

# Compagnie de Financement Foncier

Issuer View • 15. April 2024

Authors: Dr Frederik Kunze // Lukas Kühne

## Ratings

### Cie de Financement Foncier

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

## Homepage

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

The financial institution Compagnie de Financement Foncier (CFF) was established in 1999 by Credit Foncier de France (CF) in order to comply with the changed legal situation for covered bond issuers. The roots of the parent group (100%) can be traced back to 1852, when CF was established by the French government. Today, CFF is indirectly a wholly owned subsidiary of BPCE SA (France's second-largest banking group) via CF. Since 2019, its main task has been to refinance the BPCE Group, with a particular focus on loans to public institutions and similar loans. As an accredited Societe de Credit Foncier, CFF issues covered bonds (Obligations Foncières), among other things, to refinance BPCE. A clear geographical focus can be seen from the assets (FY/2023: 88% France). On the assets side, the share of receivables from the public sector is 47%, while mortgage loans account for 43% (FY/2023). As at FY/2023, the total volume of outstanding covered bonds (Obligations Foncières) was EUR 51.2bn. In 2023, covered bonds totalling EUR 4.5bn were placed. This makes CFF one of the largest covered bond issuers in France today. In addition to EUR, covered bonds were also issued in USD, CHF, GBP and NOK, with EUR-denominated covered bonds accounting for by far the largest share of the outstanding volume. The BPCE Group has been a member of the Net Zero Banking Alliance since July 2021. In October 2023, CFF also debuted with a covered bond benchmark transaction in social format.

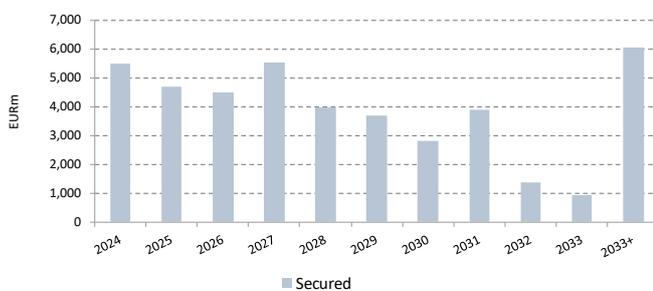
## Balance Sheet

(EURm)	2021Y	2022Y	2023
Net Loans to Customers	33,777	34,702	33,228
Total Securities	6,139	5,875	5,293
Total Deposits	-	-	0
Tier 1 Common Capital	3,107	1,974	1,974
Total Assets	63,935	60,459	60,250
Total Risk-weighted Assets	11,425	7,748	7,304

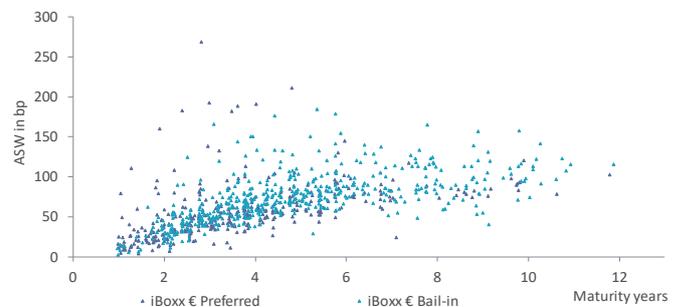
## Income Statement

(EURm)	2021Y	2022Y	2023
Net Interest Income	223	228	219
Net Fee & Commission Inc.	30	22	13
Net Trading Income	-0	0	-0
Operating Expense	103	85	68
Credit Commit. Impairment	-7	-7	-3
Pre-tax Profit	156	168	165

## Redemption Profile



## Senior Unsecured Bonds (EUR BMK)



## Company Ratios

	2021Y	2022Y	2023		2021Y	2022Y	2023
Net Interest Margin	0.34	0.37	0.37	Liquidity Coverage Ratio	-	-	-
ROAE	3.33	4.52	5.68	IFRS Tier 1 Leverage Ratio	-	-	-
Cost-to-Income	40.92	34.48	29.55	NPL/ Loans at Amortised Cost	3.79	1.86	1.88
Core Tier 1 Ratio	27.19	25.48	27.03	Reserves/Loans at Amort. Cost	0.15	0.11	0.08

As of 15.04.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

## Strengths / Opportunities

- Integration in the banking group
- Positioning in FR (covered bond market)

## Risks / Weaknesses

- Share of "buy-to-let" mortgages
- Competition in the mortgage financial segment in FR

# Covered Bonds

Authors: Dr Frederik Kunze // Lukas Kühne

## Outstanding covered bonds with a volume of EUR 51.2bn

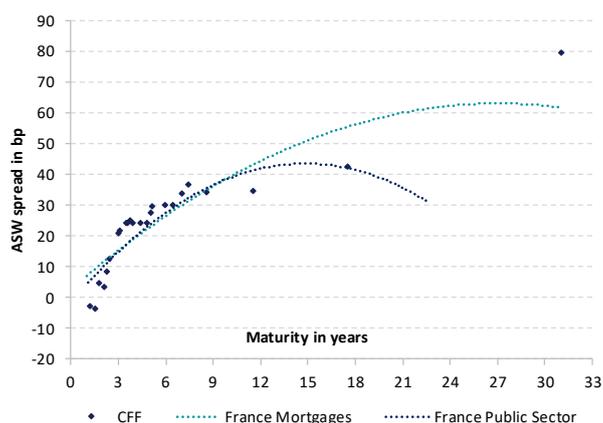
As at 31 December 2023, CFF had outstanding covered bonds with a volume of EUR 51.2bn. The issues were offset by cover assets in the amount of EUR 59.6bn. This results in a notional overcollateralisation ratio of 16.3%. In the iBoxx EUR Covered, the issuer is represented in the composition of April 2024 with 24 EUR benchmarks totalling EUR 29.1bn. CFF's covered bonds are issued in hard bullet format and therefore do not currently have the option of a maturity extension.

### Programme data

31 December 2023	Public Sector / Mortgage
Covered bonds outstanding	EUR 51,214m
Cover pool volume	EUR 59,562m
Current OC (nominal / legal)	16.3% / 5.0%
Type	48.0% Public Sector / 43.6% Mortgages
Main country (mortgage assets)	98.1% France
Main country (public sector assets)	77.3% France
Number of mortgage loans	336,280
Number of public sector exposures	10,536
NPLS (mortgage assets / public sector)	1.2% / 0.0%
Fixed interest (Cover Pool / CBs)	84.3% / 93.5%
WAL (Cover Pool / CBs)	7.8y / 6.6y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / AAA

Quelle: Emittent, Ratingagenturen, Bloomberg, NORD/LB Floor Research

### Spread overview (BMK) – France



### Primary cover: share of public sector assets is 48.0%

The "mixed" cover pool contains public sector cover assets totalling EUR 28.6bn (share: 48.0%) and mortgage-backed assets with a volume of EUR 25.9bn (share: 43.6%), with the higher public sector share also reflecting the adjusted business model. Replacement cover (including other assets) totalled EUR 5.0bn (8.4%). In terms of the geographical location of the cover assets, the focus in each case is on the domestic market, with France accounting for 98.1% (mortgage assets) and 77.3% (public sector assets). With a volume of EUR 25.3bn, 97.4% of the mortgage cover is of residential origin. The largest share of mortgage assets is also attributable to the Ile-de-France region (share 30.4%). The largest share of public sector exposures is attributable to the "Local/Municipal Authorities" category (EUR 9.6bn; 33.7%), followed by "Regional/Federal Authorities" (EUR 9.1bn; 31.9%). Regionally, the largest share (16.9%) is attributable to Ile-de-France. With 336,280 real estate loans (average total residential loans: EUR 75,200; commercial loans: EUR 4.544m) and 10,536 public sector exposures (average total: EUR 2.715m), the cover pool can be described as granular. This is also reflected in the respective shares of the ten largest exposures (mortgage assets: 0.5%; public sector assets: 10.0%). The share of non-performing loans in mortgage cover assets is 1.2%, while the share for public sector cover is 0.0%. The average LTV ratios for mortgage assets are 61.7% (residential) and 49.4% (commercial) for the indexed case.

### Rating and regulatory treatment

CFF's EUR benchmarks have the highest ratings from the rating agencies Moody's (Aaa) and S&P (AAA). The risk weighting in accordance with CRR is 10%. In our opinion, benchmark deals from CFF can also be used as Level 1 assets as part of LCR management. In addition, they are suitable as collateral in connection with the ECB Collateral Framework.

## Appendix

### Contacts at NORD/LB

#### Floor Research



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Länder/Regionen	+49 511 9818-9660
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