



**Börsenzulassungssprospekt gemäß
§44 Börsenzulassungsverordnung**

(Translation of the above statement : Stock Exchange Admission Prospectus
pursuant to Section 44 of the Stock Exchange Admission Regulation)

Offering Circular



**COMPAGNIE de
FINANCEMENT
FONCIER**

COMPAGNIE DE FINANCEMENT FONCIER

Euro 30,000,000,000

Euro Medium Term Note Programme

**for the issue of *Obligations Foncières* and Other Privileged Notes due
from one month from the date of original issue**

Under the Euro Medium Term Note Programme described in this Offering Circular (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**") and other debt securities (the "**Other Privileged Notes**") and, together with the *Obligations Foncières*, the "**Notes**"), each benefiting from the statutory privilege 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 30,000,000,000 (or the equivalent in other currencies).

This Offering Circular replaces and supersedes the Offering Circular dated 1 June 2001.

This Offering Circular shall for the purposes of Notes listed on the Luxembourg Stock Exchange be only valid for one year as from the date set out thereunder.

Application has been made to register the Programme with the *Commission des opérations de bourse* in Paris and the Luxembourg Stock Exchange and to list the Programme on the Frankfurt Stock Exchange. Application will be made in certain circumstances to list Notes issued under the Programme on Euronext Paris S.A. ("**Euronext Paris**"), on the Luxembourg Stock Exchange and the Frankfurt Stock Exchange. Notes issued under the Programme may also be listed on an alternative stock exchange or may not be listed at all. The relevant Pricing Supplement (as defined in "Summary of the Programme") in respect of the issue of any Notes will specify whether or not such Notes will be listed and, if so, the relevant stock exchange(s).

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 which are dealt in on a regulated market 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**") which shall credit the accounts of Account Holders (as defined in "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination") including Clearstream Banking AG ("**Clearstream, Frankfurt**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and the depositary 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 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 Pricing Supplement) for the Issuer, or in administered registered form (*nominatif administré*) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant holder of Notes. Dematerialised Notes which are not dealt in on a regulated market will be in registered dematerialised form (*au nominatif*) only and, at the option of the relevant holder, in either fully registered form or administered form inscribed as aforesaid.

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 40th 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 depositary 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 depositary, 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. It is expected that the Notes issued under the Programme will be rated AAA by Standard & Poors Rating Services and by Fitch Ratings.

Arranger
Deutsche Bank

Dealers

**ABN AMRO
CDC IXIS Capital Markets
Deutsche Bank
Merrill Lynch International**

**BNP PARIBAS
Crédit Foncier de France
Dresdner Kleinwort Wasserstein
Morgan Stanley
Nomura International**

The date of this Offering Circular (the term of which comprises the German term "*Börsenzulassungssprospekt*") is 14 June 2002.

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to itself and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to itself and the Notes are in every material particular true and accurate and not misleading, the opinions and intentions expressed in it with regard to itself are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to itself or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement or information contained in it misleading in any material respect and all reasonable enquiries have been made by itself to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular 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 "Summary of the Programme"). Neither the delivery of this Offering Circular 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 Offering Circular 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 Offering Circular 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 distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular 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 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 Offering Circular, see "Subscription and Sale".

This Offering Circular 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 Offering Circular. None of the Dealers or the Arranger (except Deutsche Bank AG, Paris branch in its capacity as the Paris Listing Agent, and then only to the extent set out under "Paris Listing Information") makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular 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 Offering Circular 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 Offering Circular 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 Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to its attention.

In connection with any Tranche (as defined in "Summary of the Programme"), one of the Dealers may act as a stabilising agent (the "Stabilising Manager"). The identity of the Stabilising Manager will be disclosed in the relevant Pricing Supplement. References in the next paragraph to "this issue" are to each Tranche in relation to which a Stabilising Manager is appointed.

In connection with this issue, the Stabilising Manager or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Stabilising Manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Any such transactions will be carried out in accordance with applicable laws and regulations.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "€", "Euro", "EUR" are to the single 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 "French francs", "FF", "FRF" are to the non-decimal denomination of the Euro as defined by the conversion rate irrevocably fixed in accordance with Article 123 (4) of the EC Treaty, references to "£", "pounds sterling" and "Sterling" are to the lawful currency of the United Kingdom, references to "\$", "USD" and "US Dollar" are to the lawful currency of the United States of America, references to "¥", "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.

DOCUMENTS INCORPORATED BY REFERENCE

In connection with the registration of the Programme with the *Commission des opérations de bourse* (the "COB") and the Luxembourg Stock Exchange, this Offering Circular should be read and construed in conjunction with any amendments or supplements to this Offering Circular, each relevant Pricing Supplement, the first audited annual accounts and any interim accounts (whether audited or subject to a limited review) and audited annual accounts published subsequently to the first audited annual accounts, of the Issuer from time to time, including the most recently published audited annual accounts, and any interim accounts (whether audited or subject to a limited review) published subsequently to the annual accounts of the Issuer from time to time each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. All documents incorporated by reference in this Offering Circular may be obtained, free of charge, at the offices of each Paying Agent set out at the end of this Offering Circular during normal business hours so long as any of the Notes are outstanding.

For Euronext Paris listing purposes, the most recently published audited annual accounts (whether audited or subject to a limited review) of the Issuer must be submitted to the clearance procedures of the COB as soon as they have been published and each document to be or being incorporated by reference herein must be submitted to the clearance procedure of the COB.

The *Document de Référence* in the French language relating to Compagnie de Financement Foncier, incorporating its audited annual accounts for each of the periods ended 31 December 1999, 2000 and 2001, and registered with the COB on 30 April 2002 under No.R.02-085, are incorporated herein by reference. Copies of the *Document de Référence* are available without charge on request at the principal office of Compagnie de Financement Foncier and each Listing Agent.

The incorporation by reference does not apply to the listing of the Programme on the Frankfurt Stock Exchange.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Dealers and to the Luxembourg Stock Exchange that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes to be listed on the Luxembourg Stock Exchange and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer and the Luxembourg Stock Exchange may reasonably request.

TABLE OF CONTENTS

	Page
SUMMARY OF THE PROGRAMME	6
TERMS AND CONDITIONS OF THE NOTES	12
TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED NOTES	33
USE OF PROCEEDS	34
SUMMARY OF THE LEGISLATION AND REGULATIONS RELATING TO <i>SOCIÉTÉS DE CRÉDIT FONCIER</i>	35
COMPAGNIE DE FINANCEMENT FONCIER.....	37
RELATIONSHIP BETWEEN COMPAGNIE DE FINANCEMENT FONCIER AND CRÉDIT FONCIER DE FRANCE	41
BOARD OF DIRECTORS, STATUTORY AUDITORS AND SPECIFIC CONTROLLER	42
DESCRIPTION OF ASSETS.....	44
CAPITALISATION	52
FINANCIAL STATEMENTS.....	53
STATUTORY AUDITORS' REPORT.....	94
CERTIFICATE OF THE SPECIFIC CONTROLLER RELATING TO THE QUARTERLY BORROWING PROGRAMME	97
REPORT OF THE SPECIFIC CONTROLLER ON THE METHODS OF EVALUATION AND PERIODIC RE- EXAMINATION OF THE VALUE OF THE BUILDINGS	102
SUBSCRIPTION AND SALE	119
FORM OF PRICING SUPPLEMENT	121
<i>RESUME EN FRANCAIS</i>	134
GENERAL INFORMATION	139
PARIS LISTING INFORMATION	144

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. The Notes will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and, unless specified to the contrary in the relevant Pricing Supplement, will be subject to the Terms and Conditions set out on pages 12 to 32.

Issuer: Compagnie de Financement Foncier, (a *société anonyme* incorporated under French law).

Description: Euro Medium Term Note Programme for the continuous offer of Notes (as described herein) (the “**Programme**”); under the Programme the Issuer may, from time to time, issue *obligations foncières* (the “*Obligations Foncières*”) and other debt securities (“**Other Privileged Notes**”) each benefiting from the *privilège* created by Article L. 515-19 of the French *Code monétaire et financier*. The *Obligations Foncières* and Other Privileged Notes are hereinafter referred to as the “**Notes**”.

Arranger: Deutsche Bank AG Paris

Dealers: ABN AMRO Bank N.V.
BNP PARIBAS
CDC IXIS Capital Markets
Crédit Foncier de France
Deutsche Bank AG London
Dresdner Bank Aktiengesellschaft
Merrill Lynch International
Morgan Stanley & Co. International Limited
Nomura International plc

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 Offering Circular to “**Permanent Dealers**” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “**Dealers**” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

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

Programme Limit: Up to Euro 30,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.

Fiscal Agent and Principal Paying Agent: Deutsche Bank AG London

Paying Agents: Crédit Foncier de France as Paris Paying Agent
Deutsche Bank Aktiengesellschaft as Frankfurt Paying Agent

Deutsche Bank Luxembourg S.A. as Luxembourg Paying Agent

Method of Issue:

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “**Series**”) 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 “**Tranche**”) 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 pricing supplement to this Offering Circular (a “**Pricing Supplement**”).

Maturities:

Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, U.S. 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 *Président* of the *Association française des établissements de crédit et des entreprises d’investissement* (the “**Euro Guidelines**”).

Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on Article 7 of the Federal Law on Banks and Savings Banks of 8 November 1934 (as amended) and Article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995 in connection with Article 2, paragraph 2 of the Ordinance of the Federal Banking Corporation on Stock Exchanges and Securities Trading of 2 December 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the “**Swiss Dealer**”), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland or a securities dealer duly licensed by the Swiss Federal Banking Commission as per the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the relevant issue date for such a transaction.

Denomination:

Notes will be in such denominations as may be specified in the relevant Pricing Supplement.

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 <i>Code monétaire et financier</i> . Holders of Notes issued by a <i>société de crédit foncier</i> (like the Issuer) benefit from a <i>privilège</i> (priority right of payment) over all the assets and revenues of such <i>société de crédit foncier</i> . See “Terms and Conditions of the Notes - <i>Privilège</i> ” and Summary of the Legislation and Regulations relating to <i>sociétés de crédit foncier</i> .
Negative Pledge:	None.
Events of Default (including Cross Default):	None.
Redemption:	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.
Optional Redemption:	The Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement.
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes:	Floating Rate Notes will bear interest determined separately for each Series as follows: <ul style="list-style-type: none"> (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 (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement), or as otherwise provided in the relevant Pricing Supplement, <p>in each case as adjusted for any applicable margin.</p> <p>Interest periods will be specified in the relevant Pricing Supplement.</p>

Zero Coupon Notes:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes:	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 Pricing Supplement.
Index Linked Notes:	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 Pricing Supplement. 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.
Other Notes:	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 Pricing Supplement. No credit linked Notes will be issued under the Programme.
Redenomination:	Notes issued in the currency of any Member State of the EU which participates in the third stage (or any further stage) of EMU may be redenominated into Euro, all as more fully provided in "Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination" below.
Consolidation:	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".
Form of Notes:	<p>Notes may be issued in either dematerialised form ("Dematerialised Notes") or in bearer materialised form ("Materialised Notes").</p> <p>Dematerialised Notes which are dealt in on a regulated market 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 form (<i>au nominatif pur</i>) or <i>administered</i> form (<i>au nominatif administré</i>). No physical documents of title will be issued in respect of Dematerialised Notes. Dematerialised Notes which are not dealt in on a regulated market will be issued in registered dematerialised form only and, at the option of the relevant holder, in either <i>au nominatif pur</i> or <i>au nominatif administré</i> form. See "Terms and Conditions of the Notes - Form, Denomination, Title and Redomination".</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>
Governing Law:	French.
Clearing Systems:	Euroclear France as central depository in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between

the Issuer, the Fiscal Agent and the relevant Dealer.

Notes, whether in materialised or dematerialised form, which are listed on Euronext Paris or the Frankfurt Stock Exchange will be cleared respectively through Euroclear France or Clearstream, Frankfurt and, as the case may be, any other relevant clearing system.

Initial Delivery of Dematerialised Notes: One Paris business day before the issue date of each Tranche of Dematerialised Notes, the *lettre comptable* relating to such Tranche shall be deposited with Euroclear France as central depository.

Initial Delivery of Materialised Notes: On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.

Issue Price: 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: Payments in respect of the Notes will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France as provided by Article 131 *quater* of the French General Tax Code, to the extent that the Notes are issued (or deemed to be issued) outside France.

The Notes constituting *Obligations Foncières* will be issued (or deemed to be issued) outside France (i) in the case of syndicated or non-syndicated issues of *Obligations Foncières*, if such Notes are denominated in Euro, (ii) in the case of syndicated issues of *Obligations Foncières* denominated in currencies other than Euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the *Obligations Foncières* to the public in the Republic of France in connection with their initial distribution and such *Obligations Foncières* are offered in the Republic of France only through an international syndicate to “qualified investors” as described in Article L.411-2 of the French *Code monétaire et financier*, or (iii) in the case of non-syndicated issues of *Obligations Foncières* denominated in currencies other than Euro, if each of the initial subscribers of the *Obligations Foncières* is domiciled or resident for tax purposes outside the Republic of France, in each case as more fully set out in the Circular of the *Direction Générale des Impôts* dated 30 September 1998.

If so provided in the relevant Pricing Supplement, Notes constituting *Obligations Foncières* and 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 *Obligations Foncières* will not benefit from the exemption from deduction at source provided by Article 131 *quater* of the French General Tax Code and payments under such *Obligations Foncières* 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 General Tax Code, as more fully described in “Terms and Conditions of the Notes - Taxation”.

The tax regime applicable to Other Privileged Notes will be set out in the relevant Pricing Supplement.

Unless specifically provided in the Pricing Supplement, there will be no grossing up provisions and accordingly no Issuer’s tax call option. See “Terms and Conditions of the Notes - Taxation”.

Listing:

Euronext Paris and/or the Luxembourg and/or the Frankfurt Stock Exchange(s) or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted. However, the Euro Guidelines strongly recommend the listing of notes and bonds (*obligations*) denominated in Euro on Euronext Paris.

Rating:

The Programme has been rated Aaa by Moody’s Investors Service. 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. It is expected that the Notes issued under the Programme will be rated AAA by Standard & Poors Rating Services and by Fitch Ratings. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without notice.

Selling Restrictions:

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

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

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

Dematerialised Notes do not require compliance with the TEFRA Rules.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, 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, amended or varied by the relevant Pricing Supplement. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (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 Pricing Supplement. 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 agency agreement dated 30 May 2000 between the Issuer, Deutsche Bank AG London as fiscal agent and the other agents named in it, as amended by a first supplemental agency agreement dated 1 June 2001 and by a second supplemental agency agreement dated 14 June 2002 (the "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)".

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")) 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 7 of Decree no. 83-359 of 2 May 1983) will be issued in respect of the Dematerialised Notes.

Dematerialised Notes which are dealt in on a regulated market (*admisses aux négociations sur un marché réglementé*) are issued, at the option of the Issuer, in either bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France ("Euroclear France") 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 form (*nominatif administré*) inscribed in the books of an Account Holder designated by the relevant holder of Notes or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by a registration agent (designated in the relevant Pricing Supplement) acting on behalf of the Issuer (the "Registration Agent").

Dematerialised Notes which are not dealt in on a regulated market (*admisses aux négociations sur un marché réglementé*) are issued in registered dematerialised form (*au nominatif*) only and, at the option of the relevant holder, in either administered registered form (*au nominatif administré*) or in fully registered form (*au nominatif pur*) inscribed as aforesaid.

For the purpose of these Conditions, “**Account Holder**” means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euroclear France, and includes Clearstream Banking AG (“**Clearstream, Frankfurt**”), Euroclear Bank S.A. / N.V., as operator of the Euroclear System (“**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) 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 Pricing Supplement. 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 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 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**” 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 hereon, 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 Pricing Supplement), 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 Pricing Supplement

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 Pricing Supplement, 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 Article 123L (4) 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) In the case of Dematerialised Notes only, the Issuer may also redenominate all, but not some only, of the Notes of any Series into Euro in accordance with Article L.113-4 of the French *Code monétaire et financier* provided that references to the Franc or the ECU contained in such Article L.113-4 shall be deemed to be references to the currency of any Member State participating in the third stage of the European Economic and Monetary Union.
- (iv) Upon redenomination of the Notes, any reference hereon to the relevant national currency shall be construed as a reference to Euro.
- (v) Unless otherwise specified in the relevant Pricing Supplement, 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.
- (vi) 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 form (*au nominatif pur*) or in administered registered 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 form (*au nominatif pur*) may, at the option of the holder of such Notes, be converted into Notes in administered registered form (*au nominatif administré*), and *vice versa*. The exercise of any such option by such holder shall be made in accordance with Article 4 of Decree no. 83-359 of 2 May 1983. 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 ratably 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* (including Other Privileged Notes).

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* (including the Other Privileged Notes), 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:

“**FBF Definitions**” means the definitions set out in the FBF Master Agreement, unless otherwise specified in the relevant Pricing Supplement

“**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 Additional 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 Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional 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 - FBF**” is specified in the relevant Pricing Supplement, 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
- (ii) if “**Actual/Actual**” is specified in the relevant Pricing Supplement 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).
- (iii) if “**Actual/Actual-ISMA**” is specified in the relevant Pricing Supplement,

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

- (vi) if “30/360” or “Actual 30A/360 (American Bond Basis)” is specified in the relevant Pricing Supplement

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 31st and the first day is neither the 30th nor the 31st, 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

- (vii) if “30E/360” (“Eurobond Basis”) is specified in the relevant Pricing Supplement,

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 the 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 Pricing Supplement 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 by the Treaty on European Union

“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 Pricing Supplement

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Pricing Supplement 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 Pricing Supplement

“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

“Interest Period Date” means each Interest Payment Date unless otherwise specified in the relevant Pricing Supplement

“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 Bridge/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, subject to amendment in respect of Paris listed Notes, as disclosed in the Pricing Supplement.

“Rate of Interest” means the rate of interest payable from time to time in respect of the Note and that is either specified or calculated in accordance with the provisions of the relevant Pricing Supplement

“Reference Banks” means the institutions specified as such in the relevant Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement, 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 Pricing Supplement.

- (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 Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Pricing Supplement, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Pricing Supplement as the Specified 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 Pricing Supplement and the provisions below relating to either FBF Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Pricing Supplement.

(A) FBF Determination for Floating Rate Notes

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

- (a) the Floating Rate is as specified in the relevant Pricing Supplement 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 Pricing Supplement

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 Pricing Supplement.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Pricing Supplement 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, subject to amendment in respect of Paris Listed Notes, as disclosed in the Pricing Supplement.
- (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 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 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 Pricing Supplement and interest will accrue by reference to an Index or Formula as specified in the relevant Pricing Supplement.
- (a) **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 Pricing Supplement, pursuant to Condition 6(c) 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 Pricing Supplement, 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(c)(i)).
- (b) **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 Pricing Supplement.
- (c) **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 Pricing Supplement.
- (d) **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.
- (e) **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 Pricing Supplement (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 Pricing Supplement, 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), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (f) **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.
- (g) **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 on a stock exchange and the rules of such exchange so require, such exchange 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.

- (h) **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 Pricing Supplement and for so long as any Note is outstanding (as defined in the Agency Agreement). 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.

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 form, to the relevant Account Holder on behalf of the holder of Notes, (ii) in the case of Dematerialised Notes in fully registered 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 Pricing Supplement 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 Pricing Supplement) is extended pursuant to any Issuer's option in accordance with Condition 6(c) or (d) as specified in the relevant Pricing Supplement, 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 Pricing Supplement. 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 Pricing Supplement, 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 Pricing Supplement) 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 Pricing Supplement and no greater than the maximum nominal amount to be redeemed as specified in the relevant Pricing Supplement.

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.

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 9 of Decree no. 83-359 of 2 May 1983 and the provisions of the relevant Pricing Supplement, subject to compliance with any other applicable laws and stock exchange requirements.

So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of 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 Luxembourg 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(f) if so specified in the relevant Pricing Supplement shall be the Amortised Nominal Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Pricing Supplement.

(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 Pricing Supplement, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Amortised Nominal Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (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(c).

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 Pricing Supplement.

(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 Pricing Supplement pursuant to Condition 6(f), shall be the Final Redemption Amount unless otherwise specified in the relevant Pricing Supplement.

(e) **Redemption for Taxation Reasons:** Unless otherwise specified in the relevant Pricing Supplement, 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 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 Pricing Supplement.

(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.

- (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 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 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 Offering Circular 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, Luxembourg and Frankfurt so long as the Notes are listed on the Paris, Luxembourg and Frankfurt Stock Exchanges) (v), in the case of Dematerialised Notes in fully registered form, a Registration Agent and (vi) such other agents as may be required by the rules of 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 unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Materialised Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Materialised Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest

Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant definitive Materialised Note. Interest accrued on a Materialised Note that only bears interest after its Maturity Date shall be payable on redemption of such Materialised Note against presentation (and surrender if appropriate) of the relevant definitive Materialised Note.

- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Business Days for Payment:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day unless otherwise specified in the relevant Pricing Supplement, 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 “**Additional Financial Centres**” in the relevant Pricing Supplement 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 constituting *Obligations Foncières* which, as may be specified in the relevant Pricing Supplement 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 *Code Général des Impôts* (French general tax code) from deduction of tax at source. 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 “Summary 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, as may be specified in the relevant Pricing Supplement, are not being issued or deemed to be issued outside the Republic of France (within the meaning of Article 131 *quater* of the *Code Général des Impôts*) only benefit from the exemption from deduction of tax at source provided by, and subject to, the provisions of Article 125 A III of the *Code Général des Impôts*, which requires, *inter alia*, certification of non-residency as further provided in paragraph (d) below.
- (d) **Certification of non-residency in France:** for the purposes of paragraph (c) above, the holder of any Note, Receipt or Coupon shall be responsible for supplying certification of non-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) to the Issuer or any Paying Agent in accordance with the provisions of Article 125 A III of the *Code Général des Impôts*, and the Issuer shall not be responsible for any deduction or withholding in respect of any payment made under any Note, Receipt or Coupon resulting from the failure of such holder to submit such certification.

- (e) **Taxation of Other Privileged Notes:** The tax regime applicable to Other Privileged Notes will be set out in the relevant Pricing Supplement.

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 Pricing Supplement, 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 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 Pricing Supplement.

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

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 Representatives and the alternate Representatives 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 or liquidation judiciaires*) 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 or by proxy. 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 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 simple 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 Noteholders**

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 amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

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 stock exchange regulations, 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 thereon) 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 in a daily leading newspaper of general circulation in Europe (which is expected to be the *Financial Times*). Provided that, so long as such Notes are listed on any stock exchange(s) and that the rules of that Stock Exchange require such publication, notices shall be valid if published in a daily newspaper with general circulation in the country/ies where the stock exchange(s) on which such Notes is/are listed which (x) in the case of Euronext Paris, is expected to be *La Tribune* or *Les Echos*, (y) in the case of the Luxembourg Stock Exchange, is expected to be the *Luxemburger Wort* and (z) in the case of the Frankfurt Stock Exchange, is expected to be the *Börsen-Zeitung*.
- (b) Notices to the holders of Materialised Notes and Dematerialised Notes in bearer form shall be valid if published in a daily leading newspaper of general circulation in Europe (which is expected to be the *Financial Times*). Provided that, so long as such Notes are listed on any stock exchange(s), notices shall be valid if published in a daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes is/are listed which (i) in the case of Euronext Paris, is expected to be *La Tribune* or *Les Echos*, (ii) in the case of the Luxembourg Stock Exchange, is expected to be the *Luxemburger Wort* and (iii) in the case of the Frankfurt Stock Exchange, is expected to be the *Börsen-Zeitung*.
- (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) so long as such Notes are listed on any stock exchange(s) and the rules of that stock exchange so require, notices shall also be published in a daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes is/are listed and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 10 shall also be published in a leading newspaper of general circulation in Europe

15 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 MATERIALIZED NOTES

Temporary Global Certificates

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

The Common Depository may also credit with a nominal amount of Notes the accounts of subscribers with (if indicated in the relevant Pricing Supplement) 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 Pricing Supplement 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 "Summary 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 Offering Circular, 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 stock exchange requirements. 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 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*

Entités 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*.

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 provided 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 Switzerland, in the United States of America, in Canada or in Japan. Decree n°99-710 of 3 August 1999 (the “**Decree**”) provides that the mortgage-backed loans cannot exceed a threshold of 60% of the property’s value, except under certain conditions.

The other eligible receivables comprise loans granted to 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% 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*) 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.

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*.

COMPAGNIE DE FINANCEMENT FONCIER

Introduction

Compagnie de Financement Foncier is a credit institution authorised to act as a *société financière* and a *société de crédit foncier* by decision of the Credit Institutions and Investment Services Companies Commission (*Comité des Etablissements de Crédit et des Entreprises d'Investissement-CECEI*) dated 23 July 1999. This authorisation was confirmed as of 27 September 1999 by a letter of the *Comité des établissements de crédit et des entreprises d'investissement* dated 1 October 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*, by the specific provisions of Section IV of Chapter V of Title V of the Code.

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 duration of 99 years.

Business 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 objects of the Compagnie de Financement Foncier are:

1. In respect of credit and other similar transactions:
 - to grant or acquire secured loans, whether secured by a first priority mortgage, or a real estate lien or by any other real estate security interest affording at least equivalent security, or loans guaranteed by credit institutions or insurance companies;
 - to grant or acquire loans to State controlled entities, as well as loans entirely guaranteed by such State controlled entities, or to subscribe to or acquire, debt securities or other types of securities issued or guaranteed by such entities;
 - to acquire either by subscription at issue, or on the markets on which the same are traded, by private agreement or more generally by any other means which comply with current legislation, units of debt mutual funds (*Fonds Commun de Créances*) as well as units or securities issued by similar entities which are subject to the laws of a foreign country, as long as these units or securities are of the type which a *société de crédit foncier* is permitted to hold;
 - to acquire and hold, secure and liquid securities as replacement securities as long as they are the type of assets a mortgage loan company is allowed to hold.
2. In order to finance such loans and securities:
 - to issue *obligations foncières* benefiting from the privilege granted by the legislative provisions concerning *sociétés de crédit foncier* and in particular, the Code ;
 - to raise all other financial resources, by specifying that such financial resources benefit from the *Privilège*;
 - to raise financial resources, including by issuing bonds, not benefiting from the *Privilège*.
3. To engage in any necessary banking and financial transactions in order to carry out its objects and in particular:
 - to assign, pursuant to current legislation, all or part of any debts held by it, of whatever nature;

- to make use of any forward financial instruments to hedge loans, *obligations foncières* and other financial resources benefiting from the *Privilège*, as well as financial resources not benefiting from the *Privilège*.
4. To enter into any agreements with any credit institution to:
 - manage or collect payments under loans,
 - manage bonds and its other resources,
 - more generally, provide any services concerning the management of the company's assets, liabilities and financial integrity,
 - or any agreement concerning the distribution of loans and their financing.
 5. To acquire or own any real property or movable property necessary for the achievement of its objects or resulting from debts recovered; enter into any agreement with any authorised third party concerning the acquisition, possession, management, maintenance or disposal of such assets.
 6. To enter into any agreement with any insurance company which may contribute to the achievement of its corporate objects, including policies covering credit risks or risks affecting property used to secure loans and property owned by the company, and those covering liability of the company or its corporate officers.
 7. To substitute itself for the Crédit Foncier de France in any lending and credit transactions, in any transactions involving borrowings, whether by means of bond issues or otherwise, to which Crédit Foncier de France was a party as a *société de crédit foncier* prior to such substitution. This substitution:
 - is to be carried out in accordance with the Article 110 of French law n°99-532 of 25 June 1999, as well as with any agreement entered into with Crédit Foncier de France for the implementation of the above provisions;
 - and also gives rise to the transfer to the Issuer of the forward financial instruments referred to in such legislative provisions as well as all the related security interests, guarantees and ancillary rights attached to the assets, liabilities and off-balance sheet commitments transferred.
 8. To make available to clients and manage means of payment in connection with its own activities or on behalf of other companies, namely:
 - for the issue of funds or the collection of any sums owed in connection with a credit activity,
 - for the management of accounts with any credit institution or public body,
 - for the management of expense and revenue accounts.
 9. To take part in any interbank settlement or delivery and settlement system, or any operation which is part of the European Central Bank's monetary policy, which contributes the development of the company's activities.
 10. More generally, to carry out any operations related to its activity or which may contribute to achieving its corporate object, provided that such operations fall within the scope of the purpose of *sociétés de crédit foncier*, as defined by those laws and regulations which govern them.

The corporate objects reproduced above shall be construed within the scope of Article L.515-13 of the Code.

The share capital of the Issuer amounts to Euro 100 million divided into 6,250,000 fully paid ordinary shares with a par value of Euro 16 each, of which 99.99% is held by Crédit Foncier de France.

On 22 October 1999, Compagnie de Financement Foncier took out an equity loan from Crédit Foncier de France for an amount of Euro 915 million. Compagnie de Financement Foncier benefits from an early repayment option in respect of all or part of the loan without any penalties being incurred.

Recent developments

In 2001, Compagnie de Financement Foncier confirmed its top tier role as a lender to the French public sector, a lender in the property sector and as an issuer of secured bonds. Its balance sheet has grown to reach 34.6 billion euros at December 31 2001, an increase of 2.2 billion euros as compared to December 31 2000. Eligible loans grew by 11.5% and stand at 29.6 billion euros, or 86% of assets.

As requested by the provisions of the *Code monétaire et financier* relating to *sociétés de crédit foncier*, Compagnie de Financement Foncier enforces strict rules in the areas of selection of loans, tracking of guarantees and matching of the interest rate and liquidity terms of its assets and liabilities. Due to the enforcement of these guidelines as well as the presence of contractual provisions in the agreement for the provision of financial services related to asset quality, matching of interest, currency and liquidity, the terms of its assets and liabilities and the overcollateralisation of its privileged debt, the three main rating agencies rate Aaa/ AAA/ AAA respectively the *obligations foncières* and other privileged debt issued by Compagnie de Financement Foncier.

During the year the company's development was ensured by a broadening of its business in two main areas. Firstly Compagnie de Financement Foncier continued its process of acquisition of loans from the Caisses d'Épargne group, acquiring 300 M€ of loans to the public sector that had been granted by 9 Caisses d'Épargne. Secondly Compagnie de Financement Foncier carried out a programme of acquisition of external loans through participating in 9 securitisation transactions for a total amount of 1.5 billion euros of which 1.4 billion euros was in units of mutual receivables funds (FCC).

At the same time, the company's original business continued to develop through the acquisition of 2.3 billion euros of loans from Crédit Foncier de France.

Thus, after 2000 in which the company made its first acquisitions of assets for an amount of nearly 1 billion euros, Compagnie de Financement Foncier acquired 4.1 billion euros of assets in 2001.

The programme of acquisition of assets was financed on the *obligations foncières* primary market. Compagnie de Financement Foncier issued 6.3 billion euros of *obligations foncières* in 2001, diversifying its liabilities in terms of both maturity dates and currencies, as against 3.8 billion euros issued in 2000.

In 2001, the 6.3 billion euros were raised through 25 issues of which 12 were financed in public markets for an amount of 6 billion euros.

Since its creation, Compagnie de Financement Foncier has issued 15.3 billion euros. On 21 October 1999, Crédit Foncier de France transferred 64 bonds to the Compagnie de Financement Foncier for a total amount of 23.6 billion euros.

In the course of 2002, Compagnie de Financement Foncier intends to continue its development on the basis of an ambitious programme of acquisition of loans within the Group and diversification of its assets.

Compagnie de Financement Foncier has set as its main objectives:

- to accompany the strategy of Crédit Foncier de France whose strategic objective is notably to increase its production by 15% per year and to achieve a share of 5% of the market for loans to individuals by 2003,
- strengthen the processes for purchase of loans from the Caisses d'Épargne while broadening the scope of transactions to all entities in the Group,
- increase its activity of purchase of units of mutual receivables funds (FCCs), of loans to public bodies and of securities issued by similar entities.

All of these acquisitions taken together could represent almost double the level achieved in 2001. Their financing will be achieved through an issuance programme of between 7.5 and 10 billion euros for 2002, depending on the achievement of acquisition objectives.

These issuance transactions will be in line with the objectives of Compagnie de Financement Foncier of diversifying the currencies in which it issues, increasing its international investor base and preserving the liquidity of the *obligations foncières* market.

The coming together of the Caisses d'Épargne group and the Caisse des Dépôts et Consignations, through the creation of the holding company EULIA at the end of 2001, offers Compagnie de Financement Foncier very considerable development potential in the coming years.

This alliance's ambition is to become one of the largest European banking groups whose core businesses will be services to local public authorities, retail banking and financial services. Compagnie de Financement Foncier will thus have an important role in refinancing these banking activities, principally in the area of loans to the local public authorities sector.

RELATIONSHIP BETWEEN COMPAGNIE DE FINANCEMENT FONCIER AND CRÉDIT FONCIER DE FRANCE

Article 110 of the French law n°99-532 of 25 June 1999 required that, within six months of its publication, that is, by 29 December 1999, certain assets and liabilities of Crédit Foncier de France previously governed by specific statutory and regulatory provisions had to be transferred to a *société de crédit foncier*, such as Compagnie de Financement Foncier which is licensed as a finance company (*société financière*) and a *société de crédit foncier*.

The aforesaid transfer took place on 21 October 1999.

To the extent that Crédit Foncier de France's future issuance of loans satisfies the eligibility criteria laid down by the Law, such loan production may then be assigned to Compagnie de Financement Foncier, in particular as provided for by Articles L.515-13 to L.515-33 of the *Code monétaire et financier*.

In accordance with the *Code monétaire et financier*, Compagnie de Financement Foncier draws on the human and technical resources of its parent pursuant to contracts between the two companies. These agreements, which are regulated agreements within the meaning of Articles L.225-38 and L.225-86 of the *Code de commerce*, cover all managing-credit-related activities carried out by the Issuer, since the Issuer subcontracts all of its activities.

The general principles governing these contracts are described below.

The agreements, dated 21 October 1999, comprise the following seven contracts:

- a Master agreement, setting out general principles,
- a Loan Assignment Agreement,
- a Loan Administration and Servicing Agreement,
- an Agreement for the Provision of Financial Services,
- an Administration and Accounting Agreement,
- an Audit and Control Agreement, and
- a Services Remuneration Agreement.

Under the Master Agreement, Crédit Foncier de France and Compagnie de Financement Foncier have agreed to set up a committee in charge of supervising the proper functioning of the contractual mechanism, ensuring that the agreements are properly applied and interpreted, supervising the balance of powers and the economic balance between the parties arising out of the agreements, and putting forward proposals for changes to the agreements which may appear desirable. This committee is required to meet at least once every quarter.

The terms of the agreements take into account the particularities of the existing relationship between the Issuer and its parent company, Crédit Foncier de France.

For a description of the Crédit Foncier de France Group, see the annual accounts of Crédit Foncier de France for the financial year ended 31 December 2001 published in the *Bulletin des Annonces légales obligatoires*.

BOARD OF DIRECTORS, STATUTORY AUDITORS AND SPECIFIC CONTROLLER

Members of the Board of Directors at 17 May 2002

- Mr. Jean Sebeyran, President of the Board of Directors since 25 March 2002, Managing Director and Member of the Management Board ("*Directoire*") (C.E.O) of Crédit Foncier de France;
- Mr. Thierry Dufour, Director and Managing Director since 17 May 2002, Director and Deputy Managing Director from 17 May 2001 to 17 May 2002, Director and Managing Director from 25 June 1999 to 16 May 2001, Director and President from 18 December 1998 to 25 June 1999, Finance Director of Crédit Foncier de France (CFO);
- Mrs. Sandrine Guérin, Deputy Managing Director since 15 October 2001 and Director since 25 March 2002, Deputy Finance Director of Crédit Foncier de France;
- Mr. Pierre-Eric Fuzier, Director since 18 December 1998, Head of the Legal Department of Crédit Foncier de France;
- Mr. Jean-Marc Vargel, Director since 30 June 2000, Head-office Financial Planning and Risks Director of Crédit Foncier de France ;
- Crédit Foncier de France, Director since 25 June 1999, represented by Mr. François Lemasson, President of the Management Board ("*Directoire*") of Crédit Foncier de France;

The general assembly of the shareholders held on 17 May 2002 rendered the by-laws of the company in accordance with the new provisions applicable to commercial companies of the law dated 15 May 2001 relating to the new economic regulations (*loi relative aux nouvelles régulations économiques*).

The board of directors decided to separate the functions of chairman of the board of directors from the general management functions.

Accordingly:

- Mr. Sebeyran, as president of the board of directors (*président du conseil d'administration*), is in charge of representing the board of directors, of organising and directing its works, as well as being accountable for it towards the general assembly.
- Mr. Dufour assumes, as Managing Director (*directeur général*), the general management of the company, and is assisted by Mrs. Guérin, as Deputy Managing Director (*directeur général délégué*).

Statutory Auditors

The Statutory Auditors (*Commissaires aux Comptes*) are:

- Cailliau Dedouit et Associés whose registered office is at 19, rue Clément Marot, 75008 Paris, represented by Mr. Jean-Jacques Dedouit,
- Mazars & Guérard whose registered office is at 125, rue de Montreuil, 75011 Paris, represented by Mr. Michel Barbet-Massin and Mr. Patrick de Cambourg,
- Coopers & Lybrand Audit SA whose registered office is at 32, rue Guersant, 75838 Paris Cedex 17 represented by Mr. Yves Nicolas, since 17 May 2002.

Substitute Auditors

- Didier Cardon, 19, rue Clément Marot, 75008 Paris

- Jean-Louis Lebrun, 125, rue de Montreuil, 75011 Paris
- Louis-Pierre Schneider, 32, rue Guersant, 75838 Paris Cedex 17.

Specific Controller

The Specific Controller is Barbier Frinault et Compagnie (Arthur Andersen), whose registered office is at 41, rue Ybry, 92576 Neuilly-sur-Seine, represented by M. Frank Sastre.

Substitute Specific Controller

The Substitute Specific Controller is Michel Gauthier, whose registered office is at 41, rue Ybry, 92576 Neuilly-sur-Seine.

Financial Year

The financial year of the Issuer is the calendar year.

DESCRIPTION OF ASSETS

At 31 December 2001, eligible loans of Compagnie de Financement Foncier represented 27 040 M€ of outstanding principal broken down as follows :

Subsidised sector	8 901 M€	
Competitive sector	18 139 M€	(15 965 M€ excluding units of mutual receivables funds*)
- Individuals	10 583 M€	(8 474 M€ excluding units of mutual receivables funds*)
- Public entities	5 364 M€	(5 299 M€ excluding units of mutual receivables funds*)
- Social housing	1 822 M€	
- Property professionals	348 M€	
- Other	22 M€	

(* *Fonds communs de créances ("FCC") or "RMBS" or equivalent*)

In accordance with the new regulatory classifications applicable to Sociétés de Crédit Foncier (French mortgage banks), the loans outstandings for the competitive sector include all loans held directly and indirectly by the Compagnie de Financement Foncier and notably mutual receivables funds ("FCC" or "RMBS" or equivalent) rated AAA/Aaa mainly comprised of mortgage loans to individuals as well as loans to public sector borrowers rated AAA/Aaa and similar debt securities.

For all the loans whose risk is analysed hereafter, the amount of provisions includes the amount of the correcting account which was booked on the transfer. At this date, it represented the amount of provisions recorded on loans transferred. At 31 December 2001, the correcting account amounted to 13.9 M€ for the subsidised sector and 44.7 M€ for the competitive sector.

The subsidised sector

Crédit Foncier de France had until 1995 a quasi monopoly on the distribution of subsidised loans for property purchase for low income individuals (PAP loans) which are guaranteed by the French state.

These loans, transferred to Compagnie de Financement Foncier in 1999 through the transfer effected by law, constitute what is termed the « subsidised sector », a sector being gradually closed out and whose risks are guaranteed by the French state.

This guarantee is exercised through the cancelling out of income and expenses of the assets and liabilities of the sector through various regulatory mechanisms.

As a result of these mechanisms, only a residual risk is kept by the Compagnie de Financement Foncier.

The French state has historically directly guaranteed a part of the debt which refinances the subsidised sector. In this respect, two bonds remain in balance sheet liabilities which benefit from the guarantee of the French state for an amount of 150 million pounds sterling.

Principally comprised of loans to individuals (82%), loans outstanding in the subsidised sector (8.9 Billion €) have decreased by 15% compared with the 2000 year end, and now represent only 33 % of eligible assets (27 billion €).

The rate of doubtful loans is quite high, almost 6% in 2001, and grows consistently every year as healthy loans are paid down more rapidly in relative terms.

The cost of risk expense for 2001 is 2.8 M€ being 3.2 basis points. An exceptional gain of 4.7 M€ was recorded in 2000, following the reversal of certain provisions on these assets which were written down in a very prudent manner at the time of transfer.

SUBSIDISED SECTOR	2001	2000	Change 2001/2000	Reminder 1999	Change 2001/1999
Principal outstanding	8900.7	10516.4	-15%	12 760.2	-30%
Doubtful loans	531.7	602.8	-12%	738.1	-28%
Provisions	20.5	15.2	34%	21.5	-5%
Losses	0.6	1.3	-53%	1.8	-67%
Cost of risk	2.8	-4.7	NM	5.0	-44%
Rate of risk expressed in basis points	3.2	-4.5	NM	3.9	-20%

In addition an unrealised gain of 3.4 M€ exists in relation to the subsidised sector, arising from provisions recorded before the transfer of loans from Crédit Foncier to Compagnie de Financement Foncier, which is being written back to income in line with the definitive repayment of the loans to which this unrealised gain relates.

** Compagnie de Financement Foncier continues to make certain loans to the subsidised sector in volumes that are marginal in nature. These loans are totally guaranteed by the French state.*

The competitive sector excluding units of mutual receivables funds (FCCs or RMBS or equivalent)

Loans outstanding to the competitive sector have grown by 27% over the year and amount to 16 billion € at 31 December 2001, being 59% of eligible assets.

The cost of risk of the competitive sector was 8.6 M€ or 5.4 basis points for 2001 as against 1.8 basis points for 2000.

This development results mainly from the establishment of a mechanism of counterpart provisions amounting to 4.7 M€ in 2001, in application of the new provisioning rules of the Caisses d'Epargne group (French Savings Bank).

Restated for this exceptional item, the cost of risk has remained relatively stable, moving from 1.8 basis points to 2.6 basis points in 2001.

In terms of the rate of doubtful loans, this sector continues to record significant improvements, with the rate being 1.5% in 2001 against 1.9% in 2000 and 2.2% in 1999. Losses on bad loans written off have decreased from 10.8 M€ to 7.4 M€, a drop of 31%.

Excluding property professionals, the rate doubtful loans is 0.8% and the rate of gross losses from bad loans is reduced to 4.6 M€, or 0.03% of the loans in this category. The cost of risk is only 3.3 basis points and 2 basis points excluding the counterpart provision. These figures demonstrate the very low risk rate of the core business of Crédit Foncier de France.

- Risk on loans to individuals

The overall rate of doubtful loans is 1.4 % of which 1.2% for PAS loans ("prêts à l'accession sociale" loans for property purchase by low-income individuals guaranteed by the FGAS guarantee fund). These loans, whose outstanding balances have increased by 16 % to reach 3.3 billion € at the end of 2001, did not give rise to any losses or write-off of bad loans for the year.

The rate of risk on individuals remains at a very low level of 3 basis points in 2001 as against 0.7 basis points in 2000. Regulated loans for property ownership, which represent 61 % of loans to individuals, have an even lower risk rate of 1 basis point.

- Risk on loans to professionals

The social housing sector saw its doubtful loan rate improve from 0.9% in 2000 to 0.7% in 2001. The increase in the cost of risk is due to the counterpart provisions recorded for the first time in 2001 for 1.6 M€. The rate of risk thus amounts to 11.9 basis points. Excluding the counterpart provision, the rate of risk is 3.3 basis points compared to 2.2 basis points one year earlier.

The property professionals sector recorded a relatively high cost of risk expense of 3.4 M€ of which 2.4 M€ was comprised of counterpart provisions. However this sector only represents 348 M€ or 1.3% of the eligible and equivalent loans of Compagnie de Financement Foncier and 1% of its assets. Doubtful loans represent 31% of the outstanding loans in this category and represent 46% of all doubtful loans of the competitive sector.

- Risk on loans to public entities

Loans to public entities grew strongly in the year doubling from 2.6 billion € at the end of 2000 to 5.3 billion € at the end of 2001.

The rate of doubtful loans is 0.02% at the end of 2001.

Excluding the counterpart provision of 0.5 M€ recorded for 2001, the cost of risk of this sector remains close to nil as in 2000.

(in millions of euros)

INDIVIDUALS	2001	2000	Change 2001/2000	Reminder 1999	Change 2001/1999
Principal outstanding	8473.8	7373.6	15%	7 598.5	12%
Doubtful loans	114.8	87.2	32%	93.6	23%
Overall provisions	21.3	19.4	10%	21.6	-2%
Losses	3.0	2.8	7%	3.5	-15%
Overall cost of risk	2.5	0.5	NM	4.7	-47%
Rate of risk expressed in basis points	3.0	0.7	NM	6.2	-53%
Rate of risk expressed in basis points excluding counterpart provisions	3.0	0.7	NM	6.2	-53%

(in million of euros)

SOCIAL HOUSING	2001	2000	Change 2001/2000	Reminder 1999	Change 2001/1999
Principal outstanding	1844.0*	2288.0	-19%	2 207.8	-16%
Doubtful loans	13.0	19.6	-34%	18.4	-30%
Overall provisions	8.0	7.3	9%	6.7	19%
Losses	1.7	0.0	-	0.2	NM
Overall cost of risk	2.2	0.5	NM	0.9	NM
Rate of risk expressed in basis points	11.9	2.2	NM	4.1	NM
Rate of risk expressed in basis points excluding counterpart provisions	3.3	2.2	45%	4.1	-21%

* of which 22 M€ of other loans
arising from the transfer

(in millions of euros)

PUBLIC ENTITIES	2001	2000	Change 2001/2000	Reminder 1999	Change 2001/1999
Principal outstanding	5299.0	2571.9	106%	1 375.3	285%
Doubtful loans	1.0	5.9	-83%	1.1	-6%
Overall provisions	0.5	0.1	NM	0.0	-
Losses	0.0	0.0	-	0.0	-
Overall cost of risk	0.5	0.1	NM	0.0	-
Rate of risk expressed in basis points	1.0	0.3	NM	0.0	-
Rate of risk expressed in basis points excluding counterpart provisions	0.1	0.3	-84%	0.0	-

(in millions of euros)

PROPERTY PROFESSIONALS	2001	2000	Change 2001/2000	Reminder 1999	Change 2001/1999
Principal outstanding	347.9	361.0	-4%	408.2	-15%
Doubtful loans	107.8	121.2	-11%	139.0	-22%
Overall provisions	48.5	44.6	9%	51.4	-6%
Losses	2.8	8.0	-65%	2.7	1%
Overall cost of risk	3.4	1.1	NM	8.8	-62%
Rate of risk expressed in basis points	96.3	30.4	NM	216.6	-56%
Rate of risk expressed in basis points excluding counterpart provisions	28.7	30.4	-5%	216.6	-87%

(in millions of euros)

TOTAL	2001	2000	Change 2001/2000	Reminder 1999	Change 2001/1999
Principal outstanding	15964.7	12594.6	27%	11 589.9	38%
Doubtful loans	236.5	233.9	1%	252.2	-6%
Overall provisions	78.2	71.4	10%	79.7	-2%
Losses	7.4	10.8	-31%	6.4	16%
Overall cost of risk	8.6	2.2	NM	14.5	-41%
Rate of risk expressed in basis points	5.4	1.8	NM	12.5	-57%
Rate of risk expressed in basis points excluding counterpart provisions	2.6	1.8	46%	12.5	-79%

In addition an unrealised gain of about 5 M€ exists in relation to the competitive sector, arising from provisions recorded before the transfer of loans from Crédit Foncier to the Compagnie de Financement Foncier, which is being written back to income in line with the definitive repayment of the loans to which this unrealised gain relates.

The competitive sector includes units of mutual receivables funds (FCCs or RMBS or equivalent).

The rates of doubtful loans and the rates of risk, expressed in basis points, for the entire loan outstandings of the competitive sector over the last three years were as follows:

(in millions of euros)

	2001				2000			1999		
	Loan	Rate of doubtful loans	Risk in basis points	Risk in basis points (excluding counterpart provisions)	Loan	Rate of doubtful loans	Risk in basis points	Loan	Rate of doubtful loans	Risk in basis points
Individuals	10 583	1.1%	2.4	2.4	8 304	1.0%	0.6	8 680	1.1%	5.4
of which units of RMBS	2 109				930			1 081		
Public entities	5 364	0.0%	1.0	0.1	2 659	0.2%	0.3	1 375	0.1%	0.0
of which units of RMBS	65				87			0		
Social housing	1 844	0.7%	11.9	0.4	2 288	0.9%	2.2	2 208	0.8%	4.1
Property professionals development	348	31.0%	96.3	28.7	361	33.6%	30.4	408	34.1%	216.6
TOTAL	18 139	1.3%	4.8	2.3	13 612	1.7%	1.6	12 671	2.0%	11.4
total excluding FCC	15 965	1.5%	5.4	2.6	12 595	1.9%	1.8	11 590	2.2%	12.5
total excluding professional property	17 791	0.7%	3.1	1.8	13 251	0.9%	0.9	12 263	0.9%	4.6

This table confirms:

- the continuing decrease in the level of doubtful loans, which represented 1.3% of loans at 31 December 2001. Excluding property professionals, the rate of doubtful loans is 0.7% on the remaining 98% of the loans outstanding,
- a sharp drop in the level of losses on write-off of bad loans for the 2001 financial year of 7.4 M€ compared to 10.8 M€ in 2000, even though total loans outstanding grew by 33% in the year to reach 18 billion € at year end,
- a strengthened provisioning policy with the institution in 2001 of counterpart provisions with the effect of doubling the cost of risk expense for the year. The rate of cost of risk represents 4.8 basis points of the total loan outstandings and, without this new provision, it would only have been 2.3 basis points,
- the weight or private property professionals in loans that are at risk. The rate of the cost of risk without these loans, on the remaining 17.8 billion € of loan outstandings, decreases to 3.1 basis points or to 1.8 basis points excluding the counterpart provision.

After taking into account the contribution of these different transactions, the assets of Compagnie de Financement Foncier at 31 December 2001 are as follows:

	At 31-12-2001		At 31-12-2000 in millions of euros	Change 2001/2000
	In millions of euros	In %		
Eligible loans	29 605	85.6%	26 303	+12.6%
- mortgage loans	17 025	49.2%	17 531	-2.9%
➤ of which loans guaranteed by FGAS	3 768	10.9%	3 340	+12.8%
➤ of which loans to the subsidised sector	7 987	23.1%	9 489	-15.8%
➤ other	5 270	15.2%	4 702	+12.1%
- loans to public entities	6 816	19.7%	4 493	+51.7%
- units of mutual receivables funds (FCCs or RMBS or equivalent)	2 189	6.3%	1 019	+114.8%
- other eligible loans	3 575	10.3%	3 260	+9.7%
Replacement securities	4 911	14.2%	5 981	-17.9%
Other assets	84	0.2%	143	-41.3%
TOTAL ASSETS	34 600	100.0%	32 427	+6.7%

Loans benefiting from French state guarantees have grown from 17.3 billion euros to 18.6 billion euros. The percentage of directly held loans that benefit from state guarantees has remained stable at 78%.

- The loan portfolio, expressed in terms of principal balances outstanding, breaks down as follows by type of borrower:

(in millions of euros)	December 31, 2001			December 31, 2000		
	Subsidised sector	Competitive sector	TOTAL	Subsidised sector	Competitive sector	TOTAL
Individuals*	7 222	8 474	15 696	8 647	7 374	16 021
Social housing	1 560	1 822	3 382	1 711	2 288	3 999
Public sector and equivalent bodies	119	5 299	5 418	158	2 572	2 730
Other		370	370	-	361	361
TOTAL	8 901	15 965	24 866	10 516	12 595	23 111

* of which loans guaranteed by the French guarantee fund for property purchase by low income individuals (FGAS - *Fonds de Garantie de l'Accession Sociale à la propriété*) on which principal outstanding was 3 751 million euros in 2001.

- Pure mortgage loans were broken down as follows at 31 December 2001:

(in millions of euros)	Owned residential property	Rented residential property	Commercial property	TOTAL	
				Amount	As a % of assets
French state subsidised sector	7 170	1 732	-	8 901	26%
Competitive sector	7 477	2 615	184	10 276	30%
- individuals*	6 891	726	-	7 617	22%
- Professionals	574	1 786	96	2 456	7%
- public entities	12	103	88	203	1%
TOTAL	14 647	4 347	184	19 177	55%

* of which 3 751 millions euros guaranteed by FGAS.

If one adds the units of mutual receivables funds (FCCs or RMBS or equivalent) holding mortgage loans, assets which directly or indirectly represent property loans amount to 21.3 billion euros at 31 December 2001 or 62% of assets.

- units of mutual receivables funds (FCCs or RMBS or equivalent) were broken down as follows at 31 December 2001 by type of asset and geographical location :

	Assets in millions of euros	As a percentage
Mortgage loans		
- France	1 318	60.6%
- Italy	701	32.2%
- Spain	91	4.2%
Loans to public entities		
- France	65	3.0%
TOTAL	2 175	100.0%

Replacement securities, which are comprised of safe and liquid securities, amounted to 4.9 billion euros at 31 December 2001, being a decrease of 1 billion euros compared to the previous year notably because of the reclassification of 0.5 billion euros of securities issued by public entities to eligible loans in application of the French MURCEF law of 11 December 2001.

CAPITALISATION

The following table shows the audited capitalisations of Compagnie de Financement Foncier as at 31 December 2001.

Own Funds	<i>(in thousands of Euros)</i>
Subordinated debts	915,325
Subscribed capital called and paid	100,000
Share premium	118,536
Retained earnings	18,535
Total Own Funds	1,152,396
INDEBTEDNESS	
Debts / credit institutions	5,312,609
Debts represented by bonds	25,660,986
Total indebtedness	30,973,595

The authorised and issued share capital of Compagnie de Financement Foncier is: Euro 100,000,000 comprised of 6,250,000 ordinary shares of Euro 16 nominal value.

There has been no material change in the capitalisation of Compagnie de Financement Foncier since 31 December 2001, with the exception of the following bond issues:

- on 8 March 2002, JPY 75,000,000,000 0.05% due September 2003;
- on 22 March 2002, Euro 250,000,000 5.375% due March 2013;
- on 4 April 2002, CHF 250,000,000 3% due October 2005;
- on 25 April 2002, Euro 250,000,000 4.70% due April 2005;
- on 24 May 2002, USD 1,000,000,000 4.25% due May 2005;
- on 30 May 2002, Euro 56,000,000 Zero Coupon optional Accrued interest due May 2022;
- and approximately Euro 220,038,000 of listed and unlisted *obligations foncières* having a nominal amount below Euro 50,000,000 each.

FINANCIAL STATEMENTS

The company, created in December 1998 to satisfy any future needs, was approved by banking authorities (CECEI) as a Société de Crédit Foncier on 23 July 1999 in accordance with the law of 25 June 1999 on savings and financial security now integrated into the French Code monétaire et financier. Prior to 1 October 1999, the company was engaged in no business.

BALANCE SHEET

(in thousands of euros)

Notes	ASSETS	31/12/2001	31/12/2000	31/12/1999
	Cash, due from central banks and post office accounts	1,704	1,716	18,931
1	Treasury notes and similar securities	128,228	204,728	334,729
2	Due from banks	5,326,990	4,638,702	3,645,891
	<i>On demand</i>	<i>1,086,807</i>	<i>1,398,370</i>	<i>2,518,803</i>
	<i>At maturity</i>	<i>4,240,183</i>	<i>3,240,332</i>	<i>1,127,088</i>
3	Customer loans	20,515,965	20,522,853	22,744,512
	<i>Other customer loans</i>	<i>20,515,965</i>	<i>20,522,853</i>	<i>22,744,512</i>
4	Bonds and other fixed income securities	6,014,173	4,669,807	3,066,138
5	Intangible fixed assets	77,793	93,034	110,871
6	Other assets	140,213	165,170	169,710
7	Prepayments, deferred charges and accrued income	2,395,270	2,130,601	1,552,620
	TOTAL ASSETS	34,600,336	32,426,611	31,643,402

BALANCE SHEET

(in thousands of euros)

Notes	LIABILITIES AND EQUITY	31/12/2001	31/12/2000	31/12/1999
8	Due to banks	5,312,609	5,449,951	6,010,582
	<i>On demand</i>	613,765	406,377	318,312
	<i>At maturity</i>	4,698,844	5,043,574	5,692,270
9	Customer deposits	41,641	49,301	164,728
	<i>On demand</i>	41,641	49,301	164,728
10	Debt securities	25,660,986	23,363,930	21,861,848
	<i>Interbank securities and tradable debt securities</i>	967,778	1,192,783	1,230,608
	<i>Bonds</i>	24,693,208	22,171,147	20,631,240
11	Other liabilities	658,959	695,503	884,341
12	Accruals and deferred income	1,750,391	1,648,314	1,554,743
13	Provisions for liabilities and charges	15,731	13,843	16,904
14	Subordinated debt	915,325	968,698	924,150
15	Equity other than fund for general banking risks	244,694	237,071	226,106
	- <i>Subscribed capital</i>	100,000	100,000	93,756
	- <i>Share premiums</i>	118,536	118,536	118,571
	- <i>Reserves</i>	18,535	689	
	- <i>Retained earnings (+/-)</i>		6,846	-2,425
	- <i>Net income for the year(+/-)</i>	7,623	11,000	16,204
	TOTAL LIABILITIES AND EQUITY	34,600,336	32,426,611	31,643,402

OFF BALANCE SHEET COMMITMENTS

(in thousands of euros)

Notes	OFF BALANCE SHEET COMMITMENTS	31/12//2001	31/12/2000	31/12/1999
	Commitments given			
16	Financing commitments			
	- Commitments in favour of banks	960,000	1,896,358	3,317,061
	- Commitments in favour of customers	446,388	377,792	366,185
	Guarantee commitments			
	- Commitments for customers		7	23,096
17	Commitments received			
	Financing commitments			
	- Commitments received from banks	1,790,717	1,152,449	152,449
	Guarantee commitments			
	- Commitments received from banks	135,426	43,157	24,382
	- Commitments received from customers	1,176,976	1,187,425	1,212,855
	Reciprocal commitments			
18	- Sale and purchase of foreign currencies	7,378,780	4,701,050	5,021,283
19	- Unwound forward financial instruments	32,600,893	25,564,323	21,037,622

INCOME STATEMENT

(in thousands of euros)

Notes		2001	2000	1999
20	- Interest and similar income	2,031,500	2,115,526	1,286,229
21	- Interest and similar expenses	-1,841,729	-1,899,795	-1,238,396
22	- Commission and fee income	22,330	17,859	12,882
22	- Commission and fee expenses	-26,023	-21,049	-52,446
23	- Gains or losses on trading securities transactions	-2,674	-20,749	9,746
24	- Gains or losses on investment securities transactions	1,099	1,617	-19,940
25	- Other income from banking operations	24,929	13,840	101,245
26	- Other expenses from banking operations	-35,970	-23,626	-12,241
	NET BANKING INCOME	173,462	183,623	87,079
27	- General operating expenses	-139,152	-158,321	-36,210
	- Depreciation, amortisation and provisions on tangible and intangible fixed assets	-15,245	-17,837	-8,537
	GROSS OPERATING INCOME	19,065	7,465	42,332
28	- Cost of risk	-5,592	13,892	-10,162
	OPERATING INCOME	13,473	21,357	32,170
	- Gains or losses on fixed assets	-9		
	ORDINARY INCOME BEFORE TAX	13,464	21,357	32,170
	- Exceptional items			
	- Income tax	-5,841	-10,357	-15,966
	- Increases and decreases in fund for general banking risks and provisions			
	NET INCOME	7,623	11,000	16,204
-	Earnings per share (1)	1.22	1.76	2.63
-	Diluted earnings per share	1.22	1.76	2.63

(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 financial statements.

APPENDIX TO THE FINANCIAL STATEMENTS OF COMPAGNIE DE FINANCEMENT FONCIER

1 Major events of the year

- 1.1 In 2001, Crédit Foncier sold loans to Compagnie de Financement Foncier for an amount of 2 280 M€ of which 262 M€ were comprised of loans which had not yet been drawn down.

Compagnie de Financement Foncier also acquired from various Caisses d'Epargne loans to public sector authorities for an amount of 299 M€.

- 1.2 Compagnie de financement Foncier issued 6 310 M€ of bonds during the 2001 financial year.

- 1.3 In application of the accounting policies of the Caisse d'Epargne group, general provisions for counterparty risk were booked for the first time in 2001. The provision booked in the year amounted to 4.7 M€.

2 Presentation of the financial statements and accounting policies

Sociétés de crédit foncier (property lending companies) are credit institutions authorised as financial companies by the French Credit Institutions Committee (CECEI "comité des établissements de crédit et des entreprises d'investissement"). For this reason they are subject to the following accounting regulations:

- Regulations 99-04 and 2000-03 of the French National Accounting Committee ("CRC") in respect of the preparation and publication of individual annual financial statements of credit institutions,
- Regulation 99-10 of the French Banking and Regulation committee (CRBF), which is applicable only to sociétés de crédit foncier and which addresses :
 - 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,
 - specific management standards in respect of such companies.

Since Crédit Foncier joined the Caisses d'Epargne group in 1999, Compagnie de Financement Foncier has applied the accounting policies of the Caisses d'Epargne group.

Compagnie de Financement Foncier's financial statements are consolidated in those of the Crédit Foncier de France group, which are themselves consolidated in the accounts of the Caisses d'Epargne group.

2.1 Recording of loans

Loans granted are shown in assets in the balance sheet for the amount effectively paid once the correct procedures have been implemented. Amounts which have not yet been paid out remain as off balance sheet commitments under the heading Financing Commitments Given.

Compagnie de Financement Foncier acquires loans at their market value. This value is then compared to the net accounting value of the loan in order to determine goodwill, which is termed premium or discount depending on whether it is positive or negative. The premium or discount is booked in a sub-account of the customer loans account.

Premiums and discounts on acquisitions made up to 31 December 2001 are taken to the income statement on an actuarial basis over the remaining period of the loans purchased.

Overdue loan instalments are shown in assets in each loan receivable heading unless they are deemed to be doubtful in which case they are transferred to doubtful loans.

All fees charged for early repayment of loans are fully recognised in the income statement in which the transaction was booked.

2.2 Provisions for loan risks

2.2.1 Individualised provisions

Compagnie de Financement Foncier carries out an individualised review of potential risks of non-recovery on the short, medium and long-term loan portfolio and, on this basis, constitutes a provision for doubtful loans as a reduction of its balance sheet assets.

Loans transferred or sold to Compagnie de Financement Foncier are booked in the balance sheet at their acquisition price. It is thus on the basis of this initial cost that any necessary provisions are determined.

Increases and decreases in this provision together with expenses covered by it are booked in the income statement:

- under Cost of Risk for the principal component of the loan and
- under Interest and Similar Income and Interest and Similar Expenses for the interest component of the loan

A – Loans to the competitive sector

These loans are transferred to doubtful loans when payment is overdue by more than three months. They are assessed on a case-by-case basis and a provision is recognised on the basis of the actual risk to which Compagnie de Financement Foncier is exposed.

B – Loans to the subsidised sector

Loans to the subsidised sector are also transferred to doubtful loans when payment is overdue by more than three months. Provisions recognised on these loans are determined after taking account of the share of the risk that is borne by the State.

C – Interest on doubtful loans

In conformity with the recommendations of the French Banking Commission (*Commission Bancaire*), accrued or overdue interest on doubtful loans as defined above are covered by an additional provision. This provision goes beyond the valuation of the risk of non-recovery determined by the company in order to ensure that unpaid interest on doubtful loans is fully provided for.

It is booked under the heading of provisions for doubtful loans. Increases and decreases in this provision are however booked under Interest and Similar Income and Interest and Similar Expenses.

2.2.2 Provisions for counterpart risk

For the first time in 2001, a provision for counterpart risk was calculated on the basis of commitments recorded in both the balance sheet and in off balance sheet commitments in respect of which statistical information was available allowing the risk of default to be determined.

This provision is calculated by applying different ratios by credit rating category and by outstanding term of the loans, weighted by assumptions in respect of any recovery in case of default. It principally covers potential risks with property professionals, public sector authorities and banks.

This provision is shown in liabilities and any increases or decreases in the provision are booked under Cost of Risk in the income statement.

2.3 Foreign exchange transactions

Balance sheet and off-balance sheet transactions are translated into euro at the end of each month at the applicable exchange rate of the currency in which the transactions are denominated. Income or expenses are immediately converted into euros at the exchange rate prevailing on the day that they are booked in the income statement.

Realised and unrealised foreign exchange gains and losses on proprietary transactions of Compagnie de Financement Foncier, are booked in the income statement under Gains or Losses on Trading Securities Transactions.

2.4 Securities transactions

A - Trading securities

Trading securities are booked at their date of acquisition for their acquisition price, including accrued interest and acquisition expenses.

At each accounting period end, the securities are marked-to-market at their most recent price. Net differences from price fluctuations are booked in the income statement under Gains or Losses on Trading Securities Transactions".

At 31 December 2001, Compagnie de Financement Foncier does not hold any trading securities.

B - Short term and long term investment securities

1) In application of the Caisses d'Epargne group accounting policies, premiums and discounts on short-term investment securities are amortised over the remaining term to maturity of the securities. Fixed income securities are amortised using the straight-line method, whilst treasury notes, other tradable debt securities and inter-bank securities are amortised using the actuarial method.

Unrealised losses are booked by means of a provision, however unrealised gains are not recognised in the accounts.

Gains and losses on disposal are shown under Gains or Losses on Investment Securities Transactions.

2) For long-term investment securities, premiums and discounts are amortised over the remaining period to maturity of the security applying the same methods as for short-term investment securities.

Provisions booked against long-term investment securities are solely in respect of risk of issuer default.

Gains or losses on disposal of long-term investment securities are booked in Gains or Losses on Fixed Assets, and are thus not included in gross operating income.

2.5 Intangible fixed assets

Compagnie de Financement Foncier recognised as an intangible asset the difference between the market value and the net book value of the items transferred to it in 1999 by Crédit Foncier in the amount of 119.4 M€.

This intangible asset is amortised in the accounts in accordance with a pre-determined schedule, with the annual amortisation rates being calculated on the basis of the expected decrease in the volume of the assets transferred until they are fully eliminated in 2009.

The amortisation booked in 2001 amounted to 15.2 M€.

2.6 Inter-bank loans and bonds

The outstanding capital of bonds and loans issued is booked in liabilities in the balance sheet for its gross amount. Bonds and loans in foreign currencies are translated into euros at the exchange rates prevailing at the year-end.

Issuing expenses, less any premiums, are first booked for their full amount in the year in which they are incurred in Commissions and Fees. They are then amortised over future periods in the following manner:

- the amount initially recognised as an expense is debited to accrued income in assets under the heading Deferred Expenses with the double entry being booked to an expense transfer account included in Other Income from Banking Operations ;
- the resulting asset is amortised over the term to maturity of the bond or loan with the expense being booked under 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 prepayments, deferred charges and accrued income in assets. The amortisation is booked in Interest and Similar Charges on Bonds and Other Fixed Income Securities in the income statement.

2.7 Forward financial instruments

A) Interest rate and currency swaps and forward rate agreements

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

All these transactions are considered as being carried out directly with counterparts and are accounted for according to the following rules :

- income and expenses relating to isolated open positions are booked in the income statement on a time based pro-rata. Unrealised losses are booked by means of a provision, however unrealised gains are not recognised.
- income and expenses relating to micro-hedging transactions are booked in the income statement in the same way as the hedged instrument ;
- income and expenses relating to macro-hedging are booked in the income statement on time based pro-rata. Estimated unrealised gains and losses compared to market value are not recognised.

B) Other forward financial instruments

1) Options

a) Options dedicated from the outset to hedge against the risk of price or interest rate fluctuations affecting an instrument or a group of homogenous instruments are booked as micro-hedging transactions.

The options are transacted on organised or similar markets or directly with counterparts:

- at the end of each accounting period, unrealised gains or losses resulting from fluctuations in the value of the premiums, valued at their market price, are booked in accruals;
- when the option is unwound, the balance of these accounts is booked in a symmetrical manner to the income and expenses relating to the hedged instrument, over the remaining term to maturity of the instrument;

- when the hedged instrument is marked to market, hedging gains or losses are taken to the income statement, before the option is unwound, in accordance with the fluctuations in value of the hedged instrument.

b) Interest rate options classified as isolated open positions are transacted on organised or similar markets.

- at the end of each accounting period, unrealised gains or losses resulting from fluctuations in the value of the premiums, valued at their market price, are booked in the income statement;
- the double entry in respect of these fluctuations is booked in the asset or liability accounts in which the premiums in respect of the purchase and sale of options are booked;
- when the option is exercised or on expiry, gains or losses are booked in Interest and Similar Income or Interest and Similar Charges, and the asset and liability accounts are balanced.

At 31 December 2001, Compagnie de Financement Foncier does not hold any options classified as open isolated positions.

2) Caps and floors

Caps and floors are transacted directly with counterparts and are treated as micro-hedging instruments or macro-hedging instruments. These transactions are similar to a series of options and their accounting treatment is the same.

Micro-hedging transactions:

- premiums are booked in accruals and amortised over the remaining term to maturity of the hedged instrument.
- interest rate differentials, paid or received at each payment date, constitute realised gains or losses. The accounting treatment is similar to that for gains and losses generated when an option is unwound being symmetrical with the treatment of the hedged instrument.

Macro-hedging transactions

- the premiums are amortised to the income statement on a pro-rata basis over the term of the contracts.
- interest rate differentials, paid or received at each payment date are taken on a time-based pro rata to the income statement.

3) Firm forward contracts

Firm forward contracts are transacted on organised markets and are treated as micro-hedging instruments:

- at the most recent settlement of margin on the contract, differences arising from fluctuations in the value of these instruments are booked as accruals.
- when the micro-hedging transaction is unwound, the balance of the accrual account is taken to the income statement in a symmetrical manner to the income and expenses relating to the hedged instrument, over the remaining term to maturity of the instrument.
- when the hedged instrument is marked to market, hedging gains or losses are taken to the income statement, before the option is unwound, in accordance with the fluctuations in value of the hedged instrument

At 31 December 2001, Compagnie de Financement Foncier did not hold any contracts of this type.

2.8 Securities sold under repurchase agreements

Securities sold under repurchase agreements remain in assets and are valued at year-end in accordance with the rules applicable to the securities portfolio to which they belong. The debt *vis-à-vis* the holder of the security is booked under liabilities and is not subject to any specific valuation procedures at year-end.

2.9 Income taxes

Compagnie de Financement Foncier is a member of the tax consolidation group headed by Crédit Foncier. In this respect, in accordance with the tax consolidation agreement, Compagnie de Financement Foncier pays a sum, equal to the tax that it would have been liable for had it been assessed independently, to Crédit Foncier, as a contribution towards the income taxes due by the tax group.

In 2001 Compagnie de Financement Foncier had taxable profit which led it to book an income tax charge of 5.8 M€ in the income statement.

NOTES TO THE BALANCE SHEET

Note 1: Treasury notes and similar ⁽¹⁾

(in thousands of euros)

	31/12/2001			31/12/2000	31/12/1999
	GROSS AMOUNT	PROVISIONS	NET AMOUNT		
- Trading securities					32,014
- Short-term investment securities	249		249	199,109	182,281
- Long-term investment securities	127,907		127,907		108,086
- Related receivables	72		72	5,619	12,348
TOTAL	128,228		128,228	204,728	334,729

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

Note 1A: Premiums/Discounts

(in thousands of euros)

	GROSS AMOUNT	REDEMPTION VALUE	DIFFERENCE +/-
- Short-term investment securities	249	245	-4
- Long-term investment securities	127,907	130,000	2,093

Note 2: Due from banks

(in thousands of euros)

	Healthy loans			Bad loans			Provisions			Net amount		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
NON-GROUP LOANS												
- <u>On demand</u>												
Overdrafts	21,731	24,492	1,372							21,731	24,492	1,372
Loans and accounts	1,010,000	453,000	654,921							1,010,000	453,000	654,921
Related receivables	432	274	152							432	274	152
Sub-total	1,032,163	477,766	656,445							1,032,163	477,766	656,445
- <u>At maturity</u>												
Loans and accounts	2,139,317	2,326,823	941,557	3,403	4,247	915	590	915	915	2,142,130	2,330,155	941,557
Related receivables	5,588	5,042	1,677		4					5,588	5,046	1,677
Sub-total	2,144,905	2,331,865	943,234	3,403	4,251	915	590	915	915	2,147,718	2,335,201	943,234
Total non-group loans	3,177,068	2,809,631	1,599,679	3,403	4,251	915	590	915	915	3,179,881	2,812,967	1,599,679
GROUP LOANS												
<u>On demand</u>	54,644	920,604	1,862,358							54,644	920,604	1,862,358
<u>At maturity</u>	2,092,465	905,131	183,854							2,092,465	905,131	183,854
Sub-total	2,147,109	1,825,735	2,046,212							2,147,109	1,825,735	2,046,212
Total group loans	2,147,109	1,825,735	2,046,212							2,147,109	1,825,735	2,046,212
Total loans (1)	5,324,177	4,635,366	3,645,891	3,403	4,251	915	590	915	915	5,326,990	4,638,702	3,645,891

(1) of which subsidised sector 30,740 53,423 94,976 366 457 -

Note 3: Customer loans

	Loans			Doubtful loans			Provisions			Net amounts		
	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
Non-group loans												
<u>Customer loans</u>												
Commercial loans												
Export loans												
Short-term loans												
Equipment loans	1,598,588	1,173,199	1,317,312	11,947	12,083	17,532	4,276	2,175	305	1,606,299	1,183,107	1,334,539
Residential property loans	18,041,627	18,316,094	20,148,609	684,213	830,901	952,959	28,983	24,287	25,307	18,696,857	19,122,708	21,076,261
Other customer loans	22,870	25,014	25,307	3,293	3,395	11,586	540	433	152	25,623	27,976	36,741
Loans to financial customers												
Non-allocated securities	1,346	-252								1,346	-252	
Subordinated loans												
Related receivables	180,000	182,059	195,287	6,978	7,560	8,690	1,098	762		185,880	188,857	203,977
Non-allocated securities												
Sub-total	19,844,431	19,696,114	21,686,515	706,431	853,939	990,767	34,897	27,657	25,764	20,515,965	20,522,396	22,651,518
<u>Customer accounts</u>												
Customer accounts												
Related receivables												
Sub-total												
Total loans	19,844,431	19,696,114	21,686,515	706,431	853,939	990,767	34,897	27,657	25,764	20,515,965	20,522,396	22,651,518
Group loans		457	92,994								457	92,994
Total loans (1)	19,844,431	19,696,571	21,779,509	706,431	853,939	990,767	34,897	27,657	25,764	20,515,965	20,522,853	22,744,512

(1) of which subsidised sector 8,369,700 9,863,603 11,933,252 531,700 602,326 744,866 6,479 15,244 21,495 8,894,921 10,450,685 12,656,623

Note 3A: Provisions recorded to cover counterpart risk

(in thousands of euros)

	31/12/1999	Increases	Reversals	31/12/2000	Increases	Reversals	31/12/2001
Provisions recorded as a deduction from assets							
Customer loans and due from banks	26,679	37,995	-36,102	28,572	25,341	18,426	35,487
Total	26,679	37,995	-36,102	28,572	25,341	18,426	35,487
Provisions recorded in liabilities							
Customer loans and due from banks	0			0	4,712	0	4,712
Total	0	0	0	0	4,712	0	4,712
Overall total	26,679	37,995	-36,102	28,572	30,053	18,426	40,199

Note 4 : Bonds and other fixed income securities

(in thousands of euros)

	31/12/2001			31/12/2000	31/12/1999
	BRUT	PROVISIONS	NET		
Bonds and other fixed income securities (1)					
<u>Short-term investment securities</u>					
Listed securities	582,855	85	582,770	664,982	697,912
Unlisted securities	2,826,845		2,826,845	2,943,839	1,126,751
<u>Long-term investment securities</u>					
Listed securities	1,725,303		1,725,303	56,558	
Unlisted securities	842,259		842,259	981,127	1,236,292
<u>Related receivables</u>	36,996		36,996	23,301	5,183
TOTAL	6,014,258	85	6,014,173	4,669,807	3,066,138

(1) Units in mutual receivables funds represent an amount of 2 174 568 K€.

Note 4A : Premiums/discounts

(in thousands of euros)

Amounts at December 31, 2001	Gross value	Redemption value	Difference +/-
Short-term investment securities (1)			
Bonds	439,725	451,366	11,641
Other fixed income securities	2,969,975	2,968,801	-1,174
Long-term investment securities			
Bonds	346,699	357,916	11,217
Other fixed income securities	2,220,863	2,220,812	-51

(1) of which unrealised capital gains by reference to market value of 18 497 K€.

Note 4B : Financial fixed assets

(in thousands of euros)

	Gross amount 31/12/99	Acquisitions (1)	Disposals		Gross amount 31/12/2000	Acquisitions (2)	Disposals	Change in premiums/discounts	Gross amount 31/12/2001
Long term investment securities	1,236,292	107,815	-306,422		1,037,685	1,623,449	-93,168	-404	2,567,562
Total	1,236,292	107,815	-306,422		1,037,685	1,623,449	-93,168	-404	2,567,562
Related receivables									
Overall total	1,236,292	107,815	-306,422		1,037,685	1,623,449	-93,168		2,567,562

(1) Reclassification of treasury notes in other fixed income securities.

(2) of which securities transferred from short-term to long-term for 239 346 K€.

Note 5 : Tangible and intangible fixed assets

(in thousands of euros)

	Gross amount at 31/12/00	Acquisitions in 2001	Disposals in 2001	Gross amount at 31/12/01	Amortisation and provisions	Net amount at 31/12/01	Net amount at 31/12/00	Net amount at 31/12/99
Intangible fixed assets								
Intangible asset arising on the contribution from CFF	119,408	4		119,412	41,619	77,793	93,034	110,871
Total	119,408	4		119,412	41,619	77,793	93,034	110,871

Note 5A : Amortisation and provisions on tangible and intangible fixed assets

(in thousands of euros)

	Amounts at 31/12/99	Increases in 2000	Reversals in 2000	Amounts at 31/12/00	Increases in 2001	Reversals in 2001	Amounts at 31/12/01
Intangible fixed assets	8537	17837		26,374	15,245		41,619
Total				26,374	15,245		41,619

Note 6 : Other assets*(in thousands of euros)*

	31/12/2001	31/12/2000	31/12/1999
Conditional instruments purchased	93,880	113,510	137,086
Miscellaneous receivables	46,333	51,660	32,624
Total	140,213	165,170	169,710

Note 7 : Prepayments, deferred charges and accrued income

(in thousands of euros)

	31/12/2001	31/12/2000	31/12/1999
<u>Deferred charges (1)</u>			
Issue and redemption premiums	106,765	96,010	68,449
Other deferred charges	66,421	73,762	75,614
<u>Foreign exchange differences (2)</u>	37,444	29,592	42,381
<u>Other prepayments, deferred charges and accrued income</u>			
Cash accounts	0	31	152
Adjustment accounts (3)	34,979	25,399	46,344
Prepayments	58,666	57,678	37,197
Accrued income (4)	909,072	804,473	561,774
Other(5)	1,181,923	1,043,656	720,709
Total	2,395,270	2,130,601	1,552,620

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

Other deferred charges correspond to bond and loan issuance costs remaining to be amortised over the 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 term to maturity of the loans.

(2) Foreign exchange differences are those arising on instruments allocated to the subsidised sector which benefit from a Government guarantee.

(3) This account allows assets and liabilities to return to balance after recognition in the income statement of gains and losses arising on the valuation of off-balance sheet transactions.

(4) Including accrued income on swaps contracts of 874 777 K€ at 31/12/2001.

(5) Including borrowers accounts of 382 902 K€ at 31/12/2001.

Note 7A : Deferred charges

(in thousands of euros)

	31/12/2001	31/12/2000	31/12/1999
Issue and redemption premiums			
Debt securities			
Obligations foncières			
Subsidised sector	24,254	31,023	40,704
Other sectors	80,394	62,323	22,867
Tradable debt securities (B.M.T.N. and B.I.S.F.)	2,117	2,664	4,878
Total issue and redemption premiums	106,765	96,010	68,449
Other deferred charges			
Loan and bond issuance costs	41,595	42,671	44,362
Flat-rate commissions on PAS loans	24,826	31,091	31,252
Total other deferred charges	66,421	73,762	75,614
Total deferred charges	173,186	169,772	144,063

Note 8 : Due to banks

(in thousands of euros)

	31/12/2001	31/12/2000	31/12/1999
DUE TO NON-GROUP BANKS			
<u>On demand</u>			
Current accounts	26,236	54,062	25,306
Other amounts due	284,180	17,770	762
Related payables	483	552	
Sub-total	310,899	72,384	26,068
<u>At maturity</u>			
Term loans(1)	3,552,825	4,370,712	4,965,851
Related payables	85,973	96,981	118,300
Sous-total	3,638,798	4,467,693	5,084,151
TOTAL DUE TO NON-GROUP BANKS	3,949,697	4,540,077	5,110,219
DUE TO GROUP BANKS			
<u>On demand</u>	302,866	333,993	292,244
<u>At maturity</u>	1,060,046	575,881	608,119
TOTAL DUE TO GROUP BANKS	1,362,912	909,874	900,363
Overall total	5,312,609	5,449,951	6,010,582
(1) Of which subsidised sector	3,293,143	4,061,434	4,671,342

Note 9 : Customer deposits

(in thousands of euros)

	31/12/2001	31/12/2000	31/12/1999
Other liabilities			
Non-group			
<u>On demand</u>			
Securities sold under repurchase agreements			41,313
Customer current accounts	1,235	715	
Other amounts due to customers	40,406	48,586	123,415
Total	41,641	49,301	164,728

Note 10 : Debt securities*(in thousands of euros)*

	2001	2000	1999
Tradable debt securities (1)	921,245	1,109,299	1,132,696
Bonds (2)	23,731,608	21,132,428	19,659,418
Related payables	1,008,133	1,122,203	1,069,734
Total	25,660,986	23,363,930	21,861,848

(1) of which subsidised sector	444,974	554,646	577,477
(2) of which subsidised sector	9,355,731	11,214,302	11,812,359

All of these debt securities benefit from a priority right of payment ("privilège").

Note 11 : Other liabilities

(in thousands of euros)

	2001	2000	1999
Other payables	32,088	5,531	21,038
Special subsidy account (1)	9,439	28,656	47,412
Related payables	320	407	
Conditional instruments sold	1,243		
Allocated public funds (1)	615,869	660,909	815,891
Total	658,959	695,503	884,341
(1) of which subsidised sector	552,529	608,729	791,363

Note 12 : Accruals and deferred income*(in thousands of euros)*

	2001	2000	1999
Accruals and deferred income			
Deferred income	439,122	435,414	421,978
Accruals (1)	654,011	506,902	282,183
Adjustment accounts (2)	69,211	30,474	97,872
Other (3)	588,047	675,524	752,710
Total	1,750,391	1,648,314	1,554,743

(1) Of which accruals on swap contracts of 643 230 K€ at 31/12/2001.

(2) This account allows assets and liabilities to return to balance after recognition in the income statement of gains and losses arising on the valuation of off-balance sheet transactions.

(3) Of which borrowers accounts 428 616 K€ at 31/12/01.

Note 13 : Provisions for liabilities and charges

(in thousands of euros)

	31/12/1999	31/12/2000		31/12/2001			
	Balance	Increase in year	Reversals in year	Balance	Increase in year	Reversals in year (1)	Balance
Provisions for liabilities and charges of banking operations							
Provisions for litigation and claims		290		290	139		429
Provisions for amortisation of loans							
- Subsidised sector	9,434		1,806	7,628		1,837	5,791
- Competitive sector	7,013		1,091	5,922		1,123	4,799
Provision on the correcting account in respect of PC/PAS loans	457		457				
Provision for liabilities and charges on financial instruments		3		3	53	56	
Provisions for liabilities and charges- Cost of risk							
Provisions for potential risks on non-doubtful loans (2)					4,712		4,712
Total	16,904	293	3,354	13,843	4,904	3,016	15,731

(1) All reversals correspond to the effective use of the provision.

(2) See paragraph II.2.2 of the accounting policies note.

Note 14 : Subordinated debt

1) Amounts in financial statements (in thousands of euros)

Description	Amount at 31/12/01	Amount at 31/12/00	Amount at 31/12/99
Subordinated debt	914,694	914,694	914,694
Related payables	631	54,004	9,456
Total subordinated debt	915,325	968,698	924,150

2) Detailed information concerning subordinated debt

a) Financial characteristics

Description	Date of issue	Maturity date	Rate	Repayment method	Amount at 31/12/01
Subordinated participating loan from Crédit Foncier de France	22/10/1999	22/10/2029	T4M + 2,5%**	AT MATURITY*	914,694

b) Possibility for early reimbursement •

Compagnie de Financement Foncier has the right to reimburse all or part of the loan before maturity without penalty. The amount of the loan reimbursed can be re-borrowed in the form of new loans by Compagnie de Financement Foncier.

c) Conditions relating to the interest rate payable**

In order to ensure the company's profitability, interest is only due to the extent that the net income for the year in respect of which the interest is due is at least euro 7,622,450 (French franc 50 million). As a consequence, if the net income before payment of the interest were to be lower than euro 7,622,450, no interest would be due. If net income, before payment of the interest, were greater than euro 7,622,450 but would become lesser than this amount after payment of the interest, the interest is reduced by a corresponding amount.

Note 15 : Changes in shareholders equity

(in thousands of euros)

	Opening balance 01/01/00	Allocations	Changes in capital and reserves		Balance at 31/12/00	Allocations	Changes in capital and reserves		Balance at 31/12/01
			Dividends paid in shares	Other changes			Dividends paid in shares	Other changes	
Capital (1)	93,756			6,244	100,000				100,000
Share premiums (1)	118,571			-35	118,536				118,536
Reserves									
Legal reserve		689			689	9,311			10,000
General reserve						8,535			8,535
Regulated reserves of which: <i>Regulated revaluation reserves</i> <i>Special long-term capital gains reserves</i>									
Retained earnings	-2,425	15,515		-6,244	6,846	-6,846			
Net shareholders' equity before income for the period	209,902				226,071				237,071
Income for the period	16,204				11,000				7,623
Net shareholder's equity after income for the period	226,106				237,071				244,694
Dividends distributed									
	Opening balance 01/01/01	Allocations	Changes in provisions		Balance at 31/12/00	Allocations	Changes in provisions		Balance at 31/12/01
			Increases	Reversals			Increases	Reversals	
Regulated revaluation reserves									
Other regulated reserves									
Regulated reserves									
Amount of shareholders equity before dividends	226,106				237,071				244,694
	Opening balance 01/01/01	Allocations	Changes in fund for general banking risks		Balance at 31/12/00	Allocations	Changes in fund for general banking risks		Balance at 31/12/01
			Increases	Reversals			Increases	Reversals	
Fund for general banking risks									
TOTAL	226,106				237,071				244,694

(1) Capital is comprised of 6.250.000 ordinary shares with a nominal value of 16 euros, which all benefit from the same rights.

No revaluation has been carried out to date.

Note 16 : Commitments given

FINANCING COMMITMENTS

(in thousands of euros)

	2001		2000		1999	
	Net authorisations	Amounts not drawn down	Net authorisations	Amounts not drawn down	Net authorisations	Amounts not drawn down
Subsidised sector						
NON-GROUP COMMITMENTS						
Banks						152
Customers		1,149	10,437	3,592		10,671
GROUP COMMITMENTS						
Sub-total subsidised sector	0	1,149	10,437	3,592	0	10,823
Competitive sector						
NON-GROUP COMMITMENTS						
Banks				1,000,000		
Customers	15	445,224	45	363,719	5,488	350,026
GROUP COMMITMENTS (1)		960,000		896,334		3,316,909
Sub-total competitive sector	15	1,405,224	45	2,260,053	5,488	3,666,935
Total	15	1,406,373	10,482	2,263,645	5,488	3,677,758
		1,406,388		2,274,127		3,683,246

Amounts not drawn down represent the amounts that remain to be drawn on loans already partly put in place.

Net authorisations represent the amount of loans authorised but which have not yet been put in place.

(1) At 31/12/01, line of credit granted to Auxiliaire du Crédit Foncier and secured by a pledge of AAA securities.

GUARANTEE COMMITMENTS

	2001	2000	1999
NON-GROUP COMMITMENTS			
Banks	0	0	0
Customers		7	23,096
Sub-total	0	7	23,096
GROUP COMMITMENTS			
Sub-total	0	0	0
Total	0	7	23,096

Note 17 : Commitments received

(in thousands of euros)

	2001	2000	1999
Financing commitments			
NON-GROUP COMMITMENTS			
Banks		1,000,000	
Sub-total		1,000,000	
GROUP COMMITMENTS(1)	1,790,717	152,449	152,449
Total	1,790,717	1,152,449	152,449
Guarantee commitments			
NON-GROUP COMMITMENTS			
Banks (2)	135,319	43,157	24,230
Customers	1,176,976	1,187,425	1,212,855
Sub-total	1,312,295	1,230,582	1,237,085
GROUP COMMITMENTS	107		152
Total	1,312,402	1,230,582	1,237,237
Total commitments received	3,103,119	2,383,031	1,389,686

(1) Line of credit granted by Crédit Foncier rated AA-/Aas and by CDC noted AAA.

(2) Of which 130 730 K€ rated a minimum of AA2/AA at 31/12/01.

Note 18 : Foreign currency transactions

(in thousands of euros)

	2001		2000		1999	
	Currency to be received	Currency to be delivered	Currency to be received	Currency to be delivered	Currency to be received	Currency to be delivered
Forward transactions						
<u>Transactions directly with counterparts (1)</u>						
<u>Hedging transactions</u>						
Financial swaps						
Micro-hedging transactions						
Subsidised sector	1,239,399	1,203,581	1,038,395	946,757	1,048,391	935,884
Competitive sector	2,063,670	2,180,182	870,963	913,047	841,734	944,804
Macro-hedging transactions						
Subsidised sector						
Competitive sector	373,903	318,045	491,494	440,394	463,686	448,654
Total hedging transactions	3,676,972	3,701,808	2,400,852	2,300,198	2,353,811	2,329,342
Total forward transactions	3,676,972	3,701,808	2,400,852	2,300,198	2,353,811	2,329,342
Current cash transactions						
Subsidised sector					169,065	169,065
Competitive sector						
Total current cash transactions	0	0	0	0	169,065	169,065
Total foreign exchange transactions	3,676,972	3,701,808	2,400,852	2,300,198	2,522,876	2,498,407
TOTAL	7,378,780		4,701,050		5,021,283	

(1) Compagnie de Financement Foncier does not transact any forward exchange contracts in organised markets.

Note 19 : Forward financial instruments

(in thousands of euros)

	2001		2000		1999	
	Euros (1)	Other currencies (2)	Euros (1)	Other currencies (2)	Euros (1)	Other currencies (2)
Transacted directly with counterparts (3)						
Conditional transactions						
Micro-hedging transactions						
Purchases	2,664,551		3,069,640		2,879,027	
Sales	35,063		43,579		7,622	
Macro-hedging transactions						
Purchases					2,896,021	
Sales						
Other transactions						
Purchases						
Sales						
Firm transactions						
Micro-hedging transactions	17,162,965	135,896	12,139,351	258,356	8,538,467	276,085
Interest rate instruments	17,162,965	135,896	12,139,351	258,356	8,538,467	276,085
Exchange rate instruments						
Other instruments						
Macro-hedging transactions	12,587,409		9,978,789		6,440,400	
Interest rate instruments	12,587,409		9,978,789		6,440,400	
Exchange rate instruments						
Other instruments						
Other transactions	15,009		34,957	39,651		
Interest rate instruments	15,009		34,957	39,651		
Exchange rate instruments						
Other instruments						
	32,464,997	135,896	25,266,316	298,007	20,761,537	276,085
TOTAL	32,600,893		25,564,323		21,037,622	

(1) Euro equivalent for currencies which are IN.

(2) Euro equivalent for currencies which are OUT.

(3) Compagnie de Financement Foncier does not transact any forward financial instruments in organised markets.

NOTES TO THE INCOME STATEMENT

NOTE 20 - INTEREST AND SIMILAR INCOME (1)

(In thousands of euros)

	2001	2000	1999
- On transactions with banks	229,606	159,456	86,133
- On transactions with customers	1,437,926	1,566,468	1,018,225
- On bonds and other fixed revenue securities	358,446	355,331	152,906
- Other interest and similar income	5,522	34,271	28,965
Total	2,031,500	2,115,526	1,286,229

(1) Of which income from the subsidised sector 1,168,310 1,334,955 746,542

NOTE 21-INTERESTS AND ASSIMILATED CHARGES (1)

(In thousands of euros)

	2001	2000	1999
- On transactions with banks	-231,877	-247,148	-131,106
- On transactions with customers	-1,455	-2,183	-5,335
- On bonds and other fixed revenue securities	-1,491,529	-1,533,790	-1,052,258
- Relating to subordinated debt	-54,833	-54,005	-9,756
- Other interest and similar expenses	-62,035	-62,669	-39,941
Total	-1,841,729	-1,899,795	-1,238,396

(1) Of which expenses related to the subsidised sector -1,066,125 -1,204,095 -674,891

NOTE 22 - NET COMMISSIONS AND FEES

(In thousands of euros)

	2001	2000	1999
Income :	22,330	17,859	12,882
- On transactions with customers (1)	21,998	17,401	12,730
- Relating to securities transactions	40	227	152
- Other commissions and fees	292	231	
Expenses :	-26,023	-21,049	-52,446
- On transactions with banks	-5,875	-2,923	-152
- On transactions with customers	-9,198	-8,980	-14,483
- Relating to securities transactions (3)	-9,273	-9,036	-37,811
- Relating to means of payment transactions	-968	-110	
- Other commissions and fees	-709		
Net balance	-3,693	-3,190	-39,564

(1) Of which P.A.S. commissions received from F.G.A.S. : 8,997 4,409 3,658

(2) of which commissions on P.A.S. and P.T.Z loans paid to F.G.A.S. : 8,930 7,725 9,756

(3) Including issuance costs of loans : 7,400 5,601 36,740

NOTE 23 - GAINS OR LOSSES ON NEGOCIATION PORTOFOLIO TRANSACTIONS

(In thousands of euros)

	2001	2000	1999
Trading securities transactions :			305
- Gains on trading securities			914
- Losses on trading securities			-609
Foreign exchange and arbitrage transactions :	-2,622	-11,462	9,441
- Gains on foreign exchange and arbitrage transactions	3,918	5,777	29,869
- Losses on foreign exchange and arbitrage transactions	-6,540	-17,239	-20,428
Forward financial instrument transactions :	52	-9,287	
- Income arising on forward financial instruments	2,200	12,840	
- Expenses arising on forward financial instruments	-2,255	-22,127	
- Reversals in provisions for unrealised losses on forward financial instruments	56		
- Increases in provisions for unrealised losses on forward financial instruments	-53		
Net balance	-2,674	-20,749	9,746

NOTE 24 - GAINS OR LOSSES ON INVESTMENT SECURITIES TRANSACTIONS

(In thousands of euros)

	2001	2000	1999
- Gains on disposal	484	48	32,166
- Losses on disposal	-5	-245	-49,514
- Reversals in provisions for loss of value	916	15,341	304
- Increases in provisions for loss of value	-296	-13,527	-2,896
Net balance	1,099	1,617	-19,940

NOTE 25 - OTHER INCOME FROM BANKING OPERATIONS

(In thousands of euros)

	2001	2000	1999
Reversals of provisions relating to banking transactions :			
- Surplus of reversals over increases in provisions for amortisation of loans (1)	2,960	2,984	7,317
- Surplus of reversals over increases in provisions for charges for rearrangement of indebtedness (2)			35,673
- Surplus of reversals over increases in provisions for amortisation of premiums on short-term investment securities (3)			17,226
Other income from banking operations :			
- Transfer to assets of bank operations expenses			
* Loan issuance expenses	7,400	5,601	36,761
* Flat-rate commissions on PAS loans	3,425	1,888	4,268
- Other sundry income from banking operations*	11,144	3,367	
Total	24,929	13,840	101,245

(1) Of which subsidised sector.

1837 1837 5488

(2) Provision fully reversed in 1999 following the public offer for purchase of bonds and medium term notes which had been issued historically by Crédit Foncier.

(3) Following entry into the Caisses d'Epargne group, Compagnie de Financement Foncier had to adopt the accounting policies of the group. For this reason this provision was reclassified as a provision directly recorded against short-term investments.

*The "Other sundry income from banking operation" correspond mainly to the regulation of the Flat-note commissions on PAS loans issued in 2000 and 2001 and transferred by Crédit foncier de France to Compagnie de Financement Foncier.

NOTE 26 - OTHER EXPENSES FROM BANKING OPERATIONS

(In thousands of euros)

	2001	2000	1999
Increases in provisions relating to banking operations:			
- Provisions for claims and litigation from banking operations	-139	-290	
- Surplus of increases over reversals in provisions for amortisation of the PC/PAS correcting account			-457
Other expenses from banking operations :			
- Amortisation of loan issuance expenses	-8,025	-7,289	-4,421
- Amortisation of flat-rate commissions on PAS loans	-15,099	-4,524	-2,286
- Amortisation of the correcting account on PC and PAS loans	-9,337	-10,375	-5,077
- Other sundry expenses from banking operations	-3,370	-1,148	
Total	-35,970	-23,626	-12,241

NOTE 27 - GENERAL OPERATING EXPENSES

(In thousands of euros)

	2001	2000	1999
- Personnel expenses	-194	-19	
- Taxes other than income taxes	-6,065	-4,114	-3,048
- External services	-2,461	-1,016	-386
- Expenses invoiced by Crédit Foncier de France (1)	-130,432	-153,172	-32,776
Total	-139,152	-158,321	-36,210

(1) The level of charge for the service rendered by Crédit Foncier was changed as from the 2001 financial year to take account of market conditions.

NOTE 28 - COST OF RISK

(In thousands of euros)

	2001	2000	1999
Provisions for doubtful loans :	-6,362	-7,199	-11,839
- Increases in provisions <i>(See note 28A)</i>	-12,731	-14,450	-11,839
- Reversals of provisions <i>(See note 28B)</i>	6,369	21,649	
Bad debt losses :	-2,700	-2,728	-304
- Losses covered by provisions	-1,121	-1,877	
- Losses not covered by provisions	-1,579	-851	-304
Recoveries on amortised loans	3,470	9,421	1,981
Net balance	-5,592	13,892	-10,162

NOTE 28A - INCREASES IN PROVISIONS FOR DOUBTFUL LOANS

(In thousands of euros)

	2001	2000	1999
Provisions for loans :			
- Provisions for loans to banks	-962	-1,829	-915
- Provisions for loans to customers	-11,769	-12,621	-10,924
Total	-12,731	-14,450	-11,839

NOTE 28B - REVERSALS IN PROVISIONS FOR DOUBTFUL LOANS

(In thousands of euros)

	2001	2000	1999
Provisions for loans :			
- Provisions for loans to banks	325	1,829	
- Provisions for loans to customers	6,044	19,820	
Total	6,369	21,649	

Note 29 : TRANSACTIONS WITH RELATED ENTERPRISES AND OTHER INVESTMENTS

(in thousands of euros)

	Related enterprises		Other investments	Total
	Group	Non-group		
Transactions with banks				
Loans receivable				
- on demand	54,644			54,644
- at maturity	2,092,465			2,092,465
Loans payable				
- on demand	302,866			302,866
- at maturity	1,060,046			1,060,046
Commitments given				
- financing	960,000			960,000
- guarantee				
Commitments received				
- financing	1,790,717			1,790,717
- guarantee	107			107
Securities transactions				
Bonds and other fixed income securities	3,016,270			3,016,270
Debt securities				
Subordinated debt	914,694			914,694

Note 30 : FOREIGN EXCHANGE POSITIONS

C.O.B.recommendation 89.01

(in thousands of euros)

Headings	Canadian \$	Australian \$	US \$	Hong - Kong \$	Pounds sterling	Swiss francs	Yen	Total
Balance sheet								
Financial assets	9,120	459	33,916	99	13,563	227	4,519	61,903
Financial liabilities	116,085	17,738	243,588	51,028	585,896	168,769	520,323	1,703,427
Balance sheet differential (I)	-106,965	-17,279	-209,672	-50,929	-572,333	-168,542	-515,804	-1,641,524
Off balance sheet commitments								
Commitments received	106,504	17,281	732,049	50,929	572,550	168,725	515,818	2,163,856
Commitments given			570,358					570,358
Off-balance sheet differential (II)	106,504	17,281	161,691	50,929	572,550	168,725	515,818	1,593,498
Overall differential (I)+(II)	-461	2	-47,981		217	183	14	-48,026

Financial assets are comprised of amounts due by 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 31: Schedule of positions : Liquidity risk

C.O.B. Recommendation 89.01

(in thousands of euros)

Headings	Remaining term to maturity					Total (3)
	< 3 months	3M<T<6M	6M<T<1Y	1Y<T<5Y	>5years	
Financial assets	2,439,667	4,337,712	1,255,323	7,067,721	14,785,210	29,885,633
Due from banks (1)	1,908,296	2,093,351	6,945	71,163	150,748	4,230,503
Customer loans(1)	516,141	435,561	856,177	6,518,510	11,223,408	19,549,797
Bonds and other fixed (2) income securities	15,230	1,808,800	392,201	478,048	3,411,054	6,105,333
Subordinated debt						
Fiancial liabilities	1,997,950	629,896	1,395,313	14,105,101	12,046,600	30,174,860
Due to banks	463,498		405,932	3,006,372	731,510	4,607,312
Customer deposits						
Debt securities	1,534,452	629,896	989,381	11,098,729	10,400,396	24,652,854
Liquid notes						
Inter-bank market securities						
Tradable debt securities	15,245	74,700	3,049	749,803	78,449	921,246
Bonds	1,519,207	555,196	986,332	10,348,926	10,321,947	23,731,608
Other debt securities						
Subordinated debt					914,694	914,694
	441,717	3,707,816	-139,990	-7,037,380	2,738,610	-289,227
Commitments given				960,000		960,000
Commitments received			1,000,000		790,717	1,790,717
			-1,000,000	960,000	-790,717	-830,717
	441,717	3,707,816	-1,139,990	-6,077,380	1,947,893	-1,119,944
Conditional positions			38,640	242,854	2,418,120	2,699,614

- (1) The customer loans are in whole non conform with the refinancing criteria of the Bank of France.
- (2) Among the financial assets of the SCF, we have identified 1,6 billion euros of securities which conform with the refinancing criteria of the European Central Bank.
- (3) The difference with the amounts shown on the balance sheet is principally explained by unpaid loans, doubtful loans and related receivables.

Note 32 : Financial results of the company over the last five financial years

<i>DESCRIPTION (amounts in euros)</i>	1997	1998	1999	2000	2001
II) FINANCIAL SITUATION AT THE END OF THE FINANCIAL YEAR :					
a) Capital	None	38 112	93 756 146	100 000 000	100 000 000
b) Number of shares in issue	None	2 500	6 150 000	6 250 000	6 250 000
c) Number of bonds convertible into shares	None	None	None	None	None
III) OVERALL RESULTS FROM OPERATIONS :					
a) Revenue (Excluding VAT)	None	None	1 390 162 008 (a)	2 128 093 000	2 077 184 000
b) Profit for the financial year before tax, employee profit sharing and net increase/reversal in amortisation and provisions	None	not material	3 517 395	36 177 065	32 177 753
c) Income taxes	None	None	15 965 849	10 357 540	5 840 388
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	None	not material	16 204 137	10 999 647	7 622 451
f) Amount of profits distributed	None	None	None	None	None
IV) RESULTS FROM OPERATIONS PER SHARE :					
a) Profit for the financial year after tax and employee profit sharing but before net increase/reversal in amortisation and provisions	None	not material	-2.02	4.13	4.21
b) Profit for the financial year after tax, employee profit sharing and net increase/reversal in amortisation and provisions	None	not material	2.63	1.76	1.22
c) Dividend paid per share	None	None	None	None	None
IV) PERSONNEL :					
a) Number of employees	None	None	None	not material	not material
- Management category	None	None	None	not material	not material
- Employee and technician category	None	None	None	None	None
b) Amount of the employee salary bill	None	None	None	not material	not material
c) Amount of social security and similar employee benefits (social security, social works, etc.)	None	None	None	not material	not material

N.B. The first financial year covered a period of ten days from the 22nd to the 31st of December 1998.

(a) Represents six months activity (contribution from Cr dit Foncier at a value date of 1st of July 1999). Revenue was restated in conformity with the new presentation of the income statement (see major events of the year).

Note 33 : Summary company only balance sheets for the last five years

(in thousands of euros)

Assets	31/12/2001	31/12/2000	31/12/1999	31/12/1998	31/12/1997
Cash, due from central banks and post office accounts	1,704	1,716	18,931		
Treasury notes and similar securities	128,228	204,729	334,729		
Due from banks	5,326,990	4,638,702	3,645,891		
Customer loans	20,515,965	20,522,852	22,744,512		
Bonds and other fixed income securities	6,014,173	4,669,807	3,066,138		
Fixed assets	77,793	93,034	110,871		
Other assets	140,213	165,170	169,710		
Prepayments, deferred charges and accrued income	2,395,270	2,130,601	1,552,620		
Total assets	34,600,336	32,426,611	31,643,402		
Liabilities					
Due to central banks and post office accounts					
Due to banks	5,312,609	5,449,951	6,010,582		
Customer deposits	41,641	49,301	164,727		
Debt securities	25,660,986	23,363,930	21,861,848		
Other liabilities	658,959	695,503	884,341		
Accruals and deferred income	1,750,391	1,648,314	1,554,743		
Provisions for liabilities and charges	15,731	13,843	16,905		
Subordinated debt	915,325	968,698	924,150		
Fund for general banking risks					
Regulated reserves and subsidies					
Capital, reserves and retained earnings	237,071	226,071	209,902		
Net income for the year	7,623	11,000	16,204		
Total liabilities	34,600,336	32,426,611	31,643,402		
OFF-BALANCE SHEET COMMITMENTS					
Commitments given					
- Financing	1,406,388	2,274,150	3,683,246		
- Guarantee		7	23,096		
Total commitments given	1,406,388	2,274,157	3,706,342		
Commitments received	3,103,119	2,382,999	1,389,686		
Reciprocal commitments					
- Purchase and sale of foreign currencies	7,378,780	4,701,050	5,021,283		
- Loans to be made or received in foreign currencies					
- Unwound forward financial instruments	32,600,893	25,564,323	21,037,622		
Total reciprocal commitments	39,979,673	30,265,373	26,058,905		

STATUTORY AUDITORS' REPORT

Financial statements - Year ended 31 December 2001

(Translated from French into English)

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended 31 December 2001, on:

- the audit of the accompanying financial statements of Compagnie de Financement Foncier drawn up in Euros,
- 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.

1 Opinion on the financial statements

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any 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 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 2001, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

2 Specific verifications and information

We also performed the specific verifications required by law in accordance with the professional standards applied in France.

We have no comment as to 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, 19 April 2002

The Statutory Auditors

Cailliau Dedouit et Associés

Mazars & Guérard

Jean-Jacques Dedouit

Patrick de Cambourg

Michel Barbet-Massin

REPORT OF THE STATUTORY AUDITORS

on the financial statements for the year ended 31 December 2000

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended 31 December 2000, on:

- the audit of the accompanying financial statements of Compagnie de Financement Foncier drawn up in French Francs.
- 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.

1 Opinion on the Financial Statements

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provide 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 2000, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

Without qualifying the opinion expressed above we would draw your attention:

- to the note I-3 of the financial statements which describes the modifications to the financial statements presentation, by anticipation of the rule 2000-03 of the Comité de la Réglementation Comptable relating to the format of annual accounts of banking institutions.
- and to the note I-4 of the financial statements, which states you that the financial statements of 1999 and 2000 are not directly comparable, due to the contributions realised by the Crédit Foncier de France with effect from the 1st of July 1999

We also performed the specific verifications required by law in accordance with the professional standards applied in France.

We have no comment as to 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, 23 April 2001

The Statutory Auditors

Cailliau Dedouit et Associés

Masars & Guérard

Jean-Jacques Dedouit

Patrick de Cambourg

Michel Barbet-Massin

REPORT OF THE STATUTORY AUDITORS

on the financial statements for the year ended 31 December, 1999

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended 31 December 1999, on :

- the audit of the accompanying financial statements of Compagnie de Financement Foncier drawn up in French Francs,
- 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.

1. Opinion on the financial statements

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any 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 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 1999, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

2. Specific verifications and information

We also performed the specific verifications required by law in accordance with the professional standards applied in France.

We have no comment as to 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, 28 April 2000

The Statutory Auditors

Cailliau Dedouit et Associés

Mazars & Guérard

Jean Jacques Dedouit

Guy Isimat-Mirin

Patrick de Cambourg

**CERTIFICATE OF THE SPECIFIC CONTROLLER RELATING TO THE QUARTERLY
BORROWING PROGRAMME**

ISSUE PROGRAMME FOR THE 2ND QUARTER OF 2002
PURSUANT TO ARTICLE L. 515-30
OF THE FRENCH MONETARY AND FINANCIAL CODE AND
ARTICLE 9 – IV OF THE DECREE OF 3 AUGUST 1999

SPECIFIC CONTROLLER'S CERTIFICATE

The following is a convenience translation of the original French language certificate:

To the Directors of Compagnie de Financement Foncier,

In our capacity as the Specific Controller of your company and pursuant to the provisions laid down in Article L.515-30 of the French Monetary and Financial Code and Article 9-IV of Decree no. 99-710 of 3 August 1999, we hereby set out our certificate regarding compliance with the rule provided for in Article L. 515-20 of the French Monetary and Financial Code within the framework of a quarterly programme for issuing funding that qualify for the privileged right mentioned in Article L. 515-19 of said code.

In a decision dated 8 April 2002, 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 EUR 4 billion , for the period from 1 April 2002 to 30 June 2002.

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. It is our responsibility to test the compliance with this rule within the scope of this issue programme.

Compliance with this rule, in view of the aforementioned issue programme, was checked on the basis of estimated financial data, in respect of the period elapsed, and forecasted financial data, in respect of the future period, 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 future position that you have deemed to be most probable as of the date that they were drawn up. 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 in France. These standards require:

- Regarding the estimated financial data as of 31 March 2002, that we plan and prepare our review leading to an assessment of the fair presentation of said information 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 as of 30 June 2002, the assessment of the assumptions used and their statement in figures, it should be reiterated that as the forecasts are, by their nature, uncertain, the actual results could differ significantly from the forecasted data presented. A verification procedure of this kind, with a specific objective, is based mainly on analytical procedures and meetings with directors.
- Based on such financial information and the aforementioned issue programme, the checking of 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 9 July 1999 of the French Banking and Financial Regulations Committee.

On the basis of this assessment, we have no comments to make regarding compliance by Compagnie de Financement Foncier with Article L.515-19 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 account of the current issue programme.

Neuilly-sur-Seine, 9 April 2002

The Specific Controller

BARBIER FRINAULT & CIE

Franck Sastre

Figures before taking into account the current issue programme of EUR 4 billion.

In millions of EUR	Estimated figures	Forecasted figures
	As of 31 March 2002	As of 30 June 2002
Total application of funds	31 427	30 770
Total sources of funds that qualify for the privileged right mentioned in Article L. 515-19 of the French Monetary and Financial Code	28 585	27 967

SPECIFIC CONTROLLER'S CERTIFICATE
ORIGINAL IN FRENCH LANGUAGE

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 l'article L.515-30 du code monétaire et financier et par l'article 9-IV du décret n° 99-710 du 3 août 1999, nous vous présentons notre attestation portant sur le respect de la règle prévue à l'article L.515-20 du code monétaire et financier dans le cadre d'un programme trimestriel d'émissions des ressources bénéficiant du privilège mentionné à l'article L.515-19 de ce même code.

Par décision en date du 8 avril 2002, 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 4 milliards, pour la période allant du 1er avril 2002 au 30 juin 2002.

L'article L.515-20 du code monétaire et financier précise 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 du même code. Il nous appartient de tester du respect de cette règle dans le cadre du présent programme d'émissions.

Le respect de cette règle, compte tenu du programme d'émissions visé ci-dessus, a été vérifié sur la base d'informations financières estimées, au titre de la période courue, et prévisionnelles, au titre de la période à venir, 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 leur établissement. Ces informations sont présentées en annexe au présent rapport.

Nous avons effectué nos travaux selon les normes de la profession applicables à cette intervention. Ces normes requièrent :

- Au titre des informations financières estimées au 31 mars 2002 et prévisionnelles au 30 juin 2002, l'examen du processus d'élaboration de ces données et de leur cohérence générale, dans la perspective de vérifier le respect de la règle prévue à l'article L.515-20 du code monétaire et financier .*
- Au titre des données financières prévisionnelles au 30 juin 2002, l'examen des hypothèses retenues et leur traduction chiffrée, étant rappelé que, s'agissant de prévisions présentant par nature un caractère incertain, les réalisations pourraient différer de manière significative, des informations prévisionnelles présentées. Une vérification de cette nature, limitée quant à son objectif, comporte essentiellement des procédures analytiques et des entretiens avec les dirigeants .*
- La vérification, sur la base de ces données financières et du programme d'émissions sus visé, du respect de la règle prévue par l'article L.515-20 du code monétaire et financier et des 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.*

Sur la base de cet examen, nous n'avons pas d'observation à formuler sur le respect par la Compagnie de Financement Foncier de l'article L.515-19 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 du présent programme d'émissions.

Paris-La-Défense, le 9 avril 2002

Le Contrôleur Spécifique

BARBIER FRINAULT & CIE

Franck Sastre

ANNEXE

Chiffres avant prise en compte du présent programme d'émissions de EUR 4 milliards.

En millions d'euros	Estimé	Prévisionnel
	Au 31 mars 2002	Au 30 juin 2002
Total des emplois	31 427	30 770
Total des ressources bénéficiant du privilège mentionné à l'article L.515-19 du Code Monétaire et Financier	28 585	27 967

**REPORT OF THE SPECIFIC CONTROLLER ON THE METHODS OF EVALUATION
AND PERIODIC RE-EXAMINATION OF THE VALUE OF THE BUILDINGS**

AS OF 31 DECEMBER 2001

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 valuation methods for real estate and the methods for periodically reviewing their value used during the financial period ended 31 December 2001, described in the appendix attached to this report.

The procedure relating to the valuation methods for the 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 the loans in accordance with the standards of the profession 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.

Our review has emphasized a new procedure drawn up in September 2001 by Crédit Foncier de France in its quality as manager of Compagnie de Financement Foncier. This new procedure reinforces the provisions relating to the procedure for the periodic review of assets. It is based on a new database whose main advantage is to make the historical valuations assigned to the assets recorded in the information systems more reliable.

The provisions relating to the valuation methods and the methods for periodically reviewing the value of the underlying assets described in this procedure are in compliance with the regulatory provisions set out in Articles 1 and 2 of Regulation 99-10 of the CRBF and do not give rise to any particular comments from us.

As regards the operational implementation of this new procedure, it should be stated that, on the basis of tests carried out by us, the application of the valuation methods could be improved, whereas the operations relating to the periodic review are satisfactory. It is important to note that the procedure is currently in its roll-out phase and that the measures taken by Compagnie de Financement Foncier should make it rapidly operational.

PROCEDURES FOR VALUATION AND PERIODICAL REVALUATION OF THE UNDERLYING ASSETS IN RESPECT OF LOANS

31 DECEMBER 2001

I ASSET VALUATION METHODS

I.1 Ensuring that the value of assets held as security is reliably recorded

Work has been carried out in order to bring together all information in relation to the initial value of assets available on different bases in order to allow it to be harmonised and standardised. Thus the underlying assets of certain loan transactions have been subjected to standard reductions in order to take account of the rules contained in the regulations pertaining to sociétés de crédit foncier including, among others, those in respect of expenses and VAT.

I.2 Procedure for the initial valuation of assets

The different rules applied for the initial valuation of the underlying assets of secured loans are summarised below:

TYPE OF ASSET	SMALL AMOUNTS *	LARGE AMOUNTS **
RESIDENTIAL PROPERTY General rule	Cost of the transaction excluding expenses and taxes	Expert valuation
RESIDENTIAL PROPERTY Specific situations		No specific situations
. New property except VEFA and CCMi programmes	Validation of completion of work and possible reclassification	
. Purchase of loans	Addition of the value of the site excluding expenses and taxes if it was pre-purchased.	
. Renovation work representing more than 10% of value	Recalculation of the cost of the transaction excluding costs and taxes returning to the initial financing plan	
. Additional security	Valuation of the cost of the transaction Cost of the transaction excluding expenses and taxes and expert valuation costs for the additional security	
PROPERTY USED FOR BOTH RESIDENTIAL AND COMMERCIAL PURPOSES	Cost of the transaction excluding expenses and taxes	Expert valuation
COMMERCIAL PROPERTY	Expert valuation	Expert valuation

* lower than 300 k€ for new property or lower than 500 k€ for transactions financing pre-existing property.

** greater than 300 k€ for new property or greater than 500 k€ for transactions financing pre-existing property.

II. METHODS FOR PERIODICAL REVALUATION OF ASSETS

In liaison with the work on standardisation of data in respect of the initial value of assets, techniques have been developed, with the assistance of an external consultant, in respect of the revaluation of the underlying assets in respect of loans.

II.1 Statistical revaluation of residential property assets with a value of less than 300.000 euros

This method of revaluation termed S1 applies to the value exclusive of expenses and taxes.

The revaluation was calculated between the date of the original estimate and 31/12/2001.

The date of the original estimate is generally close to that at which the loan was drawn down, except in cases where the loan is, or has been, considered to be doubtful in which case the date is that of the estimate of proceeds from a voluntary or legally forced sale.

The S1 revaluation is broken down into three sub periods : from the date of estimate to the end of 1999, from the end of 1999 to the end of 2000 and from the end of 2000 to the end of 2001.

II.1.2 From the date of estimate to the end of 1999

To revalue the value of security received from the date of the original estimate to 31/12/99, the indexation series published in CFF's publication entitled "l'observateur de l'immobilier" prepared by J. FRIGGIT on the basis of price changes noted between two sales of the same asset based on notarised contracts was used (See articles by J. FRIGGIT in "l'Observateur de l'Immobilier" of July 1999 and June 2001)

The relevance of this source of information is that it covers in a standard manner a very long period of time. The variations identified are relevant because they measure price changes between market prices noted for the same asset. The index prepared by the notaries institute was not used as it is only available since 1995. It reflects the change in the average price of apartments sold, quality considerations being addressed by an econometric method (hedonic model).

The articles referred to show the consistency of the indexation series used with other data available in respect of changes in the price of property. One notes in particular the more rapid growth (almost 2% a year) of the price of houses while the price of apartments outside Paris is stagnant. This trend is important for the security held by CFF which is in large part comprised of houses.

II.1.2 From the end of 1999 to the end of 2000

For this period we used the method already described in note 1 to the accounts of Compagnie de Financement Foncier for 2000. This was based on a survey entitled "à dire d'expert" carried out every year by Foncier Expertise which forms a basis for the annual valuation report of Crédit Foncier.

Prepared separately for apartments and houses, an econometric model is adjusted to estimate the change in prices recorded between two successive years for each city. The average changes obtained, for each city, were then used to calculate the changes in 2000 of the value of security held

The following points should be noted:

1. The location of the property on which Crédit Foncier's loans are secured is precisely known however variables are not attributed to individual properties in the annual valuation survey referred to above (area, neighbourhood and building quality in particular,); this is why it was decided to focus the estimation model solely on the average change in house prices by city.
2. In order to prepare the econometric analysis, assets whose valuation varied widely from one year to another (increase greater than 30%, decrease greater than 10%) were excluded as it was considered that the variations

reflected the difficulty for the expert in determining the price of genuinely comparable properties. This eliminated 20% of the apartments and 25% of the houses communicated in the valuation report.

3. For this year, in order to get from the reference prices for cities identified in the survey to those for the "département [county]" taken as a whole, the average index of the towns surveyed in a given département was retained for the entire département. When a given département did not have a town included in the survey, price changes were considered to be equivalent to the average of the cities in the region in which the département is located. This method may be complemented in the future by indexes adapted to more rural areas (source: Notaires outside Paris for example).
4. For secured property situated in Paris, the index of the average change in prices between 1999 and 2000 published by the Paris notaries institute ("Chambre des Notaires de Paris") was used.

II.1.3 From the end of 2000 to the end of 2001

Last year's change in prices of assets is not yet fully known at the time of preparation of the estimate. The method applied is based on the average overall indexes calculated for 2000 as summarised in the table hereafter ;

Changes in 2000	Paris	Region around Paris ("Ile de France")	Other regions of France
Apartments	12%	7.4%	6.3%
Houses	///	7.1%	7.9%

Taking account of the slow-down in the growth of property prices for apartments and the continuance of recent trends for houses the following changes were adopted, in agreement with the Experts of Foncier Expertise, for 2001.

Changes in 2001	Paris	Region around Paris ("Ile de France")	Other regions of France
Apartments	10%	5%	6%
Houses	///	8%	8%

These provisional estimates of changes will be replaced next year with the definitive changes determined in the new valuation survey. Thus, systematically, at each revaluation, provisional estimates of changes will be corrected and new forecasts will be made for the period which has just closed.

II.2 Statistical revaluation of residential property assets with a value of more than 300.000 euros managed by the property professionals department

This method of revaluation termed S2 is applied to the value exclusive of expenses and taxes. As against S1, it is carried out in one step only in which the current value is determined on the basis of the last estimate. In order to carry out the revaluation of assets securing loans managed by the property professional departments of Crédit Foncier a sample of 400 secured assets was chosen among those with a value greater than 300.000 euros and Foncier Expertise was requested to give an estimate of the market value of the assets at the end of 2000.

The market value given by Foncier Expertise was based on two common methods which are the comparative method (unit prices achieved for similar assets) and the yield method (gross financial return expected by an investor compared to potential rent).

On the basis of the valuation summaries which were prepared, the econometric model was adjusted to current values in the following manner:

$$\text{Log(current value)} = \text{log(previous value)} + \text{log(inflation)} - 0.0076 * \text{period} + \text{log(sectoral factor)} + \text{log(regional factor)}$$

Where the period is the number of years between the previous valuation, (usually the date of the loan) and the date at which the value is estimated

It has been observed that the rate of obsolescence is close to 1% per year. Apart from the sectoral and regional factors, the estimation equation gives an increase of 1% in value when price inflation is 2%.

The sectoral factor is as follows by major sector in which the company operates :

Sector	Factor
Promoters	0.678
Property traders	0.994
Commercial property	0.839
Operating property	0.831
Residential property	0.778
Social housing	1.012
SEM (public-private sector mixed companies)	0.994
Associations	1.155
CIL	0.946

The regional factor is as follows by region where the property is situated :

Region	Factor
--------	--------

Ile de France (paris region)	0.89
Mediterranean	1.06
North West	1.01
North East	1.01
West	1.09
Rhône-Alpes	0.95
South West	1.00

A specific difficulty was encountered in the course of this work concerning the value of assets held by social (low-income) housing bodies (HLM, SEM, CIL, Associations).

These assets have regulated rents and are financed by regulated loans (PLA, PLI, PLS) ; with financing plans which specifically envisage significant subsidies whose objective is to make up the difference between the market cost of the buildings and the external financing and which allow the expected rents to be paid.

These assets are not intended to be sold to competitive operators who would set their prices on the bases of the regulated rents to be received over a long period and the normal return on their capital invested could obtain in financial markets.

This is why it was decided that the revaluation of these assets, which guarantee the loans financed by the SCF, was to be based on the value obtained by capitalising rents receivable using a rate of return of 6%.

This rate is of a regulatory nature. It was determined as the maximum rate applicable to social property at the date of the revaluation (6% is the maximum rate of PLI loans, 5.5% being the maximum rate for PLS loans)

This interest rate corresponds to the regulated rents and thus ensures balance between the income and expenditure of operators, once they have benefited from the necessary grants and subsidies.

Finally one can add that there is not really a market on which buildings in the social property sector are bought and sold. When difficulties appear local bodies are heavily involved and the buildings of the operator in difficulty are taken over by another social operator without recourse to the market and after the intervention of various public sector mechanisms.

II.3 Revaluation of property held by professionals with a value of more than 300.000 euros

This segment is revalued every year on an asset-by-asset basis.

For assets where the ratio of loan to security has fallen below 25% it has been considered that the revaluation could retain the same value as in the previous estimate prepared.

II.4 Revaluation of property held by professionals with a value of less than 300.000 euros

As indicated in the year 200 annual report of Compagnie de Financement Foncier , work carried out on loans financing non-residential transactions of an amount lower than 300.000 euros showed that the assets securing these transactions were generally residential assets.

This point will be validated in 2002 for the approximately 1800 secured assets in question.

This is why this segment has been treated in 2001 by considering that the assets guaranteeing the loans were residential assets and applying the S1 method described above.

II.5 Revaluation of residential property held by individuals with a value of more than 300.000 euros

For residential assets of individuals with a value of more than 300.000 euros the S1 method has been applied.

II.6 Summary table

	Healthy loans		Contentious loans
	Amounts lower than 300.000 €	Amounts greater than 300.000 €	All amounts
RESIDENTIAL PROPERTY	S1 With three sub-periods : S1_{ori-1999} S1₁₉₉₉₋₂₀₀₀ S1₂₀₀₀₋₂₀₀₁	S2 for professional customers S1 for individual customers	Individual specific examination
PROPERTY USED FOR BOTH RESIDENTIAL AND COMMERCIAL PURPOSES			
COMMERCIAL PROPERTY	Three yearly individual examination S1 in the interval	Annual individual examination if Loan/Security > 25% If Loan/ security < 25% the security is maintained at its previous value	

The original French language certificate reads:

**RAPPORT DU CONTROLEUR SPECIFIQUE
SUR LES MODES D'EVALUATION
ET LES METHODES DE REEXAMEN PERIODIQUE
DE LA VALEUR DES IMMEUBLES
AU 31 DECEMBRE 2001**

Messieurs les Administrateurs
de la Compagnie de Financement Foncier,

En notre qualité de contrôleur spécifique de votre société et en application des dispositions prévues par l'article L. 515-30 du code monétaire et financier, ainsi que de l'article 5 du règlement 99-10 du CRBF, nous vous présentons notre rapport relatif à l'appréciation de la procédure décrivant les modes d'évaluation des immeubles sous-jacents aux prêts et les méthodes de réexamen périodique de leur valeur, publiée simultanément aux comptes annuels au 31 décembre 2001, et jointe au présent rapport.

La procédure décrivant les modes d'évaluation des immeubles et les méthodes de réexamen périodique de leur valeur a été définie et mise en œuvre sous la responsabilité de la direction de votre société. Il nous appartient de nous prononcer sur sa validité au regard de sa conformité aux règles en vigueur.

Nous avons procédé à la vérification des modes d'évaluation des immeubles et des méthodes de réexamen périodique de leur valeur conformément aux normes professionnelles applicables à cette intervention. Ces normes requièrent la mise en œuvre de diligences destinées à apprécier la conformité des modes d'évaluation et des méthodes de réexamen périodique dans leur conception et dans leur application, à la réglementation en vigueur, et à vérifier la présentation de la procédure publiée simultanément aux comptes annuels.

Notre examen s'est appuyé sur une nouvelle procédure rédigée en décembre 2001 par le Crédit Foncier de France en qualité de gestionnaire. Cette nouvelle procédure renforce les dispositions relatives au processus de réexamen périodique des biens. Elle s'appuie sur une nouvelle base de gestion dont le principal atout est de fiabiliser les valorisations historiques des biens renseignées dans les systèmes d'information.

Les dispositions relatives aux modes d'évaluation et de réexamen périodique des biens sous-jacents aux prêts, décrites dans cette procédure, contribuent au respect des dispositions réglementaires prévues aux articles 1 et 2 du règlement 99-10 du CRBF et n'appellent pas de commentaire particulier de notre part.

En ce qui concerne la mise en œuvre opérationnelle de cette nouvelle procédure, il convient de préciser que, sur la base des tests effectués par nos soins, l'application des modes d'évaluation reste perfectible, tandis que les opérations touchant au processus de réexamen périodique sont satisfaisantes. Il est important de noter que la procédure est actuellement dans sa phase de mise en place et que les dispositions prises par la Compagnie de Financement Foncier devraient la rendre rapidement opérationnelle.

Neuilly-sur-Seine, le 29 mars 2002

Le Contrôleur Spécifique

BARBIER FRINAULT & CIE

Franck Sastre

**PROCEDURE D'EVALUATION ET DE REEXAMEN PERIODIQUE DES BIENS
SOUS-JACENTS AUX PRETS
31 DECEMBRE 2001**

I - MODES D'EVALUATION DES BIENS

I-1 Fiabilisation de la valeur des gages renseignées

Des travaux ont été menés afin de réunir l'ensemble des informations relatives à la valeur initiale des biens disponibles sur différentes bases et de les homogénéiser. Ainsi, les biens sous-jacents à certaines opérations ont fait l'objet d'abattements forfaitaires afin de tenir compte des règles provenant de la réglementation propre aux sociétés de crédit foncier et concernant entre autres les frais et la TVA.

I-2 Procédure d'évaluation initiale des biens

On trouvera résumé ci-dessous les différentes règles appliquées pour l'évaluation initiale des biens sous-jacents aux prêts garantis :

Type de bien	PETITS MONTANTS *	GROS MONTANTS **
LOGEMENT Cas général	Coût de l'opération hors frais et taxes	Expertise
LOGEMENT Cas particuliers		Pas de cas particuliers
. Neuf hors VEFA et CCMI	Vérification de l'achèvement et déclassement éventuel	
. Rachat de prêt	Ajout de la valeur du terrain hors frais et taxes s'il est pré acquis	
. Travaux supérieurs à 10%	Reconstitution du coût de l'opération hors frais et taxes en revenant au plan de financement initial	
. Gage complémentaire	Coût de l'opération valorisé Coût de l'opération hors frais et taxes et expertise pour le gage additionnel	
BIEN MIXTE	Coût de l'opération hors frais et taxes	Expertise
BIEN PROFESSIONNEL	Expertise	Expertise

* inférieur à 300 k€ dans le neuf ou inférieur à 500 k€ pour les opérations finançant l'ancien.

** supérieur à 300 k€ dans le neuf ou supérieur à 500 k€ pour les opérations finançant l'ancien.

II - METHODES DE REEXAMEN PERIODIQUE DES BIENS

En liaison avec les travaux de reprise et d'homogénéisation des données relatives à l'évaluation initiale des biens, des développements ont été effectués avec l'appui d'un prestataire externe pour la réévaluation des biens sous-jacents aux prêts.

II - 1 La réévaluation statistique des biens habitat de moins de 300.000 euros

Cette méthode de réévaluation nommée S1 s'applique aux valcurs hors frais et taxes.

La réévaluation a été calculée entre la date de l'estimation et la date du 31/12/2001.

Cette date est en général proche de la mise en force du prêt sauf dans le cas où celui-ci est ou a été douteux, auquel cas la date est celle de l'estimation en vente amiable ou judiciaire.

La réévaluation S1 comporte trois sous-périodes : de la date de l'estimation à la fin 1999, de la fin 1999 à la fin 2000, de la fin 2000 à la fin 2001.

II.1.1 De la date de l'estimation à la fin 1999

Pour réévaluer la valeur des gages de la date d'estimation jusqu'au 31/12/99, a été utilisé la série d'indices publiés dans la revue du CFF « l'observateur de l'immobilier » établis par J. FRIGGIT à partir des évolutions de prix observées entre deux mutations par la source des actes notariés. (cf Articles de J. FRIGGIT dans l'Observateur de l'Immobilier juillet 1999 et juin 2001)

L'intérêt de cette source d'information est qu'elle couvre de façon homogène une très longue période historique. L'évolution mesurée est intéressante parce que la variation des prix est mesurée entre des prix de marché observés pour le même bien. L'indice des Notaires n'a pas été retenu car il n'est disponible que depuis 1995. Il observe quant à lui la variation du prix moyen des appartements mutés, l'effet qualité étant maîtrisé par une méthode économétrique (modèle hédonique).

Les articles en référence montrent la cohérence de la série utilisée avec les autres informations disponibles sur l'évolution du prix de l'immobilier. On retiendra en particulier la croissance beaucoup plus rapide (près de 2% par an) des prix des maisons alors que le prix des appartements hors Paris stagne. Cet effet est important pour les gages du CFF qui sont pour une grande part d'entre eux des maisons individuelles.

II.1.2 De la fin 1999 à la fin 2000

Pour cette période nous avons utilisé la méthode déjà décrite dans l'annexe 1 du rapport de la Compagnie de Financement Foncier de 2000. Celle-ci repose sur une enquête « à dire d'expert » réalisée chaque année par Foncier Expertise et qui sert de support au rapport annuel de l'Expertise du Crédit Foncier.

Séparément pour les appartements puis pour les maisons un modèle économétrique est ajusté pour expliquer la variation de prix enregistrée entre deux années successives en fonction de la ville. On a ensuite utilisé ces variations moyennes obtenues par ville pour les appartements et les maisons pour faire évoluer la valeur des gages au cours de l'année 2000.

Les points suivants doivent être notés :

1. Les localisations des gages des prêts du Crédit Foncier sont connues précisément mais ne sont pas toutes qualifiées selon les variables de l'enquête Expertise évoquée plus haut (zone, quartier, standing notamment) ; c'est pourquoi on a préféré réduire l'utilisation du modèle estimé à la seule variation moyenne des prix de chaque ville.
2. Avant d'effectuer les travaux économétriques on a éliminé les biens dont la variation très forte d'une année sur l'autre (baisse supérieure à 10% ou hausse supérieure à 30%) traduisait vraisemblablement une difficulté pour l'expert à donner le prix de biens réellement comparables. Ceci a éliminé 20% des biens « appartements » et 25% des biens « maisons » communiqués par l'Expertise.
3. Pour cette année, afin de passer des prix de référence des villes relevées dans l'enquête à ceux relatifs aux départements dans leur ensemble, c'est l'indice moyen des villes de l'enquête du département qui a été retenu pour le département dans son ensemble. Quand un département n'a pas de ville ayant fait l'objet de l'enquête, l'évolution prise est égale à celle de la moyenne des villes de sa région.

Cette méthode pourra être complétée à l'avenir au moyen d'indices adaptés aux zones moins urbanisées (source Notaires de Province par exemple).
4. Pour les gages situés à Paris on a utilisé l'indice moyen d'évolution entre 1999 et 2000 publié par la Chambre des Notaires de Paris.

II.1.3 De la fin 2000 à la fin 2001

L'évolution du prix des biens au cours de la dernière année est encore mal connue à la date d'estimation. La méthode suivie repose sur les indices moyens globaux calculés en 2000 qui sont récapitulés dans le tableau ci-dessous

Evolutions 2000	Paris	Ile de France	Province
Appartements	12%	7.4%	6.3%
Maisons	///	7.1%	7.9%

En tenant compte d'un ralentissement de la croissance des prix de l'immobilier pour les appartements et du maintien des tendances passées pour les maisons on a adopté, en accord avec l'Expertise, le tableau ci-dessous pour les évolutions 2001.

Evolutions 2001	Paris	Ile de France	Province
Appartements	10%	5%	6%
Maisons	///	8%	8%

Ces évolutions provisoires seront remplacées l'année prochaine par les évolutions définitives issues de la prochaine enquête de l'expertise. On aura ainsi à l'avenir de façon systématique, à chaque réévaluation, la correction des évolutions provisoires et la formulation de nouvelles prévisions pour la période qui se termine.

II - 2 La réévaluation statistique des biens habitat de plus de 300.000 euros gérés par le secteur des professionnels

Cette méthode de réévaluation nommée S2 s'applique aux valeurs hors frais et taxes. Contrairement à S1, elle s'applique en une fois pour donner la valeur actuelle à partir de la dernière estimation. Pour effectuer la réévaluation des biens garantissant les prêts gérés par le secteur des professionnels du Crédit Foncier on a effectué un sondage de 400 gages parmi ceux de plus de 300.000 euros et on a demandé à Foncier Expertise de donner la valeur vénale de ces biens à la fin 2000.

La valeur vénale donnée par l'Expertise repose sur une confrontation des deux méthodes usuelles que sont la méthode par comparaison (prix unitaires constatés sur des biens semblables) et la méthode par capitalisation (rendement brut financier attendu par l'investisseur comparé aux loyers potentiels).

A partir des fiches retournées on a ajusté un modèle économétrique expliquant la valeur actuelle de la façon suivante :

$$\text{Log(valeur actuelle)} = \text{log(valeur précédente)} + \text{log(inflation)} - 0.0076 * \text{délai} + \text{log(effet secteur)} + \text{log(effet région)}$$

Où le délai est le nombre d'années écoulées entre la précédente valeur (le plus souvent à l'origine du prêt) et la date de la valeur estimée.

On voit que l'effet d'obsolescence est proche de 1% par an. En dehors des effets secteur et région l'équation estimée montre que la valeur augmente d'environ 1% par an quand l'inflation est à 2%.

L'effet secteur est le suivant selon le macrosecteur de l'opérateur :

Macrosecteur	Coefficient
Promoteur	0.678
Marchands de biens	0.994
Immobilier d'entreprise	0.839
Immobilier d'exploitation	0.831
Immobilier d'habitation	0.778
HLM	1.012
SEM	0.994
Associations	1.155
CIL	0.946

L'effet région est le suivant selon la région où est situé le gage :

Région	Coefficient
Ile de France	0.89
Méditerranée	1.06
Nord-Ouest	1.01
Nord-Est	1.01
Ouest	1.09
Rhône-Alpes	0.95
Sud-Ouest	1.00

Une difficulté particulière a été rencontrée dans ce travail pour l'estimation de la valeur des biens détenus par les opérateurs sociaux (HLM, SEM, CTL, Associations).

Ces biens ont des loyers réglementés et sont financés par des prêts réglementés (PLA, PLI, PLS) ; les plans de financement de ces opérations comprennent une part importante de subventions destinées précisément à combler l'écart entre le coût de marché des constructions et le financement externe que permettent de rembourser les loyers attendus de l'opération.

Ces biens n'ont pas vocation à être cédés à des opérateurs concurrentiels qui fixeraient leur prix d'achat sur la base des loyers réglementés à percevoir pendant une période encore longue et d'une rémunération normale que leurs capitaux pourraient obtenir sur le marché financier.

C'est pourquoi on a choisi pour la réévaluation de ces biens garantissant des prêts financés par la SCF de fonder le calcul de la valeur sur la capitalisation des loyers à percevoir au taux de 6%.

Ce taux a la nature d'un taux réglementé ; il est déterminé comme le maximum à la date de réévaluation des taux réglementés applicables au logement social (ici 6% est le taux maximum des PLI, 5.5% étant le taux maximum des PLS)

Ce taux de financement correspond aux loyers réglementés et doit donc assurer l'équilibre charges ressources des opérateurs, une fois que ceux-ci ont bénéficié des subventions nécessaires.

Ajoutons enfin qu'il n'y a pas réellement de marché sur lesquels s'échangeraient ces immeubles du secteur social. Quand des difficultés apparaissent l'implication des acteurs locaux est très importante et le parc de l'opérateur en difficulté est repris par un autre opérateur social sans recours en général au marché et après intervention de divers mécanismes publics.

II - 3 La réévaluation des biens professionnels de plus de 300.000 euros

Ce segment est réévalué chaque année bien par bien.

Pour les biens où le rapport prêt/gage estimé est tombé au-dessous de 25% on a considéré que la réévaluation pouvait adopter une valeur n'ayant pas varié depuis la dernière estimation.

II-4 La réévaluation des biens professionnels de moins de 300.000 euros

Comme indiqué dans le rapport 2000 de la Compagnie de Financement Foncier les travaux menés sur les prêts finançant des opérations non habitat de montants inférieurs à 300.000 euros montrent que les gages associés à ces opérations sont en règle générale des biens habitat.

Ce point sera vérifié en 2002 pour les 1800 environ gages concernés.

C'est pourquoi ce segment a été traité en considérant pour 2001 que les gages apportés en garantie étaient des biens logement auxquels a été appliquée la méthode S1 décrite plus haut.

II-5 La réévaluation des biens habitat des particuliers de plus de 300.000 euros

Pour les biens habitat des particuliers de plus de 300.000 euros on a appliqué la méthode S1.

II-6 Tableau récapitulatif

Type de bien	Affaires Saines		Affaires contentieuses
	Montants inférieurs à 300.000 €	Montants supérieurs à 300.000 €	Tous montants
LOGEMENT	S1 Avec 3 sous-périodes : S1 ₀₁₋₁₉₉₉ S1 ₁₉₉₉₋₂₀₀₀ S1 ₂₀₀₀₋₂₀₀₁	S2 pour les clients professionnels S1 pour les clients particuliers	Examen individuel spécifique
BIEN MIXTE			
BIEN PROFESSIONNEL	Examen individuel triennal S1 dans l'intervalle	Examen individuel annuel si CRD/Gage > 25% Si CRD/Gage < 25% le gage est maintenu à sa valeur précédente	

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in a Dealer Agreement dated 30 May 2000 as amended by a first supplemental dealer agreement dated 1 June 2001 and a second supplemental dealer agreement dated 14 June 2002 (the “**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 resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The 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 establishment 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 Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The 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

France

Each of the Dealers and the Issuer has represented and agreed that, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes by way of a public offering in France (an *appel public à l'épargne*, as defined in Article L.411-1 of the Code).

If necessary these selling restrictions will be supplemented in the relevant Pricing Supplement.

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 Dealer Agreement.

In addition, until 40 days after the commencement of the offering, an offer or sale of any identifiable Tranche of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer has represented, warranted and agreed that:

- (i) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of a period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except 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 otherwise in circumstances which have not resulted and will not result in an offer to

the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

- (ii) in relation to any Notes which must be redeemed before the first anniversary of 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;
- (iii) 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
- (iv) 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.

Germany

Each Dealer has agreed not to offer or sell Notes in the Federal Republic of Germany other than in compliance with the Securities Selling Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 9 September 1998 (as amended), or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

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 Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, 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 Offering Circular, any other offering material or any Pricing Supplement 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.

A02069535

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche is set out below:

Pricing Supplement

[LOGO, if document is printed]

COMPAGNIE DE FINANCEMENT FONCIER

Euro 30,000,000,000

Euro Medium Term Note Programme

for the issue of *Obligations Foncières* and Other Privileged Notes

Due from one month from the date of original issue

SERIES NO: [•]

TRANCHE NO: [•]

[Brief Description and Amount of *Obligations Foncières*/Other Privileged Notes]

Issue Price: [•] per cent.

{Name(s) of Dealer(s)}

The date of this Pricing Supplement is [•].

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 14 June 2002. This Pricing Supplement must be read in conjunction with such Offering Circular [as so supplemented]¹.

[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 Pricing Supplement.]

- | | | |
|---|--|---|
| 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 | (i) Issue Price: | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues or atypical first coupon, if applicable)] |
| | (ii) [Net proceeds: | [•] (Required only for listed issues)] |
| 6 | Specified Denominations: | [•] (one denomination only for Dematerialised Notes) |
| | | [•] |
| 7 | (i) Issue Date: | [•] |
| | (ii) [Interest Commencement Date (if different from the Issue Date): | [•] |
| 8 | Maturity Date: | <i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]</i> |

¹ If full terms and conditions are to be used, please add the following here:

"The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Offering Circular for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary."

The first set of bracketed words is to be deleted where the Notes are issued in dematerialised form. The full Conditions should be attached to and form part of the Pricing Supplement.

- 9 Interest Basis: [•] per cent. Fixed Rate]
 [[specify reference rate] +/- [•] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Other (specify)]
 [(further particulars specified below)]
- 10 Redemption/Payment Basis: [Rcdemption at par]
 [Index Linked Redemption]
 [Dual Currency]
 [Partly Paid]
 [Instalment]
 [Other (specify)]
- 11 Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
- 12 Options: [Call]
 [other Options]
 [(further particulars specified below)]
- 13 Status of the Notes: [Obligations Foncières]
 [Other Privileged Notes]
- 14 Listing: [Paris/Frankfurt/Luxembourg/Other (specify)/None]
- 15 Method of distribution: [Syndicated/Non-syndicated]
- PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**
- 16 **Fixed Rate Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Rate [(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [•] in each year
- (iii) Fixed Coupon Amount [(s)]: [•] per [•] in nominal amount
- (iv) Broken Amount: [*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)): [•]
(Day count fraction should be Actual/Actual-ISMA for all fixed rate issues other than those denominated in U.S. Dollars)
- (vi) Determination Date(s) (Condition 5(a)): [Insert day(s) and month(s) on which interest is to be calculated (if more than one, then insert such dates in the alternative)] in each year¹
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 17 Floating Rate Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate for Notes denominated in euro)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [•]
- (ii) Business Day Convention: [Following Business Day Convention Except Following Month Convention/Preceding Business Day Convention/other (give details)]
- (iii) Additional Business Centre(s) (Condition 5(a)): [•]
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/FBF Determination/other (give details)]
- (v) Interest Period Date(s): [Not Applicable/specify dates]
- (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)(B)):
- 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]*

¹ Only to be completed for an issue denominated in euro where Day Count Fraction is Actual/Actual-ISMA
A02069535

- 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) 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:] *[•]*

18	Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Amortisation Yield (Condition 6(c)):	[•] per cent. per annum
	(ii) Day Count Fraction (Condition 5(a)):	[•]
	(iii) Any other formula/basis of determining amount payable:	[•]
19	Index Linked Interest Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Index/Formula:	[Give or annex details]
	(ii) Calculation Agent responsible for calculating the interest due:	[•]
	(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[•]
	(a) Specified Period(s)/Specified Interest Payment Dates:	[•]
	(b) Business Day Convention:	[Following Business Day Convention/ Following Business Day Except Following Month Convention/Preceding Business Day Convention/other (give details)]
	(iv) Additional Business Centre(s) (Condition 5(a)):	[•]
	(v) Minimum Rate of Interest:	[Not Applicable]/[*] per cent. per annum
	(vi) Maximum Rate of Interest:	[NotApplicable]/[*] per cent. per annum
	(vii) Day Count Fraction (Condition 5(a)):	[•]
	(viii) Interest Determination Date	[•]
20	Dual Currency Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs 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:	[•]
	(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: [•]
- (v) Day Count Fraction (Condition 5(a)): [•]

PROVISIONS RELATING TO REDEMPTION

- 21 **Call Option** [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
 - (i) Optional Redemption Date(s): [•]
 - (ii) Optional Rcdemption Amount(s) and method, if any, of calculation of such amount(s): [•]
 - (iii) If redeemable in part: [•]
 - (iv) Minimum nominal amount to be redcmmed: [•]
 - (v) Maximum nominal amount to be redeemed: [•]
 - (vi) Option Exercise Date(s): [•]
 - (vii) Description of any other Issuer’s option: [•]
 - (viii) Notice period (if other than as set out in the Conditions): [•]
- 22 **Other Option** [Put/Not Applicable] (*If applicable, specify details*)
- 23 **Final Redemption Amount** [Nominal amount/Other/See Appendix]
- 24 **Early Redemption Amount**

Early Rcdemption Amount(s) payable on redemption for taxation reasons provided herein: [Applicable/Not Applicable] (*If applicable, provide details: notice to holders of the Note, method of calculating the Early Redemption Amount, date of payment of the same; Redemptions permitted on days other than Interest Payment Dates*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25 **Form of Notes:** [Dematerialiscd 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)*
- 26 Additional 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 place of payment, and not interest period end dates, to which item 17(iii) relates)*
- 27 Talons for future Coupons or Receipts to be attached to Definitive Materialised Notes (and dates on which such Talons mature): [Yes/No/Not Applicable. *If yes, give details*] *(Only applicable to Materialised Notes)*
- 28 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay: [Not Applicable/give details]
- 29 Details relating to Instalment Notes: [Not Applicable/give details]
- (i) Instalment Amount(s): [•]
- (ii) Instalment Date(s): [•]
- (iii) Minimum Instalment Amount: [•]
- (iv) Maximum Instalment Amount: [•]
- 30 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] [annexed to this Pricing Supplement] apply]

- 31 Consolidation provisions: [Not Applicable/The provisions [in Condition 15(b)] [annexed to this Pricing Supplement] apply]
- 32 Representation of holders of Notes¹ (Condition 10) [Applicable/Not Applicable]
(if applicable insert details of the Representatives of the Masse and Alternative Representatives together with their remuneration)
(if not applicable state whether (a) there will be no Masse provisions at all, or (b) the provisions of French Code de Commerce relating to the Masse will be applicable in full, in which case the Pricing Supplement should also contain details of Representatives and Alternate Representatives and their remunerations)
- 33 Other terms or special conditions: [Not Applicable/give details]

DISTRIBUTION

- 34 (i) If syndicated, names of Managers: [Not Applicable/give names]
(ii) Stabilising Manager (if any): [Not Applicable/give name]
(iii) Dealer's Commission: [•]
- 35 If non-syndicated, name of Dealer: [Not Applicable/give name]
- 36 Additional selling restrictions: [Not Applicable/give details]
- 37 Rating
The Programme has been rated Aaa by Moody's Investors Service.
A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency: *[if applicable / Notes are rated [AAA] by Fitch Ratings / [and] [AAA] by Standard & Poors Rating Services]*

OPERATIONAL INFORMATION

- 38 ISIN Number: [•]
- 39 Sicovam Number: [•]

¹ The provisions of the French *Code de Commerce* relating to the *Masse* of Noteholders 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

- 40 Common Code: [•]
- 41 Clearstream, Frankfurt Code: [•]
- 42 Depository (ies)
- (i) Euroclear France to act as Central Depository [Yes/No] [Yes/No]
- (ii) Common depository for Euroclear and Clearstream, Luxembourg [Yes/No]
- 43 Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- 44 Delivery: Delivery [against/free of] payment
- 45 The Agents appointed in respect of the Notes are: [•]
- 46 In the case of Notes listed on Euronext Paris S.A.:
- (i) the number of Notes to be issued in each Denomination: [•] (*only one denomination in case of Dematerialised Notes*)
- (ii) Paying Agent in France
- (a) address in Paris where documents to be made available for inspection may be inspected: [•]
- (b) list of such documents available for inspection: [•]
- (iii) specialist broker: [•]
- (iv) responsibility statement in French and brief summary in French of the main characteristics of any Notes which are to be listed on Euronext Paris S.A. and of the Issuer to be inserted: [(see next pages)]
- 47 [OTHER INFORMATION:] [•]

GENERAL

- 48 The aggregate principal amount of Notes issued has been translated into Euro at the rate of [•], producing a sum of: [Not Applicable/Euro [•]] (*Only applicable for Notes not denominated in Euro*)

[LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the Euro 30,000,000,000 Euro Medium Term Note Programme of Compagnie de Financement Foncier.]

[STABILISING

In connection with this issue, [*insert name of Stabilising Manager*] (the “**Stabilising Manager**”) or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Stabilising Manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after of limited period.]

MATERIAL ADVERSE CHANGE STATEMENT

[Except as disclosed in this document, there/There]² has been no significant change in the financial or trading position of the Issuer since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Issuer since [*insert date of last published annual accounts.*]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

By: _____
Duly authorised

² If any change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

SPECIFIC CONTROLLER'S CERTIFICATE RELATING TO THE NOTES

[Only applicable if the amount of Notes issued equals or exceeds € 500,000,000 or its equivalent in any other currency]

The following is a convenience translation of the original French language certificate;

[The text below is only a standard form of certificate; the text of the actual certificate delivered by the Specific Controller should be translated into English and reproduced below]]

"To the Directors of Compagnie de Financement Foncier,

In our capacity as the Specific Controller of your company, and in compliance with the provisions of articles L.515-29 to L.515-31 of the French *Code monétaire et financier* (the "Code") and of article 9-IV of Decree n° 99-710 of 3 August 1999, it is our duty to issue a statement concerning compliance with the rule set forth in article L.515-20 of the Code, within the context of any issue of mortgage bonds (*obligations foncières*) with a unit value of 500 million euros or above.

Article L.515-20 of the Code provides that the aggregate value of assets of a mortgage loan company (*société de crédit foncier*) must be greater than the value of its liabilities benefiting from the *privilege* set out in article L.515-19 of the Code. Within the context of this issue of mortgage bonds, those elements taken into consideration for the coverage ratio are, on the one hand, [those assets evidenced by the shares of a debt mutual fund (*fonds commun de créances*) amounting to [·], loans to public bodies amounting to [·] and replacement securities amounting to [·] and, on the other hand, the resources benefiting from the *privilege* set out in article L.515-19 of the Code which result from this issue.

As the date hercof, we have carried out those tests and checks we considered necessary in order to verify compliance with the rule set out in article L.515-20 of the Code and with the method for calculating the coverage ratio defined in Regulation n° 99-10 of 9 July 1999 of the Banking and Finance Regulatory Commission (*Comité de la réglementation bancaire et financière*).

On the basis of our examination, we declare that the value of the assets of Compagnie de Financement Foncier will be greater than the value of its liabilities benefiting from the privilege defined in article L.515-19 of the Code, after settlement of this issue."

Neuilly-sur-Seine, [·]

The Specific Controller
BARBIER FRINAULT ET COMPAGNIE
Frank Sastre

The original French language certificate reads:

["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.515-29 à L.515-31 du Code monétaire et financier et par l'article 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.515-19 de ce code, dans le cadre de tout programme trimestriel d'emprunt bénéficiant du privilège prévu à l'article L.515-20 du Code monétaire et financier.

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 du Code monétaire et financier. Dans le cadre du présent programme d'emprunt, les éléments contribuant au ratio de couverture sont, d'une part, les éléments d'actif représentés par les parts d'un fonds commun de créances hypothécaires pour un montant de [], des prêts à des personnes publiques pour un montant de [] et un portefeuille de valeurs de remplacement pour un montant de [] et, d'autre part, les ressources privilégiées qui résulteront du programme d'emprunt.

A la date de la présente attestation, nous avons vérifié 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, en effectuant les travaux que nous avons estimés nécessaires.

Sur la base de ces travaux, nous attestons que le montant des éléments d'actif de la Compagnie de Financement Foncier sera supérieur au montant des éléments de passif privilégiés tel que définis par l'article L.515-19 du code précité, après prise en compte du règlement de la présente émission."]

Neuilly-sur-Seine, le [●]

Le Contrôleur spécifique

BARBIER FRINAULT ET COMPAGNIE

Franck Sastre

[to be completed if the Notes are listed on Euronext Paris S.A.]

RESUME EN FRANCAIS

Responsabilité du prospectus

[numéro et date du visa, s'il y a lieu, indication d'un avertissement]

Le présent prospectus sera disponible aux heures habituelles d'ouverture des bureaux, un quelconque jour de la semaine (à l'exception des samedis, dimanches et jours fériés) dans les bureaux de l'Agent Financier [et/] de l'Agent Payeur à Paris [et de l'Agent Payeur à Luxembourg*].

A - CONTENU ET MODALITES DE L'OPERATION

1. Montant de l'émission

Nombre et valeur nominale des Titres : [•]

Montant nominal de l'émission : [•]

2. Caractéristiques des Titres émis

2.1 Prix de souscription/Prix d'émission : [•]

Coupon couru (s'il y a lieu) : [•]

Modalité de paiement (paiement fractionné...) : [•]

2.2 Jouissance des titres:

Date d'entrée en jouissance des Titres: [•]

2.3 Date de règlement/Date d'assimilation : [•]

2.4 Intérêts et/ou taux nominal (facial) ou caractéristiques nominales (faciales) et, le cas échéant, leurs modalités de calcul : [•]

2.5 Amortissement : [•]

Remboursement : [•]

2.6 Durée de l'émission : [•]

2.7 Clause d'assimilation : [•]

2.8 Rang de créance : [•]

2.9 Notation : [•]

2.10 Mode de représentation des porteurs des Titres, le cas échéant : [•]

2.11 Liste des établissements chargés du service financier de la Compagnie de Financement Foncier en France : [•]

2.12 Droit applicable et tribunaux compétents en cas de litige : [•]

* Si les Titres font également l'objet d'une demande d'admission en bourse de Luxembourg.

B - ORGANISATION ET ACTIVITE DE L'EMETTEUR

1. Renseignements de caractère général concernant l'émetteur, ses organes d'administration

- 1.1 Dénomination : [•]
Siège social : [•]
- 1.2 Forme juridique de l'émetteur et nature des organes d'administration: [•]
- 1.3 Nom et statut des contrôleurs légaux : [•]
- 1.4 Date de constitution et d'expiration de l'émetteur : [•]
- 1.5 Indication des lieux où peuvent être consultés les documents juridiques relatifs à l'émetteur (statuts, procès verbaux d'assemblées générales, rapports des contrôleurs légaux) : [•]

2. Renseignements de caractère général concernant le capital

- 2.1 Montant du capital : [•]
- 2.2 Principaux actionnaires mentionnés dans le prospectus : [•]

3. Renseignements concernant l'activité de l'émetteur

Lorsque l'émetteur est à la tête d'un groupe, les renseignements prévus dans ce paragraphe sont fournis pour le groupe.

- 3.1 Bref descriptif de l'activité de l'émetteur et de son évolution : [•]
- 3.2 Indication de tout événement exceptionnel ou d'opération prévue de toute nature ainsi que de tout litige susceptible d'avoir ou ayant eu dans un passé récent une incidence significative sur la situation financière de l'émetteur, son activité, et le cas échéant sur son groupe, et qui ont été présentés comme tels dans le prospectus : [•]

C - SITUATION FINANCIERE DE L'EMETTEUR

1. **Chiffres-clés du bilan :** [tableau synthétique de l'endettement et des fonds propres établi, le cas échéant sur une base consolidée, et disponible à la date de la situation la plus récente établie ou à défaut à la date du dernier bilan présenté.]
2. **Le cas échéant, observations, réserves ou refus de certifications des contrôleurs légaux :** [si les certifications sur les derniers comptes présentés dans le prospectus ont été refusées par les contrôleurs légaux ou si elles comportent des réserves ou des observations, ce refus, ces réserves ou ces observations doivent être reproduites intégralement.]

Paris Listing Information

***Personnes qui assument la responsabilité du prospectus
composé du Document de Base
enregistré par la Commission des opérations de bourse
sous le No.P 02-153 du 13 juin 2002
et de la présente Note d'Opération***

Au Nom de l'Emetteur

A la connaissance de l'Emetteur, les données du présent prospectus sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Aucun élément nouveau [(autres que ceux mentionnés dans la présente Note d'Opération) intervenu depuis:

- *le 13 juin 2002 date du numéro d'enregistrement n° P 02-153 apposé par la Commission des opérations de bourse sur le Document de Base*
- *le [●], date du visa n°[●] - [●] apposé par la Commission des opérations de bourse sur [le Document de Référence / la Note d'Opération] en date du [●]*

n'est susceptible d'affecter de manière significative la situation financière de l'émetteur dans le contexte de la présente émission.

COMPAGNIE DE FINANCEMENT FONCIER

[nom et qualité du signataire]

Au Nom de [la Banque Présentatrice / l'établissement présentateur]

A la connaissance de [la banque présentatrice/l'établissement présentateur] les données du présent prospectus sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

[nom et qualité du signataire]

[AGENT DE COTATION SUR EURONEXT PARIS]

Visa de la Commission des opérations de bourse

En application des articles L.412-1 et L.621-8 du Code monétaire et financier, la Commission des opérations de bourse a apposé le visa n°[●] - [●] en date du [●] sur le présent document, qui constitue le prospectus prévu par les articles précités, conformément aux dispositions de son règlement n°98-01. Ce prospectus a été établi par l'émetteur et engage la responsabilité de ses signataires. Le visa n'implique ni approbation de l'opportunité de l'opération ni authentification des éléments comptables et financiers présentés. Il a été attribué après examen de la pertinence et de la cohérence de l'information donnée dans la perspective de l'opération proposée aux investisseurs.

La notice légale sera publiée au Bulletin des Annonces légales obligatoires (BALO) du [●].

Paris Listing Information

Translation of the preceding page for information purposes only

Individuals assuming responsibility for the prospectus composed by the Offering Circular registered by the *Commission des opérations de bourse* under n° P02-153 of 13 June 2002 and the Pricing Supplement

In the name of the Issuer

To the best knowledge of the Issuer, the information contained in this prospectus is true and accurate and there has been no omission of material facts which would make any statements herein misleading.

No new event [other than those mentioned in this Pricing Supplement] has happened since

- 13 June 2002 date of the registration number n° P02-153 granted by the *Commission des opérations de bourse* on the Offering Circular
- [[•], date of the visa n°[•]-[•] granted by the *Commission des opérations de bourse* on the *Document de Référence / Pricing Supplement* dated [•]]

may materially affect the financial position of the Issuer in the context of this issue.

COMPAGNIE DE FINANCEMENT FONCIER

[name and title of signatory]

In the name of the Listing Agent

To the best knowledge of the Listing Agent, the information contained in this Pricing Supplement is true and accurate and there has been no omission of material facts which would make any statements herein misleading.

[Name and title of signatory]

Visa of the *Commission des opérations de bourse*

In accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier*, the *Commission des opérations de bourse* has given the visa n° [•] - [•] dated [•] on this document, which constitutes the prospectus provided by the above-mentioned articles, in accordance with the provisions of its regulation n° 98-01. This prospectus has been prepared by the issuer and its signatories may be held liable for it. The granting of the visa shall not imply any approval of the suitability of the transaction nor any authentication of the accounting and financial data that is presented herein. It was granted following an examination of the relevance and consistency of the information presented herein in light of the proposed transaction of investors.

The legal notice will be published in the *Bulletin des Annonces légales obligatoires (BALO)* of [•].

GENERAL INFORMATION

1. In connection with the application to list a Series of Notes on Euronext Paris S.A.:
 - (a) the COB allocated the registration number P02-153 on the 13 June 2002 to this Offering Circular.
 - (b) a legal notice relating to the issue of such Notes will be published in the *Bulletin des Annonces légales obligatoires* prior to such listing;
 - (c) the Pricing Supplement applicable to such issue will be submitted to the approval of the COB and the relevant approval will be evidenced by the issue of a *visa* by the COB which will be disclosed in the relevant Pricing Supplement applicable to the relevant Notes and by publication in the *Bulletin Officiel d'Euronext Paris S.A.*;
 - (d) the Pricing Supplement applicable to such issue will specify the additional places in Paris at which documents required to be made available for inspection may be inspected during normal business hours; and

The documents mentioned in this Offering Circular, including those mentioned in (11) below, may be inspected during usual business hours on any working day from the date hereof at the offices of Deutsche Bank AG Paris, 3, avenue de Friedland, 75008 Paris, France. Copies of the most recent Annual Reports of the Issuer may be obtained without charge from Deutsche Bank AG Paris at the above-mentioned address.

2. In connection with the application to list the Notes issued under the Programme on the Luxembourg Stock Exchange a legal notice relating to the issue of the Notes and copies of the *statuts* of the Issuer will be deposited with the Chief Registrar of the District Court in Luxembourg ("*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*") where such documents may be examined and copies obtained. The Luxembourg Stock Exchange has allocated to the Programme the number 12394 for listing purposes.
3. In connection with the registration of the Programme with the COB and the Luxembourg Stock Exchange, the annual report of the Issuer for the financial year ended 31 December 2001 is incorporated by reference into the Offering Circular. Copies thereof and of any other documents incorporated herein may be obtained without charge at the head office of the Paying Agent in the city of Luxembourg.

In connection with the registration of the Programme with the COB and the Luxembourg Stock Exchange, the following documents, (concerning the COB those first registered with the COB or submitted to its clearing procedures), shall be deemed to be incorporated in, and form part of, the Offering Circular.

- (a) the most recently published annual report of the Issuer
- (b) all amendments and supplements to the Offering Circular prepared by the Issuer from time to time,

save that any statement contained in the Offering Circular or in any of the documents incorporated by reference in, and forming part of, the Offering Circular shall be deemed to be modified or superseded for the purpose of the Offering Circular to the extent that a statement contained in any documents subsequently incorporated by reference modifies or supersedes such statement.

4. So long as the Notes are listed on the Frankfurt Stock Exchange, the documents mentioned in this Offering Circular may be inspected during usual business hours on any working day from the date

hereof at the offices of Deutsche Bank Aktiengesellschaft, Grosse Gallusstrasse 10-14, Frankfurt am Main, Germany. Copies of the most recent Annual Reports of the Issuer may be obtained from Deutsche Bank Aktiengesellschaft under the above-mentioned address.

5. 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.

Any drawdown of Notes under the Programme, to the extent that such Notes constitute *obligations*, require the prior authorisation the Board of Directors of the Issuer. 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.

It should be noted that the Program Limit (Euro 30,000,000,000) defined in section "Summary of the Programme" is subject to quarterly certification of the specific controller. For the period from 1 April 2002 to 30 June 2002 the maximum amount is Euro 4,000,000,000.

6. Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since 31 December 2001.
7. The Issuer neither is nor has been involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes and no such litigation or arbitration is pending or threatened.
8. 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".
9. Notes have been accepted for clearance through Euroclear France, Euroclear and Clearstream, Luxembourg. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the Sicovam and Clearstream, Frankfurt number or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement.
10. The Arranger, the Dealers and the Issuer will, in relation to issues of Notes listed on the Paris Stock Exchange, comply with the Euro Guidelines (as defined under "Summary of the Programme") and the provisions of French law applicable from time to time.
11. For so long as Notes may be issued pursuant to this Offering Circular, the documents under (iv) to (vii) will be available, free of charge, and the documents (i), (ii), (iii), (viii), (ix) and (x) will be available for inspection, during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of the Fiscal Agent, the Paying Agents and the Arranger:
 - (i) the Agency Agreement
 - (ii) the Dealer Agreement
 - (iii) the *statuts* of the Issuer in both French and English
 - (iv) the annual accounts of the Issuer for the financial year ended 31 December 2001
 - (v) the latest quarterly borrowing programme of the Issuer and the Specific Controller's certificate relating thereto

- (vi) a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular
 - (vii) each Pricing Supplement for Notes that are listed on the Luxembourg Stock Exchange or any other stock exchange
 - (viii) a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on the Luxembourg Stock Exchange or any other stock exchange
 - (ix) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular including the certificate of the *contrôleur spécifique* in respect of each issue of Notes in a principal amount equal to or exceeding Euro 500,000,000 or its equivalent in any other currency and
 - (x) a copy of the FBF Master Agreement.
12. The accounts of the Issuer are published on an annual basis.
13. Copies of the latest annual report and accounts of the Issuer (including any published interim accounts), (in each case as soon as they are published) may be obtained, and copies of the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
14. In connection with the application to list the Notes on the Frankfurt Stock Exchange although the listing does not have a direct impact on taxation:

The below summary is based on the laws in force on the date of the issuance of this Offering Circular which are subject to change, possibly with retroactive effect. The summary describes the principal applications of German advanced interest income tax and solidarity-surcharge tax. It does not purport to be comprehensive and discuss all aspects of withholding tax. It does not take into consideration the possible taxation of speculative capital gains or other special considerations that may apply in a particular situation. For their particular case investors should obtain individual tax advice.

(a) Interest Payment in respect of the Notes

In the Federal Republic of Germany, interest payments in respect of Notes to persons who are tax residents of Germany (or non-residents provided that the Interest Income falls in a category of income from German sources, such as income effectively connected with a German trade or business; income from the letting and leasing of German property, etc.) are subject to German personal or corporate income tax and trade tax, if the Notes are held as German business assets.

In case of Notes held in custody by a credit institution or financial services institution in Germany, interest on such Notes is subject to an advanced interest income tax (*Zinsabschlagsteuer*), at present at 30 per cent. and an additional solidarity surcharge on the income tax (*Solidaritätszuschlag*), at present at 5.5 per cent., so that the total rate deductible in advance is 31.65 per cent. This tax withheld may later be credited as a prepayment for purposes of the income tax assessment and will be repaid in case of overpayment. If the Notes are held in custody for a non-resident, there is generally no advanced interest income tax or solidarity-surcharge tax provided the Interest Income does not fall in a category of German income.

Interest payments made by a credit institution or financial services institution in Germany upon over-the-counter presentation of Coupons are subject to such advanced interest income tax at a rate of 35 per cent., regardless of whether or not the recipient is a resident or non-

resident for purposes of German taxation, and in addition to the solidarity-surcharge tax of 5.5 per cent. on such tax, so that the total rate is 36.926 per cent.

If a holder of Notes sells the Notes during a current interest period, the accrued interest received in this connection will also be subject to personal or corporate income tax and trade tax, if the Notes are held as German business assets and the 30 per cent. advanced interest income tax plus solidarity surcharge.

Accrued interest charged to and paid by a holder of Notes upon the purchase of Notes reduces the personal or corporate income tax base and - under certain circumstances - the taxable base for the advanced interest income tax and the solidarity surcharge.

(b) Capital gains in respect of Notes

Advanced interest income tax at a rate of 30 per cent. plus solidarity surcharge thereon will also be levied on capital gains deriving from a disposal

of Coupons or interest receivables without the underlying Notes, in which case the advanced interest income tax base is determined by the proceeds deriving from the alienation of the coupons or interest receivables; or

of Coupons or interest receivables together with the underlying Notes, in which case the advanced interest income tax base is determined by the interest amount separately charged; or

the underlying Notes without the Coupons or interest receivables at a discounted price; or

Coupons or interest receivables together with the Notes provided the accrued interest is not charged separately,

in which cases the advanced interest income tax base is determined by the balance of the disposal proceeds and the issue price or the acquisition costs (*Marktrendite*). If the Notes are denominated in other currencies than Euro, the *Marktrendite* will firstly be calculated in such other currency and will then be converted into Euro. However, if e.g. the Notes are sold or redeemed after a transfer from securities account deposit account kept with another bank, the price difference as the taxable base for the advanced interest income tax and the solidarity surcharge will be substituted by a flat amount of 30 per cent. of the selling price or the redemption price. This flat rate taxation is not final but will be modified in the course of the relevant assessment of personal or corporate income tax and trade tax, using the price difference of the new issue rate (*besitzanteilige Emissionsrendite*) or the price difference between the purchase price and the selling price or the redemption price as the taxable basis.

Where the payment is made by a credit institution or a financial services institution in Germany upon over-the-counter presentation of Coupons, the advanced interest income tax rate amounts to 35 per cent. plus solidarity surcharge thereon.

(c) If the Notes qualify as financial innovations (*Finanzinnovationen*) under the special provisions of § 20 (2) No. 4 of the German Income Tax Act and the Notes are sold prior to maturity or redeemed at maturity, advanced interest income tax will also be levied. The advanced interest income tax base is determined by the positive difference between the purchase price paid by the holder of Notes and the selling price or redemption price, as the case may be. If the Notes are denominated in currencies other than Euro, the *Marktzins* will firstly be calculated in such other currency and will then be converted into Euro. However, if e.g. the Notes are sold or redeemed after a transfer from securities account deposit account kept with another bank, the tax base is determined by the flat amount of 30 per cent. as set out above.

(d) Capital income from Zero Coupon Notes

Capital income from Zero Coupon Notes held by German tax residents (including the above mentioned non-residents) is subject to income tax at maturity or prior sale of the Notes. For private investors either the income accrued for the time of ownership, calculated on the basis of the yield at launch, or alternatively the difference between the purchase price and the sales or repayment price, i.e. the market yield, is taxable.

Capital income from Zero Coupon Notes is subject to advanced interest income tax and solidarity surcharge thereon, under the above stated prerequisites.

(e) Special rules would apply if the Notes qualified as units in a foreign fund which might be the case with regard to Index Linked Notes.

15. 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.

16. The European Union is currently considering proposals for a new directive regarding the taxation of savings income (the "**Directive**"). Subject to certain conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest within the meaning of the Directive (interest, products, premiums or other debt income) made by a paying agent within its jurisdiction to an individual resident in that other Member State (the "**Disclosure of Information Method**").

For these purposes, the term "paying agent" would be defined widely and would include 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 the transitional period, which should end seven years after the coming into force of the Directive, certain Member States (the Grand-Duchy of Luxembourg, Belgium and Austria), instead of using the Disclosure of Information Method used by other Member States, will withhold an amount on interest payments of 15 per cent. during the first three years and 20 per cent. until the end of the transitional period.

PARIS LISTING INFORMATION

*Personnes qui assument la responsabilité
du Document de Base) en ce qui concerne les titres qui seront admis
au Premier Marché, Compartiment « Obligations foncières et titres assimilables », d'Euronext Paris S.A.*

1 *Au nom de l'Emetteur*

A la connaissance de l'émetteur, les données du présent Document de base sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Thierry DUFOUR

Directeur Général

COMPAGNIE DE FINANCEMENT FONCIER

2 *Au nom de la banque présentatrice*

A la connaissance de la banque présentatrice, les données du présent Document de Base sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

*Eugène BURGHARDT
Responsable des Marchés de Capitaux*

*Benjamin FRARIN LA MICHELLAZ
Juriste*

DEUTSCHE BANK AG - Succursale de Paris

Commission des opérations de bourse

En application de son règlement n° 98-01, la Commission des opérations de bourse a enregistré présent Document de Base le 13 juin 2002 sous le n° P.02-153. Il ne peut être utilisé à l'appui d'une opération financière que s'il est complété par une Note d'Opération visée par la Commission des opérations de bourse. Ce Document de Base a été établi par l'émetteur et engage la responsabilité de ses signataires. Cet enregistrement, effectué après examen de la pertinence et de la cohérence de l'information donnée sur la situation de la société, n'implique pas authentification des éléments comptables présentés.

La notice préalable à la cotation éventuelle à Paris de tous titres émis dans le cadre de ce programme sera publiée au Bulletin des Annonces légales obligatoires.

PARIS LISTING INFORMATION

Translation of the preceding page for information purposes only

**Individuals assuming responsibility for the Offering Circular
in connection with the *Obligations Foncières* listed on
the First Market, Section « *obligations foncières et titres assimilables* », of Euronext Paris S.A.**

1 In the name of the Issuer

To the best knowledge of the Issuer, the information contained in this Offering Circular is true and accurate and there has been no omission of material facts which would make any statements herein misleading.

Thierry DUFOUR

Managing Director

COMPAGNIE DE FINANCEMENT FONCIER

2 In the name of the Listing Agent

To the best knowledge of the Listing Agent, the information contained in this Offering Circular is true and accurate and there has been no omission of material facts which would make any statements herein misleading.

Eugène BURGHARDT
Head of Capital Markets

Benjamin FRARIN LA MICHELLAZ
Legal Adviser

DEUTSCHE BANK AG - Paris Branch

Commission des opérations de bourse

In accordance with its Regulation n° 98-01, the *Commission des opérations de bourse* has registered this Offering Circular on 13 June 2002 under the number P.02-153. It can only be relied upon in relation to any financial transaction if it is accompanied by a Pricing Supplement which has been submitted to the clearing procedures of the *Commission des opérations de bourse*. This Offering Circular has been prepared by the issuer and its signatories may be hold liable for it. This registration, made after an examination of the relevance and consistency of the information relating to the situation of the company, shall not imply the authentication of the accounting information contained herein.

The legal notice that have to be published before the listing of the *Obligations Foncières* on the Paris Stock Exchange will be published in the *Bulletin des Annonces légales obligatoires*.

Paris, 14 June 2002

A02069535

Aufgrund des vorstehenden Prospekts sind unter dem

Euro 30,000,000,000
Euro Medium Term Note Programme
for the issue of *Obligations Foncières* and Other Privileged Notes

der

COMPAGNIE DE FINANCEMENT FONCIER
Paris, Frankreich

als Emittentin

zu begebende Schuldverschreibungen gemäß §44 Börsenzulassungsverordnung an der Frankfurter Wertpapierbörse zum Handel mit amtlicher Notierung zugelassen worden

Frankfurt am Main und Paris, im 14 Juni 2002
Deutsche Bank Aktiengesellschaft

Registered Office of the Issuer

Compagnie de Financement Foncier

19, rue des Capucines
75001 Paris
France

Arranger

Deutsche Bank AG Paris

3, avenue de Friedland
75008 Paris
France

Dealers

ABN AMRO Bank N.V.

250 Bishopsgate
London EC2M 4AA
United Kingdom

CDC IXIS Capital Markets

56, rue de Lille
75007 Paris
France

Deutsche Bank AG London

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Merrill Lynch International

Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ
United Kingdom

BNP PARIBAS

10 Harewood Avenue
London NW1 6AA
United Kingdom

Crédit Foncier de France

19, rue des Capucines
75001 Paris
France

Dresdner Bank Aktiengesellschaft

Juergen-Ponto-Platz 1
D-60 301 Frankfurt
Germany

Morgan Stanley et 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

Fiscal Agent, Principal Paying Agent, Redenomination Agent, Consolidation Agent and Calculation Agent

Deutsche Bank AG London

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
19, rue des Capucines
75001 Paris
France

Frankfurt Paying Agent
Deutsche Bank Aktiengesellschaft
Grosse Gallustrasse 10-14
60272 Frankfurt am Main
Germany

Listing Agents

Paris Listing Agent
Deutsche Bank Aktiengesellschaft
3, avenue de Friedland
75008 Paris
France

Frankfurt Listing Agent
Deutsche Bank Aktiengesellschaft
Grosse Gallustrasse 10-14
60272 Frankfurt am Main
Germany

Luxembourg Listing Agent
Deutsche Bank Luxembourg S.A.
2, boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg

Auditors to the Issuer

Cailliau Dedouit et Associés
19, rue Clément Marot
75008 Paris
France

Coopers & Lybrand Audit SARL
32, rue Guersant
75838 Paris Cedex 17
France

Mazars & Guérard
125, rue de Montreuil
75011 Paris
France

Legal Advisers

To the Issuer

Gide Loyrette Nouel
26, Cours Albert I
75008 Paris
France

To the Dealers

Linklaters
(a member of Linklaters & Alliance)
25, rue de Marignan
75008 Paris
France