la date plus proche de celle de la présente émission, afin d'en vérifier la cohérence dans la perspective de contrôler le respect de la règle prévue à l'article L.515-20 du Code monétaire et financier. En ce qui concerne les informations prévisionnelles, nous avons pris connaissance des hypothèses retenues et vérifié leur traduction chiffrée, étant rappelé que, s'agissant de prévisions présentant par nature un caractère incertain, les réalisations différeront parfois de manière significative des informations prévisionnelles établies.

Sur la base de nos travaux, nous n'avons pas d'observation à formuler sur le respect, par la Compagnie de Financement Foncier, de l'article L.515-20 du Code monétaire et financier stipulant que le montant des éléments d'actif doit être supérieur au montant des éléments de passif privilégiés, après prise en compte de la présente émission visée ci-dessus.

Paris, le [•] [•]

Le Contrôleur Spécifique

CAILLIAU DEDOUT ET ASSOCIES

Laurent BRUN

CAILLIAU DEDOUT ET ASSOCIES  
19, rue Clément Marot, 75008 Paris



**ANNEXE**

**Montants après prise en compte des émissions obligataires réalisées du [•] [•] au [•] [•], y compris la présente émission de [•] (date de règlement [•] [•])**

<b>En million d'euros</b>	<b>Estimé</b>	<b>Prévisionnel</b>
	<b>Au [•] [•]</b>	<b>Au [•] [•]</b>
Total des emplois	[•]	[•]
Total des ressources bénéficiant du privilège mentionné à l'article L.515-19 du Code monétaire et financier	[•]	[•]



## FORM OF FINAL TERMS 2

### PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF NOTES WITH A DENOMINATION OF AT LEAST €50,000 TO BE LISTED AND ADMITTED TO TRADING ON AN E.U. REGULATED MARKET

Final Terms dated [●]

[LOGO, if document is printed]

#### COMPAGNIE DE FINANCEMENT FONCIER

Euro 75,000,000,000

Euro Medium Term Note Programme

for the issue of *Obligations Foncières*

Due from one month from the date of original issue

**SERIES NO: [●]**

**TRANCHE NO: [●]**

**[Brief Description and Amount of *Obligations Foncières*]**

**Issued by: COMPAGNIE DE FINANCEMENT FONCIER (the “Issuer”)**

Issue Price: [●] per cent.

**[Name(s) of Dealer(s)]**

#### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] 2006 which has received visa n°[●] from the *Autorité des marchés financiers* (the “AMF”) on [●] [and the supplement to the Base Prospectus dated [●] which has received visa n°[●] from the AMF on [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”).

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at the office of the Fiscal Agent or each of the Paying Agents and on the website of the *Autorité des marchés financiers*, and copies may be obtained from [Compagnie de Financement Foncier, 4, Quai de Bercy, 94224 Charenton Cedex, France].

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Prospectus and/or Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the [Prospectus/Offering Circular] dated [original date] [approved by the Luxembourg Stock Exchange/Commission de Surveillance du Secteur Financier in Luxembourg] / [which received visa n°[•] from the *Autorité des marchés financiers* (“AMF”) on [•]] [and the supplement to the Base Prospectus dated [•]] [approved by the Luxembourg Stock Exchange/Commission de Surveillance du Secteur Financier in Luxembourg] / [which received visa n°[•] from the *Autorité des marchés financiers* (“AMF”) on [•]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] which has received visa n°[•] from the AMF on [•] [and the supplement to the Base Prospectus dated [•] which has received visa n°[•] from the AMF on [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Base Prospectus/Offering Circular] dated [original date] [and the supplement to the Base Prospectus dated [•]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Prospectus/Offering Circular] dated [original date] and the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [•]]. The Base Prospectus/Offering Circular [and the supplement to the Base Prospectus] are available for viewing at the office of the Fiscal Agent or each of the Paying Agents and on the website of the *Autorité des marchés financiers*, and copies may be obtained from Compagnie de Financement Foncier, 4, Quai de Bercy, 94224 Charenton, France.

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

- |   |   |  |
|---|---|--|
| 1 | Issuer:   | Compagnie de Financement Foncier   |
| 2 | (i) Series Number:  | [•]  |
|   | (ii) [Tranche Number:   | [•]  |
|   | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)]</i> |  |
| 3 | Specified Currency or Currencies:   | [•]  |
| 4 | Aggregate Nominal Amount of Notes listed and admitted to trading:   |  |
|   | (i) Series:   | [•]  |
|   | (ii) [Tranche:  | [•]]   |
| 5 | (i) Issue Price:  | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)] |
| 6 | Specified Denominations:  | [•] (one denomination only for Dematerialised Notes) <sup>1</sup>  |

<sup>1</sup> Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and having a maturity of less than one year must have a minimum denomination of £100,000 (or its equivalent in other currencies).

7	(i) Issue Date:	[•]
	(ii) [Interest Commencement Date:	[•]]
8	Maturity Date:	<i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>
9	Interest Basis:	[[•] per cent. Fixed Rate] [[specify reference rate] +/- [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (specify)] <i>[(further particulars specified below)]</i>
10	Redemption/Payment Basis ** :	[Redemption at par] [Index Linked Redemption] [Dual Currency] [Partly Paid] [Instalment] [Other (specify)]
11	Change of Interest or Redemption/Payment Basis:	<i>[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]</i>
12	Call Options:	[Issuer Call] <i>[(further particulars specified below)]</i>
13	(i) Status of the Notes:	[Obligations Foncières]
	(ii) Dates of the corporate authorisations for issuance of the Notes:	Decision of the <i>Conseil d'administration</i> of Compagnie de Financement Foncier dated [•] authorising the issue of the Notes and authorising its <i>directeur général</i> the power to sign and execute all documents in relation to the issue of Notes, and decision of the <i>Conseil d'administration</i> of the Issuer dated [•] authorising the quarterly programme of borrowings which benefit from the <i>privilège</i> referred to in Article L.515-19 of the Code of up to and including Euro [•] billion for the [•] quarter of 200[•].
14	Method of distribution:	[Syndicated/Non-syndicated]

\*\*

If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

**PROVISIONS RELATING TO INTEREST (IF ANY)  
PAYABLE**

<b>15</b>	<b>Fixed Rate Note Provisions</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
	(i) Rate [(s)] of Interest:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[•] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]  ( <i>Note that this item relates to interest period end dates and not to the date and place of payment, to which item 25 relates</i> )
	(iii) Fixed Coupon Amount [(s)]:	[•] per [•] in nominal amount
	(iv) Broken Amount(s):	[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate]
	(v) Day Count Fraction (Condition 5(a)):	[30/360/ Actual/Actual [ICMA <sup>1</sup> ]/FBF/ISDA/Other] Adjusted/Unadjusted
	(vi) Determination Date(s) (Condition 5(a)):	[•] in each year ( <i>insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA<sup>1</sup>)</i> )
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
<b>16</b>	<b>Floating Rate Provisions</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph.</i> )
	(i) Interest Period(s):	[•]
	(ii) Specified Interest Payment Dates:	[•]

<sup>1</sup> As announced on 3 February 2005 ISMA and IPMA have agreed the terms of a proposed merger. The merger was completed in July 2005 and the merged association is called ICMA (the International Capital Markets Association).

- (iii) Business Day Convention: [Following Business Day Convention/  
Following Business Day Except  
the Following Month  
Convention/Preceding Business Day  
Convention/other (*give details*)]. (*Note  
that this item relates to interest period  
end dates and not to the date and place  
of payment, to which item 25 relates*)
- (iv) Business Centre(s) (Condition 5(a)): [•]
- (v) Manner in which the Rate(s) of Interest is/are to be  
determined: [Screen Rate Determination/FBF  
Determination/ISDA  
Determination/other (*give details*)]
- (vi) Party responsible for calculating the Rate(s) of  
Interest and Interest Amount(s) (if not the  
Calculation Agent): [•]
- (vii) Screen Rate Determination (Condition  
5(c)(iii)(C)):
- Relevant Time: [•]
  - Interest Determination Date: [/[•] [TARGET] Business Days in [specify  
city] for [specify currency] prior to [the  
first day in each Interest Accrual  
Period/each Interest Payment Date]],  
subject to adjustment in accordance with  
[Following Business Day Convention/  
Following Business Day Except the  
Following Month Convention/Preceding  
Business Day Convention/other (*give  
details*)].]
  - Primary Source for Floating Rate: [Specify relevant screen page or  
“Reference Banks”]
  - Reference Banks (if primary source is “Reference  
Banks”): [Specify four]
  - Relevant Financial Centre: [The financial centre most closely  
connected to the benchmark - specify if  
not Paris]
  - Benchmark: [LIBOR, LIBID, LIMEAN, EURIBOR or  
other benchmark]
  - Representative Amount: [Specify if screen or Reference Bank  
quotations are to be given in respect of a  
transaction of a specified notional  
amount]
  - Effective Date: [Specify if quotations are not to be  
obtained with effect from commencement  
of Interest Accrual Period]

	<ul style="list-style-type: none"> <li>Specified Duration:</li> </ul>	<i>[Specify period for quotation if not duration of Interest Accrual Period]</i>
	(viii) FBF Determination (Condition 5(c)(iii)(A)):	
	<ul style="list-style-type: none"> <li>Floating Rate:</li> </ul>	[•]
	<ul style="list-style-type: none"> <li>Floating Rate Determination Date (<i>Date de Détermination du Taux Variable</i>):</li> </ul>	[•]
	<ul style="list-style-type: none"> <li>FBF Definitions: (if different from those set out in the Conditions):</li> </ul>	[•]
	(ix) ISDA Determination (Condition 5(c)(iii)(B)):	
	<ul style="list-style-type: none"> <li>Floating Rate Option:</li> </ul>	[•]
	<ul style="list-style-type: none"> <li>Designated Maturity:</li> </ul>	[•]
	<ul style="list-style-type: none"> <li>Reset Date:</li> </ul>	[•]
	<ul style="list-style-type: none"> <li>ISDA Definitions: (if different from those set out in the Conditions)</li> </ul>	[•]
	(ix) Margin(s):	[+/-] [•] per cent. per annum
	(x) Minimum Rate of Interest:	[Not Applicable] / [•] per cent. per annum
	(xi) Maximum Rate of Interest:	[Not Applicable] / [•] per cent. per annum
	(xii) Day Count Fraction (Condition 5(a)):	[•]
	(xiii) Rate Multiplier:	[•]
	(xiv) [Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:]	[•]
<b>17</b>	<b>Zero Coupon Note Provisions</b>	<i>[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Amortisation Yield (Condition 6(d)):	[•] per cent. per annum
	(ii) Day Count Fraction (Condition 5(a)):	[•]
	(iii) Any other formula/basis of determining amount payable:	[•]
<b>18</b>	<b>Index Linked Interest Note/other variable-linked interest Note Provisions</b>	<i>[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Index/Formula/other variable:	<i>[Give or annex details]</i>
	(ii) Calculation Agent responsible for calculating the interest due:	[•]

(iii)	Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[•]
(iv)	Interest Period(s):	[•]
(v)	Provisions for determining Coupon where calculation by reference to Index and/or Formula an/or other variable is impossible or impracticable or other wise disrupted:	[•]
(vi)	Interest Determinations Date(s)	[•]
(vii)	Specified Interest Payment Dates:	[•]
(viii)	Business Day Convention:	[Following Business Day Convention/ Following Business Day Except the Following Month Convention/Preceding Business Day Convention/other (give details)]. (Note that this item relates to interest period end dates and not to the date and place of payment, to which item 25 relates)
(ix)	Business Centre(s) (Condition 5(a)):	[•]
(x)	Minimum Rate/Amount of Interest:	[Not Applicable]/[•] per cent. per annum
(xi)	Maximum Rate/Amount of Interest:	[Not Applicable]/[•] per cent. per annum
(xii)	Day Count Fraction (Condition 5(a)):	[•]
<b>19</b>	<b>Dual Currency Note Provisions**</b>	[Applicable/Not Applicable] (If not applicable, delete the remaining sub- paragraphs of this paragraph)
(i)	Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[•](Need to include a description of market disruption or settlement disruption events and adjustment provisions.)
(iv)	Person at whose option Specified Currency(-ies) is/are payable:	[•]

\*\*  
If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

## PROVISIONS RELATING TO REDEMPTION

<b>20</b>	<b>Call Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Option Exercise Date(s) / Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[•] per Note [of [•] Specified Denomination]
	(iii) If redeemable in part:	[•]
	(iv) Minimum Nominal Amount to be redeemed:	[•]
	(v) Maximum Nominal Amount to be redeemed:	[•]
	(vi) Notice period:	[•]
<b>21</b>	<b>Other Option</b>	[[•]/Not Applicable] <i>(If applicable, specify details)</i>
<b>22</b>	<b>Final Redemption Amount of each Note</b> <sup>**</sup> In cases where the Final Redemption Amount is Index-Linked or other variable-linked:	[[•] per Note of [[•] Specified Denomination/] Aggregate Nominal Amount/Other/See Appendix]
	(i) Index/Formula/variable:	
	(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	
	(iv) Determination Date(s)	
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	
	(vi) Payment Date	
	(vii) Minimum Final Redemption Amount :	
	(viii) Maximum Final Redemption Amount :	
<b>23</b>	<b>Early Redemption Amount</b>	

<sup>\*\*</sup> If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.



Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on any early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions).

Not Applicable

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

24	Form of Notes:	[Dematerialised Notes/ Materialised Notes] (Materialised Notes are only in bearer form) <i>[Delete as appropriate]</i>
	(i) Form of Dematerialised Notes:	[Not Applicable/specify whether Bearer dematerialised form ( <i>au porteur</i> ) / Administered Registered dematerialised form ( <i>au nominatif administré</i> ) / Fully Registered dematerialised form ( <i>au nominatif pur</i> )]
	(ii) Registration Agent:	[Not Applicable/Applicable] <i>if applicable give name and details</i> (note that a registration agent must be appointed in relation to Fully Registered Dematerialised Notes only)
	(iii) Temporary Global Certificate:	[Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [•] (the “ <b>Exchange Date</b> ”), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
	(iv) Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable] <i>(Only applicable to Materialised Notes)</i>
25	Financial Centre(s) (Condition 7(h)) or other special provisions relating to Payment Dates:	[Not Applicable/Give details]. <i>(Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(iii) and 18(viii) relate)</i>
	Adjusted Payment Date (Condition 7(h)):	[The next following business day unless it would thereby fall into the next calendar month, in which such event such date shall be brought forward to the immediately preceding business day.] [The immediately preceding business day]/[Other <sup>*</sup> ]

\* In the market practice, if any date for payment in respect of Fixed Rate Notes, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day (as defined in Condition 7(h)).

26	Talons for future Coupons or Receipts to be attached to Definitive Materialised Notes (and dates on which such Talons mature):	[Yes/No/Not Applicable. <i>If yes, give details</i> ] (Only applicable to <i>Materialised Notes</i> )
27	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay]:	[Not Applicable/ <i>give details</i> ]
28	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/ <i>give details</i> ]
29	Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition 1(d)] [annexed to this Final Terms] apply]
30	Consolidation provisions:	[Not Applicable/The provisions [in Condition 13(b)] [annexed to this Final Terms] apply]
31	Representation of holders of Notes -Masse (Condition 10)	[Applicable/Not Applicable/Condition 10 replaced by the full provisions of French Code of Commerce relating to the Masse] ( <i>Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 10 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 10 must be waived in its entirety and replaced by the provisions of French Code of Commerce relating to the Masse. If Condition 10 (as it may be amended or supplemented) applies or if the full provisions of French Code of Commerce apply, insert details of Representative and Alternative Representative and remuneration, if any.</i> )
32	Other final terms:	[Not Applicable/ <i>give details</i> ] <i>(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)</i>

## DISTRIBUTION

33	(i) If syndicated, names of Managers:	[Not Applicable/ <i>give names</i> ]
	(ii) Stabilising Manager(s) (if any):	[Not Applicable/ <i>give name</i> ]
34	If non-syndicated, name of Dealer:	[Not Applicable/ <i>give name</i> ]

**[LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have listed and admitted to trading the issue of Notes described herein pursuant to the Euro 75,000,000,000 Euro Medium Term Note Programme of Compagnie de Financement Foncier.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced inaccurate or misleading. ]

Signed on behalf of the Issuer:

Duly represented by:

## PART B – OTHER INFORMATION

### 1. RISK FACTORS

*[[Insert any risk factors that are material to the Notes being offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute a "significant new factor" and consequently triggers the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.] [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]]*

### 2. LISTING

- (i) Listing: [Eurolist by Euronext<sup>TM</sup> of Euronext Paris S.A./other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be listed and admitted to trading on [●] with effect from [●].] [Not Applicable.]
- (iii) Additional publication of Base Prospectus and Final Terms: [●] (See Condition 15 which provides that the Base Prospectus and Final Terms of Notes listed and admitted to trading on any Regulated Market will be published on the website of the AMF. Please provide for additional methods of publication in respect of a listing and admission to trading on a Regulated Market other than Euronext Paris S.A.)
- (iv) Estimate of total expenses related to listing and admission to trading: [●]

### 3. RATINGS

- Ratings: The Programme has been rated Aaa by Moody's Investors Service and AAA by Standard & Poors Ratings Services.
- For Moody's Investors Service, Notes issued under the Programme are deemed to have the same rating as the Programme, investors are invited to check on a regular basis the rating assigned to the Programme which is publicly disclosed via Moody's rating desk or moodys.com.

\* Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

The Notes issued under the Programme will be rated AAA by Standard & Poors Ratings Services<sup>1</sup> and by Fitch Ratings<sup>2</sup>.

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

#### 4. [NOTIFICATION]

The *Autorité des marchés financiers* in France [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

#### 5. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in "Subscription and Sale" so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."/[•]

#### 6. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES<sup>\*</sup>

[(i) Reasons for the offer:

[•]

*(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

[(ii)] Estimated net proceeds:

[•]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii)] Estimated total expenses:

[•]

*[Include breakdown of expenses.]*

*(If the Notes are derivative securities to which Annex 12 of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

<sup>1</sup> An obligation rated "AAA" has the highest rating assigned by Standard & Poors. The obligor capacity to meet its financial commitment on the obligation is extremely strong (source: Standard & Poors Ratings Services).

<sup>2</sup> A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without notice.

**7. [Fixed Rate Notes only – YIELD**

Indication of yield: [•]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

**8. [Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and, the underlying on which it is based and of the method used to relate the two and any settlement disruption events that affect the underlying. Include details of rules with relation to the events concerning the underlying*

**9. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE \*\*\***

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained, the underlying on which it is based and of the method used to relate the two and any settlement disruption events that affect the underlying. Include details of rules with relation to events concerning the underlying.]*

**10. [Derivatives only – EXPLANATION OF EFFECT ON VALUE OF INVESTMENT, RETURN ON DERIVATIVES SECURITIES AND INFORMATION CONCERNING THE UNDERLYING \***

**EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.*

**INFORMATION CONCERNING THE UNDERLYING**

-a statement setting out the type of the underlying and details of where information on the underlying can be obtained:

[•]

- an indication where information about the past and the further performance of the underlying and its volatility can be obtained

[•]

- where the underlying is an index:

[Applicable/Not Applicable]

- the name of the index and a description of the index if it is composed by the issuer. If the index is not composed by the issuer, where information about the

\* Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

- index can be obtained: [•]
- where the underlying is an interest rate: [Applicable/Not Applicable]
- a description of the interest rate: [•]
- others: [Applicable/Not Applicable]
- where the underlying does not fall within the categories specified above the securities note shall contain equivalent information: [•]
- where the underlying is a basket of underlyings: [Applicable/Not Applicable]
- disclosure of the relevant weightings of each underlying in the basket: [•]

A description of any market disruption or settlement disruption events that affect the underlying: [•]

Adjustment rules with relation to events concerning the underlying:] \* [•]

- an indication of the intent of the Issuer regarding the providing of post-issuance information and where the intent of the Issuer is to report such information, an indication of the type of information reported and where it can be obtained: [•]

## 11. OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

Depositories:

(i) Euroclear France to act as Central Depositary [Yes/No]

(ii) Common Depositary for Euroclear and Clearstream Luxembourg [Yes/No]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream, Luxembourg and the [Not Applicable/give name(s) and number(s)]

\* Required for derivative securities to which Annex 12 to the Prospectus Directive Regulation applies. See footnote \*\* below.

\*\* If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex 12 to the Prospectus Directive Regulation will apply. This pro forma has been annotated to indicate where the key additional requirements of Annex 12 are dealt with.

relevant identification number(s):

Delivery: Delivery [against/free of] payment

The Agents appointed in respect of [•]  
the Notes are:

Names and addresses of additional [•]  
Paying Agent(s) (if any):

The aggregate principal amount of  
Notes issued has been translated [Not Applicable/Euro [•]] (*Only applicable for Notes not*  
into Euro at the rate of [currency] *denominated in Euro*)  
[•] per Euro 1. 00, producing a sum  
of:



**SPECIFIC CONTROLLER’S CERTIFICATE RELATING TO THE NOTES  
CERTIFICATE OF THE SPECIFIC CONTROLLER RELATING TO THE DEBENTURE  
ISSUE AMOUNTING TO [•] PURSUANT TO ARTICLE L. 515-30 OF THE FRENCH  
MONETARY AND FINANCIAL CODE AND ARTICLE 9 – IV OF THE DECREE OF  
AUGUST 3, 1999**

TRANSLATED FROM FRENCH

[Only applicable if the amount of Notes issued equals or exceeds Euro 500,000,000 or its equivalent in any other currency]

To the Directors of Compagnie de Financement Foncier,

In our capacity as Specific Controller of your company and pursuant to the provisions set forth in Article L. 515-30 of the French Monetary and Financial Code and Article 9 – IV of Decree no. 99-710 of August 3, 1999, we hereby set out our certification regarding compliance with the rule provided for in Article L. 515-20 of the French Monetary and Financial Code within the framework of any issue of mortgage debentures with a unit value of at least EUR 500 million.

In a decision dated [•] [•], the Board of Directors of Compagnie de Financement Foncier set the maximum ceiling for the programme for issuing funding that qualify for the privileged right laid down by Article L. 515-19 of the French Monetary and Financial Code at [•], for the period from [•] [•], 2006 to [•] [•].

Within the scope of this quarterly issue programme, in a decision dated [•] [•], the chief executive officer of Compagnie de Financement Foncier approved a new issue of funds qualifying for the preferential rights set forth in Article L. 515-19 of the French Monetary and Financial Code, for an amount of [•].

Article L. 515-20 of the French Monetary and Financial Code states that the total amount of assets held by *sociétés de crédit foncier* (special-purpose real estate credit institutions) must be greater than the amount of liabilities which qualify for the privileged right mentioned in Article L. 515-19 of said code. Our responsibility is to certify the compliance of the current transaction with this rule.

Compliance with this rule, after taking into account the aforementioned debenture issue, was verified on the basis of estimated and forecasted financial data, drawn up under the responsibility of your Board of Directors. The forecasted financial data were drawn up on the basis of assumptions which reflect the position that you deemed to be most probable as of the date of the present issue. This information is presented in an appendix to this report.

We performed our review in accordance with the standards of the profession that are applicable to this type of assignment. These standards require that we perform procedures, based on such financial information, in order to verify compliance with the rule laid down by Article L. 515-20 of the French Monetary and Financial Code and with the methods of calculating the hedge ratio provided for in Regulation no. 99-10 of July 9, 1999 of the French Banking and Financial Regulations Committee.

Our work has also required that we plan and prepare our review leading to an assessment of the fair presentation of the estimated and the forecasted financial data, drawn up as of the closest date of the present issue, with regard to its consistency, plausibility and relevance, with a view to checking compliance with the rule provided for in Article L. 515-20 of the French Monetary and Financial Code. Regarding the forecasted financial data, we have assessed the assumptions used and their statement in figures, considering that, as the forecasts are, by their nature, uncertain, the actual results could differ significantly from the forecasted data presented.

Based on our work, we have no comments to make as regards compliance by Compagnie de Financement Foncier with Article L. 515-20 of the French Monetary and Financial Code, which states that the amount of assets must be greater than the amount of preferential liabilities, after taking into account the aforementioned issue.

Paris, [•] [•]

The Specific Controller

CAILLIAU DEDOUIT ET ASSOCIES

Laurent BRUN

CAILLIAU DEDOUIT ET ASSOCIES

19, rue Clément Marot, 75008 Paris

## APPENDIX

Figures after taking into account the debentures issues for the period from [•] [•] to [•] [•]  
including the present issue of [•] (value date [•][•])

In million of EUR	Estimated figures	Forecasted Figures
	As of [•] [•]	As of [•] [•]
Total application of funds	[•]	[•]
Total sources of funds that qualify for the privileged right mentioned in Article L. 515-19 of the French Monetary and Financial Code	[•]	[•]

**ATTESTATION DU CONTROLEUR SPECIFIQUE RELATIVE A UNE EMISSION  
OBLIGATAIRE D'UN MONTANT DE [•] EN APPLICATION DE L'ARTICLE L.515-30  
DU CODE MONETAIRE ET FINANCIER ET DE L'ARTICLE 9 – IV DU DECRET DU 3  
AOÛT 1999**

*[Only applicable if the amount of Notes issued equals or exceeds Euro 500,000,000 or its equivalent in any other currency]*

Messieurs les Administrateurs de la Compagnie de Financement Foncier,

En notre qualité de contrôleur spécifique de votre société et en exécution des dispositions prévues par les articles L.515-30 du Code monétaire et financier et 9-IV du décret n°99-710 du 3 août 1999, nous devons établir une attestation du respect de la règle prévue à l'article L. 515-20 de ce Code, dans le cadre de toute émission d'obligations foncières d'une valeur unitaire au moins égale à EUR 500 millions.

Par décision en date du [•] [•], le conseil d'administration de la Compagnie de Financement Foncier a fixé le plafond maximum du programme d'émissions de ressources bénéficiant du privilège institué par l'article L.515-19 du Code monétaire et financier, à EUR [•], pour la période allant du [•] [•] au [•] [•].

Dans le cadre de ce programme trimestriel d'émissions, par décision en date du [•] [•], le directeur général de la Compagnie de Financement Foncier a autorisé le lancement d'une nouvelle émission de ressources bénéficiant du privilège institué par l'article L.515-19 du Code monétaire et financier, pour un montant de [•].

L'article L. 515-20 du Code monétaire et financier dispose que le montant total des éléments d'actif des sociétés de crédit foncier doit être supérieur au montant des éléments de passif bénéficiant du privilège mentionné à l'article L.515-19 de ce même Code. Il nous appartient d'attester du respect de cette règle au titre de la présente opération.

Le respect de cette règle, après prise en compte de l'émission visée ci-dessus, a été vérifié sur la base d'informations financières estimées et prévisionnelles établies sous la responsabilité de votre conseil d'administration. Les informations financières prévisionnelles ont été établies à partir des hypothèses traduisant la situation future que vous avez estimée la plus probable à la date de la présente émission. Ces informations sont présentées en annexe à la présente attestation.

Nous avons effectué nos travaux selon les normes de la profession applicables à cette intervention. Ces normes requièrent la mise en œuvre de diligences destinées à vérifier, sur la base des informations financières établies, le respect de la règle prévue par l'article L. 515-20 du Code monétaire et financier et les modalités de calcul du ratio de couverture prévues par les dispositions du règlement n°99-10 du 9 juillet 1999 du Comité de la Réglementation Bancaire et Financière.

Nos diligences ont notamment consisté à examiner le processus d'élaboration des informations financières estimées et prévisionnelles, établies à la date plus proche de celle de la présente émission, afin d'en vérifier la cohérence dans la perspective de contrôler le respect de la règle prévue à l'article L.515-20 du Code monétaire et financier. En ce qui concerne les informations prévisionnelles, nous avons pris connaissance des hypothèses retenues et vérifié leur traduction chiffrée, étant rappelé que, s'agissant de prévisions présentant par nature un caractère incertain, les réalisations différeront parfois de manière significative des informations prévisionnelles établies.

Sur la base de nos travaux, nous n'avons pas d'observation à formuler sur le respect, par la Compagnie de Financement Foncier, de l'article L.515-20 du Code monétaire et financier stipulant que le montant des éléments d'actif doit être supérieur au montant des éléments de passif privilégiés, après prise en compte de la présente émission visée ci-dessus.

Paris, le [•] [•]

Le Contrôleur Spécifique

CAILLIAU DEDOUT ET ASSOCIES

Laurent BRUN

CAILLIAU DEDOUT ET ASSOCIES

19, rue Clément Marot, 75008 Paris

## ANNEXE

Montants après prise en compte des émissions obligataires réalisées du [•] [•] au [•] [•], y compris la présente émission de [•] (date de règlement [•] [•])

En million d'euros	Estimé	Prévisionnel
	Au [•] [•]	Au [•] [•]
Total des emplois	[•]	[•]
Total des ressources bénéficiant du privilège mentionné à l'article L.515-19 du Code monétaire et financier	[•]	[•]

## GENERAL INFORMATION

- (1.) This Base Prospectus has received visa n°06-279 from the AMF on 1 August 2006. Application has been made to list and admit the Notes to trading on the *Eurolist by Euronext*<sup>TM</sup> of Euronext Paris S.A. and/or on any other regulated market in a Member State of the European Economic Area (“EEA”). At the same time, application has been made for the notification of a certificate of approval released to the *Commission de surveillance du secteur financier* in Luxembourg, both of approval and notification being made by the AMF in its capacity as competent authority under the Article 212-2 of its Règlement Général which implements the Prospectus Directive. In compliance with Article 18 of the Prospectus Directive, such notification may also be made at the Issuer’s request to any other competent authority of any other Member State of the EEA.

- (2.) The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the establishment of the Programme.

The establishment of the Programme was authorised by a decision of the Board of Directors (“*Conseil d’Administration*”) of the Issuer passed on 21 March 2000.

The Board of Directors of the Issuer decided on 22 June 2006 to increase the Programme Limit from Euro 50,000,000,000 to Euro 75,000,000,000.

Any drawdown of Notes under the Programme, to the extent that such Notes constitute *obligations*, requires the prior authorisation of (i) the Board of Directors (*Conseil d’Administration*) of the Issuer or (ii) the Ordinary General Meeting of the Issuer’s shareholders if (a) the *statuts* of the Issuer so require or (b) such Ordinary General Meeting decides itself to exercise such authority.

Any drawdown of Notes, to the extent that such Notes do not constitute *obligations*, fall within the general powers of the *directeur général* or a *directeur général délégué* of the Issuer.

- (3.) It should be noted that the Programme Limit (Euro 75,000,000,000) defined in section “Overview of the Programme” is subject to quarterly certification of the specific controller. Except as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31 December 2005 and no material adverse change in the financial position or prospects of the Issuer since 31 December 2005.
- (4.) Each definitive Materialised Note, Receipt, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- (5.) Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are entities in charge of keeping the records. The Common Code, the International Securities Identification Number (ISIN) and the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42 avenue John Fitzgerald Kennedy, L- 1855 Luxembourg, Grand-Duchy of Luxembourg.

- (6.) Dematerialised Notes will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Notes which are in registered form (*au nominatif*) are also inscribed either with the Issuer or with the registration agent.

The address of Euroclear France is 115 rue Réaumur, 75081 Paris Cedex 02, France

- (7.) For so long as Notes may be admitted to trading on the *Eurolist by Euronext*<sup>TM</sup> of Euronext Paris S.A., the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of the Fiscal Agent and the Paying Agents:
- (i) the Amended and Restated Agency Agreement
  - (ii) the *statuts* of the Issuer in both French and English
  - (iii) the annual accounts of the Issuer for the financial year ended 31 December 2004 and for the financial year ended 31 December 2005 and
  - (iv) the latest quarterly borrowing programme of the Issuer and the specific controller's certificate relating thereto which are usually delivered at the beginning of each quarter.
- (8.) The non-consolidated accounts of the Issuer are audited and are published on an annual basis. The Issuer also produces unaudited interim financial information.
- (9.) For so long as Notes may be admitted to trading on the *Eurolist by Euronext*<sup>TM</sup> of Euronext Paris S.A., the following documents will be available, on the website of the *Autorité des marchés financiers*:
- (i) the Final Terms for Notes that are listed and admitted to trading on the *Eurolist by Euronext*<sup>TM</sup> of Euronext Paris S.A., and any other Regulated Market;
  - (ii) this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus, and
  - (iii) the documents incorporated by reference in this Base Prospectus.
- (10.) Pursuant to Article 9-IV of the Decree no.99-710 dated 3 August 1999 the specific controller certifies that the rule providing that the amount of eligible assets of the Issuer is greater than the amount of liabilities benefiting from the *Privilège* is satisfied on the basis of a quarterly borrowing programme and for any issue of *Obligations Foncières* in a principal amount equal to or above Euro 500 million or its equivalent in the currency of issue.
- (11.) PricewaterhouseCoopers Audit, 63, rue de Villiers, 92200 Neuilly sur Seine, France and Mazars & Guérard, 125, rue de Montreuil 75011 Paris, France (both entities regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux comptes*) have audited and rendered unqualified audit reports on the financial statements of the Issuer for the year ended 31 December 2004. PricewaterhouseCoopers Audit, 63, rue de Villiers, 92200 Neuilly sur Seine, France and KPMG Audit, 1, Cours Valmy, 92923 La Défense Cedex, France (both entities regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux comptes*) have audited and rendered unqualified audit reports on the financial statements of the Issuer for the year ended 31 December 2005.

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

### In the name of the Issuer

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

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

Duly represented by: M. Thierry Dufour  
Directeur Général/C.E.O.  
Duly authorised



### *Autorité des marchés financiers*

In accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the *Autorité des marchés financiers* (AMF), in particular Articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the visa No. 06-279 on 1 August 2006. This document may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L.621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This visa has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.

**Registered Office of the Issuer**

**Compagnie de Financement Foncier**

19, rue des Capucines  
75001 Paris  
France

**Principal Place of Business of the Issuer**

4, Quai de Bercy  
94224 Charenton Cedex  
Telephone : +33 1 57 44 92 20

**Arranger**

**Deutsche Bank AG, Paris Branch**

3, avenue de Friedland  
75008 Paris  
France

**Dealers**

**ABN AMRO Bank N.V.**

250 Bishopsgate  
London EC2M 4AA  
United Kingdom

**BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Crédit Foncier de France**

19, rue des Capucines  
75001 Paris  
France

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**CALYON**

9, quai du Président Paul Doumer  
92920 Paris La Défense Cedex  
France

**Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London E14 4QJ  
United Kingdom

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**HSBC France**

103, avenue des Champs Elysées  
75008 Paris  
France

**Merrill Lynch International**

Merrill Lynch Financial Centre  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Dresdner Bank Aktiengesellschaft**

Juergen-Ponto-Platz 1  
D-60 301 Frankfurt  
Germany

**IXIS Corporate & Investment Bank**

47, quai d'Austerlitz  
75648 Paris Cedex 13  
France

**Morgan Stanley & Co. International Limited**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom



**Nomura International plc**

Nomura House  
1 St Martin's-le-Grand  
London EC1A 4NP  
United Kingdom

**Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

**Fiscal Agent, Principal Paying Agent, Redenomination Agent,  
Consolidation Agent and Calculation Agent**

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
EC2N 2DB London  
United Kingdom

**Paying Agents**

**Luxembourg Paying Agent**  
**Deutsche Bank Luxembourg S.A.**  
2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
Luxembourg

**Paris Paying Agent**  
**Crédit Foncier de France**  
4, Quai de Bercy  
94224 Charenton Cedex  
France

**Frankfurt Paying Agent**  
**Deutsche Bank Aktiengesellschaft**  
Grosse Gallustrasse 10-14  
60272 Frankfurt am Main  
Germany

**Listing Agent**

**Luxembourg Listing Agent**  
**Deutsche Bank Luxembourg S.A.**  
2, boulevard Konrad Adenauer  
L-1115 Luxembourg  
Luxembourg

**Auditors to the Issuer**

**PricewaterhouseCoopers Audit**  
63, rue de Villiers  
92200 Neuilly sur Seine  
France

**KPMG Audit**  
1, Cours VALMY  
92923 La Défense Cedex  
France

**Legal Advisers****To the Issuer**

**Freshfields Bruckhaus Deringer**  
2-4, rue Paul Cezanne  
75008 Paris  
France

**To the Dealers**

**Linklaters**  
25, rue de Marignan  
75008 Paris  
France