

Scope affirms AA- Issuer Ratings of Crédit Foncier de France and Compagnie de Financement de Foncier

AAA covered bond ratings remain unchanged. The AA- rating affirmation follows the recent announcement of Crédit Foncier's changing role within the BPCE Group from 2019 but continue to take account of unchanged Group solidarity mechanisms.

Scope Ratings today affirmed the AA- and the Stable Outlook for the Issuer Ratings of Crédit Foncier de France (CFF) and of Compagnie de Financement Foncier (CoFF), the wholly-owned subsidiary of CFF. Both the ratings and their outlook continue to mirror the Issuer Rating of AA- with Stable Outlook assigned by Scope to BPCE SA.

The AAA ratings and their Stable Outlook on the covered bonds issued by CoFF remain unchanged.

CFF is a wholly-owned subsidiary of BPCE SA, the central body of the two large French banking groups, the Banque Populaire (cooperative banks) and Caisses d'Épargne (savings banks). CoFF's role is to finance the mortgage and public-sector lending of both its parent company and the BPCE group as a whole, through the issuance of covered bonds (obligations foncières).

On 26th June 2018 it was announced that from early 2019 new lending that currently flows through CFF will be conducted by other entities within the BPCE Group, which will create efficiency savings for the Group. CFF will continue to manage existing loans outstanding, and via CoFF will also continue to manage the Group's refinancing activities. The integration of the activities and competencies of CFF should enable the BPCE Group to take advantage of certain expertise developed by CFF. From 2019, CFF's balance sheet is expected to shrink gradually as existing loans roll off. CoFF will remain as one of the Group's strategic subsidiaries, with its role refocused mainly on the refinancing of public sector assets for the Group.

CFF and CoFF will continue to carry the status of affiliates within the Group. This legal status continues to support the equalisation of their Issuer Ratings with those of BPCE SA.

Affirmed with a Stable Outlook are the following ratings:

- Issuer rating of Credit Foncier de France SA: AA-
- Issuer rating of Compagnie de Financement Foncier: AA-

The AAA ratings and their Stable Outlook on the covered bonds issued by Compagnie de Financement Foncier remain unchanged.

Stress testing & cash flow analysis

No stress testing was performed. No cash flow analysis was performed.

Methodology

The methodology/ies used for this rating(s) and/or rating outlook(s) Bank rating methodology is available on www.scooperatings.com.

Historical default rates of Scope Ratings can be viewed in the rating performance report on <https://www.scooperatings.com/#governance-and-policies/regulatory-ESMA> Please also refer to the central platform (CEREP) of the European Securities and Markets Authority (ESMA): <http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>. A comprehensive clarification of Scope's definition of default as well as definitions of rating notations can be found in Scope's public credit rating methodologies on www.scooperatings.com.

The rating outlook indicates the most likely direction of the rating if the rating were to change within the next 12 to 18 months.

Solicitation, key sources and quality of information

The rated entity and/or its agents participated in the rating process.

The following substantially material sources of information were used to prepare the credit rating: public domain, the rated entity and third parties.

Scope considers the quality of information available to Scope on the rated entity or instrument to be satisfactory. The information and data supporting Scope's ratings originate from sources Scope considers to be reliable and accurate. Scope does not, however, independently verify the reliability and accuracy of the information and data."

Prior to the issuance of the rating or outlook action, the rated entity was given the opportunity to review the rating and/or outlook and the principal grounds on which the credit rating and/or outlook is based. Following that review, the rating was not amended before being issued.

Regulatory Disclosures

This credit rating and/or rating outlook is issued by Scope Ratings GmbH.

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Person responsible for approval of the rating: Samuel Theodore, Group Managing Director

The ratings/outlooks were first released by Scope on 07.02.2017.

Potential conflicts

Please see www.scooperatings.com for a list of potential conflicts of interest related to the issuance of credit ratings.

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About Scope Ratings GmbH

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