



Half-year report

Update at June 30, 2011 of the 2010 Registration document including a half-year financial report



**COMPAGNIE DE
FINANCEMENT
FONCIER**

CREDIT FONCIER GROUP

This is a free translation into English of Compagnie de Financement Foncier 2011 half-year report issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy the French version prevails.

Only the French version of the update of the Reference document as of June 30, 2011 has been submitted to the AMF. It is therefore the only version that is binding in law.

The original document was filed with the Autorité des marchés financiers (French Financial Market's Authority) on August 30, 2011 and registered under the number D.11-0214-A01, in accordance with Article 212-13 of its general regulation. It completes the French "Document de référence" of the Compagnie de Financement Foncier registered with the AMF on April 1, 2011 under the number D.11-0214.

As such, it may be used in support of a financial transaction when accompanied by a prospectus duly approved by the AMF. It was prepared by the Issuer and its signatories assume responsibility for it.

Copies of this document are available at Compagnie de Financement Foncier, 4 quai de Bercy - 94224 Charenton-le-Pont, on Compagnie de Financement Foncier's website: www.foncier.fr under the heading "Regulated information" and on the website of the Autorité des marchés financiers: www.amf-france.org

Summary

03 Activity report

04 Profile

06 Key Figures as of June 30, 2011

08 Financial report

09 Management report

09 Changes to the legislative and regulatory framework

10 Analysis of assets

12 Analysis of liabilities

13 Coverage ratios

15 Analysis of net income

16 Credit risk analysis

20 Financial risk analysis

21 Notes to the Management report as of June 30, 2011

24 Condensed Interim Financial Statements

25 Balance sheet

26 Off-balance sheet

27 Income statement

28 Notes to the Financial Statements of Compagnie de Financement Foncier

59 Statutory auditors' review report on the 2011 interim financial information

60 Statement from the person who assumes responsibility

62 Risk management report

64 Foreword

64 General organization and risk management procedures

66 Internal capital adequacy and capital requirements

69 Credit and counterparty risk management

86 Risk mitigation techniques

87 G7 reporting

89 Market risks and asset & liability management risks

91 Operational risks

91 Other risks

92 Legal information

93 Corporate governance

94 General information concerning the Company

95 Resolutions submitted to the Shareholders' Meeting

95 General information

96 AMF Registration document cross-reference index

NOTE: only the sections of the Registration document 2010 concerned by this update are included in this table of contents.

Activity report



Profile

Compagnie de Financement Foncier (AAA/Aaa/AAA) is a credit institution licensed as a financial company and a *société de crédit foncier* (company authorized to issue French legal covered bonds) by the CECEI – French credit institutions and investment firms committee on July 23, 1999.

Its main business is the refinancing of the residential mortgage loans and Public Sector lending activity of its parent company, Crédit Foncier (A/Aa3/A+), by which it is wholly owned, and of Groupe BPCE (A+/Aa3/A+), which wholly owns Crédit Foncier.

Firmly rooted within Crédit Foncier, which has been issuing *obligations foncières* since 1852, Compagnie de Financement Foncier has since its creation drawn on the expertise and know-how of the teams in operation, allowing it to remain a key player on its market.

Environment

For more than one year, economic recovery has been stymied by the European sovereign debt crisis. Amid all of this, the first half of 2011 saw its share of turbulence: the austerity plans implemented by governments and successive downgrades by the ratings agencies have stoked fears of contagion to neighboring countries. Politically, the crisis in the Middle East at the start of the year and the consecutive uprisings in North Africa have impacted the markets, as a source of instability. Not to mention the consequences of the disasters in Japan at the start of March, which had a relatively severe, albeit temporary, negative impact on the global economy. Against this restricted and troubled environment, all economic players continue to strive to contain the systemic crisis, and an improvement to the economic environment is still awaited.

At this mid-year point, the stock markets are showing a lot of volatility, particularly banking stocks. The backdrop to this is the sovereign debt crisis, for which a resolution is proving difficult. The successive rescue plans over the last two years, particularly for Greece which already saw a period of turbulence in spring of last year, are sowing doubt on the markets as regards the capacity of governments to repay their debt. At the present time, Portugal is the third country to receive an financial support mechanisms from international bodies, after Greece and Ireland.

Moreover, the role of the ratings agencies has at various stages been blamed, particularly for maintaining and supporting the crisis. Successive downgrades to countries' credit ratings while their situations are already critical have been the subject of much query, notably by the new European Securities and Markets Authority (ESMA).

Activity

Against this tense and chaotic environment, Crédit Foncier has continued to expand its mortgage lending activity to private customers and to provide financings to local authorities while maintaining the quality of its outstandings through a highly selective approach, in line with Groupe BPCE's Risk Policy.

The primary bond market showed a strong performance in the first half of 2011, allowing Compagnie de Financement Foncier to make progress in its annual financing program, having issued €6.3bn in *obligations foncières* by June 30, 2011.

On the euro-denominated market, Compagnie de Financement Foncier launched two €1bn benchmark issues: one in January maturing in 5 years and the other in April maturing in 10 years. These transactions reflect Compagnie de Financement Foncier's responsiveness and ability to take advantage of market opportunities, and confirm its capacity to borrow on long maturities.

On the US dollar-denominated market, Compagnie de Financement Foncier continued to develop its reference curve via the USMTS program implemented last year. In March, it issued a \$1.5bn bond maturing in 3 years. This transaction confirms the interest of US investors in Compagnie de Financement Foncier's credit rating, as the leading European issuer of covered bonds in the US.

Compagnie de Financement Foncier continued to implement its policy to diversify financing sources by carrying out over-the-counter transactions in other currencies such as CAD, NOK and CHF. This diverse offering enabled it to respond to the expectations of investors, particularly German investors, with €671 mn issued in *Registered Covered Bond* (RCB), a format that accounts for roughly 40% of private issuance in the first half of the year.

On the back of its multi-currency offering and its capacity to respond to the specific requirements of investors, Compagnie de Financement Foncier succeeded in maintaining its leader position in the *obligations foncières* segment in the first half of 2011 and confirmed its international standing.

Key figures

Issuer information

Issuer

Compagnie de Financement Foncier, part of Groupe BPCE

Parent company

Crédit Foncier de France (100%), fully-owned by BPCE (100%)

Type of bonds issued

Obligations foncières

Issuance programmes

EMTN & AMTN & USMTS

Sole service provider

Crédit Foncier de France (A/Aa3/A+) ⁽¹⁾

⁽¹⁾ Standard & Poor's/Moody's/Fitch Ratings

Rating of obligations foncières ^(**)	Long-term rating	Outlook
Standard & Poor's	AAA	Stable
Moody's	Aaa	Stable
Fitch Ratings	AAA	Stable

^(**) Ratings updated as of the update of the Registration document's filing date.

Simplified economic balance sheet at June 30, 2011 and December 31, 2010

By taking into account the direct and indirect public guarantees on certain outstanding loans also backed by real estate collateral, especially loans secured by the FGAS*, the assets secured by a public guarantee represented €52.6 billion at June 30, 2011, that is 50.7% of all assets.

	At June 30, 2011		At Dec 31, 2010			At June 30, 2011		At Dec 31, 2010	
	€ bn	% Balance sheet	€ bn	% Balance sheet		€ bn	% Balance sheet	€ bn	% Balance sheet
Mortgage loans	34.35	33.1%	34.83	33.6%	Privileged resources	91.44	88.1%	89.76	86.5%
Mortgage loans and related items	22.92	22.1%	20.73	20.0%	<i>Obligations foncières</i>	89.88	86.6%	88.13	84.9%
European <i>senior</i> residential mortgage-backed securities	11.43	11.0%	14.10	13.6%	Other privileged resources	1.56	1.5%	1.63	1.6%
Public Sector exposures	52.59	50.7%	54.05	52.0%	Non-privileged debt	12.31	11.9%	14.07	13.5%
Mortgage loans guaranteed by the French State or a European public institution	10.06	9.7%	10.09	9.7%	Unsecured debt	6.39	6.2%	8.31	8.0%
French Public Sector loans	18.50	17.8%	18.79	18.1%	Subordinated debt and similar debt	4.10	3.9%	4.12	4.0%
International Public Sector exposures	24.03	23.2%	25.17	24.2%	<i>of which redeemable subordinated notes (RSN)</i>	<i>2.10</i>	<i>2.0%</i>	<i>2.10</i>	<i>2.0%</i>
Other assets and replacement securities	16.81	16.2%	14.95	14.4%	<i>of which participating loans ⁽¹⁾</i>	<i>1.37</i>	<i>1.3%</i>	<i>1.35</i>	<i>1.3%</i>
Replacement securities	14.16	13.6%	11.82	11.4%	Shareholder's equity. Provisions and FRBG* ⁽²⁾	1.82	1.8%	1.64	1.6%
Other assets	2.65	2.6%	3.13	3.0%	Total liabilities	103.75	100.0%	103.83	100.0%
Total assets	103.75	100.0%	103.83	100.0%	Shareholder's equity and related items ⁽¹⁾⁺⁽²⁾	3.20	3.1%	2.99	2.9%

* *Fonds de garantie de l'accession sociale à la propriété* (Government fund promoting access to home ownership).

* *Fonds pour risques bancaires généraux* (Fund for General Banking Risks).

Performance indicators at June 30, 2011

€6.3 billion

Obligations foncières issued

€89.3 million

Net income

109.3%

Regulatory overcollateralization ratio
(being validated by the Specific Controller at the filing date)

62.6%

Average LTV

First half-year 2011 main issues

› €1 billion 5-year issue launched on January 14.

› \$1.5 billion 3-year issue launched on March 8.

› €1 billion 10-year issue launched on April 15.

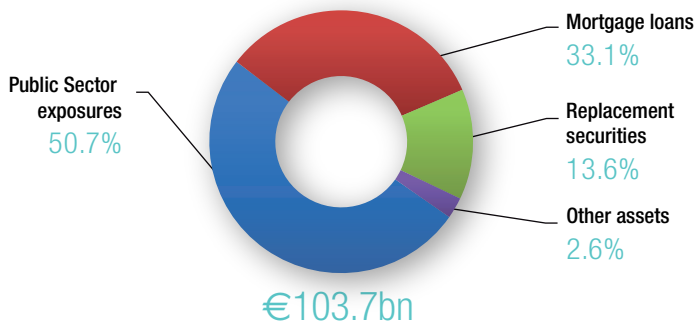
Outstanding privileged liabilities at June 30, 2011

€91.4 billion, including €89.9 billion in *obligations foncières*

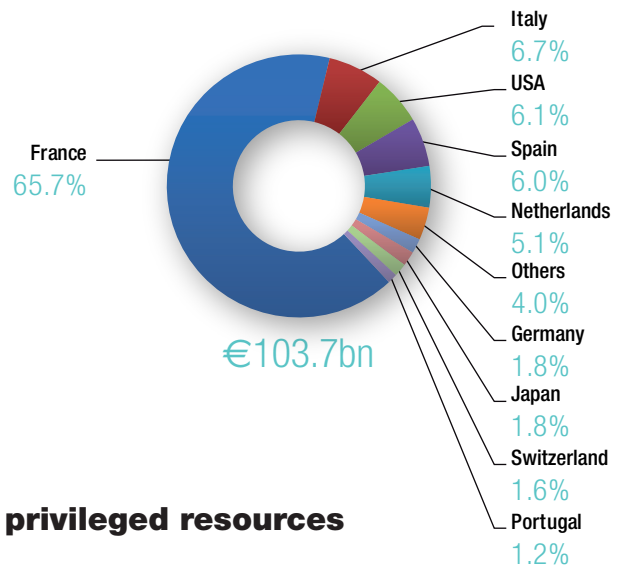
Positioning

One of the worldwide leaders of the covered bonds market

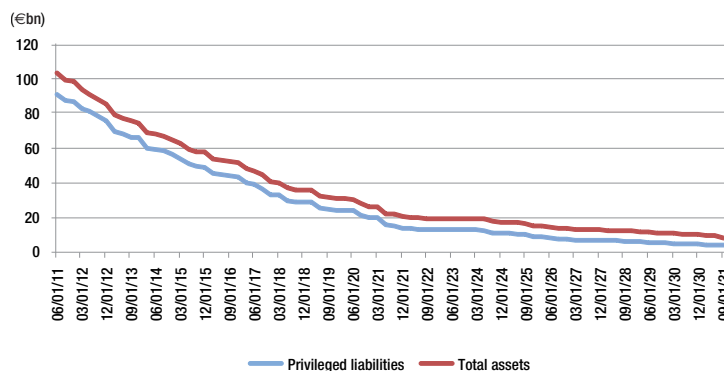
Breakdown by type of assets



Geographic spread of assets



Amortization of assets and privileged resources



Financial report



MANAGEMENT REPORT

- 09 Changes to the legislative and regulatory framework
- 10 Analysis of assets
- 12 Analysis of liabilities
- 13 Coverage ratios
- 15 Analysis of net income
- 16 Credit risk analysis
- 20 Financial risk analysis
- 21 Notes to the management report

Over the course of half-year 2011, Compagnie de Financement Foncier's activity was once again restricted by a persistently challenging environment, underscored by weak economic growth combined with heavy debt burdens in most major European countries and the United States, on the one hand, and the determination to protect the quality of its assets and management, on the other.

Over this period, Compagnie de Financement Foncier issued €6.3 billion in *Obligations Foncières* (French legal covered bonds) and the three main ratings agencies confirmed their AAA/Aaa/AAA rating for all of Compagnie de Financement Foncier's privileged debt, based on their new rating criteria, which have been enhanced particularly in terms of counterparty quality for derivative products and access to liquidity.

Compagnie de Financement Foncier maintained its balance sheet assets over the first half, with a total of €103.7 billion at June 30, 2011, versus €103.8 billion at December 31, 2010. Net income amounted to €89 million at June 30, 2011, compared to €143 million for full year 2010.

Changes to the legislative and regulatory framework

The legislative and regulatory framework governing the activity of *sociétés de crédit foncier* was revised with the creation of a new legal status, "*société de financement à l'habitat*", via the Banking and Financial Regulation Act of October 22, 2010. The entire regulatory framework was subsequently amended over the first half of 2011: Decrees 2011-205 of February 23 and 2011-244 of March 4, Ministerial Order of February 23 amending Regulation 99-10, ACP (French Prudential Supervisory Authority) Directives 2011-1-06 and 2011-1-07 published on July 1.

These new texts enhanced the security of French legal covered bondholders, implementing new management rules and calling for greater transparency of published information. The primary changes included:

- › the obligation to publish a quarterly report within 45 days of the end of each quarter, highlighting in particular the quality and maturity of the assets;
- › the transition to 102% of the minimum required for the coverage ratio of assets to privileged resources, with assets taken into account according to transparency rather than their balance sheet value alone (with the exception of replacement securities);
- › the need to guarantee coverage of 180-day cash requirements including the ability to mobilize funds from the ECB and transparently applying the same reasoning for financed assets such as mortgage notes and transactions with financial guarantees subject to Article L211-38;
- › the limitation of mortgage-backed securities eligible for funding by privileged resources to 10% of the nominal amount of French legal covered bonds for RMBS and 10% for other MBS, with an exception for internal securitizations until the end of 2013;
- › increased application thresholds for the various pledge appraisal and re-appraisal methods (€450,000 becomes €600,000 and €360,000 becomes €480,000);
- › the review of weightings applied to guaranteed loans in determining the overcollateralization ratio based on the rating of the guarantee and whether or not it is included in the consolidation scope of the *société de crédit foncier*;
- › the review of weightings applied to securitizations in determining the overcollateralization ratio based on the rating of the securitization, whether the securitization is internal or external, and the acquisition date;
- › the possibility of subscribing for the company's own French legal covered bonds, without cancelling them, in order to offer them as a guarantee for an ECB refinancing operation (up to 10% of privileged liabilities);
- › and various developments for Public - Private Partnerships (PPP) transactions and mobilization techniques.

Analysis of assets

Transactions carried out in H1 2011

The activity focused mainly on acquisitions of mortgage loans in France granted by Crédit Foncier, short-term investments with public counterparties and sales of assets subject to risks that did not meet Compagnie de Financement Foncier's conservative criteria.

Compagnie de Financement Foncier acquired €3 billion in housing loans granted to private individuals in France, of which €0.7 billion guaranteed by the French State via FGAS, €1.5 billion in other homeownership loans and €0.7 billion in rental loans.

Some of these acquisitions pertained to loans comprising the assets of two internal securitization funds, for which Compagnie de Financement Foncier held all the *senior* tranches, for a total of €1.1 billion. Crédit Foncier group decided to simplify the funding of its assets through the early redemption of fund units and subsequently selling the vast majority of the underlying loans to Compagnie de Financement Foncier, as these loans met the SCF's purchasing criteria.

Outstanding mortgage notes were also increased by €1.4 billion over the first half; these assets, secured by housing loans to private individuals in France issued by Crédit Foncier, are eligible for *sociétés de crédit foncier* due to their mortgage or equivalent guarantee and their compliance with regulatory LTV thresholds in particular.

The activity was very limited in the International Public Financing sector, with only a few acquisitions of European government or regional securities (excluding PIIGS), for a total of €0.3 billion.

In France, transactions in the Public Sector consisted in short-term investments with public entities or guaranteed by public entities, for a total of €2 billion, with the cash resulting from sales of assets over the half-year.

Compagnie de Financement Foncier decided to sell, to Crédit Foncier, assets subject to unforeseeable risks at the time of their acquisition, which later materialized due to the financial crisis in recent months.

Compagnie de Financement Foncier sold all of its exposure to the Greek State, *i.e.* €0.8 billion, when it no longer had any other guarantee. Compagnie de Financement Foncier held the Greek securities still subject to counter-guarantee by Assured Guaranty Municipal Corp (formerly FSA), totaling €0.3 billion at June 30, 2011.

Similarly, units of RMBS funds whose ratings were downgraded below step-2 were bought by Crédit Foncier, in accordance with the agreement entered into between the two establishments in 2008, allowing Compagnie de Financement Foncier to sell the units of RMBS funds deemed riskier and given a weighting of 0% in the overcollateralization ratio due to their lower rating. By exercising this put, Compagnie de Financement Foncier sold all of its units in two Spanish funds for €1.1 billion and in the only Greek fund it holds, for €8mn.

Compagnie de Financement Foncier also sold €0.1 billion in French local authority loans whose interest rate conditions no longer fit the market because they depended on exchange rates which had deteriorated considerably.

Given the volume of issues over the first half, combined with acquisitions and sales of assets, the cash position recorded in replacement securities increased by €2.3 billion to €14.2 billion, of which €10.5 billion in investments with maturities of less than 6 months with Crédit Foncier, which provided a portfolio of loans for a higher amount as collateral.

At June 30, 2011, Compagnie de Financement Foncier holds an important amount of cash invested in very short term products. This cash is held for the repayment of the *obligations foncières* totaling €3.25 billion and issued in July 2004, maturing on July 21, 2011.

Changes in assets

Breakdown of assets by guarantee category

	At June 30, 2011		At December 31, 2010	
	€ million	% balance sheet	€ million	% balance sheet
Secured loans - Articles L. 515-14 and 16	44,412	42.8 %	44,909	43.3%
State-subsidised mortgage loans	600	0.6%	698	0.7%
Mortgage loans guaranteed by the FGAS	8,540	8.2%	8,365	8.1%
Other mortgage loans	15,374	14.8%	14,522	14.0%
Senior mortgage-backed securitization tranches	11,431	11.0%	14,104	13.6%
Mortgage notes	8,392	8.1%	6,976	6.7%
Others (guaranteed loans and premium/discounts)	74	0.1%	243	0.2%
Exposures to public authorities - Articles L. 515-15 and 16	42,529	41.0%	43,964	42.3%
State-subsidised public loans	211	0.2%	224	0.2%
Other public loans	18,949	18.3%	20,394	19.6%
Public entity securities	15,855	15.3%	15,750	15.2%
Securitization units of public debt	7,514	7.2%	7,596	7.3%
Other assets (interest on IFAT, adjustment accounts, goodwill, etc.)	2,648	2.6%	3,135	3.0%
Replacement securities - Article L. 515-17	14,158	13.6%	11,820	11.4%
Total assets	103,747	100.0%	103,827	100.0%

Including transactions carried out over the first half, the breakdown of assets changed little over the period. The balance between the two major sectors of activity was maintained, with 43% of secured loans and 41% of exposures to public authorities.

Considering the additional public guarantees backing some of the mortgage loans (mainly subsidized sector, loans guaranteed by the French State via FGAS or indirectly by the German State), outstanding loans to the Public Sector accounted for 51% and outstanding mortgages 33% of balance sheet assets at June 30, 2011, *versus* 52% and 34%, respectively, at December 31, 2010.

The most significant changes were:

› the decrease in RMBS outstandings, accounting for 11% of balance sheet assets *versus* 13.6% at the end of 2010 due to the twofold impact of i) the sale of units of internal securitization funds and units of downgraded funds and ii) the portfolio's regular amortization, with no acquisitions made over the first half.

In the secured loans portfolio, this sell-off of internal securitized products was offset by the direct acquisition of mortgage loans issued to private individuals in France;

› the increase in replacement securities, accounting for 13.6% of balance sheet assets, three-fourths of which are guaranteed by a portfolio of loans.

In terms of geographic diversification, while overall assets outside France changed little, dipping from 36.8% to 34.3% over the first half, the breakdown between the different countries was changed, primarily by decreasing exposure to Greece and Spain through the sale of certain assets.

At June 30, 2011, the main positions, totaling 24% of balance sheet assets, were located:

- › in Italy with €7.0 billion (*versus* €7.2 billion at December 31, 2010);
- › in the United States with €6.3 billion (*versus* €6.6 billion at December 31, 2010);
- › in Spain with €6.2 billion (*versus* €7.5 billion at December 31, 2010);
- › in the Netherlands with €5.3 billion (*versus* €5.4 billion at December 31, 2010).

Smaller positions are located in Germany (€1.8 billion), Japan (€1.8 billion), Switzerland (€1.7 billion), Portugal (€1.3 billion), Canada (€0.9 billion) and Belgium (€0.6 billion).

The remaining International positions, for amounts per country of less than €0.4 billion, are divided up between eleven other European countries.

Analysis of liabilities

Transactions carried out in H1 2010

Compagnie de Financement Foncier issued €6.3 billion in French legal covered bonds over the first half of 2011, with an average maturity of nearly 8 years, which can be broken down as follows:

- › €4.6 billion in public issues, including 3 transactions for close to €1 billion requiring the Special Controller's validation as to their compliance with prudential regulations. These three new lines were, respectively, €1 billion with a maturity of 5 years issued in January, \$1.5 billion with a maturity of 3 years issued on the US domestic market in March, and €1 billion with a maturity of 10 years issued in April;
- › €1.7 billion in private placements, predominantly in euros (€1.1 billion) and US dollars (equivalent to €0.5 billion).

The main investors were once again banks at 52% of issues over the first half, with a high percentage of central banks (13% of issues). Similarly, the top investor was once again Germany with 27% of total issues, followed by France (23%), the United States (16%) and Switzerland (11%).

Apart from raising capital on the markets through issues of privileged debt, Compagnie de Financement Foncier carried out few other transactions:

- › its financing requests submitted to the ECB were very limited: at June 30, 2011, no financing operations had been submitted to the European monetary system, *versus* €2 billion at end-December 2010;
- › in terms of capital, a capital increase of €94 million was approved by the Extraordinary General Meeting of June 27, fully subscribed for by Crédit Foncier; this amount corresponded to the interim dividend in respect of fiscal year 2010 and paid out in January 2011. The balance of the dividend distributed in June was fully reinvested in shares.

Changes in liabilities

Breakdown of liabilities by guarantee rank

	At June 30, 2011		At December 31, 2010	
	€ million	% balance sheet	€ million	% balance sheet
Privileged resources	91,435	88.1%	89,762	86.5%
<i>Obligations foncières</i>	89,882	86.6%	88,128	84.9%
Other privileged resources	1,554	1.5%	1,633	1.6%
Non-privileged resources	12,312	11.9%	14,065	13.5%
Unsecured debt	6,384	6.2%	8,308	8.0%
Subordinated debt and similar debt	4,104	4.0%	4,116	4.0%
<i>of which redeemable subordinated notes (RSN)</i>	2,100	2.0%	2,100	2.0%
<i>of which participating loans ⁽¹⁾</i>	1,372	1.3%	1,350	1.3%
Shareholders' equity, provisions and FRBG ⁽²⁾	1,823	1.8%	1,641	1.6%
Total liabilities	103,747	100.0%	103,827	100.0%
Shareholders' equity and related items ⁽¹⁾⁺⁽²⁾	3,196	3.1%	2,991	2.9%

Privileged liabilities increased by €1.7 billion over the first half of 2011, with new issues more than offsetting contractual amortization of older debts.

At the same time, non-privileged liabilities decreased by €1.8 billion due in part to the repayment of short-term debt of €2 billion contracted with the ECB and in part to the €0.2 billion rise in capital resulting from the capital increase and net income generated over the first half.

Non-privileged resources dipped slightly due to these changes, but still provided a substantial level of protection for French legal covered bondholders, accounting for 12% of balance sheet assets at June 30, 2011.

Coverage ratios

The control system applicable to *sociétés de crédit foncier*, based on various prudential ratios which must be continuously observed, was revised and enhanced when the legal and regulatory framework was re-drafted in late 2010 and early 2011. Compagnie de Financement Foncier's results according to these new rules confirmed the high level of safety provided to holders of its privileged issues.

The new coverage ratio for privileged resources was 109.3% at June 30, 2011 (in process of validation by the Specific controller); with the change in calculation method, it is not directly comparable to the 110.8% ratio at the end of December 2010. New limits have been implemented on securitization fund units. Only units of external RMBS for less than 10% of the

nominal amount of privileged resources are included in the numerator of the ratio, with anything above that considered as being financed with non-privileged resources; the same is true for units of MBS funds.

At June 30, 2011, Compagnie de Financement Foncier held €11.2 billion in units of external RMBS funds, exceeding the recently implemented 10% threshold by €2.4 billion.

Other restatements, which limited the incorporation of certain assets without the best level of security, continued to apply. These included units of securitization funds whose ratings were below Step 1, assets already contributed as collateral for repurchase agreements or mobilization operations with the ECB, and loans whose LTVs exceeded the regulatory threshold for privileged-debt financing.

At June 30, 2011, all of these deductions totaled €1.4 billion.

The amount applied to the coverage of privileged resources came to €100.0 billion, for total balance sheet assets of €103.7 billion.

In addition to the regulation specifying that the coverage ratio must continuously remain above 102%, Compagnie de Financement Foncier determines an overcollateralization ratio based on a more economic approach, which consists in determining the weight of non privileged resources, excluding debt resulting from repurchase agreements or financing operations with the ECB, divided by total privileged debt. Compagnie de Financement Foncier is committed to consistently keeping this ratio above 5%. At June 30, 2011, it stood at 12.8%, unchanged compared to its level at December 31, 2010.

Amounts not eligible for financing with privileged resources remained significantly below the amount of privileged liabilities. In addition to securitization fund units subject to the 10% limit, there were loans with an LTV overrun (including directly held mortgage loans and loans backing promissory notes) and loans underlying securitization funds.

At June 30, 2011, these overruns totaled €2.6 billion, *versus* a much higher amount of non privileged debt of €12.3 billion. At end-2010, the only loans with an LTV overrun totaled an outstanding of €0.3 billion.

In accordance with its risk management and supervision rules, Compagnie de Financement Foncier measures the average LTV of acquired mortgage loans, which reflects changes in invested capital, and the annual reappraisal of mortgage assets provided as collateral.

For directly held mortgage loans, the average LTV, equal to the ratio of the discounted value of the assets provided as collateral to the remaining principal of the loan, stood at 62.6% at end-June 2011, with outstandings totaling more than €20 billion; this represents a slight increase over the ratio posted at end-2010 (62.3%), resulting from the automatic impact of the replacement of old loans, offset with recent loans with higher LTVs.

At June 30, 2011, the holding limits applicable to specific assets were also observed, namely:

- > the amount of guaranteed loans was under 2%, *i.e.* well below the legal threshold (35% of balance sheet assets);
- > mortgage notes, which cannot exceed 10% of balance sheet assets, came to 8.1%;
- > replacement securities stood at 14.4% of the nominal amount of privileged resources, *i.e.* below the limit of 15%.

Furthermore, Compagnie de Financement Foncier kept liquidity ratios well above the minimum requirements set by banking regulations due to its commitment to maintain enough liquid assets to cover a period of one year. The other prudential ratios applicable to credit institutions are monitored by Credit Foncier at the consolidated level.

Analysis of net income

Net banking income

Net banking income amounted to €193 million at June 30, 2011 *versus* €314 million in full year 2010 and €139 million in the first half of 2010. This increase in net banking income can be attributed to the interest margin and other NBI components.

The interest margin totaled €279 million for full year 2010, of which €129 million for the first half of 2010, *versus* €159 million for the first half of 2011, and there are few non-recurring items to consider in order to compare these two results. After incorporating an accounting loss of €12 million recorded in 2010 due to the termination of hedging transactions entered into with CIFG, the current margin continued to rise over the half-year, primarily reflecting a slight increase in the average margin on outstandings, with more recent acquisitions offering higher profitability than previously acquired assets which were repaid over the period.

Excluding the interest margin, the main developments over the first half, both of which helped improve NBI, pertained to:

- › indemnities for loan prepayments, which continued and picked up over the period: €19 million in H1 2010, €44 million in full year 2010 and €36 million in H1 2011. The average prepayment rate for private individuals in the non-subsidized sector rose sharply over the period, topping 11% for the first six months of 2011 (at an equivalent annual rate);
- › provisions for the available for sale investment portfolio, subject to a provision of €7 million in 2010 followed by a reversal of nearly €1 million in early 2011, due in large part to major fluctuations in the market value recorded for a €37 million line rated AAA/Aa3/AA.

Gross operating income

Operating expenses consist mainly of fees and commissions paid to Credit Foncier in its capacity as a service provider to Compagnie de Financement Foncier, particularly in respect of asset and liability management and the Company's administrative, accounting and financial management.

While those fees and commissions were stable over the period (€33 million over the first half *versus* €66 million for full year 2010), other expense items posted a slight increase. In particular, indemnities for loan prepayments paid to Crédit Foncier increased proportionally to prepayments recorded (€11 million paid over the first half *versus* €12 million for full year 2010) and, for the first time, the amount of taxes resulted in a tax in favor of the ACP (French Prudential Supervisory Authority) and the contribution to Groupe BPCE's systemic tax.

Overall, operating expenses came to €55 million for the first half of 2011 *versus* €97 million for full year 2010.

Gross operating income amounted to €138 million at June 30, 2011 *versus* €217 million for full year 2010 and €93 million at June 30, 2010.

Cost of risk

Cost of risk was limited to €2.1 million over the first half of 2011 compared to total balance sheet assets of €104 billion. In comparison, cost of risk was €3.3 million for full year 2010, of which €1.9 million for the first half of 2010.

Cost of risk comprises several components:

- › provisions and write-downs totaling €6.3 million;
- › reversals of provisions and write-downs totaling €4.5 million;
- › losses totaling €1.1 million;
- › gains on amortized debt totaling €0.8 million.

Cost of risk also included the net reversal of a collective provision totaling €0.7 million, of which €1.4 million in respect of the Neiertz provision, and an individual cost of risk of €2.8 million.

Overall cost of risk included capital of €2.1 million recognized under cost of risk at June 30, 2011, and interest of €0.1 million recognized under net banking income at June 30, 2011. Total cost of risk therefore came out to €2.2 million for the first half of 2011 *versus* €4.2 million for full year 2010. These risk items are broken down by asset type in the section of the management report covering credit risk.

Net income

In 2011, no income was recorded on long-term investments, *versus* a non-recurring gain of €3 million last year arising from the exercise of a clean-up call on two securitization funds, with early termination resulting in recognition in income of part of the price difference recorded on purchase of the outstanding units still to be amortized.

After deducting the corporate tax, which now reflects the decision to recognize deferred taxes taken in 2010, Compagnie de Financement Foncier's net income for the first half of 2011 totaled €89 million *versus* €143 million for full year 2010 and €64 million for the first half of 2010.

Credit risk analysis

In terms of credit risk, three major categories of assets can be identified, meeting approaches that are differentiated according to the assessment and monitoring of investment quality:

- › loans to the subsidized and non-subsidized sector, granted to private individuals or professionals (primarily in the Public Sector). This category also includes mortgage notes, as their underlyings have the same risk characteristics as directly held loans;
- › Public Sector securities and units of securitization funds, which are subject to external ratings by accredited organizations; by law, at least 90% of the units of securitization funds comprising the funds must be loans or exposures that meet the eligibility criteria for ownership by a *société de crédit foncier*. For the purposes of the credit analysis, a distinction is made between units of RMBS funds and units of securitization funds backed by public guarantees;
- › replacement securities, comprised of investments with credit institutions with a higher external rating. For Compagnie de Financement Foncier, this portfolio predominantly consists of loans maturing in less than six months granted to Crédit Foncier, the large majority of which are secured by a portfolio assets provided as collateral.

The credit risk analysis is also developed in the risk management report presented in this document, notably including client segmentation and a breakdown by Basel rating category.

Overall analysis

The main risk indicators for Compagnie de Financement Foncier's core business portfolio, comprising loans to the non-subsidized sector, the securities portfolio and units of securitization funds, remained well under control in the first half of 2011.

Analysis of the non-subsidized sector

	At June 30, 2011				At December 31, 2010			
	Outstanding loans (€ million)	Doubtful loans (€ million)	Doubtful loans (%)	Risk (basis points)	Outstanding loans (€ million)	Doubtful loans (€ million)	Doubtful loans (%)	Risk (basis points)
Loans to individuals and related <i>of which securitization tranches and mortgage notes</i>	42,929 (19,824)	464	1.1%	0.5	43,478 (21,080)	411	0.9%	0.9
Exposures on public entities <i>of which securities and securitization tranches</i>	40,814 (23,369)	1			41,964 (23,346)	6		
Loans to social housing	2,393	6	0.2%	1.1	2,511	6	0.2%	0.8
Loans to commercial property (run-off)	13	2	16.3%	-98.9	14	2	14.9%	56.1
Total	86,150	472	0.5%	0.2	87,968	425	0.5%	0.5

Note: conventionally, cost of risk is positive when it represents an expense and negative when it represents income.

The risk linked to assets backed by mortgage or public guarantees remained very limited, although there was a slight deterioration in loans to private individuals, which made up the entire cost of risk for the first half and comprised almost all doubtful loans. Divided by total outstandings, however, these risk indicators remained on a good track, with a half-yearly cost of risk of only 0.5 basis points and doubtful loans making up only 1.1% of total outstandings.

These results are broken down by category in every major sector: portfolio of loans and related items located in France, international loan portfolio consisting mainly of securities and units of securitization funds.

Loans and similar items

Risk indicators linked to loans and similar items

At June 30, 2011	Outstanding loans (€ million)	Percentage of total outstanding loans	Of which doubtful loans (€ million)	Doubtful loans (%)	Of which compromised doubtful (€ million)	Compromised doubtful (%)	Provisions (€ million)
Subsidised sector (run-off)	811.6	1.6%	56.8	7.0%			0.1
Unsubsidised sector	51,349.1	98.4%	472.5	0.9%	73.1	0.1%	27.3
Loans to individuals and mortgage notes	31,498.0	60.4%	463.7	1.5%	69.8	0.2%	25.5
<i>of which mortgage notes</i>	8,392.4	16.1%					
<i>of which loans guaranteed by FGAS</i>	8,540.0	16.4%	209.6	2.5%			
<i>of which other mortgage loans</i>	14,565.6	27.9%	254.1	1.7%	69.8	0.5%	25.5
Loans to public authorities	17,444.9	33.4%	1.1				
Loans to social housing	2,393.4	4.6%	5.6	0.2%	1.3	0.1%	0.8
Loans to commercial property (run-off)	12.8		2.1	16.3%	2.0	15.7%	0.9
Total	52,160.7	100.0%	529.2	1.0%	73.1	0.1%	27.4

At December 31, 2010	Outstanding loans (€ million)	Percentage of total outstanding loans	Of which doubtful loans (€ million)	Doubtful loans (%)	Of which compromised doubtful (€ million)	Compromised doubtful (%)	Provisions (€ million)
Subsidised sector (run-off)	922.9	1.8%	62.4	6.8%			0.1
Unsubsidised sector	50,517.7	98.2%	425.0	0.8%	60.7	0.1%	25.3
Loans to individuals and mortgage notes	29,374.1	57.1%	410.8	1.4%	56.4	0.2%	22.8
<i>of which mortgage notes</i>	6,975.9	13.6%					
<i>of which loans guaranteed by FGAS</i>	8,364.7	16.3%	186.7	2.2%			
<i>of which other mortgage loans</i>	14,033.5	27.3%	224.1	1.6%	56.4	0.4%	22.8
Loans to public authorities	18,618.6	36.2%	5.9				0.1
Loans to social housing	2,511.1	4.9%	6.2	0.2%	2.3	0.1%	1.2
Loans to commercial property (run-off)	13.9		2.1	14.9%	2.0	14.0%	1.2
Total	51,440.6	100.0%	487.4	0.9%	60.7	0.1%	25.4

This portfolio makes up half of Compagnie de Financement Foncier's balance sheet assets. Levels of risk for this portfolio remained very limited and well under control in the first half of 2011.

Sectors which might appear to be high-risk, such as the subsidized and commercial real estate sectors, were in fact insignificant, both in absolute terms and in terms of developments over the period. These sectors, which by nature tend to be run off, do have their share of doubtful loans that automatically increases over time. The risk of end losses remained marginal, with end losses arising in the subsidized sector covered by the French State.

In reality, the most risk-sensitive portfolio consisted of loans to private individuals not guaranteed by FGAS, which totaled €14.6 billion at June 30, 2011. There was a slight increase in risk linked to this portfolio, with 1.7% of outstanding loans in the doubtful loans category *versus* 1.6% in H1 2010. This percentage is still very low, and the provisioning rate was unchanged in H1 2011 at 10% of doubtful outstandings.

Cost of risk

	At June 30, 2011			At December 31, 2010		
	Outstanding loans (€ million)	Risk charge (€ million)	Risk charge (basis points)	Outstanding loans (€ million)	Risk charge (€ million)	Risk charge (basis points)
Subsidised sector (run-off)	811.6	0.19	2.4	922.9	0.03	0.3
Unsubsidised sector	51,349.1	2.05	0.4	50,517.7	4.18	0.8
Loans to individuals and mortgage notes	31,498.0	2.01	0.6	29,374.1	3.89	1.3
Loans to public authorities	17,444.9	-0.10	-0.1	18,618.6		
Loans to social housing	2,393.4	0.26	1.1	2,511.1	0.21	0.8
Loans to commercial property (run-off)	12.8	-0.13	-98.9	13.9	0.08	56.1
Total	52,160.7	2.24	0.4	51,440.6	4.20	0.8

Note: by convention cost of risk is positive when it represents an expense and negative when it represents income.

Total cost of risk, which includes cost of risk for capital flows and the NBI impact of interest flows, also remained very low in the first half of 2011, totaling €2.2 million for all loans (€52 million), *i.e.* 0.4 bp of total outstandings. For full year 2010, cost of risk was comparable, at €4.2 million.

This expense can primarily be attributed to net write-downs to private individuals in the non-subsidized sector.

Securities and units of securitization funds

This category comprises:

- › two types of *senior* units of securitization funds: RMBS funds totaling €11.4 billion at end-June 2011 and funds consisting of public loans or loans backed by public guarantees totaling €7.5 billion at the same date;
- › securities issued or guaranteed by predominantly foreign public entities totaling €15.9 billion at June 30, 2011.

At June 30, 2011, as at previous balance sheet dates, this category held no doubtful loans, was not subject to provisions, and generated no cost of risk. The main area of risk monitoring pertained to any changes in rating levels.

The rating of the RMBS portfolio was downgraded over the first half of 2011 based on rating agency reviews. Specifically, seven Portuguese securitization funds and one Spanish securitization fund, with total assets of €0.9 billion, were rated A+ at June 30, 2011, *versus* AAA at December 31, 2010.

At June 30, 2011, the main features of this portfolio were:

- › no exposure to subprime risk;
- › no direct or indirect exposure to the US real estate markets;
- › 26% of the portfolio was rated AAA/Aaa/AAA and 71% received the top rating by at least one rating agency;
- › 80% of the portfolio, *i.e.* €9.2 billion, received a step-1 rating.

Furthermore, Crédit Foncier has undertaken to cover Compagnie de Financement Foncier's consequences arising from a ratings downgrade to below step-2 (A-/A3/A-) for part of the RMBS portfolio; at June 30, 2011, this additional protection applied to €3 billion in outstandings.

The other outstandings in this category, *i.e.* a total of €23.4 billion at June 30, 2011, were public-sector assets: €7.5 billion in public securitization funds and €15.9 billion in securities issued or guaranteed by public entities, all located outside France with the exception of €1.7 billion in securities.

At June 30, 2011, this category maintained a high level of credit quality, very close to the one observed six months earlier:

- › 84% received the top credit quality rating (step 1) and, more specifically, 17% received the top agency ratings (AAA/Aaa/AAA);
- › 12% received step 2 ratings;
- › the remaining outstandings comprised lower-rated exposures to Italy (€0.4 billion), Ireland (€0.3 billion), Portugal (€0.3 billion), Hungary (€0.1 billion) and Iceland (only €15 million).

Part of the securities and securitization fund portfolio is counter-guaranteed by monoline insurers. Following the cancellation of the arrangements with CIFG in 2010, the hedged portion had decreased to €2.8 billion during the first half 2011. However, the very significant downgrading of these companies means that their guarantee is often ineffective, as a transaction's intrinsic credit rating is higher than that of the credit enhancer; only Assured Guaranty Municipal Corp (formerly FSA) rated AA+/Aa3/- continues to provide effective protection against credit risk on a portfolio amounting to €1.7 billion.

Financial risk analysis

Interest rate and foreign exchange risks

In accordance with its management rules, Compagnie de Financement Foncier set up the necessary interest rate and foreign exchange hedges on its acquisitions and issues.

Similarly, over the first half of 2011, the interest rate position on the remaining maturities remained within the strict limits that Compagnie de Financement Foncier has undertaken to observe.

Consequently, financial instruments used for micro and macro-hedging of interest rate and foreign exchange risks remained substantial: €110 billion in interest rate swaps at end-June 2011 (*versus* €104 billion at end-2010) and €48 billion in currency swaps (*versus* €47 billion at end-2010).

The counterparty for these hedging transactions is Crédit Foncier for acquisitions of loans from its parent company, or other banks for purchases, issues, or total balance sheet coverage, with Compagnie de Financement Foncier having completed deals with some thirty major international banks.

For all counterparties to interest rate or currency swaps, collateralization agreements have been signed providing for secured guarantee deposits in favour of Compagnie de Financement Foncier in the event of debit positions and based on their rating level. These calls are made daily if the counterparty's rating falls below F1+ or AA- with Fitch Ratings, P1 or Aa3 with Moody's, A1+ or AA- with Standard & Poor's. If the position is reversed, the agreements stipulate that Compagnie de Financement Foncier will not make any collateral payment. At June 30, 2011, the amount of deposits received stood at €1.5 billion.

Liquidity risk

The very conservative liquidity management policy was maintained over the first half, with Compagnie de Financement Foncier committed to maintaining enough liquid assets to cover the contractual maturities of all privileged debt over a one-year period, without contributing new resources.

Compagnie de Financement Foncier holds assets eligible for ECB financing operations, comprising one-third of its balance sheet assets, *i.e.* over €30.6 billion in nominal value at June 30, 2011, divided into €22.1 billion in securities and €8.5 billion in Public Sector loans.

Moreover, in the case of Compagnie de Financement Foncier, the vast majority of replacement securities consist of loans maturing in less than 6 months. This portfolio totaled 13.6% of assets at June 30, 2011.

Compagnie de Financement Foncier ensures the proper coverage of its balance sheet with liquid assets at all times, as reflected in the small gap between the durations of its assets and liabilities; at June 30, 2011, these durations were respectively of 6.0 years and 6.3 years, very similar to those observed at December 31, 2010 which were 6.2 and 6.3 years.

Notes to the management report

List of securitization tranches (FCTs) as of June 30, 2011

Senior securitization tranches of residential mortgage loans: €11.4 billion

Countries	Standard&Poor's/Moody's/Fitch Ratings
Germany	
E-MAC 2005-5	AA-/Baa1/AA
EMAC DE 2006-II	AA-/Baa1/A+
Spain	
AYT GENOVA HIPOTECARIO 4	AAA/Aaa/AAA
AYT GENOVA HIPOTECARIO 7	AAA/Aaa/AAA
BANCAJA 10	AA/Aa3/
BANCAJA 11	AA/A2/
BANCAJA 4	/Aaa/AAA
BANCAJA 5	AAA/Aaa/AAA
BANCAJA 6	AAA/Aaa/AAA
BANCAJA 7	AAA/Aa1/AAA
BANCAJA 8	/Aaa/AAA
BANCAJA 9 A2	/Aa1/AAA
BANKINTER 10	AAA/Aaa/
BANKINTER 4	AAA/Aaa/
BANKINTER 5	AAA/Aaa/
BBVA 1	/Aaa/AA-
BBVA 2	AAA/Aa1/AA
GC SABADELL 1	A+/Aaa/
HIPOTEBANSA XI	AAA/Aaa/
IM CAJAMAR 3 Parts A	/Aaa/AAA
IM PASTOR 2	AAA/Aaa/
IM PASTOR 3	AA/Aa1/
MADRID RMBS III	AA/A3/A+
SANTANDER HIPOTECARIO 3	A/A3/BB
TDA 27	AAA/AA
TDA 29	/Aa1/AAA
TDA CAJAMAR A2	AAA/AAA
TDA CAJAMAR A3	AAA/AAA
TDA CAM 5	/Aaa/AAA
TDA CAM 6 Parts A2	/Aa2/AA+
TDA CAM 6 Parts A3	/Aa2/AA+
TDA CAM 9	AA-/Aa3/AA
TDA IBERCAJA 2	AAA/Aa1/
TDA PASTOR 1 - A2	/Aaa/AAA
UCI 5 CLASS 5	/Aaa/

Italy	
APULIA 3	AAA/Aaa/AAA
APULIA FINANCE 2	AAA/AAA
ARGO MORTGAGES 2	/Aaa/AAA
BERICA 6 A2	AAA/Aaa/AAA
BIPIELLE RESIDENTIAL	/Aaa/AAA
BPM2 A2	AAA/Aaa/AAA
BPMO 2007-1	AAA/Aaa/AAA
CAPITAL MORTGAGE 2007-1	AAA/Aaa/AAA
CORDUSIO	AAA/Aaa/AAA
Cordusio 3 A2	AAA/Aaa/AAA
CORDUSIO 4	AAA/Aaa/AAA
CR FIRENZE MUTUI	AAA/Aaa/AAA
CREDICO FINANCE 5 A 2033	AAA/Aaa/
F-E MORTGAGES	AAA/Aaa/AAA
HELICONUS	AAA/Aaa/AAA
INTESA SEC 3	AAA/Aaa/
INTESABCI SEC 2	AAA/Aaa/AAA
INTRA MORTGAGE FINANCE SRL	AAA/Aaa/AAA
MANTEGNA FINANCE SRL	/Aaa/AAA
MARCHE MUTUI	AAA/Aaa/
MARCHE MUTUI 2A2	AA-/Aaa/
SESTANTE FINANCE 2	A+/Aa1/AAA
SESTANTE 3 A 2045	A+/Aa1/AAA
SESTANTE 4	A+/Aa2/AA
SESTANTE FINANCE	A+/Aaa/AAA
SIENA MORTGAGES 2010-7	/Aaa/AAA
VELA ABS	AAA/Aaa/
VELA HOME	AAA/Aaa/
VELA HOME 2	AAA/Aaa/
VELA HOME 3 A 2040	AAA/Aaa/
VELA HOME 4	AAA/Aaa/
Netherlands	
BELUGA 2006-I A2	AAA/Aaa/AAA
BELUGA 2006-I A3	AAA/Aaa/AAA
CANDIDE 2006-1 A3	AAA/Aaa/AAA
DUTCH MORTGAGE PORTFOLIO 8	/Aaa/AAA
ELEVEN CITIES N°5 A	/Aaa/AAA
EMAC NL 2005 III BV	AAA/Aaa/AAA
E-MAC NL 2007 III	AA-/Aaa/AAA
HOLLAND HOMES 3 PARTS A 2083	/Aaa/AAA

Portugal	
DOURO MORTGAGE1 A	AA-/A1/A+
DOURO MORTGAGES 3	AA-/A1/A+
LUSITANO 2	A+/Aa2/A+
LUSITANO 4	AA-/A1/A+
LUSITANO 5	AA-/A1/A+
LUSITANO 6	AA-/Aa2/A+
LUSITANO MORTGAGE PLC 3	AA-/A1/A+
MAGELLAN 3	A+/A1/
United Kingdom	
ARRAN 2010 1X - A3B	/Aaa/AAA

Senior securitization tranches of public sector: €7.5 billion

Italy	
ADRIATICA	AA+/Aa3/
ASTREA	/Aa3/AA-
POSILLIPO FINANCE SRL	BBB+/A3/
Netherlands	
DARTS FINANCE PARTS A 2064	/Aa1/AAA
E-MAC NL 2006-NHG 1	/A1/
E-MAC NL 2007-NHG II	/Aa3/
HOLLAND HOMES ORANJE	//AAA
PEARL 1 MBS	/Aa2/AAA
PEARL 2	/Aa2/AAA
SGML 1	//AAA
United States	
NELNET 2006-1 A6	AAA/Aaa/AAA
NELNET 2006-2 A7	AAA/Aaa/AAA
SALLIE MAE 2003-10 A3	AAA/Aaa/AAA
SALLIE MAE 2003-2	AAA/Aaa/AAA
SALLIE MAE 2003-5	AAA/Aaa/AAA
SALLIE MAE 2003-7 A5	AAA/Aaa/AAA
SALLIE MAE 2004-2 A6	AAA/Aaa/AAA
SALLIE MAE 2004-5X	AAA/Aaa/AAA
SALLIE MAE 2004-5X A5	AAA/Aaa/AAA
SALLIE MAE 2004-8-A5	AAA/Aaa/AAA
SALLIE MAE 2004-8-A6	AAA/Aaa/AAA
SALLIE MAE 2005 9 SENIOR A6A	AAA/Aaa/AAA
SALLIE MAE 2005-9 SENIOR A7A	AAA/Aaa/AAA
SALLIE MAE 2006-4 A6	AAA/Aaa/AAA
SALLIE MAE 2006-6 A4	AAA/Aaa/AAA
SALLIE MAE SÉRIE 8 102004	AAA/Aaa/AAA

Condensed interim financial statements

- 25 Balance sheet
- 26 Off-balance sheet
- 27 Income statement
- 28 Notes to the Financial Statements of Compagnie de Financement Foncier
- 59 Statutory auditors' review report on the 2011 interim financial information
- 60 Statement from the person who assumes responsibility

Balance sheet

(in thousands of euros)

As per notes	Assets	06/30/2011	06/30/2010	12/31/2010
	Cash due from central banks and post office accounts	9,482	14,641	5,413
	Treasury notes and similar securities			
1	Due from banks	18,665,136	14,675,077	16,493,215
	<i>On demand</i>	442,644	469,762	318,007
	<i>At maturity</i>	18,222,492	14,205,315	16,175,208
2	Customer loans	38,524,738	36,584,259	39,709,142
	<i>Other customer loans</i>	38,524,738	36,584,259	39,709,142
3	Bonds and other fixed income securities	43,909,051	45,737,955	44,489,773
4	Tangible and intangible fixed assets			
5	Other assets	95,057	112,447	93,517
6	Adjusting accounts	2,543,596	2,451,340	3,035,765
	Total assets	103,747,060	99,575,719	103,826,825

(in thousands of euros)

As per notes	Liabilities and equity	06/30/2011	06/30/2010	12/31/2010
7	Due to banks	3,950,660	7,562,071	5,553,791
	<i>On demand</i>	1,322	1,393	69,022
	<i>At maturity</i>	3,949,338	7,560,678	5,484,769
8	Customer deposits	1,379	9,915	14,867
	<i>On demand</i>	1,379	9,915	14,867
9	Debt securities	90,033,570	81,600,829	88,372,278
	<i>Inter-bank market securities and negotiable debt securities</i>	152,068	240,374	243,780
	<i>Bonds (obligations foncières)</i>	89,881,502	81,360,455	88,128,498
10	Other liabilities	1,841,455	2,834,781	2,157,642
11	Adjusting accounts	2,624,062	2,447,819	2,636,729
12	Provisions for liabilities and charges	8,049	6,542	9,119
13	Subordinated debt	3,472,469	3,469,248	3,450,270
14	Fund for general banking risks	20,000	20,000	20,000
14	Equity other than fund for general banking risks	1,795,416	1,624,514	1,612,129
	- <i>Subscribed capital stock</i>	1,187,460	1,008,000	1,008,000
	- <i>Share premiums</i>	343,002	302,462	302,462
	- <i>Reserves</i>	89,963	82,802	82,802
	- <i>Regulated provisions and investment subsidies</i>			
	- <i>Retained earnings (+/-)</i>	85,704	167,158	75,654
	- <i>Net income for the year (+/-)</i>	89,287	64,092	143,211
	Total liabilities & equity	103,747,060	99,575,719	103,826,825

Off-balance sheet

(in thousands of euros)

As per notes		06/30/2011	06/30/2010	12/31/2010
	Commitments given			
15	Financing commitments			
	- Commitments in favour of banks			15,995
	- Commitments in favour of customers	2,907,280	3,397,162	2,283,034
	- Other values used as collateral	5,741,222	7,701,223	5,581,713
	Guarantee commitments			
	- Commitments for customers			
	Commitments on securities			
	- Others commitments given	271,313	150,568	45,000
16	Commitments received			
	Financing commitments			
	- Commitments received from banks	5,145,032	5,032,576	3,212,060
	- Other values received as collateral	13,435,233	9,506,359	12,278,584
	Guarantee commitments			
	- Commitments received from banks	7,892,039	8,462,160	7,976,870
	- Commitments received from customers	37,764,393	35,870,361	38,707,948
	Commitments on securities			
	- Others securities to receive	220,000	17,000	15,000
	Reciprocal commitments			
17	- Sale and purchase of foreign currencies	47,873,171	42,456,143	46,663,767
18	- Non-unwound financial instruments	115,666,767	110,768,964	109,707,924

Income statement

(in thousands of euros)

As per notes		06/30/2011	06/30/2010	12/31/2010
19	Interest and similar income	2,305,605	2,157,154	4,712,249
20	Interest and similar expenses	-2,146,968	-2,027,786	-4,432,860
21	Commission and fee income	35,948	18,910	44,779
21	Commission and fee expenses	-2,393	-2,215	-4,293
22	Gains or losses on trading portfolio transactions	-811	2,683	1,338
23	Gains or losses on available for sale investment portfolio transactions and similar instruments	574	-5,464	-7,083
24	Other income from banking operations	2,352	2,106	2,252
25	Other expenses on banking operations	-877	-6,349	-2,159
	Net banking income	193,430	139,039	314,223
26	General operating expenses	-54,980	-45,620	-97,065
	Depreciation, amortisation and provisions on tangible and intangible fixed assets			
	Gross operating income	138,450	93,419	217,158
27	Cost of risk	-2,133	-1,874	-3,316
	Operating income	136,317	91,545	213,842
	Gains or losses on fixed assets		2,205	2,980
	Ordinary income before tax	136,317	93,750	216,822
	Exceptional items			
28	Income taxes	-47,030	-29,658	-73,611
	Increases and decreases in fund for general banking risks and provisions			
	Net income	89,287	64,092	143,211
	Earnings per share ⁽¹⁾ (in euros)	1.20	1.02	2.27
	Diluted earnings per share (in euros)	1.20	1.02	2.27

⁽¹⁾ Earnings per share is calculated by dividing the net income by the number of shares in issue at the end of the fiscal year. The appendix on the following pages is part of the individual half-year report.

Notes to the financial statements of Compagnie de Financement Foncier

1. Legal and financial framework - Major events of the semester

I-1 Compagnie de Financement Foncier is approved to operate as a *société de crédit foncier* under the Act of June 25, 1999, which deals with savings and Financial Security. As such it is subject to Articles L. 515-13 to L. 515-33 of the French Monetary and Financial Code.

Sociétés de crédit foncier are credit institutions accredited as financial companies by the *Comité des établissements de crédit et des entreprises d'investissement* (CECEI). As such, they must comply with the following regulations:

- › Regulation No. 2000-03, as amended, of the *Comité de la réglementation comptable* (CRC), concerning the preparation and presentation of the annual financial statements of credit institutions;
- › Regulation No. 99-10 of the CRBF modified, which specifically concerns *sociétés de crédit foncier* and:
 - the valuation of real property that is financed by loans that can be held as assets by *sociétés de crédit foncier*,
 - the valuation of the assets and liabilities of such companies,
 - their specific management policies.

I-2 During the first half-year 2011, Compagnie de Financement Foncier acquired loans from Crédit Foncier de France for €2,777 million, with an outstanding principal of €2,802 million and €165 million of loans not yet released and which were recorded as “Financing commitments given”.

Those in the Public Sector totaled €279 million, uniquely composed of securities.

Pursuant to the financial guarantees stipulated in Article L.211-38 of the French Monetary and Financial Code, Compagnie de Financement Foncier took out several loans with its parent company, Crédit Foncier de France, bringing its total guaranteed refinancing to €13,280 million on June 30, 2011 *versus* €12,250 million on December 31, 2010, excluding the related debt.

“Replacement securities” - as defined under Decree No. 2007-745 of May 9, 2007 relating to the solvency of credit institutions, investment companies and *sociétés de crédit foncier* totaled €14,158 million.

I-3 Compagnie de Financement Foncier issued €6,321.5 million of *obligations foncières* during the first half-year 2011, in line with the annual issuance program.

I-4 In the first half of 2011, for corporate reasons pertaining to Crédit Foncier de France, Compagnie de Financement Foncier sold several security lines and shares in *Fonds commun de créances* (FCC - special purpose entities that pool receivables) to its parent company. Originally classified as “Investment securities held to maturity”, these sales were realized at book value.

This sale of securities for €808.6 million, related debt included, was attributable to the crisis which had an impact on certain sovereign debt and posed a potential credit risk that could not have reasonably been anticipated during the acquisition.

The sale of the shares in FCCs for €1,077.8 million, related debt included, was part of an agreement by the parent company to provide protection by offsetting a reduced weighting of a portfolio of shares in the event that their credit rating was downgraded below certain levels.

For the same corporate purpose, loans granted to “local institutional and municipal clients”, initially granted by Crédit Foncier de France, were resold at book value to the parent company for €99.1 million.

I-5 In the same period, two other FCCs were dissolved. The priority shares owned by Compagnie de Financement Foncier, classified as “Investment securities held to maturity” were fully paid up, representing €1,071.8 million, related debt included.

I-6 Following the exercise of the option by Crédit Foncier de France to pay the dividend in shares and the capital increase decided in June which was fully subscribed by the parent company, the share capital of Compagnie de Financement Foncier was increased by €179.5 million, bringing it to a total of €1,187.5 million.

I-7 Several euro zone countries are struggling with economic problems and a crisis of confidence over their debt. Against this backdrop, in conjunction with the International Monetary Fund, the European Union developed financial support mechanisms for Greece (May 2010 and July 2011), Ireland (November 2010) and Portugal (May 2011).

Compagnie de Financement Foncier's exposures to sovereign risk linked to these three countries are represented by investment securities for the following amounts:

- › Greece €309.1 million
- › Ireland €322.9 million
- › Portugal €121.8 million

The exposures of the bank portfolio on Greece have maturity dates after January 1, 2021 and are therefore not affected by the swap, with discount, initiated in June 2011 and finalized on July 21. Furthermore, all of these exposures are guaranteed by Assured Guaranty Municipal Corps (formerly FSA).

After taking into account the various aspects of the financial support mechanisms for these three countries (public funds, private sector participation, post-rescheduling debt profile), there is currently no evidence that the collection of future cash flows on the securities held has been compromised. Consequently, no write-downs need to be recorded in respect of counterparty risk.

II - Accounting rules and principles

II-1 Valuation and presentation methods used

Compagnie de Financement Foncier's half-year condensed financial statements are prepared and presented in accordance with the rules defined by BPCE in compliance with the Regulations of the French Accounting Regulation Committee (CRC) and the French Banking and Financial Regulation Committee (CRBF). In compliance with CRBF Regulation No. 91-01 as amended by CRC Regulation No. 2001-02 and with recommendation No. 2001-R.02, the summary financial statements are presented in the format specific to credit institutions.

French generally accepted accounting practices have been applied in compliance with the principle of prudence, in accordance with the following basic assumptions:

- › going concern;
- › consistency of accounting methods from one year to the next;
- › independence of financial years;

and in conformity with the general rules for preparing and presenting half-year financial statements.

The accounting methods and principles used are identical to those used in the preparation of the annual financial statements. Specifically, the expenses and income related to the half-year were calculated in compliance with the principle of the separation of financial periods.

II-2 Changes in accounting methods

No changes in accounting methods were applicable to the financial statements for the six months ended June 30, 2011. Note however the changes in accounting method on December 31, 2010 for which the comparative accounts on June 30, 2010 were not restated due to the information not being available:

- › CRC Regulation number 2009-03 related to the accounting treatment of commissions and expenses on the granting or acquiring of loans has been applicable since January 1, 2010. The commissions and costs within the scope of application of the Regulation were spread over the effective life of the loans. This change in accounting method had no impact on the shareholders' equity as at January 1, 2010. The activation of these commissions and costs represented €3.2 million on December 31, 2010 and €0.4 million on June 30, 2011;
- › Compagnie de Financement Foncier decided on December 31, 2010 to opt for the accounting treatment of its deferred taxes. This option, applied based on the principle of universality, was applicable to all deferred tax resulting from temporary differences in the parent company financial statements. This change in accounting method had a positive impact on the income for the year ended December 31, 2010 of €28.6 million in relation to the tax payable method. It had a negative impact of roughly €6 million in the half-year accounts as of June 30, 2011.

Note 1a: due from banks

(in thousands of euros)

	Performing loans			Doubtful loans			Write-downs			Net amounts		
	06/30/2011	06/30/2010	12/31/2010	06/30/2011	06/30/2010	12/31/2010	06/30/2011	06/30/2010	12/31/2010	06/30/2011	06/30/2010	12/31/2010
Non-Group loans												
On demand												
Customer accounts	7,317	6,194	728							7,317	6,194	728
Loans and accounts	100,000									100,000		
Related receivables	5									5		
Non-allocated securities	65	17,047	291							65	17,047	291
Sub-total on demand	107,387	23,241	1,019							107,387	23,241	1,019
At maturity												
Loans and accounts	2,407,816	1,691,919	1,750,084							2,407,816	1,691,919	1,750,084
Related receivables	8,103	8,641	30,933							8,103	8,641	30,933
Sub-total at maturity	2,415,919	1,700,560	1,781,017							2,415,919	1,700,560	1,781,017
Total non-Group loans	2,523,306	1,723,801	1,782,036							2,523,306	1,723,801	1,782,036
Group loans												
On demand	335,257	446,521	316,988							335,257	446,521	316,988
At maturity	2,496,968	3,001,097	2,121,364							2,496,968	3,001,097	2,121,364
Values received as long-term pension	13,309,605	9,503,658	12,272,827							13,309,605	9,503,658	12,272,827
Sub-total Group loans	16,141,830	12,951,276	14,711,179							16,141,830	12,951,276	14,711,179
Total Group loans	16,141,830	12,951,276	14,711,179							16,141,830	12,951,276	14,711,179
Grand total ⁽¹⁾	18,665,136	14,675,077	16,493,215							18,665,136	14,675,077	16,493,215
⁽¹⁾ of which subsidised sector	521	732	617							521	732	617

Note 1b: breakdown of loans at maturity to banks

(in thousands of euros)

	06/30/2011			06/30/2010	12/31/2010
	Gross	Write-downs	Net		
Term loans					
Refinancing of subsidised residential property	521		521	732	617
Refinancing of unsubsidised residential property	1,155		1,155	1,720	1,403
Public authorities	2,414,242		2,414,242	1,698,108	1,778,997
Structured financing					
Other loans to banks	15,806,574		15,806,574	12,504,755	14,394,191
Doubtful term loans					
Total	18,222,492		18,222,492	14,205,315	16,175,208

Note 2: customer loans

(in thousands of euros)

	Performing loans			Doubtful loans			Write-downs			Net amounts		
	06/30/2011	06/30/2010	12/31/2010	06/30/2011	06/30/2010	12/31/2010	06/30/2011	06/30/2010	12/31/2010	06/30/2011	06/30/2010	12/31/2010
Customer loans												
Commercial loans												
Export credits												
Short-term loans ⁽²⁾	2,554,101	2,703,728	3,561,328							2,554,101	2,703,728	3,561,328
Equipment loans ⁽³⁾	8,684,620	9,592,947	9,453,366	1,043	3,531	3,127	215	483	404	8,685,448	9,595,995	9,456,089
Residential property loans	26,521,802	23,489,859	25,860,784	524,901	451,985	480,543	19,255	14,641	16,449	27,027,448	23,927,203	26,324,878
Other customer loans	52,162	58,363	54,566	1,510	1,753	1,826	1,050	976	1,035	52,622	59,140	55,357
Loans to financial customers												
Non-allocated securities	3,009	74	6,393							3,009	74	6,393
Subordinated loans												
Related receivables	200,323	296,379	303,232	1,787	1,740	1,865				202,110	298,119	305,097
Non-allocated securities												
Sub-total	38,016,017	36,141,350	39,239,669	529,241	459,009	487,361	20,520	16,100	17,888	38,524,738	36,584,259	39,709,142
Customer accounts												
Customer accounts												
Related receivables												
Sub-total												
Total loans	38,016,017	36,141,350	39,239,669	529,241	459,009	487,361	20,520	16,100	17,888	38,524,738	36,584,259	39,709,142
Grand total ⁽¹⁾	38,016,017	36,141,350	39,239,669	529,241	459,009	487,361	20,520	16,100	17,888	38,524,738	36,584,259	39,709,142

⁽¹⁾ of which subsidised sector 754,303 982,279 859,825 56,767 66,583 62,408 94 116 107 810,976 1,048,746 922,126

of which unsubsidised sector 37,261,714 35,159,071 38,379,844 472,474 392,426 424,953 20,426 15,984 17,781 37,713,762 35,535,513 38,787,016

Note: Compagnie de Financement Foncier does not include any intra Group loans in customer loans.

⁽²⁾ The Company acquired Crédit Foncier's loan on the Trésor concerning the Découvert sur Prime d'Épargne Logement. This découvert reached €100 million as of December 31, 2010, €63 million as of June 30, 2010 and was reimbursed in 2011.

In 2007, it purchased Ixis CIB loans, which include revolving credit lines amounting to €3,462 million at the end of December 2010 and €2,554 million at the end of June 2011.

⁽³⁾ Equipment loans consist of loans to local authorities.

Note 2b1: write-downs and provisions for counterparty risks

(in thousands of euros)

	12/31/2009	Additions	Reversals	12/31/2010	Additions	Reversals	Misc. transaction	06/30/2011
Write-downs recorded as a deduction from assets								
Customer loans and due from banks ⁽¹⁾	16,522	12,097	-10,731	17,888	8,147	-5,515		20,520
Provisions recorded in liabilities								
Customer loans and due from banks and from securities	5,216	2,382	-83	7,515	723	-1,392		6,846
Total	21,738	14,479	-10,814	25,403	8,870	-6,907		27,366

⁽¹⁾ Write-downs of loans are booked at their present value, as per CRB 2002-03.

Note 2b2: premiums/discounts on acquired loans

(in thousands of euros)

	12/31/2009	New entries	Amortisation	12/31/2010	New entries	Amortisation	06/30/2011
Due from banks							
Premiums	109,606		-10,035	99,571		-5,027	94,544
Discounts							
Net	109,606		-10,035	99,571		-5,027	94,544
Customer loans							
Premiums	360,129	188,702	-75,543	473,288	34,909	-58,040	450,157
Discounts	-535,014	-228,748	52,251	-711,511	-63,787	39,715	-735,583
Net	-174,885	-40,046	-23,292	-238,223	-28,878	-18,325	-285,426
Total	-65,279	-40,046	-33,327	-138,652	-28,878	-23,352	-190,882

Note 2c: breakdown of outstanding customer loans

(in thousands of euros)

	06/30/2011			06/30/2010	12/31/2010
	Gross	Write-downs	Net		
Individuals	21,592,143		21,592,143	18,481,237	21,075,388
Subsidised sector	354,098		354,098	529,148	434,809
Unsubsidised residential property	21,237,876		21,237,876	17,951,848	20,640,396
Other	169		169	241	183
Individual entrepreneurs	1,421,543		1,421,543	1,173,741	1,368,369
Subsidised sector	17,706		17,706	26,138	21,501
Unsubsidised residential property	1,403,655		1,403,655	1,147,355	1,346,657
Other	182		182	248	211
Regional Public Sector and sovereigns	11,340,722		11,340,722	12,737,922	13,101,434
Subsidised sector	86,978		86,978	99,770	91,124
Unsubsidised residential property	361,515		361,515	392,705	376,527
Other	10,892,229		10,892,229	12,245,447	12,633,783
Social organizations	2,969,170		2,969,170	3,225,481	3,096,147
Subsidised sector	197,087		197,087	219,357	207,922
Unsubsidised residential property	2,695,667		2,695,667	2,923,791	2,809,616
Other	76,416		76,416	82,333	78,609
Real estate investors	109,533		109,533	109,723	105,648
Subsidised sector	88,468		88,468	97,278	93,812
Unsubsidised residential property	10,741		10,741	12,429	11,827
Other	10,324		10,324	16	9
Structured financing	576,544		576,544	409,052	483,324
Subsidised sector	9,437		9,437	10,588	10,030
Transportation	182		182	182	182
Large projects	544,684		544,684	354,780	437,052
Other	22,241		22,241	43,502	36,060
Other	6,362		6,362	4,194	9,359
Subsidised sector	529		529		627
Unsubsidised residential property	4,678		4,678	4,194	7,330
Other	1,155		1,155		1,403
Subtotal customer loans	38,016,017		38,016,017	36,141,350	39,239,669
Doubtful loans	529,241	20,520	508,721	442,909	469,473
- Of which subsidised sector	56,767	94	56,673	66,467	62,301
- Of which unsubsidised sector	472,474	20,426	452,048	376,442	407,172
Total customer loans ⁽¹⁾	38,545,258	20,520	38,524,738	36,584,259	39,709,142
⁽¹⁾ of which subsidised sector	811,070	94	810,976	1,048,746	922,126
of which unsubsidised sector	37,734,188	20,426	37,713,762	35,535,513	38,787,016

The breakdown of the outstanding customer loans of 2011 is based, as it was at December 31, 2010, upon Risk's segmentation reviewed in 2009. This approach allows a much finer understanding.

Note 2d: breakdown of doubtful loans

(in thousands of euros)

06/30/2011	Total doubtful loans			Of which compromised doubtful loans		
	Gross	Write-downs	Net	Gross	Write-downs	Net
Individuals	467,901	14,940	452,961	57,744	9,365	48,379
Subsidised sector	39,837	57	39,780			
Unsubsidised residential property	426,572	13,814	412,758	56,390	8,344	48,046
Other	1,492	1,069	423	1,354	1,021	333
Individual entrepreneurs	44,867	4,035	40,832	12,055	3,490	8,565
Subsidised sector	9,218	2	9,216			
Unsubsidised residential property	35,483	3,991	31,492	11,999	3,490	8,509
Other	166	42	124	56		56
Regional Public Sector and sovereigns	1,745	43	1,702			
Subsidised sector	656		656			
Unsubsidised residential property						
Other	1,089	43	1,046			
Social organizations	5,037	94	4,943	79	43	36
Subsidised sector	678		678			
Unsubsidised residential property	3,978	80	3,898	79	43	36
Other	381	14	367			
Real estate investors	5,937	658	5,279	2,018	613	1,405
Subsidised sector	3,839	35	3,804			
Unsubsidised residential property	1,604	501	1,103	1,524	491	1,033
Other	494	122	372	494	122	372
Structured financing	3,754	750	3,004	1,194	737	457
Subsidised sector	2,539		2,539			
Unsubsidised residential property						
Other	1,215	750	465	1,194	737	457
Other						
Total ⁽¹⁾	529,241	20,520	508,721	73,090	14,248	58,842

⁽¹⁾ of which subsidised sector 56,767 94 56,673
of which unsubsidised sector ⁽²⁾ 472,474 20,426 452,048 73,090 14,248 58,842

⁽²⁾ The amount of doubtful loans in the competitive sector includes €209.6 million of SGFGAS-guaranteed loans.
In accordance with CRC Regulation n°2005-03, compromised doubtful loans do not include loans that benefit from a guarantee covering almost all risks, such as loans of the subsidised sector and French State-guaranteed PAS loans.

(in thousands of euros)

06/30/2010	Total doubtful loans			Of which compromised doubtful loans		
	Gross	Write-downs	Net	Gross	Write-downs	Net
Individuals	392,796	10,936	381,860	24,532	4,177	20,355
Subsidised sector	47,649	39	47,610			
Unsubsidised residential property	343,758	9,900	333,858	23,143	3,160	19,983
Other	1,389	997	392	1,389	1,017	372
Individual entrepreneurs	44,136	3,392	40,744	7,202	2,193	5,009
Subsidised sector	10,381	44	10,337			
Unsubsidised residential property	33,656	3,327	30,329	7,182	2,173	5,009
Other	99	21	78	20	20	
Regional Public Sector and sovereigns	5,748	86	5,662			
Subsidised sector	669		669			
Unsubsidised residential property	1,357	7	1,350			
Other	3,722	79	3,643			
Social organizations	5,455	131	5,324	116	68	48
Subsidised sector	631		631			
Unsubsidised residential property	4,330	85	4,245	87	39	48
Other	494	46	448	29	29	
Real estate investors	6,587	546	6,041	1,923	508	1,415
Subsidised sector	4,589	33	4,556			
Unsubsidised residential property	1,535	391	1,144	1,460	386	1,074
Other	463	122	341	463	122	341
Structured financing	4,287	1,009	3,278	1,623	1,006	617
Subsidised sector	2,664		2,664			
Unsubsidised residential property						
Other	1,623	1,009	614	1,623	1,006	617
Other						
Total ⁽¹⁾	459,009	16,100	442,909	35,396	7,952	27,444

⁽¹⁾ of which subsidised sector 66,583 116 66,467

of which unsubsidised sector ⁽²⁾ 392,426 15,984 376,442 35,396 7,952 27,444

⁽²⁾ The amount of doubtful loans in the competitive sector includes €169.20 million of SGFGAS-guaranteed loans.

In compliance with CRC Regulation n°2005-03, outstanding doubtful loans are not included in loans benefiting from a guarantee covering nearly all risks. This includes, notably, loans to the subsidised sector and PAS loans guaranteed by the State.

(in thousands of euros)

12/31/2010	Total doubtful loans			Of which compromised doubtful loans		
	Gross	Write-downs	Net	Gross	Write-downs	Net
Individuals	423,361	12,122	411,239	45,783	7,703	38,080
Subsidised residential property	45,673	62	45,611			
Unsubsidised residential property	376,258	10,994	365,264	44,353	6,637	37,716
Other	1,430	1,066	364	1,430	1,066	364
Individual entrepreneurs	41,806	3,843	37,963	10,592	3,171	7,421
Subsidised residential property	8,719	11	8,708			
Unsubsidised residential property	32,920	3,793	29,127	10,538	3,171	7,367
Other	167	39	128	54		54
Regional Public Sector and sovereigns	6,722	139	6,583			
Subsidised residential property	794		794			
Unsubsidised residential property	2,463	86	2,377			
Other	3,465	53	3,412			
Social organizations	5,376	269	5,107	1,013	240	773
Subsidised residential property	633		633			
Unsubsidised residential property	4,267	171	4,096	537	142	395
Other	476	98	378	476	98	378
Real estate investors	5,997	630	5,367	1,952	569	1,383
Subsidised residential property	3,925	34	3,891			
Unsubsidised residential property	1,594	474	1,120	1,474	447	1,027
Other	478	122	356	478	122	356
Structured financing	4,099	885	3,214	1,321	875	446
Subsidised residential property	2,664		2,664			
Unsubsidised residential property						
Other	1,435	885	550	1,321	875	446
Other						
Total ⁽¹⁾	487,361	17,888	469,473	60,661	12,558	48,103

⁽¹⁾ of which subsidised sector 62,408 107 62,301

of which unsubsidised sector ⁽²⁾ 424,953 17,781 407,172 60,661 12,558 48,103

⁽²⁾ The amount of doubtful loans in the competitive sector includes €186.68 million of SGFGAS-guaranteed loans.

In accordance with CRC Regulation n°2005-03, compromised doubtful loans do not include loans that benefit from a guarantee covering almost all risks, such as loans of the subsidised sector and French State-guaranteed PAS loans.

Note 3a: bonds and other fixed income securities

(in thousands of euros)

	06/30/2011			06/30/2010	12/31/2010
	Gross	Write-downs	Net		
Bonds and other fixed income securities					
Investment securities available for sale ⁽¹⁾	10,391,153	-13,368	10,377,785	9,225,871	7,022,217
Listed securities	1,176,153	-13,368	1,162,785	64,121	62,217
Unlisted securities	9,215,000		9,215,000	9,161,750	6,960,000
Investment securities held to maturity ⁽²⁾	33,261,518		33,261,518	36,232,489	37,193,760
Investment securities held to maturity	27,173,234		27,173,234	23,944,748	33,329,117
Unlisted securities	6,088,284		6,088,284	3,287,741	3,864,643
Related receivables	269,748		269,748	279,595	273,796
Total ⁽³⁾	43,922,419	-13,368	43,909,051	45,737,955	44,489,773

⁽¹⁾ At June 30, 2011, the market value of short-term investment bond securities amounted to €67,149K including €13,368K of depreciated unrealized capital loss (after swaps) and €1,516K of depreciated unrealized capital gain (before swaps). The other listed securities represent either treasury notes (€800mn) or certificates of deposit (€300mn).

⁽²⁾ At June 30, 2011, shares of securitization funds under this item represent €18,952,740K (excluding related receivables). Moreover, no unrealized capital loss on investment securities held to maturity was recorded at June 30, 2011 (data communicated pursuant to Regulation CRC 2004-16 of 11/23/2004 regarding information to be provided further to the transposition of the European Directives, "Fair value" and "Modernisation").

⁽³⁾ There are no doubtful loans in the securities portfolio.

Note 3b: premiums/discounts

(in thousands of euros)

As of June 30, 2011	Gross amount	Redemption value	Difference +/-
Investment securities available for sale			
Bonds	76,153	76,149	-4
Other fixed income securities	10,315,000	10,315,000	
Investment securities held to maturity			
Bonds	14,352,709	14,312,696	-40,013
Other fixed income securities	18,908,809	18,952,740	43,931

Note 3c: financial fixed assets

(in thousands of euros)

	Gross amount at 12/31/2009	Acquisitions	Disposals/repayments	Reclassification	Change in premiums/discounts	Currency differences	Gross amount at 12/31/2010	Acquisitions	Disposals/repayments	Reclassification	Change in premiums/discounts	Currency differences	Gross amount at 06/30/2011
Investment securities held to maturity	35,217,681	3,151,866	-1,879,062		1,993	701,282	37,193,760	259,537	-3,719,246		803	-473,336	33,261,518
Total	35,217,681	3,151,866	-1,879,062		1,993	701,282	37,193,760	259,537	-3,719,246		803	-473,336	33,261,518
Related receivables	203,328						256,138						248,738
Grand total	35,421,009	3,151,866	-1,879,062		1,993	701,282	37,449,898	259,537	-3,719,246		803	-473,336	33,510,256

Note 4a: tangible and intangible fixed assets

(in thousands of euros)

	Gross amount at 12/31/2010	Acquisitions in 2011	Disposals in 2011	Gross amount at 06/30/2011	Amortisation and write-downs at 06/30/2011	Net amount at 06/30/2011	Net amount at 06/30/2010	Net amount at 12/31/2010
Intangible fixed assets								
Difference intangible/CFF contribution	119,408			119,408	119,408			
Other intangible fixed assets								
Total	119,408			119,408	119,408			

Note 4b: amortisation and write-downs of tangible and intangible fixed assets

(in thousands of euros)

	Amount at 12/31/2009	Additions in 2010	Reversals in 2010	Amount at 12/31/2010	Additions in 2011	Reversals in 2011	Amount at 06/30/2011
Intangible fixed assets	119,408			119,408			119,408
Total	119,408			119,408			119,408

Note 5: other assets

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Conditional instruments purchased	3,986	6,607	5,270
Miscellaneous receivables	14,705	16,048	8,428
Special bonus account	76,366	89,792	79,819
Total	95,057	112,447	93,517

Note 6a: asset adjusting accounts

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Deferred charges ⁽¹⁾			
Issue and redemption of premiums	462,718	402,212	439,619
Other deferred charges		49,374	
Adjusting accounts			
Prepaid expenses	208,620	231,981	231,270
Accrued income ⁽²⁾	1,608,211	1,449,253	1,931,435
Deferred tax assets ⁽⁴⁾	25,617		31,611
Other ⁽³⁾	238,430	318,520	401,830
Total	2,543,596	2,451,340	3,035,765

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

Other deferred charges correspond to the issue fees to be amortised over the remaining term to maturity of the bonds and loans. The evolution of the account statements presentation made in 2010, without any impact on the results, consisted in not considering these charges as commissions but as items directly related to issues and in being also amortized over the remaining term to maturity of the bonds.

⁽²⁾ Includes accrued income on swaps contracts for €1,604,667K as of June 30, 2011.

⁽³⁾ Includes borrower accounts (pending payments on loan accounts) and released loan funds on behalf of Crédit Foncier €136,230K as of June 30, 2011, compared to €236,051K as of December 31, 2010 and €147,331K as of June 30, 2010.

⁽⁴⁾ Please refer to "Notes to the financial statements" paragraph II-2.

Note 6b: deferred charges

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Issue and redemption of premiums			
Debt securities			
Mortgage bonds (<i>obligations foncières</i>)			
Subsidised sector	1,841	2,428	2,132
Unsubsidised sectors	460,877	399,784	437,487
Negotiable debt securities (B.M.T.N.)			
Total issue and redemption of premiums	462,718	402,212	439,619
Other deferred charges			
Loan and bond issuance costs ⁽¹⁾		49,374	
Total other deferred charges		49,374	
Total deferred charges	462,718	451,586	439,619

⁽¹⁾ The issue fees were recorded in commission accounts and amortized over the remaining term to maturity of the bonds. The evolution of the account statements presentation made in 2010, without any impact on the results, consisted in not considering these charges as commissions but as items directly related to issues and in being also amortized over the remaining term to maturity of the bonds.

Note 7: due to banks

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Due to non group banks			
On demand			
Current accounts			
Other amounts due	2	233	68,754
Related payables			
Sub-total	2	233	68,754
At maturity			
At maturity BDF P003G		4,000,000	2,000,000
Term loans	86,817	105,550	98,169
Securities subject to repurchase agreements			
Related payables	2,088	33,010	2,924
Sub-total	88,905	4,138,560	2,101,093
Total due to non group banks	88,907	4,138,793	2,169,847
Due to group banks			
On demand	1,320	1,160	268
At maturity	3,860,433	3,422,118	3,383,676
Term loans ⁽¹⁾	3,260,241	2,822,804	2,783,998
Securities subject to repurchase agreements	600,192	599,314	599,678
Total due to group banks	3,861,753	3,423,278	3,383,944
Grand total	3,950,660	7,562,071	5,553,791
⁽¹⁾ Of which subsidised sector	21,745	14,472	20,978

Note 8: customer deposits

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Other liabilities			
Non-group			
On demand			
Other amounts due to customers	1,379	9,915	14,867
Total	1,379	9,915	14,867

Note 9: debt securities

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Negotiable debt securities	150,000	238,000	238,000
Related payables	2,068	2,374	5,780
Negotiable debt securities and related payables	152,068	240,374	243,780
<i>Obligations foncières</i> ⁽¹⁾	88,203,241	79,866,787	86,098,034
Related payables	1,678,261	1,493,668	2,030,464
Bonds and related payables	89,881,502	81,360,455	88,128,498
Grand total	90,033,570	81,600,829	88,372,278

⁽¹⁾ of which subsidised sector 110,797 122,332 116,178

Including a total of 100 million pounds sterling explicitly guaranteed by the French State.
All of these debt securities benefit from a priority right of payment.

Note 10: other liabilities

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Other payables ⁽¹⁾	92,737	35,605	167,217
Related payables	605	846	1,335
Conditional instruments sold	8	37	41
Allocated public funds ⁽²⁾	238,875	248,553	245,019
Deposits received	1,509,230	2,549,740	1,744,030
Total	1,841,455	2,834,781	2,157,642

⁽²⁾ of which subsidised sector 188,250 193,098 191,737

⁽¹⁾ In 2010, it included €9,788K in corporate taxes due to CFF as stipulated by the taxation integration.

Note 11: liability adjusting accounts

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Other liability adjusting accounts			
Prepaid FGAS subsidies	309,446	357,695	340,457
Other pre-payments	800,327	693,943	816,554
Accruals ⁽¹⁾	977,070	904,556	877,698
Adjustment accounts ⁽²⁾	343,882	372,890	419,896
Miscellaneous	193,337	118,735	182,125
Total	2,624,062	2,447,819	2,636,730

⁽¹⁾ including accrued expenses of swap contracts for €966,521K at 06/30/2011 compared to €864,681K at 12/31/2010 and €898,293K at 06/30/2010.

⁽²⁾ This account is the double entry to assets and liabilities after recognition in the income statement of gains and losses arising on the valuation of off balance sheet transactions in foreign currencies (See Note 17).

Note 12: provisions

(in thousands of euros)

	12/31/2009	12/31/2010			06/30/2011				
	Balance	Additions	Reversals used	Reversals not used	Balance	Additions	Reversals used	Reversals not used	Balance
Provisions for liabilities and charges on banking operations									
Provisions for litigation	111	1,203		111	1,203				1,203
Provisions for tax litigation ⁽¹⁾	12	401	12		401		401		
Provisions for amortisation of loans									
Subsidised sector									
Unsubsidised sector									
Provisions for losses on commitments									
Provisions for liabilities and charges on financial instruments									
Provisions for liabilities and charges - cost of risk									
Provisions for potential risks on non-doubtful loans ⁽²⁾	5,216	2,382	83		7,515	722	1,391		6,846
Total	5,339	3,986	95	111	9,119	722	1,792		8,049

⁽¹⁾ The €0.4 million provision of 2010 is a tax risk provision that has been made after a tax audit realized in 2010 regarding fiscal years 2007, 2008 and 2009. The payment having been made in early 2011, the initially constituted provision was reversed during the first half-year of 2011.

⁽²⁾ In 2010, the provision of €2.4 million mainly concerned the Neiertz provision of €1.4 million and the "client" dynamic provision of €1 million. For the first half-year 2011, the reversal of provisions of €1.4 million is related to the Neiertz provision whereas the increase of €0.7 million is related to the "client" dynamic provision.

Note 13: subordinated debt

I - Amount in financial statements

(in thousands of euros)

Description	Amount at 06/30/2011	Amount at 06/30/2010	Amount at 12/31/2010
Redeemable subordinated notes "RSN"	2,100,000	2,100,000	2,100,000
Subordinated participating loan	1,350,000	1,350,000	1,350,000
Related payables	22,469	19,248	270
Total subordinated debt	3,472,469	3,469,248	3,450,270

II - Detailed information concerning subordinated debt

a) Financial characteristics

(in thousands of euros)

Category	Date of issue	Maturity date	Rate	Repayment terms	Amount at 06/30/2011
Redeemable subordinated notes "RSN" ⁽¹⁾	12/30/2003	12/30/2043	Euribor 3 months+0.5%	AT MATURITY	2,100,000
Subordinated participating loan from Crédit Foncier de France rescheduled on June 28, 2002	10/22/1999	10/21/2040	TAM + 2.5%	AT MATURITY	1,350,000

⁽¹⁾ of which €2bn issued on 12/28/2007, related to the issue of 12/30/2003.

b) Possibility and conditions for early repayment

› On the subordinated participating loan

Compagnie de Financement Foncier has the right to reimburse all or part of the participating loan before maturity without penalty.

› On the redeemable subordinated notes "RSN"

The RSNs were placed privately with Crédit Foncier and therefore, for reasons of prudence, are not deemed to represent shareholders' equity of the Crédit Foncier group. Compagnie de Financement Foncier has undertaken not to repay RSNs early for the entire duration of the loan. However, it reserves the right to redeem these instruments prior to maturity, as these transactions have no impact on the normal repayment schedule of outstanding securities. Redeemed RSNs are cancelled. Nevertheless, if Crédit Foncier were to sell these securities to entities outside the Group, they would become representative of shareholders' equity and their purchase would require the prior agreement of the French Banking Authority [*Autorité de Contrôle Prudentiel*].

c) Conditions relating to interest rate payable

› On the subordinated participating loan

In order to ensure the Company's profitability, interest is only due if the net income for the year in respect of which the interest is due, after payment of that interest, is at least 10 million euros. As a consequence, if net income before payment of the interest were to be less than 10 million euros, no interest would be due and it would not be carried over to subsequent years. If net income, before payment of the interest, were greater than 10 million euros but would become less than this amount after payment of the interest, this interest is reduced by a corresponding amount, and the amount of interest greater than the interest thus reduced would not be carried forward to subsequent years.

› On the redeemable subordinated notes "RSN"

Any interest not paid is carried over as unsecured debt.

Note 14: change in shareholders' equity

(in thousands of euros)

	Opening balance 01/01/2010	Allocations	Changes in capital and reserves		Balance at 12/31/2010	Allocations	Changes in capital and reserves		Balance at 06/30/2011
			Dividends paid in shares	Other change			Dividends paid in shares	Other change	
Capital stock ⁽¹⁾	1,008,000				1,008,000		85,460	94,000	1,187,460
Share premiums ⁽¹⁾	302,462				302,462		40,540		343,002
Reserves									
Legal reserve	18,512	8,773			27,285	7,161			34,446
General reserve	55,517				55,517				55,517
Regulated reserves									
of which									
<i>Regulated revaluation reserves</i>									
<i>Special long-term capital gains reserves</i>									
Retained earnings ⁽²⁾	462	166,696		-91,504	75,654	10,050			85,704
Net shareholders' equity before income for the year	1,384,953				1,468,918				1,706,129
Income for the year before distribution	175,469	-175,469			143,211	-143,211			89,287
Net shareholders' equity after income for the year	1,560,422				1,612,129				1,795,416
Dividends distributed						126,000	-126,000		
	Opening balance 01/01/2010	Allocations	Changes in provisions		Balance at 12/31/2010	Allocations	Changes in provisions		Balance at 06/30/2011
			Additions	Reversals			Additions	Reversals	
Regulated revaluation reserves									
Other regulated reserves									
Regulated reserves									
Amount of shareholders' equity before dividends	1,560,422				1,612,129				1,795,416
	Opening balance 01/01/2010	Allocations	Changes in FRBG		Balance at 12/31/2010	Allocations	Changes in FRBG		Balance at 06/30/2011
			Additions	Reversals			Additions	Reversals	
Fund for general banking risks	20,000				20,000				20,000
Total	1,580,422				1,632,129				1,815,416

⁽¹⁾ The capital stock consists of 74,216,246 ordinary shares with a par value of €16, which all benefit from the same rights. No revaluation has been carried out to date.

A capital increase of €94 million was decided by an extraordinary general meeting dated June 27, 2011, entirely subscribed and fully-paid at June 29, 2011.

⁽²⁾ A deposit on dividends amounting €94.5 million has been voted by the Board of Directors on December 17, 2010. It has been deducted on retained earnings. Moreover, the choice of accounting for deferred tax on social basis has a €2,996K positive impact on shareholders' equity at the beginning of the year. This amount was allocated to retained earnings.

Note 15: commitments given

Financial commitments

(in thousands of euros)

	06/30/2011		06/30/2010		12/31/2010	
	Net authorisations	Amounts not drawn down	Net authorisations	Amounts not drawn down	Net authorisations	Amounts not drawn down
Subsidised sector						
Non-Group commitments						
Banks						
Customers						
Sub-total subsidised sector						
Competitive sector						
Non-Group commitments						
Other values given as a guarantee ⁽¹⁾	5,741,222		7,701,223		5,581,713	
Banks						15,995
Customers	148,741	2,758,539	137,494	3,259,668	158,416	2,124,618
Sub-total competitive sector	5,889,963	2,758,539	7,838,717	3,259,668	5,740,129	2,140,613
Total ⁽²⁾	8,648,502		11,098,385		7,880,742	

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

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

⁽¹⁾ This line represents assets and securities given as collateral to the Banque de France, in the framework of the pool of the Overall collateral management program or Gestion Globale des Garanties (3G) of which (in million euros):

	06/30/2011	06/30/2010	12/31/2010
- Securities	€2,169mn	€3,978mn	€2,249mn
- Loans	€3,572mn	€3,723mn	€3,333mn

⁽²⁾ At June 30, 2011, doubtful commitments came to €1,534K.

Main changes concerning financing commitments given to customers are:

	06/30/2011	06/30/2010	12/31/2010
Interactive cash-flow lines	-	-	-
Local authority Public Sector	-	-	-
Revolving credit lines (outstandings purchased from Ixis CIB)	€1,740mn	€1,882mn	€1,115mn
Treasury housing savings accounts (" <i>primes d'épargne logement</i> ")	€1,000mn	€937mn	€900mn

Note 16: commitments received

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Financing commitments			
Non-Group commitments ⁽¹⁾			
Banks ⁽¹⁾	5,094,533	4,980,455	3,161,561
Sub-total	5,094,533	4,980,455	3,161,561
Group commitments ⁽²⁾	50,499	52,121	50,499
Other values received as collateral from the Group ⁽⁶⁾	13,435,233	9,506,359	12,278,584
Total	18,580,265	14,538,935	15,490,644
Guarantee commitments			
Non-Group commitments			
Banks and assimilated ⁽³⁾	3,448,276	3,497,904	3,283,785
Customers ⁽⁴⁾	37,764,393	35,869,784	38,707,948
Sub-total	41,212,669	39,367,688	41,991,733
Group commitments ⁽⁵⁾	4,443,763	4,964,833	4,693,085
Total	45,656,432	44,332,521	46,684,818
Commitments on securities			
Others securities to be received	220,000	17,000	15,000
Total	45,876,432	44,349,521	46,699,818
Total commitments received	64,456,697	58,888,456	62,190,462

⁽¹⁾ At June 30, 2011, the non-group financing commitments represented the commitment received from the Banque de France as part of the Global Management Guarantee Pool which amounted to €5,094.5 million compared to €3,161.6 million at December 31, 2010.

	(thousands of euros)		
	06/30/2011	06/30/2010	12/31/2010
⁽²⁾ Group commitments included FCC share repurchase agreements amounting to:	50,499	52,121	50,499
⁽³⁾ Includes			
- Rated AA/AA-:	354,314	454,665	400,072
- Guarantees received from Créserfi:	310,125	25,235	167,172
- Security enhancement guarantees received from insurance companies:	2,783,837	3,018,004	2,716,541

⁽⁴⁾ Compagnie de Financement Foncier posts guarantees to the balance sheet that are explicitly or implicitly related to certain types of customer loans on the balance sheet, in view of their materiality.

	(thousands of euros)		
	06/30/2011	06/30/2010	12/31/2010
These guarantees are broken down as follows:			
- State guarantees on subsidised sector loans:	995,698	1,048,642	1,093,584
- SFGAS guarantees on FGAS-eligible loans and repurchased by the State:	8,613,471	7,618,167	8,458,945
- Mortgage guarantees for mortgage loans benefiting from only one such guarantee:	14,143,705	11,584,909	13,311,239
- Guarantees granted by local authorities and other entities:	2,430,512	2,282,003	2,507,650
- Security enhancement guarantees granted by States:	11,581,007	13,336,640	13,336,530

⁽⁵⁾ At June 30, 2011, guarantee commitments received include transactions of credit risk transfer, directly or indirectly, totalling €838 million to a AAA rated European public entity. They also include a guarantee received from BPCE in connection with French local authority Public Sector loans purchased from Lxis CIB for €3,467 million.

⁽⁶⁾ Guarantees related to loans held by Credit Foncier and put in place within the framework of loans authorized outline Article L 211-38.

Note 17: foreign exchange transactions

(in thousands of euros)

	06/30/2011		06/30/2010		12/31/2010	
	Currency receivable	Currency payable	Currency receivable	Currency payable	Currency receivable	Currency payable
Forward transactions ⁽¹⁾						
Transactions directly with counterparties						
Hedging transactions						
Financial swaps						
Micro-hedging transactions						
Subsidised sector	110,797	161,891	122,332	161,891	116,178	161,891
Unsubsidised sector	23,638,274	23,931,062	20,919,296	21,252,624	22,990,471	23,364,654
Macro-hedging transactions						
Subsidised sector						
Unsubsidised sector						
Total hedging transactions	23,749,071	24,092,953	21,041,628	21,414,515	23,106,649	23,526,545
Forward transactions (nominal amounts)	23,749,071	24,092,953	21,041,628	21,414,515	23,106,649	23,526,545
Forward transactions (fair value) ⁽²⁾	-516,099		-675,331		-646,442	
Current cash transactions	16,569	14,578			15,995	14,578
Total foreign currency transactions	23,765,640	24,107,531	21,041,628	21,414,515	23,122,644	23,541,123
Total	47,873,171		42,456,143		46,663,767	

⁽¹⁾ Compagnie de Financement Foncier does not deal any forward foreign currency contracts on regulated markets.

⁽²⁾ Data communicated pursuant to Regulation CRC 2004-16 of 11/23/2004 regarding information to be provided further to the transposition of the European directives, "Fair value" and "Modernisation."

Note 18: Forward Financial Instruments

(in thousands of euros)

	06/30/2011		06/30/2010		12/31/2010	
	Euros ⁽¹⁾	Other currencies ⁽²⁾	Euros ⁽¹⁾	Other currencies ⁽²⁾	Euros ⁽¹⁾	Other currencies ⁽²⁾
Transactions directly with counterparties						
Conditional transactions						
Micro-hedging transactions						
Purchases						
Sales	3,049		6,860		3,049	
Macro-hedging transactions						
Purchases	2,800,114		1,305,340		2,167,448	
Sales						
Other conditional transactions						
Purchases						
Sales						
Conditional transactions (nominal amounts)	2,803,163		1,312,200		2,170,497	
Conditional transactions (fair value)	46,784		14,354		42,638	
Firm transactions						
Micro-hedging transactions	86,209,607	304,438	80,901,294	319,947	80,303,342	312,330
Interest rate instruments	86,209,607	304,438	80,901,294	319,947	80,303,342	312,330
Exchange rate instruments						
Other instruments						
Macro-hedging transactions	23,349,102		25,159,107		23,864,019	
Interest rate instruments	23,349,102		25,159,107		23,864,019	
Exchange rate instruments						
Other instruments						
Other transactions	3,000,457		3,076,416		3,057,737	
Interest rate instruments						
Exchange rate instruments						
Other instruments ⁽³⁾	3,000,457		3,076,416		3,057,737	
Firm transactions (nominal amounts)	112,559,166	304,438	109,136,817	319,947	107,225,098	312,330
Firm transactions (fair value) ⁽⁴⁾	1,899,846	36,828	3,265,325	-6,166	2,614,597	38,028
Firm and conditional transactions	115,362,329	304,438	110,449,017	319,947	109,395,595	312,330
Total ⁽⁵⁾ (nominal amounts)	115,666,767		110,768,964		109,707,924	
Total (fair value)	1,983,458		3,273,513		2,695,263	

⁽¹⁾ Euro equivalent for non-euro currencies IN.

⁽²⁾ Euro equivalent currencies that became the euro OUT.

⁽³⁾ This amount represents a guarantee from Crédit Foncier on the RMBS tranches held on Compagnie de Financement Foncier's balance sheet. This portfolio was protected against credit risk following Crédit Foncier's implementation of a mirror operation of a Credit Default Swap. As this guarantee ended during the first half of 2008, Crédit Foncier granted an equivalent protection on June 15, 2008 on a portion of the portfolio by committing to compensate for a drop of the weighting if the rating agencies downgraded the rating to under A-/A3/A-.

⁽⁴⁾ Data communicated pursuant to Regulation CRC 2004-16 of 11/23/2004 regarding information to be provided further to the transposition of the European directives, "Fair value" and "Modernisation".

⁽⁵⁾ At 06/30/2011, there were no outstanding doubtful loans relating to transactions on financial instruments.

Note 19: interest and similar income ⁽¹⁾⁽²⁾

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
On transactions with banks	126,080	78,643	178,006
On transactions with customers	684,814	649,746	1,316,174
On bonds and other fixed income securities	1,494,525	1,428,715	3,217,697
Other interest and similar income	186	50	372
Total	2,305,605	2,157,154	4,712,249
⁽¹⁾ including income from the subsidised sector	35,704	55,050	90,722
⁽²⁾ including reversals of discounts on restructured loans under non-market conditions	2	3	5

Note 20: interest and similar expenses ⁽¹⁾

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
On transactions with banks	-76,328	-71,629	-155,584
On transactions with customers	-193,807	-75,590	-358,304
On bonds and other fixed income securities	-1,639,862	-1,605,895	-3,371,122
Related to subordinated debt	-39,325	-31,426	-66,164
Other interest and similar expenses	-197,646	-243,246	-481,686
Total	-2,146,968	-2,027,786	-4,432,860
⁽¹⁾ of which expenses from the subsidised sector	31,174	-48,054	77,704

Note 21: net commissions and fees

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Income	35,948	18,910	44,779
On transactions with banks			
On transactions with customers	35,649	18,738	44,494
Transfer of loan issuance expenses/costs	0		
On securities transactions			
Other commissions and fees	299	172	285
Expenses	-2,393	-2,215	-4,293
On transactions with banks	-65	-303	-608
On transactions with customers			
On securities transactions	-2,174	-1,739	-3,386
On payment method transactions			
Other commissions and fees	-154	-173	-299
Net balance	33,555	16,695	40,486

Note 22: gains and losses on trading portfolio transactions

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Foreign exchange and arbitrage transactions	-811	2,683	1,338
Gains on foreign exchange and arbitrage transactions		2,683	1,338
Losses on foreign exchange and arbitrage transactions	-811		
Forward financial instrument transactions			
Income from Forward Financial Instruments			
Expenses on Forward Financial Instruments			
Reversals in provisions for unrealised losses on interest-rate instruments			
Additions to provisions for unrealised losses on interest-rate instruments			
Net balance	-811	2,683	1,338

Note 23: gains and losses on available for sale investment portfolio transactions

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Gains on disposal			
Losses on disposal			
Reversals of provisions for loss of value	731	64	89
Additions to provisions for loss of value ⁽¹⁾	-157	-5,528	-7,172
Net balance	574	-5,464	-7,083

⁽¹⁾ At June 30, 2011, the stock of bonds depreciation was amounted €13,368K including €13,277K for AYT CEDULAS 4% bonds.

Note 24: other income from banking operations

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Reversals of provisions relating to banking transactions			
Surplus of reversals over increases in provisions for amortisation of loans			
Provision for claims and litigation on banking transactions			111
Other income from banking operations			
Transfer of operating expenses			
Other sundry income from banking operations ⁽¹⁾	2,352	2,106	2,141
Total	2,352	2,106	2,252
⁽¹⁾ of which dividends on PAS commissions received by FGAS	2,127	2,064	2,064

Following the amendments brought to the FGAS guarantee system, Compagnie de Financement Foncier received in June 2011, from FGAS, dividends on PAS flat commissions for the periods 1993 to 2005.

Note 25: other expenses on banking operations

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Additions to provisions relating to banking operations			
Provision for claims and litigation on banking transactions			-1,203
Other expenses on banking operations			
Commissions on PAS and PTZ loans paid to FGAS			
Amortisation of loan issuance expenses		-5,845	-149
Amortisation of flat-rate commissions on PAS loans			
Amortisation of the correcting account on PC and PAS loans	-112	-219	-385
Other miscellaneous expenses from banking operations	-765	-285	-422
Total	-877	-6,349	-2,159

Note 26: general operating expenses

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Personnel expenses	-101	-176	-267
Taxes and duties	-7,612	-3,874	-10,427
External services	-1,966	-2,785	-5,206
Expenses invoiced by Crédit Foncier de France	-45,301	-38,785	-81,165
Total	-54,980	-45,620	-97,065

Note: The total amount of compensation received by members of management entities during the first half-year 2011 amounted €60K.

Note 27a: cost of risk

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Write-downs, provisions and losses on doubtful loans	-2,919	-2,432	-5,083
Additions to write-downs and provisions (see note 27b)	-6,326	-5,210	-8,207
Reversals of write-downs and unused provisions	4,451	3,491	5,012
Losses not covered by write-downs and provisions	-1,044	-713	-1,888
Losses provisioned for unrecoverable loans	0	0	0
Losses covered by write-downs and provisions	-43	-118	-246
Reversals of write-downs and provisions used	43	118	246
Recoveries on amortized loans ⁽¹⁾	786	558	1,767
Net balance	-2,133	-1,874	-3,316

⁽¹⁾ of which recoveries for correcting account.

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Note 27b: additions to write-downs and provisions for doubtful loans

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Write-downs on doubtful loans	-5,603	-3,995	-5,825
Write-downs on loans to customers	-5,603	-3,995	-5,825
Provisions cost of risk	-723	-1,215	-2,382
Provision for losses and charges on commitments			
Provision for counterparty risks ⁽¹⁾	-723	-1,215	-2,382
Total	-6,326	-5,210	-8,207

⁽¹⁾ In 2010, provision of €1,049K was made for client collective provision and €1,333K for Neiertz provision.

In 2011, provision of €434K was made for client dynamic provision and €289K for sector provision.

Note 27c: reversals in write-downs on doubtful loans

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Write-downs on doubtful loans	3,103	3,609	5,176
Write-downs on loans to banks			
Write-downs on loans to customers	3,103	3,609	5,176
Provisions for liabilities and charges - cost of risk	1,391		83
Provision for losses and charges on commitments			
Provision for counterparty risks ⁽¹⁾	1,391		83
Total	4,494	3,609	5,259

⁽¹⁾ In 2010, reversal of €62K of the Neiertz provision and of €21K of the sector provision.

In 2011, reversal of €1,391K of the Neiertz provision.

Note 28: Income taxes

(in thousands of euros)

Composition of tax expenses	06/30/2011	06/30/2010	12/31/2010
Current taxes	-41,036	-29,658	-102,225
Deferred taxes	-5,994		28,614
Total	-47,030	-29,658	-73,611

(in thousands of euros)

Breakdown of deferred taxes of the year	06/30/2011	06/30/2010	12/31/2010
Non-deductible provisions	-146		1,597
Other temporal differences	-5,848		27,017
Total	-5,994		28,614

The option of recording the deferred taxes in the financial statements was exercised for the fiscal year ending on December 31, 2010. The figures relating to the first half-year 2010 as a comparison are not available. Please refer to Registration document with figures at December 31, 2010.

Note 29: transactions with related enterprises and other investments

(in thousands of euros)

06/30/2011	Related enterprises		Other investments	Total
	Group ⁽¹⁾	Non-Group		
Loans receivable from banks				
On demand	335,257			335,257
At maturity	2,496,968			2,496,968
Values received as long-term pension	13,309,605			13,309,605
Loans payable to banks				
On demand	1,320			1,320
At maturity	3,260,241			3,260,241
Securities subject to repurchase agreement	600,192			600,192
Commitments given				
Financing				
Guarantee				
Commitments received				
Financing	50,499			50,499
Guarantee	4,443,763			4,443,763
Others commitments received	13,435,233			13,435,233
On securities transactions				
Bonds and other fixed income securities	8,454,735			8,454,735
Debt securities				
Subordinated debt	3,472,469			3,472,469

⁽¹⁾ The definition of Group refers to the consolidated group to which Compagnie de Financement Foncier belongs. The Company is fully consolidated within the consolidated financial statements of Crédit Foncier de France, itself a part of the Groupe BPCE. As a result, the Group represents all of the fully and proportionally consolidated entities of the Groupe BPCE.

Note 30: schedule of foreign exchange positions

C.O.B. recommendation 89.01

(in thousands of euros)

Headings	\$ Australian	\$ Canadian	US \$	Hong Kong \$	£ Sterling	Swiss franc	Yen	Hungarian Forint	New Zealand \$	Norwegian Krone	Danish Krone	Total
Balance sheet												
Financial assets	21,882	102,839	3,958,429	167	130,886	1,867,585	2,205,606	11	31	6,189	7	8,293,632
Financial liabilities	763,326	530,754	6,647,622	33,686	1,070,233	5,937,705	966,159			269,431		16,218,916
Balance sheet differential (I)	-741,444	-427,915	-2,689,193	-33,519	-939,347	-4,070,120	1,239,447	11	31	-263,242	7	-7,925,284
Off-balance sheet												
Commitments received	741,565	448,713	5,539,478	33,519	1,150,837	4,762,358	148,981			327,447		13,152,898
Commitments given		20,787	2,849,858		211,499	691,896	1,388,387			64,205		5,226,632
Off-balance sheet differential (II)	741,565	427,926	2,689,620	33,519	939,338	4,070,462	-1,239,406			263,242		7,926,266
Overall differential (I)+(II)	121	11	427		-9	342	41	11	31		7	982

Financial assets are comprised of amounts due from banks and customers.

Financial liabilities are comprised of amounts due to banks, customer deposits, and debt securities.

Foreign Exchange Position: the table above only shows the amount of transactions carried out by Compagnie de Financement Foncier on its own behalf and thus excludes transactions carried out on behalf of the French State for the subsidised sector.

Note 31: schedule of positions: liquidity risk

C.O.B. Recommendation 89.01

(in thousands of euros)

As of June 30, 2011	Remaining term to maturity					
	< 3 months	3M < T < 6M	6M < T < 1Y	1Y < T < 5Y	> 5 years	Total ⁽²⁾
Balance sheet						
Financial assets ⁽¹⁾	16,245,155	2,916,422	1,974,174	16,620,630	61,879,086	99,635,467
Due from banks	12,363,141	1,341,719	18,511	568,038	3,892,776	18,184,185
Customer loans	1,198,342	817,060	1,020,977	8,033,062	26,729,170	37,798,611
Bonds and other fixed income securities	2,683,672	757,643	934,686	8,019,530	31,257,140	43,652,671
Subordinate term loans						
Financial liabilities	3,916,314	737,443	5,999,638	36,224,520	48,848,504	95,726,419
Due to banks	555,515	66,105	36,407	905,612	2,359,539	3,923,178
Customer deposits						
Debt securities :	3,360,799	671,338	5,963,231	35,318,908	43,038,965	88,353,241
Liquidity notes						
Inter-bank market securities						
Negotiable debt securities					150,000	150,000
Bonds	3,360,799	671,338	5,963,231	35,318,908	42,888,965	88,203,241
Other debt securities						
Subordinated term debt					3,450,000	3,450,000
Balance sheet differential (I)	12,328,841	2,178,979	-4,025,464	-19,603,890	13,030,582	3,909,048
Off-balance sheet						
Commitments given	16,569		2,889,177			2,905,746
Commitments received	5,094,533				50,499	5,145,032
Off-balance sheet differential (II)	5,077,964		-2,889,177		50,499	2,239,286
Total differential (I)+(II)	17,406,805	2,178,979	-6,914,641	-19,603,890	13,081,081	6,148,334
Conditional positions	16,007	15,245	127,295	266,430	2,378,186	2,803,163

⁽¹⁾ Among the financial assets of the Compagnie de Financement Foncier, we have identified €30.6bn of securities that conform to the refinancing criteria of the European Central Bank.

⁽²⁾ The difference with the amounts shown on the balance sheet is principally explained by unpaid loans, doubtful loans and related receivables.

Note 32: privileged/non-privileged liabilities

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Privileged debt	91,435,440	82,992,406	89,761,796
Due to banks	87,886	106,596	99,573
Debt securities	90,033,570	81,600,829	88,372,278
Amounts due under Forward Financial Instruments	1,310,403	1,270,295	1,284,576
Amounts due under the agreement covered by Article L515-22 of the French Monetary and Financial Code	3,581	14,686	5,369
Debt resulting from related expenses mentioned in the last paragraph of Article L515-19 of the French Monetary and Financial Code			
Non-privileged debt	12,311,620	16,583,313	14,065,029
Unsecured debt	6,384,133	10,773,051	8,307,872
Subordinated and similar debt of which:	4,104,022	4,159,206	4,115,909
<i>redeemable subordinated notes "RSNs"</i>	<i>2,100,118</i>	<i>2,100,074</i>	<i>2,100,177</i>
<i>participating loan</i>	<i>1,372,350</i>	<i>1,369,173</i>	<i>1,350,094</i>
Shareholders' equity and provisions	1,823,465	1,651,056	1,641,248
Total liabilities	103,747,060	99,575,719	103,826,825

Note 33: cash flow statement

1. Principles

The Cash Flow Statement analyses the changes in cash positions due to operating, investment, and financing activities between two financial years.

The Compagnie de Financement Foncier Cash Flow Statement is presented according to Recommendation 2004-R-03 of the French *Conseil national de la comptabilité*, concerning the format of company financial summary as part of the Finance and Banking Regulatory.

It is prepared using the indirect method: the net income for the year is restated for non-monetary items:

Additions to amortizations of tangible and intangible fixed assets, net additions to write-downs, provisions, other transactions without cash payments, such as expenses payable and Cash flow related to operating, investment, and financing activities is determined by the difference between items in the financial statements of the previous year and those of the current year.

Transactions concerning capital that do not generate cash flow or have no impact on income are neutral: payment of dividends in shares, increase in a provision by allocation on retained earnings.

The breakdown of Compagnie de Financement Foncier activities between operating, investment, and financing activities reflects its status as a *société de crédit foncier*.

Operating activities include:

- › the acquisition of eligible loans;
- › the acquisition of eligible securitization tranches;
- › the issue of *obligations foncières* and other unsubordinated long-term resources.

Financing activities include:

- › dividends paid in cash;
- › the issue and reimbursement of subordinated loans.

The cash position is defined using the standards of the French *Conseil national de la comptabilité*. It includes cash on hand and on-demand deposits at the Banque de France, in post office accounts and with banks.

2. Cash flow statement

(in thousands of euros)

	06/30/2011	06/30/2010	12/31/2010
Operating activities			
Net income for the year	89,287	64,092	143,211
Restatement of earnings, related to operating activities			
Additions to amortizations of tangible and intangible fixed assets			
Net additions to write-downs / customer and banks	2,632	-422	1,365
Net additions to write-downs / investment securities available for sale	-574	5,464	7,083
Net additions to provisions / loans	-1,069	1,203	2,687
Net gain on sale of fixed assets			
Other transactions without cash payments	1,265,685	-625,491	-1,211,430
Cash flow on loans to banks and customers	-984,688	-1,841,635	-6,883,147
Investment securities available for sale	-3,354,993	442,993	2,645,028
Investment securities held to maturity	2,757,624	-812,688	-1,072,677
Cash flow on other assets	164,797	74,918	-15,020
Cash flow on debts / banks and customers	-1,620,294	871,193	-1,101,147
Net borrowing	2,017,207	-20,543	6,210,704
Cash flow on other liabilities	-206,687	1,333,953	622,157
Net cash flow used for operating activities	128,927	-506,963	-651,186
Investment activities			
Cash flow related to the sale of:			
Financial assets			
Tangible and intangible fixed assets			
Disbursements for the acquisition of:			
Financial assets			
Tangible and intangible fixed assets			
Net cash flow from other investment activities			
Net cash flow used for investment activities			
Financing activities			
Cash flow from share issues			
Dividends paid			
Net issue of subordinated debt			
Other			
Net cash flow from financing activities			
Net change in cash position	128,927	-506,963	-651,186
Cash position at start of year	323,129	974,315	974,315
Cash position at end of year	452,056	467,352	323,129
Net	128,927	-506,963	-651,186
Cash	9,482	14,641	5,413
Due to banks at maturity	442,574	452,711	317,716
Total	452,056	467,352	323,129

Statutory auditors' review report on the 2011 interim financial information

KPMG Audit

1, cours Valmy - 92923 Paris La Défense Cedex

PricewaterhouseCoopers Audit

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

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

To the Shareholders

In compliance with the assignment entrusted to us by the Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- › the review of the accompanying condensed interim financial statements of Compagnie de Financement Foncier, for the six months ended June 30th 2011;
- › the verification of the information contained in the interim management report.

These condensed interim financial statements are the responsibility of the Board of Directors and have been prepared against the backdrop of the public finance crisis in certain eurozone countries, in particular Greece, the impact of which is described in note I-7 of the appendix. Our role is to express a conclusion on these financial statements based on our review.

› Conclusion on the financial statements

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

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

Without qualifying our opinion, we draw your attention to the matter set out in Notes II-2 to the financial statements regarding changes in accounting methods concerning:

- › the application of CRC Regulation No. 2009-03 concerning the accounting treatment of commissions and expenses in relation to the granting or acquisition of a loan;
- › the recognition of deferred taxes in individual accounts in order to provides more accurate financial informations.

› Specific verification

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

Paris La Défense and Neuilly-sur-Seine, August 30th 2011

The statutory auditors
French original signed by

KPMG Audit

Division of KPMG S.A.
Jean-François Dandé

PricewaterhouseCoopers Audit

Jean-Baptiste Deschryver

STATEMENT FROM THE PERSON WHO ASSUMES RESPONSIBILITY

I certify, after having taken all reasonable measures to this purpose, that the information provided in the present updating is provided, to my knowledge, true to fact and that no information has been omitted that would change the interpretation of the information provided.

I certify, to my knowledge, that the condensed financial statements for the previous half-year have been established in compliance with the applicable accounting standards and accurately represent the Company's assets, financial situation and its earnings and that the enclosed half-year activity management report (pages 3 to 7) is an accurate representation of the important events that occurred in the first six months of the financial year, of their impact on the financial statements as well as a description of the primary risks and uncertainties in the remaining six months of the year.

I have received a letter from the statutory auditors indicating that they have completed their work which consisted of verifying the information on the financial position and the financial statements provided in this update of the Registration Document as well as a review of the entire document.

The Condensed Interim Financial Statements as of June 30, 2011 included in this update of the Registration Document were examined by the statutory auditors and reviewed in a report page 59 which indicates an observation with regard to the changes in accounting methods occurred during the second half-year of 2010 and described in the note II-2 in the Notes to the financial statements.

Signed in Charenton-le-Pont, on August 30, 2011

**Deputy Chief Executive Officer
of Compagnie de Financement Foncier
Sandrine GUÉRIN**



Risk management report



64	Foreword
64	General organization and risk management procedures
66	Internal capital adequacy and capital requirements
69	Credit and counterparty risk management
86	Risk mitigation techniques
87	G7 reporting
89	Market risks and asset & liability management risks
91	Operational risks
91	Other risks

1. Foreword

Due to the specific characteristics of its activities and the specific regulations to which it is subject, Compagnie de Financement Foncier is primarily exposed to credit and counterparty risks (see Section 4) as well as financial risks (ALM in section 7).

Other types of risks are nevertheless reviewed below:

- > operational risks: Section 8;
- > settlement risks: Section 4;
- > non-compliance risks: Section 9;
- > other risks (insurance, IT, legal, etc.): Section 9.

2. General organization and risk management procedures

2.1. Implementation of prudential regulations governing sociétés de crédit foncier

As a credit institution authorized to operate as a financial company - *société de crédit foncier*, Compagnie de Financement Foncier performs specialized operations relating to its exclusive purpose: granting or acquiring assets secured by a first-rank mortgage or assets from public authorities or those that are fully secured by them.

In addition to the security provided by the legal framework, Compagnie de Financement Foncier observes stringent management rules to optimize the quality of the assets on its balance sheet, improve its risk profile and benefit from the AAA/Aaa/AAA rating for its privileged liabilities.

For more detailed information, please refer to the 2010 Registration document (Volume 3, page 3).

2.2. Organization of the Risk, Compliance and Coordination of Permanent Controls Departments

Compagnie de Financement Foncier is fully integrated within the Risk, Compliance and Coordination of Permanent Controls Departments of Crédit Foncier, which is itself operationally linked to the general risk procedures of Groupe BPCE, serving as the central institution and guarantor.

For more detailed information, please refer to the 2010 Registration document (Volume 3, pages 6 to 8).

2.3. Information system and data quality

In accordance with regulatory requirements, the Risk Department oversees the accounting consistency of data supplying the risk management application. This control applies in particular to Compagnie de Financement Foncier's exposures.

The operational methods for monitoring this consistency have been improved since 2010 (better data quality, granularity of reconciliations, etc.) through the Basel II compliance and Decision-Making IS projects, which were continued in the first half of 2011.

2.4. Risk selection, assessment and supervision procedure

2.4.1. Crédit Foncier's debt selection system

For all details concerning the asset selection procedure and ratings system, please refer to the 2010 Registration document (Volume 3, pages 12-13).

2.4.2. Eligibility criteria for sociétés de crédit foncier and the acquisition filter

Compagnie de Financement Foncier applies a very cautious acquisition procedure, rounding out a process already designed to secure high-quality assets.

2.4.2.1. Private individuals

Compagnie de Financement Foncier may acquire loans:

- › whose purpose is homeownership and, to a lesser extent, rental housing; it does not allow the financing of commercial property;
- › that are backed by a prime mortgage or equivalent security.

After origination by CFF based on the Risk Policy and loan origination rules in force, Compagnie de Financement Foncier acquires loans through a process aimed at selecting loans with a default risk below a given threshold, following an observation period (where applicable).

Depending on the age of the loan, the acquisition filter combines the origination rating (which qualifies default over a three to five-year horizon) with the loan rating (which qualifies a loan's one-year risk), regardless of age.

For more detailed information, please refer to the 2010 Registration document (Volume 3, pages 14 to 15).

2.4.2.2. French Public Sector

Compagnie de Financement Foncier's acquisition criteria for loans to French Local Authorities are based on Groupe BPCE's internal ratings (Ecolocale).

This rating system factors in the borrower's intrinsic characteristics (budget, debt level, creditworthiness, etc.).

The lowest-rated borrowers (rated 8 or 9) are systematically excluded from the selection.

2.4.2.3. International Public Financing

As regards the International Public Financing (IPF) sector, Compagnie de Financement Foncier is exposed to counterparties which meet the regulatory eligibility requirements defined by the French Monetary and Financial Code. It has also implemented strict additional debt selection criteria. New IPF lending is mainly focused on high-rated counterparties, the vast majority of which fall into Step 1 (> AA-).

2.4.3. Assignment of credit limits

Compagnie de Financement Foncier's credit limit system uses the same levels as that of Groupe BPCE, as adapted to CFF, notably with regard to country limits and individual limits.

Efforts to harmonize individual limits in the IPF sector are continuing, in conjunction with Groupe BPCE, and are targeted for completion by the end of 2011.

For more detailed information, please refer to the 2010 Registration document (Volume 3, page 16).

2.4.4. Management of overruns and alert procedures

See 2010 Registration document (Volume 3, pages 16 to 17).

2.4.5. Risk supervision

See 2010 Registration document (Volume 3, pages 17 to 18).

Special procedure for the French Public Sector

In conjunction with Groupe BPCE, which signed the GISSLER Charter, the Crédit Foncier group established close monitoring of sales of structured products to the Public Sector, in order to anticipate market changes in these transactions with the clientele from September 2008. This procedure was further enhanced in the first half of 2011 with the initiation of bi-monthly monitoring, overseen by the Executive Board of Crédit Foncier, in addition to closer coordination with the various Groupe entities which historically contributed to the CFF/SCF's assets.

2.4.6. Risk Management

See 2010 Registration document (Volume 3, page 18).

3. Internal capital adequacy and capital requirements

3.1. Management of capital and regulatory ratios

Compagnie de Financement Foncier's capital management is directly supervised by its Executive Board. Its oversight aims to ensure constant compliance with regulatory ratios, optimize the allocation of capital and secure its overcollateralization ratio. It therefore contributes directly to the AAA/Aaa/AAA rating of its issues.

Since the June 2011 closing date, for informational purpose, Compagnie de Financement Foncier has conducted COREP reporting on an individual basis, even though it is not subject to Basel II capital requirements, and transmitted it to the ACP.

Compagnie de Financement Foncier had already anticipated this development and has performed a calculation of the capital adequacy ratio since 2009.

Breakdown of capital

Prudential capital is determined in accordance with CRBF Regulation No. 90-02 as amended and consists of three broad categories:

- > core capital (Tier 1): core capital is calculated from consolidated equity;
- > supplementary capital (Tier 2): supplementary capital consists of redeemable subordinated debt that meets the requirements set forth in Article 4d of the above-mentioned Regulation;
- > deductions: since Compagnie de Financement Foncier is not legally allowed to hold equity interests, it is not subject to any capital deductions.

(in millions of euros)

	06/30/2011
Capital	4,085
Core capital	2,723
	-
Supplementary capital	1,362
	-
Deductions from equity capital	-

Compagnie de Financement Foncier's equity capital totaled €4.1 billion at June 30, 2011, of which €2.7 billion in core capital. These ones include, in principle, the participating capital loan (examination of the convention concerned in progress, by the French Prudential Control of Authority) with the limit of 50% of the core capital.

Capital requirements

Capital requirements are determined in accordance with the Basel II standardized method. Mortgage notes and French local authorities outstanding L.211-38 are determined transparently, by calculating underlying loan requirements.

Loans to Groupe BPCE affiliates are given a weighting of 0%.

	06/30/2011
Standardized credit risk approach	1,492
Exposure categories	
Central public administrations and central banks	6
Establishments	348
Companies	60
Retail customers	669
Shares	-
Other non credit-obligation assets	13
<i>of which present value of residual value of leasing risk</i>	-
Securitization positions under standardized approach	395

Capital adequacy ratios

Compagnie de Financement Foncier's capital adequacy ratio at June 30, 2011 was established according to the standardized method, with the following calculation options.

	12/31/2010 (estimation of the informational ratio)	06/30/2011 (estimation of the informational ratio)
Tier 1 + Tier 2	19.8%	21.3%
Tier 1	13.2%	14.2%

The increase in the solvency ratio from December 31, 2010 to June 30, 2011 is explained by an increase of capital (€+200mn) and by an decrease of the outstanding of assets exposed to credit risk (€-1,5bn).

The application of new rules is currently in validation by the French Prudential Control of Authority.

The former ratio calculated as of December 31, 2010, on the basis of different rules (mortgage notes and intra-group weighting 20% and participating loan falling in supplementary capital) led to a Tier 1 ratio of 8% and a solvency ratio of 11.7%.

3.2. Management of specific ratios

In addition to their obligations as credit institutions, *sociétés de crédit foncier* are required to comply with the special ratios and limits described in Articles L. 515-13 *et seq.* of the French Monetary and Financial Code.

Compagnie de Financement Foncier's Special Controller verifies the calculation of these ratios and certifies them each half-year.

Credit Foncier's Risk Department conducts a Level 2 control of the various special indicators on a half-yearly basis.

Changes in assets

Following the resumption of issues on the markets, Compagnie de Financement Foncier no longer mobilizes transactions with the ECB for the purposes of the 3G pool. This resulted in an increase of €2 billion in eligible assets compared to December 31, 2010.

Overcollateralization ratio

The overcollateralization ratio is the ratio of total risk-weighted assets to total privileged resources. It must be above 102%.

Compagnie de Financement Foncier's overcollateralization ratio, by complying to the new rules updated in March 2011, decreased slightly to 109.3% at June 30, 2011 (being validated by the statutory auditor), *versus* 110.8% at December 31, 2010. This ratio has always been above 108% since Compagnie de Financement Foncier was created in 1999, and has therefore always exceeded the regulatory threshold.

Asset composition ratio

Asset composition	Limit	12/31/2010	06/30/2011
Replacement securities (R. 515-7)	15.0%	11.8%	14.4%
Promissory notes (L. 515-16-1)	10.0%	6.7%	8.1%
Guaranteed loans (R. 515-6)	35.0%	1.6%	1.8%
RMBS	10.0%	na	10.0%
Mixed securitizations	10.0%	na	0.3%

The replacement securities ratio is determined by dividing replacement values by the nominal value of special liabilities. These replacement securities are defined by law (pursuant to Article L. 515-17 of the French Monetary and Financial Code) as being "sufficiently secure and liquid" securities and make up Compagnie de Financement Foncier's cash position.

Compagnie de Financement Foncier's strict management rules have always enabled it to comply with this ratio's regulatory limit of 15%. This ratio rose from 11.8% on December 31, 2010 to 14.4% on June 30, 2011.

Other assets including promissory notes and guaranteed loans are also limited by regulations.

At June 30, 2011, the ratio of guaranteed loans was under 2%, *i.e.* well below the legal threshold (35% of assets). The ratio of mortgage notes rose to 8.1%.

LTV overrun ratio

By calculating the amounts eligible for refinancing by privileged resources and comparing them to asset valuations at the period closing date, overruns in respect of non-privileged resources can be determined and calculated.

In accordance with the ACP order, the calculation of overruns on loans is based on Compagnie de Financement Foncier's mortgages and guaranteed loans (excluding loans from the original transfer in 1999) that are guaranteed / sold and/or mobilized and on loans underlying FCTs.

LTV overruns are discounted based on the value of the receivables at the balance sheet date and on the value of the pledged assets revised at the end of each year.

At June 30, 2011, the overruns on loans acquired and mobilized came to €173.4 million (comprised of €165.7 million for loans assigned and €7.8 million for loans mobilized) in addition to €18.2 million in overruns on units and securities issued by securitization funds. LTV overruns totaled €191.6 million at June 30, 2011 *versus* €277.5 million at December 31, 2010.

The total amount of overruns was significantly below the threshold of non-privileged resources, *i.e.* €12,312 million at the same date.

An LTV stress test, including an assumption of an immediate 10% decrease in the value of all properties pledged as collateral, applied to loans acquired and mobilized (€31,117 million at June 30, 2011) resulted in an LTV overrun of €1,431 million. This overrun comes to €2,255 million given the assumption of a 15% decline in collateral value. These levels remain significantly below the threshold for privileged resources (€12,312 million at June 30, 2011). These tests confirmed the excellent quality and robustness of Compagnie de Financement Foncier's portfolio of mortgage assets.

4. Credit and counterparty risk management

4.1. Significant events for credit risk

The challenging economic environment, combined with a crisis affecting certain States, called for heightened vigilance on Compagnie de Financement Foncier's exposure to private individuals and Sovereign States.

As regards exposure to private individuals, the economic situation remained harsh and the loss ratio increased in France. However, Compagnie de Financement Foncier's loan origination and acquisition process largely offset the impacts of this environment.

Another highlight of half-year 2011 concerned the European sovereign debt crisis, which affected the sovereign debt held in the portfolio. Regarding Greek securities without external backing, they were sold to CFF due to the credit risk they represented.

Finally, in light of the sovereign crisis and re-assessments of rating agency methods, certain securitization lines saw their ratings decline, leading in turn, for three of them, to further sales of Compagnie de Financement Foncier holdings to CFF. At this stage, these developments do not allow to anticipate any losses on the exposures (see stress tests).

4.2. Breakdown of Compagnie de Financement Foncier's commitments at June 30, 2011

Compagnie de Financement Foncier performs specialized operations relating to its exclusive purpose: granting or acquiring assets secured by a first-rank mortgage or assets from public authorities or those that are fully secured by them. Prior to the RMBS freeze, Compagnie de Financement Foncier also purchased securitization transactions carried out by third parties, mainly European financial institutions, transferring loan portfolios through RMBS deals.

4.2.1. Exposure to credit risk

The following tables break down gross customer loans, excluding off-balance sheet commitments and financial guarantees given (*i.e.* total assets of €103.7 billion at end-June 2011) and the rate of doubtful loans observed (0.5%).

Hedging against Compagnie de Financement Foncier's risks - Summary at end-June 2011

(in millions of euros)

Risk exposures ^(*)	12/31/2010			06/30/2011		
	Balance Sheet	% doubtful	% doubtful excl. sub-sidised	Balance Sheet	% doubtful	% doubtful excl. sub-sidised
Individuals	43,995	1.1%	1.0%	43,388	1.2%	1.1%
French mortgage receivables ^(**)	22,890	2.1%	1.9%	23,526	2.2%	2.1%
French mortgage notes (nominal)	6,976	n/a	n/a	8,392		
Total mortgages	29,866	1.6%	1.4%	31,919	1.6%	1.5%
Securitised mortgage loans (internal securitizations)	1,124	n/a	n/a			
Residential mortgage backed securities (RMBS) in Europe	13,006	n/a	n/a	11,469		
Total securitised mortgages	14,130	n/a	n/a	11,469		
Public Sector borrowers	40,709			38,747	0.2%	0.2%
Social housing	3,100	0.2	0.2%	2,974	0.2%	0.2%
French Legal Authorities	11,497	0.1	0.1%	10,361		
FLA (L.211-38)	2,957			2,807		
French sovereign debt	962			1,384		
Public Sector, France	18,516	0.1%	0.1%	17,526		
Public-private partnerships (PPPs)	441	n/a	n/a	548		
International Public Financing	10,332	n/a	n/a	10,042		
International Sovereign	3,825	n/a	n/a	3,116		
Securitizations backed by mortgage loans benefiting from State safeguards	7,595	n/a	n/a	7,514		
International Public Sector borrowers	21,752	n/a	n/a	20,673		
Private sector corporate mortgage loans residual run-off (arising from legal transfer October-1999)	163	6.2%	6.7%	152	6.4%	6.9%
Exposures to the banking sector	15,831			18,582		
Of which Banque de France and <i>Caisse des Dépôts et Consignations</i> (CDC)	626			1,287		
Of which other banks guaranteed by sovereign or semi-sovereign institutions	2,472			3,044		
Of which other banks	3,417			3,748		
Of which BCTG (Crédit Foncier exposures secured by pledged assets)	9,316			10,502		
Total risk exposure	100,698	0.5%	0.4%	100,868	0.5%	0.5%
Miscellaneous adjustments and other assets ^(***)	3,129			2,879		
Total	103,827	0.5%	0.4%	103,747	0.5%	0.5%

^(*) Balance sheet commitments (excluding off-balance sheet commitments and financial guarantees given) representing overall exposure to credit risk, gross figures (performing and doubtful) according to French accounting standards based on management data.

^(**) This line includes limited outstanding Dutch loans (€81 million at December 31, 2010 and €79 million at June 30, 2011).

^(***) "Miscellaneous adjustments and other assets" consists mainly of accrued interest on Forward Financial Instruments and adjustment accounts. The subsidised sector, in run-off, consists of transferred loans at the inception of Compagnie de Financement Foncier, which benefit from the French State guarantee.

In the first half of 2011, total outstandings (including bank loans) were stable (-0.08%), in reality pointing to a decline in credit commitments, particularly international commitments:

- › a slight decrease in outstanding loans to private individuals (-1.38%). The increase in directly held loans (+6.9%) did not fully offset the decline in exposure to RMBS (-18.8%) (see section 4.2.3.1);
- › a more pronounced decline in the Public Sector (-4.8%), reflecting a drop in the domestic and international portfolio (see sections 4.2.3.2 and 4.2.3.3);
- › an increase in exposure to banking sector (+17.4%), linked to Compagnie de Financement Foncier's cash management activity, these financings being predominantly secured by financial guarantees.

Compagnie de Financement Foncier continued to amortize the private corporate mortgage portfolio (run-off), which accounted for a marginal percentage of total outstandings (0.2%) at end-June 2011.

The persistently difficult conditions that prevailed did not jeopardize Compagnie de Financement Foncier's historically low risk profile or the overall quality of its loan portfolio. FLA and IPF outstandings remained low-risk, posting extremely low loss ratios. The loss ratios generated by the portfolio of mortgage loans to private individuals increased slightly in the first half, mainly in the non-subsidized sector.

4.2.2. Breakdown of exposure to credit risk

4.2.2.1. Exposure by Basel category

The data below show only balance sheet commitments. The breakdown of exposures by Basel counterparty type concerns counterparties excluding guarantees received and other risk mitigation factors.

The relative percentage of Basel categories has been stable overall since the end of 2010, with nearly one-third of exposures focused on private individuals (excluding securitization).

Breakdown of Compagnie de Financement Foncier exposures by Basel classification

(in millions of euros)

Basel classification	12/31/2010		06/30/2011	
	Total amount	% total	Total amount	% total
Local associations ^(*)	5	n/a	4	n/a
Private Individuals	29,865	29%	31,919	31%
Professionals (craftsman, retailers and self-employed professionals, etc.) ^(*)	17	n/a	6	n/a
Retail subtotal	29,887	29%	31,929	31%
SMES ^(*)	19	n/a	28	n/a
Social economy	452	n/a	430	n/a
Low-income housing institutions	1,976	2%	1,904	2%
Government-owned corporations	671	1%	640	1%
French Local Authorities	14,453	14%	13,168	13%
Private real estate professionals ^(*)	93	n/a	88	n/a
Public-private partnerships (PPPs)	441	n/a	548	1%
Regional development bank subtotal	18,106	17%	16,806	16%
Large corporations				
Banks ^(**)	15,831	15%	18,582	18%
Sovereign States	4,788	5%	4,501	4%
Securitizations (external)	20,600	20%	18,983	18%
Specialized financing ^(*)	29	n/a	26	n/a
International public financing (IPF)	10,333	10%	10,042	10%
Major counterparties subtotal	51,581	50%	52,134	50%
Securitized French mortgage (originated by Crédit Foncier)	1,124	1%		
Adjustments and other assets	3,127	3%	2,879	3%
Total	103,827	100.0%	103,747	100.0%

^(*) Run-off.

^(**) Of which Sovereign, Banque de France and CDC guarantees.

4.2.2.2. Geographic breakdown of significant exposures

At June 30, 2011, the portfolio remained predominantly exposed to the European Union (89.7%), with increased exposure to France (65% versus 63% at December 31, 2010) due to the freeze affecting certain countries.

It should be noted that commitments in the United States consisted solely of securities issued by States or highly rated Local Authorities, or units of securitized loans backed by the Federal government, and did not include any direct or indirect exposure to real estate risks. Commitments in Japan solely concerned public agencies, prefectures or cities.

Breakdown of exposures by geographic area (*)

	12/31/2010		06/30/2011	
	Balance sheet (€ millions)	As a %	Balance sheet (€ millions)	As a %
France	65,570	63.2%	67,618	65.2%
Other countries within European Economic Area	27,147	26.1%	25,464	24.5%
Other European countries	1,688	1.6%	1,673	1.6%
North America (United States and Canada)	7,471	7.2%	7,173	6.9%
Africa/Middle East				
Central and Latin America (including Mexico)				
Asia excluding Japan				
Japan	1,951	1.9%	1,820	1.8%
Oceania				
Others				
Total	103,827	100.0%	103,747	100.0%

(*) Accounting management data: "balance sheet" commitments portion (excluding off-balance sheet commitments and financial guarantees given) of the overall exposure to credit risk, based on gross customer loans (performing and doubtful) according to French accounting standards.

4.2.2.3. Breakdown of exposures by product family

Compagnie de Financement Foncier is not legally allowed to hold equity interests or trading portfolios. Its balance sheet commitments by product family (loans, securities and financial transactions) at June 30, 2011 showed a *de facto* concentration in loans (67% including short term credit facilities) and debt securities (18% for securitizations and 15% for bonds).

Product families (*) - Breakdown as a %	12/31/2010	06/30/2011
Shares/Funds		
Other balance sheet products		
Short-term credit facilities (**)	2%	3%
Loans	63%	64%
Bonds ("Banking" (***))	15%	15%
Bonds ("Trading" (***))		
Securitization (internal and external)	20%	18%
Balance sheet total	100%	100%
Balance sheet assets (€M)(*)	103,827	103,747

(*) Accounting management data: "balance sheet" commitments portion (excluding off-balance sheet commitments and financial guarantees given) of the overall exposure to credit risk, based on gross customer loans (performing and doubtful) according to French accounting standards.

(**) "Short term credit facilities" mainly include adjustments accounts and Forward Financial Instruments.

(***) The bonds it holds are held for lending purposes with a view to being held until maturity.

(****) Compagnie de Financement Foncier is legally unable to hold securities for trading purposes.

4.2.2.4. Breakdown of exposures to securitization transactions

Securitized assets held on Compagnie de Financement Foncier's balance sheet are particularly secure due to the structuring of the transactions and the seniority of the lines held. Extreme risk simulations confirmed these lines to be very little-exposed to underlying market trends.

Compagnie de Financement Foncier targets underlying assets with a particularly limited risk profile:

- › publicly rated *senior* securities (AAA on acquisition);
- › mortgage, residential or mixed loans with a minority of non-mortgage assets;
- › Public Sector debt backed by a Sovereign State (FFELP student loans in the United States, NHG debt in the Netherlands) or local authority debt (healthcare securitizations in Italy).

The change in exposures in the securitization portfolio fell by 7.8% compared to December 31, 2010 due to the decision to halt new lending of RMBS in 2011, sales of loans carried out in the first half and the natural amortization of the portfolio. At June 30, 2011, exposures totaled €18,983 million. Furthermore, it should be noted that Compagnie de Financement Foncier no longer holds any internal securitizations at June 30, 2011.

Compagnie de Financement Foncier sold three RMBS (one Greek RMBS (€8 million) and two Spanish RMBS (€1,070 million)) to CFF on June 28, 2011, as all three vehicles had been significantly downgraded. This process complies with the agreement between CFF and Compagnie de Financement Foncier, which stipulates that CFF is obligated to buy certain RMBS if their ratings are downgraded.

The securitization portfolio remains primarily exposed to European countries (Dutch, Italian and Spanish RMBS) and the United States (FFELP student loans only, backed by the Federal government).

External securitization positions - Breakdown by country and asset class

(in millions of euros)

06/30/2011		Securitization positions - Breakdown by country and asset class							
Category of FCTs	FCT type	Germany	Spain	USA	Italy	Netherlands	Portugal	UK	Total
Residential mortgage	MIX				237				237
	RMBS	297	5,206		3,060	1,469	999	201	11,232
Total Residential mortgage		297	5,206		3,297	1,469	999	201	11,469
Public Sector	Local authorities				442				442
	NHG RMBS					3,778			3,778
	Sovereign States				4				4
	FFELP Student loans			3,291					3,291
Total Public Sector				3,291	446	3,778			7,514
Total		297	5,206	3,291	3,743	5,247	999	201	18,983

Mixed RMBS: securitizations of residential mortgage loans (private individuals/professionals, more than 80% private individuals).

RMBS: securitizations of residential mortgage loans.

Sovereign States: securitizations of debt explicitly guaranteed by the Italian State.

Local authorities: securitizations of healthcare debt; the end risk is borne by the Italian regional authorities.

FFELP ABS student loans: *senior* tranches of securitizations of US student loans with a guarantee from the Federal government for at least 98% of the capital.

No arrears or losses were recorded on Compagnie de Financement Foncier's securitization portfolio in the first half of 2011.

Breakdown of securitization portfolio by weighting

Securities that are rated AAA or AA accounted for a high majority of the total securitization portfolio 83%. These categories are exclusively weighted 20% in accordance with the standard adopted by Crédit Foncier.

The percentage of securities that are rated AAA or AA was down of 89% compared with December 31, 2010 due to the ratings downgrades to certain securitization vehicles in the first half of 2011.

Breakdown by weighting - External securitization positions

(in millions of euros)

Basel II weighting using the standardized approach	Basel II rating	12/31/2010		06/30/2011	
		Outstandings	% of portfolio	Outstandings	% of portfolio
20%	AA- to AAA	18,282	89%	15,834	83%
50%	A- to A+	1,917	9%	2,752	15%
100%	BBB+	401	2%	397	2%
	Total	20,600	100%	18,983	100%

4.2.3. Quality of portfolio exposed to credit risk

4.2.3.1. Private individuals portfolio

Total outstanding loans to private individuals fell by 1.4% compared with December 31, 2010, linked to the sharp decline in outstanding securitizations (-7.8% versus end-2010) and continued prepayments.

4.2.3.1.1. Private individuals portfolio, excluding securitizations

Acquisition of loans to private individuals by Compagnie de Financement Foncier in the first half of 2011

Outstanding direct loans to private individuals rose by 6.9% in the first half of 2011.

Loss rates

In terms of French mortgage loans, the ratio of doubtful loans to outstanding loans (excluding the subsidized sector) increased slightly from 1.4% at December 31, 2010 to 1.5% at June 30, 2011.

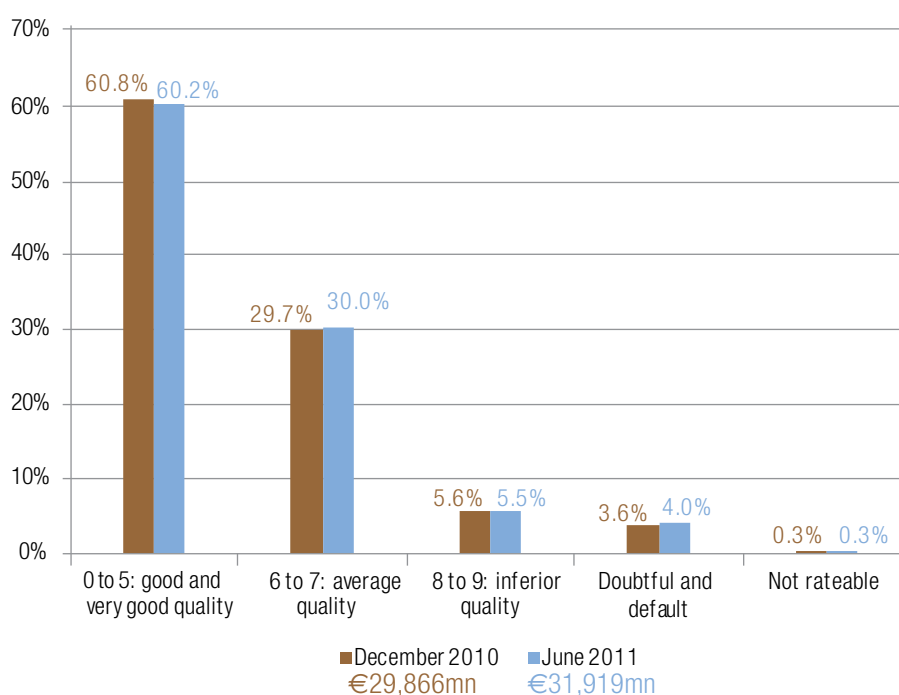
Given that Compagnie de Financement Foncier makes its acquisitions based on a rigorous selection process, its loss rate (loans in arrears for more than 6 months) is well below that of Crédit Foncier and even more under control. Furthermore, all of the assets selected are backed by guarantees (first-rank mortgages) as well as additional protections (over one-third of the mortgage loans to private individuals are guaranteed by the FGAS), thus limiting the risk of end losses.

Rating

The breakdown below confirms the quality of Compagnie de Financement Foncier's outstanding retail loans portfolio, which was stable overall in relation to December 2010.

Nearly 60% are good or very good quality loans (score between 0 and 5). The percentage of loans in default (*) rose slightly at June 30, 2011 (4.0% versus 3.6% at December 31, 2010).

Internal rating of outstanding mortgage loans to individuals



4.2.3.1.2. Residential mortgage backed securities

Compagnie de Financement Foncier's RMBS portfolio comprises the *senior* portions of securitized residential mortgage loans granted to private individuals. These loans are securitized mortgage loans, located in Europe (excluding France), and the portfolios show high granularity.

(*) Here, loans in default include non-doubtful defaults. Loans in default and doubtful loans will converge by the end of 2011, as the Company completes the ongoing harmonization of standards with the Group.

Change in RMBS exposure

Exposures to RMBS dropped by 11.8% in the first half of 2011, due to the freeze on new lending imposed for the 2011 fiscal year, in accordance with Groupe BPCE policy and the sale of three RMBS to CFF.

Breakdown of RMBS by internal rating

At June 30, 2011, the RMBS portfolio accounted for outstandings of €11,469 million. The Basel II rating method for securitizations uses the lower of the two best ratings assigned by the three independent rating agencies (S&P, Moody's and Fitch Ratings). 56.4% of Compagnie de Financement Foncier's RMBS maintained a Basel II AAA rating at June 30, 2011, down from 72.3% at the end of 2010, due to the impact of external rating changes to the Basel II ratings of certain RMBS. At June 30, 2011, 23.9% of this sub-portfolio's RMBS were rated AA (from AA+ to AA-) and 19.7% were rated A (from A+ to A-). It should nevertheless be noted that 71% of the RMBS still had a AAA rating from at least one of the three ratings agencies.

The category A+ positions were in seven Portuguese RMBS, two Spanish RMBS and one German RMBS. Categories A and A- each had one Spanish RMBS.

The first half of 2011 saw a large number of ratings downgrades affecting Compagnie de Financement Foncier's securitization portfolio. In addition to weaker performances in underlying debts for certain transactions, the ratings downgrades can be attributed to changes in rating assessment methodologies applied by the ratings agencies, which for example re-evaluated their incorporation of counterparty risk and operational risks.

The main transactions which lost their AAA rating in the first half of 2011 were Spanish mortgage securitizations (linked to the deterioration of the economy), as well as the Portuguese (downgraded sovereign rating impacting domestic RMBS ratings) and Italian counterparts (primarily resulting from the re-evaluation of the incorporation of counterparty risks).

Breakdown of RMBS by rating

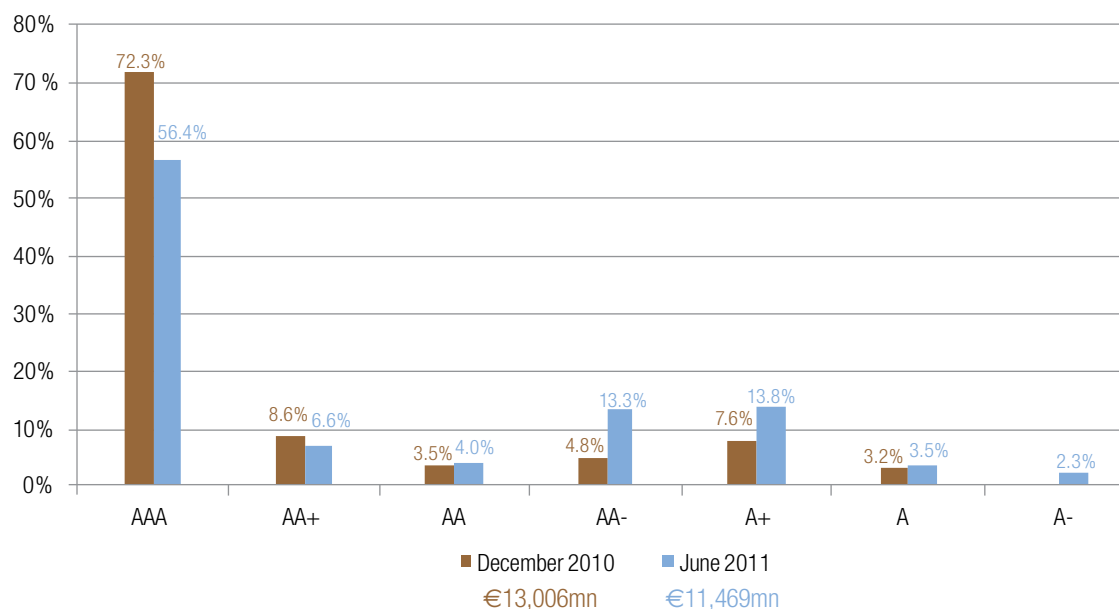
(in millions of euros)

		At 06/30/2011	RMBS positions						
FCC category	FCC type	AAA	AA+	AA	AA-	A+	A	A-	Total
Residential mortgage	MIX	237							237
	RMBS	6,233	760	460	1,522	1,584	406	266	11,232
Total residential mortgage		6,470	760	460	1,522	1,584	406	266	11,469

MIX: securitizations of residential mortgage loans (private individuals/professionals, more than 80% private individuals).

RMBS: securitizations of residential mortgage loans.

Breakdown internal rating of exposure to securitised mortgage loans to individuals in Europe (excluding France)



Securitized mortgages have been the focus of enhanced monitoring by Crédit Foncier since mid-2008, primarily including regular stress tests, which have not pointed to any significant ultimate cash flow deficits at maturity (see below).

Stress test scenarios applied to RMBS portfolio

The RMBS portfolio proved highly resilient to stress test scenarios combining a severe deterioration in default rates, a sharp fall in real estate prices, and a drastic decrease in the prepayment rate. Only the most damaging scenarios are likely to generate ultimate cash flow deficits on some of Compagnie de Financement Foncier’s RMBS positions.

These stress test scenarios assume a combination of events of such magnitude that they appear highly unlikely: a rise in default rates on the different European markets ranging from 20% to 30% default over the life of the transactions, a further drop in domestic real estate prices (30% to 45% depending on the country, on top of the decline already observed), and a significant drop in prepayment rates (a 25% fall compared to the latest recorded rates, on top of the decline already observed).

These stress test scenarios are applied on the basis of the most recent official indices published in each country, which means that the applied stress comes on top of the fall in the real estate markets already recorded in some markets. In such a “catastrophic” scenario, an ultimate cash flow deficit may occur at the transactions’ maturity date, accounting for 0.03% of the outstanding principal of the stressed transactions (post-discount). Even in this catastrophic scenario, the overall return would remain above the EURIBOR rate and in excess of its financing costs. Resilience to stress tests improves over time with the amortization of *senior* tranches, and as the stress test scenarios fail to materialize. The defaults modeled in the stress test scenarios correspond to foreclosures, which is a conservative assumption as defaulting loans do not systematically result in foreclosures.

To date, no default has been recorded in Compagnie de Financement Foncier’s securitization portfolio.

In this environment, the ratings downgrades tend to reflect a change in methodology and the impact of the sovereign risk crisis rather than the economic risk often taken into account or actively incorporated by the originating establishment.

4.2.3.2. French Local Authorities (FLA)

Change in outstandings

Outstanding social housing loans dropped by 4.1% compared with December 31, 2010 and loans to French local authorities by 9.9%.

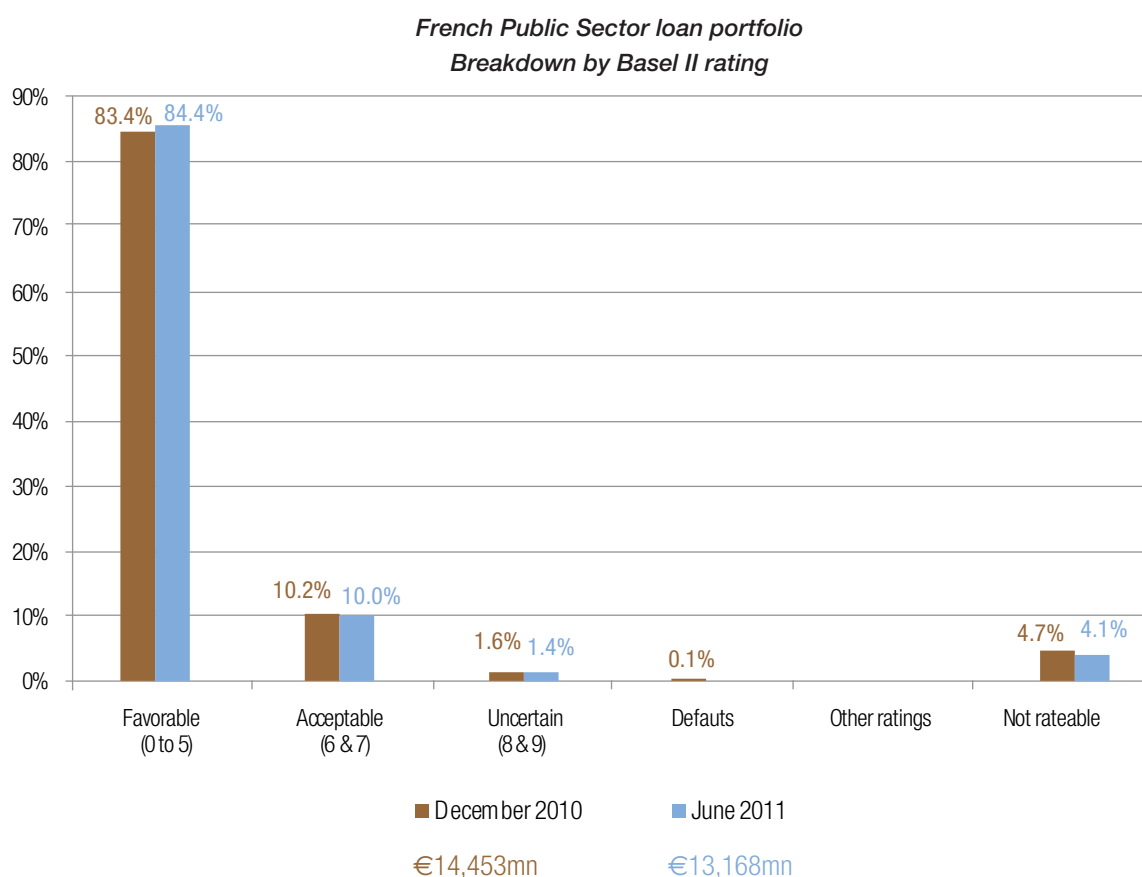
On the whole, outstanding loans to the French Public Sector decreased by 5.3% in the first half of 2011.

Loss rates

The Public Sector portfolio consist of old loans and posted a very small rate of doubtful loans, thus confirming the solidity of the portfolio.

Rating

FLA portfolio

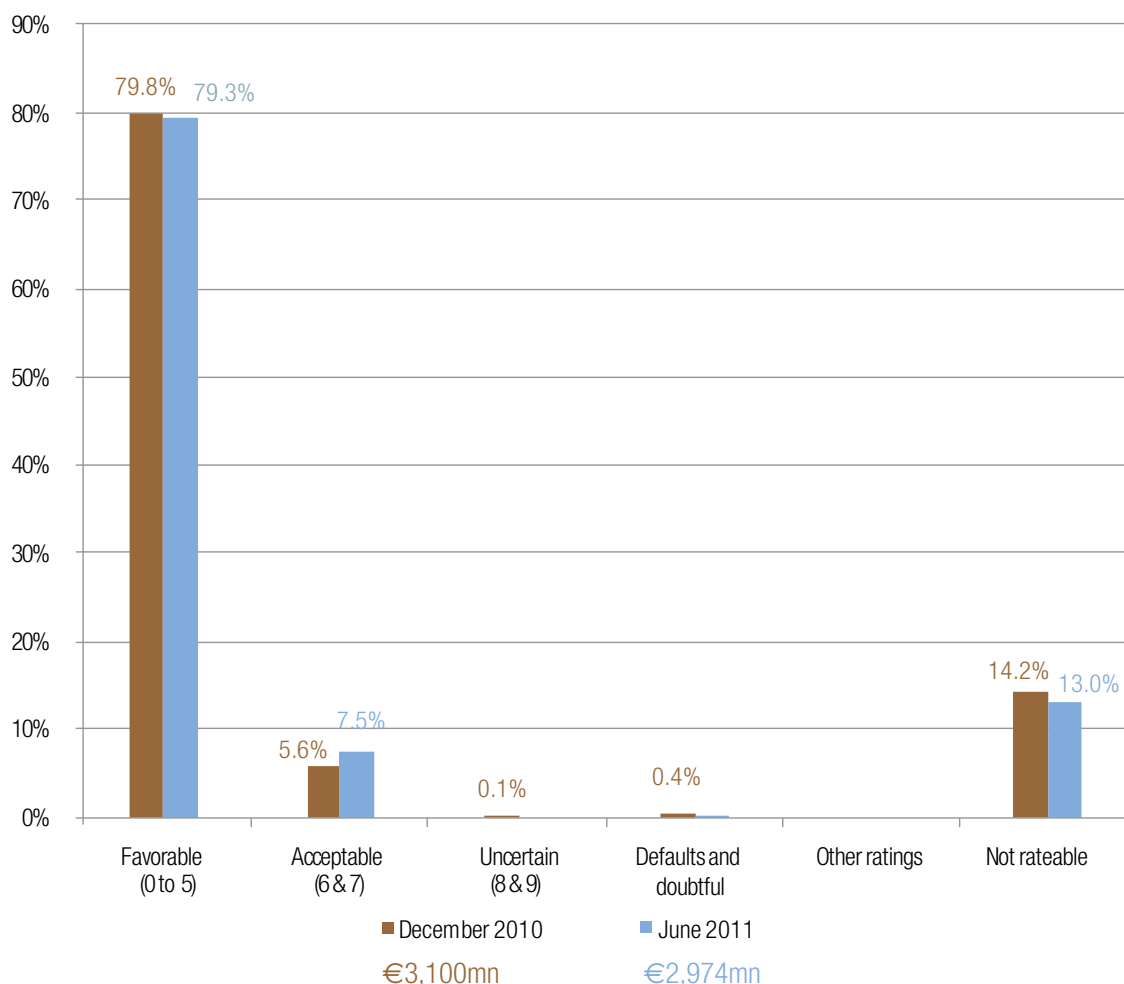


The risk profile of the FLA portfolio improved slightly over the first half of 2011.

Of the outstanding loans in Compagnie de Financement Foncier's portfolio, more than 84% had a "favorable" rating (scores of 0 to 5).

Social housing portfolio

Social housing portfolio
Breakdown by Basel II rating (at June 30, 2011)



The risk profile of the social housing portfolio was stable over the first half of 2011.

79.3% of the loans had a “favorable” rating (0 to 5). The percentage of counterparties rated “doubtful” or nonperforming remained insignificant, at 0% and 0.2%, respectively.

Unrated outstandings (13.0% of the portfolio) mainly concerned organizations involved in collecting employers’ contributions to the construction effort (*Participation des employeurs à l’effort de construction* - PEEC)⁽¹⁾ and their subsidiaries, which are not covered by BPCE’s rating system. Prior to any lending decision, these counterparties undergo an in-depth analysis on a case by case basis. Furthermore, the PEEC sector is closely overseen and supervised by the French State.

⁽¹⁾ The PEEC is a contribution to the construction of new housing levied on non-agricultural private sector companies with 20 or more employees (10 or more employees until 2006). It is known as the 1% Housing tax (*1% Logement*).

4.2.3.3. International Public Financing

The change in exposures *versus* the end of 2010 decreased slightly (-3.8%) due to cautious and targeted new lending to Sovereign States and International Local Authorities (€258 million in both segments). Outstanding loans to the French State increased by €521 million in the first half of 2011.

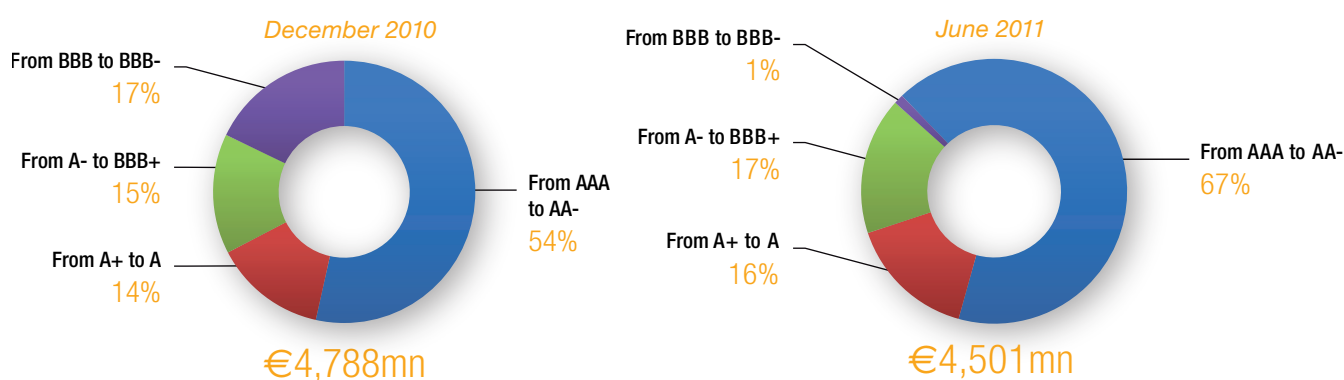
4.2.3.3.1 Sovereign States

In the first half of 2011, new lending to Sovereign States was very limited: new loans were issued only to European Union States, excluding countries whose limits were frozen (Greece, Ireland, Portugal, Spain and Italy). New lending totaled €130 million, *i.e.* less than 3% of the portfolio's outstandings. Outstanding loans to the French State, consisting of short-term credit facilities, also increased by €521 million in the first half of 2011.

The freeze on certain countries was decided in accordance with Groupe BPCE policy. It initially covered Greek and Spanish Sovereigns and the Public Sector in those two countries (at the end of 2009). Starting in 2010, the restriction on sovereigns was expanded to include three other European countries: Portugal, Italy and Ireland. Outstanding loans to PIIGS amounted to €1,787 million at June 30, 2011 *versus* €2,588 million at December 31, 2010. This decline is primarily attributable to the sale to CFF of the entire portfolio of bonds issued by the Greek State not backed by Assured Guaranty.

The Sovereign portfolio falls into the higher rated category, with most of the outstandings given Basel II Step 1 ratings (AA- or higher). This situation is the result of investments in government securities issued by several historic EU 15 members, including France. The relative percentage of Step 1 securities (AA- or better) has risen considerably, climbing from 54% at December 31, 2010 to 67% in June 2011, thanks to the increase in loans to the French State (short-term credit facilities) and the sale of bonds issued by the Greek State to CFF (see above).

Breakdown of exposures to Sovereign States by internal rating



4.2.3.3.2 International local authorities

At June 30, 2011, the percentage of the portfolio falling in the Step 1 category (AA- or better) stood at 58.3%, *i.e.* stable *versus* December 2010, reflecting the consistent quality of the portfolio of loans to local authorities.

Internal IPF ratings are slightly more conservative than the ratings issued by public ratings agencies, with the average difference being one-half notch to one notch lower.

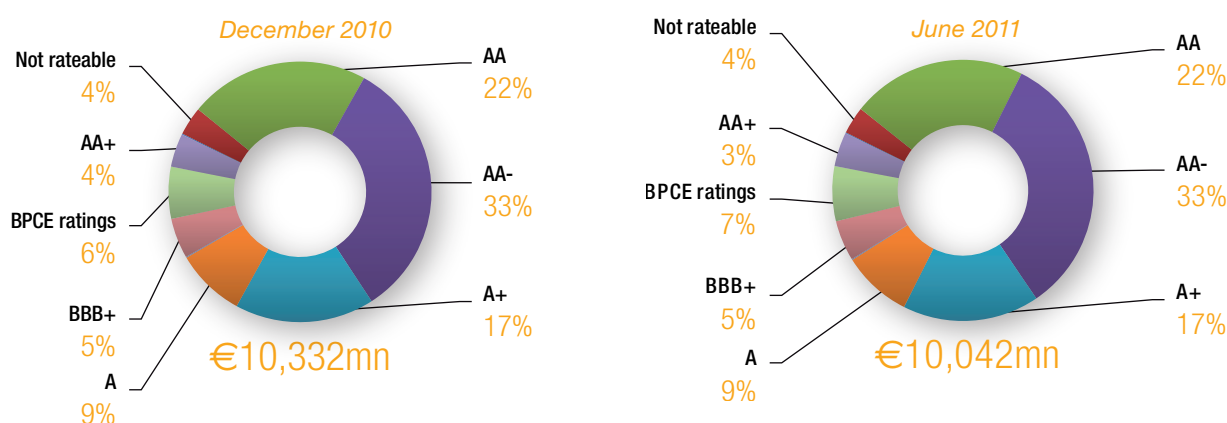
The “not available” values (4%) correspond to a few counterparties that have not yet been given an internal rating. The corresponding underlying assets are nonetheless assessed as Category A or higher (based on external ratings).

It should be noted that the lowest-rated IPF assets in Compagnie de Financement Foncier’s portfolio concern loans to Italian regions rated BBB+ (€504 million). These outstandings are nevertheless limited compared to the size of the International Local Authorities portfolio (less than 5% of outstandings).

New lending was very selective in the first half of 2011 and was focused on Belgian local authorities (regions, communities) and Italian local authorities (regions) with ratings above A.

Exposure to the Japanese Public Sector came to nearly €1,820 million at June 30, 2011, with the majority of exposures linked to a State-owned public agency. Compagnie de Financement Foncier is exposed to two prefectures impacted by the March 2011 tsunami (€115 million); however, these exposures are backed by Assured Guaranty.

Breakdown of exposures to the International Public Financing sector by internal rating

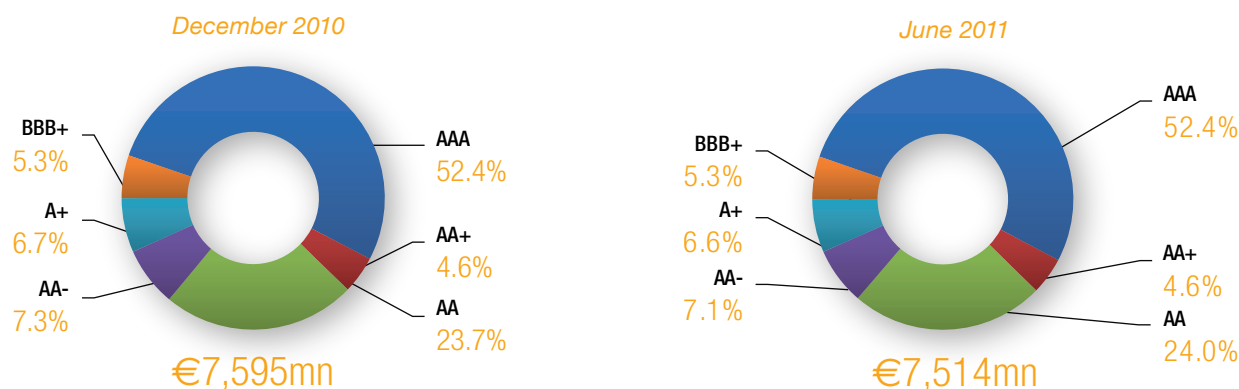


4.2.3.3.3 Public Sector securitizations

Compagnie de Financement Foncier’s portfolio of Public Sector securitizations, totaling €7,514 million at June 30, 2011, is comprised of three different types of debt:

- › securitizations of Dutch mortgage loans backed by an NHG guarantee (€3,778 million). NHG is a Dutch public entity that is very similar to the FGAS in France. The underlying loans were initially backed by the Dutch State. The changes in methodology adopted by the rating agencies have since led to several downgrades in the AAA rating, notably to the AA category;
- › securitizations of US FFELP student loans (€3,291 million) backed by the US Federal government for at least 98% of the principal and therefore also rated AAA. At June 30, 2011, USA was rated AAA/Aaa/AAA (S&P/Moody’s/Fitch Ratings);
- › three positions in Italian Public Sector debt (€446 million), one of which (€4 million) exposes Compagnie de Financement Foncier to direct final risk linked to the Italian Sovereign State (rated AA-). The latter two positions, rated respectively AA- and BBB+, concern securitized healthcare debt in Italy respectively amounting to €45 million and €397 million. The rating in the first case reflects FSA (now Assured Guaranty) credit enhancement while in the second it is a direct reflection of the credit rating of the local authority in question.

Breakdown of Public Sector Securitizations by rating



At June 30, 2011, the rating of the portfolio of external Public Sector securitizations was unchanged overall compared to December 31, 2010. Category 1 exposures (rated AA- or above) accounted for 88% of exposures, confirming the robust quality of the portfolio on the whole.

External Public Sector securitization positions

(in millions of euros)

At June 30, 2011	Securitization positions held or acquired						Total
	Breakdown by rating						
FCC type	AAA	AA+	AA	AA-	A+	BBB+	
Sovereign States				4			4
Healthcare		45				397	442
FFELP student loans	3,291						3,291
NHG RMBS	650	301	1,801	531	495		3,778
Public Sector total	3,941	345	1,801	535	495	397	7,514

Monoline enhancement of the external securitization portfolio

At June 30, 2011, only two securitization transactions, totaling €442 million, were subject to monoline enhancement via financial guarantees: the first transaction (for €45 million) is rated AA+ thanks to the credit enhancement of Assured Guaranty (rated Aa3/AA+/-), the second transaction historically enhanced (for €397 million) is today rated BBB+ on the basis of its intrinsic credit quality only.

4.2.3.4. Risk expense

At June 30, 2011, Compagnie de Financement Foncier's risk expense totaled €2.24 million, versus €4.20 million at December 31, 2010.

On an individual basis (€2.8 million), the increase in the risk expense was attributable to a lower proportion of reversals of unused provisions compared to the end of 2010. Some very limited provisions nevertheless continued to be recorded, linked to the increase in the rate of doubtful loans.

On a collective basis, the reversal of €0.7 million in collective provisions was primarily associated with the Neiertz provisions.

Risk expense (€M)	12/31/2010	06/30/2011
Individual cost of risk (a)	-1.02	-2.80
Collective provisions (b)	-2.3	0.67
Cost of risk (a+b)	-3.32	-2.13
Risk expense, net banking income (c)	-0.89	-0.11
Overall risk expense (a+b+c)	-4.2	-2.24

4.3. Risk diversification and concentration risk

The table below shows the importance of the leading counterparties (respectively, the 10, 20, 50 or 100 biggest counterparties) in terms of exposure in a given category.

This classification applies to groups of counterparties and to on- and off-balance sheet exposures.

For securitization, which accounts for a significant share of the major counterparties portfolio, over 80% of the risks are concentrated in the top 50 exposures. This concentration is due to Compagnie de Financement Foncier's strategy of acquiring sizeable assets in the primary market based on in-depth analysis. In terms of credit risk, this concentration is superficial since the underlying loans are predominantly residential housing loans, which are consequently highly granular.

Concentration levels are much lower in French Local Authorities, social housing and corporate sectors, thereby contributing to the group's risk diversification policy.

Direct exposures to Sovereign States are relatively concentrated (less than 10 counterparties), as they only concern European States, in compliance with the Risk Policy, which aims primarily to finance Step 1 rated counterparties.

The IPF portfolio is more diversified, however (the top 20 counterparties account for 64% of exposures, compared with 65% at end-2010). Compagnie de Financement Foncier has exposures to European, Japanese and North American Local Authorities.

Summary of concentration of counterparty groupe exposures for Compagnie de Financement Foncier at June 30, 2011 (balance and off-balance sheet)

(in millions of euros)

	Top 10	Top 20	Top 50	Top 100	Total
Specialized financing	n/a				
Large corporations	n/a				
Sovereign States	5,706 (95%)	6,002 (100%)	6,002 (100%)	6,002 (100%)	6,002
External securitization	6,296 (33%)	10,050 (52%)	15,748 (83%)	18,872 (99%)	18,983
French Local Authorities and low-income housing	3,433 (20%)	4,919 (29%)	7,371 (43%)	9,681 (56%)	17,146
International Public Financing (IPF)	4,560 (45%)	6,448 (64%)	9,103 (90%)	10,078 (100%)	10,078

Source: management figures. Commitments at period-end (including off-balance sheet commitments and financial guarantees given), gross figures (performing and doubtful).

5. Risk mitigation techniques

Compagnie de Financement Foncier's portfolio is highly secure, as it is predominantly based either on mortgage risk or on Public Sector risk. Both risks are reduced by the existence of additional guarantees. 36% of outstanding mortgage loans to private individuals are backed by the FGAS.

In the private individuals segment, the main providers of personal guarantees belong to the Sovereigns and Banking Establishments segment:

- › main guarantees associated with Sovereign risk are the following:
 - *Société de gestion du fonds de garantie à l'accession sociale à la propriété* (SGFGAS) provides a State guarantee for low-income homebuyer loans within the scope of regulations governing subsidized loans guaranteed by a first-rank surety (mortgage or lender's lien). Accordingly, it receives the French's government's external ratings (AAA) and allows a 0% weighting of loans for which SGFGAS coverage was signed prior to December 31, 2006. Due to a change in SGFGAS coverage methods, guarantees granted after this date have a 15% Basel II credit risk weighting for the loans in question,
 - the Kreditanstalt Für Wiederaufbau (KfW) guarantee, via a CDS on a synthetic securitization tranche (Provide Program - MLF2004), giving the underlying loans a Basel II weighting of 0%. KfW is a public institution which receives the explicit guarantee of the German State (Sovereign segment). KfW is rated AAA/Aaa (S&P/Moody's);
- › main guarantee associated with Banking Establishment risk:
 - Crédit Logement is a financial institution, a subsidiary of most large French banking networks, whose long-term rating is Aa2 at Moody's and AA at S&P. Loans covered by Crédit Logement have a Basel II weighting of 20%, corresponding to the regulatory weighting applicable to French credit institutions (France is rated AAA).

As regards mortgage guarantees, in accordance with regulations, Compagnie de Financement Foncier regularly performs an in-depth revaluation of the assets pledged as collateral. This revaluation follows a procedure, reviewed by Compagnie de Financement Foncier's Special Controller (see Section 5.1.).

5.1. Valuation methods and periodic review methods of the value of real estate assets

For more details on this section, please refer to the 2010 Registration document (Volume 3, pages 29 to 34).

5.2. Impact of credit risk mitigation techniques

In accordance with regulations governing *sociétés de crédit foncier*, 100% of direct loans to private individuals are covered, either by personal guarantees eligible for reduction of regulatory capital requirements under Basel II (mutual guarantee bodies, bank guarantees, etc.) or by first-rank mortgages or equivalent guarantees (lender's lien).

At June 30, 2011, of the €32 billion held in direct loans to private individuals covered by first-rank mortgages or equivalent guarantees (lender's lien), €14.9 billion were also backed by a personal guarantee.

For the other segments (companies and banking establishments), €9.5 billion were backed by eligible personal guarantees.

Details on the private individuals segment:

The table below shows the breakdown of the various guarantees attached to the private individuals portfolio for the purposes of COREP reporting (June 30, 2011 compared with December 31, 2010).

(in millions of euros)

Schemes	Private individuals			
	06/30/2011	12/31/2010	12/31/2009	
Regulated schemes	FGAS (100% - State guarantee)	8,609	8,435	7,371
	Subsidized sector (State guarantee)	420	495	709
Mortgage insurance companies	CREDIT LOGEMENT ^(*)	354	402	498
	CRESERFI ^(**)	310	167	27
International financial organizations	European indirect public guarantee ^(***)	917	1,028	2,923
A - Loans backed by personal guarantees in addition to mortgages or equivalent guarantees		10,610	10,527	11,527
B - Loans backed by first-rank mortgages or equivalent guarantees (lender's lien)		13,037	12,647	7,694
(A + B) Guarantees + first-rank mortgages		23,647	23,174	19,222
C - Outstanding loans to private individuals (France)		23,647	23,174	19,230
Percentage of outstanding loans with guarantees (Basel II-eligible) compared to total outstanding loans [(A+B)/C]		100%	100%	100%

Source: COREP - taken at June 30, 2011, exposure including off-balance sheet commitments.

^(*) Crédit Logement: rated Aa2 by Moody's and AA by Standard & Poor's. Loans guaranteed by CRESERFI also receive a promise of mortgage allocation.

^(**) CRESERFI: mortgage insurance institution for civil servants. Loans guaranteed by CRESERFI also receive a first-rank mortgage allocation.

^(***) Indirect European public guarantee:

- of which (at June 30, 2011): €838 million in PROVIDE 1 guarantees (indirect KFW guarantee) and €79 million in NHG (Dutch State) guarantees on the GMAC portfolio.

- of which (at December 31, 2010): €947 million in PROVIDE 1 guarantees (indirect KFW guarantee) and €81 million in NHG (Dutch State) guarantees on the GMAC portfolio.

5.3. Balance sheet and off-balance sheet netting

In the framework of COREP reporting, the group measures exposures linked to off-balance sheet derivatives by applying an add-on to current exposures. Compagnie de Financement Foncier systematically sets up framework netting and collateralization agreements with its banking counterparties.

6. G7 Reporting

At June 30, 2011, and in compliance with the recommendations issued by the Financial Stability Forum (FSF), Compagnie de Financement Foncier had no exposure to the following asset classes:

- > CDOs (*Collateralized Debt Obligations*) or direct exposures to monoline insurers;
- > exposures to CMBS (*Commercial Mortgage-Backed Securities*);
- > exposures to subprimes and Alt-A, and from a more general standpoint, exposures to US mortgages;
- > special purpose entities;
- > LBOs (leveraged buyouts).

Compagnie de Financement Foncier holds no direct exposures to monoline insurers, but has received credit enhancements from monolines on some portfolio assets. Compagnie de Financement Foncier therefore always has an initial claim with a counterparty other than the monoline. All of these enhancements are on underlying assets in the Public Sector (loans or securities) either granted directly to a Sovereign State or to a local authority (including healthcare securitizations, as explained in section 4.2.3.3) or to public institutions. The overall breakdown of the rating-enhanced underlying asset portfolio at June 30, 2011 is provided below.

Intrinsic Basel II rating (before enhancement)

(in millions of euros)

At 06/30/2011	Intrinsic Basel II rating (before enhancement)						
Monoline	Monoline rating	AA+ to AA-	A+ to A-	BBB+ to BBB-	Not Available	Total	%
AGMC ⁽¹⁾	AA-	635	744	309	45	1,733	61%
AMBAC ⁽²⁾	Not Available		141	471		612	22%
CIFG	Not Available			173		173	6%
FGIC	Not Available				96	96	3%
MBIA ⁽³⁾	BBB		77		133	210	7%
	Total	635	962	953	274	2,823	100%
	%	22%	34%	34%	10%	100%	

⁽¹⁾ Rating of Assured Guaranty Municipal Corp. (the initial monoline was FSA, which was bought by AGMC).

⁽²⁾ Rating of AMBAC Assurance Corp. & AMBAC Assurance UK Ltd.

⁽³⁾ Rating of National Public Finance Guarantee Corp. (for MBIA).

These enhancement commitments are all backed by financial guarantees (and not CDS), which provide additional security for the enhanced asset. These guarantees are neither valued nor recognized on Compagnie de Financement Foncier's balance sheet (only the enhancement premium is recognized as an expense).

The monoline rating is the lower of the two best ratings from S&P, Moody's and Fitch Ratings at June 30, 2011. The intrinsic rating of the underlying asset is consistent with its pre-enhancement Basel II rating at the same date.

The entire portfolio boasts solid investment-grade intrinsic quality and 22% is rated Step 1 (\geq AA-). Taking into account the restructuring of the monoline sector, the rating used for securities initially enhanced by FSA is now the rating assigned to Assured Guaranty Municipal Corp. Similarly, securities enhanced by MBIA now have the rating assigned to National Public Finance Guarantee Corporation, the entity now guaranteeing North American local authorities. Exposures to the BBB category are associated with commitments in the European Public Sector.

The 10% classified as "Unavailable" do not have a Basel II intrinsic rating but are assessed by Crédit Foncier as being investment grade (*i.e.* \geq BBB-). These mainly concern direct commitments to Public Sector entities in the United States (€229 million) and a healthcare debt securitization an Italian regional authority (€45 million).

7. Market and ALM risks

For more detailed information, please refer to the 2010 Registration document (Volume 3, pages 43 to 46).

7.1. Organization of ALM risk monitoring and methodology used for assessing liquidity, interest rate and exchange rate risks

Please refer to the 2010 Registration document (Volume 3, pages 43 to 44).

7.2. Monitoring liquidity risk

Organization of Compagnie de Financement Foncier's refinancing

The bulk of Compagnie de Financement Foncier's resources come from medium- and long-term issues of *obligations foncières*.

It can also raise additional resources by temporarily mobilizing its assets (for example by using advances from the ECB). In the first half of 2011, Compagnie de Financement Foncier used an average of €1.5 billion in ECB advances.

Monitoring liquidity risk

Compagnie de Financement Foncier is committed to maintaining sufficient short-term liquidity to cover its privileged debt commitments for a period of one year.

In addition, some of its assets, known as replacement securities, consist of safe and liquid investments, as required by law for *sociétés de crédit foncier*, and are very short-term or easily tradable.

At June 30, 2011, Compagnie de Financement Foncier had €14.2 billion in replacement securities and held €30.6 billion in securities and loans eligible for ECB refinancing.

Liquidity needs are analyzed using a combination of static and dynamic approaches. They are managed by a system of internal limits and monitored by the ALM Committee and Risk Committee.

With the static approach, liquidity monitoring ensures that medium-term liquidity management does not concentrate liquidity requirements excessively over certain periods. The main indicator used is the static liquidity gap, which takes into account Compagnie de Financement Foncier's ability to raise liquidity over the next 20 years.

Compliance with limits

At June 30, 2011, Compagnie de Financement Foncier had a liquidity ratio of 530.18%.

Compagnie de Financement Foncier also determines the durations of its assets and liabilities to ensure that their maturities are properly matched and is committed to a maximum gap of two years. At June 30, 2011, this rule was still observed, as the average duration was 6 years for assets and 6.3 years for liabilities.

7.3. Monitoring of overall interest rate risk

Management methods

See 2010 Registration document (Volume 3, page 45).

Monitoring interest rate risk

See 2010 Registration document (Volume 3, page 45).

Compliance with limits

Compagnie de Financement Foncier is committed to maintaining its interest rate gaps within the limits defined by observation period. These gaps measure the difference between assets and liabilities at a fixed rate over time, without the acquisition of new assets or new issues. The limits for interest rate gaps currently in force are:

Horizon	Limits (as % of projected assets)
< 2 years	2%
2-5 years	3%
5-10 years	5%
> 10 years	10%

All of these indicators are monitored quarterly by the ALM Committee and Risk Committee.

All the limits linked to interest-rate risk monitoring were observed throughout the first half of 2011.

7.4. Monitoring exchange rate risk

Compagnie de Financement Foncier's policy in this area remains unchanged and consists of not assuming any foreign exchange risk. This means that all assets and liabilities denominated in currencies other than the Euro are systematically swapped as soon as they are recognized on the balance sheet. This hedging can be achieved using exchange rate swaps, term loans or currency swaps. Residual differences arising from the adjustment of balance sheet positions, particularly those created by margins, are hedged monthly.

They are monitored by the Middle Office of CFF's Financial Operations Department, which centralizes foreign exchange positions at the end of the month, by currency and by total amounts of foreign currencies.

The foreign exchange risk exposure limit is as follows: the spot foreign exchange position by currency is limited to 5% of total assets in the currency.

This limit is reported on a quarterly basis to the Asset and Liability Management Committee (CGB).

All these limits were observed throughout the first half of 2011.

8. Operational risks

Compagnie de Financement Foncier's operational risk management is performed by Crédit Foncier under service agreements signed between the two companies. Most operational risks are linked to the services outsourced to the parent company.

Compagnie de Financement Foncier's operational risks are limited to those inherent to its debt acquisition and refinancing activities and to the size in terms of gross value of changes in balance sheet and off balance sheet assets (hedges, etc.) linked to its business model.

Operational risk includes in particular accounting, legal, regulatory and tax risks, as well as risks relating to staff, property and information system security.

On the recommendation of Groupe BPCE, the network of Operational Risk Officers was refocused and consisted of 220 trained individuals at June 30, 2011.

In the interest of harmonizing practices, applications and databases, Groupe BPCE launched several convergence projects: convergence of 15 categories of key controls, convergence of the single database with BPCE-CFF merger initiatives and implementation of a Validation Committee, convergence towards the target application PARO ("*Pilotage et Analyse des Risques Operationnels*" - Monitoring and analysis of operational risks) as the single Groupe target application.

Through the coordination of operational risk and permanent control initiatives, the entire operational risk system will be consolidated and overall risk management improved.

For more information, please refer to the 2010 Registration document (Volume 3, pages 46 to 47).

9. Other risks

For further information relating to settlement risk, non-compliance risk and other risks (insurance, outsourced activities, IT risk, business continuity planning (BCP) and legal risks), please refer to the 2010 Registration document, Volume 3, pages 47 to 50.

Legal information

- 93 Corporate governance
- 94 General information concerning the Company
- 95 Resolutions submitted to the Shareholder' Meeting
- 95 General information

The following information outlines significant changes to the legal information that occurred during the first half-year 2011. All other legal information contained in the Registration document (D.10-0207) for the financial year ending December 31, 2010 remains in effect.

Corporate governance

Members of the Board of Directors as of June 30, 2011 and their professional addresses.

Mr Thierry DUFOUR

Director since December 18, 1998

Chairman from December 18, 1998 to June 25, 1999

Chief Executive Officer from June 25, 1999 to May 16, 2001

Deputy Chief Executive Officer from May 16, 2001 (following the promulgation of the New Economic Regulations Act) to May 17, 2002

Chief Executive Officer since May 17, 2002 (following the separation of the offices of Chairman of the Board and Chief Executive Officer)

Resignation from the office of Chief Executive on September 4, 2006

Chairman of the Board of Directors since July 31, 2007

Chairman & Chief Executive Officer since December 14, 2007

Crédit Foncier de France - 4, quai de Bercy - 94220 Charenton-le-Pont

Ms Sandrine GUÉRIN

Deputy Chief Executive Officer (non-Director) since October 15, 2001

Director since March 25, 2002

Deputy Chief Executive Officer since May 17, 2002 (following the separation of the offices of Chairman of the Board and Chief Executive Officer)

Crédit Foncier de France - 4, quai de Bercy - 94220 Charenton-le-Pont

BPCE, Represented by Mr Roland CHARBONNEL

Director since March 28, 2011

BPCE - 50, avenue Pierre Mendès France - 75013 Paris

Mr Nicolas DARBO

Director since December 15, 2009

Crédit Foncier de France - 4, quai de Bercy - 94220 Charenton-le-Pont

Mr Alain DENIZOT

Director since September 26, 2008 until June 30, 2011

Caisse d'Épargne Picardie - 2, Boulevard Jules Verne - 80000 Amiens

Mr Philippe DRUART

Director since September 29, 2010

Crédit Foncier de France - 4, quai de Bercy - 94220 Charenton-le-Pont

Mr Didier PATAULT

Director since September 26, 2008

Caisse d'Épargne Bretagne Pays de Loire - 4, Place Graslin - 44000 Nantes

Crédit Foncier de France

Director since June 25, 1999

Represented by Mr François BLANCARD - 4, quai de Bercy - 94220 Charenton-le-Pont

General information concerning the Company

Purpose (Article 2 of the bylaws):

During the mixt Shareholders' General Meeting of May 23, 2011, the Article 2 (1°) was modified as follows:

Article 2 (1°) - Purpose

This paragraph is modified as follows:

1° carry out all transactions referred to in Articles L. 515-13 *et seq.* of the French Monetary and Financial Code and without any restriction as to the countries in which it can operate other than those set out in such articles.

These transactions include, in particular:

- › granting or acquiring secured loans, exposures to public authorities and securities and instruments as defined in Articles L. 515-14 to L. 515-17 of the French Monetary and Financial Code;
- › financing these types of loans, exposures, securities and instruments by issuing *obligations foncières* benefiting from the privileged claim to assets defined in Article L. 515-19 of the French Monetary and Financial Code and by raising other resources whose issuance or subscription contract mentions this privileged claim to assets.

Notwithstanding any other provisions or stipulations to the contrary, the Company may carry out temporary transfers of its securities in accordance with Articles L. 211-22 to L. 211-34 of the French Monetary and Financial Code, pledge securities accounts pursuant to Article L. 211-20 of said Code and assign all or some of the receivables that it holds in accordance with Articles L. 211-36 to L. 211-40 or in accordance with Articles L. 313-23 to L. 313-35, whether or not these receivables are professional. The receivables or securities thus assigned or transferred do not fall within the scope of the privileged claim to assets defined in Article L. 515-19 of the French Monetary and Financial Code and are not booked pursuant to Article L. 515-20 of said Code.

As an exception to Articles 1300 of the French Civil Code and L. 228-44 and L. 228-74 of the French Commercial Code, the Company may subscribe for its own mortgage bonds solely for the purpose of using them as collateral for lending transactions with the Banque de France under the conditions set forth in Article L. 515-32-1 of the French Monetary and Financial Code.

The Company cannot hold equity investments.

Resolutions submitted to the Shareholders' Meeting

Combined Shareholders' Meeting of May 23, 2011

All proposed resolutions were adopted in particular, the resolution about the compliance of Article 2 (1°) of Compagnie de Financement Foncier's bylaws in accordance with the French Banking and Financial Regulatory Act of October 22, 2010 concerning the activity of *sociétés de crédit foncier*.

General information

Current events

After payment of dividend in shares offered to shareholders at the General Meeting of May 23, 2011, and in view of the subscription receipts, 5,341,246 new shares were issued with a nominal value of 16 euros each, raising the social capital to €1,093,459,936. An extraordinary general meeting of the Company on June 27, 2011 decided to increase the capital to bring it from €1,093,459,936 to €1,187,459,936, by issuing 5,875,000 new shares of €16 par value each.

Trends

No significant deterioration has affected the outlook of the Company since its last financial report was audited and published. No known trend, uncertainty, claim, commitment or event is reasonably susceptible to influence the Company's outlook.

Audit

To the Company's knowledge, no agreement exists whose implementation at a later date could lead to a change of its audit.

Material events

No significant changes in the financial or commercial situation have occurred between August 29, 2011, the date at which the Board of Directors closed the accounts, and the filing date of this Registration document.

Complementary information

- › No potential conflicts of interest exist between the duties with regard to Compagnie de Financement Foncier and the private interests and/or other duties of members of the Board.
- › As of June 30, 2011, there were no exceptional events or legal disputes (government procedures, legal or arbitration) likely to have or to have had a material impact on Compagnie de Financement Foncier's activity, financial position or results.
- › Compagnie de Financement Foncier conducts itself and its corporate entities in accordance with the corporate governance framework in practice in France.

AMF Registration document cross-reference index

References from the diagram in annex IV of European Commission Regulation (EC) N°. 809/2004

Heading		Information provided in the present document on page:	Information provided in Compagnie de Financement Foncier's Registration document filed with the AMF on April 1 st , 2011 under the number D. 11-0214 on page:	
			Volume(s)	Page(s)
1.	Persons responsible			
1.1.	Persons responsible for the information	60	Volume 2	87
1.2.	Declaration by those responsible for the Registration document	60	Volume 2	87
2.	Statutory auditors			
2.1	Names and addresses of the issuer's auditors	N/A	Volume 3	90
2.2	Auditors during the period covered by the past financial information	N/A	Volume 3	90
3.	Selected financial information			
3.1.	Financial information	N/A	Volume 1	8 to 9
3.2.	Financial information for interim periods	6 to 7	N/A	N/A
4.	Risk factors	16 to 20 62 to 91	Volume 1 Volume 2 Volume 3	25 to 28 13 to 20 2 to 55
5.	Information about the issuer			
5.1.	History and development of the issuer:			
5.1.1.	Legal and commercial name of the issuer	N/A	Volume 3	72 and 83
5.1.2.	Place and registration number of the issuer	N/A	Volume 3	76
5.1.3.	Date of incorporation and length of life of the issuer	N/A	Volume 3	73 and 83
5.1.4.	Domicile and legal form of the issuer	N/A	Volume 3 Volume 3	72 to 74 81
5.1.5.	Recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency	95	Volume 3	89
5.2.	Investments	N/A	N/A	N/A
6.	Business overview			
6.1.	Principal activities:			
6.1.1.	Main categories of services performed	4 to 5	Volume 1 Volume 1 Volume 1	3 to 5 11 30 to 37
6.1.2.	New products and/or activities	N/A	N/A	N/A
6.2.	Principal markets	4 to 5 9 to 13	Volume 1 Volume 2	38 to 43 6 to 8
6.3.	Competitive position	7	Volume 1 Volume 1	9 39 and 40
7.	Organizational structure			
7.1.	Description of the group and issuer's position within it	6	Volume 3	92
7.2.	Dependence upon other entities within the group	6	Volume 3	76 to 78

8.	Trend information			
8.1.	Statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements	95	Volume 3	89
8.2.	Events that are reasonably likely to have a material effect on the issuer's prospects	95	Volume 3	89
9.	Prévisions ou estimations du bénéfice	N/A	N/A	N/A
10.	Administrative, management, and supervisory bodies			
10.1.	Names, business addresses and functions of the administrative, and management bodies and principal activities performed by them outside the issuer	93	Volume 2 Volume 3	23 to 28 68 and 71
10.2.	Statement that there are no conflicts of interests	95	Volume 3	89
11.	Management and executive bodies			
11.1.	Details relating to the issuer's Audit Committee	N/A	Volume 1 Volume 3	25 58 to 61
	Names of committee members and terms of reference under which the committee operates	N/A	Volume 3	58
11.2.	Corporate governance	N/A	Volume 3	57 to 68
12.	Major shareholders			
12.1.	Ownership, control	6	Volume 3	76 to 78
12.2.	Arrangements which may result in a change in control of the issuer	N/A	N/A	N/A
13.	Financial information concerning the issuer's assets and liabilities, financial position and profits and losses			
13.1.	Past Financial Information			
	Balance Sheet	25	Volume 2	33
	Off-Balance Sheet	26	Volume 2	34
	Income Statement	27	Volume 2	35
	Cash Flow Statement	58	Volume 2	76 to 77
	Accounting Policies and Explanatory Notes	28 to 58	Volume 2	36 to 75
	Statutory auditors' report	59	Volume 2	79 to 80
	Past Financial Information: Registration document	Registration document 2010		Registration document 2009 ^(*)
	Financial Statements	33 to 75	Volume 2	33 to 78
	Certification of statutory auditors of the financial statements	N/A	Volume 3	68 to 69
13.2.	Consolidated financial statements	N/A	N/A	N/A
13.3.	Auditing of past annual financial information			
13.3.1.	Certification of statutory auditors	N/A	Volume 3	68 to 69
13.3.2.	Other information in the Registration document which has been audited by the auditors	N/A	Volume 3	30 to 34 57 to 68
13.3.3.	Financial data in the Registration document not extracted from audited financial statements	N/A	N/A	N/A
13.4.	Date of latest financial information			
13.4.1.	Last year of audited financial information	Registration document 2010		Registration document 2009 ^(*)
13.5.	Interim and other financial information			
13.5.1.	Quarterly or half-yearly financial information published since the last audited financial statements	N/A		Half-yearly financial report (visa n° D.10-0207-A01 from AMF)

13.5.2.	Interim financial information since the end of the last audited financial year	N/A		Annual financial report (visa n° D.10-0207-A01 from AMF)
13.6.	Legal and arbitration proceedings	95	Volume 3	89
13.7.	Significant change in the issuer's financial or trading position			
	Statement	95	Volume 3	89
14.	Additional information			
14.1.	Share Capital			
14.1.1.	Amount of the issued capital	44	Volume 3	75 to 76 83
14.2.	Memorandum and bylaws			
14.2.1.	Register and corporate purpose	94	Volume 3	72 to 75 and 78 to 89
15.	Material contracts			
	Regulated agreements	N/A	Volume 3	72 to 73
16.	Third party information and statement by experts and declarations of any interest			
16.1.	Report attributed to a person as an expert	N/A	Volume 3	30 to 35
16.2.	Certification	N/A	Volume 3	30
17.	Documents on public display			
	Place where the documents on display may be inspected, by physical or electronic means	98	Volume 3	74 to 96

⁽¹⁾ In application of Article 28 of Regulation no. 809-2004 on prospectuses, the corporate financial statements for the accounting period ended December 31, 2009 and the statutory auditors' report on the corporate financial statements, included in the Registration document no. D.10-0207 filed with the *Autorité des marchés financiers* (AMF – French Financial Markets Authority) on April 1, 2010, are incorporated by reference in this document.

The sections of Registration document no. D.11-0214 not referred to above are either of no consequence to investors or covered by another section of this Registration document.

Information required for annual financial statements	Information provided in the present document on page:	Information provided in Compagnie de Financement Foncier's Registration document filed with the AMF on April 1 st , 2011 under the number D. 11-0214 on page:	
		Tome	Page(s)
Statement from the person responsible for the document	60	Volume 2	87
Management report	9 to 23	Volume 2	3 to 31
Financial statements	24 to 58	Volume 2	33 to 78
Statutory auditors report	59	Volume 2	79 to 80

Contacts

Compagnie de Financement Foncier
4, quai de Bercy
94224 Charenton cedex
Tel: + 33 1 57 44 92 05
Financial Information:

Daphné HEINZ
Tel: + 33 1 57 44 94 20
ir@foncier.fr

The annual reports of the Compagnie de Financement Foncier can be downloaded at www.foncier.fr



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**COMPAGNIE DE
FINANCEMENT
FONCIER**
CREDIT FONCIER GROUP

4, quai de Bercy
94224 Charenton-le-Pont Cedex - France
Tél. : + 33 (0)1 57 44 92 05
www.foncier.fr