

## **Compagnie de Financement Foncier in 2015: A successful operator in the covered bonds market**

Compagnie de Financement Foncier's Board of Directors met on 9 February 2016 under the chairmanship of Bruno Deletré to approve the 2015 annual financial statements.

During the 2015 financial year, Compagnie de Financement Foncier's business activity remained in line with Crédit Foncier's strategic guidelines in close synergy with Groupe BPCE and with its own management commitments.

### Issuance of *obligations foncières*:

- Compagnie de Financement Foncier issued €7.0bn <sup>(1)</sup> in *obligations foncières* in 2015, up 15% compared to 2014. As an illustration of the quality of its bonds on the financial markets, Compagnie de Financement Foncier successfully conducted five public issues denominated in euro under very favourable conditions, which were well oversubscribed.
- The *obligations foncières* outstanding stood at €69bn at 31 December 2015, down from €71bn one year earlier.

### Purchases and assignment of receivables:

- Compagnie de Financement Foncier used mortgage notes (« *billets hypothécaires* ») to fund its parent company, Crédit Foncier. The outstanding amount on these notes at 31 December 2015 was €5.7bn, which is a drop of €1.6bn compared to 31 December 2014.
- Compagnie de Financement Foncier acquired receivables from Crédit Foncier amounting €6.8bn. Customer receivables totalled €43.0bn at 31 December 2015, including €33.9bn of home loans.
- Compagnie de Financement Foncier continued to fund Groupe BPCE through loans fully secured by the assignment of public sector receivables in France. The amount outstanding on these loans was €12.8bn at 31 December 2015.

### Securitisation transactions:

- In July 2015, as part of the policy of diversifying Groupe BPCE's sources of funding, Compagnie de Financement Foncier transferred €1.1bn in mortgage loans to the CFHL-2 2015 securitisation mutual fund.

### Transfer of receivables:

- Compagnie de Financement Foncier further reduced its international public-sector exposure and sold €1.9bn in loans and securities in 2015. These disposals generated a loss of €4m (excluding HETA) in 2015, compared with a gain of €1m in the prior year.
- This €1.9bn in disposals included €260m in securities in the Austrian bank, HETA Asset Resolution AG, which were sold in June 2015. Consequently, the securities portfolio of Compagnie de Financement Foncier, excluding mortgage notes, amounted €9.1bn at 31 December 2015.

The balance sheet total was €87.6bn at 31 December 2015, from €87.9bn for the same period in 2014, in line with the groupe Crédit Foncier's strategy to reduce the size of its balance sheet.

Net banking income rose 1% to €364m in 2015, from €360m in 2014.

Operating expenses of -€123m in 2015, slightly up compared to 2014.

Gross operating income was of €240m.

The cost of risk stood at -€15m in 2015. In 2014, it had risen to -€128 m, including -€104 m in provisions for the write-down on the securities of the Austrian bank, HETA Asset Resolution AG. Excluding the impact of transactions involving HETA securities, the cost of risk was -€27 m in 2015, compared with -€24m in 2014.

Net income amounted €132m in 2015, from €84m one year earlier.

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(1) *Issuances excluding exceptional transactions (buy-backs and intragroup placements).*

**Compagnie de Financement Foncier's income statement**

<i>(in millions of euros)</i>	2015	2014	% change
<b>Net banking income</b>	<b>364</b>	<b>360</b>	<b>+1.1%</b>
Operating expenses	- 123	- 105	+17.1%
<b>Gross operating income</b>	<b>240</b>	<b>254</b>	<b>- 5.5%</b>
Cost of risk	- 15	- 128	- 88.3%
Gains or losses on long-term investments	- 4	1	-
<b>Income before tax</b>	<b>222</b>	<b>128</b>	<b>+ 73.4%</b>
<b>Net income</b>	<b>132</b>	<b>84</b>	<b>+ 57.1%</b>

Compagnie de Financement Foncier confirmed the solidity of its model in 2015.

Calculated according to the standard Basel III method, its Common Equity Tier-1 ratio (CET1) was estimated at 18.7% at year-end 2015, compared with 10.0% one year earlier. This increase is the result of the repayment to its parent company Crédit Foncier, of a €1.35bn subordinated debt non-eligible to the CET1 own funds; and of a simultaneous increase in share capital for the same amount and fully subscribed by Crédit Foncier.

Furthermore, the extremely prudent liquidity policy was carried on throughout 2015 and Compagnie de Financement Foncier had a significant amount of cash deposits at the Banque de France. Compagnie de Financement Foncier also owns an important pool of assets eligible for the refinancing operations of the European Central Bank.

In accordance with the law applicable to *sociétés de crédit foncier*, Compagnie de Financement Foncier must maintain a coverage ratio (equal to the ratio of weighted assets to privileged debt) greater than 105% at all times. At 31 December 2015, Compagnie de Financement Foncier respected this ratio. At 30 September 2015, this ratio stood at 120.5%.

*At the date of this press release, the audit of the annual financial statements by the statutory auditors ("Commissaires aux comptes") is still in progress.*

*Compagnie de Financement Foncier is a credit institution company registered as a specialised credit institution and a société de crédit foncier (a French legal covered bonds issuer), affiliate of BPCE and fully-owned by Crédit Foncier and Groupe BPCE.*

*Regulated information is available on our website [www.foncier.fr](http://www.foncier.fr) under "Financial communication/Regulated information".*

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