



COMPAGNIE DE FINANCEMENT FONCIER

2021 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 ●

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

COMPAGNIE DE FINANCEMENT FONCIER

2021 UNIVERSAL REGISTRATION DOCUMENT

including the annual financial report



This is a free translation into English of Compagnie de Financement Foncier 2021 Universal registration document issued in the French language and it is available on the website of the Issuer. In case of discrepancy the French version prevails. Only the French version of the Registration document has been submitted to the Autorité des Marchés Financiers (French Financial Market's Authority). It is therefore the only version that is binding in law. This Universal registration document was filed on March 23, 2022 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 entire documentation is then approved by the AMF pursuant to regulation (EU) 2017/1129.

MESSAGES FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



ÉRIC FILLIAT
Chairman of the Board
of Directors

2021 Results

€4.8bn

ISSUANCES MADE



MULTI-CALLABLE
PRIVATE PLACEMENTS

€3.2bn

REFINANCED ASSETS
FOR THE BPCE GROUP

How would you describe the positioning of Compagnie de Financement Foncier within Groupe BPCE?

In 2021, Compagnie de Financement Foncier once again demonstrated that it is a major player in Groupe BPCE's funding strategy for public sector assets and that it fully meets the objectives and ambitions of the strategic plan presented by BPCE in July 2021.

Compagnie de Financement Foncier, issuer of *obligations foncières* rated AAA/Aaa/AAA, a subsidiary of Groupe BPCE under the affiliation regime, once again raised long-term resources at very competitive prices on the financial markets. The quality of the cover pool, the experience acquired and the numerous links forged with international investors since its creation in 1999 justify the relevance of its model and the recognized quality of its brand.

In an environment of historically low interest rates, the year 2021 confirmed the interest of almost all Groupe BPCE institutions for the highly competitive resource offered by Compagnie de Financement Foncier. The levels of funding offered by Compagnie de Financement Foncier enable Groupe BPCE institutions to respond under the best possible conditions to calls for tenders proposed by local authorities with solid financial fundamentals.

In order to support Groupe BPCE in the development of its Public sector financing activity, Compagnie de Financement

Foncier, seizing the best issuance windows, issued €4.8bn of *obligations foncières* in 2021 under particularly attractive conditions. This performance is also indicative of investor confidence in the strategy deployed by Compagnie de Financement Foncier.

After these results, how do you see the year 2022 for Compagnie de Financement Foncier?

We are approaching 2022 with confidence and conviction: confidence in the Compagnie de Financement Foncier model, which demonstrates its robustness and reliability every year, regardless of the circumstances; confidence in our strategic guidelines in the public sector funding space, as well as in the residential and commercial mortgage sector under study; confidence in our investors, who respond to each of our issuances; and finally, confidence in the operational teams, whose involvement and professionalism enable us to achieve these performances.

We are entering 2022 more determined than ever to put Compagnie de Financement Foncier at the service of Groupe BPCE and the success of its strategic plan. In order to ensure the success of our issuances, we will continue our actions towards our investors with whom we have developed a relationship of trust for many years. Lastly, with the Groupe BPCE entities, we will endeavor to perfect the exchange processes enabling the funding offered by Compagnie de Financement Foncier to be used.

“In order to support Groupe BPCE in the development of its Public sector financing activity, Compagnie de Financement Foncier, seizing the best issuance windows, issued €4.8bn of *obligations foncières* in 2021 under particularly attractive conditions.,,

“2021 reflects the success and acceleration of the strategy focused on funding the activities of Groupe BPCE entities, with €3.2bn of funding put in place. Groupe BPCE institutions have renewed their strong interest in the highly competitive maturity-backed resource offered by Compagnie de Financement Foncier.,,



OLIVIER AVIS
Chief Executive Officer

In 2021, what is your assessment of the European covered bond market, and in particular Compagnie de Financement Foncier?

In 2021, despite the continuing COVID-19 health crisis and in a context of still very low interest rates, covered bonds have maintained a privileged position on the European capital markets with €92.9bn of new issuances. France holds a leading position, with €325bn of covered bonds outstanding and €23bn of benchmark issuances.

Compagnie de Financement Foncier is a leading historical French issuer. With an issuance volume of €4.8bn in 2021, an increase of 60% compared to 2020, Compagnie de Financement Foncier confirms its very good positioning on the European covered bond market.

No fewer than three benchmark issuances of €1.5bn each were realized throughout 2021 over a broad spectrum of maturities ranging from five to twenty years. In April, with a €1.5bn euro benchmark issuance, Compagnie de Financement Foncier became the third largest European covered bond issuer in terms of issuance size. In October, it once again distinguished itself by carrying out its first dual-tranche issuance on the euro market; the two €750m tranches have maturities of 6 and 20 years. Compagnie de Financement Foncier also confirmed its position as a key player in the private placement market

with €0.3bn issued, including two multi-callables.

Compagnie de Financement Foncier is committed to offering innovative and tailor-made products to investors of all types and backgrounds. This natural connection with investors, combined with the search for an optimized issuance schedule, makes it possible to seize the best market opportunities and ensure highly competitive refinancing margins for the various Groupe BPCE institutions.

All benchmark issuances carried out in 2021 benefited from high oversubscription rates, which confirm the reputation and quality of Compagnie de Financement Foncier's brand among investors, as well as their strong support for the refinancing strategy for Groupe BPCE's lending activities successfully implemented since 2019.

2021 reflects the success and acceleration of the strategy focused on funding the activities of Groupe BPCE entities, with €3.2bn of funding put in place (vs. €2.6bn of funding in 2020). Groupe BPCE institutions have renewed their strong interest in the highly competitive maturity-backed resource offered by Compagnie de Financement Foncier.

Compagnie de Financement Foncier confirms its status as a major player in the funding strategy of Groupe BPCE as a whole, serving investors and innovation.

After this very good performance in 2021, what are Compagnie de Financement Foncier's objectives for 2022?

In 2022, in line with the objectives of Groupe BPCE's strategic plan, Compagnie de Financement Foncier will continue to offer highly competitive issuance margins to Groupe BPCE entities, providing all of its expertise to structure attractive medium- and long-term funding that is adapted and backed.

The assets refinanced will be subject to rigorous selection in order to maintain the high quality of the mixed cover pool, a timeless guarantee of the trust placed in us by investors since the creation of Compagnie de Financement Foncier.

Compagnie de Financement Foncier will continue and further develop the close relationship it maintains with investors who, year after year, renew their confidence and ensure the success of its issuances.

PROFILE

A wholly-owned subsidiary of Crédit Foncier [A-(stable)/A1(stable)/A+(negative)/A+(stable)] ⁽¹⁾, an affiliate of BPCE [A(stable)/A1(stable)/A+(negative)/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 €53.7bn (including related receivables) as of December 31, 2021 and an issuance volume of €4.8bn.

€53.7bn

OF *OBLIGATIONS FONCIÈRES*
OUTSTANDING
(including related receivables)

€4.8bn

OF ISSUANCE
as of December 31, 2021

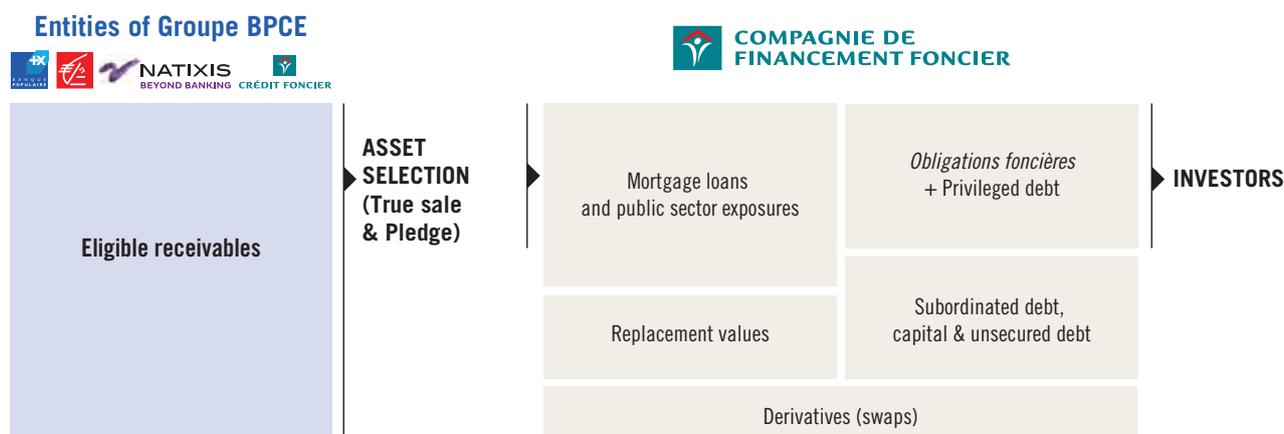
Our strategy and our mission

Compagnie de Financement Foncier refinances Groupe BPCE entities' lending under extremely favorable terms, in particular public sector and equivalent financing. It also continues to refinance outstanding loans initially originated by Crédit Foncier.

Compagnie de Financement Foncier is firmly committed to serving Groupe BPCE and has set itself the task of raising resources on the markets at particularly competitive levels, through the issuance of AAA-rated *obligations foncières* ⁽³⁾. The permanent search for quality assets and optimization of the structure balance sheet contribute to the successful fulfillment of this assignment.

ACTIVITY

Business model of Compagnie de Financement Foncier



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

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

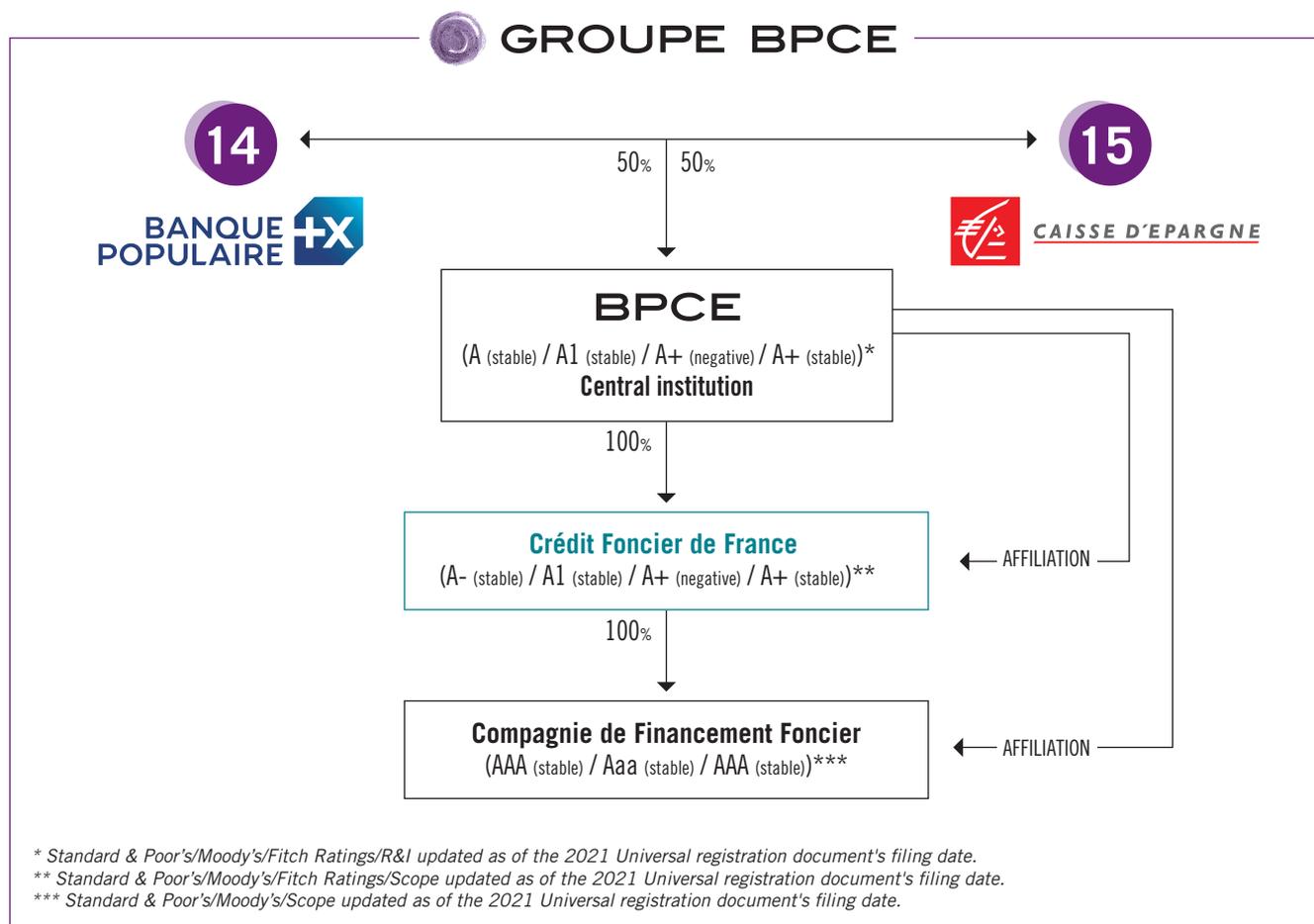
(3) Standard & Poor's/Moody's/Scope Ratings, updated as of the Universal registration document's filing date.

(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 GROUPE BPCE



HIGHLIGHTS OF 2021

Funding

€4.8BN, total amount of public issuances and private placements carried out by Compagnie de Financement Foncier in 2021.

SUCCESS OF BENCHMARKS ISSUED BY COMPAGNIE DE FINANCEMENT FONCIER:

- €1.5bn at eight years in April: Compagnie de Financement Foncier's largest transaction since 2018;
- €1.5bn at five years in July: negative yield of -0.23%, confirming the perceived quality of Compagnie de Financement Foncier among the world leaders in the covered bond segment;
- €1.5bn double tranche six years (€750m) and 20 years (€750m) in October: 1st double tranche on the EURO market for the Compagnie de Financement Foncier.

TWO MULTI-CALLABLE PRIVATE PLACEMENTS (CALLABLE BONDS)

The know-how and adaptability of Compagnie de Financement Foncier allow it to offer innovative and customized investment solutions to its investor clients through structured private placements.

Compagnie de Financement Foncier – supporting Groupe BPCE

€3.2BN, TOTAL AMOUNT OF FUNDING GRANTED TO GROUP INSTITUTIONS

Confirmation of the growing interest of the Group's institutions for the highly competitive resource offered by Compagnie de Financement Foncier to refinance their assets.

Key events

COMPAGNIE DE FINANCEMENT FONCIER AWARDED

Compagnie de Financement Foncier was once again honored by the financial industry during the 2021 MTN-I Awards, in the "Ultra long maturity" category for its 70-year issuance in 2020. This award illustrates the innovative capacity of Compagnie de Financement Foncier, which has produced the longest bond ever issued, both on the public and private markets. This ultra-long maturity at 70 years is generally reserved for the most recognized sovereigns and supra-nationals.

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+(negative)/A+(stable)] ⁽¹⁾

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

RATINGS OF OBLIGATIONS FONCIÈRES

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

Simplified economic balance sheet

	12/31/2021		12/31/2020		12/31/2019	
	€bn	%	€bn	%	€bn	%
ASSETS (by type of exposures)						
Mortgage loans and equivalent	31.5	49.2	36.0	52.7	38.6	54.0
Public sector exposures	25.0	39.1	24.7	36.1	24.9	34.8
French public sector*	17.9	28.0	17.6	25.7	16.9	23.6
Foreign public sector	7.1	11.1	7.1	10.4	8.0	11.2
Replacement values and other assets	7.5	11.7	7.7	11.2	8.0	11.2
Replacement values	6.6	10.3	6.6	9.6	6.7	9.3
Other assets	0.9	1.4	1.1	1.6	1.3	1.9
TOTAL ASSETS	63.9	100.0%	68.5	100.0	71.5	100.0

* Including deposits and short-term loans at Banque de France of €0.7bn at the end of 2021, €1.3bn at the end of 2020 and €1.6bn at the end of 2019.

	12/31/2021		12/31/2020**		12/31/2019	
	€bn	%	€bn	%	€bn	%
LIABILITIES						
Privileged resources	53.5	83.7	56.4	82.3	60.4	84.6
Obligations foncières	53.7	84.0	56.4	82.3	60.5	84.7
Foreign exchange difference on obligations foncières	-0.2	-0.3	-0.1	-0.1	-0.1	-0.2
Other privileged resources	0.0	0.0	0.1	0.1	0.1	0.1
Translation difference associated with hedging balance sheet items	0.9	1.4	0.8	1.2	1.1	1.6
Non-privileged resources	9.5	14.9	11.3	16.5	9.9	13.9
Unsecured debt	6.2*	9.7	6.0	8.8	4.6	6.4
Subordinated debt or equivalent	0.1	0.2	2.1**	3.0	2.1	3.0
Shareholders' equity and reserve for general banking risks	3.2	5.0	3.2	4.7	3.2	4.5
TOTAL LIABILITIES	63.9	100.0	68.5	100.0	71.5	100.0
Regulatory capital according to CRR/CRD IV	3.1	4.9	3.1	4.5	3.1	4.4

* Shareholders' advance accounts (€1,7bn) have been reclassified as unsecured debt.

** Of which shareholders' advance accounts for €2,0bn (2,9%).

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

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

Breakdown of assets

BY TYPE OF ASSETS

DECEMBER 31, 2021



€63.9bn

- 49%** Mortgage loans and equivalent
- 39%** Public sector exposures
- 11%** Replacement values
- 1%** Other assets

DECEMBER 31, 2020



€68.5bn

- 53%** Mortgage loans and equivalent
- 36%** Public sector exposures
- 10%** Replacement values
- 2%** Other assets

DECEMBER 31, 2019



€71.5bn

- 54%** Mortgage loans and equivalent
- 35%** Public sector exposures
- 9%** Replacement values
- 2%** Other assets

BY REGION

DECEMBER 31, 2021



€63.9bn

- 88%** France
- 7%** European Union (except France)
- 3%** North America
- 2%** Switzerland
- 1%** Japan

DECEMBER 31, 2020



€68.5bn

- 88%** France
- 7%** European Union (except France)
- 3%** North America
- 1%** Switzerland
- 1%** Japan

DECEMBER 31, 2019



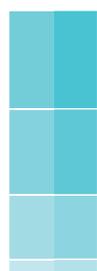
€71.5bn

- 88%** France
- 7%** European Union (except France)
- 3%** North America
- 1%** Switzerland
- 1%** Japan

Breakdown of issuances

BY TYPE OF INVESTOR

DECEMBER 31, 2021



€4.8bn

- 37% Central Banks
- 32% Banks
- 25% Asset manager
- 5% Insurance companies & Pension funds
- 2% Other

DECEMBER 31, 2020



€3bn

- 51% Banks
- 28% Central Banks
- 17% Asset manager
- 3% Insurance companies & Pension funds
- 1% Other

DECEMBER 31, 2019



€3bn

- 48% Banks
- 25% Asset manager
- 17% Insurance companies & Pension funds
- 9% Central Banks
- 1% Other

BY REGION

DECEMBER 31, 2021 *



- 45% Germany/Austria
- 11% Benelux
- 11% Scandinavia
- 10% United Kingdom/Ireland
- 9% Switzerland
- 5% France
- 5% Asia (except Japan)
- 3% Southern Europe
- 1% Other Europe
- 0% Middle East

DECEMBER 31, 2020



- 35% Germany/Austria
- 22% United Kingdom
- 17% Northern Countries
- 7% Benelux
- 6% France
- 6% Switzerland
- 5% Southern Europe
- 2% Asia
- 1% Other

DECEMBER 31, 2019



- 43% Germany/Austria
- 17% United Kingdom
- 15% France
- 8% Benelux
- 8% Northern Countries
- 3% Southern Europe
- 2% Asia
- 2% Switzerland
- 2% Other

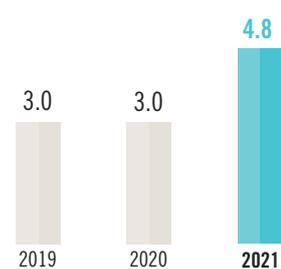
* Except Eurosystem.

Performance indicators

ACTIVITY

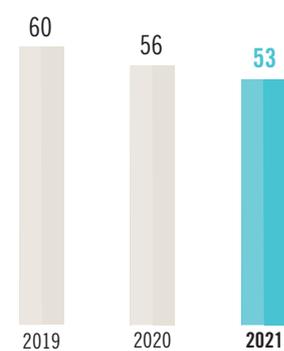
OBLIGATIONS FONCIÈRES ISSUES

(in €bn)



PRIVILEGED LIABILITIES

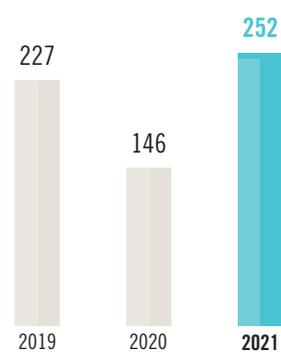
(in €bn)



RESULTS

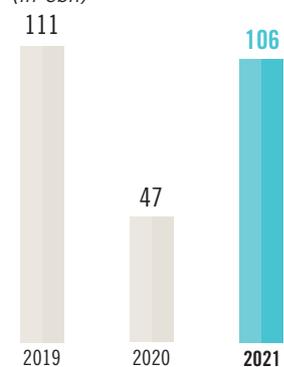
NET BANKING INCOME

(in €bn)



NET INCOME

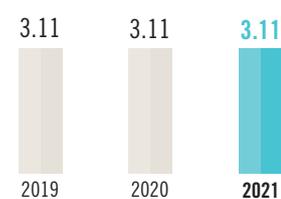
(in €bn)



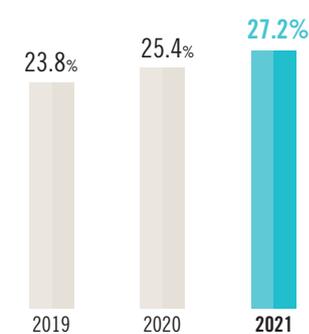
FINANCIAL STRUCTURE

REGULATORY CAPITAL

(in €bn)



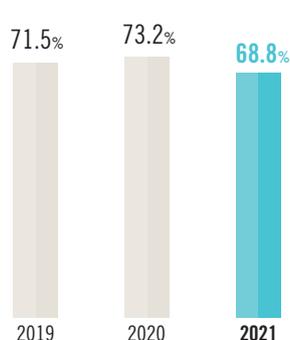
PRUDENTIAL RATIOS



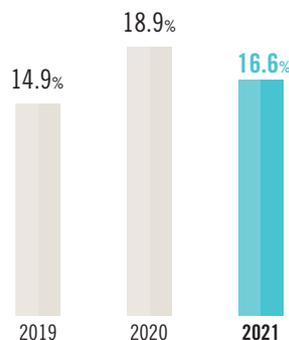
Solvency ratio= Common Equity Tier 1

SOCIETE DE CREDIT FONCIER'S SPECIFIC RATIOS

AVERAGE LTV OF MORTGAGE LOANS FOR INDIVIDUALS



RESOURCE RATIO NON-PRIVILEGED/PRIVILEGED RESOURCES



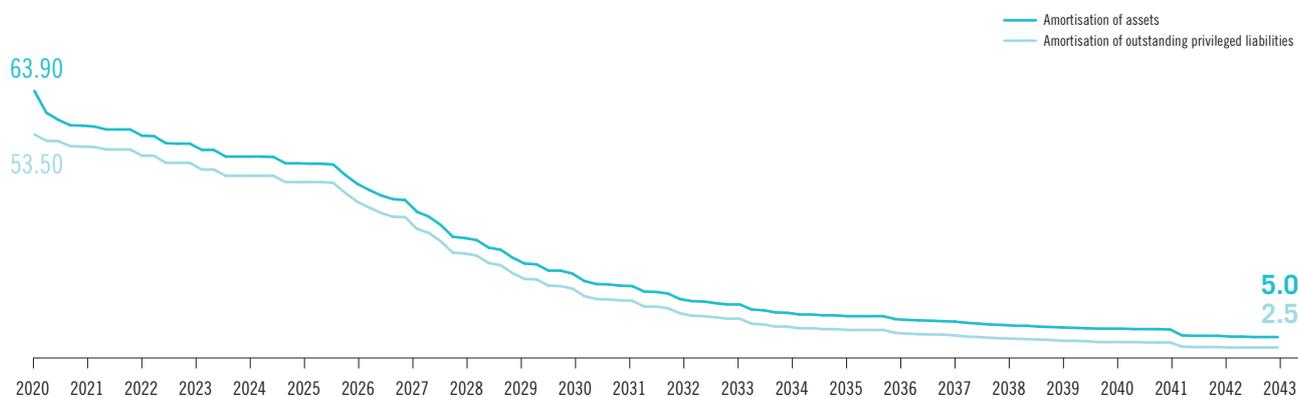
REGULATORY OVERCOLLATERALIZATION RATIO

(in%)



AMORTISATION OF ASSETS AND PRIVILEGED LIABILITIES

(in €bn)



GOVERNANCE AT THE SERVICE OF STRATEGY

The Board of Directors

10
MEMBERS
AT DECEMBER 31, 2021

40%
WOMEN

55 years
AVERAGE AGE

7
BOARD
MEETINGS

77%
AVERAGE
ATTENDANCE RATE

BOARD OF DIRECTORS AS OF DECEMBER 31, 2021



Éric FILLIAT
Chairman of the
Board of Directors ★



Muriel COLLE
*Representing Crédit Foncier
de France*
Director ■



Olivier IRISSON
Representing BPCE
Director ■ ■



Philippe JEANNE
Director ★



Nathalie BRICKER
Director ■



Pascal CHABOT
Director ★



Sabine CALBA
Director ■



Alexandre FOURNEAU
Director



Corinne DECAUX
Director ■



Jérémy ESTRADER
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
Corinne DECAUX



1

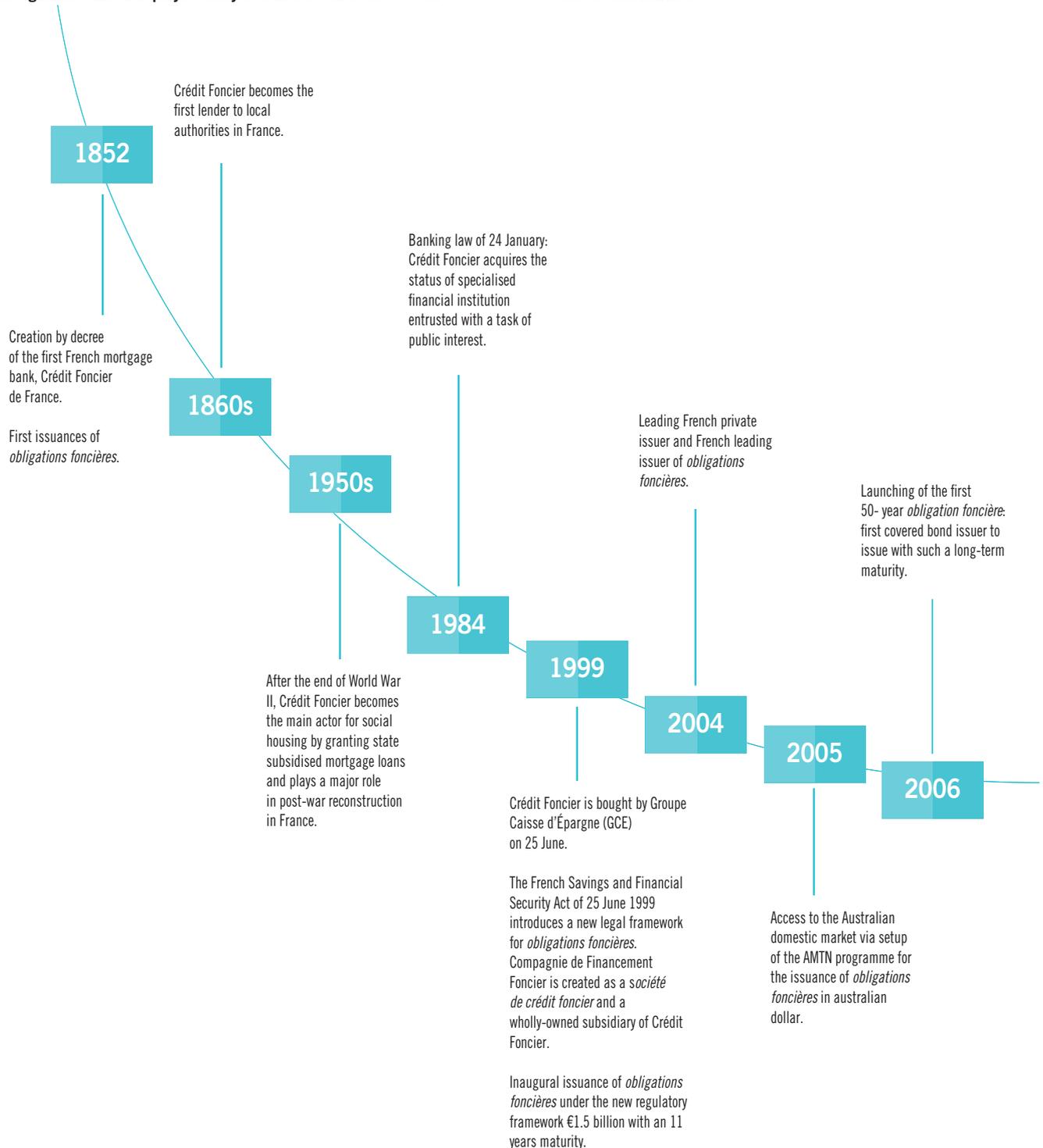
PRESENTATION OF COMPAGNIE DE FINANCEMENT FONCIER

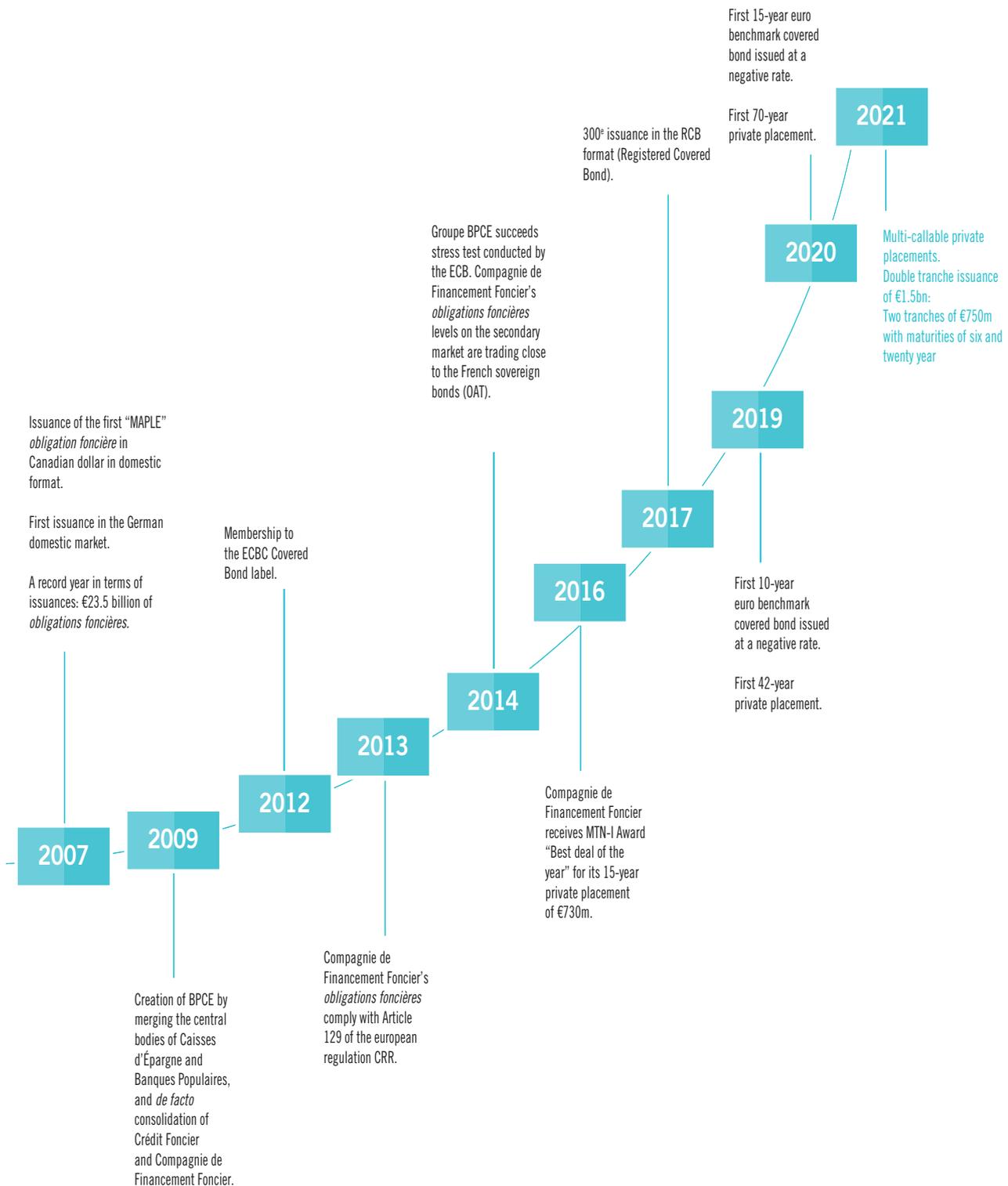
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HISTORY

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 retained a dominant position there until the Second World War. 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.



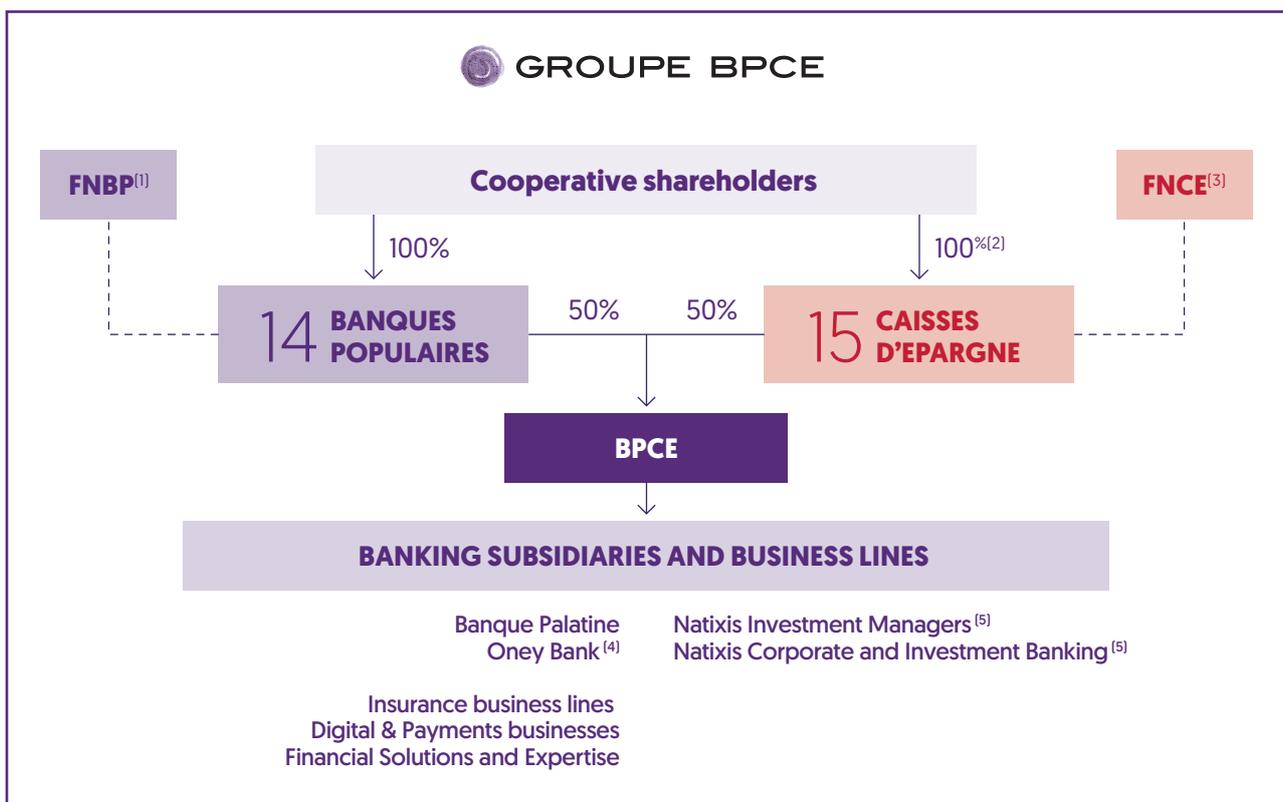


POSITIONING

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

Crédit Foncier is wholly-owned by BPCE and is thus an integral part of Groupe BPCE, the 2nd-largest banking group in France ⁽¹⁾.

Organization chart of Groupe BPCE at December 31, 2021



⁽¹⁾ Fédération nationale des Banques Populaires

⁽²⁾ Indirectly through local savings companies (LSCs)

⁽³⁾ Fédération nationale des Caisses d'Epargne

⁽⁴⁾ 50.1% owned

⁽⁵⁾ Via Natixis SA

1) Market shares: 22,1% for customer savings and 22% for customer credits (source: Banque de France Q3-2021 – all non-financial customers).

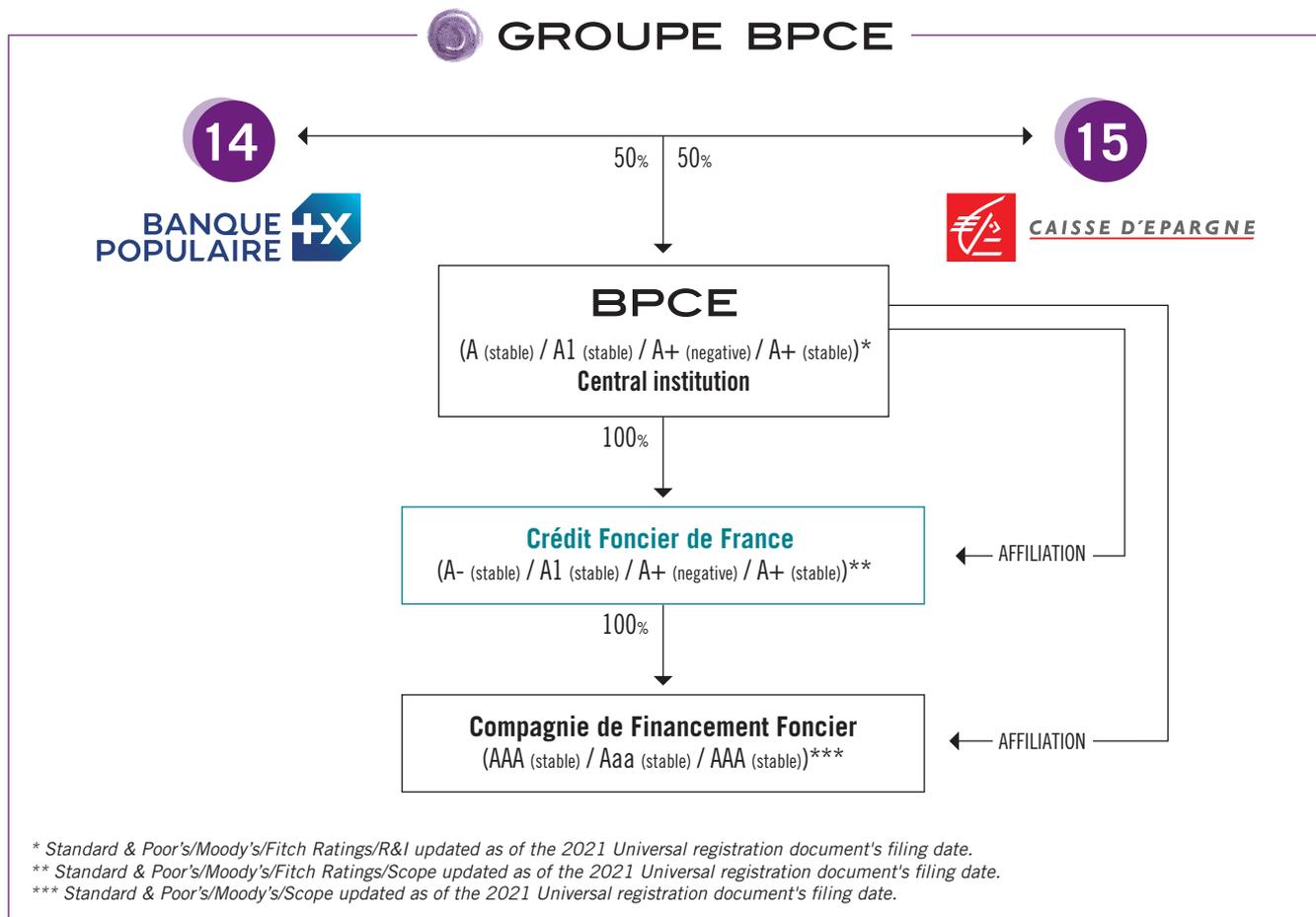
Groupe BPCE at a glance

With its unique universal banking model, represented by some 9 million cooperative shareholders, Groupe BPCE is the 2nd biggest player in banking in France. With 100,000 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 (A, stable outlook), Standard & Poor's (A1, stable outlook), Fitch Ratings (A+, negative outlook) and R&I (A+, stable outlook).

Focus on the positioning of Compagnie de Financement Foncier



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, three texts constitute this foundation: the UCITS directive, the Covered Bonds and the CRR regulation. These European texts are transposed into French law in the French Monetary and Financial Code (CMF).

The most recent text, the Covered Bonds directive of November 27, 2019 (directive (EU) 2019/2162), was transposed into French law on July 1, 2021 by the publication in the Official Journal of Order No. 2021-858, for entry into force on July 8, 2022. Some application instructions are still being approved.

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, UCITS and other regulated investors may hold up to 25% of their assets in securities of the same covered bond issuer, provided that said covered bonds comply with the characteristics set out by the Article 52 (4) of the European UCITS directive (2009/65/EC amended):

- 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

The directive reiterates the principle of two levels of quality for covered bonds, sanctioned by two labels: "European Covered Bond" and "European Covered Bond (Premium)" which must be validated by the ACPR (whose control is partly delegated to the Specific Controller).

Obtaining the "European Covered Bond" label requires compliance only with the eligibility rules of post-transposition French law. In addition, obtaining the "European Covered Bond (Premium)" label requires strict compliance with the eligibility criteria set out in Article 129 of the CRR Regulation.

banking supervision to be standardized.

The second European text, the Covered Bonds directive of November 27, 2019, contributes to improving the harmonization and secure management of covered bonds in Europe. It creates a label of superior quality.

The third European text that regulates covered bonds is the CRR regulation on regulatory capital adequacy. It offers covered bond holders, and in particular European banks and insurance companies, a favorable regulatory framework as the covered bonds obtaining the best rating and/or whose assets meet certain quality criteria benefit from an advantageous risk weighting for their holders.

The main feature of covered bonds is the specific mechanism established to protect bondholders. In fact, they benefit from the repayment privilege on the underlying assets in the event of default by the issuer, in preference 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 or equivalent guarantee and claims on central or regional governments, or local authorities).

Finally, 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
■ 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 90 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 the key market players, this quality label provides access to relevant, consistent and transparent information for 125 issuers in 30 jurisdictions, representing 95% of outstanding covered bonds.

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 once again renewed its membership. All information and reports are available on the website www.coveredbondlabel.com.

A French covered bond model: obligations foncières or guarantees

THE BASICS OF OBLIGATIONS FONCIÈRES OR GUARANTEES

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's* business activities have been governed by the French Monetary and Financial Code (CMF) which codified the provisions of the aforementioned law of 1999. As of July 8, 2022, the articles of the CMF amended by Order No. 2021-858 of July 1, 2021 and Decree No. 2021-898 of July 6, 2021 will apply.

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 holders of covered or guaranteed bonds (Art. L. 513-11, CMF).

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

1) *Independent administrative authority in charge of the supervision of financial institutions. For more details, see the paragraph on the French Prudential Supervisory and Resolution Authority: "Supervisory bodies" on page 22.*

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's* 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 – EU or European Economic Area – EEA) 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 Credit Quality Step 1 from an external credit rating body recognized by the ACPR in accordance with Article L. 511-445 (or a Credit Quality Step 2 under certain circumstances);
- Substitution assets (limited to 15% of the face value of the privileged resources): securities, values and deposits that are sufficiently secure and liquid (Article R. 513-6 of the CMF).

As of July 8, 2022, the asset eligibility criteria will be subject to some minor changes in order to strengthen the quality of cover pools, introducing debt-to-income ratio limits on guaranteed loans, and credit quality limits on non-EU public sector assets.

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 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 foncier's* 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 average 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 collateralised loans 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 a *société de crédit foncier's* assets are, under all circumstances, used to repay privileged debt. In addition, 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 collect 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.

MANAGEMENT CONTINUITY IN CASE OF INSOLVENCY OF THE 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 has the same latitude to manage the balance sheet as when the company is *in bonis*, including:

- disposals of assets;
- assignment of receivables;
- 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.

RESOLUTION

The European regulation establishing a framework for the recovery and resolution of credit institutions and investment firms and the texts transposing these rules into French law (the "BRRD" regulation) aim in particular at setting up a single resolution mechanism giving the resolution authorities the power to "internally bail out" in order to combat the systemic risks attached to the financial system and, in particular, to avoid government financial intervention in the event of crisis. This power allows these authorities, in the event that a financial institution or the group to which it belongs subject to BRRD becomes or is close to defaulting, to write down, cancel or convert into shares, the eligible securities and liabilities of that financial institution. In addition to the possibility of using this "internal bail-in" mechanism, the BRRD grants resolution authorities more extensive powers.

At December 31, 2021, Compagnie de Financement Foncier's CET1 capital amounted to €3.1bn and total Tier 1 capital to €3.1bn.

It should be noted that, pursuant to Art. L. 513-11 of the CMF, a safeguard, recovery or liquidation procedure or a resolution procedure initiated in accordance with Article L. 613-49 of the CMF against a *société de crédit foncier* does not have the effect of rendering its privileged assets or liabilities (bonds and other debts benefiting from the privilege mentioned in Art. L. 513-11 of the CMF).

AFFILIATION TO A CENTRAL INSTITUTION

French cooperative banking groups have a central institution 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 institution to guarantee the liquidity and solvency of the affiliates.

All institutions affiliated with the central institution of Groupe BPCE – including Compagnie de Financement Foncier – benefit from a guarantee and solidarity system which, in accordance with Articles L. 511-31 and L. 512.107-6 of the French Monetary and Financial Code, is designed to guarantee the liquidity and solvency of all the affiliated institutions and to organize financial solidarity within the Group. This financial solidarity is based on legislative provisions establishing a legal solidarity mechanism obliging the central institution to restore the liquidity or solvency of affiliates in difficulty, and/or of all the Group's affiliates, by mobilizing, if necessary, all the affiliates' cash and capital. Thus, in the event of difficulties at Compagnie de Financement Foncier, (i) BPCE will first mobilize its capital under its duty as a shareholder; (ii) if it is not sufficient, BPCE could call on the mutual guarantee fund created by BPCE, with a total of €351.4m in assets as of December 31, 2020, contributed equally by the two Banque Populaire and Caisse d'Épargne networks, and which is expected to grow by annual contributions (subject to the amounts that would be used in case of a call on the fund); (iii) if BPCE's capital and this mutual guarantee fund were not sufficient, BPCE could call (in equal parts) on the guarantee funds specific to each of the two Banque Populaire and Caisse d'Épargne networks for a total amount of €900m and on the mutual guarantee fund of the Banques Populaires and Caisse d'Épargne banks, consisting of deposits made by the Banques Populaires and the Caisses d'Épargne banks in the books of BPCE in the form of ten-year term accounts, renewable indefinitely, amounting to €176m at December 31, 2020. Finally, (iv) if the call on BPCE's capital and these three guarantee funds were not sufficient, additional sums would be requested from all the Banques Populaires and the Caisses d'Épargne. It is specified that the guarantee funds referred to above constitute an internal guarantee mechanism within Groupe BPCE, activated at the initiative of the BPCE Management Board, or of an authority responsible for banking crises, which may request that it be implemented if deemed necessary.

As a result of this full legal solidarity, one or more affiliates could not find themselves in judicial liquidation, or be affected by resolution measures within the meaning of the EU directive for the Recovery and Resolution of Credit Institutions No. 2014/59 as amended by EU directive No. 2019/879 (the "BRRD"), without all affiliates also being affected.

In accordance with Article L. 613-29 CMF, any judicial liquidation procedure would be implemented in a coordinated manner with regard to the central institution and all of its affiliates.

In the event of a judicial liquidation necessarily involving all affiliates, external creditors of equal rank or with equal rights of all affiliates would be treated in the order of the creditor hierarchy equally, regardless of their connection to a particular affiliated entity. The consequence is that holders of AT1 and other *pari passu* securities would be more affected than holders of Tier 2 and other *pari passu* securities, which are themselves more affected than holders of non-preferred senior external debt, which are themselves more affected than holders of preferred senior external debt. In the event of resolution and in accordance with Article L. 613-55-5 of the French Monetary and Financial Code, identical impairment and/or conversion rates would be applied to debts and receivables of the same rank, regardless of their classification, to a particular affiliated entity in the order of the hierarchy mentioned above.

Due to the affiliation of Compagnie de Financement Foncier to the BPCE central institution and the systemic nature of Groupe BPCE and the assessment currently made by the resolution authorities, resolution measures would, if necessary, be more likely to be taken than the opening of a judicial liquidation procedure. A resolution procedure may be initiated against BPCE and all affiliated entities if (i) the default of BPCE and all affiliated entities is proven or foreseeable, (ii) there is no reasonable expectation that another measure could prevent this failure within a reasonable timeframe and (iii) a resolution measure is required to achieve the objectives of the resolution: (a) guarantee the continuity of critical functions, (b) avoid significant adverse effects on financial stability, (c) protect government resources by minimizing the use of extraordinary government financial support, and (d) protect customer funds and assets, including those of depositors. An institution is considered to be in default when it fails to comply with the terms of its license, is unable to pay its debts or other commitments as they fall due, seeks exceptional public financial support (subject to limited exceptions), or when the value of its liabilities exceeds that of its assets.

In addition to the power of internal bail-in, resolution authorities have broad powers to implement other resolution measures with respect to failing institutions or, in certain circumstances, their groups, which may include, among others: the sale of all or part of the institution's activity to a third party or bridge institution, the segregation of assets, the replacement or substitution of the institution as debtor of the debt instruments, changes in the terms of the debt instruments (including changes in the maturity and/or amount of interest payable and/or the temporary suspension of payments), the suspension of the admission to trading or listing of the financial instruments, the dismissal of management or the appointment of a provisional administrator (special administrator), and the issuance of capital or equity.

It is recalled that under Art. L. 513-11 of the CMF, a safeguard, receivership or liquidation proceeding or a resolution proceeding initiated in accordance with Article L. 613-49 of the CMF against a *société de crédit foncier* does not have the effect of rendering its privileged assets or liabilities (bonds and other debts benefiting from the privilege mentioned in Art. L. 513-11 of the CMF).

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.

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 funding 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 on a corporate basis the solvency ratios and regulatory overcollateralization which are then provided to the ACPR. These controls exercised by the ACPR are an additional guarantee for the 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:

- the Board of Directors and its sub-committees, the Audit Committee and the Risk Committee;
- central institution or 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 Annual General Shareholders' Meeting, and not by executive officers, for a six-year term.

As credit institutions, *sociétés de crédit foncier* must first have their Statutory Auditors approved by the Annual General Shareholders' 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 the annual report. 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 General 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 Annual General 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). Its appointment, proposed by the Executive Management of the *société de crédit foncier*, is subject to the approval of the ACPR for a four-year term. It 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 funding;
- 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 between the assets and privileged liabilities of the *société de crédit foncier* (Article 12 of CRBF regulation 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.

The AMF and ESMA have provided issuers with all the necessary information and instructions to comply with these new provisions which Compagnie de Financement Foncier has implemented.

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 to prepare their annual financial reports starting on January 1, 2022, following the one-year postponement authorized by the AMF. The tagging component of this new format is mandatory only for entities publishing consolidated financial statements.

MARKET AND OPERATING ENVIRONMENT

Compagnie de Financement Foncier’s eligible assets expose it mainly to the following markets:

- home loans to individuals, closely linked to the real estate market;
- financing of local authorities and public institutions.

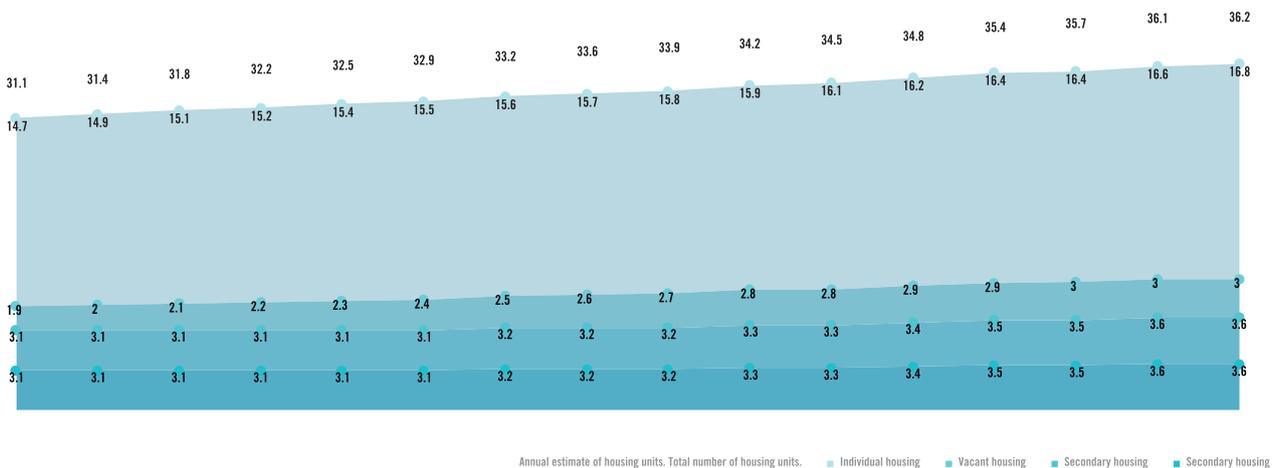
Exposure to the Public sector may lead Compagnie de Financement Foncier to fund, on behalf of Groupe BPCE entities, French State receivables such as research tax credits (CIR) or French payroll tax credits (CICE).

The French real estate and home loans market

THE STRUCTURAL FEATURES OF THE FRENCH REAL ESTATE MARKET

The French real estate 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⁾



Annual estimate of housing units. Total number of housing units. ■ Individual housing ■ Vacant housing ■ Secondary housing ■ Secondary housing

*

As of January 1, 2021, there were 36.2 million housing units in metropolitan France, an increase of 12.6 million since 1982. On average, the housing stock has grown by 1.1% per year. In 2021, the number of housing units grew by +0.7%, as new construction fell due to the health crisis.

In summary, 82.6% of housing units are primary residences (nearly 29.7 million units) and 55% are individual housing. Over the past 10 years, collective housing has increased by approximately 1.1 million units and individual housing by 1.3 million units; this

reflects the strong desire of the French for the individual house.

For the past fifteen years, the share of primary residences has been decreasing slightly, to the benefit of vacant housing and, more recently, secondary residences and occasional housing.

Since the early 1980s, the distribution of housing by urban unit size has shifted in favor of municipalities outside the urban unit. Thus, in 2021, 16% of main residences are located in the Paris urban unit and 20% in a municipality outside the urban unit.

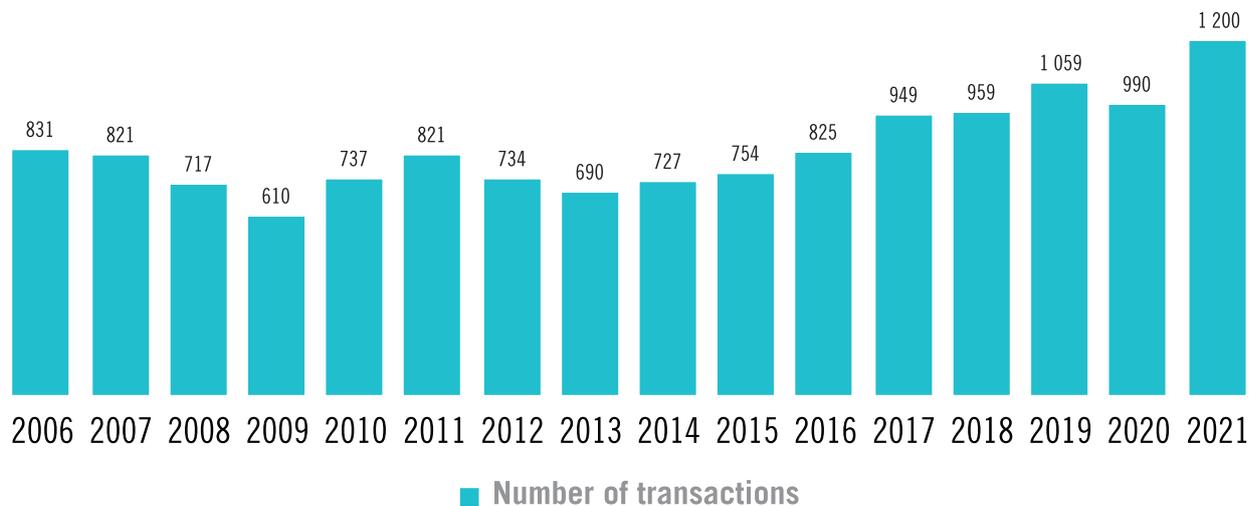
1) INSEE – 37.2 million housing units in France on January 1, 2021, November 2021.

In 2021, 58% of households own their primary residence. This share has been stable since 2010, after having increased continuously since 1982 (when it was 50%). The share of homeowners with no repayment expenses increased significantly until 2010 (38% vs. 27% in 1982), partly due to the aging of the population, before stabilizing (38% in 2021). The share of first-time homebuyers has stabilized at 20% for the past 15 years or so, in line with the lengthening of loan

terms. The share of households renting their primary residence has remained at around 40% since 1990. Housing owned by public lessors represents 17% of the primary residence stock, while those owned by private lessors represent 23%. The share of public lessors has been stable since the early 1990s. Finally, the proportion of households housed free of charge is tiny (2%).

THE REAL ESTATE MARKET IN 2021

NUMBER OF TRANSACTIONS OVER 12 MONTHS IN THE EXISTING HOUSING SECTOR (in thousands)⁽¹⁾



*

In the 3rd quarter of 2021, housing prices continued to rise: + 1.8% compared with the 2nd quarter after + 1.7% in the previous quarter.

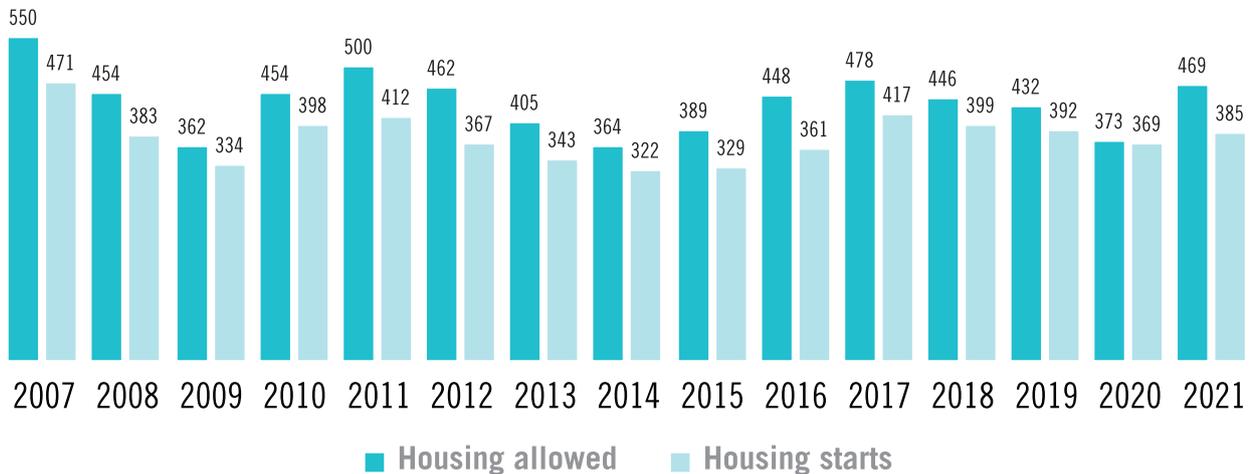
Year-on-year, prices of existing housing continued to rise: +7.1% compared with the 3rd quarter of 2020. Prices of existing housing are rising faster (+7.4% year-on-year) than those of new housing (+4.7%). Since the 4th quarter of 2020, the increase has been more pronounced for houses (+9.0% year-on-year in the 3rd quarter of 2021) than for apartments (+5.2%), which had not occurred since late 2016.

In Île-de-France, the price increase reached +4% year-on-year. Similarly, in the provinces, the price increase reached +8.8% between the third quarter of 2020 and the 3rd quarter of 2021.

After the record of the year 2019 with 1.1 million transactions and the slight decrease recorded in 2020 (990,000 transactions), the year 2021 marks a new record with 1.2 million transactions signed. This dynamism reflects expectations of a significant reduction in the risk of an economic crisis linked to the consequences of the pandemic, but also the entrenched perception of real estate as a safe haven in times of crisis.

1) In the 3rd quarter of 2021, the rise in housing prices continues – Insee December, 2021.

NUMBER OF HOUSINGS ALLOWED AND STARTED OVER A ROLLING 12-MONTH PERIOD (in thousands of units)⁽¹⁾



The construction sector is faced with an accumulation of obstacles due to structural factors (scarcity and high cost of land, increased construction rules and standards, administrative complexities, production costs, etc.) and economic factors (health crisis) that have affected the demand for building permits since 2020.

In 2021, in cumulative gross data over one year, the volumes of authorized housing and housing starts amount to 468,700 and 385,100 units respectively. As a result, the level of authorizations is 2.1% higher than in 2019, the year before the first lockdown, and the level of housing starts is close to it (-0.8%).

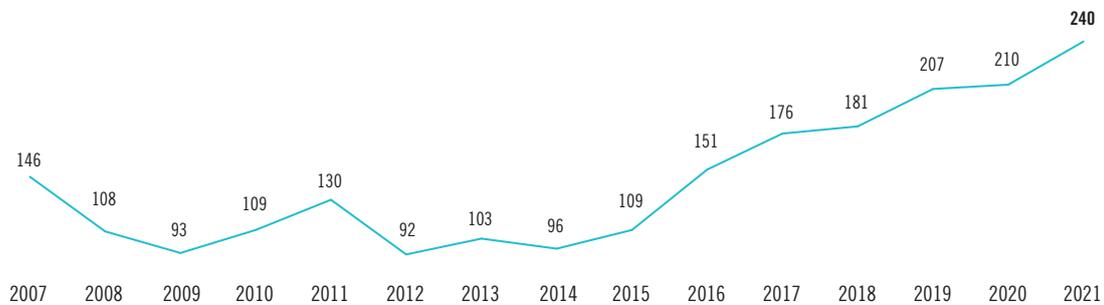
These aggregate trends nonetheless reveal disparate trends depending on the market: – Authorizations for individual housing units are dynamic both in the provinces and in Île-de-France (respectively

+12.7% and +10% compared with the pre-crisis twelve months), while authorizations for collective housing units are still far from their pre-crisis level (-10.5% in Île-de-France and -3.2% in the provinces).

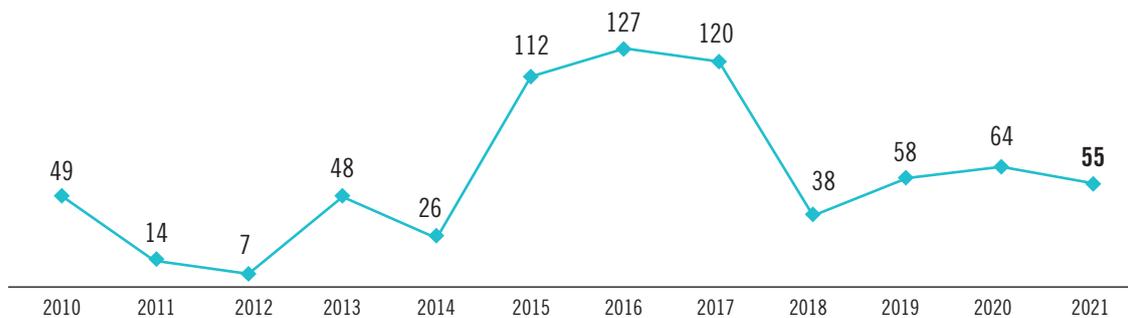
In Île-de-France, there was a significant annual decrease in the number of projects started, both for individual and collective housing (respectively -12.0% and -13.0%), while in the provinces, collective housing projects are showing signs of dynamism (+4.4% compared to -0.5% for individual).

However, the levels of reservations and sales orders remain far from pre-crisis levels. In the 3rd quarter of 2021, year-on-year, the recovery in new housing starts is slowing. These are 8.8% higher than a year earlier, but 12.5% lower than in the 3rd quarter of 2019. The number of reservations in the new real estate market fell by 9.8% year-on-year.

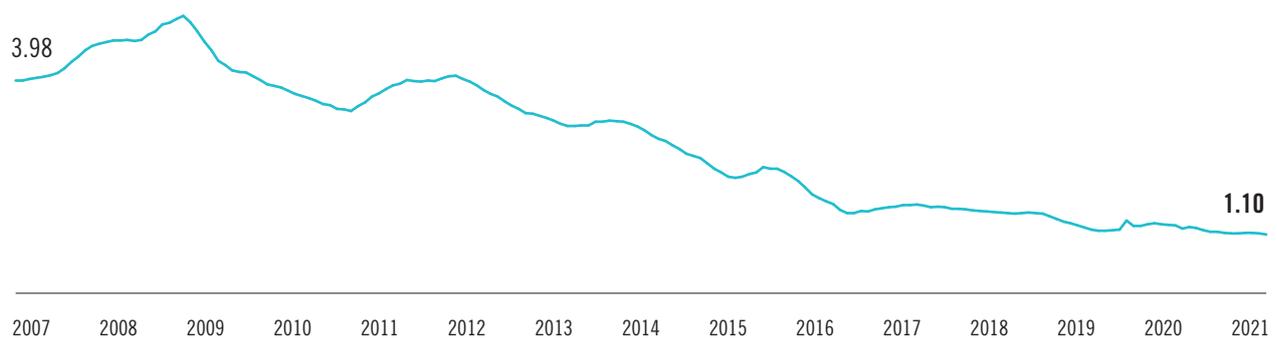
1) INSEE – 37.2 million housing units in France on January 1, 2021, November 2021.

REAL ESTATE FINANCING IN 2021 ⁽¹⁾**ANNUAL PRODUCTION OF REAL ESTATE LOANS (EXCLUDING LOAN RENEGOTIATIONS) (in €bn)**

New loans (excluding buybacks and renegotiations) exceeded previous records and amounted to €240 billion in 2021, up 14% compared to 2020.

AMOUNT OF HOME LOAN REPURCHASES AND RENEGOTIATIONS (in €bn)

Buybacks and renegotiations of home loans amounted to €55 billion in 2021, i.e. a decrease of €11 billion in 2020.

INTEREST RATES ON HOME LOANS AT MORE THAN ONE YEAR ⁽²⁾ (in %)

The average interest rate of home loans (long-terms and fixed rate) dropped to 1.10% in the 4th quarter of 2021. As in 2020, despite the Covid-19 health crisis together with its financial and economic impacts, banks continued to support individual home loan demand.

1) Housing market conditions - BPCE Observatory - January 2022

2) Banque de France - News on loans to individuals - December, 2021

The commercial real estate market

In an economic context still impacted by the COVID-19 health crisis and despite favorable signs of recovery in France (sustained production of market services, significant reduction in the number of job seekers), the volume of investment in commercial real estate fell by 7.3% year-on-year to €25.4 billion⁽¹⁾. However, this decline must be put into perspective because 2021 shows comparable data to the 2015-2017 period. This downturn can be explained in particular by investors' greater demands in an uncertain rental context and a more limited supply. Thus, in the year 2021, no transaction of more than €1 billion was recorded, unlike in previous years. The largest transaction amounted to €627 million.

On the investment side, although the sector is struggling to regain its pre-crisis level, office transactions remain in the majority with a 59%⁽²⁾ market share. In Île-de-France, the office market is very resilient and is showing signs of recovery with €12.6 billion invested. However, unit amounts are declining, with deals over €100 million accounting for only 45% of investment volumes, down from 55%⁽²⁾ over the past five years. The share of domestic investors was down for the third consecutive year in favor of Anglo-Saxon and German investors who have increased their presence in this sector.

In terms of the rental market, with approximately 1.9 million m² leased in 2021, i.e. an increase of 32%⁽¹⁾ compared to 2020, a year that was particularly disrupted by the health crisis, the office market remains well below the average of the last ten years, at 18%⁽¹⁾ below. There are encouraging signs with a resumption of transactions over 5,000 m² and the very good performance of medium-sized real estate rentals. The phenomenon of a reduction in the average size of leased space reflects new work patterns more centered around telecommuting.

The logistics sector is growing strongly with 4.26 million m²⁽³⁾ placed in 2021, i.e. an increase of 6% compared to 2020. The dynamism of this sector, strongly linked to the development of e-commerce, is also

characterized by a very significant number of operations (nearly 250 transactions). The Paris region and Hauts-de-France account for half of the total national volume.

The retail market continues to face significant challenges in 2021, with strong disparities between the various retail sectors and a lack of major transactions. This sector has been one of the most impacted by the uncertainties arising from the healthcare environment. For example, the hotel market had an occupancy rate of 41%⁽¹⁾ between January and November 2021 (down 39% compared to 2019).

The commercial real estate investment market is expected to experience renewed optimism in 2022, with several trends already emerging: "green" buildings will be increasingly sought after by investors in a context where ESG issues and sustainable development are becoming more and more central to companies' concerns. Investors will also be particularly sensitive to the length of the lease and the quality of the tenant. In light of the declining demand for office real estate, the issue of converting office units into housing will be topical in 2022.

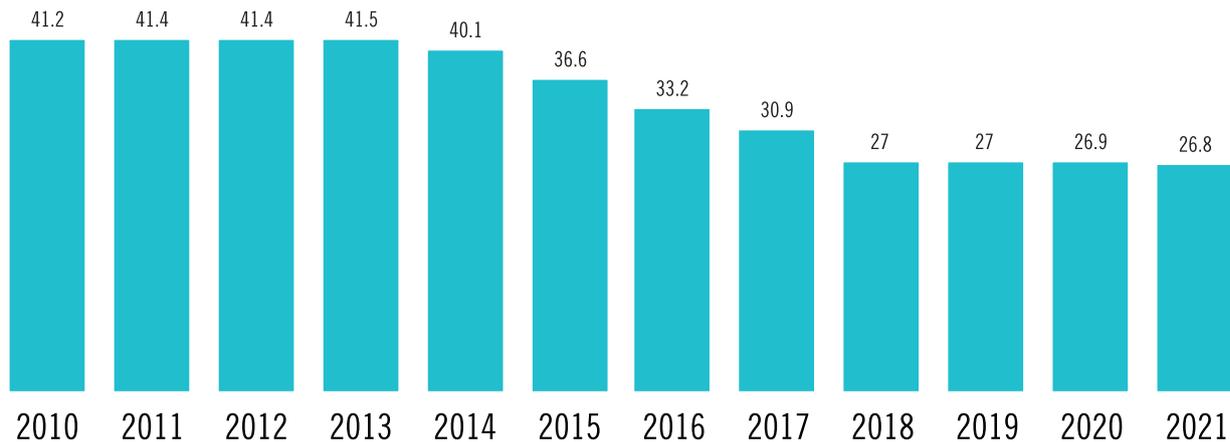
This outlook could nevertheless be significantly impacted by the geopolitical context: at the end of February 2022, the Russian Federation launched a major military action in Ukraine. This conflict could have major consequences on the Russian economy but also on Western economies and more generally on the world economy. This context could weigh on investor morale and limit the number of transactions and new housing starts.

As at December 31, 2021, Compagnie de Financement Foncier was refinancing an outstanding amount of €661.7 billion in private corporate loans, made under the conditions set out by Article L. 211-38 of the French Monetary and Financial Code.

1) BPCE Solutions Immobilières "Le marché de l'investissement en France" - February 2022.
2) BNP Paribas Real Estate "Immobilier d'entreprise en 2021" - February 2022.
3) BNP Paribas Real Estate "Logistique en France en 2021" - February 2022.

The Public sector market in France

THE STATE'S OVERALL OPERATING GRANT (DGF) TO LOCAL AUTHORITIES ⁽¹⁾



For the 4th consecutive year, the amount of the DGF has remained stable. In 2021, as in the three previous years, it amounted to nearly €27bn. In 2021, the municipalities and EPCIs (public institutions for intercommunal cooperation) received 69% of the total amount of the DGF, *i.e.* €18.4bn and the departments 31% *i.e.* €8.4bn .

LOCAL FINANCES IN 2021 ⁽²⁾

In 2021, local government operating revenue is estimated to increase by 3.3% compared to 2020 (€224.6bn) to reach €232bn . Unlike in 2020, operating revenue has not changed its scope but its structure is affected by the abolition of the housing tax on main residences (THRP) and the reform of production taxes intended to be boosting the competitiveness of companies. These two reforms generate both transfers of taxation between levels of local authorities but also transfers between taxation and State grants.

Operating expenses, the growth of which was constrained in 2018 and 2019 by the contractualization approach between the State and local authorities, initiated at the 2017 National Conference on Territories (CNT), will increase by 2.2% in 2021, amounting to €193.5bn. This increase, which would be the highest since 2014, is due in part to the resumption of activity in local services closed during periods of lockdown. In this context, general expenses would reach €41.5bn an increase of 1.3% compared to 2019, the pre-crisis reference year, but +4.3% compared to 2020. These expenses, consisting of purchases of supplies, fuel, services, training and travel expenses, logically followed the decrease in local services.

Gross savings, which are used to finance loan repayments and investments would be €38.5bn, up by 9.4% compared to 2020 , as a result of current revenues outpacing expenditures. Local authorities would therefore regain financial leeway without, however, restoring

their pre-crisis capacities. The changes would also differ according to the level of local government, with the increase being particularly significant for the departments and municipalities.

Investment is expected to grow by 6.9% to reach a level close to that of 2019 (€59.8bn) in 2021 after €55.9bn in 2020 and €60.4bn in 2019). All levels of local authorities would be affected after the renewal of terms of office in 2020 for the municipalities and because of an electoral calendar disrupted in particular by the health crisis in 2021 for the departments and regions. Both capital expenditure and subsidies paid are expected to increase, the former mainly at the level of municipalities, the latter at the level of departments and regions. It should be noted that local authorities, all categories combined, seem to have played the revival game by accelerating the completion of certain projects.

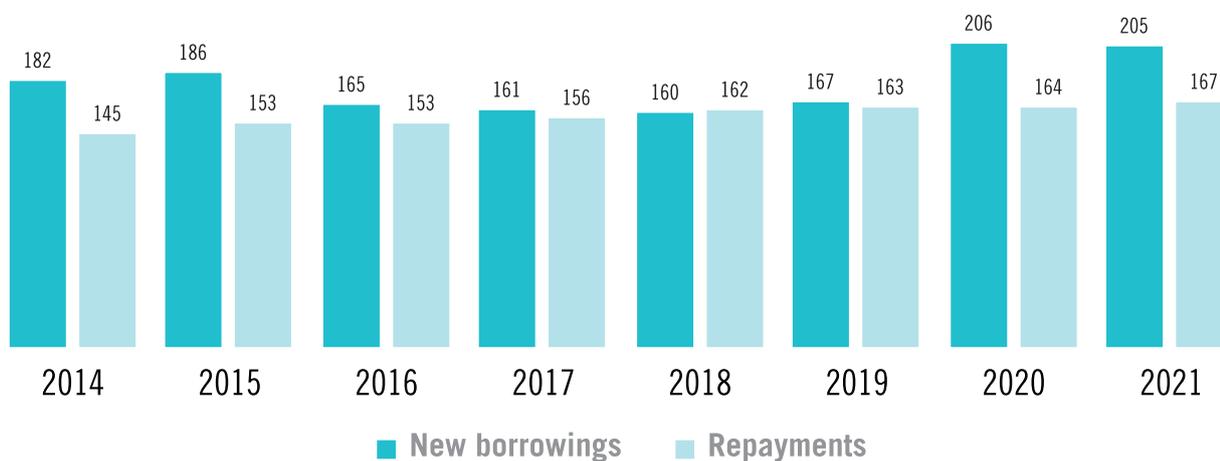
In 2021, new borrowings (€20.5bn) , after a sharp increase in 2020 (+23.5%) , are expected to be virtually stable. There would be an increase in borrowing by the regions and municipalities, while the volume of borrowing by the regions would decrease significantly, contrary to the budget forecast. Repayments (€16.7bn) are up by 2.1% but since their volume is lower than that of new borrowings, the outstanding debt of local authorities would amount to €183bn an increase of 2.1% . Thus, the ratio of outstanding local authority debt to GDP, which had risen as a result of the economic recession caused by the Covid-19 health crisis, would fall slightly to 7.5% , the average level of the previous decade.

At the end of February 2022, the Russian Federation launched a major military action in Ukraine. This conflict could have major consequences on the Russian economy but also on Western economies and more generally on the world economy. Higher energy costs could put a strain on local authorities' budgets.

1) 2021 Observatory of local finance and public administration report.

2) La Banque Postale "Local financings – 2021 trends by level of local authorities".

REPAYMENTS AND LOANS FROM LOCAL AUTHORITIES ⁽¹⁾



Compagnie de Financement Foncier holds €10.996bn in receivables from local authorities.

1) La Banque Postale “Local financings – 2021 trends by level of local authorities”.

BUSINESS MODEL OF COMPAGNIE DE FINANCEMENT FONCIER

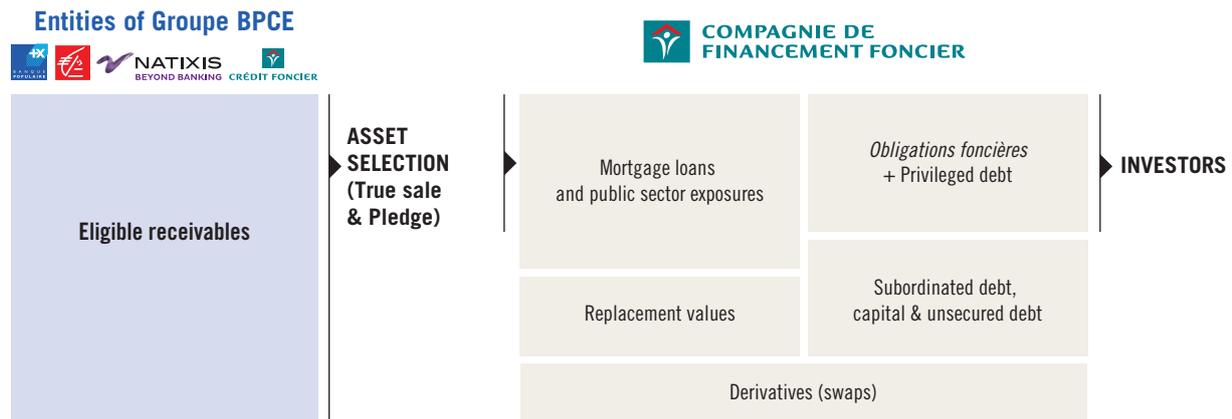
BUSINESS MODEL OF COMPAGNIE DE FINANCEMENT FONCIER

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 is 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

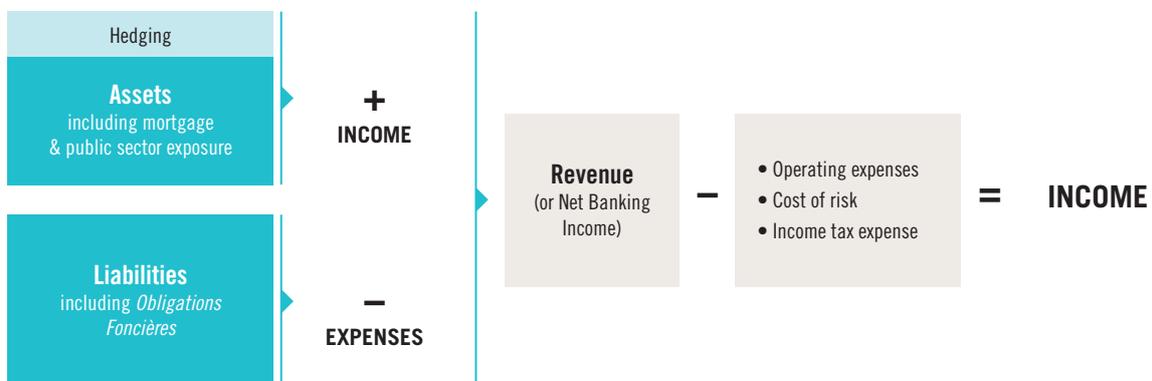
Assets	Liabilities
<ul style="list-style-type: none"> Guaranteed loans: backed by a first-rank mortgage or real estate securities conferring at least an equivalent guarantee Exposures on public entities Replacement values 	<ul style="list-style-type: none"> Privileged resources (mainly <i>obligations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

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 funding of Groupe BPCE assets, in particular Public sector and similar assets.



This model is based on the selection and funding of eligible assets originated by Groupe BPCE's entities via true sale or collateralized loans. 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.

Prior to any transfer to the balance sheet of Compagnie de Financement Foncier by sale or any mobilization, the assets selected are subject to a rigorous examination, which allows Compagnie de Financement Foncier to acquire only quality loans, in line with its risk policy.

Compagnie de Financement Foncier's assets

COMPOSITION OF ASSETS, SELECTION AND MANAGEMENT RULES

ASSET 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-ranking 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 amount financed by privileged liabilities (ratio between the loan amount and the value of the asset pledged as collateral) for mortgage loans and related items, statistical data including default experience, etc.

This selection mechanism is subject to a permanent audit process in order to maintain the high quality of the assets that enter its balance sheet, which ensures the highest level of safety for holders of obligations foncière.

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-collection 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-collection policy comprises three phases, depending on the length of arrears:

- automated collection with intervention from the first missed payment, for immediate settlement or implementation of a settlement plan;
- amicable collection (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 resources 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, a breach of 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

In the case of residential mortgage loans, the portion financed by privileged liabilities is the ratio of the outstanding principal over the value of the underlying real estate asset (LTV – Loan to Value). 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 funded 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 BPCE Expertises Immobilières, a BPCE subsidiary, Veritas-certified, whose 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.

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 *société de crédit foncier*) 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

Groupe Crédit Foncier'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:

Horizon	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 8-16 years	5%

LIQUIDITY RISK HEDGING

In accordance with legislative constraints requiring that *sociétés de crédit foncier* ensure that, at all times, all of their cash requirements are hedged for a period of 180 days, Compagnie de Financement Foncier has adopted a specific process to monitor its 180-day liquidity. This guarantees that it always maintains enough liquidity to honor its privileged liability commitments for at least 180 days.

The 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.

Accordingly, Compagnie de Financement Foncier can mobilize its cash, replacement values or eligible assets for the Banque de France's intra-day credit transactions in order to ensure in the next 180 days, the contractual repayments of its privileged debt.

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, 2021, the total assets average duration was 6.3 years and the privileged liabilities average duration was 6.9 years.

1) MRICS: members approved by the Royal Institute of Chartered Surveyors (RICS). RICS is an English professional body whose mission is to regulate and promote the property valuation profession.

NO FOREIGN EXCHANGE RISK

Compagnie de Financement Foncier prohibits any open foreign exchange positions. As such, all asset purchases or funding 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 Division, 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.

Financial transactions

FUNDING THROUGH THE ISSUANCE OF OBLIGATIONS FONCIÈRES

THE ECONOMIC ENVIRONMENT FOR 2021

In 2021 the global economy experienced a strong recovery after a deep contraction in 2020.

This year was marked by the availability of several vaccines against COVID-19 which, combined with the continuation of the various stimulus plans and accommodating monetary policies, enabled governments to limit the impacts of the pandemic.

However, the uncertainties arising from COVID-19 last year remain strong, fueled by the persistence of the epidemic through new strains. The time needed to fully overcome the two health and economic crises remains uncertain⁽¹⁾.

In terms of global trade, the pandemic has primarily widened the gap between supply and demand. In many countries, supply disruptions have occurred. After a year 2020 marked by a contraction in world trade due to health restrictions, the year 2021 instead saw demand explode under the effect of the release of private savings accumulated during the lockdowns, making up for the sharp drop in demand of the previous year. Some production sectors have found it difficult to meet this high demand, being unable to relaunch their supply chains quickly enough (microchip production, for example, remains insufficient, and the input market is experiencing a shortage).

The pandemic has also led to a contraction in freight transport. In particular, the movement of shipping containers was severely affected with the closure of many international ports and the SUEZ canal.

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).

These two shocks, of supply and demand, in an expansionary monetary context, caused a sharp increase in the price level. From the beginning of 2021, inflation accelerated overall in all types of countries, advanced, emerging and developing. The widespread nature of the rise in inflation suggests a prolonged rise that could disrupt financial markets and destabilize the global economy.

At the end of October 2021, the inflation rate in the United States stood at 6.8% year-on-year, the highest level recorded since June 1982. At its meeting in November 2021, the Federal Reserve (FED) announced a reduction in its asset purchases of up to \$15bn per month. The FED did not change its key interest rates and specified that the 2% inflation target should be considered over the long run.

The sharp rise in inflation reflects only transitory factors, according to the FED: the increase in vaccinations and the reopening of economies should help to limit price increases in the sectors concerned⁽²⁾.

In Europe, inflationary pressures are lower; the European Central Bank (ECB) is giving itself more time to decide to normalize its monetary policy. The December 16, 2021 Board of Governors announced the beginning of the reduction of its Pandemic Emergency Purchase Program (PEPP) as early as the end of March 2022. Key interest rates remained unchanged, with an inflation target of 2%. Eurozone inflation rate reached 4.9% year-on-year in November 2021⁽³⁾.

Like the FED, the Bank of Japan (BOJ) decided to maintain a very accommodating monetary policy, while reducing its emergency programs initially put in place to fight the pandemic⁽⁴⁾.

The only exception on the monetary policy front was the Bank of England (BOE), which raised its policy rate from 0.1% to 0.5% at its December meeting in anticipation of a structural increase in inflation rates. However, the amount of its asset purchase program remained unchanged⁽⁵⁾.

1) *International Monetary Fund, Global Economic Outlook, October 2021.*
2) *Federal Reserve, Federal Open Market Committee press release, December 2021.*
3) *European Central Bank, Governing Council, press release December 2021.*
4) *Bank of Japan, Statement on Monetary Policy, December 2021.*
5) *Bank of England, press release Monetary Policy Committee, December 2021.*

In this context, the world economy is forecast to grow by 5.9% in 2021, after a contraction of 3.1% in 2020.

This growth is expected to be unevenly distributed: emerging and developing countries are expected to experience lower growth rates as vaccination campaigns have lagged behind with difficult access to vaccines and public plans to support the economy were less massive than in developed countries.

In the advanced countries, the Eurozone and the United States are showing a solid recovery with growth forecasts for 2021 of 5.0% and 6.0% respectively. Note the very good performance of the United Kingdom and France, with growth rates of 6.8% and 6.3% respectively for the year 2021.

According to the International Monetary Fund (IMF), meeting the challenges of the coming year depends on the ability of developed countries to adjust their monetary policy normalization path as best they can and to promote access to vaccines for the most vulnerable countries. Widespread screening and investment in treatment are crucial complementary points.

In 2022, the IMF anticipates a consolidation of the strong global growth seen in 2021 at 4.9%, fueled mainly by India (8.5%) and China (5.6%), whose exceptional level of growth in 2021 of 8.0% cannot be sustained in 2022.

Finally, in the medium term, the IMF indicates that the international community has not made all the commitments to respond effectively to the climate emergency. The institution calls on countries to redouble their efforts to reduce greenhouse gas emissions.

2021 EUROPEAN MONETARY POLICY

In 2021, in a still fragile economic and health context, the European Central Bank (ECB) maintained an accommodating monetary policy, in line with the actions implemented in 2020.

For the first time in eighteen years, at its July 2021 meeting, the ECB adjusted upwards its inflation target and the associated time horizon. It will no longer target inflation “below but close to 2%”, it will now target “2% inflation in the medium term”. This new term offers the ECB greater flexibility in managing inflation, with price increases that may temporarily exceed 2% ⁽¹⁾.

The ECB's last meeting in December 2021 suggests a slight shift in its monetary policy for 2022, in particular with the announcement of the gradual end of its €1,850bn Pandemic Emergency Purchase Program (PEPP). The ECB would therefore begin a timid normalization centered on a decrease in asset purchases under the Pandemic Emergency Purchase Program (PEPP) in the first quarter, followed by an interruption of asset purchases under the PEPP ⁽²⁾.

At the same time, the Asset Purchase Program (APP) would be maintained at a high level in 2022 at a monthly rate of €40bn in the second quarter and €30bn in the third quarter.

The ECB's more moderate forecasts for GDP growth in the Eurozone, which would fall to 4.2% in 2022, justify the gradual nature of the planned normalization. The new wave of the Omicron variant as well as the various shortages observed in all sectors of the European economy require the ECB to act with restraint so as not to hinder the economic recovery.

This outlook could nevertheless be significantly impacted by the geopolitical context: at the end of February 2022, the Russian Federation launched a major military action in Ukraine. This conflict could have major consequences on the Russian economy but also on Western economies and more generally on the world economy. At this stage, the negative impacts on the global economy and on the inflation rate are difficult to quantify.

THE COVERED BOND MARKET ⁽³⁾

In 2021, €23bn of covered bonds were issued on the French market, positioning France as a leader in Europe.

As in 2020, the continuing Covid-19 health crisis has had very little impact on this historically very resilient market even in times of crisis. In 2021, covered bond margins continued to tighten by around four basis points over the year after rising slightly at the end of May due to market tensions fueled by rising inflation. Throughout the year, the market benefited from the broad support of the Eurosystem and a negative net supply.

In 2022, approximately €24bn of French covered bonds should be issued given the high level of maturities (€30bn) and the continued growth at a more moderate pace of home loan volumes. On this basis, France would rank with Germany as the leading issuer of covered bonds in Europe, as was the case in 2021, and the French market would ultimately record a negative net supply of €6bn (compared to a negative net supply of €2bn in 2021).

At the European level, the gross supply of euro benchmark covered bonds is expected to be in the range of €120bn to €130bn in 2022, an increase of 35% compared to 2021 (€92.9bn), in response to the higher level of expected maturities than in 2021 (€138bn *versus* €127bn). Several other factors explain the increase in expected volumes at the European level: a less accommodating TLTRO despite its possible extension, a positive outlook for the real estate market and macroeconomic conditions, growth in the ESG covered bond market, and the ECB's continued purchases under its asset purchase programs.

At the ECB level, the Asset Purchase Program (APP) could see its acquisition rate increase to €40bn per month from April 2022. However, net purchases of covered bonds should remain stable compared to 2021 (€1bn to €2bn per month). With net covered bond purchases expected to reach €13-14bn in 2022, the ECB's covered bonds outstanding should represent 50% of the eligible euro benchmark market. Assuming a Eurosystem participation of around 30% in Eurozone transactions and an expected supply of €78bn, the ECB's primary market purchases should amount to €23.4bn, or 43% of its total covered bond purchases. 57% of the ECB's covered bond purchases would be made on the secondary market. This allocation in favor of the secondary market should help to maintain secondary margin levels at very competitive levels.

In 2022, covered bonds will benefit from a negative net supply and material purchases by the ECB. Inflationary fears and tensions in the sovereign bond market could fuel some volatility. In the French market, the upcoming presidential elections in the first half of the year could have a marginal impact on the margins of French covered bonds.

1) *Minutes of the Monetary Policy Meetings of the Governing Council of the European Central Bank of July 2021.*

2) *Minutes of the Monetary Policy Meeting of the Governing Council of the European Central Bank of December 2021.*

3) *Covered bonds – Outlook for 2022 – Natixis thematic research - December 2021*

In 2022, the demand for ESG covered bonds is expected to expand further and become one of the main drivers of the market. The ESG market is experiencing a growing level of investor demand that is catalyzing an ever-increasing supply. After a record year in 2020 with more than \$500bn of bonds issued worldwide, the year 2021 should see a global amount of issuances close to \$600bn.

COMPAGNIE DE FINANCEMENT FONCIER ISSUANCES

In 2021, Compagnie de Financement Foncier achieved a total issuance volume of €4.8bn compared to just over €3bn in 2020, an increase of 60%. 94% of the covered bonds were placed with institutional investors in the form of public issuances and 6% were in the form of private placements. The latter, which amount to €0.3bn, including two multi-callable loans, once again highlight the ability of Compagnie de Financement Foncier to position itself on a differentiated offer adapted to investors' needs.

On the public primary market, 2021 saw three euro benchmark issuances representing a total volume of €4.5bn: In the second and third quarters, two issuances of €1.5bn were made with maturities of eight and five years. In April, with an issuance of €1.5bn, Compagnie de Financement Foncier became the third largest issuer of covered bonds in terms of issuance size. Finally, in October, Compagnie de Financement Foncier again approached the primary market for a double tranche issuance of €1.5bn. The two tranches of €750m were issued with maturities of six and twenty years.

The frequent recourse to the primary market under particularly attractive conditions demonstrates Compagnie de Financement Foncier's ability to regularly seize the best issuance windows.

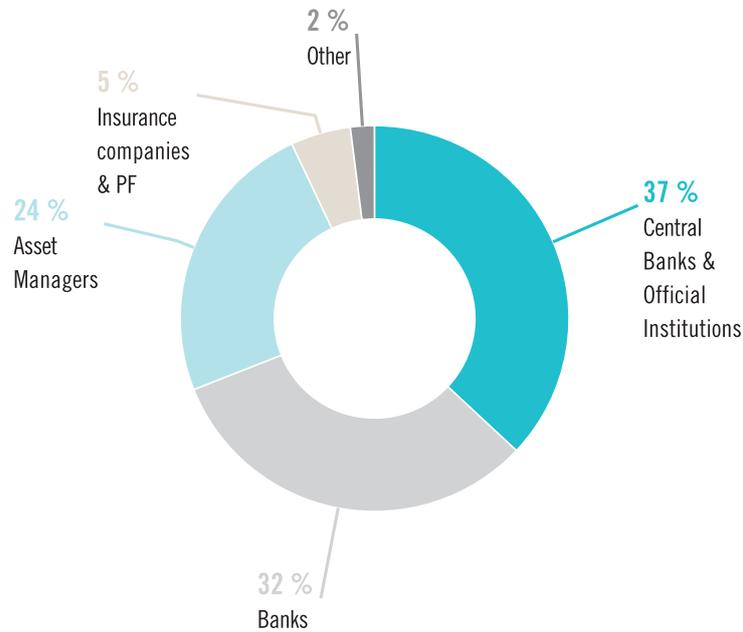
The high levels of oversubscription observed for public issuances in 2021 reflect the diversity and vitality of Compagnie de Financement Foncier's investor base. Except Eurosystem, German and Austrian investors form the backbone of the investor base and account for 45% of allocations. This is followed by investors from the Nordic countries and the Benelux countries, each accounting for 11% of allocations. Swiss investors, with 9% of total allocations, strengthened their positioning compared to 2020. Asian investors confirmed their appeal for the quality of Compagnie de Financement Foncier's brand.

In terms of investor types, the share of central banks continues to grow with 37% of allocations (compared to 28% in 2020). This is mainly due to the implementation of various support programs during the Covid-19 crisis. The PEPP (Pandemic Emergency Purchase Program) extended until the end of March 2022 helped to increase liquidity in the covered bond market. Exposure to banks remained significant, although it was down compared to 2020 (32% of allocations in 2021 vs 51% in 2020). Asset managers increased their participation with 24% of allocations in 2021 compared to 17% in 2020. Banks and asset managers remain an important and recurring base with 56% of investments made in 2021. The smaller presence of insurers reflects a greater appetite for bonds with longer maturities (over 15 years).

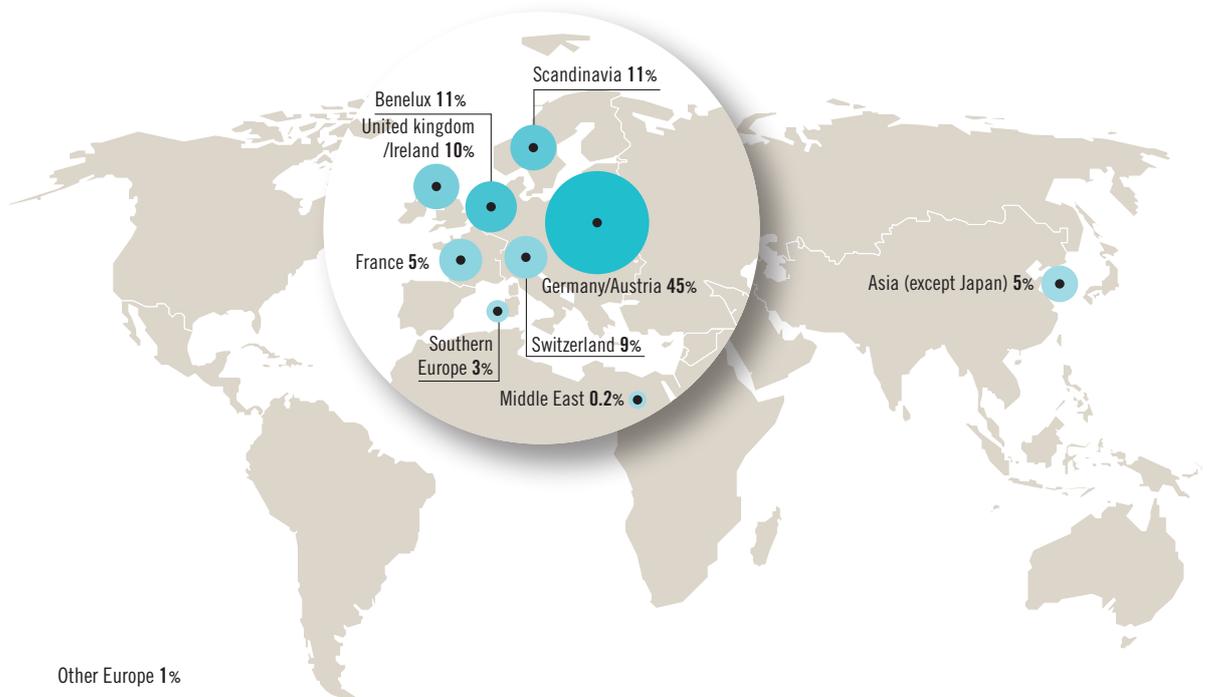
The year 2021 confirms the strong commitment of investors to Compagnie de Financement Foncier's strategy, which is now focused on funding the credit activities of Groupe BPCE entities.

BREAKDOWN OF COMPAGNIE DE FINANCEMENT FONCIER'S ISSUANCE OF OBLIGATIONS FONCIÈRES IN 2021

By type of investor



By region*



* Except Eurosystem

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 four 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. The next particularly important aspect is the analysis of the resolution regime in place, which could provide for a rating uplift of one or two notches above the sponsor rating, 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, one for a medium level of support, two for a high level of support and three for a very high level of support. The JRL rating is derived from three parameters: regulatory environment, systemic importance, and financial support of the sovereign. 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, funding and liquidity risks as well as on overcollateralization. Overcollateralization must cover the entire credit risk and the proportion of the additional funding cost associated with ALM risk, deemed necessary to reach the target rating of the program. A lack of liquidity coverage or overcollateralization level commitment may each 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.

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 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 funding 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 funded by the program.

The CR rating floor and 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 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 assess the 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.

MANAGING COLLATERAL

In 2021, Crédit Foncier maintained its various channels for funding its receivables, through assignments or disposals.

Externally, Crédit Foncier pledged some assets used for collateralized loans granted from the Caisse des dépôts et consignations (CDC) (€3.1bn) and the European Investment Bank (EIB) (€0.66bn).

Internally, Crédit Foncier transferred assets to Compagnie de Financement Foncier via true sale or collateralized loans. In 2021 Crédit Foncier sold €697.9bn in mortgage and/or public loans to Compagnie de Financement Foncier (outstanding principal and related receivables). Eligible assets (under Article L. 211-38 CMF) in the amount of €13.3bn were also pledged as collateral with Compagnie de Financement Foncier.

MANAGING DERIVATIVES

As part of the optimized management policy for its derivatives portfolio, groupe Crédit Foncier limited as much as possible the setting up of internal derivative transactions between Crédit Foncier and Compagnie de Financement Foncier. Therefore, the volume of swaps between Compagnie de Financement Foncier and Crédit Foncier remained limited in the third quarter of 2021.

To ensure the clearance of its transactions on derivatives centrally, pursuant to the EMIR EU Regulation (European Market and Infrastructure Regulation) Crédit Foncier has been a member of the London clearing house LCH since 2014. However, in the context of Brexit, Crédit Foncier is now also a member of the Frankfurt-based clearing house Eurex since May 2020.

DISPOSAL AND SECURITIZATION OF LOANS TO INDIVIDUALS

To meet its funding requirements or to manage its doubtful loans, Crédit Foncier may carry out securitization transactions or sell loans taken out by individuals. During the first half of 2021, a disposal of non-performing loans with a gross outstanding of €45.2m was completed.

COMPAGNIE DE FINANCEMENT FONCIER – SUPPORTING GROUPE BPCE

AT THE SERVICE OF SYNERGIES WITH GROUPE BPCE

For two decades, Compagnie de Financement Foncier has been able to develop a high level of know-how and a track record of performance that has enabled it to raise long-term funding at extremely competitive levels. It cultivates this know-how within Groupe BPCE in order to offer Groupe BPCE entities very competitive funding conditions for their mortgage financing and Public sector financing activities.

In fact, 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. Investors are impressed by the quality and diversification of its mixed cover pool assets.

Compagnie de Financement Foncier is a key element for Groupe BPCE's mortgage and Public sector asset funding strategy.

GROUPE BPCE FUNDING AND PORTFOLIO MANAGEMENT

The year 2021 confirms the interest of almost all of the Group's institutions in the highly competitive resource offered by Compagnie de Financement Foncier. During this period, Compagnie de Financement Foncier's sales teams increased their contacts with the Group's various institutions to enable more entities to use Compagnie de Financement Foncier's low-cost resources.

In 2021, Compagnie de Financement Foncier funded the Group's institutions for a total amount of €3,239m, to which must be added €352m in authorized transactions that will be put into force at the very beginning of January 2022, thus bringing Compagnie de Financement Foncier's liquidity consumed by the Group's institutions to €3,591 in 2021.

Thus, 2021 confirms the growing interest of Groupe BPCE's institutions in the resources offered by Compagnie de Financement Foncier, with €3,239m in funding, *i.e.* an increase of 24% compared with 2021 (€2,610m). More specifically, the €3,239m breaks down as follows:

- €2,541m for the Caisses d'Épargne network broken down into 192 Public sector receivables;
- €445m for the Banques Populaires network broken down into 75 Public sector receivables;
- €253m for Natixis broken down into 31 tax receivables.

Groupe BPCE's institutions used Compagnie de Financement Foncier's ability to raise long-term resources with very low margin levels, enabling them to position themselves in high-quality competitive assets.

Funding granted by Compagnie de Financement Foncier breaks down as follows:

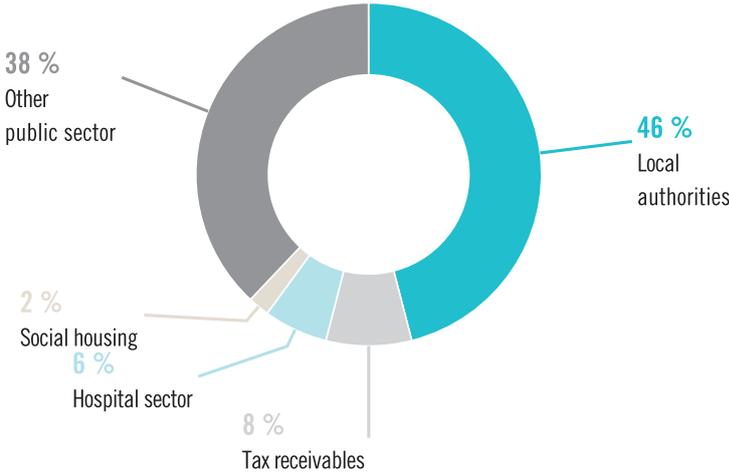
- €1,480m for local authorities (46%);
- €253m in tax receivables (8%);
- €204m for the hospital sector (6%);
- €71m for Social housing (2%);
- €1,230m from other public sectors (38%).

All this funding of Public sector assets was subject to a strict selection process allowing Compagnie de Financement Foncier to allocate its resources to counterparties with solid financial fundamentals.

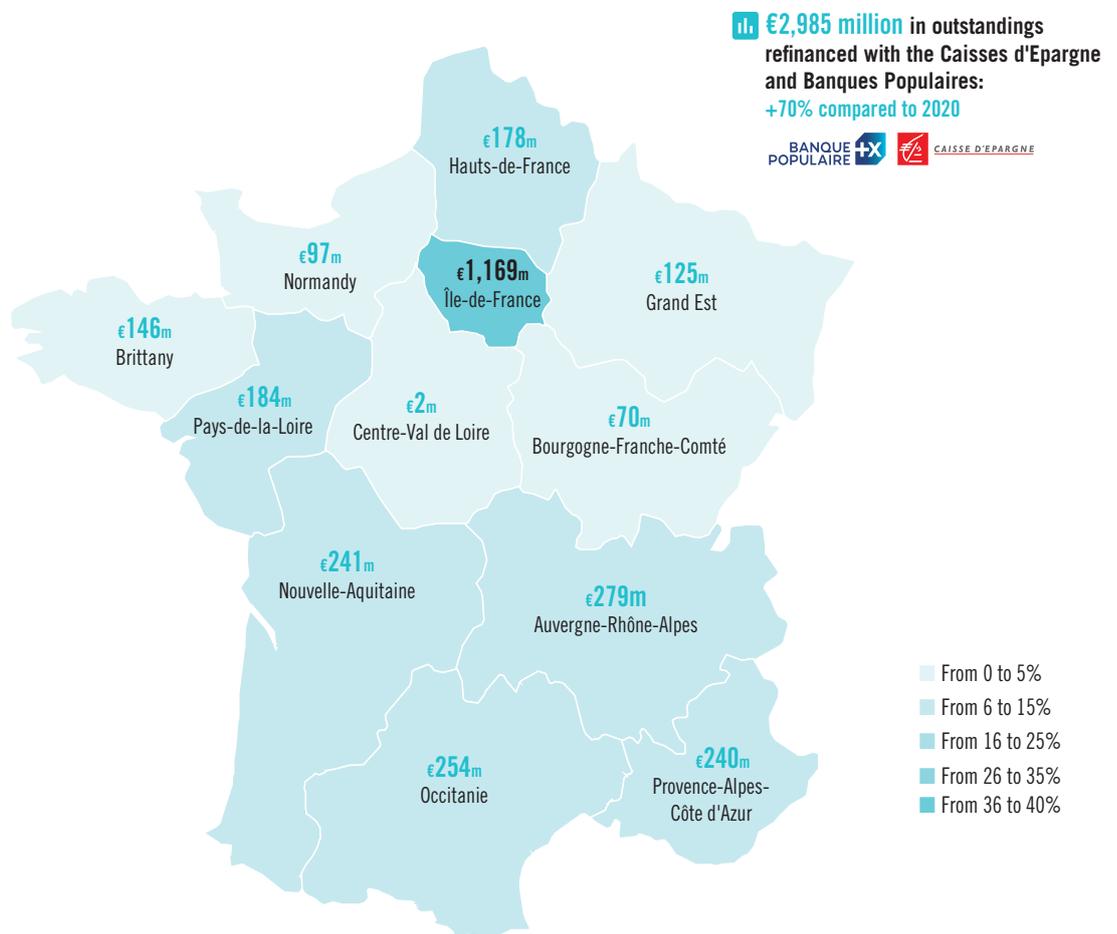
It is in this context that fourteen of the fifteen Caisses d'Épargne, eight of the fourteen Banques Populaire banks and Natixis have funded with Compagnie de Financement Foncier. Of the eight Banque Populaire banks, five are new compared to 2020. The six Banques Populaires banks and the Caisse d'Épargne that did not call on Compagnie de Financement Foncier resources in 2021 nevertheless showed strong interest at the end of 2021 and put themselves in a position to be able to fund with Compagnie de Financement Foncier from 2022. Compagnie de Financement Foncier's resources should therefore benefit all Groupe BPCE institutions in 2022.

The public sector assets funded by Compagnie de Financement Foncier are subject to a strict, rigorous and demanding selection process. This selection is governed by procedures and a restrictive delegation scheme. Upstream of the transactions, an initial analysis is carried out by the originating institution. Before each acquisition, Compagnie de Financement Foncier's teams carry out a second in-depth, rigorous and independent analysis of the asset proposed for funding. Depending on the amounts, the parent company (BPCE) may also intervene. In this case, a third analysis is carried out. It is this robust and proven system that allows Compagnie de Financement Foncier to fund only those receivables whose debtors have the most solid financial fundamentals. Finally, a comprehensive permanent control system enables funding operations to be carried out in a secure environment.

Breakdown by category of outstanding assets Funded in 2021 by Compagnie de Financement Foncier (in %)



BREAKDOWN BY GEOGRAPHIC AREA OF THE OUTSTANDING ASSETS OF THE CAISSES D'EPARGNE AND THE BANQUE POPULAIRE BANKS REFINANCED BY COMPAGNIE DE FINANCEMENT FONCIER (IN €M)



*excluding Natixis receivables (€253m)



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 45. 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 groupe 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	Recommendations implemented
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
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 remuneration 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 (BP)	NON-COMPLIANT (BPCE)
Summary	NON-COMPLIANT	NON-COMPLIANT	NON-COMPLIANT	NON-COMPLIANT

J. ESTRADER	P. JEANNE	C. DECAUX	P. CHABOT	A. FOURNEAU	N. BRICKER
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	NON-COMPLIANT (CFF)	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)	NON-COMPLIANT (CFF)	COMPLIANT (CE)	COMPLIANT (BP)	COMPLIANT (Natixis)
NON-COMPLIANT	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 DUDOIT, Deputy Chief Executive Officer

CHANGES IN EXECUTIVE MANAGEMENT IN 2021

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

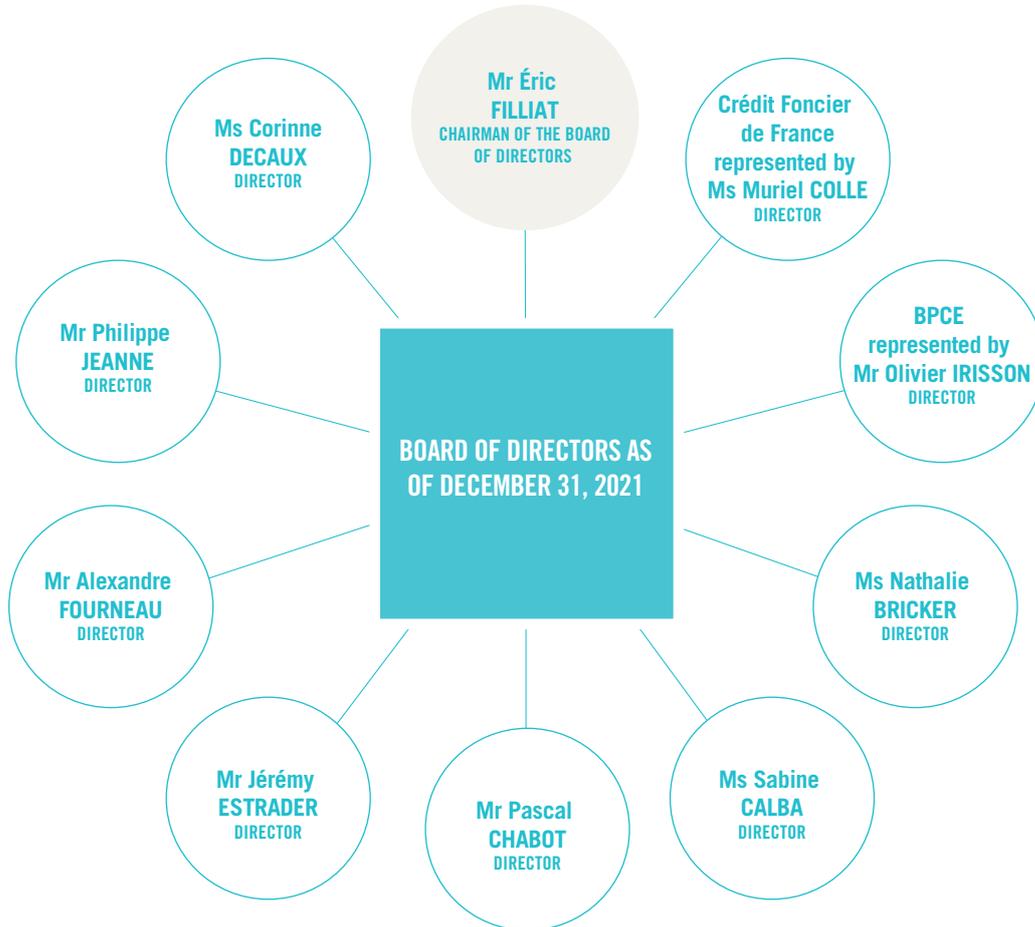
M. Olivier AVIS	
<p>Date of birth: 11/11/1978</p> <p>Nationality: French</p> <p>Business address: 4, quai de Bercy 94220 Charenton-le-Pont</p>	<p>BIOGRAPHY</p> <p>Olivier AVIS is a graduate of the École supérieure de commerce de Toulouse. He began his career in 2001 at HSBC Asset Management Europe. He joined Groupe BPCE in 2002 as an Inspector, before becoming Project Leader 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 de France 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 director of Crédit Foncier and became Head of the Financial Operations department.</p> <p>Relevant expertise: Expertise in the field of financial markets, strategy and managing banking operations.</p>
<p>DEPUTY CHIEF EXECUTIVE OFFICER, FINANCIAL OPERATIONS, EXECUTIVE DIRECTOR OF CRÉDIT FONCIER DE FRANCE</p> <p>Chief Executive Officer</p> <p>From: 07/23/2017 End: 07/22/2022</p>	<p>COMPANIES AND POSITIONS*</p> <p>2021</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Financial Operations, executive director</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Chief Executive Officer</p> <p>BPCE SERVICES FINANCIERS – GIE Director</p> <p>BPCE SOLUTIONS CRÉDIT – GIE Permanent Representative of Crédit Foncier, Director</p> <p>CRÉDIT FONCIER DE FRANCE (BELGIQUE) Executive director of the Crédit Foncier branch in Belgium</p> <p>2020</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Financial Operations, executive director</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Chief Executive Officer</p> <p>BPCE SERVICES FINANCIERS – GIE Director</p> <p>BPCE SOLUTIONS CRÉDIT – GIE Permanent Representative of Crédit Foncier, Director</p> <p>CRÉDIT FONCIER DE FRANCE (BELGIQUE) Executive director of the Crédit Foncier branch in Belgium</p> <p>2019</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Financial Operations, executive director</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Financial transactions (until 11/07/2019)</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Chief Executive Officer</p> <p>BPCE SERVICES FINANCIERS – GIE Director</p> <p>BPCE SOLUTIONS CRÉDIT – GIE Permanent Representative of Crédit Foncier, Director</p> <p>CRÉDIT FONCIER DE FRANCE (BELGIQUE) Executive director of the Crédit Foncier branch in Belgium</p> <p>2018</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Financial transactions</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Chief Executive Officer</p> <p>FONCIER TITRISATION – SA Chairman of the Board of Directors (until 12/18/2018)</p> <p>2017</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Financial transactions</p> <p>CRÉDIT FONCIER DE FRANCE – SA Head of Financial Operations (07/23/2017)</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Chief Executive Officer</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer (07/23/2017)</p> <p>FONCIER TITRISATION – SA Chairman of the Board of Directors</p> <p>VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Chairman of the Management Board (until 03/13/2017)</p> <p>2016</p> <p>CRÉDIT FONCIER DE FRANCE – SA Head of Financial Operations</p> <p>CRÉDIT FONCIER DE FRANCE – SA Head of Strategy and Quality (until 02/09/2016)</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer (since 02/09/2016)</p> <p>FONCIER TITRISATION – SA Chairman of the Board of Directors</p> <p>VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Chairman of the Management Board</p>

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

Mr Paul DUDOUIT			
<p>Date of birth: 09/26/1963</p> <p>Nationality: French</p> <p>Business 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 and a Master's degree in Economics and Management from ESSEC.</p> <p>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).</p> <p>Between 1993 and 1996, he was Chief of Staff of Crédit Foncier's Executive Management. Later, he was responsible for the structuring and administrative and financial organization of Foncier Vignobles SA (between 1996 and 1998).</p> <p>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.</p> <p>Starting in 2001, he set up the EMTN and RCB programs and in 2010, the USMTS program.</p> <p>Since 2010, he has been Director of Bond Issuance within the Financial Operations Division and is also responsible for investor relations.</p> <p>On June 28, 2017, the Board of Directors named him Deputy Chief Executive Officer and executive director of Compagnie de Financement Foncier, as of July 23, 2017.</p> <p>Relevant expertise: Expertise in the area of capital markets, property and managing property loans.</p>		
<p>DIRECTOR OF PRIMARY MARKETS OF CRÉDIT FONCIER DE FRANCE</p> <p>Deputy Chief Executive Officer, executive director</p> <p>From: 07/23/2017 End: 07/22/2022</p>	<p>COMPANIES AND POSITIONS*</p> <table border="0"> <tr> <td style="vertical-align: top;"> <p>2021</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director</p> <p>2020</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director</p> <p>2019</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director</p> </td> <td style="vertical-align: top;"> <p>2018</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director</p> <p>2017</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director (since 07/23/2017)</p> <p>VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Member of the Management Board (until 03/13/2017)</p> <p>2016</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Member of the Management Board</p> </td> </tr> </table>	<p>2021</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director</p> <p>2020</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director</p> <p>2019</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director</p>	<p>2018</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director</p> <p>2017</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director (since 07/23/2017)</p> <p>VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Member of the Management Board (until 03/13/2017)</p> <p>2016</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Member of the Management Board</p>
<p>2021</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director</p> <p>2020</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director</p> <p>2019</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director</p>	<p>2018</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director</p> <p>2017</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer and executive director (since 07/23/2017)</p> <p>VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Member of the Management Board (until 03/13/2017)</p> <p>2016</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of Bond Issuance and Investor Relations</p> <p>VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Member of the Management Board</p>		

* All offices concern Groupe BPCE companies. No company is listed.

Composition of the Board of Directors



CHANGES WITHIN THE BOARD OF DIRECTORS IN 2021

None.

Summary table of Board and Audit and Risk Committee meeting attendance rates

Board of Directors

Range of the number of members	3 to 18
Number of members	10
Number of Board meetings	7
Average attendance rate at Board meetings	77%
Number of women Directors	4 (40%)
Number of men Directors	6 (60%)
Allocated remuneration*	Yes

* Following the publication in the Official Journal on May 23, 2019 of Article 185 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	★	11/07/2019	12/31/2023	2024 OGM	100%			100%
Nathalie BRICKER	●	12/19/2018	12/31/2025	2026 OGM	57%	100%		
Sabine CALBA	●	12/13/2019	12/31/2024	2025 OGM	43%			100%
Pascal CHABOT	●	03/25/2014	12/31/2021	2022 OGM	86%		100%	
Crédit Foncier represented by Muriel COLLE	◆	12/28/1998	12/31/2022	2023 OGM	100%		100%	
Alexandre FOURNEAU	●	03/30/2017	12/31/2021	2022 OGM	100%			
BPCE represented by Olivier IRISSON	◆	03/28/2011	12/31/2022	2023 OGM	29%	33%	33%	
Philippe JEANNE	●	11/07/2019	12/31/2024	2025 OGM	71%	100%		
JEREMY ESTRADER	●	10/01/2020	12/31/2025	2026 OGM	86%			
Corinne DECAUX	●	05/04/2020	12/31/2025	2026 OGM	100%			100%

★ Chairman

● Member

◆ Director – representing BPCE

◆ Director – representing Crédit Foncier

■ Chairman

■ Member

NUMBER OF MEMBERS
AT DECEMBER 31, 2021

10

NUMBER OF BOARD
MEETINGS

7

AVERAGE ATTENDANCE
RATE

77%

POSITIONS HELD BY DIRECTORS

DIRECTORS FROM CRÉDIT FONCIER

Mr Éric FILLIAT

Date of birth:
06/15/1966

Nationality:
French

Business address:
4, quai de Bercy
94220 Charenton-
le-Pont

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 Executive Management Committee and of the Executive Committee.

He was appointed executive director of Crédit Foncier from 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.

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

COMPANIES AND POSITIONS

2021

CRÉDIT FONCIER DE FRANCE – SA Chief Executive Officer

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

FONCIER PARTICIPATIONS – SAS Chairman, Permanent Representative of Crédit Foncier

CRÉDIT LOGEMENT – SA Permanent Representative of Crédit Foncier, Director

IT-CE GIE Representative of Crédit Foncier, Member of the Audit Committee, Director

BANCO PRIMUS – SA (PORTUGAL) Chairman of the Board of Directors, Chairman of the Remuneration Committee

2020

CRÉDIT FONCIER DE FRANCE – SA Chief Executive Officer

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

CRÉDIT FONCIER IMMOBILIER – SA Director (until 11/10/2020)

FONCIER PARTICIPATIONS – SAS Chairman, Permanent Representative of Crédit Foncier

CRÉDIT LOGEMENT – SA Permanent Representative of Crédit Foncier, Director

IT-CE GIE Representative of Crédit Foncier, Member of the Audit Committee, Director

BANCO PRIMUS – SA (PORTUGAL) Chairman of the Board of Directors (since 12/19/2019), Chairman of the Audit Committee (until 02/14/2020), Chairman of the Remuneration Committee (since 02/04/2020)

2019

CRÉDIT FONCIER DE FRANCE – SA Chief Executive Officer (since 11/07/2019)

CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Finance Division, executive officer, 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 (since 11/07/2019)

COMPAGNIE DE FINANCEMENT FONCIER – SA 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

HOUSING CREDIT – SA Permanent representative of Crédit Foncier, Director (since 11/07/2019)

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

IT-CE GIE Permanent Representative of Crédit Foncier, Director and Member of the Audit Committee

BANCO PRIMUS – SA (PORTUGAL) Director, Chairman of the Board of Directors (since 12/19/2019), Chairman 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 Division, executive officer, 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 Participations, Director (until 12/18/2018)

SOCFIM – SASC 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 Division, 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 Participations – 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 (03/31/2017)

MFCG – SAS Permanent Representative of CFCO, Chairman

VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Vice-Chairman of the Supervisory Board (until 03/13/2017)

2016

CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Finance Division, 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 Participations, 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 MOBILISATIONS GARANTIES (VMG) – SACS Vice-Chairman of the Supervisory Board

Crédit Foncier – Permanent Representative Ms Muriel COLLE

<p>Date of birth: 07/16/1963</p> <p>Nationality: French</p> <p>Business address: 4, quai de Bercy 94220 Charenton-le-Pont</p> <p>DEPUTY CHIEF EXECUTIVE OFFICER, RESOURCES DEPARTMENT EXECUTIVE DIRECTOR OF CRÉDIT FONCIER DE FRANCE</p> <p>Member of the Board of Directors First appointed (Crédit Foncier): 12/28/1998 End of term (Crédit Foncier): 2023 OGM</p> <p>Permanent representative of Crédit Foncier Appointed: 11/07/2019</p> <p>Member of the Risk Committee First appointed: 12/16/2019</p>	<p>BIOGRAPHY</p> <p>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. From 2010 to 2019, she was 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. On November 7, 2019, Muriel COLLE was appointed executive director of Crédit Foncier. Relevant expertise: human resources, business management, communications, marketing, central services, IT production and general secretariat.</p>
<p>DEPUTY CHIEF EXECUTIVE OFFICER, RESOURCES DEPARTMENT EXECUTIVE DIRECTOR OF CRÉDIT FONCIER DE FRANCE</p> <p>Member of the Board of Directors First appointed (Crédit Foncier): 12/28/1998 End of term (Crédit Foncier): 2023 OGM</p> <p>Permanent representative of Crédit Foncier Appointed: 11/07/2019</p> <p>Member of the Risk Committee First appointed: 12/16/2019</p>	<p>COMPANIES AND POSITIONS</p> <p>2021</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department, executive director</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Permanent Representative of Crédit Foncier, Director, Member of the Risk Committee</p> <p>BANCO PRIMUS – SA (PORTUGAL) Member of the Appointments, Remuneration and Benefits Committee</p> <p>BPCE ACHATS – GIE Permanent Representative of Crédit Foncier, Director</p> <p>2020</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department, executive director</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Permanent Representative of Crédit Foncier, Director, Member of the Risk Committee</p> <p>BANCO PRIMUS – SA (PORTUGAL) Member of the Appointments, Remuneration and Benefits Committee</p> <p>BPCE ACHATS – GIE Permanent Representative of Crédit Foncier, Director</p> <p>2019</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department, executive director</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department (until 11/07/2019)</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Permanent Representative of Crédit Foncier, Director, Member of the Risk Committee</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Director (until 11/06/2019)</p> <p>ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS Chief Executive Officer</p> <p>BANCO PRIMUS – SA (PORTUGAL) Member of the Appointments, Remuneration and Benefits Committee</p> <p>BPCE ACHATS – GIE Permanent Representative of Crédit Foncier, Director</p>
	<p>2018</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Director</p> <p>ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS Chief Executive Officer</p> <p>BANCO PRIMUS – SA (PORTUGAL) Member of the Appointments, Remuneration and Benefits Committee</p> <p>BPCE ACHATS – GIE Permanent Representative of Crédit Foncier, Director</p> <p>2017</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Director</p> <p>ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS Chief Executive Officer</p> <p>BANCO PRIMUS – SA (PORTUGAL) Member of the Appointments, Remuneration and Benefits Committee</p> <p>BPCE ACHATS – GIE Permanent Representative of Crédit Foncier, Director</p> <p>2016</p> <p>CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department</p> <p>CRÉDIT FONCIER DE FRANCE – SA Director of the Resources department (until 02/01/2016)</p> <p>ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS Chief Executive Officer</p> <p>BANCO PRIMUS – SA (PORTUGAL) Member of the Appointments, Remuneration and Benefits Committee</p> <p>BPCE ACHATS – GIE Permanent Representative of Crédit Foncier, Director</p>

Ms Corinne DECAUX

Date of birth:
05/25/1960

Nationality: French

Business address:
4, quai de Bercy
94220 Charenton-le-Pont

EXECUTIVE DIRECTOR

Member of the Board of Directors

First appointed:
05/04/2020

End of term: **2026 OGM**

Member of the Appointments Committee

First appointed:
09/29/2021

BIOGRAPHY

Corinne DECAUX has a Ph. D in private law, she joined Crédit Foncier in 1984 as a lawyer where she spent her entire career. She held the positions of Project manager for the development and implementation of a debt collection software program, Head of the Litigation department, Head of Litigation, Head of Management in 2007, Head of Legal Affairs, Governance and Corporate life in 2010 and then executive director in 2016.

Useful expertise for the Board: management, legal, banking, tax, market transactions, mergers and acquisitions, arbitration, litigation, mediation, corporate governance, corporate secretariat.

COMPANIES AND POSITIONS

2021

COMPAGNIE DE FINANCEMENT FONCIER – SA
Director, member of the Appointments Committee (since 09/29/2021)

COMPTOIR FINANCIER DE GARANTIE (CFG) – SA
Director

BANCO PRIMUS – SA
Director, Chairman of the Audit Committee

2020

COMPAGNIE DE FINANCEMENT FONCIER SA
Director (since 05/04/2020)

COMPTOIR FINANCIER DE GARANTIE (CFG) – SA
Director

BANCO PRIMUS – S
Director, Chairwoman of the Audit Committee (since 02/14/2020)

2019

COMPTOIR FINANCIER DE GARANTIE (CFG) – SA
Director (since 03/27/2019)

BANCO PRIMUS – SA
Director

2018

BANCO PRIMUS – SA
Director

2017

BANCO PRIMUS – SA
Director

2016

BANCO PRIMUS – SA
Director

DIRECTORS FROM BPCE

Mr Jérémy ESTRADER	
<p>Date of birth: 06/06/1983</p> <p>Nationality: French</p> <p>Business address: 50, avenue Pierre-Mendès-France 75201 Paris Cedex 13</p> <p>HEAD OF THE INSTITUTIONAL DEPARTMENT BPCE</p> <p>Member of the Board of Directors</p> <p>First appointed: 09/30/2020</p> <p>End of term: 2026 OGM</p>	<p>BIOGRAPHY</p> <p>Jérémy ESTRADER began his career in 2005 at the Caisse Nationale des Caisses d'Épargne, first as a Project Manager in the Market and Development department, then as Head of Sales.</p> <p>In 2007, he joined Crédit Foncier as Key Account Director. Appointed Regional Social housing Manager in 2010, he became Head of the Social Real Estate Market Segment in 2015, then Head of the Real Estate Market in August 2016.</p> <p>In January 2019, he joined the Caisse d'Épargne Development department of BPCE SA. First as Head of BDR Transformation, he was then appointed Head of the Social housing, EPL and Professional Real Estate Markets, and ultimately, Head of the Institutional department since July 2020 (Public sector, Residential markets).</p> <p>Relevant expertise: business development, marketing, distribution and investor relations.</p>
	<p>COMPANIES AND POSITIONS</p>
	<p>2021</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Director</p> <p>SCIC VALDURANCE HABITAT Permanent Representative of SAS HRP on the Board of Directors</p> <p>FAMILY AND PROVENCE SA Permanent representative of SAS HRAP, Director, Chairman of the Audit Committee, Member of the Remuneration Committee</p> <p>GIE HABITAT EN RÉGION Chairman</p> <p>HABITAT EN RÉGION PARTICIPATIONS SAS Permanent Representative of BPCE – Director</p> <p>SIA HABITAT Director, Chairman of the Audit Committee, Member of the Remuneration Committee</p> <p>ERILIA Non-voting director, Member of the Audit Committee, Member of the Remuneration Committee</p> <p>HABITATIONS DE HAUTE-PROVENCE (HHP) SA Permanent representative of SAS HRP – Director, Chairman of the Audit Committee and Chairman of the Remuneration Committee</p>
	<p>2020</p> <p>COMPAGNIE DE FINANCEMENT FONCIER SA Director (since 09/2020)</p> <p>SCIC VALDURANCE HABITAT Permanent Representative of SAS HRP on the Board of Directors (since 09/2020)</p> <p>FAMILY AND PROVENCE SA Permanent Representative of SAS HRAP (since 09/2020), Director, Chairman of the Audit Committee, Member of the Remuneration Committee</p> <p>GIE HABITAT EN RÉGION Chairman</p> <p>HABITAT EN RÉGION PARTICIPATIONS SAS Permanent Representative of BPCE – Director</p> <p>SIA HABITAT Director, Chairman of the Audit Committee, Member of the Remuneration Committee</p> <p>ERILIA Non-voting director, Member of the Audit Committee, Member of the Remuneration Committee</p> <p>HABITATIONS DE HAUTE-PROVENCE (HHP) SA Permanent representative of SAS HRP – Director, Chairman of the Audit Committee and Chairman of the Remuneration Committee</p>
	<p>2019</p> <p>SIA HABITAT Director, Chairman of the Audit Committee</p> <p>ÉRILIA Non-voting director, Member of the Audit Committee</p>

BPCE – Permanent Representative Mr Olivier IRISSON

Date of birth:
10/05/1969

Nationality: French

Business address:
50, avenue Pierre-
Mendès-France
75013 Paris

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.

CHIEF OPERATING OFFICER, CHIEF FINANCIAL OFFICER, MEMBER OF THE EXECUTIVE COMMITTEE 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

COMPANIES AND POSITIONS

2021

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 Risks Committee

FIDOR BANK – AG (GERMANY) Member of the Supervisory Board

2020

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 Risks Committee

FIDOR BANK – AG (GERMANY) Member of the Supervisory Board

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 Risks 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 Risks 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 March 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 Risks 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

Mr Philippe JEANNE	
<p>Date of birth: 11/13/1963</p> <p>Nationality: French</p> <p>Business address: 50, avenue Pierre-Mendès-France 75201 Paris Cedex 13</p> <p>DIRECTOR OF FINANCIAL MANAGEMENT AT BPCE</p> <p>Member of the Board of Directors</p> <p>First appointed: 11/07/2019</p> <p>End of term: 2025 OGM</p> <p>Chairman of the Audit Committee</p> <p>First appointed: 12/16/2019</p>	<p>BIOGRAPHY</p> <p>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).</p> <p>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.</p> <p>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.</p> <p>In 2005, Philippe JEANNE joined Natixis as global Head of Currency Transactions and in 2012 was appointed Director of Financial Management (ALM).</p> <p>He became BPCE's Director of Financial Management in March 2019.</p> <p>Relevant expertise: banking, finance, markets, management and engineering.</p> <p>COMPANIES AND POSITIONS</p> <p>2021</p> <p>BPCE – SA Director of Financial Management</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Director, Chairman of the Audit Committee</p> <p>BPCE SFH – SA Chairman of the Board of Directors, Chairman of the Remuneration Committee and Member of the Appointments Committee</p> <p>2020</p> <p>BPCE – SA Director of Financial Management</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Director, Chairman of the Audit Committee</p> <p>BPCE SFH – SA Chairman of the Board of Directors, Chairman of the Remuneration Committee and Member of the Appointments Committee</p> <p>2019</p> <p>BPCE – SA Director of Financial Management</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Director, Chairman of the Audit Committee</p> <p>BPCE SFH – SA Chairman of the Board of Directors, Chairman of the Remuneration Committee and Member of the Appointments Committee</p> <p>NATIXIS INTERÉPARGNE – SA Permanent Representative of Natixis, Director (until 06/07/2019)</p> <p>NATIXIS WEALTH MANAGEMENT – SA Permanent Representative of Natixis, Director (until 06/05/2019)</p> <p>NATIXIS FUNDING – SA Chairman of the Board of Directors (until 03/21/2019)</p> <p>NATIXIS – SA Director of Financial Management (until 03/11/2019)</p> <p>NATIXIS NORTH AMERICA – LLC (USA) Director (until 06/06/2019)</p> <p>ACI – THE FINANCIAL MARKETS ASSOCIATION Member of the Ethics Committee</p> <p>NATIXIS BANK JSC, MOSCOW – SA (RUSSIA) Member of the Supervisory Board (until 06/29/2019)</p> <p>NATIXIS PFANDBRIEF BANK – AG (GERMANY) Member of the Supervisory Board (until 10/14/2019)</p> <p>2018</p> <p>NATIXIS INTERÉPARGNE – SA Permanent Representative of Natixis, Director</p> <p>NATIXIS WEALTH MANAGEMENT – SA Permanent Representative of Natixis, Director</p> <p>NATIXIS FUNDING – SA Chairman of the Board of Directors</p> <p>NATIXIS – SA Director of Financial Management</p> <p>NATIXIS NORTH AMÉRICA – LLC (USA) Director</p> <p>ACI – THE FINANCIAL MARKETS ASSOCIATION Member of the Ethics Committee</p> <p>2017</p> <p>NATIXIS INTERÉPARGNE – SA Permanent Representative of Natixis, Director</p> <p>NATIXIS WEALTH MANAGEMENT – SA Permanent Representative of Natixis, Director</p> <p>NATIXIS FUNDING – SA Chairman of the Board of Directors</p> <p>NATIXIS – SA Director of Financial Management</p> <p>NATIXIS NORTH AMÉRICA – LLC (USA) Director</p> <p>ACI – THE FINANCIAL MARKETS ASSOCIATION Member of the Ethics Committee</p> <p>2016</p> <p>NATIXIS INTERÉPARGNE – SA Permanent Representative of Natixis, Director</p> <p>NATIXIS WEALTH MANAGEMENT – SA Permanent Representative of Natixis, Director</p> <p>NATIXIS FUNDING – SA Chairman of the Board of Directors</p> <p>NATIXIS – SA Director of Financial Management</p> <p>NATIXIS NORTH AMÉRICA – LLC (USA) Director</p> <p>ACI – THE FINANCIAL MARKETS ASSOCIATION Member of the Ethics Committee</p>

DIRECTORS FROM CAISSE D'ÉPARGNE

Mr Pascal CHABOT

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

**MEMBER 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

2021

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

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

BANQUE BCP – SAS Member of the Supervisory Board

BANQUE DE NOUVELLE CALÉDONIE – SA Director

PARIS HABITAT OPH Director as a qualified person

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

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

SCI DE LA FORET SCI Manager

ATREAM HÔTELS – SCPI Director

2020

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

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

BANQUE BCP – SAS Member of the Supervisory Board

BANQUE DE NOUVELLE CALÉDONIE – SA Director

PARIS HABITAT OPH Director as a qualified person

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

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

SCI DE LA FORET SCI Manager

ATREAM HÔTELS – SCPI Director

SOCFIM SA Permanent Representative of CEIDF, Member of the Supervisory Board (until 10/14/2020)

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 FORET SCI Manager

CAISSE D'ÉPARGNE RISK SYNDICATION – GIE 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 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 FORET SCI Manager

CAISSE D'ÉPARGNE SYNDICATION RISQUE – GIE 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 FORET – SCI Manager

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

ATREAM HÔTELS – 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 FORET SCI Manager

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

ATREAM HÔTELS – 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 FORET SCI Manager

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

DIRECTORS FROM BANQUE POPULAIRE BANKS

Ms Sabine CALBA

Date of birth:
02/26/1971

Nationality: French
Business address:
247 avenue du Prado
13295 Marseille Cedex
08

**CHIEF EXECUTIVE
OFFICER BANQUE
POPULAIRE
MÉDITERRANÉE**

**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 the Institut Français de Gestion (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 Communication 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 director there.

On March 1, 2019, Sabine CALBA was appointed Head of Development at Banque Populaire within Groupe BPCE. Banque Populaire Méditerranée since April 1, 2021.

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

COMPANIES AND POSITIONS

2021

BANQUE POPULAIRE MÉDITERRANÉE – SA Chief Executive Officer (since 04/01/2021)

BPCE – SA Head of Development of Banque Populaire (until 03/31/2021)

CREDIT FONCIER DE FRANCE – SA Director

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

BANQUE BCP – SA (LUXEMBOURG) Director

CRÉDIT FONCIER IMMOBILIER – SA Director

I-BP – GIE Permanent Representative of BPCE, Director

UNIVERSITÉ DE LORRAINE Director

ASSOCIATION LES ELLES DE BPCE Member

2020

BPCE – SA Head of Development of Banque Populaire

CREDIT FONCIER DE FRANCE – SA Director

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

BANQUE BCP – SA (LUXEMBOURG) Director

CRÉDIT FONCIER IMMOBILIER – SA Director

I-BP – GIE Permanent Representative of BPCE, Director

OSTRUM ASSET MANAGEMENT – SA Permanent Representative of BPCE, Director (until 10/23/2020)

UNIVERSITÉ DE LORRAINE Director

ASSOCIATION LES ELLES DE BPCE Member

2019

BPCE – SA Head of Development of Banque Populaire

BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE – SA Deputy Chief Executive Officer and Second Executive Officer (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 Chairman (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)

APROFIN LORRAINE PLACE FINANCIÈRE ASSOCIATION 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 Executive Officer

NATIXIS PAYMENT SOLUTIONS – SA Director

I-DATECH-GIE Chairman

SOCIÉTÉ D'ÉQUIPEMENTS DU BASSIN LORRAIN – SEM Permanent Representative of BPALC, Director

APROFIN LORRAINE PLACE FINANCIÈRE ASSOCIATION 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

APROFIN LORRAINE PLACE FINANCIÈRE ASSOCIATION Chairman

UNIVERSITÉ DE LORRAINE Director

ASSOCIATION LES ELLES DE BPCE Member

ASSOCIATION LES ESSENTI'ELLES DE BPALC Chairman

BANQUE BCP – SA (LUXEMBOURG) Director

CRÉDIT FONCIER IMMOBILIER – SA Director

2016

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

BANQUE BCP – SA (LUXEMBOURG) Director

NATIXIS PAYMENT SOLUTIONS – SA Director

APROFIN LORRAINE PLACE FINANCIÈRE ASSOCIATION Chairman

ASSOCIATION LES ELLES DE BPCE Member

ASSOCIATION LES ESSENTI'ELLES DE BPALC Chairman

Mr Alexandre FOURNEAU	
<p>Date of birth: 07/06/1969</p> <p>Nationality: French</p> <p>Business address: 9 Newton Avenue 78180 Montigny-le-Bretonneux</p> <p>HEAD OF FINANCE LOANS, BANQUE POPULAIRE VAL DE FRANCE</p> <p>Member of the Board of Directors</p> <p>First appointed: 03/30/2017</p> <p>End of term: 2022 OGM</p>	<p>BIOGRAPHY</p> <p>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 Informatique Banque Populaire (IBP) and became the Director of Banking Organization. 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.</p> <p>Relevant expertise: accounting expertise, audit, risks and compliance, banking, management control, project management, information systems, business development, finance and oversight.</p>
	<p>COMPANIES AND POSITIONS</p>
	<p>2021</p> <p>BANQUE POPULAIRE VAL DE FRANCE – SCBP Credit and Finance Director</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Director</p> <p>Economic Interest Group I-BP INVESTISSEMENT – GIE Management Controller</p> <p>SOCAMI VAL DE FRANCE – SCM Chief Executive Officer</p> <p>SOCAMA VAL DE FRANCE – SCM Deputy Chief Executive Officer</p> <p>SBE – SACS Representative of Banque Populaire Val de France – Member of the Supervisory Board, Chairman of the Audit Committee</p> <p>2020</p> <p>BANQUE POPULAIRE VAL DE FRANCE – SCBP Head of Finance Loans</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Director</p> <p>I-BP INVESTISSEMENT – GIE Management Controller</p> <p>SOCAMI VAL DE FRANCE – SCM Chief Executive Officer</p> <p>SOCAMA VAL DE FRANCE – SCM Deputy Chief Executive Officer</p> <p>SBE – SACS Representative of Banque Populaire Val de France – Member of the Supervisory Board, Chairman of the Audit Committee</p> <p>2019</p> <p>BANQUE POPULAIRE VAL DE FRANCE – SCBP Head of Finance Loans</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Director</p> <p>I-BP INVESTISSEMENT – GIE Management Controller</p> <p>SOCAMI VAL DE FRANCE – SCM Chief Executive Officer</p> <p>SOCAMA VAL DE FRANCE – SCM Deputy Chief Executive Officer</p> <p>SBE – SACS Representative of Banque Populaire Val de France – Member of the Supervisory Board, Chairman of the Audit Committee</p>
	<p>2018</p> <p>BANQUE POPULAIRE VAL DE FRANCE – SCBP Head of Finance Loans</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Director</p> <p>I-BP INVESTISSEMENT – GIE Management Controller</p> <p>SOCAMA VAL DE FRANCE – SCM Director (until 05/25/2018)</p> <p>SOCAMI VAL DE FRANCE – SCM Director (until 05/16/2018)</p> <p>SOCAMI VAL DE FRANCE – SCM Chief Executive Officer</p> <p>SOCAMA VAL DE FRANCE – SCM Deputy Chief Executive Officer</p> <p>SBE – SACS Representative of Banque Populaire Val de France – Member of the Supervisory Board, Chairman of the Audit Committee</p> <p>2017</p> <p>BANQUE POPULAIRE VAL DE FRANCE – SCBP Head of Finance Loans</p> <p>COMPAGNIE DE FINANCEMENT FONCIER – SA Director</p> <p>I-BP INVESTISSEMENT – GIE Management Controller</p> <p>SOCAMA VAL DE FRANCE – SCM Director</p> <p>SOCAMI VAL DE FRANCE – SCM Director</p> <p>SBE – SACS Representative of Banque Populaire Val de France – Member of the Supervisory Board, Chairman of the Audit Committee</p> <p>2016</p> <p>BANQUE POPULAIRE VAL DE FRANCE – SCBP Head of Finance Loans</p> <p>I-BP INVESTISSEMENT – GIE Management Controller</p> <p>SOCAMA VAL DE FRANCE – SCM Director</p> <p>SOCAMI VAL DE FRANCE – SCM Director</p> <p>SBE – SACS Representative of Banque Populaire Val de France – Member of the Supervisory Board, Chairman of the Audit Committee</p> <p>BANQUE POPULAIRE VAL DE FRANCE – SCBP Chief Financial Officer, Member of the Management Committee (until 07/01/2016)</p>

DIRECTORS FROM NATIXIS

Ms Nathalie BRICKER

Date of birth:
02/07/1968

Nationality: French
Business address:
30, avenue Pierre-
Mendès-France
75013 Paris

**CHIEF FINANCIAL OFFICER OF NATIXIS
MEMBER OF THE EXECUTIVE MANAGEMENT COMMITTEE,
EXECUTIVE DIRECTOR
MEMBER OF THE BOARD OF DIRECTORS**

First appointed:
12/19/2018
End of term: **2025 OGM**
MEMBER OF THE AUDIT COMMITTEE
First appointed:
12/19/2018

BIOGRAPHY

Nathalie BRICKER holds a Master's degree in accounting and financial techniques from the IAE (Institut d'Administration des Entreprises) and a Diplôme d'Etudes Supérieures Comptables et Financières (Diploma in Accounting and Financial Studies). She is also a graduate of the Nice-Sophia Antipolis Business School (SKEMA).

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. In 2005 she joined Natixis Banques Populaires.

After the integration 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. In November 2020 Nathalie BRICKER was appointed executive director of Natixis.

Relevant expertise: accounting, accounting standards and systems, regulatory ratios, financial management, financial control.

COMPANIES AND POSITIONS

2021

NATIXIS – SA Chief Financial Officer, Member of the Executive Management Committee, executive director

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

BPCE VIE – SA Permanent Representative of Natixis, Director, Member of the Audit and Risk Committee

NATIXIS INVESTMENT MANAGERS – SA Permanent Representative of Natixis, Director, Member of the Audit and Financial Statements Committee

2020

NATIXIS – SA Chief Financial Officer, Member of the Executive Management Committee, executive director (since 11/05/2020)

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

COFACE SA* – SA Director, Member of the Audit Committee (until 02/10/2021)

NATIXIS PAYMENT SOLUTIONS – SA Permanent Representative of Natixis, Director (until 12/11/2020)

CEGC – SA Permanent Representative of Natixis, Director (until 07/09/2020)

BPCE VIE – SA Permanent Representative of Natixis, Director, Member of the Audit and Risk Committee

NATIXIS INVESTMENT MANAGERS – SA Permanent Representative of Natixis, Director, Member of the Audit and Financial Statements Committee

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 – SA Permanent Representative of Natixis, Director, Member of the Audit and Risk Committee

COMPAGNIE FRANÇAISE 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 – SA Head 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 – SA Permanent Representative of Natixis, Director, Member of the Audit and Risk Committee

COMPAGNIE FRANÇAISE 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 – SA Permanent 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

* Listed company.

ROLE AND OPERATING PROCEDURES OF CORPORATE ENTITIES

Board of Directors

COMPOSITION OF THE BOARD

As of December 31, 2021, the Board of Directors of Compagnie de Financement Foncier was composed of ten 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 Management of Compagnie de Financement Foncier, 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 Article 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 seven times in fiscal year 2021.

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 allocated remuneration due to BPCE representatives is 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 is paid to Crédit Foncier and not to the individual in question. It is specified that no remuneration is 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 videoconferencing 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' MEETING

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 195 of this document.

PRINCIPLES AND RULES ADOPTED BY THE BOARD OF DIRECTORS TO DETERMINE THE REMUNERATION GRANTED TO CORPORATE OFFICERS

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

Committees set up by the Board



AUDIT COMMITTEE

3 members ⁽¹⁾	3 meetings
Philippe JEANNE, Chairman BPCE, represented by Olivier IRISSON Nathalie BRICKER	78 % 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⁾	3 meetings
Pascal CHABOT, Chairman Crédit Foncier de France, represented by Muriel COLLE BPCE, represented by Olivier IRISSON	78 % 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

3 members ⁽¹⁾	2 meetings
Éric FILLIAT, Chairman Sabine CALBA Corinne DECAUX	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, 2021.

(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's 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 telecommunication means;
- 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 that:

- 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;
- appointments or renewals of Directors:
 - are carried out with a view to achieving a harmonious balance of the various socio-professional categories that represent the customers of Compagnie de Financement Foncier, and
 - 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 RENEWAL OF THE TERM OF OFFICE 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 calls 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 French Prudential Supervisory and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR), 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 of the 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 telecommunication 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 telecommunication means shall guarantee the confidentiality of the discussions. Consequently, anyone taking part in meetings by these means shall certify that the technical means 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 telecommunication 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 sub-delegate 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 MEMBERS 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 remuneration 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' remuneration 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 – DIRECTORS' DUTIES

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, undertakes 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 five years in prison and a fine of up to €100m.

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 Annual General Shareholders’ Meeting.

ARTICLE 11 – REVISION OF 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.

Ethics Charter 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 two 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

In accordance with the recommendations of the AFEP-MEDEF Code, the following table sets out the total remuneration and benefits in kind paid to each of the corporate officers for the year ended December 31, 2021.

Information on remuneration received is in euros. The determination of their scope at the level of Compagnie de Financement Foncier is defined in Article L. 233-16 of the French Commercial Code.

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 nor to the Deputy Chief Executive Officer in respect of their corporate offices.

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, allocated remuneration 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 allocated remuneration is paid to Crédit Foncier and not to the natural person concerned. It is specified that no remuneration is 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 Annual General Shareholders' Meeting and distributed by the Board of Directors, there is no other remuneration for the Chairman and the members of the Board of Directors.

Compagnie de Financement Foncier gross allocated remuneration (in €)	For 2020	For 2021
Éric FILLIAT ⁽¹⁾	7,500	7,500
Nathalie BRICKER ⁽²⁾	4,000	3,750
Sabine CALBA	3,750 ⁽³⁾	2,250 ⁽⁴⁾
Pascal CHABOT	5,000	5,000
Crédit Foncier (represented by Muriel COLLE) ⁽¹⁾	4,750	4,500
Corinne DECAUX ⁽¹⁾	3,750	3,750
Jérémy ESTRADER ⁽³⁾	750	3,750
Alexandre FOURNEAU	3,750	3,750
BPCE (represented by Olivier IRISSON) ⁽³⁾	2,000	2,000
Philippe JEANNE ⁽³⁾	5,250	5,000

⁽¹⁾ Paid to Crédit Foncier.

⁽²⁾ Paid to Natixis.

⁽³⁾ Paid to BPCE.

⁽⁴⁾ €750 paid to BPCE and €1,500 paid to Sabine CALBA.

BENEFITS IN KIND

The corporate officers do not receive any benefits in kind in respect of the activities carried out at Compagnie de Financement Foncier.

1) Following the publication in the Official Journal on May 23, 2019 of Article 185 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".

OTHER INFORMATION ON REMUNERATION AND STOCK OPTION PLANS

At December 31, 2021, 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 or performance share plans at December 31, 2021.

TABLE OF DELEGATIONS

DELEGATION OF AUTHORITY

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

Report on the total remuneration and other benefits imputable to the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officer for their corporate offices

Draft resolutions numbers 11 to 13 submitted to the Ordinary General Meeting of May 9, 2022 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, 2022.

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 2022.

TABLE OF REMUNERATION AND OTHER BENEFITS ATTRIBUTABLE TO THE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND DEPUTY CHIEF EXECUTIVE OFFICER PLANNED FOR THE FISCAL YEAR 2022

Name	É. FILLIAT	O. AVIS	P. DUDOUIT
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	No remuneration is paid to the Chief Executive Officer nor to the Deputy Chief Executive Officer due to their corporate offices with Compagnie de Financement Foncier	
Termination of corporate office (TEPA law)	N/A		
Allocated remuneration*	€1,500 per session with a maximum of €7,500	N/A	N/A

* Following the publication in the Official Journal on May 23, 2019 of Article 185 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 Ethics Charter 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.

DECLARATION OF NON-CONVICTION

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 Executive Management

INDEPENDENCE – 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 Executive Management members with respect to the issuing entity and their private interests or other duties;
- there are no family ties between the members of the Executive Management.

At the filing date of this document, no member of the Management Board was linked to Compagnie de Financement Foncier by a service agreement offering benefits.

DECLARATION OF NON-CONVICTION

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.



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2021 MANAGEMENT REPORT

MANAGEMENT REPORT

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MANAGEMENT REPORT

In 2021, in a still uncertain environment (slowdown in the global economy, increased geopolitical tensions, health crisis), Compagnie de Financement Foncier continued to offer its customers issuances adapted to their objectives while ensuring particularly competitive funding conditions.

In the past year 2021, Compagnie de Financement Foncier issued €4.8bn 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 *obligations foncières* and the *société de crédit foncier* status, together with the additional commitments made by the Company in terms of financial and risk management.

1. Main operations of the fiscal year

ACQUISITIONS AND DISPOSALS

During 2021, Compagnie de Financement Foncier acquired €698m in loans from Crédit Foncier de France including related receivables, plus €3m 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 de France, in the total amount of €14,134m at December 31, 2021. The same facility was also granted to BPCE SA, amounting to €6,600m at December 31, 2021 excluding related receivables. Total loans granted were collateralized for €20,585.8m.

Furthermore, as part of its business on behalf of Groupe BPCE institutions, Compagnie de Financement Foncier refinanced receivables to the public sector (SPT) for an outstanding principal amount of €2,573 million, of which €579 million was in the form of collateralised loans (L. 211-38), as well as financing commitments of €666 million.

EARLY REPAYMENTS

The overall rate of early repayments and renegotiations of loans to individuals stood at 10.1%. The amount of early repayments represented €2.2 billion for the year.

At December 31, 2021, the balance sheet of Compagnie de Financement Foncier totaled €63.9bn and its net income for the fiscal year €106.0m.

Compagnie de Financement Foncier remains a strategic subsidiary of Crédit Foncier and Groupe BPCE, under the affiliation regime and therefore part of the Groupe BPCE solidarity mechanism. Compagnie de Financement Foncier is mainly positioned in the funding of assets, on behalf of Groupe BPCE entities, mainly in public sector and similar financing. The funding of Groupe BPCE's mortgage assets is now one of the medium-term objectives.

Early repayments had several effects on net banking income:

- the accelerated amortization of acquisition premiums/discounts on loans to individuals is estimated at +€17.5m over the fiscal year;
- the collection of prepayment penalties of €28.6m; as a reminder, according to the agreement on services rendered by Crédit Foncier de France, one third of these penalties is transferred to the latter.

In 2021, the rate of early repayments on corporate loans is 0.5%, equivalent to that of 2020 (0.5%).

FINANCING AND CASH MANAGEMENT

In fiscal year 2021, Compagnie de Financement Foncier issued €4.8bn in *obligations foncières*, including €0.3bn in private placements.

All issuances for 2021 were denominated in euros. The high levels of oversubscription on public issuances reflect the diversity and vitality of Compagnie de Financement Foncier's investor base. Their investment shows a strong presence of German and Austrian investors, but also British, French, Benelux, Nordic and Asian investors.

The year was mainly marked by three euro benchmark public issuances for a total of €4.5bn:

- €1.5bn for eight years in April;
- €1.5bn for five years in July;
- €1.5bn for six years and 20 years in October.

1) Standard & Poor's/Moody's/Scope Ratings, updated as of the 2021 Universal registration document's filing date.

2. Changes in assets

ASSETS

(in €k)	12/31/2021	12/31/2020
Cash and amounts due from central banks	679,000	1,349,339
Treasury bills and equivalent	3,052,586	3,196,527
Loans and receivables due from credit institutions repayable on demand	22,073,625	23,733,098
■ <i>Sight deposit</i>	51,508	50,858
■ <i>Term</i>	22,022,118	23,682,240
Customer transactions	33,777,035	35,339,082
Bonds and other fixed-income securities	3,086,251	3,220,625
Equity interests and other long-term investments	0	0
Intangible assets and property, plant and equipment	0	0
Other assets	15,690	79,391
Accrual accounts	1,250,744	1,537,408
TOTAL ASSETS	63,934,931	68,455,470

Compagnie de Financement Foncier's balance sheet totaled €63.9bn at end-2021, down 7% on end-2020, in line with groupe Crédit Foncier's strategy to halt the production of new loans since the end of the first quarter of 2019.

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

- a decrease of €1.7bn in loans and receivables due from credit institutions;
- a decrease of €1.6bn in outstanding customer loans;
- a decrease in cash and amounts due from central banks as part of optimized cash management aimed at minimizing carrying costs.

HOME LOANS

Home loans outstanding, held directly or assigned through L. 211-38, fell compared to end-2020.

(in €m)	12/31/2021	12/31/2020	Change
Non-commercial mortgage-backed securities (See note 11)	24,366	27,625	-12.2%
Loans to private individuals guaranteed by real estate loans under L. 211-38 (See note 22)	6,567	7,844	-16.3%
TOTAL	30,831	35,469	-13.1%

GROUP FUNDING AND ASSIGNMENT OF RECEIVABLES

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

These collateralized loans are classified as term loans and receivables from credit institutions. At the end of 2021, these outstanding loans of €21.4bn are divided between:

- €14.1bn in loans to Crédit Foncier, mainly guaranteed by receivables from the French local authorities;
- €0.7bn in loans to other Groupe BPCE entities, also guaranteed by receivables from the 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 €20.6bn at December 31, 2021.

OTHER ASSETS AND ACCRUAL ACCOUNTS

Other assets totaled €15.7m at end-2021 compared with €79.4m end-2020.

The accrual accounts stood at €1.3bn at December 31, 2021, a slight drop compared with December 31, 2020 (€1.5bn).

3. Changes in liabilities

LIABILITIES

(in €k)	12/31/2021	12/31/2020
Amount due to central banks	0	0
Due to credit institutions	5,009,751	6,268,175
■ <i>Sight deposit</i>	0	0
■ <i>Term</i>	5,009,751	6,268,175
Customer transactions	0	0
<i>Sight deposit</i>	0	0
Debt securities	53,673,477	56,443,309
■ <i>Interbank market instruments and negotiable debt securities</i>	0	0
■ <i>Bond issues (obligations foncières)</i>	53,673,477	56,443,309
Other liabilities	484,649	1,035,086
Accrual accounts	1,541,693	1,554,226
Provisions	12,425	602
Subordinated debts	0	0
Reserve for general banking risks	20,000	20,000
Equity excluding reserve for general banking risks	3,192,937	3,134,072
■ <i>Share capital</i>	2,537,460	2,537,460
■ <i>Additional paid-in capital</i>	343,002	343,002
■ <i>Reserves</i>	134,475	132,117
■ <i>Regulated provisions and investment subsidies</i>	0	0
■ <i>Retained earnings</i>	71,995	74,352
■ <i>Income to be allocated</i>	0	0
■ <i>Net income for the period</i>	106,004	47,141
TOTAL LIABILITIES	63,934,931	68,455,470

The change in debt securities amounted to -€2.8bn, as the €4.8bn of issuances made in 2021 did not compensate for the falls.

Amounts due to credit institutions decreased by €1.3bn in 2021, impacted by optimized cash management.

Shareholders' equity remained at the high level of €3.2bn.

4. Analysis of the income statement

INCOME STATEMENT

(in €k)	12/31/2021	12/31/2020
Net banking income	251,524	146,368
General operating expenses	-102,918	-92,805
Gross operating income	148,606	53,563
Cost of risk	7,452	4,314
Operating income	156,058	57,878
Gains/losses on fixed assets	0	20,047
Income before tax	156,058	77,925
Income tax	-50,053	-30,784
NET INCOME	106,004	41,141

NET BANKING INCOME

Net banking income amounted to €252m, up €106m on 2020 mainly due to a higher net interest margin, more favorable issuance terms and a change in average outstanding assets benefiting from the positive dynamics of funding offered to Groupe BPCE entities.

GROSS OPERATING INCOME

General operating expenses amounted to €103m, up €10m on the previous year, mainly due to the increase in the remuneration of Crédit Foncier's services in the private sector (including an adjustment for 2020).

5. Cash flows

Refer to note 25 "Cash flow statement" in chapter 5 – Financial information (pages 172 and 173).

6. Risk factors

The banking and financial environment in which Compagnie de Financement Foncier operates exposes it to different 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 in terms of their probability of occurrence and potential impact.

Other risks not identified to date or considered today as non-material for Compagnie de Financement Foncier could have an unfavorable impact on its business, financial position, and/or results.

1. CREDIT AND COUNTERPARTY RISK

1.1 DEFAULT AND COUNTERPARTY RISK

A substantial increase in expenses for impairment 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

Gross operating income was €148.6m at December 31, 2021 compared with €53.6m the previous year.

COST OF RISK

Cost of risk was a net reversal of €7.5m, reflecting the quality of the assets carried on Compagnie de Financement Foncier's balance sheet.

NET INCOME

Net income was €106m, up sharply compared to 2020.

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 mortgage loans to individual customers (€30.1bn at December 31, 2021) 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 and Switzerland.

Further, Compagnie de Financement Foncier's cost of risk was reversed by €7.5m at December 31, 2021. For further information, please refer to the 2021 Universal registration document of Compagnie de Financement Foncier (page 112).

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 deterioration of other financial institutions and market players. The financial institutions are closely interconnected, in particular due to their netting, 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. At December 31, 2021, Compagnie de Financement Foncier's balance sheet amounting to a total of €63.9bn. The breakdown of Compagnie de Financement Foncier's outstanding assets/liabilities with regard to credit institutions and central banks is as follows:

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.

At December 31, 2021, Compagnie de Financement Foncier's balance sheet amounting to a total of €63.9bn. The breakdown of Compagnie de Financement Foncier's outstanding assets/liabilities with regard to credit institutions and central banks is as follows:

ASSETS

<i>Of which:</i>	<i>(in €m)</i>
Cash and amounts due from central banks	679
Loans and receivables due from credit institutions repayable on demand	22,074

LIABILITIES

<i>Of which:</i>	<i>(in €m)</i>
Amount due to central banks	0
Due to credit institutions	5,010

1.2 CONCENTRATION RISK

The volume of exposures to the Public sector is mainly concentrated in France, while abroad, the exposure of Compagnie de Financement Foncier to Public sector is subject to a few significant individual concentrations, particularly Italy for sovereigns. As a reminder, Compagnie de Financement Foncier ceased its international Public sector loan purchasing activity several years ago.

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.

The international exposure of Compagnie de Financement Foncier was €7.7bn at December 31, 2021, compared with €7.9bn at December 31, 2020; it was divided mainly between Italy (€3.1bn), United States (€1.4bn) and Switzerland (€1.1bn). All of Compagnie de Financement Foncier's International Sovereign portfolio (€2,516m) has an internal rating of at least A-.

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 its financial interests. Due to the geographic diversification of its assets, Compagnie de Financement Foncier is particularly sensitive to the economic environment in France and other specific countries.

The European markets can experience disturbances that impact economic growth and can impact the financial markets.

In particular, 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 significant drop in financial market liquidity, making it more difficult to carry out the funding activity provided by

Compagnie de Financement Foncier on behalf of Crédit Foncier and Groupe BPCE.

At the end of February 2022, the Russian Federation launched a major military action in Ukraine. While Ukraine is not a member of NATO, the Western reaction to this invasion was strong. In a concerted manner, the European Union, the United States and many other States have adopted a series of unprecedented sanctions, including the freezing of the Russian Central Bank's assets abroad, the exclusion of certain Russian banks from SWIFT, and the announcement by many Western groups of their withdrawal from the Russian Federation.

Compagnie de Financement Foncier has significant exposure to international public entities, in particular in Italy, the United States and Switzerland. 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.

However, the review of international counterparties suggests a low probability of occurrence of the risk, with an expected moderate final direct impact on Compagnie de Financement Foncier.

The international exposure of Compagnie de Financement Foncier was €7.7bn at December 31, 2021, compared to €7.9bn at December 31, 2020, and can be divided between:

- Italian and Polish Sovereigns for €2.5bn (before hedging swaps). Compagnie de Financement Foncier's whole International sovereign portfolio enjoys an internal rating of at least A-;
- the outstanding amount of the IPS portfolio (excluding sovereign) and Large Corporates for €3.9bn, virtually stable compared with December 31, 2020 (€4.0bn). It may be noted that 67% of this portfolio has an internal rating of at least A;
- outstanding amounts in the portfolio counter-guaranteed by monoline insurers on IPS, Large Corporates and Sovereign exposures for €1.3bn. 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.

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 mortgage loans to private individuals at market prices: as well as public sector loans from Banque Populaire banks and Caisses d'Épargne (Groupe BPCE).

As soon as an asset is recorded on the balance sheet, it is transformed, if necessary, into a variable-rate asset in euros. Similarly, the debt issued by Compagnie de Financement Foncier is micro-swapped, if necessary, at the outset to transform it into euro-denominated variable rate liabilities.

Early repayments and renegotiations of outstanding loans to individuals on Compagnie de Financement Foncier's balance sheet represented 10.1% of outstanding loans at December 31, 2021, compared to 10.9% at December 31, 2020.

2.2 CREDIT SPREAD RISKS

Compagnie de Financement Foncier's funding cost could be affected by a drop in the credit rating levels of its assets, its *obligations foncières* or its parent company.

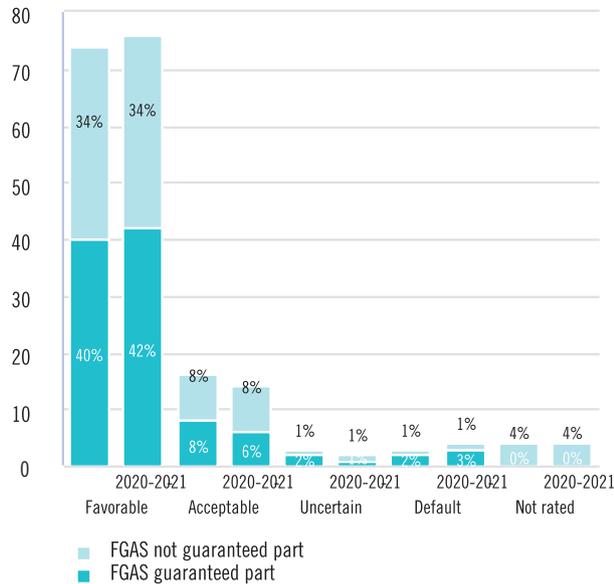
In order to maintain a competitive funding cost, Compagnie de Financement Foncier strives to maintain the AAA credit rating of its *obligations foncières*. To do this, it carefully selects quality assets (acquired or assigned) and manages the overcollateralization of its balance sheet in relation to the outstanding *obligations foncières*.

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*.

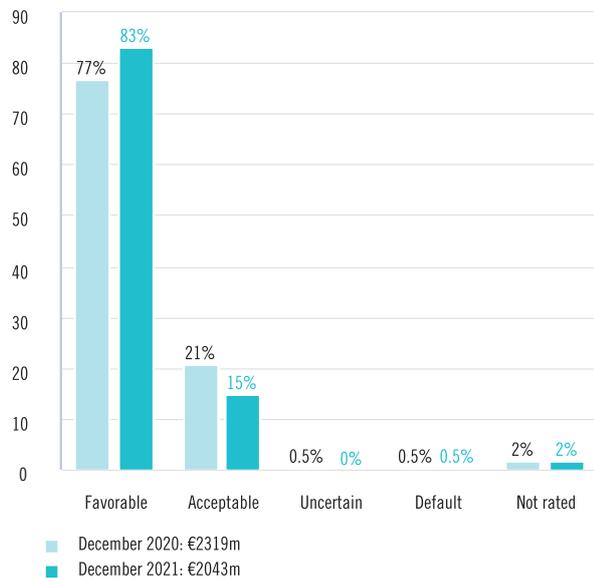
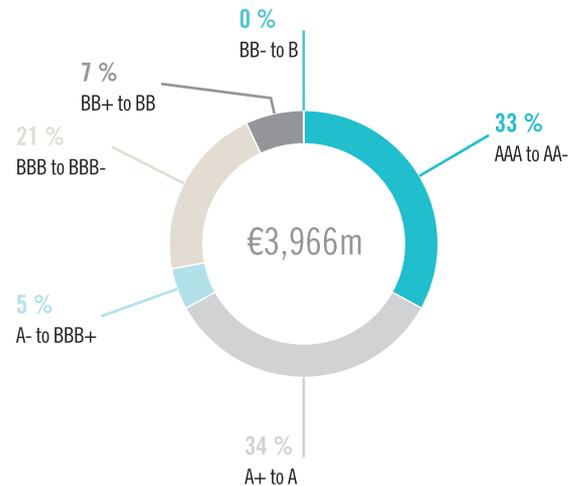
The decline in the credit rating of the *obligations foncières* would increase the funding cost of Compagnie de Financement Foncier and could potentially impair its profitability.

At December 31, 2021, 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).

The quality of outstandings held by Compagnie de Financement Foncier is of a very high level.

OUTSTANDING MORTGAGE LOANS TO INDIVIDUALS (INTERNAL RATING)

December 2020: €34,516m December 2021: €30,167m

SOCIAL HOUSING PORTFOLIO (BASEL II RATING)**EXPOSURE TO THE INTERNATIONAL PUBLIC SECTOR (EXCLUDING SOVEREIGN) AND LARGE CORPORATES (INTERNAL RATING)****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 pledging of eligible assets for ECB funding and/or repo transactions;
 - 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 funding and/or repo operations;
 - reduction of liquidity lines granted by Crédit Foncier and/or Groupe BPCE.

Nevertheless, at December 31, 2021, Compagnie de Financement Foncier held €6.7bn in assets eligible for ECB operations before the haircut. Furthermore, Compagnie de Financement Foncier may pledge its substitute or eligible assets for the Banque de France's intra-day credit transactions to meet the contractual maturities of all of its privileged debt, for at least 180 days.

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.

Compagnie de Financement Foncier's LCR complies with the 100% limit applicable since January 1, 2018. At December 31, 2021, Compagnie de Financement Foncier had reserve liquidity of €2.8bn against a Net Cash Outflow (NCO) of €0.9bn over 30 days.

3. STRATEGIC, BUSINESS AND ECOSYSTEM RISKS

3.1 STRATEGIC AND BUSINESS 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, the asset-liability management and the financial services agreement), 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. If this risk materializes, it could result in a severe, negative impact for Compagnie de Financement Foncier (cessation of activities, related image risk).

However, this risk is well-managed in the relations between the two establishments. Operational risks, as defined by the decree of November 3, 2014, are monitored by Crédit Foncier in the name and on behalf of Compagnie de Financement Foncier. It is represented in the Operational Risks Committee. Material Operational Risk incidents relating to it and involving an amount greater than €300k are also presented to the Executive Risk Committee of Compagnie de Financement Foncier.

The provision of these services by Crédit Foncier is subject to the controls defined at the start of the year by each Crédit Foncier division. These control plans are validated by the Internal Control Committee chaired by the Chief Executive Officer. The control results are regularly presented to the Committee.

Furthermore, the Specific Controller of Compagnie de Financement Foncier performs controls in addition to the aforementioned controls and those carried out by the Statutory Auditors.

Finally, Crédit Foncier's Risks and Compliance department and Compagnie de Financement Foncier's employees in charge of monitoring hold discussions regularly and at least at each quarterly meeting.

The current coronavirus (Covid-19) pandemic and its economic consequences could ultimately impact Crédit Foncier's activities and results as a service provider to Compagnie de Financement Foncier.

The appearance in late 2019 of Covid-19 and the rapid spread of the

pandemic to the entire planet has caused a significant deterioration in the economic and financial situation in various business and financial sectors for economic participants, significant disturbances in financial markets as the affected countries have had to institute health measures.

The persistence of the Covid-19 pandemic and the appearance of new strains of the virus have led to new measures being taken in France and in a number of European countries. Despite the favorable development of vaccination, the evolution of the epidemic has created significant new problems. The economic environment could therefore still be impacted and negatively affect Crédit Foncier's activities, financial performance and results and therefore those of Compagnie de Financement Foncier.

More generally, the coronavirus pandemic (Covid-19) puts Crédit Foncier at risk in terms of its activities, results and financial condition, insofar as:

- it is causing organizational changes (remote working, for example) which may result in a new or increased operational risk;
- it is slowing down exchanges in money markets and could have an impact on the supply of liquidity;
- 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 defaults, particularly among the weakest 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.

In response, massive fiscal and monetary policy measures to support activity were put in place at the European and national level. At the European level, the ECB has set up dedicated financing and investment programs (PEPP) to guarantee significant liquidity and low interest rates. At the French level, the State has put in place specific support and financing measures to support households and companies experiencing difficulties (for individuals, partial employment measures as well as many other tax social and bill payment measures, and for companies and professionals, State-guaranteed loans, tax and social relief measures).

The evolution of the Covid-19 situation is a source of significant uncertainty, as its real consequences on economic actors have not yet had their full impact due to the massive support measures put in place by Europe and the Member States. At this stage, the impacts of Covid-19 on Crédit Foncier's business lines (loan management and funding for Groupe BPCE), its results (net banking income and cost of risk in particular) and its financial situation (liquidity and solvency) are not significant, but the future consequences on Crédit Foncier's economic clients when the support measures are gradually phased out could be material, although difficult to quantify.

It is therefore likely that the effects of Covid-19 will be delayed and will actually be observed and quantifiable in 2022. To date, late payment and default rates have remained very stable.

3.2 ECOSYSTEM RISKS

MACROECONOMIC RISKS

In Europe, the recent economic and financial environment could have an adverse impact on the businesses of Compagnie de Financement Foncier and the markets in which it operates.

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.

A deterioration in the international macroeconomic situation would impact the funding model by changing the behavior of investors, who would adopt more cautious asset allocation with more liquidity: Compagnie de Financement Foncier would then potentially issue more limited volumes of *obligations foncières* with higher margin levels, which would reduce Compagnie de Financement Foncier's net banking income. In terms of assets, Compagnie de Financement Foncier has a portfolio of €56.3bn, exposed to France (88% of the outstanding amounts at December 31, 2021) and €7.7bn internationally (12% of the outstanding amounts at December 31, 2021), mainly public in nature. A deterioration in the international macroeconomic situation would weaken some borrowers, who could then face bad debt or default situations, which would lower the net banking income of Compagnie de Financement Foncier.

REGULATORY RISK

In essence, Compagnie de Financement Foncier's activity, which is focused primarily on the issuance of *obligations foncières*, is governed by strict and specific regulations, which must be complied with. Regulatory risk could weigh on Compagnie de Financement Foncier's business outlook.

Laws and regulatory measures proposed to avoid or mitigate the effect that new financial crises could have a material 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. They are likely to change 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 under consideration: changes in regulations relating to covered bonds, new methodologies for credit risk weighting, creation of regulatory bodies or the 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's business consists mainly of issuing *obligations foncières* in the markets to fund the lending activities of Groupe BPCE entities and Crédit Foncier's historical outstanding loans. The measures mentioned, the Covered Bond directive (directive (EU) 2019-2162) transposed into French law in 2021 and applicable on July 8, 2022, could lead to increased minimum capital requirements and increased provisioning of outstanding amounts, a reduction in the scope of assets eligible for funding by *obligations foncières*, the inclusion in the overcollateralization ratio of the liquidity to cover the costs of running the structure in run-off mode, and more detailed and frequent information and data reporting obligations requiring more resources.

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.

Like most financial institutions, groupe Crédit Foncier relies heavily on its communication and information systems, as its activities require handling a large number of increasingly complex transactions. Any breakdown, interruption or failure in these systems could result in errors or anomalies in the customer management, general accounting, deposit, transaction and/or loan processing systems.

The consequences of these interruptions or failures could potentially have significant consequences for Compagnie de Financement Foncier's business. All Groupe BPCE measures are taken to reduce the probability of occurrence and any adverse impacts.

Compagnie de Financement Foncier is highly dependent on its communication and information systems provided by IT-CE and BPCE-IT (Groupe BPCE internal service providers). These work within the scope of the groupe Crédit Foncier and are involved in third-party application maintenance.

The Head of Information Systems Security for groupe Crédit Foncier is also in charge of the same area for Compagnie de Financement Foncier. Therefore, the governance in terms of Information Systems Security at Crédit Foncier includes, by extension, that of Compagnie de Financement Foncier. It is mainly organized around:

- an Information Systems Security Policy (ISSP) specific to Crédit Foncier, and its application by area as underpinned by the Security Policy and the rules of Groupe BPCE;
- a dedicated governing body with the Internal Information Systems Security Committee (IISSC) chaired by a Deputy Chief Executive Officer;
- an outreach plan to raise awareness about cyber risks and security risks among all employees;
- a permanent control mechanism for Information Systems Security, combined with a half-yearly security report (security indicators);
- indicators on the state of the level of security of the Crédit Foncier information system and, by extension, that of Compagnie de Financement Foncier.

This system is usefully supplemented by the resources of Groupe BPCE, which reinforce it with:

- the use of the BPCE IT operational security center, which has monitoring tools and systems to supervise atypical or threatening security events;
- the VIGIE system, a community of IS Security players at Groupe BPCE;
- the Groupe BPCE CERT (Alert and Response Center for Computer Attacks), which monitors and responds to identified external threats.

Thus, the main risk factors in Information System Security can be addressed through the following items:

■ **availability of the information system and resources:** in order to control this risk factor, a Contingency and Business Continuity Plan system was integrated into the Business Continuity Plan and then deployed. It is currently in the maintenance in operational condition phase. It is subject to annual tests as a minimum and has shown its efficacy in the wake of the Covid-19 crisis. The IT Business Recovery Plan (PRA) is organized by the Group's operators, IT-CE and BPCE-IT.

The residual risk relating to the availability of the service is low given the measures put in place and tested regularly. However, the risk of flooding moderates this risk very slightly upwards in view of the location of the Crédit Foncier premises, which house Compagnie de Financement Foncier;

■ **integrity of the information, processing and data system:** with the outsourcing of its information systems within Groupe BPCE, the integrity of its information system is ensured by its two IT service providers, BPCE-IT and IT-CE. However, Crédit Foncier's Head of ISS regularly monitors the processing and security actions of these two service providers. The summary of this security monitoring is presented to the appropriate governing bodies.

The residual risk in terms of integrity is rated as low: the integrity guarantee mechanisms implemented by BPCE-IT and IT-CE can provide reasonable assurance in terms of the robustness and coverage of this factor. The tests that have been carried out and the feedback on the control devices from the operator confirm this;

■ **processing and data confidentiality:** this factor is the subject of continuous action and monitoring, both operationally through measures restricting access to data and processing and in terms of control, with regular reviews of access to processing and data. This monitoring is carried out by a specific GDPR Committee chaired by a Deputy Chief Executive Officer.

The residual risk in terms of confidentiality is low given the provisions presented above. The control of rights reviews according to the principle of least privilege and separation of duties and the provisions for controlling data leaks (closure of USB ports, strengthening of password policies, management of high privilege accounts) also lead to better control of this risk;

■ **proof system:** this risk is handled through the implementation, by the aforementioned two IT service providers (BPCE IT and IT-CE), of traceability systems for transactions carried out on the information

system of Crédit Foncier and therefore of Compagnie de Financement Foncier attached to the logging of transactions carried out by users.

The residual risk relating to the proof is low: the mechanisms for logging both technical and business transactions are tested regularly for operational needs. It should be noted that aspects related to the General Data Protection Regulation (GDPR) are likely to accentuate the control of this risk.

In short, taking into account the measures in place, and their monitoring, the residual risk has a low probability of occurrence for Crédit Foncier and, therefore, by extension for Compagnie de Financement Foncier.

4.2 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 critical for ensuring its loan funding business – 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.

Compagnie de Financement Foncier's activity relies on the confidence of markets and investors. Inadequate management of reputation risk could impact the conditions under which it issues *obligations foncières* on the international market.

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 2021 Universal registration document of Compagnie de Financement Foncier (page 130).

7. 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 CLAIMS ON CREDIT INSTITUTIONS

No loan or receivable due from credit institutions was reclassified as doubtful in 2021. Out of the €22.1bn in loans and receivables due from credit institutions, €21.4bn are loans to Groupe BPCE entities. Moreover, these loans are mostly secured by eligible assets, 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 CLAIMS ON CUSTOMERS

Loans and receivables due from customers amounted to €33.8bn at December 31, 2021, including €1.3bn of doubtful loans, compared with €35.3bn and €1.3bn at December 31, 2020. Doubtful loans and receivables (€1.3bn) and impairment (€51.8m) remained exclusively concentrated on home loans.

HELD-TO-MATURITY SECURITIES

Outstanding held-to-maturity securities amounted to €6.06bn at December 31, 2021.

None of these securities were reclassified as doubtful or impaired in 2021.

The outstanding amounts in terms of net carrying amount (excluding accrued interest and after premiums or discounts) break down between Italy (46%), the United States (23%), Japan (8%), France (7%), Spain (3%), Canada (6%), Poland (6%) and other countries with non-material amounts (1%).

8. Financial risk analysis

INTEREST RATE AND EXCHANGE RATE 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 with the hedging mechanisms implemented.

As soon as they are recorded in the balance sheet, assets are, if necessary, converted into variable-rate euro-denominated items by entering into macro- or micro-hedging interest rate derivative contracts (swaps). Similarly, the debt issued by Compagnie de Financement Foncier is hedged at the outset, if necessary, to transform it into variable rate liabilities in euros.

Interest rate positions are also reviewed each quarter and 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, 2021, the amount of deposits received was €0.3bn.

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.

At December 31, 2021, outstanding financial hedging instruments amounted to €60.3bn, including €49.6bn interest rate swaps and €10.7bn in currency swaps; on December 31, 2020, they were €65.1bn, including €53.6bn interest rate swaps and €11.4bn 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 2021, all loans to Individuals recorded an early repayment and renegotiation rate of 10.1%, a slight decrease compared to 2020 (10.9%).

Compagnie de Financement Foncier's interest rate risk is monitored by calculating interest rate gaps subject to 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 2021.

LIQUIDITY RISK

The very prudent liquidity management policy continued in 2021. Compagnie de Financement Foncier can raise sufficient cash to meet the contractual maturities of all of its privileged debts, for six months, without new resources.

9. 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 Financial Services 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 (ACPR), amended by the order of February 25, 2021.

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 procedures include the appointment of a specific Controller, after the ACPR has approved it. This person is in charge of monitoring compliance with legal requirements: asset eligibility, overcollateralization, 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). Holder of the card issued by the AMF on June 4, 2018 for Compagnie de Financement Foncier, she ensures compliance with financial regulations. To structure her work, she has drawn up a set of procedures focusing on the warning mechanism, the system for preventing and detecting insider information, the management of professional cards issued by the AMF, the policy for recording data and exchanges within the framework of MiFID II, the prevention and detection of conflicts of interest 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

At December 31, 2021, Compagnie de Financement Foncier had available cash of €0.73bn, including €0.68bn 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.

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 content of these agreements has been updated and completed in 2021 to meet the obligations of the European Banking Authority's (EBA) "Outsourcing Guidelines" of February 25, 2019 within the planned timeframe.

Compagnie de Financement Foncier's internal control system is set up in accordance with the rules and standards included in Groupe BPCE's Internal Control Charter and the Risks, Compliance and Permanent Control Charter, which, as a central institution, sets the obligations of its entities in terms of controls (means, organization and guidelines to be followed). These charters were approved by the Group's Internal Control Coordination Committee on July 30, 2020.

INTERNAL CONTROL STAKEHOLDERS

The Chief Executive Officer of Compagnie de Financement Foncier is responsible for the internal control of Compagnie de Financement Foncier. However, under the terms of the agreement on internal control services, the implementation of the system is entrusted to Crédit Foncier.

On this basis, the organization of the internal control system meets the obligations set out in the Group's permanent control framework document of April 21, 2021. It is based on two levels of permanent control and one level of periodic control.

FIRST-LEVEL PERMANENT CONTROL

First level permanent control includes all types of controls exercised by the operating entities subject to compliance with Article 14 of the Order of November 3, 2014 as amended. It is provided by the operational managers of the sales department, support department or central services.

SECOND-LEVEL PERMANENT CONTROL

Second level permanent control includes level 1 reliability controls and all controls carried out by departments that are independent of the operational structures and report hierarchically or functionally to the executive director for Risk and Compliance:

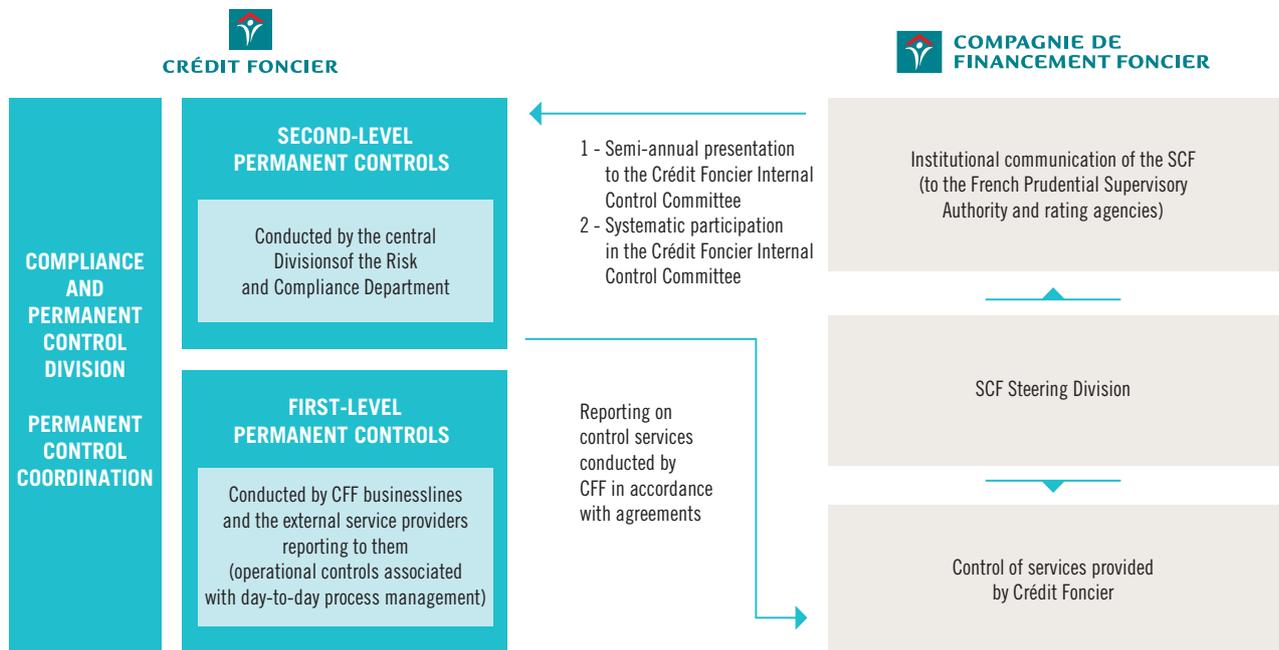
- the Risk Division measures, controls and oversees credit and counterparty risks, as well as financial risks;
- the Compliance and Permanent Controls Division is responsible for financial security, operational risk control, non-compliance, investment services control and banking and financial ethics. It is also responsible for coordinating permanent controls;
- 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. He/she 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, following the occurrence of a major risk;

- Financial Control exercises control over the accounting and regulatory data produced by Crédit Foncier and its subsidiaries.

These divisions 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 check that the first-level permanent controls are implemented and carry out additional controls. The results of their audits are periodically presented to the Crédit Foncier Internal Control Committee.

ORGANIZATION OF INTERNAL CONTROL

The internal control of Compagnie de Financement Foncier is organized as follows:



PERIODIC CONTROL

This is the responsibility of the Internal Audit Division of groupe Crédit Foncier.

The Shareholders' 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.

THE INTERNAL CONTROL COMMITTEE OF CRÉDIT FONCIER

The role of the Internal Control Committee is to define and implement Groupe Crédit Foncier's internal control policy and to measure overall risk management. To this end, it can mobilize resources and launch action plans. It monitors progress and results. Its purpose is to monitor and manage all the individual or consolidated risks of the Groupe 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 Crédit Foncier's Head of the Risk and Compliance. It also includes the *Volcker* Committee.

Its main responsibilities are to:

- ensure the implementation of the Permanent Control Framework document;
- validate the annual control plan and monitor its implementation;
- ensure that the annual control plan is consistent with the results of the mapping(s), which are themselves consistent with the institution's risk management system and risk appetite system;
- ensure the proper allocation of resources in relation to the risks involved;
- validate the justification of controls not deployed in the permanent control frameworks supported by the Group's tools and/or the operational adaptation of Group control standards to the institution;
- review the dashboards and reporting of the results of level 1 and level 2 controls;
- regularly validate the action plans to be implemented in order to have a coherent and efficient control system;
- review the Company's internal control system, identify areas of malfunction, propose appropriate solutions to strengthen the security of the Company;
- 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 US Bank Holding Company Act of 1956 (BHC Act), commonly referred to as "*Volcker* Rule".

The Head of Institutional Relations is a permanent member of the Internal Control Committee for the management of Compagnie de Financement Foncier.

THE EXECUTIVE RISK COMMITTEE

As a *société de crédit foncier*, Compagnie de Financement Foncier implements detailed monitoring of its risks, notably through a dedicated Executive Risk Committee.

The purpose of this committee is to define the risk policy, control its proper implementation and more generally ensure the monitoring and control of risks, in accordance with the general risk policy defined 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);
- non-financial risks;
- 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 risk management and, as previously stated, internal control.

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 and investment services suppliers (ISS), 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 department, Crédit Foncier's Compliance and Permanent Control Division relies on the Group Internal Control Charter of July 30, 2020, the RCCP Charter (Risks, Compliance and Permanent Controls) of December 9, 2021, as well as the Group Compliance framework documents of December 16, 2020 and the Group Permanent Control approved by the Group Standards and Methods Committee on April 21, 2021.

In this context, it is responsible for preventing, detecting, measuring and monitoring non-compliance risks 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 and general risks linked to business activity. Its activities include banking and insurance compliance, 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.

In line with Groupe BPCE's principles, its general missions cover five areas of activity: compliance governance, monitoring and permanent control of compliance, compliance management, consulting and support for business lines, and development of the compliance culture.

Crédit Foncier's Compliance Division thus performs all of the tasks assigned to the Head of Compagnie de Financement Foncier's compliance function in accordance with the Group Compliance framework document and the Order of November 3, 2014 as amended.

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, to the Risk Committee and to the Board of Directors.

At the end of 2021, the Division had six 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 that has been reduced from four years to a maximum of five years in line with the Group's frequency; intrinsically risky activities are monitored more closely (as is the case with the annual LAB mission) or an audit scheduled within a maximum of two or three years. During the year, specific audits or reviews may be conducted at the behest of the Chief Executive Officer.

To cover the audit plan, Crédit Foncier's audit function was assisted by BPCE's Internal Audit Division, which was organized between Crédit Foncier and BPCE managers. Another auditable unit (Caisse de Retraite Crédit Foncier), part of a wider inspection assignment, was subject to a risk analysis by the IGG Group.

The audits conducted reported 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 2021

Crédit Foncier's General Inspection department carried out its 2021 audit plan, with the exception of the Professional Expenses assignment, which was deemed to be less of a priority in the post-Covid context, even though the previous annual audits were favorable. Instead, an audit of the business continuity plan was conducted.

FOLLOW-UP ON RECOMMENDATIONS

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 reports are entered by the audited units on the Group tool made available to them on the intranet. 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 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 recommendations. Recommendations not implemented according to the initial timetable are specifically reviewed by the Executive Committee. Recommendations are generally implemented under good conditions and 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

ROLE OF THE CENTRAL INSTITUTION

BPCE's Accounting Division 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 GROUPE CRÉDIT FONCIER'S ACCOUNTING FUNCTION

Accounting and taxation at groupe Crédit Foncier is carried out by the Accounting and Taxation Division attached to the Executive Finance Division, which is directly responsible for preparing the financial statements and regulatory declarations for all groupe Crédit Foncier entities.

Crédit Foncier's Accounting and Taxation Division is organized as follows:

Services	Main responsibilities in accounting system operations	Main responsibilities in compiling and summarizing data
Reporting and consolidation	Parent company 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).
	Consolidated financial statements: centralization of consolidation packages; <ul style="list-style-type: none"> preparation of the consolidated financial statements; implementation of consolidation procedures (towards Groupe BPCE). 	<ul style="list-style-type: none"> balance sheets, income statements and notes for the groupe Crédit Foncier; consolidated quarterly income 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 ACPR and/or the ECB (via BPCE, central institution), in partnership with the Risk Division. 	<ul style="list-style-type: none"> reporting to the ACPR and the ECB (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 IT-CE; account-keeping for loan management chains and peripheral chains. 	<ul style="list-style-type: none"> reporting 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, swaps, etc.).
Subsidiaries' accounting	<ul style="list-style-type: none"> account-keeping for non-banking subsidiaries and preparation of their individual financial statements; tax declarations within the scope. 	<ul style="list-style-type: none"> balance sheets, income statements and notes for these entities.
Taxation, standards and projects	<ul style="list-style-type: none"> preparing tax declarations; monitoring accounting and tax projects; monitoring new accounting standards; 	<ul style="list-style-type: none"> tax forms and tax returns.

FINANCIAL CONTROL

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.

Changes to this framework relate to second-level control systems and the reinforcement of hierarchical and functional reporting.

Financial control reports to the Head of Risk and Compliance (DRC) and functionally to the Head of Compliance and Permanent Control.

Operational accounting controls are the responsibility of the departments directly involved in producing accounting data.

The Financial Control unit proposes an annual audit plan, which is submitted to the Permanent Control Coordination Division and validated 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 and Taxation Division, the Compliance and Permanent Control Division 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.

In accordance with the update of the “Framework for controlling the quality of accounting and financial information,” Financial Control unit contributes to an independent review of the quality of regulatory and/or management reports within its scope of intervention.

Financial Control is a key point of contact for the Statutory Auditors as part of their audit assignment. Moreover, this unit 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), Universal Registration Documents submitted to the French Financial Markets Authority) are carefully checked by the relevant departments.

Within Compagnie de Financement Foncier, the Institutional Relations Division is specifically responsible for verifying the documents that will be sent to the Specific Controller and the rating agencies.

10. 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 risk supervision of Compagnie de Financement Foncier.

11. Other information

SUPPLIER PAYMENT PERIODS (ARTICLE L. 441-6-1 OF THE FRENCH COMMERCIAL CODE)

Suppliers' invoices received and not settled as at the closing date

<i>(in €k)</i>	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	More than 91 days	Total
A) Late payment tranche					
Number of invoices	0	0	0	0	0
Total amount of invoices concerned (incl.VAT)	0	0	0	0	0
Percentage of total purchases including VAT for the year	As of December 31, 2021, all invoices received and due have been settled with suppliers.				
B) Invoices excluded from A) associated with disputed or unrecognized receivables					
Number of invoices excluded					None
Total amount of excluded invoices					None
C) Benchmark payment periods (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)					
Payment periods used for late payment calculation	Contractual periods: 30 days from invoice date				

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⁾

Invoices issued but not settled as at the closing date

<i>(in €k)</i>	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	More than 91 days	Total
A) Late payment tranche					
Number of invoices	0	0	0	0	0
Total amount of invoices concerned (incl.VAT)	0	0	0	0	0
Percentage of total sales including VAT for the year					
B) Invoices excluded from A) associated with disputed or unrecognized receivables					
Number of invoices excluded	0	0	0	0	None
Total amount of excluded invoices	0	0	0	0	None
C) Benchmark payment periods (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)					
Payment periods used for late payment calculation	Contractual periods: Invoice date				

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 *société de crédit foncier*, Compagnie de Financement Foncier is prohibited by law from holding equity investments.

EMPLOYEE PROFIT-SHARING 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 2022**

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, 2022 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 2021

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 fiscal year.

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) during the fiscal year.

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 fiscal 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 fiscal year.

RESEARCH AND DEVELOPMENT

Compagnie de Financement Foncier did not carry out any research and development in 2021.

MAIN RISKS AND UNCERTAINTIES

The information on the main risks and uncertainties can be found in chapter 4 "Risk management report".

1) The information below does not include banking and related transactions.

12. Post-balance sheet event

No subsequent event liable to have a significant impact on the financial statements at December 31, 2021 occurred between the closing date and February 7, 2022, the date on which the Board of Directors approved the financial statements.

13. Outlook

Compagnie de Financement Foncier intends to continue its development in 2022, 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 assets originated by Groupe BPCE entities, by way 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.

This outlook could also be impacted by the geopolitical context. At the end of February 2022, the Russian Federation launched a major military action in Ukraine.

While Ukraine is not a member of NATO, the Western reaction was strong. In a concerted manner, the European Union, the United States and many other states have adopted a series of unprecedented sanctions, including the freezing of the Russian Central Bank's foreign assets, the exclusion of Russian banks from SWIFT, and the announcement by many Western groups of their disengagement from the Russian Federation.

Even if the essential subject of energy and natural gas remains for the moment outside the scope of the measures taken on both sides, the United States and Great Britain have announced their intention to ban the import of Russian oil and gas. In addition, new economic measures and sanctions could be adopted, in particular by the European Union and the United States, and retaliatory economic measures and sanctions could be adopted by the Russian Federation. This conflict could have major consequences on the Russian economy but also on Western economies and more generally on the world economy. The risk of default on Russian debt, rising inflation and the loss of purchasing power for the population in Russia are significant. A questioning of growth prospects and increased inflationary pressure cannot be ruled out in both the United States and Europe.

In addition, a risk linked to expropriation measures that could be taken by the Russian authorities against foreign companies, in retaliation for Western sanctions, is mentioned.

As of December 31, 2021, the amount of exposures with Russian, Ukrainian or Belarusian residents was €9 million for groupe Crédit Foncier.

For more information about the future outlook, and particularly the economic and financial environment, please refer to "Economic and Regulatory Environment" on page 35.

14. Social and environmental information

NON-FINANCIAL PERFORMANCE STATEMENT

In view of the size of the balance sheet, the level of revenues 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.

Furthermore, Compagnie de Financement Foncier, a wholly-owned subsidiary of Crédit Foncier, is consolidated into the financial statements of Crédit Foncier. Crédit Foncier, 100% owned by BPCE, is itself consolidated in the financial statements of BPCE, which is

domiciled in France and publishes a consolidated 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 REPORT

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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 is composed of:

- Financial Control;
- the Credit Risk department;
- the Financial Risk department;
- the Risk Governance department;
- the Compliance and Permanent Control department (DCCP);
- the Business Security department.

This division reports to a Chief Risk Officer of Crédit Foncier.

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 groupe 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 Institutional Relations 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 groupe Crédit Foncier's Internal Control arrangements.

MAIN RESPONSIBILITIES OF THE RISK COMMITTEES

Compagnie de Financement Foncier is part of the overall risk policy of Crédit Foncier. The Executive Risk Committee of Compagnie de Financement Foncier and the Internal Control Committee of Crédit Foncier are the umbrella committees that define the risk policy and the risk monitoring, surveillance and control system.

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, risk measurement and assessment systems (stress scenarios, etc.) and its main exposures;
- measuring the quality of its commitments on the basis of summary reports;
- risk management: monitoring risk, reviewing regulatory and specific ratios, monitoring the burden of risk, 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 proper organization and completeness of the permanent controls of the activities, and the effectiveness of the monitoring and control mechanisms for risks;
- 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 those systems;
- ensure that deficiencies identified at any stage of the control process (including the recommendations issued by the auditors) 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 US Bank Holding Company Act of 1956 (BHC Act), commonly referred to as "Volcker Rule".

The **Balance Sheet and Liquidity Management Committee** (CGBPL) is a general policy committee responsible for the asset-liability management of the various entities of Crédit Foncier's consolidated scope, within the limits set by the Executive Management and within the framework of the rules of Groupe BPCE. A dedicated CGBPL, chaired by the Chief Executive Officer of Compagnie de Financement Foncier, carries out its duties within its scope.

The implementation of the orientations and management decisions taken in this body is ensured through:

- the **Cash Flow Committee**, which meets twice a month and ensures operational liquidity management;
- the **Financial Management Committee**, for the monitoring and operational management of interest rate risk, implementation of current derivative compression operations and for current disposal/assignment operations.

1.1.2. ORGANIZATION OF GROUPE CRÉDIT FONCIER'S COMPLIANCE AND PERMANENT CONTROL DEPARTMENT

Crédit Foncier's Compliance and Permanent Control department (DCCP) coordinates Compagnie de Financement Foncier's compliance function in accordance, in particular, with the agreement signed between the two institutions "on internal control and compliance services".

The Compliance and Permanent Control department covers the following areas:

- compliance and ethics;
- financial security in charge of preventing and dealing with money laundering, financing of terrorism and internal and external fraud risks;
- coordination of permanent controls and permanent level 2 controls of credit management operations;
- operational risks.

Crédit Foncier's DCCP reports functionally to the Group departments running the corresponding departments (in particular, the Group Compliance Division (DCG) and the Group Permanent Control and Accounting Revision Division).

It is independent of all other business lines, in accordance with banking regulations.

Under the umbrella charter on internal control and the risk, compliance and permanent controls charter published on July 30, 2020, the Compliance department is responsible for preventing, identifying, assessing and monitoring risks related to banking compliance, investment services compliance, financial and general ethics.

It acts as "SRBA Volcker Officer" on behalf of groupe Crédit Foncier together with the Risk department – Financial risks.

It reports on its activity and the controls carried out through periodic reports sent to the Institutional Relations department.

The Compliance and Permanent Control Division (DCCP) ensures the cross-business control functions within groupe Crédit Foncier. This structure works in close collaboration with second-level permanent control teams and the Institutional Relations department, ensuring the existence and effectiveness of the permanent control structure.

Part of the personnel dedicated to second-level permanent controls of operational entities dealing with loans to individuals and Corporates at Crédit Foncier have been centralized in this entity.

Second-level control teams remain connected with cross-business or support activities.

1.1.3. ORGANIZATION OF THE INFORMATION SYSTEMS SECURITY DEPARTMENT

The Head of Information Systems Security for groupe Crédit Foncier is also in charge of the Compagnie de Financement Foncier scope.

Governance in terms of Information Systems Security at groupe 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 Security and Continuity Committee (CISC) chaired by a member of Executive Management;
- an 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).

1.1.4. ORGANIZATION OF THE BUSINESS CONTINUITY DEPARTMENT

Crédit Foncier's Business Continuity Plan (BCP) and crisis management plan cover Compagnie de Financement Foncier's continuity plan. The BCP, which includes the Contingency and Business Continuity Plan (CBCP) is under the responsibility of the Head of Business 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 BCP Manager, fully integrated in the groupe Crédit Foncier plan.

The business continuity management system is based on:

- a Group business continuity and crisis management policy for Crédit Foncier;
- coordination and control of the internal network by the BCP Manager;
- steering and supervision by the Internal Information Systems Security and Compliance Committee (CISC), which meets every six months and is chaired by Crédit Foncier's Deputy Chief Executive Officer;
- BCP correspondents in charge of the operational maintenance of the continuity plans of the preserved activities of their scope;
- mobilizable business line experts identified by critical activity;
- crisis management by the crisis decision unit and the operational unit, which can be mobilized by the BCP Manager;
- awareness-raising campaigns for all employees.

1.1.5. ORGANIZATION OF THE PERSONAL DATA PROTECTION SYSTEM

Crédit Foncier's Personal Data Protection Officer (DPO) also works within the scope of Compagnie de Financement Foncier. He ensures compliance with the General Data Protection Regulation (GDPR).

Data protection governance is organized around:

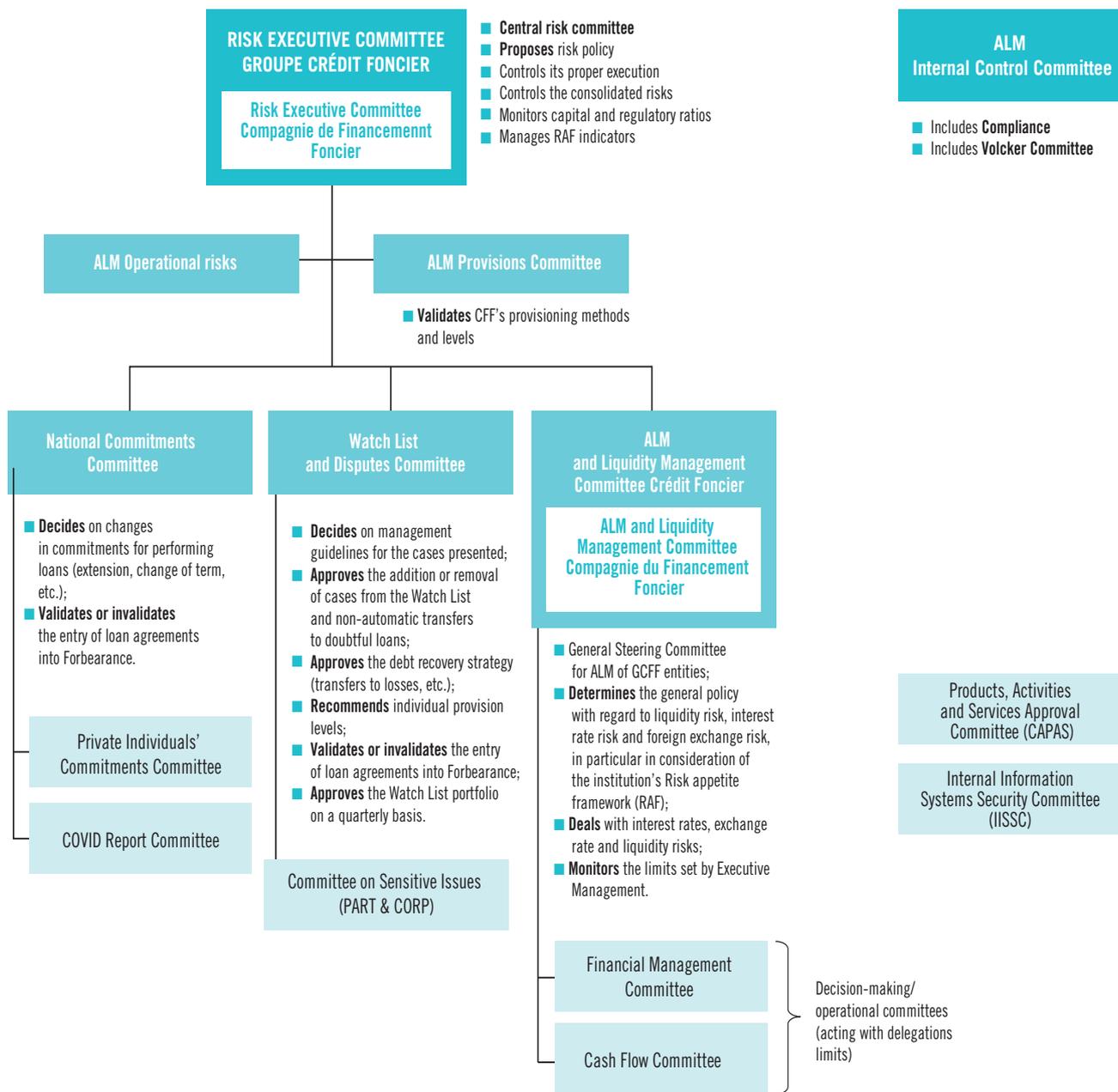
- a Group personal data protection policy applicable to Crédit Foncier and Compagnie de Financement Foncier;
- a half-yearly GDPR Committee meeting, chaired by the Deputy Chief Executive Officer of Crédit Foncier;
- a GDPR department made up of business line representatives, appointed by a member of the Executive Committee and overseen by the DPO;
- an external charter for customers or prospects and a charter for Crédit Foncier employees;
- a GDPR awareness-raising program for all employees;
- documentation dedicated to the various requirements of the GDPR standard;
- a permanent control system.

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 – COMMITTEE STRUCTURE



1.2. Loan selection process

Compagnie de Financement Foncier's loans selection process takes place in two steps:

- loan selection by Crédit Foncier;
- acquisition process, through the purchase filter by Compagnie de Financement Foncier, of receivables from Crédit Foncier or other Groupe BPCE credit institutions.

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 system, approved by the Board of Directors on December 15, 2021, falls within the general framework of groupe Crédit Foncier's risk appetite, approved by the Board of Directors on November 2, 2021. The latter is in line with the general framework of Groupe BPCE's risk appetite.

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 various activities (loans to individuals, 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;
- a 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 EVALUATION

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 counter analysis system is related to a delegation chain that provides for 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, followed by a counter analysis performed by a specialized independent unit.

This counter analysis falls within the exclusive competence of the Risk department and is performed for all requests for financing submitted to the National Commitments Committee.

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 is 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 ASSIGNMENT FILTER

Compagnie de Financement Foncier uses two methods of refinancing for all asset classes:

- “disposal”: Compagnie de Financement Foncier acquires an asset to refinance it. The asset is recognized directly in the balance sheet as from the date of disposal. The seller may be Crédit Foncier or a Groupe BPCE entity, for example;
- “assignment”: collateralized loans that Compagnie de Financement Foncier grants to Crédit Foncier or Groupe BPCE entities. Article L. 211-38 of the French Monetary and Financial Code authorizes the delivery of assets as collateral to a lender as a guarantee of repayment. Compagnie de Financement Foncier grants a loan and the assets of the seller are also provided as security for the proper repayment of the loan. These assets do not appear on the Compagnie de Financement Foncier balance sheet. They remain on the seller’s balance sheet, but can no longer be used, disposed of or assigned by the seller for as long as the receivable from Compagnie de Financement Foncier exists.

Concerning the first mode of refinancing, 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, a guarantee or equivalent.

Almost all origination was carried out by Crédit Foncier until the 1st quarter of 2019. Compagnie de Financement Foncier now mainly

acquires loans from other Groupe BPCE credit institutions. The operating method for selecting loans was adjusted accordingly.

After the origination of a loan by a Group credit institution, in accordance with the existing risk policy and eligibility rules, Compagnie de Financement Foncier acquires loans through a process aimed at selecting loans with a default risk below certain thresholds.

Eligible collateral are:

- first-ranking mortgages or equivalent;
- State guarantee provided by the guarantee fund for home ownership for low-income households (FGAS);
- guarantee institutions with a sufficiently high rating, in particular Crédit Logement, a financial company rated Aa3 by Moody’s as of December 31, 2021.

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 loans benefiting from a FGAS guarantee;
- 80% for home loans granted to private individuals and secured by a first-ranking mortgage, a guarantee or equivalent;
- 60% for the others (relating mainly to social and commercial housing).

In addition, Compagnie de Financement Foncier uses an additional selection filter related to initial credit scores at origination and outstandings as described in the following tables.

Since 2016, receivables with lower ratings can be acquired directly by Compagnie de Financement Foncier with an additional risk limitation mechanism: an automatic termination clause is automatically activated as soon as the receivable is recorded as a doubtful loan (for a period of four years from the date of sale).

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							X	X			
Performing and not doubtful during the last 2 years	Segment and sub-segment known	Segment or sub-segment not eligible					X	X			
		Eligible segments and subsegments	Age of the loan	≤ 4 years	Outstanding rating	1 to 7	Rating at origination	0 to 5	✓	✓	
						8,9,10, Not rated	6 to 9, Not rated	X	✓	✓	
		Age of the loan	> 4 years	Outstanding rating	1 to 7		✓	✓			
					8,9,10, Not rated		X	✓	✓		

This purchasing filter by automatic termination does not apply to loans from the Belgian branch, whose funding is only carried out through assignment.

FRENCH PUBLIC SECTOR

Compagnie de Financement Foncier's acquisition criteria on loans to French local authorities (FLA) are based on Groupe 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. This portfolio became a run-off activity in 2011. Before production ceased, the selection of these receivables was concentrated on counterparties with high external ratings, most of them in step 1 (≥AA-).

PRIVATE CORPORATES

Since 2016, certain long-term private corporate loans financed by Crédit Foncier or SOCFIM have been assigned to Compagnie de Financement Foncier. These loans have a formal, full and complete first-ranking mortgage guarantee in favor of Crédit Foncier on one or more office, retail or residential assets located in mainland France.

The refinancing of these assets by assignment is limited to 60% of the mortgage value within one year of the assets provided as collateral. 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 groupe Crédit Foncier, particularly regarding 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 National Commitments Committee, these individual limits, prepared and proposed by the Risk Division, are updated, controlled and monitored through a range of reporting requirements at the initiative of the Risk department. These limits are also followed at the groupe Crédit Foncier's level.

MANAGING LIMIT BREACHES AND ALERT PROCEDURE

GENERAL PRINCIPLES

Compliance with limits is checked during regular counter analysis prior to the review of loans by the Commitment Committees.

BANK COUNTERPARTIES

In accordance with the plan defined in the management agreements between the two institutions, compliance with limits relating to the counterparties of Compagnie de Financement Foncier's financial transactions is monitored by the Financial Risks department and is the subject of a quarterly presentation to the Executive Committee Risk.

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. It should be noted that the framework contracts with bank counterparties include a systematic margin call for the value of the exposures, 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 TRANSACTIONS

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

Monitoring is carried out by the business line's 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

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, groupe Crédit Foncier closely monitors these transactions, enabling it to alert customers in advance about the market development impacts.

PRIVATE CORPORATES

The receivables assigned to Compagnie de Financement Foncier have a low LTV, based on the mortgage value, which is more conservative than the market value, and finance various assets (residential, offices, retail).

In the event of a credit event (default/forbearance/Watch List), the receivable would no longer be assigned for refinancing with 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 3 main categories:

- secured loans, as defined under Articles L. 513-3, L. 513-5 and L. 513-6 of the French Monetary and Financial Code, backed by a first-rank mortgage (or, to a lesser extent, equivalent real estate collateral or a surety);

- exposure to public entities, as defined under Articles L. 513-4 and L. 513-5; 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	12/30/2021		12/31/2020	
	(in €m)	(% of balance sheet)	(in €m)	(% of balance sheet)
Guaranteed loans (Articles L. 513-3, L. 513-5 and L. 513-6)	31,456	49.2%	36,017	52.6%
Mortgage loans secured by the FGAS	14,153	22.1%	15,935	23.3%
Other mortgage loans	12,893	20.2%	15,336	22.4%
Loans with institutional guarantees	4,410	6.9%	4,746	6.9%
Exposure to public entities (Articles L. 513-4 and L. 513-5)	24,951	39.0%	24,656	36.0%
Public sector loans	10,514	16.4%	8,871	13.0%
Public loans assigned under L. 211-38	7,619	11.9%	8,018	11.7%
Public entity securities	6,139	9.6%	6,417	9.4%
Deposits at Banque de France	679	1.1%	1,349	2.0%
Other assets (interests on IFAT, adjustment accounts, etc.)	879	1.4%	1,134	1.7%
Replacement values (Article L. 513-7)	6,649	10.4%	6,648	9.7%
TOTAL ASSETS	63,935	100.0%	68,455	100.0%

As of December 31, 2021, Compagnie de Financement Foncier's balance sheet was down by €4.5bn compared with December 31, 2020. This decline reflects the various changes among the different asset classes considered:

- mortgage loans were down by €4.6bn with amortization of existing loans, in the absence of new production other than the release of funds linked to loans from 2019;
- public entity securities were down by €0.3bn mainly due to the amortization of French exposures;
- loans to the Public sector were up €1.6bn following the refinancing of public assets from regional banks. This increase reflects the relevance of the "Compagnie de Financement Foncier – supporting Groupe BPCE" strategy: refinancing assets of the Groupe BPCE entities at very competitive margins (*via obligations foncières*).

The breakdown of assets by geography changed little over the year, with most of the underlying assets on the balance sheet (88%) located in France.

As of December 31, 2021, international assets, mainly linked to the Public sector, totaled €7.7bn. The main geographical exposures are Italy (€3.1bn), USA (€1.4bn) and Switzerland (€1.1bn), followed to a lesser extent by Belgium (€0.6bn), Japan (€0.5bn), Canada (€0.4bn), Poland (€0.4bn) and Spain (€0.2bn).

3. CHANGES IN LIABILITIES

In accordance with the regulations governing *sociétés de crédit foncier* status, Compagnie de Financement Foncier's liabilities may be broken down into 2 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 subordinated to privileged resources are made up of:
 - unsecured debts with the Crédit Foncier or BPCE 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	12/31/2021		12/31/2020	
	(in €m)	(% of balance sheet)	(in €m)	(% of balance sheet)
Privileged resources	53,499	83.7%	56,352	82.3%
Covered bonds at the reporting date	53,673	84.0%	56,443	82.5%
Foreign exchange difference on covered bonds	-198	0.3%	-116	-0.2%
Other privileged resources	24	0.0%	25	0.0%
Translation difference associated with hedging balance sheet items⁽¹⁾	906	1.4%	774	1.1%
Non-privileged resources	9,530	14.9%	11,330	16.6%
Unsecured debt	6,212 ⁽²⁾	9.7%	6,057	8.8%
Subordinated debt or equivalent	105	0.2%	2,118 ⁽³⁾	3.1%
■ of which subordinated securities	0	0.0%	0	0.0%
Shareholders' equity and reserve for general banking risks	3,213	5.0%	3,154	4.6%
TOTAL LIABILITIES	63,935	100.0%	68,455	100.0%
Regulatory capital according to CRR/CRD IV:	3,107	4.9%	3,107	4.54%
■ of which Common Equity Tier 1 capital	3,107	4.9%	3,107	4.54%
■ of which Additional Tier 1 capital	0	0.0%	0	0.00%
■ of which Tier 2 capital	0	0.0%	0	0.00%

⁽¹⁾ Liabilities and assets are considered at their historical cost, i.e. at the exchange rate originally set when setting up their hedge. Interest accrued on swaps are calculated after netting for the same counterparty.

⁽²⁾ Including shareholders' advance accounts for €1,700 million.

⁽³⁾ Including shareholders' advance accounts for €2,000 million.

During the fiscal year, preferred resources decreased by €2.9bn, with contractual amortization of debt amounting to higher (€7.3bn) than issues over the period (€4.8bn).

Unsecured debt increased by €155m.

Subordinated debt and equity fell by €2.0bn over the year to €3.3bn, or 5.2% of the balance sheet at December 31, 2021. This decrease is explained by the reclassification of the shareholder's advance account from subordinated debt to unsecured debt.

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 include 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 *obligations foncières* 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 December 31, 2021, loans outstanding in excess of the LTV threshold amounted to €0.8bn, still significantly lower than those for non-privileged liabilities, standing at €9.5bn at that date.

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 €0.6bn at December 31, 2021, 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 €1.8bn drop in BPCE loans, mainly because the loan portfolio posted as collateral failed to meet all eligibility criteria for refinancing by *obligations foncières*.

As a result, the coverage ratio was 112.2% at December 31, 2021 (vs. 113.5% at end-2020), 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, 2021, this ratio was 16.6%, down from 18.9% at the end of 2020.

LOAN TO VALUE

As part of its risk monitoring and management rules, Compagnie de Financement Foncier sets the LTV of mortgage or guaranteed loans that it holds directly or through assignment under L. 211-38. 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 section 5.3.2 of the 2021 Universal registration document.

Taking into account all outstanding loans to individuals, both directly held or used to guarantee loans under L. 211-38, the average LTV at end-December 2021 came to 68.8% for a total outstanding amount of €30.6bn, breaking down as:

- 71.9% for loans guaranteed by FGAS in the amount of €16.0bn;
- 65.3% for other mortgage or guaranteed loans to individuals, with €14.6bn outstanding;

At end-2021, all mortgage loans or guaranteed loans, totaling €31.5bn, had an average LTV of 68.0%. This breaks down into an average LTV of 68.8% for loans to individuals in the amount of €30.6bn, and of 40.1% for corporate loans totaling €0.8bn.

OTHER LIMITS

Compliance with the various holding limits applicable to certain assets is also verified. At December 31, 2021:

- guaranteed loans amounted to 9.7% 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 guaranteed loans under L. 211-38 (2.8%);
- replacement values had an outstanding amount equal to 12.0% of the nominal amount of privileged resources, below the legal 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

As a credit institution, Compagnie de Financement Foncier monitors its liquidity ratios, which remain well above the minimum requirements set by banking regulations mainly thanks to its cash commitments available within 180 days. In addition, Compagnie de Financement Foncier has €6.7bn in assets that can be mobilized by the Eurosystem (excluding repurchase agreements) that could provide it with an estimated additional €6.4bn 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 *Autorité de Contrôle Prudentiel et de Résolution* (ACPR – French Prudential Supervisory and Resolution Authority).

Consequently, as of December 31, 2021, on the basis of the Basel III standardized approach, its Common Equity Tier One (CET1) ratio, which is equal to its Tier One ratio and its solvency ratio, was 27.2%,

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 for the *obligations foncières*.

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 ACPR. It consists of three broad categories: Common Equity Tier One, Additional Tier One Capital and Tier Two Capital.

The amount of capital of Compagnie de Financement Foncier was €3.1bn at December 31, 2021. This amount also represents the Core Equity Tier One capital.

For several years, in a context of balance sheet reduction and the associated risk-weighted assets, Compagnie de Financement Foncier's capital has shown a continuous relative increase. Although exempt from calculating capital requirements on a corporate basis since 2014, Compagnie de Financement Foncier calculates, on a voluntary basis, a capital ratio in accordance with CRD IV and CRR regulations. The

up 1.8% compared with the end of December 2020. Total risk exposures (RWA) amounted to €11.4bn, down €0.8bn compared with December 31, 2020.

CET1 ratio obtained of 27.2% at December 31, 2021 is well above the regulatory minimums. At its meeting on February 7, 2022, the Board of Directors noted the high level of Compagnie de Financement Foncier's capital with respect to prudential rules. In the interest of sound financial management, it is planned to reduce Compagnie de Financement Foncier's capital by €1 billion in 2022 in order to bring the CET1 ratio down to around 18%, a level that is still well above the regulatory minimum.

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)	12/31/2021		12/31/2020	
	Capital requirements	RWA	Capital requirements	RWA
Central governments	29	356	34	420
Institutions	15	187	16	201
Regional governments	281	3,510	279	3,492
Corporations	46	570	49	612
Retail customers	75	934	46	570
Mortgage-backed exposure	377	4,714	459	5,738
Exposure at default	44	549	46	572
Other assets	1	16	1	14
Requirements for credit risk (A)	867	10,836	930	11,619
Requirements for market risk (B)	0	0	-	-
Requirements for operational risk (C)	31	391	32	401
Credit value adjustment (D)	16	198	18	224
CAPITAL REQUIREMENTS (A)+(B)+(C)+(D)	914	11,425	980	12,244

SOLVENCY RATIO

Compagnie de Financement Foncier's capital adequacy ratio at December 31, 2021 was determined using the standard approach.

	12/31/2021	12/31/2020
Solvency ratio	27.19%	25.38%
CET1 ratio	27.19%	25.38%
Tier-1 ratio	27.19%	25.38%

Source: COREP (Common Solvency Ratio Reporting) as of December 31, 2021.

5. ANALYSIS OF CREDIT AND COUNTERPARTY RISK

The balance sheet comprises two major categories: assets financed for the long-term in the form of loans or securities, and replacement values, short-term securities 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 entities, in the form of

secured loans granted under L. 211-38 of the French Monetary and Financial Code;

- loans from the State-subsidized sector;
- 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.

Since the end of the 1st quarter of 2019, Crédit Foncier no longer originates loans to individuals or to the public sector.

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.

As an exception, replacement values are analyzed by their exposure to the counterparty (and not according to the underlying assets when they are in the L.211-38 French Monetary and Financial Code format).

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.

Risk exposure (in €m)	Exposures as of 12/31/2021			Exposures as of 12/31/2020		
	Sold	Assigned	Total	Sold	Assigned	Total
A – Private Individuals' mortgage loans ^{(1) (2) (6)}	23,606	6,515	30,121	26,779	7,737	34,516
B – Public sector	16,989	7,580	24,569	16,353	8,024	24,377
French public sector	9,919	7,033	16,953	9,171	7,460	16,631
■ Social housing	691	1,352	2,043	723	1,596	2,319
■ French local authorities (FLA) ⁽³⁾	8,228	4,853	13,081	6,559	4,879	11,438
■ Sovereign France	1,000	828	1,828	1,889	985	2,874
Infrastructure project financing (IPF)	588	546	1,134	598	563	1,161
International public sector	6,482	0	6,482	6,584	0	6,584
■ International public sector (IPS)	3,602	0	3,602	3,651	0	3,651
■ International Sovereign	2,516	0	2,516	2,539	0	2,539
■ Public sector large corporations	364	0	364	394	0	394
C – Commercial mortgage exposures ⁽⁶⁾	20	710	730	100	755	854
D – Banking sector exposures	631	6,600	7,231	606	6,600	7,206
Banks with sovereign guarantees or similar	579	0	579	555	0	555
Other banks	52	0	52	51	0	51
L. 211-38-VR ⁽⁴⁾	0	6,600	6,600	0	6,600	6,600
TOTAL RISK EXPOSURE (A + B + C + D)	41,246	21,404	62,650	43,837	23,115	66,952
Miscellaneous adjustments and other items ⁽⁵⁾	1,305	31	1,337	1,557	5	1,562
TOTAL	42,551	21,435	63,987	45,394	23,120	68,515

(1) The "mortgage loans to individuals" line item includes a limited amount of outstanding Dutch loans (€25million).

(2) Of which BH Belgium for €645 million (carrying amount).

(3) Of which €660 million L. 211-38 with Caisses d'Épargne and €72 million 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, financial instruments and adjustment accounts.

(6) Including guaranteed.

At December 31, 2021, the total credit risk exposure was down by €4.5bn to €64.0bn. This change was due to:

- the €4.4bn decline in private individuals' mortgage and guaranteed loans to €30.1bn, which mostly had an amortization effect related to the halt in the production of new loans from the end of March 2019;
- the €0.1bn increase in Public Borrowers due mainly to the €1.6bn increase in the French local authorities, despite a €1.0bn decrease in Sovereign France and a €0.3bn decrease in Social housing;
- the decrease of €0.2bn in various accruals and other assets;
- the decrease of €0.1bn in Mortgage exposures.

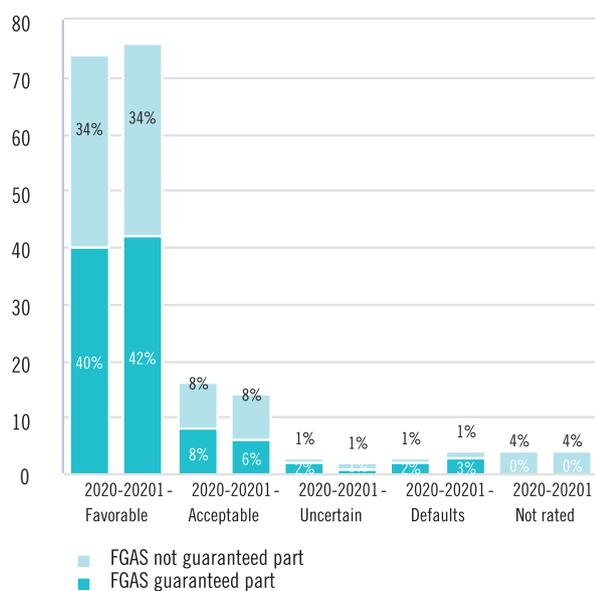
BREAKDOWN OF EXPOSURES BY GEOGRAPHY

Breakdown of exposures by geography	12/31/2021		12/31/2020
	Balance sheet (in €m)	(in %)	%
France	56,256	88	88
Other countries in the European Economic Area	4,377	7	7
■ including Italy	3,080	5	5
■ including Belgium	645	1	1
■ including Poland	353	1	1
■ including Spain	209	n.s	n.s
■ including Portugal	66	n.s	n.s
■ including Netherlands	25	n.s	n.s
Switzerland	1,099	1	1
North America (USA & Canada)	1,773	3	3
Japan	482	1	1
TOTAL	63,987	100	100
Reminder of total exposures at 12/31/2020 (in €m)			68,515

5.1.2. QUALITY OF THE PORTFOLIO EXPOSED TO CREDIT RISK

PORTFOLIO OF LOANS TO INDIVIDUALS

INTERNAL RATING AND QUALITY OF INDIVIDUAL MORTGAGES OUTSTANDING



December, 2020: €34,516m. December, 2021: €30,121m

The distribution of ratings attests to the ongoing good quality of outstanding loans.

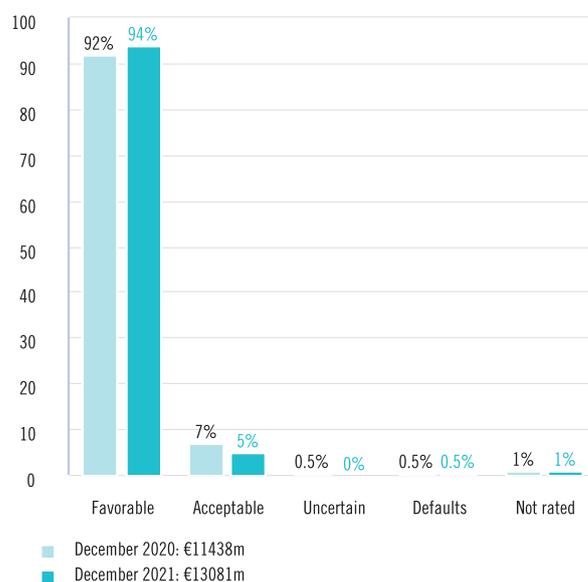
FRENCH PUBLIC SECTOR PORTFOLIO

The French public sector portfolio stood at €16.8bn and breaks down as follows:

- French local authorities: €13.0bn;
- Social housing: €2.0bn;
- Sovereign France: €1.8bn.

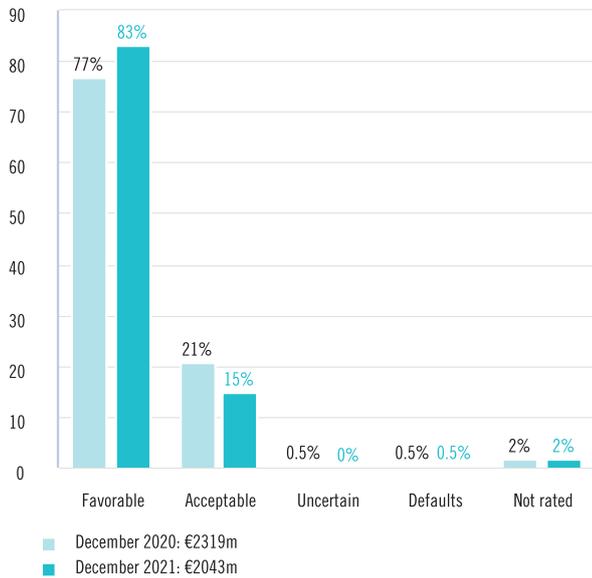
FRENCH LOCAL AUTHORITIES

PORTFOLIO OF FRENCH PUBLIC OPERATORS – BREAKDOWN BY BASEL II RATING



French local authorities of Compagnie de Financement Foncier remains at a very good level and is improving.

SOCIAL HOUSING
SOCIAL HOUSING PORTFOLIO – BREAKDOWN BY BASEL II RATING



Note: including associations

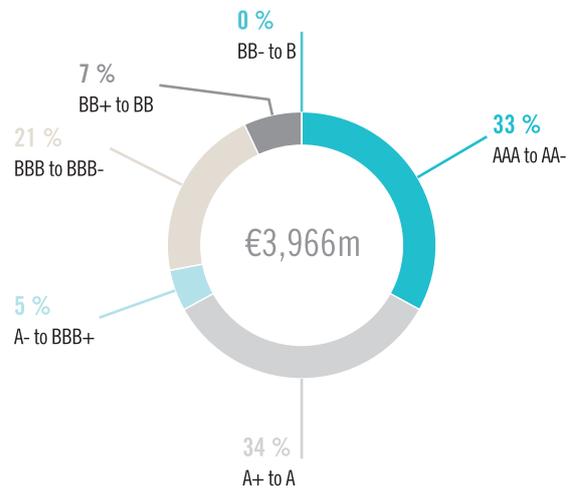
The quality of Social housing portfolio held by Compagnie de Financement Foncier stays at a very high level and is improving.

INTERNATIONAL PUBLIC SECTOR PORTFOLIO

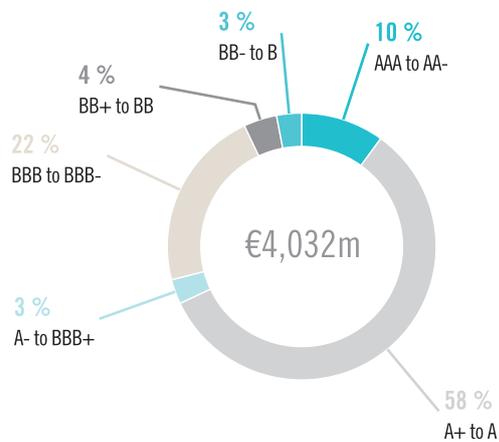
INTERNATIONAL PUBLIC SECTOR (EXCLUDING SOVEREIGNS) AND LARGE PUBLIC SECTOR CORPORATES

At December 31, 2021, the IPS portfolio (excluding Sovereigns) and Large public sector Corporations remained stable at €3.97bn, down - €0.1bn compared with December 31, 2020, following various asset disposals and amortization of assets. Compagnie de Financement Foncier has stopped making new acquisitions in recent fiscal years.

BREAKDOWN BY INTERNAL RATING OF EXPOSURES TO INTERNATIONAL PUBLIC SECTOR AND LARGE CORPORATES* DECEMBER 31, 2021

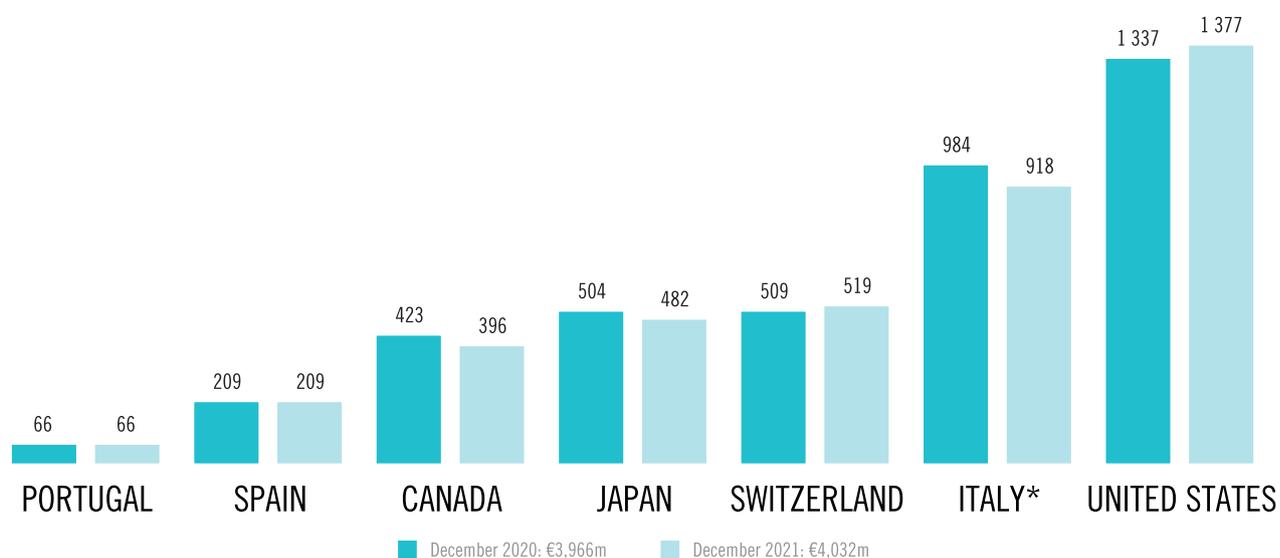


DECEMBER 31, 2020



* Net carrying amount before taking swaps into account.
The average quality of internal ratings continues to be high.

BREAKDOWN OF DIRECT EXPOSURES TO INTERNATIONAL PUBLIC SECTOR AND LARGE CORPORATES***



* Net carrying amount before taking swaps into account.

It should be noted that currency exchange fluctuations affect the outstandings of assets denominated in foreign currencies (USD, JPY, CAD, etc.), shown before currency 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.

BREAKDOWN OF EXPOSURES BY INTERNAL RATING ON SOVEREIGNS EXCLUDING FRANCE

DECEMBER 31, 2021

DECEMBER 31, 2020



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 presented on a 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.

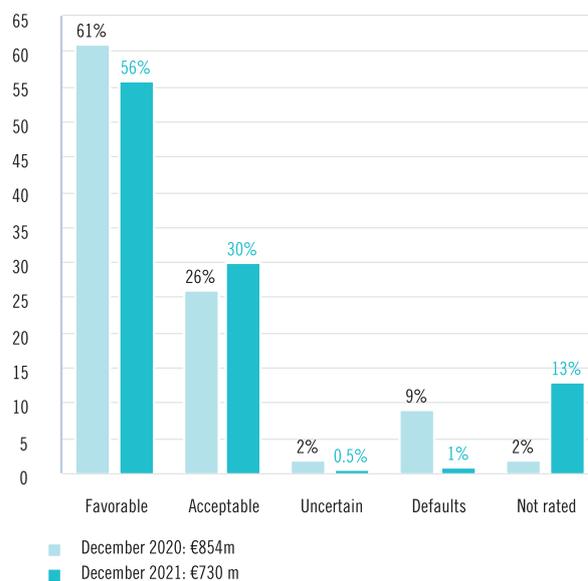
Thus, €1.3bn of outstandings in the portfolio is counter-guaranteed by the monoline insurers.

The other monolines used, Assured Guaranty Municipal Corp. (formerly FSA) and Assured Guaranty Corp. (which took over CIFG), maintain high credit ratings, respectively AA/A2 and AA/A3 by S&P and Moody's, and guarantee a total outstanding of securities of €1.1bn; more marginally, National public Finance Guarantee Corp. (formerly MBIA), rated Baa2 by Moody's, guarantees debt securities of €0.08bn.

The FGIC monoline is not rated which reduces the quality of its credit support (counter-guaranteed outstandings of €118m).

PRIVATE CORPORATES PORTFOLIO

At December 31, 2021, Private Corporate outstandings sold and assigned amounted to €730m, with 86% 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, 2020. They consist mainly of short-term transactions with BPCE (€6.6bn). Compagnie de Financement Foncier is also exposed, in the context of long-term loans from the former International public sector activity, to Swiss regional banks, which are guaranteed by public authorities.

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 exposure (in €m)	Gross exposures as of 12/31/2021				Gross exposures as of 12/31/2020			
	Total balance sheet	Doubtful loan rate sold	Doubtful loan rate assigned	Overall doubtful loan rate	Total balance sheet	Doubtful loan rate sold	Doubtful loan rate assigned	Overall doubtful loan rate
A – Private Individuals' mortgage loans ^{(1) (2) (6)}	30,121	5.37%	0.09%	4.22%	34,516	4.43%	0.11%	3.47%
B – Public sector	24,569	0.00%	0.00%	0.00%	24,377	0.01%	0.00%	0.00%
French public sector	16,953	0	0.00%	0	16,631	0	0.00%	0
■ Social housing	2,043	0	0.00%	0	2,319	0	0.00%	0
■ French local authorities (FLA) ⁽³⁾	13,081	0	0.00%	0	11,438	0	0.00%	0
■ Sovereign France	1,828	0	0	0	2,874	0	0	0
■ Infrastructure project financing (IPF)	1,134	0	0	0	1,161	0	0	0
International public sector	6,482	0	0	0	6,584	0	0	0
■ International public sector (IPS)	3,602	0	0	0	3,651	0	0	0
■ International Sovereign	2,516	0	0	0	2,539	0	0	0
■ Public sector large corporations	364	0	0	0	394	0	0	0
C – Commercial mortgage exposures ⁽⁶⁾	730	27.75%	0.00%	0.77%	854	80.80%	0.00%	9.41%
D – Banking sector exposures	7,231	0	0	0	7,206	0	0	0
Banks with sovereign guarantees or similar	579	0	0	0	555	0	0	0
Other banks	52	0	0	0	51	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)	62,650	3.09%	0.03%	2.04%	66,952	2.89%	0.04%	1.91%
Miscellaneous adjustments and other items ⁽⁵⁾	1,337	0	0	0	1,562	0	0	0
TOTAL	63,987	3.00%	0.03%	2.00%	68,515	2.80%	0.04%	1.86%

(1) The "mortgage loans to individuals" line item includes a limited amount of outstanding Dutch loans (€25million).

(2) Of which BH Belgium for €645 million (carrying amount).

(3) Of which €660 million L. 211-38 with Caisses d'Épargne and €72 million 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.

(6) Including guaranteed.

The overall doubtful loan rate remains low at 2%, however, there is an increase of 0.14 pt compared to Q4-2020. This increase is mainly due to the NDOD switch in October 2021.

For mortgage or guaranteed loans to individuals, the doubtful loan rate increased from 3.5% at end-December 2020 to 4.2% at end-

December 2021. The increase is linked to the NDOD switch in October 2021. The overall doubtful rate of commercial mortgage exposures fell sharply from 9.4% to 0.8% at end-December 2021. This decrease is due to the processing of the APAVOU file, for which the amount outstanding fell by €74.5m.

5.2.2. RISK CHARGE OF COMPAGNIE DE FINANCEMENT FONCIER

(in €m)	12/31/2021	12/31/2020
Individual cost of risk (A)	5	3.1
Collective provisions (B)	2.4	1.2
Cost of risk (A+B)	7.4	4.3
Risk charge, net banking income (C)	-3.7	-3.2
NET (A+B+C)	3.7	1.1

At December 31, 2021, Compagnie de Financement Foncier's risk charge was €3.74m. It is made up of the cost of risk on a solo basis (reversal of €5m), the cost of risk on a collective basis (reversal of €2.44m) and the cost of risk recognized in NBI (addition of -€3.7m).

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, 59.2% of outstanding mortgage loans to individuals and related items are covered by an 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). As such, SGFGAS benefits from external ratings from the French State. The coverage rate of the FGAS guarantee is 100% for loans granted until December 31, 2006 and 50% for loans granted after this date. The portion of loans covered by the FGAS guarantee is weighted at 0%. The portion not covered by the FGAS guarantee is covered by Crédit Foncier, pursuant to an agreement with Compagnie de Financement Foncier, and is weighted at 0% for Compagnie de Financement Foncier.

In addition, certain loans to individual customers benefit from a guarantee in the form of a surety, similar to a financial institution risk. Crédit Logement, a subsidiary of most of the major French banking networks, is the main provider of this type of guarantee.

Loans covered by Crédit Logement were subject to a Basel III weighting of 50% until the third quarter of 2014. Since the fourth quarter of 2014, exposures guaranteed by Crédit Logement are weighted at 35%.

Risk reduction is also achieved through the assignment mechanism between Compagnie de Financement Foncier and Crédit Foncier or other Groupe BPCE entities (agreements, contracts), which explicitly provides for the termination of assignments in the event of non-compliance of the receivables acquired.

With respect to real estate guarantees, in accordance with the regulations in force, Compagnie de Financement Foncier annually performs a detailed revaluation of the pledges registered as mortgages or accompanied by a promise to assign mortgages in connection with guaranteed loans. Compagnie de Financement Foncier's Specific Controller issues once a year an opinion on the validity of real estate asset valuation methods and their results as well as periodic review procedures.

5.3.2. VALUATION AND PERIODIC REVIEW METHODS FOR REAL ESTATE ASSETS

CERTIFICATE OF THE SPECIFIC CONTROLLER ON THE VALUATION METHODS AND RESULTS AND THE METHODS OF PERIODIC REVIEW OF THE VALUE OF THE PROPERTIES AS OF DECEMBER 31, 2021

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, 2021 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, 2021.

We performed the procedures that we deemed necessary in accordance with 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, 2021;
- 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.

These verifications were carried out mainly on the basis of the elements and information available as of December 31, 2021, in an evolving context of the health crisis linked to Covid-19.

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, 2021, 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 2021 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 conservative nature of the valuation of pledges made in 2021.

Paris on March 23, 2022

The Specific Controller

CAILLIAU DEDOUIT ET ASSOCIES

Laurent BRUN

PROCEDURE FOR THE VALUATION AND PERIODIC REVIEW OF THE ASSETS UNDERLYING THE LOANS FOR 2021

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.

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 de France'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.

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
	Residential Property for private individuals	Transaction cost
Residential Property for Professionals	Appraisal	Appraisal
Property for professional use*	Appraisal	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 BPCE Solutions Immobilières appraisers (formerly Crédit Foncier Immobilier):

- for individual residential properties;
- annually;

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 are determined according to four distinct geographical categories:

- I) The 117 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: 117 Apartment indices/117 House indices;
- non-urban area: 20 House indices;
- in Île-de-France (excluding Paris): seven Apartment indices/seven House indices;
- in Paris: one 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 BPCE Solutions Immobilières's Research department with the network of regional real estate appraisers, quarterly gross statistical real estate information available in its database.

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 BPCE Solutions Immobilières 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 three-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:

A – 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	
	Outstandings < €3m	Outstandings > €3m	Outstandings < €3m	Outstandings > €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 international indices			BPCE statistical method (A.2)		
	France	Belgium	Netherlands	Global	Individuals*	Corporates
Outstandings (in €m)	18,145	736.9	24.8	261	7	254
No. of guarantees	228,868	7,159	263	330	29	301
Value 2021 (in €m)	43,555	2,081.8	59.5	1,696.1	24.0	1,672.1
(Value 2020) (in €m)	-41,979	-1,953.3	-49.8	-1,681.8	-23.9	-1,657.9
Change	3.75%	6.58%	19.29%	0.85%	0.58%	0.85%

Source: Close at 10/31/2021.

Appraisal:

Outstandings revalued by appraisers for Corporates stood at 219 guarantees linked for 77 loans worth €695m. For Private individuals, no guarantees were revalued by assessors in 2021 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)

EVOLUTION OF THE 2020/2021 INDICES

AGGLOMERATIONS WITH MORE THAN 200,000 INHABITANTS

Region	Dept	Department	Urban unit	Apartment index 2020-2021	Housing index 2020-2021
ALSACE	67	BAS-RHIN	Strasbourg (French part)	1.049	1.083
ALSACE	68	HAUT-RHIN	Mulhouse	1.046	1.028
AQUITAINE	33	GIRONDE	Bordeaux	1.007	1.081
AQUITAINE	64	PYRÉNÉES-ATLANTIQUES	Bayonne	1.141	1.081
AUVERGNE	63	PUY-DE-DÔME	Clermont-Ferrand	1.048	1.034
BOURGOGNE	21	CÔTE-D'OR	Dijon	1.045	1.041
BRETAGNE	29	FINISTÈRE	Brest	0.993	1.013
BRETAGNE	35	ILLE-ET-VILAINE	Rennes	1.024	1.019
CENTRE	37	INDRE-ET-LOIRE	Tours	1.012	1.012
CENTRE	45	LOIRET	Orléans	1.013	1.016
CHAMPAGNE	51	MARNE	Reims	1.049	1.044
HAUTE-NORMANDIE	76	SEINE-MARITIME	Le Havre	1.021	1.020
HAUTE-NORMANDIE	76	SEINE-MARITIME	Rouen	1.000	1.000
LANGUEDOC-ROUSSILLON	34	HÉRAULT	Montpellier	1.048	1.047
LORRAINE	54	MEURTHE-ET-MOSELLE	Nancy	1.047	1.081
LORRAINE	57	MOSELLE	Metz	1.046	1.073
MIDI-PYRÉNÉES	31	HAUTE-GARONNE	Toulouse	1.128	1.136
NORD	59	NORD	Lille (French part)	1.028	1.021
NORD	59	NORD	Valenciennes	1.015	1.025
NORD	62	PAS-DE-CALAIS	Béthune	0.970	0.977
NORD	62	PAS-DE-CALAIS	Douai-Lens	1.000	1.000
PACA	6	ALPES-MARITIMES	Nice	1.032	1.040
PACA	13	BOUCHES-DU-RHÔNE	Marseille-Aix-en-Provence	1.029	1.015
PACA	83	VAR	Toulon	1.048	1.043
PACA	84	VAUCLUSE	Avignon	1.008	1.014
PAYS DE LOIRE	44	LOIRE-ATLANTIQUE	Nantes	1.029	1.021
PAYS DE LOIRE	49	MAINE-ET-LOIRE	Angers	1.006	1.018
PAYS DE LOIRE	72	SARTHE	Le Mans	1.011	1.019
RHÔNE-ALPES	38	ISÈRE	Grenoble	1.034	1.039
RHÔNE-ALPES	42	LOIRE	Saint-Étienne	1.029	1.024
RHÔNE-ALPES	69	RHÔNE	Lyon	1.047	1.025
AVERAGE				1.032	1.035

CITIES WITH 100,000-199,999 INHABITANTS

Region	Dept	Department	Urban unit	Apartment index 2020-2021	Housing index 2020-2021
AQUITAINE	64	PYRÉNÉES-ATLANTIQUES	Pau	1.024	1.125
BASSE-NORMANDIE	14	CALVADOS	Caen	1.010	1.020
BRETAGNE	56	MORBIHAN	Lorient	1.017	1.014
CHAMPAGNE	10	AUBE	Troyes	1.027	1.046
FRANCHE-COMTÉ	25	DOUBS	Besançon	1.049	1.048
FRANCHE-COMTÉ	25	DOUBS	Montbéliard	1.029	1.037
LANGUEDOC-ROUSSILLON	30	GARD	Nimes	1.050	1.040
LANGUEDOC-ROUSSILLON	66	PYRÉNÉES-ORIENTALES	Perpignan	1.049	1.047
LIMOUSIN	87	HAUTE-VIENNE	Limoges	1.044	1.027
LORRAINE	57	MOSELLE	Thionville	1.049	1.094
NORD	59	NORD	Dunkerque	1.000	1.000
NORD	59	NORD	Maubeuge (French part)	1.000	1.000
PAYS DE LOIRE	44	LOIRE-ATLANTIQUE	Saint-Nazaire	1.012	1.011
PICARDIE	60	OISE	Creil	1.000	1.013
PICARDIE	80	SOMME	Amiens	1.022	1.036
POITOU-CHARENTES	16	CHARENTE	Angouleme	1.070	1.060
POITOU-CHARENTES	17	CHARENTE-MARITIME	La Rochelle	1.119	0.985
POITOU-CHARENTES	86	VIENNE	Poitiers	1.008	1.012
RHÔNE-ALPES	26	DRÔME	Valence	1.043	1.036
RHÔNE-ALPES	74	HAUTE-SAVOIE	Annecy	1.020	1.016
RHÔNE-ALPES	74	HAUTE-SAVOIE	Genève (CH)-Annemasse	1.025	1.022
RHÔNE-ALPES	73	SAVOIE	Chambéry	1.048	1.046
AVERAGE				1.033	1.033

CITIES WITH 50,000-99,999 INHABITANTS

Region	Dept	Department	Urban unit	Apartment index 2020-2021	Housing index 2020-2021
ALSACE	67	BAS-RHIN	Haguenau	1.050	1.044
ALSACE	68	HAUT-RHIN	Colmar	1.049	1.101
AQUITAINE	24	DORDOGNE	Bergerac	1.043	1.053
AQUITAINE	24	DORDOGNE	Périgueux	1.096	1.069
AQUITAINE	33	GIRONDE	Arcachon	1.051	1.150
AQUITAINE	47	LOT-ET-GARONNE	Agen	1.069	0.985
AUVERGNE	3	ALLIER	Montluçon	0.984	1.000
AUVERGNE	3	ALLIER	Vichy	1.011	1.032
BASSE-NORMANDIE	50	MANCHE	Cherbourg-en-Cotentin	1.008	1.019
BOURGOGNE	58	NIÈVRE	Nevers	1.013	1.016
BOURGOGNE	71	SAÔNE-ET-LOIRE	Chalon-sur-Saone	1.036	1.045
BOURGOGNE	72	SAÔNE-ET-LOIRE	Macon	1.010	1.012
BRETAGNE	22	CÔTES-D'ARMOR	Saint-Brieuc	1.008	1.016
BRETAGNE	29	FINISTÈRE	Quimper	1.011	1.018
BRETAGNE	56	MORBIHAN	Vannes	1.010	1.011
CENTRE	18	CHER	Bourges	1.025	1.000
CENTRE	28	EURE-ET-LOIR	Chartres	1.034	1.039
CENTRE	36	INDRE	Chateauroux	0.997	0.996
CENTRE	41	LOIR-ET-CHER	Blois	1.014	1.018
CENTRE	45	LOIRET	Montargis	1.009	1.013
CHAMPAGNE	8	ARDENNES	Charleville-Mézières	1.018	1.029
CHAMPAGNE	51	MARNE	Chalons-en-Champagne	1.000	1.000
FRANCHE-COMTÉ	90	TERRITOIRE DE BELFORT	Belfort	1.049	1.044
HAUTE-NORMANDIE	27	EURE	Evreux	1.010	1.021
LANGUEDOC-ROUSSILLON	11	AUDE	Carcassonne	0.976	1.034
LANGUEDOC-ROUSSILLON	11	AUDE	Narbonne	1.020	1.030
LANGUEDOC-ROUSSILLON	30	GARD	Alès	1.036	1.016
LANGUEDOC-ROUSSILLON	34	HÉRAULT	Béziers	0.979	1.021
LANGUEDOC-ROUSSILLON	34	HÉRAULT	Sète	1.044	1.044
LANGUEDOC-ROUSSILLON	66	PYRÉNÉES-ORIENTALES	Saint-Cyprien	1.018	1.023
LIMOUSIN	19	CORRÈZE	Brive-la-Gaillarde	1.002	1.068
LORRAINE	57	MOSELLE	Forbach (French part)	0.990	0.972
LORRAINE	88	VOSGES	Epinal	1.024	1.056
MIDI-PYRÉNÉES	65	HAUTES-PYRÉNÉES	Tarbes	1.000	1.079
MIDI-PYRÉNÉES	81	TARN	Albi	1.096	1.083
MIDI-PYRÉNÉES	81	TARN	Castres	1.072	0.963
MIDI-PYRÉNÉES	82	TARN-ET-GARONNE	Montauban	1.045	1.055
NORD	59	NORD	Armentières (French part)	1.005	1.026
NORD	62	PAS-DE-CALAIS	Arras	1.019	1.029
NORD	62	PAS-DE-CALAIS	Boulogne-sur-Mer	1.010	1.018
NORD	62	PAS-DE-CALAIS	Calais	0.973	0.986
NORD	62	PAS-DE-CALAIS	Saint-Omer	0.984	0.990
PACA	6	ALPES-MARITIMES	Menton-Monaco	1.009	1.015

Region	Dept	Department	Urban unit	Apartment index 2020-2021	Housing index 2020-2021
PACA	13	BOUCHES-DU-RHÔNE	Arles	1.022	1.031
PACA	13	BOUCHES-DU-RHÔNE	Salon-de-Provence	1.010	1.021
PACA	83	VAR	Draguignan	1.044	1.033
PACA	83	VAR	Fréjus	1.009	1.023
PAYS DE LOIRE	49	MAINE-ET-LOIRE	Cholet	1.006	1.019
PAYS DE LOIRE	53	MAYENNE	Laval	1.009	1.015
PAYS DE LOIRE	85	VENDÉE	La Roche/Yon	1.014	1.022
PICARDIE	2	AISNE	Saint-Quentin	1.000	1.000
PICARDIE	60	OISE	Beauvais	1.000	1.000
PICARDIE	60	OISE	Compiègne	1.045	1.049
POITOU-CHARENTES	79	DEUX-SÈVRES	Niort	1.008	1.013
RHÔNE-ALPES	1	AIN	Bourg-en-Bresse	1.047	1.048
RHÔNE-ALPES	26	DRÔME	Montélimar	1.046	1.045
RHÔNE-ALPES	26	DRÔME	Romans-sur-Isère	1.049	1.046
RHÔNE-ALPES	74	HAUTE-SAVOIE	Cluses	1.045	1.017
RHÔNE-ALPES	74	HAUTE-SAVOIE	Thonon-les-Bains	1.047	1.046
RHÔNE-ALPES	38	ISÈRE	Bourgoin-Jallieu	1.047	1.040
RHÔNE-ALPES	38	ISÈRE	Vienne	1.023	1.038
RHÔNE-ALPES	38	ISÈRE	Seeon	1.038	1.037
RHÔNE-ALPES	42	LOIRE	Roanne	1.049	1.046
RHÔNE-ALPES	42	LOIRE	Saint-Just-Saint-Rambert	1.035	1.038
AVERAGE				1.024	1.029

NON-URBAN AREAS

Region	Index Houses 2020-2021
ALSACE	1.047
AQUITAINE	1.054
AUVERGNE	1.022
BOURGOGNE	1.021
BRETAGNE	1.043
CENTRE	1.032
CHAMPAGNE	1.022
FRANCHE-COMTÉ	1.018
LANGUEDOC-ROUSSILLON	1.036
LIMOUSIN	0.966
LORRAINE	1.031
MIDI-PYRÉNÉES	0.959
NORD	1.046
BASSE-NORMANDIE	1.030
HAUTE-NORMANDIE	1.043
PAYS DE LOIRE	1.042
PICARDIE	1.042
POITOU-CHARENTES	1.000
PACA	1.042
RHÔNE-ALPES	1.020
AVERAGE	1.026

PARIS AND ÎLE-DE-FRANCE

Region	Dept	Department	Apartment index 2020-2021	Housing index 2020-2021
	75	PARIS	0.997	-
	77	SEINE-ET-MARNE	1.044	1.053
	78	YVELINES	1.040	1.046
	91	ESSONNE	1.036	1.047
	92	HAUTS-DE-SEINE	1.041	1.059
	93	SEINE-SAINT-DENIS	1.042	1.050
	94	VAL-DE-MARNE	1.042	1.058
IDF	95	VAL-D'OISE	1.039	1.047
AVERAGE (EXCLUDING PARIS)			1.035	1.051

BREAKDOWN OF THE COLLATERAL PORTFOLIO REVALUED USING THE CRÉDIT FONCIER SPECIFIC METHOD (BY REGION AND PARIS) FOR LOANS HELD BY COMPAGNIE DE FINANCEMENT FONCIER AS OF NOVEMBER 30, 2021.

Region	SCF portfolio	
	Regional breakdown of loan guarantee value (amounts in €m)	Regional breakdown (in %)
Alsace	491.02	1.13%
Aquitaine	2,833.96	6.51%
Auvergne	271.83	0.62%
Basse-Normandie	590.08	1.35%
Bourgogne	678.31	1.56%
Bretagne	1,330.30	3.05%
Centre	1,155.24	2.65%
Champagne-Ardenne	410.30	0.94%
Corse	86.64	0.20%
Dom-Tom	225.85	0.52%
Franche-Comté	347.50	0.80%
Haute-Normandie	1,437.27	3.30%
Île-de-France (excluding Paris)	12,708.14	29.18%
Languedoc-Roussillon	2,261.94	5.19%
Limousin	201.38	0.46%
Lorraine	804.04	1.85%
Midi-Pyrénées	2,591.27	5.95%
Nord-Pas-de-Calais	1,889.62	4.34%
Paris	1,052.92	2.42%
Pays de la Loire	1,985.95	4.56%
Picardie	1,503.81	3.45%
Poitou-Charentes	627.43	1.44%
Provence-Alpes-Côte d'Azur	4,078.36	9.36%
Rhône-Alpes	3,953.47	9.08%
Other (of which Monaco)	38.08	0.09%
GENERAL	43,554.70	100.00%

Appendix 3 – Breakdown of the collateral portfolio revalued using the BPCE method for loans held by Compagnie de Financement Foncier as of November 30, 2021

CORPORATES (PERIODIC REVIEW METHOD A.2)

Region	No. of guarantees	Valuation (in €) before revaluation	Valuation (in €) after revaluation	Outstandings (in €) as of 10/31/2021
Alsace	18	90,555,459	89,366,104	11,718,540
Aquitaine	17	61,427,351	62,762,963	16,027,743
Auvergne	5	15,274,691	16,492,724	1,575,263
Basse-Normandie	7	21,338,187	20,109,016	1,973,164
Bretagne	1	4,084,552	4,136,679	287,888
Centre	10	14,082,419	14,371,393	1,631,852
Champagne-Ardenne	1	171,290	169,684	11,686
Dom-Tom	40	99,111,442	100,036,295	12,340,810
Franche-Comté	1	320,376	320,545	28,282
Haute-Normandie	9	38,519,804	39,210,876	4,781,182
Île-de-France (excluding Paris)	62	581,248,190	583,723,237	127,444,156
Languedoc-Roussillon	4	12,074,711	12,457,611	872,325
Limousin	4	1,915,996	1,962,238	125,628
Lorraine	6	32,580,918	33,368,161	5,549,369
Midi-Pyrénées	7	6,817,751	7,057,246	592,335
Nord-Pas-de-Calais	10	23,074,002	23,141,431	1,911,779
Paris	25	363,496,003	365,519,836	39,790,751
Pays de la Loire	10	22,984,338	23,272,325	2,608,626
Picardie	3	3,146,163	3,175,823	129,725
Poitou-Charentes	3	1,688,804	1,682,416	71,868
Provence-Alpes-Côte d'Azur	15	99,621,012	103,702,944	11,809,525
Rhône-Alpes	43	164,391,929	166,021,153	12,732,661
GENERAL	301	1,657,925,388	1,672,060,700	254,015,158

RETAIL INDIVIDUALS (PERIODIC REVIEW METHOD A.2)

Region	No. of guarantees	Valuation (in €) before revaluation	Valuation (in €) after revaluation	Outstandings (in €) as of 10/31/2021
Aquitaine	1	807,558	812,608	439,642
Île-de-France (excluding Paris)	4	2,081,464	2,093,635	319,961
Paris	4	3,323,617	3,035,412	988,475
Languedoc-Roussillon	2	617,315	661,048	348,712
Poitou-Charentes	1	466,032	467,541	160,348
Provence-Alpes-Côte d'Azur	9	10,199,363	10,404,039	2,679,236
Rhône-Alpes	8	6,380,407	6,539,298	1,790,176
GENERAL	29	23,875,756	24,013,581	6,726,550

Appendix 4

2021 REVALUATION OF BELGIAN GUARANTEES

Crédit Foncier, *via* its servicer Stater, revalued the guarantees of its branch for 2021. This revaluation, carried out at June 30, 2021 covers a 12-month period as the last revaluation was dated June 30, 2020.

7,159 guarantees were revalued representing an overall valuation amount of €2.082m, *i.e.* an average increase in value of 6.6% associated with an outstanding amount of €737m.

Province	No. of guarantees	Valuation of pledges at 06/30/2021 (in €)	Evolution 2020_2021	Outstandings (in €) as of 10/31/2021	Breakdown of outstandings
Antwerpen	981	313,930,424.14	8.18%	100,056,723.43	13.58%
Brabant Wallon	288	99,836,435.06	7.17%	32,960,001.58	4.47%
Hainaut	1,313	277,411,198.60	5.56%	118,972,612.66	16.14%
Liège	720	178,112,901.75	5.07%	70,658,795.78	9.59%
Limburg	467	132,280,816.35	7.49%	50,603,861.13	6.87%
Luxembourg	139	36,543,175.70	10.66%	14,700,788.53	1.99%
Namur	356	89,817,579.42	4.79%	38,132,384.16	5.17%
Oost-Vlaanderen	1,005	338,870,270.01	6.50%	109,783,437.25	14.90%
Région Bruxelles-Capitale	586	184,023,137.67	5.83%	64,143,119.48	8.70%
Vlaams-Brabant	741	279,543,980.61	7.09%	81,673,792.91	11.08%
West-Vlaanderen	563	151,385,590.86	6.09%	55,223,668.21	7.49%
GENERAL	7,159	2,081,755,510.17	6.58%	736,909,185.12	100.00%

2021 REVALUATION OF DUTCH GUARANTEES

334 loans were revalued representing a total outstanding value of €24.8m.

Revaluation was conducted based on the PBK Index developed by the Netherlands land registry. For 2021, revaluation was based on Q3 2021 indices and the average index changed +19% within the scope.

Region	Number of loans	Total receivables	Valuation of pledges at 06/30/2021 (in €)	Valuation of pledges at 06/30/2020 (in €)	%_evol_pledges
Drenthe	13	969,079	2,314,635	1,916,011	20.80%
Flevoland	8	407,635	1,625,511	1,336,546	21.62%
Friesland	21	1,441,423	3,174,072	2,653,492	19.62%
Gelderland	31	2,320,707	4,897,266	4,018,011	21.88%
Groningen	19	1,488,977	2,890,766	2,332,190	23.95%
Limburg	22	1,374,450	3,654,376	3,093,991	18.11%
Noord-Brabant	33	2,658,075	7,435,957	6,302,764	17.98%
Noord-Holland	66	4,680,142	12,942,944	10,840,788	19.39%
Overijssel	31	2,247,668	4,759,804	3,980,426	19.58%
Utrecht	15	1,176,428	2,952,980	2,444,505	20.80%
Zeeland	16	1,080,339	2,343,307	1,964,184	19.30%
Zuid-Holland	59	4,907,091	10,458,129	8,955,397	16.78%
GENERAL	334	24,752,014	59,449,746	49,838,304	19.29%

6. FINANCIAL RISK ANALYSIS

Compagnie de Financement Foncier does not conduct any proprietary trading and does not have any positions in the trading book. However, it carries out 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 groupe Crédit Foncier's Financial Charter.

6.1. Methodology used to assess liquidity, interest rate and foreign 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, professionals 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 2021, Compagnie de Financement Foncier issued €4.8bn 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, 2021, these outstandings amounted to €6.7bn in nominal value, divided into:

- €4.0bn in Public sector loans;
- €2.7bn in securities.
- In 2021 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 section 6.1, 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 2021. 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 assets eligible for the ECB after haircut to cover its privileged debt repayment commitments for at least 180 days.

At December 31, 2021, Compagnie de Financement Foncier had available cash of €0.7bn on current accounts with the Banque de France.

It also had €6.7bn in replacement values, including investments, including €6.6bn lent to BPCE with a term of less than two months and mostly guaranteed by a loans portfolio.

In a crisis, Compagnie de Financement Foncier would benefit from the mechanism available to groupe Crédit Foncier and described in its Contingency Plan (See 6.2.4).

6.2.3. INDICATORS 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 base case, one-year and stress scenarios:

- major stress at three months (maintenance of a proportion of new production for the Group and a proportion of the funding) and subject to limits: a check is thus done to verify whether the liquidity buffer covers all the cash needs caused 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 2021.

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 for the year 2021. 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 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.

COVERAGE PLAN FOR PRIVILEGED RESOURCES

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.

The institution declares, as of the statement date and every quarter until the last privileged resource is repaid, the following:

- 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.

6.3. Monitoring of overall interest rate risk

6.3.1. MANAGEMENT PROCEDURES

Compagnie de Financement Foncier is protected against interest rate and exchange rate risks.

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 entered into for every transaction of significant size. Similarly, the debt issued by Compagnie de Financement Foncier is micro-swapped at the outset if necessary to transform it into euro-denominated variable rate liabilities.

Derivatives transactions are generally intermediated by Crédit Foncier and results in an intragroup swap between Crédit Foncier and Compagnie de Financement Foncier.

This intermediation strategy by Crédit Foncier does not generally apply to cross-currency swaps intended to hedge issues in foreign currencies or swaps structured to hedge private placements or certain FLA assets.

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).

6.2.4. LIQUIDITY CONTINGENCY PLAN

A liquidity contingency plan was defined for groupe 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.

The 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. If the opposite situation occurs, these agreements stipulate that Compagnie de Financement Foncier shall not deposit any collateral. As of December 31, 2021, the amount of deposits received was €0.3bn.

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 fixed every year in terms of amount.

The current limits for interest rate gaps are:

Horizon	Limits expressed (in €bn)
0-2 years	1.5
3-4 years	1.7
5-8 years	2.1

The limits were respected in 2021.

6.4. Monitoring foreign exchange rate risk

Foreign exchange rate 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 adjusted monthly.

They are monitored by Crédit Foncier's Risk Division, 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 is respected for the year 2021.

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.

The escalation and governance process makes it possible to monitor settlement risks and classify them as default if necessary.

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. OPERATIONAL 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.

7.1. Main organization

All of groupe Crédit Foncier's Operational Risk processes, including those of Compagnie de Financement Foncier, are managed by its Compliance and Permanent Control Division, which relies on the operating risk standards and methods employed by Groupe BPCE's Risk department and on groupe Crédit Foncier's operational risk policy.

7.2. Governance

Operational risk management is part of groupe Crédit Foncier's Risk department. It is managed by a specialized unit that is separate from operating activities and attached to the Compliance and Permanent Control Division. 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 Compliance and Permanent Control Division. The network of Risk Officers was reviewed in December 2020 to take into account the growth of Crédit Foncier.

7.3.2. METHODS AND TOOLS

The risk approach is based on three key elements that are part of an iterative, interactive method:

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.

More specifically, the operating risks generated by Compagnie de Financement Foncier's own activities, which are limited to the Institutional Relations Division's functions, are also managed by Crédit Foncier according to Groupe BPCE rules.

These operational risks are specifically mapped and presented to the Operating Risks Committee every quarter.

- 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;
- 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, groupe Crédit Foncier currently applies the Basel III standard approach.

7.4. Organization of the Business Continuity Plan

In accordance with the service agreements between groupe Crédit Foncier and Compagnie de Financement Foncier, business continuity of Compagnie de Financement Foncier is covered by groupe Crédit Foncier's Business Continuity Plan. These agreements fall within the regulatory framework for Critical or Significant Outsourced Services (CSOS). In this regard, Crédit Foncier provides Compagnie de Financement Foncier with annual justification of the operational readiness of its system: changes to its plan and continuity exercises.

As the IT service has been delegated to the group's operator, IT-CE, the IT Business Recovery Plan (BRP) is its responsibility.

Compagnie de Financement Foncier has its own BCP Manager who acts on its behalf in matters of compliance and maintaining the plan in deployment-ready condition in cooperation with the Crédit Foncier BCP 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. As a result, Compagnie de Financement Foncier benefits fully from the upgrades to Crédit Foncier's information system and from all of the systems that guarantee its proper operation and security.

7.6. Personal data protection

Compagnie de Financement Foncier relies on the human and technical resources provided by Crédit Foncier to ensure that its processes comply with the General Data Protection Regulation. It has its own data processing register and a designated Data Protection Officer.

7.7. 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 taken out 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.

7.8. 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. Now almost all of the Group's companies have been put into court-ordered liquidation.

It is specified that the corresponding loan is secured by both real estate collateral on the assets financed and by the State guarantee, under Article L. 312-1 of the French Construction and Housing Code.

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.

In addition, since 2019, Crédit Foncier and Compagnie de Financement Foncier have been the target of multiple civil and criminal legal actions initiated both by the Company Director on behalf of its group companies and by legal representatives:

At this stage, the majority of their claims, which sought to challenge the loan fees of Compagnie de Financement Foncier and to seek the liability of Crédit Foncier and Compagnie de Financement Foncier and

indirectly of the State for the loans taken out and their restructuring, were rejected by the courts.

Groupe Crédit Foncier strongly disputes all of these motions and holds that these allegations are totally unfounded.

With respect to the dispute over the overall effective rate, which Compagnie de Financement Foncier, like all other institutions in the marketplace, was confronted with, the vast majority of decisions were rendered in favor of the lenders. In addition, recent developments in the law have discouraged purely opportunistic legal actions by borrowers. It is now even noted that some borrowers are discouraged and often withdraw from their actions without waiting for the outcome of their lawsuit, which they know will be unfavorable.

In this confirmed context of strong decrease, we also note that the flow of new assignments has dried up.

There is only a stock of pending cases to be processed, which has been considerably reduced to date.

This good dynamic contributes to the scheduled extinction of the subject.

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 and Permanent Control Division (DCCP) in accordance with the terms of the relevant agreements (framework agreement and internal control and compliance service agreement) between the two entities.

At the Internal Control Committee meeting of February 21, 2021, it set

8.1 Main organization

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), broken down into detailed risks taking into consideration the specific elements of Compagnie de Financement Foncier's scope of activity;
- of the system implemented to prevent or reduce them and to ensure that the most significant risks are, if necessary, subject to controls and action plans to better control 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.

8.2. Financial security

Groupe 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.

out the missions and responsibilities of the "compliance audit function" set out in the Group compliance framework document validated by the National Business Line Committee on December 16, 2020, and assumes these missions and responsibilities. The Compliance and Permanent Controls Director is responsible for the Compliance Verification function. She is also Compagnie de Financement Foncier's Head of Investment Services Compliance.

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 relevant departments. 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.

The DCCP also monitors regulatory changes that could impact Compagnie de Financement and that have not yet been taken into account in the compliance risk mapping established by the Group.

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 and Permanent Control Division.

8.3. Compliance

BANKING COMPLIANCE

In addition to the application of the general compliance risk management system described above, the Compliance and Permanent Control Division of Crédit Foncier coordinates a number of systems.

It oversees the compliance 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 Institutional Relations Division relies on the controls carried out by the dedicated control units and coordinated by the Compliance and Permanent Control Division to ensure that the risks of activities outsourced to Crédit Foncier are managed in accordance with the guidelines of the European Banking Authority on outsourcing and Groupe BPCE policy. The governance and supervision of outsourcing is carried out by the key outsourcing function entrusted to Crédit Foncier's Director of Organization and Transformation and an Outsourcing Committee.

The Crédit Foncier Compliance and Permanent Control Division 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)

Compagnie de Financement 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).

Compagnie de Financement Foncier adapted its compliance system on January 1, 2021 pursuant to the changes in the Volcker law.

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. At the same time, the persons concerned receive a reminder each time that they are prohibited from buying or selling securities. The blackout periods are applied in accordance with the Crédit Foncier and BPCE calendars. The Compliance and Permanent Control Division also periodically reviews the list of insiders.

The Volcker Committee meeting of January 28, 2021 approved the changes to the following manuals, which form the core of the procedures:

- the Volcker manual as an extension of Groupe BPCE's Enterprise Wide Manual of December 11, 2020;
- the desk manuals and risk mandates of Compagnie de Financement Foncier's various desks;
- the report on the effectiveness of the system prepared on the basis of the controls carried out during the year which replaces the senior management report (novation of the revised Volcker regulations).

In addition, the format of the Liquidity Management Plan was modified at Group level and adapted to the groupe Crédit Foncier scope. It was approved by the Liquidity Management Committee on December 14, 2020.

In application of these revised provisions, the Compliance and Permanent Controls Division successfully completed the final certification phase for Compagnie de Financement Foncier, which ended on March 31, 2021. In particular, the "2020 report on the effectiveness of the Volcker Rule Enhanced Compliance Program", which describes the advanced compliance program, was validated by the Volcker Committee and presented to the Risk Committee of Compagnie de Financement Foncier. All of Compagnie de Financement Foncier's sub-certifications have been transmitted to Groupe BPCE.

INVESTMENT SERVICES

The Compliance and Permanent Controls Division manages non-compliance risks related to market regulations. In this context, it participates in the work relating to the implementation of regulation 2016/11 known as "Benchmark".

Moreover, Compliance includes the requirements relating to MiFID II Regulations, such as product governance, transaction reporting, and the storage and recording of exchanges, in its system for managing market regulations compliance.

The Compliance and Permanent Controls Division is also responsible for supervising non-compliance risks related to customer knowledge.

Compliance has completed the preparation of the RCSI annual report pursuant to Article L. 621-8-4 of the Monetary and Financial Code, which was filed on the AMF's GECO extranet on May 7, 2021.

Compliance with the rules of financial ethics of Compagnie de Financement Foncier is ensured by Crédit Foncier Compliance, which ensures that the list of holders of an AMF professional card is updated, as well as the recording of market conversations.

The financial ethics system also incorporates the provisions of law No. 2016 of December 9, 2016 (Sapin II), through procedures regarding the use of the whistleblowing system by employees, financial privacy and requirements in respect of amounts or benefits received. Employees receive regular reminders from the Compliance and Permanent Controls department on these topics.



5

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

Income statement

<i>(in €k)</i>	Notes	12/31/2021	12/31/2020	12/31/2019
Interest and similar income	1	1,728,256	1,841,107	2,027,376
Interest and similar expenses	1	-1,505,678	-1,723,964	-1,837,690
Net interest margin		222,577	117,143	189,686
Fees and commissions income	2	31,307	35,311	42,279
Fees and commissions	2	-937	-853	-2,090
Net gains/losses on trading portfolio transactions	3	-88	-53	-212
Other banking income	4	18,010	53	1,376
Other bank operating charges	4	-19,345	-5,232	-3,831
Net banking income		251,524	146,368	227,208
Employee benefits expense	5	-41	-44	-49
Taxes and other contributions	5	-4,742	-4,380	-3,674
External services and other expenses	5	-98,135	-88,381	-76,199
Amortization		0	0	0
General operating expenses		-102,918	-92,805	-79,922
Gross operating income		148,606	53,563	147,286
Cost of risk	6	7,452	4,314	11,487
Operating income		156,058	57,878	158,773
Gains/losses on fixed assets	7	0	20,047	9,930
Income before tax		156,058	77,925	168,703
Non-recurring income		0	0	0
Income tax	8	-50,053	-30,784	-57,425
NET INCOME		106,004	47,141	111,278
Earnings per share* <i>(in €)</i>		0.67	0.30	0.70
Diluted earnings per share <i>(in €)</i>		0.67	0.30	0.70

* Earnings per share are calculated by dividing net income by the average number of shares outstanding in the period.

Balance sheet

ASSETS

<i>(in €k)</i>	Notes	12/31/2021	12/31/2020	12/31/2019
Cash and amounts due from central banks		679,000	1,349,339	1,564,443
Treasury bills and equivalent	9	3,052,586	3,196,527	3,236,924
Loans and receivables due from credit institutions repayable on demand	10	22,073,625	23,733,098	23,067,067
■ <i>Sight deposit</i>		51,508	50,858	56,372
■ <i>Term</i>		22,022,118	23,682,240	23,010,695
Customer transactions	11	33,777,035	35,339,082	37,626,531
■ <i>Other facilities granted to customers</i>		33,777,035	35,339,082	37,626,531
Bonds and other fixed-income securities	9	3,086,251	3,220,625	4,093,758
Equity interests and other long-term investments		0	0	0
Intangible asset and property, plant and equipment		0	0	0
Other assets	12	15,690	79,391	102,017
Accrual accounts	13	1,250,744	1,537,408	1,771,111
TOTAL ASSETS		63,934,931	68,455,470	71,461,851

LIABILITIES

<i>(in €k)</i>	Notes	12/31/2021	12/31/2020	12/31/2019
Amount due to central banks		0	0	0
Due to credit institutions	14	5,009,751	6,268,175	4,436,533
■ <i>Sight deposit</i>		0	0	2,827
■ <i>Term</i>		5,009,751	6,268,175	4,433,706
Customer transactions		0	0	0
■ <i>Sight deposit</i>		0	0	0
Debt securities	15	53,673,477	56,443,309	60,515,318
■ <i>Interbank market instruments and negotiable debt securities</i>		0	0	151,288
■ <i>Bond issues (obligations foncières)</i>		53,673,477	56,443,309	60,364,030
Other liabilities	16	484,649	1,035,086	1,124,247
Accrual accounts	17	1,541,693	1,554,226	2,137,320
Provisions	18	12,425	602	30,226
Subordinated debts		0	0	0
Reserve for general banking risks		20,000	20,000	20,000
Equity excluding reserve for general banking risks	19	3,192,937	3,134,072	3,198,207
■ <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>		134,475	132,117	126,553
■ <i>Regulated provisions and investment subsidies</i>		0	0	0
■ <i>Retained earnings</i>		71,995	74,352	79,914
■ <i>Income to be allocated</i>		0	0	0
■ <i>Net income for the period</i>		106,004	47,141	111,278
TOTAL LIABILITIES AND EQUITY		63,934,931	68,455,470	71,461,851

Off-balance sheet

<i>(in €k)</i>	Notes	12/31/2021	12/31/2020	12/31/2019
TOTAL COMMITMENTS GIVEN				
Financing commitments		1,407,861	1,578,905	1,179,725
■ <i>Commitments given to credit institutions</i>	<i>20 (20.1)</i>	<i>0</i>	<i>0</i>	<i>0</i>
■ <i>Commitments given to customers</i>	<i>20 (20.1)</i>	<i>1,407,861</i>	<i>1,578,905</i>	<i>1,179,725</i>
Guarantee commitments		208,404	201,322	211,484
■ <i>Commitments given to credit institutions</i>	<i>20 (20.1)</i>	<i>0</i>	<i>0</i>	<i>0</i>
■ <i>Other securities pledged as collateral</i>	<i>20 (20.1)</i>	<i>208,404</i>	<i>201,322</i>	<i>211,484</i>
Commitments on securities		0	0	0
■ <i>Other commitments given</i>	<i>20 (20.1)</i>	<i>0</i>	<i>0</i>	<i>0</i>
TOTAL COMMITMENTS RECEIVED				
Financing commitments		23,352,895	24,869,427	25,230,739
■ <i>Guarantees received from credit institutions</i>	<i>20 (20.2)</i>	<i>2,767,113</i>	<i>2,693,633</i>	<i>2,696,386</i>
■ <i>Other assets received as collateral from the Group</i>	<i>20 (20.2)</i>	<i>20,585,782</i>	<i>22,175,794</i>	<i>22,534,353</i>
Guarantee commitments		27,787,877	31,463,810	35,125,289
■ <i>Guarantees received from credit institutions</i>	<i>20 (20.2)</i>	<i>5,017,108</i>	<i>5,589,484</i>	<i>6,058,419</i>
■ <i>Commitments received from customers</i>	<i>20 (20.2)</i>	<i>22,770,768</i>	<i>25,874,326</i>	<i>29,066,870</i>
Commitments on securities		0	0	0
TOTAL RECIPROCAL COMMITMENTS				
■ <i>Sale and purchase of foreign currencies</i>	<i>21</i>	<i>10,678,476</i>	<i>11,448,771</i>	<i>13,243,043</i>
■ <i>Other financial instruments</i>	<i>21</i>	<i>50,434,385</i>	<i>54,588,488</i>	<i>56,361,929</i>

The notes on the following pages are part of the annual financial statements.

Notes to the 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 CRBF (French Banking and Financial Regulation Committee) 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, 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 Banque Populaire or a Caisse d'Épargne default.

2. HIGHLIGHTS OF 2021

2.1. COMMERCIAL ACTIVITY

During 2021, Compagnie de Financement Foncier acquired €698m in loans from Crédit Foncier including related receivables, plus €3m 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 de France, in the total amount of €14,134m at December 31, 2021. The same facility was also granted to BPCE SA, amounting to €6,600m at December 31, 2021 excluding related receivables. Total loans granted were collateralized for €20,585.8m.

Furthermore, as part of its business of funding eligible assets originated by the Groupe BPCE institutions, Compagnie de Financement Foncier refinanced receivables in the Public sector in the amount of €2,573m, including €579m was in the form of refinancing guaranteed by FLA loans, as well as financing commitments of €666m.

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 €6,648.9m 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 €4,800m of *obligations foncières* in euros in 2021.

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 2021.

2.2. EARLY REPAYMENTS

The overall rate of early repayments and renegotiations of loans to individuals stood at 10.1%. The asset outflows linked to early repayments amounted to €2,182m for the fiscal year.

Early repayments had several effects on net banking income:

- accelerated amortization of acquisition premiums/discounts on loans to individuals, with an estimated impact of €17.5m over the fiscal year;
- the collection of prepayment penalties from individual customers of €28.6m; 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).

In 2021, the rate of early repayments on corporate loans is 0.5%, equivalent to 2020 (0.5%).

2.3. BUYBACK OF OBLIGATIONS FONCIÈRES (FRENCH LEGAL COVERED BONDS)

During the year, Compagnie de Financement Foncier repurchased some of its own bonds issued on the market for a nominal value of €86m. Premiums/discounts realized on these buybacks, net of termination costs, have been recognized directly in the income statement under "Interest and similar income" or "Interest and similar expenses" in accordance with regulations. The pre-tax impact of these buybacks on income for 2021 is a loss of €12.1m.

2.4. TAXES

In accordance with the consolidated tax agreement signed with Crédit Foncier, Compagnie de Financement Foncier recognized a tax charge of €21.5m vis-à-vis its parent company due to its taxable income of €83m. In addition, a deferred tax charge of €28.6m was recognized, bringing income tax to a total charge of -€50.1m.

3. POST-BALANCE SHEET EVENTS

No subsequent event liable to have a significant impact on the financial statements at December 31, 2021 occurred between the closing date and February 9, 2022, the date on which the Board approved the financial statements.

4. GENERAL ACCOUNTING PRINCIPLES AND METHODS

4.1. VALUATION METHODS, PRESENTATION OF INDIVIDUAL FINANCIAL STATEMENTS AND CLOSING DATE

The annual individual 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).

The annual individual financial statements for the fiscal year ended December 31, 2021 were approved by the Board of Directors on February 7, 2022. They will be submitted for approval to the Annual General Shareholders' Meeting of May 9, 2022. Amounts presented in the financial statements and notes are stated in thousands of euros, unless otherwise stated. The rounding effects may, where applicable, generate differences between the amounts presented in the financial statements and those presented in the notes to the financial statements.

4.2. CHANGES IN ACCOUNTING METHODS

On November 5, 2021, the French National Accounting Board (ANC) amended its recommendation No. 2013-02 on the rules for measuring and recognizing pension and similar benefit commitments. This text introduces a choice of method for the distribution of benefit entitlements for defined benefit plans in which the granting of a benefit is conditional on both length of service, for a capped maximum amount, and on the beneficiary being present when he or she reaches retirement age. These are mainly end-of-career benefits (IFC). Compagnie de Financement Foncier is not affected by this regulation.

Compagnie de Financement Foncier applies to retail customers the new definition of default (NDOD) under Article 178 of European Regulation No. 575/2013 which is described in Note 11.

The other texts adopted by the Accounting Standards Authority and mandatory in 2021 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 SRB set the contributions to the SRF for 2021. In 2021, the amount of contributions paid by Compagnie de Financement Foncier represented €20m including €17m recognized as expenses and €3m 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 €15.7m as of December 31, 2021.

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NOTE 1 Interest and similar income and expenses

INTEREST AND SIMILAR FEE – COMMISSION INCOME

Interest and similar fees and commissions is recognized in the income statement on a *prorata* basis.

Negative interest is presented as follows:

- negative interest on an asset is presented in interest expenses in NBI;
- negative interest on a liability is presented in interest income in NBI.

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)	12/31/2021			12/31/2020	12/31/2019
	Income	Expenses	Net	Net	Net
Interbank transactions	257,910	-88,330	169,580	51,224	122,664
Interest on Central Bank accounts		-7,351	-7,351	-7,617	-5,147
Interest on current accounts 2019 version	6	70	76	-32	-143
Interest on forwards	257,606	-80,195	177,411	60,828	132,818
Interest on subordinated loans	0		0	0	0
Interest on receivables guaranteed (replacement values)	0	0	0	0	0
Interest on securities received/sold under repurchase agreements	0	-8	-8	0	3,089
Contingent liabilities and commitments	0		0	0	0
Other interest income and expenses	0	0	0	0	0
Hedging transactions (<i>netting</i>)	298	-845	-547	-1,955	-7,953
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	706,299	-59,735	646,564	718,175	799,367
Interest on demand deposits, term deposits and regulated savings accounts		0	0	0	0
Interest on loans to customers	670,772	0	670,772	738,604	816,692
Interest on subordinated loans	0		0	0	0
Interest on doubtful loans	31,605		31,605	33,369	41,779
Amortization of additional loans fees (CRC Regulation 2009-03)	3,732		3,732	6,976	4,709
Interest on ABS cash collateral	0		0	0	0
Other interest income and expenses	190	-1,438	-1,248	-2,290	-3,775
Income on financing and guarantee commitments	0		0	0	0
Hedging transactions (<i>netting</i>)	0	-49,410	-49,410	-52,742	-59,075
Hedged losses on receivables		-1,233	-1,233	-756	-2,114
Non-hedged losses on receivables		-941	-941	-993	-554
Net changes in provisions*		-6,713	-6,713	-3,993	1,704
Finance lease transactions	0	0	0	0	0
Securities portfolio transactions	741,740	-1,134,830	-393,091	-500,520	-506,949
Interest on investment securities	0		0	0	0
Spreading of discounts/premiums on investment securities	0		0	0	0
Interest on held-to-maturity securities	276,319		276,319	292,349	336,827
Amortization of discounts/premiums on held-to-maturity securities	0	-32,132	-32,132	-36,109	-36,983
Interest on medium-term notes (BMTN) issued		0	0	-321	-1,739
Interest on certificates of deposits issued		0	0	0	0
Interest on mortgage notes issued		0	0	-20,000	0
Interest and expenses on bond issuances		-1,102,699	-1,102,699	-1,311,926	-1,408,950
Interest on doubtful securities	0		0	0	0
Hedging transactions (<i>netting</i>)	465,421	0	465,421	575,486	603,897
Losses on non-recoverable receivables		0	0	0	0
Net changes in provisions	0		0	0	0
Subordinated debts	0	0	0	0	0

(in €k)	12/31/2021			12/31/2020	12/31/2019
	Income	Expenses	Net	Net	Net
Payables on subordinated term securities		0	0	0	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	22,307	-222,783	-200,476	-151,736	-225,395
Income on debt securities	22,196		22,196	19,384	14,680
Fees on credit derivatives		0	0	0	0
Commitments received/given on securities	0	-1,358	-1,358	-3,430	-2,714
Other interest income and expenses	0	0	0	0	-48
Macro-hedging transactions (<i>netting</i>)	0	-221,425	-221,425	-187,793	-217,438
Net changes in provisions	112	0	112	20,103	-19,874
TOTAL INTEREST AND SIMILAR INCOME AND EXPENSES	1,728,256	-1,505,678	222,577	117,143	189,686

* 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 installments: recognized over the period when the service is provided.

(in €k)	12/31/2021	12/31/2020	12/31/2019
Commissions on interbank and cash transactions (Net)	-2	-111	-11
Income	0	0	0
Expenses	-2	-111	-11
Commissions on transactions with customers (Net)*	31,103	35,282	42,276
Income	31,103	35,282	42,276
Expenses	0	0	0
Commissions on securities transactions (Net)	-820	-783	-884
Income	0	0	0
Expenses	-820	-783	-884
Other commissions (Net)	88	71	-1,192
Income	204	29	3
Expenses	-116	42	-1,195
Income	31,307	35,311	42,279
Expenses	-937	-853	-2,090
NET FEES AND COMMISSIONS	30,370	34,458	40,189

* 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 8.1% of outstanding loans for the fiscal year 2021.

NOTE 3 Gains or losses on trading book transactions

ACCOUNTING POLICIES

Gains or losses on trading book transactions combine:

- balance-sheet and off-balance sheet gains or losses on trading book transactions;
- 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)	12/31/2021	12/31/2020	12/31/2019
Gains on currency and arbitrage transactions	-88	-53	-212
Expenses on financial forward instruments trading	0	0	0
Income from financial forward instruments trading	0	0	0
Expenses on conditional rates trading	0	0	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 OR LOSSES ON TRADING BOOK TRANSACTIONS AT FAIR VALUE THROUGH PROFIT OR LOSS	-88	-53	-212

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.

<i>(in €k)</i>	12/31/2021			12/31/2020	12/31/2019
	Income	Expenses	Net	Net	Net
Transfers of expenses and income, reallocated expenses	0	0	0	0	0
Other banking income and expenses ⁽¹⁾	18,010	-19,345	-1,335	-5,179	-2,455
Other operating income and expenses	1,463	-3,898	-2,435	-5,179	1,375
Additions to and reversals from provisions for other operating income and expenses	16,547	-15,447	1,100	0	-3,830
TOTAL	18,010	-19,345	-1,335	-5,179	-2,455

(1) Details

Other banking income and expenses	1,463	-19,345	-17,882	-5,179	-2,455
■ <i>Transfers to exceptional gains</i>	52		52	0	1,234
■ <i>Other operating income</i>	1,411		1,411	53	142
■ <i>Transfers to exceptional losses</i>		0	0	0	0
■ <i>Central institution contribution*</i>		-3,785	-3,785	-5,104	
■ <i>Other operating expenses</i>		-113	-113	-128	-1
■ <i>Additions to provisions</i>		-15,447	-15,447	0	-3,830

* Since 2020, and in correlation with the rebilling of Groupe BPCE "central institution" activities (listed in the French Monetary and Financial Code), the latter is now presented in NBI.

NOTE 5 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)	12/31/2021	12/31/2020	12/31/2019
EMPLOYEE BENEFITS EXPENSE	-41	-44	-49
Wages and salaries ⁽¹⁾	-41	-44	-49
Costs of defined-contribution plans	0	0	0
Other social security costs and payroll-based taxes	0	0	0
Charges/reversals of provisions for litigation	0	0	0
OTHER ADMINISTRATIVE EXPENSES	-102,876	-92,761	-79,873
Taxes and other contributions	-4,742	-4,380	-3,674
CET (local business tax) and CVAE (tax on company value added)	-1,376	-15	-1,060
Social solidarity contribution	-3,148	-4,107	-2,279
Other taxes	-218	-257	-334
Contribution to the supervision expenses of the <i>Autorité de Contrôle Prudentiel et de Résolution</i> (ACPR – French Prudential Supervisory and Resolution Authority) ⁽²⁾			
Systemic banking risk tax			
Contributions to Single Resolution Fund			
Management fees to ECB			
Charges/reversals of provisions for tax disputes	0	0	0
External services	-98,135	-88,381	-76,199
Leasing	0	0	0
External services provided by the Group	-77,091	-69,394	-60,009
Contribution to the supervision expenses of the ACPR	-581	-649	-708
Systemic banking risk tax	0	0	0
Contributions to Single Resolution Fund	-17,008	-14,447	-11,992
Management fees to ECB	-983	-1,438	-1,347
Fees, subcontracting and services	-2,319	-2,226	-1,890
Advertising	-72	-133	-106
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	-81	-94	-147
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	-102,918	-92,805	-79,922

(1) The total remuneration received by governing bodies at December 31, 2021 amounted to €41.25k. Following the decision of the Board of Directors of Compagnie de Financement Foncier on February 9, 2016, no additional remuneration (other than attendance fees) has been paid to the executive bodies since February 1, 2016.

(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)	12/31/2021			12/31/2020	12/31/2019
	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	-13,213	26,981	13,768	9,735	26,383
Impairment of customer transactions*					
Impairment of customer transactions on doubtful loans*	-13,337	24,668	11,331	8,336	21,438
Impairment of customer transactions on performing loans*	0	2,312	2,312	1,392	4,926
Provisions for counterparty risks on performing loans	124	0	124	-227	0
Other provisions for contingencies and charges	0	0	0	235	19
Losses/recoveries on customer transactions	-16,632	10,316	-6,316	-5,421	-14,896
Losses on irrecoverable loans and receivables covered by provisions	-6,041	0	-6,041	-1,340	-7,940
Losses on irrecoverable loans and receivables not covered by provisions	-4,894	0	-4,894	-6,497	-5,927
Recoveries of bad debts written off	0	10,316	10,316	7,929	5,220
Legal fees and litigation	-5,697	0	-5,697	-5,512	-6,249
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	-29,845	37,296	7,452	4,314	11,487

* In the context of the financial statement closing 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)	12/31/2021	12/31/2020	12/31/2019
Capital gains or losses on disposals of long-term securities	0	10,500	0
Capital gains or losses on disposals of held-to-maturity securities	0	9,547	9,930
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	0	20,047	9,930

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 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, 2021, Compagnie de Financement Foncier recognized a total tax expense of €50.05m.

Tax expense components (in €k)	12/31/2021	12/31/2020	12/31/2019
Current tax expenses (income) ⁽¹⁾	-21,483	31,649	-49,415
Deferred tax liabilities (income) ^{(1) (2)}	-28,571	-62,433	-8,010
Provisions for deferred taxes	0	0	0
Provisions for risks or for tax litigations	0	0	0
TOTAL	-50,053	-30,784	-57,425
Breakdown of deferred taxes for the period			
Termination swap balance	-20,951	-30,055	-28,622
Client provisions including credit risk provisions	2,736	-6,089	6,183
Provisions for investment securities			
Other temporary differences	-10,356	-26,289	14,429
TOTAL	-28,571	-62,433	-8,010

(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 -€522.86k recorded on the liability method for 2021.

NOTE 9 Treasury bills, 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)	12/31/2021			12/31/2020			12/31/2019		
	Securities available for sale	Held-to-maturity securities	Total	Securities available for sale	Held-to-maturity securities	Total	Securities available or sale	Held-to-maturity securities	Total
Treasury bills and equivalent*	0	3,012,810	3,012,810	0	3,152,759	3,152,759	0	3,193,197	3,193,197
Related receivables	0	39,776	39,776	0	43,768	43,768	0	43,727	43,727
Subtotal	0	3,052,586	3,052,586	0	3,196,527	3,196,527	0	3,236,924	3,236,924
Bonds*	0	3,047,484	3,047,484	0	3,179,939	3,179,939	0	4,040,232	4,040,232
Interbank market instruments (mortgage notes)*	0		0	0		0	0		0
Negotiable debt securities	0		0	0		0	0		0
Securitization units*		0			0			0	
Related receivables	0	38,767	38,767	0	40,685	40,685	0	53,526	53,526
Subtotal	0	3,086,251	3,086,251	0	3,220,625	3,220,625	0	4,093,758	4,093,758
Doubtful loans and securities including related receivables	0	0	0	0	0	0	0	0	0
GROSS AMOUNTS	0	6,138,837	6,138,837	0	6,417,152	6,417,152	0	7,330,682	7,330,682
Impairment on fixed-income securities	0	0	0	0	0	0	0	0	0
NET AMOUNTS	0	6,138,837	6,138,837	0	6,417,152	6,417,152	0	7,330,682	7,330,682

* Including

	12/31/2021	12/31/2020	12/31/2019
Listed securities	5,801,907	6,053,311	6,932,936
Unlisted securities	258,297	279,388	300,494
TOTAL EXCLUDING RELATED RECEIVABLES	6,060,204	6,332,699	7,233,430

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 €7,398.42m at December 31, 2021 excluding related receivables.

Unrealized capital gains on held-to-maturity securities amounted to €1,409.31m at December 31, 2021, before swaps. At December 31, 2020, unrealized capital gains on held-to-maturity securities amounted to €1,605.76m, before swaps.

Unrealized capital losses on held-to-maturity securities amounted to €71.19m at December 31, 2021, before swaps. At December 31, 2020, unrealized capital losses on held-to-maturity securities amounted to €82.79m, before swaps.

The Company did not reclassify any securities to the "Held-to-maturity securities" portfolio either during the 2021 fiscal year or in previous years.

NOTE 9 A Sovereign risk

At December 31, 2021, the net exposures of the Compagnie de Financement Foncier sovereign risk in these countries are:

Held-to-maturity securities (in €k)	12/31/2021			12/31/2020			12/31/2019		
	Carrying amount	Market value	Value after swap*	Carrying amount	Market value	Value after swap*	Carrying amount	Market value	Value after swap*
Italy	2,208.0	2,966.1	1,886.4	2,218.5	3,105.3	1,872.5	2,172.4	2,819.9	1,747.9
Poland	352.1	438.8	330.6	364.9	440.7	314.8	378.0	457.8	315.3
TOTAL	2,560.0	3,404.9	2,217.0	2,583.4	3,546.0	2,187.3	2,550.4	3,277.7	2,063.2

* 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, 2021 are presented below:

	Residual maturity		
	< 8 years	> 8 years and < 10 years	> 10 years
Italy	1,083.7	0.0	1,012.9
Poland	161.1	0.0	190.9
TOTAL	1,244.8	0.0	1,203.9

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 12/31/2019	Acquisitions	Disposals/Redemptions*	Reclassifications	Current change	Currency differences	Gross 12/31/2020	Acquisitions	Disposals/Redemptions*	Reclassifications	Current change	Currency differences	Gross 12/31/2021
Held-to-maturity securities	7,233,429	0	-523,719		-184,279	-192,732	6,332,698	0	0		-384,114	111,710	6,060,294
TOTAL	7,233,429	0	-523,719	0	-184,279	-192,732	6,332,698	0	0	0	-384,114	111,710	6,060,294
Related receivables	97,253				-12,799	0	84,454				-5,911	0	78,543
GENERAL	7,330,681	0	-523,719	0	-197,078	-192,732	6,417,152	0	0	0	-390,025	111,710	6,138,837

* 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 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 the fiscal year 2021 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.

Securities received are recognized 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. 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.

As of December 31, 2021, there were no doubtful payables due from credit institutions. Accordingly, no impairment was recorded.

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.

<i>(in €k)</i>	12/31/2021	12/31/2020	12/31/2019
Demand loans to credit institutions	51,508	50,858	56,372
Current accounts with overdrafts	51,508	50,858	56,372
Overnight loans	0	0	0
Unallocated items (demand)	0	0	0
Related receivables	0	0	0
Term loans to credit institutions	22,022,118	23,682,240	23,010,695
Term accounts and loans	579,157	554,737	552,098
Secured receivables under L. 211-38 (described in greater detail in note 10 A)	21,435,325	23,120,017	22,452,198
Securities bought under repurchase agreements	0	0	0
Subordinated loans and participating loans	0	0	0
Related receivables	7,636	7,487	6,399
Doubtful loans and receivables	0	0	0
GROSS AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	22,073,625	23,733,098	23,067,067
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	22,073,625	23,733,098	23,067,067
Breakdown of term loans (Group/non-Group)			
Term accounts and loans			
■ Including Group transactions	0	0	0
■ Including non-Group transactions	579,157	554,737	552,098
Secured receivables			
■ Including Group transactions	21,435,325	23,120,017	22,452,198
■ Including non-Group transactions	0	0	0
Related receivables			
■ Including Group transactions	7,636	7,487	6,399
■ Including non-Group transactions	0	0	0
Group receivables	21,442,961	23,127,503	22,458,597
Non-Group loans	579,157	554,737	552,098
TOTAL	22,022,118	23,682,240	23,010,695
Breakdown of demand accounts (Group/non-Group)			
Demand accounts and loans			
■ Including Group transactions	51,334	50,850	53,615
■ Including non-Group transactions	174	8	2,757
Related receivables			
■ Including Group transactions	0	0	0
■ Including non-Group transactions	0	0	0
Unallocated amounts			
■ Including Group transactions (at Crédit Foncier's scope)	0	0	0
■ Including non-Group transactions	0	0	0
Group receivables	51,334	50,850	53,615
Non-Group loans	174	8	2,757
TOTAL	51,508	50,858	56,372

NOTE 10 A

Breakdown of term loans outstanding to credit institutions

(in €k)	12/31/2021			12/31/2020	12/31/2019
	Gross amount	Impairment	Net amount	Net amount	Net amount
Term loans					
Refinancing of subsidized residential property	0	0	0	0	0
Refinancing of unsubsidized residential property	0	0	0	0	0
Public entities	579,157	0	579,157	554,737	552,098
Other loans to credit institutions*	21,442,961	0	21,442,961	23,127,503	22,458,597
Doubtful term loans					
NET AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	22,022,118	0	22,022,118	23,682,240	23,010,696
* Including:					
Replacement values pursuant to L. 211-38, with BPCE	6,600,000	0	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	14,134,000	0	14,134,000	16,382,000	15,698,500
Loans guaranteed by local authority receivables pursuant to L. 211-38, with BPCE, CEP and Banques Populaires	701,325	0	701,325	138,017	153,698
Related and other receivables	7,636	0	7,636	7,487	6,399
TOTAL	21,442,961	0	21,442,961	23,127,503	22,458,597

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.

Securities received are recognized 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.

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 ANC Regulation No. 2014-07, the identification of doubtful loans is carried out, in particular with regard to unpaid loans for at least three consecutive months, in line with the default cases laid down in Article 178 of EU Regulation 575/2013 of June 26, 2013 on prudential requirements applicable to credit institutions and EBA guidelines (EBA/GL/2016/07) on the application of default determination and ECB delegated Regulation 2018/1845 on critical threshold measurement for unpaid credit obligations, effective no later than December 31, 2020. The definition of non-performing loans is thus clarified by the introduction of a relative threshold and an absolute threshold applicable to past-due receivables, to identify default cases, the clarification of the criteria for reverting to performing loans with a mandatory probation period and the introduction of explicit criteria for classifying restructured loans as default.

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 and the costs of taking possession and selling the collateral. 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			Impairment of customer receivables ⁽⁴⁾			Net amounts		
	12/31/2021	12/31/2020	12/31/2019	12/31/2021	12/31/2020	12/31/2019	12/31/2021	12/31/2020	12/31/2019	12/31/2021	12/31/2020	12/31/2019
Current accounts with overdrafts	0	0	0	0	0	0	0	0	0	0	0	0
Facilities granted to customers	32,548,560	34,120,342	36,291,997	1,280,252	1,277,451	1,398,681	51,778	58,711	64,147	33,777,035	35,339,082	37,626,531
Loans to financial customers	233,486	235,305	236,903	0	0	0	0	0	0	233,486	235,305	236,903
Export credits	0	0	0	0	0	0	0	0	0	0	0	0
Short-term credit facilities ⁽¹⁾	352,227	421,469	457,273	0	0	0	0	0	90	352,227	421,469	457,183
Equipment loans ⁽²⁾	8,752,340	6,974,065	5,937,134	34	34	3,192	2,427	34	3,742	8,749,947	6,974,065	5,936,584
Home loans	23,136,989	26,408,175	29,572,418	1,278,421	1,275,514	1,393,279	49,351	58,665	60,303	24,366,059	27,625,024	30,905,394
Other customer loans	4,496	5,390	2,140	19	40	47	0	11	12	4,516	5,419	2,175
Unallocated amounts	0	0	0	0	0	0	0	0	0	0	0	0
Related receivables	69,023	75,938	86,129	1,778	1,863	2,163	0	0	0	70,801	77,801	88,292
GENERAL ⁽³⁾	32,548,560	34,120,342	36,291,997	1,280,252	1,277,451	1,398,681	51,778	58,711	64,147	33,777,035	35,339,082	37,626,531

Restructured loans amounted to €415.8m at December 31, 2021, including €136.5m classified as performing loans.

Note: Compagnie de Financement Foncier does not include any intragroup loans in customer loans.

(1) Since 2007, the Company purchased the local authority loans of Natixis, which included revolving credit lines of €352.42m at December 31, 2021, versus €421.39m at December 31, 2020.

(2) Equipment loans are loans to local authorities.

(3) Customer loans eligible for refinancing with the Central Bank amounted to €1.2bn at December 31, 2021 in outstanding capital. This amount represents €0.9bn after haircut and overcollateralization constraints.

(4) Write-downs on customer loans include, on the one hand, write-downs on doubtful debts for €46.55m and, on the other hand, write-downs due to significant increases in credit risk on performing loans for €5.23m. The latter is made up of €2.84m in depreciation for the Housing Sector and €2.39m for the French local authorities (FLA).

NOTE 11 A 1

Impairment and provisions for credit risks

(in €k)	12/31/2019	Reclassification	Additions	Reversals	12/31/2020	Reclassification	Additions	Reversals	Reversals used	12/31/2021
Impairment of assets										
Customer loans and due from credit institutions ^{(1) (2)}	64,147	0	52,964	-58,401	58,711	0	26,746	-33,680	0	51,778
Provisions recognized as liabilities										
Customer loans and due from credit institutions and provisions on securities ⁽³⁾	660	0	227	-660	227	0	0	-124		103
TOTAL	64,807	0	53,192	-59,061	58,938	0	26,746	-33,804	0	51,881

(1) Loan impairment is measured at discounted value in accordance with the Regulation No. 2014-07 of the French Accounting Standards Authority.

(2) In accordance with the Regulation No. 2014-07 of the French 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)	12/31/2019	Reclassification – Repayment	Additions	Spreading	12/31/2020	Reclassification – Repayment	Additions	Spreading	12/31/2021	
Receivables due from credit institutions										
Premiums	0	0	0	0	0	0	0	0	0	
Discounts										
Net	0	0	0	0	0	0	0	0	0	
Customer loans										
Performing loans and receivables										
Premiums	857,598	-5,077	70,447	-164,570	758,398	-9,158	56,525	-140,150	665,615	
Discounts	-1,376,036	8,743	-11,638	152,955	-1,225,976	13,661	-5,446	151,712	-1,066,049	
Doubtful loans and receivables										
Premiums	36,702	5,077	0	-9,168	32,611	9,158	0	-7,518	34,251	
Discounts	-33,013	-8,743	0	9,745	-32,011	-13,661	0	8,149	-37,523	
Net	-514,749	0	58,809	-11,038	-466,978	0	51,079	12,193	-403,706	
TOTAL	-514,749	0	58,809	-11,038	-466,978	0	51,079	12,193	-403,706	

NOTE 11 B

Breakdown of outstanding customer loans

(in €k)	12/31/2021			12/31/2020	12/31/2019
	Gross	Impairment	Net	Net	Net
Mortgage Loans France	22,362,967	2,439	22,360,527	25,524,701	28,488,357
Public sector	10,171,041	2,693	10,168,347	8,569,087	7,773,390
French public sector	8,830,176	2,520	8,827,656	7,173,214	6,298,216
■ Social housing	690,693	128	690,565	721,981	845,424
■ French local authorities (FLA)	8,139,483	2,392	8,137,090	6,450,530	5,452,083
■ Sovereign France	0	0	0	703	708
Public-Private Partnership (PPP)	587,910	37	587,873	598,003	609,663
International public sector	752,955	136	752,818	797,869	865,512
International public financing	752,955	136	752,818	797,869	865,512
International Sovereign	0	0	0	0	0
Commercial mortgage exposures	14,553	98	14,455	19,011	21,740
Other	0	0	0	0	0
Subtotal performing customer loans	32,548,560	5,231	32,543,330	34,112,798	36,283,487
Doubtful loans and receivables	1,280,252	46,547	1,233,706	1,226,283	1,343,044
TOTAL CUSTOMER LOANS	33,828,813	51,778	33,777,035	35,339,082	37,626,531

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 €14.14bn in loans guaranteed by SGFGAS.

NOTE 11 C

Breakdown of outstanding doubtful loans

12/31/2021 (in €k)	Total doubtful loans			Including compromised doubtful loans		
	Gross	Impairment	Net	Gross	Impairment	Net
Mortgage Loans France	1,274,202	46,094	1,228,108	645,498	27,824	617,673
Public sector	460	84	376	395	32	363
French public sector	460	84	376	395	32	363
■ Social housing	460	84	376	395	32	363
■ French local authorities (FLA)	0	0	0	0	0	0
■ Sovereign France	0	0	0	0	0	0
Public-Private Partnership (PPP)	0	0	0	0	0	0
International public sector	0	0	0	0	0	0
■ International public financing	0	0	0	0	0	0
■ International Sovereign	0	0	0	0	0	0
Commercial mortgage exposures	5,590	368	5,222	4,617	0	4,617
Subtotal doubtful customer loans	1,280,252	46,547	1,233,706	650,509	27,856	622,654

Doubtful loans and receivables outstanding in the unsubsidized sector includes €787m 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, 2020 (in €k)	Total doubtful loans			Including compromised doubtful loans		
	Gross	Impairment	Net	Gross	Impairment	Net
Mortgage Loans France	1,195,894	50,640	1,145,254	764,079	35,826	728,254
Public sector	1,121	95	1,025	436	32	404
French public sector	1,121	95	1,025	436	32	404
■ Social housing	501	69	432	436	32	404
■ French local authorities (FLA)	619	26	593	0	0	0
■ Sovereign France	0	0	0	0	0	0
Public-Private Partnership (PPP)	0	0	0	0	0	0
International public sector	0	0	0	0	0	0
■ International public financing	0	0	0	0	0	0
■ International Sovereign	0	0	0	0	0	0
Commercial mortgage exposures	80,436	432	80,005	79,443	0	79,443
Subtotal doubtful customer loans	1,277,451	51,167	1,226,283	843,958	35,858	808,100

Doubtful loans and receivables outstanding in the unsubsidized sector includes €700.5m 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, 2019 (in €k)	Total doubtful loans			Including compromised doubtful loans		
	Gross	Impairment	Net	Gross	Impairment	Net
Mortgage Loans France	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
■ Social housing	538	67	470	472	31	441
■ French local authorities (FLA)	3,189	2,956	233	0	0	0
■ Sovereign France	0	0	0	0	0	0
Public-Private Partnership (PPP)	0	0	0	0	0	0
International public sector	0	0	0	0	0	0
■ International public financing	0	0	0	0	0	0
■ International Sovereign	0	0	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 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

<i>(in €k)</i>	12/31/2021	12/31/2020	12/31/2019
Options bought	0	0	0
Securities settlement accounts	0	0	0
Other debtors	15,690	79,391	102,017
Deposits on collateralization transactions	0	0	0
Other deposits and guarantees ⁽¹⁾	15,687	12,686	10,137
Tax consolidation receivables ⁽²⁾	0	65,860	0
Other non-trade receivables	3	845	91,880
Special bonus account	0	0	0
TOTAL	15,690	79,391	102,017

(1) At December 31, 2021, this item includes mainly the guarantee deposits of from 2015 to 2021 set up in the framework of the Single Resolution Fund in the amount of €15,687k.

(2) This item represents remuneration due by Crédit Foncier for corporate tax savings due to the tax deficit.

NOTE 13 Accrual accounts – Assets

<i>(in €k)</i>	12/31/2021	12/31/2020	12/31/2019
Collection accounts	8	24	18
Deferred expenses	147,370	170,578	201,995
Issue and redemption premiums on fixed-income securities	147,370	170,578	201,995
Other deferred expenses	0	0	0
Prepaid expenses	763,247	879,050	997,505
Termination balances of paid swaps to be amortized	763,247	879,050	997,505
Other prepaid expenses	0	0	0
Accrued income	250,811	368,357	391,627
Accrued interest on swaps	250,321	367,868	391,137
Other accrued income	490	490	490
Other accrual accounts – assets	89,308	119,398	179,966
Cash in domiciliation	0	0	0
Deferred tax assets	87,544	116,115	178,547
Currency adjustment accounts	0	0	0
Other accrued income*	1,764	3,283	1,419
TOTAL	1,250,744	1,537,408	1,771,111

* 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 (sight deposit 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.

<i>(in €k)</i>	12/31/2021	12/31/2020	12/31/2019
Due to credit institutions – on demand ⁽¹⁾	0	0	2,827
Current accounts of credit institutions	0	0	2,827
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⁾	5,009,751	6,268,175	4,433,706
Term deposits and loans	4,369,798	5,578,707	3,518,020
Values sold under repurchase agreements	0	0	0
Securities sold under repurchase agreements	640,055	689,722	914,343
Related payables	-102	-254	1,343
TOTAL	5,009,751	6,268,175	4,436,533
(1) Details on due to credit institutions – on demand (Group/non-Group)	0	0	2,827
Including 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
Including non-Group	0	0	2,827
■ Other amounts due to credit institutions	0	0	2,827
(2) Details on due to credit institutions – at maturity (Group/non-Group)	5,009,751	6,268,175	4,433,706
Including Group	5,009,751	6,268,174	4,433,721
■ Term deposits and loans	4,369,696	5,578,453	3,519,378
■ Securities sold under repurchase agreements	640,055	689,722	914,343
Including non-Group	0	0	-15
■ Term deposits and loans	0	0	-15
■ 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
Subtotal due to Group credit institutions	5,009,751	6,268,174	4,433,721
Subtotal due to non-Group credit institutions	0	0	2,812
GENERAL	5,009,751	6,268,175	4,436,533

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 2021.

<i>(in €k)</i>	12/31/2021	12/31/2020	12/31/2019
Negotiable debt securities	0	0	150,000
Related payables	0	0	1,288
Negotiable debt securities and related payables	0	0	151,288
<i>Obligations foncières</i>	53,205,393	55,824,258	59,719,859
Related payables	468,084	619,052	644,170
<i>Obligations foncières</i> and related payables	53,673,477	56,443,309	60,364,030
TOTAL	53,673,477	56,443,309	60,515,318

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

<i>(in €k)</i>	12/31/2021	12/31/2020	12/31/2019
Options sold	0	0	0
Other creditors	443,864	995,166	1,082,867
Deposits on collateralization transactions	308,671	879,916	829,668
Margin calls on repurchase agreements	0	0	0
Trade payables *	15,578	14,719	30,238
Tax consolidation liabilities ⁽¹⁾	5,539	0	17,676
Other fiscal and social debts	37	34	47
Other payables accounts	11,736	-1,336	104,701
Special bonus account	102,303	101,832	100,537
Allocated public funds ⁽²⁾	40,785	39,920	41,380
TOTAL	484,649	1,035,086	1,124,247
<i>(1) Corporate tax due to Crédit Foncier (tax consolidation)</i>	5,539	0	17,676
<i>(2) including subsidized sector</i>	39,959	38,200	38,343

* Pursuant to provisions of Article D. 4 41-4 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 invoices concerned incl. VAT <i>(in €k)</i>	0	0	0	0	0
Percentage of the total amount of the year purchases incl. VAT	0.00%	0	0	0	0.00%
Number of invoices	0	0	0	0	0

NOTE 17 Accrual accounts – Liabilities

<i>(in €k)</i>	12/31/2021	12/31/2020	12/31/2019
Collection accounts	0	22	1
Unearned income	705,960	827,335	968,283
Subsidies on loans for low-income households (PAS) and former interest-free loans (PTZ)	5,439	9,601	16,598
Balances of swaps received to be amortized	581,935	705,979	858,239
Other unearned income	118,585	111,756	93,446
Accrued expenses	117,976	127,884	153,989
Accrued interest on derivatives (swaps)	106,596	112,980	144,960
Other accrued expenses	11,379	14,904	9,029
Other accrual accounts	717,757	598,985	1,015,047
Currency adjustment accounts*	625,039	569,129	884,816
Other items	92,718	29,856	130,231
TOTAL	1,541,693	1,554,226	2,137,320

* 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

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.

In particular, this item includes a provision for counterparty risk on performing loans detailed in note 11.

<i>(in €k)</i>	12/31/2021	12/31/2020	12/31/2019
Provisions for counterparty risks	103	227	660
Provisions for counterparty risks on performing loans	103	227	425
Sectoral provisions	0	0	0
Provisions for execution risks on endorsements	0	0	235
Provisions for claims and litigation	12,059	0	9,089
Tax litigation	0	0	0
Other litigation*	12,059	0	9,089
Other provisions	263	374	20,477
Other provisions ⁽¹⁾	263	374	20,477
TOTAL	12,425	602	30,226

* The reserve for provisions only included one case and was therefore reclassified in 2020 after deduction of the outstanding amounts in question.

(1) A provision related to an estimate of an accelerated amortization of several termination balances.

Changes in the period (in €k)	Changes in 2021					
	12/31/2020	Additions	Reversals		Other changes	
			Used	Not used		
Provisions for counterparty risks	227	0	0	124	0	103
Provisions for counterparty risks on performing loans	227	0	0	124	0	103
Sectoral provisions	0	0	0	0	0	0
Provisions for execution risks on endorsements	0	0	0	0	0	0
Provisions for claims and litigation	0	15,447	0	16,547	13,159	12,059
Tax litigation	0	0	0	0		0
Other litigation	0	15,447	0	16,547	13,159	12,059
Other provisions	374	0	0	112	0	263
Other provisions	374	0	0	112	0	263
TOTAL	602	15,447	0	16,783	13,159	12,425

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)	Changes in capital and reserves					Changes in capital and reserves			
	Opening 01/01/2020	Allocation	Dividends paid in shares		Balance at 12/31/2020	Allocation	Dividends paid in shares		Other changes
				Other changes				Other changes	
Share capital*	2,537,460	0	0	0	2,537,460	0	0	0	2,537,460
Share premiums*	343,002	0	0	0	343,002	0	0	0	343,002
Reserves									
■ Legal reserve	71,036	5,564	0	0	76,600	2,358	0	0	78,958
■ General reserve	55,517	0	0	0	55,517	0	0	0	55,517
■ Regulated reserves	0	0	0	0	0	0	0	0	0
<i>Including:</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Regulated reserves of revaluation</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Special reserves for long-term capital gains</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Retained earnings	79,914	-5,562	0	0	74,352	-2,357	0	0	71,995
Net equity before net income for the year	3,086,929	0	0	0	3,086,931	0	0	0	3,086,932
Net income for the year before distributions	111,278	-111,278	0	0	47,141	-47,141	0	0	106,004
Equity after net income for the year	3,198,207	0	0	0	3,134,072	0	0	0	3,192,937
Dividends paid	0	111,278	0	0	0	47,140	0	0	0

(in €k)	Opening 01/01/2020	Allocation	Changes in provisions		Balance at 12/31/2020	Allocation	Changes in provisions		
			Additions	Reversals			Additions	Reversals	
Special revaluation provision	0	0	0	0	0	0	0	0	0
Other regulated provisions	0	0	0	0	0	0	0	0	0
Regulated provisions	0	0	0	0	0	0	0	0	0
Equity before distributions	3,198,207	0	0	0	3,134,072	0	0	0	3,192,937

(in €k)	Opening 01/01/2020	Allocation	Changes in the reserve for general banking risks (RGBR)		Balance at 12/31/2020	Allocation	Changes in the reserve for general banking risks (RGBR)		
			Additions	Reversals			Additions	Reversals	
Reserve for general banking risks	20,000	0	0	0	20,000	0	0	0	20,000
TOTAL	3,218,207	0	0	0	3,154,072	0	0	0	3,212,937

* 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 appropriation of income

(in €k)	At 12/31/2021	
Sources		
Retained earnings	0	71,995
Net income for the fiscal year	0	106,004
Deposit on dividends	0	0
Transfer from reserves	0	0
Allocation		
Allocation to reserves		
■ Legal reserve	5,301	0
■ Special long-term capital gains reserves	0	0
■ Other reserves	0	0
Dividends	106,004	0
Other distributions	0	0
Retained earnings	66,694	0
TOTAL	177,999	177,999

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

(in €k)	12/31/2021		12/31/2020		12/31/2019	
	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	1,407,570	291	1,530,768	48,137	1,179,370	355
Subsidized sector commitments	0	0	0	0	0	0
Unsubsidized sector commitments	1,407,570	291	1,530,768	48,137	1,179,370	355
Non-Group commitments	1,407,570	291	1,530,768	48,137	1,179,370	355
Credit institutions	0	0	0	0	0	0
Customers ⁽¹⁾	1,407,570	291	1,530,768	48,137	1,179,370	355
Group commitments	0	0	0	0	0	0
GUARANTEE COMMITMENTS	208,404	0	201,322	0	211,484	0
Non-Group commitments	208,404	0	201,322	0	211,484	0
Other values used as collateral ⁽²⁾	208,404	0	201,322	0	211,484	0
COMMITMENTS ON SECURITIES	0	0	0	0	0	0
TOTAL ⁽³⁾	1,616,264		1,780,227		1,391,209	

(1) The main changes concerning financing commitments given to customers are:

(in €k)	12/31/2021	12/31/2020	12/31/2019
Permanent credit lines (outstanding transferred from Ixis CIB)	1,407,570	1,478,701	1,127,303
State housing savings accounts (primes d'épargne logement)	0	52,067	52,067

(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) including:

(in €k)	12/31/2021	12/31/2020	12/31/2019
Securities	157,599	147,225	151,926
Receivables	50,805	54,097	59,558

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) Including:

(in €k)	12/31/2021	12/31/2020	12/31/2019
Doubtful commitments	291	204	355

20.2 COMMITMENTS RECEIVED

(in €k)	12/31/2021	12/31/2020	12/31/2019
FINANCING COMMITMENTS	23,352,895	24,869,427	25,230,739
Non-Group commitments	767,113	693,633	696,386
Credit institutions ⁽¹⁾	767,113	693,633	696,386
Group commitments	22,585,782	24,175,794	24,534,353
Repurchase guarantee	0	0	0
Credit institutions ⁽²⁾	2,000,000	2,000,000	2,000,000
Other assets received as collateral from the Group ⁽³⁾	20,585,782	22,175,794	22,534,353
GUARANTEE COMMITMENTS	27,787,877	31,463,810	35,125,289
Non-Group commitments	27,149,187	30,593,712	34,136,935
Credit institutions and similar institutions ⁽⁴⁾	4,407,573	4,754,066	5,109,315
Customers ⁽⁵⁾	22,741,614	25,839,646	29,027,620
Group commitments	638,689	870,097	988,354
Credit institutions and similar items	609,535	835,417	949,104
Customers	29,154	34,680	39,250
COMMITMENTS ON SECURITIES	0	0	0
Other securities to be received	0	0	0
TOTAL	51,140,772	56,333,237	60,356,028

(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 €183.41m at December 31, 2021 compared with €180.57m at December 31, 2020.

(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)	12/31/2021	12/31/2020	12/31/2019
■ Guarantees received from Crédit Foncier for loans to French local authorities (L. 211-38):	14,309,116	16,610,206	15,969,196
■ Guarantees received from BPCE SA as replacement values (L. 211-38 – RV):	5,549,140	5,429,097	6,410,498
■ Guarantees received from Caisses d'Épargne, Banques Populaires and BPCE for loans to French local authorities (L. 211-38):	727,526	136,491	154,659
■ Guarantees received from Crédit Foncier for mortgage notes:	0	0	0

(4) Mainly includes:

(in €k)	12/31/2021	12/31/2020	12/31/2019
■ Guarantees received from Crédit Logement rated Aa3 (Moody's):	4,192,988	4,515,149	4,755,141
■ Guarantees received from Créserfi:	200,543	229,473	266,023

(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)	12/31/2021	12/31/2020	12/31/2019
■ Government guarantees on loans, mainly to the subsidized sector	17,140	102,922	113,481
■ Guarantees from the SGFGAS on FGAS-eligible loans and covered by the government	14,144,644	15,927,141	17,625,830
■ Mortgage guarantees for mortgage loans that are only covered by this guarantee	5,588,831	6,688,985	7,929,066
■ Guarantees given by local authorities and other organizations	592,344	668,463	757,388
■ Security enhancement guarantees given by governments	1,032,726	1,038,059	1,075,448
■ Security enhancement guarantees received from insurance companies	1,313,818	1,362,005	1,468,294

NOTE 21 Commitments on forwards and options contracts

FOREIGN CURRENCY 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.

Receivables, liabilities and off-balance sheet commitments denominated in a foreign currency are valued at the closing exchange rate. 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".

FUTURE 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 nominal value of the contracts. At closing, the amount recognized for these commitments represented the volume of the open transactions at closing.

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, floor and ceiling guarantees) are classified according to the initial intention criterion 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;
- for 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, 2021, Compagnie de Financement Foncier recognized no forward rate agreements on an isolated open position.

(in €k)	12/31/2021		12/31/2020		12/31/2019	
	Euros	Devises ⁽²⁾	Euros	Devises ⁽²⁾	Euros	Devises ⁽²⁾
OVER-THE-COUNTER MARKETS						
Options (nominal amounts)	825,024	0	985,573	0	1,171,573	0
Hedging transactions (purchases)						
■ Interest rate instruments	825,024	0	985,573	0	1,171,573	0
■ foreign exchange instrument	0	0	0	0	0	0
■ Other instruments	0	0	0	0	0	0
<i>Other options</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Options (fair value)	2,705	0	405	0	877	0
Forward transactions (nominal amounts)	54,112,367	6,175,469	58,624,462	6,427,223	60,907,268	7,526,130
Hedging transactions						
■ Interest rate instruments	49,274,609	334,752	53,286,982	315,932	54,862,353	328,002
■ Foreign exchange instrument ⁽³⁾	4,837,758	5,840,717	5,337,480	6,111,291	6,044,915	7,198,128
■ Other instruments	0	0	0	0	0	0
Other transactions						
Forward transactions (fair value) ⁽¹⁾	1,106,671	-2,213,663	1,390,161	-1,944,002	1,881,742	-2,860,835
Forward and options transactions	54,937,391	6,175,469	59,610,036	6,427,223	62,078,842	7,526,130
TOTAL ⁽²⁾ (NOMINAL AMOUNTS)	61,112,860		66,037,259		69,604,972	
TOTAL (FAIR VALUE)	-1,104,287		-553,436		-978,216	

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 institutions ⁽¹⁾

<i>(in €k)</i>	12/31/2021	12/31/2020	12/31/2019	12/31/2021 Valuation of assets received as collateral ⁽²⁾
BALANCE SHEET				
Asset items				
Receivables due from credit institutions				
Sight deposit	51,334	50,850	53,615	0
Term	0	0	0	0
Term deposits guaranteed by repo securities	21,442,961	23,127,504	22,458,597	20,585,782
■ Loans guaranteed by French local authority loans (SPT) under L. 211-38	7,613,825	8,012,517	7,940,698	7,700,791
■ to Crédit Foncier	6,912,500	7,874,500	7,787,000	6,973,265
■ to BPCE	0	0	0	0
■ to other Group entities	701,325	138,017	153,698	727,526
■ Loans guaranteed by mortgage loans under L. 211-38	7,221,500	8,507,500	7,911,500	7,335,851
■ to individuals	6,567,000	7,844,000	7,342,000	6,674,372
■ to Corporates	654,500	663,500	569,500	661,479
■ Loans registered as replacement values under L. 211-38	6,600,000	6,600,000	6,600,000	5,549,140
■ to BPCE	6,600,000	6,600,000	6,600,000	5,549,140
■ Related receivables	7,636	7,487	6,399	0
Customer transactions				
Receivables	0	0	0	0
Securities transactions				
Bonds and other fixed-income securities	0	0	63,520	0
■ Mortgage notes	0	0	0	0
■ to Crédit Foncier	0	0	0	0
■ Other fixed-income securities	0	0	60,494	0
■ Related receivables	0	0	3,027	0
OTHER ASSETS ⁽²⁾				
Other debtors	0	65,860	0	0
TOTAL ASSETS	21,494,295	23,244,214	22,575,733	20,585,782

(in €k)	12/31/2021	12/31/2020	12/31/2019	12/31/2021 Valuation of assets received as collateral ⁽²⁾
Liabilities				
Due to credit institutions				
Sight deposit	0	0	0	
Term	4,370,485	5,579,084	3,520,069	
Securities sold under repurchase agreements	640,844	690,354	915,034	
Customer transactions				
Sight deposit	0	0	0	
Debt securities	0	0	0	
Subordinated debts	0	0	0	
Other liabilities				
Other creditors	15,133	12,539	28,039	
TOTAL LIABILITIES	5,026,461	6,281,976	4,463,142	

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 31 DECEMBER, 2021

Heading (in €k)	Australian \$	Canadian \$	US \$	£ Sterling	Swiss Franc	Yen	Hungarian Forint	New Zealand \$	Norwegian Krone	Danish Krone	TOTAL
BALANCE SHEET											
Financial assets	30	10	1,874,617	64,481	1,124,498	795,473	9	36	3,232	7	3,862,393
Financial liabilities	0	0	208,735	677,897	1,000,742	4,670	0	0	162,824		2,054,868
Balance sheet differential (I)	30	10	1,665,882	-613,416	123,756	790,803	9	36	-159,592	7	1,807,525
OFF-BALANCE SHEET											
Commitments received	0	0	227,958	655,120	974,914	0	0	0	159,592	0	2,017,584
Commitments given	0	0	1,893,853	41,689	1,096,818	790,772	0	0	0	0	3,823,132
Off-balance sheet differential (II)	0	0	-1,665,895	613,431	-121,904	-790,772	0	0	159,592	0	-1,805,548
TOTAL DIFFERENTIAL (I)+(II)	30	10	-13	15	1,852	31	9	36	0	7	1,977

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, 2021

Heading (in €k)	Remaining maturity					Total ⁽²⁾
	< 3 months	3 months < D < 6 months	6 months < D < 1 year	1 year < D < 5 years	> 5 years	
BALANCE SHEET						
Financial assets ⁽¹⁾	7,795,544	978,655	2,167,521	16,248,430	33,322,957	60,513,107
Receivables due from credit institutions	7,020,429	395,424	893,582	6,015,810	7,689,236	22,014,481
Receivables from customers	625,962	556,854	1,167,957	8,455,652	21,631,907	32,438,332
Bonds and other fixed-income securities	149,153	26,377	105,982	1,776,968	4,001,814	6,060,294
Subordinated term loans	0	0	0	0	0	0
Financial liabilities	6,677,160	1,028,673	3,263,719	21,727,214	25,518,480	58,215,246
Due to credit institutions	4,321,160	178,356	1,283	4,326	504,728	5,009,853
Due to customers	0	0	0	0	0	0
Debt securities:	2,356,000	850,317	3,262,436	21,722,888	25,013,752	53,205,393
■ <i>Retails certificates of deposit</i>	0	0	0	0	0	0
■ <i>Interbank market securities</i>	0	0	0	0	0	0
■ <i>Negotiable debt securities</i>	0	0	0	0	0	0
■ <i>Bonds</i>	2,356,000	850,317	3,262,436	21,722,888	25,013,752	53,205,393
■ <i>Other debt securities</i>	0	0	0	0	0	0
Subordinated term debt	0	0	0	0	0	0
Balance sheet differential (I)	1,118,384	-50,018	-1,096,198	-5,478,784	7,804,477	2,297,861
OFF-BALANCE SHEET						
Commitments given	0	0	1,407,570	0	0	1,407,570
Commitments received	183,413	0	0	2,000,000	0	2,183,413
Off-balance sheet differential (II)	183,413	0	-1,407,570	2,000,000	0	775,843
TOTAL DIFFERENTIAL (I)+(II)	1,301,797	-50,018	-2,503,768	-3,478,784	7,804,477	3,073,704
Conditional positions	1,500	1,500	1,500	34,524	786,000	825,024

(1) The financial assets of Compagnie de Financement Foncier include €3.9bn 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

Type of indications (in €)	2017	2018	2019	2020	2021
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	2,543,480,488	2,258,211,772	2,022,986,514	1,831,359,717	1,689,541,844
b) Profit for the fiscal year before tax, employee profit sharing and net increase/reversal in amortization and provisions	66,965,494	146,646,334	164,320,963	52,079,307	147,791,688
c) Income tax	-26,052,279	-67,561,772	-57,424,140	-30,783,931	-50,053,462
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	58,204,957	89,783,493	111,278,471	47,140,925	106,004,329
f) Amount of profits distributed	58,209,987	89,783,262	111,277,134	47,139,662	106,003,975
III) Earnings from operations per share*					
a) Profit for the fiscal year after tax and employee profit sharing but before net increase/reversal in amortization and provisions	0.26	0.50	0.67	0.13	0.62
b) Profit for the fiscal year after tax and employee profit sharing and net increase/reversal in amortization and provisions	0.37	0.57	0.70	0.30	0.67
c) Dividend paid per share	0.37	0.57	0.70	0.30	0.67
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

* Earnings per share are determined by the average number of shares for the year concerned.

NOTE 26 Cash flow statement

26.1 PRINCIPLES

The net cash flow statement analyses the change in cash flow from operating, investment and financing transactions between two periods.

The cash flow statement of Compagnie de Financement Foncier is presented in accordance with ANC recommendation 2004-R-03, on the format used for corporate summary reports and overseen by the French Banking and Financial Services Regulatory Committee.

It is established according to the indirect method: net income for the fiscal year is restated for non-monetary items:

- depreciation of property, plant and equipment and intangible assets, net impairment charges;
- provisions, other transactions without cash payments, such as accrued expenses and accrued income. Cash flows generated by operating, investing and financing activities are determined by the difference between the items in the annual financial statements for the previous year and the current year.

Treasury transactions with no cash flow or impact on profit or loss are neutral: payment of the dividend in shares, provision for retained earnings.

The breakdown of Compagnie de Financement Foncier's activities between operating, investing and financing activities takes into account its *société de crédit foncier* status.

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 council. It includes cash on hand and sight deposits at the Banque de France, in post office accounts and with credit institutions.

26.2 CASH FLOW STATEMENT

<i>(in €k)</i>	12/31/2021	12/31/2020	12/31/2019
Operating activities			
Net income for the fiscal year	106,004	47,141	111,278
Restatement of earnings related to operating activities	0	0	0
Tangible and intangible fixed assets, excluding goodwill	0	0	0
Net provisions charges/customers and credit institutions	-6,930	-5,310	-28,049
Net provisions charges/available-for-sale securities	0	0	0
Net provisions charges/held-to-maturity securities	0	0	0
Net provisions charges/loans	-236	-20,536	19,836
Net gain on sale of fixed assets	0	0	0
Other transactions without cash payments	-66,572	-82,180	181,861
Cash flows on loans to credit institutions and customers	3,235,410	1,598,778	5,385,595
Cash flows on securities available to sale	0	0	0
Cash flows on held-to-maturity securities	381,005	671,455	322,725
Cash flows on other assets	93,807	83,188	-40,562
Cash flows on debts/credit institutions and customers	-1,258,575	1,833,239	-2,165,299
Net borrowing	-2,618,865	-4,045,602	-2,933,941
Cash flows on other liabilities	-487,597	-189,514	95,112
Net cash flows used for operating activities	-622,549	-109,341	948,556
Investing activities			
Cash flows related to the sale of:			
■ <i>Financial assets</i>	0	0	0
■ <i>Tangible and intangible fixed assets</i>	0	0	0
Disbursements for the acquisition of:			
■ <i>Financial assets</i>	0	0	0
■ <i>Tangible and intangible fixed assets</i>	0	0	0
Net cash flows from other investment activities	0	0	0
Net cash flows used for investment activities			
Financing activities			
Cash flows from share issuances	0	0	0
Dividends paid	-47,140	-111,277	-89,783
Net issuances of subordinated debt	0	0	0
Other	0	0	0
Net cash flows from financing activities	-47,140	-111,277	-89,783
NET CHANGE IN CASH POSITION	-669,689	-220,618	858,773
Opening cash and cash equivalents	1,400,197	1,620,815	762,042
Closing cash and cash equivalents	730,508	1,400,197	1,620,815
Net	-669,689	-220,618	858,773
Cash: deposits at Banque de France	679,000	1,349,339	1,564,443
Amount due to credit institutions on demand*	51,508	50,858	56,372
TOTAL	730,508	1,400,197	1,620,815
* including: BPCE	51,053	50,383	53,147

NOTE 27 Consolidation

In accordance with Article 4111-1 of Regulation No. 2014-07 of the French National Accounting Standards Authority, 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 Remuneration, advances

The “Employee benefits expense” heading corresponds exclusively to the fees allocated to Board members.

NOTE 29 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, 2021, Compagnie de Financement Foncier had no activities or offices in non-cooperative countries.

NOTE 30 Information relating to Statutory Auditors’ fees

(in €k)	KPMG				PricewaterhouseCoopers				Total			
	2021		2020		2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Audit												
Certification of the financial statements	208	75%	199	83%	209	77%	224	81%	417	76%	423	82%
Other procedures and services directly related to the Statutory Auditor’s assignment*	70	25%	42	17%	61	23%	54	19%	131	24%	96	18%
TOTAL	278	100%	241	100%	270	100%	278	100%	548	100%	519	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.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

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, 2021.

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 at December 31, 2021 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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. 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 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, the methods for estimating provisions for these two categories of loans converge with the expected loss calculations performed in accordance with IFRS 9 for the consolidated financial statements of the Crédit Foncier group.

The measurement of provisions requires management to use judgment to classify exposures (non-doubtful, deteriorated, underperforming or doubtful loans) and to determine recoverable future flows and recovery times.

Given the importance of the judgment required to determine impairment losses and the complexity of the estimates made in accordance with IFRS 9, we deemed the estimation of expected losses on loans to individuals to be a key audit matter.

At December 31, 2021, loans and receivables due from customers amounted to €33,829 million, including €1,280 million in gross doubtful loans. The impairment and provisions recognized to cover credit risks amounted to €52 million, including €5.2 million in impairment with respect to significant increases in credit risk on performing loans.

For more information on accounting principles and exposures, see Notes 6 (Cost of risk) and Note 11 (Customer operations) to the financial statements.

How our audit addressed this risk

We examined the processes implemented by the Risk department to categorize loans (nondoubtful, deteriorated, underperforming or doubtful) and to measure the amount of expected or actual losses thereon.

We tested the controls implemented by management to identify deteriorated, underperforming or doubtful loans, assess the likelihood of recovery and measurement of 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;
- we also gained an understanding of the procedures for performing the periodic review of the main inputs for the models used;
- we carried out controls on the entire IT system implemented by Groupe BPCE, including a review of general IT controls, interfaces and automated controls;
- lastly, 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.

With regard to doubtful loans, we have:

- 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;
- we verified provision calculations on a sample basis.

We assessed the appropriateness of the disclosures provided in the notes to the financial statements.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS PROVIDED TO THE SHAREHOLDERS WITH RESPECT TO THE COMPANY'S FINANCIAL POSITION AND THE FINANCIAL STATEMENTS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the following item.

- Concerning the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-6 of the French Commercial Code, we have the following matter to report: As indicated in the management report, this information does not include banking and related transaction, as the Company has decided that such transactions 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 and L.22-10-10 of the French Commercial Code.

OTHER VERIFICATIONS AND INFORMATION PURSUANT TO LEGAL AND REGULATORY REQUIREMENTS

PRESENTATION OF THE FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the financial

statements to be included in the annual financial report referred to in paragraph I of article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018.

On the basis of our work, we conclude that the presentation of the financial statements included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of Compagnie de Financement Foncier by the General Meetings held on May 17, 2002 for PricewaterhouseCoopers Audit and May 25, 2005 for KPMG S.A.

At December 31, 2021, PricewaterhouseCoopers Audit and KPMG S.A. were in the twentieth and the seventeenth consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of 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 expects 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 risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE FINANCIAL STATEMENTS

OBJECTIVE 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 of 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 taken by users on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- obtain an understanding of the internal control procedures 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess 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 any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute 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) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

The Statutory Auditors

Paris La Défense, March 23, 2022

KPMG S.A.

Xavier de Coninck

Partner

Neuilly-sur-Seine, March 23, 2022

PricewaterhouseCoopers Audit

Emmanuel Benoist

Partner

DETAILS OF THE CALCULATION OF THE OVERCOLLATERALIZATION RATIO AND CONTROL OF LIMITS

	Net book values or amounts eligible for refinancing <i>(in thousands of euros)</i>	Weighting <i>(in %)</i>	Risk-weighted amounts <i>(in thousands of euros)</i>
ASSETS USED TO COVER PRIVILEGED RESOURCES	1	2	3
1 MORTGAGE-BACKED LOANS – prime mortgages or equivalent collateral	24,787,379	100%	24,787,379
2 PROMISSORY NOTES (Articles L. 313-42 To L. 313-49 of the French Monetary and Financial Code)	0		0
of which:			
2.1 Mortgage-backed loans – prime mortgages or equivalent collateral	0	100%	0
2.2 Loans with institutional guarantees	0	100%	0
2.2.1 Meeting the conditions of paragraph 1-a) of the appendix to regulation 99-10: the guarantee company outside the consolidation scope of société de crédit foncier or société de financement de l'habitat has a minimum of the second-highest grade of credit quality	0	100%	0
2.2.2 Meeting the conditions of paragraph 1-a) of the appendix to regulation 99-10: the guarantee company outside the consolidation scope of société de crédit foncier or société de financement de l'habitat has a minimum of the third-highest grade of credit quality		80%	
2.2.3 Meeting the conditions of paragraph 1-b) of the appendix to regulation 99-10: the guarantee company included in the consolidation scope of société de financement de l'habitat has a minimum of the second-highest grade of credit quality		80%	
2.2.4 Meeting the conditions of paragraph 1-b) of the appendix to regulation 99-10: the guarantee company included in the consolidation scope of société de financement foncier or société de financement de l'habitat has the third-highest grade of credit quality		60%	
3 EXPOSURES ON PUBLIC ENTITIES	24,324,050	100%	24,324,050
of which:			
3.1 Exposures referred to in paragraph 5 of Article L. 513-4 I of the French Monetary and Financial Code.			
3.2 Exposures referred to in paragraph 5 of Article L. 513-4 I of the French Monetary and Financial Code recorded on the balance sheet before 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	6,648,857	100%	6,648,857
5.1 Receivables and securities from credit institutions and investment firms corresponding to subparagraph 1 of Article R. 513-6	17	100%	17
5.2 Receivables and securities from the management of forward financial instruments corresponding to subparagraph 2 of Article R. 513-6	308,790	100%	308,790
5.3 Receivables and securities from credit institutions and investment firms corresponding to subparagraph 3 of Article R. 513-6	6,340,050	100%	6,340,050

	Net book values or amounts eligible for refinancing <i>(in thousands of euros)</i>	Weighting <i>(in %)</i>	Risk-weighted amounts <i>(in thousands of euros)</i>
	1	2	3
ASSETS USED TO COVER PRIVILEGED RESOURCES			
6	GUARANTEED LOANS		5,913,654
6.1	Meeting the conditions of paragraph 1-a) of the appendix to regulation 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%	5,913,654
6.2	Meeting the conditions of paragraph 1-a) of the appendix to regulation 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 third-highest grade of credit quality	80%	
6.3	Meeting the conditions of paragraph 1-b) of the appendix to regulation 99-10: the guarantee company included in the consolidation scope of société de financement de l'habitat has a minimum of the second-highest grade of credit quality	80%	
6.4	Meeting the conditions of paragraph 1-b) of the appendix to regulation 99-10: the guarantee company included in the consolidation scope of société de financement de l'habitat has the third-highest grade of credit quality	60%	
7	SHARES, EQUITIES AND DEBT SECURITIES ISSUED BY A SECURITIZATION ENTITY		
7.1	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 (until December 31, 2014)	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. 513-3 II		
7.1.3	Assets composed 90% of exposures defined in Article L. 513-4		
7.2	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 2, 2011 that have the second-highest grade of credit quality (until December 31, 2011)	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. 513-3 II		
7.2.3	Assets composed 90% of exposures defined in Article L. 513-4		

	Net book values or amounts eligible for refinancing <i>(in thousands of euros)</i>	Weighting <i>(in %)</i>	Risk-weighted amounts <i>(in thousands of euros)</i>
	1	2	3
ASSETS USED TO COVER PRIVILEGED RESOURCES			
7.3	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 from January 1, 2015	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. 513-3 II		
7.3.3	Assets composed 90% of exposures defined in Article L. 513-4		
7.4	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 from January 1, 2015	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. 513-3 II		
7.4.3	Assets composed 90% of exposures defined in Article L. 513-4		
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. 513-3 II		
7.5.3	Assets composed 90% of exposures defined in Article L. 513-4		

	Net book values or amounts eligible for refinancing <i>(in thousands of euros)</i>	Weighting <i>(in %)</i>	Risk-weighted amounts <i>(in thousands of euros)</i>
	1	2	3
ASSETS USED TO COVER PRIVILEGED RESOURCES			
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. 513-3 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. 513-3 II		
7.7.3	Assets composed 90% of exposures defined in Article L. 513-4		
8	OTHER ASSET ITEMS	733,740	100%
8.1	Other class 1 items	679,000	679,000
8.2	Other class 2 items	-305,422	-305,422
8.3	Other class 3 items	360,162	360,162
8.4	Other class 4 items	0	0
9	TRANSACTIONS DEDUCTED FROM ASSETS	2,389,051	100%
9.1	Funds received from clients awaiting allocation, recorded under liabilities on the balance sheet	0	0
9.2	Security repurchase agreements: securities sold	566,907	566,907
9.3	Receivables funded under the conditions set by Articles L. 313-23 to L. 313-34 of the French Monetary and Financial Code		0
9.4	Assets deducted following the implementation the final subparagraph of Article 9 of CRBF Regulation 99-10	1,822,144	1,822,144
10	TOTAL WEIGHTED AMOUNTS OF ASSETS (1+2+3+4+5+6+7+8 -9) A		60,018,630
	COVERAGE RATIO (with 2 decimals) (A/P x 100)		112.19%

		Amounts (in €k)
RESOURCES HAVING THE PRIVILEGE DEFINED IN ARTICLE L. 513-11 OF THE FRENCH MONETARY AND FINANCIAL CODE: LIABILITIES		1
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	53,673,477
3.1	Obligations foncières or housing finance bonds ¹	53,205,393
3.2	Negotiable debt securities	-
3.3	Other securities with privilege	
3.4	Debts related to these securities	468,084
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	53,673,477
3.7	of which nominal amount	53,205,393
4	Amounts due in respect of the contract pursuant to article L. 513-15 of the French monetary and financial code	0
5	Amounts due in respect of forward financial instruments having the privilege defined in article L. 513-11 of the French monetary and financial code	-174,636
5.1	of which impact of variations in exchange rate on the nominal amount of privileged resources	-198,170
6	Liabilities resulting from the incidental expenses set out in final subparagraph of article L. 513-11 of the French monetary and financial code	-
7	Privileged resources (1 + 2 + 3 + 4 + 5 + 6) P	53,498,841
8	Nominal amount of privileged resources ("1.1"+"2.3"+"3.7"+"5.1")	53,007,223

		Ratios/Amounts (in €k)
AUDIT OF THE LIMITS APPLICABLE TO ASSET CLASSES (RATIO WITH 2 DECIMALS)		
1	Total assets	63,934,931
2.1	Loans guaranteed held directly	4,409,666
2.2	Guaranteed loans included as assets of securitization or similar entities, or assigned by promissory notes	1,790,418
2.3	Total guaranteed loans (2.1 + 2.2)/asset (1) (≤ 35% except for housing finance companies)	9.70%
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 (1) (≤ 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 (≤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. 513-3 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 (≤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. 513-3 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. 513-4 of the French Monetary and Financial Code/nominal amount of privileged resources (≤20%)	
7	Safe and liquid assets/nominal amount of privileged resources (≤15%)	11.96%

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)	Weighting	Risk-weighted amounts (in €k)
1		1	2	3
1	Exposure to the entities mentioned in the third subparagraph of article R. 513-8 of the French monetary and financial code	6,758,050	100%	6,758,050
	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	6,339,893	100%	6,339,893
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)	308,790	100%	308,790
1.3	Other assets	109,367	100%	109,367
1.3.1	Interest accrued on swaps	89,149	100%	89,149
1.3.2	Accrued income	1,764	100%	1,764
1.3.3	Other	18,453	100%	18,453
2	Non-privileged resources	9,529,819	100%	9,529,819
2.1	Amount of the 25% limit of non-privileged resources pursuant to Article 9 of CRBF Regulation No. 99-10	2,382,455		-
3	Any assets received as collateral, pledges or full ownership in respect of 1, in accordance with 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	2,553,452		2,553,452
3.1	Assets weighted at 100%	2,553,452	100%	2,553,452
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	1,822,144		

DETAILS FOR CALCULATING THE AMOUNTS ELIGIBLE FOR REFINANCING WITH PRIVILEGED RESOURCES	Item code	Value of the assets financed or provided as collateral (in €K)		Amount eligible for refinancing (in €K)
		Amounts (in €K) 1	(in €K) 2	
Mortgage loans*		25,338,076		24,787,379
of which:				
amount of loans for which the LTV is the outstanding principal		23,208,462		23,208,462
amount of loans for which the refinancing LTV is the product of the value of the assets pledged as collateral and the ratios referred to in Article R. 513-1 of the French Monetary and Financial Code		2,122,798	1,887,988	1,578,917
of which:				
Loans covered by Article R. 513-1 II.1 for which the LTV eligible for refinancing represents 60% of the value of the assets provided as collateral		252,281	239,193	143,516
Loans covered by Article R. 513-1 II.2 for which the LTV eligible for refinancing represents 80% of the value of the assets provided as collateral		1,175,840	1,074,945	861,551
Loans covered by Article R. 513-1 II.3 for which the LTV eligible for refinancing represents 100% of the value of the assets provided as collateral		694,677	573,850	573,850
of which:				
mortgage loans covered by Article R. 513-1 II.3		691,522	570,963	570,963
mortgage loans also guaranteed by a surety issued by a credit institution or an insurance company (Article L. 513-3 of the French Monetary and Financial Code)				
mortgage loans also guaranteed by a public entity (Article L. 513-3 of the French Monetary and Financial Code)		3,155	2,887	2,887
Loans with institutional guarantees*		6,194,843		5,913,654
of which:				
amount of loans for which the LTV is the outstanding principal		4,924,993		4,924,993
amount of loans for which the refinancing LTV is the product of the value of the assets financed and the ratios referred to in Article R. 513-1 of the French Monetary and Financial Code		1,268,197	1,240,072	988,662
of which:				
loans covered by Article R. 513-1 II.1 for which the LTV eligible for refinancing represents 60% of the value of the assets financed		0	0	0
loans covered by Article R. 513-1 II.2 for which the LTV eligible for refinancing represents 80% of the value of the assets financed		1,268,197	1,240,072	988,662
loans covered by Article R. 513-1 II.3 for which the LTV eligible for refinancing represents 100% of the value of the assets financed				

DETAILS FOR CALCULATING THE AMOUNTS ELIGIBLE FOR REFINANCING WITH PRIVILEGED RESOURCES	Item code	Amounts (in €K) 1	Value of the assets financed or provided as collateral (in €K) (in €K) 2	Amount eligible for refinancing (in €K) (in €K) 3
Promissory notes governed by Articles L. 313-42 to L. 313-49 of the French Monetary and Financial Code		0		0
of which:				
amount of loans mobilized for which the refinancing LTV is the outstanding principal		0		0
amount of loans mobilized for which the refinancing LTV is the product of the value of the assets financed or pledged as collateral for the loans and the ratios referred to in Article R. 513-1 of the French Monetary and Financial Code		0	0	0
of which:				
Loans covered by Article R. 313-20 II.1 for which the LTV eligible for refinancing represents 60% of the value of the assets financed or provided as collateral		0	0	0
Loans covered by Article R. 313-20 II.2 for which the LTV eligible for refinancing represents 80% of the value of the assets financed or provided as collateral		0	0	0
Loans covered by Article R. 313-21.1 for which the LTV eligible for refinancing represents 90% of the value of the assets financed or provided as collateral		0	0	0
Loans covered by Article R. 313-21.2 for which the LTV eligible for refinancing represents 100% of the value of the assets financed or provided as collateral		0	0	0
Securitization units or shares				
Shares, equities and debt securities of securitization vehicles for which the refinancing LTV is the outstanding amount of eligible "senior" units or securities held (Article R. 513-3 I.1)				
Shares, equities and debt securities of securitization vehicles for which the refinancing LTV consists of the capital outstanding on the assets of the securitization vehicles plus the liquid assets defined in Article R. 214-95 of the French Monetary and Financial Code (Article R. 513-3.I.2)				
Shares, equities and debt securities of securitization vehicles for which the eligible refinancing LTV consists of the proceeds of the value of the assets financed or provided as collateral for loans included in the assets of securitization vehicles by the ratios referred to in Article R. 513-1 of the French Monetary and Financial Code, plus the liquid assets defined in Article R. 214-95 of the French Monetary and Financial Code				
* Residual outstanding mortgage loans and guaranteed loans transferred to the creation of Compagnie de Financement Foncier in 1999 are assets that can be fully refinanced by privileged resources, in accordance with the so-called "grandfather" clause.				



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GENERAL INFORMATION

Corporate name of the registered office

The registered office of Compagnie de Financement Foncier is located at 182 avenue de France 75013 Paris.

Activity

Compagnie de Financement Foncier is the *société de crédit foncier* of groupe Crédit Foncier de France, 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 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.

Seventeen agreements were signed by and between Crédit Foncier and Compagnie de Financement Foncier as of December 31, 2021, namely:

- a framework agreement, setting forth the general principles;
- an agreement for loan assignments;
- an agreement for loan servicing and debt collection;
- 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 variable-rate loans;
- a guarantee and compensation agreement;
- a paying agent agreement;
- an agreement related to shareholders' advance account effective ;
- an agreement on the assignment of mortgage ranking/priority;
- a tripartite agreement between Crédit Foncier, Compagnie de Financement Foncier and the State: an agreement for State-aided loan servicing and debt collection.

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 sector 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 loan servicing or debt collection 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 servicing or collection of such debts.

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 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 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 instruments, 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 any 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.

Compagnie de Financement Foncier is identified under number LEI DKGVVH5FKILG8R13CO13.

Fiscal year

The fiscal year begins 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

2021

The Ordinary General Shareholders' Meeting, which met on May 5, 2021, resolved that a dividend of €47,139,661.96 would be paid out in respect of fiscal year 2020 to shareholders, equal to €0.29724 per share.

2020

The Ordinary General Shareholders' Meeting, which met on May 4, 2020, resolved that a dividend of €111,277,133.67 would be paid out in respect of fiscal year 2019 to shareholders, equal to €0.70166 per share.

2019

The Ordinary General Shareholders' Meeting, 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.

CAPITAL

SHARE CAPITAL

At December 31, 2021, the Company's share 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 Bylaws 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 December 31, 2021	Number of shares	As a%
Crédit Foncier de France	158,591,245	100.00
Director	1	n.s
TOTAL	158,591,246	100.00

CHANGES IN OWNERSHIP STRUCTURE OVER THE LAST FIVE YEARS

The Board of Directors, in its 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 2017.

No change was made to the share capital in 2018.

No change was made to the share capital in 2019.

No change was made to the share capital in 2020.

No change was made to the share capital in 2021.

NATURAL OR LEGAL PERSONS THAT EXERCISE CONTROL OVER THE COMPANY

Crédit Foncier de France – 182 avenue de France – 75013 Paris – 542 029 848 RCS Paris

INFORMATION ON GROUPE CRÉDIT FONCIER DE FRANCE, INCLUDING COMPAGNIE DE FINANCEMENT FONCIER

From its creation in 1852 and until 1999, Crédit Foncier has held the special status of 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 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 a *société de crédit foncier* by the CECEI (French Credit Institutions and Investment Firms Committee). Crédit Foncier transferred all its *obligations foncières* and pledged assets to Compagnie de Financement Foncier pursuant to Article 110 of the law of June 25, 1999.

Crédit Foncier has been an affiliate of Groupe BPCE since 2009, created by the merger of the Caisse d'Épargne and Banque Populaire groups. 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;

- 1° 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;
- 2° acquiring and possessing any real or personal property necessary for the accomplishment of its purpose or resulting from the collection of its debts:
 - concluding with any authorized third party any agreement relating to the acquisition, holding, management, maintenance and sale of these assets;
- 3° 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;
- 4° in connection with its own activity or on behalf of other companies, providing customers with and managing payment instruments, in particular:
 - for the payment of funds or the receipt of all cash flows arising from lending business,

- 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;

5° participating in any system for interbank settlements, settlement-delivery of securities and any 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;

6° 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 corporate name of the Company is “Compagnie de Financement Foncier”.

ARTICLE 4 – REGISTERED OFFICE

The registered office is located in Paris (75013) 182 avenue de 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 THE 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 share 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.

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 – TERM OF OFFICE OF DIRECTORS

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 Annual 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 calls a Board meeting with a specific agenda.

The Chief Executive Officer can also request that the Chairman calls a Board meeting with a specific agenda.

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.

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 telecommunication 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 (€30m);

- (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 examine the results of the review covering the policy, procedures and limits governing 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 remuneration 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. He is eligible for re-election.

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 remuneration 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 remuneration 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 director 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 Annual 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 remuneration in the context 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 Substitute Statutory Auditors, under the conditions stipulated by law.

ARTICLE 20 – SPECIFIC CONTROLLER

Under the conditions stipulated by law and by the legislation 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 a substitute.

The Specific Controller and, if applicable, the substitute shall perform the duties assigned to them by the laws governing a *société de crédit foncier*.

Section V: Annual General Shareholders' Meetings

ARTICLE 21 – ANNUAL GENERAL SHAREHOLDERS' MEETINGS

Annual 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 telecommunication means 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 ANNUAL 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.

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.

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, 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 2021 fiscal year were approved by the Board of Directors on February 7, 2022. 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, between December 31, 2021 (year-end) and March 23, 2022, (date on which this Document was filed with the AMF).

Additional information

- The Extraordinary General Shareholders' Meeting of November 17, 2021 ratified the update of Compagnie de Financement Foncier's Bylaws as a result of the transfer of the registered office decided by the Board of Directors on November 2, 2021.
- 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, 2021, 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.

NOTICE OF ANNUAL GENERAL SHAREHOLDERS' MEETING AND REPORT OF THE BOARD TO THE MEETING

Report of the Board of Directors

ORDINARY GENERAL SHAREHOLDERS' MEETING OF MAY 9, 2022

Dear Shareholders,

The Ordinary General Shareholders' Meeting, after having reviewed the reports of the Board of Directors and the Statutory Auditors, is called to vote on the draft resolutions presented by the Board.

On an extraordinary basis:

- The purpose of **the first resolution** is to amend Article 19 of the Bylaws.

On an ordinary basis:

- The purpose of **the second resolution** is to approve the parent company financial statements for the year ended December 31, 2021.

- **The third resolution** relates to the allocation of income.

Distributable profit amounts to €177,999,133.37, corresponding to the net income for the financial year of €106,004,328.59, plus positive retained earnings of €71,994,804.78.

Allocated to legal reserves: €5,301,000

Dividend: €106,003,974.74

Retained earnings: €66,694,158.63

- **The fourth resolution** relates to the power given to the Board of Directors to put in place an option for receiving all or part of any interim dividend payments in shares in respect of the dividend for 2022.

- **The fifth resolution** relates to the approval of the transactions referred to in Article L. 225-38 of the French Commercial Code and related-party agreements.

- **The sixth and seventh resolutions** relate to the renewal of the term of office of a Director.

- **Resolutions eight to ten** relate to the individual remuneration of executive corporate officers for the fiscal year ended 12/31/2021.

- **Resolutions eleven to thirteen** relate to the approval of the principles and criteria for the determination, distribution and allocation composing the total remuneration and the benefits of any kind attributable to the Chairman, Chief Executive Officer and Deputy Chief Executive Officer in respect of their office for the fiscal year 2022.

- **The fourteenth resolution** relates to the appointment of a Statutory Auditor.

- **The fifteenth resolution** relates to the consultation, pursuant to Article L. 511-73 of the French Monetary and Financial Code, regarding the overall package of all kinds of remuneration, 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, 2021.

- **Common resolution:**

- **The last resolution** relates to powers to accomplish formalities.

RESOLUTIONS SUBMITTED TO THE ANNUAL GENERAL SHAREHOLDERS' MEETING

Draft resolutions

Extraordinary part

FIRST RESOLUTION: AMENDMENT TO ARTICLE 19 OF THE BYLAWS

FORMER DRAFT

The Annual General Shareholders' Meeting shall designate one or

more Acting Statutory Auditors and one or more Substitute Statutory Auditors, under the conditions stipulated by law.

NEW DRAFT

The Annual General Shareholders' Meeting shall designate one or more Statutory Auditors, under the conditions stipulated by law.

Ordinary part

SECOND RESOLUTION: APPROVAL OF THE INDIVIDUAL FINANCIAL STATEMENTS

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, 2021 as presented and that show a profit of €106,004,328.59.

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.

THIRD RESOLUTION: ALLOCATION OF INCOME

The Annual General Shareholders' Meeting, having recorded the distributable earnings of €177,999,133.37 composed of net income for the financial year of €106,004,328.59, plus retained earnings of €71,994,804.78, resolves to allocate said distributable earnings as follows:

Allocated to legal reserves: €5,301,000

Dividend: €106,003,974.74

Retained earnings: €66,694,158.63

The dividend per share for each of the 158,591,246 shares comprising the share capital is therefore fixed at €0.66841.

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 24, 2022. 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, 2022.

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, 2021 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, 2022 and June 15, 2022.

Any shareholder who has not exercised his or her option by June 15, 2022 at the latest will receive the dividends in cash on the dividend payment date of June 25, 2022.

The Annual General Shareholders' Meeting gives full powers to the Board of Directors to record the number of shares issued and the corresponding capital increase 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	Dividends paid*
2018	158,591,246	€0.56613	€0.56613
2019	158,591,246	€0.0541	€0.0541
2020	158,591,246	€0.29724	€0.29724

* Eligible for the 40% discount provided for in Article 158-3 of the French General Tax Code.

FOURTH RESOLUTION: DIVIDENDS PAID IN SHARES

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 2022 fiscal year in shares and to establish the terms thereof, pursuant to the regulations in force.

Fifth resolution: Approval of the agreements referred to in Article L. 225-38 of the French Commercial Code.

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.

SIXTH RESOLUTION: RENEWAL OF THE TERM OF OFFICE OF A DIRECTOR

The Annual General Shareholders' Meeting, noting that the term of office of Mr Pascal Chabot has come to an end, resolves to renew said term of office for a period of four years, ending at the Annual General Shareholders' Meeting that will approve the financial statements for the year 2025.

SEVENTH RESOLUTION: RENEWAL OF THE TERM OF OFFICE OF A DIRECTOR

The Annual General Shareholders' Meeting, noting that the term of office of Mr Alexandre Fourneau has come to an end, resolves to renew said term of office for a period of six years, ending at the Annual General Shareholders' Meeting that will approve the financial

statements for the year 2027.

EIGHTH RESOLUTION: APPROVAL OF THE INDIVIDUAL REMUNERATION OF MR ÉRIC FILLIAT, CHAIRMAN OF THE BOARD OF DIRECTORS, EXECUTIVE CORPORATE OFFICER FOR THE FISCAL YEAR END DECEMBER 31, 2021

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, 2021.

NINTH RESOLUTION: APPROVAL OF THE INDIVIDUAL REMUNERATION OF MR OLIVIER AVIS, CHIEF EXECUTIVE OFFICER FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021.

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, 2021 to Mr Olivier Avis, Chief Executive Officer and Executive corporate officer, as mentioned in the financial report.

TENTH RESOLUTION: APPROVAL OF THE INDIVIDUAL REMUNERATION OF MR PAUL DUDOUIT, DEPUTY CHIEF EXECUTIVE OFFICER FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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, 2021, to Mr Paul Dudouit, Deputy Chief Executive Officer and Executive corporate officer, as mentioned in the financial report.

ELEVENTH RESOLUTION: APPROVAL OF THE INDIVIDUAL REMUNERATION OF MR ÉRIC FILLIAT, CHAIRMAN OF THE BOARD OF DIRECTORS FOR THE FISCAL YEAR 2022.

The Annual General Shareholders' Meeting, ruling under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, issues a favorable opinion on the remuneration of Mr Éric Filliat, Chairman of the Board of Directors, planned for the fiscal year 2022.

Common resolution

SIXTEENTH RESOLUTION: POWERS

The Annual General Shareholders' Meeting gives full powers to the

TWELFTH RESOLUTION: APPROVAL OF THE INDIVIDUAL REMUNERATION OF OLIVIER AVIS, CHIEF EXECUTIVE OFFICER FOR THE FISCAL YEAR 2022

The Annual General Shareholders' Meeting, ruling under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, issues a favorable opinion on the remuneration of Olivier Avis, Chief Executive Officer, expected for the fiscal year 2022.

THIRTEENTH RESOLUTION: APPROVAL OF THE INDIVIDUAL REMUNERATION OF MR PAUL DUDOUIT, DEPUTY CHIEF EXECUTIVE OFFICER FOR THE FISCAL YEAR 2022

The Annual General Shareholders' Meeting, ruling under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, issues a favorable opinion on the remuneration of Mr Paul Dudouit, Deputy Chief Executive Officer, planned for the fiscal year 2022

FOURTEENTH RESOLUTION: APPOINTMENT OF A STATUTORY AUDITOR

The Annual General Shareholders' Meeting, acting under the conditions of quorum and majority required for Ordinary General Shareholders' Meetings, appoints MAZARS SAS, represented by Mrs. Laurence Karagulian, as, Statutory Auditor, her term of office takes effect from May 9, 2022 for a period of six years ending at the Annual General Shareholders' Meeting to approve the financial statements for the fiscal year 2027.

FIFTEENTH RESOLUTION: CONSULTATION IN APPLICATION OF ARTICLE L. 511-73 OF THE FRENCH MONETARY AND FINANCIAL CODE ON THE OVERALL PACKAGE OF ALL KINDS OF REMUNERATION PAID TO THE PERSONS REFERRED TO IN ARTICLE L. 511-71 OF THE FRENCH MONETARY AND FINANCIAL CODE FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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 remuneration package for the fiscal year ended December 31, 2021 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.

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

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.

Annual General Meeting for the approval of the financial statements for the year ended December 31, 2021

To the annual general meeting of Compagnie de Financement S.A.,

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, of the characteristics and essential terms and conditions of the agreements of which we have been informed or which we may have discovered in the course of our audit, without having to express an opinion on their usefulness or appropriateness, or to ascertain whether any other agreements exist. It is your responsibility, under the terms of Article R. 225-31 of the French Commercial Code, to evaluate the benefits resulting from these agreements prior to their approval.

Where applicable, it is also our responsibility to provide you 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 professional standards applicable in France to such engagements.

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 entered into during the year to be submitted for the 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

We hereby inform you that we have not been notified of any agreements already approved by the General Meeting, the execution of which continued during the past financial year.

The Statutory Auditors
French original signed by

Paris La Défense, March 23, 2022

KPMG S.A.

Xavier De Coninck

Neuilly-sur-Seine, March 23, 2022

PricewaterhouseCoopers

Emmanuel Benoist

PERSONS RESPONSIBLE FOR THE DOCUMENT AND AUDITING THE FINANCIAL STATEMENTS

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) 58 73 58 34

Statement from the person responsible for the Universal registration document

I certify, that the information provided in this Universal 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 Management Report included on pages 78 to 96 provides an accurate representation of the business trends, earnings and financial position of the year.

Company, and that it describes the primary risks and uncertainties the Company faces.

Charenton-le-Pont, March 23, 2021

Olivier AVIS

Persons responsible for auditing the financial statements

PRINCIPAL

KPMG SA

Represented by Mr Xavier de CONINCK

Address: Tour EQHO – 2, avenue Gambetta – 92066 Paris La Défense
775 726 417 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 first 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 Mr Emmanuel BENOIST

Address: 63, rue de Villiers – 92200 Neuilly-sur-Seine
302 474 572 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 first term: June 30, 2003

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 2025 fiscal year.

ALTERNATES

KPMG AUDIT FS I

Represented by Ms Isabelle GOALEC

Address: Tour EQHO – 2, avenue Gambetta – 92066 Paris La Défense
512 802 596 RCS (Trade and Companies Register) Paris

Start of first term: May 23, 2011

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 fiscal year ending December 31, 2022.

Specific controllers

PRINCIPAL

CAILLIAU DEDOUIT & ASSOCIÉS

Represented by Mr Laurent BRUN

Address: 19, rue Clément-Marot – 75008 Paris

Date of assent from the ACPR (French Prudential Supervisory and Resolution Authority): January 4, 2019

RCS number: 722 012 051

Start of first term: June 29, 2004

Length of term: four years

Expiration of term: after submission of the report and certified statements relating to the fiscal year ending December 31, 2022.

ALTERNATE

MR RÉMI SAVOURNIN

Address: 19, rue Clément-Marot – 75008 Paris

Date of assent from the ACPR (French Prudential Supervisory and Resolution Authority): January 4, 2019

RCS number: 722 012 051

Start of first term: January 1, 2015

Length of term: four years

Expiration of term: after submission of the report and certified statements relating to the fiscal year ending December 31, 2022.

CROSS-REFERENCE TABLE

Incorporation by reference

The 2021 Universal Registration document should be read and interpreted in conjunction with the documents listed below. These documents are incorporated into this Amendment and are deemed to form an integral part thereof:

- the 2020 Universal Registration Document filed with the *Autorité des Marchés Financiers* on March 23, 2021 under number D.21-0179 including the annual financial report, available on Compagnie de Financement Foncier's website: <https://foncier.fr/rapports-annuels/>
- the 2019 Registration Document filed with the *Autorité des Marchés Financiers* on March 27, 2020 under number D.20-0200

including the annual financial report, available on Compagnie de Financement Foncier's website: <https://foncier.fr/rapports-annuels/>

All documents incorporated by reference in this Amendment to the 2021 Universal registration document have been filed with the *Autorité des Marchés Financiers* (AMF - French Financial Markets Authority) and published on the websites of the Issuer (<https://foncier.fr/en/annual-reports/>) and the AMF (<https://www.amf-france.org/en>). The information incorporated by reference should be read in accordance with the following cross-reference table. Any information not included in this cross-reference table but forming part of the documents incorporated by reference is provided solely for information purposes.

Appendices I and II of European delegated Regulation 2020/2021 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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with the AMF on
March 23, 2022

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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, 2020 and the related Statutory Auditors' report, presented on pages 138 to 179 of the Universal registration document filed with the AMF on March 23, 2021 under number D. 21-0179.

The information can be found using the following link: <https://foncier.fr/en/annual-reports/>

- Compagnie de Financement Foncier's individual financial statements for the fiscal year ended December 31, 2019 and the Statutory Auditors' report, presented on pages 136 to 176 of the Registration document filed with the AMF on March 27, 2020 under number D. 02-0200.

The information can be found using the following link: <https://foncier.fr/en/annual-reports/>

- 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 153 of the Registration document filed with the AMF on March 22, 2019 under number D. 19-0190.

The information can be found using the following link: <https://foncier.fr/en/annual-reports/>

- the Management report for the year ended December 31, 2020 presented on pages 77 to 96 of the Universal registration document filed with the AMF on March 23, 2021 under number D. 21-0179.

The information can be found using the following link: <https://foncier.fr/en/annual-reports/>

- the Management report for the year ended December 31, 2019 presented on pages 79 to 96 of the Registration document filed with the AMF on March 27, 2020 under number D. 20-0200;

The information can be found using the following link: <https://foncier.fr/en/annual-reports/>

The 2021 Universal registration document can be consulted on the websites of the AMF (www.amf-france.org) and Compagnie de Financement Foncier (www.foncier.fr).

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With capital of 2,537,459,936 euros – Paris Trade and Companies Register No. 421 263 047
Head Office: 182 avenue de France - 75013 Paris - Tel.: +33 (0)1 58 73 58 34
fancier.fr



**COMPAGNIE DE
FINANCEMENT FONCIER**