

ACTION LOGEMENT SERVICES

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INVESTOR PRESENTATION
FEBRUARY 2022



ActionLogement 
SERVICES

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1

A unique player, with a **public mandate**, financing **public policies** to support **social housing** in France

2

- Status: private **Finance Company**
- **Joint governance** by unions of employers and unions of employees (*the Social Partners*) along with the **French State**
- **Oversight by the State's supervisory bodies** (ACPR, ANCOLS, Cour des Comptes)


3

- **Credit Ratings in line with the French State**
 - **Aa2** (Stable) by Moody's
 - **AA** (Negative) by Fitch
- **CET1 Ratio**: 73%¹
- **Equity**: €12.0bn¹

4

- **Stable resource**: the Employer's Contribution to the Construction Effort (PEEC)
- Tax-like **mandatory contribution** from private sector companies
- Since 1953

5

- **100% Sustainable issuance programme**
- Aligned with ICMA standards
- Second Party opinion from 
- Annual independent audit until full allocation of proceeds

¹ At Dec. 31, 2020

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1

**ACTION LOGEMENT SERVICES
WITHIN ACTION LOGEMENT GROUP**



A player with a public policy mandate to finance and promote social housing in France

- ◆ Main purpose: **facilitate access to housing** in order to **promote employment**
- ◆ Group **at the service of public housing policies**
- ◆ Collecting the Employer's Contribution to the Construction Effort (**PEEC**), paid by private sector companies



Mission 1

- ◆ Helping employees to address their residential needs and professional careers by offering **services (the allocation of social and intermediate housing, rental deposits, etc.)** and financial support (in the form of **loans and subsidies**) **facilitating access to housing and therefore to employment**



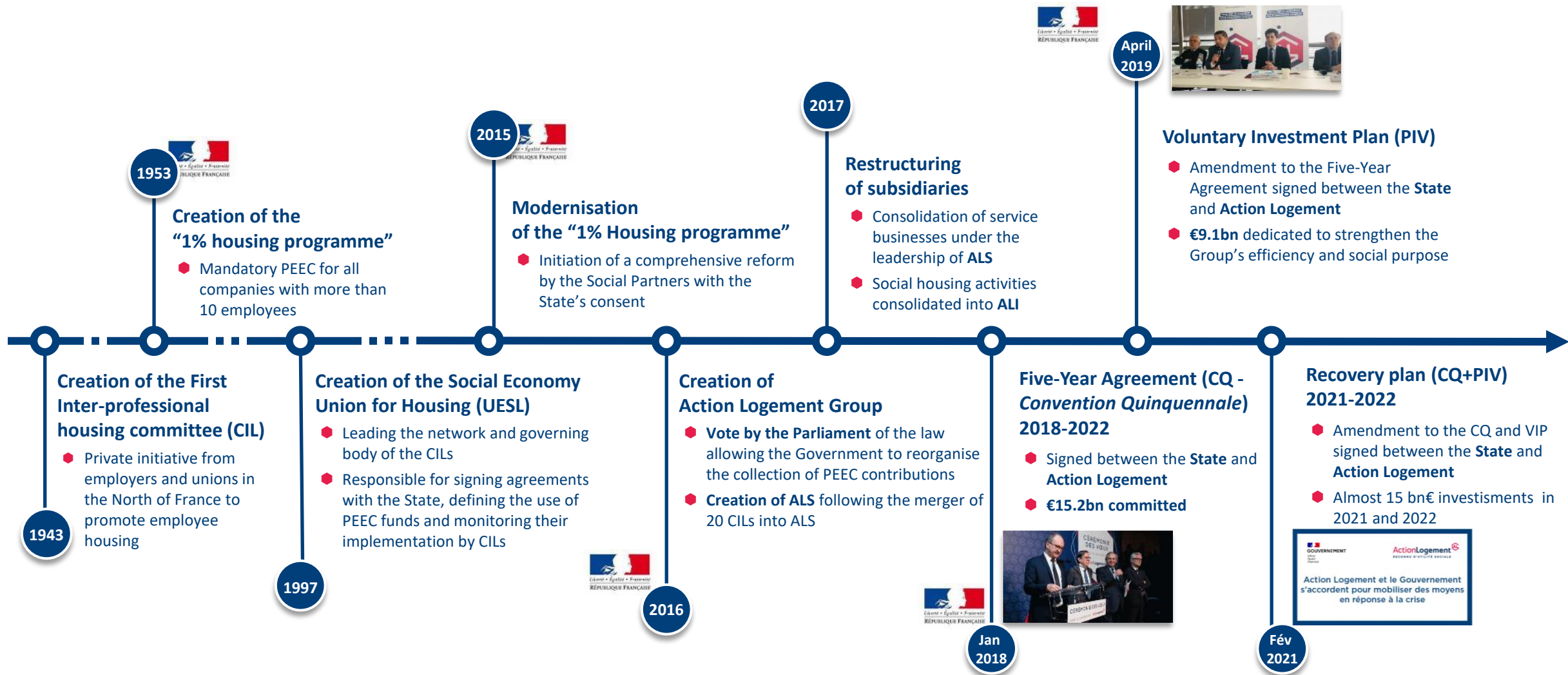
Mission 2

- ◆ **Building and financing social and intermediate housing**, primarily in areas with insufficient real estate supply, addressing the issues of eco-housing, social change, social mix



Mission 3

- ◆ **Financing of housing policies in France** for their implementation in **coordination with local authorities**



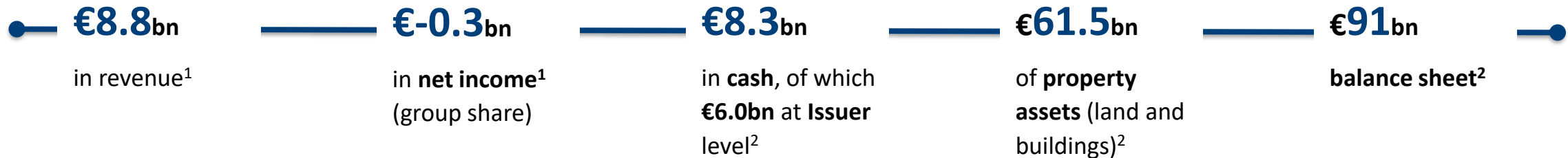
The scale of the group is commensurate with its missions

#1 owner of social & intermediate housing in France with circa 1 million dwellings

#2 financial sponsor of social and intermediate housing providers

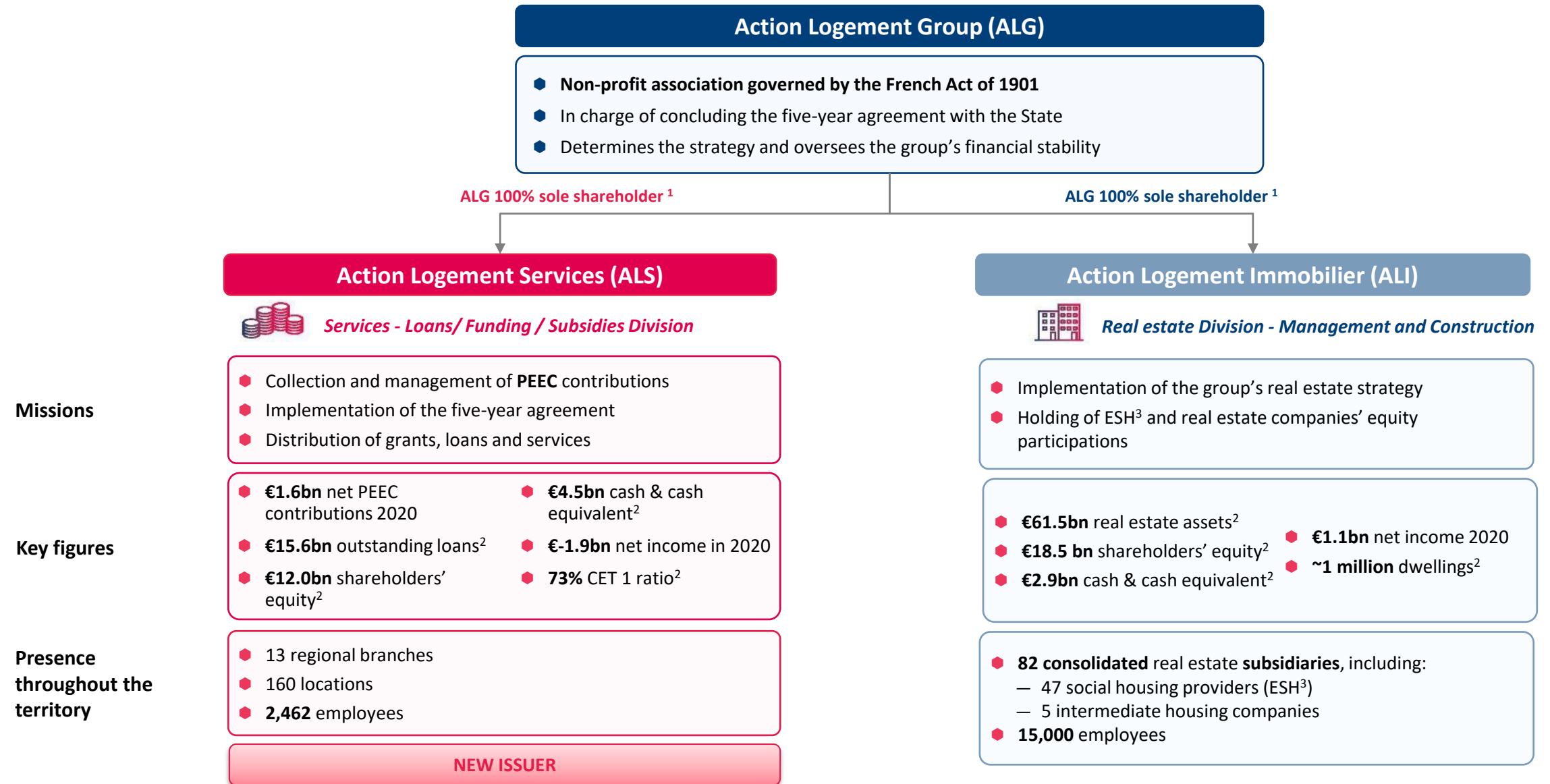
18,000 employees

ActionLogement 



Source: key figures at Group Level

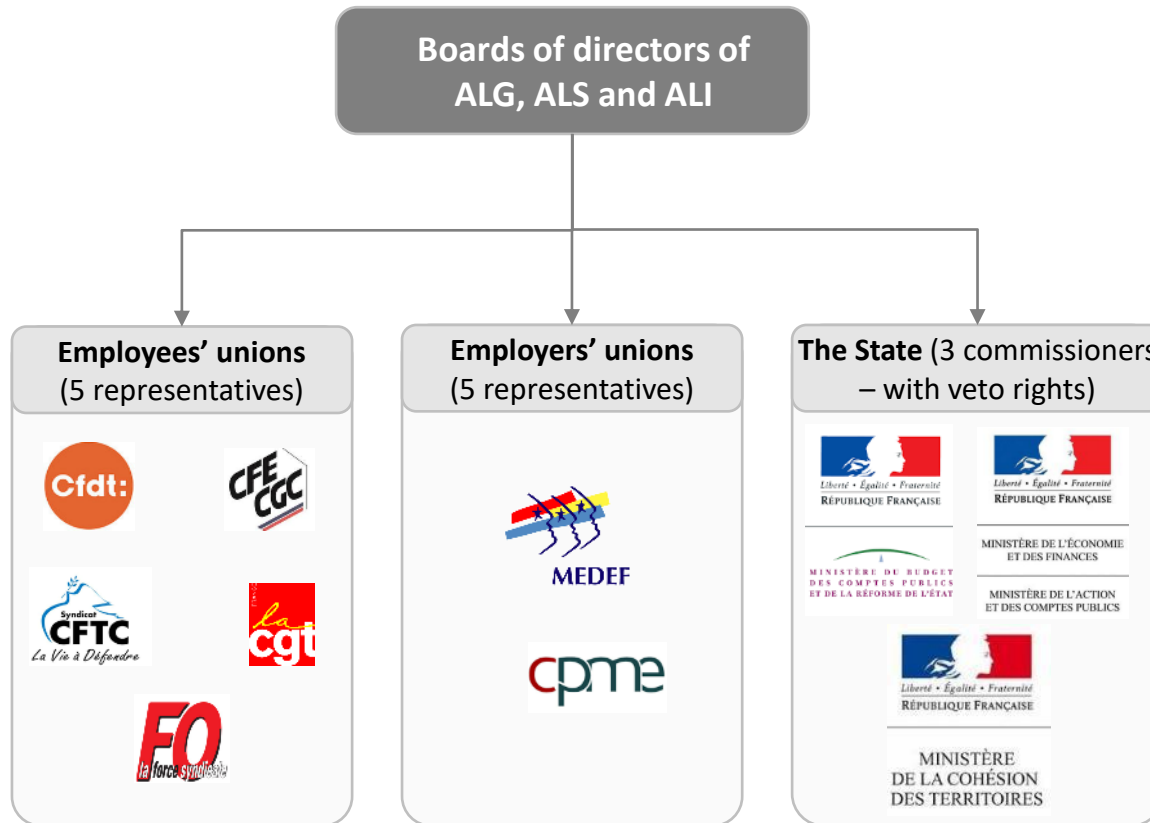
¹ in 2020; ² At Dec. 31, 2020;



¹ ALG is not allowed to sell its shares in ALS or ALI; ² At Dec. 31, 2020; ³ ESH (*Entreprises Sociales pour l'Habitat*): Social Housing Provider;

Joint governance and a supervision by the State

Joint governance of the Group's entities



Supervision of the Group by the State's bodies



Supervises and ensures regulatory compliance of the finance company, ALS



Supervises the Group's activities in relation to PEEC, in compliance with the implementation of the Five-Year Agreement



Cour des comptes

Oversees public funds' spending

The Recovery Plan signed in February 2021 has set new priorities

The Recovery Plan redistributes the investments of the Five-Year Agreement and the PIV over the period 2021-2022, with an increase in total commitments of €2.1 billion to €25.4 billion over the period 2018-2022. Some CQ and PIV budgets are reallocated and five new priorities are set for 2021-2022:

- ◆ **Developing the supply of quality housing**
 - Additional support for the production of 250,000 social and affordable housing units in two years for €1.2bn
- ◆ **Facilitating access to housing for employees**
 - Housing allocation
 - Support for 20,000 employees who buy a new home through a €10,000 grant
- ◆ **Supporting residential and professional development**
 - Extension of the benefit of the €1,000 mobility grant to all young people under 25 years old with a rental lease, entering employment
 - Extension of the VISALE guarantee to all employees in the private and agricultural sectors over the age of 30, earning less than €1,500 net per month, to facilitate their access to rental housing in the private sector
- ◆ **Supporting employees in difficulty**
 - Increase in the budget for the support of employees in difficulty,
 - Continuation of the support scheme for the prevention of unpaid rent introduced during the health crisis (subsidy of €150 per month to contribute to housing costs for up to six months).
- ◆ **Supporting national and local policies for housing, social diversity and territorial equality**
 - Mobilisation of an additional €1.4 billion over 2022 to intensify the urban renewal and social diversity operations carried out by the ANRU (National Agency for Urban Renewal) in the Priority City Districts

An adjusted business plan following the Recovery Plan

Loans, grants and services to individuals (€6.3bn)

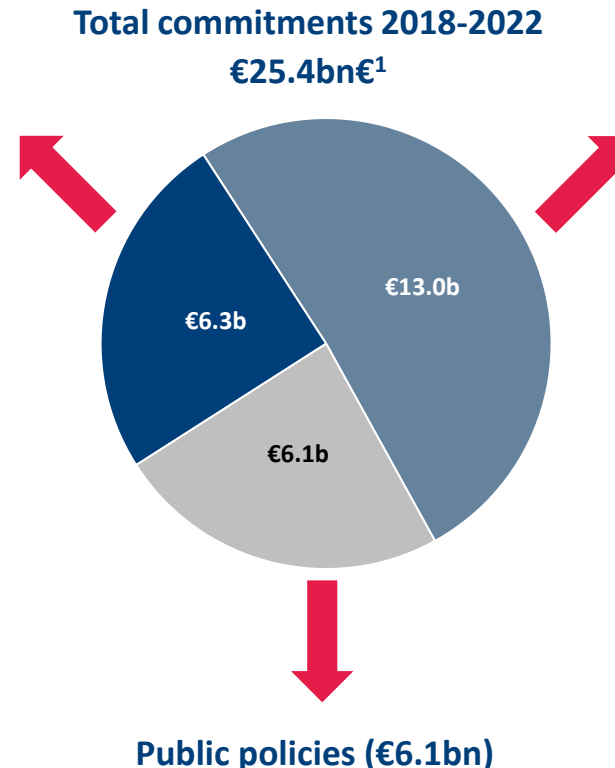
Of which:

- Energy renovation and adaptation to ageing: €1.8bn
- Accession and works loans: €2.3bn
- Support for 20,000 first time buyer employees: €0.2bn
- Mobility aids: €0.8bn
- Secure tenancy grant: €0.7bn
- Aid for employees in difficulty: €0.3bn including the payment of the grant for the prevention of unpaid rent

Funding from social and intermediate landlords (€13.0bn)

Of which:

- Production of social and intermediate housing: €6.5bn, including additional support for the production of 250,000 social and affordable homes over two years for €1.2bn
- National programme *Action Cœur de Ville* (revitalization of medium-sized town centres): €1.5bn
- Improving housing in the Overseas Territories: €1.3bn
- Acting against the deterioration of old housing: €1.0bn
- Transformation of vacant dwellings: €0.8bn
- Renovation of social medical facilities: €0.4bn
- Association Foncière Logement: €0.4bn
- ONV (company for the sale of social housing): €1.0bn



Of which:

- Contribution of €1.5bn to finance the FNAL (*Fonds National des Aides aux Logement*) (2020 and 2021 Finance Acts)
- ANRU (*Agence Nationale pour la Rénovation Urbaine*) [National Agency for Urban Renovation]: €3.8bn
- FNAP (*Fonds National des Aides à la Pierre*): €1.2bn

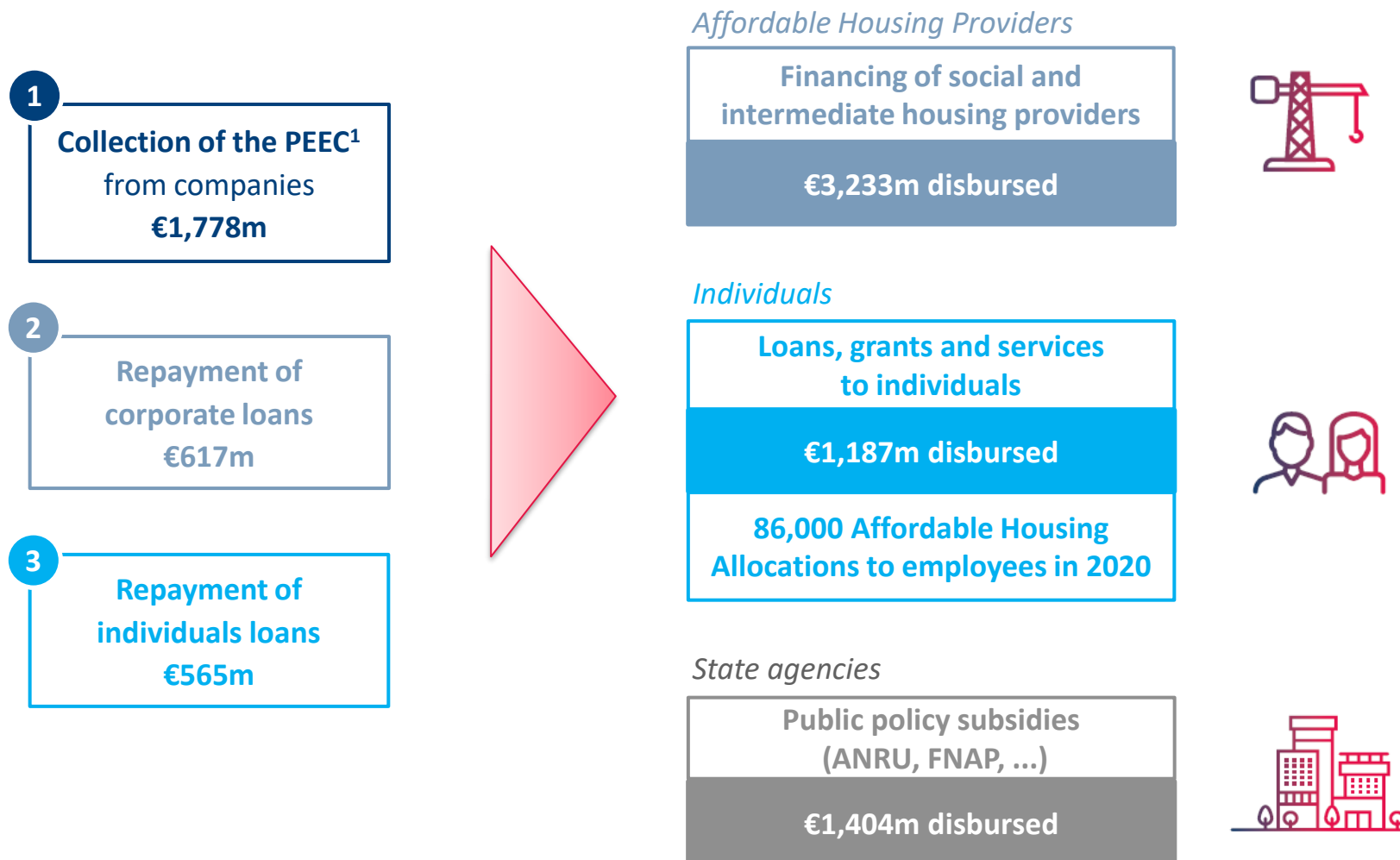
¹ High budget investment

2

ACTIVITIES OF ACTION LOGEMENT SERVICES



Highlights of ALS activities in 2020



¹ including €238m State's compensation

The PEEC - ALS's main resources

The PEEC: a mandatory contribution

◆ What is the PEEC?

The Employers' Contribution to the Construction Effort

- **Legal obligation** for employers to contribute to the financing of their employees' housing
- Since 1992, rate fixed at 0.45 % of the previous year' total payroll

◆ Which companies have to pay?

- **Non-agricultural private sector companies** with more than 50 employees (PEEC): 98.0% of the total contribution in 2020
- **Agricultural sector** companies with more than 50 employees (PEAEC): 1.8% of the total 2020 contribution
- Corporates can provide additional contributions on a voluntary basis (PSEEC): 0.2% of the total 2020 contribution

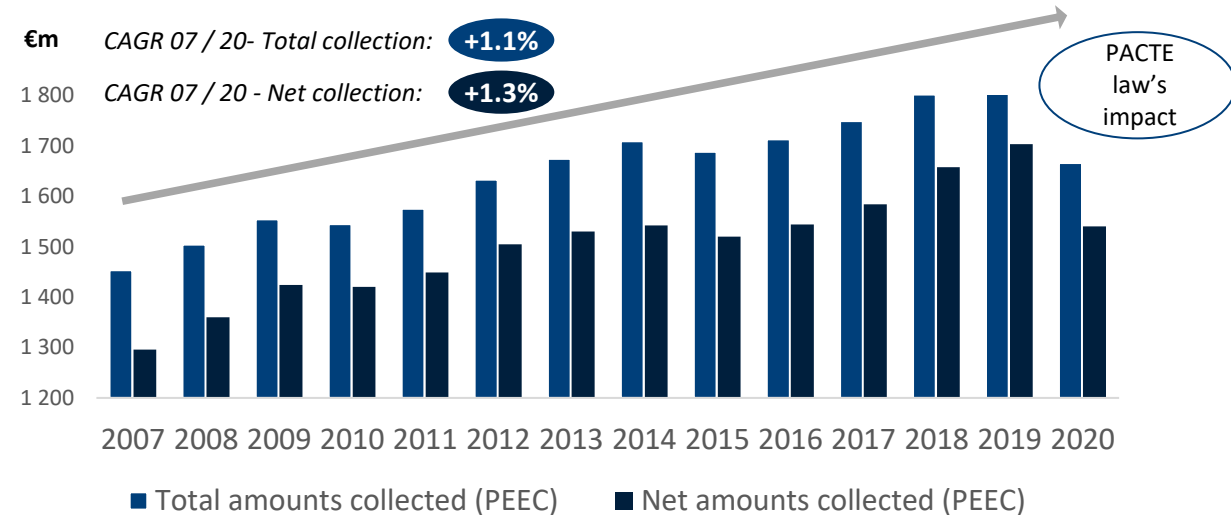
◆ Ways of payment

- As a tax-deductible **subsidy** to the collector (ALS)
- As a **20-year bullet loan** granted by the company to the collector (ALS), interest-free and non tax-deductible

◆ **Total contribution** in 2020 (net of loan repayments): **€1,540m**, excluding €238m State compensation

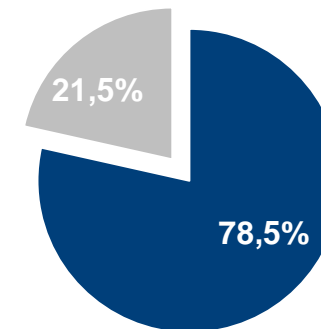
- The 2020 drop in collection is the consequence of the threshold's increase from 20 to 50 employees from 2020 for the companies liable to the PEEC, relating to the growth and transformation of companies (known as the "**PACTE Act**")

Collected PEEC: growing steadily over the past decade



Distribution of gross PEEC collected in 2020 by type

■ Subsidy ■ Loans



High demand in social and intermediate housing

Key characteristics of the French social housing sector

- ◆ **5.2 million social dwellings in France** at the end of 2019, commonly named “HLM” for *Habitation à Loyer Modéré* (Low-Rent Housing)
 - Construction and management subject to State’s approval
 - Rents below market price (-40% for social housing, -15/20% for intermediate housing)

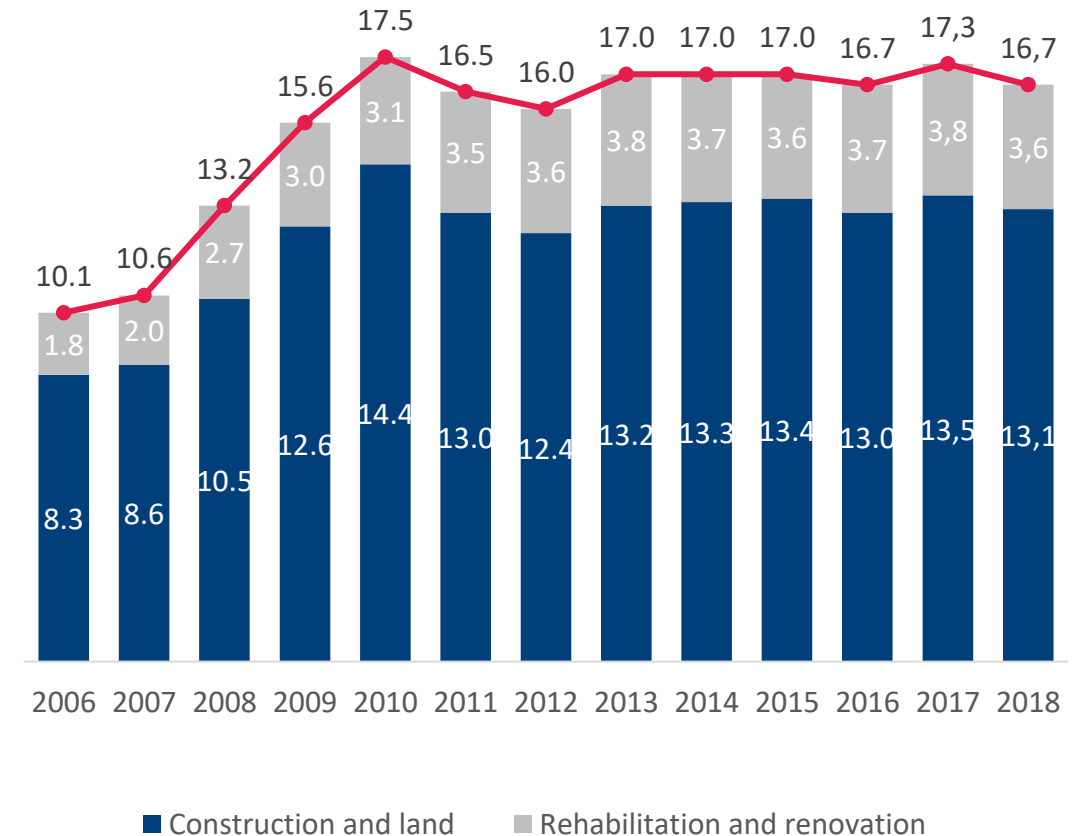
- ◆ **More than 700 social housing providers** (developers and managers)
 - Benefit from tax incentives (e.g. VAT, property tax, ...)
 - Highly regulated and controlled

- ◆ **Very high demand for new constructions**
 - Beneficiaries’ eligibility based on household income
 - **2.2 million eligible households** on the waiting list for social housing
 - Low turnover rate (8.8% per year)
 - **480,000** households accommodated in 2019

- ◆ **Large financing needs**
 - Objective of 250,000 new dwelling approvals by the State in 2021 & 2022
 - Circa **€17bn in new investments** per year
 - Social housing operators financed with circa **75% of debt**

Annual investments in the social housing sector

(in €bn)



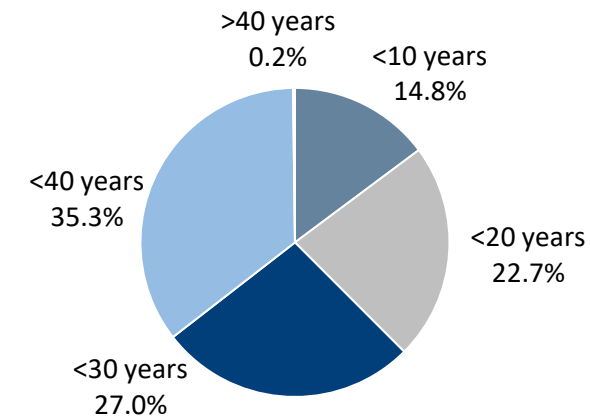
Source: Union Social Habitat (USH)

Overview

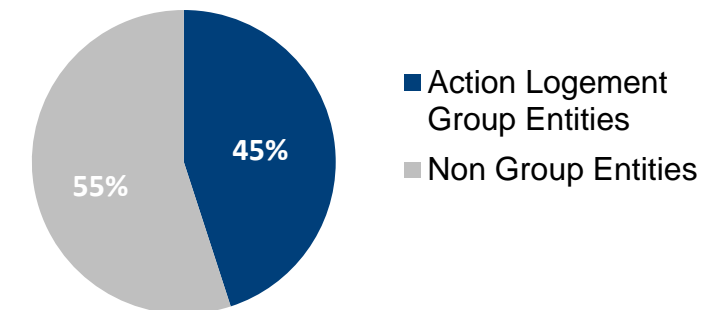
- ◆ ALS is the **2nd financial sponsor** of social and intermediate housing providers in France (after CDC)¹
- ◆ ALS provides long term and attractive funding to social and intermediate housing providers
 - In return, ALS obtains reservation allocation rights
- ◆ **€3,233m** new financing allocated by ALS to corporates in 2020, of which:
 - **€1,452m in capital increases and subsidies**
 - **€1,564m in new loans** granted to social and intermediate providers
- ◆ Loans granted at very attractive conditions:
 - Livret A Passbook rate² - 225 bps floored at 0.25% for PLUS³ and PLAI⁴ transactions
 - No guarantees required⁵
 - No mortgage required⁵

Breakdown of corporate loans outstanding - End of 2020

By residual maturity



By counterparty



Total outstanding loans at the end of 2020: €12bn

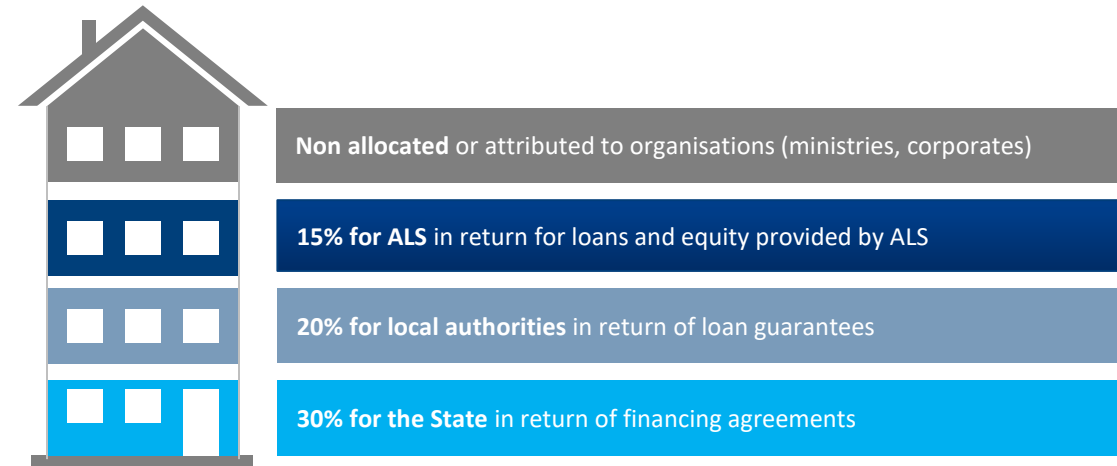
¹ Action Logement's estimate; ² Livret A passbook rate currently at 1%; ³ PLUS: *Prêt Locatif à Usage Social*; ⁴ PLAI: *Prêt Locatif Aidé d'Intégration*; ⁵ unless with specific conditions

Housing allocations in return for attractive financing



Employee's access to social and intermediate housing is at **the centre of Action Logement's business**

- ALS grants loans to social and intermediate operators with **attractive financing conditions** in terms of rate and guarantees
- In return, ALS obtains **housing allocation rights**
- These rights enable ALS to propose eligible employees to social and intermediate housing providers



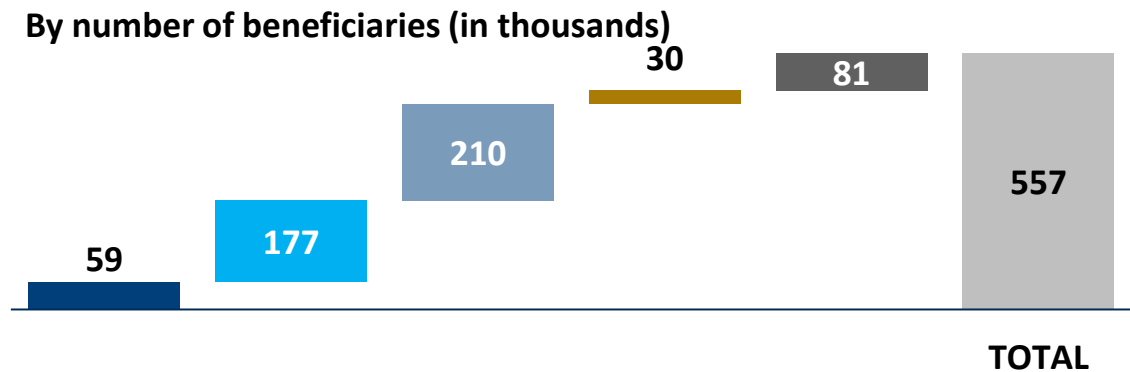
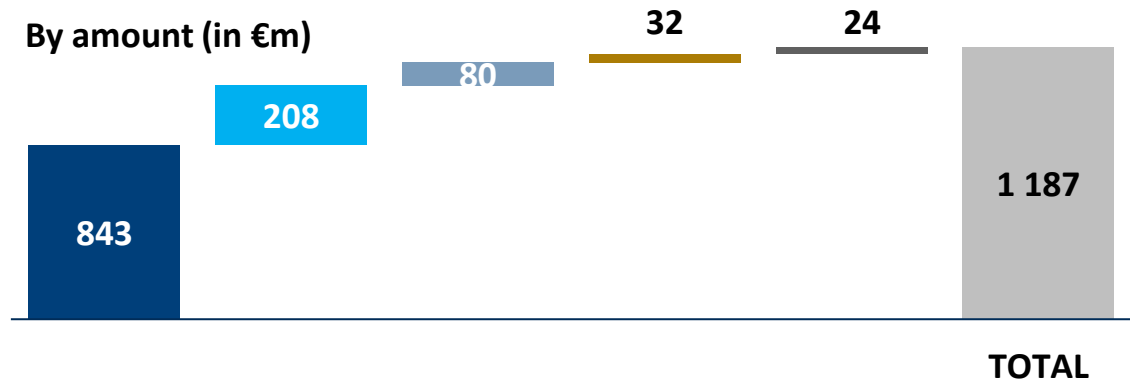
¹ At Dec. 31, 2020

ALS is a non-profit service operator providing loans, grants and services to individuals

Key data

- ◆ **Almost 644,000+ families supported** in 2020 (558,000 families excluding housing allocations)
- ◆ **Services and grants provided to individuals:**
 - Facilitate access to either open market or social / intermediate rental housing
 - Provide assistance for home ownership
 - Financing works to improve housing
 - Facilitate professional mobility
- ◆ Forms of assistance: grants, advances, loans, guarantees, security deposits or social support services
- ◆ **€843m loans granted**, in 2020, at attractive rates:
 - Average amount of granted loans in 2020: €30k
- ◆ Loans to individuals outstanding at the end of 2020: **€3.4bn**

Breakdown of grants and services in 2020¹



- ◆ Ownership and Works loans
- ◆ Mobility and recruitment
- ◆ Loca-Pass (advances and calls on guarantee)
- ◆ Assistance to employees in difficulty
- ◆ Social engineering (Subsidies)

¹ Excluding housing allocations

€1,404m

of subsidies and financing dedicated to public policies in 2020

Urban Renovation

- ◆ **2020 contributions: €445m**
 - 75% of total ALS public policy disbursements
- ◆ **Agence Nationale pour la Rénovation Urbaine (ANRU - National Agency for Urban Renovation)**
 - State Agency in charge of urban renovation
 - With the aim of reducing social inequalities and the gap between territories



Construction for low-income households

- ◆ **2020 contributions: €350m**
- ◆ **Fonds National des Aides à la Pierre (FNAP - National Fund of Construction Aid)**
- ◆ **Contribution to the construction and development of housing for very low-income households**



MINISTÈRE
DE LA COHÉSION
DES TERRITOIRES
ET DES RELATIONS
AVEC LES
COLLECTIVITÉS
TERRITORIALES

Other contributions

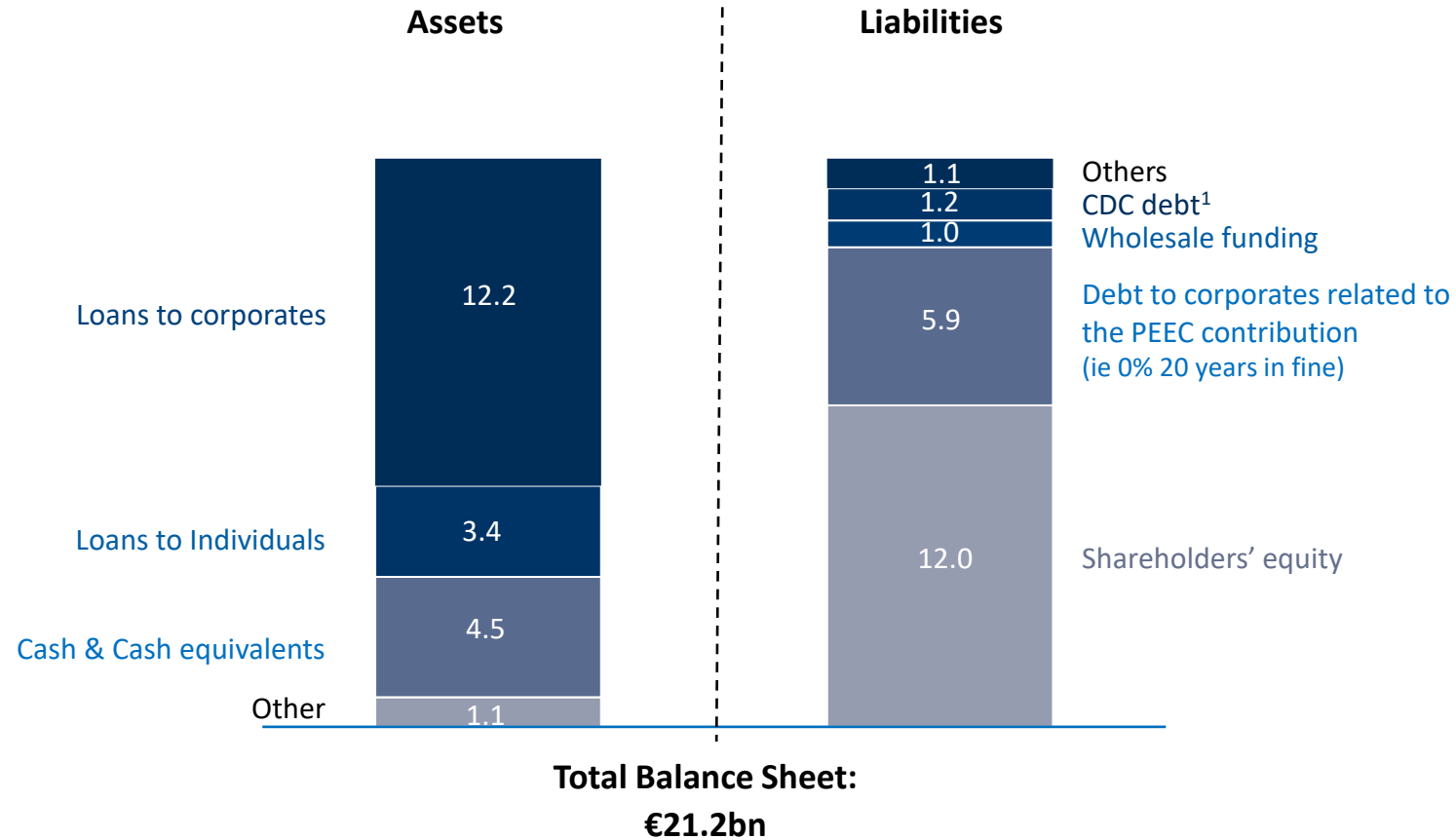
- ◆ **Contribution to the FNAL (National Fund of Housing Aid): €500M**
- ◆ **Other national programs financed by ALS: revitalization of the medium-size city centres “Action Coeur de Ville”,**

3

FINANCING STRATEGY



ALS balance sheet at the end of 2020 (€bn)



Source: ALS 2020 consolidated accounts in French GAAP accounting standards

¹ Debt to CDC guaranteed by the French State

An extremely sound financial structure

Exceptional CET1 and liquidity ratios

ALS enjoys exceptional prudential ratios compared to peers regulated by ACPR (the French Prudential Supervisory Authority)

- ◆ **Solid solvency ratio**
 - CET1 at **73%** at end of 2020 vs 10.5% minimum requirement¹
 - ALS intends to maintain its CET1 ratio above 30% at end of 2022

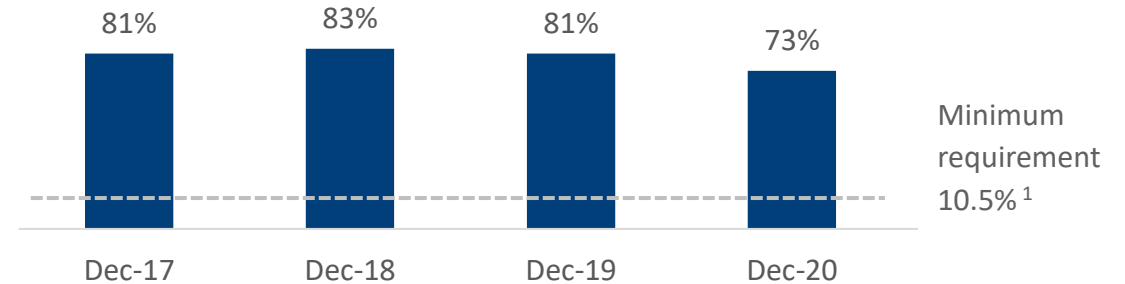
- ◆ **Negative net income (€-1.9bn) in 2020 as a deduction from own funds**

- ◆ **No dividends paid to ALG**

- ◆ **Strong liquidity**
 - Liquidity ratio significantly above the required threshold
 - Peak at the end of the year due to PEEC collection

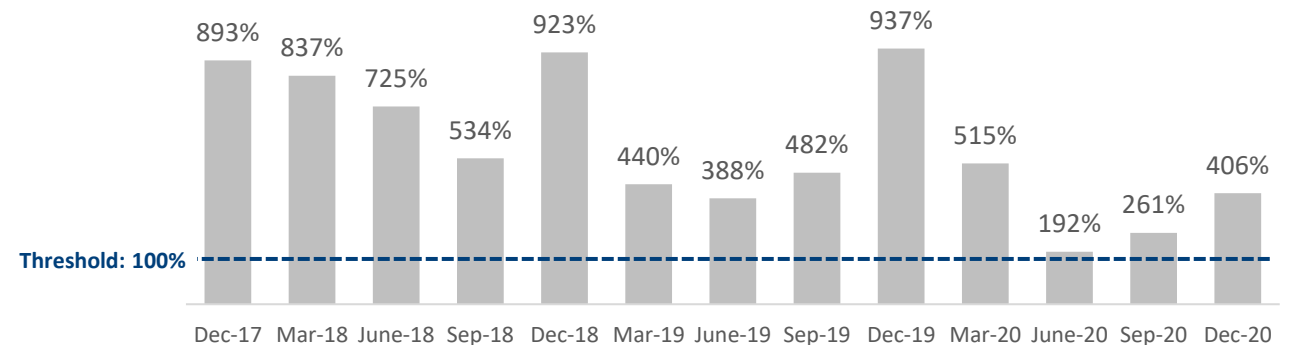
Prudential ratios

CET 1 solvency ratio



Very strong liquidity ratio for ALS

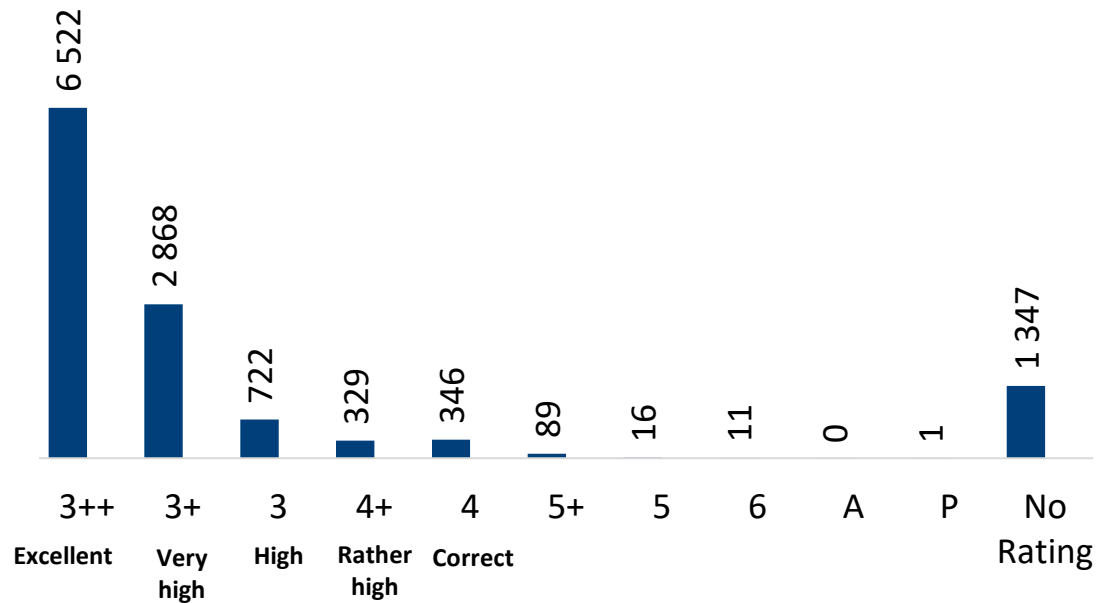
Peak in December, month on which PEEC is paid



¹ The CET1 ratio minimum requirement was at 10.75% between 1st July and 31 December 2019. Since 1st of April 2020, following the countercyclical buffer cut to zero, the CET1 ratio minimum requirement is 10.5%

Low-risk profile loan portfolio

Corporate loans portfolio end of 2020 (€m)



Very high quality loans portfolio, with almost **82% of the outstanding loans** with ratings above 3 from the Banque de France



Total outstanding loans at the end of 2020

	Corporates	Individuals ¹
Net outstanding (€m)	12,204	3,420
NPL (€m)	183	90
NPL rate	1.5%	2.6%
Provision rate	23.3%	69.2%
Cost of risk (bp)	11	64

¹ Excluding claims from the guarantee fund

Action Logement Services received credit ratings in line with those of the French State



MOODY'S > Aa2 Stable Outlook¹

-  *Because of its public policy mandate, Action Logement's key role in the French social housing sector and government oversight, there is no meaningful distinction between ALS and French central government from a credit perspective*
-  *Since it has a public mandate and was created by decree, ALS benefits from a very strong oversight by the Government of France (Aa2 positive)*



In assessing ALS's credit profile

- Moody's uses its *Government-Related Issuers* Rating Methodology
- Fitch uses its *Government-Related Entities* Rating Criteria

FitchRatings > AA Negative Outlook²

-  *Fitch considers there are no legal or regulatory restrictions to extraordinary support from the state in case of need*
-  *ALS therefore has very strong regulatory capital and liquidity ratios, with a common equity Tier1 ratio above 73% at end-2020 (against a threshold of 10.5%) and a liquidity ratio of 406% (threshold of 100%)*

Agencies' acknowledgement of the State support

-  *The credit profile of ALS, expressed in its Aa2 positive rating, reflects our assessment of a very high likelihood of extraordinary support from the central government were it to face acute liquidity stress (Moody's)*
-  *Fitch considers ALS to be a proxy-funding vehicle for the state. ALS carries out activities that could be done directly by the state, but that would then have to be consolidated into the state budget and its debt recorded as general government debt (Fitch)*

The same financial ratings were granted to the other entities of Action Logement Group, **ALG** and **ALI**, by Moody's and Fitch

- **€5bn borrowing plan** over 2021-2022
 - A €6.2bn EMTN programme
 - Inaugural transaction in 2019: €1bn 15y at OAT + 38bps
 - Transaction in July 2021 : €1bn 20y at OAT + 30bps
 - Transaction in October 2021 : €1bn 10y at OAT + 29bps

- **Borrowing currency:** EURO only

- **Coupon:** fixed rate only

- **Issuance strategy**
 - Public syndicated transactions with benchmark size
 - Private placements

- **Target maturities**
 - 5 years and longer

- **Themed Issuance framework**
 - EMTN Programme 100% Sustainable EMTN Programme
 - All ALS's bond issues will be sustainable bonds

ALS is a new issuer in the French public sector with characteristics comparable to peers



Ratings (M/S&P/F)	Aa2/-/AA	-/AA/AA	Aa3/AA-/-	Aa2/-/AA	Aa2/-/AA	Aa2/AA/AA	Aa3/AA/-	Aa2/-/AA	Aa3/AA-/A+	Aa2/-/AA
Legal form / Status	SAS / Finance company	EPIC ¹ / Finance company	SA / Specialised Credit institution	EPIC ¹ / Public Bank	EPA ²	Établissement Spécial	SA / Public Bank	EPIC ¹	SA	1901 Law Association / NPO
Ownership	100% AL Group (NPO)	100% French State	100% French Local Authorities	50% French State / 50% CDC	100% French State	100% French State	99.99% CDC / 0.01% French State	100% French State	100% French State	-
Guarantee	Implicit	Implicit	Implicit	Implicit	Implicit	Implicit	Implicit	Implicit	Implicit	Explicit (EMTN) Implicit (NeuMTN)
Weighting / RW	20%	20%	20%	20%	0%	0%	20%	20%	20%	0%
Solvency Ratio	Non-Standard	Non-Standard	Non-Standard	Non-Standard	Non-Standard	Non-Standard	Non-Standard	Non-Standard	Non-Standard	Standard
HQLA Status (EU Designation)		[Non HQLA]	Level 2A	Level 1	Level 1	Level 1	Level 1	Level 2A	Level 2A	Level 1
Regulators	ACPR	ACPR	ACPR	ECB	-	ACPR	ECB	-	-	-
ECB – Eligible Repo / PSPP	Yes / Yes	Yes / Yes	Yes / Yes	Yes / Yes	Yes / Yes	Yes / Yes	Yes / Yes	Yes / Yes	Yes / No	Yes / Yes
CET1	81% ⁴	13.86% ⁵	15.30% ^{4,7}	33.4% ^{3,5}	n/a	n/a	30% ⁶	n/a	n/a	n/a
SRI Issuances	Sustainable (Program)	Green (Climate) / Sustainable	Sustainable	Covid Respond Bond	Social (Program)	Green / Sustainable	Social / Green / Sustainable	Green (Program)	Green	Social (Program)
EMTN Programme / Law	€6.2bn (FR)	€50bn (FR)	€7bn (FR)	€45bn (FR)	€65bn (EN) €130bn (FR)	€18.5bn (FR)	€10bn (FR)	€20bn (FR)	€12bn (FR)	€60bn (FR)

Source : <https://www.ecb.europa.eu/mopo/assets/standards/marketable/html/index.en.html> ; <https://acpr.banque-france.fr/sites/default/files/media/2018/01/26/20180126-notice-2017.pdf> ; <https://www.unedic.org/sites/default/files/2021-02/Un%C3%A9dic%20Investor%20Presentation%20-%202021%2002.pdf> ; https://www.caissedesdepots.fr/sites/default/files/2021-02/CDC_Investor_presentation_%28English%29_February_2021.pdf ; <https://www.bpifrance.fr/investor-relations> ; <https://sfil.fr/en/wp-content/uploads/2020/11/20201118-Sfil-Group-Investor-Presentation.pdf> ; https://media-mediathèque.sociétédugrandparis.fr/pm_1_132_132467-nwryin6nr-75.pdf ; https://cades.fr/pdf/investisseurs/uk/pres_investisseurs_sept2020_VA.pdf ; https://medias.sncf.com/sncfcom/finances/Groupe_SNCF/SNCFGROUPEInvestorPresentation2020Updated.pdf?_ga=2.203032785.1189848724.1614079783-753303351.1613372400 ; <https://www.afd.fr/sites/afd/files/2021-02-02-44-32/investors-presentation-january-2021.pdf> ; http://www.agence-france-locale.fr/sites/afd/files/base_documentaire/2021-02/Investor%20Presentation%20-%20Janvier%202021.pdf ;

¹ EPIC: Établissement Public à Caractère Industriel et Commercial; ² EPA: Établissement Public à Caractère Administratif; ³ Basel III CET1 'fully loaded'; ⁴ Basel III solvency ratio; ⁵ At Dec. 31, 2019; ⁶ At Dec. 31, 2020; ⁷ At June. 30, 2020

4

SUSTAINABLE BOND FRAMEWORK



Setting up a sustainable bond program

Social Utility

- Action Logement Services' purpose is to **facilitate the provision of housing to promote employment**, for the benefit of society and in support of the low-carbon economic transition
- All ALS services and grants provide solutions to **societal challenges** and contribute strongly to the delivery of the **United Nations Sustainable Development Goals (SDGs)**



Sustainable Finance

- ALS EMTN program is intrinsically **100% sustainable**
- **Framework** designed in alignment with the **Green Bond Principles (GBP)**, **Social Bond Principles (SBP)** and **Sustainability Bond Guidelines (2018 edition)**
- **Vigeo Eiris 2nd Party Opinion** gave a **reasonable assurance** (the highest level of assurance) on the Issuer's commitments and on the contribution of the contemplated Bonds to sustainability



Overview of the Sustainability Framework Document

Use of proceeds

- ◆ **Social Projects**
 - Access to basic services
 - Access to affordable housing
- ◆ **Environmental Projects**
 - Energy efficiency
 - Green Building design (social and intermediate housing)
 - Pollution Prevention & Control

Project selection process

- ◆ **Specific funding guidelines**
 - Quality and eligibility of the borrower and the operation, for each grant and service specifying award criteria and defining eligible target populations
- ◆ **Semi-annual evaluation committee**
 - Validation of eligible project selection
 - Propose replacement of projects in the event originally-selected projects become ineligible
 - Manage updates of the Sustainable Bond Framework
 - Evaluation of the social utility of allocations



Management of proceeds

- ◆ **Allocation process**
 - Financing and refinancing (refinancing share limited to 30% for each issue)
 - Allocation of proceeds within two years after issue
- ◆ **Annual review of fund allocation by the Evaluation Committee**
- ◆ **Management of unallocated proceeds**
 - Temporary placements in deposit accounts or low-risk investment instruments

Reporting

- ◆ **Publication of an annual report until complete allocation of proceeds**
 - Allocation reporting (audited annually by an independent auditor)
 - Social & Environmental Impact Reporting
- ◆ **Review and validation of the annual report by the Evaluation Committee**

Use of Proceeds: social projects

◆ Access to basic services

- Adaptation of housing to address the needs of senior citizens to maintain their independence
- Renovation of social healthcare residence, support for healthcare managers
- Help for employees facing challenging circumstances

◆ Access to affordable housing

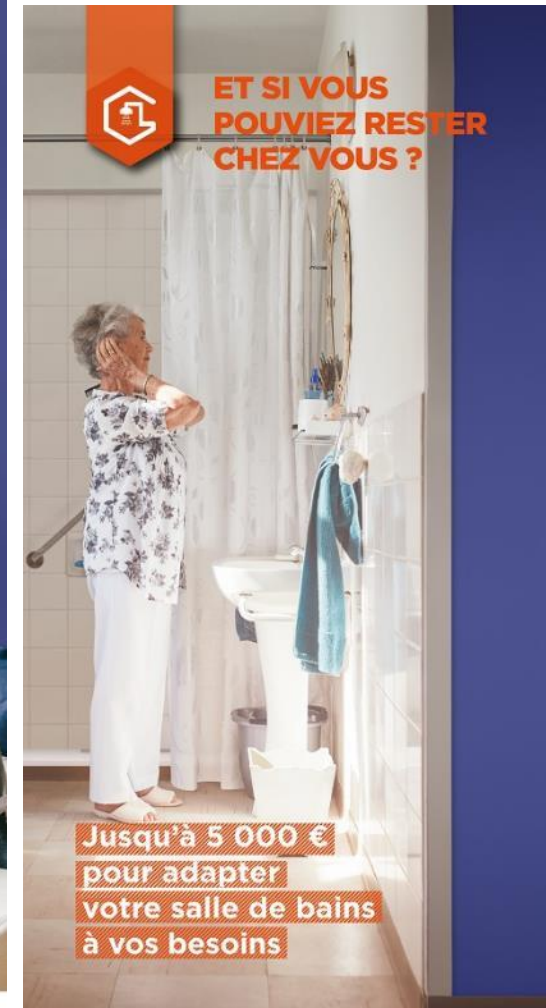
- Acquisition and / or construction of social and intermediate housing
- Access to housing
- Financing of public policies related to housing
- Mobility Assistance
- Fight against substandard housing



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Use of Proceeds: **environmental projects**

- ◆ **Energy efficiency**
 - Renovation of private dwellings for low-income employees
- ◆ **Green buildings**
 - Construction and acquisition-refurbishment of social and intermediate housing
- ◆ **Pollution Prevention and Control**
 - Demolition of vacant social housing

Residence Simone Veil: 189 housing units for students and researchers

Located in the XIV^e arrondissement of Paris, on the campus of the International University - City of Paris, the new residence 'Simone Veil' was inaugurated on 18 October 2018. Comprised of **189 housing units including 125 dedicated to students and 64 to international researchers**, it complies with the City of Paris's housing requirements for this population.

Certified Habitat & Environment: the building meets the requirements of the City of Paris Climate Plan (solar panels on the roof, 'rain garden' for management of rainwater, insulation using wood 'blades', green roof terraces etc.).

Espacil Habitat (ESH), a subsidiary of Action Logement, owns and manages this program.



Process for project selection and evaluation

Directives

- Each proposed Service and Action is subject to a **directive issued by Action Logement Group**
 - The beneficiaries (individuals / legal persons), the operations eligible for financing, the conditions of eligibility and the characteristics of the financing mechanism from the PEEC are prescribed in the directive
- Ensure alignment between the policies implemented by Action Logement for the benefit of employment and housing

Beneficiaries

- 2 major groups targeted:
 - **Social and intermediate housing organizations**, providing affordable housing to households under means-tested conditions (support for specific "Criteria for the Granting of Financing" directive validated by Action Logement Group's Board of Directors)
 - **Individuals**, mainly employees, meeting the eligibility conditions of funding programs (e.g. elderly people, employees experiencing housing difficulties, people under 30 years of age, etc.)

Assessment of objective achievements

- Measurement of the extent of achievement of the social utility objectives provided for in the five-year agreement
- Future support for development from a 'mapping and materiality matrix' of social and environmental challenges

Governance

- **Evaluation committee** responsible for:
 - Review of project selection, of compliance with the eligibility criteria for the use of proceeds and of the annual impact report for investors
 - Management of any future updates to the Sustainable Bond Framework and of the external review processes (Second Party Opinion and Auditor)

Use of Proceeds

Allocation process

- Financing of new projects and / or refinancing of existing projects identified as eligible (up to 12 months before issuance)
- Share of proceeds allocated to refinancing limited to 30% for each issue
- Allocation of the proceeds to eligible projects within a maximum period of 2 years after issue

Review of fund allocation

- Annual monitoring of the allocation of proceeds by the Evaluation Committee
- Identification and accurate tracking of proceeds allocated to each project

Management of unallocated proceeds

- Management by Action Logement Services Treasury teams
- Temporary placement of proceeds in deposit accounts or low-risk investment instruments

Reporting and verification until full allocation of proceeds

Allocation Reporting¹

- ◆ **General:**
 - Total amount of proceeds allocated to date
 - Financing vs. Refinancing Share
 - Total amount of unallocated proceeds and type of temporary placements
- ◆ **By category of Eligible Green and Social Projects:**
 - Number and type of projects funded
 - Geographical distribution of projects funded
 - Total amount invested
 - Examples of projects funded

Impact Reporting

- ◆ **Monitoring of the social and / or environmental impact of the project**
 - This process will be part of the monitoring of the implementation of the Five-Year Convention
- ◆ **List of indicators provided in each annual report**
 - Indicators selected to reflect the impact of each category of projects financed by the EMTN program

 **Second Opinion**

- ◆ Evaluation of the Sustainable Bond Framework: transparency, governance and alignment with the Green and Social Bond Principles.



Independent reviewer

- ◆ Annual audit until full allocation of proceeds:
 - Allocation of net proceeds to portfolio of eligible projects
 - Compliance of projects financed by the proceeds of the Sustainable Bond with the eligibility criteria specified

¹ [Funding Allocation Report - 31 December 2019](#) ; [Funding Allocation Report - 31 December 2020 \[FR\]](#) (translation currently in progress)

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APPENDICES



ALS' consolidated income statement¹

In €m	2018	2019	2020	Change (%)
Employer contribution	1,507	1,536	1,600	6%
Subsidies	(906)	(955)	(3,276)	243%
<i>To the State or other government bodies</i>	(626)	(534)	(1,304)	144%
<i>To individuals</i>	(93)	(106)	(721)	580%
<i>To corporates</i>	(165)	(315)	(312)	(1%)
<i>Other</i>	(21)			n.a.
Net non-banking income	601	580	(1,676) ¹	(389%)
Net interest margin and related profits	145	135	122	(10%)
Income from variable-income securities	-	-		n.a.
Commissions	-	-		n.a.
Other banking income and expenses	7	(1)	3	n.a.
Net banking income	152	134	126 ²	(6%)
Net operating income	753	714	(1,550)	(317%)
Management fees	(303)	(357)	(295)	(17%)
Gross operating income	450	357	(1,845)	(617%)
- Cost of risk	(13)	(11)	(62)	(664%)
Operating income	437	368	(1,906)	(618%)
+/- Gains or losses on fixed assets	-	43	1	(98%)
Pretax current income	437	411	(1,905)	(564%)
+/- Exceptional income	-	(2)	-1	n.a.
- Corporate Income tax	(1)	(11)	0	n.a.
Net income	436	398	(1,906)	(579%)

- ¹ The **Net Non-Banking Income** consists of the collection of resources (PEEC, PSEEC, PEAC) in the form of subsidies, net of paid subsidies
- ² The **Net Banking Income** consists primarily of the net interest margin on loans granted to clients in respect of the outstanding stock related to individuals and corporates for €15.6bn
- ³ Pursuant to the Tax Ruling for corporation tax, the corporation **tax** is virtually nil.

Consolidated balance sheet – ALS¹



In €m	2018	2019	2020	Change (%)
Credit institution receivables and similar	4,040	5,961	4,529	(24%)
Customer transactions	16,004	15,951	15,640	(2%)
<i>Loans to individuals</i>	<i>4,057</i>	<i>3,757</i>	<i>3,436</i>	<i>(9%)</i>
<i>Loans to corporates</i>	<i>11,947</i>	<i>12,193</i>	<i>12,204</i>	<i>0%</i>
Investments and other long-term securities held	1	1	1	0%
Intangible assets	7	11	14	25%
Tangible assets	438	644	610	(3%)
Other assets	432	132	458	(248%)
TOTAL ASSETS	20,923	22,700	21,252	(6%)

Credit institution payables and similar	1,296	1,317	1,314 ¹	(4%)
Customer transactions	5,648	5,935	3,479	9%
<i>Debts to the State, local authorities, or state agencies</i>	<i>196</i>	<i>221</i>	<i>216</i>	<i>(2%)</i>
<i>Debts to individuals</i>	<i>93</i>	<i>91</i>	<i>386</i>	<i>325%</i>
<i>Debts to corporates</i>	<i>5,360</i>	<i>5,623</i>	<i>5,877</i> ²	<i>5%</i>
Wholesale funding	-	1,001	1,001	0%
Other liabilities	248	257	245	(5%)
Provisions	189	194	180	(7%)
Shareholders' equity	13,542	13,940	12,034 ³	(14%)
<i>Subscribed share capital</i>	<i>20</i>	<i>20</i>	<i>20</i>	<i>0%</i>
<i>Share premium</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>n.a.</i>
<i>Reserves</i>	<i>13,086</i>	<i>13,522</i>	<i>13,920</i>	<i>3%</i>
<i>Profit or loss for the financial year (±)</i>	<i>436</i>	<i>398</i>	<i>(1,906)</i>	<i>(579%)</i>
TOTAL LIABILITIES	20,923	22,700	21,252	(6%)

- ¹ The financial debt (to credit institutions) in an amount of **€1.3bn** corresponds to borrowings from CDC
- ² The debt to corporates for **€5.9bn** includes the PEEC collected amounts paid in the form of loans by companies
- ³ Shareholders' equity amounts to **€12.0bn** or **57%** of total liabilities

The net external debt² is €4.3bn as of 31 December 2020




Categories of projects	Definition	Target Populations	Goals	Sustainable Development Objective
Access to basic services	Adaptation of housing for the needs of ageing residents, maintaining independence	<ul style="list-style-type: none"> Senior citizens (70 years old and +) or people in situation of dependency (GIR 1 to 4), whose net income is lower than the ceiling "modest resources" of the National Agency for the Improvement of the Habitat (ANAH) 	<ul style="list-style-type: none"> Fight against substandard housing Facilitating the maintenance of dependents in housing 	 <p>3.8 Ensure universal health coverage for all, including financial risk protection and access to quality essential health services and safe, effective, quality and affordable essential medicines and vaccines for all</p>  <p>10.2 By 2030, empower all people and promote their social, economic and political integration, regardless of age, gender, disability, race, ethnicity, background, religion or their economic status or other status.</p>
	Renovation of social healthcare establishments (EMS) and provision of support to EMS managers <ul style="list-style-type: none"> Improvement of reception and care Regeneration Restructuring 	<ul style="list-style-type: none"> Non-profit Public or Private Collective Residences for dependent seniors and people with disabilities 	<ul style="list-style-type: none"> Improve access to care and the quality of care for elderly and disabled people with limited resources Improve autonomy (home support) and the health status of the population Reduce social inequalities in health 	
	Help for employees in difficulty <ul style="list-style-type: none"> Diagnosis and referral to adapted social services Financial aid (such as refinancing assistance for real estate loans) Emergency housing solutions 	<ul style="list-style-type: none"> Employees experiencing housing difficulties 	<ul style="list-style-type: none"> Fight against substandard housing Exclusion prevention Prevention and fight against precariousness 	

* National Agency for Habitation Improvement





Use of proceeds -Social Project Categories (2/3)

Categories of projects	Definition	Target Populations	Goals	Sustainable Development Objective
Affordable Housing Access (1/2)	Development of the supply of social and intermediate housing (individual or collective) in France <ul style="list-style-type: none"> ● Capital contributions and loans to social and intermediary landlords ● Financing of new construction, acquisition, improvement and rehabilitation operations 	<ul style="list-style-type: none"> ● Social housing bodies and organizations approved for the production of intermediate housing with reduced VAT (Art. 279-0 bis A of the CGI) for the housing of means-tested households 	<ul style="list-style-type: none"> ● Fight against substandard housing ● Improving access to housing ● Employment support in the targeted territory 	<div style="text-align: center;">  <p>1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions</p> <p>1.4 by 2030 ensure that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services including microfinance</p> </div>
	Renovation of degraded condominiums <ul style="list-style-type: none"> ● Transformation into social housing ● Targeted for demolition-reconstruction 			
	Social Access to Property <ul style="list-style-type: none"> ● National Sales Operator HLM - creation of a universal tool to accelerate the Social Housing sale to their tenants ● “Accession Plus” loans for employees buying their Social housing or accessing the property by the lifting of a PSLA option 	<ul style="list-style-type: none"> ● Sale of HLM: tenants of social housing ● PSLA: natural persons subject to means-testing 		
	Funding of public policies related to housing <ul style="list-style-type: none"> ● National Agency for Urban Renovation (ANRU) ● Housing Property Association ● National Aid Fund (FNAP) ● National Agency for Housing Information (ANIL) ● Heart of the City - National Action Plan 	<ul style="list-style-type: none"> ● Population of priority neighborhoods ● Heart of City: 222 cities identified 		





8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services





Categories of projects	Definition	Target Populations	Goals	Sustainable Development Objective
Access to Affordable Housing (2/2)	Solidarity Land Organizations (« OFS »)	<ul style="list-style-type: none"> Households under means of resources (PLSA). This criterion is controlled at each and every change to the building guaranteeing the sustainability of the social destination of the dwellings 	<ul style="list-style-type: none"> Fight against substandard housing Improve access to housing Employment support in the targeted territory Diversity 	 <p>10.2 By 2030 empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>  <p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums</p>
	Mobility Aid Employment-Housing Link	<ul style="list-style-type: none"> Employees of non-farm private sector companies Young people under 30 years old 		
	Improving habitation standards	<ul style="list-style-type: none"> Precarious population victim of poor housing due to the indignity or unhealthiness of their home Geography: 6 acceleration territories against unworthy habitat defined by the French government 		



Categories of projects	Definition	Target Populations	Goals	Sustainable Development Objective
Energy efficiency	<p>Private park energy renovation works</p> <ul style="list-style-type: none"> Delivered by an approved company (RGE); In accordance with the energy performance standards specified in the EU Energy Performance of Buildings Directive (EPBD) * 	<ul style="list-style-type: none"> Homeowners on reduced incomes Landlords on low-incomes 	<ul style="list-style-type: none"> Fuel poverty reduction Avoidance of GHG emissions Soil preservation 	 <p>7.1 By 2030, ensure universal access to affordable, reliable, and modern energy services</p> <p>7.3 By 2030, double the global rate of improvement in energy efficiency</p>
Green buildings *	<p>Transformation of business premises and offices into social and intermediate housing</p> <ul style="list-style-type: none"> Aligned with European "NZEB" building energy standards Compliant with French RT 2012 construction standard 	<ul style="list-style-type: none"> Social housing organizations and organizations accredited for the provision of intermediate housing with reduced VAT application 		<p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums</p>
	<p>Financing of construction and / or acquisition of social and intermediate housing</p> <ul style="list-style-type: none"> Aligned with European "NZEB" building energy standards Compliant with French RT 2012 construction standard 	<ul style="list-style-type: none"> Social and intermediate housing organizations, means-tested households 		 <p>13. Measures to combat climate change</p>

* Buildings compliant with RT 2012 construction standards in France, aligned with European "NZEB" low energy building standards



Categories of projects	Definition	Target Populations	Goals	Sustainable Development Objective
Prevention and control of pollution	<p>Pollution Prevention and Control (demolition of vacant social housing)</p> <ul style="list-style-type: none"> Physical, chemical, biological treatment 	<ul style="list-style-type: none"> Any HLM organization Geography: Zones 'B2' and 'C' outside ANRU, eligible for the 'Heart of the City' Action program 	<ul style="list-style-type: none"> Soil preservation (fight against artificialization) Preservation of biodiversity 	 <p>11.1 By 2030, ensure universal access to adequate and safe affordable housing and basic services.</p>  <p>15.3 By 2030, restore land and degraded soils, including lands affected by desertification, drought and floods.</p>

Examples of social impact reporting indicators & environmental

Social Indicators

Project Categories	Examples of impact indicators
Access to basic services	<ul style="list-style-type: none"> • Number of households receiving aid for sanitation facilities • Number of social healthcare institutions supported • Number of employees in difficulty receiving financial assistance and breakdown by type of financial support provided
Access to affordable housing	<ul style="list-style-type: none"> • Number of social housing units built and / or acquired, funded • Environmental Performance Indicators (see "Ecological Buildings") • Number of beneficiaries of financial aid (ie households) supporting home ownership • Number of FSOs supported ("Organismes Fonciers Solidaires") • Number of housing units restored for purposes of improving habitation standards

Environmental Indicators

Project Categories	Examples of impact indicators
Ecological Buildings	<ul style="list-style-type: none"> • Number of new and rehabilitated housing units financed • Energy performance of dwellings
Energy Efficiency	<ul style="list-style-type: none"> • Number of renovated dwellings • Energy performance of dwellings • Energy savings (MWh) • Emissions of greenhouse gases avoided (tCO₂equivalent)
Pollution prevention and control	<ul style="list-style-type: none"> • Number of disused dwellings demolished • Number of reconstructed dwellings

Laws / Decrees

- ◆ Establishment of Action Logement Group
Decree no. 2016-1408 of 20 October 2016, Article 1 paragraph 3
<https://www.legifrance.gouv.fr/eli/ordonnance/2016/10/20/LHAL1617659R/jo/texte>
- ◆ Participation des Employeurs à l'Effort de Construction (PEEC)
Loi du 22 décembre 2018
<https://www.legifrance.gouv.fr/affichCode.do?idArticle=LEGIARTI000037949687&idSectionTA=LEGISCTA000006176366&cidTexte=LEGITEXT000006074096&dateTexte=20181223>
- ◆ Reorganisation of the PEEC
Decree no. 2016-1408 of 21 October 2016
<https://www.legifrance.gouv.fr/eli/ordonnance/2016/10/20/2016-1408/jo/texte>
- ◆ Approval of ALG's Articles of Association
Decree no. 2016-1681 of 5 December 2016
<https://www.legifrance.gouv.fr/eli/decret/2016/12/5/LHAL1632544D/jo/texte>
- ◆ Approval of Action Logement Services (ALS) Articles of Association
Decree no. 2016-1769 of 19 December 2016
<https://www.legifrance.gouv.fr/eli/decret/2016/12/19/LHAL1634067D/jo/texte>
- ◆ The five-year agreement 2018-2022
Agreement of 16 January 2018
<https://www.legifrance.gouv.fr/eli/convention/2018/2/8/TERL1736275X/jo/texte>
- ◆ The Voluntary Investment Plan
Agreement of 25 April 2019
<https://www.legifrance.gouv.fr/eli/convention/2019/4/25/LOGL1913704X/jo/texte>
- ◆ Amendment to the five-year agreement 2018-2022 and to the Voluntary Investment Plan
February 2021 (French version)
https://groupe.actionlogement.fr/sites/alg/files/documents/investisseurs/fr/7_LEGAL/avenant_convention_quinquennale_2018_2022_signe.pdf



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