

# **COMPAGNIE DE FINANCEMENT FONCIER**

**EUROPEAN COVERED BOND COUNCIL  
FRENCH NATIONAL COVERED BOND LABEL REPORTING TEMPLATE**

**June 2014**

**FRENCH NATIONAL COVERED BOND LABEL REPORTING TEMPLATE**

CB ISSUER **Compagnie de Financement Foncier**  
 Reporting date **30/06/2014**

**1 GROUP LEVEL INFORMATION AND SENIOR UNSECURED RATINGS**

1.1	Group	BPCE
	Group parent company	Crédit Foncier de France
	Group consolidated financial information (link)	<a href="http://www.creditfoncier.com/nous-connaître/espace-documentation/">http://www.creditfoncier.com/nous-connaître/espace-documentation/</a>

		Rating	Rating Watch	Outlook
1.2	Senior unsecured rating (group parent company)	Fitch	A	stable
		Moody's	A2	stable
		S&P	A-	developing

		Rating	Rating watch	Outlook
1.3	Covered bond issuer rating (senior unsecured)	Fitch	N/A	
		Moody's	N/A	
		S&P	N/A	

			as of	
1.4	Common Equity Tier 1 ratio group (%)	11,1%	juin-14	(estimated in accordance with CRR/CRD 4)
	Common Equity Tier 1 ratio group parent company (%)	8,0%	juin-14	(estimated in accordance with CRR/CRD 4)
	Common Equity Tier 1 covered bond Issuer (%)	9,7%	juin-14	(estimated in accordance with CRR/CRD 4)
	Tier 1 covered bond Issuer (%)	15,7%	juin-14	(estimated in accordance with CRR/CRD 4)

**2 COVERED BOND ISSUER OVERVIEW**
**2.1 Covered bond issuer**

Name of the covered bond issuer	Compagnie de Financement Foncier
Country in which the issuer is based	France
Financial information (link)	<a href="http://www.foncier.fr/regulated-information.html">http://www.foncier.fr/regulated-information.html</a>

Information on the legal framework (link)	<a href="http://www.ecbc.eu/framework/73/Obligations_Fonci%C3%A8res_-_OF">http://www.ecbc.eu/framework/73/Obligations_Fonci%C3%A8res_-_OF</a>
UCITS compliant (Y / N) ?	Y
CRD compliant (Y / N) ?	Y

**2.2 Covered bonds and cover pool**

Cover pool		Total outstanding	of which eligible to CB refinancing
		Public sector exposures	36 451
	Commercial assets	26	26
	Residential assets	38 381	38 036
	Substitute assets	6 693	6 693
	other	4 135	4 135
	<b>Total</b>	<b>85 686</b>	<b>85 341</b>

Covered bonds	69 860
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**2.3 Overcollateralisation ratios**

	minimum (%)	current (%)	
Legal ("coverage ratio")	105,0%	119,2%	(estimated)
Contractual (ACT)			
Other	5,0%	19,7%	(non privileged liabilities in % of privileged liabilities, after swap)

## 2.4 Covered bonds ratings

		Rating	Rating Watch	Outlook
Covered bonds rating	Fitch	AA+		stable
	Moody's	Aaa		stable
	S&P	AAA		stable

## 2.5 Liabilities of the covered bond issuer

LIABILITIES	Outstanding
Equity	1 807
Subordinated debt	3 717
Other non privileged liabilities	9 154
<b>Total equity and non privileged liabilities</b>	<b>14 678</b>
Covered bonds	69 860
Other privileged liabilities	1 148
<b>Total privileged liabilities</b>	<b>71 008</b>
<b>TOTAL</b>	<b>85 686</b>

## 3 ALM OF THE COVERED BOND ISSUER

### 3.1 WAL (weighted average life) of cover pool and covered bonds

	Expected	Contractual
Public sector	8,8	9,1
Residential	7,7	12,2
Commercial		
Substitute assets	0,1	0,1
<b>WAL of cover pool</b>	<b>7,6</b>	<b>9,8</b>

<b>WAL of covered bonds</b>	<b>7,2</b>	<b>7,2</b>
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<b>WAL of total liabilities</b>	<b>8,9</b>	<b>8,9</b>
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### 3.2 Expected maturity structure of cover pool and covered bonds

	0 - 1 Y (years)	1 - 2 Y	2 - 3 Y	3 - 4 Y	4 - 5 Y	5 - 10 Y	10+ Y
Public sector	7 627	2 645	1 710	1 712	1 836	6 385	14 510
Residential	3 737	3 647	3 316	2 999	2 723	10 129	11 847
Commercial							
Substitute assets	6 693						
<b>Expected maturity of cover pool</b>	<b>18 057</b>	<b>6 292</b>	<b>5 026</b>	<b>4 711</b>	<b>4 559</b>	<b>16 514</b>	<b>26 357</b>

<b>Expected maturity of covered bonds</b>	<b>9 261</b>	<b>8 825</b>	<b>4 904</b>	<b>8 071</b>	<b>4 910</b>	<b>16 257</b>	<b>17 632</b>
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### 3.3 Contractual maturity structure of cover pool and covered bonds

	0 - 1 Y	1 - 2 Y	2 - 3 Y	3 - 4 Y	4 - 5 Y	5 - 10 Y	10+ Y
Public sector	7 564	2 592	1 667	1 682	1 817	6 368	14 735
Residential	1 801	1 802	1 783	1 769	1 769	8 388	21 087
Commercial							
Substitute assets	6 693						
<b>Contractual maturity of cover pool</b>	<b>16 058</b>	<b>4 394</b>	<b>3 450</b>	<b>3 451</b>	<b>3 586</b>	<b>14 756</b>	<b>35 822</b>

<b>Contractual maturity of cov. bonds</b>	<b>9 261</b>	<b>8 825</b>	<b>4 904</b>	<b>8 071</b>	<b>4 910</b>	<b>16 257</b>	<b>17 632</b>
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of which hard bullet	9 261	8 825	4 904	8 071	4 910	16 257	17 632
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of which soft bullet							
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### 3.4 Interest rate and currency risks

<b>Interest rate risk</b>		
	<b>Hedging transactions</b>	
	<p>As soon as an asset is recorded on the balance sheet, it is transformed, if necessary, into a variable-rate asset in euro. Macro-hedging swaps are entered into when acquiring loan portfolios, micro-hedging swaps are made for single transactions. Similarly, the debt issued by Compagnie de Financement Foncier is micro swapped at the outset to transform it into variable rate liabilities in euro.</p> <p>Credit Foncier is counterparty to these hedging transactions when it acquires and transfers loans to Compagnie de Financement Foncier. Due to the implementation of new regulations and new methodologies of rating agencies, rate hedging swap transactions are now essentially conducted with Crédit Foncier.</p> <p>Compagnie de Financement Foncier deals with other counterparties ( including Natixis) notably for currency swaps . Compagnie de Financement Foncier has hedging arrangements with around 25 major international banks.</p> <p>All of the counterparties to these currency or interest rate swaps have concluded collateralisation agreements with Compagnie de Financement Foncier that require them to provide a security deposit depending on their debt position and rating. If the opposite situation occurs, the agreements stipulate that Compagnie de Financement Foncier shall not post any collateral.</p> <p>Interest rate positions are also reviewed each quarter and macro-hedging transactions are entered into if the position deteriorates to a point that might result in non-compliance with the strict limits that Compagnie de Financement Foncier has committed to. Whenever early repayments exceed the amounts initially budgeted, an interest rate swap is entered into to reduce open positions to a small percentage of the balance sheet.</p> <p>The basic risks, resulting from different reference rates on positions already transformed into variable rates by swaps, are also managed through macro hedges.</p>	
	Nominal	WAL
Internal swaps	29 331	8,7
External swaps	27 989	7,4
<b>Currency risk</b>		
	<b>No currency risk</b>	
	<p>Compagnie de Financement Foncier prohibits any open foreign exchange positions. As such, all asset purchase or refinancing transactions that are not denominated in euros are systematically hedged against currency risk.</p> <p>Limits are set at EUR 3 million by currency and EUR 5 million in total.</p>	
	Nominal	WAL
Internal swaps	2 082	10,9
External swaps	11 436	8,7

### 3.5 Liquid assets

	Outstanding nominal
ECB eligible internal ABS	0
ECB eligible external ABS	0
ECB eligible public exposures	11 100
Transitional arrangement Bank of France	27 400
Deposits to Bank of France	5 343
Substitute assets	
ECB eligible	
Other	6 693
<b>Total liquid assets</b>	<b>50 536</b>
<b>% liquid assets / covered bonds</b>	<b>72,3%</b>

Liquidity support	0	comments
<b>% liquidity support / covered bonds</b>		

### 3.6 Substitution assets

	Outstanding	WAL
AAA to AA-		
A+ to A-	6 693	0,1
Below A-		
<b>Total</b>	<b>6 693</b>	<b>0,1</b>

(of which € 6.2 bn fully guaranteed by a portfolio of loans )

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**4 RESIDENTIAL COVER POOL DATA**
**4.1 Arrears and defaulted loans outstanding (excluding external MBS)**

	% of outstanding residential cover pool	% of total cover pool
Currently performing	94,8%	42,5%
Arrears		
0-1 months	1,7%	0,8%
1-2 months	0,6%	0,3%
2-3 months	0,3%	0,1%
3-6 months	0,4%	0,2%
6+ (Defaulted)	2,3%	1,0%

**4.2 Arrears and defaulted loans outstanding (including external MBS)**

Zone	Country	% of outstanding residential cover pool	% of total cover pool
	France	5,2%	2,3%

**4.3 Regional breakdown of assets (excluding external MBS)**

Region	% of outstanding residential cover pool
<b>France</b>	<b>98,3%</b>
Alsace	1,3%
Aquitaine	6,3%
Auvergne	0,9%
Basse Normandie	1,6%
Bourgogne	1,9%
Bretagne	3,3%
Centre	3,0%
Champagne-Ardenne	1,3%
Corse	0,2%
DOM - TOM	1,4%
Franche-Comté	1,1%
Haute Normandie	3,7%
Ile-de-France (Paris included)	26,2%
Languedoc Roussillon	5,2%
Limousin	0,7%
Lorraine	2,4%
Midi Pyrenées	5,4%
Nord-Pas-de-Calais	4,6%
Pays de Loire	4,7%
Picardie	4,6%
Poitou - Charentes	1,7%
Provence-Alpes-Côte d'Azur	8,7%
Rhones Alpes	8,1%
<b>Belgium</b>	<b>1,5%</b>
<b>Netherlands</b>	<b>0,2%</b>

4.4 **Unindexed current LTV (excluding external MBS)**

Unindexed LTV is calculated on the basis of the current outstanding amount of the loans and the initial valuation / price of the residential assets.

WA unindexed current LTVs (%)		72,5%
	Category	% of outstanding residential cover pool
LTV buckets	0 - 40	8,9%
	40 - 50	4,6%
	50 - 60	6,5%
	60 - 70	12,0%
	70 - 80	30,4%
	80 - 85	10,9%
	85 - 90	9,6%
	90 - 95	11,1%
	95 - 100	5,2%
	100 - 105	0,4%
	105 - 110	0,3%
	110 - 115	
	115+	

4.5 **Indexed current LTV (excluding external MBS)**

Indexed LTV is calculated on the basis of the current outstanding amount of the loans to the appraised values or prices of the residential assets using an indexation methodology. (see explanation §4.5)

WA indexed current LTVs (%)		71,5%
	Category	% of outstanding residential cover pool
LTV buckets	0 - 40	11,9%
	40 - 50	5,7%
	50 - 60	6,8%
	60 - 70	10,1%
	70 - 80	30,0%
	80 - 85	8,1%
	85 - 90	7,2%
	90 - 95	9,6%
	95 - 100	7,9%
	100 - 105	1,5%
	105 - 110	1,2%
	110 - 115	
	115+	

NOTA: The regulatory LTV is defined at 100% for loans with a FGAS guarantee, 80% for residential loans to individuals and 60% for the other loans.  
 In the tables above, the outstanding of loans includes  
 1- the eligible fraction to Covered Bond refinancing, ie part of loan under the regulatory limit  
 2- the non-eligible fraction to Covered Bond refinancing, ie part of loan exceeding the regulatory limit.  
 The total amount in overrun at June 30, 2014 is about of € 345 million.

4.6 **Mortgages and guarantees (excluding external MBS)**

		% of outstanding residential cover pool
1st lien mortgage with public guaranty:	French State (subsidised sector)	0,6%
	FGAS and NHG	45,2%
1st lien mortgage without guaranty		49,9%
<b>Total 1st lien mortgages</b>		<b>95,7%</b>
guaranteed	Crédit Logement	4,3%
<b>total guarantees</b>		<b>4,3%</b>

4.7 **Seasoning (excluding external MBS)**

Months	% of outstanding residential cover pool
< 12	9,7%
12 - 24	13,8%
24 - 36	10,9%
36 - 60	23,2%
> 60	42,4%

4.8 **Loan purpose (excluding external MBS)**

	% of outstanding residential cover pool
Owner occupied	77,2%
Second home	0,9%
Buy-to-let	21,9%
Other	
No data	

4.9 **Principal amortisation (excluding external MBS)**

	% of outstanding residential cover pool
Amortising	100,0%
Partial bullet	
Bullet	
Other	
No data	

4.10 **Interest rate type (excluding external MBS)**

	% of outstanding residential cover pool
Fixed for life	75,0%
Capped for life	9,6%
Floating (1y or less)	11,0%
Mixed (1y+)	4,4%
Other	
No data	

4.11 **Borrowers (excluding external MBS)**

	% of outstanding residential cover pool
Employees	74,2%
Civil servants	15,6%
Self employed	5,6%
Retired / Pensioner	2,1%
Other non-working	0,5%
Real estate company	1,9%
No data	

4.12 **Granularity and large exposures (excluding external MBS)**

Number of loans	602 836
Average outstanding balance (€)	63 710

	% of total cover pool
5 largest exposures (%)	0,3%
10 largest exposures (%)	0,4%



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5 PUBLIC SECTOR COVER POOL DATA

5.1 Arrears and defaulted loans outstanding

	% of outstanding public sector cover pool	% of total cover pool
Currently performing	98,7%	42,0%
Arrears		
0-1 months	1,3%	0,6%
1-2 months		0,0%
2-3 months		0,0%
3-6 months		0,0%
Defaulted (6+)		0,0%

5.2 Geographical distribution and type of Claim

		Exposures to or guaranteed by Supranational Institution	Exposures to Sovereigns	Exposures guaranteed by Sovereigns	Exposures guaranteed by ECA	Exposures to regions / departments / federal states	Exposures guaranteed by regions / departments / federal states	Exposures to municipalities	Exposures guaranteed by municipalities	Other direct public exposures	Other indirect public exposures	Total	% of outstanding public sector cover pool	
EUROPE	France		5 854 (*)	9		5 163	764	5 634	1 707	6 320		25 450	69,8%	
	Germany			675								675	1,9%	
	Austria						404					404	1,1%	
	Belgium					100						100	0,3%	
	Cyprus			50								50	0,1%	
	Spain				68	692	125						885	2,4%
	Hungary			35									35	0,1%
	Ireland			135									135	0,4%
	Iceland				15								15	0,0%
	Italy			1625	10		818		546				2 999	8,2%
	Netherlands												0	0,0%
	Poland			333									333	0,9%
	Portugal				65		29				38		132	0,4%
	Slovaquia			109,9									110	0,3%
	Slovenia			198,6									199	0,5%
	Switzerland						82	699	263		164		1 209	3,3%
Czech Republic			13,1									13	0,0%	
													0,0%	
													0,0%	
Asia	Japan					205		289		993		1 486	4,1%	
North America	United States			39		1 203		310		109		1 661	4,6%	
	Canada					184	376					560	1,5%	
													0,0%	
													0,0%	
<b>Total</b>		0	8 354	881	0	8 476	2 368	7 042	1 707	7 624	0	36 451	100,0%	

(\*) of which short term deposits with the Banque de France : € 5 342,5 millions

5.3 **Geographical distribution and nature of the underlying operation**

		Loans	Securities	ABS	Total
EUROPE	France	25 104	346		25 450
	Germany		675		675
	Austria		404		404
	Belgium		100		100
	Cyprus		50		50
	Spain	50	835		885
	Hungary		35		35
	Ireland		135		135
	Iceland		15		15
	Italy	536	2 464		2 999
	Netherlands				0
	Poland		333		333
	Portugal		132		132
	Slovaquia		110		110
	Slovenia		199		199
	Switzerland	1 209			1 209
	Czech Republic		13		13
Asia	Japan		1 486		1 486
North America	United States		1 661		1 661
	Canada		560		560
<b>Total</b>		26 898	9 553	0	36 451

5.4 **Regional exposures : France**

	Outstanding balance	% of outstanding French public sector cover pool
Alsace	448	1,8%
Aquitaine	814	3,2%
Auvergne	290	1,1%
Basse-Normandie	327	1,3%
Bourgogne	476	1,9%
Bretagne	455	1,8%
Centre	971	3,8%
Champagne-Ardenne	545	2,1%
Corse	32	0,1%
Franche-Comté	546	2,1%
Haute-Normandie	803	3,2%
Ile-de-France	4 010	15,8%
Languedoc-Roussillon	1 207	4,7%
Limousin	122	0,5%
Lorraine	844	3,3%
Midi-Pyrénées	715	2,8%
Nord-Pas-de-Calais	1 756	6,9%
Pays de la Loire	982	3,9%
Picardie	451	1,8%
Poitou-Charentes	445	1,7%
Provence-Alpes-Côte d'Azur	2 068	8,1%
Rhône-Alpes	1 772	7,0%
Dom-Tom	32	0,1%
Deposit to Banque de France	5 343	21,0%
<b>Total</b>	25 450	100,0%

5.5 Interest rate

	% of outstanding public sector cover pool
Fixed for life	67,6%
Capped for life	
Floating	30,7%
Mixed	
Other	1,7%
No data	

5.6 Currency

	% of outstanding public sector cover pool
EUR	84,5%
USD	6,6%
JPY	4,9%
CHF	3,5%
Other	0,5%

5.7 Principal amortisation

	% of outstanding public sector cover pool
Amortising	57,7%
Partial bullet	
Bullet	42,3%
Other	
No data	

5.8 Granularity and large exposures

Number of exposures	4 847
Average outstanding balance (€)	7 520 355

	% of total cover pool
5 largest exposures (%)	10,4%
10 largest exposures (%)	12,6%



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**6 COVERED BONDS**
**6.1 Outstanding covered bonds**

*Amount in EUR, currency parity at respective closing dates*

	YTD	2013	2012	2011
Public placement	46 433	49 945	57 498	62 203
Private placement	23 427	23 475	25 164	25 790
Sum	69 860	73 420	82 662	87 993

Denominated in €	61 233	62 784	69 000	71 089
Denominated in USD	1 673	3 161	5 168	7 105
Denominated in CHF	4 356	4 578	5 173	6 219
Denominated in JPY	357	341	571	668
Denominated in GBP	717	1 050	1 103	1 208
Denominated in AUD	688	648	787	786
Denominated in CAD	343	361	403	552
Denominated in NOK	494	496	429	329
Other			28	37
Sum	69 860	73 420	82 662	87 993

Fixed coupon	58 978	61 162	67 774	70 594
Floating coupon	6 086	7 460	9 063	11 083
Other	4 796	4 798	5 825	6 316
Sum	69 860	73 420	82 662	87 993

**6.2 Issuance**

*Amount in EUR, currency parity at respective closing dates*

	YTD	2013	2012	2011
Public placement	2 142	1 250	5 625	5 643
Private placement	1 295	2 248	2 476	3 076
Sum	3 437	3 498	8 101	8 719

Denominated in €	3 295	3 365	7 657	6 019
Denominated in USD			52	1 609
Denominated in CHF	142			873
Denominated in JPY				70
Denominated in GBP			311	
Denominated in NOK		133	81	127
Other				21
Sum	3 437	3 498	8 101	8 719

Fixed coupon	3 277	2 671	7 921	7 719
Floating coupon	10	627	60	1 404
Other	150	200	120	336
Sum	3 437	3 498	8 101	8 719

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### unless detailed otherwise

all amounts in EUR million (without decimals)  
percentages (%) with 1 decimal  
time periods in years (with 1 decimal)

## Group level information, senior unsecured ratings and covered bond issuer overview

1.2 Ratings of the parent company of the group in which the CB issuer is consolidated.

### 1.3 **Covered bond issuer ratings**

The rating agencies' methodologies usually take the senior unsecured rating of a covered bond issuer's parent company as a starting point for their assessment of the credit risk of covered bonds. However, instead of referring to the parent company rating, some rating agencies may issue a "covered bond issuer rating" which is an assessment of the credit quality of a CB issuer's credit quality on an unsecured basis. Generally, a "covered bond issuer rating" is the same as the senior unsecured rating of the CB issuer's parent company although it may be different in some specific cases. If no "CB issuer rating" has been granted to the CB issuer, "NA" should be indicated.

### 2.2 **Covered bonds and cover pool**

#### Guaranteed loans or mortgage promissory notes :

If the eligible assets are transferred into the cover pool using guaranteed loans (i.e. collateral directive framework) or mortgage promissory notes, the outstanding amount of the eligible assets pledged as collateral of the notes or loans should be indicated instead of the amount of the guaranteed loans.

#### "Of which assets eligible to CB refinancing" :

The outstanding amount of eligible assets including replacement assets shall be filled in. The eligible amounts only take into account assets which fulfill the legal eligibility criteria to the cover pool. E.g., for residential loans to individuals, the eligible amounts are limited to 80% of the value of the pledged property for mortgage loans or of the financed property for guaranteed loans. The legal coverage ratio's weightings of eligible assets are not taken into account in this calculation (e.g. a loan guaranteed by an eligible guarantor with an LTV level below the 80% / 60% cap is entered for 100% of its outstanding amount regardless of the guarantor's rating).

## 3 **ALM**

#### Contractual maturities :

Contractual maturities are calculated assuming a zero prepayment scenario on the cover pool assets.

#### Expected maturities :

The assumptions underlying the calculation of the expected WAL and expected maturity breakdown shall be disclosed for each element of the cover pool including substitute assets.

## Residential cover pool data

### 4.2, 4.3 **Geographical distribution / regional breakdown**

The geographical breakdown of assets shall take into account the location of the pledged property for residential mortgages and the location of the property which is refinanced by the loan in the case of guaranteed loans.

### 4.4 **Unindexed current LTV**

Unindexed LTV is calculated on the basis of the current outstanding amount of the loans and the initial valuation / price of the residential assets.

### 4.5 **Indexed current LTV**

Indexed LTV is calculated on the basis of the current outstanding amount of the loans to the appraised values or prices of the residential assets using an indexation methodology.

The loan-to-value ratio on residential mortgage loans is the ratio of the outstanding principal over the value of the underlying real estate. Collateral is revalued annually to monitor compliance with this ratio. The regulatory annual valuation of underlying assets is based on a prudent assessment of the property's long-term characteristics, local market conditions, the current use of the property and other possible uses. All of this information is provided by Foncier Expertise, Crédit Foncier's wholly-owned, Veritascertified subsidiary. The Specific Controller monitors these appraisals each year to verify compliance with the real-estate market parameters used in the valuation process, as described in the risk report section of the Registration Document 2013 (pages 137 - 145).

### 4.10 **Interest rate type**

"Floating" includes loans with interest rate reset periods not exceeding one year.

"Mixed" shall be used for loans with a combination of fixed, capped or floating periods (e.g. 10 years initial fixed rate switching to floating) or for loans with interest rate reset periods exceeding one year.