



COMPAGNIE DE FINANCEMENT FONCIER

AMENDMENT TO THE 2022 UNIVERSAL REGISTRATION DOCUMENT

including the 2023 half-year financial report



Summary

Profile	2
Activity	2
Positioning within Groupe BPCE	3
Highlights of the 1 st half of 2023	3
Key figures	4

1	PRESENTATION OF COMPAGNIE DE FINANCEMENT FONCIER	9	5	FINANCIAL STATEMENTS	59
	Economic and financial environment in the 1 st half of 2023	10		Individual financial statements	60
	Financial transactions	11		Statutory auditor's report on the half-year financial information	97
2	REPORT ON CORPORATE GOVERNANCE	13	6	LEGAL INFORMATION	99
	Composition of executive and management bodies	14		General information	100
	Potential conflicts of interest	15		Persons responsible for the Amendment to the Universal Registration Document and for the audit of the financial statements	102
3	MANAGEMENT REPORT	17		Cross-reference table	103
	Management Report	18			
4	THE COMPANY'S RISK MANAGEMENT REPORT	31			
	1. Governance and risk management system	32			
	2. Changes in assets	38			
	3. Changes in liabilities	39			
	4. Capital adequacy ratios	40			
	5. Analysis of credit and counterparty risk	42			
	6. Financial risk analysis	50			
	7. Operational risks	54			
	8. Non-compliance risk	56			

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

COMPAGNIE DE FINANCEMENT FONCIER

AMENDMENT TO THE 2022 UNIVERSAL REGISTRATION DOCUMENT

including the 2023 Half-year financial report



This is a free translation into English of Compagnie de Financement Foncier 2022 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. 2022 Universal Registration Document and annual financial report filed with the AMF on March 21, 2023, under number D. 23-0124.

This Amendment to the 2022 Universal Registration Document was filed on August 24, 2023 with *Autorité des Marchés Financiers* (AMF), the French Financial Markets Authority, as the competent authority under regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said Regulation.

The 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.

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 covered bonds, 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 issuances in foreign currencies.

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

In 2023, Compagnie de Financement Foncier continues to be a major player in its market, with a total *obligations foncières* outstanding of €52.3bn (including related receivables) as of June 30, 2023 and an issuance volume of €3.8bn.

€52.3bn

COVERED BONDS OUTSTANDING
(including related payables)

€3.8bn

ISSUANCE OF COVERED BONDS
at June 30, 2023

Our strategy and our mission

Compagnie de Financement Foncier refinances the lending business of Groupe BPCE entities in the public and mortgage sectors on extremely favorable terms, in particular public sector financing but also the residential and commercial mortgage sector. It also continues to refinance outstanding loans initially originated by Crédit Foncier.

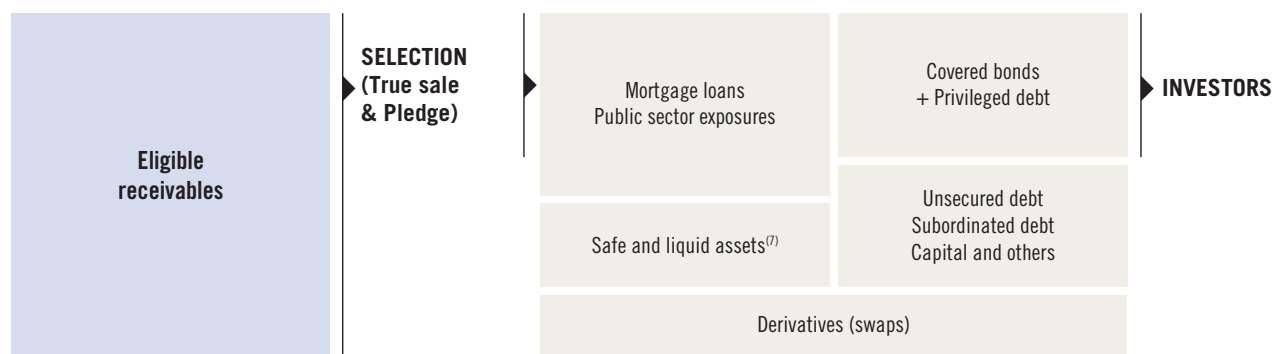
Compagnie de Financement Foncier is firmly committed to serving Groupe BPCE and has set itself the task of raising resources on the markets at particularly competitive levels, through the issuance of AAA-rated covered bonds⁽³⁾. A permanent search for quality assets and optimization of the balance sheet structure contribute to successfully fulfilling this mission.

Since July 8, 2022, Compagnie de Financement Foncier's new preference issuances benefit from the "European Covered Bond Premium" label.

ACTIVITY

Business model of Compagnie de Financement Foncier

Entities of Groupe BPCE



(1) Standard & Poor's/Moody's/Fitch Ratings/Scope Ratings, updated as of the 2022 Universal Registration Document's filing date.

(2) Standard & Poor's/Moody's/Fitch Ratings, updated as of the 2022 Universal Registration Document's filing date.

(3) Standard & Poor's/Moody's/Scope Ratings, updated as of the 2022 Universal Registration Document's filing date.

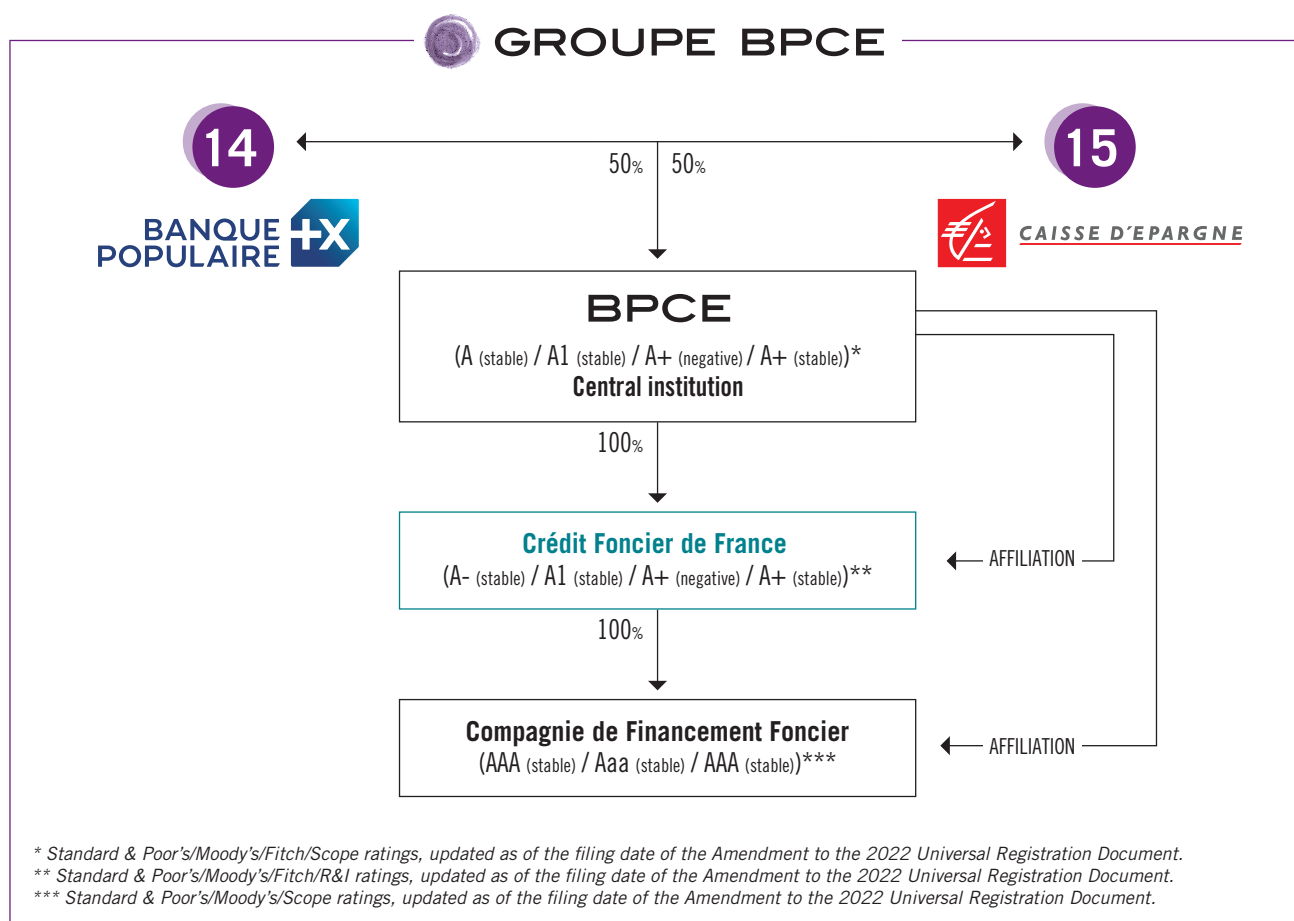
(4) UCITS: Undertakings for Collective Investment in Transferable Securities, a directive on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

(5) CRD: Capital Requirements Directive.

(6) CRR: Capital Requirements Regulation.

(7) Articles L. 513-7 and R. 513-6 of the French Monetary and Financial Code.

POSITIONING WITHIN GROUPE BPCE



HIGHLIGHTS OF THE 1ST HALF OF 2023

Funding

€3.8bn, total amount of public issuances and private placements carried out by Compagnie de Financement Foncier in the 1st half of 2023. Success of benchmarks issued by Compagnie de Financement Foncier.

- €1.75bn with an 8.5-year maturity in March: the largest transaction since 2012 and a high level of oversubscription that confirms the strong support of investors for the refinancing strategy of Groupe BPCE lending business entities.
- €1bn with a 6-year maturity in May: confirmation of Compagnie de Financement Foncier's ability to issue significant volumes under attractive conditions in all circumstances.

Currency diversification strategy with an issuance in CHF with an equivalent value of €370m in February and an issuance in USD with an equivalent value of €137m in June.

Compagnie de Financement Foncier – supporting Groupe BPCE

€1.3bn, total amount of funding granted to Group institutions.

Confirmation of the growing interest of the Group's institutions in the highly competitive resources offered by Compagnie de Financement Foncier to refinance their assets in a context of increased competition and rising rates.

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: covered bonds and similar

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

	06/30/2023		12/31/2022		12/31/2021	
	€bn	%	€bn	%	€bn	%
ASSETS (by type of exposures)						
Mortgage loans and related items	26.3	43.4	27.6	45.6	31.5	49.2
Public sector exposure	28.8	47.4	27.4	45.4	25.0	39.1
French public sector*	22.1	36.4	20.6	34.1	17.9	28.0
Foreign public sector	6.7	11.0	6.8	11.2	7.1	11.1
Safe and liquid assets and other assets	5.6	9.2	4.6	7.7	7.5	11.7
Safe and liquid assets	4.7	7.7	4.6	7.7	6.6	10.3
Other assets	0.9	1.5	0.8	1.3	0.9	1.4
TOTAL ASSETS	60.7	100.0	60.5	100.0	63.9	100.0

* Including deposits and short-term loans at Banque de France of €2.1bn as at June 30, 2023, €0.5bn at the end of 2022, and €0.7bn at the end of 2021.

	06/30/2023		12/31/2022		12/31/2021	
	€bn	%	€bn	%	€bn	%
LIABILITIES						
Privileged resources	52.3	86.2	51.6	85.4	53.5	83.7
<i>Obligations foncières</i>	52.3	86.2	51.6	85.4	53.7	84.0
Foreign exchange difference on <i>obligations foncières</i>	- 0.1	- 0.2	- 0.1	- 0.1	- 0.2	- 0.3
Other privileged resources	0.1	0.2	0.1	- 0.1	0.0	0.0
Translation difference associated with hedging balance sheet items	1.1	1.8	1.1	1.8	0.9	1.4
Non-privileged resources	7.3	12.0	7.8	12.8	9.5	14.9
Unsecured debt	5.2	8.5	5.6	9.2	6.2	9.7
Subordinated debts and similar debt	0.1	0.1	0.1	0.1	0.1	0.2
Shareholders' equity and reserve for general banking risks	2.0	3.4	2.1	3.5	3.2	5.0
TOTAL LIABILITIES	60.7	100.0	60.5	100.0	63.9	100.0
<i>Regulatory capital according to CRR/CRD IV</i>	<i>2.0</i>		<i>2.0</i>		<i>3.1</i>	<i>4.9</i>

(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

JUNE 30, 2023

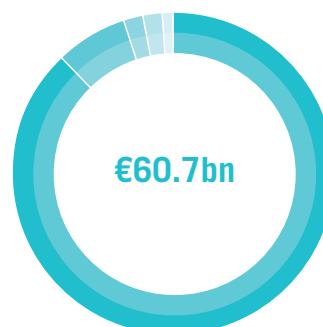


€60.7bn

- 43%** Mortgage loans and related items
- 47%** Public sector exposure
- 9%** Safe and liquid assets
- 1%** Other assets

BY REGION

JUNE 30, 2023



€60.7bn

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

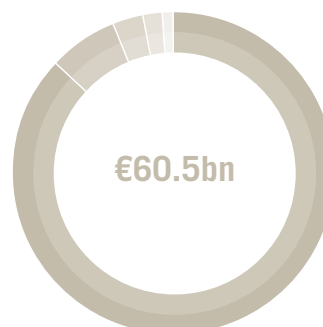
DECEMBER 31, 2022



€60.5bn

- 46%** Mortgage loans and related items
- 45%** Public sector exposure
- 8%** Safe and liquid assets
- 1%** Other assets

DECEMBER 31, 2022



€60.5bn

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

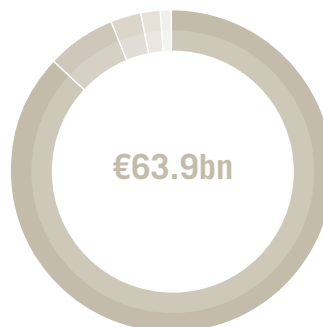
DECEMBER 31, 2021



€63.9bn

- 49%** Mortgage loans and related items
- 39%** Public sector exposure
- 11%** Safe and liquid assets
- 1%** Other assets

DECEMBER 31, 2021



€63.9bn

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

Breakdown of issuances

BY TYPE OF INVESTOR

JUNE 30, 2023

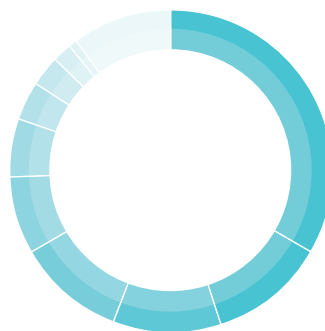


€3.8bn

47%	Banks
25%	Central Banks
15%	Asset Managers
10%	Insurance companies & Pension funds
3%	Other

BY REGION

JUNE 30, 2023



34%	Germany/Austria
12%	Switzerland
11%	France
11%	Scandinavia
8%	UK/Ireland
6%	Southern Europe
4%	USA
3%	Benelux
2%	Asia (excluding Japan)
1%	Eastern Europe
10%	Other

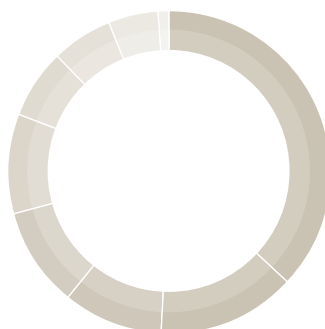
DECEMBER 31, 2022



€4.6bn

37%	Banks
33%	Central Banks
25%	Asset Managers
4%	Insurance companies & Pension f
1%	Other

DECEMBER 31, 2022*



37%	Germany/Austria
14%	Switzerland
10%	Benelux
10%	Scandinavia
10%	France
7%	Asia (excluding Japan)
6%	UK/Ireland
5%	Southern Europe
1%	Other

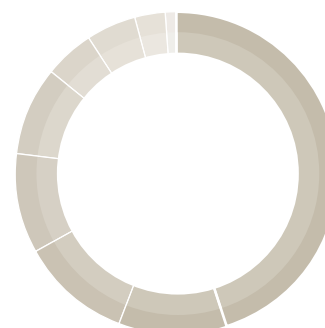
DECEMBER 31, 2021



€4.8bn

37%	Central Banks
32%	Banks
25%	Asset Managers
5%	Insurance companies & Pension fur
2%	Other

DECEMBER 31, 2021*



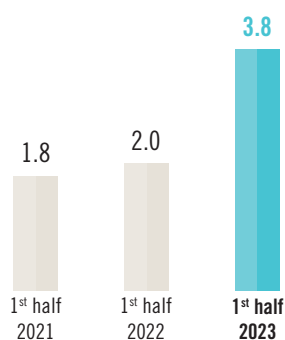
45%	Germany/Austria
11%	Benelux
11%	Scandinavia
10%	UK/Ireland
9%	Switzerland
5%	France
5%	Asia (excluding Japan)
3%	Southern Europe
1%	Europe (other)
0%	Middle East

* Except Eurosystem.

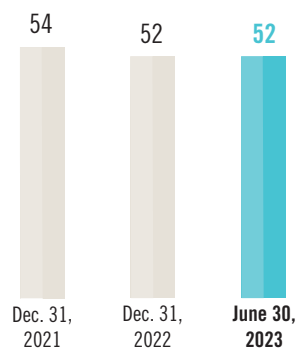
Performance indicators

ACTIVITY

OBLIGATIONS FONCIÈRES ISSUED (in €bn)

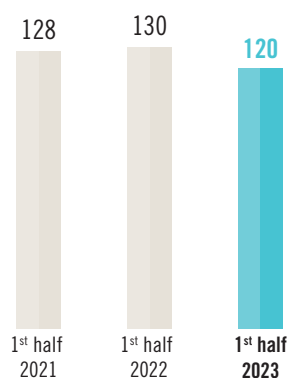


PRIVILEGED LIABILITIES (in €bn)

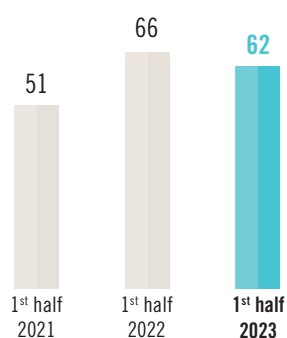


INCOME

NET BANKING INCOME (in €m)

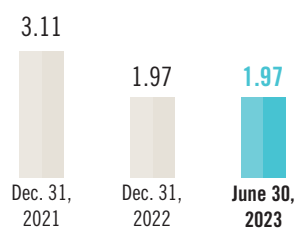


NET INCOME (in €m)

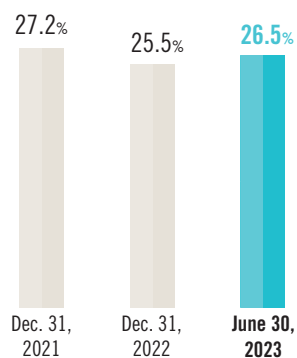


FINANCIAL STRUCTURE

REGULATORY CAPITAL (in €bn)



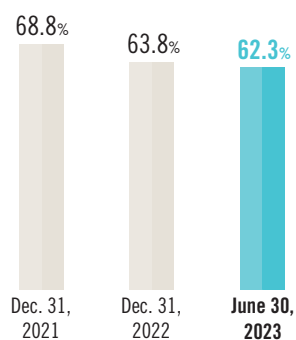
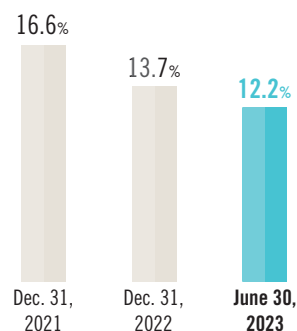
PRUDENTIAL RATIOS



Solvency ratio: exclusively Common Equity Tier 1

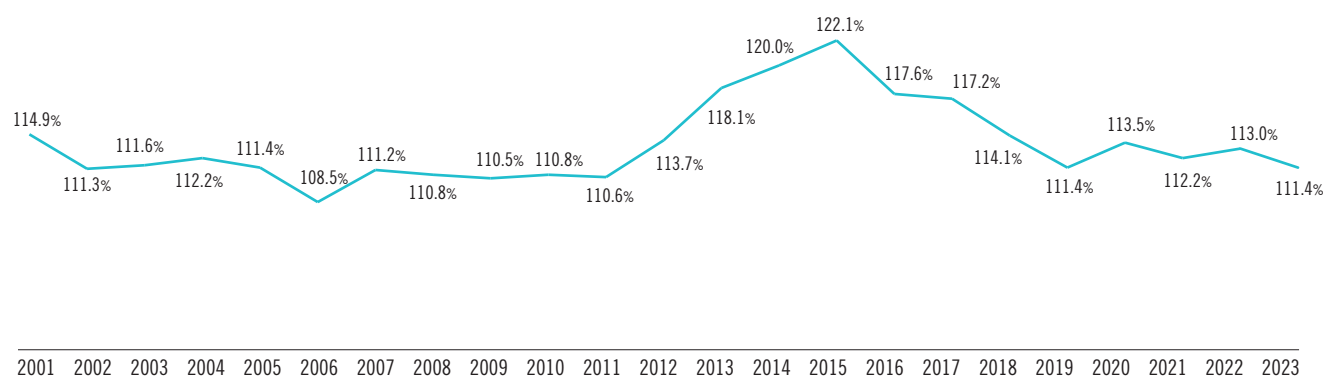
SOCIETE DE CREDIT FONCIER'S SPECIFIC RATIOS

AVERAGE LTV OF MORTGAGE LOANS FOR INDIVIDUALS

RESOURCES RATIO
NON-PRIVILEGED/PRIVILEGED RESOURCES

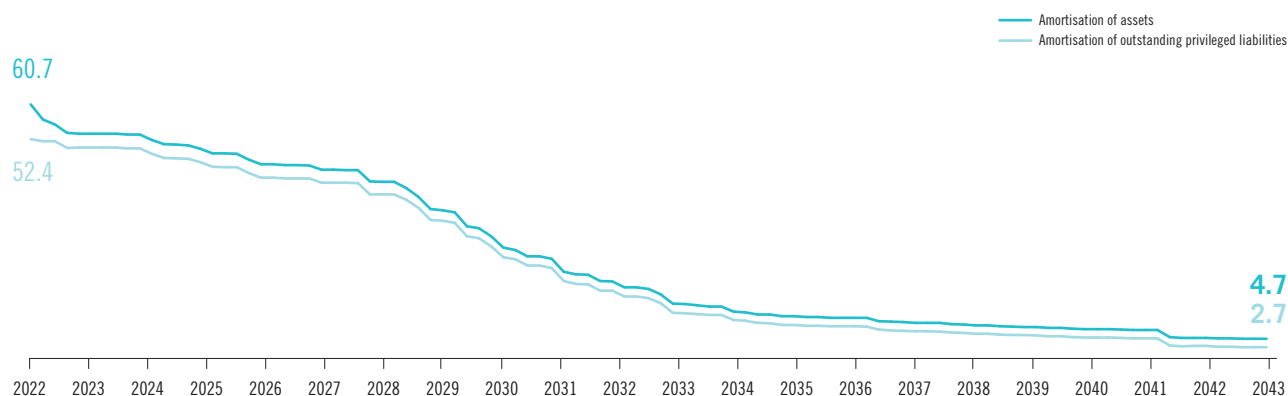
REGULATORY OVERCOLLATERALIZATION RATIO

(in %)



AMORTIZATION OF ASSETS AND PRIVILEGED LIABILITIES

(in €bn)





1

PRESENTATION OF COMPAGNIE DE FINANCEMENT FONCIER

ECONOMIC AND FINANCIAL ENVIRONMENT IN THE 1ST HALF OF 2023

Economic environment	10
European monetary policies	10

FINANCIAL TRANSACTIONS

Funding	11
Compagnie de Financement Foncier – supporting Groupe BPCE	12
Managing collateral	12
Managing derivatives	12

ECONOMIC AND FINANCIAL ENVIRONMENT IN THE 1ST HALF OF 2023

Economic environment

The global economy has started the year 2023 on a more solid footing thanks to the reopening of the Chinese economy and the resilience of the labor market in the United States. In the 1st half of 2023, activity was mainly driven by the services sector, while production in the manufacturing sector remained subdued. Nevertheless, it is unlikely that the global economy will return to levels of growth identical to those recorded before 2020. More than a year after the invasion of Ukraine by Russia and the emergence of more contagious variants of COVID-19, many countries are still experiencing the effects of these shocks on their economies. In addition, the recent tightening of global financial conditions is slowing the recovery of activity.

Growth in global production, estimated at 3.4% ⁽¹⁾ in 2022, is expected to decline to 2.8% in 2023, before rising to 3.0% in 2024. In advanced countries, growth is expected to halve in 2023 to 1.3% before rising to 1.4% in 2024. Around 90% of these countries are expected to see slower growth in 2023 with an average increase in unemployment of 0.5 percentage points between 2022 and 2024. In emerging and developing countries, the economic outlook is, on average, more favorable than in advanced countries, but the situation is very different from one region to another. Growth is expected to average 3.9% in 2023 and then reach 4.2% in 2024. At this stage, the global economy is not expected to return to pre-pandemic growth rates in the medium term.

At the global level, three-month headline inflation, annualized and seasonally adjusted, is declining. The decrease in fuel prices and energy commodities as well as the tightening of monetary policies has contributed to this decline. Thus, headline inflation worldwide is expected to decline from 8.7% in 2022 to 7.0% in 2023. In many countries, however, it will be necessary to wait until 2025 for inflation rates to return to the values targeted by central banks.

This outlook is marred by uncertainty and on the downside as the global economy is still recovering from the shocks (pandemic, Russia-Ukraine conflict) and the recent turmoil in the financial sector. There are many downside risk factors: persistently high inflation, marked tightening of financial conditions worldwide, systemic over-indebtedness in emerging and developing countries, slowdown in Chinese growth and the worsening war in Ukraine.

The euro zone economy contracted slightly in the 1st quarter of 2023. Euro zone GDP decreased by 0.1% ⁽²⁾ in the 1st quarter of 2023 after recording a similar decrease in the 4th quarter of 2022. In the short term, economic growth is expected to remain weak but strengthen at the end of the year as inflation slows. The situation varies from one economic sector to another: activity continues to weaken in the manufacturing sector but is holding up well in services. The labor market is making a positive contribution: nearly one million new jobs were created in the 1st quarter of 2023 and the unemployment rate reached an all-time low of 6.5% in April.

In France, modest economic growth is expected (+0.7%) ⁽³⁾ in 2023 before a gradual recovery in 2024 and then in 2025. Inflation, after peaking at 7.3% in February 2023, could gradually return to around 2% in 2025 under the twofold effect of the continued normalization of commodity prices (energy and food) and the gradual impact of tightening of monetary policy by the ECB. The risks to the level of activity and inflation remain numerous. Risks remain concerning the evolution of the geopolitical situation related to the war in Ukraine, with possible difficulties in the supply of energy in the winter of 2023 - 2024, which would constitute a risk of higher inflation and a downside risk for growth. With regard to domestic demand in France, a drop in the household savings rate could support consumption and therefore GDP growth.

European monetary policies ⁽⁴⁾

In an environment where economic growth and inflation prospects remain uncertain, the Board of Governors of the European Central Bank (ECB) continued its policy of monetary normalization by adopting measures intended to bring inflation back to a level close to 2%.

To this end, the ECB increased its three key rates four times during the 1st half of 2023. Despite these decisions, inflation forecasts remain above the 2% target. According to Eurosystem estimates, average headline inflation (including energy and food) is expected to reach 5.4% in 2023, 3.0% in 2024 and 2.2% in 2025. Growth, revised downwards, would then be 0.9% in 2023, 1.5% in 2024 and 1.6% in 2025.

At its Board meeting held on June 15, 2023, the ECB raised its three key rates by 25 basis points, bringing the interest rates on the main refinancing transactions, the marginal lending facility and the deposit facility to 4.00%, 4.25% and 3.50%, respectively, as of June 21, 2023.

With regard to the Asset Purchase Program (APP), the ECB has limited its reinvestments to €15bn per month in the 1st half of 2023 and will end this program as of July 2023. The Pandemic Emergency Purchase Program (PEPP) will continue, at least until the end of 2024, to benefit from the reinvestment of redemptions of maturing securities.

(1) IMF - World Economic Outlook - April 2023.

(2) ECB - Economic Bulletin - Issue 4/2023.

(3) Banque de France - Economic forecasts - June 2023.

(4) Monetary policy decisions - February 2023 - March 2023 - May 2023 - June 2023

The tightening of monetary policy is reflected in interest rates and financing conditions, which have tightened for banks, leading to higher borrowing costs for both businesses and households. In April, interest rates reached their highest level in ten years (4.4% for businesses and 3.4% for 25-year mortgages to individuals). These high borrowing rates helped to reduce the annual growth rate of outstanding loans, which stood at 4.6% for businesses and 2.5% for households over the half-year.

FINANCIAL TRANSACTIONS

Funding

MARKET (1)

With €136bn of new issuances in the 1st half of 2023, covered bonds reached their highest level for the 1st half of the year. Supply increased by 17% compared to the same period in the previous year. Issuers in the euro zone accounted for 76% of the offering, having already carried out 74% (€103bn) of their annual financing programs. They concentrated their issuances at the beginning of the year in order to benefit from the support of the ECB. Issuers also favored covered bonds over senior debt, particularly during the demise of SVB.

Some issuers have favored their national currency (for example Norway and the United Kingdom), thus benefiting from a lower financing cost than for an issuance in euros.

In the 1st half of 2023, the most significant euro benchmark issuance volumes came from France (€33.7bn) and Germany (€25.8bn), followed by Canada (€13bn), Austria (€10.6bn) and Spain (€7.8bn).

Most covered bond programs (55%)⁽²⁾ are backed exclusively by residential loans. Nevertheless, a significant part of these programs (25%) are covered by portfolios including commercial loans. German mortgage programs have the highest proportion of commercial loans (38%) in their hedge portfolio. However, in the secondary sector we are seeing that the spreads of programs backed by commercial loans differ little from programs backed mainly by residential loans.

Regarding the outlook, the 2nd half of the year will be marked by the end of ECB support for the covered bond market. Reinvestments under the Asset Purchase Program (APP) will therefore stop on July 1, 2023. Regarding the Covered Bonds Purchase Program 3 (CBPP3), reinvestments amounted to €18.5bn since the beginning of the year and a total of €10.7bn will not be reinvested by the end of the year, which corresponds to the deadlines between July and December 2023.

The overall supply for the year 2023 should be between €185bn and €195bn with around €56bn in issuances in the 2nd half of the year. With €43bn in maturities in the 2nd half of 2023, the net supply of covered bonds should remain positive (+€10bn). The highest levels of payments will come from France (€9bn), Germany (€8bn) and Canada (€6bn).

Finally, the ECB reiterated that its future decisions will remain based on its assessment of the economic and financial outlook and that it will continue to steer its key rates so that they ensure that inflation returns to its 2% target as soon as possible.

OPERATIONAL REVIEW

In this context, Compagnie de Financement Foncier's activity remained strong in the 1st half of 2023 with a volume of issuances of €3.807bn. This good business performance - driven by close commercial relationships - reflects investor confidence in Compagnie de Financement Foncier's model and strategic guidelines (refinancing of Groupe BPCE entities) and confirms its positioning as a leading French issuer on the European Covered Bonds market.

Compagnie de Financement Foncier optimized its operations on the public market, with two euro benchmark issuances totaling €2.75bn:

- in March, an issuance of €1.75bn was carried out with an 8.5-year maturity. In the absence of intervention of the ECB, this transaction benefited from a high level of oversubscription which attests to the depth and granularity of Compagnie de Financement Foncier's investor base;
- in May, an issuance of €1bn was carried out with a maturity of 6 years. This transaction, announced in a volatile market and a wait-and-see environment on the part of investors, confirms Compagnie de Financement Foncier's ability to issue significant volumes at attractive conditions in all circumstances.

Two transactions illustrate Compagnie de Financement Foncier's currency diversification strategy: in February, an issuance in CHF with an equivalent value of €370m and, in June, an issuance in USD with an equivalent value of €137m.

The breakdown by geography of the subscribers of Compagnie de Financement Foncier's issuances shows that German and Austrian investors remain in first place (34% of allocations), followed by Swiss investors (12%) and French investors (11%), the latter being slightly up compared to the same period in 2022.

By category of investor, the share of central banks decreased significantly (25% of allocations in the 1st half of 2023 vs. 46% in the 1st half of 2022). This is mainly due to the gradual cessation of ECB support for the covered bond market. The share of banks continued to increase with 47% of allocations (compared to 29% in the 1st half of 2022). Banks and asset managers alone account for 62% of allocations.

(1) NATIXIS CORPORATE AND INVESTMENT BANKING - Research June 29, 2023.

(2) NATIXIS CORPORATE AND INVESTMENT BANKING - Research June 22, 2023.

Compagnie de Financement Foncier – supporting Groupe BPCE

GROUPE BPCE FUNDING AND PORTFOLIO MANAGEMENT

As in 2022, the interest of the Group's institutions in the competitive resources offered by Compagnie de Financement Foncier was confirmed in the 1st half of 2023.

In a context of strong competition in the local authorities market and a rise in interest rates which led to the postponement of a certain number of calls for tenders to the 2nd half of the year, most of the activity for the half-year concerned refinancing of loan portfolios already on the balance sheets of the Caisses d'Épargne and the Banques Populaires for the purpose of liquidity matching.

As part of the diversification strategy agreed with BPCE, two refinancing transactions of portfolios of loans for low-income households - guaranteed by SGFGAS - were carried out for a cumulative amount of €60m. In addition, refinancing of corporate mortgage assets, tax credits and export credits is being examined.

At the end of June 2023, refinancing transactions concerned thirteen Caisses d'Épargne and seven Banques Populaires with 1,438 loans for an amount of €1.338bn, of which:

- €1.019bn (943 loans) for the Caisses d'Épargne network, divided into €216m (25 loans) on won tenders and €803m (918 loans) in secondary refinancing;
- €319m (495 loans) for the Banques Populaires divided into €114m (9 loans) on won tenders and €205m (486 loans) in secondary refinancing.

The validation of a refinancing transaction requires two independent analyses carried out at the level of the originating institution, then at the level of Compagnie de Financement Foncier. Prior to each transaction, a first analysis is carried out by the institution and then, before the decision, Compagnie de Financement Foncier teams carry out a second analysis of the proposed loan. Depending on the level of delegation, the parent company (BPCE) may need to carry out a third analysis. It is this system that allows Compagnie de Financement Foncier to fund only those receivables whose debtors have the most solid financial fundamentals. Lastly, a specific permanent control system has been put in place and contributes to the quality and security of the execution of refinancing transactions.

Managing collateral

Crédit Foncier transferred assets to Compagnie de Financement Foncier *via* true sale or collateralized loans.

In the 1st half of 2023, Crédit Foncier sold €739.6m in mortgage and Public sector loans (outstanding capital and related receivables) to Compagnie de Financement Foncier.

Assignments of eligible assets (under Article L. 211-38 of the French Monetary and Financial Code) in the amount of €6.5bn 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 1st half of 2023.

Most derivative transactions are cleared centrally, in accordance with the European EMIR regulation (European Market and Infrastructure Regulation). Crédit Foncier has been a member of the two main clearing houses: LCH in London since 2014 and Eurex in Frankfurt since 2020.



2

REPORT ON CORPORATE GOVERNANCE

COMPOSITION OF EXECUTIVE AND MANAGEMENT BODIES

Executive Management at June 30, 2023	14
The Board of Directors at June 30, 2023	14
The committees set up by the Board of Directors at June 30, 2023	15

POTENTIAL CONFLICTS OF INTEREST

15

COMPOSITION OF EXECUTIVE AND MANAGEMENT BODIES

Executive Management at June 30, 2023

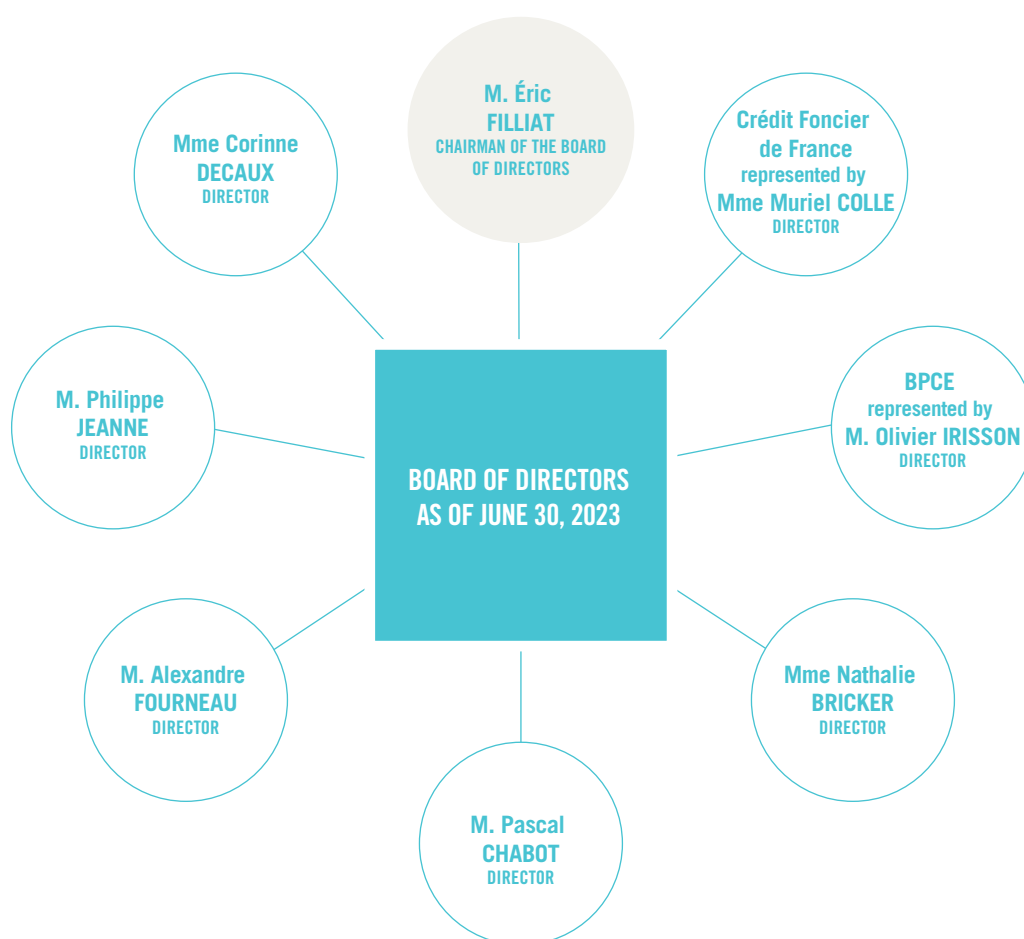
Mr **Olivier AVIS**, Chief Executive Officer

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

CHANGES IN EXECUTIVE MANAGEMENT DURING THE 1ST HALF OF 2023

None

The Board of Directors at June 30, 2023



Compagnie de Financement Foncier's two Statutory Auditors and its Specific Controller also attend the Board meetings.

CHANGES IN THE BOARD OF DIRECTORS DURING THE 1ST HALF OF 2023

Resignation of Ms Sabine CALBA on January 3, 2023.

Resignation of Mr Jérémy ESTRADER on February 9, 2023.

The committees set up by the Board of Directors at June 30, 2023

The Company has the following committees:

APPOINTMENTS COMMITTEE

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.

AUDIT COMMITTEE

The Audit Committee operates in accordance with internal rules approved by the Board of Directors at its meeting of December 18, 2019 and updated on December 16, 2022.

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 individual 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.

RISK COMMITTEE

The Risk Committee operates in accordance with internal rules approved by the Board of Directors at its meeting of December 18, 2019 and updated on December 16, 2022.

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 of intervention 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;
- respect for the independence of the audit function performed by the Group's Internal Audit Division, as well as the review of its work and its annual program;
- following up on the findings of missions of *Autorité de Contrôle Prudentiel et de Résolution* (ACPR - French Prudential Supervisory and Resolution Authority) and/or the European Central Bank (ECB) and the Group's Internal Audit Division;
- 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.).

Olivier AVIS, Chief Executive Officer, is responsible for the consistency and effectiveness of permanent control, periodic control and compliance, pursuant to Articles 16 to 18 of the Order of November 3, 2014 as amended.

This appointment meets the requirements concerning permanent and periodic controls of Articles 16 to 18 of the decree of November 3, 2014, as amended, concerning the internal control of credit institutions, companies providing payment and investment services that are subject to the supervision of the ACPR and to the principle applied by the management of Crédit Foncier under which the executive bodies of credit institution subsidiaries may draw on the parent company's structure to fulfill their obligations in terms of permanent and periodic control and compliance.

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's April 2022 Compliance framework document and the decree of November 3, 2014, as amended.

POTENTIAL CONFLICTS OF INTEREST

Any potential conflicts of interest are detailed on page 77 of the 2022 Universal Registration Document.



3

MANAGEMENT REPORT

MANAGEMENT REPORT	18		
1. Main transactions of the half-year	18	7. Credit risk analysis	27
2. Changes in assets	19	8. Financial risk analysis	27
3. Changes in liabilities	20	9. Information on internal control	28
4. Analysis of the income statement	21	10. Regulatory and prudential information	28
5. Cash flows	21	11. Other information	28
6. Risk factors	22	12. Post-balance sheet events	29
		13. Outlook	29
		14. Social, environmental and societal information	29

MANAGEMENT REPORT

In a global economy weakened by an unstable geopolitical context, high inflation and disruptions in the financial sector, Compagnie de Financement Foncier achieved a strong 1st half, which once again demonstrates investor confidence in its model and strategic guidelines.

In the past half-year, Compagnie de Financement Foncier issued €3.807bn in covered bonds which, like all its debt, are rated AAA/Aaa/AAA⁽¹⁾. The rating agencies recognize the security provided by the *Société de Crédit Foncier* status and the additional commitments made by the Company in terms of financial management and risk management.

Compagnie de Financement Foncier is 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 refinances the assets of Groupe BPCE entities, including Crédit Foncier de France. As part of the diversification strategy developed with the Group, it mainly refinances loans in the Public sector and similar as well as in the commercial mortgage sector, but also in the sector of subsidized loans to individuals.

At June 30, 2023, the balance sheet of Compagnie de Financement Foncier totaled €60.7bn and its net income was €62.3m.

1. Main transactions of the half-year

ACQUISITIONS AND DISPOSALS

During the 1st half of 2023, Compagnie de Financement Foncier acquired €740m in loans from Crédit Foncier, including related receivables, plus €0.1m 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. Accordingly, Compagnie de Financement Foncier carried loans (primarily with its parent company, Crédit Foncier de France), in the total amount of €7,333m at June 30, 2023. The same facilities were also granted to BPCE SA, amounting to €4,565m at June 30, 2023, excluding related receivables, as well as to other entities of Groupe BPCE amounting to €4,799m. Total loans granted were collateralized for €17,656m.

In addition, as part of its activity of refinancing eligible assets originated by Groupe BPCE institutions, Compagnie de Financement Foncier refinanced public sector receivables for an amount of €1,338m, of which €1,331m outstanding capital.

FINANCING AND CASH MANAGEMENT

During the 1st half of 2023, Compagnie de Financement Foncier issued €3.807bn of covered bonds.

On the public market, the 1st half of the year was marked by two transactions: in March, a euro benchmark issuance of €1.75bn with a maturity of 8.5 years and, in May, a €1bn issuance of a maturity of 6 years.

Two transactions illustrate Compagnie de Financement Foncier's currency diversification strategy: in February, an issuance in CHF with an equivalent value of €370m, and, in June, an issuance in USD with an equivalent value of €137m.

The breakdown by country of the subscribers of Compagnie de Financement Foncier's issuances shows that German and Austrian investors remain in first place (34% of allocations), followed by Swiss investors (12%) and French investors (11%), the latter being slightly up compared to the same period in 2022.

By category of investor, the share of central banks decreased significantly (25% of allocations in the 1st half of 2023 vs. 46% in the 1st half of 2022). This is mainly due to the gradual cessation of ECB support for the covered bond market. The share of banks continued to increase with 47% of allocations (compared to 29% in the 1st half of 2022). Banks and asset managers alone account for 62% of allocations.

EARLY REPAYMENTS

The overall rate of early repayments and renegotiations of loans to individuals stood at 4.6%. The amount of early repayments represents €510m for the 1st half of 2023 (vs. €954m for the 1st half of 2022) and the volume of renegotiations, at €7.4m, is not significant in a context of high interest rates following a period of successive increases.

Early repayments have had several effects on the 1st half net banking income:

- the impact of accelerated amortization of acquisition premiums/discounts is estimated at +€6.5m over the fiscal year;
- the collection of prepayment penalties from individual customers of €6.7m; as a reminder, according to the agreement on services rendered by Crédit Foncier, one third of these penalties is transferred to the latter.

The average early repayment rate on loans to Corporates is 0.2% for the 1st half of 2023.

(1) Standard & Poor's/Moody's/Scope Ratings, updated as of the filing date of this Amendment to the 2022 Universal Registration Document.

2. Changes in assets

ASSETS

(in €k)	06/30/2023	12/31/2022
Cash and amounts due from central banks	2,092,000	527,000
Treasury bills and equivalent	3,023,568	3,020,280
Loans and advances to banks at amortized cost	17,434,842	18,161,894
■ Sight deposit	50,870	58,322
■ Term	17,383,972	18,103,573
Customer transactions	34,069,133	34,701,588
Bonds and other fixed-income securities	2,702,431	2,854,731
Equity interests and other long-term investments	0	0
Intangible asset and property, plant and equipment	0	0
Other assets	23,056	20,390
Accrual accounts	1,362,118	1,172,979
TOTAL ASSETS	60,707,149	60,458,864

The total balance sheet of Compagnie de Financement Foncier stood at €60.7bn at the end of June 2023, up by €0.2bn or 0.4% compared with the end of 2022.

The change in the assets of Compagnie de Financement Foncier between these two dates was marked, in particular, by:

- an increase in “Cash and central banks” outstandings of €1.6bn;
- a decrease of €0.7bn in loans and advances to banks at amortized cost;
- a decrease in customer transactions of €0.6bn.

HOME LOANS

Outstanding home loans, held directly or pledged via L. 211-38 loans, decreased compared to the end of 2022 due to the natural amortization of inventories given the cessation of production by Crédit Foncier.

(in €m)	06/30/2023	12/31/2022	Change
Non-commercial mortgage loans (See note 11)	23,314	23,934	-2.66%
Loans to private individuals guaranteed by real estate loans under L. 211-38 (See note 22)	2,836	3,593	-26.69%
TOTAL	26,150	27,527	-5.27%

GROUP FUNDING AND ASSIGNMENT OF RECEIVABLES

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

These collateralized loans are classified as term loans and receivables from credit institutions. At the end of the 1st half of 2023, the outstanding loans amounted to €16.7bn broken down into:

- €7.3bn in loans to Crédit Foncier, mainly guaranteed by receivables from French local authorities;
- €4.8bn in loans to other Groupe BPCE entities, also guaranteed by receivables from French local authorities;

- €4.6bn in loans to BPCE for safe and liquid assets (formerly known as replacement assets).

The total amount of guarantees received to cover these loans amounted to €17.7bn at June 30, 2023.

OTHER ASSETS AND ACCRUAL ACCOUNTS

Other assets totaled €23.1m at June 30, 2023 compared with €20.4m at December 31, 2022.

The accrual accounts stood at €1.4bn at June 30, 2023, a slight increase compared with December 31, 2022 at €1.2bn.

3. Changes in liabilities

LIABILITIES

(in €k)

	06/30/2023	12/31/2022
Central Banks	0	0
Due to credit institutions	4,486,777	4,850,984
■ <i>Sight deposit</i>	0	3,570
■ <i>Term</i>	4,486,777	4,847,414
Customer transactions	0	0
■ <i>Sight deposit</i>	0	0
Debt securities	52,335,066	51,644,553
■ <i>Interbank market instruments and negotiable debt securities</i>	0	0
■ <i>Bond issues (covered bonds)</i>	52,335,066	51,644,553
Other liabilities	193,699	177,757
Accrual accounts	1,643,121	1,679,473
Provisions	12,379	12,388
Subordinated debts	0	0
Fund for general banking risks	20,000	20,000
Equity excluding reserve for general banking risks	2,016,107	2,073,708
■ <i>Share capital</i>	1,537,460	1,537,460
■ <i>Issue premium</i>	209,867	209,867
■ <i>Reserves</i>	145,772	139,776
■ <i>Regulated provisions and investment subsidies</i>	0	0
■ <i>Retained earnings</i>	60,698	66,694
■ <i>Income to be allocated</i>	0	0
■ <i>Net income for the period</i>	62,310	119,910
TOTAL LIABILITIES	60,707,149	60,458,864

The change in debt securities posted a positive net balance of €0.7bn, with the €3.8bn in issuances carried out in the 1st half of 2023 being higher than the amount of bond maturities for the period.

Amounts due to credit institutions decreased by €0.4bn as part of optimized cash management.

Share capital stood at €2bn, stable compared with the end of 2022.

4. Analysis of the income statement

INCOME STATEMENT

(in €k)	06/30/2023	06/30/2022
Net interest margin	114,647	119,046
Net fees and commissions	6,697	12,245
Other bank operating charges	-1,240	-1,367
Net banking income	120,103	129,923
General operating expenses	-35,037	-46,076
Gross operating income	85,066	83,847
Cost of risk	1,214	8,435
Net operating income	86,280	92,282
Gains or losses on long-term investments	0	0
Income before tax	86,280	92,282
Income tax	-23,970	-26,348
NET INCOME	62,310	65,934

NET BANKING INCOME

Net banking income for the 1st half of 2023 amounted to €120m, down slightly compared to the 1st half of 2022. It includes the impacts of reduced early repayments and renegotiations on individual outstandings, a reversal of a provision on a case that has reached the end of litigation and balances received as part of a derivative termination transaction.

Net commissions, mainly composed of early repayment fees, were down compared to the 1st half of 2022 in correlation with the fall in early repayment volumes.

GROSS OPERATING INCOME

General operating expenses amounted to €35m, down €11m compared to the 1st half of 2022. This decrease is mainly due to an adjustment of expenses for the invoicing of Crédit Foncier services for Compagnie de Financement Foncier.

Gross operating income amounted to €85.1m in the 1st half of 2023 compared to €83.8m at June 30, 2022.

COST OF RISK

Cost of risk was a net reversal of €1.2m in the 1st half of 2023, reflecting the quality of the assets carried on Compagnie de Financement Foncier's balance sheet. It includes an improvement in individual risk and a net reversal of collective risk in line with the decline in outstandings.

NET INCOME

Net income amounted to €62.3m in the 1st half of 2023, compared to €65.9m in the 1st half of 2022.

5. Cash flows

Refer to chapter 5 – "Financial information", note 25 – "Cash flow statement" (page 95).

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, but a list of the risks considered to be the most significant in terms of their probability of occurrence and their potential impact.

Other risks not identified to date or currently considered 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 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 comply with strict rules regarding the choice of the assets it acquires, by verifying in particular the credit quality of its counterparties and ensuring that guarantees are in place.

In addition to these risk management procedures, Compagnie de Financement Foncier could, under certain extreme circumstances, be forced to recognize significant losses:

- on its portfolio of real estate loans to Individuals (€25.2bn) 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.

At June 30, 2023, Compagnie de Financement Foncier's cost of risk charge grew by €1.2m. For further information, please refer to this Amendment to the 2022 Universal Registration Document of Compagnie de Financement Foncier (page 48).

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 their commitments could have an unfavorable impact on the financial position of Compagnie de Financement Foncier. This risk would be exacerbated if the assets it holds as collateral could not be sold or if their sale price did not cover all of Compagnie de Financement Foncier's expenses in respect of defaulted exposures or derivatives.

At June 30, 2023, Compagnie de Financement Foncier's balance sheet amounted to a total €60.7bn. The breakdown of Compagnie de Financement Foncier's outstanding assets/liabilities with regard to credit institutions and central banks is as follows:

ASSETS

Including:	(in €m)
Cash and amounts due from central banks	2,092
Loans and advances to banks at amortized cost	17,435

LIABILITIES

Including:	(in €m)
Central banks	0
Due to credit institutions	4,487

1.2 CONCENTRATION RISK

Exposure to the Public sector is mainly concentrated in France, while abroad, the exposure of Compagnie de Financement Foncier to the 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.

The real estate loans recognized in Compagnie de Financement Foncier's balance sheet are mainly composed of residential loans (assets with high granularity) primarily on properties in France. In the event that the French real estate market suffers a significant downturn, adverse consequences on the quality of Compagnie de Financement Foncier's portfolio of real estate assets may occur.

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, meaning 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.

A serious economic disruption could 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.

Compagnie de Financement Foncier has significant exposure to international public entities, in particular in Italy, the United States and Switzerland. These are subject to various macroeconomic influences (actions of local central banks, structural reforms, etc.) 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 €7.2bn at June 30, 2023, compared to €7.4bn at December 31, 2022, and can be divided between:

- Italian and Polish Sovereigns for €2.4bn (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 sovereigns) and Large Corporates for €3.6bn, stable compared to December 31, 2022 also at €3.8bn. It may be noted that 72% 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 €1.1bn. 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.

Compagnie de Financement Foncier acquires assets at market price. As soon as an asset is recorded on the balance sheet, it is transformed, if necessary, into a variable-rate asset in euros by setting up interest rate derivatives (swaps).

With the rise in interest rates, early repayments and renegotiations on outstanding loans to individuals on Compagnie de Financement Foncier's balance sheet continued to decline in 2023 to reach 4.6% at June 30, 2023 compared to 9.3% at December 31, 2022.

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 covered bonds or its parent company.

In order to maintain a competitive funding cost, Compagnie de Financement Foncier strives to maintain the AAA credit of its covered bonds. With this in mind, it carefully selects its assets (acquired or pledged) and manages its overcollateralization level in relation to the outstanding covered bonds.

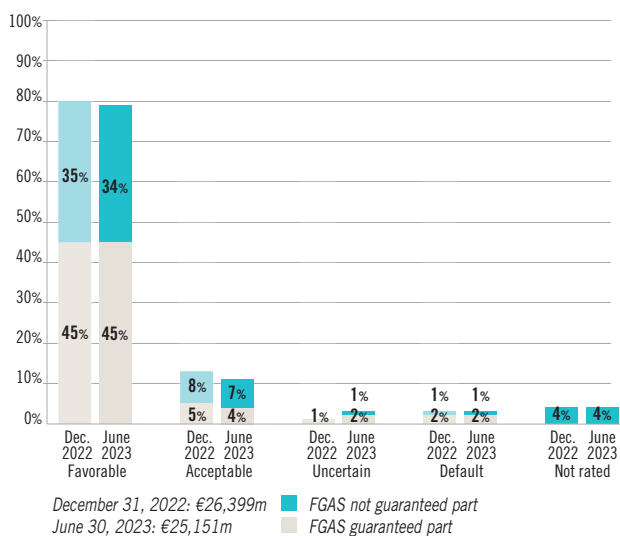
In the event of a severe financial crisis, the downgrading of the credit ratings of assets on the balance sheet or provided as collateral to Compagnie de Financement Foncier could end up calling into question the AAA rating of its covered bonds. In addition, a deterioration in the credit rating of Crédit Foncier or Groupe BPCE could also ultimately impact the AAA rating of the covered bonds.

The decline in the credit rating of the covered bonds would increase the funding costs of Compagnie de Financement Foncier and could impair its profitability.

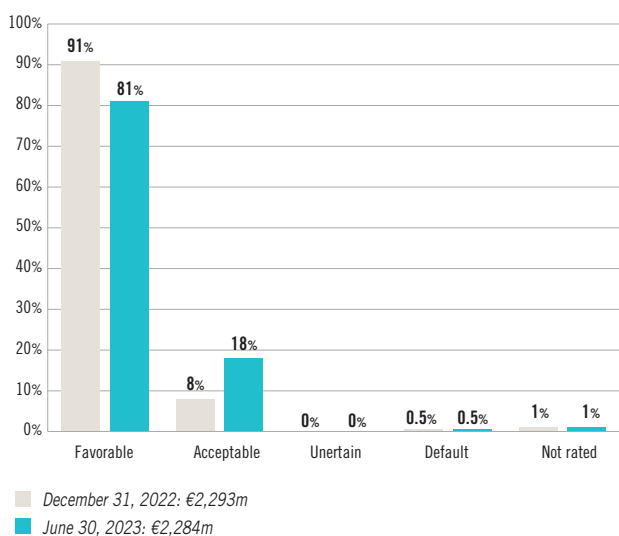
At June 30, 2023, the covered bonds of Compagnie de Financement Foncier were rated AAA/Aaa/AAA with stable outlooks by three rating agencies (S&P, Moody's and Scope Ratings).

Compagnie de Financement Foncier has outstandings with a good level of quality assets.

OUTSTANDING MORTGAGE LOANS TO INDIVIDUALS (INTERNAL RATING)

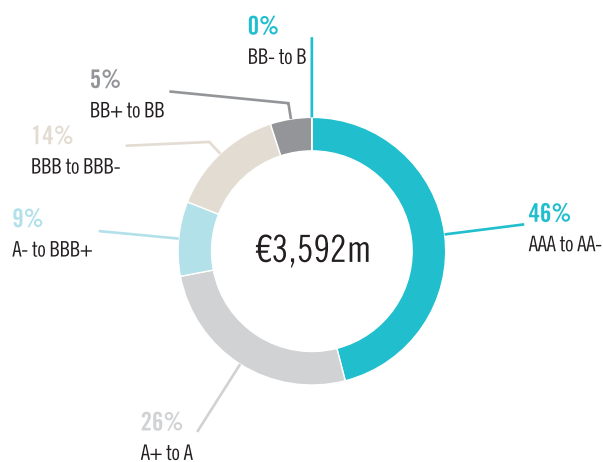


SOCIAL HOUSING PORTFOLIO (BASEL II RATING)



EXPOSURES TO THE INTERNATIONAL PUBLIC SECTOR (EXCLUDING SOVEREIGN) AND LARGE CORPORATES (INTERNAL RATING)

JUNE 30, 2023



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 issuance of covered bonds 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 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 transactions;
 - reduction of liquidity lines granted by Crédit Foncier and/or Groupe BPCE.

Compagnie de Financement Foncier holds, at June 30, 2023, €14bn (before haircut) in assets that may be pledged with the ECB and can use its cash, securities, exposures and deposits that were sufficiently safe and liquid or assets eligible for the Banque de France's intraday credit transactions to meet the contractual maturities of all of its privileged debts, for a period of 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 regulatory 100% limit applicable since January 1, 2018.

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 conduct its current activities and in particular, for the management of mortgage loans on its balance sheet. 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 related to settlement bank services, the asset/liability management and 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 Risk 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 results of the controls are regularly presented to this 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 bad debt and default rates are monitored by the Executive Risk Committees and have remained very stable to date.

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 business, results and financial position could be unfavorably affected.

A deterioration in the international macroeconomic situation would impact the refinancing model by changing the behavior of investors,

who would adopt more cautious asset allocation: Compagnie de Financement Foncier would then potentially issue more limited volumes of covered bonds with higher margin levels, which would reduce Compagnie de Financement Foncier's net banking income. With respect to its assets, Compagnie de Financement Foncier, at June 30, 2023, had a portfolio of €53.6bn exposed to France (88% of the outstanding amounts) and €7.2bn internationally, mainly Public sector, (12% of the outstanding amounts). 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.

Although Crédit Foncier and Compagnie de Financement Foncier have very little exposure to Ukraine and Russia, the refinancing conditions of Compagnie de Financement Foncier's activities could be impacted by the economic disruptions generated by the continuation of the Russian-Ukrainian conflict and its consequences.

REGULATORY RISK

The activity of Compagnie de Financement Foncier, which is mainly focused on the issuance of covered bonds, is very strictly regulated. Regulatory risk could weigh on Compagnie de Financement Foncier's business outlook and profitability.

Legislative or regulatory texts and measures are regularly proposed and implemented to avoid or limit the effects of new financial crises, to regulate banking and financial activity (new credit risk weighting methodologies, creation of regulatory bodies or reinforcement of the resources of existing bodies, taxes on financial transactions, etc.), or to harmonize and structure certain markets (Covered Bond directive, etc.).

Some of these measures could be unfavorable for Compagnie de Financement Foncier (increase in expenses, level of capital requirements, level of provisioning, reporting obligations, etc.).

The Covered Bond directive (directive EU 2019-2162), transposed into French law in mid-2021 and applicable from July 8, 2022, generated some very moderate impacts on Compagnie de Financement Foncier's overcollateralization ratio: the eligibility of some assets was reduced and the management and maintenance fees to extinction of the privileged liabilities had to be added to the denominator of the said ratio. The adjustments are small and Crédit Foncier provides additional eligible assets to maintain the overcollateralization ratio at a conservative level.

4. NON-FINANCIAL RISKS

4.1 SECURITY AND INFORMATION SYSTEM RISKS

Groupe Crédit Foncier, like all banking players, including Compagnie de Financement Foncier, is highly dependent on its information and communication systems as well as those of third parties, such as its service providers and suppliers and counterparties.

Its activities require the industrial processing of a very large number of transactions of varying complexity. Any breakdown or failure in these systems is likely to result in:

- malfunctions or interruptions in customer management, accounting, transaction and / or loan processing systems;
- a loss of revenue, or even losses or additional expenses for the institution.

Compagnie de Financement Foncier uses, in its day-to-day operations and almost exclusively, IT platforms common to several Groupe BPCE entities (BPCE-SI and BPCE-IT) for third-party application maintenance. In a general context where the cyber risk is assessed as high, Compagnie de Financement Foncier also benefits from all the measures implemented by Groupe BPCE to reduce the probability of its occurrence and any negative effects.

The Chief Information Security Officer (CISO) of the BPCE community, also the Crédit Foncier CISO, is responsible for the security of the information system within groupe Crédit Foncier; the latter therefore benefits from a team of experts and best practices in information systems security (ISS).

Thus, the governance of Crédit Foncier's information systems is mainly 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;
- 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 of the level of security of Crédit Foncier's IS and, by extension, of that of Compagnie de Financement Foncier.

Groupe BPCE's resources reinforce this system 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;
- Groupe BPCE's CERT (Alert and Response Center for Computer Attacks), which monitors and responds to identified external threats.

Thus, the main ISS risk factors are addressed through the following (DICP):

- **Availability of the information system and resources:** a Contingency and Business Continuity Plan system is integrated into the Business Continuity Plan and deployed. It is currently in the operational conditions maintenance (MCO) phase and is tested at least once a year. The IT Business Recovery Plan is organized by the Group's operators, BPCE-SI and BPCE-IT;

The residual risk relating to the availability of the service is rated as medium given the measures put in place and regularly tested. The tests carried out, both within groupe Crédit Foncier and Groupe BPCE through its participation in the marketplace test organized by the Banque de France, are designed to strengthen the management of this risk.

- **Integrity of the information system, processing and data:** 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-SI and BPCE-IT. However, the CISO exercises regular control over the processing and actions carried out in terms of IS security by 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 medium: the integrity guarantee mechanisms implemented by the BPCE-IT and

BPCE-SI 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 systems from the operators confirm this assessment.

- **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 committee chaired by a Deputy Chief Executive Officer.

The residual risk in terms of confidentiality is rated as medium, taking into account the provisions measures described above. The control of rights reviews (the principle of least privilege and separation of duties) as well as 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 addressed through the implementation, by its two IT service providers, of traceability and logging systems for transactions carried out on Crédit Foncier's IS and, therefore, on that of Compagnie de Financement Foncier.

The residual risk relating to the proof is rated as medium: 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 summary, the residual risk, given the measures and monitoring in place, has a low probability of occurrence. It is rated as medium for Crédit Foncier and, therefore, by extension, for Compagnie de Financement Foncier.

4.2 LEGAL AND REPUTATIONAL RISKS

Reputational 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. As such, inadequate management of potential conflicts of interest, legal and regulatory requirements, ethical problems, 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 impact 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 carries out its issuances of covered bonds.

Inadequate management of these aspects could also increase the legal risk of Compagnie de Financement Foncier or expose it to sanctions.

For further information, please refer to the 2022 Universal Registration Document of Compagnie de Financement Foncier (page 137).

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 presence of guarantees on its exposures, in accordance 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 ADVANCES TO BANKS AT AMORTIZED COST

No loan or receivable due from credit institutions repayable on demand was reclassified as doubtful in the 1st half of 2023. Out of the €17.4bn in receivables due from credit institutions, €16.8bn 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 limit the risk associated with this exposure.

8. Financial risk analysis

INTEREST RATE AND FOREIGN EXCHANGE RATE RISK

Compagnie de Financement Foncier has no open currency positions except for a few very small ones that could result from the adjustments inherent in any hedging transaction. Transactions initiated in non-euro currencies are swapped into euros at the moment of their execution.

Interest rate risk is hedged on the asset and liability side using micro or macro-hedging derivatives (transformation of fixed-rate items into floating-rate items).

The residual 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.

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.

LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers amounted to €34bn at June 30, 2023, including €0.6bn of doubtful loans, compared with €34.7bn and €0.6bn, respectively, at December 31, 2022. Doubtful loans remained almost exclusively concentrated on home loans for 99.88%. Correspondingly, out of a total of €30.7m in impairments at June 30, 2023, €30.6m concerns home loans.

INVESTMENT SECURITIES

Outstanding held-to-maturity securities amounted to €5.63bn at June 30, 2023.

None of these securities were reclassified as doubtful or impaired in 2023.

The outstanding amounts in terms of net carrying amount (excluding accrued interest and after premiums or discounts) break down between Italy (49%), the United States (25%), France (7%), Japan (7%), Spain (2%), Canada (4%), Poland (5%) and other countries with non-material amounts (1%).

Since mid-2022, there has been a significant decrease in the volume of early repayments, in line with the rise in market rates. Early repayments and renegotiations of outstanding loans to Individuals on Compagnie de Financement Foncier's balance sheet represented 4.6% of outstanding loans at June 30, 2023, compared to 9.2% at December 31, 2022.

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 2022.

LIQUIDITY RISK

The very prudent liquidity management policy continued in the 1st half of 2023. 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.

At June 30, 2023, Compagnie de Financement Foncier had available cash of €2.14bn, including €2.09bn with Banque de France, and €4.57bn lent to BPCE with a maturity of less than eleven months, mainly secured by a loan portfolio.

Compagnie de Financement Foncier's Liquidity Coverage Ratio (LCR), has also always been equal to or greater than 100% since 2015.

9. Information on internal control

For all information related to internal control, please refer to the 2022 Universal Registration Document of Compagnie de Financement Foncier (pages 90 to 96).

10. Regulatory and prudential information

Compagnie de Financement Foncier publishes a Risk Management report in which all the ratios and indicators applicable to Sociétés de Crédit Foncier are disclosed in accordance with the regulations in force.

Furthermore, this report includes additional information on the risk supervision of Compagnie de Financement Foncier.

For more information, please refer to chapter 4 – “Risk Management Report” in this Amendment to the 2022 Universal Registration Document (pages 31 to 57).

11. Other information

SUPPLIER PAYMENT TERMS (ARTICLE L. 441-14 OF THE FRENCH COMMERCIAL CODE) ⁽¹⁾

Pursuant to provisions of Article L. 441-14 of the French Commercial Code, the breakdown of the amount of the suppliers invoices received and not settled at closing is as follows:

Suppliers' invoices received and not settled 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 thousands of euros)</i>	1.51	-	-	-	1.51
Percentage of the total amount of the year purchases incl. VAT	0.01%	-	-	-	0.01%
Number of invoices	1	-	-	-	1

Compagnie de Financement Foncier complies with regulations on supplier payment periods, in accordance with the LME Act (economic modernization act) of August 4, 2008, which requires that suppliers are paid within 60 days from the date on which the invoice is issued.

Most of Compagnie de Financement Foncier's management is outsourced to Crédit Foncier and billed by the latter. The breakdown of the amount of supplier invoices received and not yet paid at closing of the fiscal year is presented in note 16 – “Other liabilities” of the individual financial statements of Compagnie de Financement Foncier.

CUSTOMER PAYMENT TERMS (ARTICLE L. 441-14 OF THE FRENCH COMMERCIAL CODE) ⁽¹⁾

There was no customer receivable not part of the banking business on Compagnie de Financement Foncier's balance sheet at June 30, 2023.

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 STOCK OWNERSHIP

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

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 1st half of 2023.

To the best of the Company's knowledge, there is no agreement providing for the realization of such an investment in the future.

For further information, please refer to the 2022 Universal Registration Document of Compagnie de Financement Foncier (page 97).

RESEARCH AND DEVELOPMENT

No research and development activity was carried out by Compagnie de Financement Foncier in the 1st half of 2023.

MAIN RISKS AND UNCERTAINTIES

The information on the main risks and uncertainties can be found in chapter 4 – “Risk Management Report” in this Amendment to the 2022 Universal Registration Document (pages 31 to 57).

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

12. Post-balance sheet events

No post-balance sheet event liable to have a material impact on the financial statements at June 30, 2023 occurred between the closing date and July 25, 2023, the date on which the Board of Directors approved the financial statements.

13. Outlook

Compagnie de Financement Foncier intends to continue its loan funding business in the 2nd half of 2023, 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 the rating agencies;
- continued growth of funding of loans originated by Groupe BPCE entities, by way of true sale assignments or through collateralized loans;

- active management of its outstandings in order to maintain their high quality, while preserving their profitability;

- continued optimization of financial risk hedging.

For more information about the future outlook, and particularly the economic and financial environment, please refer to “Economic and financial environment” (page 10).

14. Social, environmental and societal information

For all social, environmental and societal information, please refer to the 2022 Universal Registration Document of Compagnie de Financement Foncier (page 98).



COMPAGNIE DE FINANCEMENT FONCIER RISK MANAGEMENT REPORT

1. GOVERNANCE AND RISK MANAGEMENT SYSTEM	32	6. FINANCIAL RISK ANALYSIS	50
1.1. Organization of the Risk, Compliance and Permanent Control Coordination departments	32	6.1. Methodology used to assess liquidity, interest rate and foreign exchange rate risks	50
1.2. Loan selection process	35	6.2. Monitoring of liquidity risk	50
2. CHANGES IN ASSETS	38	6.3. Monitoring of overall interest rate risk	52
3. CHANGES IN LIABILITIES	39	6.4. Monitoring of foreign exchange rate risk	53
4. CAPITAL ADEQUACY RATIOS	40	6.5. Monitoring of settlement risk	53
4.1. Specific ratios	40	7. OPERATIONAL RISKS	54
4.2. Capital management	41	7.1. General system	54
5. ANALYSIS OF CREDIT AND COUNTERPARTY RISK	42	7.2. Governance	54
5.1. Breakdown of Compagnie de Financement Foncier's commitments	42	7.3. Management environment	54
5.2. Delinquency	48	7.4. Organization of business continuity	54
5.3. Risk mitigation techniques	49	7.5. Information technology risk	54
		7.6. Personal data protection	55
		7.7. Insurance	55
		7.8. Legal risks	55
		8. NON-COMPLIANCE RISK	56
		8.1. General system	56
		8.2. Financial security	56
		8.3. Compliance	57
		8.4. Ethics	57

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 Risk Division – Credit;
- the Risk Division – Financial Risks;
- the Risk Division – Governance;
- the Compliance and Permanent Control Division (DCCP);
- the Business Security Division, which covers Information Systems Security, Business Continuity and Personal Data Protection.

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 DIVISION

Crédit Foncier's Risk Division, which reports functionally to BPCE's Risk Division, 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 Division conducts its activities within the framework of the agreements signed between Crédit Foncier and its *société de crédit foncier*. The Risk Division reports on its activities to the Executive Risk 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 **Executive Risk Committee** is chaired by its Chief Executive Officer. Meeting 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 cost of risk, producing and analyzing stress scenarios, and monitoring share capital.

The **Internal Control Committee**, chaired by the Chief Executive Officer of Crédit Foncier, meets 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 **ALM and Liquidity Management Committee** (CGBPL) is a General Steering 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 Division (DCCP) coordinates Compagnie de Financement Foncier's compliance function in accordance with the agreement signed between the two institutions "on internal control and compliance services".

This division 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, as well as level 2 permanent controls on loan management transactions;
- operational risks.

Crédit Foncier's DCCP reports functionally to the Group divisions 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 Division – Financial risks.

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

This structure works in close collaboration with second-level permanent control teams and the Institutional Relations Division, ensuring the existence and effectiveness of the permanent control structure.

1.1.3. ORGANIZATION OF THE INFORMATION SYSTEMS SECURITY DEPARTMENT

The security of Crédit Foncier's information systems, which also covers that of Compagnie de Financement Foncier, is the responsibility of the Head of Information Systems Security at Crédit Foncier.

This function, exercised internally until the end of the 3rd quarter of 2022 by the Director of Business Security (reporting to the executive director of the Risk and Compliance Division of Crédit Foncier), is now outsourced to BPCE SA and entrusted to the Head of Business Security of the BPCE community as part of the outsourcing of the activities of the Business Security Division, namely information systems security, business continuity and personal data protection.

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 Information Systems Security Committee (IISSC) 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 include Compagnie de Financement Foncier's continuity plan. The BCP, which includes the Contingency and Business Continuity Plan (CBCP) is under the responsibility of the Business Continuity Plan Manager (BCPM). This person is also responsible for Compagnie de Financement Foncier's BCP.

This function exercised internally until the end of the 3rd quarter of 2022 by the Director of Business Security (reporting to the executive director of the Risk and Compliance Division of Crédit Foncier) is now outsourced to BPCE SA and entrusted to the Business Continuity Plan Manager of the BPCE Community as part of the outsourcing of the activities of the Business Security Division, namely information Systems Security, Business Continuity and personal data protection.

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 Committee (IISSC), 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 for 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

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

This function, exercised internally until the end of the 3rd quarter of 2022 by the Director of Business Security (reporting to the executive director of the Risk and Compliance Division of Crédit Foncier) is now outsourced to BPCE SA and entrusted to the Data Protection Officer of the BPCE Community as part of the outsourcing of the activities of the Business Security Division, namely information systems security, business continuity and personal data protection.

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 function composed of representatives of the business lines, appointed by a member of the Executive Committee and led by the Data Protection Officer (DPO);

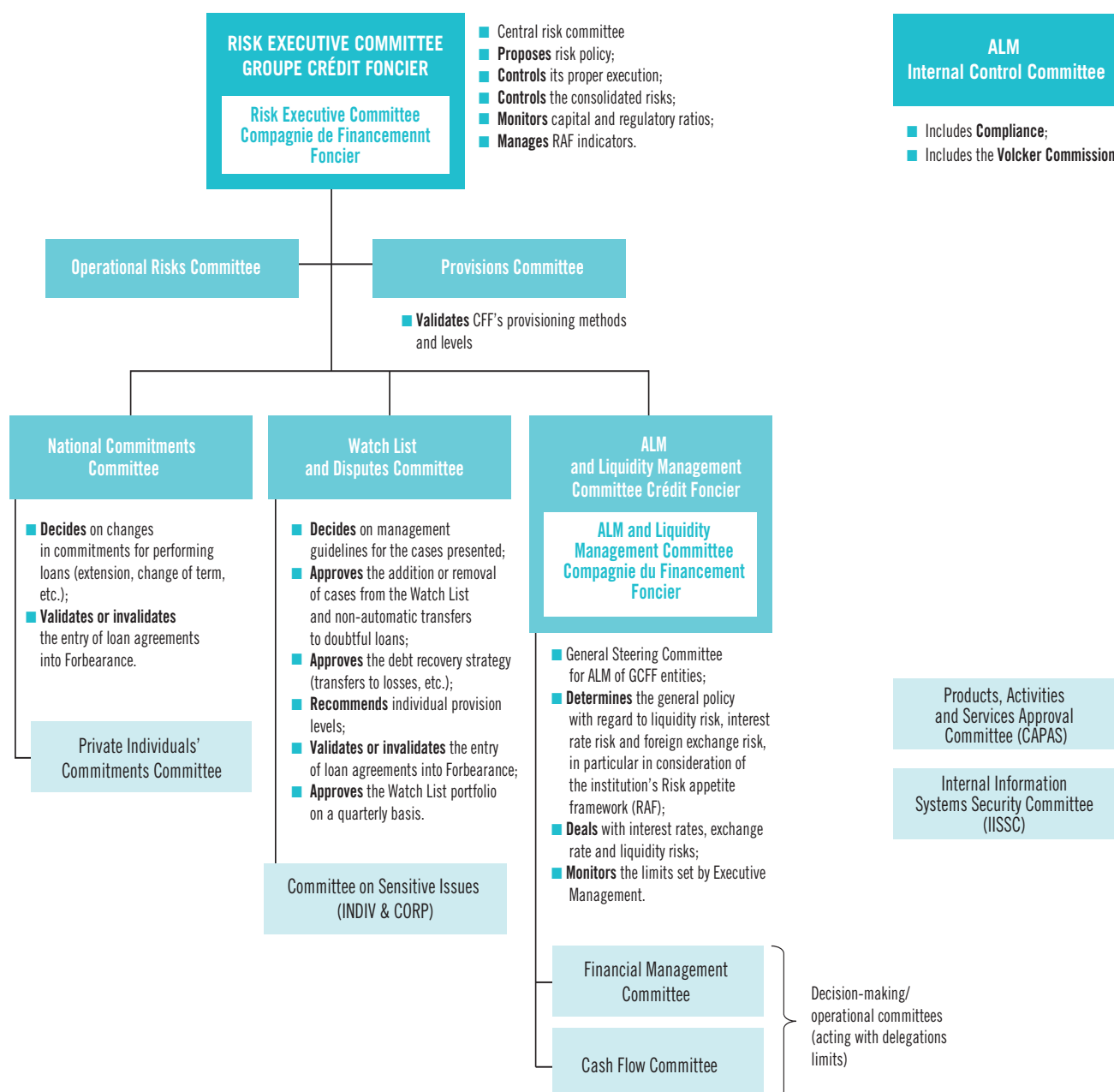
- an external charter for customers or prospects and a charter for Crédit Foncier employees;
- a GDPR awareness-raising program for all employees;
- documentation dedicated to the various requirements of the GDPR standard;
- a permanent control system.

1.1.6. INFORMATION SYSTEM AND DATA CONSISTENCY

To comply with Basel II and subsequently Basel III, the Risk Division 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 DIVISION – 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.

For purchases or receivables, the analysis is similar for all Groupe BPCE institutions.

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 16, 2022, falls within the general framework of groupe Crédit Foncier's risk appetite, approved by the Board of Directors on November 4, 2022.

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 Executive Management 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 dedicated to the Recovery and Resolution Plan covering all BPCE institutions.

1.2.1. COMMITMENT SELECTION AND MONITORING SYSTEMS AT CRÉDIT FONCIER

Commitment selection and monitoring relies on:

- the implementation of risk policies across various activities (loans to individuals, and to public and private Corporates), consistent with Group credit policies;
- the definition of delegations, primarily with regard to public Corporates and individual customers;
- 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: 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.

COUNTER-ANALYSIS MECHANISM

The counter-analysis system is related to a delegation chain that provides for a National Commitments Committee level where a representative of the Risk Division expresses an independent opinion supported by his/her 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 Division and is performed for all requests for financing submitted to the National Commitments Committee.

RATING APPROACH

INDIVIDUAL CUSTOMERS

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 *SOCIÉTÉ DE 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.

INDIVIDUAL CUSTOMERS

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

acquires loans (currently only SSPs) 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);
- sureties and financial guarantees institutions with a sufficiently high rating, in particular Crédit Logement, a financial sector company rated Aa3 by Moody's at May 23, 2023.

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 an 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 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								✗	✗		
Performing and not doubtful during the last 2 years	Segment and sub-segment known	Segment or sub-segment not eligible						✗	✗		
		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	✗	✓	✓	
			Age of the loan	> 4 years	Outstanding rating		1 to 7		✓	✓	
							8,9,10, Not rated		✗	✓	✓

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 (\geq AA-).

PRIVATE CORPORATES

Since 2016, certain long-term private corporate loans financed by Group institutions 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.

Following the shutdown of loan production, new rules adapted to Crédit Foncier's internal limits were put in place.

They are now based on Groupe BPCE's individual limits where they exist and are assessed in gross amounts. Credit limits are approved by the National Commitments Committee. These individual limits, which are reviewed and proposed by the Risk Division, are monitored at groupe Crédit Foncier 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 Risk Division – Financial risks and is the subject of a quarterly presentation to the Executive Risk Committee.

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 review of portfolios to ensure the overall quality of exposures and control the recognition of provisions for risk;
- at a minimum, monthly monitoring of sensitive operations for corporate customers and once a fortnight for retail clients;
- the production of internal, external and regulatory reports.

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 Division. 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).

INDIVIDUAL CUSTOMERS

Monitoring is carried out by the business line's Committee on Sensitive Issues (CMAS), which usually meets every 15 days 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.

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 three 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
- safe and liquid assets as defined in Article L. 513-7, limited to 10% of the pledge of the privileged resources.

BREAKDOWN OF ASSETS BY GUARANTEE

ASSETS	06/30/2023		12/31/2022	
	(in €m)	(% of balance sheet)	(in €m)	(% of balance sheet)
Guaranteed loans (Articles L. 513-3, L. 513-5 and L. 513-6)	26,330	43.4%	27,581	45.6%
Mortgage loans secured by the FGAS	13,025	21.5%	13,324	22.0%
Other mortgage loans	8,733	14.4%	9,582	15.8%
Guaranteed loans	4,572	7.5%	4,675	7.7%
Exposures on public entities (Articles L. 513-4 and L. 513-5)	28,773	47.4%	27,439	45.4%
Public sector loans	12,599	20.8%	12,683	21.0%
Public loans assigned under L. 211-38	8,356	13.8%	8,355	13.8%
Public entity securities	5,726	9.4%	5,875	9.7%
Deposits at Banque de France	2,092	3.4%	527	0.9%
Other assets (interests on IFAT, adjustment accounts, etc.)	936	1.5%	812	1.3%
Safe and liquid assets (Article L. 513-7)	4,668	7.7%	4,626	7.7%
TOTAL ASSETS	60,707	100.0%	60,459	100.0%

At June 30, 2023, Compagnie de Financement Foncier's balance sheet was up by €0.2bn compared with December 31, 2022. This increase reflects the various changes among the different asset classes considered:

- mortgage loans were down by €1.3bn, due to the amortization of the historical stock of assets held or used;
- public entity securities were down slightly by €0.1bn;
- loans to public Corporates were stable. The increase in the refinancing of public assets from regional banks for €1.3bn offset the amortization of historical stock. This situation reflects the continuation of Compagnie de Financement Foncier's strategy at the service of Groupe BPCE;

- the liquidity deposited in the Banque de France account increased by €1.6bn.

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.

At June 30, 2023, international assets, mainly linked to the Public sector, totaled €7.0bn. Main geographical exposures are Italy (€3.0bn), the United States (€1.3bn) and Switzerland (€1.1bn). To a lesser extent follow Belgium (€0.5bn), Japan (€0.4bn), Poland (€0.3bn), Canada (€0.3bn) 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 two main categories:

■ privileged resources that legally protect bondholders by guaranteeing priority repayment and compliance with repayment schedules, even in the event of default of the issuer or its parent company;

■ other resources that help reinforce the security of privileged debt holders. These resources 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 share capital, resources contributed by Crédit Foncier.

BREAKDOWN OF LIABILITIES BY GUARANTEE RANK

LIABILITIES	06/30/2023		12/31/2022	
	(in €m)	(% of balance sheet)	(in €m)	(% of balance sheet)
Privileged resources	52,353	86.2%	51,641	85.4%
<i>Obligations foncières</i> at the reporting date	52,337	86.2%	51,645	85.4%
Foreign exchange difference on <i>obligations foncières</i>	-106	-0.2%	-90	-0.1%
Other privileged resources	122	0.2%	86	0.1%
Translation difference associated with hedging balance sheet items*	1,076	1.8%	1,080	1.8%
Non-privileged resources	7,279	12.0%	7,737	12.8%
Unsecured debt	5,181	8.5%	5,589	9.2%
Subordinated debts and similar debt	62	0.1%	55	0.1%
■ of which subordinated securities	0	0.0%	0	0.0%
Shareholders' equity and reserve for general banking risks	2,035	3.4%	2,094	3.5%
TOTAL LIABILITIES	60,707	100.0%	60,459	100.0%
Regulatory capital according to CRR/CRD IV:	1,974	3.3%	1,974	3.3%
■ of which Common Equity Tier-1 capital	1,974	3.3%	1,974	3.3%
■ of which Additional Tier-1 capital	0	0.0%	0	0.0%
■ of which Tier-2 capital	0	0.0%	0	0.0%

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

During the fiscal year, privileged resources increased by €0.7bn, as contractual amortizations of debt were lower, at €3.1bn, than issuances for the year at €3.8bn. Unsecured debt decreased by €0.4bn.

Share capital, at €2.0bn, was stable over the half-year after payment of dividends.

4. CAPITAL ADEQUACY RATIOS

4.1. Specific ratios

Compagnie de Financement Foncier is not obliged by the regulator to follow capital adequacy 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

In accordance with the provisions of Articles L. 513-12 and R. 513-8 of the French Monetary and Financial Code, Compagnie de Financement Foncier measures the hedging ratio, which is equal to the ratio between risk-weighted assets and privileged debt, which must always be greater than 105%.

Among the assets of Compagnie de Financement Foncier, restatements concern the following:

- mortgage or guaranteed real estate loans held directly or by way of mobilization;
- assets sold under repos; and
- non-collateralized intragroup loans that exceed the regulatory limit of 25% of unprivileged liabilities.

The regulations limit the amount of outstanding loans that can be financed by *obligations foncières* to the fraction of the outstanding amount equal to the outstanding principal of the claim compared to the present value of the pledge, to 60% when the property is guaranteed by a commercial property, to 80% when the property is guaranteed by a residential property, and approximately 90% (by calculation method) when the property is guaranteed by the FGAS.

At June 30, 2023, loans outstanding in excess of the LTV threshold amounted to €0.4bn, still significantly lower than those for non-privileged liabilities at €7.3bn.

In addition, assets already assigned as collateral for another transaction are deducted from the ratio: the outstanding amount of securities sold under repurchase agreements with Crédit Foncier of €0.9bn at June 30, 2023 is not included in the calculation of the ratio.

In the end, the overcollateralization ratio stood at 111.4% at June 30, 2023 vs. 113.0% at the end of 2022.

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 June 30, 2023, this figure stood at 12.2%, down from the level of 13.7% seen at the end of 2022.

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 2022 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 the end of June 2023 came to 62.3% for a total outstanding amount of €25.8bn, broken down as:

- 64.4% for loans guaranteed by FGAS in the amount of €13.9bn;
- 59.9% for other mortgage or guaranteed loans to individual customers, with €11.9bn outstanding.

At the end of June 2023, all mortgage loans or guaranteed loans, totaling €26.5bn, had an average LTV of 61.8%. This breaks down into an average LTV of 62.3% for loans to individual customers in the amount of €25.8bn, and of 40.5% for corporate loans totaling €0.6bn.

OTHER LIMITS

Compliance with the various holding limits applicable to certain assets is verified:

- safe and liquid assets (formerly known as “replacement values”) are eligible for up to 10% of the privileged liabilities;
- 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 €14.0bn in assets that can be mobilized by the Eurosystem (excluding repurchase agreements) that could provide it with an estimated additional €12.6bn in cash resources after discount and on the basis of the ECB's current rules, while maintaining its coverage rate at above the legal minimum of 105%.

The other capital adequacy ratios applicable to credit institutions are monitored by groupe 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, at June 30, 2023, on the basis of the standard Basel III method, its Common Equity Tier-1 (CET1) ratio, which is equal to its Tier-1 ratio and its solvency ratio, was 26.5%, up 1% compared with the end of December 2022 at 25.5%. Total risk exposures amounted to €7.5bn, down €0.3bn compared with December 31, 2022.

4.2. Capital management

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; it is therefore directly involved in obtaining an AAA/Aaa/AAA rating for *obligations foncières* by S&P/Moody's/Scope.

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-1, Additional Tier-1 Capital and Tier-2 Capital.

The amount of capital of Compagnie de Financement Foncier was €2.0bn at June 30, 2023. This amount also represents the Core Equity Tier-1 capital.

CAPITAL REQUIREMENTS

Capital requirements were calculated using the standard Basel III method. The Executive Risk Committee (CEDR) of April 6, 2022 decided that transparency treatment would no longer be applied for the calculation of RWAs for L. 211-38 assignments guaranteed by French local authorities sector loans or by mortgage loans. These intragroup exposures will now be weighted at 0% in accordance with the provisions of the CRR Regulation.

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 accordance 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)	06/30/2023		12/31/2022	
	Capital requirements	RWA	Capital requirements	RWA
Central governments	20	256	22	277
Institutions	2	27	2	30
Regional governments	221	2,768	225	2,815
Corporations	18	226	17	218
Retail customers	58	729	61	758
Mortgage-backed exposure	215	2,692	230	2,878
Exposure at default	22	273	23	288
Other assets	2	30	2	20
Requirements for credit risk (A)	560	7,000	583	7,284
Requirements for market risk (B)	-	-	-	-
Requirements for operational risk (C)	32	403	32	403
Credit value adjustment (D)	4	49	5	61
CAPITAL REQUIREMENTS (A)+(B)+(C)+(D)	596	7,453	620	7,748

SOLVENCY RATIO

Compagnie de Financement Foncier's solvency ratio at June 30, 2023 was prepared using the standard method in accordance with the provisions of EU Regulation No. 575/2013 (CRR).

	06/30/2023	12/31/2022
Solvency ratio	26.48%*	25.47%*
CET1 ratio	26.48%	25.47%
Tier-1 ratio	26.48%	25.47%

Source: Common Solvency Ratio Reporting (COREP) at 06/30/2023.

* Pursuant to the CRR, discontinuation of the transparency method for L. 211-38 intra-group transfers from April 6, 2022.

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 safe and liquid assets (previously known as replacement values) corresponding to a portion of cash balances. These assets meet differentiated approaches as to the measuring and monitoring of their credit risk:

- loans granted to private individuals and loans to business customers mainly in the Public sector: these loans are acquired either directly by Compagnie de Financement Foncier or pledged through Crédit Foncier or any other entity of Groupe BPCE entities, in the form of guaranteed loans granted under Article L. 211-38 of the French Monetary and Financial Code;

- loans from the State-subsidized sector guaranteed by the French state;
- Public sector securities, which comprise Compagnie de Financement Foncier's main international exposure;
- safe and liquid assets 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 counterparties to the underlying assets in the form of loans under Article L. 211-38 of the French Monetary and Financial Code.

As an exception, safe and liquid assets are analyzed by their exposure to the counterparty (and not according to the underlying assets when they come under Article L. 211-38 of the French Monetary and Financial Code).

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 Commercial Mortgage-Backed Securities (CMBS);
- 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 06/30/2023			Exposures as of 12/31/2022		
	Sold	Assigned ⁽³⁾	Total	Sold	Assigned ⁽³⁾	Total
A – Individual mortgage loans ^{(1) (2) (6)}	21,863	3,288	25,151	22,389	4,011	26,399
B – Public financing	20,040	8,344	28,384	18,724	8,342	27,066
French public financing	13,433	7,856	21,289	11,916	7,839	19,755
■ Social housing	1,290	994	2,284	1,326	966	2,293
■ French local authorities (FLA)	9,739	6,049	15,788	9,752	5,369	15,121
■ Sovereign France	2,404	813	3,216	838	1,503	2,341
Infrastructure project financing (IPF)	570	488	1,058	575	504	1,079
International public financing	6,037	0	6,037	6,233	0	6,233
■ International public sector (IPS)	3,366	0	3,366	3,526	0	3,526
■ International Sovereign	2,445	0	2,445	2,475	0	2,475
■ Public sector large corporations	226	0	226	231	0	231
C – Commercial mortgage exposures ⁽⁶⁾	12	506	518	18	561	579
D – Banking sector exposures	668	4,617	5,285	667	4,568	5,235
Banks with sovereign guarantees or similar	617	0	617	609	0	609
Other banks	51	0	51	58	0	58
L. 211-38-VR ⁽⁴⁾	0	4,617	4,617	0	4,568	4,568
TOTAL RISK EXPOSURE (A + B + C + D)	42,583	16,755	59,337	41,798	17,482	59,280
Miscellaneous adjustments and other assets ⁽⁵⁾	1,388	12	1,400	1,203	13	1,216
TOTAL	43,971	16,767	60,738	43,001	17,495	60,496

(1) The “mortgage loans France” line item includes a limited amount of outstanding Dutch loans for €18m.

(2) Including Belgian mortgage loans for €495m (carrying amount).

(3) Of which €4,789m under L. 211-38 with the Caisses d’Épargne and Banques Populaire banks.

(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.

At June 30, 2023, total credit risk exposure was up slightly by €242m compared to December 31, 2022 and reached €60.7bn. This exposure reflects contrasting dynamics:

- the €1.2bn decrease in individual mortgage and guaranteed loans, which stood at €25.2bn and whose origination has been stopped since the end of March 2019;

- the €1.3bn increase in public sector borrowers due to the resumption of Compagnie de Financement Foncier refinancing for Groupe BPCE (by pledge under L. 211-38 and acquisition of receivables):

- €0.7bn increase in French local authorities;
- €0.9bn increase in Sovereign France.

Exposures to the banking sector were stable.

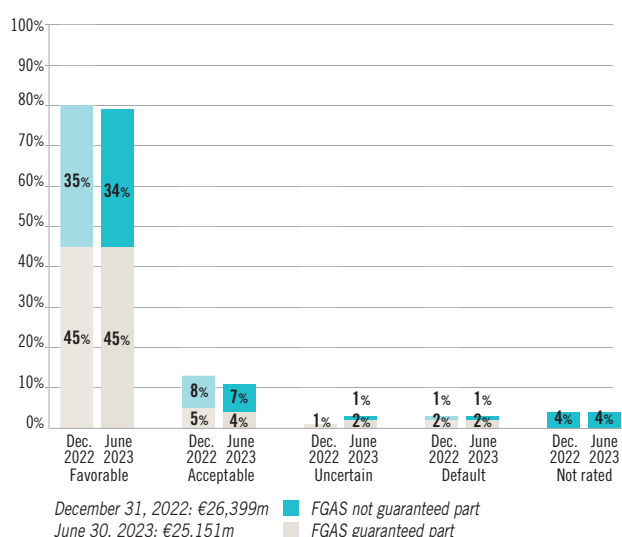
BREAKDOWN OF EXPOSURES BY GEOGRAPHY

Breakdown of exposures by geography	06/30/2023		12/31/2022	
	Balance sheet		Balance sheet	
	(in €m)	(in %)	(in €m)	(in %)
France	53,570	88	53,106	87.5
Other countries in the European Economic Area	4,014	7	4,128	6.8
■ of which Italy	2,982	5	3,029	5.0
■ of which Belgium	495	1	528	0.9
■ of which Poland	293	1	328	0.5
■ of which Spain	158	ns	157	ns
■ of which Portugal	67	ns	66	ns
■ of which the Netherlands	18	ns	20	ns
Switzerland	1,156	2	1,146	1.9
North America (USA & Canada)	1,604	2	1,674	2.5
Japan	393	1	442	0.7
TOTAL	60,738	100	60,496	100

5.1.2. QUALITY OF THE PORTFOLIO EXPOSED TO CREDIT RISK

PORTFOLIO OF LOANS TO INDIVIDUALS

INTERNAL RATING AND QUALITY OF INDIVIDUAL MORTGAGES OUTSTANDING



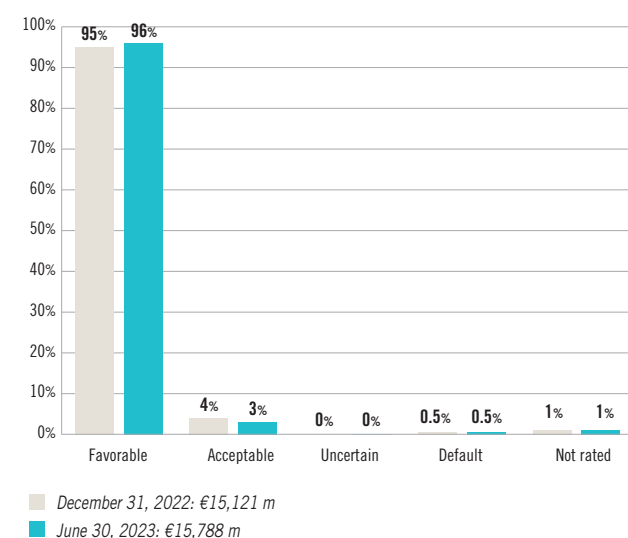
The distribution of ratings attests to the ongoing good quality of outstanding loans.

FRENCH PUBLIC SECTOR PORTFOLIO

The French public sector portfolio stood at €21.3bn and breaks down as follows:

- French local authorities: €15.8bn;
- Social housing: €2.3bn;
- Sovereign France: €3.2bn.

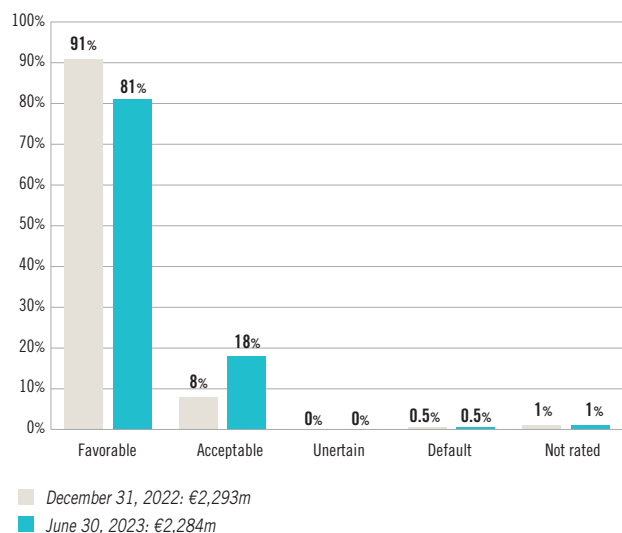
PORTFOLIO OF FRENCH PUBLIC OPERATORS – BREAKDOWN BY BASEL II RATING



French local authorities remained at a very good level for Compagnie de Financement Foncier.

SOCIAL HOUSING

SOCIAL HOUSING PORTFOLIO – BREAKDOWN BY BASEL II RATING



Note: including associations.

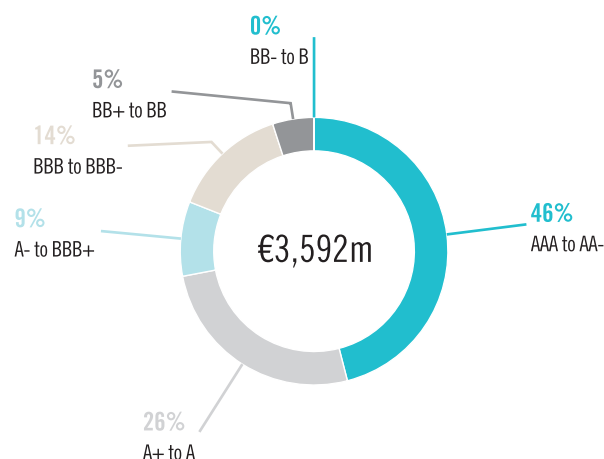
The quality of Compagnie de Financement Foncier's Social housing outstandings remained at a very good level, with some ratings going from favorable to acceptable.

INTERNATIONAL PUBLIC SECTOR PORTFOLIO

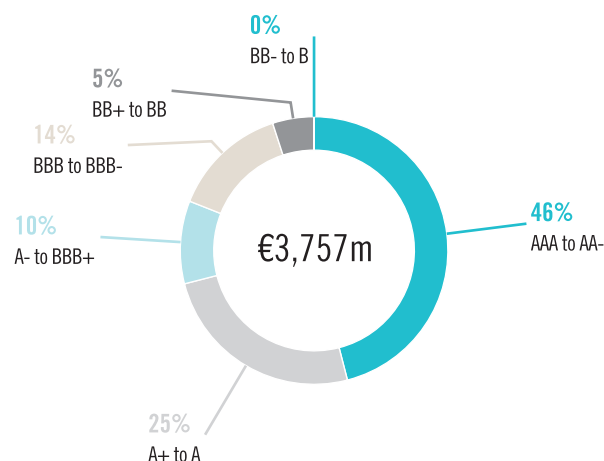
INTERNATIONAL PUBLIC SECTOR (EXCLUDING SOVEREIGNS) AND LARGE PUBLIC SECTOR CORPORATES

At June 30, 2022, the IPS portfolio (excluding Sovereigns) and Large Corporates stood at €3.6bn, down €0.17bn compared with December 31, 2022, due to asset amortization and maturities. Compagnie de Financement Foncier has stopped making new acquisitions in recent fiscal years.

BREAKDOWN BY INTERNAL RATING OF EXPOSURES TO THE INTERNATIONAL PUBLIC SECTOR AND LARGE CORPORATES* JUNE 30, 2023



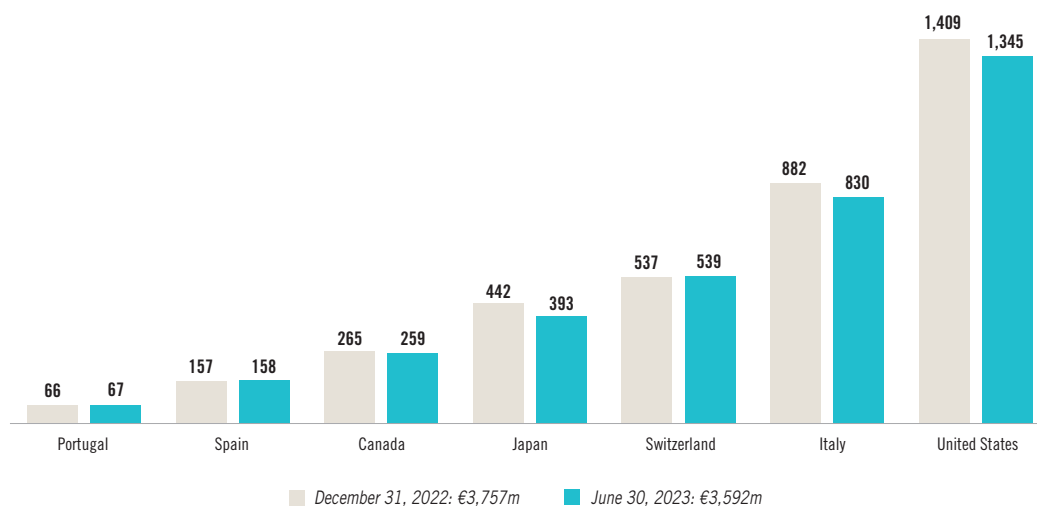
DECEMBER 31, 2022



* At net carrying amount before including swaps.

The average quality of internal ratings improved since the end of 2022: 82% of ratings were at or above BBB+ compared to 81% in 2022.

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



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.

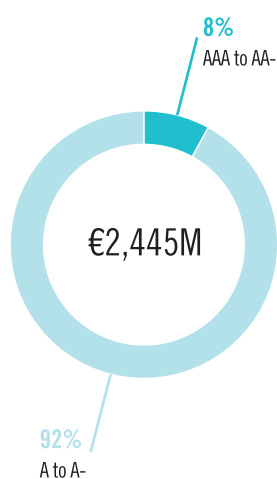
Compagnie de Financement Foncier has no direct exposures to monoline insurers but does have credit enhancements acquired from them for certain assets in the portfolio.

INTERNATIONAL SOVEREIGN

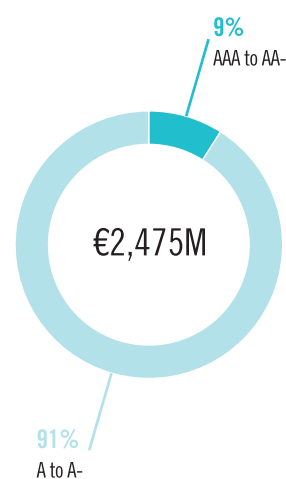
Following the disposals and repayments, Compagnie de Financement Foncier's residual exposure to sovereign issuers is concentrated on Italy and, to a lesser extent, on Poland.

BREAKDOWN OF EXPOSURES BY INTERNAL RATING ON SOVEREIGNS EXCLUDING FRANCE

JUNE 30, 2023

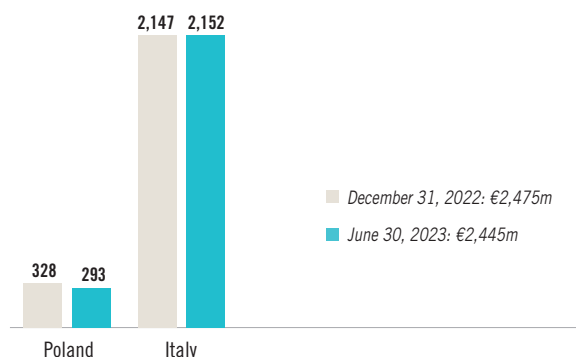


DECEMBER 31, 2022



Compagnie de Financement Foncier's whole International Sovereign portfolio is rated investment grade (rating \geq A-).

BREAKDOWN OF DIRECT EXPOSURES TO SOVEREIGNS OUTSIDE FRANCE



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 both repayments and 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.

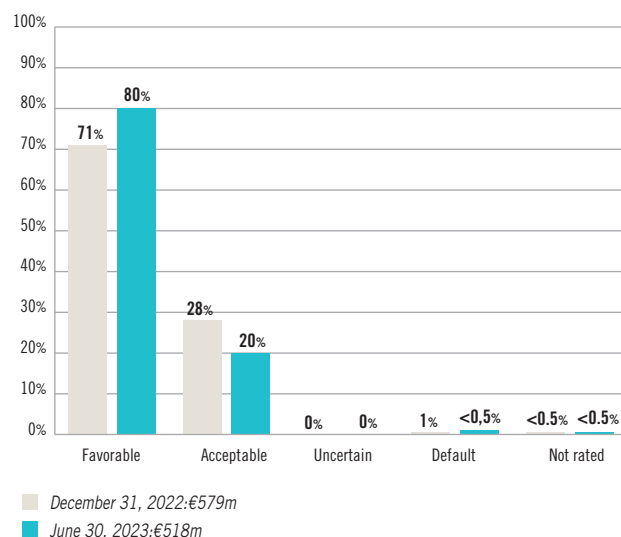
Thus, €1.1bn of outstandings in the portfolio is counter-guaranteed by monoline insurers.

The monoline insurers solicited:

- Assured Guaranty Municipal Corp. and Assured Guaranty Europe (ex-FSA) maintain high credit ratings of respectively AA/A by S&P and Moody's, while Assured Guaranty Corp. (which took over CFIG) has ratings of AA/A2 by S&P and Moody's – guaranteeing a total of €0.97bn of securities outstanding;
- more marginally, National Public Finance Guarantee Corp. (ex-MBIA), rated Baa2 by Moody's, guarantees €15m of outstanding securities;
- the FGIC monoline is not rated, which reduces the quality of its credit support (counter-guaranteed outstandings of €124.2m).

PRIVATE CORPORATES PORTFOLIO

At June 30, 2023, Private Corporate outstandings sold and assigned amounted to €518m, with 99% of the outstandings having "Favorable" or "Acceptable" ratings.



BANKING SECTOR PORTFOLIO

At €10bn, exposures to the banking sector were slightly up compared to December 31, 2022 at €9.1bn. They mainly consisted of short-term transactions with BPCE for €4.6bn and L. 211-38 transactions with the Caisses d'Épargne and Banques Populaires banks for €4.8bn.

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 06/30/2023				GROSS exposures as of 12/31/2022			
	Total balance sheet	Doubtful loan rate sold	Doubtful loan rate assigned	Overall doubtful loan rate	Total balance sheet ⁽³⁾	Doubtful loan rate sold	Doubtful loan rate assigned	Overall doubtful loan rate
A – Individual mortgage loans ^{(1) (2) (6)}	25,151	2.93%	0.09%	2.56%	26,399	2.84%	0.08%	2.42%
B – Public financing	28,384	0.00%	0.00%	0.00%	27,066	0.00%	0.03%	0.01%
French public financing	21,289	0.00%	0.00%	0.00%	19,755	0.00%	0.00%	0.00%
■ Social housing	2,284	0.02%	0.00%	0.01%	2,293	0.00%	0.00%	0.00%
■ French local authorities (FLA)	15,788	0.00%	0.00%	0.00%	15,121	0.00%	0.00%	0.00%
■ Sovereign France	3,216	0.00%	0.00%	0.00%	2,341	0.00%	0.00%	0.00%
■ Infrastructure project financing (IPF)	1,058	0.00%	0.00%	0.00%	1,079	0.00%	0.00%	0.00%
International public financing	6,037	0.00%	0.00%	0.00%	6,233	0.00%	0.00%	0.00%
■ International public sector (IPS)	3,366	0.00%	0.00%	0.00%	3,526	0.00%	0.00%	0.00%
■ International Sovereign	2,445	0.00%	0.00%	0.00%	2,475	0.00%	0.00%	0.00%
■ Public sector large corporations	226	0.00%	0.00%	0.00%	231	0.00%	0.00%	0.00%
C – Commercial mortgage exposures ⁽⁶⁾	518	2.01%	0.00%	0.05%	579	27.48%	0.00%	0.86%
D – Banking sector exposures	5,285	0.00%	0.00%	0.00%	5,235	0.00%	0.00%	0.00%
Banks with sovereign guarantees or similar	617	0.00%	0.00%	0.00%	609	0.00%	0.00%	0.00%
Other banks	51	0.00%	0.00%	0.00%	58	0.00%	0.00%	0.00%
L. 211-38-VR ⁽⁴⁾	4,617	0.00%	0.00%	0.00%	4,568	0.00%	0.00%	0.00%
TOTAL RISK EXPOSURE (A + B + C + D)	59,337	1.51%	0.02%	1.09%	59,280	1.53%	0.03%	1.09%
Miscellaneous adjustments and other assets ⁽⁵⁾	1,400	0.00%	0.00%	0.00%	1,216	0.00%	0.00%	0.00%
TOTAL	60,738	1.46%	0.02%	1.06%	60,496	1.49%	0.03%	1.07%

(1) The "mortgage loans France" line item includes a limited amount of outstanding Dutch loans for €18m.

(2) Including Belgian mortgage loans for €495m (carrying amount).

(3) Of which €4,789m under L. 211-38 with the Caisses d'Épargne and Banques Populaire banks.

(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 remained low at 1.06%.

5.2.2. COST OF RISK OF COMPAGNIE DE FINANCEMENT FONCIER

(in €m)	06/30/2023	12/31/2022
Individual cost of risk (A)	0.28	9.43
Collective provisions (B)	0.93	-2.84
Cost of risk (A+B)	1.21	6.60
Cost of risk, Net Banking Income (C)	4.64	2.34
NET (A+B+C)	5.86	8.94

At June 30, 2023, Compagnie de Financement Foncier's cost of risk accounts for a reversal of €5.86m. It is made up of the cost of risk on a solo basis (reversal of €0.28m), the cost of risk on a collective basis (expense of €0.93m) and risk income recognized in NBI (reversal of €4.64m).

5.3. Risk mitigation techniques

5.3.1. RISK MITIGATION FACTOR

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, 60.4% of outstanding mortgage loans to individual customers 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 3rd quarter of 2014. Since the 4th 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

The methodology remained unchanged in the 1st half of 2023.

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 (preparation of the financing plan, evaluation of cash requirements) that includes business forecasts over the current and following periods. Dynamic analyses 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. Monitoring of liquidity risk

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 covered bonds.

In the 1st half of 2023, Compagnie de Financement Foncier issued €3.8bn of *obligations foncières*.

Furthermore, Compagnie de Financement Foncier has a number of potentially pledgeable assets that are eligible for the ECB's refinancing operations. At June 30, 2023, these outstandings amounted to €14bn in nominal value, divided into:

- €5.7bn in Public sector loans;
- €6.1bn in Public sector loans received under L. 211-38;
- €2.2bn in securities.

This financing option was not used by Compagnie de Financement Foncier in the 1st half of 2023.

6.2.2. MONITORING OF LIQUIDITY RISK

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 continues in 2023. 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 Management Committee as well as by the Executive Risk 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 June 30, 2023, Compagnie de Financement Foncier had cash of €2.14bn, of which €2.09bn with Banque de France, and €4.6bn loaned to BPCE for a maximum of 11 months and fully guaranteed by a loan portfolio.

In a crisis, Compagnie de Financement Foncier would benefit from the mechanism available to groupe Crédit Foncier and described in its Liquidity Contingency Plan, see section 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 – mixed crisis at three months (maintenance of a proportion of new loan production for the Group and a proportion of refinancing) 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;
- stress known as “catastrophic” – mixed crisis at three months completes the scenario and is reflected in particular by a sharp reduction in new issuances or the renewal of financing; the observed liquidity situation is compared to the liquidity buffer;
- major stress – specific crisis completes the scenario.

The stress test limit was complied with in the 1st half of 2023.

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 complied with during the 1st half of 2023. 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 resources;
- safe and liquid securities and assets pursuant to Article R. 513-6 of the French Monetary and Financial Code;
- cash flows generated by all balance sheet assets and privileged liabilities;
- privileged resources.

The calculation of the level of coverage takes into account early repayments assumptions and a final asset loss rate.

6.2.4. LIQUIDITY CONTINGENCY PLAN

A liquidity contingency plan was defined for 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.

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 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 issuances 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).

The interest rate position is reviewed each quarter by the Compagnie de Financement Foncier ALM and Liquidity Management 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. At June 30, 2023, the amount of deposits received was €0.03bn.

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 Management Committee (CGBPL) and the Executive Risk 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
2-4 years	1.7
4-8 years	2.1
Threshold over 8 years	2.1

The limits were complied with during – the 1st half of 2023.

6.4. Monitoring of foreign exchange rate risk

A foreign exchange rate risk exists when a change in exchange rates adversely affects the value of assets and liabilities denominated in foreign currencies. Compagnie de Financement Foncier refrains from any open foreign exchange position on its assets and liabilities denominated in foreign currencies. These are generally swapped to the euro equivalent as soon as they are recognized on the balance sheet. Residual differences arising from the adjustment of balance sheet positions, in particular those resulting from interest rate mismatches, are adjusted as necessary.

They are monitored by the Financial Operations Division and the Risk Division of Crédit Foncier, which monitors compliance with the limits. Compagnie de Financement Foncier established an internal limit equal to the exchange value of €5m for all currencies combined and to €3m per currency. This limit was complied with during the 1st half of 2023.

6.5. Monitoring of 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 foreign currency transactions 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 forecasts;
- 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, operational risks are defined as the risk of loss resulting from inadequate or faulty procedures, personnel, information systems or external events. Operational risks include internal and external fraud, model risk and reputational risk.

Compagnie de Financement Foncier's operational risk management is entrusted to Crédit Foncier under service agreements signed between the two institutions. The greater part of operational risk is linked to the services outsourced to the parent company. Any consequence of operational incidents detected in the framework of a Crédit Foncier process relating to a Compagnie de Financement Foncier balance sheet item is borne by Crédit Foncier.

These risks include in particular accounting, legal, regulatory and tax risks, as well as risks relating to security of staff, property and information systems and models.

More specifically, the operational 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 Operational Risk Committee every quarter.

7.1. General system

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 operational risk standards and methods employed by Groupe BPCE's Risk Division and on groupe Crédit Foncier's operational risk policy.

7.2. Governance

For more information, see Compagnie de Financement Foncier's 2022 Universal Registration Document.

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.

7.3.2. METHODS AND TOOLS

For more information, see Compagnie de Financement Foncier's 2022 Universal Registration Document.

7.4. Organization of business continuity

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 IT services have been delegated to the Group's operator, BPCE SI, 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 contracts taken out by BPCE primarily covering the following risks:

- computer fraud and acts of malevolence and subsequent losses of banking activities;
- 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 financed 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 their 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 regard to the disputed TEG (overall effective rate) in some of our loan offers, with which Crédit Foncier and Compagnie de Financement Foncier were confronted, like all market institutions, the vast majority of decisions were rendered in favor of lenders. Since this issue was taken up by the Legal Division, more than 95% of final court decisions have been in favor of Crédit Foncier and Compagnie de Financement Foncier.

In addition, recent changes in legislation have been such as to discourage purely opportunistic lawsuits by borrowers and it is now even noted that some borrowers are discouraged and often withdraw their actions without waiting for an outcome to their lawsuits, which they know will be unfavorable.

In dynamic monitoring of this dispute, the flow of new writs has ceased, confirming the steady decline observed for many quarters in this systemic risk. The TEG litigation topic is on the way out.

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 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.

8.1. General system

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 10 aggregate risks, 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 permanent 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.

The Compliance and Permanent Control 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 Executive Risk Committee.

The DCCP also monitors regulatory changes that could impact Compagnie de Financement Foncier 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 application of sanctions and embargoes. Unusual events during the life of loans, in particular early prepayments, are scrutinized by the Financial Security Unit of the Compliance and Permanent Control Division.

8.3. Compliance

BANKING COMPLIANCE

In accordance with the Group's outsourcing policy, the Compliance and Permanent Control Division ensures that the CSOS management system is correctly applied and that the risks of non-compliance for critical or important services are controlled.

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 also leads the study and validation process for any new product, activity, distribution channel or service, as well as the modification of 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).

The Volcker Committee meeting of February 8, 2023 validated the changes to the manuals constituting the system of procedures implemented as part of the application of the Volcker law:

- the draft report on the effectiveness of the control system, which describes the application of the Volcker 2022 compliance system. This system includes the mapping of "Units" as well as the Crédit Foncier and Compagnie de Financement Foncier certification tree. It is based on the controls carried out during 2022;
- Desk Manuals and the risk mandates of the various desks of Crédit Foncier updated at December 31, 2022;
- Crédit Foncier's Sector Manual, unchanged compared to 2021.

On the basis of this validation, the report on the effectiveness of the Volcker compliance system was presented for approval to the Executive Management Committee on February 14, 2023 to enable it to meet its obligations in terms of verifying the effectiveness of the compliance system under its five pillars (documentation, governance, including internal organization and certifications, implementation of the control system, training program and archiving).

In addition, the Liquidity Management Plan was approved by Crédit Foncier's ALM and Liquidity Management Committee on November 8, 2022.

INVESTMENT SERVICES

Crédit Foncier's Compliance and Permanent Control Division is responsible for verifying Compagnie de Financement Foncier's compliance.

Moreover, Compliance includes the requirements relating to MiFID II (Markets in Financial Instruments) Regulations, such as product governance, transaction reporting, and the storage and recording of exchanges, in its system for managing market regulations compliance. It also contributes to compliance with European regulations on derivatives transactions (the EMIR European Market Infrastructure Regulation).

The Compliance and Permanent Control 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 French Monetary and Financial Code, which was filed on the AMF's GECO extranet on June 16, 2023.

8.4. Ethics

In 2022, Compagnie de Financement Foncier implemented the framework procedure relating to Groupe BPCE's ethics system published in December 2021 (BPCE/2021/1215 standard).

More specifically, the financial ethics system deploys the provisions of the regulations on market abuse in application of Regulation 596/2014 of the European Parliament, known as the "MAR" regulation (Market Abuse Regulation), both for closely related persons and for permanent and occasional insiders.

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 act No. 2016-1690 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 Crédit Foncier's Compliance and Permanent Control Division on these issues.

Finally, the system for the prevention and management of conflicts of interest was updated in – the 4th quarter of 2022 and was presented to the Ethics Committee on April 25, 2023.



5

FINANCIAL STATEMENTS

INDIVIDUAL FINANCIAL STATEMENTS

Income statement	60
Balance sheet	61
Off-balance sheet	62
Notes to the individual financial statements of Compagnie de Financement Foncier	63

STATUTORY AUDITOR'S REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

97

INDIVIDUAL FINANCIAL STATEMENTS

Income statement

<i>(in €k)</i>	See Notes	06/30/2023	06/30/2022	12/31/2022
Interest and similar income	1	829,981	730,312	1,448,876
Interest and similar expenses	1	-715,334	-611,266	-1,221,041
Net interest margin		114,647	119,046	227,835
Fees and commissions income	2	7,072	12,644	22,915
Fees and commissions	2	-376	-399	-799
Net gains/losses on trading portfolio transactions	3	-11	57	53
Other banking income	4	214	623	897
Other bank operating charges	4	-1,443	-2,047	-3,849
Net banking income		120,103	129,923	247,051
Employee benefits expense	5	-25	0	-47
Taxes and other contributions	5	-1,726	-2,048	-4,277
External services and other expenses	5	-33,285	-44,028	-80,867
Amortization		0	0	0
General operating expenses		-35,037	-46,076	-85,190
Gross operating income		85,066	83,847	161,860
Cost of risk	6	1,214	8,435	6,597
Net operating income		86,280	92,282	168,458
Gains or losses on long-term investments	7	0	0	0
Income before tax		86,280	92,282	168,458
Non-recurring income		0	0	0
Income tax	8	-23,970	-26,348	-48,548
NET INCOME		62,310	65,934	119,910
Earnings per share* <i>(in €)</i>		0.65	0.69	1.25
Diluted earnings per share <i>(in €)</i>		0.65	0.69	1.25

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

Balance sheet

ASSETS

(in €k)	See Notes	06/30/2023	06/30/2022	12/31/2022
Cash and amounts due from central banks		2,092,000	1,050,000	527,000
Treasury bills and equivalent	9	3,023,568	3,052,556	3,020,280
Loans and advances to banks at amortized cost	10	17,434,842	17,275,080	18,161,894
■ <i>Sight deposit</i>		50,870	50,942	58,322
■ <i>Term</i>		17,383,972	17,224,138	18,103,573
Customer transactions	11	34,069,133	35,004,390	34,701,588
■ <i>Other facilities granted to customers</i>		34,069,133	35,004,390	34,701,588
Bonds and other fixed-income securities	9	2,702,431	2,994,178	2,854,731
Equity interests and other long-term investments		0	0	0
Intangible asset and property, plant and equipment		0	0	0
Other assets	12	23,056	19,709	20,390
Accrual accounts	13	1,362,118	1,147,294	1,172,979
TOTAL ASSETS		60,707,149	60,543,208	60,458,864

LIABILITIES

(in €k)	See Notes	06/30/2023	06/30/2022	12/31/2022
Central Banks		0	0	0
Due to credit institutions	14	4,486,777	4,365,604	4,850,984
■ <i>Sight deposit</i>		0	0	3,570
■ <i>Term</i>		4,486,777	4,365,604	4,847,414
Customer transactions		0	0	0
■ <i>Sight deposit</i>		0	0	0
Debt securities	15	52,335,066	52,245,896	51,644,553
■ <i>Interbank market instruments and negotiable debt securities</i>		0	0	0
■ <i>Bond issues (obligations foncières)</i>		52,335,066	52,245,896	51,644,553
Other liabilities	16	193,699	220,629	177,757
Accrual accounts	17	1,643,121	1,658,927	1,679,473
Provisions	18	12,379	12,420	12,388
Subordinated debts		0	0	0
Fund for general banking risks		20,000	20,000	20,000
Equity excluding reserve for general banking risks	19	2,016,107	2,019,732	2,073,708
Share capital		1,537,460	1,537,460	1,537,460
Issue premium		209,867	209,867	209,867
Reserves		145,772	139,776	139,776
Regulated provisions and investment subsidies		0	0	0
Retained earnings		60,698	66,694	66,694
Income to be allocated		0	0	0
Net income for the period		62,310	65,934	119,910
TOTAL LIABILITIES		60,707,149	60,543,208	60,458,864

Off-balance sheet

<i>(in €k)</i>	See Notes	06/30/2023	06/30/2022	12/31/2022
TOTAL COMMITMENTS GIVEN				
Financing commitments		412,843	1,289,088	520,132
■ Commitments given to credit institutions	20 (20.1)	0	0	0
■ Commitments given to customers	20 (20.1)	412,843	1,289,088	520,132
Guarantee commitments		175,019	171,719	175,389
■ Commitments given to credit institutions	20 (20.1)	0	0	0
■ Other securities pledged as collateral	20 (20.1)	175,019	171,719	175,389
Commitments on securities		0	0	0
■ Other commitments given	20 (20.1)	0	0	0
TOTAL COMMITMENTS RECEIVED				
Financing commitments		24,659,651	20,753,286	20,524,459
■ Guarantees received from credit institutions	20 (20.2)	7,003,526	2,867,265	1,723,662
■ Other assets received as collateral from the Group	20 (20.2)	17,656,125	17,886,021	18,800,797
Guarantee commitments		26,231,990	27,887,427	26,741,120
■ Guarantees received from credit institutions	20 (20.2)	5,077,565	5,349,025	5,211,122
■ Commitments received from customers	20 (20.2)	21,154,425	22,538,401	21,529,998
Commitments on securities		0	0	0
TOTAL RECIPROCAL COMMITMENTS				
■ Sale and purchase of foreign currencies	21	11,123,050	10,381,669	10,289,029
■ Other financial instruments	21	55,504,401	51,355,944	52,545,162

The notes on the following pages are part of the half-year individual financial statements.

Notes to the individual financial statements of Compagnie de Financement Foncier

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 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 the networks and will not be called upon in case of a Banque Populaire or a Caisse d'Épargne default.

SIGNIFICANT EVENTS OF THE 1ST HALF OF 2023

CURRENT ACTIVITY

During the 1st half of 2023, Compagnie de Financement Foncier acquired €740m in loans from Crédit Foncier including related receivables, plus €0.1m 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. Accordingly, Compagnie de Financement Foncier carried loans (primarily with its parent company, Crédit Foncier), in the total amount of €7,333m at June 30, 2023. At June 30, 2023, loans of an identical nature were also granted to BPCE SA for an amount of €4,565m, excluding related receivables, and to other Groupe BPCE entities for €4,799m. Total loans granted were collateralized for €17,656m.

Furthermore, as part of its business of funding eligible assets originated by the Groupe BPCE institutions, Compagnie de Financement Foncier refinanced receivables in the French local authorities (FLA) in the amount of outstanding capital of €1,331m, including €1,019m in the form of refinancing guaranteed by FLA loans, as well as financing commitments of €3m.

The safe and liquid assets (new terminology for replacement values) of Compagnie de Financement Foncier, defined according to Decree No. 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 €4,668m, including related receivables. In addition to cash and cash equivalents, these safe and liquid assets essentially comprise loans granted under Article L. 211-38 of the French Monetary and Financial Code.

With regard to resources, Compagnie de Financement Foncier issued €3,807m in *obligations foncières* during the 1st half of 2023.

Compagnie de Financement Foncier can also access refinancing lines with the Banque de France (overall collateral management – pool 3G). However, this option was not exercised during the 1st half of 2023.

TAXES

In accordance with the consolidated tax agreement signed with Crédit Foncier, Compagnie de Financement Foncier recognized a tax charge of €16m vis-à-vis its parent company due to its taxable income of €63m. In addition, a deferred tax charge of €8m was recognized, bringing income tax to a total charge of €24m.

EVENTS AFTER THE REPORTING PERIOD

No events after the reporting period liable to have a significant impact on the June 30, 2023 financial statements occurred between the closing date and July 25, 2023, the date on which the Board of Directors approved the financial statements.

GENERAL ACCOUNTING POLICIES

VALUATION METHODS, PRESENTATION OF INDIVIDUAL FINANCIAL STATEMENTS AND CLOSING DATE

The individual half-year 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.

The individual half-year financial statements at June 30, 2023 were approved by the Board of Directors on July 25, 2023.

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.

CHANGES IN ACCOUNTING METHODS

No change in accounting methods affected the financial statements for the half year ended June 30, 2023.

The other texts adopted by the French National Accounting Standards Authority and mandatory in 2023 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.

GENERAL ACCOUNTING POLICIES

The financial statements 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.

PRINCIPLES APPLICABLE TO BANKING RESOLUTION MECHANISMS

The conditions for setting-up the deposits and resolution guarantee fund 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 set up in 2015 pursuant to Directive 2014/59/EU known as the Bank Recovery and Resolution Directive (BRRD), 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 the Single Resolution Fund (SRF) between member States participating in the Single Resolution Mechanism (SRM). 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 on ex-ante contributions to the resolution's financing arrangements, the SRB set the contributions to the SRF for 2023. In 2023, the amount of contributions paid by Compagnie de Financement Foncier represented €16.2m including €12.6m recognized as expenses in 2023 (vs. €6.3m at June 30) and €3.6m in the form of cash guarantee deposits entered on the asset side of the balance sheet (22.5% of the call for funds are in the form of cash guarantee deposits). The total amount of contributions entered on the asset side of the balance sheet amounted to €22.7m at June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1	Interest and similar income and expenses	66	NOTE 11 A 2	Premiums/discounts on acquired receivables	81
NOTE 2	Net fees and commissions	69	NOTE 12	Other assets	82
NOTE 3	Net gains or losses on trading book transactions	69	NOTE 13	Accrual accounts	82
NOTE 4	Other banking income and expenses	70	NOTE 14	Due to credit institutions	83
NOTE 5	Operating expenses	71	NOTE 15	Debt securities	84
NOTE 6	Cost of risk	72	NOTE 16	Other liabilities	85
NOTE 7	Gains or losses on long-term investments	73	NOTE 17	Accrual accounts - Liabilities	85
NOTE 8	Income tax	73	NOTE 18	Provisions	86
NOTE 9	Treasury bills, bonds and other fixed-income securities	74	NOTE 19	Changes in equity	87
NOTE 9 A	Sovereign risk	75	NOTE 20	Commitments given and received	88
NOTE 9 B	Change in held-to-maturity securities	75	NOTE 21	Forward financial instruments	90
NOTE 9 C	Reclassification of financial assets	76	NOTE 22	Transactions with related credit institutions (1)	92
NOTE 10	Receivables due from credit institutions	76	NOTE 23	Statement of foreign exchange positions	93
NOTE 10 A	Breakdown of outstanding term loans to credit institutions	78	NOTE 24	Statement of liquidity positions	94
NOTE 11	Customer transactions	78	NOTE 25	Consolidated cash flow statement	95
NOTE 11 A 1	Impairment and provisions for credit risks	81	NOTE 26	Consolidation	96
			NOTE 27	Remuneration, advances	96
			NOTE 28	Presence in non-cooperative countries	96

NOTE 1 Interest and similar income and expenses

INTEREST AND SIMILAR – 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)	06/30/2023			06/30/2022	12/31/2022
	Income	Expenses	Net	Net	Net
Interbank transactions	238,135	-67,203	170,932	79,142	173,775
Interest on Central Bank accounts	16,605	-2	16,603	-2,151	-2,587
Interest on current accounts	644	-1,055	-411	85	5,072
Interest on forwards	219,927	-51,278	168,649	81,726	177,946
Interest on subordinated loans	0	0	0	0	0
Interest on secured receivables (safe and liquid assets)	0	0	0	0	0
Interest on securities received/sold under repurchase agreements	0	-13,757	-13,757	-21	-2,759
Contingent liabilities and commitments	0		0	0	0
Other interest income and expenses	0	0	0	0	0
Hedging transactions (netting)	959	-1,111	-152	-497	-3,895
Hedged losses on receivables	0	0	0	0	0
Non-hedged losses on receivables	0	0	0	0	0
Net changes in provisions	0	0	0	0	0
Customer transactions	382,202	-6,507	375,695	306,743	647,880
Interest on demand deposits, term deposits and regulated savings accounts	0	0	0	0	0
Interest on loans to customers	376,373	0	376,373	315,548	669,949
Interest on subordinated loans	0	0	0	0	0
Interest on doubtful loans	6,427	0	6,427	12,700	19,884
Spreading of additional loans fees ⁽¹⁾	-598	0	-598	1,635	2,879
Interest on ABS cash collateral	0	0	0	0	0
Other interest income and expenses	0	-778	-778	-342	-678
Income on financing and guarantee commitments	0	0	0	0	0
Hedging transactions (netting)	0	-9,222	-9,222	-22,913	-43,023
Hedged losses on receivables	0	-243	-243	-1,097	-1,420
Non-hedged losses on receivables	0	-410	-410	51	-221
Net changes in provisions ⁽²⁾	0	4,145	4,145	1,160	509
Finance lease transactions	0	0	0	0	0
Securities portfolio transactions	199,336	-628,137	-428,800	-175,654	-430,030
Interest on available-for-sale securities	0	0	0	0	0
Spreading of discounts/premiums on available-for-sale securities	0	0	0	0	0
Interest on held-to-maturity securities	138,685	0	138,685	134,363	273,217
Spreading of discounts/premiums on held-to-maturity securities	0	-14,639	-14,639	-15,075	-30,001
Interest on medium-term notes (BMTN) issued	0	0	0	0	0
Interest on certificates of deposits issued	0	0	0	0	0
Interest on mortgage notes issued	0	0	0	0	0
Interest and expenses on bond issuances	0	-474,074	-474,074	-447,741	-895,315
Interest on doubtful securities	0	0	0	0	0
Hedging transactions (netting)	60,651	-139,423	-78,772	152,798	222,069
Losses on non-recoverable receivables	0	0	0	0	0
Net changes in provisions	0	0	0	0	0
Subordinated debts	0	0	0	0	0
Payables on subordinated term securities	0	0	0	0	0
Payables on subordinated debt – credit institutions	0	0	0	0	0
Payables on subordinated debt – customers	0	0	0	0	0

(in €k)

	06/30/2023			06/30/2022	12/31/2022
	Income	Expenses	Net	Net	Net
Other interest and similar income and expenses	10,307	-13,487	-3,180	-91,185	-163,790
Income on debt securities	10,295	0	10,295	10,337	20,889
Fees on credit derivatives	0	0	0	0	0
Commitments received/given on securities	0	-754	-754	-922	-2,155
Other interest income and expenses	0	0	0	0	0
Hedging transactions (netting)	0	-12,734	-12,734	-100,606	-182,566
Net changes in provisions	12	0	12	7	41
TOTAL INTEREST AND SIMILAR INCOME AND EXPENSES	829,981	-715,334	114,647	119,046	227,835

(1) Impact in expenses of €978k following the automation of broker's fees with the Caisse d'Épargne, Banques Populaires and Natixis.

(2) Net impact on customer interest included in 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)	06/30/2023	06/30/2022	12/31/2022
Commissions on interbank and cash transactions (Net)	0	-7	-7
Income	0	0	0
Expenses	0	-7	-7
Commissions on transactions with customers (Net)*	6,936	12,574	22,796
Income	6,936	12,574	22,796
Expenses	0	0	0
Commissions on securities transactions (Net)	-287	-314	-662
Income	0	0	0
Expenses	-287	-314	-662
Other commissions (Net)	48	-8	-11
Income	136	70	118
Expenses	-88	-78	-130
Income	7,072	12,644	22,915
Expenses	-376	-399	-799
NET FEES AND COMMISSIONS	6,697	12,245	22,116

* 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 4.5% of outstanding loans in the 1st half of 2023.

NOTE 3 Net gains or losses on trading book transactions

ACCOUNTING POLICIES

Net 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 foreign currency 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)	06/30/2023	06/30/2022	12/31/2022
Gains on currency and arbitrage transactions	-11	57	53
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	-11	57	53

NOTE 4 Other banking income and expenses

ACCOUNTING POLICIES

Other banking income and expenses cover the share realized on common operations, re-invoicing of banking income and expenses, income and expenses from the real estate and IT services business.

	06/30/2023			06/30/2022	12/31/2022
(in €k)	Income	Expenses	Net	Net	Net
Transfers of expenses and income, reallocated expenses	0	0	0	0	0
Other banking income and expenses ⁽¹⁾	214	-1,443	-1,230	-1,424	-2,952
Other operating income and expenses	214	-1,443	-1,230	-1,424	-2,952
Additions to and reversals from provisions for other operating income and expenses	0	0	0	0	0
TOTAL	214	-1,443	-1,230	-1,424	-2,952

(1) Details

Other banking income and expenses	214	-1,443	-1,230	-1,424	-2,952
■ Transfers to exceptional gains	0	0	0	0	0
■ Other operating income	214	0	214	623	897
■ Transfers to exceptional losses	0	0	0	0	0
■ Central institution contribution*	0	-1,320	-1,320	-1,790	-3,580
■ Other operating expenses	0	-124	-124	-257	-269
■ Additions to provisions	0	0	0	0	0

* 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

Operating expenses consist of employee benefits expense, including salaries and wages, social security contributions, taxes and duties relating to employee benefits expense. Other administrative expenses, including other taxes and duties and remuneration of external services are also recorded.

(in €k)	06/30/2023	06/30/2022	12/31/2022
EMPLOYEE BENEFITS EXPENSE	-25	0	-47
Wages and salaries ⁽¹⁾	-25	0	-47
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	-35,012	-46,076	-85,144
Taxes and other contributions	-1,726	-2,048	-4,277
CET (local business tax) and CVAE (tax on company value added)	-706	-752	-1,444
Social solidarity contribution	-877	-1,227	-2,604
Other taxes	-143	-69	-229
Charges/reversals of provisions for tax disputes	0	0	0
External services	-33,285	-44,028	-80,867
Leasing	0	0	0
External services provided by the Group	-25,243	-32,150	-57,561
Contribution to the supervision expenses of the ACPR	-202	-305	-609
Systemic banking risk tax	0	0	0
Contributions to Single Resolution Fund	-6,279	-9,429	-18,858
Management fees to ECB	-372	-722	-1,080
Fees, subcontracting and services	-1,059	-1,269	-2,470
Advertising	-69	-107	-158
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	-60	-46	-130
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	-35,037	-46,076	-85,190

(1) In the 1st half of 2023, a provision of €25.13k was recorded for directors' fees allocated to management bodies. At December 31, 2022, these amounted to €46.5k. 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 now follows the position of Groupe BPCE and classifies its banking contributions as outside services.

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.

	06/30/2023			06/30/2022	12/31/2022
(in €k)	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	-1,755	3,741	1,986	15,342	14,313
Impairment of customer transactions	0	0	0	0	0
Impairment of customer transactions on doubtful loans	-1,752	2,808	1,056	16,281	17,149
Impairment of customer transactions on performing loans	0	933	933	-937	-2,831
Provisions for counterparty risks on performing loans	-3	0	-3	-2	-4
Other provisions for contingencies and charges	0	0	0	0	0
Losses/recoveries on customer transactions	-2,706	1,934	-772	-6,907	-7,716
Losses on irrecoverable loans and receivables covered by provisions	-266	0	-266	-5,366	-6,043
Losses on irrecoverable loans and receivables not covered by provisions	-1,169	0	-1,169	-3,959	-5,087
Recoveries of bad debts written off	0	1,934	1,934	4,496	6,872
Legal fees and litigation	-1,271	0	-1,271	-2,079	-3,458
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	-4,461	5,675	1,214	8,435	6,597

NOTE 7 Gains or losses on long-term investments

ACCOUNTING POLICIES

Gains or losses on long-term investments 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)	06/30/2023	06/30/2022	12/31/2022
Capital gains or losses on disposals of long-term securities	0	0	0
Capital gains or losses on disposals of held-to-maturity securities	0	0	0
Additions for impairment on held-to-maturity securities	0	0	0
Reversals for impairment on held-to-maturity securities	0	0	0
NET INCOME (EXPENSE) FROM OTHER ASSETS	0	0	0

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.

At June 30, 2023, Compagnie de Financement Foncier recognized a total tax expense of €23.97m.

(in €k)	06/30/2023	06/30/2022	12/31/2022
Tax expense components			
Current tax expenses (income)*	-15,975	-17,316	-32,536
Deferred tax liabilities (income)*	-7,996	-9,032	-16,012
Provisions for deferred taxes	0	0	0
Provisions for risks or for tax litigations	0	0	0
TOTAL	-23,970	-26,348	-48,548
Breakdown of deferred taxes for the period			
Termination swap balance	-6,145	-6,235	-13,369
Client provisions including credit risk provisions	-605	347	1,344
Provisions for investment securities	0	0	0
Other temporary differences	-1,246	-3,144	-3,987
TOTAL	-7,996	-9,032	-16,012

* 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 Crédit Foncier, the consolidating parent company (See note 4). Conversely, the Company has recognized a potential tax expense stemming from the taxable income recorded for the period, to be paid to Crédit Foncier, the consolidating parent company.

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, held-to-maturity securities and portfolio activity, 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.

INVESTMENT SECURITIES

Held-to-maturity securities are fixed-income securities with fixed maturity, acquired or reclassified from the category “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 available-for-sale securities.

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)	06/30/2023			06/30/2022			12/31/2022		
	Available-for-sale securities	Investment securities	Total	Available-for-sale securities	Investment securities	Total	Available-for-sale securities	Investment securities	Total
Treasury bills and equivalent*	0	2,964,951	2,964,951	0	2,996,328	2,996,328	0	2,979,124	2,979,124
Related receivables	0	58,617	58,617	0	56,228	56,228	0	41,156	41,156
Subtotal	0	3,023,568	3,023,568	0	3,052,556	3,052,556	0	3,020,280	3,020,280
Bonds*	0	2,666,751	2,666,751	0	2,957,934	2,957,934	0	2,820,361	2,820,361
Interbank market instruments (mortgage notes)*	0	0	0	0	0	0	0	0	0
Negotiable debt securities	0	0	0	0	0	0	0	0	0
Securitization units*	0	0	0	0	0	0	0	0	0
Related receivables	0	35,680	35,680	0	36,244	36,244	0	34,369	34,369
Subtotal	0	2,702,431	2,702,431	0	2,994,178	2,994,178	0	2,854,731	2,854,731
Doubtful loans and securities including related receivables	0	0	0	0	0	0	0	0	0
GROSS AMOUNTS	0	5,726,000	5,726,000	0	6,046,734	6,046,734	0	5,875,011	5,875,011
Impairment on fixed-income securities	0	0	0	0	0	0	0	0	0
NET AMOUNTS	0	5,726,000	5,726,000	0	6,046,734	6,046,734	0	5,875,011	5,875,011

* Of which:

(in €k)	06/30/2023	06/30/2022	12/31/2022
Listed securities	5,484,270	5,695,992	5,633,596
Unlisted securities	241,730	258,270	241,415
TOTAL EXCLUDING RELATED RECEIVABLES	5,726,000	5,954,262	5,875,011

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 €5,985.50m at June 30, 2023, excluding related receivables.

Unrealized capital gains on held-to-maturity securities amounted to €442.85m at June 30, 2023, before swaps. At December 31, 2022, unrealized capital gains on held-to-maturity securities amounted to €362.44m, before swaps.

Unrealized capital losses on held-to-maturity securities amounted to €89.06m at June 30, 2023, before swaps. At December 31, 2022, unrealized capital losses on held-to-maturity securities amounted to €124.57m, before swaps.

The Company did not reclassify any securities to the "Held-to-maturity securities" portfolio either during the 2023 fiscal year or in previous years.

NOTE 9 A Sovereign risk

At June 30, 2023, the net exposures of Compagnie de Financement Foncier to sovereign risk in these countries were:

Held-to-maturity securities (in €m)	06/30/2023			06/30/2022			12/31/2022		
	Carrying amount	Market value	Value after swap*	Carrying amount	Market value	Value after swap*	Carrying amount	Market value	Value after swap*
Italy	2,182.0	2,407.6	1,934.0	2,205.2	2,565.9	1,931.3	2,192.2	2,336.3	1,864.4
Poland	292.3	320.8	256.2	324.7	387.0	302.2	327.4	351.4	291.0
TOTAL	2,474.2	2,728.4	2,190.2	2,529.9	2,952.9	2,233.5	2,519.6	2,687.7	2,155.4

* 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 for net exposures of carrying amounts at June 30, 2023 are presented below:

	Residual maturity		
	< 8 years	> 8 years and < 10 years	> 10 years
Italy	1,163.4	91.7	926.8
Poland	133.8	0.0	158.5
TOTAL	1,297.2	91.7	1,085.3

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 12/31/2021	Acquisitions	Disposals/ Redemptions*Reclassifications	Current change	Currency differences	Gross 12/31/2022	Acquisitions	Disposals/ Redemptions*Reclassifications	Current change	Currency differences	Gross 06/30/2023
Investment securities	6,060,294	0	0	-315,028	54,220	5,799,486	0	0	-53,901	-113,883	5,631,702
TOTAL	6,060,294	0	0	-315,028	54,220	5,799,486	0	0	-53,901	-113,883	5,631,702
Related receivables	78,542	0	0	-3,017	0	75,525	0	0	18,772	0	94,297
OVERALL TOTAL	6,138,837	0	0	-318,045	54,220	5,875,011	0	0	-35,129	-113,883	5,725,999

* 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 “Available-for-sale securities” categories.

The reclassification out of the “Trading securities” category to the “Held-to-maturity securities” and “Available-for-sale 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.

Reclassifications from the “Available-for-sale securities” category to the “Held-to-maturity securities” 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 French National Accounting Council, in its press release of March 23, 2009, specifies that portfolio transfer options, in particular from the available-for-sale securities portfolio to the held-to-maturity securities portfolio, as provided for 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.

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 1st half of 2023 as Compagnie de Financement Foncier did not own trading securities or available-for-sale securities.

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 loan amount.

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.

At June 30, 2023, there were no doubtful payables due from credit institutions. Accordingly, no impairment was recorded at the same date.

REPURCHASE AGREEMENTS

Repurchase agreements delivered are recognized in accordance with the provisions of Regulation No. 2014-07 of the French National Accounting Standards Authority completed by amended directive No. 94-06 of the Banking Commission.

The transferor records the amount received under liabilities, representing its debt vis-à-vis the purchaser. The purchaser records the amount paid, representing its claim against the transferor, as an asset.

At the balance sheet date, the collateralized assets, as well as the debt vis-à-vis the purchaser and the claim against the transferor, are valued according to the rules that apply to each.

(in €k)	06/30/2023	06/30/2022	12/31/2022
Demand loans to credit institutions	50,870	50,942	58,322
Current accounts with overdrafts	50,870	50,942	58,322
Overnight loans	0	0	0
Unallocated items (demand)	0	0	0
Related receivables	0	0	0
Term loans to credit institutions	17,383,972	17,224,138	18,103,573
Term accounts and loans	614,583	599,470	607,804
Secured receivables under L. 211-38 (described in greater detail in note 10 A)	16,696,842	16,618,143	17,475,813
Securities bought under repurchase agreements	0	0	0
Subordinated loans and participating loans	0	0	0
Related receivables	72,547	6,524	19,955
Doubtful loans and receivables	0	0	0
GROSS AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	17,434,842	17,275,080	18,161,894
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	17,434,842	17,275,080	18,161,894
Breakdown of term receivables (Group/non-Group)			
Term accounts and loans			
■ Including Group transactions	0	0	0
■ Including non-Group transactions	614,583	599,470	607,804
Secured receivables			
■ Including Group transactions	16,696,842	16,618,143	17,475,813
■ Including non-Group transactions	0	0	0
Related receivables			
■ Including Group transactions	70,096	6,521	18,958
■ Including non-Group transactions	2,451	3	997
Group receivables	16,766,937	16,624,664	17,494,772
Non-Group receivables	617,035	599,474	608,801
TOTAL	17,383,972	17,224,138	18,103,573
Breakdown of demand accounts (Group/non-Group)			
Demand accounts and loans			
■ Including Group transactions	50,758	50,786	56,634
■ Including non-Group transactions	112	157	1,688
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	50,758	50,786	56,634
Non-Group receivables	112	157	1,688
TOTAL	50,870	50,942	58,322

NOTE 10 A

Breakdown of outstanding term loans to credit institutions

(in €k)	06/30/2023			06/30/2022	12/31/2022
	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	617,035	0	617,035	599,474	608,801
Other loans to credit institutions*	16,766,937	0	16,766,937	16,624,664	17,494,772
Doubtful term loans	0	0	0	0	0
NET AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	17,383,972	0	17,383,972	17,224,138	18,103,573
<i>* Of which:</i>					
Safe and liquid assets under L. 211-38, with BPCE	4,565,000	0	4,565,000	4,560,000	4,565,000
Loans guaranteed by loans and receivables (French local authorities, Individuals, Corporates) pursuant to L. 211-38, with Crédit Foncier	7,332,700	0	7,332,700	10,900,900	8,972,200
Loans guaranteed by French local authority receivables pursuant to L. 211-38, with BPCE, CEP and Banques Populaires	4,799,142	0	4,799,142	1,157,243	3,938,613
Related and other receivables	70,096	0	70,096	6,521	18,958
TOTAL	16,766,937	0	16,766,937	16,624,664	17,494,772

NOTE 11 Customer transactions

ACCOUNTING POLICIES

Advances to 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 spread 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 carrying amount 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 spread 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 recognizes 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 loan amount.

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 loan amount.

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 French National Accounting Standards Authority 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 No. 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 No. 2018/1845 on critical threshold measurement for unpaid credit obligations. 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 LOSS

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. Expected credit losses are defined as an estimate of credit losses (i.e. the present value of cash shortfalls) weighted by the probability of occurrence of these losses over the expected life of the financial instruments. They are calculated individually for each exposure.

In practice, for Stage 2 outstandings, expected credit losses are calculated as the product of several parameters:

- expected cash flows over the life of the financial instrument, discounted at the valuation date – these flows are determined according to the characteristics of the contract, its effective interest rate and, for real estate loans, the expected level of early repayment for the contract;
- loss given default rate;
- probability of default until maturity of the contract.

Non-recoverable receivables are recorded as losses and the corresponding impairments are reversed.

The parameters used to measure expected credit losses are adjusted to the economic environment via the definition of three economic scenarios defined over a period of three years:

- the central scenario was updated based on the scenarios determined by the Group's economists in the 1st half of 2023 and validated by the Executive Management Committee;

- a pessimistic scenario, corresponding to a more degraded realization of the macroeconomic variables defined under the central scenario;

- an optimistic scenario, corresponding to a more favorable realization of the macroeconomic variables defined in the framework of the central scenario.

The definition and review of these scenarios follows the same organization and governance as that defined for the budget process, with a quarterly review of their relevance since the Covid-19 crisis, which may lead to a revision of macroeconomic forecasts in the event of a significant deviation of the situation observed, based on proposals from economic research and validation by the Executive Management Committee. The probability of occurrence of the scenarios is reviewed quarterly by the Group's Watch List and Provisions Committee. The parameters thus defined enable the assessment of the expected credit losses of all exposures, whether they belong to a scope approved by the internal method or treated as standard for the calculation of risk-weighted assets.

(in €k)	Performing loans and receivables			Doubtful loans and receivables			Impairment of customer receivables ⁽⁴⁾			Net amounts		
	06/30/2023	06/30/2022	12/31/2022	06/30/2023	06/30/2022	12/31/2022	06/30/2023	06/30/2022	12/31/2022	06/30/2023	06/30/2022	12/31/2022
Current accounts with overdrafts	0	0	0	0	0	0	0	0	0	0	0	0
Facilities granted to customers	33,454,852	34,271,365	34,092,228	644,939	768,181	646,194	30,658	35,156	36,833	34,069,133	35,004,390	34,701,588
Loans to financial customers	213,772	232,076	211,543	0	0	0	0	0	0	213,772	232,076	211,543
Export credits	0	0	0	0	0	0	0	0	0	0	0	0
Short-term credit facilities ⁽¹⁾	242,466	296,550	310,010	0	0	0	0	0	0	242,466	296,550	310,010
Equipment loans ⁽²⁾	10,180,346	9,419,544	10,144,475	34	34	34	34	34	3,888	10,180,346	9,419,544	10,140,622
Home loans	22,700,547	24,226,382	23,321,651	644,164	767,252	645,419	30,624	35,121	32,946	23,314,088	24,958,513	23,934,125
Other customer loans	17,600	16,073	16,352	0	0	0	0	0	0	17,600	16,073	16,352
Unallocated amounts	0	0	0	0	0	0	0	0	0	0	0	0
Related receivables	100,121	80,739	88,197	740	895	740	0	0	0	100,861	81,634	88,937
GENERAL ⁽³⁾	33,454,852	34,271,365	34,092,228	644,939	768,181	646,194	30,658	35,156	36,833	34,069,133	35,004,390	34,701,588

Restructured loans amounted to €334.08m at June 30, 2023, of which €127.76m classified as performing loans.

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

(1) Since 2007, the Company has purchased the FLA loans of Natixis, which included revolving credit lines of €242.47m at June 30, 2023, vs. €310.01m at December 31, 2022.

(2) Equipment loans are loans to local authorities.

(3) Customer loans eligible for refinancing with the Central Bank amounted to €5.99bn at June 30, 2023 in outstanding capital. This amount represents €4.15bn after haircut and overcollateralization constraints.

(4) Write-downs on customer loans include, on the one hand, write-downs on doubtful debts for €23.53m and, on the other hand, write-downs due to significant increases in credit risk on performing loans for €7.13m.

NOTE 11 A 1

Impairment and provisions for credit risks

(in €k)	12/31/2021	Reclassifications	Additions	Reversals	12/31/2022	Reclassifications	Additions	Reversals	Reversals used	06/30/2023
Impairment of assets										
Customer loans and due from credit institutions ^{(1) (2)}	51,778	0	19,889	-34,833	36,833	0	3,486	-9,661	0	30,658
Provisions recognized as liabilities										
Customer loans and due from credit institutions and provisions on securities ⁽³⁾	103	0	4	0	107	0	3	0	0	110
TOTAL	51,881	0	19,893	-34,833	36,941	0	3,489	-9,661	0	30,768

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

(2) In accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority, Compagnie de Financement Foncier now recognizes its impairment flows in accumulated stock at each closing: 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)	12/31/2021	Reclassification – Repayment	Additions	Spreading	12/31/2022	Reclassification – Repayment	Additions	Spreading	06/30/2023
Receivables due from credit institutions									
Premiums	0	0	0	0	0	0	0	0	0
Discounts	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0
Customer loans									
Performing loans and receivables									
Premiums	665,615	1,562	112,726	-131,085	648,818	-988	5,825	-52,557	601,098
Discounts	-1,066,349	2,609	-106,885	138,931	-1,031,694	2,217	-78,034	57,860	-1,049,651
Doubtful loans and receivables									
Premiums	34,251	-1,562		-18,107	14,582	988		-1,337	14,233
Discounts	-37,223	-2,609		19,558	-20,274	-2,217		1,471	-21,020
Net	-403,706	0	5,841	9,297	-388,568	0	-72,209	5,437	-455,340
TOTAL	-403,706	0	5,841	9,297	-388,568	0	-72,209	5,437	-455,340

NOTE 12 Other assets

<i>(in €k)</i>	06/30/2023	06/30/2022	12/31/2022
Options bought	0	0	0
Securities settlement accounts	0	0	0
Other debtors	23,056	19,709	20,390
Deposits on collateralization transactions	0	0	0
Other deposits and guarantees ⁽¹⁾	22,661	19,015	19,015
Tax consolidation receivables ⁽²⁾	0	0	0
Other non-trade receivables	396	694	1,376
Special bonus account	0	0	0
TOTAL	23,056	19,709	20,390

(1) At June 30, 2023, this item mainly includes the guarantee deposits for the years 2015-2023 set up within the framework of the Single Resolution Fund (SRF) amounting to €22,661k.

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

NOTE 13 Accrual accounts

<i>(in €k)</i>	06/30/2023	06/30/2022	12/31/2022
Collection accounts	8	8	8
Deferred expenses	342,819	160,688	165,224
Issue and redemption premiums on fixed-income securities	342,819	160,688	165,224
Other deferred expenses	0	0	0
Prepaid expenses	617,989	720 103	659,132
Termination balances of paid swaps to be amortized	611,646	710,674	659,132
Other prepaid expenses	6,343	9,429	0
Accrued income	307,994	187,526	263,415
Accrued interest on swaps	307,504	187,036	262,925
Other accrued income	490	490	490
Other accrual accounts – assets	93,308	78,969	85,199
Cash in domiciliation	0	0	0
Deferred tax assets	63,536	78,512	71,532
Currency adjustment accounts	0	0	0
Other accrued income*	29,771	457	13,667
TOTAL	1,362,118	1,147,294	1,172,979

* 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.

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.

REPURCHASE AGREEMENTS

The collateralized assets under repurchase agreements are recognized in accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority.

(in €k)	06/30/2023	06/30/2022	12/31/2022
Due to credit institutions – sight deposits ⁽¹⁾	0	0	3,570
Current accounts of credit institutions	0	0	3,570
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 – term deposits ⁽²⁾	4,486,777	4,365,604	4,847,414
Term deposits and loans	3,574,021	3,758,401	4,201,567
Values sold under repurchase agreements	0	0	0
Securities sold under repurchase agreements	904,869	607,601	642,540
Related payables	7,887	-398	3,307
TOTAL	4,486,777	4,365,604	4,850,984
(1) Details of due to credit institutions – sight deposits (Group/non-Group)	0	0	3,570
Of which Group	0	0	0
■ Other amounts due to credit institutions	0	0	0
■ Demand loans from credit institutions	0	0	0
■ Related payables	0	0	0
Of which non-Group	0	0	3,570
■ Other amounts due to credit institutions	0	0	3,570
(2) Details of due to credit institutions – term deposits (Group/non-Group)	4,486,777	4,365,604	4,847,415
Of which Group	4,486,777	4,365,604	4,847,415
■ Term deposits and loans	3,581,908	3,758,003	4,204,875
■ Securities sold under repurchase agreements	904,869	607,601	642,540
Of which non-Group	0	0	0
■ Term deposits and loans	0	0	0
■ Banque de France refinancing (3G pool)	0	0	0
■ Other term loans	0	0	0
■ Securities sold under repurchase agreements	0	0	0
■ Related payables	0	0	0
Subtotal due to Group credit institutions	4,486,777	4,365,604	4,847,415
Subtotal due to non-Group credit institutions	0	0	3,570
OVERALL TOTAL	4,486,777	4,365,604	4,850,984

NOTE 15 Debt securities

DEBT SECURITIES

Debt securities are shown according to how they are supported: savings certificates, 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. Issue and 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 has not issued any structured debt in 2023.

(in €k)	06/30/2023	06/30/2022	12/31/2022
Negotiable debt securities	0	0	0
Related payables	0	0	0
Negotiable debt securities and related payables	0	0	0
<i>Obligations foncières</i>	51,939,888	51,856,593	51,231,517
Related payables	395,177	389,303	413,036
<i>Obligations foncières</i> and related payables	52,335,066	52,245,896	51,644,553
TOTAL	52,335,066	52,245,896	51,644,553

All of these debt securities benefit from a preferential payment claim defined by Article L. 513-11 of the French Monetary and Financial Code ("privilege" of *obligations foncières*).

NOTE 16 Other liabilities

(in €k)	06/30/2023	06/30/2022	12/31/2022
Options sold	0	0	0
Other creditors	141,918	180,184	137,434
Deposits on collateralization transactions	30,290	59,901	38,300
Margin calls on repurchase agreements	0	0	0
Trade payables*	12,405	15,421	847
Tax consolidation liabilities ⁽¹⁾	185	6,581	123
Other fiscal and social debts	0	0	53
Other payables accounts	-4,821	-4,014	-4,559
Special bonus account	103,859	102,295	102,670
Allocated public funds ⁽²⁾	51,781	40,446	40,323
TOTAL	193,699	220,629	177,757
(1) Corporate tax due to Crédit Foncier (tax consolidation)	185	6,581	123
(2) Including subsidized sector	51,501	39,921	39,911

* Pursuant to the provisions of Article D. 441-4 of the French Commercial Code, the breakdown of the amount of the suppliers invoices received and not settled at the closing date is as follows:

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 (in €k)	1.51	-	-	-	1.51
Percentage of the total amount of the year purchases incl. VAT	0.01%	-	-	-	0.01%
Number of invoices	1	-	-	-	1

NOTE 17 Accrual accounts - Liabilities

(in €k)	06/30/2023	06/30/2022	12/31/2022
Collection accounts	0	0	0
Unearned income	534,962	652,865	590,206
Subsidies on loans for low-income households (PAS) and former interest-free loans (PTZ)	2,577	4,177	3,252
Balances of swaps received to be amortized	439,266	534,723	483,541
Other unearned income	93,118	113,966	103,413
Accrued expenses	366,949	136,334	215,351
Accrued interest on derivatives (swaps)	360,071	127,426	206,540
Other accrued expenses	6,878	8,908	8,811
Other accrual accounts	741,210	869,727	873,916
Currency adjustment accounts*	701,510	845,304	831,574
Other items	39,700	24,424	42,342
TOTAL	1,643,121	1,658,927	1,679,473

* 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 said 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.

(in €k)	06/30/2023	06/30/2022	12/31/2022
Provisions for counterparty risks	110	105	107
Provisions for counterparty risks on performing loans	110	105	107
Sectoral provisions	0	0	0
Provisions for execution risks for commitments by signature	0	0	0
Provisions for claims and litigation	12,059	12,059	12,059
Tax litigation	0	0	0
Other litigation*	12,059	12,059	12,059
Other provisions	210	256	222
Other provisions ⁽¹⁾	210	256	222
TOTAL	12,379	12,420	12,388

* 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 <i>(in €k)</i>	Changes in 2023					06/30/2023
	12/31/2022	Additions	Reversals		Other changes	
			Used	Not used		
Provisions for counterparty risks	107	3	0	0	0	110
Provisions for counterparty risks on performing loans	107	3	0	0	0	110
Sectoral provisions	0	0	0	0	0	0
Provisions for execution risks for commitments by signature	0	0	0	0	0	0
Provisions for claims and litigation	12,059	0	0	0	0	12,059
Tax litigation	0	0	0	0		0
Other litigation	12,059	0	0	0		12,059
Other provisions	222	0	0	12	0	210
Other provisions	222	0	0	12	0	210
TOTAL	12,388	3	0	12	0	12,379

NOTE 19 Changes in equity

FUND FOR GENERAL BANKING RISKS

This fund is intended to cover risks inherent to the entity's business activities, pursuant to the requirements of Article 3 of Regulation No. 90-02 of the French Banking and Financial Regulation Committee.

(in €k)	Opening 01/01/2022	Allocation	Changes in capital and reserves		Amount at 12/31/2022	Allocation	Changes in capital and reserves		Amount at 06/30/2023
			Dividends paid in shares	Other changes			Dividends paid in shares	Other changes	
Share capital*	2,537,460	0	0	-1,000,000	1,537,460	0	0	0	1,537,460
Share premiums*	343,002	0	0	-133,135	209,867	0	0	0	209,867
Reserves									
■ Legal reserve	78,958	5,301	0	0	84,259	5,996	0	0	90,255
■ 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
Including:									
Regulated reserves of revaluation	0	0	0	0	0	0	0	0	0
Special reserves for long-term capital gains	0	0	0	0	0	0	0	0	0
Retained earnings	71,995	-5,301	0	0	66,694	-5,996	0	0	60,698
Net equity before net income for the year	3,086,932	0	0	0	1,953,798	0	0	0	1,953,797
Net income for the year before distributions	106,004	-106,004	0	0	119,910	-119,910	0	0	62,310
Net equity after net income for the year	3,192,937	0	0	0	2,073,708	0	0	0	2,016,107
Dividends paid	0	106,004	0	0	0	119,910	0	0	0

(in €k)	Opening 01/01/2022	Allocation	Changes in provisions		Amount at 12/31/2022	Allocation	Changes in provisions		Amount at 06/30/2023
			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	3,192,937	0	0	0	2,073,708	0	0	0	2,016,107

(in €k)	Opening 01/01/2022	Allocation	Changes in the reserve for general banking risks (RGBR)		Amount at 12/31/2022	Allocation	Changes in the reserve for general banking risks (RGBR)		Amount at 06/30/2023
			Additions	Reversals			Additions	Reversals	
Fund for general banking risks	20,000	0	0	0	20,000	0	0	0	20,000
TOTAL	3,212,937	0	0	0	2,093,708	0	0	0	2,036,107

* After the capital reduction of the 1st half of 2022, the share capital is composed of 96,091,246 ordinary shares with a nominal value of €16, all of which confer the same rights on their holders.

No free revaluation has been carried out to date.

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 issuance 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 commitments 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

	06/30/2023		06/30/2022		12/31/2022	
(in €k)	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	412,825	18	1,289,050	38	520,114	18
Subsidized sector commitments	0	0	0	0	0	0
Unsubsidized sector commitments	412,825	18	1,289,050	38	520,114	18
Non-Group commitments	412,825	18	1,289,050	38	520,114	18
Credit institutions	0	0	0	0	0	0
Customers ⁽¹⁾	412,825	18	1,289,050	38	520,114	18
Group commitments	0	0	0	0	0	0
GUARANTEE COMMITMENTS	175,019	0	171,719	0	175,389	0
Non-Group commitments	175,019	0	171,719	0	175,389	0
Other collateral ⁽²⁾	175,019	0	171,719	0	175,389	0
COMMITMENTS ON SECURITIES	0	0	0	0	0	0
TOTAL ⁽³⁾	587,862		1,460,807		695,521	

(1) The main changes concerning financing commitments given to customers are:

(in €k)	06/30/2023	06/30/2022	12/31/2022
Permanent credit lines (outstanding transferred from Ixis CIB)	412,825	1,289,050	520,114
State housing savings accounts (primes d'épargne logement)	0	0	0

(2) This item represents assets and securities given as collateral to the Banque de France, within the framework of the pool of the Gestion Globale des Garanties (3G) including:

(in €k)	06/30/2023	06/30/2022	12/31/2022
Securities	132,424	123,113	130,492
Receivables	42,595	48,605	44,897

(3) Receivables presented and accepted by the Banque de France are valued at their carrying amount; securities are valued at ECB value before haircut deduction, of which:

(in €k)	06/30/2023	06/30/2022	12/31/2022
Doubtful commitments	18	38	18

20.2 COMMITMENTS RECEIVED

(in €k)	06/30/2023	06/30/2022	12/31/2022
FINANCING COMMITMENTS	24,659,651	20,753,286	20,524,459
Non-Group commitments	5,968,444	722,254	723,662
Credit institutions ⁽¹⁾	5,968,444	722,254	723,662
Group commitments	18,691,207	20,031,032	19,800,797
Repurchase guarantee	0	0	0
Credit institutions ⁽²⁾	1,035,082	2,145,011	1,000,000
Other assets received as collateral from the Group ⁽³⁾	17,656,125	17,886,021	18,800,797
GUARANTEE COMMITMENTS	26,231,990	27,887,427	26,741,120
Non-Group commitments	25,689,997	27,273,665	26,166,284
Credit institutions and similar items ⁽⁴⁾	4,566,595	4,771,768	4,669,715
Customers ⁽⁵⁾	21,123,402	22,501,897	21,496,568
Group commitments	541,992	613,762	574,837
Credit institutions and similar items	510,969	577,258	541,407
Customers	31,023	36,505	33,430
COMMITMENTS ON SECURITIES	0	0	0
Other securities to be received	0	0	0
TOTAL	50,891,641	48,640,713	47,265,579

(1) Non-Group financing commitments included the commitment received from the Banque de France in relation to the pool of the Gestion Globale des Garanties for an amount of €153.61m at June 30, 2023 compared with €154.36m at December 31, 2022.

(2) Credit line entered into by Compagnie de Financement Foncier and BPCE on June 30, 2018 for €2bn. This was reduced to €1bn on September 30, 2022.

(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)	06/30/2023	06/30/2022	12/31/2022
■ Guarantees received from Crédit Foncier and SOCFIM for loans to French local authorities (L. 211-38)	7,520,983	11,169,054	9,256,301
■ Guarantees received from BPCE SA as safe and liquid assets (L. 211-38 – RV)	4,957,047	5,539,711	5,190,289
■ Guarantees received from Caisses d'Épargne, SOCFIM, Banques Populaires and BPCE for loans to French local authorities (L. 211-38)	5,178,095	1,177,256	4,354,207
■ Guarantees received from Crédit Foncier for mortgage notes	0	0	0

(4) Of which mainly:

(in €k)	06/30/2023	06/30/2022	12/31/2022
■ Guarantees received from Crédit Logement rated Aa3 (Moody's)	4,395,664	4,578,737	4,490,765
■ Guarantees received from Créserfi:	164,623	185,743	174,020

(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)	06/30/2023	06/30/2022	12/31/2022
■ Government guarantees on loans, mainly to the subsidized sector:	5,380	13,617	11,981
■ Guarantees from the SGFGAS on FGAS-eligible loans and covered by the government:	13,031,116	14,010,300	13,325,934
■ Mortgage guarantees for mortgage loans that are only covered by this guarantee:	4,861,982	5,171,039	4,946,770
■ Guarantees given by local authorities and other organizations:	1,201,364	1,125,759	1,114,348
■ Security enhancement guarantees given by governments:	1,511,420	1,517,519	1,569,370
■ Security enhancement guarantees received from insurance companies:	1,093,385	1,199,348	1,166,633

NOTE 21 Forward financial instruments

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 “Net 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 the closing date, 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 (earmarked hedge);
- 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 “Net gains or 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 June 30, 2023, Compagnie de Financement Foncier recognized no forward rate agreements in an isolated open position.

	06/30/2023		06/30/2022		12/31/2022	
(in €k)	Euros	Currencies ⁽²⁾	Euros	Currencies ⁽²⁾	Euros	Currencies ⁽²⁾
OVER-THE-COUNTER MARKETS	0	0	0	0	0	0
Options (nominal amounts)	187,524	0	781,524	0	684,024	0
Hedging transactions (purchases)						
■ Interest rate instruments	187,524	0	781,524	0	684,024	0
■ Foreign exchange instruments	0	0	0	0	0	0
■ Other instruments	0	0	0	0	0	0
Other options						
Options (fair value)	1,231	0	7,500	0	9,115	0
Forward transactions (nominal amounts)	60,091,925	6,348,001	54,910,911	6,045,178	56,177,996	5,972,170
Hedging transactions						
■ Interest rate instruments	54,981,404	335,472	50,242,141	332,279	51,534,406	326,732
■ Foreign exchange instruments ⁽³⁾	5,110,521	6,012,529	4,668,770	5,712,899	4,643,590	5,645,439
■ Other instruments	0	0	0	0	0	0
Other transactions						
Forward transactions (fair value) ⁽¹⁾	-693,044	-1,420,140	358,592	-2,185,528	27,389	-2,060,575
Forward and options transactions	60,279,449	6,348,001	55,692,435	6,045,178	56,862,021	5,972,170
TOTAL ⁽²⁾ (NOMINAL AMOUNTS)	66,627,450		61,737,613		62,834,191	
TOTAL (FAIR VALUE)	-2,111,953		-1,819,436		-2,024,071	

Compagnie de Financement Foncier has no derivatives traded on the organized markets.

(1) Data disclosed in accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority.

(2) Notional amounts in euros at the reporting date.

(3) These items are financial micro-hedging currency swaps. They represent a foreign exchange forward position, the inverse position, spot currency transactions, is included in the balance sheet assets (See note 23).

NOTE 22 Transactions with related credit institutions ⁽¹⁾

<i>(in €k)</i>	06/30/2023	06/30/2022	12/31/2022	06/30/2023 Valuation of assets received as collateral ⁽²⁾
BALANCE SHEET				
Asset items				
Receivables due from credit institutions				
Sight deposit	50,758	50,786	56,634	0
Term	0	0	0	0
Term deposits guaranteed by repo securities	16,766,937	16,624,664	17,494,771	17,656,125
■ Loans guaranteed by French local authority loans (FLA) under L. 211-38	8,812,842	7,052,143	8,778,813	9,215,548
■ to Crédit Foncier	4,013,700	5,894,900	4,840,200	4,037,453
■ to BPCE	0	0	0	0
■ to other Group entities	4,799,142	1,157,243	3,938,613	5,178,095
■ Loans guaranteed by mortgage loans under L. 211-38	3,319,000	5,006,000	4,132,000	3,483,530
■ to individuals	2,835,500	4,409,500	3,593,000	2,933,913
■ to corporates	483,500	596,500	539,000	549,617
■ Loans recorded as safe and liquid assets under L. 211-38	4,565,000	4,560,000	4,565,000	4,957,047
■ to BPCE	4,565,000	4,560,000	4,565,000	4,957,047
■ Related receivables	70,096	6,521	18,958	0
Customer transactions				
Receivables	0	0	0	0
Securities transactions				
Bonds and other fixed-income securities	0	0	0	0
■ Mortgage notes	0	0	0	0
■ to Crédit Foncier	0	0	0	0
■ Other fixed-income securities	0	0	0	0
■ Related receivables	0	0	0	0
Other assets ⁽²⁾				
Other debtors	0	0	0	0
TOTAL ASSETS	16,817,696	16,675,450	17,551,405	17,656,125

(in €k)	06/30/2023	06/30/2022	12/31/2022	06/30/2023 Valuation of assets received as collateral ⁽²⁾
Liabilities				
Due to credit institutions				
Sight deposit	0	0	0	0
Term	3,575,520	3,758,572	4,203,168	0
Securities sold under repurchase agreements	911 257	607,033	644,247	0
Customer transactions				
Sight deposit	0	0	0	
Securities transactions				
Debt securities	0	0	0	0
Subordinated debts	0	0	0	0
Other liabilities				
Other creditors	12,404	14,736	277	0
TOTAL LIABILITIES	4,499,181	4,380,340	4,847,691	0

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 06/30/2023

HEADING (in €k)	Australian \$	Canadian \$	US \$	Sterling	Swiss Franc	Yen	Hungarian Forint	New Zealand \$	Norwegian Krone	Danish Krone	TOTAL
BALANCE SHEET											
Financial assets	28	10	1,707,639	56,008	1,162,707	647,507	9	33	1,752	7	3,575,700
Financial liabilities	0	0	353,840	656,086	1,328,257	3,764	0	0	138,589	0	2,480,534
Balance sheet differential (I)	28	10	1,353,799	-600,078	-165,550	643,743	9	33	-136,837	7	1,095,166
OFF-BALANCE SHEET											
Commitments received	0	0	375,083	640,864	1,305,989	0	0	0	136,837	0	2,458,773
Commitments given	0	0	1,728,863	40,782	1,140,393	643,718	0	0	0	0	3,553,756
Off-balance sheet differential (II)	0	0	-1,353,780	600,082	165,596	-643,718	0	0	136,837	0	-1,094,984
TOTAL DIFFERENTIAL (I)+(II)	28	10	19	4	46	25	9	33	0	7	182

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 06/30/2023

Heading <i>(in €k)</i>	Remaining maturity					Total ⁽²⁾
	< 3 months	3M<D<6M	6M<D<1Y	1Y<D<5Y	> 5 years	
BALANCE SHEET						
Financial assets ⁽¹⁾	2,387,525	2,272,501	4,262,835	16,664,888	30,696,812	56,284,561
Receivables due from credit institutions	1,756,642	1,284,861	3,085,277	5,111,550	6,073,094	17,311,425
Receivables from customers	562,488	663,948	1,150,640	9,042,353	21,922,004	33,341,434
Bonds and other fixed-income securities	68,395	323,691	26,918	2,510,985	2,701,713	5,631,702
Subordinated term loans	0	0	0	0	0	0
Financial liabilities	5,338,811	131,483	2,597,533	24,293,907	24,057,043	56,418,778
Due to credit institutions	3,802,811	131,047	381	3,077	541,574	4,478,889
Due to customers	0	0	0	0	0	0
Debt securities:	1,536,000	436	2,597,153	24,290,830	23,515,469	51,939,888
■ Savings certificates	0	0	0	0	0	0
■ Interbank market securities	0	0	0	0	0	0
■ Negotiable debt securities	0	0	0	0	0	0
■ Bonds	1,536,000	436	2,597,153	24,290,830	23,515,469	51,939,888
■ Other debt securities	0	0	0	0	0	0
Subordinated term debt	0	0	0	0	0	0
BALANCE SHEET DIFFERENTIAL (I)	-2,951,287	2,141,018	1,665,302	-7,629,019	6,639,769	-134,217
OFF-BALANCE SHEET	0	0	0	0	0	0
Commitments given	0	0	412,825	0	0	412,825
Commitments received	188,694	0	0	1,000,000	0	1,188,694
OFF-BALANCE SHEET DIFFERENTIAL (II)	188,694	0	-412,825	1,000,000	0	775,870
TOTAL DIFFERENTIAL (I)+(II)	-2,762,592	2,141,018	1,252,477	-6,629,019	6,639,769	641,653
Conditional positions	0	0	1,500	43,524	142,500	187,524

(1) The financial assets of Compagnie de Financement Foncier include €8.29bn of securities and receivables that meet the refinancing criteria of the European Central Bank (unencumbered assets).

(2) The difference with the amounts shown on the balance sheet is mainly due to unpaid loans, doubtful loans and related receivables.

NOTE 25 Consolidated cash flow statement

25.1 PRINCIPLES

The consolidated cash flow statement analyses the change in cash flow from operating, investment and financing transactions between two periods.

The consolidated 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 prepared using the indirect method: net income for the year is restated to reflect non-monetary items: depreciation, amortization and impairment for property, plant and equipment and intangible assets provisions, other transactions without cash payments, such as accrued income and expenses. 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 issuance 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.

25.2 CONSOLIDATED CASH FLOW STATEMENT

(in €k)	06/30/2023	06/30/2022	12/31/2022
Operating activities			
Net income for the fiscal year	62,310	65,934	119,910
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	-6,133	-16,504	-14,827
Net provisions charges/available-for-sale securities	0	0	0
Net provisions charges/held-to-maturity securities	0	0	0
Net provisions charges/loans	-9	-5	-37
Net gain on sale of fixed assets	0	0	0
Other transactions without cash payments	-386,912	25,875	172,403
Cash flows on loans to credit institutions and customers	1,422,747	3,596,968	3,039,391
Cash flows on available-for-sale securities	0	0	0
Cash flows on held-to-maturity securities	243,346	255,950	271,025
Cash flows on other assets	-10,775	6,320	-591
Cash flows on debts/credit institutions and customers	-368,788	-643,851	-162,177
Net borrowing	708,371	-1,348,800	-1,973,876
Cash flows on other liabilities	13,301	-332,314	-357,268
Net cash flows used for operating activities	1,677,458	1,609,573	1,093,953

(in €k)	06/30/2023	06/30/2022	12/31/2022
Investing activities			
Cash flows related to the sale of:	0	0	0
■ Financial assets	0	0	0
■ Tangible and intangible fixed assets	0	0	0
Disbursements for the acquisition of:	0	0	0
■ Financial assets	0	0	0
■ Tangible and intangible fixed assets	0	0	0
Net cash flows from other investment activities	0	0	0
Net cash flows used for investment activities	0	0	0
Financing activities			
Cash flows from share issuances	0	0	0
Dividends paid	-119,910	-106,004	-106,004
Net issuances of subordinated debt	0	0	0
Other	0	0	0
Net cash flows from financing activities	-119,910	-106,004	-106,004
NET CHANGE IN CASH POSITION	1,557,548	1,503,569	987,949
Opening cash and cash equivalents	585,322	730,508	730,508
Closing cash and cash equivalents	2,142,870	1,100,942	585,322
Net	1,557,548	370,434	-145,186
Cash: deposits at Banque de France	2,092,000	1,050,000	527,000
Amount due to credit institutions on demand*	50,870	50,942	58,322
TOTAL	2,142,870	1,100,942	585,322
* Of which BPCE:	50,758	50,786	56,634

NOTE 26 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 individual financial statements of Compagnie de Financement Foncier are included in the consolidated financial statements of groupe Crédit Foncier (SIREN 542 029 848) located at 182 Avenue de France - 75013 Paris and those of Groupe BPCE (SIREN 493 455 042) located at 7 Promenade Germaine Sablon, 75013 Paris.

NOTE 27 Remuneration, advances

The "Employee benefits expense" heading corresponds exclusively to the remuneration paid to Board members.

NOTE 28 Presence 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 June 30, 2023, Compagnie de Financement Foncier had no activities or offices in non-cooperative countries.

STATUTORY AUDITOR'S REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

COMPAGNIE DE FINANCEMENT FONCIER

A French joint stock company (société anonyme)

Registered with the Paris Trade and Companies Registry under no. 421 263 047
Statutory Auditors' review report on the 2023 interim financial information

For the six months ended 30 June 2023

This is a free translation into English of the Statutory Auditors' review report 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.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim financial statements of Compagnie de Financement Foncier for the six months ended 30 June 2023;
- the verification of the information contained in the interim management report.

These condensed interim financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Company at 30 June 2023, and of the results of its operations for the six-month period then ended, in accordance with French accounting principles.

Specific verification

We have also verified the information given in the interim management report on the condensed interim financial statements subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed interim financial statements.

Paris La Défense and Neuilly-sur-Seine, 24 August 2023

Mazars

Laurence Karagulian
Partner

PricewaterhouseCoopers Audit

Aurore Prandi
Partner
Emmanuel Benoist
Partner



6

LEGAL INFORMATION

GENERAL INFORMATION	100	CROSS-REFERENCE TABLE	103
Material contracts	100	Appendices I and II of EU delegated Regulation 2019/980 of the European Commission supplementing EU Regulation 2017/1129 of the European Parliament and of the Council	103
Outlook for Compagnie de Financement Foncier	100	Cross-reference table for the half-year financial report	106
Location of legal documents concerning the Company	100		
Shareholders' Meeting	100		
Capital	101		
 PERSONS RESPONSIBLE FOR THE AMENDMENT TO THE UNIVERSAL REGISTRATION DOCUMENT AND FOR THE AUDIT OF THE FINANCIAL STATEMENTS	 102		
Statement from the person responsible for the Amendment to the 2022 Universal Registration Document	102		
Persons responsible for auditing the financial statements	102		
Specific controllers	102		

GENERAL INFORMATION

Detailed general information is presented in the 2022 Universal Registration Document of Compagnie de Financement Foncier (pages 194 to 196).

Material contracts

At the date of publication of the financial information, Compagnie de Financement Foncier had not entered into any material contracts other than those entered into in the normal course of its business.

Outlook for Compagnie de Financement Foncier

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 at June 30, 2023 were approved by the Board of Directors on July 25, 2023. With the exception of the information given in the sub-section "Post-balance sheet event" no material changes occurred affecting the financial or commercial position or the financial performance of Compagnie de Financement Foncier, between June 30, 2023 (end of half-year) and August 24, 2023 (date on which this Amendment was filed with the AMF).

Location of legal documents concerning the Company

Legal documents concerning Compagnie de Financement Foncier may be consulted at the head office of Crédit Foncier de France, located at 182, avenue de France - 75013 Paris.

Shareholders' Meeting

An Ordinary General Meeting was held on May 9, 2023. The proposed resolutions were approved in their entirety.

Capital

SHARE CAPITAL

At June 30, 2023, the Company's subscribed capital amounted to €1,537,459,936. It is divided into 96,091,246 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.

OWNERSHIP STRUCTURE AND VOTING RIGHTS

Major shareholders at June 30, 2023	Number of shares	As a %
Crédit Foncier de France	96,091,245	100.00
Director	1	n.s
TOTAL	96,091,246	100.00

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.

IMPROPER CONTROL

The Company is controlled as described in the sub-section "Ownership structure and voting rights"; however, the Company believes there is no risk of said control being exercised improperly.

PERSONS RESPONSIBLE FOR THE AMENDMENT TO THE UNIVERSAL REGISTRATION DOCUMENT AND FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Statement from the person responsible for the Amendment to the 2022 Universal Registration Document

I certify that the information provided in this Amendment to the 2022 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 condensed financial statements for the previous half-year have been prepared in compliance with the accounting standards and give a true and fair view of the Company's assets, financial position and earnings, and that the management report included in chapter 3 of this Amendment to the 2022 Universal Registration Document provides an accurate representation of the material events that occurred in the first six months of the fiscal year, their impact on the financial statements, the main related parties' transactions and a description of the primary risks and uncertainties expected for the remaining six months of the year.

Paris, August 24, 2023

The Chief Executive Officer of Compagnie de Financement Foncier

Olivier AVIS

Persons responsible for auditing the financial statements

PRINCIPAL

MAZARS

Represented by Ms Laurence KARAGULIAN

Address: Tour Exaltis – 61, rue Henri Regnault – 92400 Courbevoie

784 824 153 RCS (Trade and Companies Register) Nanterre

Member of the *Compagnie Régionale des Commissaires aux comptes de Versailles* (Regional Association of Statutory Auditors of Versailles)

Start of first term: May 9, 2022

Length of term: six fiscal years

End of term: at the end of the General Meeting called to approve the financial statements for the 2027 fiscal year.

PRICEWATERHOUSECOOPERS AUDIT

Represented by Ms Aurore PRANDI and 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 General Meeting called to approve the financial statements for the 2025 fiscal year.

Specific controllers

PRINCIPAL

CAILLIAU DEDOIT & ASSOCIÉS

Represented by Mr Laurent BRUN

Address: 19, rue Clément-Marot – 75008 Paris

Date of assent from the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR - French Prudential Supervisory and Resolution Authority): November 17, 2022

RCS (Trade and Companies Register) 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, 2026.

SUBSTITUTE

MR RÉMI SAVOURNIN

Address: 19, rue Clément-Marot – 75008 Paris

Date of assent from the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR - French Prudential Supervisory and Resolution Authority): November 17, 2022

RCS (Trade and Companies Register) 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, 2026.

CROSS-REFERENCE TABLE

Incorporation by reference

The Amendment to the 2022 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 2022 Universal Registration Document filed with the *Autorité des Marchés Financiers* (AMF), the French financial markets authority on March 21, 2023 under number D. 23-0124 which includes the annual financial report, available on Compagnie de Financement Foncier's website: <https://foncier.fr/en/annual-rapports/>

All documents incorporated by reference in this Amendment to the 2022 Universal registration document have been filed with the AMF 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 EU delegated Regulation 2019/980 of the European Commission supplementing EU Regulation 2017/1129 of the European Parliament and of the Council

Appendix I headings "Registration document for equity securities"		Page of the Amendment to the 2022 URD filed with the AMF on August 24, 2023	Page of the URD filed with the AMF on March 21, 2023
Section 1	Persons responsible, third party information, experts' reports and competent authority approval	102	120; 207
Section 2	Statutory Auditors	102	207-208
Section 3	Risk factors	22-27	83-88
Section 4	Information about the issuer		
4.1	The legal and commercial name of the issuer	100	194; 198
4.2	Place of registration, registration number and legal entity identifier (LEI)	100	196
4.3	Date of incorporation and the length of life	100	195-198
4.4	Domicile, legal form, legislation under which the issuer operates, country of incorporation, address, telephone number and website	100 Back cover	194-195; 197 Back cover
Section 5	Business overview		
5.1	Main activities	2; 11-12	4; 33; 38-39; 41-42
5.2	Main markets	6; 11-12	26-32
5.3	Important events in the development of the business	3; 63	5; 145
5.4	Strategy and objectives	2; 29; 100	4; 98; 202
5.5	Extent to which the issuer is dependent, on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	28	97; 137
5.6	Basis for any statements made by the issuer regarding its competitive position	4; 8	6; 10
5.7	Investments	28	97
Section 6	Organizational structure		
6.1	Brief description of the Group	3	16-17
6.2	List of significant subsidiaries	na	na

Appendix I headings “Registration document for equity securities”		Page of the Amendment to the 2022 URD filed with the AMF on August 24, 2023	Page of the URD filed with the AMF on March 21, 2023
Section 7	Operating and financial review		
7.1	Financial condition	18-21	80-83
7.2	Net operating income	21; 60; 71	83; 142; 152; 177
Section 8	Capital resources and cash flow		
8.1	Information concerning the issuer’s capital resources	41-42; 87; 101	111-112; 168-169; 177; 196-197
8.2	Sources and amounts of the issuer’s cash flows	95-96	178-179
8.3	Information on the borrowing requirements and funding structure of the issuer	6; 50	8; 133
8.4	Information regarding any restrictions on the use of capital resources that have materially affected or could materially affect operations of the issuer	na	na
8.5	Information regarding the anticipated sources of funds needed to fulfill commitments on material investments (which are ongoing or for which firm commitments have been made)	na	na
Section 9	Regulatory environment	57	17-25; 139
Section 10	Trend information	3; 29; 63; 10	5; 98; 146; 202
Section 11	Profit forecasts or estimates	na	na
Section 12	Administrative, management and supervisory bodies and Executive Management		
12.1	Administrative bodies	14-15	48-65
12.2	Conflicts of interest	15	77
Section 13	Remuneration and benefits		
13.1	Amount of remuneration paid and benefits in kind	na	75-76
13.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	na	75
Section 14	Board practices		
14.1	Date of expiration of the current term of office of this person	na	52
14.2	Information about members of the administrative body’s service contracts		77
14.3	Information about the Issuer’s Audit Committee and Remuneration Committee	15	52; 67
14.4	A statement as to whether or not the issuer complies with the corporate governance regime	na	44-47
14.5	Potential material impacts on the corporate governance	15	77
Section 15	Employees		
15.1	Number of employees	28	97
15.2	Shareholdings and stock options of directors and Executive Management	na	76
15.3	Employee stock ownership agreement	28	97

Appendix I headings "Registration document for equity securities"		Page of the Amendment to the 2022 URD filed with the AMF on August 24, 2023	Page of the URD filed with the AMF on March 21, 2023
Section 16	Major shareholders		
16.1	Shareholders having a percentage in the capital or voting rights	100-101	196
16.2	Different voting rights of the major shareholders	100-101	196
16.3	Control of the issuer	100-101	196
16.4	Arrangement, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	100-101	202
Section 17	Related-party transactions	92	174
Section 18	Financial information concerning the issuer's assets and liabilities, financial position and profits and losses		
18.1	Historical financial information	60-96	143; 180
18.2	Interim and other financial information	na	na
18.3	Auditing of historical annual financial information	97	181-184
18.4	<i>Pro forma</i> financial information	na	na
18.5	Dividend policy	na	177; 196
18.6	Legal and arbitration proceedings	55	137
18.7	Significant change in the issuer's financial position	100	202
Section 19	Additional information		
19.1	Share capital	20; 39; 41; 87; 100	82; 109; 145; 168; 196-198
19.2	Memorandum and Articles of Association	na	68-74; 197-202
Section 20	Material contracts	100	202
Section 21	Documents available	100	202

Cross-reference table for the half-year financial report

Pursuant to Article 212-13 of the AMF's General Regulation, this Amendment to the 2022 Universal Registration Document comprises the information contained in the half-year financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-4 of the AMF's General Regulation.

Information required under Article L. 451-1-2 of the French Monetary and Financial Code		Page of the Amendment to the 2022 URD filed with the AMF on August 24, 2023	Page of the URD filed with the AMF on March 21, 2023
Annual financial report			
	Consolidated financial statements	na	na
	Statutory Auditors' report on the consolidated financial statements	na	na
	Individual financial statements	60-96	142-180
	Statutory Auditors' report on the individual financial statements	97	181-184
Management Report			
1	Activity report (Article L. 225-100, Article. R. 225-102 and Article L. 233-6 of the French Commercial Code)		
1.1	Situation and activity during the year	11-12; 18-21	38-39; 41-42; 80
1.2	Results of the Group, its subsidiaries and the companies it controls	18-21; 60-96	83
1.3	Key financial and non-financial performance indicators	4-8	6-10
1.4	Analysis of the change in results and financial position	18-21 ; 60-96	80-83; 142-180
1.5	Significant events after the reporting period	29; 63; 100	98; 202
1.6	Outlook	2; 29; 100	4; 98; 202
1.7	Research & Development	28; 55	97; 137
1.8	Main risks and uncertainties	22-27	83-88; 97
1.9	Significant equity investments or takeovers in companies headquartered in France	na	na
2	Information pertaining to share buybacks (Article L. 225-211, paragraph 2 of the French Commercial Code)	na	na
3	Social, environmental and societal information (Article L. 225-102-1 of the French Commercial Code)	29	98-99
4	Information on locations by country and activities (Article 511-45 of the French Monetary and Financial Code)	28	97
5	Key characteristics of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information	28	90-96
6	Vigilance plan (Article L. 225-102-4 of the French Commercial Code)	56-57	138
Report on corporate governance			
	Information on governance	14-15	48-74
	Information on pay	96	75-76
	Capital structure	20; 39; 41; 81; 101	196; 201-202
	Information required by Article L. 225-37-5 of the French Commercial Code on items liable to have an impact in the event of a public offering	100	196; 201-202
	Information on agreements entered into by a subsidiary and a corporate officer or a director holding more than 10% of the voting rights (Article L. 225-37-4 2° of the French Commercial Code)	100	196-205

Information required under Article L. 451-1-2 of the French Monetary and Financial Code	Page of the Amendment to the 2022 URD filed with the AMF on August 24, 2023	Page of the URD filed with the AMF on March 21, 2023
Table summarizing capital increase authorizations, in accordance with Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code, and use of these authorizations in fiscal year 2017	na	76
Pursuant to Articles 212-13 and 221-1 of the AMF General Regulation, the Universal Registration Document also contains the following regulatory information		
Statutory Auditors' special report on related-party agreements and commitments	na	206
Statutory Auditors' fees	na	180
Statement by the person responsible for the document	102	207

In accordance with Article 19 of EU Regulation 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in this Amendment to the 2022 Universal Registration Document:

- Compagnie de Financement Foncier's parent company financial statements for the fiscal year ended December 31, 2022 and the Statutory Auditors' report, presented on pages 141 to 191 of the Universal Registration Document filed with the AMF on March 21, 2023 under number D. 23-024.

The information can be found using the following link: <https://foncier.fr/en/annual-reports/>

- Compagnie de Financement Foncier's parent company financial statements for the fiscal year ended December 31, 2021 and the Statutory Auditors' report, presented on pages 133 to 178 of the Universal Registration Document filed with the AMF on March 23, 2022 under number D. 22-0138.

The information can be found using the following link: <https://foncier.fr/en/annual-reports/>

- Compagnie de Financement Foncier's parent company financial statements for the fiscal year ended December 31, 2020 and the 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/>

- the management report for the year ended December 31, 2022 presented on pages 79 to 100 of the Universal Registration Document filed with the AMF on March 21, 2023 under number D. 23-0124;

- the management report for the year ended December 31, 2021 presented on pages 75 to 94 of the Universal Registration Document filed with the AMF on March 23, 2022 under number D. 22-0138.

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 27, 2021 under number D. 21-0179.

The information can be found using the following link: <https://foncier.fr/en/annual-reports/>

The Amendment to the 2022 Universal Registration Document can be consulted on the websites of the AMF (www.amf-france.org/en) and Compagnie de Financement Foncier (www.foncier.fr/en).

Contacts

Compagnie de Financement Foncier
182, Avenue de France
75013 Paris

Financial information:

cff-b-comfi@creditfoncier.fr

Investor relations:

cff-b-ir@creditfoncier.fr

The annual reports, half-year reports, quarterly reports relating to the quality of the financed assets and ECBC label reportings of Compagnie de Financement Foncier can be downloaded at www.foncier.fr/en.

Translated by  **LABRADOR** +33 (0)1 53 06 30 80

Designed & published by  **LABRADOR** +33 (0)1 53 06 30 80

Compagnie de Financement Foncier - SA (French public limited company)
With capital of 1,537,459,936 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
CS 81522 - 75634 Paris Cedex 13
foncier.fr



**COMPAGNIE DE
FINANCEMENT FONCIER**