

COMPAGNIE DE FINANCEMENT FONCIER

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

September 2014

FRENCH NATIONAL COVERED BOND LABEL REPORTING TEMPLATE

CB ISSUER	Compagnie de Financement Foncier
Reporting date	30/09/2014

1 GROUP LEVEL INFORMATION AND SENIOR UNSECURED RATINGS

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

		Rating	Rating Watch	Outlook
1.2	Senior unsecured rating (group parent company)	Fitch	A	stable
		Moody's	A2	negative
		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	

(in accordance with CRR/CRD4)		as of
1.4	Core Tier 1 ratio Group (%)	11.1% juin-14
	Core Tier 1 ratio Group parent company (%)	8.0% juin-14
	Common Equity Tier 1 covered bond issuer (%)	9.7% juin-14
	Tier 1 ratio Covered Bond Issuer (%)	15.7% juin-14

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)	http://www.foncier.fr/regulated-information.html

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

2.2 Covered bonds and cover pool

		Total outstanding	of which eligible to CB refinancing
Cover pool	Public sector exposures (*)	36 301	36 301
	Commercial assets	28	28
	Residential assets	38 867	38 507
	Substitute assets	7 311	7 311
	other	4 236	4 236
Total		86 743	86 383

(*) of which short term deposits to Banque de France : € 2 395.3 millions

Covered bonds	70 217
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2.3 Overcollateralisation ratios

	minimum (%)	current (%)	
Legal ("coverage ratio")	105.0%	119.8%	(estimated)
Contractual (ACT)			
Other	5.0%	20.3%	(non privileged liabilities in % of privileged liabilities, after swap)

2.4 Covered bonds ratings

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

2.5 Liabilities of the covered bond issuer

LIABILITIES	Outstanding
Equity	1 860
Subordinated debt	3 714
Other non privileged liabilities	9 804
Total equity and non privileged liabilities	15 378
Covered bonds	70 217
Other privileged liabilities	1 148
Total privileged liabilities	71 365
TOTAL	86 743

2.6 Information required under article 129 (7) CRR

- (i) Value of the cover pool and outstanding covered bonds : *please refer to section 2.2*
- (ii) Geographical distribution : *please refer to section 4.3 (residential), 5.2 , 5.3 and 5.4 (public sector)*
 Type of cover assets : *section 2.2*
 Loan size : *section 4.12 (residential) and 5.8 (public sector)*
 Interest rate and currency risks
 hedging policy : *section 3.4*
 assets interest rate and currency : *section 4.10 (residential), 5.5 and 5.6 (public sector)*
 CB interest rate and currency : *section 6.1 and 6.2 (Covered bonds tab/worksheet)*
- (iii) Maturity structure of cover assets and covered bonds : *please refer to section 3.1, 3.2 and 3.3*
- (iv) Percentage of loans more than ninety days past due : *please refer to section 4.1 (residential) and 5.1 (public sector)*

2.7 Compliance with the article 129 CRR in full

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3 ALM OF THE COVERED BOND ISSUER

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

	Expected	Contractual
Public sector	9.0	9.3
Residential	7.7	12.2
Commercial		
Substitute assets	0.1	0.1
WAL of cover pool	7.6	9.9
WAL of covered bonds	7.1	7.1
WAL of total liabilities	8.7	8.7

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	4 875	3 454	2 216	1 873	2 049	7 572	14 262
Residential	3 763	3 672	3 349	3 028	2 753	10 236	12 094
Commercial							
Substitute assets	7 311						
Expected maturity of cover pool	15 949	7 126	5 565	4 901	4 802	17 808	26 356
Expected maturity of covered bonds	11 906	5 729	6 644	6 767	5 885	16 627	16 659

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	4 814	3 397	2 170	1 837	2 021	7 514	14 548
Residential	1 808	1 814	1 805	1 789	1 796	8 500	21 383
Commercial							
Substitute assets	7 311						
Contractual maturity of cover pool	13 933	5 211	3 975	3 627	3 817	16 014	35 931
Contractual maturity of cov. bonds	11 906	5 729	6 644	6 767	5 885	16 627	16 659
of which hard bullet	11 906	5 729	6 644	6 767	5 885	16 627	16 659
of which soft bullet							

3.4 Interest rate and currency risks

Interest rate risk		
	Hedging transactions	
	<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. Other banks also act as counterparty in the case of market transactions or loans originated abroad. Compagnie de Financement Foncier has hedging arrangements with around 30 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 deposit 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> <p>Special interest-rate risk-reduction mechanisms have been put in place for Compagnie de Financement Foncier with the French state for the subsidised sector loans.</p>	
	Nominal	WAL
Internal swaps	28 504	8.4
External swaps	26 456	7.5
Currency risk		
	No currency risk	
	<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	1 960	11.2
External swaps	11 425	8.5

3.5 Liquid assets

	Outstanding nominal	
ECB eligible internal ABS		
ECB eligible external ABS		
ECB eligible public exposures	10 800	
Transitional arrangement Bank of France	27 600	
Deposits to Bank of France	2 395	
Substitute assets	ECB eligible	200
	Other	7 111
Total liquid assets	48 106	
% liquid assets / covered bonds	68.5%	

Liquidity support	0	comments
% liquidity support / covered bonds		

3.6 Substitution assets

	Outstanding	WAL
AAA to AA-	206	0.0
A+ to A-	7 105	0.1
Below A-		
Total	7 311	0.1

(of which € 6.6 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	1.6%	0.7%
1-2 months	0.6%	0.3%
2-3 months	0.3%	0.1%
3-6 months	0.4%	0.2%
6+ (Defaulted)	2.4%	1.1%
> 3 months	2.8%	1.3%

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
France	98.4%
Alsace	1.3%
Aquitaine	6.3%
Auvergne	0.9%
Basse Normandie	1.6%
Bourgogne	1.9%
Bretagne	3.3%
Centre	3.1%
Champagne-Ardenne	1.3%
Corse	0.2%
DOM - TOM	1.4%
Franche-Comté	1.1%
Haute Normandie	3.7%
Ile-de-France (Paris included)	26.3%
Languedoc Roussillon	5.3%
Limousin	0.7%
Lorraine	2.4%
Midi Pyrenées	5.4%
Nord-Pas-de-Calais	4.7%
Pays de Loire	4.7%
Picardie	4.6%
Poitou - Charentes	1.7%
Provence-Alpes-Côte d'Azur	8.6%
Rhones Alpes	8.0%
Belgium	1.5%
Netherlands	0.2%

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 (%)		72.7%
	Category	% of outstanding residential cover pool
LTV buckets	0 - 40	8.8%
	40 - 50	4.5%
	50 - 60	6.5%
	60 - 70	12.0%
	70 - 80	30.6%
	80 - 85	10.5%
	85 - 90	9.6%
	90 - 95	10.8%
	95 - 100	6.1%
	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 (%)		71.9%
	Category	% of outstanding residential cover pool
LTV buckets	0 - 40	11.6%
	40 - 50	5.6%
	50 - 60	6.7%
	60 - 70	10.0%
	70 - 80	30.6%
	80 - 85	7.7%
	85 - 90	7.3%
	90 - 95	9.4%
	95 - 100	8.7%
	100 - 105	1.3%
	105 - 110	1.1%
	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 september 30, 2014 is about of € 360 million.

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

		% of outstanding residential cover pool
1st lien mortgage with public guaranty:	French State (subsidised sector)	0.5%
	FGAS and NHG	45.9%
1st lien mortgage without guaranty		49.1%
Total 1st lien mortgages		95.5%
guaranteed	Crédit Logement	4.5%
Total guarantees		4.5%

4.7 **Seasoning (excluding external MBS)**

Months	% of outstanding residential cover pool
< 12	9.4%
12 - 24	14.7%
24 - 36	10.5%
36 - 60	23.4%
> 60	42.1%

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	76.1%
Capped for life	9.2%
Floating (1y or less)	10.5%
Mixed (1y+)	4.1%
Other	
No data	

4.11 **Borrowers (excluding external MBS)**

	% of outstanding residential cover pool
Employees	74.2%
Civil servants	15.7%
Self employed	5.6%
Retired / Pensioner	2.1%
Other non-working	0.5%
Real estate company	1.9%
No data	

4.12 **Granularity, large exposures and loan size(excluding external MBS)**

Number of loans	602 698
Average outstanding balance (€)	64 534

	% of total cover pool
5 largest exposures (%)	0.3%
10 largest exposures (%)	0.4%

Loan size (buckets in EUR thousands)	Number of loans	Outstanding in EUR millions	% of total cover pool (outstanding)
0-200	589 926	35 249	40.6%
200-400	12 138	2 880	3.3%
400-600	263	123	0.1%
600-800	94	65	0.1%
800-1000	72	65	0.1%
>1000	205	514	0.6%
TOTAL	602 698	38 895	44.8%

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5 PUBLIC SECTOR COVER POOL DATA

Public sector cover pool data on this section (EUR 33 906 millions) is without exposure to the Banque de France (EUR 2 395 millions).

5.1 Arrears and defaulted loans outstanding

	% of outstanding public sector cover pool	% of total cover pool
Currently performing	99.3%	38.8%
Arrears		
0-1 months	0.7%	0.3%
1-2 months		
2-3 months		
3-6 months		
Defaulted (6+)		
> 3 months	0.0%	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		1 515	9		5 626	749	6 673	1 643	6 745		22 961	67.7%	
	Germany			495								495	1.5%	
	Austria						417					417	1.2%	
	Belgium					100						100	0.3%	
	Cyprus			50								50	0.1%	
	Spain				70		693	125					888	2.6%
	Hungary			35									35	0.1%
	Ireland			135									135	0.4%
	Iceland				15								15	0.0%
	Italy			1582	10		813		546				2 951	8.7%
	Netherlands												0	0.0%
	Poland			334									334	1.0%
	Portugal				65		29				38		132	0.4%
	Slovaquia			110									110	0.3%
	Slovenia			199									199	0.6%
	Switzerland						83	705	265		165		1 218	3.6%
	Czech Republic			13									13	0.0%
													0.0%	
													0.0%	
Asia	Japan					203		289		995		1 487	4.4%	
North America	United States			42		1 305		300		118		1 765	5.2%	
	Canada					195	408					603	1.8%	
													0.0%	
													0.0%	
Total		0	3 972	706	0	9 046	2 404	8 074	1 643	8 061	0	33 906	100.0%	

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

		Loans	Securities	ABS	Total
EUROPE	France	22 612	348		22 961
	Germany		495		495
	Austria		417		417
	Belgium		100		100
	Cyprus		50		50
	Spain	50	838		888
	Hungary		35		35
	Ireland		135		135
	Iceland		15		15
	Italy	536	2 416		2 951
	Netherlands				0
	Poland		334		334
	Portugal		132		132
	Slovaquia		110		110
	Slovenia		199		199
	Switzerland	1 218			1 218
	Czech Republic		13		13
Asia	Japan		1 487		1 487
North America	United States		1 765		1 765
	Canada		603		603
Total		24 415	9 490	0	33 906

5.4 **Regional exposures : France**

	Outstanding balance	% of outstanding French public sector cover pool
Alsace	495	2.2%
Aquitaine	999	4.3%
Auvergne	295	1.3%
Basse-Normandie	393	1.7%
Bourgogne	495	2.2%
Bretagne	533	2.3%
Centre	989	4.3%
Champagne-Ardenne	559	2.4%
Corse	40	0.2%
Franche-Comté	648	2.8%
Haute-Normandie	834	3.6%
Ile-de-France	3 901	17.0%
Languedoc-Roussillon	1 302	5.7%
Limousin	140	0.6%
Lorraine	861	3.7%
Midi-Pyrénées	729	3.2%
Nord-Pas-de-Calais	1 882	8.2%
Pays de la Loire	1 086	4.7%
Picardie	530	2.3%
Poitou-Charentes	515	2.2%
Provence-Alpes-Côte d'Azur	2 096	9.1%
Rhône-Alpes	2 089	9.1%
Dom-Tom	34	0.1%
Etat Français	1 515	6.6%
Total	22 961	100.0%

5.5 Interest rate

	% of outstanding public sector cover pool
Fixed for life	65.0%
Capped for life	
Floating	33.2%
Mixed	
Other	1.8%
No data	

5.6 Currency

	% of outstanding public sector cover pool
EUR	82.8%
USD	7.6%
JPY	5.3%
CHF	3.8%
Other	0.6%

5.7 Principal amortisation

	% of outstanding public sector cover pool
Amortising	70.8%
Partial bullet	
Bullet	29.2%
Other	
No data	

5.8 Granularity, large exposures and loan size

Number of exposures	5 190
Average outstanding balance (€)	6 532 948

	% of total cover pool
5 largest exposures (%)	5.3%
10 largest exposures (%)	7.6%

<u>Loan size (buckets in EUR millions)</u>	Number of loans	Outstanding	% of total cover pool (outstanding)
0 - 0.5	5 427	881	1.0%
0.5 - 1	2 208	1 615	1.9%
1 - 5	3 091	7 104	8.2%
5 - 10	503	3 612	4.2%
10 - 50	396	8 352	9.6%
50 - 100	57	4 190	4.8%
> 100	42	8 152	9.4%
TOTAL	11 724	33 906	39.1%

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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	47 325	49 945	57 498	62 203
Private placement	22 892	23 475	25 164	25 790
Sum	70 217	73 420	82 662	87 993

Denominated in €	61 636	62 784	69 000	71 089
Denominated in USD	1 816	3 161	5 168	7 105
Denominated in CHF	4 141	4 578	5 173	6 219
Denominated in JPY	358	341	571	668
Denominated in GBP	708	1 050	1 103	1 208
Denominated in AUD	692	648	787	786
Denominated in CAD	356	361	403	552
Denominated in NOK	511	496	429	329
Other			28	37
Sum	70 217	73 420	82 662	87 993

Fixed coupon	60 295	61 162	67 774	70 594
Floating coupon	5 180	7 460	9 063	11 083
Other	4 741	4 798	5 825	6 316
Sum	70 217	73 420	82 662	87 993

6.2 Issuance

Amount in EUR, currency parity at respective closing dates

	YTD	2013	2012	2011
Public placement	3 142	1 250	5 625	5 643
Private placement	1 447	2 248	2 476	3 076
Sum	4 589	3 498	8 101	8 719

Denominated in €	4 447	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	4 589	3 498	8 101	8 719

Fixed coupon	4 419	2 671	7 921	7 719
Floating coupon	10	627	60	1 404
Other	160	200	120	336
Sum	4 589	3 498	8 101	8 719

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unless detailed otherwise

all amounts in EUR millions (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.

For pass through ABS, this assumption is applied to the underlying assets to determine the contractual maturity of the ABS (i.e. contractual maturity is not calculated according to the legal final maturity of the securities).

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, Veritas-certified 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.

Public Sector cover pool data

Exposure on the Banque de France is not included in this section.