



COMPAGNIE DE FINANCEMENT FONCIER

2019 UNIVERSAL REGISTRATION DOCUMENT

including the annual financial report



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The elements of the Annual Financial Report are identified using the pictogram ■

The Extra-Financial Performance Declaration is identified using the pictogram ●

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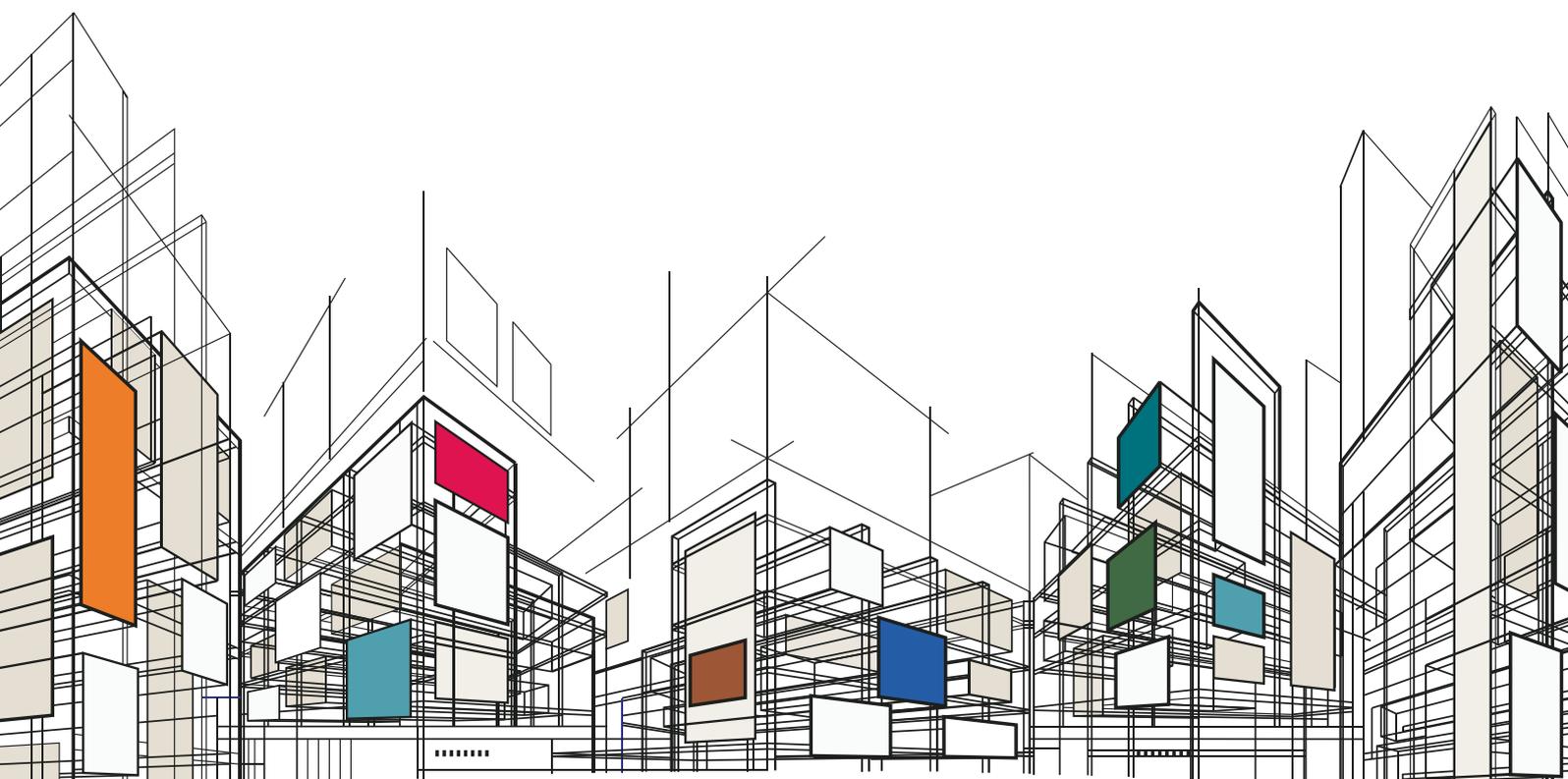


Abbreviations used in the document:
Thousands of euros: €K
Millions of euros: €M
Billion euros: €bn

COMPAGNIE DE FINANCEMENT FONCIER

2019 UNIVERSAL REGISTRATION DOCUMENT

including the annual financial report



This Universal registration document was filed on March 27, 2020 with the Autorité des Marchés Financiers (AMF – French Financial Markets Authority), as the competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of that Regulation. This Universal registration document may be used for the purposes of an offer to the public of securities or the admission of securities to trading on a regulated market if supplemented by a securities note and, as appropriate, a summary and any amendments to the Universal registration document. The whole is approved by the AMF pursuant to regulation (EU) 2017/1129.

MESSAGES FROM THE CHAIRMAN AND CHIEF EXECUTIVE



ÉRIC FILLIAT

*Chairman of the Board
of Directors of Compagnie
de Financement Foncier*

How does Compagnie de Financement Foncier fit in with Crédit Foncier and Groupe BPCE?

Capitalizing on 20 years serving investors and Groupe BPCE, Compagnie de Financement Foncier, an issuer of obligations foncières rated AAA/Aaa/AAA since its creation and a strategic subsidiary of Groupe BPCE under the affiliation regime, has continued its funding role for the activities of Crédit Foncier and the entities of Groupe BPCE, with €3bn in issuances completed in 2019.

The redeployment of Credit Foncier de France's origination activities to Groupe BPCE entities, from the end of the first quarter of 2019, was conducted successfully: these activities will continue to support a long-term, competitive and asset-backed funding model focused on Compagnie de Financement Foncier.

In an environment persistently marked by a strong downward trend in interest rates, access to cheap asset-backed liquidity is a competitive advantage Groupe BPCE intends to use more broadly.

The growing consolidation of Compagnie de Financement Foncier within Groupe BPCE makes possible an increase in the share of funded activities over a long period under favorable terms, to permit both public sector and real estate funding.

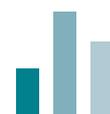
In this new context, how is 2020 looking for Compagnie de Financement Foncier?

Following a successful transition in 2019, the Crédit Foncier de France teams and the entities of Groupe BPCE have perfected collaborative communication processes that make it possible to use the funding offered by Compagnie de Financement Foncier.

In an increasingly demanding financial environment, Groupe BPCE has a dynamic and competitive funding vehicle supported by the expertise and determination of the Group's teams.



In a demanding financial environment, Groupe BPCE has a dynamic and competitive funding vehicle supported by the expertise and determination of the Group's teams.



€3bn
issues made



The assets refinanced by Compagnie de Financement Foncier are carefully selected to guarantee a high level of quality for investors and to support Groupe BPCE in the growth of its financing activities for the public sector and for mortgaged properties.

How did Compagnie de Financement Foncier position itself on the covered bonds market in 2019?

In 2019, in a persistently low interest rate environment, the covered bonds market remained very dynamic in Europe with €141bn in benchmark issuances (+3.5% compared to 2018). The resumption of the ECB's Quantitative Easing last November at a rate of €20bn per month helped to whet the already significant appetite of investors.

France is the second largest market within the European *covered bonds* market with 20% of the issuances, over €311bn in outstanding bonds and a benchmark volume of issuances of €26bn in 2019. Compagnie de Financement Foncier is a major French issuer with outstanding covered bonds totalling €60.4bn, equivalent to 18% of French outstanding bonds.

What did Compagnie de Financement Foncier achieve in 2019?

In 2019, Compagnie de Financement Foncier celebrated its 20th year of service to its investors and Groupe BPCE, and in the service of innovation, transparency and quality. Compagnie de Financement Foncier is a major issuer with €3bn in issuances completed in 2019, including €2.25bn in benchmark euro issuances in April and September.

Investor confidence has made Compagnie de Financement Foncier the first European covered bonds issuer to offer a very negative benchmark rate (-0.32%) with a long maturity (8 years). Ever ready to listen to its investors and on the cutting edge of innovation, Compagnie de Financement Foncier has issued several private placements with remarkable maturities (up to 42 years) and increasingly innovative rate formats.

Already rewarded in 2018, Compagnie de Financement Foncier once again received the mtn-i Innovation Award in 2019 for a steepener type private placement.

2019 also bore witness to the success of a strategy refocused on funding for Groupe BPCE. With approximately €1bn in acquisitions of receivables from the public sector and similar from Groupe BPCE entities beginning at the end of 2019, Compagnie de Financement Foncier has confirmed the Group's interest in its very competitive refinancing levels.

After this good performance in 2019, on both public issues and private placements, what are Compagnie de Financement Foncier's objectives for 2020?

More than ever, 2020 will confirm Compagnie de Financement Foncier's strategic positioning for the purpose of funding Groupe BPCE's activities. Compagnie de Financement Foncier will offer extremely competitive issuance levels as well as expertise in long-term funding which will enable the Group's entities to improve their positioning and optimize their margins.

The assets refinanced by Compagnie de Financement Foncier are carefully selected to guarantee a high level of quality for investors and to support Groupe BPCE in the growth of its financing activities for the public sector and mortgaged properties.



OLIVIER AVIS

Chief Executive Officer de la Compagnie de Financement Foncier



20 years
at the service
of investors



-0.32%
issue rate at 8 years



PROFILE

A wholly-owned subsidiary of Crédit Foncier [A(stable)/A1(stable)/A+(stable)/AA-(stable)] ⁽¹⁾, and an affiliate of BPCE [A+(stable)/A1(stable)/A+(stable)] ⁽²⁾, Compagnie de Financement Foncier is a credit institution registered as a specialist credit institution and a société de crédit foncier, a French legal covered bonds issuer.

Compagnie de Financement Foncier's *obligations foncières*, rated [AAA(stable)/Aaa(stable)/AAA(stable)] ⁽³⁾, are French legal covered bonds that comply with European directives UCITS 52-4 ⁽⁴⁾ and CRD ⁽⁵⁾ as well as with Article 129 of the European Capital Requirements Regulation (CRR) ⁽⁶⁾. All *obligations foncières* of Compagnie de Financement Foncier are eligible for the European Central Bank (ECB) refinancing operations except for some private placements and issues in foreign currencies.

Since 2012, Compagnie de Financement Foncier is a member of the ECBC (European Covered Bond Council) Covered Bond Label.

Compagnie de Financement Foncier continues to be a major player in its market, with a total *obligations foncières* outstanding of €60.4bn (including related receivables) as of December 31, 2019 and an issuance volume of €3bn in 2019.

€60.4bn

Outstanding *obligations foncières*
(including related payables)

€3bn

Issuance of *obligations foncières*
at December 31, 2019

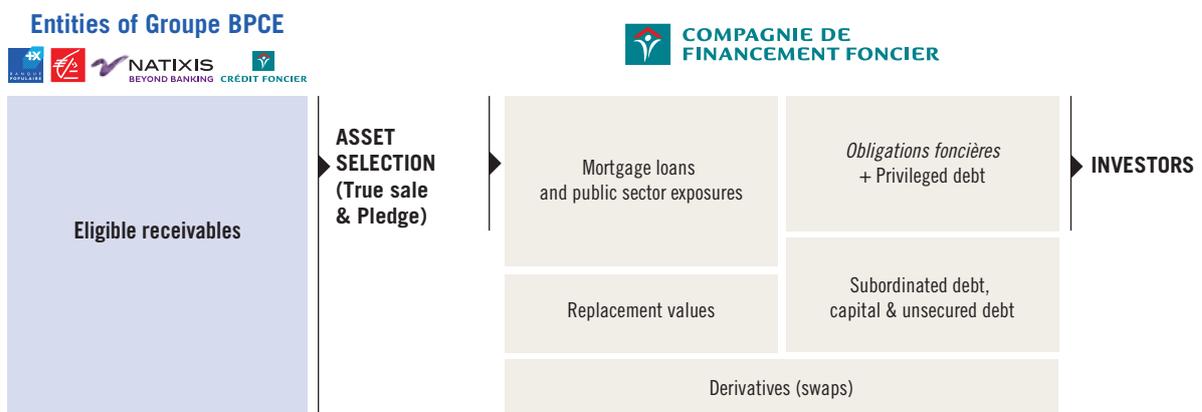
OUR strategy OUR purpose

As part of the new groupe Crédit Foncier structure set up on April 1, 2019, Crédit Foncier is focusing its efforts on the management of outstanding loans that will continue to be refinanced by Compagnie de Financement Foncier.

In addition, Compagnie de Financement Foncier's mission is to refinance Groupe BPCE entities' lending, notably to the Public sector and similar, via the issue of *obligations foncières*.

ACTIVITY

Business model of Compagnie de Financement Foncier



(1) Standard & Poor's/Moody's/Fitch/Scope Ratings, updated as of the Universal registration document's filing date.

(2) Standard & Poor's/Moody's/Fitch Ratings, updated as of the Universal registration document's filing date.

(3) Standard & Poor's/Moody's/Scope Ratings, updated as of the Universal registration document's filing date.

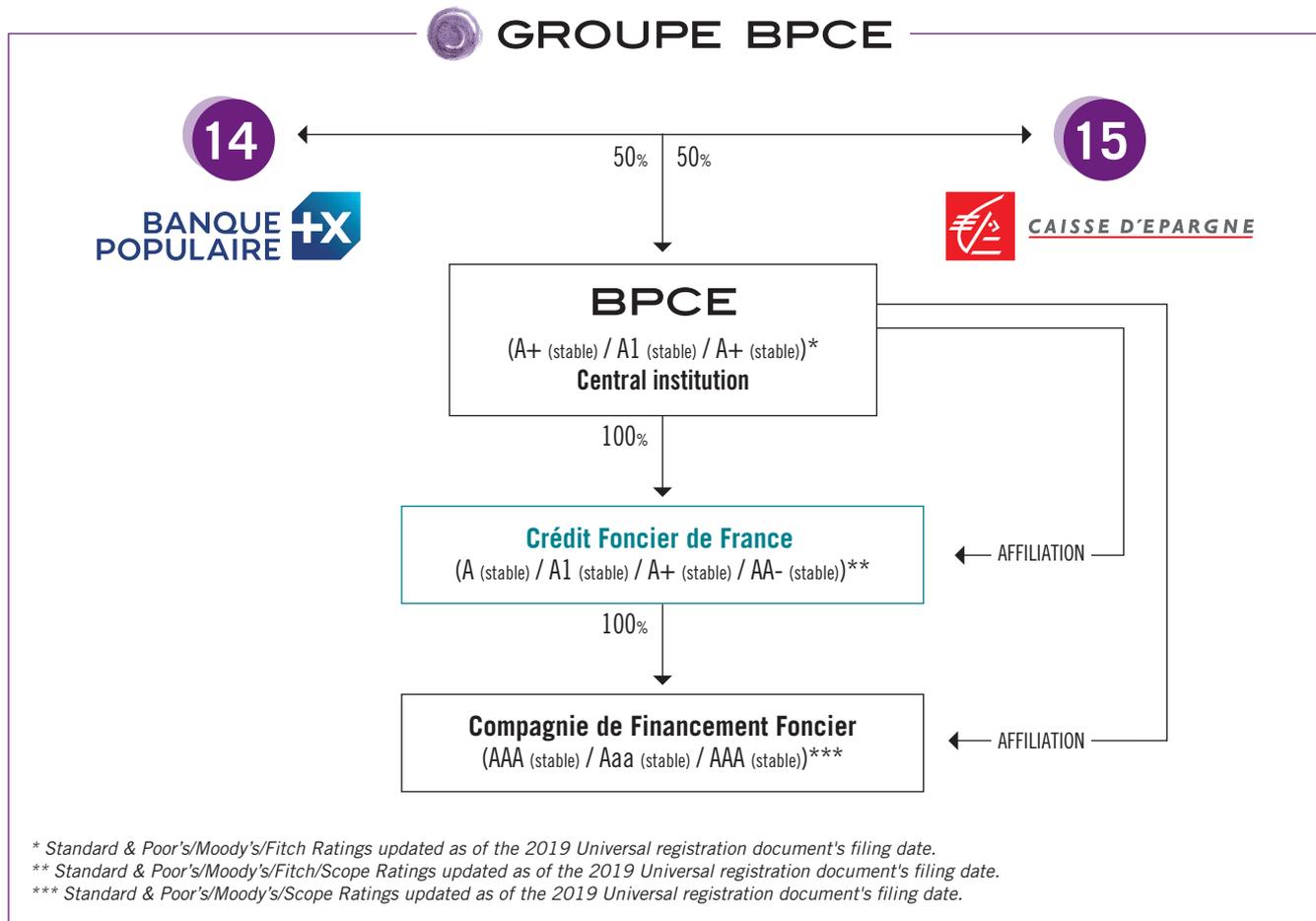
(4) UCITS: Undertakings for Collective Investment in Transferable Securities, a directive on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

(5) CRD: Capital Requirements Directive.

(6) CRR: Capital Requirements Regulation.



POSITIONING WITHIN THE BPCE GROUP



HIGHLIGHTS OF 2019

Funding

€3bn: total amount of Compagnie de Financement Foncier public issues and private placements totaled in 2019.

SUCCESS OF BENCHMARKS ISSUED BY COMPAGNIE DE FINANCEMENT FONCIER:

- €1.25bn for 8 years in April;
- €1.0bn for 8 years in September.

FIRST EUROPEAN EURO COVERED BOND ISSUER TO ISSUE A NEGATIVE BENCHMARK RATE

Investor confidence also enabled Compagnie de Financement Foncier to be the first European euro covered bond issuer to issue a benchmark at a negative rate (-0.32%) with a long maturity (8 years). By doing so, it confirmed its place as a world leader in the covered bond segment.

ISSUE WITH A MATURITY IN EXCESS OF 40 YEARS

In October, Compagnie de Financement Foncier made a 42-year private placement, meaning that it could extend its maturity profile by 2 years, with redemptions until 2061.

Key events

20 YEARS OF COMPAGNIE FINANCEMENT FONCIER

For 20 years now, Compagnie de Financement Foncier has been one of the main European issuers of covered bonds, building a diverse investor base due to the relevance of its model and its capacity for innovation.

RECOGNITION FOR COMPAGNIE DE FINANCEMENT FONCIER

At the Awards Mtn-i 2019 in London, Compagnie de Financement Foncier was honored by the financial industry for in the Investor Solutions category for its steepener product, which is popular with investors.

This award is evidence of Compagnie de Financement Foncier's innovation and sophistication in developing customer-focused responses in light of investor demand.

Compagnie de Financement Foncier is currently alone among French issuers in handling steepener-type structures.



KEY FIGURES

Issuer information

Issuer: Compagnie de Financement Foncier, affiliated with Groupe BPCE

Parent company: Crédit Foncier (100%), a subsidiary of BPCE (100%)

Type of bonds issued: obligations foncières

Issuance programs: EMTN, AMTN & USMTS

Sole service provider:

Crédit Foncier [A (stable)/A1 (stable)/A+ (stable)/AA- (stable)] ⁽¹⁾

A subsidiary of BPCE [A+ (stable)/A1 (stable)/A+ (stable)] ⁽²⁾

RATINGS OF OBLIGATIONS FONCIÈRES

	Standard & Poor's	Moody's	Scope Ratings
Long-term rating	AAA	Aaa	AAA
Outlook	Stable	Stable	Stable

Simplified economic balance sheet

➤ ASSETS (by type of exposures)	12/31/2019		12/31/2018		12/31/2017	
	€bn	%	€bn	%	€bn	%
Mortgage loans and equivalent	38.6	54.0	40.5	52.8	39.4	50.3
Public sector exposures	24.9	34.8	28.0	36.5	29.8	38.0
French public sector*	16.9	23.6	19.5	25.4	21.2	27.1
Foreign public sector	8.0	11.2	8.5	11.1	8.6	11.0
Replacement values and other assets	8.0	11.2	8.2	10.7	9.2	11.7
Replacement values	6.7	9.3	6.7	8.7	6.8	8.6
Other assets	1.3	1.9	1.5	2.0	2.4	3.1
TOTAL ASSETS	71.5	100.0	76.7	100.0	78.4	100.0

* Including deposits and short-term loans at Banque de France of €1.6bn at the end of 2019, €0.7bn at the end of 2018 and end 2017.

➤ LIABILITIES	12/31/2019		12/31/2018		12/31/2017	
	€bn	%	€bn	%	€bn	%
Privileged resources	60.4	84.6	63.5	82.8	63.3	80.8
Obligations foncières	60.5	84.7	63.5	82.8	63.4	80.9
Foreign exchange difference on covered bonds	-0.1	-0.2	-0.1	-0.1	-0.3	-0.3
Other privileged resources	0.1	0.1	0.1	0.1	0.2	0.2
Translation difference associated with hedging balance sheet items	1.1	1.6	1.1	1.4	0.9	1.2
Non-privileged resources	9.9	13.9	12.1	15.8	14.1	18.0
Unsecured debt	4.6	6.4	6.6	8.6	8.7	11.1
Subordinated debt or equivalent	2.1	3.0	2.3	3.0	2.3	2.9
Shareholders' equity, provisions and reserve for general banking risks	3.2	4.5	3.2	4.2	3.2	4.0
TOTAL LIABILITIES	71.5	100.0	76.7	100.0	78.4	100.0
Regulatory capital according to CRR/CRD IV	3.1	4.4	3.1	4.1	3.1	4.0

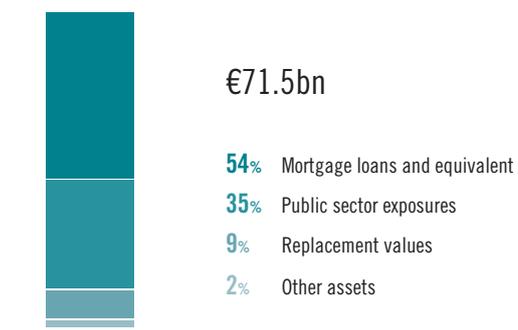
(1) Standard & Poor's/Moody's/Fitch/Scope Ratings updated as of the 2019 Universal registration document's filing date.

(2) Standard & Poor's/Moody's/Fitch Ratings updated as of the 2019 Universal registration document's filing date.

Breakdown of assets

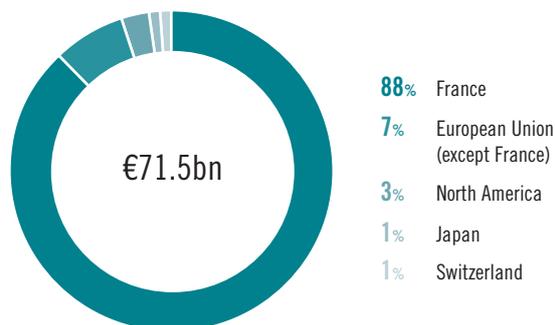
BY TYPE OF ASSETS

DECEMBER 31, 2019

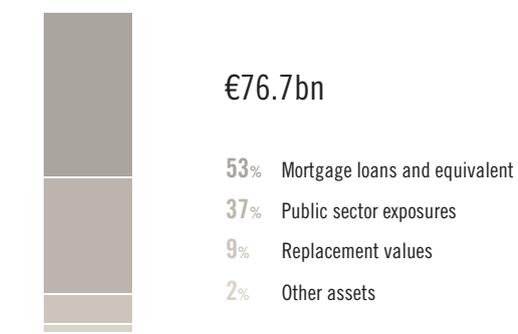


BY REGION

DECEMBER 31, 2019



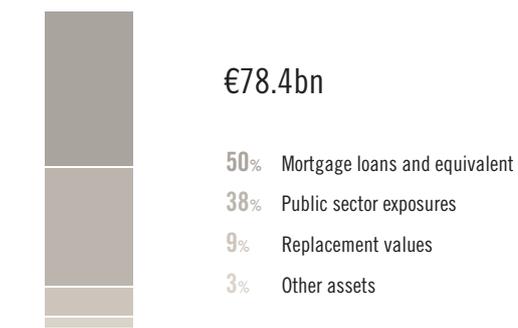
DECEMBER 31, 2018



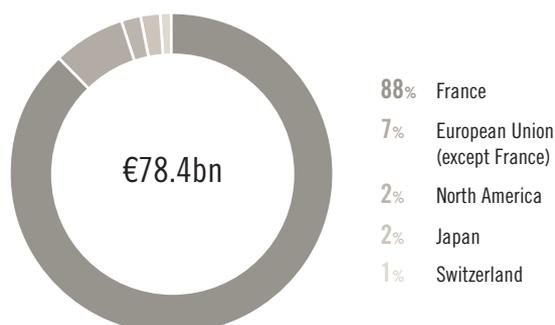
DECEMBER 31, 2018



DECEMBER 31, 2017



DECEMBER 31, 2017

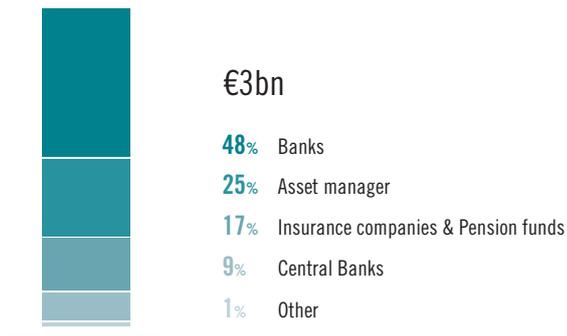




Breakdown of issuances

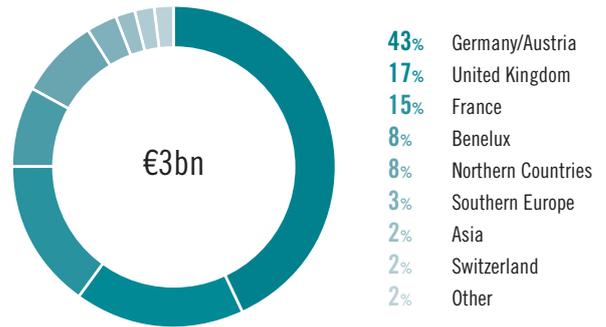
BY TYPE OF INVESTOR

DECEMBER 31, 2019

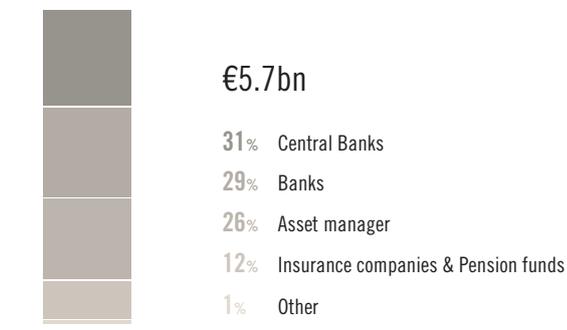


BY REGION

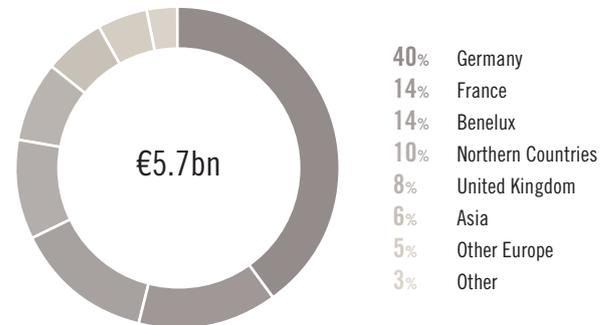
DECEMBER 31, 2019



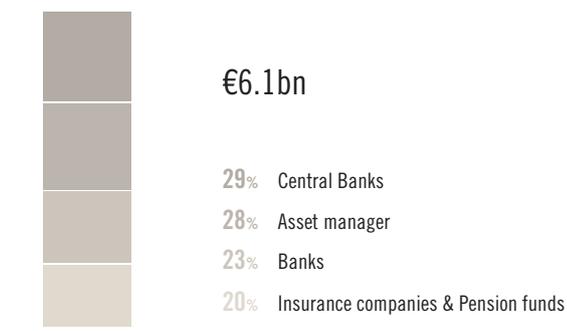
DECEMBER 31, 2018



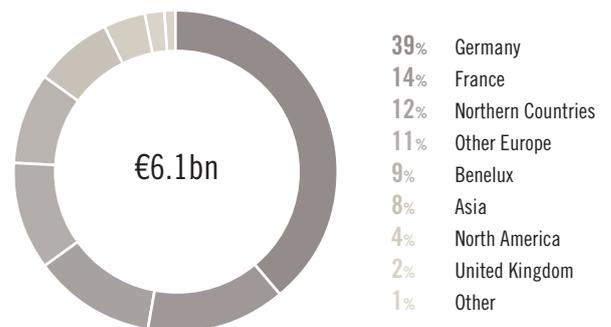
DECEMBER 31, 2018



DECEMBER 31, 2017



DECEMBER 31, 2017

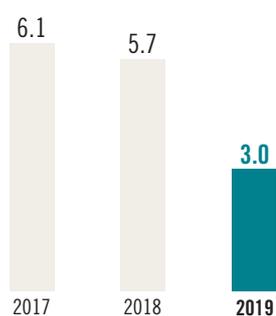


Performance indicators

ACTIVITY

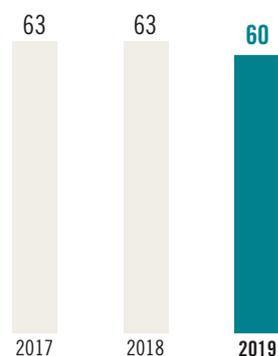
OBLIGATIONS FONCIÈRES ISSUED

(in €bn)



PRIVILEGED LIABILITIES

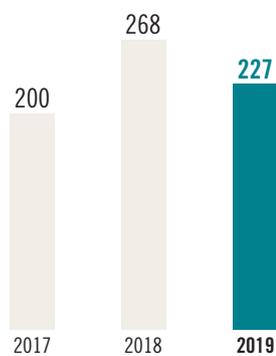
(in €bn)



RESULTS

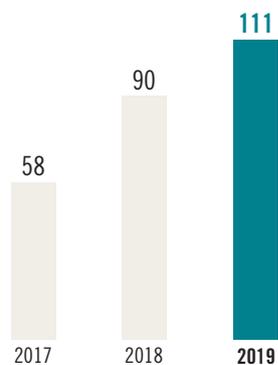
NET BANKING INCOME

(in €bn)



NET INCOME

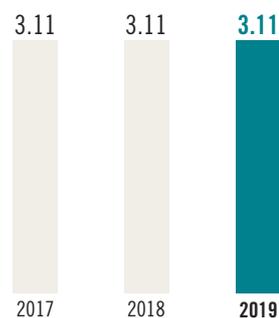
(in €bn)



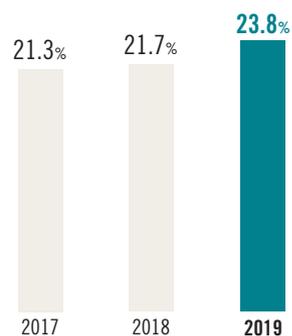
FINANCIAL STRUCTURE

REGULATORY CAPITAL

(in €bn)



PRUDENTIAL RATIOS

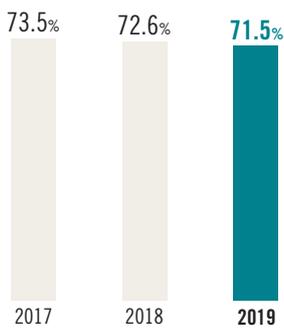


Solvency ratio= Common Equity Tier 1

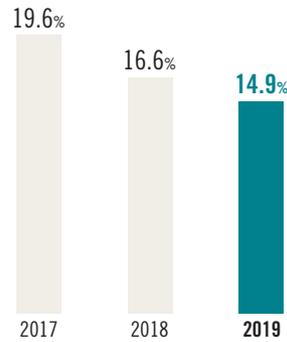


SOCIÉTÉ DE CRÉDIT FONCIER'S SPECIFIC RATIOS

AVERAGE LTV OF MORTGAGE LOANS FOR INDIVIDUALS

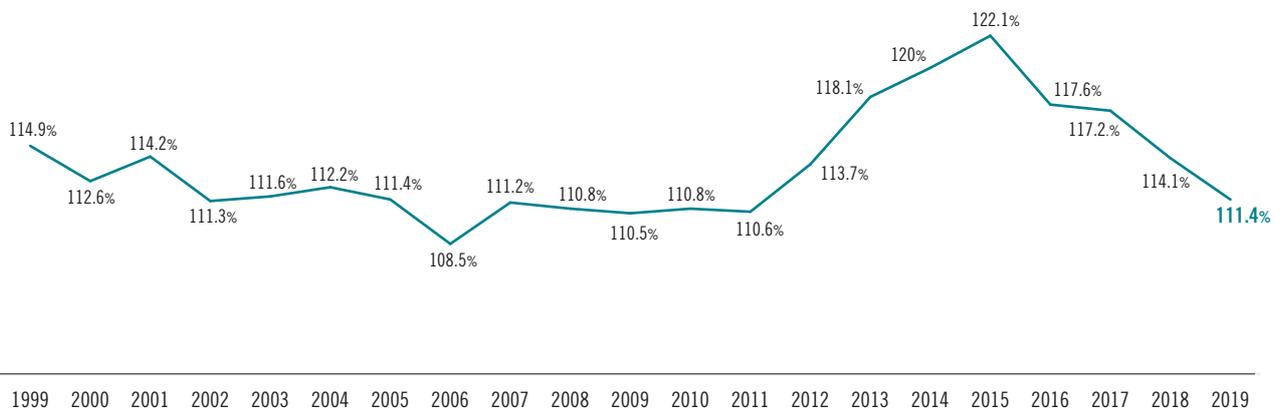


NON-PRIVILEGED RESOURCES/PRIVILEGED RESOURCES RATIO



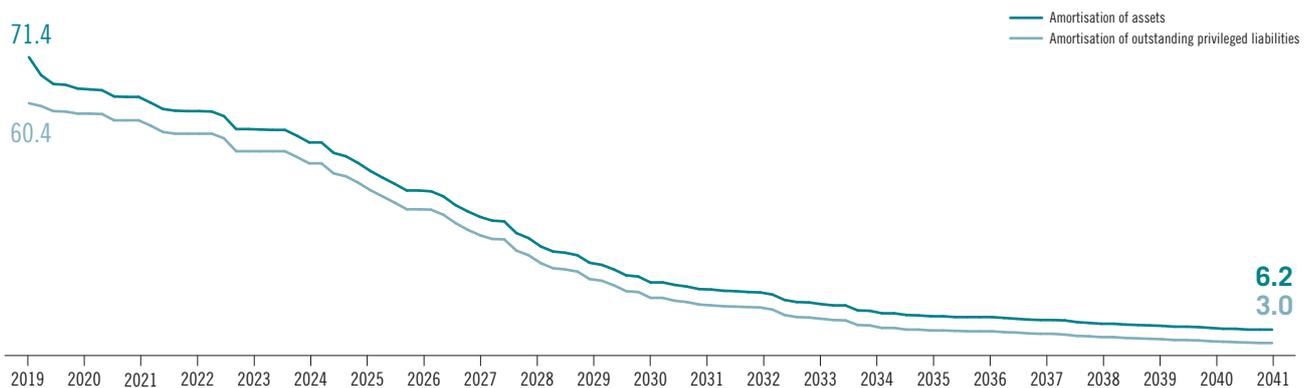
REGULATORY OVERCOLLATERALIZATION RATIO

(in %)



AMORTISATION OF ASSETS AND PRIVILEGED LIABILITIES

(in €bn)





GOVERNANCE AT THE SERVICE OF STRATEGY

The Board of Directors

9
members at
December 31, 2019

33%
women

53 years
average age

9
board
meetings

84%
average
attendance rate

BOARD OF DIRECTORS AS OF DECEMBER 31, 2019



Éric FILLIAT

Chairman of the Board of Directors ★



Nathalie BRICKER

Director ■



Alexandre FOURNEAU

Director



Muriel COLLE

Representing Crédit Foncier de France

Director ■



Sabine CALBA

Director ■



Philippe JEANNE

Director ★



Olivier IRISSON
Representing BPCE

Director ■ ■



Pascal CHABOT

Director ★



Jean-Sylvain RUGGIU

Director

■ AUDIT COMMITTEE ■ RISK COMMITTEE ■ APPOINTMENTS COMMITTEE ★ CHAIRMAN

Committees set up by the Board of Directors



AUDIT COMMITTEE

Ensures that accounting methods chosen for creating financial statements are relevant and consistent.

Gives an opinion on the choice or renewal of Statutory Auditors, examines their schedule of activity and the results of their controls and recommendations.

Issues an opinion on the choice or renewal of the specific controller.

Committee members:

Philippe JEANNE, Chairman

BPCE, represented by **Olivier IRISSON**

Nathalie BRICKER



RISK COMMITTEE

Assesses the quality of internal control.

Assesses the efficiency of the internal control and risk management systems.

Committee members:

Pascal CHABOT, Chairman

Crédit Foncier de France, represented by

Muriel COLLE

BPCE, represented by **Olivier IRISSON**



APPOINTMENTS COMMITTEE

Proposes candidates for the function of director and assesses the diversity of their knowledge.

Sets a target for gender representation.

Defines the features of an independent director.

Committee members:

Éric FILLIAT, Chairman

Sabine CALBA

1

PRESENTATION OF COMPAGNIE DE FINANCEMENT FONCIER

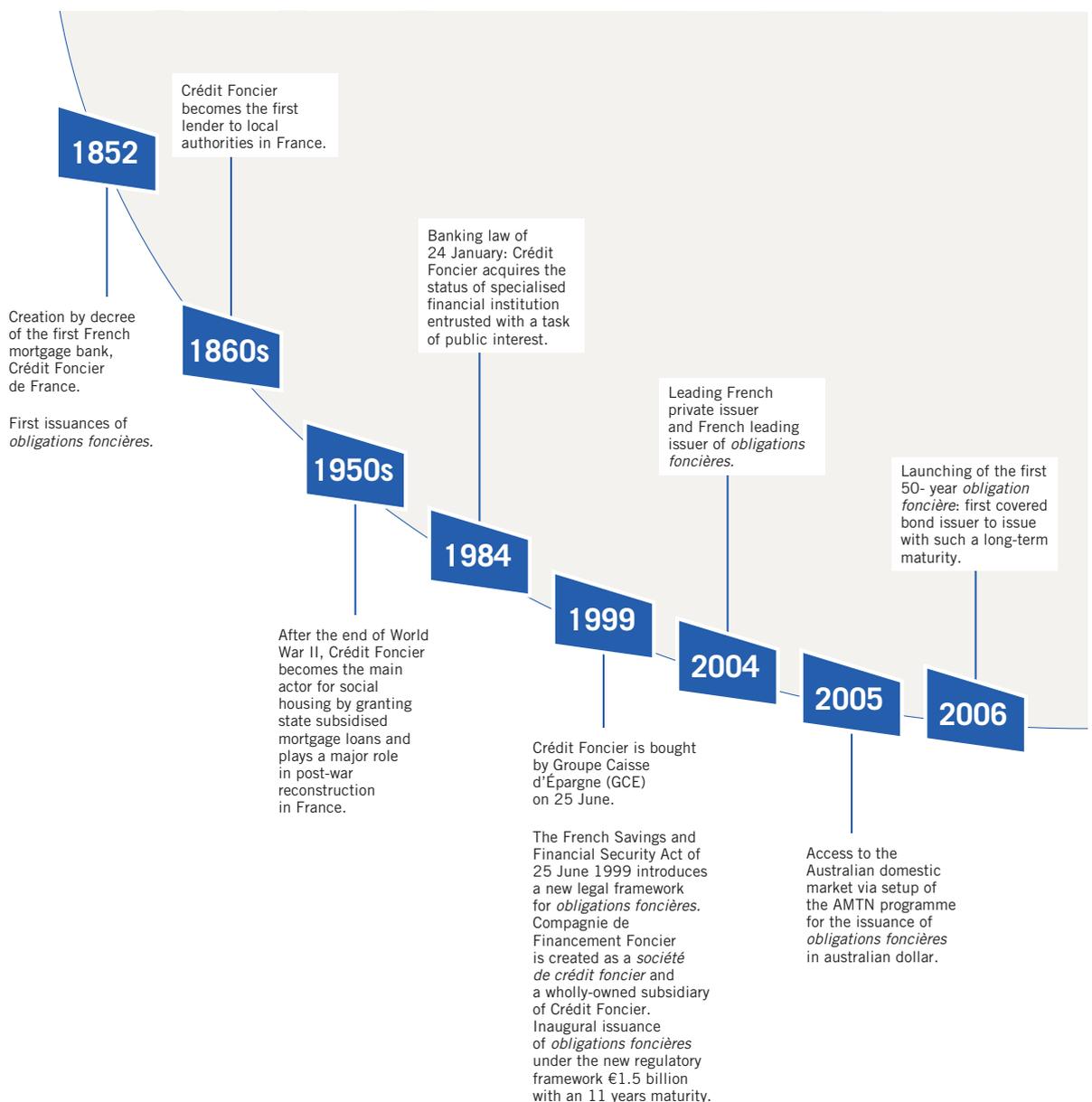
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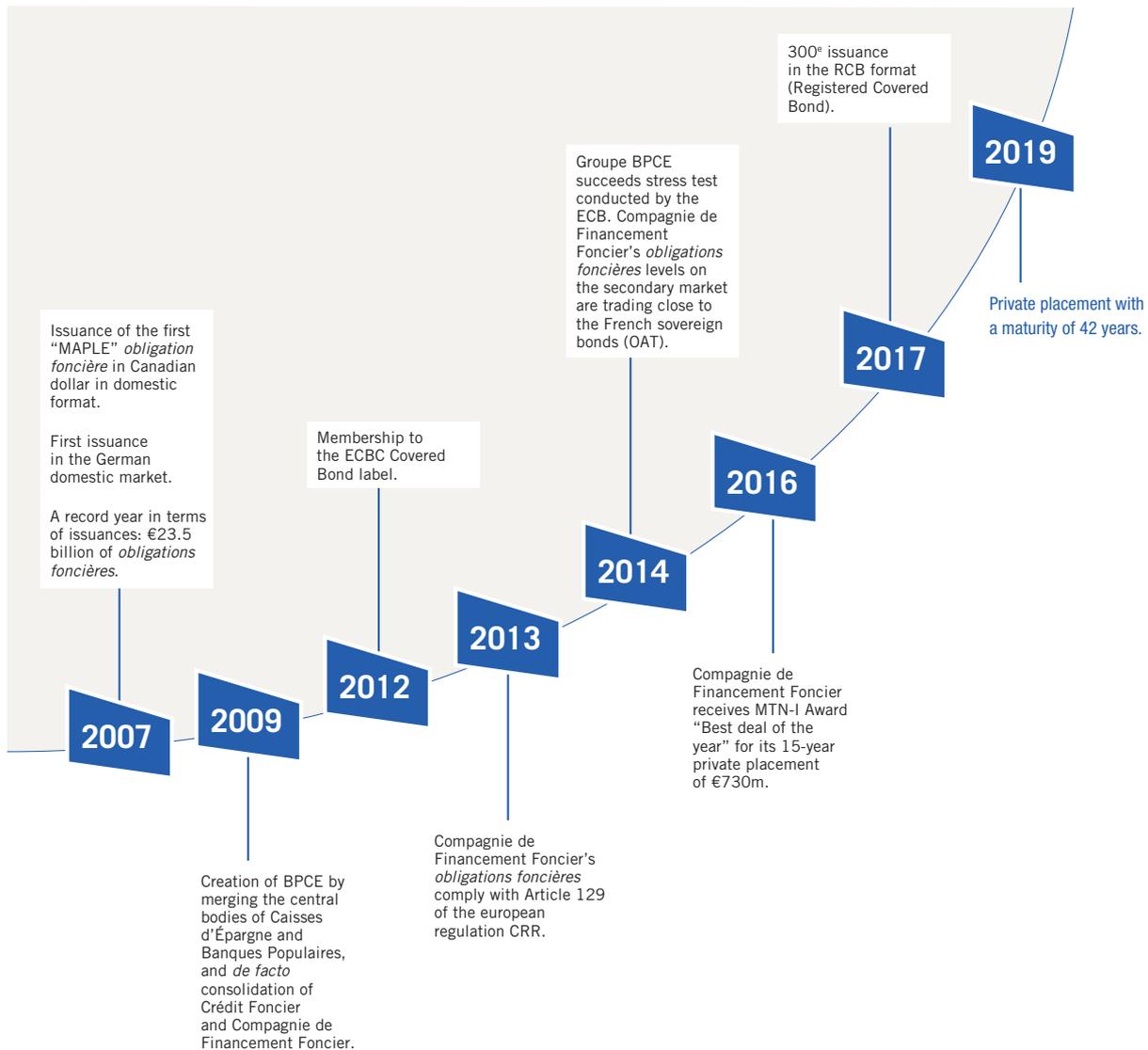


HISTORY

Created in 1852, **Crédit Foncier de France**, whose main activity is to grant property loans backed by first-ranking mortgages, became the key player to local authorities in France. It maintained that position until World War II. From the 1950s onward, **Crédit Foncier de France** was entrusted with numerous public interest assignments and thus played a key role in the real estate sector.

In 1999 **Crédit Foncier de France** was bought by **Groupe Caisse d'Épargne** and in 2009 it became **Groupe BPCE** following the merger with **Banque Populaire** banks. The same year (1999) **Compagnie de Financement Foncier** was created as a *société de crédit foncier* and wholly owned by **Crédit Foncier**. It is now a benchmark player on the covered bond market.



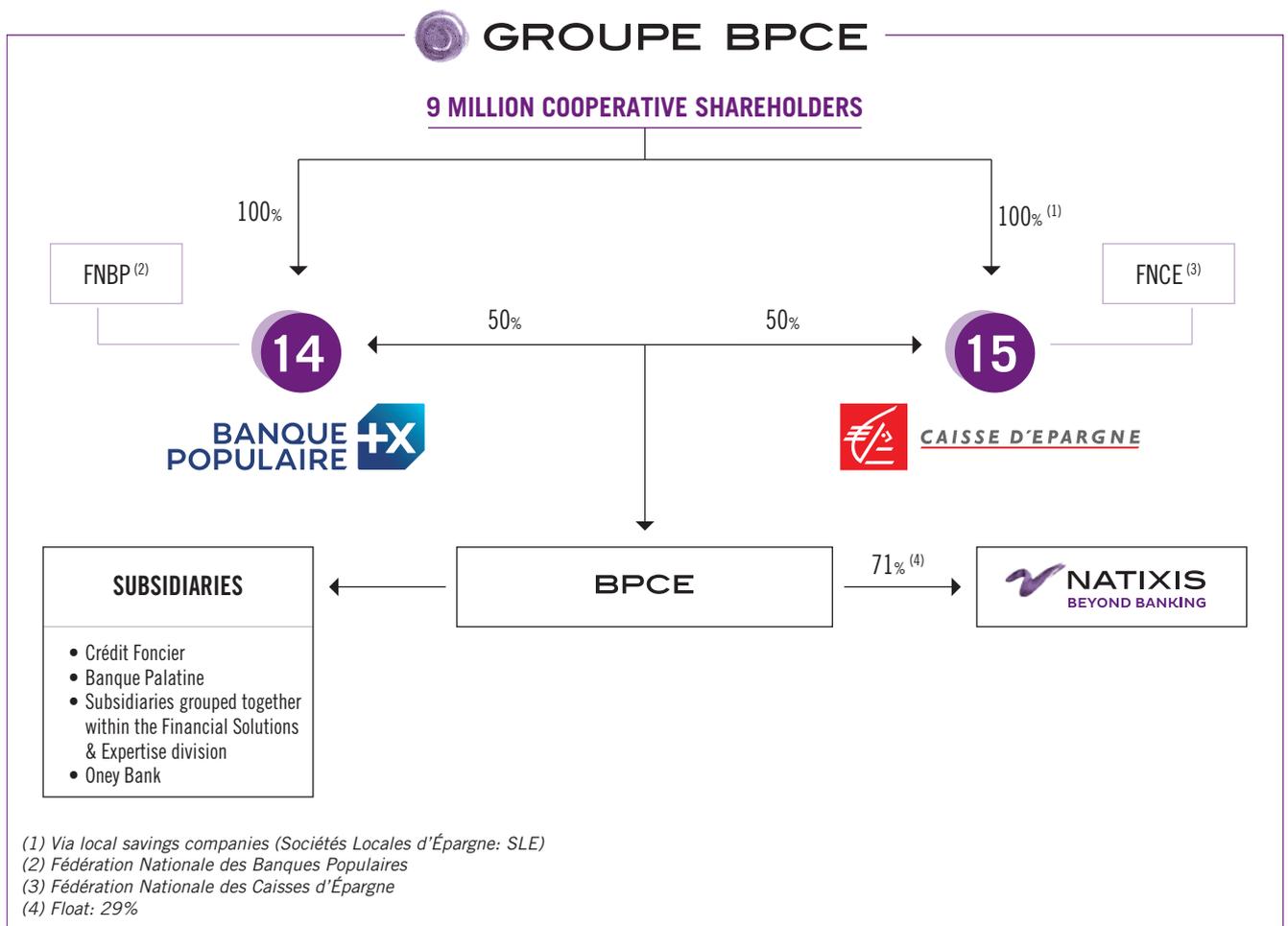


POSITIONING

Positioning of Crédit Foncier, sole shareholder of Compagnie de Financement Foncier, within Groupe BPCE

Crédit Foncier is fully owned by BPCE and is thus an integral part of Groupe BPCE, the second-largest banking group in France.⁽¹⁾

Organization chart of Groupe BPCE at December 31, 2019



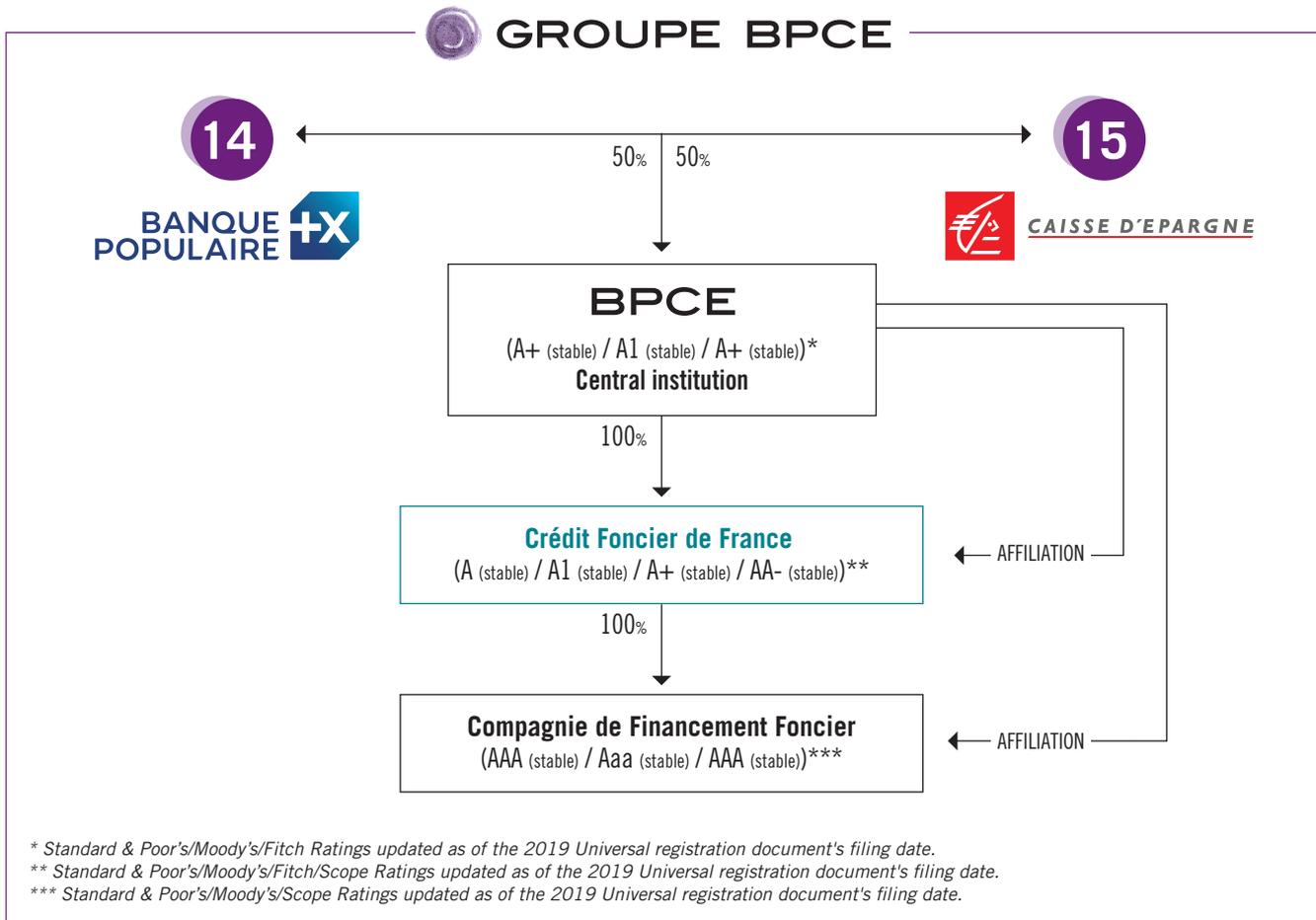
(1) Market shares: 21.9% for customer savings and 21% for customer credits (source: Banque de France Q3-2019 – all non-financial customers).

Groupe BPCE at a glance

With its unique universal banking model, represented by some 9 million cooperative shareholders, Groupe BPCE is the second biggest player in banking in France. With 105,000 employees, it offers its services to some 36 million customers worldwide including individuals, corporations, investors and local authorities. It has a presence in the local banking and insurance segments in France through its two major networks, Banque Populaire and Caisse d'Épargne as well as la Banque Palatine. With Natixis it also operates the Global Asset Management, Global Customer Banking and Insurance and Payment business lines.

Through this scheme, it offers its customers a comprehensive and wide-range of savings, cash, financing, insurance and investment solutions. The Group's financial stability is recognized by four ratings agencies Moody's (A1, stable outlook), Standard & Poor's (A+, stable outlook), Fitch (A+, stable outlook) and R&I (A+, stable outlook).

Focus on the positioning of Compagnie de Financement Foncier





At the service of synergies with Groupe BPCE

Compagnie de Financement Foncier's know-how for over two decades allows it to raise funds over long maturities, at competitive prices, offering Groupe BPCE optimized lending terms.

Since its creation, Compagnie de Financement Foncier has been developing a Covered Bond model with a mixed cover pool, which combines mortgage loans and public sector loans.

For Groupe BPCE, Compagnie de Financement Foncier is a major alternative for the funding of mortgage or public sector assets.

Investors have welcomed the diversified nature of Compagnie de Financement Foncier's mixed pool since its inception.

COVERED BONDS: LEGAL AND REGULATORY FRAMEWORK

The European regulatory framework regarding covered bonds has been constantly undergoing changes and this has translated into the European and national legislative frameworks. At the European level, two documents govern the framework: the UCITS directive and the CRR. These European texts are transposed into French law in the Monetary and Financial Code (CMF).

On December 18, 2019, a new directive was published in the *Journal Officiel* to define a harmonized framework and regulate the issue of covered bonds in Europe. This “Covered Bonds Directive” is intended to apply in 2022, after transposition into the domestic law of the various Member States.

Covered bonds

Covered bonds are bonds backed by an asset cover pool. Cash flows deriving from these assets enable bondholders to be repaid, in priority over all other creditors.

In the European Union, the characteristics of covered bonds are defined by Article 52 (4) of the European UCITS directive (2009/65/EC amended), according to the following criteria:

- the issuer must be a credit institution having its registered office in a European Union Member State and subject to a specific and legal supervision;
- the bondholder must have a preferential claim on cash flows deriving from underlying assets, in the event of the issuer's default, over all other creditors. The upper limit for exposure to this type of asset can be raised to 25%.

The compliance of covered bond issuers with Article 52 (4) of the UCITS directive has enabled asset cover pool controls and their banking supervision to be standardized.

The second European text governing covered bonds is the CRD (Capital Requirements Directive) on the adequacy of regulatory capital. Covered bond holders, particularly European banks and insurance companies, thus benefit from a favorable regulatory framework. Indeed, the latter are able to take advantage of a favorable risk weighting for their covered bonds with the highest rating.

The third European text, the directive of November 27, 2019, will help to improve the protective framework surrounding covered bonds when it comes into force in 2022.

The main feature of covered bonds is the specific mechanism established to protect bondholders. Indeed, bondholders benefit from a special legal privilege on the underlying assets of the cover pool in case of the issuer's default, giving them the right to be paid prior to all other creditors. To ensure a sufficient level of quality, said assets are strictly defined in the appropriate legislation (mainly real estate with first rank guarantee and claims on central or regional governments, or local authorities).

In addition, the Liquidity Coverage Ratio (LCR) regulation enables investors to include covered bonds in their liquidity reserves providing they comply with certain criteria. The main eligibility criteria for covered bonds at each liquidity reserve level are as follows:

Eligibility criteria	Level 2A		
	Level 1A	EU member issuer	Level 2B*
	Compliance with Article 52 (4) of the UCITS directive or with Article 129 of the CRR		
Minimum rating or, in case of no available rating, risk weighting in accordance with the CRR	AA- or 10%	A- or 20%	35%
Minimum issuance amount	€500m	€250m	€250m
Minimum overcollateralization ratio to be respected	2%	7% or 2% if rated ≥ AA-	10% and monthly disclosure
Disclosure of the information below, in compliance with Article 129 (7) of the CRR regulation, and according to the applicable periodicity:	Semi-annually	Semi-annually	Quarterly
	<ul style="list-style-type: none"> ■ the value of the cover pool and the outstanding balance of the covered bonds; ■ the geographical distribution and type of cover assets, loan size, interest rate and currency risks; ■ the maturity structure of cover assets and covered bonds; ■ the percentage of loans more than ninety days past due. 		

* For level 2B, the cover pool must consist of residential property and exposures on public entities.

Within the context of ECBC Covered Bond Label reporting, Compagnie de Financement Foncier publishes the information listed in the table above on its website (www.foncier.fr) according to the periodicity scheduled.

The European Covered Bond Council, an association representing mainly issuers whose members account for over 95% of outstanding covered bonds, established the Covered Bond Label in 2012. The Council is self-governed with representation from French issuers. For investors, regulators and key market players, the label promotes access to relevant, uniform and transparent information on 109 issuers and 128 cover pools in 16 European countries and three non-European countries. This quality label is based on a convention, which defines the core characteristics and criteria for a covered bond program to qualify.

For issuers, the label requires compliance with Articles 52 (4) of the UCITS directive and 129 of the CRR which involve the enhanced transparency of the information reported. Information for investors is subject to specific ECBC reporting with a standardized common section and a section that is specific to the particular nature of the covered bond market in each of the label's Member States. Under this label, the specific French version of ECBC reporting, provides investors with all the information required by Article 129 (7) of the CRR.

Compagnie de Financement Foncier complies with all the label's requirements, and has renewed its membership for 2020. All information and reports are available on the website www.coveredbondlabel.com.

A French covered bond : the *obligations foncières*

THE BASICS OF *OBLIGATIONS FONCIÈRES*

FRENCH LAW AND COMPLIANCE WITH EUROPEAN REGULATIONS

In 1999, the French government passed legislation on the modernization of the *obligations foncières* framework. This law provides the French financial markets with a category of bond instruments, which are competitive and uniform in terms of risks and liquidity, controlled by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR)⁽¹⁾ and by a Specific Controller. Until then, the legislation of 1852 on *sociétés de crédit foncier* allowed only Crédit Foncier de France or Crédit Foncier et Communal d'Alsace et de Lorraine to issue *obligations foncières*. Since 1999, *sociétés de crédit foncier*' business activities have been governed by the French Monetary and Financial Code (CMF) which codified the provisions of the aforementioned law of 1999.

French law is the transposition of the European UCITS and CRR texts governing covered bonds:

- *sociétés de crédit foncier* are credit institutions having their registered office in a Member State of the European Union, France. They are legally subject to specific supervision protecting the holders of those bonds via a Specific Controller, whose appointment is approved by the ACPR;
- bondholders of *obligations foncières* are protected by a pool of underlying assets (whose eligibility criteria are defined by law) over which they have priority recourse in the event of the issuer's default: this is the legal privilege granted to bondholders.

The French legal framework also imposes additional requirements in terms of liquidity and reporting.

SOCIÉTÉS DE CRÉDIT FONCIER

Sociétés de crédit foncier are credit institutions whose sole purpose is defined in Article L. 513-2 of the French Monetary and Financial Code: granting or acquiring secured loans *i.e.* loans that are backed by first-rank mortgages or real property collateral conferring at least an equivalent guarantee, or exposures to public entities, and financing them by issuing *obligations foncières*. The business activities of a *société de crédit foncier* are restricted by law: they are not allowed to hold equity interests or share portfolios.

Obligations foncières, which finance eligible assets, are covered bonds that have a legal privilege that confers to their holders a preferential claim on cash flows deriving from the underlying assets.

The eligibility criteria for *sociétés de crédit foncier*' assets are defined in Articles L. 513-3 to L. 513-7 of the French Monetary and Financial Code (CMF). The following assets are eligible:

- real estate loans secured by a first-rank mortgage or equivalent guarantee (European Union or European economic Area) or by an eligible guarantor (the real estate loans in question cannot account for more than 35% of the total assets);
- exposures on public entities or guarantees by public entities belonging to Member States of the EU or parties to the Agreement on the EEA, such as loans or off-balance sheet commitments. Eligible public entities are Member States, central governments, central banks, public institutions, local authorities or their associations. Apart from public entities located in the EU or the EEA, these exposures are eligible if the public entity has a top credit quality rating from an external credit rating body recognized by the ACPR in accordance with Article L. 511-445 (or a second-from-top rating under certain circumstances);
- replacement values (limited to 15% of the face value of the privileged resources): securities, and deposits that are sufficiently secure and liquid (Article R. 513-6 of the CMF).

(1) French Prudential Supervisory and Resolution Authority is an administrative authority that supervises the activity of financial institutions. For further details, please refer to the dedicated paragraph under "Regulatory bodies" on page 22.

INVESTOR PROTECTION

LEGAL PRIVILEGE OF HOLDERS OF OBLIGATIONS FONCIÈRES

According to Article L. 513-11 of the CMF, which defines the legal privilege on cash flows from assets and the terms of the guarantee that it provides, the assets held by a *société de crédit foncier* allow the priority repayment of privileged debt, *i.e. obligations foncières*. The legal privilege is the fundamental principle of legal security for *obligations foncières*' holders. It remains valid even if the *société de crédit foncier* or its parent company goes bankrupt or goes into receivership. It thus affords investors the maximum protection. Privileged debts are paid on their contractual due date, in priority to all other debts, for both their interest and principal payments, until they have been fully repaid, under all circumstances.

The bondholders of *obligations foncières* are also protected by the following legal and regulatory frameworks:

OVERCOLLATERALIZATION

The total amount of the *société de crédit foncier*'s assets must be higher than the amount of their liabilities benefiting from the privilege. Article R. 513-8 of the CMF sets the minimum legal overcollateralization ratio at 105%.

It should be noted that non-collateralized exposures in the Group may not exceed 25% of non-privileged resources. One of the Specific Controller's duties is to monitor compliance with this overcollateralization rule.

The regulatory overcollateralization ratio of Compagnie de Financement Foncier has always been above 108% since its establishment in 1999.

ASSET-LIABILITY MATCHING IN TERMS OF MATURITY AND INTEREST RATES

Article 12 of CRBF (French Banking and Financial Regulation Committee) Regulation No. 99-10 requires that matching of maturity and interest rates of assets and liabilities has to be respected in *sociétés de crédit foncières*' balance sheet management. It is subject to very close scrutiny by the Specific Controller, who instructs the executives and the ACPR if he or she determines that the matching of interest rates and maturity could create excessive risks for privileged creditors (Decree of February 23, 2011). The Decree of May 26, 2014 established a maximum duration gap of 18 months between assets and liabilities.

The average maturity for assets held to maintain a cover ratio of 105% and dealt with in all transparency in the case of collateralized assets (such as mortgage notes or mobilizations pursuant to Article L. 211-38 of the CMF), may not exceed the average maturity of outstanding privileged liabilities by more than 18 months.

The Decree of May 26, 2014, also requires *sociétés de crédit foncier* to prepare an estimate, based on a yearly plan approved by the decision-making body and submitted to the ACPR, of the privileged resources' cover ratio up to their maturity, considering the available eligible assets and the forecast new production based on conservative assumptions.

180-DAY LIQUIDITY BUFFER

At all times, *sociétés de crédit foncier* must ensure that all cash requirements are covered for a period of 180 days.

In accordance with Article R. 513-7 of the CMF, *sociétés de crédit foncier* must at all times cover all their cash requirements for the next 180 days. To do so, they may use replacement values or assets eligible for Banque de France intraday credit transactions.

NON-EXTENSION OF THE PARENT'S INSOLVENCY TO ITS SOCIÉTÉ DE CRÉDIT FONCIER SUBSIDIARY

Under French law, a *société de crédit foncier* has a specific legal framework guaranteeing that the holders of *obligations foncières* receive favorable treatment under normal management conditions and in the event of insolvency proceedings being initiated against its parent.

The cash flows derived from *société de crédit foncier*'s assets are, under all circumstances, used to repay privileged debt. In the event of default of its parent, the *société de crédit foncier* and the holders of *obligations foncières* are fully protected by virtue of this non-extension rule.

If a French company is subject to insolvency proceedings, there will be no vacuum in authority at its level, as a legal receiver is appointed to ensure the continuity of management.

As a separate legal entity, a *société de crédit foncier*'s subsidiary is not affected by the insolvency of its parent, the management of a *société de crédit foncier* is conducted *in bonis*, *i.e.* under normal management conditions, by its own managers.

If the parent is subject to preservation or insolvency proceedings, the *société de crédit foncier* may terminate its service and receivable management contracts if it determines this course to be appropriate. The *société de crédit foncier* may therefore change its service provider at any time to ensure the continued management of its assets and liabilities.

Under Article R. 513-4 of the CMF, the *société de crédit foncier* must identify the personnel and resources needed to recover debts and enforce the agreements signed. Procedures for transferring all the technical resources and data needed to perform recovery actions must also be included in the preventive recovery plan.

IMMUNITY OF OBLIGATIONS FONCIÈRES HOLDERS

In the event of insolvency proceedings being initiated against a *société de crédit foncier*, holders of *obligations foncières* are entirely protected by the following procedures:

REPAYMENT SCHEDULE OF PRIVILEGED DEBT IS MAINTAINED

In the event of judicial liquidation, debt payment is not accelerated. The debts duly deriving from the transactions shall be paid on their contractual due date and repayment of debts that do not benefit from the privilege will only take place after repayment of *obligations foncières* and other privileged debts (Article L. 513-11-2 of the CMF).

All other creditors (including the French State) are not paid until all *obligations foncières* holders' claims have been satisfied, as set out in the initial schedule. In contrast with the general law that transactions made when companies are in financial difficulty may be invalidated, *sociétés de crédit foncier's* asset transfers made prior to a declaration of insolvency remain valid.

CONTINUITY OF MANAGEMENT IN CASE OF INSOLVENCY OF A SOCIÉTÉ DE CRÉDIT FONCIER

Article L. 612-34 of the CMF provides that, depending on the situation, a provisional administrator, appointed by the ACPR, may oversee or advise managers, or be given full powers. The administrator can use the same asset-liability management (ALM) tools that are usually available to a *société de crédit foncier*, such as:

- disposals of assets;
- assigning assets;
- issuing new *obligations foncières*;
- issuing non-privileged liabilities.

A *société de crédit foncier* continues its business according to the same rules, under all circumstances.

Thus, a *société de crédit foncier* carries out its business under normal management conditions because the provisional administrator has the same duties as the managers had previously. All activities are carried on to ensure the Company is well managed, and all privileged debts are repaid in compliance with existing commitments.

In the event of insolvency of a *société de crédit foncier*, the Specific Controller, as set out in Article L. 513-24 of the French Monetary and Financial Code (CMF), must file claim statements with the court-appointed administrator on behalf of privileged creditors.

The Specific Controller continues to inform and notify the French Prudential Supervisory and Resolution Authority (ACPR), just as he or she must do when the *société de crédit foncier* is operating normally.

AFFILIATION TO A CENTRAL BODY

French cooperative banking groups have a central body and some of their subsidiaries may use a specific guarantee scheme: the affiliation scheme (Articles L. 512-106 to L. 512-108 of the CMF), a system that requires the central body to guarantee the liquidity and solvency of the affiliates.

Compagnie de Financement Foncier benefits from affiliation with BPCE SA, Groupe BPCE's central body; holders of its *obligations foncières* enjoy an additional layer of security.

REGULATORY BODIES

THE EUROPEAN CENTRAL BANK

Since November 2014, Compagnie de Financement Foncier has been supervised by the European Central Bank according to the Single Supervisory Mechanism (SSM); while remaining under the supervision of the relevant domestic authority, the ACPR.

THE AUTORITÉ DE CONTRÔLE PRUDENTIEL ET DE RÉOLUTION (ACPR – FRENCH PRUDENTIAL SUPERVISORY AND RESOLUTION AUTHORITY)

The tasks of the French Prudential Supervisory and Resolution Authority are defined by Article L. 612-1 of the CMF. The ACPR is responsible for three main tasks:

- keeping the financial sector stable;
- protecting the customers, insurance policyholders, members and beneficiaries of the bodies that it supervises;
- assisting the ECB in its prudential supervisory role.

As authorized credit institutions, *sociétés de crédit foncier* are placed under its authority.

The ACPR monitors these companies by examining reports and financial statements that they are required to provide and can also conduct on-site investigations.

As credit institutions, *sociétés de crédit foncier* have to provide information about:

- internal control (Articles 258 to 270 of the Decree of November 3, 2014, on internal control of the banking sector);
- liquidity, via the liquidity and observation ratios.

Sociétés de crédit foncier must also publish specific reports about:

- the quality of their financed assets and, in particular, the characteristics and breakdown of loans and guarantees, liquidity at 180 days in a run-off scenario, as well as the level and sensitivity of interest rate positions.

The report on these points is published on Compagnie de Financement Foncier's website and submitted to the ACPR four times a year, within 45 days following the end of each quarter;

- the calculation of the overcollateralization ratio, which includes limits on the composition of assets, and the calculation of amounts eligible for refinancing by privileged resources.

The report on this information, completed with other regulatory indicators, is certified by the Specific Controller, and submitted to the ACPR within three months following the end of each quarter.

The *sociétés de crédit foncier* determine the solvency ratio and the regulatory overcollateralization ratio provided to the French Prudential Supervisory and Resolution Authority. ACPR controls are an additional guarantee for holders of *obligations foncières*.

CENTRAL INSTITUTION

BPCE SA, Groupe BPCE's central institution is also responsible for risk control and for oversight of the legality of Compagnie de Financement Foncier activities. It may take any measures to ensure that the activity complies with all provisions applicable to credit institutions (Articles L. 512-107 and L. 512-108 of the CMF).

RISK ASSESSMENT AND MONITORING

Credit institutions subject to these rules must also implement risk assessment tools and methods in order to ensure effective management and monitoring of their risks. Selection processes (limits, approval delegations and methods of analysis) as well as monitoring tools and procedures enable them to regularly assess the levels of risks managed.

The regulation requires a periodic review of these assessment methods and tools.

These tools and procedures are used to assess, select and monitor the following types of risks:

- credit;
- liquidity;
- interest rate;
- foreign exchange;
- compliance;
- settlement and intermediation;
- legal;
- operational;
- extreme events (solutions provided in the Contingency and Business Continuity Plan).

DOCUMENTATION AND INFORMATION

Credit institutions are required to document the following:

- their organization and the role of their staff;
- their information systems security procedures;
- risk assessment systems and their operational characteristics (limits, selection criteria, monitoring, etc.).

The following supervisory and control bodies must be kept informed:

- decision-making body: the Board of Directors and its sub-committees, the Audit Committee and the Risk Committee;
- the Company's central institution or its shareholder;
- external auditors (Statutory Auditors, Specific Controller);
- the French Prudential Supervisory and Resolution Authority (ACPR) and the French Financial Markets Authority (AMF).

STATUTORY AUDITORS

APPOINTMENT OF THE STATUTORY AUDITORS

As French public limited companies, *sociétés de crédit foncier* financial statements must be audited by Statutory Auditors. Article L. 511-38 of the CMF requires that credit institutions be audited by at least two Statutory Auditors, employed by two different auditing firms (whereas other countries require only one).

They are appointed by the General Shareholder's Meeting, and not by executive officers, for a six-year term following a prior consultation.

As credit institutions, *sociétés de crédit foncier* must first have their Statutory Auditors approved by the General Meeting for a six-year term, following a prior consultation.

The Statutory Auditors have a permanent legal obligation to ensure the quality and reliability of the financial and accounting information provided by their clients. Their duties include:

AUDIT AND CERTIFICATION

Pursuant to the French Commercial Code, the Statutory Auditors must certify, while justifying their opinion, whether or not the annual financial statements give a true and fair view of the Company's results for the accounting period concerned and of its financial position and assets and liabilities at the end of each period. Their certification is published in this Registration document. For this purpose, they carry out an audit, in accordance with the professional standards of the National Association of Statutory Auditors (CNCC, *Compagnie Nationale des Commissaires aux comptes*).

GENERAL REPORT

In their report to the Ordinary Shareholders' Meeting, the Statutory Auditors must report on the execution of their assignment. By certifying the Company's financial statements, they express that during the course of their assignment they have obtained reasonable assurance that the financial statements do not contain any material misstatement.

They must inform the Shareholders' Meeting of any irregularities or inaccurate information they may have observed during their assignment.

SPECIFIC VERIFICATIONS

The Statutory Auditors verify the fairness of the following information and its consistency with the annual and half-year financial statements:

- the information provided in the management report;
- the documents sent to shareholders concerning the financial position and annual financial statements.

To carry out their assignment, the Statutory Auditors hold extensive investigative powers.

Pursuant to the law, at any time of the year, the Statutory Auditors, together or individually, may carry out all verifications and controls they deem appropriate and may request, on-site, any documents they consider necessary for their assignment, including contracts, accounting records and documents, and minutes of meetings.

These investigations may be conducted at the Company or at its parent, or if necessary at any subsidiary or at any entity included in the consolidation scope.

SPECIFIC CONTROLLER

The Specific Controller is selected from the official list of Statutory Auditors (French National Association of Auditors – CNCC). His appointment, proposed by the executive management of the *société de crédit foncier*, is subject to the approval of the ACPR for a four-year mandate. He is responsible for verifying that operations are functioning correctly and for ensuring strict compliance with laws and regulations. To avoid any conflict of interest, the Specific Controller may not be a Statutory Auditor for the Group that consolidates the *société de crédit foncier*. In accordance with the law and regulations, the Specific Controller must ensure that the *société de crédit foncier* is taking all necessary steps to secure the redemption of *obligations foncières* and other privileged resources. For this purpose, the Specific Controller must, either on an ongoing basis, or in response to specific events:

- assess the quality of the risk management and monitoring procedures that the *société de crédit foncier* has implemented in order to respect the principles set out above;
- control the eligibility of loans and other assets held by the *société de crédit foncier*;
- ensure the appropriate overcollateralization of privileged resources by eligible assets, the compliance with regulatory limits and the LTV eligible for privileged refinancing;
- certify previous ratios, limits and LTV on a quarterly basis for the ACPR;
- issue certifications of quarterly bond issuance programs and for issuances equivalent in euros to €500m or more;
- verify the asset-liability matching in maturities and interest rates of the *société de crédit foncier* (Article 12 of French Banking and Financial Regulation Committee (CRBF) Regulation No. 99-10);

- appraise the valuation and periodic review procedures of the underlying assets backing the eligible loans, pursuant to Article 5 of CRBF Regulation No. 99-10;
- certify, on a quarterly basis, the new reports introduced by the Decree of May 23, 2014 and the Order of May 26, 2014, in particular the items used to calculate the overcollateralization ratio and the resources needed to cover cash requirements, the difference in average maturity between assets and the provisional cover of privileged resources with eligible assets.

The Specific Controller's controls supplement the Company's standard internal controls and those conducted by the Statutory Auditors.

During its missions as defined by law (Article L. 513-23 and 24 of the CMF), and for which it benefits from a comprehensive right of investigation, the Specific Controller may also:

- attend any shareholders meeting and be heard upon request by the management bodies of the Company. It also has a duty to alert the supervisory banking authorities;
- establish, for all Management Boards and social bodies, an annual report on the accomplishment of its mission, a copy of which is sent to the ACPR.

In the event the *société de crédit foncier* is subject to restructuring or insolvency proceedings, the Specific Controller would become the legal representative of the holders of *obligations foncières* and other privileged resources.

AUTORITÉ DES MARCHÉS FINANCIERS (AMF – FRENCH FINANCIAL MARKETS AUTHORITY)

PROSPECTUS DIRECTIVE

In June 2017, European lawmakers adopted a new regulation on prospectuses to be published for offers to the public of securities or for the admission of securities to trading on a regulated market ("Prospectus 3").

This Regulation (EU) 2017/1129 of the European Parliament and of the Council applies from July 21, 2019.

Its purpose is to simplify the presentation of disclosures for issuers while making the document more useful for investors. In particular, it establishes a European format for a Universal registration document, or URD, a single document and central source of information drawn from the French Registration document, which it replaces as of July 21, 2019.

In accordance with the "Prospectus 3" regulation, European Delegated Regulation 2019/2020 published by the European Commission in April 2019 sets out the content of the Universal registration document in its Annexes 1 and 2.

TRANSPARENCY DIRECTIVE

In force since the end of 2015, the revised transparency directive (directive 2013/50/EU) provides for the establishment of a unique publication format for annual financial reports, in order to facilitate access to financial information and the comparability of company accounts. On December 18, 2017, ESMA published the final version of the Regulatory Technical Standards (RTS), for the European Single Electronic Format (ESEF). This format must be used by all issuers when preparing their annual financial reports from 2020 onwards.

MARKET AND OPERATING ENVIRONMENT

The nature of the assets that Compagnie de Financement Foncier may acquire, results in links with the following markets:

- home loans to private individuals, a market which is closely linked to the housing market;
- funding of local authority and local public institution investments.

Compagnie de Financement Foncier may thus be required to provide long-term funding of Research Tax Credits (*Crédit d'Impôt Recherche – CIR*), Employment Competitiveness Tax Credit (*Crédit d'Impôt Compétitivité Emploi – CICE*) or other exposures to the French State through the intermediary of Crédit Foncier or other entities of the Groupe BPCE.

The French housing and home loans market

THE STRUCTURAL FEATURES OF THE FRENCH REAL ESTATE MARKET

The French housing market has been driven for many years by strong demand for new housing, due in particular to the country's demographic growth and societal changes such as the increase in life expectancy and the fragmentation of the family unit.

DISTRIBUTION BY TYPE OF HOUSING (in millions of units) ⁽¹⁾



As at January 1, 2019, mainland France had 35.7 million homes. For thirty-five years now, housing stock has been increasing by an average of 1.1% per year⁽¹⁾.

Today, in France, 82% of homes are main residences with almost 29.1 million units⁽¹⁾. Over the last ten years, collective housing has increased by around 1 million units⁽²⁾ and individual housing by 1.2 million units⁽³⁾; this reflects the strong aspiration to individual housing, which has resulted, since the 1970s, in high concentrations of such dwellings in suburban areas.

Most housing, whether new or existing, is in the Private sector. However, there is also a system of Social housing for low-income households, which benefits from different state support programs. France has always sought to maintain a balanced split between various modes of occupation (home ownership, private rental, Social housing), thus giving a free choice to everyone.

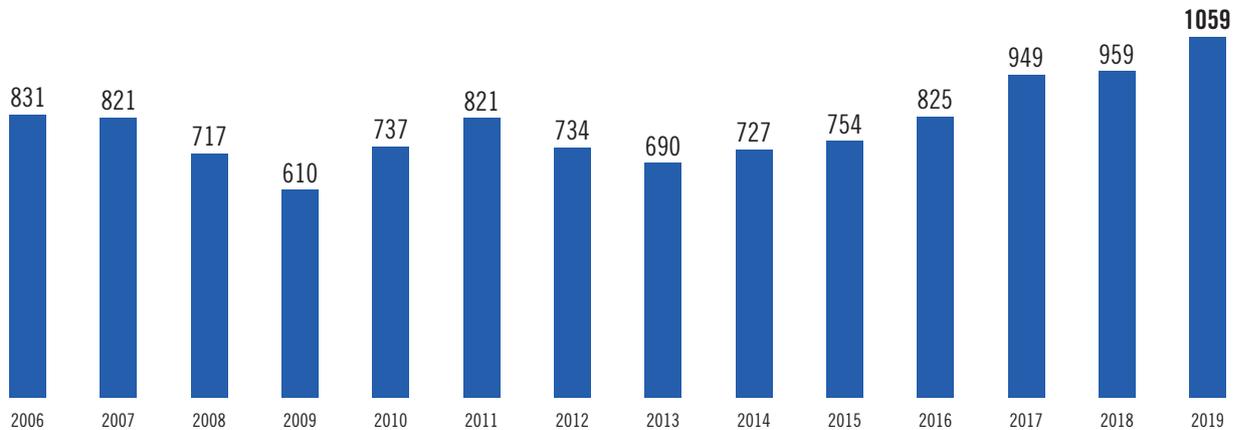
(1) INSEE – 36.6 million housing units in France as at January 1, 2019, December 2019.

(2) INSEE - Annual estimate of housing units - Number of main residences - Collective housing - mainland France, December 2019.

(3) INSEE - Annual estimate of housing units - Number of main residences - Individual housing - mainland France, December 2019.

THE HOUSING MARKET IN 2019

NUMBER OF TRANSACTIONS IN EXISTING PROPERTY OVER A ROLLING 12-MONTH PERIOD (in thousands) ⁽¹⁾



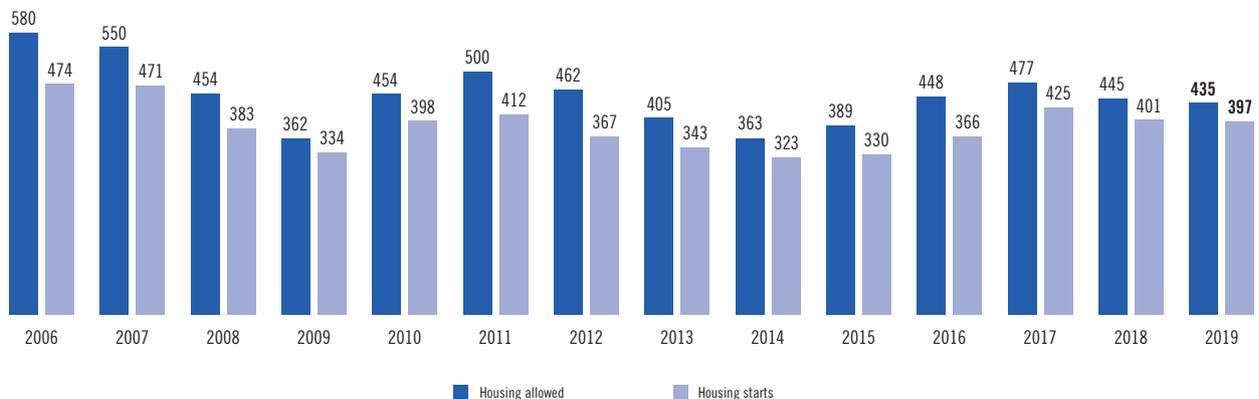
In the third quarter of 2019, prices of existing housing in France continued to rise by an annual rate of 3.2% as compared to the same period 2018. The rise was much greater for apartments (+4%). For houses, the rise was almost identical to last year (+2.5%) ⁽¹⁾.

In the Greater Paris region (Île-de-France), prices rose steadily. Year-on-year, the increase amounted to 3.6%. The price of apartments rose by 4.7% in one year and houses by 1.2% ⁽¹⁾.

Price of existing housing in the provinces also continued to rise. As in the two previous quarters, the annual rise in the provinces was, in the third quarter, bigger for apartments (+3.5%) than for houses (+2.8%) ⁽¹⁾.

The annual volume of transactions reached a peak of 1,059,000 homes, up more than 10% on 2018 ⁽¹⁾.

NUMBER OF HOUSING UNITS AUTHORIZED AND STARTED OVER A ROLLING 12-MONTH PERIOD (in thousands of units)



The new homes market followed a downward trend. The number of authorizations for new homes over a 12-month period was 435,000 at the end of December 2019, a drop of 2.2% compared with the previous year ⁽²⁾.

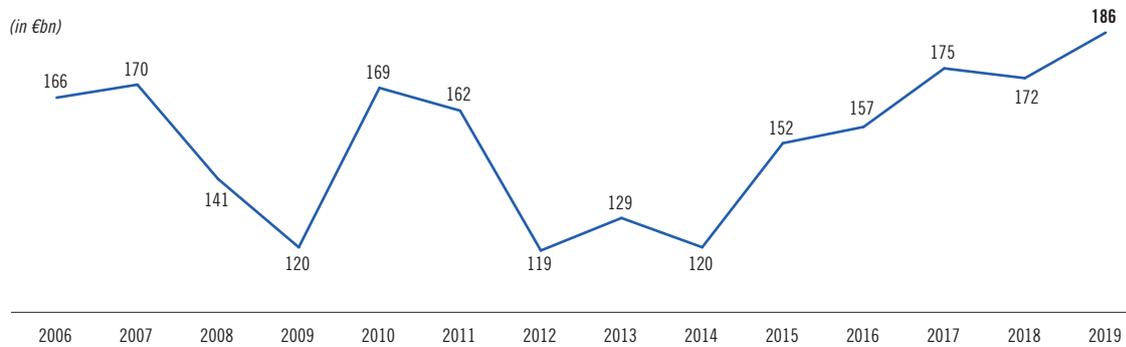
The number of housing starts remained stable in 2019, (397,000 starts at the end of December 2019).

(1) Notaries Indices – INSEE prices of existing homes – Q3 2019, January 2020.

(2) INSEE, House building, January 2020.

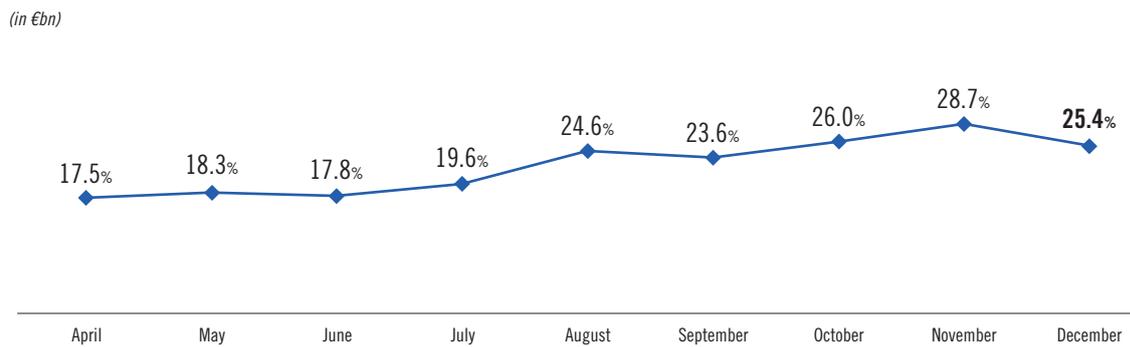
REAL ESTATE FINANCING IN 2019

ANNUAL PRODUCTION OF MORTGAGE LOANS (EXCLUDING REMORTGAGES) ⁽¹⁾



In 2019, the overall volume of accepted loans is estimated at about €186bn, compared with an actual of €172bn in 2018.

REMORTGAGES AS A PERCENTAGE OF THE OVERALL PRODUCTION OF HOME LOANS IN 2019 ⁽²⁾

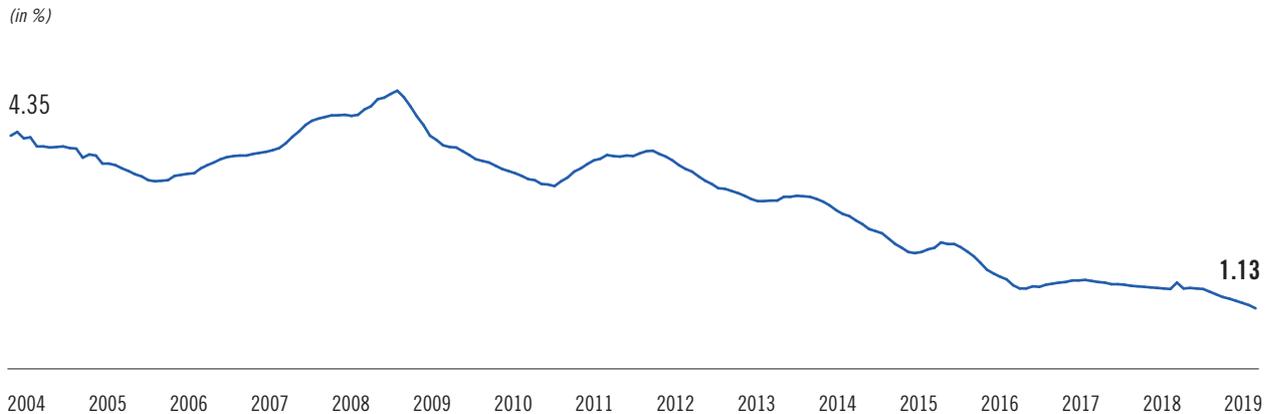


Remortgages as a percentage of home loan production reached 25.4% in December. As a reminder, in April 2017 they amounted to 50%.

(1) Crédit Logement Observatory/CSA, 4th quarter 2019.

(2) Bank of France, Current data on loans to private individuals.

INTEREST RATES OF MORTGAGE LOANS WITH A MATURITY OF MORE THAN ONE YEAR ⁽¹⁾



The average interest rate of new home loans (long-term and fixed rate) continues to fall gradually (1.13% in December 2019 compared with 1.50% at the start of the year).

The commercial real estate market

In France, in the first nine months of 2019, €20.6bn was invested in commercial real estate. This was 24% higher than the previous year which was itself a superb year ⁽²⁾.

The third quarter, with volumes up 72% on the third quarter of 2018, was largely responsible for these excellent results. In fact, the number of transactions worth more than €100m contributed to this performance: 24 acquisitions were signed in the third quarter alone, whilst 32 were recorded for the first six months of the year ⁽²⁾.

As regards geographical breakdown, as usual, volumes were concentrated on Île-de-France with 80% of commitments since the start of the year. This was much higher than 2018 and this was confirmed by the summer 2019 figure which rose to 85%.⁽²⁾

Breakdown by asset type was almost the same as in previous years. As with last year, volumes were up sharply for office assets, which accumulated a 74% market share in the first three quarters of the year. Commercial investment accounted for 14% of the amounts recognized over this period, just ahead of commitments on warehousing and logistics at 10% market share ⁽²⁾.

Since early 2019, prime yields have dropped to 2.90%. Fungible Treasury Bonds (*Obligations Assimilables du Trésor* – OAT), fell sharply (-0.25%) at end September 2019. This resulted in the risk attached to real estate investment reaching an all-time high of 315 basis points ⁽²⁾.

In the third quarter, investment fund business grew again with over €2bn invested by Korean investors, bringing their investments since the start of the year to €5bn. €12bn was invested by funds in the first nine months of the year, accounting for 58% of total volumes ⁽²⁾.

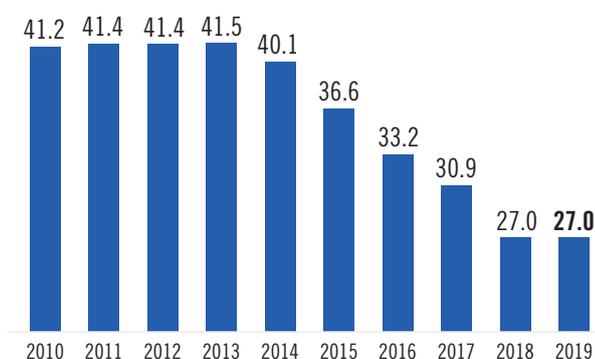
As at December 31, 2019, Compagnie de Financement Foncier held an outstanding amount of €578.7m in private corporate loans, made under the conditions set out by Article L. 211-38 of the French Monetary and Financial Code.

(1) L'Observatoire Crédit Logement/CSA, 4th quarter 2019.

(2) Crédit Foncier Immobilier, "Commercial real estate update", November 2019.

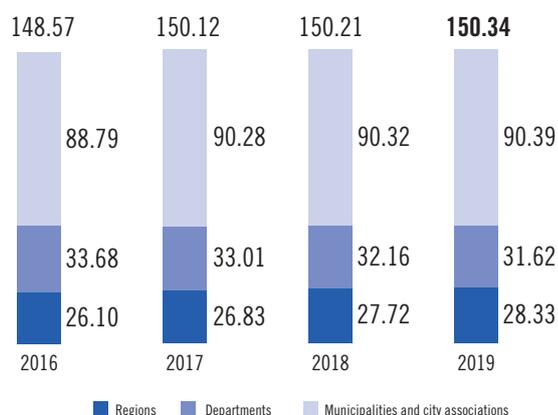
The Public sector market in France

THE GENERAL OPERATING GRANT FROM THE STATE TO LOCAL AUTHORITIES (in €bn)⁽¹⁾



Government grants were stable this year. Unchanged from the previous year, they stood at €27bn in 2019⁽¹⁾, down 13% on 2017. The 2018 drop was linked to the removal of the general operating grant from the grant paid to the regions, which was replaced by a percentage of value added tax.

LOCAL AUTHORITY DEBT (in €bn)⁽²⁾



According to the Directorate-General for local authorities (DGCL), in 2019 the operating revenue of local authorities should increase substantially at the same pace as in 2018 (+2.1%)⁽²⁾.

Operating expenses are not likely to change much this year (+0.9%) after stagnating in 2018 (+0.3%). On the other hand, local authorities' gross savings should rise for the fifth year running (+8.5%)⁽³⁾.

Investments are expected to rise sharply this year (+9.2%) with less than one year until local elections⁽³⁾.

In 2019, the increase in the number of loans taken out (+9.5%) should not impact net debt which is likely to remain almost unchanged. This is likely to be due to an increase in repayments⁽³⁾.

This stabilization of debt stock, combined with the appreciation of gross savings, should increase local authorities' capacity to reduce their levels of debt.

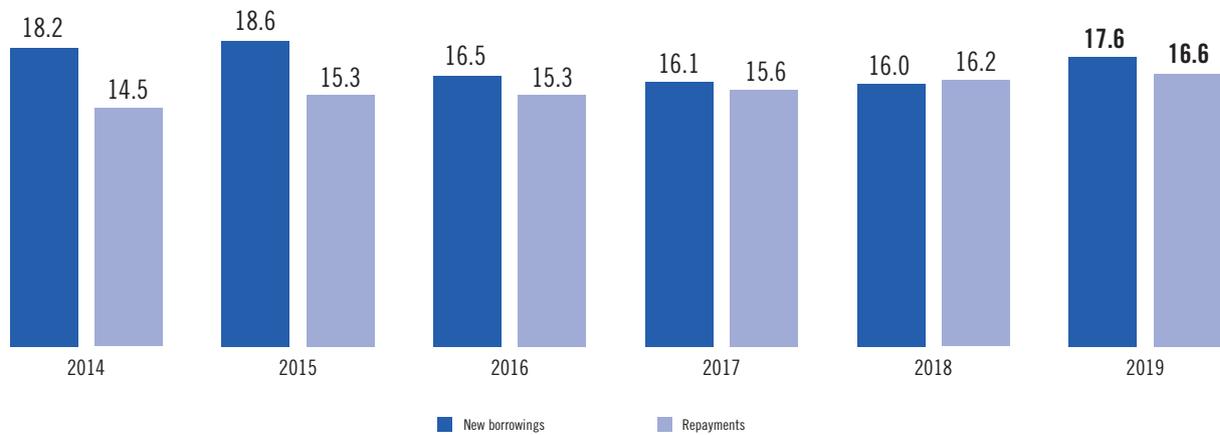
In addition, the 2019 French Finance Act made a significant change to inter-municipality provisions (one of the components of the general operating grant for groups of municipalities with powers of taxation). Until now, this grant was divided into several packages by legal category. Now there will be one package for all categories.

(1) 2019 Observatory of local finance and public administration report.

(2) DGCL - Research and local statistics department, No. 136, September 2019.

(3) La Banque Postale "2019 trends by level of local authorities".

REPAYMENTS AND LOCAL AUTHORITIES BORROWING (in €bn) ⁽¹⁾



In 2019, local authority financing requirements were up sharply. New loans amounted to €17.6bn ⁽¹⁾, a 10% increase compared with last year.

BUSINESS MODEL OF COMPAGNIE DE FINANCEMENT FONCIER

BUSINESS MODEL OF COMPAGNIE DE FINANCEMENT FONCIER

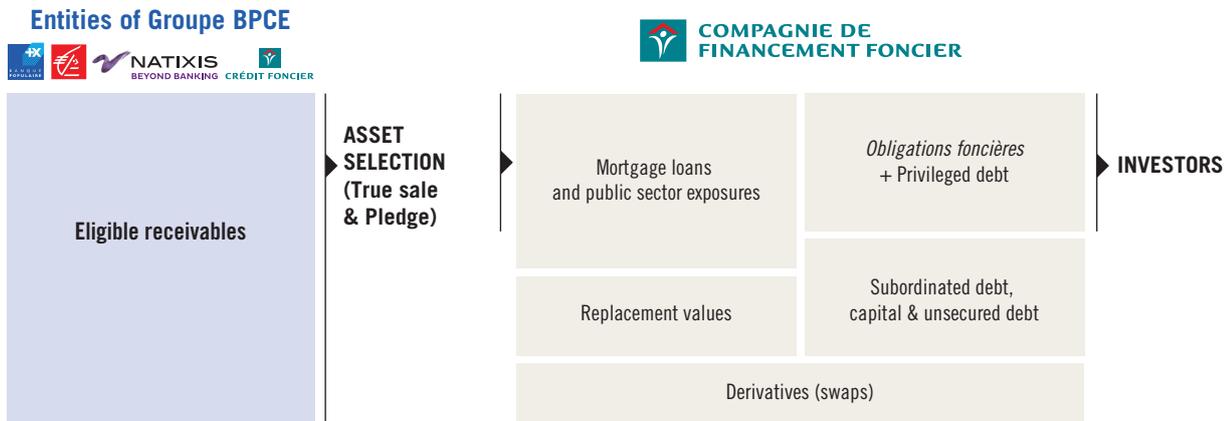
Compagnie de Financement Foncier is a credit institution approved as a specialized credit institution and a *société de crédit foncier*. As a wholly-owned subsidiary of Crédit Foncier, affiliated to BPCE, Compagnie de Financement Foncier an active covered bond issuer and is one of the vehicles for the funding of Groupe BPCE.

Structure of a *société de crédit foncier*'s balance sheet

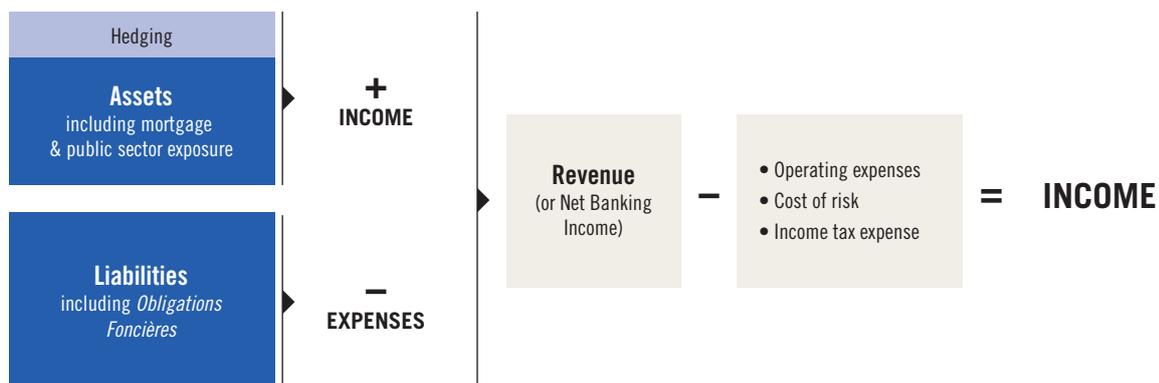
Assets	Liabilities
<ul style="list-style-type: none"> ■ Guaranteed loans: backed by a first-rank mortgage or real estate securities conferring at least an equivalent guarantee ■ Exposures on public entities ■ Replacement values 	<ul style="list-style-type: none"> ■ Privileged resources (mainly <i>obligations foncières</i>) ■ Non-privileged resources: senior debt (unsecured debt), subordinated and related debts ■ Provisions ■ Shareholders' equity (or Equity)

Following the implementation of a new industrial model of Crédit Foncier starting from April 1, 2019, Compagnie de Financement Foncier is now mainly focused on the refinancing of Groupe BPCE assets, in particular Public sector and similar assets.

(1) La Banque Postale 2019 - Trends by level of local authorities.



This model is based on the selection and purchase or mobilisation of eligible assets originated by Groupe BPCE's entities. These assets are financed by issuing *obligations foncières*, the holders of which are granted with a legal privilege on the flows from the assets guaranteeing both principal and interest, with priority over all other creditors.



NB: This is a deliberately simplified description and does not necessarily take into account certain extraordinary situations. For example, cash currently on deposit with the Banque de France is an asset, yet incurs a financial expense due to negative interest rates.

In addition to the quality of its asset cover pool, security and robustness are the main features of its economic model, as well as its hedging portfolio.

The asset selection and purchase or mobilisation are subject to rigorous scrutiny: this asset-selection process allows Compagnie de Financement Foncier to purchase only high quality loans, in line with its risk policy.

Compagnie de Financement Foncier's assets

COMPOSITION OF ASSETS, SELECTION AND MANAGEMENT RULES

ASSETS COMPOSITION

The rules governing the acquisition of Compagnie de Financement Foncier's assets are strictly defined and closely monitored:

- the assets must be eligible pursuant to the law governing the business of *sociétés de crédit foncier*;

- their acquisition is subject to Compagnie de Financement Foncier's own additional requirements;
- these assets are purchased with a margin in order to ensure Compagnie de Financement Foncier's profitability at all times.

The quality of Compagnie de Financement Foncier's assets is also guaranteed by their intrinsic characteristics: they include loans or securities to Public sector entities or guaranteed by the Public sector and first-rank mortgage loans or similar.

SELECTION

In addition to legal eligibility criteria and guarantees required before acquisition, Compagnie de Financement Foncier's business model is characterized by its rigorous asset selection process based on specific know-how, building on the expertise of Crédit Foncier's experienced teams dedicated to these activities.

Eligible assets are selected and scored on their own characteristics, such as: the internal and/or external Basel rating, age, maximum financed loan to value ratio (LTV – share of the project financed by a loan) for mortgage loans and related items, statistical data including default experience, etc.

This selection process is subject to a permanent audit process to ensure the highest level of safety for *obligations foncières*'s holders by a permanent quality of the assets that enter its balance sheet.

The price that Compagnie de Financement Foncier pays for its assets is determined on the basis of its funding costs, hedging costs, default and loss probabilities, servicing costs and its profitability.

MANAGEMENT OF PAYMENT DEFAULTS

Loan management is delegated to Crédit Foncier by an agreement.

The debt-recovering process involves preventing problems, carrying out accurate analysis of risk, making use of guarantees if necessary, and ensuring the rigorous processing of loan applications.

For private individuals, the debt-recovering policy comprises three phases, depending on the length of arrears:

- automated recovery with intervention from the first missed payment, for immediate settlement or implementation of a settlement plan;
- amicable recovery (arrears between two and three months, duration of the procedure up to six months), with a rate of return to normal management of over 80%;
- litigation (arrears beyond six months) resulting in the settlement of a third of cases in the subsequent year.

MANAGEMENT RULES

OVERCOLLATERALIZATION

COMPLIANCE WITH THE REGULATORY OVERCOLLATERALIZATION RATIO (COVERAGE RATIO)

Overcollateralization, defined by law (Article L. 513-12 of the CMF), requires that the total sum of weighted assets of *sociétés de crédit foncier* (in accordance with the regulations set by CRBF amended Regulation No. 99-10 of July 9, 1999) is always at least 105% of the total amount of liabilities benefiting from the legal privilege. One of the Specific Controller's duties is to monitor compliance with this regulatory overcollateralization rule.

Since the creation of Compagnie de Financement Foncier in 1999, this regulatory ratio has always been above 108%.

Maintaining a high overcollateralization ratio specific to Compagnie de Financement Foncier

In addition to the safety provided by the institutional framework and to ensure the best ratings from the major rating agencies, Compagnie de Financement Foncier has initiated additional management measures.

These measures result in compliance with a specific collateralization ratio for each rating agency based on its methodology.

In particular, since 2009, it set up measures to maintain at all times a volume of non-privileged liabilities at least equal to 5% of the liabilities that benefit from the legal privilege.

The holders of *obligations foncières* who benefit from the privilege are also protected by the relative weight of non-privileged resource holders, since these are not repaid in priority.

Continuous monitoring of overcollateralization levels

To ensure that compliance with the overcollateralization requirements is maintained at all times, it is monitored on an ongoing basis. In addition to the compliance of the regulatory ratio, if Compagnie de Financement de Foncier observes on a quarterly basis, one of the above thresholds, all asset purchases are immediately suspended and non-privileged resources are used to increase overcollateralization above the minimum required amount.

Principle of financed LTV for residential mortgage loans

The Loan-to-Value ratio on residential mortgage loans is the ratio of the outstanding principal over the value of the underlying real estate asset. The present value of the asset is revalued annually to monitor compliance with this ratio. To guarantee a minimum quality level for cover pool assets, the CRBF caps the maximum percentages that can be refinanced by issues of covered bonds.

The regulatory annual valuation of assets, as required by the regulation, 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 *Crédit Foncier Immobilier – Expertise*, a Crédit Foncier subsidiary, Veritas-certified, of which experts are either certified by a court and/or qualified as Chartered Surveyors (MRICS)⁽¹⁾.

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 Management report section of this document.

(1) MRICS: members accredited by the Royal Institution of Chartered Surveyors (RICS). The RICS is a professional organization whose mission is to regulate and promote the real estate profession.

CREDIT RISK

ASSET PURCHASING CRITERIA BY CATEGORY

Although regulations require that a *société de crédit foncier* invest only in high quality assets, Compagnie de Financement Foncier sets up additional asset purchasing criteria for each asset category, so as to limit its exposure to credit risk. Compagnie de Financement Foncier selects the assets that it wishes to acquire based on their rating, probability of default, score at origination, expected loss and any hedging of assets, as well as yield curves. The assets that meet Compagnie de Financement Foncier's criteria are then purchased at a price determined by the previous study.

Furthermore, Compagnie de Financement Foncier replacement values have very good external credit ratings. The minimum acceptable credit rating for each asset (except for assets guaranteed by eligible collateral to a Crédit Foncier company) depends on the investment horizon and must meet the minimum rating criteria of each of the three rating agencies, as shown below:

	Standard & Poor's	Moody's
From 0 to 59 days	ST: A1	ST: P1
From 60 days to 6 months	ST: A1+	ST: P1 and LT: Aa3
over 6 months	LT: AAA	LT: Aaa

Scope Ratings applies no predefined minimum rating. The analysis is done on a case to case basis.

LIMITING MARKET COUNTERPARTY RISK

Crédit Foncier group's risk policy specifies per market counterparty risk limits and Compagnie de Financement Foncier observes these limits in its decision process.

For its hedging transactions Compagnie de Financement Foncier executes a framework convention with each of its counterparties, with asymmetrical collateralization and other specific terms set forth in an appendix to this agreement. Each counterparty agrees to pay Compagnie de Financement Foncier on a daily basis (or on a weekly basis for some of them) depending on the counterparty's rating a security deposit equal to its net debt position, without reciprocity from Compagnie de Financement Foncier.

MANAGING BALANCE SHEET RISKS

MANAGING INTEREST RATE RISK

Compagnie de Financement Foncier has set itself the task of maintaining the level of its interest rate mismatches or gaps within the limits defined by the time horizon and of correcting any overruns by the end of the following quarter, at the latest:

Time period	Limits expressed as a % of the past balance sheet (start of period)
Less than 2 years	2%
2-4 years	3%
4-8 years	5%
Threshold of 8-15 years	5%

LIQUIDITY RISK HEDGING

Beyond the legislative constraints requiring that sociétés de crédit foncier ensure that, at all times, all of their cash flows are hedged

for a period of 180 days, Compagnie de Financement Foncier has its own additional strict rules. These rules guarantee that it always maintains enough liquidity to honor its privileged liability commitments with no need for new resources for one year in a run-off scenario (*i.e.* with no new activity).

The high quality of its eligible securities and receivables enables Compagnie de Financement Foncier to have an immediate access to significant amounts of funding from central banks, such as the ECB.

The Compagnie de Financement Foncier cash position is thus sufficient at any given time to meet the contractual payments on its privileged debt over the coming twelve months.

In accordance with regulatory provisions, Compagnie de Financement Foncier limits the difference between the average duration of its total assets and its privileged liabilities to 18 months. At December 31, 2019, the total assets average duration was 6.3 years and the privileged liabilities average duration was 7.1 years. In addition, Compagnie de Financement Foncier has committed to limiting the difference between the average duration of its total assets and its total liabilities to 24 months.

NO FOREIGN EXCHANGE RISK

Compagnie de Financement Foncier prohibits any open foreign exchange positions. As such, all asset purchases or refinancing transactions that are not denominated in euros are systematically hedged against foreign exchange risk.

In practice, Compagnie de Financement Foncier limits its residual foreign exchange positions to €3m by currency with a €5m cap for all currencies.

ORGANIZATION OF CONTROLS

The organization of Compagnie de Financement Foncier's controls is managed at groupe Crédit Foncier level. Compagnie de Financement Foncier's risks are monitored by Crédit Foncier's Risk Department, under formal agreements between the two. The Risk Department performs *ex-ante* risk analyses based on exposure and delegation limits, and *ex-post* analyses and controls. It reports functionally to BPCE's central Risk Department.

Compagnie de Financement Foncier committees also support risk monitoring and control. Their operations are described in detail in the Risk Management report section of this document.

Moreover, in accordance with the legal framework that provides a legal privilege for holders of *obligations foncières*, the law stipulates that *sociétés de crédit foncier* may not have their own personnel. Compagnie de Financement Foncier draws on the resources of its parent company, Crédit Foncier, to carry out its activities. Crédit Foncier provides Compagnie de Financement Foncier with a number of services, under a series of agreements. These outsourced activities are set out in the report of the Chairman of the Board of Directors and the Risk Management report in this document.

BPCE SA is also involved in organizing controls as part of its responsibilities for the affiliation of Crédit Foncier and Compagnie de Financement Foncier (Articles L. 512-106 to L. 512-108 of the CMF).

Refinancing through the issuance of *obligations foncières*

THE ECONOMIC AND REGULATORY ENVIRONMENT

WEAK GLOBAL GROWTH

After a first half marked by economic slowdown, global growth remained sluggish the second half of 2019.

The uncertainties created by trade tensions between the United States and China, by Brexit and private debt, were also factors that led to fears of a prolonged slowdown in growth.

The International Monetary Fund (IMF) revised its growth forecasts downwards for 2019, to 3%⁽¹⁾, the slowest rate since the global financial crisis of 2008-2009. This was a sharp downturn from the 3.7% recorded in 2017⁽¹⁾, when there was a synchronized upturn in the global economy.

As regards the euro zone, the IMF is now forecasting 1.2% growth in 2019⁽¹⁾. This is primarily due to Brexit and the difficulties experienced by the German automotive industry.

As the leading economy on the European continent, Germany is faltering due to the difficulties facing its automotive industry, which has been hit by changes in emissions standards. Please note that the automotive sector accounts for 4.5% of the country's GDP⁽²⁾ and is an industry mainstay with giants such as BMW, Daimler and Volkswagen. German growth has been revised downwards the most and is expected to be as low as 0.5% (-0.2)⁽¹⁾ this year compared with 1.5% in 2018⁽¹⁾, bringing down euro zone growth as a whole.

As a result of ongoing uncertainties around Brexit, UK growth was 1.2%⁽¹⁾ in 2019. On December 12, 2019, Boris Johnson finally won a very clear victory in the House of Commons, thus confirming that Brexit would take place on January 31, 2020, based on the agreement presented in October 2019.

This will be followed by an 11-month transition period. Talks with Brussels between now and the end of 2020, setting out the framework for the future relationship between the two parties, will be complicated; the subject being the UK's ability to align with the rules of the European market.

With forecasts of 1.2%⁽¹⁾ in 2019, French growth is definitely down on previous years, but the drop has been slower than its European neighbors. The country's economy is showing resilience to the slowdown due, in particular, to strong domestic demand, including corporate investment and household consumption.

In Italy, with a growth forecast of zero, the main concern is the increase in public debt. Let us remember that this is the second highest in the European Union after Greece, concerning the ratio of public debt to GDP. According to the Eurostat Institute, Italian public debt was 134%⁽³⁾ of GDP in the first quarter of 2019, 138%⁽¹⁾ in the second quarter and, according to the Institute, this percentage will continue to rise.

Even if the global slowdown and uncertainties associated with trade tensions between Washington and Beijing are an "ongoing risk", the Federal Reserve has confidence in the robustness of the US economy, but is nevertheless concerned about the size of federal debt. The IMF is forecasting US growth of 2.4%⁽¹⁾ in 2019.

In terms of monetary policy, the Fed confirmed that it would pause its downward rate-setting cycle. In 2019, the institution lowered its interest rate three times to bring it within its current target range of between 1.5% and 1.75%⁽⁴⁾. After its last reduction, on October 30, 2019, its Chairman, Jerome Powell, had already indicated that only a serious deterioration in economic conditions could now persuade it to make further cuts.

Against this backdrop, in 2019, global growth experienced its lowest level of growth since the 2008-2009 crisis.

In 2020, the global economy, which was already at the end of a cycle, more indebted than in 2007-2008 and still in an industrial recession since the 4th quarter 2018, was expected to show moderate growth before the month of February. It would now seem that economic activity is headed more for a recession against a backdrop of considerable uncertainty, at least for the first half in many countries, due to the spread of the Covid-19 viral pneumonia epidemic since January.

This unforeseeable shock has forced the central banks and governments of most of the affected countries into an extremely rapid "whatever it takes" reaction, which is "unprecedented" with regard to the orthodox budgetary and monetary rules governing normal economic policy. The ECB, which has little room for maneuver through lowering its key policy rates, has thus already launched massive refinancing operations, particularly on March 18, with the launch of a new temporary emergency €750 billion 'pandemic package' to buy public and private assets, which will run until at least the end of 2020.

Despite a very vigorous rebound in activity over the 2nd half of 2019, French GDP could suffer a more severe recession than anticipated if the strict confinement measures last longer than a month and a half, from March 16 to end April 2020.

(1) International Monetary Fund (IMF), *Global Economic Outlook*, October 2019.

(2) German Federal Office of Statistics, *Press release No. 326 of September 14, 2017*.

(3) Eurostat, *Press release dated October 22, 2019*.

(4) Federal Open Market Committee (FOMC), *October 2019*.

EUROPEAN MONETARY POLICY

The European Central Bank's monetary policy has been very accommodative this year, reversing the trend that started last year.

In September 2019, a number of measures were announced. The deposit rate, which was already negative, was lowered by 10 basis points from -0.40% to -0.50%⁽¹⁾. The funding rate remained unchanged. The ECB also announced the resumption of its Asset Purchase Program, APP) at a monthly rate of €20bn, from November 1, 2019⁽²⁾.

September 2019 also marked the start of TLTRO 3 (Targeted Longer-Term Refinancing Operations), consisting of targeted loans to banks where loan amounts are dependent on the volume of loans to non-financial corporations and households and where the borrowing rate drops with the number of loans to non-financial corporations and households.

In conjunction with these measures, the ECB continues to reinvest mature covered bonds, acquired as part of the APP (including CBPP3).

In 2019, the ECB acquired €40bn in assets, including €3.3bn in covered bonds (excluding reinvestments and quarterly adjustments).

In response to the global Covid-19 pandemic of the first half of 2020, the ECB, on March 18, 2020, put in place a new temporary emergency €750 billion 'pandemic package' to buy public and private assets, which will run until at least the end of 2020.

Please note that the new President of the ECB was officially appointed on October 18, 2019. Christine LAGARDE chaired her first meeting of the ECB Governing Council on December 12.

Inflation for 2019 is forecast at 1.2%⁽²⁾, and is still far from the 2% target set by the ECB to ensure price stability. The current monetary policy stance is the result of weak growth and ongoing downside risk

THE COVERED BOND MARKET

In 2019, the French covered bonds market ranked second globally with over €311 billion in bonds in circulation at the year end. In 2019, €26 billion in benchmark covered bonds were issued, making France the 2nd biggest issuer of covered bonds with 20% of European benchmark issuances, just behind Germany (23%)⁽³⁾.

The global covered bond market is likely to continue to grow in 2020. Issuance levels are likely to be between €140bn and €145bn. This is due to several factors: volumes resulting from bonds maturing in 2020 (€119bn compared with €103bn in 2019, up 16%), a very positive trend in the real estate market, as well as a larger base of issuers and jurisdictions. Germany and France are likely to continue to be the most active on the primary market with issuance volumes of €26bn and €25bn respectively⁽⁴⁾.

In 2019, global covered bond spreads correlated with sovereigns, tightening an average of 14 basis points. Peripheral country spreads fell by 32 basis points, with a drop of 53 basis points for Italy and 22 basis points for Spain.⁽⁵⁾

In September 2019, ECB announced the resumption of its Asset Purchase Program on November 1, 2019. Covered bonds are likely to account for at least 10% of this program, bringing the ECB's potential purchases in 2020 to €2bn per month, in addition to the reinvestment of maturities likely to amount to €2.5bn per month⁽⁵⁾.

On 18 December, 2019, a new directive was published in the Official Journal to define a harmonized framework and regulate the issue of covered bonds in Europe. Member states now have 18 months in which to transpose the directive into national law.

COMPAGNIE DE FINANCEMENT FONCIER BOND ISSUANCES IN 2019

In 2019, Compagnie de Financement Foncier achieved an overall volume of issuances of €3bn. 75% of the covered bonds were placed with institutional investors in the form of public issues and 25% were in the form of private placements.

On the public primary market, 2019 saw two euro benchmark issuances representing a total volume of €2.25bn.

In the second and third quarters, two issuances of €1.25bn and €1bn were carried out on maturities of 8 years. These issuances once again demonstrated the high profile and resilience of Compagnie de Financement Foncier's reputation with market investors.

Private placements amount to €0.75bn, thus consolidating the historical positioning of Compagnie de Financement Foncier on this type of market.

The largest group of subscribers to *obligations foncières* of Compagnie de Financement Foncier are French, German and Austrian investors. They account for 58% of allocations. Next come UK investors with 17% of allocations Benelux and the Northern countries come last with 8% of allocations each.

In 2019, the breakdown between the different categories showed that banks' exposure was higher. In fact, with 48% of the asset allocation, nearly half of the *obligations foncières* were subscribed for by the banking sector (compared with 29% the previous year). Exposure to central banks was down on the previous year with 9% of allocations. This was primarily due to the ECB's decision to pause its Asset Purchase Program in 2019. The share of the other types of investors was between 17% and 25%, with a smaller share of insurers who generally prefer to invest in bonds with longer maturities (over 15 years).

(1) European Central Bank (ECB), Governors Council, September 12, 2019, press conference.

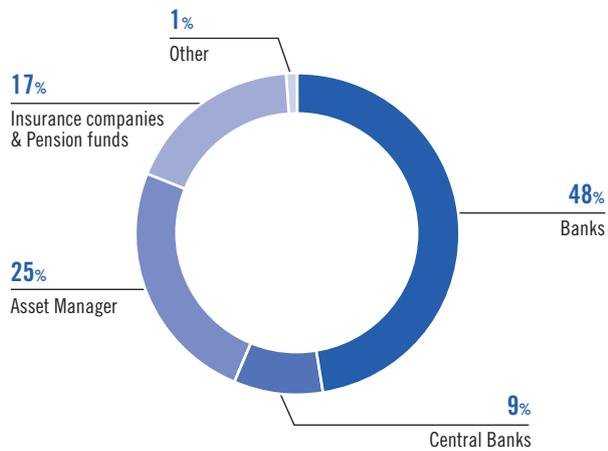
(2) European Central Bank (ECB), Governors Council, October 24, 2019, press conference.

(3) S&P Global Ratings, ICYMI: Covered Bond Market 2020 Outlook.

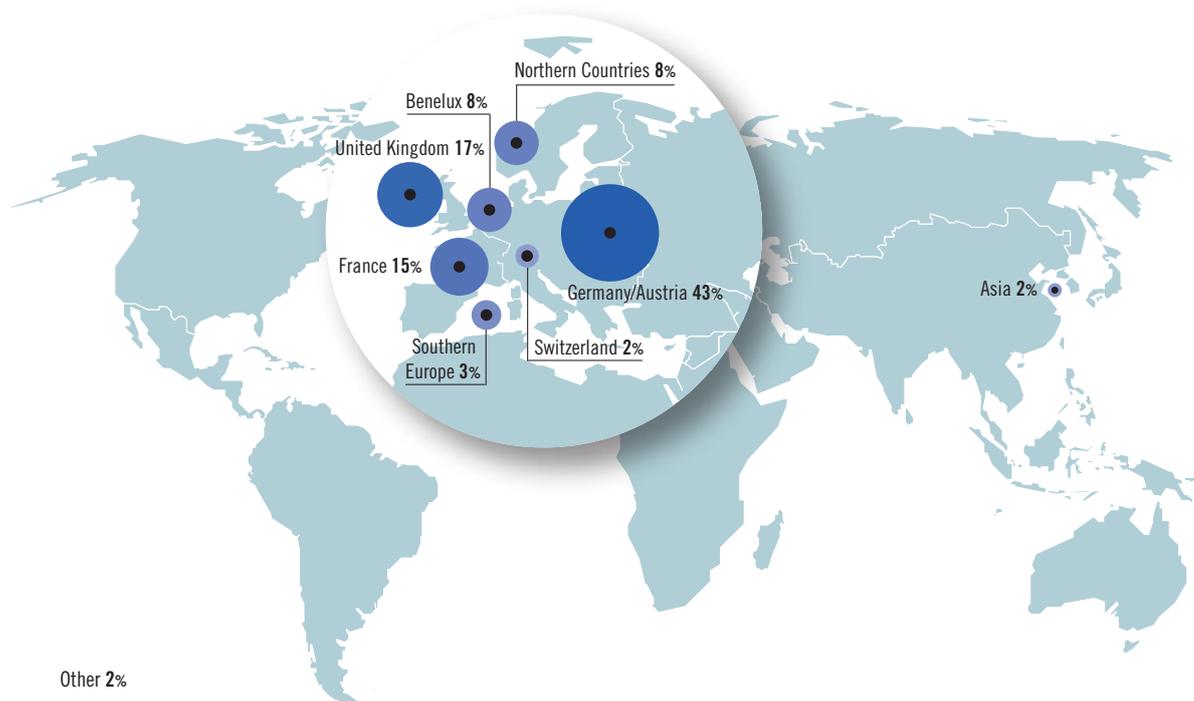
(4) Natixis, Spread & Credit, Covered Bond Outlook 2020, November 25, 2019.

**BREAKDOWN OF COMPAGNIE DE FINANCEMENT FONCIER'S
OBLIGATIONS FONCIÈRES ISSUED IN 2019**

By type of investor



By region



CREDIT RATING AGENCIES: METHODOLOGIES

Several points of analysis are common to the covered bond rating process used by the rating agencies:

- sponsor's creditworthiness, importance of links between the sponsor and the issuer of the covered bonds;
- legal and regulatory risks: sovereign and financial system support capacity, regulatory framework, importance and maturity of the covered bond market in question;
- credit risk: analysis of the cover pool creditworthiness, assessment of the probability of default and expected loss in terms of amount and timing;
- Asset and Liability Management (ALM) risk: analysis of the asset liability mismatch, the liquidity policy, the interest rate and foreign exchange risks, cash flow analysis under different stress scenarios in run-off mode (including different early repayment assumptions), assessment of liquidity and overcollateralization needs;
- operational and administrative risks: analysis of the management of the covered bond program, the quality and reliability of the information processes and systems;
- counterparty risk: analysis of the major exposures, sensitivity to a counterparty default depending on the type of the counterparty – bank (for deposits and swaps), sponsor or servicer.

Each rating agency has developed its indicators and has created its methods to assess these risks and the minimum level of overcollateralization required in relation to the covered bond issues' rating.

STANDARD & POOR'S

S&P rating process can be summarized in 4 steps.

The first step consists in determining the Reference Rating Level (RRL). The rating agency first analyzes the covered bond program environment to determine whether the program can be given a higher credit rating than its sponsor. It then ensures that the pool assets are properly segregated for the benefit of the covered bondholders, and that the payments on the outstanding privileged liabilities will follow the original schedule. A particularly important aspect here is the analysis of the resolution regime in place, which could provide for a rating uplift of one or two notches above the RRL, depending on the systemic importance of the program in the country.

The second step assesses the Jurisdictional Rating Level (JRL) allowing an additional rating uplift of up to three notches – 0 for a low level of support, 1 for a medium level of support, 2 for a high level of support and 3 for a very high level of support. The JRL is assessed using three parameters: the regulatory environment, the systemic importance and the sovereign support. Each is assessed separately to determine the final JRL assessment, which will be aligned with the parameter deemed to be the most fragile. The JRL is capped by the sovereign rating.

The third step consists in the analysis of the quality of the cover pool assets, which can lead to an additional uplift of four notches. The analysis focuses on credit, refinancing and liquidity risks as well as on overcollateralization. Overcollateralization must cover the entire credit risk and the proportion of the refinancing cost deemed necessary to reach the target rating of the program. A lack of liquidity coverage or overcollateralization level commitment may bring the rating down a notch.

The final step assesses counterparty risk and sovereign risk, which may in certain cases cap the final rating of the program.

Two of the methods applied to covered bond issuers were modified in 2019. The first method involves covered bonds with a higher rating than the sovereign. The second method involves the rating agency's analysis of counterparty risk. The changes made to the two methods had no impact on the credit rating of Compagnie de Financement Foncier *obligations foncières*.

MOODY'S

When rating a covered bond, Moody's uses the Expected Loss (EL) model, which determines the maximum rating that the program can achieve. It is based on the probability of the sponsor's default and on the losses expected as a result of this default.

The first step is to determine the rating floor. In 2015 Moody's introduced a new type of rating for banks, the Counterparty Risk Assessment (CRA), which is a probability of default measure of the sponsor. It is also the starting point of the covered bond rating process. The adoption of the Bank Recovery and Resolution Directive (BRRD) means that the (CR) rating floor can even be raised a notch in jurisdictions where the directive reduces the probability of the sponsor's risk of defaulting on its commitments to the covered bond. This additional notch is granted to all EU countries because they are subject to the BRRD.

The second step aims to define the level by which the (CR) rating floor can be raised. The EL model takes into account the probability of default of the sponsor and the quality of the cover pool and its characteristics, and simulates a final loss, corresponding to a given rating level. The uplift in the rating floor translates as the final difference with the final rating obtained which reflects the level of expected final loss.

The third step defines the Timely Payment Indicator (TPI) that may cap the rating floor uplift calculated in the previous step. The TPI represents the probability that the issuer will pay the interest and principal on the covered bonds in good time. The possible levels of the TPI extend from Very Improbable to Very High. A two-dimensional analysis is applied in order to determine the TPI: the jurisdiction analysis and the program-specific analysis. The main factors that affect the TPI are refinancing risk, the resilience of the legal system and contractual commitments, government and market support, the quality of hedging of privileged liabilities and the asset types refinanced by the program.

The CR rating floor combined with the TPI define the maximum rating that the covered bond program can achieve.

The sovereign rating does not cap the covered bond rating, because sovereign risk is already factored into the CR assessment.

SCOPE

The starting point of Scope's methodology is the sponsor credit rating. A particularly important aspect of the agency's analysis is the regulatory framework and the resolution regime. It means that an issuer rating's rating can be increased by up to four notches if the resolution regime supports covered bond holders' dual recourse and by up to two additional notches if the regulatory framework allows for easy and immediate access to the cover pool in case of sponsor default. The rating agency considers that after the implementation of the BRRD, the probability that a sponsor would have to use cover pool assets to guarantee its covered bond issue commitments would fall. Scope analyzes whether the program can be affected by a moratorium or an insolvency event by the sponsor, determines whether the regulatory framework ensures the continuity of the payments on the outstanding privileged liabilities thus reducing the probability of default on the covered bonds.

Then, Scope as an agency focuses on the quality of the cover pool assets: a maximum three-notch uplift may be granted. Scope examines the eligibility criteria set out in the regulatory framework or in the program documentation to ensure a minimum cover pool credit quality.

The credit agency also incorporates the issuer's expertise in loan origination in its analysis.

For Public sector loan cover pools, Scope analyzes each portfolio asset separately and uses Monte Carlo-type drawdowns to model the default distribution.

For mortgage asset cover pools, Scope applies the large homogenous portfolio approximation approach, for which the input is limited to three parameters: an average probability of default, a recovery rate assumption and a variance or a correlation parameter.

Compagnie de Financement Foncier - supporting Groupe BPCE

DISPOSALS AND REDEMPTIONS OF SECURITIES/RECEIVABLES WITH THE PUBLIC SECTOR

Since its very beginnings, Compagnie de Financement Foncier has funded French public sector assets originated by Groupe BPCE, either by cofinancing, *i.e.* by introducing new cash flows, or by purchasing portfolios of receivables, as it did in 2013, 2014 and 2015 for significant amounts.

At 31 December 2019, Compagnie de Financement Foncier had €15.7 billion in Public sector loans outstanding on its balance sheet. These loans were acquired either by assignment or direct disposal; with latter the preferred form in its business model.

As a result of the reorganization of groupe Crédit Foncier's activities decided on in 2018, the role of Compagnie de Financement Foncier is now to fund eligible Groupe BPCE assets.

Accordingly, in 2019, Crédit Foncier teams conducted the necessary work, in particular on legal, financial and information systems to enable the funding of almost €1bn in assets for the Group institutions. These are mainly French local Public sector loans (€870m) provided by the Caisses d'Épargne and Banque Populaire banks, as well as research tax credits (CIR) and competitiveness and employment tax credits (CICE) for Natixis (€122m). These Public sector loans have an average duration of eight years and the average loan amount is €9.1m. The average duration of tax receivables is two years and the average amount is €30m.

In 2020, Compagnie de Financement Foncier will continue to improve its processes, both to provide Group BPCE's institutions with more resources and to originate certain loans directly in its balance sheet.

2

REPORT ON CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE CODE

Compliance with AFEP-MEDEF Code recommendations

Compagnie de Financement Foncier, whose equity securities are not listed, intends to place its actions and the functioning of its corporate bodies within the framework of corporate governance practices in force in France by referring to the Corporate Governance Code of AFEP-MEDEF listed companies.

Five provisions of the Code were not followed or not applied in full.

One concerns the recommendation of the number of independent directors, who must represent 50% of the workforce and the application of which would prevent a balanced representation of the Crédit Foncier shareholder and BPCE, Crédit Foncier shareholder, as well as the Caisses d'Épargne and Banque Populaire banks, which are shareholders of BPCE. The same is true for the provisions with respect to the Audit Committee, the Appointments Committee and the Remuneration Committee that concern the proportion of independent directors, which cannot be properly applied. Not having any employees of its own, Compagnie de Financement Foncier does not have a Remuneration Committee.

The fourth provision concerns the directors' terms of office, which are recommended to run four years whereas the Bylaws of Compagnie de Financement Foncier stipulate a term of six years. This term allows Board members to acquire over time the necessary experience and broader view of the Company's business and its operations. However, the recommendation concerning the renewal of Compagnie de Financement Foncier Board of Directors' term by rotation is properly implemented.

Furthermore, with regard to information on the remuneration of executive corporate officers, Compagnie de Financement Foncier does not apply the recommendation that information on ratios should be published to measure the differences between the remuneration of executive corporate officers and that of the company's employees. The objective pursued by the legislator when drafting this legal provision, which is now included in this recommendation, "allow shareholders or investors of public companies to assess the remuneration of Company Directors in light of the company's performance" is not relevant in view of the capital structure of Compagnie de Financement Foncier, in which Crédit Foncier de France, itself owned by BPCE, holds all of the share capital and voting rights.

A summary table of all the AFEP-MEDEF Corporate Governance Code criteria used to define directors' independence is shown on page 42. The Appointments Committee has also implemented a procedure for: Identifying and managing (potential) conflicts of interest when:

- a director is appointed;
- a director expresses a desire "to take on new responsibilities within entities outside group Crédit Foncier".

Summary table of compliance with AFEP-MEDEF Code recommendations

Board of Directors' duties	Recommendations implemented
Board of Directors: governing body	Recommendations implemented
Variety of ways to organize corporate governance	Recommendations implemented, credit institutions are required to separate the roles of Chairman and Chief Executive Officer under CRD IV
The Board and communications with shareholders and markets	Recommendations implemented
Board of Directors and Annual General Shareholders' Meeting	Recommendations implemented
Composition of the Board of Directors: guidelines	Recommendations implemented
Gender equality policy within governing bodies	Applicable from the Annual General Shareholders' Meeting to approve the 2020 financial statements
Representation of shareholding employees and other employees	Not applicable
Independent directors	Recommendations not implemented
Evaluation of the Board of Directors	Recommendations implemented
Board and Committee meetings	Recommendations implemented
Access to director information	Recommendations implemented
Training for directors	Recommendations implemented
Directors' terms	Recommendations implemented except for length of directors' terms of office
Board Committees: general principles	Recommendations implemented
Audit Committee	Recommendations implemented except for the proportion of independent directors
Committee responsible for appointments	Recommendations implemented except for the proportion of independent directors
Committee responsible for remuneration	Not applicable
Number of terms for executive corporate officers and directors	Recommendations implemented
Director's Code of Ethics	Recommendations implemented
Directors' remuneration	Recommendations implemented
Termination of employment contracts for corporate officers	Recommendations implemented
Requirement for executive corporate officers to hold shares	Not applicable
Signature of a non-compete agreement with an executive corporate officer	Not applicable
Remuneration of executive corporate officers	Recommendations implemented
Disclosure of executive corporate officers' remuneration and the policies for awarding stock options and performance shares	Recommendations implemented, except for the part concerning the change in the level of remuneration of executive corporate officers over five years
Consultation with the shareholders concerning the individual remuneration of executive corporate officers	Recommendations implemented

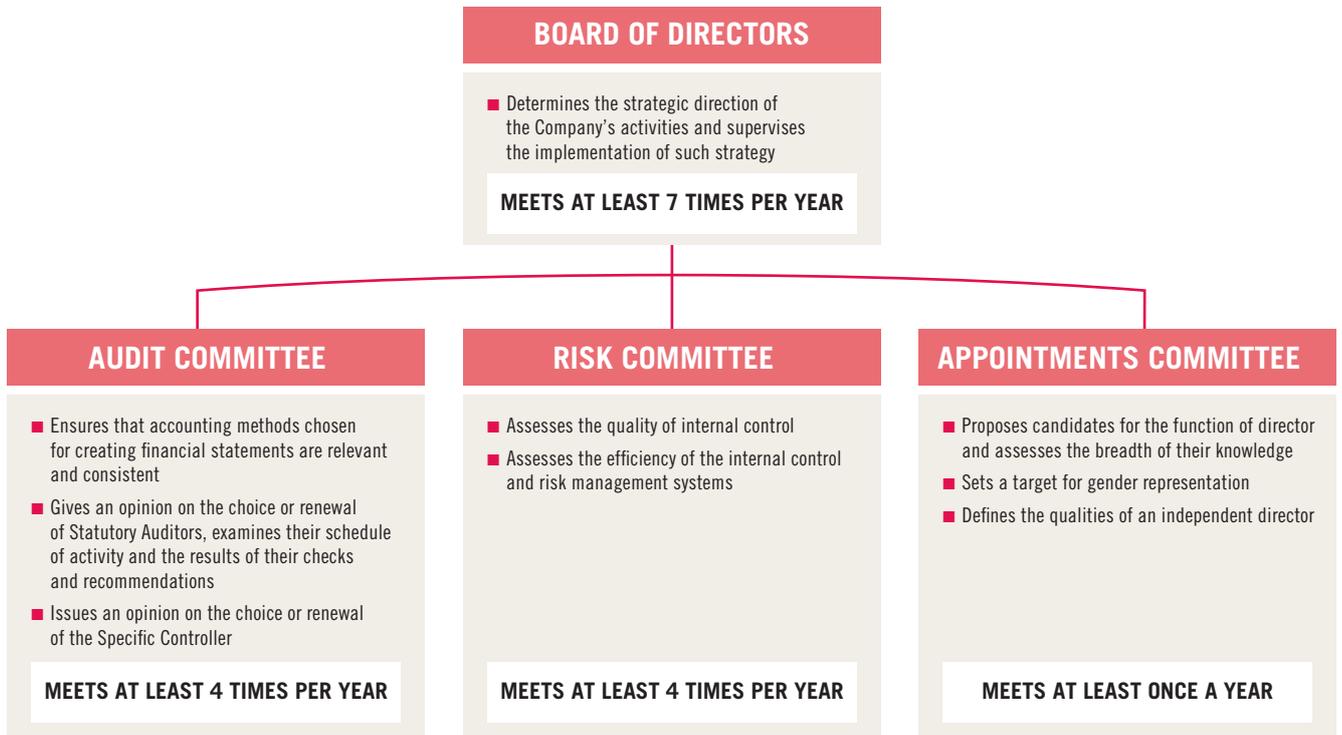
Summary table of Directors' independence criteria

Criteria:	E. FILLIAT	M. COLLE	S. CALBA	O. IRISSON
1. Must not have been, in the last five years:				
■ a Company employee or executive corporate officer;	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
■ an employee, executive corporate officer or director of a company consolidated by the Company;	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
■ an employee, executive corporate officer or director of the Company's parent company or a company consolidated by said parent company.	NON-COMPLIANT (CFF)	NON-COMPLIANT (CFF)	COMPLIANT	COMPLIANT
2. Not to be an executive corporate officer of a company in which the Company holds, directly, or indirectly, a directorship, or in which an employee, designated as such, or an executive corporate officer (current or in the last five years) holds a directorship.	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
3. Not to be a major client, supplier, investment or commercial banker:				
■ of the Company or its Group;	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
■ or for which the Company or its Group accounts for a significant share of its business.	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
4. Not have any close family ties with a corporate officer.	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
5. Not have been a Statutory Auditor of the Company in the last five years.	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
6. Not to be a Company director for more than twelve years. The status of independent director is lost on the twelfth anniversary.	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
7. Non-executive corporate officers cannot be considered independent if they are in receipt of variable pay in cash or securities or of any pay linked to the performance of the Company or the Group.	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
8. Directors representing major Company shareholders may be considered independent provided that they do not take part in the control of the Company. If capital interests or voting rights exceed a 10% threshold, the Board, on the basis of an Appointments Committee report, systematically reviews independent status in consideration of the composition of the Company's share capital and the existence of potential conflicts of interest.	NON-COMPLIANT (CFF)	NON-COMPLIANT (CFF)	NON-COMPLIANT (BPCE)	NON-COMPLIANT (BPCE)
Summary	NON-COMPLIANT	NON-COMPLIANT	NON-COMPLIANT	NON-COMPLIANT

P. JEANNE	JS. RUGGIU	P. CHABOT	A. FOURNEAU	N. BRICKER
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
NON-COMPLIANT (BPCE)	NON-COMPLIANT (BPCE)	COMPLIANT (CE)	COMPLIANT (BP)	COMPLIANT (Natixis)
NON-COMPLIANT	NON-COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT

COMPOSITION OF EXECUTIVE AND MANAGEMENT BODIES

COMPAGNIE DE FINANCEMENT FONCIER GOVERNANCE STRUCTURE



Composition of the Executive Management

Mr **Olivier AVIS**, Chief Executive Officer

Mr **Paul DUDOUIT**, Deputy Chief Executive Officer

CHANGES IN EXECUTIVE MANAGEMENT IN 2019

None

REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Executive Management of Compagnie de Financement Foncier does not receive any remuneration.

POSITIONS HELD BY MEMBERS OF THE EXECUTIVE MANAGEMENT

Mr Olivier AVIS

Date of birth: 11/11/1978
Nationality: French
Professional address:
4, quai de Bercy
94220 Charenton-le-Pont

DEPUTY CHIEF EXECUTIVE OFFICER OF CRÉDIT FONCIER, FINANCIAL OPERATIONS, EXECUTIVE MANAGER OF CRÉDIT FONCIER DE FRANCE

Chief Executive Officer

From: 07/23/2017
End: 07/22/2022

BIOGRAPHY

Olivier AVIS is a graduate of the École supérieure de commerce de Toulouse. He began his career in 2001 at HSBC Asset Management Europe. He joined Groupe BPCE in 2002 as a Project Leader, before becoming an Inspector in the General Inspection Department. In 2009, he was a project manager reporting to Executive Management. In 2011 he joined BRED as Senior Banker for Institutional Investors. In 2014, Crédit Foncier appointed him Director of Strategy and Quality. In 2016, he was appointed as Head of Financial Operations at Crédit Foncier and Deputy Chief Executive Officer of Compagnie de Financement Foncier, then in 2017 as Chief Executive Officer of Compagnie de Financement Foncier, as well as Deputy Chief Executive Officer, Head of Financial Operations and member of the Executive Management Committee of Crédit Foncier de France. On November 7, 2019, Olivier AVIS was appointed Executive Manager of Crédit Foncier and became Head of the Financial Operations Department.
Relevant expertise: Expertise in the field of financial markets, strategy and managing banking operations.

COMPANIES AND POSITIONS*

2019

CRÉDIT FONCIER DE FRANCE – SA
Deputy Chief Executive Officer of Crédit Foncier, Financial Operations, Executive Manager

CRÉDIT FONCIER DE FRANCE – SA
Deputy Chief Executive Officer, Financial transactions (until 11/07/2019)

COMPAGNIE DE FINANCEMENT FONCIER – SA
Chief Executive Officer

BPCE SERVICES FINANCIERS – GIE
Director

BPCE SOLUTIONS CRÉDIT – GIE
Permanent Representative of Crédit Foncier – Director

CRÉDIT FONCIER DE FRANCE BELGIQUE
Executive Manager of the Crédit Foncier branch in Belgium

2018

CRÉDIT FONCIER DE FRANCE – SA
Deputy Chief Executive Officer, Financial transactions

COMPAGNIE DE FINANCEMENT FONCIER – SA
Chief Executive Officer

FONCIER TITRISATION – SA
Chairman of the Board of Directors (until 12/18/2018)

2017

CRÉDIT FONCIER DE FRANCE – SA
Deputy Chief Executive Officer, Head of Financial Operations

CRÉDIT FONCIER DE FRANCE – SA
Head of Financial Operations (until 07/23/2017)

COMPAGNIE DE FINANCEMENT FONCIER – SA
Chief Executive Officer

COMPAGNIE DE FINANCEMENT FONCIER – SA
Deputy Chief Executive Officer (until 07/23/2017)

FONCIER TITRISATION – SA
Chairman of the Board of Directors

VAUBAN MOBILISATION GARANTIES (VMG) – SACS
Chairman of the Management Board (until 03/13/2017)

2016

CRÉDIT FONCIER DE FRANCE – SA
Head of Financial Operations

CRÉDIT FONCIER DE FRANCE – SA
Head of Strategy and Quality (until 02/09/2016)

COMPAGNIE DE FINANCEMENT FONCIER – SA
Deputy Chief Executive Officer (from 02/09/2016)

FONCIER TITRISATION – SA
Chairman of the Board of Directors

VAUBAN MOBILISATION GARANTIES (VMG) – SACS
Chairman of the Management Board

2015

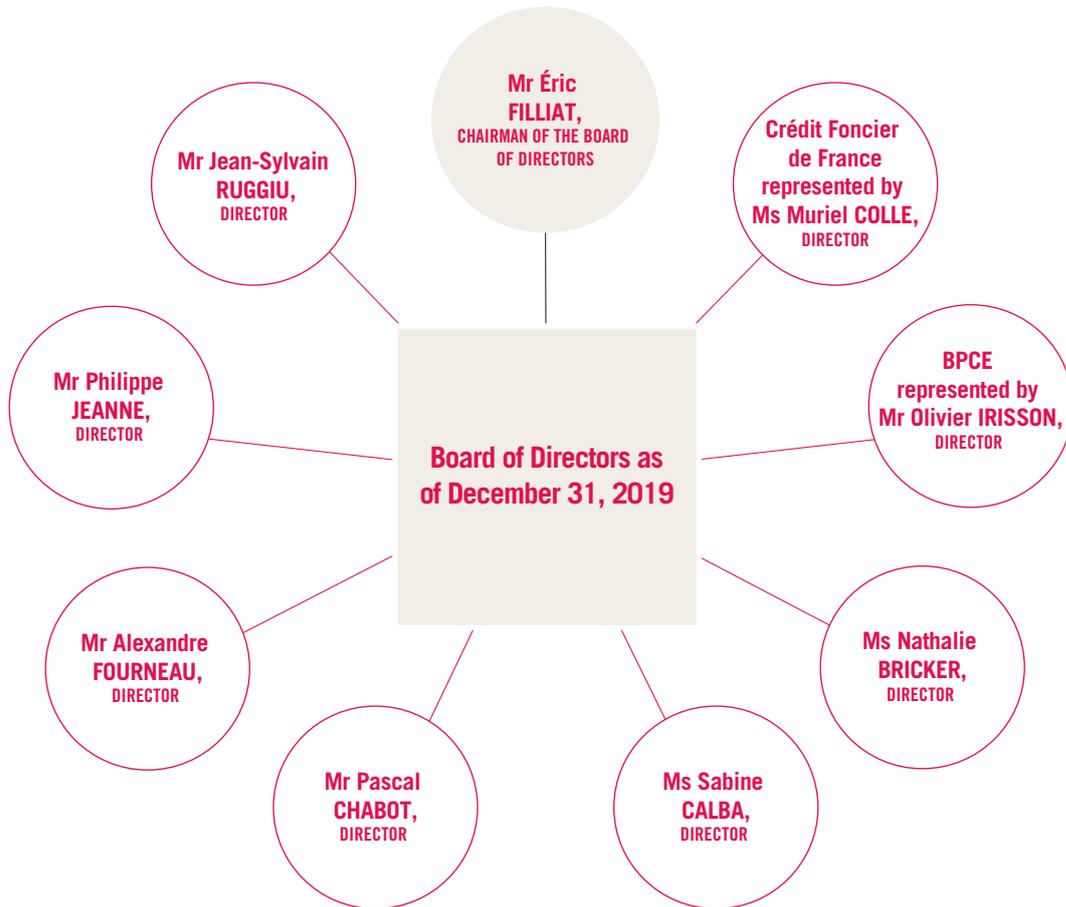
CRÉDIT FONCIER DE FRANCE – SA
Head of Strategy and Quality

*All offices concern companies that are part of Groupe BPCE. No company is listed.

Mr Paul DUDOUIT							
<p>Date of birth: 09/26/1963 Nationality: French Professional address: 4, quai de Bercy 94220 Charenton-le-Pont</p>	<p>BIOGRAPHY</p> <p>Paul DUDOUIT holds a degree in agro-industrial engineering from ISA Beauvais (1990) and a Master's degree in Economics and Management from ESSEC (1991). He began his career at Crédit Foncier de France in 1991 as an appraiser for its real estate subsidiary then joined the branch network (1991-1993). From 1993 to 1996, he was Chief of Staff for the Executive Management of Crédit Foncier, and later was in charge of the structuring and administrative and financial organization of Foncier Vignobles SA from 1996 to 1998. Between 1999 and 2010, he was Deputy Director of Primary Markets within the Financial Operations Division. In 1999, he took part in the setting up of Compagnie de Financement Foncier and, in particular, worked on the financial aspects of liabilities. Starting in 2001, he set up the EMTN and RCB programs and in 2010, the USMTS program. Since 2010, he has been Director of Primary Markets. On June 28, 2017, the Board of Directors named him Deputy Chief Executive Officer of Compagnie de Financement Foncier, as of July 23, 2017. Relevant expertise: Expertise in the area of capital markets, property and managing property loans.</p>						
<p>DIRECTOR OF PRIMARY MARKETS CRÉDIT FONCIER DE FRANCE</p> <p>Deputy Chief Executive Officer From: 07/23/2017 End: 07/22/2022</p>	<p>COMPANIES AND POSITIONS*</p> <table border="0"> <tr> <td style="vertical-align: top;"> <p>2019 CRÉDIT FONCIER DE FRANCE – SA Director of Primary Markets COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer</p> </td> <td style="vertical-align: top;"> <p>2016 CRÉDIT FONCIER DE FRANCE – SA Director of Primary Markets VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Member of the Management Board</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p>2018 CRÉDIT FONCIER DE FRANCE – SA Director of Primary Markets COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer</p> </td> <td style="vertical-align: top;"> <p>2015 CRÉDIT FONCIER DE FRANCE – SA Director of Primary Markets VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Member of the Management Board</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p>2017 CRÉDIT FONCIER DE FRANCE – SA Director for Primary Markets COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer (from 07/23/2017 to 07/22/2022) VAUBAN MOBILISATION GARANTIES (VMG) – SACS Member of the Management Board (until 03/13/2017)</p> </td> <td></td> </tr> </table>	<p>2019 CRÉDIT FONCIER DE FRANCE – SA Director of Primary Markets COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer</p>	<p>2016 CRÉDIT FONCIER DE FRANCE – SA Director of Primary Markets VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Member of the Management Board</p>	<p>2018 CRÉDIT FONCIER DE FRANCE – SA Director of Primary Markets COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer</p>	<p>2015 CRÉDIT FONCIER DE FRANCE – SA Director of Primary Markets VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Member of the Management Board</p>	<p>2017 CRÉDIT FONCIER DE FRANCE – SA Director for Primary Markets COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer (from 07/23/2017 to 07/22/2022) VAUBAN MOBILISATION GARANTIES (VMG) – SACS Member of the Management Board (until 03/13/2017)</p>	
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*All offices concern companies that are part of Groupe BPCE. No company is listed.

Composition of the Board of Directors



CHANGES WITHIN THE BOARD OF DIRECTORS IN 2019

Éric FILLIAT was appointed as Chairman of the Board by the Board of Directors on November 7, 2019, to replace Benoît CATEL who resigned his directorship on November 7, 2019.

The General Meeting of May 6, 2019:

- reappointed Muriel COLLE as Director;
- reappointed Mathieu LEPELTIER as Director;
- ratified the cooptation of Jean-Sylvain RUGGIU as Director;
- ratified the cooptation of Nathalie BRICKER as Director.

Benoît CATEL resigned from his position as Chairman and member of the Board of Directors on November 7, 2019.

Éric FILLIAT was co-opted as Chairman and member of the Board of Directors to replace Benoît CATEL, on November 7, 2019.

Muriel COLLE resigned as Director on November 7, 2019.

Muriel COLLE was appointed by Éric FILLIAT as permanent representative of Crédit Foncier de France to replace Éric FILLIAT on November 7, 2019.

Philippe JEANNE was co-opted as Director to replace Muriel COLLE, on November 7, 2019.

Mathieu LEPELTIER resigned as Director on December 9, 2019;

Sabine CALBA was co-opted as Director to replace Mathieu LEPELTIER on December 13, 2019.

Summary table of Board and Committee meeting attendance rates

Board of Directors

Range of the number of members	3 to 18
Number of members	9
Number of Board meetings	9
Average attendance rate	85%
Number of women directors	3 (33%)
Number of men directors	6 (67%)
Attendance fees*	yes

* Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Board of Directors	Position on the Board	Start of term	End of term	Term of office	Attendance rate	Audit Committee	Risk Committee	Appointments Committee
ÉRIC FILLIAT	★	07/11/2019	12/31/2023	2024 OGM	100%			100%
NATHALIE BRICKER	●	12/19/2018	12/31/2019	2020 OGM	67%	75%		
SABINE CALBA	●	12/13/2019	12/31/2023	2024 OGM	100%			
PASCAL CHABOT ⁽¹⁾	●	03/25/2014	12/31/2021	2022 OGM	56%		67%	100%
PASCAL CHABOT ⁽²⁾	●	03/25/2014	12/31/2021	2022 OGM			100%	
CRÉDIT FONCIER DE FRANCE REPRESENTED BY MURIEL COLLE (SINCE 11/07/2019)	◆	12/28/1998	12/31/2022	2023 OGM	100%		100%	
ALEXANDRE FOURNEAU	●	03/30/2017	12/31/2021	2022 OGM	89%			
BPCE REPRESENTED BY OLIVIER IRISSON	◆	03/28/2011	12/31/2022	2023 OGM	56%	67%	67%	
PHILIPPE JEANNE	●	11/07/2019	12/31/2023	2024 OGM	50%	100%		
JEAN-SYLVAIN RUGGIU	●	06/28/2018	12/31/2019	2020 OGM	100%			
BENOÎT CATEL	★	02/09/2016	11/07/2019	11/07/2019	100%			100%
MURIEL COLLE	●	07/23/2017	11/07/2019	11/07/2019	100%			
CRÉDIT FONCIER DE FRANCE REPRESENTED BY ERIC FILLIAT	◆	12/28/1998	11/07/2019	11/07/2019	100%	100%	100%	
MATHIEU LEPELTIER	●	02/09/2018	12/09/2019	12/09/2019	100%			

(1) Member of Appointments Committee until December 16, 2019.

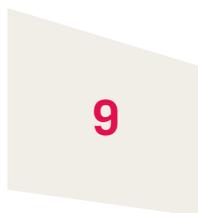
(2) Chairman of the Risk Committee from December 16, 2019.

★ CHAIRMAN
● MEMBER

◆ DIRECTOR – REPRESENTATIVE OF BPCE
◆ DIRECTOR - REPRESENTATIVE OF CRÉDIT FONCIER

■ CHAIRMAN
■ MEMBER

NUMBER OF MEMBERS
AT DECEMBER 31, 2019



NUMBER OF
BOARD MEETINGS



AVERAGE
ATTENDANCE RATE



POSITIONS HELD BY DIRECTORS

DIRECTORS FROM CRÉDIT FONCIER

Mr **Éric FILLIAT**

Date of birth: 06/15/1966
Nationality: French
Professional address:
4, quai de Bercy
94220 Charenton-le-Pont

CHIEF EXECUTIVE OFFICER OF CRÉDIT FONCIER DE FRANCE

Chairman of the Board of Directors

First appointed:
11/07/2019
End of term:
2024 OGM

Chairman of the Appointments Committee

First appointed:
11/07/2019

BIOGRAPHY

Éric FILLIAT, who holds a degree in accounting and finance from the *École supérieure de commerce de Clermont-Ferrand*, began his career at Mazars in 1992. In 1999, he joined the Caisse Nationale des Caisses d'Épargne, where he was Head of the Consolidation Department of the Caisse d'Épargne Group, then Deputy Director, before becoming the Group's Head of Regulation and Accounting in November 2007. Between 2010 and 2012, he was Head of Accounting for Groupe BPCE.

In May 2012, Éric FILLIAT joined Crédit Foncier as Deputy Chief Executive Officer in charge of the Finance Department at Crédit Foncier, a member of the Board of Directors and of the Executive Management Committee. He was appointed Executive Manager of Crédit Foncier since January 1, 2018.

On November 6, 2019 the Board of Directors of Crédit Foncier appointed Éric FILLIAT as Chief Executive Officer of Crédit Foncier from November 7, 2019.

Relevant expertise: Banking, finance, standards and regulations, accounts, consolidation, control and auditing.

COMPANIES AND POSITIONS

2019

CRÉDIT FONCIER DE FRANCE – SA
Chief Executive Officer

CRÉDIT FONCIER DE FRANCE – SA
Deputy Chief Executive Officer, Finance department, Executive Manager, member of the Executive Management Committee and member of the Executive Committee (until 11/06/2019)

COMPAGNIE DE FINANCEMENT FONCIER – SA
Chairman of the Board of Directors and Chairman of the Appointments Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA
Permanent Representative of Crédit Foncier – Director, Chairman of the Audit Committee, Chairman of the Risk Committee (until 11/06/2019)

CRÉDIT FONCIER IMMOBILIER – SA
Director

FONCIER PARTICIPATIONS – SAS
Permanent Representative of Crédit Foncier, Chairman

CRÉDIT LOGEMENT – SA
Permanent Representative of Crédit Foncier, Director

SOCFIM – SACS
Member of the Supervisory Board (until 12/09/2019)

IT-CE GIE
Permanent Representative of Crédit Foncier, Member of the Supervisory Board, Member of the Audit Committee

BANCO PRIMUS - SA (PORTUGAL)
Director, Member of the Audit Committee

MFCG – SAS
Permanent Representative of CFCO, Chairman (until 08/09/2019)

2018

CRÉDIT FONCIER DE FRANCE – SA
Deputy Chief Executive Officer, Finance department, Executive Manager, member of the Executive Management Committee and member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA
Permanent Representative of Crédit Foncier – Director, Chairman of the Audit Committee, Chairman of the Risk Committee

CRÉDIT FONCIER IMMOBILIER – SA
Director

FONCIER PARTICIPATIONS – SAS

Permanent Representative of Crédit Foncier, Chairman

FONCIER TITRISATION – SA

Permanent Representative of Foncier Equity investments, Director (until 12/18/2018)

SOCFIM – SACS

Member of the Supervisory Board

BANCO PRIMUS - SA (PORTUGAL)

Director, Member of the Audit Committee

MFCG – SAS

Permanent Representative of CFCO, Chairman

2017

CRÉDIT FONCIER DE FRANCE – SA

Deputy Chief Executive Officer, Finance department, member of the Executive Management Committee and member of the Executive Committee (until 12/31/2017)

COMPAGNIE DE FINANCEMENT FONCIER – SA

Permanent Representative of Crédit Foncier – Director, Chairman of the Audit Committee, Chairman of the Risk Committee

CRÉDIT FONCIER IMMOBILIER – SA

Director

FONCIER PARTICIPATIONS – SAS

Permanent Representative of Crédit Foncier, Chairman

FONCIER TITRISATION – SA

Permanent Representative of Foncier Equity investments, Director

SOCFIM – SACS

Member of the Supervisory Board

BANCO PRIMUS - SA (PORTUGAL)

Director, Member of the Audit Committee

BANCO PRIMUS - SA (PORTUGAL)

Director, Member of the Audit Committee (until 03/31/2017)

MFCG – SAS

Permanent Representative of CFCO, Chairman

VAUBAN MOBILISATION GARANTIES (VMG) – SACS

Vice-Chairman of the Supervisory Board (until 03/13/2017)

Mr Éric FILLIAT

2016

CRÉDIT FONCIER DE FRANCE – SA

Deputy Chief Executive Officer, Finance department, member of the Executive Management Committee and member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA

Permanent Representative of Crédit Foncier – Director, Chairman of the Audit Committee, Chairman of the Risk Committee

CRÉDIT FONCIER IMMOBILIER – SA

Director

FONCIER PARTICIPATIONS – SAS

Permanent Representative of Crédit Foncier, Chairman

FONCIER TITRISATION – SA

Permanent Representative of Foncier Equity investments, Director

SOCFIM – SACS

Member of the Supervisory Board

BANCO PRIMUS - SA (PORTUGAL)

Director, Member of the Audit Committee

MFCG – SAS

Permanent Representative of CFCO, Chairman

VAUBAN MOBILISATION GARANTIES (VMG) – SACS

Vice-Chairman of the Supervisory Board

2015

CRÉDIT FONCIER DE FRANCE – SA

Deputy Chief Executive Officer, Finance department, member of the Executive Management Committee and member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA

Permanent Representative of Crédit Foncier – Director, Chairman of the Audit Committee, Chairman of the Risk Committee

CRÉDIT FONCIER IMMOBILIER – SA

Director

FONCIER PARTICIPATIONS – SAS

Permanent Representative of Crédit Foncier, Chairman

FONCIER TITRISATION – SA

Permanent Representative of Foncier Equity investments, Director

SOCFIM – SACS

Member of the Supervisory Board

BANCO PRIMUS - SA (PORTUGAL)

Director, Member of the Audit Committee

MFCG – SAS

Permanent Representative of CFCO, Chairman

VAUBAN MOBILISATION GARANTIES (VMG) – SACS

Vice-Chairman of the Supervisory Board

Crédit Foncier – Permanent Representative Ms Muriel COLLE

Date of birth: 07/16/1963
Nationality: French
Professional address:
4, quai de Bercy
94220 Charenton-le-Pont

DEPUTY CHIEF EXECUTIVE OFFICER, RESOURCES DEPARTMENT, EXECUTIVE MANAGER OF CRÉDIT FONCIER DE FRANCE

Member of the Board of Directors

First appointed:
12/28/1998
End of term:
2023 OGM

Member of the Risk Committee

First appointed:
12/16/2019

BIOGRAPHY

Muriel COLLE holds an AES Master's degree (1984).
Muriel COLLE started her career as an assistant in Human Resources at Total Compagnie Française des Pétroles in 1984 and remained there until 1990.
In 1990, she joined Euro Disney as Assistant Manager of Human Resources for four years.
From 1994 to 1996 she was in charge of Human Resources at TRW then from 1996 to 2001 she was a member of the Management Committee at Corsair within the Group's Human Resources Department, reporting to the Chief Executive Officer.
From 2001 to 2008, she was Director of Resources at APRIA RSA.
In September 2008, she joined Crédit Foncier de France, initially as Director of Human Resources for three years. Since January 2010, she has been Chief Executive Officer of ENFI. Since October 2011, she has been Director of the Resources Department at Crédit Foncier de France. And since February 2016, she has been Deputy Chief Executive Officer and Member of the Executive Management Committee of Crédit Foncier de France.
On November 7, 2019, Muriel COLLE was appointed Executive Manager of Crédit Foncier.
Relevant expertise: Human resources, Business management, Communications, Central Services, IT Production and General Secretariat.

COMPANIES AND POSITIONS

2019

CRÉDIT FONCIER DE FRANCE – SA
Deputy Chief Executive Officer Resources Department, Executive Manager

CRÉDIT FONCIER DE FRANCE – SA
Deputy Chief Executive Officer Resources Department (until 11/07/2019)

COMPAGNIE DE FINANCEMENT FONCIER – SA
Permanent Representative of Crédit Foncier, Director,
Member of the Risk Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA
Director (until 11/06/2019)

ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS
Chief Executive Officer

BANCO PRIMUS – SA (PORTUGAL)
Member of the Appointments, Remuneration and Benefits Committee

BPCE ACHATS – GIE
Permanent Representative of Crédit Foncier – Director

2018

CRÉDIT FONCIER DE FRANCE – SA
Deputy Chief Executive Officer Resources Department

COMPAGNIE DE FINANCEMENT FONCIER – SA
Director

ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS
Chief Executive Officer

BANCO PRIMUS – SA (PORTUGAL)
Member of the Appointments, Remuneration and Benefits Committee

BPCE ACHATS – GIE
Permanent Representative of Crédit Foncier – Director

2017

CRÉDIT FONCIER DE FRANCE – SA
Deputy Chief Executive Officer Resources Department

COMPAGNIE DE FINANCEMENT FONCIER – SA
Director

ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS
Chief Executive Officer

BANCO PRIMUS – SA (PORTUGAL)
Member of the Appointments, Remuneration and Benefits Committee

BPCE ACHATS – GIE
Permanent Representative of Crédit Foncier – Director

2016

CRÉDIT FONCIER DE FRANCE – SA
Deputy Chief Executive Officer Resources Department

CRÉDIT FONCIER DE FRANCE – SA
Director Resources Department (until 02/01/2016)

ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS
Chief Executive Officer

BANCO PRIMUS – SA (PORTUGAL)
Member of the Appointments, Remuneration and Benefits Committee

BPCE ACHATS – GIE
Permanent Representative of Crédit Foncier de France – Director

2015

CRÉDIT FONCIER DE FRANCE – SA
Director Resources Department

ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS
Chief Executive Officer

BANCO PRIMUS – SA (PORTUGAL)
Member of the Appointments, Remuneration and Benefits Committee

DIRECTORS FROM BPCE

Ms Sabine CALBA

Date of birth: 02/26/1971
Nationality: French
Professional address:
 50, avenue Pierre-Mendès-France
 75201 Paris Cedex 13

**HEAD OF DEVELOPMENT AT BPCE
 BANQUE POPULAIRE**

**Member of the Board
 of Directors**

First appointed:
 12/13/2019
End of term:
 2025 OGM

**Member of
 the Appointments Committee**

First appointed:
 12/16/2019

BIOGRAPHY

Sabine CALBA is a graduate of Université de Nancy and Institut Technique de Banque (ITB), and holds an MBA in Finance from IFG and a Masters in financial management from Université Paris-I Panthéon-Sorbonne.

Sabine CALBA began her career in 1993 at Banque Populaire Alsace-Lorraine-Champagne as an Account Manager in the Private individuals market. Having held various positions at the bank, she was appointed Head of the Marketing and Communications Department in 2000.

In 2005, she became Group Manager, first in Meurthe-et-Moselle-Nord, then in Nancy. Seven years later she was promoted to the position of Director of the bank for the French Department of Meurthe-et-Moselle.

In 2015, Sabine CALBA became Head of the Lorraine region. Two years later she became Secretary General and joined the management committee (responsible for the financial, contracts, customer operations, organization, information systems and quality departments) at Banque Populaire Alsace-Lorraine-Champagne. In 2018, she became Deputy Chief Executive Officer and Executive Manager there.

On April 19, 2019, Sabine CALBA was appointed Head of Development at Banque Populaire within the BPCE Group.

Relevant expertise: Finance, human resources, management, operations and development.

COMPANIES AND POSITIONS

2019

BPCE - SA

Head of Development, Banque Populaire

BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE – SA

Deputy Chief Executive Officer and second effective director (until 02/28/2019)

COMPAGNIE DE FINANCEMENT FONCIER – SA

Director, Member of the Appointments Committee

BANQUE BCP – SA (LUXEMBOURG)

Director

CRÉDIT FONCIER IMMOBILIER – SA

Director

NATIXIS PAYMENT SOLUTIONS - SA

Director

I-DATECH - GIE

Chair (until 12/13/2019)

I-BP - GIE

Permanent representative of BPCE, Director

OSTRUM ASSET MANAGEMENT – SA

Permanent Representative of BPCE, Director

SOCIÉTÉ D'ÉQUIPEMENTS DU BASSIN LORRAIN – SEM

Permanent representative of BPALC, Director (until 10/30/2019)

ASSOCIATION APROFIN LORRAINE PLACE FINANCIÈRE

Chairman (until 10/30/2019)

UNIVERSITÉ DE LORRAINE

Director

ASSOCIATION LES ELLES DE BPCE

Member

ASSOCIATION LES ESSENTI'ELLES DE BPALC

Chairman (until 10/30/2019)

2018

BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE - SA

Deputy Chief Executive Officer and second effective director

BANQUE BCP – SA (LUXEMBOURG)

Director

CRÉDIT FONCIER IMMOBILIER – SA

Director

NATIXIS PAYMENT SOLUTIONS – SA

Director

I-DATECH - GIE

Chair

SOCIÉTÉ D'ÉQUIPEMENTS DU BASSIN LORRAIN-SEM

Permanent representative of BPALC, Director

ASSOCIATION APROFIN LORRAINE PLACE FINANCIÈRE

Chairman

UNIVERSITÉ DE LORRAINE

Director

ASSOCIATION LES ELLES DE BPCE

Member

ASSOCIATION LES ESSENTI'ELLES DE BPALC

Chairman

2017

BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE – SA

General Secretary, Member of the Military Staff Committee (until 12/31/2017)

BANQUE BCP - SA (LUXEMBOURG)

Director

CRÉDIT FONCIER IMMOBILIER - SA

Director

NATIXIS PAYMENT SOLUTIONS – SA

Director

ASSOCIATION APROFIN LORRAINE PLACE FINANCIÈRE

Chairman

UNIVERSITÉ DE LORRAINE

Director

ASSOCIATION LES ELLES DE BPCE

Member

ASSOCIATION LES ESSENTI'ELLES DE BPALC

Chairman

Ms Sabine CALBA

2016

BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE – SA
Head of the Lorraine Region, Member of the Executive Committee
(until 12/31/2016)

BANQUE BCP – SA (LUXEMBOURG)
Director

NATIXIS PAYMENT SOLUTIONS – SA
Director

ASSOCIATION APROFIN LORRAINE PLACE FINANCIÈRE
Chair

ASSOCIATION LES ELLES DE BPCE
Member

ASSOCIATION LES ESSENTI'ELLES DE BPALC
Chair

2015

BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE – SA
Head of the Lorraine Region, Member of the Executive Committee

ASSOCIATION APROFIN LORRAINE PLACE FINANCIÈRE
Chair

ASSOCIATION LES ELLES DE BPCE
Member

ASSOCIATION LES ESSENTI'ELLES DE BPALC
Chair

BPCE – Permanent Representative Mr Olivier IRISSON

Date of birth: 10/05/1969
Nationality: French
Professional address:
 50, avenue Pierre-Mendès-France
 75013 Paris

CHIEF FINANCIAL OFFICER OF BPCE**Member of the Board of Directors**

First appointed:
03/28/2011
 End of term:
2023 OGM

Member of the Audit Committee

First appointed:
09/28/2018

Member of the Risk Committee

First appointed:
09/28/2018

BIOGRAPHY

A graduate of the Université Paris Dauphine, specializing in Finance and Management Control, with a post-graduate degree in Strategy, Planning and Control as well as a Management Science PhD, Olivier IRISSON began his career in 1994 at Cetelem (BNP Paribas Group) before joining PricewaterhouseCoopers (PWC) in 2000 as a manager in the Financial Risk Management Department.

From 2002 to 2010, he worked for Société Générale and held the positions of Head of Credit Risk Modeling, Director of Risk and Capital Measurements Systems, then, in 2009, Director of the Global Risk Analysis Department. In June 2010, he joined BPCE as Deputy Director of Group Risks.

Since 2013, Olivier IRISSON has been Chief Financial Officer within the Group's Finance Department, member of the BPCE Executive Committee.

Relevant expertise: Finance, Asset management (business), Risks.

COMPANIES AND POSITIONS**2019****BPCE – SA**

Chief Operating Officer, Chief Financial Officer,
 Member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA

Permanent Representative of BPCE – Director, Member of the Audit Committee,
 Member of the Risk Committee

BPCE SFH – SA

Director, Chairman of the Board of Directors (until 05/29/2019)

FIDOR BANK – AG (GERMANY)

Member of the Supervisory Board

2018**BPCE – SA**

Chief Operating Officer, Chief Financial Officer,
 Member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA

Permanent Representative of BPCE – Director, Member of the Audit Committee,
 Member of the Risk Committee

BPCE SFH – SA

Director, Chairman of the Board of Directors

BPCE SERVICES FINANCIERS (EX CSF-GCE) – GIE

Member of the Supervisory Board

FIDOR BANK – AG (GERMANY)

Member of the Supervisory Board

2017**BPCE – SA**

Chief Operating Officer, Chief Financial Officer,
 Member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA

Permanent Representative of BPCE – Director, Member of the Audit Committee,
 Member of the Risk Committee (until 03/20/2017)

BPCE SFH – SA

Director, Chairman of the Board of Directors

BPCE SERVICES FINANCIERS (EX CSF-GCE) – GIE

Member of the Supervisory Board

BANQUES POPULAIRES COVERED BONDS – SA

Director (until 12/31/2017)

FIDOR BANK – AG (GERMANY)

Member of the Supervisory Board

2016**BPCE – SA**

Chief Operating Officer, Chief Financial Officer,
 Member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA

Permanent Representative of BPCE – Director,
 Member of the Audit Committee, Member of the Risk Committee

BPCE SFH – SA

Director, Chairman of the Board of Directors

BPCE SERVICES FINANCIERS (EX CSF-GCE) – GIE

Member of the Supervisory Board

BANQUES POPULAIRES COVERED BONDS – SA

Director

2015**BPCE – SA**

Chief Operating Officer, Chief Financial Officer,
 Member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA

Permanent Representative of BPCE – Director,
 Member of the Audit Committee, Member of the Risk Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA

Permanent Representative of BPCE – Director,
 Member of the Audit Committee (until 08/24/2015)

BPCE SFH – SA

Director, Chairman of the Board of Directors

BPCE SERVICES FINANCIERS (EX CSF-GCE) – GIE

Member of the Supervisory Board

BANQUES POPULAIRES COVERED BONDS – SA

Director

Mr Philippe JEANNE

Date of birth: 11/13/1963
Nationality: French
Professional address:
50, avenue Pierre-Mendès-France
75201 Paris Cedex 13

**DIRECTOR OF FINANCIAL
MANAGEMENT AT BPCE**

**Member of the Board
of Directors**

First appointed:
11/07/2019
End of term:
2025 OGM

Chairman of the Audit Committee

First appointed:
12/16/2019

BIOGRAPHY

Philippe JEANNE is an engineer who graduated from the École spéciale des travaux publics – ESTP – (1986) and also holds a masters in finance from the École supérieure des sciences économiques et commerciales – ESSEC – (1987).

Philippe JEANNE began his career in 1987 at Barclays bank as an options trader. In 1991, he joined CGER Banque Paris (Fortis) where he was appointed Head of markets for cash management, rates and credit.

In 1995, he joined Crédit Agricole Indosuez where he held various positions in Paris: from 1995 to 2000, he was Head of exotic rates, hybrids and raw materials. In 2001 he was appointed global Head of rates activities in dollars and of vanilla trading in New York. In 2003, he joined the bank Calyon in London as global Head of Trading in emerging markets.

In 2005, Philippe JEANNE joined Natixis as global Head of Currency Transactions and in 2012 was appointed Director of Financial Management (ALM).

He became BPCE's Director of Financial Management in March 2019.

Relevant expertise: Expertise in banking, finance, markets, management and engineering.

COMPANIES AND POSITIONS

2019

BPCE – SA

Director of Financial Management

COMPAGNIE DE FINANCEMENT FONCIER – SA

Director, Chairman of the Audit Committee

BPCE SFH – SA

Chairman of the Board of Directors, Chairman of the Remuneration Committee and Member of the Appointments Committee

NATIXIS INTEREPARGNE - SA

Permanent representative of Natixis, Director (until 06/07/2019)

NATIXIS WEALTH MANAGEMENT – SA

Permanent representative of Natixis, Director (until 06/05/2019)

NATIXIS FUNDING – SA

Chairman of the Board of Directors (until 3/21/2019)

NATIXIS – SA

Head of Financial Management (until 3/11/2019)

NATIXIS NORTH AMERICA – LLC (USA)

Director (until 06/06/2019)

ACI – THE FINANCIAL MARKETS ASSOCIATION

Member of the Ethics Committee

NATIXIS BANK JSC, MOSCOW – SA (RUSSIA)

Member of the Supervisory Board (until 06/29/2019)

NATIXIS PFANDBRIEF BANK – AG (GERMANY)

Member of the Supervisory Board (until 10/14/2019)

2018

NATIXIS INTEREPARGNE – SA

Permanent representative of Natixis, Director

NATIXIS WEALTH MANAGEMENT – SA

Permanent representative of Natixis, Director

NATIXIS FUNDING – SA

Chairman of the Board of Directors

NATIXIS – SA

Head of Financial Management

NATIXIS NORTH AMERICA – LLC (USA)

Director

ACI – THE FINANCIAL MARKETS ASSOCIATION

Member of the Ethics Committee

NATIXIS BANK JSC, MOSCOW – SA (RUSSIA)

Member of the Supervisory Board

NATIXIS PFANDBRIEF BANK – AG (GERMAN)

Member of the Supervisory Board

2017

NATIXIS INTEREPARGNE – SA

Permanent representative of Natixis, Director

NATIXIS WEALTH MANAGEMENT – SA

Permanent representative of Natixis, Director

NATIXIS FUNDING – SA

Chairman of the Board of Directors

NATIXIS – SA

Head of Financial Management

NATIXIS NORTH AMERICA – LLC (USA)

Director

ACI – THE FINANCIAL MARKETS ASSOCIATION

Member of the Ethics Committee

2016

NATIXIS INTEREPARGNE – SA

Permanent representative of Natixis, Director

NATIXIS WEALTH MANAGEMENT – SA

Permanent representative of Natixis, Director

NATIXIS FUNDING – SA

Chairman of the Board of Directors

NATIXIS – SA

Head of Financial Management

NATIXIS NORTH AMERICA – LLC (USA)

Director

ACI – THE FINANCIAL MARKETS ASSOCIATION

Member of the Ethics Committee

2015

NATIXIS INTEREPARGNE – SA

Permanent representative of Natixis, Director

NATIXIS WEALTH MANAGEMENT – SA

Permanent representative of Natixis, Director

NATIXIS FUNDING – SA

Chairman of the Board of Directors

NATIXIS – SA

Head of Financial Management

NATIXIS NORTH AMERICA – LLC (USA)

Director

Mr Jean-Sylvain RUGGIU	
<p>Date of birth: 08/18/1969 Nationality: French Professional address: 50, avenue Pierre-Mendès-France 75201 Paris Cedex 13</p> <p>BPCE DIRECTOR FOR THE PUBLIC SECTOR MARKET AND PUBLIC-PRIVATE PARTNERSHIPS</p> <p>Member of the Board of Directors First appointed: 06/28/2018 End of term: 2020 OGM</p>	<p>BIOGRAPHY</p> <p>Jean-Sylvain RUGGIU graduated from the University of Bordeaux 1: Diploma of Advanced Studies (DEA) and Masters Degree in Economics and Finance (1993) and joined the Crédit Agricole leaders program (2005), as well as BPCE New Executive program.</p> <p>Jean-Sylvain RUGGIU joined Société Générale in 1994 as a financial engineer. From 1996 to 1999, he was Chief Financial Officer at Conseil Général de Charente Maritime.</p> <p>He then joined Crédit Agricole, first as Head of local authority funding from 1999 to 2004 before being appointed as Director for the Public authorities market and Social housing from 2004 to 2007.</p> <p>Since 2007, he has been Director for the Public sector market and Public-Private Partnerships at BPCE SA. On June 28, 2018, he was appointed Director of Compagnie de Financement Foncier.</p> <p>Relevant expertise: Finance, Coordinating Sales Strategy.</p> <p>COMPANIES AND POSITIONS</p> <p>2019 BPCE – SA Director Public sector markets and Public-Private Partnerships COMPAGNIE DE FINANCEMENT FONCIER – SA Director ECOLOCALE – GIE Permanent Representative of BPCE – Director</p> <p>2018 BPCE – SA Director Public sector markets and Public-Private Partnerships COMPAGNIE DE FINANCEMENT FONCIER – SA Director ECOLOCALE – GIE Permanent Representative of BPCE – Director</p> <p>2017 BPCE – SA Director Public sector markets and Public-Private Partnerships ECOLOCALE – GIE Permanent Representative of BPCE – Director</p> <p>2016 BPCE – SA Director Public sector markets and Public-Private Partnerships ECOLOCALE – GIE Permanent Representative of BPCE – Director</p> <p>2015 BPCE – SA Director Public sector markets and Public-Private Partnerships ECOLOCALE – GIE Permanent Representative of BPCE – Director</p>

DIRECTORS FROM CAISSE D'ÉPARGNE

Mr Pascal CHABOT

Date of birth: 05/27/1959
Nationality: French
Professional address:
26-28, rue Neuve Tolbiac
75633 Paris Cedex 13

CHAIRMAN OF THE MANAGEMENT BOARD OF CAISSE D'ÉPARGNE ÎLE-DE-FRANCE

Member of the Board of Directors
First appointed:
03/25/2014
End of term:
2022 OGM

Chairman of the Risk Committee
First appointed:
12/16/2019

Member of the Risk Committee
First appointed:
10/06/2015

Member of the Appointments Committee from 12/19/2018 to 12/16/2019

BIOGRAPHY

Pascal CHABOT has a post-graduate degree in finance control from Université Paris Dauphine. In 2005, he became Member of the Management Board responsible for Specialized Markets at Caisse d'Épargne des Pays de la Loire before becoming Member of the Management Board responsible for the Regional Development Bank. In 2013, he joined Caisse d'Épargne Île-de-France as Member of the Management Board responsible for the Regional Development Bank, Organization and Information systems.
Relevant expertise: Management, Finance, Organization and Information systems.

COMPANIES AND POSITIONS

2019

CAISSE D'ÉPARGNE ÎLE-DE-FRANCE (CEIDF) – SA
Member of the Management Board

COMPAGNIE DE FINANCEMENT FONCIER – SA
Director, Chairman of the Risk Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA
Director, Member of the Risk Committee, Member of the Appointments Committee (until 12/16/2019)

CE CAPITAL – SASU
Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF) – Member of the Supervisory Board (until 09/19/2019)

SOCFIM – SACS
Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF) – Member of the Supervisory Board

LOGIREP – SA HLM
Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF) – Member of the Supervisory Board (until 09/18/2019)

CE DÉVELOPPEMENT
Member of the Supervisory Board (until 09/20/2019)

COMITÉ FÉDÉRATION BANCAIRE FRANÇAISE ÎLE-DE-FRANCE – ASSOCIATION
Vice-Chairman

ALLIANCE ENTREPRENDRE – SAS
Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF) – Member of the Supervisory Board (until 09/18/2019)

IMMOBILIÈRE 3F
Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF) – Member of the Supervisory Board

BANQUE BCP – SAS
Member of the Supervisory Board

SCI DE LA FORÊT – SCI
Manager

GIE CAISSE D'ÉPARGNE SYNDICATION RISQUE
Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF) – Member of the Supervisory Board (until 09/18/2019)

BANQUE DE NOUVELLE CALÉDONIE – SA
Director

PARIS HABITAT OPH
Director appointed as a qualified person

ATREAM HÔTELS – SCPI
Director

2018

CAISSE D'ÉPARGNE ÎLE-DE-FRANCE (CEIDF) – SA
Member of the Management Board

COMPAGNIE DE FINANCEMENT FONCIER – SA
Director, Member of the Risk Committee, Member of the Appointments Committee

CE CAPITAL – SASU
Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF) – Member of the Supervisory Board

SOCFIM – SACS
Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF) – Member of the Supervisory Board

LOGIREP – SA HLM
Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF) – Member of the Supervisory Board

CE DÉVELOPPEMENT
Member of the Supervisory Board

COMITÉ FÉDÉRATION BANCAIRE FRANÇAISE ÎLE-DE-FRANCE – ASSOCIATION
Vice-Chairman

ALLIANCE ENTREPRENDRE – SAS
Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF) – Member of the Supervisory Board

IMMOBILIÈRE 3F
Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF) – Member of the Supervisory Board

BANQUE BCP – SAS
Member of the Supervisory Board

SCI DE LA FORÊT – SCI
Manager

GIE CAISSE D'ÉPARGNE SYNDICATION RISQUE
Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF) – Member of the Supervisory Board

ATREAM HÔTELS – SCPI
Director

Mr Pascal CHABOT

2017

CAISSE D'ÉPARGNE ÎLE-DE-FRANCE (CEIDF) – SA
Member of the Management Board

COMPAGNIE DE FINANCEMENT FONCIER – SA
Director, Member of the Risk Committee

CE CAPITAL – SASU
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

SOCFIM – SACS
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

LOGIREP – SA HLM
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

REVITAL'EMPLOI – ASSOCIATION
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board (until 12/11/2017)

CE DÉVELOPPEMENT
Member of the Supervisory Board

**COMITÉ FÉDÉRATION BANCAIRE FRANÇAISE ÎLE-DE-FRANCE –
ASSOCIATION**
Vice-Chairman

ALLIANCE ENTREPRENDRE – SAS
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

IMMOBILIÈRE 3F
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

BANQUE BCP – SAS
Member of the Supervisory Board

SCI DE LA FORÊT – SCI
Manager

GIE CAISSE D'ÉPARGNE SYNDICATION RISQUE
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

ATREAM HOTELS - SCPI
Director

2016

CAISSE D'ÉPARGNE ÎLE-DE-FRANCE (CEIDF) – SA
Member of the Management Board

COMPAGNIE DE FINANCEMENT FONCIER – SA
Director, Member of the Risk Committee

CE CAPITAL – SASU
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

SOCFIM – SACS
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

LOGIREP – SA HLM
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

REVITAL'EMPLOI – ASSOCIATION
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

CE DÉVELOPPEMENT
Member of the Supervisory Board

**COMITÉ FÉDÉRATION BANCAIRE FRANÇAISE ÎLE-DE-FRANCE –
ASSOCIATION**
Vice-Chairman

ALLIANCE ENTREPRENDRE – SAS
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

IMMOBILIÈRE 3F
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

SCI DE LA FORÊT – SCI
Manager

GIE CAISSE D'ÉPARGNE SYNDICATION RISQUE
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

ATREAM HOTELS - SCPI
Director

2015

CAISSE D'ÉPARGNE ÎLE-DE-FRANCE (CEIDF) – SA
Member of the Management Board

COMPAGNIE DE FINANCEMENT FONCIER – SA
Director, Member of the Risk Committee

CE CAPITAL – SASU
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

SOCFIM – SACS
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

LOGIREP – SA HLM
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

REVITAL'EMPLOI – ASSOCIATION
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

CE DÉVELOPPEMENT
Member of the Supervisory Board

**COMITÉ FÉDÉRATION BANCAIRE FRANÇAISE ÎLE-DE-FRANCE –
ASSOCIATION**
Vice-Chairman

ALLIANCE ENTREPRENDRE – SAS
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

SCI DE LA FORÊT – SCI
Manager

GIE CAISSE D'ÉPARGNE SYNDICATION RISQUE
Permanent Representative of Caisse d'Épargne île-de-France (CEIDF) –
Member of the Supervisory Board

DIRECTORS FROM BANQUES POPULAIRES

Mr Alexandre FOURNEAU

Date of birth: 07/06/1969
Nationality: French
Professional address:
9, avenue Newton
78180 Montigny-Le-Bretonneux

**HEAD OF FINANCE LOANS,
BANQUE POPULAIRE
VAL DE FRANCE**

**Member of the Board
of Directors**
First appointed:
03/30/2017
End of term:
2022 OGM

BIOGRAPHY

Alexandre FOURNEAU is a graduate of HEC Paris (1993), specializing in auditing, consulting and appraisal. Alexandre FOURNEAU was an officer in the Technical Inspectorate of the French air force for 14 months, from 1993 to 1994. In September 1994, he joined the Inspectorate of Chambre Syndicale des Banques Populaires. In May 2001, he joined Banque Populaire Val de France (BPVF) as Head of Organization and Information Systems. In 2003, he became Head of the Organizational Merger Project and Human Resources. From 2004 to January 2007, he was a Group Director. In February 2007, he joined Banque Populaire's IT Division and became the Director of Banking Organization and Information Systems. In December 2009, he returned to Banque Populaire Val de France as Chief Financial Officer and in January 2013 he joined the Banque Populaire Val de France Management Committee. Since July 2016, he has been Head of Finance Loans at Banque Populaire Val de France.
Relevant expertise: Accounting expertise, Audit, Risks and compliance, Banking management control, Project management, Information systems, Business development, Finance and oversight.

COMPANIES AND POSITIONS

2019

BANQUE POPULAIRE VAL DE FRANCE – SCBP
Head of Finance Loans
COMPAGNIE DE FINANCEMENT FONCIER – SA
Director
Economic Interest Group I-BP INVESTISSEMENT – GIE
Management Controller
SOCAMI VAL DE FRANCE – SCM
Chief Executive Officer
SOCAMA VAL DE FRANCE – SCM
Deputy Chief Executive Officer
SBE – SACS
Representative of Banque Populaire Val de France –
Member of the Supervisory Board, Chairman of the Audit Committee

2018

BANQUE POPULAIRE VAL DE FRANCE – SCBP
Head of Finance Loans
COMPAGNIE DE FINANCEMENT FONCIER – SA
Director
Economic Interest Group I-BP INVESTISSEMENT – GIE
Management Controller
SOCAMA VAL DE FRANCE – SCM
Director (until 05/25/2018)
SOCAMI VAL DE FRANCE – SCM
Director (until 05/16/2018)
SOCAMI VAL DE FRANCE – SCM
Chief Executive Officer
SOCAMA VAL DE FRANCE – SCM
Deputy Chief Executive Officer
SBE – SACS
Representative of Banque Populaire Val de France –
Member of the Supervisory Board, Chairman of the Audit Committee

2017

BANQUE POPULAIRE VAL DE FRANCE – SCBP
Head of Finance Loans
COMPAGNIE DE FINANCEMENT FONCIER – SA
Director
Economic Interest Group I-BP INVESTISSEMENT – GIE
Management Controller
SOCAMA VAL DE FRANCE – SCM
Director
SOCAMI VAL DE FRANCE – SCM
Director
SBE – SACS
Representative of Banque Populaire Val de France –
Member of the Supervisory Board, Chairman of the Audit Committee

2016

BANQUE POPULAIRE VAL DE FRANCE – SCBP
Head of Finance Loans
Economic Interest Group I-BP INVESTISSEMENT – GIE
Management Controller
SOCAMA VAL DE FRANCE – SCM
Director
SOCAMI VAL DE FRANCE – SCM
Director
SBE – SACS
Representative of Banque Populaire Val de France –
Member of the Supervisory Board, Chairman of the Audit Committee
BANQUE POPULAIRE VAL DE FRANCE – SCBP
Chief Financial Officer, Member of the Management Committee
(until 07/01/2016)

2015

Economic Interest Group I-BP INVESTISSEMENT – GIE
Management Controller
SOCAMA VAL DE FRANCE – SCM
Director
SOCAMI VAL DE FRANCE – SCM
Director
SBE – SACS
Representative of Banque Populaire Val de France –
Member of the Supervisory Board, Member and Chairman
(as of 03/24/2015) of the Audit Committee
BANQUE POPULAIRE VAL DE FRANCE – SCBP
Chief Financial Officer, member of the Management Committee

DIRECTORS FROM NATIXIS

Ms. Nathalie BRICKER**Date of birth:** 02/07/1968**Nationality:** French**Professional address:**30, avenue Pierre-Mendès-France
75013 Paris**CHIEF FINANCIAL OFFICER
OF NATIXIS****Member of the Board
of Directors**

First appointed:

12/19/2018

End of term:

2020 OGM**Member of the Audit Committee**

First appointed:

12/19/2018**BIOGRAPHY**

Nathalie BRICKER is a graduate of the Nice-Sophia Antipolis Business School and has a Masters in Accounting and Finance from the IAE and a post-graduate degree in Accounting and Finance.

She joined KPMG Audit in 1991 as Operations Manager specializing in bank audits. She then joined Caisse des dépôts et consignations (CDC) in 1995 and was made Head of the Central Accounting Department in 1998. She became Head of the CDC IXIS Accounting Department in 2004.

After the incorporation of CDC IXIS by Natixis, Nathalie BRICKER was appointed Head of Accounting and Ratios for the Natixis group, and became a member of the Executive Committee in 2016.

In July 2018, she was appointed Chief Financial Officer of Natixis, member of the Executive Management Committee of Natixis.

Relevant expertise: Accounting, accounting standards and systems, regulatory ratios.

COMPANIES AND POSITIONS**2019****NATIXIS – SA**

Chief Financial Officer, Member of the Executive Management Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA

Director, Member of the Audit Committee

COFACE SA* – SA

Director, Member of the Audit Committee

NATIXIS PAYMENT SOLUTIONS – SA

Permanent Representative of Natixis – Director

CEGC – SA

Permanent Representative of Natixis – Director

BPCE VIE – SAPermanent Representative of Natixis – Director,
Member of the Audit and Risk Committee**COMPAGNIE FRANCAISE D'ASSURANCE POUR LE COMMERCE****EXTÉRIEUR – SA**

Permanent Representative of Natixis – Director (until 11/29/2019)

NATIXIS INVESTMENT MANAGERS – SA

Permanent Representative of Natixis – Director

2018**NATIXIS – SA**

Chief Financial Officer, Member of the Executive Management Committee

NATIXIS – SAHead of Accounting and Ratios of the Natixis Group,
Member of the Executive Committee (until 07/13/2018)**COMPAGNIE DE FINANCEMENT FONCIER – SA**

Director, Member of the Audit Committee

COFACE SA* – SA

Director, Member of the Audit Committee

NATIXIS PAYMENT SOLUTIONS – SA

Permanent Representative of Natixis – Director

CEGC – SA

Permanent Representative of Natixis – Director

BPCE VIE – SAPermanent Representative of Natixis – Director,
Member of the Audit and Risk Committee**COMPAGNIE FRANCAISE D'ASSURANCE POUR LE COMMERCE****EXTÉRIEUR – SA**

Permanent Representative of Natixis – Director

NATIXIS INVESTMENT MANAGERS – SA

Permanent Representative of Natixis – Director

2017**NATIXIS – SA**Head of Accounting and Ratios of the Natixis group,
Member of the Executive Committee**NATIXIS PAYMENT SOLUTIONS – SA**

Permanent Representative of Natixis – Director

CEGC – SA

Permanent Representative of Natixis – Director

BPCE VIE – SAPermanent Representative of Natixis – Director,
Member of the Audit and Risk Committee**2016****NATIXIS – SA**Head of Accounting and Ratios of the Natixis group,
Member of the Executive Committee**NATIXIS PAYMENT SOLUTIONS – SA**

Permanent Representative of Natixis – Director

CEGC – SA

Permanent Representative of Natixis – Director

2015**NATIXIS – SA**

Head of Accounting and Ratios of the Natixis group

NATIXIS PAYMENT SOLUTIONS – SA

Permanent Representative of Natixis – Director

CEGC – SA

Permanent Representative of Natixis – Director

*Listed company.

ROLE AND OPERATING PROCEDURES OF CORPORATE ENTITIES

Board of Directors

COMPOSITION OF THE BOARD

As of December 31, 2019, the Board of Directors of Compagnie de Financement Foncier was composed of 9 members. The members of the Board are listed in the appendix. Compagnie de Financement Foncier's two Statutory Auditors and its Specific Controller also attend the Board meetings.

BOARD MEETINGS

The legal secretary function for the Board of Directors is provided by the General Secretariat of Crédit Foncier and it establishes, in consultation with the Chairman and executive officers, the agenda for the meetings, along with the materials covering the various items on the agenda. This department also drafts the minutes and keeps the legal registers. On June 30, 2010, the Board of Directors adopted internal regulations, updated on April 10, 2015 and December 18, 2019, defining operational procedures for the Board.

Compagnie de Financement Foncier's Board of Directors meets at least once every three months to examine a prescheduled agenda. Specific items may be added depending on the period. Items discussed include:

- closing of the accounts for the previous year;
- review of management forecast documents;
- quarterly report of bond issuances and analysis of the performance of covered bonds issued by Compagnie de Financement Foncier on the primary and secondary markets;
- determining, at the end of each quarter, for the following quarter, the program for issuing French *obligations foncières* and other privileged resources which require certification by the Specific Controller;
- delegation of the powers necessary to carry out these operations;
- review of the half-year accounts;
- annual self-assessment of the Board;
- review of coverage plan for privileged resources;
- more generally, authorization of any major transaction involving the Company or any significant event that might materially affect it (governance, changes to Bylaws, agreements with the parent company, update of EMTN programs, debt issuances that exceed limits of delegated powers, etc.);
- review of internal control reports and risk monitoring measures pursuant to Articles 258 *et seq.* of the Order of November 3, 2014 concerning the internal control of credit institutions, companies providing payment and investment services that are subject to the supervision of the French Prudential Supervisory and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR) (previously Articles 42 and 43 of Regulation No. 97-02 as amended of the French Banking and Financial Regulation Committee (CRBF)) and of the annual report of the Specific Controller;

- presentation of the results of the permanent, periodic and compliance controls, along with the risk appetite framework;
- examination of the annual report of the Specific Controller.

The records and documents submitted to the Board provide it with clear, true and fair information about Compagnie de Financement Foncier and its evolution.

The Board of Directors did not limit the powers of the Chief Executive Officer in any way. The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company, within the limits of the corporate purpose, and subject to the powers expressly attributed by law to Annual General Shareholders' Meetings and the special powers of the Board of Directors. He represents Compagnie de Financement Foncier in its relationships with third parties. The Deputy Chief Executive Officer is vested with the same powers as the Chief Executive Officer.

Compagnie de Financement Foncier's Board of Directors met nine times in fiscal year 2019.

Board members receive fees, that are allocated in accordance with the allocation rules recommended by BPCE, Compagnie de Financement Foncier's Central Institution. Under a BPCE Directive dated December 17, 2010, the fees payable to BPCE representatives are paid to BPCE and not to the individual in question. Since January 1, 2012, the same treatment applies to the representatives of Crédit Foncier. The allocated remuneration are paid to Crédit Foncier and not to the individual in question. It is specified that no attendance fees are paid to Natixis employees serving as Director, in an individual capacity, on the Board of Directors of Groupe BPCE companies.

The amount of fees allocated to the Board members is set in advance for each meeting. It is paid only if the members actually attend the meetings (according to Article 13 of the Bylaws, Directors taking part in the meetings of the Board through videoconferences or telecommunication means allowing their identification and actual participation, are considered as attending for the calculations of the *quorum* and the majority); the amount is also subject to an annual cap.

ATTENDANCE BY SHAREHOLDERS AT THE ANNUAL GENERAL SHAREHOLDERS' MEETINGS

Annual General Shareholders' Meetings are called in accordance with French legal and regulatory requirements.

An invitation to attend the meeting is sent by mail to each shareholder individually. The shareholders are exclusively registered shareholders.

Any shareholder may attend the General Meeting per the conditions set out by law.

There is no provision assigning multiple voting rights. Refer also to Articles 21 and 22 of the company's Bylaws on page 192 of this document.

PRINCIPLES AND RULES APPROVED BY THE BOARD OF DIRECTORS FOR SETTING THE REMUNERATION AWARDED TO CORPORATE OFFICERS

The Board of Directors meeting of February 9, 2016 decided that, from February 1, 2016, no remuneration would be paid to the Chief Executive Officer and the Deputy Chief Executive Officer in respect of their corporate offices.

Since February 1, 2016, the remuneration of the Chief Executive Officer and the Deputy Chief Executive Officer has been entirely paid by Crédit Foncier.

The remuneration of the Chief Executive Officer and the Deputy Chief Executive Officer paid by Crédit Foncier consisted of fixed and variable portions, the latter computed as a percentage of the fixed. For the Chief Executive Officer and the Deputy Chief Executive Officer, the amount of variable pay actually allocated depends on the degree of completion of the objectives assigned to him each year by Crédit Foncier. This variable pay is fully paid by Crédit Foncier.

Committees set up by the Board of Directors

AUDIT COMMITTEE

3 members ⁽¹⁾	4 meetings
Philippe JEANNE, Chairman BPCE, represented by Olivier IRISSON Nathalie BRICKER	75% average attendance rate

MAIN FUNCTIONS AND POWERS

The Audit Committee operates in accordance with internal regulations approved by the Board of Directors at its meeting of December 18, 2019. The Audit Committee is responsible for advising the Board of Directors on the clarity of the information provided and the relevance of the accounting methods used to prepare the parent company financial statements.

ITS USUAL SCOPE INCLUDES:

- budget procedures;
- financial statements closing;
- agreements monitoring;
- coverage plan for privileged liabilities;
- appointment of Statutory Auditors and Specific Controller;
- examination of the annual report of the Specific Controller.

RISK COMMITTEE

3 members ⁽¹⁾	4 meetings
Pascal CHABOT, Chairman Crédit Foncier de France, represented by Muriel COLLE BPCE, represented by Olivier IRISSON	75% average attendance rate

MAIN FUNCTIONS AND POWERS⁽²⁾

The Risk Committee operates in accordance with internal regulations approved by the Board of Directors at its meeting of December 18, 2019. The Risk Committee is responsible for advising the Board of Directors on the quality of internal control, in particular the consistency of risk measurement, supervision and management, and is responsible for proposing, when appropriate, additional measures in this respect.

ITS USUAL SCOPE INCLUDES:

- assessing the overall risk exposure of Compagnie de Financement Foncier based on available reports;
- advising the Board of Directors on the overall strategy of Compagnie de Financement Foncier and risk appetite, both current and future;
- reviewing reports on internal control, compliance and permanent control;
- monitoring the independence of the General Inspection Division of Crédit Foncier and reviewing its work and annual plan;
- following up on the findings of missions of the French Prudential Supervisory and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution – ACPR*) and/or the European Central Bank (ECB) and the General Inspection Division of Crédit Foncier and of BPCE;
- reviewing product and service pricing (mentioned in Books II and III of the French Monetary and Financial Code: financial instruments, savings products, banking operations, investment services, etc.).

APPOINTMENTS COMMITTEE

2 members ⁽¹⁾	4 meetings
Éric FILLIAT, Chairman Sabine CALBA	100% average attendance rate

MAIN FUNCTIONS AND POWERS

The Appointments Committee is tasked with proposing candidates for the function of Member of the Board of Directors, assessing the Board's diversity of knowledge and setting targets for gender representation.

(1) At December 31, 2019.

(2) Olivier AVIS, Chief Executive Officer, is in charge of permanent and periodic control and compliance for Compagnie de Financement Foncier. This appointment meets the requirements of Articles 14 et seq. of the Order of November 3, 2014 concerning the internal control of credit institutions, companies providing payment and investment services that are subject to the supervision of the French Prudential Supervisory and Resolution Authority, previously Article 7.1 of Regulation No. 97-02 as amended of the Committee on Banking and Financial Regulation (CRBF), and to the principle applied by the management of Crédit Foncier under which the executive bodies of credit institutions' subsidiaries may draw on the parent company's structure to fulfill their obligations in terms of permanent and periodic control and compliance.

Board of Directors' internal regulations

At its meeting on December 18, 2019, the Board of Directors unanimously adopted these internal regulations.

These regulations aim to supplement Compagnie de Financement Foncier Bylaws and, in particular, to:

- specify procedures for convening Board meetings;
- specify deliberation procedures for directors taking part in Board meetings via videoconferencing or other telecommunications methods;
- specify directors' obligations of professional secrecy and discretion;
- define sanctions applicable in the event of directors failing to comply with any one of their obligations.

The regulations may be amended at any time by resolution of the Board of directors.

Each individual director is obliged to comply with these internal regulations.

ARTICLE 1 – TEXTS GOVERNING THE BOARD OF DIRECTORS

The operating procedures of the Board of Directors of Compagnie de Financement Foncier are determined by Articles L. 225-17 to L. 225-56-1, L. 225-94, L. 225-95, R. 225-15 to R. 225-34 of the French Commercial Code, and by Articles 11 et seq of the Compagnie de Financement Foncier's Bylaws.

These rules are supplemented by:

- banking regulations of which the Decree of November 3, 2014 on the internal control of businesses in the banking sector, replacing Regulation 97.02 of the French Banking and Financial Regulation Committee;
- financial regulations of which the General Regulation of the French Financial Markets Authority (AMF).

Each individual director is obliged to comply with these internal regulations.

ARTICLE 2 – PURPOSE OF THE BOARD OF DIRECTORS

The Board of Directors is the corporate body which exercises its legal prerogatives in the interests of Compagnie de Financement Foncier and of realizing its corporate purpose as defined in Article 2 of its Bylaws.

The actions of directors must be motivated solely by the interests of Compagnie de Financement Foncier.

Directors must consider themselves as representatives of all shareholders and conduct themselves accordingly in all circumstances when exercising their functions. They must not expose themselves to conflicts of interest in relation to their business dealings with Compagnie de Financement Foncier.

They must strive to play their part in the exercise of powers by the Board of Directors.

The Board of Directors:

- must ensure it is composed and operates in such a way that it is able to act in the best corporate interests of Compagnie de Financement Foncier, while taking into consideration the employee relations issues and environmental implications of its activity;

- appoints or reappoints directors:

- must seek a harmonious balance of the various socio-professional categories that represent the customers of Compagnie de Financement Foncier, and
- ensures a gender balance on the Board, in accordance with current legislation.

Any application for a directorship must be reviewed in advance by the Appointments Committee, then the Board.

When a new director takes up their position, the Executive Management provides him or her with a file containing the Bylaws and these internal regulations.

ARTICLE 3 – ELECTION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND APPOINTMENT OR REAPPOINTMENT OF THE CHIEF EXECUTIVE OFFICER

Under Article 16 of the Bylaws, "the Board of Directors elects, from among its individual members, a Chairman and determines his or her remuneration". It also sets the Chairman's term of office, which may not exceed his or her term as director.

Should the Chairman be prevented from attending, the Vice-Chairperson chairs the meeting.

Voting, as with any other Board deliberation put to vote, is public provided no director has requested a secret ballot.

The Board is chaired by the oldest member for the election of the Chairman.

In accordance with Article 17 of the Bylaws of Compagnie de Financement Foncier, on the proposal of the Chairman, the Board of Directors appoints a Chief Executive Officer, agrees his or her term of office and sets their remuneration.

ARTICLE 4 – FREQUENCY OF MEETINGS AND DELIBERATIONS OF THE BOARD OF DIRECTORS

The Board of Directors meets as often as dictated by the interests of Compagnie de Financement Foncier and is convened by its Chairman (Article 13 of the Bylaws). However, if the Board of Directors has not met in over two months, at least one third of the members of the Board of Directors can request that the Chairman call a Board meeting with a specific agenda.

The Chairman provides directors with all information needed to exercise their functions effectively in respect of Compagnie de Financement Foncier.

In good time, directors receive a file covering all items on the agenda which require particular analysis or prior thought provided that this is not prohibited for reasons of confidentiality.

Directors may raise any issue relating to the Corporate purpose under the Board meeting agenda item "Any other business".

ARTICLE 5 – BOARD OF DIRECTORS RESPONSIBILITIES AND PRACTICES

Other than appointing the corporate officers, the main duties of the Board of Directors are to set the strategic guidelines for Compagnie de Financement Foncier, in line with the strategy of Groupe BPCE, at the proposal of the Chairman and the Chief Executive Officer, to oversee their implementation, control the management of the business, the risk management policy and the accuracy of its accounts, to review the financial situation on a quarterly basis, approve the accounts and ensure the quality of financial information.

Moreover, at least once a year, the Chairman submits to it a draft budget and the activity report as well as the results of internal control and risk monitoring in accordance with banking regulations.

Voting is by a show of hands unless directors ask to vote by secret ballot on issues relating to individuals.

The Chairman arranges for discussion the presentation of findings of inspections by BPCE, the *Autorité de Contrôle Prudentiel* (French Prudential Supervisory and Resolution Authority), the French Financial Markets Authority and other regulators. It brings to the attention of the Board of Directors the ratings of any relevant committees as well as any comments from these bodies.

At any time, the Board may perform any checks and controls it deems necessary and may ask the Chairman to share any documents it deems useful to perform its duties.

The Board of Directors may, if necessary, call on the services of the Head of Risk Management referred to under Article L. 511-64 of the French Monetary and Financial Code or outside experts (Art. L. 511-96 CMF).

ARTICLE 5.1 – PARTICIPATION IN BOARD MEETINGS BY VIDEOCONFERENCE OR OTHER MEANS OF TELECOMMUNICATION

In accordance with the provisions of Article L. 225-37 of the French Commercial Code and Article 13 of the Bylaws of Compagnie de Financement Foncier, for the purposes of calculating a quorum and majority, directors participating in the meeting through videoconferencing or other means of telecommunications that allow them to identify themselves and effectively participate shall be considered present.

The participation of directors by videoconference or other means of telecommunication, including by internet, must be stated on the attendance register which should be signed by the Director in question at a later date.

This type of participation must also be noted in the minutes.

Where the meeting is held by videoconference or other means of telecommunication, in accordance with Article L. 225-37 of the French Commercial Code, the identification and actual participation of any Board members participating in this way must be guaranteed by the transmission of at least the voice of the participants and the continuous, simultaneous transmission of deliberations, in accordance with Article R. 225-21 of the French Commercial Code.

Videoconferencing and telecommunications methods shall guarantee the confidentiality of the discussions. Consequently, anyone taking part in meetings by these means shall certify that the technical methods used by them fulfill this confidentiality requirement.

Directors taking part in meetings via means of communication or telecommunication may represent another director provided that, on the day of the Board meeting, the Chairman of the Board of directors has a proxy from the director being represented.

The malfunction of the videoconferencing or telecommunications system shall not prevent the meeting from being held, providing there is a quorum. Any directors who are prevented from participating in the meeting owing to a malfunction may appoint a proxy among the directors physically in attendance, provided they notify the Chairman of the Board. This proxy may also be notified prior to the meeting and become effective only in event of a malfunction. However, directors may not subdelegate the proxy given to them which, in this case, may not be exercised.

ARTICLE 5.2 – MINUTES

The names of the directors present, deemed to be present within the meaning of Article L. 225-37 of the French Commercial Code, or who have given their apologies or who are absent are listed in the minutes. These also record the presence or absence of those persons who were invited to attend the meeting whether under a legal provision or not.

The minutes are signed by the Chairman of the meeting and by at least one director. Should the Chairman be prevented from attending the meeting, his or her signature is replaced by the signature of at least two directors.

Minutes are written in a special register kept in accordance with regulatory provisions in force. Copies of, or extracts from, the minutes are duly certified by the Chairman of the Board of Directors, the Chief Executive Officer or any authorized person.

For the purposes of transcribing the discussions of the Board of Directors, deliberations by Crédit Foncier de France may be recorded in part or in full. Compagnie de Financement Foncier shall ensure this recording is kept confidential and is destroyed after the minutes have been signed by the Chairman. At the start of the meeting the Chairman states that discussions are being recorded and secures the agreement of those directors in attendance.

ARTICLE 5.3 – ATTENDANCE REGISTER

An attendance register is kept at the registered office of Crédit Foncier de France under the agreements entered into by Compagnie de Financement Foncier and Crédit Foncier de France, and is signed by members of the Board of Directors and other meeting participants, in their own name, or on behalf of other members of the Board of Directors who they are representing.

Should the agreements between Crédit Foncier de France and Compagnie de Financement Foncier be terminated, Crédit Foncier de France will be required to return the registers of Compagnie de Financement Foncier in a timely fashion.

ARTICLE 6 – BOARD COMMITTEES – GENERAL PROVISIONS

In order for the directors to exercise their duties, specialist committees have been set up within the Board of Directors. These are:

- an Audit Committee;
- a Risk Committee;
- an Appointments Committee.

Members give opinions to the Board.

Their responsibilities do not reduce or restrict the powers of the Board.

The Board of Directors appoints a Chairman from among the members of each committee. The Chairman of the Risk Committee cannot be Chairman of the Board of Directors or Chairman of any other committee.

Committee chairs extend invitations to meetings by any means, including verbally.

Each committee keeps an attendance register which is signed by all directors attending the Committee meeting.

Minutes of the meetings are sent by the Chairman of the committee to members of that committee as well as to the Chairman and Chief Executive Officer. Whenever a meeting is held and at least twice a year, the committee chairs submit regular reports to the Board of Directors on their duties and immediately notify it of any difficulties encountered.

Members are not entitled to appoint a proxy. The physical presence of at least half of members is required for a meeting to be held. Committees make proposals on the basis of a majority of members present.

Committees may request any document and request any presentation they deem desirable.

ARTICLE 7 – COMPENSATION OF THE BOARD OF DIRECTORS AND MEMBERS OF THE BOARD COMMITTEES

As part of the annual budget approved by the Annual General Shareholders' Meeting, the Board of Directors may award to members of the Board of Directors and Board committees, compensation in recognition of the time spent running the Company based on objective criteria set by the Board of Directors, as proposed by the Remuneration Committee and taking into account training time and actual attendance at Board and committee meetings.

The Board of Directors may also award Non-Voting Directors' compensation for the time spent exercising their duties deducted from the total budget approved each year by the General Shareholders' Meeting for the Board of Directors.

ARTICLE 8 – DIRECTOR OBLIGATIONS

Directors oversee compliance with legal rules around the number of corporate offices held and incompatibilities as well as those specific to credit institutions.

They undertake to participate objectively in Board discussions, even if in the course of such discussions the profession or region they represent is affected.

Directors and anyone attending meetings, are subject to professional secrecy in accordance with L. 511-33 of the French Monetary and Financial Code on the practices of the Board and specialist committees and a duty of discretion in respect of its deliberations, as well as any information of a confidential nature and presented as such by the chair of the meeting under the conditions set out in Article L. 225-37 of the French Commercial Code.

All directors are required to notify the Board of any conflicts of interest or potential conflicts of interest and must abstain from voting on the relevant deliberations.

A conflict of interest is defined as any situation in which a member of the Board of Directors has a personal interest that is divergent or liable to be so.

Notwithstanding an explicit exemption by BPCE, in agreement with the Chairman of the Board of Directors, the position of Compagnie de Financement Foncier director is incompatible with other positions held in credit institutions or financial institutions in competition with the activities of Compagnie de Financement Foncier.

Directors are asked to regularly attend Board and committee meetings.

Anyone unable to comply with this regular attendance rule, in line with the responsibilities of the directorship, undertake to resign their position at the Chairman's request.

More generally, any director who considers that they are no longer in a position to perform their duties on the Board and Committees of which they are a member must resign.

Upon taking up their position, directors and non-voting directors sign the Directors and non-voting directors' charter.

ARTICLE 9 – INSIDER TRADING

ARTICLE 9.1 – DEFINITION OF INSIDER TRADING

Regulation 596/2014 of the European Parliament and Council (the "MAR Regulation") and its delegated regulations (the "MAR Regulations") as well as directive 2014/57/EU "MAD" set out a European Union-wide common regulatory framework for insider dealing, unlawful disclosure of inside information, market manipulations ("Market abuse") as well as related penalties.

The MAR Regulation covers three types of offences:

- insider dealing (misuse of inside information);
- unlawful disclosure of inside information; and
- market manipulations (giving false or misleading signals, any action that manipulates the calculation of a benchmark).

Insider dealing arises in four situations:

- where a person uses inside information by transacting, on their own or on the account of a third party, in a financial instrument to which that inside information relates;
- where inside information is used to cancel or amend an order for a financial instrument to which that information relates, where such an order had been placed before the subject was in possession of the inside information;
- auctioning emission allowances or other auctioned products based thereon, where the use of insider information also includes the submission, amendment or withdrawal of a bid by a person on their own behalf or on behalf of a third party;
- it also applies to anyone in possession of or who uses insider information where such an individual knows, or should know, that it is inside information.

Inside information is:

- information of a precise nature which has not been made public;
- relating, directly or indirectly, to one or more issuers or to one or more financial instruments; and

- which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

Insider dealing is presumed in particular in the case of anyone who is in possession of insider information owing to that fact that such a person:

- is a member of the administrative, management or supervisory bodies of the issuer or the emission allowance market participant;
- has a holding in the capital of the issuer or emission allowance market;
- has access to the information through the exercise of an employment, profession or duties; or
- is involved in criminal activities.

Any breach of bans on insider dealing, unlawful disclosure of insider information or market manipulation is subject to a maximum of 5 years in prison and a fine of up to €100 million.

ARTICLE 9.2 – PREVENTION OF INSIDER TRADING

Insider information on any company issuing shares on a regulated listed market, whether a customer of Compagnie de Financement Foncier or not, and particularly Natixis, a listed subsidiary of Groupe BPCE, may be shared at meetings of the Board of Directors.

Members of the Board of Directors are personally notified of their inclusion on the list of “permanent insiders” of Natixis or any other entity or corporation in Groupe BPCE issuing listed securities.

They receive an information notice recapping the main legal and regulatory provisions applicable to the possession, disclosure and use of inside information, as well as any sanctions in the event that such rules are breached.

Access to inside information is presumed 15 days prior to the publication of Natixis’s quarterly results and 30 days prior to the publication of its half-year and annual financial statements. Members of the Board of Directors may not trade in Natixis securities during these so-called “closed periods”.

The abstention requirement applies in any cases where members of the Board of Directors are in possession of inside information and, in particular, where they are aware of sufficient accounting information to forecast the results, ahead of the aforementioned “closed periods”.

Each year, members of the Board of Directors must personally familiarize themselves with the Natixis profits publication dates and those of other issuers for which they have been informed they are on a list of insiders.

ARTICLE 10 – DIRECTOR AGE LIMIT

In accordance with the provisions of the Bylaws (Article 12), the age limit for exercising the function of director is set at 72. The number of directors above the age of 68 may not be more than a third of the number of directors. Once the age limit is reached, the oldest director is deemed to have resigned from office following the next Ordinary General Shareholders’ Meeting.

ARTICLE 11 – AMENDING THE INTERNAL REGULATIONS

These internal regulations were adopted at a meeting of the Board of Directors on December 18, 2019, the date on which it entered into force for an indeterminate period.

Adjustments may be required as a result of changes of a regulatory or socio-economic nature, as well as practices within Groupe BPCE. In this case, these internal regulations will be reviewed and any new content submitted to the Board of Directors for approval.

Code of Ethics of members of the Board of Directors of Compagnie de Financement Foncier

The purpose of this Charter is to enhance the quality of directors’ and non-voting directors’ work by supporting the implementation of corporate governance principles and practices that drive ethics and efficiency.

ARTICLE 1 – ADMINISTRATION AND CORPORATE INTEREST

In all circumstances, directors must act in the best corporate interests of Compagnie de Financement Foncier, and take into consideration the employee relations issues and environmental implications of its activity.

ARTICLE 2 – COMPLIANCE WITH LAWS AND BYLAWS

Directors must fully understand their rights and obligations. They must in particular be familiar with and comply with the legal and regulatory provisions relating to their position, as well as the specific rules of Compagnie de Financement Foncier arising from its Bylaws and the internal regulations of the Board of Directors and its committees. They contribute to the collective responsibility of the Board of Directors.

ARTICLE 3 – EXERCISING THE FUNCTION OF DIRECTOR: GUIDING PRINCIPLES

Directors must exercise their functions independently and with integrity, loyalty and professionalism in order to be and to remain a member of the Board of Directors.

ARTICLE 4 – INDEPENDENCE

In all circumstances, directors retain their independence of judgment, decision-making and action. They shall not be influenced by any factor not in keeping with the corporate interests that they are responsible for defending. They shall notify the Board of Directors of any issue of which they are aware that may affect the interests of Compagnie de Financement Foncier. They shall clearly express their questions and opinions. They shall strive to convince the Board of Directors of the relevance of their opinions. They shall ensure that any disagreement is recorded in the minutes.

ARTICLE 5 – CONFLICTS OF INTEREST

Directors shall strive to avoid any conflict that may exist between their moral and material interests and those of Compagnie de Financement Foncier. Conflicts of interest may arise from any situation liable to hinder the ability of members of the management body to take objective, impartial decisions in the best interests of Compagnie de Financement Foncier and to exercise their duties in an independent and objective way, particularly any situations related to their economic interests, personal or professional relationships with those with equity investments in Compagnie de Financement Foncier, personal or professional relationships with Groupe BPCE staff (for at least the last 2 years), other recent or current activities, personal or professional relationships with external interested parties, influence or political relationships.

The position of shareholder in Compagnie de Financement Foncier, of customer (private account holder, borrower or user of other services), is not in and of itself a conflict of interest provided that the conditions of the relationship are normal and remain below a certain threshold.

In the event that they are unable to avoid finding themselves in a situation of potential or actual conflict of interest, the director must immediately notify the Board, its Chairman and the Chief Executive Officer and assist in documenting the conflict in question. Having sought the opinion of the Chief Executive Officer, the Chairman of the Board ensures no preferential treatment is given and that no agreement requiring the prior authorization of the Board has been entered into between this director and Compagnie de Financement Foncier without prior authorization, in accordance with the legislation in force. Notwithstanding a duly documented exemption, the director shall abstain from taking part in discussions related to the conflict of interests or where his or her objectivity or ability to properly perform their obligations towards Compagnie de Financement Foncier may be compromised. He or she shall not take part in the vote.

Unless authorization is granted by BPCE, in agreement with the Chairman of the Board, the function of Chief Executive Officer, member of the Management Board, director or member of the Board or non-voting member of Compagnie de Financement Foncier is incompatible with the position of Chief Executive Officer, member of the Management Board, Director or member of the Board or non-voting member within a credit institution or investment service provider not belonging to Groupe BPCE.

ARTICLE 6 – INTEGRITY AND LOYALTY

Directors act in good faith in all circumstances and take no initiatives that may harm the interests of Compagnie de Financement Foncier. They undertake to respect the total confidentiality of all information they receive, the discussions in which they take part and the decisions made. They are prohibited from using any privileged information to which they have access for their own personal gain or for the gain of anyone whomsoever.

ARTICLE 7 – PROFESSIONALISM AND COMMITMENT

Directors agree to devote the necessary time and attention to their training, information and duties. As such, they shall ensure that the number, and workload, of their offices leaves them sufficient availability. Directors who represent employees have **the necessary time to devote to their office** (Article L. 225-30-1 of the French Commercial Code).

Directors ensure they are informed of the particularities of the business, its challenges and values. They regularly and diligently attend meetings of the Board of Directors and any specialist committees of which they are a member.

They shall do their utmost to obtain, within the appropriate deadlines, the items of information that they believe to be vital for them to take Board decisions in full knowledge of all the facts.

ARTICLE 8 – PROFESSIONALISM AND EFFICIENCY

Directors contribute to the collegiality and effectiveness of work by the Board and specialist committees. They make any recommendations they consider likely to improve the way in which the Board operates, particularly at regular reviews thereof. With other members of the Board, they strive to ensure that its remit for steering and control is performed efficiently and unhindered. They shall ensure that the positions taken by the Board are the subject of formal decisions, taken for the correct reasons and transcribed in the minutes of its meetings.

ARTICLE 9 – APPLICATION OF THE INTERNAL REGULATIONS

These internal regulations have been drawn up on the basis of the code of good practice of the French Institute of Directors (*Institut Français des Administrateurs*). It is signed by all directors immediately upon joining the Board of Directors.

REMUNERATION

For the year ended December 31, 2019, pursuant to Article L. 225-102-1 of the French Commercial Code, the list below shows the total remuneration as well as all benefits in kind paid by the Company to each of the corporate officers during the year.

The information about remuneration received is provided in euros and limited to the following scope: Crédit Foncier, the subsidiaries of Crédit Foncier and BPCE as the controlling company.

The Board of Directors of February 9, 2016 decided that, from February 1, 2016, there would be no remuneration paid to the Chief Executive Officer and the Deputy Chief Executive Officer in respect of their corporate offices. The remuneration of the Chief Executive Officer and the Deputy Chief Executive Officer is thus paid entirely by Crédit Foncier.

SUMMARY OF THE REMUNERATION AND OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE CORPORATE OFFICER (in euros)

OLIVIER AVIS, CHIEF EXECUTIVE OFFICER

	Fiscal year 2018	Fiscal year 2019
Annual remuneration due during the year (broken down in the table below)	371,358	359,497
Value of options attributed over the course of the year	-	-
Value of performance shares attributed over the course of the year	-	-
TOTAL	371,358	359,497

PAUL DUDOUIT, DEPUTY CHIEF EXECUTIVE OFFICER

	Fiscal year 2018	Fiscal year 2019
Annual remuneration due during the year (broken down in the table below)	240,580	247,544
Value of options attributed over the course of the year	-	-
Value of performance shares attributed over the course of the year	-	-
TOTAL	240,580	247,544

SUMMARY OF THE REMUNERATION OF EACH EXECUTIVE CORPORATE OFFICER (in euros)

Amounts due 2018: total remuneration granted on a *prorata temporis* basis in respect of duties performed in 2018, regardless of the date of payment.

Amounts paid 2018: all remuneration actually paid and received in 2018 in respect of duties performed during 2018 and, potentially, during the previous years in the case of installment payments.

Amounts due 2019: total remuneration granted on a *prorata temporis* basis in respect of duties performed in 2019, regardless of the date of payment.

Amounts paid 2019: all remuneration actually paid and received in 2019 in respect of duties performed during 2019 and, potentially, during the previous years in the case of installment payments.

OLIVIER AVIS, CHIEF EXECUTIVE OFFICER

	Fiscal year 2018		Fiscal year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed pay	200,000	200,000	206,302	206,302
Variable pay	150,000	99,000	132,260	75,000
Exceptional remuneration	-	-	-	-
Incentives and profit sharing	7,929	7,929	8,077	8,077
Supplement retirement pay	10,069	10,069	9,480	9,480
Allocated remuneration ⁽¹⁾	-	-	-	-
Benefits in kind	3,360	3,360	3,378	3,378
TOTAL	371,358	320,358	359,497	302,237

(1) Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Variable pay for the year:	Paid in:						
	2017	2018	2019	2020	2021	2022	2023
2018			75,000	25,000	25,000	25,000	
2019				66,130	22,043	22,043	22,043

■ 50% PAID
■ 50% DEFERRED OVER 3 YEARS - AMOUNTS DUE
■ 50% DUE

PAUL DUDOUIT, DEPUTY CHIEF EXECUTIVE OFFICER

	Fiscal year 2018		Fiscal year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed pay	143,954	143,954	141,697	141,697
Variable pay	90,000	90,000	95,000	90,000
Exceptional remuneration (CET/Perco)	-	-	4,919	4,919
Incentives and profit sharing	6,626	6,626	5,928	5,928
Supplement retirement pay	-	-	-	-
Allocated remuneration ⁽¹⁾	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	240,580	240,580	247,544	242,544

(1) Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

FIXED PAY

Fixed pay consists of one part paid for work performed at Crédit Foncier and another for serving as a corporate officer of Compagnie de Financement Foncier.

The Board of Directors meeting of February 9, 2016 decided that, from February 1, 2016, there would be no remuneration paid to the Chief Executive Officer and the Deputy Chief Executive Officer in respect of their corporate offices. Consequently, since February 1, 2016, fixed remuneration is paid in full by Crédit Foncier.

HOW VARIABLE PAY IS DETERMINED

There is no variable pay at the Compagnie de Financement Foncier level.

The variable pay of Olivier AVIS, Chief Executive Officer, is paid in full by Crédit Foncier. In 2018, it amounted to 50% of his fixed pay. In 2019, Olivier AVIS's variable pay could amount to 50% of his fixed pay. In 2019, it was based on Crédit Foncier qualitative and quantitative indicators.

The variable pay of Paul DUDOUIT, Deputy Chief Executive Officer, is entirely paid by Crédit Foncier and may represent 75% of his fixed pay. For 2019, it is based on Crédit Foncier qualitative and quantitative indicators.

The amounts paid during year N represent the amounts due for year N-1 and for the previous years in the case of installment payments.

EXCEPTIONAL REMUNERATION

The balance corresponds to profit sharing and incentive plans, of which amounts paid during year N represent the amounts due for year N-1. In 2019, a purchasing power premium was paid, as well as an individual CET/Perco payment.

ALLOCATED REMUNERATION ⁽¹⁾

In accordance with the standards set by Groupe BPCE, allocated remuneration paid by Group companies can be received directly by the members of these companies' Boards of Directors or Supervisory Boards.

According to the BPCE instruction dated December 17, 2010, Directors' fees due to BPCE representatives are paid to BPCE and not to the person in question. Since January 1, 2012, the same rule applies to the representatives of Crédit Foncier and the Directors' fees are paid to Crédit Foncier and not to the natural person concerned. It is specified that no attendance fees are paid to Natixis employees serving as director, in an individual capacity, on the Board of Directors of Groupe BPCE companies.

The amounts paid during year N represent the amounts due for year N-1.

Apart from the allocated remuneration defined by the General Meeting and distributed by the Board of Directors, there is no other remuneration for the Chairman and the members of the Board of Directors.

OTHER BENEFITS

The members of the Management Board were able to acquire rights during their previous career, as employees or Directors of companies of the Group in the following two supplementary pension plans:

- CGP: supplementary collective defined contribution pension plan and bond, applicable to all BPCE employees and, by extension, to BPCE's executive officers.

The contribution rate is 6% for tranche A and 4% for the portion of contributory compensation that exceeds tranche A; this contribution is distributed 70% at the expense of the Company and 30% at the expense of the employee.

- IPRICAS: supplementary defined-contribution pension plan, collective and compulsory, applicable to all senior executives (AFB agreement) of the Crédit Foncier and by extension to the corporate officers of Crédit Foncier.

The contribution rate is 3.33% for the employer's share and 1.67% for the wage share. These contributions relate to the totality of the remuneration.

Compagnie de Financement Foncier gross allocated remuneration (in €)	For 2018	For 2019
Éric FILLIAT ⁽¹⁾	0	3,000
Nathalie BRICKER ⁽²⁾	0	4,500
Sabine CALBA ⁽³⁾	0	750
Pascal CHABOT	4,500	4,625
Crédit Foncier (represented by Éric FILLIAT then by Muriel COLLE) ⁽¹⁾	6,750	7,750
Alexandre FOURNEAU	3,750	3,750
BPCE (represented by Olivier IRISSON) ⁽³⁾	2,500	4,750
Philippe JEANNE ⁽³⁾	0	1,125
Jean-Sylvain RUGGIU ⁽³⁾	2,250	3,750
Benoît CATEL ⁽¹⁾	7,500	7,500
Muriel COLLE ⁽¹⁾	3,750	3,750
Mathieu LEPELTIER ⁽¹⁾	3,750	3,750

(1) Paid to Crédit Foncier.

(2) Paid to Natixis.

(3) Paid to BPCE.

BENEFITS IN KIND

For their work on behalf of Crédit Foncier, the corporate officers benefit from the provision of a company car.

They receive no stock options or bonus shares.

IMPLEMENTATION OF THE "TEPA" LAW

Law No. 2007-1223 of August 21, 2007 "to support work, employment and purchasing power", known by its French acronym, "TEPA", now governs remuneration, benefits and payments due at the end of the corporate terms of office of Directors (Chairman and members of the Management Board, Chief Executive Officer and Deputy Chief Executive Officer) of companies whose shares are traded on a regulated market. In particular, this law subjects the payment of such compensation to its recipients' performance.

(1) Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

ALLOWANCES OR BENEFITS DUE OR LIKELY TO BE DUE AS A RESULT OF THE TERMINATION OR CHANGE OF FUNCTION FOR MR ÉRIC FILLIAT

Mr Éric FILLIAT benefits from the compensation scheme in accordance with law No. 2007-1223 as of August 21, 2007 for work, employment and the so-called TEPA purchasing power, if the following terms and conditions were met:

- in the event that they are not re-elected at the end of their term of office, are removed or approval is withdrawn, excluding as a result of gross misconduct arising from acts, failings, actions or conduct liable to undermine the interests of the Company in which the office is held or the Group to which it belongs, and which leads to the permanent exit from Groupe BPCE;

- and where normalized Return on Equity (ROE) of Groupe BPCE business lines is at least equivalent to 4% for the fiscal year preceding the end of the term of office.

Mr Éric FILLIAT shall be paid the compensation indicated below in full if he achieves an average 50% of his variable pay during the current term of office. Mr Éric FILLIAT shall be paid 75% of the compensation indicated below if he achieves at least 40% of his variable pay. This will drop to 50% of the compensation if he achieves 30% of his variable pay.

Gross compensation will be the equivalent of the sum of the last two years' total gross fixed and variable remuneration awarded by the Company.

SUMMARY OF THE REMUNERATION OF EACH EXECUTIVE CORPORATE OFFICER (in euros) NON-EXECUTIVE DIRECTORS FROM CRÉDIT FONCIER DE FRANCE

BENOÎT CATEL, CHAIRMAN OF THE BOARD OF DIRECTORS (UNTIL NOVEMBER 6, 2019)

	Fiscal year 2018		Fiscal year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed pay	400,000	400,000	339,683	339,683
Variable pay	400,000	99,000	279,806	200,000
Exceptional remuneration	-	-	-	-
Supplement retirement pay	16,767	16,767	18,109	18,109
Allocated remuneration ⁽¹⁾	-	-	-	-
Benefits in kind	4,500	4,500	4,125	4,125
TOTAL	821,267	520,267	641,723	561,917

(1) Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Variable pay for the year:	Paid in:						
	2017	2018	2019	2020	2021	2022	2023
2018			200,000	66,667	66,667	66,667	
2019				139,903	46,634	46,634	46,634

■ 50% PAID ■ 50% DEFERRED OVER 3 YEARS - AMOUNTS DUE ■ 50% DUE

ÉRIC FILLIAT, CHAIRMAN OF THE BOARD OF DIRECTORS (SINCE NOVEMBER 6, 2019)

	Fiscal year 2018		Fiscal year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed pay	243,100	243,100	251,834	251,834
Variable pay	180,000	94,593	135,400	90,000
Exceptional remuneration	3,195	3,195	3,247	3,247
Incentives and profit sharing	9,202	9,202	9,392	9,392
Supplement retirement pay	11,484	11,484	11,509	11,509
Allocated remuneration ⁽¹⁾	-	-	-	-
Benefits in kind	3,990	3,990	3,780	3,780
TOTAL	450,971	365,564	415,162	369,762

(1) Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Variable pay for the year:	Paid in:						
	2017	2018	2019	2020	2021	2022	2023
2018			90,000	30,000	30,000	30,000	
2019				67,700	22,567	22,567	22,567

■ 50% PAID ■ 50% DEFERRED OVER 3 YEARS - AMOUNTS DUE ■ 50% DUE

MURIEL COLLE, PERMANENT REPRESENTATIVE OF CRÉDIT FONCIER DE FRANCE

	Fiscal year 2018		Fiscal year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed pay	220,000	220,000	222,154	222,154
Variable pay	220,000	99,000	110,753	110,000
Exceptional remuneration	25,000	25,000	-	-
Incentives and profit sharing	9,648	9,648	8,734	8,734
Supplement retirement pay	11,562	11,562	11,168	11,168
Allocated remuneration ⁽¹⁾	-	-	-	-
Benefits in kind	3,216	3,216	3,216	3,216
TOTAL	489,426	368,426	356,025	355,272

(1) Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Variable pay for the year:	Paid in:						
	2017	2018	2019	2020	2021	2022	2023
2018			110,000	36,667	36,667	36,667	
2019				55,376	18,459	18,459	18,459

■ 50% PAID ■ 50% DEFERRED OVER 3 YEARS - AMOUNTS DUE ■ 50% DUE

MATHIEU LEPELTIER (UNTIL DECEMBER 9, 2019)

	Fiscal year 2018		Fiscal year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed pay	254,641	254,641	253,593	253,593
Variable pay	191,250	99,000	127,500	95,625
Exceptional remuneration	3,177	3,177	3,163	3,163
Incentives and profit sharing	9,833	9,833	9,872	9,872
Supplement retirement pay	11,882	11,882	12,367	12,367
Allocated remuneration ⁽¹⁾	-	-	-	-
Benefits in kind	-	-	3,216	3,216
TOTAL	470,783	378,533	409,711	377,836

(1) Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Variable pay for the year:	Paid in:						
	2017	2018	2019	2020	2021	2022	2023
2018			95,625	31,875	31,875	31,875	
2019				63,750	21,250	21,250	21,250

■ 50% PAID ■ 50% DEFERRED OVER 3 YEARS - AMOUNTS DUE ■ 50% DUE

NON-EXECUTIVE DIRECTORS FROM BPCE

SABINE CALBA (SINCE DECEMBER 13, 2019)

	Fiscal year 2018		Fiscal year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	n/a	n/a	0	n/a
Other remuneration	n/a	n/a	n/a	n/a
TOTAL	N/A	N/A	0	N/A

* Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Pursuant to BPCE rules, no allocated remuneration was paid.

n/a: not applicable to the person concerned.

OLIVIER IRISSON, PERMANENT REPRESENTATIVE OF BPCE

	Fiscal year 2018		Fiscal year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	0	n/a	0	0
Other remuneration	n/a	n/a	n/a	n/a
TOTAL	0	N/A	0	0

* Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Pursuant to BPCE rules, no allocated remuneration was paid.

n/a: not applicable to the person concerned.

JEAN-SYLVAIN RUGGIU

	Fiscal year 2018		Fiscal year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	0	n/a	0	0
Other remuneration	n/a	n/a	n/a	n/a
TOTAL	0	N/A	0	0

* Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration". Pursuant to BPCE rules, no allocated remuneration was paid.
 n/a: not applicable to the person concerned.

NON-EXECUTIVE CORPORATE OFFICERS FROM CAISSES D'ÉPARGNE
PASCAL CHABOT

	Fiscal year 2018		Fiscal year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	4,500	4,250	4,625	4,500
Other remuneration	n/a	n/a	n/a	n/a
TOTAL	4,500	4,250	4,625	4,500

* Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".
 n/a: not applicable to the person concerned.

NON-EXECUTIVE CORPORATE OFFICERS FROM BANQUE POPULAIRE BANKS
ALEXANDRE FOURNEAU

	Fiscal year 2018		Fiscal year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	3,750	2,250	3,750	3,750
Other remuneration	n/a	n/a	n/a	n/a
TOTAL	3,750	2,250	3,750	3,750

* Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".
 n/a: not applicable to the person concerned.

NON-EXECUTIVE CORPORATE OFFICERS FROM NATIXIS
NATHALIE BRICKER

	Fiscal year 2018		Fiscal year 2019	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	n/a	n/a	0	n/a
Other remuneration	n/a	n/a	n/a	n/a
TOTAL	N/A	N/A	0	N/A

* Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration". Pursuant to Natixis rules, no allocated remuneration was paid.
 n/a: not applicable to the person concerned.

Executive corporate officers	Employment contract		Supplementary pension plan		Indemnities or advantages due or likely to be due from a termination or change in position		Indemnity relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Olivier AVIS Chief Executive Officer Start of term: 03/23/2017		X		X	X			X
Paul DUDOUIT Deputy Chief Executive Officer Start of term: 07/23/2017		X		X		X		X

OTHER INFORMATION ON REMUNERATION AND STOCK OPTION PLANS

At December 31, 2019, as Compagnie de Financement Foncier did not have its own employees, with the exception of its corporate officers, there was no incentive or profit-sharing plan in the Company. In addition, there were no stock option plans at December 31, 2019.

TABLE OF DELEGATIONS**DELEGATION OF AUTHORITY**

Date	Delegation	Type, amount, duration	Meeting of the Board of Directors
	n/a		

Report established pursuant to Article L. 225-37-2 of the French Commercial Code on the total remuneration and other benefits imputable to the Chairman, Chief Executive Officer and Deputy Chief Executive Officer for their corporate offices

Draft resolutions numbers 15 to 17 submitted to the Ordinary General Meeting of May 4, 2020 pursuant to Article L. 225-37-2 of the French Commercial Code (law No. 2016-1691 of December 9, 2016) concern the General Meeting approval of the principles and criteria on the determination, allocation and payment of the fixed, variable and exceptional remuneration as well as benefits in kind due to the Chairman, Chief Executive Officer and Deputy Chief Executive Officer for their corporate offices during the fiscal year ending December 31, 2020.

In the absence of any compensation for the position of executive corporate officer, the latter are paid by Crédit Foncier de France in the best interests of the Company and the Group, in order to ensure the long-term benefit to the business as part of the redeployment of the expertise of groupe Crédit Foncier within Groupe BPCE, and taking into consideration the social and environmental issues raised by its activities.

The table below presents the remuneration and benefits that may be granted to the Chairman, Chief Executive Officer and Deputy Chief Executive Officer in respect of 2020.

TABLE OF REMUNERATION AND OTHER BENEFITS IMPUTABLE TO THE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND DEPUTY CHIEF EXECUTIVE OFFICER FOR THE FISCAL YEAR ENDING DECEMBER 31, 2020

Name	E. FILLIAT	O. AVIS	P. DUDOIT
Office:	Chairman of the Board of Directors	Chief Executive Officer	Deputy Chief Executive Officer
Fixed pay	N/A		
Variable pay	N/A		
Supplement retirement pay	N/A		
Benefits in kind	N/A		
Payments due when executives give up their corporate offices (TEPA law)	N/A		
Allocated remuneration*	€1,500 per session with a maximum of €7,500	N/A	N/A

No remuneration is paid to the Chief Executive Officer and the Deputy Chief Executive Officer due to their corporate offices with Compagnie de Financement Foncier

* Following the publication in the Official Journal on May 23, 2019 of article of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration". According to the BPCE instruction dated on December 17, 2010, allocated remuneration due to BPCE representatives is paid to BPCE and not to the person in question. Since January 1, 2012, the same rule applies to the representatives of Crédit Foncier and the allocated remuneration is paid to Crédit Foncier and not to the natural person concerned.

n/a: not applicable.

POTENTIAL CONFLICTS OF INTEREST

Members of the Board of Directors

To the Company's knowledge:

- there are no potential conflicts of interest between the duties of members of the Board of Directors with regard to the issuer and other duties or private interests. If necessary, the Board of Directors' internal regulations and the Code of Ethics shall govern conflicts of interest involving any member of the Board of Directors;
- no arrangements or agreements have been made with individual shareholders, suppliers or others, under which any individual member of the Board of Directors was selected;
- there are no family ties between members of the Board of Directors.

Members of the Board of Directors do not accept any restrictions, other than legal restrictions, on the disposal of their capital interests in the Company.

DISCLOSURE OF CONVICTIONS

As far as the Company is aware, to date, no members of the Compagnie de Financement Foncier's Board of Directors have been convicted of fraud in the last five years.

As far as the Company is aware, to date, no members of the Compagnie de Financement Foncier's Board of Directors have been made bankrupt, placed in receivership or liquidation in the last five years.

To the Company's knowledge, to date, no member of the Board of Directors:

- has been the subject of an incrimination or an official public sanction issued by statutory or regulatory authorities;
- has been prevented by a court from acting as member of an administrative, management or supervisory body or to take part in the management or conduct of the business of an issuer.

Members of the Management Board

INDEPENDENCE AND INTEGRITY

Members of the Management Board may hold other offices subject to laws and regulations in force.

CONFLICTS OF INTEREST

To the Company's knowledge:

- there are no conflicts of interest between any duties of Management Board members with respect to the issuing entity and their private interests or other duties;
- there are no family ties between the Supervisory Board members.

At the filing date of this document, no member of the Management Board was linked to BPCE or any of its subsidiaries by a service agreement offering benefits.

DISCLOSURE OF CONVICTIONS

To the Company's knowledge, to date, no member of the Management Board has, for at least the previous five years, been convicted of fraud, associated with bankruptcies, receiverships or liquidations, convicted of a crime or subject to an official public sanction handed down by statutory or regulatory authorities, or disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from participating in the management or conduct of the affairs of any issuer.



REPORT ON CORPORATE GOVERNANCE

Potential conflicts of interest

3

2019 MANAGEMENT REPORT

2019 MANAGEMENT REPORT

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2019 MANAGEMENT REPORT

In a still uncertain environment (global economic slowdown, heightened geopolitical tensions, stricter regulatory constraints), Compagnie de Financement Foncier has been able to offer its customers issuances suited to their objectives while providing particularly competitive funding conditions in 2019.

In 2019, Compagnie de Financement Foncier issued €3bn in *obligations foncières* that, like all its privileged debt, are rated AAA/Aaa/AAA ⁽¹⁾. The rating agencies confirmed the high level of security provided by the obligation foncières and the société de crédit foncier status, together with the additional commitments made by the Company in terms of financial and risk management.

At December 31, 2019, the balance sheet of Compagnie de Financement Foncier totaled €71.5bn and its net income for the fiscal year €111.3m.

In 2019, Crédit Foncier and Groupe BPCE continued to integrate the activities and skills of Crédit Foncier within Groupe BPCE entities.

In this new framework, Compagnie de Financement Foncier will remain a strategic subsidiary of Crédit Foncier and of Groupe BPCE under the affiliation regime, and therefore part of the Groupe BPCE solidarity mechanism. Since the second quarter of 2019, the business operations of Compagnie de Financement Foncier primarily focus on the funding of assets, on behalf of Groupe BPCE entities, notably with exposure to the public sector.

1. Main operations of the fiscal year

ACQUISITIONS AND DISPOSALS

During 2019, Compagnie de Financement Foncier acquired €2.4bn in loans from Crédit Foncier including related receivables, plus €0.2bn in financing commitments.

Under Article L. 211-38 of the French Monetary and Financial Code, which allows an institution to grant a loan to another financial institution, the repayment of which is secured by a cover pool of receivables, Compagnie de Financement Foncier has arranged for a number of years several credit lines with its parent company, Crédit Foncier, amounting to €15.7bn at December 31, 2019, and with certain Caisses d'Épargne or Banque Populaire banks, amounting to €153.7m. The same facility was also granted to BPCE SA, in the amount of €6.6bn at December 31, 2019 excluding related receivables. Total loans granted were collateralized for €22.4bn.

EARLY REPAYMENTS

The rate of early repayments remained stable in 2019. The rate of early repayment at end-2019 was 8.5% compared with 8.3% at end-2018.

The impact of these early repayments on net banking income mainly resulted in:

- the impact of accelerated amortization of acquisition premiums/discounts is estimated at -€35m over the fiscal year;
- the collection of prepayment penalties from individual customers of €40.9m; as a reminder, according to the agreement on services rendered by Crédit Foncier, one third of these penalties is transferred to the latter (expense recognized under operating expenses).

FUNDING AND CASH MANAGEMENT

In parallel, Compagnie de Financement Foncier issued €3bn in *obligations foncières*, €750m of which in private placements.

All issuances in 2019 were denominated in euros. The high levels of oversubscription of public issues reflect the diversity and the vitality of Compagnie de Financement Foncier's investor base. Their placement shows strong interest from German and Austrian investors, as well as British, French, and those from the Benelux, the Nordic countries and Asia.

The year also saw two public euro issuances benchmark for a total of €2.25bn:

- €1.25bn for 8 years in April;
- €1bn for 8 years in September.

(1) Standard & Poor's/Moody's/Scope Ratings, updated as of the 2019 Universal registration document's filing date.

2. Changes in assets

ASSETS

(in €k)	12/31/2019	12/31/2018
Cash and amounts due from central banks	1,564,443	705,379
Treasury bills and equivalent	3,236,924	3,270,999
Loans and receivables due from credit institutions repayable on demand	23,067,067	26,449,694
■ Demand	56,372	56,663
■ Term	23,010,695	26,393,031
Customer transactions	37,626,531	39,643,161
Bonds and other fixed-income securities	4,093,758	4,565,859
Equity interests and other long-term investments	0	0
Intangible assets and property plant and equipment	0	0
Other assets	102,017	52,591
Accrual accounts	1,771,111	1,977,089
TOTAL ASSETS	71,461,851	76,664,772

Compagnie de Financement Foncier's balance sheet totaled €71.5bn at end-2019, down 7% on end-2018, in line with groupe Crédit Foncier's balance-sheet control strategy at the end of the first quarter of 2019.

The change in Compagnie de Financement Foncier's assets was marked in particular by:

- a drop in outstanding loans and receivables due from credit institutions (-€3.4bn compared with end-December 2018);
- a decrease in outstanding loans to customers (-€2bn compared to December 31, 2018).

HOME LOANS AND IMPACT OF EARLY REPAYMENTS

Outstanding home loans, either held directly or assigned under L. 211-38, decreased compared with end-2018. This is due to the cessation of Crédit Foncier origination activities at the end of the first quarter 2019 and ongoing high levels of early repayments.

(en €m)	12/31/2019	12/31/2018	Change
Non-commercial mortgage-backed securities (See note 11)	30,905	33,362	-7.4%
Loans to private individuals guaranteed by real estate loans under L. 211-38 (See note 22)	7,342	7,179	-1.5%
TOTAL	38,247	40,541	-5.7%

GROUP FUNDING AND ASSIGNMENT OF RECEIVABLES

As part of its business activities, Compagnie de Financement Foncier also offers Crédit Foncier and other Groupe BPCE entities refinancing of eligible loans in the form of "true sale" disposals or through collateralized loans backed by the eligible loans.

These loans are classified as term loans and receivables from credit institutions. In 2019, these outstanding loans totaled €22.5bn. This amount broke down into:

- €15.7bn in loans to Crédit Foncier, mostly guaranteed by exposures to French local authorities;
- €0.15bn in loans to other Groupe BPCE entities, also guaranteed by exposures to French local authorities;

- €6.6bn in loans to BPCE as replacement values, guaranteed by a portfolio of receivables.

The total value of the guarantees received to hedge these loans was €22.5bn at December 31, 2019.

OTHER ASSETS AND ACCRUAL ACCOUNTS

Other assets totaled €102m at end-2019 compared with €52.6m at December 31, 2018.

The accrual accounts stood at €1.8bn at December 31, 2019, a slight drop compared with €2bn at December 31, 2018.

3. Changes in liabilities

LIABILITIES

(in €k)	12/31/2019	12/31/2018
Amount due to central banks	0	0
Due to credit institutions	4,436,533	6,601,591
■ Demand	2,827	159
■ Term	4,433,706	6,601,432
Customer transactions	0	0
■ Demand	0	0
Debt securities	60,515,318	63,547,037
■ Interbank market instruments and negotiable debt securities	151,288	151,865
■ Bond issues (obligations foncières)	60,364,030	63,395,172
Other liabilities	1,124,248	1,107,531
Accrual accounts	2,137,319	2,205,340
Provisions	30,226	6,559
Subordinated debts	0	0
Reserve for general banking risks	20,000	20,000
Equity excluding reserve for general banking risks	3,198,207	3,176,713
■ Subscribed capital	2,537,460	2,537,460
■ Issue premiums	343,002	343,002
■ Reserves	126,553	122,063
■ Regulated provisions and investment subsidies	0	0
■ Retained earnings	79,914	84,404
■ Income to be allocated	0	0
■ Net income for the period	111,278	89,784
TOTAL LIABILITIES	71,461,851	76,664,772

Amounts due to credit institutions fell by €2.2bn in 2019. This change was in particular due to a decline in term deposits and loans to Group entities.

Provisions totaled €30.2m at December 31, 2019, a significant €23.7m increase on last year, primarily due to the accelerated amortization of several termination balances.

Shareholders' equity remained at the high level of €3.2bn.

4. Analysis of the income statement

INCOME STATEMENT

(in €k)	12/31/2019	12/31/2018
Net banking income	227,208	267,873
General operating expenses	-79,922	-94,909
Gross operating income	147,286	172,964
Cost of risk	11,487	-16,039
Operating income	158,773	156,925
Gains or losses on fixed assets	9,930	421
Income before tax	168,703	157,346
Income tax	-57,425	-67,562
NET INCOME	111,278	89,784

NET BANKING INCOME

Net banking income was €227.2m for the 2019 fiscal year, down on 2018 (-€40.5m), principally due to a drop in the net interest margin.

The net interest margin was €189.7m, down €38.7m compared to the previous fiscal year, due to the decrease in loans outstanding.

Net fees and commissions are lower than in 2018, partly due to the drop in early repayment penalties received.

GROSS OPERATING INCOME

Operating expenses fell sharply from €94.9m in 2018 to €79.9m in 2019. This change stems from:

- decreased remuneration for the services Crédit Foncier provides to the Private sector, including the adjustment to the final billing in respect of the 2018 fiscal year (€6.6m retrocession by Crédit Foncier).

Gross operating income was €147.3m at December 31, 2019 compared with €173.0m the previous year.

COST OF RISK

In 2019, the cost of risk fell €11.5m (vs a net cost of risk of -€16m in 2018). This €27.5m improvement is due to the following:

- a recurring cost of risk that continues to improve in response to the more stringent loan granting conditions that have been in place for several years;
- and non-recurring exceptional items (implementation of the latest correction on the assignment of guarantees, reversal of a provision provided in the fourth quarter of 2018 to hedge certain impacts linked to the alignment of the concept of doubtful accounts with the Basel default concept).

NET INCOME

Net income was €111.3m in 2019, a strong increase from 2018 (+€21.5m).

5. Compagnie de Financement Foncier's Risk Factors

The banking and financial environment in which Compagnie de Financement Foncier operates exposes it to many types of risk and requires it to implement a demanding and rigorous policy to monitor and control these risks.

Compagnie de Financement Foncier's business model is, by its very nature, highly secured. The legislative framework prevents it from holding a trading book, which protects it against market risks associated with proprietary trading, and from holding interests in affiliates.

Some of the risks faced by Compagnie de Financement Foncier are described below. This is not an exhaustive list of all the risks faced by Compagnie de Financement Foncier, but the risks considered as the most significant.

1. CREDIT AND COUNTERPARTY RISK

1.1. DEFAULT AND COUNTERPARTY RISK

A substantial increase in expenses for depreciation of assets recognized in the portfolio of loans and receivables of Compagnie de Financement Foncier could impact its income and its financial situation.

As part of its activities, Compagnie de Financement Foncier conducts regular asset impairments in order to reflect, if necessary, actual or potential losses in its portfolio of loans and receivables, which are recognized in its income statement under "Cost of risk". The overall level of asset impairment is based on the valuation of the guarantees associated with the loans, Compagnie de Financement Foncier's assessment of the history of loan losses, the

volumes and the types of loans made, industry standards, arrears on loans, economic conditions and other factors related to the degree of recovery of various types of loans.

Compagnie de Financement Foncier is exposed to any substantial increase in charges for losses on loans, material change in its risk of loss estimate associated with the portfolio of unimpaired loans, or any loss on loans exceeding the recognized charges. These variations could have an adverse impact on Compagnie de Financement Foncier's results and profitability.

However, this risk is limited because as a *société de crédit foncier*, Compagnie de Financement Foncier must respect strict rules regarding the choice of the assets it holds, by verifying in particular the credit quality of its counterparties and ensuring that guarantees are in place.

In addition to these risk management procedures, Compagnie de Financement Foncier could, under certain extreme circumstances, be forced to recognize significant losses:

- on its portfolio of real estate loans to private individuals in the event of a sharp rise in defaults combined with a sudden and significant drop in the value of the properties used to guarantee these loans;
- in the case of the default of a public entity to which Compagnie de Financement Foncier has significant exposure, in particular Italy, the United States, Switzerland, and some Canadian and Japanese public entities.

Further, the cost of risk of Compagnie de Financement Foncier was a reversal of €11.5m at December 31, 2019.

For further information, please refer to the 2019 Universal registration document of Compagnie de Financement Foncier (page 147).

The degradation of the financial stability and performance of other financial institutions and market players could have an unfavorable impact on Compagnie de Financement Foncier.

The ability of Compagnie de Financement Foncier to carry out its transactions could be affected by the financial stability of other financial institutions and market players. The financial institutions are closely interconnected, in particular due to their compensation, counterparty and financing activities. The default of an industry player, even simple rumors or questions concerning one or more financial institutions or the financial industry in general, can cause a generalized shrinking of liquidity in the market and thereafter lead to additional losses or defaults.

Compagnie de Financement Foncier is exposed to different financial counterparties such as commercial or investment banks and central counterparties with which it ordinarily conducts transactions whose default or failure to meet any of its commitments could have an unfavorable impact on the financial situation of Compagnie de Financement Foncier. This risk would be exacerbated if the assets held as collateral by Compagnie de Financement Foncier cannot be sold or if their price would not make it possible to cover all of the exposure of Compagnie de Financement Foncier for the exposures to derivative products in default.

1.2. CONCENTRATION RISK

The volume of exposures in the Public sector is mainly concentrated in France, while abroad, the exposure of Compagnie de Financement Foncier on Public sector is subject to a few significant individual concentrations, particularly Italy for sovereigns and the Jehdra agency in Japan. As a reminder, Compagnie de Financement Foncier has no longer been purchasing Public sector loans abroad for several years. Real estate loans recognized in Compagnie de Financement Foncier's balance sheet are mainly composed of residential loans (assets with high granularity) produced in France. In the event that the French real estate market suffers a significant downturn, this could have adverse consequences on the quality of Compagnie de Financement Foncier's portfolio of real estate assets.

1.3. COUNTRY RISK

Compagnie de Financement Foncier could be vulnerable to political, societal, macroeconomic and financial risk or to special situations in the countries in which it operates.

Compagnie de Financement Foncier is exposed to country risk, which is the risk that a foreign country's economic, financial, political or social conditions impact their financial interests. Due to the nature of its activity, Compagnie de Financement Foncier is particularly sensitive to the economic environment in France or elsewhere in Europe.

The European markets can experience disturbances that impact economic growth and can impact the financial markets.

Notably, a serious economic disruption (such as the 2008 financial crisis) can have a significant negative impact on the operations of Compagnie de Financement Foncier, in particular if the disruption is marked by a lack of market liquidity, making it difficult to carry out the funding activity provided by Compagnie de Financement Foncier on behalf of Crédit Foncier and Groupe BPCE.

Some risks are not the result of the immediate cycle due to their exogenous origin: the development of a global pandemic such as the Covid-19 coronavirus is a case in point.

The very recent emergence of Covid-19 and the rapid spread of the pandemic to the entire planet have caused a significant deterioration in the economic situation in various business and financial sectors for economic actors. This has also resulted in significant disturbances in financial markets as the affected countries have had to institute quarantine measures for their populations, resulting in a sharp decline in the activities of many businesses. Massive budgetary policy initiatives have been implemented to support business activity in reaction to these events. This has particularly been the case for the French government (system of State-secured loans for businesses and professionals, private individuals, partial unemployment measures as well as numerous other tax, social and invoice payment measures) and the European Central Bank (greater and cheaper access to significant amounts of funding).

The Covid-19 epidemic poses a risk to Compagnie de Financement Foncier to the extent that:

- it is causing organizational changes (e.g. remote work) which could bring about an operational risk;
- it is slowing down exchanges in money markets and could have an impact on the liquidity supply;
- it is increasing customers' liquidity requirements and in particular the amounts loaned to these customers to enable them to withstand the crisis;
- it could cause an increase in corporate default, particularly among the more fragile corporations or in the sectors with the highest exposure;
- it is causing violent upheavals in the valuation of market assets, which could impact market activities and therefore funding activities.

Nevertheless, the impact of these various risks will be strongly mitigated by the massive corporate support measures implemented by the States and by the central banks' infusions of additional liquidity in markets and banks.

The evolution of the Covid-19 situation is a source of significant uncertainty; as of the filing date of the Universal Registration Document, the impact of this situation, taking into account the aforementioned support measures, on Compagnie de Financement Foncier's business lines (particularly funding for Groupe BPCE), its results (particularly net banking income and cost of risk) and its financial position (liquidity and solvency) is difficult to quantify.

Compagnie de Financement Foncier has significant exposure in international public entities, in particular in Italy, the United States, Switzerland and certain Canadian and Japanese public entities. These are subject to different macroeconomic influences, in particular through the actions of local central banks or structural reforms carried out therein, that could, in the long term, affect the quality of the loans concerned.

Nevertheless, the direct impact on Compagnie de Financement Foncier is expected to be moderate.

The international exposure of Compagnie de Financement Foncier was €8,782m at December 31, 2019, compared with €9,306m at December 31, 2018.

2. FINANCIAL RISKS

2.1. INTEREST RATE AND OPTIONS RISKS

Significant volumes of early repayments could unfavorably impact the net banking income and the profitability of Compagnie de Financement Foncier.

The prolonged period of decline in interest rates over the last few years increases the number of borrowers renegotiating their interest rates, generating therefore an interest rate downturn of the balance sheet exposures or early repayments.

Compagnie de Financement Foncier buys via its true sale model mortgages to private individuals at market prices. Although Compagnie de Financement Foncier hedges the interest rate risk of its exposures and resources at the macro and/or micro level, in the event of very high levels of interest-rate renegotiations or early repayments, Compagnie de Financement Foncier's net banking income would fall because the average rate of its asset exposures would fall faster than the average rate of its resources, and the early repayment penalties received would not fully cover the cost of adjusting the interest rate hedges.

In addition, Compagnie de Financement Foncier hedges all its assets and liabilities when they enter the balance sheet through the implementation of micro-hedging and/or macro-hedging derivatives. In the event of early repayment, the commission received may not cover the entire cost of this hedge and Compagnie de Financement Foncier will then be exposed to a cost that affects its net interest margin.

Early repayments and renegotiations of Compagnie de Financement Foncier represented 11.3% of loans at December 31, 2019, compared with 11.9% at December 31, 2018. The ongoing low interest rates explain the number of requests for early repayment and renegotiations.

2.2. CREDIT SPREAD RISKS

Compagnie de Financement Foncier's refinancing cost could be affected by a drop in the credit rating levels of its assets, its obligations foncières or its parent company.

In order to maintain a very competitive refinancing cost, Compagnie de Financement Foncier aims for the AAA credit rating of its obligations foncières: it carefully selects quality assets (acquired or assigned) and carefully controls the coverage ratio of its balance sheet compared to obligations foncières's outstandings.

In the event of a severe financial crisis, the downgrading of the credit ratings of assets on the balance sheet or provided as collateral to Compagnie de Financement Foncier could end up calling into question the AAA rating of its obligations foncières. In addition, the deterioration in the credit rating of Crédit Foncier or Groupe BPCE could also ultimately impact the AAA rating of the obligations foncières.

The decline in the credit rating of the obligations foncières would increase the refinancing cost of Compagnie de Financement Foncier and could potentially impair its profitability.

At December 31, 2019, the obligations foncières of Compagnie de Financement Foncier were rated AAA/Aaa/AAA with stable outlooks by three rating agencies (S&P, Moody's and Scope Ratings).

2.3. LIQUIDITY RISK

Compagnie de Financement Foncier's liquidity could be affected in the event of a major financial crisis.

Compagnie de Financement Foncier derives its liquidity from several sources:

- the issue of obligations foncières on the market;
- the assignment of eligible assets for ECB refinancing and/or repo operations;
- the liquidity lines granted by Crédit Foncier and/or Groupe BPCE.

In the event of a major financial crisis, these sources of liquidity could dry up:

- closure of bond issuance markets;
- deterioration of the credit rating of assets acquired or pledged to Compagnie de Financement Foncier making them ineligible for ECB refinancing and/or repo operations;
- reduction of liquidity lines granted by Crédit Foncier and/or Groupe BPCE.

Nevertheless, at December 31, 2019, Compagnie de Financement Foncier held €9.9bn in assets eligible for ECB operations. In addition, Compagnie de Financement Foncier has committed to having sufficient short-term cash to meet, at any time, the contractual maturities of its preferred debt for a period of one year in a run-off situation.

The Company's excess liquidity situation can also be identified using the Liquidity Coverage Ratio (LCR), which illustrates the institution's ability to cope with short-term liquidity stress.

3. STRATEGIC, ACTIVITY AND ECOSYSTEM RISKS

3.1. STRATEGIC AND ACTIVITY RISKS

Compagnie de Financement Foncier could be affected by an operational risk linked to Crédit Foncier's failure to adhere to the agreements it has entered into.

Given its status as a société de crédit foncier, Compagnie de Financement Foncier depends on resources supplied by its parent company to pursue its current activities and in particular, for management of mortgage loans. In accordance with agreements concluded between Crédit Foncier and Compagnie de Financement Foncier (including an agreement on debt management and recovery, an administrative and accounting management agreement, a service agreement on internal control and compliance, an agreement related to the implementation of information technology services, an agreement concerning human resources, an agreement related to settlement of bank services), Crédit Foncier is responsible for monitoring Compagnie de Financement Foncier's credit risks, counterparty risks, interest rate and foreign exchange risks, market risk, operational risk and liquidity and settlement risk.

Even if it does not seem very probable, Compagnie de Financement Foncier could be exposed to the risk of noncompliance by Crédit Foncier with the agreements binding it to Compagnie de Financement Foncier.

3.2. ECOSYSTEM RISKS

MACROECONOMIC RISKS

In Europe, the recent economic and financial context has an impact on Compagnie de Financement Foncier and the markets on which it operates and this trend will continue.

If the economic or market conditions in France or elsewhere in Europe were to deteriorate, the markets in which Compagnie de Financement Foncier operates could experience disruptions and its activity, its results and its financial position could be unfavorably affected.

REGULATORY RISK

Laws and regulatory measures proposed in response to the global financial crisis could have a financial impact on Compagnie de Financement Foncier and on the financial and economic environment in which it operates.

Laws and regulations have been enacted or proposed to introduce a series of changes to the global financial framework, some of which are permanent. Although such new measures are intended to prevent a new global financial crisis, they are likely to radically alter the environment in which Compagnie de Financement Foncier and other financial institutions operate. Some of these measures could also increase the financing costs of Compagnie de Financement Foncier.

Without being exhaustive, one can cite the following measures, either approved or being considered: changes in regulations relating to covered bonds, new methodologies for credit risk weighting, creation of regulatory bodies or enhancement of the resources of existing bodies, taxes on financial transactions, etc. Some of these measures are only at the draft stage and their contents will probably be revised and interpreted, in particular for reasons of compliance with national prudential policies in each country.

Some of these measures could also increase the issuer's fixed costs.

Compagnie de Financement Foncier may be subject to additional constraints.

4. NON-FINANCIAL RISKS

4.1. SECURITY AND INFORMATION TECHNOLOGY RISK

An interruption or failure of computer systems of Compagnie de Financement Foncier or of third parties could lead to losses and costs.

Compagnie de Financement Foncier is highly dependent on its communication and information systems provided by IT-CE and BPCE-IT (Groupe BPCE service providers). These occur at the scope of groupe Crédit Foncier and are envisioned as part of a third-party applicative maintenance (see Risk Management Report - 7.5 "IT risk").

For further information, please refer to the 2019 Universal registration document of Compagnie de Financement Foncier (page 132).

4.2. EXECUTION, DELIVERY AND PROCESS MANAGEMENT RISKS

The failure or the unsuitability of Compagnie de Financement Foncier's risk management policies, procedures and strategies could expose it to unidentified or unanticipated risks leading to losses.

Compagnie de Financement Foncier's risk management techniques and strategies may not be successful in effectively limiting its exposure to all types of risk, including risks that the Group may have been unable to identify or anticipate. The techniques and strategies of risk management used by Compagnie de Financement Foncier also cannot guarantee an effective decrease of risks in all market configurations.

4.3. LEGAL AND REPUTATION RISKS

Reputation risk, risk of misconduct and legal risk could impact the profitability and the business outlook of Compagnie de Financement Foncier.

The reputation of Compagnie de Financement Foncier is primordial for ensuring its loan refinancing activity – mainly in the Public sector – originated by the Group. As such, inadequate management of potential conflicts of interest, legal and regulatory requirements, ethical problems, poor conduct, laws concerning money laundering, the fight against terrorism, the requirements of economic sanctions, policies regarding data security and practices linked to methods of managing its activity, or any other poor conduct, could stain the reputation of Compagnie de Financement Foncier.

Any inappropriate behavior of an employee of Crédit Foncier, any fraud, misappropriation of funds or any other wrongdoing committed by any player in the financial sector to which Compagnie de Financement Foncier is exposed, any decrease, restatement or correction of financial results, or any other legal or regulatory action with a potentially unfavorable outcome could also damage its reputation. Any harm to the reputation of Compagnie de Financement Foncier could be accompanied by a loss of business, which could threaten its results and its financial position.

Inadequate management of these aspects could also increase the legal risk of Compagnie de Financement Foncier or expose it to sanctions from an authority.

For further information, please refer to the 2019 Universal registration document of Compagnie de Financement Foncier (page 132).

Groupe Crédit Foncier's ability to attract and retain qualified employees is crucial to the success of Compagnie de Financement Foncier's business, and any failure in this respect could affect its performance.

Groupe Crédit Foncier's employees are the most important resource for Compagnie de Financement Foncier, because Crédit Foncier is its sole service provider. Competition for qualified personnel is intense in many areas of the financial services sector. The results and performance of Compagnie de Financement Foncier depend directly on Crédit Foncier's ability to attract new employees and retain and motivate its current employees.

In addition to the risks presented above, other risks not identified to date or considered today as non-material for Compagnie de Financement Foncier could have an unfavorable impact on its activity, financial position, and/or results.

6. Credit risk analysis

OVERALL ANALYSIS

Compagnie de Financement Foncier is mainly exposed to credit risk and counterparty risk. The exposure to this type of risk, however, is limited by:

- the rigorous selection of its assets and counterparties;
- the existence of guarantees in compliance with the legal framework applicable to *sociétés de crédit foncier*;
- specific internal control environment within groupe Crédit Foncier's own control environment, and more broadly within that of Groupe BPCE.

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

No loan or receivable due from credit institutions was reclassified as doubtful in 2019. Out of the €23bn in loans and receivables due from credit institutions €22.5bn are term loans to Groupe BPCE entities. Moreover, these loans are mostly secured by receivables, in accordance with Article L. 211-38 of the French Monetary and Financial Code.

The creditworthiness of all Groupe BPCE entities, together with the quality of the receivables posted as collateral, thereby greatly limit the risk associated with this exposure.

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

Loans and receivables due from customers amounted to €37.6bn at December 31, 2019, including €1.4bn of doubtful loans, compared with €39.6bn and €1.6bn at December 31, 2018. Doubtful loans remained almost exclusively concentrated on home loans for 99.6%. At the same time, out of a total of €64.1m in impairment at December 31, 2019, €60.3m concern home loans.

INVESTMENT SECURITIES

Outstanding held-to-maturity securities amounted to €7.3bn at December 31, 2019. None of these securities were reclassified as doubtful or impaired in 2019.

The outstanding amount (excluding accrued interest and after premiums or discounts) was split across Italy (40%), the United States (21%), Japan (15%), France (10%), Spain (3%), Canada (6%), Poland (5%), and other countries with non-material amounts (1%).

7. Financial risk analysis

INTEREST RATE AND FOREIGN EXCHANGE RISK

Compagnie de Financement Foncier has no open currency positions except for a few very small ones resulting from adjustments inherent in any hedging transaction. Transactions initiated in non-euro currencies are swapped into euro at the moment of their execution.

Compagnie de Financement Foncier is only very marginally exposed to interest rate risks thanks to the hedging mechanisms implemented.

As soon as an asset is recorded on the balance sheet, it is transformed, if necessary, into a variable-rate asset in euros. 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 euros.

Interest rate positions are also reviewed each quarter and macro-hedging transactions are arranged if they deteriorate to a point that might result in non-compliance with the strict limits to which Compagnie de Financement Foncier has committed. The basic risks, resulting from different reference rates on positions already transformed into variable rates by swaps, are also managed through macro-hedges.

All of the counterparties to these currency or interest rate swaps have concluded collateralization agreements with Compagnie de Financement Foncier that require them to provide a security deposit to the benefit of the Compagnie de Financement Foncier in case of a debit position and depending on their rating. In the majority of cases, these requests are made on a daily basis.

If the opposite situation occurs, these agreements stipulate that Compagnie de Financement Foncier shall not deposit any collateral. As of December 31, 2019, the amount of deposits received was €0.8bn.

Because of these ALM principles, Compagnie de Financement Foncier holds significant amounts of outstanding financial instruments for micro- and macro-hedging in interest rates and currencies.

Ultimately, at December 31, 2019, outstanding financial instruments for micro- and macro-hedging amounted to €68.4bn, including €55.2bn in rate swaps and €13.2bn in currency swaps; on December 31, 2018, they were €78.6bn, including €63.7bn in rate swaps and €14.9bn in currency swaps.

Given the management rules of Compagnie de Financement Foncier, changes in the interest rate position are a result of events not known when the transaction was entered into and which occurred during the term of the contract. These consist mainly of early repayments of fixed-rate loans granted to private individuals.

As the date of the event is not predictable, and the repayment fees received by the lender are capped by law, Compagnie de Financement Foncier cannot completely cover the original risks incurred.

Although interest rates remain low and competition intense between credit institutions, early repayments have remained stable compared to last year. In 2019, 8.5% of loans to private individuals were repaid early, compared with 8.3% in 2018.

Compagnie de Financement Foncier's interest rate risk is monitored by calculating interest rate gaps subject to very tight limits per observation period. Should any of these limits be exceeded, the situation is corrected by means of a macro-hedging adjustment. The limits were respected in 2019. This rate was exceeded once, on March 31, 2019, for the two year term. This excess was resolved as of April 9, 2019, following a bond issuance.

LIQUIDITY RISK

The very prudent liquidity management policy continued in 2019. Compagnie de Financement Foncier can always raise a sufficient amount of cash to meet the contractual maturities on all of its privileged debt, for one year, without recourse to new resources.

At December 31, 2019, Compagnie de Financement Foncier had available cash of €1.62bn, of which €1.56bn with Banque de France, and €6.6bn granted to BPCE with a maturity of less than two months and mainly guaranteed by a loans portfolio.

Compagnie de Financement Foncier's Liquidity Coverage Ratio (LCR), has also always been above 110% since 2015.

8. Information on internal control

ORGANIZATION OF INTERNAL CONTROL

REGULATORY ENVIRONMENT AND ITS APPLICABILITY TO THE ENTITIES OF GROUPE CRÉDIT FONCIER

In its dual capacity as credit institution and *société de crédit foncier*, Compagnie de Financement Foncier operates within a very comprehensive legal and regulatory framework governing its activities and their control.

As a credit institution, this framework is primarily governed by the French Monetary and Financial Code (Code Monétaire et Financier – CMF) and the regulations set forth by the French Banking and Finance Regulatory Committee (Comité de la Réglementation Bancaire et Financière – CRBF), and, with regards to internal controls, by the Order of November 3, 2014 concerning the internal control of credit institutions, companies providing payment and investment services that are subject to the supervision of the French Prudential Supervisory and Resolution Authority.

As a *société de crédit foncier*, Compagnie de Financement Foncier is subject to specific provisions set forth in Articles L. 513-2 to L. 513-27 of the French Monetary and Financial Code (CMF) and in various implementing decrees (Articles R. 513-1 to 513-21 of the CMF, CRBF Regulation No. 99-10 as amended, etc.). This legislative and regulatory environment governing *sociétés de crédit foncier* was reviewed and modernized in 2010 and came into force as of the 2011 fiscal year. Changes in the legal and regulatory framework equally took place in 2014 and 2016 with Sapin II legislation.

These changes include the appointment of a Specific Controller, approved by the ACPR. This person is in charge of monitoring compliance with legal requirements: asset eligibility, over-collateralization, congruence of rates and maturity and valuation of assets or underlying securities.

The Controller drafts an annual report, which is then submitted to the French Prudential Supervisory and Resolution Authority and executive officers.

Compagnie de Financement Foncier is also provider of investment services and therefore subject to the General Regulation of the French Financial Markets Authority (AMF). The Head of Compliance at Crédit Foncier acts as Head of Investment Services Compliance (RCSI). As the permanent holder of the card issued by the AMF for Compagnie de Financement Foncier, she ensures compliance with financial regulations. To structure its work, it has drawn up a set of procedures focusing on the warning mechanism available for people exposed to conflicts of interest, the management of professional cards issued by the AMF, the recording of telephone communications, restricted access to the trading floor, and the certification of products and services.

In accordance with the legal framework that provides a privilege for holders of covered bonds, the law stipulates that *sociétés de crédit foncier* may not have their own resources.

Compagnie de Financement Foncier relies on the resources of its parent company to carry out its activities. Crédit Foncier thus provides a certain number of services on behalf of Compagnie de Financement Foncier under a series of agreements, one of which specifically covers internal control and compliance services.

The outsourced activities are performed in accordance with the permanent and periodic control procedures implemented by Crédit Foncier. These procedures comply with the rules and standards set by BPCE, which as the central institution determines the obligations of Group entities in the area of internal control (resources, organization and guidelines).

INTERNAL CONTROL STAKEHOLDERS

The Crédit Foncier control system has two levels of permanent control and a periodic control level.

FIRST-LEVEL PERMANENT CONTROL

Operational staff carry out first-level permanent control (PC1) under the supervision of line management. The control methods are specified in procedural and operating manuals, with units being responsible for producing and updating them.

SECOND-LEVEL PERMANENT CONTROL

Second-level permanent control (PC2) is conducted by dedicated units that are independent of operating units. These units report to the Risk and Compliance Division. They ensure compliance with internal procedures and legislative and regulatory provisions, as well as strong risk control. They draw up and implement an annual control plan. They ensure that operational controls (first level) are performed and do additional controls. In response to the amended scope of control as a result of the consolidation of the Crédit Foncier activities within Groupe BPCE, which took place on April 1, 2019, the organization of controls underwent a major review, with a strong focus on the supervision of outsourced services. The results of the CP2 unit controls are regularly sent to the Permanent Control Coordination Department, and a summary is submitted to the Crédit Foncier Internal Control Committee.

This is particularly the case of the Compagnie de Financement Foncier Oversight and Forecasting Division, which is tasked with overseeing the permanent control of all processes impacting Compagnie de Financement Foncier (in particular control of the quality of procedures and services). It reports to the Crédit Foncier Deputy CEO in charge of the Financial Operations and Transactions Department.

Second-level permanent control is also conducted by central departments independent of operational structures and reporting to the executive director in charge of the Risk and Compliance Division:

- **the Risk Department** measures, controls and oversees credit and counterparty risks, as well as financial and operational risks;
- **the Compliance Department** is primarily tasked with controlling non-compliance risks and those stemming from investment services. It also covers ethics, anti-money laundering and fraud;

- **the Permanent Control Coordination Department** is responsible for ensuring cross-business control functions within groupe Crédit Foncier. It provides a strong functional reporting line between permanent control teams, ensuring the existence and effectiveness of the permanent control structure;
- **the head of Information Systems Security** for groupe Crédit Foncier defines the information systems security policy and coordinates a network of officers within the Company. It also monitors the compliance of the Company's practices with applicable data protection regulations (CNIL, GDPR);
- **the "Contingency and Business Continuity Plan" function** of groupe Crédit Foncier is responsible for updating and maintaining the operational functions of the plan drawn up to ensure business continuity at Crédit Foncier, including the services performed by Compagnie de Financement Foncier following the occurrence of a major risk.

Further, **the "Accounting Audit" Department**, which reports to the Crédit Foncier Chief Executive Officer, does not engage in any operational activities but exerts control over the accounting and regulatory data produced by Crédit Foncier and its subsidiaries. It reports to the Risk and Compliance Division of Crédit Foncier.

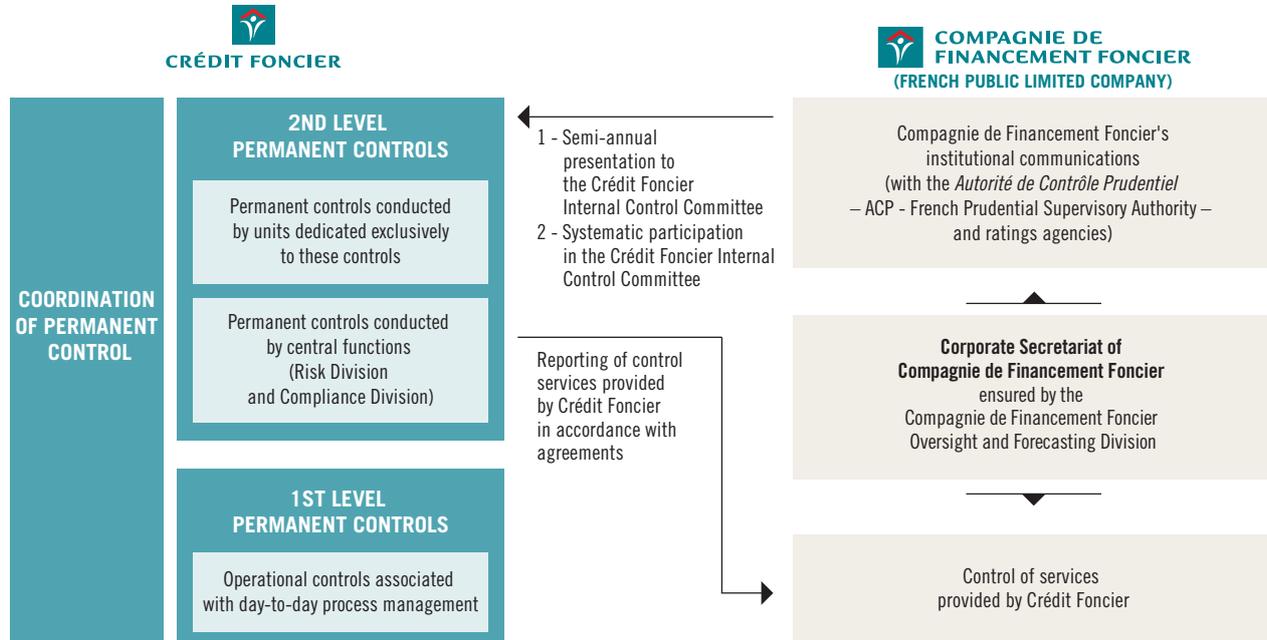
PERIODIC CONTROL

This is the responsibility of the Internal Audit Division of groupe Crédit Foncier.

The shareholder's control unit may also contribute to periodic controls by auditing groupe Crédit Foncier and forwarding recommendations to Crédit Foncier's Internal Audit Division, which oversees their implementation.

ORGANIZATION OF INTERNAL CONTROL

The internal control of Compagnie de Financement Foncier is organized as follows:



THE INTERNAL CONTROL COMMITTEE OF CRÉDIT FONCIER

The Internal Control Committee (ICC) deals with control issues at Compagnie de Financement Foncier as a subsidiary of groupe Crédit Foncier and also as an entity benefiting from services from Crédit Foncier.

It meets at least four times a year under the chairmanship of the Chief Executive Officer of Crédit Foncier, the permanent and periodic control officers and the head of the Risk and Compliance Division of Crédit Foncier. It also includes the Volcker Committee.

Its main responsibilities are to:

- ensure the proper organization and completeness of the permanent control of the activities, the effectiveness of the risk monitoring and control systems of Crédit Foncier and its subsidiaries;
- coordinate actions to ensure compliance, operational risk control and internal procedures, quality, availability of information processed by the Information Systems (IS) and the security of these systems;
- ensure that deficiencies identified at any stage of the control process are resolved and monitored;
- act as a Volcker Committee under the US Dodd-Frank Wall Street Reform and Consumer Protection Act, which has added a new section 13 to the Bank Holding Company Act of 1956 (BHC Act), section 13, commonly referred to as "Volcker Rule".

The head of Compagnie de Financement Foncier Oversight and Forecasting Division is a permanent member of the Internal Control Committee.

THE RISK EXECUTIVE COMMITTEE

The Crédit Foncier Risk Division is responsible for managing risks, in particular through the Crédit Foncier Risk Executive Committee, the Central Committee of groupe Crédit Foncier's Risk Department. By virtue of its status as a *société de crédit foncier*, Compagnie de Financement Foncier also carries out the in-depth monitoring of its risks, in particular through a dedicated Risk Executive Committee, with oversight by the Crédit Foncier Risk Division.

These committees are responsible for defining the risk policy, monitoring its proper application and, more broadly, ensuring risk oversight and control at Crédit Foncier and its subsidiaries, in line with the general risk policy drawn up by Groupe BPCE.

The Risk Executive Committee of Compagnie de Financement Foncier meets at least once a quarter. It is chaired by the Chief Executive Officer of Compagnie de Financement Foncier and its secretariat is ensured by the Crédit Foncier Risk Division.

The committee monitors:

- credit and counterparty risks (monitoring of outstanding loans, revaluation of collateral, historical analysis of the ratings of outstanding loans, monitoring of limits);
- financial risks: interest rate, liquidity, exchange rate (summary of meetings of the ALM Committee of Compagnie de Financement Foncier);
- operating risks: incident reports, impact in terms of risk mapping, impact assessment (where applicable);
- regulatory (regulatory ratios, compliance developments).

CORPORATE GOVERNANCE

Compagnie de Financement Foncier's Executive Management is responsible for managing the Company. It is in charge of the management of risks and internal controls.

The Board of Directors of Compagnie de Financement Foncier exercises control over the management of the Company and directs strategy. It is involved in the most important decisions and is kept regularly informed of the level of indicators. Its work is prepared by the Audit Committee and the Risk Committee of Compagnie de Financement Foncier, which carry out the essential tasks of first ensuring that relevant and consistent accounting methods are used to prepare the Company's financial statements and second, of assessing the quality of internal controls, including measurement, monitoring and risk management systems, and finally, if necessary, proposing an appropriate course of action.

COMPLIANCE

An integral part of the internal control system required by regulations governing credit institutions, the compliance control system refers to all the resources employed to ensure respect with provisions pertaining to banking and financial activities, professional and ethical standards, Group rules and instructions from executive directors made on the basis of guidance from the supervisory body.

Reporting to the executive director in charge of the Risk and Compliance Division, the Compliance Division has recourse to Groupe BPCE's charter on risks, compliance and permanent control dated March 29, 2017. In this context, it is responsible for identifying, evaluating and monitoring non-compliance risks (including misconduct) notably through a system of operational and procedural control that reflects their scale and their complexity, contributing to developing risk policies and, lastly, notifying executive directors and the Board of Directors. It monitors the first- and second-level permanent control of non-compliance risks (including the risk of misconduct) and general risks linked to business activity. Its activities include financial and general ethics, combating money laundering and terrorist financing, preventing and dealing with fraud risks as well as specific control of the compliance of investment services, compliance with the law on the separation and regulation of banking activities and the Volcker rule.

The Compliance Division, together with the Permanent Control Coordination Department, helps with the functional coordination of the compliance and permanent control controllers assigned to the various operational scopes and support functions.

It regularly reports on its work to Executive Management, the Internal Control Committee, the Risk Committee, the Board of Directors and the central institution.

WORK PERFORMED BY THE INTERNAL AUDIT DIVISION

STRUCTURE AND RESOURCES OF THE INTERNAL AUDIT DIVISION

Risk assessment and the permanent control system are the responsibility of the Internal Audit Division.

It reports on its work to the Chief Executive Officer and to the Risk Committee.

At the end of 2019, the Division had seven employees. All were university graduates drawn from a number of complementary fields (finance, legal, sales).

An annual audit plan is prepared by the Internal Audit Division of Crédit Foncier, working in conjunction with the Executive Management of Crédit Foncier and in consultation with BPCE's Internal Audit Division. The plan is approved by Crédit Foncier's Executive Management and submitted to its Risk Committee. It covers the scope of intervention of the Internal Audit Division, on the basis of a multi-year plan within an audit cycle of at most four years; intrinsically risky activities are audited more frequently. During the year, specific audits or reviews may be conducted at the behest of Executive Management or the Risk Committee. To cover the audit plan, the Crédit Foncier audit function was assisted by the BPCE IGG, which carried out three internal audits, as arranged between Crédit Foncier and BPCE managers.

Reports on the audits conducted are sent to the Executive Management of Crédit Foncier, the Risk Committee, the Board of Directors and, where necessary, the executive body of the relevant subsidiaries. Information is also provided to the Executive Committee, allowing a final review of recommendations prior to implementation. A summary of the follow-up on recommendations is sent to the aforementioned bodies in addition to the Executive Committee, which reviews any recommendations that are particularly difficult to implement.

INSPECTION ASSIGNMENTS CONDUCTED IN 2019

The Crédit Foncier Internal Audit Division conducted the whole of its audit plan in 2019. The assignments undertaken were included in the annual audit plan approved by the Audit Committee on December 18, 2018, with the exception of "Business expenses" and other items concerning the different sectors of groupe Crédit Foncier, including the following: management of the international portfolio, financial middle and back offices, support activities, full audit of Compagnie de Financement Foncier and outsourced services.

FOLLOW-UP ON RECOMMENDATIONS FROM PREVIOUS ASSIGNMENTS

Monitoring of the implementation of audit recommendations is based on the reports submitted by the audited entity's management, indicating the percentage of completion and including, if necessary, an action plan and a new deadline.

The audited units now enter the reports into the Group's intranet database made available to them. These reports must be accompanied by supporting documentation provided by the audited entity and containing all the necessary proof of completion. The Internal Audit Division systematically verifies whether the audit recommendations have actually been implemented by checking documents when the completion rate reaches 100%.

A detailed statistical report is prepared quarterly to provide a clear summary report to Executive Management, the Executive Committee, the Risk Committee and the Board of Directors: it includes requests to extend or abandon recommendations. Recommendations not implemented according to the initial timetable are specifically reviewed by the Executive Committee. However, recommendations are generally implemented within the provided timescales.

When an entity is re-audited, the status of previous recommendations is systematically examined.

CONTROL PROCEDURES FOR ACCOUNTING AND FINANCIAL INFORMATION

The Accounting Department implemented a plan to audit past outstanding issues, involving a separate operational committee, a monthly oversight committee, specific workshops within and outside accounting and a monthly workshop to monitor anomalies. These various workshops have made it possible to sharply reduce the number of accounting bodies.

A tool for marking entries was introduced in February 2019 to improve the efficiency of financial audits. An aging schedule for outstanding payments by order of age order was delivered in September 2019.

BPCE'S ROLE

BPCE's Accounting Department is responsible for standardization, supervision, appraisal, oversight, forecasting, regulatory monitoring and the Group's representation in prudential and accounting matters.

In this capacity, it defines and updates the Group's accounting standards, comprised of a Group Accounting Plan together with accounting rules and methods applicable to all Group entities. These rules and methods include general accounting tables and are summarized in a manual used by all the Group's institutions. This

manual is regularly updated based on changes in accounting regulations. Furthermore, the rules for preparing the half-year and annual financial statements are the subject of a specific report in favor of harmonizing accounting procedures and statements and the preparation of the closing of accounting.

THE INSTITUTION'S AUDIT COMMITTEE

Accounting and financial statements (annual and half-year consolidated financial statements) are presented to the Audit Committee. This committee analyzes the statements, receives the conclusions of the Statutory Auditors and submits its conclusions to the Board of Directors.

STRUCTURE OF THE GROUP CRÉDIT FONCIER'S ACCOUNTING FUNCTION

Accounting at the group Crédit Foncier is performed by the Accounting department. This department is directly responsible for preparing the financial statements and regulatory declarations for all Crédit Foncier Group entities. Crédit Foncier has also decentralized accounting units authorized by the Accounting Department to conduct account-keeping and record-keeping (primarily human resources). A plan to combine the decentralized accounting is underway to pool all accounting within the Accounting Department.

General Accounting Department of Crédit Foncier is organized as follows:

Functions	Main responsibilities in accounting system operations	Main responsibilities in compiling and summarizing data
	Individual financial statements: <ul style="list-style-type: none"> account-keeping for Crédit Foncier, Compagnie de Financement Foncier, and preparation of the parent company financial statements; tax declarations. 	<ul style="list-style-type: none"> balance sheets, income statements and notes for these entities; monthly summary results statements of the Group's two main credit institutions (Crédit Foncier, Compagnie de Financement Foncier).
Reporting and consolidation	Consolidated financial statements: <ul style="list-style-type: none"> centralization of consolidation packages; preparation of the consolidated financial statements; implementation of consolidation procedures (use of Groupe BPCE BFC software package). 	<ul style="list-style-type: none"> balance sheets, income statements and notes for the group Crédit Foncier; consolidated quarterly results of groupe Crédit Foncier; consolidated monthly results under French GAAP.
Regulatory and prudential disclosures	<ul style="list-style-type: none"> regulatory disclosures at Company level (SURFI, etc.); calculation of the specific ratios of Compagnie de Financement Foncier; consolidated prudential declarations to the Autorité de Contrôle Prudentiel et de Résolution and/or the European Central Bank (via BPCE, central institution), in partnership with the Risk Department. 	<ul style="list-style-type: none"> reporting to the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank (via BPCE, central institution).
Operational accounting	<ul style="list-style-type: none"> supervision and control of interface operations between the loan management system, accounting software packages and reporting databases in cooperation with the IT firm IT-CE; account-keeping for loan management chains and peripheral chains. 	<ul style="list-style-type: none"> reports on outstanding loans and loan flows.
Accounting of financial transactions	<ul style="list-style-type: none"> monitoring and control of the SUMMIT app in liaison with BPCE-SF. 	<ul style="list-style-type: none"> reporting on the accounting of financial transactions (securities, bonds, swaps, etc.).
Subsidiaries' accounting	<ul style="list-style-type: none"> account-keeping for non-banking subsidiaries and preparation of individual financial statements; tax declarations. 	<ul style="list-style-type: none"> balance sheets, income statements and notes for these entities.

ACCOUNTING AND REGULATORY AUDIT

The organizational principles governing accounting control, as part of the process of task decentralization, are set out in the "Framework for controlling the quality of accounting and financial information" approved at the Internal Control Coordination Committee meeting of June 9, 2016.

The Accounting and Regulatory Review Department, which reports hierarchically to the Finance DGA, also reports functionally to the Head of Permanent Control Coordination. Operational accounting controls are the responsibility of the departments directly involved in producing accounting data.

The audits performed are set out in an annual audit plan proposed by the accounting and regulatory audit unit, presented to the Permanent Control Coordination Department and approved by the Internal Control Committee.

These audits include:

- in-depth controls at the quarterly reporting dates, in particular of the evidence supporting the accounts (balance sheet and off-balance sheet accounts);
- regular controls on the main regulatory and tax declarations as well as issues related to summary reports.

They result in the establishment of briefing notes sent to the Accounting Department, the Permanent Controls Coordination Department and the Statutory Auditors.

The consolidation packages, prepared by the subsidiaries and certified by their Statutory Auditors in the respective financial statements, are reviewed in detail and checked for consistency by the Consolidation Unit.

All the regulatory and prudential reports are consolidated by BPCE, which runs automated consistency checks before sending them to the French Prudential Supervisory and Resolution Authority.

The accounting audit is a primary contact for the Statutory Auditors in the course of performing their audit activities. Moreover, it ensures the implementation of recommendations made by the Statutory Auditors.

AUDIT OF FINANCIAL DATA

Disclosures of financial information (regulatory restitutions intended specifically for the French Prudential Supervisory and Resolution Authority (ACPR), Registration documents submitted to the French Financial Markets Authority) are carefully checked by the relevant departments (Management Control, Financial Management, General Accounting, Compliance).

Within Compagnie de Financement Foncier, the Compagnie de Financement Foncier Oversight and Forecasting Division is specifically responsible for verifying the documents that will be sent to the Specific Controller and the rating agencies.

9. Regulatory and prudential information

Compagnie de Financement Foncier publishes a Risk Control and Monitoring report in which all the ratios and indicators applicable to *sociétés de crédit foncier* are disclosed according to regulations in force.

Furthermore, this report includes additional information on the risks supervision of Compagnie de Financement Foncier.

10. Other information

SUPPLIER PAYMENT PERIOD (ARTICLE L. 441-6-1 OF THE FRENCH COMMERCIAL CODE)⁽¹⁾

Compagnie de Financement Foncier complies with regulations on supplier payment periods, in accordance with the LME Act (economic modernization act) of August 4, 2008, which requires that suppliers are paid within 60 days from the date on which the invoice is issued.

Most of Compagnie de Financement Foncier's management is outsourced to Crédit Foncier, and billed by the latter. No debt relating to invoices received and not yet settled is recorded on Compagnie de Financement Foncier's balance sheet as of December 31.

CUSTOMER PAYMENT PERIOD (ARTICLE L. 441-6-1 OF THE FRENCH COMMERCIAL CODE)⁽¹⁾

No customer receivables that are not part of the banking business are shown in Compagnie de Financement Foncier's balance sheet as of December 31.

INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS

Not applicable. As a building society, Compagnie de Financement Foncier is prohibited by law from holding equity investments.

(1) The information below does not include banking and related operations.

EMPLOYEES PARTICIPATION IN THE SHARE CAPITAL

Not applicable. Compagnie de Financement Foncier does not have any employees of its own.

INFORMATION ON ESTABLISHMENTS AND ACTIVITIES

Not applicable. Compagnie de Financement Foncier does not have any premises of its own.

INVESTMENTS

IN 2020

Compagnie de Financement Foncier did not make any major investments (investment of over €30m requiring a qualified majority of the Board of Directors) between January 1, 2020 and the Universal registration document filing date.

To the best of the Company's knowledge, there is no agreement providing for the realization of such an investment in the future.

IN 2019

Compagnie de Financement Foncier did not make any major investments (investment of over €30m requiring a qualified majority of the Board of Directors) during the year.

IN 2018

Compagnie de Financement Foncier did not make any major investments (investment of over €30m requiring a qualified majority of the Board of Directors) during the year.

IN 2017

Compagnie de Financement Foncier did not make any major investments (investment of over €30m requiring a qualified majority of the Board of Directors) during the year.

IN 2016

Compagnie de Financement Foncier did not make any major investments (investment of over €30m requiring a qualified majority of the Board of Directors) during the year.

RESEARCH AND DEVELOPMENT

Compagnie de Financement Foncier did not carry out any research and development in 2019.

MAIN RISKS AND UNCERTAINTIES

The information on the main risks and uncertainties can be found in chapter 4 "Risk management report".

11. Post-balance sheet events

The Covid-19 viral pneumonia epidemic, which, after China, has been spreading in Europe since January, but whose extent and duration remain unknown, represents a risk of a severe downturn. In particular, restrictions on travel in the affected areas, the

obvious impact on the value chain caused by the prolonged economic disruption in the same areas and the spread of the health crisis to the services sector (tourism revenues, air travel, local sales, etc.) is expected to result in slump at least for the 1st half of 2020.

12. Outlook

Compagnie de Financement Foncier intends to continue its development in 2020, in line with the strategic guidelines of Groupe BPCE and for its benefit:

- continued development and management of a network of investors in covered bonds rated AAA (by rating agencies);
- continued growth of funding of eligible loans originated by Groupe BPCE entities, by way of assignment of true sales of collateralized loans;

- active management of its assets in order to maintain their high quality, while preserving their profitability;
- continued optimization of financial risk hedging.

For more information about the future outlook, and particularly the economic and financial environment, please refer to Economic and Regulatory Environment on page 34.

13. Social and environmental information

NON-FINANCIAL PERFORMANCE STATEMENT

In view of the size of the balance sheet, the level of revenue and the number of employees, Compagnie de Financement Foncier must insert a non-financial performance statement in the management report pursuant to Article L. 225-102-1 II of the French Commercial Code.

Crédit Foncier, 100% owned by BPCE, is itself consolidated in the BPCE financial statements, which is domiciled in France and publishes a consolidated non-financial performance statement. Furthermore, Compagnie de Financement Foncier, a wholly owned subsidiary of Crédit Foncier, is consolidated into the financial

statements of Crédit Foncier. Crédit Foncier is a wholly owned subsidiary of BPCE, and as such is fully consolidated into the financial statements of BPCE, which is registered in France and publishes a non-financial performance statement.

Pursuant to Article L. 233-16, Compagnie de Financement Foncier is therefore under no obligation to publish a non-financial performance statement for its own scope.

Groupe BPCE's non-financial performance statement can be viewed on the BPCE:

website:

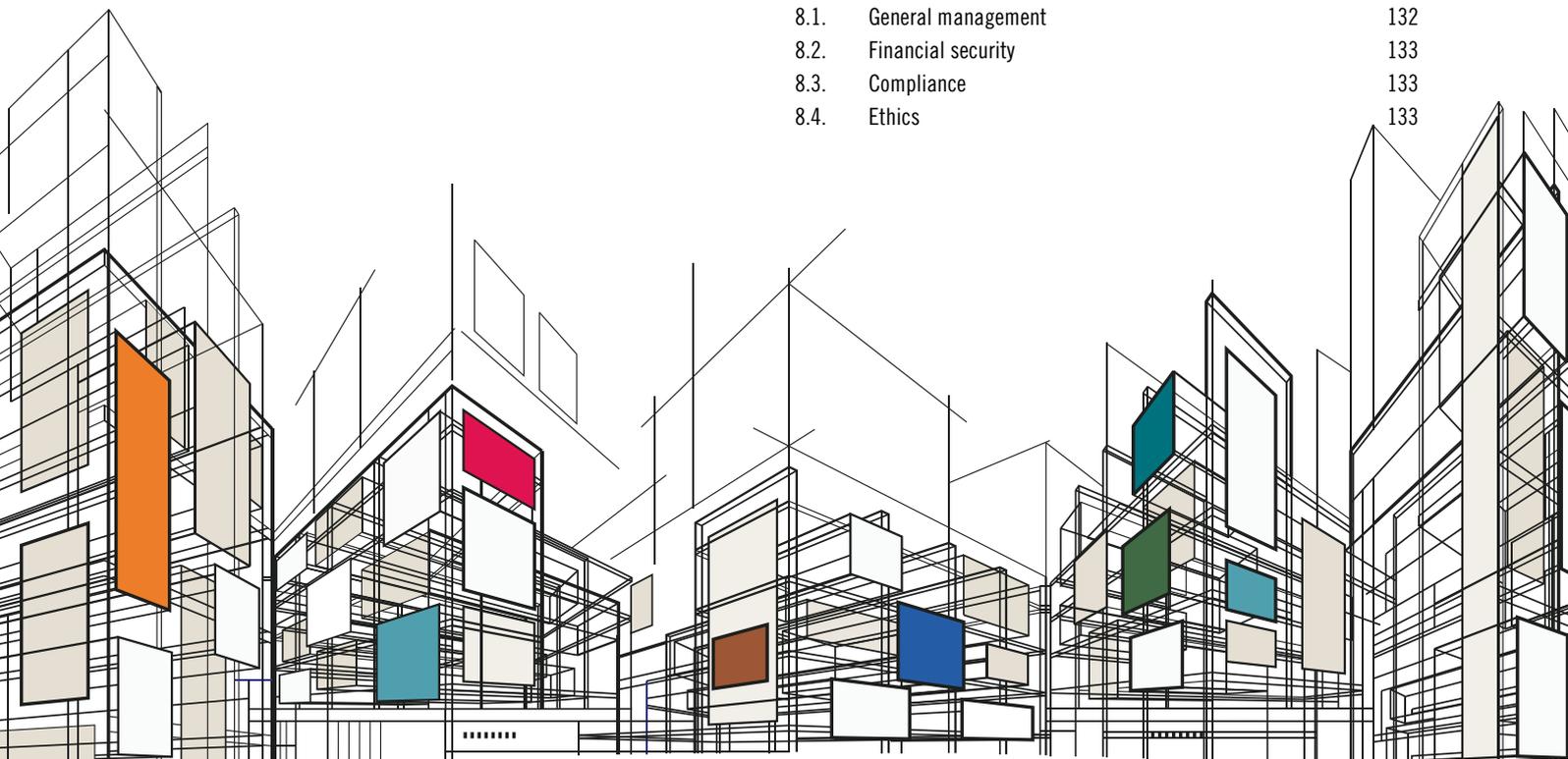
<https://www.groupebpce.fr/Investisseur/Resultats/Documents-de-reference>



4

RISK MANAGEMENT

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1. GOVERNANCE AND RISK MANAGEMENT SYSTEM

1.1. Organization of the Risk, Compliance and Permanent Control Coordination departments

The Risk and Compliance Division of Crédit Foncier is responsible for internal control and compliance for Compagnie de Financement Foncier. It comprises the Risk department, the Compliance and Permanent Control Coordination Division, the Information Systems Security Division, and the Contingency and Business Continuity Plan (CBCP) Division. This Division reports to a Chief Risk Officer of Crédit Foncier. The Compliance Division includes the Financial Security department, in charge of the prevention and treatment of money laundering, terrorist financing, internal and external frauds risks.

Crédit Foncier's Risk and Compliance Division is an integral part of the risk framework of Groupe BPCE. Compagnie de Financement Foncier relies on the systems and the network organization set up at Crédit Foncier.

1.1.1. ORGANIZATION OF GROUPE CRÉDIT FONCIER'S RISK DEPARTMENT

Crédit Foncier's Risk department, which reports functionally to BPCE's Risk Department, covers Compagnie de Financement Foncier. The institution's risk policy has been formally set out in a document describing its various responsibilities and its organization, which serves as a framework for the development of its activities, including activities carried out on behalf of Compagnie de Financement Foncier and the management of the capital of group Crédit Foncier entities.

In the specific case of Compagnie de Financement Foncier, the Risk department conducts its activities within the framework of the agreements signed between Crédit Foncier and its *société de crédit foncier*. The Risk department reports on its activities to the Risk Executive Committee, Risk Committee and to Executive Management of Compagnie de Financement Foncier.

The Compagnie de Financement Foncier Oversight and Forecasting Division, which is in charge of monitoring Compagnie de Financement Foncier's outsourced services and, therefore, the proper implementation of the agreements signed with Crédit Foncier, is an integral part of group Crédit Foncier's Internal Control arrangement.

MAIN RESPONSIBILITIES OF THE RISK COMMITTEES

Compagnie de Financement Foncier is part of the overall organization of Crédit Foncier: the Compagnie de Financement Foncier Risk Executive Committee and Crédit Foncier Internal Control Committee are the umbrella committees of this organization.

Compagnie de Financement Foncier's **Risk Executive Committee** is chaired by its Chief Executive Officer. Meeting at least quarterly, its main responsibilities are to deal with:

- the general risk policy;
- analyzing and monitoring the institution's overall risk profile based on the results of the rating systems, measurement and assessment (stress scenarios, etc.) and its principle exposures;
- measuring the quality of its commitments and debt collection efforts on the basis of summary reports;
- risk management: monitoring risk, reviewing regulatory and specific ratios, monitoring the risk charge, producing and analyzing stress scenarios, and monitoring capital.

The **Internal Control Committee**, chaired by the Chief Executive Officer of Crédit Foncier, meets at least four times a year and comprises the representatives of control functions. This Committee has the following duties:

- ensure the good organization and completeness of the permanent controls of the activities, and the effectiveness of the monitoring and control mechanisms for operational risks and compliance;
- coordinate actions to ensure risk control, the compliance of operations and internal procedures, quality, availability of information processed by the Information System (IS) and the security of the latter;
- ensure the resolution of the malfunctions identified by the General Inspectorate and the implementation of the recommendations;
- act as a Volcker Committee under the US Dodd-Frank Wall Street Reform and Consumer Protection Act, which has added a new section 13 to the Bank Holding Company Act of 1956 ("BHC Act"), section 13, commonly referred to as "Volcker Rule".

The **ALM and Liquidity Oversight Committee** is the decision-making body responsible for financial management. It is responsible for financial risk management in line with the risk policy and limits established by the Risk Executive Committee pursuant to Groupe BPCE rules.

The operational implementation of guidance and management decisions taken in this body is ensured by the **Treasury Committee** and the **Financial Management Committee**.

1.1.2. ORGANIZATION OF GROUPE CRÉDIT FONCIER'S COMPLIANCE DEPARTMENT

Crédit Foncier's Compliance Division manages Compagnie de Financement Foncier's compliance function.

Crédit Foncier's Compliance Division reports functionally to the BPCE Group Compliance and Security Division (DCSG). It is independent of all other business lines, in accordance with banking regulations.

Under the umbrella charter on internal control organization published on April 20, 2017, the Compliance department is responsible for preventing, identifying, assessing and monitoring risks related to banking compliance, investment services compliance, financial and general ethics. The Compliance Division includes the Financial Security department, in charge of the prevention and treatment of money laundering, terrorist financing, internal and external frauds risks. Lastly, it acts as "SRBA Volcker Officer" on behalf of group Crédit Foncier together with the Risk department – Financial risks. It relies on the Permanent Control Division managed by the Permanent Control Coordination Division and provides regular reports on its activities and the controls carried out to the Compagnie de Financement Foncier Oversight and Forecasting department.

1.1.3. ORGANIZATION OF GROUPE CRÉDIT FONCIER'S PERMANENT CONTROL COORDINATION DEPARTMENT

The Permanent Control Coordination Division ensures the existence and effectiveness of the first- and second-level permanent control mechanism, and works in close cooperation with teams of permanent second-level controllers, who are hierarchically independent from the units controlled, and with the "Compagnie de Financement Foncier Oversight and Forecasting department".

1.1.4. ORGANIZATION OF THE INFORMATION SYSTEMS SECURITY DEPARTMENT

The Head of Information Systems Security for group Crédit Foncier is also in charge of the Compagnie de Financement Foncier scope.

Governance in terms of Information Systems Security at group Crédit Foncier is organized around:

- an Information Systems Security Policy (ISSP) specific to Crédit Foncier, and its thematic variations underpinned by the Security Policy and the rules of Groupe BPCE;
- bodies such as the Internal Information Systems Security Committee (IISSC) chaired by an Executive Director;
- outreach plan to raise awareness about cyber attacks and security risks among all employees;
- a permanent control mechanism for Information Systems Security, combined with a half-yearly security report (security indicators).

1.1.5. ORGANIZATION OF THE CONTINGENCY AND BUSINESS CONTINUITY PLAN (CBCP)

The Contingency and Business Continuity Plan (CBCP) of Crédit Foncier encompasses the business continuity of Compagnie de Financement Foncier. The Contingency and Business Continuity Plan is under the responsibility of the Head of Information Systems Security, who reports directly to the Chief Risk Officer of the Risk and Compliance Division of Crédit Foncier.

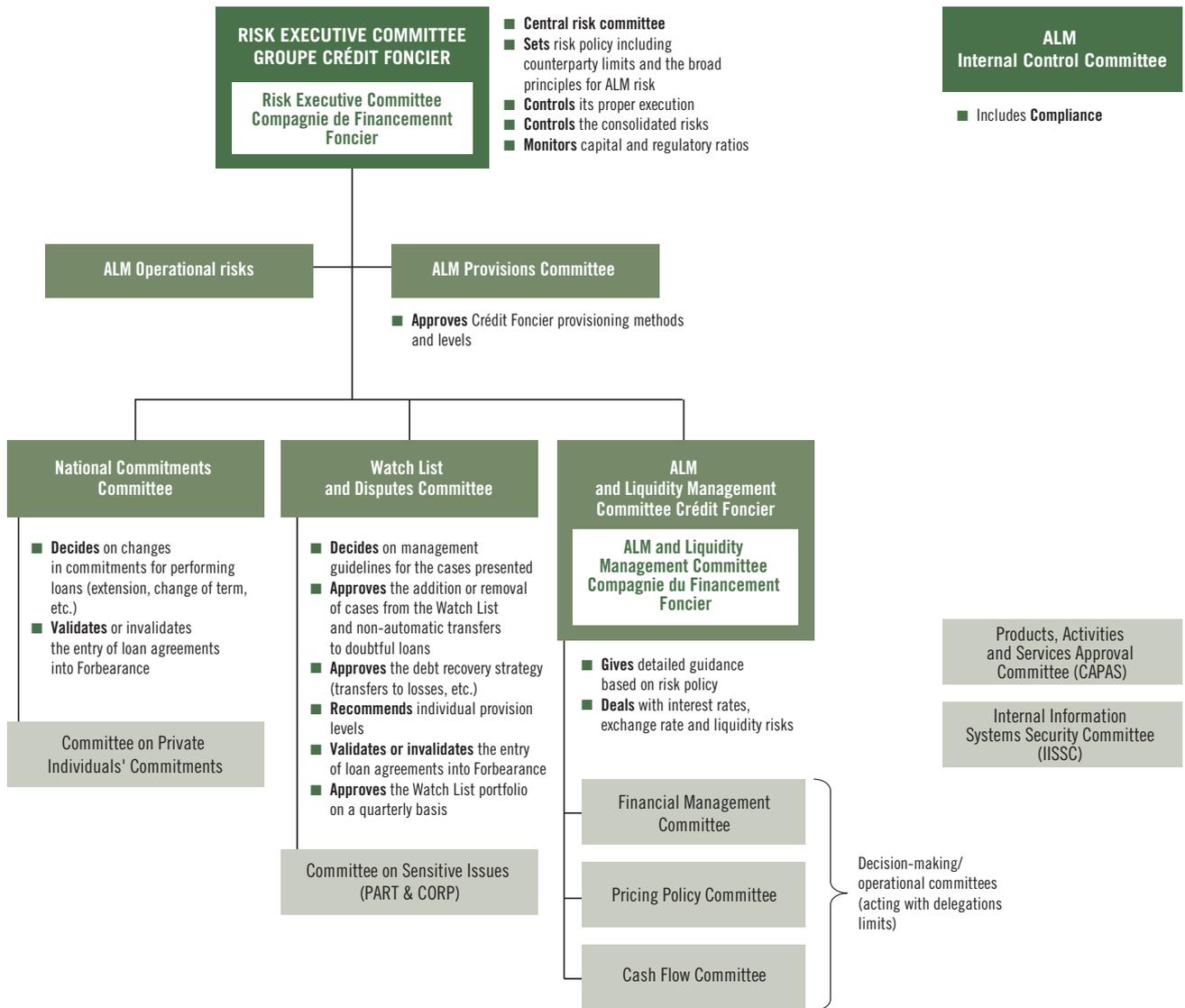
Compagnie de Financement Foncier has its own CBCP Manager, fully integrated in the group Crédit Foncier plan.

1.1.6. INFORMATION SYSTEM AND DATA CONSISTENCY

To comply with Basel II and subsequently Basel III, the Risk department ensures the accounting consistency of the data input into the risk management system. Compagnie de Financement Foncier's exposures are fully integrated into this data consistency mechanism.

Accordingly, all Groupe BPCE entities ensure that all data transferred to Group regulatory production systems are checked for accounting consistency at least quarterly.

RISK ORGANIZATION – COMMITTEES STRUCTURE



1.2. Loan selection process

Compagnie de Financement Foncier's loans selection process takes place in two steps:

- selection by Crédit Foncier during its loan granting process;
- acquisition process during which Compagnie de Financement Foncier uses filters to screen loans acquired from Crédit Foncier.

The analysis is similar for purchasing loans and receivables to another entity of Groupe BPCE.

Compagnie de Financement Foncier's risk appetite is the level of risk it is willing to accept. It is consistent with the institution's operating environment, its strategy and its business model.

Compagnie de Financement Foncier's procedure, approved by the Board of Directors on July 28, 2016, falls within the general framework of group Crédit Foncier's risk appetite, approved by the Board of Directors on December 15, 2015, and reviewed on December 16, 2016, which itself is part of the general framework of Groupe BPCE's risk appetite, approved by BPCE's Supervisory Board and presented to the European supervisor in July 2015.

This framework is based on an overarching document which presents, qualitatively and quantitatively, the risks that Compagnie de Financement Foncier agrees to take. It describes the principles of governance and operation in effect, and is intended to be updated annually, especially to reflect regulatory changes.

The operational mechanism for risk appetite is based, in turn, on indicators broken down according to significant type of risk and is based on successive thresholds associated with distinct delegation levels, namely:

- operational limits or tolerance thresholds for which the Executive Directors may decide, directly or through the committees they chair, either on a return to below the limit, or the establishment of an exception;
- the resilience threshold that, when exceeded, could pose a risk to the continuity and stability of the business. Any breach of these limits requires that a report and an action plan be sent to the Supervisory Body.

Compagnie de Financement Foncier has adopted the procedure implemented at the Group level that is dedicated to the Recovery and Resolution Plan that concerns all BPCE institutions.

1.2.1. COMMITMENT SELECTION AND MONITORING SYSTEMS AT CRÉDIT FONCIER

Commitment selection and monitoring relies on:

- implementation of risk policies across activities (loans to individual customers, and to public and private Corporates), consistent with Group credit policies;
- definition of delegations, primarily with regard to public Corporates and the consumer business;
- a system of fixed limits governing main corporate exposures, in order to manage concentration risk;
- system for assessing borrowers' creditworthiness and the quality of transactions using internal rating engines and counter-analysis;

- risk monitoring primarily achieved through the following mechanisms: quarterly review of portfolios, committees dealing with sensitive issues and internal, external and regulatory reporting;
- risk management leading to the measurement and the prospective management of risks.

1.2.2. CREDIT RISK ANALYSIS

Loan assessment tools are organized around two mechanisms:

- counter-analysis mechanism;
- ratings-based creditworthiness assessment during loan origination and regular monitoring based on the type of loan.

COUNTERANALYSIS MECHANISM

The counteranalysis system is related to a delegation chain that provides for two levels of review:

- a distribution channel commercial level with an integrated score up to a certain level for the portfolio with attendance at Risk department Committee Meetings. The Risk department has the right of evocation;
- a National Committee on Commitments level where a representative of the Risk department expresses an independent opinion supported by his counter-analysis. He/she has no say in the decision. For amounts above a specified limit, the Group Risk Management Division is asked to approve the execution of the transaction.

Loans are subject to a first analysis by the business lines (commercial and underwriting units), followed by a counteranalysis performed by a special independent unit.

This counteranalysis falls within the exclusive competence of the Risk department and is performed for all requests for financing submitted to the National Commitments Committee, and, in certain cases, to the Business Line Committee (following the Delegation Chain).

RATING APPROACH

INDIVIDUALS

The system for rating the creditworthiness of Individuals is specific to Crédit Foncier especially because it has no deposit accounts.

During the granting process, this system relies on a score based on both an expert system and a statistical rating.

Loan portfolio risk monitoring is carried out via a monthly rating using the features of the property transaction and of the borrower at the time of origination, as well as information on any potential past due payments.

The rating scales are specific to the type of transaction (home ownership or loans for rental housing).

PUBLIC, PRIVATE AND INTERNATIONAL OPERATORS

For legal entities (private or public) and not assimilated to private individuals, each counterparty is rated based on a unique set of internal rating approaches employed Group-wide in Groupe BPCE.

The rating of this portfolio relies on internal rating applications developed by Groupe BPCE. For private and public Corporates, the rating approach is based on quantitative and qualitative creditworthiness assessments and on an expert system.

Ratings are reviewed annually.

The International public sector (IPS) portfolio is rated internally. The method used to rate IPS portfolio outstandings is a combination of an expert approach and an approach based on external ratings.

1.2.3. ELIGIBILITY CRITERIA FOR CRÉDIT FONCIER AND PURCHASING OR MOBILIZATION FILTER

The asset acquisition process implemented by Compagnie de Financement Foncier is very prudent and supplements a loan granting system that already ensures quality assets.

INDIVIDUALS

Compagnie de Financement Foncier acquires loans that finance home ownership and rental housing; that are secured by a first-ranking mortgage guarantee or equivalent.

Loan origination is carried out almost exclusively by Crédit Foncier. Compagnie de Financement Foncier can, however, acquire loans from other credit institutions. The operating method for selecting loans is then adjusted accordingly.

After loan granting by Crédit Foncier in accordance with existing policies and eligibility criteria, Compagnie de Financement Foncier acquires loans presenting a risk of default below a certain threshold, based on a selection process.

Eligible collateral are:

- first-ranking mortgages or equivalent;
- state guarantee provided by the guarantee fund for home ownership for low-income households (FGAS);
- on a more marginal scale, a guarantee from Crédit Logement, a financial company rated Aa3 by Moody's at December 31, 2019.

The LTVs applied to the mortgage value allow the determination of the outstanding amount of the loan that can be financed by privileged resources:

- 100% for FGAS guarantees;
- 80% for home loans granted to private individuals and secured by a first-ranking mortgage or equivalent;
- 60% for the others (relating mainly to Social housing).

In addition, Compagnie de Financement Foncier uses a rating filter taking into account initial credit scores at origination and outstandings as described in the following table.

Loans and receivables that were under observation and thus kept on the Crédit Foncier's balance sheet due to their lower ratings now can be purchased by Compagnie de Financement Foncier given a special termination clause automatically activated if the loan becomes doubtful (for a period of four years identical to that of their previous observation).

FOR ALL CRÉDIT FONCIER ENTITIES EXCEPT THE BELGIAN BRANCH

Filter conditions								Disposal before 2016	Disposal since 2016	Existence of a revolution clause	
Doubtful (CX, DX, RX) or Performing and having been doubtful during the last 2 years	Segment or sub-segment not eligible							✗	✗		
	Performing and not doubtful during the last 2 years	Segment and sub-segment known	Eligible segments and subsegments	Age of the loan	≤ 4 years	Outstanding rating	1 to 7	Rating at origination	0 to 5	✓	✓
> 4 years					8,9,10, Not rated		6 to 9, Not rated		✗	✓	✓
Age of the loan			Outstanding rating	Rating at origination	1 to 7	✓	✓				
					8,9,10, Not rated	✗	✓	✓			

This purchasing filter does not concern loans from the Belgian branch, whose purchases are only carried out through assignment.

FRENCH PUBLIC SECTOR

Compagnie de Financement Foncier's acquisition criteria on loans to French local authorities (FLA) were based on BPCE's internal rating system.

This rating covers the borrower's inherent characteristics (budget, degree of indebtedness, creditworthiness, etc.).

The lowest ratings are systematically excluded from selection.

INTERNATIONAL PUBLIC SECTOR

Compagnie de Financement Foncier holds exposures to international counterparties that meet the eligibility requirements of the French Monetary and Financial Code. The portfolio switched to being managed on a run-off basis in 2011. The portfolio has been managed on a run-off basis from 1. Before the phase-out, the loans selected at origination were concentrated on counterparties with the highest ratings, most of them step 1 (\geq AA-).

CORPORATE LOANS

Since 2016, Compagnie de Financement Foncier may be assigned some long-term private corporate loans financed by Crédit Foncier, which receives a full and complete, formalized and first-rank mortgage guarantee, in favor of Crédit Foncier, on one or more assets for offices, commercial or residential properties located in metropolitan France.

The asset assignment is limited to 60% of the mortgage value, dated within one year of the assets used as a guarantee. Only performing loans are eligible.

1.2.4. CREDIT LIMITS

ASSIGNING CREDIT LIMITS

Compagnie de Financement Foncier's credit limits system incorporates the same limits as those used by group Crédit Foncier, notably with regard to country limits and individual limits.

Groupe BPCE entities must, at their respective levels, adhere to the limitations placed on their operations determining the rules for risk diversification among the portfolios and to the regulatory limits applicable to managing major risks.

Validated by the Risk Executive Committee, these individual limits, prepared and proposed by the Risk department, are subject to update, control, monitoring and a range of reporting requirements at the initiative of the Risk department. These limits are also followed at the group Crédit Foncier's level.

MANAGING LIMIT BREACHES AND ALERT PROCEDURE

GENERAL PRINCIPLES

Compliance with limits is checked during regular counteranalysis prior to the review of loans by the Commitment Committees.

BANK COUNTERPARTIES

In accordance with the arrangements set out in the management agreements between the two institutions, compliance with limits on the counterparties to the financial transactions of Compagnie de Financement Foncier is monitored by the Financial Risk Division and, at a second level, by the Risk Division.

These limits are established for Compagnie de Financement Foncier's banking counterparties (primarily for hedging and treasury management requirements) and are regularly reviewed in *ad hoc* committees.

Monitoring of compliance with the limits is carried out on a daily basis by next-day observation. Related usage is updated in real time by the Front Office. It should be noted that the framework contracts with bank counterparties include a systematic margin call for the value of the transactions, based on the counterparty's rating, to be paid only by the counterparties, not by Compagnie de Financement Foncier.

All breaches are reported in real time to the executive management of Compagnie de Financement Foncier and Crédit Foncier.

1.2.5. RISK MONITORING

Risk monitoring relies on three main components:

- the quarterly review of portfolios to ensure the overall quality of exposures and control the recognition of provisions for credit losses;
- at a minimum, monthly monitoring of sensitive operations for Corporate clients and on request for Retail clients;
- the production of internal, external and regulatory reporting.

Special rules apply to the structured products of the French public sector.

PORTFOLIO REVIEWS

Regular reviews are conducted to evaluate the quality of the exposures. This implies stringent analysis of the quality of each exposure performed by the business lines and the Risk department. This analysis extends to all of Crédit Foncier's large exposures as well as of Compagnie de Financement Foncier.

MONITORING OF SENSITIVE ISSUES

This kind of monitoring concerns loans considered by the institution to be troubled or likely to encounter trouble in the future. Such monitoring involves ruling on the classification of the concerned loans or their servicing status (performing/doubtful/in litigation).

INDIVIDUALS

This type of monitoring is carried out by the Committee on Sensitive Issues (CMAS), which meets on request to review troubled loans and to recommend the potential recognition of a provision for credit loss on an individual basis or via the Watch List Committee or delegation chain.

PUBLIC SECTOR AND SOCIAL HOUSING

This type of monitoring is carried out via groupe Crédit Foncier's Watch List Committee which includes Compagnie de Financement Foncier's outstanding assets. The Watch List is reviewed quarterly. It lists all the counterparties requiring special attention due to the potentially high risk they represent. The Watch List concerns performing or doubtful loans but not loans already in the process of litigation by the Litigation department. The fact of being placed on the Watch List does not trigger the automatic suspension of credit lines or a downgrade of the counterparty to doubtful.

Additionally, troubled loans are reviewed more frequently in the sensitive cases committees.

In the framework of monitoring the structured products of Public sector operators, and in coordination with Groupe BPCE, a signatory to the Gissler Charter, group Crédit Foncier closely monitors these transactions, enabling it to alert customers in advance about the market development impacts.

PRIVATE CORPORATES

Loans and receivables assigned to Compagnie de Financement Foncier are of good quality with a low mortgage LTV ratio (which is more strict than the market value LTV), and an asset selection process (housing, offices and commercial properties) with a global limit for the portfolio.

If, in spite of all the measures, the said event occurs (default, forbearance, watch list), the loan will no longer be mobilized by Compagnie de Financement Foncier. The monthly control is carried out in order to renew the assignments.

2. CHANGES IN ASSETS

In accordance with its *société de crédit foncier* status, Compagnie de Financement Foncier's assets are broken down into three main categories:

- secured loans, as defined under Articles L. 513-3, L. 513-5 and 513-6 of the French Monetary and Financial Code, backed by a first-rank mortgage (or equivalent real estate collateral or, to a lesser extent, a surety);

- exposure to public entities, as defined under Articles L. 513-4 and L. 513-5; and
- and replacement values as defined in Article L. 513-7, limited to 15% of the nominal value of the privileged resources.

BREAKDOWN OF ASSETS BY GUARANTEE

ASSETS	December 31, 2019		December 31, 2018	
	in €m	% of balance sheet	in €m	% of balance sheet
Guaranteed loans (Articles L. 513-3, L. 513-5 and L. 513-6)	38,577	54.0%	40,459	52.8%
Mortgage loans secured by the FGAS	17,594	24.6%	18,656	24.3%
Other mortgage loans	16,032	22.4%	17,059	22.3%
Mortgage notes	0	0.0%	0	0.0%
Loans with institutional guarantees	4,952	6.9%	4,744	6.2%
Exposure to public entities (Articles L. 513-4 and L. 513-5)	24,891	34.8%	28,032	36.6%
Public sector loans	8,049	11.3%	8,222	10.7%
Public loans assigned under L. 211-38	7,947	11.1%	11,268	14.7%
Public entity securities	7,331	10.3%	7,837	10.2%
Deposits at Banque de France	1,564	2.2%	705	0.9%
Other assets (interests on IFAT, adjustment accounts, etc.)	1,339	1.9%	1,520	2.0%
Replacement values Article L. 513-7	6,654	9.3%	6,654	8.7%
TOTAL ASSETS	71,462	100.0%	76,665	100.0%

The €5.2bn drop in Compagnie de Financement Foncier's balance sheet in 2019 was primarily due to the discontinuation of Crédit Foncier business. This drop was reflected differently depending on the asset category in question:

- refinanced Public sector loans were down €3.1bn as a result of the amortization of existing loans, the repayment of BCPE Group loan L. 211-38 French Local Authorities (FLA) of Groupe BPCE, of the amortization of Crédit Foncier Public sector loan L. 211-38 and incorporating the assignment of CIR/CICE tax credits acquired by Crédit Foncier from Natixis and acquisitions of Public sector receivables from Caisses d'Épargne and Banques Populaires;
- mortgage loans were down €2.1bn as a result of the amortization of existing loans.

However, the breakdown of assets by region changed little during the year. 87.5% of underlying assets are in France.

At December 31, 2019, international assets, mainly from the Public sector, amounted to €8.8bn, broken down into three categories:

- four countries with the highest exposures, namely Italy (€3.1bn), the United States (€1.5bn), Japan (€1.1bn) and Switzerland (€1.1bn);
- four countries with moderate exposure, namely Belgium (€0.9bn), Canada (€0.5bn), Poland (€0.4bn) and Spain (€0.2bn);
- and two other countries with loan volumes of less than €0.1bn; Portugal and the Netherlands.

3. CHANGES IN LIABILITIES

Pursuant to regulations governing *sociétés de crédit foncier*, Compagnie de Financement Foncier's liabilities may be divided into two main categories:

- privileged resources that legally protect bondholders by guaranteeing priority repayment and compliance with repayment schedules, even in the event of default of the issuer or its parent company;
- other resources that help reinforce the security of privileged debt holders. These resources, which rank below privileged liabilities, comprise:
 - unsecured debts with the Crédit Foncier and, particularly for swaps, with various other bank counterparties;
 - subordinated debt and equity, resources contributed by Crédit Foncier.

BREAKDOWN OF LIABILITIES BY GUARANTEE RANK

LIABILITIES	December 31, 2019		December 31, 2018	
	in €m	% of balance sheet	in €m	% of balance sheet
Privileged resources	60,427	84.6%	63,469	82.8%
Covered bonds at the reporting date	60,515	84.7%	63,547	82.9%
Foreign exchange difference on covered bonds	-144	-0.2%	-133	-0.2%
Other privileged resources	55	0.1%	55	0.1%
Translation difference associated with hedging balance sheet items *	1,124	1.6%	1,113	1.5%
Non-privileged resources	9,911	13.9%	12,083	15.8%
Unsecured debt	4,558	6.4%	6,637	8.7%
Subordinated debt or equivalent	2,135	3.0%	2,250	2.9%
■ of which subordinated securities	0	0.0%	0	0.0%
■ of which associate current account	2,000	2.8%	2,100	2.7%
Shareholders' equity, provisions and reserve for general banking risks	3,218	4.5%	3,197	4.2%
TOTAL LIABILITIES	71,462	100.0%	76,665	100.0%
Regulatory capital according to CRR/CRD IV:	3,107	4.4%	3,107	4.1%
■ of which Common Equity Tier 1 capital	3,107	4.4%	3,107	4.1%
■ of which Additional Tier 1 capital	0	0.0%	0	0.0%
■ of which Tier 2 capital	0	0.0%	0	0.0%

* In 2013 and 2014, Compagnie de Financement Foncier reviewed the treatment of swaps for the purposes of determining its regulatory coverage ratio. Since 2013, assets and liabilities have been recognized at historical cost for the purposes of this calculation, i.e. after taking into account their initial currency hedging, and accrued interest on swaps is now calculated after netting for each counterparty. These changes, which only affect prudential ratio items, required adjustments in the above presentation of liabilities, and the creation of the item "Difference relating to hedging of balance sheet items".

During the year, preferred resources decreased by €3.0bn, with contractual amortization of debt amounting to €5.9bn, much higher than issues over the period (€3.0bn).

Unsecured debt narrowed €2bn on the back of a €1.5bn drop relating, in particular, to cash management.

The item comprising subordinated debts and equity remained stable over the year at €5.4bn, or close to 7.5% of balance sheet assets at December 31, 2019.

4. PRUDENTIAL RATIOS

4.1. Specific ratios

Compagnie de Financement Foncier is not obliged by the regulator to follow prudential solvency ratios but nonetheless reports them to investors for information purpose; these ratios are monitored at Crédit Foncier's level, its parent company. However, as a *société de crédit foncier*, Compagnie de Financement Foncier is subject to several specific regulatory ratios that must be respected at all times and which are generally validated by the Specific Controller.

COVERAGE RATIO

First, Compagnie de Financement Foncier measures the coverage ratio that corresponds to the ratio between weighted assets and privileged debt, which must remain above 105% at all times.

In the case of Compagnie de Financement Foncier, restatements affected three types of assets:

- LTV overruns on mortgage loans either held directly or assigned;
- assets sold under repos and;
- the portion of unsecured intragroup loans above the regulatory threshold of 25% of non-privileged liabilities.

Regulations limit outstanding loans financed with covered bonds to the fraction of outstanding loans with an LTV ratio (equal to the outstanding principal in relation to the updated value of the collateral) lower than 100% for loans guaranteed by FGAS, lower than 80% for residential loans granted to individuals and lower than 60% for other mortgage loans.

At end 2019, overruns of the LTV threshold amounted to €190m, still significantly lower than overruns for non-privileged liabilities of over €9.9bn at that date. These overruns were simulated on the basis of several stress scenarios involving instantaneous value losses of 10%, 15% and 20%. They came out at €1.5bn, €2.5bn and €3.6bn, respectively, which are amply covered by non-privileged resources.

In addition, assets used to secure other transactions are deducted from the assets recognized on the balance sheet. Thus the outstanding amount of securities sold to Crédit Foncier under repurchase agreements, representing €0.8bn at December 31, 2019, was not included for the purposes of calculating the ratio.

Finally, application of the limit on intragroup exposure introduced by the order of May 26, 2014 resulted in a €2.3bn drop in BPCE loans, mainly because the loan portfolio posted as collateral failed to meet all eligibility criteria for financing by *obligations foncières*.

As a result, the coverage ratio was 111.4% at end 2019 (vs. 114.1% at end 2018), including any associated currency hedging for assets and liabilities.

Regardless of the minimum ratio required by law, Compagnie de Financement Foncier already committed to maintain at any time a level of non-privileged liabilities in excess of 5% of privileged liabilities (both considered after currency swaps). At December 31, 2019, this ratio was 14.9%, down on the end-2018 level of 16.6%.

LOAN TO VALUE

As part of its risk monitoring and management rules, Compagnie de Financement Foncier sets the LTV of mortgage loans that it holds directly or through mobilization in the format provided for by Article L.211-38 of the French Monetary and Financial Code. This LTV is also the ratio of the present value of the collateral to the outstanding principal. Every year, Compagnie de Financement Foncier, like every *société de crédit foncier*, re-examines the value of this collateral using procedures that are checked for compliance by the Specific Controller. This certification and a description of the methods used to value and re-value property together with their results are presented in the Risk Management report in chapter 6.3.2.

In 2019, revaluation resulted in, on average, a rise in home values of 2.02%.

Taking into account all outstanding mortgage loans, both directly held or used to guarantee loans in the format provided for in Article L.211-38 of the French Financial and Monetary Code, the average LTV at the end of 2019 came to 71.0% for a total outstanding amount of €38.7bn. This breaks down as follows:

- 78.4% for loans guaranteed by FGAS in the amount of €20.0bn;
- 63.7% for other mortgage loans to individuals, with €17.8bn outstanding;
- 49.0% for mortgage loans to Corporates amounting to €0.9bn.

At end-2018, all mortgage loans, totaling €40.6bn, had an average LTV of 72.0%. This breaks down into an average LTV of 72.6% for loans to individuals in the amount of €39.9bn, and of 41.9% for corporate loans totaling €0.8bn.

OTHER LIMITS

Compliance with the various holding limits applicable to certain assets is also verified. At December 31, 2019:

- guaranteed loans amounted to 9.3% of total assets, still well below the legal limit of 35% of the balance sheet; this calculation factors in directly held guaranteed loans (6.9%) as well as loans used to guarantee mortgage notes (2.4%);
- replacement values had an outstanding amount equal to 9.8% of the nominal amount of privileged liabilities, below the mandatory limit of 15%;
- the hedging of cash requirements, taking into account cash flow forecasts, is secured over a period of 180 days.

LIQUIDITY AND SOLVENCY RATIOS

Moreover, as a credit institution, Compagnie de Financement Foncier monitors its liquidity ratios, which are still well above the minimum requirements set by banking regulations, largely as a result of its commitment to maintain enough liquid assets to cover one year's equivalent of debt liabilities. In addition, Compagnie de Financement Foncier has €9.9bn in assets that can be mobilized by the Eurosystem (excluding repurchase agreements) that could provide it with an estimated additional €7.6bn in cash resources after discount and on the basis of the ECB's current rules, while maintaining its coverage rate at above the legal minimum of 105%.

The other prudential ratios applicable to credit institutions are monitored by Crédit Foncier at the consolidated level. However, Compagnie de Financement Foncier determines solvency ratios within its own scope only since January 1, 2014, it has been doing so in accordance with the CRD IV directive and the CRR Regulation and reports them to the French Prudential Supervision and Resolution Authority (ACPR).

Consequently, at the end of December 2019, on the basis of the Basel III standardized approach, its Common Equity Tier One (CET1) ratio was 23.8%, equal to its Tier One ratio and its solvency ratio. Total risk exposures (RWA) amounted to €13.1bn.

4.2. Management of capital

The management of Compagnie de Financement Foncier's capital is supervised directly by its Executive Management. Its management ensures permanent compliance with regulatory ratios and aims to optimize the allocation of capital and to secure its overcollateralization ratio; as such, it contributes directly to the Aaa/AAA/AAA rating by S&P/Moody's/Scope ratings for the *obligations foncières*.

The solvency ratio is calculated for informational purpose at the individual Compagnie de Financement Foncier's level.

COMPOSITION OF CAPITAL

Capital is determined in accordance with the CRD IV directive and the CRR Regulation, applicable since January 1, 2014, taking into account the national options set by the French Prudential Supervision and Resolution Authority (ACPR). It consists of three broad categories: Common Equity Tier 1, Additional Tier 1 Capital and Tier 2 Capital.

The amount of capital of Compagnie de Financement Foncier was €3.11bn at December 31, 2019. This amount also represents the Core Equity Tier-1 capital.

CAPITAL REQUIREMENTS

Capital requirements were calculated using the standard Basel III method. French local authorities outstandings assigned to L. 211-38 loans are treated in a transparent manner, that is, by calculating the requirements based on the underlying loans.

Loans to Groupe BPCE affiliates are weighted at 0%.

Moreover, in the case of partial transfer of loans originated by Crédit Foncier to Compagnie de Financement Foncier and in connection with the assignment and recovery agreements, collected sums are allocated in their entirety and in priority to Compagnie de Financement Foncier. Under the standard approach, this allows to adjust the level of risk-weighting in order to reflect the priority allocation of collections to Compagnie de Financement Foncier and the resulting lower loss rate.

Exposure categories (in €m)	12/31/2019		12/31/2018	
	Capital requirements	RWA	Capital requirements	RWA
Central governments	46	575	48	594
Institutions	7	92	13	156
Regional governments	312	3,901	363	4,540
Corporations	36	448	47	584
Retail customers	46	569	49	613
Mortgage-backed exposure	485	6,064	513	6,408
Exposure at default	50	620	49	614
Other assets	8	101	4	49
Requirements for credit risk (A)	990	12,371	1,085	13,558
Requirements for market risk (B)	0	0	0	0
Requirements for operational risk (C)	34	419	37	465
Credit value adjustment (D)	21	261	26	320
CAPITAL REQUIREMENTS (A+B+C+D)	1,044	13,051	1,147	14,343

SOLVENCY RATIO

Compagnie de Financement Foncier's capital adequacy ratio at December 31, 2019 was determined using the standard approach.

	12/31/2019	12/31/2018
Solvency ratio	23.81%	21.66%
CET1 ratio	23.81%	21.66%
Tier-1 ratio	23.81%	21.66%

5. ANALYSIS OF CREDIT AND COUNTERPARTY RISK

The balance sheet comprises two major categories: assets financed by preferential debts in the form of loans or securities, and replacement values corresponding to a portion of cash balances. These assets meet differentiated approaches as to the measuring and monitoring of their credit risk:

- loans granted to private individuals and loans to business customers mainly in the Public sector: these loans are acquired either directly by Compagnie de Financement Foncier or mobilized through Crédit Foncier or any other entity of Groupe BPCE, in the form of L. 211-38 Public sector or mortgage loans;
- subsidized loans which benefit from the guarantee of the French State were transferred to Compagnie de Financement Foncier when it was created in 1999; with no new loans of this type being granted;
- Public sector securities, which comprise Compagnie de Financement Foncier's main international exposure;
- replacement values comprised of short-term investments with credit institutions that have at least the second-best external rating.

5.1. Breakdown of Compagnie de Financement Foncier's commitments

5.1.1. ANALYSIS OF CREDIT RISK EXPOSURES

Financed assets are analyzed transparently: the analysis covers the assigned assets in the form of loans under Article L. 211-38 of the French Monetary and Financial Code.

Replacement values, on the other hand, are analyzed by counterparty: loans granted to BPCE, essentially in the form of loans under L. 211-38 RV ⁽¹⁾, although collateralized, are considered as an exposure to BPCE.

Compagnie de Financement Foncier reports that it still has no exposure to the following asset classes:

- CDO (Collateralized Debt Obligation) or direct exposures to monoline insurers;
- exposures to CMBS (Commercial Mortgage-Backed Securities);
- other sub-prime exposures, Alt-A or, more broadly, any exposure to US mortgage securities;
- special purpose vehicles;
- leveraged or leveraged buyout (LBO) transactions.

(1) Short-term loans to BPCE guaranteed by collateralized assets.

(in €m)	Exposures as of 12/31/2019			Exposures as of 12/31/2018		
	Sold	Assigned	Total	Sold	Assigned	Total
A – Private Individuals' mortgage loans ^{(1) (2)}	29,861	7,244	37,106	32,105	6,997	39,101
B – Public sector	16,610	7,976	24,586	16,398	11,326	27,724
French public sector	8,545	7,394	15,939	7,785	10,724	18,509
■ Social housing	846	1,707	2,553	974	2,002	2,976
■ French local authorities (FLA) ⁽³⁾	5,578	5,565	11,143	5,128	8,722	13,850
■ Sovereign France	2,121	122	2,243	1,683	0	1,683
Infrastructure project financing (IPF)	610	582	1,192	621	602	1,223
International public sector	7,455	0	7,455	7,992	0	7,992
■ International public sector (IPS)	4,445	0	4,445	4,985	0	4,985
■ International Sovereign	2,581	0	2,581	2,585	0	2,585
■ Public sector large corporations	430	0	430	422	0	422
C – Commercial mortgage exposures	99	628	727	134	479	613
D – Banking sector exposures	608	6,600	7,208	650	6,600	7,250
Banks with sovereign guarantees or similar	552	0	552	533	0	533
Other banks	56	0	56	117	0	117
L. 211-38-VR ⁽⁴⁾	0	6,600	6,600	0	6,600	6,600
TOTAL RISK EXPOSURE (A + B + C + D)	47,178	22,448	69,626	49,286	25,402	74,688
Miscellaneous adjustments and other items ⁽⁵⁾	1,887	4	1,891	2,014	42	2,056
TOTAL	49,065	22,452	71,517	51,300	25,444	76,744

(1) The "mortgage loans France" line item includes a limited amount of outstanding Dutch loans (€35m).

(2) Of which L. 211-38 Belgium for €875m (carrying amount).

(3) Of which €65m L. 211-38 with Caisses d'Épargne and €90m with Banques Populaires.

(4) Short-term loans to BPCE, guaranteed by collateralized assets.

(5) The "Miscellaneous adjustments and other assets" line item is mainly composed of accrued interest on forward financial instruments and adjustment accounts.

At December 31, 2019, the total risk exposure was down by €5.1bn to €69.6bn. This change was due to:

- the €2.6bn decrease in the French public sector to €15.6bn, due mainly to lower assignments in the French local authorities (FLA) sector of €3.2bn;
- the €560m hike in Sovereign France, primarily due to the increase in the amount of investments placed with the Banque

de France (categorized as exposure to the sovereign French issuer) of +€860m, and the maturity of a €409m loan to the Caisse des dépôts et consignations;

- the €2.0bn decline in Private Individuals' mortgage loans to €37.1bn, which mostly had an amortization effect following a halt in the production of new loans from the end of March 2019.

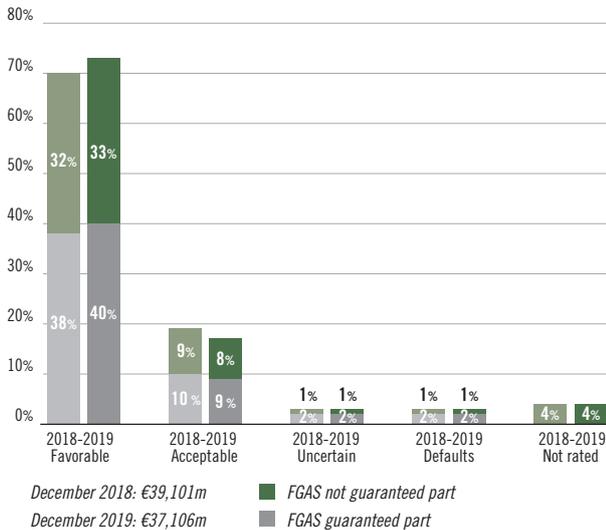
GEOGRAPHICAL BREAKDOWN OF EXPOSURES

Geographical breakdown of exposures	12/31/2019		12/31/2018
	Balance sheet (in €m)	%	%
France	62,735	88	88
Other countries in the European Economic Area	4,682	7	6
■ of which Italy	3,118	4	4
■ of which Belgium	875	not reported	not reported
■ of which Spain	209	not reported	not reported
■ of which Poland	379	not reported	not reported
■ of which Portugal	66	not reported	not reported
■ of which the Netherlands	35	not reported	not reported
Switzerland	1,069	1	1
North America (USA & Canada)	1,974	3	3
Japan	1,057	1	2
TOTAL	71,517	100	100
Reminder of total exposures at 12/31/2018 (in €m)			76,744

5.1.2. QUALITY OF THE PORTFOLIO EXPOSED TO CREDIT RISK

PORTFOLIO OF LOANS TO INDIVIDUALS

INTERNAL RATING AND QUALITY OF MORTGAGE LOANS MADE TO PRIVATE INDIVIDUALS



The ratings attest to the ongoing good quality of outstanding loans.

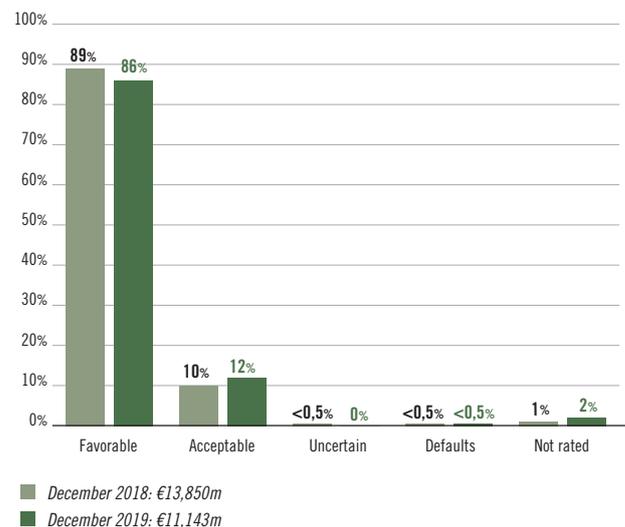
FRENCH PUBLIC SECTOR PORTFOLIO

The French public sector portfolio stood at €15.9bn, breaking down as follows:

- French local authorities: €11.1bn;
- Social housing: €2.6bn;
- Sovereign France: €2.2bn.

FRENCH LOCAL AUTHORITIES

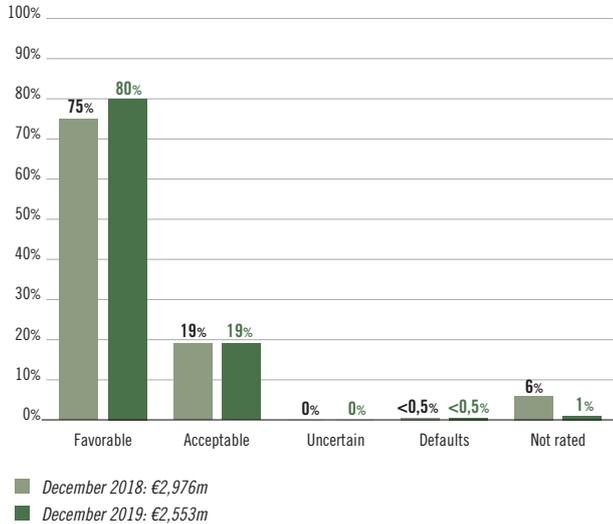
PORTFOLIO OF FRENCH PUBLIC OPERATORS – BREAKDOWN BY BASEL II RATING



The quality of French local authorities' outstandings held by Compagnie de Financement Foncier stays at a very high level.

SOCIAL HOUSING

SOCIAL HOUSING – BREAKDOWN BY BASEL II RATING



The quality of Social housing portfolio held by Compagnie de Financement Foncier stays at a very high level.

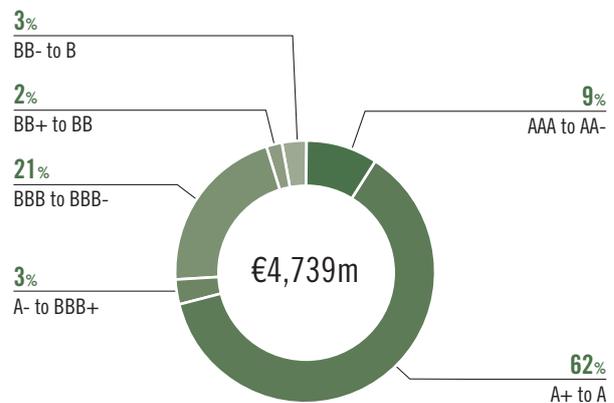
INTERNATIONAL PUBLIC SECTOR PORTFOLIO

INTERNATIONAL PUBLIC SECTOR (EXCLUDING SOVEREIGNS) AND LARGE PUBLIC SECTOR CORPORATIONS

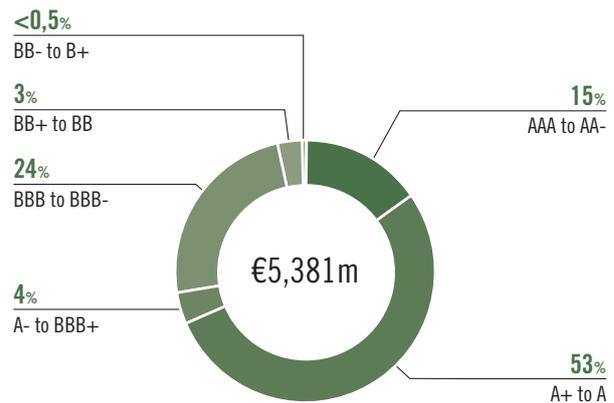
At December 31, 2019, the IPS portfolio (excluding Sovereigns) and Large Public sector Corporations remained stable at €4.7bn, down €642m on December 31, 2018, following various asset disposals and maturities. Compagnie de Financement Foncier has stopped making new acquisitions in recent years.

BREAKDOWN OF EXPOSURES BY INTERNAL RATING ON INTERNATIONAL PUBLIC SECTOR AND LARGE PUBLIC SECTOR CORPORATIONS*

December 31, 2019



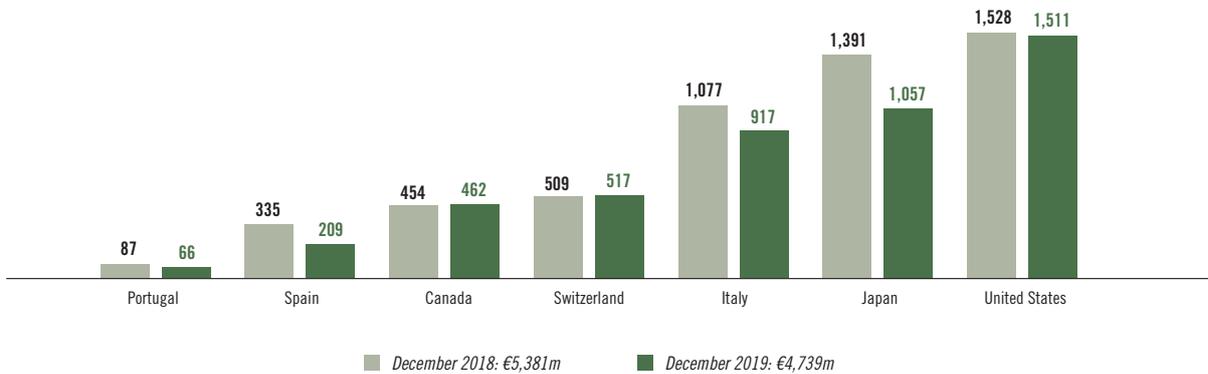
December 31, 2018



*Net carrying amount before taking swaps into account.

The quality of the rating continues to be high.

BREAKDOWN OF DIRECT EXPOSURES TO INTERNATIONAL PUBLIC SECTOR AND LARGE CORPORATES*



*Net carrying amount before taking swaps into account.

The drop in exposures to Japan was due to the disposal of Jehdra shares which was offset by exchange rate fluctuations. The maturity of Communauté Autonome de Galice securities and the Comunidad de Aragon's debt, reduced exposures for Spain.

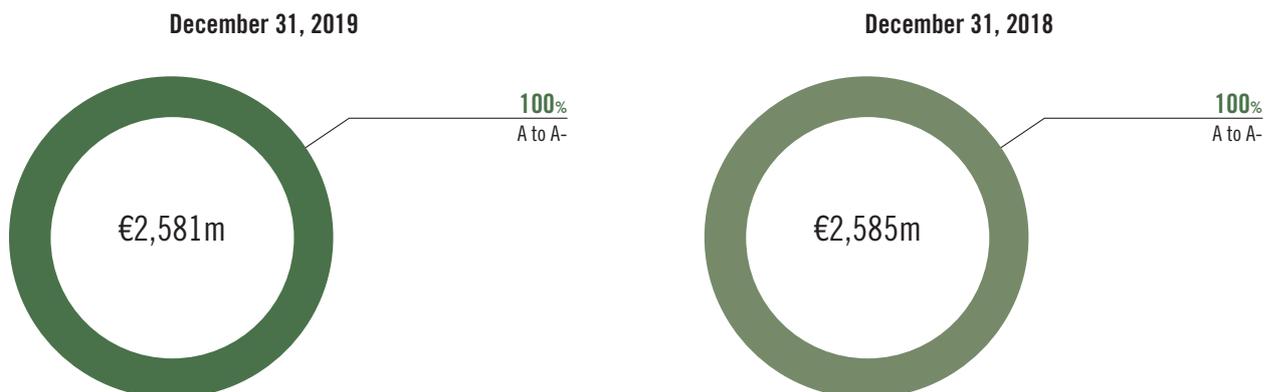
It should be noted that currency exchange fluctuations affect the outstandings of assets denominated in foreign currencies (USD, JPY, CAD, etc.), shown before swap effects.

Compagnie de Financement Foncier has no direct exposures to monoline insurers but does have credit enhancements acquired from them for certain assets in the portfolio.

INTERNATIONAL SOVEREIGN

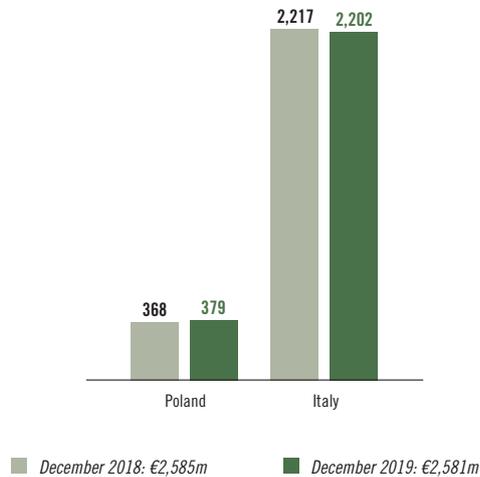
Following the disposals and repayments, Compagnie de Financement Foncier's residual exposure to sovereign issuers is concentrated on Italy and, to a lesser extent, on Poland. The variation of outstandings from one year to another is explained by exchange rate fluctuations as some of the exposures are in foreign currencies and given the fact that the presentation is made on before swaps basis.

BREAKDOWN OF EXPOSURES BY INTERNAL RATING OF SOVEREIGNS EXCLUDING FRANCE



Compagnie de Financement Foncier's whole International Sovereign portfolio is rated investment grade (rating \geq A-).

BREAKDOWN OF DIRECT EXPOSURES TO SOVEREIGNS OUTSIDE FRANCE



Given the disposals, Compagnie de Financement Foncier is now exposed exclusively to Italian and Polish Sovereigns. The variation of outstandings from one year to another is explained by exchange rate fluctuations as some of the exposures are in foreign currencies and given the fact that the presentation is made on before swaps basis.

MONOLINE INSURERS ON EXPOSURES TO IPS, LARGE CORPORATES AND SOVEREIGNS

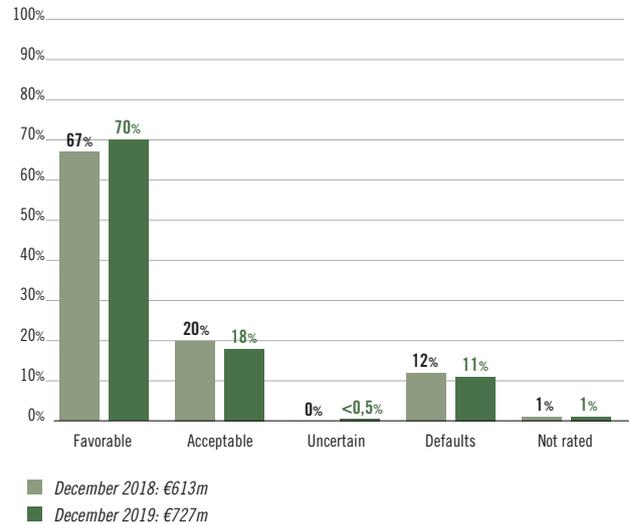
Compagnie de Financement Foncier has no direct exposures to monoline insurers but does have credit enhancements acquired from them for certain assets in the portfolio.

Thus, €1.5bn in outstandings in the portfolio is counter-guaranteed by the monoline insurers. For FGIC, the deterioration of its creditworthiness means that its guarantee is less effective than at the outset (due to fact that the transaction's intrinsic credit rating is higher than the one of the credit guarantor).

This is, however, not the case of Assured Guaranty Municipal Corp. (formerly FSA) and of Assured Guaranty Corp (which took over CFIG), rated respectively AA/A2 and AA/A3 by S&P and by Moody's, which guarantees a total outstanding amount of €1,22bn in securities; or of National Public Finance Guarantee Corp. (formerly MBIA), rated Baa2 by Moody's, and which guarantees a total outstanding amount of €0.14bn in securities.

PRIVATE CORPORATES PORTFOLIO

At December 31, 2019, Private Corporate outstandings sold and assigned amounted to €727m, with 88% of the outstandings having "Favorable" or "Acceptable" ratings.



BANKING SECTOR PORTFOLIO

With €7.2bn of outstandings, banking sector exposures remained stable compared to December 31, 2018. They consist mainly of short-term transactions with BPCE (€6.6bn). Compagnie de Financement Foncier also had an exposure to financial institutions benefiting from public authority guarantees, Swiss cantonal banks, as part of long-term loans from the former IPS activity.

5.2. Delinquency

5.2.1. COMPAGNIE DE FINANCEMENT FONCIER'S RISK HEDGING

The table below shows the breakdown of assets excluding endorsements and financial guarantees given along with the doubtful loan rates.

Risk exposures (in millions of euros)	Gross exposures as of 12/31/2019				Gross exposures as of 12/31/2018			
	Total balance sheet	Doubtful loan rate	Doubtful loan rate Assigned	Doubtful loan rate global	Total balance sheet	Doubtful loan rate	Doubtful loan rate Assigned	Doubtful loan rate global
A – Private Individuals' mortgage loans ^{(1) (2)}	37,106	4.37 %	0.14 %	3.55 %	39,101	4.61 %	0.17 %	3.81 %
B – Public sector	24,586	0.02 %	0.03 %	0.02 %	27,724	0.03 %	0.00 %	0.02 %
French public sector	15,939	< 0.5 %	0.03 %	< 0.5 %	18,509	< 0.5 %	0	< 0.5 %
■ Social housing	2,553	< 0.5 %	0.00 %	< 0.5 %	2,976	< 0.5 %	0	< 0.5 %
■ French local authorities (FLA) ⁽³⁾	11,143	< 0.5 %	0.04 %	< 0.5 %	13,850	< 0.5 %	0	< 0.5 %
■ Sovereign France	2,243	0	0	0	1,683	0	0	0
Infrastructure project financing (IPF)	1,192	0	0	0	1,223	0	0	0
International public sector	7,455	0	0	0	7,992	0	0	0
■ International public sector (IPS)	4,445	0	0	0	4,985	0	0	0
■ International Sovereign	2,581	0	0	0	2,585	0	0	0
■ Public sector large corporations	430	0	0	0	422	0	0	0
C – Commercial mortgage exposures	727	77.93 %	0	10.62 %	613	54.21 %	0	11.82 %
D – Banking sector exposures	7,208	0	0	0	7,250	0	0	0
Banks with sovereign guarantees or similar	552	0	0	0	533	0	0	0
Other banks	56	0	0	0	117	0	0	0
L. 211-38-VR ⁽⁴⁾	6,600	0	0	0	6,600	0	0	0
TOTAL RISK EXPOSURE (A + B + C + D)	69,626	2.94 %	0.05 %	2.01 %	74,688	3.16 %	< 0.5 %	2.10 %
Miscellaneous adjustments and other items ⁽⁵⁾	1,891	0	0	0	2,056	0	0	0
TOTAL	71,517	2.83 %	0.05 %	1.96 %	76,744	3.04 %	< 0.5 %	2.04 %

(1) The "mortgage loans France" line item includes a limited amount of outstanding Dutch loans (€35m).

(2) Of which L. 211-38 Belgium for €875m (carrying amount). Of which €65m L. 211.38 with Caisses d'Épargne and €90m with Banques Populaires.

(3) Of which €65m L. 211-38 with Caisses d'Épargne and €90m with Banques Populaires.

(4) Short-term loans to BPCE, guaranteed by collateralized assets.

(5) The "Miscellaneous adjustments and other assets" line item is mainly composed of accrued interest on forward financial instruments and adjustment accounts.

The overall doubtful loan rate was low at 2%.

For mortgages, the doubtful loan rate dropped to 3.6% at end-December 2019 from 3.8% at end-December 2018.

The Public sector portfolio has a very marginal rate of doubtful loans, corresponding to old cases, attesting to the good quality of the portfolio.

The doubtful loan rate for commercial mortgage exposures held by Compagnie de Financement Foncier rose from 54.2% to 77.9% due to the smaller base of outstandings sold, but the doubtful amount remains stable and mainly concerns a single case in the subsidized sector.

5.2.2. RISK CHARGE OF COMPAGNIE DE FINANCEMENT FONCIER

(in €m)	12/31/2019	12/31/2018
Individual cost of risk (A)	6.6	-18
Collective provisions (B)	4.9	2
Cost of risk (A+B)	11.5	-16
Risk charge, net banking income (C)	0	0.9
NET (A+B+C)	11.5	-15.1

At December 31, 2019, Compagnie de Financement Foncier's risk charge was €11.5m. It includes the cost of risk on an individual basis (€6.6m), the cost of risk on a collective basis (€4.9m) and the cost of risk recognized in net banking income (€0m).

5.3. Risk mitigation technique

5.3.1. RISK MITIGATION FACTORS

Compagnie de Financement Foncier's portfolio is very secure as it consists mainly of either risks secured by mortgages or equivalent or risk exposures to the Public sector. Both risks are further reduced by additional guarantees. Thus, for example, 56.5% of outstanding loans to private individuals are covered by a FGAS guarantee.

In relation to individual customers, the main provider of personal guarantees belongs to the Sovereign segment: the *Société de gestion du fonds de garantie à l'accession sociale à la propriété* (SGFGAS) provides a guarantee from the French government for home ownership loans governed by the regulations of loan agreements and guaranteed by first-rank collateral (mortgage or lender's lien). For this reason, SGFGAS benefits from the external ratings assigned to the French state and allows a 0% weighting of loans for which FGAS coverage was signed prior to December 31, 2006. Due to a change in FGAS coverage methods, guarantees granted thereafter have a Basel III weighting equal to a half of what would have been obtained with only a mortgage guarantee. Nevertheless, the part not guaranteed by FGAS, but borne by Crédit Foncier, benefits from a weighting of 0% for Compagnie de Financement Foncier.

Furthermore, some loans to individual customers benefit from sureties and financial guarantees, related to a financial institution risk: mainly Crédit Logement, the subsidiary of most major French banking networks.

Loans covered by Crédit Logement were subject to a Basel III weighting of 50% until the third quarter of 2014. Since the 4th quarter of 2014, exposures guaranteed by Crédit Logement have been weighted at 35% following the decision of BPCE to harmonize the financial communication on the guaranteed exposures of all Groupe BPCE entities.

The transfer facilities between Compagnie de Financement Foncier and Crédit Foncier or other Groupe BPCE entities (agreements, contracts) explicitly provide the cancellation of the transfer in the event of non-compliance of the acquired receivables.

Regarding immovable guarantees, in accordance with the regulations, Compagnie de Financement Foncier annually carries out a very detailed revaluation of registered mortgage guarantees. Compagnie de Financement Foncier's Specific Controller issues an opinion on the validity of real estate asset valuation approaches and their results as well as periodic review procedures.

5.3.2. VALUATION AND PERIODIC REVIEW METHODS FOR REAL ESTATE ASSETS

SPECIFIC CONTROLLER'S CERTIFICATION ON THE VALUATION METHODS AND RESULTS AND PERIODIC REVIEW METHODS OF THE REAL ESTATE ASSETS AT DECEMBER 31, 2019

To the Board of Directors of Compagnie de Financement Foncier,
In our capacity as the Specific Controller of Compagnie de Financement Foncier, and pursuant to Article 5 of Regulation No. 99-10 of the French Banking and Financial Services Regulatory Committee, we assessed the validity, in accordance with regulations in force, of the methods used to value the real estate assets underlying the loans and their results, and of the methods for periodically reviewing their value, as published together with the financial statements for the year ended December 31, 2019 and appended hereto.

The valuation methods and their results for real estate assets and the methods for periodically reviewing their value have been defined and implemented under the responsibility of your company's management.

Our responsibility is to assess the validity of this procedure in terms of its compliance with regulations in force as of December 31, 2019.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. Our work consisted in checking the compliance of:

- valuation procedures, methods and results, as well as periodic review methods, in their design and application with regulations in force as at December 31, 2019;
- the information published together with the annual financial statements with, on one hand, the system for the valuation and periodic review implemented, and on the other hand, with the results arising from the implementation of the valuation system.

The work we have done calls for the following comments and observations:

- the property valuation methods and results and the methods for periodically reviewing their value, published simultaneously with the annual financial statements as of December 31, 2019, generally comply with Articles 2 to 4 of CRBF Regulation 99-10;
- It should be noted, however, that based on the tests carried out by ourselves and internal controls carried out by Crédit Foncier on behalf of Compagnie de Financement Foncier, the operational implementation in 2019 of the periodic review procedure of the value of pledges seems perfectible concerning the exhaustive application of the statistical methods used. Nevertheless, this observation does not affect the cautiousness of the valuation of pledges made in 2019.

Paris on March 27, 2020

The specific controller

CAILLIAU DEDOUIT et Associés

Laurent BRUN
19, rue Clément Marot
75008 Paris – France

PROCEDURE FOR THE VALUATION AND PERIODIC REVIEW OF THE ASSETS UNDERLYING THE LOANS FOR 2019

I. VALUATION METHOD APPLIED TO ASSETS UNDERLYING LOANS

A – General asset valuation principles

The procedure described below has been determined pursuant to Articles 1 and 2 of CRBF Regulation No. 99-10, as amended by regulations No. 2001-02 and No. 2002-02 and by the decrees of May 7, 2007 and February 23, 2011 transposing European directive 2006/48/EC of May 26, 2014 and November 3, 2014 into French law.

Real estate financed by eligible loans or posted as collateral for these loans is subject to cautious appraisal.

The valuation is performed taking into account the long-term sustainable aspects of the property, the normal and local market conditions, the current use and alternative appropriate uses of the property.

C – Summary

The above-mentioned rules, applied since February 24, 2011, are summarized in the following table:

Property types	Cost of transaction is less than €600,000 or acquired loan less than €480,000		Cost of transaction greater than or equal to €600,000 and acquired loan greater than or equal to €480,000	
	Transaction cost	Appraisal	Transaction cost	Appraisal
Residential Property for private individuals	Transaction cost	Appraisal	Transaction cost	Appraisal
Residential Property for Professionals	Transaction cost	Appraisal	Transaction cost	Appraisal
Property for professional use*	Transaction cost	Appraisal	Transaction cost	Appraisal

* *Property for professional use means all properties other than residential and multiple-use properties where the value allocated to the residential part is less than 75% of the total value of the entire property.*

An appraisal is made of all collateral underlying authorized loans (*i.e.* signed by the parties) during the year, regardless of whether or not they are implemented.

Other collateral (securing loans authorized before November 30, 2018 and already valued or re-valued) is subject to a periodic review of its value as presented hereafter (See sections II, III and IV).

II. METHODS USED FOR PERIODIC REVIEW OF RESIDENTIAL ASSETS FOR INDIVIDUALS AND PROFESSIONALS (APPENDIX 1)

The methods described below apply to all loans granted or mobilized to Compagnie de Financement Foncier.

Two methods are used: a statistical method, sub-divided into two variants depending on the customer segment and property type, and an expert appraisal method.

A – Statistical methods

Two variant statistical methods are used for periodic reviews of the value of collateral/guarantees applicable to residential properties depending on the valuation engine used:

- **A.1 Crédit Foncier statistical method**, unchanged from previous years and implemented in the valuation engine in the Crédit Foncier's IT system. These valuations are based on value change indices derived from prices provided by Crédit Foncier Immobilier appraisers:
 - for individual residential properties,
 - annually;

B – Derogation rule used by Compagnie de Financement Foncier

For loans originated between January 1, 2003 and December 31, 2006, in accordance with the provisions of CRBF Regulation No. 99-10 and a decision by the Chairman of Crédit Foncier's Executive Board dated July 28, 2003, a cost of transaction without discount is understood to be an estimated value of an asset for all transactions with Individuals involving residential property where a transaction cost is less than €350,000.

Following the changes to CRBF Regulation No. 99-10, this principle was extended to include:

- for the period between May 7, 2007 and February 23, 2011, all residential property transactions with individual customers where a transaction cost is less than €450,000 or where an outstanding principal amount on the acquired loan or a total amount authorized is less than €360,000;
- as of February 24, 2011, all residential property transactions with individual customers where a transaction cost is less than €600,000 or where an outstanding principal amount on the acquired loan or a total amount authorized is less than €480,000.

Above these thresholds, an appraisal value is considered to be the value of the property.

- **A.2 BPCE statistical method**, using an engine installed on the group's IT system. This permits valuation, using indices based on property prices:

- for professional residential properties,
- semi-annually.

In the special case of collateral located in the Netherlands and Belgium (Appendix 4), country-specific indices are used (Stadim for Belgium and the PBK indices, produced by the Dutch real estate registry, for the Netherlands).

A.1 CRÉDIT FONCIER PERIODIC STATISTICAL REVIEW METHOD (APPENDIX 2)

Principles

The model is based on the preparation of indices. The indices obtained are the changes observed from one year to the next in market values, clarifying that, in accordance with the relevant legislation, an appraisal is carried out, in compliance with the law, on the basis of a prudent assessment (which is then revalued by applying the indices).

The indices reflect four distinct geographical categories:

- i) The 114 urban areas created by postal code grouping approved by the INSEE (French National Institute for Statistics and Economic Studies). They are defined as being urban areas with more than 50,000 inhabitants. The list of these urban areas and their composition changes as the urban fabric and real estate markets evolve;
- ii) Outside these urban areas, the “non-urban” real estate market is divided into administrative regions that date from before the January 1, 2016 regional reforms (20 regions, not including Corsica and Île-de-France);
- iii) Île-de-France, excluding the city of Paris, is valued separately using specific indices for each of its seven departments;
- iv) Paris is also valued separately using a specific index.

The indices of each of these four categories (urban area, non-urban region, Île-de-France and Paris) which are grouped according to postal codes, break down as follows:

- urban areas: 114 Apartment indices/114 House indices;
- non-urban area: 20 House indices;
- Île-de-France (excluding Paris): 7 Apartment indices/7 House indices;
- Paris: 1 Apartment index.

When the apartment/home distinction is not available for a particular item of collateral, the lower of the two indices for the corresponding postal code is used.

When the collateral is in Corsica or in the Dom-Toms (French overseas departments and territories) or its location is not known in the postal code table, the annual trend indices used for the corresponding type of housing are:

- for apartments: the average of the apartment indices for urban areas;
- for houses: the lower of the two averages for houses in urban areas and for regions.

Revaluation cycle management

Real estate value indices are updated annually. New indices are established each November based on the period ending on September 30.

The revaluation cycle is thus managed on a one year rolling period from September 30 of year “n-1” to September 30 of year “n”.

The pledges are revalued on an annual basis using the indices established in November. The processing of revaluations is recognized in the May and November accounts to revalue the pledges that have not been reviewed for over one year.

Sources

These indices are based on an *ad hoc* survey and on expert appraiser estimates carried out each year by the Crédit Foncier Immobilier’s Research department with the network of regional real estate appraisers, quarterly gross statistical real estate information available in its database and regional indicators from www.marche-immmo.com.

A.2 BPCE STATISTICAL REVIEW METHOD (APPENDIX 3)

Principles

The statistical review method used by BPCE applies to residential real estate assets granted to professionals and depends on the property’s location.

It is based on average property prices in each department, and Paris district, supplied by Crédit Foncier Immobilier appraisers.

B – Appraiser estimate revaluation method

This category, in application of Basel II provisions (Article 208 of European Regulation no. 575/2013 of European Parliament and Council dated June 26, 2013), concerns residential real estate posted as collateral for a debt of over €3m.

Each property in this category is individually revalued every three years by means of appraisal. The appraiser determines a cautious mortgage value based on a thorough analysis of the type of asset and its specific aspects and on a prudent, forward-looking view of the market.

In each of the two years between each 3-year appraisal, the property is revalued using a statistical method:

- method A.1 for Individual customers;
- method A.2 for Business customers (Corporates).

III. METHODS USED FOR PERIODIC REVIEW OF REAL ESTATE FOR PROFESSIONAL USE (NON-RESIDENTIAL)

In accordance with CRBF Regulation 99-10, the following revaluation method is used for properties for professional use:

B – Appraiser estimate revaluation method

This category concerns properties for business use (non-residential) for which the debt has been assigned or mobilized to Compagnie de Financement Foncier.

Each property in this category is individually revalued every year by means of appraisal. The appraiser determines a cautious mortgage value based on a thorough analysis of the type of asset and its specific aspects and on a prudent, forward-looking view of the market.

IV. SUMMARY TABLE OF METHODS:

Type of asset	Individuals		Corporates	
	Loan less than €3m	Loan more than €3m	Loan less than €3m	Loan more than €3m
Residential	Method A.1 annually	Individual appraisal (method B) every three years and method A.1 in the interim	Method A.2 annually	Individual appraisal (method B) every three years and method A.2 in the interim
Non residential	Individual appraisal (method B) annually		Individual appraisal (method B) annually	

APPENDIX 1 – BREAKDOWN OF LOANS AND COLLATERAL BY PERIODIC REVIEW METHOD

	Individual residential			Corporates and Individual non-residential		
	Crédit Foncier statistical method (A.1) or foreign indices			BPCE statistical method (A.2)		
	France	Belgium	Netherlands	Global	Individuals	Corporates
Outstandings (in €m)	24,091	1,085	35	16.7	8.6	8.1
No. of guarantees	295,915	8,932	349	55	36	19
2019 value (in €m)	51,746	2,255.7	62.8	71.96	23.98	47.98
2018 value (in €m)	50,721	2,201.1	59	71.13	23.93	47.2
Change	2.02%	2.48%	6.44%	1.17%	0.21%	1.66%

Source: Order October 31, 2019.

Outstandings revalued by appraisers for Corporates stood at 158 guarantees linked for 68 loans worth €616.7m. For Private individuals, no guarantees were revalued by assessors in 2019 under revaluation procedures but appraisers were brought in, where necessary, for debt management and recovery purposes (Litigation, in particular).

APPENDIX 2 – STATISTICAL CHANGES CRÉDIT FONCIER (A.1)

INDICES EVOLUTION 2018/2019

AGGLOMERATIONS WITH MORE THAN 200,000 INHABITANTS

Region	Dept.	Department	Urban unit	Apartment index 2018-2019	House Index 2018-2019
ALSACE	67	BAS-RHIN	Strasbourg	1.014	1.017
ALSACE	68	HAUT-RHIN	Mulhouse	1.006	1.005
AQUITAINE	33	GIRONDE	Bordeaux	1.099	1.083
AQUITAINE	64	PYRÉNÉES-ATLANTIQUES	Bayonne	1.048	1.029
AUVERGNE	63	PUY-DE-DÔME	Clermont-Ferrand	1.011	1.042
BOURGOGNE	21	CÔTE-D'OR	Dijon	1.045	0.958
BRETAGNE	29	FINISTÈRE	Brest	1.007	1.005
BRETAGNE	35	ILLE-ET-VILAINE	Rennes	1.045	1.031
CENTRE	37	INDRE-ET-LOIRE	Tours	1.031	1.005
CENTRE	45	LOIRET	Orléans	1.032	1.013
CHAMPAGNE	51	MARNE	Reims	1.006	1.025
HAUTE-NORMANDIE	76	SEINE-MARITIME	Le Havre	0.989	0.995
HAUTE-NORMANDIE	76	SEINE-MARITIME	Rouen	1.016	1.005
LANGUEDOC-ROUSSILLON	34	HÉRAULT	Montpellier	1.024	1.000
LORRAINE	54	MEURTHE-ET-MOSELLE	Nancy	1.024	1.013
LORRAINE	57	MOSELLE	Metz	1.019	1.008
MIDI-PYRÉNÉES	31	HAUTE-GARONNE	Toulouse	1.043	1.074
NORD	59	NORD	Lille	1.026	1.019
NORD	59	NORD	Valenciennes	1.015	1.016
NORD	62	PAS-DE-CALAIS	Béthune	1.014	1.010
NORD	62	PAS-DE-CALAIS	Douai-Lens	1.006	1.007
PACA	6	ALPES-MARITIMES	Nice	1.016	0.959
PACA	13	BOUCHES-DU-RHÔNE	Marseille-Aix-en-Provence	1.023	1.032
PACA	83	VAR	Toulon	0.996	1.044
PACA	84	VAUCLUSE	Avignon	1.049	1.008
PAYS DE LA LOIRE	44	LOIRE-ATLANTIQUE	Nantes	1.042	1.036
PAYS DE LA LOIRE	49	MAINE-ET-LOIRE	Angers	1.025	1.017
PAYS DE LA LOIRE	72	SARTHE	Le Mans	1.012	1.004
RHÔNE-ALPES	38	ISÈRE	Grenoble	1.000	1.000
RHÔNE-ALPES	42	LOIRE	Saint-Étienne	1.019	1.047
RHÔNE-ALPES	69	RHÔNE	Lyon	1.068	1.041
AVERAGE				1.025	1.018

CITIES WITH 100,000-199,999 INHABITANTS

Region	Dept.	Department	Urban unit	Apartment index 2018-2019	House Index 2018-2019
AQUITAINE	64	PYRÉNÉES-ATLANTIQUES	Pau	1.013	1.005
BASSE-NORMANDIE	14	CALVADOS	Caen	1.031	1.015
BRETAGNE	56	MORBIHAN	Lorient	1.044	1.000
CHAMPAGNE	10	AUBE	Troyes	1.014	0.999
FRANCHE-COMTÉ	25	DOUBS	Besançon	1.011	1.049
FRANCHE-COMTÉ	25	DOUBS	Montbéliard	1.040	1.033
LANGUEDOC-ROUSSILLON	30	GARD	Nîmes	1.036	1.039
LANGUEDOC-ROUSSILLON	66	PYRÉNÉES-ORIENTALES	Perpignan	0.977	0.967
LIMOUSIN	87	HAUTE-VIENNE	Limoges	1.041	1.045
LORRAINE	57	MOSELLE	Thionville	1.013	1.017
NORD	59	NORD	Dunkerque	0.990	1.012
NORD	59	NORD	Maubeuge (french part)	1.000	1.000
PAYS DE LA LOIRE	44	LOIRE-ATLANTIQUE	Saint-Nazaire	1.010	0.994
PICARDIE	60	OISE	Creil	1.005	1.000
PICARDIE	80	SOMME	Amiens	0.989	1.012
POITOU-CHARENTES	16	CHARENTE	Angoulême	1.042	1.041
POITOU-CHARENTES	17	CHARENTE-MARITIME	La Rochelle	1.043	1.000
POITOU-CHARENTES	86	VIENNE	Poitiers	1.005	1.000
RHÔNE-ALPES	26	DRÔME	Valence	1.005	1.000
RHÔNE-ALPES	74	HAUTE-SAVOIE	Annecy	1.065	1.016
RHÔNE-ALPES	74	HAUTE-SAVOIE	Genève-Annemasse	1.049	1.029
RHÔNE-ALPES	73	SAVOIE	Chambéry	1.034	1.046
AVERAGE				1.021	1.015

CITIES WITH 50,000-99,999 INHABITANTS

Region	Dept.	Department	Urban unit	Apartment index 2018-2019	House Index 2018-2019
ALSACE	67	BAS RHIN	Haguenau	0.996	0.999
ALSACE	68	HAUT RHIN	Colmar	1.017	1.004
AQUITAINE	24	DORDOGNE	Bergerac	0.965	0.952
AQUITAINE	24	DORDOGNE	Périgueux	1.040	1.042
AQUITAINE	33	GIRONDE	Arcachon	1.021	1.046
AQUITAINE	47	LOT-ET-GARONNE	Agen	1.048	1.033
AUVERGNE	3	ALLIER	Montluçon	0.971	0.980
AUVERGNE	3	ALLIER	Vichy	1.011	1.033
BASSE-NORMANDIE	50	MANCHE	Cherbourg-Octeville	1.007	1.000
BOURGOGNE	58	NIÈVRE	Nevers	1.000	1.025
BOURGOGNE	71	SAÔNE-ET-LOIRE	Chalon-sur-Saône	1.022	1.009
BRETAGNE	22	CÔTES-D'ARMOR	Saint-Brieuc	0.995	1.000
BRETAGNE	29	FINISTÈRE	Quimper	1.022	1.003
BRETAGNE	56	MORBIHAN	Vannes	1.044	1.011
CENTRE	18	CHER	Bourges	1.013	0.974
CENTRE	28	EURE-ET-LOIR	Chartres	1.012	1.008
CENTRE	36	INDRE	Chateauroux	0.997	0.996
CENTRE	41	LOIR-ET-CHER	Blois	1.000	1.000
CENTRE	45	LOIRET	Montargis	1.003	1.003
CHAMPAGNE	8	ARDENNES	Charleville-Mézières	0.984	0.984
CHAMPAGNE	51	MARNE	Chalons-en-Champagne	0.997	0.994
FRANCHE-COMTÉ	90	TERRITOIRE DE BELFORT	Belfort	1.043	1.022
HAUTE-NORMANDIE	27	EURE	Évreux	1.008	1.002
LANGUEDOC-ROUSSILLON	11	AUDE	Carcassonne	0.993	1.000
LANGUEDOC-ROUSSILLON	11	AUDE	Narbonne	1.037	0.962
LANGUEDOC-ROUSSILLON	30	GARD	Alès	1.020	1.028

Region	Dept.	Department	Urban unit	Apartment index 2018-2019	House Index 2018-2019
LANGUEDOC-ROUSSILLON	34	HÉRAULT	Béziers	1.047	1.046
LANGUEDOC-ROUSSILLON	34	HÉRAULT	Sète	1.039	1.048
LIMOUSIN	19	CORRÈZE	Brive-la-Gaillarde	1.040	1.044
LORRAINE	57	MOSELLE	Forbach (french part)	0.997	0.979
LORRAINE	88	VOSGES	Épinal	1.008	1.008
MIDI-PYRÉNÉES	65	HAUTES-PYRÉNÉES	Tarbes	1.048	0.951
MIDI-PYRÉNÉES	81	TARN	Albi	1.042	1.045
MIDI-PYRÉNÉES	81	TARN	Castres	1.000	0.973
MIDI-PYRÉNÉES	82	TARN-ET-GARONNE	Montauban	1.097	1.045
NORD	59	NORD	Armentières (french part)	1.018	0.989
NORD	62	PAS-DE-CALAIS	Arras	1.022	1.009
NORD	62	PAS-DE-CALAIS	Boulogne-sur-Mer	0.988	0.970
NORD	62	PAS-DE-CALAIS	Calais	0.992	0.990
NORD	62	PAS-DE-CALAIS	Saint-Omer	1.017	0.980
PACA	6	ALPES-MARITIMES	Menton-Monaco	0.959	1.048
PACA	13	BOUCHES-DU-RHÔNE	Arles	1.034	1.033
PACA	13	BOUCHES-DU-RHÔNE	Salon-de-Provence	1.048	1.044
PACA	83	VAR	Draguignan	0.968	1.020
PACA	83	VAR	Fréjus	1.043	0.953
PAYS DE LA LOIRE	49	MAINE-ET-LOIRE	Cholet	1.000	1.000
PAYS DE LA LOIRE	53	MAYENNE	Laval	1.000	1.000
PAYS DE LA LOIRE	85	VENDÉE	La Roche/Yon	1.000	1.003
PICARDIE	2	AISNE	Saint-Quentin	1.003	0.988
PICARDIE	60	OISE	Beauvais	1.016	1.011
PICARDIE	60	OISE	Compiègne	0.993	1.000
POITOU-CHARENTES	79	DEUX-SÈVRES	Niort	1.003	1.007
RHÔNE-ALPES	1	AIN	Bourg-en-Bresse	1.049	1.012
RHÔNE-ALPES	26	DRÔME	Montélimar	0.951	1.007
RHÔNE-ALPES	26	DRÔME	Romans-sur-Isère	1.000	1.000
RHÔNE-ALPES	74	HAUTE-SAVOIE	Cluses	1.048	1.043
RHÔNE-ALPES	74	HAUTE-SAVOIE	Thonon-les-Bains	1.013	1.029
RHÔNE-ALPES	38	ISÈRE	Bourgoin-Jallieu	1.033	1.049
RHÔNE-ALPES	38	ISÈRE	Vienne	1.004	1.020
RHÔNE-ALPES	42	LOIRE	Roanne	1.035	1.050
RHÔNE-ALPES	42	LOIRE	Saint-Just-Saint-Rambert	1.012	1.000
AVERAGE				1.014	1.008

NON-URBAN AREAS

Region	Index House 2018-2019
ALSACE	1.021
AQUITAINE	1.000
AUVERGNE	1.025
BOURGOGNE	0.997
BRETAGNE	1.015
CENTRE	1.007
CHAMPAGNE	0.974
FRANCHE-COMTÉ	1.027
LANGUEDOC-ROUSSILLON	1.018
LIMOUSIN	0.958
LORRAINE	1.003
MIDI-PYRÉNÉES	1.000
NORD	1.010
BASSE-NORMANDIE	1.000
HAUTE-NORMANDIE	1.008
PAYS DE LA LOIRE	1.018
PICARDIE	0.983
POITOU-CHARENTES	1.000
paca	1.009
RHÔNE-ALPES	1.015
AVERAGE	1.004

PARIS AND ÎLE-DE-FRANCE

Region	Dept.	Department	Apartment Index 2018-2019	House Index 2018-2019
	75	PARIS	1.063	-
	77	SEINE-ET-MARNE	1.014	1.006
	78	YVELINES	1.021	1.014
ÎLE-DE-FRANCE	91	ESSONNE	1.013	1.008
	92	HAUTS-DE-SEINE	1.046	1.033
	93	SEINE-SAINT-DENIS	1.054	1.034
	94	VAL-DE-MARNE	1.039	1.031
	95	VAL-D'OISE	1.009	1.021
AVERAGE (EXCLUDING PARIS)			1.028	1.021

**BREAKDOWN OF THE COLLATERAL PORTFOLIO REVALUED USING THE CRÉDIT FONCIER SPECIFIC METHOD (BY REGIONS AND PARIS)
FOR LOANS HELD BY COMPAGNIE DE FINANCEMENT FONCIER AS AT NOVEMBER 30, 2019**

Compagnie de Financement Foncier portfolio

Region	Regional breakdown of loan guarantee value (amount in €m)	Regional breakdown as a %
ALSACE	595.42	1.15%
AQUITAINE	3,360.96	6.50%
AUVERGNE	360.33	0.70%
BASSE-NORMANDIE	728.03	1.41%
BOURGOGNE	847.34	1.64%
BRETAGNE	1,658.93	3.21%
CENTRE	1,420.45	2.75%
CHAMPAGNE-ARDENNE	490.41	0.95%
CORSE	104.88	0.20%
DOM-TOM	323.35	0.62%
FRANCHE-COMTÉ	436.59	0.84%
HAUTE-NORMANDIE	1,740.83	3.36%
ÎLE-DE-FRANCE (EXCLUDING PARIS)	14,359.21	27.75%
LANGUEDOC-ROUSSILLON	2,776.82	5.37%
LIMOUSIN	275.41	0.53%
LORRAINE	976.67	1.89%
MIDI-PYRÉNÉES	2,945.70	5.69%
NORD-PAS-DE-CALAIS	2,280.48	4.41%
PARIS	1,297.73	2.51%
PAYS DE LA LOIRE	2,394.71	4.63%
PICARDIE	1,774.70	3.43%
POITOU-CHARENTES	815.34	1.58%
PROVENCE-ALPES-CÔTE D'AZUR	5,044.76	9.75%
RHÔNE-ALPES	4,678.84	9.04%
OTHER (OF WHICH MONACO)	58.27	0.11%
TOTAL	51,746.19	100.00%

APPENDIX 3 – BREAKDOWN OF THE COLLATERAL PORTFOLIO REVALUED USING THE BPCE METHOD FOR LOANS HELD BY COMPAGNIE DE FINANCEMENT FONCIER AS AT NOVEMBER 30, 2019

CORPORATES (PERIODIC REVIEW METHOD A.2)

Department	No. of guarantees	Valuation (in €) before revaluation	Valuation (in €) after revaluation	Outstandings (in €) as of 10/31/2019
ALPES-MARITIMES	1	1,145,209	1,068,918	475,340
BAS-RHIN	1	3,339,367	3,535,419	278,261
BOUCHES-DU-RHÔNE	2	2,169,458	2,120,956	217,219
ESSONNE	1	3,706,279	4,088,354	456,966
HAUT-RHIN	1	1,318,612	1,455,048	137,840
LOIRE-ATLANTIQUE	1	131,475	140,552	89,192
MAINE-ET-LOIRE	1	2,052,314	2,304,327	127,818
PARIS	2	795,472	790,220	52,998
PUY-DE-DÔME	1	5,418,660	5,919,663	394,259
RHÔNE	3	6,188,820	5,970,416	372,332
SOMME	1	130,932	141,635	89,449
VAL-DE-MARNE	1	20,215,910	19,795,717	5,073,920
VAR	1	85,000	85,000	113,442
VAUCLUSE	1	317,365	352,948	198,021
VIENNE	1	182,853	213,405	33,319
TOTAL	19	47,197,726	47,982,578	8,110,375

RETAIL INDIVIDUALS (PERIODIC REVIEW METHOD A.2)

Department	No. of guarantees	Valuation (in €) before revaluation	Valuation (in €) after revaluation	Outstandings (in €) as of 10/31/2019
ALPES-MARITIMES	1	160,179	149,508	102,496
BOUCHES-DU-RHÔNE	5	3,529,357	3,450,451	1,580,842
CHARENTE	1	392,072	465,656	231,422
ESSONNE	3	1,060,612	1,169,948	300,783
GIRONDE	2	979,647	1,103,321	707,476
HAUTES-PYRÉNÉES	1	238,256	262,806	189,090
HAUTS-DE-SEINE	3	1,315,372	1,403,614	402,938
HÉRAULT	2	518,859	567,172	389,364
ISÈRE	1	265,000	283,956	199,064
PARIS	6	6,469,540	6,432,941	1,510,659
PYRÉNÉES-ATLANTIQUES	1	253,761	339,495	202,299
PYRÉNÉES-ORIENTALES	1	171,336	173,609	136,411
RHÔNE	2	429,395	414,241	319,314
SAVOIE	3	2,780,886	2,750,682	999,294
SEINE-ET-MARNE	1	150,338	156,398	68,477
VAL-DE-MARNE	1	575,892	563,921	443,901
VAR	2	4,643,106	4,296,816	882,406
TOTAL	36	23,933,608	23,984,535	8,666,237

APPENDIX 4

2019 REVALUATION OF BELGIAN GUARANTEES

Crédit Foncier, via its servicer Stater, revalued the guarantees of its branch for 2019. This revaluation, carried out at June 30, 2019, covers a 12-month period as the last revaluation was dated June 30, 2018. 8,932 guarantees were revalued representing an overall valuation amount of €2,256m, *i.e.* an average increase in value of 2.5% associated with an outstanding amount of €1,085m.

Province	No. of guarantees	06/30/2019 valuation of guarantees (in €)	Change 2018_2019	Outstandings (in €) as of 10/31/2019	Breakdown of outstandings
Antwerpen	1,232	334,755,618.14	3.04%	149,787,699.33	13.81%
Brabant Wallon	373	113,119,407.80	1.02%	49,666,893.71	4.58%
Hainaut	1,601	292,234,450.23	2.97%	166,370,964.40	15.34%
Liège	898	194,809,954.76	2.61%	100,977,176.65	9.31%
Limburg	569	141,489,789.94	1.87%	70,113,432.27	6.46%
Luxembourg	171	36,802,488.96	1.62%	20,063,065.67	1.85%
Namur	447	100,897,699.37	0.92%	53,904,144.41	4.97%
Oost-Vlaanderen	1,291	376,259,774.68	2.72%	171,620,871.99	15.82%
Région Bruxelles-Capitale	722	195,063,236.42	1.33%	91,992,148.13	8.48%
Vlaams-Brabant	891	290,497,231.20	3.16%	120,045,782.09	11.07%
West-Vlaanderen	737	179,844,963.48	2.71%	90,077,615.57	8.30%
TOTAL	8,932	2,255,774,614.98	2.48%	1,084,619,794.22	100.00%

2019 REVALUATION OF DUTCH GUARANTEES

443 loans were revalued representing a total outstanding value of €34.8m.

Revaluation was conducted based on the PBK Index developed by the Netherlands land registry. For 2019, revaluation was based on Q3 2019 indices and the average index changed +6.4% within the scope.

Region	Number of loans	Total receivables (in €)	06/30/2019 valuation of guarantees (in €)	06/30/2018 valuation of guarantees (in €)	% change guarantees
Drenthe	13	1,032,635	1,786,854	1,643,489	8.7%
Flevoland	13	782,868	1,721,680	1,576,362	9.2%
Friesland	27	1,904,065	2,966,268	2,747,149	8.0%
Gelderland	45	3,506,781	5,473,543	5,139,586	6.5%
Groningen	25	2,021,924	3,150,890	2,952,153	6.7%
Limburg	34	2,628,429	5,005,126	4,722,499	6.0%
Noord-Brabant	54	4,479,669	9,080,244	8,572,560	5.9%
Noord-Holland	86	6,670,989	13,567,746	12,844,140	5.6%
Overijssel	38	2,757,470	4,490,031	4,215,357	6.5%
Utrecht	24	2,011,951	3,837,615	3,623,382	5.9%
Zeeland	15	1,092,971	1,788,187	1,666,202	7.3%
Zuid-Holland	69	5,935,210	9,961,501	9,327,550	6.8%
TOTAL	443	34,824,962	62,829,683	59,030,427	6.4%

6. FINANCIAL RISK ANALYSIS

Compagnie de Financement Foncier does not conduct any proprietary trading and does not have any positions in the trading book. Its activities in the markets are limited to the balance sheet hedging operations.

Crédit Foncier provides Compagnie de Financement Foncier with Asset and Liability Management (ALM) structural risk monitoring services, pursuant to an agreement to this effect. The related rules are set out in Compagnie de Financement Foncier's Financial Charter.

6.1. Methodology used to assess liquidity, interest rate and exchange rate risks

Liquidity and interest rate risks are measured using different, complementary approaches depending on the scope of the analysis. There are two distinct approaches:

- a static approach, which covers on- and off-balance sheet transactions existing at a given date and up until their final maturity. Static processing factors in the stock of transactions and all flows from contracted commitments;
- a dynamic approach for liquidity risk (preparing the financing plan, evaluation of cash requirements) that includes business level forecasts over the current and following periods. Dynamic analyzes consider likely events resulting from commitments that have been made or are under option and uncertain events resulting from future activity.

Within the framework of these two approaches, assumptions or agreements are made about flows of assets and liabilities:

- balance sheet items with contractual maturities: the assumption applied is the contractual amortization of the item;

- balance sheet items without contractual maturity, such as capital and provisions, are subject to specific BPCE amortization assumptions.

Moreover, specific assumptions to certain products are modeled in order to adapt the cash flows. It depends on the probability of early repayment by the customers, of loan disbursement, or of deferred payments.

Early repayment and renegotiation assumptions are applied to each type of loan according to customer category (private individuals or local authorities) and the type of rate (fixed rate, adjustable rate or variable rate).

As regards information systems, the Financial Management Division uses a specific software package that is interfaced with the management systems.

Liquidity and interest rate risks are included in the Risk Appetite profile.

6.2. Liquidity risk monitoring

6.2.1. ORGANIZATION OF COMPAGNIE DE FINANCEMENT FONCIER'S FUNDING

The bulk of Compagnie de Financement Foncier's resources comes from medium and long-term issuances of *obligations foncières*.

In 2019, Compagnie de Financement Foncier issued €3bn in covered bonds (*obligations foncières*).

Furthermore, Compagnie de Financement Foncier has a number of potentially assignable assets that are eligible for the ECB's refinancing operations. At December 31, 2019, these outstandings amounted to nearly €9.9bn in nominal value, divided into:

- €7.0bn in Public sector loans;
- €2.9bn in securities.

In 2019 Compagnie de Financement Foncier did not make any use of this financing facility.

6.2.2. LIQUIDITY RISK MONITORING

Liquidity risk is the risk that Compagnie de Financement Foncier may not be able to honor its liquidity requirements.

As explained in the 2018 Registration document, liquidity requirements are analyzed according to a combined static and dynamic approach. With the static approach, liquidity monitoring ensures that medium-term liquidity management does not concentrate liquidity requirements excessively over certain periods. The main indicator used is the static liquidity gap, depending on whether or not account is taken of Compagnie de Financement Foncier's capacity to raise liquidity over the next 20 years. The concentration of future bond maturities was also looked at.

The very prudent liquidity management policy is being continued in 2019. Other than regulatory requirements, Compagnie de Financement Foncier's ALM rules ensure that its exposure to liquidity risk remains very limited. They are managed using a system of internal limits and are monitored by the ALM and Liquidity Oversight Committee as well as by the Risk Executive Committee.

In particular, Compagnie de Financement Foncier is committed to dispose of sufficient short-term liquidity to cover its privileged debt repayment commitments for a period of one year.

At December 31, 2019, Compagnie de Financement Foncier had available cash of €1.56bn on current accounts with the Banque de France.

It also had €6.65bn in replacement values, including investments of which €6.6bn lent to BPCE with a term of less than two months and fully guaranteed by a loans portfolio.

In a crisis, Compagnie de Financement Foncier would benefit from the mechanism available to group Crédit Foncier and described in its Contingency Plan (See 6.2.4).

6.2.3. INDICES AND COMPLIANCE WITH LIMITS

INTRADAY MONITORING

As Compagnie de Financement Foncier has an account with the ECB, an intraday liquidity monitoring and oversight mechanism was implemented.

Compagnie de Financement Foncier thus has a certain amount of collateral at the ECB.

LCR (LIQUIDITY COVERAGE RATIO)

Compagnie de Financement Foncier's LCR complies with the 100% limit applicable since January 1, 2018.

LIQUIDITY STRESS

Compagnie de Financement Foncier prepares liquidity forecast measures on the basis of a central, one-year scenario and under stress conditions:

- major stress at three months (maintenance of a proportion of new production and a proportion of the refinancing) and subject to limits: a check is thus done to verify whether the liquidity buffer covers all the cash needs provoked by the stress incident;
- disaster stress at three months resulting notably in the stopping of all new issuances and financing roll-overs; the liquidity position is compared with the liquidity buffer;
- moderate system-wide stress and high specific stress round out the system.

The stress test limit was not exceeded in 2019.

COMPLIANCE WITH THE PROVISIONS OF THE MAY 26, 2014, DECREE

180-DAY LIQUIDITY FORECAST

Compagnie de Financement Foncier ensures that at any given time its cash requirements are covered for a period of 180 days in accordance with the decree. This provision was respected throughout 2019. A 180-day liquidity forecast is sent for certification to the Specific Controller and then to the ACPR quarterly.

ASSET/LIABILITY MATCHING INDICATOR AND MATURITY GAP

The asset/liability matching indicator requires that the average maturity of eligible assets, held to cover the 105% minimum regulatory overcollateralization ratio, may not exceed the average maturity of outstanding privileged liabilities by more than 18 months. The calculation is submitted quarterly for very close scrutiny to the Specific Controller and then to the ACPR.

In 2019, without restricting eligible assets within the requirements of the regulatory overcollateralization ratio, this limit was also respected.

In addition to these requirements, Compagnie de Financement Foncier undertook to ensure a maximum gap of two years between the maturity of all its liabilities and assets. On the liabilities side, equity is included for an average maturity equal to the longest issued liabilities. At December 31, 2019, this commitment was also honored.

COVERAGE PLAN FOR PRIVILEGED LIABILITIES

The reporting institution defines, depending on its specific characteristics, the quarterly coverage plan of privileged liabilities that shall be applied in case it may no longer issue privileged liabilities. It is also sent for certification to the Specific Controller and then to the ACPR quarterly.

On the liabilities side, equity is included for a maturity equal to the longest issued liabilities:

- assets used to cover privileged liabilities;
- safe and liquid securities and assets pursuant to Article R. 513-6 of the French Monetary and Financial Code;
- cash flows generated by all balance sheet assets and privileged liabilities;
- privileged resources.

The calculation of the level of coverage takes into account early repayments assumptions and a final asset loss rate.

6.2.4. LIQUIDITY CONTINGENCY PLAN

A liquidity contingency plan was defined for group Crédit Foncier, Crédit Foncier and Compagnie de Financement Foncier in implementation of the Groupe BPCE liquidity contingency plan.

It sets out the associated governance and liquidity measures with regard to the three stress levels: tension, high stress and crash stress.

6.3. Monitoring of overall interest rate risk

6.3.1. MANAGEMENT PROCEDURES

Compagnie de Financement Foncier is protected against foreign exchange and interest rate risk: all fixed rate and/or non-euro denominated asset acquisitions or debt issuances are systematically hedged with variable rates and/or swapped into euros at origination.

Derivatives transactions are generally intermediated by Crédit Foncier and results in an intragroup swap between Crédit Foncier and Compagnie de Financement Foncier.

This strategy usually does not apply to cross-currency swaps hedging issuances in foreign currencies or to structured swaps hedging private placements or some loans to local authorities that are concluded with other banking counterparts.

Given the various hedging mechanisms implemented by Compagnie de Financement Foncier at the time of transactions being entered into, an exposure to interest rate risk is limited to the possible distortion of the hedging transaction arising from events not known at the time of transaction conclusion and which occurred during the term of the contract (mainly early redemptions).

Interest rate position is reviewed each quarter by the Compagnie de Financement Foncier ALM Committee and macro-hedging transactions are entered into to keep interest rate gaps within the strict limits to which Compagnie de Financement Foncier has committed. The basic risks, resulting from different reference rates on positions already transformed into variable rates by swaps, are also managed through macro hedges.

The approved transactions are set out operationally by the Financial Management Committee and then implemented by the Cash Management Division of Crédit Foncier, which is the only point of entry to the market available to Compagnie de Financement Foncier for this kind of transaction.

All of the counterparties to these currency or interest rate swaps have concluded collateralization agreements with Compagnie de Financement Foncier that require them to provide a security deposit to the benefit of the Compagnie de Financement Foncier in case of a debit position and depending on their rating. These requests for funds are made on a daily basis if the rating of the counterparty falls below F1+ or AA- at Fitch Ratings, P1 or Aa3 at Moody's, A1+ or AA- at Standard & Poor's. If the opposite situation occurs, these agreements stipulate that Compagnie de Financement Foncier shall not deposit any collateral. As of December 31, 2019, the amount of deposits received was €0.83bn.

6.3.2. INTEREST RATE RISK MONITORING

Compagnie de Financement Foncier has adopted a static approach for measuring risk.

The fixed interest-rate gap is calculated from total outstandings both on- and off-balance sheet on the balance sheet date, using predefined assumptions and rules for asset and liability flows.

Variable rates by categories' buckets were also analyzed.

All of these indicators are monitored quarterly by the ALM and Liquidity Oversight Committee and the Risk Executive Committee.

6.3.3. COMPLIANCE WITH LIMITS

LIMIT RELATED TO THE STATIC RATE GAP

Compagnie de Financement Foncier is committed to maintaining the level of its interest rate mismatches or gaps within the very narrow range defined by periods of observation.

These limits are determined every year on the basis of a percentage.

Capital is treated as a liability amortizable linearly over 20 years.

The current limits for interest rate gaps are:

Horizon	Limits expressed as a percentage of the projected balance sheet
0-2 years	2%
2-4 years	3%
4-8 years	5%
Threshold over 8 years	5%

In 2019, limits were only exceeded once, on March 31, 2019, for the two-year term. This excess was resolved as of April 9, 2019, following a bond issuance.

6.4. Monitoring foreign exchange risk

Foreign exchange risk arises from exchange rate movements in currencies in which Compagnie de Financement Foncier's assets and liabilities are denominated that negatively affect the value of assets or commitments denominated in foreign currencies.

Compagnie de Financement Foncier prohibits any open foreign exchange positions. This means that all assets and liabilities denominated in currencies other than the euro are systematically swapped as soon as they are recognized on the balance sheet. Residual differences arising from the adjustment of balance sheet

positions, particularly those created by cashing in margins, are hedged monthly.

They are monitored by Crédit Foncier's Risk department, which centralizes month-end foreign exchange positions, by currency and by total amounts of foreign currencies.

Compagnie de Financement Foncier established an internal limit equal to the exchange value of €5m for all currencies combined and to €3m per currency. This limit was respected throughout 2019.

6.5. Monitoring settlement risk

This risk materializes when a settlement in a transfer system does not take place as anticipated, generally because of a third party.

Operational oversight of this risk for Compagnie de Financement Foncier is done by the Crédit Foncier cash management back office.

Compagnie de Financement Foncier has direct access to the market settlement systems of the Paris Stock Exchange for large transactions denominated in euros; it is a member of the European Target system. For transactions in foreign currencies and small transactions in euros, it has accounts with BPCE.

Daily procedures for monitoring settlement risk include:

- preparation of projected flow profiles;

- daily reconciliation of individual flows with forecasting;
- creation of a payment incidents database.

In the event of the definitive default of a settlement counterparty leading to Compagnie de Financement Foncier potentially being overdrawn with the Banque de France, there are provisions for hedging mechanisms to be put in place (interbank borrowing or end-of-day borrowing facility provided by the European Central Bank).

Compagnie de Financement Foncier has a contingency and business continuity plan for settlement under an agreement with BPCE. Accordingly, as regards its financial activities, Compagnie de Financement Foncier is covered by BPCE's Contingency and Business Continuity Plan.

7. OPERATING RISKS

Within Groupe BPCE, operating risks are defined as the risk of loss resulting from inadequate or faulty procedures, personnel, information systems or external events. Operating risks include internal and external fraud, model risk and reputational risk.

Compagnie de Financement Foncier's operating risk management is entrusted to Crédit Foncier under service agreements signed between the two institutions. The greater part of operational risk is linked to the services outsourced to the parent company. Any consequence of operational incidents detected in the framework of a Crédit Foncier process relating to a Compagnie de Financement Foncier balance sheet item is borne by Crédit Foncier.

These risks include in particular accounting, legal, regulatory and tax risks, as well as risks relating to security of staff, property and information systems and models.

Compagnie de Financement Foncier's operating risk management, limited to the Compagnie de Financement Foncier Oversight and Forecasting department activities, relies on Crédit Foncier's system according to Groupe BPCE rules. These operational risks are specifically mapped and presented to the Operating Risks Committee every quarter. No incident related to Compagnie de Financement Foncier was detected at December 31, 2019.

7.1. General management

All of group Crédit Foncier's Operational Risk processes, including those of Compagnie de Financement Foncier, are managed by its Risk department, which relies on the operating risk standards and methods employed by Groupe BPCE's Risk department and on group Crédit Foncier's operational risk policy.

7.2. Governance

Operational risk management is part of group Crédit Foncier's Risk department. It is managed by a specialized unit that is separate from operating activities and attached to the Risk department. This unit reports to Compagnie de Financement Foncier's executive bodies and those responsible for controlling Compagnie de Financement Foncier.

7.3. Management environment

7.3.1. MANAGEMENT NETWORK

Operational risk oversight and management is delegated to the managers of various divisions. Each manager relies on a network of representatives coordinated by a risk manager, with a functional link to the Risk department. The network of Risk Officers was reviewed in April 2019 to take into account the growth of Crédit Foncier.

- reporting incidents in a dedicated database: feeding the incident database by the management network as and when such incidents occur and evolve; monitoring of corrective action plans; analysis of changes in risk exposures and resulting losses;
- implementation of Key Risks Indicators for the main risk areas, warning when incidents are likely to enter a critical phase.

For calculating capital adequacy requirements, group Crédit Foncier currently applies the Basel III standard approach.

7.3.2. METHODS AND TOOLS

The risk approach is based on three key elements that are part of an iterative, interactive method:

- mapping of operational risk events: identification and assessment by each business line of its vulnerability to the main operational risks, updated whenever processes or the organizational structure changes, and in any case at least once a year;

7.4. Organization of the Contingency and Business Continuity Plan (CBCP)

In accordance with the service agreements between group Crédit Foncier and Compagnie de Financement Foncier, business continuity of Compagnie de Financement Foncier is covered by Crédit Foncier's Contingency and Business Continuity Plan (CBCP). All aspects of this plan are maintained in working condition as required by the regulations.

Compagnie de Financement Foncier has its own CBCP manager who acts on its behalf in matters of compliance and maintaining the plan in deployment-ready condition in cooperation with the Crédit Foncier CBCP team.

7.5. Information technology risk

Under the agreements governing its activity, Compagnie de Financement Foncier makes use of human and technical resources provided by Crédit Foncier. Accordingly, Compagnie de Financement Foncier fully benefits from upgrades to Crédit Foncier's IT systems and from all the mechanisms that guarantee its smooth operation.

The same is true for data protection, for which Crédit Foncier continued to apply European regulations in 2019.

As at October 1, 2019: the Contingency and Business Continuity Plan was once again incorporated by the Information Systems Security Division, as planned during the temporary transfer to the Permanent Control and Operational Risks Division of Crédit Foncier at end-2018.

7.6. Insurance

As Compagnie de Financement Foncier's servicer, Crédit Foncier insures the risks relating to its activity. Under service agreements with Compagnie de Financement Foncier, it provides insurance-related services on behalf of Compagnie de Financement Foncier. As a result, Compagnie de Financement Foncier benefits

from insurance policies subscribed by BPCE primarily covering the following risks:

- IT fraud and malicious acts and subsequent losses arising out of banking operations;
- professional civil liability;
- civil liability of senior executives and corporate officers.

7.7. Legal risks

According to the service agreements that link Crédit Foncier to Compagnie de Financement Foncier, legal risks incurred by the latter are monitored by the Crédit Foncier's Legal Division.

Between 1984 and 1995, a French Overseas departments (DOM) operator took out subsidized loans distributed by Crédit Foncier on behalf of the French State to finance the construction of rental properties with intermediate rents.

The difficulties it encountered led it to initiate bankruptcy proceedings at the end of 2016, at the same time as the collective insolvency proceedings of the other companies in its Group.

With regard to the borrowing company, the Court handling the insolvency proceedings prepared a recovery plan in the first quarter of 2018, which the court-appointed agents appealed as the other companies of the Group were being liquidated.

In the third quarter, the Court of Appeal overturned the lower court's judgment and declared that the restructuring would be converted into a liquidation by excluding, in the case of the borrowing company, a takeover bid for assets from an institutional body for a price that would have discharged all declared liabilities. The borrower had lodged an appeal on procedural grounds.

It is specified that the corresponding loan is secured by both real estate collateral on these assets and the guarantee of the State, under Article L. 312-1 of the Code of Construction and Housing.

In 2019, after a call for tenders, the block sale of assets was authorized by the bankruptcy judge for an amount greater than the declared liabilities. To enable the sale to be regularized, the borrowing company dropped the appeal.

The statements of claims prepared by Crédit Foncier were contested.

In addition, since 2019, Crédit Foncier has been the target of a proliferation of civil and criminal legal actions initiated by both the legal representatives and the Company Director on behalf of the companies in its group.

- application for an appraiser's report;
- application to extend the court-ordered liquidation to groupe Crédit Foncier;
- private prosecution for bankruptcy and complicity in bankruptcy. The Criminal Court ordered a full acquittal. The Public Prosecution Service, then the co-liquidators appealed this decision.

The aim of these actions is to call into question loan fees recognized as liabilities, by holding Crédit Foncier (and, indirectly, the French State) liable for allegedly unfair loans. The subsequent restructuring of these loans under the aegis of the Court and with the approval of the French State, was also criticized. This restructuring was later considered to have been insufficient in relation to the borrower's financial capabilities.

Group Crédit Foncier strongly disputes all of these motions and holds that these allegations are totally unfounded.

Following a media campaign, notably on the internet, all market participants received a number of complaints from borrowers, claiming that the effective annual interest rate (TEG rate) on their loan was wrong, and were subject to a number of legal proceedings on this matter. An appropriate defense was made in response to these claims both in and out of court. A body of significant decisions favorable to the interests of lenders has gradually formed and strengthens the position of the creditor in the pending proceedings, enabling it to have counter claims thrown out in virtually all cases.

Dependency

Compagnie de Financement Foncier is not dependent upon any specific patents, licenses, industrial procurement contracts, or commercial or financial agreements.

8. NON-COMPLIANCE RISK

Compliance responsibilities for Compagnie de Financement Foncier are performed by the Crédit Foncier's Compliance Division in accordance with the terms of the relevant agreements (framework agreement and internal control and compliance service agreement) between the two entities. The Compliance Division is organized into two separate units: compliance and ethics on one hand, and, financial security on the other. Crédit Foncier's Director of Compliance is the person responsible for the compliance of Compagnie de Financement Foncier's Investment Services.

8.1. General management

Non-compliance risk monitoring and control is based on the methods used by BPCE. Non-compliance risk management is based on the risk mapping approach used by Groupe BPCE compliance.

It enables a permanent overview:

- of non-compliance risks, on the basis of 12 aggregate risks (including money laundering risk), break down into several risks detailed in specific elements of Compagnie de Financement Foncier's range of activities;
- of the system implemented to prevent or reduce them and to ensure, for the most significant risks, that they control them, if needed, and produce action plans to better oversee them.

Non-compliance risks are identified using a dual approach:

- detecting and factoring the specific aspects of Compagnie de Financement Foncier into the implementation of statutory instruments to avoid potential implementation difficulties and to guarantee accurate translation into operating procedures;
- analyzing the results of first-level controls by Crédit Foncier's operational teams within the scope of Compagnie de Financement Foncier. These controls target the thematic

non-compliance areas identified in the Group's compliance standards or the results of thematic approaches.

- the control of non-compliance risks is divided between:
 - the controls carried out by Crédit Foncier on its business activity (real estate financing, financial management, etc.) which directly benefit Compagnie de Financement Foncier,
 - the compliance controls specifically set up for Compagnie de Financement Foncier notably relate to compliance with the regulations that apply to the acquisition of receivables and the updating of the value of collateral.

Specific action plans are drawn up by the operational units to address dysfunctions identified during audits or revealed by recurrent operational risk incidents. These action plans are monitored by the Permanent Control and Compliance Officers of the departments concerned. These dysfunctions and the progress of the corresponding action plans are monitored by the Heads of Permanent Control at Crédit Foncier on the Internal Control Committee and Compagnie de Financement Foncier's Risk Executive Committee.

8.2. Financial security

Group Crédit Foncier ensures on behalf of Compagnie de Financement Foncier anti-money laundering and the financing of terrorism by means of a due diligence and monitoring system involving all Group stakeholders across the banking and credit transactions processes. This system includes adequate procedures as well as training and awareness programs for staff.

The system, incorporating the risk approach deriving from the anti-money-laundering regulations, provides for systematic scrutiny prior to forming any new customer relationship. Outstandings are regularly checked against international lists of persons with links to terrorism and for the enforcement of embargoes. Unusual events during the life of loans, in particular prepayments, are scrutinized by the Financial Security Unit of the Compliance Division.

8.3. Compliance

BANKING COMPLIANCE

In addition to the application of the general compliance risk management system described above, the Compliance Division of Crédit Foncier coordinates a number of systems.

It oversees the compliance and listing of Critical or Important Outsourcing Services (CIOS) as per Articles 231 to 240 of the Decree of November 3, 2014 concerning the internal control of companies in the banking, payment services and investment services sector. These services are covered by agreements between Crédit Foncier and Compagnie de Financement Foncier. The Compagnie de Financement Foncier Oversight and Forecasting department, working with the Crédit Foncier Permanent Control Coordination department, is responsible, in particular, for the monitoring of services outsourced to Crédit Foncier.

The Crédit Foncier Compliance Division also coordinates the process of reviewing, producing and approving every new product, activity, distribution channel or service as all changes to an existing product. As part of this process, issues specific to Compagnie de Financement Foncier, in particular the eligibility of future outstandings for its balance sheet, are systematically examined.

VOLCKER RULE AND THE LAW ON THE SEPARATION AND REGULATION OF BANKING ACTIVITIES (SRBA)

Crédit Foncier is subject to the French law No. 2013-672 dated July 26, 2013 on the Separation and Regulation of Banking Activities ("SRBA"), and, as subsidiary of BPCE SA to section 13 of the Bank Holding Company Act in the United States ("BHCA"), as amended by section 619 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111 – 203, HR 4173), and the related implementing regulations (Volcker Rule).

In application of the Volcker Rule, the Compliance Division completed the final certification phase for Compagnie de Financement Foncier. In particular, the draft Senior Management report, which details the advanced compliance program was approved by the Executive Management Committee of Crédit Foncier and its Board of Directors. All sub-certifications of Compagnie de Financement Foncier were sent to Groupe BPCE for the Group's final certification.

INVESTMENT SERVICES

Blackout periods are applied in compliance with the calendars of Crédit Foncier and BPCE. The Compliance Division also periodically reviews the list of insiders.

8.4. Ethics

Financial ethics standards incorporate market abuse regulatory measures pursuant to Regulation 596/2014 of the European Parliament, both regarding closely related persons and permanent insiders. An internal procedure circulated to all employees lists

their obligations. In parallel, the persons concerned receive an individual reminder of each blackout period during which securities may not be purchased or sold.



RISK MANAGEMENT
Non-compliance risk

5

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

Income statement *(in thousands of euros)*

	Notes	12/31/2019	12/31/2018	12/31/2017
Interest and similar income	1	2,027,376	2,221,758	2,456,124
Interest and similar expenses	1	-1,837,690	-1,993,403	-2,348,774
Net interest margin		189,686	228,356	107,350
Fees and commissions income	2	42,279	44,047	96,164
Fees and commissions expenses	2	-2,090	-1,525	-1,617
Net gains or losses on trading book transactions	3	-212	-65	-117
Other banking income	4	1,376	98	129
Other banking expenses	4	-3,831	-3,037	-2,299
Net banking product		227,208	267,873	199,611
Total payroll costs	5	-49	-45	-73
Taxes and other contributions	5	-3,674	-6,926	-21,638
External services and other expenses	5	-76,199	-87,938	-96,189
Amortization		0	0	0
General operating expenses		-79,922	-94,909	-117,901
Gross operating income		147,286	172,964	81,710
Cost of risk	6	11,487	-16,039	-4,910
Gross income		158,773	156,925	76,800
Gains/Losses on long-term investments	7	9,930	421	7,458
Income before tax		168,703	157,346	84,257
Non-recurring income		0	0	0
Income tax	8	-57,425	-67,562	-26,052
NET INCOME		111,278	89,784	58,205
Earnings per share* <i>(in €)</i>		0.70	0.57	0.37
Diluted earnings per share <i>(in €)</i>		0.70	0.57	0.37

* Earnings per share are calculated by dividing net income by the average number of shares outstanding in the period.

Balance sheet *(in thousands of euros)*

ASSETS

	Notes	12/31/2019	12/31/2018	12/31/2017
Cash and amounts due from central banks		1,564,443	705,379	670,000
Treasury bills and equivalent	9	3,236,924	3,270,999	3,364,394
Loans and receivables due from credit institutions	10	23,067,067	26,449,694	28,761,396
■ <i>Sight deposit</i>		56,372	56,663	151,078
■ <i>Term deposit</i>		23,010,695	26,393,031	28,610,318
Customer transactions	11	37,626,531	39,643,161	38,639,497
■ <i>Other facilities granted to customers</i>		37,626,531	39,643,161	38,639,497
Bonds and other fixed-income securities	9	4,093,758	4,565,859	4,511,584
Equity interests and other long-term investments		0	0	0
Intangible asset and property plant and equipment		0	0	0
Other assets	12	102,017	52,591	214,855
Accrual accounts	13	1,771,111	1,977,089	2,204,862
TOTAL ASSETS		71,461,851	76,664,772	78,366,588

LIABILITIES

	Notes	12/31/2019	12/31/2018	12/31/2017
Amounts due to central banks		0	0	0
Amounts due to credit institutions	14	4,436,533	6,601,591	7,945,176
■ <i>Sight deposit</i>		2,827	159	0
■ <i>Term deposit</i>		4,433,706	6,601,432	7,945,176
Customer transactions		0	0	0
■ <i>Sight deposit</i>		0	0	0
Debt securities	15	60,515,318	63,547,037	63,524,759
■ <i>Interbank market instruments and negotiable debt securities</i>		151,288	151,865	151,533
■ <i>Bond issues (obligations foncières)</i>		60,364,030	63,395,172	63,373,226
Other liabilities	16	1,124,247	1,107,531	1,623,947
Accrual accounts	17	2,137,320	2,205,340	2,088,657
Provisions	18	30,226	6,559	18,917
Subordinated debts		0	0	0
Reserve for general banking risks		20,000	20,000	20,000
Equity excluding reserve for general banking risks	19	3,198,207	3,176,713	3,145,132
■ <i>Share capital</i>		2,537,460	2,537,460	2,537,460
■ <i>Additional paid-in capital</i>		343,002	343,002	343,002
■ <i>Reserves</i>		126,553	122,063	119,152
■ <i>Regulated provisions and investment subsidies</i>		0	0	0
■ <i>Retained earnings</i>		79,914	84,404	87,313
■ <i>Income to be allocated</i>		0	0	0
■ <i>Net income for the period</i>		111,278	89,784	58,205
TOTAL LIABILITIES		71,461,851	76,664,772	78,366,588

Off-balance sheet *(in thousands of euros)*

	Notes	12/31/2019	12/31/2018	12/31/2017
TOTAL COMMITMENTS GIVEN				
Financing commitments		1,179,725	1,465,178	1,153,541
■ Commitments given to credit institutions	20 (20.1)	0	0	0
■ Commitments given to customers	20 (20.1)	1,179,725	1,185,156	847,463
Guarantee commitments		211,484	280,022	306,078
■ Commitments given to credit institutions	20 (20.1)	0	0	0
■ Other securities pledged as collateral*	20 (20.1)	211,484	280,022	306,078
Commitments on securities		0	0	0
■ Other commitments given	20 (20.1)	0	0	0
TOTAL COMMITMENTS RECEIVED				
Financing commitments		25,230,739	28,565,657	31,484,834
■ Guarantees received from credit institutions	20 (20.2)	2,696,386	2,756,142	3,563,114
■ Other assets received as collateral from the Group	20 (20.2)	22,534,353	25,809,515	27,921,720
Guarantee commitments		35,125,289	38,527,020	36,516,018
■ Guarantees received from credit institutions	20 (20.2)	6,058,419	6,941,055	7,129,671
■ Commitments received from customers	20 (20.2)	29,066,870	31,585,965	29,386,347
Commitments on securities		0	0	60,000
TOTAL RECIPROCAL COMMITMENTS				
■ Sale and purchase of foreign currencies	21	13,243,043	14,916,577	16,510,229
■ Other financial instruments	21	56,361,929	65,036,854	64,330,739

* Until December 12, 2018, line allocated to financing commitments.

The notes on the following pages are part of the annual financial statements.

Notes to the annual separate financial statements of Compagnie de Financement Foncier

1. GENERAL FRAMEWORK

Compagnie de Financement Foncier is approved to operate as a *société de crédit foncier* under the Act of June 25, 1999, which deals with savings and financial security. As such, it is subject to Articles L. 513-2 to L. 513-27 of the French Monetary and Financial Code.

It is a credit institution accredited as a specialized credit institution under Act No. 2013-544 of June 27, 2013 on credit institutions and financing companies, in force as of January 1, 2014, which transposes into French legislation the European Regulation (CRR) and directive (CRD IV). As such, it must comply with Regulation 99-10 of the French Banking and Financial Regulation Committee (*Comité de la Réglementation Bancaire et Financière* or CRBF) as amended, which mainly concerns *sociétés de crédit foncier* and notably:

- the valuation of real property that is financed by eligible loans that can be held as assets by *sociétés de crédit foncier*;
- the valuation of the assets and liabilities of such companies;
- their specific management policies.

Subsidiary of Crédit Foncier de France, Compagnie de Financement Foncier is affiliated to BPCE. As such, it is protected by the guarantee and liquidity facilities of Groupe BPCE. As an affiliate, Compagnie de Financement Foncier does not contribute to the guarantee mechanism of Groupe BPCE and will not be called upon in case of a Banques Populaires or a Caisse d'Épargne default.

2. HIGHLIGHTS OF 2019

2.1. COMMERCIAL ACTIVITY

During 2019, Compagnie de Financement Foncier acquired €2,443m in loans from Crédit Foncier including related receivables, plus €242m in financing commitments.

Article L. 211-38 of the French Monetary and Financial Code specifies the possibility for an institution to grant a loan to another financial institution, a loan whose repayment is secured by the creation of a guarantee on a group of receivables. Compagnie de Financement Foncier as such carried loans with its parent company, Crédit Foncier, in the total amount of €15,658.5m at December 31, 2019. The same facility was also granted to BPCE SA, amounting to €6,600m at December 31, 2019 excluding related receivables. Total loans granted were collateralized for €22,534.4m.

Furthermore, as part of its business of refinancing eligible assets originated by the Groupe BPCE institutions, Compagnie de Financement Foncier ensured the refinancing of the receivables of the Public sector in the amount of close to €1bn.

Replacement values of Compagnie de Financement Foncier, defined according to Decree 2007-745 of May 9, 2007 on the solvency of credit institutions, investment firms and *sociétés de crédit foncier* and amending the French Monetary and Financial Code, amounted to €6,654.5m including related receivables. In addition to working cash balances, replacement values essentially comprise loans granted under Article L. 211-38 of the French Monetary and Financial Code.

Regarding the funding activities, Compagnie de Financement Foncier issued €3,000m of *obligations foncières* in 2019, exchange value at the date of issuance.

Compagnie de Financement Foncier can also access refinancing lines with the Banque de France (overall collateral management – pool 3G). However, this option was not used in 2019.

2.2. EARLY REPAYMENTS

The overall rate of early repayments and renegotiations of loans to individuals stood at 11.3%. The asset outflows linked to early repayments amounted to €2,733m for the fiscal year.

Early repayments had several effects on net banking income:

- the impact of accelerated amortization of acquisition premiums/discounts is estimated at -€35m over the fiscal year;
- the collection of prepayment penalties from individual customers of €40.9m; as a reminder, according to the agreement on services rendered by Crédit Foncier, one third of these penalties is transferred to the latter.

In 2019, the rate of early repayments on Corporate accounts was 1.3%, slightly down compared with 2018 at 1.5%.

2.3. BUYBACK OF OBLIGATIONS FONCIÈRES

During 2019, Compagnie de Financement Foncier did not buy back any *obligations foncières*.

2.4. ASSETS DISPOSALS

A favorable market context enabled the implementation of a partial sale of held-to-maturity securities for a notional amount equivalent to around €350m. This sale contributes to an objective of improving the breakdown by geographical region and business sector of the outstandings and is therefore registered in the cases provided for by the accounting regulations.

2.5. PERFORMING LOAN PROVISIONS

Since the 2018 fiscal year, in accordance with the rules recommended by Groupe BPCE, Compagnie de Financement Foncier converged its model for provisioning non doubtful loans presenting significant degradation of credit risk with the assessment procedures used in IFRS 9 Status 2 (S2) outstanding. The impact of this convergence had been treated as a change of estimate in the financial statements for the year 2018.

The impact recognized in "Cost of Risk" in 2019 is a reversal of €4.9m.

2.6. TAXES

In accordance with the consolidated tax agreement signed with Crédit Foncier, Compagnie de Financement Foncier recognized a tax charge of -€49m vis-à-vis its parent company on the basis of its taxable income. In addition, a deferred tax expense is recognized for nearly -€8m, bringing the income tax item to a total amount of -€57m.

3. POST-BALANCE SHEET EVENTS

No subsequent event liable to have a significant impact on the financial statements at December 31, 2019 occurred between the closing date and February 5, 2020, the date on which the Board of Directors approved the financial statements.

4. ACCOUNTING PRINCIPLES AND METHODS

4.1. PRESENTATION AND VALUATION METHODS

The annual separate financial statements of Compagnie de Financement Foncier are prepared and presented in accordance with the rules defined by BPCE, in compliance with Regulation No. 2014-07 of the French National Accounting Standards Authority (*Autorité des Normes Comptables* – ANC).

4.2. CHANGES IN ACCOUNTING METHODS

No changes in accounting methods impacted the 2019 financial statements.

The texts adopted by the Accounting Standards Authority and mandatory in 2019 do not have a significant impact on the institution's individual financial statements.

The Company does not opt for early application of texts adopted by the French National Accounting Standards Authority, where such application is optional, unless specifically mentioned.

4.3. GENERAL ACCOUNTING POLICIES

The financial statements for the fiscal year are presented in an identical format as that used for the previous fiscal year. Generally accepted accounting principles have been applied on a prudent basis and in accordance with the following underlying assumptions:

- business continuity;
- consistency of accounting methods over time;
- independence of fiscal years.

and in accordance with the general rules on the preparation and presentation of annual financial statements.

The basis method used to value accounting entries is the historical cost method. All balance sheet items are presented net of amortization, provisions and value adjustments.

Specific accounting policies are provided in various notes to the financial statements to which they relate.

4.4. PRINCIPLES APPLICABLE TO BANKING RESOLUTION MECHANISMS

The conditions of setting-up the guarantee fund of deposits and resolutions were changed by the decree of October 27, 2015. All the contributions for the mechanism of deposits, securities and guarantees paid either in the form of repayable deposits, deposit guarantee fund certificates or membership certificates represent an insignificant amount.

The resolution fund was built in 2015 pursuant to directive 2014/59/EU known as BRRD (Bank Recovery and Resolution Directive), which establishes a framework for the recovery and resolution of credit institutions and investment firms and European Regulation 806/2014 (MRU). As of 2016, it became a Single Resolution Fund (SRF) between Member States participating in the Single Resolution Mechanism. An SRF is a resolution financing arrangement available to the resolution authority (Single Resolution Board) dedicated to the implementation of the resolution procedures.

Pursuant to delegated Regulation 2015/63 and implementing Regulation 2015/81 supplementing the BRRD directive on ex ante contributions to the resolution's financing arrangements, the Single Resolution Board set the contributions to the single resolution fund for 2019. The amount of contributions paid by Compagnie de Financement Foncier represented €14m including €11.9m recognized as expenses and €2.1m as cash guarantee deposits entered on the asset side of the balance sheet (15% of the call for funds as cash guarantee deposits). The total amount of contributions entered on the asset side of the balance sheet amounted to €10.1m as of December 31, 2019.

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NOTE 1 INTEREST AND SIMILAR INCOME AND EXPENSES**INTEREST AND SIMILAR INCOME –
FEES AND COMMISSIONS**

Interest and similar fee and commission income is recognized in the income statement on a prorata basis.

The Group has elected the following option with regard to negative interest:

- when the yield on an asset is negative, it is presented in the income statement as a reduction in interest income;
- when the yield on a liability is positive, it is presented in the income statement as a reduction in interest costs.

Fees and commissions for granting or acquiring a loan are treated as additional interest and spread over the effective life of the loan on a prorata basis according to the outstanding principal amount.

Income from bonds or negotiable debt securities is recognized for the portion accrued during the year. The same principle is applied for perpetual super-subordinated securities that meet the definition of a Tier 1 prudential capital instrument. The Group considers these revenues as interest.

(in €k)	12/31/2019			12/31/2018	12/31/2017
	Income	Expenses	Net	Net	Net
Interbank transactions	208,642	-85,978	122,664	198,811	205,333
Interest on Central Bank accounts		-5,147	-5,147	-4,983	-7,331
Interest on current accounts 2019 version	3	-147	-143	-294	-325
Interest on forwards	202,617	-69,798	132,818	217,462	-43,756
Interest on subordinated loans	0		0	0	0
Interest on receivables guaranteed (replacement values)	0	0	0	0	265,867
Interest on securities received/sold under repurchase agreements	3,089	0	3,089	6,600	12,016
Contingent liabilities and commitments	0		0	0	0
Other interest income and expenses	0	0	0	0	0
Hedging transactions (netting)	2,933	-10,886	-7,953	-19,974	-21,137
Hedged losses on receivables	0		0	0	0
Non-hedged losses on receivables	0		0	0	0
Net changes in provisions	0		0	0	0
Customer transactions	863,331	-63,964	799,367	799,685	656,308
Interest on demand deposits, term deposits and regulated savings accounts		0	0	0	0
Interest on loans to customers	816,692	0	816,692	818,706	700,527
Interest on subordinated loans	0		0	0	0
Interest on doubtful loans	41,779		41,779	47,449	48,201
Amortization of additional loans fees (CRC Regulation 2009-03)	4,709		4,709	3,808	991
Interest on ABS cash collateral	0		0	0	0
Other interest income and expenses	150	-3,925	-3,775	-5,500	19,789
Income on financing and guarantee commitments	0		0	1	6
Hedging transactions (netting)	0	-59,075	-59,075	-63,886	-103,178
Hedged losses on receivables		-2,114	-2,114	-2,681	-2,049
Non-hedged losses on receivables		-554	-554	-841	-7,373
Net changes in provisions*		1,704	1,704	2,629	-606
Finance lease transactions	0	0	0	0	0
Securities portfolio transactions	940,724	-1,447,673	-506,949	-519,765	-494,806
Interest on investment securities	0		0	0	13,737
Spreading of discounts/premiums on investment securities	0		0	0	0
Interest on held-to-maturity securities	336,827		336,827	333,825	337,045
Amortization of discounts/premiums on held-to-maturity securities	0	-36,983	-36,983	-37,359	-37,223
Interest on medium-term notes (BMTN) issued		-1,739	-1,739	-2,247	-1,845
Interest on certificates of deposits issued		0	0	0	0
Interest on mortgage notes issued		0	0	0	0
Interest and expenses on bond issuances		-1,408,950	-1,408,950	-1,555,905	-1,816,722
Interest on doubtful securities	0		0	0	0
Hedging transactions (netting)	603,897	0	603,897	741,921	1,010,202
Losses on non-recoverable receivables		0	0	0	0
Net changes in provisions	0		0	0	0
Subordinated debts	0	0	0	34	0
Payables on subordinated term securities		0	0	34	0
Payables on subordinated debt – credit institutions		0	0	0	0
Payables on subordinated debt – customers		0	0	0	0
Other interest and similar income and expenses	14,680	-240,075	-225,395	-250,411	-259,486
Income on debt securities	14,680		14,680	14,137	16,683
Fees on credit derivatives		0	0	0	0
Commitments received/given on securities	0	-2,714	-2,714	-1,509	-4,388
Other interest income and expenses	0	-48	-48	-9,660	0
Hedging transactions (netting)	0	-217,438	-217,438	-253,598	-272,016
Net changes in provisions	0	-19,874	-19,874	219	235
TOTAL INTEREST AND SIMILAR INCOME AND EXPENSES	2,027,376	-1,837,690	189,686	228,356	107,350

* Net impact on customer interest listed on Net Interest Margin.

NOTE 2 NET FEES AND COMMISSIONS

ACCOUNTING POLICIES

Commission income similar to interest is recognized as interests and other income and expenses (note 1).

Other commission income is recognized according to the type of service provided as follows:

- fees and commissions received for an immediate service: recognized upon completion of the service;
- fees and commissions received for an ongoing or discontinued service paid for in instalment: recognized over the period when the service is provided.

(in €k)	12/31/2019	12/31/2018	12/31/2017
Commissions on interbank and cash transactions (Net)	-11	906	-9
Income	0	913	0
Expenses	-11	-8	-9
Commissions on transactions with customers (Net)*	42,276	43,067	96,161
Income	42,276	43,067	96,161
Expenses	0	0	0
Commissions on securities transactions (Net)	-884	-1,020	-1,112
Income	0	0	0
Expenses	-884	-1,020	-1,112
Other commissions (Net)	-1,192	-430	-493
Income	3	67	3
Expenses	-1,195	-497	-496
Income	42,279	44,047	96,164
Expenses	-2,090	-1,525	-1,617
NET FEES AND COMMISSIONS	40,189	42,522	94,547

* Commissions on customer transactions are the fees received from customers following early repayments. The level of these fees is therefore directly correlated to the volume of loans repaid. The average early repayment rate on loans to individuals was 8.5% of outstanding loans for the fiscal year 2019.

NOTE 3 GAINS/LOSSES ON TRADING PORTFOLIO TRANSACTIONS

ACCOUNTING POLICIES

Gains or losses on trading book transactions combine:

- gains or losses on balance sheet and off-balance sheet transactions on transaction securities;
- gains or losses realized on outright forward foreign exchange transactions, resulting from currency purchases and sales and the periodic evaluation of transactions in currencies and precious metals;

- gains or losses from transactions in forward financial instruments, including interest rates, exchange rates and stock market indices, whether these instruments are fixed or conditional, including where it involves hedging transactions of trading portfolio transactions.

(in €k)	12/31/2019	12/31/2018	12/31/2017
Gains on currency and arbitrage transactions	-212	-65	-117
Expenses on financial forward instruments trading	0	0	0
Income from financial forward instruments trading	0	0	0
Expenses on conditional rates trading	0		
Income from conditional rates trading	0	0	0
Losses on other financial instruments	0	0	0
Gains on other financial instruments	0	0	0
Addition to provisions for risks on financial forward instruments	0	0	0
Reversals from provisions for risks on financial forward instruments	0	0	0
NET GAINS/LOSSES ON TRADING BOOK TRANSACTIONS FAIR VALUE THROUGH PROFIT OR LOSS	-212	-65	-117

NOTE 4 OTHER BANKING INCOME AND EXPENSES

ACCOUNTING POLICIES

Other banking income and expenses cover the share realized on common operations, reinvoicing of banking income and expenses, income and expenses from the real estate and IT services business.

(in €k)	12/31/2019			12/31/2018	12/31/2017
	Income	Expenses	Net	Net	Net
Transfers of expenses and income, reallocated expenses	0	0	0	0	0
Other banking income and expenses*	1,376	-3,831	-2,455	-2,939	-2,169
Other operating income and expenses	1,376	-1	1,375	90	59
Additions to and reversals from provisions for other operating income and expenses	0	-3,830	-3,830	-3,030	-2,228
TOTAL	1,376	-3,831	-2,455	-2,939	-2,169

* Details

	1,376	-3,831	-2,455	-2,939	-2,169
Other banking income and expenses	1,376	-3,831	-2,455	-2,939	-2,169
■ <i>Transfers to exceptional gains</i>	1,234		1,234	0	73
■ <i>Other operating income</i>	142		142	98	56
■ <i>Losses on deferred interests and variable rate loans</i>		0	0	-7	0
■ <i>Transfers to exceptional losses</i>		0	0	0	-65
■ <i>Other operating expenses</i>		-1	-1	0	-5
■ <i>Additions to provisions</i>		-3,830	-3,830	-3,030	-2,228

NOTE 5 GENERAL OPERATING EXPENSES

ACCOUNTING POLICIES

General operating expenses consist of personnel costs, including salaries and wages, social security contributions, taxes and duties relating to personnel costs. Other administrative expenses, including other taxes and duties and remuneration of external services are also recorded.

(in €k)	12/31/2019	12/31/2018	12/31/2017
PAYROLL COSTS	-49	-45	-73
Wages and salaries ⁽¹⁾	-49	-45	-46
Costs of defined-contribution plans	0	0	0
Other social security costs and payroll-based taxes	0	0	-28
Charges/reversals of provisions for litigation	0	0	0
OTHER ADMINISTRATIVE EXPENSES	-79,873	-94,864	-117,827
Taxes and other contributions	-3,674	-6,926	-21,638
CET (local business tax) and CVAE (tax on company value added)	-1,060	-2,693	-1,705
Social solidarity contribution	-2,279	-3,507	-3,165
Other taxes	-334	-726	-1,060
Contribution to the supervision expenses of the French Prudential Supervision and Resolution Authority (ACPR) ⁽²⁾			-815
Systemic banking risk tax			-2,741
Contributions to Single Resolution Fund			-11,071
Management fees to ECB			-1,082
Charges/reversals of provisions for tax disputes	0	0	0
External services	-76,199	-87,938	-96,189
Leasing	0	0	0
External services provided by the Group	-60,009	-68,901	-93,440
Contribution to the supervision expenses of the French Prudential Supervision and Resolution Authority	-708	-774	
Systemic banking risk tax	0	-2,032	
Contributions to Single Resolution Fund	-11,992	-12,024	
Management fees to ECB	-1,347	-1,071	
Fees, subcontracting and services	-1,890	-2,919	-2,460
Advertising	-106	-129	-161
Remuneration of intermediaries	0	0	0
Transport and travel	0	0	0
Maintenance and repairs	0	0	0
Insurance premiums	0	0	0
Other external services	-147	-88	-129
Additions to/reversals from provisions for disputes relating to external services	0	0	0
Additions to/reversals from provisions for external services costs	0	0	0
Other expenses	0	0	0
Transfers of expenses	0	0	0
OPERATING EXPENSES	-79,922	-94,909	-117,901

(1) The total amount of remuneration received by governing bodies at December 31, 2019 amounted to €49k. Following the decision of the Board of Directors of Compagnie de Financement Foncier on February 9, 2016, no additional remuneration has been paid to the executive bodies since February 1, 2016.

The amount recognized in 2017 under "Other social security costs and payroll-based taxes" corresponds to apprenticeship tax refunds for previous years.

(2) Compagnie de Financement Foncier is now following the position of Groupe BPCE and classifies in outside services its banking contributions.

NOTE 6 COST OF RISK

ACCOUNTING POLICIES

The cost of risk item includes only the cost related to credit risk (or counterparty risk). Credit risk is the existence of a potential loss related to a possibility of default of the counterparty on the commitments it has given. Counterparty refers to any legal entity benefiting from a credit or a commitment by signing, party to a forward financial instrument or issuer of a debt instrument.

The cost of credit risk is assessed when the receivable is classified as doubtful, that is to say when the risk is proven as soon as it is probable that the institution will not receive all or part of the sums due in respect of the commitments given by the counterparty in accordance with the initial contractual provisions, notwithstanding the existence of a guarantee or surety. Credit risk is also assessed when credit risk is identified on loans that are not doubtful but that have seen a significant increase in credit risk since initial recognition (See notes 9, 10 and 11).

The cost of credit risk therefore consists of all the allocations and reversals of impairment of receivables from customers, credit institutions, fixed income investment securities (in the event of a proven default risk by the issuer), provisions for off-balance sheet commitments (excluding off-balance sheet financial instruments) as well as losses on non-recoverable receivables and recoveries of bad debts written off.

However, are included allocations and reversals of provisions, losses on non-recoverable receivables or recoveries of bad debts written off relating to interest on doubtful loans and receivables, whose provisioning is compulsory are included under the items Interest and similar income and other banking income in the income statement. For trading securities, investment securities, portfolio activity and forward financial instruments, the cost of counterparty risk is carried directly to the items recording gains and losses on these portfolios, except in the event of risk of proven counterparty default, where this component can be effectively isolated and the provision movements on counterparty risk are then entered under cost of risk.

(in €k)	12/31/2019			12/31/2018	12/31/2017
	Expenses	Income	Net	Net	Net
Net additions/reversals on held-to-maturity securities	0	0	0	0	0
Net additions/reversals on securities transactions	0	0	0	0	0
Net additions/reversals on customer transactions	-48,838	75,221	26,383	10,880	19,890
Impairment of customer transactions*					
Impairment of customer transactions on doubtful loans*	-48,838	70,276	21,438	9,129	16,379
Impairment of customer transactions on performing loans*	0	4,926	4,926	-13,861	
Provisions for counterparty risks on performing loans	0	0	0	15,866	3,511
Other provisions for contingencies and charges	0	19	19	-254	0
Losses/recoveries on customer transactions	-20,116	5,220	-14,896	-26,919	-24,801
Losses on irrecoverable loans and receivables covered by provisions	-7,940	0	-7,940	-16,789	-24,442
Losses on irrecoverable loans and receivables not covered by provisions	-5,927	0	-5,927	-9,438	-2,598
Recoveries of bad debts written off	0	5,220	5,220	4,485	5,445
Legal fees and litigation	-6,249	0	-6,249	-5,177	-3,206
Losses/recoveries on other transactions	0	0	0	0	0
Losses on the covered irrecoverable loans and receivables	0	0	0	0	0
COST OF RISK	-68,954	80,441	11,487	-16,039	-4,910

* In the context of the financial statements at December 31, 2018, as a result of the coming into force of IFRS 9 and in accordance with the decision of the IFRS 9 Steering Committee on October 6, 2017, the Group decided to follow the methodology for determining collective provisions (previously based on IAS 39) on the methodology for assessing expected credit losses (ECL S2).

NOTE 7 GAINS OR LOSSES ON FIXED ASSETS

ACCOUNTING POLICIES

Gains or losses on fixed assets include gains or losses on transactions in held-to-maturity securities, arising from the difference between reversals of provisions and capital gains on disposals and additions to provisions and capital losses on disposal.

(in €k)	12/31/2019	12/31/2018	12/31/2017
Capital gains or losses on disposals of held-to-maturity securities	9,930	421	7,458
Additions for impairment on held-to-maturity securities	0	0	0
Reversals for impairment on held-to-maturity securities	0	0	0
GAINS OR LOSSES ON OTHER ASSETS	9,930	421	7,458

NOTE 8 INCOME TAX

INCOME TAX

Compagnie de Financement Foncier has opted for accounting of deferred taxes on an unconsolidated basis. According to the principle of universality, this option applies to all temporary differences recognized in assets and liabilities.

The tax charge recorded in the income statement corresponds to corporate tax charges, deferred tax expense liabilities and changes in tax reserves.

Compagnie de Financement Foncier is included in BPCE's tax consolidation group and in Crédit Foncier's subgroup. Pursuant to

(in €k)	12/31/2019	12/31/2018	12/31/2017
Tax expense components			
Current tax expenses (income) ⁽¹⁾	-49,415	-25,128	189,771
Deferred tax liabilities (income) ^{(1) (2)}	-8,010	-42,434	-215,823
Provisions for deferred taxes	0	0	0
Provisions for risks or for tax litigations	0	0	0
TOTAL	-57,425	-67,562	-26,052
Breakdown of deferred taxes for the period			
Termination swap balance	-28,622	-36,854	-213,626
Client provisions including credit risk provisions	6,183	-3,749	-9,130
Provisions for investment securities			
Other temporary differences	14,429	-1,831	6,933
TOTAL	-8,010	-42,434	-215,823

(1) Pursuant to the tax consolidation agreement signed by Compagnie de Financement Foncier, BPCE and Crédit Foncier, the Company has recognized as income the potential tax saving stemming from the deficit recorded for the period, to be received from the consolidating parent company Crédit Foncier (See note 4). Conversely, the Company has recognized a potential tax expense stemming from the tax benefit recorded for the period, to be paid to the consolidating parent company Crédit Foncier.

(2) Including €4,992k recorded on the liability method for 2019.

the tax consolidation agreement signed on November 18, 2014, the tax charge payable is calculated and recognized as if there were no tax consolidation.

In case of fiscal deficit, Compagnie de Financement Foncier will receive from Crédit Foncier a tax revenue equaling the income tax saving given to Crédit Foncier through the use of its fiscal deficit and will be deprived of the deferred losses for the determination of its future corporate tax expense.

As at December 31, 2018, Compagnie de Financement Foncier recognized a total tax expense of €67.6m.

NOTE 9 TREASURY NOTES, BONDS AND OTHER FIXED INCOME SECURITIES

ACCOUNTING POLICIES

The term "securities" includes interbank market securities, treasury bills, other negotiable debt securities, bonds and other fixed-income instruments, equities and other variable-income instruments.

Security transactions are subject to accounting Regulation No. 2014-07 of the French National Accounting Standards Authority defining general rules governing the accounting and valuation of securities and the rules concerning certain specific transactions such as repurchase agreements.

Securities are classified as follows: equity investments and shares of related companies, other securities held long-term, held-to-maturity debt securities, portfolio securities (equity available for sale in the medium term), available-for-sale securities and trading securities.

With respect to trading securities, securities available for sale, debt securities held-to-maturity and equity securities available for sale in the medium-term, any known counterparty default risk whose impact can be separately identified is recognized in the form of impairment loss. Changes in impairment are recorded under cost of risk.

Compagnie de Financement Foncier does not hold trading securities, equity securities available for sale in the medium term or available for sale securities.

Moreover, as a *société de crédit foncier*, Compagnie de Financement Foncier cannot hold equity investments, even as a

minority interest. It only holds one share in SGFGAS which enables it to acquire loans secured by the French government on behalf of SGFGAS. This investment was approved by the regulatory authority.

Finally, disposals of securities are recognized in the financial statements of Compagnie de Financement Foncier on the "settlement-delivery" date and not on the transaction date.

HELD-TO-MATURITY SECURITIES

Held-to-maturity securities are fixed-income securities with fixed maturity, acquired or reclassified from the category "Trading securities" or "Available for sale securities", with the clear intention and ability to hold them until maturity. These securities must not be subject to any existing restrictions, legal or other constraints that could compromise the capacity to hold them until maturity. The classification to securities held to maturity does not prevent them from being considered as items hedged against interest rate risk.

Securities held to maturity are recorded at cost excluding transaction costs, on their acquisition date. When previously classified as available for sale, they are recorded at cost and the previously recognized impairments are reversed over the residual life of the relevant securities. The difference between the acquisition cost and the redemption value of these securities, as well as the corresponding interest, are subject to the same rules that apply to fixed income securities available for sale.

An impairment loss may be recognized against these securities if there is a strong probability that the bank will not hold them until maturity due to new developments or if there is a risk that the issuer of the securities will default. Unrealized gains are not recognized.

Securities held-to-maturity cannot be sold or transferred into another category of security, except for certain cases detailed in Article 2341-2 of Regulation No. 2014-07 of the French National Accounting Standards Authority.

(in €k)	12/31/2019			12/31/2018			12/31/2017		
	Securities available for sale	Held-to-maturity securities	Total	Securities available for sale	Held-to-maturity securities	Total	Securities available for sale	Held-to-maturity securities	Total
Treasury bills and equivalent*	0	3,193,197	3,193,197	0	3,230,668	3,230,668	0	3,318,975	3,318,975
Related receivables	0	43,727	43,727	0	40,331	40,331	0	45,419	45,419
Subtotal	0	3,236,924	3,236,924	0	3,270,999	3,270,999	0	3,364,394	3,364,394
Bonds*	0	4,040,232	4,040,232	0	4,504,696	4,504,696	0	4,455,353	4,455,353
Interbank market instruments (mortgage notes)*	0	0	0	0	0	0	0	0	0
Negotiable debt securities	0	0	0	0	0	0	0	0	0
Securitization units*	0	0	0	0	0	0	0	0	0
Related receivables	0	53,526	53,526	0	61,163	61,163	0	56,231	56,231
Subtotal	0	4,093,758	4,093,758	0	4,565,859	4,565,859	0	4,511,584	4,511,584
Doubtful loans and securities including related receivables	0	0	0	0	0	0	0	0	0
GROSS AMOUNTS	0	7,330,682	7,330,682	0	7,836,858	7,836,858	0	7,875,978	7,875,978
Impairment on fixed-income securities	0	0	0	0	0	0	0	0	0
NET AMOUNTS	0	7,330,682	7,330,682	0	7,836,858	7,836,858	0	7,875,978	7,875,978

* Of which:

	12/31/2019	12/31/2018	12/31/2017
Listed securities	6,932,936	7,362,376	7,346,859
Unlisted securities	300,494	372,989	427,469
TOTAL EXCLUDING RELATED RECEIVABLES	7,233,430	7,735,365	7,774,328

Listed securities are normally available securities denominated in euros that are eligible for the ECB operations, as well as listed securities in other currencies. Unlisted securities now consist solely of bonds.

Under Regulation No. 2014-07 of the French National Accounting Standards Authority, the aggregate fair value of the investment portfolio amounted to €8,687.43m at December 31, 2019 excluding related receivables.

Unrealized capital gains on held-to-maturity securities amounted to €1,557.81m at December 31, 2019, before swaps. At December 31, 2018, unrealized capital gains on held-to-maturity securities amounted to €1,118.44m, before swaps.

Unrealized capital losses on held-to-maturity securities amounted to €103.81m at December 31, 2019, before swaps. At December 31, 2018, unrealized capital losses on held-to-maturity securities amounted to €136.39m, before swaps.

The Company did not reclassify any securities to the "Held-to-maturity securities" portfolio either during the 2019 fiscal year or in previous years.

NOTE 9 A SOVEREIGN RISK

At December 31, 2019, the net exposures of the Compagnie de Financement Foncier sovereign risk in these countries are:

Held-to-maturity securities (in €k)	12/31/2019			12/31/2018			12/31/2017		
	Carrying amount	Market value	Value after swap*	Carrying amount	Market value	Value after swap*	Carrying amount	Market value	Value after swap*
Italy	2,172.4	2,819.9	1,747.9	2,187.7	2,529.3	1,597.6	2,267.4	2,708.3	1,878.9
Poland	378.0	457.8	315.3	367.3	436.0	295.3	341.5	392.5	269.6
TOTAL	2,550.4	3,277.7	2,063.2	2,555.0	2,965.3	1,892.9	2,608.9	3,100.8	2,148.5

* Fair value of the note taking into account micro hedging swap.

The values given above exclude related receivables. Carrying amounts are measured at the closing date if the securities are denominated in foreign currencies.

The maturity dates of net exposures in nominal value as of December 31, 2019 are presented below:

	Residual maturity		
	< 8 years	> 8 years and < 10 years	> 10 years
Italy	1,042.0	41.3	939.1
Poland	173.0	0.0	205.0
TOTAL	1,215.0	41.3	1,144.1

The global exposure of the Compagnie de Financement Foncier to the International public sector is also identified in the Risk Management report.

NOTE 9 B CHANGE IN HELD-TO-MATURITY SECURITIES

(in €k)	Gross 12/31/2017	Acquisitions	Disposals/ Repayments*	Reclass- ifications	Current change	Currency differences	Gross 12/31/2018	Acquisitions	Disposals/ Repayments*	Reclass- ifications	Current change	Currency differences	Gross 12/31/2019
Held-to-maturity securities	7,774,328	0	-67,000		-155,449	183,486	7,735,365	0	-354,159		-243,843	96,066	7,233,429
TOTAL	7,774,328	0	-67,000		-155,449	183,486	7,735,365	0	-354,159		-243,843	96,066	7,233,429
Related receivables	101,650				-156	0	101,494				-4,241	0	97,253
TOTAL	7,875,978	0	-67,000	0	-155,605	183,486	7,836,859	0	-354,159	0	-248,084	96,066	7,330,681

* Disposals were conducted in accordance with the possibilities offered by Regulation No. 2014-07 of the French National Accounting Standards Authority, Article No. 2341-2, especially in cases of regulatory constraints.

These data are valued before swap, at the closing exchange rate.

NOTE 9 C RECLASSIFICATION OF FINANCIAL ASSETS

ACCOUNTING POLICIES

In order to harmonize accounting practices and ensure compliance with IFRS, Regulation No. 2014-07 of the French National Accounting Standards Authority includes the provisions of Notification No. 2008-19 of December 8, 2008 regarding transfers of securities out of the "Trading securities" and the "Securities available for sale" categories.

The reclassification out of the "Trading securities" category to the "Available for sale securities" and "Held-to-maturity securities" categories is now allowed under either of the following conditions:

- under exceptional market circumstances that require a change of strategy;
- when fixed-income securities are no longer, after their acquisition, tradable on active markets, and provided that the Company has the intention and the capacity to hold them in the foreseeable future or until they reach maturity.

Re-classifications from the "Securities available for sale" category to the "Debt securities held-to-maturity" are effective as from the reclassification date under either of the following conditions:

- under exceptional market circumstances that require a change of strategy;
- when fixed-income securities are no longer tradable on an active market.

Note that the National Accounting Council, in its press release of March 23, 2009, specifies that options of portfolio transfers, in particular from the available for sale securities portfolio to the held-to-maturity securities portfolio as planned by Article 19 of CRB Regulation No. 90-01 before its update by Regulation No. 2008-17 remain in force and are not repealed by Regulation No. 2014-07 of the French National Accounting Standards Authority (ANC).

Since Regulation No. 2008-17 of the CRC replaced by Regulation No. 2014-07 of French National Accounting Standards Authority (ANC) provides for additional options of transfers between portfolios, these new transfer options complete the ones defined above, and this, as of the date of application of this regulation on July 1, 2008.

Consequently, a reclassification from the available for sale securities portfolio to the held-to-maturity securities portfolio remains possible with a simple change of intention, if on the day of the transfer, all the criteria of the investment portfolio are met.

No portfolio reclassification took place in 2019 as Compagnie de Financement Foncier did not own trading securities or securities available for sale.

NOTE 10 RECEIVABLES DUE FROM CREDIT INSTITUTIONS

ACCOUNTING POLICIES

Loans to credit institutions comprise all loans and advances arising out of banking transactions, with the exception of debt securities. They include securities received under repurchase agreements, regardless of the type of underlying, and loans and advances relating to securities repurchase agreements. Loans and advances are broken down into the sub-categories “Demand loans and advances” and “Term loans and advances”.

Loans to credit institutions are recorded in the balance sheet at their nominal value or acquisition cost and include accrued interest that is not yet due but is net of any impairment charges recognized for credit risk.

Guarantees received are posted off-balance sheet. They are revalued on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of this loan.

RESTRUCTURED LOANS

Within the meaning of ANC Regulation No. 2014-07 of the French National Accounting Standards Authority, restructured loans are doubtful loans and receivables whose initial contractual characteristics (term and interest rate) have been modified to ensure repayment by the counterparty.

DOUBTFUL LOANS AND RECEIVABLES

Doubtful loans and receivables consist of all outstanding amounts, whether or not due and guaranteed or otherwise, where at least one commitment made by the debtor has involved a known credit risk, classified as such on an individual basis. A risk is considered to be “known” when it is probable that the Group will not collect all or part of amounts owed under the terms of the commitments made by the counterparty, notwithstanding any guarantee or surety provided.

Compagnie de Financement Foncier has no receivables due from credit institutions falling under restructured or doubtful loans and receivables.

REPURCHASE AGREEMENTS

Repurchase agreements delivered are recognized in accordance with the provisions of Regulation No. 2014-07 of the French National Accounting Standards Authority completed by amended directive No. 94-06 of the Banking Commission.

The transferor records the amount received under liabilities, representing its debt vis-à-vis the purchaser. The purchaser records the amount paid, representing its claim against the transferor, as an asset.

At the balance sheet date, the collateralized assets, as well as the debt vis-à-vis the purchaser and the claim against the transferor, are valued according to the rules that apply to each.

(in €k)	12/31/2019	12/31/2018	12/31/2017
Demand loans to credit institutions	56,372	56,663	151,078
Current accounts with overdrafts	56,372	56,663	42,025
Overnight loans	0	0	0
Unallocated items (demand)	0	0	109,053
Related receivables	0	0	0
Term loans to credit institutions	23,010,695	26,393,031	28,610,318
Term accounts and loans	552,098	911,734	1,024,631
Loans guaranteed under L. 211-38 (described in greater detail in note 10 A)	22,452,198	25,443,649	27,549,881
Securities bought under repurchase agreements	0	0	0
Subordinated loans and participating loans	0	0	0
Related receivables	6,399	37,648	35,807
Doubtful loans and receivables	0	0	0
GROSS AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	23,067,067	26,449,694	28,761,396
Impairment of doubtful loans	0	0	0
Impairment of doubtful loans	0	0	0
NET AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	23,067,067	26,449,694	28,761,396
Breakdown of term accounts (Group/non-Group)			
Term accounts and loans			
■ of which Group transactions	0	0	0
■ of which non-Group transactions	552,098	911,734	1,024,631
Secured receivables			
■ of which Group transactions	22,452,198	25,443,649	27,549,881
■ of which non-Group transactions	0	0	0
Related receivables			
■ of which Group transactions	6,399	13,129	14,822
■ of which non-Group transactions	0	24,519	20,984
Group receivables	22,458,597	25,456,778	27,564,703
Non-Group loans	552,098	936,253	1,045,615
TOTAL	23,010,695	26,393,031	28,610,318
Breakdown of term accounts (Group/non-Group)			
Demand accounts and loans			
■ of which Group transactions	53,615	51,403	40,298
■ of which non-Group transactions	2,757	5,260	1,727
Related receivables			
■ of which Group transactions	0	0	0
■ of which non-Group transactions	0	0	0
Unallocated amounts			
■ of which Group transactions (at Crédit Foncier's scope)	0	0	108,358
■ of which non-Group transactions	0	0	695
Group receivables	53,615	51,403	148,657
Non-Group loans	2,757	5,260	2,421
TOTAL	56,372	56,663	151,078

NOTE 10 A BREAKDOWN OF OUTSTANDING TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

(in €k)	12/31/2019			12/31/2018	12/31/2017
	Gross amount	Impairment	Net amount	Net amount	Net amount
Term loans					
Refinancing of subsidized residential property	0		0	0	0
Refinancing of unsubsidized residential property	0		0	0	0
Public entities	552,098		552,098	936,253	1,045,615
Other loans to credit institutions*	22,458,597		22,458,597	25,456,778	27,564,703
Doubtful term loans					
NET AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	23,010,695	0	23,010,696	26,393,031	28,610,318
* Of which:					
Replacement values pursuant to L. 211-38, with BPCE	6,600,000		6,600,000	6,600,000	6,600,000
Loans guaranteed by loans and receivables (Local authorities, Individuals, Corporates) pursuant to L. 211-38, with Crédit Foncier	15,698,500		15,698,500	16,354,500	18,443,500
Loans guaranteed by local authority receivables pursuant to L. 211-38, with BPCE, Caisses d'Épargne and Banques Populaires	153,698		153,698	2,489,149	2,506,381
Related and other receivables	6,399		6,399	13,129	14,822
TOTAL	22,458,597	0	22,458,597	25,456,778	27,564,703

NOTE 11 CUSTOMER TRANSACTIONS

ACCOUNTING POLICIES

Amounts due from customers include loans to entities other than credit institutions, with the exception of debt securities issued by customers, assets purchased under resale agreements and receivables corresponding to securities sold under repurchase agreements. They are broken down into business loans, current accounts with overdrafts and other facilities granted to customers. Loans issued to customers are recorded in the balance sheet at their nominal value or acquisition cost and include accrued interest that is not yet due but is net of any impairment charges recognized for credit risk. The commissions and marginal transaction costs that are amortized are integrated into the outstanding loan in question.

Amounts not yet paid are recognized as off-balance sheet items under "Financing commitments given".

Compagnie de Financement Foncier acquires loan and other receivables at market value. The difference between the market value and the net book value of the loans, known as a premium or discount depending on whether it is positive or negative, is recorded in a sub-account of the customer loans account.

Premiums and discounts on receivables acquired are then taken to the year's income on an actuarial basis over the remaining term of the receivables.

Past due payments are recorded as assets in each receivables category, unless they are considered as doubtful. In this case, they are included in the doubtful loans category.

The commissions and marginal transaction costs that are amortized are integrated into the outstanding loan in question.

Early repayment penalties are fully recognized in the income statement for the fiscal year during which the transactions took place. Renegotiation penalties are amortized over the duration of renegotiated loans.

In compliance with BPCE standards, Compagnie de Financement Foncier has recognized guarantees that are explicitly or implicitly attached to certain types of customer loans recorded on the balance sheet and which are of a sufficiently material nature, such as the value of mortgages or counter-guarantees received from SGFGAS and assumed by the French government (See Note 20.2 on Commitments received). They are revalued on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of this loan.

The security received is recorded in the balance sheet under accounting. They are revalued on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of this loan.

RESTRUCTURED LOANS

Within the meaning of ANC Regulation No. 2014-07 of the French National Accounting Standards Authority, restructured loans are doubtful loans and receivables whose initial contractual characteristics (term and interest rate) have been modified to ensure repayment by the counterparty.

A discount is taken on restructured loans to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used for fixed-rate loans is the initial effective interest rate and the discount rate used for floating-rate loans is the most recent effective interest rate prior to the restructuring date. The effective rate is the contractual rate. This discount is recorded in "Cost of risk" in the income statement and offset against the corresponding outstanding in the balance sheet. It is written back in net interest income in the income statement over the life of the loan using a yield-to-maturity approach.

A restructured loan may be reclassified as performing when the new payment due dates are respected. When a loan that has been reclassified becomes overdue, regardless of the restructuring terms agreed, the loan is downgraded to doubtful.

DOUBTFUL LOANS AND RECEIVABLES

Doubtful loans and receivables consist of all outstanding amounts, whether or not due and guaranteed or otherwise, where at least one commitment made by the debtor has involved a known credit risk, classified as such on an individual basis. A risk is considered to be "known" when it is probable that the Group will not collect all or part of amounts owed under the terms of the commitments made by the counterparty, notwithstanding any guarantee or surety provided.

Notwithstanding Regulation No. 2014-07 of the French National Accounting Standards Authority, doubtful loans are identified particularly in cases of loans which have been overdue for over three months in accordance with the events of default defined in Article 178 of Regulation (EU) No. 575/2013 of the European Parliament of June 26, 2013 on prudential requirements for credit institutions and credit institutions.

Loans to local authorities are classified as doubtful loans when past due over three months.

Doubtful loans are considered to be irrecoverable when full or partial collection is deemed to be highly unlikely and a write-off is considered. Receivables that have lapsed, terminated leases, open-ended competitions, whose closure has been notified are presumed to be entered as compromised doubtful loans. The decision to reclassify a doubtful loan as irrecoverable and the amount of impairment determined must take into account the guarantees provided and the recent loan repayment history. A debt that has been classified as doubtful for more than one year is assumed to be irrecoverable, unless a write-off is not foreseen. Reclassification of a debt from doubtful to irrecoverable does not automatically entail the reclassification of the counterparty's other doubtful loans and commitments to irrecoverable.

For doubtful loans and receivables, accrued interest or interest due but not received is recognized under income from banking operations and impaired accordingly. Where the receivable is classified as compromised, accrued interest that has not been collected is no longer recognized.

More generally, doubtful loans and receivables are reclassified as performing once the debtor restarts regular payments in accordance with the original repayment schedule, provided that the counterparty is no longer considered to be at risk of default.

REPURCHASE AGREEMENTS

Repurchase agreements delivered are recognized in accordance with the provisions of Regulation No. 2014-07 of the French National Accounting Standards Authority completed by amended directive No. 94-06 of the Banking Commission.

The transferor records the amount received under liabilities, representing its debt vis-à-vis the purchaser. The purchaser records the amount paid, representing its claim against the transferor, as an asset. At the balance sheet date, the collateralized assets, as well as the debt vis-à-vis the purchaser and the claim against the transferor, are valued according to the rules that apply to each.

IMPAIRMENT

When the collection of loans or other receivables is considered to be uncertain, an impairment loss is recognized on the asset to cover the risk of loss. Impairment losses are calculated on a case-by-case basis, taking into account the present value of the guarantees received. They are determined on at least a quarterly basis, on the basis of the estimated credit risk and the guarantees provided. Impairment losses cover at a minimum the interest not received on doubtful loans.

Impairment for probable losses includes all impairment charges, calculated as the difference between the principal outstanding and the projected cash-flows discounted at the initial effective interest rate. Projected cash flows are determined based on the type of receivables on the basis of historical losses and/or expert appraisals and are positioned over time using debt schedules based on historic recovery records.

Impairment provisions and reversals where there is a risk of non-recovery are recognized under "Cost of risk" except for impairment of interest on doubtful loans and receivables which, like the interest thus impaired, is booked under "Interest and similar income".

The risk is assessed on a case-by-case basis for loans of a significant amount and automatically for the others taking into account the present value of the guarantees received. Once litigation begins, the collateral value is haircut.

For loans to the subsidized sector and those guaranteed by SGFGAS, on behalf of the French government, the share of the risk assumed by the latter is also taken into account.

Since loans transferred or sold to Compagnie de Financement Foncier are recorded on the balance sheet at their acquisition value, it is with respect to this initial cost that impairment is calculated.

Pursuant to the asset transfer agreement between Crédit Foncier and Compagnie de Financement Foncier, there is a mechanism that when only a portion of a loan is acquired, Compagnie de Financement Foncier may claim a right of priority over the full amount of the guarantee. Accordingly, as long as the collateral value covers Compagnie de Financement Foncier's portion of the doubtful loan, no impairment is recognized in the latter's financial statements. This impairment is recognized in the financial statements of Crédit Foncier.

When Compagnie de Financement Foncier has acquired the whole loan, any provision for impairment is wholly recognized in its financial statements.

Credit risk on financing commitments and off-balance sheet guarantees is recorded as a provision for contingencies and charges.

When credit risk is identified on loans that are not doubtful but that have seen a significant increase in credit risk since initial

recognition, it is measured on the basis of expected credit losses over the period to maturity. This credit risk is deducted from loans on the asset side by means of a provision on the liability side where the risk pertains to commitments given to customers. Since January 1, 2018, the measurement methods for these non-doubtful loans have also been aligned with those of IFRS 9 Stage 2 used for the consolidated financial statements.

Non-recoverable receivables are recorded as losses and the corresponding impairments are reversed.

(in €k)	Performing loans and receivables			Doubtful loans and receivables			Write-downs ⁽⁴⁾			Net amounts		
	12/31/2019	12/31/2018	12/31/2017	12/31/2019	12/31/2018	12/31/2017	12/31/2019	12/31/2018	12/31/2017	12/31/2019	12/31/2018	12/31/2017
Current accounts with overdrafts	0	0	0	0	0	0	0	0	0	0	0	0
Facilities granted to customers	36,291,997	38,166,567	37,298,347	1,398,681	1,568,790	1,431,257	64,147	92,196	90,108	37,626,531	39,643,161	38,639,497
Loans to financial customers	236,903	238,538	240,094	0	0	0	0	0	0	236,903	238,538	240,094
Export credits	0	0	0	0	0	0	0	0	0	0	0	0
Short-term credit facilities ⁽¹⁾	457,273	625,859	936,109	0	0	0	90	237	0	457,183	625,622	936,109
Equipment loans ⁽²⁾	5,937,134	5,314,417	5,900,528	3,192	2,912	100	3,742	1,448	44	5,936,584	5,315,880	5,900,584
Home loans	29,572,418	31,889,223	30,106,387	1,393,279	1,563,145	1,428,140	60,303	90,474	90,027	30,905,394	33,361,894	31,444,500
Other customer loans	2,140	2,703	3,241	47	77	285	12	36	37	2,175	2,744	3,489
Unallocated amounts	0	21	24							0	21	24
Related receivables	86,129	95,807	111,964	2,163	2,656	2,732				88,292	98,462	114,696
GENERAL⁽³⁾	36,291,997	38,166,567	37,298,347	1,398,681	1,568,790	1,431,257	64,147	92,196	90,108	37,626,531	39,643,161	38,639,497

Restructured loans amounted to €502.3m at December 31, 2019, of which €123.5m classified as performing loans.

Note: Compagnie de Financement Foncier does not include any intragroup loans in customer loans.

(1) In 2007, the Company purchased the local authority loans of Ixis ClB, now Natixis, which include revolving credit lines of €457.3m at December 31, 2019, versus €622.8m at December 31, 2018.

(2) Equipment loans are loans to local authorities.

(3) Customer loans eligible for refinancing with the Central Bank amounted to €2.5bn at December 31, 2019 in outstanding capital. This amount represents €1.6bn after haircut and overcollateralization constraints.

(4) Write-downs on customer loans include, on the one hand, write-downs on doubtful debts for €55.64m and, on the other hand, write-downs due to significant increases in credit risk on performing loans for €8.51m.

NOTE 11 A 1 IMPAIRMENT AND PROVISIONS FOR CREDIT RISKS

(in €k)	12/31/2017	Reclassification	Additions	Reversals	12/31/2018	Reclassification	Additions	Reversals	Reversals used	12/31/2019
Impairment of assets										
Customer loans and due from credit institutions ^{(1) (2)}	90,108	429	91,767	-90,108	92,196	0	71,874	-99,923		64,147
Provisions recognized as liabilities										
Customer loans and due from credit institutions and provisions on securities ⁽³⁾	15,866		698	-15,866	698		0	-38		660
TOTAL	105,974	429	92,465	-105,974	92,894	0	71,874	-99,961	0	64,807

(1) Loan impairment is measured at discounted value in accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority.

(2) In accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority, Compagnie de Financement Foncier now recognizes its impairment flows in accumulated stock: reversal of all impairment for the previous fiscal year and full allocation of impairment for the current fiscal year.

(3) A provision for risk is included in the scope of non-doubtful off-balance sheet commitments, for which the available information makes it possible to anticipate a risk of default and losses at maturity.

NOTE 11 A 2 PREMIUMS/DISCOUNTS ON ACQUIRED RECEIVABLES

(in €k)	12/31/2017	Reclassification – Repayment	Additions	Amortization	12/31/2018	Reclassification – Repayment	Additions	Amortization	12/31/2019
Receivables from credit institutions									
Premiums	26,937		0	-17,407	9,530		0	-9,530	0
Discounts									
Net	26,937		0	-17,407	9,530		0	-9,530	0
Customer loans									
Performing loans and receivables									
Premiums	1,141,772	-23,973	55,948	-221,884	951,863	-7,619	107,103	-193,749	857,598
Discounts	-1,276,483	18,768	-317,698	135,970	-1,439,443	9,761	-98,743	152,389	-1,376,036
Doubtful loans and receivables									
Premiums	38,032	23,973		-18,666	43,339	7,619		-14,256	36,702
Discounts	-28,728	-18,768		11,936	-35,560	-9,761		12,308	-33,013
Net	-125,407	0	-261,750	-92,644	-479,801	0	8,360	-43,308	-514,749
TOTAL	-98,470	0	-261,750	-110,051	-470,271	0	8,360	-52,838	-514,749

NOTE 11 B BREAKDOWN OF OUTSTANDING CUSTOMER LOANS

(in €k)	12/31/2019			12/31/2018	12/31/2017
	Gross	Impairment	Net	Net	Net
French mortgages	28,489,403	1,046	28,488,357	30,589,218	28,505,379
Public sector	7,780,747	7,357	7,773,390	7,502,879	8,714,449
French public sector	6,302,305	4,089	6,298,216	5,929,132	7,100,658
■ Social housing	845,606	182	845,424	971,944	1,180,303
■ French local authorities (FLA)	5,455,713	3,630	5,452,083	4,956,203	5,898,494
■ Sovereign France	986	278	708	986	21,861
Public-Private Partnership (PPP)	609,672	10	609,663	620,741	630,520
International public sector	868,769	3,258	865,512	953,005	983,271
■ International public financing	868,769	3,258	865,512	953,005	983,271
■ International Sovereign	0	0	0	0	0
Commercial mortgage exposures	21,847	107	21,740	61,052	78,519
Other	0	0	0	0	0
Subtotal performing customer loans	36,291,997	8,510	36,283,487	38,153,150	37,298,347
Doubtful loans and receivables	1,398,681	55,637	1,343,044	1,490,011	1,341,149
TOTAL CUSTOMER LOANS	37,690,678	64,147	37,626,531	39,643,161	38,639,497

The 2016 exposures are drawn up in line with the breakdown presented in the table “Exposure analysis to credit risk”.

Loans outstanding in the unsubsidized sector include €17.63bn in loans guaranteed by SGFGAS.

NOTE 11 C TABLE OF BREAKDOWN OF OUTSTANDING DOUBTFUL LOANS

December 31, 2019 (in €k)	Total doubtful loans			Of which compromised doubtful loans		
	Gross	Impairment	Net	Gross	Impairment	Net
French mortgages	1,317,820	51,639	1,266,182	846,632	38,425	808,207
Public sector	3,727	3,023	703	472	31	441
French public sector	3,727	3,023	703	472	31	441
■ <i>Social housing</i>	538	67	470	472	31	441
■ <i>French local authorities (FLA)</i>	3,189	2,956	233	0	0	0
■ <i>Sovereign France</i>			0	0		0
Public-Private Partnership (PPP)	0		0	0		0
International public sector	0	0	0	0		0
■ <i>International public financing</i>			0			0
■ <i>International Sovereign</i>	0		0	0		0
Commercial mortgage exposures	77,134	975	76,159	75,138	0	75,138
Subtotal doubtful customer loans	1,398,681	55,637	1,343,044	922,242	38,456	883,786

Doubtful loans and receivables outstanding in the unsubsidized sector includes €755m in loans guaranteed by SGFGAS.

In accordance with the Regulation No. 2014-07 of the French National Accounting Standards Authority, irrecoverable doubtful loans do not include loans with a guarantee covering nearly all of the risks. These are mainly subsidized sector loans and loans with a FGAS guarantee.

December 31, 2018 (in €k)	Total doubtful loans			Of which compromised doubtful loans		
	Gross	Impairment	Net	Gross	Impairment	Net
French mortgages	1,491,658	77,652	1,414,006	811,182	59,067	752,115
Public sector	4,697	247	4,450	1,255	204	1,051
French public sector	4,697	247	4,450	1,255	204	1,051
■ <i>Social housing</i>	1,306	241	1,065	1,240	204	1,036
■ <i>French local authorities (FLA)</i>	3,391	6	3,385	15	0	15
■ <i>Sovereign France</i>			0	0		0
Public-Private Partnership (PPP)	0		0	0		0
International public sector	0		0	0		0
■ <i>International public financing</i>			0			0
■ <i>International Sovereign</i>	0		0	0		0
Commercial mortgage exposures	72,435	880	71,555	70,434	0	70,434
Subtotal doubtful customer loans	1,568,790	78,779	1,490,011	882,871	59,271	823,600

Doubtful loans and receivables outstanding in the unsubsidized sector includes €896m in loans guaranteed by SGFGAS.

In accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority, irrecoverable doubtful loans do not include loans with a guarantee covering nearly all of the risks. These are mainly subsidized sector loans and loans with a FGAS guarantee.

December 31, 2017 (in €k)	Total doubtful loans			Of which compromised doubtful loans		
	Gross	Impairment	Net	Gross	Impairment	Net
French mortgages	1,359,698	89,094	1,270,604	895,643	72,381	823,262
Public sector	2,284	93	2,191	1,373	7	1,366
French public sector	2,284	93	2,191	1,373	7	1,366
■ Social housing	1,463	83	1,380	1,351	7	1,344
■ French local authorities (FLA)	821	10	811	22	0	22
■ Sovereign France			0	0		0
Public-Private Partnership (PPP)	0		0	0		0
International public sector	0		0	0		0
■ International public financing			0			0
■ International Sovereign	0		0	0		0
Commercial mortgage exposures	69,275	921	68,354	66,800	0	66,800
Subtotal doubtful customer loans	1,431,257	90,108	1,341,149	963,816	72,388	891,428

Doubtful loans and receivables outstanding in the unsubsidized sector includes €791m in loans guaranteed by SGFGAS.

In accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority, irrecoverable doubtful loans do not include loans with a guarantee covering nearly all of the risks. These are mainly subsidized sector loans and loans with a FGAS guarantee.

NOTE 12 OTHER ASSETS

(in €k)	12/31/2019	12/31/2018	12/31/2017
Options bought	0	0	0
Securities settlement accounts	0	0	0
Other debtors	102,017	52,591	214,855
Deposits on collateralization transactions	0	0	0
Other deposits and guarantees ⁽¹⁾	10,137	8,021	5,899
Tax consolidation receivables ⁽²⁾	0	0	194,060
Other non-trade receivables	91,880	44,570	14,895
Special bonus account	0	0	0
TOTAL	102,017	52,591	214,855

(1) At December 31, 2019, this item includes mainly the guarantee deposits of from 2015 to 2019 set up in the framework of the Single Resolution Fund in the amount of €10,136k.

(2) The receivable posted at December 31, 2017 is the subsidy due from Crédit Foncier, and is equal to the potential corporate tax saving, due to the tax loss recorded in 2017 and the reallocation by BPCE of a tax expense for fiscal years 2013 to 2016.

NOTE 13 ACCRUAL ACCOUNTS – ASSETS

(in €k)	12/31/2019	12/31/2018	12/31/2017
Collection accounts	18	0	0
Deferred expenses	201,995	233,554	222,699
Issue and redemption premiums on fixed income securities	201,995	233,554	222,699
Other deferred expenses	0	0	0
Prepaid expenses	997,505	1,121,149	1,275,389
Termination balances of paid swaps to be amortized	997,505	1,121,149	1,275,389
Other prepaid expenses	0	0	0
Accrued income	391,627	433,537	465,213
Accrued interest on swaps	391,137	433,537	465,213
Other accrued income	490	0	0
Other accrual accounts – assets	179,966	188,848	241,561
Cash in domiciliation	0	1,585	1,857
Deferred tax assets	178,547	186,557	228,991
Currency adjustment accounts	0	0	0
Other accrued income*	1,419	707	10,713
TOTAL	1,771,111	1,977,089	2,204,862

* Essentially composed of transit accounts or financial relations with Crédit Foncier.

NOTE 14 DUE TO CREDIT INSTITUTIONS

ACCOUNTING POLICIES

Payables to credit institutions are presented according to their initial term (on demand or term) Depending on the counterparty involved, these items may include repurchase agreements involving securities and other assets. Accrued interest is recorded on related debts.

REPURCHASE AGREEMENTS

The collateralized assets under repurchase agreements are recognized in accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority.

The transferor records the amount received under liabilities, representing its debt vis-à-vis the purchaser. The purchaser records the amount paid, representing its claim against the transferor, as an asset. At the balance sheet date, the collateralized assets, as well as the debt vis-à-vis the purchaser and the claim against the transferor, are valued according to the rules that apply to each.

(in €k)	12/31/2019	12/31/2018	12/31/2017
Due to credit institutions – on demand ⁽¹⁾	2,827	159	0
Current accounts of credit institutions	2,827	159	0
Demand loans from credit institutions	0	0	0
Other amounts due to credit institutions	0	0	0
Related payables	0	0	0
Due to credit institutions – at maturity ⁽²⁾	4,433,706	6,601,432	7,945,176
Term deposits and loans	3,518,020	5,051,057	6,227,489
Values sold under repurchase agreements	0	0	0
Securities sold under repurchase agreements	914,343	1,549,272	1,717,299
Related payables	1,343	1,103	388
TOTAL	4,436,533	6,601,591	7,945,176
(1) Details on due to credit institutions – on demand (Group/non-Group)	2,827	159	0
Of which Group	0	0	0
■ Other amounts due to credit institutions	0	0	0
■ Demand loans from credit institutions	0	0	0
■ Related payables	0	0	0
Of which non-Group	2,827	159	0
■ Other amounts due to credit institutions	2,827	159	0
(2) Details on due to credit institutions – at maturity (Group/non-Group)	4,433,706	6,601,432	7,945,176
Of which Group	4,433,721	6,512,830	7,945,176
■ Term deposits and loans	3,519,378	4,963,558	6,227,877
■ Securities sold under repurchase agreements	914,343	1,549,272	1,717,299
Of which non-Group	-15	88,602	0
■ Term deposits and loans	-15	88,602	0
■ Banque de France refinancing (3G pool)	0	0	0
■ Other term loans	0	0	0
■ Securities sold under repurchase agreements	0	0	0
■ Related payables	0	0	0
Sub-total due to Group credit institutions	4,433,721	6,512,830	7,945,176
Sub-total due to non-Group credit institutions	2,812	88,761	0
TOTAL	4,436,533	6,601,591	7,945,176

NOTE 15 DEBT SECURITIES

Debt securities are shown according to how they are supported: short-term notes, interbank market instruments and negotiable debt securities, bonds and similar instruments, excluding subordinated securities which are shown on their own line in liabilities.

The outstanding principal amount on loans issued by Compagnie de Financement Foncier is recognized as a balance sheet liability for the gross amount. Foreign currency loans are measured in euros at the closing exchange rates.

Accrued interests relating to these securities are recorded in a related liabilities account through profit or loss.

Issuance fees are accounted for over the life of the corresponding loans. Bond issuance or redemption premiums are spread over the life of the loan via a deferred expenses account. The amortization of fees and issue premiums is carried to profit or loss under "Interest and similar expenses on bonds and other fixed-income securities".

For structured debts, in application of the precautionary principle, only the certain part of the remuneration or principal is recognized. A latent gain is not recognized. An unrealized loss is subject to a provision. Compagnie de Financement Foncier did not issue any structured debt in 2019.

(in €k)	12/31/2019	12/31/2018	12/31/2017
Negotiable debt securities	150,000	150,000	150,000
Related payables	1,288	1,865	1,533
Negotiable debt securities and related payables	151,288	151,865	151,533
<i>Obligations foncières</i>	59,719,859	62,653,800	62,559,580
Related payables	644,170	741,372	813,646
<i>Obligations foncières</i> and related payables	60,364,030	63,395,172	63,373,226
TOTAL	60,515,318	63,547,037	63,524,759

All of these debt securities benefit from a preferential payment claim defined by Article L. 513-11 of the French Monetary and Financial Code ("privilege" of *obligations foncières*).

NOTE 16 OTHER LIABILITIES

(in €k)	12/31/2019	12/31/2018	12/31/2017
Options sold	0	0	0
Other creditors	1,082,867	1,065,354	1,580,629
Deposits on collateralization transactions	829,668	882,205	1,410,462
Margin calls on repurchase agreements	0	0	0
Trade payables*	30,238	35,204	70,072
Tax consolidation liabilities ⁽¹⁾	17,676	12,853	0
Other fiscal and social debts	47	-2	85
Other payables accounts	104,701	39,784	13,556
Special bonus account	100,537	95,310	86,454
Allocated public funds ⁽²⁾	41,380	42,177	43,318
TOTAL	1,124,247	1,107,531	1,623,947

(1) Corporate tax due to Crédit Foncier (tax consolidation)

(2) Of which subsidized sector

* Pursuant to provisions of Article D. 441-4 of the French Commercial Code, the breakdown of the amount of the suppliers invoices received and not settled at the closing date is the following:

Suppliers' invoices received and not settled as at the closing date	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	more than 91 days	Total
Total amount of the invoice incl. VAT (in €k)	0	-	-	-	0
Percentage of the total amount of the year purchases (inc. VAT)	0.00%	-	-	-	0.00%
Number of invoices	0	-	-	-	0

NOTE 17 ACCRUAL ACCOUNTS – LIABILITIES

(in €k)	12/31/2019	12/31/2018	12/31/2017
Collection accounts	1	3	159
Unearned income	968,283	1,111,732	1,286,462
Subsidies on loans for low-income households (PAS) and former interest-free loans (PTZ)	16,598	25,749	38,970
Balances of swaps received to be amortized	858,239	1,019,774	1,180,112
Other unearned income	93,446	66,209	67,380
Accrued expenses	153,989	175,377	166,302
Accrued interest on derivatives (swaps)	144,960	168,563	161,641
Other accrued expenses	9,029	6,814	4,661
Other accrual accounts	1,015,047	918,229	635,735
Currency adjustment accounts*	884,816	866,397	532,239
Other items	130,231	51,832	103,496
TOTAL	2,137,320	2,205,340	2,088,657

* This item restores the balance between assets and liabilities, following the recognition in the income statement of gains or losses relating to the measurement of off-balance sheet transactions in foreign currency. A similar item can be found in note 13.

NOTE 18 PROVISIONS

This item covers provisions for contingencies and losses that are not directly related to banking transactions as defined under Article L. 311-1 of the French Monetary and Financial Code or to related transactions as defined under Article L. 311-2 of this same Code, and which are clearly identifiable but of uncertain timing or amount. Unless covered by a specific text or reporting banking or related transactions, such provisions may only be recognized if an

obligation towards a third party exists at the end of the accounting period and is not offset by a receivable from this third party, in accordance with the provisions of Regulation No. 2014-03 of the French National Accounting Standards Authority (ANC).

In particular, this item includes a provision for counterparty risk on performing loans detailed in note 11.

(in €k)	12/31/2019	12/31/2018	12/31/2017
Provisions for counterparty risks	660	698	15,866
Provisions for counterparty risks on performing loans	425	444	15,866
Sectoral provisions	0	0	0
Provisions for execution risks on endorsements	235	254	
Provisions for claims and litigation	9,089	5,258	2,228
Tax litigation	0	0	0
Other litigation	9,089	5,258	2,228
Other provisions	20,477	603	823
Other provisions*	20,477	603	823
TOTAL	30,226	6,559	18,917

* A provision related to an estimate of an accelerated amortization of several termination balances.

Changes in the period (en €k)	Changes in 2019					12/31/2019
	12/31/2018	Additions	Reversals		Other changes	
			Used	Not used		
Provisions for counterparty risks	698	0	0	38	0	660
Provisions for counterparty risks on performing loans	444	0	0	19	0	425
Sectoral provisions	0	0	0	0	0	0
Provisions for execution risks on endorsements	254	0	0	19	0	235
Provisions for claims and litigation	5,258	3,831	0	0	0	9,089
Tax litigation	0	0	0	0		0
Other litigation	5,258	3,831	0	0	0	9,089
Other provisions	603	19,874	0	0	0	20,477
Other provisions	603	19,874	0	0	0	20,477
TOTAL	6,559	23,705	0	38	0	30,226

NOTE 19 CHANGES IN EQUITY

RESERVE FOR GENERAL BANKING RISKS

This fund is intended to cover risks inherent to the entity's business activities, pursuant to the requirements of Article 3 of Regulation No. 90-02 of the French Banking and Financial Regulation Committee.

(in €k)	Opening 01/01/2018	Changes in capital and reserves			Balance at 12/31/2018	Changes in capital and reserves			Balance at 12/31/2019
		Allocation	Dividends paid in shares	Other changes		Allocation	Dividends paid in shares	Other changes	
Share capital*	2,537,460				2,537,460				2,537,460
Share premiums*	343,002				343,002				343,002
Reserves									
■ Legal reserve	63,635	2,911			66,546	4,490			71,036
■ General reserve	55,517				55,517				55,517
■ Regulated reserves									
of which:									
Regulated reserves of revaluation									
Special reserves for long-term capital gains									
Retained earnings	87,313	-2,909			84,404	-4,490			79,914
Net equity before net income for the year	3,086,927				3,086,929				3,086,929
Net income for the year before distributions	58,205	-58,205			89,784	-89,784			111,278
Equity after net income for the year	3,145,132				3,176,713				3,198,207
Dividends paid		58,203				89,784			

	Opening 01/01/2018	Changes in provisions			Balance at 12/31/2018	Changes in provisions			Balance at 12/31/2019
		Allocation	Additions	Reversals		Allocation	Additions	Reversals	
Special revaluation provision									
Other regulated provisions									
Regulated provisions									
Equity before distributions	3,145,132				3,176,713				3,198,207

	Opening 01/01/2018	Changes in the reserve for general banking risks (RGBR)			Balance at 12/31/2018	Changes in the reserve for general banking risks (RGBR)			Balance at 12/31/2019
		Allocation	Additions	Reversals		Allocation	Additions	Reversals	
Reserve for general banking risks	20,000				20,000				20,000
TOTAL	3,165,132				3,196,713				3,218,207

* After the capital increase on September 15, 2015, share capital comprises 158,591,246 ordinary shares with a face value of €16, which confer identical rights to all shareholders.
No free revaluation has been carried out to date.

NOTE 19 A PROPOSED ALLOCATION OF INCOME

<i>(in €k)</i>	12/31/2019	
Sources		
Retained earnings		79,914
Net income for the year		111,278
Deposit on dividends		
Transfer from reserves		
Allocation		
Allocation to reserves		
■ Legal reserve	5,564	
■ Special long-term capital gains reserves		
■ Other reserves		
Dividends	111,277	
Other distributions	0	
Retained earnings	74,352	
TOTAL	191,193	191,192

NOTE 20 COMMITMENTS GIVEN AND RECEIVED

GENERAL PRINCIPLES

FINANCING COMMITMENTS

Financing commitments given to credit and similar institutions comprising refinancing agreements, payment approvals or payment commitments, documentary credit opening confirmation and other commitments given to credit institutions.

Financing commitments given to customers comprising confirmed credit openings, substitutions for commercial paper facilities, commitments on securities issue facilities and other commitments given to economic agents other than credit and similar institutions.

Financing commitments received list refinancing agreements and other commitments received from credit and similar institutions.

GUARANTEE COMMITMENTS

Credit institution guarantee commitments cover deposits, pledges and other guarantees from credit and similar institutions.

Customer guarantee commitment include deposits, pledges and other guarantees from economic agents other than credit and similar institutions.

Guarantee commitments include received list deposits, pledges and other guarantees received from credit and similar institutions.

20.1 COMMITMENTS GIVEN

	12/31/2019		12/31/2018		12/31/2017	
	Loans authorized but not yet established	Amounts not drawn down on loans already partially established	Loans authorized but not yet established	Amounts not drawn down on loans already partially established	Loans authorized but not yet established	Amounts not drawn down on loans already partially established
FINANCING COMMITMENTS	1,179,370	355	1,184,853	303	847,071	392
Subsidized sector commitments	0	0	0	0	0	0
Non-Group commitments	0		0		0	
■ Credit institutions	0		0		0	
■ Customers	0		0		0	
Unsubsidized sector commitments	1,179,370	355	1,184,853	303	847,071	392
Non-Group commitments	1,179,370	355	1,184,853	303	847,071	392
■ Credit institutions	0	0	0	0	0	0
■ Customers ⁽¹⁾	1,179,370	355	1,184,853	303	847,071	392
Group commitments	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0
GUARANTEE COMMITMENTS	211,484	0	280,022	0	306,078	0
Non-Group commitments	211,484		280,022		306,078	
Other values used as collateral ⁽²⁾	211,484		280,022		306,078	
COMMITMENTS ON SECURITIES	0	0	0	0	0	0
Other commitments given	0		0		0	
TOTAL ⁽³⁾	1,391,209		1,465,178		1,153,541	

(1) The main changes concerning financing commitments given to customers are:

(in €k)	12/31/2019	12/31/2018	12/31/2017
Permanent credit lines (outstanding transferred from Ixis CIB)	1,127,303	1,132,786	794,018
State housing savings accounts (primes d'épargne logement)	52,067	52,067	53,053

(2) This item represents assets and securities given as collateral to the Banque de France, in the framework of the pool of the Gestion globale des garanties (3G) of which:

(in €k)	12/31/2019	12/31/2018	12/31/2017
Securities	151,926	215,183	231,626
Receivables	59,558	64,838	74,452

Receivables presented and accepted by the Banque de France are valued at their book value; securities are valued at ECB value before valuation haircut.

(3) Of which:

(in €k)	12/31/2019	12/31/2018	12/31/2017
Doubtful commitments	355	303	392

20.2 COMMITMENTS RECEIVED

(in €k)	12/31/2019	12/31/2018	12/31/2017
FINANCING COMMITMENTS	25,230,739	28,565,657	31,484,834
Non-Group commitments	696,386	756,142	563,114
Credit institutions ⁽¹⁾	696,386	756,142	563,114
Group commitments	24,534,353	27,809,515	30,921,720
Repurchase guarantee	0	0	0
Credit institutions ⁽²⁾	2,000,000	2,000,000	3,000,000
Other assets received as collateral from the Group ⁽³⁾	22,534,353	25,809,515	27,921,720
GUARANTEE COMMITMENTS	35,125,289	38,527,020	36,516,018
Non-Group commitments	34,136,935	36,538,187	34,234,487
Credit institutions and similar institutions ⁽⁴⁾	5,109,315	4,997,453	4,957,184
Customers ⁽⁵⁾	29,027,620	31,540,734	29,277,303
Group commitments ⁽⁶⁾	988,354	1,988,833	2,281,532
Credit institutions and similar items	949,104	1,943,602	2,172,487
Customers	39,250	45,231	109,045
COMMITMENTS ON SECURITIES	0	0	60,000
Other securities to be received	0	0	60,000
TOTAL	60,356,028	67,092,677	68,060,852

(1) Non-Group financing commitments included the commitment received from the Banque de France in relation to the collateral management mechanism for an amount of €175.34m at December 31, 2019 compared with €224.4m at December 31, 2018.

(2) Credit line entered into by Compagnie de Financement Foncier and BPCE on June 30, 2018 for €2bn.

(3) Guarantees related to receivables and securities held and put in place within the framework of loans authorized pursuant to Article L. 211-38 and mortgage notes:

(in €k)	12/31/2019	12/31/2018	12/31/2017
■ Guarantees received from Crédit Foncier for loans to French local authorities (L. 211-38)	15,969,196	16,649,479	18,789,564
■ Guarantees received from BPCE SA as replacement values (L. 211-38- RV)	6,410,498	6,521,696	6,590,777
■ Guarantees received from Caisses d'Épargne, Banques Populaires and BPCE for loans to French local authorities (L. 211-38)	154,659	2,638,341	2,541,378
■ Guarantees received from Crédit Foncier for mortgage notes	0	0	0

(4) Mainly includes:

(in €k)	12/31/2019	12/31/2018	12/31/2017
■ Guarantees received from Crédit Logement rated Aa3 (Moody's):	4,755,141	4,559,966	3,264,384
■ Guarantees received from Créserfi:	266,023	289,817	269,305

(5) Compagnie de Financement Foncier posts guarantees to the balance sheet related to certain types of customer loans on the balance sheet, in view of their materiality. These guarantees include:

(in €k)	12/31/2019	12/31/2018	12/31/2017
■ Government guarantees on loans, mainly to the subsidized sector	113,481	128,725	146,627
■ Guarantees from the SGFGAS on FGAS-eligible loans and covered by the government	17,625,830	18,726,867	16,874,627
■ Mortgage guarantees for mortgage loans that are only covered by this guarantee	7,929,066	9,234,166	10,062,833
■ Guarantees given by local authorities and other organizations	757,388	865,421	1,325,846
■ Security enhancement guarantees given by governments	1,075,448	1,052,603	867,371
■ Security enhancement guarantees received from insurance companies	1,468,294	1,481,050	1,443,543

(6) Guarantee received from BPCE on securities amounting to €800m at 12/31/2018, no longer existed at end 2019.

NOTE 21 COMMITMENTS ON FORWARDS AND OPTIONS CONTRACTS

FOREIGN EXCHANGE TRANSACTIONS

Income and capital gains or losses on foreign exchange transactions are calculated in accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority (ANC).

Receivables, liabilities and off-balance sheet commitments denominated in a foreign currency are valued at the exchange rate as at the reporting date. The corresponding income and expenses are immediately translated into euros at the spot rate when recognized in the income statement.

Unsettled spot foreign exchange transactions are valued at the exchange rate as at the reporting date.

Foreign exchange swaps are recognized as coupled long spot and short forward transactions. Premiums and discounts on foreign exchange forward and futures contracts used for hedging purposes are recognized in the income statement on a prorata temporis basis. Currency swaps are subject to Regulation No. 2014-07 of the French National Accounting Standards Authority.

Realized and unrealized foreign exchange gains and losses are recognized in the income statement under "gains or losses on trading book transactions".

FUTURES CONTRACTS

Hedging, forward interest rate, foreign exchange and equity futures transactions are recognized in accordance with the provisions of Regulation No. 2014-07 of the French National Accounting Standards Authority.

Commitments on these instruments are recorded as off-balance sheet items at the notional value of the contracts. At the balance sheet date, the amount recognized for these commitments represented the volume of the open transactions at the balance sheet date.

The instruments held by Compagnie de Financement Foncier are mainly interest rate or foreign exchange swaps, forward foreign exchange swaps and caps and floors. All these instruments are traded OTC (including transactions processed by clearing houses – LCH).

Compagnie de Financement Foncier has no binding contracts on any organized or other markets.

The accounting policies applied vary depending on the type of instrument and the original purpose of the transaction.

FORWARD TRANSACTIONS

Interest rate swaps and similar contracts (forward rate agreements, caps and floors) are classified according to their initial purpose, in the following categories:

- micro-hedging (specific transactions);
- macro-hedging (overall asset and liability management);
- speculative positions/isolated open positions;
- specialized management of a trading book.

Income and expenses on the first two categories are recognized in the income statements on a prorata basis.

Income and expenses on instruments used to hedge an item or a group of similar assets are recorded as profit or loss, symmetrically

with the recognition of income and expenses on hedged items. Comprehensive income items of the hedging instrument are recognized in the same line item as income and expenses for hedged items, under "Interest and similar income" and "Interest and similar expenses". The "Gains/losses on trading book transactions" line item is used when the hedged items are included in the trading book.

Hedging swaps on loans are systematically reclassified under isolated open positions when the loan becomes doubtful.

Income and expenses on forward financial instruments used to hedge and manage the Company's overall interest rate exposure are recognized in the income statement on a prorata basis as "Interest and similar income" and "Interest and similar expenses". Unrealized gains and losses are not recognized.

Gains and losses on certain contracts qualified as isolated open positions are recorded in the income statement when the contracts are unwound or on a prorata basis depending on the nature of the instrument. Recognition of unrealized capital gains or losses is determined based on the type of market involved (organized, other markets considered as organized or over the counter):

- for over-the-counter options, unrealized mark-to-market losses are provided for at year-end. Unrealized gains are not recognized;
- instruments traded on organized markets or other markets considered as organized are continuously quoted and liquid enough to justify being marked to market. Unrealized gains are not recognized.

Compagnie de Financement Foncier does not have any trading book or isolated open position management contracts.

Termination balances or transfers are recognized as follows:

- transactions classified under specialized asset management or isolated open positions are recognized directly in the income statement;
- as to micro-hedging and macro-hedging, the closing balances are either amortized over the remaining life of the item formerly hedged or carried directly to profit or loss.

When a micro-hedged item is divested the termination balance of the associated swap and, where applicable, the unamortized termination balances are booked in profit or loss on the same line as that on which the gain or loss on the disposal of the hedged item is recognized.

OPTIONS

The notional amount of the underlying asset on which the option or forward contract is based is recorded by distinguishing between hedging contracts and contracts traded on the markets.

For transactions involving interest rate, foreign exchange or equity options, the premiums paid or received are recognized in a temporary account. At closing, these options are valued on the profit or loss in the case of products listed on an organized market or equivalent. For over-the-counter (OTC) options, provisions are recognized for capital losses but unrealized capital gains are not recognized. When an option is sold, repurchased or exercised, or when an option expires, the corresponding premium is recognized immediately in income.

Income and expenses for hedging instruments are recognized symmetrically with those from the hedged item. Put options are not eligible for classification as macro-hedging instruments.

Over-the-counter markets may be treated as organized markets when market makers ensure continuous quotations with spreads

that reflect market practice or when the underlying financial instrument is itself quoted on an organized market.

At December 31, 2019, Compagnie de Financement Foncier recognized no forward rate agreements on an isolated open position.

(in €k)	12/31/2019		12/31/2018		12/31/2017	
	Euros	Other currencies ⁽²⁾	Euros	Other currencies ⁽²⁾	Euros	Other currencies ⁽²⁾
OVER-THE-COUNTER MARKETS						
Options (nominal amounts)	1,171,573	0	1,384,671	0	1,615,671	0
Hedging transactions (purchases)						
■ Interest rate instruments	1,171,573	0	1,384,671	0	1,615,671	0
■ Foreign exchange instrument						
■ Other instruments						
Other options						
Options (fair value)	877	0	0	0	4,285	0
Forward transactions (nominal amounts)	60,907,268	7,526,130	70,228,657	8,340,103	70,094,424	9,130,872
Hedging transactions						
■ Interest rate instruments	54,862,353	328,002	63,340,619	311,564	62,404,320	310,747
■ Foreign exchange instruments ⁽³⁾	6,044,915	7,198,128	6,888,038	8,028,539	7,690,104	8,820,125
■ Other instruments	0	0	0	0	0	0
Other transactions						
Forward transactions (fair value)⁽¹⁾	1,881,742	-2,860,835	1,493,526	-2,107,778	2,084,636	-1,901,504
Forward and options transactions	62,078,842	7,526,130	71,613,328	8,340,103	71,710,096	9,130,872
TOTAL⁽²⁾ (NOMINAL AMOUNTS)	69,604,972		79,953,431		80,840,968	
TOTAL (FAIR VALUE)	-978,216		-614,252		187,417	

Compagnie de Financement Foncier has no derivatives traded on the organized markets.

(1) Data disclosed in accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority.

(2) Notional amounts in euros at the reporting date.

(3) These items are financial micro-hedging currency swaps. They represent a foreign exchange forward position; the inverse position, spot currency transactions, is included in the balance sheet assets (See note 23).

NOTE 22 TRANSACTIONS WITH RELATED CREDIT INSTITUTIONS ⁽¹⁾

<i>(in €k)</i>	12/31/2019	12/31/2018	12/31/2017	12/31/2019 Valuation of assets received as collateral ⁽²⁾
BALANCE SHEET				
Asset items				
Due from credit institutions				
Sight deposit	53,615	51,403	148,657	
Term	0	0	0	
Term deposits guaranteed by repo securities	22,458,597	25,456,778	27,564,703	22,534,353
■ Loans guaranteed by French local authority loans (SPT) under L. 211-38	7,940,698	11,257,149	11,838,381	7,959,214
■ to the <i>Crédit Foncier</i>	7,787,000	8,768,000	9,332,000	7,804,555
■ to <i>BPCE</i>	0	2,320,000	2,320,000	0
■ to other Group entities	153,698	169,149	186,381	154,659
■ Loans guaranteed by mortgage loans under L. 211-38	7,911,500	7,586,500	9,111,500	8,164,641
■ to individuals	7,342,000	7,178,500	8,856,500	7,585,933
■ to Corporates	569,500	408,000	255,000	578,708
■ Loans registered as replacement values under L. 211-38	6,600,000	6,600,000	6,600,000	6,410,498
■ to <i>BPCE</i>	6,600,000	6,600,000	6,600,000	6,410,498
■ Related receivables	6,399	13,129	14,822	
Customer transactions				
Receivables	0	0	0	
Corporate securities transactions				
Bonds and other fixed-income securities	63,520	60,490	61,692	0
■ Mortgage notes	0	0	0	0
■ to the <i>Crédit Foncier</i>	0	0	0	0
■ Other fixed income securities	60,494	57,632	58,802	
■ Related receivables	3,027	2,858	2,890	
Other assets ⁽²⁾				
Other debtors	0	0	194,060	
TOTAL ASSETS	22,575,733	25,568,671	27,969,112	22,534,353
Liabilities items				
Amounts due to credit institutions				
Sight deposit	0	0	0	
Term	3,520,069	4,964,406	6,228,709	
Securities sold under repurchase agreements	915,034	1,550,119	1,718,131	
Customer transactions				
sight deposit	0	0	0	
Corporate securities transactions				
Debt securities				
Subordinated debts	0	0	0	
Other liabilities				
Other creditors	28,039	33,220	63,553	
TOTAL LIABILITIES	4,463,142	6,547,745	8,010,393	

Compagnie de Financement Foncier does not conduct transactions not concluded under normal market conditions between related parties (Regulation No. 2014-07).

(1) The definition of related credit institutions refers to the scope of consolidation of Groupe BPCE to which Compagnie de Financement Foncier belongs.

(2) Assets received as collateral are valued at their outstanding principal amount determined on the closing date.

NOTE 23 STATEMENT OF FOREIGN EXCHANGE POSITIONS

AT DECEMBER 31, 2019

Heading (in €k)	Australian \$	Canadian \$	US \$	£ Sterling	Swiss Franc	Yen	Hungarian Forint	New Zealand \$	Norwegian Krone	Danish Krone	Total
BALANCE SHEET											
Financial assets	29	10	2,081,429	128,092	1,100,891	1,402,976	10	36	6,886	7	4,720,366
Financial liabilities	0	0	235,453	675,326	1,234,941	19,510			427,417		2,592,647
Balance sheet differential (I)	29	10	1,845,976	-547,234	-134,050	1,383,466	10	36	-420,531	7	2,127,719
OFF-BALANCE SHEET											
Commitments received	0	0	253,238	648,960	1,205,414	8,199			420,531		2,536,342
Commitments given	0	0	2,099,208	101,710	1,069,238	1,391,632			0		4,661,788
Off-Balance sheet differential (II)	0	0	-1,845,970	547,250	136,176	-1,383,433	0	0	420,531	0	-2,125,446
TOTAL DIFFERENTIAL (I)+(II)	29	10	6	16	2,126	33	10	36	0	7	2,273

Financial assets consist of amounts due from credit institutions and customers.

Financial liabilities are comprised of amounts due to credit institutions, customer deposits and debt securities.

NOTE 24 STATEMENT OF LIQUIDITY POSITIONS

AT DECEMBER 31, 2019

Heading (in €k)	Remaining maturity					Total ⁽²⁾
	<3 months	3M<D<6M	6M<D<1Y	1Y<D<5Y	>5 years	
BALANCE SHEET						
Financial assets ⁽¹⁾	7,600,545	883,955	1,866,813	14,948,481	41,098,946	66,398,740
Receivables from credit institutions	6,883,410	297,072	599,836	4,639,008	10,584,970	23,004,296
Receivables from customers	640,606	566,789	1,215,607	8,612,778	25,125,235	36,161,015
Bonds and other fixed-income securities	76,529	20,094	51,370	1,696,695	5,388,741	7,233,429
Subordinated term loans						
Financial liabilities	4,413,443	1,269,233	4,632,857	23,135,328	30,851,361	64,302,222
Due to credit institutions	3,063,443	668,981	1,655	6,596	691,688	4,432,363
Due to customers						
Debt securities:	1,350,000	600,252	4,631,202	23,128,732	30,159,673	59,869,859
■ <i>Retails certificates of deposit</i>						
■ <i>Interbank market securities</i>						
■ <i>Negotiable debt securities</i>	150,000	0	0	0	0	150,000
■ <i>Bonds</i>	1,200,000	600,252	4,631,202	23,128,732	30,159,673	59,719,859
■ <i>Other debt securities</i>						
Subordinated term debt						
Balance sheet differential (I)	3,187,102	-385,278	-2,766,044	-8,186,847	10,247,585	2,096,518
OFF-BALANCE SHEET						
Commitments given	0	0	1,179,370	0	0	1,179,370
Commitments received	175,343	0	0	2,000,000	0	2,175,343
Off-balance sheet differential (II)	175,343	0	-1,179,370	2,000,000	0	995,973
TOTAL DIFFERENTIAL (I)+(II)	3,362,445	-385,278	-3,945,414	-6,186,847	10,247,585	3,092,491
Conditional positions	1,500	0	0	22,573	1,147,500	1,171,573

(1) The financial assets of Compagnie de Financement Foncier include €5.4 bn of securities (unencumbered assets) that meet the refinancing criteria of the European Central Bank.

(2) The difference with the amounts shown on the balance sheet is mainly due to unpaid loans, doubtful loans and related receivables.

NOTE 25 FINANCIAL RESULTS OF THE COMPANY OVER THE LAST FIVE YEARS

Description (in €)	2015	2016	2017	2018	2019
I) Financial situation at the end of the fiscal year					
a) Share capital	2,537,459,936	2,537,459,936	2,537,459,936	2,537,459,936	2,537,459,936
b) Number of shares in issue	158,591,246	158,591,246	158,591,246	158,591,246	158,591,246
c) Number of bonds convertible into shares	None	None	None	None	None
II) Overall earnings from operations					
a) Revenue excluding taxes	3,238,589,705	2,933,578,888	2,543,480,488	2,258,211,772	2,022,986,514
b) Profit for the fiscal year before tax, employee profit sharing and net increase/reversal in amortization and provisions	136,262,954	232,455,527	66,965,494	146,646,334	164,320,963
c) Income taxes ⁽¹⁾	-48,551,006	16,483,217	-26,052,279	-67,561,772	-57,424,140
d) Incidence of employee profit sharing for the fiscal year	None	None	None	None	None
e) Profit for the fiscal year after tax, employee profit sharing and net increase/reversal in amortization and provisions	132,485,939	93,676,428	58,204,957	89,783,493	111,278,471
f) Amount of profits distributed	126,872,997	93,568,835	58,202,987	89,783,262	111,277,134
III) Earnings from operations per share ⁽²⁾					
a) Profit for the fiscal year after tax and employee profit sharing but before net increase/reversal in amortization and provisions	0.48	0.77	0.26	0.50	0.67
b) Profit for the fiscal year after tax and employee profit sharing and net increase/reversal in amortization and provisions	1.34	0.59	0.37	0.57	0.70
c) Dividend paid per share	0.80	0.59	0.37	0.57	0.70
IV) Staff					
a) Number of employees	Negligible	Negligible	Negligible	Negligible	Negligible
■ Management category	Negligible	Negligible	Negligible	Negligible	Negligible
■ Employee and Technician category	None	None	None	None	None
b) Total employee salaries	Negligible	Negligible	Negligible	Negligible	Negligible
c) Amount paid for social contributions and benefits (social security, other staff benefits, etc.)	Negligible	Negligible	Negligible	Negligible	Negligible

(1) At December 31, 2015, Compagnie de Financement Foncier's fiscal deficit was offset by a compensation for tax savings transferred to the tax consolidation group, in compliance with the tax consolidation agreement.

(2) Earnings per share are determined by the average number of shares for the year concerned.

NOTE 26 CASH FLOW STATEMENT

26.1 PRINCIPLES

The cash flow statement analyzes changes in cash flow from operating, investing and financing activities between two financial periods.

Cash flow statement of Compagnie de Financement Foncier is presented according to recommendation 2004-R-03 of the French national accounting council, relating to the format of the Company documents and summary under the French Banking and Financial Services Regulatory Committee

It is established using the indirect method: the result for the fiscal year is restated for non-monetary items: Depreciation for property, plant and equipment and intangible assets, net provisions charges, other movements without cash disbursements, such as accrued expenses and receivables. Cash flows generated by operating, investment and financing activities are determined by the difference between the items in the annual financial statements of the previous year and the current year. Capital transactions with no cash flow or no impact on profit are neutral: payment of dividend in shares, addition of a provision by allocation to retained earnings.

Breakdown of the operations of Compagnie de Financement Foncier between operating, investment and financing categories takes its status of *société de crédit foncier* into consideration.

Operating activities include:

- the acquisition of eligible loans;
- the acquisition of securitization tranches and securities issued by public entities;
- the issue of *obligations foncières* and other long-term unsubordinated resources.

Financing activities include:

- dividends paid in cash;
- the issuance and redemption of subordinated debt.

Cash flow is defined according to the standards of the French National Accounting Board. It includes cash on hand and demand deposits at the Banque de France, in post office accounts and with credit institutions.

26.2 CASH FLOW STATEMENT

(in €k)	12/31/2019	12/31/2018	12/31/2017
Operating activities			
Net income for the year	111,278	89,784	58,205
Restatement of earnings related to operating activities			
Tangible and intangible fixed assets, excluding goodwill			
Net provisions charges/customers and credit institutions	-28,049	1,659	-15,774
Net provisions charges/available-for-sale securities	0	0	0
Net provisions charges/held-to-maturity securities	0	0	0
Net provisions charges/loans	19,836	-15,388	-3,746
Net gain on sale of fixed assets			
Other transactions without cash payments	181,861	-344,232	156,331
Cash flows on loans to credit institutions and customers	5,385,595	1,306,625	-4,322,888
Cash flows on securities available to sale	0	0	7,321,281
Cash flows on held-to-maturity securities	322,725	673,109	497,281
Cash flows on other assets	-40,562	214,977	5,065
Cash flows on debts/credit institutions and customers	-2,165,299	-1,344,299	-832,145
Net borrowing	-2,933,941	94,221	-3,877,663
Cash flows on other liabilities	95,112	-568,236	-608,751
Net cash flows used for operating activities	948,556	108,220	-1,622,804
Investing activities			
Cash flows related to the sale of:			
■ Financial assets			
■ Tangible and intangible fixed assets			
Disbursements for the acquisition of:			
■ Financial assets			
■ Tangible and intangible fixed assets			
Net cash flows from other investment activities			
Net cash flows used for investment activities			
Financing activities			
Cash flows from share issuances			
Dividends paid	-89,783	-58,203	-93,569
Net issuances of subordinated debt			
Other			
Net cash flows from financing activities	-89,783	-58,203	-93,569
NET CHANGE IN CASH POSITION	858,773	50,017	-1,716,373
Opening cash and cash equivalents	762,042	712,025	2,428,398
Closing cash and cash equivalents	1,620,815	762,042	712,025
Net	858,773	50,017	-1,716,373
Cash: deposits at Banque de France	1,564,443	705,379	670,000
Due to credit institutions on demand*	56,372	56,663	42,025
TOTAL	1,620,815	762,042	712,025
* Of which: BPCE	53,147	50,934	39,819

NOTE 27 CONSOLIDATION

In accordance with Article 4111-1 of Regulation No. 2014-07 of the French Accounting Standards Authority (ANC), Compagnie de Financement Foncier does not provide consolidated financial statements.

The separate financial statements of Compagnie de Financement Foncier are integrated into the consolidated financial statements of both Crédit Foncier and Groupe BPCE.

NOTE 28 COMPENSATION, ADVANCES

Remuneration paid in 2019 to management bodies corresponds to the remuneration allocated.

NOTE 29 INFORMATION RELATING TO STATUTORY AUDITORS' FEES

(in €k)	KPMG				PricewaterhouseCoopers Audit				Total			
	2019		2018		2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Audit												
Statutory Auditors, certification, review of individual and consolidated financial statements	132	76%	210	79%	147	78%	210	77%	279	77%	420	78%
Other procedures and services directly related to the Statutory Auditor's assignment*	42	24%	57	21%	42	22%	61	23%	84	23%	118	22%
TOTAL	174	100%	267	100%	189	100%	271	100%	363	100%	538	100%

The amounts indicated represent the accounting expenses taking non-deductible VAT into account.

* Other services directly related to the mission of the auditors are fees for the issuance of letters of comfort as part of the bonds issued by Compagnie de Financement Foncier.

NOTE 30 IMPLEMENTATION IN NON-COOPERATIVE COUNTRIES

Article L. 511-45 of the French Monetary and Financial Code and the French Minister for the Economy's Decree of October 6, 2009 require credit institutions to include an appendix to their annual financial statements with information on their offices and activities in countries and territories that have not signed an agreement with France containing a mutual assistance clause to fight against tax evasion and fraud by allowing access to banking information.

These requirements are part of global endeavors arising from the various OECD initiatives and summits and contribute to the fight against money laundering and terrorist financing.

At December 31, 2019, Compagnie de Financement Foncier had no activities or offices in non-cooperative countries.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Compagnie de Financement Foncier S.A.

Registered office: 19, rue des Capucines, 75001 Paris

Share capital: €2 537 459 936

To the annual general meeting of Compagnie de Financement Foncier S.A.

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Compagnie de Financement Foncier S.A. for the year ended December 31, 2019. These financial statements were approved by the Board of Directors on February 5, 2020 based on the information available at that date in the evolutionary context of the health crisis linked to Covid-19.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors Responsibilities for the Audit of the Financial Statements section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved under the conditions recalled above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

CREDIT RISK: IMPAIRMENT OF LOANS TO INDIVIDUALS**Description of risk**

Compagnie de Financement Foncier sets aside provisions for risks of losses resulting from customers' inability to meet their financial commitments. These provisions are therefore recorded for expected losses on non-performing loans (doubtful loans) as well as on non-doubtful loans (deteriorated or underperforming loans).

Since December 31, 2018, Compagnie de Financement Foncier have aligned its methods for estimating provisions for these two categories of loans with the expected loss calculations performed in accordance with IFRS 9 for Group's consolidated financial statements purposes.

The valuation of provisions requires the exercise of judgment for the classification of exposures (non-doubtful, substandard, or doubtful) or for the determination of future recoverable cashflows and recovery periods.

At December 31, 2019, loans and receivables due from customers amounted to €37 691 million, including €1 399 million in gross doubtful loans. The impairment and provisions recognized to cover credit risks amounted to €64 million, including €8,5 million in impairment with respect to significant increases in credit risk on performing loans.

For more information on accounting principles and exposures, see notes 2.5 (Significant events of 2019), 6 (Cost of risk) and 11 (Loans and receivables due from customers) to the financial statements.

How our audit addressed this risk

We examined the processes implemented by the Risk department to categorize loans (non-doubtful, substandard, or doubtful) and to measure the amount of expected or actual losses thereon.

We tested the controls implemented by management to identify non-doubtful or doubtful loans, assess the likelihood of recovery and measure impairment losses. We also gained an understanding of the main findings of the specialized committees responsible for monitoring these loans.

With regard to the impairment of non-doubtful loans that have been identified as deteriorated or underperforming:

- we examined the methods used to determine the different expected loss inputs and calculation models and their consistency with the applicable accounting principles;
- we examined the procedures for identifying significant increases in credit risk (SICR);
- we also gained an understanding of the procedures for performing the periodic review of the main inputs for the models used;
- we tested the controls for the transfer of the data used to calculate expected losses, the reconciliations between the bases used in the calculations and the accounting data, as well as the general controls of the applications used to calculate impairment losses;
- we performed independent expected loss calculations on a sample basis.

Given the organization of the BPCE group, some of the above work was carried out with the support of BPCE's statutory auditors.

For the impairment of doubtful loans, we examined the procedures for updating the recoverable amounts and remeasuring the value of collateral on provisioned loans on an individual basis or by category of homogeneous loans. Lastly, we verified provision calculations on a sample basis.

We also verified the appropriateness of the disclosures provided in the notes to the financial statements.

INVESTMENT SECURITIES AND DISPOSALS DURING THE FINANCIAL YEAR**Description of risk**

Compagnie de Financement Foncier holds investment securities that are micro-hedged.

With the aim of improving the geographic and sectoral distribution of its outstandings, Compagnie de Financement Foncier has launched the selling or settle of certain positions of its portfolio and linked derivatives.

Due to the size of these positions and the complexity of the accounting treatment relating to the entire operation, in particular:

- assessing the impact of disposals on the accounting treatment of the residual portfolio,
- the treatment of hedging relationships in the annual accounts, taking into account disposals already carried out or planned,

We deemed this transaction to be a key audit mater.

At December 31, 2019, the notional value of investment securities sold was around € 350 million. For more information on accounting principles and exposures, see notes 2.4 (Significant events of 2019) and 9 of the financial statements.

How our audit addressed this risk

We evaluated the documentation produced by Compagnie de Financement Foncier justifying that the transaction did not invalidate the appropriate classification in investment securities of the residual positions in the portfolio.

Regarding the linked hedging derivatives, we examined:

- the treatment in the annual accounts, of the payments collected on derivatives in particular for the positions partially sold on December 31,
- the documentation of residual hedges or new hedges set up on portfolio securities as at December 31, 2019.

We also verified the appropriateness of the disclosures provided in the notes to the financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS PROVIDED TO THE SHAREHOLDERS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors approved on February 5, 2020 and in the other documents with respect to the financial position and the financial statements provided to Shareholders. With regard to the events which occurred and the factors known after the date of Board of Directors' approval of the annual accounts relating to the effects of the crisis linked to Covid-19, the management announced that they will be the subject of a communication to the annual general meeting called to approve the annual accounts.

The fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code (*Code de commerce*) raises the following observation: as indicated in the management report, this information do not include banking and related transactions, your company considers that they do not fall within the scope of the required information.

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4 of the French Commercial Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Comapgnie de Financement Foncier S.A. by the annual general meeting held on May 17, 2002 for PricewaterhouseCoopers Audit and on May 25, 2005 for KPMG S.A..

As at December 31, 2019, PricewaterhouseCoopers Audit and KPMG S.A. were in the 18th year and 15th year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The statutory auditors

French original signed by

Paris-La Défense, on the 27 March 2020

Xavier De Coninck
Partner

Neuilly-sur-Seine, on the 27 March 2020

Anik Chaumartin
Partner

DETAILS OF THE CALCULATION OF THE OVERCOLLATERALIZATION RATIO AND CONTROL OF LIMITS

	Net book values or amounts eligible for refinancing (in €k) 2	Weighting (in %) 3	Weighted amounts (in €k)	
ASSETS USED TO COVER PRIVILEGED RESOURCES				
1	MORTGAGE-BACKED LOANS – prime mortgages or equivalent collateral	31,957,061	100%	31,957,061
2	PROMISSORY NOTES (Articles L. 313-42 To L. 313-49 of the French Monetary and Financial Code).			
	of which:			
2.1	Mortgage-backed loans – prime mortgages or equivalent collateral		100%	
2.2	Loans with institutional guarantees		100%	
2.2.1	Satisfying the conditions of 1-a) in the appendix to Regulation No. 99-10: The guarantee company outside the consolidation scope of the société de crédit foncier or société de financement de l'habitat has a minimum of the second-highest grade of credit quality.		100%	
2.2.2	Satisfying the conditions of 1-a) in the appendix to Regulation No. 99-10: The guarantee company outside the consolidation scope of the société de crédit foncier or société de financement de l'habitat has the third-highest grade of credit quality.		80%	
2.2.3	Satisfying the conditions of 1-b) in the appendix to Regulation No. 99-10: The guarantee company that is within the consolidation scope of the société de financement de l'habitat has a minimum of the second-highest grade of credit quality.		80%	
2.2.4	Satisfying the conditions of 1-b) in the appendix to Regulation No. 99-10: The guarantee company within the consolidation scope of the société de crédit foncier or société de financement de l'habitat has the third-highest grade of credit quality.		60%	
3	EXPOSURES ON PUBLIC ENTITIES	23,307,966	100%	23,307,966
	of which:			
3.1	Exposures set out in paragraph 5 of Article L. 513-4 I of the French Monetary and Financial Code			
3.2	Exposures set out in paragraph 5 of Article L. 513-4 I of the French Monetary and Financial Code entered in the balance sheet prior to December 31, 2007			
4	FIXED ASSETS RESULTING FROM THE ACQUISITION OF PROPERTY UNDER THE APPLICATION OF A GUARANTEE		50%	
5	SAFE AND LIQUID SHARES, SECURITIES AND DEPOSITS WITHIN THE SCOPE OF ARTICLE R. 513-6	6,654,475	100%	6,654,475
5.1	Receivables and securities from credit institutions and investment firms corresponding to subparagraph 1 of Article R. 513-6	5,824,555	100%	5,824,555
5.2	Receivables and securities from the management of forward financial instruments corresponding to subparagraph 2 of Article R. 513-6	829,920	100%	829,920
5.3	Receivables and securities from credit institutions and investment firms corresponding to subparagraph 3 of Article R. 513-6		100%	
6	GUARANTEED LOANS	6,636,099		6,636,099
6.1	Satisfying the conditions of 1-a) in the appendix to Regulation No. 99-10: The guarantee company outside the consolidation scope of the société de crédit foncier or société de financement de l'habitat has a minimum of the second-highest grade of credit quality.	6,636,099	100%	6,636,099
6.2	Satisfying the conditions of 1-a) in the appendix to Regulation No. 99-10: The guarantee company outside the consolidation scope of the société de crédit foncier or société de financement de l'habitat has the third-highest grade of credit quality.		80%	
6.3	Satisfying the conditions of 1-b) in the appendix to Regulation No. 99-10: The guarantee company that is within the consolidation scope of the société de financement de l'habitat has a minimum of the second-highest grade of credit quality.		80%	
6.4	Satisfying the conditions of 1-b) in the appendix to Regulation No. 99-10: The guarantee company that is within the consolidation scope of the société de financement de l'habitat has the third-highest grade of credit quality.		60%	

	Net book values or amounts eligible for refinancing <i>(in €k)</i>	Weighting <i>(in %)</i>	Weighted amounts <i>(in €k)</i>
	2	3	
ASSETS USED TO COVER PRIVILEGED RESOURCES			
7 SHARES, EQUITIES AND DEBT SECURITIES ISSUED BY A SECURITIZATION ENTITY			
	Shares, equities and debt securities issued by a securitization or similar entity whose assets have been disposed of exclusively by entities belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 2-a) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat before December 31, 2011 that have the highest grade of credit quality		
7.1		100%	
	of which:		
7.1.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.1.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-II		
7.1.3	Assets composed 90% of exposures defined in Article L. 513-4		
	Shares, equities and debt securities issued by a securitization or similar entity whose assets have been disposed of exclusively by entities belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 2-a) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat before December 31, 2011 that have the second-highest grade of credit quality		
7.2		80%	
	of which:		
7.2.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.2.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-II		
7.2.3	Assets composed 90% of exposures defined in Article L. 513-4		
	Shares, equities and debt securities issued by a securitization or similar entity whose assets have been disposed of exclusively by entities belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 2-b) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat after December 31, 2011 and shares, equities and debt securities acquired or financed prior to that date that have the highest grade of credit quality		
7.3		100%	
	of which:		
7.3.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.3.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-II		
7.3.3	Assets composed 90% of exposures defined in Article L. 513-4		
	Shares, equities and debt securities issued by a securitization or similar entity whose assets have been disposed of exclusively by entities belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 2-b) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat after December 31, 2011 and shares, equities and debt securities acquired or financed prior to that date that have the second-highest grade of credit quality		
7.4		50%	
	of which:		
7.4.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.4.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-II		
7.4.3	Assets composed 90% of exposures defined in Article L. 513-4		

	Net book values or amounts eligible for refinancing (in €K) 2	Weighting (in %) 3	Weighted amounts (in €K)
ASSETS USED TO COVER PRIVILEGED RESOURCES			
7.5	Shares, equities and debt securities issued by a securitization or similar entity some of whose assets have been disposed of by an entity not belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 3-a) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat before December 31, 2011 that have the highest grade of credit quality (until December 31, 2014).	100%	
	of which:		
7.5.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.5.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-II		
7.5.3	Assets composed 90% of exposures defined in Article L. 513-4		
7.6	Shares, equities and debt securities issued by a securitization or similar entity some of whose assets have been disposed of by an entity not belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 3-a) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat before December 31, 2011 that have the second-highest grade of credit quality (until December 31, 2014).	50%	
	of which:		
7.6.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.6.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-II		
7.6.3	Assets composed 90% of exposures defined in Article L. 513-4		
7.7	Shares, equities and debt securities issued by a securitization or similar entity some of whose assets have been disposed of by an entity not belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 3-b) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat after December 31, 2011 and shares, equities and debt securities acquired or financed prior to that date that have the highest grade of credit quality from January 1, 2015.	100%	
	of which:		
7.7.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.7.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-II		
7.7.3	Assets composed 90% of exposures defined in Article L. 513-4		
8	OTHER ASSET ITEMS	1,876,617	100%
8.1	Other class 1 items	1,564,443	100%
8.2	Other class 2 items	-437,060	100%
8.3	Other class 3 items	749,234	100%
8.4	Other class 4 items	0	100%
9	TRANSACTIONS DEDUCTED FROM ASSETS	3,114,098	100%
9.1	Funds received from clients awaiting allocation, recorded under liabilities on the balance sheet	0	100%
9.2	Security repurchase agreements: securities sold	804,124	100%
9.3	Receivables funded under the conditions set by Articles L. 313-23 to L. 313-34 of the French Monetary and Financial Code		100%
9.4	Assets deducted following the implementation the final subparagraph of Article 9 of CRBF Regulation 99-10	2,309,974	
10	TOTAL WEIGHTED AMOUNTS OF ASSET ITEMS (1+2+3+4+5+6+7+8-9)		67,318,120
	COVERAGE RATIO (with 2 decimals) (A/P x 100)		111.40%

		Amounts (in €k)
		1
RESOURCES HAVING THE PRIVILEGE DEFINED IN ARTICLE L. 513-11 OF THE FRENCH MONETARY AND FINANCIAL CODE: LIABILITIES		
1	Privileged resources from credit institutions	-
1.1	of which nominal amount	-
2	Privileged resources from clients	
2.1	Financial sector customers / clients	
2.2	Non-financial sector customers	
2.3	of which nominal amount	
3	Securities with privilege	60,515,317
3.1	Obligations foncières or housing finance bonds	59,719,859
3.2	Negotiable debt securities	150,000
3.3	Other securities with privilege	
3.4	Debts related to these securities	645,458
3.5	To be deducted: obligations foncières or housing finance bonds issued and subscribed for by the credit institution when they are not used as collateral for credit transactions by Banque de France	
3.6	Subtotal	60,515,317
3.7	of which nominal amount	59,869,859
4	Amounts due in respect of the contract pursuant to article L. 513-15 of the french monetary and financial code	5,678
5	Amounts due in respect of the forward financial instruments having the privilege defined in article L. 513-11 of the french monetary and financial code	-94,118
5.1	of which impact of variations in exchange rate on the nominal amount of privileged resources	-143,543
6	Liabilities resulting from the incidental expenses set out in the final subparagraph of article L. 513-11 of the french monetary and financial code	-
7	Privileged resources (1 + 2 + 3 + 4 + 5 + 6)	60,426,877
8	Nominal amount of privileged resources (1.1+1.1+1.1+1.1)	59,726,317

		Ratios/ Amounts (in €k)
AUDIT OF THE LIMITS APPLICABLE TO ASSET CLASSES (RATIO WITH 2 DECIMALS)		
1	Total assets	71,461,851
2.1	Loans guaranteed held directly	4,951,765
2.2	Guaranteed loans included as assets of securitization or similar entities, or assigned by promissory notes	1,696,550
2.3	Total guaranteed loans (2.1 + 2.2)/asset ($\leq 35\%$ except for housing finance companies)	9.30%
3.1	Promissory notes held directly	n.a.
3.2	Promissory notes included as assets of securitization or similar entities	n.a.
3.3	Total promissory notes (3.1 + 3.2)/asset ($\leq 10\%$)	n.a.
4.	Total shares, equities and debt securities of securitization or similar entities satisfying the conditions of Section III of Article R. 513-3 of the French Monetary and Financial Code and not satisfying Section IV of Article R. 515-3/nominal amount of privileged resources ($\leq 10\%$)	0.00%
4.1	Total shares, equities and debt securities of securitization or similar entities held satisfying the conditions of Section III of Article R. 513-43 of the French Monetary and Financial Code and not satisfying Section IV of Article R. 513-3/nominal amount of privileged resources	0.00%
5	Total shares, equities and debt securities of securitization or similar entities satisfying the conditions of Section III of Article R. 513-3 of the French Monetary and Financial Code and not satisfying Section IV of Article R. 515-3/nominal amount of privileged resources ($\leq 10\%$)	0.00%
5.1	Total shares, equities and debt securities of securitization or similar entities held satisfying the conditions of Section III of Article R. 513-43 of the French Monetary and Financial Code and not satisfying Section IV of Article R. 513-3/nominal amount of privileged resources	
6	Total exposures covered under paragraph 5 of Section I in Article L. 515-15 of the French Monetary and Financial Code/nominal amount of privileged resources ($\leq 20\%$)	
7	Safe and liquid assets/nominal amount of privileged resources ($\leq 15\%$)	9.75%

DETAILS OF THE CALCULATION OF THE 25% EXPOSURE LIMIT TO ASSETS OF RELATED PARTIES PURSUANT TO THE FINAL SUBPARAGRAPH OF ARTICLE 9 OF REGULATION NO. 99-10		Amounts (in €k) 2	Weighting 3	Weighted amounts (in €k)
1	Exposures to the entities mentioned in the third subparagraph of article R. 513-8 of the french monetary and financial code	6,973,522	100%	6,973,522
	of which:			
1.1	Receivables and securities from credit institutions corresponding to subparagraphs 1 and 3 of Article R. 513-6 of the French Monetary and Financial Code	5,821,979	100%	5,821,979
1.2	Receivables and guarantees corresponding to subparagraph 2 of Article R. 513-6 of the French Monetary and Financial Code (including receivables and guarantees connected with the management of forward financial instruments)	829,920	100%	829,920
1.3	Other assets	321,623	100%	321,623
1.3.1	Interest accrued on swaps	152,293	100%	152,293
1.3.2	Accrued income	0	100%	0
1.3.3	Other	169,330	100%	169,330
2	Non-privileged resources	9,911,079	100%	9,911,079
2.1	Amount of the 25% limit of non-privileged resources pursuant to Article 9 of CRBF Regulation No. 99-10	2,477,770		
3	Any asset received as guarantee, pledge or full ownership in respect of 1 pursuant to articles L. 211-36 to L. 211-40, L. 313-23 to L. 313-35 and L. 313-42 to L. 313-49 of the french monetary and financial code	2,185,779		2,185,779
3.1	Assets weighted at 100%	2,185,779	100%	2,185,779
3.2	Assets weighted at 80%		80%	
3.3	Assets weighted at 60%		60%	
3.4	Assets weighted at 50%		50%	
4	Amount to be deducted from assets	2,309,974		



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CAPITAL

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GENERAL INFORMATION

Registered office

The registered office of Compagnie de Financement Foncier is located at 19, rue des Capucines, 75001 Paris.

Activity

Compagnie de Financement Foncier is the *société de crédit foncier* of groupe Crédit Foncier, specifically governed by the provisions of section IV of the second part of French law No. 99-532 of June 25, 1999 governing savings and financial security, which has been incorporated into Articles L. 513-2 to L. 513-27 of the French Monetary and Financial Code.

Pursuant to Article 110 of this law, Crédit Foncier transferred on October 21, 1999 to Compagnie de Financement Foncier assets

and liabilities covered by the specific legislative and regulatory requirements that applied to it before the transfer.

The purpose of Compagnie de Financement Foncier is to grant or purchase secured loans and exposures to public authorities financed by the issuance of covered bonds, by other privileged resources, or by resources which may not benefit from the preferred status, or "privilege", as defined by Article L. 513-11 of the French Monetary and Financial Code.

Structure of the relationship between Compagnie de Financement Foncier and Crédit Foncier

As stipulated by law, Compagnie de Financement Foncier draws on the technical and human resources of its parent company under agreements binding the two companies. These agreements, which are regulated as defined by Article L. 225-38 of the French Commercial Code, cover all of the Company's activities.

The general principles applied in preparing these agreements are described below.

The texts are drafted taking into account the special nature of the relationship between Crédit Foncier and its subsidiary Compagnie de Financement Foncier.

Sixteen agreements were signed by and between Crédit Foncier and Compagnie de Financement Foncier as of December 31, 2019, namely:

- a framework agreement, setting forth the general principles;
- an agreement for loan assignments;
- an agreement for loan servicing and recovery;
- an agreement governing financial services;
- an asset/liability management (ALM) agreement;
- an administrative and accounting management agreement;
- a service agreement on internal control and compliance;

- an agreement related to the implementation of information technology services;
- an agreement concerning human resources;
- an agreement concerning remuneration for services;
- an agreement related to settlement bank services;
- a guarantee agreement for adjustable-rate loans;
- a guarantee and compensation agreement;
- a paying agent agreement;
- an agreement related to shareholder's account advance effective as of September 15, 2015, the date that the account was established;
- agreement on the assignment of mortgage ranking/priority;
- a tripartite agreement between Crédit Foncier, Compagnie de Financement Foncier and the State: a State-aided loan management and recovery agreement.

Apart from its corporate officers, Compagnie de Financement Foncier does not have any direct employees.

Legal form and applicable legislation

Compagnie de Financement Foncier is a credit institution authorized as a financial company and a *société de crédit foncier* by a decision of the French Credit Institutions and Investment Companies Committee (CECEI – Comité des établissements de crédit et des entreprises d'investissement) on July 23, 1999. It is thus subject to all laws and regulations applicable to credit institutions and, as a *société de crédit foncier*, it is also subject to Articles L. 513-2 to L. 513-27 of the French Monetary and Financial Code.

It was formed as a *société anonyme* (French limited company) and, for this reason, is also subject, apart from certain exemptions, to the requirements applicable to commercial companies under the French Commercial Code.

A *société de crédit foncier* benefits from a certain number of exemptions from ordinary laws, specifically:

- Article L. 513-11 of the French Monetary and Financial Code instituting a privilege for holders of *obligations foncières*;
- Article L. 513-20 of the French Monetary and Financial Code, which stipulates that the safeguard procedure, legal receivership or liquidation of a company holding shares of a *société de crédit foncier* cannot be extended to the *société de crédit foncier*;
- in addition, Article L. 513-21 of the French Monetary and Financial Code provides that, notwithstanding any provisions to the contrary, including those of Book VI, Title II to IV of the French Commercial Code, contracts that make provision for the management or recovery of the loans of a *société de crédit foncier* may be terminated immediately in the event of the safeguard, compulsory liquidation or administration of the Company in charge of the management or collection of such loans.

Duration

The Company was incorporated on December 22, 1998 for a period of 99 years.

Corporate purpose (Article 2 of the Bylaws)

ARTICLE 2 – PURPOSE

The purpose of the Company, in the context of the laws and regulations applicable to *sociétés de crédit foncier*, is:

- 1° performing all transactions mentioned in Articles L. 513-2 *et seq.* of the French Monetary and Financial Code without restrictions in terms of the countries in which it operates other than those resulting from said Articles.

These transactions include:

- granting or acquiring secured loans, exposures to public authorities and investments and securities as defined in Articles L. 513-3 to L. 513-5 and L. 513-7 of the French Monetary and Financial Code,
- financing these types of loans, exposures, investments and securities by issuing covered bonds known as *obligations foncières*, benefiting from the “privilege” defined in Article L. 513-11 of the French Monetary and Financial Code and by raising other resources whose issuance or subscription agreement mentions this “privilege”.

The Company may also finance the activities mentioned above by issuing loans or resources that do not benefit from the “privilege”. It may issue the promissory notes referred to in Articles L. 313-42 to L. 313-49-1 of the French Monetary and Financial Code.

Notwithstanding any other provisions or stipulations to the contrary, the Company may carry out temporary transfers of its securities in accordance with Articles L. 211-22 to L. 211-34 of the French Monetary and Financial Code, pledge securities accounts pursuant to Article L. 211-20 of said Code and assign all or some of the receivables that it holds in accordance with Articles L. 211-36 to L. 211-40 or in accordance with Articles L. 313-23 to L. 313-35, whether or not these receivables

are professional. The receivables or securities thus assigned or transferred do not fall within the scope of the “privilege” defined in Article L. 513-11 of the French Monetary and Financial Code and are not booked pursuant to Article L. 513-12 of said Code.

As an exception to Articles L. 1300 of the French Civil Code and L. 228-44 and L. 228-74 of the French Commercial Code, the Company may subscribe for its own *obligations foncières* solely for the purpose of using them as collateral for access to the refinancing facilities of the Banque de France under the conditions set forth in Article L. 513-26 of the French Monetary and Financial Code.

The Company cannot hold equity investments;

- 2° concluding, with any credit institution or financial company, all agreements necessary for:
- servicing and recovering loans, exposures and securities,
 - managing bonds and other resources,
 - more generally, providing all services necessary to manage Company assets, liabilities and financial balances,
 - as well as all agreements concerning the distribution and refinancing of loans;
- 3° acquiring and holding all property and equipment necessary to fulfill its purpose or arising from the recovery of its loans and contracting with any authorized third party any agreement related to the acquisition, ownership, management, maintenance and disposal of such assets;
- 4° concluding, with any insurance company, any agreement that serves the corporate purpose, notably to cover risks related to borrowers, risks in respect of both assets securing the loans and assets being held by the Company, and the liability risks of the Company or its corporate officers;

- 5° in connection with its own activity or on behalf of other companies, providing customers with and managing payment processes, in particular:
- for the payment of funds or the receipt of all cash flows arising from loan activities,
 - for maintenance of any financial relationship or account with any other credit institution, financial institution or public entity,
 - for the management of technical accounts in respect of expenses and receipts;
- 6° participating in any system for interbank settlements, settlement-delivery of securities and all clearing system, as well as any transaction within the framework of the monetary policy of the European Central Bank, that contributes to the development of the Company's activities;
- 7° more generally:
- carrying out all operations contributing to the fulfillment of its corporate purpose, as long as such transaction complies with the purpose of *sociétés de crédit foncier* as defined in the legislation and regulations that regulate their activity,
 - concluding any agreement that allows the Company to use essential outsourcing services and related controls.

Company register number and Legal Entity Identifier

Compagnie de Financement Foncier is registered in the Paris Trade and Companies Register under number 421 263 047.

The Compagnie de Financement Foncier is identified under number LEI DKGVVH5FKILG8R13CO13.

Fiscal year

The Company's fiscal year starts on January 1 and ends on December 31.

Statutory allocation of earnings

If the financial statements for a given fiscal year, as approved by the Annual General Shareholders' Meeting, show distributable earnings as defined by law, shareholders shall decide either to attribute them to one or more reserve accounts, the allocation and use of which it determines, or to retained earnings, or to distribute them.

After noting the existence of the reserves at its disposal, the Annual General Shareholders' Meeting may decide to distribute amounts drawn from those reserves. In such a case, the decision shall

specify the reserve accounts from which the distributed amounts are to be drawn.

However, dividends shall be withdrawn first from the distributable earnings for the fiscal year.

The Annual General Shareholders' Meeting also has the right to grant each shareholder an option to receive payment either in the form of cash or in shares for all or part of the dividend or interim dividend to be distributed.

Dividend policy

2019

The Ordinary General Shareholders', which met on May 6, 2019, resolved that a dividend of €89,783,262.10 would be paid out in respect of fiscal year 2018 to shareholders, equal to €0.56613 per share.

2018

The Ordinary General Shareholders', which met on May 16, 2018, resolved that a dividend of €58,202,987.28 would be paid out in respect of fiscal year 2017 to shareholders, equal to €0.367 per share.

2017

The Ordinary General Shareholders', which met on May 15, 2017, resolved that a dividend of €93,568,835.14 would be paid out in respect of fiscal year 2016 to shareholders, equal to €0.59 per share.

CAPITAL

SHARE CAPITAL

At December 31, 2019, the Company's subscribed capital amounted to €2,537,459,936. It is divided into 158,591,246 fully paid-up shares with a par value of €16 each.

SHARE CAPITAL AUTHORIZED BUT NOT SUBSCRIBED

No authorization to increase the share capital has been issued which has not been used, nor is there any potential capital share.

DIFFERENT VOTING RIGHTS

The articles of association do not grant double voting rights to all fully paid-up shares for which a nominative registration has been given for at least two years in the name of the same shareholder. Each member of the Shareholder Meeting is entitled to as many votes as he or she owns or represents shares.

OWNERSHIP STRUCTURE AND VOTING RIGHTS

Major shareholders at 12/31/2019	Number of shares	As a %
Crédit Foncier	158,591,245	100.00
Director	1	not reported
TOTAL	158,591,246	100.00

CHANGES IN CAPITAL OVER THE LAST FIVE YEARS

The Board of Directors, meeting on August 25, 2015, unanimously resolved to exercise the powers granted by the Extraordinary General Shareholders' Meeting of May 28, 2015 and to increase the share capital by €1,350,000,000, from €1,187,459,936 to €2,537,459,936, by issuing 84,375,000 new shares with a par value of €16 each, the shares being issued at par. These shares were fully subscribed to by Crédit Foncier on September 15, 2015.

No change was made to the share capital in 2016.

No change was made to the share capital in 2017.

No change was made to the share capital in 2018.

No change was made to the share capital in 2019.

NATURAL OR LEGAL PERSONS THAT EXERCISE CONTROL OVER THE COMPANY

Crédit Foncier de France – 19, rue des Capucines – 75001 Paris – 542 029 848 RCS (Trade and Companies Register) Paris

INFORMATION ON GROUPE CRÉDIT FONCIER DE FRANCE, TO WHICH COMPAGNIE DE FINANCEMENT FONCIER BELONGS

From its creation in 1852 and until 1999, Crédit Foncier has held the special status as a *société de crédit foncier* and as such, issued *obligations foncières*.

Acting as a key player in the specialized real estate financing market and responsible for distributing French state subsidized loans, following the real estate crisis in the 1990s and the abolition of subsidized loans, in 1999 Crédit Foncier joined the Private sector after its 90% acquisition by Groupe Caisse d'Épargne.

In the legal context governing this acquisition, the Parliament created a specific new status for *sociétés de crédit foncier*. Compagnie de Financement Foncier was then founded and authorized as *société de crédit foncier* by the CECEI. Crédit Foncier transferred all its property commitments and pledged assets to Compagnie de Financement Foncier pursuant to Article 110 of the law of June 25, 1999.

After having been affiliated with Groupe Caisse d'Épargne between 1999 and 2009, Crédit Foncier became affiliated in 2009 to Groupe BPCE, which resulted from the merger of the Caisse d'Épargne and the Banque Populaire networks. Since August 5, 2010, Crédit Foncier is fully owned by the Central institution of BPCE.

Since April 1, 2019, as part of the implementation of the new industrial structure announced by Groupe BPCE on June 26, 2018, Crédit Foncier has been refocusing its efforts on the management of outstanding loans and on refinancing certain Groupe BPCE assets, through Compagnie de Financement Foncier.

IMPROPER CONTROL

The Company is controlled as described in chapter "Distribution of capital and voting rights"; however, the Company believes there is no risk of said control being exercised improperly.

BYLAWS

Bylaws applicable at the filing date of this Universal Registration Document.

Section I: Legal form – purpose – corporate name – registered office – term of the Company

ARTICLE 1 – LEGAL FORM

The Company is a French public limited company (*société anonyme*). The Company is governed by the legislative and regulatory provisions in force applicable to *sociétés anonymes*, credit institutions, and in particular to *sociétés de crédit foncier*, and by these Bylaws.

ARTICLE 2 – PURPOSE

The purpose of the Company, in the context of the laws and regulations applicable to *sociétés de crédit foncier*, is:

1° performing all transactions mentioned in Articles L. 513-2 *et seq.* of the French Monetary and Financial Code without restrictions in terms of the countries in which it operates other than those resulting from said Articles.

These transactions include:

- granting or acquiring secured loans, exposures to public authorities and investments and securities as defined in Articles L. 513-3 to L. 513-5 and L. 513-7 of the French Monetary and Financial Code,
- financing these types of loans, exposures, investments and securities by issuing covered bonds known as *obligations foncières*, benefiting from the “privilege” defined in Article L. 513-11 of the French Monetary and Financial Code and by raising other resources whose issuance or subscription agreement mentions this “privilege”.

The Company may also finance the activities mentioned above by issuing bonds or resources that do not benefit from the “privilege”. It may issue the promissory notes referred to in Articles L. 313-42 to L. 313-49-1 of the French Monetary and Financial Code.

Notwithstanding any other provisions or stipulations to the contrary, the Company may carry out temporary transfers of its securities in accordance with Articles L. 211-22 to L.211-34 of the French Monetary and Financial Code, pledge securities accounts pursuant to Article L. 211-20 of said Code and assign all or some of the receivables that it holds in accordance with Articles L. 211-36 to L. 211-40 or in accordance with Articles L. 313-23 to L. 313-35, whether or not these receivables are professional. The receivables or securities thus assigned or transferred do not fall within the scope of the “privilege” defined in Article L. 513-11 of the French Monetary and Financial Code and are not booked pursuant to Article L. 513-12 of said Code.

As an exception to Articles 1300 of the French Civil Code and L. 228-44 and L. 228-74 of the French Commercial Code, the Company may subscribe for its own *obligations foncières* solely for the purpose of using them as collateral for access to the refinancing facilities of the Banque de France under the conditions set forth in Article L. 513-26 of the French Monetary and Financial Code.

The Company cannot hold equity investments;

- 2° concluding, with any credit institution or financial institution, all agreements necessary for:
 - servicing and recovering loans, exposures and securities,
 - managing bonds and other resources,
 - more generally, providing all services necessary to manage assets, liabilities and financial balances of the Company,
 - as well as all agreements concerning the distribution and refinancing of loans;
- 3° acquiring and holding all property and equipment necessary to fulfill its purpose or arising from the recovery of its loans:
 - concluding any agreement with any authorized third party related to the acquisition, ownership, management, maintenance and disposal of such assets;
- 4° concluding, with any insurance company, any agreement that serves the corporate purpose, notably to cover risks related to borrowers, risks in respect of both assets securing the loans and assets being held by the Company, and the liability risks of the Company or its corporate officers;
- 5° in connection with its own activity or on behalf of other companies, providing customers with and managing payment processes, in particular:
 - for the payment of funds or the receipt of all cash flows arising from loan activities,
 - for maintenance of any financial relationship or account with any other credit institution, financial institution or public entity,
 - for the management of technical accounts in respect of expenses and receipts.
- 6° participating in any system for interbank settlements, settlement-delivery -of securities and all clearing system, as well as in any transactions within the framework of the monetary policy of the European Central Bank, which contribute to the development of the Company’s activities;
- 7° more generally:
 - carrying out all operations contributing to the fulfillment of its corporate purpose, as long as such transaction complies with the purpose of *sociétés de crédit foncier* as defined in the legislation and regulations that regulate their activity,
 - concluding any agreement that allows the Company to use essential outsourcing services and related controls.

ARTICLE 3 – CORPORATE NAME

The name of the Company is: “Compagnie de Financement Foncier”.

ARTICLE 4 – REGISTERED OFFICE

The registered office is located at 19, rue des Capucines, Paris (75001), France.

If the location of the registered office is moved by the Board of Directors in accordance with the conditions set out in the applicable legislation, the new location shall be automatically substituted for the previous one in this Article, provided the move is ratified by an Ordinary General Shareholders' Meeting.

ARTICLE 5 – TERM

The legal life of the Company is ninety-nine years, starting from December 22, 1998, unless the period is extended or the Company is liquidated, in accordance with the legislation in force or these Bylaws.

Section II: Share capital – shares

ARTICLE 6 – SHARE CAPITAL

The share capital is set at €2,537,459,936 (two billion, five hundred and thirty-seven million, four hundred and fifty-nine thousand, nine hundred and thirty-six euros).

It is divided into 158,591,246 shares with a par value of €16 (sixteen) each, all of which belong to the same class and are fully paid up in cash.

ARTICLE 7 – FORM OF THE SHARES

The shares are in registered form. They are registered in accordance with the terms and conditions set forth by law.

ARTICLE 8 – RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

Each share confers a right to ownership of the Company's assets and a share in its profits proportional to the fraction of the Company's capital that it represents.

All shares which comprise or will comprise the share capital, as long as they are of the same type and the same par value, are strictly equivalent to each other so long as they have the same dividend-bearing date. Both during the Company's existence and its liquidation, they provide payment of the same net amount on all allocations or redemptions, so that, if applicable, all shares are aggregated without distinction with respect to all tax savings or charges resulting from such allocations or redemptions.

The rights and obligations attached to shares are transferred with the title to the shares.

Ownership of a share automatically implies acceptance of the Bylaws and the decisions of Annual General Shareholders' Meetings.

The beneficiaries, creditors, successors or other representatives of a shareholder cannot cause legal seals to be placed on the assets and securities of the Company or request the distribution or division of such assets and securities or interfere in any manner in the Company's administration.

They must refer to the financial statements and to the decisions of Annual General Shareholders' Meetings to exercise their rights.

Every time when an ownership of several shares is required to exercise a given right, in cases of exchange, grouping or allotment of shares, or as a result of an increase or decrease in capital stocks, splits or reverse splits of shares, or any other operation on the share capital, the owners of single shares or of less than the required number of shares, may exercise their rights only if they undertake to combine, sell or purchase the necessary number of shares.

ARTICLE 9 – TRANSFER OF SHARES

Shares can be traded freely.

Shares can be transferred, with respect to third parties and the Company, by an order to transfer them from one account to another.

ARTICLE 10 – INDIVISIBILITY OF SHARES

Shares are indivisible vis-à-vis the Company, which only recognizes one owner for each share. Joint owners of a share are required to be represented within the Company by one of the joint owners or by a single agent.

The beneficial owner shall represent the bare owner in Ordinary General Shareholders' Meetings, however, the bare owner is the only one entitled to vote in Extraordinary General Meetings.

Section III: Corporate governance

ARTICLE 11 – BOARD OF DIRECTORS

The Company is administered by a Board of Directors comprised of at least three and at most eighteen members, selected among the shareholders and appointed by the Ordinary General Shareholders' Meeting.

Directors can be natural persons or legal entities. Legal entity Directors shall, at the time of their appointment, appoint a permanent representative who is subject to the same conditions and obligations and bears the same liability as if he/she were a Director in his/her own name. This without prejudice to the joint and several liabilities with the legal entity he/she represents.

When the legal entity Director terminates the term of its permanent representative, it must notify the Company without delay by registered mail of its decision as well as the identity of the new permanent representative. The same applies in the event of the death or resignation of the permanent representative.

ARTICLE 12 – DIRECTORS' TERM OF OFFICE

The Directors' term of office is six years.

The renewal of the terms is carried out gradually, in such a way that members of the Board are required to seek re-election on a regular basis in the most equal proportions possible.

Exceptionally, the Ordinary General Shareholders' Meeting may elect a director to serve for a term of two or four years, in order to ensure adequate rotation of Board members. Directors can be dismissed at any time by the Ordinary General Shareholders' Meeting.

They may resign from their term without giving any reason. Reaching the end of his or her term, each Director may be re-elected.

The age limit for exercising the function of director is set at 72 years old. The number of Directors above the age of 68 may not be more than a third of the number of Directors. Once the age limit is reached, the oldest director is deemed to have resigned from office following the next Ordinary General Shareholders' Meeting.

ARTICLE 13 – MEETINGS AND PROCEEDINGS OF THE BOARD – MINUTES

The Board of Directors is called to meetings by its Chairman, as often as the interest of the Company requires, either at the registered office, or at any other location indicated on the notice. Meetings may be called by all means, even verbally.

If no meeting has been held for more than two months, at least one third of the members of the Board of Directors can request that the Chairman call a Board meeting with a specific agenda.

The Chief Executive Officer can also request that the Chairman call a Board meeting with a specific agenda.

The Chairman must comply with requests that have been made to him in accordance with the two previous paragraphs.

Resolutions are adopted with the *quorum* and majority required by law. In the event of a tie vote, the Chairman shall cast the deciding vote.

For the purposes of calculating a *quorum* and majority, Directors participating in the meeting through videoconferencing or other means of telecommunications that allow them to identify themselves and effectively participate shall be considered present.

This rule is not applicable to the adoption of resolutions that require, in accordance with the current legislation, the physical presence of Directors.

Sufficient proof of the number of Directors in office and of their presence at a meeting of the Board is provided by the production of a copy or an excerpt of the minutes of the Board meeting.

The minutes of the meeting are prepared, and the copies or excerpts are delivered and certified as required by law.

ARTICLE 14 – POWERS OF THE BOARD

The Board of Directors determines the strategic direction of the Company's activities and supervises the implementation of such strategies. Subject to the powers expressly attributed to Annual General Shareholders' Meetings, and within the limits of the Company's purpose, the Board deals with any issue affecting the Company's operations and settles, through its decisions, all matters concerning the Company.

The Board shall carry out any controls and checks that it considers appropriate.

Each Director receives all the information necessary to perform his or her duties and can request all documents that he or she considers useful.

In its relations with third parties, the Company is responsible for the acts of the Board of Directors which are not in accordance with the Company's purpose, unless it can prove that the third party knew that the act in question was not in accordance with the Company's purpose or that the third party could not have been unaware of this fact given the circumstances, the sole fact that the Company's Bylaws are published does not constitute sufficient evidence.

In addition, without any effect to third parties, unless the Company proves that the third party knew that the acts exceeded those purposes or could not in view of the circumstances have been unaware of it, decisions are submitted to the prior approval of the Board of Directors:

- (i) to establish the strategic guidelines of the Company;
- (ii) to agree on a business plan;
- (iii) to agree on the annual budget of the Company;
- (iv) any expenditure decisions exceeding thirty million euros (€30,000,000);
- (v) to grant any pledge, collateral, or other guarantees on the Company's assets outside banking operations;
- (vi) to authorize all proposals on issuing securities (bonds, other debt and hybrid securities) other than those approved in the budget or the debt issuance program of the Company;
- (vii) to approve the strategy and the policy in relation to risk-taking and the monitoring, management and reduction of risks;
- (viii) to take note of the results of the review of the policy, procedures and defined limits in relation to liquidity risk that are not included in the statement of risk appetite;
- (ix) to regularly review outsourced activities as well as the associated risks;
- (x) to annually perform a review of the efficiency and effectiveness of the risk management function in terms of positioning, resources and independence.

The Board of Directors can grant any representative of its choice a delegation of powers within the limit of its powers under law or these Bylaws.

ARTICLE 15 – REMUNERATION OF THE BOARD OF DIRECTORS

An Ordinary General Shareholders' Meeting may allocate to the Board of Directors a fixed annual remuneration in the form of allocated remuneration, the amount of which it shall determine. This remuneration remains applicable until an Ordinary General Shareholders' Meeting decides otherwise.

The Board of Directors shall allocate this compensation in the proportions that it considers appropriate.

ARTICLE 16 – CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors elects, from among its individual members, a Chairman and determines his or her remuneration. It also sets the Chairman's term of office, which may not exceed his or her term as Director. The Chairman can be re-elected.

The Chairman's term must expire no later than the end of the Ordinary General Shareholders' Meeting that follows the date on which the Chairman reaches the age of 68.

The Chairman represents the Board of Directors. He or she organizes and directs the work of the Board, and reports to the Annual General Shareholders' Meeting on such work. The Chairman verifies that the Company's decision-making bodies function properly and ensures, in particular, that the Directors are able to fulfill their responsibilities.

The Board may confer on one or more of its members or on third parties, whether or not they are shareholders, special mandates for one or more specific purposes.

It may also appoint one or more committees, the structure and roles of which it shall determine. These committees, which can include both Directors and third parties chosen for their expertise, study the questions that the Board or the Chairman submits for their review.

In these various cases, the Board may allocate special compensation to the appointed Directors.

ARTICLE 17 – EXECUTIVE MANAGEMENT

The Company's Executive Management is directed, under his or her responsibility, by an individual appointed by the Board of Directors with the title of Chief Executive Officer. The positions of Chairman of the Board of Directors and Chief Executive Officer may no longer be held by the same person.

The Board of Directors shall appoint the Chief Executive Officer, determine the period for which the Chief Executive Officer is appointed and, if applicable, the limitation of his/her powers beyond the provisions laid down in Article 14 of these Bylaws.

The Chief Executive Officer has the broadest powers to act in all circumstances in the name of the Company, within the limits of its purpose, and subject to the specific powers expressly attributed to Annual General Shareholders' Meetings by law and to the specific powers of the Board of Directors.

The Chief Executive Officer represents the Company in its relationships with third parties. The Company is responsible for the acts of the Chief Executive Officer which are not in accordance with the Company's purpose, unless it can prove that the third

party knew that the act in question was not in accordance with the Company's purpose, or that the third party could not have been unaware of this fact in light of the circumstances. The sole fact that the Company's Bylaws are published does not constitute sufficient proof.

On the recommendation of the Chief Executive Officer, the Board of Directors can appoint one or more individuals, whether Directors or not, to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer. The number of Deputy Chief Executive Officers may not exceed five. The scope and duration of the powers of the Deputy Chief Executive Officers shall be determined by the Board of Directors with the consent of the Chief Executive Officer.

With respect to third parties, Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

The Board of Directors determines the compensation of the Chief Executive Officer and the Deputy Chief Executive Officers.

The Chief Executive Officer and, if they have been appointed, Deputy Chief Executive Officers, even if not members of the Board, are invited to the meetings of the Board of Directors.

The duties of the Chief Executive Officer and Deputy Chief Executive Officer must cease no later than the end of the Annual General Shareholders' Meeting that follows the date at which the person reaches the age of 68.

The Chief Executive Officer may be removed at any time by the Board of Directors. The same applies, on the recommendation of the Chief Executive Officer, to the Deputy Chief Executive Officers. If the removal is decided without just cause, it may result in legal damages.

If the Chief Executive Officer resigns, or cannot carry out his or her duties, the Deputy Chief Executive Officers retain, unless the Board decides otherwise, their positions and the responsibilities assigned to them until a new Chief Executive Officer is appointed.

ARTICLE 18 – NON-VOTING DIRECTORS

The Ordinary General Shareholder's Meeting may, on the recommendation of the Board of Directors, appoint up to four non-voting directors.

The term of a non-voting director is six years. They may be re-appointed.

The renewal of the terms is carried out gradually, in such a way that non-voting directors are required to seek re-election on a regular basis in the most equal proportions possible.

Exceptionally, the Ordinary General Shareholders' Meeting may elect non-voting directors to serve for a term of two or four years, in order to ensure adequate rotation.

The age limit for exercising the function of non-voting directors is set at 72 years old. The number of non-voting directors above the age of 68 may not be more than a third of the number of non-voting directors in office. Once the age limit is reached, the oldest non-voting director is deemed to have resigned from office following the next Ordinary General Shareholders' Meeting.

Non-voting directors are responsible for ensuring that Bylaws are strictly applied. Non-voting directors attend meetings of the Board of Directors and have an advisory role.

The Board of Directors determines their compensation in the context of the allocation of the allocated remuneration awarded by the Annual General Shareholders' Meeting.

Section IV: Company Audits

ARTICLE 19 – STATUTORY AUDITORS

The Annual General Shareholders' Meeting shall designate one or more Acting Statutory Auditors and one or more Acting Auditors, under the conditions stipulated by law.

ARTICLE 20 – SPECIFIC CONTROLLER

Under the conditions stipulated by law and by the regulations applicable to a *société de crédit foncier*, and after obtaining the opinion of the Board of Directors, the Chief Executive Officer shall appoint one Specific Controller and an alternate.

The Specific Controller and, if applicable, the alternate shall perform the duties assigned to them by the laws governing a *société de crédit foncier*.

Section V: General Shareholder's Meetings

ARTICLE 21 – GENERAL MEETINGS

General Shareholders' Meetings shall be called and shall deliberate under the conditions stipulated by law.

An Ordinary General Shareholders' Meeting must be held within five months of the fiscal year-end.

Meetings shall be held at the registered office or at another location stated in the notice of meeting.

Any shareholder may participate personally, or by proxy, in General Shareholders' Meetings with proof of identity and ownership of shares in the form of a record in his name on the Company's books five days before the date of the Annual General Shareholders' Meeting.

He may also vote by email under the conditions stipulated by law.

Shareholders who participate in General Shareholders' Meetings by videoconference or telecommunications that enable them to be identified shall be considered present for calculating the *quorum* and the majority.

Annual General Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors or, in his or her absence, by a Director specially authorized for that purpose by the Board. Otherwise, the General Shareholders' Meeting shall appoint a Chairman.

An attendance sheet shall be kept under the conditions stipulated by law.

Minutes of Annual General Shareholders' Meetings shall be drawn up and copies shall be certified and issued pursuant to law.

ARTICLE 22 – DELIBERATIONS OF GENERAL SHAREHOLDERS' MEETINGS

Ordinary and Extraordinary General Shareholders' Meetings ruling with *the quorum* and majority set by law shall exercise the powers that are conferred to them by law.

Section VI: Annual financial statements – distribution of earnings

ARTICLE 23 – FISCAL YEAR

The Company's fiscal year starts on January 1 and ends on December 31.

The Board of Directors may change the closing date of the fiscal year if it determines such a change to be in the Company's best interest.

As an exception, the first fiscal year started on December 22, 1998, from the registration date, and ended on December 31, 1998.

ARTICLE 24 – DISTRIBUTION OF EARNINGS

If the financial statements for a given fiscal year, as approved by the Annual General Shareholder's Meeting, show distributable earnings as defined by law, shareholders shall decide either to attribute them to one or more reserve accounts, the allocation and use of which it determines, or to retained earnings, or to distribute them.

After noting the existence of the reserves at its disposal, the Annual General Shareholders' Meeting may decide to distribute amounts drawn from those reserves. In such a case, the decision shall specify the reserve accounts from which the distributed amounts are to be drawn.

However, dividends shall be withdrawn first from the distributable earnings for the fiscal year.

The above provisions shall apply if non-voting preferred shares are created.

Annual General Shareholders' Meeting also has the right to grant each shareholder an option to receive payment either in the form of cash or in shares for all or part of the dividend or interim dividend to be distributed.

Section VII: Dissolution – liquidation – disputes

ARTICLE 25 – DISSOLUTION AND LIQUIDATION

At the expiration of the Company or in the event of early dissolution, the Annual General Shareholders' Meeting shall determine the method of liquidation and shall appoint one or more liquidators, whose powers it shall determine and who shall perform their duties pursuant to law.

ARTICLE 26 – DISPUTES

All disputes that might arise during the legal life of the Company or at the time of liquidation, either between the shareholders,

regarding the interpretation or execution of these Bylaws or between the Company and its shareholders, shall be adjudicated as required by law and shall be subject to the jurisdiction of the competent courts of the place of the registered office.

To this effect, in the case of a dispute, any shareholder is bound to designate an address for service of process within the area of jurisdiction of the court of the registered office and any assignments or notifications will be duly issued to this elected domicile, without consideration of the actual address. Failing an election of domicile, the assignments and notifications will be validly issued to the Public Prosecutor's office in the county court in the location of the registered office.

Location of legal documents concerning the Company

Legal documents concerning Compagnie de Financement Foncier can be consulted at 4, quai de Bercy, 94220 Charenton-le-Pont.

Material contracts

As of the date of publication of this financial information, with the exception of the agreements referred to in the present chapter (related-party agreements), Compagnie de Financement Foncier has not entered into any material contracts other than those entered into in the normal course of business.

Outlook for Compagnie de Financement Foncier

RECENT EVENTS

The Company has not recorded any recent events that significantly impact the evaluation of its solvency.

TRENDS

No significant deterioration has affected the Company's outlook since its last financial report was audited and published.

No known trend, uncertainty, claim, commitment or event is reasonably likely to have a negative material influence on the Company's outlook.

CONTROL

To the Company's knowledge, no agreement exists of which the implementation at a later date could lead to a change in control of the Company.

MATERIAL EVENTS

The financial statements of Compagnie de Financement Foncier for the 2019 fiscal year were approved by the Board on February 5, 2020. With the exception of the information given in the sub-section Post-balance sheet events in the Management report, no material changes have occurred affecting the financial or commercial position of Compagnie de Financement Foncier.

Additional information

- No potential conflicts of interest exist between the duties of Board members towards Compagnie de Financement Foncier and their private interests and/or other duties.
- As of December 31, 2019, there were no exceptional events or legal disputes (government, legal or arbitration procedures) likely to have or to have had a material impact on Compagnie de Financement Foncier's financial position, operations, results or assets.
- Compagnie de Financement Foncier conducts itself and its corporate entities operate according to the corporate governance framework applicable in France.

RESOLUTIONS SUBMITTED TO THE ANNUAL GENERAL SHAREHOLDERS' MEETING

Ordinary General Shareholders' Meeting of May 4, 2020.

Draft resolutions

FIRST RESOLUTION

The Annual General Shareholders' Meeting, having considered the Management report of the Board of Directors and the report of the Statutory Auditors, approves the annual financial statements for the fiscal year ended December 31, 2019 as presented and that show a profit of €111,278,471.70.

Consequently, the Annual General Shareholders' Meeting grants full and unconditional discharge to the members of the Board of Directors for this fiscal period.

The Annual General Shareholders' Meeting takes note that the fiscal statements for the past fiscal year do not include any non-tax deductible expenses as per Article 39-4 of the French General Tax Code.

SECOND RESOLUTION

The Annual General Shareholders' Meeting, having recorded the distributable earnings of €191,192,675.75 composed of net income for the fiscal year of €111,278,471.70, plus retained earnings of €79,914,205.05, resolves to allocate said distributable earnings as follows:

Allocated to legal reserves: €5,564,000.00

Dividend: €111,277,133.67

Retained earnings: €74,351,542.08

The dividend per share for each of the 158,591,246 shares comprising the share capital is therefore fixed at €0.70166.

Pursuant to Article 243 bis of the French General Tax Code, it is specified that the total dividend proposed is eligible for the 40% discount available to individuals who are resident in France for tax purposes, provided for in Article 158-3 of the French General Tax Code.

The dividend payment date is set for June 25, 2020. Pursuant to Article 24 of the Bylaws, the Annual General Shareholders' Meeting

decides to grant each shareholder the possibility of choosing to receive payment of the dividend in shares. New shares will have the same features and the same rights as the shares that gave the entitlement to the dividend. Their vesting date is set for January 1, 2020.

The issuance price of the new shares will be equal to the amount of shareholders' equity after allocation, as shown in the balance sheet as of December 31, 2019 approved by the Annual General Shareholders' Meeting in the first resolution set forth above, divided by the number of existing shares.

It stands at €19.46 per share.

The number of shares that can be allocated to shareholders who have chosen to receive payment of the balance of the dividend in shares will be determined in function of the calculated price. It is understood that shareholders cannot receive the dividend to which they are entitled partly in shares and partly in cash.

If the dividends thus determined do not give rise to a whole number of shares, shareholders who have chosen to receive payment in shares may subscribe for the nearest whole number of shares below the dividend payable, with the balance being paid in cash or the nearest whole number above the dividend payable, with the shareholder paying the difference in cash.

Shareholders must make their choice between June 1, 2020 and June 15, 2020.

Any shareholder who has not exercised his or her option by June 15, 2020 at the latest will receive the dividends in cash on the dividend payment date of June 25, 2020.

The Annual General Shareholders' Meeting gives full powers to the Board of Directors to record the number of shares issued and the corresponding increase in capital stock and to amend Article 6 of the Bylaws accordingly.

Pursuant to Article 47 of the Act of July 12, 1965 and Article 243 bis of the French General Tax Code, it is recalled that the dividend and total earnings per share have evolved as follows over the last three fiscal years:

Fiscal year	Number of shares	Total earnings per share	Dividend paid*
2016	158,591,246	€0.59	€0.59
2017	158,591,246	€0.367	€0.367
2018	158,591,246	€0.56613	€0.56613

* Eligible for the 40% discount provided for in Article 158-3 of the French General Tax Code.

THIRD RESOLUTION

The Annual General Shareholders' Meeting, pursuant to Article 24 of the Bylaws and Articles L. 232-12, L. 232-18 and L. 232-20 of the French Commercial Code, authorizes the Board of Directors to consider allowing shareholders to receive all or part of any interim dividends for the 2020 fiscal year in shares and to establish the terms thereof, pursuant to the regulations in force.

FOURTH RESOLUTION

The Annual General Shareholders Meeting, having considered the Statutory Auditors' special report concerning the agreements referred to in Article L. 225-38 of the French Commercial Code, approves the agreements mentioned therein.

FIFTH RESOLUTION

The Annual General Shareholders' Meeting, noting that the term of office of Ms Nathalie BRICKER was expiring, resolves to renew her term of office for six years, ending at the Annual General Shareholders' Meeting called to approve the financial statements for the 2025 fiscal year.

SIXTH RESOLUTION

The Annual General Shareholders' Meeting, noting that the term of office of Mr Jean-Sylvain RUGGIU was expiring, resolves to renew his term of office for six years, ending at the General Meeting called to approve the financial statements for the 2025 fiscal year.

SEVENTH RESOLUTION

The Annual General Shareholders' Meeting ratifies the co-opting, by the Board of Directors meeting on November 6, 2019, of Mr Éric FILLIAT as Board member, from November 7, 2019, replacing Mr Benoît CATEL, who is stepping down, for the remaining duration of his predecessor's mandate, *i.e.* until the Annual General Shareholders' Meeting called to approve the financial statements for the 2023 fiscal year.

EIGHTH RESOLUTION

The Annual General Shareholders' Meeting ratifies the co-opting, by the Board of Directors meeting on November 6, 2019, of Mr Philippe JEANNE as Board member, from November 7, 2019, replacing Ms Muriel COLLE, who is stepping down, for the remaining duration of his predecessor's mandate, *i.e.* until the Annual General Shareholders' Meeting called to approve the financial statements for the 2023 fiscal year.

NINTH RESOLUTION

The Annual General Shareholders' Meeting ratifies the co-opting, by the Board of Directors meeting on December 13, 2019, of Ms Sabine CALBA as Board member, from December 13, 2019, replacing Mr Mathieu LEPELTIER, who is stepping down, for the remaining duration of her predecessor's mandate, *i.e.* until the Annual General Shareholders' Meeting called to approve the financial statements for the 2023 fiscal year.

TENTH RESOLUTION

The Annual General Shareholders' Meeting resolves to appoint Ms Corinne DECAUX as Board member from May 4, 2020, for a six-year term, *i.e.* until the Annual General Shareholders' Meeting called to approve the financial statements for the 2025 fiscal year.

ELEVENTH RESOLUTION

The Annual General Shareholders' Meeting, noting that the term of office of Statutory Auditors PricewaterhouseCoopers Audit SA, was expiring, resolved to renew his term of office for six years, ending at the General Meeting called to approve the financial statements for the 2025 fiscal year.

TWELFTH RESOLUTION

The Annual General Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for Ordinary General Shareholders' Meetings, hereby expresses a favorable opinion on the remuneration due or allocated to Mr Benoît CATEL for the fiscal year ended December 31, 2019.

THIRTEENTH RESOLUTION

The Annual General Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for Ordinary General Shareholders' Meetings, hereby expresses a favorable opinion on the remuneration due or allocated to Mr Éric FILLIAT for the fiscal year ended December 31, 2019.

FOURTEENTH RESOLUTION

The Annual General Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for Ordinary General Shareholders' Meetings, hereby expresses a favorable opinion on the remuneration due or allocated, for the fiscal year ended December 31, 2019 to Mr Olivier AVIS, Chief Executive Officer and executive director, as mentioned in the financial report.

FIFTEENTH RESOLUTION

The Annual General Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for Ordinary General Shareholders' Meetings, hereby expresses a favorable opinion on the remuneration due or allocated, for the fiscal year ended December 31, 2019, to Mr Paul DUDOUIT, Deputy Chief Executive Officer and executive director, as mentioned in the financial report.

SIXTEENTH RESOLUTION

The Annual General Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for Ordinary General Shareholders' Meetings, after reading the report drafted according to Article L. 225-37-2 of the French Commercial Code, hereby expresses a favorable opinion on the remuneration of Mr Éric FILLIAT, Chairman of the Board of Directors, for the 2020 fiscal year.

SEVENTEENTH RESOLUTION

The Annual General Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for Ordinary General Shareholders' Meetings, after reading the report drafted according to Article L. 225-37-2 of the French Commercial Code, hereby expresses a favorable opinion on the remuneration of Mr Olivier AVIS, Chief Executive Officer, for the 2020 fiscal year.

EIGHTEENTH RESOLUTION:

The Annual General Shareholders' Meeting, acting in accordance with the *quorum* and majority requirements for Ordinary General Shareholders' Meetings, after reading the report drafted according to Article L. 225-37-2 of the French Commercial Code, hereby expresses a favorable opinion on the remuneration of Mr Paul DUDOUIT, Deputy Chief Executive Officer, for the 2020 fiscal year.

NINETEENTH RESOLUTION

Consultation pursuant to Article L. 511-73 of the French Monetary and Financial Code regarding the overall package of all kinds of compensation paid to the persons referred to in Article L. 511-71 of the French Monetary and Financial Code, for the fiscal year ended at December 31, 2019.

The Annual General Shareholders' Meeting, consulted pursuant to Article L. 511-73 of the French Monetary and Financial Code, acting in accordance with the *quorum* and majority requirements for Ordinary General Shareholders' Meetings, having considered the report of the Board of Directors, expresses a favorable opinion on the null compensation package for the fiscal year ended December 31, 2019 to the persons referred to in Article L. 511-71 of the French Monetary and Financial Code, either with respect to the office of Chief Executive Officer or of Deputy Chief Executive Officer.

TWENTIETH RESOLUTION

The Annual General Shareholders' Meeting gives full powers to the bearer of a copy or excerpt of the minutes of this meeting for the accomplishment of all filing and publication formalities.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

Annual General Meeting for the approval of the financial statements for the year ended December 31, 2019

This is a free translation into English of the Statutory Auditors' special report on related-party agreements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Compagnie de Financement Foncier

19, rue des Capucines
75001 Paris
France

To the Shareholders,

In our capacity as Statutory Auditors of Compagnie de Financement Foncier, we hereby report to you on related party-agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

AGREEMENTS AUTHORIZED AND ENTERED INTO DURING THE YEAR

We were not informed of any agreements authorized and concluded during the year to be submitted for approval of the Annual General Meeting pursuant to the provisions of article L.225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

AGREEMENTS APPROVED IN PREVIOUS YEARS

A) THAT WERE IMPLEMENTED DURING THE YEAR

In accordance with article R.225-30 of the French Commercial Code, we were informed that the following agreements, approved by the Annual General Meeting in prior years, remained in force during the year.

AGREEMENTS WITH CRÉDIT FONCIER DE FRANCE

■ Management agreements

Pursuant to articles L.515-13 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*), Crédit Foncier de France manages, on behalf of your Company, servicing and recovery services for loans and other assets, servicing of privileged and non-privileged *obligations foncières* and other resources that your Company holds, and more generally, all services required in terms of operational, financial, administrative and accounting management, as well as the audit and control services required for its operations.

All of these services are governed by a framework agreement entered into between your Company and its parent company.

The directly related agreements are as follows:

- Master agreement ;
- An agreement for loan servicing and recovery;
- An agreement governing financial services;
- An administrative and accounting management agreement;
- A service agreement on internal control and compliance;
- An asset/liability management (ALM) agreement;
- An agreement for assignments of eligible loans;
- An agreement relating to settlement bank services;
- An agreement relating to the implementation of information technology services;
- An agreement relating to seconded staff and human resources management.

The payments received by your Company for these services are included in the remuneration for financial services defined in a specific agreement described below.

Under the servicing and recovery agreement and the amendment thereto, Crédit Foncier de France provides cash advances to your Company corresponding to overdue payments on regulated loans for the unsubsidized sector with respect to the share financed by your Company. These amounted to €64.5 million for 2019. In return for these advances, Crédit Foncier de France retains the late payment interest charged to the customer, which amounted to €13.1 million for 2019.

■ **Agreement on remuneration for services**

On December 15, 2009, your Company signed an agreement for the remuneration of services provided by Crédit Foncier de France on your Company's behalf under management agreements. This agreement replaces the agreement of October 21, 1999 with the same subject matter.

For 2019, payments made to Crédit Foncier de France under the agreement on remuneration for services amounted to €62 million.

■ **Agreement on the assignment of mortgage ranking/priority**

Under this agreement, Crédit Foncier de France undertakes to recognize the priority ranking of mortgages granted by your Company and to subordinate its own mortgages to those of your Company. In the event of competing mortgage rights, payments to your Company will therefore take precedence.

In the event of allotment or allocation of funds from the debtor or in the event of implementation of the mortgage guarantee through the transfer of the property used as security, your Company will receive these funds for the total amount it is owed in capital, interest and ancillary costs.

This agreement had no direct financial impact in accounting terms since it concerned legal items related to the guarantees in respect of the loans assigned to your Company by Crédit Foncier de France.

■ **Paying agent agreement**

Your Company entered into a paying agent agreement with Crédit Foncier de France whereby Crédit Foncier de France undertakes to centralize the financial operations relating to the first and second issues of *obligations foncières*.

The compensation owed to Crédit Foncier de France for this financial service is included in remuneration for financial services.

■ **Shareholder's account advance agreement**

At the date of the signature of the agreement (September 15, 2015), the funds generated by the repayment of the redeemable subordinated notes (€2.1 billion) were deposited in the newly opened shareholder's account. In accordance with the agreement, this account earns interest at the 3-month Euribor rate + 2.50% and is repayable at any time by your Company (with 15 days advance notice).

Your Company incurred interest expenses of €45.7 million on this account for the year ended December 31, 2019.

■ **Agreement on the management and recovery of State-subsidized loans**

The compensation owed to Crédit Foncier de France under the agreement with the French State relating to the management and recovery of State-subsidized loans by Crédit Foncier de France is included in remuneration for services.

■ **Guarantee agreement for adjustable-rate loans**

In December 2007, exceptional measures were proposed to certain customers with adjustable-rate loans, whether regulated or not, to secure their monthly payments. Some of these receivables have been assigned to your Company.

In these exceptional circumstances, Crédit Foncier de France indemnifies your Company for the costs incurred under the scheme through a guarantee agreement concluded in favor of your Company.

Under the guarantee, your Company recorded income of €0.4 million for the year ended December 31, 2019.

B) THAT WERE NOT IMPLEMENTED DURING THE YEAR

In addition, we were informed that the following agreements, approved by the Annual General Meeting in prior years, were not implemented during the year.

■ **Guarantee and compensation agreement with Crédit Foncier de France**

In connection with the agreement to assign certain assets and liabilities from Crédit Foncier de France to your Company, Crédit Foncier de France:

- has undertaken to offset the effects of any changes in interest rates on your Company's net income should it not be possible to obtain fixed rate financing in the unsubsidized market;
- has guaranteed your Company a minimum return on the outstanding loans transferred;
- has undertaken to indemnify your Company in the event of changes in the treatment of borrowing costs relating to subsidized loans.

The Statutory Auditors

Neuilly-sur-Seine and Paris La Défense, March 27, 2020

KPMG SA

Xavier De Coninck

PricewaterhouseCoopers Audit

Anik Chaumartin

PERSONS WHO ASSUME RESPONSIBILITY FOR THE DOCUMENT AND THE AUDIT OF THE ACCOUNTS

Statement from the person responsible for the Universal registration document

PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Olivier AVIS

Chief Executive Officer

Compagnie de Financement Foncier

Address: 4, quai de Bercy – 94220 Charenton-le-Pont

Telephone: +33 (1) 57 44 85 51

Fax: +33 (1) 57 44 92 73

STATEMENT FROM THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I certify, after having taken every reasonable measure to this purpose, that the information provided in this Registration document is, to my knowledge, true to fact and that no information has been omitted that would change the interpretation of the information provided. I further certify that, to the best of my knowledge, the financial statements have been prepared in compliance with the applicable accounting standards and give a true and fair view of the Company's assets, financial position and earnings, and that the information appearing on pages 80 to 95 of the management report contained in this Universal registration document is an accurate representation of the business trends, earnings and financial position of the Company, and presents a description of the primary risks and uncertainties the Company faces.

Charenton-le-Pont, March 27, 2020

Olivier AVIS

Persons responsible for auditing the financial statements

PRINCIPAL

KPMGSA

Represented by Mr Xavier de CONINCK

Address: Tour EQHO – 2, avenue Gambetta – 92066 Paris La Défense

775726417 RCS (Trade and Companies Register) Paris

Member of the *Compagnie Régionale des Commissaires aux comptes de Versailles* (Regional Association of Statutory Auditors of Versailles)

Start of term: May 25, 2005

Length of term: six fiscal years

End of term: at the end of the Ordinary General Shareholders' Meeting called to approve the financial statements for the 2022 fiscal year.

PRICEWATERHOUSECOOPERS AUDIT

Represented by Ms Anik CHAUMARTIN

Address: 63, rue de Villiers – 92200 Neuilly-sur-Seine

302474572 RCS (Trade and Companies Register) Paris

Member of the *Compagnie Régionale des Commissaires aux comptes de Versailles* (Regional Association of Statutory Auditors of Versailles)

Start of term: June 30, 2003

Length of term: six fiscal years

End of term: at the end of the Annual General Shareholders' Meeting called to approve the financial statements for the 2019 fiscal year.

ALTERNATES

KPMG AUDIT FS I

Represented by Ms. Isabelle GOALEC

Address: Tour EQHO – 2, avenue Gambetta – 92066 Paris La Défense

Start of term: May 23, 2011

Length of term: six fiscal years

End of term: at the end of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2022.

MR ÉTIENNE BORIS

Address: 63, rue de Villiers – 92200 Neuilly-sur-Seine

Start of term: May 26, 2008

Length of term: six fiscal years

End of term: at the end of the Annual General Shareholders' Meeting called to approve the financial statements for the 2019 fiscal year.

CROSS-REFERENCE TABLE**Appendices I and II of European delegated Regulation 2019/2020 of the European Commission supplementing European Regulation 2017/1129 of the European Parliament and of the Council**

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Cross-reference table for the Annual financial report and the Management report

Pursuant to Article 212-13 of the French Financial Markets Authority's General Regulation, this update comprises the information of the Annual financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-4 of the French Financial Markets Authority's General Regulation.

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In accordance with Article 19 of European Regulation No. 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in this Universal registration document:

- Compagnie de Financement Foncier's individual financial statements for the fiscal year ended December 31, 2018 and the Statutory Auditors' report, presented on pages 111 to 150 of the Registration document filed with the AMF on March 22, 2019 under number D. 19-0190;
- Compagnie de Financement Foncier's individual financial statements for the fiscal year ended December 31, 2017 and the Statutory Auditors' report, presented on pages 143 to 189 of the Registration document filed with the AMF on March 28, 2018 under number D. 18-0201;
- the Management report for the year ended December 31, 2018 presented on pages 64 to 67 of the Registration document filed with the AMF on March 22, 2019 under number D. 19-0190;
- the Management report for the year ended December 31, 2017 presented on pages 78 to 99 of the Registration document filed with the AMF on March 28, 2018 under number D. 18-0201.



Compagnie de Financement Foncier - SA (French public limited company)
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