



**VMG**  
CREDIT FONCIER GROUP

# **Reference Document 2010 Update**

## **including a half-yearly financial report**

### **1<sup>ST</sup> HALF-YEAR 2011**



AUTORITÉ  
DES MARCHÉS FINANCIERS

The original French-language update of the reference document was filed with the Autorité des Marchés Financiers (French Financial Markets Authority) on July 22, 2011, pursuant to Article 212-13 of the AMF general regulations. It is an update of the original French-language version of VMG's reference document, filed with the Autorité des Marchés Financiers (French Financial Markets Authority) on April 29, 2011, pursuant to Article 212-13 of the AMF general regulations, under the number D11-0415. It was prepared by the Issuer and its signatories assume responsibility for it.

This is a free translation into English of the Document de Référence issued in the French language and is provided solely for the convenience of English-speaking readers. The English version of the Document de Référence should be read in conjunction with, and construed in accordance with, French law.

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NOTE: only the sections of the Reference Document 2010 concerned by this update are included in this table of contents. To facilitate reading, we retained the original numbering of the Reference Document 2010.

## **Part 1: overview**

## Key figures

### VMG at June 30, 2011

- Balance sheet:	€7.7 billion
- Outstanding FCC units <sup>(1)</sup> :	€1.6 billion
- Outstanding bonds:	€3.6 billion
- Reserves (repayment & compensation) <sup>(2)</sup> :	€2.3 billion

(in euros)

ASSETS	06/30/2011			12/31/2010
	GROSS	AMORT/ DEPRECIATION	NET	NET
<b>LONG-TERM LOANS AND INVESTMENTS</b>				
- Other equity holdings	1,599,416,935	-	1,599,416,935	1,996,927,604
- Accrued interest on equity holdings	12,092,763	-	12,092,763	15,462,295
<b>TOTAL I</b>	<b>1,611,509,698</b>	<b>-</b>	<b>1,611,509,698</b>	<b>2,012,389,899</b>
<b>CURRENT ASSETS</b>				
- Trade receivables	-	-	-	-
- Other receivables	149,433	-	149,433	133,992
- Negotiable debt securities	6,092,699,338	-	6,092,699,338	5,612,277,408
- Available-for-sale securities	-	-	-	-
- Cash	258,783	-	258,783	192,075
- Deferred expenses	1,066,010	-	1,066,010	1,554,485
<b>TOTAL II</b>	<b>6,094,173,564</b>	<b>-</b>	<b>6,094,173,564</b>	<b>5,614,157,961</b>
- Accruals - issuing expenses	1,616,784	-	1,616,784	2,045,401
- Redemption premiums	15,099,100	-	15,099,100	18,617,368
<b>GRAND TOTAL</b>	<b>7,722,399,146</b>	<b>-</b>	<b>7,722,399,146</b>	<b>7,647,210,629</b>

(in euros)

LIABILITIES	06/30/2011	12/31/2010
<b>SHAREHOLDERS' EQUITY</b>		
- Share capital	42,336,195	42,336,195
- Legal reserve	2,415,635	2,260,293
- Retained earnings	7,449,287	7,580,362
- Income from previous year	-	-
- Income for the period	1,350,189	3,106,830
<b>TOTAL I</b>	<b>53,551,306</b>	<b>55,283,680</b>
<b>PROVISIONS</b>		
- Provisions	-	-
<b>TOTAL II</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>		
- Bonds	3,778,917,592	3,727,308,154
- Other borrowings and financial debts	3,875,827,380	3,851,002,619
- Trade accounts payable	159,467	164,898
- Tax & social security liabilities	2,294	15,174
- Others liabilities	3,092,313	177
- Deferred income	10,848,795	13,435,925
<b>TOTAL III</b>	<b>7,668,847,840</b>	<b>7,591,926,948</b>
<b>GRAND TOTAL</b>	<b>7,722,399,146</b>	<b>7,647,210,629</b>

<sup>(1)</sup>: page 12

<sup>(2)</sup>: page 13

(in euros)

INCOME STATEMENT	06/30/2011	06/30/2010	12/31/2010
<b>REVENUE FROM OPERATIONS</b>			
- Services rendered	7,830	127,500	291,536
Net revenue	7,830	127,500	291,536
- Deferred expenses	-	-	-
- Other income	-	-	-
TOTAL OF REVENUE FROM OPERATIONS	7,830	127,500	291,536
<b>OPERATING EXPENSES</b>			
- Other purchases and expenses	661,744	784,460	1,301,300
- Taxes and assessments	33,692	33,692	34,701
- Salaries and wages	10,000	10,000	20,000
- Payroll taxes	3,430	4,193	7,018
- Depreciation and amortisation accruals	-	-	-
- Provisions and impairments on current assets	-	-	-
- Other expenses	18,450	18,450	37,750
TOTAL OF OPERATING EXPENSES	727,318	850,796	1,400,769
<b>OPERATING INCOME</b>	<b>-719,487</b>	<b>-723,296</b>	<b>-1,109,233</b>
<b>INVESTMENT INCOME</b>			
- Income from equity holdings	39,445,820	52,594,080	99,248,214
- Income from negotiable certificates of deposit and medium-term-n	96,224,118	90,084,427	181,754,541
- Other interest income	2,896	779	3,547
- Deferred expenses	-	-	-
- Net income from the sale of investment securities	-	-	-
TOTAL OF INVESTMENT INCOME	135,672,834	142,679,287	281,006,302
<b>FINANCIAL EXPENSES</b>			
- Depreciation, amortisation and provisions	3,629,592	3,677,123	7,306,715
- Interest expense	129,295,197	136,008,543	267,882,162
- Issuing expenses	-	-	-
- Other interest expense	-	-	-
TOTAL OF FINANCIAL EXPENSES	132,924,789	139,685,666	275,188,877
<b>FINANCIAL INCOME</b>	<b>2,748,045</b>	<b>2,993,621</b>	<b>5,817,425</b>
<b>EARNINGS BEFORE TAX</b>	<b>2,028,558</b>	<b>2,270,325</b>	<b>4,708,192</b>
<b>EXTRAORDINARY GAINS</b>			
-On management operations	-	-	-
-On capital transactions	397,510,669	276,630,602	535,276,051
-Reversal of impairments, provisions and deferred expenses	-	-	-
TOTAL OF EXTRAORDINARY GAINS	397,510,669	276,630,602	535,276,051
<b>EXTRAORDINARY CHARGES</b>			
-On management operations	-	-	-
-On capital transactions	397,510,669	276,630,602	535,276,051
TOTAL OF EXTRAORDINARY CHARGES	397,510,669	276,630,602	535,276,051
<b>EXTRAORDINARY INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CORPORATE INCOME TAX</b>	<b>678,369</b>	<b>758,958</b>	<b>1,601,362</b>
TOTAL EARNINGS	<b>533,191,333</b>	<b>419,437,389</b>	<b>816,573,889</b>
TOTAL EXPENSES	<b>531,841,144</b>	<b>417,926,022</b>	<b>813,467,059</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>1,350,189</b>	<b>1,511,367</b>	<b>3,106,830</b>

## **Part 2: Half-yearly financial report**

## **1. Persons responsible**

### **1.1 Person responsible for the update of the Reference Document including the half-yearly financial report**

**Ms. Sandrine Guérin**

Chairperson of the Management Board of Vauban Mobilisations Garanties

Address: 4, quai de Bercy – 94224 Charenton Cedex

Telephone: +33 (0)1 57 44 92 05

Fax: +33 (0)1 57 44 78 89

### **1.2 Statement by the person responsible for updating the Reference Document including the half-yearly financial report**

I hereby declare, after having taken every reasonable measure to this purpose, that the information provided in this update of the reference document is, to my knowledge, true to fact and that no information has been omitted that would change the interpretation of the information provided.

I hereby declare that, to the best of my knowledge, all accounts for the half-year have been prepared in accordance with applicable accounting standards and are an accurate reflection of the assets, financial position and results of the Company, and that the half-yearly report herein presents an accurate picture of events that occurred during the first six months of the year, their impact on the accounts and a description of the principal risks and uncertainties for the remaining six months of the year.

I have received a letter from the statutory auditors indicating that they have completed their work which consisted of verifying the information about the financial position and the accounts provided in this update as well as a reading of the entire update.

Signed in Charenton-le-Pont, July 22, 2011

Sandrine Guérin  
Chairperson of the Management Board

## **2. Persons responsible for auditing the financial statements**

### ***Permanent statutory auditors***

#### **KPMG Audit, Department of KPMG S.A.**

Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles  
1, Cours Valmy – 92923 La Défense Cedex  
Represented by Mr. Rémy Tabuteau

#### **PricewaterhouseCoopers Audit**

Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles  
63, rue de Villiers - 92200 Neuilly-sur-Seine  
Represented by Ms. Anik Chaumartin

KPMG Audit, a department of KPMG S.A. and PricewaterhouseCoopers Audit audited and certified the accounts for the years ended December 31, 2006, 2007, 2008, 2009 and 2010.

### ***Alternate statutory auditors***

#### **Ms. Ferron-Jolys**

Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles  
1, Cours Valmy – 92923 La Défense Cedex

#### **Mr. Pierre Coll**

Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles  
63, rue de Villiers - 92200 Neuilly-sur-Seine

### ***Mandates of the permanent statutory auditors***

KPMG Audit, a department of KPMG, was appointed as permanent statutory auditor for six years at the general meeting held on May 19, 2006. This mandate will expire at the end of the general meeting called to approve the accounts for the year ended December 31, 2011. KPMG Audit is replacing the firm Mazars & Guérard, 61, rue Henri Regnault, 92075 Paris La Défense Cedex, member of the Compagnie Régionale des Commissaires aux Comptes de Paris, represented by Mr. Michel Barbet-Massin and Mr. Hervé Helias, which had been appointed at the annual general meeting held on June 28, 2000 and whose mandate expired at the end of the general meeting held on May 19, 2006.

The general assembly held on June 18, 2009, in its ordinary session, renewed the mandate of PricewaterhouseCoopers Audit as permanent statutory auditor for a period of six years i.e. until the ordinary general assembly that called to approve the accounts for the year ended December 31, 2014.

The firm Barbier, Frinault et Autres (Ernst & Young) audited and certified the accounts for the years ended December 31, 2004 and 2005.

### ***Mandates of the alternate statutory auditors***

Ms. Marie-Christine Ferron-Jolys Audit was appointed as KPMG Audit's alternate statutory auditor for six years at the general meeting held on May 19, 2006. This mandate will expire at the end of the general meeting called to approve the accounts for the year ended December 31, 2011. Ms. Marie-Christine Ferron-Jolys is replacing Ms. Evelyne Henault, 26, rue Vasco de Gama, 75015 Paris, member of the Compagnie Régionale des Commissaires aux Comptes de Paris, who had been appointed at the annual general meeting held on June 28, 2000 and whose mandate expired at the end of the general meeting held on May 19, 2006.

Mr. Pierre Coll's mandate as PricewaterhouseCoopers Audit's alternate statutory auditor was renewed at the general meeting held on June 18, 2009 and will expire at the end of the general meeting called to approve the accounts for the year ended December 31, 2014.

### **3. *Issuer risks***

Since December 31, 2010, risks have not changed. For further details concerning this section, please refer to the 2010 reference document.

## **4. General information concerning the issuer**

### **4.1. Name and registered office**

VAUBAN MOBILISATIONS GARANTIES - hereinafter referred to as “VMG” or “the company”.

Registered office: 16 rue Volney, Paris 2<sup>ème</sup>

### **4.4 General information concerning the issuer**

#### **4.4.3 Corporate purpose**

VMG's exclusive purpose in France and abroad is to:

- invest in one or more debt securitization programmes by acquiring shares in fonds communs de créances (FCC) or shares in or issued securities of fonds communs de titrisation (FCT),
- reinvest the proceeds from FCC Units or FCT shares or securities in securities and/or negotiable debt securities,
- conduct cash transactions, pursuant to Article L. 511-7, point 3 of the French Monetary and Financial Code, with entities in which it has direct or indirect ownership ties that give one of these entities effective control over the others.

In connection with the foregoing acquisitions and cash transactions, the Company may, subject to applicable laws and regulations:

- raise funds, in France or abroad, by borrowing (including subordinated loans) or by issuing securities or negotiable debt securities,
- perform transactions on futures or options markets to hedge against risks arising from said acquisitions or refinancing,
- provide or obtain any sureties or guarantees in connection with its business.

The Company may also perform any transaction that is directly or indirectly related to the aforementioned activities that are likely to help it carry out said activities.

The Company shall refrain from engaging in transactions stemming from its corporate purpose that are likely to cause the ratings on the securities issued by the Company or debt contracted by it to be downgraded or withdrawn.

#### **4.4.4 General information concerning the capital**

##### **4.4.4.2 Issued share capital**

VMG's share capital at June 30, 2011 stood at €42,336,194.77 divided into 114,169 fully paid-up shares that are all of the same nature.

##### **4.4.4.6 The Company's share capital over the past years**

On June 22, 2009, after Crédit Foncier de France used its option on payment of dividends, the capital stock increased to €42,336,194.77 (forty-two million three hundred and thirty-six thousand one hundred and ninety four euros and seventy-seven cents) and divided into 114,169 fully paid-up shares.

## 5. Company financial position and activity developments

### 5.1 FCC Units

During the first half-year of 2011, VMG did not acquire any FCC senior securitisation units and did not issue any debt securities.

After taking into account FCC redemptions (normal redemptions or early redemption of debt securities), outstanding FCC units at June 30, 2011, excluding accrued interest, amounted to €1,611.6 million, broken down as follows:

	Nominal value	Quantity	Coupon rate	Book value (in thousands of euros)
<b>PARTIMMO - 06/2000</b> (70% owner occupied – 30% investor)	0.00	0	0.00%	0
<b>PARTIMMO - 10/2001</b> (63% owner occupied – 37% investor)	1,118.78	156,861	5.00%	175,493
<b>PARTIMMO - 07/2002</b> (55% owner occupied – 45% investor)	1,469.99	113,511	5.20%	166,860
<b>PARTIMMO - 10/2002</b> (61% owner occupied – 28% investor – 11% co-owner)	1,555.66	65,655	4.53%	102,137
<b>PARTIMMO - 05/2003</b> (56% owner occupied – 41% investor – 3% co-owner)	2,196.09	89,407	4.00%	196,346
<b>PARTIMMO - 11/2003</b> (68% owner occupied – 30% investor – 2% co-owner)	2,238.26	96,223	4.20%	215,372
<b>ZEBRE ONE</b> (68% owner occupied – 29% investor – 3% co-owner)	2,354.79	106,184	4.25%	250,041
<b>ZEBRE TWO</b> (48% owner occupied – 44% investor – 8% co-owner)	2,991.42	68,016	3.46%	203,464
<b>ZEBRE 2006-01</b> (65% owner occupied – 35% investor)	4,599.13	62,991	4.30%	289,704
<b>Subtotal</b>				<b>1,599,417</b>
Accrued interest				12,093
<b>TOTAL</b>				<b>1,611,510</b>

### 5.3 Issues

VMG did not issue any bonds during the first six months of 2011.

Outstanding VMG issues at June 30, 2011 are broken down as follows:

(in thousands of euros)

Purchase date	Amount	Rate	Maturity
12/04/2000	500,000	6.00	10/28/2011
07/30/2002	800,000	5.25	07/30/2012
04/10/2003	100,000	5.25	07/30/2012
06/30/2003	800,000	3.75	07/29/2013
11/28/2003	700,000	3.75	07/29/2013
12/09/2004	500,000	4.125	01/30/2017
11/16/2005	250,000	3.50	01/28/2016
	<b>3,650,000</b>		

### 5.6 Presentation of the balance sheet and of the income statement at June 30, 2011

(in millions of euros)

BALANCE SHEET AT JUNE 30, 2011							
	06/30/2011	12/31/2010	12/31/2009		06/30/2011	12/31/2010	12/31/2009
FCC Units (Other equity holdings)	1,612	2,012	2,552	Subordinated Loans	1,611	2,012	2,551
Loans (Loans and accrued interests)	-	-	-	Issue Repayment Reserve (borrowings)	2,055	1,655	1,618
Negotiable debt securities and accrued interest	3,758	3,705	4,217	Bond issues	3,779	3,727	4,243
Short-term cash investment	2,335	1,907	1,899	Money market issues (borrowings)	-	-	-
				Cash collateral (borrowings)	210	184	218

(in million of euros)

INCOME STATEMENT AT JUNE 30, 2011				
EXPENSES		INCOME		EARNINGS
Subordinated loan payments	37.47	FCC unit income	39.45	2.49
Issue repayment reserve payments	9.77	Income from reinvested issue repayment reserves	10.28	
Interest on issues	81.30	Interest on loans and NDS	82.73	- 2.20
Issuing expenses	3.63	Deferred expenses	-	
Cash collateral immobilisation fee	0.75	Income from reinvested issue remuneration and compensation provisions	2.89	2.14
Other expenses	1.41	Income from reinvested current account deposits	0.33	- 1.08
		Other income		
				1.35

Net income at June 30, 2011 amounted to €1,350,189 after corporate income tax of €678,369 (compared to net income of €1,551,367 during the first six months of 2010).

VMG's income is generated through fixed remuneration differences between its assets and liabilities. Since it has fewer assets on its balance sheet compared with the same period in 2010, its income for the period automatically adjusts downward by the same proportion.

## **6. *Business Activity***

### **6.2 Information on trends**

#### 6.2.2 Outlook for Vauban Mobilisations Garanties

VMG will pursue its refinancing mission for Groupe Crédit Foncier, alongside Compagnie de Financement Foncier, by using its strengths, notably its complete lack of liquidity risk exposure.

#### 6.2.3 Material events

No material events have affected the company's situation since June 30, 2011.

## **8. Administrative, management and supervisory bodies**

### **8.1 Composition of Management Bodies**

8.1.1 Company representatives and professional addresses

#### **8.1.1.1 Members of the Management Board and the Supervisory Board**

##### 1 / Management Board

No modification to the Management Board has taken place since December 31, 2010.

##### 2/ Supervisory Board

No modification occurred in the composition of the supervisory board since December 31, 2010.

## 10. Financial information concerning the issuer's assets & liabilities, financial position and earnings

### 10.1 Accounts relative to the half-year ended June 30, 2011

(in euros)

ASSETS	06/30/2011			12/31/2010
	GROSS	AMORT/ DEPRECIATION	NET	NET
<b>LONG-TERM LOANS AND INVESTMENTS</b>				
- Other equity holdings	1,599,416,935	-	1,599,416,935	1,996,927,604
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<b>CURRENT ASSETS</b>				
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- Redemption premiums	15,099,100	-	15,099,100	18,617,368
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<b>PROVISIONS</b>		
- Provisions	-	-
<b>TOTAL II</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>		
- Bonds	3,778,917,592	3,727,308,154
- Other borrowings and financial debts	3,875,827,380	3,851,002,619
- Trade accounts payable	159,467	164,898
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<b>TOTAL III</b>	<b>7,668,847,840</b>	<b>7,591,926,948</b>
<b>GRAND TOTAL</b>	<b>7,722,399,146</b>	<b>7,647,210,629</b>

(IN EUROS)

DESCRIPTION OF CERTAIN ASSET ITEMS	06/30/2011	12/31/2010
<b>TRADE RECEIVABLES</b>		
- Customers - services rendered	-	-
- Customers - invoices to be issued	-	-
	-	-
<b>OTHER RECEIVABLES</b>		
- VAT deductible on goods & services	-	-
- VAT on invoices not yet received	-	-
- VAT - credit to carry forward	-	-
- Miscellaneous receivables	27,119	-
- Current account - CFF taxes	122,314	133,992
- State - Corporate income tax	-	-
- State - Minimum corporate income tax	-	-
	<b>149,433</b>	<b>133,992</b>
<b>NEGOTIABLE DEBT SECURITIES</b>		
- Obligations Foncières SCF	1,500,000,000	1,500,000,000
- Accrued interest on Obligations Foncières SCF	3,762,667	2,131,458
- Negotiable certificates of deposit	829,494,880	404,717,192
- Accrued interest on negotiable certificates of deposit	1,357,808	302,507
- Medium-term notes - Crédit Foncier de France	3,628,074,417	3,628,074,417
- Accrued interest on medium-term notes - Crédit Foncier de France	130,009,566	77,051,834
	<b>6,092,699,338</b>	<b>5,612,277,408</b>
<b>ACCRUALS</b>		
- Issuing expenses	1,616,784	2,045,401
	<b>1,616,784</b>	<b>2,045,401</b>
<b>BOND REDEMPTION PREMIUMS</b>		
- Bond redemption premiums	12,968,948	16,169,924
- Deferred expenses	2,130,152	2,447,444
	<b>15,099,100</b>	<b>18,617,368</b>

(IN EUROS)

<b>DESCRIPTION OF CERTAIN LIABILITY ITEMS</b>	<b>06/30/2011</b>	<b>12/31/2010</b>
<b>OTHER BONDS</b>		
- Other bonds	3,650,000,000	3,650,000,000
- Bond Issue premiums	979,118	1,432,181
- Accrued interest on other bonds	127,938,473	75,875,973
	<b>3,778,917,592</b>	<b>3,727,308,154</b>
<b>OTHER BORROWINGS</b>		
- CFF cash collateral	209,192,736	183,807,062
- Issue repayment reserve	2,050,583,065	1,653,072,396
- Subordinated loans	1,599,416,935	1,996,927,604
- Accrued interest on CFF cash collateral	344,553	232,058
- Accrued interest on reinvested CFF issue repayment reserves	4,801,967	2,274,319
- Interest due on subordinated loans (IF+IVA)	11,488,125	14,689,181
- Current account - CFF taxes	-	-
	<b>3,875,827,380</b>	<b>3,851,002,619</b>
<b>TRADE ACCOUNTS PAYABLE</b>		
- Suppliers - purchases	-	-
- Suppliers - invoices not yet received	159,467	164,898
	<b>159,467</b>	<b>164,898</b>
<b>TAXES PAYABLE</b>		
- Payroll taxes	-	-
- Personnel - other accrued expenses	1,728	2,183
- State - corporate income tax	123	246
- Etat - impôt sur les bénéfiques	-	-
- VAT collected	-	-
- VAT to be subtracted	-	12,335
- VAT on invoices to be issued	-	-
- State - accrued expenses	442	411
	<b>2,294</b>	<b>15,174</b>
<b>OTHER LIABILITIES</b>		
- Director's fees & other remuneration	9,750	-
- CFF suspense account	-	177
- Shareholders - dividends payable	3,082,563	-
	<b>3,092,313</b>	<b>177</b>

(in euros)

<b>INCOME STATEMENT</b>	<b>06/30/2011</b>	<b>06/30/2010</b>	<b>12/31/2010</b>
<b>REVENUE FROM OPERATIONS</b>			
- Services rendered	7,830	127,500	291,536
Net revenue	7,830	127,500	291,536
- Deferred expenses	-	-	-
- Other income	-	-	-
<b>TOTAL OF REVENUE FROM OPERATIONS</b>	<b>7,830</b>	<b>127,500</b>	<b>291,536</b>
<b>OPERATING EXPENSES</b>			
- Other purchases and expenses	661,744	784,460	1,301,300
- Taxes and assessments	33,692	33,692	34,701
- Salaries and wages	10,000	10,000	20,000
- Payroll taxes	3,430	4,193	7,018
- Depreciation and amortisation accruals	-	-	-
- Provisions and impairments on current assets	-	-	-
- Other expenses	18,450	18,450	37,750
<b>TOTAL OF OPERATING EXPENSES</b>	<b>727,318</b>	<b>850,796</b>	<b>1,400,769</b>
<b>OPERATING INCOME</b>	<b>-719,487</b>	<b>-723,296</b>	<b>-1,109,233</b>
<b>INVESTMENT INCOME</b>			
- Income from equity holdings	39,445,820	52,594,080	99,248,214
- Income from negotiable certificates of deposit and medium-term-n	96,224,118	90,084,427	181,754,541
- Other interest income	2,896	779	3,547
- Deferred expenses	-	-	-
- Net income from the sale of investment securities	-	-	-
<b>TOTAL OF INVESTMENT INCOME</b>	<b>135,672,834</b>	<b>142,679,287</b>	<b>281,006,302</b>
<b>FINANCIAL EXPENSES</b>			
- Depreciation, amortisation and provisions	3,629,592	3,677,123	7,306,715
- Interest expense	129,295,197	136,008,543	267,882,162
- Issuing expenses	-	-	-
- Other interest expense	-	-	-
<b>TOTAL OF FINANCIAL EXPENSES</b>	<b>132,924,789</b>	<b>139,685,666</b>	<b>275,188,877</b>
<b>FINANCIAL INCOME</b>	<b>2,748,045</b>	<b>2,993,621</b>	<b>5,817,425</b>
<b>EARNINGS BEFORE TAX</b>	<b>2,028,558</b>	<b>2,270,325</b>	<b>4,708,192</b>
<b>EXTRAORDINARY GAINS</b>			
-On management operations	-	-	-
-On capital transactions	397,510,669	276,630,602	535,276,051
-Reversal of impairments, provisions and deferred expenses	-	-	-
<b>TOTAL OF EXTRAORDINARY GAINS</b>	<b>397,510,669</b>	<b>276,630,602</b>	<b>535,276,051</b>
<b>EXTRAORDINARY CHARGES</b>			
-On management operations	-	-	-
-On capital transactions	397,510,669	276,630,602	535,276,051
<b>TOTAL OF EXTRAORDINARY CHARGES</b>	<b>397,510,669</b>	<b>276,630,602</b>	<b>535,276,051</b>
<b>EXTRAORDINARY INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CORPORATE INCOME TAX</b>	<b>678,369</b>	<b>758,958</b>	<b>1,601,362</b>
<b>TOTAL EARNINGS</b>	<b>533,191,333</b>	<b>419,437,389</b>	<b>816,573,889</b>
<b>TOTAL EXPENSES</b>	<b>531,841,144</b>	<b>417,926,022</b>	<b>813,467,059</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>1,350,189</b>	<b>1,511,367</b>	<b>3,106,830</b>

(IN EUROS)

DESCRIPTION OF CERTAIN INCOME STATEMENT ITEMS	06/30/2011	06/30/2010	12/31/2010
<b>PRODUCTION SOLD (GOODS &amp; SERVICES)</b>			
- Services rebilled to Crédit Foncier de France	7,830	127,500	291,536
	<b>7,830</b>	<b>127,500</b>	<b>291,536</b>
<b>INCOME FROM NEGOTIABLE CERTIFICATES OF DEPOSIT AND MEDIUM-TERM NOTES</b>			
Revenue from medium-term notes	82,733,850	83,959,570	166,693,420
Premium/discount on medium-term notes	2,098,655	2,098,655	4,232,094
Revenue from negotiable certificates of deposit	3,177,171	4,026,202	8,697,569
Revenue from <i>Obligations Foncières</i> SCF	8,214,442	-	2,131,458
	<b>96,224,118</b>	<b>90,084,427</b>	<b>181,754,541</b>

(IN EUROS)

DESCRIPTION OF CERTAIN INCOME STATEMENT ITEMS	06/30/2011	06/30/2010	12/31/2010
<b>OTHER PURCHASES AND EXPENSES</b>			
CFF subcontracting commission	304,898	304,898	304,898
General outsourcing	179	1,222	1,930
Insurance fees	5,333	5,390	10,779
Fees	66,003	62,192	136,026
Legal fees and litigation	-	12	12
Miscellaneous	-	-	-
Legal notices, inserts, and advertising	65	335	2,447
Publications	-	-	-
Travel expenses	166	156	701
Reception	-	-	-
Banking services	-	-	-
Commissions on security transactions (buy, sell, hold)	60,000	60,000	120,000
Annual issue commissions	-	-	-
Other fees & commissions	6,830	127,500	283,482
CFF cash management commissions	109,135	111,378	220,513
Commission for Foncier securisation mandate	109,135	111,378	220,513
<b>TOTAL</b>	<b>661,744</b>	<b>784,460</b>	<b>1,301,300</b>
<b>TAXES AND ASSESSMENTS</b>			
Local business tax	-	-	66
Payroll tax	819	819	1,639
Apprenticeship & training tax	123	123	246
Minimum corporate income tax	32,750	32,750	32,750
Registration taxes & stamps	-	-	-
<b>TOTAL</b>	<b>33,692</b>	<b>33,692</b>	<b>34,701</b>
<b>SALARIES AND WAGES</b>			
Wages & salaries	10,000	10,000	20,000
Bonuses & incentives	-	-	-
<b>TOTAL</b>	<b>10,000</b>	<b>10,000</b>	<b>20,000</b>
<b>PAYROLL TAXES</b>			
URSSAF	2,169	2,176	4,351
Pension funds	467	670	1,320
ASSEDICS	794	1,347	1,347
<b>TOTAL</b>	<b>3,430</b>	<b>4,193</b>	<b>7,018</b>
<b>INTEREST EXPENSES</b>			
Interest on subordinated loans	47,244,336	53,247,530	103,269,552
Interest on borrowings & related debt	81,301,729	82,330,651	163,604,099
Interest on current accounts and deposits	-	-	-
Interest on CFF cash collateral	749,132	430,362	1,008,511
<b>TOTAL</b>	<b>129,295,197</b>	<b>136,008,543</b>	<b>267,882,162</b>
<b>AMORTIZATION AND PROVISIONS</b>			
Amortisation of debt redemption premiums	3,200,976	3,240,987	6,441,962
Amortisation of issuing expenses	428,616	436,137	864,753
<b>TOTAL</b>	<b>3,629,592</b>	<b>3,677,123</b>	<b>7,306,715</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

Notes to the balance sheet before appropriation of earnings for the half-year ended June 30, 2011, showing total assets of €7,722,399,146.42 and notes to the income statement, showing revenue of €533,191,333.30 and net income of €1,350,188.85.

This situation lasted for six months covering the period from January 1 to June 30, 2011.

The notes are on Pages 22 to 34 below.

The accounting methods and calculations used for the annual financial statements are identical to those used for the last period's statements.

### **I – KEY EVENTS DURING THE FIRST HALF OF 2011**

On June 20, 2011, the General Meeting approving the accounts for the year ended December 31, 2010 has decided to distribute a dividend of € 27 per share for a total of € 3,082,563 with the opportunity for each shareholder to choose between payment in cash or stock dividend, until July 13, 2011.

### **II - PRINCIPLES**

#### **1. Operating principles**

VMG is a refinancing structure belonging to the Crédit Foncier group whose role is to issue debt secured by the latter's loans.

VMG issues debt in the form of investment securities, negotiable debt securities or bank loans. The proceeds from these issues are then used by Crédit Foncier to originate loans or for purchases of negotiable debt securities issued by Crédit Foncier.

To ensure the repayment of its senior debt, VMG holds quality assets comprised of FCC units financed by subordinated loans granted by Crédit Foncier.

VMG's balance sheet and income statement illustrate the principle behind securitised refinancing.

The Internal Regulations governing VMG's activities stipulate the rules the Management Board must follow to respect this principle. They also stipulate the means and procedures by which Supervisory Board carries out its oversight role.

The financial position displaying the balance sheet's main items is reported in accordance with the following pro-forma model (in millions of euros):

(in millions of euros)

BALANCE SHEET AT JUNE 30, 2011							
	06/30/2011	12/31/2010	12/31/2009		06/30/2011	12/31/2010	12/31/2009
FCC Units (Other equity holdings)	1,612	2,012	2,552	Subordinated Loans Issue Repayment Reserve (borrowings)	1,611	2,012	2,551
Loans (Loans and accrued interests)	-	-	-	Bond issues Money market issues (borrowings)	3,779	3,727	4,243
Negotiable debt securities and accrued interest	3,758	3,705	4,217				
Short-term cash investment	2,335	1,907	1,899	Cash collateral (borrowings)	210	184	218

## **2. Accounting principles**

Generally accepted accounting principles, including the principle of prudence, that adhere to the following basic assumptions have been used for the financial statements:

- Business continuity
- Permanence of accounting methods from one year to the next
- Periodicity

These principles comply with general rules for establishing and presenting financial statements.

### **A – Equity holdings (Securities and accrued interest)**

Equity holdings correspond to senior securitisation units recognised at face value after taking into account amortisation since their date of acquisition.

Receivables on the above holdings consist of accrued interest at June 30, 2011.

These assets are broken down as follows:

	Nominal value	Quantity	Coupon rate	Book value (in thousands of euros)
<b>PARTIMMO - 10/2001</b> (63% owner occupied – 37% investor)	1,118.78	156,861	5.00%	175,493
<b>PARTIMMO - 07/2002</b> (55% owner occupied – 45% investor)	1,469.99	113,511	5.20%	166,860
<b>PARTIMMO - 10/2002</b> (61% owner occupied – 28% investor – 11% co-owner)	1,555.66	65,655	4.53%	102,137
<b>PARTIMMO - 05/2003</b> (56% owner occupied – 41% investor – 3% co-owner)	2,196.09	89,407	4.00%	196,346
<b>PARTIMMO - 11/2003</b> (68% owner occupied – 30% investor – 2% co-owner)	2,238.26	96,223	4.20%	215,372
<b>ZEBRE ONE</b> (68% owner occupied – 29% investor – 3% co-owner)	2,354.79	106,184	4.25%	250,041
<b>ZEBRE TWO</b> (48% owner occupied – 44% investor – 8% co-owner)	2,991.42	68,016	3.46%	203,464
<b>ZEBRE 2006-01</b> (65% owner occupied – 35% investor)	4,599.13	62,991	4.30%	289,704
<b>Subtotal</b>				<b>1,599,417</b>
Accrued interest				12,093
<b>TOTAL</b>				<b>1,611,510</b>

## **B – Negotiable Debt Securities**

- These are medium-term notes issued by Crédit Foncier and purchased by VMG pursuant to the provisions of the Subscription Master Agreement for Negotiable Debt Securities.

At June 30, 2011, VMG held the following Crédit Foncier medium-term notes:

(in thousands of euros)

Purchase date	Amount	Rate	Maturity
12/04/2000	496,269	6.14	10/28/2011
07/30/2002	791,713	5.42	07/30/2012
04/10/2003	98,962	5.42	07/30/2012
06/30/2003	797,218	3.81	07/29/2013
11/28/2003	697,430	3.81	07/29/2013
12/09/2004	497,890	4.19	01/30/2017
11/16/2005	248,593	3.586	01/28/2016
<b>3,628,074</b>			

This item also includes:

- Negotiable Certificates of Deposit for a total amount of €829.5 million purchased by reinvesting cash balances from:
  - available cash from ordinary account (69.4 million)
  - cash collateral (€209.5 million)
  - part of the Issue Repayment Reserve (€550.6 million),
- The two *Obligations Foncières* purchased by reinvesting almost all the Issue Repayment Reserve (€1,500 million)
- As well as accrued interest at June 30, 2010.

### **C – Available-for-sale securities**

At June 30, 2011, VMG held no available-for-sale securities.

### **D – Borrowings and bonds**

Borrowings and bonds outstanding are recognised at their redemption value.

Borrowing expenses (placement commissions, brokerage fees, other expenses) are amortised over the life of the debt. Expenses that have not yet been amortised are recognised under the item "Accruals – issue expenses".

Redemption premiums on bonds are amortised over the life of the bonds. Issue premiums are no longer netted with redemption premiums and are recognised as "issue premiums" under the "Bonds" item.

Interest expense is determined under the accruals concept based on the yield to maturity and recognised as "Deferred expenses on bonds" under the "Bond redemption premiums" item.

No bonds were issued in the first half of 2011.

Outstanding VMG issues at June 30, 2011 are broken down as follows:

(in thousands of euros)

<b>Purchase date</b>	<b>Amount</b>	<b>Rate</b>	<b>Maturity</b>
12/04/2000	500,000	6.00	10/28/2011
07/30/2002	800,000	5.25	07/30/2012
04/10/2003	100,000	5.25	07/30/2012
06/30/2003	800,000	3.75	07/29/2013
11/28/2003	700,000	3.75	07/29/2013
12/09/2004	500,000	4.125	01/30/2017
11/16/2005	250,000	3.50	01/28/2016
	<b>3,650,000</b>		

### III – NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

#### Statement of assets

(in euros)

Items	Gross value at year start	Increase	Decrease	Gross value at 06/30/11
- Equity holdings and accrued interest	2,012,389,899	39,445,820	440,326,042	1,611,509,678
- Loans and accrued interest	-	-	-	-
<b>Total</b>	<b>2,012,389,899</b>	<b>39,445,820</b>	<b>440,326,042</b>	<b>1,611,509,678</b>

#### Accrued income

(in euros)

AMOUNT OF ACCRUED INCOME INCLUDED UNDER THE FOLLOWING ITEMS	Amounts	
	06/30/2011	12/31/2010
- Other equity holdings	12,092,763	15,462,295
- Loans	-	-
- Trade receivables	-	-
- Negotiable debt securities - Medium-term notes	130,009,566	77,051,834
- Negotiable debt securities - <i>Obligations Foncières</i>	3,762,667	2,131,458
- Negotiable debt securities - Negotiable Certificates of Deposit	1,357,808	302,507
	<b>147,222,804</b>	<b>94,948,094</b>

#### Breakdown of share capital

(in euros)

ITEMS	Number
-Shares outstanding at year start	114,169
-Shares outstanding at the end of the period	114,169

## Statement of changes in shareholders' equity

( in euros)

	Opening balance 01/01/2010	Allocations	Changes in capital and reserves		Amount at 12/31/2010	Allocations	Changes in capital and reserves		Amount at 06/30/2011
			Dividends paid in shares	Other changes			Dividends paid in shares	Other changes	
Share capital (1)	42,336,195				42,336,195				42,336,195
Share premiums					-				-
Reserves									
Legal reserve	1,703,432	556,861			2,260,293	155,341			2,415,635
General reserve					-				-
Regulated reserves					-				-
of which									
<i>Regulated revaluation reserves</i>					-				-
<i>Special long-term capital gains reserves</i>					-				-
Retained earnings	3,676,037	3,904,325			7,580,362	-131,075			7,449,287
Net shareholders' equity before income for the year	47,715,664	4,461,186			52,176,850	24,267			52,201,117
Income for the year before allocation		-4,461,186				-3,106,830			
Income for the year	4,461,186			3106830	3,106,830			1350189	1,350,189
Net shareholders' equity after income for the year	52,176,850			3106830	55,283,680	-3,082,563		1,350,189	53,551,306
Dividends distributed						3,082,563			
	<b>Opening balance 01/01/2010</b>	<b>Allocations</b>	<b>Changes in provisions</b>		<b>Amount at 12/31/2010</b>	<b>Allocations</b>	<b>Changes in provisions</b>		<b>Amount at 06/30/2011</b>
			<b>Increases</b>	<b>Reversals</b>			<b>Increases</b>	<b>Reversals</b>	
Regulated revaluation reserves									
Other regulated reserves									
Regulated provisions									
<b>Amount of shareholders' equity before allocation</b>	<b>52,176,850</b>	<b>3,106,830</b>	-	-	<b>55,283,680</b>	<b>-1,732,374</b>	-	-	<b>53,551,306</b>
	<b>Opening balance 01/01/2010</b>	<b>Allocations</b>	<b>Changes in FGBR</b>		<b>Amount at 12/31/2010</b>	<b>Allocations</b>	<b>Changes in FGBR</b>		<b>Amount at 06/30/2011</b>
			<b>Increases</b>	<b>Reversals</b>			<b>Increases</b>	<b>Reversals</b>	
Fund for general banking risks									
<b>TOTAL</b>	<b>52,176,850</b>	<b>3,106,830</b>	-	-	<b>55,283,680</b>	<b>-1,732,374</b>	-	-	<b>53,551,306</b>

(1) The share capital comprises 114,169 ordinary shares, including 15,000 worth a nominal value of €15.24; 4,961 worth a nominal value of €302.21; 19,622 worth a nominal value of €432.19 and 19,493 worth a nominal value of €466.95 and 55,093 worth a nominal value of €417.94. They all give their holders the same rights. No revaluation has been carried out to date.

## Maturity schedule of receivables

(in euros)

ITEMS	GROSS AMOUNT	MATURITY	
		1 year or less	More than 1 year
<b>Long-term loans and investments</b>			
- FCC Units (a)	1,599,416,935	147,859,069	1,451,557,866
- Accrued interest on equity holdings	12,092,763	12,092,763	
- Loans			
- Accrued interest on loans			
<b>Current assets</b>			
- Trade receivables			
- Personnel and accounts payable			
- Negotiable Debt Securities - Obligations Foncières	1,500,000,000		1,500,000,000
- Negotiable Debt Securities - Medium-term notes	3,628,074,417	496,268,530	3,131,805,887
- Negotiable Debt Securities - Negotiable Certificates of Deposit	829,494,880	829,494,880	
- Accrued interest on Negotiable Debt Securities	135,130,041	135,130,041	
- State - Value added tax	-	-	
- State - Corporate income tax	-	-	
- Sundry debtors	27,119	27,119	
- Current account – corporate income tax deposit	122,314	122,314	
<b>TOTAL</b>	<b>7,704,358,469</b>	<b>1,620,994,716</b>	<b>6,083,363,753</b>
More than 5 years:			1,328,671,192

(a) These amounts are calculated based on theoretical repayment schedules. The nature of receivables held by the FCC and the theoretical rate of repayment thereof make it impossible to state what receivables mature in more or less than one year.

**Maturity schedule of liabilities**

(in euros)

ITEMS	GROSS AMOUNT	MATURITY	
		1 year or less	More than 1 year
<b>Liabilities</b>			
- Outstanding bonds and accrued interest	3,778,917,592	628,844,599	3,150,072,993
- Other borrowings and accrued interest			
- Subordinated loans and accrued interest (a)	3,666,290,091	714,732,225	2,951,557,866
- Cash collateral and accrued interest	209,537,289	209,537,289	
- Current account – tax consolidation			
- Trade payables	159,467	159,467	
- Social security liabilities	1,851	1,851	
- Tax debts			
- Corporate income tax			
- Value added tax			
- Other taxes	442	442	
- Other liabilities	3,092,313	3,092,313	
<i>Of which, dividends payable - €3,082,563</i>			
<b>TOTAL</b>	<b>7,657,999,046</b>	<b>1,556,368,187</b>	<b>6,101,630,859</b>
More than 5 years:			1,330,781,192

(a) Proceeds from subordinated loans are used to finance purchases of FCC Units. Repayment of these loans is governed by VMG's Internal Regulations. Maturities of more or less than one year shown above correspond to the theoretical maturity schedule of the FCC Units.

**Breakdown of accruals at June 30, 2011**

(in euros)

	Total at 12/31/2010	Increase in 2011	Amortisation 2011	Balance sheet amount
-Issuing expenses	2,045,401	-	428,616	1,616,785
<b>TOTAL</b>	<b>2,045,401</b>	<b>-</b>	<b>428,616</b>	<b>1,616,785</b>

**Breakdown of bond redemption premiums at June 30, 2011**

(in euros)

	Total at 12/31/2010	Increase in 2011	Amortisation 2011	Balance sheet amount
-Redemption premiums	16,169,924	-	3,200,976	12,968,948
-Deferred expenses	2,447,444	-	317,292	2,130,152
<b>TOTAL</b>	<b>18,617,368</b>	<b>-</b>	<b>3,518,268</b>	<b>15,099,100</b>

**Breakdown of deferred income and expenses at June 30, 2011**

(in euros)

	Total at 12/31/2010	Increase in 2011	Amortisation 2011	Balance sheet amount
-Deferred expenses (Premiums on CFF medium-term notes)	1,554,485	-	488,475	1,066,010
-Deferred income (Discounts on CFF medium-term notes)	13,435,925	-	2,587,130	10,848,795

**Accrued expenses**

(in euros)

AMOUNT OF ACCRUED EXPENSES INCLUDED UNDER THE FOLLOWING ITEMS	Amounts	
	06/30/11	12/31/10
- Bonds	127,938,473	75,875,973
- Other borrowings and financial debts – Other borrowings	-	-
- Other borrowings and financial debts – Subordinated debt	16,290,091	16,963,500
- Other borrowings and financial debts - Cash collateral	344,552	232,058
- Other borrowings and financial debts – Corporate income tax (tax consolidation)	-	-
- Trade accounts payable	159,467	164,898
- Tax debts & social security liabilities	2,294	15,174
- Other liabilities	3,092,313	177
	<b>147,827,190</b>	<b>93,251,780</b>

**Elements under several balance sheet items**

ITEMS	(in euros)	
	Amount concerning	
	Affiliated companies	Associate companies
- Loans and accrued interest	-	-
- Trade receivables	27,119	-
- Other receivables (current account – tax consolidation)	122,314	-
- Negotiable Debt Securities and accrued interest	4,450,924,022	-
- Other borrowings and financial debts	3,875,827,380	-
- Trade accounts payable	43,530	-
- Social security liabilities	-	-
- Other liabilities	3,082,536	-
	<b>8,330,026,901</b>	-

**Elements under several income statement items**

ITEMS	(in euros)	
	Amount concerning	
	Affiliated companies	Affiliated companies
- Services rendered	7,830	-
- Income from Negotiable Certificates of Deposit and medium-term notes	87,564,275	-
- Other interest & assimilated	2,896	-
- Other purchases and expenses	479,366	-
- Interest on subordinated loans	37,473,529	-
- Interest on cash collateral	9,770,807	-
- Corporate income tax	749,132	-
	<b>136,047,835</b>	-

**Deferred expenses**

Expenses related to issues incurred during the financial year are recognised under “Accruals – issuing expenses” through the deferred expenses account. These expenses are then amortised on a straight-line basis over the life of the debt.

**Extraordinary gains and charges**

The FCC Units held by the Company are recognised as financial assets. Accounting rules applicable to trading companies require that gains and charges from the disposal of fixed assets be reported as extraordinary items.

As the Units are redeemable at their face value, extraordinary gains of €397.5 million for the first six months of 2011 offset extraordinary charges of €397.5 million from the impairment of long-term loans and investments, resulting in no extraordinary income.

#### **Financial commitments**

<b>COMMITMENTS MADE</b>	<b>Amount (in euros)</b>
- Deposit of FCC Units and re-invested cash balances from cash collateral and the Issue Repayment Reserve into a Financial Instruments Account. This account has been pledged as a guarantee of the timely payment to banks and counterparties to interest rate swap agreements of any sums payable on bonds or other debt securities issued by VMG.	3,859,511,815
<b>COMMITMENTS RECEIVED</b>	<b>None</b>

#### **Tax consolidation**

Since January 1, 2010, VMG has been part of a tax consolidation group headed by BPCE.

VMG paid corporate income tax of €678,369 for the first half-year of 2011.

#### **Changes in deferred taxes**

No deferred tax liabilities or timing differences existed at June 30, 2011.

#### **IV – ADDITIONAL INFORMATION**

The accounts of VMG are fully consolidated into those of its parent company, Crédit Foncier.

The total remuneration for members of the management and supervisory bodies amounted to €28,450 for the first six months of 2011.

## V – CASH FLOW STATEMENT

(in euros)

CASH FLOW STATEMENT	06/30/2011	06/30/2010	12/31/2010
<b>Operational activities</b>			
Net income for the year before tax	2,028,558	2,270,325	4,708,192
Adjustments			
Depreciation and amortisation of property, equipment, and intangible assets			
Changes in provisions for impairments			
Changes in provisions for contingencies and losses			
Income from equity holdings	-39,445,820	-52,594,080	-99,248,214
Interest expense on subordinated loans	47,244,336	53,247,530	103,269,552
Other income adjustments	453,567	1,295,254	2,355,904
Changes in customer receivables			
Changes in short-term investment securities portfolio		496,745,000	496,745,000
Changes in other assets	-15,441	1,971,000	2,408,955
Changes in debts payable to banks and customers			
Net issues of debt securities		-500,000,000	-500,000,000
Changes in other liabilities	28,459,498	56,425,231	-34,107,836
Corporate income tax paid	-678,369	-758,958	-1,601,362
<b>Total of cashflows from operational activities</b>	<b>38,046,329</b>	<b>58,601,301</b>	<b>-25,469,808</b>
<b>Investment activities</b>			
Proceeds from the disposal of:			
Long-term financial assets (FCC Units)	397,510,669	276,630,602	535,276,051
Tangible and intangible fixed assets			
Disbursements for the acquisition of:			
Long-term financial assets (FCC Units)			
Tangible and intangible fixed assets			
Financial income from long-term financial assets (FCC Units)	42,815,353	54,799,673	103,504,414
Others			
<b>Total of cashflows from investment activities</b>	<b>440,326,022</b>	<b>331,430,276</b>	<b>638,780,465</b>
<b>Financing activities</b>			
Cash contribution to capital			
Dividends distributed	-3,082,563		
Net changes in subordinated loans		-500,000,000	-500,000,000
Interest expense on subordinated loans	-50,445,392	-55,342,843	-107,312,942
Other changes			
<b>Total of cashflows from financing activities</b>	<b>-53,527,955</b>	<b>-555,342,843</b>	<b>-607,312,942</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>424,844,396</b>	<b>-165,311,266</b>	<b>5,997,715</b>
Cash and cash equivalents at the beginning of the year	1,904,909,268	1,898,911,553	1,898,911,553
Cash and cash equivalents at the end of the period	2,329,753,664	1,733,600,287	1,904,909,268
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS</b>	<b>06/30/2011</b>	<b>06/30/2010</b>	<b>12/31/2010</b>
<b>Cash and cash equivalents</b>	<b>2,329,753,664</b>	<b>1,733,600,287</b>	<b>1,904,909,268</b>
Cash, central bank, post office accounts	258,784	334,060	192,076
Certificates of deposits acquired with cash	2,329,494,880	1,733,266,227	1,904,717,192

## **Notes to the cash flow statement of Vauban Mobilisations Garanties**

The main method used was to analyse balance sheet movements by comparing the 2011 and 2010 audited and published financial statements. The breakdown of the cash flow statement into different sections is based on details provided in the notes to the financial statements of the years in question, including both the notes to the balance sheet as well as the income statement.

This document takes into account VMG's special status as a refinancing vehicle. Operational activities are therefore presented using the indirect method and include purchases of medium-term notes issued by VMG's parent company, Crédit Foncier de France, and refinancing operations involving senior debt issues whose proceeds are used to purchase said notes. VMG's main activity is to provide Crédit Foncier with the funds it needs to finance its loan origination business.

VMG's investment activities consist of purchasing FCC Units which serve as collateral for the senior debt issues mentioned above.

Finally, financing activities include transactions involving shareholders' capital and Subordinated Loans granted by Crédit Foncier de France for the purchase of FCC Units serving as collateral for bond issues.

Cash is defined as:

- Cash on hand or demand deposits with credit institutions
- Or negotiable certificates of deposits acquired by VMG by reinvesting cash collateral and issue repayment reserves.

## 10.2 Verification of historical financial information

### **KPMG Audit**

1, cours Valmy  
92923 Paris La Défense Cedex

### **PricewaterhouseCoopers Audit**

63, rue de Villiers  
92200 Neuilly-sur-Seine

*This is a free translation into English of the statutory auditor's review report on the 2011 interim financial information issued in French and it is provided solely for the convenience of English-speaking users.*

*The statutory auditor's review report on the 2011 interim financial information includes information specifically required by French law in such reports, whether modified or not.*

*This report also includes information relating to the specific verification of information given in the interim management report.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

### **STATUTORY AUDITORS' REVIEW REPORT ON THE 2011 INTERIM FINANCIAL INFORMATION**

To shareholders:

#### **Vauban Mobilisations Garanties S.A.**

Registered office: 16, rue de Volney - 75002 Paris

Share capital: €42,336,194.77

### **Statutory Auditors' Review Report on the 2011 interim financial information**

For the six-month period ended 30 June 2011

Ladies and Gentlemen,

Following our appointment as statutory auditors by your Annual General Meeting and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying interim financial statements of Vauban Mobilisations Garanties for the six-month period ended 30 June 2011,
- the verification of information contained in the interim management report.

These interim financial statements are the responsibility of the Management Board. Our role is to express a conclusion on these financial statements based on our review.

#### **I. Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Company as at 30 June 2011 and of the results of its operations for the period then ended, in accordance with the accounting rules and principles applicable in France.

#### **II. Specific verification**

We have also verified information given in the interim management report on the interim financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the interim financial statements.

Paris La Défense, on the 21 July 2011  
**KPMG Audit, Division of KPMG S.A.**

Rémy Tabuteau  
Partner

Neuilly-sur-Seine, on the 21 July 2011  
**PricewaterhouseCoopers Audit**

Anik Chaumartin  
Partner

# AMF CROSS REFERENCE TABLE WITH THE INFORMATION REQUIRED IN HALF-YEARLY FINANCIAL REPORT

Sections from the schema in Annex IV of the CE Regulation No. 809/2004

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<b>4.</b>	<b>RISK FACTORS</b>	10	13
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5.1.3.	Date of incorporation and term of the issuer		14
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5.2.	Investments	N/A	N/A
<b>6.</b>	<b>BUSINESS OVERVIEW</b>		
6.1.	Main operations		
6.1.1.	Main categories of services rendered		22 to 32
6.1.2.	New product sold or new activities	N/A	N/A
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6.2.1.	Recent events that significantly impact the evaluation of the issuer's solvency	14 and 15	32
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<b>7.</b>	<b>ORGANISATION CHART</b>		
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<b>8.</b>	<b>INFORMATION ON TRENDS</b>		
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<b>9.</b>	<b>PROFIT FORECASTS AND ESTIMATES</b>	N/A	N/A
<b>10.</b>	<b>ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES</b>		
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<b>11.</b>	<b>ADMINISTRATIVE AND MANAGEMENT BODIES</b>		
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12.2.	Known agreement that may lead to a change of control	N/A	N/A
<b>13.</b>	<b>FINANCIAL INFORMATION CONCERNING ASSETS &amp; LIABILITIES, FINANCIAL POSITION AND EARNINGS</b>		
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<b>13.5.</b>	<b><u>Interim financial information and other</u></b>		
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(\*) Pursuant to Article 28 of Regulation 809-2004 on prospectuses, accounts for the financial year ended December 31, 2009 and the report of the statutory auditors thereon on Reference Document No. D10-0364 filed with the French Financial Markets Authority on April 29, 2010, are incorporated in the 2010 Reference Document for reference purposes.

The chapters of Reference Document N° D10-0364 not mentioned above are either irrelevant to the investor or covered elsewhere in this update.

## Cross reference table with the information required in half-yearly financial report

« In application of the article 212-13 of the general Regulation of the AMF, the present updating includes the information of the biannual financial report mentioned in the article L.451-1-2 of the monetary and financial Code»

<b>Components of the half-yearly financial report at June 30, 2010</b>	<b>Page in this update to the reference document 2010</b>
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**VAUBAN MOBILISATIONS GARANTIES**

French limited company with Management and Supervisory Boards, with share capital of €42,336,194.77

Registered office: 16, rue Volney - Paris 2<sup>ème</sup>

R.C.S. PARIS B 399 343 300 - Code APE 741 J