

Morningstar DBRS Confirms Crédit Logement's Long-Term Issuer Rating at AA (low) With a Stable Trend

BANKING ORGANIZATIONS

DBRS Ratings GmbH (Morningstar DBRS) confirmed its credit ratings on Crédit Logement, SA's (CL or the Company), including the Long-Term Issuer Rating at AA (low) and the Short-Term Issuer Rating at R-1 (middle). The trends on all credit ratings are Stable. Morningstar DBRS also maintained CL's Intrinsic Assessment (IA) at AA (low). The Company's Support Assessment is SA3, meaning that timely systemic support is not expected. A full list of credit rating actions is included at the end of this press release.

KEY CREDIT RATING CONSIDERATIONS

The credit rating confirmations consider the Company's strong franchise and leading position in the home loan guarantee market in France. They also incorporate CL's low risk profile, supported by conservative underwriting and significant expertise in the recovery of doubtful exposures; a strong capital position; and the shareholders' commitment to maintaining the Company's solvency in the case of stress. CL's shareholders are major French banking groups: Groupe Crédit Agricole (AA (low), Stable); Société Générale, SA (A (high), Stable); and BNP Paribas SA (AA (low), Stable) are the three largest shareholders.

The assigned IA is at the upper end of the IA range, reflecting the Company's ownership by the largest banks in France, which have the capacity and willingness to support CL's franchise, liquidity, and capital.

CREDIT RATING DRIVERS

A material improvement in earnings and a significant strengthening of capital cushions, combined with maintenance of the low risk profile, could result in an upgrade of CL's credit ratings.

Morningstar DBRS would downgrade CL's credit ratings in the case of severe deterioration in the credit quality of its guarantee or investment portfolio, a material weakening of its capital cushions, or a decline in support from its owners.

CREDIT RATING RATIONALE

Franchise Combined Building Block Assessment: Good

CL is the leading issuer of financial guarantees in the French home loans market. Financial guarantees are the most popular form of collateral in France, securing close to 60% of all outstanding French home loans. At YE2025, CL's outstanding portfolio of home loan guarantees was EUR 420 billion, equivalent to around one-third of all home loans outstanding in France. CL's strong franchise is further supported by the expertise and capabilities that it has developed over many decades. The Company's market position and distribution capacity benefit from co-operation with the major French banking groups, which are also its shareholders. CL is a non-bank financial institution regulated by the French banking and insurance supervisor Autorité de Contrôle Prudentiel et de Résolution.

Earnings Combined Building Block Assessment: Strong/Good

CL has a good track record in generating consistent earnings. However, profit maximisation is not a strategic goal, and earnings metrics are moderate. Revenues are predominantly composed of commissions paid by borrowers and net interest income earned on bank deposits and other low-risk investments. As a result, the Company's revenues and earnings are driven by the volume of guarantees put in place and the investment return on its funds. CL's 2024 net profit increased by 19% year over year (YOY) to EUR 132.5 million, as net interest income (NII) jumped by 36% YOY to EUR 112 million, while net fee and commission income increased by 13% to EUR 126.3 million. The strong increase in NII was driven by an increase in investable capital from a concurrent increase in payments to the mutual guarantee fund, higher longer-term rates and a steeper yield curve, the roll-off of lower-yielding assets, and a slower-than-expected decline in the Ester rate. Net fees and commissions benefitted from the strong guaranty activity. Costs increased by 4.9% YOY to EUR 63.9 million, driven by higher IT expenses with a goal of future cost reductions and higher staff expenses due to yearly bonus payments resulting from higher than expected revenues. The cost-to-income ratio decreased further to 26.4%, a very low ratio compared with banks. The cost of risk in the guarantees portfolio is covered by the Mutual Guarantee Fund (MGF) and booked directly to equity.

Risk Combined Building Block Assessment: Strong/Good

CL's risk profile primarily reflects the credit risk of its French home loan guarantees portfolio, which amounted to EUR 420 billion at YE2025. Despite a concentration in the French home loans market, Morningstar DBRS views CL's risk profile as low, supported by long fixed-rate periods on loans, conservative underwriting standards, advanced risk monitoring procedures, and expertise in the recovery of overdue loans. Following years of improving asset quality on the back of low interest rates and declining unemployment rates, 2024 marked a turning point, and the share of doubtful exposures as a percentage of the overall portfolio started to increase, reaching 0.46% in 2025, which is significantly below national average for default rates on home loans. Moreover, the guarantee fund, representing 1.73% of total exposure, covered doubtful exposures close to four times. CL also manages an investment portfolio related to the contributions to the MGF. In Morningstar DBRS' opinion, the investment portfolio's credit risk is low, and interest rate risk is managed conservatively.

Funding and Liquidity Combined Building Block Assessment: Strong

Morningstar DBRS views CL's approach to liquidity risk management as conservative. The issuance of guarantees generates liquidity in the form of contributions to CL's MGF, which is later used for potential future losses that result from defaults of guaranteed loans. The liquidity risk represents the risk of having on-hand liquidity to cover creditor claims, especially in a scenario where such claims were to rise abruptly and persist over a prolonged period. The Company maintains a substantial buffer of high-quality placements (assets) and runs regular stress tests, which assume a significant increase in losses on CL's guarantee portfolio. An important feature, which is a positive from the point of view of CL's liquidity management, is that, based on the agreements with its bank shareholders, CL can delay the payment of claims for up to two years in the case of an extremely challenging market environment.

Capitalisation Combined Building Block Assessment: Strong/Good

In Morningstar DBRS' opinion, CL's capital base represents a satisfactory buffer to withstand a significant increase in defaults in its portfolio of home loan guarantees. The Company's regular stress tests indicate that its capital cushions are large enough to cope with very adverse scenarios, including significant deterioration in the domestic economic environment and in the housing market. An important feature of CL is that it benefits from its shareholders' commitment to maintaining its solvency in case of stress. CL's CET1 ratio at

YE2025 was 13.06%, up from 12.04% in 2024, as the MGF grew. This compares well with Pillar 1 capital requirements of 7.00%. The 2025 total capital ratio stood at 15.67% compared with a requirement of 10.50%. Pillar 2 requirements represent the effective floor for CL's regulatory total capital, given that they are much higher than the Pillar 1 requirement. CL is obliged to maintain total capital of at least 2% of guarantees outstanding, equivalent to EUR 8.4 billion at YE2025. Historically, CL has maintained a relatively small capital cushion over the demanding Pillar 2 requirements, and at the end of 2025, total capital was EUR 8.6 billion.

Further details on the Scorecard Indicators and Building Block Assessments can be found at <https://dbrs.morningstar.com/research/481758>.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE CONSIDERATIONS

There were no Environmental/Social/Governance factors that had a significant or relevant effect on the credit analysis.

A description of how Morningstar DBRS considers ESG factors within the Morningstar DBRS analytical framework can be found in the Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings at (16 May 2025) <https://dbrs.morningstar.com/research/454196>.

Notes:

All figures are in euros unless otherwise noted.

The principal methodology is the Global Methodology for Rating Banks and Banking Organisations (23 May 2025), <https://dbrs.morningstar.com/research/454637>. In addition, Morningstar DBRS uses the Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings <https://dbrs.morningstar.com/research/454196> in its consideration of ESG factors.

The credit rating methodologies used in the analysis of this transaction can be found at: <https://dbrs.morningstar.com/about/methodologies>.

The sources of information used for these credit ratings include Morningstar Inc. and company documents. Other sources include the Crédit Logement 2025 Annual Report. Morningstar DBRS considers the information available to it for the purposes of providing these credit ratings to be of satisfactory quality.

Morningstar DBRS does not audit the information it receives in connection with the credit rating process, and it does not and cannot independently verify that information in every instance.

The conditions that lead to the assignment of a Negative or Positive trend are generally resolved within a 12-month period. Morningstar DBRS's trends and credit ratings are under regular surveillance.

For further information on Morningstar DBRS historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: <https://registers.esma.europa.eu/cerep-publication>. For further information on Morningstar DBRS historical default rates published by the Financial Conduct Authority (FCA) in a central repository, see <https://data.fca.org.uk/#/ceres/craStats>.

The sensitivity analysis of the relevant key credit rating assumptions can be found at: <https://dbrs.morningstar.com/research/481757>.

These credit ratings are endorsed by DBRS Ratings Limited for use in the United Kingdom.

Lead Analyst: Sonja Forster, Senior Vice President

Rating Committee Chair: Elisabeth Rudman, Managing Director

Initial Rating Date: 5 June 2014

Last Rating Date: 27 May 2025

DBRS Ratings GmbH

Neue Mainzer Straße 75

D-60311 Frankfurt am Main

Tel. +49 (69) 8088 3500

Geschäftsführung: Detlef Scholz, Marta Zurita Bermejo

Amtsgericht Frankfurt am Main, HRB 110259

For more information on this credit or on this industry, visit dbrs.morningstar.com.

Ratings

Crédit Logement, SA

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
27-May-26	Long-Term Issuer Rating	Confirmed	AA (low)	Stb	EU U
27-May-26	Short-Term Issuer Rating	Confirmed	R-1 (middle)	Stb	EU U
27-May-26	Subordinated Debt	Confirmed	A	Stb	EU U

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Contacts

Sonja Förster

Senior Vice President – European Financial Institution Ratings

+(49) 69 8088 3510

sonja.forster@morningstar.com

Elisabeth Rudman

Managing Director – Global Financial Institution & Sovereign Ratings

+(44) 20 7855 6655

elisabeth.rudman@morningstar.com

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