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The financial institution Compagnie de Financement Foncier (CFF) was established in 1999 by Crédit Foncier de France (CF) to comply with legislative changes. The roots of the parent company (100%) can be traced back to 1852, when CF was founded by the French government. Since 1999, CF has been operating as a private financial institution and since 2010 it has been a 100% subsidiary of BPCE S.A. Its main role then and now is to provide property financing, including social housing and public sector financing. The institution has total assets of EUR 68.5 billion (FY/2020). With its creation, CFF has been deeply integrated into the group and took over the task of refinancing CF and later BPCE Group. In this process, already issued secured bonds including the corresponding suitable assets and liabilities have been transferred. A clear geographical focus can be seen from the assets (88% France). France is followed by the rest of the European Union with 7%. In terms of distribution of asset types, the focus is on mortgage loans with around 53% and the public sector with 36% (FY/2020). As of March 31, 2021, the total volume of outstanding covered bonds was EUR 56.03 billion, which corresponds to 68% of total liabilities. In 2020, bonds amounting to EUR 3.03 billion were issued, while EUR 1.8 billion have been placed so far in 2021. CFF is among the largest issuers in France and among the major European benchmark issuers. The institution exceeds the regulatory CET1 requirements with a ratio of 25.38% (FY/2020).

## Ratings

		Outlook
Fitch	-	-
Moody's	-	-
S&P	-	-

## Homepage

[www.foncier.fr](http://www.foncier.fr)

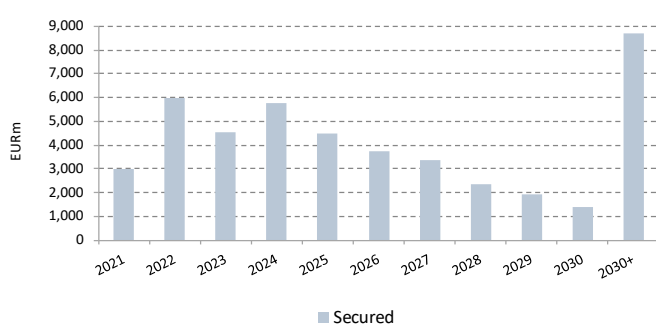
## Balance Sheet

(EURm)	2018Y	2019Y	2020Y
Net Loans to Customers	39,643	37,627	35,339
Total Securities	7,837	7,331	6,417
Total Deposits	-	-	-
Tier 1 Common Capital	3,107	3,107	3,107
Total Assets	76,665	71,462	68,455
Total Risk-weighted Assets	14,343	13,051	12,244

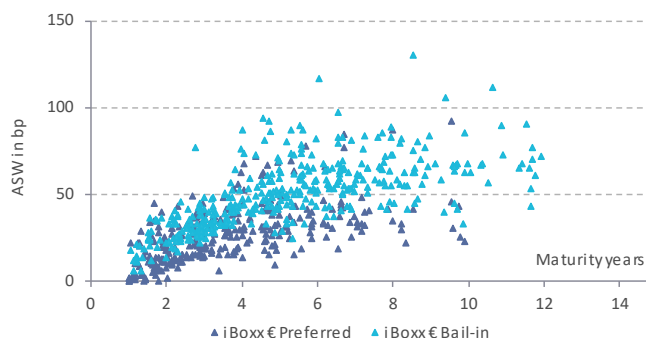
## Income Statement

(EURm)	2018Y	2019Y	2020Y
Net Interest Income	228	190	117
Net Fee & Commission Income	43	40	34
Net Trading Income	0	10	20
Operating Expense	95	80	93
Credit Commitments Impairment	16	-11	-4
Pre-tax Profit	157	169	78

## Redemption Profile



## Senior Unsecured Bonds



## Company Ratios

	2018Y	2019Y	2020Y		2018Y	2019Y	2020Y
Net Interest Margin	0.30	0.26	0.17	Liquidity Coverage Ratio	-	-	-
ROAE	2.82	3.47	1.48	IFRS Tier 1 Leverage Ratio	-	-	-
Cost-to-Income	35.37	33.70	55.77	NPL/ Loans at Amortised Cost	3.96	3.72	3.61
Core Tier 1 Ratio	21.66	23.81	25.38	Reserves/NPLs	0.23	0.17	0.17

As of: 05.07.2021; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

## Strengths / Opportunities

- Integration into the banking group
- Market position in the French covered bond market

## Risks / Weaknesses

- Concentrated credit risk in the retail business
- Intense competition among French property financiers

# Covered Bonds

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## Outstanding covered bonds with a volume of EUR 56.03 billion

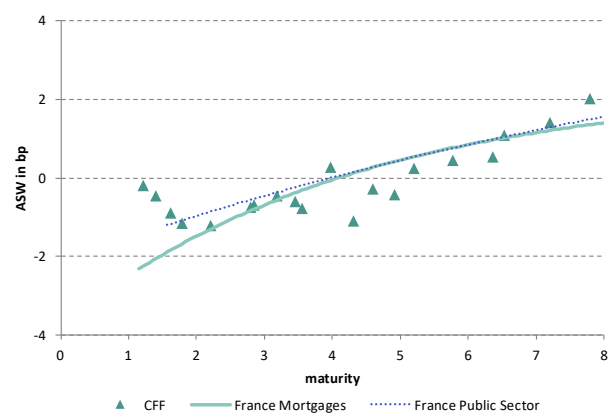
As of March 31, 2021, CFF had outstanding covered bonds with a volume of EUR 56.03bn. The issues were matched by cover assets equivalent to EUR 67bn. This results in a nominal overcollateralization ratio of 19.6%. In the iBoxx EUR Covered, the institution is represented in the composition of July 2021 with 25 EUR benchmarks for a total of EUR 31bn. CFF's covered bonds are issued in hard bullet format and therefore currently do not have the possibility of maturity deferral.

### Programme data

31 March 2021	Mortgage
Covered bonds outstanding	EUR 56,031m
Cover pool volume	EUR 66,996m
Current OC (nominal / legal)	19.6% / 5.0%
Type	52.2% Mortgages
Main country (mortgage assets)	97.7% France
Main country (public sector assets)	69.5% France
Number of mortgage loans	426,232
Number of public sector exposures	7,752
NPLs (mortgage assets / public sector assets)	1.6% / 0.3%
Fixed interest (Cover Pool / CBs)	83.7% / 93.4%
WAL (Cover Pool / CBs)	8.2y / 6.7y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / AAA

Source: Issuer, rating agencies, Bloomberg, NORD/LB Markets Strategy & Floor Research

### Spread overview (BMK) – France



### Primary cover: share of mortgage assets at 52.2%

The CFF cover pool contains mortgage assets with a volume of EUR 34.983 billion (share: 52.22%) and public cover assets amounting to EUR 22.858 billion (share: 34.12%). Replacement cover (including other assets) amounts to EUR 9.155 billion (13.67%). With regard to the geographical location of the cover assets, the focus is on the domestic market in each case, so that France has a share of 97.7% (mortgages assets) and 69.5% (public sector assets) here. With a volume of EUR 34.372 billion, 98.3% of mortgage cover assets are of residential origin. The largest share of mortgage assets is also attributable to the Ile-de-France region (29% share). In terms of public sector exposures, the largest share is attributable to the category "Regional/Federal Authorities" (EUR 7.756 billion; 33.1%), followed by "Local/Municipal Authorities" (EUR 6.34 billion; 27.7%) and "Sovereigns" (EUR 4.499 billion; 33.1%). The cover pool can be described as granular with 426,232 real estate loans (average total residential loans: EUR 81,000; commercial loans: EUR 3.658 million) and 7,752 public sector exposures (average total: EUR 2.949 million). This is also reflected in the respective shares of the ten largest exposures (mortgage assets: 0.6%; public sector assets: 9.6%). The share of non-performing loans in mortgage cover assets is only 0.3%, while the share of public sector cover assets is also a manageable 1.6%.

### Rating and regulatory treatment

The EUR benchmarks of CFF have the highest ratings from the rating agencies Moody's (Aaa) and S&P (AAA). The risk weight according to CRR is 10%. In the context of LCR management, we believe that CFF benchmark deals can also be used as Level 1 assets. The covered bonds are also eligible for purchase under the APP (CBPP3) as well as in the context of the PEPP. Furthermore, the eligibility as collateral in the context of ECB Collateral Framework is given.

# Appendix

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### Markets Strategy & Floor Research



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