

Prospectus dated 25 November 2005



DEXIA MUNICIPAL AGENCY

(société anonyme à directoire et conseil de surveillance)

USD 50,000,000 4.50 per cent. *Obligations Foncières* due 4 March 2015 to be assimilated (*assimilées*) and form a single series with the existing USD 75,000,000 4.50 per cent. *Obligations Foncières* issued on 4 March 2005

Issue Price: 98.87 per cent. of the nominal amount of the *Obligations Foncières*, plus an amount of USD 1,656,250 corresponding to accrued interest with respect to the period from, and including, 4 March 2005 to, but excluding, 29 November 2005

This document constitutes a prospectus (the "**Prospectus**") for the purposes of Article 5.3 of Directive 2003/71/EC (the "**Prospectus Directive**"). This Prospectus contains information relating to the issue by Dexia Municipal Agency (the "**Issuer**") of its U.S. Dollars 50,000,000 4.50 per cent. *Obligations Foncières* due 4 March 2015 (the "***Obligations Foncières***") to be assimilated (*assimilées*), and form a single series with, the existing U.S. Dollars 75,000,000 4.50 per cent. *Obligations Foncières* issued by it on 4 March 2005 (the "**Existing *Obligations Foncières***").

Interest in respect of the *Obligations Foncières* shall be payable annually in arrear on 4 March in each year, commencing on 4 March 2006. The yield to maturity of the *Obligations Foncières* is of 4.650 per cent. per annum, as calculated on the basis of the issue price of the *Obligations Foncières* as at their issue date.

The *Obligations Foncières* will be issued outside the Republic of France and, therefore, interest and other revenues with respect thereto will benefit from the exemption provided for in Article 131 *quater* of the *Code Général des Impôts* (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. If French law should require that payments of principal or interest in respect of any *Obligation Foncière* be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer may, and in certain circumstances shall, redeem all (but not some only) of the *Obligations Foncières* at their nominal amount. (See paragraph 27 of "Terms and Conditions of the *Obligations Foncières* – Issue Specific Conditions").

See Risk Factors on page 10 of this document for certain information relevant to an investment in the *Obligations Foncières*.

Application has been made for approval of this Prospectus to the *Autorité des marchés financiers* (the "**AMF**") in France, in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* implementing the Prospectus Directive. In addition, for the purposes of listing and trading the *Obligations Foncières* on the Regulated Market of the Luxembourg Stock Exchange, the AMF has been requested, upon approval of this Prospectus, to provide the *Commission de surveillance du secteur financier* in Luxembourg with a certificate of approval pursuant to Article 18 of the Prospectus Directive, attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive.

The *Obligations Foncières* will be in bearer materialised form in the denominations of USD 1,000 and USD 10,000 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 connection with the *Obligations Foncières*. Such Temporary Global Certificate will be exchanged for definitive *Obligations Foncières* in bearer form with coupons for interest attached on or after a date expected to be on or about 9 January 2006 (the "**Exchange Date**"), upon certification as to non US beneficial ownership, when the *Obligations Foncières* will be assimilated (*assimilées*) and form a single series with, the Existing *Obligations Foncières*.

The Temporary Global Certificate will be deposited with a common depository (the "**Common Depository**") for Euroclear Bank S.A./N.V., as operator of the Euroclear system ("**Euroclear**") and Clearstream banking, société anonyme ("**Clearstream, Luxembourg**").

It is expected that the *Obligations Foncières* will be rated AAA by Standard & Poors Rating Services and Fitch Ratings, and Aaa by Moody's Investors Services, Inc. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Managers

Lead-Manager

Dexia Capital Markets

Co-Lead Managers

CIBC World Markets

Fortis Bank

Co-Managers

Banque et Caisse d'Epargne de l'Etat, Luxembourg

ING Belgium SA/NV

In connection with the issue and sale of the *Obligations Foncières*, no person is authorised to give any information or to make any representation other than those contained in this Prospectus 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 Managers (as defined in “Subscription and Sale”).

The distribution of this Prospectus and the offering or sale of the *Obligations Foncières* in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restriction.

The *Obligations Foncières* have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, *Obligations Foncières* may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”) or the U.S. Internal Revenue Code of 1986, as amended (the “U.S. Internal Revenue Code”)).

A further description of certain restrictions on offers and sales of *Obligations Foncières*, and on distribution of this Prospectus, is set forth in the “Subscription and Sale”.

In connection with the issue of the *Obligations Foncières*, Dexia Banque Internationale à Luxembourg Société Anonyme (acting under the name of Dexia Capital Markets) (the “Stabilising Manager”) (or persons acting on behalf of the Stabilising Manager) may over-allot *Obligations Foncières* (provided that the aggregate principal amount of *Obligations Foncières* allotted does not exceed 105 per cent. of the aggregate principal amount of the *Obligations Foncières*) or effect transactions with a view to supporting the market price of the *Obligations Foncières* and/or the Existing *Obligations Foncières* at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the *Obligations Foncières* is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the *Obligations Foncières* and 60 days after the date of the allotment of the *Obligations Foncières*.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “Euro”, “EUR” or “euro” are to the currency of the participating member states of the European Union which was introduced on 1 January 1999, and references to “\$”, “USD” or “US Dollars” are to the lawful currency of the United States of America.

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SUMMARY

This summary must be read as an introduction to this Prospectus. Any decision to invest in the Obligations Foncières should be based on a consideration of this Prospectus as a whole, including the documents incorporated herein by reference, by any investor. No civil liability will attach to the Issuer on the basis of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in an EEA Member State, the plaintiff may, under the national legislation of the EEA Member State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

1-KEY INFORMATION ABOUT THE *OBLIGATIONS FONCIÈRES*

Description:	USD 50,000,000 4.50 per cent. <i>Obligations Foncières</i> due 4 March 2015, to be assimilated (<i>assimilées</i>) and form a single series with the existing USD 75,000,000 4.50 per cent. <i>Obligations Foncières</i> issued on 4 March 2005.
Lead Manager:	Dexia Banque Internationale à Luxembourg Société Anonyme (acting under the name of Dexia Capital Markets)
Co-Lead Managers:	Canadian Imperial Bank of Commerce, London Branch Fortis Bank N.V./S.A.
Co-Managers:	Banque et Caisse d'Epargne de l'Etat, Luxembourg ING Belgium S.A./N.V.
Amount:	USD 50,000,000
Issue Price:	98.87 per cent. of the nominal amount of the <i>Obligations Foncières</i> , plus an amount of USD 1,656,250 corresponding to accrued interest with respect to the period from, and including, 4 March 2005 to, but excluding, 29 November 2005 (265 days) (the “ Issue Date ”).
Denominations:	USD 1,000 and USD 10,000
Maturity Date:	4 March 2015
Form of the <i>Obligations Foncières</i>:	The <i>Obligations Foncières</i> will be issued in bearer materialised form. The <i>Obligations Foncières</i> will initially be represented by a temporary global certificate (the “ Temporary Global Certificate ”) without Coupons attached which will be deposited with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear system (“ Euroclear ”) and Clearstream banking, société anonyme (“ Clearstream, Luxembourg ”) on or about the Issue Date. Interests in the Temporary Global Certificate will be exchangeable for definitive bearer <i>Obligations Foncières</i> with Coupons attached on or around 9 January 2006, upon certification as to non-U.S. beneficial ownership, when the <i>Obligations Foncières</i> will be assimilated (<i>assimilées</i>) and form a single series with, the Existing <i>Obligations Foncières</i> .
Negative Pledge:	None

Events of Default (including cross default):	None
Interest and Payment of Interest:	Each <i>Obligation Foncière</i> bears interest on its nominal amount at a fixed rate of 4.50 per cent. <i>per annum</i> payable annually in arrear on 4 March in each year, commencing on 4 March 2006.
Early Redemption:	None, except for tax reasons as summarised under “Taxation” below.
Taxation:	<p>All payments of principal and interest in respect of the <i>Obligations Foncières</i> issued outside France will be made without withholding of or deduction for or on account of French taxes. If such taxes are imposed, the Issuer shall, to the fullest extent permitted by law and subject to customary exceptions, pay additional amounts so that holders of the <i>Obligations Foncières</i> and the coupons relating thereto will receive the full amount which is due and payable, as more fully set out in the Terms and Conditions of the <i>Obligations Foncières</i> (the “Conditions”). In the event of the imposition of French withholding taxes on payments in respect of the <i>Obligations Foncières</i> or the coupons relating thereto, the Issuer may, and in certain circumstances shall, redeem all (but not some only) of the <i>Obligations Foncières</i> at any time at their nominal amount, plus outstanding accrued interest up to date set for redemption, as more fully set out in the Conditions.</p> <p><i>Obligations Foncières</i> will be issued outside France in the case of syndicated issues of <i>Obligations Foncières</i> denominated in currencies other than euro, if, <i>inter alia</i>, the Issuer and the relevant Managers agree not to offer the <i>Obligations Foncières</i> to the public in the Republic of France and such <i>Obligations Foncières</i> are offered in the Republic of France only through an international syndicate to “qualified investors” as described in Articles L. 411-2 and D.°411-1 of the French <i>Code monétaire et financier</i>.</p>
Use of Proceeds:	The net proceeds of the issue of the <i>Obligations Foncières</i> will be used for the Issuer’s general corporate purposes.
Governing Law:	French law
Status of <i>Obligations Foncières</i>:	The <i>Obligations Foncières</i> will constitute direct and unconditional obligations of the Issuer, and, as provided below, benefit from the <i>privilège</i> defined by Article L.515-19 of the <i>Code Monétaire et Financier</i> .
<i>Privilège</i>:	The <i>Obligations Foncières</i> are issued under Articles L.515-13 to L.515-33 of the <i>Code Monétaire et Financier</i> . Holders of the <i>Obligations Foncières</i> will benefit from a <i>privilège</i> (priority right of payment) over all the assets and revenues of the Issuer.
Approval and Listing:	Application has been made for approval of this Prospectus to the <i>Autorité des marchés financiers</i> (the “AMF”) in France, in its capacity as competent authority pursuant to Article 212-2 of its

Règlement Général implementing the Prospectus Directive.

In addition, for the purposes of listing and trading the *Obligations Foncières* on the Regulated Market of the Luxembourg Stock Exchange, the AMF has been requested, upon approval of this Prospectus, to provide the *Commission de surveillance du secteur financier* in Luxembourg with a certificate of approval pursuant to Article 18 of the Prospectus Directive, attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive.

**Fiscal Agent, Principal Paying Agent,
and Calculation Agent:**

Dexia Banque Internationale à Luxembourg Société Anonyme

Paying Agents:

Dexia Banque S.A./Dexia Bank N.V. and Dexia Investor Services
Bank France

Selling Restrictions:

There are restrictions on the sale of the *Obligations Foncières* and the distribution of offering material in various jurisdictions, including the United States and the EEA (including the United Kingdom and France).

2-KEY INFORMATION ABOUT THE ISSUER

A. Key information about Dexia Municipal Agency

Description:

Dexia Municipal Agency, a *société anonyme à Directoire et Conseil de Surveillance* incorporated under French law, is a *société de crédit foncier*. It is registered as a company under the number PARIS B421 318 064 (Paris Trade and Companies Register).

The company was approved by the *Comité des établissements de crédit et des entreprises d'investissement* (the "CECEI") on 23 July 1999, as *société de crédit foncier*. It is ruled by the provisions of articles L.210-1 and following of the French commercial code, articles L.511-1 and following of the French Monetary and Financial Code and articles L.515-13 and following of the French Monetary and Financial Code.

Dexia Municipal Agency's registered office is located Tour Cristal, 7 to 11 quai André Citroën – 75015 Paris, France (Telephone: +33 1 43 92 77 77).

The share capital of Dexia Municipal Agency as at 1 November 2005 amounts to Euro 680,000,000 comprised of 6,800,000 ordinary shares of Euro 100 nominal value. There is no authorised and non issued share capital.

Business Overview:

Dexia Municipal Agency's exclusive purpose is (as per Article 2 of the by-laws):

- ? to grant or acquire loans to public-sector entities as defined in Article L.515-15 of the French Monetary and Financial Code as well as assets considered as loans as defined in Article L.515-16 of the same Code.
- ? to hold assets defined by decree as replacement assets (*valeurs de remplacement*) ; and

? in order to finance the loans mentioned hereabove, to issue bonds called *obligations foncières*, benefiting from the *privilège* defined in Article L.515-19 of the French Monetary and Financial Code and to raise other funds, under issue or subscription contract referring to the *privilège*.

Dexia Municipal Agency may also fund the above mentioned business by issuing bonds or other resources not benefiting from the *privilège* defined in Article L.515-19 of the French Monetary and Financial Code.

Administrative, Management and Supervisory bodies:

The members of the Supervisory board are:

Jacques GUERBER (Chairman)

Rembert VON LOWIS (Vice Chairman)

Daniel CAILLE

Dirk BRUNEEL

Dexia Banque S.A./Dexia Bank N.V. represented by Edith BERNEMAN

Dexia Credit Local represented by Bruno DELETRE

Dexia Crediop represented by Gérard BAYOL

Dexia Sabadell Banco Local represented by José Luis CASTILLO

François DUROLLET

Jean-Paul GAUZES

Jean-Luc PETITPONT

Pierre Homi RAHMANI

The members of the Executive Board are :

Philippe DUCOS (Chairman)

Jean-Claude SYNAVE

Sylvie VADE

Gilles LAURENT

Major Shareholders

As of 1 November, 2005, the issued share capital of Dexia Municipal Agency is held as at 99.99 per cent. by Dexia Credit Local and 0.01 per cent. of the issued share capital is held by French and/or Belgian private, institutional and corporate investors.

Dexia Municipal Agency is a subsidiary wholly owned by Dexia Credit Local, which is itself a wholly-owned subsidiary of Dexia.

Dexia Group is active in three lines of business:

- public finance and financial services for the public sector;

- retail banking;
- private banking, asset management and investment fund administration.

Dexia Municipal Agency is specialised in the financing of the first line of business set out above. The purpose of Dexia Municipal Agency is to finance public sector commitments generated by the Dexia group by issuing *obligations foncières* rated AAA/Aaa/AAA and other resources benefiting from the *privilège*.

On 16 September 1999, Dexia Credit Local formalised a declaration of financial support for its subsidiary Dexia Municipal Agency (see “Organizational Structure”).

B. Key information concerning selected financial data of Dexia Municipal Agency

Dexia Municipal Agency is not obliged to publish its financial statements in an IFRS format as of 2005 since the company having no affiliates or subsidiaries does not produce consolidated accounts.

As of 30 June 2005, total assets of Dexia Municipal Agency amounted to 48,403,872 thousand euros.

The assets held by Dexia Municipal Agency are solely comprised of commitments on public sector entities that are eligible by the terms of the articles L.515-16, 515-17 and 515-18 of the French Monetary and Financial Code, *i.e.* States, local governments or groups of such, public sector establishments in the European Economic Area, Switzerland, the United States and Canada or benefiting from the guarantees of such entities.

As of 30 June 2005, shareholders’ equity excluding general banking risks reserve and including regulated provisions of 18,681 thousand euros amounted to 755,396 thousand euros.

At the same date, debt securities in the form of *obligations foncières* (including accrued interest) totalled 40,007,260 thousand euros and the financing provided by Dexia Credit Local totalled at 4,884,349 thousand euros.

Recent Developments

Since 1 July 2005, Dexia Municipal Agency has issued debt securities issued in the form of *obligations foncières* for an amount of 2,321,318,930.27 euros as at 1 November 2005.

3-RISK FACTORS

A. Risk factors relating to the Issuer

Factors that may have an impact on the Issuer can be summarised as follows:

- ? Credit risk (i) on assets held by the Issuer and (ii) on bank counterparties of Dexia Municipal Agency in hedging operations;
- ? Market risks;
- ? General interest risk;
- ? Risk linked to compliance with the coverage ratio; and
- ? Operating risks linked to information systems.

B. Risk factors relating to the *Obligations Foncières*

Each prospective investor in the *Obligations Foncières* must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the *Obligations Foncières* is fully consistent with its financial needs, objectives and conditions, complies and is fully consistent

with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the *Obligations Foncières*.

Neither the Issuer, the Managers nor any of their respective affiliates assumes any responsibility for the lawfulness of the acquisition of the *Obligations Foncières* by a prospective investor of the *Obligations Foncières*.

The Conditions of the *Obligations Foncières* contain provisions for calling general meetings of holders of *Obligations Foncières*. These provisions permit defined majorities to bind all holders of the *Obligations Foncières*.

Potential purchasers and sellers of the *Obligations Foncières* should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the *Obligations Foncières* are transferred or other jurisdictions.

An investment in the *Obligations Foncières* involves the risk that subsequent changes in market interest rates may adversely affect the value of the *Obligations Foncières*.

These risk factors are more detailed in the section headed “Risk Factors” of this Prospectus.

RISK FACTORS

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

RISK FACTORS RELATING TO THE ISSUER

All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

1. Credit risk on assets

The assets eligible for Dexia Municipal Agency's balance sheet are commitments on public sector entities or that benefit from their guarantee as defined by article L.515-15, 16, 17 of the French Monetary and Financial Code. The great majority of these assets come from the commercial public sector financing activities of Dexia group entities. When new assets are transferred or allocated to Dexia Municipal Agency's balance sheet, eligibility is verified at two successive levels for both French and non-French assets.

Credit risk on assets is overseen by the Risk Control Department's Commitments unit, which analyses risks and synthesizes analyses by foreign subsidiaries applying Group methods. This unit produces an internal rating and sets a commitment ceiling.

2. Credit risk on bank counterparties

For Dexia Municipal Agency, bank counterparty risk is solely that of counterparties in hedging operations with which the company has signed ISDA or AFB (French banking association) framework agreements that meet rating agency standards for *sociétés de crédit foncier*. Only counterparties with a certain rating are admitted.

3. Market risks

Market risks are a type risk that are not compatible with Dexia Municipal Agency's balance sheet.

Bonds held in the assets cannot be recorded in any trading portfolio. They are acquired with the intention to be held until maturity and are considered to be investment securities.

In addition, Dexia Municipal Agency cannot had a derivative instrument in an isolated open position. All derivatives used by Dexia Municipal Agency are part of a hedging strategy, either micro- or macro-hedges.

The sole market risk may come from a foreign exchange risk. Dexia Municipal Agency's management policy is to take no foreign exchange risks. Assets and liabilities originally in foreign currencies are swapped against euros when they are acquired.

4. General interest rate risk

Dexia Municipal Agency uses micro and macro interest rate hedges to manage general interest rate risk. Micro-hedges cover the interest rate risk on *Obligations Foncières*, and on a part of debt securities and loans. The goal of Dexia Municipal Agency is to neutralise interest rate risk as much as possible from an operating standpoint.

5. Compliance with the coverage ratio

The coverage ratio is the ratio between the assets and the resources benefiting from the *Privilège*. According to article L.515-20 of the French Monetary and Financial Code, “the total amount of assets of *sociétés de crédit foncier* must be greater than the amount of liabilities benefiting from the *Privilège*”. Regulation no.99-10 of the Banking and Financial Regulation Committee defines the way the coverage ratio is calculated. The ratio’s denominator (article 8) “is comprised of *obligations foncières* and other resources benefiting from the *Privilège*”. The ratio’s numerator (article 9) “is made up of the assets”, weighted to reflect their category. In the case of Dexia Municipal Agency, since the loans are granted to public sector entities or guaranteed by such, they are accounted for at their historical cost (100 per cent. weighting).

Pursuant to the *Comité de la Réglementation Bancaire et Financière* (the “CRBF”) regulation no.99-10, Dexia Municipal Agency constantly complies with the conditions of the ratio of asset coverage of resources benefiting from the *Privilège*. The specific controller has access to information that allows confirmation of each issue’s compliance with the coverage ratio. As a security measure, Dexia Municipal Agency announced that it would maintain a coverage ratio of 105 per cent. (the legal minimum is 100 per cent.).

6. Operating risks involving information systems

The security of Dexia Municipal Agency’s information systems is managed within Dexia Credit Local. A security policy has been defined, including directives and operating procedures broken down by risk sector: physical security, security of system access control, security of data bases and applications, security of continued operation.

RISK FACTORS RELATING TO THE *OBLIGATIONS FONCIÈRES*

The following paragraphs describe the risk factors that are material to the Obligations Foncières in order to assess the market risk associated therewith. Prospective investors should consult their own financial and legal advisers about the risks associated with an investment in the Obligations Foncières and the suitability of investing in the Obligations Foncières in light of their particular circumstances.

1. Independent Review and Advice

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

A prospective investor may not rely on the Issuer or the Managers or any of their affiliates in connection with its determination as to the legality of its acquisition of the *Obligations Foncières* or as to the other matters referred to above.

2. Legality of Purchase

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

3. Modification, waivers and substitution

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

4. Taxation

Potential purchasers and sellers of the *Obligations Foncières* should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the *Obligations Foncières* are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial obligations such as the *Obligations Foncières*. Potential investors are advised to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the *Obligations Foncières*. Only such advisors are in a position to duly consider the specific situation of the potential investor.

5. EU Savings Directive

On 3 June 2003, the EU adopted directive no. 2003/48/EC regarding the taxation of savings income received in the form of interest payments (the "**Directive**"). The Directive requires Member States from 1 July 2005 to provide details to the tax authorities of other Member States of payments of interest and other similar income paid by a person in one Member State to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

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

6. Currency risk

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

7. Fixed Rate of Interest

An investment in the *Obligations Foncières* involves the risk that subsequent changes in market interest rates may adversely affect the value of the *Obligations Foncières*.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

- (i) The Issuer's audited annual financial statements as at, and for each of the periods ended, 31 December 2003 and 2004 (including the notes thereto and the auditors' reports thereon) incorporated by reference in the Issuer's Euro Medium Term *Note* Programme Base Prospectus dated 18 August 2005 (the "**Base Prospectus**"), such Base Prospectus having been approved by the *Commission de surveillance du secteur financier* in Luxembourg (the '**CSSF**') on 18 August 2005 and subsequently notified to the AMF on 20 October 2005; and
- (ii) The Issuer's interim financial statements as at, and for the six month period ended, 30 June 2005 (including the notes thereto and the auditors' limited review report thereon), published on 28 September 2005, incorporated by reference in the supplement to the Base Prospectus dated 18 November 2005 (the "**Supplement**"), such Supplement having been approved by the CSSF on 22 November 2005 and notified to the AMF on 23 November 2005;

each of which financial statements are incorporated in, and form part of, this Prospectus.

All such documents may be obtained, free of charge, at the offices of each the Issuer and Paying Agent set out at the end of this Prospectus during normal business hours, so long as any of the *Obligations Foncières* are outstanding.

CROSS REFERENCE LIST

The financial information relating to the Issuer incorporated by reference in this Prospectus as mentioned above, shall be read in connection with the cross reference list as set out below.

Annex 11.11	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	Pages of the 30 June 2005 financial statements	Pages of the Annual Report 2004 of the Issuer	Pages of the Annual Report 2003 of the Issuer
A11.11.1.	<p><u>Historical Financial Information</u></p> <p>Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year. Such financial information must be prepared according to Regulation (EC) No 1606/2002, or if not applicable to a Member State national accounting standards for issuers from the Community. For third country issuers, such financial information must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. If such financial information is not equivalent to these standards, it must be presented in the form of restated financial statements.</p> <p>The most recent year's audited historical financial information must be presented and prepared in a form consistent with that which will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.</p> <p>If the issuer has been operating in its current sphere of economic activity for less than one year, the audited historical financial information covering that period must be prepared in accordance</p>		Pages 83 to 85 and 86 to 108	Pages 74 to 76 and 77 to 91

	<p>with the standards applicable to annual financial statements under Regulation (EC) No. 1606/2002, or if not applicable to a Member State national accounting standards where the issuer is an issuer from the Community. For third country issuers, the historical financial information must be prepared according to the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No 1606/2002 or to a third country's national accounting standards equivalent to these standards. This historical financial information must be audited. If the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least the following:</p> <p>(a) the balance sheet;</p> <p>(b) the income statement;</p> <p>(c) in the case of an admission of securities to trading on a regulated market only, a cash flow statement;</p> <p>(d) the accounting policies and explanatory notes.</p> <p>The historical annual financial information must be independently audited or reported on as to whether or not, for the purposes of the registration document, it gives a true and fair view, in accordance with auditing standards applicable in a Member State or an equivalent standard.</p>			
A11.11.3	<u>Auditing of historical annual financial information</u>			
A11.11.3.1.	A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.		Auditors' report page 81	Auditors' report page 72
A11.11.3.2.	An indication of other information in the registration document which has been audited by the auditors.		Page 116	Page 105
A11.11.5.	<u>Interim and other financial information</u>			
A11.11.5.1.	<p>If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact.</p> <p>- Management and Auditors' reports;</p> <p>- Tables and Notes.</p>	<p>Pages 18 to 21 and Page 38</p> <p>Pages 1 to 12; Pages 13 to 17; Pages 22 to 37</p>		

TERMS AND CONDITIONS OF THE *OBLIGATIONS FONCIERES*

BASE CONDITIONS

*The following is the text of the base terms and conditions (the “**Base Conditions**”) which, as completed by the terms and conditions specific to the Obligations Foncières described in this Prospectus (the “**Issue Specific Conditions**” and, together with the Base Conditions the “**Conditions**”), shall be applicable to the Obligations Foncières described in this Prospectus. Such Conditions shall be endorsed on the definitive Obligations Foncières. All capitalised terms that are not defined in these Base Conditions will have the meanings given to them in the Issue Specific Conditions. References in these Base Conditions to (i) “**Obligations Foncières**” shall be deemed to be references to the Obligations Foncières described in this Prospectus; and (ii) “**the relevant Pricing Supplement**” shall be deemed to be references to the Issue Specific Conditions.*

*The Obligations Foncières are issued by Dexia Municipal Agency (the “**Issuer**”) with the benefit of an amended and restated agency agreement dated 9 July 2004 between the Issuer, Dexia Banque Internationale à Luxembourg Société Anonyme (“**Dexia BIL**”), as, inter alia, fiscal agent and the other agents named in it (the “**Amended and Restated Agency Agreement**”) as supplemented by a supplemental agency agreement to be dated 29 November 2005 between the Issuer, Dexia BIL as, inter alia, fiscal agent, and the other agents named therein (the “**Supplemental Agency Agreement**” and together with the Amended and Restated agency Agreement, the “**Agency Agreement**”). The fiscal agent, the paying agents, the redenomination agent, the consolidation agent and the calculation agent(s) for the time being 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.

1 Form, Denomination, Title and Redenomination

- (a) **Form:** *Obligations Foncières* may be issued either in dematerialised form (“**Dematerialised Obligations Foncières**”) or in materialised form (“**Materialised Obligations Foncières**”).
 - (i) Title to Dematerialised *Obligations Foncières* 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 *Obligations Foncières*.

Dematerialised *Obligations Foncières* 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**”) (acting as central depository) which shall credit the accounts of Account Holders, or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant holder in either administered registered form (*nominatif administré*) inscribed in the books of an Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or a registration agent (designated in the relevant Pricing Supplement) acting on behalf of the Issuer (the “**Registration Agent**”).

For the purpose of these Conditions, “**Account Holder**” means any authorised financial intermediary institution entitled to hold accounts, directly or indirectly, on behalf of its customers with Euroclear France, and includes the depository bank for Clearstream

Banking, société anonyme (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”).

- (ii) Materialised *Obligations Foncières* are issued in bearer form (“**Bearer Materialised Obligations Foncières**”). Definitive Bearer Materialised *Obligations Foncières* are serially numbered and are issued with coupons (the “**Coupons**”) (and, where appropriate, a talon (the “**Talon**”)) attached, save in the case of Zero Coupon *Obligations Foncières* 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 *Obligations Foncières* 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 (such as Obligations Foncières) which are governed by French law and are in materialised form must be issued outside the French territory.

- (b) **Denomination:** *Obligations Foncières* shall be issued in the Specified Denomination(s) as set out in the relevant Pricing Supplement. Dematerialised *Obligations Foncières* shall be issued in one Specified Denomination only.

(c) **Title:**

- (i) Title to Dematerialised *Obligations Foncières* in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such *Obligations Foncières* shall only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised *Obligations Foncières* in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such *Obligations Foncières* shall only be effected through, registration of the transfer in the accounts of the Issuer or the Registration Agent.
- (ii) Title to definitive Bearer Materialised *Obligations Foncières* and the 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 *Obligation Foncière*, 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 *Obligations Foncières*, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such *Obligations Foncières* and (ii) in the case of Materialised *Obligations Foncières*, the bearer of any definitive Bearer Materialised *Obligation Foncière* and the Receipts, Coupons or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Pricing Supplement, the absence of any such meaning indicating that such term is not applicable to the *Obligations Foncières*.

(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 *Obligation Foncière*, 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

Obligations Foncières 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 *Obligations Foncières* 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 *Obligations Foncières* pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each *Obligation Foncière* 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 123 (4) of the Treaty and rounding the resultant 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 *Obligation Foncière* using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the *Obligations Foncières* so determined shall be notified to holders of *Obligations Foncières* 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 *Obligations Foncières* by the Issuer.
- (iii) In the case of Dematerialised *Obligations Foncières* only the Issuer may also redenominate all, but not some only, of the *Obligations Foncières* 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 a reference to the currency of any Member State participating in the third stage (or further stages) of the European Economic and Monetary Union.
- (iv) Upon redenomination of the *Obligations Foncières*, any reference in the relevant Pricing Supplement 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 *Obligation Foncière*, 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 *Obligations Foncières*, Receipts, Coupons and Talons and shall be notified to holders of *Obligations Foncières* 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 *Obligation Foncière*, 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 *Obligations Foncières*

(a) Dematerialised *Obligations Foncières*

- (i) Dematerialised *Obligations Foncières* issued in bearer dematerialised form (*au porteur*) may not be converted into Dematerialised *Obligations Foncières* in registered dematerialised form, whether in fully registered form (*au nominatif pur*) or in administered registered form (*au nominatif administré*).
- (ii) Dematerialised *Obligations Foncières* issued in registered dematerialised form (*au nominatif*) may not be converted into Dematerialised *Obligations Foncières* in bearer dematerialised form (*au porteur*).
- (iii) Dematerialised *Obligations Foncières* issued in fully registered form (*au nominatif pur*) may, at the option of the holder of such *Obligations Foncières*, be converted into *Obligations Foncières* 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 *Obligations Foncières*

Bearer Materialised *Obligations Foncières* of one Specified Denomination may not be exchanged for Bearer Materialised *Obligations Foncières* of another Specified Denomination.

3 Status

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

4 *Privilège*

- (a) The *Obligations Foncières* are secured by 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 or assimilated receivables and securities referred to in Articles 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 *Obligations Foncières* (including the *Obligations Foncières*) issued by the Issuer and

other resources raised by the Issuer pursuant to issue or subscription contracts referring to the *Privilège*.

It should be noted that not only *Obligations Foncières* benefit from the *Privilège*; other resources (such as loans and other securities) and derivative transactions for hedging *Obligations Foncières* 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 the judicial administration and liquidation of companies, the amounts due regularly under *Obligations Foncières* (including the *Obligations Foncières*) and other resources benefiting from the *Privilège*, are paid on their contractual due date, and in priority to all other debts, whether or not preferred or secured, including interest resulting from agreements whatever their duration. Accordingly, until all creditors benefiting from the *Privilège* have been fully paid, no other creditor of the Issuer may exercise any right over the assets and rights of the Issuer.

5 Interest and other Calculations

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

“**Business Day**” means:

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

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

- (i) if “**Actual/365**” or “**Actual/Actual - ISDA**” is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non leap year divided by 365)
- (ii) if “**Actual/Actual - ISMA**” is specified in the relevant Pricing Supplement:
 - (A) 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

- (B) if the Calculation Period is longer than one Determination Period, the sum of:
- (x) 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
 - (y) 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 so specified, the Interest Payment Date

- (iii) if **“Actual/365 (Fixed)”** is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365
- (iv) if **“Actual/360”** is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 360
- (v) if **“30/360”, “360/360”** or **“Bond Basis”** is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30 day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)) and
- (vi) if **“30E/360”** or **“Eurobond Basis”** is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)

“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

“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 *Obligations Foncières*, 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

“ISDA Definitions” means the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., 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 Moneyline Telerate (**“Moneyline 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 *Obligations Foncières*, as disclosed in the Pricing Supplement

“Rate of Interest” means the rate of interest payable from time to time in respect of the *Obligations Foncières* and that is either specified or calculated in accordance with the provisions in 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 Center” 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 *Obligation Foncière*, 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 *Obligations Foncières* if earlier) the date seven days after that on which notice is duly given to the holders of such Materialised *Obligations Foncières* that, upon further presentation of the Materialised *Obligation Foncière*, 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 in the relevant Pricing Supplement 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 hours, 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 *Obligations Foncières* 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 *Obligations Foncières*:** Each Fixed Rate *Obligation Foncière* 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 *Obligations Foncières* and Index Linked Interest *Obligations Foncières*:**
- (i) **Interest Payment Dates:** Each Floating Rate *Obligation Foncière* and Index Linked Interest *Obligation Foncière* 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 Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) **Rate of Interest for Floating Rate *Obligations Foncières*:** The Rate of Interest in respect of Floating Rate *Obligations Foncières* for each Interest Accrual Period shall be determined in the manner specified in the relevant Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Pricing Supplement.
- (A) **ISDA Determination for Floating Rate *Obligations Foncières***

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

- (a) the Floating Rate Option is as specified in the relevant Pricing Supplement
- (b) the Designated Maturity is a period specified in the relevant Pricing Supplement and
- (c) the relevant Reset Date 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 Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate *Obligations Foncières*

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 *Obligations Foncières*, 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 *Obligations Foncières*: The Rate of Interest in respect of Index Linked Interest *Obligations Foncières* 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.

- (d) **Zero Coupon Obligations Foncières:** Where an *Obligation Foncière* 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(d)(i) or otherwise and is not paid when due, the amount due and payable prior to the Maturity Date shall, unless otherwise provided in the relevant Pricing Supplement, be the Early Redemption Amount of such *Obligation Foncière*. As from the Maturity Date, the Rate of Interest for any overdue principal of such an *Obligation Foncière* shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(d)(i)) or to a rate specified in the Pricing Supplement.
- (e) **Dual Currency Obligations Foncières:** In the case of Dual Currency *Obligations Foncières*, 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.
- (f) **Partly Paid Obligations Foncières:** In the case of Partly Paid *Obligations Foncières* (other than Partly Paid *Obligations Foncières* which are Zero Coupon *Obligations Foncières*), interest will accrue as aforesaid on the paid up nominal amount of such *Obligations Foncières* and otherwise as specified in the relevant Pricing Supplement.
- (g) **Accrual of Interest:** Interest shall cease to accrue on each *Obligation Foncière* on the due date for redemption unless (i) in the case of Dematerialised *Obligations Foncières*, on such due date or (ii) in the case of Materialised *Obligations Foncières*, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.
- (h) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:**
 - (i) If any Margin or Rate Multiplier is specified in the relevant 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 the absolute value (if a negative number) 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(ies) of such currency.

- (i) **Calculations:** The amount of interest payable in respect of any *Obligation Foncière* for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such *Obligation Foncière* 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 *Obligation Foncière* for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, 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 *Obligations Foncières* for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Optional Redemption Amount, Early 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, Optional Redemption Amount, Early Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the holders of *Obligations Foncières*, any other Calculation Agent appointed in respect of the *Obligations Foncières* that is to make a further calculation upon receipt of such information and, if the *Obligations Foncières* 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.
- (k) **Calculation Agent and Reference Banks:** The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Pricing Supplement and for so long as any *Obligation Foncière* is outstanding (as defined below). 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 *Obligations Foncières*, 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 *Obligations Foncières* of any Series, all the *Obligations Foncières* 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 *Obligations Foncières* to the date for such redemption and any interest payable after such date) have been duly paid (i) in the case of Dematerialised *Obligations Foncières* in bearer dematerialised form and in administered registered form, to the relevant Account Holder on behalf of the holder of *Obligations Foncières*, (ii) in the case of Dematerialised *Obligations Foncières* in fully registered form, to the account of the holder of *Obligations Foncières* and (iii) in the case of Materialised *Obligations Foncières*, to the Fiscal Agent and remain available for payment against presentation and surrender of Bearer Materialised *Obligations Foncières*, 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 *Obligations Foncières* (i) those mutilated or defaced Bearer Materialised *Obligations Foncières* that have been surrendered in exchange for replacement Bearer Materialised *Obligations Foncières*, (ii) (for the purpose only of determining how many such Bearer Materialised *Obligations Foncières* are outstanding and without prejudice to their status for any other purpose) those Bearer Materialised *Obligations Foncières* alleged to have been lost, stolen or destroyed and in respect of which replacement Bearer Materialised *Obligations Foncières* 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 *Obligations Foncières*, 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 option provided by the relevant Pricing Supplement including any Issuer’s option in accordance with Condition 6(c), each *Obligation Foncière* 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 *Obligation Foncière* 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), each *Obligation Foncière* 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 *Obligation Foncière* 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 *Obligation Foncière*, such proportion) (the “**Outstanding Nominal Amount**”) 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 *Obligations Foncières*, on the due date for such payment or (ii) in the case of Materialised *Obligations Foncières*, 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 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 *Obligations Foncières* (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 *Obligations Foncières* on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of *Obligations Foncières* 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 *Obligations Foncières* of a nominal amount at least equal to the minimum nominal amount to be redeemed specified in the relevant Pricing Supplement and no greater than the maximum nominal amount to be redeemed specified in the relevant Pricing Supplement.

All *Obligations Foncières* 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 *Obligations Foncières*, the notice to holders of such Materialised *Obligations Foncières* shall also contain the numbers of the definitive Bearer Materialised *Obligations Foncières* 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 Dematerialised *Obligations Foncières*, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised *Obligations Foncières* in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised *Obligations Foncières* and, in such latter case, the choice between those Dematerialised *Obligations Foncières* that will be fully redeemed and those Dematerialised *Obligations Foncières* 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. In the case of a partial exercise of an Issuer's option in respect of Dematerialised *Obligations Foncières* (other than for the purposes of the redemption), the option shall be exercised in the manner specified in the relevant Pricing Supplement.

So long as the *Obligations Foncières* 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 *Obligations Foncières*, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of *Obligations Foncières* outstanding and, in the case of Materialised *Obligations Foncières* a list of any definitive Bearer Materialised *Obligations Foncières* drawn for redemption but not surrendered.

(d) **Early Redemption:**

(i) *Zero Coupon Obligations Foncières:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon *Obligation Foncière*, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such *Obligation Foncière* pursuant to Condition 6(e) if so specified in the relevant Pricing Supplement shall be the Amortised Nominal Amount (calculated as provided below) of such *Obligation Foncière* 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 *Obligation Foncière* shall be the scheduled Final Redemption Amount of such *Obligation Foncière* on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Pricing Supplement, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the *Obligations Foncières* if they were discounted back to their issue price on the Issue Date (the “**Amortisation Yield**”) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such *Obligation Foncière* upon its redemption pursuant to Condition 6(e) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such *Obligation Foncière* as defined in sub paragraph (B) above, except that such sub paragraph shall have effect as though the date on which the Amortised Nominal becomes due and payable was 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 *Obligation Foncière* on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Obligations Foncières:* The Early Redemption Amount payable in respect of any *Obligation Foncière* (other than *Obligations Foncières* described in (i) above), upon redemption of such *Obligations Foncières* pursuant to Condition 6(e), if so provided in the relevant Pricing Supplement), shall be the Final Redemption Amount unless otherwise specified in the relevant Pricing Supplement.

- (e) **No Redemption for Taxation Reasons:** If French law should require that payments of principal or interest in respect of any *Obligation Foncière* be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, such *Obligation Foncière* will not, unless otherwise specified in the relevant Pricing Supplement, be redeemed early. If such early redemption is provided in the relevant Pricing Supplement, notice of such early redemption shall be given in accordance with Condition 14.
- (f) **Partly Paid Obligations Foncières:** Partly Paid *Obligations Foncières* 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 *Obligations Foncières* (provided that, in the case of Materialised *Obligations Foncières*, 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 *Obligations Foncières* purchased by or on behalf of the Issuer must be cancelled, in the case of Dematerialised *Obligations Foncières*, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Bearer Materialised *Obligations Foncières*, by surrendering Temporary Global Certificate or the definitive Bearer Materialised *Obligations Foncières* 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 *Obligations Foncières* redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised *Obligations Foncières*, all rights relating to payment of interest and other amounts relating to such Dematerialised *Obligations Foncières* and, in the case of Materialised *Obligations Foncières*, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any *Obligations Foncières* 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 *Obligations Foncières* shall be discharged.

7 Payments and Talons

- (a) **Dematerialised *Obligations Foncières*:** Payments of principal and interest in respect of Dematerialised *Obligations Foncières* shall (in the case of Dematerialised *Obligations Foncières* 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 *Obligations Foncières* and, (in the case of Dematerialised *Obligations Foncières* in fully registered form), to an account denominated in the relevant currency with a Bank designated by the holders of *Obligations Foncières*. All payments validly made to such Account Holders will be an effective discharge of the Issuer in respect of such payments.
- (b) **Bearer Materialised *Obligations Foncières*:** Payments of principal and interest in respect of Bearer Materialised *Obligations Foncières* 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 *Obligation Foncière*), Bearer Materialised *Obligations Foncières* (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 Bearer Materialised *Obligations Foncières* 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 *Obligations Foncières* 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 the provisions of Condition 8. No commission or expenses shall be charged to the holders of *Obligations Foncières* 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 *Obligations Foncières* 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 *Obligation Foncière* 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 provided that (A) so long as the *Obligations Foncières* are listed on the Luxembourg Stock Exchange and the rules applicable to that Stock Exchange so require, the Issuer will maintain a Paying Agent in Luxembourg, and (B) so long as the *Obligations Foncières* are listed on the Euronext Paris and the rules applicable to that Stock Exchange so require, the Issuer will maintain a Paying Agent in Paris (v) a Registration Agent, and (vi) such other agents as may be required by any other stock exchange on which the *Obligations Foncières* may be listed.

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

On a redenomination of the *Obligations Foncières* of any Series pursuant to Condition 1(d) with a view to consolidating such *Obligations Foncières* with one or more other Series of *Obligations Foncières*, 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 *Obligations Foncières* and such other Series of *Obligations Foncières* to be so consolidated with such *Obligations Foncières*.

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

- (f) **Unmatured Coupons and Receipts and unexchanged Talons:**
- (i) Unless Bearer Materialised *Obligations Foncières* provide that the relative Coupons are to become void upon the due date for redemption of those *Obligations Foncières*, Bearer Materialised *Obligations Foncières* should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption 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 Bearer Materialised *Obligations Foncières* so provide, upon the due date for redemption of any such Bearer Materialised *Obligation Foncière*, unmatured Coupons relating to such *Obligation Foncière* (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 Bearer Materialised *Obligation Foncière*, any unexchanged Talon relating to such *Obligation Foncière* (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 Bearer Materialised *Obligation Foncière* that is redeemable in instalments, all Receipts relating to such Bearer Materialised *Obligation Foncière* 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 Bearer Materialised *Obligation Foncière* that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those *Obligations Foncières* is presented for redemption without all unmatured Coupons, and where any Bearer *Obligation Foncière* 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 Bearer Materialised *Obligation Foncière* 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 Bearer Materialised *Obligation Foncière* Bearer Materialised. Interest accrued on a Bearer Materialised *Obligation Foncière* that only bears interest after its Maturity Date shall be payable on redemption of such *Obligation Foncière* against presentation of the relevant Bearer Materialised *Obligation Foncière*.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Materialised *Obligation Foncière*, 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 *Obligation Foncière*, 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 (the "**Adjusted Payment Date**"), 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 *Obligations Foncières*, on which Euroclear France is open for business or (ii) in the case of Materialised *Obligations Foncières*, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) in such jurisdictions as shall be specified as "**Financial Centers**" 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 *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* (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 outside the Republic of France” see “Summary - Taxation” above.

- (b) **No Additional Amounts:** If French law should require that payments of principal or interest in respect of any *Obligation Foncière*, Receipt or Coupon be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will not, unless otherwise provided in the relevant Pricing Supplement, be required to pay any additional amounts in respect of 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 *Obligations Foncières* which, if so specified in the relevant Pricing Supplement, are not being issued or deemed to be issued outside the Republic of France 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 French residency.
- (d) **Certification of Non Residency:** The holder of any *Obligation Foncière* 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 125A 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 *Obligation Foncière*, Receipt or Coupon resulting from the failure of such holder to submit such certification.

9 Prescription

Claims against the Issuer for payment in respect of the *Obligations Foncières*, 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 *Obligations Foncières*

Except as otherwise provided by the relevant Pricing Supplement, holders of *Obligations Foncières* 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**”).

Except as otherwise provided by the relevant Pricing Supplement, 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 a representative (the “**Representative**”) and in part through a general meeting of the holders of *Obligations Foncières* (the “**General Meeting**”).

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

(b) **Representative**

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

- (i) the Issuer;
- (ii) any entity holding at least 10 per cent. of the share capital of the Issuer or any entities at least 10 per cent. of the share capital of which is held by the Issuer;
- (iii) any entity guaranteeing all or part of the obligations of the Issuer;
- (iv) any member of the management board (*Directoire*) and supervisory board (*Conseil de Surveillance*), any Statutory Auditors, any employee, managers (*gérants*), general managers (*directeurs généraux*), members of the board of directors (*Conseil d'Administration*) (or their respective ascendants, descendants and spouses) of any entities referred to in (i), (ii) and (iii) above; and
- (v) 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 Representative of the Masse and its alternate will be set out in the Pricing Supplement. The Representative appointed in respect of the first Tranche of any Series of *Obligations Foncières* will be the Representative of the single Masse of all Tranches in such Series.

The Representative will not be entitled to any remuneration in connection with its functions or duties.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by the alternate Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, 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 Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

(c) **Powers of Representative**

The Representative 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 *Obligations Foncières*.

All legal proceedings against the holders of *Obligations Foncières* or initiated by them, must be brought by or against the Representative; except that, should judicial reorganisation or liquidation (*redressement ou liquidation judiciaire*) proceedings be commenced against the Issuer the Specific Controller shall file the proof of debt of all the creditors of the Issuer benefiting from the *Privilège* (including the holders of *Obligations Foncières*).

The Representative 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 Representative. One or more holders of *Obligations Foncières*, holding together at least one thirtieth of the principal amount of the *Obligations Foncières* outstanding, may address to the Issuer and the Representative 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 *Obligations Foncières* 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 an *Obligation Foncière* has the right to participate in a General Meeting in person, by proxy, correspondence, or, if the *statuts* of the Issuer so specify ¹, videoconference or any other means of telecommunication allowing the identification of the participating holders of the *Obligations Foncières*. Each *Obligation Foncière* carries the right to one vote or, in the case of *Obligations Foncières* 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 *Obligation Foncière*.

(e) Powers of the General Meetings

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative 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 *Obligations Foncières*, including authorising the Representative 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 *Obligations Foncières*, 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 *Obligations Foncières*, nor establish any

¹ At the date of this Prospectus the *statuts* of the Issuer do not contemplate the right for a holder of *Obligations Foncières* to participate in a General Meeting by videoconference or any other means of telecommunication allowing the identification of the participating holders of *Obligations Foncières*.

unequal treatment between the holders of *Obligations Foncières*, nor decide to convert *Obligations Foncières* into shares.

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

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

(f) Information to holders of *Obligations Foncières*

Each holder of an *Obligation Foncière* 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 *Obligations Foncières* 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 expenses 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 *Obligations Foncières*.

(h) Single Masse

The holders of *Obligations Foncières* of the same Series, and the holders of *Obligations Foncières* of any other Series which have been assimilated with the *Obligations Foncières* 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 Representative appointed in respect of the first Tranche of any Series of *Obligations Foncières* will be the Representative 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 *Obligations Foncières* by the terms of the relevant Pricing Supplement in relation to such Series.

12 Replacement of definitive *Obligations Foncières*, Receipts, Coupons and Talons

If, in the case of any Bearer Materialised *Obligations Foncières*, a definitive Bearer Materialised *Obligation Foncière*, 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 *Obligations Foncières*, 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 Bearer Materialised *Obligation Foncière*, 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 Bearer Materialised *Obligations Foncières*, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced definitive Bearer Materialised *Obligations Foncières*, 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 *Obligations Foncières*, Receipts or Coupons create and issue further *Obligations Foncières* to be assimilated (*assimilées*) with the *Obligations Foncières* provided such *Obligations Foncières* and the further *Obligations Foncières* carry rights identical in all respects (or in all respects save for the principal amount thereof and the first payment of interest in the relevant Pricing Supplement) and that the terms of such *Obligations Foncières* provide for such assimilation and references in these Conditions to “*Obligations Foncières*” 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 *Obligations Foncières* in accordance with Condition 14, without the consent of the holders of *Obligations Foncières*, Receipts or Coupons, consolidate the *Obligations Foncières* of one Series with the *Obligations Foncières* 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 *Obligations Foncières* 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 *Obligations Foncières*.

14 Notices

- (a) Notices to the holders of Dematerialised *Obligations Foncières* 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 *Obligations Foncières* are listed on any stock exchange(s) and the rules applicable to that stock exchange(s) require such publication, 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 *Obligations Foncières* is/are listed which (x) in the case of Euronext Paris, is expected to be La Tribune (such notice shall be published in a leading economic and financial newspaper) and (y) in the case of the Luxembourg Stock Exchange, is expected to be the Luxemburger Wort.
- (b) Notices to the holders of Bearer Materialised *Obligations Foncières* and Dematerialised *Obligations Foncières* 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 *Obligations Foncières* are listed on any stock exchange(s) and the rules applicable to that stock exchange(s) require such publication, 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 *Obligations Foncières* is/are listed which (i) in the case of Euronext Paris, is expected to be La Tribune (such notice shall be published in a leading economic and financial newspaper) and (ii) in the case of the Luxembourg Stock Exchange, is expected to be the Luxemburger Wort.
- (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 Bearer Materialised *Obligations Foncières* in accordance with this Condition.

- (d) Notices required to be given to the holders of Dematerialised *Obligations Foncières* (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the *Obligations Foncières* 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 *Obligations Foncières* are listed on any stock exchange(s) and the rules applicable to 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 *Obligations Foncières* 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 *Obligations Foncières*, 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 *Obligations Foncières*, Receipts, Coupons or Talons may be brought before any competent court in Paris.

ISSUE SPECIFIC CONDITIONS

The following are the terms and conditions specific to the Obligations Foncières described in this Prospectus, which complete, and should be read in conjunction with, the Base Conditions.

1	Specified Currency or Currencies:	United States Dollars (“ USD ”)
2	Specified Denominations:	USD 1,000 and USD 10,000
3	Nominal Amount	USD 50,000,000
4	(i) Issue Date:	29 November 2005
	(ii) Interest Commencement Date:	4 March 2005
5	Maturity Date:	4 March 2015
6	Interest Basis:	4.50 per cent. <i>per annum</i> Fixed Rate
7	Redemption/Payment Basis:	Redemption at par
8	Change of Interest or Redemption/Payment Basis:	Not Applicable
9	Options:	Not Applicable
10	Status:	<i>Obligations Foncières</i>

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

11	Fixed Rate <i>Obligation Foncière</i> Provisions	Applicable
	(i) Rate of Interest:	4.50 per cent. <i>per annum</i> payable annually in arrear
	(ii) Interest Payment Date(s):	4 March in each year commencing on 4 March 2006.
	(iii) Fixed Coupon Amount:	USD 45 per USD 1,000 in nominal amount; and USD 450 per USD 10,000 in nominal amount.
	(iv) Broken Amounts:	Not Applicable
	(v) Day Count Fraction (Condition 5(a)):	30/360
	(vi) Determination Date(s) (Condition 5(a)):	Not Applicable
	(vii) Other terms relating to the method of calculating interest for Fixed Rate <i>Obligations Foncières</i> :	Not Applicable
12	Floating Rate Provisions	Not Applicable
13	Zero Coupon <i>Obligation Foncière</i> Provisions	Not Applicable
14	Index Linked Interest <i>Obligation Foncière</i> Provisions	Not Applicable
15	Dual Currency <i>Obligation Foncière</i> Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

16	Call Option	Not Applicable
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17	Other Option	Not Applicable
18	Final Redemption Amount	Nominal amount
19	Early Redemption Amount	Yes. For the purposes of paragraph 27 below, the nominal amount

GENERAL PROVISIONS APPLICABLE TO THE *OBLIGATIONS FONCIÈRES*

20	Form of <i>Obligations Foncières</i> :	Bearer Materialised <i>Obligations Foncières</i>
	(i) Form of Dematerialised <i>Obligations Foncières</i> :	Not Applicable
	(ii) Registration Agent:	Not Applicable
	(iii) Temporary Global Certificate:	Temporary Global Certificate exchangeable for definitive Bearer Materialised <i>Obligations Foncières</i> not before a date which is expected to be 9 January 2006 (the “ Exchange Date ”), being 40 days after the Issue Date, subject to postponement as specified in the Temporary Global Certificate.
21	Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	TARGET and New York
	Adjusted Payment Date (Condition 7(h)):	The provisions of Condition 7(h) apply
22	Details relating to Partly Paid <i>Obligations Foncières</i> : 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
23	Details relating to Instalment <i>Obligations Foncières</i> :	Not Applicable
24	Redenomination, renominalisation and reconventioning provisions:	Not applicable
25	Consolidation provisions:	Not applicable
26	<i>Masse</i> (Condition 10):	The initial Representative will be Antoine de Chauveron, 23, avenue Foch, 75016 Paris, France The alternate Representative will be Laurent Valery Radot, 23, avenue Foch, 75016 Paris, France The Representative will not be remunerated
27	Other terms or special conditions:	The provisions of Condition 8(b) shall not apply to the “ <i>Obligations Foncières</i> ” and the following provisions shall apply: (a) If on the occasion of the next payment due in respect of the <i>Obligations Foncières</i> or the Coupons appertaining thereto, the Issuer would be required, for any reason whatsoever beyond its control, to make a withholding or deduction

with respect to any French taxes or duties, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holders of *Obligations Foncières* or Coupons, after deduction for such withholding, receive the full amount provided in such *Obligations Foncières* or Coupons to be then due and payable; provided, however, that if the obligation to make such additional payments arises by virtue of a change in French law or in its application or official interpretation and cannot be avoided by reasonable measures available to the Issuer, the Issuer may redeem all (but not some only) of the outstanding *Obligations Foncières* at any time (but not earlier than 30 days prior to the effective date of such change) at their Early Redemption Amount together with accrued interest to the date set for redemption, and provided that no such additional amount shall be payable with respect to any *Obligations Foncières* or Coupon:-

- (i) to a holder (or a third party on behalf of a holder) where such holder is liable to such taxes or duties in respect of such *Obligations Foncières* or Coupon by reason of it having some connection with the Republic of France other than by reason only of the holding of such *Obligations Foncières* or Coupon;
- (ii) presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day;
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive no. 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the

relevant *Obligation Foncière* or Coupon to another Paying Agent in a member state of the European Union.

As used in these Conditions, “Relevant Date” in respect of any *Obligations Foncières* or Coupon means whichever is the later of:-

- (i) the date on which the payment in respect of such *Obligations Foncières* or Coupon first became due and payable; or
- (ii) if the full amount of the moneys payable on such date in respect of such *Obligations Foncières* or Coupon has not been received by the Fiscal Agent on or prior to the due date, the date on which notice is duly given to the holders of *Obligations Foncières* that such moneys have been so received.

Reference in the Conditions to “principal” and/or “interest” shall be deemed to include any additional amounts which may be payable under these provisions.

- (b) In the event that the Issuer should be required to make the additional payments referred to in paragraph (a) above, that any French law or regulation should prohibit such additional payments, and that the obligation to make such additional payments cannot be avoided by reasonable measures available to the Issuer (which measures, if they exist, the Issuer shall be obliged to take, to the fullest extent permitted by law), the Issuer shall redeem all (but not some only) of the outstanding *Obligations Foncières* at their Early Redemption Amount together with any accrued interest to the date set for redemption, not earlier than 30 days prior to the effective date of any change in French law referred to in paragraph (a) above and not later than the date on which such additional payments would have been due or as soon as practicable thereafter.
- (c) The Issuer shall give notice of any optional redemption pursuant to paragraph (a) above at least 30 days and not more than 60 days prior to the date set for redemption by publishing a notice of redemption in accordance with Condition 14(b). In the event of mandatory redemption pursuant to paragraph (b) above, the Issuer shall publish a notice of redemption

(in accordance with the same provisions) as soon as possible after the necessity of such redemption becomes apparent but not more than 60 days prior to the date set for redemption.

- 28 The Agents appointed in respect of the *Obligations Foncières* are:

Fiscal Agent, Principal Paying Agent and Luxembourg Listing Agent:

Dexia Banque Internationale à Luxembourg Société
Anonyme
69, route d'Esch
L-1470 Luxembourg
Grand-Duchy of Luxembourg

Paying Agents:

Dexia Banque S.A. / Dexia Banque N.V.
44, boulevard Pachéco
B-1000 Brussels
Belgium

Dexia Investor Services Bank France
105, rue Réaumur
75002 Paris
France

TEMPORARY GLOBAL CERTIFICATE ISSUED IN RESPECT OF THE *OBLIGATIONS FONCIÈRES*

Temporary Global Certificate

A Temporary Global Certificate, without interest Coupons, will initially be issued in connection with the *Obligations Foncières*. Upon the initial deposit of such Temporary Global Certificate with the Common Depositary for Euroclear and Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg will credit the accounts of each subscriber with a nominal amount of *Obligations Foncières* equal to the nominal amount thereof for which it has subscribed and paid.

Exchange

The Temporary Global Certificate issued in respect of *Obligations Foncières* will be exchangeable, free of charge to the holder, on or after its Exchange Date 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 Bearer Materialised *Obligations Foncières* (as defined in the Conditions).

Delivery of definitive the *Obligations Foncières*

On or after the Exchange Date, the holder of a Temporary Global Certificate shall 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 definitive Bearer Materialised *Obligations Foncières* having attached to them all Coupons that have not already been paid on the Temporary Global Certificate. Definitive Bearer Materialised *Obligations Foncières* will be security printed in accordance with any applicable legal and regulated market or stock exchange requirements. Forms of such definitive Bearer Materialised *Obligations Foncières* shall be available at the specified offices of any of the Paying Agent(s).

Exchange Date

In the event any further Materialised *Obligations Foncières* (as defined in the Conditions) are issued prior to such day pursuant to Condition 13(a), the Exchange Date shall be postponed to the day falling after the expiry of 40 days after the issue of such further Bearer Materialised *Obligations Foncières*.

USE OF PROCEEDS

The net proceeds of the issue of the *Obligations Foncières* (amounting to USD 50,034,950) will be used for the Issuer's general corporate purposes.

SUMMARY OF THE LEGAL *PRIVILÈGE* GRANTED BY THE LAW

Pursuant to Article L.515-19 of the *Code monétaire et financier*, notwithstanding any legislative provisions to the contrary and in particular the provisions included in the French *Code de commerce* relating to the prevention and amicable settlement of business difficulties and to the judicial administration and liquidation of companies,

- (1) the sums resulting from the loans or assimilated receivables and securities referred to in Articles L.515-14 to L.515-17 of the *Code monétaire et financier* and from the forward financial instruments referred to in Article L.515-18 of the *Code monétaire et financier*, after any applicable netting, together with the claims in respect of deposits made by a *société de crédit foncier* (i.e. the issuer of *obligations foncières*) with credit institutions, are allocated in priority to the payment of any sums due in relation to the *obligations foncières* and other resources benefiting from the *privilège* as mentioned in Article L.515 13 of the *Code monétaire et financier*;
- (2) when a *société de crédit foncier* is subject to bankruptcy proceedings (*procédure de redressement ou liquidation judiciaires*) or to amicable settlement proceedings with its creditors (*procédure de règlement amiable*), the amounts due regularly from the operations referred to in Article L.515-13 of the *Code monétaire et financier* are paid on their contractual due date, and in priority to all other debts, whether or not preferred or secured, including interest resulting from agreements whatever their duration. No other creditor of a *société de crédit foncier* may exercise any right over the assets and rights of such *société* until all creditors benefiting from the *privilège* defined in Article L.515-19 of the *Code monétaire et financier* have been fully paid off; and
- (3) the judicial liquidation of a *société de crédit foncier* will not result in the acceleration of payment of *Obligations Foncières* and other debts benefiting from the *privilège* mentioned under Article L.515-19 of the *Code monétaire et financier*.

Finally, the provisions on bankruptcy which permit certain transactions made in the months preceding the bankruptcy to be declared void have been set aside by law with respect to transactions directly relating to the corporate purpose of the *société de crédit foncier* (Article L.515-25 of the *Code monétaire et financier*).

Similarly, specific provisions of the *Code monétaire et financier* provide that in case of bankruptcy proceedings against a shareholder of the *société de crédit foncier*, such proceedings cannot be extended to the *société de crédit foncier* (Article L.515-27 of the *Code monétaire et financier*).

DESCRIPTION OF DEXIA MUNICIPAL AGENCY

Introduction

Dexia Municipal Agency, a *société anonyme à Directoire et Conseil de Surveillance* incorporated under French law, is a *société de crédit foncier*. The name Dexia Municipal Agency was adopted at the Extraordinary Shareholders' Meeting of 31 August 1999. Dexia Municipal Agency is registered as a company under the number Paris B 421 318 064 (Paris *Trade and Companies Register*).

The company was created on 29 December 1998 for a period of 99 years.

The company was approved by the *Comité des établissements de crédit et des entreprises d'investissement* (the "CECEI") on 23 July 1999, as *société de crédit foncier*. This approval became definitive on 1 October 1999. As such, Dexia Municipal Agency is an *établissement de crédit* ruled by the provisions of articles L.210-1 and following of the French commercial code, articles L.511-1 and following of the French Monetary and Financial Code and articles L.515-13 and following of the French Monetary and Financial Code.

Dexia Municipal Agency is managed by an Executive Board (*Directoire*) and supervised by a Supervisory Board (*Conseil de Surveillance*).

Dexia Municipal Agency's registered office is located Tour Cristal, 7 to 11 Quai André Citroën, 75015 Paris, France (Telephone: +33 1 43 92 77 77).

The share capital of Dexia Municipal Agency as at 1 November 2005 amounts to Euro 680,000,000 comprised of 6,800,000 ordinary shares of Euro 100 nominal value. There is no authorised and non issued share capital.

There are no securities which grant rights to shares in the capital of Dexia Municipal Agency.

The Dexia Municipal Agency's fiscal year begins on 1 January and ends on 31 December.

Sociétés de crédit foncier

Article L.515-13 of the French Monetary and Financial Code defines the status of *sociétés de crédit foncier* as limited purpose credit institutions that are authorised as *établissements de crédit* by the CECEI. As specialised credit institutions, they may only carry out those banking activities which are listed in the authorisation granted by the CECEI.

Article L.515-13 of the Code provides that the sole objects of *sociétés de crédit foncier* are:

- (a) To grant or acquire secured or guaranteed loans, loans to public entities and subscribe or acquire bonds and securities, referred to in Articles L.515-14 to L.515-17 of the French Monetary and Financial Code;
- (b) To issue *obligations foncières* to finance such categories of loans or bonds and securities, which *obligations foncières* benefit from the *privilège* defined in Article L.515-19 of the French Monetary and Financial Code, and to raise other resources under issue or subscription contracts referring to this *privilège*.

Sociétés de crédit foncier may also finance the activities mentioned above by issuing debt securities or raising funds which do not benefit from this *privilège*.

Sociétés de crédit foncier may assign, in accordance with Articles L.313-23 to L.313-34 of the French Monetary and Financial Code, the debt receivables held by them. They may temporarily assign, in accordance with

Articles L.432-6 to L.432-19 of the French Monetary and Financial Code, their securities. In such case, the debt receivables and securities so assigned are not taken into account for the purpose of determining the coverage ratio of the resources benefiting from the *privilège*.

Under Dexia Municipal Agency's by-laws (*statuts*) and the authorisation of the CECEI, Dexia Municipal Agency may only grant or acquire loans to, or guaranteed by, public entities (as defined below).

Article L.515-15 of the French Monetary and Financial Code defines loans to public entities as loans granted to States, local authorities or their groupings (*groupement*), or public institutions (*établissements publics*) located within the European Economic Area (European Union, Liechtenstein, Norway, Iceland) Switzerland, United States of America, Canada or Japan, or wholly guaranteed by one or more States, local authorities or their groupings.

In accordance with Article L.515-15 are assimilated to loans to the above mentioned entities, bonds issued by these public sector entities or wholly guaranteed by one or more of these States, local authorities or their groupings, under the condition that these bonds are acquired with the intention to hold them until their maturity, debt receivables due by the above mentioned entities and debt arising under a financial lease contract where the lessee is a French public sector entity.

Article L.515-16 of the French Monetary and Financial Code also includes within the category of loan under Article L.515-15 of the French Monetary and Financial Code the shares of debt mutual funds (*parts de fonds communs de créances*) (previously governed by French law no. 88-1201 of 23 December 1988) and units or debt securities issued by similar entities registered under the law of a State belonging to the European Economic Area, Switzerland, United States of America, Canada or Japan provided that at least 90 per cent. of the assets of these funds or entities, to the exception of temporary available sums awaiting affectation, and of guarantee, security or any other privilege which benefit to such assets, are made up of debts of the same nature as loans eligible for *sociétés de crédit foncier*, which in the case of Dexia MA, are loans to public entities only.

According to Article L.515-17 of the French Monetary and Financial Code, Dexia Municipal Agency, as a *société de crédit foncier*, is not allowed to hold shares in other companies.

Pursuant to Article L.515-18 of the French Monetary and Financial Code, in order to hedge the loans mentioned in Article L.515-14 to L.515-17 of the French Monetary and Financial Code, the *obligations foncières* or the other resources benefiting from the *privilège*, the *sociétés de crédit foncier* may contract forward financial instruments as defined in Article L.211-1 of the French Monetary and Financial Code. Any amounts payable to the *société de crédit foncier* under these forward financial instruments, after any applicable netting, and any amount payable to the *société de crédit foncier* under forward financial instruments contracted to hedge the global risk on its assets, liabilities and off-balance sheet risks benefit from the *privilège*. Sums due under forward financial instruments used to hedge the transactions referred to in Article L.515-13 II of the French Monetary and Financial Code (i.e. bonds or other resources not benefiting from the *privilège*) do not benefit from the *privilège*.

Finally, according to Article L.515-17 of the French Monetary and Financial Code, *sociétés de crédit foncier* may hold, as replacement assets (*valeurs de remplacement*), securities (including *obligations foncières* issued by other *sociétés de crédit foncier*), which are sufficiently safe and liquid to be held by *sociétés de crédit foncier*. Article 7 of French decree no. 99-710 dated 3 August 1999 (the “**Decree**”) defines these replacement assets as assets which may be eligible for refinancing with the European system of central banks, as well as debts due by credit institutions with less than one year maturity. The same Article provides that the proportion of such safe and liquid assets cannot exceed 20 per cent. of the total assets of a *société de crédit foncier*, but upon prior authorisation of the French *Commission Bancaire*, this limit may temporarily be increased to 30 per cent.

Pursuant to Article L.515-20 of the Code and Article 6 of *Règlement n° 99-10 du Comité de la réglementation bancaire et financière sur les sociétés de crédit foncier* (the “**Règlement**”), *sociétés de crédit foncier* must at all times maintain a ratio of at least 100 per cent. as between their assets and the total amount of their liabilities which have the benefit of the *privilège* mentioned in Article L.515-19 of the French Monetary and Financial Code, in

accordance with the terms specified by the Règlement. The French *Commission Bancaire* may temporarily waive this requirement for a given institution, on the condition that the institution meets the ratio by a given deadline.

As per Article 10 of the Règlement, *sociétés de crédit foncier* declare to the French *Commission Bancaire* their cover ratio on 30 June and 31 December in each year.

As credit institutions, *sociétés de crédit foncier* are supervised by the French *Commission Bancaire*, which ensures that *sociétés de crédit foncier* comply with their obligations under the French Monetary and Financial Code.

Pursuant to Article 13 of the Règlement, *sociétés de crédit foncier* must publish, at the latest 45 days after the general meeting approving the financial statements of the year ended, information relating to the quality of their assets, and in particular the characteristics and the distribution of the loans and the guarantees, the total of the unpaid amounts, the distribution of debts by amount and by category of debtors, the proportion of early repayments, and the level and sensitivity of the position of rates.

Specific controller

Statutory: FIDUS

12 rue de Ponthieu, 75008 Paris,
represented by Christian Commerman

Alternate: Groupement d'Expertise de France

10 rue de la Grange Batelière, 75009 Paris, represented by François Dumenil

In 2003, the Supervisory Board of Dexia Municipal Agency decided to re-appoint the statutory and the alternate specific controllers for a term of four years which will terminate on the date of publication of the specific controller's report on the annual accounts of Dexia Municipal Agency for the financial year ending 31 December 2006.

Articles L.515-29 to L.515-31 of the French Monetary and Financial Code requires that *sociétés de crédit foncier* appoint a *Contrôleur Spécifique* (the "**Specific Controller**").

The Specific Controller, and a substitute specific controller, are selected from the auditors' (*Commissaires aux comptes*) official list and are appointed for a term of four years by the Executive Board of the *société de crédit foncier*, with the approval of the French *Commission Bancaire*.

The Specific Controller ensures that the *société de crédit foncier* complies with the French Monetary and Financial Code, *i.e.* checks the eligibility of the assets and the cover ratio (as more described in the *Règlement*). He also watches the level of equivalence between the assets and liabilities in terms of rates and maturity (cash flow adequacy) and draws the attention of the members of the Executive Board of the *société de crédit foncier* and the French *Commission Bancaire* if he deems that level to be unsatisfactory (Article 12 of the *Règlement*).

As provided by Article 9-IV of the Decree, the Specific Controller certifies that the rule providing that the amount of eligible assets is greater than the amount of liabilities benefiting from the *privilège* is satisfied at all times. He may give that certification on the basis of a quarterly program of issues of resources benefiting from the *privilège*. For any issue of resources benefiting from the *privilège* in an amount equal to or above Euro 500 million or its equivalent in the currency of issue, the certification is mandatory (see § 9 of "General Information" below).

The Specific Controller certifies documents sent to the French *Commission Bancaire* as to compliance with the provisions of the Law. He draws up an annual report on his task for the Executive Board and the Supervisory Board of the *société de crédit foncier*. A copy of this report is delivered to the French *Commission Bancaire* (Articles L.515-29 to L.515-31 of the French Monetary and Financial Code).

The Specific Controller attends all shareholders' meetings and, on his request, may be heard by the Executive Board (Articles L.515-29 to L.515-31 of the French Monetary and Financial Code).

BUSINESS OVERVIEW

Dexia Municipal Agency's exclusive purpose is (as per Article 2 of the by-laws):

- ? to grant or acquire loans to public-sector entities as defined in Article L.515-15 of the French Monetary and Financial Code as well as assets considered as loans as defined in Article L.515-16 of the same Code;
- ? to hold assets defined by decree as replacement assets (*valeurs de remplacement*); and
- ? in order to finance the loans mentioned hereabove, to issue bonds called *obligations foncières*, benefiting from the *privilège* defined in Article L.515-19 of the French Monetary and Financial Code and to raise other funds, under issue or subscription contract referring to the *privilège*.

Dexia Municipal Agency may also fund the above mentioned business by issuing bonds or other resources not benefiting from the *privilège* defined in Article L.515-19 of the French Monetary and Financial Code.

Dexia Municipal Agency may assign, in accordance with Articles L.313-23 to L.313-35 of the French Monetary and Financial Code (previously French law no. 81-1 of 2 January 1981 *facilitant le crédit aux entreprises*), the receivables owned by it, provided that the rule of Article L.515-20 of the French Monetary and Financial Code remains respected.

The following paragraph summarises the company's main characteristics:

Assets

The assets held by Dexia Municipal Agency are solely comprised of commitments on public sector entities that are eligible by the terms of articles L.515-16, 515-17 and 515-18 of the French Monetary and Financial Code, *i.e.* States, local governments or groups of such, public sector establishments in the European Economic Area, Switzerland, the United States and Canada (the law also includes Japan, but Dexia Municipal Agency had no assets from this country at the end of 2004). These commitments take the form of loans or bonds, or of loans or bonds guaranteed by such public sector entities. Debt mutual funds or similar structures (ABS) are also eligible for inclusion on Dexia Municipal Agency's balance sheet if 90 per cent. of their assets are themselves directly eligible; shares in these funds must have a minimum rating of AA-/Aa3/AA- by one of the three rating agencies, Fitch, Moody's or Standard and Poor's. Replacement securities may be included, for a maximum of 20 per cent. of the balance sheet total, subject to the condition that they are sufficiently secure and liquid, and can be mobilized through the European central bank system. At Dexia Municipal Agency, replacement securities are comprised of covered bonds issued by other Dexia group entities, the coverage pool of which is only composed of commitments on public sector entities, so as to ensure the transfer of synthetic eligible assets among certain group units. Moreover, at the end of 2004, Dexia Municipal Agency had not yet made use of the faculty, granted by an amendment to French legislation in 2003, to refinance finance lease commitments in which the borrower is a French public sector entity.

The assets on Dexia Municipal Agency's balance sheet are mostly derived from the commercial activities of the different entities in the Dexia group through which it operates in public sector financing.

Liabilities

To finance these assets, Dexia Municipal Agency contracts two categories of debt:

- ? debt which benefits from the legal *Privilège, obligations foncières*;

- ? debt which does not benefit from the legal *Privilège*, i.e. debt contracted through a financing agreement with its parent company, Dexia Credit Local. In September 1999, Dexia Credit Local signed a declaration of support ensuring that it “will see that Dexia Municipal Agency... has the financial resources it needs to meet its obligations.”

A *société de crédit foncier* is not legally allowed to hold an equity interest in another company.

COVERAGE RATIO

The coverage ratio is the ratio between the assets and the resources benefiting from the *Privilège*. According to article L.515-20 of the French Monetary and Financial Code, “the total amount of assets of *sociétés de crédit foncier* must be greater than the amount of liabilities benefiting from the *Privilège*”. Dexia Municipal Agency’s specific controller certifies compliance with this rule for each issue. Regulation no.99-10 of the Banking and Financial Regulation Committee defines the way the coverage ratio is calculated. The ratio’s denominator (article 8) “is comprised of *obligations foncières* and other resources benefiting from the *Privilège*”. The ratio’s numerator (article 9) “is made up of the assets”, weighted to reflect their category. In the case of Dexia Municipal Agency, since the loans are granted to public sector entities or guaranteed by such, they are accounted for at their historical cost (100 per cent. weighting).

The securities issued by securitization vehicles (ABS) are also accounted for, in the ratio’s calculation, at their historical cost on the balance sheet of Dexia Municipal Agency, since their rating by Fitch, Moody’s or Standard and Poor’s justifies 100 per cent. weighting (for this, one of the three agencies must give the ABSs a rating that is equal to or more than AA-, Aa3, AA-).

The debt securities and the *Cedulas Territoriales* recorded on Dexia Municipal Agency’s balance sheet are accounted for at 95 per cent. of their historical cost, a rule that applies to all debt securities and replacement securities.

Dexia Municipal Agency’s policy is to maintain a minimum coverage ratio of 105 per cent.. In practice, given the rate of asset turnover in anticipation for issues of *obligations foncières*, there is occasional supplemental over-collateralization that is much greater than the structural over-collateralization of 105 per cent. mentioned above.

HEDGING INTEREST RATE RISK

Hedging guidelines and interest rate risk management rules were defined in a policy paper when Dexia Municipal Agency was created, and this document has been approved by the rating agencies. They have not been changed since that time. The overall system may be described as follows, with two major steps involved:

- ? In the first stage, all the assets (except for certain loans that remain fixed rate vis-à-vis shareholders’ equity) and liabilities benefiting from the *Privilège* generate EURIBOR flows until maturity, either naturally or via swaps. A residual fixed rate gap remains after this hedging process, and its limit is subject to particular management.
- ? In the second step, all the EURIBOR lending and borrowing flows are swapped against Eonia to eliminate the interest rate risk generated by differences in due dates for the EURIBOR fixing. The Eonia swaps are made on a 12-month sliding horizon. A residual gap also remains in this second level and is monitored within strict limits.

OUTLOOK FOR THE YEAR 2005

Dexia Municipal Agency will continue to refinance public sector assets generated by the Group. Among assets newly acquired, those of French origin should continue to represent the largest share at approximately 53 per cent., then Italy with 9 per cent., Germany 9 per cent. (owing to the transfer of the Pfandbrief from Dexia Hypothekenbank mentioned above), Spain 5 per cent. (with a new issue of *Cedulas Territoriales* by Dexia Sabadell

Banco Local), and the rest made up of transfers from the Swedish subsidiary, Swiss assets and assets from other sources.

RECENT DEVELOPMENTS

On 28 September 2005, the Issuer published its financial statements in respect of the six month period ended 30 June 2005. Such financial statements are incorporated by reference in this Prospectus. See “Documents Incorporated by Reference” above.

ORGANISATIONAL STRUCTURE

Dexia Municipal Agency is a subsidiary wholly owned by Dexia Credit Local, which is itself a wholly-owned subsidiary of Dexia.

Dexia Group is active in three lines of business:

- ? public finance and financial services for the public sector;
- ? retail banking;
- ? private banking, asset management and investment fund administration.

Dexia Municipal Agency is specialised in the financing of the first line of business. The purpose of Dexia Municipal Agency is to finance public sector commitments generated by the Dexia group by issuing *obligations foncières* rated AAA/Aaa/AAA and other resources benefiting from the *privilège*.

On 16 September 1999, Dexia Credit Local formalized a declaration of financial support for its subsidiary Dexia Municipal Agency. The text of the declaration of financial support is translated (for information purposes only) as follows:

“Within the scope of its financing policies, Crédit Local de France has created a société de crédit foncier, governed by section IV of the law no. 99-532 of 25 June 1999, and named Dexia Municipal Agency.

“Crédit Local de France will hold more than 95 per cent. of the capital of Dexia Municipal Agency on a long-term basis.

“Crédit Local de France will ensure that Dexia Municipal Agency develops its activity in compliance with the requirements of the above-mentioned law and has the financial resources it needs to meet its obligations.”

Original text in French:

Paris, le 16 septembre 1999

Dans le cadre de sa politique de refinancement, le Crédit local de France a créé une société de crédit foncier, soumise aux dispositions du titre IV de la loi n° 99-532 du 25 juin 1999, dénommée Dexia Municipal Agency.

Le Crédit local de France détiendra durablement plus de 95 % du capital de Dexia Municipal Agency.

Le Crédit local de France veillera à ce que Dexia Municipal Agency développe son activité dans le respect des conditions de la loi précitée et dispose des moyens financiers qui lui seront nécessaires pour faire face à ses obligations.

Crédit local de France

*Jacques Guerber
Vice Président
Directeur Général*

TREND INFORMATION

There has been no material adverse change in the prospects of the Issuer since 31 December 2004.

ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

MEMBERS OF THE SUPERVISORY BOARD AND THEIR MEMBERSHIP IN OTHER BOARDS:

Chairman

Jacques GUERBER

Chairman of the Executive Board, Dexia Credit Local

Member of the Board of Directors, Credit du Nord

Member of the Board of Directors, Dexia Insurance

Member of the Board of Directors, Financial Security Assurance Holdings Ltd

Permanent representative of Dexia Credit Local, Member of the Board of Directors of Dexia Finance

Member of the Supervisory Board, Financière Centuria

Vice Chairman

Rembert von LOWIS

Vice Chairman of the Supervisory Board, Dexia Credit Local

Member of the Board of Directors, Dexia Banque S.A./Dexia Bank N.V.

Member of the Board of Directors, Dexia BIL

Member of the Board of Directors, Dexia Holdings Incorporated

Member of the Board of Directors, Financial Security Assurance Holdings Ltd

Chairman of the Board of Directors, Dexia Habitat

Members

Daniel CAILLE

Member of the Executive Board and CEO, Dexia Credit Local

Member of the Board of Directors, Progress

Chairman of the Supervisory Board, Domus Vi Holding

Chairman of the Board of Directors, Dexia CLF Banque

Chairman of the Supervisory Board, Dexia Sofaxis

Member of the Board of Directors, Dexia Habitat

Dirk BRUNEEL

Chairman of the Board of Directors, Dexia Securities France Holding

Chairman of the Board of Directors, Dexia Securities France

Member of the Board of Directors, Dexia Financière SA

Member of the Board of Directors, Dexia Insurance

Member of the Board of Directors, Ehsal

Member of the Board of Directors, DVV Verzekeringen N.V. – Les AP Assurances SA

Member of the Board of Directors, VEV

Member of the Board of Directors, Zinner N.V.

Member of the Board of Directors, Artesialux Finance SA

Member of the Board of Directors, Dexia Participation Luxembourg

Member of the Board of Directors, Parfipar SA

Chairman of the Executive Board, Dexia Bank Nederland N.V.
Member of the Executive Board, Dexia Nederland Holding N.V.
Member of the Board of Directors, Dexia Capital Ireland
Member of the Board of Directors, Dexia Financial Services Ireland
Member of the Board of Directors, Dexia Investments Ireland
Chairman of the Board of Directors, AMCC
Member of the Board of Directors, Financial Security Assurance Holdings Ltd
Member of the Board of Directors, Banque Artésia Nederland N.V.

Dexia Banque S.A./Dexia Bank N.V., represented by Edith Berneman

Member of the Board of Directors, Centrum Voor Informatica N.V.
Member of the Board of Directors, Ciger SA
Member of the Board of Directors, Dexia Auto Lease N.V.
Member of the Board of Directors, Dexia Factors N.V.
Member of the Board of Directors, Dexia Lease Belgium SA
Member of the Board of Directors, Adinfo SA
Member of the Board of Directors, Dexia Lease Services N.V.

Dexia Credit Local, represented by Bruno Deletré

Member of the Executive Board and Chief Executive Officer, Dexia Credit Local
Member of the Board of Directors, Dexia Crediop
Member of the Board of Directors, Dexia Finance
Member of the Board of Directors, Financial Security Assurance Holdings Ltd
Chairman of the Board of Directors, Dexia Holdings Incorporated
Member of the Board of Directors, Financial Security Assurance UK Ltd
Chairman of the Supervisory Board, Dexia Hypothekenbank Berlin
Vice Chairman of the Supervisory Board, Kommunalkredit Austria
Chairman of the Board of Directors, Dexia Sabadell Banco Local

Dexia Crediop, represented by Gérard Bayol

Chief Executive Officer, Dexia Crediop
Member of the Board of Directors, Dexia Finance
Chairman of the Board of Directors, Dexia Fund Services Italia SpA

Dexia Sabadell Banco Local, represented by José Luis CASTILLO

Chief Executive Officer, Dexia Sabadell Banco Local

François DUROLLET

Member of the Supervisory Board of Creatis
Member of the Board of Directors of Dexia Finance.

Jean-Paul GAUZES

Member of the Board of Directors, Dexia Finance

Permanent representative of Dexia Credit Local, member of the Board of Directors of Dexia CLF Immo

Permanent representative of Dexia Credit Local, member of the Board of Directors of Floral

Member of the Board of Directors and Chief Executive Officer, Dexia Habitat

Jean LE NAOUR

Jean-Luc PETITPONT

Member of the Board of Directors and Chief Executive Officer (delegate), Dexia Finance

Pierre Homi RAHMANI

Chairman of the Board of Directors and Chief Executive Officer, Dexia Finance

Member of the Board of Directors, Floral

MEMBERS OF THE EXECUTIVE BOARD AND THEIR MEMBERSHIP IN OTHER BOARDS

Chairman

Philippe DUCOS

Member of the Board of Directors, Dexia Finance

Member of the Board of Directors, Dexia Crediop

Member of the Supervisory Board, Dexia Hypothekenbank Berlin

Member of the Board of Directors, SISL

Members

Jean-Claude SYNAVE

Chief Executive Officer

Sylvie VADE

Chief Executive Officer

Gilles LAURENT

Member of the Board of Directors, Dexia Sabadell Banco Local

No potential conflicts of interest exist between duties to the Issuer of the persons on the Executive Board and Supervisory Board, as listed above, and their private interests.

For the purposes of this section, the members of the supervisory board elect domicile at the registered office of the Dexia Municipal Agency, Tour Cristal 7-11, quai André Citroën 75015 Paris France.

STATUTORY AUDITORS

The statutory auditors of Dexia Municipal Agency and their alternates (appointed on 31 August 1999, for a term of six years) are:

MAZARS ET GUÉRARD
Le Vinci - 4 Allée de l'Arche - 92075 Paris La Défense Cedex
represented by Guillaume Potel, Partner, and Anne Veaute, Partner
Alternate: Pierre Masieri

CADERAS MARTIN
76, rue de Monceau, 75008 Paris
represented by Daniel Butelot, Partner, and Olivier Avril, Partner
Alternate: François Martin

Due to the fact that the term of employment of the above mentioned auditors as Dexia Municipal Agency's independent statutory auditors came to an end after the Ordinary Shareholders' Meeting held in 2005, the Ordinary Shareholders' Meeting of 24 March 2005 has decided to re-appoint them for a term of six years which will end after the Ordinary Shareholders' Meeting held in 2011, such reappointment to entail the approval of the financial Issuer's statements for the year ending 31 December 2010.

Caderas Martin and Mazars & Guérard are regulated by the *Haut Conseil du Commissariat aux Comptes* and are duly authorised as Commissaires aux comptes and are members of the *Chambre Régionale des Commissaires aux Comptes de Paris*.

MAJOR SHAREHOLDERS

	2000	2001	2002	2003	2004
- Dexia Crédit Local	99.99%	99.99%	99.99%	99.99%	99.99%
- French and/or Belgian private, institutional and corporate investors	0.01%	0.01%	0.01%	0.01%	0.01%

As of 1 November 2005, the 99.99 per cent. of the issued share capital of Dexia Municipal Agency was held by Dexia Credit Local and 0.01 per cent. of the issued share capital was held by French and/or Belgian private, institutional and corporate investors.

FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

SUMMARY OF FINANCIAL INFORMATION

As reminder, Dexia Municipal Agency is not obliged to publish its financial statements in an IFRS format as of 2005 since the company does not produce consolidated accounts.

The following tables set out in summary form balance sheet and income statement information relating to Dexia Municipal Agency. Such summary information is derived from the audited financial statements of the Issuer for the years ended 31 December 2003 and 31 December 2004 and the interim financial statements for the six month period ended 30 June 2005 submitted to a limited review by the auditors.

Such financial statements and the accompanying notes, together with the reports of the auditors are incorporated by reference into this Prospectus.

The financial statements for the financial years ended 31 December 2003 and 31 December 2004 can be found respectively on pages 74 to 76 of the Issuer's Annual Report 2003 and pages 83 to 85 of the Issuer's Annual Report 2004. The notes on the financial statements for the financial years ended 31 December 2003 and 31 December 2004 can be found respectively on pages 77 to 91 of the Issuer's Annual Report 2003 and pages 86 to 100 of the Issuer's Annual Report 2004. The statutory auditors reports on financial statements for the financial years ended 31 December 2003 and 31 December 2004 can be found respectively on pages 72 and 73 of the Issuer's Annual Report 2003 and pages 81 and 82 of the Issuer's Annual Report 2004.

The summary financial information presented below should be read in conjunction with such financial statements, reports and the notes thereto.

Assets as of 31 December 2004

EUR thousand	12/31/02	12/31/03	12/31/04
Cash, central banks and postal checking accounts	-	20,116	18,460
Government and public entity securities eligible for central bank refinancing	-	2,046,562	1,156,323
Interbank loans and advances	958,290	966,430	1,097,935
A. Interbank loans - Sight	34	45	45
B. Accrued interest - Sight	-	-	-
C. Interbank loans - Time	947,979	956,942	1,086,717
D. Accrued interest - Time	10,277	9,443	11,173
Client loans	30,003,268	34,377,548	37,307,566
A. Client loans	29,416,108	33,789,700	36,720,815
B. Accrued interest	587,160	587,848	586,751
Bonds and other fixed income securities	2,098,663	2,048,628	5,141,611
Equities and other variable income securities	-	-	-
Investments in non-consolidated companies and other long-term investments	-	-	-
Investments in consolidated companies	-	-	-
Intangible assets	-	-	-
Property and equipment	-	-	-
Unpaid capital	-	-	-
Treasury stock	-	-	-
Other assets	5	5	16
Accruals and other assets	1,800,197	1,740,045	1,840,971
TOTAL ASSETS	34,860,423	41,199,334	46,562,882

Liabilities as of 31 December 2004

EUR thousand	12/31/02	12/31/03	12/31/04
Interbank loans	5,331,008	6,932,143	5,585,214
Client deposits (guarantees)	-	-	-
Debt securities	26,558,141	30,724,302	36,921,393
A. Debt securities	25,759,871	29,904,452	36,048,331
B. Accrued interest	798,270	819,850	873,062
Other liabilities	409,591	58,822	270,928
Accruals and other liabilities	2,020,954	2,887,764	3,078,293
Reserves for contingencies and deferred taxes	-	4,625	-
Subordinated debt	-	-	-
General banking risks reserve	-	-	-
Shareholders' equity excluding general banking risks reserve	540,729	591,678	707,054
Capital stock	450,000	450,000	620,000
Additional paid-in capital	-	-	-
Reserves and retained earnings	43,617	83,824	11,287
Revaluation adjustments	-	-	-
Regulated provisions	6,905	10,390	14,911
Net income	40,207	47,464	60,856
Unallocated net income	-	-	-
TOTAL LIABILITIES	34,860,423	41,199,334	46,562,882

Off-balance sheet items as of 31 December 2004

EUR thousand	12/31/02	12/31/03	12/31/04
COMMITMENTS GRANTED	1,654,839	2,366,340	2,806,789
Financing commitments	1,654,839	2,366,340	2,806,789
COMMITMENTS RECEIVED	4,107,085	5,031,351	7,141,438
Financing commitments	1,729,033	2,236,346	4,156,650
Guarantees received	2,378,052	2,795,005	2,984,788
Foreign currency transactions	17,744,818	18,775,241	22,655,870
Interest rate derivatives	86,332,775	103,196,170	117,914,297
Other commitments received	-	-	-
Commitments related to securities transactions	-	23,000	1,000,000

Statement of income as of 31 December 2004

EUR thousand	12/31/02	12/31/03	12/31/04
Interest income	2,780,928	2,525,062	2,567,985
A. From interbank transactions	4,591	22,447	24,691
B. From client transactions	1,239,537	1,241,475	1,234,351
C. From bonds and other fixed income securities	53,944	77,559	114,888
D. From macro-hedge transactions	1,482,856	1,183,581	1,194,055
Interest expense	(2,666,363)	(2,382,560)	(2,414,022)
A. On interbank transactions	(168,653)	(169,192)	(150,628)
B. On bonds and other fixed income securities	(796,357)	(718,761)	(745,418)
C. On macro-hedge transactions	(1,701,353)	(1,494,607)	(1,517,976)
Income from variable income securities	-	-	-
A. Equities and other variable income securities	-	-	-
B. Long-term investments	-	-	-
Commission income	3	4	6
Commission expense	(204)	(1,568)	(1,970)
Income from financial transactions	(92)	(15)	(6)
Other banking income	22	53	10
Other banking expense	(5)	(19)	(20)
NET BANKING INCOME	114,473	140,957	151,983
General operating expense	(48,635)	(55,995)	(61,200)
A. Staff costs	-	-	-
1. Payroll expense	-	-	-
2. Social contributions	-	-	-
B. Other general operating expense	(48,635)	(55,995)	(61,200)
1. Taxes	(2,796)	(2,864)	(3,093)
2. Other general operating expense	(45,839)	(53,131)	(58,107)
C. Network commissions	-	-	-
Depreciation and amortization	-	-	-
OPERATING INCOME BEFORE CONTINGENCIES	65,838	84,962	90,783
Cost of risk	(206)	(763)	976
INCOME FROM OPERATIONS	65,632	84,199	91,759
Income (loss) on fixed assets	-	-	-
INCOME BEFORE NON-RECURRING ITEMS AND TAXES	65,632	84,199	91,759
Non-recurring income	-	-	-
Non-recurring expense	-	-	-
Corporate income tax	(22,339)	(33,250)	(26,382)
A. Current taxes	(22,339)	(28,625)	(31,007)
B. Deferred taxes	-	-	-
C. Loss contingencies	-	(4,625)	4,625
Net allocation to general banking risks reserve and regulated provisions	(3,086)	(3,485)	(4,521)
NET INCOME	40,207	47,464	60,856

CASH FLOW STATEMENTS

	12/31/2004	12/31/2003
Net income before income taxes	91,8	84,2
+/- Amortisation and depreciation and other impairment on fixed assets and intangible assets	0,0	0,0
- Depreciation of goodwill and other assets	0,0	0,0
+/- Depreciation and write-downs	-1,8	-2,1
+/- Incomes & losses from companies accounted for by the equity method	0,0	0,0
+/- Incomes and losses from investing activities	23,3	75,0
+/- Incomes and losses from financing activities	28,6	17,5
+/- Other movements (including translation adjustments)	-11,9	860,0
= Non monetary elements including in net income before tax and other adjustments	38,2	950,4
+/- Cash from interbank operations	-2 129,3	390,8
+/- Cash from customer operations	-2 929,4	-4 374,9
+/- Cash from financing assets and liabilities	-1 915,5	-2 365,2
+/- Cash from no financing assets and liabilities	0,0	0,0
- Tax	-28,6	-22,3
= Increases/decreases from operating activities	-7 002,8	-6 371,6
CASH FLOW FROM OPERATING ACTIVITIES (A)	-6 872,8	-5 337,0
+/- Cash from financing assets and long-term investments	0,0	0,0
+/- Cash from investment property	0,0	0,0
+/- Cash from property and intangible assets	0,0	0,0
CASH FLOW FROM INVESTING ACTIVITIES (B)	0,0	0,0
+/- Cash from or for shareholders	50,0	0,0
+/- Other cash from financing activities	6 142,2	4 151,9
CASH FLOW FROM FINANCING ACTIVITIES (C)	6 192,2	4 151,9
EFFECT OF EXCHANGE RATES CHANGES ON CASH (D)	0,0	0,0
Net cash provided (A + B+ C + D)	-680,6	-1 185,1
Cash flow from operating activities (A)	-6 872,8	-5 337,0
Cash flow from investing activities (B)	0,0	0,0
Cash flow from financing activities (C)	6 192,2	4 151,9
Effect of exchange rates on cash (D)	0,0	0,0
Cash and cash equivalents at the beginning of the period	-1 362,0	-176,9
Cash, central banks and postal checking accounts (assets & liabilities) - Excluding accrued interest	20,0	0,0
Interbank accounts (assets & liabilities) and loans/deposits at sight - Excluding accrued interest	-1 382,0	-176,9
Cash and cash equivalents at the end of the period	-2 042,6	-1 362,0
Cash, central banks and postal checking accounts (assets & liabilities) - Excluding accrued interest	18,5	20,0
Interbank accounts (assets & liabilities) and loans/deposits at sight - Excluding accrued interest	-2 061,1	-1 382,0
Net cash provided	-680,6	-1 185,1

The cashflows statements detailed above have been drawn up in July 2005 on the basis of certified accounting datas solely and exclusively for the purpose of the compliance of the Base Prospectus with the requirements of Directive 2003/71/EC (the "Prospectus Directive").

As a consequence, these cashflows statements have been established after the date on which the financial statements for the financial years 2003 and 2004 have been approved and published.

The Statutory auditors have conducted a limited review, without any observations, on these cash flow statements, prepared in July 2005 by the Issuer, in compliance with the requirements of Directive 2003/71/EC (the "Prospectus Directive") for the years ended 2003 and 2004.

FINANCIAL STATEMENTS

ASSETS AS OF JUNE 30, 2005

EUR thousands	Notes	EUR 6/30/2004	EUR 12/31/2004	EUR 6/30/2005
Cash, central banks and postal checking accounts	2.1	17,661	18,460	17,609
Public sector securities eligible for central bank refinancing	2.2	1,139,448	1,156,323	1,257,188
Interbank loans and advances		1,018,539	1,097,935	1,316,037
A. Interbank loans - Sight	2.3	45	45	12
B. Accrued interest - Sight		0	0	0
C. Interbank loans - Time	2.4	1,007,912	1,086,717	1,302,888
D. Accrued interest - Time	2.4	10,582	11,173	13,137
Client loans	2.5	34,404,863	37,307,566	37,595,447
A. Client loans		33,894,257	36,720,815	37,067,004
B. Accrued interest		510,606	586,751	528,443
Bonds and other fixed income securities	2.6	4,060,783	5,141,611	6,556,006
Equities and other variable income securities		0	0	0
Investments in non-consolidated companies and other long-term investments		0	0	0
Investments in consolidated companies		0	0	0
Intangible assets		0	0	0
Property and equipment		0	0	0
Unpaid capital		0	0	0
Treasury stock		0	0	0
Other assets		5	16	19
Accruals and other assets	2.7	1,469,113	1,840,971	1,661,566
TOTAL ASSETS	2.8	42,110,412	46,562,882	48,403,872

LIABILITIES AS OF JUNE 30, 2005

EUR thousands	Notes	EUR 6/30/2004	EUR 12/31/2004	EUR 6/30/2005
Interbank loans and deposits	3.1	6,001,702	5,585,214	4,884,349
Client deposits (guarantees)		0	0	0
Debt securities		32,731,445	36,921,393	40,007,260
A. Debt securities	3.2	32,160,321	36,048,331	39,337,865
B. Accrued interest	3.2	571,124	873,062	669,395
Other liabilities	3.3	155,238	270,928	226,991
Accruals and other liabilities	3.4	2,546,528	3,078,293	2,529,876
Reserves for contingencies and deferred taxes		5,939	0	0
Subordinated debt		0	0	0
General banking risks reserve		0	0	0
Shareholders' equity excluding general banking risks reserve		669,560	707,054	755,396
Capital stock	3.6	500,000	620,000	680,000
Additional paid-in capital		0	0	0
Reserves and retained earnings	3.6	131,287	11,287	10,144
Revaluation adjustments		0	0	0
Regulated provisions	3.5	12,541	14,911	18,681
Net income	3.6	25,732	60,856	46,571
Unallocated net income	3.6	0	0	0
TOTAL LIABILITIES	3.7	42,110,412	46,562,882	48,403,872

OFF-BALANCE SHEET ITEMS AS OF JUNE 30, 2005

EUR thousands	Notes	EUR 6/30/2004	EUR 12/31/2004	EUR 6/30/2005
COMMITMENTS GRANTED	4.1	2,635,308	2,806,789	3,103,433
Financing commitments		2,635,308	2,806,789	3,103,433
COMMITMENTS RECEIVED	4.2	7,253,765	7,141,438	6,828,230
Financing commitments		4,573,959	4,156,650	3,457,223
Guarantees received		2,679,806	2,984,788	3,371,007
Foreign currency transactions	4.3	19,888,382	22,655,870	28,625,435
Interest rate derivatives	4.4	109,878,178	117,914,297	124,662,032
Other commitments received		0	0	0
Commitments related to securities transactions	4.5	0	1,000,000	0

STATEMENT OF INCOME AS OF JUNE 30, 2005

EUR thousands	Notes	EUR 6/30/2004	EUR 12/31/2004	EUR 6/30/2005
Interest income		1,252,283	2,567,985	1,434,909
A. from interbank transactions		12,093	24,691	14,536
B. from transactions with clients		611,865	1,234,351	675,346
C. from bonds and other fixed income securities		49,135	114,888	83,053
D. from macro-hedge transactions		579,190	1,194,055	661,974
Interest expense		(1,178,316)	(2,414,022)	(1,325,874)
A. on interbank transactions		(79,305)	(150,628)	(72,150)
B. on bonds and other fixed income securities		(351,048)	(745,418)	(421,197)
C. on macro-hedge transactions		(747,963)	(1,517,976)	(832,527)
Income from variable income securities		0	0	0
A. Equities and other variable income securities		0	0	0
B. Long-term investments		0	0	0
Commission income		2	6	10
Commission expense		(980)	(1,970)	(1,194)
Income from financial transactions		16	(6)	(1)
Other banking income		1	10	8
Other banking expense		(10)	(20)	(3)
NET BANKING INCOME		72,996	151,983	107,855
General operating expense	5.1	(29,981)	(61,200)	(32,437)
A. Staff costs		0	0	0
1. Payroll expense		0	0	0
2. Social contributions		0	0	0
B. Other general operating expense		(29,981)	(61,200)	(32,437)
1. Taxes		(1,330)	(3,093)	(1,829)
2. Other general operating expense		(28,651)	(58,107)	(30,608)
C. Network commissions		0	0	0
Depreciation and amortization		0	0	0
OPERATING INCOME BEFORE CONTINGENCIES		43,015	90,783	75,418
Cost of risk		997	976	19
INCOME FROM OPERATIONS		44,012	91,759	75,437
Income (loss) on fixed assets		0	0	0
INCOME BEFORE NON-RECURRING ITEMS AND TAXES		44,012	91,759	75,437
Non-recurring income		0	0	0
Non-recurring expense		0	0	0
Corporate income tax		(16,129)	(26,382)	(25,095)
A. Current taxes		(14,815)	(31,007)	(25,095)
B. Deferred taxes		0	0	0
C. Loss contingencies		(1,314)	4,625	0
Net allocation to general banking risks reserve and regulated provisions		(2,151)	(4,521)	(3,771)
NET INCOME		25,732	60,856	46,571

Auditing of historical annual financial information

The statutory auditors of Dexia Municipal Agency have prepared a report in accordance with article L.225-235 of the French commercial code on the report from the Chairman of the Supervisory Board of Dexia Municipal Agency on information given on the internal control procedures relating to the preparation and processing of financial and accounting information. Such report dated 9 March 2005 can be found on page 116 of the Issuer's Annual Report 2004.

MATERIAL CONTRACTS

Dexia Municipal Agency has contractually entrusted the general management of its operations to its parent company Dexia Credit Local. Specific management contracts have also been signed with other entities in the group that transfer assets to Dexia Municipal Agency and continue to handle the administration of these assets *vis-à-vis* their national clients. At the end of 2004, the following contracts were operative: Kommunalkredit Austria, in which Dexia Credit Local has a 49 per cent. interest; Dexia Crediop (Italy), a subsidiary of Dexia Credit Local; Dexia Banque S.A./Dexia Bank N.V., a Dexia subsidiary; and Dexia Public Finance Norden, a Dexia Credit Local Stockholm Branch. All these management contracts already existed in 2003, and no new contract with these entities, together or separately, was signed in 2004.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement to be dated 28 November 2005 (the “**Subscription Agreement**”), Dexia Banque Internationale à Luxembourg, Société Anonyme, Canadian Imperial Bank of Commerce, London Branch, Fortis Bank N.V./S.A., Banque et Caisse d’Epargne de l’Etat, Luxembourg et ING Belgium S.A./N.V. (the “**Managers**”) have jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions contained therein, to subscribe and pay for the *Obligations Foncières* at an issue price of 98.87 per cent. of the nominal amount of the *Obligations Foncières* plus an amount of USD 1,656,250 corresponding to accrued interest with respect to the period from, and including, 4 March 2005 to, but excluding, 29 November 2005 (265 days), less a combined management and underwriting commission of 0.25 per cent. of their nominal amount of the *Obligations Foncières*. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Directive 2003/71/EC (the “**Prospectus Directive**”) (each, a “**Relevant Member State**”), each Manager has represented and agreed, and each further Manager appointed under the Prospectus will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), unless as otherwise specified in the Issue Specific Conditions, it has not made and will not make an offer of *Obligations Foncières* to the public in that Relevant Member State and may, with effect from and including the Relevant Implementation Date, only offer at any time:

- (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- (ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (iii) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of *Obligations Foncières* to the public**” in relation to any *Obligations Foncières* in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the *Obligations Foncières* to be offered so as to enable an investor to decide to purchase or subscribe the *Obligations Foncières*, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

France

Each of the Managers and the Issuer has represented and agreed that, it has not offered or sold and will not offer or sell, directly or indirectly, *Obligations Foncières* to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus or any other offering material relating to the *Obligations Foncières*, and that such offers, sales and distributions have been and shall only be made in France through an international syndicate to qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

United States

The *Obligations Foncières* have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

The *Obligations Foncières* are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Distribution Agreement, it will not offer, sell or deliver the *Obligations Foncières* (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells *Obligations Foncières* during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the *Obligations Foncières* within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the *Obligations Foncières*, an offer or sale of *Obligations Foncières* within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented, warranted and agreed that:

- (i) 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 *Obligations Foncières* in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such *Obligations Foncières* in, from or otherwise involving the United Kingdom.

General

No action has been taken in any jurisdiction that would permit an offer to the public offering of any of the *Obligations Foncières*, or possession or distribution of this Prospectus or any other offering material or any, in any country or jurisdiction where action for that purpose is required.

Each Manager has agreed that it will, to the best of its knowledge, comply with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers *Obligations Foncières* or has in its possession or distributes this Prospectus, or any other offering material and neither the Issuer nor any other Manager shall have responsibility therefore.

Each of the Managers and the Issuer has represented and agreed that the *Obligations Foncières* may only be issued outside France.

GENERAL INFORMATION

- (1) The issue of the *Obligations Foncières* was authorised by a decision of the *Directoire* of the Issuer on 18 October 2005.
- (2) Except as disclosed in this Prospectus, (i) there has been no significant change in the financial or trading position of the Issuer since 30 June 2005, and no material adverse change in the financial position or prospects of the Issuer since 31 December 2004, and (ii) there has been no significant change in the financial or trading position of Dexia Crédit Local or the Dexia Crédit Local Group since 30 June 2005 and no material adverse change in the financial position or prospects of Dexia Crédit Local or the Dexia Crédit Local Group since 31 December 2004.
- (3) Neither the Issuer nor any other member of the Dexia Crédit Local Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer is aware) during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.
- (4) Save as discussed in “Subscription and Sale” so far as the Issuer is aware, no person involved in the offer of the *Obligations Foncières* has an interest material to the offer.
- (5) Each definitive *Obligation Foncière* and Coupon 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”.
- (6) The *Obligations Foncières* have been accepted for clearance through Euroclear and Clearstream, Luxembourg.
 - ? Temporary International Securities Identification Number (ISIN) : XS0233431930. The original ISIN Code (XS0211544746), in respect of the Existing *Obligation Foncières*, will become the definitive ISIN code, in respect of the *Obligations Foncières*, on the Exchange Date.
 - ? Temporary Common Code : 023343193. The original Common Code (021154474) in respect of the Existing *Obligations Foncières*, will become the definitive common code, in respect of the *Obligations Foncières*, on the Exchange Date.
- (7) For so long as *Obligations Foncières* are outstanding the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of the Fiscal Agent and the Paying Agents or on the website of the Issuer (www.dexia-ma.com):
 - (i) the Subscription Agreement;
 - (ii) the Agency Agreement;
 - (iii) this Prospectus;
 - (iv) the *statuts* of the Issuer; and
 - (v) the documents that are incorporated by reference in this Prospectus.
 - (vi) the specific controller’s certificate
- (8) On 3 June 2003, the EU adopted directive 2003/48/EC regarding the taxation of savings income received in the form of interest payments (the “**Directive**”). The Directive requires Member States to

provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

The rate of such withholding tax will equal 15 per cent. during the first three years, 20 per cent. during the subsequent three years and 35 per cent. until the end of the transitional period.

Such transitional period will end if and when the European Community enters into agreements on exchange of information upon request with several jurisdictions (the United States, Switzerland, Liechtenstein, San Marino, Monaco and Andorra).

Member States are required, from 1 July 2005, to provide the tax authorities of another member State with, *inter alia*, details of payments of interest within the meaning of the Directive (interest, products, premiums or other debt income) made by a paying agent located within its jurisdiction to or for the benefit of an individual resident in that other member State (the “**Disclosure of Information Method**”).

For these purposes, the term “paying agent” is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

- (9) Caderas Martin, 76, rue de Monceau, 75008 Paris, France and Mazars & Guérard, Le Vinci, 4, allée de l'Arche, 92075 Paris La Défense, France (both entities regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux comptes*) have audited and rendered (i) unqualified audit reports on the financial statements of the Issuer for the years ended 31 January 2003 and 2004 and (ii) reports on the limited review of the interim financial statements for the six month period ended 30 June 2005.
- (10) The specific controller (*contrôleur spécifique*) of the Issuer has certified that the value of the assets of the Issuer will be greater than the value of its liabilities benefiting from the privilege defined in article L.515-19 of the French Monetary and Financial Code, after settlement of this issue and of the issues which have been the subject of previous attestations.
- (11) Eurolist of Euronext Paris S.A. and the Regulated Market of the Luxembourg Stock Exchange are the regulated markets on which, to the knowledge of the Issuer, securities of the same class of the *Obligations Foncières* are already admitted to trading.

PERSON RESPONSIBLE FOR THE INFORMATION SET OUT IN THIS PROSPECTUS

Having taken all reasonable care to ensure that such is the case, we declare that, to the best of our knowledge the information contained in this Prospectus concerning the Issuer, Dexia Crédit Local and Dexia Crédit Local and its consolidated subsidiaries (the ‘**Dexia Crédit Local Group**’) is in accordance with the facts and contains no omission likely to affect its import.

Dexia Municipal Agency
Tour Cristal
7-11 quai André Citroën

75015 Paris

Duly represented by:
Sylvie VADE
Directeur Général



In accordance with Articles articles L. 412-1 et L. 621-8 of the *Code monétaire et financier* and its General Regulations (*Règlement général*), in particular articles 211-1 à 216-1, the *Autorité des marchés financiers* (AMF) has granted to this Prospectus the visa n° 05-816 on 25 November 2005. This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with articles L.621-8-1-I of the *Code monétaire et financier*, the visa has been granted following an examination by the AMF of “whether the document is complete and comprehensible, and whether the information in it is coherent”. It does not imply that the AMF has verified the accounting and financial data set out in it.

HEAD AND REGISTERED OFFICE OF THE ISSUER

Dexia Municipal Agency

Tour Cristal
7-11, quai André Citroën
75015 Paris
France

MANAGERS

Lead Manager

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(acting under the name Dexia Capital Markets)**

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L-1470 Luxembourg
Grand-Duchy of Luxembourg

Co-Lead Managers

Canadian Imperial Bank of Commerce, London

Branch

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London SE12QL
United Kingdom

Fortis Bank N.V./S.A.

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Co-Managers

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