

Press release with effective and complete dissemination

Paris, February 5, 2020

Compagnie de Financement Foncier's Board of Directors met on February 5, 2020 under the chairmanship of Eric FILLIAT, to approve the 2019 annual financial statements.

Results of Compagnie de Financement Foncier in 2019

In 2019, the focus was on the implementation plan to integrate the activities and know-how of Crédit Foncier de France in the entities of Groupe BPCE, as well as by the cessation of loan production by Crédit Foncier de France in the first quarter of 2019.

In line with this new industrial scheme, Compagnie de Financement Foncier's activity is now focused on the refinancing of eligible assets originated by Groupe BPCE institutions.

Compagnie de Financement Foncier remains a strategic subsidiary for Groupe BPCE, under the affiliation regime, and therefore part of the Group solidarity mechanism, which continues to ensure as a last resort the proper repayment of the debt issued by Compagnie de Financement Foncier.

I. Activity of Compagnie de Financement Foncier

Issuance of obligations foncières

- In 2019, Compagnie de Financement Foncier issued €3bn in covered bonds (*obligations foncières*) particularly in the form of two benchmark public issuances denominated in euros under excellent financial conditions. The success of its issuance of an 8-year benchmark at a rate of -0.32% in September 2019 demonstrates the quality of Compagnie de Financement Foncier's creditworthiness and the appetite of international investors for its covered bonds.
- As of the end of 2019, covered bonds amounted to €60.4bn, including related debts, down compared to 2018, taking into account lesser refinanced volumes than on previous financial years; within the framework of refinancing of groupe BPCE's assets (Cf. *supra*).

Purchases and assignment of receivables

- In 2019, Compagnie de Financement Foncier refinanced €3.3bn (outstanding principal amount, related debts included) of mortgage loans and/or public loans granted by Crédit Foncier and other Groupe BPCE entities.

II. Compagnie de Financement Foncier's income statement

<i>In millions of euros</i>	2019	2018
Net interest margin - excluding amortization of discounts/premiums	233	321
Amortization of acquisition premiums/discounts on customer loans	-43	-93
Net interest margin	190	228
Net fees and commissions	40	43
Other banking expenses	-3	-3
Net banking income	227	268
General operating expenses	-80	-95
Gross operating income	147	173
Cost of risk	12	-16
Gains or losses on fixed assets	10	0.4
Income before tax	169	157
Income tax	-58	-68
Net income	111	90

Net banking income stood at €227m, down €41m compared to 2018 mainly due to a €38m drop in the net interest margin in line with the drop in loans outstanding.

General operating expenses amounted to €80m, down €15m compared to the previous year due to lower expenses invoiced by Crédit Foncier de France and that of tax liabilities.

Gross operating income fell to €147m, down €26m compared to 2018.

Cost of risk underwent a reversal of €12m, up €28m compared to 2018, subsequently due to the downward trend in the delinquencies and non-recurring items.

Income tax of the year amounted to €8m, down €10m compared to 2018.

Net income amounted to €111 m in 2018, versus €90m in 2018.

III. Balance sheet information

Compagnie de Financement Foncier's balance sheet totalled €71.5bn compared with €76.7bn at the end of 2018.

At the end of 2019 doubtful loans stood at €1.4bn, down €0.2bn compared with the end of 2018. Over 99% of these loans concerned home loans to private Individuals. This amount has to be considered in regards to the €10.9 bn of balance sheet overcollateralization level.

IV. Prudential information

Although exempted from regulatory requirements concerning solvency ratios, Compagnie de Financement Foncier calculates a Common Equity Tier One ratio for indicative purposes. As of December 31, 2019, this ratio remained well above the *minimum* thresholds specified in CRR regulation 575/2013.

In accordance with the law applicable to *sociétés de crédit foncier*, Compagnie de Financement Foncier maintains a coverage ratio greater than 105%.



Appendix

Unless otherwise specified, the financial information included in this press release is estimated and taken from the financial statements of Compagnie de Financement Foncier. Those statements include the individual accounts and related explanatory notes, prepared in compliance with French accounting standards and the applicable BPCE standards.

At the date of this press release, the audit of the annual financial statements by the statutory auditors ("Commissaires aux comptes") is still in progress.

Compagnie de Financement Foncier is a credit institution registered as a specialized credit institution and a "société de crédit foncier" a French legal covered bonds issuer, an affiliate of BPCE and fully-owned by Crédit Foncier and Groupe BPCE.

Regulated information is available on our website www.foncier.fr under "Financial communication/Regulated information".

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