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Press release

Decision to exercise the early redemption option (call) on outstanding Subordinated Floating Rate Notes due 2017

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Call of Subordinated Floating Rate Notes due 2017

On 15 May 2007, Crédit Logement issued €1,000,000,000 Subordinated Floating Rate Notes due 2017 admitted to trading on the Luxembourg Stock Exchange's Regulated Market (ISIN: FR0010469858 - Common Code: 029996091) (the "**Notes**"), eligible as Lower Tier 2 Capital at the time of issuance, of which €900,150,000 are currently outstanding. These Notes are no longer eligible as Tier 2 Capital for Crédit Logement, following the entry into force of the EU capital requirements Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (the "**CRR**") as of 1 January 2014.

Crédit Logement announced today accordingly that it will redeem the Notes on the Interest Payment Date falling on 15 March 2014, in accordance with article 4(c) of the Terms and Conditions of the Notes contained in the Prospectus dated 11 May 2007 published in the context of the issue of the Notes. The Prospectus is available on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The early redemption of the Notes is without prejudice to the decisions that will be taken in the future for the redemption or non-redemption of other capital instruments. Crédit Logement actively follows the ongoing developments in terms of regulatory capital requirements and will continue to review the opportunity to early redeem other capital instruments, in light of its objective of prudent management of its regulatory capital, and in consultation with the *Autorité de contrôle prudentiel et de résolution* (the "**ACPR**").

Change of Regulatory Regime

As of January 2014, the CRR defines a credit institution as an undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account. Crédit Logement does not take deposits; therefore, it has opted for the new license of "*société de financement*" provided for under Article L. 511-1 II. of the French Monetary and Financial Code.

Sociétés de financement are subject to capital requirements which are defined in a French *arrêté* of 23 December 2013 *relatif au régime prudentiel des sociétés de financement* (the "**Arrêté**"). The capital requirements applicable to *sociétés de financement* are similar to those applied to credit



institutions under the CRR. Therefore, Crédit Logement remains an eligible provider of unfunded credit protection in accordance with Article 201-1(f) of the CRR. The ACPR has confirmed that Crédit Logement should maintain, as a Pillar II requirement, a capital floor based on 80% of the exposures secured by residential property as defined in article 125.1.(a) of the CRR. Additionally, under article 3 of the *Arrêté*, the mutual guarantee fund (*fonds mutuel de garantie*) of Crédit Logement is recognised as Common Equity Tier 1, provided that it complies with the requirements of the CRR.

Crédit Logement has adapted its mutual guarantee fund so that the new production fulfils these conditions as of 1 January 2014. Previous mutual guarantee fund contributions will be grandfathered as Common Equity Tier 1 with progressive de-recognition, while the new mutual guarantee fund contributions will be fully recognised as Core Tier 1 capital for Crédit Logement.

Consequently, the entry into force of the new EU capital rules and the change of license are supportive of the viability of Crédit Logement.

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