CREDIT LOGEMENT

GARANTIR VOTRE SÉRÉNITÉ

Annual report

2021

creditlogement.fr

First of all

A commitment for a greener planet

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

A message from the Executive Management team

2021: a year full of surprises!

And on every level…

Most of the projection scenarios put together for the property market saw risk increasing again and weighing on activity. This simply did not happen and, although Covid continues to rear its ugly head and the HSCF (French high council for financial stability) has asked banks to tighten their lending policies, the number of completed transactions climbed to levels not far off those observed in 2019.

For Crédit Logement, this translated into €117 billion worth of guarantees arranged in 2021. Not surprisingly, this was a sharp increase on the €98 billion recorded in 2020, but was not quite as high as the €127 billion registered in 2019.
This meant that outstanding loans under guarantee were able to continue to grow over the year, nearing €413 billion by the end of 2021.

Banks had a large hand in driving demand by offering supportive lending conditions throughout the year (low interest rates, long loan terms), which facilitated the completion of many property purchases, while adapting to the HCSF's recommendations.

Crédit Logement played a part in this effort, by continuing to provide a second opinion on loan applications.

Our teams deftly handled the roller-coaster effects of the crisis and remote working, and worked as one to ensure peace of mind for our banking partners and borrowers alike.
We are very proud of this, which is why we have decided to harness this unwavering commitment and give our corporate identity a makeover.

Yes, a new image that reflects our steadfast desire to look to the future.

This momentum was also echoed in the successful completion of a series of key projects in 2021:

- Firstly, we upgraded our information system. This major project went according to plan and will enable us to sustain and reinforce our development going forward, while continuing to comply with existing and future technological standards.

- We also developed new solutions: CL.Data, to monitor and analyse lending rates, and our property appraisal tool CL.Estim.

Two innovative solutions to help our partners and other industry operators face the new challenges of the property market.

What about 2022?

It is too early to tell.

The first few months of the year point to sturdy demand, although it may yet be impacted by a number of factors. The public health situation for starters, which has yet to stabilise and might still spring some surprises, together with the French parliamentary elections, which might lead to a certain wait-and-see attitude among certain industry operators, and inflation.

Even so, we expect the growth dynamic to continue. Moreover, the normalisation of monetary policy by the central banks is likely to be gradual, which should keep interest rates on property loans at manageable levels, with no major impact on the financing capacity of households.
In any event, as always, we will work alongside our partners to continually adapt to the changing market

Board of Directors

31 December 2021

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
Head of Retail Banking France

LCL, Le Crédit Lyonnais
Represented by
Grégory Erphelin
Director of Finance, Purchasing, Legal Affairs, Loan Acceptance and Recovery

Société Générale
Represented by
Marianne Auvray-Magnin
Head of Market Relations

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

BPCE
Represented by
Sylvain Petit
Head of Strategy

Crédit Foncier de France
Represented by
Éric Filliat,
Chief Executive Officer

La Banque Postale
Represented by
Delphine de Chaisemartin
Director of Public Affairs and Corporate and Financial Communication

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

Brigitte Geffard
Head of Loan Acceptance at LCL, Le Crédit Lyonnais

Nicolas Draux
Head of Retail France at BNP Paribas

Martine Lasségues
Head of Customer Experience, CSR and Ethics for the French retail banking division of Société Générale

Paul Espagno
Head of the Finance and Risk Department of the Crédit Agricole National Federation

STATUTORY AUDITORS

CTF
Represented by
Christophe Legué

Deloitte & Associés
Represented by
Marjorie Blanc Lourme

Share capital *at December 31, 2021*

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

SHAREHOLDERS	NUMBERS OF SHARES	TOTAL AMOUNT	%
BNP Paribas	2,969,699	207,878,930	16,5003%
Crédit Agricole	2,879,547	201,568,290	15,9994%
LCL - Le Crédit Lyonnais	2,969,594	207,871,580	16,4997%
Société Générale / Crédit du Nord	2,970,599	207,941,930	16,5053%
Crédit Mutuel / CIC	1,799,788	125,985,160	10,0000%
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 credit institutions	530	37,100	0,0029%
Physical persons	269	18,830	0,0015%
TOTAL	17 997 861	1 259 850 270	100,0000%

Executive *Management*

31 décembre 2021

Jean-Marc VILON
Chief Executive Officer

Patrick LEPESCHEUX
Deputy Chief Executive Officer
Head of Production

Éric VEYRENT
Deputy Chief Executive Officer
Head of Administration and Finance

Éric EHRLER
Head of Human Resources

Bernard FENDT
Head of Risk

Franck FRADET
Head of Collection

Philippe LAINÉ
Head of Development and Communication

Michel LAVERNHE
Head of Information Systems

Claire de MONTESQUIOU
Head of Audit and Internal Control

Jean-François ROUSSEL
Head of Organization

Key Figures at December 31, 2021

GROSS ANNUAL PRODUCTION

117.6
billion euros

529,152
loans

for *467,261*
transactions

REGULATORY CAPITAL

8.7
billion euros

MUTUAL GUARANTEE FUND

6.6
billion euros

OUTSTANDING GUARANTEE

413.4
billion euros

3,439,661
loans

LONG-TERM RATING

Moody’s
AA3 stable

DBRS
AA low stable

WORKFORCE

333
employees

CREDIT 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.*

Since we were formed in 1975, 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.

We work with our banking partners and borrowers throughout the lifetime of the loan, from inception to maturity.

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.

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

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

The Crédit Logement Guarantee incorporates the collection of unpaid loan instalments to provide banks and borrowers with peace of mind throughout the lifetime of the loan.

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:

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

THE ADVANTAGES OF OPTING FOR CREDIT 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

Crédit Logement provides banks with reassurance, as we carry out a second examination of loan applications, providing added security and lending weight to the bank's own analysis of the financing plan.

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.

Crédit Logement is a 'Société de Financement' (financial institution) that is overseen by the French prudnetial 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 Commitee (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

Reassured and partnered, banks can be safe in the knowledge that Crédit Logement is committed to their peace of mind.
We have developed innovative solutions to fulfil our powerful objective, which is to make life easier for our banking partners when it comes to residential property lending:

CLR SERVICING

Our debt collection solution for third parties pursues the same approach and provides a range of benefits to enable efficient and responsible debt collection for both banks and borrowers.

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

LA FORMATION

Our extensive insight into the workings of the home loan market enables us to provide training of the highest standard centred on our core business: home loans. We also ensure that our training meets regulatory requirements: our 'La Formation par Crédit Logement' programme is QUALIOPI-certified.

CL.DATA

A solution designed for everyone working in the industry. CL.Data puts you in the driving seat, giving you access to market data and trends and enabling you to optimise your analyses.

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

CL.ESTIM

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

CRÉDIT LOGEMENT

Audit Committee meeting of 21 March 2022

Ordinary General Meeting of 07 April 2022

2021 *MANAGEMENT REPORT*

Financing residential property in France [1]

After a year of recession in 2020, marked first by a near-total halt in activity and then by the successive COVID-19 waves, the scenarios envisaged for 2021 were extremely cautious.

Activity during the first months of the year stayed on the same trend as at the end of 2020, marked by a slowdown in the market.
Demand really picked up from March 2021, propelled by the extremely supportive lending terms offered by banks, in anticipation of the tightening of lending criteria announced by the HCSF (*Haut Conseil de Stabilité Financière* - French macroprudential authority) initially for July 2021, then January 2022.
Average interest rates remained very low throughout the year, starting from 1.13% in January and stabilising at around 1.05% from April 2021 until the end of the year.
Alongside this, the term of loans lengthened throughout the year, going from 226 months in January to 239 months in December, and peaking at an unprecedented 240 months in November 2021.

This pace continued into the summer, both for new homes and existing properties. As a result, new loan production increased by 15.9% year-on-year in the 1st half of the year, while the number of loans granted rose by 16.2%.

A slowdown was observed again during the summer, slightly more pronounced than the usual seasonal pace. It continued until the end of 2021, marking a gradual tightening of access to credit, mainly through a sharp increase in required down payment rates.
The average down payment rate increased from 11.3% in 2020 to 12.5% in 2021, which was also a reflection of rising housing prices.

[1] Sources: Observatoire de la Production de Crédits Immobiliers (OPCI) and L'Observatoire Crédit Logement / CSA (both excluding loan refinancing)

This meant that the number of loans fell more rapidly (down 5.9% year-on-year) than production (down 4.1%) in the second half of the year.

All in all, production levels were better than expected in 2021.

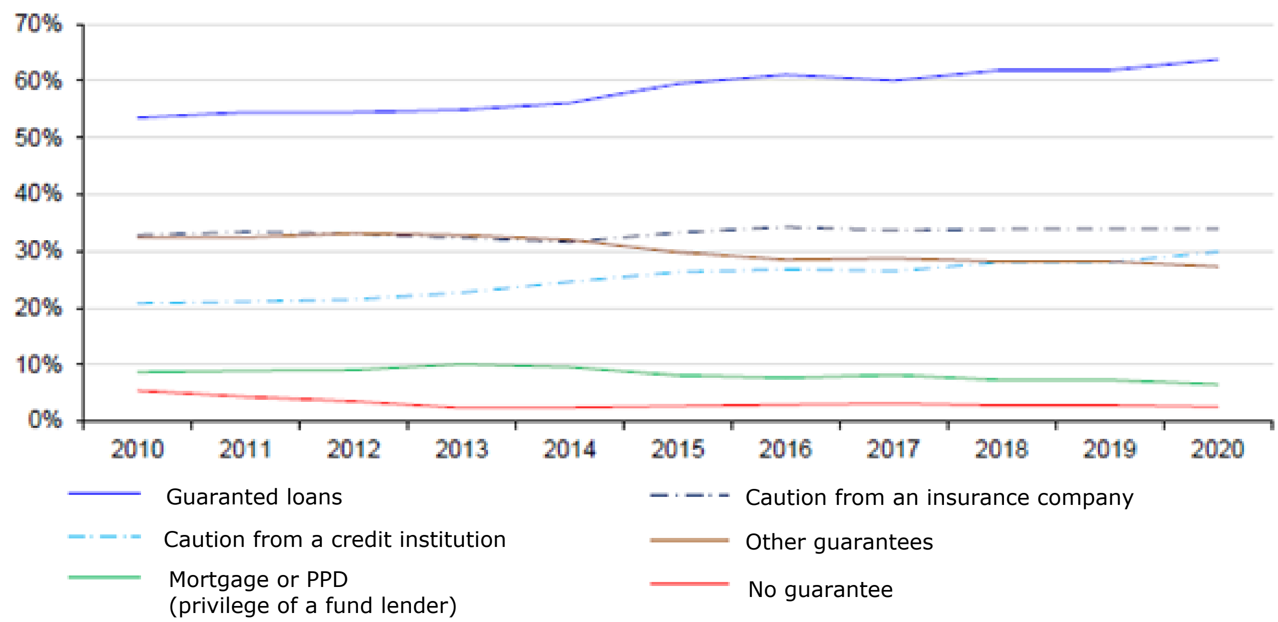
The production of loans, excluding loan refinancing, came to around €199 billion, compared with €170 billion in 2020, representing an increase of 17% in 2021.

Residential loan guarantees

In the French property market, borrowers essentially rely on guarantees (bank guarantees and insurance company guarantees) when taking out a loan. The latest research available on the breakdown of the guarantee market in France for 2020 (source: OFL/CSA), expressed in total distributed loan amounts (excluding loan refinancing), indicates that the share of financial guarantees dipped slightly in 2020 to 59.2% of completed transactions, compared to 37.8% for physical collateral.

Naturally, this breakdown, which has stayed much the same for a number of years, has a bearing on the structure of outstandings. Accordingly, in 2020, loans backed by a guarantee accounted for the largest proportion of outstandings at 63.8%, representing an increase of 3% on 2019, compared to 27.2% for physical collateral (source: ACPR (French prudential supervision and resolution authority) - 2020 annual survey into the financing of housing).

Nature of the guarantees provided



COMMITMENTS DURING THE YEAR

Crédit Logement recorded a year-on-year increase of 19.6% in its production levels, with 467,261 property transactions guaranteed for €117.6 billion.

This coincided with an increase of 5.3% in the loan refinancing amount by comparison with 2020, increasing to 9.5% of the total amount of guarantees.

Stripping out refinancing, the level of production rose by 21.3% compared to the previous year.

The average transaction amount guaranteed increased by €8,990 to €251,703. Excluding refinancing, it averaged €259,989, representing an increase of €7,124.

Production relating to guarantees arranged during the year amounted to €80.1 billion, up 14.6% on the previous year.

Accordingly, commissions on arranged guarantees amounted to €206.7 million, representing an increase of 13.8%.

Payments into the mutual guarantee fund also increased by 13.6%, with €792.5 million collected.

With a 7.2% rate of early repayments, the level of outstandings nonetheless increased by 5.9% compared to 2020 and now exceeds €413 billion.

DEBT COLLECTION

Collection of guaranteed debts

The amount of exposure to a risk of loss managed through collection decreased to €1.55 billion in 2021 across a total of 16,062 loans managed, representing a decline of a little under 16% in amount.
This decrease was partly due to non-performing loan assignments, which represented a full-year impact of €130 million at the time of transfer.

Banks triggered the guarantee mechanism on 6,261 loans during the year and there were 8,952 exits from the stock of loans, including 1,232 relating to assignments.

More than 52% of these exits, stripping out assignments, related to loans that re-entered the usual loan management cycle.

Debts repaid in full accounted for approximately 31% of all exits, excluding assignments.

€267.1 million in payments, including assignments, were received and allocated to the mutual guarantee fund, representing an increase of almost 43% on 2020. Financial claims on behalf of banks amounted to €228.4 million for the period.

Collection for third parties

Drawing on its experience in the collection of debts, Crédit Logement provides banks with an all-inclusive debt collection solution for all or part of their property debts.

This solution comprises two customised services:

- The collection of debts on personal property loans, which may be entrusted by the originating banks or by investors as part of the assignment of non-performing loans;
- Auction support and sell-on services if required following foreclosure by the owners of the loans.

The international investor who acquired Crédit Logement's non-performing loan portfolio chose to entrust it with the collection of the corresponding amounts. This brought the collection management portfolio up to €262.9 million at 31 December 2021 with 2,802 debts, including those resulting from assignments.

€49 million was collected during the year and 262 new unpaid debts were entrusted to Crédit Logement.

A total of 394 auction support applications were examined during the year as part of the “auction support and sell-on” service.

CASH AND BALANCE SHEET MANAGEMENT

In 2021, cash management stayed faithful to its principles, which involved cautious matching of liquidity and interest rates for bonds and reinvestment of cash from the mutual guarantee fund, after allowing for a very adverse scenario of an acute property market crisis combined with a liquidity crisis.

Cash comprises two main components:

- “conventional” cash stemming from equity 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 and commissions collected in advance, as well as subordinated bond issues.

Cash is managed 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, members of Crédit Logement’s Executive Management and the heads of the 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.

An Investment Committee, formed of in-house members of the Cash Management Committee, directs operational management and monitors implementation by the Finance Department.

As at 31 December 2021, almost all counterparties had signed the financial guarantee agreement, which secures investments through the contribution of different collateral, calculated in variable portions on the basis of a counterparty's credit rating and the investment duration. An amendment was made to this agreement in 2021 to include the subordinated loans issued as at 30 December 2021, for an amount of €250 million. The ongoing public health crisis in 2021 led us to prioritise liquidity by investing mainly in long-term securities that can be liquidated and by limiting investments in less liquid securities to periods of five years. Collateralised deposits fell to €5.2

billion as at 31 December 2021 from €6.1 billion the previous year. Nevertheless, the quality of the portfolio improved further in 2021 with the acquisition of high-quality securities that can be liquidated on the markets.

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 €7.13 billion as at 31 December 2021 (€6.46 billion as at 31 December 2020), up sharply as a result of the increase in the mutual guarantee fund (*Fonds Mutuel de Garantie* - FMG). Long-term investments of available cash, with an initial maturity of more than five years and carrying a fixed rate (excluding the reinvestment of bond issues), rose to €2.49 billion amid persistently-low interest rates. Medium-term investments (between 1 and 5 years) rose due to the liquidity preservation strategy, amounting to €2.24 billion. The rest of the available cash, namely €2.40 billion, was invested for less than one year, or was held in deposits redeemable by the investor in less than one year.

These investments are mainly in the form of term deposits, reverse repos and securities of excellent quality eligible for ECB refinancing operations. Securities exchange transactions continued in 2021, subsequent to which the securities received were recognised as trading account securities.

Macro-hedge swaps were used to hedge the overall position at the company rate. Crédit Logement made arrangements in the second quarter of 2019 to clear swaps through a clearing broker and a clearing house. This meant that some swaps were mainly cleared in the second half of 2021 to accompany upward rate movements, while daily margin calls continued to be made for almost all the remaining swaps.

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, more than 55% of the funds held have SRI labels or ratings, and approximately 67% comply, at the very least, with Article 8 of the SFDR (Sustainable Finance Disclosure Regulation).
Furthermore, when buying sovereign or quasi-sovereign securities, Crédit Logement only invests in securities issued in northern European and core Eurozone countries to which the ratings agencies have assigned the highest ratings.

MANAGEMENT OF ADDITIONAL ***CAPITAL***

Tier 1 and Tier 2 subordinated debt issuance

Crédit Logement carried out several equity transactions in 2021.

5,000 dated subordinated notes were issued with a par value of €100,000 on 15 November 2021, in accordance with Article 63 of Regulation (EU) No. 575/2013, transposed into French law for financial institutions (*sociétés de financement*) by the order of 23 December 2013, and can be included in the Tier 2 capital base.

They have a maximum maturity of 12 and a half years, i.e. until 15 February 2034, with a call that can be exercised at the earliest and at any time between 7 years, on 15 November 2028, and 7 and a half years, on 15 February 2029, at a resettable fixed rate. They are traded on Luxembourg's EURO MTF market. Interest is calculated annually in arrears on 15 February, at a fixed rate of 1.081% until 15 February 2028, and up to 15 February 2029 at the latest, and annually in arrears at the 5-year mid-swaps rate plus 110bp up to 2034.

This issue was unique in several respects: no investor meetings, in contrast to the 2017 issue, and intraday execution, i.e. announcement of the issue on the morning of 8 November at 9 a.m., with same-day closing depending on the order book.
Investor take-up was very strong for the notes, which offered a spread of 130bp above the swap rate, and were issued by a rare, well-rated issuer. The notes carry an A1 rating with Moody's and an A rating with DBRS, far superior to usual T2 capital issues.
A large number of investors expressed an interest in the notes, with demand exceeding €1.2 billion in the space of three hours from more than 75 interested investors, i.e. an oversubscription ratio of 2.2x even with a 20bp contraction in the spread, making it possible to issue the bonds with a spread of 110bps and an applicable rate of 1.081%.

On 16 December 2021, Crédit Logement exercised an early call option on the March 2006 non-innovative deeply subordinated perpetual securities, held in Tier 1 capital, for €326.25 million. Crédit Logement held this option at the exclusive initiative of the issuer every quarter. On 7 October 2021, the Board of Directors approved the exercise of this option, which was also authorised by the ACPR.

On 30 December 2021, Crédit Logement also redeemed two generations of equity loans issued in 2012 and 2013, subject to prior approval by the ACPR. After that date, with less than five years to run, these equity loans would have gradually lost their regulatory recognition.

Additionally, the issue of €500 million in redeemable subordinated notes with no early redemption option at a fixed rate of 5.454%, which had been redeemed on 28 November 2017 for €222 million, matured in February 2021.

Ongoing transactions as at 31 December 2021 were as follows:

Tier 2

- 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 banking partners 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 Head of Risk, who himself reports to Executive Management, the Risk Management function holds the necessary hierarchical level and degree of independence, as required by law, relative to the sales, finance and accounting functions.

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

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

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

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

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

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

Pursuant to a decision by the ACPR dated 24 April 2007, Crédit Logement was granted the right to use its own internal rating system to calculate its regulatory capital (Pillar 1).

This system has applied to guaranteed transactions since 1 May 1994. It consists in segmentation into 21 homogeneous risk classes, segmented across probability of default (PD), loss given default (LGD) and exposure at default (EAD).

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

For the loss given default (LGD) axis of segmentation, Crédit Logement has prepared a model based on the statistical analysis of correlations between the observed rate of loss and a number of economic variables selected from economic and/or business criteria. For the exposure at default (EAD) segmentation, a 100% Credit Conversion Factor (CCF) is applied to the guarantees arranged.

A rate of conversion for arranged guarantees, modelling the arrangement rates over one year, is applied to the commitments to arrange guarantees, for which Crédit Logement is only potentially at risk. Furthermore, as the Crédit Logement guarantee is the only lender guarantee, Crédit Logement does not factor in any risk mitigation technique.

This rating system has been operational since June 2005. All new transactions are automatically scored and analysed using guarantee analysis tools and then assigned to a risk category of the internal rating model. The delegation of authority system that Crédit Logement has implemented takes the assigned internal rating into consideration when defining the categories of decision-makers who have the authority to grant a guarantee.

All the work and reports prepared by the Risk Management Department are submitted each month to the Risk Policy Committee, which is overseen by Executive Management.

The internal rating model provides for a system of permanent controls, which is implemented by the Risk Management Department and facilitates half-yearly checks on the performance of the model. In accordance with the regulations in force, the Audit and Internal Control Department also oversees the performance of an annual review of the model. Since 2013, a regulatory report is drawn up by the unit in charge of validating the models. This reports covers the monitoring of the models and any changes in them.

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

As at 31 December 2021, this internal rating system was applicable to an EAD of €438 billion, breaking down into €422 billion in guarantees arranged and €16 billion in guarantees not yet arranged.

As at that same date, the rate of default at one year on the guarantee portfolio was 0.15%, marking a 2bp decrease compared with the end of 2020. The portfolio's probability of default at one year was estimated to average 0.28%, down 1bp in the space of a year.

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, on output from the model, of 11.83% of the EAD on transfer to default status, representing an increase of 59bp compared with the end of 2020.

In accordance with the applicable regulations, an additional prudent margin is applied to this estimate with a countercyclical aim, providing a "downturn" LGD. The average LGD used for calculating the Pillar 1 capital requirement is therefore 15.49%, representing an increase of 80bp compared with the end of 2020.

Given these parameters, the risk-weighted assets (RWA) of the portfolio stood at €31.6 billion, corresponding to a weighting of 7.20%, up by 19bp over the year.

As at 31 December 2021, 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 €2.8 billion, before the application of the capital conservation buffer and the countercyclical buffer, bearing in mind that 23.1% of this requirement, namely €649.5 million, corresponded to the regulatory increase to be applied to the LGD to obtain a "downturn" LGD.

The mutual guarantee fund alone, set up to address guarantee portfolio credit risk, represents more than twice the amount of the regulatory capital requirement (Pillar 1) for the guarantee portfolio.

Excluding the equivalent value in euros of the EAD of loans guaranteed in Switzerland (guarantee operations were discontinued in this country in 2015) in the amount of €35.9 million, the credit risk for the guarantee portfolio derives exclusively from the French residential property financing market. This concentration is taken into account in the credit risk management strategy and is not currently perceived by the company as a strong risk. Crédit Logement's risk selection criteria are based primarily on the ability of borrowers to repay their loans, and only secondarily on the value of the assets being financed or on the whole of the borrower's wealth. Additionally, Crédit Logement's production is essentially with commercial and mutual banks in a non-speculative residential property market, and most loans are fixed-rate loans. Furthermore, the fall in interest rates since 2014 has triggered an unprecedented volume of loan renegotiation and refinancing transactions, helping to improve the solvency of borrowers.

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

Furthermore, during the internal capital calculation process, Crédit Logement queried the appropriateness of the 15% correlation coefficient used in the formula to calculate regulatory capital for the "retail mortgage" curve. The coefficient could be deemed to be five times higher than would be required based on an observation of the loss history of the portfolio, with a confidence interval of 99.975%.

In view of the regulatory changes formulated by the European Banking Authority on the definition of default, together with the methods for calculating the risk parameters of probability of default and loss given default, and the determination of periods of economic slowdown, taking into account their impact on the loss given default parameter, Crédit Logement has prepared the ground to adapt its management systems in order to implement the new rules for calculating the Pillar 1 capital requirement and to operate them on a parallel run basis from 2021. Approval of these models is currently underway.

Operational risks

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

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

Two specific committees regularly monitor these risks, and Executive Management receives reports on the monitoring of security indicators.

Crédit Logement has implemented a system for collecting and measuring operational risk events, mainly on a reporting basis, with quarterly monitoring. 28 risk events were reported in 2021 (compared with 17 in 2020) and were mainly related to the information system. These were classified as minor incidents, below the criticality threshold applied by the company.

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

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

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

These systems are regularly tested to check that they are operational. Technical tests on the back-up platform are supplemented by tests carried out directly by users to ensure the correct functioning of "business line" applications, alongside remote staff log-in tests, validating available staffing capacities that would include almost every member of staff in the event of a large-scale event.

Accordingly, with the lockdown measures that were encouraged or ordered by the government during the year, the application of the Crédit Logement remote working agreement meant that all members of staff who were able to work remotely had secure access to Crédit Logement’s entire IT environment from their homes.

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

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

The capital requirement for operational risk stood at €28 million as at 31 December 2021.

Liquidity risk management and the liquidity ratio

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

For the management of this liquidity risk, an extreme stress test was developed regarding the loss experience of the guarantee portfolio. This is applied as long as it remains sufficiently conservative relative to the latest known risk parameters. At the end of 2021, 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 three years may be negative up to a maximum of €100 million.

Crédit Logement's internal model for managing liquidity risk, which is based mainly on this extreme stress scenario and on several liquidity indicators in various timeframes (day, month, quarter), was approved by the ACPR in May 2011 and, as required, showed a still-positive gap over the first three years as at 31 December 2021, with a low of €1.149 billion on the plot [1d, 3d] and a high of €4.628 billion on the plot [9m, 1y[.

The continuing public health crisis had no impact on liquidity. In actual fact, liquidity remained very high due to a combined effect of strong business in 2021 in the financing of property transactions and the continued strategy of investing in high-quality liquid securities.

The emergency response plan in place to handle a liquidity crisis was tested in 2021 and the outcome of the test was satisfactory.

Overall interest rate risk management

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

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

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

The Basel Committee on Banking Supervision issued standards for Interest Rate Risk in the Banking Book (IRRBB) in April 2016, which were incorporated into the European Banking Authority's guidelines EBA/GL/2018/02. Crédit Logement, which falls into category 3 of the Supervisory Review and Evaluation Process (SREP), has been subject to these standards since 31 December 2019 and complies with all applicable limits relating to the EBA guidelines. The outlier test calculation at 31 December 2021 pointed to a maximum variation of 1.90% 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 0.76% under the same scenario as at 31 December 2020. With the early warning system, the maximum variation under the six interest rate shock scenarios was 3.18% when the maximum loss in the economic value of equity was compared to 15% of Tier 1 capital (1.60% as at 31 December 2020).

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

Market risk, counterparty risk and other risks

At the end of 2021, Crédit Logement did not hold any instruments classified as isolated open positions or in a trading book. Crédit Logement is therefore not subject to market risk.

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

There is only a counterparty risk in relation to financial futures (interest rate swaps all categorised under micro or macro hedging) for which Crédit Logement applies the regulatory initial maturity 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 VALUATION PROCESS

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

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

Approach used to measure internal capital

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

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

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

Guarantee portfolio credit risk

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

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

Investment portfolio credit risk

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

Market risk

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

Operational risk

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

Liquidity risk

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

Interest rate risk

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

The new guidelines published on 19 July 2018 introduce a non-binding threshold of 15% of Tier 1 capital, which serves as an early warning signal, with no automatic Pillar 2 measures and beyond which enhanced monitoring by the competent authority is required. This early warning signal is based on the six standard prudential shock scenarios presented in the table on the following page.

The EBA guidelines set a certain number of constraints for calculating the EVE (run-off balance sheet, exclusion of certain liability items, application of a floor with gradual increase, etc.).

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

These two tests will coexist until CRD5 comes into force. If sensitivity remains low, this risk does not require any additional capital.

Structural foreign exchange risk

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

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

Other risks

An analysis of the risks referred to in the order of 3 November 2014 on internal control, amended on a number of occasions in 2021, did not give rise to any additional capital charge with respect to internal capital.

Measurement of internal capital

As at 31 December 2021, the amount of internal capital needed to cover all risks to which the company is exposed (expected and unexpected losses) was €2.5 billion, compared with:

- unexpected losses (Pillar 1 requirement) of €3,705 million (of which €882 million for the capital conservation buffer) and expected losses of €302 million to be deducted from capital,
- a Pillar 2 regulatory capital requirement of €8,269 million, i.e. three times the amount of internal capital needed.

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 2021, SNC Foncière Sébastopol carried out five new auctions and sold on six assets.

At the end of 2021, there were 14 properties in stock representing a total net amount of €1,535k, including an impairment provision of €4k, compared with €1,708k as at 31 December 2020.

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

The income statement shows a loss of €32k, 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 €12.4 billion as at 31 December 2021, representing an increase of €0.5 billion compared with 31 December 2020.

This increase was mainly due to the mutual guarantee fund (+€0.29 billion), securities repurchase transactions (+€0.35 billion), an increase in borrowed securities in connection with securities exchange transactions (+€0.1 billion, in variable income securities) and margin calls on forward financial instruments (+€0.07 billion). The favourable pattern in doubtful loans (-€0.16 billion), partly linked to the assignment of non-performing loans (-€0.13 billion), the decrease in subordinated loans (-€0.17 billion) and subordinated securities (-€0.1 billion) had an opposite effect on the balance sheet total. Furthermore, the €0.98 billion decrease in loans and advances to credit institutions mainly stemmed from maturing term deposits, which were mainly reinvested in investment securities (+€1.05 billion).

OFF-BALANCE SHEET COMMITMENTS: OUTSTANDINGS

Crédit Logement's off-balance sheet outstandings, representing capital remaining due for guarantees covering the repayment of loans distributed by other institutions, is still growing and had reached €413.4 billion as at 31 December 2021, compared with €390.4 billion as at 31 December 2020.

Guarantee agreements not yet arranged fell to €37.2 billion at the end of 2021 from €37.9 billion at the end of 2020.

Outstandings for which surety agreements had been arranged therefore increased by €23 billion, i.e. by 5.9%, factoring in annual amortisation and early repayments in the amount of €56.8 billion. The early repayment amount continued to rise at a steady pace (7.2% of outstandings).

Solvency ratio at the end of the year

Crédit Logement's Pillar 1 solvency ratio, calculated in accordance with the order of 23 December 2013, stood at 24.7% as at 31 December 2021, compared with 25.0% as at 31 December 2020. Pillar 2 capital, for which the methods of calculation were revised by the regulator in May 2017, must equate to at least 2% of outstanding guarantees. It stood at €8.3 billion as at 31 December 2021.

As the Board of Directors did not decide on the allocation of income before the end of 2021, only the legal reserve was taken into account in the regulatory capital at 31/12/2021.

Change in regulatory capital

Prudential capital increased by €0.5 billion to €8.7 billion as at 31 December 2021. This growth was mainly due to the increase in the mutual guarantee fund and the decrease in doubtful loans.

	31/12/2021	31/12/2020	Change
Equity capital on the liability side of the balance sheet	1,653,546	1,665,122	(11,576)
Fund for general banking risks	610	610	0
Mutual guarantee fund	6,640,550	6,350,462	290,088
Income (losses) to be allocated	(120,121)	(99,150)	(20,971)
Deductions	(1,377,351)	(1,596,481)	219,130
COMMON EQUITY CAPITAL TIER 1	**6,797,234**	**6,320,564**	**476,671**
Subordinated Tier 1 securities	0	326,250	(326,250)
Deductions	0	(114,398)	114,398
ADDITIONAL TIER 1 CAPITAL	0	211,852	(211,852)
TIER 1 EQUITY CAPITAL	**6,797,234**	**6,532,416**	**264,819**
Subordinated loans	932,330	1,103,297	(170,967)
Subordinated securities – Tier 2	1,000,000	507,152	492,848
Add-back of Tier 1 capital incorporated into Tier 2 capital	0	114,398	(114,398)
Mutual guarantee fund held in Tier 2	1,337	1,429	(92)
Deductions	(7,177)	(8,341)	1,164
ADDITIONAL TIER 2 EQUITY CAPITAL	1,926,490	1,717,935	208,555
TOTAL REGULATORY CAPITAL (numerator)	**8,723,724**	**8,250,351**	**473,374**
Risk-weighted assets - advanced IRB model	31,529,524	29,114,367	
Risk-weighted assets - standardised method	2,893,970	3,116,562	
Other assets not corresponding to loan obligations	509,956	489,395	
Operational risks	351,923	344,701	
TOTAL RISK-WEIGHTED ASSETS (denominator)	**35,285,373**	**33,065,025**	**2,220,348**
Common Equity Tier 1 solvency ratio	**19.26%**	**19.12%**	
Tier 1 solvency ratio	**19.26%**	**19.76%**	
CRD4 SOLVENCY RATIO	**24.72%**	**24.95%**	
Pillar 2 capital requirements	**8,268,735**	**7,807,841**	

Common Equity Tier 1

The total amount of Common Equity Tier 1 capital was €6.8 billion as at 31 December 2021, compared with €6.3 billion in 2020, representing a net increase of €477 million:

- the mutual guarantee fund held in Common Equity Tier 1 increased by €290 million to €6.64 billion at the end of 2021, compared with €6.35 billion in 2020;
- doubtful loans deducted from the mutual guarantee fund held in CET1 decreased by €163 million from €1.25 billion as at 31 December 2020 to €1.09 billion as at 31 December 2021.

Tier 1 capital

This is the Common Equity Tier 1 plus additional tier 1 (AT1) capital. As a result of the early redemption at the end of 2021 of perpetual subordinated notes worth €326 million, additional Tier 1 capital was nil as at 31 December 2021.

Consequently, the increase in T1 capital compared with CET1 capital is reduced by the subordinated note amount as at 31 December 2020, net of the application of the grandfathering clause, i.e. €212 million, and comes to €265 million.

Tier 2 capital

This increased by €209 million to €1.93 billion as a result of:

- a €171 million decrease in subordinated loans, as €422 million in equity loans matured as at 30 December 2021 and €251 million in subordinated loans were issued at that same date;
- the issuance on 15 November 2021 of €500 million in redeemable subordinated securities;
- the maturing in February 2021 of redeemable subordinated securities in the amount of -€7 million, net of redemptions (gross value of €278 million);
- the fact that the T1 grandfathering clause was not carried over, in the amount of -€114 million, due to the early redemption of perpetual subordinated notes in the amount of €326 million.

The increase in T2 capital almost exactly offsets the decrease in AT1 capital.

MATURITIES AND PAYMENT SCHEDULES FOR RECEIVABLES AND PAYABLES

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

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

SCHEDULE OF PAYABLES AND RECEIVABLES

(in thousands of euros)

	31/12/2021						31/12/2020					
	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	175				94	**269**	273	20			117	**410**
Accounts receivable	1,735				52	**1,787**	1,118				52	**1,170**

PAYABLES AND RECEIVABLES DUE AT 31/12/2021

(in thousands of euros)

	Article D 4411. -1°: Invoices received, unpaid and overdue at the end of the period						Article D 4411. -2°: Invoices issued, unpaid and overdue at the end of the period					
	Day 0 (guide)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**	**Day 0 (guide)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) Bands of late payment												
Number of invoices affected		13	5		2	20		39	1	2	24	66
Total amount (incl. tax) of invoices affected		99	(4)		(1)	94		25	0	11	17	52
Percentage of total amount of purchases (incl. tax) for the year		0.91%	(-0.04%)		(-0.01%)	0.86%						
Percentage of revenue for the year (incl. tax)								0.01%	0.00%	0.00%	0.01%	0.02%
(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables												
Number of invoices excluded												
Total amount of invoices excluded												
(C) Reference payment terms used (contractual or statutory term - Article L.441-6 or Article L.443-1 of the French commercial code)												
Payment terms used to calculate late payments	☐	Contractual term: from "on receipt" until "60 days from invoice date"					☐	Contractual term: "30 days from invoice date"				
	☐	Statutory term					☐	Statutory term				

INCOME STATEMENT

Crédit Logement is not required to enclose a non-financial statement as it employs fewer than 500 employees. However, an ESG report will be published before the end of the first half of 2022.

Net banking income amounted to €222.2 million, compared with €201.2 million a year earlier, representing an increase of 10.5%.

Of this, net financial income increased by 29.6% on the previous year, mainly due to the following:

- an increase of nearly 9% in average proceeds from the investment of available cash;
- a decrease in income from "conventional" cash as a result of equity loan transactions under less favourable terms;
- a decline in the average proceeds from subordinated securities over the year and the redemption at the beginning of 2021 of the T2 securities issued in 2011.

With still very strong activity in 2021, commissions rose by 4.5%, mainly under the effect of the new arrangements implemented during the year.

Other income net of expenses rose by 40.4%, due in particular to the fees charged on the collection of the doubtful loan portfolio assigned in 2021, the management of which was entrusted to Crédit Logement by the buyer.

Overheads and depreciation and amortisation charges edged up by 2.7% to €56.8 million, from €55.3 million in 2020.

This was due to the following:

- personnel expenses increased by 5.3%, essentially due to changes in the variable component of remuneration packages, against the backdrop of strong business;
- other administrative expenses decreased by 5.9%, mainly under the dual impact of the fall in taxes and duties and external services;
- depreciation and amortisation charges and impairment provisions increased by 11.6%.

As a result of these developments, gross operating income, before non-recurring income and expenses, corporate income tax and regulatory provisions, came to €165.4 million, up 13.4% on the previous financial year.

The corporate tax expense was €47.9 million, compared with €46.6 million in 2020.

Overall, net profit for the financial year came to €120.1 million, pointing to a return on equity of 7.53% in 2021.

OUTLOOK AND SIGNIFICANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

In view of the public health environment, which has yet to fully stabilise, Crédit Logement has factored a 7% fall in guarantee volumes into the projections for 2022.
However, production was dynamic in January and February, in keeping with the trend observed in the last months of 2021, and the triggering of the guarantee mechanism is at a low level, along the same lines as in 2021.
Based on these various factors, we could contemplate a scenario in which production and risk in 2022 would be along the same lines as in 2021, even though the uptick in long-term market interest rates, observed since early February in particular, might slow the market momentum once it filters into home loan rates.

Additionally, to date, Crédit Logement has no direct exposures that might be affected by the consequences of the war in Ukraine, particularly as regards the investment portfolio.

PROPOSED APPROPRIATION OF EARNINGS

The distributable profit of €184,158,174.74 breaks down as follows:

• net profit for the financial year	€120,121,488.66
• plus retained earnings	€64,036,686.08

The following appropriation is proposed:

• legal reserve	€6,006,074.43
• dividends allocated to shares	€177,998,845.29
• retained earnings	€153,255.02

As provided by law, the appropriation of earnings and dividend amounts paid out for the past three financial years are mentioned in the wording of the third resolution submitted to the shareholders for approval.

The resolutions submitted approve the accounts presented to the shareholders and the proposed appropriation of earnings for the financial year in question.

Other specific resolutions proposed

The shareholders will be asked to approve the cooptation, announced at the 23 September 2021 meeting of the Board of Directors, of La Banque Postale to replace resigning member SF2.

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

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

The shareholders will be asked to renew the term of CTF as statutory auditor for a period of six years.

The shareholders will be asked to renew the term of Mr Christophe Kika, deputy statutory auditor, for a period of six years.

The shareholders will also be asked to approve the setting of the annual remuneration of the directors in respect of their duties at €64,000 with effect from the financial year ended 31 December 2021.

BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

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

Introduced by the order of 19 July 2017, this new report prepared by the Board of Directors will be presented with the management report at the general meeting of the shareholders on 05 May 2022.

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 2021.

The Crédit Logement Board of Directors has 13 members. A list of their corporate offices and roles 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 satisfying these criteria was entered into in 2021 by Crédit Logement and a syndicate of banks (BNP, SG and Crédit Agricole) with respect to the issuance of €500 million in subordinated notes

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

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

Ultimately, the Board did not exercise these powers.

Balance Sheet

in thousand euros

Assets	31/12/2021	31/12/2020	Notes
CASH, CENTRAL BANKS, CCP	**7**	**6**	
DEPOSITS ON CREDIT INSTITUTIONS	**4,830,443**	**5,808,925**	A1
On sight	248,109	311,641	
Term	4,582,334	5,497,284	
CUSTOMER TRANSACTIONS	**1,089,404**	**1,252,072**	A3
Other customer loans	604	582	
Doubtful loans	1,088,800	1,251,490	
BONDS AND OTHER FIXED-INCOME SECURITIES	**5,046,496**	**3,652,072**	A4-1
SHARES AND OTHER VARIABLE-INCOME SECURITIES	**763,138**	**649,245**	A4-1
INTERESTS IN AFFILIATED COMPANIES	**2,019**	**1,649**	A4-2
INTANGIBLE FIXED ASSETS	**11,808**	**11,489**	A5
TANGIBLE FIXED ASSETS	**12,040**	**12,552**	A5
OTHER ASSETS	**24,815**	**5,282**	A6
ACCRUALS	**621,621**	**537,638**	A6
TOTAL ASSETS	**12,401,791**	**11,930,930**	

OFF-BALANCE SHEET

COMMITMENTS			
Guarantee outstandings	**413,436,726**	**390,392,034**	A12-1
Guarantee commitments not yet implemented	**37,197,797**	**37,862,764**	
Other guarantee given	**58**	**56**	A12-1
COMMITMENTS GIVEN	**450,634,581**	**428,254,854**	

Liabilities	31/12/2021	31/12/2020	Notes
AMOUNTS DUE TO credit institution	**4,028**	**5,691**	A7
On sight	70	11	
Term	3,958	5,680	
AMOUNTS DUE TO customer	**41,306**	**12,939**	A7
OTHER LIABILITIES	**1,158,068**	**705,986**	A8
ACCRUALS	**965,948**	**963,498**	A8
DEPRECIATIONS FOR RISK AND EXPENSES	**692**	**1,050**	A8
SUBORDINATED DEBT	**8,577,593**	**8,576,034**	A4-2
Mutual guarantee deposits	6,641,887	6,351,891	A9-1
Subordinated borrowings	932,330	1,103,297	A9-2
Accrual on borrowings	2,051	2,623	A9-2
Surbordinated securities	1,000,000	1,104,250	A9-2
Accruals on subordinated securities	1,325	13,973	A9-2
FUNDS FOR GENERAL BANKING RISKS	**610**	**610**	A9-3
SHAREHOLDERS' EQUITY	**1,653,546**	**1,665,122**	
Capital	1,259,850	1,259,850	A9-4
Reserves	159,138	154,180	A9-4
Regulatory provisions	50,400	53,053	A9-3
Retained earnings	64,037	98,889	
Earnings for the year	120,121	99,150	
TOTAL LIABILITIES	**12,401,791**	**11,930,930**	

OFF-BALANCE SHEET

COMMITMENTS			
Guarantee commitments received from credit institutions	**1,661,932**	**1,826,939**	A11
On securities to be received	**260,000**	**210,000**	A11
COMMITMENTS RECEIVED	**1,921,932**	**2,036,939**	

PROFIT AN LOSS
AT DECEMBER 31, 2021
in thousand euros

	31/12/2021	31/12/2020	Notes
Interest income	125,773	112,706	B1
Interest expenses	(67,564)	(67,790)	
Income from variable-income securitie	21	29	B2
Commission (income)	163,097	154,370	B3
Commission (expenses)	(2,744)	(891)	
Gain or loss on exchange	(2)	0	B4
Gain or loss on exchange	(383)	(130)	B5
Other banking operating income	4,296	3,315	B6
Other banking operating expenses	(261)	(442)	
NET BANKING INCOME	**222,233**	**201,167**	
General operating expense	(51,586)	(50,644)	B7
Allowances for depreciation and amortisation on tangible and intangible fixed assets including equity securities	(5,213)	(4,672)	B8
GENERAL OPERATING EXPENSES AND ALLOWANCES FOR DEPRECIATIONS AND PROVISIONS	**(56,799)**	**(55,316)**	
GROSS OPERATING INCOME	**165,434**	**145,851**	
RÉSULTAT D'EXPLOITATION	**165,434**	**145,851**	
Cost of credit risk	(8)	(52)	B9
OPERATING INCOME	**165,426**	**145,799**	
Non-recurring income/loss	0	0	
Corporate income tax	(47,958)	(46,649)	B10
Allowances/write back for provisions	2,653	0	B11
NET INCOME FOR THE YEAR	**120,121**	**99,150**	

STATUTORY AUDITOR'S REPORT

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 your general meetings, we have audited the annual financial statements of Crédit Logement for the year ended 31 December 2021, as enclosed in this report.

In our opinion, with regard to French accounting rules and principles, the annual financial statements provide a true and fair view of the assets and liabilities and of the financial position of the company for the year under review and of the results of its operations for that year.

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

Basis for our opinion

Audit framework

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

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

Independence

We conducted our audit in accordance with the rules of independence set out in the French commercial code (*Code de commerce*) and the French code of ethics for statutory auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from 1 January 2021 to the date of issuance of our report.

Justification of our assessments

The global crisis triggered by the COVID-19 pandemic has meant that new factors have had to be taken into account in the preparation and audit of the financial statements for the financial year ended 31 December 2021. The crisis and the exceptional measures taken by the authorities as part of the state of emergency in response to the pandemic have multiple consequences for companies, particularly in relation to their activity and financing. This has also led to more uncertainty over their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organisation of companies and on how audits are conducted.

It is in this complex and changing context that, pursuant to the provisions of Articles L.823-9 and R.823-7 of the French commercial code relating to the justification of our assessments, we hereby inform you that, in our professional judgement, the assessments of the most significance that we carried out related to the appropriateness of the accounting principles applied, the reasonableness of the material estimates used and the overall presentation of the financial statements, particularly with regard to the following:

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

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

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

Specific verifications

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

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

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

We have the following observation with regard to the fair presentation and consistency with the annual financial statements of the disclosures relating to payment terms, referred to in Article D.441-6 of the French commercial code: as stipulated in the management report, 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 the persons **with governance roles with respect to the annual financial statements**

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

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

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

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

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

Objective and audit approach

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

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

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

- identify and assess the risks of material misstatement in the annual financial statements, whether due to fraud or error, define and perform audit procedures to respond to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for the statutory auditor’s opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of non-detection 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 relies 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.823-16 of the French commercial code, confirming our independence within the meaning of the rules applicable in France such as they are set forth in particular by Articles L.822-10 to L.822-14 of said code and in the French code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may have a bearing on our independence and the related safeguards.

Paris and Paris-La Défense, 20 April 2022

The Statutory Auditors

CTF	Deloitte & Associés
Christophe LEGUÉ	
Christophe Legué Partner	Marjorie Blanc Lourme Partner

NOTES TO THE FINANCIAL STATEMENTS

1. OUTLOOK AND SIGNIFICANT EVENTS

SINCE THE END OF THE FINANCIAL YEAR

In view of the public health environment, which has yet to fully stabilise, Crédit Logement has factored a 7% fall in guarantee volumes into the projections for 2022.
However, production was dynamic in January and February, in keeping with the trend observed in the last months of 2021, and the triggering of the guarantee mechanism is at a low level, along the same lines as in 2021.
Based on these various, we could contemplate a scenario in which production and risk in 2022 would be along the same lines as in 2021, even though the uptick in long-term market interest rates, observed since early February in particular, might slow the market momentum once it filters into home loan rates.
Additionally, Crédit Logement has no risk-related exposures that might be affected by the consequences of the war in Ukraine, particularly as regards the investment portfolio.

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 (*Société de Financement*).

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

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

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

There was no change of accounting method in 2021.

3. ACCOUNTING PRINCIPLES AND METHODS

ASSETS

LOANS AND ADVANCES TO CREDIT INSTITUTIONS

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

- demand or term accounts;
- according to their remaining term.

LOANS AND ADVANCES TO CUSTOMERS

OTHER CUSTOMER LOANS AND ADVANCES

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

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

DOUBTFUL LOANS

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

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

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

- doubtful loans;
- non-performing loans.

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

Given the existence of the mutual guarantee fund, which covers the loss experience for the guarantee portfolio on residential loans, such doubtful loans are not provisioned.

SECURITIES PORTFOLIO

A distinction is made between four types of securities:

- trading account securities;
- securities held for sale;
- debt securities held to maturity;
- participating interests and interests in affiliated companies.

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

- bonds and other fixed-income securities;
- shares and other variable-income securities;
- interests in affiliated companies.

TRADING ACCOUNT SECURITIES

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

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

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

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

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

SECURITIES HELD FOR SALE

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

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

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

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

DEBT SECURITIES HELD TO MATURITY

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

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

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

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

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

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

PARTICIPATING INTERESTS AND INTERESTS IN AFFILIATED COMPANIES

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

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

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

FIXED ASSETS

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

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

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

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

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

Fully depreciated fixed assets were not restated.

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

- structural components;
- roof/facade;
- technical equipment;
- fixtures and fittings.

They are depreciated as follows.

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

ACCRUALS: ASSETS

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

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

LIABILITIES

AMOUNTS DUE TO CREDIT INSTITUTIONS

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

AMOUNTS DUE TO CUSTOMERS

OTHER AMOUNTS DUE

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

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

OTHER LIABILITIES

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

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

In accordance with Article L.441-6 paragraphs 8 and 9 of the French commercial code (*Code de Commerce*), the settlement deadline for amounts due falls either on the 30th day following the receipt of goods or delivery of the requested service, without exceeding 45 days from the end of the month, or on the 60th day following 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 (*ation Bancaire Française* - FBF) master agreement on forward financial transactions entered into with our counterparties or in accordance with the swap clearing arrangements set up in June 2019.

PROVISIONS FOR LIABILITIES AND CHARGES

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

A provision is set aside:

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

SUBORDINATED DEBT

MUTUAL GUARANTEE FUND

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

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

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

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

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

SUBORDINATED SECURITIES, EQUITY LOANS AND SUBORDINATED DEBT

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

1. Undated deeply-subordinated bond issue, with no step-up clause (Tier 1) - FR0010301713

16,000 undated deeply-subordinated securities with a par value of €50,000 were issued on 16 March 2006, in accordance with Article 2 of CRBF regulation 90-02 of 2 February 1990, and can be incorporated into additional Tier 1 capital. However, since they do not satisfy all the criteria laid down in Regulation (EU) No. 575/2013, they are subject to grandfathering.

On 28 November 2017, 9,475 securities were redeemed for €473,750,000. This left 6,525 such securities outstanding in the amount of €326,250,000.

On 16 December 2021, Crédit Logement exercised an early call option held on a quarterly basis at the exclusive initiative of the issuer. On 7 October 2021, the Board of Directors approved the exercise of this option, which was subsequently authorised by the ACPR.

Accordingly, no more securities remained from this issue as at 31 December 2021.

2. Dated bond issue (lower Tier 2) – FR 0011000231

5,000 dated subordinated bonds were issued with a par value of €100,000 on 16 February 2011, in accordance with Article 2 of CRBF regulation 90-02 of 23 February 1990, and can be included in the Tier 2 capital base. However, as they do not satisfy all the criteria laid down in Regulation (EU) No. 575/2013, they are subject to grandfathering.

On 28 November 2017, 2,220 securities were redeemed for €222,000,000. There are therefore 2,780 such securities outstanding in the amount of €278,000,000.

These bonds matured on 16 February 2021.

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

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

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

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

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

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

5. Equity loans

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

The 12-year equity loans, amended in 2014, were repaid on 30 December 2021 after prior approval by the ACPR. After that date, with less than five years to run, these equity loans would have gradually lost their regulatory recognition.

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

6. Subordinated loans

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

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

Distribution of earnings in accordance with Article 18 of the articles of company statutes

"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 INSTITUTIONS

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

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

- sound loans;
- sound restructured loans;
- doubtful loans;
- non-performing loans;
- doubtful loans through contagion.

The exposures have been categorised according to the following criteria:

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

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

- non-performing loans. This category includes the following commitments:
  - any commitments that have been treated as doubtful for one year and for which no return to sound loan status is foreseeable, or for which an event of default has been recorded;
  - any failure to honour the repayment schedule drawn up for a restructured loan (restructured sound loans);
- doubtful loans through contagion. The classification of a counterparty into one of the two doubtful categories automatically results in an identical status being assigned to all the sound and sound restructured loans granted to that counterparty.

GUARANTEE COMMITMENTS RECEIVED

COMMITMENT TO REPLENISH THE MUTUAL GUARANTEE FUND

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

COMMITMENTS IN RESPECT OF FORWARD FINANCIAL INSTRUMENTS

Recording and qualification principles for a transaction

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

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

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

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

- isolated open positions: contracts classified in isolated open position portfolios are valued at the lower of the acquisition price or their market value. Unrealised capital gains are not recognised and a provision for risk on unrealised capital losses is only set aside when there is a counterparty risk;
- micro-hedging transactions: in micro-hedging transactions, the expenses and income relative to the forward financial instruments used, assigned from the outset to an item or to a consistent set of identified items, are recognised in income so as to match them with the income and expenses recognised on the hedged positions;
- macro-hedging transactions: in macro-hedging transactions, the expenses and income are recognised in the income statement on a time-apportioned basis.

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

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

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

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

FIRM TRANSACTIONS IN INTEREST-RATE 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 26 November 2014 on the financial statements of companies in the banking sector.

Mechanism of credit risk mitigation on cash investments

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

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

OTHER SECURITIES RECEIVED AS COLLATERAL

Financial guarantee master agreements put in place in 2013 stipulate the conditions under which banking partners, 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;
- claim on Crédit Logement - equity 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 elements constituting 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 3 April 2013. Accordingly, the Chairman received €3,900 in the financial year ended 31 December 2021. This remuneration is paid based on the effective attendance rate at Board meetings. The Chairman receives one and a half times this remuneration.

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, the company officers 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), as well as a company car, added back as a benefit in kind.

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

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

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

EMPLOYEE BENEFITS

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

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

CONSOLIDATION SCOPE

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

SNC Foncière Sébastopol is therefore not consolidated.

Accordingly, Crédit Logement does not prepare consolidated financial statements.

4. NOTES

NOTES A: INFORMATION ON THE BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

NOTES B: INFORMATION ON THE INCOME STATEMENT

NOTES C: OTHER INFORMATION

NOTE A - INFORMATION ON THE BALANCE SHEET AND OFF-BALANCE SHEET ITEMS (in thousands of euros)

NOTE A 1 - LOANS AND ADVANCES AND BREAKDOWN BY RESIDUAL TERM

	< 3 months	3 months to 1	1 to 5 years	> 5 years	Total
CREDIT INSTITUTIONS	**595,699**	**433,753**	**1,158,828**	**2,642,163**	**4,830,443**
Demand accounts	248,105				248,105
Term accounts	344,307	430,000	1,150,000	2,642,163	4,566,470
Accrued interest	3,287	3,753	8,828		15,868
LOANS AND ADVANCES TO CUSTOMERS	**1,088,824**	**71**	**120**	**389**	**1,089,404**
Other customer loans and advances	24	71	120	389	604
Doubtful loans	1,088,800				1,088,800
BONDS AND OTHER FIXED-INCOME SECURITIES	**640,967**	**554,908**	**1,815,883**	**2,034,738**	**5,046,496**

NOTE A 2 - BREAKDOWN OF LOANS AND ADVANCES

	Affiliated companies	Equity interests	Other companies	Retail customers	Total
LOANS AND ADVANCES TO CREDIT INSTITUTIONS		4,766,283	64,160		4,830,443
LOANS AND ADVANCES TO CUSTOMERS			206,293	883,111	1,089,404
BONDS AND OTHER FIXED-INCOME SECURITIES		3,177,765	1,868,731		5,046,496

NOTE A 3 - LOANS AND ADVANCES TO CUSTOMERS

NOTE A 3-1 - CHANGES IN CUSTOMER OUTSTANDINGS

	31/12/2020	Releases / Disbursements	Repayments / Collections (1)	Write-offs (2)	31/12/2021
Cash loans - loans to staff	582	179	157		604
Doubtful loans	1,251,423	228,413	267,081	124,022	1,088,733
Other third party doubtful loans	616				616
Impairment of other third party doubtful loans	(549)				(549)
TOTAL	**1,252,072**	**228,592**	**267,238**	**124,022**	**1,089,404**

(1) including non-performing loan assignment for 64,658 thousands euros

(2) write-offs on assigned portfolio for 65,749 thousand euros

NOTE A 3-2 - CREDIT RISK: BREAKDOWN BY EXPOSURE CATEGORY

	Sound loans	w restructured loa	Doubtful loans	o/w non-performing loans	Total outstandings
Cash loans - loans to staff	604				604
Doubtful loans			1,088,800	1,081,389	1,088,800
TOTAL	604		1,088,800	1,081,389	1,089,404

NOTE A 4 - SECURITIES PORTFOLIO

NOTE A 4-1 - BREAKDOWN OF SECURITIES PORTFOLIO

	Acquisition value				Market or 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		87,889		87,889	87,889	
Trading account securities		**87,889**		**87,889**	**87,889**	
Securities received under repurchase agreements		617,567		617,567	627,566	
Accrued interest		2,069		2,069		
Securities received under repurchase agreements		**619,636**		**619,636**	**627,566**	
Bonds	1,645,807	2,676,973		2,676,973	4,331,133	4,215,700
Accrued interest	8 037	8 154		8 154		
Debt securities held to maturity	**1,653,844**	**2,685,127**		**2,685,127**	**4,331,133**	**4,215,700**
SHARES AND OTHER VARIABLE-INCOME SECURITIES						
Trading account securities - Securities borrowed		581,902		581,902	581,902	
Trading account securities		**581,902**		**581,902**	**581,902**	
UCITS		181,251		181,251	181,464	
Impairment provision		(15)		(15)		
Securities held for sale		**181,236**		**181,236**	**181,464**	
Interests in affiliated companies			2,019	2,019	2,019	
PARTICIPATING INTERESTS			**2,019**	**2,019**	**2,019**	
TOTAL SECURITIES PORTFOLIO	**1,653,844**	**4,155,790**	**2,019**	**4,157,809**	**5,811,973**	

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		(97)	15	15
Partner advances and current accounts						
SNC Foncière Sébastopol					2,019	2,019
INTERESTS IN AFFILIATED COMPANIES					**2,034**	**2,034**

* Data as at 31/12/2020

NOTE A 5 - FIXED ASSETS

GROSS FIXED ASSETS	Gross value at beginning of year	Acquisitions	Disposals or internal transfers	Gross value at end of year	Net value at end of year
INTANGIBLE FIXED ASSETS	**39,456**	**4,137**		**43,593**	**11,808**
Assets under construction	4,252	150	(4,026)	376	376
Software and licenses	35,204	3,987	4,026	43,217	11,432
TANGIBLE FIXED ASSETS	**33,163**	**894**	**(88)**	**33,969**	**12,040**
Assets under construction	609	324	(585)	348	348
Land	2,909			2,909	2,909
Structural components of buildings	5,499			5,499	3,307
Roof/facade	2,172			2,172	132
Office equipment	413	2		415	6
Club Affaires machinery and equipment	79			79	11
Office furniture	1,704	54	2	1,760	368
Club Affaires furniture	123			123	35
Computer hardware	3,552	76		3,628	701
Fixtures and fittings - non building	5,465	49	50	5,564	224
Fixtures and fittings - building	4,469	171	253	4,893	1,244
Technical equipment	6,169	218	192	6,579	2,755
TOTAL	**72,619**	**5,031**	**(88)**	**77,562**	**23,848**

DEPRECIATION, AMORTISATION OR PROVISIONS	Opening balance	Charges	Reductions	Closing balance
INTANGIBLE FIXED ASSETS	**27,967**	**4,084**	**(266)**	**31,785**
Software and licenses	27,967	4,084	(266)	31,785
TANGIBLE FIXED ASSETS	**20,611**	**1,394**	**(76)**	**21,929**
Land				
Structural components of buildings	2,142	50		2,192
Roof/facade	1,955	85		2,040
Office equipment	386	23		409
Club Affaires machinery and equipment	65	3		68
Office furniture	1,320	72		1,392
Club Affaires furniture	88			88
Computer hardware	2,614	341	(28)	2,927
Fixtures and fittings - non building	5,137	204	(1)	5,340
Fixtures and fittings - building	3,413	245	(9)	3,649
Technical equipment	3,491	371	(38)	3,824
TOTAL	**48,578**	**5,478**	**(342)**	**53,714**

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

NOTE A 6 - OTHER ASSETS AND ACCRUALS

	31/12/2021	31/12/2020
Deposit guarantee fund (*FGDR*)		4
Deposits and bonds given	257	221
Guarantee deposit paid	22,690	790
Amounts in respect of tax and social security payments	3	2,988
Sundry debtors (staff)	71	79
Other sundry debtors (customers)	1,728	1,174
Other sundry debtors (other)	66	26
Other assets	**24,815**	**5,282**

	31/12/2021	31/12/2020
Forward financial instrument adjustment accounts (cash margin calls)	120,118	55,539
Currency adjustment accounts	27	1
Losses to be amortised on forward finance	2,329	2,844
Prepaid expenses	1,145	1,355
Expenses to be spread forward		26
Accrued income on guarantees	483,342	466,282
Accrued income on forward financial instruments	13,818	11,571
Miscellaneous accrued income	2	2
Other accruals	840	18
ACCRUALS	**621,621**	**537,638**

NOTE A 7 - AMOUNTS DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

	31/12/2021	31/12/2020
Accounts and borrowings		
- Deposits of cash collateral	3,587	5,339
- Accrued interest	441	353
Credit institutions	**4,028**	**5,692**
Other amounts due - including segregated amounts	11,720	12,939
Other amounts due - deduction from MGF on matured loans *	29,586	
Clientèle	**41,306**	**12,939**

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

NOTE A 8 - OTHER LIABILITIES, ACCRUALS AND PROVISIONS

	31/12/2021	31/12/2020
Securities and the Repo	468,118	121,015
Amounts due in respect of tax and social security payments	669,790	571,500
Amounts due in respect of tax and social security payments	7,823	3,685
Sundry creditors (staff)	3,858	4,210
Sundry creditors (suppliers)	1,713	2,161
Amounts payable to staff	2,800	2,358
Other sundry creditors	3,966	1,057
Other liabilities	**1,158,068**	**705,986**

	31/12/2021	31/12/2020
Prepaid income on guarantees	498,959	464,392
Deferred income on guarantees	297,271	288,628
Accrued expenses on forward financial instruments	13,320	11,317
Gains spread forward on forward financial instr.	104,005	63,230
Currency adjustment accounts	27	
Forward financial instrument adjustment accounts (cash margin calls)	52,364	135,930
Other accruals	2	1
Accruals and deferred income - liabilities	**965,948**	**963,498**

Provisions for liabilities and charges

Category	31/12/2020	Charges	Releases	Releases of unused prov	31/12/2021
Provisions for litigation	1,050	7	(285)	(80)	692
TOTAL	**1,050**	**7**	**(285)**	**(80)**	**692**

NOTE A 9 - SHAREHOLDERS' EQUITY AND EQUIVALENTS

NOTE A 9-1 - MUTUAL GUARANTEE FUND

	Opening balance	Incoming	Outgoing	Closing balance
Mutual guarantee fund in euros	6,773,011	792,606	(378,499)	7,187,118
Mutual guarantee fund in foreign currency	1,609		(50)	1,559
Use of the mutual guarantee fund to cover irrecoverable written-off debt	(422,729)	(126,628)	2,567	(546,790)
Mutual guarantee fund - liabilities	**6,351,891**	**665,978**	**(375,982)**	**6,641,887**
Doubtful loans to be recovered - assets	(1,251,423)	(228,413)	391,103	(1,088,733)
Available mutual guarantee fund after doubtful loans	**5,100,468**	**437,565**	**15,121**	**5,553,154**
Doubtful loans to be recovered - assets	1,251,423	228,413	(391,103)	1,088,733
Expected loss on doubtful loans - estimated write-off of irrecoverable debt	(512,682)	(107,083)	162,161	(457,604)
Estimated recovery on doubtful loans	**738,741**	**121,330**	**(228,942)**	**631,129**
Mutual guarantee fund after expected loss on doubtful loans	**5,839,209**	**558,895**	**(213,821)**	**6,184,283**

NOTE A 9-2 - DETTES SUBORDONNÉES

SUBORDINATED LOANS	Issue date	Due or early repayment date	31/12/2021 Amount	31/12/2021 Accrued interest	31/12/2020 Amount	31/12/2020 Accrued interest
	30/06/2012	30/12/2021			300,830	
	30/06/2013	30/12/2021			120,737	
	30/06/2019	30/06/2031	393,460		393,460	
	30/06/2019	30/12/2031	287,930		287,930	
	30/06/2020	30/12/2031	340		340	
Dated			681,730	2,046	1,103,297	2,623
Total equity loans			**681,730**	**2,046**	**1,103,297**	**2,623**
SUBORDINATED LOANS	Issue date	Due or early repayment date				
	30/12/2021	30/12/2031	250,600			
Dated			**250,600**	**5**		
Total subordinated loans			**250,600**	**5**		
SUBORDINATED SECURITIES	**Issue date / Due date**	**Number of securities**				
Perpetual bonds	16/03/2006	6,525			326,250	88
ISIN FR 0010301713 (partial redemption of 9,475 securities on 26/11/2017)	16/12/2021					
Redeemable bonds	16/02/2011	2,780			278,000	13,256
ISIN FR 0011000231 (partial redemption of 2,220 securities on 28/11/2017)	16/02/2021					
Redeemable bonds	28/11/2017	5,000	500,000	629	500,000	629
ISIN FR 0013299468	28/11/2029					
Redeemable bonds	15/11/2021	5,000	500,000	696		
ISIN FR 0014006IG1	15/02/2034					
Total subordinated securities			**1,000,000**	**1,325**	**1,104,250**	**13,973**
TOTAL SUBORDINATED DEBT			**1,932,330**	**3,376**	**2,207,547**	**16,596**

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	53,053		(2,653)	50,400
Fund for general banking risks	610			610
TOTAL	**53,663**		**(2,653)**	**51,010**

NOTE A 9-4 - CHANGES IN SHARE CAPITAL AND RESERVES

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

- Crédit Agricole and LCL Le Crédit Lyonnais	32,50 %	- Crédit Mutuel and CIC	10,00 %
- BNP Paribas	16,50 %	- La Banque Postale	6,00 %
- Société Générale and Crédit du Nord	16,50 %	- H.S.B.C. Continental Europe	3,00 %
- BPCE / Crédit Foncier de France	15,50 %		

	31/12/2020	Increase / allocation	Decrease / allocation	31/12/2021
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	86,942	4,958		91,900
General reserve	67,238		-	67,238
TOTAL	**154,180**	**4,958**		**159,138**

NOTE A 10 - RECEIVABLES AND PAYABLES ASSOCIATED WITH EACH BALANCE SHEET ITEM

ACTIF	31/12/2021	31/12/2020
Credit institutions	15,868	19,858
Interests in affiliated companies	6	5
Bonds and other fixed-income securities	18,260	14,080
Other assets: tax claims	2	2,988
Accruals:		
- guarantees	483,342	466,282
- suppliers	2	2
- forward financial instruments	13,818	11,571
Accrued income	**531,298**	**514,786**
Accruals:		
- issue costs to be amortised		26
- suppliers	1,145	1,355
Prepaid expenses	**1,145**	**1,381**

LIABILITIES	31/12/2021	31/12/2020
Credit institutions	441	353
Subordinated debt	3,376	16,596
Other liabilities: tax and social security	7,823	3,684
Accruals:		
- forward financial instruments	13,320	11,316
Deferred expenses	**24,960**	**31,949**
Accruals:		
- sureties - Initio tariff	297,271	288,628
- sureties - classical tariff	498,959	464,392
Deferred income	**796,230**	**753,020**

NOTE A 11 - OFF-BALANCE SHEET COMMITMENTS RECEIVED

	31/12/2020	Changes	31/12/2021
. Counter-guarantee received (from shareholders or otherwise) relative to the commitment to replenish the mutual guarantee fund	1,826,939	(165,007)	1,661,932
TOTAL GUARANTEE COMMITMENTS RECEIVED FROM CREDIT INSTITUTIONS	**1,826,939**	**(165,007)**	**1,661,932**
Underlying assets on credit linked certificates	210,000	50,000	260,000
COMMITMENTS ON SECURITIES TO BE RECEIVED	**210,000**	**50,000**	**260,000**
Master financial guarantee agreement pursuant to Art. L211-38 of the French monetary and financial code (CMF)			
Listed securities received as collateral	156,141	(34,176)	121,965
Claim on Crédit Logement - equity loans	364,825	(51,127)	313,698
Eligible receivables resulting from loans, credits or funding to legal persons	126,100	(822)	125,278
ADDITIONAL INFORMATION : OTHER SECURITIES RECEIVED AS COLLATERAL - PLEDGES	**647,066**	**(86,125)**	**560,941**

NOTE A 12 - OFF-BALANCE SHEET COMMITMENTS GIVEN

NOTE A 12-1 - CHANGES IN COMMITMENTS GIVEN

	31/12/2020	Incoming	Amortisation/diff.	Outgoing	31/12/2021
Guarantees on property loans - Guarantee agreements arranged	390,363,058	79,803,939	(28,052,657)	(28,706,590)	413,389,713
Estimated unpaid instalments on property loans before call-in of guarantee	28,976		18,037		47,013
	390,392,034	79,803,939	(28,034,620)	(28,706,590)	413,436,726
Guarantee agreements not yet arranged	37,862,764		(664,967)		37,197,797
Guarantee of property loans to retail customers	**428,254,798**	**79,803,939**	**(28,699,587)**	**(28,706,590)**	**45, 634,523**
Financial guarantees	**56**	**58**		**(56)**	**58**
GUARANTEE COMMITMENTS AT THE REQUEST OF CUSTOMERS	**428,254,854**	**79,803,997**	**(28,699,587)**	**(28,706,646)**	**450,634,581**

NOTE A 12-2 - BREAKDOWN BY RESIDUAL TERM

Garanties d'ordre de la clientèle	< 3 months	3 months to 1	1 to 5 years	> 5 years	TOTAL
Guarantees on property loans - Guarantee agreements arranged	329,207	1,705,839	18,104,402	393,250,265	413,389,713
Guarantee agreements not yet arranged		37,197,797			37,197,797
Estimated unpaid instalments on property loans before call-in of guarantee	47,013				47,013
Financial guarantees	58				58
TOTAL	**376,278**	**38,903,636**	**18,104,402**	**393,250,265**	**450,634,581**

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	412,812,544	345,899	577,169	213,810	413,389,713
Estimated unpaid installments before call on guarantee	47,013				47,013
Guarantee agreements not yet arranged	37,197,797				37,197,797
Financial guarantees	58				58
TOTAL	**450,057,412**	345?899	**577,169**	213,810	**450,634,581**

NOTE A 13 - FORWARD FINANCIAL INSTRUMENTS

Interest rate instruments - over-the-counter	Notional value	Margin call paid / received	Market value (coupon included)	Market value (coupon excluded)
Couverts par convention cadre FBF	6,361,200	(67,755)	(44,815)	(44,261)
Hors convention	50,000		6,521	5,434
TOTAL	**6,411,200**	**(67,755)**	**(38,294)**	**(38,827)**

No transfer between categories was made in 2020

Interest rate instruments - by remaining term	< 3 months	3 months to 1 year	1 to 5 years	> 5 years	TOTAL
Firm micro-hedging transactions	310,700	124,000	907,500	914,000	2,256,200
Firm macro-hedging transactions (fixed rate for buyer)		240,000	1,230,000	2,685,000	4,155,000
TOTAL	**310,700**	**364,000**	**2,137,500**	**3,599,000**	**6,411,200**

NOTE B - INFORMATION ON THE INCOME STATEMENT (in thousands of euros)

NOTE B 1 - INTEREST INCOME AND EQUIVALENT - INTEREST EXPENSE AND EQUIVALENT

	31/12/2021	31/12/2020
Interest on demand deposit accounts	26	33
Interest on term deposit accounts (counterparty for subordinated loans)	23	1,257
Interest on term loans and advances	19,213	22,591
Income on forward financial instruments	61,875	54,497
Transactions with credit institutions	**81,137**	**78,378**
Loans to Crédit Logement staff	2	1
Interest on doubtful loans (late payment interest on guaranteed debt)	6,423	5,931
Transactions with customers	**6,425**	**5,932**
Interest on securities received under repurchase agreements	3,271	2,039
Interest income on debt securities held to maturity	33,590	24,872
Miscellaneous income on securities transactions	1,350	1,485
Interest on bonds and fixed-income securities	**38,211**	**28,396**
TOTAL INTEREST INCOME AND EQUIVALENT	**125,773**	**112,706**
Interest on demand deposit accounts	(130)	(105)
Interest on Repo	(544)	(26)
Interest or balancing payment on term loans	(553)	(231)
Interest on term account	(6,377)	(3,546)
Interest on subordinated loans	(8,788)	(11,129)
Interest on subordinated securities	(1,268)	(24,274)
Expenses on debt securities held to maturity	(7,291)	(5,167)
Expenses on forward financial instruments	(32,613)	(23,312)
TOTAL INTEREST EXPENSE AND EQUIVALENT	**(67,564)**	**(67,790)**

NOTE B 2 - PROCEEDS FROM VARIABLE-INCOME SECURITIES

	31/12/2021	31/12/2020
Interest on partner current account with SNC Foncière Sébastopol	21	29
TOTAL DES REVENUS DES TITRES À REVENU VARIABLE	**21**	**29**

NOTE B 3 - COMMISSION (INCOME AND EXPENSE)

	31/12/2021	31/12/2020
Guarantee commissions relating to off-balance-sheet commitments given on guaranteed property loans	163,097	154,370
TOTAL COMMISSION (INCOME)	**163,097**	**154,370**
Bank commission and fees	(719)	(785)
Commission and fees on the issue of subordinated securities	(2,025)	(106
TOTAL COMMISSION (EXPENSE)	**(2,744)**	**(891)**

NOTE B 4 - GAIN OR LOSS ON TRADING PORTFOLIO AND EQUIVALENT

	31/12/2021	31/12/2020
Loss on foreign exchange transactions	(3)	
Gain on foreign exchange transactions	1	
TOTAL GAIN OR LOSS ON TRADING PORTFOLIO	**(2)**	

NOTE B 5 - GAIN OR LOSS ON INVESTMENT PORTFOLIO AND EQUIVALENT

	31/12/2021	31/12/2020
Capital loss on the disposal of securities held for investment	(627)	
Capital gains on the disposals of held for investment		
Charges to and reversals of provisions on securities held for investment	244	(130)
TOTAL GAIN OR LOSS ON INVESTMENT PORTFOLIO	**(383)**	**(130)**

NOTE B 6 - OTHER INCOME AND EXPENSE FROM BANKING OPERATIONS

	31/12/2021	31/12/2020
Income from debt collection on behalf of third parties (management and recovery fees)	3,417	1,960
Ancillary income (Crédit Logement Assurance / SNC Foncière Sébastopol)	21	19
Other ancillary income	261	156
Miscellaneous income	597	1,180
TOTAL OTHER OPERATING INCOME	**4,296**	**3,315**
Loss on SNC Foncière Sébastopol	(32)	(97)
Miscellaneous expenses	(229)	(345)
TOTAL OTHER OPERATING EXPENSE	**(261)**	**(442)**

NOTE B 7 - GENERAL OPERATING EXPENSES

	31/12/2021	31/12/2020
Salaries and wages	(19,612)	(18,387)
Social security charges	(8,739)	(8,257)
Salary-based taxes	(3,383)	(3,247)
Expenses related to retirement benefits	(2,584)	(2,604)
Discretionary employee profit-sharing	(68)	(394)
Statutory employee profit-sharing	(2,800)	(2,358)
Provisions for litigation	80	(7)
Personnel costs	**(37,106)**	**(35,254)**
Taxes	**(4,039)**	**(5,335)**
Rentals	(1,462)	(1,424)
Transport and travel	(66)	(60)
Other external services	(8,906)	(8,671)
Provisions for risks and expenses	(7)	100
External services	**(10,441)**	**(10,055)**
Other administrative expenses	**(14,480)**	**(15,390)**
TOTAL GENERAL OPERATING EXPENSES	**(51,586)**	**(50,644)**

NOTE B 8 - CHARGES TO DEPRECIATION AND AMORTISATION AND FIXED ASSET IMPAIRMENT

	31/12/2021	31/12/2020
Software and licenses	(3?818)	(3?261)
Intangible fixed assets	**(3,818)**	**(3,261)**
Structural components	(49)	(49)
Roof/facade	(85)	(85)
Office equipment	(24)	(41)
Club Affaires machinery and equipment	(4)	(4)
Office furniture	(72)	(71)
Club Affaires furniture		
Computer hardware	(341)	(340)
Fixtures and fittings - non building	(204)	(253)
Fixtures and fittings - building	(245)	(224)
Technical equipment	(371)	(344)
Tangible fixed assets	**(1,395)**	**(1,411)**
TOTAL	**(5,213)**	**(4,672)**

NOTE B 9 - GAINS OR LOSSES ON FIXED ASSETS

	31/12/2021	31/12/2020
Capital losses on the disposal of fixed assets	(10)	(52)
Capital gains on disposal of fixed assets	2	
Capital losses on disposals of equity interests		
Provisions for impairment of participating interests		
TOTAL	**(8)**	**(52)**

NOTE B 10 - CORPORATE INCOME TAX

	31/12/2021	31/12/2020
On ordinary income	(47,923)	(46,649)
Additional tax assessment	(35)	
TOTAL *	**(47,958)**	**(46,649)**
* of which corporate income tax instalments already paid	(43,735)	(49,516)

NOTE B 11 - ALLOCATIONS AND REVERSALS ON REGULATED PROVISIONS (FRBG AND OTHERS)

	31/12/2021	31/12/2020
Release of provisions for risks relating to medium and long-term transactions	2,653	
TOTAL	**2,653**	

NOTE C - OTHER INFORMATION (in thousands of euros)

NOTE C 1 - TOTAL REMUNERATION AMOUNT ALLOCATED FOR THE YEAR

	Remuneration	Advances and loans	Off-balance sheet
To members of all governance bodies *	36		4 982
To all managers	925	16	2 179
- fixed component	700		
- variable component	157		
- benefits in kind and add-back of death, disability and related benefits	68		
To all "regulated" staff members	1,587		

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

NOTE C 2 - TOTAL STATUTORY AUDITORS' FEES FOR THE YEAR

	Fees
Statutory audit	192
Ancillary services	36

NOTE C 3 - AVERAGE WORKFORCE BY OCCUPATIONAL CATEGORY

	31/12/2021	31/12/2020
Management *	2	2
Senior members of staff	250	245
Supervisors	59	59
Employees	22	24
TOTAL	**333**	**330**

* Excluding company officers

NOTE C 4 - 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	9,497	Value of the collective fund administered externally	2,428
Amount corresponding to actuarial commitments	9,746	Amount corresponding to actuarial commitments	2,390
Collective defined-benefit supplementary pension insurance scheme (Art. 39 of French tax code - *CGI*) Beneficiaries: certain senior members of staff, subject to certain coefficient and seniority-based retirement conditions 2% accrued annually up to a maximum of 20% of the salary paid in the retirement year Bonuses paid by the company are subject to the 24% or 29,7% flat-rate social security contribution (forfait social) The actuarial liabilities amount is covered by the external fund and a provision raised by Crédit Logement for an amount of 327 thousands euros. Projected annual pension to be paid to corporate officers as of 12/31/2021 according to article D 225-104-1 or the Frend Code de Commerce : 128		Collective post-employment benefit scheme Beneficiaries: all employees of the company	

Rules and methods

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

NOTE C 5 - SPECIAL-PURPOSE ENTITIES

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

NOTE C 6 - PROPOSED APPROPRIATION OF EARNINGS

Profit for the year	64,037
Retained earnings from the previous year	120,121
Earnings to be allocated	**184,158**
Breakdown of allocated earnings	
Legal reserve	6,006
General reserve	
Dividends - shares	177,999
Retained earnings	153
TOTAL	**184,158**

FINANCIAL RESULTS

in thousand euros

Nature of the indications	2017	2018	2019	2020	**2021**
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)	345,475	266,189	276,668	270,705	**292,902**
Earnings before tax, depreciation and provisions	187,479	155,720	157,121	150,793	**170,037**
Corporate income tax	66,205	48,375	53,612	46,649	**47,958**
Earnings after tax, depreciation and provisions	120,607	102,486	103,369	99,150	**120,121**
Profit distributed	264,568 **	246,571		129,045 ***	**177,999**
III - Earnings per share for operations (in euros)					
Earnings after tax but before depreciation and provisions	6,74	5,96	5,75	5,79	**6,78**
Earnings after tax, depreciation and provisions	6,70	5,69	5,74	5,51	**6,67**
Dividend per share	14,70 **	13,70		7,17	**9,89**
IV - Workforce					
Average headcount*	325	328	332	330	**333**
Payroll	17,769	17,447	18,510	18,387	**19,612**
Staff benefits	10,921	10,587	12,073	10,861	**11,323**

* Without managing director
** including distribution in December 2018 of part of the retained earning as at 31 december 2017
*** including distribution in December 2021 of part of the retained earning as at 31 december 2020