

# Action Logement Services

## Key Rating Drivers

**Rating Derivation Summary:** The affirmation reflects Fitch's unchanged view that the French state (AA/Negative) would provide timely support to Action Logement Services (ALS) if needed, as reflected by the rating equalisation of ALS with the sovereign under Fitch's Government-Related Entities (GRE) Rating Criteria. The Negative Outlook reflects that of the sovereign.

**Status, Ownership, and Control – 'Strong':** ALS is a limited company owned by Action Logement Group (ALG), an association managed by representatives of employers and employees. The relations between ALG and its subsidiaries and the state are defined in a five-year agreement covering 2018-2022. The state also exercises control through three representatives with veto rights on the board. ALS is subject to controls by the National Court of Auditors, the social-housing agency Agence Nationale de Controle du Logement Social (ANCOLS), and the French banking regulator ACPR.

**Support Track Record – 'Very Strong':** ALS benefits from a sound and predictable revenue framework. Its main source of income is PEEC (participation des employeurs a l'effort de construction), a mandatory contribution paid by private-sector employers. PEEC is a quasi-tax granted by the French government to ALS for its funding. The state is obliged to intervene if an economic downturn leads to reduced PEEC income and, potentially, financial stress for ALS. We see no legal or regulatory restrictions on extraordinary support from the state.

**Socio-Political Implications of Default – 'Strong':** ALS is the second-largest lender to the French social-housing sector after Caisse des Depots et Consignations (CDC; AA/Negative), with about 5% of the sector's debt stock. ALS also directly finances some state policies, such as those dedicated to renovating city centres. Fitch believes that a default by ALS would threaten the completion of its investment plan directed towards social-housing providers and households, with material socio-political implications for the state and local and regional governments (LRGs).

**Financial Implications of Default – 'Very Strong':** Fitch views ALS as a proxy-funding vehicle for the French state as reflected by similar borrowing conditions to the sovereign's. Also, the outsourcing of some public policies to ALS gives the state some flexibility as ALS's budget and debt are not consolidated into the state accounts. A default by ALS could also have a major impact on the social-housing sector by raising the cost of funding.

**ESG Considerations:** Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg).

## Rating Sensitivities

**Sovereign Ratings Change:** The Outlooks could be revised to Stable if the sovereign's Outlooks are revised to Stable. A downgrade of the sovereign's ratings will be reflected in ALS's ratings.

**Revised Support Assessment:** A significantly weaker strength-of-linkage or incentive-to-support factors, leading to a support score below 45 points under our GRE Rating Criteria, could result in a downgrade, which Fitch views unlikely at present.

## Ratings

### Foreign Currency

|                |     |
|----------------|-----|
| Long-Term IDR  | AA  |
| Short-Term IDR | F1+ |

### Local Currency

|               |    |
|---------------|----|
| Long-Term IDR | AA |
|---------------|----|

### Outlooks

|                                |          |
|--------------------------------|----------|
| Long-Term Foreign-Currency IDR | Negative |
| Long-Term Local-Currency IDR   | Negative |

### Debt Ratings

|  |    |
|--|----|
| Senior Unsecured Debt - Long-Term Rating | AA |
|--|----|

## Issuer Profile

Action Logement Services (ALS) is the financial arm of the Action Logement Group (ALG), an association managed by representatives of employers and employees and tasked with providing affordable housing to workers. It is in charge of collecting PEEC contributions paid by private companies and of providing loans and grants to individuals and social-housing providers.

## Financial Data

| (EURm)                             | 2019   | 2020   |
|------------------------------------|--------|--------|
| Net interest income                | 135    | 122    |
| Net profit                         | 398    | -1,906 |
| Loans                              | 15,951 | 15,640 |
| Total assets                       | 22,700 | 21,252 |
| Capital                            | 13,940 | 12,034 |
| Interest revenue / Loans (%)       | 1.1    | 1.0    |
| Loan impairment charge / Loans (%) | -0.1   | 0.4    |
| Loans / Capital (%)                | 114.4  | 130.0  |

Source: Fitch Ratings, ALS

## Applicable Criteria

[Government-Related Entities Rating Criteria \(September 2020\)](#)

[Public Sector, Revenue-Supported Entities Rating Criteria \(September 2021\)](#)

## Related Research

[France \(November 2021\)](#)

## Analysts

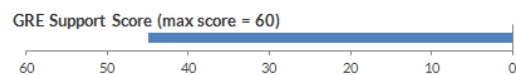
Nicolas Miloikovitch, CFA  
 +33 1 44 29 91 89  
[nicolas.miloikovitch@fitchratings.com](mailto:nicolas.miloikovitch@fitchratings.com)

Ekaterina Kozlova  
 +33 1 44 29 92 74  
[ekaterina.kozlova@fitchratings.com](mailto:ekaterina.kozlova@fitchratings.com)

## Rating Synopsis

### Action Logement Services Rating Derivation Summary

| GRE Key Rating Drivers and Support Score    |             |      |
|---|-------------|------|
| Status, Ownership and Control               | Strong      | 5    |
| Support Track Record                        | Very Strong | 10   |
| Socio-Political Implications of GRE Default | Strong      | 10   |
| Financial Implications of GRE Default       | Very Strong | 20   |
| GRE Support Score                           |             | 45   |
| Score - Notching Guideline Table            |             | >=45 |



| Notching Guideline Table |        |         |           |        |         |        |        |
|--------------------------|--------|---------|-----------|--------|---------|--------|--------|
| Distance \ Score         | >=45   | 35-42.5 | 27.5-32.5 | 20-25  | 15-17.5 | 12.5   | <=10   |
| = or above               | Capped | Capped  | Capped    | Capped | Capped  | Capped | Capped |
| 1,2,3                    | =      | =       | =         | -1     | +1      | +1     | SCP    |
| 4                        | =      | -1      | -1        | -2     | +1      | +1     | SCP    |
| >4                       | =      | -1      | -2        | -3     | +2/+3   | +1     | SCP    |

Stylized Notching Guideline Table: refer to GRE criteria for details

Source: Fitch Ratings

| Standalone Credit Profile (SCP) Derivation |    |
|--|----|
| Revenue Defensibility                      | -- |
| Operating Risk                             | -- |
| Leverage Ratio (Rating Case Scenario)      | 0  |
| Qualitative Factors Adjustments            | -- |
| GRE SCP                                    | -- |
| Distance - Notching Guideline Table        | >4 |

| Summary                         |           |
|---------------------------------|-----------|
| Sponsor IDR                     | AA        |
| GRE SCP                         | --        |
| Distance Sponsor IDR vs GRE SCP | n.a.      |
| GRE Support Score               | 45        |
| Notching Approach               | Equalised |
| GRE Suggested IDR               | AA        |
| Single Equalisation Factor      | No        |
| GRE IDR                         | AA        |

| Sponsor IDR | GRE SCP  | GRE IDR  |
|-------------|----------|----------|
| AAA         | aaa      | AAA      |
| AA+         | aa+      | AA+      |
| AA          | aa       | AA       |
| AA-         | aa-      | AA-      |
| A+          | a+       | A+       |
| A           | a        | A        |
| A-          | a-       | A-       |
| BBB+        | bbb+     | BBB+     |
| BBB         | bbb      | BBB      |
| BBB-        | bbb-     | BBB-     |
| BB+         | bb+      | BB+      |
| BB          | bb       | BB       |
| BB-         | bb-      | BB-      |
| B+          | b+       | B+       |
| B           | b        | B        |
| B-          | b-       | B-       |
| CCC/CC/C    | ccc/cc/c | CCC/CC/C |

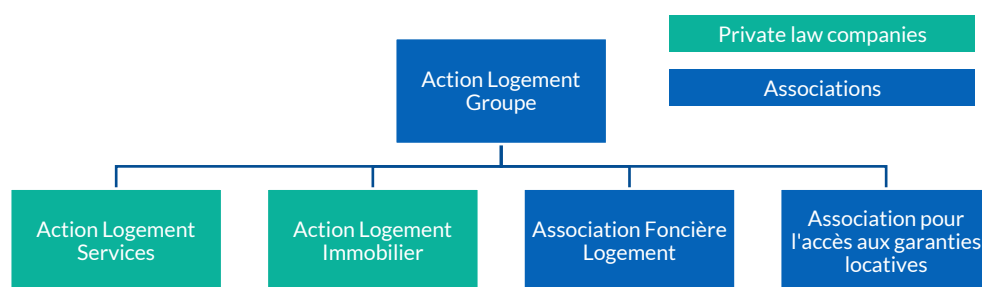
## Issuer Profile

ALS is in charge of collecting PEEC – which represents 0.45% of companies’ payroll – and of using its proceeds to help private-sector employees find affordable housing through direct subsidies and loans and by promoting the construction of social housing.

Collection of PEEC was reformed in 2017 to reduce costs and end competition between collectors. The number of regional collectors was reduced to 20 (from 198 in 1990). ALG, the holding entity of ALS and Action Logement Immobilier (ALI), the entity in charge of managing the group’s holdings in social-housing providers, were created on 1 January 2017.

Two other entities were not affected by the reform: the APAGL (in charge of providing guarantees to landlords) and the Association Foncière Logement (AFL; in charge of financing and building dwellings in designated urban areas). AFL and APAGL are small and do not represent any financial risk to the group.

### Simplified Group Structure at End-2020



Source: Fitch Ratings, Action Logement Services

## Support Rating Factors

### Status, Ownership and Control: ‘Strong’

#### Legal Status

ALS is a limited company (société par action simplifiée), whose status was approved by decree 2016-1769 on 19 December 2016, with a 99-year duration. As a financial institution, ALS is regulated by the commercial, housing & construction, and monetary & financial codes.

ALG is the sole shareholder of ALS (article 7 of its status) and cannot reduce its stake in ALS.

ALS is also subject to law 2014-856, chapter 1, regarding Solidarity and Social Economy, which stipulates it must remain a democratically governed, not-for-profit entity that cannot pay dividends.

ALS can be dissolved like any limited-liability company. Its assets and liabilities would automatically be transferred to its sole shareholder, according to article 19 of its status. However, its dissolution must be approved by a state decree. In turn, the dissolution of its sole shareholder ALG has to be decided by law, which will also decide on the transfer of assets and liabilities for ALS and ALI.

### **Governance**

The board of ALS has 10 social-partner members and 10 deputy members: five representatives of employers' organisations and five representatives from trade unions, one each from the main employee unions. The board is chaired by Joel Cheritel (employers' representative). The board also includes three state representatives (state commissioners), nominated by the Ministries of Housing, Budget and Economy. They have the right to veto board decisions if they view them to threaten the financial stability of the group (art. L313-18-6 of the housing and construction code).

Fitch believes that discussions between the state and the social partners over a potential reform of ALG's governance and activities would reinforce the state's control over the group's operations, without detriment to ratings.

### **Control**

ALG and its subsidiaries are controlled by the National Court of Auditors and ANCOLS (the agency that monitors the social-housing sector and publishes an annual report on the use of these proceeds.)

ALG's relationship with the state is defined in a five-year contract (2018-2022) signed in January 2018. If the state and ALG fail to agree a new contract before 1 January 2023, the current one will remain in force. Each year, ALG submits a report on the sustainability of its commitments to the state and ANCOLS.

ALG currently is committed to invest EUR15 billion over 2018-2022. In April 2019, ALG and the government signed an amendment voluntary investment plan (VIP), under which ALG commits to increase its investments by EUR9 billion in 2019-2022. This brings ALG's total investment commitments to EUR23 billion by 2022.

Article 12 of the contract also sets a ceiling on the group's operating costs, which have to decrease 10% over five years. It also includes a series of financial and economic metrics, which are checked quarterly.

ALS is also subject to supervision by ACPR.

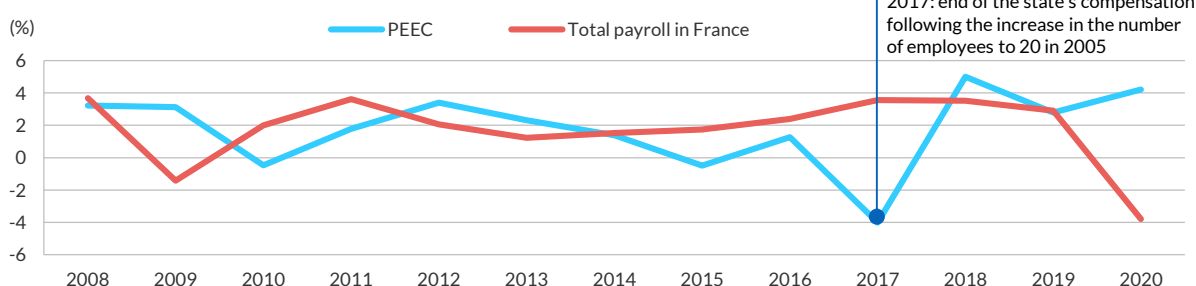
### **Support Track Record: 'Very Strong'**

The 'Very Strong' assessment factors in the sound and predictable revenue framework from which ALS benefits. PEEC is ALS's main source of income (the other is the repayment of loans granted to social-housing providers and individuals). PEAEC (PEEC paid by farmers), and a supplementary contribution paid by companies are two other smaller contributions to ALS.

PEEC is an income source directly correlated to the total payroll in France. As a result, it is also correlated to the economic cycle.

Fitch views PEEC as quasi-tax income granted to ALS by the French state to fund its needs. Historically, each time the state modified the taxable base (the PACTE law of May 2019 increased the threshold to 50 from 20 employees, reducing the taxable base of PEEC), its net impact on ALS has been broadly neutral, due to dedicated state subsidies. In 2020, the state granted ALS a EUR238 million subsidy. None has been given in 2021. Previously, in 2005, the state had increased the taxable threshold to 20 employees, while granting a EUR133 million annual subsidy to ALS, which ended in 2017.

**Revenue Sources of Action Logement Services (annual change in %)**



Source: Fitch Ratings, Action Logement Services

If an economic downturn causes ALS’s PEEC income to fall and create financial stress, the government is obliged to intervene. Fitch expects the state to amend the contract with ALS either by increasing its own contribution to the entity or by reducing its spending objectives.

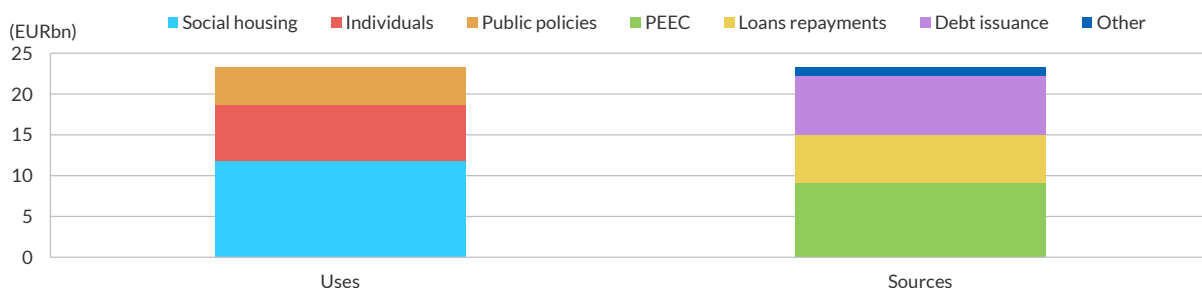
Fitch sees no legal or regulatory restrictions, including those pertaining to EU state aid, on extraordinary support from the state to ALS.

**Socio-Political Implications of Default: ‘Strong’**

The ‘Strong’ assessment reflects the importance of ALS for the funding of the government’s housing policies through three main channels:

- ALS is the second-largest lender to the sector after CDC, with about 5% of the sector’s debt stock. ALS’s financing is attractive for social-housing providers as ALS has more leeway to set its lending rates than CDC and it does not require a guarantee (unlike CDC, for which a guarantee is a regulatory requirement). In exchange for a loan, ALS requires from social-housing providers a “reservation right” on future dwellings
- ALS also extends loans and grants to employees who can, through their employers, access ALS’s subsidised funds to finance some individual housing projects
- ALS also finances directly, through subsidies, some state policies such as the ANRU (Agence Nationale pour la Rénovation urbaine; National Agency for Urban Renewal), the FNAP (Fonds National des Aides à la Pierre; National Fund for Construction) or the FNAL (Fonds National d’Aide au Logement; National Fund for Housing, in charge of paying housing benefits). The state regularly requests that ALS pays an exceptional contribution to FNAL (EUR500 million in 2020, EUR1 billion in 2021), which enables the state to reduce its own contribution to FNAL

**2018-2022 Plan**



Source: Fitch Ratings, Action Logement Services

In 2019, ALS also created the Organisme National de Vente (ONV), which bulk-buys dwellings from social-housing providers that they want to sell, and subsequently sells them on to individuals. ALS directly funds the ONV with a EUR666 million capital grant and a EUR333 million cash advance. ONV is to play a key role as the government pushes social-housing providers to sell social dwellings to finance new ones.

Fitch believes that it would be difficult to replace ALS in the short-to-medium term, due to the diversity of its activities and its ubiquitous role in France’s housing policies. Such a disruption could have significant political and economic repercussions for the government, which is in charge of monitoring its operations.

Fitch believes ALS's importance and role as a key participant in the social-housing sector will be strengthened by the entity's EUR23 billion investment plan for 2018-2022.

Fitch also believes that a default by ALS on its financial obligations could force its investment plan to be scaled back, with negative political repercussions for the government, but is unlikely to affect its day-to-day activities given its low reliance on external funding.

### Financial Implications of Default: 'Very Strong'

Fitch views ALS as a proxy funding vehicle with financing conditions similar to those of other large state agents in France. This reflects ALS's close assimilation with the state as a recipient of a quasi-national tax for financing some national policies. Fitch views the outsourcing of financing of some public policies to ALS allows the state some financial flexibility as ALS's budget and debt are not consolidated into the state's accounts.

ALS is present on capital markets through its EUR6.2 billion EMTN programme that was set up to finance its investment plan and through its inaugural EUR1 billion unsecured notes issued in 2019 with a maturity in 2034, and two EUR1 billion unsecured notes issued in 2021 and maturing in 2031 and 2041.

Fitch believes that a default by ALS would have a major impact on the social-housing sector as a whole by raising the cost of funding, with indirect impact on the cost of funding for the state and other GREs. Fitch therefore believes the state has every interest in preventing a default by ALS.

## Operating Performance

### Financial Performance

ALS's main income sources are the proceeds from PEEC and loan repayments from regulated housing providers and individuals. Companies can choose to pay PEEC directly to ALS as a subsidy (80% of companies do this) or pay it in the form of a 20-year interest-free loan.

PEEC proceeds correlate broadly with growth in the national payroll. They fell 4% in 2017, due to a cut in compensation transfers from the state (dating from 2005). The cut took place as part of the of the group reorganisation to achieve economies of scale. Fitch does not expect PEEC proceeds to deviate significantly from national payroll growth. PEEC proceeds declined 10% in 2020 after the implementation of the PACTE law, which reduced the taxable base (only companies with more than 50 employees now pay the tax, compared with companies with more than 20 employees before). The state compensated ALS with a one-off EUR238 million transfer in 2020, which made the law change neutral for ALS. As the subsidy is a one-off, proceeds from PEEC should mechanically decline in 2021, before returning to a more normal growth.

ALS's main expenditure relates to the financing, through loans and subsidies, of social-housing providers (to build new dwellings), individuals and national policies.

In 2020, ALS reported a net loss of EUR1.9 billion, versus net profit of EUR0.4 billion in 2019. This reflects a strong increase in ALS's investment plan with a 165% increase in subsidies paid (EUR0.9 billion to social-housing providers, EUR0.7 billion for state policies, and EUR0.6 billion to households), in line with its multi-year commitments agreed with the state. Its net result should remain negative in 2021, driven by its investment plan before gradually recovering. Its financial position post-2022 will depend on its next multi-year agreement to be negotiated with the state.

ALS employed 2,900 people at end-2020, 3% fewer than a year earlier, leading to a 5% reduction in staff costs. Overall administrative costs were down 17%, mostly due to some exceptional cost items in 2019 linked to ALS teams moving to a single site in Paris and a voluntary redundancy scheme.

### Credit Risk

The quality of ALS's loan portfolio remains strong with loans to social housing-providers and individuals making up 74% of ALS's total assets in 2020, up from 70% in 2019. Fitch views the social-housing sector as anti-cyclical with limited impact from economic slowdowns and as low-risk. Similarly, loans to households have been resilient during the pandemic with an unchanged level of non-performing loans compared with 2019's.

There is some loan concentration in the subsidiaries of ALS (housing providers at 34% and 20% of ALS's total loan book and total assets, respectively), and ALS's sister company -ALI - but the risk is low as the latter shares the same ratings as ALS (see 'Fitch Ratings: French Social Housing Providers – Portfolio Review' dated 11 September 2020 on [www.fitchratings.com](http://www.fitchratings.com)).

Similarly, loans to individuals (16% of total assets) are also of good quality, in our opinion, with a non-performing loans ratio limited to 2.6%. Fitch therefore views overall on-balance-sheet risk as limited by a performing loan portfolio resulting from a well-defined credit risk-assessment process consisting of quantitative and qualitative analyses.

Fitch does not expect ALS's loan-book quality to materially deteriorate following the VIP amendment and an expected increase in loans granted.

Loans extended to social-housing providers are indexed to the Livret A, a French regulated savings account whose rate is set by the state (currently 0.5%).

**Revenue Breakdown**

| (Excluding Non-Cash Items) 2020 | EURbn      | (%)        |
|---------------------------------|------------|------------|
| PEEC                            | 1.6        | 76         |
| Subsidies received              | 0.3        | 15         |
| Financial income                | 0.2        | 7          |
| Other                           | 0.0        | 2          |
| <b>Operating revenue</b>        | <b>2.1</b> | <b>100</b> |

Source: Fitch Ratings, Action Logement Services

**Expenditure Breakdown**

| (Excluding Non-Cash Items) 2020     | EURbn      | (%)        |
|-------------------------------------|------------|------------|
| Subsidies paid to housing providers | 1.3        | 32         |
| Subsidies paid to household         | 0.7        | 18         |
| Subsidies paid for public policies  | 1.3        | 33         |
| Other expenses                      | 0.6        | 16         |
| <b>Operating expenditure</b>        | <b>3.9</b> | <b>100</b> |

Source: Fitch Ratings, Action Logement Services

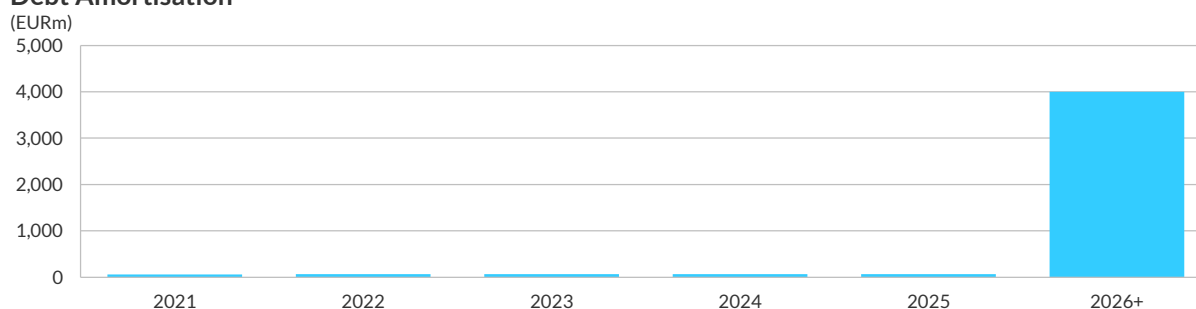
**Debt and Liquidity Analysis**

ALS's leverage is gradually increasing from historically low levels following the entity's inaugural EUR1 billion unsecured notes issued in October 2019 with maturity in 2024 under an EUR6.2 billion EMTN programme, and two EUR1 billion unsecured notes issued in 2021 and maturing in 2031 and 2041. ALS also has EUR1.2 billion of loans from CDC contracted in 2013 and 2015.

ALS does not rely on short-term funding to finance its operations, limiting liquidity risk. Fitch does not expect this to change in the medium term. ALS manages its liquidity prudently, with most of it invested in low-risk, interest-bearing accounts and term deposits. At end-2020, ALS's available liquidity totalled EUR4.5 billion, including EUR0.6 billion of available cash and EUR3.9 billion of financial assets invested in money-market instruments with French commercial banks rated by Fitch in the 'A' category.

ALS therefore has very strong regulatory capital and liquidity ratios, with a common equity Tier 1 ratio of 73% at end-2020 (against a regulatory threshold of 10.5%) and a liquidity ratio of 406% (threshold of 100%). ALS expects the common equity Tier 1 ratio to deteriorate towards 22% by 2025, but to remain well above the regulatory limit.

**Debt Amortisation**



Source: Action Logement Services

## Peer Analysis

### Peers

| Issuers  | Sponsor    | GRE score | IDR | Rating approach |
|--|------------|-----------|-----|-----------------|
| Action Logement Services                             | France     | 45        | AA  | Equalisation    |
| Action Logement Immobilier                           | France     | 45        | AA  | Equalisation    |
| Action Logement Groupe                               | France     | 45        | AA  | Equalisation    |
| Caisse des Depots et Consignations                   | France     | 55        | AA  | Equalisation    |
| CDC Habitat  | France     | 40        | AA- | Top-down -1     |
| Russia Housing and Urban Development Corporation JSC | Russia     | 45        | BBB | Equalisation    |
| Kazakhstan Housing Company                           | Kazakhstan | 45        | BBB | Equalisation    |

Source: Fitch Ratings

The three Action Logement entities benefit from a GRE score of 45, lower than that of CDC but higher than CDC Habitat's. The difference with the former is due to Action Logement's lower importance for the state than CDC, France's public bank. The difference with CDC Habitat is due to the latter's focus on intermediary housing, which Fitch views as slightly less supported than pure social housing.

The three Action Logement entities benefit from the same GRE score as Russia Housing and Urban Development Corporation (state-owned) and Kazakhstan Housing Company, both tasked with implementing the respective state's policies in the housing sector.

## ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3' – ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on our ESG Relevance Scores, visit: <https://www.fitchratings.com/site/esg>

## Appendix A: Financial Data

### Action Logement Services

| Profit and loss (EURm)                           | 2017     | 2018     | 2019     | 2020     |
|--|----------|----------|----------|----------|
| Interest revenue                                 | 191.8    | 172.5    | 168.2    | 152.0    |
| Interest expenditure                             | -25.7    | -27.8    | -33.0    | -30.0    |
| Net interest income                              | 166.1    | 144.7    | 135.1    | 122.1    |
| Net fees and commissions                         | 0        | 0        | 0        | 0        |
| Other operating income                           | 456.7    | 372.7    | 435.7    | 361.3    |
| Personnel expenses                               | -179.8   | -204.2   | -193.0   | -183.3   |
| Other operating expenses                         | -1,711.9 | -1,370.0 | -1,555.8 | -3,745.3 |
| Net gains and losses on securities and trading   | 0        | 0        | 0        | 0        |
| Net operating income/(loss)                      | -1,269.0 | -1,056.8 | -1,177.9 | -3,445.3 |
| Provisions                                       | 41.7     | -13.4    | 10.5     | -61.6    |
| Operating profit (loss) after provisions         | -1,227.3 | -1,070.2 | -1,167.4 | -3,506.9 |
| Other non-operating revenues/expenses            | -6       | -0       | 41.1     | 1.2      |
| Contributions from state budgets (PEEC proceeds) | 1,480.5  | 1,507.3  | 1,535.6  | 1,600.5  |
| Profit (loss) before tax                         | 252.6    | 437.1    | 411.1    | -1,905.2 |
| Taxation   | 0.0      | -0.6     | -11.3    | -1.1     |
| Net profit (loss)                                | 252.6    | 436.5    | 397.9    | -1,906.3 |

### Balance sheet (EURm)

|                                       |                 |                 |                 |                 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Cash and cash equivalents             | 2,687.9         | 2,330.3         | 1,145.2         | 613.9           |
| Liquid securities                     | 952.7           | 1,709.7         | 4,815.9         | 3,915.2         |
| Deposits with banks                   | 0               | 0               | 0               | 0               |
| Loans                                 | 16,158.6        | 16,004.4        | 15,950.8        | 15,639.9        |
| Other earning assets                  | 1.3             | 1.1             | 1.1             | 0.6             |
| Long-term investments                 | 0               | 0               | 0               | 0               |
| Fixed assets                          | 428.2           | 437.6           | 643.7           | 610.2           |
| Intangible                            | 6.6             | 7.2             | 11.3            | 14.1            |
| Other long-term assets                | 76.5            | 432.9           | 132.0           | 458.2           |
| <b>Total assets</b>                   | <b>20,311.9</b> | <b>20,923.3</b> | <b>22,700.0</b> | <b>21,252.1</b> |
| Customer deposits                     | 0               | 0               | 0               | 0               |
| Deposits from banks                   | 0               | 0               | 0               | 0               |
| Short-term borrowing                  | 0               | 60.0            | 61.2            | 62.2            |
| Other short-term liabilities          | 0               | 0               | 0               | 0               |
| Debt maturing after 1 year            | 1,422.6         | 1,235.7         | 2,313.0         | 2,252.3         |
| Other provisions and reserves         | 0               | 0               | 0               | 0               |
| Other long-term liabilities           | 5,783.6         | 6,085.6         | 6,386.6         | 6,904.0         |
| Equity                                | 20.0            | 20.0            | 20.0            | 20              |
| Reserves                              | 13,085.6        | 13,522.1        | 13,920.1        | 12,013.8        |
| <b>Total liabilities &amp; equity</b> | <b>20,311.9</b> | <b>20,923.3</b> | <b>22,700.0</b> | <b>21,252.1</b> |

Source: Fitch Ratings, Action Logement Services



## Appendix B: Financial Ratios

### Financial Ratios

| Performance  | 2017   | 2018   | 2019   | 2020   |
|--|--------|--------|--------|--------|
| Interest revenue on loans/loans (%)                                      | 1.2    | 1.1    | 1.1    | 1.0    |
| Interest expense/borrowings and deposits (%)                             | 1.8    | 2.1    | 1.4    | 1.3    |
| Net interest income/earning assets (%)                                   | .8     | .7     | .6     | .6     |
| Net operating income/net interest income and other operating revenue (%) | -203.7 | -204.3 | -206.3 | -712.7 |
| Net operating income/equity and reserves (%)                             | -9.7   | -7.8   | -8.4   | -28.6  |
| Net operating income/total assets (%)                                    | -6.2   | -5.1   | -5.2   | -16.2  |

### Credit

|  |      |      |      |      |
|--|------|------|------|------|
| Growth of total assets (%)                 | -    | 3.0  | 8.5  | -6.4 |
| Growth of loans (%)                        | -    | -1.0 | -3   | -1.9 |
| Impaired loans/total loans                 | -    | -    | -    | -    |
| Reserves for impaired loans/impaired loans | -    | -    | -    | -    |
| Loan impairment charges/loans (%)          | -0.3 | 0.1  | -0.1 | .4   |

### Liquidity and funding

|   |      |         |         |         |
|---|------|---------|---------|---------|
| Long-term debt/total equity and reserves (%)        | 10.9 | 9.1     | 16.6    | 18.7    |
| Liquid assets/total assets (%)                      | 17.9 | 19.3    | 26.3    | 21.3    |
| Total deposits and debt/total assets (%)            | 7.0  | 6.2     | 10.5    | 10.9    |
| Liquid assets/short-term deposits and borrowing (%) | -    | 6,733.3 | 9,883.5 | 7,286.8 |

### Capitalisation

|  |       |       |       |       |
|--|-------|-------|-------|-------|
| Equity and reserves/total assets (%)     | 64.5  | 64.7  | 61.4  | 56.6  |
| Net profit/total equity and reserves (%) | 1.9   | 3.2   | 2.9   | -15.8 |
| Loans/equity and reserves (%)            | 123.3 | 118.2 | 114.4 | 130.0 |
| CET 1 (%)                                | 81    | 83    | 81    | 73    |

Source: Fitch Ratings, Action Logement Services

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