Annual Report

2023

CREDIT LOGEMENT
GARANTIR VOTRE SÉRÉNITÉ

First of all,
A commitment for a greener planet

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

This document features interactive navigation on the table of contents.

Contents

01. Introduction

02. Report

03. Financial elements

Introduction

01

2023: crisis year for the real estate market

In keeping with the second half of 2022, the real estate market continued to decline throughout the year, with production falling to levels not seen for a very long time.

The slowdown in the economy, inflation and international conflicts fuelled steady hikes in the ECB's lending rates and, in their wake, a rapid rise in home loan lending rates, driven by the introduction of a monthly calculation for the usury rate on February 1st 2023.

The increase in interest rates, but also in the down-payment ratios required by the HCSF (French high council for financial stability), coupled with insufficient price adjustment, ultimately weighed on demand and led to a fall in activity, both in terms of the number of transactions and their amount.

For Crédit Logement, this translated into €46.3 billion in guarantees arranged in 2023, representing a decrease of 48% compared with 2022.
These market trends led to a decrease, for the first time, in outstanding loans under guarantee, from €429 billion at the end of 2022 to €421 billion at the end of 2023.

The Crédit Logement teams adapted to this context and worked hard, particularly in areas relating to climate issues and the changes they entail.
This enabled us to launch some major projects in collaboration with our banking partners:

- → Definition of a "Green" offer to support and encourage the transformation of French real estate;
- → An enhanced CL.Estim property appraisal solution, incorporating energy performance ratings, together with an initial climate risk approach;
- → A guarantee solution specifically for energy efficiency retrofitting work in co-owned apartment buildings;
- → The roll-out and monitoring of actions undertaken to manage ESG issues;
- → And continuous improvements to our internal tools.

All these projects, and many others, will be completed in 2024.

What can we expect from 2024?

2023 ended at a particularly low point. 2024 looks set to be a better year. The ECB's rates have stabilised for several months now and news of a cut between now and the summer will support the market.
Banks have already revised their lending rates in a bid to revive demand, but the recovery will be gradual.

Crédit Logement will be there to support it!

Board of Directors

December 31st 2023

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 Customer Orientation and Commercial Performance

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
Eric 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, BNP Paribas

Martine Lassègues
Deputy Head of Sustainability 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

MAZARS
Represented by
Virginie Chauvin

Share capital

December 31st 2023

SHAREHOLDERS	NUMER OF SHARES	TOTAL AMOUNT	%
Société Générale	2,970,599	207,941,930	16.5053 %
BNP Paribas	2,969,699	207,878,930	16.5003 %
LCL - Le Crédit Lyonnais	2,969,594	207,871,580	16.4997 %
Crédit Agricole	2,879,547	201,568,290	15.9994 %
Crédit Mutuel / CIC	1,799,788	125,985,160	10.0000 %
Groupe BPCE	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**	

Management Committee

December 31st 2023

Jean-Marc Vilon
Chief Executive Officer

Antoine Frachot
Deputy Chief Executive Officer

Fabien Neufinck
Deputy Chief Executive Officer
Head of Production

Etienne Auvrai
Head of Risk and Guarantee Models

Blaise Beutier
Head of Compliance and Risk Management

Sandrine Hichard-Robin (1)
Eric Ehrler (2)
Head of Human Resources

Franck Fradet
Head of Debt Collection

Philippe Lainé
Head of Development and Communication

Michel Lavernhe
Chief Information Officer

Claire de Montesquiou
Head of Internal Audit

Valérie Perrier
Chief Financial Officer
Director of Corporate Social Responsability (CSR)

Jean-François Roussel
Head of Organisation

Caroline Allorant
Deputy Head of Development and Communication

Zenabou Join
Deputy Head of Debt Collection

(1) Appointed on November 1st 2023
(2) Exercised his right to retire on December 31st 2023

Key figures

December 31st 2023

GROSS ANNUAL PRODUCTION

€ 46.3 *billions*

240,851 *loans*

204,271 *transactions*

REGULATORY CAPITAL

€ 9

billions

OUTSTANDINGS GUARANTEE

€ 421 *billions*

3,394,594 *loans*

MUTUAL GUARANTEE FUND

€ 7

billions

LONG-TERM RATING

Moody's	DBRS
AA3 Stable	**AA Low Stable**

WORKFORCE

323 *employees*

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.
In the event of personal difficulties or unforeseen events that prevent a borrower from honouring the repayment schedule, Crédit Logement will help the borrower find an amicable and suitable arrangement to rectify the situation.

Crédit Logement seeks to reconcile two objectives:

- → Keeping commitments secure;
- → 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 reassure 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.

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 deFinancement’ (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. 501 property loan specialists completed training in the Mortgage Credit Directive (MCD) thanks to Crédit Logement's expertise.
The training provided by Crédit Logement is QUALIOPI-certified.

CL.Data

CL.Data provides access to national or regional interest rate data for the property market and information on how these rates are evolving. It is your best ally to analyse, compare and explore home loan rates.

CL.Estim

This is our property appraisal solution. CL.Estim provides appraisal values for property portfolios and individual properties and integrates diagnosis of energy performance to take energy efficiency retrofitting into consideration. 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).

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.

Management report

02

Financing residential *property in France**

Following on from 2022, which marked a break in the dynamic growth momentum of the real estate market, 2023 started in a lacklustre environment with no prospect of an improvement in the short term. Inflation remained high and the ECB steadfastly stuck to its plan to curb it by raising its key rates, triggering a sharp increase in interest rates on home loans.

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

The first few months of the year pointed to a market already considerably weakened by the steady pace of home loan rate increases imposed on banks since June 2022. The upward trend in interest rates accelerated very quickly with the introduction in France of the monthly calculation of the usury rate effective February 1st 2023:

- → **This resulted in a very sharp rise in the average nominal rate during the first few months of the year, from 2.59% in January to 3.04% in March and then 3.45% in June, with a monthly increase of around 18 basis points;**

- → **Having already reached a particularly high level in 2022, the average loan term continued to rise to 245 months in the first quarter of 2023, before eventually stabilising at 248 months by the end of the year.**

Such developments in lending conditions prevented the market from picking up; borrowers' purchasing power was eroded and this was accompanied by a decline in household confidence to levels not far off those observed during the 2008 economic crisis, according to an indicator published by the French national statistics office (INSEE).

The real estate market hence moved from a supply issue to a demand issue.
Borrowers put their projects on hold and preferred to put their money into savings. Those who remained on the market adapted and lowered their ambitions, ultimately completing smaller transactions. The average transaction amount fell from €259k in 2022 to €227k in 2023.

The last months of the year saw the beginnings of stabilisation in lending conditions, linked to the stabilisation of the ECB's rates.

The average term remained at 248 months for almost the entire second half of the year. The share of production over long lending terms of between 20 and 25 years therefore increased to 65.7%, compared with 63.1% in 2022. However, this extension in the term of loans was no longer enough to offset the insufficient correction in housing prices. Under these conditions, new loan production was heavily impacted throughout the year. It ultimately ended the year down significantly by 41.7% compared with 2022.

After reaching 4.22% in November, the average lending rate stood at 4.24% in December 2023. It had been 2.34% a year earlier, equating to a 190bp increase.

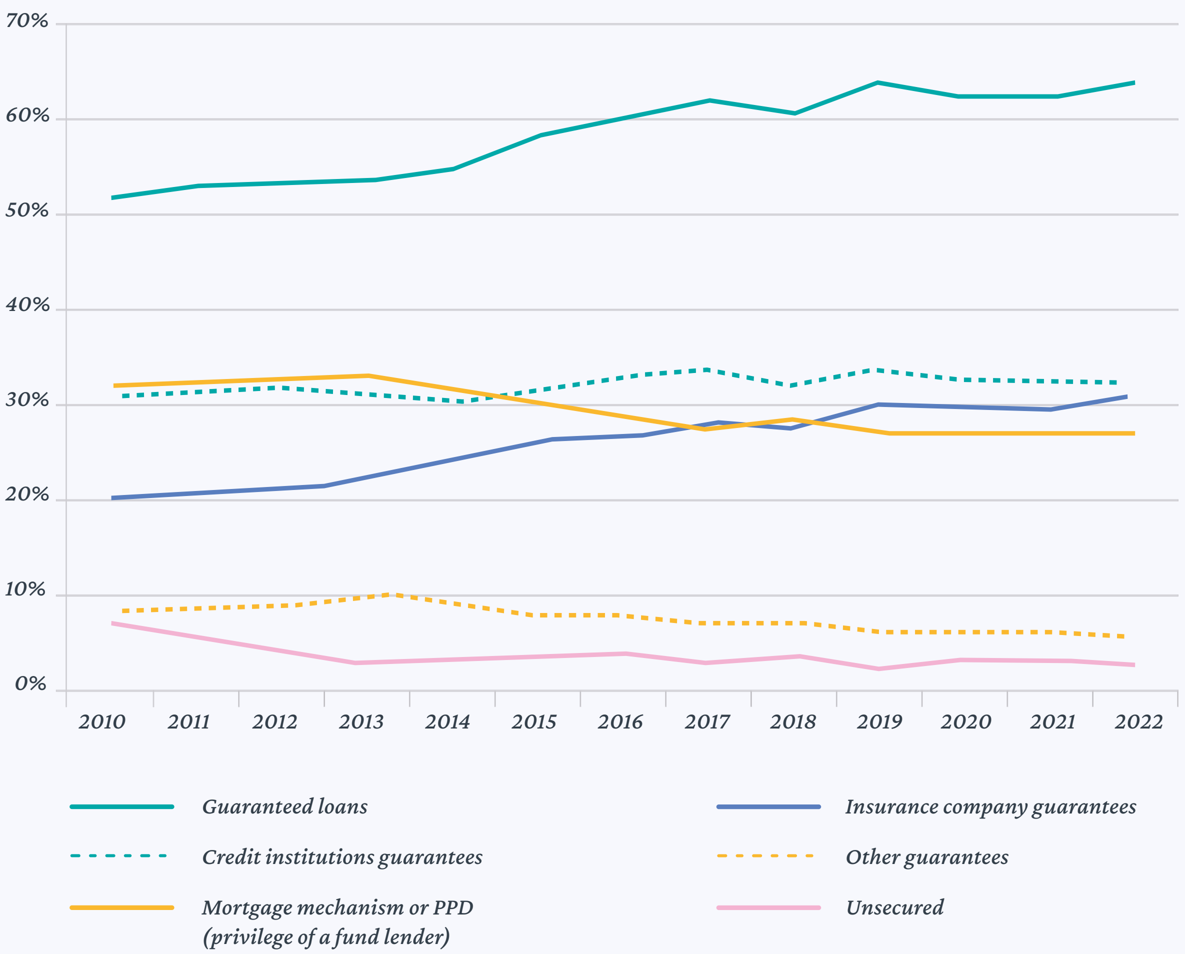
Residential loan guarantees

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 financial guarantees remain the most common form of guarantee arrangement, with a market share of 58.9% in 2022, compared with 36.9% for physical collateral.

This breakdown of guarantee arrangements naturally had a bearing on the structure of outstanding loans. Accordingly, in 2022, loans backed by a guarantee continued to account for the largest proportion of outstandings at 63.8%, representing an increase of 1.3 points on 2021, compared with 27.0% for physical collateral (source: ACPR (French prudential supervision and resolution authority) - 2022 annual survey on financing of home purchases).

NATURE OF THE GUARANTEES PROVIDED



Source: ACPR, annual survey on financing of home purchases

***Commitments* during the year**

Crédit Logement recorded a year-on-year decrease of 48.7% in its production levels, with 204,271 property transactions guaranteed for €46.3 billion.

This coincided with a decrease of nearly 95% in the loan refinancing amount by comparison with 2022, to barely 0.5% of the total amount of guarantees.

The average transaction amount guaranteed decreased by €33,642 to €226,767.

Production of guarantees arranged during the year amounted to €35.4 billion, down 51.1% on 2022.

Accordingly, commissions on arranged guarantees came to €112.6 million, a decrease of 41.1%.

Payments into the mutual guarantee fund fell by 50.3%, with €355.3 million collected.

With a 3.3% rate of early repayments, the level of outstandings decreased by 2% compared with 2022 to €421 billion.

***Debt* collection**

Collection of guaranteed debts

The amount of exposure to the risk of loss managed through collection rose slightly to €1.5 billion in 2023 for a total of 14,776 loans managed, representing an increase of a little over 2% in amount.

Banks triggered the guarantee mechanism on 7,254 loans during the year and there were 7,473 exits from the stock of loans.

Of these exits, more than 55% related to loans that re-entered the usual loan management cycle.

Debts repaid in full accounted for approximately 28% of all exits.

€148.4 million in payments were received and allocated to the mutual guarantee fund, representing a decrease of a little over 16.4% compared with 2022.

Financial claims on behalf of banks amounted to €183 million for the same period.

Collection for third parties

The portfolio of collection for third parties fell to €200.6 million at December 31st 2023 relating to 1,947 receivables.

€31 million were collected during the year and 245 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 314 auction support applications over the year.

Cash and balance sheet management

Cash management in 2023 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 which continued in 2023 led to liquidity investment opportunities across all maturities and continued management of interest rate risk linked to the rise in short-term interest rates and index coverage.

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 December 31st 2023, 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 December 30th 2021, for an amount of €250 million.

Given the high inflation and interest rate levels, Crédit Logement's strategy has been to prioritise liquidity investments across all maturities 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 decreased to €3.7 billion as at December 31st 2023 compared with €4.7 billion at December 31st 2022 and outstanding balances on sovereign/quasi-sovereign debt increased to €2.2 billion compared with €1.4 billion at December 31st 2022. The credit profile of the portfolio remained very good in 2023 with an average rating of AA- and continued application of the investment strategy in place for several years. The portfolio's exposure at default by sector stood at 77% to the banking sector and 21% to the sovereign/quasi-sovereign sector, with the remaining 2% invested in UCITS with an SRRI of 2 or less. The portfolio's exposure at default was 90.4% to France and 9.6% to the Eurozone.

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 €7.41 billion at December 31st 2023 (€7.64 billion at December 31st 2022), down as a result of the small number of repayments and the fall in the property market. 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) fell to €2.49 billion from €2.63 billion at December 31st 2022. Medium-term investments (between 1 and 5 years) rose as a result of interest rates remaining high in 2023, which lead to medium-term opportunities, and amounted to €2.57 billion, compared with €2.42 billion at the end of 2022. The remainder of available cash, i.e. €2.35 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 mainly took the form of term deposits for 38.5% of the portfolio and high investment grade securities for 44.5% of the portfolio, 73.5% of which were ECB-eligible. Securities exchange transactions continued in 2023, 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 based in Europe, while daily margin calls have continued for almost all other swaps. Macro-hedging swaps were entered into throughout 2023 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 on these indices.

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, 83% of funds held carry the 'ISR' sustainable investment label, up from 67% in 2022, and 83% of funds comply with Article 8 of the SFDR (stable in relation to 2022). Since January 1st 2022, the funds selected must be classified as Article 8 or Article 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 2023, 85% 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 [...]"*), compared with 70% in 2022, representing 83% of cash outstandings.

Management of additional capital

No capital transactions were carried out in 2023.

Ongoing transactions as at December 31st 2023 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 April 24th 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 November 24th 2022 to authorise Crédit Logement to use its new internal rating model from December 31st 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. 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.

To calculate the exposure at default (EAD), 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 an annual 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 by 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 December 31st 2023, this internal rating system was applicable to an EAD of €445 billion, breaking down into €430 billion in guarantees arranged and €14 billion in guarantees not yet arranged.

As at that same date, the default rate at one year on the guarantee portfolio was 0.15%, marking a 2bp increase compared with the end of 2022.

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 17.64% of the EAD on transfer to default status, representing an increase of 107bp compared with the end of 2022.

In accordance with the applicable provisions, a downturn margin is applied together with a MoC in order to obtain a "downturn" LGD.

Given these parameters, the risk-weighted assets (RWA) of the portfolio stood at €55.2 billion, corresponding to a weighting of 12.40%, up by 73bp over the year.

As at December 31st 2023, 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 €5 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 (legacy assets since 2015) in the amount of €28.6 million, the credit risk for the guarantee portfolio derives exclusively from the French residential property financing market.

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 wide variety of partnerships we hold with retail banks in France ensures good risk spreading and contributes to the diversification of credit risk on the guarantee portfolio.

Operational risks

Due to its size, the fact that it has a single production site, its single-product business, the limited 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 most material risks are 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. 14 risk events were reported in 2023 (compared with 16 in 2022) 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 carried out at least once a year 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 considered, 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.

In 2023, the Crelog.com infrastructure, which enables exchanges between Crédit Logement and its banking partners, was switched to "active/active" mode. The data is continuously mirrored. If a room is lost, this extranet infrastructure is switched to another room without any interruption.

The Contingency and Business Continuity Plan is now the same for the internal information system and for the applications exposed to the Internet.

The capital requirement for operational risk stood at €29 million as at December 31st 2023.

Liquidity risk management

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 2023, 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 December 31st 2023, with a low of €1,721 million on the plot [1d, 3d] and a high of €4,204 million on the plot [6m, 9m].

The stabilisation of interest rates at high levels and the lower degree of volatility in interest rates compared to 2022 had an impact on Crédit Logement's available liquidity, enabling new investments to be made by freeing up liquidity while maintaining a sufficient liquidity buffer for estimated margin calls in the context of interest rate stress. This lower volatility offset the decreased generation of new liquidity that was due to the more subdued volume of guarantee business in 2023. Crédit Logement continued to pursue a prudent policy with a very low risk appetite by selecting investments designed to always provide a high level of immediately-available liquidity, regardless of market conditions.

The emergency response plan in place to handle a liquidity crisis was tested in 2023 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 December 31st 2019 and complies with all applicable limits relating to the EBA guidelines. The outlier test calculation at December 31st 2023 pointed to a maximum variation of -1.60% 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 0.07% under the -2% scenario as at December 31st 2022. With the early warning system, the maximum variation under the six interest rate shock scenarios was -2.08% when the maximum loss in the economic value of equity was compared to 15% of Tier 1 capital (-0.56% as at December 31st 2022), the two scenarios with the greatest impact being short-up at -2.08% and +2% with a variation of -2.06%. 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 December 31st 2023, the sensitivity of NPV over 10 years in the event of a 200bp drop in interest rates corresponded to 1.76% of the share capital after taking into account the macro-hedging swap portfolio.

Market risk, counterparty risk and other risks

At the end of 2023, 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 as understood by the applicable regulation.

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 SA-CCR approach.

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 adequacy *assessment 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 November 3rd 2014 on internal control.

Approach used to assess internal capital

The approach adopted by Crédit Logement combines a structured method via an approach involving 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 does not therefore use a 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 understood by the applicable regulation, 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 December 31st 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 July 19th 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. 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 November 3rd 2014, as revised under the internal control process, did not give rise to any additional capital charge with respect to internal capital.

Internal capital adequacy assessment

The internal capital adequacy assessment process confirmed that all risks were covered by available capital.

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.

In 2023, SNC Foncière Sébastopol carried out four new auctions and sold on five assets.
At the end of 2023, there were seven properties in stock representing a total net amount of €1,307k, including an impairment provision of €14k, compared with €883k as at December 31st 2022.

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

The income statement shows a loss of €97k, 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 for the financial year

Balance sheet

Total assets on the balance sheet amounted to €12.5 billion as of December 31st 2023, representing a decrease of €91 million compared with December 31st 2022.

This decrease mainly stemmed from a €77 million overall decrease relating to a group of items made up of receivables due from credit institutions, investments in bonds and equities, plus debit margin calls in connection with forward financial instruments included in accruals and with repurchase agreements in other assets, i.e. €10.89 billion at December 31st 2023, compared with €10.97 billion for the previous year, due to the sluggishness of the real estate market.
Within this group, the increase in receivables due from credit institutions (+€333 million) was mainly due to margin calls on forward financial instruments and repurchase agreements (-€250 million) in the context of a relative fall in interest rates at the end of the year.

The fall in the bonds item (-€246 million) was related to the composition of the portfolio of borrowed securities December 31st 2023 (-€100 million in bonds) and a matured non-renewed repurchase agreement (-€120 million). Conversely, the increase in the equities item (+€82 million) was due to the increase in securities borrowed in this category.

In addition to these changes in assets, non-performing loans fell by €30 million.

On the liabilities side, the matured non-renewed repurchase agreement (-€120 million) reduced amounts owed to the counterparty in other liabilities, a decrease that was not offset by the growth in the mutual guarantee fund (+€48 million).

Off-balance sheet commitments: outstandings

Crédit Logement's off-balance sheet outstandings, representing guarantees covering the repayment of loans distributed by other institutions, fell by €8.7 billion to €421 billion as at December 31st 2023, compared with €429.7 billion as at December 31st 2022.

Guarantee agreements not yet arranged fell sharply to €14.3 billion at the end of 2023 from €22.7 billion at the end of 2022.

Outstandings for which surety agreements had been arranged therefore decreased by €8.7 billion, i.e. by -2%, factoring in annual amortisation and early repayments in the amount of €43.3 billion. The average rate of early repayments in relation to outstandings was 3.3% in 2023, falling steadily over the year and down in relation to the previous year (6.3%).

Solvency ratio at the end of the year

Crédit Logement's Pillar 1 solvency ratio, calculated in accordance with the French order (arrêté) of December 23rd 2013, stood at 15.24% as at December 31st 2023, down slightly relative to December 31st 2022 (15.37%).
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 as at December 31st 2023, and amounted to €8.4 billion.

Change in regulatory capital

Prudential capital increased by €0.12 billion to €9 billion as at December 31st 2023. This growth was mainly due to the increase in the mutual guarantee fund (+€48 million) and a lower deduction of non-performing loans relating to guarantees put in place before January 1st 2014, which totalled €742 million at December 31st 2023, down €96 million.

	31/12/2023	31/12/2022	Evolution
Equity capital on the liability side of the balance sheet	1,579,933	1,593,306	-13,373
Fund for general banking risks	610	610	
Mutual guarantee fund	6,986,350	6,938,158	48,192
Income (losses) to be allocated	-103,746	-120,412	16,666
Deductions	-1,431,820	-1,540,821	109,001
Common Equity Tier 1 Capital	**7,031,327**	**6,870,841**	**160,486**
Subordinated Tier 1 securities			
Deductions			
Additional Tier 1 Equity Capital			
Tier 1 Capital	**7,031,327**	**6,870,841**	**160,486**
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	56,430	92,193	-35,763
Deductions	-6,121	-5,730	-391
Additional Tier 2 Equity Capital	**1,982,639**	**2,018,793**	**-36,154**
TOTAL REGULATORY CAPITAL (numerator)	**9,013,966**	**8,889,634**	**124,332**
Risk-weighted assets - advanced IRB model	55,202,897	53,975,752	
Risk-weighted assets - standardised method	3,065,072	2,978,498	
Other assets not corresponding to loan obligations	520,244	519,574	
Operational risks	359,316	354,485	
TOTAL RISK-WEIGHTED ASSETS (denominator)	**59,147,529**	**57,828,309**	**1,319,220**
Common Equity Tier 1 solvency ratio	**11.89%**	**11.88%**	
Tier 1 solvency ratio	**11.89%**	**11.88%**	
CRD4 Solvency ratio	**15.24%**	**15.37%**	
Pillar 2 capital requirements	8,419,008	8,594,137	

Common Equity
Tier 1 (CET1) capital

The total amount of CET1 capital was €7 billion at December 31st 2023, equating to an increase of €160 million compared with December 31st 2022, of which:

- Growth of €48 million in the mutual guarantee fund amounts held in Common Equity Tier 1, which stood at €6.99 billion at the end of 2023, compared with €6.94 billion in 2022;
- Reclassification to Tier 2 of the mutual guarantee fund amounts relating to transactions guaranteed before January 1st, 2014 net of non-performing loans for €55 million at December 31st 2023, compared with €91 billion in 2022, generating an increase in CET1 of €36 million included under Deductions;
- A €96 million decrease in non-performing loans deducted from the mutual guarantee fund amounts held in CET1;
- An increase of €13 million in expected losses deducted from capital to €625 million at December 31st2023.

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 decreased by €36 million to €1.98 billion due to the reclassification in Tier 2 of the mutual guarantee fund amounts prior to 2014 for €55 million, compared with €91 million in 2022.

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 euro)

	December 31st 2023						*December 31st 2022*					
	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	626				194	**820**	369				302	**671**
Accounts receivable	957	292			7	**1,256**	1,363				18	**1,381**

PAYABLES AND RECEIVABLES PAST DUE

(in thousands of euro)

December 31st 2023

	Article D. 441 I. 1°: Invoices received, unpaid and overdue at the end of the period						*Article D. 441 I. 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 and more)	Day 0 (guide)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Bands of late payment												
Number of invoices affected		8	3		3	**14**		5	5			**10**
Total amount (incl. VAT) of invoices affected		85	52		57	**194**		6	1			**7**
Percentage of total amount of purchases (incl. VAT) for the year		0.67%	0.41%		0.45%	**1.53%**						
Percentage of revenue (incl. VAT) for the year								0.00%	0.00%			**0.00%**
(B) Invoices excluded from (A) related 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

Payment terms used to calculate late payments	■ Contractual term: from "on receipt" until "60 days from invoice date" ☐ Statutory term	■ Contractual term: "30 days from invoice date" ☐ Statutory term

Income statement

Crédit Logement is not required to enclose a non-financial statement as it employs fewer than 500 employees. However, a Sustainability Report will be published before the end of the first half of 2024.

Net banking income came to €195.7 million, compared with €216 million a year earlier, representing a decrease 9.4%.

Of this, net financial income increased by 31.7% on the previous year, mainly due to the following:

- An increase in average capital to be invested under the effect of the decrease in margin calls in connection with the lower volatility of interest rates, which remained high;
- The low level of steepening, which helped to limit the cost of basis risk hedging instruments;
- A very high ESTER rate, which increased the income generated by the remuneration of margin calls on hedging swaps and repos;
- An increase in the volume of interest-bearing liquidity via demand deposits and term accounts;
- A systematic search for the best market opportunities during investment renewals and when making new investments.

With activity levels down in 2023, commission income fell by 25.2%, mainly due to the decrease in new arrangements made during the year and early repayments.

Other income from activities, net of expenses, increased by 8.1%, due in particular to collection fees related to the portfolio of non-performing loans.

Overheads and depreciation and amortisation charges edged up by 2.4% to €57.6 million, from €56.2 million in 2022.

This was due to the following:

- Personnel expenses rose by 1.4%, essentially due to changes in the workforce;
- Other administrative expenses rose by 4.3%, mainly as a result of the increase in taxes and duties;
- Depreciation and amortisation charges and impairment provisions increased by 4.7%.

As a result, gross operating income, before non-recurring income and expenses, corporate income tax and tax-driven provisions, amounted to €138.1 million, down by 13.6% on the previous financial year.

The corporate tax expense was €37 million, compared with €42 million in 2022.

Overall, net profit for the financial year came to €103.7 million, pointing to a return on equity of 7.03% in 2023.

Outlook and significant events since the end of the financial year

Forecasts for the economic environment in 2024 call for caution, even though the particularly tough conditions observed in 2023 should gradually give way to a more favourable environment for real estate.

We therefore expect to see a timid recovery from the end of the first quarter of 2024, under the impact of falling lending rates and the continued decline in property prices. While showing some resilience, the economic backdrop still leaves room for doubt, and this is never a good thing for the completion of investment projects.

For the near term, this lack of confidence going forward will continue to overshadow the more traditional factors supporting the property market: safe haven investment, persistent shortage of rental properties, demographics, etc.

In this specific context that is seeing a very gradual easing of constraints on demand, the production of loans backed by a guarantee in 2024 is expected to be 20% higher than in 2023.

Our assumptions for interest rates incorporate a rate cut from the second half of 2024 tied to the ECB's monetary policy, as currently anticipated by the markets.
In this scenario, interest rates are expected to stay relatively high in 2024.

PROPOSED APPROPRIATION OF EARNINGS

The net distributable profit of €103,824,503.11 breaks down as follows:

Net profit for the financial year	**€ 103,746,255.91**
Plus retained earnings	**€ 78,247.20**

The following appropriation is proposed:

legal reserve:	**€ 5,187,312.80**
dividends allocated to shares:	**€ 98,628,278.28**
retained earnings:	**€ 8,912.03**

This gives rise to a dividend per share of €5.48 for 17,997,861 shares of €70 each.

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

2022 :	**€ 6.36**
2021 :	**€ 9.89**
2020 :	**€ 7.17**

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 renew the term of office of Nicolas Draux as a member of the Board of Directors for a period of six years.

Board of director's 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 July 19th 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 May 3rd 2024.

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 2023.

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%.

A new agreement meeting these criteria was entered into in 2023:

With BNP PARIBAS REAL ESTATE: contract to provide assistance and advice in respect of the development of Crédit Logement's premises, for an amount of €115,000 before VAT.

Financial elements

03

Balance sheet
Assets

December 31st 2023

(in thousand euros)

	31/12/2023	31/12/2022	Notes
Cash, central banks, CCP	**2**	**2**	
Deposits on credit institutions	**4,427,114**	**4,094,145**	**A1**
On sight	414,978	265,940	
Term	4,012,136	3,828,205	
Customer transactions	**999,018**	**1,029,207**	**A3**
Other customer loans	554	517	
Doubtful loans	998,464	1,028,690	
Bonds and other fixed-income securities	**5,249,573**	**5,495,447**	**A4-1**
Shares and other variable-income securities	**628,787**	**546,611**	**A4-1**
Interests in affiliated companies	**999**	**1,317**	**A4-2**
Intangible fixed assets	**13,288**	**11,743**	**A5**
Tangible fixed assets	**11,333**	**11,731**	**A5**
Other assets	**92,524**	**122,214**	**A6**
Accruals	**1,039,749**	**1,241,080**	**A6**
TOTAL ASSETS	**12,462,387**	**12,553,497**	

Off-balance sheets

	31/12/2023	31/12/2022	Notes
Commitments			
Guarantee outstandings	420,950,409	429,706,854	A12-1
Guarantee commitments not yet implemented	14,331,970	22,739,442	A12-1
Other guarantee given	42	50	
COMMITMENTS GIVEN	**435,282,421**	**452,446,346**	

Balance sheet
Liabilities

December 31st 2023

(in thousand euros)

	31/12/2023	31/12/2022	Notes
Amounts due to credit institution	**572**	**1,919**	**A7**
Term	572	1,919	
Amounts due to customer	**27,624**	**37,041**	**A7**
Other liabilities	**926,934**	**1,069,254**	**A8**
Accruals	**989,759**	**967,369**	**A8**
Depreciations for risk and expenses	**295**	**290**	**A8**
Subordinated debt	**8,936,660**	**8,883,708**	
Mutual guarantee deposits	6,987,492	6,939,445	A9-1
Subordinated borrowings	932,330	932,330	A9-2
Accrual on borrowings	11,472	5,203	A9-2
Surbordinated securities	1,000,000	1,000,000	A9-2
Accruals on subordinated securities	5,366	6,730	A9-2
Funds for general banking risks	**610**	**610**	**A9-3**
Shareholders' equity	**1,579,933**	**1,593,306**	
Capital	1,259,850	1,259,850	A9-4
Reserves	171,164	165,144	A9-4
Regulatory provisions	45,095	47,747	A9-3
retained earnings	78	153	
Earnings for the year	103,746	120,412	
TOTAL LIABILITIES	**12,462,387**	**12,553,497**	

Off-balance sheets

Commitments

	31/12/2023	31/12/2022	Notes
Guarantee commitments received from credit institutions	1,258,963	1,522,957	A11
On securities to be received	310,000	260,000	A11
COMMITMENTS RECEIVED	**1,568,963**	**1,782,957**	

Profit and loss

(in thousand euros)

December 31 2023

	31/12/2023	31/12/2022	Notes
Interest income	332,399	156,142	B1
Interest expenses	-261,123	-97,952	
Income from variable-income security	66	37	B2
Commissions (income)	116,159	154,941	B3
Commissions (expenses)	-761	-755	
Gain or loss on exchange	-9	-1	B4
Gains or losses on operations of investment portfolios and similar	3,832	-1,160	B5
Other banking operating income	5,458	5,197	B6
Other banking operating expenses	-280	-405	
Net banking income	**195,741**	**216,044**	
General operating expense	-52,295	-51,160	B7
Allowances for depreciation and amortisation on tangible and intangible fixed assets including equity securities	-5,327	-5,089	B8
General operating expenses and allowances for depreciations and provisions	**-57,622**	**-56,249**	
Gross operating income	**138,119**	**159,795**	
Operating income	**138,119**	**159,795**	
Cost of credit risk	-1	-55	B9
Operating income	**138,118**	**159,740**	
Non-recurring income/loss			
Corporate income tax	-37,025	-41,981	B10
Allowances/write back for provisions	2,653	2,653	B11
NET INCOME FOR THE YEAR	**103,746**	**120,412**	

Statutory Auditor's report *on the annual financial statements*

Year ended December 31st 2023

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 shareholders at the general meeting, we have audited the annual financial statements of Crédit Logement for the year ended December 31st 2023, 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 January 1st 2023 to the date of issuance of our report.

Justification of our assessments

Pursuant to the provisions of Articles L.821-53 and R.821-180 of the French commercial code relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement which, in our professional judgement, were of the most significance for the audit of the annual financial statements, and our responses to these risks.

- **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 presented to the attendees at the general meeting.

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, such 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.

Responsibility 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.821-55 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 of one 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. Should the statutory auditor deem that a significant 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.821-63 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.821-27 to L.821-34 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-La Défense and Paris, April 18th 2024

The Statutory Auditors:

CTF
Christophe Legué
Partner

Mazars
Virginie Chauvin
Partner

Notes to the *Financial statements*

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

Forecasts for the economic environment in 2024 call for caution, even though the particularly tough conditions observed in 2023 should gradually give way to a more favourable environment for real estate. We therefore expect to see a timid recovery from the end of the first quarter of 2024, under the impact of falling lending rates and the continued decline in property prices.

While showing some resilience, the economic backdrop still leaves room for doubt, and this is never a good thing for the completion of investment projects.
For the near term, this lack of confidence going forward will continue to overshadow the more traditional factors supporting the property market: safe haven investment, persistent shortage of rental properties, demographics, etc.

In this specific context that is seeing a very gradual easing of constraints on demand, the production of loans backed by a guarantee in 2024 is expected to be 20% higher than in 2023.

Our assumptions for interest rates incorporate a rate cut from the second half of 2024 tied to the ECB's monetary policy, as currently anticipated by the markets.
In this scenario, interest rates are expected to stay relatively high in 2024.

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 November 26th 2014 on the financial statements of companies in the banking sector, enacted by the decree of December 26th 2014 published in the French Official Journal (Journal Officiel) on December 31st 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 aforementioned regulation 2014-07 of November 26, 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 2023.

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 aforementioned regulation 2014-07 of November 26th 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 November 26th 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.

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

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 November 26th 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.

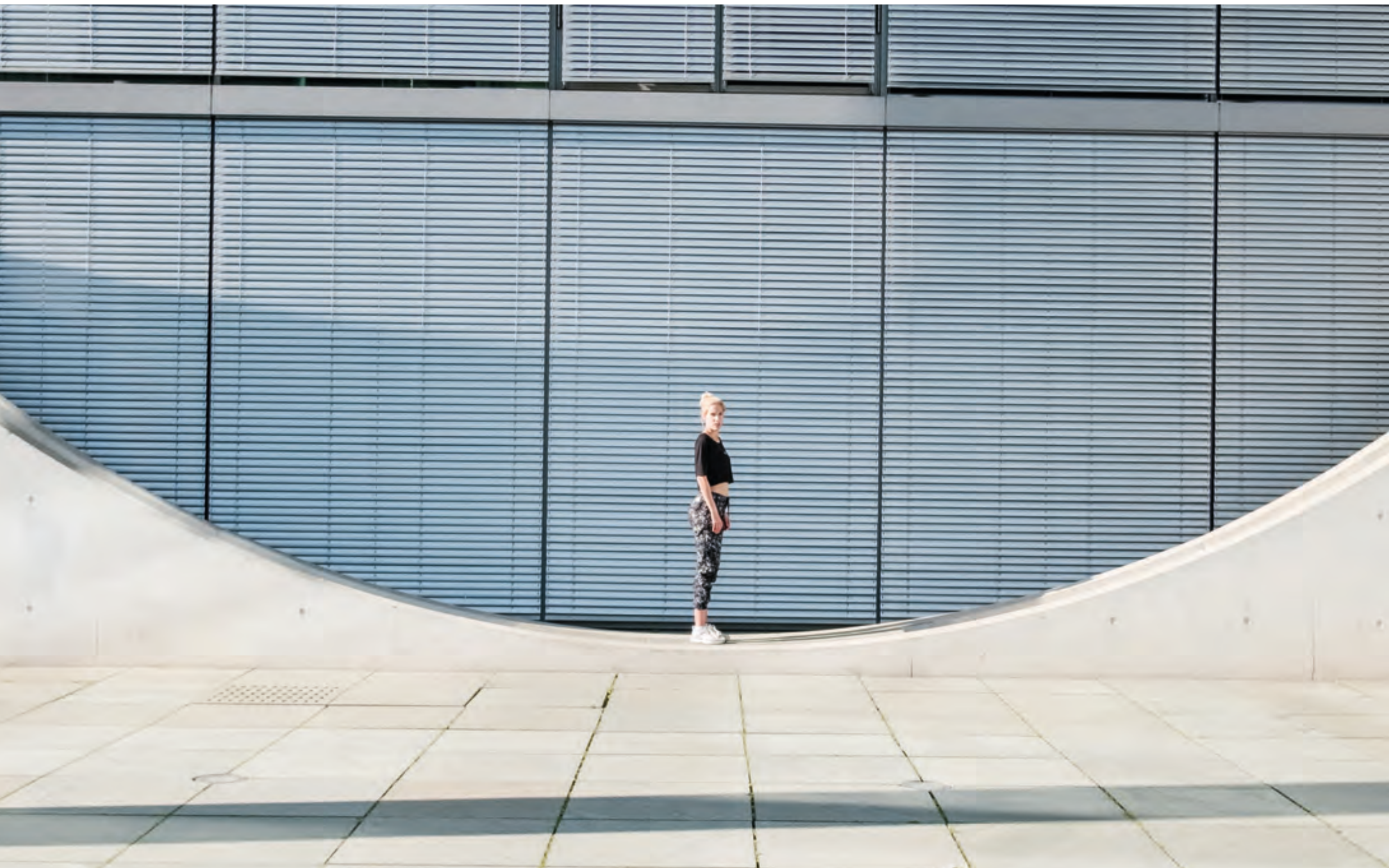
At each year-end, the cost price of securities bearing interest is increased or decreased as relevant in order to factor in interest from the difference between the nominal rate for the security applied to the redemption value and the negotiated rate applied to the acquisition price. For the other securities, 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 November 26th 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 restric-



tion, 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 November 26th 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 January 1st 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 January 1st 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 01 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.

This item is also used to recognise 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 November 26th 2014 on the financial statements of companies in the banking sector, approved by the aforementioned order of December 26th 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 January 1st 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 August 1st 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 bonds were issued with a par value of €100,000 on November 28th 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 December 23th 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 March 28th at a fixed rate of 1.35% until November 28th 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 November 15th 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 December 23rd 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 February 15th 2034, with a call that can be exercised at the earliest and at any time between 7 years, on November 15th 2028, and 7 and a half years, on February 15th 2029, at a resettable fixed rate.

They are traded on Luxembourg's EURO MTF market. Interest is calculated annually in arrears on February 15th, at a fixed rate of 1.081% until February 15th 2028, and up to February 15th 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 June 30th 2019 and December 30th 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 December 30th 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.

Fund 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 May 9th 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 January 1st 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 November 26th 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 January 1st 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 November 26th 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 instruments

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 November 26th 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 April 7th 2022. Accordingly, an amount of €8,000 was paid in respect of the 2023 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 January 1st 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 April 7th 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

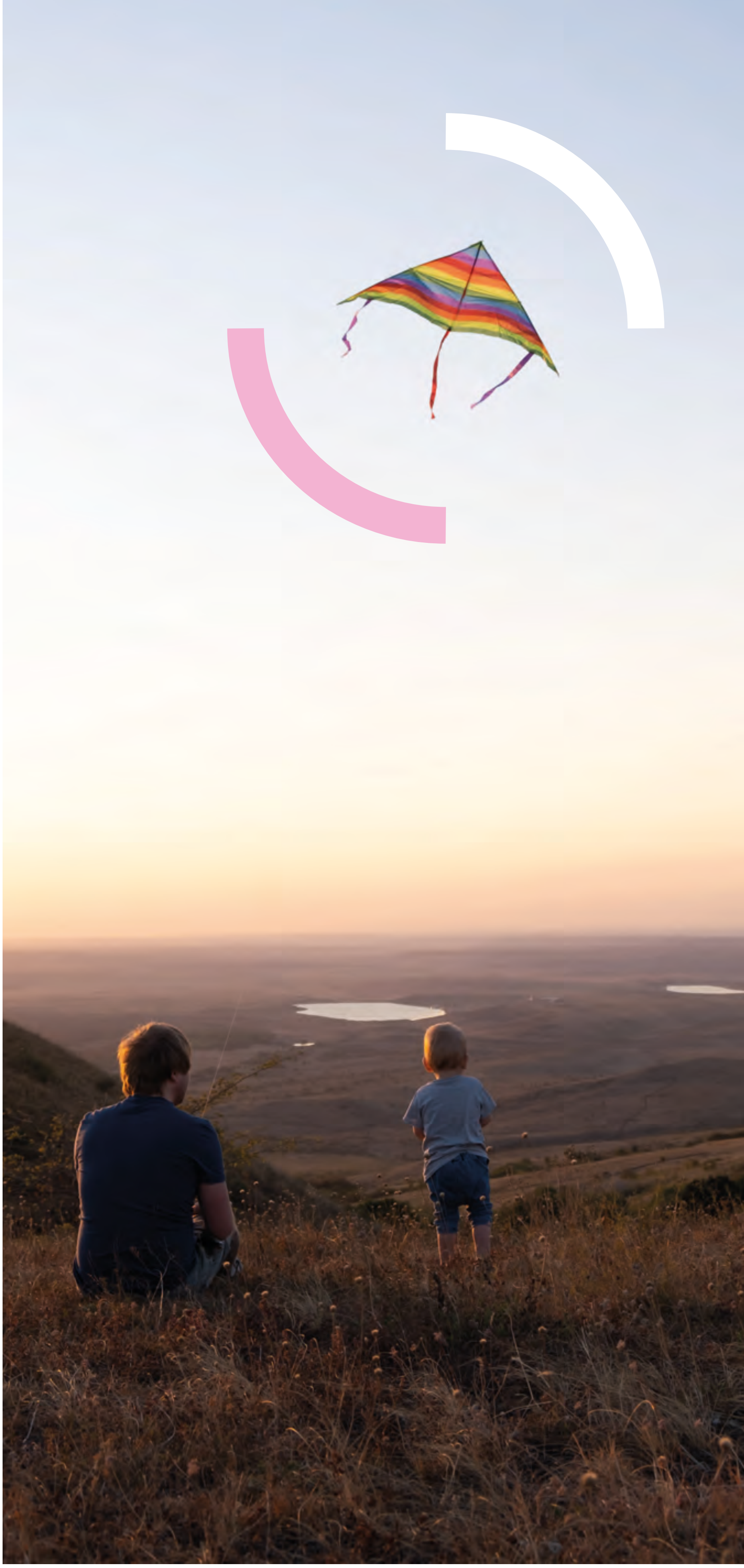
Commitments relating to post-employment benefits and the supplementary pension scheme for senior members of staff (collective defined-benefit supplementary pension insurance policy covering all senior members of staff under certain conditions) are covered by collective funds managed by an insurance company.

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 sheet items

(in thousands of euros)

NOTE A1 - 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	**422,346,**	**576,233**	**744,840**	**2,683,695**	**4,427,114**
Demand accounts	413,290				413,290
Term accounts		560,000	740,000	2,682,162	3,982,162
Accrued interest	9,056	16,233	4,840	1,533	31,662
Loans and advances to customers	**998,487**	**68**	**110**	**353**	**999,018**
Other customer loans and advances	23	68	110	353	554
Doubtful loans	998,464				998,464
Bonds and other fixed-income securities	**314,325**	**745,746**	**1,897,732**	**2,291,770**	**5,249,573**

NOTE A2 - BREAKDOWN OF LOANS AND ADVANCES

	Affiliated companies	Equity interests	Other companies	Retail customers	TOTAL
Loans and advances to credit institutions		4,361,485	65,629		**4,427,114**
Loans and advances to customers			177,379	821,639	**999,018**
Bonds and other fixed-income securities		3,229,001	2,020,572		**5,249,573**

NOTE A3 - LOANS AND ADVANCES TO CUSTOMERS

Note A 3.1 - Changes in customer outstandings

	31/12/2022	Releases / Disbursements	Repayements / Collections	Write-offs	31/12/2023
Cash loans - loans to staff	517	164	127		554
Doubtful loans	1,028,623	182,680	149,880	63,026	998,397
Other third party doubtful loans	616				616
Impairment of other third party doubtful loans	-549				-549
TOTAL	**1,029,207**	**182,844**	**150,007**	**63,026**	**999,018**

Note A 3-2 - Credit risk: breakdown by exposure category

	Sound loans	o/w restructured loans	Doubtful loans	o/w non-performing loans	Total outstandings
Cash loans - loans to staff	554				554
Doubtful loans			998,464	989,429	998,464
TOTAL	**554**		**998,464**	**989,429**	**999,018**

NOTE A4 - SECURITIES PORTFOLIO

Note A 4.1 - Breakdown of securities portfolio

	Acquisition value				Market of net asset value	Redemption value
	Issued by public agencies	Other issuers				
		Listed	Unlisted	Total		
BONDS AND OTHER FIXED-INCOME SECURITIES						
Trading account securities - Securities borrowed		108,416		108,416	108,416	
Trading account securities		**108,416**		**108,416**	**108,416**	
Securities received under repurchase agreements		496,567		496,567	484,916	
Accrued interest		4,258		4,258		
Securities received under repurchase agreements		**500,825**		**500,825**	**484,916**	
Bonds	2,335,072	2,282,913		2,282,913	4,136,534	4,531,000
Accrued interest	10,373	11,973		11,973		
Debt securities held to maturity	**2,345,445**	**2,294,886**		**2,294,886**	**4,136,534**	**4,531,000**
SHARES AND OTHER VARIABLE-INCOME SECURITIES						
Trading account securities - Securities borrowed		454,397		454,397	454,397	
Trading account securities		**454,397**		**454,397**	**454,397**	
UCITS		174,390		174,390	177,645	
Impairment provision						
Securities held for sale		**174,390**		**174,390**	**177,645**	
Interests in affiliated companies			999	999	999	
Participating interests			**999**	**999**	**999**	
TOTAL SECURITIES PORTFOLIO	**2,345,445**	**3,532,914**	**999**	**3,533,913**	**5,362,907**	

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		-235	15	15
Partner advances and current accounts SNC Foncière Sébastopol					984	984
INTERESTS IN AFFILIATED COMPANIES					**999**	**999**

* Data as of 31/12/2022

NOTE A5 - 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	**43,953**	**5,783**		**49,736**	**13,288**
Assets under construction	1,121	2,641	-748	3,014	3,014
Software and licenses	42,832	3,142	748	46,722	10,274
Tangible fixed assets	**34,223**	**691**	**-680**	**34,234**	**11,333**
Assets under construction	633	478	-284	827	827
Land	2,909			2,909	2,909
Structural components of buildings	5,499			5,499	3,208
Roof/facade	2,183			2,183	123
Office equipment	417		-11	406	2
Club Affaires machinery and equipment	85	3		88	15
Office furniture	1,783		-79	1,704	267
Club Affaires furniture	123			123	35
Computer hardware	3,321	178	-442	3,057	631
Fixtures and fittings - non building	5,663	2		5,665	137
Fixtures and fittings - building	4,949	13	92	5,054	946
Technical equipment	6,658	17	44	6,719	2,233
TOTAL	**78,176**	**6,474**	**-680**	**83,970**	**24,621**

AMORTISATION OR PROVISIONS	Opening balance	Charges	Reductions	Closing balance
INTANGIBLE FIXED ASSETS	**32,209**	**4,239**		**36,448**
Software and licenses	32,209	4,239		36,448
TANGIBLE FIXED ASSETS	**22,492**	**1,088**	**-679**	**22,901**
Land				
Structural components of buildings	2,242	49		2,291
Roof/facade	2,050	10		2,060
Office equipment	412	3	-11	404
Club Affaires machinery and equipment	67	6		73
Office furniture	1,465	56	-84	1,437
Club Affaires furniture	88			88
Computer hardware	2,618	392	-584	2,426
Fixtures and fittings - non building	5,472	56		5,528
Fixtures and fittings - building	3,886	222		4,108
Technical equipment	4,192	294		4,486
TOTAL	**54,701**	**5,327**	**-679**	**59,349**

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

NOTE A6 - OTHER ASSETS AND ACCRUALS

	31/12/2023	31/12/2022
Deposits and bonds given	274	262
Guarantee deposit paid	90,283	118,730
Amounts in respect of tax and social security payments	682	1,771
Sundry debtors (staff)	30	70
Other sundry debtors (customers)	1,240	1,362
Other sundry debtors (other)	15	19
OTHER ASSETS	**92,524**	**122,214**

	31/12/2023	31/12/2022
Forward financial instrument adjustment accounts (cash margin calls)	495,073	712,910
Currency adjustment accounts	156	114
Losses to be amortised on forward financial instr.	1,371	1,848
Prepaid expenses	2,060	1,405
Accrued income on guarantees	500,145	496,904
Accrued income on forward financial instruments	37,843	27,898
Miscellaneous accrued income	1	1
Accrued income on securities lent	3,100	
ACCRUALS	**1,039,749**	**1,241,080**

NOTE A7 - AMOUNTS DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

	31/12/2023	31/12/2022
Accounts and borrowings		
Deposits of cash collateral	571	1,909
Accrued interest	1	10
CREDIT INSTITUTIONS	**572**	**1,919**
Other amounts due - including segregated amounts	11,525	13,843
Other amounts due - deduction from MGF on matured loans	16,099	23,198
CUSTOMERS	**27,624**	**37,041**

NOTE A8 - OTHER LIABILITIES, ACCRUALS AND PROVISIONS

	31/12/2023	31/12/2022
Dets on bonds	18	
Securities and the Repo	348,340	468,882
Amounts due in respect of tax and social security payments	562,814	583,644
Amounts due in respect of tax and social security payments	3,701	3,417
Sundry creditors (staff)	4,041	3,895
Sundry creditors (suppliers)	3,011	2,232
Amounts payable to staff	3,026	3,224
Other sundry creditors	1,983	3,960
OTHER LIABILITIES	**926,934**	**1,069,254**

	31/12/2023	31/12/2022
Prepaid income on guarantees	531,135	528,910
Deferred income on guarantees	297,061	303,192
Miscellaneous deferred revenue	207	169
Accrued expenses on forward financial instruments	54,871	23,493
Gains spread forward on forward financial instr.	103,515	106,787
Currency adjustment accounts	158	115
Forward financial instrument adjustment accounts (cash margin calls)	2,760	4,680
Other accruals	52	23
ACCRUALS	**989,759**	**967,369**

Provisions for liabilities and charges

CATEGORY	31/12/2022	Charges	Releases	Release of unused prov.	31/12/2023
Provisions for litigation	290	66	-48	-13	295
TOTAL	**290**	**66**	**-48**	**-13**	**295**

NOTE A9 - SHAREHOLDERS' EQUITY AND EQUIVALENTS

Note A 9.1 - Mutual guarantee fund

	Opening balance	Incoming	Outgoing	Closing balance
Mutual guarantee fund in euros	7,550,060	355,341	-244,373	7,661,028
Mutual guarantee fund in foreign currency	1,509		2	1,511
Use of the mutual guarantee fund to cover irrecoverable written-off debt	-612,124	-65,763	2,840	-675,047
MUTUAL GUARANTEE FUND - LIABILITIES	**6,939,445**	**289,578**	**-241,531**	**6,987,492**
Doubtful loans to be recovered - assets	-1,028,623	-182,680	212,906	-998,397
AVAILABLE MUTUAL GUARANTEE FUND AFTER DOUBTFUL LOANS	**5,910,822**	**106,898**	**-28,625**	**5,989,095**

Note A 9.2 - Subordinated debt

	Issue date	Due or early repayment date	31/12/2023 Amount	31/12/2023 Accrued interest	31/12/2022 Amount	31/12/2022 Accrued interest
Subordinated loans	30/06/2019	30/06/2031	393,460		393,460	
	30/12/2019	30/12/2031	287,930		287,930	
	30/06/2020	30/12/2031	340		340	
Dated			**681,730**	**11,409**	**681,730**	**5,144**
TOTAL SUBORDINATED LOANS			**681,730**	**11,409**	**681,730**	**5,144**
Subordinated securities	30/12/2021	30/12/2031	250,600		250,600	
Dated			**250,600**	**63**	**250,600**	**59**
TOTAL SUBORDINATED LOANS			**250,600**	**63**	**250,600**	**59**
SUBORDINATED SECURITIES	Issue date / Due date	Number of securities				
Perpetual bonds	28/11/2017	5,000	500,000	627	500,000	629
ISIN FR 0013299468	28/11/2029					
Redeemable bonds	15/11/2021	5,000	500,000	4,739	500,000	6,101
ISIN FR 0014006IG1	15/02/2034					
TOTAL SUBORDINATED SECURITIES			**1,000,000**	**5,366**	**1,000,000**	**6,730**
TOTAL SUBORDINATED DEBT			**1,932,330**	**16,838**	**1,932,330**	**11,933**

Note A 9.3 - Fund 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	47,747		-2,652	45,095
Fund for general banking risks	610			610
TOTAL	**48,357**		**-2,652**	**45,705**

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 belongs to it:

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

	31/12/2022	Increase / allocation	Decrease / allocation	31/12/2023
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	97,906	6,020		103,926
General reserve	67,238			67,238
TOTAL	**165,144**	**6,020**		**171,164**

NOTE A10 - RECEIVABLES AND PAYABLES ASSOCIATED WITH EACH BALANCE SHEET ITEM

ASSETS	31/12/2023	31/12/2022
Credit institutions	31,661	16,756
Interests in affiliated companies	19	13
Bonds and other fixed-income securities	26,604	22,248
Other assets: **• tax claims**	682	1,771
Accruals:		
• guarantees	500,144	496,904
• suppliers	1	1
• forward financial instruments	37,843	27,898
• repurchases	3,100	
ACCRUED INCOME	**596,954**	**565,591**
Accruals:		
• suppliers	2,059	1,406
PREPAID EXPENSES	**2,059**	**1,406**

LIABILITIES	31/12/2023	31/12/2022
Credit institutions	2	10
Subordinated debt	16,838	11,933
Bonds and other fixed-income securities	18	
Other liabilities:		
• tax and social security liabilities	3,701	3,417
• amounts of payable on repurchase agreements	1,773	1,315
Accruals:		
• forward financial instruments	54,871	23,493
Deferred expenses	**77,203**	**40,168**
Accruals:		
• sureties-Initio tariff	297,061	303,193
• sureties-classical tariff	531,135	528,910
• customers	207	169
DEFERRED INCOME	**828,403**	**832,272**

NOTE A11 - OFF-BALANCE SHEET COMMITMENTS RECEIVED

	31/12/2022	Changes	31/12/2023
Counter-guarantee received (from shareholders or otherwise) relative to the commitment to replenish the mutual guarantee fund	1,522,957	-263,994	1,258,963
TOTAL GUARANTEE COMMITMENTS RECEIVED FROM CREDIT INSTITUTIONS	**1,522,957**	**-263,994**	**1,258,963**
Underlying assets on credit linked certificates	260,000	50,000	310,000
COMMITMENTS ON SECURITIES TO BE RECEIVED	**260,000**	**50,000**	**310,000**
Master financial guarantee agreement pursuant to Art. L211-38 of the French monetary and financial code (CMF)			
Listed securities received as collateral	80,000		80,000
Claim on Crédit Logement - Equity loans	296,020	-127,720	168,300
Eligible receivables resulting from loans, credits or funding to legal persons	129,539	-32,471	97,068
ADDITIONAL INFORMATION: OTHER SECURITIES RECEIVED AS COLLATERAL - PLEDGES	**505,559**	**-160,191**	**345,368**

NOTE A12 - OFF-BALANCE SHEET COMMITMENTS GIVEN

Note A 12.1 - Changes in commitments given

	31/12/2022	Incoming	Amortisation/diff.	Outgoing	31/12/2023
Guarantees on property loans - Guarantee agreements arranged	429,663,836	35,325,797	-29,115,310	-14,966,932	420,906,445
Estimated unpaid instalments on property loans before call-in of guarantee	43,018		946		43,964
	429,706,854	35,325,797	-29,114,364	-14,966,932	420,950,409
Guarantee agreements not yet arranged	22,739,442		-8,407,472		14,331,970
Guarantee of property loans to retail customers	**452,446,296**	**35,325,797**	**-37,521,836**	**-14,966,932**	**435,282,379**
Financial guarantees	**50**	**42**		**-50**	**42**
GUARANTEE COMMITMENTS AT THE REQUEST OF CUSTOMERS	**452,446,346**	**35,325,839**	**-37,521,836**	**-14,966,982**	**435,282,421**

Note A 12.2 - Breakdown by residual term

Guarantees at the request of customers	< 3 months	3 months to 1 year	1 year to 5 years	> 5 years	TOTAL
Guarantees on property loans - Guarantee agreements arranged	376,076	1,554,692	17,904,314	401,071,363	420,906,445
Guarantee agreements not yet arranged		14,331,970			14,331,970
Estimated unpaid instalments on property loans before call-in of guarantee	43,964				43,964
Financial guarantees	42				42
TOTAL	**420,082**	**15,886,662**	**17,904,314**	**401,071,363**	**435,282,421**

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	420,279,222	334,566	627,223	156,567	420,906,445
Estimated unpaid installments before call on guarantee	43,964				43,964
Guarantee agreements not yet arranged	14,331,970				14,331,970
Financial guarantees	42				42
TOTAL	**434,655,198**	**334,566**	**627,233**	**156,567**	**435,282,421**

NOTE A13 - 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	7,061,500	-492,313	-427,545	-407,499
Outside agreement scope	50,000		1,565	513
TOTAL	**7,111,500**	**-492,313**	**-425,980**	**-406,986**

There were no transfer of securities from one portfolio category to another during the period

Interest rate instruments - by remaining term	< 3 months	3 months to 1 year	1 year to 5 years	> 5 years	TOTAL
Firm micro-hedging transactions		40,000	1,164,500	467,000	1,671,500
Firm macro-hedging transactions (fixed rate for buyer)		950,000	1,940,000	2,550,000	5,440,000
TOTAL		**990,00**	**3,104,500**	**3,017,000**	**7,111,500**

Notes B : information on the income statement

(in thousands of euros)

NOTE B1 - INTEREST INCOME AND EQUIVALENT - INTEREST EXPENSE AND EQUIVALENT

	31/12/2023	31/12/2022
Interest on demand deposit accounts	6,613	1,170
Interest on term deposit accounts (counterparty for subordinated loans)	30,724	2,578
Interests on term deposit acounts for « cash from capital subscriptions »	37,224	1,709
Interest on term loans and advances	36,877	16,874
Income on forward financial instruments	145,702	75,069
Transactions with credit institutions	**257,140**	**97,400**
Loans to Crédit Logement staff	3	3
Interest on doubtful loans (late payment interest on guaranteed debt)	6,214	6,186
Transactions with customers	**6,217**	**6,189**
Interest on securities received under repurchase agreements	3,422	3,747
Interest income on debt securities held to maturity	61,606	47,852
Miscellaneous income on securities transactions	914	954
Accrued income on repurchases	3,100	
Interest on bonds and fixed-income securities	**69,042**	**52,553**
TOTAL INTEREST INCOME AND EQUIVALENT	**332,399**	**156,142**
Interest on demand deposit accounts		-86
Interest on Repo	-646	-755
Interest or balancing payment on term loans	-2	-9,228
Interest on term account		-6,138
Interest on subordinated loans	-40,795	-10,817
Interest on subordinated securities	-12,153	-12,155
Expenses on debt securities held to maturity	-8,626	-7,136
Expenses on forward financial instruments	-198,901	-51,637
TOTAL INTEREST EXPENSE AND EQUIVALENT	**-261,123**	**-97,952**

NOTE B2 - PROCEEDS FROM VARIABLE-INCOME SECURITIES

	31/12/2023	31/12/2022
Interest on partner current account with SNC Foncière Sébastopol	66	37
TOTAL PROCEEDS FROM VARIABLE INCOME SECURITIES	**66**	**37**

NOTE B3 - COMMISSION (INCOME AND EXPENSE)

	31/12/2023	31/12/2022
Guarantee commissions relating to off-balance-sheet commitments given on guaranteed property loans	116,159	154,941
TOTAL COMMISSION (INCOME)	**116,159**	**154,941**
Bank commission and fees	-758	-753
Commission and fees on the issue of subordinated securities	-3	-2
TOTAL COMMISSION (EXPENSE)	**-761**	**-755**

NOTE B4 - GAIN OR LOSS ON TRADING PORTFOLIO AND EQUIVALENT

	31/12/2023	31/12/2022
Loss on foreign exchange transactions	-11	-2
Gain on foreign exchange transactions	2	1
TOTAL GAIN OR LOSS ON TRADING PORTFOLIO	**-9**	**-1**

NOTE B5 - GAIN OR LOSS ON INVESTMENT PORTFOLIO AND EQUIVALENT

	31/12/2023	31/12/2022
Capital loss on the disposal of securities held for investment		-910
Capital gains on disposals of available-for-sale securities	3,567	
Charges to and reversals of provisions on securities held for investment	265	-250
TOTAL GAIN OR LOSS ON INVESTMENT PORTFOLIO	**3,832**	**-1,160**

NOTE B6 - OTHER INCOME AND EXPENSE FROM BANKING OPERATIONS

	31/12/2023	31/12/2022
Income from debt collection on behalf of third parties (management and recovery fees)	2,623	3,453
Ancillary income (Crédit Logement Assurance / SNC Foncière Sébastopol)	21	21
Other ancillary income	304	313
Miscellaneous income	2,510	1,410
TOTAL OTHER OPERATING INCOME	**5,438**	**5,197**
Loss on SNC Foncière Sébastopol	-98	-235
Miscellaneous expenses	-182	-170
TOTAL OTHER OPERATING EXPENSE	**-280**	**-405**

NOTE B7 - GENERAL OPERATING EXPENSES

	31/12/2023	31/12/2022
Salaries and wages	-20,559	-20,469
Social security charges	-9,101	-8,889
Salary-based taxes	-3,512	-3,669
Expenses related to retirement benefits	-1,858	-1,892
Discretionary employee profit-sharing		
Statutory employee profit-sharing	-3,026	-3,224
Provisions for litigation	-66	563
Personnel costs	**-38,122**	**-37,580**
Taxes	**-4,721**	**-4,150**
Rentals	-1,702	-1,391
Transport and travel	-132	-148
Other external services	-7,679	-7,730
Provisions for risks and expenses	61	-161
External services	**-9,452**	**-9,430**
Other administrative expenses	**-14,173**	**-13,580**
TOTAL GENERAL OPERATING EXPENSES	**-52,295**	**-51,160**

NOTE B8 - CHARGES TO DEPRECIATION AND AMORTISATION AND FIXED ASSET IMPAIRMENT

	31/12/2023	31/12/2022
Software and licenses	-4,239	-3,863
Intangible fixed assets	**-4,239**	**-3,863**
Structural components	-49	-49
Roof/facade	-10	-10
Office equipment	-3	-3
Club Affaires machinery and equipment	-6	-4,
Office furniture	-56	-73
Club Affaires furniture		
Computer hardware	-392	-348
Fixtures and fittings - non building	-56	-132
Fixtures and fittings - building	-222	-237
Technical equipment	-294	-370
Tangible fixed assets	**-1,088**	**-1,226**
TOTAL	**-5,327**	**-5,089**

NOTE B9 - GAINS OR LOSSES ON FIXED ASSETS

	31/12/2023	31/12/2022
Capital losses on the disposal of fixed assets	-1	-55
Capital gains on disposal of fixed assets		
Capital losses on disposals of equity interests		
Provisions for impairment of participating interests		
TOTAL	**-1**	**-55**

NOTE B10 - CORPORATE INCOME TAX

	31/12/2023	31/12/2022
On ordinary income	-37,025	-41,981
Additional tax assessment		
TOTAL*	**-37,025**	**-41,981**
* of which corporate income tax instalments already paid	-37,610	-43,705

NOTE B11 - ALLOCATIONS AND REVERSALS ON REGULATED PROVISIONS (FRBG AND OTHERS)

	31/12/2023	31/12/2022
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 C1 - TOTAL REMUNERATION AMOUNT ALLOCATED FOR THE YEAR

	Remunérations	Advances and loans	Off-balance sheet commitments
To members of all governance bodies *	53		5,317
To all managers	1,064	9	794
• fixed component	805		
• variable component	177		
• benefits in kind and add-back of death, disability and related benefits	82		
To all "regulated" staff members	1,584		

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

NOTE C2 - TOTAL STATUTORY AUDITORS' FEES FOR THE YEAR

	Fees
Statutory audit	204
Ancillary services	

NOTE C3 - AVERAGE WORKFORCE BY OCCUPATIONAL CATEGORY

	31/12/2023	31/12/2022
Management *		1
Senior members of staff	253	249
Technicians **	70	74
TOTAL	**323**	**324**

* 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 C4 - OTHER OUTSOURCED 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	6,347	**Value of the collective fund administered externally**	2,258
Amount corresponding to actuarial commitments	6,281	**Amount corresponding to actuarial commitments**	1,853

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

Projected annual pension to be paid to corporate officers as of 12/31/2023 according to Article D 225-104-1 or the Frend Code de Commerce: 64

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 C5 - SPECIAL-PURPOSE ENTITIES

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

NOTE C6 - PROPOSED APPROPRIATION OF EARNINGS

Profit for the year	103,746
Retained earnings from the previous year	78
Earnings to be allocated	**103,824**

Breakdown of allocated earnings

Legal reserve	5,187
General reserve	
Dividends - shares	98,628
Retained earnings	9
TOTAL	**103,824**

Financial results

(in thousand euros)

Nature of the indications	2019	2020	2021	2022	2023
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)	276,668	270,705	292,902	316,317	**457,650**
Earnings before tax, depreciation and provisions	157,121	150,793	170,037	164,678	**143,186**
Corporate income tax	53,612	46,649	47,958	41,981	**37,025**
Earnings after tax, depreciation and provisions	103,369	99,150	120,121	120,412	**103,746**
Profit distributed **		129,045 **	177,999	114,466	**98,628**
III - Earnings per share for operations (in euros)					
Earnings after tax but before depreciation and provisions	5.75	5.79	6.78	6.82	**5.90**
Earnings after tax, depreciation and provisions	5.74	5.51	6.67	6.67	**5.76**
Dividend per share		7.17	9.89	6.36	**5.48**
IV - Workforce					
Average headcount*	332	330	333	324	**323**
Payroll	18,510	18,387	19,612	20,469	**20,559**
Staff benefits	12,073	10,861	11,323	10,781	**10,959**

* Without managing director

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

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