VAUBAN MOBILISATIONS GARANTIES

Registration document 2015

Including the annual financial report

www.vmg-foncier.com

GROUPE BPCE

VMG

AUTORITÉ
DES MARCHÉS FINANCIERS

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

The original document was filed with the *Autorité des Marchés Financiers* (French Financial Market's Authority) on April 27, 2016, in accordance with Article 212-13 of its general regulation, and registered under the number D.16-0417 and represents the French Registration document of Vauban Mobilisations Garanties (VMG). Only the French version of the Registration document has been submitted to the AMF. It is therefore the only version that is binding in law. As such, it may be used in support of a financial transaction when accompagnied by a prospectus duly approved by the AMF. It was prepared by the Issuer and its signatories assume responsibility for it.

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Overview

Abbreviations used in this document

€bn: billion euros, €m: million euros, €k: thousand euros

Overview

Overview

PROFILE

Vauban Mobilisations Garanties (VMG) is a wholly-owned subsidiary of Crédit Foncier, Groupe BPCE.

Founded in 1997, VMG is a refinancing vehicle whose main purpose was to purchase mortgages originated by Crédit Foncier and to refinance them on the market. The company is now managed in a run-off mode and therefore no longer purchases home loans or FCT Units. At the same time, the company no longer issues bonds.

Its assets are now mainly composed of pledged reserves invested in secured securities and of provisions whose purpose is to guarantee the company's issues.

VMG issues are analysed by Credit Rating Agencies as covered bonds, and are rated AAA/Aaa[1].

The investors are protected against the risk of sponsors' bankruptcy. Indeed, reserves and provisions are pledged as collateral, for bond holders, in a Financial Instruments Account (French Act of July 2nd, 1996 on the modernization of financial activities).

VMG remains one of Crédit Foncier's refinancing vehicles.

[1] *Ratings S&P/Moody's updated as of the filing date of the present Registration document.*

BUSINESS MODEL

A secure economic model

Since the 28 April 2015, VMG bonds are mainly guaranteed by an Issue Repayment Reserve invested in two *obligations foncières* (French covered bonds) of Compagnie de Financement Foncier (AAA/Aaa/AA)[2].

These two covered bonds have maturity and interest rates identical to those issued by VMG.

VMG offers to its Investors the guarantees similar to those of other covered bonds, as proves its AAA rating, which has remained stable since it was first issued in 1997.

VMG's business model guarantees the absence of interest rate or foreign exchange risk: the Issue Repayment Reserve (invested in *obligations foncières*) and issues are at fixed rates and all VMG's assets and liabilities are denominated in euro.

An operating framework that ensures Investors' repayment

Reserves and provisions are calculated monthly to guarantee the payment of principal and interest.

The reserves are financed by cash collateral deposits.

As reserves and provisions are invested in A1/P1 short-term securities or in secured securities rated AAA/Aaa, thus the investors are not exposed to any credit or liquidity risk.

Under the permanent control of the Management Board and the Supervisory Board stringent tests are carried out to ensure that reserves are, at all times, sufficient to guarantee the repayment of capital and interest of the issued bonds.

In the event of the bankruptcy of Crédit Foncier, a scenario taken into account by the VMG's Rating Agencies, the vehicle would enter in an Early Unwinding mode. In this case, cash flows from reserves would be used to repay principal and interest to bond holders in pass through structure. The bond holders would receive compensation for the damages related to the change in the redemption schedule.

VMG programme is therefore one of the very few covered bond programmes with no refinancing risk in the event of the bankruptcy of the sponsor.

Moreover, the quality of the underlying assets and the credit quality of Crédit Foncier (A-/A2/A) **Erreur ! Signet non défini.** and Groupe BPCE (A/A2/A) **Erreur ! Signet non défini.**, makes very unlikely an occurrence of such an Early Unwinding scenario.

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[2] *Ratings S&P/Moody's/Fitch updated as of the filling date of this Registration document.*

KEY FIGURES

VMG at December 31, 2015

- Balance Sheet: €1.7 billion
- Outstanding FCC Units[3]: €0.0 billion
- Outstanding bonds (issuance): €0.75 billion
- Reserves[4]: €0.75 billion

(in thousands of euros)

ASSETS	**12/31/15**	**12/31/14**	**12/31/13**
Other equity holdings	-	459,702	611,852
Accrued interest on equity holdings	-	3,228	4,366
Total Long-term Loans and investments	**-**	**462,930**	**616,218**
Receivables from clients and related accounts	69	190	138
Other receivables	-	32	60
Negotiable debt securities	1,654,870	986,410	1,009,712
Available-for-Sale Securities	-	-	-
Cash	30,461	168,619	547
Deferred expenses	-	-	-
Total Current assets	**1,685,400**	**1,155,250**	**1,010,456**
Accruals - issuing expenses	87	188	288
Bond redemption premiums	128	365	592
TOTAL ASSETS	**1,685,615**	**1,618,733**	**1,627,554**

(in thousands of euros)

LIABILITIES	**12/31/15**	**12/31/14**	**12/31/13**
Share capital	42,336	42,336	42,336
Legal reserve	2,660	2,638	2,617
Retained earnings	5,250	6,083	6,932
Income from the previous years	10,770	445	429
Total Shareholders' equity	**61,016**	**51,502**	**52,313**
Bonds	777,057	777,057	777,057
Other borrowings and financial debt	841,762	789,800	797,941
Trade accounts payable	99	318	216
Tax & social security liabilities	254	35	26
Other liabilities	5,427	20	-
Deferred income	-	-	-
Total Liabilities	**1,624,600**	**1,567,231**	**1,575,240**
GRAND TOTAL LIABILITIES	**1,685,615**	**1,618,733**	**1,627,554**

[3] *As at 28 April 2015, the company sold all the units it detained in four mutual securitization funds (Fonds communs de titrisation – FCT, see page 17). Pursuant to the order n°2013-676 of the 25th of July 2013 modifying the legal framework of asset management, Fonds communs de créances (FCC) are now subject to regulations applicable to securitisation vehicles. Consequently, FCC references were changed into FCT (Fonds communs de titrisation).*

[4] *Issue Repayment Reserve and Issue Remuneration Provision. Since the 28 April 2015, it includes €750m investment in Obligations foncières (French legal covered bonds).*

(in thousands of euros)

INCOME STATEMENT	12/31/15	12/31/14	12/31/13
Net revenue	153	226	274
Other income	-	-	-
OPERATING REVENUES	**153**	**226**	**274**
Other purchases and expenses	534	675	881
Taxes and assessments	263	2	14
Salaries and wages	20	20	20
Payroll taxes	7	7	8
Other expenses	39	35	37
OPERATING EXPENSES	**864**	**740**	**960**
OPERATING INCOME	**-710**	**-514**	**-686**
Income from equity holdings	5,785	21,211	31,365
Income from negotiable certificates of deposit, medium term-notes and obligations foncières	28,922	30,006	70,161
Other Interest Income	-	-	-
Deferred expenses	-	-	-
Net income from the sale of investment securities	-	-	-
INVESTMENT REVENUES	**34,707**	**51,217**	**101,526**
Depreciation, amortisation and provisions	312	312	3,635
Interest expenses	34,897	49,718	96,554
Issuing expenses	-	-	-
Other interest expenses	-	-	-
FINANCIAL EXPENSES	**35,208**	**50,030**	**100,189**
FINANCIAL INCOME	**-501**	**1,187**	**1,336**
EARNINGS BEFORE TAX	**-1,212**	**673**	**650**
Extraordinary revenues	477,310	152,150	345,585
Extraordinary expenses	459,702	152,150	345,585
EXTRAORDINARY INCOME	**17,608**	**-**	**-**
Corporate income tax	5,627	229	222
TOTAL INCOME	*512,170*	*203,593*	*447,385*
TOTAL EXPENSES	*501,401*	*203,149*	*446,956*
NET INCOME FOR THE PERIOD	**10,770**	**445**	**429**

FINANCIAL REPORT

1. PERSONS RESPONSIBLE

1.1. PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Mr. Frédéric CHASSOT

Chief Executive Officer 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 FROM THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

I hereby declare, after having taken every reasonable measure to this purpose, that the information provided in this reference document is, to the best of 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, the financial statements 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 management report, whose table of contents appears from page 13 to 41, presents an accurate picture of events that occurred during the period, the results and the financial position of the company as well as a description of the principal risks and uncertainties it is exposed to.

I 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 financial statements provided in this reference document as well as a reading of the entire document.

Signed in Charenton-le-Pont, April 27, 2016

Frédéric CHASSOT

Chief Executive Officer

2. PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

2.1. PERMANENT STATUTORY AUDITORS

KPMG AUDIT FS I
Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles
Tour EQHO - 2 avenue Gambetta - 92066 Paris La Défense
Represented by Mr. Xavier de CONINCK

PricewaterhouseCoopers Audit
Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles
63, rue de Villiers - 92200 Neuilly-sur-Seine
Represented by Mr. Jean-Baptiste DESCHRYVER

KPMG Audit, a Division of KPMG S.A. and PricewaterhouseCoopers Audit audited and certified the accounts since the year ended December 31, 2006.

2.2. ALTERNATE STATUTORY AUDITORS

KPMG AUDIT FS II
Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles
Tour EQHO - 2 avenue Gambetta - 92066 Paris La Défense
Represented by Mr. Malcolm MCLARTY

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

2.3. MANDATES OF THE PERMANENT STATUTORY AUDITORS

KPMG Audit FS I was appointed as permanent statutory auditor for six years at the general meeting held on June 18, 2012. This mandate will expire at the end of the general meeting called to approve the accounts for the year ended December 31, 2017. KPMG AUDIT FS I is replacing KPMG Audit, a Division of KPMG SA, represented by Mr. Rémy TABUTEAU which had been appointed at the annual general meeting held on May 19, 2006 and whose mandate expired.

The general shareholdres' meeting held on June 18, 2015 renewed the mandate of PricewaterhouseCoopers Audit as permanent statutory auditor until the ordinary general shareholders' meeting called to approve the accounts for the year ended December 31, 2020.

2.4. MANDATES OF THE ALTERNATE STATUTORY AUDITORS

KPMG AUDIT FS II was appointed alternate statutory auditor for six years at the general meeting held on June 18, 2012. This mandate will expire at the end of the general meeting called to approve the accounts for the year ended December 31, 2017. KPMG AUDIT FS II is replacing Ms. Marie-Christine FERRON JOLYS who had been appointed at the annual general meeting held on May 19, 2006 and whose mandate expired.

Mr. Pierre COLL's mandate as an alternate statutory auditor was renewed at the general meeting held on June 18, 2015 and will expire at the end of the general meeting called to approve the accounts for the year ended December 31, 2020.

3. ISSUER RISKS

3.1. MARKET RISK

Given the high ratings of VMG issuances, strict rules have been set forth in the company's Internal Regulations in terms of:

- acquiring FCT assets,
- investing cash balances,
- negotiating interest rate swaps.

VMG is protected against interest rate risk through the existence and operation of ALM Compartments and an Issue Remuneration Provision, whose definitions are set forth in the Internal Regulations.

The company does not have any currency positions, that means there is no foreign exchange risk.

3.2. LEGAL RISK

VMG's articles of association and Internal Regulations provide a rigorous framework for its business activity and debt capacity. VMG does not have any employees and its assets are all highly-rated securities, the ownership of which is assured. For these reasons the legal risks to which the company would be exposed are minimal.

3.3. INDUSTRIAL AND ENVIRONMENTAL RISK

VMG is subject to the Grenelle II law which requires companies to publish and audit social, environmental and societal information on 42 specific themes. The management of VMG is entrusted to Crédit Foncier's services via a corpus of outsourcing conventions and service contracts. Therefore, the staff is employed by its parent company, Crédit Foncier. VMG has neither premises nor own resources. This implies that social, environmental and societal issues are totally under shareholder's control and are thus provided in the latter's Management Report. No information is available in VMG's Registration document. Social, environmental and societal information for groupe Crédit Foncier can be found in the Registration Document 2015 of Crédit Foncier, in section Corporate Social Responsability (CSR).

3.4. INSURANCE – COVERAGE TO PROTECT THE ISSUER AGAINST POTENTIAL RISKS

Under the Subcontracting Agreement between VMG and Crédit Foncier, VMG is covered by insurance taken out by its parent company.

Crédit Foncier is protected against risks related to its responsibility as an employer and credit institution. It has taken out several contracts covering damages or losses liable to be caused to third parties and property by its employees at work. Crédit Foncier is also covered against the risks of theft, malicious acts and fraud. VMG has chosen not to take out a specific policy covering potential operating losses since its management Units are located at several different sites, it has a back-up IT system and given the fact that the industry practices do not warrant such a policy.

3.5. OTHER SPECIFIC RISKS

Not applicable.

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: 19, rue des Capucines, Paris 1er

4.2. TRADE AND COMPANY REGISTER

Vauban Mobilisations Garanties is registered in the Paris Trade Register under number RCS 399 343 300.

APE Code: 6430 Z

4.3. INCORPORATION AND EXPIRY DATE OF THE COMPANY

VMG was created on December 29, 1994 for a period of ninety-nine years.

4.4. GENERAL INFORMATION CONCERNING THE ISSUER

4.4.1. Legal form, applicable law, statutory auditors

VMG is a French limited company (*société anonyme*) with a Management Board (*Directoire*) and a Supervisory Board (*Conseil de surveillance*), governed by Articles L. 210-1 et seq. of the French Commercial Code and the amended decree of March 23, 1967 that is now incorporated into the regulatory section of the French Commercial Code. Members of the Management Board come from Crédit Foncier de France. The majority of the Members on the Supervisory Board do not have ties with Crédit Foncier de France.

Two different statutory auditors have audited VMG's accounts since 1997.

4.4.2. Governing law

VMG is governed by French law.

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 Units) or tranches or securities issued by *Fonds communs de titrisation* (F.C.T. Units),
- reinvest the proceeds from FCC Units or tranches or securities issued by F.C.T. Units in securities and/or negotiable debt securities,
- conduct cash transactions, pursuant to Article L. 511-7 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 securities or guarantees in connection with its business.

The company may also perform any transaction that is directly or indirectly related to the aforementioned activities and that is 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 without a prior agreement of the holders of the said bonds and receivables.

Thus, the purpose of VMG is limited to financial transactions related to asset acquisitions and issuances. The transaction process, providing Management Rules, is codified in an Internal Regulations prescribed by its articles. The Supervisory Board aims to ensure that Management Rules are applied properly and effectively. The Management Board report quarterly, in its report to the Supervisory Board, on how the Management Rules have been implemented.

4.4.4. General information concerning the capital

4.4.4.1. Change in capital holding structure and rights

The Extraordinary General Meeting may, under the conditions set by law, increase or decrease the share capital.

The reduction of capital shall be authorized or ordered by the Extraordinary General Meeting, which may delegate to the Management Board full authority to carry out authorized reductions.

4.4.4.2. Share capital

VMG's share capital at December 31, 2015 amounted to €42,336,194.77 divided into 114,169 fully paid-up shares.

4.4.4.3. Non-issued authorized capital

Not applicable.

4.4.4.4. Shares other than equity shares (founders' shares, voting certificates)

Not applicable.

4.4.4.5. Equity warrants

Not applicable.

4.4.4.6. The company's share capital over the past five years

Not applicable.

5. COMPANY FINANCIAL POSITION AND DEVELOPMENTS IN FISCAL YEAR 2015

During the Supervisory Board Meeting of Vauban Mobilisation Garanties ("VMG"), on March 13, 2015, the Management Board noted that Fitch rating requirements combined with other Rating Agencies' requirements make it difficult to maintain the current ratings structure of the bonds issued by the company ("the Bonds"), contrarily to the commitments taken by Crédit Foncier in the documents related to the Bonds.

The Management Board also stated that it was planned to dispose its senior securitisation Units (referred as "FCT") recorded in VMG's assets; the proceeds of which must be invested in accordance with the investment rules provided by VMG's Internal Regulations. Given current market conditions, investment could bear interest at negative rate, which could lower the reserve established by VMG and affect the rights of the Bond holders ("the Holders").

It was therefore planned to arrange an appropriate investment policy that complies with VMG's objectives by supplementing the existing investment policies stated in the Internal Regulations in order to authorize the subscription of *obligations foncières* (French legal covered bonds) by VMG, benefiting from a AAA rating by Standard & Poor's and a Aaa by Moody's at the subscription date. These *obligations foncières* will have the same maturity date as the Bonds issued by VMG in order to ensure their repayments on due dates. They will bear interest at a yield allowing the financial protection of the Holders, and would include an early redemption option at VMG's initiative in case of Early Unwinding.

The Supervisory Board, acknowledging that Fitch rating requirements make it difficult to maintain the current rating , decided to no longer ask for a rating from Fitch, the disposal of FCT Units recorded in VMG's assets, the subscription of *obligations foncières* at the conditions aforementioned by VMG and the subsequent amendments to VMG's Internal Regulations and the Comfort Letter described in Bond terms (ISIN Codes FR0010251322 and FR0010139709).

These resolutions were taken under the suspensive condition of their approval by the Bond holders' General Meeting.

On April 2, 2015, Bondholders General Meeting, convened on first notices by the Management Board on March 18, 2015, published in the *Luxemburger Wort* newspaper, in accordance with Bond terms, and released to holders through Euroclear, were held, the quorum being satisfied *(the holders present or represented holding at least one fifth of the Bonds with voting rights)*, in order to deliberate on the following agenda:

- no longer ask for a rating from Fitch *(first resolution)*;
- disposal of senior securitisation Units (referred as "FCT") recorded in VMG's assets *(second resolution)*;
- subscription of *obligations foncières* by VMG (French legal covered bonds) *(third resolution)*;
- amendments to VMG's Internal Regulations *(fourth resolution)*;
- renunciation of the benefit of certain provisions of the Comfort Letter described in Bond terms *(fifth resolution)*;
- date on which amendments take effect *(sixth resolution)*; and
- authorizations to carry out formalities *(seventh resolution)*.

The holders have adopted, by a two-thirds vote majority, all the resolutions submitted.

In accordance with the resolutions adopted by Bondholders at the General Meetings on April 2, 2015, VMG carried out the following operations:

On April 23, 2015, the Supervisory Board of VMG adopted the new Internal Regulations which replace the Internal Regulations included on pages 83 and following of the 2014 Registration document. The new Internal Regulations are available on pages 78 and following of the present Registration document and can be obtained at the Legal Department of Crédit Foncier de France.

On April 28, 2015, following the approval of the Supervisory Board of VMG on April 23, 2015, clean-up calls were exercised on the senior securitisation units rated AAA (referred as "FCT") still in procession of VMG at the date. Disposal proceeds were fully allocated to the Issue Repayment Reserve. This Reserve has then been used for the subscription of *obligations foncières*.

5.1. FCT UNITS

In 2015, there were no acquisitions of any FCT senior securitization Units or shares.

Furthermore, on April 28, 2015, the company sold the units it held in the following FCT:

	Nominal in euro at operation date	Coupon rate
PARTIMMO - 05/2003 (56% owner occupied – 41% investors – 3% co-owners)	588.47	4.00%
PARTIMMO - 11/2003 (68% owner occupied – 30% investors – 2% co-owners)	746.94	4.20%
ZEBRE ONE (68% owner occupied – 29% investors – 3% co-owners)	771.86	4.25%
ZEBRE TWO (48% owner occupied – 44% investors – 8% co-owners)	1,010.66	3.46%
ZEBRE 2006-01 (65% owner occupied – 35% investors)	1,871.03	4.25%

The amount received from the sale of these units amounted to €393 million. The entire proceeds from the sale were allocated to the Issue Repayment Reserve and then to the subscription of two *obligations foncières* of Compagnie de Financement Foncier (AAA/Aaa).

5.2. SUBORDINATED LOANS

On the 28 April 2015, VMG subscribed a new subordinated loan from Crédit Foncer amounting to €42.8 million.

At December 31, 2015 outstanding subordinated loans excluding accrued interests amounted to €792.8 million. In addition, Issue Repayment Reserves amounted to €750.0 million.

Under Normal Amortization conditions, these subordinated loans are repaid as FCT Units are amortized, pursuant to Internal Regulations. Since the 28 April 2015 and following the disposal by VMG of the FCT units it held, these loans are repaid as the Issue Repayment Reserve is amortized.

5.3. ISSUANCES

VMG did not issue any bonds in 2015.

Total outstanding of VMG bond issuances at December 31, 2015 are broken down as follows:

(in thousands of euros)

Issuance date	Amount	Rate	Maturity
12/09/04	500,000	4.125%	01/30/17
11/16/05	250,000	3.500%	01/28/16
	750,000		

All expenses relating to issuances (placement and guarantee commissions and other costs) are amortized over the term of the bonds. Such amortization in 2015 amounted to €0.1 million; at December 31, 2015, expenses that have yet to be amortized amounted to €0.1 million.

In 2015, VMG made coupon payments amounting to €29.4 million on issuances.

5.4. LOANS AND NEGOTIABLE DEBT SECURITIES

VMG's issuances allow it to grant loans to Crédit Foncier or acquire NDSs issued by Crédit Foncier, in accordance with framework agreements governing these transactions. At December 31, 2015, outstanding medium-term notes amounted to €746.5 million. Accrued interest on these medium-term notes amounted to €27.4 million at December 31, 2015.

Purchase of NDSs, mainly from Groupe BPCE, were also made using cash available for investments from the current account and the Financial Instruments Account. At December 31, 2015 these investments amounted to €881.0 million.

Since April 28, 2015, this item also inclides two *obligations foncières* subscribed by Compagnie de Financement Foncier for an amount of €750 million.

5.5. INVESTMENT SECURITIES

Since July 2002, VMG no longer acquires UCITS shares. VMG only purchases certificates of deposit or covered bonds. This item showed a zero balance at December 31, 2015.

5.6. PRESENTATION OF THE BALANCE SHEET AND INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

Total balance sheet as of December 31, 2015 amounts to €1,685.62 million compared to €1,618.73 million at the end of the previous fiscal year. The balance of the main aggregates of the balance sheet can be summed up according to the following pro forma scheme:

(in millions of euros)

	12/31/2015	12/31/2014	12/31/2013		12/31/2015	12/31/2014	12/31/2013
FCT units (Other equity holdings)	0	463	616	Subordinated debt	43	463	616
				Issue Repayment Reserve (borrowings)	750	290	138
Negotiable debt securities and accrued interest	774	774	774	Bond issues	777	777	777
Short-term cash investment	881	213	236	Cash collateral (borrowings)	49	37	44

Net income for 2015 amounted to €10,769,617 after a corporate income tax of €5,626,774 (compared to a net income of €444,504 in 2014). Net income was mostly impacted by a gain on the disposal of FCT units carried out in the first half of the year.

As for the balance sheet, here is a suggestion of pro forma presentation of the 2015 VMG P&L, according to the generated flows by every matching-item of the balance sheet:

(in millions of euros)

INCOME STATEMENT AT DECEMBER 31, 2015				
EXPENSES		**INCOME**		**EARNINGS**
Subordinated Loan payments (excluding Global Floating-Rate Interest)	5.50	FCC unit income	5.78	17.90
Issue Repayment Reserve payments	-	Income from reinvested Issue Repayment Reserves	17.61	
Interest on issues	29.40	Interest on Loans and NDS	29.78	0.06
Issuing expenses	0.31	Deferred expenses	-	
Cash collateral immobilisation fees	-	Amortisation of obligations foncières' premium	- 20.76	- 0.85
		Income from reinvested issue remuneration and Compensation Provisions	19.90	
Other expenses	6.49	Income from reinvested current account deposits	-	- 6.34
		Other income	0.15	
				10.77

Furthermore, one should note that VMG does not use *Crédit Fournisseur* to finance working capital requirement of the activity; the provider bills are timely paid in accordance with the deadlines inherent to the budgeting process which subordinates any rule to the validation of the empowered Budget Administrator. Therefore, the average payment period following receipt of an invoice rarely exceeds one month.

6. BUSINESS OVERVIEW

6.1. PRESENTATION OF THE COMPANY

6.1.1. History and changes in corporate structure in recent years

VMG is a refinancing vehicle whose role is to refinance the loan production of Crédit Foncier. VMG has the best ratings from Standard & Poor’s and Moody's. Since April 28, 2015, VMG is no longer rated by the Rating Agency Fitch Ratings.

VMG is managed in a run-off mode: the company didn’t buy any FCT units since 2006 and didn’t issue bonds since 2005.

VMG’s corporate structure enables it to respond to the needs of Crédit Foncier while simultaneously ensuring the highest level of investors’ protection.

6.1.2. Company structure

6.1.2.1. Background

A group entity assigns some of its receivables to debt securitization funds (*fonds communs de créances*, FCC). Units issued by these FCCs (hereinafter known as “**FCC Units**”) that have received or are likely to receive the highest ratings from the Rating Agencies are purchased by VMG. Subordinated Units are purchased by the same group entity that assigned its receivables.

The acquisition of FCC Units is financed by Subordinated Loans. These Subordinated Loans are granted by the assigning entities pursuant to an agreement called the “**Subordinated Loan Master Agreement**” whose purpose is to provide VMG with a Subordinated Loan every time FCC Units are acquired. The Subordinated Loans' sole purpose is to finance purchases of FCC Units and to fund an Issue Repayment Reserve as set forth in subsection 6.1.2.2 i hereinafter.

VMG may, at any time, receive advances from Crédit Foncier de France pursuant to an agreement known as the “**Master Agreement on Subordinated Advances Credited to the Affiliate's Current Account**”, the purpose of which is to finance charges incurred by VMG other than normal operating expenses.

VMG's purpose is to finance Crédit Foncier's securitization programmes; it thus operates on a Matching basis.

Given the quality of VMG's assets, the company can issue debt with the highest ratings in the form of either medium-term notes or bonds, in both domestic and international markets, or else obtain bank Loans, the proceeds of which are then used to grant Loans to a group entity or to purchase NDSs issued by a group entity.

These Loans or NDSs have the same financial features as the Senior Debt Issues (same amount and rate, with an annual premium of 0.01% to 0.02%, and the same Amortization Profile). Loans are granted by VMG pursuant to an agreement known as the “Loan Master Agreement”; negotiable debt securities are purchased by VMG pursuant to an agreement known as the “Subscription Master Agreement for Negotiable Debt Securities”.

After taking into account a possible interest rate swap, the **Loan Master Agreement** and the **Subscription Master Agreement for Negotiable Debt Securities** ensure that the terms and conditions of Loans that are granted or negotiable debt securities that are purchased match those of the Senior Debt Issues.

In order to guarantee the repayment of Senior Debt Issues, even in the event that Crédit Foncier defaults on its Loans or NDS payments, VMG holds the FCC Units as assets in addition to investment securities in the Issue Repayment Reserve.

VMG has cash collateral invested in securities to guarantee that interest due on Senior Debt Issues is paid if said interest is not covered by Interest Income from FCC Units or, if applicable, Compensation Provisions payable to Investors in the event of Early Unwinding.

6.1.2.2. Entity operations

Pursuant to Article 16, paragraph 2 of the VMG articles of association, the company's “Internal Regulations” set forth the rules governing its operations. Members of the VMG Management Board must comply with these rules when performing transactions on behalf of the company. The VMG Supervisory Board ensures that the Management Board complies with the Internal Regulations.

The purpose of the Internal Regulations, whose main provisions are described hereinafter, is to:

1. define the characteristics of senior debt that VMG may issue against its assets
2. set forth the operational aspects of refinancing
3. facilitate decision-making by determining in advance the financial data that the Management Board must include in their reports to the Supervisory Board, reports used by the latter to monitor VMG's management.

The full text of the Internal Regulations is included in the appendix on page 78 of this reference document. Appendix 9 of the Internal Regulations includes an exhaustive glossary of the capitalized terms used in this report. However, the definitions of certain terms are also listed below to make it easier to read this reference document.

i) Matching principle

- Outstanding FCC Units should exceed the value of outstanding Senior Debt Issues. However, in the event that FCC Units are amortized faster than Senior Debt Issues, any excess proceeds shall be held by VMG as reserves (hereinafter referred to as the "**Issue Repayment Reserve**"), so that the aggregate of outstanding FCC Units and the Issue Repayment Reserve shall always be greater than or equal to outstanding Senior Debt Issues.

For a more detailed description of the Issue Repayment Reserve, see the Internal Regulations (Sections 3.1.1.2 and 3.1.3).

- For the purpose of VMG's management, FCC Units, Subordinated Loans, Senior Debt Issues, Interest Rate Swap Agreements, Loans or Negotiable Debt Securities are aggregated within assets & liabilities management compartments (hereinafter referred to as "**ALM Compartments**") based on the interest rate and the method used to calculate their remuneration. There are as many ALM Compartments as there are remuneration methods authorized by the Internal Regulations.

For a more detailed description of the ALM Compartments, see the Internal Regulations (Section 3.3).

- For each ALM Compartment, interest earned on FCC Units should be higher than that paid out for Senior Debt Issues. If applicable, a provision for interest payments on senior debt (hereinafter referred to as the "**Issue Remuneration Provision**") is set aside so that, if Crédit Foncier de France defaults on its interest payments for Loans or Negotiable Debt Securities, income from FCC Units plus the Issue Remuneration Provision is always sufficient to pay interest for Senior Debt Issues.

For a more detailed description of the Issue Remuneration Provision, see the Internal Regulations (Sections 3.1.1.1 and 3.1.2).

The Matching Principle described above is apparent on VMG's balance sheet and income statement, which can be broken down into categories of assets matched with liabilities or revenues matched with expenses. A specific income statement category corresponds to each balance-sheet category.

BALANCE SHEET		INCOME STATEMENT	
ASSETS	LIABILITIES	EXPENSES	INCOME
FCC Units Issue Repayment Reserve	Subordinated Debt	Interest on Subordinated Loans	Interest on FCC Units Income from reinvested Issue Repayment Reserves
Loans, Negotiable Debt Securities	Senior Debt Issues	Interest on Senior Debt Issues	Interest on Loans and Negotiable Debt Securities
Issue Remuneration Provision Compensation Provision	Cash Collateral	Cash Collateral Immobilisation Fees	Income from reinvested Issue Remuneration Provisions and Compensation Provisions
Contingency losses	Advances	Contingency expenses	Contingency losses

- In the case of an Early Unwinding Event, as defined in the Internal Regulations, and in particular if Crédit Foncier de France defaults on its debt, senior debt issued by VMG shall no longer be repaid according to its original amortization schedule: the amortization schedule will be adjusted automatically. Senior debt will be rescheduled to coincide with the repayment profiles of FCC Units. A Compensation Payment shall be made, if applicable, to Investors as compensation for losses represented by the difference between (i) the payment of the senior debt's face value at its scheduled maturity date and all scheduled interest payments, and (ii) the payment of principal and interest under the new repayment schedule. A Compensation Provision is set aside by VMG for this purpose (hereinafter referred to as the "**Compensation Provision**").

For a more detailed description of the Compensation Provision, see the Internal Regulations (Section 3.1.2).

- Issue Remuneration Provisions and Compensation Provisions are financed by deposits, in the form of Cash Collateral, held by Crédit Foncier de France and recognized in VMG's books. This collateral guarantees Crédit Foncier de France's contractual obligation with respect to VMG, pursuant to an agreement known as the "Cash Collateral Master Agreement", to cover the cost of the Issue Remuneration Provision and the Compensation Provision.

For a more detailed description of the Cash Collateral, see the Internal Regulations (Section 3.2.5).

- Cash balances in the Issue Repayment Reserve, Issue Remuneration Provision and Compensation Provision accounts are invested so that exposure to a loss of principal is virtually eliminated. Accordingly, such cash balances can only be invested in:
    - o Euro-denominated government bonds, or
    - o Euro-denominated debt securities with a due date and that are traded on a regulated market, or euro-denominated negotiable debt securities with a due date and that meet the following rating and maturity criteria:

	S&P
maturity > 1 year 60 days < maturity <= 1 year maturity <= 60 days	AAA A-1+ A-1

	Moody's	
	LT	ST (**)
maturity > 6 months 6 months <= maturity > 3 months 3 months <= maturity > 1 month maturity <= 1 month	Aaa Aa3 A1 A2	Prime-1 Prime-1 Prime-1 Prime-1

(**) Excluding debt securities with a maturity of 1 month or less for which a single rating is necessary.

or

- o Euro-denominated Units in money market funds or shares in open-end money market investment companies, rated no lower than AAA by Standard & Poor's, and Aaa and MR1+ by Moody's.
- o Secured securities or *obligations foncières* denominated in Euro respecting the following constraints:
    - ▪ a detailed list of these securities or *obligations foncières* will be forwarded to the Rating Agencies;
    - ▪ these secured securities or *obligations financières* must be rated AAA by S&P and Aaa by Moody's upon subscription;
    - ▪ these secured securities must have secured a maturity not exceeding the longest maturity of VMG issues;
    - ▪ these secured securities or *obligations foncières* must be secured with two options for reimbursement without penalty at the initiative of VMG:
        - total or partial reimbursement possible at each Payment Date corresponding to a principal Payment Date to (the) issuance (s), within the limits of the principal amount owed by VMG at its issuance (s) with a minimum notice period of ten calendar days;
        - total reimbursement at the first Payment Date following the transition mode of early repayment of VMG;
- o the rating of these secured securities or *obligations foncières* will take into account the early repayment options granted;

or

any other investment must be authorized by the Rating Agencies.

VMG can perform only four types of investments:

It may invest an amount equal to the provision for adjustment on compensation, the second Business Day following the Calculation Date to the first date following provisions; financial products proceeds recorded under this offering are used as a reference for calculating the allowance Immobilization Cash-Gages;
It may invest an amount equal to the provision for an issuance remuneration, the second Business Day following the Calculation Date to the first date following provisions; financial products proceeds recorded under this offering are used as a reference for calculating the allowance Immobilization Cash-Gages; The provision for an issuance remuneration won't be placed with the Majority Shareholder or with another entity of its group.
It may invest an amount equal to the reserve for the reimbursement of the issuances:

- o of each Payment Date at the following Payment Date; or
- o in secured securities of the Payment Date at another Payment Date, for a duration that could exceed three months, the duration of this investment must then be compatible with the bond repayment schedule of VMG;
- o Interest Income from such investments is used as a basis for calculating the Matched Floating-Rate Interest on the Subordinated Loans.

The Securities Investment corresponding to these first three types of investments are registered in the Financial Instruments Account.

It may invest an amount equal to the other on hand amounts, of each Payment Date at the following Payment Date; Interest Income from such investments is used as a basis for calculating the Matched Floating-Rate Interest on the Subordinated Loans.

At each Payment Date, the Management Board launches or procures a sale followed by a purchase of marketable securities not equipped with a deadline (UCITS) to convert the unrealized gains in financial income, excluding the possible quote announcements of the reserve for the reimbursement of the issuances placed in secure documents.

VMG should not keep more than one year of cash flows received by way of depreciation of shares in short-term securities issued by its controlling shareholder, or any other entity of the group of its controlling shareholder. This conservation will be reported by the Management Board to each Supervisory Board.

For a more detailed description of cash Management Rules, see the Internal Regulations (Section 3.2.8).

ii) Timetable

Cash receipts and disbursements are managed on a quarterly basis, from one Payment Date to the next. "**Payment Dates**" are January 28, April 28, July 28 and October 28 of each calendar year, with the understanding that, if any of the above dates is not a Business Day for EURONEXT and for credit institutions and financial institutions located in metropolitan France, the corresponding Payment Date is postponed to the next Business Day. Scheduled payments of interest and principal on FCC Units, Senior Debt Issuances, Loans or Negotiable Debt Securities always coincide with Payment Dates.

Each quarter, no later than two weeks prior to a Payment Date, the VMG Management Board submits a Quarterly Management Report to the Supervisory Board in which it reviews the events of the quarter, the payments due at the next Payment Date and management objectives for the next quarter.

The Supervisory Board validates the Quarterly Management Report in the two weeks that precede each Payment Date, authorizes payments to be made on the following Payment Date, and grants authority for Management Operations to be carried out during the following quarter.

iii) Normal Amortization

Under Normal Amortization conditions, the Management Board is authorized to perform certain investment, financing, guarantee, cash management and hedging transactions pursuant to existing master agreements that set forth the conditions governing each management operation. In the event of Early Unwinding, VMG's operations are entirely predetermined and the Management Board is given no leeway whatsoever to manage as it sees fit.

The Management Board has the authority to carry out the following operations:

- purchase FCC Units;
- obtain Subordinated Loans;
- request Financial Advances;
- issue Senior Debt;
- negotiate Interest Rate Swap Agreements;
- obtain Cash Collateral;
- grant Loans;
- purchase Negotiable Debt Securities;
- make certain investments and invest VMG cash balances.

For a more detailed description of Management Operations, the general terms governing them, the conditions they are subject to and their guidelines see the Internal Regulations (Section 3.2).

Under Normal Amortization conditions, Management Operations are governed by the following principles:

- At any time during a given quarter, the Management Board may acquire FCC Units within the limits of the authority granted by the Supervisory Board at the end of the previous quarter; acquisitions are at face value and are financed by Subordinated Loans granted by the assigning entity.
- At any time during a given quarter, the Management Board may issue Senior Debt within the scope of the authority granted to it by the Supervisory Board at the end of the previous quarter. A Senior Debt Issue must (i) bear interest at a rate computed in accordance with the rules contained in the Internal Regulations or (ii) otherwise be subject to an Interest Rate Swap Agreement pursuant to which VMG undertakes to pay the Counterparty interest at a rate computed in accordance with the rules contained in the Internal Regulations and receives all of the interest payments generated by the Senior Debt Issue from the Counterparty.
- Proceeds from the Senior Debt Issue must be used to provide Loans to the group entity or to purchase Negotiable Debt Securities issued by the assigning entity for the same amount, term and interest rate (with a premium of 0.01% or 0.02% per year) as the Senior Debt Issue in question (taking into account, if applicable, Interest Rate Swap Agreements).
- Payments due on Senior Debt recognized in an ALM Compartment are settled using the proceeds from Loans or Negotiable Debt Securities in the same ALM Compartment. VMG's flow of funds for Senior Debt repayment is as follows:
    - for each ALM Compartment, the amounts received by VMG from interest and Commissions on current Loans or Negotiable Debt Securities are allocated to the payment of Commissions, Recurring Expenses, and then to interest on the Senior Debt Issues (taking into account, if applicable, Interest Rate Swap Agreements);
    - for each ALM Compartment, principal payable on the Senior Debt Issues is settled using the amounts received by VMG from the repayment of principal on Loans or Negotiable Debt Securities.

For a more detailed description of allocation rules under Normal Amortization conditions, see the Internal Regulations (Section 3.3.1).

- On each Payment Date, whenever the Outstanding Principal on Senior Debt Issues exceeds the Outstanding Principal on FCC Units, based on the redemption of FCC Units as at that date, part of the proceeds from said redemption, representing the difference between the Outstanding Principal on the Senior Debt Issues and the Outstanding Principal on the FCC Units, shall first be allocated to the Issue Repayment Reserve.

Any remaining proceeds from the redemption of FCC Units shall be used to repay Subordinated Loans.

- On each Payment Date under Normal Amortization conditions, VMG shall pay interest on its Subordinated Loans to the Group entity. This interest payment, apart from the fixed portion, depends on the interest earned on FCC Units and Interest Income from invested Issue Repayment Reserves.
- On each Payment Date, VMG shall pay a Cash Collateral Immobilization Fee using proceeds from invested Issue Remuneration Provisions and Compensation Provisions.

For a more detailed description of Normal Amortization conditions, see the Internal Regulations (Sections 2.3 and 3.3.1).

iv) Early Unwinding

Should an Early Unwinding Event occur, VMG's course of operations is as follows:

- VMG may no longer acquire FCC Units or issue any new Senior Debt.
- Interest payable by VMG for each Senior Debt Issue or each Interest Rate Swap Agreement is increased, if necessary, by the interest rate premium stipulated in that Senior Debt Issue or Interest Rate Swap Agreement.
- Interest and principal on Senior Debt Issues become payable on each Payment Date subject to the amount of funds available on that Payment Date, so that all sums payable on those Senior Debt Issues are settled when due using proceeds from FCC Units and, if applicable, other sums available to VMG from Compensation Payments and provisions included among VMG's assets.
- No payment of principal or interest is due, or shall be made, on Subordinated Loans, Cash Collateral or Financial Advances as long as there are still outstanding payments to be made on Senior Debt Issues.
- Whenever applicable, holders of Senior Debt and counterparties to Interest Rate Swap Agreements are entitled to Compensation Payments up to the amount set aside as Compensation Provisions at the time of the Early Unwinding Event.
- VMG's cash receipts are recognized under an ALM Compartment's FCC Units before recognizing cash disbursements for Senior Debt Issues of the same ALM Compartment.
- For each ALM Compartment, Interest Income from FCC Units must first be appropriated to the payment of Commissions, then to Recurring Expenses and subsequently to interest on Senior Debt Issues (taking into account, if applicable, Interest Rate Swap Agreements).
- For each ALM Compartment, proceeds from the repayment of principal on FCC Units must be allocated to the sequential repayment of Senior Debt Issues according to their remaining term to maturity (the shorter-term Senior Debt Issues being repaid first). The nominal value of each Interest Rate Swap Agreement has the same amortization schedule as the Senior Debt Issue it is associated with.
- Any sums received from the Group entity as repayment of principal or interest on current negotiable debt securities and Loans are booked to reserves and may be used, if necessary, to remunerate and repay Senior Debt Issues of other ALM Compartments. After senior debt has been fully remunerated and repaid, the amount remaining in the ALM Compartment is booked to reserves and may be used to remunerate and repay Senior Debt Issues of other ALM Compartments.

For a more detailed description of an Early Unwinding Event and the appropriation of cash balances, see the Internal Regulations (Sections 2.4 and 3.3.2).

6.1.2.3. Parties

a) Subcontracting management

VMG has delegated authority to Crédit Foncier to carry out on its behalf the legal and financial acts required to fulfill VMG's obligations, under the conditions set forth in an agreement known as the "**Subcontracting Agreement**" and in compliance with the Internal Regulations.

Crédit Foncier, in its capacity as the Subcontractor, provides accounting, legal and administrative management services for authorized transactions and reports monthly to the Management Board.

b) Relations between the Management Board and the Supervisory Board

The relationship between the two VMG management and supervisory bodies has been set forth in section 4 of the Internal Regulations.

6.1.3. Income

6.1.3.1. Income for the year - appropriation

Net income for the year ended December 31, 2015 was €10,769,616.92 (compared to €444,503.96 for the previous year).

- Income for the year		€10,769,616.92
- Retained earnings from the previous year		€5,249,628.14
	Sum to allocate	€16,019,245.06

Net income for the year is allocated as follows:

- Distributed amount		€13,243,604.00
- Legal reserve		€539,000.00
- Retained earnings		€2,236,641.06
	Sum allocated	€16,019,245.06

The dividend for each of 114,169 shares comprising the share capital is set at 116 euros.

The dividend will be payable on June 28, 2016.

6.1.3.2. Earnings table for the last five years

This report displays a table of the company's results for each of the last five accounting periods, in accordance with the provisions of Article 148 of the March 23, 1967 Decree.

INFORMATION	FINANCIAL YEAR 01-01-2011 TO 12-31-2011	FINANCIAL YEAR 01-01-2012 TO 12-31-2012	FINANCIAL YEAR 01-01-2013 TO 12-31-2013	FINANCIAL YEAR 01-01-2014 TO 12-31-2014	FINANCIAL YEAR 01-01-2015 TO 12-31-2015
FINANCIAL POSITION AT YEAR-END					
Share capital	42,336,194.77€	42,336,194.77€	42,336,194.77€	42,336,194.77€	42,336,194.77€
Number of shares issued	114,169	114,169	114,169	114,169	114,169
Number of convertible bonds					
OVERALL RESULTS FROM OPERATIONS					
Revenue excluding tax (1)	260,840,859.17€	179,972,596.44€	98,812,730.17€	51,442,419.57€	55,618,774.06€
Earnings before tax, amortization and provisions	5,099,916.60€	2,522,299.13€	973,076.32€	773,718.68€	16,708,162.80€
Corportate income tax	1,522,126.00€	643,528.00€	221,565.00€	228,903.00€	5,626,774.00€
Earnings after tax, amortization and provisions	2,749,239.82€	1,272,712.69€	428,786.40€	444,503.96€	10,769,616.92€
Earning distributed	3,082,563.00 €	1,255,859.00€	1,255,859.00€	1,255,859.00€	12,243,604.00€
EARNINGS FROM OPERATIONS, PER SHARE					
Earnings after tax, but before amortization and provisions	31.34€	16.46€	6.58€	4.77€	97.06€
Earnings after tax, amortization and provisions	24.08€	11.15€	3.76€	3.89€	94.33€
Dividend per share	27.00 €	11.00€	11.00€	11.00€	116.00€
PERSONNEL					
Average number of employees	1.00	1.00	1.00	1.00	1.00
Total employees salaries	20,000.04€	20,000.04€	20,000.04€	20,000.04€	20,000.04€
Total amount paid under social benefits (social security, other social projects...)	6,446.93€	8,359.80€	7,952.78€	7,396.09€	6,646.11€

(1) Given VMG's current activity, the notion of revenue displayed in this table includes revenue earned for expense rebilling services as well as financial income from FCC Units, Loans and NDS investments.

6.1.4. Geographical presence

VMG operates exclusively out of its registered office.

As of December 31, 2015 the company does not operate and did not list any implantation in the fiscally non-cooperative countries and territories.

6.2. INFORMATION ON TRENDS

6.2.1. Recent events

The company hasn't recorded any recent event that may have a significant impact on the evaluation of its solvency.

6.2.2. Outlook for the future

The company's outlook for the future has not been deteriorated by any event since the date of its last audited and published financial statements.

At the present date, VMG will not carry out any new investments or issue new bonds.

6.2.3. Material events

On January 29, 2016, VMG repaid the €250m security with the ISIN Code FR0010251322.

VMG did not record any other significant change of its financial or commercial situation since the verification and publication of its last financial statements.

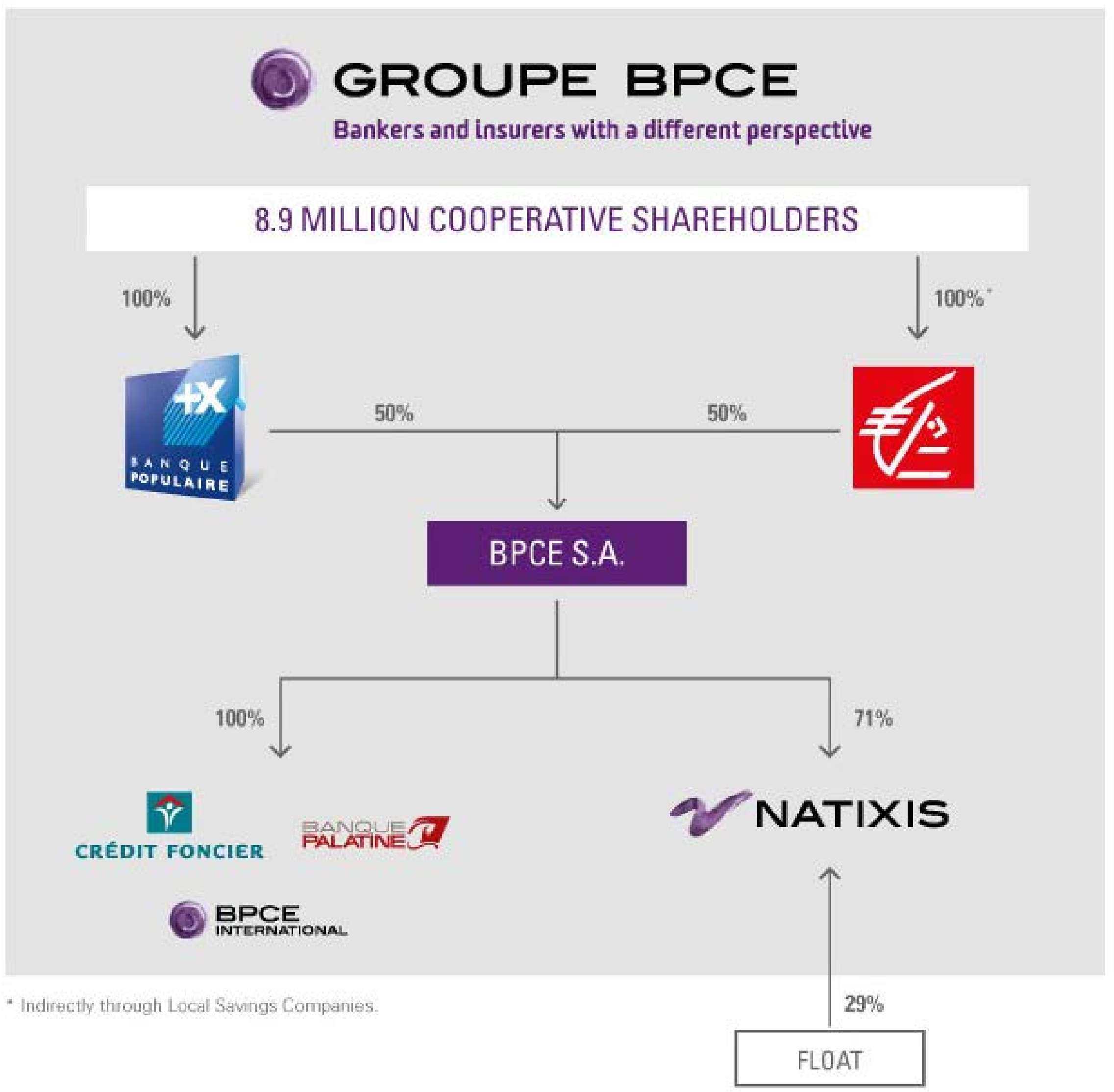
7. ORGANIZATION CHART

7.1. DESCRIPTION OF THE GROUP AND THE ISSUER'S ROLE

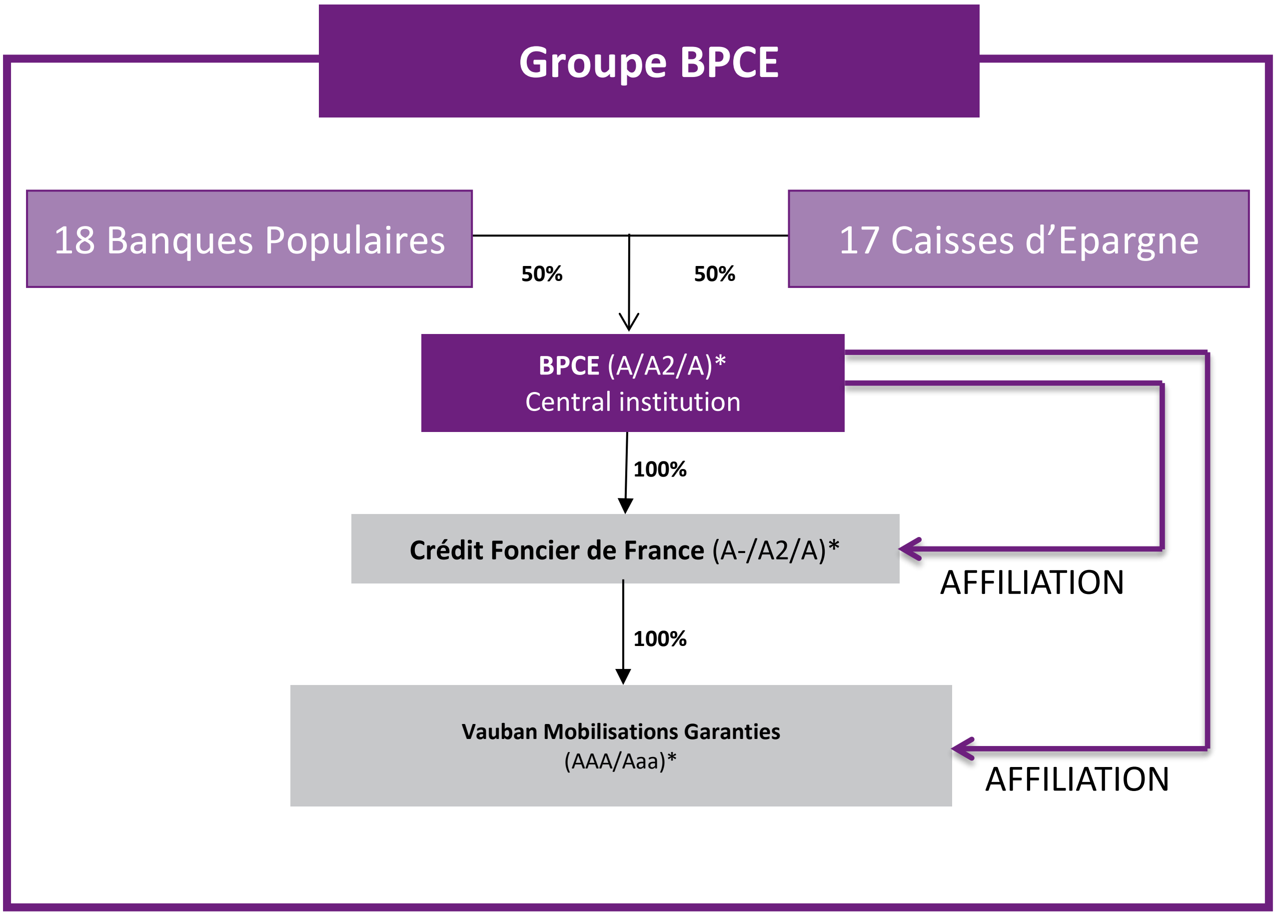
Crédit Foncier has a 99.99% - stake in Vauban Mobilisations Garanties (VMG). VMG is a subsidiary of Crédit Foncier de France, who is in its turn a subsidiary of Groupe BPCE. At December 31, 2015, the capital of VMG is composed of 114,169 shares, 114,163 of which are held by Crédit Foncier de France.

<u>Focus on Vauban Mobilisations Garanties' status within Groupe BPCE</u>

ORGANIZATION CHART OF GROUPE BPCE AT DECEMBER 31, 2015



Focus on Vauban Mobilisations Garanties' positioning



** Ratings updated as of the filing date of this Registration document.*

7.2. INTERDEPENDENCE WITH OTHER GROUP ENTITIES

VMG is tied to Crédit Foncier de France by financial agreements that are listed in Chapter 9 of this document. Said agreements do not make VMG financially dependent on Crédit Foncier but could have a material impact on the structure described in article 6.1.2. If Crédit Foncier were to default on its obligations under these agreements or if said agreements were not renewed, this would result in an Early Unwinding, the consequences of which are described in Chapter 6 of this document and in the Internal Regulations.

8. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES[5]

8.1. MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

VMG is governed by a Management Board under the authority of a Supervisory Board.

For a more detailed description of these bodies, see the Internal Regulations (Chapters 2 and 4).

8.1.1. Corporate officers

8.1.1.1. Members of the Management Board and the Supervisory Board as of December 31, 2015

Management Board

- Sandrine GUÉRIN (Member of the Board since October 21, 2004 and Chairperson since April 20, 2005)
- Frédéric CHASSOT (Chief Executive Officer since January 23, 2013 and Member of the Board since January 26, 2007)
- Paul DUDOUIT (Member of the Board since July 24, 2008)
- Iris TUIL (Member of the Board since January 23, 2013)

Changes in Management Board since the end of fiscal year 2015

On February 11, 2016 the Supervisory Board has taken note of the resignation of Ms Sandrine Guérin from her term as Member of the Management Board and Chairman of the Management Board starting from February 8, 2016.

The Supervisory Board of February 11, 2016 has appointed Mr Olivier AVIS as Member of the Management Board and Chairman of the Management Board starting from February 11, 2016 and for the remaining term of his predecessor that is October 23, 2016, the date when the Management Board is to be renewed according to the article 14 of bylaws.

Supervisory Board

- Gérard BARBOT (Member of the Supervisory Board since April 22, 2004 and its Chairman since June 22, 2004)
- Thierry DUFOUR (Member of the Supervisory Board until June 28, 2006 and now Permanent Representative of Crédit Foncier, Member of the Supervisory Board since June 28, 2006)
- Eric FILLIAT (Member of the Supervisory Board and Deputy Chairman of the Supervisory Board since April 20, 2012)
- Daniel FRUCHART (Member of the Supervisory Board since June 18, 2009)
- Robert RAYMOND (Member of the Supervisory Board since January 26, 2007)
- Pierre VAJDA (Member of the Supervisory Board since January 26, 2007)
- Antoine COUTIÈRE (Non-voting Member of the Supervisory Board since June 18, 2007)

8.1.1.2. List of corporate officers

In compliance with Article L. 225-102-1, paragraph 3 of the French Commercial Code, a list of corporate officers and positions held in other companies by each of the Supervisory Board and Management Board's members is provided below.

[5] *The Company records its activities and operations of its corporate bodies as part of corporate governance practices in force in France.*

Members of the Management Board

- Sandrine GUERIN

COMPANY	MANDATES AND POSITIONS
COMPAGNIE DE FINANCEMENT FONCIER – SA	Deputy CEO, Director (until February 8, 2016)
CREDIT FONCIER DE FRANCE – SA	Executive Vice-president in charge of the Financial Activities Division
SWISS PUBLIC FINANCE SOLUTIONS – SA	Director (until December 14, 2015)
VMG – SACS	Chairman of the Management Board (until February 8, 2016)
FONCIER TITRISATION - SA	Chairman of the Board of Directors (from June 30, 2015 to February 8, 2016)

- Frédéric CHASSOT

COMPANY	MANDATES AND POSITIONS
VMG – SACS	Chief Executive Officer, Member of the Management Board
FONCIER TITRISATION – SA	Director
EUROPEAN DATAWAREHOUSE (Germany)	Permanent representative of Crédit Foncier, Member of the Supervisory Board (until May 7, 2015)
CREDIT FONCIER DE FRANCE – SA	Director – Securitisation and Collateral management

- Paul DUDOUIT

COMPANY	MANDATES AND POSITIONS
VMG – SACS	Member of the Management Board
CREDIT FONCIER DE FRANCE – SA	Director – Primary market

- Iris TUIL

COMPANY	MANDATES AND POSITIONS
VMG – SACS	Member of the Management Board
CREDIT FONCIER DE FRANCE – SA	Director – Cash Management / Derivatives

Members of the Supervisory Board

- Gérard BARBOT

COMPANY	MANDATES AND POSITIONS
CREDIT FONCIER DE FRANCE – SA	Director - Chairman of the Remuneration and Selection Committee – Chairman of the Appointments Committee
GEOPOST – SA	Director - Chairman of the Audit Committee
VMG – SACS	Chairman of the Supervisory Board
ODDO ET CIE – SACS	Member of the Supervisory Board
ISALPHA – SICAV	Director
ISKANDER - SAS	Manager (AMF: French Financial Market's Authority)

- Eric FILLIAT

COMPANY	MANDATES AND POSITIONS
BANCO PRIMUS (PORTUGAL)	Director, Member of the Audit Committee
BPCE ACHATS – GIE	Director
CREDIT FONCIER DE FRANCE – SA	Chief of Financial Management of Finance Division, Member of the Executive Management Committee, Member of the Executive Committee
CREDIT FONCIER IMMOBILIER – SA	Director, Member of the Remuneration and Selection Committee
COMPAGNIE DE FINANCEMENT FONCIER – SA	Permanent representative of Crédit Foncier, Director - Chairman of the Audit Committee – Chairman of the Risk Committee
FONCIER PARTICIPATIONS – SAS	Permanent representative of Crédit Foncier, Chairman
FONCIER TITRISATION – SA	Permanent representative of Foncier Participations, Director
MFCG – SAS	Permanent representative of CFCO, Chairman
SOCFIM – SACS	Member of the Supervisory Board
VMG – SACS	Vice-Chairman of the Supervisory Board

- Thierry DUFOUR

COMPANY	MANDATES AND POSITIONS
CREDIT FONCIER DE FRANCE – SA	Deputy CEO
COMPAGNIE DE FINANCEMENT FONCIER – SA	CEO, Director
BANCO PRIMUS (PORTUGAL)	Chairman of the Board of Directors
FONCIER PROJECT SOLUTIONS (SAUDI ARABIA)	Director
VMG – SACS	Permanent Representative of Crédit Foncier, Member of the Supervisory Board
LOCINDUS – SA	Chairman of the Board of Directors and Chairman of the Appointments Committee

- Daniel FRUCHART

COMPANY	MANDATES AND POSITIONS
EQUIGEST – SA	Director
FONCIERE INEA – SA	Permanent representative of MACIF – Director
VMG – SACS	Member of the Supervisory Board

- Robert RAYMOND

COMPANY	MANDATES AND POSITIONS
VMG – SACS	Member of the Supervisory Board

- Pierre VAJDA

COMPANY	MANDATES AND POSITIONS
ASSOCIATION POUR LE DROIT A L'INITIATIVE ECONOMIQUE – ASSOCIATION	Director
ASSOCIATION JOVINIENNE POUR LA REVITALISATION DU CENTRE-VILLE ANCIEN (AJORCA)	Director and Chairman
SCI THAIS	Co-manager
VMG – SACS	Member of the Supervisory Board

- CREDIT FONCIER DE FRANCE

COMPANY	MANDATES AND POSITIONS
ARTHURIMMO.COM – SA	Director
BTP CAPITAL INVESTISSEMENT – SA	Director
CFCO – SAS	Chairman
CFG- COMPTOIR FINANCIER DE GARANTIE	Director
COFIMAB – SAS	Chairman

COMPAGNIE DE FINANCEMENT FONCIER – SA	Director – Chairman of the Audit Committee – Chairman of the Risks Committee
CREDIT FINANCIER LILLOIS – SA	Director
CREDIT LOGEMENT – SA	Director
ECOLOCALE – GIE	Director
ECUFONCIER - SCA	Managing General Partner – Executive Partner
EUROPEAN DATAWAREHOUSE (GERMANY)	Member of the Supervisory Board
FONCIER FOREIGN 2008 – SAS	Chairman
FONCIER PARTICIPATIONS – SAS	Chairman
FONCIER TITRISATION – SA	Director
FONCIERE D'EVREUX – SAS	Chairman
IT-CE – GIE	Member of the Supervisory Board
GRAMAT-BALARD – SAS	Chairman
H&T CONSEIL – SA	Director
IT –CE -SAS	Member of the Supervisory Board
LA MONDIALE PARTENAIRE – SA	Director
LOCINDUS – SA	Director
SAF ENVIRONNEMENT – SA	Director
SCAFR – TERRES D'EUROPE – SACS	Member of the Supervisory Board
SELECTINVEST 1 – SACS	Member of the Supervisory Board
SEM YVELINES AMENAGEMENT – SEM	Director
SGFGAS – SA	Director
SIA HABITAT – SACS	Member of the Supervisory Board
SIPARI – SAS	Chairman
SOCFIM – SACS	Member of the Supervisory Board
SOFIPAR LOGEMENT – SNC	Managing Partner
SOFONEG – SNC	Managing Partner
VENDOME INVESTISSEMENTS – SAS	Chairman
VMG – SACS	Member of the Supervisory Board

8.1.1.3. Corporate officers' remuneration

Summary of total remuneration and benefits received by corporate officers during the year ended December 31, 2015 from the company and subsidiaries of the company as per Article L. 233-16 of the French Commercial Code or from its parent company as per the same article.

Remuneration paid to members of the Supervisory Board in 2015

Summary table of compensation, stock options and shares granted to each executive director

	2014	2015
Ms Sandrine GUERIN Member and Chairman of the Executive Board	444,322	533,784
Mr. Frédéric CHASSOT Member of the Executive Board CEO	236,054	255,189
Remuneration due for the year	-	-
Value of options granted during the year	-	-
Enhancement of performance shares granted during the year	-	-
TOTAL	**680,376**	**788,972**

Summary of remuneration of each executive designated company representatives

In euros	2014		2015	
	Total due	Total distributed	Total due	Total distributed
Sandrine GUERIN				
Base salary	296,815	296,815	297,344	297,344
Variable pay	252,742	128,988	n/a	195,843
Exceptional remuneration	-	-	-	-
Incentives and profit-sharing	-	-	19,266	19,266
Attendance fees	-	-	-	-
Advantages in kind	4,200	4,200	4,750	4,750
Additional voluntary contribution	14,319	14,319	16,581	16,581
TOTAL	**568,076**	**444,322**	**337,941**	**533,784**
Frédéric CHASSOT				
Base salary	138,054	138,054	139,435	138,054
Variable pay	98,351	98,000	97,000	98,000
Exceptional remuneration	-	-	-	-
Incentives and profit-sharing	-	-	17,403	17,403
Attendance fees	-	-	-	-
Advantages in kind	-	-	-	-
Additional voluntary contribution	-	-	-	-
TOTAL	**236,405**	**236,054**	**253,838**	**255,189**

n/a: information not available at the filing date of the present Registration document.

Summary of remuneration of each executive designated company representatives

Members of the Management Board

(in euros)

Ms. Iris TUIL	**Amounts distributed in 2014**	**Amounts distributed in 2015**
Base salary	137,020	135,044
Variable pay	97,000	97,988
Exceptional remuneration	-	-
Incentives and profit-sharing	-	16,759
Attendance fees	-	-
Advantages in kind healthcare	75	75
TOTAL	**234,095**	**234,095**

Mr. Paul DUDOUIT	**Amounts distributed in 2014**	**Amounts distributed in 2015**
Base salary	142,036	142,151
Variable pay	96,000	98,653
Exceptional remuneration	-	-
Incentives and profit-sharing	-	17,562
Attendance fees	-	-
Advantages in kind	-	-
TOTAL	**238,036**	**258,466**

Members of the Supervisory Board

(in euros)

Mr. Gérard BARBOT	**Amounts distributed in 2014**	**Amounts distributed in 2015**
Base salary	14,000	14,000
Variable pay	-	-
Exceptional remuneration	-	-
Attendance fees	14,500	15,500
Advantages in kind	-	-
TOTAL	**28,500**	**29,500**

Mr. Eric FILLIAT	**Amounts distributed in 2014**	**Amounts distributed in 2015**
Base salary	203,425	203,425
Variable pay	79,018	93,575
Remuneration from Banco Primus	20,000	20,000
Exceptional remuneration	5,141	4,006
Incentives and profit-sharing	-	19,266
Attendance fees	-	-
Advantages in kind	3,900	4,050
Additional voluntary contribution	9,706	10,158
TOTAL	**321,191**	**354,480**

(in euros)

Mr. Thierry DUFOUR	Amounts distributed in 2014	Amounts distributed in 2015
Base salary	354,720	354,648
Variable pay	97,649	126,824
Remuneration for Banco Primus	20,000	20,000
Exceptional remuneration	4,719	3,543
Incentives and profit-sharing	-	-
Attendance fees	-	-
Advantages in kind	5,280	5,352
Additional voluntary contribution	15,397	16,329
TOTAL	497,765	526,696

Mr. Daniel FRUCHART	Amounts distributed in 2014	Amounts distributed in 2015
Attendance fees	3,000	3,000
Other remuneration	-	-
TOTAL	3,000	3,000

Mr. Robert RAYMOND	Amounts distributed in 2014	Amounts distributed in 2015
Attendance fees	2,250	3,000
Other remuneration	-	-
TOTAL	2,250	3,000

Mr. Pierre VAJDA	Amounts distributed in 2014	Amounts distributed in 2015
Attendance fees	2,250	3,750
Other remuneration	-	-
TOTAL	2,250	3,750

NB: The method of distribution of attendance fees is specified within the Chairman's report on internal control.

Executive designated company representatives	Job contract		Supplemental retirement programme		Indemnities or advantages due or potentially due resulting from the termination or change in position		Indemnity relative to an exclusivity clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Mme Sandrine GUERIN Chairman of the Management Board Start of term : 04/20/2005 Member of the Management Board Start of term: 10/21/2004		X		X		X		X
M. Frédéric CHASSOT Chief Executive Officer Start of Term: 01/23/2013 Member of the Management Board Start of Term: 01/26/2007		X		X		X		X

Tables 4 to 9 referred to by the AMF in the publication of its recommendation on the disclosure in the registration documents for the year ended December 2008 are not applicable to VMG.

8.2. Conflicts of interest at administrative, management and supervisory bodies

There are no conflicts of interest between the obligations of Members of the Issuer's Management and Supervisory Boards and their personal interests.

9. MAIN SHAREHOLDERS

9.1. OWNERSHIP OF CAPITAL AND VOTING RIGHTS

9.1.1. Ownership of capital and voting rights

At December 31, 2015, Crédit Foncier de France held 99.99% of VMG's capital, corresponding to 114,163 shares. The balance of the outstanding VMG shares, representing 0.01% of the share capital, is divided among all the Members of the VMG Supervisory Board and other individuals.

No shares entitle their holders to double voting rights and none of the shares have been pledged.

9.1.2. Control of the Issuer

At December 31, 2015, VMG was controlled and consolidated by Crédit Foncier de France, which holds a 99.99% equity interest in the company.

9.1.3. Corporate organization chart

VMG is a direct subsidiary of Crédit Foncier (Groupe BPCE).

For more information about Crédit Foncier de France, see Crédit Foncier de France's reference document filed with the French Financial Markets Authority. This document is available on the latter's website (www.amf-france.org).

9.2. COMPANY SHARES HELD BY THE DIRECTORS

Each Member of the Supervisory Board must own at least one share of the company. There are no outstanding equity warrants or options to purchase company shares.

9.3. AGREEMENTS

The Supervisory Board has authorized, in accordance with Article L. 225-86 of the French Commercial Code, the following agreements to be signed, pursuant to VMG's Internal Regulations (included in this Registration document starting on page 78):

- Subordinated Loan Master Agreement;
- Loan Master Agreement;
- Subscription Master Agreement for Negotiable Debt Securities;
- Cash Collateral Master agreement;
- Master agreement on Subordinated Advances Credited to the Associates’ Current Account;
- Subcontracting Agreement;
- General Master agreement;
- Cash Management agreement;
- Crédit Foncier’s collateral agreement on variable rate Loans.

These agreements or contracts were all renewed by Crédit Foncier de France.

9.4. EMPLOYEE PROFIT SHARING

At December 31, 2015, VMG did not have its own staff. The company did not have any incentive scheme or profit-sharing plan. In addition, there were no subscription warrant or share purchase plans at December 31, 2015.

10.FINANCIAL INFORMATION

10.1. VMG'S HISTORICAL FINANCIAL INFORMATION

Audited VMG Accounts for the period ended December 31, 2015

(in euros)

ASSETS	2015			2014
	GROSS	AMORT / DEPRECIATION	NET	NET
LONG-TERM LOANS AND INVESTMENTS				
- Other equity holdings	-	-	-	459,701,903
- Accrued interest on equity holdings	-	-	-	3,228,231
TOTAL I	**-**	**-**	**-**	**462,930,135**
CURRENT ASSETS				
- Trade receivables and related accounts	69,151	-	69,151	189,960
- Other receivables	-	-	-	31,660
- Negotiable debt securities	1,654,870,145	-	1,654,870,145	986,409,513
- Available for sale securities	-	-	-	-
- Cash	30,460,752	-	30,460,752	168,619,212
- Deferred expenses	-	-	-	-
TOTAL II	**1,685,400,047**	**-**	**1,685,400,047**	**1,155,250,344**
- Accruals - issuing expenses	87,443	-	87,443	187,755
- Redemption premiums	127,982	-	127,982	365,097
GRAND TOTAL	**1,685,615,472**	**-**	**1,685,615,472**	**1,618,733,331**

(in euros)

LIABILITIES	2015	2014
SHAREHOLDERS' EQUITY		
- Share capital	42,336,195	42,336,195
- Legal reserve	2,660,397	2,638,172
- Retained earnings	5,249,628	6,083,208
- Income from previous years	-	-
- Income for the period	10,769,617	444,504
TOTAL I	**61,015,837**	**51,502,079**
PROVISIONS		
- Provisions	-	-
TOTAL II	**-**	**-**
LIABILITIES		
- Bonds	777,057,292	777,057,292
- Other borrowings and financial debts	841,761,928	789,800,252
- Trade accounts payable and related accounts	99,400	318,102
- Tax and social security liabilities	253,794	35,110
- Other liabilities	5,427,221	20,496
- Deferred income	-	-
TOTAL III	**1,624,599,635**	**1,567,231,252**
GRAND TOTAL	**1,685,615,472**	**1,618,733,331**

Description of certain asset items

(in euros)

DESCRIPTION OF CERTAIN ASSET ITEMS	12/31/2015	12/31/2014
TRADE RECEIVABLES AND RELATED ACCOUNTS		
- Customers - services rendered	-	-
- Customers - invoices to be issued	69,151	189,960
	69,151	**189,960**
OTHER RECEIVABLES		
- Deductible VAT on goods and services	-	31,660
- VAT on invoices not yet received	-	-
- VAT - credit to carry forward	-	-
- Miscellanneous receivables - CFF transitory account	-	-
- Current account - CFF taxes	-	-
- State - Corporate income tax	-	-
- State - Accrued income	-	-
	-	**31,660**
NEGOTIABLE DEBT SECURITIES		
- *Obligations Foncières* SCF	750,000,000	-
- Accrued interest on *Obligations Foncières* SCF	19,904,372	-
- Negotiable certificates of deposit	87,300,000	212,500,000
- Accrued interest on negotiable certificates of deposit	23,756,260	-
- Medium-term notes - CFF	746,482,500	746,482,500
- Accrued interest on medium-term notes - CFF	27,427,013	27,427,013
	1,654,870,145	**986,409,513**
ACCRUALS		
- Issuing expenses	87,443	187,755
	87,433	**187,755**
BOND REDEMPTION PREMIUMS		
- Bond redemption premiums	110,688	322,148
- Deferred expenses	17,294	42,950
	127,982	**365,097**

Description of certain liability items

(in euros)

DESCRIPTION OF CERTAIN LIABILITY ITEMS	12/31/2015	12/31/2014
OTHER BONDS		
- Other bonds	750,000,000	750,000,000
- Bond Issue premiums	-	-
- Accrued interest on other bonds	27,057,292	27,057,292
	777,057,292	**777,057,292**
OTHER BORROWINGS AND FINANCIAL DEBTS		
- CFF cash collateral	48,952,778	36,733,432
- Issue Repayment Reserve	750,000,000	290,298,097
- Subordinated Loans	42,809,150	459,701,903
- Accrued interest on CFF cash collateral	-	-
- Accrued interest on CFF Issue Repayment Reserves	-	-
- Interest due on subordinated Loans (IF+IVA)	-	3,066,820
	841,761,928	**789,800,252**
TRADE ACCOUNTS PAYABLE AND RELATED ACCOUNTS		
- Suppliers - purchases	-	189,960
- Suppliers - invoices not yet received	99,400	128,142
	99,400	**318,102**
TAXES PAYABLE		
- Personnel - remunerations	-	-
- Payroll taxes	1,714	2,598
- Personnel - other accrued expenses	356	246
- State - Corporate income tax	-	-
- VAT collected	-	-
- VAT to be substracted	-	-
- VAT on invoices to be issued	-	31,660
- State - Accrued expenses	251,724	606
	253,794	**35,110**
OTHER LIABILITIES		
- Customer credits CFF – credit notes	-	-
- Director's fees and other remuneration	29,350	13,158
- Expenses bills to be paid	-	-
- Current account – Tax consolidation	5,397,871	7,338
	5,427,221	**20,496**

(in euros)

INCOME STATEMENT	12/31/2015	12/31/2014
REVENUE FROM OPERATIONS		
- Services rendered	153,326	225,926
Net revenue	153,326	225,926
- Deferred expenses	-	-
- Other income	-	-
TOTAL OF REVENUE FROM OPERATIONS	**153,326**	**225,926**
OPERATING EXPENSES		
- Other purchases and expenses	534,208	675,149
- Taxes and assessments	263,303	1,942
- Salaries and wages	20,000	20,000
- Payroll taxes	6,646	7,396
- Depreciations and amortisation accruals	-	-
- Provisions and impairments on current assets	-	-
- Other expenses	39,361	35,393
TOTAL OF OPERATING EXPENSES	**863,518**	**739,880**
OPERATING INCOME	**-710,192**	**-513,955**
INVESTMENT INCOME		
- Income from equity holdings	5,784,929	21,210,608
- Income from negotiable certificates of deposit and medium-term notes and *obligations foncières*	28,921,750	30,005,887
- Other Interest Income and related income	178	490
- Deferred expenses	-	-
- Net income from the sale of investment securities	-	-
TOTAL OF INVESTMENT INCOME	**34,706,857**	**51,216,984**
FINANCIAL EXPENSES		
- Depreciation, amortisation and provisions	311,772	311,772
- Interest and related expenses	34,896,547	49,717,851
- Issuing expenses	-	-
- Other financial expenses	-	-
TOTAL OF FINANCIAL EXPENSES	**35,208,319**	**50,029,623**
FINANCIAL INCOME	**-501,462**	**1,187,362**
EARNINGS BEFORE TAX	**-1,211,654**	**673,407**
EXTRAORDINARY GAINS		
- On management transactions	-	-
- On capital transactions	477,309,948	152,150,494
- Reversal of impairments, provisions and deferred expenses		-
TOTAL OF EXTRAORDINARY GAINS	**477,309,948**	**152,150,494**
EXTRAORDINARY EXPENSES		
- On management transactions	-	-
- On capital transactions	459,701,903	152,150,494
TOTAL OF EXTRAORDINARY EXPENSES	**459,701,903**	**152,150,494**
EXTRAORDINARY INCOME	**17,608,045**	**-**
CORPORATE INCOME TAX	**5,626,774**	**228,903**
TOTAL EARNINGS	**512,170,313**	**203,593,405**
TOTAL EXPENSES	**501,400,514**	**203,148,901**
NET INCOME FOR THE PERIOD	**10,769,617**	**444,504**

Description of certain income statement items

(in euros)

DESCRIPTION OF CERTAIN INCOME STATEMENT ITEMS	12/31/2015	12/31/2014
PRODUCTION SOLD (GOODS & SERVICES)		
- Services rebilled to Crédit Foncier	153,326	225,926
TOTAL	**153,326**	**225,926**
INCOME FROM NEGOTIABLE CERTIFICATES OF DEPOSIT AND MEDIUM-TERM NOTES AND *OBLIGATIONS FONCIERES*		
- Revenue from medium-term notes	29,776,118	29,776,118
- Premium/Discount on medium-term notes	-20,758,740	-
- Revenue from negotiable certificates of deposit	-	229,768
- Revenue from SCF *Obligations Foncières*	19,904,372	-
TOTAL	**28,921,750**	**30,005,887**

(in euros)

DESCRIPTION OF CERTAIN INCOME STATEMENT ITEMS	12/31/2015	12/31/2014
OTHER PURCHASES AND EXPENSES		
- Crédit Foncier subcontracting commission	225,225	271,433
- General outsourcing	-	-
- Insurance fees	1,502	816
- Fees	58,625	81,401
- Legal fees and litigation	-	-
- Miscellaneous	-	-
- Legal notices, inserts and advertising	5,183	5,402
- Publications	-	-
- Travel and expenses	-	-
- Reception	-	-
- Postal charges and telecommunications	-	-
- Banking services	347	197
- Commissions on security transactions (buy, sell, hold)	-	-
- Annual issue Commissions	-	-
- Other fees and Commissions	153,326	225,926
- Crédit Foncier cash management Commissions	45,000	44,988
- Commissions for Foncier securitisation mandate	45,000	44,988
TOTAL	**534,208**	**675,149**
TAXES AND ASSESSMENTS		
- Local business tax	263,663	-147
- Payroll tax	-606	1,713
- Apprenticeship and training tax	246	376
- Minimum corporate income tax	-	-
- Registration taxes and stamps	-	-
TOTAL	**263,303**	**1,942**
SALARIES AND WAGES		
- Wages and salaries	20,000	20,000
- Bonuses and appointments	-	-
TOTAL	**20,000**	**20,000**
PAYROLL TAXES		
- URSSAF	3,845	4,383
- Pension funds	1,495	1,725
- ASSEDICS	1,306	1,289
TOTAL	**6,646**	**7,396**
INTEREST & RELATED EXPENSES		
- Interest on subordinated debt	5,495,682	20,301,097
- Interest on borrowings and related debt	29,400,656	29,390,097
- Interest on current account and deposits	-	-
- Interest on Crédit Foncier cash collateral	209	26,657
TOTAL	**34,896,547**	**49,717,851**
AMORTIZATIONS & PROVISIONS		
- Amortization of debt redemption premium	211,460	211,460
- Amortization of issuing expenses	100,312	100,312
TOTAL	**311,772**	**311,772**

NOTES TO THE FINANCIAL STATEMENTS

Notes to the balance sheet before appropriation of earnings for the year ended December 31, 2015, showing total assets of €1,685,615,472.19 and notes to the income statement, showing revenue of €512,170,130.64 and income of €10,769,616.92.

This financial year consisted of a twelve-month period from January 1 to December 31, 2015.

The notes are located on Pages 48 to 58 hereafter and belong to the notes to the financial statements.

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

I. HIGHLIGHTS OF THE 2015 FINANCIAL YEAR

As of June 18, 2015, the General Meeting approving the accounts for the year ended December 31, 2014 has decided to distribute a dividend of €11 per share for a total of €1,255,859. The date of payment was set at June 30, 2015.

Five FCT units were annulled (four of them prior to the schedule) on April 28th, 2015. An early disposal of FCT units to Crédit Foncier has generated a benefit of €17,608 K.

Following the disposal of FCT units to Crédit Foncier, the Issuance Repayment Reserve accounts for €750M, that is the positive difference between the outstanding Issuances and the volume of FCT units held by VMG.

VMG has subscribed to two *obligations foncières* of Compagnie de Financement Foncier, the characteristics of which are similar to those of VMG's Issuances:

- Issuance of €250 million with a maturity as of 01/28/2016 and a nominal rate of 3.5 %;
- Issuance of €500 million with a maturity as of 01/30/2017 and a nominal rate of 4.125 %.

The return on these *obligations foncières* being higher than a market average. VMG paid off an acquisition premium of:

- €6,955,000 on the *obligation foncière* of €250 million;
- €37,560,000 on the *obligation foncière* of €500 million;

which makes a total of €44,515,000 amortised over the detention period.

II. PRINCIPLES

1. Operating principles

VMG is a refinancing vehicle belonging to Crédit Foncier group which operates on a Matching basis.

VMG issues debt in the form of investment securities, negotiable debt securities or bank Loans. The proceeds from these issuances are then lent to Crédit Foncier or used to purchase negotiable debt securities issued by Crédit Foncier.

To ensure the reimbursement of its senior debt, VMG holds high 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 securitized 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)

	12/31/2015	12/31/2014	12/31/2013		12/31/2015	12/31/2014	12/31/2013
FCT units (Other equity holdings)	0	463	616	Subordinated debt	43	463	616
				Issue Repayment Reserve (borrowings)	750	290	138
Negotiable debt securities and accrued interest	774	774	774	Bond issues	777	777	777
Short-term cash investment	881	213	236	Cash collateral (borrowings)	49	37	44

2. Accounting principles

The financial statements are presented in accordance with French accounting standards and the French 1999 General Accounting Plan relating to the application of CRC 99-03 Regulation.

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 receivables)

Equity holdings correspond to senior securitization Units recognized at face value after taking into account amortization since their date of acquisition.

Five FCT units were annulled, four of them prior to the schedule. VMG has no participations as of December 31, 2015.

B. Negotiable debt securities

These include 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 December 31, 2015, VMG held the following Crédit Foncier medium-term notes:

(in thousands of euros)

Purchase date	Amount	Rate	Maturity
12/09/04	497,890	4.190%	01/30/17
11/16/05	248,593	3.586%	01/28/16
	746,483		

This item also includes:

- Negotiable Certificates of Deposit purchased for a total amount of €87.3 million by reinvesting:
  - cash available from the ordinary account (€68.8 million);
  - cash collateral (€18.5 million);
- *obligations foncières* subscribed by VMG. As of December 31, 2015 they were broken down as follows:

(in thousands of euros)

Purchase date	Amount	Notional	Net Premiums	Rate	Maturity
04/28/2015	256,955	250,000	683	3.50%	01/28/2016
04/28/2015	537,560	500,000	23,073	4.13%	01/30/2017
		750,000	**23,756**		

as well as the accrued interest and the amortised acquisition premium of *obligations foncières* as of December 31, 2015.

C. Borrowings and bonds

Borrowings and bonds are recognized at their redemption value.

Borrowing expenses (placement Commissions, brokerage fees, other expenses) are amortized over the life of the debt. Expenses that have not yet been amortized are recognized under the item "Accruals issuing expenses".

Redemption premiums on borrowings are amortized over the life of the borrowings. Issue premiums are recognized as "issue premiums" under the "Bonds" item.

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

No bonds were issued in 2015.

VMG total outstanding issuances at December 31, 2015 were as follows:

(in thousands of euros)

Issuance date	Amount	Rate	Maturity
12/09/04	500,000	4.125%	01/30/17
11/16/05	250,000	3.500%	01/28/16
	750,000		

III. NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

Statement of assets

(in euros)

Items	Gross value at start of the year	Increase	Decrease	Gross value at 12/31/2015
- Equity holdings and accrued interest	462,930,135	-	462,930,135	-
- Loans and accrued interest	-	-		-
Total	**462,930,135**	**0**	**462,930,135**	**0**

Accrued income

(in euros)

AMOUNT OF ACCRUED INCOME INCLUDED UNDER THE FOLLOWING ITEMS	Amounts 12/31/2015	Amounts 12/31/2014
- Other equity holdings	0	3,228,231
- Loans	-	-
- Trade receivables	69,151	189,960
- Negotiable debt securities - Medium-term notes	27,427,013	27,427,013
- Negotiable debt securities - *Obligations Foncières*	19,904,372	-
- Negotiable debt securities - Negotiable Certificates of Deposit	-	-
	47,400,535	**30,845,204**

Share capital structure

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

Changes in equity *(in euro)*

	Opening balance 01/01/2014	Allocations	Changes in capital and reserves		Amount at 12/31/2014	Allocations	Changes in capital and reserves		Amount at 12/31/2015
			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	2,616,733	21,439	-		2,616,733	22,225	-	-	2,660,397
General reserve	-	-	-	-	-	-	-	-	-
Regulated reserves	-	-	-	-	-	-	-	-	-
of which	-	-	-	-	-	-	-	-	-
Regulated revaluation reserves	-	-	-	-	-	-	-	-	-
Special long-term capital gains reserve	-	-	-	-	-	-	-	-	-
Retained earnings	6,931,720	-848,512	-	-	6,931,720	-833,580	-	-	5,249,628
Net shareholders' equity before income for the year	51,884,648	-827,073	-	-	51,884,648	811,355	-	-	50,246,220
Income for the year before allocation	-	-	-	-	-	-	-	-	-
Income for the year	428,786	-428,786	-	-	428,786	-444,504	-	10,769,617	10,769,617
Net shareholders' equity after income for the year	52,313,434	-1,255,859	-	-	52,313,434	-1,255,859	-	10,769,617	61,015,837
Dividends distributed	-	1,255,859	-	-	-	1,255,859	-	-	-
	Opening balance 01/01/2014	**Other changes**	**Changes in provisions**		**Amount at 12/31/2014**	**Other changes**	**Changes in provisions**		**Amount at 12/31/2015**
			Increases	**Reversals**			**Increases**	**Reversals**	
Special revaluation provision	-	-	-	-	-	-	-	-	-
Other regulated provisions	-	-	-	-	-	-	-	-	-
Regulated provisions	-	-	-	-	-	-	-	-	-
Amount of shareholders' equity before allocation	**52,313,434**	**- 811,355**	**-**	**-**	**52,313,434**	**9,513,758**	**-**	**-**	**61,015,837**
	Opening balance 01/01/2014	**Other changes**	**Changes in FGBR**		**Amount at 12/31/2014**	**Other changes**	**Changes in FGBR**		**Amount at 12/31/2015**
			Increases	**Reversals**			**Increases**	**Reversals**	
Fund for general banking risks	-	-	-	-	-				
TOTAL	**52,313,434**	**-811,355**	**-**	**-**	**51,502,079**	**9,513,758**	**-**	**-**	**61,015,837**

(1) *The capital is comprised of 114,169 ordinary shares, of which 15,000 with a nominal value amounting to €15.24, 4,961 shares with a nominal value amounting to €302.21, 19,622 shares with a value amounting to €432.19, 19,493 shares with a nominal value of €466.95 and 55,093 of a nominal value amounting to €417.94. They give all the holders the same rights. No free reassessment has ever been done at the present day.*

Maturity schedule of receivables

(in euros)

ITEMS	GROSS AMOUNT	MATURITY	
		1 year or less	more than 1 year
Long-term Loans and investments			
- FCC Units (a)	-	-	-
- Receivables related to equity holdings	-	-	-
- Loans	-	-	-
- Accrued interest on Loans	-	-	-
Current assets		-	-
- Trade receivables	69,151	69,151	-
- Personnel and account payable	-	-	-
- Negotiable debt securities - *Obligations Foncières*	750,000,000	250,000,000	500,000,000
- Negotiable debt securities - Medium-term notes	746,482,500	248,592,500	497,890,000
- Negotiable debt securities - Negotiable Certificates of Deposit	87,300,000	87,300,000,	-
- Accrued interest on Negotiable debt securities	47,331,384	47,331,384	-
-Amortisation of obligations foncières premium	23,756,260	682,855	23,073,406
- State - Value added tax	-	-	-
- State – accrued income	-	-	-
- Sundry debtors – Crédit Foncier	-	-	-
- Current account – tax consolidation	-	-	-
- Prepaid expenses	-	-	-
TOTAL	**1 654 939 295**	**633 975 889**	**1 020 963 406**
More than 5 years:	-	-	-

(a) *These amounts are calculated based on theoretical repayment schedules.*

Maturity schedule of liabilities

(in euros)

ITEMS	GROSS AMOUNT	MATURITY	
		1 year or less	more than 1 year
Liabilities			
- Outstanding bonds and accrued interest	777,057,292	277,057,292	500,000,000
- Other borrowings and accrued interest	-	-	-
- Subordinated debt and related liabilities (a)	792,809,150	292,809,150	500,000,000
- Cash collateral and related liabilities	48,952,778	48,952,778	-
- Current account - tax consolidation	-	-	-
- Trade payables	99,400	99,400	-
- Social security liabilities	2,070	2,070	-
- Tax debts	-	-	-
- Corporate income tax	-	-	-
- Value added tax	-	-	-
- Other taxes	251,724	251,724	-
- Other liabilities	5,427,221	5,427,221	-
of which, dividends payable	**-**	**-**	-
- Deferred incomes	-	-	-
TOTAL	**1,624,599,635**	**624,599,635**	**1,000,000,000**
More than 5 years:	-	-	-

(a) *Proceeds from subordinated Loans are used to finance purchases of FCC Units. Repayment of these Loans is governed by VMG's Internal Regulations.*

Accrual accounts statement

Breakdown of accruals at December 31, 2015				
				(in euros)
	Total at 12/31/2014	Increase in 2015	Amortization in 2015	Balance sheet amount
- Issuing expenses	187,755	-	100,312	87,443
TOTAL	**187,755**	**-**	**100,312**	**87,443**

Breakdown of bond redemption premiums at December 31, 2015				
				(in euros)
	Total at 12/31/2014	Increase in 2015	Amortization in 2015	Balance sheet amount
- Redemption premiums	322,148	-	211,460	110,688
- Deferred expenses	42,950	-	25,656	17,294
TOTAL	**365,098**		**237,116**	**127,982**

Accrued expenses

(in euros)

	Amount	
AMOUNT OF ACCRUED EXPENSES INCLUDED UNDER THE FOLLOWING ITEMS	**12/31/2015**	**12/31/2014**
- Bonds	27,057,292	27,057,292
- Other borrowings and financial debts – Other debt	-	-
- Other borrowings and financial debts - Subordinated debt	-	3,066,820
- Other borrowings and financial debts – Cash collateral	-	-
- Other borrowings and financial debts – Corporate income tax (tax consolidation)	-	-
- Trade accounts payable	99,400	318,102
- Tax debts	5,649,595	3,450
- Other debts	29,350	13,158
	32,835,637	**30,458,822**

Elements under several balance sheet items

(in euros)

ITEMS	Amount concerning affiliated companies	Amount concerning associated companies
- Related receivables	-	
- Cash	30,460,752	-
- Trade receivables	69,151	-
- Other receivables (current account – tax consolidation)	-5,397,871	-
- Negotiable Debt Securities and accrued interest	1,654,870,145	-
- Other borrowings and financial debts	-841,761,928	-
- Trade accounts payable	-55,125	-
- Tax debts	-	-
- Other liabilities	-	-
	838,185,123	

Elements under several income statement items

(in euros)

RUBRIQUES	Amount concerning affiliated companies	Amount concerning associated companies
- Services rendered	153,326	
- Income from medium-term notes and certificates of deposit	29,776,118	
- Other interest and related income	5,785,107	
- Income from *Obligations foncières*	19,904,372	
- Other purchases and external expenses	-198,326	
- Interest on subordinated debt	-5,495,682	
- Interest on Issue Repayment Reserve	-20,758,740	
- Interest on cash collateral	-209	
	29,165,966	

Expenses transfers

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

Extraordinary gains and charges

The FCC Units held by the company are recognized 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.

Financial commitments

COMMITMENTS GIVEN	Amount
- 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.	768,500,000
COMMITMENTS RECEIVED	**None**

Tax group

On January 1st, 2010 VMG became part of the tax consolidation headed by BPCE.

The corporate income tax charge recognized by VMG in respect of 2015 was €5,626,774.

Changes in deferred taxes

No deferred tax liabilities or timing differences existed at December 31, 2015.

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 €39,357 for the year 2015.

The statutory auditors' fees (excluding taxes) for the 2015 and 2014 financial years are as follows:

(in euros)

	KPMG		PricewaterhouseCoopers	
Audit	**2015**	**2014**	**2015**	**2014**
Statutory audit and review of the individual accounts	19,324	25,000	24,000	26,000
Other services directly associated with the auditor's role	10,000	10,000	15,300	10,000
Total	**29,324**	**35,000**	**39,300**	**36,000**

Other services rendered by Statutory Auditors, responsible for auditing the financial statements, mainly concerned review missions of VMG's internal control.

V. CASH FLOW STATEMENT

(in euros)

CASH FLOW STATEMENT	12/31/2015	12/31/2014
Operational activities		
Net income for the year before tax	16,396,391	673,407
Adjustments	-	-
Depreciations and amortization of property, equipment and intangible assets	-	-
Changes in provisions for impairments	-	-
Changes in provisions for contingencies and losses	-	-
Income from equity holdings	-5,784,929	-21,210,608
Interest expense on participation loans	5,495,682	20,301,097
Other income adjustments	-43,323,205	309,615
Changes in customer receivables	120,809	-52,420
Changes in short-term investment securities portfolio	-750,000,000	-
Changes in other assets	31,660	16,644
Changes in debts payable to banks and customers	-	-
Net issues of debt securities	-	-
Changes in other liabilities	17,626,053	-6,897,655
Corporate income tax paid	-5,626,774	-228,903
Total cash flows from operational activities	**-765,064,312**	**-7,088,823**
Investment activities		
Proceeds from the disposal of:		
Long-term financial assets (FCC Units)	459,701,903	152,150,494
Tangible and intangible fixed assets	-	-
Disbursments for the acquisition of:	-	-
Long-term financial assets (FCC Units)	-	-
Tangible and intangible fixed assets	-	-
Financial income from long-term financial assets (FCC Units)	9,013,160	22,348,164
Others		-
Total cash flows from investment activities	**468,715,064**	**174,498,658**
Financing activities		
Cash contribution to capital	-	-
Dividends distributed	-1,255,859	-1,255,859
Net changes in subordinated debt	42,809,150	-
Interest expense on subordinated debt	-8,562,502	-21,381,775
Other changes	-	-
Total cashflows from financing activities	**32,990,789**	**-22,637,634**
Increase/decrease in cash and cash equivalents	**-263,358,460**	**144,772,201**
Cash and cash equivalents at the beginning of the year	381,119,213	236,347,012
Cash and cash equivalents at the end of the period	117,760,753	381,119,213

BREAKDOWN OF CASH AND CASH EQUIVALENTS	12/31/2015	12/31/2014
Cash and cash equivalents	**117,760,753**	**381,119,213**
Cash, central bank, post office accounts	30,460,753	168,619,213
Certificates of deposits acquired with cash	87,300,000	212,500,000

Notes to the cash flow statement of Vauban Mobilisations Garanties

The main method used was to analyze balance sheet movements by comparing the 2015 and 2014 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 issuances.

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 FS I

Tour EQHO
2, Avenue Gambetta
CS 60055
92066 Paris La Défense Cedex

PricewaterhouseCoopers Audit

Crystal Park
63, rue de Villiers
92200 Neuilly-sur-Seine

This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

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

Vauban Mobilisations Garanties S.A.

Registered office: 19, rue des Capucines – 75001 Paris
Share capital: €.42,336,194.77

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Year ended 31th December 2015

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying financial statements of Vauban Mobilisations Garanties S.A.
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de commerce), we bring to your attention the following matters.

The note to the financial statements B “Negotiable debt securities” of the second paragraph outlines the accounting rules and methods related to the registration of the negotiable debt securities. As part of our assessment of the accounting rules and principles applied by your Company, we ensured that these methods were properly applied and verified that the above-mentioned accounting methods and the related information provided in this note to the financial statements were appropriate.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III- Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code ("Code de commerce") relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Paris La Défense, on the 27 April 2016

KPMG Audit FS I

Xavier de Coninck
Partner

Neuilly-sur-Seine, on the 27 April 2016

PricewaterhouseCoopers Audit

Jean-Baptiste Deschryver
Partner

Report of the Chairperson of the Supervisory Board pursuant to Article L. 225-68 of the French Commercial Code

To the Shareholders,

In accordance with Article L. 225-68 paragraph 7 of the French Commercial Code, this report will provide information about:

- conditions surrounding the preparation and organization of the Supervisory Board's work ;
- internal control procedures implemented by the company.

I. CONDITIONS SURROUNDING THE PREPARATION AND ORGANISATION OF THE SUPERVISORY BOARD'S WORK

Members of the Supervisory Board

VMG's Supervisory Board has four to seven members.

At December 31, 2015, it had six members and one non-voting member.

Information about the members of the Supervisory Board is included in a table annexed to this report.

Role of the Supervisory Board

The Supervisory Board exercises permanent control over the management of the company by the Management Board. It carries out verifications and controls that it deems appropriate at any time of the year and can request any documents that it considers necessary to accomplish its mission.

Given the company functions in a run-off mode, it no longer acquires the mortgage loans or FCT units. And accordingly it no longer issues bonds. Its assets are now mainly composed of pledged reserves invested in secured securities and of provisions whose purpose is to guarantee the company's issues.

The entire process for these guaranteed issuances is governed by Internal Regulations. The Supervisory Board is responsible for ensuring that VMG and Crédit Foncier's Management Boards comply with these regulations. The Early Unwinding Scenario is another facility aimed at giving investors the certainty of being repaid even in case of default of the Crédit Foncier.

The Supervisory Board verifies that company transactions comply with provisions set forth in the Internal Regulations. More specifically, it examines the following operations:

- authorization of payments at every quarterly Payment Date;
- placements of available cash, provisions for compensation payments and issuances' remuneration and reserves on issue repayments.

In addition it examines the annual statement drawn up by the statutory auditors using the company's management accounting software as requested by the company, and it examines the company accounts established by the Management Board.

Supervisory Board meetings

During its meeting on January 20, 2003, the Supervisory Board adopted Internal Regulations that outlined procedures for the way it functions and, in particular, how members of the Supervisory Board can participate in meetings via videoconferencing technology. These bylaws were amended on April 20, 2011 to extend the participation of members of the Supervisory Board meetings by telecommunication mediums.

The Supervisory Board shall meet as often as the interests of the company require and at least four times a year.

The Supervisory Board met five times in 2015: on January 21, March 13, April 23, July 23 and October 22, 2015.

Each Board member received on time the notice of meeting and all documents and information necessary to accomplish his or her mission.

Members' rate of attendance was 83%.

Apart from the annual work mentioned above, the Supervisory Board also discussed the following issues during its meetings in 2015:

- the modification of the investment rules described in the Internal Regulation of VMG in order to enable the letter to subscribe *obligations foncières* ;
- the presentation of the Reference document ;
- the monitoring of cash management activities ;
- the authorisation of agreements subject to the provisions set forth in Article L. 225-86 of the French Commercial Code.

Members of the Supervisory Board, including the non-voting member, are paid directors' fees, in accordance with the rules recommended by BPCE. The amount of directors' fees is set at a predetermined figure per meeting and weighted for each director depending on his/her effective attendance in relation to the number of meetings over the year, subject to an annual maximum limit.

Participation of shareholders in general meetings

The general meeting of shareholders is convened according to the procedure determined by French legislation.

All shares are held as registered shares and shareholders are notified of general meetings by individual letter.

Any shareholder can attend a general meeting subject to the conditions provided for under the law.

There are no provisions granting multiple voting rights.

II. INTERNAL CONTROL PROCEDURES PUT IN PLACE BY THE COMPANY

Control principles and context at Groupe BPCE

VMG's sole purpose is to finance Crédit Foncier de France by purchasing the latter's medium-term notes and putting up senior FCC Units as collateral, FCT securities or tranches, that are in turn financed by taking out subordinated Loans from Crédit Foncier.

VMG's structure is governed by Internal Regulations approved by the Supervisory Board and the Rating Agencies.

VMG has no staff of its own, but relies on the resources and methods of its parent company to ensure that its administrative, accounting and financial management duties are accomplished. A Subcontracting Agreement has been signed between VMG and Crédit Foncier de France setting out the terms which govern the relationship between the two aforementioned companies, notably audit and control missions.

As a result, internal control procedures used at VMG are the same as those used by groupe Crédit Foncier.

As a credit institution, Credit Foncier de France is subject to legislative and regulatory framework that governs the comprehensive exercise and control of its activities. This framework is governed by the French Monetary and Financial Code and regulations issued by the Committee on Banking and Financial Regulation (CRBF) and including, as regards internal control, the Regulation 97-02 of CRBF amended. The aforementioned Regulation was replaced by the Order of 03 November 2014 which takes over most of its principles. Moreover, groupe Credit Foncier is now subject to the supervision of the European Central Bank (ECB) within the Single Supervisory Mechanism framework which shall perform in close cooperation with the French Prudential Supervision and Resolution Authority (ACPR).

In compliance with regulatory requirements, the Executive Board of Crédit Foncier is responsible for defining and implementing the internal control system. This system encompasses all procedures, systems and controls required to achieve the following objectives:

- to ensure that the company achieve its objectives, comply with laws, regulations and general or Groupe rules;
- to ensure that all the risks to which the company is exposed are properly managed.

The structure of these control systems is based on one hand, on permanent controls comprising two levels and are carried out by operational Units (*CP1*) or by independent bodies (*CP2*) and on the other hand, on periodic controls carried out by the Inspection.

- More precisely, the internal control system reuses the norms enacted by BPCE, in application of the regulation. Indeed, as the central body of Groupe, BPCE is intended to make every administrative, financial and technical decision on the organisation and the management of Banques Populaires and Caisses d'Epargne, of their subsidiaries and common organisations. Applicable to all the affiliated organisations, the organisation or control rules submitted by BPCE are focused on the financial and commercial activities as well as the measuring, the control and the monitoring of credit, market, accounting, computing or operational risks. In that framework, combating money laundering and the financing of terrorism are subject to a specific vigilance with specific norms and controls.
- In parallel, the assessment of the quality and the functioning of the ongoing control system are made by the General inspection of Crédit Foncier, which is submitted to specific requirements. This ongoing control function is regulated by the audit chart of Groupe BPCE, and organised in the framework of a subsidiary animated by the General inspection of Groupe BPCE. This organisation's goals are to facilitate the cooperation between the Directions of the Inspection and to ensure the cover of the perimeter of the Groupe in the best conditions of efficiency.

1. General organisation of Crédit Foncier's control system

Corporate Governance

VMG's Supervisory Board elects a Chairman among its members, who organizes and directs the work of the Board. The Supervisory Board ensures that VMG's management bodies function properly and that the Internal Regulations are respected.

VMG's management is the responsibility of a Management Board composed of four members including a Chairman who is assisted by a Chief Executive Officer. The Chairman and Chief Executive are vested with the broadest powers to act in all circumstances on behalf of VMG within the limits of the corporate purpose, and subject to the powers expressly attributed by law at general meetings. They represent the company in its relationships with third parties.

Internal control

Structured around two levels of control and a permanent structure of periodic inspection, internal control is available in various organizational measures (commitment of management, delegate system, reporting lines, separation of functions) developed below.

Permanent control organization

The independent control units are positioned within the business lines.

The Risk and Compliance departments have been combined into a single Division supervised by the Chief Risk Officer. Within this Division, a Permanent Control Coordination department monitors the overall consistency of the permanent control system (developing and validating annual control plans, ensuring that the entities' various core controls are up to date, overseeing the permanent control system and business line meetings, etc.).

Operational permanent controls

First level ongoing operational controls (*CP1*) are performed within the operational Units by employees or managers. The controls are specified in procedural and operating manuals, and unit heads are responsible for producing and updating these manuals.

Rapidly changing structures and regulatory environments, together with transformation of IT systems, constantly modify the processing procedures, calling for regular updating of directives and guidelines. This was particularly true in light of the migration of the IT tools that occurred in late 2015.

Permanent control performed by Units independent from operating structures.

These Units involved at a second level (*CP2*), ensure the proper implementation of procedures and good control of risk.

They may directly report to Executive Committee Directors:

- the head of permanent control of commercial activities of Loan sales to households is reports directly to the Deputy CEO in charge of commercial develoment Division ;
- the persons responsible for the permanent controls of Corporate activity and activities of Middle and Back Office of Loans to individuals report to the Deputy CEO in charge of the these activities;
- the same is true for "Compagnie de Financement Foncier and VMG Oversight and Control Division", which supervises permanent control of all processes impacting Compagnie de Financement Foncier (particularly the quality of procedures and services).

The permanent control can also be carried out by central structures:

- the Risk Division is responsible for measuring, managing and monitoring Loan and Counterparty risks as well as financial and operational risk ;
- the Compliance Division is responsible for controlling non-compliance risks and controlling investment services. It also covers ethics and the prevention of money laundering and fraud ;
- the Permanent Control Coordination Division is responsible for ensuring cross-business control functions within groupe Crédit Foncier. It provides a strong functional reporting line between permanent control teams, ensuring the existence and effectiveness of the permanent control structure.
- the Head of information systems security of groupe Crédit Foncier is attached to the Deputy CEO in charge of the Risk and Compliance Division. His responsibilities are to define the information systems security policy, oversee a network of officers within the company's entities and assist and advise the IT department on security issues. He is also responsible for the Business Continuity Plan (BCP) for groupe Crédit Foncier, with the duty to keep the plan up to date and in working order to ensure that Crédit Foncier will be able to continue operating following the materialisation of a major risk. These responsibilities will be redefined with the migration of Crédit Foncier's information system to ITCE that occurred in late 2015.

These different Divisions report to the Deputy CEO in charge of the Risk and Compliance Division.

- the “Accounting Audit” Division which reports to the Accounting Division but has no operational duties, is responsible for auditing the accounting and regulatory data generated by Crédit Foncier and its subsidiaries.

Groupe Crédit Foncier’s permanent control system is structured around standardised and regularly updated risk management control procedures for each business unit.

As regards the Internal Control Committee, its main duties are to:

- ensure that permanent controls for business activities is well organised and comprehensive, and that risk management and supervision are efficient (including oversight of the risk management system);
- supervise actions is well organised and comprehensive, and that risk management and supervision are efficient (including oversight of the risk management system);
- ensure that deficiencies identified by the permanent control units are resolved;
- convene the representatives of the control functions six times a year.

The conclusions of its works are regularly submitted to Crédit Foncier’s Audit and Risk Committee.

Periodic control

Periodic control is the responsibility of Crédit Foncier’s General Inspection Division.

The shareholder’s control unit may also contribute to periodic control by auditing groupe Crédit Foncier and forwarding recommendations to Crédit Foncier’s Inspection générale division, which oversees their implementation.

Role of supervisors in the control of employees’ activities

Being the major key of the operational ongoing control, the hierarchic control is usually exercised:

- through the exploitation of anomaly statements, of monitoring and of reporting allowing the steering of the activity of the unity by their managers;
- through the chain delegations, by far integrated in the computing procedures (authorizations by the nature of the transaction or by threshold, transactions with visa-approval needed) or concretized by manual visas.

Delegation system

The delegation system at Crédit Foncier relies upon two series of measures:

- First, an internal system which ensures that decisions, based on the magnitude of the risks they present, are made at an appropriate level within the company (involvement of the competent decision-making committees or internal delegation systems);
- Second, a system of mandates allowing the representatives of Crédit Foncier to justify, to third parties, the necessary powers to engage the society.

Furthermore, every member of the Executive Committee holds, for its own activity, a full attribution skill to exercise its responsibilities.

Specialized committees are responsible for decisions that are not made by the executive board and that exceed the delegations granted to operational managers. Among these committees, the most important are:

- National Commitment Committee: authorises commitments exceeding the powers delegated to the operational Units,

- Risk Management Committee: monitors overall trends in counterparty, financial and operational risk and takes the relevant decisions (scoring rules, delegations and limits),
- Watch list and Sensitive Operations Committee and the National Sensitive Operations Committee: manage strategy and decisions regarding substantial receivables that are either distressed or exposed to risk,
- New Products & Services Committee: approves the market launch of new types of loan and other products and provides services,
- Asset and Liability Management Committee: analyses ALM indicators and provides ensuing decisions and guidelines; a stand-alone committee implements ALM Committee decisions,
- Loan Conditions Committee: sets financial terms and conditions of loans,
- Provision Committee: approve procedures and provisioning levels of Crédit Foncier,
- International Portfolio Run-Off Monitoring Committee: manages strategy and decisions pertaining to the disposal of securities and receivables representing large amounts.

Oversight and risk measurement

Crédit Foncier has set up risk measurement, oversight and management systems (mainly for counterparty, interest rate, foreign exchange, liquidity and operational risks) adapted to its activities, resources and structure. These systems form an integral part of the internal control system.

The main risk factors to which Crédit Foncier is exposed are closely monitored. The company has drawn up precise limits and procedures for managing, selecting, measuring, monitoring and controlling its risks. These limits are updated regularly.

The Risk department performs exhaustive and precise assessments of Crédit Foncier's risks covering all categories of commitments and differentiating between the levels of risk.

Risk measurement methods are documented and supported. They are reviewed regularly to ensure that they are relevant and appropriate for the risks incurred.

Monitoring of risks incurred entails constant monitoring of breaches of limits and their resolution and a periodic review of the main risks and portfolios. The classification of loans is verified periodically to ensure that loans are correctly classified according to the applicable regulations (in particular for doubtful loans and receivables). Checks are also performed regularly to ensure that provisioning is consistent with risk levels.

Information related to risk is reported quarterly to VMG's Supervisory Board. This is required by the Management Rules set forth in VMG's Internal Regulations.

Two types of risk are under scrutiny in application of VMG's internal regulations. They are submitted to the Supervisory Board:

- the ones that could lead to an anticipated conclusion:
  - the non-constitution of a provision for an issuance remuneration;
  - the non-constitution of a provision for adjustment on compensation;
  - the non-constitution of a reserve for the reimbursement of the capital of the issuances;
- the ones that do not lead to an anticipated conclusion:
  - the difference between the maturations on the issuances according to the scenarios.

Principle of the separation of functions

- The Units in charge of transactional commitments and the Units in charge of their accounting approval, settlement as well as oversight and control of related risks are independent from one another.
- The independence of the control Units vis-à-vis the operating Units is ensured by:
    - oversight of counterparty, financial and operational risks by the Risk Division,
    - accounting controls by the General Accounting Division and its dedicated unit,
    - ethics and compliance functions of the Compliance and Ongoing Control Division,
    - permanent control by control entities independent from operational Units,
    - periodic control functions of the General Inspection Division.

Accounting system and procedures

Crédit Foncier’s accounting system relies mainly on the input of accounting data by the management chains.

The methods used for internal accounting control are described in the section on accounting and financial reporting control procedures.

2. Work performed by the General Inspection Division

Organisation and resources of the General Inspection Division

Evaluating risks and ongoing control systems is the responsibility of Crédit Foncier's General Inspection, which shall report to the Chief Executive Officer and the Risk Committee.

At the end of 2015, the Division accounted 21 employees, all with post-secondary training and combining various skills (accounting, financial, law and commercial).

An annual audit plan is prepared by the General Inspection of Crédit Foncier, in liaison with the Executive officer and together with BPCE General Inspection Division, and then approved by Crédit Foncier's executive management and submitted to its Risk Committee. It covers the perimeter of intervention of the Inspection Division, according to a multi-annual plan that takes into account a maximum audit cycle of four years; the intrinsically risky activities are subject to a much more thorough monitoring.

During the year, investigations or specific assignments may be carried out on request from the Chief Executive Officer or the Risk Committee. The assignments undertaken are reported to Crédit Foncier’s executive management and Risk Committee, and, if applicable, to the executive bodies of the subsidiaries concerned. Information is also issued in Executive Committee, which allow a final review of recommendations before implementation. The synthesis of the following of the assignments is submitted to the previous instances, as well as to the Executive committee, where the recommendations with particular difficulties of implementation are reviewed.

Inspection assignments conducted in 2015

In total, the General Inspection of Crédit Foncier completed its audit plan for 2015 in spite of the temporary mobilisation of a portion of its resources in support of operational units (Early repayments from customers, IT migration).

The Inspection générale assignments were therefore included in the annual audit plan approved by the Audit Committee on December 5, 2014, covering groupe Crédit Foncier’s different sectors of operation: loans to individuals, corporates, support activities, subsidiaries and outsourced services.

Follow-up on recommendations

Monitoring the implementation of recommendations is made from statements of management of the audited unit, on the completion percentage and where appropriate, a plan of action with a new period. The responses are captured by the Units audited on a computer intranet available to them. These responses should also be based on documented justification provided by the unit audited and gathering evidence. Based on these elements, the Inspection carries out systematic validation of the effective implementation of the recommendations, through documents checking and on-site during the transition to 100% implementation of recommendations rate.

A detailed statistical apparatus is produced each quarter to ensure clear and concise information to the Executive management, the Executive Committee and the Audit and Risk Committee. Any requests for extension or waiver with rationale are incorporated. Recommendations not implemented within the original deadline are then subject to particular scrutiny in Executive committee.

In addition, the Risk Committee is specifically kept informed of the implementation of recommendations from the ACPR audits.

In the new audits, the state of recommendations issued previously is systematically examined.

3. Audit of accounting and financial statements

The main even in 2015 was the Crédit Foncier's IT system migration that occurred in November 2015 after three years of work towards Mysis, the common IT system of the Caisses d'Epargne.

The program was structured through business lines and through IT projects:

- business lines have been fully involved in this important project,
- cross-business unit dedicated to change management has supported the business lines during all the program to help them in their work, organized around 5 main axis: appropriation, Organization and processes, training, communication and organizational framework transfer to business-lines,
- IT projects were the main supports of this transformation.

The accounting department has obviously been strongly impacted by this migration, for two reasons:

- on one side, because it is the final receiver of the management data,
- one the other side, because its own specific accounting and monitoring tools changed.

Role of the central body

The Accounting Division of BPCE conducts standardization, supervision, appraisal, oversight, forecasting, regulatory watch and representation missions for the Group's prudential and accounting matters.

In this capacity, it defines and updates the Group's accounting standards, constituted by the Group chart of accounts and rules and methods across all Group entities. These rules and methods include generic accounting schemas for operations and are summarized in a manual at the disposal of all the entities. This manual is updated regularly based on changes in accounting regulations. Furthermore, the rules for preparing half-year and annual financial statements are announced separately to harmonies accounting procedures and statements among the different companies.

All of these norms and processes are put into practice by the company ITCE, in charge since the migration of November 2015, with IT process management, configuration works and detailed accounting schemes.

Organisation of the accounting function at groupe Crédit Foncier

Accounting at groupe Crédit Foncier is performed by the General Accounting Division. It is directly in charge of establishing the financial statements and regulatory reports concerning all the companies in the Group, except for Socfim and Banco Primus which have their own Accounting Division.

Moreover, there are within Credit Foncier decentralized accounting entities exercising powers delegated by the General Accounting activities and keeping accounts of justification, especially for financial transactions.

Crédit Foncier's General Accounting Division is organised as follows:

<table>
<tr><th>UNITS</th><th>MAIN RESPONSIBILITIES IN ACCOUNTING SYSTEM OPERATIONS</th><th>PRINCIPAL RESPONSIBILITIES IN COMPILING AND SUMMARIZING DATA</th></tr>
<tr><td>Reporting and summarising</td><td><u>Individual Financial statements:</u>
– Crédit Foncier and VMG accounting
– Tax returns

<u>Consolidated Financial statements:</u>
– Centralisation of consolidation sheaves
– Elaboration of the consolidated accounts
– Implementation of consolidation procedures (using Groupe BPCE's BFC software)</td><td>– Balance sheets, income statements and notes of these entities
– Monthly results statements of the two main credit institutions of the Group (Crédit Foncier and Compagnie de Financement Foncier)
– Balance sheets, income statements and notes of groupe Crédit Foncier
– Quarterly consolidated statements of groupe Crédit Foncier
– Monthly consolidated results (under French standard)</td></tr>
<tr><td>Regulatory and prudential disclosures</td><td>– Regulatory returns on a social basis (SURFI etc.)
– Calculation of the regulatory ratios on a social basis (liquidity) and specific ratios to Compagnie de Financement Foncier
– Prudential declarations on a consolidated basis to the French Prudential Supervision and Resolution Authority (via central body Groupe BPCE), together with the Risk and Treasury Divisions.</td><td>– Reporting to the French Prudential Supervisory and Resolution Authority (via central body BPCE)</td></tr>
<tr><td>Operational Accounting</td><td>– Monitoring and control of interfaces between Loan management chains, accounting software packages and reporting databases in collaboration with the « studies and projects » Division.
– account-keeping of the Loan management chains and the peripheral chains</td><td>– Reports on outstanding Loans and Loan cash flows</td></tr>
<tr><td>Subsidiary Accounting</td><td>– Subsidiaries accountings
– Tax returns</td><td>– Balance sheets, income statements and notes of these entities</td></tr>
<tr><td>Accounting and Regulatory Review Unit</td><td>– Permanent controls on accounting, regulatory reports and tax-related statements.</td><td>– Accounting audit reports</td></tr>
</table>

Work setting and documenting of detailed accounting schemes are the responsibility of the "studies and projects" Finance Division.

Accounting and Regulatory Audit

The principles of the organisation of accounting controls, within the framework of the decentralisation of tasks, are set out in the “Accounting and Regulatory Review Charter,” which was approved by BPCE’s Management Board on May 10, 2010.

The Accounting and Regulatory Review Unit is supervised by the Head of Accounting and reports functionally to the Head of Permanent Control Coordination, to whom all control reports are submitted. Operational accounting controls are the responsibility of the functions directly involved in generating accounting data.

The audits are set out in an annual work schedule, proposed by the Accounting and Regulatory Review Unit, submitted to the Permanent Control Coordination department and approved by the Internal Control Committee.

These audits include:

- in-depth verifications during the quarterly closing of accounts, primarily relating to the proper supporting documents (banking reconciliations, coherence between accounting and finance systems, transitional accounts, etc.);
- regular checks on key regulatory and tax disclosures and issues relating to summary statements.

Summary reports are then drafted and circulated to the Accounting department, the Permanent Control Coordination department and the Statutory Auditors.

Consolidation packages are drafted by subsidiaries and certified by their respective statutory auditors. These documents are then reviewed in detail and checked for consistency by the Consolidation Unit.

All of these prudential and regulatory reports are centralised by BPCE, which runs automated consistency controls before sending them to the ACPR.

Audit of financial data

Financial data disclosed to third parties (regulatory restitutions intended specifically for the French Prudential Supervision and Resolution Authority and Reference documents submitted to the Autorité des Marchés Financiers, AMF) are carefully audited by the competent Divisions: Management Control, Financial Management and General Accounting.

INFORMATION ABOUT MEMBERS OF THE SUPERVISORY BOARD
AT DECEMBER 31, 2015

Range of the possible number of members: 4 to 7

Actual number of members: 6

Number of Board meetings: 4

Average attendance rate: 83%

Attendance fees: yes

First/last names Company name and permanent representative	Function at the company and on the Board	Date of appointment	Date term of office expires
Mr. Gérard BARBOT	Chairman of the Supervisory Board	June 22, 2004	OGM 2017
Mr. Eric FILLIAT	Vice-President of the Supervisory Board	April 20, 2012	OGM 2017
Mr. Robert RAYMOND	Member of the Supervisory Board	January 26, 2007	OGM 2017
Mr. Pierre VAJDA	Member of the Supervisory Board	January 26, 2007	OGM 2017
CREDIT FONCIER DE FRANCE represented by Mr. Thierry DUFOUR	Member of the Supervisory Board	July 20, 2005	OGM 2017
Mr. Daniel FRUCHART	Member of the Supervisory Board	June 18, 2009	OGM 2017
Mr. Antoine COUTIERE	Non voting attendee	AGM of June 18, 2007	OGM 2015

KPMG Audit FS I

Tour EQHO
2, Avenue Gambetta
CS 60055
92066 Paris La Défense Cedex

PricewaterhouseCoopers Audit

Crystal Park
63, rue de Villiers
92200 Neuilly-sur-Seine

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Vauban Mobilisations Garanties - S.A.
Registered office: 19, rue des Capucines – 75001 Paris
Share capital: €.42,336,194.77

Statutory Auditors' report, prepared in accordance with article L.225-235 of the French Commercial Code ("Code de commerce"), on the report prepared by the Chairman of the Supervisory Board Meeting of the Company Vauban Mobilisations Garanties S.A.

Year ended 31th December 2015

Ladies and Gentlemen,

In our capacity as Statutory Auditors of Vauban Mobilisations Garanties S.A., and in accordance with Article L.225-235 of the French Commercial Code ("Code de commerce"), we hereby report (to you) on the report prepared by the Chairman of your company in accordance with Article L.225-68 of the French Commercial Code for the year ended December 31, 2015.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-68 particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L. 225-68 of the French Commercial Code ("Code de commerce"), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board (or Supervisory Board) in accordance with Article L.225-68 of the French Commercial Code ("Code de Commerce").

Other disclosure

We hereby attest that the Chairman's report includes the other disclosures required by article L.225-68 of the French Commercial Code (*"Code de Commerce*").

Paris La Défense, 27 April 2016	Neuilly-sur-Seine, 27 April 2016
KPMG Audit FS I	**PricewaterhouseCoopers Audit**
Xavier de Coninck	Jean-Baptiste Deschryver
Partner	*Partner*

10.3. LEGAL PROCEEDINGS AND ARBITRATION

In the last twelve months there were no governmental, legal or arbitration procedure, including all procedure that VMG is aware of, in process or that VMG is threatened by, which is likely to have or have had a material impact on VMG's financial position or results.

11. ADDITIONAL INFORMATION

11.1. SHARE CAPITAL

Breakdown of share capital

Changes in equity ownership

No changes in equity ownership have occurred since end-2014.

The following table shows the breakdown of share capital at December 31, 2015:

Shareholders	Number of shares
Crédit Foncier de France	114,163
Pierre VAJDA	1
Gérard BARBOT	1
Robert RAYMOND	1
Eric FILLIAT	1
Daniel FRUCHART	1
Michel DEMONT	1
TOTAL	**114,169**

11.2. RESOLUTIONS SUBMITTED TO THE GENERAL MEETING

DRAFT RESOLUTIONS OF THE ORDINARY GENERAL MEETING OF JUNE 17, 2016

FIRST RESOLUTION

(Approval of the financial statements for the financial year ended December 31, 2015)

Having considered the management report of the Management Board, the report of the Supervisory Board and the reports of the statutory auditors, the General meeting approves the financial statements for the year ended December 31, 2015 as presented, which show net income of €10,769,617. It also approves the transactions included in these financial statements or summarised in these reports.

The General meeting therefore grants discharge to the members of the Management Board and the Supervisory Board for the performance of their mandate for the year ended.

SECOND RESOLUTION

(Allocation of net income for the financial year)

The General meeting hereby decides to allocate the net income for the year ended December 31, 2015 totaling €10,769,617 as follows:

- Net income for the financial year	€10,769,617
- Retained earnings from the previous year	€5,249,628
Total for allocation	€16,019,245

The financial year result is allocated as follows:

- Legal reserve	€539,000
- Dividend	€13,243,604
- Retained earnings for the financial year	€2,236,641
Total allocated	€16,019,245

As a result, the dividend for each of the 114,169 shares comprising the share capital is set at 116 euros.

The dividend will be payable on June 28, 2016.

The General meeting further acknowledges that during the last three financial years the following dividends were distributed:

Financial Year	Number of shares	Overall remuneration by unit	Dividend Distributed (*)
2012	114,169	€11.00	€11.00
2013	114,169	€11.00	€11.00
2014	114,169	€11.00	€11.00

(*) Eligible for the 40% provided for in Article 158-3 of the CGI (*Code Général des Impôts*)

THIRD RESOLUTION

(Regulated agreements)

Having considered the statutory auditor' special report on the agreements governed by Article L. 225-86 et seq. of the French Commercial Code, the General meeting hereby approves the conclusions of and agreements mentioned in said report.

FOURTH RESOLUTION

(Renewal of the non-voting Member of the Supervisory Board)

Having considered the reports of the Management Board, the General meeting re-appoints as non-voting Member of the Supervisory Board Mr. Antoine COUTIERE for a term of three years, i.e., until the end of the General Meeting called to approve the financial statements for the year ending 31 December 2018.

FIFTH RESOLUTION

(Authority to undertake formalities)

The General meeting grants full authority to the bearer of an original, a copy or an extract from the minutes of this meeting to carry out all the necessary formalities.

11.3. Excerpt from bylaws

Article 1 - Form

The Company was incorporated as a limited company with Board of Directors pursuant to a private agreement dated December 20, 1994, recorded in Paris, Vivienne RPI 2, December 22, 1994, Bord-416 No. 21.

The Extraordinary General Meeting of August 27, 1997 decided to change the mode of administration and management to adopt a Management Board and Supervisory Board.

The Company continues to exist under its new administration and direction between the owners of existing shares and all those that would be created later. It is governed by laws and regulations, as well as by the present bylaws.

Article 2 - Corporate name

The name is:

"VAUBAN MOBILISATIONS GARANTIES" or abbreviated to "VMG".

In all deeds and documents of the Company and to third parties, the name must be immediately preceded or followed by the words "corporation with an Executive Board and Supervisory Board" and the saying of the share capital.

Article 3 - Purpose

The Company's sole purpose in France and abroad:

- invest in one or more securitization programs through the acquisition of FCC tranches or shares or securities issued by securitization funds (FCT)
- to make the reinvestment of amounts received under FCC Units or shares or securities of CTF in securities and / or debt securities,
- to conduct cash transactions within the meaning of Article L. 511-7, 3 ° of the French Monetary and Financial Code, with companies with which it directly or indirectly links giving the capital a business related, effective power of control over others.

As part of these acquisitions and treasury operations, the Company may in accordance with applicable laws and regulations:

- to finance, in France or abroad, by any Loan, including any subordinated Loan, or any issuance of securities or debt securities,
- to carry out any market futures or hedging risks generated by these acquisitions or refinancing related thereto,
- to grant or take any security or guarantees in connection with its business.

More generally, the Company may perform all operations related directly or indirectly to the activities mentioned above and likely to foster achievement.

As part of the implementation of its corporate purpose, the Company will not perform any operation that may degrade or withdrawal of the rating of the securities issued by the Company or entered into by the Company's borrowings.

12. LOCATION WHERE LEGAL DOCUMENTS ABOUT THE ISSUER MAY BE EXAMINED

VMG's articles of association, accounts, reports and minutes of General Meetings, along with the Subordinated Loan Master Agreement, the Loan Master Agreement, the Subscription Master Agreement for Negotiable Debt Securities, the Cash Collateral Master Agreement, the Master Agreement on Subordinated Advances Credited to the Associates' Current Account, and the Subcontracting Agreement between VMG and Crédit Foncier de France, may be examined at the Legal Division of Crédit Foncier de France, 4, quai de Bercy – 94220 Charenton-le-Pont.

INTERNAL REGULATIONS OF VAUBAN MOBILISATIONS GARANTIES

Issued on September 10, 1997

as revised on November 24, 1998, April 25, 2000,
April 26, 2001, June 20, 2003, November 25, 2004,
October 28, 2008, October 22, 2010 and October 24, 2012 and April 2, 2015.

In force on December 31, 2015

INTERNAL REGULATIONS

1. GENERAL PROVISIONS

1.1 Definitions

This document constitutes the Internal Regulations, as provided for by article 16, paragraph 2 of the memorandum and articles of association of Vauban Mobilisations Garanties (henceforth referred to as the "Internal Regulations").

The capitalized terms and common nouns used in these Internal Regulations have the meaning set forth in the glossary included as APPENDIX 9.

1.2 Purpose

The Internal Regulations contain the rules with which the members of the Management Board must comply when completing transactions initiated by the company.

The Supervisory Board ensures that the Management Board complies with the Internal Regulations.

The purpose of the Internal Regulations is as follows:

- to define the possible characteristics of VMG's Senior Debt Issues in view of the company's assets, and govern the operational aspects of the company's refinancing activities;
- to facilitate decision-making by defining a priori the financial information to be contained in the reports submitted by the Management Board to the Supervisory Board.

1.3 Drafting, revision and amendment of the Internal Regulations

The Management Board drafts the Internal Regulations in accordance with the memorandum and articles of association.

These regulations are brought to the attention of the Rating Agencies with a view to their attributing a rating to the Senior Debt Issues.

The Chairman of the Management Board then submits the Internal Regulations to the Supervisory Board.

After being approved by the Supervisory Board, the Internal Regulations immediately go into effect.

Copies of the Internal Regulations are provided to the members of the Management Board and Supervisory Board, as well as to anyone who performs transactions on behalf of VMG in any capacity whatsoever.

The members of the Management Board and the Supervisory Board may be held liable in the event of non-compliance with these Internal Regulations.

Proposed changes in the Internal Regulations must be submitted to the Supervisory Board by the Chairman of the Management Board and may be approved by the Supervisory Board only after the Rating Agencies have confirmed that the proposed amendment will not cause the Senior Debt Issue to be downgraded.

1.4 Deletion of the Internal Regulations

Authority to delete these Internal Regulations is vested in the Extraordinary General Meeting of Shareholders, subject to the provisions of the memorandum and articles of association pertaining to that meeting.

The Management Board shall submit grounds for the deletion of the Internal Regulations to the Supervisory Board.

The Supervisory Board shall in turn submit grounds for the deletion of the Internal Regulations to the Extraordinary General Meeting, provided there are no rated Senior Debt Issues outstanding at that time, that the Rating Agencies do not object to the deletion of the Internal Regulations, and that VMG's creditors incur no losses as a result.

2. OPERATING RULES

2.1 Matching Principle

VMG is a refinancing vehicle of Crédit Foncier de France group whose operations rely on a principle of double backup (matching) that may be summarized as follows:

1. VMG issues debt consisting of securities, negotiable debt instruments or bank borrowings (Senior Debt Issues), the proceeds of which are lent to Crédit Foncier de France or used to enable VMG to purchase Negotiable Debt Securities issued by Crédit Foncier de France. The Loans, or the Negotiable Debt Securities purchased, bear the same financial characteristics as the related issued debt (same amount, same rate, same maturity).
2. In order to enable it to redeem the Senior Debt Issues, even in the event of default on the Loans granted or the Negotiable Debt Securities purchased, VMG holds high-quality assets in the form of Units in fonds commun de créances or in fonds commun de titrisation based, inter alia, on Loans resulting from the commercial activities of Crédit Foncier de France group (“Units”). The Units are acquired by VMG with the proceeds of Subordinated Loans granted by Crédit Foncier de France.
3. The Units outstanding are designed to remain higher than all outstanding Senior Debt Issues. However, should the Units be amortized more rapidly than the Senior Debt Issues, any excess from this amortization shall be kept in a specific reserve mechanism (Issue Repayment Reserve) so that the Units outstanding + the Issue Repayment Reserve is at all times greater than, or equal to, the outstanding amount of the Senior Debt Issues.
4. Likewise, interest paid on the Units is intended to be higher than interest on the Senior Debt Issues. Should market conditions cause interest on a Senior Debt Issue to rise excessively, an Issue Remuneration Provision shall be booked when that senior debt is issued so that the interest on the Units + the Issue Remuneration Provision is at all times sufficient to pay interest on the Senior Debt Issues.
5. In certain circumstances—notably in the event of Crédit Foncier de France’s default (Early Unwinding Events)—the Senior Debt Issues may no longer be redeemed at maturity from Loans or sums due on Negotiable Debt Securities. They would then be redeemed early based on proceeds stemming from the Units as and when these proceeds become available. Compensation would be paid, if applicable, to Investors to offset any financial losses resulting from the difference between the scheduled amortization of the issued senior debt and their new Amortization Profile. A provision is booked periodically by VMG for the amount of any such compensation (Compensation Provision).
6. The Issue Remuneration Provisions and Compensation Provisions are funded with deposits (Cash-Pledges) granted by Crédit Foncier de France in VMG’s books. Also, in the event that VMG is faced with unexpected charges or a cash shortage, it may ask its shareholders to grant advances (Financial Advances).

The balance sheet and profit & loss account of VMG reflect this matching principle and may be broken down into categories within which assets are matched with liabilities, or revenues with expenses. A balance-sheet category corresponds to a category on the profit & loss account.

BALANCE SHEET	
ASSETS	LIABILITIES
Units	Subordinated Loans
Issue Repayment Reserve	
Loans / Negotiable Debt Securities	Senior Debt Issues
Issue Remuneration Provision	Cash-Pledges
Compensation Provision	
Contingency losses	Financial Advances

PROFIT & LOSS ACCOUNT	
EXPENSES	REVENUES
Interest on Subordinated Loans	Interest on FCC Units
	Income from the investment of the Issue Repayment Reserve
Interest on Senior Debt Issues	Interest on Loans and Negotiable Debt Securities
Cash-Pledges Immobilization Indemnity	Income from the investment of Issue Remuneration Provisions and Compensation Provisions
Contingency expenses	Contingency losses

The Internal Regulations lay down the rules governing the actions of the Management Board as far as the matching of assets and liabilities, and that of income and expenses, are concerned. They also provide the ways and means by which the Supervisory Board ensures that the matching principle is properly implemented.

2.2 Operating timetable

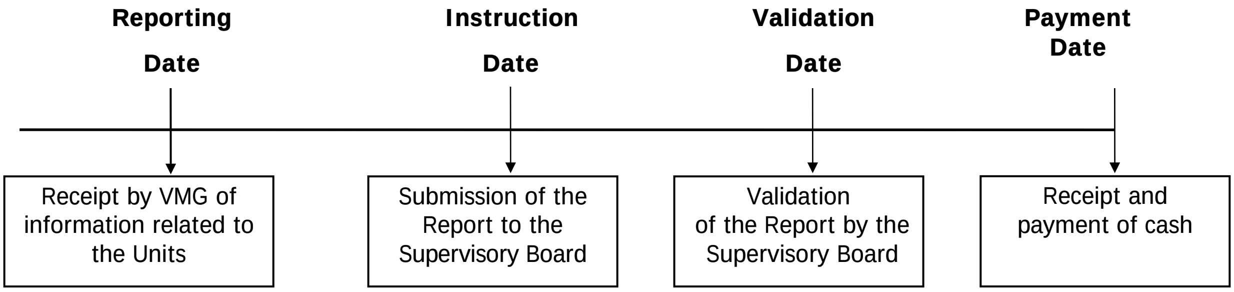
VMG operates on what is chiefly a quarterly schedule, from one Payment Date to the next. More specifically, the dates on which interest and principal are due on Units and Senior Debt Issues coincide with Payment Dates.

At the end of each quarter, two weeks prior to a Payment Date, the VMG Management Board submits a report (Quarterly Management Report) to the Supervisory Board, in which it reviews the transactions initiated during the previous quarter, the payments due at the next Payment Date and the management approach for the following quarter.

The Supervisory Board meets in the two weeks prior to each Payment Date for the purpose of validating the Quarterly Management Report and, in particular, authorizing payments to be made on the following Payment Date, as well as granting authority for Management Operations pertaining to the following quarter.

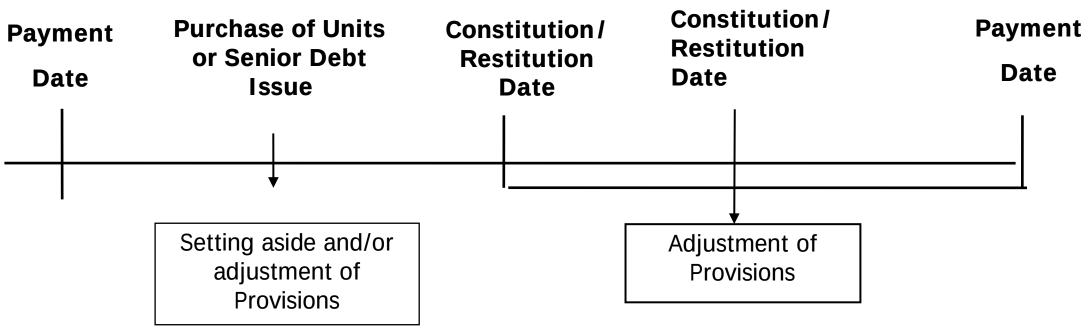
During the quarter, the Management Board may purchase Units at any time and proceed with Senior Debt Issues within the limits of the authority granted by the Supervisory Board at the end of the previous quarter.

End-of-quarter schedule



Purchases of additional Units or the launch of additional Senior Debt Issues are likely to affect the early redemption schedule of Senior Debt Issues in the event of Early Unwinding. Accordingly, the purchase of additional Units or the launch of a new Senior Debt Issue require, at the time they occur, the setting aside or adjusting of an Issue Remuneration Provision and a Compensation Provision. In addition, the Compensation Provision is subsequently recalculated on a monthly basis, on the Calculation Date, based on trends in financial markets and set aside or adjusted accordingly two Business Days after the Calculation Date (the "Constitution Date" and "Restitution Date").

Schedule of Provisions



2.3 Normal Amortization

Under normal operating circumstances, the Management Board is authorized to perform certain investment, financing, guarantee, cash management and hedging transactions (the "Management Operations") pursuant to existing agreements that define the conditions governing each Management Operation.

Article 3 of the Internal Regulations specifies the dates at which the Management Operations may be performed and the relationship that must exist between various Management Operations. In Normal Amortization mode, this relationship is governed by the general principles set forth below. These principles are not exhaustive. The complete list of Management Operations under Normal Amortization is included in article 3.

1. At any time during a given quarter, the Management Board may purchase Units under authority granted to it by the Supervisory Board at the end of the preceding quarter; Units must yield interest at a fixed or floating rate, computed in accordance with a formula set forth in advance and listed in the List of Indices. Acquisitions are at face value and are financed with Subordinated Loans provided by Crédit Foncier de France.
2. On each Payment Date, whenever the Principal Outstanding on Senior Debt Issues exceeds the Principal Outstanding on Units, proceeds from the redemption of Units are initially allocated to the Issue Repayment Reserve, in the amount of the difference between the Principal Outstanding on Senior Debt Issues and the Principal Outstanding on Units. Funds may be added to the Issue Repayment Reserve for the purpose of reducing any difference between the Amortization Profile

of the Senior Debt Issues and their Residual Life to Maturity. Any remaining balance from the redemption of Units is allocated to the repayment of Subordinated Loans.

3. On each Payment Date during Normal Amortizations, the Management Board pays interest on Subordinated Loans based on proceeds from Units and Interest Income from the investment of the Issue Repayment Reserve.
4. At any time during a given quarter, the Management Board may proceed with a Senior Debt Issue within the scope of the authority granted to it by the Supervisory Board at the end of the previous quarter. A Senior Debt Issue must bear interest at a rate and computed in accordance with the rules contained in the List of Indices or otherwise be subject to an Interest Rate Swap Agreement pursuant to which VMG undertakes to pay interest at a rate and computed in accordance with the rules contained in the List of Indices, and receives in consideration thereof all of the interest payments generated by the Senior Debt Issue.
5. Proceeds from the Senior Debt Issue must be (i) extended as Loans to Crédit Foncier de France or (ii) used to purchase Negotiable Debt Security issued by Crédit Foncier de France for an identical amount, term and interest rate (taking into account, if applicable, any Interest Rate Swap Agreements).
6. On each Payment Date, the Management Board pays interest and principal on Senior Debt Issues, using proceeds from interest and principal payments on Loans or, if applicable, the Interest Rate Swap Agreement.
7. For the purpose of VMG's management, the Units, Subordinated Loans, Senior Debt Issues, Interest Rate Swap Agreements, Loans or Negotiable Debt Securities, if applicable, are aggregated within ALM Compartments based on the interest rate and the agreed formula used to calculate their remuneration. There are as many ALM Compartments as there are indices in the List of Indices.
8. Within a given ALM Compartment, a Senior Debt Issue may be launched only if, after taking the said Senior Debt Issue into account, the aggregate of the Principal Outstanding on Units and the Issue Repayment Reserve of said ALM Compartment exceeds the Principal Outstanding on Senior Debt Issues issued by the ALM Compartment. Likewise, after taking into consideration the contemplated Senior Debt Issue, the aggregate of interest receivable on the Units of that ALM Compartment must exceed the interest payable on Senior Debt Issues issued by said ALM Compartment, barring which the Senior Debt Issue may only be launched after the booking of an Issue Remuneration Provision equal to any interest shortfall.
9. At the time a Senior Debt Issue is launched, a Compensation Provision may be set aside for the purpose of compensating Investors or Counterparties to Interest Rate Swap Agreements in the event of losses resulting from Early Unwinding (see below).
10. Any Issue Remuneration Provisions and Compensation Provisions are set aside using funds deposited by Crédit Foncier de France with VMG in the form of Cash-Pledges. Compensation Provisions are subsequently recalculated monthly on the Calculation Date and, if necessary, adjusted two Business Days after each Calculation Date, on the Constitution Date or Restitution Date.
11. On each Payment Date, the Management Board pays Immobilization Indemnities on the Cash-Pledges using Interest Income earned on the investment of the Issue Remuneration Provision and the Compensation Provisions.

2.4 Early Unwinding

The primary consequence of an Early Unwinding Event is to cause the Senior Debt Issues to become payable early and the suspension of payments on Subordinated Loans, Cash-Pledges and Current Account Advances. VMG will then be operated according to the general principles set out below. These principles are not exhaustive and a full description of the Early Unwinding mode is included in article 3.

1. VMG may no longer proceed with the acquisition of Units or launch any new Senior Debt Issues.
2. Interest payable by VMG with respect to each Senior Debt Issue or each Interest Rate Swap Agreement is increased by an amount equal to the agreed Additional Margin.
3. Interest and principal on Senior Debt Issues become payable on each Payment Date subject to the funds available on that Payment Date, including proceeds from Units.
4. No payment of principal or interest is due on Subordinated Loans, Cash-Pledges or Financial Advances as long as amounts owed in respect of Senior Debt Issues remain outstanding.
5. Whenever applicable, holders of Senior Debt Issues and Counterparties to Interest Rate Swap Agreements are entitled to Compensation Payments up to the amount set aside as Compensation Provisions at the time of the Early Unwinding Event.
6. Cash receipts are apportioned in priority within each ALM Compartment, by prioritizing the allocation of proceeds from an ALM Compartment's Units to payments due on Senior Debt Issues of the same ALM Compartment.
7. For each ALM Compartment, Interest Income on Units must first be appropriated to the payment of Commissions, then to Recurring Expenses and subsequently to interest on Senior Debt Issues (taking into account, if applicable, Interest Rate Swap Agreements).
8. For each ALM Compartment, proceeds from the repayment of principal on Units must be allocated to the sequential repayment of Senior Debt Issues according to their Residual Life to Maturity (the shorter-term Senior Debt Issues being repaid first). The Face value of each Interest Rate Swap Agreement is amortized according to the same schedule as the Senior Debt Issues with which it is associated.
9. For each ALM Compartment, the amount left after the full remuneration and repayment of Senior Debt Issues are kept in reserve and may be used for the remuneration and repayment of the Senior Debt Issues of other ALM Compartments. The same applies to any proceeds from Loans or Negotiable Debt Securities.
10. After all Senior Debt Issues have been redeemed, any residual balance is allocated sequentially (i) on a *pari passu* basis, to the payment of interest on Subordinated Loans and Cash-Pledges, (ii) on a *pari passu* basis, to the redemption of Subordinated Loans and Cash-Pledges and (iii) to the repayment of Financial Advances.

3. OPERATING FRAMEWORK

3.1 Management Rules

VMG has adopted several Management Rules aimed at guaranteeing Investors in the event of an Early Unwinding Event:

- full repayment of interest and principal on Senior Debt Issues;
- an early redemption schedule for each Senior Debt Issue whose Amortization Profile is close to the Residual Life to Maturity of the Senior Debt Issues at the time of the Early Unwinding Event;
- the payment of a Compensation Payment.

The Management Board reports quarterly to the Supervisory Board on compliance with the foregoing rules, as part of the Quarterly Management Report.

3.1.1 Early Unwinding Rule

This rule is designed to ensure, in the event of Early Unwinding, full payment of interest on Senior Debt Issues under the Conservative Assumption as well as full redemption of the principal of the Senior Debt Issues.

3.1.1.1 Payment of interest

On each Calculation Date, as well as prior to any acquisition of Units and launch of Senior Debt Issues, the Management Board simulates Conservative Instalment Plans for Units and Senior Debt Issues based on the assumption of an Early Unwinding and taking into account, whenever applicable, of the Units it intends to acquire or the Senior Debt Issues it plans to launch. The simulation is based on the Conservative Assumption.

On each Calculation Date[6], the Management Board calculates the amounts to be set aside as an Issue Remuneration Provision based on the different Conservative Instalment Plans previously simulated, so that the following holds true:

For each ALM Compartment and on each Payment Date included in the Conservative Instalment Plans of Units and Senior Debt Issues, the aggregate of:

- **Total Referenced Interest Income up to the Payment Date, and**
- **The balance of the Issue Remuneration Provision**

must be greater than, or equal to, the aggregate of:

- **Total Referenced Commissions up to the said Payment Date,**
- **Total Recurrent Expenses incurred with respect to the Senior Debt Issues launched by the said ALM Compartment up to the said Payment Date, and**
- **Total Referenced Interest Due up to the said Payment Date.**

The balance of the Issue Remuneration Provision is calculated, for each ALM Compartment, based on the highest amount corresponding to the chosen Conservative Assumption.

In the event that the Issue Remuneration Provision is increased, the Management Board must ask Crédit Foncier de France to deposit Cash-Pledges within two Business Days following the Calculation Date.

Failure to comply with the Early Unwinding Rule, notable failure on the part of Crédit Foncier de France to deposit Cash-Pledges, is considered an Early Unwinding Event.

3.1.1.2 Redemption of principal

At each Instruction Date and for each ALM Compartment, the Management Board ensures that, after taking into account amortization payments due at the next Payment Date, the aggregate of the Principal Outstanding on Senior Debt Issues at that Payment Date remains less than, or equal to, the aggregate of the Principal Outstanding on Units at that same Payment Date and the balance of the Issue Repayment Reserve. If this proves not to be the case, the Management Board shall use all or part of the principal payments received under the Units to top up the Issue Repayment Reserve, in such a way that the aggregate of the Principal Outstanding on the Units and the Issue Repayment Reserve at that Payment Date shall be greater than, or equal to, the sum of all Principal Outstanding on Senior Debt Issues.

The Management Board may only decide to launch Senior Debt Issues if, after taking account of the contemplated Senior Debt Issue, the aggregate of the Principal Outstanding on Units and the Issue Repayment Reserve is greater than, or equal to, the sum of the Principal Outstanding on Senior Debt Issues at the time the Senior Debt Issues is launched.

At a Calculation Date prior to a Units acquisition date, the Management Board may decide to reimburse the excess of the Issue Repayment Reserve set up as carried at the next Payment Date.

[6] *In the last calculation made immediately before a Payment Date, the Management does not take into account the flow occur during the first Payment Date schedule.*

For each ALM Compartment, the aggregate of:

- **the Principal Outstanding on Units and**
- **the Issue Repayment Reserve**

must at all times be greater than, or equal to, the sum of:

- **the Principal Outstanding on Senior Debt Issues**

Failure to comply with the Early Unwinding Rule is considered an Early Unwinding Event.

3.1.2 Provision Rule

On each Calculation Date, the Management Board recalculates the amount of Compensation Provisions.

At each Constitution Date or Restitution Date, Cash-Pledges must be at least equal to the aggregate for all ALM Compartments of the following amounts:

- **the Compensation Provisions, and**
- **the Issue Remuneration Provisions**

as these amounts calculated at the previous Calculation Date.

Should the Compensation Provisions be increased, the Management Board shall ask Crédit Foncier de France to deposit Cash-Pledges no later than two days after the Calculation Date.

Failure to comply with the Provision Rule, notable failure on the part of Crédit Foncier de France to deposit Cash-Pledges, is considered an Early Unwinding Event.

3.1.3 Liquidity Target

At each Instruction Date as well as prior to any acquisition of Units and launch of Senior Debt Issues, the Management Board simulates Average Instalment Plans of Senior Debt Issues by assuming an Early Unwinding and taking into account, whenever applicable, of the Units it intends to acquire or the Senior Debt Issues it plans to launch. This simulation is based on the Average Assumption and the Average Instalment Plan of the Units reported at each Information Date by the Management company for each debt securitization fund or securitization vehicle.

In order to minimize the impact of an Early Unwinding on Investors as well as to reduce Compensation Provisions to a minimum, the Management Board seeks to ensure that the Amortization Profile of each Senior Debt Issue is close to its Residual Life to Maturity.

This is the Liquidity Target, which can be stated as follows:

For each Senior Debt Issue, the Amortization Profile must not differ from the Residual Life to Maturity by more than:

- **6 months, whenever the Residual Life to Maturity is less than 24 months;**
- **12 months, whenever the Residual Life to Maturity is more than 24 months but less than 60 months;**
- **24 months, whenever the Residual Life to Maturity is more than 60 months but less than 120 months;**
- **36 months, whenever the Residual Life to Maturity is more than 120 months.**

In order to meet this objective, the Management Board must ensure, at the time a Senior Debt Issue is launched, that the Initial Bullet Maturity Profile does not differ too greatly from the Amortization Profile as calculated when the Senior Debt Issue is launched. The Management Board may also allocate, at each Payment Date, a portion of the proceeds from the redemption of Units to the Issue Repayment Reserve, in order to restrict the extension of the Amortization Profile.

Failure to fulfil the Liquidity Target shall not be considered an Early Unwinding Event.

3.2 Management Operations

Whenever VMG operates normally, the Management Board is authorized to perform a limited range of Management Operations. In the event of Early Unwinding, the operation of VMG is entirely predetermined and the Management Board is given no latitude.

3.2.1 Acquisition of Units

3.2.1.1 General framework

VMG may at any time invest in one or more debt securitization programmes and acquire Units, subject to the cumulative preconditions set forth below.

Units are allocated to an ALM Compartment and their purchase is financed with a Subordinated Loan provided by the Majority Shareholder.

Units are registered in a Financial Instruments Account. VMG gives the depositary of the debt securitization fund or securitization vehicle concerned an irrevocable order to deposit on the Specific Cash Account any sums paid out on the Units.

3.2.1.2 Preconditions

1. VMG must be in a Normal Amortization mode.
2. The Supervisory Board must have approved the latest Quarterly Management Report in which the Management Board submitted its plan to acquire Units.
3. The Rating Agencies must have declared that the intended acquisition of Units would not cause the current ratings of Senior Debt Issues to be downgraded or withdrawn, or would limit any such downgrading or avoid withdrawal.
4. Units must be denominated in euro and may be deposited with an authorized financial intermediary.
5. Interest on Units can be calculated on the basis of a rate and in accordance with a computation formula included in the List of Indices.
6. The maturity dates at which interest and principal is payable on Units must coincide with Payment Dates.
7. The Management company must have supplied a Theoretical Instalment Plan and an Average Instalment Plan, as well as an Average Assumption.
8. Units must be purchased at their face value.
9. The Final RePayment Date must be prior or equal to October 28, 2051.
10. Issue Remuneration Provisions and Compensation Provisions must have been recalculated at the Calculation Date prior to the anticipated acquisition date, taking account of the contemplated acquisition of Units. In the event that these provisions must be increased, Cash-Pledges must be deposited and compliance with the Provision Rule must be verified.
11. The Subordinated Loan required to pay the acquisition price must have been arranged taking into account, if necessary, of the excess of the previously set up Issue Repayment Reserve as carried at the Calculation Date.

3.2.1.3 Units acquisition procedure

The different stages in the Units acquisition procedure are as follows:

1. Crédit Foncier de France proposes to the Management Board to acquire Units and submits to it a data sheet pertaining to those Units, as described in APPENDIX 1, consisting either of newly created Units of an existing debt securitization fund or securitization vehicle, or of Units of a future debt securitization fund or securitization vehicle.
2. Based on this Units data sheet, the VMG Management Board checks that the Units satisfy the above-mentioned preconditions and prepares a Loan File that the Chairman of the Management Board signs, subject to approval of the financing plan.
3. If one or more Senior Debt Issues are still outstanding in the ALM Compartment due to receive the Units whose acquisition is under consideration, the Management Board recalculates, at the Calculation Date, the Issue Remuneration Provisions and the Compensation Provisions pertaining to

the said Senior Debt Issues or related Interest Rate Swap Agreements, taking into account the Units whose purchase is under consideration.

4. In the event of an increase in the aggregate amount of the Issue Remuneration Provisions and Compensation Provisions, the Management Board asks the Majority Shareholder to provide Cash-Pledges, under the procedure set forth under article 3.2.5.
5. The Management Board asks the Majority Shareholder for a new Subordinated Loan in the amount of the purchase price of the Units, under the procedure set forth under article 3.2.2.3.
6. The Chairman of the Management Board informs Crédit Foncier de France of its agreement to purchase the Units.

3.2.2 Subordinated Loans

3.2.2.1 General Framework

VMG may obtain Subordinated Loans from its Majority Shareholder pursuant to the Subordinated Loan Master Agreement. The sole purpose of these Subordinated Loans is to finance the acquisition of Units and the Issue Repayment Reserve.

At each Units acquisition date, the Majority Shareholder extends to VMG a new Subordinated Loan of an amount equal to the purchase price of the Units under consideration.

All Subordinated Loans are allocated to the ALM Compartment responsible for the Units whose purchase was financed by it. Under Normal Amortization and for each ALM Compartment, outstanding Subordinated Loans must at all times be equal to the aggregate of the Principal Outstanding on Units and the balance of the Issue Repayment Reserve.

For as long as VMG remains in Normal Amortization mode, repayments are made on Subordinated Loans at each Payment Date, for an amount equal to any excess of (i) the aggregate of the outstanding Units and the Issue Repayment Reserve at the previous Payment Date and (ii) the aggregate of the outstanding Units and the Issue Repayment Reserve at the Payment Date considered.

3.2.2.2 Preconditions

(1) VMG must be in a Normal Amortization mode.
(2) The Subordinated Loan must fall within the Subordinated Loan Master Agreement in effect at the time it is made available, and all implementation conditions provided for in article 6 of the said Master Agreement must be fulfilled.

3.2.2.3 Procedure for applying for Subordinated Loan

The different stages in the Subordinated Loans application process are as follows:

(1) The VMG Management Board submits an application to the Majority Shareholder no later than 2 Business Days prior to the date on which the funds are to be available.
(2) As soon as the application is received, the Majority Shareholder addresses a notice of Loan extension to VMG.
(3) The Majority Shareholder transfers the amount of the Subordinated Loan applied for to the General Cash Account at the date at which the Units are acquired.

3.2.3 Senior Debt Issues

3.2.3.1 General Framework

The VMG Management Board may at any time during a quarter launch a Senior Debt Issue for up to the amount authorized by the Supervisory Board at the end of the previous quarter, and subject to the authority granted by the ordinary shareholders' meeting in the case of Senior Debt Issues consisting of bonds.

A Senior Debt Issue is allocated to an ALM Compartment taking into account, if applicable, any Interest Rate Swap Agreement associated with it.

The Proceeds from the Senior Debt Issue are used in their entirety to extend a Loan to the Majority Shareholder or to purchase Negotiable Debt Securities issued by the Majority Shareholder. The Majority Shareholder refunds Initial Expenses and Recurring Expenses incurred by VMG in connection with the Senior Debt Issue as part of the Loan granted to it or as part of the Negotiable Debt Securities purchased by VMG.

The agreement governing the Senior Debt Issue must include a Comfort Letter. It may, in the event of an Early Unwinding Event, call for (i) an Additional Interest Margin and (ii) a Compensation Payment that must be remitted at the first Provision Date subsequent to the Early Unwinding Event, and for an amount limited to the amount of the Compensation Provision actually booked at the time of occurrence of the Early Unwinding Event.

The Management Board undertakes to provide, free of charge, to any Investor who so requests and at each Payment Date:

- the Average Instalment Plan,
- the Amortization Profile,
- the amount of the Compensation Payment, associated with the said Senior Debt Issue applicable should an Early Unwinding Event occur at that Payment Date.

3.2.3.2 Preconditions

(1) VMG must be in a Normal Amortization mode.
(2) The Supervisory Board must have granted prior permission to the Management Board on the previous Validation Date and further to the latest Quarterly Management Report to proceed with one or more issues Senior Debt Issues, on the basis of financial criteria set for each Senior Debt Issue in the prior Senior Debt Issue Data Sheet.
(3) Whenever a Senior Debt Issue consists of bonds, and after taking account of Senior Debt Issues previously issued in the form of bonds during the course of the Effective Year, the Maximum Amount Authorized must not be exceeded.
(4) The launch date chosen for the Senior Debt Issue must fall before the next Validation Date.
(5) The Majority Shareholder must confirm the Loan application on the basis of financial terms specified in the Loan offer.
(6) The Majority Shareholder must have confirmed, if applicable, its intent to issue Negotiable Debt Securities of a type corresponding to the Negotiable Debt Securities described in the offer to purchase to be submitted to VMG.
(7) The Rating Agencies must have confirmed that (i) the Senior Debt Issue will be granted the same ratings as existing Senior Debt Issues and (ii) that its issue will not cause the rating of existing Senior Debt Issues to be downgraded or withdrawn. From the moment the long-term rating of Crédit Foncier de France should be downgraded to less than A3 (ADEF), the Senior Debt Issue will be subject to a formal agreement with the Rating Agencies.
(8) The maturity date of the Senior Debt Issue's principal corresponds to a Payment Date. In general, the dates on which interest is due also correspond to Payment Dates. In the case of certain Senior Debt Issues and owing to financial market practices, it is possible that the dates on which interest is due may correspond to the yearly maturity dates of the principal, if these fall after the corresponding Payment Dates. Whenever this is so, interest periods continue to coincide with the interval between two Payment Dates.
(9) Whenever the interest on the Senior Debt Issue is not calculated at a rate and in accordance with a formula included on the List of Indices, an Interest Rate Swap Agreement must be associated with the Senior Debt Issues.
(10) The Issue Remuneration Provisions and Compensation Provisions must have been recalculated at the Calculation Date preceding the launch date, taking account of the contemplated Senior Debt Issue. In the event that these provisions are increased, Cash-Pledges must have been deposited and compliance with the Early Unwinding Rule and Provision Rule must be verified.
(11) Taking account of the Senior Debt Issue under consideration, the aggregate of the Principal Outstanding on Units and the Issue Repayment Reserve must be greater than, or equal to, the Principal Outstanding on Senior Debt Issues on the Issue Payment Date and compliance with the Early Unwinding Rule must be verified.

3.2.3.3 Procedure for issuing Senior Debt

The different stages in the decision to proceed with a Senior Debt Issue are as follows:

(1) Every year, the General Meeting of VMG shareholders grants power to the Management Board for the purpose of launching Senior Debt Issues in the form of bond issues over the course of the Effective Year following the convening of that general meeting, and deciding the terms and conditions thereof in accordance with the provisions of section L.228-41 of the Commercial Code.

(2) At each Instruction Date preceding the end of a quarter, the Management Board submits to the Supervisory Board, as part of the Quarterly Management Report, a recommended programme of Senior Debt Issues for the following quarter. This programme takes account of the Maximum Amount Authorized and sets ceilings on each Senior Debt Issue by means of a prior Senior Debt Issue Data Sheet that states, inter alia:
   - a maximum Issued Amount,
   - a maximum rate of interest,
   - a maximum Additional Margin,
   - a latest settlement date.

(3) At the Validation Date, the Supervisory Board approves the Management Board's programme of Senior Debt Issues.

(4) The Management Board draws up a final Senior Debt Issue Data Sheet, the terms of which may under no circumstance exceed those set forth in the preliminary Senior Debt Issue Data Sheet.

(5) If one or more Senior Debt Issues are still outstanding in the ALM Compartment to which the Senior Debt Issue concerned is to be allocated, the Management Board recalculates, at the Calculation Date, the Issue Remuneration Provision and the Compensation Provisions pertaining to the said Senior Debt Issues or to the related Interest Rate Swap Agreements, taking account of the Senior Debt Issues that it intends to launch.

(6) In the event of an increase in the combined amount of the Issue Remuneration Provisions and Compensation Provisions, the Management Board asks the Majority Shareholder to provide Cash-Pledges, under the procedure set forth under article 3.2.5.

(7) Whenever interest on the Senior Debt Issue is not calculated on the basis of rates and in accordance with a formula specified in the List of Indices, the Management Board draws up an Interest Rate Swap Agreement, in accordance with the procedure set forth under article 3.2.4.

(8) The Management Board ensures that the Loan offer previously made to the Majority Shareholder has been accepted as provided for under article 3.2.6.3.

(9) The Management Board ensures that the offer to purchase Negotiable Debt Securities issued by the Majority Shareholder has been accepted as provided for under article 3.2.7.3;

(10) The Chairman of the Management Board approves the launch of the Senior Debt Issue.

(11) The Management Board completes the pledging of the Financial Instruments Account in favour of the Investors in this new Senior Debt Issue.

3.2.4 Interest Rate Swap Agreements

3.2.4.1 General Framework

Interest Rate Swap Agreements enable VMG to launch Senior Debt Issues bearing interest at rates other than those in the List of Indices.

An Interest Rate Swap Agreement is associated with a Senior Debt Issue and its face value is at all times equal to that of the related Senior Debt Issue, including when in Early Unwinding mode. VMG pays interest to the Counterparty at a rate and in accordance with formulas specified in the List of Indices and receives from the Counterparty all interest payable on the Senior Debt Issue.

These Interest Rate Swap Agreements must include a Comfort Letter. In the event of an Early Unwinding Event, they may provide for (i) an Additional Interest Margin and (ii) a Compensation Payment that must be settled at the first Provision Date following the occurrence of the Early Unwinding Event and in an amount limited to the balance of the Compensation Provision actually booked at the time of the Early Unwinding Event.

The Management Board provides, free of charge, to any Counterparty who so requests and at each Payment Date:

- the Average Instalment Plan for the Senior Debt Issue subject to the Interest Rate Swap Agreement,
- the amount of the Compensation Payment that would be in effect should an Early Unwinding Event occur on the Payment Date.

3.2.4.2 Preconditions

(1) VMG must be in a Normal Amortization mode.

(2) The Counterparty's credit risk must be:

- rated AAA or the equivalent thereof by S&P, after taking account of special factors contributing to its upgrade or, subject to S&P's approval, rated A-1+ if the agreement provides for a margin procedure that makes it possible to transfer the agreement to another Counterparty rated A-1+ in the event of a downgrading of the Counterparty, and

- rated at least A1 long term by Moody's with provisions for protective mechanisms in the event of a downgrading of the Counterparty's long-term rating below A1.

(3) The Rating Agencies have confirmed that the Interest Rate Swap Agreement is not liable to cause the current ratings of Senior Debt Issues to be downgraded or withdrawn.

(4) The face value of the Interest Rate Swap Agreement must at all times be equal to that of the Senior Debt Issue with which it is associated, including in Early Unwinding mode.

(5) VMG pays interest to the Counterparty at a rate and in accordance with a formula specified in the List of Indices, and receives from the Counterparty all interest payable on the Senior Debt Issues.

3.2.4.3 Procedure

(1) The Management Board refers to the Interest Rate Swap Agreement in the final Senior Debt Issue Data Sheet and ascertains that, after taking account of the Interest Rate Swap Agreement, the terms of the Senior Debt Issue remain within the limits set forth in the previous Senior Debt Issue Data Sheet.

(2) If one or more Senior Debt Issues are still outstanding in the ALM Compartment to which the Senior Debt Issue concerned is to be allocated, the Management Board recalculates, at the Calculation Date, the Issue Remuneration Provisions and the Compensation Provisions pertaining to the said Senior Debt Issues after taking account of the contemplated Senior Debt Issue and Interest Rate Swap Agreement.

(3) In the event of an increase in the combined amount of Issue Remuneration Provisions and Compensation Provisions, the Management Board asks the Majority Shareholder to provide Cash-Pledges, under the procedure set forth under article 3.2.5

(4) The Chairman of the Management Board approves the execution of the Interest Rate Swap Agreement.

3.2.5 Cash-Pledges

3.2.5.1 General Framework

Cash-Pledges are governed by the Cash-Pledge Master Agreement, the purpose of which is the reimbursement by Crédit Foncier de France to VMG of (i) the portion of Referenced Interests Due not financed by the Interest Income on Units, and (ii) Compensation Payments.

At any time, the amount of Cash-Pledges is equal to the aggregate of (i) the Compensation Provision and (ii) the Issue Remuneration Provision.

3.2.5.2 Preconditions

(1) VMG must be in Normal Amortization mode.
(2) Cash-Pledges must comply with the Cash-Pledge Master Agreement in effect at the time it is constituted and, in particular, all terms set forth in article 5 of that Master Agreement must be fulfilled.

3.2.5.3 Procedure for applying for Cash-Pledges

The different stages in the request for Cash-Pledges are as follows:

(1) At each Calculation Date, the Management Board recalculates the amount of the Issue Remuneration Provision and the amount of the Compensation Provision.
(2) Whenever the above-mentioned provisions must be raised in the period between two successive Calculation Dates, the VMG Management Board submits an application for Cash-Pledges to Crédit Foncier de France, before 11 a.m. on the Calculation Date.
(3) At the following Constitution Date, Crédit Foncier de France sends to VMG a notice of availability and transfers the amount of Cash-Pledges requested to the Specific Cash Account.

3.2.6 Loans to the Majority Shareholder

3.2.6.1 General Framework

VMG extends Loans to its Majority Shareholder, an entity that is part of the same group of companies as VMG and satisfies the criteria set forth under article L.511-7-3 of the Monetary and Financial Code. Each Loan is granted pursuant to the Loan Master Agreement and matched by a Senior Debt Issue used to refinance it.

Accordingly, whenever VMG launches a new Senior Debt Issue, it extends a new Loan to the Majority Shareholder, related to the said Senior Debt Issue, effective at the date of payment of the said Senior Debt Issue. The amount, interest rate, terms of redemption and payment of interest on the Loans depend on the amount, interest rate, terms of redemption and payment of interest on the Senior Debt Issue, after taking account, if applicable, of the Interest Rate Swap Agreement associated with the Senior Debt Issue.

In the event of Early Unwinding, the interest rate and repayment Date of the Loan remain unchanged from those agreed upon at the time the Loan was granted.

In view of the fact that VMG is not entitled to specific Commissions under the Loan Master Agreement, the Majority Shareholder reimburses VMG (i) its Initial Expenses, whenever a Loan become available and (ii) Recurring Expenses incurred by VMG for the matching Senior Debt Issue, at each Payment Date.

3.2.6.2 Preconditions

(1) VMG must be in Normal Amortization mode.
(2) The Loan must comply with the Loan Master Agreement in effect at the time it is granted and in particular all provisions set forth in article 6 of the said Master Agreement must be fulfilled.
(3) The amount of the Loan must be equal to the Proceeds from the Senior Debt Issue.
(4) The date at which the Loan is made available must coincide with the date of payment of the Senior Debt Issue.
(5) In Normal Amortization mode, the instalment plan for the Loan's principal is the same as that governing the principal of the Senior Debt Issue and the dates on which interest falls due on the Loan and the Senior Debt Issue coincide.
(6) Under Early Unwinding mode, the instalment plan for the interest and principal of a Loan remains unchanged from that agreed upon at the time the Loan was granted.
(7) The interest rate on the Loan is equal to the Issuing Yield, calculated in terms of the net proceeds for VMG, after taking account, if applicable, of the Interest Rate Swap Agreement, with a premium of 0.01 percent, rounded up to the next basis point.

3.2.6.3 Loan granting procedure

(1) The Majority Shareholder may at any time make a request for a Loan with VMG, stating the principal characteristics of the Loan sought.
(2) VMG is free to accept or reject a application for a Loan from the Majority Shareholder; if it accepts, it sends the Majority Shareholder a Loan Offer stating the principal characteristics of the proposed Loan, including its amount, a maximum interest (or margin) as well as an availability deadline; VMG may also at its own initiative offer a Loan to the Majority Shareholder.
(3) If the Majority Shareholder accepts the offer, it addresses an acceptance notice to VMG before 5 p.m. on the same day the Loan offer is received; the acceptance notice is irrevocably binding on the Majority Shareholder on the basis of the terms offered by VMG.
(4) Upon the execution of the agreement to launch a Senior Debt Issue for the purpose of financing the Loan, VMG confirms that the Loan will be made available.
(5) VMG instructs the Settlement Bank, subject to the collection of the Net Issuing Proceeds used to refinance the Loan, to transfer to the Majority Shareholder the amount of the Loan, net of Initial Expenses incurred for the Senior Debt Issue concerned.

3.2.7 Purchase of Negotiable Debt Security (NDS) issued by the Majority Shareholder

3.2.7.1 General framework

VMG may use all the proceeds from a Senior Debt Issue to purchase NDS issued by Crédit Foncier de France, instead of extending a Loan to Crédit Foncier de France as set forth in article 3.2.6 *Loans to the Majority Shareholder*.

VMG purchases NDS issued by its Majority Shareholder, which is a company belonging to the same Group as VMG. Each purchase of NDS is governed by the Subscription Master Agreement and matched with a Senior Debt Issue used to refinance the said acquisition.

Accordingly, whenever VMG launches a new Senior Debt Issue, it may purchase new Negotiable Debt Securities associated with that Senior Debt Issue, on the same date as the Payment Date of the said Senior Debt Issue. The amount, interest rate, terms of redemption and payment of interest on the NDS depend on the amount, interest rate, terms of redemption and payment of interest on the Senior Debt Issues.

In the event of Early Unwinding, the interest rate and Repayment Dates of the Negotiable Debt Securities remain unchanged from those agreed upon at the time they were issued by the Majority Shareholder and purchased by VMG.

The Majority Shareholder undertakes to reimburse VMG (i) its Initial Expenses, at the time the NDS are purchased and (ii) Recurring Expenses incurred by VMG for the matching Senior Debt Issue, at each Payment Date.

3.2.7.2 Preconditions

(1) VMG must be in Normal Amortization mode.
(2) The purchase of NDS must comply with the Subscription Master Agreement in effect when the NDS are issued and, in particular, all provisions pertaining to such purchases as set forth in article 6 of that Master Agreement must be fulfilled.
(3) The amount of the NDS purchased must be equal to the Proceeds from the Senior Debt Issue.
(4) The date at which the NDS are purchased must coincide with the date of payment of the Senior Debt Issue.
(5) In Normal Amortization mode, the maturity of the NDS is the same as the instalment plan of the Senior Debt Issue's principal and the dates on which interest falls due on the NDS and the Senior Debt Issue coincide.
(6) In Early Unwinding mode, the interest rate and Repayment Dates of the NDS remain unchanged from those agreed upon at the time the NDS were purchased.
(7) The interest rate on NDS is equal to the Issuing Yield, calculated in terms of the net proceeds received by VMG, with a premium of 0.01 percent, rounded up to the next basis point.

3.2.7.3 Procedure for purchasing Negotiable Debt Securities

(1) The Majority Shareholder may at any time make an offer to VMG to purchase Negotiable Debt Securities, stating the principal characteristics of the securities it would like to issue.

(2) VMG is free to accept or reject the purchase offer made by the Majority Shareholder; if it accepts, it specifies to the Majority Shareholder the principal characteristics of the Negotiable Debt Security it would like to purchase, including the amount, a maximum interest rate (or margin) as well as a put option; similarly, VMG may also at its own initiative make an offer to the Majority Shareholder regarding the purchase of Negotiable Debt Securities.

(3) If the Majority Shareholder accepts the offer, VMG deposits the purchase price in Crédit Foncier de France's account at the date of purchase.

(4) VMG instructs the Settlement Bank, subject to the collection of the Net Issuing Proceeds used to finance the purchase of Negotiable Debt Securities, to transfer to the Majority Shareholder the purchase price, net of Initial Expenses incurred for the Senior Debt Issue in question.

3.2.8 VMG cash management

3.2.8.1 General framework

On each Payment Date and Constitution Date, VMG has temporary cash balances that it may invest as follows:

- in euro-denominated government bonds;
- in euro-denominated debt securities with a maturity date and traded on an official market, or euro-denominated negotiable debt instruments with a maturity date, corresponding to the following rating and maturity criteria:

	S&P
maturity > 1 year	AAA
60 days < maturity <= 1 year	A-1+
maturity <= 60 days	A-1

	Moody's	
	LT	ST (*)
maturity > 6 months	Aaa	Prime-1
6 months <= maturity > 3 months	Aa3	Prime-1
3 months <= maturity > 1 month	A1	Prime-1
maturity <= 1 month	A2	Prime-1

(*) excluding debt securities with a maturity of 1 month or less for which a single rating is necessary.

or

- Euro-denominated Units in money market funds or shares in open-end money market investment companies, rated no lower than AAA by S&P and Aaa and MR1+ by Moody's, or

or

- Securities or *obligations foncières* denominated in Euros, with the following constraints:
  - the detailed list of the secured securities or *obligations foncières* will be submitted to the Rating Agencies;

- these secured securities or *obligations foncières* will be rated AAA by S&P and Aaa by Moody's upon suscription;
- these secured securities or *obligations foncières* will have a maturity at maximum equal to the longest maturity of VMG's issues;
- these secured securities or *obligations foncières* will be assorted with two options of anticipated reimbursement without allowance at VMG's initiative:
  - partial or total anticipated reimbursement possible at every Payment Date, corresponding to a Payment Date of the outstanding of an issue(s), with the limit of the outstanding amount owed by VMG to its issue(s), with an advance notice of ten days;
  - total anticipated reimbursement at the first Payment Date following the passage to the Early Unwinding mode of VMG;
- the rating of these securities or *obligations foncières* will take into account the options of anticipated reimbursement consented;

or

- Any other investment subsequently authorized by the Rating Agencies.

VMG is limited to four types of investment transactions, namely:

- it may invest an amount equal to the balance of the Compensation Provision, from the second Business Day following a Calculation Date until the following Provision Date; Interest Income from such investments is used as a basis for calculating the Cash-Pledge Immobilization Indemnity;
- it may invest an amount equal to the balance of the Issue Remuneration Provision from the second Business Day following a Calculation Date until the following Provision Date; Interest Income from such investments is also used as a basis for calculating the Cash-Pledge Immobilization Indemnity; the Issue Remuneration Provision will not be placed with the major shareholder nor with another entity belonging to the same group;

- it may invest an amount equal to the balance of the Issue Repayment Reserve:
  - from one Payment Date to the next; or
  - in secured securities from one Payment Date to another one for a duration that cannot exceed three months, the duration of this placement has to be compatible with the bond reimbursement calendar of VMG;
  - Interest Income from such investments is used as a basis for calculating the Matched Floating-Rate Interest on the Subordinated Loans.

Available-for-Sale Securities corresponding to the three types of investments listed above are deposited in the Financial Instruments Account.

- it may also invest other cash balances, from one Payment Date to the next; income from the investment of such sums is used as a basis for calculating the Global Floating-Rate Interest on Subordinated Loans.

At each Payment Date, the Management Board disposes of and repurchases, or has a third party dispose of and repurchase on its behalf, unlisted Available-for-Sale Securities without a maturity date (shares of UCITS), for the purpose of turning unrealized capital gains into Investment Income, excluding the possible share of the Reserve for Reimbursement Issue placed in secured securities.

VMG must not hold for more than one year the perceived flows for the amortization of short term shares issued by the major shareholder or by any other entity of the group that the latter belongs to. This holding will be subject to a reporting made to the Management Board at every Supervisory Board.

3.2.8.2 Preconditions

(1) Available-for-Sale Securities must be denominated in euro, included in the list referred to hereunder and may be deposited with an authorized financial intermediary.
(2) Cash invested corresponding to the Compensation Provision must be liquid at the next Provision Date.
(3) Other investments must be liquid at the next Payment Date.
(4) Securities corresponding to the invested Issue Repayment Reserve, Issue Remuneration Provision and Compensation Provisions must be deposited in the Financial Instruments Account.

3.2.8.3 Procedure for acquiring Available-for-Sale Securities

Available-for-Sale Securities are purchased by the Cash Manager in accordance with the Cash Management Agreement.

3.2.9 Repurchase and retirement of a Senior Debt Issue

3.2.9.1 General framework

The VMG Management Board may have an opportunity to arrange for the repurchase by VMG of all or part of a Senior Debt Issue, at current market conditions, under the terms stated below. Such repurchase would automatically entail the retirement of the corresponding paper, and is taken into account in calculations for the purpose of Management Rules referred to in subsection 3.1.

3.2.9.2 Preconditions

In order to agree to the repurchase by VMG of all or part of a Senior Debt Issue, the Management Board must first ensure that the conditions precedent listed below are fulfilled:

1. VMG must be in Normal Amortization mode.
2. The Majority Shareholder must have a long-term rating of no less than BBB- (S&P) or A3 (ADEF).
3. The VMG Management Board must have offered to the Majority Shareholder either to repurchase an identical portion of the outstanding Majority Shareholder's Negotiable Debt Securities, issued and purchased in consideration for the matching Senior Debt Issues concerned, as provided for in subsection 3.2.7; or to redeem early an identical portion of the outstanding Loans granted to the Majority Shareholder in consideration for the matching Senior Debt Issues concerned, as provided for in subsection 3.2.6; the settlement of the foregoing repurchases or redemptions is a condition precedent for the repurchase of the paper by VMG.
4. The repurchase of Senior Debt Issues by VMG and the repurchase of Negotiable Debt Security or early redemption of Loans by the Majority Shareholder must not be contrary to the provisions of the corresponding issuing agreements, or to regulations governing the Senior Debt Issues, Negotiable Debt Security or Loans concerned.
5. The repurchase of Senior Debt Issues by VMG and the repurchase of Negotiable Debt Security or early redemption of Loans by the Majority Shareholder must take place on a Payment Date and be for an identical amount, corresponding to the same respective portion of the Face value of the Senior Debt Issues concerned and the Face value of the Negotiable Debt Security or Loans concerned.
6. Any transaction must be at fair market prices. These prices are derived from the quotations, on the day of the transaction, by two financial institutions trading in the Senior Debt Issues concerned. In the absence of a quoted price for the Senior Debt Issues concerned, the price is estimated:
    - based on quotations by two institutions trading in at least three issues of Senior Debt Issues,
    - by selecting from among the above Senior Debt Issues that which has the closest maturity to the Senior Debt Issues concerned, and
    - increasing by one-tenth the standard margin used to make the estimation, in order to take into account the impact of the lack of a quoted price on the market price of the Senior Debt Issues concerned.

    The Management Board asks a third party to confirm that the proposed terms of repurchase of unquoted Senior Debt Issues are consistent with the market.

3.2.9.3 Repurchase procedure

Subject to the above conditions precedent, the repurchase by VMG of all or part of a Senior Debt Issue must comply with the following procedure:

1. VMG has received an offer for the repurchase of all or part of a Senior Debt Issue, at fair market prices.
2. VMG asks the Majority Shareholder to repurchase an identical portion of the Negotiable Debt Security acquired or to repay an identical portion of the Loan granted in consideration for the matching Senior Debt Issues concerned, at the same terms as those offered by the proposed purchaser of the Senior Debt Issues.
3. The Majority Shareholder makes known its approval of the terms proposed by VMG.
4. The Majority Shareholder pays to VMG the sums due for the repurchase of the Negotiable Debt Security concerned, or for the repayment of the Loan concerned and, if applicable, VMG instructs the Settlement Bank to deliver the said Negotiable Debt Securities.
5. VMG instructs the Settlement Bank to settle the repurchase of the Senior Debt Issues and to retire the corresponding securities on deposit with the central custodian.
6. VMG fulfils, or arranges for a third party to fulfil on its behalf, any disclosure or registration formalities required by regulations governing the transaction.

3.3 Order of priority and allocation of cash flow

The allocation of cash flow involves two bank demand deposit accounts (the General Cash Account and the Specific Cash Account) and ledger accounts in the books of VMG (the Referenced Interest Accounts, the Referenced Principal Accounts and the General Account).

A Referenced Interest Account and a Referenced Principal Account are kept for each ALM Compartment. Referenced Interest Accounts are used to report Interest Income and expenses as well as receipts and disbursements by each ALM Compartment. The Referenced Principal Accounts are used to report receipts and disbursements of principal by VMG on each ALM Compartment's assets and Senior Debt Issues. The General Account is used to report the margin generated by VMG and overhead expenses. Cash flow generated by all transactions passes through either the General Cash Account or the Specific Cash Account.

Each ALM Compartment is also combined with a Cash-Pledge Account: Provision for Referenced Remuneration and a Cash-Pledge Account: Provision for Referenced Compensation, in which the Cash-Pledges set aside for the corresponding provisions are reported.

For the purpose of allocating cash flow, in either Normal Amortization or Early Unwinding mode, the Management Board:

* calculates the amount to be set aside as Issue Repayment Reserves, Issue Remuneration Provisions and Compensation Provisions;
* collects, or arranges for a third party to collect on its behalf, Available Funds at the Payment Dates and Provision Dates, in either the General Cash Account or the Specific Cash Account;
* allocates the Available Funds in the books to the Referenced Interests Accounts, the Referenced Principal Accounts or the General Account;
* instructs the Settlement Bank to pay Commissions and expenses and to distribute interest on Senior Debt Issues, with the specification that payments and distributions are carried out in the order of priority stated for them in subsections 3.3.1.3 and 3.3.2.3 below, and charged to either the General Cash Account of the Specific Cash Account, up to the balance of the Referenced Interest Accounts, the Referenced Principal Accounts, the Cash-Pledges: Provision for Referenced Remuneration, the Cash-Pledge Account: Provision for Referenced Compensation and of the General Account
* lastly, invests or arranges to have invested, new funds available after distributions.

3.3.1 Normal Amortization mode

3.3.1.1 Collection of Available Funds

On each Payment Date:

* the custodian of the debt securitization funds or securitization vehicle arranges for the transfer of the principal and interest distributed on Units to the Specific Cash Account;
* the Majority Shareholder transfers to the General Cash Account the principal, interest and expenses due on Loans on the Payment Date concerned

On each Provision Date and each Payment Date, the Management Board transfers or arranges to have transferred to the General Cash Account all Interest Income generated by Available-for-Sale Securities registered on the General Financial Securities Account, and to the Specific Cash Account all Interest Income generated by Available-for-Sale Securities registered in the Financial Instruments Account.

On each Constitution Date the Management Board asks Crédit Foncier de France to transfer to the Specific Cash Account an amount corresponding to the Cash-Pledges that must be deposited on that date.

On each Payment Date, the Management Board transfers or arranges to have transferred from the Specific Cash Account to the General Cash Account a sum that causes the balance of the Financial Instruments Account and the Specific Cash Account to be reduced to the amount of (i) the Units and (ii) the Available-for-Sale Securities and Cash with a combined value equal to the aggregate of the Issue Repayment Reserve, the Issue Remuneration Provision and the Compensation Provisions.

Upon each request for Financial Advances, the Management Board asks the Majority Shareholder to transfer to the General Cash Account the amount of the Advance provided on that date.

3.3.1.2 Appropriations

3.3.1.2.1 Appropriation of Interest Income

On each Payment Date and for each ALM Compartment, the Management Board appropriates to the Referenced Interest Account:

* referenced Interests Received;
* interest and Commissions received on Loans;
* Interest Income earned on the investment of the Issue Repayment Reserve, the Issue Remuneration Provision and the Compensation Provision.

On each Payment Date, the Management Board appropriates to the General Account all Interest Income from the investment of the balance of the General Account since the previous Payment Date.

3.3.1.2.2 Appropriation of Principal

On each Payment Date and for each ALM Compartment, the Management Board appropriates to the Referenced Principal Account:

* the principal redeemed on Units held by the ALM Compartment concerned,
* the principal repaid on Loans granted by the ALM Compartment concerned,
* the principal redeemed on Negotiable Debt Security held by the ALM Compartment concerned.

3.3.1.2.3 Appropriation of provisions

On each Constitution Date and for each ALM Compartment, the Management Board appropriates:

* to the Cash-Pledge Account: Provision for Referenced Remuneration the amount of Cash-Pledges corresponding to the increase on that date of the concerned ALM Compartment's Issue Remuneration Provision;

* to the Cash-Pledge Account: Provision for Referenced Compensation the amount of Cash-Pledges corresponding to the increase on that date of the concerned ALM Compartment's Provision for Cash-Pledges

3.3.1.2.4 *Appropriation of Financial Advances*

Whenever an Advance is requested, the Management Board appropriates the amount of the Advance granted to the Associate's Current Account.

3.3.1.3 Distributions

3.3.1.3.1 *Refund of Cash-Pledges*

On each Restitution Date and for each ALM Compartment, the Management Board instructs the Settlement Bank to remit to Crédit Foncier de France, as refund of Cash-Pledges, a sum equal to the reduction in the aggregate of the Issue Remuneration Provision and Compensation Provision between the two Calculation Dates immediately preceding that Restitution Date, by debiting the Specific Cash Account and for up to the balance in either the Cash-Pledge Account: Provision for Referenced Interest, or the Cash-Pledge Account: Provision for Referenced Compensation, depending on which provision has been reduced.

3.3.1.3.2 *Payment of Commissions*

On each Payment Date and for each ALM Compartment, the Management Board instructs the Settlement Bank to pay to the Subcontractor Recurring Expenses and Referenced Commissions, by withdrawing the sums concerned from the General Cash Account, up to the balance of the Referenced Interest Account.

3.3.1.3.3 *Interest paid out on Senior Debt Issues and to Counterparties*

For each ALM Compartment and on each Payment Date that corresponds to a date when interest on one or more Senior Debt Issue is due, the Management Board instructs the Settlement Bank to:

1. settle with the Counterparties the interest paid and received during the quarter for each Interest Rate Swap Agreement;
2. pay to the Paying Agent a sum equal to the interest payable on the Senior Debt Issues on the Payment Date, along with the corresponding remuneration due to the Paying Agent;

by debiting the General Cash Account and for up to the balance of the Referenced Interest Account.

3.3.1.3.4 *Principal redeemed on Senior Debt Issues*

For each ALM Compartment and on each Payment Date that corresponds to a date when payment of principal is due on one or more Senior Debt Issue, the Management Board instructs the Settlement Bank to:

* pay to the Paying Agent a sum equal to the principal payable one or more Senior Debt Issue on the Payment Date, by debiting the General Cash Account and for up to the balance of the Referenced Interest Account;
* pay to the Paying Agent a sum equal to the remuneration due, by debiting the General Cash Account and for up to the balance of the Referenced Interest Account.

3.3.1.3.5 *Fixed and Variable Interest Matched with Subordinated Loans*

On each Payment Date and for each ALM Compartment, the Management Board instructs the Settlement Bank to pay to the Majority Shareholder the Fixed and Variable Interest Matched with Subordinated Loans, by debiting the General Cash Account and for up to the balance of the Referenced Interest Account.

3.3.1.3.6 *Repayment of Subordinated Loans*

On each Payment Date and for each ALM Compartment, the Management Board instructs the Settlement Bank to pay to the Majority Shareholder for the amortization of Subordinated Loans a principal sum equal to any positive difference between (i) the aggregate of the Units Outstanding and the Issue Repayment

Reserve on the preceding Payment Date, and (ii) the aggregate of the Units Outstanding and the Issue Repayment. Reserve on the current Payment Date, by debiting the General Cash Account and for up to the balance of the Referenced Interest Account.

3.3.1.3.7 Immobilization Indemnity

On each Payment Date and for each ALM Compartment, the Management Board instructs the Settlement Bank to pay to Crédit Foncier de France the Immobilization Indemnity, by debiting the General Cash Account and for up to the balance of the Referenced Interest Account.

3.3.1.3.8 Repayment of Financial Advances

On each Payment Date and for each ALM Compartment, the Management Board instructs the Settlement Bank to repay to the Majority Shareholder any Financial Advances due, by debiting the General Cash Account and for up to the balance of the General Account.

3.3.1.3.9 Global Floating-Rate Interest

On each Payment Date immediately following the approval date of VMG's annual accounts, the Management Board instructs the Settlement Bank to pay to the Majority Shareholder the Global Floating-Rate Interest on Subordinated Loans, by debiting the General Cash Account and for up to the balance of the General Account.

3.3.1.4 Investment of Available Funds

On each Payment Date, the Management Board moves, or arranges for the moving, separately, of the balance of the Specific Cash Account to the Financial Instruments Account and the balance of the General Cash Account to the General Financial Securities Account.

On each Constitution Date and on each Provision Date, including on Provision Dates coinciding with Payment Dates, the Management Board moves, or arranges to have moved, the sums corresponding to the balance of the Cash-Pledge Accounts: Provision for Referenced Interest and of the Cash-Pledge Account: Provision for Referenced Compensation on the Financial Instruments Account, by debiting the Specific Cash Account.

3.3.2 Early Unwinding scenario

3.3.2.1 Collection of Available Funds

On each Payment Date:

* the custodian of debt securitization funds or securitization vehicles arranges for the transfer to the Specific Cash Account of the principal and interest paid out on Units;
* the Majority Shareholder arranges for the transfer to the General Cash Account of any principal, interest and expenses payable on Loans on the Payment Date concerned.

On each Provision Date and on each Payment Date, the Management Board transfers or arranges for the transfer to the General Cash Account of Interest Income earned on Available-for-Sale Securities in either the General Financial Securities Account or the Financial Instruments Account.

Upon each request for Financial Advances, the Management Board asks the Majority Shareholder to transfer to the General Cash Account the amount of the Advance to be provided on that date.

3.3.2.2 Appropriations

3.3.2.2.1 Appropriation of Interest

On each Payment Date following a changeover to Early Unwinding, the Management Board appropriates to the General Account any Interest Income collected on Available-for-Sale Securities in either the General Financial Securities Account or the Financial Instruments Account.

On each Payment Date and for each ALM Compartment, the Management Board appropriates any Referenced Interests Received to the Referenced Interest Account.

On each Payment Date and for each ALM Compartment, the Management Board appropriates any interest and Commissions collected on Loans or on Negotiable Debt Securities to the General Account.

3.3.2.2.2 Appropriation of Principal

On each Payment Date and for each ALM Compartment, the Management Board appropriates:

* to the Referenced Principal Account the amount of principal collected on Units held by that ALM Compartment, up to the Principal Outstanding on Senior Debt Issues;
* to the General Account the balance of the amount of principal collected on Units held by that ALM Compartment and any principal received on Loans extended by that ALM Compartment.
*

3.3.2.2.3 Appropriation of Financial Advances

Upon each request for Financial Advances, the Management Board appropriates any Advance made as of that date to the Associate's Current Account.

3.3.2.3 Distributions

3.3.2.3.1 Compensation Payments

For each ALM Compartment and on the first Provision Date immediately following the changeover to Early Unwinding mode, the Management Board instructs the Settlement Bank to:

* remit to the Paying Agent the Compensation Payment due on each Senior Debt Issue;
* remit to each Counterparty the Compensation Payment payable to that Counterparty pursuant to Interest Rate Swap Agreements;

by debiting the Specific Cash Account and up to the balance of the Cash-Pledge Account: Provision for Referenced Compensation;

* Remit to the Paying Agent a sum corresponding to the corresponding remuneration due to it, by debiting the General Cash Account by up to the balance of the General Account.

3.3.2.3.2 Payment of Commissions

On each Payment Date and for each ALM Compartment, the Management Board instructs the Settlement Bank to pay to the Subcontractor Recurring Expenses and Referenced Commissions due to the Subcontractor, by debiting the General Cash Account by up to the balance of the Cash-Pledges: Provision for Referenced Remuneration and, in the event of an insufficient balance being available, by debiting the General Cash Account by up to the balance of the General Account.

3.3.2.3.3 Interest paid out on Senior Debt Issues and to Counterparties

On each Payment Date and for each ALM Compartment, the Management Board instructs the Settlement Bank to:

* settle with the Counterparties the interest paid and received during the quarter for each Interest Rate Swap Agreement;
* pay to the Paying Agent a sum equal to the interest payable on the Senior Debt Issues on the Payment Date, along with the corresponding remuneration due to the Paying Agent;

by debiting the Specific Cash Account and for up to the combined balance of the Referenced Interest Account and of the Cash-Pledge Account: Provision for Referenced Remuneration and, in the event of an insufficient balance being available, by debiting the General Cash Account by up to the balance of the General Account.

3.3.2.3.4 Principal redeemed on Senior Debt Issues

For each ALM Compartment and on each Payment Date following a changeover to Early Unwinding mode, the Management Board instructs the Settlement Bank to:

- remit to the Paying Agent a sum equal to the balance of the Issue Repayment Reserve for the sequential redemption of Senior Debt Issues in the order of their Residual Life to Maturity, by debiting the Specific Cash Account by up to the balance of the Referenced Principal Account;
- remit to the Paying Agent a sum equal to the remuneration due, by debiting the Specific Cash Account by up to the balance of the Referenced Interest Account and of the Cash-Pledge Account: Provision for Referenced Remuneration and, in the event of an insufficient balance being available, by debiting the General Cash Account by up to the balance of the General Account.

For each ALM Compartment and on each Payment Date, the Management Board instructs the Settlement Bank to:

- remit to the Paying Agent a sum equal to the principal redeemed on Units for the purpose of the sequential redemption of Senior Debt Issues in the order of their Residual Life to Maturity, by debiting the Specific Cash Account by up to the balance of the Referenced Principal Account;
- remit to the Paying Agent a sum equal to the remuneration due, by debiting the Specific Cash Account by up to the balance of the Referenced Interest Account and of the Cash-Pledge Account: Provision for Referenced Remuneration and, in the event of an insufficient balance being available, by debiting the General Cash Account by up to the balance of the General Account.

3.3.2.3.5 Balance of Referenced Interest Account

For each ALM Compartment and on each Payment Date effective upon the full redemption of Senior Debt Issues issued by the ALM Compartment concerned, the Management Board transfers the combined balance of the Referenced Interest Account and of the Cash-Pledge Account: Provision for Referenced Remuneration to the General Account and transfer or arranges for the transfer of cash in the same amount from the Specific Cash Account to the General Cash Account.

3.3.2.3.6 Interest on Subordinated Loans and Cash-Pledge Immobilization Indemnity

On each Payment Date effective upon the full redemption of all Senior Debt Issues, the Management Board instructs the Settlement Bank to remit to the Majority Shareholder the combined total of the three amounts payable to it as Fixed and Variable Matching Interest on Subordinated Loans and the Cash-Pledge Immobilization Indemnity, by debiting the General Cash Account for up to the balance of the General Account. If the balance available is insufficient, payment is allocated rateably to the three amounts due.

3.3.2.3.7 Repayment of Subordinated Loans and Refund of Cash-Pledges

On each Payment Date effective upon the full redemption of all Senior Debt Issues, the Management Board instructs the Settlement Bank to remit to the Majority Shareholder the combined total of the two amounts due to it as repayment of Subordinated Loans and refunds of Cash-Pledges, by debiting the General Cash Account by up to the balance of the General Account. If the balance available is insufficient, funds are allocated rateably to the two amounts due.

3.3.2.3.8 Repayment of Financial Advances

On each Payment Date effective upon the full redemption of all Subordinated Loans and full refund of all Cash-Pledges, the Management Board instructs the Settlement Bank to repay to the Majority Shareholder any outstanding Financial Advances, by debiting the General Cash Account by up to the balance of the General Account.

3.3.2.3.9 Global Floating-Rate Interest

On each Payment Date after the full repayment of all Financial Advances, the Management Board instructs the Settlement Bank to pay to the Majority Shareholder the Global Floating-Rate Interest due on Subordinated Loans, by debiting the General Cash Account by up to the balance of the General Account.

3.3.2.4 Investment of Available Funds

On each Payment Date, the Management Board moves or arranges for the moving, separately, of the balance of the Specific Cash Account to the Financial Instruments Account and for the balance of the General Cash Account to the General Financial Securities Account.

3.4 Subcontracting of management

VMG has entered into a Subcontracting Agreement with the Subcontractor, pertaining to the carrying out, further to instructions by the Management Board, of the Management Operations necessary to fulfil the company's object.

The Subcontractor has undertaken to perform the legal and financial acts assigned to VMG, on behalf of and for the account of VMG, under the terms set forth in the Subcontracting Agreement and in compliance with these Internal Regulations.

The Subcontractor provides financial accounting, legal and administrative management services for authorized transactions and reports monthly thereon.

The Subcontractor pays all current expenses arising from the assignments given to it and which are covered by the inclusive Commission paid to the Subcontractor.

The Subcontractor pays for all Extraordinary Requirements on behalf of VMG (other than current expenses) first by debiting the General Cash Account by up to the balance of the General Account, and in the event that funds are insufficient, using Financial Advances provided by the Majority Shareholder.

3.4.1 Financial Advances

3.4.1.1 General framework

VMG may at any time receive Financial Advances from its Majority Shareholder pursuant to the Master Agreement on Shareholders' Current Account Advances, for the purpose of financing VMG's Extraordinary Requirements.

Repayments on Financial Advances are made quarterly on each Payment Date, for up to the balance of the General Account.

Because of the Majority Shareholder's general interest in the transaction and its receipt of the Global Floating-Rate Interest pursuant to the Subordinated Loan Master Agreement, no interest is paid to the Majority Shareholder on such Financial Advances.

3.4.1.2 Preconditions

1. Financial Advances must be provided pursuant to the Master Agreement on Shareholders' Current Account Advances in effect at the time they are made available and, in particular, all implementation terms set forth in article 6 of that Master Agreement must be complied with.

2. Extraordinary Requirements are not charged to the Subcontractor and may not be paid in whole or in part out of the General Cash Account.

3.4.1.3 Procedure for applying for Financial Advances

Applications for Financial Advances entail the following steps:

1. The Subcontractor informs the Majority Shareholder of its request no later than two Business Days prior to date on which an Advance is to be extended.

2. Upon receipt of the application for an Advance, the Majority Shareholder notifies the Subcontractor that the Advance is being provided and arranges to have the amount of the Advance transferred to the General Cash Account on the date it is to be extended

4. RELATIONSHIP BETWEEN THE MANAGEMENT AND GOVERNING BODIES

VMG's management and governing bodies transact business on a quarterly basis over the calendar year. However, if it is in the company's interest, the Supervisory Board may convene as frequently as needed, in accordance with section 25 of the memorandum and articles of association.

The Management Board, pursuant to section L.225-68 (4) of the French Commercial Code, prepares a Quarterly Management Report on the business of VMG, in which it provides details in a first part of the transactions performed during the quarter ended and, in a second part, of those planned for the following quarter.

Regardless of the Management scenario, be it in Normal Amortization or Early Unwinding mode, the Management Board prepares a Quarterly Management Report. Monitoring by the Supervisory Board is unchanged regardless of the Management scenario. However, the content of the Report varies in accordance with the acts authorized under Normal Amortization and Early Unwinding mode.

4.1 Procedure under Normal Amortization

At their quarterly meeting, the members of the Supervisory Board must verify that:

- the Management Board has properly performed Management Operations in the quarter ended;
- the Management Board has duly complied with the Management Rules;
- the transactions for the quarter have been fully reported in the VMG Accounts.

Should the Supervisory Board note that an Early Unwinding Event occurred during the quarter ended, it asks the Management Board to resolve an Early Unwinding. In the event of a continued disagreement between the two bodies regarding this matter, the dispute is brought before the General Meeting of Shareholders at the initiative of the Management Board, which must convene an Ordinary General Shareholders' Meeting at the earliest convenience.

The members of the Supervisory Board will be called upon, based on the Quarterly Management Report (Appendix 5), to approve the transactions performed during the previous quarter, and to grant prior approval for transactions projected for the following quarter.

4.1.1 Transactions performed during the previous quarter

* validation of the consistency of a Senior Debt Issue with characteristics previously approved for it (Senior Debt Issues Data Sheet on Bonds, Negotiable Debt Securities, Bank Borrowings and all related Interest Rate Swap Agreements);
* validation of the consistency of a purchase of Units with the Loan File as submitted to the Supervisory Board;
* validation of the Subordinated Loan provided by the Majority Shareholder under the terms reported at the previous meeting of the Supervisory Board;
* validation of the re-use of the proceeds from Senior Debt Issues and the conditions thereof, in terms of the factors set forth at the Supervisory Board meeting which initially approved it;
* review of payments made at the last Payment Date;
* verification that no problems arose on the previous Payment Date;
* review of the investment of cash balances for the quarter ended;
* review of the reserves and provision set aside: Compensation Provisions required by the Senior Debt Issues and the Interest Rate Swap Agreements, i.e.:
    1. on each Calculation Date, the Management Board estimates the amount of the Issue Remuneration Provision and, if necessary, sends a request for Cash-Pledges to Crédit Foncier de France;
    2. on each Calculation Date, the Management Board estimates the amount of the Compensation Provisions and, if necessary, sends a request for Cash-Pledges to Crédit Foncier de France;
    3. on each Provision Date, VMG verifies the account statement to ensure that the new Cash-Pledges provided has been properly included in the balance of the VMG Specific Cash Account;
    4. on the date of the Monthly Meeting immediately following the above Provision Date and for each ALM Compartment, the Management Board reports to the Supervisory Board:

- the new balance of the Financial Instruments Account and of the Specific Cash Account,
- the new balance of the Compensation Provisions,
- the new balance of the Issue Remuneration Provision;

* validation of sums to be refunded to the Majority Shareholder pursuant to claims on all or part of the Cash-Pledges provided;
* validation of sums withdrawn from the Specific Cash Account.

4.1.2 Projects for the following quarter

* authorizations to acquire Units;
* grant of authority to the Management Board for the purpose of adding the foregoing new assets to the VMG Financial Instruments Account for the benefit of the Investors;
* prior approval of Senior Debt Issues with features set forth in a provisional Senior Debt Issues Data Sheet (Bonds, Negotiable Debt Instruments, Bank Borrowing);
* prior projection of provision and reserve adjustments in the event of new acquisitions of Units or new Senior Debt Issues;
* review and prior authorization of payments to be made at the next Payment Date;
* prior approval of the sums to be withdrawn from the Specific Cash Account.

4.2 Procedure in the event of Early Unwinding

The triggering of an Early Unwinding causes sums payable on Senior Debt Issues to become due, up to the amounts available on each Payment Date, the suspension of all repayments of Subordinated Loans, Shareholders' Current Account Advances and Cash-Pledges. Accordingly, Management Operations that the Management Board may perform are limited to repayments to Investors. In this particular instance, the Supervisory Board performs a more limited review of VMG's activities, as the Management Board's power has been reduced.

The Management Report must also be divided into two parts, one pertaining to transactions performed over the previous quarter and the other on projected repayments for the following quarter.

4.2.1 Previous quarter's transactions

The Supervisory Board must check the source of sums for which payments are made and their appropriation in light of the payment sequence applicable to the specific situation:

- validation of the appropriation to the Investors of cash proceeds from Units;
- verification that payments are made in the order of priority set forth in the case of Early Unwinding Events, until all Investors are fully compensated;
- validation of payments made by the Management Board on the first Restitution Date following the Early Unwinding, and in particular of the payment to Investors of the Compensation Payments on Senior Debt Issues outstanding;
- verification of the payment of Principal and Interest, including Additional Margins, on Senior Debt Issues from the Specific Cash Account;
- after all Investors have been fully compensated, verification of the new payment sequence of creditors.

4.2.2 Forecasts for the following quarter

None.

APPENDIX 1: Units data sheet

General features Debt Securitization Fund or Securitization vehicle Inception Date of the Fund Rating Aggregate face value Assigning entity Management company Custodian Settlement Bank Planning / Implementation			
Receivables Source Type Number Face value Net annual interest rate Residual Life to Maturity Instalment plan Final RePayment Date			
Units Rating Investment Number of Units Face value Aggregate amount Payment Dates Interest period Scheduled redemption date Final redemption date Nominal rate of interest Purchase price Coverage of P Units	P Units	S Units	
Proposed purchase Type of Units Amount of the Senior Debt Issues Proceeds from the Senior Debt Issues			
Theoretical Instalment Plan	Payment Date	Principal	Interest
Average Instalment Plan	Payment Date	Principal	Interest
Initial Average Assumption Anticipated Monthly Redemption Rate Monthly Default Ratio			
Comments			

APPENDIX 2: Available-for-sale securities data sheet

UCITS

UCITS name	
Legal form	
COB Classification	
Rating	
Custodian	
Management company	
Frequency of calculation of net value	daily (mandatory)
Sensitivity range	
Euroclear France delivery	to the Settlement Bank (mandatory)

FRENCH GOVERNMENT BONDS

Type of government bonds	(BTF or BTAN)
Date of issue	
Maturity date	
Nominal interest rate	
Interest payment	(discounted/annual)
Euroclear France delivery	to the Settlement Bank (mandatory)

NEGOTIABLE DEBT INSTRUMENTS

Type of instruments	(BISF-CDN-BT-BMTN)
Issuer	
Rating	
Date of issue	
Maturity date	
Nominal interest rate	
Interest payment	
Euroclear France delivery	to the Settlement Bank (mandatory)

TERM DEPOSITS

Financial institution
Rating
Date of issue
Maturity date
Nominal interest rate
Interest payment

APPENDIX 3: Senior debt issue data sheet

Characteristics of the Senior Debt Issues

ISIN Code	
Legal form	(bonds – BT – BMTN)
Aggregate value of Senior Debt Issues	
Face value of securities	
Number of securities	
Net Issuing Proceeds	
Effective date	
Payment Date	
Expiration date	
Life	
Average maturity of the Senior Debt Issues	
Nominal interest rate in %	(if fixed rate)
Type of indexation	(if floating or adjustable rate)
Mark-up over index	(if floating or adjustable rate)
Minimum rate	(if floating or adjustable rate)
Maximum rate	(if floating or adjustable rate)
First coupon rate	(if floating or adjustable rate)
Number of coupons per year	
Date of first coupon	
Type of amortization	
Date of first redemption	
Redemption price	
Additional remuneration rate	(if fixed rate)
Additional remuneration yield	(if floating or adjustable rate)

Yield or margin to Investors	
Yield or margin to issuer	(all-in cost)
Base index	

Manager - Underwriters - Servicing

Issue manager
Issue underwriters
Management Commission
Underwriting Commission
Placement Commission
Servicing Commission

Amortization table

Date	Amount of coupon	Amount redeemed

APPENDIX 4: Loan file

<table>
<tr><td>VAUBAN MOBILISATIONS GARANTIES</td><td rowspan="2">SIGNATURE OF THE CHAIRMAN OF THE MANAGEMENT BOARD</td></tr>
<tr><td>FILE: <fund's name ></td></tr>
<tr><td>PERSON IN CHARGE OF THE FILE: <name></td><td>DATE: <date></td></tr>
</table>

APPLICATION

Purpose / Transaction:

Borrower:

Commitment required:

Maturity:

Financial terms:

Guarantees:

APPENDIXES *<data sheet>, <fund Internal Regulations>*

DISTRIBUTION *<members of the Supervisory Board>*

APPENDIX 5: Quarterly management report

The purpose of this appendix is to describe the main headings contained in the Quarterly Management Report.

Scenario [Normal Amortization / Early Unwinding]

<u>I – Report for the quarter ended</u>

1 – Purchases of Units
2 – Subordinated Loans
3 – Senior Debt Issues
4 – Interest Rate Swap Agreements
5 – Cash-Pledges (Issue Remuneration Provisions / Compensation Provisions)
6 – Loans to the Majority Shareholder
7 – Purchases of Negotiable Debt Securities issued by the Majority Shareholder
8 – Cash management (transactions / balance of securities and cash accounts)
9 – Shareholders' Current Account Advances
10 – Management Report
  Cash flow
  (Receipts - Allocation - Disbursements)
  Subcontractor
  Agent
  Cash Manager
  Settlement Bank

11 – Management Rules
12 – Sundries
(indicate all events likely to result in failure by VMG to comply with the Internal Regulations)

<u>II – Report for the following quarter</u>
(Authorizations to be given)

1 – Purchases of Units
2 – Subordinated Loans
3 – Senior Debt Issues
4 – Interest Rate Swap Agreements
5 – Cash-Pledges
6 – Loans to the Majority Shareholder
7 - Purchases of Negotiable Debt Securities issued by the Majority Shareholder
8 – Cash Management Transactions
9 – Shareholders' Current Account Advances

<u>III – Legal Administration</u>

APPENDIX 6: Statistics file

QUARTERLY STATISTICS FILE

Management company:
Name and signature of the person in charge:
Debt securitization fund/Securitization vehicle: < fund's name>
Information Date:
Next Payment Date:
Reference period:

Information on Receivables at the Payment Date

Principal Outstanding on active receivables
Principal Outstanding on sound receivables (not contested, not in dispute)
Theoretical Amortization of Receivables
Early Redemptions
Principal Outstanding on Receivables falling into dispute during the Period
Principal Outstanding on Receivables assigned (without substitution)
Ratio of Principal Outstanding on active receivables to Initial Principal Outstanding
Average Interest Rate of active Receivables Outstanding

Average Assumption

Reminder of initial early redemption rate
Reminder of initial failure ratio
Early redemption ratio for the quarter
Anticipated average quarterly early redemption rate
Quarterly default ratio
Average quarterly default ratio

Information concerning Units on the Payment Date

Principal paid on Preferred Units
Interest paid on Preferred Units
Principal Outstanding on Preferred Shares (after amortization of Principal)
Principal paid to Subordinated Units
Interest paid on Subordinated Units
Principal Outstanding on Preferred Shares (after amortization of Principal)

Other Information

Balance of Fund Account on the Payment Date
Ratio of Overdue Payments
Ratio of Net Losses
Changes in the servicing agent collection procedure
(if yes, please specify)
Changes in Contractual Documents
(if yes, please specify)
Replacement of one or more parties
(if yes, please specify)
Failure by one party to fulfil its legal or contractual obligations
(if yes, please specify)
Other events likely to have an adverse impact on the operation of the Fund
(if yes, please specify)

Theoretical Instalment Plan

Payment Date	Principal	Interest

Projected Instalment plan

Payment Date	Principal	Interest

APPENDIX 7: List of indices authorized for use in computing interest rates

Index	Computation formula
Fixed rate	Either of the two formulas for calculating interest: ➢ AND / 365 or 366: Actual Number of Days (AND) in the period, divided by 365 or 366 ➢ 30 / 360: Each month has 30 days, divided by 360 For a one-month period, divide the annual rate by 12; for a quarter, divide the annual rate by 4
3-month EURIBOR	➢ AND / 360: Actual Number of Days (AND) in the period, divided by 360

APPENDIX 8: Formula for computing the compensation payment for senior debt issues

Object

The object of this appendix is to set forth the computation method for the Compensation Payment for Senior Debt Issues. This compensation is paid to holders of paper issued by VMG to offset changes in amortization timetables.

By construct the computation is performed on coupon dates, and prices are accordingly stated net of accrued coupon. Whenever a computation is made at other times, the accrued coupon must be factored in.

The base rates here are the obtained from government debt with the closest maturities (Exchequer notes, bonds) directly for a Loan or by straight-line interpolation based on these rates. The rates are the opening rates on the day the computation takes place.

Updating shall be in accordance with the method set forth by the Bonds Standard Commission (Comité de Normalisation Obligataire - CNO).

I - GENERAL PRINCIPLE

The computation's general principle is based on the following three steps:

1. For each Senior Debt Issue (E), the value of securities (**VE**) is calculated by discounting the current value of future returns on those securities. Discounting is done in accordance with the method set forth by the Bond Standardization Commission (CNO). The value of securities (VE) is computed in such a way that the actuarial yield of securities (TE) is equal to the actuarial yield (TRE) calculated on the basis of the rates of reference, with an additional mark-up (ME).
2. An Average Instalment Plan (corresponding to the Early Unwinding mode) is drawn up for the Senior Debt Issues (E). The instalment plan is then used to calculate the present value of future returns or the wind-up value (**VD**), so that the actuarial yield of the instalment plan (TD) is equal to the actuarial yield (TRE) calculated on the basis of the rates of reference, with an additional mark-up (MD).
3. Any excess of VE over VD is equal to the Compensation Payment for the Senior Debt Issues considered (E).

II - CALCULATIONS

1 – Calculation of VE

1. The average Residual Life to Maturity of E Senior Debt Issues on the Calculation Date (VME) is calculated.
2. From the average maturity, the base actuarial yield of the Senior Debt Issues (TRE) is calculated using the base rates. If VME does not correspond exactly to the average maturity of government securities, an extrapolation must be made. Interpolation is linear, based in the two closest rates on both sides of VME. The result is TRE.
3. The mark-up (ME) is added to TRE.
4. The current value of future returns from E Senior Debt Issues is calculated using TRE+ME as the discount rate, as recommended by the CNO.
5. Discounting makes it possible to arrive at a **VE** value that is the price of securities corresponding to E Senior Debt Issues.

2 – Calculation of VD

1. The average Residual Life to Maturity of E Senior Debt Issues to its liquidation on the Calculation Date (VMD) is calculated based on the liquidation schedule.

2. Based on the above average residual life and using the base rates, the base actuarial yield for the Senior Debt Issues (TRE) is calculated. If VMD does not correspond exactly to the average maturity of government securities, an extrapolation must be made. Interpolation is linear, based in the two closest rates on both sides of VMD. The result is TRD.

3. The mark-up (MD) is added to TRD.

4. The current value of future returns from liquidation is calculated using TRD+MD as the discount rate, as recommended by the CNO

5.Discounting makes it possible to arrive at a **VD** value that is the price of securities corresponding to the E Senior Debt Issues redemption schedule.

3 – Calculation of Compensation Payment

The compensation is equal to any excess of VE over VD.

4 – Mark-ups

The ME and MD mark-ups are fixed for each separate Senior Debt Issues. The rates are stated in the prospectus pertaining to the Senior Debt Issues.

5 – Average Life

The average maturity of a schedule is calculated as follows:
Each principal payment collected is multiplied by its maturity.
The products thus obtained are aggregated.
The aggregate of the products is then divided by the aggregate of principal collected.
Average Life = [(principal collected Pi * Pi maturities Mi)] / principals collected (Pi)

Where Pi = principal collected at date i, with an average maturity Mi stated in months and decimal points.

APPENDIX 9: Definitions

For the purpose of these Internal Regulations, the terms and expressions below shall have the following meaning:

Additional Margin	Means, for a given Senior Debt Issue or Interest Rate Swap Agreement, the additional interest that may be due by VMG under Early Unwinding mode, either on paper or to the Counterpart of an Interest Rate Swap Agreement, the computation formula of which is set forth either in the agreement pertaining to the Senior Debt Issue or in the Interest Rate Swap Agreement.
ALM (Assets & Liabilities Management) Compartment	Means, for each type of rate included in the List of Indices • All of the Units and Loans on which VMG is expected to collect interest on the basis of the rate concerned and in accordance with the corresponding formula; • All of the Subordinated Loans and Senior Debt Issues (taking into account any existing Interest Rate Swap Agreements associated with that Senior Debt Issues) on which VMG must pay interest at the rate concerned and in accordance with the corresponding formula.
Amortization Profile	Means, for a given Senior Debt Issue and a given Instruction Date, the Average Life of the concerned Senior Debt Issue's Average Instalment Plan on that date.
Associate's Current Account	Means the ledger account in the VMG books on which the Financial Advances are reported.
Available Funds	Means the sums which VMG has on hand on a Payment Date or Provision Date, and consisting of • Principal and interest received on all Units • Proceeds (including Interest Income) on Available-for-Sale Securities • Principal and interest received on Loans • Principal and interest received on Negotiable Debt Securities.
Available-for-Sale Securities	Means the type of cash investments authorized for VMG and whose list is given in subsection 3.2.8.

Average Assumption	Refers to, for one FCC or FCT Unit and on a given Information Date, the assumption that the overall data pertaining to the behaviour of obligors to the fund will remain unchanged from the 12 previous months with respect to • The monthly average of Monthly Anticipated Early Redemption Rates • The average Monthly Default Ratio. Over the first eleven months of a debt securitization fund's or securitization vehicle's life, reported data will be replaced by a figure provided by the assignor of the receivables at the inception of the fund.
Average Instalment Plan	Means, for any given ALM Compartment • The payment schedule of principal and interest pertaining to Units held by that ALM Compartment, on the basis of the Average Assumption; • The payment schedule of principal and interest pertaining to Senior Debt Issues issued by that ALM Compartment, under Early Unwinding mode, calculated based on the Issue Repayment Reserve and the Average Maturities of the Units held by the ALM Compartment. The Average Maturities of the Units are calculated by the Management company and provided as part of the Statistics File. The Average maturities of Senior Debt Issues are calculated by the Management Board on each Instruction Date, under Normal Amortization mode.
Average Life	Means, for a given instalment plan and on a given date, the aggregate time separating that date from the maturity dates of the principal, according to the instalment plan, weighted in terms of the percentage of principal due on each maturity date.
Business Day	Means a full day on which orders are processed and trading prices quoted on French stock exchanges and banks and financial institution are open for business in metropolitan France.
Calculation Date	Means, since September 26, 1997, the penultimate Business Day prior to either of the three following dates: • The 28^{th} day of any calendar month • The date of purchase by VMG of Units • The date of issue by VMG of Senior Debt Issues.
Cash Manager	Means Crédit Foncier de France.
Cash-Pledge Account: Compensation Provision	Means, for a given ALM Compartment, the account in the books of VMG on which are reported Cash-Pledges transactions corresponding to the Compensation Provision of that ALM Compartment.
Cash-Pledge Account: Provision for Referenced Remuneration	Means, for a given ALM Compartment, the account in the books of VMG on which are reported Cash-Pledges transactions corresponding to the Issue Remuneration Provision of that ALM Compartment.

Cash-Pledge Master Agreement	Means the Cash-Pledge Master Agreement of September 22, 1997 between Crédit Foncier de France and VMG, pursuant to which Crédit Foncier de France guarantees the repayment to VMG of (i) the portion of Referenced Interest Due not covered by interest earned on Units and (ii) the Compensation Payments.
Cash-Pledges	Means the Cash-Pledges deposited as security by Crédit Foncier de France with VMG pursuant to the Cash-Pledge Master Agreement.
Collateralization of the Financial Instruments Account	Refers to the collateralization of the Financial Instruments Account on September 26, 1997, agreed to between VMG and Crédit Agricole Investor Services Corporate Trust, in its capacity as security agent, pursuant to which VMG accepts the collateralization of a financial instruments account as a guarantee for the timely payment of sums due on Senior Debt Issues or Interest Rate Swap Agreements.
Comfort Letter	Refers to the commitment made by Crédit Foncier de France in a Comfort Letter issued in connection of each issue of Senior Debt Issue by VMG.
Commissions	Means the amount of Commissions payable by VMG to the Subcontractor; Commissions are due quarterly on each Payment Date and amount to one-fourth of 0.03 percent of the aggregate of the Principal Outstanding on Units and the Issue Repayment Reserve on the previous Payment Date, up to an annual ceiling of €304,898.03.
Compensation Payment	Means, for a given Senior Debt Issue or Interest Rate Swap Agreement and in the Event of Early Unwinding, the compensation that may be provided under the agreement pertaining to the Senior Debt Issue or the Interest Rate Swap Agreement. If an Early Unwinding Event should occur, that compensation would be paid on the subsequent Provision Date, up to the balance of the Compensation Provisions set aside on the date of occurrence of the Early Unwinding Event. A model for calculating the Compensation Payment for Senior Debt Issue is shown in Appendix 8.
Compensation Provision	Means, for a given ALM Compartment and on a given date, the amount set aside by VMG to pay for Compensation Payments on that ALM Compartment's Senior Debt Issue or Interest Rate Swap Agreements. That amount is evaluated on each Calculation Date, based on the assumption that an Early Unwinding Event occurred on that Calculation Date, and the corresponding amount is set aside no later than two Business Days thereafter through the deposit of Cash-Pledges.

Conservative Assumption	Means, for a given ALM Compartment, one of the combinations of early redemption ratios between zero and 100 percent, applied to Units. The number of combinations is 2^n, where “n” stands for the number of Units.
Conservative Instalment Plan	Means, for any given ALM Compartments: • The instalment plan of principal and interest pertaining to the Units of that ALM Compartment, calculated on the basis of one of the Conservative Assumptions. • The instalment plan of principal and interest pertaining to Senior Debt Issues issued by the ALM Compartment, under Early Unwinding scenario, calculated on the basis of the Issue Repayment Reserve and each Conservative Instalment Plan of that ALM Compartment’s Units. Conservative Instalment Plans are calculated by the Management Board on each Instruction Date, under Normal Amortization mode.
Constitution Date	Means the second Business Date following a Calculation Date on which, in consideration for an increase in the aggregate of the Issue Remuneration Provision and the Compensation Provisions between the previous Calculation Date and the Calculation Date in question, a Cash-Pledge was deposited by Crédit Foncier de France for the benefit of VMG.
Contractual Documents	Mean the agreements between VMG and Crédit Foncier de France and governing the operation of VMG, namely • The Loan Master Agreement • The Subordinated Loan Master Agreement • The Cash-Pledge Master Agreement • The Master Agreement on Shareholders’ Current Account Advances • The Subcontracting Agreement • The Subscription Master Agreement
Counterparty	means, for a given issue of paper, the Counterparty with which VMG has entered into an Interest Rate Swap Agreement.
Early Unwinding	means, if an Early Unwinding Event Occurs, the VMG operating mode described in subsection 2.4.
Early Unwinding Event	means any one of the following events: • Failure to comply with the provisions of the Internal Regulations • Failure by Crédit Foncier de France to deliver to VMG certificates of non-suspension of payments • Failure by Crédit Foncier de France to fulfil its obligations with regards to VMG pursuant to the Contractual Documents • Failure by Crédit Foncier de France to fulfil its obligations with regards to Investors or Counterparties pursuant to the Comfort Letter

	• The termination of any Contractual Document or the failure to extend same one month prior to its expiry.
Early Unwinding Rule	Means the rule set forth in subsection 3.1.1.
Effective Year	Means the period commencing on July 1st of every year and ending on June 30th of the following year; by exception, the fist Effective Year was from August 27, 1997 to June 30th, 1998.
Euro	Refers to the currency that is legal tender in France or the equivalent thereof.
Extraordinary Requirements	Means all VMG expenses not incurred in conjunction with regular operations.
Financial Advances	Refers to current account advances granted by the Majority Shareholder to VMG pursuant to the Master Agreement on Shareholders' Current Account Advances.
Financial Instruments Account	Means the Financial Instruments Account in VMG's name in the books of the Settlement Bank, pledged in accordance with the provisions of section L. 431-4 of the French Monetary and Financial Code on which are deposited Units and Available-for-Sale Securities corresponding to the investment of the Issue Repayment Reserve, the Issue Remuneration Provision and the Compensation Provisions.
Financial Service Agreement	Means, in the case of Senior Debt Issues that consists of bonds, the agreement between VMG and a Paying Agent pursuant to which the Paying Agent provides financial servicing of the Senior Debt Issues concerned.
Fixed-Rate Interest	Means quarterly interest payable to the Majority Shareholder on each Payment Date, pursuant to the Subordinated Loan Master Agreement, and amounting to 1 percent of the Subordinated Loans outstanding immediately after the previous Payment Date.
General Account	Means the ledger account in VMG's books used for all VMG receipts and disbursements other than those for which the Specific Cash Account is used.
General Cash Account	Means the demand deposit account with the Settlement Bank in the name of VMG, used for all receipts and disbursements by VMG other than those for which the Specific Cash Account is used.

General Financial Securities Account	Means the Financial Instruments Account in the name of VMG with the Settlement Bank on which the Available-for-Sale Securities are registered, other than those registered in the Financial Instruments Account.
Global Floating-Rate Interest	Means the annual base interest paid on Subordinated Loans based on their balance outstanding, equal to 50 percent of VMG's profit before tax and before the said variable interest; this interest is paid on the first Payment Date that follows approval of the VMG annual accounts.
Group	Means Crédit Foncier de France and any other entity under its control within the meaning of section L.223-3 of the French Commercial Code.
Immobilization Indemnity	Means the compensation paid to Crédit Foncier de France on each Payment Date pursuant to the Cash-Pledge Master Agreement, amounting to 95 percent of the Interest Income earned by VMG on the investment of Cash-Pledges balances by the Cash Manager.
Information Date	Means, for any Payment Date, the 15th Business Day prior to that Payment Date.
Initial Bullet Maturity Profile	Means, for a given Senior Debt Issue, the Average Life on the paper's Payment Date of its instalment plan, under Normal Amortization mode.
Initial Expenses	Means, for a given Senior Debt Issue, underwriting Commissions, initial listing fees and expenses, legal fees and expenses and, more generally, all expenses incurred by VMG for the Senior Debt Issues and, if applicable, for the Interest Rate Swap Agreement associated with that Senior Debt Issue.
Instruction Date	Means, for any Payment Date, the 10th Business Day prior to that Payment Date.
Interest Income	Means the Interest Income earned by VMG on Available-for-Sale Securities, along with any capital gains realized by VMG on such Available-for-Sale Securities.
Interest Rate Swap Agreement	Means, for a given Senior Debt Issue, the agreement entered into between VMG and a Counterparty, pursuant to which VMG pays to the Counterparty interest at a rate and computed in accordance with a formula stated in the List of Indices, and receives from the Counterparty all of the interest payable on the Senior Debt Issues concerned.

	The face value of an Interest Rate Swap Agreement is at all times equal to the face value of the Senior Debt Issues to which it pertains.
Investors	Means, for a given Senior Debt Issue, the Investors who purchase that Senior Debt Issue.
Issue Remuneration Provision	Means, for a given ALM Compartment and Calculation Date, the provision required to comply with the Early Unwinding Rule.
Issue Repayment Reserve	Means, for a given ALM Compartment and on a given Payment Date, the amount set aside on the Referenced Principal Account in compliance with the Early Unwinding Rule and the Liquidity Target.
Issued Amount	Means, for a given issue of Senior Debt Issue, the face value of that Senior Debt Issue.
Issuing Syndicate	Means, for a given issue of Senior Debt Issue, the entity that underwrites the Senior Debt Issue.
Issuing Yield	Means the rate of interest applicable to Senior Debt Issue and calculated on the basis of the Proceeds from paper collected by VMG, for the purpose of Senior Debt issued for a price different from its Face value.
Liquidity Target	Means the objective set forth in subsection 3.1.3.
List of Indices	Means the list of rates and related computation formulas, shown in APPENDIX 7.
Loan	Means a Loan by VMG to the Majority Shareholder under the Loan Master Agreement.
Loan File	Means the file assembled by the VMG Management Board and signed by its Chairman for the purpose of authorizing investments in Units, a model of which is included in APPENDIX 4.
Loan Master Agreement	Means the master agreement of September 22, 1997 between VMG and the Majority Shareholder, pursuant to which proceeds from each Senior Debt Issue may be used by VMG to extend a Loan to the Majority Shareholder.
Majority Shareholder	Means Crédit Foncier de France.

Management Board	Means the VMG Management Board.
Management company	Means the Management company or companies of debt securitization funds or securitization vehicles concerned by the Units.
Management Rules	Means all of the rules set forth in subsection 3.1.
Management Scenarios	Means the two scenarios under which VMG may operate, i.e.: Normal Amortization or Early Unwinding.
Master Agreement on Subordinated Advances Credited To The Associates' Current Account	Means the master agreement on shareholders' current account advances of September 22, 1997 between VMG and the Majority Shareholder, intended to provide financing for VMG's Extraordinary Requirements.
Matched Floating-Rate Interest	Means the variable interest payable to the Majority Shareholder on each Payment Date, pursuant to the Subordinated Loan Master Agreement, so that the Matched Floating-Rate Interest and the Fixed-Rate Interest on Subordinated Loans payable is equal to 95 percent of the aggregate of (i) the interest received on Units and (ii) Interest Income earned by VMG on the investment of the Issue Repayment Reserve by the Cash Manager.
Maximum Amount Authorized	Means, for a given Effective Year, the maximum amount of Senior Debt Issue to be issued as bonds, as resolved by the VMG Ordinary General Meeting.
Monthly Delinquency Rate	Means, for a given debt securitization fund or securitization vehicle, the monthly indicator of receivables in default; for each fund, the formula used to calculate this indicator is set forth at the time of purchase of the Units, with the approval of the Rating Agencies.
Monthly Early Redemption Rate	Means, for a given debt securitization fund or securitization vehicle, the monthly indicator of early repayment of receivables; for each fund, the formula used to calculate this indicator is set forth at the time of purchase of the Units, with the approval of the Rating Agencies.
Monthly Meeting Date	Means the second day following each Constitution Date or Provision Date.
Negotiable Debt Security	Means any Negotiable Debt Security governed by sections L. 213-1 *et seq.* of the French Monetary and Financial Code

	(formerly Act No. 91-716 of July 26, 1991) and subsequent implementing orders, issued by the Majority Shareholder and purchased by VMG pursuant to the Master Agreement on the Purchase of Negotiable Debt Instrument.
Net Issuing Proceeds	Means, for a given Senior Debt Issue, the aggregate purchase price paid by Investors for that Senior Debt Issue.
Normal Amortization	Means the VMG operating mode described in subsection 2.3, in the absence of any Early Unwinding Event.
Paying Agent	Means the person in charge of the financial servicing of Senior Debt Issues, whenever a Senior Debt Issue consists of bonds.
Payment Date	Means, since January 28, 1998, the 28th of January, 28th of April, 28th of July and 28th of October in any calendar year, with the specification that, should either of the foregoing dates not fall on a Business Day, the Payment Date would be postponed to the next Business Day.
Principal Outstanding	Means, for given Units or Senior Debt Issue and on a given Payment Date, the amount of principal still outstanding on the Units or Senior Debt Issue, after the Payment Date's transactions.
Provision Date	Means, since September 26, 1997, the 28th day of a calendar month, or, in the event that it is not a Business Day, the first Business Day immediately following.
Provision Rule	Means the rule set forth in subsection 3.1.2.
Quarterly Management Report	Means the report provided to each members of the Supervisory Board by the Management Board on each Instruction Date; a model thereof is included in APPENDIX 5.
Rating Agencies	Means the following: - STANDARD AND POOR'S RATING SERVICES, ("S&P") an affiliate of McGraw-Hill Companies Inc., and - MOODY'S France SA ("Moody's") or - Any other entity to which the rating of credit risks may be assigned further to a merger or similar business development.
Recurring Expenses	Means, for a given Senior Debt Issue, the Paying Agent Commissions, continued listing fees and expenses, expenses incurred for periodic financial announcements and, more

	generally, all expenses incurred by VMG for the Senior Debt Issue and, if applicable, for the Interest Rate Swap Agreement associated with that Senior Debt Issue, after the original issue of the Senior Debt Issue and until its final maturity.
Referenced Commissions	Means, in the case of each ALM Compartment, the portion of Commissions appropriated to that ALM Compartment; this amounts to, on each Payment Date, to one-fourth of 0.03 percent of the aggregate of the Principal Outstanding on Units and that ALM Compartment's Issue Repayment Reserve on the previous Payment Date, up to a ceiling of €304,898.03.
Referenced Interests Account	Means, for a given ALM Compartment, the accounts in the books of VMG on which are reported receipt and disbursements by VMG corresponding to interest and Commission pertaining to that ALM Compartment.
Referenced Interests Due	Means, for a given ALM Compartment and Payment Date, the interest payable either on a Senior Debt Issue or to the Counterparty of an Interest Rate Swap Agreement associated with a Senior Debt Issue. Under Early Unwinding mode, Reported Interest Payable includes any applicable Additional Margins.
Referenced Interests Received	Means, for a given ALM Compartment and Payment Date, the amount of interest earned on Units.
Referenced Principal Account	Means, for a given ALM Compartment, the accounts in the books of VMG on which are reported receipt and disbursements by VMG of principal on behalf of that ALM Compartment.
Residual Life to Maturity	Means, for a given Senior Debt Issue and on a given date, the Average Life on the date of that Senior Debt Issue's instalment plan, under Normal Amortization mode.
Restitution Date	Means a Provision Date on which, in consideration for a decrease in the aggregate of the Issue Remuneration Provision and the Compensation Provision in the period between the two Calculation Dates immediately preceding that Provision Date, a Cash-Pledge is returned by VMG to Crédit Foncier de France.

RGV	Means the real-time and irrevocable settlement and delivery system operated by Euroclear France, for shares, securities or negotiable debt instruments, or any other settlement and delivery system that may replace it.
Senior Debt Issues	Refer to the refinancing transactions by VMG on capital markets or with banks, in accordance with the provisions of the Internal Regulations. Senior Debt Issues may consist of • Euro-denominated domestic or international bonds • Negotiable debt instruments • Bank borrowings.
Settlement Bank	Means the financial institution at which VMG has its Accounts; the initial Settlement Bank is Caisse Centrale de Réescompte. The Settlement Bank must have a short-term rating of A-1+ (S&P) or A-1 (S&P) whenever the amount of Commitments (as defined below) on the Bank does not exceed 20 percent of the Senior Debt Issues outstanding, Prime-1 (Moody's). Should the Settlement Bank's rating be downgraded to a level below the above standards, the Management Board shall select another Settlement Bank within 30 days. For the purpose of this definition, Commitments include: - Payments made on Provision Dates and on Payment Dates; and - Securities issued or underwritten by the Settlement Bank in conjunction with cash transactions referred to in subsection 3.2.8.
Specific Cash Account	Means the demand deposit account with the Settlement Bank in the name of VMG used to deposit (i) proceeds by VMG in any currency from Units and Available-for-Sale Securities deposited in the Financial Instruments Account and (ii) Cash-Pledges.
Statistics File	Means the report forwarded to the Management Board by the Management company on each Information Date, for each debt securitization fund or securitization vehicle concerned by Units, a model of which is included in APPENDIX 6.
Subcontracting Agreement	Means the agreement or agreements between VMG and the Subcontractor.
Subcontractor	Means the entity providing, *inter alia*, - Middle-office service, financial engineering, front-office and

back-office service for transactions,
- Accounting for the transactions,
- Legal administration services.

Subordinated Loan	Means an Subordinated Loan extended pursuant to the Subordinated Loan Master Agreement between VMG and the Majority Shareholder.
Subordinated Loan Master Agreement	Means the Subordinated Loan Master Agreement of September 22, 1997 between VMG and the Majority Shareholder, for the purpose of financing (i) the purchase of Units and (ii) the Issue Repayment Reserve.
Subscription Master Agreement	Means the master agreement of November 24, 1998 between VMG and the Majority Shareholder, pursuant to which proceeds from Senior Debt Issues may be used by VMG to purchase Negotiable Debt Security issued by the Majority Shareholder.
Supervisory Board	Means the VMG supervisory board.
Theoretical Assumption	Means, for a given debt securitization fund or securitization vehicle, the absence of any default or early redemption.
Units	Means the debt securitization fund or securitization vehicle Units purchased by VMG, with financing provided under the Subordinated Loan Master Agreement.
Validation Date	Means, for a given Payment Date, a Business Day in the two-week period immediately preceding that Payment Date.
VMG	Denotes Vauban Mobilisations Garanties.
Management Operations	Means the Management Operations that the Management Board is authorized to perform, namely: - Investment transactions in Units, - Investment transactions in Available-for-Sale Securities, - Financing transactions through Subordinated Loans, - Financing transactions through Financial Advances, - Financing transactions through Senior Debt Issues, - Guarantee transactions through the deposit of Cash-Pledges, - Cash management transactions consisting in a Loan to the Majority Shareholder,

- Purchase of Negotiable Debt Securities issued by the Majority Shareholder,
- Hedging transactions in the form of Interest Rate Swap Agreements.

VMG Accounts	Means the Financial Instrument Account, the Specific Cash Account, the General Account and the General Cash Account.
Final RePayment Date	Means the final date at which the Units should be completely amortized.

Terms in the singular firm have the same meaning as in the plural, and vice versa. All terms are gender neutral.

Unless otherwise provided, references in these Internal Regulations to articles and sections should be understood to refer to articles and sections of these Internal Regulations.

ADDITIONAL INFORMATION

AMF CROSS-REFERENCE TABLE

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

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(*) Pursuant to Article 28 of Regulation 809-2004 on prospectuses, accounts for the financial year ended December 31, 2014 and the report of the statutory auditors thereon, on pages 43 to 62 of Registration Document No. D.15-0436 filed with the French Financial Markets Authority on April 29, 2015, are incorporated in this document for reference.

Chapters of the Registration Document No.D15-0436 not mentioned above are either irrelevant to the investor or covered elsewhere in this registration document.

Vauban Mobilisations Garanties
S.A. (French public limited company) with Management Board and Supervisory Board
with share capital of 42,336,194.77 euros
R.C.S. PARIS B 399 343 300 - Code APE 6430 Z
Head office : 19, rue des Capucines – 75001 Paris
www.vmg-foncier.com

VMG

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