

Press release with effective and complete dissemination

Paris, February 10, 2021

Compagnie de Financement Foncier results in 2020

Compagnie de Financement Foncier's Board of Directors met on February 10, 2021, under the chairmanship of Éric FILLIAT, to approve the 2020 annual financial statements.

I. ACTIVITY OF COMPAGNIE DE FINANCEMENT FONCIER

▪ Impact of the Covid-19 health crisis

During the ongoing Covid-19 health crisis since March 2020, Compagnie de Financement Foncier continued to conduct its business and serve its customers under very satisfactory conditions. From the start of the crisis, specific measures were implemented to best assist them, in particular through targeted proposals to defer payment due dates. Currently, the estimated overall impact of Covid-19 is not significant for 2020, as the percentage of past due payments remained stable at low levels.

▪ Issuance of covered bonds

In line with the overall funding strategy implemented by Groupe BPCE since the 2nd quarter of 2019, Compagnie de Financement Foncier remained a key issuer that funds, under excellent conditions, mortgage and public sector assets originated by the various Group entities, in order to support them in the growth of their various business lines.

During 2020, Compagnie de Financement Foncier confirmed the resilience of its model and its innovation drive. Over €3bn of covered bonds were issued under excellent conditions, including €275m in the form of private placements. Compagnie de Financement Foncier made its mark by carrying out in May 2020 the first private placement with an ultimate maturity of 70 years (€50m), the longest maturity ever seen in the European market, all jurisdictions and all issuers combined. Compagnie de Financement Foncier also completed in the 4th quarter, for the first time on the euro cover bond market, a benchmark issuance with a negative yield and an ultimate maturity of 15 years.

On a background of deteriorated health and economic conditions, the success of these remarkable transactions once again demonstrated the confidence of investors in the quality of Compagnie de Financement Foncier's profile.

▪ Funding of receivables

In 2020, Compagnie de Financement Foncier directly acquired and funded €1.3bn (outstanding principal amount and related receivables) in mortgage and/or public loans granted by Crédit Foncier.

In addition, and in line with its new strategic guidelines, Compagnie de Financement Foncier funded €2.6bn of public receivables from other BPCE Group entities, including €764m in deferred payments.

II. COMPAGNIE DE FINANCEMENT FONCIER'S INCOME STATEMENT

<i>In millions of euros</i>	2020	2019*
Net interest margin	117	186
Net fees and commissions	34	40
Other banking expenses	-5	-3
Net banking income	146	223
General operating expenses	-93	-76
Gross operating income	54	147
Cost of risk	4	12
Gains or losses on fixed assets	20	10
Income before tax	78	169
Income tax	-31	-58
Net income	47	111

* Proforma taking into account the reclassification of the BPCE central body contribution under general operating expenses to net banking income (Group standards) and the reclassification of a provision for other NBI expenses to net interest margin.

Net banking income amounted to €146m, down by €77m compared to 2019, mainly due to a decrease of €69m in the net interest margin in connection with the change in outstandings.

General operating expenses amounted to €93m, up by €17m compared to the previous year, due to the increase in the remuneration of Crédit Foncier services in the private sector, including the adjustment of final invoiced amounts in respect of 2019 (payment of €6.7m for services provided by Crédit Foncier).

Cost of risk was a net reversal of €4.3m, reflecting the downward trend in delinquency.

The overall tax expense amounted to €31m, down by €27m compared to 2019.

Net income was €47m.

III. BALANCE SHEET INFORMATION

At the end of 2020, outstanding covered bonds amounted to €56.4bn, including related payables.

Compagnie de Financement Foncier's balance sheet totaled €68.5bn at the end of 2020, compared with €71.5bn at the end of 2019.

Assets funded by Groupe BPCE entities with Compagnie de Financement Foncier in 2020, mainly from the public sector, represented an increased proportion on Compagnie de Financement Foncier's balance sheet.

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, 2020, this ratio remained well above the minimum threshold specified in CRR regulation 575/2013¹.

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

¹ At June 30, 2020, the Common Equity Tier One (CET1) ratio was 25.7%.

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 is 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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