



COMPAGNIE DE FINANCEMENT FONCIER

2020 UNIVERSAL REGISTRATION DOCUMENT

including the annual financial report



Contents

Messages from the Chairman and Chief executive	2
Profile	4
Activity	4
Positioning within the BPCE Group	5
Highlights of 2020	5
Key figures	6
Governance at the service of strategy	11

1	PRESENTATION OF COMPAGNIE DE FINANCEMENT FONCIER	13
	History	14
	Positioning	16
	Covered bonds: legal and regulatory framework	18
	Market and operating environment	24
	Business model of Compagnie de Financement Foncier	29

2	REPORT ON CORPORATE GOVERNANCE	39
	Corporate Governance Code	40
	Composition of executive and management bodies	44
	Role and operating procedures of corporate entities	60
	Remuneration	68
	Potential conflicts of interest	76

3	2020 MANAGEMENT REPORT	77
	2020 Management report	78

4	RISK MANAGEMENT REPORT	97
	1. Governance and risk management system	98
	2. Changes in assets	104
	3. Changes in liabilities	105
	4. Prudential ratios	106
	5. Analysis of credit and counterparty risk	108
	6. Financial risk analysis	127
	7. Operating risks	131
	8. Non-compliance risk	133

5	FINANCIAL STATEMENTS	137
	Financial statements	138
	Statutory auditors' report on the financial statements	176
	Details of the calculation of the overcollateralization ratio and control of limits	180

6	LEGAL INFORMATION	185
	General information	186
	Capital	189
	Bylaws	190
	Notice of Annual General Shareholders' Meeting and report of the Board to the Meeting	196
	Resolutions submitted to the annual general shareholders' meeting	196
	Statutory Auditors' special report on related-party agreements	199
	Persons responsible for the document and auditing the financial statements	202
	Cross-reference table	203

The elements of the Annual financial Report are identified using the pictogram

The Extra-Financial Performance Declaration is identified using the pictogram

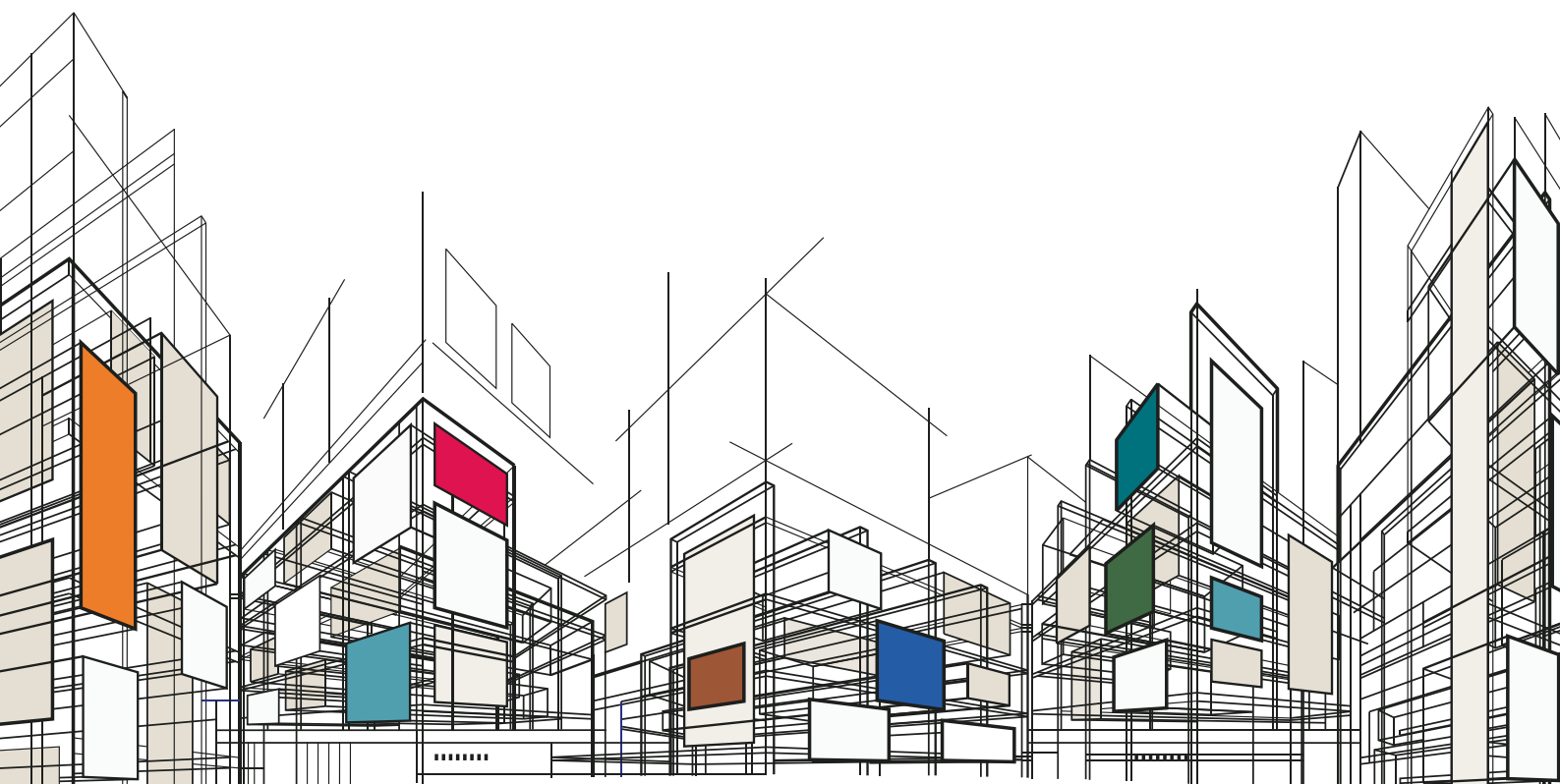


Abbreviations used in the document:
Thousands of euros: €K
Millions of euros: €M
Billion euros: €bn

COMPAGNIE DE FINANCEMENT FONCIER

2020 UNIVERSAL REGISTRATION DOCUMENT

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This is a free translation into English of Compagnie de Financement Foncier 2020 Universal registration document issued in the French language and it is available on the website of the Issuer. In case of discrepancy the French version prevails. Only the French version of the Registration document has been submitted to the Autorité des Marchés Financiers (French Financial Market's Authority). It is therefore the only version that is binding in law.

This Universal registration document was filed on March 23, 2021 with the Autorité des Marchés Financiers (AMF – French Financial Markets Authority), as the competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of that Regulation. This Universal registration document may be used for the purposes of an offer to the public of securities or the admission of securities to trading on a regulated market if supplemented by a securities note and, as appropriate, a summary and any amendments to the Universal registration document. The entire documentation is then approved by the AMF pursuant to regulation (EU) 2017/1129.



MESSAGES FROM THE CHAIRMAN AND CHIEF EXECUTIVE



ÉRIC FILLIAT

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

What is Compagnie de Financement Foncier's role within Groupe BPCE?

Compagnie de Financement Foncier is a key element of Groupe BPCE's funding strategy for mortgage and public sector assets. As such, capitalizing on 21 years serving investors and Groupe BPCE, Compagnie de Financement Foncier, an issuer of covered bonds rated AAA/Aaa/AAA ⁽¹⁾ since its creation and a strategic subsidiary of Groupe BPCE under the affiliation regime, has constantly raised funds under the best possible conditions.

Since Crédit Foncier's change in strategy in 2019, Compagnie de Financement Foncier has been even more integrated into the Group's core funding policy, which will now rely on its highly competitive, long-term, backed issuances to support the development of the Group and its mortgage and public sector activities.

In an environment of interest rates close to their historical lows, in 2020 the Group's entities were increasingly keen on accessing very low-cost funding, which allows them to position themselves on some of the most competitive quality assets.

To meet this critical challenge for the Group's players, Compagnie de Financement Foncier took up the challenge with pride by carrying out over €3bn in issues in 2020 with very preferential terms. Investor confidence and the quality of Compagnie de

Financement Foncier's credit rating on the financial markets will enable the volume of issuances to be adjusted upwards to better support the development of the Group's activities over the next years.


What conclusions can Compagnie de Financement Foncier draw on the impact of the Covid-19 health crisis for 2020?

The health crisis linked to the Covid-19 epidemic had no material impact on Compagnie de Financement Foncier's activities.

The cost of risk remains very moderate, confirming once again of the solidity of our model, which is based primarily on the high quality of the selected cover pool assets, and supplemented by the structural support mechanisms set up by Crédit Foncier and ad hoc support measures from public authorities.

As regards our operations, we made the switch to digital very early on and, by 2019, most of our activities could already be carried out entirely remotely thanks to adapted remote working tools. Our teams demonstrated genuine agility during lockdown periods and they can be proud of having maintained a high quality of service for our customers.

Compagnie de Financement Foncier once again reiterated the relevance of its model by issuing covered bonds under very good conditions during the peak of the health crisis.



in a financial environment marked by the health crisis, Groupe BPCE relied on a resilient refinancing vehicle, competitive and agile at all times.



€3bn
issues made

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

How did the covered bonds market react in 2020?

In 2020, the market for euro covered bonds proved very resilient in Europe with €96bn in benchmark issuances, down however on the back of the health crisis (-32% compared to 2019). France is the second largest market within the euro covered bonds market with 29% of the issuances, over €314bn in outstanding bonds and a benchmark volume of issuances of €28bn in 2020.

Throughout 2020, the extension and the multiplication of the ECB's relief plans contributed significantly to increasing investor appetite for covered bond issuances, whose issuance margins quickly converged to their pre-crisis lows after a short volatility sequence that began in March.

The other funding markets were more challenged and did not recover their pre-crisis issuance margins. The funding model *via* covered bonds provides a decisive competitive advantage and confirms once again its great relevance for the refunding of mortgage and public sector activities of banking institutions.

What did Compagnie de Financement Foncier achieve in 2020?

Compagnie de Financement Foncier, with €3.025bn issued in 2020, including €2.75bn in euro benchmark issuances, remains a major French issuer with outstanding covered bonds of €56.4bn at the end of 2020, i.e. 18% of French assets under management.

2020 once again confirmed the robustness of the model in a context of high market volatility. As in previous crises, Compagnie de Financement Foncier was able to carry out issuances with very low margin levels in the midst of the Covid-19 health crisis, despite strong financial market tensions. As soon as April 1, 2020, the Company carried out a benchmark issuance of € 1bn on favorable terms, while the unsecured debt markets remained under pressure. Funding through covered bonds reaffirms its competitive advantage in volatile periods compared to other funding tools available to banks.

2020 was once again a record year for Compagnie de Financement Foncier, with two particularly remarkable issuances: Compagnie de Financement Foncier is

The Group's entities increasingly use Compagnie de Financement Foncier's highly competitive funding for their mortgage and public sector activities. In the context of this health crisis, the resilience of the model allows them to continue to serve their customers in the best conditions by offering them customized competitive financing.

the first European issuer of covered bonds to offer a euro benchmark issuance at a negative rate with a 15-year long-term maturity. It is also the first covered bond issuer to carry out a private placement of €50m with a 70-year maturity. Investors confirmed their continued trust by endorsing these flagship issuances.

The acceleration of funding requests by Group entities, particularly for their public sector activities, is a clear demonstration of the flawless complementarity between the highly competitive backed funding and tailored products designed by Groupe BPCE's teams, to the greatest satisfaction of our clients. With €2.6bn in funding recorded in 2020, including €764m in deferred payments, Compagnie de Financement Foncier is central to the funding strategy of the Banque Populaire, Caisses d'Épargne and Natixis banks.

After this remarkable performance in a highly uncertain 2020 environment, what are Compagnie de Financement Foncier's objectives for 2021?

We will actively continue the funding policy for the mortgage and public sector activities of Groupe BPCE entities, with the firm intention of continuing to issue covered bonds under highly competitive terms backed by maturities the most relevant to our customers.

We will also remain very selective regarding the quality of funded assets, to uphold the features of our cover pool mix, which has been highly valued by our investors for many years for its stable and diversifying nature.

Lastly, more than ever, we will continue to provide direct coverage to our investors with whom we have had close relationships for many years, and who were major contributors in both the success of Compagnie de Financement Foncier's issuances and the strong resilience of its model in terms of financial performance at all times.



OLIVIER AVIS

*Chief Executive Officer of
Compagnie de Financement Foncier*



70 years
record maturity
for a private
issuance of €50m



-0.02%
benchmark issuance
rate for €500m with
a 15-year maturity



PROFILE

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

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

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

Compagnie de Financement Foncier continues to be a major player in its market, with a total *obligations foncières* outstanding of €56.4bn (including related receivables) as of December 31, 2020 and an issuance volume of more than €3bn in 2020.

€56.4bn

Outstanding *obligations foncières*
(including related payables)

€3bn

Issuance of *obligations foncières*
at December 31, 2020

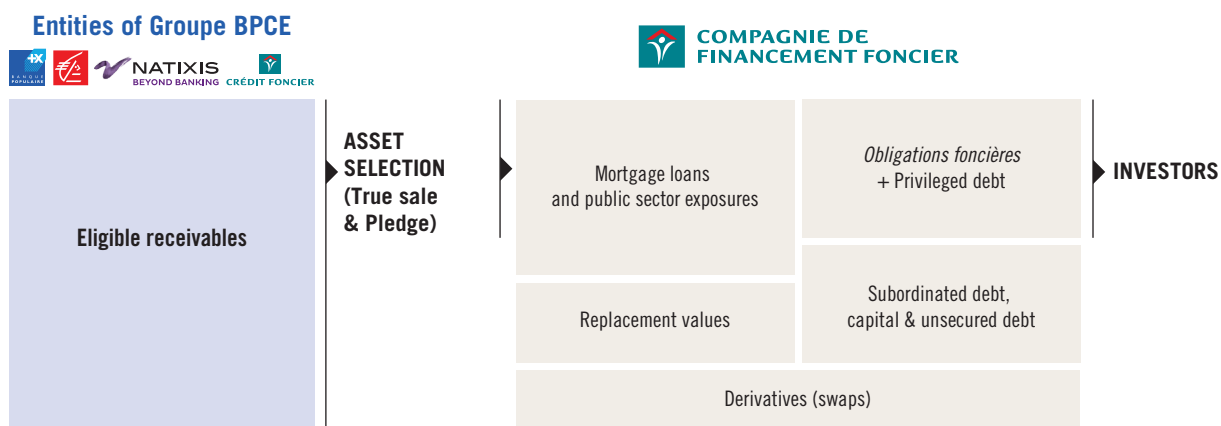
OUR strategy and OUR mission

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

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

ACTIVITY

Business model of Compagnie de Financement Foncier



(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.

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

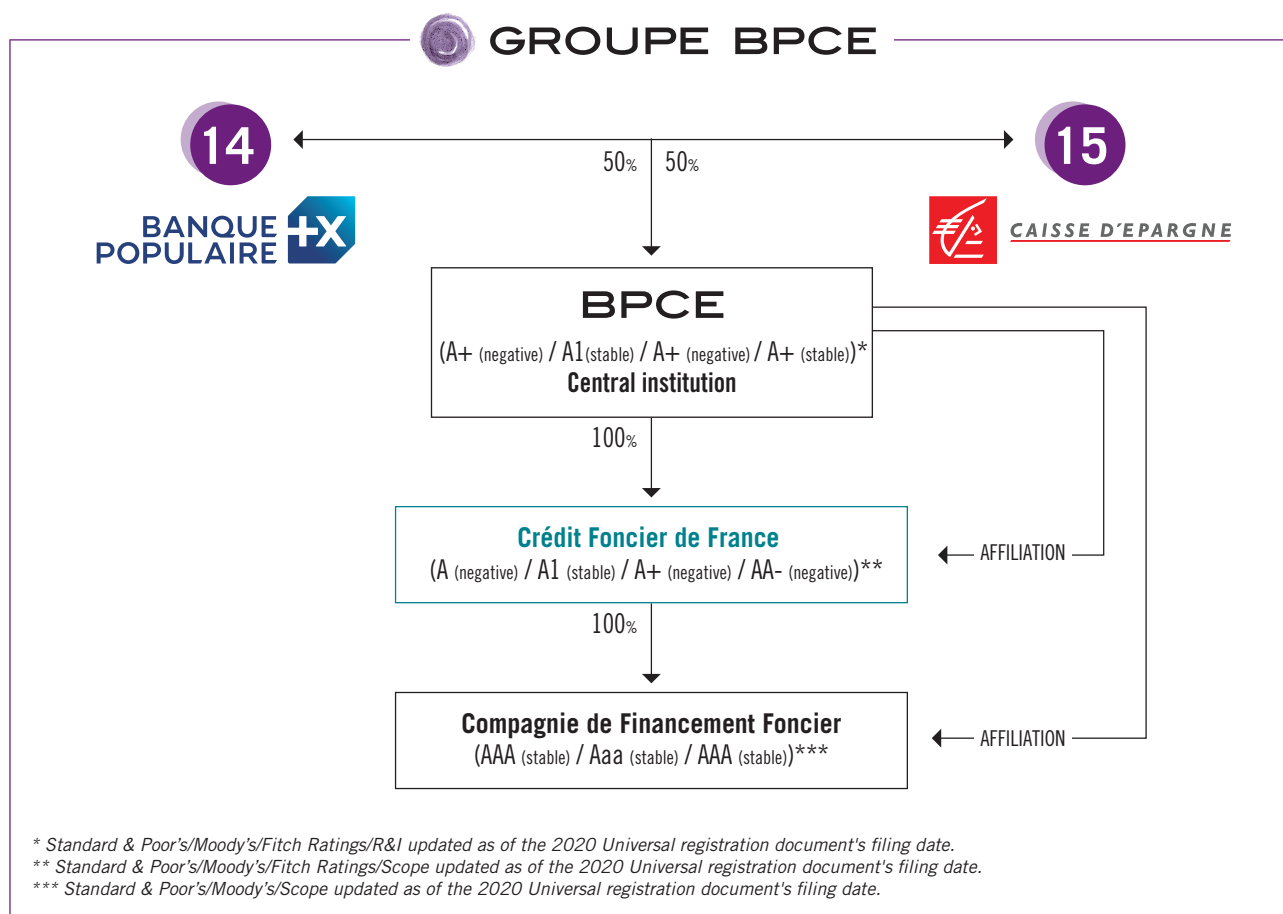
(4) UCITS: Undertakings for Collective Investment in Transferable Securities, a directive on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

(5) CRD: Capital Requirements Directive.

(6) CRR: Capital Requirements Regulation.



POSITIONING WITHIN THE BPCE GROUP



HIGHLIGHTS OF 2020

After a year of extreme volatility in the financial markets and against the background of the Covid-19 health crisis, Compagnie de Financement Foncier confirmed the strong resilience of its model: the Company completed an issue at the peak of the crisis at the beginning of the 2nd quarter and left a mark by carrying out remarkable issuances despite gloomy conditions.

Compagnie de Financement Foncier is thus the first euro covered bond issuer to carry out an issuance with a 70-year maturity: a euro covered bond of €50m with a 70-year in the 2nd quarter.

After recording the first 10-year benchmark covered bond at negative interest rate in 2019, Compagnie de Financement Foncier repeated, and became on October 19, 2020, the first European issuer to carry out an issuance at a negative interest rate (-0.02%) for a €500m benchmark.

These transactions reflect Compagnie de Financement Foncier's ability to successfully carry out issuances regardless of market conditions and unwavering investor confidence, which encourage us to always take up new challenges and never stop innovating.



KEY FIGURES

Issuer information

Issuer: Compagnie de Financement Foncier, affiliated with Groupe BPCE

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

Type of bonds issued: obligations foncières

Issuance programs: EMTN, AMTN & USMTS

Sole service provider:

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

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

➤ ASSETS (by type of exposures)	12/31/2020		12/31/2019		12/31/2018	
	€bn	%	€bn	%	€bn	%
Mortgage loans and equivalent	36.0	52.7	38.6	54.0	40.5	52.8
Public sector exposures	24.7	36.1	24.9	34.8	28.0	36.5
French public sector*	17.6	25.7	16.9	23.6	19.5	25.4
Foreign public sector	7.1	10.4	8.0	11.2	8.5	11.1
Replacement values	7.7	11.2	8.0	11.2	8.2	10.7
Replacement values	6.6	9.6	6.7	9.3	6.7	8.7
Other assets	1.1	1.6	1.3	1.9	1.5	2.0
TOTAL ASSETS	68.5	100.0	71.5	100.0	76.7	100.0

* Including deposits and short-term loans at Banque de France of €1.3bn at the end of 2020, €1.6bn at the end of 2019 and €0.7bn at the end of 2018.

➤ LIABILITIES	12/31/2020		12/31/2019		12/31/2018	
	€bn	%	€bn	%	€bn	%
Privileged resources	56.4	82.3	60.4	84.6	63.5	82.8
Obligations foncières	56.4	82.3	60.5	84.7	63.5	82.8
Foreign exchange difference on covered bonds	-0.1	-0.1	-0.1	-0.2	-0.1	-0.1
Other privileged resources	0.1	0.1	0.1	0.1	0.1	0.1
Translation difference associated with hedging balance sheet items	0.8	1.2	1.1	1.6	1.1	1.4
Non-privileged resources	11.3	16.5	9.9	13.9	12.1	15.8
Unsecured debt	6.0	8.8	4.6	6.4	6.6	8.6
Subordinated debt or equivalent	2.1	3.0	2.1	3.0	2.3	3.0
Shareholders' equity, provisions and reserve for general banking risks	3.2	4.7	3.2	4.5	3.2	4.2
TOTAL LIABILITIES	68.5	100.0	71.5	100.0	76.7	100.0
Regulatory capital according to CRR/CRD IV	3.1	4.5	3.1	4.4	3.1	4.1

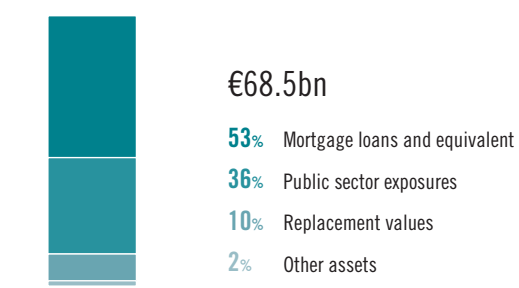
(1) Standard & Poor's/Moody's/Fitch Ratings/Scope updated as of the Universal registration document's filing date.

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

Breakdown of assets

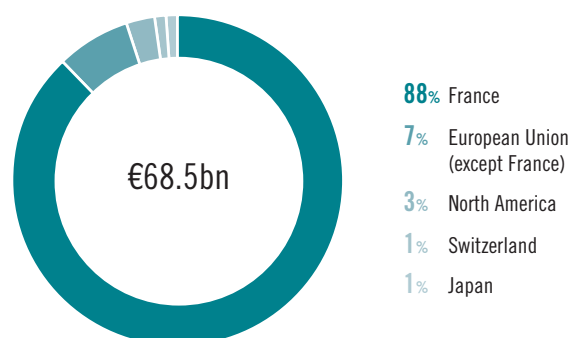
BY TYPE OF ASSETS

DECEMBER 31, 2020

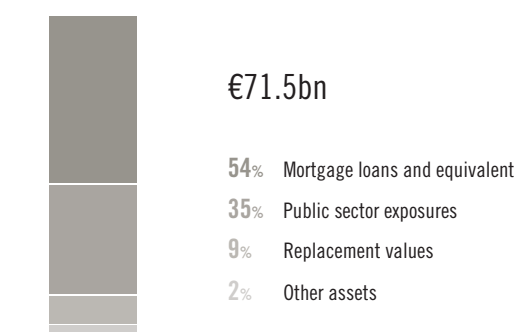


BY REGION

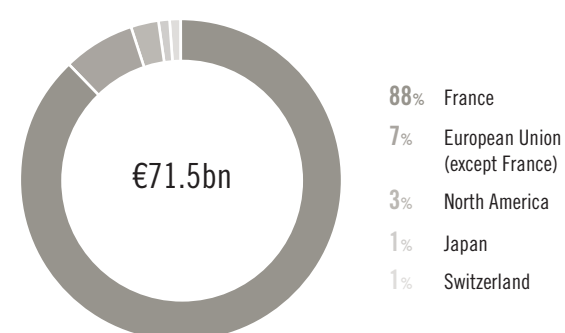
DECEMBER 31, 2020



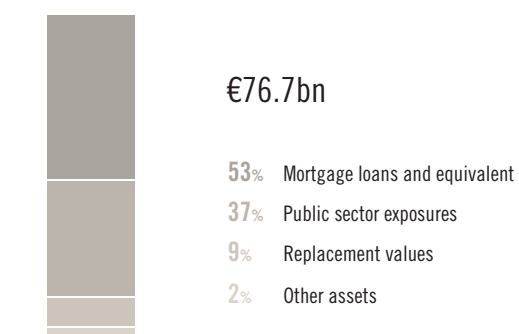
DECEMBER 31, 2019



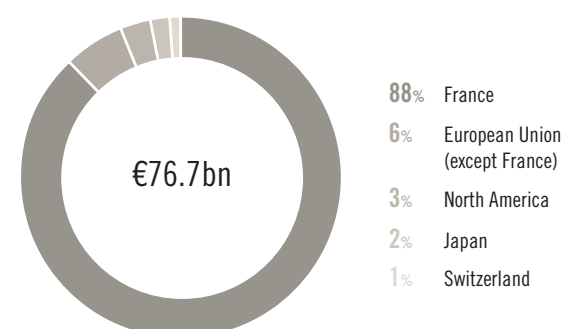
DECEMBER 31, 2019



DECEMBER 31, 2018



DECEMBER 31, 2018

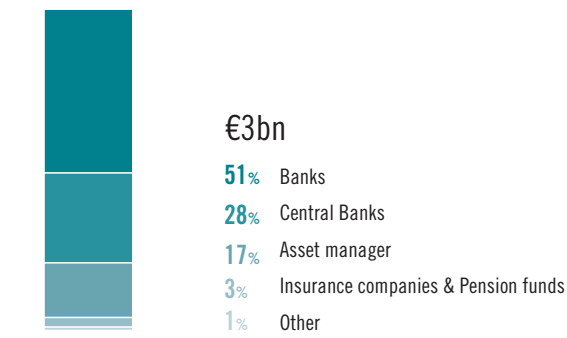




Breakdown of issuances

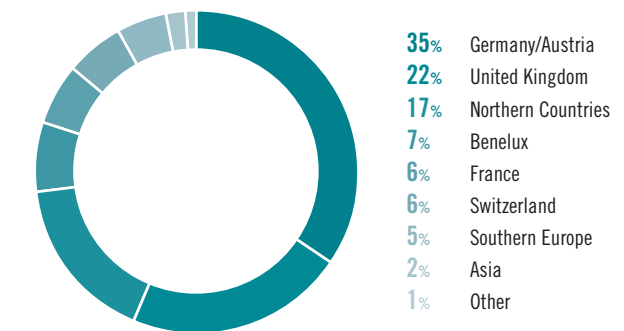
BY TYPE OF INVESTOR

DECEMBER 31, 2020

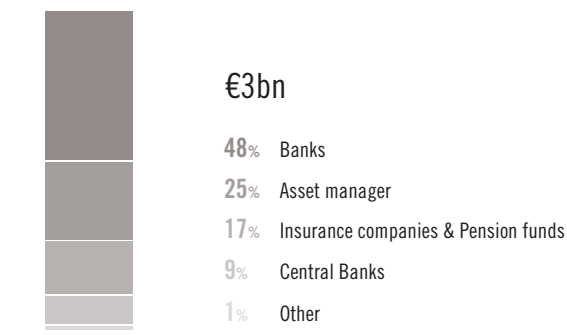


BY REGION

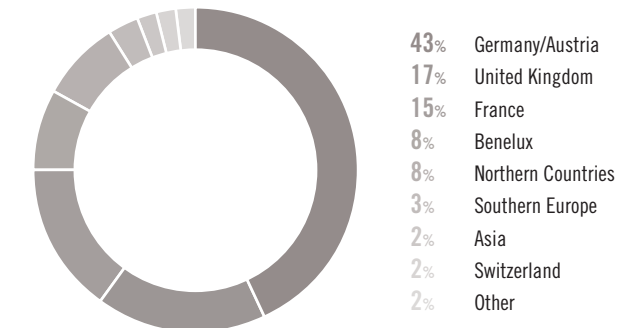
DECEMBER 31, 2020*



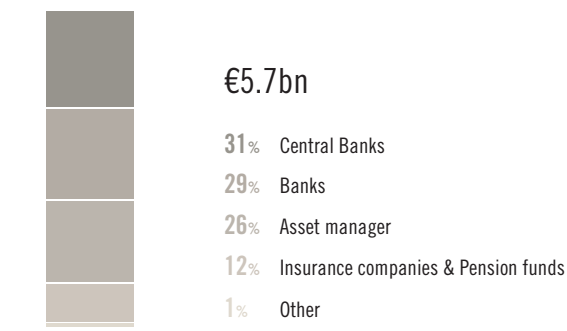
DECEMBER 31, 2019



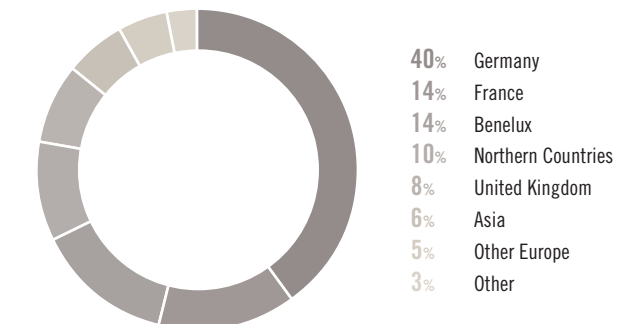
DECEMBER 31, 2019



DECEMBER 31, 2018



DECEMBER 31, 2018

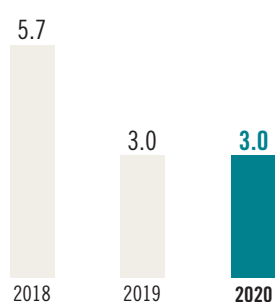


* Except Eurosystem.

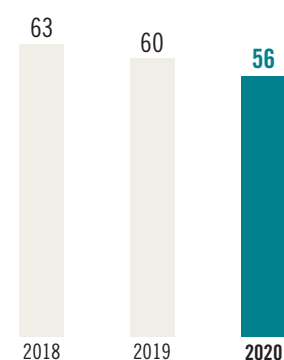
Performance indicators

ACTIVITY

OBLIGATIONS FONCIÈRES ISSUED (in €bn)

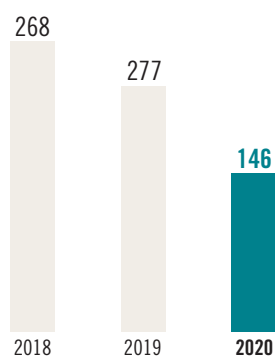


PRIVILEGED LIABILITIES (in €bn)

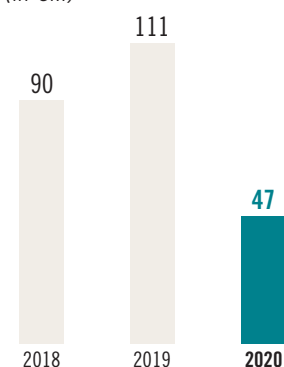


RESULTS

NET BANKING INCOME (in €M)

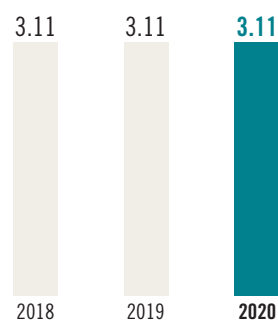


NET INCOME (in €M)

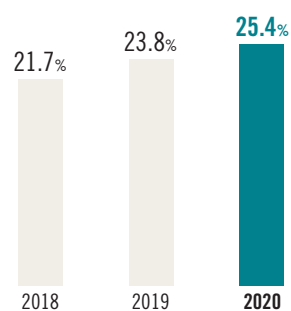


FINANCIAL STRUCTURE

REGULATORY CAPITAL (in €bn)



PRUDENTIAL RATIOS



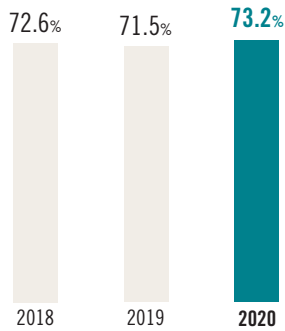
Solvency ratio= Common Equity Tier 1



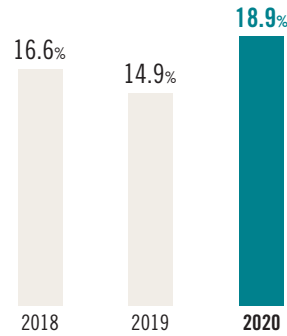
KEY FIGURES

SOCIÉTÉ DE CRÉDIT FONCIER'S SPECIFIC RATIOS

AVERAGE LTV OF MORTGAGE LOANS FOR INDIVIDUALS

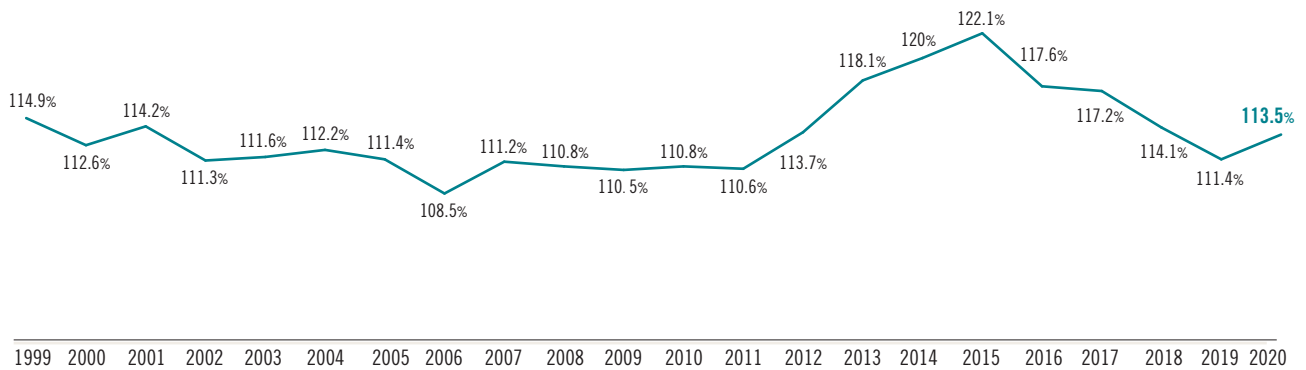


NON-PRIVILEGED RESOURCES/PRIVILEGED RESOURCES RATIO



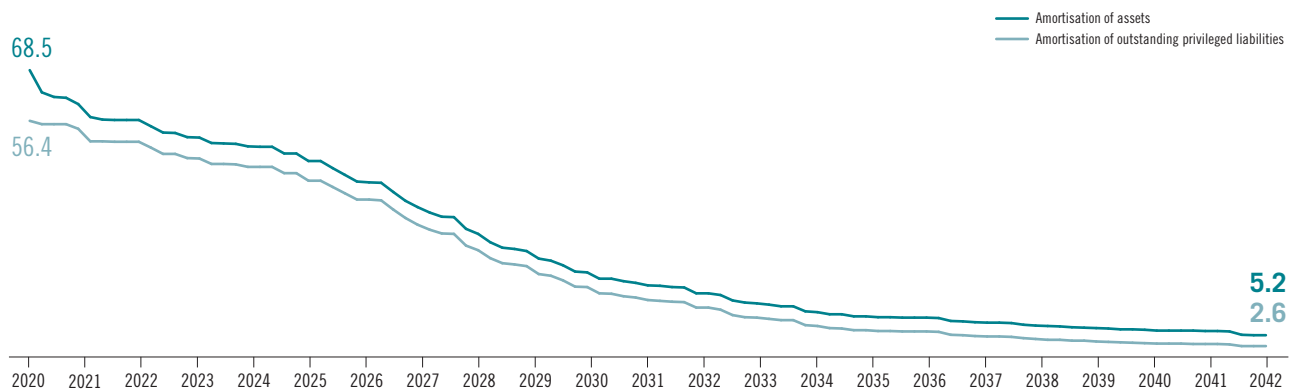
REGULATORY OVERCOLLATERALIZATION RATIO

(in %)



AMORTISATION OF ASSETS AND PRIVILEGED LIABILITIES

(in €bn)















GOVERNANCE AT THE SERVICE OF STRATEGY

The Board of Directors

10 members at December 31, 2020	40% women	54 years average age	7 board meetings	80% average attendance rate
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BOARD OF DIRECTORS AS OF DECEMBER 31, 2019

 Éric FILLIAT Chairman of the Board of Directors ★	 Muriel COLLE <i>Representing Crédit Foncier de France</i> Director ■	 Olivier IRISSON <i>Representing BPCE</i> Director ■ ■
 Philippe JEANNE Director ★	 Nathalie BRICKER Director ■	 Pascal CHABOT Director ★
 Sabine CALBA Director ■	 Alexandre FOURNEAU Director	 Corinne DECAUX Director
	 Jérémy ESTRADER Director	

■ AUDIT COMMITTEE ■ RISK COMMITTEE ■ APPOINTMENTS COMMITTEE ★ CHAIRMAN

Committees set up by the Board of Directors

1

AUDIT COMMITTEE

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

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

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

Committee members:

Philippe JEANNE, Chairman
BPCE, represented by **Olivier IRISSON**
Nathalie BRICKER

2

RISK COMMITTEE

Assesses the quality of internal control.

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

Committee members:

Pascal CHABOT, Chairman
Crédit Foncier de France, represented by **Muriel COLLE**
BPCE, represented by **Olivier IRISSON**

3

APPOINTMENTS COMMITTEE

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

Sets a target for gender representation.

Defines the features of an independent director.

Committee members:

Éric FILLIAT, Chairman
Sabine CALBA



PRESENTATION OF COMPAGNIE DE FINANCEMENT FONCIER

HISTORY

POSITIONING

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

Organization chart of Groupe BPCE at December 31, 2020

Groupe BPCE at a glance

Focus on the positioning of Compagnie de Financement Foncier

COVERED BONDS: LEGAL AND REGULATORY FRAMEWORK

Covered bonds

A French *covered bond*: the obligations foncières

14

16

16

16

17

17

18

18

19

MARKET AND OPERATING ENVIRONMENT

The French housing and home loans market

The commercial real estate market

The Public sector market in France

BUSINESS MODEL OF COMPAGNIE DE FINANCEMENT FONCIER

Compagnie de Financement Foncier's assets

Financial transactions

24

24

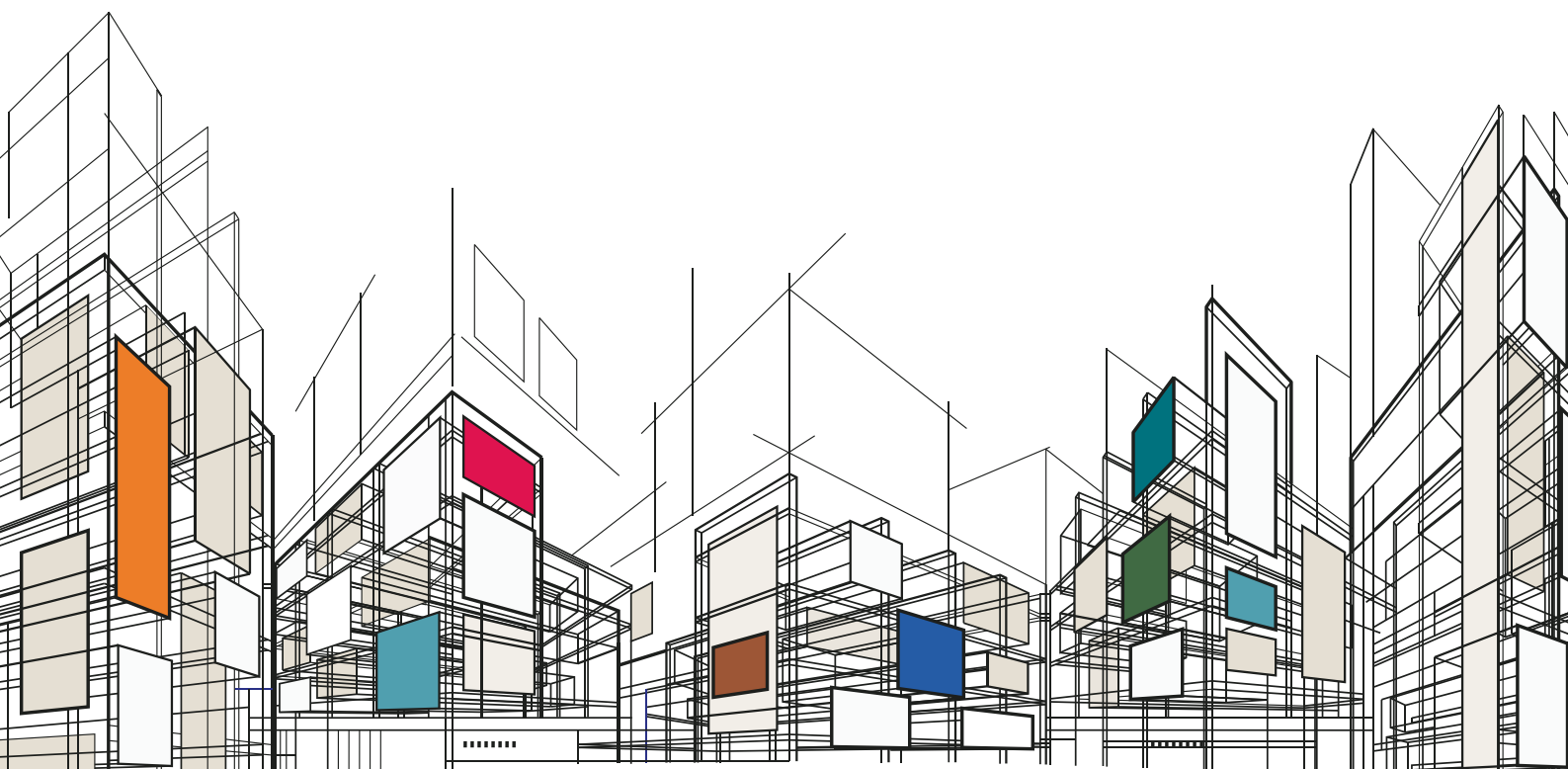
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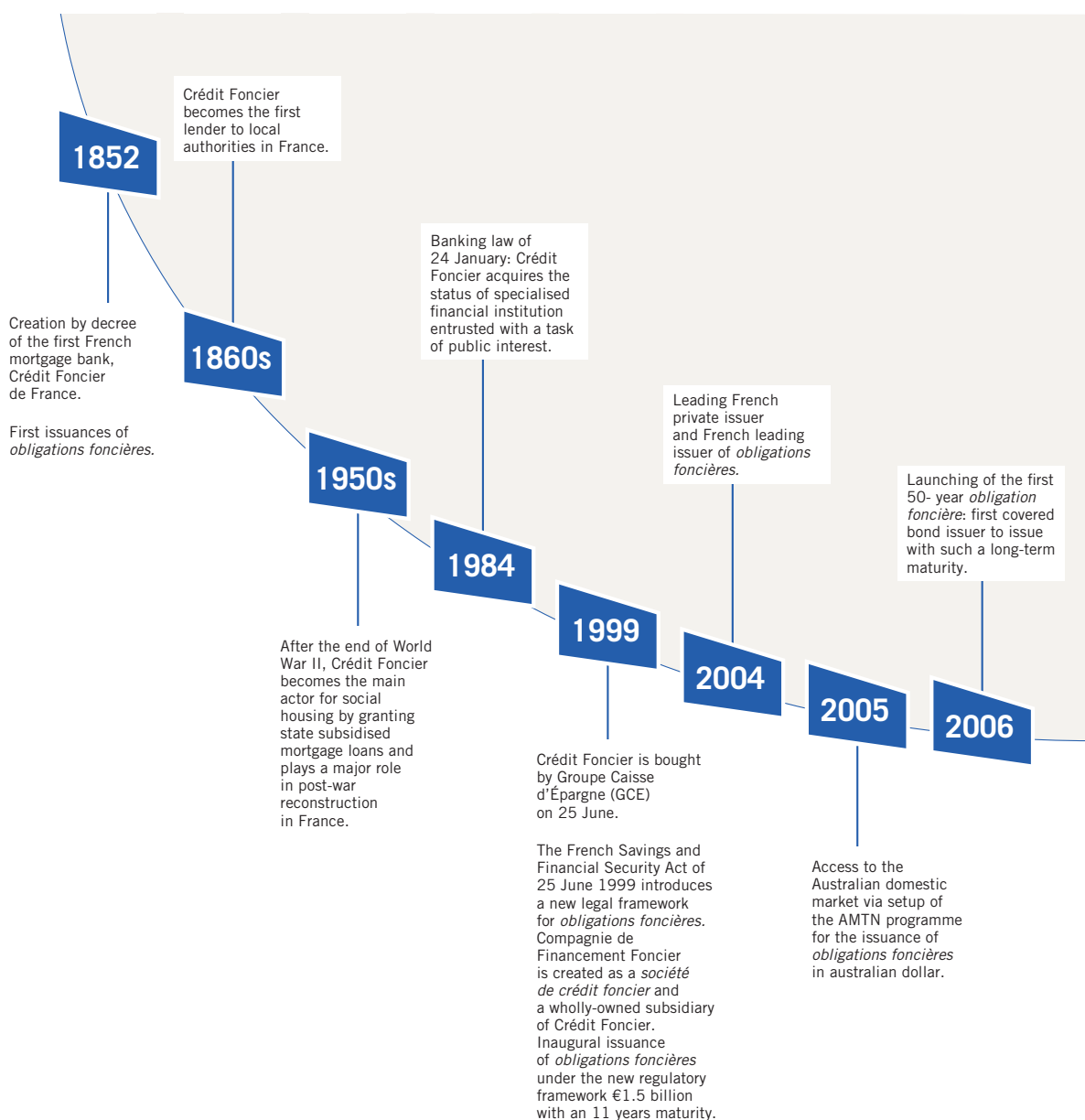
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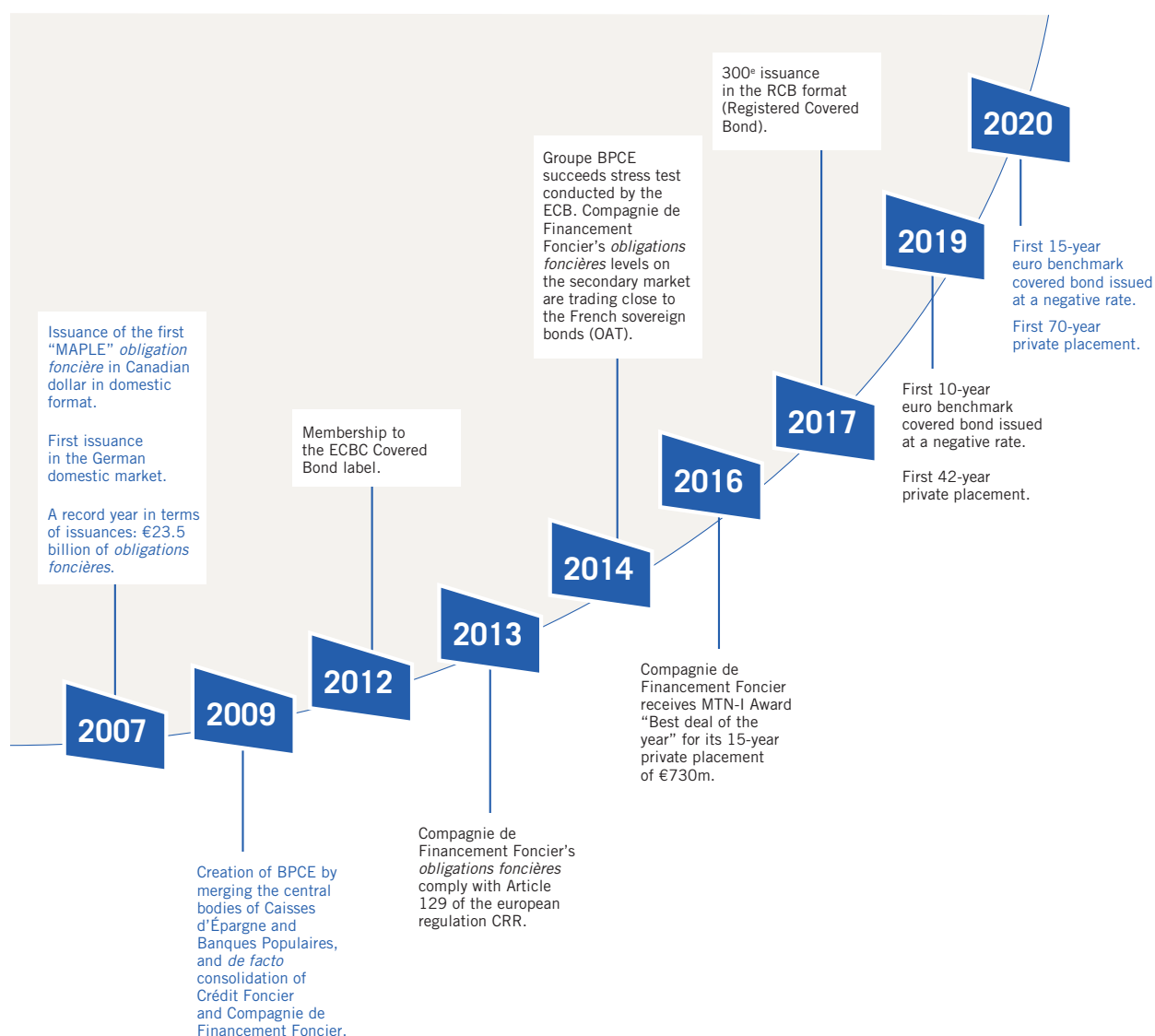


HISTORY

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

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



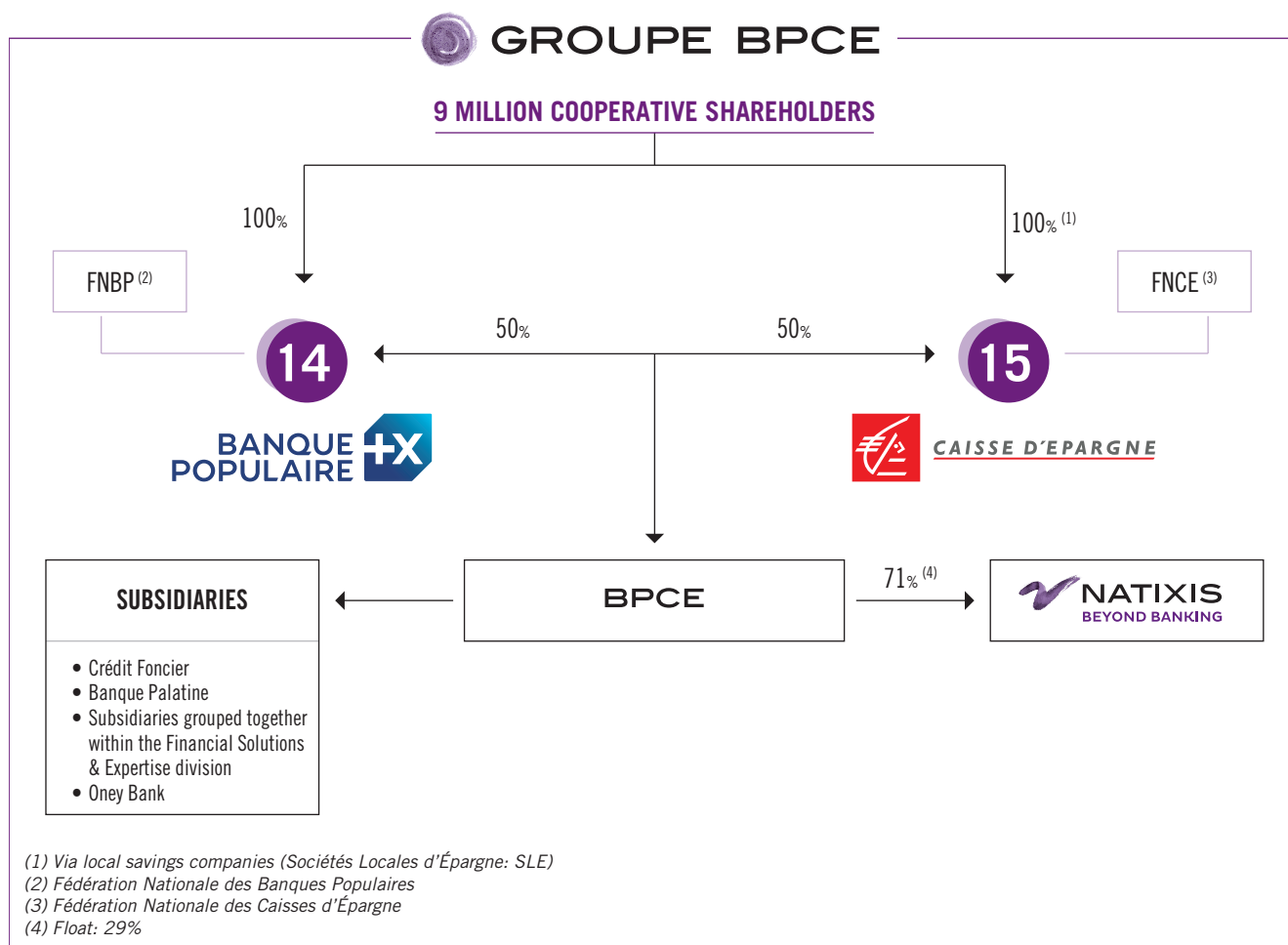


POSITIONING

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

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

Organization chart of Groupe BPCE at December 31, 2020



(1) Market shares: 22% for customer savings and 21.5% for customer credits (source: Banque de France Q3-2020 – all non-financial customers).

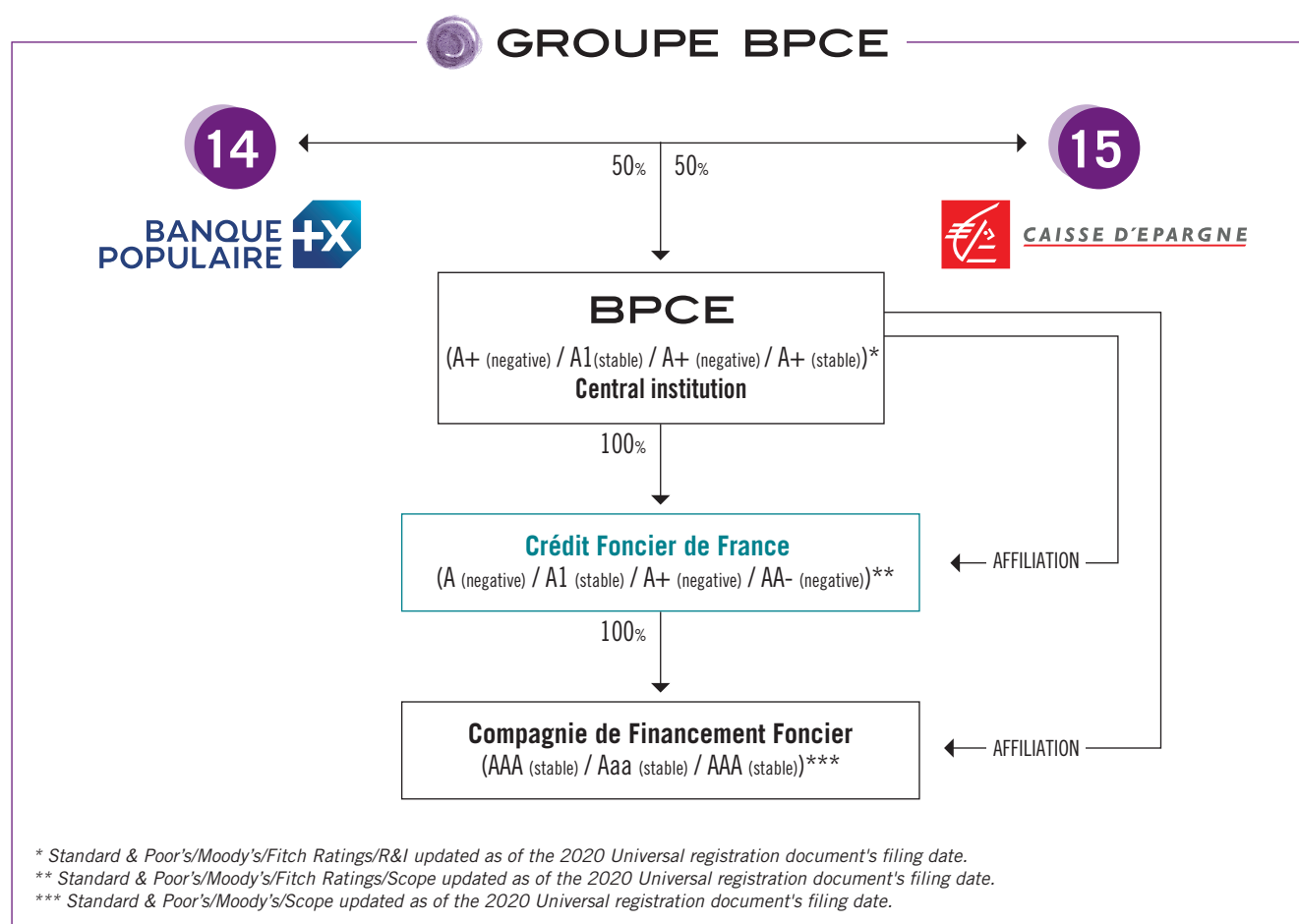
Groupe BPCE at a glance

With its unique universal banking model, represented by some 9 million cooperative shareholders, Groupe BPCE is the second biggest player in banking in France. With 100,000 employees, it offers its services to some 36 million customers worldwide including individuals, corporations, investors and local authorities. It has a presence in the local banking and insurance segments in France through its two major networks, Banque Populaire and Caisse d'Épargne as well as la Banque Palatine. With Natixis it also

operates the Global Asset Management, Global Customer Banking and Insurance and Payment business lines.

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

Focus on the positioning of Compagnie de Financement Foncier



COVERED BONDS: LEGAL AND REGULATORY FRAMEWORK

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

On 18 December, 2019, a new directive was published in the Official Journal to define a harmonized framework and regulate the

issue of covered bonds in Europe. This "Covered Bonds Directive" is intended to apply from July 8, 2022 after transposition into the domestic law of the various Member States.

The law of December 3, 2020 on adjustments to EU financial and economic legislation (DDADUE law), pursuant to Article 14, authorized the French Government to transpose EU directive 2019/2162, by way of order and no later than July 8, 2021.

Covered bonds

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

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

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

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

The second European text governing covered bonds is the CRD (Capital Requirements Directive) on the adequacy of regulatory capital. It offers covered bond holders, and in particular European banks and insurance companies, a favourable regulatory framework as the covered bonds obtaining the best rating and/or whose assets meet certain quality criteria benefit from an advantageous risk weighting for their holders.

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

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

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

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

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

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

The European Covered Bond Council, an association representing mainly issuers whose members account for over 95% of outstanding covered bonds, established the Covered Bond Label in 2012. The Council is self-governed with representation from French issuers. For investors, regulators and key market players, the label promotes access to relevant, uniform and transparent information on 115 issuers and 140 cover pools in 18 European countries and three non-European countries. This quality label is based on a convention, which defines the core characteristics and criteria for a covered bond program to qualify.

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

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

A French covered bond: the obligations foncières

THE BASICS OF OBLIGATIONS FONCIÈRES

FRENCH LAW AND COMPLIANCE WITH EUROPEAN REGULATIONS

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

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

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

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

SOCIÉTÉS DE CRÉDIT FONCIER

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

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

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

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

(1) Independent administrative authority in charge of the supervision of financial institutions. For more details, see the paragraph on the French Prudential Supervisory and Resolution Authority: "Supervisory bodies" on page 21.

INVESTOR PROTECTION

LEGAL PRIVILEGE OF HOLDERS OF OBLIGATIONS FONCIÈRES

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

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

OVERCOLLATERALIZATION

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

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

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

ASSET-LIABILITY MATCHING IN TERMS OF MATURITY AND INTEREST RATES

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

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

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

180-DAY LIQUIDITY BUFFER

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

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

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

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

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

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

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

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

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

IMMUNITY OF OBLIGATIONS FONCIÈRES HOLDERS

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

REPAYMENT SCHEDULE OF PRIVILEGED DEBT IS MAINTAINED

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

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

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

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

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

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

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

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

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

AFFILIATION TO A CENTRAL BODY

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

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

REGULATORY BODIES

THE EUROPEAN CENTRAL BANK

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

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

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

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

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

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

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

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

Sociétés de crédit foncier must also publish specific reports about:

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

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

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

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

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

CENTRAL INSTITUTION

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

RISK ASSESSMENT AND MONITORING

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

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

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

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

DOCUMENTATION AND INFORMATION

Credit institutions are required to document the following:

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

The following supervisory and control bodies must be kept informed:

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

STATUTORY AUDITORS

APPOINTMENT OF THE STATUTORY AUDITORS

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

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

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

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

AUDIT AND CERTIFICATION

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

GENERAL REPORT

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

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

SPECIFIC VERIFICATIONS

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

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

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

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

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

SPECIFIC CONTROLLER

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

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

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

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

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

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

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

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

PROSPECTUS DIRECTIVE

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

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

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

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

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

TRANSPARENCY DIRECTIVE

In force since the end of 2015, the revised Transparency directive (directive 2013/50/EU) provides for the establishment of a unique publication format for annual financial reports in order to facilitate access to financial information and the comparability of company accounts. On December 18, 2017, ESMA published the final version of the Regulatory Technical Standards (RTS), for the European Single Electronic Format (ESEF). This format must be used by all issuers to prepare their annual financial reports starting on January 1, 2021, following the one-year postponement authorized by the AMF. The tagging component of this new format is mandatory only for entities publishing consolidated financial statements.

MARKET AND OPERATING ENVIRONMENT

The assets eligible to Compagnie de Financement Foncier expose the Company to following main markets:

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

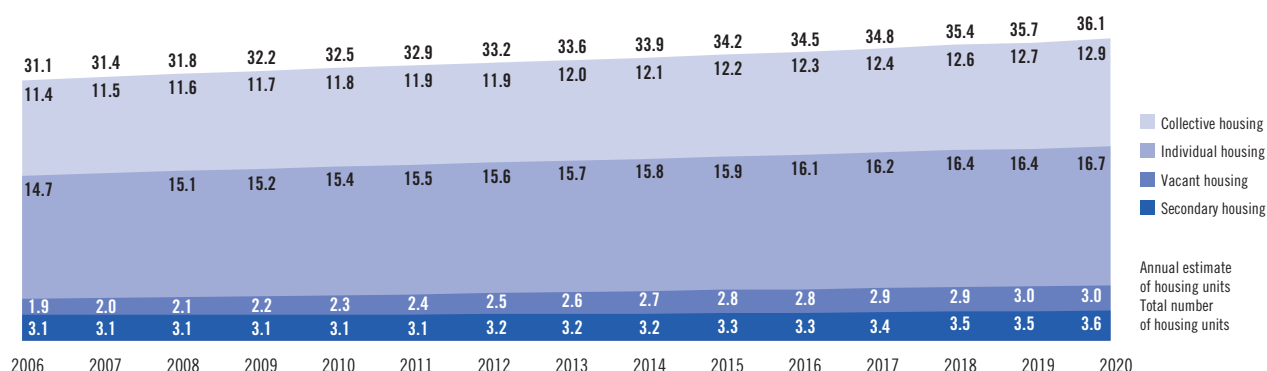
Exposure to the Public sector may lead Compagnie de Financement Foncier to refinance, on behalf of Groupe BPCE entities, French State receivables such as research tax credits (CIR) or French payroll tax credits (CICE).

The French housing and home loans market

THE STRUCTURAL FEATURES OF THE FRENCH REAL ESTATE MARKET

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

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



As at January 1, 2020, mainland France had 37 million homes. For 40 years now, housing stock has been increasing by an average of 1.1% per year ⁽¹⁾.

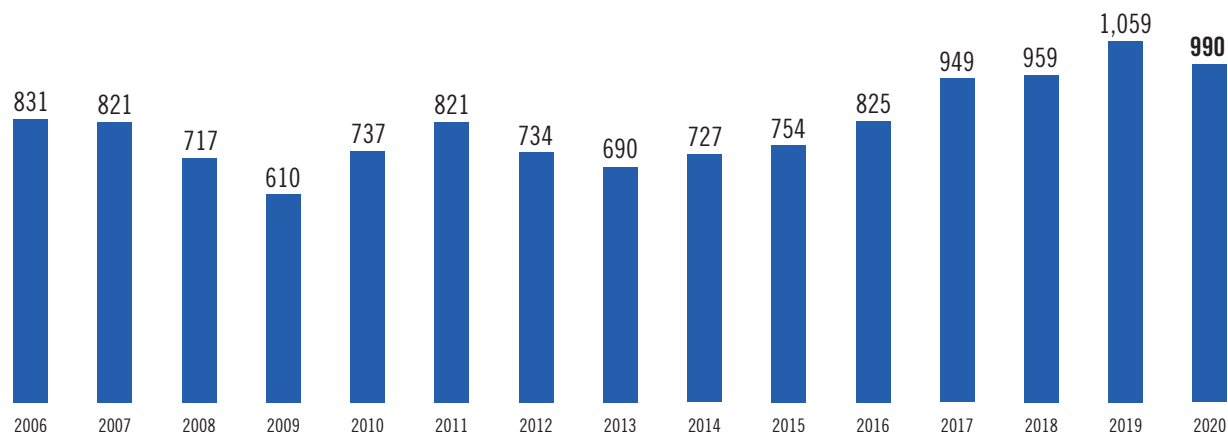
Today, in France, 82% of French homes are main residences with almost 29.5 million units. Over the last ten years, collective housing has increased by around 1.1 million units and individual housing by 1.3 million units ⁽¹⁾; this reflects the strong aspiration to individual housing, which has resulted, since the 1970s, in higher densification of such dwellings in suburban areas. This trend is ever more true in the context of the Covid-19 health crisis.

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

(1) INSEE – 37 million housing units in France as at January 1, 2020, December 2020.

THE HOUSING MARKET IN 2020

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



In the third quarter of 2020, the increase in the prices of existing housing was less significant: 0.5% compared to the 2nd quarter after 1.4% and 1.9% in previous quarters.

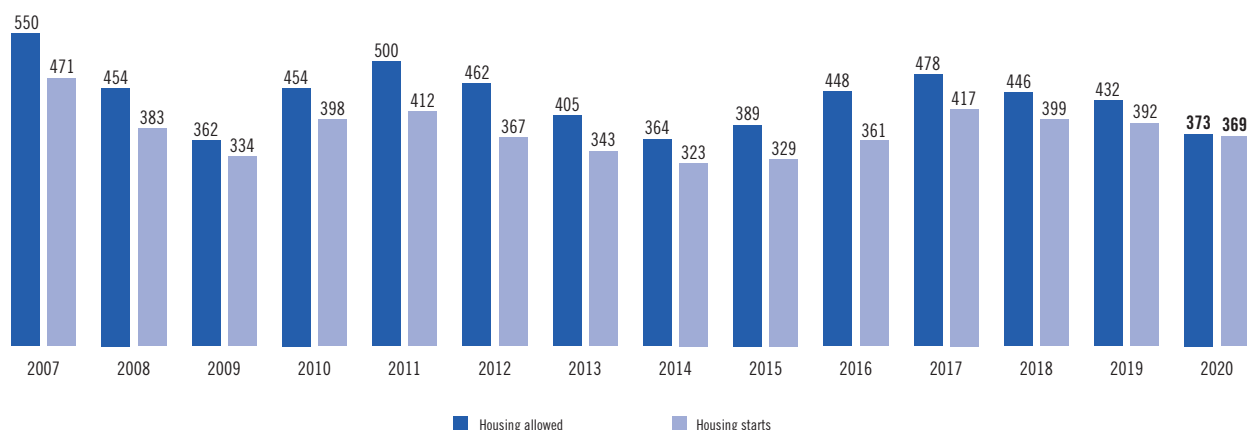
However, year-on-year prices of existing housing in France continued to rise by an annual rate of 5.2% as compared to the 3rd quarter of 2019. As observed since the end of 2016, the increase was bigger for apartments (6.5% year-on-year) than for houses (4.2%) ⁽¹⁾.

In the Greater Paris region (Île-de-France), prices rose steadily. Year-on-year, the increase amounted to 6%. Similarly, in the provinces, prices continued to rise by 4.8% year-on-year.

After a historical high in 2019 with 1.1 million transactions, the number of transactions remained very high, only slightly down from 2019 despite the health crisis, with 990,000 transactions over a rolling 12-month period at end-November ⁽¹⁾.

Existing housing still represents a large percentage of real estate transactions. The crisis had a limited effect on transactions, the low in March and April 2020 during the first lockdown was offset from May 2020 with the signature of deals that had been initiated before March 2020.

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



In 2020, the new homes market slowed due to the Covid-19 crisis. The number of authorizations for new homes over a 12-month period was 373,000 at the end of December 2020, a drop of -13.7% compared with the previous year.

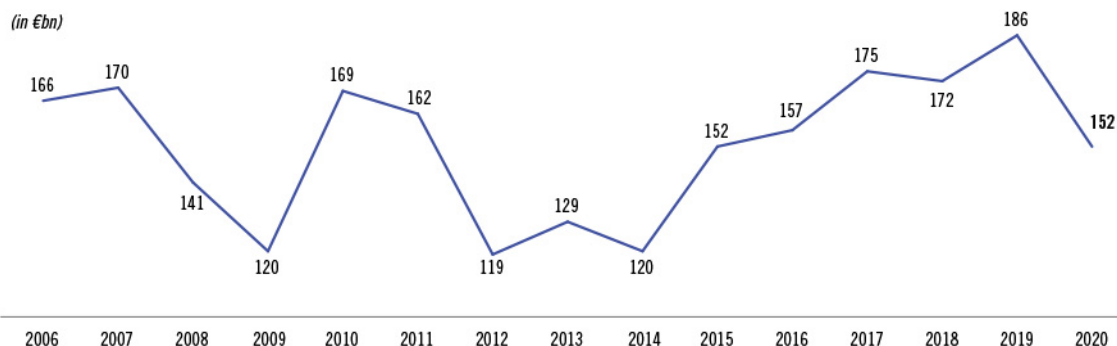
The number of housing starts was less affected in 2020 by the health crisis, and remained high (369,000 starts at the end of November 2020).

The crisis had a significant impact on demand as a result of the lockdown impact on sales to individuals.

(1) INSEE - Housing construction, December 2020.

REAL ESTATE FINANCING IN 2020

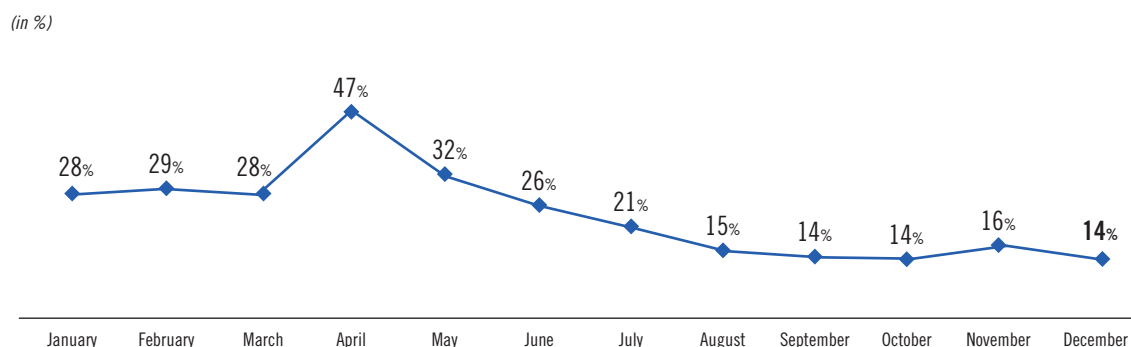
ANNUAL REAL ESTATE LOAN PRODUCTION (EXCLUDING DEBT REMORTGAGES) ⁽¹⁾



Despite the Covid-19 health crisis, loan production remained strong in 2020, boosted by high transaction volumes.

The overall volume of accepted loans is estimated at about €152bn in 2020, a level equivalent to 2015 and 2016, compared with an actual of €186bn in 2019.

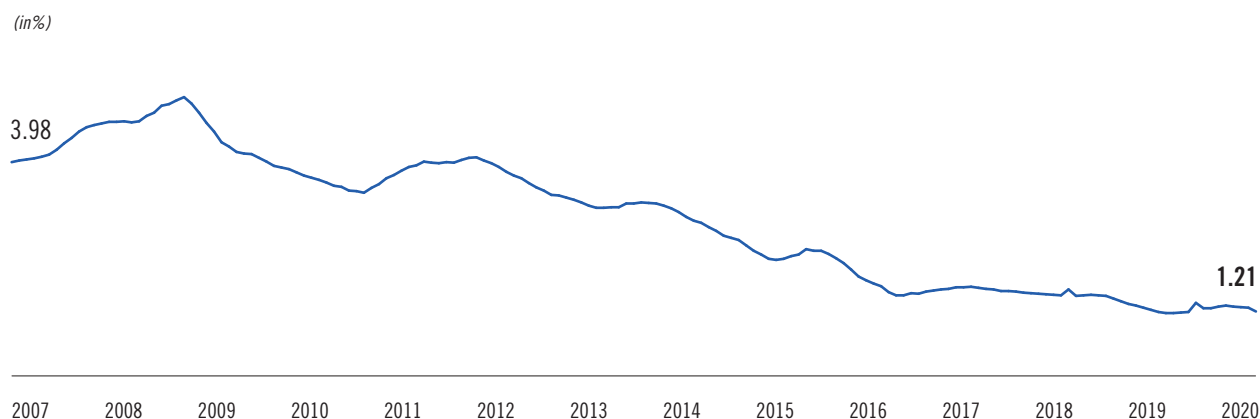
REMORTGAGES AS A PERCENTAGE OF THE PRODUCTION OF HOME LOANS IN 2020 ⁽²⁾



Remortgages as a percentage of home loan production reached 14% in December. This figure rose to 47% in April 2020, at the heart of the Covid-19 crisis.

(1) Crédit Logement Observatory/CSA, Market trends, 4th quarter of 2020.

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

INTEREST RATE OF HOME LOANS WITH A MATURITY OF MORE THAN ONE YEAR ⁽¹⁾

The average interest rate of home loans (long-terms and fixed rate) dropped to 1.21% in the fourth quarter of 2020. Despite the Covid-19 health crisis together with its financial and economic impacts, banks continued to support individual home loan demand.

The commercial real estate market

Against a defavorable economic background as a result of the Covid-19 health crisis, the French investment market priver robust in 2020 with €26bn⁽²⁾ in investments, a volume equivalent to 2015, 2016 and 2017. The relative reduction compared to the previous year should be put into perspective; 2019 was an exceptional year with record investments totaling over €35bn⁽²⁾. The downtrend primarily affected office property, due to significant uncertainty about rental income over the long term on the background of uncertain economic growth.

The French market performance remained buoyant, the good appetite of investors for guaranteed assets or for assets proving the most resilient against the crisis continued to translate into the completion of material transactions that began before or since the first lockdown. Accordingly, in the first nine months of the year, 49 transactions of over €100m were recorded representing a total overall amount of €10.9bn .

Regarding the geographical breakdown, volumes were concentrated in the Île-de-France region with 71% of commitments made during the first nine months of the year ⁽³⁾.

In terms of breakdown by asset class, it was similar to previous years. A very large part of the volumes were on office property, which despite a drop compared with the same period in 2019,

came to 68% of market share over the three first quarters of the years, versus 74% in the previous year. Investments in retail units and logistics-related property both represented 16% of the amounts recorded over the period ⁽³⁾.

Risk attached to real estate investment recorded a historical high in 2019 with 314 basis points for prime office property ⁽³⁾ (Paris-QCA). In 2020 its level still remained very attractive for investors; with long rates at -0.33% and a prime rate down to 2.70%, the risk attached to this asset class stood at 303 basis points ⁽²⁾. It should be noted that in light of the crisis and against the background of an office market affected by wide-spread remote work, investor risk appetite increased for high-performing assets.

As exchanges and international travel were limited due to the restrictions in place since March 2020, foreign investors were less active in France but still represented 40% of committed amounts. Affected by the same travel restrictions, national investors remained focused on France, totaling 60% of commitments ⁽²⁾.

As at December 31, 2020, Compagnie de Financement Foncier held an outstanding amount of €687.1m in private corporate loans, made under the conditions set out by Article L. 211-38 of the French Monetary and Financial Code.

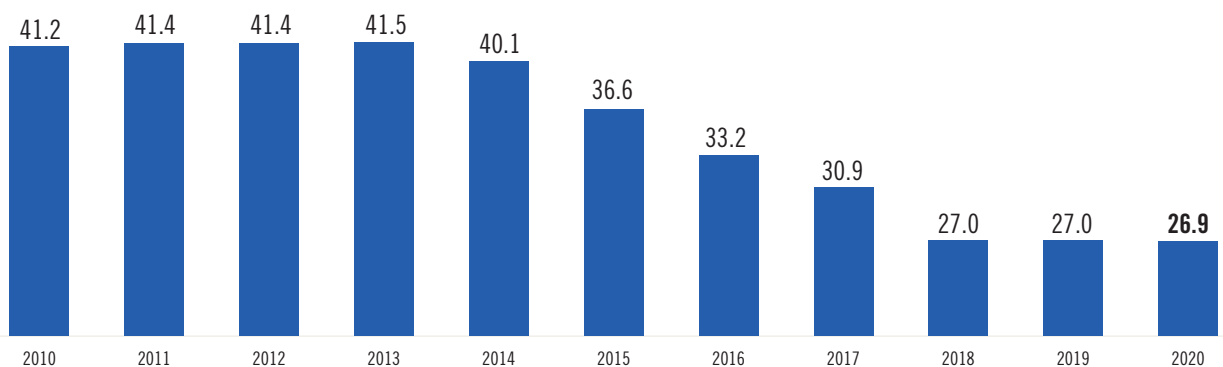
(1) Bank of France, Current data on loans to private individuals.

(2) BPCE Solutions Immobilières "Le marché de l'investissement en France" February, 2021.

(3) BPCE Solutions Immobilières "Conjoncture de l'immobilier d'entreprise", November 2020.

The Public sector market in France

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



For the third year in a row, government grants remained stable. In 2020, as in the two previous years, they stood at around €27bn ⁽¹⁾, down 13% compared on 2017. The 2018 drop was linked to the removal of the general operating grant from the grant paid to the regions, which was replaced by a percentage of value added tax.

LOCAL FINANCES IN 2020 ⁽²⁾

In 2020, the operating revenue of local authorities should be down 2.0% compared to 2019 (€224.1bn) ⁽²⁾, a decline of €4.5bn ⁽²⁾. Almost half of this is due to the recentralization of apprenticeship funding; under the law on future professional careers (*avenir professionnel*) of September 5, 2018, since January 1, 2020, funding for apprenticeships has been transferred from the regions to the industry bodies. The other part is explained by a decline in revenue from pricing policies and certain fiscal receivables directly related to the Covid-19 health crisis.

Operating expenses should be up by 1.4%, a more moderate increase than in 2019 (1.7%) ⁽²⁾. This change should nevertheless be put into perspective: this change includes the transfer of funding for apprenticeships to industry bodies (-€1.6bn in expenses for the regions ⁽²⁾).

On the other hand, after an increase for five consecutive years, the gross savings of local authorities showed a significant decrease of

-18.1% to €32.2bn (vs. €39.3bn in 2019) ⁽²⁾, a logical consequence of the contraction in operating income and an acceleration in expenses.

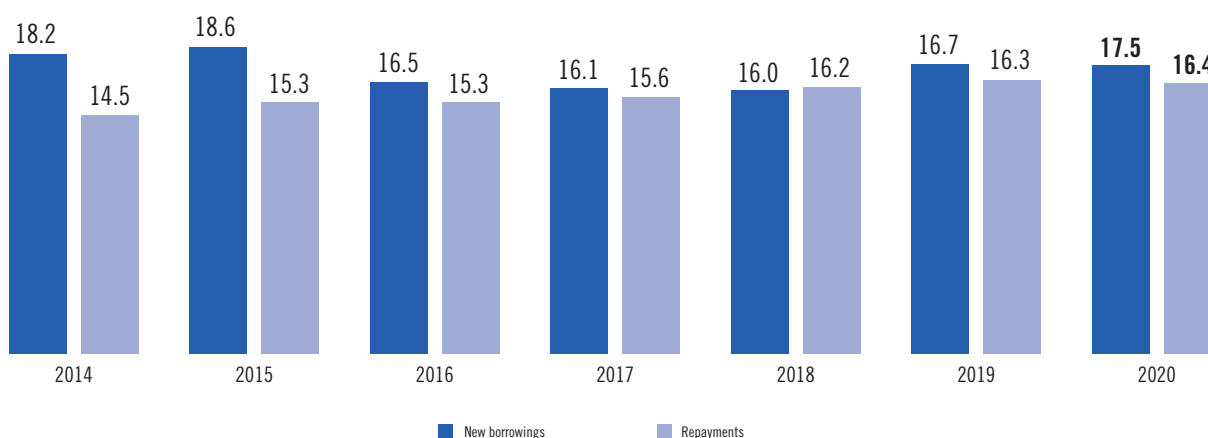
Investments, after an acceleration in 2019 (13.4%) ⁽²⁾ due in particular to the municipal elections in the 1st quarter, should stand at €56.9bn in 2020, down 5.8% ⁽²⁾ compared to the previous year. The lockdown which began mid-March 2020 suddenly brought public works and construction operations to a halt, thereby affecting the capital expenditure of municipalities.

In 2020, the increase in loans taken out (+4.6% to €17.5bn), together with stable repayments (€16.4bn), resulted in a significant increase in net debt cash flows, which stood at €1.1bn in 2020 (vs. €0.3bn in 2019) ⁽²⁾. Outstanding debt would thus amount to €176.1bn, i.e. +0.6% compared to the end of 2019 ⁽²⁾. As a result of the economic recession resulting from the Covid-19 health crisis, the weight of outstanding debt in relation to GDP should increase to reach 7.9% ⁽²⁾.

(1) 2020 Observatory of local finance and public administration report.

(2) La Banque Postale "2020 trends by level of local authorities".

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



In 2020, local authority financing requirements were up sharply. New loans amounted to €17.5bn, a 5% increase compared with last year ⁽¹⁾.

BUSINESS MODEL OF COMPAGNIE DE FINANCEMENT FONCIER

BUSINESS MODEL OF COMPAGNIE DE FINANCEMENT FONCIER

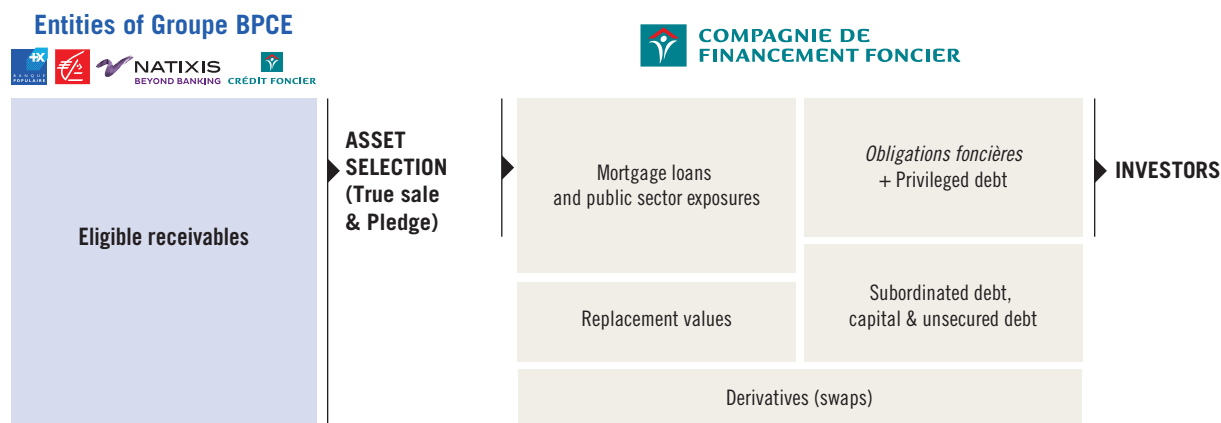
Compagnie de Financement Foncier is a credit institution approved as a specialized credit institution and a *société de crédit foncier*. As a wholly-owned subsidiary of Crédit Foncier, affiliated to BPCE, Compagnie de Financement Foncier is an active covered bond issuer and is one of the vehicles for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

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

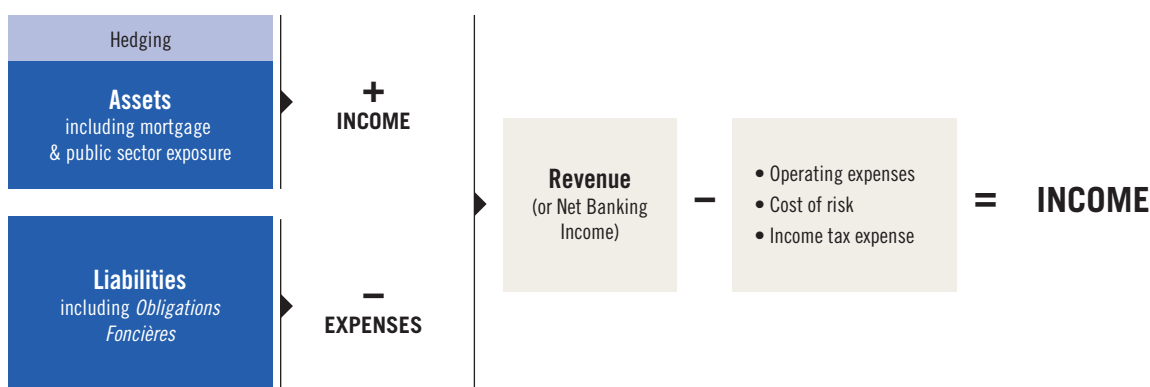
Assets	Liabilities
■ Guaranteed loans: backed by a first-rank mortgage or real estate securities conferring at least an equivalent guarantee	■ Privileged resources (mainly <i>obligations foncières</i>)
■ Exposures on public entities	■ Non-privileged resources: senior debt (unsecured debt), subordinated and related debts
■ Replacement values	■ Provisions
	■ Shareholders' equity (or Equity)

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

(1) La Banque Postale "2020 trends by level of local authorities".



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



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

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

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

Compagnie de Financement Foncier's assets

COMPOSITION OF ASSETS, SELECTION AND MANAGEMENT RULES

ASSET COMPOSITION

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

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

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

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

SELECTION

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

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

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

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

MANAGEMENT OF PAYMENT DEFAULTS

Loan management is delegated to Crédit Foncier by an agreement.

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

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

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

MANAGEMENT RULES

OVERCOLLATERALIZATION

COMPLIANCE WITH THE REGULATORY OVERCOLLATERALIZATION RATIO (COVERAGE RATIO)

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

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

Maintaining a high overcollateralization ratio specific to Compagnie de Financement Foncier

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

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

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

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

Continuous monitoring of overcollateralization levels

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

Principle of financed LTV for residential mortgage loans

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

The regulatory annual valuation of assets, as required by the regulation, is based on a prudent assessment of the property's long-term characteristics, local market conditions, the current use of the property and other possible uses. All of this information is provided by BPCE Solutions Immobilières, a BPCE subsidiary, Veritas-certified, of which experts are either certified by a court and/or qualified as Chartered Surveyors (MRICS) ⁽¹⁾.

The Specific Controller monitors these appraisals each year to verify compliance with the real-estate market parameters used in the valuation process, as described in the Risk Management report section of this document.

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

CREDIT RISK

ASSET PURCHASING CRITERIA BY CATEGORY

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

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

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

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

LIMITING MARKET COUNTERPARTY RISK

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

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

MANAGING BALANCE SHEET RISKS

MANAGING INTEREST RATE RISK

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

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

LIQUIDITY RISK HEDGING

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

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

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

In accordance with regulatory provisions, Compagnie de Financement Foncier limits the difference between the average duration of its total assets and its privileged liabilities to 18 months. At December 31, 2020, the total assets average duration was 6.3 years and the privileged liabilities average duration was 6.9 years. In addition, Compagnie de Financement Foncier has committed to limiting the difference between the average duration of its total assets and its total liabilities to 24 months.

NO FOREIGN EXCHANGE RISK

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

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

ORGANIZATION OF CONTROLS

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

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

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

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

Financial transactions

REFINANCING THROUGH THE ISSUANCE OF OBLIGATIONS FONCIÈRES

THE ECONOMIC ENVIRONMENT FOR 2020: AN UNPRECEDENTED HEALTH AND ECONOMIC CRISIS

2020 will be marked by an unprecedented health and economic crisis. Strict lockdown measures taken in response to the Covid-19 pandemic have resulted in severe disruptions to economic activity throughout the world.

The pandemic has spread rapidly in a number of countries, regardless of their stage of development. After a first lockdown at a visually global scale in the spring of 2020, a number of countries, overwhelmed by the resurgence of Covid-19 contaminations, introduced a new partial lockdown, in the autumn of 2020.

On the demand side, consumption was severely affected by these disruptions: the successive lockdown measures combined with an increase in precautionary savings caused a major supply shock. Many companies are experiencing major difficulties with adverse effects on the labor market, such as rising unemployment.

To ensure financial stability, central banks deployed rapid and unprecedented measures in response to the crisis. In addition to key interest rates brought down to their lowest levels, central banks have also injected much higher than expected levels of liquidity into economies.

In Europe, the ECB recalibrated its monetary policy instruments. Among the decisions of the institution, the emergency asset purchase program in response to the pandemic implemented in mid-March 2020 (Pandemic Emergency Purchase Program, PEPP) was topped up by €500bn in December 2020, bringing the total amount to €1,850bn. Initially planned until the end of 2020, the Governors Council decided to extend the program "at least until the end of March 2022." ⁽¹⁾

In the United States, which is paying a heavy price with more than 26.7 million Covid-19 infection cases and 455,805 deaths in early February 2021 ⁽²⁾, the Fed decided to maintain its accommodative monetary policy with zero-interest rate Fed funds and continued purchases of securities at the current pace of \$120bn per month "until total recovery" according to Chairman, Jerome Powell ⁽³⁾. Moreover, while the country was under the threat of a new shutdown, which would have paralyzed the federal agencies, the Republican and Democratic parliamentarians finally came to an agreement on the basis of a second \$900bn Pandemic Relief Plan ⁽⁴⁾ intended to combat the effects of the pandemic, in addition to the overall budget of \$2,300bn voted in March 2020 by Congress.

In the same vein, the Bank of Japan (BoJ) also extended its special measures to support companies and maintained its extremely

accommodative monetary policy with a negative rate of 0.1% ⁽⁵⁾ on bank deposits and a policy for unlimited buybacks of Japanese government bonds. The Japanese government also announced in early December a third plan of ¥73.6bn in addition to the two relief plans for a total amount of approximately ¥234,000bn. This latest plan focuses on the environment and digital innovation, which are growth drivers for the island country.

Despite these massive cash injections, the latest forecasts from the International Monetary Fund (IMF) anticipate a global economy downtrend of 4.4% in 2020 ⁽⁶⁾. With the exception of China, which should record growth in 2020 according to the IMF, estimated at 1.9% ⁽⁶⁾, all other countries should face an economic recession, regardless of their level of development.

Regarding the eurozone, the IMF forecasts a deeper contraction of 8.3% in 2020 after timid growth of 1.3% in 2019 against a backdrop of trade tensions between China and the United States and uncertainties on Brexit ⁽⁶⁾.

At the end of 2020, there were new lockdowns in many EU countries: partial with a curfew in France, partial last minute in the face of a new more contagious variant of the virus in the United Kingdom, also partial in Germany or during the year-end celebrations in Italy.

In the United Kingdom, following the Brexit, a trade agreement was reached with the European Union while the deadline was set for December 31, 2020. According to the IMF, the recession caused by the pandemic is estimated at -9.8% ⁽⁶⁾.

For the first time since the start of the pandemic, the horizon is brightening in a context marked by the highly anticipated arrival of the first vaccines against Covid-19. Thanks to the advances in vaccines and treatments, the outlook could be more optimistic. The unprecedented intervention of governments and central banks has enabled global business to partially recover in many industries, even though physical distancing in service sectors is still an obstacle.

In this context, the IMF anticipates a return to global growth in 2021, mainly driven by Asian countries such as China (+8.2% in 2021) and India (+8% in 2021). The contribution of the United States and Europe to the global economy will be weaker in relation to their weight, with growth estimated at 3.1% and 5.2% respectively in 2021 ⁽⁶⁾.

Without very large-scale government intervention, the economic and social situation would have been catastrophic. The worst has been avoided even though the situation of many vulnerable companies and countries remains fragile.

Many countries are already faced with difficult trade-offs between implementing recovery plans to promote short-term growth and managing medium-term debt servicing with debt levels that have risen sharply during the health crisis.

(1) European Central Bank (ECB), Governors Council, press release of December 10, 2020.

(2) State and local health agencies, population and demographic data from Census Bureau, The New York Times, December 16, 2020.

(3) Federal Reserve, Federal Open Market Committee (FOMC) press release, December 16, 2020.

(4) <https://www.bloomberg.com/news/articles/2020-12-19/virus-relief-talks-drag-on-with-sunday-deadline-congress-update>.

(5) Bank of Japan, press release Statement on Monetary Policy, December 18, 2020.

(6) International Monetary Fund (IMF), Global Economic Outlook, October 2020.

2020 EUROPEAN MONETARY POLICY

In 2020, the monetary policy of the European Central Bank (ECB) was accommodative to an unprecedented extent. It provided substantial support to an economy in difficulty due to the Covid-19 pandemic.

In March 2020, in response to the first wave of the Covid-19 pandemic, the ECB announced an emergency purchasing program in the amount of €750bn (i.e. Pandemic Emergency Purchase Program, PEPP). These purchases are scheduled until the end of 2020 and cover all categories of assets qualifying for the APP program (Asset Purchase Program) ⁽¹⁾.

In June 2020, the budget allocated to the PEPP was increased by €600bn to reach €1,350bn at the end of June 2020 ⁽²⁾.

In December 2020, while all the economies of developed countries were experiencing the second wave of the pandemic, the ECB announced a €500bn increase in its PEPP asset purchase program. It also announced a nine-month extension to the program, thereby bringing the budget to €1,850bn until March 2022. Again in December 2020, the central bank also decided to modify the terms of TLTRO III (Targeted Longer Term Refinancing Operation).

Three new operations should be allocated between June and December 2021 and the period with favourable interest rates for banks eligible for the program (financing of the real economy) was extended by 12 months ⁽³⁾.

Regarding inflation, the President of the ECB said at the December 2020 meeting that overall inflation would probably remain negative until 2021. As a reminder, the ECB's target is inflation of 2% in the eurozone. Moreover, the exchange rate will now reportedly also be monitored due to its possible implications for inflation forecasts ⁽³⁾.

In the continuity of the now famous "whatever it takes" by Mario Draghi in 2012, the ECB is determined to do everything it can to offer accommodative financing conditions to the European economy and counter the negative effects of the pandemic.

THE COVERED BOND MARKET ⁽⁴⁾

In 2020, €27 billions were issued in covered bonds on the French market, ranking France number one in Europe.

The context of the Covid-19 health crisis has had little impact on this market which has historically proved very resilient even in times of crisis. Covered bond margins deviated by a maximum of 26 basis points between March 4 and April 16, 2020, significantly less than the other funding markets. As of May 2020, covered bond margins hit new annual lows.

In 2021, French covered bonds should be issued for around €24bn. With such a volume, France would be top of the European ranking, as was the case in 2020. Although we anticipate an increase in the volumes issued compared to last year, the long maturities expected in 2021 should ultimately lead to negative net issuances of -€1bn (compared net issuances of +€3bn in 2020).

At the European level, gross issuances of benchmark euro covered bonds benchmark should range from €90bn to €100bn in 2021,

an increase of 5% compared to 2020. In response to the higher level of payments than in 2020 (€127bn compared to €116bn), the good outlook for the housing market, the continuation of purchases by the ECB as part of its asset purchase programs and a larger issuer base.

For the ECB, the covered bond purchase program could account for at least 10% of the APP (Asset Purchase Program) and 0.5% of the PEPP (Pandemic Emergency Purchase Program). The ECB could thus purchase a net volume of covered bonds of around €2.5bn in addition to the reinvestment of the down payments (€2.5bn per month). Its gross purchases could therefore amount to €57bn in 2021.

In terms of issuance margins for 2021, covered bonds should continue to benefit from the negative net supply and substantial ECB purchases.

In parallel and although the interest rate environment of covered bonds is negative, covered bonds of core countries (Germany and France) should continue to offer an attractive additional yield compared to their sovereign bonds, remaining a good alternative to government bonds. Conversely, covered bonds of peripheral countries (Italy and Spain) continue to trade at lower levels than their sovereign bonds.

COMPAGNIE DE FINANCEMENT FONCIER BOND ISSUANCES IN 2020

In 2020, Compagnie de Financement Foncier achieved an overall volume of issuances over €3bn. 91% of the covered bonds were placed with institutional investors in the form of public issues and 9% were in the form of private placements.

On the public primary market, 2020 saw three euro benchmark issuances representing a total volume of €2.75bn:

- in the 2nd quarter, an issuance of €1bn was carried out with a maturity of four years;
- in the 3rd quarter, an issuance of €1.25bn was carried out with a maturity of ten years;
- in the 4th quarter, an issue of €0.5bn was carried out with a maturity of 15 years.

With this latest issuance, Compagnie Financement Foncier issued the first covered bond with a negative yield with a maturity of 15 years. These issuances once again demonstrated the high profile and resilience of Compagnie de Financement Foncier's reputation with market investors.

The year of 2020 also marked the completion of the longest maturity issuance on the cover bond market with a 70-year maturity issuance carried out by Compagnie de Financement Foncier. In a deteriorated health and economic environment, this very unusual transaction demonstrates the solid confidence of investors in the Compagnie de Financement Foncier brand.

French, German and Austrian investors form the backbone of the investor base and account for 35% of allocations. Next come British investors and investors from the Nordic countries with respectively 22% and 17% of allocations. The presence of Asian and Middle Eastern investors should also be highlighted.

(1) Minutes of the Monetary Policy Meeting of the Governing Council of the European Central Bank of 11 and March 12, 2020.

(2) Minutes of the Monetary Policy Meeting of the Governing Council of the European Central Bank of 3 and June 4, 2020.

(3) Minutes of the Monetary Policy Meeting of the Governing Council of the European Central Bank of 9 and December 10, 2020.

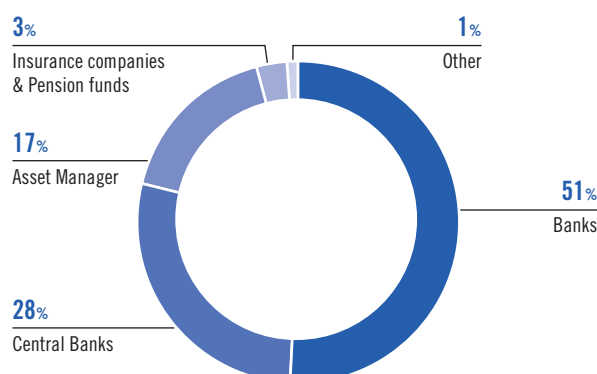
(4) Natixis, Spread & Credit, Covered Bond Outlook 2020, December 21, 2020.

In 2020, the breakdown between the different categories showed that banks' exposure was higher. In fact, with 51% of the asset allocation, over half of the *obligations foncières* were subscribed for by the banking sector (compared with 48% the previous year). In addition, the exposure of central banks was up on the previous year

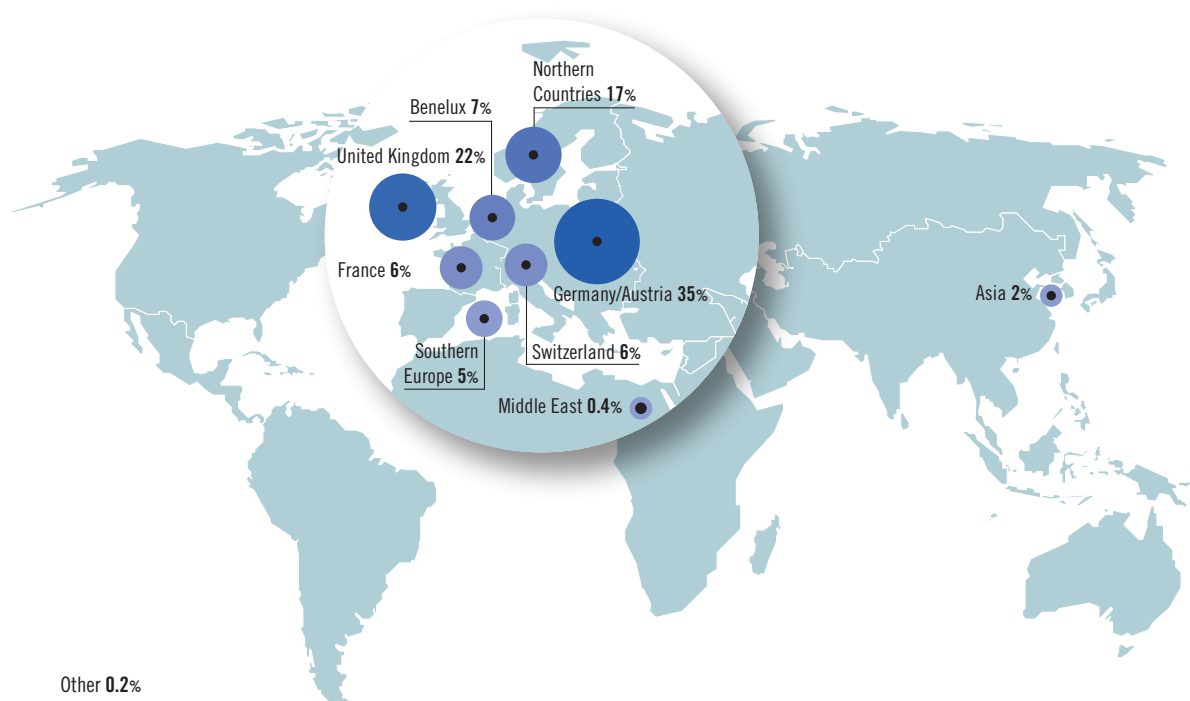
with 28% of allocations. This is mainly due to the historic support measures decided this year by the ECB in response to the Covid-19 pandemic. The share of the other types of investors was between 3% and 18%, with a smaller share of insurers who generally prefer to invest in bonds with longer maturities (over 15 years).

BREAKDOWN OF COMPAGNIE DE FINANCEMENT FONCIER'S OBLIGATIONS FONCIÈRES IN 2020

By type of investor



By region*



* Except Eurosystem

CREDIT RATING AGENCIES: METHODOLOGIES

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

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

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

STANDARD & POOR'S

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

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

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

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

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

MOODY'S

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

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

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

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

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

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

SCOPE

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

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

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

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

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

MANAGING COLLATERAL

In 2020, Crédit Foncier maintained its various channels for funding its receivables, through assignments or disposals.

Externally, Crédit Foncier used assignments of receivables from the Caisse des dépôts et consignations (CDC) (€3.5bn) and the European Investment Bank (EIB) (€0.69bn).

Internally, Crédit Foncier carried out disposals or assignments of receivables with Compagnie de Financement Foncier. In 2020 Crédit Foncier sold €1.27bn in mortgage and/or public loans to Compagnie de Financement Foncier (outstanding principal and related receivables). Assignments of eligible receivables (under Article L. 211-38 CMF) were also carried out in the amount of €15.3bn 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 2020.

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

DISPOSAL AND SECURITIZATION OF LOANS TO INDIVIDUALS

To meet its funding requirements or to manage its doubtful loans, Crédit Foncier may carry out securitization transactions or sell loans taken out by individuals. Due to the Covid-19 health crisis, the disposal of non-performing loans, which was scheduled for the end of 2020 was postponed.

COMPAGNIE DE FINANCEMENT FONCIER – SUPPORTING GROUPE BPCE

AT THE SERVICE OF SYNERGIES WITH GROUPE BPCE

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

In fact, since its creation, Compagnie de Financement Foncier has been developing a Covered Bond model with a mixed cover pool, which combines mortgage loans and Public sector loans. Investors are impressed by the quality and diversification of its mixed cover pool assets.

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

GROUPE BPCE FUNDING AND PORTFOLIO MANAGEMENT

2020 confirmed the acceleration in the use of Compagnie de Financement Foncier's highly competitive resources by Groupe BPCE institutions. Following the takeover of Crédit Foncier's origination activities by the various entities of Groupe BPCE in 2019, Compagnie de Financement Foncier's strategy has specialized in the funding of the group's mortgage and Public sector activities.

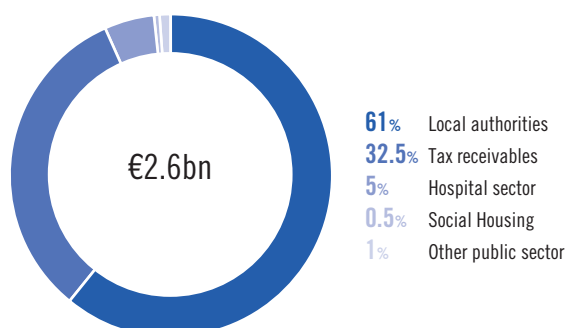
Groupe BPCE's institutions quickly leveraged on Compagnie de Financement Foncier's ability to raise long-term resources with very low margin levels, enabling them to position themselves in high-quality competitive assets.

Gradually over the course of 2020, Compagnie de Financement Foncier's requests for funding have increasingly focused on Public sector calls for tenders in the primary market, and no longer only on the funding of existing balance-sheet assets. This change reflects the quality of support and expertise provided to Groupe BPCE entities, to assist them from financing origination. The funding offered for long maturities with tailored drawdown options has given Groupe BPCE institutions a true competitive advantage that has enabled them to win numerous calls for tenders with French local authorities. Despite a challenging environment due to the Covid-19 health crisis, in 2020 Compagnie de Financement Foncier largely funded the Public sector activities of Groupe BPCE institutions in the amount of €2.6bn, including €0.8bn through deferred payment.

More specifically, the Caisses d'Épargne and Banque Populaire banks funded loans to the local Public sector in the amount of €1.8bn with an average maturity of 11 years.

Natixis funded research tax credits (CIR) and French payroll tax credits (CICE) in the amount of €0.9bn with an average maturity of two years.

BREAKDOWN OF OUTSTANDING ASSETS FUNDED IN 2020 BY COMPAGNIE DE FINANCEMENT FONCIER (in €bn)



REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CODE

Compliance with AFEP-MEDEF Code recommendations

Summary table of compliance with AFEP-MEDEF Code recommendations

Summary table of Directors' independence criteria

COMPOSITION OF EXECUTIVE AND MANAGEMENT BODIES

Composition of the Executive Management

Composition of the Board of Directors

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

40

40

41

42

44

44

47

48

ROLE AND OPERATING PROCEDURES OF CORPORATE ENTITIES

Board of Directors

Committees set up by the Board of Directors

Board of Directors' internal regulations

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

REMUNERATION

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

POTENTIAL CONFLICTS OF INTEREST

Members of the Board of Directors

Members of the Executive Management

60

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62

63

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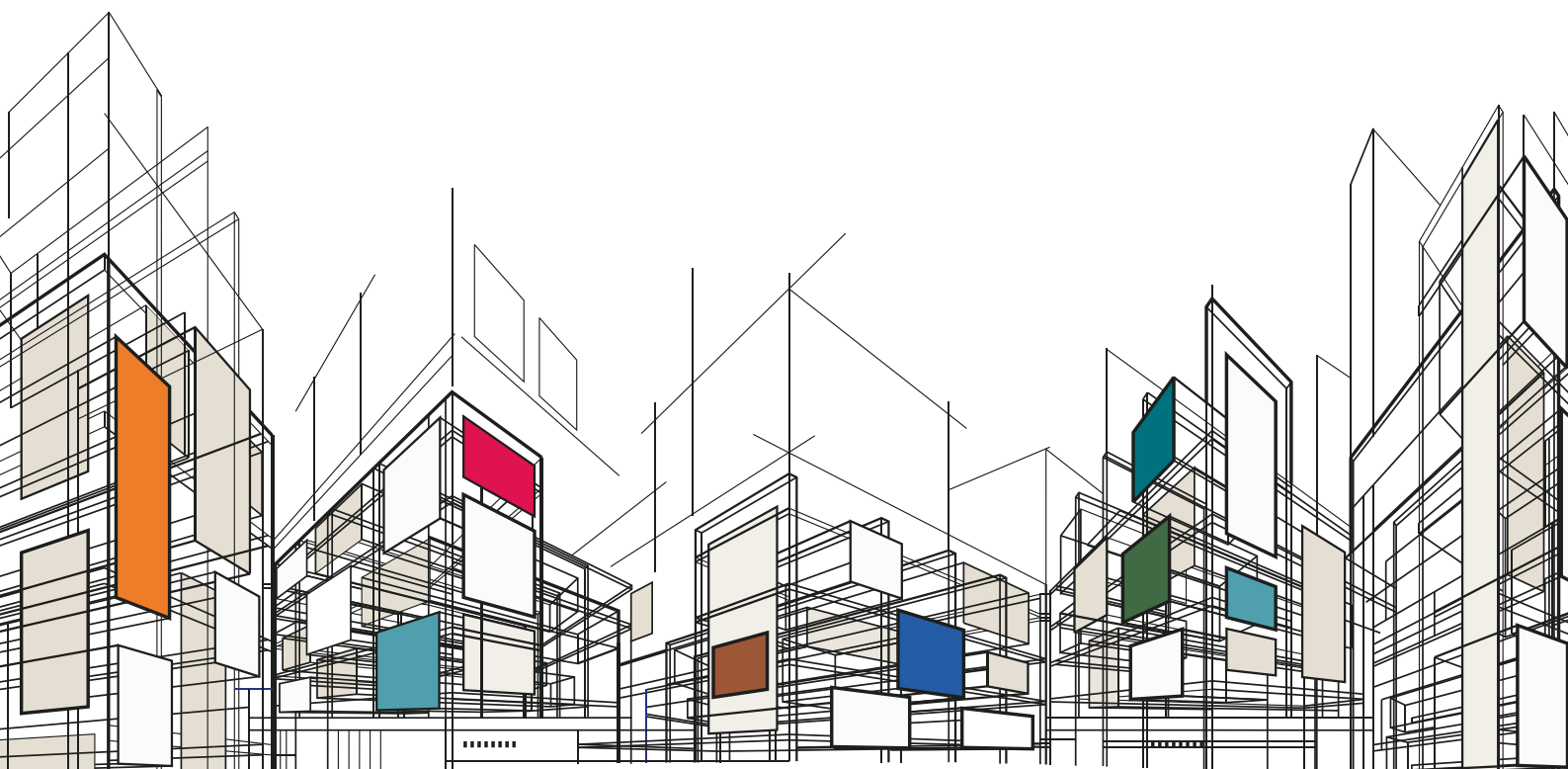
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CORPORATE GOVERNANCE CODE

Compliance with AFEP-MEDEF Code recommendations

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

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

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

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

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

A summary table of all the AFEP-MEDEF Corporate Governance Code criteria used to define Directors' independence is shown on page 41. The Appointments Committee has also implemented a procedure for identifying and managing (potential) conflicts of interest when:

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

Summary table of compliance with AFEF-MEDEF Code recommendations

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

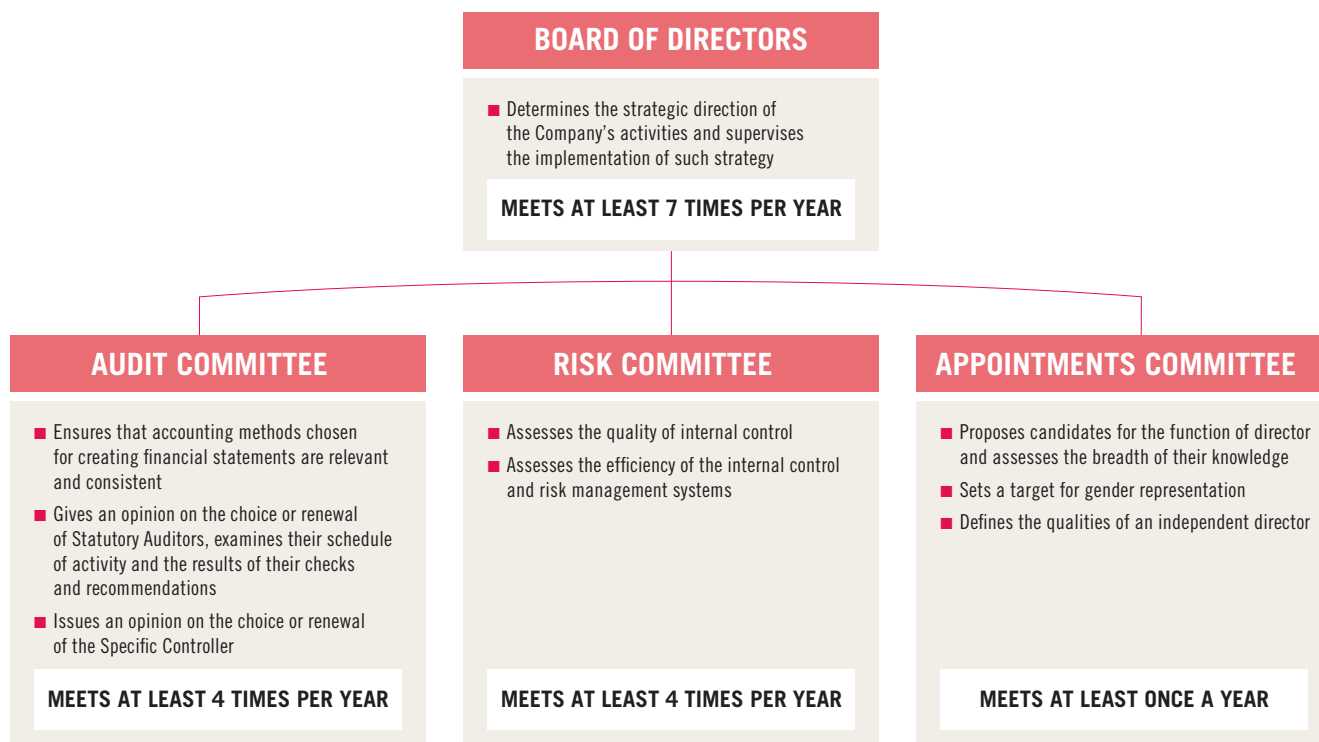
Summary table of Directors' independence criteria

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

J. ESTRADER	P. JEANNE	C. DECAUX	P. CHABOT	A. FOURNEAU	N. BRICKER
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	NON-COMPLIANT (CFF)	COMPLIANT	COMPLIANT	COMPLIANT
COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
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COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT
NON-COMPLIANT (BPCE)	NON-COMPLIANT (BPCE)	NON-COMPLIANT (CFF)	COMPLIANT (CE)	COMPLIANT (BP)	COMPLIANT (Natixis)
NON-COMPLIANT	NON-COMPLIANT	NON-COMPLIANT	COMPLIANT	COMPLIANT	COMPLIANT

COMPOSITION OF EXECUTIVE AND MANAGEMENT BODIES

COMPAGNIE DE FINANCEMENT FONCIER GOVERNANCE STRUCTURE



Composition of the Executive Management

Mr Olivier AVIS, Chief Executive Officer

Mr Paul DUDUIT, Deputy Chief Executive Officer

CHANGES IN EXECUTIVE MANAGEMENT IN 2020

None

REMUNERATION OF THE EXECUTIVE MANAGEMENT

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

POSITIONS HELD BY MEMBERS OF THE EXECUTIVE MANAGEMENT

Mr Olivier AVIS	
<p>Date of birth: 11/11/1978 Nationality: French Professional address: 4, quai de Bercy 94220 Charenton-le-Pont</p> <p>DEPUTY CHIEF EXECUTIVE OFFICER OF CRÉDIT FONCIER, FINANCIAL OPERATIONS, EXECUTIVE MANAGER OF CRÉDIT FONCIER DE FRANCE Chief Executive Officer From: 07/23/2017 End: 07/22/2022</p>	<p>BIOGRAPHY</p> <p>Olivier AVIS is a graduate of the École supérieure de commerce de Toulouse. He began his career in 2001 at HSBC Asset Management Europe. He joined Groupe BPCE in 2002 as an Inspector, before becoming Project Leader in the General Inspection department. In 2009, he was a project manager reporting to Executive Management. In 2011 he joined BRED as Senior Banker for Institutional Investors. In 2014, Crédit Foncier appointed him Director of Strategy and Quality. In 2016, he was appointed as Head of Financial Operations at Crédit Foncier and Deputy Chief Executive Officer of Compagnie de Financement Foncier, then in 2017 as Chief Executive Officer of Compagnie de Financement Foncier, as well as Deputy Chief Executive Officer, Head of Financial Operations and member of the Executive Management Committee of Crédit Foncier de France. On November 7, 2019, Olivier AVIS was appointed Executive Manager of Crédit Foncier and became Head of the Financial Operations department.</p> <p>Relevant expertise: Expertise in the field of financial markets, strategy and managing banking operations.</p> <p>COMPANIES AND POSITIONS*</p> <p>2020 CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Financial Operations, Executive Manager COMPAGNIE DE FINANCEMENT FONCIER – SA Chief Executive Officer BPCE SERVICES FINANCIERS – GIE Director BPCE CREDIT SOLUTIONS – GIE Permanent Representative of Crédit Foncier, Director CRÉDIT FONCIER DE FRANCE BELGIQUE Executive Manager of the Crédit Foncier branch in Belgium</p> <p>2019 CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Financial Operations, Executive Manager CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Financial transactions (until 11/07/2019) COMPAGNIE DE FINANCEMENT FONCIER – SA Chief Executive Officer BPCE SERVICES FINANCIERS – GIE Director BPCE SOLUTIONS CRÉDIT – GIE Permanent Representative of Crédit Foncier, Director CRÉDIT FONCIER DE FRANCE BELGIQUE Executive Manager of the Crédit Foncier branch in Belgium</p> <p>2018 CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Financial transactions COMPAGNIE DE FINANCEMENT FONCIER – SA Chief Executive Officer FONCIER TITRISATION – SA Chairman of the Board of Directors</p> <p>2017 CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Financial transactions CRÉDIT FONCIER DE FRANCE – SA Head of Financial Operations (07/23/2017) COMPAGNIE DE FINANCEMENT FONCIER – SA Chief Executive Officer COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer (07/23/2017) FONCIER TITRISATION – SA Chairman of the Board of Directors VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Chairman of the Management Board (until 03/13/2017)</p> <p>2016 CRÉDIT FONCIER DE FRANCE – SA Head of Financial Operations CRÉDIT FONCIER DE FRANCE – SA Head of Strategy and Quality (until 02/09/2016) COMPAGNIE DE FINANCEMENT FONCIER – SA Deputy Chief Executive Officer (since 02/09/2016) FONCIER TITRISATION – SA Chairman of the Board of Directors VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Chairman of the Management Board</p> <p>2015 CRÉDIT FONCIER DE FRANCE – SA Head of Strategy and Quality</p>

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

Mr Paul DUDOUIT**Date of birth:** 09/26/1963**Nationality:** French**Professional address:**4, quai de Bercy
94220 Charenton-le-Pont**DIRECTOR OF PRIMARY MARKETS
CRÉDIT FONCIER DE FRANCE****Deputy Chief Executive Officer**

From: 07/23/2017

End: 07/22/2022

BIOGRAPHY

Paul DUDOUIT holds a degree in agro-industrial engineering from ISA Beauvais and a Master's degree in Economics and Management from ESSEC.

He began his career at Crédit Foncier de France in 1991 as an appraiser for its real estate subsidiary then joined the branch network (1991-1993).

Between 1993 and 1996, he was Chief of Staff of Crédit Foncier's Executive Management. Later, he was responsible for the structuring and administrative and financial organization of Foncier Vignobles SA (between 1996 and 1998).

Between 1999 and 2010, he was Deputy Director of Primary Markets within the Financial Operations Division. In 1999, he took part in the setting up of Compagnie de Financement Foncier and, in particular,

worked on the financial aspects of liabilities.

Starting in 2001, he set up the EMTN and RCB programs and in 2010, the USMTS program.

Since 2010, he has been Director of Bond Issues within the Financial Operations Division and is also responsible for investor relations.

On June 28, 2017, the Board of Directors named him Deputy Chief Executive Officer and executive director of Compagnie de Financement Foncier, as of July 23, 2017.

Relevant expertise: Expertise in the area of capital markets, property and managing property loans.

COMPANIES AND POSITIONS***2020****CRÉDIT FONCIER DE FRANCE – SA**

Director of Bond Issues and Investor Relations

COMPAGNIE DE FINANCEMENT FONCIER – SA

Deputy Chief Executive Officer and executive director

2019**CRÉDIT FONCIER DE FRANCE – SA**

Director of Bond Issues and Investor Relations

COMPAGNIE DE FINANCEMENT FONCIER – SA

Deputy Chief Executive Officer and executive director

2018**CRÉDIT FONCIER DE FRANCE – SA**

Director of Bond Issues and Investor Relations

COMPAGNIE DE FINANCEMENT FONCIER – SA

Deputy Chief Executive Officer and executive director

2017**CRÉDIT FONCIER DE FRANCE – SA**

Director of Bond Issues and Investor Relations

COMPAGNIE DE FINANCEMENT FONCIER – SA

Deputy Chief Executive Officer and executive director (since 07/23/2017)

VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS

Member of the Management Board (until 03/13/2017)

2016**CRÉDIT FONCIER DE FRANCE – SA**

Director of Bond Issues and Investor Relations

VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS

Member of the Management Board

2015**CRÉDIT FONCIER DE FRANCE – SA**

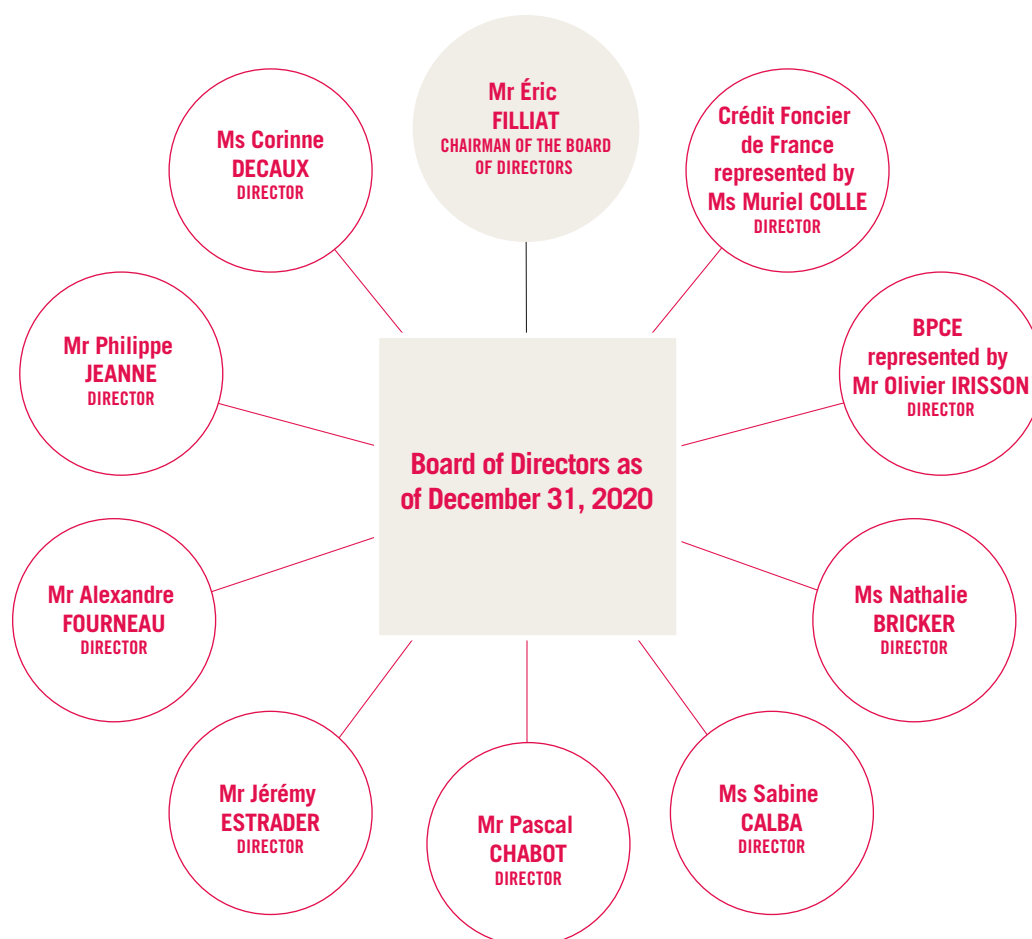
Director of Bond Issues and Investor Relations

VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS

Member of the Management Board

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

Composition of the Board of Directors



CHANGES WITHIN THE BOARD OF DIRECTORS IN 2020

The Annual General Shareholders' Meeting of May 4, 2020 appointed Corinne DECAUX as Director.

Jean-Sylvain RUGGIU resigned from his position as Director on June 30, 2020.

Jérémy ESTRADIER was coopted as Director by the Board of Directors at its meeting of September 30, 2020, effective as of October 1, 2020.

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

Board of Directors

Range of the number of members	3 to 18
Number of members	10
Number of Board meetings	7
Average attendance rate at Board meetings	80%
Number of women Directors	4 (40%)
Number of men Directors	6 (60%)
Allocated remuneration*	yes

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Board of Directors	Position on the Board	Start of term	End of term	Term of office	Attendance rate	Audit Committee	Risk Committee	Appointments Committee
ÉRIC FILLIAT	★	11/07/2019	12/31/2023	2024 OGM	100%			100%
NATHALIE BRICKER	●	12/19/2018	12/31/2025	2023 OGM	57%	100%		
SABINE CALBA	●	12/13/2019	12/31/2024	2025 OGM	71%			100%
PASCAL CHABOT	●	03/25/2014	12/31/2021	2022 OGM	71%		75%	
CRÉDIT FONCIER REPRESENTED BY MURIEL COLLE	◆	12/28/1998	12/31/2022	2023 OGM	100%		100%	
ALEXANDRE FOURNEAU	●	03/30/2017	12/31/2021	2022 OGM	100%			
BPCE REPRESENTED BY OLIVIER IRISSON	◆	03/28/2011	12/31/2022	2023 OGM	14%	60%	50%	
PHILIPPE JEANNE	●	11/07/2019	12/31/2024	2025 OGM	100%	100%		
JEAN-SYLVAIN RUGGIU	●	06/28/2018	12/31/2019	06/30/2020	100%			
JEREMY ESTRADER	●	10/01/2020	12/31/2025	AGO 2026	100%			
CORINNE DECAUX	●	05/04/2020	12/31/2025	2026 OGM	100%			

★ CHAIRMAN
● MEMBER

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

■ CHAIRMAN
■ MEMBER

NUMBER OF MEMBERS AT DECEMBER 31, 2020

10

NUMBER OF BOARD MEETINGS

7

AVERAGE ATTENDANCE RATE

80%

POSITIONS HELD BY DIRECTORS

DIRECTORS FROM CRÉDIT FONCIER

Mr Éric FILLIAT

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

CHIEF EXECUTIVE OFFICER OF CRÉDIT FONCIER DE FRANCE

**Chairman of the Board
of Directors**

First appointed: 11/07/2019

End of term: 2024 OGM

**Chairman of the Appointments
Committee**

First appointed: 11/07/2019

BIOGRAPHY

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

In May 2012, Éric FILLIAT joined Crédit Foncier as Deputy Chief Executive Officer in charge of the Finance department at Crédit Foncier, a member of the Board of Directors and of the Executive Management Committee.

He was appointed Executive Manager of Crédit Foncier from January 1, 2018.

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

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

COMPANIES AND POSITIONS

2020

CRÉDIT FONCIER DE FRANCE – SA Chief Executive Officer

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

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

FONCIER PARTICIPATIONS – SAS Chairman, Permanent Representative of Crédit Foncier

CRÉDIT LOGEMENT – SA Permanent representative of Crédit Foncier, Director

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

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

2019

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

CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Finance Division, executive officer, Member of the Executive Management Committee and Member of the Executive Committee (until 11/06/2019)

COMPAGNIE DE FINANCEMENT FONCIER – SA Chairman of the Board of Directors and Chairman of the Appointments Committee (since 11/07/2019)

COMPAGNIE DE FINANCEMENT FONCIER – SA Representative of Crédit Foncier, Director, Chairman of the Audit Committee, Chairman of the Risk Committee (until 11/6/2019)

CRÉDIT FONCIER IMMOBILIER – SA Director

FONCIER PARTICIPATIONS – SAS Permanent Representative of Crédit Foncier, Chairman

CRÉDIT LOGEMENT – SA Permanent Representative of Crédit Foncier, Director

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

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

BANCO PRIMUS – SA (PORTUGAL) Director, Chairman of the Board of Directors (since 12/19/2019)

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

2018

CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Finance Division, executive officer, Member of the Executive Management Committee and Member of the Executive Committee

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

CRÉDIT FONCIER IMMOBILIER – SA Director

FONCIER PARTICIPATIONS – SAS Permanent Representative of Crédit Foncier, Chairman

FONCIER TITRISATION – SA Permanent Representative of Foncier Participations, Director (until 12/18/2018)

SOCFIM – SASC Member of the Supervisory Board

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

MFCG – SAS Permanent Representative of CFCO, Chairman

2017

CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Finance Division, Member of the Executive Management Committee and Member of the Executive Committee (until 12/31/2017)

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

CRÉDIT FONCIER IMMOBILIER – SA Director

FONCIER PARTICIPATIONS – SAS Permanent Representative of Crédit Foncier – Chairman

FONCIER TITRISATION – SA Permanent Representative of Foncier Participations – Director

SOCFIM – SACS Member of the Supervisory Board

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

BANCO PRIMUS – SA (PORTUGAL) Director, Member of the Audit Committee (03/31/2017)

MFCG – SAS Permanent Representative of CFCO, Chairman

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

Mr Éric FILLIAT

2016

CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Finance Division, Member of the Executive Management Committee and Member of the Executive Committee

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

CRÉDIT FONCIER IMMOBILIER – SA Director

FONCIER PARTICIPATIONS – SAS Permanent Representative of Crédit Foncier, Chairman

FONCIER TITRISATION – SA Permanent Representative of Foncier Participations, Director

SOCFIM – SACS Member of the Supervisory Board

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

MFCG – SAS Permanent Representative of CFCE, Chairman

VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Vice-Chairman of the Supervisory Board

2015

CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Finance Division, Member of the Executive Management Committee and Member of the Executive Committee

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

CRÉDIT FONCIER IMMOBILIER – SA Director

FONCIER PARTICIPATIONS – SAS Permanent Representative of Crédit Foncier, Chairman

FONCIER TITRISATION – SA Permanent Representative of Foncier Participations, Director

SOCFIM – SACS Member of the Supervisory Board

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

MFCG – SAS Permanent Representative of CFCE, Chairman

VAUBAN MOBILISATIONS GARANTIES (VMG) – SACS Vice-Chairman of the Supervisory Board

Crédit Foncier – Permanent Representative Muriel COLLE

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

BIOGRAPHY

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

DEPUTY CHIEF EXECUTIVE OFFICER, RESOURCES DEPARTMENT
EXECUTIVE MANAGER OF CRÉDIT FONCIER DE FRANCE
Member of the Board of Directors
First appointed (Crédit Foncier): 12/28/1998
End of term (Crédit Foncier): 2023 OGM
Member of the Risk Committee
First appointed: 12/16/2019
Permanent representative of Crédit Foncier
First appointed: 11/07/2019

COMPANIES AND POSITIONS

2020

CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department, Executive Manager
COMPAGNIE DE FINANCEMENT FONCIER – SA Permanent Representative of Crédit Foncier, Director, Member of the Risk Committee
BANCO PRIMUS – SA (PORTUGAL) Member of the Appointments, Remuneration and Benefits Committee
BPCE ACHATS – GIE Permanent Representative of Crédit Foncier, Director

2019

CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department, Executive Manager
CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department (until 11/07/2019)
COMPAGNIE DE FINANCEMENT FONCIER – SA Permanent Representative of Crédit Foncier, Director, Member of the Risk Committee
COMPAGNIE DE FINANCEMENT FONCIER – SA Director (until 11/06/2019)
ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS Chief Executive Officer
BANCO PRIMUS – SA (PORTUGAL) Member of the Appointments, Remuneration and Benefits Committee
BPCE ACHATS – GIE Permanent Representative of Crédit Foncier, Director

2018

CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department
COMPAGNIE DE FINANCEMENT FONCIER – SA Director
ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS Chief Executive Officer
BANCO PRIMUS – SA (PORTUGAL) Member of the Appointments, Remuneration and Benefits Committee
BPCE ACHATS – GIE Permanent Representative of Crédit Foncier, Director

2017

CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department
COMPAGNIE DE FINANCEMENT FONCIER – SA Director
ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS Chief Executive Officer
BANCO PRIMUS – SA (PORTUGAL) Member of the Appointments, Remuneration and Benefits Committee
BPCE ACHATS – GIE Permanent Representative of Crédit Foncier, Director

2016

CRÉDIT FONCIER DE FRANCE – SA Deputy Chief Executive Officer, Resources department
CRÉDIT FONCIER DE FRANCE – SA Director of the Resources department (until 02/01/2016)
ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS Chief Executive Officer
BANCO PRIMUS – SA (PORTUGAL) Member of the Appointments, Remuneration and Benefits Committee
BPCE ACHATS – GIE Permanent Representative of Crédit Foncier, Director
2015
CRÉDIT FONCIER DE FRANCE – SA Director of the Resources department
ENFI ÉCOLE NATIONALE DU FINANCEMENT DE L'IMMOBILIER – SAS Chief Executive Officer
BANCO PRIMUS – SA (PORTUGAL) Member of the Appointments, Remuneration and Benefits Committee

DIRECTORS FROM BPCE

Ms Sabine CALBA

Date of birth: 02/26/1971

Nationality: French

Professional address:

50, avenue Pierre-Mendès-France
75201 Paris Cedex 13HEAD OF DEVELOPMENT AT BPCE
BANQUE POPULAIREMember of the Board
of Directors

First appointed: 12/13/2019

End of term: 2025 OGM

Member of the Appointments
Committee

First appointed: 12/16/2019

BIOGRAPHY

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

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

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

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

On March 1, 2019, Sabine CALBA was appointed Head of Development at Banque Populaire within the BPCE Group.

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

COMPANIES AND POSITIONS

2020

BPCE – SA Head of Development of Banque Populaire

CREDIT FONCIER DE FRANCE SA Director

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

BANQUE BCP – SA (LUXEMBOURG) Director

CRÉDIT FONCIER IMMOBILIER – SA Director

I-BP – GIE Permanent representative of BPCE, Director

OSTRUM ASSET MANAGEMENT – SA Permanent representative of BPCE, Director

UNIVERSITÉ DE LORRAINE Director

ASSOCIATION LES ELLES DE BPCE Member

2019

BPCE – SA Head of Development of Banque Populaire

BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE – SA Deputy Chief Executive Officer and Second Executive Officer (until 02/28/2019)

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

BANQUE BCP – SA (LUXEMBOURG) Director

CRÉDIT FONCIER IMMOBILIER – SA Director

NATIXIS PAYMENT SOLUTIONS – SA Director

I-DATECH – GIE Chairman (until 12/13/2019)

I-BP – GIE Permanent Representative of BPCE, Director

OSTRUM ASSET MANAGEMENT – SA Permanent Representative of BPCE, Director

SOCIÉTÉ D'ÉQUIPEMENTS DU BASSIN LORRAIN – SEM Permanent Representative of BPALC, Director (until 10/30/2019)

ASSOCIATION APROFIN LORRAINE PLACE FINANCIÈRE Chairwoman (until 10/30/2019)

UNIVERSITÉ DE LORRAINE Director

ASSOCIATION LES ELLES DE BPCE Member

ASSOCIATION LES ESSENTIELLES DE BPALC Chairwoman (until 10/30/2019)

2018

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

NATIXIS PAYMENT SOLUTIONS – SA Director

I-DATECH – GIE Chairman

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

ASSOCIATION APROFIN LORRAINE PLACE FINANCIÈRE Chairwoman

UNIVERSITÉ DE LORRAINE Director

ASSOCIATION LES ELLES DE BPCE Member

ASSOCIATION LES ESSENTIELLES DE BPALC Chairwoman

2017

BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE – SA General Secretary, Member of the Military Staff Committee (until 12/31/2017)

BANQUE BCP – SA (LUXEMBOURG) Director

CRÉDIT FONCIER IMMOBILIER – SA Director

NATIXIS PAYMENT SOLUTIONS – SA Director

ASSOCIATION APROFIN LORRAINE PLACE FINANCIÈRE Chairwoman

UNIVERSITÉ DE LORRAINE Director

ASSOCIATION LES ELLES DE BPCE Member

ASSOCIATION LES ESSENTIELLES DE BPALC Chairwoman

BANQUE BCP – SA (LUXEMBOURG) Director

CRÉDIT FONCIER IMMOBILIER – SA Director

2016

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

BANQUE BCP – SA (LUXEMBOURG) Director

NATIXIS PAYMENT SOLUTIONS – SA Director

ASSOCIATION APROFIN LORRAINE PLACE FINANCIÈRE Chairwoman

ASSOCIATION LES ELLES DE BPCE Member

ASSOCIATION LES ESSENTIELLES DE BPALC Chairwoman

ASSOCIATION LES ELLES DE BPCE Member

2015

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

ASSOCIATION APROFIN LORRAINE PLACE FINANCIÈRE Chairwoman

ASSOCIATION LES ELLES DE BPCE Member

ASSOCIATION LES ESSENTIELLES DE BPALC Chairwoman

Mr Jérémy ESTRADER

Date of birth: 06/06/1983
Nationality: French
Professional address:
50, avenue Pierre-Mendès-France
75201 Paris Cedex 13

**HEAD OF THE INSTITUTIONAL
DEPARTMENT BPCE**
**Member of the Board
of Directors**
First appointed: **09/30/2020**
End of term: **2026 OGM**

BIOGRAPHY

Jérémy ESTRADER began his career in 2005 at the Caisse Nationale des Caisses d'Épargne, first as a Project Manager in the Market and Development department, then as Head of Sales.
In 2007, he joined Crédit Foncier as Key Account Director. Appointed Regional Social housing Manager in 2010, he became Head of the Social Real Estate Market Segment in 2015, then Head of the Real Estate Market in August 2016.
In January 2019, he joined the Caisse d'Épargne Development department of BPCE SA. First as Head of BDR Transformation, he was then appointed Head of the Social housing, EPL and Professional Real Estate Markets, and ultimately, Head of the Institutional department since July 2020 (Public sector, Residential markets).
Relevant expertise: business development, marketing, distribution and investor relations.

COMPANIES AND POSITIONS

2020

COMPAGNIE DE FINANCEMENT FONCIER SA Director (since September 2020)

SCIC VALDURANCE HABITAT Permanent Representative of SAS HRP on the Board of Directors (since September 2020)

FAMILLE ET PROVENCE SA Permanent Representative of SAS HRP (since 09/2020), Director, Chairman of the Audit Committee, Member of the Compensation Committee

GIE HABITAT EN RÉGION Chairman

HABITAT EN RÉGION PARTICIPATIONS SAS

Permanent Representative of BPCE – Director

SIA HABITAT Director, Chairman of the Audit Committee, Member of the Compensation Committee

ÉRILIA Non-voting director, Member of the Audit Committee, Member of the Compensation Committee

HABITATIONS DE HAUTE-PROVENCE (HHP) SA

Permanent representative of SAS HRP - Director, Chairman of the Audit Committee and Chairman of the Compensation Committee

2019

SIA HABITAT Director, Chairman of the Audit Committee

ÉRILIA Non-voting director, Member of the Audit Committee

BPCE – Permanent Representative Mr Olivier IRISSON

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

**CHIEF OPERATING OFFICER,
 MEMBER OF THE EXECUTIVE
 COMMITTEE OF BPCE**

**Member of the Board
 of Directors**

First appointed: 03/28/2011

End of term: 2023 OGM

Member of the Audit Committee

First appointed: 09/28/2018

Member of the Risk Committee

First appointed: 09/28/2018

BIOGRAPHY

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

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

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

Relevant expertise: finance, asset management (business), risks.

COMPANIES AND POSITIONS**2020**

BPCE – SA Chief Operating Officer, Chief Financial Officer, Member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA Permanent Representative of BPCE, Director, Member of the Audit Committee, Member of the Risks Committee

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

2019

BPCE – SA Chief Operating Officer, Chief Financial Officer, Member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA Permanent Representative of BPCE, Director, Member of the Audit Committee, Member of the Risks Committee

BPCE SFH – SA Director, Chairman of the Board of Directors (until 05/29/2019)

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

2018

BPCE – SA Chief Operating Officer, Chief Financial Officer, Member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA Permanent Representative of BPCE, Director, Member of the Audit Committee, Member of the Risks Committee

BPCE SFH – SA Director, Chairman of the Board of Directors

BPCE SERVICES FINANCIERS (EX CSF-GCE) – GIE Member of the Supervisory Board

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

2017

BPCE – SA Chief Operating Officer, Chief Financial Officer, Member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA Permanent Representative of BPCE, Director, Member of the Audit Committee, Member of the Risk Committee (until March 20, 2017)

BPCE SFH – SA Director, Chairman of the Board of Directors

BPCE SERVICES FINANCIERS (EX CSF-GCE) – GIE Member of the Supervisory Board

BANQUES POPULAIRES COVERED BONDS – SA Director (until 12/31/2017)

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

2016

BPCE – SA Chief Operating Officer, Chief Financial Officer, Member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA Permanent Representative of BPCE, Director, Member of the Audit Committee, Member of the Risks Committee

BPCE SFH – SA Director, Chairman of the Board of Directors

BPCE SERVICES FINANCIERS (EX CSF-GCE) – GIE Member of the Supervisory Board

BANQUES POPULAIRES COVERED BONDS – SA Director

2015

BPCE – SA Chief Operating Officer, Chief Financial Officer, Member of the Executive Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA Permanent Representative of BPCE, Director, Member of the Audit Committee, Member of the Risk Committee

COMPAGNIE DE FINANCEMENT FONCIER – SA Permanent Representative of BPCE, Director, Member of the Audit Committee (until 08/24/2015)

BPCE SFH – SA Director, Chairman of the Board of Directors

BPCE SERVICES FINANCIERS (EX CSF-GCE) – GIE Member of the Supervisory Board

BANQUES POPULAIRES COVERED BONDS – SA Director

Mr Philippe JEANNE

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

**DIRECTOR OF FINANCIAL
MANAGEMENT AT BPCE**

**Member of the Board
of Directors**

First appointed: 11/07/2019

End of term: 2025 OGM

**Chairman of the Audit
Committee**

First appointed: 12/16/2019

BIOGRAPHY

Philippe JEANNE is an engineer who graduated from the École Spéciale des Travaux Publics – ESTP – (1986) and also holds a masters in finance from the École Supérieure des Sciences Économiques et Commerciales – ESSEC – (1987).

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

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

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

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

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

COMPANIES AND POSITIONS

2020

BPCE – SA Director of Financial Management

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

BPCE SFH – SA Chairman of the Board of Directors, Chairman of the Remuneration Committee and Member of the Appointments Committee

2019

BPCE – SA Director of Financial Management

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

BPCE SFH – SA Chairman of the Board of Directors, Chairman of the Remuneration Committee and Member of the Appointments Committee

NATIXIS INTERÉPARGNE – SA Permanent Representative of Natixis, Director (until 07/06/2019)

NATIXIS WEALTH MANAGEMENT – SA Permanent Representative of Natixis, Director (until 06/05/2019)

NATIXIS FUNDING – SA Chairman of the Board of Directors (until 03/21/2019)

NATIXIS – SA Director of Financial Management (until 03/11/2019)

NATIXIS NORTH AMERICA – LLC (USA) Director (until 06/06/2019)

ACI – THE FINANCIAL MARKETS ASSOCIATION Member of the Ethics Committee

NATIXIS BANK JSC, MOSCOW – SA (RUSSIA) Member of the Supervisory Board (until 06/29/2019)

NATIXIS PFANDBRIEF BANK – AG (GERMANY) Member of the Supervisory Board (until 10/14/2019)

2018

NATIXIS INTERÉPARGNE – SA Permanent Representative of Natixis, Director

NATIXIS WEALTH MANAGEMENT – SA Permanent Representative of Natixis, Director

NATIXIS FUNDING – SA Chairman of the Board of Directors

NATIXIS – SA Director of Financial Management

NATIXIS NORTH AMERICA – LLC (USA) Director

ACI – THE FINANCIAL MARKETS ASSOCIATION Member of the Ethics Committee

NATIXIS BANK JSC, MOSCOW – SA (RUSSIA) Member of the Supervisory Board

NATIXIS PFANDBRIEF BANK – AG (GERMANY) Member of the Supervisory Board

2017

NATIXIS INTERÉPARGNE – SA Permanent Representative of Natixis, Director

NATIXIS WEALTH MANAGEMENT – SA Permanent Representative of Natixis, Director

NATIXIS FUNDING – SA Chairman of the Board of Directors

NATIXIS – SA Director of Financial Management

NATIXIS NORTH AMERICA – LLC (USA) Director

ACI – THE FINANCIAL MARKETS ASSOCIATION Member of the Ethics Committee

2016

NATIXIS INTERÉPARGNE – SA Permanent Representative of Natixis, Director

NATIXIS WEALTH MANAGEMENT – SA Permanent Representative of Natixis, Director

NATIXIS FUNDING – SA Chairman of the Board of Directors

NATIXIS – SA Director of Financial Management

NATIXIS NORTH AMERICA – LLC (USA) Director

ACI – THE FINANCIAL MARKETS ASSOCIATION Member of the Ethics Committee

2015

NATIXIS INTERÉPARGNE – SA Permanent Representative of Natixis, Director

NATIXIS WEALTH MANAGEMENT – SA Permanent Representative of Natixis, Director

NATIXIS FUNDING – SA Chairman of the Board of Directors

NATIXIS – SA Director of Financial Management

NATIXIS NORTH AMERICA – LLC (USA) Director

DIRECTOR FROM CRÉDIT FONCIER

Ms Corinne DECAUX		
Date of birth: 05/25/1960 Nationality: French Professional address: 4 quai de Bercy, 94220 Charenton-le-Pont	BIOGRAPHY	
	Corinne DECAUX has a Ph. D in private law, she joined Crédit Foncier in 1984 as a lawyer where she spent her entire career. She held the positions of Project manager for the development and implementation of a debt collection software program, Head of the Litigation department, Head of Litigation, Head of Management in 2007, Head of Legal Affairs, Governance and Corporate life in 2010 and then executive director in 2016. Useful expertise for the Board: management, legal, banking, tax, market transactions, mergers and acquisitions, arbitration, litigation, mediation, corporate governance, corporate secretariat.	
EXECUTIVE DIRECTOR Member of the Board of Directors First appointed: 05/04/2020 End of term : 2026 OGM	COMPANIES AND POSITIONS	
	2020 COMPAGNIE DE FINANCEMENT FONCIER – SA Director (since 05/04/2020) COMPTOIR FINANCIER DE GARANTIE (CFG) – SA Director BANCO PRIMUS – SA Director, Chairman of the Audit Committee (since 02/14/2020)	2018 BANCO PRIMUS – SA Director 2017 BANCO PRIMUS – SA Director 2016 BANCO PRIMUS – SA Director
	2019 COMPTOIR FINANCIER DE GARANTIE – SA Director (since 03/27/2019) BANCO PRIMUS – SA Director	

DIRECTORS FROM CAISSE D'ÉPARGNE

Mr Pascal CHABOT		
Date of birth: 05/27/1959 Nationality: French Professional address: 26-28, rue Neuve Tolbiac 75633 Paris Cedex 13	BIOGRAPHY	
	Pascal CHABOT has a post-graduate degree in finance control from Université Paris Dauphine. In 2005, he became Member of the Management Board responsible for Specialized Markets at Caisse d'Épargne des Pays de la Loire before becoming Member of the Management Board responsible for the Regional Development Bank. In 2013, he joined Caisse d'Épargne Île-de-France as Member of the Management Board responsible for the Regional Development Bank, Organization and Information systems. Relevant expertise: management, finance, organization and information systems.	
MEMBER OF THE MANAGEMENT BOARD OF CAISSE D'ÉPARGNE ÎLE-DE-FRANCE Member of the Board of Directors First appointed: 03/25/2014 End of term: 2022 OGM Chairman of the Risk Committee First appointed: 12/16/2019 Member of the Risk Committee First appointed: 10/06/2015 Member of the Appointments Committee from 12/19/2018 to 12/16/2019	COMPANIES AND POSITIONS	
	2020 CAISSE D'ÉPARGNE ÎLE-DE-FRANCE (CEIDF) – SA Member of the Management Board COMPAGNIE DE FINANCEMENT FONCIER – SA Director, Chairman of the Risk Committee BANQUE BCP – SAS Member of the Supervisory Board BANQUE DE NOUVELLE CALÉDONIE – SA Director PARIS HABITAT OPH Director as a qualified person IMMOBILIÈRE 3F Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF), Member of the Supervisory Board COMITÉ FÉDÉRATION BANCAIRE FRANÇAISE ÎLE-DE-FRANCE – ASSOCIATION Vice-Chairman SCI DE LA FORET SCI Manager ATREAM HÔTELS – SCPI Director SOCFIM SA Permanent Representative of CEIDF Member of the Supervisory Board (until 10/14/2020)	COMPAGNIE DE FINANCEMENT FONCIER – SA Director, Member of the Risk Committee, Member of the Appointments Committee (until 12/16/2019) CE CAPITAL – SASU Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF), Member of the Supervisory Board (until 09/19/2019) SOCFIM – SACS Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF), Member of the Supervisory Board LOGIREP – SA HLM Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF), Member of the Supervisory Board (until 09/18/2019) CE DÉVELOPPEMENT Member of the Supervisory Board (until 09/20/2019) COMITÉ FÉDÉRATION BANCAIRE FRANÇAISE ÎLE-DE-FRANCE – ASSOCIATION Vice-Chairman ALLIANCE ENTREPRENDRE – SAS Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF), Member of the Supervisory Board (until 09/18/2019) IMMOBILIÈRE 3F Permanent Representative of Caisse d'Épargne Île-de-France (CEIDF), Member of the Supervisory Board BANQUE BCP – SAS Member of the Supervisory Board
	2019 CAISSE D'ÉPARGNE ÎLE-DE-FRANCE (CEIDF) – SA Member of the Management Board COMPAGNIE DE FINANCEMENT FONCIER – SA Director, Chairman of the Risk Committee	

Mr Pascal CHABOT

SCI DE LA FORÊT – SCI Manager

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

BANQUE DE NOUVELLE CALÉDONIE – SA Director

PARIS HABITAT OPH Director as a qualified person

ATREAM HÔTELS – SCPI Director

2018

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

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

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

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

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

CE DÉVELOPPEMENT Member of the Supervisory Board

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

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

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

BANQUE BCP – SAS Member of the Supervisory Board

SCI DE LA FORÊT – SCI Manager

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

ATREAM HÔTELS – SCPI Director

2017

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

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

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

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

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

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

CE DÉVELOPPEMENT Member of the Supervisory Board

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

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

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

BANQUE BCP – SAS Member of the Supervisory Board

SCI DE LA FORÊT – SCI Manager

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

ATREAM HÔTELS – SCPI Director

2016

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

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

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

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

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

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

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

SCI DE LA FORÊT – SCI Manager

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

ATREAM HÔTELS – SCPI Director

2015

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

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

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

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

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

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

CE DÉVELOPPEMENT Member of the Supervisory Board

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

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

SCI DE LA FORÊT – SCI Manager

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

DIRECTORS FROM BANQUE POPULAIRES

Mr Alexandre FOURNEAU

Date of birth: 07/06/1969

Nationality: French

Professional address:

9, avenue Newton

78180 Montigny-le-Bretonneux

HEAD OF FINANCE LOANS,
BANQUE POPULAIRE VAL DE
FRANCEMember of the Board of
Directors

First appointed: 03/30/2017

End of term: 2022 OGM

BIOGRAPHY

Alexandre FOURNEAU is a graduate of HEC Paris (1993), specializing in auditing, consulting and appraisal.

Alexandre FOURNEAU was an officer in the Technical Inspectorate of the French air force for 14 months, from 1993 to 1994. In September 1994, he joined the Inspectorate of Chambre Syndicale des Banques Populaires.

In May 2001, he joined Banque Populaire Val de France (BPVF) as Head of Organization and Information Systems. In 2003, he became Head of the Organizational Merger Project and Human Resources. From 2004 to January 2007, he was a Group Director. In February 2007, he joined Informatique Banque Populaire (IBP) and became the Director of Banking Organization.

In December 2009, he returned to Banque Populaire Val de France as Chief Financial Officer and in January 2013 he joined the Banque Populaire Val de France Management Committee. Since July 2016, he has been Head of Finance Loans at Banque Populaire Val de France.

Relevant expertise: accounting expertise, audit, risks and compliance, banking management control, project management, information systems, business development, finance and oversight.

COMPANIES AND POSITIONS

2020

BANQUE POPULAIRE VAL DE FRANCE – SCBP

Head of Finance Loans

COMPAGNIE DE FINANCEMENT FONCIER – SA Director

Economic Interest Group I-BP INVESTISSEMENT – GIE
Management Controller

SOCAMI VAL DE FRANCE – SCM Chief Executive Officer

SOCAMA VAL DE FRANCE – SCM Deputy Chief Executive Officer

SBE – SACS

Representative of Banque Populaire Val de France – Member of the
Supervisory Board, Chairman of the Audit Committee

2019

BANQUE POPULAIRE VAL DE FRANCE – SCBP Head of Finance Loans

COMPAGNIE DE FINANCEMENT FONCIER – SA Director

Economic Interest Group I-BP INVESTISSEMENT – GIE Management
Controller

SOCAMI VAL DE FRANCE – SCM Chief Executive Officer

SOCAMA VAL DE FRANCE – SCM Deputy Chief Executive Officer

SBE – SACS

Representative of Banque Populaire Val de France, Member of the Supervisory
Board, Chairman of the Audit Committee

2018

BANQUE POPULAIRE VAL DE FRANCE – SCBP Head of Finance Loans

COMPAGNIE DE FINANCEMENT FONCIER – SA Director

I-BP INVESTISSEMENT – GIE Management Controller

SOCAMA VAL DE FRANCE – SCM Director (until 05/25/2018)

SOCAMI VAL DE FRANCE – SCM Director (until 05/16/2018)

SOCAMI VAL DE FRANCE – SCM Chief Executive Officer

SOCAMA VAL DE FRANCE – SCM Deputy Chief Executive Officer

SBE – SACS

Representative of Banque Populaire Val de France, Member of the Supervisory
Board, Chairman of the Audit Committee

2017

BANQUE POPULAIRE VAL DE FRANCE – SCBP Head of Finance Loans

COMPAGNIE DE FINANCEMENT FONCIER – SA Director

Economic Interest Group I-BP INVESTISSEMENT – GIE Management
Controller

SOCAMA VAL DE FRANCE – SCM Director

SOCAMI VAL DE FRANCE – SCM Director

SBE – SACS

Representative of Banque Populaire Val de France, Member of the
Supervisory Board, Chairman of the Audit Committee

2016

BANQUE POPULAIRE VAL DE FRANCE – SCBP Head of Finance Loans

I-BP INVESTISSEMENT – GIE Management Controller

SOCAMA VAL DE FRANCE – SCM Director

SOCAMI VAL DE FRANCE – SCM Director

SBE – SACS

Representative of Banque Populaire Val de France, Member of the
Supervisory Board, Chairman of the Audit Committee

BANQUE POPULAIRE VAL DE FRANCE – SCBP

Chief Financial Officer, Member of the Management Committee (until
07/01/2016)

2015

I-BP INVESTISSEMENT – GIE Management Controller

SOCAMA VAL DE FRANCE – SCM Director

SOCAMI VAL DE FRANCE – SCM Director

SBE – SACS

Representative of Banque Populaire Val de France, Member of the
Supervisory Board, Member and Chairman (as of 03/24/2015) of the Audit
Committee

BANQUE POPULAIRE VAL DE FRANCE – SCBP

Chief Financial Officer, Member of the Management Committee

DIRECTOR FROM NATIXIS

Ms Nathalie BRICKER

Date of birth: 02/07/1968
Nationality: French
Professional address:
30, avenue Pierre-Mendès-France
75013 Paris

CHIEF FINANCIAL OFFICER OF NATIXIS

**Member of the Executive
Management Committee,
Executive Manager**

**Member of the Board
of Directors**

First appointed: 12/19/2018
End of term: 2020 OGM

Member of the Audit Committee
First appointed: 12/19/2018

BIOGRAPHY

Nathalie BRICKER holds a Master's degree in accounting and financial techniques from the IAE (Institut d'Administration des Entreprises) and a Diplôme d'Etudes Supérieures Comptables et Financières (Diploma in Accounting and Financial Studies). She is also a graduate of the Nice-Sophia Antipolis Business School (SKEMA). She joined KPMG Audit in 1991 as Operations Manager specializing in bank audits. She then joined Caisse des dépôts et consignations (CDC) in 1995 and was made Head of the Central Accounting department in 1998. She became Head of the CDC IXIS Accounting department in 2004. In 2005 she joined Natixis Banques Populaires. After the tegration of CDC IXIS by Natixis, Nathalie BRICKER was appointed Head of Accounting and Ratios for the Natixis group, and became a member of the Executive Committee in 2016. In July 2018, she was appointed Chief Financial Officer of Natixis, member of the Executive Management Committee of Natixis. In November 2020 Nathalie BRICKER was appointed Executive Manager of Natixis.
Relevant expertise: accounting, accounting standards and systems, regulatory ratios financial management, financial control.

COMPANIES AND POSITIONS

2020

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

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

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

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

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

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

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

2019

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

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

COFACE SA* – SA Director, Member of the Audit Committee

NATIXIS PAYMENT SOLUTIONS – SA Permanent Representative of Natixis, Director

CEGC – SA Permanent Representative of Natixis, Director

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

COMPAGNIE FRANÇAISE D'ASSURANCE POUR LE COMMERCE EXTÉRIEUR – SA Permanent Representative of Natixis, Director (until 11/29/2019)

NATIXIS INVESTMENT MANAGERS – SA Permanent Representative of Natixis, Director

2018

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

NATIXIS – SA Head of Accounting and Ratios of the Natixis group, Member of the Executive Committee (until 07/13/2018)

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

COFACE SA* – SA Director, Member of the Audit Committee

NATIXIS PAYMENT SOLUTIONS – SA Permanent Representative of Natixis, Director

CEGC – SA Permanent Representative of Natixis, Director

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

COMPAGNIE FRANÇAISE D'ASSURANCE POUR LE COMMERCE EXTÉRIEUR – SA Permanent Representative of Natixis, Director

NATIXIS INVESTMENT MANAGERS – SA Permanent Representative of Natixis, Director

2017

NATIXIS – SA Head of Accounting and Ratios of the Natixis group, Member of the Executive Committee

NATIXIS PAYMENT SOLUTIONS – SA Permanent Representative of Natixis, Director

CEGC – SA Permanent Representative of Natixis, Director

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

2016

NATIXIS – SA Head of Accounting and Ratios of the Natixis group, Member of the Executive Committee

NATIXIS PAYMENT SOLUTIONS – SA Permanent Representative of Natixis, Director

CEGC – SA Permanent Representative of Natixis, Director

2015

NATIXIS – SA Head of Accounting and Ratios of the Natixis Group,

NATIXIS PAYMENT SOLUTIONS – SA Permanent Representative of Natixis, Director

CEGC – SA Permanent Representative of Natixis, Director

* Listed company.

ROLE AND OPERATING PROCEDURES OF CORPORATE ENTITIES

Board of Directors

COMPOSITION OF THE BOARD

As of December 31, 2020, the Board of Directors of Compagnie de Financement Foncier was composed of ten members. The members of the Board are listed in the appendix. Compagnie de Financement Foncier's two Statutory Auditors and its Specific Controller also attend the Board meetings.

BOARD MEETINGS

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

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

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

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

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

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

Compagnie de Financement Foncier's Board of Directors met seven times in fiscal year 2020.

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

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

ATTENDANCE BY SHAREHOLDERS AT THE ANNUAL GENERAL SHAREHOLDERS' MEETINGS

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

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

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

There is no provision assigning multiple voting rights.

Refer also to Articles 21 and 22 of the Company's Bylaws on page 194 of this document.

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

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

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

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

Committees set up by the Board of Directors

AUDIT COMMITTEE

3

members ⁽¹⁾

5

meetings

Philippe JEANNE, Chairman
BPCE, represented
by Olivier IRISSON
Nathalie BRICKER

87%

average
attendance rate

MAIN FUNCTIONS AND POWERS

The Audit Committee operates in accordance with internal regulations approved by the Board of Directors at its meeting of December 18, 2019.

The Audit Committee is responsible for advising the Board of Directors on the clarity of the information provided and the relevance of the accounting methods used to prepare the parent company financial statements.

ITS USUAL SCOPE INCLUDES:

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

RISK COMMITTEE

3

members ⁽¹⁾

4

meetings

Pascal CHABOT, Chairman
Crédit Foncier de France,
represented
by Muriel COLLE
BPCE, represented
by Olivier IRISSON

75%

average
attendance rate

MAIN FUNCTIONS AND POWERS ⁽²⁾

The Risk Committee operates in accordance with internal regulations approved by the Board of Directors at its meeting of December 18, 2019.

The Risk Committee is responsible for advising the Board of Directors on the quality of internal control, in particular the consistency of risk measurement, supervision and management, and is responsible for proposing, when appropriate, additional measures in this respect.

ITS USUAL SCOPE INCLUDES:

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

APPOINTMENTS COMMITTEE

2

members ⁽¹⁾

4

meetings

Éric FILLIAT, Chairman
Sabine CALBA

100%

average
attendance rate

MAIN FUNCTIONS AND POWERS

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

(1) At December 31, 2020.

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

Board of Directors' internal regulations

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

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

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

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

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

ARTICLE 1 – TEXTS GOVERNING THE BOARD OF DIRECTORS

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

These rules are supplemented by:

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

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

ARTICLE 2 – PURPOSE OF THE BOARD OF DIRECTORS

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

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

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

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

The Board of Directors:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 5 – BOARD OF DIRECTORS RESPONSIBILITIES AND PRACTICES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 5.2 – MINUTES

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

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

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

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

ARTICLE 5.3 – ATTENDANCE REGISTER

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

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

ARTICLE 6 – BOARD COMMITTEES – GENERAL PROVISIONS

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

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

Members give opinions to the Board.

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

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

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

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

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

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

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

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

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

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

ARTICLE 8 – DIRECTOR OBLIGATIONS

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

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

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

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

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

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

Directors are asked to regularly attend Board and Committee meetings.

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

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

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

ARTICLE 9 – INSIDER TRADING

ARTICLE 9.1 – DEFINITION OF INSIDER TRADING

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

The MAR Regulation covers three types of offences:

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

Insider dealing arises in four situations:

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

Inside information is:

- information of a precise nature which has not been made public;
- relating, directly or indirectly, to one or more issuers or to one or more financial instruments; and
- which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

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

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

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

ARTICLE 9.2 – PREVENTION OF INSIDER TRADING

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

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

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

Access to inside information is presumed 15 days prior to the publication of Natixis’s quarterly results and 30 days prior to the

publication of its half-year and annual financial statements. Members of the Board of Directors may not trade in Natixis securities during these so-called “closed periods”.

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

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

ARTICLE 10 – DIRECTOR AGE LIMIT

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

ARTICLE 11 – AMENDING THE INTERNAL REGULATIONS

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

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

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

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

ARTICLE 1 – ADMINISTRATION AND CORPORATE INTEREST

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

ARTICLE 2 – COMPLIANCE WITH LAWS AND BYLAWS

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

ARTICLE 3 – EXERCISING THE FUNCTION OF DIRECTOR: GUIDING PRINCIPLES

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

ARTICLE 4 – INDEPENDENCE

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

ARTICLE 5 – CONFLICTS OF INTEREST

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

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

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

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

ARTICLE 6 – INTEGRITY AND LOYALTY

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

ARTICLE 7 – PROFESSIONALISM AND COMMITMENT

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

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

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

ARTICLE 8 – PROFESSIONALISM AND EFFICIENCY

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

ARTICLE 9 – APPLICATION OF THE INTERNAL REGULATIONS

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

REMUNERATION

For the year ended December 31, 2020, pursuant to Article L. 225-102-1 of the French Commercial Code, the list below shows the total remuneration as well as all benefits in kind paid by the Company to each of the corporate officers during the year.

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

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

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

OLIVIER AVIS, CHIEF EXECUTIVE OFFICER

	Fiscal year 2019	Fiscal year 2020
Annual remuneration due during the year <i>(broken down in the table below)</i>	359,497	376,444
Value of options attributed over the course of the year	-	-
Value of performance shares attributed over the course of the year	-	-
TOTAL	359,497	376,444

PAUL DUDOUIT, DEPUTY CHIEF EXECUTIVE OFFICER

	Fiscal year 2019	Fiscal year 2020
Annual remuneration due during the year <i>(broken down in the table below)</i>	242,925	263,388
Value of options attributed over the course of the year	-	-
Value of performance shares attributed over the course of the year	-	-
TOTAL	242,925	263,388

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

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

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

Amounts due in 2020: total remuneration granted on a *prorata temporis* basis in respect of duties performed in 2020, regardless of the date of payment.

Amounts paid in 2020: all remuneration actually paid and received in 2020 in respect of duties performed during 2020 and, potentially, during the previous years in the case of installment payments.

OLIVIER AVIS, CHIEF EXECUTIVE OFFICER

	Fiscal year 2019		Fiscal year 2020	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed pay	206,302	206,302	230,000	230,000
Variable pay	132,260	75,000	115,000	91,873
Exceptional remuneration	-	-	-	-
Incentives and profit sharing	8,077	8,077	17,036	17,036
Supplement retirement pay	9,480	9,480	10,837	10,837
Allocated remuneration*	-	-	-	-
Benefits in kind	3,378	3,378	3,571	3,571
TOTAL	359,497	302,237	376,444	353,317

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Variable pay for the year:	Paid in:					
	2019	2020	2021	2022	2023	2024
2018	75,000	25,743	25,000	25,000		
2019		66,130	22,043	22,043	22,043	
2020			57,500	19,167	19,167	19,167

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

PAUL DUDOUIT, DEPUTY CHIEF EXECUTIVE OFFICER

	Fiscal year 2019		Fiscal year 2020	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed pay	141,697	141,697	142,729	142,729
Variable pay	95,000	90,000	98,000	95,000
Exceptional remuneration	300	300	10,729	10,729
Incentives and profit sharing	5,928	5,928	11,930	11,930
Supplement retirement pay	-	-	-	-
Allocated remuneration*	-	-	-	-
Benefits in kind	-	-	-	-
TOTAL	242,925	237,925	263,388	260,388

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

FIXED PAY

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

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

HOW VARIABLE PAY IS DETERMINED

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

The variable pay of Olivier AVIS, Chief Executive Officer, is entirely paid by Crédit Foncier and may represent 50% of his fixed pay. For 2020, it is based on Crédit Foncier qualitative and quantitative indicators.

The variable pay of Paul DUDOUIT, Deputy Chief Executive Officer, is entirely paid by Crédit Foncier and may represent 75% of his fixed pay. For 2020, it is based on Crédit Foncier qualitative and quantitative indicators.

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

EXCEPTIONAL REMUNERATION

In 2020, an exceptional bonus was paid to employees for their involvement in the Company's transformation plan.

ALLOCATED REMUNERATION ⁽¹⁾

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

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

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

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

OTHER BENEFITS

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

- CGP: supplementary collective defined contribution pension plan and bond, applicable to all BPCE employees and, by extension, to BPCE's executive corporate officers.
- IPRICAS: supplementary defined contribution pension plan, collective and compulsory, applicable to all members of the executive committee of the Crédit Foncier.

Compagnie de Financement Foncier gross allocated remuneration (in €)	For 2019	For 2020
Éric FILLIAT ⁽¹⁾	3,000	7,500
Nathalie BRICKER ⁽²⁾	4,500	4,000
Sabine CALBA ⁽³⁾	750	3,750
Pascal CHABOT	4,625	5,000
Crédit Foncier (represented by Muriel COLLE) ⁽¹⁾	7,750	4,750
Alexandre FOURNEAU	3,750	3,750
BPCE (represented by Olivier IRISSON) ⁽³⁾	4,850	2,000
Philippe JEANNE ⁽³⁾	1,125	5,250
Jean-Sylvain RUGGIU ⁽³⁾	3,750	3,000
Corinne DECAUX ⁽¹⁾	0	3,750
Jérémy ESTRADER ⁽³⁾	0	750

(1) Paid to Crédit Foncier.

(2) Paid to Natixis.

(3) Paid to BPCE.

BENEFITS IN KIND

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

They receive no stock options or bonus shares.

(1) Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

SUMMARY OF THE REMUNERATION OF EACH NON-EXECUTIVE DIRECTOR (in euros)

NON-EXECUTIVE DIRECTORS FROM CRÉDIT FONCIER DE FRANCE

ÉRIC FILLIAT, CHAIRMAN OF THE BOARD OF DIRECTORS

	Fiscal year 2019		Fiscal year 2020	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed pay	251,834	251,834	273,435	273,435
Variable pay	135,400	90,000	188,309	98,591
Exceptional remuneration	3,247	3,247	2,349	2,349
Incentives and profit sharing	9,392	9,392	19,734	19,734
Supplement retirement pay	11,509	11,509	12,593	12,593
Allocated remuneration*	-	-	-	-
Benefits in kind	3,780	3,780	3,780	3,780
TOTAL	415,162	369,762	500,200	410,482

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Variable pay for the year:	Paid in:					
	2019	2020	2021	2022	2023	2024
2018	90,000	30,891	30,000	30,000		
2019		67,700	22,567	22,567	22,567	
2020			94,154	31,385	31,385	31,385

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

MURIEL COLLE, PERMANENT REPRESENTATIVE OF CRÉDIT FONCIER DE FRANCE

	Fiscal year 2019		Fiscal year 2020	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed pay	222,154	222,154	230,000	230,000
Variable pay	110,753	110,000	115,000	93,133
Exceptional remuneration	-	-	-	-
Incentives and profit sharing	8,734	8,734	18,233	18,233
Supplement retirement pay	11,168	11,168	10,859	10,859
Allocated remuneration*	-	-	-	-
Benefits in kind	3,126	3,126	2,964	2,964
TOTAL	356,025	355,272	377,056	355,189

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Variable pay for the year:	Paid in:					
	2019	2020	2021	2022	2023	2024
2018	110,000	37,756	36,667	36,667		
2019		55,377	18,459	18,459	18,459	
2020			57,500	19,167	19,167	19,167

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

CORINNE DECAUX (SINCE MAY 4, 2020)

	Fiscal year 2019		Fiscal year 2020	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed pay	n/a	n/a	170,000	170,000
Variable pay	n/a	n/a	68,000	56,000
Exceptional remuneration	n/a	n/a	2,284	2,284
Incentives and profit sharing	n/a	n/a	11,737	11,737
Supplement retirement pay	n/a	n/a	7,907	7,907
Allocated remuneration*				
Benefits in kind	n/a	n/a	3,120	3,120
TOTAL	N/A	N/A	263,047	251,047

* Suite à la publication au Journal Officiel du 23 mai 2019 de l'article 185 de la loi Pacte, modifiant notamment les articles L. 225-45 et L. 255-83 du Code de commerce, la notion de « jetons de présence » est remplacée par celle de « rémunérations allouées ».

NON-EXECUTIVE DIRECTORS FROM BPCE

SABINE CALBA

	Fiscal year 2019		Fiscal year 2020	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	n/a	n/a	0	n/a
Other remuneration	n/a	n/a	n/a	n/a
TOTAL	N/A	N/A	0	N/A

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Pursuant to BPCE rules, no allocated remuneration was paid.

n/a: not applicable to the person concerned.

OLIVIER IRISSON, PERMANENT REPRESENTATIVE OF BPCE

	Fiscal year 2019		Fiscal year 2020	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	0	n/a	0	0
Other remuneration	n/a	n/a	n/a	n/a
TOTAL	0	N/A	0	0

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Pursuant to BPCE rules, no allocated remuneration was paid.

n/a: not applicable to the person concerned.

JÉRÉMY ESTRADIER (SINCE OCTOBER 1, 2020)

	Fiscal year 2019		Fiscal year 2020	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	0	n/a	0	0
Other remuneration	0	n/a	n/a	n/a
TOTAL	0	N/A	0	0

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".

Pursuant to BPCE rules, no allocated remuneration was paid.

n/a: not applicable to the person concerned.

JEAN-SYLVAIN RUGGIU (UNTIL JUNE 30, 2020)

	Fiscal year 2019		Fiscal year 2020	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	0	n/a	0	0
Other remuneration	n/a	n/a	n/a	n/a
TOTAL	0	N/A	0	0

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".
n/a: not applicable to the person concerned.

NON-EXECUTIVE DIRECTOR FROM CAISSES D'ÉPARGNE BANKS

PASCAL CHABOT

	Fiscal year 2019		Fiscal year 2020	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	4,625	4,500	5,000	4,625
Other remuneration	n/a	n/a		
TOTAL	4,625	4 500		

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".
n/a: not applicable to the person concerned.

NON-EXECUTIVE DIRECTOR FROM BANQUE POPULAIRE BANKS

ALEXANDRE FOURNEAU

	Fiscal year 2019		Fiscal year 2020	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	3,750	3,750	3,750	3,750
Other remuneration	n/a	n/a	-	-
TOTAL	3,750	3,750	-	-

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".
n/a: not applicable to the person concerned.

NON-EXECUTIVE DIRECTOR FROM NATIXIS

NATHALIE BRICKER

	Fiscal year 2019		Fiscal year 2020	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Allocated remuneration*	n/a	n/a	0	n/a
Other remuneration	n/a	n/a	n/a	n/a
TOTAL	N/A	N/A	0	N/A

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration".
Pursuant to Natixis rules, no allocated remuneration was paid.
n/a: not applicable to the person concerned.

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

OTHER INFORMATION ON REMUNERATION AND STOCK OPTION PLANS

At December 31, 2020, as Compagnie de Financement Foncier did not have its own employees, with the exception of its corporate officers, there was no incentive or profit-sharing plan in the Company. In addition, there were no stock option plans at December 31, 2020.

TABLE OF DELEGATIONS DELEGATION OF AUTHORITY

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

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

Draft resolutions numbers 9 to 11 submitted to the Ordinary General Meeting of May 5, 2021 pursuant to Article L. 225-37-2 of the French Commercial Code (law No. 2016-1691 of December 9, 2016) concern the General Meeting approval of the principles and criteria on the determination, allocation and payment of the fixed, variable and exceptional remuneration as well as benefits in kind due to the Chairman, Chief Executive Officer and Deputy Chief Executive Officer for their corporate offices during the fiscal year ending December 31, 2021.

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

The table below presents the remuneration and benefits that may be granted to the Chairman, Chief Executive Officer and Deputy Chief Executive Officer in respect of 2021.

TABLE OF REMUNERATION AND OTHER BENEFITS ATTRIBUTABLE TO THE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND DEPUTY CHIEF EXECUTIVE OFFICER PLANNED FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Name	É. FILLIAT	O. AVIS	P. DUDOUIT
Office:	Chairman of the Board of Directors	Chief Executive Officer	Deputy Chief Executive Officer
Fixed pay	N/A		
Variable pay	N/A		
Supplement retirement pay	N/A		
Benefits in kind	N/A		
Payments due when executives give up their corporate offices (TEPA law)	N/A	No remuneration is paid to the Chief Executive Officer and the Deputy Chief Executive Officer due to their corporate offices with Compagnie de Financement Foncier	
Allocated remuneration*	€1,500 per session with a maximum of €7,500	N/A	N/A

* Following the publication in the Official Journal on May 23, 2019 of Article 185 of the Pacte Law amending in particular L. 225-45 and L. 255-83 of the French Commercial Code, the concept of "attendance fees" has been replaced by "allocated remuneration". According to the BPCE instruction dated on December 17, 2010, allocated remuneration due to BPCE representatives is paid to BPCE and not to the person in question. Since January 1, 2012, the same rule applies to the representatives of Crédit Foncier and the allocated remuneration is paid to Crédit Foncier and not to the natural person concerned.

n/a: not applicable

POTENTIAL CONFLICTS OF INTEREST

Members of the Board of Directors

To the Company's knowledge:

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

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

DISCLOSURE OF CONVICTIONS

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

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

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

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

Members of the Executive Management

INDEPENDENCE AND INTEGRITY

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

CONFLICTS OF INTEREST

To the Company's knowledge:

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

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

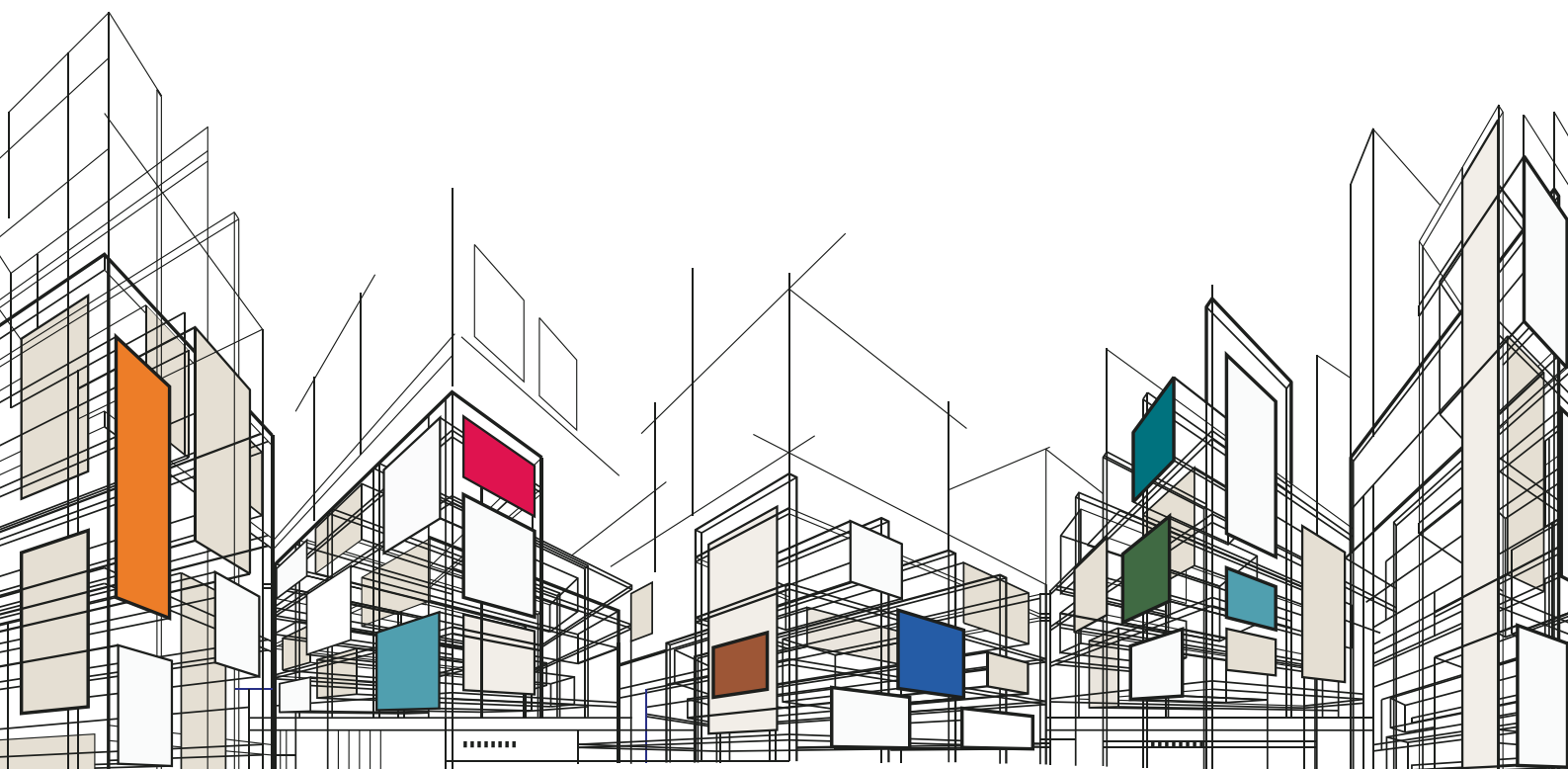
DISCLOSURE OF CONVICTIONS

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

2020 MANAGEMENT REPORT

2020 MANAGEMENT REPORT

1.	Main operations of the fiscal year	78	7.	Credit risk analysis	88
2.	Changes in assets	78	8.	Financial risk analysis	88
3.	Changes in liabilities	79	9.	Information on internal control	89
4.	Analysis of the income statement	80	10.	Regulatory and prudential information	94
5.	Cash flows	80	11.	Other information	94
6.	Compagnie de Financement Foncier's risk factors	81	12.	Post-balance sheet event	96
		81	13.	Outlook	96
			14.	Social and environmental information	96



2020 MANAGEMENT REPORT

In a still uncertain environment (global economic slowdown, heightened geopolitical tensions, health crisis), Compagnie de Financement Foncier has been able to offer its customers issuances suited to their objectives while providing particularly competitive funding conditions in 2020.

In 2020, Compagnie de Financement Foncier issued €3bn in *obligations foncières* that, like all its privileged debt, are rated AAA/Aaa/AAA ⁽¹⁾. The rating agencies confirmed the high level of security provided by the *obligation foncières* and the *société de crédit foncier* status, together with the additional commitments made by the Company in terms of financial and risk management.

At December 31, 2020, the balance sheet of Compagnie de Financement Foncier totaled €68.5bn and its net income for the fiscal year €47.1m.

In 2020, Crédit Foncier and Groupe BPCE continued to integrate the activities and skills of Crédit Foncier within Groupe BPCE entities.

In this new framework, Compagnie de Financement Foncier will remain a strategic subsidiary of Crédit Foncier and of Groupe BPCE under the affiliation regime, and therefore part of the Groupe BPCE solidarity mechanism. The business operations of Compagnie de Financement Foncier primarily focus on the funding of assets, on behalf of Groupe BPCE entities, mostly in Public sector financing.

1. Main operations of the fiscal year

ACQUISITIONS AND DISPOSALS

During 2020, Compagnie de Financement Foncier acquired €1.3bn in loans from Crédit Foncier including related receivables, plus €24m in financing commitments.

Article L. 211-38 of the French Monetary and Financial Code specifies the possibility for an institution to grant a loan to another financial institution, a loan whose repayment is secured by the creation of a guarantee on a group of receivables. Compagnie de Financement Foncier as such carried loans with its parent company, Crédit Foncier, in the total amount of €16.4bn at December 31, 2020. The same facility was also granted to BPCE SA, in the amount of €6.6bn at December 31, 2020, excluding related receivables. Total loans granted were collateralized for €22.2bn.

Furthermore, as part of its business of funding eligible assets originated by the Groupe BPCE institutions, Compagnie de Financement Foncier refinanced receivables in the Public sector in the amount of €1.8bn.

Regarding the International public sector portfolio, some Japanese exposures were disposed of, and this helped reduce the risk of concentration on certain issuers.

EARLY REPAYMENTS

The overall rate of early repayments and renegotiations of loans to individuals stood at 10.4%. The asset outflows linked to early repayments amounted to €3.4bn for the fiscal year.

Early repayments had several effects on net banking income:

- the impact of accelerated amortization of acquisition premiums/discounts is estimated at -€2.9m over the fiscal year;
- the collection of prepayment penalties from individual customers of €32.8m; as a reminder, according to the agreement on services rendered by Crédit Foncier, one third of these penalties is transferred to the latter (expense recognized under operating expenses).

In 2020, the rate of early repayments on Corporate accounts was 0.5%, down compared with 2019 at 1.3%.

FUNDING AND CASH MANAGEMENT

In parallel, Compagnie de Financement Foncier issued slightly over €3bn in *obligations foncières*, €275m of which in private placements.

All issuances in 2020 were denominated in euros. The high levels of oversubscription of public issues reflect the diversity and the vitality of Compagnie de Financement Foncier's investor base. Their placement shows strong interest from German and Austrian investors, as well as British, French, and those from the Benelux, the Nordic countries and Asia.

The year also saw three public euro issuances benchmark for a total of €2.75bn:

- €1bn for four years in April;
- €1.25bn for 10 years in September;
- €0.5bn for 15 years in October.

(1) Standard & Poor's/Moody's/Scope Ratings, updated as of the 2020 Universal registration document's filing date.

2. Changes in assets

ASSETS

(in €k)

	12/31/2020	12/31/2019
Cash and amounts due from central banks	1,349,339	1,564,443
Treasury bills and equivalent	3,196,527	3,236,924
Loans and receivables due from credit institutions repayable on demand	23,733,098	23,067,067
■ Sight deposit	50,098	56,372
■ Term deposit	23,682,240	23,010,695
Customer transactions	35,339,082	37,626,531
Bonds and other fixed-income securities	3,220,625	4,093,758
Equity interests and other long-term investments	-	-
Intangible assets and property, plant and equipment	-	-
Other assets	79,391	102,017
Accrual accounts	1,537,408	1,771,111
TOTAL ASSETS	68,455,470	71,461,851

Compagnie de Financement Foncier's balance sheet totaled €68.5bn at end-2020, down 4% on end-2019, in line with Groupe Crédit Foncier's strategy to halt the production of new loans at the end of the first quarter of 2019.

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

- a €0.9bn increase in loans to the Public sector, including refinancing transactions with regional banks and Natixis to gain access to the highly competitive funding of Comagine de Financement Foncier;
- a decrease in outstanding loans to customers (-€2.3bn compared to December 31, 2019);
- a decrease in the outstanding amount of bonds and other fixed income securities (-€873m compared to December 31, 2019), partly attributable to the completion of disposals of Japanese exposures in the first quarter.

HOME LOANS

Home loans outstanding, held directly or assigned through L. 211-38, fell compared to end-2019.

(amount in €m)	12/31/2020	12/31/2019	Change
Non-commercial mortgage-backed securities (See note 11)	27,625	30,905	-10.6%
Loans to private individuals guaranteed by real estate loans under L. 211-38 (See note 22)	7,844	7,342	+6.8%
TOTAL	35,469	38,247	-7.3%

GROUP FUNDING AND ASSIGNMENT OF RECEIVABLES

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

These loans are classified as term loans and receivables from credit institutions. In 2020, these outstanding loans totaled €23.1bn. This amount broke down into:

- €16.4bn in loans to Crédit Foncier, mostly guaranteed by exposures to French local authorities;
- €0.14bn in loans to other Groupe BPCE entities, also guaranteed by exposures to French local authorities;
- €6.6bn in loans to BPCE as replacement values, guaranteed by a portfolio of receivables.

The total value of the guarantees received to hedge these loans was €22.2bn at December 31, 2020.

OTHER ASSETS AND ACCRUAL ACCOUNTS

Other assets totaled €79.4m at end-2020 compared with €102m at December 31, 2019.

The accrual accounts stood at €1.5bn at December 31, 2020, a slight drop compared with €1.8bn at December 31, 2019.

3. Changes in liabilities

LIABILITIES

(in €k)	12/31/2020	12/31/2019
Amount due to central banks	-	-
Amounts due to credit institutions	6,268,175	4,436,533
■ <i>Sight deposit</i>	-	2,827
■ <i>Term deposit</i>	6,268,175	4,433,706
Customer transactions	-	-
■ <i>Sight deposit</i>	-	-
Debt securities	56,443,309	60,515,318
■ <i>Interbank market instruments and negotiable debt securities</i>	-	151,288
■ <i>Bond issues (obligations foncières)</i>	56,443,309	60,364,030
Other liabilities	1,035,086	1,124,248
Accrual accounts	1,554,226	2,137,319
Provisions	602	30,226
Subordinated debts	-	-
Reserve for general banking risks	20,000	20,000
Equity excluding reserve for general banking risks	3,134,072	3,198,207
■ <i>Share capital</i>	2,537,460	2,537,460
■ <i>Additional paid-in capital</i>	343,002	343,002
■ <i>Reserves</i>	132,117	126,553
■ <i>Regulated provisions and investment subsidies</i>	-	-
■ <i>Retained earnings</i>	74,352	79,914
■ <i>Income to be allocated</i>	-	-
■ <i>Net income for the period</i>	47,141	111,278
TOTAL LIABILITIES	68,455,470	71,461,851

Debt securities represented a negative net balance of € 4.1bn at the end of 2020 compared to 2019, as the €3bn in issuances carried out in 2020 to support new funding did not offset asset impairment, particularly mortgage assets.

Amounts due to credit institutions increased by €1.8bn in 2020, under standard cash management.

Shareholders' equity remained at the high level of €3.1bn.

4. Analysis of the income statement

INCOME STATEMENT

(in €k)	12/31/2020	12/31/2019 ⁽¹⁾	12/31/2019
Net interest margin	117,143	185,644	189,686
Net commissions	34,458	40,189	38,099
Net gains or losses on trading books transactions	-53	0	-212
Other bank operating charges	-5,179	-2,756	-2,456
Net banking income	146,368	223,077	227,208
General operating expenses	-92,805	-75,591	-79,922
Gross operating income	53,563	147,286	147,286
Cost of risk	4,314	11,487	11,487
Gross income	57,878	158,773	158,773
Gains or losses on fixed assets	20,047	9,930	9,930
Income before tax	77,925	168,703	168,703
Income tax	- 30,784	-57,425	-57,425
NET INCOME	47,141	111,278	111,278

(1) Proforma taking into account the reclassification of the BPCE central body contribution under general operating expenses to net banking income (Group standards).

NET BANKING INCOME

Net banking income amounted to €146m, down by €77m compared to 2019 (proforma), mainly due to a decrease of €69m in the net interest margin in connection with the change in outstandings.

GROSS OPERATING INCOME

General operating expenses amounted to €93m, up by €12.8m compared to the previous year (proforma), due to the increase in the remuneration of Crédit Foncier services in the private sector, including the adjustment of final invoiced amounts in respect of 2019 (payment of €6.7m for services provided by Crédit Foncier).

Gross operating income was €53.6m at December 31, 2020 compared with €147.3m the previous year.

COST OF RISK

Cost of risk was a net reversal of €4.3m, reflecting the downward trend in delinquency.

NET INCOME

Net income was €47.1m in 2020, a decrease from 2019 (-€64.1m).

5. Cash flows

Refer to note 26 "Cash flow statement" in chapter 5 "Financial information" (pages 173-174).

6. Compagnie de Financement Foncier's risk factors

The banking and financial environment in which Compagnie de Financement Foncier operates exposes it to many types of risk and requires it to implement a demanding and rigorous policy to monitor and control these risks.

Compagnie de Financement Foncier's business model is, by its very nature, highly secured. The legislative framework prevents it from holding a trading book, which protects it against market risks associated with proprietary trading, and from holding interests in affiliates.

Some of the risks faced by Compagnie de Financement Foncier are described below. This is not an exhaustive list of all the risks faced by Compagnie de Financement Foncier, but the risks considered as the most significant in terms of their probability of occurrence and potential impact.

The "Covid-19" risk factor is added to this section and is placed before thematic risk factors (credit and counterparty risks, financial risks, etc.).

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

THE CURRENT CORONAVIRUS (COVID-19) PANDEMIC AND ITS ECONOMIC CONSEQUENCES COULD ULTIMATELY AFFECT COMPAGNIE DE FINANCEMENT FONCIER'S ACTIVITIES AND RESULTS.

The emergence of Covid-19 and the rapid spread of the pandemic to the entire planet have caused a significant deterioration in the economic situation in various business and financial sectors for economic actors. This has also resulted in significant disturbances in financial markets as the affected countries have had to institute quarantine measures for their populations, resulting in a sharp decline in the activities of many businesses. Massive budgetary policy initiatives have been implemented to support business activity in reaction to these events. This has particularly been the case for the French government (system of State-secured loans for businesses and professionals, private individuals, partial unemployment measures as well as numerous other tax, social and invoice payment measures) and the European Central Bank (greater and cheaper access to significant amounts of funding). However, there is no guarantee that such measures will be sufficient to offset the negative effects of the pandemic on the economy or to stabilize the financial markets completely and over the long term. The economic environment could further deteriorate before it begins to improve.

The current coronavirus (Covid-19) pandemic and its economic consequences poses a risk to Compagnie de Financement Foncier in respect of its activities, results and financial position, to the extent that:

- it is causing organizational changes (e.g. remote work) which could bring about an operational risk;
- it is slowing down exchanges in money markets and could have an impact on the liquidity supply;
- it is increasing customers' liquidity requirements and in particular the amounts loaned to these customers to enable them to withstand the crisis;
- it could cause an increase in corporate default, particularly among the more fragile corporations or in the sectors with the highest exposure;
- it is causing violent upheavals in the valuation of market assets, which could impact market activities and therefore funding activities.

The evolution of the Covid-19 economic situation is a source of major uncertainty, due to the potentially significant consequences of the health crisis.

However, in the current situation and taking into account the aforementioned support measures, the impact on Compagnie de Financement Foncier's business lines (particularly funding for Groupe BPCE), its results (particularly net banking income and cost of risk) and its financial position (liquidity and solvency) is difficult to quantify.

There are currently very few proven effects of the crisis in the Crédit Foncier Group's financial statements. The solutions put in place have made it possible to contain the effects of the pandemic on our customers at this stage.

Nevertheless, the trend will have to be monitored in 2021. As a precaution, an overall provision of €1.0m was set aside for Covid-19.

In view of the medium-term prospects of the economic situation, including the risk that some customers may lose their jobs in the coming months, it is likely that the effects of Covid-19 will be delayed over time and that they will only be assessable and quantifiable in 2021, taking into account the delay in defaults and bad debts becoming a reality. For the Individuals segment, the probability of the risk occurring could be rather high, given the number and situation of the customers under management, but past due payments and default rates are still very stable at this stage.

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 respect strict rules regarding the choice of the assets it holds, by verifying in particular the credit quality of its counterparties and ensuring that guarantees are in place.

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

- on its portfolio of real estate loans in the event of a sharp rise in defaults combined with a sudden and significant drop in the value of the properties used to guarantee these loans;
- in the case of the default of a public entity to which Compagnie de Financement Foncier has significant exposure, in particular Italy, the United States, Switzerland, and some Canadian and Japanese public entities.

Further, the cost of risk of Compagnie de Financement Foncier was -€4.3m at December 31, 2020. It was down by €11.5m at December 31, 2019. For further information, please refer to the December 31, 2020 Universal registration document of Compagnie de Financement Foncier (page 114).

The degradation of the financial stability and performance of other financial institutions and market players could have an unfavorable impact on Compagnie de Financement Foncier.

The ability of Compagnie de Financement Foncier to carry out its transactions could be affected by the financial stability of other financial institutions and market players. The financial institutions are closely interconnected, in particular due to their netting, counterparty and financing activities. The default of an industry player, even simple rumors or questions concerning one or more financial institutions or the financial industry in general, can cause a generalized shrinking of liquidity in the market and thereafter lead to additional losses or defaults.

Compagnie de Financement Foncier is exposed to different financial counterparties, such as commercial or investment banks and central counterparties with which it ordinarily conducts transactions, whose default or failure to meet any of its commitments could have an unfavorable impact on the financial situation of Compagnie de Financement Foncier. This risk would be exacerbated if the assets held as collateral by Compagnie de Financement Foncier cannot be sold or if their price would not make it possible to cover all of the exposure of Compagnie de Financement Foncier for the exposures to derivative products in default.

At December 31, 2020, Compagnie de Financement Foncier's balance sheet amounted to a total €68.5bn. The breakdown of Compagnie de Financement Foncier's outstanding assets/liabilities with regard to credit institutions and central banks is as follows:

ASSETS

Of which:	(amount in €m)
Cash and amounts due from central banks	1,349
Loans and receivables due from credit institutions repayable on demand	23,733

LIABILITIES

Of which:	(amount in €m)
Amount due to central banks	0
Amounts due to credit institutions	6,268

1.2 CONCENTRATION RISK

The volume of exposures to the Public sector is mainly concentrated in France, while abroad, the exposure of Compagnie de Financement Foncier to Public sector is subject to a few significant individual concentrations, particularly Italy for sovereigns. As a reminder, Compagnie de Financement Foncier has no longer been purchasing Public sector loans abroad for several years.

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

The international exposure of Compagnie de Financement Foncier was €7.9bn at December 31, 2020, compared with €8.8bn at December 31, 2019; it was divided mainly between Italy (€3.2bn), North America (€1.9bn), Switzerland (€1.1bn) and Japan (€0.5bn).

Compagnie de Financement Foncier's whole International Sovereign portfolio (€2,539m) enjoys an internal rating of at least A-.

1.3 COUNTRY RISK

Compagnie de Financement Foncier could be vulnerable to political, societal, macroeconomic and financial risk or to special situations in the countries in which it operates.

Compagnie de Financement Foncier is exposed to country risk, which is the risk that a foreign country's economic, financial, political or social conditions impact its financial interests. Due to the nature of its activity, Compagnie de Financement Foncier is particularly sensitive to the economic environment in France or other specific countries..

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

Notably, a serious economic disruption (such as the 2008 financial crisis) can have a significant negative impact on the operations of Compagnie de Financement Foncier, in particular if the disruption is marked by a lack of market liquidity, making it difficult to carry out the funding activity provided by Compagnie de Financement Foncier on behalf of Crédit Foncier and Groupe BPCE.

Compagnie de Financement Foncier has significant exposure to international public entities, in particular in Italy, the United States, Switzerland and certain Canadian public entities. These are subject to different macroeconomic influences, in particular through the actions of local central banks or structural reforms

carried out therein, that could, in the long term, affect the quality of the loans concerned.

The probability of the risk occurring for international exposures could be rather low given the counterparties concerned and the direct impact on Compagnie de Financement Foncier is expected to be moderate.

The international exposure of Compagnie de Financement Foncier was €7.9bn at December 31, 2020, compared to €8.8bn at December 31, 2019, and can be divided between:

- Italian and Polish Sovereigns for €2.6bn (before hedging swaps). Compagnie de Financement Foncier's whole International sovereign portfolio enjoys an internal rating of at least A-;
- the IPS (International public sector) portfolio (excluding Sovereigns) and Large public sector corporations remained stable at €4.0bn, down compared to December 31, 2019 (-€4.9bn) following various asset disposals and maturities. It may be noted that 68% of this portfolio enjoys an internal rating of at least A;
- outstandings in the portfolio counter-guaranteed by monoline insurers on exposures of the IPS, Large corporations and Sovereigns for €1.36bn. Compagnie de Financement Foncier has no direct exposures to monoline insurers but does have credit enhancements acquired from them for certain assets in the portfolio.

2. FINANCIAL RISKS**2.1 INTEREST RATE AND OPTIONS RISKS**

Significant volumes of early repayments could unfavorably impact the net banking income and the profitability of Compagnie de Financement Foncier.

The prolonged period of decline in interest rates over the last few years increases the number of borrowers renegotiating their interest rates, generating therefore an interest rate downturn of the balance sheet exposures or early repayments.

Compagnie de Financement Foncier buys *via* its true sale model mortgages to private individuals at market prices. Although Compagnie de Financement Foncier hedges the interest rate risk of its exposures and resources at the macro and/or micro level, in the event of very high levels of interest-rate renegotiations or early repayments, Compagnie de Financement Foncier's net banking income would fall because the average rate of its asset exposures would fall faster than the average rate of its resources, and the early repayment penalties received would not fully cover the cost of adjusting the interest rate hedges.

In addition, Compagnie de Financement Foncier hedges all its assets and liabilities when they enter the balance sheet through the implementation of micro-hedging and/or macro-hedging derivatives. In the event of early repayment, the commission received may not cover the entire cost of this hedge and Compagnie de Financement Foncier will then be exposed to a cost that affects its net interest margin.

Early repayments and renegotiations of outstanding loans to individuals on Compagnie de Financement Foncier's balance sheet represented 10.9% of outstanding loans at December 31, 2020, compared to 11.3% at December 31, 2019. The ongoing low interest rates explain the number of requests for early renegotiations.

2.2 CREDIT SPREAD RISKS

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

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

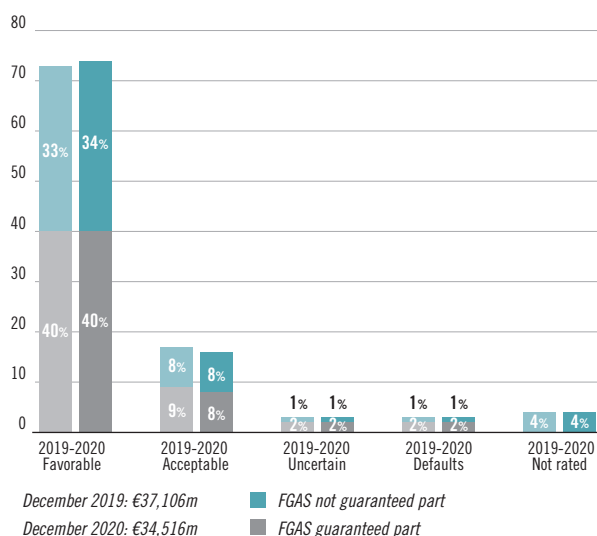
In the event of a severe financial crisis, the downgrading of the credit ratings of assets on the balance sheet or provided as collateral to Compagnie de Financement Foncier could end up calling into question the AAA rating of its obligations foncières. In addition, the deterioration in the credit rating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

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

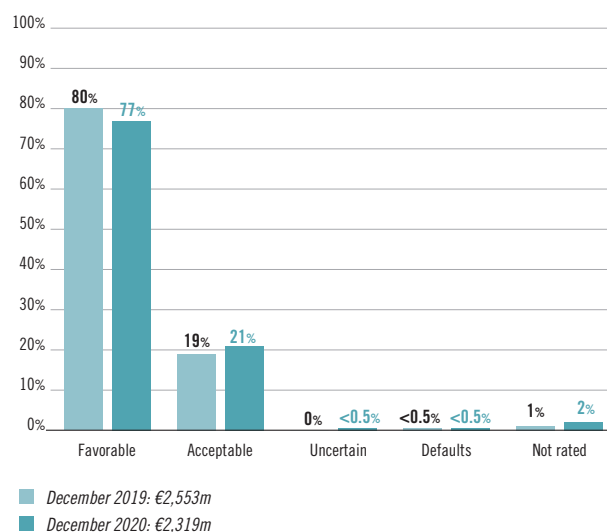
At December 31, 2020, the obligations foncières of Compagnie de Financement Foncier were rated AAA/Aaa/AAA with stable outlooks by three rating agencies (S&P, Moody's and Scope).

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

OUTSTANDING MORTGAGE LOANS TO INDIVIDUALS (INTERNAL RATING)

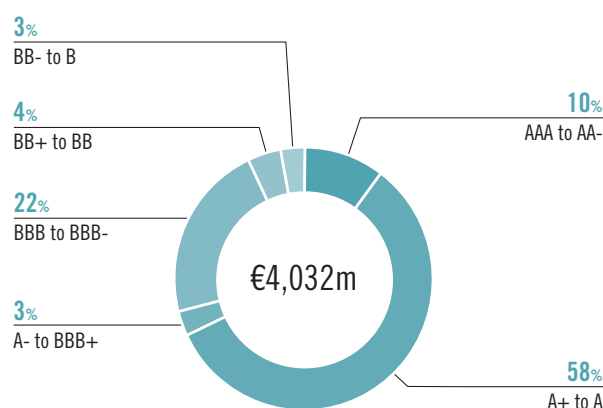


PORTFOLIO OF SOCIAL HOUSING (BASEL II RATING)



EXPOSURES TO THE INTERNATIONAL PUBLIC SECTOR (EXCLUDING SOVEREIGNS) AND LARGE PUBLIC SECTOR CORPORATIONS (INTERNAL RATING)

December 31, 2020



2.3 LIQUIDITY RISK

Compagnie de Financement Foncier's liquidity could be affected in the event of a major financial crisis.

Compagnie de Financement Foncier derives its liquidity from several sources:

- the issue of *obligations foncières* on the market;
- the assignment of eligible assets for ECB refinancing and/or repo operations;
- the liquidity lines granted by Crédit Foncier and/or Groupe BPCE.

In the event of a major financial crisis, these sources of liquidity could dry up:

- closure of bond issuance markets;
- deterioration of the credit rating of assets acquired or pledged to Compagnie de Financement Foncier making them ineligible for ECB refinancing and/or repo operations;
- reduction of liquidity lines granted by Crédit Foncier and/or Groupe BPCE.

Nevertheless, at December 31, 2020, Compagnie de Financement Foncier held €9.0bn in assets eligible for ECB operations before the haircut.

The Company's excess liquidity situation can also be identified using the Liquidity Coverage Ratio (LCR), which illustrates the institution's ability to cope with short-term liquidity stress.

Compagnie de Financement Foncier's LCR complies with the 100% limit applicable since January 1, 2018. At December 31, 2020, Compagnie de Financement Foncier had reserve liquidity of €6.2bn against a Net Cash Outflow (NCO) of €1.2bn over 30 days.

3. STRATEGIC, BUSINESS AND ECOSYSTEM RISKS

3.1 STRATEGIC AND BUSINESS RISKS

Compagnie de Financement Foncier could be affected by an operational risk linked to Crédit Foncier's failure to adhere to the agreements it has entered into.

Given its status as a *société de crédit foncier*, Compagnie de Financement Foncier depends on resources supplied by its parent company to pursue its current activities and in particular, for management of mortgage loans. In accordance with agreements concluded between Crédit Foncier and Compagnie de Financement Foncier (including an agreement on debt management and recovery, an administrative and accounting management agreement, a service agreement on internal control and compliance, an agreement related to the implementation of information technology services, an agreement concerning human resources, an agreement related to settlement of bank services), 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 occurs, 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 Order of November 3, 2014, are monitored by Crédit Foncier in the name and on behalf of Compagnie de Financement Foncier. It is represented in the Operational Risks Committee. 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. No incident related to Compagnie de Financement Foncier was detected at December 31, 2020.

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

3.2 ECOSYSTEM RISKS

MACROECONOMIC RISKS

In Europe, the recent economic and financial context has an impact on Compagnie de Financement Foncier and the markets on which it operates and this trend will continue.

If the economic or market conditions in France or elsewhere in Europe were to deteriorate, the markets in which Compagnie de Financement Foncier operates could experience disruptions and its activity, its results and its financial position could be unfavorably affected.

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 with more liquidity: Compagnie de Financement Foncier would then potentially issue more limited volumes of *obligations foncières* with higher margin levels, which would reduce Compagnie de Financement Foncier's net income. In terms of assets, Compagnie de Financement Foncier has a portfolio of €60.6bn, exposure in France (88% of the outstandings at December 31, 2020) and €7.9bn internationally (12% of the outstandings at December 31, 2020), mainly public in nature. A deterioration in the international macroeconomic situation would weaken some borrowers, who could then face bad debt or default situations, which would lower the net income of Compagnie de Financement Foncier.

REGULATORY RISK

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

Laws and regulatory measures proposed to avoid or mitigate the effect that new financial crises could have a material financial impact on Compagnie de Financement Foncier and on the financial and economic environment in which it operates.

Laws and regulations have been enacted or proposed to introduce a series of changes to the global financial framework, some of which are permanent. They are likely to change the environment in which Compagnie de Financement Foncier and other financial institutions operate. Some of these measures could also increase the financing costs of Compagnie de Financement Foncier.

Without being exhaustive, one can cite the following measures, either approved or under consideration: changes in regulations relating to covered bonds, new methodologies for credit risk weighting, creation of regulatory bodies or the enhancement of the resources of existing bodies, taxes on financial transactions, etc. Some of these measures are only at the draft stage and their contents will probably be revised and interpreted, in particular for reasons of compliance with national prudential policies in each country.

Some of these measures could also increase the issuer's fixed costs.

Compagnie de Financement Foncier's activity consists mainly of issuing *obligations foncières* on the markets to refinance its production and that of Groupe BPCE entities. The measures mentioned, the Covered Bond directive (directive (EU) 2019 2162) among others, could lead to increasing minimum capital levels and the provisioning of outstandings, immobilizing the advance of liquidity to cover the operating costs of the structure in run-off mode, obligations of more detailed and frequent reporting of information and data thus requiring more resources.

4. NON-FINANCIAL RISKS**4.1 LEGAL AND REPUTATION RISKS**

Reputation risk, risk of misconduct and legal risk could impact the profitability and the business outlook of Compagnie de Financement Foncier.

The reputation of Compagnie de Financement Foncier is primordial for ensuring its loan refinancing activity – mainly in the Public sector – originated by the Group. As such, inadequate management of potential conflicts of interest, legal and regulatory requirements, ethical problems, poor conduct, laws concerning money laundering, the fight against terrorism, the requirements of economic sanctions, policies regarding data security and practices linked to methods of managing its activity, or any other poor conduct, could stain the reputation of Compagnie de Financement Foncier.

Any inappropriate behavior of an employee of Crédit Foncier, any fraud, misappropriation of funds or any other wrongdoing committed by any player in the financial sector to which Compagnie de Financement Foncier is exposed, any decrease, restatement or correction of financial results, or any other legal or

regulatory action with a potentially unfavorable outcome could also damage its reputation. Any harm to the reputation of Compagnie de Financement Foncier could be accompanied by a loss of business, which could threaten its results and its financial position.

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

In a case concerning a french overseas department (DOM) operator, there are multiple procedures, but the first rulings issued were in favor of Compagnie de Financement Foncier. Also, the situation may further evolve, after remedies have been used.

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

For further information, please refer to the 2020 Universal registration document of Compagnie de Financement Foncier (page 132).

Groupe Crédit Foncier's ability to attract and retain qualified employees is crucial to the success of Compagnie de Financement Foncier's business, and any failure in this respect could affect its performance.

In 2020, the turnover of sensitive persons was regularly monitored in Crédit Foncier as part of the Risk Appetite Framework. This HR indicator will be replaced in 2021 by unoccupied positions for more than six months. This measure, more in line with the Company's situation, will enable to better measure potential recruitment difficulties.

Groupe Crédit Foncier's employees are the most important resource for Compagnie de Financement Foncier, because Crédit Foncier is its sole service provider. Competition for qualified personnel is intense in many areas of the financial services sector. The results and performance of Compagnie de Financement Foncier depend directly on Crédit Foncier's ability to attract new employees and retain and motivate its current employees.

In terms of TEG, almost all of the decisions delivered are in favor of lenders, with a few unfavorable rulings being limited to issuing very low or even symbolic sanctions. At this stage, the situation leads one to conclude that legal and reputation risk is contained.

4.2 SECURITY AND INFORMATION TECHNOLOGY RISK

An interruption or failure of computer systems of Compagnie de Financement Foncier or of third parties could lead to losses and costs.

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

Compagnie de Financement Foncier is highly dependent on its communication and information systems provided by IT-CE and BPCE-IT (Groupe BPCE service providers). They operate at the groupe Crédit Foncier level and are entrusted with third-party application maintenance services (See Risk Management report – 7.5 "IT risk").

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

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

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

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

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

- **Availability of the information system and resources:** in order to control this risk factor, a Contingency and Business Continuity Plan system has been developed and deployed. It is currently in the Maintenance in Operational Condition phase. It is subject to annual tests as a minimum and has shown its efficacy in the wake of the Covid-19 crisis.

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

- **Integrity of the information, processing and data system:** with the outsourcing of its information systems within Groupe BPCE, the integrity of its information system is ensured by its two IT service providers, BPCE IT and IT-CE. However, the Head of ISS exercises assiduous control over the processing and actions carried out in terms of the security of the information system of these two service providers. The summary of this security monitoring is presented to the appropriate governing bodies.

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

- **Processing and data confidentiality:** this factor is the subject of continuous action and monitoring, both operationally through

measures restricting access to data and processing and in terms of control, with regular reviews of access to processing and data. This monitoring is conducted by a specific GDPR Committee chaired by a Deputy Chief Executive Officer.

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

- **Proof system:** this risk is handled through the implementation, by the aforementioned two IT service providers (BPCE IT and IT-CE), of traceability systems for transactions carried out on the information system of Crédit Foncier and therefore of Compagnie de Financement Foncier attached to the logging of operations carried out by users.

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

In short, taking into account the measures in place, and monitoring of them, the residual risk is rated as low for Crédit Foncier and, therefore, by extension for Compagnie de Financement Foncier.

For further information, please refer to the 2020 Universal registration document of Compagnie de Financement Foncier (page 132).

4.3 EXECUTION, DELIVERY AND PROCESS MANAGEMENT RISKS

The failure or the unsuitability of Compagnie de Financement Foncier's risk management policies, procedures and strategies could expose it to unidentified or unanticipated risks leading to losses.

The objective of Groupe Crédit Foncier's risk policy is to mitigate this risk and allow the development of activities across all businesses and entities of Groupe Crédit Foncier, within a framework that secures profitability and equity. It expresses the Institution's risk tolerance in compliance with BPCE's standards and limits and is therefore broken down according to the various risk standards, umbrella charters and delegations.

As such, it makes the link between the strategic imperatives as approved by the Board of Directors, which determine capital allocations and the business line-wise development plan, commitment rules and, finally, business procedures. It is also approved by the supervisory body.

The risk policy is consistent with macro-risk mapping and the Risk Appetite Framework.

These three documents are approved by the supervisory body.

The risk management methods as well as the measures to reduce various types of risks concerning Groupe Crédit Foncier, including Compagnie de Financement Foncier, are standardized therein.

The risk policy must be translated and integrated by the business lines into their operational procedures.

Furthermore, it is specified that the role of the Specific Controller is mainly to assess the quality of the risk management and monitoring procedures implemented by Compagnie de Financement Foncier.

These risk reduction methodologies, mainly including the procedures and macro-mapping, which are reviewed regularly, as well as comitology, lead us to believe that the risk is low.

7. Credit risk analysis

OVERALL ANALYSIS

Compagnie de Financement Foncier is mainly exposed to credit risk and counterparty risk. The exposure to this type of risk, however, is limited by:

- the rigorous selection of its assets and counterparties;
- the existence of guarantees in compliance with the legal framework applicable to *sociétés de crédit foncier*;
- specific internal control environment within Groupe Crédit Foncier's own control environment, and more broadly within that of Groupe BPCE.

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS REPAYABLE ON DEMAND

No loan or receivable due from credit institutions was reclassified as doubtful in 2020. Out of the €23.7bn in loans and receivables due from credit institutions, €23.1bn are term loans to Groupe BPCE entities. Moreover, these loans are mostly secured by receivables, in accordance with Article L. 211-38 of the French Monetary and Financial Code.

The creditworthiness of all Groupe BPCE entities, together with the quality of the receivables posted as collateral, thereby greatly limit the risk associated with this exposure.

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

Loans and receivables due from customers amounted to €35.3bn at December 31, 2020, including €1.3bn of doubtful loans, compared with €37.6bn and €1.4bn at December 31, 2019. Doubtful loans (€1.3bn) and impairment (€58.7m) remained exclusively concentrated on home loans.

HELD-TO-MATURITY SECURITIES

Outstanding held-to-maturity securities amounted to €6.4bn at December 31, 2020.

None of these securities were reclassified as doubtful or impaired in 2019.

The outstanding amount (excluding accrued interest and after premiums or discounts) was split across Italy (45%), the United States (21%), Japan (8%), France (10%), Spain (3%), Canada (6%), Poland (6%), and other countries with non-material amounts (1%).

8. Financial risk analysis

EXCHANGE RATE AND FOREIGN EXCHANGE RISK

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

Compagnie de Financement Foncier is only very marginally exposed to interest rate risks thanks to the hedging mechanisms implemented.

As soon as an asset is recorded on the balance sheet, it is transformed, if necessary, into a variable-rate asset in euros. Macro-hedging swaps are entered into when acquiring loan portfolios, micro-hedging swaps are made for single transactions. Similarly, the debt issued by Compagnie de Financement Foncier is micro-swapped at the outset to transform it into variable rate liabilities in euros.

Interest rate positions are also reviewed each quarter and macro-hedging transactions are arranged if they deteriorate to a point that might result in non-compliance with the strict limits to which Compagnie de Financement Foncier has committed. The basic risks, resulting from different reference rates on positions already transformed into variable rates by swaps, are also managed through macro-hedges.

All of the counterparties to these currency or interest rate swaps have concluded collateralization agreements with Compagnie de Financement Foncier that require them to provide a security deposit to the benefit of the Compagnie de Financement Foncier in case of a debit position and depending on their rating. In the majority of cases, these requests are made on a daily basis.

If the opposite situation occurs, these agreements stipulate that Compagnie de Financement Foncier shall not deposit any collateral. As of December 31, 2020, the amount of deposits received was €0.9bn.

Because of these ALM principles, Compagnie de Financement Foncier holds significant amounts of outstanding financial instruments for micro- and macro-hedging in interest rates and currencies.

Ultimately, at December 31, 2020, outstanding financial instruments for micro- and macro-hedging amounted to €65.1bn, including €53.6bn in rate swaps and €11.4bn in currency swaps; on December 31, 2019, they were €68.4bn, including €55.2bn in rate swaps and €13.2bn in currency swaps.

Given the management rules of Compagnie de Financement Foncier, changes in the interest rate position are a result of events not known when the transaction was entered into and which occurred during the term of the contract. These consist mainly of early repayments of fixed-rate loans granted to private individuals.

As the date of the event is not predictable, and the repayment fees received by the lender are capped by law, Compagnie de Financement Foncier cannot completely cover the original risks incurred.

Although interest rates remain low and competition intense between credit institutions, early repayments have remained stable compared to last year. In 2020, all loans to Individuals recorded an early repayment rate of 8%, stable compared to 2019.

Compagnie de Financement Foncier's interest rate risk is monitored by calculating interest rate gaps subject to very tight limits per observation period. Should any of these limits be exceeded, the situation is corrected by means of a macro-hedging adjustment. The limits were respected in 2020.

LIQUIDITY RISK

The very prudent liquidity management policy continued in 2020. Compagnie de Financement Foncier may mobilize its cash, replacement securities or eligible assets for the Banque de France's intra-day credit transactions to meet the contractual maturities of all of its privileged debt, for at least 180 days.

At December 31, 2020, Compagnie de Financement Foncier had available cash of €1.40bn, of which €1.35bn with Banque de France, and €6.6bn granted to BPCE and Crédit Foncier with a maturity of less than two months and mainly guaranteed by a loans portfolio.

Compagnie de Financement Foncier's Liquidity Coverage Ratio (LCR), has also always been above 110% since 2015.

9. Information on internal control

ORGANIZATION OF INTERNAL CONTROL

REGULATORY ENVIRONMENT AND ITS APPLICABILITY TO THE ENTITIES OF GROUPE CRÉDIT FONCIER

In its dual capacity as credit institution and société de crédit foncier, Compagnie de Financement Foncier operates within a very comprehensive legal and regulatory framework governing its activities and their control.

As a credit institution, this framework is primarily governed by the French Monetary and Financial Code (*Code Monétaire et Financier* – CMF) and the regulations set forth by the French Banking and Finance Regulatory Committee (*Comité de la Réglementation Bancaire et Financière* – CRBF), and, with regards to internal controls, by the Order of November 3, 2014 concerning the internal control of credit institutions, companies providing payment and investment services that are subject to the supervision of the French Prudential Supervisory and Resolution Authority.

As a *société de crédit foncier*, Compagnie de Financement Foncier is subject to specific provisions set forth in Articles L. 513-2 to L. 513-27 of the French Monetary and Financial Code (CMF) and in various implementing decrees (Articles R. 513-1 to 513-21 of the CMF, CRBF Regulation No. 99-10 as amended, etc.). This legislative and regulatory environment governing *sociétés de crédit foncier* was reviewed and modernized in 2010 and came into force as of the 2011 fiscal year. Changes in the legal and regulatory framework equally took place in 2014 and 2016 with Sapin II legislation.

These changes include the appointment of a Specific Controller, approved by the ACPR. This person is in charge of monitoring compliance with legal requirements: asset eligibility, overcollateralization, congruence of rates and maturity and valuation of assets or underlying securities.

The Controller drafts an annual report, which is then submitted to the French Prudential Supervisory and Resolution Authority and executive officers.

Compagnie de Financement Foncier is also provider of investment services and therefore subject to the General Regulation of the French Financial Markets Authority (AMF). The Head of Compliance at Crédit Foncier acts as Head of Investment Services Compliance (RCSI). Holder of the card issued by the AMF for Compagnie de Financement Foncier, she ensures compliance with financial regulations. To structure her work, she has drawn up a set of procedures focusing on the warning mechanism available for people exposed to conflicts of interest, the management of professional cards issued by the AMF, the recording of telephone communications, restricted access to the trading floor, and the certification of products and services.

In accordance with the legal framework that provides a privilege for holders of covered bonds, the law stipulates that *sociétés de crédit foncier* may not have their own resources.

Compagnie de Financement Foncier relies on the resources of its parent company to carry out its activities. Crédit Foncier thus provides a certain number of services on behalf of Compagnie de Financement Foncier under a series of agreements, one of which specifically covers internal control and compliance services.

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

INTERNAL CONTROL STAKEHOLDERS

The Crédit Foncier control system has two levels of permanent control and a periodic control level.

FIRST-LEVEL PERMANENT CONTROL

Operational staff carry out first-level permanent control (PC1) under the supervision of line management. The control methods are specified in procedural and operating manuals, with units being responsible for producing and updating them.

SECOND-LEVEL PERMANENT CONTROL

Following the consolidation of Crédit Foncier's activities within Groupe BPCE on April 1, 2019, the control structure underwent significant reorganization in early 2020 with, in particular, the strengthening of the supervision of outsourced services and the incorporation into the Compliance Division of the permanent control coordination function and the second-level control functions, which previously reported to the operational divisions responsible for managing loans to Individuals and Corporates.

Second-level permanent control is conducted by independent divisions independent of operational structures and reporting to the executive director in charge of the Risk and Compliance department:

- the Risk Division measures, controls and oversees credit and counterparty risks, as well as financial risks;
- the Compliance and Permanent Control Division is primarily tasked with controlling non-compliance risks and those stemming from investment services. It also covers ethics, anti-money laundering and fraud; This division also includes the Head of Investment Services Compliance (RCSI). With the incorporation of the permanent control coordination function in 2020, she is now responsible for cross-business control within Groupe Crédit Foncier;

- the Head of Information Systems Security for Groupe Crédit Foncier defines the information systems security policy and coordinates a network of officers within the Company. He/she also monitors the compliance of the Company's practices with applicable data protection regulations (CNIL, GDPR);
- the "Contingency and Business Continuity Plan" function of Groupe Crédit Foncier is responsible for updating and maintaining the operational functions of the plan drawn up to ensure business continuity at Crédit Foncier, following the occurrence of a major risk;
- Financial Control is not an operational activity, but controls the accounting and regulatory data produced by Crédit Foncier and its subsidiaries.

These divisions ensure compliance with internal procedures and legislative and regulatory provisions, as well as strong risk control. They draw up and implement an annual control plan. They check that the first-level permanent controls are implemented and carry out additional controls. The results of their audits are periodically presented to the Crédit Foncier Internal Control Committee.

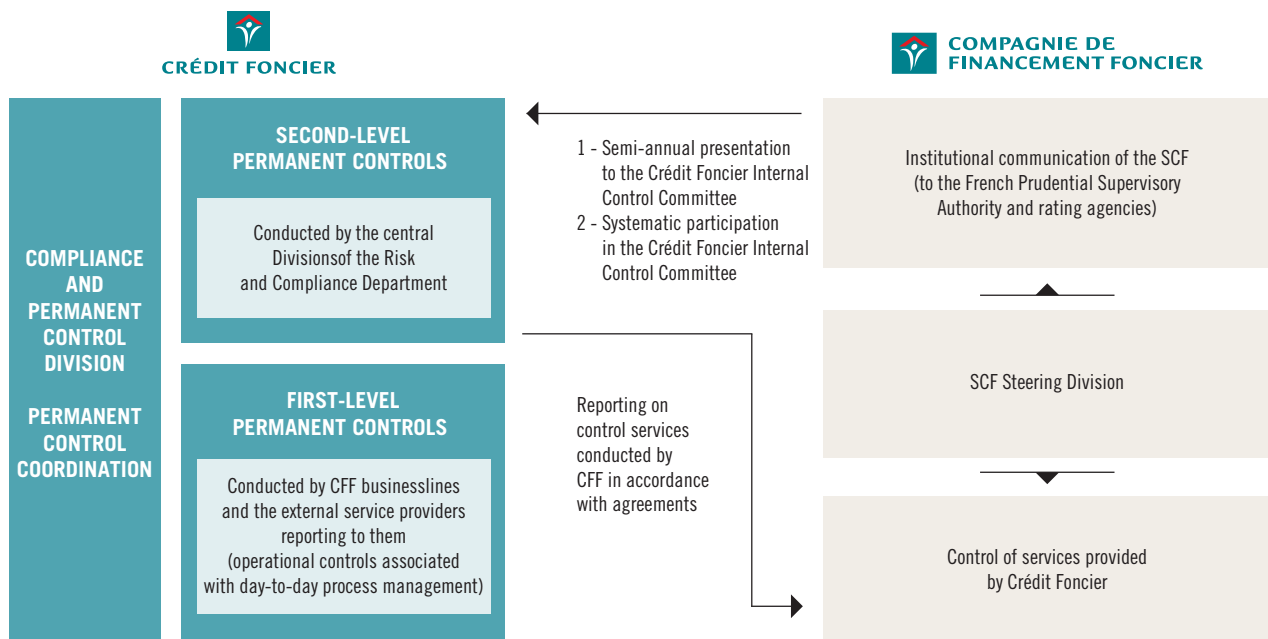
PERIODIC CONTROL

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

The shareholder's control unit may also contribute to periodic controls by auditing Groupe Crédit Foncier and forwarding recommendations to Crédit Foncier's Internal Audit Division, which oversees their implementation.

ORGANIZATION OF INTERNAL CONTROL

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



THE INTERNAL CONTROL COMMITTEE OF CRÉDIT FONCIER

The Internal Control Committee (ICC) deals with control issues at Compagnie de Financement Foncier as a subsidiary of Groupe Crédit Foncier and also as an entity benefiting from services from Crédit Foncier.

It meets at least four times a year under the chairmanship of the Chief Executive Officer of Crédit Foncier, the permanent and periodic control officers and the Head of the Risk and Compliance department of Crédit Foncier. It also includes the Volcker Committee.

Its main responsibilities are to:

- ensure the proper organization and completeness of the permanent control of the activities, the effectiveness of the risk monitoring and control systems of Crédit Foncier and its subsidiaries;
- coordinate actions to ensure compliance, operational risk control and internal procedures, quality, availability of information processed by the Information Systems (IS) and the security of these systems;
- ensure that deficiencies identified at any stage of the control process are resolved and monitored;
- act as a Volcker Committee under the US Dodd-Frank Wall Street Reform and Consumer Protection Act, which has added a new section 13 to the Bank Holding Company Act of 1956 (BHC Act), section 13, commonly referred to as "Volcker Rule".

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

THE RISK EXECUTIVE COMMITTEE

The Crédit Foncier Risk Division is responsible for managing risks, in particular through the Crédit Foncier Risk Executive Committee, the Central Committee of Groupe Crédit Foncier's Risk department. By virtue of its status as a *société de crédit foncier*, Compagnie de Financement Foncier also carries out the in-depth monitoring of its risks, in particular through a dedicated Risk Executive Committee, with oversight by the Crédit Foncier Risk Division.

These committees are responsible for defining the risk policy, monitoring its proper application and, more broadly, ensuring risk oversight and control at Crédit Foncier and its subsidiaries, in line with the general risk policy drawn up by Groupe BPCE.

The Risk Executive Committee of Compagnie de Financement Foncier meets at least once a quarter. It is chaired by the Chief Executive Officer of Compagnie de Financement Foncier and its secretariat is ensured by the Crédit Foncier Risk Division.

The committee monitors:

- credit and counterparty risks (monitoring of outstanding loans, revaluation of collateral, historical analysis of the ratings of outstanding loans, monitoring of limits);
- financial risks: interest rate, liquidity, exchange rate (summary of meetings of the ALM Committee of Compagnie de Financement Foncier);
- operating risks: incident reports, impact in terms of risk mapping, impact assessment (where applicable);
- regulatory (regulatory ratios, compliance developments).

CORPORATE GOVERNANCE

Compagnie de Financement Foncier's Executive Management is responsible for managing the Company. It is in charge of the management of risks and internal controls.

The Board of Directors of Compagnie de Financement Foncier exercises control over the management of the Company and directs strategy. It is involved in the most important decisions and is kept regularly informed of the level of indicators. Its work is prepared by the Audit Committee and the Risk Committee of Compagnie de Financement Foncier, which carry out the essential tasks of first ensuring that relevant and consistent accounting methods are used to prepare the Company's financial statements and second, of assessing the quality of internal controls, including measurement, monitoring and risk management systems, and finally, if necessary, proposing an appropriate course of action.

COMPLIANCE

An integral part of the internal control system required by regulations governing credit institutions and investment services suppliers (ISS), the compliance control system refers to all the resources employed to ensure respect with provisions pertaining to banking and financial activities, professional and ethical standards, Group rules and instructions from executive directors made on the basis of guidance from the supervisory body.

Reporting to the executive director in charge of the Compliance and Permanent Control department, Crédit Foncier's Compliance and Permanent Control Division has recourse to Groupe BPCE's internal control charter dated July 30, 2020. In this context, it is responsible for identifying, evaluating and monitoring non-compliance risks (including misconduct) notably through a system of operational and procedural control that reflects their scale and their complexity, contributing to developing risk policies and, lastly, notifying executive directors and the Board of Directors. It monitors the first- and second-level permanent control of non-compliance risks (including the risk of misconduct) and general risks linked to business activity. Its activities include financial and general ethics, combating money laundering and terrorist financing, preventing and dealing with fraud risks as well as specific control of the compliance of investment services, compliance with the law on the separation and regulation of banking activities and the Volcker rule.

The Compliance and Permanent Control Division helps with the functional coordination of the permanent controllers assigned to the various operational scopes and support functions.

It regularly reports on its work to Executive Management, the Internal Control Committee, the Risk Committee, the Board of Directors and the central institution.

WORK PERFORMED BY THE INTERNAL AUDIT DIVISION

STRUCTURE AND RESOURCES OF THE INTERNAL AUDIT DIVISION

Risk assessment and the permanent control system are the responsibility of the Internal Audit Division.

It reports on its work to the Chief Executive Officer and to the Risk Committee.

At the end of 2020, the Division had seven employees. All were university graduates drawn from a number of complementary fields (finance, legal, sales).

An annual audit plan is prepared by the Internal Audit Division of Crédit Foncier, working in conjunction with the Executive Management of Crédit Foncier and in consultation with BPCE's Internal Audit Division. The plan is approved by Crédit Foncier's Executive Management and submitted to its Risk Committee. It covers the scope of intervention of the Internal Audit Division, on the basis of a multi-year plan within an audit cycle of at most four years; intrinsically risky activities are audited more frequently. During the year, specific audits or reviews may be conducted at the behest of Executive Management or the Risk Committee. To cover the audit plan, Crédit Foncier's audit function was assisted by BPCE's Internal Audit Division, which carried out one internal audit, compared with four initially planned, as was organized between Crédit Foncier and BPCE managers. Two cancellations were the result of Covid lockdown measures and the third was due to a regulatory change (*annual audit of Volker no longer compulsory in respect of independent testing*).

Reports on the audits conducted are sent to the Executive Management of Crédit Foncier, the Risk Committee, the Board of Directors and, where necessary, the executive body of the relevant subsidiaries. Information is also provided to the Executive Committee, allowing a final review of recommendations prior to implementation. A summary of the follow-up on recommendations is sent to the aforementioned bodies in addition to the Executive Committee, which reviews any recommendations that are particularly difficult to implement.

INSPECTION ASSIGNMENTS CONDUCTED IN 2020

The Crédit Foncier Internal Audit Division conducted the whole of its audit plan in 2020. The assignments carried out were included in the annual audit plan approved by the Audit Committee on December 16, 2019 with the exception of the "Corporate Public" and "Valuation of derivatives" assignments. The first of which was conducted in replacement of the Going Concern Assignment: Crédit Foncier has *de facto* tested its business continuity plan on a full scale through widespread teleworking in response to the Covid crisis.

The 2020 audit plan was generally followed. The few postponements – which were partly offset by new assignments – are the result of:

- the effects of the health crisis: travel abroad required for the Banco Primus mission postponed, interruption of the audit of the Caisse de retraite due to the fact that the assignment begun during a period before the beginning of lockdown;
- changes in regulations (independent testing Volcker rules are no longer mandatory) or reinforcements in the organization that is to be "consolidated" (PECI: introduction of a coordinator and operational external audit under way).

FOLLOW-UP ON RECOMMENDATIONS FROM PREVIOUS ASSIGNMENTS

Monitoring of the implementation of audit recommendations is based on the reports submitted by the audited entity's management, indicating the percentage of completion and including, if necessary, an action plan and a new deadline.

The audited units now enter the reports into the Group's intranet database made available to them. These reports must be accompanied by supporting documentation provided by the audited entity and containing all the necessary proof of completion. The Internal Audit Division systematically verifies whether the audit

recommendations have actually been implemented by checking documents when the completion rate reaches 100%.

A detailed statistical report is prepared quarterly to provide a clear summary report to Executive Management, the Executive Committee, the Risk Committee and the Board of Directors: it includes requests to extend or abandon recommendations. Recommendations not implemented according to the initial timetable are specifically reviewed by the Executive Committee. However, recommendations are generally implemented within the provided timescales.

When an entity is re-audited, the status of previous recommendations is systematically examined.

The recommendations are generally implemented in good conditions and within the provided timescales.

CONTROL PROCEDURES FOR ACCOUNTING AND FINANCIAL INFORMATION

Following the implementation of the plan for the audit of past outstandings in credit accounting and the use of the aging balance, the Accounting Division reduced the number of past outstanding in the accounts. The situation of these accounts is monitored by the Accounting Department. In addition, it incorporated the other interim accounts of the other activities of the Accounting Division into the matching tool. An aging balance committee now meets quarterly for all activities.

BPCE'S ROLE

BPCE's Accounting Division is responsible for standardization, supervision, appraisal, oversight, forecasting, regulatory monitoring and the Group's representation in prudential and accounting matters.

In this capacity, it defines and updates the Group's accounting standards, comprised of a Group Accounting Plan together with accounting rules and methods applicable to all Group entities. These rules and methods include general accounting tables and are summarized in a manual used by all the Group's institutions. This manual is regularly updated based on changes in accounting regulations. Furthermore, the rules for preparing the half-year and annual financial statements are the subject of a specific report in favor of harmonizing accounting procedures and statements and the preparation of the closing of accounting.

THE INSTITUTION'S AUDIT COMMITTEE

Accounting and financial statements (annual and half-year consolidated financial statements) are presented to the Audit Committee. This committee analyzes the statements, receives the conclusions of the Statutory Auditors and submits its conclusions to the Board of Directors.

STRUCTURE OF THE GROUPE CRÉDIT FONCIER'S ACCOUNTING FUNCTION

Accounting at the groupe Crédit Foncier is performed by the Accounting Division. This division is directly responsible for preparing the financial statements and regulatory declarations for all Crédit Foncier Group entities. Following the reorganization that took place in February 2020, all decentralized accounts are now attached to the Accounting Division. Human resources accounting, accounts payable accounting and financial transactions accounting are an integral part of Crédit Foncier's Accounting Division.

Crédit Foncier's Accounting Division is organized as follows:

Functions	Main responsibilities in accounting system operations	Main responsibilities in compiling and summarizing data
	Individual financial statements: <ul style="list-style-type: none"> ■ account-keeping for Crédit Foncier, Compagnie de Financement Foncier, and preparation of the parent company financial statements; ■ tax declarations. 	<ul style="list-style-type: none"> ■ balance sheets, income statements and notes for these entities; ■ monthly summary results statements of the Group's two main credit institutions (Crédit Foncier, Compagnie de Financement Foncier).
Reporting and consolidation	Consolidated financial statements: <ul style="list-style-type: none"> ■ centralization of consolidation packages; ■ preparation of the consolidated financial statements; ■ implementation of consolidation procedures (use of Groupe BPCE BFC software package). 	<ul style="list-style-type: none"> ■ balance sheets, income statements and notes for the groupe Crédit Foncier; ■ consolidated quarterly results of Groupe Crédit Foncier; ■ consolidated monthly results under French GAAP.
Regulatory and prudential disclosures	<ul style="list-style-type: none"> ■ regulatory disclosures at Company level (SURFI, etc.); ■ calculation of the specific ratios of Compagnie de Financement Foncier; ■ consolidated prudential declarations to the ACPR and/or the ECB (via BPCE, Central institution), in partnership with the Risk Division. 	<ul style="list-style-type: none"> ■ reporting to the ACPR and the ECB (via BPCE, Central institution).
Operational accounting	<ul style="list-style-type: none"> ■ supervision and control of interface operations between the loan management system, accounting software packages and reporting databases in cooperation with the IT firm IT-CE; ■ account-keeping for loan management chains and peripheral chains. 	<ul style="list-style-type: none"> ■ reporting on outstanding loans and loan flows.
Accounting of financial transactions	<ul style="list-style-type: none"> ■ monitoring and control of the SUMMIT app in liaison with BPCE-SF. 	<ul style="list-style-type: none"> ■ reporting on the accounting of financial transactions (securities, bonds, swaps, etc.).
Subsidiaries' accounting	<ul style="list-style-type: none"> ■ account-keeping for non-banking subsidiaries and preparation of individual financial statements; ■ tax declarations. 	<ul style="list-style-type: none"> ■ balance sheets, income statements and notes for these entities.

FINANCIAL CONTROL

The organizational principles governing accounting control, as part of the process of task decentralization, are set out in the "Framework for controlling the quality of accounting and financial information" approved at the Internal Control Coordination Committee meeting of June 9, 2016.

Following the update of the "Framework for controlling the quality of accounting and financial information" approved at the Internal Control Coordination Committee at BPCE on June 17, 2020, the Accounting and Regulatory Audit unit is now called Financial Control. Changes to the "Framework for controlling the quality of accounting and financial information" relate to second-level control systems and the reinforcement of hierarchical and functional reporting.

As such, from February 2020, Financial Control reports to the Head of Risks and Compliance and Permanent Controllers (DRCCP). The Financial Control function remains the responsibility of the Head of Permanent Control Coordination.

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

The audits to be performed are set out in an annual audit plan proposed by the Financial Control unit, presented to the Permanent Control Coordination Division and approved by the Internal Control Committee.

These audits include:

- in-depth controls at the quarterly reporting dates, in particular of the evidence supporting the accounts (balance sheet and off-balance sheet accounts);
- regular controls on the main regulatory and tax declarations as well as issues related to summary reports.

They result in the establishment of briefing notes sent to the Accounting Division, the Permanent Controls Coordination Division and the Statutory Auditors.

The consolidation packages, prepared by the subsidiaries and certified by their Statutory Auditors in the respective financial statements, are reviewed in detail and checked for consistency by the Consolidation Unit.

All the regulatory and prudential reports are consolidated by BPCE, which runs automated consistency checks before sending them to the French Prudential Supervisory and Resolution Authority.

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

Financial Control is a key point of contact for the Statutory Auditors as part of their audit assignment. Moreover, it ensures the implementation of recommendations made by the Statutory Auditors.

AUDIT OF FINANCIAL DATA

Disclosures of financial information (regulatory restitutions intended specifically for the French Prudential Supervisory and Resolution Authority (ACPR), Registration documents submitted to the French Financial Markets Authority) are carefully checked by the relevant departments (Management Control, Financial Management, General Accounting).

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

10. Regulatory and prudential information

Compagnie de Financement Foncier publishes a Risk Control and Monitoring report in which all the ratios and indicators applicable to *sociétés de crédit foncier* are disclosed according to regulations in force.

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

11. Other information

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

	Suppliers' invoices received and not settled at the closing date				
(in €k)	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	more than 91 days	Total
A) Late payment tranche					
Number of invoices	0	0	0	0	0
Total amount of invoices concerned (incl. VAT)	0	0	0	0	0
Percentage of the total amount of the year purchases (incl. VAT)	As of December 31, 2020, all invoices received and due have been settled with suppliers.				
B) Invoices excluded from A) associated with disputed or unrecognized receivables					
Number of invoices excluded					None
Total amount of excluded invoices					None
C) Benchmark payment periods (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)					
Payment periods used for late payment calculation	Contractual periods: 30 days from invoice date				

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

Most of Compagnie de Financement Foncier's management is outsourced to Crédit Foncier, and billed by the latter. No debt relating to invoices received and not yet settled is recorded on Compagnie de Financement Foncier's balance sheet as of December 31.

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

CUSTOMER PAYMENT PERIOD (ARTICLE L. 441-6-1 OF THE FRENCH COMMERCIAL CODE) ⁽¹⁾

	Suppliers' invoices received and not settled as at the closing date				
(in €k)	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	more than 91 days	Total
A) Late payment tranche					
Number of invoices	0	0	0	0	0
Total amount of invoices concerned (incl. VAT)	0	0	0	0	0
Percentage of the total amount of the year sales (incl. VAT)					
B) Invoices excluded from A) associated with disputed or unrecognized receivables					
Number of invoices excluded					None
Total amount of excluded invoices					None
C) Benchmark payment periods (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)					
Payment periods used for late payment calculation				Contractual periods: Invoice date	

No customer receivables that are not part of the banking business are shown in Compagnie de Financement Foncier's balance sheet as of December 31.

INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS

Not applicable. As a *société de crédit foncier*, Compagnie de Financement Foncier is prohibited by law from holding equity investments.

EMPLOYEE PARTICIPATION IN THE SHARE CAPITAL

Not applicable. Compagnie de Financement Foncier does not have any employees of its own.

INFORMATION ON ESTABLISHMENTS AND ACTIVITIES

Not applicable. Compagnie de Financement Foncier does not have any premises of its own.

INVESTMENTS**IN 2021**

Compagnie de Financement Foncier did not make any major investments (investment of over €30m requiring a qualified majority of the Board of Directors) between January 1, 2021 and the Universal registration document filing date.

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

IN 2020

Compagnie de Financement Foncier did not make any major investments (investment of over €30m requiring a qualified majority of the Board of Directors) during the year.

IN 2019

Compagnie de Financement Foncier did not make any major investments (investment of over €30m requiring a qualified majority of the Board of Directors) during the year.

IN 2018

Compagnie de Financement Foncier did not make any major investments (investment of over €30m requiring a qualified majority of the Board of Directors) during the year.

IN 2017

Compagnie de Financement Foncier did not make any major investments (investment of over €30m requiring a qualified majority of the Board of Directors) during the year.

RESEARCH AND DEVELOPMENT

Compagnie de Financement Foncier did not carry out any research and development in 2020.

MAIN RISKS AND UNCERTAINTIES

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

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

12. Post-balance sheet event

No subsequent event liable to have a significant impact on the financial statements at December 31, 2020 occurred between the closing date and February 10, 2021, the date on which the Board of Directors approved the financial statements.

13. Outlook

The magnitude of public interventions and the support of banks are helping to delay the consequences of the Covid-19 health crisis, the outcome of which remains uncertain. Compagnie de Financement Foncier intends to continue its development in 2021, in line with the strategic guidelines of Groupe BPCE and for its benefit:

- continued development and management of a network of investors in covered bonds rated AAA (by rating agencies);
- continued growth of funding of eligible loans originated by Groupe BPCE entities, by way of assignment of true sales of collateralized loans;

- active management of its assets in order to maintain their high quality, while preserving their profitability;
- continued optimization of financial risk hedging.

For more information about the future outlook, and particularly the economic and financial environment, please refer to “Economic and Regulatory Environment” on page 33.

14. Social and environmental information

NON-FINANCIAL PERFORMANCE STATEMENT

In view of the size of the balance sheet, the level of revenues and the number of employees, Compagnie de Financement Foncier must insert a Non-financial performance statement in the Management report pursuant to Article L. 225-102-1 II of the French Commercial Code.

Furthermore, Compagnie de Financement Foncier, a wholly-owned subsidiary of Crédit Foncier, is consolidated into the financial statements of Crédit Foncier. Crédit Foncier, 100% owned by BPCE, is itself consolidated in the financial statements of BPCE, which is domiciled in France and publishes a consolidated non-financial performance statement.

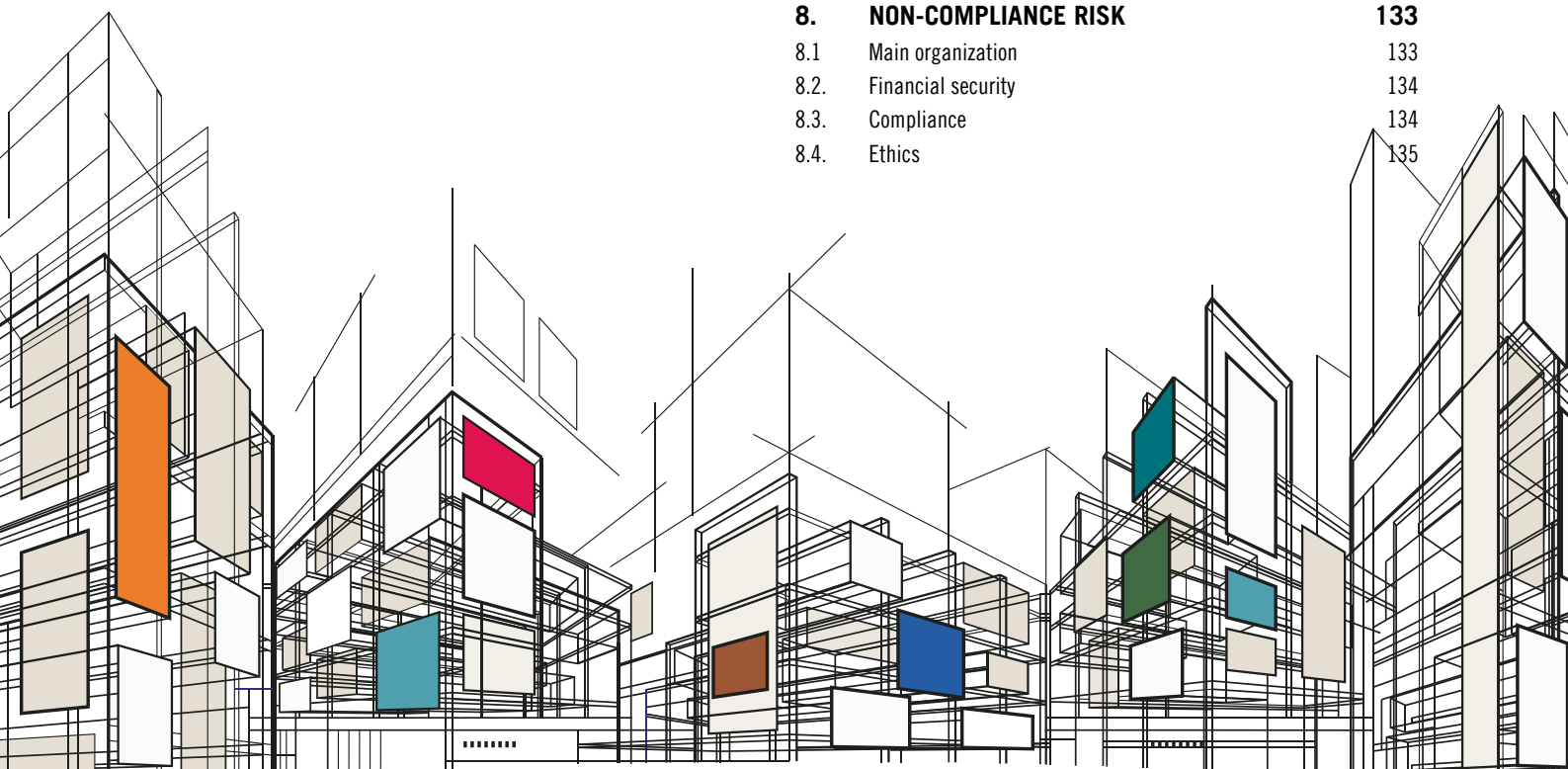
Pursuant to Article L. 233-16, Compagnie de Financement Foncier is therefore under no obligation to publish a non-financial performance statement for its own scope.

Groupe BPCE's non-financial performance statement can be viewed on the BPCE website:

<https://www.groupebpce.fr/Investisseur/Resultats/Documents-de-reference>

RISK MANAGEMENT REPORT

1. GOVERNANCE AND RISK MANAGEMENT SYSTEM	98	Appendix 3 – Breakdown of the collateral portfolio revalued using the BPCE method for loans held by Compagnie de Financement Foncier as of November 30, 2020.	125
1.1. Organization of the Risk, Compliance and Permanent Control departments	98	Appendix 4	126
1.2. Loan selection process	101		
2. CHANGES IN ASSETS	104	6. FINANCIAL RISK ANALYSIS	127
3. CHANGES IN LIABILITIES	105	6.1. Methodology used to assess liquidity, interest rate and exchange rate risks	127
4. PRUDENTIAL RATIOS	106	6.2. Liquidity risk monitoring	128
4.1. Specific ratios	106	6.3. Monitoring of overall interest rate risk	129
4.2. Management of capital	107	6.4. Monitoring foreign exchange risk	130
5. ANALYSIS OF CREDIT AND COUNTERPARTY RISK	108	6.5. Monitoring settlement risk	130
5.1. Breakdown of Compagnie de Financement Foncier's commitments	108	7. OPERATING RISKS	131
5.2. Delinquency	114	7.1. Main organization	131
5.3. Risk mitigation technique	115	7.2. Governance	131
Appendix 1 – Breakdown of loans and collateral by periodic review method	119	7.3. Management environment	131
Appendix 2 – Statistical changes Crédit Foncier (A.1)	120	7.4. Organization of the Contingency and Business Continuity Plan (CBCP)	132
		7.5. Information technology risk	132
		7.6. Personal data protection	132
		7.7. Insurance	132
		7.8. Legal risks	132
		8. NON-COMPLIANCE RISK	133
		8.1. Main organization	133
		8.2. Financial security	134
		8.3. Compliance	134
		8.4. Ethics	135



1. GOVERNANCE AND RISK MANAGEMENT SYSTEM

1.1. Organization of the Risk, Compliance and Permanent Control 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:

- i) Financial Control;
- ii) the Credit Risk department;
- iii) the Financial Risk department;
- iv) the Risk Governance department;
- v) the Compliance and Permanent Control department (DCCP);
- vi) the Business Security department.

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

The Compliance and Permanent Control Division includes:

- i) compliance and ethics;
- ii) financial security in charge of preventing and dealing with money laundering, financing of terrorism and internal and external fraud risks;
- iii) permanent control;
- iv) operational risks.

Crédit Foncier's Risk and Compliance Division is an integral part of the risk framework of Groupe BPCE. Compagnie de Financement Foncier relies on the systems and the network organization set up at Crédit Foncier.

1.1.1. ORGANIZATION OF GROUPE CRÉDIT FONCIER'S RISK DEPARTMENT

Crédit Foncier's Risk department, which reports functionally to BPCE's Risk department, covers Compagnie de Financement Foncier. The institution's risk policy has been formally set out in a document describing its various responsibilities and its organization, which serves as a framework for the development of its activities, including activities carried out on behalf of Compagnie de Financement Foncier and the management of the capital of group Crédit Foncier entities.

In the specific case of Compagnie de Financement Foncier, the Risk department conducts its activities within the framework of the agreements signed between Crédit Foncier and its *société de crédit foncier*. The Risk department reports on its activities to the Risk Executive Committee, Risk Committee and to Executive Management of Compagnie de Financement Foncier.

The 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 organization of Crédit Foncier: the Compagnie de Financement Foncier Risk Executive Committee and Crédit Foncier Internal Control Committee are the umbrella committees of this organization.

Compagnie de Financement Foncier's **Risk Executive Committee** is chaired by its Chief Executive Officer. Meeting at least quarterly, its main responsibilities are to deal with:

- the general risk policy;
- analyzing and monitoring the institution's overall risk profile based on the results of the rating systems, measurement and assessment (*stress scenarios*, etc.) and its principle exposures;
- measuring the quality of its commitments on the basis of summary reports;
- risk management: monitoring risk, reviewing regulatory and specific ratios, monitoring the burden of risk, producing and analyzing *stress scenarios*, and monitoring capital.

The **Internal Control Committee**, chaired by the Chief Executive Officer of Crédit Foncier, meets at least four times a year and comprises the representatives of control functions. This Committee has the following duties:

- ensure the good 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 Bank Holding Company Act of 1956 ("BHC Act"), section 13, commonly referred to as "Volcker Rule".

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

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 GROUP CRÉDIT FONCIER'S COMPLIANCE AND PERMANENT CONTROL DEPARTMENT

Crédit Foncier's Compliance and Permanent Control department (DCCP) manages Compagnie de Financement Foncier's compliance function.

Crédit Foncier's DCCP reports functionally to the Groupe BPCE Compliance Division (GCD) as well as the Group's Permanent Control Coordination and Accounting Review Divisions.

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

Under the umbrella charter on internal control 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. The DCCP includes the Financial Security department, in charge of the prevention and treatment of money laundering, terrorist financing, internal and external frauds risks. It acts as "SRBA Volcker Officer" on behalf of Groupe Crédit Foncier together with the Risk department – Financial risks. It also covers the Permanent Control and Operational Risks departments. It reports on its activity and the controls carried out through periodic reports sent to the Institutional Relations department.

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

Part of the personnel dedicated to second-level permanent controls of operational entities dealing with personal and corporate credit activities in Crédit Foncier have been centralized in this entity.

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

1.1.3. ORGANIZATION OF THE INFORMATION SYSTEMS SECURITY DEPARTMENT

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

Governance in terms of Information Systems Security at group Crédit Foncier is organized around:

- an Information Systems Security Policy (ISSP) specific to Crédit Foncier, and its thematic variations underpinned by the Security Policy and the rules of Groupe BPCE;
- bodies such as the Internal Information Systems Security Committee (IISSC) chaired by an executive director;
- outreach plan to raise awareness about cyber attacks and security risks among all employees;
- a permanent control mechanism for Information Systems Security, combined with a half-yearly security report (security indicators).

1.1.4. ORGANIZATION OF THE CONTINGENCY AND BUSINESS CONTINUITY PLAN (CBCP)

The Contingency and Business Continuity Plan (CBCP) of Crédit Foncier encompasses the business continuity of Compagnie de Financement Foncier. The Contingency and Business Continuity Plan is under the responsibility of the Head of Business Security, who reports directly to the Chief Risk Officer of the Risk and Compliance Division of Crédit Foncier.

Compagnie de Financement Foncier has its own CBCP Manager, fully integrated in the group Crédit Foncier plan.

1.1.5. ORGANIZATION OF THE PERSONAL DATA PROTECTION SYSTEM

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

Data protection governance is organized around:

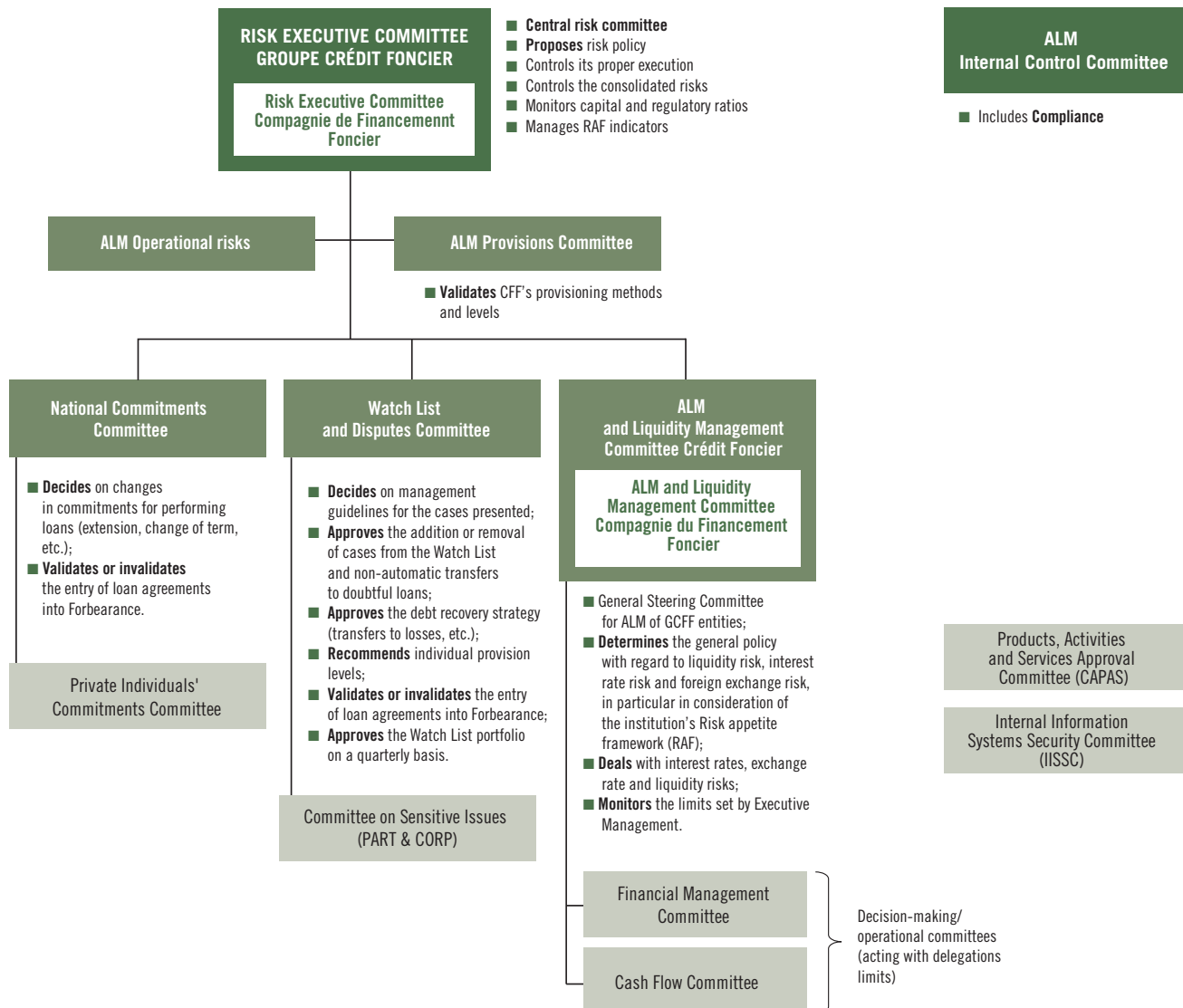
- a Group personal data protection policy applicable to Crédit Foncier and Compagnie de Financement Foncier;
- a half-yearly GDPR Committee Meeting, chaired by the Deputy Chief Executive Officer of Crédit Foncier;
- a GDPR department made up of business line representatives, appointed by a member of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

1.1.6. INFORMATION SYSTEM AND DATA CONSISTENCY

To comply with Basel II and subsequently Basel III, the Risk department ensures the accounting consistency of the data input into the risk management system. Compagnie de Financement Foncier's exposures are fully integrated into this data consistency mechanism.

Accordingly, all Groupe BPCE entities ensure that all data transferred to Group regulatory production systems are checked for accounting consistency at least quarterly.

RISK ORGANIZATION – COMMITTEES STRUCTURE



1.2. Loan selection process

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

- selection by Crédit Foncier during its loan granting process (until the first quarter of 2019);
- acquisition process during which Compagnie de Financement Foncier uses filters to screen loans acquired from Crédit Foncier.

The analysis is similar for purchasing loans and receivables to another entity of Groupe BPCE.

Compagnie de Financement Foncier's risk appetite is the level of risk it is willing to accept. It is consistent with the institution's operating environment, its strategy and its business model.

Compagnie de Financement Foncier's procedure, approved by the Board of Directors on July 28, 2016, falls within the general framework of group Crédit Foncier's risk appetite, approved by the Board of Directors on December 15, 2015, and reviewed on December 16, 2016, which itself is part of the general framework of Groupe BPCE's risk appetite, approved by BPCE's Supervisory Board and presented to the European supervisor in July 2015.

This framework is based on an overarching document which presents, qualitatively and quantitatively, the risks that Compagnie de Financement Foncier agrees to take. It describes the principles of governance and operation in effect, and is intended to be updated annually, especially to reflect regulatory changes.

The operational mechanism for risk appetite is based, in turn, on indicators broken down according to significant type of risk and is based on successive thresholds associated with distinct delegation levels, namely:

- operational limits or tolerance thresholds for which the executive directors may decide, directly or through the committees they chair, either on a return to below the limit, or the establishment of an exception;
- the resilience threshold that, when exceeded, could pose a risk to the continuity and stability of the business. Any breach of these limits requires that a report and an action plan be sent to the Supervisory Body.

Compagnie de Financement Foncier has adopted the procedure implemented at the Group level that is dedicated to the Recovery and Resolution Plan that concerns all BPCE institutions.

1.2.1. GENERAL ELECTION AND MONITORING SYSTEMS AT CRÉDIT FONCIER

Commitment selection and monitoring relies on:

- implementation of risk policies across activities (loans to individual customers, and to public and private Corporates), consistent with Group credit policies;
- definition of delegations, primarily with regard to public Corporates and the consumer business;
- a system of fixed limits governing main corporate exposures, in order to manage concentration risk;

- system for assessing borrowers' creditworthiness and the quality of transactions using internal rating engines and counter-analysis;
- risk monitoring primarily achieved through the following mechanisms: quarterly review of portfolios, committees dealing with sensitive issues and internal, external and regulatory reporting;
- risk management leading to the measurement and the prospective management of risks.

1.2.2. CREDIT RISK EVALUATION

Loan assessment tools are organized around two mechanisms:

- counter-analysis mechanism;
- ratings-based creditworthiness assessment during loan origination and regular monitoring based on the type of loan.

COUNTERANALYSIS MECHANISM

The counteranalysis system is related to a delegation chain that provides for a National Committee on Commitments level where a representative of the Risk department expresses an independent opinion supported by his counter-analysis. He/she has no say in the decision. For amounts above a specified limit, the Group Risk Management Division is asked to approve the execution of the transaction.

Loans are subject to a first analysis by the business lines, followed by a counteranalysis performed by a specialized independent unit.

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

RATING APPROACH

INDIVIDUALS

The system for rating the creditworthiness of Individuals is specific to Crédit Foncier especially because it has no deposit accounts.

During the granting process, this system is based on both an expert system and a statistical rating.

Loan portfolio risk monitoring is carried out *via* a monthly rating using the features of the property transaction and of the borrower at the time of origination, as well as information on any potential past due payments.

The rating scales are specific to the type of transaction (home ownership or loans for rental housing).

PUBLIC, PRIVATE AND INTERNATIONAL OPERATORS

For legal entities (private or public) and not assimilated to private individuals, each counterparty is rated based on a unique set of internal rating approaches employed Group-wide in Groupe BPCE.

The rating of this portfolio relies on internal rating applications developed by Groupe BPCE. For private and public Corporates, the rating approach is based on quantitative and qualitative creditworthiness assessments and on an expert system.

Ratings are reviewed annually.

The International public sector (IPS) portfolio is rated internally. The method used to rate IPS portfolio outstandings is a combination of an expert approach and an approach based on external ratings.

1.2.3. ELIGIBILITY CRITERIA FOR CRÉDIT FONCIER AND PURCHASING OR MOBILIZATION 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, the asset acquisition process implemented by Compagnie de Financement Foncier is very prudent and supplements a loan granting system that already ensures quality assets.

INDIVIDUALS

Compagnie de Financement Foncier acquires loans that finance home ownership and rental housing; that are secured by a first-ranking mortgage, a guarantee or equivalent.

Loan origination is carried out almost exclusively by Crédit Foncier. Compagnie de Financement Foncier will increasingly resort to the possibility of acquiring loans from other credit institutions of Groupe BPCE. The operating method for selecting loans is then adjusted accordingly.

After loan granting by a credit institution in accordance with existing policies and eligibility criteria, Compagnie de Financement Foncier acquires loans presenting a risk of default below a certain threshold, based on a selection process.

Eligible collateral are:

- first-ranking mortgages or equivalent;
- State guarantee provided by the guarantee fund for home ownership for low-income households (FGAS);
- on a more marginal scale, a guarantee from Crédit Logement, a financial company rated Aa3 by Moody's at December 31, 2020.

The LTVs applied to the mortgage value allow the determination of the outstanding amount of the loan that can be financed by privileged resources:

- 100% for FGAS guarantees;
- 80% for home loans granted to private individuals and secured by a first-ranking mortgage, a guarantee or equivalent;
- 60% for the others (relating mainly to social and commercial housing).

In addition, Compagnie de Financement Foncier uses a rating filter taking into account initial credit scores at origination and outstandings as described in the following table.

Loans and receivables that were under observation and thus kept on the Crédit Foncier balance sheet due to their lower ratings can now, since 2016, be purchased by Compagnie de Financement Foncier accompanied by a special termination clause automatically activated as soon as the loan becomes categorized as doubtful (for a period of four years identical to that of their previous observation).

FOR ALL CRÉDIT FONCIER ENTITIES EXCEPT THE BELGIAN BRANCH

Filter conditions								Disposal before 2016	Disposal since 2016	Existence of a revolution clause		
Doubtful (CX, DX, RX) or Performing and having been doubtful during the last 2 years								✗	✗			
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 does not concern 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) were based on BPCE's internal rating system.

This rating covers the borrower's inherent characteristics (budget, degree of indebtedness, creditworthiness, etc.).

The lowest ratings are systematically excluded from selection.

INTERNATIONAL PUBLIC SECTOR

Compagnie de Financement Foncier holds exposures to international counterparties that meet the eligibility requirements of the French Monetary and Financial Code. The portfolio switched to being managed on a run-off basis in 2011. Before the phase-out, the loans selected at origination were concentrated on counterparties with the highest ratings, most of them step 1 (\geq AA-).

CORPORATE LOANS

Since 2016, Compagnie de Financement Foncier may be assigned some long-term private corporate loans financed by Crédit Foncier, which receives a full and complete, formalized and first-rank mortgage guarantee, in favor of Crédit Foncier, on one or more assets used as offices, commercial or residential properties located in mainland France.

The asset assignment is limited to 60% of the mortgage value, dated within one year of the assets used as a guarantee. Only performing loans are eligible.

1.2.4. CREDIT LIMITS

ASSIGNING CREDIT LIMITS

Compagnie de Financement Foncier's credit limits system incorporates the same limits as those used by group Crédit Foncier, notably with regard to country limits and individual limits.

Groupe BPCE entities must, at their respective levels, adhere to the limitations placed on their operations determining the rules for risk diversification among the portfolios and to the regulatory limits applicable to managing major risks.

Validated by the Risk Executive Committee, these individual limits, prepared and proposed by the Risk department, are subject to update, control, monitoring and a range of reporting requirements at the initiative of the Risk department. These limits are also followed at the group Crédit Foncier's level.

MANAGING LIMIT BREACHES AND ALERT PROCEDURE

GENERAL PRINCIPLES

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

BANK COUNTERPARTIES

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

These limits are established for Compagnie de Financement Foncier's banking counterparties (primarily for hedging and treasury management requirements) and are regularly reviewed in *ad hoc* committees.

Monitoring of compliance with the limits is carried out on a daily basis by next-day observation. It should be noted that the framework contracts with bank counterparties include a systematic margin call for the value of the exposures, based on the counterparty's rating, to be paid only by the counterparties, not by Compagnie de Financement Foncier.

All breaches are reported in real time to the executive management of Compagnie de Financement Foncier and Crédit Foncier.

1.2.5. RISK MONITORING

Risk monitoring relies on three main components:

- the quarterly review of portfolios to ensure the overall quality of exposures and control the recognition of provisions for credit losses;
- at a minimum, monthly monitoring of sensitive operations for Corporate clients and on request for Retail clients;
- the production of internal, external and regulatory reporting.

Special rules apply to the structured products of the French public sector.

PORTFOLIO REVIEWS

Regular reviews are conducted to evaluate the quality of the exposures. This implies stringent analysis of the quality of each exposure performed by the business lines and the Risk department. This analysis extends to all of Crédit Foncier's large exposures as well as of Compagnie de Financement Foncier.

MONITORING OF SENSITIVE ISSUES

This kind of monitoring concerns loans considered by the institution to be troubled or likely to encounter trouble in the future. Such monitoring involves ruling on the classification of the concerned loans or their servicing status (performing/doubtful/in litigation).

INDIVIDUALS

This type of monitoring is carried out by the Committee on Sensitive Issues (CMAS), which meets on request to review troubled loans and to recommend the potential recognition of a provision for credit loss on an individual basis or *via* the Watch List Committee or delegation chain.

PUBLIC SECTOR AND SOCIAL HOUSING

This type of monitoring is carried out *via* Groupe Crédit Foncier's Watch List Committee which includes Compagnie de Financement Foncier's outstanding assets. The Watch List is reviewed quarterly. It lists all the counterparties requiring special attention due to the potentially high risk they represent. The Watch List concerns performing or doubtful loans but not loans already in the process of litigation by the Litigation department. The fact of being placed on the Watch List does not trigger the automatic suspension of credit lines or a downgrade of the counterparty to doubtful.

Additionally, troubled loans are reviewed more frequently in the sensitive cases committees.

In the framework of monitoring the structured products of Public sector operators, and in coordination with Groupe BPCE, a signatory to the Gissler Charter, group Crédit Foncier closely monitors these transactions, enabling it to alert customers in advance about the market development impacts.

PRIVATE CORPORATES

Loans and receivables assigned to Compagnie de Financement Foncier have a low mortgage LTV ratio (which is more strict than the market value LTV), and finance various assets (housing, offices and commercial properties).

If, in spite of all the measures, the said event occurs (default, forbearance, Watch List), the loan will no longer be mobilized by Compagnie de Financement Foncier. The monthly control is carried out in order to renew the assignments.

2. CHANGES IN ASSETS

In accordance with its *société de crédit foncier* status, Compagnie de Financement Foncier's assets are broken down into 3 main categories:

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

- exposure to public entities, as defined under Articles L. 513-4 and L. 513-5; and
- replacement values as defined in Article L. 513-7, limited to 15% of the nominal value of the privileged resources.

BREAKDOWN OF ASSETS BY GUARANTEE

ASSETS	December 31, 2020		December 31, 2019	
	in €m	% of balance sheet	in €m	% of balance sheet
Guaranteed loans (Articles L. 513-3, L. 513-5 and L. 513-6)	36,017	52.6%	38,577	54.0%
Mortgage loans secured by the FGAS	15,935	23.3%	17,594	24.6%
Other mortgage loans	15,336	22.4%	16,032	22.4%
Mortgage notes	4,746	6.9%	4,952	6.9%
Exposure to public entities (Articles L. 513-4 and L. 513-5)	24,656	36.0%	24,891	34.8%
Public sector loans	8,871	13.0%	8,049	11.3%
Public loans assigned under L. 211-38	8,018	11.7%	7,947	11.1%
Public entity securities	6,417	9.4%	7,331	10.3%
Deposits at Banque de France	1,349	2.0%	1,564	2.2%
Other assets (interests on IFAT, adjustment accounts, etc.)	1,134	1.7%	1,339	1.9%
Replacement values (Article L. 513-7)	6,648	9.7%	6,654	9.3%
TOTAL ASSETS	68,455	100.0%	71,462	100.00%

As of December 31, 2020, Compagnie de Financement Foncier's balance sheet was down by €3.0bn compared with December 31, 2019. This decline reflects the various changes among the different asset classes considered:

- mortgage loans were down by €2.6bn with amortization of existing loans, in the absence of new production other than the release of funds linked to loans from 2019. This amortization is partially offset by the assignment of eligible outstandings that cannot be funded by *obligations foncières* resulting from the change in the scope of assignment of Individual loans since July 2020. These investments are funded by non-privileged liabilities;
- securities of public entities were down by €0.9bn on account of the disposal of Japanese exposures;

- loans to the Public sector were up €0.8bn following the refinancing of public assets from regional banks and Natixis. This increase reflects the relevance of the "Compagnie de Financement Foncier – supporting Groupe BPCE" strategy: refinancing assets of the Groupe BPCE entities at very competitive margins (*via obligations foncières*).

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

As of December 31, 2020, international assets, mainly linked to the Public sector, totaled €8.0bn. The main geographical exposures are Italy (€3.2bn), USA (€1.3bn) and Switzerland (€1.1bn). Followed to a lesser extent by Belgium (€0.8bn), Canada (€0.4bn), Japan (€0.5bn), Poland (€0.4bn) and Spain (€0.2bn).

3. CHANGES IN LIABILITIES

In accordance with the regulations governing *sociétés de crédit foncier* status, Compagnie de Financement Foncier's liabilities may be broken down into 2 main categories:

- privileged resources that legally protect bondholders by guaranteeing priority repayment and compliance with repayment schedules, even in the event of default of the issuer or its parent company;
- other resources that help reinforce the security of privileged debt holders. These resources subordinated to privileged resources are made up of:
 - unsecured debts with the Crédit Foncier or BPCE and, particularly for swaps, with various other bank counterparties,
 - subordinated debt and equity, resources contributed by Crédit Foncier.

BREAKDOWN OF LIABILITIES BY GUARANTEE RANK

LIABILITIES	December 31, 2020		December 31, 2019	
	<i>in €m</i>	<i>% of balance sheet</i>	<i>in €m</i>	<i>% of balance sheet</i>
Privileged resources	56,352	82.3%	60,427	84.6%
Covered bonds at the reporting date	56,443	82.5%	60,515	84.7%
Foreign exchange difference on covered bonds	-116	-0.2%	-144	-0.2%
Other privileged resources	25	0.0%	55	0.1%
Translation difference associated with hedging balance sheet items*	774	1.1%	1,124	1.6%
Non-privileged resources	11,330	16.6%	9,911	13.9%
Unsecured debt	6,057	8.8%	4,558	6.4%
Subordinated debt or equivalent	2,118	3.1%	2,135	3.0%
■ <i>of which subordinated securities</i>	0	0.0%	0	0.0%
■ <i>of which associate current account</i>	2,000	2.9%	2,000	2.8%
Shareholders' equity and reserve for general banking risks	3,154	4.6%	3,218	4.5%
TOTAL LIABILITIES	68,455	100.0%	71,462	100.0%
Regulatory capital according to CRR/CRD IV:	3,107	4.5%	3,107	4.4%
■ <i>of which Common Equity Tier 1 capital</i>	3,107	4.5%	3,107	4.4%
■ <i>of which Additional Tier 1 capital</i>	0	0.00%	0	0.0%
■ <i>of which Tier 2 capital</i>	0	0.00%	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. Interest accrued on swaps are calculated after netting for the same counterparty.

During the year, preferred resources decreased by €4.1bn, with contractual amortization of debt amounting to (€7.1bn), higher than issues over the period (€3.0bn).

Unsecured debts increased by more than €1bn due to liquidity ratio management.

The item comprising subordinated debts and equity remained stable over the year at €5.3bn, or close to 7.7% of balance sheet assets at December 31, 2020.

4. PRUDENTIAL RATIOS

4.1. Specific ratios

Compagnie de Financement Foncier is not obliged by the regulator to follow prudential solvency ratios but nonetheless reports them to investors for information purpose; these ratios are monitored at Crédit Foncier's level, its parent company. However, as a *société de crédit foncier*, Compagnie de Financement Foncier is subject to several specific regulatory ratios that must be respected at all times and which are generally validated by the Specific Controller.

COVERAGE RATIO

First, Compagnie de Financement Foncier measures the coverage ratio that corresponds to the ratio between weighted assets and privileged debt, which must remain above 105% at all times.

In the case of Compagnie de Financement Foncier, restatements include three types of assets:

- LTV overruns on mortgage or guaranteed loans either held directly or assigned;
- assets sold under repos; and
- the portion of unsecured intragroup loans above the regulatory threshold of 25% of non-privileged liabilities.

Regulations limit outstanding loans financed with *obligations foncières* to the fraction of outstanding loans with an LTV ratio (equal to the outstanding principal in relation to the updated value of the collateral) lower than 100% for loans guaranteed by FGAS, lower than 80% for residential loans granted to individuals and lower than 60% for other mortgage loans.

At December 31, 2020, loans outstanding in excess of the LTV threshold amounted to €1.3bn, still significantly lower than those for non-privileged liabilities, standing at €11.3bn at that date.

In addition, assets used to secure other transactions are deducted from the assets recognized on the balance sheet. Thus, the outstanding amount of securities sold to Crédit Foncier under repurchase agreements, representing €0.6bn at December 31, 2020, was not included for the purposes of calculating the ratio.

Finally, application of the limit on intragroup exposure introduced by the Order of May 26, 2014 resulted in a €2.1bn drop in BPCE loans, mainly because the loan portfolio posted as collateral failed to meet all eligibility criteria for refinancing by *obligations foncières*.

As a result, the coverage ratio was 113.5% at December 31, 2020 (vs. 111.4% at end 2019), including any associated currency hedging for assets and liabilities.

Regardless of the minimum ratio required by law, Compagnie de Financement Foncier already committed to maintain at any time a level of non-privileged liabilities in excess of 5% of privileged liabilities (both considered after currency swaps). At December 31, 2020, this ratio was 18.9%, down on the end-2019 level of 14.9%.

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 2020 Universal registration document.

Taking into account all outstanding mortgage or guaranteed loans, both directly held or used to guarantee loans under L. 211-38, the average LTV at end December 2020 came to 73.2% for a total outstanding amount of €35.1bn, broken down as follows:

- 76.7% for loans guaranteed by FGAS in the amount of €18.2bn;
- 69.5% for other mortgage or guaranteed loans to individuals, with €16.9bn outstanding;
- 45.9% for mortgage or guaranteed loans to Corporates amounting to €0.9bn.

At end-2020, all mortgage loans or guaranteed loans, totaling €36.0bn, had an average LTV of 72.5%. This breaks down into an average LTV of 73.2% for loans to individuals in the amount of €35.1bn, and of 45.9% for corporate loans totaling €0.9bn.

OTHER LIMITS

Compliance with the various holding limits applicable to certain assets is also verified. At December 31, 2020:

- guaranteed loans amounted to 9.6% of total assets, still well below the legal limit of 35% of the balance sheet; this calculation factors in directly held guaranteed loans (6.9%) as well as loans used to guarantee loans under L. 211-38 (2.7%);
- replacement values had an outstanding amount equal to 10.4% of the nominal amount of privileged liabilities, below the mandatory limit of 15%;
- the hedging of cash requirements, taking into account cash flow forecasts, is secured over a period of 180 days.

LIQUIDITY AND SOLVENCY RATIOS

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 €9.0bn in assets that can be mobilized by the Eurosystem (excluding repurchase agreements) that could provide it with an estimated additional €8.2bn in cash resources after discount and on the basis of the ECB's current rules, while maintaining its coverage rate at above the legal minimum of 105%.

The other prudential ratios applicable to credit institutions are monitored by Crédit Foncier at the consolidated level. However, Compagnie de Financement Foncier determines solvency ratios within its own scope only since January 1, 2014, it has been doing so in accordance with the CRD IV directive and the CRR Regulation and reports them to the French Prudential Supervision and Resolution Authority (ACPR).

Consequently, as of December 31, 2020, on the basis of the Basel III standardized approach, its Common Equity Tier One (CET1) ratio, which is equal to its Tier One ratio and its solvency ratio, was 25.4%, up 1.6% compared with the end of December 2019. Total risk exposures (RWA) amounted to €12.2bn, down €0.9bn compared with December 31, 2019.

4.2. Management of capital

The management of Compagnie de Financement Foncier's capital is supervised directly by its Executive Management. Its management ensures permanent compliance with regulatory ratios and aims to optimize the allocation of capital and to secure its overcollateralization ratio; as such, it contributes directly to the Aaa/AAA/AAA rating by S&P/Moody's/Scope for the *obligations foncières*.

COMPOSITION OF CAPITAL

Capital is determined in accordance with the CRD IV directive and the CRR Regulation, applicable since January 1, 2014, taking into account the national options set by the French Prudential Supervision and Resolution Authority (ACPR). It consists of three broad categories: Common Equity Tier 1, Additional Tier 1 Capital and Tier 2 Capital.

The amount of capital of Compagnie de Financement Foncier was €3.11bn at December 31, 2020. This amount also represents the Core Equity Tier-1 capital.

CAPITAL REQUIREMENTS

Capital requirements were calculated using the standard Basel III method. French local authorities outstandings assigned to L. 211-38 loans are treated in a transparent manner, that is, by calculating the requirements based on the underlying loans.

Loans to Groupe BPCE affiliates are weighted at 0%.

Moreover, in the case of partial transfer of loans originated by Crédit Foncier to Compagnie de Financement Foncier and in connection with the assignment and recovery agreements, collected sums are allocated in their entirety and in priority to Compagnie de Financement Foncier. Under the standard approach, this allows to adjust the level of risk-weighting in order to reflect the priority allocation of collections to Compagnie de Financement Foncier and the resulting lower loss rate.

Exposure categories (in €m)	12/31/2020		12/31/2019	
	Capital requirements	RWA	Capital requirements	RWA
Central governments	34	420	46	575
Institutions	16	201	7	92
Regional governments	279	3,492	312	3,901
Corporations	49	612	36	448
Retail customers	46	570	46	569
Mortgage-backed exposure	459	5,738	485	6,064
Exposure at default	46	572	50	620
Other assets	1	14	8	101
Requirements for credit risk (A)	930	11,619	990	12,371
Requirements for market risk (B)	0	0	0	0
Requirements for operational risk (C)	32	401	34	419
Credit value adjustment (D)	18	224	21	261
CAPITAL REQUIREMENTS (A+B+C+D)	980	12,244	1,044	13,051

SOLVENCY RATIO

Compagnie de Financement Foncier's capital adequacy ratio at December 31, 2020 was determined using the standard approach.

	12/31/2020	12/31/2019
Solvency ratio	25.38%	23.81%
CET1 ratio	25.38%	23.81%
Tier-1 ratio	25.38%	23.81%

Source: COREP (Common Solvency Ratio Reporting) as of December 31, 2020.

5. ANALYSIS OF CREDIT AND COUNTERPARTY RISK

The balance sheet comprises two major categories: assets financed for the long-term in the form of loans or securities, and replacement values, short-term securities corresponding to a portion of cash balances. These assets meet differentiated approaches as to the measuring and monitoring of their credit risk:

- loans granted to private individuals and loans to business customers mainly in the Public sector: these loans are acquired either directly by Compagnie de Financement Foncier or mobilized through Crédit Foncier or any other entity of Groupe BPCE entities, in the form of loans granted under L. 211-38 of the French Monetary and Financial Code;
- subsidized loans which benefit from the guarantee of the French State were transferred to Compagnie de Financement Foncier when it was created in 1999; with no new loans of this type being granted;
- Public sector securities, which comprise Compagnie de Financement Foncier's main international exposure;
- replacement values comprised of short-term investments with credit institutions that have at least the second-best external rating.

5.1. Breakdown of Compagnie de Financement Foncier's commitments

5.1.1. ANALYSIS OF CREDIT RISK EXPOSURES

Financed assets are analyzed transparently: the analysis covers the assigned assets in the form of loans under Article L. 211-38 of the French Monetary and Financial Code.

Replacement values, on the other hand, are analyzed by their exposure to the counterparty (and not according to the underlying assets when they are in the L. 211-38 French Monetary and Financial Code format).

Compagnie de Financement Foncier reports that it still has no exposure to the following asset classes:

- CDO (Collateralized Debt Obligation) or direct exposures to monoline insurers;
- exposures to CMBS (Commercial Mortgage-Backed Securities);
- other sub-prime exposures, Alt-A or, more broadly, any exposure to US mortgage securities;
- special purpose vehicles;
- leveraged or leveraged buyout (LBO) transactions.

Risk exposures (in €m)	Exposures as of 12/31/2020			Exposures as of 12/31/2019		
	Sold	Assigned	Total	Sold	Assigned	Total
A – Private Individuals' mortgage loans ^{(1) (2) (6)}	26,779	7,737	34,516	29,861	7,244	37,106
B – Public sector	16,353	8,024	24,377	16,610	7,976	24,586
French public sector	9,171	7,460	16,631	8,545	7,394	15,939
■ Social housing	723	1,596	2,319	846	1,707	2,553
■ French local authorities (FLA) ⁽³⁾	6,559	4,879	11,438	5,578	5,565	11,143
■ Sovereign France	1,889	985	2,874	2,121	122	2,243
Infrastructure project financing (IPF)	598	563	1,161	610	582	1,192
International public sector	6,584	0	6,584	7,455	0	7,455
■ International public sector (IPS)	3,651	0	3,651	4,445	0	4,445
■ International Sovereign	2,539	0	2,539	2,581	0	2,581
■ Public sector large corporations	394	0	394	430	0	430
C – Commercial mortgage exposures ⁽⁶⁾	100	755	854	99	628	727
D – Banking sector exposures	606	6,600	7,206	608	6,600	7,208
Banks with sovereign guarantees or similar	555	0	555	552	0	552
Other banks	51	0	51	56	0	56
L. 211-38-VR ⁽⁴⁾	0	6,600	6,600	0	6,600	6,600
TOTAL RISK EXPOSURE (A + B + C + D)	43,837	23,115	66,952	47,178	22,448	69,626
Miscellaneous adjustments and other items ⁽⁵⁾	1,557	5	1,562	1,887	4	1,891
TOTAL	45,394	23,120	68,515	49,065	22,452	71,517

(1) The "mortgage loans France" line item includes a limited amount of outstanding Dutch loans (€30m).

(2) Of which BH Belgium for €806m (carrying amount).

Of which €58m L. 211-38 with Caisses d'Épargne and €80m with Banques Populaires.

(4) Short-term loans to BPCE guaranteed by collateralized assets.

(5) The "Miscellaneous adjustments and other assets" line item is mainly composed of accrued interest on forward financial instruments and adjustment accounts.

(6) Including guaranteed.

At December 31, 2020, the total credit risk exposure was down by €3bn to €68.5bn. This change was due to:

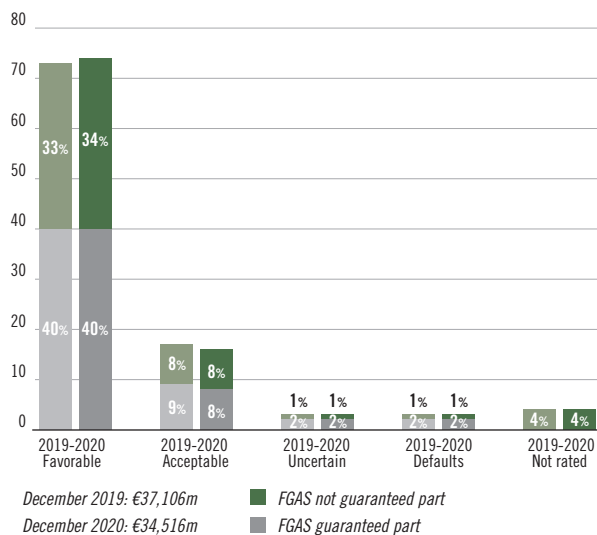
- the €2.6bn decline in private individuals' mortgage and guaranteed loans to €34.5bn, which mostly had an amortization effect following a halt in the production of new loans from the end of March 2019;
- the €0.9bn decrease in the International public sector (decline in the OPEFI outstandings on the IPS);
- the €0.7bn increase in French public sector to €16.6bn mainly due to the increase in Sovereign France, in turn the result of a strong mobilization of new cash loans granted to the French government (+€863m).

GEOGRAPHICAL BREAKDOWN OF EXPOSURES

Geographical breakdown of exposures	12/31/2020		12/31/2019
	Balance sheet (in €m)	(%)	(%)
France	60,553	88	88
Other countries in the European Economic Area	4,633	7	7
■ of which Italy	3,157	5	4
■ of which Belgium	806	1	n.s.
■ of which Poland	366	1	n.s.
■ of which Spain	209	n.s.	n.s.
■ of which Portugal	66	n.s.	n.s.
■ of which the Netherlands	30	n.s.	n.s.
Switzerland	1,064	1	1
North America (USA & Canada)	1,761	3	3
Japan	504	1	1
TOTAL	68,515	100	100
Reminder of total exposures at 12/31/2019 (in €m)			71,517

5.1.2. QUALITY OF THE PORTFOLIO EXPOSED TO CREDIT RISK

PORTFOLIO OF LOANS TO INDIVIDUALS

INTERNAL RATING AND QUALITY OF MORTGAGE LOANS
MADE TO PRIVATE INDIVIDUALS

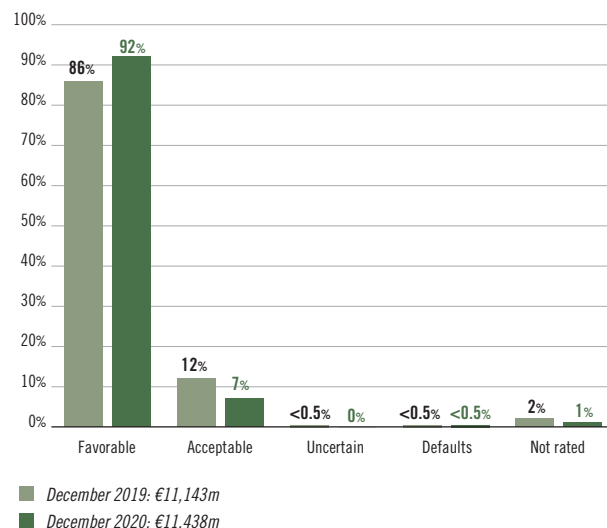
The distribution of ratings attests to the ongoing good quality of outstanding loans.

FRENCH PUBLIC SECTOR PORTFOLIO

The French public sector portfolio stood at €16.6bn, breaking down as follows:

- French local authorities: €11.4bn;
- Social housing: €2.3bn;
- Sovereign France: €2.9 billion.

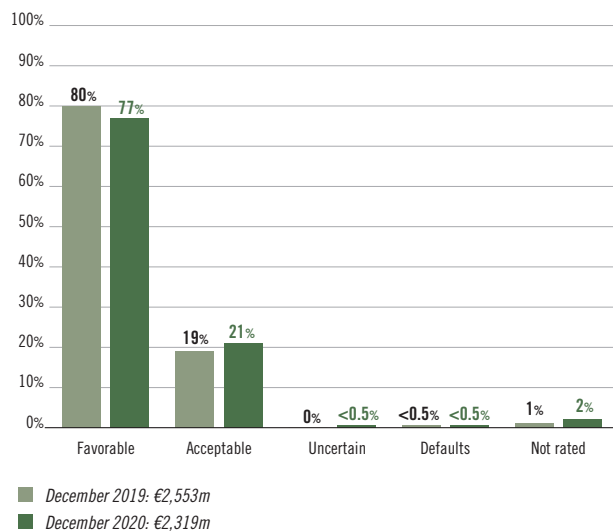
FRENCH LOCAL AUTHORITIES

PORTFOLIO OF FRENCH PUBLIC OPERATORS – BREAKDOWN
BY BASEL II RATING

The quality of French local authorities' outstandings held by Compagnie de Financement Foncier has remained at a very high level, and has improved.

SOCIAL HOUSING

SOCIAL HOUSING – BREAKDOWN BY BASEL II RATING



Note: including associations

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

The share of outstandings from Favorable to Acceptable is mainly due to the re-rating from 8 to 11 on April 29, 2020 by a counterparty.

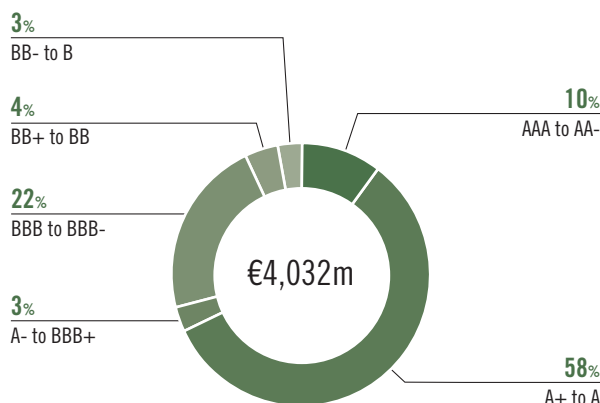
INTERNATIONAL PUBLIC SECTOR PORTFOLIO

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

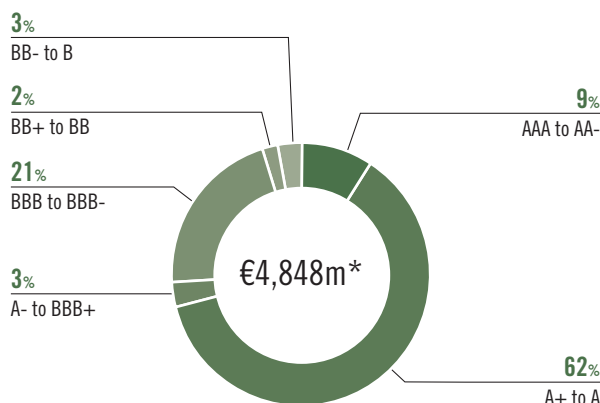
At December 31, 2020, the IPS portfolio (excluding Sovereigns) and Large public sector Corporations remained stable at €4.0bn, down -€0.8bn compared with December 31, 2019, following various asset disposals and amortization of assets. Compagnie de Financement Foncier has stopped making new acquisitions in recent years.

BREAKDOWN OF EXPOSURES BY INTERNAL RATING ON INTERNATIONAL PUBLIC SECTOR AND LARGE PUBLIC SECTOR CORPORATIONS

December 31, 2020



December 31, 2019

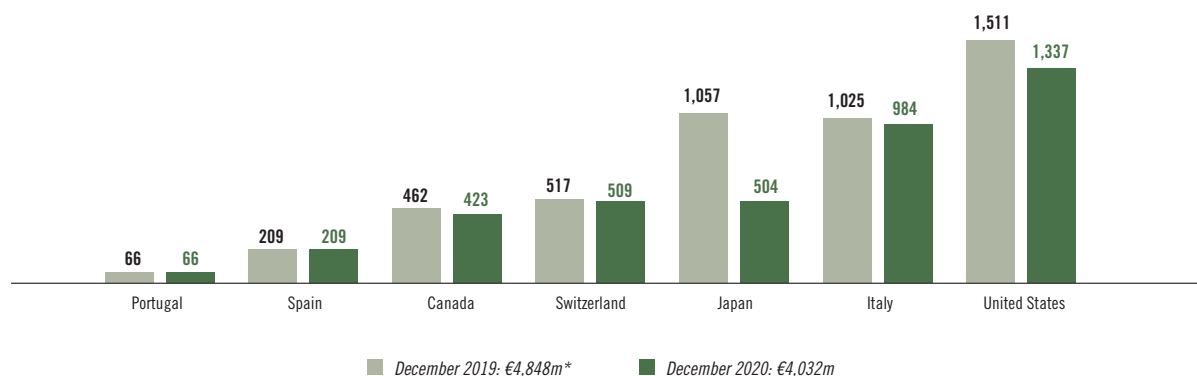


* Subsequent correction on December 31, 2019.

** Net carrying amount before taking swaps into account.

The average quality of internal ratings continues to be high.

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



* Subsequent correction on December 31, 2019.

** Net carrying amount before taking swaps into account.

The drop in exposures to Japan was due to the disposal of Jehdra and Tokyo Métropole shares.

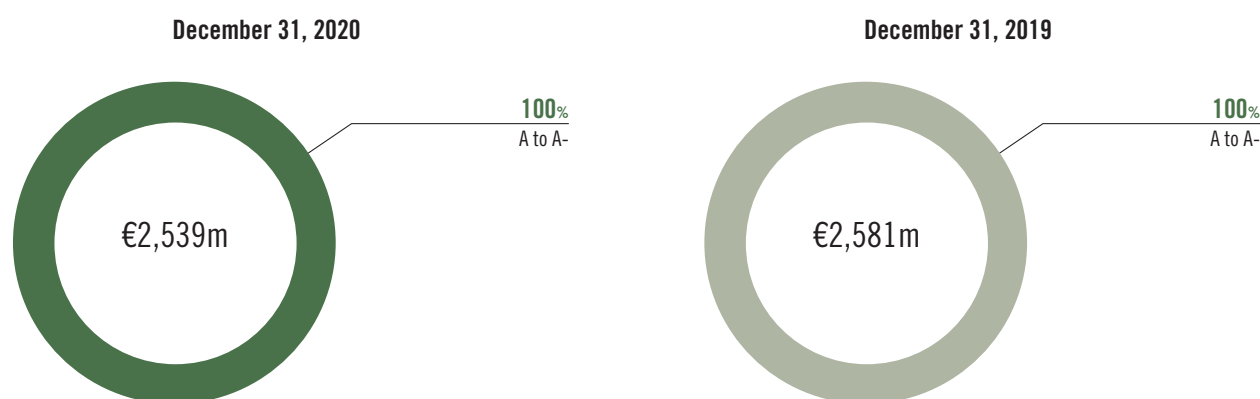
It should be noted that currency exchange fluctuations affect the outstandings of assets denominated in foreign currencies (USD, JPY, CAD, etc.), shown before currency swap effects.

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

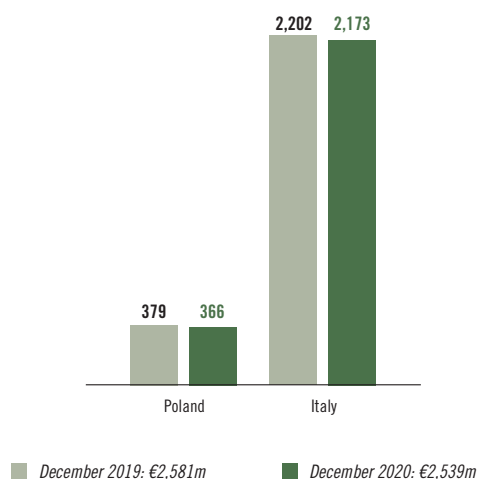
Following the disposals and repayments, Compagnie de Financement Foncier's residual exposure to sovereign issuers is concentrated on Italy and, to a lesser extent, on Poland. The variation of outstandings from one year to another is explained by exchange rate fluctuations as some of the exposures are in foreign currencies and given the fact that the presentation is made on before swaps basis.

BREAKDOWN OF EXPOSURES BY INTERNAL RATING OF SOVEREIGNS EXCLUDING FRANCE



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

BREAKDOWN OF DIRECT EXPOSURES TO SOVEREIGNS OUTSIDE FRANCE



Given the disposals, Compagnie de Financement Foncier is now exposed exclusively to Italian and Polish Sovereigns. The Italian government replaced the City of Rome on two securities for a total amount of €75m (nominal value).

The variation of outstandings from one year to another is explained by exchange rate fluctuations as some of the exposures are in foreign currencies and given the fact that the presentation is made on before swaps basis.

MONOLINE INSURERS ON EXPOSURES TO IPS, LARGE CORPORATES AND SOVEREIGNS

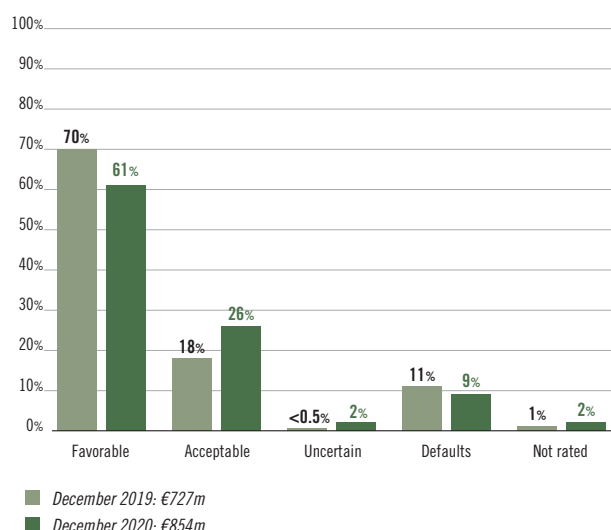
Compagnie de Financement Foncier has no direct exposures to monoline insurers but does have credit enhancements acquired from them for certain assets in the portfolio.

Thus, €1.35bn in outstandings in the portfolio is counter-guaranteed by the monoline insurers. For FGIC, the deterioration of its creditworthiness means that its guarantee is less effective than at the outset (due to fact that the transaction's intrinsic credit rating is higher than the one of the credit guarantor).

This is, however, not the case of the Assured Guaranty Municipal Corp. (formerly FSA) and Assured Guaranty Corp (which took over CFIG) monolines, rated respectively AA/A2 and AA/A3 by S&P and by Moody's, which guarantees a total outstanding amount of €1.13bn in securities; or of National Public Finance Guarantee Corp. (formerly MBIA), rated Baa2 by Moody's, and which guarantees a total outstanding amount of €0.11bn in securities.

PRIVATE CORPORATES PORTFOLIO

At December 31, Private Corporate outstandings sold and assigned amounted to €854m, with 87% of the outstandings having "Favorable" or "Acceptable" ratings.



BANKING SECTOR PORTFOLIO

With €7.2bn of outstandings, banking sector exposures remained stable compared to December 31, 2019. They mainly consisted of short-term transactions with BPCE (€6.6bn). Compagnie de Financement Foncier is also exposed, in the context of long-term loans from the former International public sector activity, to Swiss regional banks, which are guaranteed by public authorities.

5.2. Delinquency

5.2.1. COMPAGNIE DE FINANCEMENT FONCIER'S RISK HEDGING

The table below shows the breakdown of assets excluding endorsements and financial guarantees given along with the doubtful loan rates.

Risk exposures (in €m)	Gross exposures as of 12/31/2020				Gross exposures as of 12/31/2019			
	Total balance sheet	Doubtful loan rate	Doubtful loan rate Assigned	Doubtful loan rate global	Total balance sheet	Doubtful loan rate	Doubtful loan rate Assigned	Doubtful loan rate global
A – Private Individuals' mortgage loans ^{(1) (2) (6)}	34,516	4.43%	0.11%	3.47%	37,106	4.37%	0.14%	3.55%
B – Public sector	24,377	0.01%	0.00%	0.00%	24,586	0.02%	0.03%	0.02%
French public sector	16,631	0	0	0	15,939	<0.5%	0.03%	<0.5%
■ Social housing	2,319	0	0	0	2,553	<0.5%	0.00%	<0.5%
■ French local authorities (FLA) ⁽³⁾	11,438	0	0	0	11,143	<0.5%	0.04%	<0.5%
■ Sovereign France	2,874	0	0	0	2,243	0	0	0
Infrastructure project financing (IPF)	1,161	0	0	0	1,192	0	0	0
International public sector	6,584	0	0	0	7,455	0	0	0
■ International public sector (IPS)	3,651	0	0	0	4,445	0	0	0
■ International Sovereign	2,539	0	0	0	2,581	0	0	0
■ Public sector large corporations	394	0	0	0	430	0	0	0
C – Commercial mortgage exposures ⁽⁶⁾	854	80.80%	0	9.41%	727	77.93%	0	10.62%
D – Banking sector exposures	7,206	0	0	0	7,208	0	0	0
Banks with sovereign guarantees or similar	555	0	0	0	552	0	0	0
Other banks	51	0	0	0	56	0	0	0
L. 211-38-VR ⁽⁴⁾	6,600	0	0	0	6,600	0	0	0
TOTAL RISK EXPOSURE (A + B + C + D)	66,952	2.89%	0.04%	1.91%	69,626	2.94%	0.05%	2.01%
Miscellaneous adjustments and other items ⁽⁵⁾	1,562	0	0	0	1,891	0	0	0
TOTAL	68,515	2.80%	0.04%	1.86%	71,517	2.83%	0.05%	1.96%

(1) The "mortgage loans France" line item includes a limited amount of outstanding Dutch loans (€30m).

(2) Of which BH Belgium for €806m (carrying amount).

(3) Of which €58m L. 211.38 with Caisses d'Épargne and €80m with Banques Populaires.

(4) Short-term loans to BPCE guaranteed by collateralized assets.

(5) The "Miscellaneous adjustments and other assets" line item is mainly composed of accrued interest on forward financial instruments and adjustment accounts.

(6) Including guaranteed.

The overall doubtful loan rate was low at 1.9%.

For mortgage or guaranteed loans, the doubtful loan rate dropped slightly to 3.6% at end-December 2020. The total doubtful mortgage exposure rate dropped from 10.62% to 9.41%.

5.2.2. RISK CHARGE OF COMPAGNIE DE FINANCEMENT FONCIER

(in €m)	12/31/2020	12/31/2019
Individual cost of risk (A)	3.1	6.6
Collective provisions (B)	1.2	4.9
Cost of risk (A+B)	4.3	11.5
Risk charge, net banking income (C)	-3.2	0
NET (A+B+C)	1.1	11.5

At December 31, 2020, Compagnie de Financement Foncier's risk charge was €1.1m. It included the cost of risk on an individual basis (reversal of €3.1m), the cost of risk on a collective basis (reversal of €1.2m) and the cost of risk recognized in net banking income (addition of -€3.2m).

5.3. Risk mitigation technique

5.3.1. RISK MITIGATION FACTORS

Compagnie de Financement Foncier's portfolio is very secure as it consists mainly of either risks secured by mortgages or equivalent or risk exposures to the Public sector. Both risks are further reduced by additional guarantees. Thus, for example, 58.4% of outstanding loans to private individuals are covered by a FGAS guarantee.

In relation to individual customers, the main provider of personal guarantees belongs to the Sovereign segment: the *Société de gestion du fonds de garantie à l'accession sociale à la propriété* (SGFGAS) provides a guarantee from the French government for home ownership loans governed by the regulations of loan agreements and guaranteed by first-rank collateral (mortgage or lender's lien). For this reason, SGFGAS benefits from the external ratings assigned to the French State. As such, SGFGAS benefits from external ratings from the French State. The coverage rate of the guarantee is 100% for guarantees granted until December 31, 2006 and 50% for guarantees granted after this date. The portion of loans covered by the guarantee is weighted at 0%. The part not guaranteed by FGAS, but borne by Crédit Foncier, benefits from a weighting of 0% for Compagnie de Financement Foncier.

Furthermore, some loans to individual customers benefit from sureties and financial guarantees, related to a financial institution risk: mainly Crédit Logement, the subsidiary of most major French banking networks.

Loans covered by Crédit Logement were subject to a Basel III weighting of 50% until the third quarter of 2014. Since the 4th quarter of 2014, exposures guaranteed by Crédit Logement have been weighted at 35% following the decision of BPCE to harmonize the financial communication on the guaranteed exposures of all Groupe BPCE entities.

The transfer facilities between Compagnie de Financement Foncier and Crédit Foncier or other Groupe BPCE entities (agreements, contracts) explicitly provide the cancellation of the transfer in the event of non-compliance of the acquired receivables.

Regarding immovable guarantees, in accordance with the regulations, Compagnie de Financement Foncier annually carries out a very detailed revaluation of the pledges registered as mortgages and the guarantees with a promise of mortgage assignment. Compagnie de Financement Foncier's Specific Controller issues an opinion on the validity of real estate asset valuation approaches and their results as well as periodic review procedures.

5.3.2. VALUATION AND PERIODIC REVIEW METHODS FOR REAL ESTATE ASSETS

SPECIFIC CONTROLLER'S CERTIFICATION ON THE VALUATION METHODS AND RESULTS AND PERIODIC REVIEW METHODS OF THE REAL ESTATE ASSETS AT DECEMBER 31, 2020

To the Board of Directors of Compagnie de Financement Foncier,

In our capacity as the Specific Controller of Compagnie de Financement Foncier, and pursuant to Article 5 of Regulation No. 99-10 of the French Banking and Financial Services Regulatory Committee, we assessed the validity, in accordance with regulations in force, of the methods used to value the real estate assets underlying the loans and their results, and of the methods for periodically reviewing their value, as published together with the financial statements for the year ended December 31, 2020 and appended hereto.

The valuation methods and their results for real estate assets and the methods for periodically reviewing their value have been defined and implemented under the responsibility of your company's management. Our responsibility is to assess the validity of this procedure in terms of its compliance with regulations in force as of December 31, 2020.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. Our work consisted in checking the compliance of:

- valuation procedures, methods and results, as well as periodic review methods, in their design and application with regulations in force as at December 31, 2020;
- the information published together with the annual financial statements with, on one hand, the system for the valuation and periodic review implemented, and on the other hand, with the results arising from the implementation of the valuation system.

These verifications were carried out mainly on the basis of the elements and information available as of December 31, 2020, in an evolving context of the health crisis linked to Covid-19.

The work we have done calls for the following comments and observations:

- the property valuation methods and results and the methods for periodically reviewing their value, published simultaneously with the annual financial statements as of December 31, 2020, generally comply with Articles 2 to 4 of CRBF Regulation 99-10;

- It should be noted, however, that based on the tests carried out by ourselves and internal controls carried out by Crédit Foncier on behalf of Compagnie de Financement Foncier, the operational implementation in 2020 of the periodic review procedure of the value of pledges seems perfectible concerning the exhaustive application of the statistical methods used. Nevertheless, this observation does not affect the cautiousness of the valuation of pledges made in 2020.

Paris on March 23, 2021

The Specific Controller

CAILLIAU DEDOIT ET ASSOCIES
Laurent BRUN

PROCEDURE FOR THE VALUATION AND PERIODIC REVIEW OF THE ASSETS UNDERLYING THE LOANS FOR 2020

I. VALUATION METHOD APPLIED TO ASSETS UNDERLYING LOANS

A – General asset valuation principles

The procedure described below has been determined pursuant to Articles 1 and 2 of CRBF Regulation No. 99-10, as amended by regulations No. 2001-02 and No. 2002-02 and by the decrees of May 7, 2007 and February 23, 2011 transposing European directive 2006/48/EC of May 26, 2014 and November 3, 2014 into French law.

Real estate financed by eligible loans or posted as collateral for these loans is subject to cautious appraisal.

The valuation is performed taking into account the long-term sustainable aspects of the property, the normal and local market conditions, the current use and alternative appropriate uses of the property.

B – Derogation rule used by Compagnie de Financement Foncier

For loans originated between January 1, 2003 and December 31, 2006, in accordance with the provisions of CRBF Regulation No. 99-10 and a decision by the Chairman of Crédit Foncier's Executive Board dated July 28, 2003, a cost of transaction without discount is understood to be an estimated value of an asset for all transactions with Individuals involving residential property where a transaction cost is less than €350,000.

Following the changes to CRBF Regulation No. 99-10, this principle was extended to include:

- for the period between May 7, 2007 and February 23, 2011, all residential property transactions with individual customers where a transaction cost is less than €450,000 or where an outstanding principal amount on the acquired loan or a total amount authorized is less than €360,000;
- as of February 24, 2011, all residential property transactions with individual customers where a transaction cost is less than €600,000 or where an outstanding principal amount on the acquired loan or a total amount authorized is less than €480,000.

Above these thresholds, an appraisal value is considered to be the value of the property.

The initial cost of the transaction does not include notary fees or any agency fees when they are the responsibility of the purchaser.

C – Summary

The above-mentioned rules, applied since February 24, 2011, are summarized in the following table:

Property types	Cost of transaction is less than €600,000 or acquired loan less than €480,000	Cost of transaction greater than or equal to €600,000 and acquired loan greater than or equal to €480,000
Residential Property for private individuals	Transaction cost	Appraisal
Residential Property for Professionals	Appraisal	Appraisal
Property for professional use*	Appraisal	Appraisal

* Property for professional use means all properties other than residential and multiple-use properties where the value allocated to the residential part is less than 75% of the total value of the entire property.

An appraisal is made of all collateral underlying authorized loans (i.e. signed by the parties) during the year, regardless of whether or not they are implemented.

Other collateral (securing loans authorized before November 30, 2019 and already valued or re-valued) is subject to a periodic review of its value as presented hereafter (See sections II, III and IV).

II. METHODS USED FOR PERIODIC REVIEW OF RESIDENTIAL ASSETS FOR INDIVIDUALS AND PROFESSIONALS (APPENDIX 1)

The methods described below apply to all loans granted or mobilized to Compagnie de Financement Foncier.

Two methods are used: a statistical method, sub-divided into two variants depending on the customer segment and property type, and an expert appraisal method.

A – Statistical methods

Two variant statistical methods are used for periodic reviews of the value of collateral/guarantees applicable to residential properties depending on the valuation engine used:

- **A.1 Crédit Foncier statistical method**, unchanged from previous years and implemented in the valuation engine in the Crédit Foncier's IT system. These valuations are based on value

change indices derived from prices provided by BPCE Solutions immobilières appraisers:

- for individual residential properties,
- annually;
- **A.2 BPCE statistical method**, using an engine installed on the Group's IT system. This permits valuation, using indices based on property prices:
 - for professional residential properties,
 - semi-annually.

In the special case of collateral located in the Netherlands and Belgium (Appendix 4), country-specific indices are used (Stadim for Belgium and the PBK indices, produced by the Dutch real estate registry, for the Netherlands).

A.1 CRÉDIT FONCIER PERIODIC STATISTICAL REVIEW METHOD (APPENDIX 2)

Principles

The model is based on the preparation of indices. The indices obtained are the changes observed from one year to the next in market values, clarifying that, in accordance with the relevant legislation, an appraisal is carried out, in compliance with the law, on the basis of a prudent assessment (which is then revalued by applying the indices).

The indices reflect four distinct geographical categories:

- i) The 114 urban areas created by postal code grouping approved by the INSEE (French National Institute for Statistics and Economic Studies). They are defined as being urban areas with more than 50,000 inhabitants. The list of these urban areas and their composition changes as the urban fabric and real estate markets evolve;
- ii) Outside these urban areas, the “non-urban” real estate market is divided into administrative regions that date from before the January 1, 2016 regional reforms (20 regions, not including Corsica and Île-de-France);
- iii) Île-de-France, excluding the city of Paris, is valued separately using specific indices for each of its seven departments;
- iv) Paris is also valued separately using a specific index.

The indices of each of these four categories (urban area, non-urban region, Île-de-France and Paris) which are grouped according to postal codes, break down as follows:

- urban areas: 114 Apartment indices/114 House indices;
- non-urban area: 20 House indices;
- Île-de-France (excluding Paris): seven Apartment indices/seven House indices;
- Paris: one Apartment index.

When the apartment/home distinction is not available for a particular item of collateral, the lower of the two indices for the corresponding postal code is used.

When the collateral is in Corsica or in the Dom-Toms (French overseas departments and territories) or its location is not known in the postal code table, the annual trend indices used for the corresponding type of housing are:

- for apartments: the average of the apartment indices for urban areas;
- for houses: the lower of the two averages for houses in urban areas and for regions.

Revaluation cycle management

Real estate value indices are updated annually. New indices are established each November based on the period ending on September 30.

The revaluation cycle is thus managed on a one year rolling period from September 30 of year “n-1” to September 30 of year “n”.

The pledges are revalued on an annual basis using the indices established in November. The processing of revaluations is recognized in the May and November accounts to revalue the pledges that have not been reviewed for over one year.

Sources

These indices are based on an *ad hoc* survey and on expert appraiser estimates carried out each year by the BPCE Solutions Immobilières's Research department with the network of regional real estate appraisers, quarterly gross statistical real estate information available in its database.

A.2 BPCE STATISTICAL REVIEW METHOD (APPENDIX 3)

Principles

The statistical review method used by BPCE applies to residential real estate assets granted to professionals and depends on the property's location.

It is based on average property prices in each department, and Paris district, supplied by BPCE Solutions Immobilières appraisers.

B – Appraiser estimate revaluation method

This category, in application of Basel II provisions (Article 208 of European Regulation No. 575/2013 of European Parliament and Council dated June 26, 2013), concerns residential real estate posted as collateral for a debt of over €3m.

Each property in this category is individually revalued every three years by means of appraisal. The appraiser determines a cautious mortgage value based on a thorough analysis of the type of asset and its specific aspects and on a prudent, forward-looking view of the market.

In each of the two years between each 3-year appraisal, the property is revalued using a statistical method:

- method A.1 for Individual customers;
- method A.2 for Business customers (Corporates).

III. METHODS USED FOR PERIODIC REVIEW OF REAL ESTATE FOR PROFESSIONAL USE (NON-RESIDENTIAL)

In accordance with CRBF Regulation 99-10, the following revaluation method is used for properties for professional use:

Appraiser estimate revaluation method

This category concerns properties for business use (non-residential) for which the debt has been assigned or mobilized to Compagnie de Financement Foncier.

Each property in this category is individually revalued every year by means of appraisal. The appraiser determines a cautious mortgage value based on a thorough analysis of the type of asset and its specific aspects and on a prudent, forward-looking view of the market.

IV. SUMMARY TABLE OF METHODS

Type of asset	Individuals		Corporates	
	Loan more than €3m	Loan less than €3m	Loan more than €3m	Loan less than €3m
Residential	Method A.1 annually	Individual appraisal (method B) every three years and method A.1 in the interim	Method A.2 annually	Individual appraisal (method B) every three years and method A.2 in the interim
Non residential	Individual appraisal (method B) annually		Individual appraisal (method B) annually	

APPENDIX 1 – BREAKDOWN OF LOANS AND COLLATERAL BY PERIODIC REVIEW METHOD

	Individual residential			Corporates and Individual non-residential		
	Crédit Foncier statistical method (A.1.) or international indices			BPCE statistical method (A.2)		
	France	Belgium	Netherlands	Global	Individuals*	Corporates
Outstandings (in €m)	21,142	903.2	29.8	382	7	376
No. of guarantees	259,753	7,950	302	465	32	433
2020 Value (in €m)	47,378	2,167.3	58.7	2,001.7	41.3	1,960.3
(Value in 2019) (in €m)	45,624	2,007.7	54.8	1,557.6	39.5	1,518.1
Change	3.84%	7.95%	7.09%	28.5%	4.7%	29.1%

Source: Monthly close at October 31, 2020.

Note: the upward trend for Corporates is due to a technical catch-up on part of the collateral in the social housing sector.

Outstandings revalued by appraisers for Corporates stood at 248 guarantees linked for 74 loans worth €724.9m.

For Private individuals, no guarantees were revalued by assessors in 2020 under revaluation procedures but appraisers were brought in, where necessary, for debt management and recovery purposes (Litigation, in particular).

APPENDIX 2 – STATISTICAL CHANGES CRÉDIT FONCIER (A.1)

INDICES ENVOLUTION 2019/2020

AGGLOMERATIONS WITH MORE THAN 200,000 INHABITANTS

Region	Dept	Department	Urban unit	Apartment index 2019-2020	House Index 2019-2020
ALSACE	67	BAS-RHIN	Strasbourg (French part)	1.024	1.022
ALSACE	68	HAUT-RHIN	Mulhouse	1.012	1.018
AQUITAINE	33	GIRONDE	Bordeaux	1.048	1.057
AQUITAINE	64	PYRÉNÉES-ATLANTIQUES	Bayonne	1.045	1.057
AUVERGNE	63	PUY-DE-DÔME	Clermont-Ferrand	1.048	1.047
BOURGOGNE	21	CÔTE-D'OR	Dijon	1.013	1.043
BRETAGNE	29	FINISTÈRE	Brest	1.016	1.005
BRETAGNE	35	ILLE-ET-VILAINE	Rennes	1.019	1.004
CENTRE	37	INDRE-ET-LOIRE	Tours	1.012	1.000
CENTRE	45	LOIRET	Orléans	1.011	1.013
CHAMPAGNE	51	MARNE	Reims	1.026	1.002
HAUTE-NORMANDIE	76	SEINE-MARITIME	Le Havre	1.022	1.015
HAUTE-NORMANDIE	76	SEINE-MARITIME	Rouen	1.024	1.022
LANGUEDOC-ROUSSILLON	34	HÉRAULT	Montpellier	1.043	1.049
LORRAINE	54	MEURTHE-ET-MOSELLE	Nancy	1.024	1.018
LORRAINE	57	MOSELLE	Metz	1.022	1.017
MIDI-PYRÉNÉES	31	HAUTE-GARONNE	Toulouse	1.049	1.052
NORD	59	NORD	Lille (French part)	1.022	1.033
NORD	59	NORD	Valenciennes	1.017	1.013
NORD	62	PAS-DE-CALAIS	Béthune	0.997	1.020
NORD	62	PAS-DE-CALAIS	Douai-Lens	1.011	1.013
PACA	6	ALPES-MARITIMES	Nice	1.018	1.064
PACA	13	BOUCHES-DU-RHÔNE	Marseille-Aix-en-Provence	1.030	1.023
PACA	83	VAR	Toulon	1.014	1.045
PACA	84	VAUCLUSE	Avignon	1.026	1.008
PAYS-DE-LOIRE	44	LOIRE-ATLANTIQUE	Nantes	1.046	1.021
PAYS-DE-LOIRE	49	MAINE-ET-LOIRE	Angers	1.039	1.044
PAYS-DE-LOIRE	72	SARTHE	Le Mans	1.020	1.024
RHÔNE-ALPES	38	ISÈRE	Grenoble	1.032	1.016
RHÔNE-ALPES	42	LOIRE	Saint-Étienne	1.003	1.030
RHÔNE-ALPES	69	RHÔNE	Lyon	1.073	1.066
AVERAGE				1.026	1.028

CITIES WITH 100,000-199,999 INHABITANTS

Region	Dept	Department	Urban unit	Apartment index 2019-2020	House Index 2019-2020
AQUITAINE	64	PYRÉNÉES-ATLANTIQUES	Pau	1.017	0.952
BASSE-NORMANDIE	14	CALVADOS	Caen	1.000	1.000
BRETAGNE	56	MORBIHAN	Lorient	1.000	1.000
CHAMPAGNE	10	AUBE	Troyes	1.011	1.022
FRANCHE-COMTÉ	25	DOUBS	Besançon	1.047	1.031
FRANCHE-COMTÉ	25	DOUBS	Montbéliard	1.032	1.006
LANGUEDOC-ROUSSILLON	30	GARD	Nîmes	1.046	1.046
LANGUEDOC-ROUSSILLON	66	PYRÉNÉES-ORIENTALES	Perpignan	0.969	0.989
LIMOUSIN	87	HAUTE-VIENNE	Limoges	1.046	1.058
LORRAINE	57	MOSELLE	Thionville	1.025	1.010
NORD	59	NORD	Dunkerque	1.022	1.015
NORD	59	NORD	Maubeuge (French part)	1.007	1.013
PAYS-DE-LOIRE	44	LOIRE-ATLANTIQUE	Saint-Nazaire	1.012	1.038
PICARDIE	60	OISE	Creil	0.983	0.979
PICARDIE	80	SOMME	Amiens	1.023	1.009
POITOU-CHARENTES	16	CHARENTE	Angoulême	1.000	0.980
POITOU-CHARENTES	17	CHARENTE-MARITIME	La Rochelle	1.027	1.000
POITOU-CHARENTES	86	VIENNE	Poitiers	1.014	1.003
RHÔNE-ALPES	26	DROME	Valence	1.045	1.044
RHÔNE-ALPES	74	HAUTE-SAVOIE	Annecy	1.056	1.043
RHÔNE-ALPES	74	HAUTE-SAVOIE	Genève (CH)-Annemasse	1.045	1.045
RHÔNE-ALPES	73	SAVOIE	Chambéry	1.037	1.000
AVERAGE				1.021	1.013

CITIES WITH 50,000-99,999 INHABITANTS

Region	Dept	Department	Urban unit	Apartment index 2019-2020	House Index 2019-2020
ALSACE	67	BAS-RHIN	Haguenau	1.008	1.022
ALSACE	68	HAUT-RHIN	Colmar	1.011	1.019
AQUITAINE	24	DORDOGNE	Bergerac	1.045	1.018
AQUITAINE	24	DORDOGNE	Périgueux	1.038	0.967
AQUITAINE	33	GIRONDE	Arcachon	1.031	1.054
AQUITAINE	47	LOT-ET-GARONNE	Agen	1.000	1.048
AUVERGNE	3	ALLIER	Montluçon	0.955	1.000
AUVERGNE	3	ALLIER	Vichy	1.017	0.990
BASSE-NORMANDIE	50	MANCHE	Cherbourg-Octeville	1.000	1.019
BOURGOGNE	58	NIÈVRE	Nevers	0.940	1.020
BOURGOGNE	71	SAÔNE-ET-LOIRE	Chalon-sur-Saone	1.046	1.000
BRETAGNE	22	COTES D'ARMOR	Saint-Brieuc	1.008	1.003
BRETAGNE	29	FINISTÈRE	Quimper	1.000	1.001
BRETAGNE	56	MORBIHAN	Vannes	1.008	1.000
CENTRE	18	CHER	Bourges	1.000	1.003
CENTRE	28	EURE-ET-LOIR	Chartres	1.011	1.005
CENTRE	36	INDRE	Châteauroux	1.000	1.000
CENTRE	41	LOIR-ET-CHER	Blois	1.010	1.003
CENTRE	45	LOIRET	Montargis	1.018	1.010
CHAMPAGNE	8	ARDENNES	Charleville-Mézières	1.010	1.000
CHAMPAGNE	51	MARNE	Chalons-en-Champagne	1.000	1.000
FRANCHE-COMTÉ	90	TERRITOIRE DE BELFORT	Belfort	1.038	1.026
HAUTE-NORMANDIE	27	EURE	Évreux	1.021	1.030
LANGUEDOC-ROUSSILLON	11	AUDE	Carcassonne	1.012	0.978
LANGUEDOC-ROUSSILLON	11	AUDE	Narbonne	1.031	1.010

Region	Dept	Department	Urban unit	Apartment index 2019-2020	House Index 2019-2020
LANGUEDOC-ROUSSILLON	30	GARD	Alès	1.040	1.024
LANGUEDOC-ROUSSILLON	34	HÉRAULT	Béziers	1.018	0.979
LANGUEDOC-ROUSSILLON	34	HÉRAULT	Sète	1.066	1.027
LIMOUSIN	19	CORRÈZE	Brive-la-Gaillarde	1.023	1.048
LORRAINE	57	MOSELLE	Forbach (French part)	1.004	1.025
LORRAINE	88	VOSGES	Épinal	1.008	1.021
MIDI-PYRÉNÉES	65	HAUTES-PYRÉNÉES	Tarbes	1.000	0.966
MIDI-PYRÉNÉES	81	TARN	Albi	1.040	1.029
MIDI-PYRÉNÉES	81	TARN	Castres	1.042	1.035
MIDI-PYRÉNÉES	82	TARN-ET-GARONNE	Montauban	1.044	1.043
NORD	59	NORD	Armentières (French part)	1.020	1.025
NORD	62	PAS-DE-CALAIS	Arras	1.024	1.030
NORD	62	PAS-DE-CALAIS	Boulogne-sur-Mer	1.017	1.019
NORD	62	PAS-DE-CALAIS	Calais	1.028	1.014
NORD	62	PAS-DE-CALAIS	Saint-Omer	1.008	1.017
PACA	6	ALPES-MARITIMES	Menton-Monaco	1.023	1.046
PACA	13	BOUCHES-DU-RHÔNE	Arles	1.033	1.032
PACA	13	BOUCHES-DU-RHÔNE	Salon-de-Provence	1.010	1.007
PACA	83	VAR	Draguignan	1.037	1.028
PACA	83	VAR	Fréjus	1.006	1.011
PAYS-DE-LOIRE	49	MAINE-ET-LOIRE	Cholet	0.985	1.028
PAYS-DE-LOIRE	53	MAYENNE	Laval	1.036	1.035
PAYS-DE-LOIRE	85	VENDÉE	La Roche-sur-Yon	1.016	1.030
PICARDIE	2	AISNE	Saint-Quentin	0.965	0.972
PICARDIE	60	OISE	Beauvais	1.000	1.014
PICARDIE	60	OISE	Compiègne	1.019	1.015
POITOU-CHARENTES	79	DEUX-SÈVRES	Niort	1.000	1.003
RHÔNE-ALPES	1	AIN	Bourg-en-Bresse	1.000	1.000
RHÔNE-ALPES	26	DROME	Montélimar	1.048	1.000
RHÔNE-ALPES	26	DROME	Romans-sur-Isère	1.042	1.036
RHÔNE-ALPES	74	HAUTE-SAVOIE	Cluses	1.011	0.992
RHÔNE-ALPES	74	HAUTE-SAVOIE	Thonon-les-Bains	1.045	1.036
RHÔNE-ALPES	38	ISÈRE	Bourgoin-Jallieu	1.047	1.040
RHÔNE-ALPES	38	ISÈRE	Vienne	1.038	1.040
RHÔNE-ALPES	42	LOIRE	Roanne	1.034	1.034
RHÔNE-ALPES	42	LOIRE	Saint-Just-Saint-Rambert	1.022	1.026
AVERAGE				1.017	1.016

NON-URBAN AREAS

Region	House Index 2019-2020
ALSACE	1.027
AQUITAINE	1.050
AUVERGNE	0.975
BOURGOGNE	1.030
BRETAGNE	1.022
CENTRE	1.011
CHAMPAGNE	1.023
FRANCHE-COMTÉ	1.035
LANGUEDOC-ROUSSILLON	0.982
LIMOUSIN	0.967
LORRAINE	1.021
MIDI-PYRÉNÉES	1.042
NORD	1.029
BASSE-NORMANDIE	1.008
HAUTE-NORMANDIE	1.030
PAYS-DE-LOIRE	1.044
PICARDIE	1.026
POITOU-CHARENTES	1.017
PACA	1.029
RHÔNE-ALPES	1.050
AVERAGE	1.021

PARIS AND ÎLE-DE-FRANCE

Region	Dept	Department	Apartment index 2019-2020	House Index 2019-2020
ÎLE-DE-FRANCE	75	PARIS	1.080	0
	77	SEINE-ET-MARNE	1.039	1.044
	78	YVELINES	1.053	1.043
	91	ESSONNE	1.055	1.051
	92	HAUTS-DE-SEINE	1.072	1.051
	93	SEINE-SAINT-DENIS	1.083	1.056
	94	VAL-DE-MARNE	1.075	1.054
	95	VAL-D'OISE	1.061	1.056
AVERAGE (EXCLUDING PARIS)			1.063	1.051

**BREAKDOWN OF THE COLLATERAL PORTFOLIO REVALUED USING THE CRÉDIT FONCIER SPECIFIC METHOD (BY REGION AND PARIS)
FOR LOANS HELD BY COMPAGNIE DE FINANCEMENT FONCIER AS OF NOVEMBER 30, 2020.**

Region	Compagnie de Financement Foncier portfolio	
	Regional breakdown of loan guarantee value (in €m)	Regional breakdown (%)
Alsace	530.95	1.12%
Aquitaine	3,068.65	6.48%
Auvergne	307.54	0.65%
Basse-Normandie	651.21	1.37%
Bourgogne	756.03	1.60%
Bretagne	1,470.71	3.10%
Centre	1,261.99	2.66%
Champagne-Ardenne	443.75	0.94%
Corse	94.49	0.20%
Dom-Tom	274.89	0.58%
Franche-Comté	390.59	0.82%
Haute-Normandie	1,578.16	3.33%
Île-de-France (excluding Paris)	13,551.49	28.60%
Paris	1,204.77	2.54%
Languedoc-Roussillon	2,485.27	5.25%
Limousin	238.73	0.50%
Lorraine	877.00	1.85%
Midi-Pyrénées	2,736.54	5.78%
Nord-Pas-de-Calais	2,076.49	4.38%
Pays de la Loire	2,177.20	4.60%
Picardie	1,609.99	3.40%
Poitou-Charentes	710.86	1.50%
Provence-Alpes-Côte d'Azur	4,506.07	9.51%
Rhône-Alpes	4,331.72	9.14%
Other (of which Monaco)	42.44	0.09%
TOTAL	47,377.56	100.00%

APPENDIX 3 - BREAKDOWN OF THE COLLATERAL PORTFOLIO REVALUED USING THE BPCE METHOD FOR LOANS HELD BY COMPAGNIE DE FINANCEMENT FONCIER AS OF NOVEMBER 30, 2020.

CORPORATES (PERIODIC REVIEW METHOD A.2)

Region	No. of guarantees	Valuation (in €) before revaluation	Valuation (in €) after revaluation	Outstandings (in €) as of 10/31/2020
ALSACE	20	82,754,190	93,419,732	13,734,783
AQUITAINE	19	33,633,466	62,125,221	18,267,596
AUVERGNE	7	16,105,438	15,987,155	1,909,026
BASSE-NORMANDIE	14	21,233,676	28,367,556	2,470,025
BRETAGNE	2	4,169,727	4,989,928	436,664
CENTRE	12	13,815,375	15,552,976	1,895,160
CHAMPAGNE-ARDENNE	1	139,904	168,080	20,477
DOM-TOM	89	139,414,918	149,277,621	88,034,888
FRANCHE-COMTÉ	1	255,454	325,123	28,282
HAUTE-NORMANDIE	11	36,164,046	41,452,783	5,889,227
ÎLE-DE-FRANCE (EXCLUDING PARIS)	86	488,800,264	680,340,259	151,221,526
PARIS	41	363,840,339	465,760,416	47,780,223
LANGUEDOC-ROUSSILLON	6	13,134,906	15,231,797	1,137,437
LIMOUSIN	4	1,726,403	1,880,544	171,270
LORRAINE	7	28,858,873	35,233,785	6,060,028
MIDI-PYRÉNÉES	10	9,344,074	10,882,822	1,010,012
NORD-PAS-DE-CALAIS	12	18,760,492	24,233,356	2,394,034
PAYS DE LA LOIRE	11	19,387,020	22,909,452	3,129,008
PICARDIE	3	2,697,127	3,074,466	183,844
POITOU-CHARENTES	5	2,357,498	2,657,229	205,455
PROVENCE-ALPES-CÔTE D'AZUR	16	79,678,549	105,477,991	13,459,072
RHÔNE-ALPES	56	141,899,073	180,986,897	16,081,030
TOTAL	433	1,518,170,812	1,960,335,189	375,519,067

It should be noted that the 100% Compagnie de Financement Foncier collateral is now covered by the BPCE engine following the correction of the anomaly by ITCE at the end of 2020. Due to the volumes, the breakdown of Corporates is presented by region and no longer by department.

RETAIL INDIVIDUALS (PERIODIC REVIEW METHOD A.2)

Region	No. of guarantees	Valuation (in €) before revaluation	Valuation (in €) after revaluation	Outstandings (in €) as of 10/31/2020	Region
AISNE	1	376,464	380,238	10,539	1.00%
ALPES-MARITIMES	1	165,752	169,932	94,984	2.52%
BOUCHES-DU-RHÔNE	5	3,756,042	3,784,846	1,463,910	0.77%
CHARENTE	1	453,203	491,693	196,490	8.49%
ESSONNE	1	401,620	406,002	2,052	1.09%
HAUTS-DE-SEINE	2	1,194,202	1,236,262	163,320	3.52%
HÉRAULT	2	571,521	596,937	369,206	4.45%
ISÈRE	1	312,391	323,317	190,206	3.50%
PARIS	7	20,608,435	21,616,260	1,577,525	4.89%
PYRÉNÉES-ORIENTALES	1	745,483	729,688	16,195	- 2.12%
RHÔNE	3	2,335,320	2,486,078	767,408	6.46%
SAVOIE	3	3,065,661	3,205,890	962,740	4.57%
SEINE-ET-MARNE	2	771,372	798,783	200,641	3.55%
VAR	2	4,713,776	5,105,294	834,202	8.31%
TOTAL	32	39,471,242	41,331,220	6,849,417	4.71%

APPENDIX 4

2020 REVALUATION OF BELGIAN GUARANTEES

Crédit Foncier, via its servicer Stater, revalued the guarantees of its branch for 2020. This revaluation, carried out at June 30, 2020 (on the basis of STADIM indices), covers a 12-month period as the last revaluation was dated June 30, 2019. 7,950 guarantees were revalued representing an overall valuation amount of €2.167m, i.e. an average increase in value of 8% associated with an outstanding amount of €903m.

Province	No. of guarantees	Valuation of guarantees as of 06/30/2020 (in €)	2019-2020 change	Outstandings (in €) as of 10/31/2020	Breakdown of outstandings
Antwerpen	1,086	321,046,640	8.47%	122,561,751	13.57%
Brabant Wallon	333	107,639,495	7.94%	42,231,882	4.68%
Hainaut	1,444	287,028,851	8.62%	141,797,912	15.70%
Liège	803	188,760,341	8.31%	86,116,978	9.53%
Limburg	512	134,677,686	5.34%	59,696,824	6.61%
Luxembourg	155	36,998,229	9.90%	17,265,776	1.91%
Namur	395	95,903,382	7.96%	45,814,268	5.07%
Oost-Vlaanderen	1,131	357,061,757	8.27%	138,784,224	15.37%
Région Bruxelles-Capitale	650	192,526,555	10.22%	78,228,594	8.66%
Vlaams-Brabant	814	286,493,073	7.57%	100,711,092	11.15%
West-Vlaanderen	627	159,153,109	4.52%	70,023,797	7.75%
TOTAL	7,950	2,167,289,118	7.95%	903,233,097	100.00%

2020 REVALUATION OF DUTCH GUARANTEES

384 loans were revalued representing a total outstanding value of €29.8m.

Revaluation was conducted based on the PBK Index developed by the Netherlands land registry. For 2020, revaluation was based on Q3 2020 indices and the average index changed +7.1% within the scope.

Region	Number of loans	Total receivables	Valuation of guarantees as of 06/30/2020 (in €)	Valuation of guarantees as of 06/30/2019 (in €)	% change guarantees
Drenthe	13	1,003,372	1,916,011	1,786,854	7.23%
Flevoland	10	547,654	1,599,698	1,454,575	9.98%
Friesland	24	1,717,609	2,951,514	2,753,902	7.18%
Gelderland	39	3,024,450	5,259,721	4,909,765	7.13%
Groningen	23	1,874,993	3,230,329	3,012,849	7.22%
Limburg	30	2,211,392	4,830,514	4,527,795	6.69%
Noord-Brabant	40	3,263,277	7,616,320	7,139,461	6.68%
Noord-Holland	76	5,883,762	12,593,586	11,736,601	7.30%
Overijssel	33	2,480,234	4,204,768	3,923,248	7.18%
Utrecht	16	1,247,348	2,749,231	2,563,571	7.24%
Zeeland	16	1,092,624	1,964,184	1,842,322	6.61%
Zuid-Holland	64	5,418,251	9,736,891	9,116,952	6.80%
TOTAL	384	29,764,966	58,652,765	54,767,894	7.09%

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 exchange rate risks

Liquidity and interest rate risks are measured using different, complementary approaches depending on the scope of the analysis. There are two distinct approaches:

- a static approach, which covers on- and off-balance sheet transactions existing at a given date and up until their final maturity. Static processing factors in the stock of transactions and all flows from contracted commitments;
- a dynamic approach for liquidity risk (preparing the financing plan, evaluation of cash requirements) that includes business level forecasts over the current and following periods. Dynamic analyzes consider likely events resulting from commitments that have been made or are under option and uncertain events resulting from future activity.

Within the framework of these two approaches, assumptions or agreements are made about flows of assets and liabilities:

- balance sheet items with contractual maturities: the assumption applied is the contractual amortization of the item;

- balance sheet items without contractual maturity, such as capital and provisions, are subject to specific BPCE amortization assumptions.

Moreover, specific assumptions to certain products are modeled in order to adapt the cash flows. It depends on the probability of early repayment by the customers, of loan disbursement, or of deferred payments.

Early repayment and renegotiation assumptions are applied to each type of loan according to customer category (private individuals or local authorities) and the type of rate (fixed rate, adjustable rate or variable rate).

As regards information systems, the Financial Management Division uses a specific software package that is interfaced with the management systems.

Liquidity and interest rate risks are included in the Risk Appetite profile.

6.2. Liquidity risk monitoring

6.2.1. ORGANIZATION OF COMPAGNIE DE FINANCEMENT FONCIER'S FUNDING

The bulk of Compagnie de Financement Foncier's resources comes from medium and long-term issuances of *obligations foncières*.

In 2020, Compagnie de Financement Foncier issued €3.025bn in covered bonds (*obligations foncières*).

Furthermore, Compagnie de Financement Foncier has a number of potentially assignable assets that are eligible for the ECB's refinancing operations. At December 31, 2020, these outstandings amounted to nearly €9bn in nominal value, divided into:

- €6.2bn in Public sector loans;
- €2.8bn in securities.

In 2020 Compagnie de Financement Foncier did not make any use of this financing facility.

6.2.2. LIQUIDITY RISK MONITORING

Liquidity risk is the risk that Compagnie de Financement Foncier may not be able to honor its liquidity requirements.

As explained in section 6.1, liquidity requirements are analyzed according to a combined static and dynamic approach. With the static approach, liquidity monitoring ensures that medium-term liquidity management does not concentrate liquidity requirements excessively over certain periods. The main indicator used is the static liquidity gap, depending on whether or not account is taken of Compagnie de Financement Foncier's capacity to raise liquidity over the next 20 years. The concentration of future bond maturities was also looked at.

The very prudent liquidity management policy is being continued in 2020. Other than regulatory requirements, Compagnie de Financement Foncier's ALM rules ensure that its exposure to liquidity risk remains very limited. They are managed using a system of internal limits and are monitored by the ALM and Liquidity Oversight Committee as well as by the Risk Executive Committee.

In particular, Compagnie de Financement Foncier is committed to dispose of sufficient short-term liquidity to cover its privileged debt repayment commitments for at least 180 days.

At December 31, 2020, Compagnie de Financement Foncier had available cash of €1.35bn on current accounts with the Banque de France.

It also had €6.65bn in replacement values, including investments, of which €6.6bn lent to BPCE with a term of less than two months and mostly guaranteed by a loans portfolio.

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

6.2.3. INDICES AND COMPLIANCE WITH LIMITS

INTRADAY MONITORING

As Compagnie de Financement Foncier has an account with the ECB, an intraday liquidity monitoring and oversight mechanism was implemented.

Compagnie de Financement Foncier thus has a certain amount of collateral at the ECB.

LCR (LIQUIDITY COVERAGE RATIO)

Compagnie de Financement Foncier's LCR complies with the 100% limit applicable since January 1, 2018.

LIQUIDITY STRESS

Compagnie de Financement Foncier prepares liquidity forecast measures on the basis of a central, one-year scenario and under stress conditions:

- major stress at three months (maintenance of a proportion of new production and a proportion of the refinancing) and subject to limits: a check is thus done to verify whether the liquidity buffer covers all the cash needs provoked by the stress incident;
- disaster stress at three months resulting notably in the stopping of all new issuances and financing roll-overs; the liquidity position is compared with the liquidity buffer;
- moderate system-wide stress and high specific stress round out the system.

The stress test limit was not exceeded in 2020.

COMPLIANCE WITH THE PROVISIONS OF THE MAY 26, 2014 DECREE

180-DAY LIQUIDITY FORECAST

Compagnie de Financement Foncier ensures that at any given time its cash requirements are covered for a period of 180 days in accordance with the decree. This provision was respected throughout 2020. A 180-day liquidity forecast is sent for certification to the Specific Controller and then to the ACPR quarterly.

ASSET/LIABILITY MATCHING INDICATOR AND MATURITY GAP

The asset/liability matching indicator requires that the average maturity of eligible assets, held to cover the 105% minimum regulatory overcollateralization ratio, may not exceed the average maturity of outstanding privileged liabilities by more than 18 months. The calculation is submitted quarterly for very close scrutiny to the Specific Controller and then to the ACPR.

In 2020, without restricting eligible assets within the requirements of the regulatory overcollateralization ratio, this limit was also respected.

In addition to these requirements, Compagnie de Financement Foncier undertook to ensure that the average duration of its assets does not exceed that of its total liabilities over a period of more than 24 months.

At December 31, 2020, this commitment was also honored.

COVERAGE PLAN FOR PRIVILEGED LIABILITIES

The reporting institution defines, depending on its specific characteristics, the quarterly coverage plan of privileged liabilities that shall be applied in case it may no longer issue privileged liabilities. It is also sent for certification to the Specific Controller and then to the ACPR quarterly.

On the liabilities side, equity is included for a maturity equal to the longest issued liabilities:

- assets used to cover privileged liabilities;
- safe and liquid securities and assets pursuant to Article R. 513-6 of the French Monetary and Financial Code;
- cash flows generated by all balance sheet assets and privileged liabilities;
- privileged resources.

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

6.2.4. LIQUIDITY CONTINGENCY PLAN

A liquidity contingency plan was defined for group Crédit Foncier, Crédit Foncier and Compagnie de Financement Foncier in implementation of the Groupe BPCE liquidity contingency plan.

It sets out the associated governance and liquidity measures with regard to the three stress levels: tension, high stress and crash stress.

6.3. Monitoring of overall interest rate risk

6.3.1. MANAGEMENT PROCEDURES

Compagnie de Financement Foncier is protected against foreign exchange and interest rate risk: fixed rate and/or non-euro denominated asset acquisitions or debt issuances are hedged with variable rates and/or swapped into euros at origination.

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

This strategy usually does not apply to cross-currency swaps hedging issuances in foreign currencies or to structured swaps hedging private placements or some loans to local authorities that are concluded with other banking counterparts.

Given the various hedging mechanisms implemented by Compagnie de Financement Foncier at the time of transactions being entered into, an exposure to interest rate risk is limited to the possible distortion of the hedging transaction arising from events not known at the time of transaction conclusion and which occurred during the term of the contract (mainly early redemptions).

Interest rate position is reviewed each quarter by the Compagnie de Financement Foncier ALM Committee and macro-hedging transactions are entered into to keep interest rate gaps within the strict limits to which Compagnie de Financement Foncier has committed. The basic risks, resulting from different reference rates on positions already transformed into variable rates by swaps, are also managed through macro hedges.

The approved transactions are set out operationally by the Financial Management Committee and then implemented by the Cash Management Division of Crédit Foncier, which is the only point of entry to the market available to Compagnie de Financement Foncier for this kind of transaction.

All of the counterparties to these currency or interest rate swaps have concluded collateralization agreements with Compagnie de Financement Foncier that require them to provide a security deposit to the benefit of the Compagnie de Financement Foncier in case of a debit position and depending on their rating. If the opposite situation occurs, these agreements stipulate that Compagnie de Financement Foncier shall not deposit any collateral. As of December 31, 2020, the amount of deposits received was €0.88bn.

6.3.2. INTEREST RATE RISK MONITORING

Compagnie de Financement Foncier has adopted a static approach for measuring risk.

The fixed interest-rate gap is calculated from total outstandings both on- and off-balance sheet on the balance sheet date, using predefined assumptions and rules for asset and liability flows.

Variable rates by categories' buckets were also analyzed.

All of these indicators are monitored quarterly by the ALM and Liquidity Oversight Committee and the Risk Executive Committee.

6.3.3. COMPLIANCE WITH LIMITS

LIMIT RELATED TO THE STATIC RATE GAP

Compagnie de Financement Foncier is committed to maintaining the level of its interest rate mismatches or gaps within the very narrow range defined by periods of observation.

These limits are fixed every year in terms of amount.

The current limits for interest rate gaps are:

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

The limits were respected in 2020.

6.4. Monitoring foreign exchange risk

Foreign exchange risk arises from exchange rate movements in currencies in which Compagnie de Financement Foncier's assets and liabilities are denominated that negatively affect the value of assets or commitments denominated in foreign currencies.

Compagnie de Financement Foncier prohibits any open foreign exchange positions. This means that all assets and liabilities denominated in currencies other than the euro are systematically swapped as soon as they are recognized on the balance sheet. Residual differences arising from the adjustment of balance sheet

positions, particularly those created by cashing in margins, are hedged monthly.

They are monitored by Crédit Foncier's Risk department, which centralizes month-end foreign exchange positions, by currency and by total amounts of foreign currencies.

Compagnie de Financement Foncier established an internal limit equal to the exchange value of €5m for all currencies combined and to €3m per currency. This limit was respected throughout 2020.

6.5. Monitoring settlement risk

This risk materializes when a settlement in a transfer system does not take place as anticipated, generally because of a third party.

Operational oversight of this risk for Compagnie de Financement Foncier is done by the Crédit Foncier *cash* management back office.

Compagnie de Financement Foncier has direct access to the market settlement systems of the Paris Stock Exchange for large transactions denominated in euros; it is a member of the European Target system. For transactions in foreign currencies and small transactions in euros, it has accounts with BPCE.

Daily procedures for monitoring settlement risk include:

- preparation of projected flow profiles;

- daily reconciliation of individual flows with forecasting;

- creation of a payment incidents database.

In the event of the definitive default of a settlement counterparty leading to Compagnie de Financement Foncier potentially being overdrawn with the Banque de France, there are provisions for hedging mechanisms to be put in place (interbank borrowing or end-of-day borrowing facility provided by the European Central Bank).

Compagnie de Financement Foncier has a contingency and business continuity plan for settlement under an agreement with BPCE. Accordingly, as regards its financial activities, Compagnie de Financement Foncier is covered by BPCE's Contingency and Business Continuity Plan.

7. OPERATING RISKS

Within Groupe BPCE, operating risks are defined as the risk of loss resulting from inadequate or faulty procedures, personnel, information systems or external events. Operating risks include internal and external fraud, model risk and reputational risk.

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

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

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

These operational risks are specifically mapped and presented to the Operating Risks Committee every quarter. No incident related to Compagnie de Financement Foncier was detected at December 31, 2020.

7.1. Main organization

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

7.2. Governance

Operational risk management is part of Groupe Crédit Foncier's Risk department. It is managed by a specialized unit that is separate from operating activities and attached to the Compliance and Permanent Control Division. This unit reports to Compagnie de Financement Foncier's executive bodies and those responsible for controlling Compagnie de Financement Foncier.

7.3. Management environment

7.3.1. MANAGEMENT NETWORK

Operational risk oversight and management is delegated to the managers of various divisions. Each manager relies on a network of representatives coordinated by a Risk Manager, with a functional link to the Compliance and Permanent Control Division. The network of Risk Officers was reviewed in December 2020 to take into account the growth of Crédit Foncier.

- reporting incidents in a dedicated database: feeding the incident database by the management network as and when such incidents occur and evolve; monitoring of corrective action plans; analysis of changes in risk exposures and resulting losses;
- implementation of Key Risks Indicators for the main risk areas, warning when incidents are likely to enter a critical phase.

For calculating capital adequacy requirements, group Crédit Foncier currently applies the Basel III standard approach.

7.3.2. METHODS AND TOOLS

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

- mapping of operational risk events: identification and assessment by each business line of its vulnerability to the main operational risks, updated whenever processes or the organizational structure changes, and in any case at least once a year;

7.4. Organization of the Contingency and Business Continuity Plan (CBCP)

In accordance with the service agreements between group Crédit Foncier and Compagnie de Financement Foncier, business continuity of Compagnie de Financement Foncier is covered by Crédit Foncier's Contingency and Business Continuity Plan (CBCP). All aspects of this plan are maintained in working condition as required by the regulations.

Compagnie de Financement Foncier has its own CBCP manager who acts on its behalf in matters of compliance and maintaining the plan in deployment-ready condition in cooperation with the Crédit Foncier CBCP team.

7.5. Information technology risk

Under the agreements governing its activity, Compagnie de Financement Foncier makes use of human and technical resources provided by Crédit Foncier. Accordingly, Compagnie de Financement Foncier fully benefits from upgrades to Crédit Foncier's IT systems and from all the mechanisms that guarantee its smooth operation.

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.

7.7. Insurance

As Compagnie de Financement Foncier's servicer, Crédit Foncier insures the risks relating to its activity. Under service agreements with Compagnie de Financement Foncier, it provides insurance-related services on behalf of Compagnie de Financement Foncier. As a result, Compagnie de Financement Foncier benefits

from insurance policies subscribed by BPCE primarily covering the following risks:

- IT fraud and malicious acts and subsequent losses arising out of banking operations;
- professional civil liability;
- civil liability of senior executives and corporate officers.

7.8. 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 these assets and the guarantee of the State, under Article L. 312-1 of the Code of Construction and Housing.

In 2019, after a call for tenders, the block sale of assets was authorized by the bankruptcy judge for an amount greater than the declared liabilities.

In addition, since 2019, Crédit Foncier has been the target of many civil and criminal legal actions initiated by both the legal representatives and the Company Director on behalf of the companies in its group:

- application for an appraiser's report (ongoing appeal proceedings);
- application to extend the court-ordered liquidation to Groupe Crédit Foncier;
- civil liability action;
- private prosecution for bankruptcy and complicity in bankruptcy. The Criminal Court ordered a full acquittal. The co-liquidators appealed this decision while the Public Prosecution Service finally withdrew its appeal, as the criminal offense was no longer being prosecuted (only potential civil damages will be examined under the appeal proceedings);
- in addition, the Compagnie de Financement Foncier receivable recorded as a liability was disputed. An appeal has been made against the order admitting the loan by the debtor and the co-liquidators.

The aim of these actions is to try to call into question Compagnie de Financement Foncier's loan fees and hold Crédit Foncier and Compagnie de Financement Foncier (and, indirectly, the French State) liable for allegedly unfair loans. The subsequent restructuring of these loans under the aegis of the Court and with the approval of the French State, was also criticized. This restructuring was later considered to have been insufficient in relation to the borrower's financial capabilities.

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

With regard to the dispute over the overall effective rate that Compagnie de Financement Foncier has encountered, like all the institutions in the market, the body of decisions in favor of lenders, recent changes in legislation, which are likely to discourage purely opportunistic lawsuits, and case law lead the courts to almost systematically reject borrowers' claims, which has resulted in the flow of new allocations drying up. Therefore, all that remains to be done is to deal with a considerably reduced business commitment (bearing in mind that the developments described above are now leading some borrowers to drop their case).

DEPENDENCY

Compagnie de Financement Foncier is not dependent upon any specific patents, licenses, industrial procurement contracts, or commercial or financial agreements.

8. NON-COMPLIANCE RISK

Compliance responsibilities for Compagnie de Financement Foncier are performed by the Crédit Foncier's Compliance and Permanent Control Division in accordance with the terms of the relevant agreements (framework agreement and internal control and compliance service agreement) between the two entities.

The Compliance and Permanent Control Division (DCCP) is organized into three separate units: compliance and ethics, on the one hand, financial security on the other and, finally, permanent control since the 1st quarter of 2020. Crédit Foncier's Director of Compliance and Permanent Control is the person responsible for the compliance of Compagnie de Financement Foncier's Investment Services.

8.1 Main organization

Non-compliance risk monitoring and control is based on the methods used by BPCE. Non-compliance risk management is based on the risk mapping approach used by Groupe BPCE compliance.

It enables a permanent overview:

- of non-compliance risks, on the basis of 12 aggregate risks (including money laundering risk), break down into several risks detailed in specific elements of Compagnie de Financement Foncier's range of activities;
- of the system implemented to prevent or reduce them and to ensure, for the most significant risks, that they control them, if needed, and produce action plans to better oversee them.

Non-compliance risks are identified using a dual approach:

- detecting and factoring the specific aspects of Compagnie de Financement Foncier into the implementation of statutory

instruments to avoid potential implementation difficulties and to guarantee accurate translation into operating procedures;

- analyzing the results of first-level controls by Crédit Foncier's operational teams within the scope of Compagnie de Financement Foncier. These controls target the thematic non-compliance areas identified in the Group's compliance standards or the results of thematic approaches.

The control of non-compliance risks is divided between:

- the controls carried out by Crédit Foncier on its business activity (real estate financing, financial management, etc.) which directly benefit Compagnie de Financement Foncier,
- the compliance controls specifically set up for Compagnie de Financement Foncier notably relate to compliance with the regulations that apply to the acquisition of receivables and the updating of the value of collateral.

Specific action plans are drawn up by the operational units to address dysfunctions identified during audits or revealed by recurrent operational risk incidents. These action plans are monitored by the relevant departments. These dysfunctions and the progress of the corresponding action plans are monitored by the Heads of Permanent Control at Crédit Foncier on the Internal Control Committee and Compagnie de Financement Foncier's Risk Executive Committee.

The DCCP also monitors regulatory changes that could impact Compagnie de Financement and that have not yet been taken into account in the compliance risk mapping established by the Group. This is notably the case for changes related to Brexit; Compagnie de Financement Foncier is subject to the Temporary Permission Regime (TPR).

8.2. Financial security

Group Crédit Foncier ensures on behalf of Compagnie de Financement Foncier anti-money laundering and the financing of terrorism by means of a due diligence and monitoring system involving all Group stakeholders across the banking and credit transactions processes. This system includes adequate procedures as well as training and awareness programs for staff.

The system, incorporating the risk approach deriving from the anti-money-laundering regulations, provides for systematic scrutiny prior to forming any new customer relationship. Outstandings are regularly checked against international lists of persons with links to terrorism and for the enforcement of embargoes. Unusual events during the life of loans, in particular prepayments, are scrutinized by the Financial Security Unit of the Compliance and Permanent Control Division.

8.3. Compliance

BANKING COMPLIANCE

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

It oversees the compliance of Critical or Important Outsourcing Services (CIOS) as per Articles 231 to 240 of the Decree of November 3, 2014 concerning the internal control of companies in the banking, payment services and investment services sector. These services are covered by agreements between Crédit Foncier and Compagnie de Financement Foncier.

The Institutional Relations Department relies on the controls performed by the dedicated control units coordinated by the Compliance and Permanent Controls Department to ensure that the risks of activities outsourced to Crédit Foncier are controlled. In 2020, the Compliance and Permanent Control Division of Crédit Foncier managed the implementation of the guidelines of the European Banking Authority relating to outsourcing in compliance with Groupe BPCE's policy. In this context, the governance and supervision of outsourcing are reinforced with the creation of a key outsourcing post entrusted to the Director of Organization and Transformation and the creation of an outsourcing committee.

The Crédit Foncier Compliance and Permanent Control Division also coordinates the process of reviewing, producing and approving every new product, activity, distribution channel or service as all changes to an existing product. As part of this process, issues specific to Compagnie de Financement Foncier, in particular the eligibility of future outstandings for its balance sheet, are systematically examined.

VOLCKER RULE AND THE LAW ON THE SEPARATION AND REGULATION OF BANKING ACTIVITIES (SRBA)

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).

In application of the Volcker Rule, the Compliance and Permanent Control Division completed the final certification phase for Compagnie de Financement Foncier. In particular, the Senior Management report, which describes the advanced compliance program, was validated by the Volcker Committee and its Board of Directors. All sub-certifications of Compagnie de Financement Foncier were sent to Groupe BPCE for the Group's final certification.

The Compliance and Permanent Controls department also coordinated, together with the Financial Risk department and the departments concerned, the work for bringing Compagnie de Financement Foncier into compliance with the changes to the Volcker Rule, applicable as of January 1, 2021.

INVESTMENT SERVICES

The Compliance and Permanent Controls department manages non-compliance risks related to market regulations. In particular, it is continuing the remediation plan recommended by Groupe BPCE with regard to the EMIR Regulation. This remediation plan focuses mainly on the valuation obligations for derivative portfolios the management of disputes. Moreover, Compliance includes the

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

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

8.4. Ethics

Financial ethics standards incorporate market abuse regulatory measures pursuant to Regulation 596/2014 of the European Parliament, both regarding closely related persons and permanent insiders. An internal procedure circulated to all employees lists their obligations. At the same time, the persons concerned receive a reminder each time that they are prohibited from buying or selling securities. The blackout periods are applied in accordance with the Crédit Foncier and BPCE calendars. The Compliance and Permanent Control Division also periodically reviews the list of insiders.

The financial ethics system also incorporates the provisions of law No. 2106 of December 9, 2016 (Sapin II), through procedures regarding the use of the whistleblowing system by employees, financial privacy and requirements in respect of amounts or benefits received. Employees receive regular reminders from the Compliance and Permanent Controls department on these topics.





FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Income statements

Balance sheet

Off-balance sheet

Notes to the separate financial statements
of Compagnie de Financement Foncier

138

138

139

140

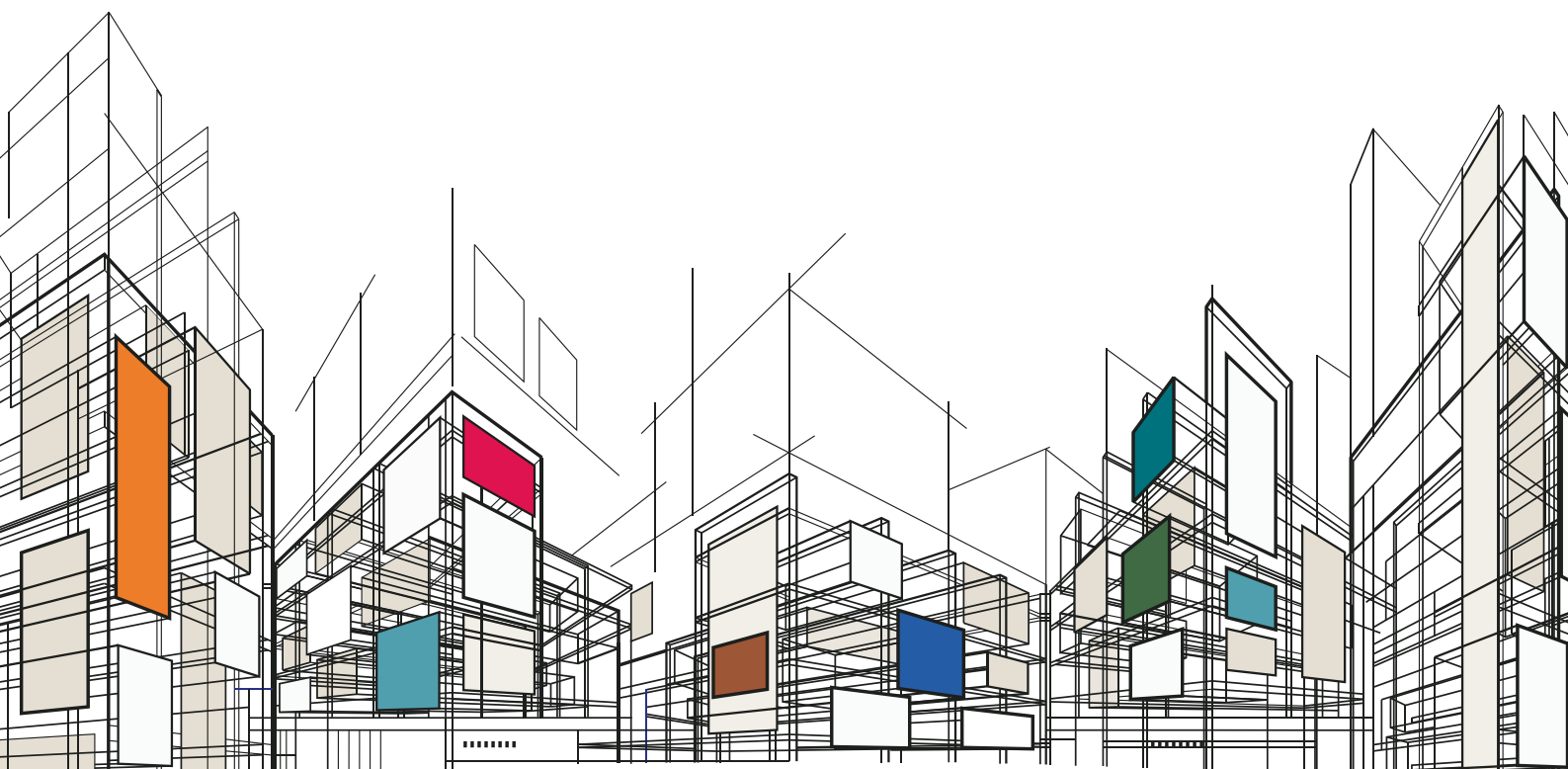
141

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

176

DETAILS OF THE CALCULATION OF THE OVERCOLLATERALIZATION RATIO AND CONTROL OF LIMITS

180



FINANCIAL STATEMENTS

Income statements

(in €k)	Notes	12/31/2020	12/31/2019	12/31/2018
Interest and similar income	1	1,841,107	2,027,376	2,221,758
Interest and similar expenses	1	-1,723,964	-1,837,690	-1,993,403
Net interests margin		117,143	189,686	228,356
Fees and commissions income	2	35,311	42,279	44,047
Fees and commissions	2	-853	-2,090	-1,525
Net gains/losses on trading portfolio transactions	3	-53	-212	-65
Other banking income	4	53	1,376	98
Other bank operating charges	4	-5,232	-3,831	-3,037
Net banking income		146,368	227,208	267,873
Payroll costs	5	-44	-49	-45
Taxes and other contributions	5	-4,380	-3,674	-6,926
External services and other expenses	5	-88,381	-76,199	-87,938
Amortization		0	0	0
General operating expenses		-92,805	-79,922	-94,909
Gross operating income		53,563	147,286	172,964
Cost of risk	6	4,314	11,487	-16,039
Operating income		57,878	158,773	156,925
Gains or losses on fixed assets	7	20,047	9,930	421
Income before tax		77,925	168,703	157,346
Non-recurring income		0	0	0
Income tax	8	-30,784	-57,425	-67,562
NET INCOME		47,141	111,278	89,784
Earnings per share* (in €)		0.30	0.70	0.57
Diluted earnings per share (in €)		0.30	0.70	0.57

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

Balance sheet

ASSETS

(in €k)	Notes	12/31/2020	12/31/2019	12/31/2018
Cash and amounts due from central banks		1,349,339	1,564,443	705,379
Treasury bills and equivalent	9	3,196,527	3,236,924	3,270,999
Loans and receivables due from credit institutions	10	23,733,098	23,067,067	26,449,694
■ <i>Sight deposit</i>		50,858	56,372	56,663
■ <i>Term</i>		23,682,240	23,010,695	26,393,031
Customer transactions	11	35,339,082	37,626,531	39,643,161
■ <i>Other facilities granted to customers</i>		35,339,082	37,626,531	39,643,161
Bonds and other fixed-income securities	9	3,220,625	4,093,758	4,565,859
Equity interests and other long term investments		0	0	0
Intangible asset and property, plant and equipment		0	0	0
Other assets	12	79,391	102,017	52,591
Accrual accounts	13	1,537,408	1,771,111	1,977,089
TOTAL ASSETS		68,455,470	71,461,851	76,664,772

LIABILITIES

(in €k)	Notes	12/31/2020	12/31/2019	12/31/2018
Amount due to central banks		0	0	0
Amounts due to credit institutions	14	6,268,175	4,436,533	6,601,591
■ <i>Sight deposit</i>		0	2,827	159
■ <i>Term</i>		6,268,175	4,433,706	6,601,432
Customer transactions		0	0	0
Sight deposit		0	0	0
Debt securities	15	56,443,309	60,515,318	63,547,037
■ <i>Interbank market instruments and negotiable debt securities</i>		0	151,288	151,865
■ <i>Bond issues (obligations foncières)</i>		56,443,309	60,364,030	63,395,172
Other liabilities	16	1,035,086	1,124,247	1,107,531
Accrual accounts	17	1,554,226	2,137,320	2,205,340
Provisions	18	602	30,226	6,559
Subordinated debts		0	0	0
Reserve for general banking risks		20,000	20,000	20,000
Equity excluding reserve for general banking risks	19	3,134,072	3,198,207	3,176,713
■ <i>Share capital</i>		2,537,460	2,537,460	2,537,460
■ <i>Additional paid-in capital</i>		343,002	343,002	343,002
■ <i>Reserves</i>		132,117	126,553	122,063
■ <i>Regulated provisions and investment subsidies</i>		0	0	0
■ <i>Deferred income</i>		74,352	79,914	84,404
■ <i>Income to be allocated</i>		0	0	0
■ <i>Net income for the period</i>		47,141	111,278	89,784
TOTAL LIABILITIES		68,455,470	71,461,851	76,664,772

Off-balance sheet

(in €k)	Notes	12/31/2020	12/31/2019	12/31/2018
TOTAL COMMITMENTS GIVEN				
Financing commitments		1,578,905	1,179,725	1,465,178
■ Commitments given to credit institutions	20 (20.1)	0	0	0
■ Commitments given to customers	20 (20.1)	1,578,905	1,179,725	1,185,156
Guarantee commitments		201,322	211,484	280,022
■ Commitments given to credit institutions	20 (20.1)	0	0	0
■ Other securities pledged as collateral	20 (20.1)	201,322	211,484	280,022
Commitments on securities		0	0	0
■ Other commitments given	20 (20.1)	0	0	0
Total commitments received				
Financing commitments		24,869,427	25,230,739	28,565,657
■ Guarantees received from credit institutions	20 (20.2)	2,693,633	2,696,386	2,756,142
■ Other assets received as collateral from the Group	20 (20.2)	22,175,794	22,534,353	25,809,515
Guarantee commitments		31,463,810	35,125,289	38,527,020
■ Guarantees received from credit institutions	20 (20.2)	5,589,484	6,058,419	6,941,055
■ Commitments received from customers	20 (20.2)	25,874,326	29,066,870	31,585,965
Commitments on securities		0	0	0
TOTAL RECIPROCAL COMMITMENTS				
■ Sale and purchase of foreign currencies	21	11,448,771	13,243,043	14,916,577
■ Other financial instruments	21	54,588,488	56,361,929	65,036,854

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

Notes to the separate financial statements of Compagnie de Financement Foncier

1. GENERAL FRAMEWORK

Compagnie de Financement Foncier is approved to operate as a *société de crédit foncier* under the Act of June 25, 1999, which deals with savings and financial security. As such, it is subject to Articles L. 513-2 to L. 513-27 of the French Monetary and Financial Code.

It is a credit institution accredited as a specialized credit institution under Act No. 2013-544 of June 27, 2013 on credit institutions and financing companies, in force as of January 1, 2014, which transposes into French legislation the European Regulation (CRR) and directive (CRD IV). As such, it must comply with Regulation 99-10 of the French Banking and Financial Regulation Committee (*Comité de la Réglementation Bancaire et Financière* or CRBF) as amended, which mainly concerns *sociétés de crédit foncier* and notably:

- the valuation of real property that is financed by eligible loans that can be held as assets by *sociétés de crédit foncier*;
- the valuation of the assets and liabilities of such companies;
- their specific management policies.

Subsidiary of Crédit Foncier de France, Compagnie de Financement Foncier is affiliated to BPCE. As such, it is protected by the guarantee and liquidity facilities of Groupe BPCE. As an affiliate, Compagnie de Financement Foncier does not contribute to the guarantee mechanism of Groupe BPCE and will not be called upon in case of a Banques Populaires or a Caisse d'Épargne default.

2. HIGHLIGHTS OF 2020

2.1. COMMERCIAL ACTIVITY

During 2020, Compagnie de Financement Foncier acquired €1,273m in loans from Crédit Foncier including related receivables, plus €24m in financing commitments.

Article L. 211-38 of the French Monetary and Financial Code specifies the possibility for an institution to grant a loan to another financial institution, a loan whose repayment is secured by the creation of a guarantee on a group of receivables. Compagnie de Financement Foncier as such carried loans with its parent company, Crédit Foncier, in the total amount of €16,382m at December 31, 2020. The same facility was also granted to BPCE SA, amounting to €6,600m at December 31, 2020 excluding related receivables. Total loans granted were collateralized for €22,175.8m.

Furthermore, as part of its business of funding eligible assets originated by the Groupe BPCE institutions, Compagnie de Financement Foncier refinanced receivables in the Public sector in the amount of €1,847m.

Replacement values of Compagnie de Financement Foncier, defined according to Decree 2007-745 of May 9, 2007 on the solvency of credit institutions, investment firms and *sociétés de crédit foncier* and amending the French Monetary and Financial Code, amounted to €6,648.4m including related receivables. In addition to working cash balances, replacement values essentially comprise loans granted under Article L. 211-38 of the French Monetary and Financial Code.

Regarding the funding activities, Compagnie de Financement Foncier issued €3,025m of *obligations foncières* in 2020 (exchange value at the date of issuance).

Compagnie de Financement Foncier can also access refinancing lines with the Banque de France (overall collateral management – pool 3G). However, this option was not used in 2020.

COVID-19

2020 was marked by the Covid-19 health crisis. The rapid spread of the pandemic led to a deterioration of the global economic situation, affecting many sectors and with significant repercussions for the economies of many countries. Travel restrictions in the affected areas and the disruption of supply chains following the closures of industrial and commercial companies had a material impact on economic value chains in the affected regions and industries (revenues from tourism, air transport, local sales, etc.).

In order to support the economy during this health crisis, the French public authorities put in place measures to provide financial and non-financial assistance to the affected business sectors.

The Covid-19 crisis has also spread to the financial world, resulting in very high volatility and erratic market fluctuations. In this environment marked by a significant degree of uncertainty, Groupe BPCE took into account the effects of the crisis, to the best extent possible at the reporting date, to determine the valuation of financial assets and liabilities as well as impairments and provisions in its financial statements as at December 31, 2020.

The impacts of the crisis on the financial statements at December 31, 2020 are detailed in Note 4.

2.2. EARLY REPAYMENTS

The overall rate of early repayments and renegotiations of loans to individuals stood at 10.9%. The asset outflows linked to early repayments amounted to €2,421m for the fiscal year.

Early repayments had several effects on net banking income:

- the impact of accelerated amortization of acquisition premiums/discounts is estimated at -€2.9m over the fiscal year;
- the collection of prepayment penalties from individual customers of €32.8m; as a reminder, according to the agreement on services rendered by Crédit Foncier, one third of these penalties is transferred to the latter (expense recognized under operating expenses).

In 2020, the rate of early repayments on Corporate accounts was 0.5%, slightly down compared with 2019 at 1.3%.

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

During 2020, Compagnie de Financement Foncier did not buy back any *obligations foncières*.

2.4. ASSETS DISPOSALS

At the start of 2020, a favorable market context enabled to complete the sale of held-to-maturity securities for a notional amount equivalent to around €393m. This sale contributes to an objective of improving the breakdown by geographical region and business sector of the outstandings and is therefore registered in the cases provided for by the accounting regulations.

2.5. TAXES

In accordance with the consolidated tax agreement signed with Crédit Foncier, Compagnie de Financement Foncier recognized tax income of €31.6m vis-à-vis its parent company due to its tax loss of -€98m. In addition, a deferred tax charge of -€62.4m was recognized, bringing income tax to a total charge of -€30.8m.

3. POST-BALANCE SHEET EVENTS

No subsequent event liable to have a significant impact on the financial statements at December 31, 2020 occurred between the closing date and February 10, 2020, the date on which the Board approved the financial statements.

4. IMPACT OF THE HEALTH CRISIS ON THE FINANCIAL STATEMENTS

The effects of the health crisis on the separate financial statements are described in the paragraphs below.

4.1 ECONOMY SUPPORT MEASURES

The rapid spread of the coronavirus pandemic has led to a worsening of the global economic situation, which is affecting many industries.

As early as March 15, 2020 prior to the announcement of the first lockdown in France, the French Banking Federation (FBF) stated that all French banks were mobilized to support their customers, in particular merchants, professionals and small and medium-sized enterprises, who could face difficulties resulting from the expansion of the Covid-19 epidemic, potentially impacting their activities temporarily.

Against this backdrop, Groupe BPCE institutions are committed to serving their professional and corporate customers experiencing cash flow difficulties by actively implementing the economic support measures decided by the French government:

- deferment of credit repayments for businesses without penalties or additional costs;
- the distribution of State guaranteed loans.

The measures taken to support the economy in fiscal year 2020 are described below.

4.1.1. STATE-GUARANTEED LOANS (PGE)

A State guaranteed loan (*prêt garanti par l'État*, or PGE) is a support mechanism put in place pursuant to Article 6 of the amended Finance Law No. 2020-289 of March 23, 2020 and the Order of the Minister of the Economy and Finance of March 23, 2020 granting the State guarantee to credit institutions and finance companies starting March 16, 2020 by the French government to meet the cash requirements of companies impacted by the Covid-19 health crisis. The system was extended until

June 30, 2021 by the Finance Act for 2021. A PGE must meet the eligibility criteria common to all institutions that distribute this loan as defined by law.

Crédit Foncier de France, and therefore Compagnie de Financement Foncier as well, given the strategic shifts implemented in 2019, have not granted any PGEs. Crédit Foncier's professional and corporate customers were referred to the Group's other institutions when necessary.

4.1.2. DEFERRAL OF CREDIT REPAYMENTS (MORATORIUMS) AND OTHER RESTRUCTURINGS

Against the backdrop of the Covid-19 crisis, Groupe Crédit Foncier and therefore Compagnie de Financement Foncier, decided to grant its merchant, professional, SME and large corporate customers concessions in various forms (temporary suspension of payments, rescheduling, renegotiation) to help them overcome the temporary cash flow difficulties caused by the crisis.

General measures

As soon as the first lockdown was announced in France, the networks of Groupe BPCE generally offered their professional customers and SMEs belonging to well-identified business sectors an extension of their loan payments, including principal and interest, for a period of six months. Subsequently, other generalized measures were granted to specific sectors of activity such as an extension of up to 12 months of payments for SMEs in the tourism, hotels and restaurants sectors. Compagnie de Financement Foncier participated in these measures.

In France, the Market protocol was updated in light of this latest amendment.

The conditions of these moratoriums are part of the general provisions set forth in Article 10 of the EBA Guidelines (EBA/GL/2020/02) published on April 2, 2020 and amended on December 2, 2020 (EBA/GL/2020/15).

Pursuant to this text, the granting of broadly based moratoriums with no specific conditions for granting them to counterparties that were not in financial difficulty before the Covid-19 crisis is not in itself an indicator of a significant deterioration in said counterparties' credit risk. As a result, the implementation of a general moratorium in order to overcome a temporary liquidity crisis in the context of the Covid-19 crisis does not result in an automatic downgrading to Status 2 (or Status 3 where the loss is greater than 1% of the difference between the net present value before restructuring and the net present value after restructuring) of loans that were classified as Status 1 before this crisis.

Individual measures

In addition, Groupe Crédit Foncier has provided individualized support to its customers, granting them various forms of concessions (moratoriums, debt rescheduling or other modification of loan conditions), the terms of which were set on the basis of the customer's individual situation.

When such conditions are granted, a specific analysis is carried out to identify whether there are signs that, on that date, the counterparty is having financial difficulties. If this is the case, loans are downgraded to Status 2 or Status 3 (when the loss is greater than 1% of the difference between the NPV before restructuring and the NPV after restructuring), resulting in an adjustment of the level of provisions.

Moratoriums granted by group institutions are generally billed at the original interest rate of the loan, which means that interest continues to accrue for the duration of the moratorium. At the end of the agreement, the interest is included in the loan principal and repaid over the remaining term of the loan (which was extended due to the moratorium). In that case, the moratorium does not imply a loss of cash flow for the bank. No income statement impact

is therefore recognized. As of December 31, 2020, nearly 6,000 loans on Compagnie de Financement Foncier's balance sheet representing €19.4 m in maturities (including €17 m granted to Individual customers) had been granted to individual customers. moratoriums. The length of the extension can be up to 12 months for the tourism, hotel and restaurant sectors.

4.2 CONSEQUENCES ON THE USE OF ESTIMATES

4.2.1. IMPAIRMENT OF CREDIT RISK

In 2020, Compagnie de Financement Foncier's cost of risk was +€4m. It was +€11m in fiscal year 2019.

The health crisis spread to the real economy, with significant repercussions on many sectors of activity in the affected areas. The Group referred to the various press releases published by the ESMA, EBA, ECB and IASB for the accounting principles applicable during the Covid-19 crisis, in particular the provisioning model.

At this stage, given the protection mechanisms from which the Company benefits and in the absence of any significant deterioration in its portfolio, Compagnie de Financement Foncier recorded a cost of risk impact of €1m at December 31, 2020.

4.2.2. FAIR VALUE OF FINANCIAL ASSETS IMPACTED BY THE HEALTH CRISIS

Given the effects of the Covid-19 crisis on the financial markets, the valuation of certain products was affected during 2020 by the lack of liquidity in the markets. Compagnie de Financement Foncier has no exposure to these assets.

4.2.3. SUMMARY TABLE OF THE MAIN IMPACTS OF THE COVID 19 CRISIS

(in €m)	Fiscal year 2020
Net banking income	
<i>Valuation of unlisted securities</i>	-
<i>Other impacts on NBI (including CVA)</i>	-
Cost of risk	
<i>Expected credit losses</i>	- 1
<i>Other impacts</i>	-

5. ACCOUNTING PRINCIPLES AND METHODS

5.1. PRESENTATION AND VALUATION METHODS

The annual separate financial statements of Compagnie de Financement Foncier are prepared and presented in accordance with the rules defined by BPCE, in compliance with Regulation No. 2014-07 of the French National Accounting Standards Authority (*Autorité des Normes Comptables* – ANC).

5.2. CHANGES IN ACCOUNTING METHODS

The texts adopted by the Accounting Standards Authority and mandatory in 2020 do not have a significant impact on the institution's individual financial statements.

It should be noted that regulation n° 2020-10 of December 22, 2020 corrected Accounting Standards Authority regulation n° 2014-07 of November 26, 2014 relating to the accounts of companies in the banking sector which modifies the presentation of securities borrowing and regulated savings. However, Compagnie de Financement Foncier is not affected by this type of transaction.

Compagnie de Financement Foncier applies to non-retail customers the new definition of default under Article 178 of European Regulation No. 575/2013 which is described in Note 11. It should be noted that the operational integration for Individual customers will be effective in 2021.

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.

5.3. GENERAL ACCOUNTING POLICIES

The financial statements for the fiscal year are presented in an identical format as that used for the previous fiscal year. Generally accepted accounting principles have been applied on a prudent basis and in accordance with the following underlying assumptions:

- business continuity;
- consistency of accounting methods over time;
- independence of fiscal years;

and in accordance with the general rules on the preparation and presentation of annual financial statements.

The basis method used to value accounting entries is the historical cost method. All balance sheet items are presented net of amortization, provisions and value adjustments. Specific accounting policies are provided in various notes to the financial statements to which they relate.

5.4. PRINCIPLES APPLICABLE TO BANKING RESOLUTION MECHANISMS

The conditions of setting-up the guarantee fund of deposits and resolutions were changed by the decree of October 27, 2015. All the contributions for the mechanism of deposits, securities and guarantees paid either in the form of repayable deposits, deposit guarantee fund certificates or membership certificates represent an insignificant amount.

The resolution Fund was built in 2015 pursuant to directive 2014/59/EU known as BRRD (bank recovery and resolution directive), which establishes a framework for the recovery and resolution of credit institutions and investment firms and European Regulation 806/2014 (MRU). As of 2016, it became a Single Resolution Fund (SRF) between member States participating in the Single Resolution Mechanism. An SRF is a resolution financing arrangement available to the resolution authority (Single Resolution Board) dedicated to the implementation of the resolution procedures.

Pursuant to delegated Regulation 2015/63 and implementing Regulation 2015/81 supplementing the BRRD directive on ex-ante contributions to the resolution's financing arrangements, the SRB set the contributions to the SRF for 2020. In 2020, the amount of contributions paid by Compagnie de Financement Foncier represented €17m including €14.45m recognized as expenses and €2.55m as cash guarantee deposits entered on the asset side of the balance sheet (15% of the call for funds as cash guarantee deposits). The total amount of contributions entered on the asset side of the balance sheet amounted to €12.7m as of December 31, 2020.

NOTE TO THE FINANCIAL STATEMENTS

NOTE 1	INTEREST AND SIMILAR INCOME AND EXPENSES	145	NOTE 12	OTHER ASSETS	161
NOTE 2	NET FEES AND COMMISSIONS	147	NOTE 13	ACCRUAL ACCOUNTS – ASSETS	161
NOTE 3	NET GAINS/LOSSES ON TRADING PORTFOLIO TRANSACTIONS	147	NOTE 14	DUE TO CREDIT INSTITUTIONS	162
NOTE 4	OTHER BANKING INCOME AND EXPENSES	148	NOTE 15	DEBT SECURITIES	163
NOTE 5	GENERAL OPERATING EXPENSES	149	NOTE 16	OTHER LIABILITIES	163
NOTE 6	COST OF RISK	150	NOTE 17	ACCRUAL ACCOUNTS – LIABILITIES	164
NOTE 7	GAINS OR LOSSES ON FIXED ASSETS	150	NOTE 18	PROVISIONS	164
NOTE 8	INCOME TAX	151	NOTE 19	CHANGES IN EQUITY	165
NOTE 9	TREASURY BILLS, BONDS AND OTHER FIXED-INCOME SECURITIES	151	NOTE 19 A	PROPOSED ALLOCATION OF NET INCOME	166
NOTE 9 A	SOVEREIGN RISK	152	NOTE 20	COMMITMENTS GIVEN AND RECEIVED	166
NOTE 9 B	CHANGE IN HELD-TO-MATURITY SECURITIES	153	NOTE 21	COMMITMENTS ON FORWARDS AND OPTIONS CONTRACTS	169
NOTE 9 C	RECLASSIFICATION OF FINANCIAL ASSETS	153	NOTE 22	TRANSACTIONS WITH RELATED CREDIT INSTITUTIONS	171
NOTE 10	RECEIVABLES DUE FROM CREDIT INSTITUTIONS	154	NOTE 23	STATEMENT OF FOREIGN EXCHANGE POSITIONS	172
NOTE 10 A	BREAKDOWN OF OUTSTANDING TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	156	NOTE 24	STATEMENT LIQUIDITY POSITIONS	172
NOTE 11	CUSTOMER TRANSACTIONS	156	NOTE 25	FINANCIAL RESULTS OF THE COMPANY OVER THE LAST FIVE YEARS	173
NOTE 11 A 1	IMPAIRMENT AND PROVISIONS FOR CREDIT RISKS	158	NOTE 26	CASH FLOW STATEMENT	173
NOTE 11 A 2	PREMIUMS/DISCOUNTS ON ACQUIRED RECEIVABLES	159	NOTE 27	CONSOLIDATION	175
NOTE 11 B	BREAKDOWN OF OUTSTANDING CUSTOMER LOANS	159	NOTE 28	COMPENSATION, ADVANCES	175
NOTE 11 C	TABLE OF BREAKDOWN OF OUTSTANDING DOUBTFUL LOANS	160	NOTE 29	INFORMATION RELATING TO STATUTORY AUDITORS' FEES	175
			NOTE 30	IMPLEMENTATION IN NON-COOPERATIVE COUNTRIES	175

NOTE 1 INTEREST AND SIMILAR INCOME AND EXPENSES

INTEREST AND SIMILAR FEE – COMMISSION INCOME

Interest and similar fee and commission income 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.

In 2019 and 2018, negative interest was presented net of positive interest on financial assets and liabilities respectively.

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.

	12/31/2020			12/31/2019	12/31/2018
(in €k)	Income	Expenses	Net	Net	Net
Interbank transactions	154,656	-103,433	51,224	122,664	198,811
Interest on Central Bank accounts		-7,617	-7,617	-5,147	-4,983
Interest on current accounts 2019 version	7	-39	-32	-143	-294
Interest on forwards	154,038	-93,210	60,828	132,818	217,462
Interest on subordinated loans	0		0	0	0
Interest on receivables guaranteed (replacement values)	0	0	0	0	0
Interest on securities received/sold under repurchase agreements	0	0	0	3,089	6,600
Contingent liabilities and commitments	0		0	0	0
Other interest income and expenses	0	0	0	0	0
Hedging transactions (netting)	611	-2,567	-1,955	-7,953	-19,974
Hedged losses on receivables	0		0	0	0
Non-hedged losses on receivables	0		0	0	0
Net changes in provisions	0		0	0	0
Customer transactions	779,129	-60,953	718,175	799,367	799,685
Interest on demand deposits, term deposits and regulated savings accounts		0	0	0	0
Interest on loans to customers	738,604	0	738,604	816,692	818,706
Interest on subordinated loans	0		0	0	0
Interest on doubtful loans ⁽¹⁾	33,369		33,369	41,779	47,449
Amortization of additional loans fees (CRC Regulation 2009-03)	6,976		6,976	4,709	3,808
Interest on ABS cash collateral	0		0	0	0
Other interest income and expenses	180	-2,469	-2,290	-3,775	-5,500
Income on financing and guarantee commitments	0		0	0	1
Hedging transactions (netting)	0	-52,742	-52,742	-59,075	-63,886
Hedged losses on receivables		-756	-756	-2,114	-2,681
Non-hedged losses on receivables		-993	-993	-554	-841
Net changes in provisions ⁽²⁾		-3,993	-3,993	1,704	2,629
Finance lease transactions	0	0	0	0	0
Securities portfolio transactions	867,835	-1,368,355	-500,520	-506,949	-519,765
Interest on investment securities	0		0	0	0
Spreading of discounts/premiums on investment securities	0		0	0	0
Interest on held-to-maturity securities	292,349		292,349	336,827	333,825
Amortization of discounts/premiums on held-to-maturity securities	0	-36,109	-36,109	-36,983	-37,359
Interest on medium-term notes (BMTN) issued		-321	-321	-1,739	-2,247
Interest on certificates of deposits issued		0	0	0	0
Interest on mortgage notes issued		-20,000	-20,000	0	0
Interest and expenses on bond issuances		-1,311,926	-1,311,926	-1,408,950	-1,555,905
Interest on doubtful securities	0		0	0	0
Hedging transactions (netting)	575,486	0	575,486	603,897	741,921
Losses on non-recoverable receivables		0	0	0	0
Net changes in provisions	0		0	0	0
Subordinated debts	0	0	0	0	34
Payables on subordinated term securities		0	0	0	34
Payables on subordinated debt – credit institutions		0	0	0	0
Payables on subordinated debt – customers		0	0	0	0
Other interest and similar income and expenses	39,487	-191,223	-151,736	-225,395	-250,411
Income on debt securities	19,384		19,384	14,680	14,137
Fees on credit derivatives		0	0	0	0
Commitments received/given on securities	0	-3,430	-3,430	-2,714	-1,509
Other interest income and expenses	0	0	0	-48	-9,660
Hedging transactions (netting)	0	-187,793	-187,793	-217,438	-253,598
Net changes in provisions	20,103	0	20,103	-19,874	219
TOTAL INTEREST AND SIMILAR INCOME AND EXPENSES	1,841,107	-1,723,964	117,143	189,686	228,356

(1) Including a deduction of €4,071k in 2020 for provisions.

(2) Net impact on customer interest listed on Net interest margin.

NOTE 2 NET FEES AND COMMISSIONS

ACCOUNTING POLICIES

Commission income similar to interest is recognized as interests and other income and expenses (note 1).

Other commission income is recognized according to the type of service provided as follows:

- fees and commissions received for an immediate service: recognized upon completion of the service;
- fees and commissions received for an ongoing or discontinued service paid for in installment: recognized over the period when the service is provided.

(in €k)	12/31/2020	12/31/2019	12/31/2018
Commissions on interbank and cash transactions (Net)	-111	-11	906
Income	0	0	913
Expenses	-111	-11	-8
Commissions on transactions with customers (Net)*	35,282	42,276	43,067
Income	35,282	42,276	43,067
Expenses	0	0	0
Commissions on securities transactions (Net)	-783	-884	-1,020
Income	0	0	0
Expenses	-783	-884	-1,020
Other commissions (Net)	71	-1,192	-430
Income	29	3	67
Expenses	42	-1,195	-497
Income	35,311	42,279	44,047
Expenses	-853	-2,090	-1,525
NET FEES AND COMMISSIONS	34,458	40,189	42,522

* Commissions on customer transactions are the fees received from customers following early repayments. The level of these fees is therefore directly correlated to the volume of loans repaid. The average early repayment rate on loans to individuals was 8% of outstanding loans for the fiscal year 2020.

NOTE 3 NET GAINS/LOSSES ON TRADING PORTFOLIO TRANSACTIONS

ACCOUNTING POLICIES

Gains or losses on trading book transactions combine:

- balance-sheet and off-balance sheet gains or losses on trading book transactions;
- gains or losses realized on outright forward foreign exchange transactions, resulting from currency purchases and sales and the periodic evaluation of transactions in currencies and precious metals;

- gains or losses from transactions in forward financial instruments, including interest rates, exchange rates and stock market indices, whether these instruments are fixed or conditional, including where it involves hedging transactions of trading portfolio transactions.

(in €k)	12/31/2020	12/31/2019	12/31/2018
Gains on currency and arbitrage transactions	-53	-212	-65
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	
Income from conditional rates trading	0	0	0
Losses on other financial instruments	0	0	0
Gains on other financial instruments	0	0	0
Addition to provisions for risks on financial forward instruments	0	0	0
Reversals from provisions for risks on financial forward instruments	0	0	0
NET GAINS/LOSSES ON TRADING BOOK TRANSACTIONS FAIR VALUE THROUGH PROFIT OR LOSS	-53	-212	-65

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.

(in €k)	12/31/2020			12/31/2019	12/31/2018
	Income	Expenses	Net	Net	Net
Transfers of expenses and income, reallocated expenses	0	0	0	0	0
Other banking income and expenses ⁽¹⁾	53	-5,232	-5,179	-2,455	-2,939
Other operating income and expenses	53	-5,232	-5,179	1,375	90
Additions to and reversals from provisions for other operating income and expenses	0	0	0	-3,830	-3,030
TOTAL	53	-5,232	-5,179	-2,455	-2,939

(1) Details

Other banking income and expenses	53	-5,232	-5,179	-2,455	-2,939
■ Transfers to exceptional gains	0		0	1,234	0
■ Other operating income	53		53	142	98
■ Transfers to exceptional losses		0	0	0	0
■ Central institution contribution*		-5,104	-5,104		
■ Other operating expenses		-128	-128	-1	-7
■ Additions to provisions		0	0	-3,830	-3,030

* In 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 GENERAL OPERATING EXPENSES

ACCOUNTING POLICIES

General operating expenses consist of personnel costs, including salaries and wages, social security contributions, taxes and duties relating to personnel costs. Other administrative expenses, including other taxes and duties and remuneration of external services are also recorded.

(in €k)	12/31/2020	12/31/2019	12/31/2018
PAYROLL COSTS	-44	-49	-45
Wages and salaries ⁽¹⁾	-44	-49	-45
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	-92,761	-79,873	-94,864
Taxes and other contributions	-4,380	-3,674	-6,926
CET (local business tax) and CVAE (tax on company value added)	-15	-1,060	-2,693
Social solidarity contribution	-4,107	-2,279	-3,507
Other taxes	-257	-334	-726
Contribution to the supervision expenses of the French Prudential Supervision and Resolution Authority (ACPR) ⁽²⁾			
Systemic banking risk tax			
Contributions to Single Resolution Fund			
Management fees to ECB			
Charges/reversals of provisions for tax disputes	0	0	0
External services	-88,381	-76,199	-87,938
Leasing	0	0	0
External services provided by the Group	-69,394	-60,009	-68,901
Contribution to the supervision expenses of the French Prudential Supervision and Resolution Authority	-649	-708	-774
Systemic banking risk tax	0	0	-2,032
Contributions to Single Resolution Fund	-14,447	-11,992	-12,024
Management fees to ECB	-1,438	-1,347	-1,071
Fees, subcontracting and services	-2,226	-1,890	-2,919
Advertising	-133	-106	-129
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	-94	-147	-88
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	-92,805	-79,922	-94,909

(1) The total amount of remuneration received by governing bodies at December 31, 2020 amounted to €43.5k. Following the decision of the Board of Directors of Compagnie de Financement Foncier on February 9, 2016, no additional remuneration has been paid to the executive bodies since February 1, 2016.

(2) Compagnie de Financement Foncier is now following the position of Groupe BPCE and classifies in outside services its banking contributions.

NOTE 6 COST OF RISK

ACCOUNTING POLICIES

The cost of risk item includes only the cost related to credit risk (or counterparty risk). Credit risk is the existence of a potential loss related to a possibility of default of the counterparty on the commitments it has given. Counterparty refers to any legal entity benefiting from a credit or a commitment by signing, party to a forward financial instrument or issuer of a debt instrument.

The cost of credit risk is assessed when the receivable is classified as doubtful, that is to say when the risk is proven as soon as it is probable that the institution will not receive all or part of the sums due in respect of the commitments given by the counterparty in accordance with the initial contractual provisions, notwithstanding the existence of a guarantee or surety.

Credit risk is also assessed when credit risk is identified on loans that are not doubtful but that have seen a significant increase in credit risk since initial recognition (See notes 9, 10 and 11).

The cost of credit risk therefore consists of all the allocations and reversals of impairment of receivables from customers, credit institutions, fixed income investment securities (in the event of a proven default risk by the issuer), provisions for off-balance sheet commitments (excluding off-balance sheet financial instruments) as well as losses on non-recoverable receivables and recoveries of bad debts written off.

However, are included allocations and reversals of provisions, losses on non-recoverable receivables or recoveries of bad debts written off relating to interest on doubtful loans and receivables, whose provisioning is compulsory are included under the items Interest and similar income and other banking income in the income statement. For trading securities, investment securities, portfolio activity and forward financial instruments, the cost of counterparty risk is carried directly to the items recording gains and losses on these portfolios, except in the event of risk of proven counterparty default, where this component can be effectively isolated and the provision movements on counterparty risk are then entered under cost of risk.

(in €k)	12/31/2020			12/31/2019	12/31/2018
	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	-14,840	24,576	9,735	26,383	10,880
Impairment of customer transactions*					
Impairment of customer transactions on doubtful loans*	-14,613	22,949	8,336	21,438	9,129
Impairment of customer transactions on performing loans*	0	1,392	1,392	4,926	-13,861
Provisions for counterparty risks on performing loans	-227	0	-227	0	15,866
Other provisions for contingencies and charges	0	235	235	19	-254
Losses/recoveries on customer transactions	-13,350	7,929	-5,421	-14,896	-26,919
Losses on irrecoverable loans and receivables covered by provisions	-1,340	0	-1,340	-7,940	-16,789
Losses on irrecoverable loans and receivables not covered by provisions	-6,497	0	-6,497	-5,927	-9,438
Recoveries of bad debts written off	0	7,929	7,929	5,220	4,485
Legal fees and litigation	-5,512	0	-5,512	-6,249	-5,177
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	-28,190	32,504	4,314	11,487	-16,039

* In the context of the financial statement closing at December 31, 2018, as a result of the coming into force of IFRS 9 and in accordance with the decision of the IFRS 9 Steering Committee on October 6, 2017, the Group decided to follow the methodology for determining collective provisions (previously based on IAS 39) on the methodology for assessing expected credit losses (ECL S2).

NOTE 7 GAINS OR LOSSES ON FIXED ASSETS

ACCOUNTING POLICIES

Gains or losses on fixed assets include gains or losses on transactions in held-to-maturity securities, arising from the difference between reversals of provisions and capital gains on disposals and additions to provisions and capital losses on disposal.

(in €k)	12/31/2020	12/31/2019	12/31/2018
Capital gains or losses on disposals of long-term securities	10,500	0	0
Capital gains or losses on disposals of held-to-maturity securities	9,547	9,930	421
Additions for impairment on held-to-maturity securities	0	0	0
Reversals for impairment on held-to-maturity securities	0	0	0
GAINS OR LOSSES ON OTHER ASSETS	20,047	9,930	421

NOTE 8 INCOME TAX

INCOME TAX

Compagnie de Financement Foncier has opted for accounting of deferred taxes on an unconsolidated basis. According to the principle of universality, this option applies to all temporary differences recognized in assets and liabilities.

The tax charge recorded in the income statement corresponds to corporate tax charges, deferred tax expense liabilities and changes in tax reserves.

Compagnie de Financement Foncier is included in BPCE's tax consolidation group and in Crédit Foncier's subgroup. Pursuant to

the tax consolidation agreement signed on November 18, 2014, the tax charge payable is calculated and recognized as if there were no tax consolidation.

In case of fiscal deficit, Compagnie de Financement Foncier will receive from Crédit Foncier a tax revenue equaling the income tax saving given to Crédit Foncier through the use of its fiscal deficit and will be deprived of the deferred losses for the determination of its future corporate tax expense.

As at December 31, 2020, Compagnie de Financement Foncier recognized a total tax expense of €30.78m.

<i>Tax expense components (in €k)</i>	12/31/2020	12/31/2019	12/31/2018
Current tax expenses (income) ⁽¹⁾	31,649	-49,415	-25,128
Deferred tax liabilities (income) ^{(1) (2)}	-62,433	-8,010	-42,434
Provisions for deferred taxes	0	0	0
Provisions for risks or for tax litigations	0	0	0
TOTAL	-30,784	-57,425	-67,562
BREAKDOWN OF DEFERRED TAXES FOR THE PERIOD			
Termination swap balance	-30,055	-28,622	-36,854
Client provisions including credit risk provisions	-6,089	6,183	-3,749
Provisions for investment securities			
Other temporary differences	-26,289	14,429	-1,831
TOTAL	-62,433	-8,010	-42,434

(1) Pursuant to the tax consolidation agreement signed by Compagnie de Financement Foncier, BPCE and Crédit Foncier, the Company has recognized as income the potential tax saving stemming from the deficit recorded for the period, to be received from the consolidating parent company Crédit Foncier (See note 4). Conversely, the Company has recognized a potential tax expense stemming from the tax benefit recorded for the period, to be paid to the consolidating parent company Crédit Foncier.

(2) Including €1,057k recorded on the liability method for 2020.

NOTE 9 TREASURY BILLS, BONDS AND OTHER FIXED-INCOME SECURITIES

ACCOUNTING POLICIES

The term "securities" includes interbank market securities, treasury bills, other negotiable debt securities, bonds and other fixed-income instruments, equities and other variable-income instruments.

Security transactions are subject to accounting Regulation No. 2014-07 of the French National Accounting Standards Authority defining general rules governing the accounting and valuation of securities and the rules concerning certain specific transactions such as repurchase agreements.

Securities are classified as follows: equity investments and shares of related companies, other securities held long-term, held-to-maturity debt securities, portfolio securities (equity available for sale in the medium term), available-for-sale securities and trading securities.

With respect to trading securities, securities available for sale, debt securities held-to-maturity and equity securities available for sale in the medium-term, any known counterparty default risk whose impact can be separately identified is recognized in the form of impairment loss. Changes in impairment are recorded under cost of risk.

Compagnie de Financement Foncier does not hold trading securities, equity securities available for sale in the medium term or available for sale securities.

Moreover, as a *société de crédit foncier*, Compagnie de Financement Foncier cannot hold equity investments, even as a

minority interest. It only holds one share in SGFGAS which enables it to acquire loans secured by the French government on behalf of SGFGAS. This investment was approved by the regulatory authority.

Finally, disposals of securities are recognized in the financial statements of Compagnie de Financement Foncier on the "settlement-delivery" date and not on the transaction date.

HELD-TO-MATURITY SECURITIES

Held-to-maturity securities are fixed-income securities with fixed maturity, acquired or reclassified from the category "Trading securities" or "Available for sale securities", with the clear intention and ability to hold them until maturity. These securities must not be subject to any existing restrictions, legal or other constraints that could compromise the capacity to hold them until maturity. The classification to securities held to maturity does not prevent them from being considered as items hedged against interest rate risk.

Securities held to maturity are recorded at cost excluding transaction costs, on their acquisition date. When previously classified as available for sale, they are recorded at cost and the previously recognized impairments are reversed over the residual life of the relevant securities. The difference between the acquisition cost and the redemption value of these securities, as well as the corresponding interest, are subject to the same rules that apply to fixed income securities available for sale.

An impairment loss may be recognized against these securities if there is a strong probability that the bank will not hold them until maturity due to new developments or if there is a risk that the issuer of the securities will default. Unrealized gains are not recognized.

Securities held-to-maturity cannot be sold or transferred into another category of security, except for certain cases detailed in Article 2341-2 of Regulation No. 2014-07 of the French National Accounting Standards Authority.

(in €k)	12/31/2020			12/31/2019			12/31/2018		
	Securities available for sale	Held-to-maturity securities	Total	Securities available for sale	Held-to-maturity securities	Total	Securities available for sale	Held-to-maturity securities	Total
Treasury bills and equivalent*	0	3,152,759	3,152,759	0	3,193,197	3,193,197	0	3,230,668	3,230,668
Related receivables	0	43,768	43,768	0	43,727	43,727	0	40,331	40,331
Subtotal	0	3,196,527	3,196,527	0	3,236,924	3,236,924	0	3,270,999	3,270,999
Bonds*	0	3,179,939	3,179,939	0	4,040,232	4,040,232	0	4,504,696	4,504,696
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	40,685	40,685	0	53,526	53,526	0	61,163	61,163
Subtotal	0	3,220,625	3,220,625	0	4,093,758	4,093,758	0	4,565,859	4,565,859
Doubtful loans and securities including related receivables	0	0	0	0	0	0	0	0	0
GROSS AMOUNTS	0	6,417,152	6,417,152	0	7,330,682	7,330,682	0	7,836,858	7,836,858
Impairment on fixed-income securities	0	0	0	0	0	0	0	0	0
NET AMOUNTS	0	6,417,152	6,417,152	0	7,330,682	7,330,682	0	7,836,858	7,836,858

* of which:

	12/31/2020	12/31/2019	12/31/2018
Listed securities	6,053,311	6,932,936	7,362,376
Unlisted securities	279,388	300,494	372,989
TOTAL EXCLUDING RELATED RECEIVABLES	6,332,699	7,233,430	7,735,365

Listed securities are normally available securities denominated in euros that are eligible for the ECB operations, as well as listed securities in other currencies. Unlisted securities now consist solely of bonds.

Under Regulation No. 2014-07 of the French National Accounting Standards Authority, the aggregate fair value of the investment portfolio amounted to €7,855.67m at December 31, 2020 excluding related receivables.

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

December 31, 2019, unrealized capital gains on held-to-maturity securities amounted to €1,557.81m, before swaps.

Unrealized capital losses on held-to-maturity securities amounted to €82.79m at December 31, 2020, before swaps. At December 31, 2019, unrealized capital losses on held-to-maturity securities amounted to €103.81m, before swaps.

The Company did not reclassify any securities to the "Held-to-maturity securities" portfolio either during the 2019 fiscal year or in previous years.

NOTE 9 A SOVEREIGN RISK

At December 31, 2020, the net exposures of the Compagnie de Financement Foncier sovereign risk in these countries are:

Held-to-maturity securities (in €m)	12/31/2020			12/31/2019			12/31/2018		
	Carrying amount	Market value	Value after swap*	Carrying amount	Market value	Value after swap*	Carrying amount	Market value	Value after swap*
Italy	2,218.5	3,105.3	1,872.5	2,172.4	2,819.9	1,747.9	2,187.7	2,529.3	1,597.6
Poland	364.9	440.7	314.8	378.0	457.8	315.3	367.3	436.0	295.3
TOTAL	2,583.4	3,546.0	2,187.3	2,550.4	3,277.7	2,063.2	2,555.0	2,965.3	1,892.9

* Fair value of the note taking into account micro hedging swap.

The values given above exclude related receivables. Carrying amounts are measured at the closing date if the securities are denominated in foreign currencies.

The maturity dates of net exposures in nominal value as of December 31, 2020 are presented below:

	Residual maturity		
	< 8 years	> 8 years and < 10 years	> 10 years
Italy	1,081.1	0.0	1,006.7
Poland	167.0	0.0	197.8
TOTAL	1,248.1	0.0	1,204.5

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 12/31/2018	Acquisitions	Disposals/ Redemp- tions*	Reclassifi- cations	Current change	Currency differences	Gross 12/31/2019	Acquisitions	Disposals/ Redemp- tions*	Reclassifi- cations	Current change	Currency differences	Gross 12/31/2020
Held-to-maturity securities	7,735,365	0	-354,159		-243,843	96,066	7,233,429	0	-523,719		-184,279	-192,732	6,332,698
TOTAL	7,735,365	0	-354,159		-243,843	96,066	7,233,429	0	-523,719		-184,279	-192,732	6,332,698
Related receivables	101,494				-4,241	0	97,253				-12,799	0	84,454
TOTAL	7,836,859	0	-354,159	0	-248,084	96,066	7,330,681	0	-523,719	0	-197,078	-192,732	6,417,152

* Disposals were conducted in accordance with the possibilities offered by Regulation No. 2014-07 of the French National Accounting Standards Authority, Article No. 2341-2, especially in cases of regulatory constraints.

These data are valued before swap, at the closing exchange rate.

NOTE 9 C RECLASSIFICATION OF FINANCIAL ASSETS

ACCOUNTING POLICIES

In order to harmonize accounting practices and ensure compliance with IFRS, Regulation No. 2014-07 of the French National Accounting Standards Authority includes the provisions of Notification No. 2008-19 of December 8, 2008 regarding transfers of securities out of the "Trading securities" and the "Securities available for sale" categories.

The reclassification out of the "Trading securities" category to the "Available for sale securities" and "Held-to-maturity securities" categories is now allowed under either of the following conditions:

- under exceptional market circumstances that require a change of strategy;
- when fixed-income securities are no longer, after their acquisition, tradable on active markets, and provided that the Company has the intention and the capacity to hold them in the foreseeable future or until they reach maturity.

Re-classifications from the "Securities available for sale" category to the "Debt securities held-to-maturity" are effective as from the reclassification date under either of the following conditions:

- under exceptional market circumstances that require a change of strategy;
- when fixed-income securities are no longer tradable on an active market.

Note that the National Accounting Council, in its press release of March 23, 2009, specifies that options of portfolio transfers, in particular from the available for sale securities portfolio to the held-to-maturity securities portfolio as planned by Article 19 of CRB Regulation No. 90-01 before its update by Regulation No. 2008-17 remain in force and are not repealed by Regulation No. 2014-07 of the French National Accounting Standards Authority (ANC).

Since Regulation No. 2008-17 of the CRC replaced by Regulation No. 2014-07 of French National Accounting Standards Authority (ANC) provides for additional options of transfers between portfolios, these new transfer options complete the ones defined above, and this, as of the date of application of this regulation on July 1, 2008.

Consequently, a reclassification from the available for sale securities portfolio to the held-to-maturity securities portfolio remains possible with a simple change of intention, if on the day of the transfer, all the criteria of the investment portfolio are met.

No portfolio reclassification took place in the fiscal year 2020 as Compagnie de Financement Foncier did not own trading securities or securities available for sale.

NOTE 10 RECEIVABLES DUE FROM CREDIT INSTITUTIONS**ACCOUNTING POLICIES**

Loans to credit institutions comprise all loans and advances arising out of banking transactions, with the exception of debt securities. They include securities received under repurchase agreements, regardless of the type of underlying, and loans and advances relating to securities repurchase agreements. Loans and advances are broken down into the sub-categories "Demand loans and advances" and "Term loans and advances".

Loans to credit institutions are recorded in the balance sheet at their nominal value or acquisition cost and include accrued interest that is not yet due but is net of any impairment charges recognized for credit risk.

The security received is recorded in the balance sheet under accounting. They are revalued on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of this loan.

RESTRUCTURED LOANS

Within the meaning of ANC Regulation No. 2014-07 of the French National Accounting Standards Authority, restructured loans are doubtful loans and receivables whose initial contractual characteristics (term and interest rate) have been modified to ensure repayment by the counterparty.

DOUBTFUL LOANS

Doubtful loans and receivables consist of all outstanding amounts, whether or not due and guaranteed or otherwise, where at least one commitment made by the debtor has involved a known credit risk, classified as such on an individual basis. A risk is considered to be "known" when it is probable that the Group will not collect all or part of amounts owed under the terms of the commitments made by the counterparty, notwithstanding any guarantee or surety provided.

Compagnie de Financement Foncier has no receivables due from credit institutions falling under restructured or doubtful loans and receivables. When the collection of loans or other receivables is considered to be uncertain, an impairment loss is recognized on the asset to cover the risk of loss. Impairment losses are calculated on a case-by-case basis, taking into account the present value of the guarantees received. They are determined on at least a quarterly basis, on the basis of the estimated credit risk and the guarantees provided. Impairment losses cover at a minimum the interest not received on doubtful loans.

As of December 31, 2020, there were no doubtful payables due from credit institutions. Accordingly, no impairment was recorded.

REPURCHASE AGREEMENTS

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

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

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

(in €k)	12/31/2020	12/31/2019	12/31/2018
Demand loans to credit institutions	50,858	56,372	56,663
Current accounts with overdrafts	50,858	56,372	56,663
Overnight loans	0	0	0
Unallocated items (demand)	0	0	0
Related receivables	0	0	0
Term loans to credit institutions	23,682,240	23,010,695	26,393,031
Term accounts and loans	554,737	552,098	911,734
Loans guaranteed under L. 211-38 (described in greater detail in note 10 A)	23,120,017	22,452,198	25,443,649
Securities bought under repurchase agreements	0	0	0
Subordinated loans and participating loans	0	0	0
Related receivables	7,487	6,399	37,648
Doubtful loans and receivables	0	0	0
GROSS AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	23,733,098	23,067,067	26,449,694
Impairment of doubtful loans	0	0	0
Impairment of doubtful loans	0	0	0
NET AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	23,733,098	23,067,067	26,449,694
Detbreakdown of term accounts (Group/non-Group)			
Term accounts and loans			
■ of which Group transactions	0	0	0
■ of which non-Group transactions	554,737	552,098	911,734
Secured receivables			
■ of which Group transactions	23,120,017	22,452,198	25,443,649
■ of which non-Group transactions	0	0	0
Related receivables			
■ of which Group transactions	7,487	6,399	13,129
■ of which non-Group transactions	0	0	24,519
Group receivables	23,127,503	22,458,597	25,456,778
Non-Group loans	554,737	552,098	936,253
TOTAL	23,682,240	23,010,695	26,393,031
Breakdown of demand accounts (Group/non-Group)			
Demand accounts and loans			
■ of which Group transactions	50,850	53,615	51,403
■ of which non-Group transactions	8	2,757	5,260
Related receivables			
■ of which Group transactions	0	0	0
■ of which non-Group transactions	0	0	0
Unallocated amounts			
■ of which Group transactions (at Crédit Foncier's scope)	0	0	0
■ of which non-Group transactions	0	0	0
Group receivables	50,850	53,615	51,403
Non-Group loans	8	2,757	5,260
TOTAL	50,858	56,372	56,663

NOTE 10 A BREAKDOWN OF OUTSTANDING TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

(in €k)	12/31/2020			12/31/2019	12/31/2018
	Gross amount	Impairment	Net amount	Net amount	Net amount
Term loans					
Refinancing of subsidized residential property	0		0	0	0
Refinancing of unsubsidized residential property	0		0	0	0
Public entities	554,737		554,737	552,098	936,253
Other loans to credit institutions*	23,127,503		23,127,503	22,458,597	25,456,778
Doubtful term loans					
NET AMOUNT OF TERM LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	23,682,240	0	23,682,240	23,010,696	26,393,031
* of which:					
Replacement values pursuant to L. 211-38, with BPCE	6,600,000		6,600,000	6,600,000	6,600,000
Loans guaranteed by loans and receivables (Local authorities, Individuals, Corporates) pursuant to L. 211-38, with Crédit Foncier	16,382,000		16,382,000	15,698,500	16,354,500
Loans guaranteed by local authority receivables pursuant to L. 211-38, with BPCE, CEP and Banques Populaires	138,017		138,017	153,698	2,489,149
Related and other receivables	7,487		7,487	6,399	13,129
TOTAL	23,127,503	0	23,127,503	22,458,597	25,456,778

NOTE 11 CUSTOMER TRANSACTIONS

ACCOUNTING POLICIES

Amounts due from customers include loans to entities other than credit institutions, with the exception of debt securities issued by customers, assets purchased under resale agreements and receivables corresponding to securities sold under repurchase agreements. They are broken down into business loans, current accounts with overdrafts and other facilities granted to customers. Loans issued to customers are recorded in the balance sheet at their nominal value or acquisition cost and include accrued interest that is not yet due but is net of any impairment charges recognized for credit risk. The commissions and marginal transaction costs that are amortized are integrated into the outstanding loan in question.

Amounts not yet paid are recognized as off-balance sheet items under "Financing commitments given".

Compagnie de Financement Foncier acquires loan and other receivables at market value. The difference between the market value and the net book value of the loans, known as a premium or discount depending on whether it is positive or negative, is recorded in a sub-account of the customer loans account.

Premiums and discounts on receivables acquired are then taken to the year's income on an actuarial basis over the remaining term of the receivables.

Past due payments are recorded as assets in each receivables category, unless they are considered as doubtful. In this case, they are included in the doubtful loans category.

The commissions and marginal transaction costs that are amortized are integrated into the outstanding loan in question.

Early repayment penalties are fully recognized in the income statement for the fiscal year during which the transactions took place. Renegotiation penalties are amortized over the duration of renegotiated loans.

In compliance with BPCE standards, Compagnie de Financement Foncier has recognized guarantees that are explicitly or implicitly attached to certain types of customer loans recorded on the balance sheet and which are of a sufficiently material nature, such as the value of mortgages or counter-guarantees received from SGFGAS and assumed by the French government (See Note 20.2 on Commitments received). They are revalued on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of this loan.

The security received is recorded in the balance sheet under accounting. They are revalued on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of this loan.

RESTRUCTURED LOANS

Within the meaning of ANC Regulation No. 2014-07 of the French National Accounting Standards Authority, restructured loans are doubtful loans and receivables whose initial contractual characteristics (term and interest rate) have been modified to ensure repayment by the counterparty.

A discount is taken on restructured loans to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used for fixed-rate loans is the initial effective interest rate and the discount rate used for floating-rate loans is the most recent effective interest rate prior to the restructuring date. The effective rate is the contractual rate. This discount is recorded in "Cost of risk" in the income statement and offset against the corresponding outstanding in the balance sheet. It is written back in net interest income in the income statement over the life of the loan using a yield-to-maturity approach.

A restructured loan may be reclassified as performing when the new payment due dates are respected. When a loan that has been reclassified becomes overdue, regardless of the restructuring terms agreed, the loan is downgraded to doubtful.

DOUBTFUL LOANS

Doubtful loans and receivables consist of all outstanding amounts, whether or not due and guaranteed or otherwise, where at least one commitment made by the debtor has involved a known credit risk, classified as such on an individual basis. A risk is considered to be “known” when it is probable that the Group will not collect all or part of amounts owed under the terms of the commitments made by the counterparty, notwithstanding any guarantee or surety provided.

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

With regard to individual customers, the identification of non-performing loans is carried out in accordance with the provisions of ANC Regulation No. 2014-07, particularly in the case of unpaid loans for over three months, of over six months for mortgage loans and nine months for loans to local authorities.

Doubtful loans are considered to be irrecoverable when full or partial collection is deemed to be highly unlikely and a write-off is considered. Receivables that have lapsed, terminated leases, open-ended competitions, whose closure has been notified are presumed to be entered as compromised doubtful loans. The decision to reclassify a doubtful loan as irrecoverable and the amount of impairment determined must take into account the guarantees provided and the recent loan repayment history. A debt that has been classified as doubtful for more than one year is assumed to be irrecoverable, unless a write-off is not foreseen. Reclassification of a debt from doubtful to irrecoverable does not automatically entail the reclassification of the counterparty's other doubtful loans and commitments to irrecoverable.

For doubtful loans and receivables, accrued interest or interest due but not received is recognized under income from banking operations and impaired accordingly. Where the receivable is classified as compromised, accrued interest that has not been collected is no longer recognized.

More generally, doubtful loans and receivables are reclassified as performing once the debtor restarts regular payments in accordance with the original repayment schedule, provided that the counterparty is no longer considered to be at risk of default.

REPURCHASE AGREEMENTS

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

The transferor records the amount received under liabilities, representing its debt vis-à-vis the purchaser. The purchaser records the amount paid, representing its claim against the transferor, as an asset. At the balance sheet date, the collateralized assets, as

well as the debt vis-à-vis the purchaser and the claim against the transferor, are valued according to the rules that apply to each.

IMPAIRMENT

When the collection of loans or other receivables is considered to be uncertain, an impairment loss is recognized on the asset to cover the risk of loss. Impairment losses are calculated on a case-by-case basis, taking into account the present value of the guarantees received. They are determined on at least a quarterly basis, on the basis of the estimated credit risk and the guarantees provided. Impairment losses cover at a minimum the interest not received on doubtful loans.

Impairment for probable losses includes all impairment charges, calculated as the difference between the principal outstanding and the projected cash-flows discounted at the initial effective interest rate. Projected cash flows are determined based on the type of receivables on the basis of historical losses and/or expert appraisals and are positioned over time using debt schedules based on historic recovery records.

Impairment provisions and reversals where there is a risk of non-recovery are recognized under “Cost of risk” except for impairment of interest on doubtful loans and receivables which, like the interest thus impaired, is booked under “Interest and similar income”.

The risk is assessed on a case-by-case basis for loans of a significant amount and automatically for the others taking into account the present value of the guarantees received. Once litigation begins, the collateral value is haircut.

For loans to the subsidized sector and those guaranteed by SGFGAS, on behalf of the French government, the share of the risk assumed by the latter is also taken into account.

Since loans transferred or sold to Compagnie de Financement Foncier are recorded on the balance sheet at their acquisition value, it is with respect to this initial cost that impairment is calculated.

Pursuant to the asset transfer agreement between Crédit Foncier and Compagnie de Financement Foncier, there is a mechanism that when only a portion of a loan is acquired, Compagnie de Financement Foncier may claim a right of priority over the full amount of the guarantee. Accordingly, as long as the collateral value covers Compagnie de Financement Foncier's portion of the doubtful loan, no impairment is recognized in the latter's financial statements. This impairment is recognized in the financial statements of Crédit Foncier.

When Compagnie de Financement Foncier has acquired the whole loan, any provision for impairment is wholly recognized in its financial statements.

Credit risk on financing commitments and off-balance sheet guarantees is recorded as a provision for contingencies and charges.

When credit risk is identified on loans that are not doubtful but that have seen a significant increase in credit risk since initial recognition, it is measured on the basis of expected credit losses over the period to maturity. This credit risk is deducted from loans on the asset side by means of a provision on the liability side where the risk pertains to commitments given to customers. Since January 1, 2018, the measurement methods for these non-doubtful loans have also been aligned with those of IFRS 9 Stage 2 used for the consolidated financial statements.

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

(in €k)	Performing loans and receivables			Doubtful loans and receivables			Write-downs ⁽⁴⁾			Net amounts		
	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018
Current accounts with overdrafts	0	0	0	0	0	0	0	0	0	0	0	0
Facilities granted to customers	34,120,342	36,291,997	38,166,567	1,277,451	1,398,681	1,568,790	58,711	64,147	92,196	35,339,082	37,626,531	39,643,161
Loans to financial customers	235,305	236,903	238,538	0	0	0	0	0	0	235,305	236,903	238,538
Export credits	0	0	0	0	0	0	0	0	0	0	0	0
Short-term credit facilities ⁽¹⁾	421,469	457,273	625,859	0	0	0	0	90	237	421,469	457,183	625,622
Equipment loans ⁽²⁾	6,974,065	5,937,134	5,314,417	34	3,192	2,912	34	3,742	1,448	6,974,065	5,936,584	5,315,880
Home loans	26,408,175	29,572,418	31,889,223	1,275,514	1,393,279	1,563,145	58,665	60,303	90,474	27,625,024	30,905,394	33,361,894
Other customer loans	5,390	2,140	2,703	40	47	77	11	12	36	5,419	2,175	2,744
Unallocated amounts	0	0	21							0	0	21
Related receivables	75,938	86,129	95,807	1,863	2,163	2,656				77,801	88,292	98,462
GENERAL ⁽³⁾	34,120,342	36,291,997	38,166,567	1,277,451	1,398,681	1,568,790	58,711	64,147	92,196	35,339,082	37,626,531	39,643,161

Restructured loans amounted to €475.3m at December 31, 2020, of which €126.3m classified as performing loans.

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

(1) Since 2007, the Company purchased the local authority loans of Natixis, which included revolving credit lines of €421.39m at December 31, 2020, versus €457.3m at December 31, 2019.

(2) Equipment loans are loans to local authorities.

(3) Customer loans eligible for refinancing with the Central Bank amounted to €2.4bn at December 31, 2020 in outstanding capital. This amount represents €1.9bn after haircut and overcollateralization constraints.

(4) Write-downs on customer loans include, on the one hand, write-downs on doubtful debts for €51.17m and, on the other hand, write-downs due to significant increases in credit risk on performing loans for €7.54m.

NOTE 11 A 1 IMPAIRMENT AND PROVISIONS FOR CREDIT RISKS

(in €k)	12/31/2018	Reclassi- fication	Additions	Reversals	12/31/2019	Reclassi- fication	Additions	Reversals	Reversals used	12/31/2020
Impairment of assets										
Customer loans and due from credit institutions ^{(1) (2)}	92,196	0	71,874	-99,923	64,147	0	52,964	-58,401		58,711
Provisions recognized as liabilities										
Customer loans and due from credit institutions and provisions on securities ⁽³⁾	698		0	-38	660		227	-660		227
TOTAL	92,894	0	71,874	-99,961	64,807	0	53,192	-59,061	0	58,938

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

(2) In accordance with the Regulation No. 2014-07 of the French accounting standards authority, Compagnie de Financement Foncier now recognizes its impairment flows in accumulated stock: reversal of all impairment for the previous fiscal year and full allocation of impairment for the current fiscal year.

(3) A provision for risk is included in the scope of non-doubtful off-balance sheet commitments, for which the available information makes it possible to anticipate a risk of default and losses at maturity.

NOTE 11 A 2 PREMIUMS/DISCOUNTS ON ACQUIRED RECEIVABLES

(in €k)	12/31/2018	Reclassification – Repayment	Additions	Amortization	12/31/2019	Reclassification – Repayment	Additions	Amortization	12/31/2020
Due from credit institutions									
Premiums	9,530		0	-9,530	0		0	0	0
Discounts									
Net	9,530		0	-9,530	0		0	0	0
Customer loans									
Performing loans and receivables									
Premiums	951,863	-7,619	107,103	-193,749	857,598	-5,077	70,447	-164,570	758,398
Discounts	-1,439,443	9,761	-98,743	152,389	-1,376,036	8,743	-11,638	152,955	-1,225,976
Doubtful loans and receivables									
Premiums	43,339	7,619		-14,256	36,702	5,077		-9,168	32,611
Discounts	-35,560	-9,761		12,308	-33,013	-8,743		9,745	-32,011
Net	-479,801	0	8,360	-43,308	-514,749	0	58,809	-11,038	-466,978
TOTAL	-470,271	0	8,360	-52,838	-514,749	0	58,809	-11,038	-466,978

NOTE 11 B BREAKDOWN OF OUTSTANDING CUSTOMER LOANS

(in €k)	12/31/2020			12/31/2019	12/31/2018
	Gross	Impairment	Net		
French mortgages	25,523,404	-1,296	25,524,701	28,488,357	30,589,218
Public sector	8,577,822	8,735	8,569,087	7,773,390	7,502,879
French public sector	7,178,181	4,967	7,173,214	6,298,216	5,929,132
■ Social housing	722,676	695	721,981	845,424	971,944
■ French local authorities (FLA)	6,454,519	3,989	6,450,530	5,452,083	4,956,203
■ Sovereign France	986	283	703	708	986
Public-Private Partnership (PPP)	598,003	0	598,003	609,663	620,741
International public sector	801,637	3,768	797,869	865,512	953,005
■ International public financing	801,637	3,768	797,869	865,512	953,005
■ International Sovereign	0	0	0	0	0
Commercial mortgage exposures	19,116	105	19,011	21,740	61,052
Other	0	0	0	0	0
Subtotal performing customer loans	34,120,342	7,543	34,112,798	36,283,487	38,153,150
Doubtful loans and receivables	1,277,451	51,167	1,226,283	1,343,044	1,490,011
TOTAL CUSTOMER LOANS	35,397,793	58,711	35,339,082	37,626,531	39,643,161

The 2016 exposures are drawn up in line with the breakdown presented in the table "Exposure analysis to credit risk".
Loans outstanding in the unsubsidized sector include €15.93bn in loans guaranteed by SGFGAS.

NOTE 11 C TABLE OF BREAKDOWN OF OUTSTANDING DOUBTFUL LOANS

December 31, 2020 (in €k)	Total doubtful loans			Of which compromised doubtful loans		
	Gross	Impairment	Net	Gross	Impairment	Net
French mortgages	1,195,894	50,640	1,145,254	764,079	35,826	728,254
Public sector	1,121	95	1,025	436	32	404
French public sector	1,121	95	1,025	436	32	404
■ Social housing	501	69	432	436	32	404
■ French local authorities (FLA)	619	26	593	0	0	0
■ Sovereign France			0	0		0
Public-Private Partnership (PPP)	0		0	0		0
International public sector	0	0	0	0		0
■ International public financing			0			0
■ International Sovereign	0		0	0		0
Commercial mortgage exposures	80,436	432	80,005	79,443	0	79,443
Subtotal doubtful customer loans	1,277,451	51,167	1,226,283	843,958	35,858	808,100

Doubtful loans and receivables outstanding in the unsubsidized sector includes €700.5m in loans guaranteed by SGFGAS.

In accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority, irrecoverable doubtful loans do not include loans with a guarantee covering nearly all of the risks. These are mainly subsidized sector loans and loans with a FGAS guarantee.

December 31, 2019 (in €k)	Total doubtful loans			Of which compromised doubtful loans		
	Gross	Impairment	Net	Gross	Impairment	Net
French mortgages	1,317,820	51,639	1,266,182	846,632	38,425	808,207
Public sector	3,727	3,023	703	472	31	441
French public sector	3,727	3,023	703	472	31	441
■ Social housing	538	67	470	472	31	441
■ French local authorities (FLA)	3,189	2,956	233	0	0	0
■ Sovereign France			0	0		0
Public-Private Partnership (PPP)	0		0	0		0
International public sector	0	0	0	0		0
■ International public financing			0			0
■ International Sovereign	0		0	0		0
Commercial mortgage exposures	77,134	975	76,159	75,138	0	75,138
Subtotal doubtful customer loans	1,398,681	55,637	1,343,044	922,242	38,456	883,186

Doubtful loans and receivables outstanding in the unsubsidized sector includes €755m in loans guaranteed by SGFGAS.

In accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority, irrecoverable doubtful loans do not include loans with a guarantee covering nearly all of the risks. These are mainly subsidized sector loans and loans with a FGAS guarantee.

December 31, 2018 (in €k)	Total doubtful loans			Of which compromised doubtful loans		
	Gross	Impairment	Net	Gross	Impairment	Net
French mortgages	1,491,658	77,652	1,414,006	811,182	59,067	752,115
Public sector	4,697	247	4,450	1,255	204	1,051
French public sector	4,697	247	4,450	1,255	204	1,051
■ Social housing	1,306	241	1,065	1,240	204	1,036
■ French local authorities (FLA)	3,391	6	3,385	15	0	15
■ Sovereign France			0	0		0
Public-Private Partnership (PPP)	0		0	0		0
International public sector	0		0	0		0
■ International public financing			0			0
■ International Sovereign	0		0	0		0
Commercial mortgage exposures	72,435	880	71,555	70,434	0	70,434
Subtotal doubtful customer loans	1,568,790	78,779	1,490,011	882,871	59,271	823,600

Doubtful loans and receivables outstanding in the unsubsidized sector includes €896m in loans guaranteed by SGFGAS.

In accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority, irrecoverable doubtful loans do not include loans with a guarantee covering nearly all of the risks. These are mainly subsidized sector loans and loans with a FGAS guarantee.

NOTE 12 OTHER ASSETS

(in €k)	12/31/2020	12/31/2019	12/31/2018
Options bought	0	0	0
Securities settlement accounts	0	0	0
Other debtors	79,391	102,017	52,591
Deposits on collateralization transactions	0	0	0
Other deposits and guarantees ⁽¹⁾	12,686	10,137	8,021
Tax consolidation receivables ⁽²⁾	65,860	0	0
Other non-trade receivables	845	91,880	44,570
Special bonus account	0	0	0
TOTAL	79,391	102,017	52,591

(1) At December 31, 2020, this item includes mainly the guarantee deposits of from 2015 to 2020 set up in the framework of the Single Resolution Fund in the amount of €12,685k.

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

NOTE 13 ACCRUAL ACCOUNTS – ASSETS

(in €k)	12/31/2020	12/31/2019	12/31/2018
Collection accounts	24	18	0
Deferred expenses	170,578	201,995	233,554
Issue and redemption premiums on fixed income securities	170,578	201,995	233,554
Other deferred expenses	0	0	0
Prepaid expenses	879,050	997,505	1,121,149
Termination balances of paid swaps to be amortized	879,050	997,505	1,121,149
Other prepaid expenses	0	0	0
Accrued income	368,357	391,627	433,537
Accrued interest on swaps	367,868	391,137	433,537
Other accrued income	490	490	0
Other accrual accounts – assets	119,398	179,966	188,848
Cash in domiciliation	0	0	1,585
Deferred tax assets	116,115	178,547	186,557
Currency adjustment accounts	0	0	0
Other accrued income*	3,283	1,419	707
TOTAL	1,537,408	1,771,111	1,977,089

* Essentially composed of transit accounts or financial relations with Crédit Foncier.

NOTE 14 DUE TO CREDIT INSTITUTIONS

ACCOUNTING POLICIES

Payables to credit institutions are presented according to their initial term (on demand or term). Depending on the counterparty involved, these items may include repurchase agreements involving securities and other assets. Accrued interest is recorded on related debts.

REPURCHASE AGREEMENTS

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

The transferor records the amount received under liabilities, representing its debt vis-à-vis the purchaser. The purchaser records the amount paid, representing its claim against the transferor, as an asset. At the balance sheet date, the collateralized assets, as well as the debt vis-à-vis the purchaser and the claim against the transferor, are valued according to the rules that apply to each.

(in €k)	12/31/2020	12/31/2019	12/31/2018
Due to credit institutions – on demand ⁽¹⁾	0	2,827	159
Current accounts of credit institutions	0	2,827	159
Demand loans from credit institutions	0	0	0
Other amounts due to credit institutions	0	0	0
Related payables	0	0	0
Due to credit institutions – at maturity ⁽²⁾	6,268,175	4,433,706	6,601,432
Term deposits and loans	5,578,707	3,518,020	5,051,057
Values sold under repurchase agreements	0	0	0
Securities sold under repurchase agreements	689,722	914,343	1,549,272
Related payables	-254	1,343	1,103
TOTAL	6,268,175	4,436,533	6,601,591
(1) Details on due to credit institutions – on demand (Group/non-Group)	0	2,827	159
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	2,827	159
■ Other amounts due to credit institutions	0	2,827	159
(2) Details on due to credit institutions – at maturity (Group/non-Group)	6,268,175	4,433,706	6,601,432
Of which Group	6,268,174	4,433,721	6,512,830
■ Term deposits and loans	5,578,453	3,519,378	4,963,558
■ Securities sold under repurchase agreements	689,722	914,343	1,549,272
Of which non-Group	0	-15	88,602
■ Term deposits and loans	0	-15	88,602
■ Banque de France refinancing (3G pool)	0	0	0
■ Other term loans	0	0	0
■ Securities sold under repurchase agreements	0	0	0
■ Related payables	0	0	0
Sub-total due to Group credit institutions	6,268,174	4,433,721	6,512,830
Sub-total due to non-Group credit institutions	0	2,812	88,761
TOTAL	6,268,175	4,436,533	6,601,591

NOTE 15 DEBT SECURITIES

Debt securities are shown according to how they are supported: short-term notes, interbank market instruments and negotiable debt securities, bonds and similar instruments, excluding subordinated securities which are shown on their own line in liabilities.

The outstanding principal amount on loans issued by Compagnie de Financement Foncier is recognized as a balance sheet liability for the gross amount. Foreign currency loans are measured in euros at the closing exchange rates.

Accrued interests relating to these securities are recorded in a related liabilities account through profit or loss.

Issuance fees are accounted for over the life of the corresponding loans. Bond issuance or redemption premiums are spread over the life of the loan *via* a deferred expenses account. The amortization of fees and issue premiums is carried to profit or loss under "Interest and similar expenses on bonds and other fixed-income securities".

For structured debts, in application of the precautionary principle, only the certain part of the remuneration or principal is recognized. A latent gain is not recognized. An unrealized loss is subject to a provision. Compagnie de Financement Foncier did not issue any structured debt in 2020.

(in €k)	12/31/2020	12/31/2019	12/31/2018
Negotiable debt securities	0	150,000	150,000
Related payables	0	1,288	1,865
Negotiable debt securities and related payables	0	151,288	151,865
<i>Obligations foncières</i>	55,824,258	59,719,859	62,653,800
Related payables	619,052	644,170	741,372
<i>Obligations foncières</i> and related payables	56,443,309	60,364,030	63,395,172
TOTAL	56,443,309	60,515,318	63,547,037

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

NOTE 16 OTHER LIABILITIES

(in €k)	12/31/2020	12/31/2019	12/31/2018
Options sold	0	0	0
Other creditors	995,166	1,082,867	1,065,354
Deposits on collateralization transactions	879,916	829,668	882,205
Margin calls on repurchase agreements	0	0	0
Trade payables*	14,719	30,238	35,204
Tax consolidation liabilities ⁽¹⁾	0	17,676	12,853
Other fiscal and social debts	34	47	-2
Other payables accounts	-1,336	104,701	39,784
Special bonus account	101,832	100,537	95,310
Allocated public funds ⁽²⁾	39,920	41,380	42,177
TOTAL	1,035,086	1,124,247	1,107,531

(1) Corporate tax due to Crédit Foncier (tax consolidation)

(2) Of which subsidized sector

* Pursuant to provisions of article D. 4-41 of the French Commercial Code, the breakdown of the amount of the suppliers invoices received and not settled at the closing date is the following:

Suppliers' invoices received and not settled as at the closing date	From 1 to 30 days	From 31 to 60 days	From 61 to 90 days	more than 91 days	Total
Total amount of the invoice incl. VAT (in €k)	0	-	-	-	0
Percentage of the total amount of the year purchases (TTC)	0.00%	-	-	-	0.00%
Number of invoices	0	-	-	-	0

NOTE 17 ACCRUAL ACCOUNTS – LIABILITIES

(in €k)	12/31/2020	12/31/2019	12/31/2018
Collection accounts	22	1	3
Unearned income	827,335	968,283	1,111,732
Subsidies on loans for low-income households (PAS) and former interest-free loans (PTZ)	9,601	16,598	25,749
Balances of swaps received to be amortized	705,979	858,239	1,019,774
Other unearned income	111,756	93,446	66,209
Accrued expenses	127,884	153,989	175,377
Accrued interest on derivatives (swaps)	112,980	144,960	168,563
Other accrued expenses	14,904	9,029	6,814
Other accrual accounts	598,985	1,015,047	918,229
Currency adjustment accounts*	569,129	884,816	866,397
Other items	29,856	130,231	51,832
TOTAL	1,554,226	2,137,320	2,205,340

* This item restores the balance between assets and liabilities, following the recognition in the income statement of gains or losses relating to the measurement of off-balance sheet transactions in foreign currency. A similar item can be found in Note 13.

NOTE 18 PROVISIONS

This item covers provisions for contingencies and losses that are not directly related to banking transactions as defined under Article L. 311-1 of the French Monetary and Financial Code or to related transactions as defined under Article L. 311-2 of this same Code, and which are clearly identifiable but of uncertain timing or amount. Unless covered by a specific text or reporting banking or related transactions, such provisions may only be recognized if an

obligation towards a third party exists at the end of the accounting period and is not offset by a receivable from this third party, in accordance with the provisions of Regulation No. 2014-03 of the French National Accounting Standards Authority (ANC).

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

(in €k)	12/31/2020	12/31/2019	12/31/2018
Provisions for counterparty risks	227	660	698
Provisions for counterparty risks on performing loans	227	425	444
Sectoral provisions	0	0	0
Provisions for execution risks on endorsements	0	235	254
Provisions for claims and litigation	0	9,089	5,258
Tax litigation	0	0	0
Other litigation*	0	9,089	5,258
Other provisions	374	20,477	603
Other provisions*	374	20,477	603
TOTAL	602	30,226	6,559

* A provision related to an estimate of an accelerated amortization of several termination balances.

Changes in the period (in €k)	Changes in 2020					12/31/2020
	12/31/2019	Additions	Reversals		Other changes	
			Used	Not used		
Provisions for counterparty risks	660	227	0	660	0	227
Provisions for counterparty risks on performing loans	425	227	0	425	0	227
Sectoral provisions	0	0	0	0	0	0
Provisions for execution risks on endorsements	235	0	0	235	0	0
Provisions for claims and litigation	9,089	4,071	0	0	-13,160	0
Tax litigation	0	0	0	0		0
Other litigation*	9,089	4,071	0	0	-13,160	0
Other provisions	20,477	0	0	20,103	0	374
Other provisions	20,477	0	0	20,103	0	374
TOTAL	30,226	4,298	0	20,763	- 13,160	602

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

NOTE 19 CHANGES IN EQUITY

RESERVE FOR GENERAL BANKING RISKS

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

(in €k)	Retained earnings 01/01/2019	Allocation	Changes in capital and reserves		Balance at 12/31/2019	Allocation	Changes in capital and reserves		Balance at 12/31/2020
			Dividends paid in shares	Other changes			Dividends paid in shares	Other changes	
Share capital*	2,537,460				2,537,460				2,537,460
Share premiums*	343,002				343,002				343,002
Reserves									
■ Legal reserve	66,546	4,490			71,036	5,564			76,600
■ General reserve	55,517				55,517				55,517
■ Regulated reserves									
of which:									
Regulated reserves of revaluation									
Special reserves for long-term capital gains									
Retained earnings	84,404	-4,490			79,914	-5,562			74,352
Net equity before net income for the year	3,086,929				3,086,929				3,086,931
Net income for the year before distributions	89,784	-89,784			111,278	-111,278			47,141
Equity after net income for the year	3,176,713				3,198,207				3,134,072
Dividends paid		89,784				111,278			

(in €k)	Retained earnings 01/01/2019	Allocation	Changes in provisions		Balance at 12/31/2019	Allocation	Changes in provisions		Balance at 12/31/2020
			Additions	Reversals			Additions	Reversals	
Special revaluation provision									
Other regulated provisions									
Regulated provisions									
Equity before distributions	3,176,713				3,198,207				3,134,072

(in €k)	Retained earnings 01/01/2019	Allocation	Changes in the reserve for general banking risks (RGBR)		Balance at 12/31/2019	Allocation	Changes in the reserve for general banking risks (RGBR)		Balance at 12/31/2020
			Additions	Reversals			Additions	Reversals	
Reserve for general banking risks	20,000				20,000				20,000
TOTAL	3,196,713				3,218,207				3,154,072

* After the capital increase on September 15, 2015, share capital comprises 158,591,246 ordinary shares with a face value of €16, which confer identical rights to all shareholders.
No free revaluation has been carried out to date.

NOTE 19 A PROPOSED ALLOCATION OF NET INCOME

(in €k)	12/31/2020
Sources	
Retained earnings	74,352
Net income for the year	47,141
Deposit on dividends	
Transfer from reserves	
Allocation	
Allocation to reserves	
■ Legal reserve	2,358
■ Special long-term capital gains reserves	
■ Other reserves	
Dividends	47,140
Other distributions	0
Retained earnings	71,995
TOTAL	121,493 121,492

NOTE 20 COMMITMENTS GIVEN AND RECEIVED

GENERAL PRINCIPLES

FINANCING COMMITMENTS

Financing commitments given to credit and similar institutions comprising refinancing agreements, payment approvals or payment commitments, documentary credit opening confirmation and other commitments given to credit institutions.

Financing commitments given to customers comprising confirmed credit openings, substitutions for commercial paper facilities, commitments on securities issue facilities and other commitments given to economic agents other than credit and similar institutions.

Financing commitments received list refinancing agreements and other commitments received from credit and similar institutions.

GUARANTEE COMMITMENTS

Credit institution guarantee commitments cover deposits, pledges and other guarantees from credit and similar institutions.

Customer guarantee commitment include deposits, pledges and other guarantees from economic agents other than credit and similar institutions.

Guarantee commitments include received list deposits, pledges and other guarantees received from credit and similar institutions.

20.1 COMMITMENTS GIVEN

	12/31/2020		12/31/2019		12/31/2018	
	Loans authorized but not yet established	Amounts not drawn down on loans already partially established	Loans authorized but not yet established	Amounts not drawn down on loans already partially established	Loans authorized but not yet established	Amounts not drawn down on loans already partially established
FINANCING COMMITMENTS	1,530,768	48,137	1,179,370	355	1,184,853	303
Subsidized sector commitments	0	0	0	0	0	0
Unsubsidized sector commitments	1,530,768	48,137	1,179,370	355	1,184,853	303
Non-Group commitments	1,530,768	48,137	1,179,370	355	1,184,853	303
■ Credit institutions	0	0	0	0	0	0
■ Customers ⁽¹⁾	1,530,768	48,137	1,179,370	355	1,184,853	303
Group commitments	0	0	0	0	0	0
GUARANTEE COMMITMENTS	201,322	0	211,484	0	280,022	0
Non-Group commitments	201,322	0	211,484	0	280,022	0
■ Other values used as collateral ⁽²⁾	201,322	0	211,484	0	280,022	0
COMMITMENTS ON SECURITIES	0	0	0	0	0	0
TOTAL ⁽³⁾	1,780,227	0	1,391,209	0	1,465,178	0

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

(in €k)	12/31/2020	12/31/2019	12/31/2018
Permanent credit lines (outstanding transferred from Ixis CIB)	1,478,701	1,127,303	1,132,786
State housing savings accounts (primes d'épargne logement)	52,067	52,067	52,067

(2) This item represents assets and securities given as collateral to the Banque de France, in the framework of the pool of the gestion globale des garanties (3G) of which:

(in €k)	12/31/2020	12/31/2019	12/31/2018
Securities	147,225	151,926	215,183
Receivables	54,097	59,558	64,838

Receivables presented and accepted by the Banque de France are valued at their book value; securities are valued at ECB value before valuation haircut.

(3) Of which:

(in €k)	12/31/2020	12/31/2019	12/31/2018
Doubtful commitments	204	355	303

20.2 COMMITMENTS RECEIVED

(in €k)	12/31/2020	12/31/2019	12/31/2018
FINANCING COMMITMENTS	24,869,427	25,230,739	28,565,657
Non-Group commitments	693,633	696,386	756,142
Credit institutions ⁽¹⁾	693,633	696,386	756,142
Group commitments	24,175,794	24,534,353	27,809,515
Repurchase guarantee	0	0	0
Credit institutions ⁽²⁾	2,000,000	2,000,000	2,000,000
Other assets received as collateral from the Group ⁽³⁾	22,175,794	22,534,353	25,809,515
GUARANTEE COMMITMENTS	31,463,810	35,125,289	38,527,020
Non-Group commitments	30,593,712	34,136,935	36,538,187
Credit institutions and similar institutions ⁽⁴⁾	4,754,066	5,109,315	4,997,453
Customers ⁽⁵⁾	25,839,646	29,027,620	31,540,734
Group commitments ⁽⁶⁾	870,097	988,354	1,988,833
Credit institutions and similar items	835,417	949,104	1,943,602
Customers	34,680	39,250	45,231
COMMITMENTS ON SECURITIES	0	0	0
Other securities to be received	0	0	0
TOTAL	56,333,237	60,356,028	67,092,677

(1) Non-Group financing commitments included the commitment received from the Banque de France in relation to the collateral management mechanism for an amount of €180.57m at December 31, 2020 compared with €175.34m at December 31, 2019.

(2) Credit line entered into by Compagnie de Financement Foncier and BPCE on June 30, 2018 for €2bn.

(3) Guarantees related to receivables and securities held and put in place within the framework of loans authorized pursuant to Article L. 211-38 and mortgage notes:

(in €k)	12/31/2020	12/31/2019	12/31/2018
■ * Guarantees received from Crédit Foncier for loans to French local authorities (L. 211-38)	16,610,206	15,969,196	16,649,479
■ * Guarantees received from BPCE SA as replacement values (L. 211-38 – RV)	5,429,097	6,410,498	6,521,696
■ * Guarantees received from Caisses d'Épargne, Banques Populaires and BPCE for loans to French local authorities (L. 211-38)	136,491	154,659	2,638,341
■ * Guarantees received from Crédit Foncier for mortgage notes	0	0	0

(4) Mainly includes:

(in €k)	12/31/2020	12/31/2019	12/31/2018
■ * Guarantees received from Crédit Logement rated Aa3 (Moody's)	4,515,149	4,755,141	4,559,966
■ * Guarantees received from Crésérfi:	229,473	266,023	289,817

(5) Compagnie de Financement Foncier posts guarantees to the balance sheet related to certain types of customer loans on the balance sheet, in view of their materiality. These guarantees include:

(in €k)	12/31/2020	12/31/2019	12/31/2018
■ Government guarantees on loans, mainly to the subsidized sector	102,922	113,481	128,725
■ Guarantees from the SGFGAS on FGAS-eligible loans and covered by the government:	15,927,141	17,625,830	18,726,867
■ Mortgage guarantees for mortgage loans that are only covered by this guarantee	6,688,985	7,929,066	9,234,166
■ Guarantees given by local authorities and other organizations	668,463	757,388	865,421
■ Security enhancement guarantees given by governments	1,038,059	1,075,448	1,052,603
■ Security enhancement guarantees received from insurance companies	1,362,005	1,468,294	1,481,050

(6) The guarantee received from BPCE on securities amounting to €800m, no longer existed at end 2019.

NOTE 21 COMMITMENTS ON FORWARDS AND OPTIONS CONTRACTS

FOREIGN CURRENCY TRANSACTIONS

Income and capital gains or losses on foreign exchange transactions are calculated in accordance with Regulation No. 2014-07 of the French National Accounting Standards Authority (ANC).

Receivables, liabilities and off-balance sheet commitments denominated in a foreign currency are valued at the exchange rate as at the reporting date. The corresponding income and expenses are immediately translated into euros at the spot rate when recognized in the income statement.

Unsettled spot foreign exchange transactions are valued at the exchange rate as at the reporting date.

Foreign exchange swaps are recognized as coupled long spot and short forward transactions. Premiums and discounts on foreign exchange forward and futures contracts used for hedging purposes are recognized in the income statement on a *prorata temporis* basis. Currency swaps are subject to Regulation No. 2014-07 of the French National Accounting Standards Authority.

Realized and unrealized foreign exchange gains and losses are recognized in the income statement under "gains or losses on trading book transactions".

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 notional value of the contracts. At the balance sheet date, the amount recognized for these commitments represented the volume of the open transactions at the balance sheet date.

The instruments held by Compagnie de Financement Foncier are mainly interest rate or foreign exchange swaps, forward foreign exchange swaps and caps and floors. All these instruments are traded OTC (including transactions processed by clearing houses – LCH).

Compagnie de Financement Foncier has no binding contracts on any organized or other markets.

The accounting policies applied vary depending on the type of instrument and the original purpose of the transaction.

FORWARD TRANSACTIONS

Interest rate swaps and similar contracts (forward rate agreements, caps and floors) are classified according to their initial purpose, in the following categories:

- micro-hedging (specific transactions);
- macro-hedging (overall asset and liability management);
- speculative positions/isolated open positions;
- specialized management of a trading book.

Income and expenses on the first two categories are recognized in the income statements on a prorata basis.

Income and expenses on instruments used to hedge an item or a group of similar assets are recorded as profit or loss, symmetrically with the recognition of income and expenses on hedged items. Comprehensive income items of the hedging instrument are recognized in the same line item as income and expenses for hedged items, under "Interest and similar income" and "Interest and similar expenses". The "Gains/losses on trading book transactions" line item is used when the hedged items are included in the trading book.

Hedging swaps on loans are systematically reclassified under isolated open positions when the loan becomes doubtful.

Income and expenses on forward financial instruments used to hedge and manage the Company's overall interest rate exposure are recognized in the income statement on a prorata basis as "Interest and similar income" and "Interest and similar expenses". Unrealized gains and losses are not recognized.

Gains and losses on certain contracts qualified as isolated open positions are recorded in the income statement when the contracts are unwound or on a prorata basis depending on the nature of the instrument. Recognition of unrealized capital gains or losses is determined based on the type of market involved (organized, other markets considered as organized or over the counter):

- for over-the-counter options, unrealized mark-to-market losses are provided for at year-end. Unrealized gains are not recognized;
- instruments traded on organized markets or other markets considered as organized are continuously quoted and liquid enough to justify being marked to market. Unrealized gains are not recognized.

Compagnie de Financement Foncier does not have any trading book or isolated open position management contracts.

Termination balances or transfers are recognized as follows:

- transactions classified under specialized asset management or isolated open positions are recognized directly in the income statement;
- 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. Compagnie de Financement Foncier does not have any trading book or isolated open position management contracts.

OPTIONS

The notional amount of the underlying asset on which the option or forward contract is based is recorded by distinguishing between hedging contracts and contracts traded on the markets.

For transactions involving interest rate, foreign exchange or equity options, the premiums paid or received are recognized in a temporary account. At closing, these options are valued on the profit or loss in the case of products listed on an organized market or equivalent. For over-the-counter (OTC) options, provisions are recognized for capital losses but unrealized capital gains are not recognized. When an option is sold, repurchased or exercised, or when an option expires, the corresponding premium is recognized immediately in income.

Income and expenses for hedging instruments are recognized symmetrically with those from the hedged item. Put options are not eligible for classification as macro-hedging instruments.

Over-the-counter markets may be treated as organized markets when market makers ensure continuous quotations with spreads that reflect market practice or when the underlying financial instrument is itself quoted on an organized market.

At December 31, 2020, Compagnie de Financement Foncier recognized no forward rate agreements on an isolated open position.

	12/31/2020		12/31/2019		12/31/2018	
(in €k)	Euros	Other currencies ⁽²⁾	Euros	Other currencies ⁽²⁾	Euros	Other currencies ⁽²⁾
OVER-THE-COUNTER MARKETS						
Options (nominal amounts)	985,573	0	1,171,573	0	1,384,671	0
Hedging transactions (purchases)						
■ Interest rate instruments	985,573	0	1,171,573	0	1,384,671	0
■ foreign exchange instrument						
■ Other instruments						
Other options						
Options (fair value)	405	0	877	0	0	0
Forward transactions (nominal amounts)	58,624,462	6,427,223	60,907,268	7,526,130	70,228,657	8,340,103
Hedging transactions						
■ Interest rate instruments	53,286,982	315,932	54,862,353	328,002	63,340,619	311,564
■ Foreign exchange instruments ⁽³⁾	5,337,480	6,111,291	6,044,915	7,198,128	6,888,038	8,028,539
■ Other instruments	0	0	0	0	0	0
Other transactions						
Forward transactions (fair value) ⁽¹⁾	1,390,161	-1,944,002	1,881,742	-2,860,835	1,493,526	-2,107,778
Forward and options transactions	59,610,036	6,427,223	62,078,842	7,526,130	71,613,328	8,340,103
TOTAL ⁽²⁾ (NOMINAL AMOUNTS)	66,037,259		69,604,972		79,953,431	
TOTAL (FAIR VALUE)	-553,436		-978,216		-614,252	

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⁾

(in €k)	12/31/2020	12/31/2019	12/31/2018	12/31/2020 Valuation of assets received as collateral (2)
BALANCE SHEET				
Asset items				
Receivables due from credit institutions				
Sight deposit	50,850	53,615	51,403	
Term	0	0	0	
Term deposits guaranteed by repo securities	23,127,504	22,458,597	25,456,778	22,175,794
■ Loans guaranteed by French local authority loans (SPT) under L. 211-38	8,012,517	7,940,698	11,257,149	8,090,756
■ to CCF	7,874,500	7,787,000	8,768,000	7,954,265
■ to BPCE	0	0	2,320,000	0
■ to other Group entities	138,017	153,698	169,149	136,491
■ Loans guaranteed by mortgage loans under L. 211-38	8,507,500	7,911,500	7,586,500	8,655,941
■ to individuals	7,844,000	7,342,000	7,178,500	7,968,841
■ to Corporates	663,500	569,500	408,000	687,100
■ Loans registered as replacement values under L. 211-38	6,600,000	6,600,000	6,600,000	5,429,097
■ to BPCE	6,600,000	6,600,000	6,600,000	5,429,097
■ Related receivables	7,487	6,399	13,129	
Customer transactions				
Receivables	0	0	0	
Transactions on securities				
Bonds and other fixed-income securities	0	63,520	60,490	0
■ Mortgage notes	0	0	0	0
■ to CCF	0	0	0	0
■ Other fixed income securities	0	60,494	57,632	
■ Related receivables	0	3,027	2,858	
OTHER ASSETS ⁽²⁾				
Other debtors	65,860	0	0	
TOTAL ASSETS	23,244,214	22,575,733	25,568,671	22,175,794
Liabilities				
Amounts due to credit institutions				
Sight deposit	0	0	0	
Term	5,579,084	3,520,069	4,964,406	
Securities sold under repurchase agreements	690,354	915,034	1,550,119	
Customer transactions				
Sight deposit	0	0	0	
Transactions on securities				
Debt securities				
Subordinated debts	0	0	0	
Other liabilities				
Other creditors	12,539	28,039	33,220	
TOTAL LIABILITIES	6,281,976	4,463,142	6,547,745	

Compagnie de Financement Foncier does not conduct transactions not concluded under normal market conditions between related parties (Regulation No. 2014-07).

(1) The definition of related credit institutions refers to the scope of consolidation of Groupe BPCE to which Compagnie de Financement Foncier belongs.

(2) Assets received as collateral are valued at their outstanding principal amount determined on the closing date.

NOTE 23 STATEMENT OF FOREIGN EXCHANGE POSITIONS

AT DECEMBER 31, 2020

Heading (in €k)	Australian \$	Canadian \$	US \$	£ Sterling	Swiss Franc	Yen	Hungarian Forint	New Zealand \$	Norwegian Krone	Danish Krone	TOTAL
BALANCE SHEET											
Financial assets	29	9	1,856,022	60,613	1,092,213	835,268	9	35	6,072	7	3,850,277
Financial liabilities	0	0	215,041	636,049	1,239,048	4,940			254,274		2,349,352
Balance sheet differential (I)	29	9	1,640,981	-575,436	-146,835	830,328	9	35	-248,202	7	1,500,925
OFF-BALANCE SHEET											
Commitments received	0	0	232,255	614,559	1,211,175	0			248,202		2,306,191
Commitments given	0	0	1,873,236	39,108	1,062,460	830,296			0		3,805,100
Off-balance sheet differential (II)	0	0	-1,640,981	575,451	148,715	-830,296	0	0	248,202	0	-1,498,909
TOTAL DIFFERENTIAL (I)+(II)	29	9	0	15	1,880	32	9	35	0	7	2,016

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 LIQUIDITY POSITIONS

AT DECEMBER 31, 2020

Heading (in €k)	Remaining maturity					Total ⁽²⁾
	< 3 months	3M < D < 6M	6M < D < 1A	1A < D < 5A	>5 years	
BALANCE SHEET						
Financial assets ⁽¹⁾	7,677,208	1,186,798	2,493,451	15,834,189	36,831,029	64,022,675
Due from credit institutions	6,990,466	380,648	1,225,885	5,823,013	9,254,742	23,674,754
Receivables from customers	616,178	582,261	1,216,357	8,529,928	23,070,499	34,015,223
Bonds and other fixed-income securities	70,564	223,889	51,209	1,481,248	4,505,788	6,332,698
Subordinated65 term loans						
Financial liabilities	4,577,946	5,064,206	3,007,722	22,043,313	27,399,500	62,092,687
Amounts due to credit institutions	4,469,724	949,688	1,487	5,798	841,732	6,268,429
Due to customers						
Debt securities:	108,222	4,114,518	3,006,235	22,037,515	26,557,768	55,824,258
■ Retails certificates of deposit						
■ Interbank market securities						
■ Negotiable debt securities	0	0	0	0	0	0
■ Bonds	108,222	4,114,518	3,006,235	22,037,515	26,557,768	55,824,258
■ Other debt securities						
Subordinated term debt						
Balance sheet differential (I)	3,099,262	-3,877,408	-514,271	-6,209,124	9,431,529	1,929,988
OFF-BALANCE SHEET						
Commitments given	0	0	1,578,701	0	0	1,578,701
Commitments received	180,568	0	0	2,000,000	0	2,180,568
Off-balance sheet differential (II)	180,568	0	-1,578,701	2,000,000	0	601,867
TOTAL DIFFERENTIAL (I)+(II)	3,279,830	-3,877,408	-2,092,972	-4,209,124	9,431,529	2,531,855
Conditional positions	0	6,049	3,000	45,024	931,500	985,573

(1) The financial assets of Compagnie de Financement Foncier include €5.2 bn of securities (unencumbered assets) that meet the refinancing criteria of the European Central Bank.

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

NOTE 25 FINANCIAL RESULTS OF THE COMPANY OVER THE LAST FIVE YEARS

Type of indications (in €k)	2016	2017	2018	2019	2020
I) Financial situation at the end of the fiscal year					
a) Share capital	2,537,459,936	2,537,459,936	2,537,459,936	2,537,459,936	2,537,459,936
b) Number of shares in issue	158,591,246	158,591,246	158,591,246	158,591,246	158,591,246
c) Number of bonds convertible into shares	None	None	None	None	None
II) Overall earnings from operations					
a) Revenue excluding taxes	2,933,578,888	2,543,480,488	2,258,211,772	2,022,986,514	1,831,359,717
b) Profit for the fiscal year before tax, employee profit sharing and net increase/reversal in amortization and provisions	232,455,527	66,965,494	146,646,334	164,320,963	52,079,307
c) Income taxes ⁽¹⁾	16,483,217	-26,052,279	-67,561,772	-57,424,140	-30,783,931
d) Incidence of employee profit sharing for the fiscal year	None	None	None	None	None
e) Profit for the fiscal year after tax, employee profit sharing and net increase/reversal in amortization and provisions	93,676,428	58,204,957	89,783,493	111,278,471	47,140,925
f) Amount of profits distributed	93,568,835	58,202,987	89,783,262	111,277,134	47,139,662
III) Earnings from operations per share ⁽²⁾					
a) Profit for the fiscal year after tax and employee profit sharing but before net increase/reversal in amortization and provisions	0.77	0.26	0.50	0.67	0.13
b) Profit for the fiscal year after tax and employee profit sharing and net increase/reversal in amortization and provisions	0.59	0.37	0.57	0.70	0.30
c) Dividend paid per share	0.59	0.37	0.57	0.70	0.30
IV) Staff					
a) Number of employees	Negligible	Negligible	Negligible	Negligible	Negligible
■ Management category	Negligible	Negligible	Negligible	Negligible	Negligible
■ Employee and Technician category	None	None	None	None	None
b) Total employee salaries	Negligible	Negligible	Negligible	Negligible	Negligible
c) Amount paid for social contributions and benefits (social security, other staff benefits, etc.)	Negligible	Negligible	Negligible	Negligible	Negligible

(1) At December 31, 2015, Compagnie de Financement Foncier's fiscal deficit was offset by a compensation for tax savings transferred to the tax consolidation group, in compliance with the tax consolidation agreement.

(2) Earnings per share are determined by the average number of shares for the year concerned.

NOTE 26 CASH FLOW STATEMENT

26.1 PRINCIPLES

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

The cash flow statement of Compagnie de Financement Foncier is presented in accordance with ANC recommendation 2004-R-03, on the format used for corporate summary reports and overseen by the French Banking and Financial Services Regulatory Committee.

It is established using the indirect method: net income for the year is restated to include non-monetary items: depreciation, amortisation and impairment for property, plant and equipment and intangible assets, provisions, other movements no outflows, such as accrued income and expenses. Cash flows from 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. Capital transactions with no impact on cash flow or profit or loss are neutral: payment of the dividend in shares, provision for retained earnings.

The breakdown of Compagnie de Financement Foncier's activities by operating, investment and financing categories takes into account its capacity of *société de crédit foncier*.

Operating activities include:

- the acquisition of eligible loans;
- the acquisition of securitization tranches and securities issued by public entities;
- the issue of *obligations foncières* and other long-term unsubordinated resources.

Financing activities include:

- dividends paid in cash;
- the issuance and redemption of subordinated debt.

Cash flow is defined according to the standards of the French National Accounting Board. It includes cash on hand and demand deposits at the Banque de France, in post office accounts and with credit institutions.

26.2 CASH FLOW STATEMENT

(in €k)	12/31/2020	12/31/2019	12/31/2018
Operating activities			
Net income for the year	47,141	111,278	89,784
Restatement of earnings related to operating activities			
Tangible and intangible fixed assets, excluding goodwill			
Net provisions charges/customers and credit institutions	-5,310	-28,049	1,659
Net provisions charges/available-for-sale securities	0	0	0
Net provisions charges/held-to-maturity securities	0	0	0
Net provisions charges/loans	-20,536	19,836	-15,388
Net gain on sale of fixed assets			
Other transactions without cash payments	-82,180	181,861	-344,232
Cash flows on loans to credit institutions and customers	1,598,778	5,385,595	1,306,625
Cash flows on securities available to sale	0	0	0
Cash flows on held-to-maturity securities	671,455	322,725	673,109
Cash flows on other assets	83,188	-40,562	214,977
Cash flows on debts/credit institutions and customers	1,833,239	-2,165,299	-1,344,299
Net borrowing	-4,045,602	-2,933,941	94,221
Cash flows on other liabilities	-189,514	95,112	-568,236
Net cash flows used for operating activities	-109,341	948,556	108,220
Investing activities			
Cash flows related to the sale of:			
■ Financial assets			
■ Tangible and intangible fixed assets			
Disbursements for the acquisition of:			
■ Financial assets			
■ Tangible and intangible fixed assets			
Net cash flows from other investment activities			
Net cash flows used for investment activities			
Financing activities			
Cash flows from share issuances			
Dividends paid	-111,277	-89,783	-58,203
Net issuances of subordinated debt			
Other			
Net cash flows from financing activities	-111,277	-89,783	-58,203
NET CHANGE IN CASH POSITION	-220,618	858,773	50,017
Opening cash and cash equivalents	1,620,815	762,042	712,025
Closing cash and cash equivalents	1,400,197	1,620,815	762,042
Net	-220,618	858,773	50,017
Cash: deposits at Banque de France	1,349,339	1,564,443	705,379
Amount due to credit institutions on demand*	50,858	56,372	56,663
TOTAL	1,400,197	1,620,815	762,042
* of which: BPCE	50,383	53,147	50,934

NOTE 27 CONSOLIDATION

In accordance with Article 4111-1 of Regulation No. 2014-07 of the French Accounting Standards Authority (ANC), Compagnie de Financement Foncier does not provide consolidated financial statements.

The separate financial statements of Compagnie de Financement Foncier are integrated into the consolidated financial statements of both Crédit Foncier and Groupe BPCE.

NOTE 28 COMPENSATION, ADVANCES

The “personnel costs” heading corresponds exclusively to the fees allocated to Board members.

NOTE 29 INFORMATION RELATING TO STATUTORY AUDITORS' FEES

(in €k)	KPMG				PricewaterhouseCoopers				Total			
	2020		2019		2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Audit												
Statutory Auditors, certification, review of individual and consolidated financial statements	199	83%	132	76%	224	81%	147	78%	423	82%	279	77%
Other procedures and services directly related to the Statutory Auditor's assignment*	42	17%	42	24%	54	19%	42	22%	96	18%	84	23%
TOTAL	241	100%	174	100%	278	100%	189	100%	519	100%	363	100%

The amounts indicated represent the accounting expenses taking non-deductible VAT into account.

* Other services directly related to the mission of the auditors are fees for the issuance of letters of comfort as part of the bonds issued by Compagnie de Financement Foncier.

NOTE 30 IMPLEMENTATION IN NON-COOPERATIVE COUNTRIES

Article L. 511-45 of the French Monetary and Financial Code and the French Minister for the Economy's Decree of October 6, 2009 require credit institutions to include an appendix to their annual financial statements with information on their offices and activities in countries and territories that have not signed an agreement with France containing a mutual assistance clause to fight against tax evasion and fraud by allowing access to banking information.

These requirements are part of global endeavors arising from the various OECD initiatives and summits and contribute to the fight against money laundering and terrorist financing.

At December 31, 2020, Compagnie de Financement Foncier had no activities or offices in non-cooperative countries.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(For the year ended December 31, 2020)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Compagnie de Financement Foncier

19 rue des Capucines
75001 Paris
France

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Compagnie de Financement Foncier for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

CREDIT RISK: IMPAIRMENT OF LOANS TO INDIVIDUALS**Description of risk**

Compagnie de Financement Foncier is exposed to credit and counterparty risks on loans to customers, resulting from customers' inability to meet their financial commitments.

Outstanding loans with proven counterparty risk are subject to impairment, determined mainly on an individual basis. Impairment is assessed by the Company's management based on future recoverable cash flows, estimated by taking into account the available guarantees on each of the loans concerned.

In addition, Compagnie de Financement Foncier records provisions for expected losses on outstanding loans presenting a material deterioration in credit risk in its financial statements. These provisions are chiefly determined based on models developed by BPCE comprising various inputs (expected cash flows over the lifetime of the financial instrument, probability of default, loss given default, prospective information), plus additional amounts determined where applicable on a sectoral basis with regard to local specificities.

In the context of the Covid-19 health crisis, the methods for calculating impairment for expected credit losses have been adapted.

We deemed the identification and assessment of credit risk to be a key audit matter given that loans to customers represent a material amount on the balance sheet and that the related provisions require estimates that are material to the preparation of the financial statements as well as judgment by management, both in determining the inputs and methods used to calculate expected losses on outstanding loans presenting a material deterioration in credit risk and in assessing the amount of individual provisions to be recorded for credit-impaired loans.

In particular due to the Covid-19 crisis, we deemed the assessment of the adequacy of provisions for credit risk and the level of the associated cost of risk to be an area of particular focus for 2020.

At December 31, 2020, loans and receivables due from customers amounted to €35,398 million, including €1,277 million in gross doubtful loans. The impairment and provisions recognized to cover credit risk amounted to €59 million, including €7.5 million in impairment on performing loans. Cost of risk in 2020 was €4 million (versus €11 million in 2019).

For more information on accounting principles and exposures, see Notes 6 (Cost of risk) and Note 11 (Customer operations) to the financial statements. The impacts of the Covid 19 crisis are disclosed in Note 4.2.1.

How our audit addressed this risk**Impairment of non-doubtful loans representing a material deterioration in credit risk:**

Our work primarily involved:

- ensuring that an internal control system is in place for updating the ratings of outstanding loans at an appropriate frequency, where necessary;
- ensuring the existence of a governance system for reviewing, at an appropriate frequency, the appropriateness of the impairment models and the inputs used to calculate impairment,
- carrying out checks on the changes made to the methods for calculating impairment on expected credit losses in the context of the Covid-19 crisis,
- assessing the appropriateness of the inputs used to calculate impairment at December 31, 2020, outlining that some parameters used by Compagnie de Financement Foncier are determined by BPCE;
- performing an independent valuation of the provision amounts.

Given the organization of the BPCE group, some of the above work was carried out with the support of BPCE's statutory auditors. We proceeded to a critical review of their work.

Impairment of doubtful and non-performing loans

As part of our audit procedures, and more generally, we have tested the operating effectiveness of the controls related the identification of exposures, the monitoring of credit and counterparty risk, the assessment of nonrecovery risk and the determination of the related individual impairment and provisions.

Our work consisted in assessing the quality of the monitoring system for sensitive, doubtful and non-performing counterparties, the credit review process and the guarantee valuation system. In addition, we performed an independent valuation of the provision amounts, on the basis of a sample of files selected on materiality and risk criteria.

We assessed the appropriateness of the disclosures provided in the notes to the financial statements.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS PROVIDED TO THE SHAREHOLDERS WITH RESPECT TO THE COMPANY'S FINANCIAL POSITION AND THE FINANCIAL STATEMENTS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We have the following matter to report regarding the fair presentation and consistency with the financial statements of the information relating to payment deadlines referred to in Article D.441-6 of the French Commercial Code (Code de commerce): as stated in the management report, this information does not include bank and other related operations as your Company considers that such operations fall outside the scope of disclosable information.

REPORT ON CORPORATE GOVERNANCE

We attest that the Board of Directors' report on corporate governance sets out the information required by articles L.225-37-4 and L.22-10-10 of the French Commercial Code.

OTHER VERIFICATIONS AND INFORMATION PURSUANT TO LEGAL AND REGULATORY REQUIREMENTS

PRESENTATION OF THE FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

Pursuant to paragraph III of article 222-3 of the AMF's General Regulations, the Company's management informed us of its decision to postpone the application of the single electronic

reporting format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018, to reporting periods beginning on or after January 1, 2021. Accordingly, this report does not contain a conclusion on the compliance of the presentation of the financial statements intended to be included in the annual financial report referred to in paragraph I of article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) with this format..

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of Compagnie de Financement Foncier by the General Meetings held on May 17, 2002 for PricewaterhouseCoopers Audit and May 25, 2005 for KPMG S.A..

At December 31, 2020, PricewaterhouseCoopers Audit and KPMG S.A. were in the nineteenth and the sixteenth consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE FINANCIAL STATEMENTS

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee, which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Paris La Défense and Neuilly-sur-Seine, March 23, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit
Emmanuel Benoist

KPMG S.A.
Xavier de Coninck

DETAILS OF THE CALCULATION OF THE OVERCOLLATERALIZATION RATIO AND CONTROL OF LIMITS

	Net book values or amounts eligible for refinancing (in thousands of euros) 1	Weighting (in %) 2	Risk-weighted amounts (in thousands of euros) 3
ASSETS USED TO COVER PRIVILEGED RESOURCES			
1 MORTGAGE-BACKED LOANS – prime mortgages or equivalent collateral	28,760,054	100%	28,760,054
2 PROMISSORY NOTES (Articles L. 313-42 To L. 313-49 of the French Monetary and Financial Code)	0		0
of which:			
2.1 Mortgage-backed loans – prime mortgages or equivalent collateral	0	100%	0
2.2 Loans with institutional guarantees	0	100%	0
2.2.1 Meeting the conditions of paragraph 1-a) of the appendix to regulation 99-10: the guarantee company outside the consolidation scope of société de crédit foncier or société de financement de l'habitat has a minimum of the second-highest grade of credit quality	0	100%	0
2.2.2 Meeting the conditions of paragraph 1-a) of the appendix to regulation 99-10: the guarantee company outside the consolidation scope of société de crédit foncier or société de financement de l'habitat has a minimum of the third-highest grade of credit quality		80%	
2.2.3 Meeting the conditions of paragraph 1-b) of the appendix to regulation 99-10: the guarantee company included in the consolidation scope of société de financement de l'habitat has a minimum of the second-highest grade of credit quality		80%	
2.2.4 Meeting the conditions of paragraph 1-b) of the appendix to regulation 99-10: the guarantee company included in the consolidation scope of société de financement de l'habitat has the third-highest grade of credit quality		60%	
3 EXPOSURES ON PUBLIC ENTITIES	23,348,503	100%	23,348,503
of which:			
3.1 Exposures referred to in paragraph 5 of Article L. 513-4 I of the French Monetary and Financial Code.			
3.2 Exposures referred to in paragraph 5 of Article L. 513-4 I of the French Monetary and Financial Code recorded on the balance sheet before December 31, 2007			
4 FIXED ASSETS RESULTING FROM THE ACQUISITION OF PROPERTY UNDER THE APPLICATION OF A GUARANTEE		50%	
5 SAFE AND LIQUID SHARES, SECURITIES AND DEPOSITS WITHIN THE SCOPE OF ARTICLE R. 513-6	6,648,377	100%	6,648,377
5.1 Receivables and securities from credit institutions and investment firms corresponding to subparagraph 1 of Article R. 513-6	33	100%	33
5.2 Receivables and securities from the management of forward financial instruments corresponding to subparagraph 2 of Article R. 513-6	880,200	100%	880,200
5.3 Receivables and securities from credit institutions and investment firms corresponding to subparagraph 3 of Article R. 513-6	5,768,144	100%	5,768,144
6 GUARANTEED LOANS	6,097,122		6,097,122
6.1 Meeting the conditions of paragraph 1-a) of the appendix to regulation 99-10: the guarantee company outside the consolidation scope of the société de crédit foncier or société de financement de l'habitat has a minimum of the second-highest grade of credit quality	6,097,122	100%	6,097,122
6.2 Meeting the conditions of paragraph 1-a) of the appendix to regulation 99-10: the guarantee company outside the consolidation scope of the société de crédit foncier or société de financement de l'habitat has a minimum of the third-highest grade of credit quality		80%	
6.3 Meeting the conditions of paragraph 1-b) of the appendix to regulation 99-10: the guarantee company included in the consolidation scope of société de financement de l'habitat has a minimum of the second-highest grade of credit quality		80%	
6.4 Meeting the conditions of paragraph 1-b) of the appendix to regulation 99-10: the guarantee company included in the consolidation scope of société de financement de l'habitat has the third-highest grade of credit quality		60%	

	Net book values or amounts eligible for refinancing (in thousands of euros) 1	Weighting (in %) 2	Risk-weighted amounts (in thousands of euros) 3
ASSETS USED TO COVER PRIVILEGED RESOURCES			
7	SHARES, EQUITIES AND DEBT SECURITIES ISSUED BY A SECURITIZATION ENTITY		
	Shares, equities and debt securities issued by a securitization or similar entity whose assets have been disposed of exclusively by entities belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 2-a) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat before December 31, 2011 that have the highest grade of credit quality (until December 31, 2014)		
7.1		100%	
	of which:		
7.1.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.1.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-3 II		
7.1.3	Assets composed 90% of exposures defined in Article L. 513-4		
	Shares, equities and debt securities issued by a securitization or similar entity whose assets have been disposed of exclusively by entities belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 2-a) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat before December 2, 2011 that have the second-highest grade of credit quality (until December 31, 2).		
7.2		80%	
	of which:		
7.2.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.2.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-3 II		
7.2.3	Assets composed 90% of exposures defined in Article L. 513-4		
	Shares, equities and debt securities issued by a securitization or similar entity whose assets have been disposed of exclusively by entities belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 2-b) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat after December 31, 2011 and shares, equities and debt securities acquired or financed prior to that date that have the highest grade of credit quality from January 1, 2015		
7.3		100%	
	of which:		
7.3.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.3.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-3 II		
7.3.3	Assets composed 90% of exposures defined in Article L. 513-4		
	Shares, equities and debt securities issued by a securitization or similar entity whose assets have been disposed of exclusively by entities belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 2-b) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat after December 31, 2011 and shares, equities and debt securities acquired or financed prior to that date that have the second-highest grade of credit quality from January 1, 2015		
7.4		50%	
	of which:		
7.4.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.4.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-3 II		
7.4.3	Assets composed 90% of exposures defined in Article L. 513-4		

	Net book values or amounts eligible for refinancing (in thousands of euros)	Weighting (in %)	Risk-weighted amounts (in thousands of euros)
	1	2	3
ASSETS USED TO COVER PRIVILEGED RESOURCES			
7.5	Shares, equities and debt securities issued by a securitization or similar entity some of whose assets have been disposed of by an entity not belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 3-a) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat before December 31, 2011 that have the highest grade of credit quality (until December 31, 2014)	100%	
	of which:		
7.5.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.5.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-3 II		
7.5.3	Assets composed 90% of exposures defined in Article L. 513-4		
7.6	Shares, equities and debt securities issued by a securitization or similar entity some of whose assets have been disposed of by an entity not belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 3-a) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat before December 31, 2011 that have the second-highest grade of credit quality (until December 31, 2014)	50%	
	of which:		
7.6.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.6.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-3 II		
7.6.3	Assets composed 90% of exposures defined in Article L. 513-4		
7.7	Shares, equities and debt securities issued by a securitization or similar entity some of whose assets have been disposed of by an entity not belonging to the same consolidation scope as the société de crédit foncier or société de financement de l'habitat and satisfying the conditions of 3-b) of the appendix to Regulation 99-10: shares, equities and debt securities acquired or financed by the société de crédit foncier or société de financement de l'habitat after December 31, 2011 and shares, equities and debt securities acquired or financed prior to that date that have the highest grade of credit quality from January 1, 2015	100%	
	of which:		
7.7.1	Assets composed at least 90% of loans to natural persons to finance housing		
7.7.2	Assets composed 90% of loans mentioned in Article L. 513-3 that do not fall within the scope of R. 513-3 II		
7.7.3	Assets composed 90% of exposures defined in Article L. 513-4		
8	OTHER ASSET ITEMS	1,798,505	100%
8.1	Other class 1 items	1,349,339	1,349,339
8.2	Other class 2 items	-393,730	-393,730
8.3	Other class 3 items	842,896	842,896
8.4	Other class 4 items	0	0
9	TRANSACTIONS DEDUCTED FROM ASSETS	2,675,620	100%
9.1	Funds received from clients awaiting allocation, recorded under liabilities on the balance sheet	0	0
9.2	Security repurchase agreements: securities sold	583,378	583,378
9.3	Receivables funded under the conditions set by Articles L. 313-23 to L. 313-34 of the French Monetary and Financial Code		0
9.4	Assets deducted following the implementation the final subparagraph of Article 9 of CRBF Regulation 99-10	2,092,242	2,092,242
10	TOTAL WEIGHTED AMOUNTS OF ASSETS (1+2+3+4+5+6+7+8 -9) A		63,976,941
	COVERAGE RATIO (with 2 decimals) (A/P x 100)		113.53%

		Amounts (in €k)
RESOURCES HAVING THE PRIVILEGE DEFINED IN ARTICLE L. 513-11 OF THE FRENCH MONETARY AND FINANCIAL CODE: LIABILITIES		1
1	Privileged resources from credit institutions	-
1.1.	of which nominal amount	-
2	Privileged resources from clients	
2.1	Financial sector customers/clients	
2.2	Non-financial sector customers	
2.3	of which nominal amount	
3	Securities with privilege	56,443,310
3.1	Obligations foncières or housing finance bonds	55,824,258
3.2	Negotiable debt securities	-
3.3	Other securities with privilege	
3.4	Debts related to these securities	619,052
3.5	To be deducted: obligations foncières or housing finance bonds issued and subscribed for by the credit institution when they are not used as collateral for credit transactions by Banque de France	
3.6	Subtotal	56,443,310
3.7	of which nominal amount	55,824,258
4	Amounts due in respect of the contract pursuant to article L. 513-15 of the French monetary and financial code	0
5	Amounts due in respect of forward financial instruments having the privilege defined in article L. 513-11 of the French monetary and financial code	-91,794
5.1	of which impact of variations in exchange rate on the nominal amount of privileged resources	-116,299
6	Liabilities resulting from the incidental expenses set out in final subparagraph of article L. 513-11 of the French monetary and financial code	-
7	Privileged resources (1 + 2 + 3 + 4 + 5 + 6) P	56,351,516
8	Nominal amount of privileged resources ("1.1"+"2.3"+"3.7"+"5.1")	55,707,959

		Ratios/Amounts (in €k)
AUDIT OF THE LIMITS APPLICABLE TO ASSET CLASSES (RATIO WITH 2 DECIMALS)		
1	Total assets	68,455,470
2.1	Loans guaranteed held directly	4,745,553
2.2	Guaranteed loans included as assets of securitization or similar entities, or assigned by promissory notes	1,821,357
2.3	Total guaranteed loans (2.1 + 2.2)/asset (1) ($\leq 35\%$ except for housing finance companies)	9.59%
3.1	Promissory notes held directly	n.a.
3.2	Promissory notes included as assets of securitization or similar entities	n.a.
3.3	Total promissory notes (3.1 + 3.2)/asset (1) ($\leq 10\%$)	n.a.
4.	Total shares, equities and debt securities of securitization or similar entities satisfying the conditions of Section III of Article R. 513-3 of the French Monetary and Financial Code and not satisfying Section IV of Article R. 515-3/nominal amount of privileged resources ($\leq 10\%$)	0.00%
4.1	Total shares, equities and debt securities of securitization or similar entities held satisfying the conditions of Section III of Article R. 513-3 of the French Monetary and Financial Code and not satisfying Section IV of Article R. 513-3/nominal amount of privileged resources	0.00%
5	Total shares, equities and debt securities of securitization or similar entities satisfying the conditions of Section III of Article R. 513-3 of the French Monetary and Financial Code and not satisfying Section IV of Article R. 515-3/nominal amount of privileged resources ($\leq 10\%$)	0.00%
5.1	Total shares, equities and debt securities of securitization or similar entities held satisfying the conditions of Section III of Article R. 513-3 of the French Monetary and Financial Code and not satisfying Section IV of Article R. 513-3/nominal amount of privileged resources	
6	Total exposures covered under paragraph 5 of Section I in Article L. 513-4 of the French Monetary and Financial Code/nominal amount of privileged resources ($\leq 20\%$)	
7	Safe and liquid assets/nominal amount of privileged resources ($\leq 15\%$)	10.35%

DETAILS OF THE CALCULATION OF THE 25% EXPOSURE LIMIT TO ASSETS OF RELATED PARTIES PURSUANT TO THE FINAL SUBPARAGRAPH OF ARTICLE 9 OF REGULATION NO. 99-10		Amounts (in €k) 1	Weighting 2	Risk-weighted amounts (in €k) 3
1	Exposure to the entities mentioned in the third subparagraph of article R. 513-8 of the French monetary and financial code	6,883,119	100%	6,883,119
	Of which:	-		
1.1.	Receivables and securities from credit institutions corresponding to subparagraphs 1 and 3 of Article R. 513-6 of the French Monetary and Financial Code	5,768,170	100%	5,768,170
1.2	Receivables and guarantees corresponding to subparagraph 2 of Article R. 513-6 of the French Monetary and Financial Code (including receivables and guarantees connected with the management of forward financial instruments)	880,200	100%	880,200
1.3	Other assets	234,749	100%	234,749
1.3.1	Interest accrued on swaps	150,517	100%	150,517
1.3.2	Accrued income	0	100%	0
1.3.3	Other	84,232	100%	84,232
2	Non-privileged resources	11,330,052	100%	11,330,052
2.1	Amount of the 25% limit of non-privileged resources pursuant to Article 9 of CRBF Regulation No. 99-10	2,832,513		-
3	Any assets received as collateral, pledges or full ownership in respect of 1, in accordance with articles L. 211-36 to L. 211-40, L. 313-23 to L. 313-35 and L. 313-42 to L. 313-49 of the French monetary and financial code	1,958,365		1,958,365
3.1	Assets weighted at 100%	1,958,365	100%	1,958,365
3.2	Assets weighted at 80%		80%	
3.3	Assets weighted at 60%		60%	
3.4	Assets weighted at 50%		50%	
4	Amount to be deducted from assets	2,092,242		

LEGAL INFORMATION

GENERAL INFORMATION

Registered office	186
Activity	186
Structure of the relationship between Compagnie de Financement Foncier and Crédit Foncier	186
Legal form and applicable legislation	187
Duration	187
Corporate purpose (Article 2 of the Bylaws)	187
Company register number and Legal Entity Identifier	188
Fiscal year	188
Statutory allocation of earnings	188
Dividend policy	188

CAPITAL

189

BYLAWS

190

Section I: Legal form – purpose – corporate name – registered office – term of the Company	190
Section II: Share capital – shares	191
Section III: Corporate governance	192
Section IV: Company Audits	194
Section V: Annual General Shareholders' Meetings	194

Section VI: Annual financial statements – distribution of earnings	194
Section VII: Dissolution – liquidation – disputes	195
Location of legal documents concerning the Company	195
Material contracts	195
Outlook for Compagnie de Financement Foncier	195
Additional information	195

NOTICE OF ANNUAL GENERAL SHAREHOLDERS' MEETING AND REPORT OF THE BOARD TO THE MEETING

196

Report of the Board of Directors	196
----------------------------------	-----

RESOLUTIONS SUBMITTED TO THE ANNUAL GENERAL SHAREHOLDERS' MEETING

196

Draft resolutions	196
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STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

199

PERSONS RESPONSIBLE FOR THE DOCUMENT AND AUDITING THE FINANCIAL STATEMENTS

202

Statement from the person responsible for the Universal Registration Document	202
Persons responsible for auditing the financial statements	202

CROSS-REFERENCE TABLE

203

Appendices I and II of European delegated Regulation 2019/2020 of the European Commission supplementing European Regulation 2017/1129 of the European Parliament and of the Council	203
Cross-reference table for the Annual financial report and the Management report	205

GENERAL INFORMATION

Registered office

The registered office of Compagnie de Financement Foncier is located at 19, rue des Capucines, 75001 Paris.

Activity

Compagnie de Financement Foncier is the *société de crédit foncier* of Groupe Crédit Foncier, specifically governed by the provisions of section IV of the second part of French law No. 99-532 of June 25, 1999 governing savings and financial security, which has been incorporated into Articles L. 513-2 to L. 513-27 of the French Monetary and Financial Code.

Pursuant to Article 110 of this law, Crédit Foncier transferred on October 21, 1999 to Compagnie de Financement Foncier assets

and liabilities covered by the specific legislative and regulatory requirements that applied to it before the transfer.

The purpose of Compagnie de Financement Foncier is to grant or purchase secured loans and exposures to public authorities financed by the issuance of covered bonds, by other privileged resources, or by resources which may not benefit from the preferred status, or "privilege", as defined by Article L. 513-11 of the French Monetary and Financial Code.

Structure of the relationship between Compagnie de Financement Foncier and Crédit Foncier

As stipulated by law, Compagnie de Financement Foncier draws on the technical and human resources of its parent company under agreements binding the two companies. These agreements, which are regulated as defined by Article L. 225-38 of the French Commercial Code, cover all of the Company's activities.

The general principles applied in preparing these agreements are described below.

The texts are drafted taking into account the special nature of the relationship between Crédit Foncier and its subsidiary Compagnie de Financement Foncier.

Sixteen agreements were signed by and between Crédit Foncier and Compagnie de Financement Foncier as of December 31, 2020, namely:

- a framework agreement, setting forth the general principles;
- an agreement for loan assignments;
- an agreement for loan servicing and recovery;
- an agreement governing financial services;
- an asset/liability management (ALM) agreement;
- an administrative and accounting management agreement;
- a service agreement on internal control and compliance;

- an agreement related to the implementation of information technology services;
- an agreement concerning human resources;
- an agreement concerning remuneration for services;
- an agreement related to settlement bank services;
- a guarantee agreement for adjustable-rate loans;
- a guarantee and compensation agreement;
- a paying agent agreement;
- an agreement related to shareholder's advance account effective as of September 15, 2015, the date that the account was established;
- an agreement on the assignment of mortgage ranking/priority;
- a tripartite agreement between Crédit Foncier, Compagnie de Financement Foncier and the State: a State-aided loan management and recovery agreement.

Apart from its corporate officers, Compagnie de Financement Foncier does not have any direct employees.

Legal form and applicable legislation

Compagnie de Financement Foncier is a credit institution authorized as a financial company and a *société de crédit foncier* by a decision of the French Credit Institutions and Investment Companies Committee (CECEI – *Comité des établissements de crédit et des entreprises d'investissement*) on July 23, 1999. It is thus subject to all laws and regulations applicable to credit institutions and, as a *société de crédit foncier*, it is also subject to Articles L. 513-2 to L. 513-27 of the French Monetary and Financial Code.

It was formed as a *société anonyme* (French limited company) and, for this reason, is also subject, apart from certain exemptions, to the requirements applicable to commercial companies under the French Commercial Code.

A *société de crédit foncier* benefits from a certain number of exemptions from ordinary laws, specifically:

- Article L. 513-11 of the French Monetary and Financial Code instituting a privilege for holders of *obligations foncières*;
- Article L. 513-20 of the French Monetary and Financial Code, which stipulates that the safeguard procedure, legal receivership or liquidation of a company holding shares of a *société de crédit foncier* cannot be extended to the *société de crédit foncier*;
- in addition, Article L. 513-21 of the French Monetary and Financial Code provides that, notwithstanding any provisions to the contrary, including those of Book VI, Title II to IV of the French Commercial Code, contracts that make provision for the management or recovery of the loans of a *société de crédit foncier* may be terminated immediately in the event of the safeguard, compulsory liquidation or administration of the Company in charge of the management or collection of such loans.

Duration

The Company was incorporated on December 22, 1998 for a period of 99 years.

Corporate purpose (Article 2 of the Bylaws)

ARTICLE 2 – PURPOSE

The purpose of the Company, in the context of the laws and regulations applicable to *sociétés de crédit foncier*, is:

- 1° performing all transactions mentioned in Articles L. 513-2 *et seq.* of the French Monetary and Financial Code without restrictions in terms of the countries in which it operates other than those resulting from said Articles.

These transactions include:

- granting or acquiring secured loans, exposures to public authorities and investments and securities as defined in Articles L. 513-3 to L. 513-5 and L. 513-7 of the French Monetary and Financial Code,
- financing these types of loans, exposures, investments and securities by issuing covered bonds known as *obligations foncières*, benefiting from the “privilege” defined in Article L. 513-11 of the French Monetary and Financial Code and by raising other resources whose issuance or subscription agreement mentions this “privilege”.

The Company may also finance the activities mentioned above by issuing bonds or resources that do not benefit from the “privilege”. It may issue the promissory notes referred to in Articles L. 313-42 to L. 313-49-1 of the French Monetary and Financial Code.

Notwithstanding any other provisions or stipulations to the contrary, the Company may carry out temporary transfers of its securities in accordance with Articles L. 211-22 to L. 211-34 of the French Monetary and Financial Code, pledge securities accounts pursuant to Article L. 211-20 of said Code and assign all or some of the receivables that it holds in accordance with Articles L. 211-36 to L. 211-40 or in accordance with Articles L. 313-23 to L. 313-35, whether or

not these receivables are professional. The receivables or securities thus assigned or transferred do not fall within the scope of the “privilege” defined in Article L. 513-11 of the French Monetary and Financial Code and are not booked pursuant to Article L. 513-12 of said Code.

As an exception to Articles L. 1300 of the French Civil Code and L. 228-44 and L. 228-74 of the French Commercial Code, the Company may subscribe for its own *obligations foncières* solely for the purpose of using them as collateral for access to the refinancing facilities of the Banque de France under the conditions set forth in Article L. 513-26 of the French Monetary and Financial Code.

The Company cannot hold equity investments;

- 2° concluding, with any credit institution or financial company, all agreements necessary for:
- servicing and recovering loans, exposures and securities,
 - managing bonds and other resources,
 - more generally, providing all services necessary to manage Company assets, liabilities and financial balances,
 - as well as all agreements concerning the distribution and refinancing of loans;
- 3° acquiring and holding all property and equipment necessary to fulfill its purpose or arising from the recovery of its loans and contracting with any authorized third party any agreement related to the acquisition, ownership, management, maintenance and disposal of such assets;
- 4° concluding, with any insurance company, any agreement that serves the corporate purpose, notably to cover risks related to borrowers, risks in respect of both assets securing the loans and assets being held by the Company, and the liability risks of the Company or its corporate officers;

- 5° in connection with its own activity or on behalf of other companies, providing customers with and managing payment processes, in particular:
- for the payment of funds or the receipt of all cash flows arising from loan activities,
 - for maintenance of any financial relationship or account with any other credit institution, financial institution or public entity,
 - for the management of technical accounts in respect of expenses and receipts;
- 6° participating in any system for interbank settlements, settlement-delivery of securities and all clearing system, as well as any transaction within the framework of the monetary policy of the European Central Bank, that contributes to the development of the Company's activities;
- 7° more generally:
- carrying out all operations contributing to the fulfillment of its corporate purpose, as long as such transaction complies with the purpose of *sociétés de crédit foncier* as defined in the legislation and regulations that regulate their activity,
 - concluding any agreement that allows the Company to use essential outsourcing services and related controls.

Company register number and Legal Entity Identifier

Compagnie de Financement Foncier is registered in the Paris Trade and Companies Register under number 421 263 047.
The Compagnie de Financement Foncier is identified under number LEI DKGVVH5FKILG8R13C013.

Fiscal year

The Company's fiscal year starts on January 1 and ends on December 31.

Statutory allocation of earnings

If the financial statements for a given fiscal year, as approved by the Annual General Shareholder's Meeting, show distributable earnings as defined by law, shareholders shall decide either to attribute them to one or more reserve accounts, the allocation and use of which it determines, or to retained earnings, or to distribute them.

After noting the existence of the reserves at its disposal, the Annual General Shareholders' Meeting may decide to distribute amounts drawn from those reserves. In such a case, the decision shall

specify the reserve accounts from which the distributed amounts are to be drawn.

However, dividends shall be withdrawn first from the distributable earnings for the fiscal year.

The Annual General Shareholders' Meeting also has the right to grant each shareholder an option to receive payment either in the form of cash or in shares for all or part of the dividend or interim dividend to be distributed.

Dividend po

licy

2020

The Ordinary General Shareholders' Meeting, which met on May 4, 2020, resolved that a dividend of €111,277,133.67 would be paid out in respect of fiscal year 2019 to shareholders, equal to €0.70166 per share.

2019

The Ordinary General Shareholders' Meeting, which met on May 6, 2019, resolved that a dividend of €89,783,262.10 would be paid out in respect of fiscal year 2018 to shareholders, equal to €0.56613 per share.

2018

The Ordinary General Shareholders' Meeting, which met on May 16, 2018, resolved that a dividend of €58,202,987.28 would be paid out in respect of fiscal year 2017 to shareholders, equal to €0.367 per share.

CAPITAL

SHARE CAPITAL

At December 31, 2020, the Company's subscribed capital amounted to €2,537,459,936. It is divided into 158,591,246 fully paid-up shares with a par value of €16 each.

SHARE CAPITAL AUTHORIZED BUT NOT SUBSCRIBED

No authorization to increase the share capital has been issued which has not been used, nor is there any potential capital share.

DIFFERENT VOTING RIGHTS

The Bylaws do not grant double voting rights to all fully paid-up shares for which a nominative registration has been given for at least two years in the name of the same shareholder. Each member of the Shareholder Meeting is entitled to as many votes as he or she owns or represents shares.

OWNERSHIP STRUCTURE AND VOTING RIGHTS

Major shareholders at December 31, 2020	Number of shares	As a%
Crédit Foncier de France	158,591,245	100.00
Director	1	n.s.
TOTAL	158,591,246	100.00

CHANGES IN CAPITAL OVER THE LAST FIVE YEARS

The Board of Directors, in its meeting on August 25, 2015, unanimously resolved to exercise the powers granted by the Extraordinary General Shareholders' Meeting of May 28, 2015 and to increase the share capital by €1,350,000,000, from €1,187,459,936 to €2,537,459,936, by issuing 84,375,000 new shares with a par value of €16 each, the shares being issued at par. These shares were fully subscribed to by Crédit Foncier on September 15, 2015.

No change was made to the share capital in 2017.

No change was made to the share capital in 2018.

No change was made to the share capital in 2019.

No change was made to the share capital in 2020.

NATURAL OR LEGAL PERSONS THAT EXERCISE CONTROL OVER THE COMPANY

Crédit Foncier de France – 19, rue des Capucines – 75001 Paris – 542 029 848 RCS (Trade and Companies Register) Paris

INFORMATION ON GROUPE CRÉDIT FONCIER DE FRANCE, TO WHICH COMPAGNIE DE FINANCEMENT FONCIER BELONGS

From its creation in 1852 and until 1999, Crédit Foncier has held the special status of a *société de crédit foncier* and as such, issued *obligations foncières*.

Acting as a key player in the specialized real estate financing market and responsible for distributing French-state-subsidized loans, following the real estate crisis in the 1990s and the abolition of subsidized loans, in 1999 Crédit Foncier joined the Private sector after its 90% acquisition by Groupe Caisse d'Épargne.

In the legal context governing this acquisition, the Parliament created a specific new status for *sociétés de crédit foncier*. Compagnie de Financement Foncier was then founded and authorized as a *société de crédit foncier* by the CECEI (French Credit Institutions and Investment Firms Committee). Crédit Foncier transferred all its property commitments and pledged assets to Compagnie de Financement Foncier pursuant to Article 110 of the law of June 25, 1999.

After having been affiliated with Groupe Caisse d'Épargne between 1999 and 2009, Crédit Foncier became affiliated in 2009 to Groupe BPCE, which resulted from the merger of the Caisse d'Épargne and the Banque Populaire networks. Since August 5, 2010, Crédit Foncier is fully owned by the Central institution of BPCE.

Since April 1, 2019, as part of the implementation of the new industrial structure announced by Groupe BPCE on June 26, 2018, Crédit Foncier has been refocusing its efforts on the management of outstanding loans and on refinancing certain Groupe BPCE assets, through Compagnie de Financement Foncier.

IMPROPER CONTROL

The Company is controlled as described in chapter "Distribution of capital and voting rights"; however, the Company believes there is no risk of said control being exercised improperly.

BYLAWS

Bylaws applicable at the filing date of this Universal Registration Document.

Section I: Legal form – purpose – corporate name – registered office – term of the Company

ARTICLE 1 – LEGAL FORM

The Company is a French public limited company (*société anonyme*).

The Company is governed by the legislative and regulatory provisions in force applicable to *sociétés anonymes*, credit institutions, and in particular to *sociétés de crédit foncier*, and by these Bylaws.

ARTICLE 2 – PURPOSE

The purpose of the Company, in the context of the laws and regulations applicable to *sociétés de crédit foncier*, is:

1° performing all transactions mentioned in Articles L. 513-2 *et seq.* of the French Monetary and Financial Code without restrictions in terms of the countries in which it operates other than those resulting from said Articles.

These transactions include:

- granting or acquiring secured loans, exposures to public authorities and investments and securities as defined in Articles L. 513-3 to L. 513-5 and L. 513-7 of the French Monetary and Financial Code,
- financing these types of loans, exposures, investments and securities by issuing covered bonds known as *obligations foncières*, benefiting from the “privilege” defined in Article L. 513-11 of the French Monetary and Financial Code and by raising other resources whose issuance or subscription agreement mentions this “privilege”.

The Company may also finance the activities mentioned above by issuing bonds or resources that do not benefit from the “privilege”. It may issue the promissory notes referred to in Articles L. 313-42 to L. 313-49-1 of the French Monetary and Financial Code.

Notwithstanding any other provisions or stipulations to the contrary, the Company may carry out temporary transfers of its securities in accordance with Articles L. 211-22 to L. 211-34 of the French Monetary and Financial Code, pledge securities accounts pursuant to Article L. 211-20 of said Code and assign all or some of the receivables that it holds in accordance with Articles L. 211-36 to L. 211-40 or in accordance with Articles L. 313-23 to L. 313-35, whether or not these receivables are professional. The receivables or securities thus assigned or transferred do not fall within the scope of the “privilege” defined in Article L. 513-11 of the French Monetary and Financial Code and are not booked pursuant to Article L. 513-12 of said Code.

As an exception to Articles 1300 of the French Civil Code and L. 228-44 and L. 228-74 of the French Commercial Code, the

Company may subscribe for its own *obligations foncières* solely for the purpose of using them as collateral for access to the refinancing facilities of the Banque de France under the conditions set forth in Article L. 513-26 of the French Monetary and Financial Code.

The Company cannot hold equity investments;

- 2° concluding, with any credit institution or financial company, all agreements necessary for:
 - servicing and recovering loans, exposures and securities,
 - managing bonds and other resources,
 - more generally, providing all services necessary to manage assets, liabilities and financial balances of the Company,
 - as well as all agreements concerning the distribution and refinancing of loans;
- 3° acquiring and holding all property and equipment necessary to fulfill its purpose or arising from the recovery of its loans:
 - concluding any agreement with any authorized third party related to the acquisition, ownership, management, maintenance and disposal of such assets;
- 4° concluding, with any insurance company, any agreement that serves the corporate purpose, notably to cover risks related to borrowers, risks in respect of both assets securing the loans and assets being held by the Company, and the liability risks of the Company or its corporate officers;
- 5° in connection with its own activity or on behalf of other companies, providing customers with and managing payment processes, in particular:
 - for the payment of funds or the receipt of all cash flows arising from loan activities,
 - for maintenance of any financial relationship or account with any other credit institution, financial institution or public entity,
 - for the management of technical accounts in respect of expenses and receipts;
- 6° participating in any system for interbank settlements, settlement-delivery of securities and any clearing system, as well as in any transactions within the framework of the monetary policy of the European Central Bank, which contribute to the development of the Company's activities;
- 7° more generally:
 - carrying out all operations contributing to the fulfillment of its corporate purpose, as long as such transaction complies with the purpose of *sociétés de crédit foncier* as defined in the legislation and regulations that regulate their activity,
 - concluding any agreement that allows the Company to use essential outsourcing services and related controls.

ARTICLE 3 – CORPORATE NAME

The name of the Company is “Compagnie de Financement Foncier”.

ARTICLE 4 – REGISTERED OFFICE

The registered office is located at 19, rue des Capucines, Paris (75001), France.

If the location of the registered office is moved by the Board of Directors in accordance with the conditions set out in the applicable legislation, the new location shall be automatically substituted for the previous one in this Article, provided the move is ratified by an Ordinary General Shareholders' Meeting.

ARTICLE 5 – TERM

The legal life of the Company is ninety-nine years, starting from December 22, 1998, unless the period is extended or the Company is liquidated, in accordance with the legislation in force or these Bylaws.

Section II: Share capital – shares

ARTICLE 6 – SHARE CAPITAL

The share capital is set at €2,537,459,936 (two billion, five hundred and thirty-seven million, four hundred and fifty-nine thousand, nine hundred and thirty-six euros).

It is divided into 158,591,246 shares with a par value of €16 (sixteen) each, all of which belong to the same class and are fully paid up in cash.

ARTICLE 7 – FORM OF THE SHARES

The shares are in registered form. They are registered in accordance with the terms and conditions set forth by law.

ARTICLE 8 – RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

Each share confers a right to ownership of the Company's assets and a share in its profits proportional to the fraction of the Company's capital that it represents.

All shares which comprise or will comprise the share capital, as long as they are of the same type and the same par value, are strictly equivalent to each other so long as they have the same dividend-bearing date. Both during the Company's existence and its liquidation, they provide payment of the same net amount on all allocations or redemptions, so that, if applicable, all shares are aggregated without distinction with respect to all tax savings or charges resulting from such allocations or redemptions.

The rights and obligations attached to shares are transferred with the title to the shares.

Ownership of a share automatically implies acceptance of the Bylaws and the decisions of Annual General Shareholders' Meetings.

The beneficiaries, creditors, successors or other representatives of a shareholder cannot cause legal seals to be placed on the assets and securities of the Company or request the distribution or division of such assets and securities or interfere in any manner in the Company's administration.

They must refer to the financial statements and to the decisions of Annual General Shareholders' Meetings to exercise their rights.

Every time when an ownership of several shares is required to exercise a given right, in cases of exchange, grouping or allotment of shares, or as a result of an increase or decrease in capital stocks, splits or reverse splits of shares, or any other operation on the share capital, the owners of single shares or of less than the required number of shares, may exercise their rights only if they undertake to combine, sell or purchase the necessary number of shares.

ARTICLE 9 – TRANSFER OF SHARES

Shares can be traded freely.

Shares can be transferred, with respect to third parties and the Company, by an order to transfer them from one account to another.

ARTICLE 10 – INDIVISIBILITY OF SHARES

Shares are indivisible vis-à-vis the Company, which only recognizes one owner for each share. Joint owners of a share are required to be represented within the Company by one of the joint owners or by a single agent.

The beneficial owner shall represent the bare owner in Ordinary General Shareholders' Meetings, however, the bare owner is the only one entitled to vote in Extraordinary General Meetings.

Section III: Corporate governance

ARTICLE 11 – BOARD OF DIRECTORS

The Company is administered by a Board of Directors comprised of at least three and at most eighteen members, selected among the shareholders and appointed by the Ordinary General Shareholders' Meeting.

Directors can be natural persons or legal entities. Legal entity Directors shall, at the time of their appointment, appoint a permanent representative who is subject to the same conditions and obligations and bears the same liability as if he/she were a Director in his/her own name; this without prejudice to the joint and several liabilities with the legal entity he/she represents.

When the legal entity Director terminates the term of its permanent representative, it must notify the Company without delay by registered mail of its decision as well as the identity of the new permanent representative. The same applies in the event of the death or resignation of the permanent representative.

ARTICLE 12 – DIRECTORS' TERM OF OFFICE

The Directors' term of office is six years.

The renewal of the terms is carried out gradually, in such a way that members of the Board are required to seek re-election on a regular basis in the most equal proportions possible.

Exceptionally, the Ordinary General Shareholders' Meeting may elect a Director to serve for a term of two or four years, in order to ensure adequate rotation of Board members. Directors can be dismissed at any time by the Ordinary General Shareholders' Meeting.

They may resign from their term without giving any reason. Reaching the end of his or her term, each Director may be re-elected.

The age limit for exercising the function of Director is set at 72 years old. The number of Directors above the age of 68 May not be more than a third of the number of Directors. Once the age limit is reached, the oldest Director is deemed to have resigned from office following the next Annual General Shareholders' Meeting.

ARTICLE 13 – MEETINGS AND PROCEEDINGS OF THE BOARD – MINUTES

The Board of Directors is called to meetings by its Chairman, as often as the interest of the Company requires, either at the registered office, or at any other location indicated on the notice. Meetings may be called by all means, even verbally.

If no meeting has been held for more than two months, at least one third of the members of the Board of Directors can request that the Chairman calls a Board meeting with a specific agenda.

The Chief Executive Officer can also request that the Chairman calls a Board meeting with a specific agenda.

The Chairman must comply with requests that have been made to him in accordance with the two previous paragraphs.

Resolutions are adopted with the *quorum* and majority required by law. In the event of a tie vote, the Chairman shall cast the deciding vote.

For the purposes of calculating a *quorum* and majority, Directors participating in the meeting through videoconferencing or other means of telecommunication that allow them to identify themselves and effectively participate shall be considered present.

This rule is not applicable to the adoption of resolutions that require, in accordance with the current legislation, the physical presence of Directors.

Sufficient proof of the number of Directors in office and of their presence at a meeting of the Board is provided by the production of a copy or an excerpt of the minutes of the Board meeting.

The minutes of the meeting are prepared, and the copies or excerpts are delivered and certified as required by law.

ARTICLE 14 – POWERS OF THE BOARD

The Board of Directors determines the strategic direction of the Company's activities and supervises the implementation of such strategies. Subject to the powers expressly attributed to Annual General Shareholders' Meetings, and within the limits of the Company's purpose, the Board deals with any issue affecting the Company's operations and settles, through its decisions, all matters concerning the Company.

The Board shall carry out any controls and checks that it considers appropriate.

Each Director receives all the information necessary to perform his or her duties and can request all documents that he or she considers useful.

In its relations with third parties, the Company is responsible for the acts of the Board of Directors which are not in accordance with the Company's purpose, unless it can prove that the third party knew that the act in question was not in accordance with the Company's purpose or that the third party could not have been unaware of this fact given the circumstances, the sole fact that the Company's Bylaws are published does not constitute sufficient evidence.

In addition, without any effect to third parties, unless the Company proves that the third party knew that the acts exceeded those purposes or could not in view of the circumstances have been unaware of it, decisions are submitted to the prior approval of the Board of Directors:

- (i) to establish the strategic guidelines of the Company;
- (ii) to agree on a business plan;
- (iii) to agree on the annual budget of the Company;
- (iv) any expenditure decisions exceeding thirty million euros (€30,000,000);
- (v) to grant any pledge, collateral, or other guarantees on the Company's assets outside banking operations;
- (vi) to authorize all proposals on issuing securities (bonds, other debt and hybrid securities) other than those approved in the budget or the debt issuance program of the Company;
- (vii) to approve the strategy and the policy in relation to risk-taking and the monitoring, management and reduction of risks;
- (viii) to examine the results of the review covering the policy, procedures and limits governing liquidity risk that are not included in the statement of risk appetite;
- (ix) to regularly review outsourced activities as well as the associated risks;
- (x) to annually perform a review of the efficiency and effectiveness of the risk management function in terms of positioning, resources and independence.

The Board of Directors can grant any representative of its choice a delegation of powers within the limit of its powers under law or these Bylaws.

ARTICLE 15 – REMUNERATION OF THE BOARD OF DIRECTORS

An Ordinary General Shareholders' Meeting may allocate to the Board of Directors a fixed annual remuneration in the form of allocated remuneration, the amount of which it shall determine. This remuneration remains applicable until an Ordinary General Shareholders' Meeting decides otherwise.

The Board of Directors shall allocate this compensation in the proportions that it considers appropriate.

ARTICLE 16 – CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors elects, from among its individual members, a Chairman and determines his or her remuneration. It also sets the Chairman's term of office, which may not exceed his or her term as Director. He is eligible for re-election.

The Chairman's term must expire no later than the end of the Ordinary General Shareholders' Meeting that follows the date on which the Chairman reaches the age of 68.

The Chairman represents the Board of Directors. He or she organizes and directs the work of the Board, and reports to the Annual General Shareholders' Meeting on such work. The Chairman verifies that the Company's decision-making bodies function properly and ensures, in particular, that the Directors are able to fulfill their responsibilities.

The Board may confer on one or more of its members or on third parties, whether or not they are shareholders, special mandates for one or more specific purposes.

It may also appoint one or more committees, the structure and roles of which it shall determine. These committees, which can include both Directors and third parties chosen for their expertise, study the questions that the Board or the Chairman submits for their review.

In these various cases, the Board may allocate special compensation to the appointed Directors.

ARTICLE 17 – EXECUTIVE MANAGEMENT

The Company's Executive Management is directed, under his or her responsibility, by an individual appointed by the Board of Directors with the title of Chief Executive Officer. The positions of Chairman of the Board of Directors and Chief Executive Officer may no longer be held by the same person.

The Board of Directors shall appoint the Chief Executive Officer, determine the period for which the Chief Executive Officer is appointed and, if applicable, the limitation of his/her powers beyond the provisions laid down in Article 14 of these Bylaws.

The Chief Executive Officer has the broadest powers to act in all circumstances in the name of the Company, within the limits of its purpose, and subject to the specific powers expressly attributed to Annual General Shareholders' Meetings by law and to the specific powers of the Board of Directors.

The Chief Executive Officer represents the Company in its relationships with third parties. The Company is responsible for the acts of the Chief Executive Officer which are not in accordance with the Company's purpose, unless it can prove that the third

party knew that the act in question was not in accordance with the Company's purpose, or that the third party could not have been unaware of this fact in light of the circumstances. The sole fact that the Company's Bylaws are published does not constitute sufficient proof.

On the recommendation of the Chief Executive Officer, the Board of Directors can appoint one or more individuals, whether Directors or not, to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer. The number of Deputy Chief Executive Officers may not exceed five. The scope and duration of the powers of the Deputy Chief Executive Officers shall be determined by the Board of Directors with the consent of the Chief Executive Officer.

With respect to third parties, Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

The Board of Directors determines the compensation of the Chief Executive Officer and the Deputy Chief Executive Officers.

The Chief Executive Officer and, if they have been appointed, Deputy Chief Executive Officers, even if not members of the Board, are invited to the meetings of the Board of Directors.

The duties of the Chief Executive Officer and Deputy Chief Executive Officer must cease no later than the end of the Annual General Shareholders' Meeting that follows the date at which the person reaches the age of 68.

The Chief Executive Officer may be removed at any time by the Board of Directors. The same applies, on the recommendation of the Chief Executive Officer, to the Deputy Chief Executive Officers. If the removal is decided without just cause, it may result in legal damages.

If the Chief Executive Officer resigns, or cannot carry out his or her duties, the Deputy Chief Executive Officers retain, unless the Board decides otherwise, their positions and the responsibilities assigned to them until a new Chief Executive Officer is appointed.

ARTICLE 18 – NON-VOTING MEMBERS

The Ordinary General Shareholder's Meeting may, on the recommendation of the Board of Directors, appoint up to four non-voting directors.

The term of a non-voting director is six years. They may be re-appointed.

The renewal of the terms is carried out gradually, in such a way that non-voting directors are required to seek re-election on a regular basis in the most equal proportions possible.

Exceptionally, the Ordinary General Shareholders' Meeting may elect non-voting directors to serve for a term of two or four years, in order to ensure adequate rotation.

The age limit for exercising the function of non-voting directors is set at 72 years old. The number of non-voting directors above the age of 68 may not be more than a third of the number of non-voting directors in office. Once the age limit is reached, the oldest non-voting director is deemed to have resigned from office following the next Annual General Shareholders' Meeting.

Non-voting directors are responsible for ensuring that Bylaws are strictly applied. Non-voting directors attend meetings of the Board of Directors and have an advisory role.

The Board of Directors determines their remuneration in the context of the allocated remuneration awarded by the Annual General Shareholders' Meeting.

Section IV: Company Audits

ARTICLE 19 – STATUTORY AUDITORS

The Annual General Shareholders' Meeting shall designate one or more Acting Statutory Auditors and one or more Substitute Statutory Auditors, under the conditions stipulated by law.

ARTICLE 20 – SPECIFIC CONTROLLER

Under the conditions stipulated by law and by the legislation applicable to a *société de crédit foncier*, and after obtaining the opinion of the Board of Directors, the Chief Executive Officer shall appoint one Specific Controller and a substitute

The Specific Controller and, if applicable, the substitute shall perform the duties assigned to them by the laws governing a *société de crédit foncier*.

Section V: Annual General Shareholders' Meetings

ARTICLE 21 – GENERAL SHAREHOLDERS' MEETINGS

Annual General Shareholders' Meetings shall be called and shall deliberate under the conditions stipulated by law.

An Ordinary General Shareholders' Meeting must be held within five months of the fiscal year-end.

Meetings shall be held at the registered office or at another location stated in the notice of meeting.

Any shareholder may participate personally, or by proxy, in General Shareholders' Meetings with proof of identity and ownership of shares in the form of a record in his name on the Company's books five days before the date of the Annual General Shareholders' Meeting.

He may also vote by email under the conditions stipulated by law.

Shareholders who participate in General Shareholders' Meetings by videoconference or telecommunication means that enable them to be identified shall be considered present for calculating the *quorum* and the majority.

Annual General Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors or, in his or her absence, by a Director specially authorized for that purpose by the Board. Otherwise, the General Shareholders' Meeting shall appoint a Chairman.

An attendance sheet shall be kept under the conditions stipulated by law.

Minutes of Annual General Shareholders' Meetings shall be drawn up and copies shall be certified and issued pursuant to law.

ARTICLE 22 – DELIBERATIONS OF GENERAL SHAREHOLDERS' MEETINGS

Ordinary and Extraordinary General Shareholders' Meetings ruling with the *quorum* and majority set by law shall exercise the powers that are conferred to them by law.

Section VI: Annual financial statements – distribution of earnings

ARTICLE 23 – FISCAL YEAR

The Company's fiscal year starts on January 1 and ends on December 31.

The Board of Directors may change the closing date of the fiscal year if it determines such a change to be in the Company's best interest.

As an exception, the first fiscal year started on December 22, 1998, from the registration date, and ended on December 31, 1998.

ARTICLE 24 – DISTRIBUTION OF EARNINGS

If the financial statements for a given fiscal year, as approved by the Annual General Shareholder's Meeting, show distributable earnings as defined by law, shareholders shall decide either to attribute them to one or more reserve accounts, the allocation and use of which it determines, or to retained earnings, or to distribute them.

After noting the existence of the reserves at its disposal, the Annual General Shareholders' Meeting may decide to distribute amounts drawn from those reserves. In such a case, the decision shall specify the reserve accounts from which the distributed amounts are to be drawn.

However, dividends shall be withdrawn first from the distributable earnings for the fiscal year.

The above provisions shall apply if non-voting preferred shares are created.

The Annual General Shareholders' Meeting also has the right to grant each shareholder an option to receive payment either in the form of cash or in shares for all or part of the dividend or interim dividend to be distributed.

Section VII: Dissolution – liquidation – disputes

ARTICLE 25 – DISSOLUTION AND LIQUIDATION

At the expiration of the Company or in the event of early dissolution, the Annual General Shareholders' Meeting shall determine the method of liquidation and shall appoint one or more liquidators, whose powers it shall determine and who shall perform their duties pursuant to law.

ARTICLE 26 – DISPUTES

All disputes that might arise during the legal life of the Company or at the time of liquidation, either between the shareholders,

regarding the interpretation or execution of these Bylaws or between the Company and its shareholders, shall be adjudicated as required by law and shall be subject to the jurisdiction of the competent courts of the place of the registered office.

To this effect, in the case of a dispute, any shareholder is bound to designate an address for service of process within the area of jurisdiction of the court of the registered office and any assignments or notifications will be duly issued to this elected domicile, without consideration of the actual address. Failing an election of domicile, the assignments and notifications will be validly issued to the Public Prosecutor's office in the county court in the location of the registered office.

Location of legal documents concerning the Company

Legal documents concerning Compagnie de Financement Foncier can be consulted at 4, quai de Bercy, 94220 Charenton-le-Pont.

Material contracts

As of the date of publication of this financial information, with the exception of the agreements referred to in the present chapter (related-party agreements), Compagnie de Financement Foncier has not entered into any material contracts other than those entered into in the normal course of business.

Outlook for Compagnie de Financement Foncier

RECENT EVENTS

The Company has not recorded any recent events that significantly impact the evaluation of its solvency.

TRENDS

No significant deterioration has affected the Company's outlook since its last financial report was audited and published.

No known trend, uncertainty, claim, commitment or event is reasonably likely to have a negative material influence on the Company's outlook.

CONTROL

To the Company's knowledge, no agreement exists of which the implementation at a later date could lead to a change in control of the Company.

MATERIAL EVENTS

The financial statements of Compagnie de Financement Foncier for the 2020 fiscal year were approved by the Board on February 10, 2021. With the exception of the information given in the sub-section "Post-balance sheet events" in the Management report, no material changes have occurred affecting the financial or commercial position of Compagnie de Financement Foncier, between December 31, 2020 (year-end) and March 23, 2021 (date on which this Document was filed with the AMF).

Additional information

- No potential conflicts of interest exist between the duties of Board members towards Compagnie de Financement Foncier and their private interests and/or other duties.
- As of December 31, 2020, there were no exceptional events or legal disputes (government, legal or arbitration procedures) likely to have or to have had a material impact on Compagnie

de Financement Foncier's financial position, operations, results or assets.

- Compagnie de Financement Foncier conducts itself and its corporate entities operate according to the corporate governance framework applicable in France.

NOTICE OF ANNUAL GENERAL SHAREHOLDERS' MEETING AND REPORT OF THE BOARD TO THE MEETING

Report of the Board of Directors

ORDINARY GENERAL SHAREHOLDERS' MEETING OF MAY 5, 2021

Dear Shareholders,

The Ordinary General Meeting, after having reviewed the reports of the Board of Directors and the Statutory Auditors, is called to vote on the draft resolutions presented by the Board.

- The purpose of **first resolution** is to approve the parent company financial statements for the year ended December 31, 2020.
- The **second resolution** relates to the allocation of income.
- Distributable profit amounts to €121,492,466.74, corresponding to the net income for the year of €47,140,924.66, plus positive retained earnings of €74,351,542.08.
Allocated to legal reserves: €2,358,000.00
Dividend: €47,139,661.96
Retained earnings: €71,994,804.78
- The **third resolution** relates to the power given to the Board of Directors to put in place an option for receiving all or part of any interim dividend payments in shares in respect of the dividend for 2021.

- The **fourth resolution** relates to the approval of the transactions referred to in Article L. 225-38 of the French Commercial Code and related-party agreements.
- The **fifth resolution** relates to the ratification of the co-option of a Director.
- **Resolutions six to eight** relate to the individual remuneration of executive corporate officers for the financial year ended 12/31/2020.
- **Resolutions nine to eleven** relate to the approval of the principles and criteria for the determination, distribution and allocation composing the total remuneration and the benefits of any kind attributable to the Chairman, Chief Executive Officer and Deputy Chief Executive Officer in respect of their office, pursuant to Article L. 225-37-2 of the French Commercial Code for the fiscal year 2021.
- The **twelfth resolution** relates to the consultation, pursuant to Article L. 511-73 of the French Monetary and Financial Code, regarding the overall package of all kinds of remuneration, paid to the persons referred to in Article L. 511-71 of the French Monetary and Financial Code, for the fiscal year ended at December 31, 2020.
- The **last resolution** relates to powers to accomplish formalities.

RESOLUTIONS SUBMITTED TO THE ANNUAL GENERAL SHAREHOLDERS' MEETING

Draft resolutions

FIRST RESOLUTION: APPROVAL OF THE FINANCIAL STATEMENTS

The Annual General Shareholders' Meeting, having considered the Management report of the Board of Directors and the report of the Statutory Auditors, approves the annual financial statements for the fiscal year ended December 31, 2020 as presented and that show a profit of €47,140,924.66.

Consequently, the Annual General Shareholders' Meeting grants full and unconditional discharge to the members of the Board of Directors for this fiscal period.

The Annual General Shareholders' Meeting takes note that the fiscal statements for the past fiscal year do not include any non-tax deductible expenses as per Article 39-4 of the French General Tax Code.

SECOND RESOLUTION: ALLOCATION OF NET INCOME

The Annual General Shareholders' Meeting, having recorded the distributable earnings of €121,492,466.74 composed of net

income for the fiscal year of €47,140,924.66, plus retained earnings of €74,351,542.08, resolves to allocate said distributable earnings as follows:

- allocated to legal reserves: €2,358,000.00;
- dividend: €47,139,661.96;
- retained earnings: €71,994,804.78.

The dividend per share for each of the 158,591,246 shares comprising the share capital is therefore fixed at €0.751204557.

Pursuant to Article 243 *bis* of the French General Tax Code, it is specified that the total dividend proposed is eligible for the 40% discount available to individuals who are resident in France for tax purposes, provided for in Article 158-3 of the French General Tax Code.

The dividend payment date is set for June 25, 2021. Pursuant to Article 24 of the Bylaws, the Annual General Shareholders' Meeting decides to grant each shareholder the possibility of choosing to receive payment of the dividend in shares. New shares will have the same features and the same rights as the shares that gave the entitlement to the dividend. Their vesting date is set for January 1, 2021.

The issuance price of the new shares will be equal to the amount of shareholders' equity after allocation, as shown in the balance sheet as of December 31, 2020 approved by the Annual General

Shareholders' Meeting in the first resolution set forth above, divided by the number of existing shares.

It stands at €19.46 per share.

The number of shares that can be allocated to shareholders who have chosen to receive payment of the balance of the dividend in shares will be determined in function of the calculated price. It is understood that shareholders cannot receive the dividend to which they are entitled partly in shares and partly in cash.

If the dividends thus determined do not give rise to a whole number of shares, shareholders who have chosen to receive payment in shares may subscribe for the nearest whole number of shares below the dividend payable, with the balance being paid in cash or the nearest whole number above the dividend payable, with the shareholder paying the difference in cash.

Shareholders must make their choice between June 1, 2021 and June 15, 2021.

Any shareholder who has not exercised his or her option by June 15, 2021 at the latest will receive the dividends in cash on the dividend payment date of June 25, 2021.

The Annual General Shareholders' Meeting gives full powers to the Board of Directors to record the number of shares issued and the corresponding increase in capital stock and to amend Article 6 of the Bylaws accordingly.

Pursuant to Article 47 of the Act of July 12, 1965 and Article 243 bis of the French General Tax Code, it is recalled that the dividend and total earnings per share have evolved as follows over the last three fiscal years:

Fiscal year	Number of shares	Total earnings per share	Dividend paid*
2017	158,591,246	€0.367	€0.367
2018	158,591,246	€0.56613	€0.56613
2019	158,591,246	€0.0541	€0.0541

* Eligible for the 40% discount provided for in Article 158-3 of the French General Tax Code.

THIRD RESOLUTION: DIVIDEND IN SHARES

The Annual General Shareholders' Meeting, pursuant to Article 24 of the Bylaws and Articles L. 232-12, L. 232-18 and L. 232-20 of the French Commercial Code, authorizes the Board of Directors to consider allowing shareholders to receive all or part of any interim dividends for the 2021 fiscal year in shares and to establish the terms thereof, pursuant to the regulations in force.

FOURTH RESOLUTION: APPROVAL OF THE AGREEMENTS REFERRED TO IN ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

The Annual General Shareholders Meeting, having considered the Statutory Auditors' special report concerning the agreements referred to in Article L. 225-38 of the French Commercial Code, approves the agreements mentioned therein.

FIFTH RESOLUTION: RATIFICATION OF THE CO-OPTION OF A DIRECTOR

The Annual General Shareholders' Meeting ratifies the co-optation, by the Board of Directors at its meeting of September 30, 2020, of Mr. Jérémy ESTRADER as Director, as from October 1, 2020 to replace Mr. Jean-Sylvain RUGGIU who resigned, for the remainder of his predecessor's term of office, *i.e.* until the General Meeting called to approve the financial statements for the year ended December 31, 2025.

SIXTH RESOLUTION: APPROVAL OF THE INDIVIDUAL COMPENSATION OF ÉRIC FILLIAT, CHAIRMAN OF THE BOARD OF DIRECTORS, EXECUTIVE CORPORATE OFFICER FOR THE YEAR ENDED 12/31/2020

The Annual General Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary General Shareholders' Meetings, hereby expresses a favorable opinion on the remuneration due or allocated to Mr. Éric FILLIAT for the fiscal year ended December 31, 2020.

SEVENTH RESOLUTION: APPROVAL OF THE INDIVIDUAL COMPENSATION OF OLIVIER AVIS, CHIEF EXECUTIVE OFFICER, FOR THE YEAR ENDED 12/31/2020

The Annual General Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary General Shareholders' Meetings, hereby expresses a favorable opinion on the remuneration due or allocated, for the fiscal year ended December 31, 2020 to Mr. Olivier AVIS, Chief Executive Officer and executive director, as mentioned in the financial report.

EIGHTH RESOLUTION: APPROVAL OF THE INDIVIDUAL COMPENSATION OF PAUL DUDOUIT, DEPUTY CHIEF EXECUTIVE OFFICER, FOR THE YEAR ENDED 12/31/2020

The Annual General Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary General Shareholders' Meetings, hereby expresses a favorable opinion on the remuneration due or allocated, for the fiscal year ended December 31, 2020, to Mr. Paul DUDOUIT, Deputy Chief Executive Officer and executive director, as mentioned in the financial report.

NINTH RESOLUTION: APPROVAL OF THE INDIVIDUAL COMPENSATION OF ÉRIC FILLIAT, CHAIRMAN OF THE BOARD OF DIRECTORS, FOR 2021

The Annual General Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary General Shareholders' Meetings, after reading the report drafted according to Article L. 225-37-2 of the French Commercial Code, hereby expresses a favorable opinion on the remuneration of Mr. Éric FILLIAT, Chairman of the Board of Directors, for the 2021 fiscal year.

TENTH RESOLUTION: APPROVAL OF THE INDIVIDUAL COMPENSATION OF OLIVIER AVIS, CHIEF EXECUTIVE OFFICER, FOR 2021

The Annual General Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary General Shareholders' Meetings, after reading the report drafted according to Article L. 225-37-2 of the French Commercial Code, hereby expresses a favorable opinion on the remuneration of Mr. Olivier AVIS, Chief Executive Officer, for the 2021 fiscal year.

ELEVENTH RESOLUTION: APPROVAL OF THE INDIVIDUAL COMPENSATION OF PAUL DUDOUIT, DEPUTY CHIEF EXECUTIVE OFFICER, FOR 2021

The Annual General Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary General Shareholders' Meetings, after reading the report drafted according to Article L. 225-37-2 of the French Commercial Code, hereby expresses a favorable opinion on the remuneration of Mr. Paul DUDOUIT, Deputy Chief Executive Officer, for the 2021 fiscal year.

TWELTH RESOLUTION: CONSULTATION PURSUANT TO ARTICLE L. 511-73 OF THE FRENCH MONETARY AND FINANCIAL CODE REGARDING THE OVERALL PACKAGE OF ALL KINDS OF COMPENSATION PAID TO THE PERSONS REFERRED TO IN ARTICLE L. 511-71 OF THE FRENCH MONETARY AND FINANCIAL CODE, FOR THE FISCAL YEAR ENDED AT 12/31/2020.

Consultation pursuant to Article L. 511-73 of the French Monetary and Financial Code regarding the overall package of all kinds of compensation paid to the persons referred to in Article L. 511-71 of the French Monetary and Financial Code, for the fiscal year ended at December 31, 2020.

The Annual General Shareholders' Meeting, consulted pursuant to Article L. 511-73 of the French Monetary and Financial Code, acting in accordance with the quorum and majority requirements for Ordinary General Shareholders' Meetings, having considered the report of the Board of Directors, expresses a favorable opinion on the null compensation package for the fiscal year ended December 31, 2020 to the persons referred to in Article L. 511-71 of the French Monetary and Financial Code, either with respect to the office of Chief Executive Officer or of Deputy Chief Executive Officer.

THIRTEENTH RESOLUTION: POWERS

The Annual General Shareholders' Meeting gives full powers to the bearer of a copy or excerpt of the minutes of this meeting for the accomplishment of all filing and publication formalities.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

Annual General Meeting for the approval of the financial statements for the year ended December 31, 2020

This is a free translation into English of the Statutory Auditors' special report on related-party agreements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Compagnie de Financement Foncier
19 rue des Capucines
75001 Paris
France
Share capital : €2,537,459,936

To the Shareholders,

In our capacity as Statutory Auditors of Compagnie de Financement Foncier, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

We were not informed of any agreements authorized and entered into during the year to be submitted for the approval of the Annual General Meeting pursuant to the provisions of article L.225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

AGREEMENTS APPROVED IN PREVIOUS YEARS

A) THAT WERE IMPLEMENTED DURING THE YEAR

In accordance with article R.225-30 of the French Commercial Code, we were informed of the following agreements, approved by the Annual General Meeting in previous years, which were implemented during the year.

AGREEMENTS WITH CRÉDIT FONCIER DE FRANCE

■ Management agreements

Pursuant to articles L.515-13 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*), Crédit Foncier de France manages, on behalf of your Company, servicing and recovery services for loans and other assets, servicing of privileged and non-privileged *obligations foncières* and other resources that your Company holds, and more generally, all services required in terms of operational, financial, administrative and accounting management, as well as the audit and control services required for its operations.

All of these services are governed by a framework agreement entered into between your Company and its parent company.

The directly related agreements are as follows:

- An agreement for loan servicing and recovery
- An agreement governing financial services
- An administrative and accounting management agreement
- A service agreement on internal control and compliance
- An asset/liability management (ALM) agreement
- An agreement for assignments of eligible loans
- An agreement relating to settlement bank services
- An agreement relating to the implementation of information technology services
- An agreement relating to seconded staff and human resources management

The payments made by your Company for these services are included in the remuneration for financial services defined in a specific agreement described below.

Under the servicing and recovery agreement and the amendment thereto, Crédit Foncier de France provides cash advances to your Company corresponding to overdue payments on regulated loans for the unsubsidized sector with respect to the share financed by your Company. These amounted to €53.9 million for 2020. In return for these advances, Crédit Foncier de France retains the late payment interest charged to the customer, which amounted to €2.3 million for 2020.

■ Agreement on remuneration for services

On December 15, 2009, your Company signed an agreement for the remuneration of services provided by Crédit Foncier de France on your Company's behalf under management agreements. This agreement replaces the agreement of October 21, 1999 with the same purpose.

For 2020, payments made to Crédit Foncier de France under the agreement on remuneration for services amounted to €74.9 million.

■ Agreement on the assignment of mortgage ranking/priority

Under this agreement, Crédit Foncier de France undertakes to recognize the priority ranking of mortgages granted by your Company and to subordinate its own mortgages to those of your Company. In the event of competing mortgage rights, payments to your Company will therefore take precedence.

In the event of allotment or allocation of funds from the debtor or in the event of implementation of the mortgage guarantee through the transfer of the property used as security, your Company will receive these funds for the total amount it is owed in capital, interest and ancillary costs.

This agreement had no direct financial impact in accounting terms since it concerned legal items related to the guarantees in respect of the loans assigned to your Company by Crédit Foncier de France.

■ Paying agent agreement

Your Company entered into a paying agent agreement with Crédit Foncier de France whereby Crédit Foncier de France undertakes to centralize the financial operations for a €1.5 billion bond issue in the capacity as lead paying agent.

The compensation owed to Crédit Foncier de France for this financial service is included in remuneration for financial services.

■ Shareholder's account advance agreement

At the date of the signature of the agreement (September 15, 2015), the funds generated by the repayment of the redeemable subordinated notes (€2 billion) were deposited in the newly opened shareholder's account. In accordance with the agreement, this account earns interest at the 3-month Euribor rate + 2.50% and is repayable at any time by your Company (with 15 days advance notice).

Your Company incurred interest expenses of €41.7 million on this account for the year ended December 31, 2020.

■ Agreement on the management and recovery of State-subsidized loans

The compensation owed to Crédit Foncier de France under the agreement with the French State relating to the management and recovery of State-subsidized loans by Crédit Foncier de France is included in remuneration for services.

■ Guarantee agreement for adjustable-rate loans

In December 2007, exceptional measures were proposed to certain customers with adjustable-rate loans, whether regulated or not, to secure their monthly payments. Some of these receivables have been assigned to your Company.

In these exceptional circumstances, Crédit Foncier de France indemnifies your Company for the costs incurred under the scheme through a guarantee agreement concluded in favor of your Company.

Under this guarantee, your Company recorded income of €0.3 million for the year ended December 31, 2020.

b) that were not implemented during the year

In addition, we were informed of the following agreements, approved by the Annual General Meeting in previous years, which were not implemented during the year.

■ Guarantee and compensation agreement

In connection with the agreement to assign certain assets and liabilities from Crédit Foncier de France to your Company, Crédit Foncier de France:

- has undertaken to offset the effects of any changes in interest rates on your Company's net income should it not be possible to obtain fixed-rate financing in the unsubsidized market;
- has guaranteed your Company a minimum return on the outstanding loans transferred;
- has undertaken to indemnify your Company in the event of changes in the treatment of borrowing costs relating to subsidized loans.

This agreement had no impact on the financial statements for the year ended December 31, 2020.

Neuilly-sur-Seine and Paris La Défense, March 23, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit
Emmanuel Benoist

KPMG S.A.
Xavier De Coninck

PERSONS RESPONSIBLE FOR THE DOCUMENT AND AUDITING THE FINANCIAL STATEMENTS

Statement from the person responsible for the Universal Registration Document

PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Olivier AVIS

Chief Executive Officer

Compagnie de Financement Foncier

Address: 4, quai de Bercy – 94220 Charenton-le-Pont

Telephone: +33 (1) 58 73 58 34

STATEMENT FROM THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I certify, that the information provided in this Universal Registration document is, to my knowledge, true to fact and that no information has been omitted that would change the interpretation of the information provided. I further certify that, to the best of my knowledge, the financial statements have been prepared in compliance with the applicable accounting standards and give a true and fair view of the Company's assets, financial position and earnings, and that the Management Report included on pages 78 to 96 provides an accurate representation of the business trends, earnings and financial position of the Company, and that it describes the primary risks and uncertainties the Company faces.

Charenton-le-Pont, March 23, 2021

Olivier AVIS

Persons responsible for auditing the financial statements

ACTING

KPMG SA

Represented by Mr Xavier de CONINCK

Address: Tour EQHO – 2, avenue Gambetta – 92066 Paris La Défense

775 726 417 RCS (Trade and Companies Register) Paris

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

Start of term: May 25, 2005

Length of term: six fiscal years

End of term: at the end of the Ordinary General Shareholders' Meeting called to approve the financial statements for the 2022 fiscal year.

PRICEWATERHOUSECOOPERS AUDIT

Represented by M 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 term: June 30, 2003

Length of term: six fiscal years

End of term: at the end of the Annual General Shareholders' Meeting called to approve the financial statements for the 2025 fiscal year.

SUBSTITUTE

KPMG AUDIT FS I

Represented by Ms Isabelle GOALEC

Address: Tour EQHO – 2, avenue Gambetta – 92066 Paris La Défense

Start of term: May 23, 2011

Length of term: six fiscal years

End of term: at the end of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2022.

CROSS-REFERENCE TABLE

Incorporation by reference

The Amendment to the 2020 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 2019 Universal Registration Document filed with the *Autorité des Marchés Financiers* on March 27, 2020 under number D.20-0200 including the annual financial report, available on Compagnie de Financement Foncier's website: <https://foncier.fr/rapports-annuels/>
- the 2018 Registration Document filed with the *Autorité des Marchés Financiers* on March 22, 2019 under number D.19-0190 including the annual financial report, available on Compagnie de Financement Foncier's website: <https://foncier.fr/rapports-annuels/>

All documents incorporated by reference in this Amendment to the 2020 Universal registration document have been filed with the *Autorité des Marchés Financiers* (AMF - French Financial Markets Authority) and published on the websites of the Issuer (<https://foncier.fr/en/annual-reports/>) and the AMF (<https://www.amf-france.org/en>). The information incorporated by reference should be read in accordance with the following cross-reference table. Any information not included in this cross-reference table but forming part of the documents incorporated by reference is provided solely for information purposes.

Appendices I and II of European delegated Regulation 2019/2020 of the European Commission supplementing European Regulation 2017/1129 of the European Parliament and of the Council

	Headings of Appendix I "Registration document for capital securities"	Page of the URD filed with the AMF on March 23, 2021	Page of the URD filed with the AMF on March 27, 2020	Page of the Registration Document filed with the AMF on March 22, 2019
Section 1	Persons responsible, third party information, experts' reports and competent authority approval	115-116; 202	115; 200	93; 174
Section 2	Statutory Auditors	202	200	174
Section 3	Risk factors	81-87	83-86	79-108
Section 4	Information about the issuer			
4.1	The legal and commercial name of the issuer	186; 191	184; 189	161; 165
4.2	Place of registration, registration number and legal entity identifier (LEI)	188	186	162
4.3	Date of incorporation and the length of life	187; 191	185; 189	162; 165
4.4	Domicile, legal form, legislation under which the issuer operates, country of incorporation, address, telephone number and website	186-187; 191 4 th back cover	184-185; 189; 4 th back cover	161; 165; 4 th back cover
Section 5	Business overview			
5.1	Main activities	4; 29-30; 34-35; 37-38	4; 30-31; 35; 38	5; 26; 30
5.2	Main markets	24-29	25-30	22-26; 29-30
5.3	Important events in the development of the business	5; 141	5; 139	13; 114
5.4	Strategy and objectives	4; 96; 195	5; 94; 193	13; 76; 168
5.5	Extent to which the issuer is dependent, on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	95; 133	94; 132	76; 107
5.6	Basis for any statements made by the issuer regarding its competitive position	6-10	6-10	8-13
5.7	Investments	95	94	76
Section 6	Organizational structure			
6.1	Brief description of the Group	16-17	16-17	16; 17
6.2	List of significant subsidiaries	na	na	na
Section 7	Operating and financial review			
7.1	Financial condition	78-81	80-83	65-68
7.2	Gross income	80-81; 138; 149; 173	82-83; 136; 146; 170	67-68; 113; 141; 147

Headings of Appendix I "Registration document for capital securities"		Page of the URD filed with the AMF on March 23, 2021	Page of the URD filed with the AMF on March 27, 2020	Page of the Registration Document filed with the AMF on March 22, 2019
Section 8	Capital resources and cash flow			
8.1	Information concerning the issuer's capital resources	107-108; 165; 173; 189	107-108; 162; 170; 187	86; 133; 147; 163
8.2	Sources and amounts of the issuer's cash flows	173-174	170-171	149
8.3	Information on the borrowing requirements and funding structure of the issuer	8; 128	8; 127	10; 103
8.4	Information regarding any restriction on the use of capital resources that have materially affected or could materially affect the issuer's operation	na	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	na
Section 9	Regulatory environment	18-23; 134	19-22; 133	18-21; 108
Section 10	Trend information	5; 96; 142; 195	5; 94; 140; 193	13; 76; 115; 168
Section 11	Profit forecasts or estimates	na	na	na
Section 12	Administrative, management and supervisory bodies and senior management			
12.1	Administrative bodies	44-59	44-60	36-51
12.2	Conflicts of interest	76	77	62
Section 13	Remuneration and benefits			
13.1	Amount of remuneration paid and benefits in kind	68-75	69-76	57-62
13.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	70	70-72	58
Section 14	Board practices			
14.1	Date of expiration of the current term of office of this person	48	48	40
14.2	Information about members of the administrative body's service contracts	76	77	62
14.3	Information about the Issuer's Audit Committee and Remuneration Committee	48; 62	48; 63	40; 53
14.4	A statement as to whether or not the issuer complies with the corporate governance regime	40-43	40-43	33-35
14.5	Potential material impacts on the corporate governance	76	77	62
Section 15	Employees			
15.1	Number of employees	95	94	76
15.2	Shareholdings and stock options of directors and executive management	74	76	61
15.3	Arrangement involving the employees in the capital of the issuer	95	94	76
Section 16	Major shareholders			
16.1	Shareholders having a percentage in the capital or voting rights	189	187	163
16.2	Different voting rights of the major shareholders	189	187	163
16.3	Control of the issuer	189	187	163
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	195	193	168
Section 17	Related-party transactions	171	168	144
Section 18	Financial information concerning the issuer's assets and liabilities, financial position and profits and losses			
18.1	Historical financial information	138-175	136-172	111-150
18.2	Interim and other financial information	na	na	na
18.3	Auditing of historical annual financial information	176-179	173-176	151-153
18.4	<i>Pro forma</i> financial information	80	na	na
18.5	Dividend policy	173; 188	170; 186	147; 163
18.6	Legal and arbitration proceedings	132-133	131-132	107
18.7	Significant change in the issuer's financial position	195	193	168
Section 19	Additional information			
19.1	Share capital	189	187	163-164
19.2	Memorandum and Articles of Association	63-67; 190-195	64-68; 188-193	53-56; 164-168
Section 20	Material contracts	195	193	168
Section 21	Documents available	195	193	168

Cross-reference table for the Annual financial report and the Management report

Pursuant to Article 212-13 of the French Financial Markets Authority's General Regulation, this update comprises the information of the Annual financial report referred to in

Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-4 of the French Financial Markets Authority's General Regulation.

Information required under Article L. 451-1-2 of the French Monetary and Financial Code		Page of the URD filed with the AMF on March 23, 2021
Annual financial report		
	Consolidated financial statements	na
	Statutory Auditors' report on the consolidated financial statements	na
	Financial statements	138-175
	Statutory Auditors' report on the individual financial statements	176-179
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	34; 37-38; 78
1.2	Results of the Group, its subsidiaries and the companies it controls	80-81
1.3	Key financial and non-financial performance indicators	6-10
1.4	Analysis of the change in results and financial position	78-81; 138-175
1.5	Significant post-balance sheet events	96; 195
1.6	Outlook	5; 96; 195
1.7	Research & Development	95; 133
1.8	Main risks and uncertainties	81-87; 95
1.9	Significant investments or controlling interests in companies headquartered in France	na
2	Information pertaining to share buybacks (Article L. 225-211, paragraph 2 of the French Commercial Code)	na
3	Social, environmental and societal information (Article L. 225-102-1 of the French Commercial Code)	96
4	Information on locations by country and activities (Article 511-45 of the French Monetary and Financial Code)	95
5	Key characteristics of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information	89-93
6	Vigilance plan (Article L. 225-102-4 of the French Commercial Code)	134
Report on corporate governance		
	Information on governance	44-67
	Information on pay	68-75
	Capital structure	189
	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	189; 194-195
	Information on agreements entered into by a subsidiary and a corporate officer holding more than 10% of the voting rights (Article L. 225-37-4 2° of the French Commercial Code)	189; 199-201
	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	74
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	199-201
	Statutory Auditors' fees	175
	Statement by the person responsible for the document	202

In accordance with Article 19 of European Regulation No. 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in this Universal registration document:

- Compagnie de Financement Foncier's individual financial statements for the fiscal year ended December 31, 2019 and the related Statutory Auditors' report, presented on pages 136 to 176 of the Universal registration document filed with the AMF on March 27, 2020 under number D. 20-0200.

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

- Compagnie de Financement Foncier's individual financial statements for the fiscal year ended December 31, 2018 and the Statutory Auditors' report, presented on pages 111 to 153 of the Registration document filed with the AMF on March 22, 2019 under number D. 19-0190.

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

- the Management report for the year ended December 31, 2019 presented on pages 79 to 96 of the Universal registration document filed with the AMF on March 27, 2020 under number D. 20-0200.

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

- the Management report for the year ended December 31, 2018 presented on pages 64 to 77 of the Registration document filed with the AMF on March 22, 2019 under number D. 19-0190;

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

The Amendment to the 2020 Universal registration document can be consulted on the websites of the AMF (www.amf-france.org) and Compagnie de Financement Foncier (www.foncier.fr).

Compagnie de Financement Foncier - SA (French public limited company)
With capital of 2,537,459,936 euros – Paris Trade and Companies Register No. 421 263 047
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