CREDIT LOGEMENT

GARANTIR VOTRE SÉRÉNITÉ

Annual report

2022

creditlogement.fr

First of all

A commitment for a greener planet

*Pursuing its CSR effort,
Crédit Logement has chosen not to print
its annual report*

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01. *Introduction*

01.1

Message from the Executive Management team

2022: a mixed year

The growth momentum that abided during the first few months of the year, underpinned by the efforts of banks to support demand, despite the restrictions by the HCSF (French financial system supervisor), did not last.

Economic slowdown, rising inflation and the start of the war in Ukraine all paved the way for ECB interest rate hikes and, in their wake, a rise in home loan rates. This situation heightened as the year went on, with revaluations of the attrition rate and repercussions for household financing capacity and subsequently for demand in the second half of 2022, causing a significant fall in activity.

For Crédit Logement, this translated into €90.2 billion in guarantees arranged in 2022, representing a decrease of 23.3% compared with 2021. Given the increase in transaction amounts, however, and the lag between granting and implementing guarantees, outstanding loans under guarantee continued to grow, rising from €413.4 billion at the end of 2021 to €429.7 billion at the end of 2022.

Crédit Logement's teams worked assiduously throughout the year to ensure peace of mind for our banking partners and borrowers, and also to put in motion structural projects for the company:

- The overhaul of our Internal Rating Model to include new regulatory requirements;
- The roll-out of our Pricing Engine to all our partners to enable a fluid pace of exchange;
- The publication of our first ESG Report;
- The definition of a Green Ambition involving support for our partners in financing renovation projects to improve the energy performance of their properties.

Some of these challenges and innovations will drive Crédit Logement's activities over the coming years.

What about 2023?

After several years of market growth, 2023 brought a significant reversal of this trend.
Momentum in home loans stalled and the market is now struggling to recover due to rising interest rates, regulatory constraints and slower demand.
Current macroeconomic indicators show no signs of a recovery in the near term, at least for the first half of 2023.

Risk is set to remain low in 2023, but the prevailing uncertainties are likely to gradually reverse the downward trend seen in this regard over the last number of years.

Crédit Logement is primed to support the market's recovery and to meet these new challenges, particularly in relation to the green transition.

Board of Directors

December 31, 2022

Olivier Bélorgey
Chairman,
Deputy Chief Executive Officer,
Chief Financial Officer at Crédit Agricole CIB,
Head of Treasury and Funding, Crédit Agricole Group

Yves Martrenchar
Honorary Chairman

BNP PARIBAS
Represented by
Gabrielle d'Arailh
Chief Financial Officer, Retail Banking France

LCL, Le Crédit Lyonnais
Represented by
Yann Lhuissier
Head of Markets & Customers, Digital, Insurance, Real Estate Market

Société Générale
Represented by
Marianne Auvray-Magnin
Head of Retail Banking and Digital Public Affairs

Caisse Centrale du Crédit Mutuel
(Crédit Mutuel Group)
Represented by
Sophie Olivier
Head of Markets, Studies and Public Affairs
Confédération Nationale du Crédit Mutuel

BPCE
Represented by
Sylvain Petit
Head of Strategy

Crédit Foncier de France
Represented by
Éric Filliat
Chief Executive Officer

La Banque Postale
Represented by
Thomas Guittet
Head of Risk

HSBC Continental Europe
Represented by
Axelle Magnier
Head of Customer Experience and Value Proposition, Retail Products for everyday banking

Danielle Tondenier
Head of Finance, Procurement, Legal Affairs, Commitments and Debt Collection at LCL, Le Crédit Lyonnais

Nicolas Draux
Head of Retail France at BNP Paribas

Martine Lassègues
Deputy Head of CSR for the French retail banking division of Société Générale

Paul Espagno
Head of the Finance and Risk Department of FNCA

STATUTORY AUDITORS

CTF
Represented by
Christophe Legué

Deloitte & Associés
Represented by
Marjorie Blanc Lourme

Share capital

December 31, 2022

Private limited company with a share capital amouting 1,259,850,270 euros
with 17,997,861 shares worth 70 euros each

Shareholders	Numbers of shares	Total amount	%
BNP Paribas	2,969,699	207,878,930	16.5003%
Crédit Agricole	2,879,547	201,568,290	15.9994%
LCL - Le Crédit Lyonnais	2,969,594	207,871,580	16.4997%
Société Générale / Crédit du Nord	2,970,599	207,941,930	16.5053%
Crédit Mutuel / CIC	1,799,788	125,985,160	10.0000%
BPCE Group	1,530,063	107,104,410	8.5014%
Crédit Foncier de France	1,258,022	88,061,540	6.9898%
La Banque Postale	1,079,944	75,596,080	6.0004%
HSBC Continental Europe	539,806	37,786,420	2.9993%
Other loans institutions	530	37,100	0.0029%
Physical persons	269	18,830	0.0015%
TOTAL	**17,997,861**	**1,259,850,270**	**100.0000%**

Executive Committee

December 31, 2022

Jean-Marc Vilon
Chief Executive Officer

Antoine Frachot
Deputy Chief Executive Officer

Fabien Neufinck
Deputy Chief Executive Officer
Head of Production

Étienne Auvrai
Head of Risk and Guarantee Models

Blaise Beutier
Head of Compliance and Risk Management

Éric Ehrler
Head of Human Resources

Franck Fradet
Head of Collection

Philippe Lainé
Head of Development and Communication

Michel Lavernhe
Head of Information Systems

Claire de Montesquiou
Head of Internal Audit

Valérie Perrier
Head of Finance

Jean-François Roussel
Head of Organization

Caroline Allorant
Deputy Head of Development and Communication

Zenabou Join
Deputy Head of Collection

Key Figures

December 31, 2022

GROSS ANNUAL PRODUCTION

90.2
billion euros

398,848
loans

for *346,519*
transactions

OUTSTANDINGS GUARANTEE

429.7
billion euros

3,444,338
loans

LONG-TERM RATING

Moody's
Aa3 Stable

DBRS
AA Low Stable

REGULATORY CAPITAL

8.9
billion euros

MUTUAL GUARANTEE FUND

6.9
billion euros

Crédit Logement *Guaranteeing your peace of mind*

For more than 45 years, Crédit Logement has taken a neutral, expert and considerate approach to ensure that banks and borrowers can have peace of mind when it comes to financing residential property loans.

Ten million borrowers have availed of the Crédit Logement Guarantee to take out a property loan without a mortgage charge mechanism and successfully buy their home.

At Crédit Logement, we are committed to providing everyone with peace of mind so that, together, we can build and maintain a more secure, stable and responsible financing system.

Our businesses

Guarantee

The Crédit Logement Guarantee provides banks and borrowers alike with security when it comes to financing property loans. It is a reliable, safe and hassle-free alternative to the mortgage charge mechanism.

With a mortgage charge, the loan is secured against the property: in the event of non-payment, the bank may seize the property and sell it at auction in order to recover the amount it has lent the borrower before any other creditors.

With a financial guarantee, such as the one provided by Crédit Logement, the commitment lies with a third party.

Banking partners can rely on Crédit Logement's expert risk analysis teams.

Helped by an expert decision-making system, our teams examine every loan application that is sent to us. A response is provided within 48 hours (for complete applications) and can even be obtained in real time thanks to our automatic acceptance system.

Debt Collection

Debt collection management is included in the Crédit Logement Guarantee.

Should a borrower default on a property loan, Crédit Logement will do everything possible to actively seek the best solution to help them pay their debt to the bank and avoid the repossession of their home.

Crédit Logement will help the borrower find an amicable and suitable arrangement to rectify the situation and go back to a normal situation.

Crédit Logement seeks to reconcile two objectives:

1. Keeping commitments secure;

2. Acting in the interests of all parties (lender, borrower and surety) by limiting events of default and taking steps to enable repayments to resume so that bank and borrower can have peace of mind.

The advantages of opting for Crédit Logement

For borrowers

The Crédit Logement Guarantee goes far beyond a surety mechanism tied to a loan: it is an active guarantee that involves supporting the borrower throughout the life of the loan at no additional cost.

A fast, cost-effective and supportive solution

The formalities involved in a Crédit Logement Guarantee are fewer and simpler than with a mortgage charge mechanism.
It involves a simple private agreement, which means that the loan can be disbursed quickly.
The guarantee is not strictly linked to the property for which the borrower has applied for a loan.

If a borrower wishes to sell the property before the end of the term of the guaranteed loan, he or she will have no release fee to pay, contrasting with the mortgage charge mechanism.

Peace of mind

Throughout the life of the loan, Crédit Logement and its staff will always try to find the most suitable solution for each borrower.

That is why we place an emphasis on responsibility, consideration and on clearly explaining every step of the process.

For banks

No ultimate risk

At Crédit Logement we reinsure our partners. By providing a second opinion on a loan application, we give banks peace of mind and lend weight to their own analysis of financing applications.

We carefully examine each application sent to us by our banking partners.

The decision to provide a guarantee is based on a set of criteria and human analysis designed to ensure that the borrower is solvent and able to meet the repayments.

Our work is part of a system to secure home loans that takes borrower solvency into account and is not limited solely to the value of a property. Our aim is always to limit borrower default and to best handle any unexpected life events.

Crédit Logement looks after the collection of debts backed by its guarantees, thereby eliminating the risk that a bank might incur a loss on a loan.

01.6

An effective economic guarantee

At Crédit Logement, we provide a comprehensive collection service.

The bank is better protected against default-related losses than with a mortgage portfolio and requires less capital through more favourable risk-weighting. Reassured and partnered, banks can be safe in the knowledge that Crédit Logement is committed to their peace of mind.

Crédit Logement is a 'Société de Financement' (financial institution) that is overseen by the French prudential supervisory and resolution authority (Autorité de Contrôle Prudentiel et de Résolution - ACPR).

Since the guarantee provided by Crédit Logement is recognised as being comparable to a physical collateral guarantee in the eyes of the Basel Committee (Basel III framework) and the credit rating agencies, banks that avail of the Crédit Logement guarantee qualify to use various forms of refinancing, e.g. through 'SFH' ('sociétés de financement de l'habitat' - specialised credit institutions), covered bonds and securitisation.

Our other solutions

Crédit Logement plays an important role in making life easier for our banking partners when it comes to residential property lending by developing innovative solutions:

CLR Servicing

Our debt collection solution for third parties provides a range of benefits to enable efficient and responsible debt collection for both banks and borrowers. In particular, we act as servicer in the context of the assignment of non-performing loans (NPLs).

Our goal? To prioritise an amicable outcome by supporting the borrower.

La Formation

Our training body celebrated five years in operation in 2022. 664 real-estate professionals obtained training in the Mortgage Credit Directive (MCD) thanks to Crédit Logement's expertise.

La Formation provided by Crédit Logement is QUALIOPI-certified.

CL.DATA

CL.Data puts you in the driving seat, giving you access to market data and trends and enabling you to optimise your analyses.

It is your best ally to analyse, compare and explore home loan rates.

CL.ESTIM

This is our property appraisal solution. With CL.Estim, you can appraise the value of property portfolios and individual properties alike. It has been developed for all players in the real estate industry in order to meet the regulatory and operational challenges of appraising residential property in France (mainland and overseas territories).

02. *Report*

Financing residential property in France*

After a very strong year in 2021 with record loan production levels on the property market, 2022 began with a lot of uncertainties, with inflation gradually taking hold and the outbreak of war in Ukraine.

Despite these events, the first few months of the year saw continued strong momentum on the property market, in line with the levels seen in 2021.

* Sources: Property loan production observatory (Observatoire de la Production de Crédits Immobiliers - OPCI) and L'Observatoire Crédit Logement/CSA (both excluding loan refinancing)

This was possible as a result of adjustments by banks of their offers in order to remain attractive. Banks helped to maintain favourable credit conditions to support demand from individuals in an economic environment that gradually deteriorated:

- The average nominal rate increased only very slightly during the first few months of the year, from 1.07% in January to 1.38% in May, with a steady increase of between 9 and 11 basis points. Despite these regular increases, all of the rates offered remained lower than inflation;
- Alongside this, average proposed loan terms remained very long, 241 months in the first quarter 2022 compared with 237 months in the fourth quarter of 2021. This made it possible to deal with the ongoing rise in house prices, but also to keep the affordability ratio below the 35% threshold imposed by the HCSF (Haut Conseil de Stabilité Financière - French macroprudential authority).

Tension heightened across all financial markets after the start of the war, and the pace of interest rate hikes began to rise more sharply from June, to around +15 basis points per month until the end of the summer. These successive rate hikes, a necessary measure for banks to be able to maintain profits amid a steady rise in the ECB's main refinancing rate, were stemmed by the cap on the attrition rate with almost the same pace of revision maintained throughout the second half of 2022.

The average interest rate on loans was therefore 2.34% in December 2022, compared with 1.06% a year earlier, representing an increase of 128 basis points.
Loan terms continued to lengthen during the second half of the year, reaching an unprecedented 246 months at the end of the year.

The share of production over long terms, between 20 and 25 years, therefore increased to 65.2% compared with 60.5% at the beginning of the year. However, this extension of the loan term was ultimately not enough to offset the rise in house prices and the requirements in terms of personal contributions.

These altered credit conditions led to a slowdown in the market from the summer, which intensified throughout the second half of the year, amid a deterioration in borrowers' purchasing power and a decline in household sentiment.

Loan production therefore fell by 19.9% and the number of loans by 20.5% compared with 2021.

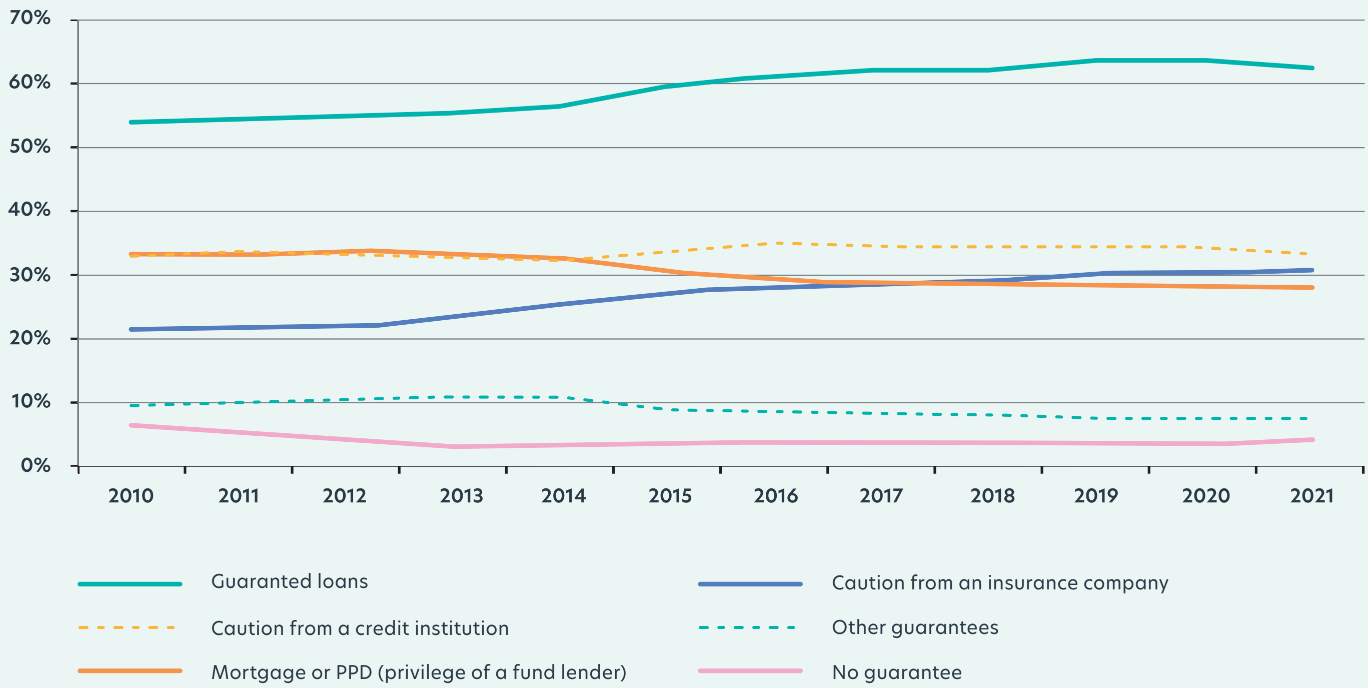
Loan production excluding loan refinancing came to approximately €180 billion in 2022, the same level as in 2018 and 2020, compared with €199 billion in 2021, representing a decrease of 9.5% after an increase of 17% in 2021.

Residential loan guarantees

In the French property market, borrowers essentially rely on guarantees (bank guarantees and insurance company guarantees) when taking out a loan. The latest research available on the breakdown of the guarantee market in France for 2021 (source: OFL/CSA and Despina model), expressed in total distributed loan amounts (excluding loan refinancing), indicates that the market share for financial guarantees continued to rise in 2021 to 61.8%, compared with 35% for physical collateral.

This breakdown obviously had a bearing on the structure of outstanding loans. Accordingly, in 2021, loans backed by a guarantee continued to account for the largest proportion of outstandings at 62.5%, representing an increase of 0.8% on 2020, compared with 27.5% for physical collateral (source: ACPR (French prudential supervision and resolution authority) - 2021 annual survey on financing of home purchases).

Nature of the guarantees provided



Commitments during the year

Crédit Logement recorded a year-on-year decrease of 23.3% in its production levels, with 346,519 property transactions guaranteed for €90.2 billion.

This coincided with a decrease of 64.6% in the loan refinancing amount by comparison with 2021, to 4.4% of the total amount of guarantees.

Stripping out refinancing, loan production fell by 19.0% compared with the previous year.

The average transaction amount guaranteed increased by €8,708 to €260,409. Excluding refinancing, it averaged €265,535, representing an increase of €5,546.

Production of guarantees arranged during the year amounted to €72.4 billion, down 9.6% on 2021.

Accordingly, commissions on arranged guarantees came to €191.2 million, a decrease of 7.5%.

Payments into the mutual guarantee fund also decreased, falling by 9.8%, with €715.1 million collected.

With a 6.3% rate of early repayments, the level of outstandings nonetheless increased by 3.9% compared with 2021 to almost €430 billion.

Debt collection

Collection of guaranteed debts

The amount of exposure to a risk of loss managed through collection decreased to €1.47 billion in 2022 for a total of 15,004 loans managed, representing a decline of a little over 5% in amount.

Banks triggered the guarantee mechanism on 6,701 loans during the year and there were 7,762 exits from the stock of loans.

Of these exits, nearly 54% related to loans that re-entered the usual loan management cycle.

Debts repaid in full accounted for approximately 25% of all exits.

€178.8 million in payments were received and allocated to the mutual guarantee fund, representing a decrease of 11.6% on 2021, excluding assignments in 2021.

Financial claims on behalf of banks amounted to €184 million in for the same period.

Collection for third parties

The portfolio of collection for third parties fell to €203.4 million at 31 December 2022 relating to 2,216 receivables.

€47 million were collected and 248 new unpaid debts were entrusted to Crédit Logement.

The "auction support and sell-on services" activity, which supports real estate foreclosures initiated by debt owners, analysed 360 auction support applications over the year.

Cash and balance sheet management

Cash management in 2022 remained faithful to the principle of cautious matching of bond resources and the reinvestment of liquidity from the mutual guarantee fund. The sharp increase in interest rates in 2022 led to opportunities for short-term liquidity investment and continued management of interest rate risk linked to the rise in short-term interest rates.

Cash comprises two main components:

- Conventional cash stemming from equity loans, subordinated loans and shares, reinvested directly with capital contributors according to the conditions set by the Board of Directors;
- Available cash, which includes investments made possible by all other sources of cash, particularly the mutual guarantee fund (FMG) and commissions collected in advance, as well as subordinated bond issues.

At decision-making level, cash management is overseen by a Cash Management Committee, which is also in charge of overall interest rate and liquidity risk management. The committee comprises five experts from five shareholder institutions, and members of Crédit Logement's Executive Management, Compliance and Risk Management function and the Finance Department. After review, the committee submits all the supervisory and strategic limits to the Board of Directors for approval and defines the rate and liquidity policies to be implemented, which must also be approved by the Board. It approves budget targets and verifies that they are met.

At the executive level, an Investment Committee chaired by the CEO of Crédit Logement, comprising the two deputy CEOs, the Chief Financial Officer and the relevant directors, in particular the head of Risk Management, steers operational management and monitors its implementation by the Finance Department.

As at 31 December 2022, almost all counterparties had signed the financial guarantee agreement, which secures investments through the contribution of different collateral, calculated in variable portions on the basis of a counterparty's credit rating and the investment duration. An amendment was made to this agreement in 2021 to include the subordinated loans issued as at 30 December 2021, for an amount of €250 million. Given the war in Ukraine in 2022 and the sharp rise in both inflation and interest rates, Crédit Logement's strategy has been to prioritise investments in short- and medium-term liquidity via straight-forward vehicles with acceptable levels of profitability, and to monitor more closely the basis risk associated with macrohedging against the 6-month Euribor. Collateralised investments fell to €4.7 billion at 31 December 2022 compared with €5.2 billion at 31 December 2021 and outstanding balances on sovereign/quasi-sovereign debt totalled €1.4 billion. Nevertheless, a very good quality portfolio was maintained in 2022 with an average rating of AA- and continued application of the investment strategy in place for several years.

The principles adopted for the management of available cash are essentially based on matching the maturities of applications of funds and sources of funds, to partially immunise the income statement against changes in short-term rates, while taking into account the results of stress tests that, in particular, allow appropriate liquidity levels to be maintained in all circumstances.

Accordingly, available cash totalled €7.64 billion at 31 December 2022 (€7.13 billion at 31 December 2021), up sharply as a result of the increase in the mutual guarantee fund (Fonds Mutuel de Garantie - FMG). Long-term investments of available cash, with an initial maturity of more than five years and carrying a fixed rate (excluding the reinvestment of bond issues) rose to €2.63 billion versus €2.49 billion at 31 December 2021. Medium-term investments (between 1 and 5 years) rose considerably due to the sharp increase in interest rates in 2022, which lead to medium-term opportunities, and amounted to €2.42 billion versus €2.24 billion at the end of 2021. The remainder of available cash, i.e. €2.59 billion, was placed at less than one year or in deposits redeemable at will by the investor in less than one year, with the aim of preserving a sufficient liquidity buffer for margin calls related to interest rate volatility.

These investments are mainly in the form of term deposits, and securities of excellent quality eligible for ECB refinancing operations. Securities exchange transactions continued in 2022, subsequent to which the securities received were recognised as trading account securities.

The company hedges its overall interest rate position, specifically the 6-month Euribor position, via macro-hedging swaps and basis swaps. Since 2019, all swaps put in place have been cleared using a clearing broker and a clearing house while daily margin calls have continued for almost all other swaps. Macro-hedging swaps were entered into throughout 2022 paying 6-month Euribor or Ester to offset the rise in rates while 6-month Euribor/Ester basis swaps were entered into to mitigate basis risk.

Crédit Logement has also begun to incorporate ESG criteria into its investment strategy. Firstly, when taking positions in UCITS, Crédit Logement examines the funds from an ESG perspective. Currently, 67% of funds held carry the SRI label, up from 55% in 2021, and 83% of funds comply at a minimum with Article 8 of the SFDR label (67% in 2021). Since 1 January 2022, the funds selected must be classified as Article 8 or 9 funds under the SFDR. During fund selection, the existence of an ESG rating or label is taken into account in the valuation.

When buying sovereign or quasi-sovereign securities, Crédit Logement only invests in securities issued in core Eurozone countries to which the ratings agencies have assigned the highest ESG ratings. In 2022, 70% of Crédit Logement's counterparties had obtained a score equal to or higher than CIS-3 (according to Moody's: "a CIS-3 score indicates that the ESG risks have a limited impact on the current rating [...]"), representing 89% of cash outstandings.

Management of additional capital

No capital transactions were carried out in 2022.

Ongoing transactions as at 31 December 2022 involved the following tier two transactions:

- A €500 million issue of redeemable subordinated notes, maturing in 2029, rated A1/A (Moody's/DBRS), carrying an adjustable fixed-rate coupon of 1.35%, with a first redemption date in 2024;
- A €500 million issue of redeemable subordinated notes, maturing in 2034, rated A1/A (Moody's/DBRS), carrying an adjustable fixed-rate coupon of 1.081%, with a first redemption date in 2028;
- Equity loans and subordinated loans taken out by partner banks of Crédit Logement, proportional to their outstanding loans under Crédit Logement guarantee, for a total of €932.33 million.

Risk management

Risk monitoring by the Risk Management function

The Risk Management function's mission is to ensure cross-disciplinary monitoring of the risks to which Crédit Logement is exposed. It is responsible for preparing and updating a cross-disciplinary risk map and overseeing compliance with risk management strategies. Reporting to the Chief Compliance and Risk Officer, who in turn reports to Executive Management, the Risk Management function has the necessary hierarchical authority and independence, as required by law, in relation to the sales, finance and accounting functions.

The strategies to manage the different risks are determined by Executive Management and approved by the Board of Directors. They are reviewed by the Board of Directors at least once every year.

The Risk Management function carries out half-yearly reviews of the suitability of the risk management system, based on the strategies that have been defined. It presents the findings of these reviews at meetings of the Risk Monitoring Committee, which oversees the entire risk monitoring process. These meetings are chaired by Executive Management and attended by all members of the management team. Following the meetings of the Risk Monitoring Committee, a summary of the reports presented to it is submitted to the Risk Committee.

Every year, the Risk Management function updates the cross-disciplinary risk map that is submitted for approval to the Risk Monitoring Committee and prepares a report on the measurement and monitoring of risks covering all of the identified risks. This report is signed off by Executive Management and then reviewed by the Risk Committee. It is presented to the Board of Directors.

The strategy employed to manage the various risks is implemented on an operations level by three special committees: aspects relating to credit risk in the guarantee activity are handled by the Risk Policy Committee, financial risk considerations are handled by the committee in charge of managing cash, liquidity and interest rate risks, and operational risk aspects are dealt with by the Operational Risk Committee.

Credit risk in the retail banking business: *guarantee portfolio*

Management of credit risk relating to the portfolio of guarantees hinges on the mutualisation of risk and is aimed at maintaining a high level of coverage through the mutual guarantee fund. The internal rating system is the basis for follow-up of this strategy.

Pursuant to a decision by the ACPR dated 24 April 2007, Crédit Logement was granted the right to use its own internal rating model to calculate its regulatory capital (Pillar 1). Crédit Logement overhauled this internal rating model to incorporate new regulatory requirements and improve its performance. This resulted in a decision by the ACPR on 24 November 2022 to authorise Crédit Logement to use its new internal rating model from 31 December 2022.

The new model involves a segmentation into 26 homogeneous risk classes across the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

For the probability of default (PD) segment at one year, Crédit Logement uses an outstanding asset score to build its various homogeneous risk classes, this score being a good predictor of the probability of default (PD) at one year, throughout the lifetime of the guaranteed transaction. Furthermore, after approval and as long as the borrower does not run into difficulty, Crédit Logement does not receive any information that would call into question the transaction's risk assessment, as measured at the time of approval. However, if a transaction defaults, Crédit Logement will have all the information needed to manage collections.

For the loss given default (LGD) segment, Crédit Logement drew up a model based on a statistical analysis of correlations between the observed rate of loss and a number of business variables related to the characteristics of the borrower and transaction on the one hand, and the collection process on the other.

For the exposure at default (EAD) segmentation, a 100% Credit Conversion Factor (CCF) is applied to the guarantees arranged.

Furthermore, as the Crédit Logement guarantee is the only lender guarantee, Crédit Logement does not factor in any risk mitigation technique.

This rating model has been operational since December 2022. All new transactions are automatically scored and analysed using guarantee analysis tools and then assigned to a risk category of the internal rating model.

All of the work and reports prepared by the risk management and guarantee model function are submitted each month to the Risk Policy Committee, which is overseen by Executive Management.

The internal rating model entails back-testing by the risk and guarantee model function, which makes it possible to check its performance level on a half-yearly basis. It is reviewed annually by the Compliance and Risk Management function as part of the model validation process. In accordance with the regulations in force, the entire system is reviewed annually under the oversight of the Internal Audit function.

The calculation of the regulatory capital requirement (Pillar 1) and the results of permanent and periodic controls are presented to the Risk Committee and to the Board of Directors.

As at 31 December 2022, this internal rating system was applicable to an EAD of €462 billion, breaking down into €440 billion in guarantees arranged and €22 billion in guarantees not yet arranged.

As at the same date, the default rate at one year on the guarantee portfolio was 0.13%, down 2bp compared with the end of 2021*. The portfolio's probability of default at one year was estimated at an average of 0.26%. These values have remained almost stable year-on-year.

* All data in this section are "pro forma". In particular, changes are calculated in relation to the recalculated historical data of the new model as at 31/12/2021. This avoids a "model change" effect.

The ability of the Debt Collection Department to return delinquent loans to normal management, or to quickly take the required protective measures for transactions in default, leads to an estimate of the portfolio's average LGD over the medium to long term of 16.57% of the EAD on transfer to default status, representing a decrease of 116bp compared with the end of 2021.

In accordance with the applicable regulations, a downturn margin is applied together with a MoC in order to obtain a "downturn" LGD. The average LGD used for calculating the Pillar 1 capital requirement is therefore 24.78%, representing a decrease of 92bp compared with the end of 2021.

Given these parameters, the risk-weighted assets (RWA) of the portfolio stood at €53.98 billion, corresponding to a weighting of 11.67%, down 11bp over the year.

As at 31 December 2022, the minimum regulatory capital requirement for guarantee portfolio credit risk in respect of Pillar 1 (unexpected losses) calculated in accordance with Article 154 of the Capital Requirements Regulation (CRR), and expected losses deducted from capital stood at €4.9 billion, before the application of the capital conservation buffer and the countercyclical buffer.

The mutual guarantee fund, set up to address guarantee portfolio credit risk, represented 1.4 times the amount of the regulatory capital requirement (Pillar 1) for this portfolio.

Excluding the equivalent value in euros of the EAD of loans guaranteed in Switzerland (guarantee operations were discontinued in this country in 2015) in the amount of €31.1 million, the credit risk for the guarantee portfolio derives exclusively from the French residential property financing market. This concentration is taken into account in the credit risk management strategy and is not currently perceived by the company as a strong risk. Crédit Logement's risk selection criteria are based primarily on the ability of borrowers to repay their loans, and only secondarily on the value of the assets being financed or on the whole of the borrower's wealth. Additionally, Crédit Logement's production is essentially with commercial and mutual banks in a non-speculative residential property market, and most loans are fixed-rate loans. Furthermore, the fall in interest rates between 2014 and 2021 led to an unprecedented volume of loan renegotiation and refinancing transactions, helping to improve the solvency of borrowers.

The diversity of geographic spread and of customer type resulting from the diversification of our partnerships with almost all retail banks in France ensures good risk spreading and contributes to the diversification of credit risk on the guarantee portfolio.

Furthermore, during the internal capital calculation process, Crédit Logement queried the appropriateness of the 15% correlation coefficient used in the formula to calculate regulatory capital for the "retail mortgage" curve. The coefficient can be considered ten times higher than would be required by observing the loss history of the portfolio, with a confidence interval of 99.975%.

Operational risks

Due to its size, the fact that it has a single production site, its single-product business, the very small number of transactions deriving from its cash management activity and its governance choices, Crédit Logement has opted for the "standardised" method to cover operational risks.

Among those identified from the outset, the greatest risks remain those related to IT, hosting and the security of information systems, as well as the unavailability of premises or personnel.

Two specific committees, chaired by the Executive Management, regularly monitor these risks, with reports on the monitoring of security indicators sent to Executive Management.

Crédit Logement has implemented a system for collecting and measuring operational risk events, mainly on a reporting basis, with quarterly monitoring. 16 risk events were reported in 2022 (compared with 28 in 2021) and were mainly related to the information system. These were classified as minor incidents.

Beyond a strictly financial and regulatory approach, Crédit Logement is taking advantage of this procedure to improve its processes and increase their reliability. Vulnerability and intrusion tests are regularly carried out on the information system and have not revealed any major flaws in the risk management system.

Since 2020, a new IS infrastructure includes two mirror sites with real time replication, so that either one may serve as a back-up site. This also means that, depending on the scenarios to be covered, the sites at numbers 50 and 84 boulevard de Sébastopol may also serve as user fallback sites in addition to the fallback site integrated into the business continuity plan (BCP).

In the event of a major incident, the objective is to ensure, within 24 hours of unavailability, the continued processing of guarantee applications and, in the following days, the continued processing of debt collection and account keeping.

These systems are regularly tested to check that they are operational. Technical tests on the back-up platform are supplemented by tests carried out directly by users to ensure the correct functioning of "business line" applications, alongside remote staff log-in tests, validating available staffing capacities that would include almost every member of staff in the event of a large-scale event.
With the application of the Crédit Logement remote working agreement, all members of staff who are able to work remotely have secure access to Crédit Logement's entire IT environment from their homes.

The continuity of services provided by contractors (particularly hosting of IT resources and the extranet application, etc.) is covered by a contractual warranty in the form of disaster recovery plans (DRP).

These disaster recovery plans rely on back-up sites that are geographically separate from the contractors' main sites and undergo annual technical tests verified by Crédit Logement.

The capital requirement for operational risk stood at €28 million as at 31 December 2022.

Liquidity risk management and the liquidity ratio

Crédit Logement's liquidity risk is very specific, since the residential transaction financing guarantee business generates liquidity. A liquidity risk could therefore arise only from a mismatch between its cash management policy and the requirements resulting from its surety role.

For the management of this liquidity risk, an extreme stress test was developed regarding the loss experience of the guarantee portfolio. This is applied as long as it remains sufficiently conservative relative to the latest known risk parameters. At the end of 2022, this extreme stress scenario included a deterioration of the risk parameters that would lead to a more than fivefold increase in expected losses on sound debt at the peak of the stress, and delays in recovering certain liquid assets.

Crédit Logement makes liquid investments but must ensure that its gap under extreme stress remains positive at all times. However, according to the applicable internal rules, since 2015, plots above fifteen years may be negative up to a maximum of €100 million.

Crédit Logement's internal model for managing liquidity risk, which is based mainly on this extreme stress scenario and on several liquidity indicators in various timeframes (day, month, quarter), was approved by the ACPR in May 2011 and, as required, showed a still-positive gap over the first three years as at 31 December 2022, with a low of €1,161 million on the plot [1d, 3d] and a high of €4,282 million on the plot [9m, 1y].

The conflict in Ukraine has had no impact on Crédit Logement's liquidity and it has no exposure in the countries involved. However, the sharp rise in interest rates and the volatility observed had a significant impact on Crédit Logement's liquidity, leading to significant margin calls on the swap portfolio and therefore requiring the maintenance of a liquidity buffer. Furthermore, the drop in the provision of guarantees for the financing of property transactions in 2022 meant that less new liquidity was generated. Crédit Logement was therefore all the more cautious with regard to the selection of investments in order to maintain a high level of immediately available liquidity at all times.

The emergency response plan in place to handle a liquidity crisis was tested in 2022 and the outcome of the test was satisfactory.

Overall interest rate risk management

Crédit Logement's objective is first to manage its liquidity risk and then to minimise its overall interest rate risk, made up in particular of a long-term resource, the mutual guarantee fund, and investments made under liquidity stress scenarios.

Its net interest margin, consisting exclusively of the margin on the management and investment of its regulatory capital, which includes the mutual guarantee fund in particular, is therefore sensitive above all to interest rate variations, earning a higher margin when rates are high, although low rates are more favourable to the business of guaranteeing property transactions.

Crédit Logement measures and manages its interest rate risk with an overall rate gap, so that it can gauge the impact of an interest-rate stress scenario, both on its net interest margin and on the Net Present Value (NPV) of its balance sheet, assuming the straight-line amortisation of book equity over a period of 10 years. In particular, the regulatory stress test of a 200bp change across the entire rate curve is applied, on the basis – since the beginning of 2015 – of a floor rate equivalent to the ECB overnight deposit rate, and a limit has been set for the sensitivity of NPV to this stress. Other Basel-recommended scenarios relating to interest rate risk sensitivity have been simulated. The regulatory stress test involving a 200bp decline in the rate curve stands out as the most adverse scenario.

The Basel Committee on Banking Supervision issued standards for Interest Rate Risk in the Banking Book (IRRBB) in April 2016, which were incorporated into the European Banking Authority's guidelines EBA/GL/2018/02. Crédit Logement, which falls into category 3 of the Supervisory Review and Evaluation Process (SREP), has been subject to these standards since 31 December 2019 and complies with all applicable limits relating to the EBA guidelines. The outlier test calculation at 31 December 2022 pointed to a maximum variation of 0.07% in total capital under an interest rate shock scenario of -2% when the maximum loss in the economic value of equity was compared to 20% of total capital, as opposed to 1.90% under the same scenario as at 31/12/2021. With the early warning system, the maximum variation under the six interest rate shock scenarios was -0.56% when the maximum loss in the economic value of equity was compared to 15% of Tier 1 capital (3.18% as at 31/12/2021).

Following changes to the regulations, the outlier test and early warning system are the new supervision limits for interest rate risk management, and the sensitivity of the NPV has been retained as an operational limit. As at 31 December 2022, the sensitivity of NAV over 10 years in the event of a 200bp drop in interest rates corresponded to -6.20% of the share capital after taking into account the macro-hedging swap portfolio (-8.56% at 31 December 2021).

Market risk, counterparty risk and other risks

At the end of 2022, Crédit Logement did not hold any instruments classified as isolated open positions or in a trading book. Crédit Logement is therefore not subject to market risk.

Crédit Logement does not manage any means of payment for third parties and therefore has no counterparty risk in this respect.

There is only a counterparty risk in relation to financial futures (interest rate swaps all categorised under micro or macro hedging) for which Crédit Logement applies the regulatory standard approach SA-CCR.

Stripping out the subsidiary described below (i.e. SNC Foncière Sébastopol), Crédit Logement does not have any other shareholdings. Therefore, Crédit Logement is not exposed to "equity" risk.

Internal capital valuation process

Based on the methodologies proposed by the European Banking Authority and the principles of proportionality laid down by the French regulator, Crédit Logement has mapped its position for each of the risks to which it is exposed.

It completed this risk map by factoring in the risks referred to in the French order of 3 November 2014 on internal control.

Approach used to measure internal capital

The approach adopted by Crédit Logement combines a structured methodw including the development of internal management models for credit risk on the guarantee portfolio and a simple method for other risks.

The overall level of internal capital calculated to cover all risks is obtained by adding up the results obtained from each of the identified risks.

Crédit Logement therefore uses no correlation effect or offsetting between the various risks.

Guarantee portfolio credit risk

With the internal approach, coverage of the expected loss on the guarantee portfolio is calculated over the lifetime of the guarantee portfolio, not over one year.

Unexpected losses are calculated using a stressed default correlation coefficient that, for prudential reasons, corresponds to the coefficient observed for the guarantee portfolio following the application of a stress scenario when testing the Recovery Plan, which presented an impact on the risk parameters comparable to that observed with the Spanish crisis of 2008.

Investment portfolio credit risk

As part of its internal capital adequacy assessment, Crédit Logement measures investment portfolio credit risk by factoring in the associated concentration risk. To reduce the latter, a plan to collateralise investments with its main counterparties was implemented in 2013 and is ongoing. This agreement was amended in 2021 to include subordinated loans.

Market risk

Crédit Logement has no market risk, as no instrument is classified as an isolated open position.

Operational risk

The internal approach aims to check that regulatory capital covers the residual risk of the major risk events that have been identified. If this is not the case, the unexpected risk is measured by the impact that a major risk event could provoke.

Liquidity risk

Liquidity gaps in the portfolio of liquid assets are examined under an extreme stress scenario to verify that Crédit Logement would be in a position honour all of its commitments, even under such a scenario.

Interest rate risk

Since 31 December 2019 and the BCBS' standards for Interest Rate Risk in the Banking Book (IRRBB) published in April 2016, Crédit Logement, which falls into SREP category 3, measures interest rate risk based on the EVE (Economic Value of Equity).

The new guidelines published on 19 July 2018 introduce a non-binding threshold of 15% of Tier 1 capital, which serves as an early warning signal, with no automatic Pillar 2 measures and beyond which enhanced monitoring by the competent authority is required. This early warning signal is based on the six standard prudential shock scenarios presented in the table on the following page. The EBA guidelines set a certain number of constraints for calculating the EVE (run-off balance sheet, exclusion of certain liability items, application of a floor with gradual increase, etc.).

This threshold comes on top of the existing one provided for by CRD4 (outlier test), which is a binding threshold. The outlier test involves calculating the change in the EVE following a parallel shock of +/- 200bp and comparing this change against own funds. The change must not exceed 20%.

Structural foreign exchange risk

A revaluation of the Swiss franc against the euro would only have an impact on the amount of financing guarantees denominated in this currency and translate into an increase in the EAD of the guarantee portfolio and in the Pillar 1 regulatory capital requirements relating to this portfolio (boundary risk).

Any change in regulatory capital requirements would therefore be covered in respect of credit risk on the guarantee portfolio.

Other risks

An analysis of the risks referred to in the order of 3 November 2014, as revised under the internal control process, did not give rise to any additional capital charge with respect to internal capital.

Measurement of internal capital

As at 31 December 2022, the amount of internal capital needed to cover all risks to which Crédit Logement is exposed was €2,661 million.

This should be compared with:

- Capital required under Pillar 1 of €6,694 million (unexpected losses + expected losses), more than twice the amount of internal capital measured;
- Capital required under Pillar 2 of €8,594 million, more than three times the amount of internal capital measured;
- Regulatory capital held by Crédit Logement of €8,890 million, which is largely sufficient to cover all risks.

Information on the business of subsidiaries and controlled companies

SNC Foncière Sébastopol

This property dealer, which is wholly-owned by Crédit Logement, auctions property assets following court proceedings to recover secured debt.

During 2022, SNC Foncière Sébastopol carried out one new auction and sold on seven assets.

At the end of 2022, there were eight properties in stock representing a total net amount of €883k, including an impairment provision of €74k, compared with €1,535k as at 31 December 2021.

The agreement for the provision of administrative and accounting services signed by Crédit Logement and SNC Foncière Sébastopol on 14 May 2012 continues to apply, and has not been amended.

The income statement shows a loss of €235k, consisting mainly of current management expenses and interest on the partner's current account, as well as capital gains net of provision reversals in connection with sales.

Accounts fir the financial year

Balance sheet

Total assets on the balance sheet amounted to €12.6 billion as at 31 December 2022, representing an increase of €0.15 billion compared with 31 December 2021.

This increase was mainly due to the mutual guarantee fund (+€0.30 billion), the cash holdings of which were mainly invested in investment securities (+€0.32 billion).

The favourable decrease in non-performing loans (-€0.06 billion) and the one in the value of securities borrowed under securities exchange transactions (-€0.1 billion) had an opposite effect on the balance sheet total.

The decrease in receivables from credit institutions (-€0.74 billion) is mainly due to the payment of margin calls on forward financial instruments (+€0.59 billion) presented in the asset adjustment account and guarantee deposits on repos (+€0.1 billion) presented in other assets, in the context of rising interest rates.

The change in equities and other variable-income securities (-€0.22 billion) stemmed from the composition of the portfolio of securities borrowed at 31 December 2022 and was partially offset by the increase in borrowed securities classified as bonds (+€0.12 billion).

Off-balbace sheet commitments: outstandings

Crédit Logement's off-balance sheet outstandings, representing capital remaining due for guarantees covering the repayment of loans distributed by other institutions, continued to grow, reaching €429.7 billion as at 31 December 2021, compared with €413.4 billion as at 31 December 2021.

Guarantee agreements not yet arranged fell sharply to €22.7 billion at the end of 2022 from €37.2 billion at the end of 2021.

Outstandings for which surety agreements had been arranged therefore increased by €16 billion, i.e. by 3.9%, factoring in annual amortisation and early repayments in the amount of €55.3 billion. The rate of early repayments in relation to outstandings is 6.3% in 2022, down in relation to the previous year (7.2%).

Solvency ratio at the end of the year

Crédit Logement's Pillar 1 solvency ratio, calculated in accordance with the order of 23 December 2013, stood at 15.4% as at 31 December 2022, compared with 24.7% as at 31 December 2021. This decrease resulted from the implementation as of 31 December 2022 of the new internal rating model, replacing the one used since 2007. The use of the new model in 2022, as authorised by the ACPR, made it possible to take into account the EBA's publication of texts modifying the concept of default and risk estimators (probabilities of default, losses in the event of default) which therefore increased the capital requirements. On the other hand, due to its conservatism, this new model should be significantly less sensitive to strong fluctuations in the economic environment.

Pillar 2 capital, for which the methods of calculation were revised by the regulator in May 2017, must equate to at least 2% of outstanding guarantees. It stood at €8.6 billion as at 31 December 2022.

As the Board of Directors did not decide on the allocation of income before the end of 2022, only the legal reserve was taken into account in the regulatory capital at 31 December 2022.

Change in regulatory capital

Prudential capital increased by €0.17 billion to €8.9 billion as at 31 December 2022. This growth was mainly due to a stronger mutual guarantee fund, less the deduction under the new internal model of expected losses in 2022 instead of non-performing loans at 31 December 2021 for guarantees put in place since 1 January 2014.

	31/12/2022	31/12/2021	Evolution
Equity capital on the liability side of the balance sheet	1,593,306	1,653,546	-60,240
Fund for general banking risks	610	610	
Mutual guarantee fund	6,938,158	6,640,550	297,608
Income (losses) to be allocated	-120,412	-120,121	-291
Deductions	-1,540,821	-1,377,351	-163,470
Common Equity Capital Tier 1	**6,870,841**	**6,797,234**	**73,607**
Subordinated Tier 1 securities			
Deductions			
Additional Tier 1 Capital			
Tier 1 Equity Capital	**6,870,841**	**6,797,234**	**73,607**
Subordinated loans	932,330	932,330	
Subordinated securities - Tier 2	1,000,000	1,000,000	
Add-back of Tier 1 capital incorporated into Tier 2 capital			
Mutual guarantee fund held in Tier 2	92,193	1,337	90,856
Deductions	-5,730	-7,177	1,447
Additional Tier 2 Equity Capital	**2,018,793**	**1,926,490**	**92,303**
TOTAL REGULATORY CAPITAL (numerator)	**8,889,634**	**8,723,724**	**165,910**
Risk-weighted assets - advanced IRB model	53,975,752	31,529,524	
Risk-weighted assets - standardised method	2,978,498	2,893,970	
Other assets not corresponding to loan obligations	519,574	509,956	
Operational risks	354,485	351,923	
TOTAL RISK-WEIGHTED ASSETS (denominator)	**57,828,309**	**35,285,373**	**22,542,936**
Common Equity Tier 1 solvency ratio	11.88%	19.26%	
Tier 1 solvency ratio	11.88%	19.26%	
CRD4 solvency ration	**15.37%**	**24.72%**	
Pillar 2 capital requirements	**8,594,137**	**8,268,735**	

Common Equity Tier 1 (CET1) capital

The total amount of CET1 capital was €6.9 billion at 31 December 2022, a slight increase of €74 million compared with 31 December 2021, of which:

- Growth of €297 million in the mutual guarantee fund held in Common Equity Tier 1, which stood at €6.94 billion at the end of 2022, compared with €6.65 billion in 2021;

- A decrease of €250 million in non-performing loans deducted from the mutual guarantee fund held in CET1, from €1.09 billion at 31 December 2021 to €0.84 billion at the end of 2022. This change was due in particular to the fact that non-performing loans relating to guarantees arranged since 1 January 2014, i.e. €189 million at end-2022, are no longer deducted from the mutual guarantee fund included in CET1 and are replaced by the expected losses associated with these loans and calculated using the new internal model;

- An increase of €320 million in expected losses deducted from capital, to €612 million at 31 December 2022 compared with €292 million at 31 December 2021. As from 31 December 2022, the resulting expected losses also include the expected losses on defaults managed at maturity, which had previously been excluded;

  These two changes are due to changes in the mutual guarantee fund in 2013 to bring it into compliance with regulatory requirements (Basel 3 capital component) and the internal rating model in 2022, with only expected losses being deducted from CET1 and no longer all non-performing loans;

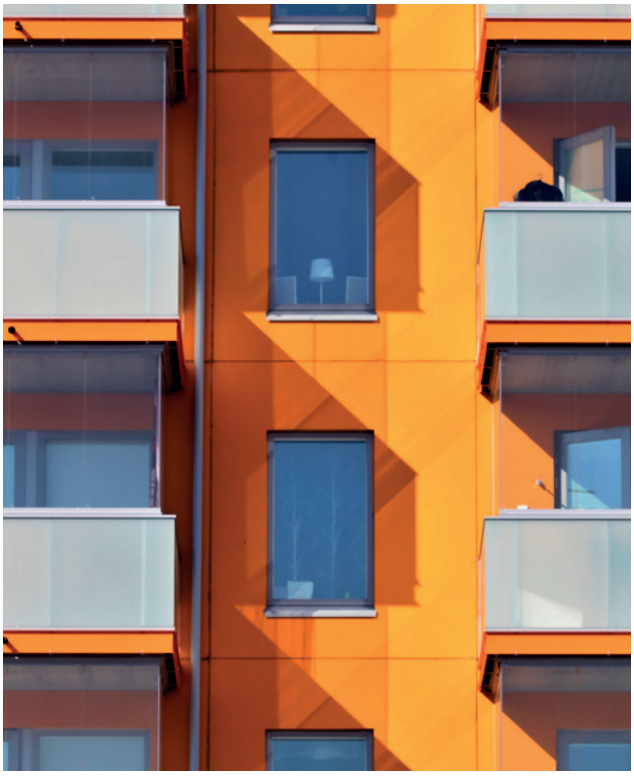
- Furthermore, on 1 January 2022 the end of the application of the grandfather clause on the mutual guarantee fund prior to 1 January 2014 resulted in it being reclassified from CET1 to Tier 2 in the amount of €91 million (mutual guarantee fund of €930 million less related doubtful debts of €839 million).

Tier 1 capital

This is the Common Equity Tier 1 plus additional tier 1 (AT1) capital. After the early redemption at the end of 2021 of perpetual subordinated notes worth €326 million, additional Tier 1 capital was nil.

Tier 2 capital

This capital increased by €92 million to €2.02 billion due to the reclassification in Q2 of the mutual guarantee fund prior to 2014 for €91 million.



Maturities and payment schedules for receivables and payables

The receivables analysed in this paragraph relate to the guarantee activity for third parties and various services provided to third parties. The payables correspond to amounts due to suppliers for purchases.

We have not included own-account banking transactions in the information provided hereafter, as we consider that they do not fall within the scope of the information that is required to be disclosed.

Schedule of payables and receivables (in thousands of euros)

	31/12/2022						31/12/2021					
	1 to 30 days	31 to 60 days	More than 60 days	More than 90 days	Payables and receiv. due	**Total**	1 to 30 days	31 to 60 days	More than 60 days	More than 90 days	Payables and receiv. due	**Total**
Accounts payable	369				302	**671**	175				94	**269**
Accounts receivable	1,363				18	**1,381**	1,735				52	**1,787**

Payables and receivables due
(in thousands of euros)

December 31, 2022

	Article D 4411. -1°: Invoices received, unpaid and overdue at the end of the period						Article D 4411. -2°: Invoices issued, unpaid and overdue at the end of the period					
	Day 0 (guide)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	**Total** (1 day or more)	Day 0 (guide)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	**Total** (1 day or more)
(A) Bands of late payment												
Number of invoices affected		21	2	2		**25**		3	1		3	**7**
Total amount (incl. tax) of invoices affected		290	10	2		**302**		1	4		13	**18**
Percentage of total amount of purchases (incl. tax) for the year		2.66%	0.09%			**2.75%**						
Percentage of revenue for the year (incl. tax)								0.00%	0.00%		0.00%	**0.00%**
(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables												
Number of invoices excluded												
Total amount of invoices excluded												

(C) Reference payment terms used (contractual or statutory term - Article L.441-6 or Article L.443-1 of the French commercial code)

	Invoices received	Invoices issued
Payment terms used to calculate late payments	[x] Contractual term: from "on receipt" until "60 days from invoice date"	[x] Contractual term: "30 days from invoice date"
	[ ] Statutory term	[ ] Statutory term

Income statement

Crédit Logement is not required to enclose a non-financial statement as it employs fewer than 500 employees. However, an ESG report will be published before the end of the first half of 2023.

Net banking income came to €216.0 million compared with €222.2 million a year earlier, representing a decrease 2.8%.

Of this, net financial income decreased by 0.1% on the previous year, mainly due to the following:

- A decrease of nearly 2% in average proceeds from the investment of available cash;
- A decrease in income from "conventional" cash as a result of equity loan transactions under less favourable terms;
- An increase in the cost of subordinated securities due to rising interest rates.

With activity levels down in 2022, commission income fell by 3.8%, mainly due to the decrease in new arrangements made during the year and early repayments.

Other income from activities, net of expenses, increased by 18.8%, due in particular to collection fees related to the portfolio of non-performing loans.

Overheads and depreciation and amortisation charges fell by a slight 1.0% to €56.2 million, compared with €56.8 million in 2021.

This was due to the following:

- Personnel expenses rose by 1.3%, essentially due to changes in the variable component of remuneration packages;
- Other administrative expenses decreased by 6.2%, mainly due to the fall in external services;
- Depreciation and amortisation charges and impairment provisions decreased by 2.4%.

As a result, gross operating income, before non-recurring income and expenses, corporate income tax and tax-driven provisions, amounted to €159.8 million, down 3.4% on the previous year.

The corporate tax expense was €42.0 million, compared with €47.9 million in 2021.

Overall, net profit for the year came to €120.4 million, giving a return on equity of 8.05% in 2022, stable over the last number of years.

Outlook and significant events since the end of the financiel year

The budget for 2023 is built on the assumption of a continuation of the conflict in Ukraine, ongoing inflation and thus a continuously restrictive monetary policy, resulting in a deterioration in the macroeconomic environment.

The same budget therefore anticipates a 12% fall in new guarantee arrangements compared with 2022, production levels in January and February having confirmed this trend, which began in the second half of 2022.

In this scenario, combined with the assumption of a continued rise in short-term interest rates and long-term rates remaining at high levels, albeit with a less pronounced steepening above 10 years, net income for 2023 is expected to be only slightly lower than that of 2022 thanks in particular to the high volume of new loans arranged in recent years.

Proposed appropriation of earnings

The net distributable profit of €120,565,242.54 breaks down as follows:

- Net profit for the financial year €120,411,987.52
- Plus retained earnings €153,255.02

The following appropriation is proposed:

- Legal reserve **€6,020,599.38**
- Dividends allocated to shares **€114,466,395.96**
- Retained earnings **€78,247.20**

This gives rise to a dividend per share of €6.36 for 17,997,861 shares of €70 each.

The dividend per share for the last three financial years was as follows:

- 2021: €9.89
- 2020: €7.17
- 2019: none

As provided by law, the appropriation of earnings and dividend amounts paid out for the past three financial years are mentioned in the wording of the third resolution submitted to the shareholders for approval.
The resolutions submitted approve the accounts presented to the shareholders and the proposed appropriation of earnings for the financial year in question.

Other specific resolutions proposed

The shareholders will be asked to approve the cooptation, announced at the 29 September 2022 meeting of the Board of Directors, of Danielle Tondenier to replace resigning member Brigitte Geffard.

The shareholders will be asked to renew the term of office of Danielle Tondenier as a member of the Board of Directors for a period of six years.

The shareholders will be asked to renew the term of office of Martine Lassègues as a member of the Board of Directors for a period of six years.

The shareholders will be asked to renew the term of office of Olivier Bélorgey as a member of the Board of Directors for a period of six years.

The shareholders will be asked to renew the term of office of Paul Espagno as a member of the Board of Directors for a period of six years.

The shareholders will be asked to renew the term of office of BNP PARIBAS as a member of the Board of Directors for a period of six years.

The shareholders will be asked to renew the term of office of LCL as a member of the Board of Directors for a period of six years.

It is proposed that MAZARS be appointed as principal statutory auditor for a period of six years.

Board of Directors' Report on corporate governance

Pursuant to Articles L. 225-37 et seq. of the French commercial code (Code du Commerce)

Introduced by the order of 19 July 2017, this new report prepared by the Board of Directors will be presented with the management report at the general meeting of the shareholders on 11 May 2023.

The statutory auditor's report will certify that it contains the required information.

The information contained in this report is listed in Article L.225-37-4, subparagraphs 1 to 4, of the French commercial code. Please be advised that Crédit Logement has not held securities admitted for trading on a regulated market since December 2017.

Operating procedures for Executive Management (Art. L.225-51-1 of the French commercial code)

These provisions were clarified in the first report drawn up in 2018 and have undergone no changes since then.

List of the corporate offices and roles of each company officer in 2022.
The Crédit Logement Board of Directors has 13 members. A list of their corporate offices and roles and of those of the executive management may be obtained from the company on request.

Agreements entered into directly or through an intermediary between a company officer or a shareholder holding more than 10% of the voting rights in a company, and another company in which the former company holds, directly or indirectly, an interest of more than 50%.

No new agreement meeting these criteria was entered into in 2022.

Summary table of the powers conferred by the shareholders in respect of capital increases: not relevant.

The last such powers ran until 3 September 2017. They had been conferred upon the Board by the shareholders at the extraordinary general meeting of 3 March 2016 to complete the issue of AT1 bonds convertible into ordinary shares with the removal of preferential subscription rights.

Ultimately, the Board did not exercise these powers.

03. *Financial elements*

Balance sheet

Assets

December 31, 2022

In thousand euros

	31/12/2022	31/12/2021	Notes
Cash, central banks, CCP	**2**	**7**	
Deposits on credit institutions	**4,094,145**	**4,830,443**	**A1**
On sight	265,940	248,109	
Term	3,828,205	4,582,334	
Customer transactions	**1,029,207**	**1,089,404**	**A3**
Other customer loans	517	604	
Doubtful loans	1,028,690	1,088,800	
Bonds and other fixed-income securities	**5,495,447**	**5,046,496**	**A4-1**
Shares ans other variable-income securities	**546,611**	**763,138**	**A4-1**
Interests in affiliated companies	**1,317**	**2,019**	**A4-2**
Intangible fixed assets	**11,743**	**11,808**	**A5**
Tangible fixed assets	**11,731**	**12,040**	**A5**
Other assets	**122,214**	**24,815**	**A6**
Accruals	**1,241,080**	**621,621**	**A6**
TOTAL ASSETS	**12,553,497**	**12,401,791**	

	31/12/2022	31/12/2021	Notes
OFF-BALANCE SHEETS			
Commitments			
Guarantee outstandings	429,706,854	413,436,726	A12-1
Guarantee commitments not yet implemented	22,739,442	37,197,797	A12-1
Other guarantee given	50	58	
COMMITMENTS GIVEN	**452,446,346**	**450,634,581**	

December 31, 2022

In thousand euros

Liabilities

	31/12/2022	31/12/2021	Notes
Amounts due to Credit institution	**1,919**	**4,028**	**A7**
On sight		70	
Term	1,919	3,958	
Amounts due to customer	**37,041**	**41,306**	**A7**
Other liabilities	**1,069,254**	**1,158,068**	**A8**
Accruals	**967,369**	**965,948**	**A8**
Depreciations for risk ans expenses	**290**	**692**	**A8**
Subordinated debt	**8,883,708**	**8,577,593**	
Mutual guarantee deposits	6,939,445	6,641,887	A9-1
Subordinated borrowings	932,330	932,330	A9-2
Accrual on borrowings	5,203	2,051	A9-2
Surbordinated securities	1,000,000	1,000,000	A9-2
Accruals on subordinated securities	6,730	1,325	A9-2
Funds for general banking risks	**610**	**610**	**A9-3**
Shareholders' equity	**1,593,306**	**1,653,546**	
Capital	1,259,850	1,259,850	A9-4
Reserves	165,144	159,138	A9-4
Regulatory provisions	47,747	50,400	A9-3
Retained earnings	153	64,037	
Earnings for the year	120,412	120,121	
TOTAL LIABILITIES	**12,553,497**	**12,401,791**	
OFF-BALANCE SHEETS			
Commitments			
Guarantee commitments received from credit institutions	1,522,957	1,661,932	A11
On securities to be received	260,000	260,000	A11
COMMITMENTS RECEIVED	**1,782,957**	**1,921,932**	

Profit and loss

December 31, 2022

in thousand euros

	31/12/2022	31/12/2021	Notes
Interest income	156,142	125,773	B1
Interest expenses	-97,952	-67,564	
Income from variable-income securitie	37	21	B2
Commission (income)	154,941	163,097	B3
Commission (expenses)	-755	-2,744	
Gain or loss on exchange	-1	-2	B4
Gain or loss on exchange	-1 160	-383	B5
Other banking operating income	5,197	4,296	B6
Other banking operating expenses	-405	-261	
Net banking income	**216,044**	**222,233**	
General operating expense	-51,160	-51,586	B7
Allowances for depreciation and amortisation on tangible and intangible fixed assets including equity securities	-5,089	-5,213	B8
General operating expenses and allowances for depreciations and provisions	**-56,249**	**-56,799**	
Gross operating income	**159,795**	**165,434**	
Cost of credit risk	-55	-8	B9
Operating income	**159 740**	**165 426**	
Non-recurring income/loss			
Corporate income tax	-41,981	-47,958	B10
Allowances/write back for provisions	2,653	2,653	B11
NET INCOME FOR THE YEAR	**120,412**	**120,121**	

Statutory Auditor's report on the annual financial statements

Year ended 31 December 2022

To the general meeting of the shareholders of Crédit Logement

Opinion on the annual financial statements

In compliance with the engagement entrusted to us by the general meeting, we have audited the annual financial statements of Crédit Logement for the year ended 31 December 2022, as enclosed in this report.
In our opinion, with regard to French accounting rules and principles, the annual financial statements provide a true and fair view of the assets and liabilities and of the financial position of the company for the year under review and of the results of its operations for that year.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis for our opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We consider that the audit evidence that we have collected is sufficient and appropriate to form the basis of our opinion.

Our responsibilities under those standards are described herein under "Responsibilities of the statutory auditors for the audit of the annual financial statements".

Independence

We conducted our audit in accordance with the rules of independence set out in the French Commercial Code (Code de commerce) and the French code of ethics for statutory auditors (Code de déontologie de la profession de commissaire aux comptes) for the period from 1 January 2022 to the date of issuance of our report.

Justification of our assessments

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we hereby inform you that, in our professional judgement, the most significant audit matters that we assessed related to the appropriateness of the accounting principles applied, the reasonableness of the material estimates used and the overall presentation of the financial statements, particularly with regard to the following:

- The section relating to "doubtful loans" in the notes to the financial statements states that, when a debt is deemed to be irrecoverable, any outstanding payments due are drawn from the mutual guarantee fund (Fonds Mutuel de Garantie). As part of our assessment of the reasonableness of the accounting estimates used to prepare the financial statements, we examined the control system in place to identify and monitor the risks relating to the guarantee business, to assess the risks of non-recovery and to cover these risks through the mutual guarantee fund;

- The section of the notes on the "securities portfolio" (accounting principles and methods) outlines the methodology used to measure the value of the securities portfolio (trading account securities, securities held for sale, debt securities held to maturity and participating interests) and, where necessary, to recognise impairment charges. As part of our assessment of the reasonableness of the accounting estimates used to prepare the financial statements, we examined the system in place to monitor and examine these securities, making it possible to assess the level of impairment necessary.

These assessments were made as part of our audit of the annual financial statements taken as a whole and therefore contributed to the opinion we formed, as expressed above. We shall not express a separate opinion on specific items of these annual financial statements.

Specific verifications

In accordance with professional standards applicable in France, we also carried out the specific verifications required by law and the regulations in force.

Disclosures made in the management report and in the other documents provided to the shareholders relating to the company's financial position and annual financial statements

With the exception of the matter referred to in the following paragraph, we have no matters to report as to the fair presentation and consistency with the annual financial statements of the disclosures made in the management report prepared by the Board of Directors and in the other documents relating to the company's financial position and annual financial statements provided to the shareholders.

We have the following observation with regard to the fair presentation and consistency with the annual financial statements of the disclosures relating to payment terms, referred to in Article D.441-6 of the French Commercial Code: as stipulated in the management report, these disclosures do not include banking transactions and related transactions, as your company holds the view that they do not fall within the scope of the disclosures to be made.

Disclosures relating to corporate governance

We certify that the section of the Board of Directors' report on corporate governance contains the disclosures required by Article L.225-37-4 of the French Commercial Code.

Responsibilities of the management and of persons with governance roles with respect to the annual financial statements

It is the duty of management to prepare annual financial statements that provide a fair presentation of the financial position of the company and to implement the internal control measures that it deems necessary to the preparation of annual financial statements that are free of material misstatement, whether due to fraud or error.

When preparing the annual financial statements, management is required to assess the capacity of the company to continue as a going concern, to make any necessary disclosures in these financial statements relating to matters of going concern and to use the going concern basis of accounting, unless there is a plan to liquidate the company or to cease its business.

The Audit Committee is responsible for monitoring the financial reporting process and for monitoring the effectiveness of the internal control and risk management systems, as well as, where appropriate, the internal audit system, with regard to the procedures applied in the preparation and reporting of accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors for the audit of the annual financial statements

Objective and audit approach

We are required to prepare a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements taken as a whole do not contain material misstatements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will systematically detect any material misstatement that might exist. Misstatements can arise from fraud or error and are considered material if, individually or cumulatively, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As stipulated in Article L.823-10-1 of the French Commercial Code, our statutory audit does not consist in providing assurance as to the viability of the company or the quality of its management.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor is required to exercise professional judgement throughout the audit and, furthermore, to:

- Identify and assess the risks of material misstatement in the annual financial statements, whether due to fraud or error, define and perform audit procedures to respond to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for the statutory auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of non-detection resulting from error, as fraud may involve collusion, forgery, deliberate omissions, misrepresentations, or the circumvention of internal control;
- Obtain an understanding of internal control relevant to the audit in order to define 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 the accounting methods applied and the reasonableness of accounting estimates and related disclosures made by management in the annual financial statements;
- Assess the appropriateness of management's use of the going concern basis of accounting and, relying on the audit evidence obtained, ascertain whether a significant uncertainty exists related to events or circumstances that may call into question 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, bearing in mind, however, that future circumstances or events may call into question the company's ability to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, it shall draw the attention of the recipients of its report to the related disclosures in the annual financial statements or, if such disclosures are not provided or are inadequate, it shall express reservations or refuse to certify the annual financial statements;
- Evaluate the overall presentation of the annual financial statements and assess whether these statements provide a fair presentation of the underlying transactions and events.

Report to the Audit Committee

We submit a report to the Audit Committee that notably includes a description of the scope of the audit and the work programme implemented, as well as the results of our audit. We also report on any significant shortcomings in internal control that we may have identified with respect to the procedures applied in the preparation and reporting of accounting and financial information.

We also provide the Audit Committee with the declaration provided for in Article L.823-16 of the French Commercial Code, confirming our independence within the meaning of the rules applicable in France such as they are set forth in particular by Articles L.822-10 to L.822-14 of said Code and in the French code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may have a bearing on our independence and the related safeguards.

Paris and Paris-La Défense, April 26, 2023

The Statutory Auditors

CTF
Christophe LEGUÉ

Deloitte & Associés
Marjorie BLANC LOURME

Notes to the financial statements

1. Outlook and significant events since the end of the financial year

The budget for 2023 is built on the assumption of a continuation of the conflict in Ukraine, ongoing inflation and thus a continuously restrictive monetary policy, resulting in a deterioration in the macroeconomic environment.

The same budget therefore anticipates a 12% fall in new guarantee arrangements compared with 2022, production levels in January and February having confirmed this trend, which began in the second half of 2022.
In this scenario, combined with the assumption of a continued rise in short-term interest rates and long-term rates remaining at high levels, albeit with a less pronounced steepening above 10 years, net income for 2023 is expected to be only slightly lower than that of 2022.

2. Presentation of the accounts

The rules applied for the preparation of Crédit Logement's financial statements are based on principles adopted by the French accounting standards setter (Autorité des Normes Comptables - ANC), the regulations of the advisory committee on financial legislation and regulations (Comité Consultatif de la Législation et de la Réglementation Financières - CCLRF) and the instructions of the French prudential supervision authority (Autorité de Contrôle Prudentiel et de Résolution - ACPR) relative to the preparation and publication of individual annual financial statements for financial institutions (Sociétés de Financement).

The balance sheet, income statement and notes have been drawn up in accordance with ANC regulation 2014-03 on the French general chart of accounts, subject to modifications provided for in ANC regulation 2014-07 of 26 November 2014 on the financial statements of companies in the banking sector, enacted by the decree of 26 December 2014 published in the French Official Journal (Journal Officiel) on 31 December 2014.

The items making up the assets, liabilities and off-balance sheet commitments expressed in foreign currency are recorded and measured according to the principles set out in the abovementioned regulation 2014-07 of 26 November 2014.

Transactions in foreign currencies are valued based on prices on the last day of the financial year. Gains or losses that occur are taken to the income statement.

There was no change of accounting method in 2022.

3. Accounting principles and methods

ASSETS

Loans and advances to credit institutions

These amounts receivable are broken down in the notes as follows:

- Demand or term accounts;
- According to their remaining term.

Loans and advances to customers

Other customer loans and advances

These are loans granted to the company's salaried staff. They take two forms:

- Capped loans with a maximum term of three years;
- Zero-rate cash advances equal to the amount payable into the mutual guarantee fund in respect of the surety for one or more property loans for the duration of the loans guaranteed.

Doubtful loans

This item includes all amounts settled in connection with unpaid instalments (principal and interest), penalties and events of default for which Crédit Logement has been subrogated as per its right as initial lender, and those required to launch collection proceedings (expenses and fees).

Where relevant, if it has been established that a debt cannot be recovered, the amount still due is drawn from the mutual guarantee fund in accordance with the regulations of that fund.

According to the abovementioned regulation 2014-07 of 26 November 2014 on the accounting treatment of credit risk in companies overseen by the CRBF, doubtful loans have been divided, on a non-accounting basis, into the following categories:

- Doubtful loans;
- Non-performing loans.

The definition of each category is described at the end of these notes under off-balance sheet commitments.

Given the existence of the mutual guarantee fund, which absorbs all risks to date, including the loss experience of the guarantee portfolio on residential loans, such doubtful loans are not provisioned.

Securities *portfolio*

A distinction is made between four types of securities:

- Trading account securities;
- Securities held for sale;
- Debt securities held to maturity;
- Participating interests and interests in affiliated companies.

The presentation of the portfolio in the financial statements for publication is broken down into the following categories:

- Bonds and other fixed-income securities;
- Shares and other variable-income securities;
- Interests in affiliated companies.

Trading account securities

Trading account securities are, according to chapter 2, title 3, Book II of the aforementioned regulation 2014-07 of 26 November 2014, either purchased or sold with the intent to re-sell or repurchase them within a short timeframe, or held by an institution for market-making purposes.

They must be negotiable on a liquid market and there must be continuous access to their market prices. All types of securities (regardless of whether they are fixed- or variable-income instruments) may be classified in this category if they satisfy these conditions.

Trading account securities are recognised at their date of purchase at cost, excluding fees and including any accrued interest. The acquisition cost is taken directly to expenses.

The securities are marked to market at the end of every reporting period.

Crédit Logement's portfolio of trading account securities is composed exclusively of securities received as collateral as part of the exchange of securities.

Securities held for sale

Securities held for sale are fixed- or variable-income securities that are not recognised as trading account securities, debt securities held to maturity or as belonging to the type of securities referred to in chapter 5, title 3, Book II of the regulation 2014-07 of 26 November 2014 (equity securities available for sale, other equity securities held for long-term investment, participating interests and interests in affiliated companies).

These securities are recorded at their date of purchase at cost, excluding fees and accrued interest. Securities sold are measured on a first in-first out (FIFO) basis.

At each year-end, the cost price of securities bearing interest is increased or decreased as relevant in order to factor in interest from the difference between the nominal rate for the security applied to the redemption value and the negotiated rate applied to the acquisition price. For the other securities, the cost price equates to the acquisition price.

At year-end, the value of the securities is retained at the lower of the following two values: cost price or market value. If the market value is lower than the cost price, the unrealised capital losses are recognised through an impairment charge. Unrealised capital gains are not recorded.

Debt securities held to maturity

According to chapter 4 of regulation 2014-07 of 26 November 2014, debt securities held to maturity are fixed-income securities that the company intends to hold through to maturity and that it has made a commitment, at the time of acquisition, to finance through permanent funds.

They are purchased with the clear intention and ability to hold them until maturity. They must not be subject to any existing restriction, legal or otherwise, that may be likely to call into question the intention to hold them until they reach maturity. Their classification as debt securities held to maturity is no obstacle to their designation as instruments hedged against interest-rate risk.

They are booked at their redemption value. The discounts or premiums are amortised or spread over the residual life of the securities, according to the straight-line method. The book value of the securities is thus gradually adjusted to the redemption value. The interest relating to these securities is recognised in the income statement under "Other interest income and equivalent".

Securities that have been reclassified from the "securities held for sale" category are recorded at cost and any previous write-down is reversed over the remaining term of the securities. The intention to hold them to maturity must be clear and they must be covered by permanent funds in order to finance them through to their maturity.

At each year-end, the cost price of the securities is increased or decreased as relevant in order to factor in interest deriving from the difference between the nominal interest rate for the security applied to the redemption value and the negotiated rate applied to the acquisition price. If the market value is lower than the acquisition value adjusted for amortisation and provision reversals linked to the difference between the acquisition cost and the redemption value of the security, no provision for impairment is booked.

An impairment charge is booked where there is a strong probability that the institution will not hold the securities until maturity due to a change in circumstances, for instance, when a downgrade to the issuer's credit quality might compromise the redemption at maturity, in which case the impairment charge is classified under cost of risk. Unrealised capital gains are not recorded.

Participating interests and interests in affiliated companies

According to chapter 5, title 3, Book II of the regulation 2014-07 of 26 November 2014, these interests group together securities whose long-term ownership is considered useful to the company's operations. Such securities are recorded on the balance sheet at cost.

Investments in companies of a financial nature that may be included within the scope of consolidation are considered as affiliates.

When the fair value of the securities is lower than the acquisition value, any unrealised capital losses are booked through provisions. Unrealised capital gains are not recorded. The fair value is determined based on a set of economic criteria (estimated net asset value, profitability and outlook for profitability, cost price, revalued net position, etc.).

Fixed assets

Pursuant to CRC regulations 2002-10 and 2004-06, accounting rules have been in effect with regard to asset definition, valuation and impairment since 1 January 2005.

Our institution opted for the "forward-looking" simplification measure set out in Article 17 of regulation 2004-06, repealed and replaced by ANC regulation 2014-03.

Tangible fixed assets in respect of buildings have been divided using the simplified re-allocation method, by component, based on the net book values at 1 January 2005.

The change in method in 2005 has had no impact on either net assets or taxable income.

An inventory of the components was drawn up with the assistance of an external firm.

Fully depreciated fixed assets were not restated.

Taking into account the nature of our fixed assets, only four components have been used, namely:

- Structural components;
- Roof/facade;
- Technical equipment;
- Fixtures and fittings.

They are depreciated as follows.

Depreciation/Amortisation	Method	Period
Assets under construction	N/A	
Intangible fixed assets		
Lease	N/A	
Software	Straight-line	1 to 12 years
Tangible fixed assets		
Land	N/A	
Structural components	Straight-line	10 to 150 years from 1 Jan. 1945
Roof/facade	Straight-line	10 to 30 years
Vehicles	Straight-line	4 years
Office equipment	Straight-line	2 to 5 years
Technical equipment	Straight-line	2 to 5 years
Furniture	Straight-line	3 to 10 years
Computer hardware	Straight-line	3 to 5 years
Technical equipment	Straight-line	2 to 20 years
Fixtures and fittings	Straight-line	2 to 20 years

Accruals: assets

This essentially relates to accrued income on guarantees, with a different tariff structure. Payment of the guarantee commission does not become due until the release of the guarantee and the commission is drawn from the returned portion of mutual guarantee fund payments at the end of the guarantee.

This item also includes margin calls paid in cash in respect of adjustments to forward financial instruments as well as the accrued income and losses to be amortised on these instruments.

LIABILITIES

Amounts due to credit institutions

In accordance with Article L.211-38 of the French monetary and financial code (Code Monétaire et Financier - CMF), cash guarantee deposits may be put in place for financial guarantee agreements. Regular adjustments are made on a quarterly basis in respect of the master agreement.

Amounts due to customers

Other amounts due

These include amounts payable to customers, either in relation to the return of mutual guarantee fund payments, overpayments received on guarantee fees, or amounts for which the allocation is still being determined.

The amounts that are due in respect of the return of mutual guarantee fund payments owed to borrowers, whose loans have terminated according to information that is unchallenged by the lending banks, and are held by Crédit Logement, and for which the banks cannot find the original borrowers, are taken to "Other Amounts Due - Segregated Amounts".

Other liabilities

These are liabilities on security repurchase agreements and borrowed securities as well as other amounts due, which break down as follows:

- Sums to be paid back for the collection activity on behalf of third parties, which only become available at the end of the collection or payback period;
- Sums payable to suppliers (invoices for general expenses or fixed assets);
- Sums due to staff and employee profit-sharing;
- Tax and social security liabilities.

In accordance with Article L.441-6 paragraphs 8 and 9 of the French commercial code (Code de Commerce), the settlement deadline for amounts due falls on the 30th day following the receipt of goods or the delivery of the requested service, without exceeding 45 days from the end of the month or 60 days from the invoice date.

The balance of trade payables, broken down by due date, is contained in the notes.

Accruals: liabilities

In response to the continuous guarantee service practised by our company, guarantee commissions are accrued on a monthly basis (taking into account the number of days in the month) based on a constant that is equal to the total amount of commission payable on a contract, divided by the duration of the loan expressed in years, multiplied by a factor F, incorporating adjustments for the first and final year.

This formula makes it possible to match the rate of staggered allocation of commissions to the rate of incurrence of expenses attributable to the transactions in question.

Prepaid income relates to guaranteed loans on which the guarantee commission is payable as soon as the loan is put in place by the lender.
Deferred income relates to guaranteed loans on which the guarantee commission is payable at the end of the loan. The receivable relating to the guarantee commission is recorded as an asset under "income receivable" and the corresponding amount will be drawn from the returned mutual guarantee fund amount on normal or early termination of the loan.

The amount of cash guarantees received to cover positive interest rate swap valuations in accordance with the French banking federation's (Fédération Bancaire Française - FBF) master agreement on forward financial transactions entered into with our counterparties or in accordance with the swap clearing arrangements set up in June 2019.

Provisions for liabilities and charges

These notably include provisions for litigation and the risk of having to pay compensation, damages and legal fees in respect of ongoing proceedings or those subject to appeal.

A provision is set aside:

- If the company has an actual obligation towards a third party at the reporting date;
- And if, at the reporting date, it is probable that the company will have to make a payment to this third party, without receiving at least an equivalent consideration from the third party after the reporting date;
- And if it is possible to reliably estimate this disbursement.

Subordinated *debt*

Mutual guarantee fund

In accordance with regulation 2014-07 of 26 November 2014 on the financial statements of companies in the banking sector, approved by the aforementioned order of 26 December 2014, mutual guarantee funds are grouped together under "Subordinated debt".

The guarantee system used by Crédit Logement is based on the principle of the pooling of risk, through which each borrower pays into a mutual guarantee fund that is intended to take the place of any borrower who defaults on loan repayments, on a partial basis in the case of unpaid instalments and in full when an event of default has been recorded.

In accordance with the mutual guarantee fund regulations, the contribution of each borrower may be returned once Crédit Logement's commitment has been released. The returned amount will be proportional to the fraction not used in litigation in connection with defaulting borrowers.

The calculation of the return rate takes into account the prudentially measured risk of non-repayment across all borrowers paying into the fund (ex-ante provisioning) as well as the expected recovery rate on doubtful loans.

An amended version of the regulations of the mutual guarantee fund, applicable since 1 January 2014, renders the return of payments into the fund subject to the prior agreement of the ACPR and the Board of Directors. The fund also covers other recognised losses in proportion to its weight in the regulatory capital.

Subordinated securities, equity loans and subordinated debt

These instruments were issued in accordance with Article L.228-97 of the French commercial code and with the law of 1 August 2003 (No. 2003-706). In the event that the company is liquidated, the nominal value of the liabilities will be repaid according to the seniority of the claim: firstly, unsecured debt, then Tier 2 debt, including subordinated loans, followed by equity loans and, lastly, Tier 1 debt.

1. Dated bond issue (lower Tier 2) – FR 0013299468

5,000 dated subordinated notes were issued with a par value of €100,000 on 28 November 2017, in accordance with Article 63 of Regulation (EU) No. 575/2013, transposed into French law for financial institutions (Sociétés de Financement) by the order of 23 December 2013, and can be included in the Tier 2 capital base.

They are traded on Luxembourg's EURO MTF market. Interest is calculated annually in arrears on 28 March, at a fixed rate of 1.35% until 28 November 2024, and annually in arrears at the 5-month mid-swaps rate plus 90bp up to 2029.

2. Dated bond issue (lower Tier 2) – FR 0014006IG1

5,000 dated subordinated notes were issued with a par value of €100,000 on 15 November 2021, in accordance with Article 63 of Regulation (EU) No. 575/2013, transposed into French law for financial institutions (sociétés de financement) by the order of 23 December 2013, and can be included in the Tier 2 capital base. They have a maximum maturity of 12 and a half years, i.e. until 15 February 2034, with a call that can be exercised at the earliest and at any time between 7 years, on 15 November 2028, and 7 and a half years, on 15 February 2029, at a resettable fixed rate.

They are traded on Luxembourg's EURO MTF market. Interest is calculated annually in arrears on 15 February, at a fixed rate of 1.081% until 15 February 2028, and up to 15 February 2029 at the latest, and annually in arrears at the 5-year mid-swaps rate plus 110bp up to 2034.

3. Equity loans

Equity loans, granted to the company by its shareholders and partners, are incorporated into the Tier 2 capital base.

Existing equity loans correspond to those that were granted on 30 June 2019 and 30 December 2019 for a total amount of €681.73 million, with a 12-year term, but repayable after five years at the sole initiative of the borrower, and subject to prior approval by the ACPR. These loans satisfy all the criteria laid down in Regulation (EU) No. 575/2013 and are incorporated in full into the Tier 2 capital base.

4. Subordinated loans

On 30 December 2021, Crédit Logement issued subordinated loans in the amount of €250.6 million with a 10-year term, repayable after five years at the sole initiative of the borrower, and subject to prior approval by the ACPR. These subordinated loans satisfy all the criteria laid down in Regulation (EU) No. 575/2013 and are incorporated in full into the Tier 2 capital base.

Funds for general banking risk

A provision is set aside for general banking risks, as provided for under Article 1121-3 of ANC regulation 2014-07, in order to cover general risks linked to the banking activity.

The fund for general banking risks includes general provisions that have not been set aside to cover various expenses or probable, clearly-identified risks.

Shareholders' equity

Share capital

In accordance with the combined general meeting of the shareholders of 9 May 2012, the share capital is composed of 17,997,861 ordinary shares of €70 each, fully paid up. These new shares are eligible for dividend distribution as from 1 January 2012. The entitlements conferred by each share have been set as follows.

Distribution of earnings in accordance with Article 18 of the articles of association

"The shareholders may decide at general meetings to deduct from the distributable income any amount to be allocated to retained earnings or to the creation of any extraordinary reserve, contingency fund or other fund with a specific assignment or otherwise.

The shareholders may vote at the general meetings held to reviewing the annual financial statements to grant each shareholder an option to receive in cash or in shares all or part of the dividend or interim dividends to be paid out."

OFF-BALANCE SHEET COMMITMENTS

Guarantee commitments at the request of customers

Financial guarantees

The guarantee offered by Crédit Logement is arranged as part of services contracts signed in the form of bank guarantees in the context of an auction. It is recognised at an amount corresponding to a maximum of 10% of the amount of the upset price and cannot be lower than €3,000.

The guarantee is valid for an undated period and expires, depending on the case:

- On the day of the auction, from the purchase by a third party other than the principal in the guarantee arrangement;
- On the date of payment of the auction price and associated fees, when the auction is in favour of the principal in the guarantee arrangement.

Crédit Logement provides bank guarantees for the benefit of the regional court at the request and on behalf of its customer and books this guarantee under off-balance sheet commitments.

Guarantee on loans distributed by other credit institutions

The guarantee offered by Crédit Logement, in the form of a joint and several guarantee covering residential loans to retail customers, is recognised at an amount corresponding to the principal still due by the borrowers at the end of each year.

In accordance with regulation 2014-07 of 26 November 2014, commitments relative to guarantee agreements entered into have been broken down into the following categories:

- Sound loans;
- Sound restructured loans;
- Doubtful loans;
- Non-performing loans;
- Doubtful loans through contagion.

The exposures have been categorised according to the following criteria:

- Sound loans. All loans that do not meet the conditions for classification as "doubtful", including:
  - The first three unpaid instalments before a guarantee is called, which are taken to off-balance sheet guarantee commitments. This amount is calculated by obtaining from our main partners the delinquency rates at one month, two months and three months and applying, using a conservative approach, the maximum rates obtained to all sound loans under off-balance sheet commitments;
  - Guarantee agreements at the request of customers not yet arranged, which have been taken to off-balance sheet commitments since 2013;
- Sound restructured loans. Commitments that have been restructured on non-market terms. They have been identified and must remain in this category until the final instalment, except in cases of failure to comply with the agreed terms and conditions, in which case, they will be transferred directly to non-performing loans;
- Doubtful loans. All commitments with a recognised credit risk in the following cases:
  - Existence of one or more past-due payments for a period of at least three months;
  - Knowledge of a deteriorated financial position for a counterparty, even those for which no past-due payment has been previously recorded;
  - Existence of litigation procedures between the institution and the counterparty.

A return to sound loan status is only warranted if regular repayments have resumed in the amounts corresponding to the initial contractual instalments, or on market terms.

- Non-performing loans. This category includes the following commitments:
  - Any commitments that have been treated as doubtful for one year and for which no return to sound loan status is foreseeable, or for which an event of default has been recorded;
  - Any failure to honour the repayment schedule drawn up for a restructured loan (restructured sound loans).

- Doubtful loans through contagion. The classification of a counterparty into one of the two doubtful categories automatically results in an identical status being assigned to all the sound and sound restructured loans granted to that counterparty.

Guarantee commitments received

Commitment to replenish the mutual guarantee fund

Commitment given by Crédit Logement's shareholders and/or partners in proportion to their guaranteed commitments to replenish the mutual guarantee fund under the rules applying to payments made into the fund prior to 1 January 2014, should the fund be depleted. This joint commitment is updated on a half-yearly basis.

Commitments in respect of forward financial instruments

Recording and qualification principles for a transaction

Transactions in forward financial instruments outstanding at the reporting date are taken to off-balance sheet commitments. Transactions in interest rate and foreign exchange forward financial instruments are recorded in accordance with the provisions of regulation 2014-07 of 26 November 2014.

Although not incorporated into reportable off-balance sheet commitments, the amounts taken to off-balance sheet commitments corresponding to the nominal value of commitments are detailed in note A13. They represent the volume of transactions and not the risks that are associated with them.

Amounts corresponding to commitments in respect of interest rate forwards traded over-the-counter are taken to off-balance sheet commitments at their nominal value.

A position category is assigned as soon as a transaction is arranged:

- Isolated open positions: contracts classified in isolated open position portfolios are valued at the lower of the acquisition price or their market value. Unrealised capital gains are not recognised and a provision for risk on unrealised capital losses is only set aside when there is a counterparty risk;

- Micro-hedging transactions: in micro-hedging transactions, the expenses and income relative to the forward financial instruments used, assigned from the outset to an item or to a consistent set of identified items, are recognised in income so as to match them with the income and expenses recognised on the hedged positions;

- Macro-hedging transactions: in macro-hedging transactions, the expenses and income are recognised in the income statement on a time-apportioned basis.

The adjustments recognised on the conclusion of a contract are taken to the income statement over the lifetime of the contract. When a contract is terminated or transferred, or replaced by another contract, the arising adjustments are immediately taken to the income statement. They are amortised on a time-apportioned basis for macro-hedging and micro-hedging transactions.

The expenses and income are recognised in the income statement on a time-apportioned basis. The offsetting entry is booked under accruals until the collection or disbursement date.

The valuation rules are laid out in the counterparty master agreement covering the transaction, according to generally-applicable market rules.

If the difference is negative, a provision for liabilities and charges is set aside to cover an isolated open position, or to cover a micro-hedging position when the unrealised gain on the hedged position is recognised.

Firm transactions in interest-rate intruments

Hedging transactions

Crédit Logement has entered into hedging swaps (seller floating rate / buyer fixed rate), commonly known as interest-rate swaps, with a view to rendering its earnings insensitive to short-term interest rates. These are booked according to the categories provided for in title 5 of regulation 2014-07 of 26 November 2014 on the financial statements of companies in the banking sector.

Mechanism of credit risk mitigation on cash investments

This mechanism is intended to hedge the risk of financial loss in the event that a counterparty to a financial instrument fails to fulfil its contractual obligations.

To mitigate this risk, Crédit Logement has opted to enter into "FBF" master collateralisation agreements on derivatives with bank counterparties, which provide for the netting of exposures and regular margin calls (cash deposit), making it possible to reduce its actual exposure. Regular adjustments are made on a daily basis under the master agreement.

Other securities received as collateral

Financial guarantee master agreements put in place in 2013 stipulate the conditions under which partner banks, which are the counterparties to the investments of Crédit Logement, must pledge to it eligible assets within the framework of Article L.211-38 of the French monetary and financial code.

These guarantees, given by counterparties in the form of pledges, can take a number of forms:

- Cash deposits in our books (these sums are recorded in the form of cash guarantees under liabilities);
- Cash accounts opened in the name of our counterparty and pledged to us;
- Eligible securities traded in euros;
- Claims on Crédit Logement - equity and subordinated loans;
- Claims eligible according to the criteria defined in the agreement, resulting from loans, credit or financing for legal entities.

Regular quarterly adjustments are made to the collateral under the master agreement.

Other information

Overall remuneration amount allocated during the financial year – principles and criteria used to determine the items that make up the total remuneration paid to the members of management (Chairman of the Board, directors and members of senior management).

The off-balance sheet commitments in respect of the Chairman, the directors and all members of management concern property loan guarantee transactions, without being subject to any special terms and conditions relating to their management function.

As a member of the Board of Directors, the Chairman only receives remuneration in respect of which the terms and conditions were approved by the Board at its meeting of 07 April 2022. Accordingly, an amount of €8,000 was paid in respect of the 2022 financial year. This remuneration is paid based on the effective attendance rate at Board meetings.

The remuneration paid to senior members of management (Chief Executive Officer and Deputy Chief Executive Officers) is set by the Board of Directors based on a recommendation by the Remuneration Committee. This committee examines the remuneration packages at least once every year, even when there have been no modifications.

The remuneration packages contain a fixed component (corporate office, and salary for the Deputy Chief Executive Officers alone) and a variable component that is capped in proportion to the fixed component.

The fixed component of the remuneration package intended for the Chief Executive Officer and the Deputy Chief Executive Officers is designed to be attractive in order to appeal to and secure high-quality candidates, in keeping with market practices for such positions and levels of responsibility, and according to the company's own circumstances. The Remuneration Committee may, for instance, draw on the practices in place at comparable companies within French banking groups.

As regards the variable remuneration component, an annual bonus may be paid, subject to the company's earnings. This bonus is capped at 25% of the gross annual fixed remuneration paid to the Chief Executive Officer and 20% of the gross annual fixed remuneration paid to the Deputy Chief Executive Officers. The bonus amounts are set by the Chairman of the Board, acting on behalf of the Remuneration Committee to which he reports, and depend on business volumes and earnings, quality of operational management, risk control, budget implementation and quality of internal control.

At the proposal of the Remuneration Committee, the Board of Directors may order the payment of a special exceptional bonus for the completion of specific projects.

The Deputy Chief Executive Officers' employment contracts stipulate that they may receive payments in respect of the statutory and discretionary profit-sharing schemes.

Lastly, company officers that joined the company before 1 January 2020 may benefit from a top-up pension plan, introduced further to a 2007 decision by the Board of Directors (cf. detailed terms in C4 of the notes), and potentially a company car, added back as a benefit in kind.

At its meeting of 7 April 2016, the Board of Directors decided to extend the scope of "regulated staff" to include not only members of management but also the head of the risk management function, the head of audit and internal control, managing members of staff performing control duties within these two departments and managers in charge of control within the operational divisions.

These members of staff may receive an individual variable bonus in addition to the fixed component of their remuneration (salary). This bonus is capped depending on hierarchical rank, always below the thresholds set for members of Executive Management.

They may also receive payments in respect of the statutory and discretionary profit-sharing schemes.

Employee benefits

Commitments relating to post-employment benefits and the supplementary pension scheme for senior members of staff (collective defined-benefit supplementary pension insurance policy covering all senior members of staff under certain conditions) are covered by collective funds managed by an insurance company.

Crédit Logement makes regular contributions to these funds. There is no obligation to set aside a provision in the accounts for any difference between the actuarial value of such commitments and the value of the funds managed by the insurance company.

Consolidation scope

Companies that do not qualify as significant in accordance with the criteria set out in the applicable regulations are not included in the scope of consolidation.

SNC Foncière Sébastopol is therefore not consolidated.

Accordingly, Crédit Logement does not prepare consolidated financial statements.

4. Notes

Notes A: Information on the balance sheet and off-balance sheet items
Notes B: Information on the income statement
Notes C: Other information

Notes A : Information on the balance sheet and off-balance items

In thousands of euros

Note A 1 - Loans and advances and breakdown by residual term

	< 3 months	3 months to 1 year	1 year to 5 years	> 5 years	TOTAL
Credit institutions	**365,649**	**256,196**	**860,138**	**2,612,162**	**4,094,145**
Demand accounts	265,190				265,190
Term accounts	90,037	250,000	860,000	2,612,162	3,812,199
Accrued interest	10,422	6,196	138		16,756
Loans and advances to customers	**1,028,705**	**49**	**89**	**364**	**1,029,207**
Other customer loans and advances	15	49	89	364	517
Doubtful loans	1,028,690				1,028,690
Bonds and other fixed-income securities	**449,362**	**695,678**	**1,834,720**	**2,515,687**	**5,495,447**

Note A 2 - Breakdown of loans and advances

	Affiliated companies	Equity interests	Other companies	Retail customers	TOTAL
Loans and advances to credit institutions		4,033,458	60,687		4,094,145
Loans and advances to customers			191,958	837,249	1,029,207
Bonds and other fixed-income securities		3,478,907	2,016,540		5,495,447

Note A 3 - Loans and advances to customers

Note A 3.1 - Change in customers outstandings

	31/12/2021	Releases / Disbursements	Repayments / Collections	Write-offs	31/12/2022
Cash loans - loans to staff	604	111	198		517
Doubtful loans	1,088,733	183,953	178,833	65,230	1,028,623
Other third party doubtful loans	616				616
Impairment of other third party doubtful loans	-549				-549
TOTAL	**1,089,404**	**184,064**	**179,031**	**65,230**	**1,029,207**

Note A 3-2 - Credit risk: Breakdown of securities portfolio

	Sound loans	o/w restructured loans	Doubtful loans	o/w non-performing loans	Total outstandings
Cash loans - loans to staff	517				517
Doubtful loans			1,028,690	1,012,692	1,028,690
TOTAL	**517**		**1,028,690**	**1,012,692**	**1,029,207**

Note A 4 - Securities portfolio

Note A 4.1 - Breakdown of securities portfolio

	Acquisition value					
	Issued by public agencies	Other issuers			Market or net asset value	Redemption value
		Listed	Unlisted	Total		
BONDS AND OTHER FIXED-INCOME SECURITIES						
Trading account securities - Securities borrowed		207,591		207,591	207,591	
Trading account securities		**207,591**		**207,591**	**207,591**	
Securities received under repurchase agreements		617,567		617,567	588,168	
Accrued interest		3,945		3,945		
Securities received under repurchase agreements		**621,512**		**621,512**	**588,168**	
Bonds	1,800,628	2,847,412		2,847,412	3,902,160	4,561,000
Accrued interest	8,331	9,973		9,973		
Debt securities held to maturity	**1,808,959**	**2,857,385**		**2,857,385**	**3,902,160**	**4,561,000**
SHARES AND OTHER VARIABLE-INCOME SECURITIES						
Trading account securities - Securities borrowed		376,053		376,053	376,053	
Trading account securities		**376,053**		**376,053**	**376,053**	
UCITS		170,823		170,823	171,157	
Impairment provision		-265		-265		
Securities held for sale		**170,558**		**170,558**	**171,157**	
Interests in affiliated companies			1,317	1,317	1,317	
Participating interests			**1,317**	**1,317**	**1,317**	
TOTAL SECURITIES PORTFOLIO	**1,808,959**	**4,233,099**	**1,317**	**4,234,416**	**5,246,446**	

Note A 4.2 - Equity interests and interests in affiliated companies

	% interest	Share capital *	Shareholders' equity other than share capital *	Earnings *	Gross carrying amount	Net carrying amount
Other securities						
SNC Foncière Sébastopol	100	15		-32	15	15
Partner advances and current accounts						
SNC Foncière Sébastopol					1,302	1,302
INTERESTS IN AFFILIATED COMPANIES					**1,317**	**1,317**

*Data as at 31/12/2021

Note A 5 - Fixed Assets

GROSS FIXED ASSETS	Gross value at beginning of year	Acquisitions	Disposals or internal transfers	Gross value at end of year	Net value at end of year
Intangible fixed assets	**43,593**	**3,826**	**-3,466**	**43,953**	**11,744**
Assets under constructions	376	1,012	-267	1,121	1,121
Software and licenses	43,217	2,814	-3,199	42,832	10,623
Tangible fixed assets	**33,969**	**944**	**-690**	**34,223**	**11,731**
Assets under construction	348	620	-335	633	633
Land	2,909			2,909	2,909
Structural components of buildings	5,499			5,499	3,257
Roof/facade	2,172	11		2,183	133
Office equipment	415	2		417	5
Club Affaires machinery and equipment	79	12	-6	85	18
Office furniture	1,760	21	2	1,783	318
Club Affaires furniture	123			123	35
Computer hardware	3,628	99	-406	3,321	703
Fixtures and fittings - non building	5,564	64	35	5,663	191
Fixtures and fittings - building	4,893	56		4,949	1,063
Technical equipment	6,579	59	20	6,658	2,466
TOTAL	**77,562**	**4,770**	**-4,156**	**78,176**	**23,475**

DEPRECIATION, AMORTISATION OR PROVISIONS	Opening balance	Charges	Reductions	Closing balance
Intangible fixed assets	**31,785**	**3,884**	**-3,460**	**32,209**
Software and licenses	31,785	3,884	-3,460	32,209
Tangible fixed assets	**21,929**	**1,227**	**-664**	**22,492**
Land				
Structural components of buildings	2,192	50		2,242
Roof/facade	2,040	10		2,050
Office equipment	409	3		412
Club Affaires machinery and equipment	68	4	-5	67
Office furniture	1,392	73		1,465
Club Affaires furniture	88			88
Computer hardware	2,927	348	-657	2,618
Fixtures and fittings - non building	5,340	132		5,472
Fixtures and fittings - building	3,649	237		3,886
Technical equipment	3,824	370	-2	4,192
TOTAL	**53,714**	**5,111**	**-4,124**	**54,701**

All buildings are exclusively used for the exercise of Crédit Logement's own activities

Note A 6 - Other assets and accruals

	31/12/2022	31/12/2021
Deposit guarantee fund (FGDR)		
Deposits and bonds given	262	257
Guarantee deposit paid	118,730	22,690
Amounts in respect of tax and social security payments	1,771	3
Sundry debtors (staff)	70	71
Other sundry debtors (customers)	1,362	1,728
Other sundry debtors (other)	19	66
OTHER ASSETS	**122,214**	**24,815**

	31/12/2022	31/12/2021
Forward financial instrument adjustment accounts (cash margin calls)	712,910	120,118
Currency adjustment accounts	114	27
Losses to be amortised on forward financial instr.	1,848	2,329
Prepaid expenses	1,405	1,145
Expenses to be spread forward		
Accrued income on guarantees	496,904	483,342
Accrued income on forward financial instruments	27,898	13,818
Miscellaneous accrued income	1	2
Other accruals		840
ACCRUALS	**1,241,080**	**621,621**

Note A 7 - Amounts due to credit institutions and customers

	31/12/2022	31/12/2021
Accounts and borrowings		
- Deposits of cash collateral	1,909	3,587
- Accrued interest	10	441
CREDIT INSTITUTIONS	**1,919**	**4,028**
Other amounts due - including segregated amounts	13,843	11,720
Other amounts due - deduction from MGF on matured loans *	23,198	29,586
CUSTOMERS	**37,041**	**41,306**

*Since 1 January 2021, the part of MGF related to matured loans to be reimbursed to the borrowers is recorded at the end of each quarter in an account payable in order to align the accounting MGF with the regulatory MGF.

Note A 8 - Other liabilities, accruals ans provisions

	31/12/2022	31/12/2021
Securities and the Repo	468,882	468,118
Amounts due in respect of tax and social security payments	583,644	669,790
Amounts due in respect of tax and social security payments	3,417	7,823
Sundry creditors (staff)	3,895	3,858
Sundry creditors (suppliers)	2,232	1,713
Amounts payable to staff	3,224	2,800
Other sundry creditors	3,960	3,966
OTHER LIABILITIES	**1,069,254**	**1,158,068**

	31/12/2022	31/12/2021
Prepaid income on guarantees	528,910	498,959
Deferred income on guarantees	303,192	297,271
Miscellaneous deferred revenue	169	
Accrued expenses on forward financial instruments	23,493	13,320
Gains spread forward on forward financial instr.	106,787	104,005
Currency adjustment accounts	115	27
Forward financial instrument adjustment accounts (cash margin calls)	4,680	52,364
Other accruals	23	2
ACCRUALS AND DEFERRED INCOME - LIABILITIES	**967,369**	**965,948**

Provisions for liabilities and charges

CATEGORY	31/12/2021	Charges	Releases	Release of unused prov.	31/12/2022
Provisions for litigation	692	216	-235	-383	290
TOTAL	**692**	**216**	**-235**	**-383**	**290**

Note A 9 - Shareholders' equity and equivalents

Note A 9.1 - Mutual guarantee fund

	Opening balance	Incoming	Outgoing	Closing balance
Mutual Guarantee Fund denominated in euros (in thousands)	7,187,118	715,237	-352,295	7,550,060
Mutual guarantee fund denominated in foreign currency (in thousands)	1,559		-50	1,509
Use of the mutual guarantee fund to cover irrecoverable written-off debt	-546,790	-69,005	3,671	-612,124
MUTUAL GUARANTEE FUND - LIABILITIES	**6,641,887**	**646,232**	**-348,674**	**6,939,445**
Doubtful loans to be recovered - assets	-1,088,733	-183,953	244,063	-1,028,623
AVAILABLE MUTUAL GUARANTEE FUND AFTER DOUBTFUL LOANS	**5,553,154**	**462,279**	**-104,611**	**5,910,822**

Note A 9.2 - Subordinated debt

	Issue date	Due or early repayment date	31/12/2022 Amount	31/12/2022 Accrued interest	31/12/2021 Amount	31/12/2021 Accrued interest
	30/06/2019	30/06/2031	393,460		393,460	
	30/12/2019	30/12/2031	287,930		287,930	
Subordinated loans	30/06/2020	30/12/2031	340		340	
Dated			**681,730**	**5,144**	**681,730**	**2,046**
TOTAL SUBORDINATED LOANS			**681,730**	**5,144**	**681,730**	**2,046**
Subordinated secutities	30/12/2021	30/12/2031	250,600		250,600	
Dated			**250,600**	**59**	**250,600**	**5**
TOTAL SUBORDINATED LOANS			**250,600**	**59**	**250,600**	**5**
TITRES SUBORDONNÉS	Issue date / Due date	Number of securities				
Perpetual bonds	28/11/2017	5,000	500,000	629	500,000	629
ISIN FR 0013299468	28/11/2029					
Redeemable bonds	15/11/2021	5,000	500,000	6,101	500,000	696
ISIN FR 0014006IG1	15/02/2034					
TOTAL SUBORDINATED SECURITIES			**1,000,000**	**6,730**	**1,000,000**	**1,325**
TOTAL SUBORDINATED DEBT			**1,932,330**	**11,933**	**1,932,330**	**3,376**

Note A 9.3 - Funds for general banking risk and regulatory provisions

	Opening balance	Charges for the year	Releases for the year	Closing balance
Regulatory provision for medium and long-term credit risks	50,400		-2,653	47,747
Fund for general banking risks	610			610
TOTAL	**51,010**		**-2,653**	**48,357**

Note A 9.4 - Changes in share capital and reserves

The main shareholders are divided into groups of shareholders containing the parent entity and the subsidiaries that belong to it:

- Crédit Agricole et LCL Le Crédit Lyonnais **32.50%**
- BNP Paribas **16.50%**
- Société Générale et Crédit du Nord **16.50%**
- BPCE / Crédit Foncier de France **15.50%**
- Crédit Mutuel et CIC **10.00%**
- La Banque Postale **6.00%**
- HSBC Continental Europe **3.00%**

	31/12/2021	Increase / allocation	Decrease / allocation	31/12/2022
The share capital, fully paid-up, comprises: - 17,997,861 ordinary shares	1,259,850			1,259,850
	1,259,850			**1,259,850**
Legal reserve	91,900	6,006		97,906
General reserve	67,238			67,238
TOTAL	**159,138**	**6,006**		**165,144**

Note A 10 - Receivables and payables associated with each balance sheet item

ACTIF	31/12/2022	31/12/2021
Credit institutions	16,756	15,868
Interests in affiliated companies	13	6
Bonds and other fixed-income securities	22,248	18,260
Other assets: • tax claims	1,771	2
Accruals:		
• guarantees	496,904	483,342
• suppliers	1	2
• forward financial instruments	27,898	13,818
ACCRUED INCOME	**565,591**	**531,298**
Accruals:		
• suppliers	1,406	1,145
PREPAID EXPENSES	**1,406**	**1,145**

LIABILITIES	31/12/2022	31/12/2021
Credit institutions	10	441
Subordinated debt	11,933	3,376
Other liabilities:		
• tax and social security liabilities	3,417	7,823
• amounts of payable on repurchase agreements	1,315	551
Accruals:		
• forward financial instrument	23,493	13,320
DEFERRED EXPENSES	**40,168**	**25,511**
Accruals:		
• sureties - Initio tariff	303,193	297,271
• sureties - classical tariff	528,910	498,959
• customers	169	
DEFERRED INCOME	**832,272**	**796,230**

Note A 11 - Off-balance sheet commitments received

	31/12/2021	Changes	31/12/2022
Counter-guarantee received (from shareholders or otherwise) relative to the commitment to replenish the mutual guarantee fund	1,661,932	-138,975	1,522,957
TOTAL GUARANTEE COMMITMENTS RECEIVED FROM CREDIT INSTITUTIONS	**1,661,932**	**-138,975**	**1,522,957**
Underlying assets on credit linked certificates	260,000		260,000
COMMITMENTS ON SECURITIES TO BE RECEIVED	**260,000**		**260,000**
Master financial guarantee agreement pursuant to Art. L211-38 of the French monetary and financial code (CMF)			
Listed securities received as collateral	121,965	-41,965	80,000
Claim on Crédit Logement - equity loans	313,698	-17,678	296,020
Eligible receivables resulting from loans, credits or funding to legal persons	125,278	4,261	129,539
ADDITIONAL INFORMATION: OTHER SECURITIES RECEIVED AS COLLATERAL - PLEDGES	**560,941**	**-55,382**	**505,559**

Note A 12 - Off-balance sheet commitments givens

Note A 12.1 - Change in commitments given

	31/12/2021	Incoming	Amortisation/ diff.	Outgoing	31/12/2022
Guarantees on property loans - Guarantee agreements arranged	413,389,713	72,196,953	-29,462,236	-26,464,589	429,663,836
Estimated unpaid instalments on property loans before call-in of guarantee	47,013		-3,995		43,018
	413,436,726	72,196,953	-29,466,231	-26,464,589	429,706,854
Guarantee agreements not yet arranged	37,197,797		-14,458,355		22,739,442
Guarantee of property loans to retail customers	**450,634,523**	**72,196,953**	**-43,924,586**	**-26,464,589**	**452,446,296**
Financial guarantees	**58**	**50**		**-58**	**50**
GUARANTEE COMMITMENTS AT THE REQUEST OF CUSTOMERS	**450,634,581**	**72,197,003**	**-43,924,586**	**-26,464,647**	**452,446,346**

Note A 12.2 - Breakdown by residual term

Guarantees at the request of customers	< 3 months	3 months to 1 year	1 to 5 years	> 5 years	TOTAL
Guarantees on property loans - Guarantee agreements arranged	375,354	1,648,180	18,357,683	409,282,619	429,663,836
Guarantee agreements not yet arranged		22,739,442			22,739,442
Estimated unpaid instalments on property loans before call-in of guarantee	43,018				43,018
Financial guarantees	50				50
TOTAL	**418,422**	**24,387,622**	**18,357,683**	**409,282,619**	**452,446,346**

Note A 12.3 - Credit risk: breakdown by exposure category

Guarantees at the request of customers	Sound loans	o/w restructured loans	Doubtful loans	o/w non-performing loans	Total outstandings
Guarantees outstandings	429,114,411	352,604	549,425	164,919	429,663,836
Estimated unpaid installments before call on guarantee	43,018				43,018
Guarantee agreements not yet arranged	22,739,442				22,739,442
Financial guarantees	50				50
TOTAL	**451,896,921**	**352,604**	**549,425**	**164,919**	**452,446,346**

Note A 13 - Forward financial instruments

Interest rate instruments - over-the-counter	Notional value	Margin call paid / received	Market value (coupon included)	Market value (coupon excluded)
Covered by the FBF master agreement	6,826,500	-708,230	-574,333	-577,418
Outside agreement scope	50,000		1,565	519
TOTAL	**6,876,500**	**-708,230**	**-572,768**	**-576,899**

Interest rate instruments - by remaining term	< 3 months	3 months to 1 year	1 to 5 years	> 5 years	TOTAL
Firm micro-hedging transactions		150,000	974,500	697,000	1,821,500
Firm macro-hedging transactions (fixed rate for buyer)		390,000	1,910,000	2,755,000	5,055,000
TOTAL		**540,000**	**2,884,500**	**3,452,000**	**6,876,500**

Notes B : Information on the income statement

In thousands of euros

Note B 1 - Interest income and equivalent - interest expense and equivalent

	31/12/2022	31/12/2021
Interest on demand deposit accounts	1,170	26
Interest on term deposit accounts (counterparty for subordinated loans)	2,578	23
Interest on term loans and advances	18,583	19,213
Income on forward financial instruments	75,069	61,875
Transactions with credit institutions	**97,400**	**81,137**
Loans to Crédit Logement staff	3	2
Interest on doubtful loans (late payment interest on guaranteed debt)	6,186	6,423
Transactions with customers	**6,189**	**6,425**
Interest on securities received under repurchase agreements	3,747	3,271
Interest income on debt securities held to maturity	47,852	33,590
Miscellaneous income on securities transactions	954	1,350
Interest on bonds and fixed-income securities	**52,553**	**38,211**
TOTAL INTEREST INCOME AND EQUIVALENT	**156,142**	**125,773**
Interest on demand deposit accounts	-86	-130
Interest on Repo	-755	-544
Interest or balancing payment on term loans	-9,228	-553
Interest on term account	-6,138	-6,377
Interest on subordinated loans	-10,817	-8,788
Interest on subordinated securities	-12,155	-11,268
Expenses on debt securities held to maturity	-7,136	-7,291
Expenses on forward financial instruments	-51,637	-32,613
TOTAL INTEREST EXPENSE AND EQUIVALENT	**-97,952**	**-67,564**

Note B 2 - Proceeds from variable-income securities

	31/12/2022	31/12/2021
Interest on partner current account with SNC Foncière Sébastopol	37	21
TOTAL PROCEEDS FROM VARIABLE INCOME SECURITIES	**37**	**21**

Note B 3 - Commissions (income and expense)

	31/12/2022	31/12/2021
Guarantee commissions relating to off-balance-sheet commitments given on guaranteed property loans	154,941	163,097
TOTAL COMMISSION (INCOME)	**154,941**	**163,097**
Bank commission and fees	-753	-719
Commission and fees on the issue of subordinated securities	-2	-2,025
TOTAL COMMISSION (EXPENSE)	**-755**	**-2,744**

Note B 4 - Gain or loss on trading portfolio ans equivalent

	31/12/2022	31/12/2021
Loss on foreign exchange transactions	-2	-3
Gain on foreign exchange transactions	1	1
TOTAL GAIN OR LOSS ON TRADING PORTFOLIO	**-1**	**-2**

Note B 5 - Gain or loss on investment portfolio and equivalent

	31/12/2022	31/12/2021
Capital loss on the disposal of securities held for investment	-910	-627
Charges to and reversals of provisions on securities held for investment	-250	244
TOTAL GAIN OR LOSS ON INVESTMENT PORTFOLIO	**-1,160**	**-383**

Note B 6 - Other income and expense from banking operations

	31/12/2022	31/12/2021
Income from debt collection on behalf of third parties (management and recovery fees)	3,453	3,417
Ancillary income (Crédit Logement Assurance / SNC Foncière Sébastopol)	21	21
Other ancillary income	313	261
Miscellaneous income	1,410	597
TOTAL OTHER OPERATING INCOME	**5,197**	**4,296**
Loss on SNC Foncière Sébastopol	-235	-32
Miscellaneous expenses	-170	-229
TOTAL OTHER OPERATING EXPENSE	**-405**	**-261**

Note B 7 - General operating expenses

	31/12/2022	31/12/2021
Salaries and wages	-20,469	-19,612
Social security charges	-8,889	-8,739
Salary-based taxes	-3,669	-3,383
Expenses related to retirement benefits	-1,892	-2,584
Discretionary employee profit-sharing		-68
Statutory employee profit-sharing	-3,224	-2,800
Provisions for litigation	563	80
Personnel costs	**-37,580**	**-37,106**
Taxes	**-4,150**	**-4,039**
Rentals	-1,391	-1,462
Transport and travel	-148	-66
Other external services	-7,730	-8,906
Provisions for risks and expenses	-161	-7
External services	**-9,430**	**-10,441**
Other administrative expenses	**-13,580**	**-14,480**
TOTAL GENERAL OPERATING EXPENSES	**-51,160**	**-51,586**

Note B 8 - Charges to depreciation and amortisation and fixed asset impairment

	31/12/2022	31/12/2021
Software and licenses	-3,863	-3,818
Intangible fixed assets	**-3,863**	**-3,818**
Structural components	-49	-49
Roof/facade	-10	-85
Office equipment	-3	-24
Club Affaires machinery and equipment	-4	-4
Office furniture	-73	-72
Club Affaires furniture		
Computer hardware	-348	-341
Fixtures and fittings - non building	-132	-204
Fixtures and fittings - building	-237	-245
Technical equipment	-370	-371
Tangible fixed assets	**-1,226**	**-1,395**
TOTAL	**-5,089**	**-5,213**

Note B 9 - Gain or loss on fixed assets

	31/12/2022	31/12/2021
Capital losses on the disposal of fixed assets	-55	-10
Capital gains on disposal of fixed assets		2
Capital losses on disposals of equity interests		
Provisions for impairment of participating interests		
TOTAL	**-55**	**-8**

Note B 10 - Corporate income tax

	31/12/2022	31/12/2021
On ordinary income	-41,981	-47,923
Additional tax assessment		-35
TOTAL *	**-41,981**	**-47,958**
*of which corporate income tax instalments already paid.	-43,705	-43,735

Note B 11 - Allocations and reversals on regulated provisions (FRBG and other)

	31/12/2022	31/12/2021
Release of provisions for risks relating to medium and long-term transactions	2,653	2,653
TOTAL	**2,653**	**2,653**

Notes C : Other information

In thousands of euros

Note C 1 - Total remuneration amount allocated for the year

	Remunerations	Advances and loans	Off-balance sheet commitments
To members of all governance bodies *	56		5,014
To all managers	1,223	6	709
• fixed component	856		
• variable component	225		
• benefits in kind and add-back of death, disability and related benefits	83		
• Retirement indemnities and paid leave	59		
To all “regulated” staff members	1,556		

* no benefit or remuneration was paid by subsidiaries during the year.

Note C 2 - Total statutory auditors' fees for the year

	Fees
Statutory audit	197
Ancillary services	15

Note C 3 - Average workforce by accupational category

	31/12/2022	31/12/2021
Management *	1	2
Senior members of staff	249	250
Technicians **	74	
Supervisors		59
Employees		22
TOTAL	**324**	**333**

* Excluding company officers.

** New classification of the national collective agreement of the Financial Companies put in place on 01/01/2022 and which includes employees and supervisors.

Note C 4 - Other outsources employee-related commitments

The commitments corresponding to services rendered in respect of the various employee benefit schemes are covered by collective funds administered by external entities.

Supplementary pension schemes for senior members of staff		Benefits in respect of voluntary or compulsory retirement	
Value of the collective fund administered externally	7,479	Value of the collective fund administered externally	2,265
Amount corresponding to actuarial commitments	6,011	Amount corresponding to actuarial commitments	1,798
Collective defined-benefit supplementary pension insurance scheme (Art. 39 of French tax code - CGI). Beneficiaries: certain senior members of staff, subject to certain coefficient and seniority-based retirement conditions. 2% accrued annually up to a maximum of 20% of the salary paid in the retirement year. Bonuses paid by the company are subject to the 24% or 29.7% flat-rate social security contribution (forfait social). The actuarial liabilities amount is covered by the external fund and a provision raised by Crédit Logement for an amount of 327 thousands euros. Projected annual pension to be paid to corporate officers as of 12/31/2022 according to article D 225-104-1 or the Frend Code de Commerce 128.		Collective post-employment benefit scheme Beneficiaries: all employees of the company	

Rules and methods

These amounts are updated, by type of contract, according to the “unit cost per year of service” method by an independent actuarial firm based on aggregate or individual information.
Total commitments are calculated over the entire projected careers of the participants.
Actuarial liabilities correspond to commitments updated on the reporting date for each policy.
Post-employment benefits will be paid according to employee seniority under the rules of common law.

Note C 5 - Special purpose entities

The company did not hold any interest in a special-purpose entity as at the reporting date.

Note C 6 - Proposed appropriation of earnings

Profit for the year	120,412
Retained earnings from the previous year	153
EARNINGS TO BE ALLOCATED	**120,565**

Breakdown of allocated earnings

Legal reserve	6,021
General reserve	
Dividends - shares	114,466
Retained earnings	78
TOTAL	**120,565**

Financial results

In thousand euros

Nature of the indications	2018	2019	2020	2021	2022
I -Financial position at year-end					
Share capital	1,259,850	1,259,850	1,259,850	1,259,850	**1,259,850**
Number of shares issued	17,997,861	17,997,861	17,997,861	17,997,861	**17,997,861**
II - Total earnings for effective operations					
Revenues (net of tax)	266,189	276,668	270,705	292,902	**316,317**
Earnings before tax, depreciation and provisions	155,720	157,121	150,793	170,037	**164,678**
Corporate income tax	48,375	53,612	46,649	47,958	**41,981**
Earnings after tax, depreciation and provisions	102,486	103,369	99,150	120,121	**120,412**
Profit distributed *	246,571		129,045 *	177,999	**114,466**
III - Earnings per share for operations (in euros)					
Earnings after tax but before depreciation and provisions	5.96	5.75	5.79	6.78	**6.82**
Earnings after tax, depreciation and provisions	5.69	5.74	5.51	6.67	**6.69**
Dividend per share *	13.70		7.17	9.89	**6.36**
IV - Workforce					
Average headcount **	328	332	330	333	**324**
Payroll	17,447	18,510	18,387	19,612	**20,469**
Staff benefits	10,587	12,073	10,861	11,323	**10,781**

* Without managing director

** Including distribution in December 2021 of part of the retained earning as at 31 december 2020

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