

Press release with effective and complete dissemination

Paris, July 24, 2020

## **Results of Compagnie de Financement Foncier for the 1st half of 2020**

Compagnie de Financement Foncier's Board of Directors met on July 24, 2020, under the chairmanship of Éric Filliat, to approve the 2020 half-year financial statements.

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### **I. ACTIVITY OF COMPAGNIE DE FINANCEMENT FONCIER**

- **Impact of the COVID-19 health crisis**

Given the unusual circumstances of the COVID-19 health crisis, Compagnie de Financement Foncier nevertheless continued to engage in its various activities in the best possible conditions. From the start of the crisis, special measures were implemented to best support customers, including the deferment of payment due dates.

In the 1<sup>st</sup> half of 2020, the estimated overall impact of the COVID-19 pandemic was immaterial in an environment where to date total cost of risk has remained very low.

- **Issuance of *obligations foncières***

Compagnie de Financement Foncier continues to fund under optimal conditions the assets originated by the entities of Groupe BPCE in order to support these entities in the growth of their various business lines.

In the 1<sup>st</sup> half of 2020, Compagnie de Financement Foncier issued €1.175bn of *obligations foncières* in excellent conditions, of which €175m in the form of private placements.

The 1<sup>st</sup> half of the year featured the issue of a benchmark of €1bn at four years in April and the issue of a private placement of €50m at 70 years in May. This was the longest issue on the euro covered bond market, all jurisdictions and issuers combined. These transactions completed at the height of a health crisis accentuate the resilience of the covered bond model, especially the value of Compagnie de Financement Foncier's signature on the financial markets and the confidence investors place in it.

At June 30, 2020, outstanding *obligations foncières* bonds amounted to €58.9bn.

- **Purchases and assignment of receivables**

In the 1<sup>st</sup> half of 2020, Compagnie de Financement Foncier offered funding for nearly €1.7bn in assets (capital remaining due and related receivables), distributed between €925m in receivables from Groupe BPCE entities (of which €50m not yet paid) and mortgage-backed securities purchased from Crédit Foncier.

## II. COMPAGNIE DE FINANCEMENT FONCIER'S INCOME STATEMENT

<i>In millions of euros</i>	<b>1<sup>st</sup> half of 2020</b>	<b>1<sup>st</sup> half of 2019</b>
<b>Net interest margin</b>	<b>78.5</b>	<b>126.4</b>
Net fees and commissions	18.7	18.5
Other banking expenses	-2.6	-1.8
<b>Net banking income</b>	<b>94.6</b>	<b>143.1</b>
General operating expenses	-53.4	-38.6
<b>Gross operating income</b>	<b>41.2</b>	<b>104.5</b>
Cost of risk	0.3	10.9
Gains or losses on fixed assets	20.1	0.0
<b>Income before tax</b>	<b>61.6</b>	<b>115.4</b>
Income tax	-22.7	-39.8
<b>Net income</b>	<b>38.9</b>	<b>75.6</b>

Net banking income was €94.6m in the 1<sup>st</sup> half of 2020, in lasting low rate environment, which reduced the assets' margins and led to a significant decline in the margin net of interest.

General operating expenses were €53.4m in the 1<sup>st</sup> half of 2020, including €6.7m for payment regularization for services provided by Crédit Foncier in 2019.

In the 1<sup>st</sup> half of 2020, the gross operating income was €41.2m.

The cost of risk was a net reversal of €0.3m in the 1<sup>st</sup> half of 2020.

Net income was €38.9m in the 1<sup>st</sup> half of 2020, including the gain recorded from the disposal of some Japanese exposures in the 1<sup>st</sup> quarter of 2020, which helped reduce the risk of concentration on certain issuers.

## III. BALANCE SHEET INFORMATION

Compagnie de Financement Foncier's balance sheet totaled €69.6bn at June 30, 2020, compared with €71.5bn at December 31, 2019.

Doubtful loans amounted to €1.3bn at June 30, 2020, down €51m from December 31, 2019. Housing loans to private individuals made up 99% of these loans.

## 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 June 30, 2020, 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**

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*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 half-year 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](http://www.foncier.fr) under "Financial communication/Regulated information".*

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