

ARTICLES OF INCORPORATION

CAISSE FRANCAISE DE FINANCEMENT

TITLE I

FORM, PURPOSE, CORPORATE TITLE, REGISTERED OFFICE, DURATION

Article 1 – Form of the Company

It is formed between the holders of the shares created hereafter and all those that shall be created subsequently by a limited company. The company will be governed by the articles L.210-1 and following of the Code de commerce, by the article L.511-1 and following of the Code monétaire et financier and by articles L.513-2 and following of the Code monétaire et financier.

Article 2 – Purpose

The Company's exclusive purpose is:

- to grant or to acquire exposures on public sector entities as defined in article L.513-4 of the French Monetary and Financial Code as well as securitization units or shares of similar entities considered as exposures on public sector entities as defined in article L.513-5 of the French Monetary and Financial Code;
- to hold assets, securities and deposits according to the conditions defined by decree to be considered replacement assets;
- in order to finance the above-mentioned exposures, to issue *obligations foncières* benefiting from the privilege defined in article L.513-11 of the French Monetary and Financial Code and to raise other funds, for which the contract or document intended for the general public within the meaning of article L.412-1 of the French Monetary and Financial Code, or any equivalent document required for admission to foreign regulated markets mentions this privilege.

The Company may also fund the above-mentioned activities by issuing bonds or other sources of financing that do not benefit from the privilege defined in article L.513-11 of the French Monetary and Financial Code.

The Company may mobilize, in accordance with articles L.211-36 to L.211-40 of the French Monetary and Financial Code or in accordance with articles L.313-23 to L.313-35 of the French Monetary and Financial Code, all or part of the assets it holds, regardless of whether or not they are trade receivables.

Within the framework of the achievement of the exclusive purpose mentioned above, the Company may conduct all related operations directly or indirectly associated with its activities or contributing to this exclusive purpose, as long as these operations are carried out in accordance with the terms of articles L.513-2 *et seq.* and R.513-1 *et seq.* of the French Monetary and Financial Code related to *sociétés de crédit foncier*

Article 3 – Corporate Title

The corporate title of the company is Caisse Française de Financement Local.
The initials of the company is CAFFIL.

Article 4 – Registered Office

The company's registered office is established 1-3 rue du Passeur de Boulogne – 92130 Issy-les-Moulineaux.

It shall be transferred on the French territory by decision of the supervisory board, subject to ratification of this decision by the next ordinary general meeting. In the event of a transfer decided by the supervisory board in accordance with the law, the supervisory board is empowered to amend the articles of incorporation accordingly.

Article 5 – Duration

The duration of the company is fixed at 99 years, beginning on the date of registration of the business name, except in the event of a dissolution or extension for which provision is made in the present articles of incorporation.

At least one year before the end of this period, the extraordinary general meeting convened by order of the executive board will decide whether or not the company should be extended, according to the conditions laid down for the modification of the articles of incorporation.

In the event of the executive board being unable to produce a decision on this matter, any partner, whose formal demand sent by registered mail remains unanswered, may ask the presiding judge of the trade tribunal adjudicating on demand, to appoint a legal representative mandated to consult the partners and solicit from them a decision on this matter.

TITLE II CAPITAL

Article 6 – Capital

Share capital amounts to 1,350,000,000 Euro, divided into 13,500,000 shares.

TITLE III
INCREASE, REDUCTION OF CAPITAL
TRANSMISSION OF SHARES

Article 7 – Increase of Capital

The share capital may be increased by decision of the extraordinary general meeting of shareholders. However, when the increase of share capital is the result of the capitalisation of provisions, earnings or share premiums, the extraordinary general meeting that makes the decision, does so according to the conditions of quorum and majority applicable to annual general meetings.

Increases of capital are decided or authorised by the extraordinary general meeting, which fixes the conditions for new issues and delegates full power and authority to the executive board for their implementation within a period of time not exceeding five years.

Article 8 – Reduction of Capital

The extraordinary general meeting may decide to reduce share capital for any reason and in any way it chooses, notably by redemption of shares, reduction of share values or a reduction in the number of shares on the market.

The capital may also be redeemed in accordance with current legislation.

Article 9 – Form of Shares

Shares are registered.

Article 10 – Indivisibility of the Shares

The voting right attached to the share belongs to the usufructuary in case of ordinary general meetings, and to the bare owner in case of extraordinary general meetings.

The co-owners of undivided shares are represented at general meetings by one of them or by a single agent. In case of disagreement, the agent is designated by the courts at the request of the most diligent co-owner.

The voting right is exercised by the owner of securities put up as a pledge. To that end, the pledge-holding creditor is to deposit, at its debtor's request, the shares that it holds as a pledge.

Article 11 – Rights of the Shares

Each share creates a right:

- in the business assets, to a share proportional to the number of existing shares,
- and in addition, to a share of the profits, as is indicated below.

Article 12 – Shareholder's Limited Liability

The shareholders are liable only to the extent of the amount of the shares that they possess. No call for funds is permitted beyond that point.

Article 13 – Transmission of the Rights

13.1. General Provisions

Transmission of the shares is to be understood as any operation having the effect of transferring to another person, including to another partner, the ownership or possession of the company shares as well as the preferential subscription right or the allocation rights in case of a capital increase.

Hence the transmission particularly includes all transfers, contributions, mergers or demergers and even public auctions by virtue of a court decision.

13.2. Approval Procedure

Except in case of succession, of liquidation of community property between spouses or of transfer either to a spouse or to an ascendant or to a descendant, transfer of shares to a third party in any connection whatsoever is subject to advance approval by the supervisory board.

To that end, the assignor must serve a request for approval on the company indicating the identity of the assignee, the number of shares transfer of which is contemplated and the price offered. The approval results either from a notice emanating from the board, or from the absence of response within a period of three months starting with the date of the request. In case of a refusal to approve the proposed assignee, and unless the assignor decides to waive the contemplated transfer, the supervisory board is required, within a period of three months starting with the date of notification of the refusal, to have the shares acquired either by a shareholder or by a third party, or else by the company with a view to a reduction of the capital, but in that case with the assignor's consent.

The said acquisition takes place for a price that, in the absence of agreement between the parties, is determined by an expert under the conditions laid down in Article 1843-4 of the Civil Code.

If, at the end of the three-month period provided for above, the purchase has not been made, approval is considered as having been granted. However, the said period may be extended by a court decision at the company's request.

The foregoing provisions are applicable to all transfers to a third party, even to public auctions by virtue of a court ordinance or otherwise.

TITLE IV MANAGEMENT OF THE COMPANY

Article 14 – Executive Board – Appointment – Dismissal

The company is controlled by an executive board consisting of between 3 and 5 members.

The members of the executive board must be natural persons.

They may be chosen from amongst the partners or from outside.

a) Appointment

The executive board is appointed for a period of four years by the supervisory board, which immediately fills vacant positions for the period of time remaining before the renewal of the executive board.

All members are eligible for re-election.

Nobody may be appointed to the executive board if he does not have the necessary competence required of managers of limited companies, and, in the case of credit institutions, if there is a clash of interest or he is subject to disqualification or restrictions preventing him from carrying out his duties.

b) Dismissal

The annual general meeting, acting on proposals made by the supervisory board, may dismiss any member of the executive board without prior warning.

c) Resignation

Any member of the executive board is free to resign on condition that this resignation is not submitted at the wrong moment or with the intention of damaging the company.

Article 15 – Operation

The supervisory board appoints the chairman of the executive board. He will be empowered to represent the Company. The supervisory board may grant the same representative power to one or more members of the executive board who will then have the title of managing director.

The executive board will draw up articles of association with a view to establishing the conditions for meetings and the procedures for executive board deliberations.

Members of the executive board shall share out management tasks amongst themselves. However, under no circumstances shall this apportionment exempt the executive board from meeting and deliberating on fundamental matters concerning the Company, nor shall it be used as an excuse to escape joint and several liability.

Article 16 – Role of the Executive Board

a) Powers

The executive board is vested with all powers necessary for the management of company assets, and may, to this effect, carry out all operations and conclude all contracts of any nature and in any form whatsoever.

No restriction of these powers is effective against a third party, and the latter may proceed to oblige the company to execute undertakings made in its name by members of the executive board if their names happen to be made public regularly.

b) Obligations of the Executive Board

The executive board presents a quarterly report to the supervisory board, which retraces the principal operations and events concerning management of the company and indicates major operations or difficulties; evaluation of these elements is at the discretion and under the full responsibility of the executive board.

After the end of each fiscal year, and within a period of three months, the executive board presents the inventory and annual accounts to the supervisory board for auditing and inspection purposes, together with its report intended for the annual general meeting. This presentation must take place at least fifteen days before the publication or sending out of notices of meeting. At the meeting, the supervisory board presents its remarks on the executive board report and on the accounts for the fiscal year.

Article 17 – Supervisory Board – Composition

Management of the company is controlled by a supervisory board consisting of at least 3 members and 18 at most, appointed and capable of being dismissed by the general meeting.

The number of members of the supervisory board who have reached the age of seventy shall not exceed a third of the membership of the supervisory board currently in office. If this proportion is exceeded, the oldest member is automatically considered to have resigned.

Nobody may be appointed to the supervisory board of a credit institution if there is an incompatibility, or if he is subject to disqualification or restrictions preventing him from carrying out his duties.

A corporate body may be appointed to the supervisory board. On appointment, it is bound to designate a permanent representative who is subject to the same conditions and obligations and is exposed to the same civil and criminal liabilities as if he were a member of the supervisory board in his own right, and this without prejudice to the joint and several liability of the corporate body that he represents.

When the corporate body dismisses its representative, it is at the same time bound to take the steps necessary to provide a replacement.

Article 18 – Duration of Office and Vacancies

The duration of the term of office for members of the supervisory board is four years; it ends after the annual general meeting adjudicating on the accounts for the past fiscal year, held during the year in which the mandate of the said member of the supervisory board expires.

All outgoing members are eligible for re-election.

In the event of vacancies, by demise or by resignation, the supervisory board may make temporary replacement of members for the remaining duration of the term.

Article 19 – Chairmanship of the Supervisory Board

From amongst its members, the supervisory board elects a chairman and a vice-chairman who must always be natural persons and who are elected for a period that may not exceed the duration of their term of office. They are eligible for re-election. The chairman and the vice-chairman are automatically considered to have retired on reaching the age of seventy-one.

In the absence of the chairman or the vice-chairman, the supervisory board will appoint an acting chairman for each meeting from amongst its members.

Article 20 – Meetings of the Supervisory Board

Meetings of the supervisory board are convened by the chairman as often as it is necessary in the interests of the company.

However, the chairman of the supervisory board is bound to convene a meeting of the supervisory board, within a period not exceeding 15 days following at least one member of the executive board or at least one third of the members of the supervisory board presenting him with a reasoned request to this end.

If there is no reaction to the request, its instigators may take steps to convene the meeting themselves, indicating the agenda for the meeting.

No member of the supervisory board may give more than one proxy to another member of the board.

The supervisory board cannot deliberate validly unless half of its members are present.

Decisions are made by the majority vote of the members present or represented. However, decisions concerning:

- the appointment and dismissal of members of the executive board,
 - the appointment and dismissal of the chairman of the executive board,
- are made by a qualified majority of two thirds of the votes of present or represented members.

In the event of equality of votes, the chairman has the casting vote.

When such occurs, and according to the modalities stipulated by current legislation, members of the supervisory board are considered present for the calculation of the quorum and the majority if they participate in the Board meeting by video-conference or via a means of telecommunications that ensures identification

Article 21 – Minutes of Proceedings

Resolutions made by the supervisory board are recorded in a special minutes book kept at the registered office.

Article 22 – Powers of the Supervisory Board

The supervisory board exercises permanent control over the management of the company by the executive board.

Notably, regardless of the time of year, it carries out the audits and inspections that it deems to be opportune.

It approves a report from the executive board once a quarter.

Within three months following the end of the fiscal year, the executive board presents the annual and consolidated accounts for audit and inspection purposes.

The supervisory board presents its remarks on the executive board report and on the accounts to the annual general assembly.

The supervisory board also decides:

- the transfer of the registered office to a location on the French territory,
- the appointment of members of the executive board,
- the appointment of the chairman of the executive board.

It also determines the powers granted to the chairman of the executive board.

It may propose, at the general meeting, the dismissal of a member of the executive board.

TITLE V STATUTORY AUDITORS SPECIFIC CONTROLLER

Article 23 – Appointment – Powers

a) Statutory Auditors

The general meeting appoints statutory auditor(s) in accordance with the conditions laid down by the law and by the regulations.

The Company informs the *Autorité de contrôle prudentiel et de résolution* of the appointment of one or more statutory auditors under the conditions provided for by the legal and regulatory provisions or by instructions from the supervisory authorities.

The auditors are appointed for a period of six fiscal years, their terms of office ending after the general meeting that adjudicates on the accounts of the sixth fiscal year.

The statutory auditors are vested with the functions and powers conferred on them by the law. Their remuneration is fixed in accordance with the regulatory provisions currently in force.

b) Specific Controller

A specific controller and a substitute specific controller, chosen from among the persons appearing on the list of auditors, are appointed for a duration of four years by the company's management, on the basis of a suitable opinion issued by the *Autorité de contrôle prudentiel et de résolution*.

The specific controller is invested with the functions and powers granted to him by law.

The specific controller attends any shareholders' meeting and is heard at his request by the supervisory board.

TITLE VI CENSORS

Article 24 – Appointment – Role

Censors may be appointed by the shareholders' meeting for a period of three years.

The censors attend the meetings of the supervisory board with an advisory vote.

TITLE VII GENERAL MEETINGS

Article 25 – Nature of Meetings

Shareholders are assembled at general meetings.

These meetings are known as:

- extraordinary general meetings when convened for the purpose of deliberating on modifications to be made to the articles of incorporation,
- and general meetings in all other cases.

Article 26 – Timing of Meetings

The annual general meeting is held each year, within five months of the end of the fiscal year and is convened by the executive board or the supervisory board.

The executive board or the supervisory board convene the extraordinary general meeting whenever it is deemed to be necessary; the same applies to general meetings convened under extraordinary circumstances.

General meetings may also be convened:

- either by one or both statutory auditors,
- or by a representative appointed by legal authorities, following a request by any interested party in an emergency, or by one or more shareholders with a collective holding of at least a twentieth of the share capital.

Article 27 – Notice of Meeting

Annual general meetings are convened in accordance with the conditions laid down by law. They are convened at the registered office or at any other location chosen by the instigator of the notice to meet.

Any shareholder has the right to receive the documents necessary to make it possible to form an opinion with full knowledge of the facts and pass informed judgement on the management and control of the company.

The nature of these documents and the conditions of their transmission and rights of access are determined by the law and statutory regulations.

Article 28 – Right of Admission to Meetings

Any shareholder has the right to attend meetings on production of proof of identity, on condition, however, that their shares are free from all payments due and have been registered in its name at least two days before the meeting.

Shareholders may be represented by another shareholder.

Proxies must be filed at the registered office at least two days before the meeting.

Article 29 – Board of the General Meeting

The general meeting is presided over by the chairman of the supervisory board or by a member of the board delegated to this effect by the supervisory board; on the other hand, a meeting convened by one or both statutory auditors is presided over by one of them.

The supervising officer's duties are carried out by two shareholders who represent, as much on their own behalf as in the role of representatives, the greatest number of shares, and if they refuse, the following two and so on until two accept.

The board appoints a secretary who may be chosen from outside the membership of the meeting.

An attendance sheet is kept, which is duly signed by the shareholders present or their representatives and certified correct by the members of the board. It is filed at the registered office and must be available to all applicants.

The duties of the board are limited exclusively to ensuring that the meeting is held according to established procedure; at the request of any interested party, its decisions may be put to a vote by the general meeting itself.

Article 30 – Agenda

The agenda for general meetings is fixed by the convening party. However, one or more shareholders have the right to request the inclusion of draft resolutions on the agenda, in accordance with legal conditions.

The general meeting may not deliberate on a question that is not on the agenda. Nevertheless, it may in all cases dismiss one or more members of the supervisory board or of the executive board.

The agenda for general meetings may not be modified by a second notice to meet.

Article 31 – Voting Rights

The right to vote attached to shares is proportional to the amount of capital that they represent. Each share entitles the holder to one vote.

Each member of the general meeting has as many votes as the number of shares he holds or represents, both in his own name and as representative.

Article 32 – Minutes of Proceedings

Resolutions made at general meetings are recorded in minutes containing the required entries, drawn up and signed in accordance with the statutory texts in force.

Article 33 – Effects of Deliberation

Resolutions made at general meetings are binding on all shareholders, even if they are absent, dissident or incapable.

SPECIFIC RULES RELATING TO ANNUAL GENERAL MEETING

Article 34 – Quorum and Majority

The annual general meeting cannot validly deliberate on its first convening unless the shareholders present or represented hold at least a fifth of the voting shares.

On second convening, no quorum is required.

It adjudicates according to the majority of votes held by the shareholders present or represented. The votes cast do not include those attached to shares for which the shareholder has not taken part in the vote, has abstained or has voted blank or null. In the cases and under the conditions stipulated by current legislation, shareholders who attend shareholder's meeting using videoconference technology or telecommunications that permit identification are considered as present for the purpose of calculating the quorum and the majority.

Article 35 – Powers

The annual general meeting hears the executive board report and the observations of the supervisory board on the running of the company and the statutory auditors' reports.

It discusses, approves or adjusts the accounts and rules on the appropriation and sharing of profits.

It appoints or dismisses members of the supervisory board and the statutory auditors and grants them a final discharge.

It shall decide whether to approve the agreements concerned in accordance with the conditions set down by law.

It approves or rejects the temporary appointments of members of the supervisory board.

It fixes the amount of remuneration allocated to the supervisory board.

Finally, it deliberates on all propositions validly recorded on its agenda that are not within the competence of the extraordinary general meeting.

SPECIFIC RULES RELATING TO EXTRAORDINARY GENERAL MEETING

Article 36 – Quorum and Majority

The extraordinary general meeting cannot validly deliberate on its first convening unless the shareholders present or represented hold at least a quarter of the voting shares and on second convening at least a fifth. In the absence of this last quorum, the second general meeting may be postponed to a later date not more than two months after the date of the second convening.

It adjudicates on a two-thirds majority of the votes held by the shareholders present or represented. The votes cast do not include those attached to shares for which the shareholder has not taken part in the vote, has abstained or has voted blank or null.

However, notwithstanding the above-mentioned provisions, the extraordinary general meeting deciding on an increase of capital by capitalisation of provisions, earnings or share premiums adjudicates according to the conditions of quorum and majority applicable to annual general meetings.

In the cases and under the conditions stipulated by current legislation, shareholders who attend shareholder's meeting using videoconference technology or telecommunications that permit identification are considered as present for the purpose of calculating the quorum and the majority.

Article 37 – Powers

a) The extraordinary general meeting, acting on proposals made by the supervisory board or the executive board, may modify all the provisions in the articles of incorporation, without increasing the shareholders' commitments however, subject to operations resulting from regular pooling of shares.

b) Notably, without the list below being of a limiting nature, and subject to respect of the legal and statutory provisions it may decide on:

- the transformation of the company
- the modification of its objectives
- the modification of the duration of the company, its reduction, its extension or its dissolution before the appointed time.
- the modification of the corporate title
- the transfer of the registered office
- the increase or reduction of share capital and its redemption
- the merger of the company with any companies, established or yet to be established, or its split-up between several companies
- the modification of the par value of shares, their pooling if necessary, and the conditions of their transmission
- the modification of the number of members on the supervisory board
- the modification of the conditions of validity of resolutions made by the supervisory board and the extension or reduction of its powers
- the modification of the method and time limits for convening general meetings, and also the modification of the composition of the annual general meeting
- the limitation of the number of shareholder votes at general meetings
- all modifications to the apportionment and distribution of income
- and all modifications to the conditions of liquidation.

Notwithstanding the above-mentioned provisions, in the event of an increase of capital, the necessary modifications to clauses in the articles of incorporation relative to the amount of share capital and the number of shares representing it are made by the executive board acting on the authority of the extraordinary general meeting in as far as these modifications correspond materially to the effective result of the operation.

TITLE VIII COMPANY BALANCE SHEET AND DISTRIBUTION OF PROFITS

Article 38 – Company year – Balance sheet – Executive Board Report

The fiscal year begins on the 1 January and ends on 31 December each year.

At the end of each fiscal year, the executive board draws up the inventory of the various elements of the assets and liabilities existing at that date. It also prepares the annual accounts and a report on the situation of the company and its activity during the past fiscal year, in accordance with the laws and regulations in force.

From the net profit for the fiscal year, less previous losses if need be, five per cent is withdrawn immediately to constitute the legal reserve fund specified by law; this withdrawal ceases to be compulsory when the reserve fund reaches a sum equal to a tenth of the share capital and resumes when, for any reason, the legal reserve falls below this percentage.

Article 39 – Allocation and Distribution of the Profit

Profit available for distribution comprises the net profit for the year less any prior year losses and any allocation required pursuant to the by-laws, plus any retained earnings carried forward from previous years.

From the available surplus, the annual shareholders' meeting, voting on a recommendation of the executive board, may allocate all or a part of the remaining income to retained earnings.

TITLE IX DISSOLUTION - LIQUIDATION

Article 40 – Dissolution

The extraordinary general meeting may, at any time, decide the dissolution of the company before the appointed time.

If, as a result of losses recorded in the financial statement, the value of the company's net assets falls below half the value of the share capital, the executive board is bound to convene an extraordinary general meeting within four months of receiving the accounts showing these losses, with a view to deciding on the necessity for dissolution before the appointed date, and this in accordance with the law and statutory regulations.

Article 41 – Liquidation

At the end of the term fixed by the articles of incorporation or in the event of dissolution before the appointed time, the general meeting, acting on proposals made by the executive board and subject to the essential legally-required designations in force, fixes the method of liquidation, appoints one or more liquidators and determines the extent of their powers. This appointment brings an end to the term of office of the members of the executive board, but not to that of the statutory auditors or the members of the supervisory board.

Throughout the period of liquidation, the normally constituted general meeting has the same competence as it had during the life of the company; notably, it has the power to approve the liquidation accounts and to deliberate on all company interests.

The liquidators represent the company. They are vested with the most extensive powers for the realisation of its assets, even out of court, and the termination of its liabilities.

The sharing of the net assets remaining after redemption of the par value of the shares is carried out among the shareholders in the same proportions as their holding in the capital. At the time of redemption of the share capital, the burden of any taxes that the company might be required to withhold shall be divided among all of the shares without distinction in uniform proportion to the capital repaid to each of them, without any need for taking account of the various dates of issue, or of the origin of the various shares.

TITLE X DISPUTES

Article 42 – Competence - Place of Jurisdiction

All disputes that may arise during the life of the company or during its liquidation, either between shareholders themselves on matters concerning company affairs, or between shareholders and the company are definitively settled by competent jurisdictions.

Article 43 – Liability Actions

No decision made by the general meeting may have the effect of avoiding or terminating a liability action against the members of the executive board or against one or more of the members of the supervisory board.

A liability action against members of the executive board, either individual or corporate, is barred three years after the act in question, or if it has been covered up, from the date of its revelation. However, if the act is qualified as criminal it is barred at the end of ten years.

Document certified by Gilles Gallerne, Chairman of the Executive Board, Caisse Française de Financement Local,
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