

# CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

## ACTION LOGEMENT SERVICES

# 2020 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet.....	4
Consolidated income statement .....	5
Changes in equity .....	6
Notes to the consolidated financial statements .....	7
<b>1. Significant events of the period .....</b>	<b>7</b>
<b>2. General information .....</b>	<b>12</b>
<b>3. Accounting principles and methods .....</b>	<b>13</b>
3.1. General principles.....	13
3.2. Overview of separately identifiable operations .....	13
3.3. Consolidation methods.....	13
3.4. Conversion of foreign currency transactions .....	14
3.5. Goodwill.....	14
3.6. Amounts due from credit and similar institutions .....	15
3.7. Transactions with customers.....	15
3.8. Intangible assets .....	15
3.9. Property, plant and equipment .....	16
3.10. Impairment of intangible assets and property, plant and equipment.....	16
3.11. Equity interests and other long-term securities.....	16
3.12. Debt issue costs .....	17
3.13. Pension commitments and similar benefits .....	17
3.14. Other provisions .....	17
3.15. Determination of income .....	18
3.16. Subsidies granted to Action Logement Immobilier and Association Foncière Logement .....	18
3.17. Commitments in support of national policies .....	19
3.18. Deferred taxes .....	20
3.19. Critical accounting estimates.....	20
<b>4. Segment information.....</b>	<b>20</b>
<b>5. Notes to the balance sheet and income statement.....</b>	<b>21</b>
5.1. Amounts due from credit and similar institutions .....	21
5.2. Transactions with customers.....	21
5.3. Equity interests and other long-term securities.....	22
5.4. Intangible assets and property, plant and equipment .....	22
5.5. Other assets .....	23

5.6.	Amounts due to credit institutions.....	24
5.7.	Debt securities .....	24
5.8.	Amounts due to customers .....	25
5.9.	Other liabilities .....	25
5.10.	Provisions.....	26
5.11.	Net non-banking income .....	27
5.12.	Net banking income.....	28
5.13.	Other operating income .....	29
5.14.	General operating expenses .....	29
5.15.	Cost of risk .....	30
5.16.	Gains and losses on other assets.....	30
5.17.	Income tax .....	30
5.18.	Commitments given.....	31
5.19.	Commitments received .....	31
<b>6.</b>	<b>Other information .....</b>	<b>32</b>
6.1.	Headcount .....	32
6.2.	Transactions with related parties.....	33
6.3.	Statutory Auditors' fees.....	34
<b>7.</b>	<b>Reservation rights .....</b>	<b>34</b>
<b>8.</b>	<b>Subsequent events .....</b>	<b>35</b>
<b>9.</b>	<b>List of consolidated companies at 31 December 2020 .....</b>	<b>36</b>

## CONSOLIDATED BALANCE SHEET

<i>In thousands of euros</i>			
ASSETS	Notes	31 December 2020	31 December 2019
		Net	Net
Amounts due from credit and similar institutions	5.1	4,529,103	5,961,122
Transactions with customers	5.2	15,639,926	15,950,765
<i>Government, local authorities and State agencies</i>			
<i>Amounts due on loans to individuals</i>		3,435,865	3,757,451
<i>Amounts due on loans to corporate entities</i>		12,204,061	12,193,314
Bonds and other fixed income securities			
Shares and other variable income securities			
Equity interests and other long-term securities	5.3	600	1,115
Shares in affiliated companies			
Goodwill			
Intangible assets	5.4	14,119	11,270
Property, plant and equipment	5.4	610,154	643,725
Other assets	5.5	458,237	132,043
<b>Total assets</b>		<b>21,252,139</b>	<b>22,700,040</b>

<i>In thousands of euros</i>			
LIABILITIES AND EQUITY	Notes	31 December 2020	31 December 2019
Amounts due to credit and similar institutions	5.6	1,313,554	1,372,480
Transactions with customers	5.8	6,478,999	5,934,951
<i>Government, local authorities and State agencies</i>		216,000	221,000
<i>Amounts due to individuals</i>		386,237	90,812
<i>Amounts due to corporate entities</i>		5,876,762	5,623,139
Debt securities	5.7	1,000,863	1,000,861
Other liabilities	5.9	244,887	257,315
Accruals			
Provisions	5.9	180,070	194,380
Shareholders' equity (group share)		12,033,737	13,940,012
<i>Subscribed capital</i>		20,000	20,000
<i>Reserves</i>		13,920,013	13,522,084
<i>Net income of the period</i>		(1,906,276)	397,928
Non-controlling interests		29	41
<b>Total liabilities and equity</b>		<b>21,252,139</b>	<b>22,700,040</b>

## CONSOLIDATED INCOME STATEMENT

In thousands of euros	Notes	2020	2019
Employers' contribution	5.11.1	1,600,462	1,535,589
+ Subsidies received	5.11.1	319,686	400,870
<i>Subsidies received from another fund</i>		312,335	372,508
<i>Other subsidies</i>		7,351	28,362
- Subsidies paid	5.11.2	(3,595,740)	(1,356,024)
<i>Subsidies to Government, local authorities and State agencies</i>		(1,304,000)	(534,000)
<i>Subsidies to corporate entities</i>		(1,251,106)	(314,945)
<i>Subsidies to individuals</i>		(720,948)	(106,209)
<i>Subsidies to another fund</i>		(312,335)	(372,508)
<i>Other subsidies</i>		(7,351)	(28,362)
<b>Net non-banking income</b>		<b>(1,675,592)</b>	<b>580,435</b>
+ Interest receivable and similar income	5.12.1	152,014	168,164
<i>Transactions with credit institutions</i>		11,397	16,191
<i>Transactions with individuals</i>		51,515	57,326
<i>Transactions with corporate entities</i>		88,745	94,639
<i>Bonds and other fixed income securities</i>			
<i>Other interests and similar income</i>		357	8
- Interest payable and similar expenses	5.12.2	(29,957)	(33,029)
<i>Transactions with credit institutions</i>		(18,474)	(23,231)
<i>Transactions with customers</i>		(1,027)	(5,495)
<i>Bonds and other fixed income securities</i>		(5,004)	(2,133)
<i>Other interests and similar expenses</i>		(5,452)	(2,170)
+ Income from variable income securities			
+ Commission (income)			
- Commission (expenses)			
Gains or losses on investment portfolio		2,528	(2,200)
+ Other banking income		1,931	1,475
- Other banking expenses		(1,011)	(152)
<b>Net banking income</b>		<b>125,505</b>	<b>134,258</b>
Other operating income	5.13	38,189	35,743
Other operating expenses	5.14	(316,950)	(382,306)
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets		(15,970)	(10,469)
<b>Gross operating Income</b>		<b>(1,844,818)</b>	<b>357,661</b>
Cost of risk	5.15	(61,574)	10,523
<b>Operating Income</b>		<b>(1,906,392)</b>	<b>368,184</b>
Gains and losses on capital assets	5.16	1,428	42,870
<b>Income before tax</b>		<b>(1,904,964)</b>	<b>411,054</b>
Non-recurring income/(expense)		(249)	(1,804)
Income tax	5.17	(1,075)	(11,329)
<b>Net Income from consolidated companies</b>		<b>(1,906,288)</b>	<b>397,921</b>
Non-controlling interests		12	7
<b>Net Income (Group share)</b>		<b>(1,906,276)</b>	<b>397,928</b>

## CHANGES IN EQUITY

In thousands of euros	Subscribed capital	Reserves and retained earnings	Net income of the period	Shareholders Equity (Group Share)	Non-controlling interests	Total equity
<b>1 January 2018</b>	<b>20,000</b>	<b>13,085,590</b>	<b>436,491</b>	<b>13,542,081</b>	<b>15</b>	<b>13,542,096</b>
Appropriation of Y-1 income		436,491	(436,491)			
<b>Net income of the period</b>			<b>397,928</b>	<b>397,928</b>	<b>(7)</b>	<b>397,921</b>
Other movements		3		<b>3</b>	<b>33</b>	<b>36</b>
<b>31 December 2019</b>	<b>20,000</b>	<b>13,522,084</b>	<b>397,928</b>	<b>13,940,012</b>	<b>41</b>	<b>13,940,053</b>
Appropriation of Y-1 income		397,928	(397,928)	<b>0</b>		<b>0</b>
<b>Net income of the period</b>			<b>(1,906,276)</b>	<b>(1,906,276)</b>	<b>(12)</b>	<b>(1,906,288)</b>
Other movements		1		<b>1</b>		<b>1</b>
<b>31 December 2020</b>	<b>20,000</b>	<b>13,920,013</b>	<b>(1,906,276)</b>	<b>12,033,737</b>	<b>29</b>	<b>12,033,766</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. SIGNIFICANT EVENTS OF THE PERIOD

#### Impacts of the Covid-19 crisis

In response to the spread of the Covid-19 virus and the ensuing public health crisis, the French Government introduced a first strict lockdown from 17 March to 10 May 2020, and then a second lockdown from 30 October to 15 December 2020. Each of these lockdowns was followed by a period during which restrictions were gradually eased.

This unprecedented crisis severely impacted Action Logement and the wider French economy.

#### ◆ Measures taken by Action Logement Services

Following the announcements by the French President on 16 March 2020, Action Logement Services reviewed the working arrangements for all of its employees and strictly complied with the Government's blanket lockdown measures, banning all business travel (except exceptional cases) and introducing home-working as much as possible.

Remote working arrangements were gradually put in place, with the supply of IT equipment and remote access to systems. Throughout 2020, the IT Department worked tirelessly to supply all employees with a laptop computer. Working arrangements evolved throughout the year, with video conferences via Microsoft Teams, document scanning, restrictions of customer and corporate visits, rotation of on-site teams, and processing of incoming and outgoing mail.

Action Logement Services retained all of its employees on full pay, regardless of their situation. No employees were furloughed in 2020.

The public health crisis does not call into question the ability of Action Logement Services to continue as a going concern, and the Company did not apply for Government support.

#### ◆ Support for Action Logement Services customers

Action Logement Services set up two schemes to support those most affected by the public health crisis: special assistance with rent and mortgage payments, and housing subsidies for employees in the farming sector.

- On 11 June 2020, in cooperation with the Minister in charge of the City and Housing, Julien Denormandie, Action Logement announced that it was introducing a series of financial assistance measures for employees faced with a loss in income, in order to enable them to pay their rent or meet any mortgage payments due. These new measures are in addition to existing Government rent support which was stepped up during the public health crisis. The new measures consist of a monthly lump-sum benefit of €150 payable over a maximum period of two months to employees earning less than one and a half times the French minimum wage ("SMIC").

In agreement with the social partners, on 16 December 2020 the special rent and mortgage support scheme was extended until the end of the public health crisis, and the number of people eligible for the scheme was increased.

- On 23 June 2020, Action Logement and the Ministry of Agriculture and Food, together with all social partners in the farming industry, resolved to provide support to seasonal workers in the industry active during the public health crisis, and to employees for whom the crisis had led to

a loss in earnings. Action Logement decided to grant a renewable benefit of €150 to help these workers and employees meet their housing costs.

On 2 November 2020, the housing support scheme for seasonal farm workers was extended, subject to a maximum of €6 million set in June 2020.

### **Increase in workforce thresholds for the PEEC**

Pursuant to the French PACTE law of May 2019, there are now just three workforce thresholds (11, 50 and 250 employees) triggering certain legal and/or financial obligations for corporate entities.

This new law introduced changes to the employers' contribution to construction work (PEEC), increasing the workforce threshold triggering liability for the PEEC from 20 to 50 employees.

The new threshold has been applicable since 1 January 2020. These new regulations led to a decrease of almost 48,000 (53%) in the number of companies liable for the PEEC contribution, and to the payment of €238 million in Government compensation.

### **“ELAN” housing, urban planning and digital reform law**

The “ELAN” law No. 2018-1021 issued in France on 24 November 2018 introduces a series of changes and increased flexibility in current regulations and is designed to increase housing production capacity.

Article 114 of the law and implementing decree No. 2020-145 of 20 February 2020 establish the principle of management of reserved housing based on annual flows in exchange for financing provided by the reserving parties to landlords, to replace the existing management approach based on housing stock.

The decree outlines the conditions for implementing this dynamic management approach. It sets down the bases for calculating annual housing flows, specifies that only one agreement should be signed between the social housing body and the reserving party in each *département*, and determines the conditions under which the social housing body is to submit its annual report on housing offered and assigned to reserving parties.

However, the law and decree provide for a three-year transition period in which to bring existing agreements into line with the new requirements and management approach.

Social housing reservation agreements signed before 24 November 2018 that do not solely concern annual housing flows must be brought into line with the current requirements by 24 November 2021 at the latest. Agreements signed after November 2018 are based solely on annual housing flows.

The transition to the principle of management of reserved housing based on annual flows is an integral part of the social housing assignment reform and introduces added flexibility in a bid to facilitate access to social housing for the reserving party and applicant.

The AL'in platform launched by Action Logement Services in June 2020 reflects these new imperatives.

The new platform designed to manage applications and reserved offers provides housing applicants with a fully digital experience for managing and tracking the progress of their applications. The platform presents applicants with a range of suitable offers based on the principle that the applicant takes an active role in the rental process, and publishes all available housing opportunities.

AL'in operates according to the principle of managing reserved housing based on annual flows. It does not reference former reserved housing stock.



## Increase in the share capital of the National Sales Operator for HLM Social Housing (ONV)

In accordance with the 2018-2022 five-year agreement and the French “ELAN” housing, urban planning and digital reform law, Action Logement Services created ONV, the National Sales Operator for HLM Social Housing. The ONV was incorporated on 14 March 2019 and received a first capital injection of €333 million on 20 December 2018. A second capital increase of €333 million was carried out in December 2020.

The ONV has purchased 89 real estate programmes representing a total of 3,249 housing units. In parallel, the ONV also made its first sales, consisting of four housing units sold in December 2020, and began to market a further 308 units, thereby starting the resale cycle for these units.

The amendment to the five-year agreement signed on 15 February 2021 modifies the amount of capital injections for the ONV. The third capital injection for €333 million planned for 2021 will take the form of a shareholder current account loan.

Action Logement Services holds 99.99% of the ONV’s share capital.

## 2021 Finance Act

The 2021 Finance Act published in France’s *Journal Officiel* on 30 December 2020 provides for:

- the cancellation of the compensation for the loss in earnings relating to the “PACTE” law for 2021 (Article 82);
- the deduction of €1 billion from Action Logement Services’ cash in 2021 which is to be paid over to the French National Housing Fund (*Fonds National au Logement – FNAL*) by 16 March 2021 at the latest (Article 196). This amount was recorded within off-balance sheet commitments at the reporting date.

## External voluntary mobility support agreement (CMVE)

The entities of the Action Logement economic and employee unit (UES) and the unions signed an external voluntary mobility support agreement on 30 January 2019. This agreement was rounded out by an amendment dated September 2019. The purpose of the agreement is to help secure business transitions, allowing employees who so wish to benefit from supportive measures to secure their career development outside the Action Logement Group, prepare their external business project, or adjust to their retirement through mobility leave.

The CMVE agreement provides for 368 departures: 40 of these took place in 2019 and 161 in 2020.

The cost of this agreement is estimated at €52 million. As at 31 December 2020, the remaining provision set aside in this respect totalled €20.7 million. The agreement will give rise to payments until 2022.

## Action Logement Group credit ratings

In order to issue debt on the financial markets, Action Logement was rated by credit rating agencies for the first time in 2019.

The credit rating assigned to the Group (ALG, ALS and ALI) is in line with the credit ratings assigned to the French State. In December 2020, Moody’s confirmed the long-term rating of the three entities at Aa2 with a stable outlook, a rating they have held since February 2020, following the change from a

positive to a stable outlook for Aa2-rated French Government bonds. Based on its credit ratings approach for Government-related entities, in December 2020 Fitch confirmed its AA rating for ALG, ALS and ALI, which has been accompanied by a negative outlook since May 2020 following the downgrade of the outlook for France from stable to negative at the same date.

	Moody's Investors Service	Fitch Ratings
Long-term senior unsecured debt rating.....	Aa2	AA
Short-term rating.....		F1+
Outlook.....	Stable	Negative
Date of latest report.....	23 December 2020	16 December 2020

### Agreement relating to the voluntary investment plan

On 16 January 2018, the Action Logement Group and the French Government signed a five-year agreement covering the period from 2018 to 2022.

On 25 April 2019, the voluntary investment plan agreement signed by Action Logement amended the five-year agreement.

This investment plan is designed to increase the resources mobilised by the Action Logement Group to help adapt and improve housing conditions for active and retired employees across France, particularly those on low incomes. It includes concrete measures to address the country's current social crisis, creating a closer link between employment and housing, as well as improving people's purchasing power through housing. The plan sets out objectives in line with Government priorities regarding the energy transition, day-to-day mobility, adapted housing for an ageing population, and housing production.

Voluntary investment plan funds are distributed in addition to the uses provided for in the 2018-2022 five-year agreement.

The voluntary investment plan includes a provisional investment budget of €9.065 billion for 2019-2022, to be financed by Action Logement as follows:

- €6.2 billion in debt raised on the market;
- Reallocation of €850 million in employer contributions to the construction effort (PEEC) under the five-year agreement;
- Use of PEEC fund reserves for the remaining balance.

Uses of voluntary investment plan funds affect the following items in the 2020 income statement:

- Subsidies to individuals in an amount of €531 million (mobility, adapted housing for an ageing population, energy retrofits);
- Capital injections for ALI in an amount of €716 million and for AFL in an amount of €44 million;
- FNAP housing support subsidy in an amount of €300 million.

### Three-way agreement between the French State, ANRU and Action Logement

Pursuant to the five-year agreement, a three-way agreement between the French Government, the French National Agency for Urban Regeneration (ANRU) and Action Logement was signed on 11 July 2018. This agreement consolidated the partnership entered into by the three parties with the aim of regenerating dysfunctional neighbourhoods identified as priority districts by urban policies. The

agreement sets out the terms and conditions for the Action Logement Group's financial support for France's new urban regeneration program, amid a two-fold increase in funding for the programme that brings ANRU's commitment capacity to a subsidy-equivalent of €10 billion: the French Government has pledged €1 billion to the programme throughout its life and Action Logement has pledged a subsidy-equivalent of €2 billion, in addition to its initial contribution of €5 billion. The last €2 billion is to be provided by social housing landlords through the Rented Social Housing Guarantee Fund (CGLLS).

The three-way agreement covers the period covered by the five-year agreement (i.e., 2018-2022), plus the period 2023 to 2034. Funds earmarked by ALS for urban regeneration programmes in 2020 amounted to €692 million: €247 million in the form of loans and €445 million in the form of subsidies.

## Equity loans

Action Logement Services signed the following agreements with Caisse des Dépôts et Consignations (CDC) and the French Government on 5 June 2018:

### ● Subsidised equity loan agreement (PHB 2.0)

As an extension of the five-year agreement and within the scope of its support for national policies, Action Logement Services agreed to finance €2 billion in subsidised equity loans under the following conditions:

- Action Logement will finance €2 billion in subsidised equity loans to be offered to social housing bodies, in exchange for reservation rights on the assets underlying the financing provided, in order to support them with their construction and renovation projects;
- The financial cost of these subsidies will be recognised over the term of the loans;
- The amount of the subsidies will be paid over to CDC. These payments will be guaranteed by the French Government and will be counter-guaranteed by Action Logement Services;
- Off-balance sheet commitments relating to these subsidised equity loans total €806.1 million and amounts paid to CDC in 2020 total €6.3 million.

### ● Financial guarantee

This stand-alone guarantee covers any unpaid amounts due by Action Logement Services to CDC in respect of the subsidies through to 2045. The guarantee is for a maximum cumulative amount of €1.2 billion.

The financial guarantee representing amounts receivable on loans granted to social landlords totals €917.4 million, or 114% of the outstanding subsidy payable to CDC, and is shown within off-balance sheet items at 31 December 2020.

## 2. GENERAL INFORMATION

ALS SASU and its subsidiaries together constitute the "ALS Group". Action Logement Service, a subsidiary of the Action Logement Group, is managed by the employer organisations and employee unions, jointly managing the PEEC to facilitate access to housing for employees and to promote access to employment. Action Logement helps to improve the housing situation in France, by contributing to the development of the economic attractiveness and social balance of its regions.

Action Logement Group was created on 22 December 2016 pursuant to Order No. 2016-1408 of 20 October 2016. The ALS Group is included within the consolidated financial statements of the Action Logement Group. This Group also includes the real estate consolidation sub-group, which itself prepares consolidated financial statements.

These consolidated financial statements were prepared at 31 December 2020, and cover a period of 12 months.

## 3. ACCOUNTING PRINCIPLES AND METHODS

### 3.1. GENERAL PRINCIPLES

The ALS Group financial statements have been prepared in accordance with:

- accounting principles generally accepted in France, in accordance with the provisions of CRC Regulation No. 99-07 relating to consolidated financial statements of companies in the banking sector,
- Regulation No. 2017-02 of 5 July 2017 on the individual and consolidated financial statements of the Action Logement Group.

The preparation of consolidated financial statements involves the standardisation of individual financial statements as well as consolidation adjustments.

The consolidating entity has defined and circulated the accounting methods and principles that are applicable to entities included within its scope of consolidation. The ALS Group may therefore apply different accounting options and methods in the individual financial statements and consolidated financial statements, even if a benchmark accounting treatment is applied in individual financial statements: the principle of consistency of valuation and presentation methods prevails over applying a benchmark accounting treatment.

Some adjustments may be necessary at the level of the consolidated financial statements. These adjustments are performed centrally and are not applicable to the individual financial statements.

Unless otherwise stated, the financial statements are presented in thousands of euros, rounded to the nearest thousand euros. In the income statement, income is positive and expenses are negative. In the balance sheet, asset accounts are positive except for depreciation, amortisation and impairment, liability accounts are positive except for potential deficits within shareholders' equity.

### 3.2. OVERVIEW OF SEPARATELY IDENTIFIABLE OPERATIONS

The financial statements for the ALS subsidiaries, which have the status of commercial companies, are prepared in accordance with ANC Regulations No. 2014-03 and 2016-07.

The following factors are taken into account:

- only interest income and expenses of the subsidiaries are taken into accounting to determine net banking income,
- sales of services as well as ancillary income not falling within the scope of "Net banking income" are grouped within "Other operating income".

### 3.3. CONSOLIDATION METHODS

The consolidation methods used are as follows:

- subsidiaries over which the Group exercises exclusive control, directly or indirectly, are consolidated according to the full consolidation method,
- interests in which the Group exercises joint control with a limited number of other shareholders, are consolidated according to the proportional consolidation method,
- interests not controlled by the Group but over which the Group has a significant influence are consolidated by the equity method,
- intragroup transactions and balances are eliminated. Potential gains and losses on asset disposals below €7.5 million are not neutralised to limit the complexity of monitoring them over time.

Materiality thresholds are applied within the Action Logement Group to only take into account controlled subsidiaries with a significant contribution to the consolidated financial statements. These thresholds were reviewed in 2020, notably to take account of the reorganisation of Action Logement Immobilier, which

represents the Action Logement Group's real estate business. The revised thresholds apply in particular to the real estate subsidiaries, and are as follows:

- total balance sheet greater than €100 million and total revenue greater than €10 million;
- or subsidiaries not exceeding the balance sheet and income thresholds but holding over 2,500 homes;
- or holdings not exceeding the thresholds but controlling subsidiaries that meet the threshold conditions.

However, ALS service subsidiaries not exceeding these thresholds continue to be consolidated, since their balance sheet structure and earnings are largely unrelated to those of a social housing company (ESH) subsidiary in particular. We consider that their activities complement ALS' own mission and should therefore be reflected in its consolidated financial statements.

The scope of consolidation is shown in note 9.

### 3.4. CONVERSION OF FOREIGN CURRENCY TRANSACTIONS

The consolidated financial statements are prepared in euros. All consolidated entities are located in France.

### 3.5. GOODWILL

#### 3.5.1. FIRST-TIME CONSOLIDATION OF THE ACTION LOGEMENT GROUP

The 2017 consolidation of the Action Logement Group (and therefore the ALS Group tier) was the first consolidation of a group of companies resulting from the dissolution and transfer of assets of 20 CILs between ALG, ALS and ALI at 31 December 2016.

Pursuant to Article L 131-2 of ANC Regulation No. 2017-02 of 5 July 2017, the assets and liabilities of consolidated entities held before the first consolidation are recorded in the consolidated financial statements at their net book value, and the difference between the book value of the equity interests in the consolidating entity and the share of equity of the consolidated entity is entered in liabilities in the first consolidated balance sheet in consolidated reserves.

#### 3.5.2. GENERAL PRINCIPLES

When acquiring an entity, the cost of acquiring the securities is allocated, based on their fair value, to the identifiable assets and liabilities of the acquired entity. The fair value of the acquiring entity's identifiable intangible assets and property, plant and equipment is determined by reference to generally accepted methods, such as those based on income, costs or market value. The assets' entry value in the consolidated balance sheet therefore corresponds to their fair value at the acquisition date.

The difference between the acquisition cost of the securities and the share of the acquiring entity in the total assets and liabilities identified at the acquisition date is recorded as goodwill.

When positive, goodwill is recorded in fixed assets under the heading "Goodwill".

When there is no foreseeable limit to the length of time the goodwill will provide economic benefits to the group, it is not amortised. In this case, an impairment test is performed at least once per year, regardless of whether there is any indication of impairment. Recorded impairment is never reversed.

When there is a foreseeable limit to its period of use, the goodwill is amortised on a straight line basis over that period, or, if it cannot be determined reliably, over 10 years.

When negative, goodwill is recorded in liabilities on the consolidated balance sheet under provisions for risks and expenses and is taken to income over a period that must reflect, as far as is reasonably practicable, the assumptions used and the objectives set at the time of acquisition.

Goodwill recorded in the individual financial statements of consolidated entities, where an analysis confirms that the individual components cannot be valued separately, is also considered as goodwill.

### 3.6. AMOUNTS DUE FROM CREDIT AND SIMILAR INSTITUTIONS

"Cash and cash equivalents" includes cash along with demand and term deposits (CAT, DAT, Passbooks).

Marketable securities are valued at their purchase or subscription cost, including costs directly attributable to the acquisition (transfer tax, fees or commissions, legal fees).

Where necessary, they are impaired. Impairment is calculated for each line of securities of the same type, to write down their value to the average market price during the last month (or, for non-listed securities, to their likely realisable value).

### 3.7. TRANSACTIONS WITH CUSTOMERS

Loans are recorded in assets on the balance sheet when funds are disbursed to third parties, pursuant to contractual provisions according to which the entity undertakes to transmit to individuals or corporate entities the use of payment facilities for more than one year.

The signing of the contract therefore does not result in an entry being recorded in assets. It creates a financial commitment, however, to be recorded in off-balance sheet commitments.

Pursuant to Article 121-4 of ANC Regulation No. 2017-02, loans granted by ALS which are classified as doubtful loans (within the meaning of Article 2211-1 of ANC Regulation No. 2014-07) follow the specific impairment rules below:

Loans to individuals: Loans that are more than six months overdue are written down in full, excluding loans with guarantees that can actually be implemented.

As no annual information requests have been sent out for LOCA-PASS® deposits repayable at maturity since 2016, additional impairment was recognised against these deposits in 2020.

Loans to corporate entities: Loans that are more than one year overdue are written down as follows:

- 100% of overdue receivables;
- 100% of the capital remaining payable in less than five years.

Corporate loans that are more than six months and less than one year overdue are written down as follows:

- 50% of overdue receivables;
- 50% of the capital remaining payable in less than five years.

Loans subject to litigation or court proceedings are written down based on a risk assessment.

### 3.8. INTANGIBLE ASSETS

Intangible assets are valued at their acquisition or production cost, including transfer tax, fees, commissions, and legal fees.

- **Software and websites**

Software licenses are recorded in assets based on costs incurred to acquire and commission the software in question.

The costs of creating a website that participates in the information systems or business systems are recorded in expenses or in fixed assets depending on the development phase of the website.

Intangible assets are, if applicable, amortised on a straight line basis in accordance with the following amortisation periods:

- Goodwill (if the presumption of an indefinite useful life has been refuted): period of use or 10 years;
- Patents and licences: period of use or 20 years;

- Software: period of use typically between 1 and 5 years.

### 3.9. PROPERTY, PLANT AND EQUIPMENT

#### 3.9.1. GENERAL PRINCIPLES

Fixed assets are recorded at their acquisition cost or production cost.

At year-end, a provision for depreciation is recorded according to a depreciation schedule specific to each depreciable asset. Depreciation begins on the commissioning date, when the consumption of the economic benefits attached to the asset starts.

In application of the components approach, the Group uses different depreciation periods for each of the significant components of the same fixed asset, whenever one of these components has a different useful life from the primary asset to which it relates.

Depreciation is calculated based on the rate of consumption of the economic benefits expected to be derived from the asset, over the actual useful life of the asset. The Group depreciates the asset according to the straight line method, over the following periods:

Type of asset	Period
Site improvements	5 years
Constructions (administrative buildings)	10 to 50 years
Improvements, development of constructions	5 to 20 years
Technical installations, equipment and tools	3 to 10 years
Transport equipment	1 to 5 years
Office and computer equipment	1 to 5 years
Office furniture	5 to 10 years

The depreciable amount of an asset corresponds to its gross value from which is deducted, if applicable, its residual value, the residual value representing the market value of the asset at the end of its use, less exit costs.

The net book value of an asset is immediately written down to its present value when the net book value of the asset is significantly higher than its estimated present value.

### 3.10. IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Assets with an indefinite useful life, such as land and brands, are not depreciated/amortised and are subject to impairment testing when there is an indication of a loss of value at the reporting date.

Depreciated/amortised assets are subject to impairment testing when, due to special events or circumstances, the recoverability of their net book value is compromised.

The potential reversal of the impairment is reviewed at each closing date.

### 3.11. EQUITY INTERESTS AND OTHER LONG-TERM SECURITIES

Equity interests and other long-term securities are recorded at their acquisition cost including, where applicable, costs directly attributable to the acquisition (transfer tax, fees or commissions, legal fees). If acquisition fees are recorded in the individual financial statements, these expenses must be adjusted in the consolidated financial statements to be incorporated into the cost of acquiring the securities.



An impairment loss is recorded when the book value of the securities falls below their acquisition cost. This book value is assessed based on different criteria, such as net assets at the year-end of the relevant companies, their profitability, their prospects for the future, and their value for the Group.

### 3.12. DEBT ISSUE COSTS

Debt issue costs are recorded in expenses for the financial year.

### 3.13. PENSION COMMITMENTS AND SIMILAR BENEFITS

ALS Group companies are members of the Action Logement economic and employee unit (UES) and apply the agreement dated 30 March 2018 defining retirement benefits and long-service awards. Pursuant to this agreement, benefits are paid to employees upon retirement, based on their seniority and final salary. These retirement benefits are therefore recorded in liabilities on the balance sheet as a provision.

#### 3.13.1. PENSION COMMITMENTS

The Group applies Method 2 of ANC Recommendation 2013-02. Therefore, pension commitments and similar benefits are valued according to the projected unit credits method. According to this method, the commitment is assessed based on the present value of salary projections and entitlements at the retirement date, weighted by a coefficient representing the beneficiary's length of service and taking into account the probability of the beneficiary's presence within the entity at retirement age.

All commitments are provisioned, i.e., retirement and similar benefits for retired staff and active staff. The provision includes the corresponding payroll taxes.

In the event that the commitment is outsourced in full (the constitution of a hedge fund with an insurance or provident institution), no liabilities are recorded.

In the event that the commitment is partially outsourced, the difference between the amount of the outsourced commitment and the amount of the commitments calculated in accordance with the Group's methods is recorded in liabilities on the balance sheet as a provision.

The actuarial cost of the commitments is borne annually over the active life of the employees and recorded in operating income.

Actuarial gains and losses and the cost of past services are recorded immediately in income.

#### 3.13.2. OTHER LONG-TERM BENEFITS

Other long-term benefits that can be granted by the ALS Group are mainly long service awards, which are valued based on actuarial assumptions.

The actuarial cost is recorded in income over the active life of the employees in question.

The impact of changes in assumptions is taken into account in the income statement for the financial year during which the changes occur.

### 3.14. OTHER PROVISIONS

#### 3.14.1. GUARANTEE FUND PROVISIONS

The various guarantees offered by ALS (LOCA-PASS®, GRL®/PASS GRL, VISALE, Sécurisation Accédants PASS fund) are subject to provisions at the end of the financial year based on loss exposure and management fees, assessed as follows by an independent actuary (member of an association of actuaries recognised by the French Prudential Supervisory Authority [ACPR]):

- LOCA-PASS(R): the provision includes an estimate of claims and management fees, net of settlements by generation of guarantees granted. It is estimated using a "chain ladder"-type method;

- GRL<sup>®</sup>: the GRL provision reflects the difference between the amount of the accounting offset, as calculated at the reporting date, and the amounts already paid in respect of the cash offset since the guarantee was set up;
- VISALE: provisions for late claims are calculated using a “frequency \* appropriate cost” method. Provisions for claims payable are estimated using a flat-rate method (equal to 13 months’ rent) based on past experience under the PASS-GRL guarantee scheme;
- Sécurisation Accédants PASS (home ownership support) fund: SGFGAS (which manages the financing and promotes access to home ownership) is responsible for the management of the Sécurisation Accédants PASS fund. As such, the SGFGAS provides estimates of the number of claims of each loan “generation” (one year of production) which allows the provision to be updated. Due the absence of up-to-date information from SGFGAS, the amount of the provision at end-2020 is the same as at end-2019.

In the income statement, additions to and write-backs of provisions are grouped under “Cost of risk”. For balance sheet provisions, see Notes 5.15 and 5.10.

### 3.14.2. PROVISION FOR CMVE EXTERNAL VOLUNTARY MOBILITY LEAVE

A provision for CMVE external voluntary mobility leave is recognised within “Other provisions for expenses” and reflects the estimated costs of departures under external voluntary mobility leave agreements for the next three years (2020-2022). These costs include notice periods, benefits during the period of mobility leave, training and severance payments.

## 3.15. DETERMINATION OF INCOME

Income is recorded in the income statement for the financial year if it is:

- Realised, i.e. the principle and amount are certain;
- Earned in the financial year.

The main income indicators are:

- Net Non-Banking Income (PNNB): consists of the employers' contribution (collection) net of subsidies paid;
- Net Banking Income (PNB): made up of net interest margin on customer loans;
- Other operating income includes previous operating income, transfers of operating expenses and other income not taken into account to determine Net Non-Banking Income or Net Banking Income.

## 3.16. SUBSIDIES GRANTED TO ACTION LOGEMENT IMMOBILIER AND ASSOCIATION FONCIERE LOGEMENT

The Action Logement Group guidelines dated 12 June 2020 were applied when accounting for injections of capital into Action Logement Group entities by reference to Article L.313-18-1 II of the French Construction and Housing Code (CCH), the agreement referred to in paragraph 13 of Article L.313-3 of said Code, and the agreement relating to the voluntary investment plan amending the former.

The guidelines set out the rules determining the trigger for commitments and disbursements within the Action Logement Group.

This applies to the commitment for annual capital injections set down in the 2018-2022 five-year agreement and to the additional multi-year commitments stipulated in the voluntary investment plan agreement, representing – for Action Logement Services – subsidies paid or payable to Action Logement Immobilier.

Further to a decision of its Board of Directors, the Action Logement Group defines the annual subsidies to be paid by Action Logement Services to Action Logement Immobilier based on Action Logement

Immobilier's financing requests as substantiated by forecast production commitments under the five-year agreement and voluntary investment plan.

Pursuant to the decisions of its sole shareholder, Action Logement Services allocates and pays the subsidies to Action Logement Immobilier following a call for funds and approval of its governing bodies.

These principles also apply to subsidies paid or payable to Association Foncière Logement.

- Subsidies granted to Action Logement Immobilier in respect of capital injections made pursuant to the five-year agreement, and to Association Foncière Logement (AFL)

Annual subsidies granted by Action Logement Services to Action Logement Immobilier pursuant to the 2018-2022 five-year agreement in order to enable Action Logement Immobilier to purchase or subscribe to equity interests in companies referred to in paragraphs 1 and 2 of Article L. 313-20-1 of the French Construction and Housing Code (CCH), are expensed as incurred within non-banking expenses for the amount of the annual subsidy for the period concerned. The residual amount in respect of future periods as defined in said agreement is included within off-balance sheet items as a commitment given.

The funds are intended equally for social rented housing and for intermediate housing.

They are shown as an expense for the period in an amount of €140 million and in off-balance sheet commitments given at 31 December 2020 for €280 million, representing the two remaining years.

The same principle is applied to allocations of subsidies to AFL provided for in the 2018-2022 five-year agreements (annual budget per each year concerned).

The related amounts are shown as an expense for the period in an amount of €100 million and in off-balance sheet commitments at 31 December 2020 for €50 million.

- Subsidies granted to Action Logement Immobilier and Association Foncière Logement under the voluntary investment plan

As part of the multi-annual capital commitments set out in the voluntary investment plan, the trigger for recognising an off-balance sheet commitment is the decision by the Board of Directors of the sole shareholder (ALG), which defines the amount of subsidies payable by Action Logement Services to Action Logement Immobilier and to Association Foncière Logement.

Following the decision of the Action Logement Group's Board of Directors setting the annual amount, allocated subsidies are recognised as non-banking operating expenses in the period in which ALS receives the call for funds from Action Logement Immobilier and Association Foncière Logement. The uncalled amounts of the earmarked funds are included within off-balance sheet commitments given at the reporting date.

The related expenses for the year total €716 million and off-balance sheet commitments €338 million at 31 December 2020 for Action Logement Immobilier, while expenses for the year relating to Association Foncière Logement total €44 million.

### 3.17. COMMITMENTS IN SUPPORT OF NATIONAL POLICIES

The reporting period in which these subsidies are to be booked is determined based on an analysis of continuing-performance contracts, as illustrated in the note accompanying ANC Regulation 2017-02 issued by the French accounting standards-setter on the individual and consolidated financial statements of the Action Logement Group.

The sums allocated by Action Logement Services in a given year in support of national housing policies, as set out in the agreements between Action Logement, the French Government and a third-party organisation (in the form of an annual predefined budget) represent non-banking operating expenses

to be expensed as incurred. The remaining amount allocated to subsequent years is recognised in the financial statements within off-balance sheet items, as a commitment given.

Organisations acting in support of national policies include: The ANRU, ANIL-ADIL housing information agencies, and FNAL and FNAP housing support funds.

The related expenses for the period amount to €9 million for ANIL-ADIL and €350 million for FNAP, while off-balance sheet commitments given at 31 December 2020 represent €18 million for ANIL-ADIL and €700 million for FNAP.

An expense of €500 million was booked in 2020 in respect of the contribution to FNAL, set up by Article 225 of the 2020 Finance Act.

At the end of 2020, the Finance Act for 2021 published in France's *Journal Officiel* of 30 December 2020 provides for a €1 billion contribution to be set aside to FNAL (Article 196). This amount was recognised within commitments given at 31 December 2020.

### 3.18. DEFERRED TAXES

According to the terms of the tax ruling specific to ALS and based on activities defined to date in the 2018-2022 five-year agreement, ALS is expected to generate tax losses in the coming years, as in 2017, 2018 and 2019. As such, no losses are capitalised and no deferred tax recognised.

### 3.19. CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the ALS Group Management to make estimates and assumptions that affect the amounts reported in these financial statements and the accompanying notes, specifically in respect of property, plant and equipment, impairment of loans and receivables and provisions. The Action Logement Group bases its estimates on its past experience as well as on a set of other factors deemed reasonable with regard to the circumstances to form a judgement on the values to be retained for its assets and liabilities.

Actual results may differ materially from these estimates depending on assumptions or different situations.

## 4. SEGMENT INFORMATION

The ALS subsidiaries included in the consolidated financial statements contribute, together or individually, less than 2% of the main balance sheet and income statement indicators.

Information showing the contribution of ALS on the one hand and the combined contribution of the other subsidiaries on the other hand does not, in our opinion, provide relevant information giving readers of the consolidated financial statements a better view of the ALS Group's operations.

## 5. NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

### 5.1. AMOUNTS DUE FROM CREDIT AND SIMILAR INSTITUTIONS

In thousands of euros	31 December 2020	31 December 2019
Bank current accounts	613,864	1,145,219
Banking investments	3,915,239	4,815,903
<b>Total amounts due from credit and similar institutions</b>	<b>4,529,103</b>	<b>5,961,122</b>

Banking investments concern ALS and include €1,347.5 million in interest-earning current accounts, along with €2,450.0 million in term accounts and other investments with the following maturities:

In thousands of euros	Less than 3 months	3 months to 1 year	1 year to 5 years	More than five years	31 December 2020
Term accounts and other investments	282,820	457,284	1,698,202	11,658	2,449,964
<b>Total term accounts and other investments</b>	<b>282,820</b>	<b>457,284</b>	<b>1,698,202</b>	<b>11,658</b>	<b>2,449,964</b>

### 5.2. TRANSACTIONS WITH CUSTOMERS

This item includes loans granted by ALS to individuals and corporate entities.

In thousands of euros	31 December 2019	Changes	Increases	Decreases	Losses on unrecoverable receivables	Other changes	31 December 2020
Receivables on State, local authorities and state agencies							
Loans to individuals	4,000,269		314,322	(617,404)	(37,103)	18,768	3,678,852
Loans to corporate entities	12,188,035		661,022	(614,106)	(117)	(18,669)	12,216,165
Government, local authorities and State agencies	42,149	740				(86)	42,803
<b>Total transactions with customers</b>	<b>16,230,453</b>	<b>740</b>	<b>975,344</b>	<b>(1,231,510)</b>	<b>(37,220)</b>	<b>13</b>	<b>15,937,820</b>

#### Impairment of loans:

In thousands of euros	31 December 2019	Additions	Write-backs	Other changes	31 December 2020
Loans to individuals	(247,191)	(70,027)	64,985	240	(251,993)
Loans to corporate entities	(32,497)	(28,198)	14,988	(194)	(45,901)
<b>Total impairment of loans</b>	<b>(279,688)</b>	<b>(98,225)</b>	<b>79,973</b>	<b>46</b>	<b>(297,894)</b>

#### Loan schedule:

In thousands of euros	31 December 2020	Less than 1 year	Between 1 and 5 years	More than 5 years
Loans to individuals	3,687,858	352,820	1,127,404	2,207,634
Loans to corporate entities	12,249,962	572,689	2,119,767	9,557,506
<b>Total loans</b>	<b>15,937,820</b>	<b>925,509</b>	<b>3,247,171</b>	<b>11,765,140</b>

### 5.3. EQUITY INTERESTS AND OTHER LONG-TERM SECURITIES

In thousands of euros	31 December 2019	31 December 2020	Income/(loss)	Equity
Non-consolidated equity interests	1,335	1,335	0	0
Atrium	698	698	(272)	0
Martinique Habitat	599	599	(240)	599
Réunion Habitat SAS	38	38	(131)	0
<b>Total equity interests and other long-term securities - Gross value</b>	<b>1,335</b>	<b>1,335</b>	<b>0</b>	<b>0</b>

This item corresponds to interests not consolidated by the ALS Group as they are not deemed material. Note that securities held in Altriom were written down in full in an amount of €698,000, while securities held in Martinique Habitat were written down in an amount of €38,000. Additional provisions for negative net equity were recognised at the reporting date (see Note 5.10).

### 5.4. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

#### Gross value:

Thousands of euros	31 December 2019	Increases	Decreases	Other changes	31 December 2020
<b>Intangible assets</b>	<b>30,812</b>	<b>5,725</b>	<b>(822)</b>	<b>5</b>	<b>35,720</b>
Leasehold rights	169				169
Software	25,024	3,014	(794)	7,668	34,912
Advances and downpayments on intangible assets	4,885	2,666		(7,409)	142
Intangible assets in progress	383	45	(28)	(254)	146
Goodwill	351				351
<b>Property, plant and equipment</b>	<b>685,360</b>	<b>8,190</b>	<b>(32,975)</b>	<b>(1,046)</b>	<b>659,529</b>
Land	400,748	270	(22,433)	1,148	379,733
Buildings	222,827	66	(5,974)	2,505	219,424
Other property, plant and equipment	56,187	6,017	(4,568)	901	58,537
Property, plant and equipment in progress	5,598	1,837	(140)	(5,460)	1,835
<b>Intangible assets and property, plant and equipment - Gross value</b>	<b>716,172</b>	<b>13,915</b>	<b>(33,937)</b>	<b>(1,041)</b>	<b>695,249</b>

The increase in the gross value of fixed assets mainly reflects the IT and remote access equipment provided to employees following the blanket introduction of remote working arrangements, and the launch of the AL'in platform.

#### Amortisation, depreciation and impairment:

In thousands of euros	31 December 2019	Additions	Write-Backs	Other changes	31 December 2020
<b>Intangible assets</b>	<b>(19,542)</b>	<b>(2,853)</b>	<b>794</b>		<b>(21,601)</b>
<b>Property, plant and equipment</b>	<b>(41,635)</b>	<b>(13,117)</b>	<b>5,376</b>	<b>1</b>	<b>(49,375)</b>
<b>Total amortisation, depreciation and impairment</b>	<b>(61,177)</b>	<b>(15,970)</b>	<b>6,170</b>	<b>1</b>	<b>(70,976)</b>

## 5.5. OTHER ASSETS

Other assets are broken down as follows:

In thousands of euros	31 December 2020	31 December 2019
Housing stock	367,751	46,229
Receivables due from tenants	3,084	320
Cash pledge, deposits	260,064	275,941
Bond premiums	11,703	
Other receivables due from individuals and corporate entities	22,451	24,544
Loans granted (Pass Foncier indexing)	24,179	24,607
Other receivables	28,479	21,944
<b>Total other assets</b>	<b>717,711</b>	<b>406,173</b>

Other assets mainly include the cash pledge totalling €259 million, which has been fully written down, and housing purchased from social landlords by the ONV at the end of 2020 for €368 million within the scope of its social housing sales activity.

The cash pledge is used to subsidise loans granted by CDC to social landlords (i.e., €15.0 million at 31 December 2020).

Impairment of other assets:

In thousands of euros	31 December 2019	Additions	Write-backs	Other Changes	31 December 2020
Cash pledge, deposits	(273,312)		15,000		(258,312)
Housing stock					
Receivables due from tenants					
Other	(818)	(521)	159	18	(1,162)
<b>Total impairment of assets</b>	<b>(274,130)</b>	<b>(521)</b>	<b>15,159</b>	<b>18</b>	<b>(259,474)</b>

The write-back of impairment on the cash pledge corresponds to the amount recorded in losses of €15.0 million.

## 5.6. AMOUNTS DUE TO CREDIT INSTITUTIONS

In thousands of euros	31 December 2019	Change	Increases	Decreases	31 December 2020
CDC loans	1,209,703		1,063	(52,737)	1,158,029
Accrued interest on CDC loans					
Loans from credit institutions	162,442			(7,242)	155,200
Accrued interest on loans with credit institutions	335	(10)			325
<b>Total amounts due to credit institutions</b>	<b>1,372,480</b>	<b>(10)</b>	<b>1,063</b>	<b>(59,979)</b>	<b>1,313,554</b>

In 2013 and 2015, two loan agreements were signed between CDC and ex-UESL for €1,700 million in order to support the level of construction, restoration and acquisition of social housing, or investment in the equity of landlords.

Loans from credit institutions correspond to the outstanding bank loan taken out by Solendi Expansion to finance office buildings held by the Group.

Maturity of amounts due to credit institutions:

In thousands of euros	31 December 2020	Less than 1 year	From 1 to 5 Years	More Than 5 Years
CDC loans	1,158,029	53,641	223,559	880,829
Accrued interest on CDC loans				
Loans from credit institutions	155,200	7,326	30,461	117,413
Accrued interest on loans with credit institutions	325	325		
<b>Total amounts due to credit institutions</b>	<b>1,313,554</b>	<b>61,292</b>	<b>254,020</b>	<b>998,242</b>

## 5.7. DEBT SECURITIES

In thousands of euros	31 December 2019	Increases	Decrease	Change in scope of consolidation	31 December 2020
Debt securities	1,000,000				1,000,000
Accrued interest on debt securities	861	2			863
<b>Total amount due</b>	<b>1,000,861</b>	<b>2</b>			<b>1,000,863</b>

Maturity of debt securities:

In thousands of euros	31 December 2020	Less than 1 year	From 1 to 5 years	More than 5 years
Debt securities	1,000,000			1,000,000
Accrued interest on debt securities	863	863		
<b>Total amount due</b>	<b>1,000,863</b>	<b>863</b>		<b>1,000,000</b>

On 30 October 2019, ALS issued bonds for a nominal amount of €1 billion. This debt, paying fixed-rate interest at 0.589% and redeemable at maturity on 30 October 2034, included an issue premium of €12.7 million.



## 5.8. AMOUNTS DUE TO CUSTOMERS

In thousands of euros	31 December 2019	Increases	Decreases	Change in scope of consolidation	31 December 2020
Amounts due to the Government, local authorities and State agencies	221,000		(5,000)		216,000
Amounts due to individuals	90,812	295,425			386,237
Amounts due to corporate entities	5,623,139	404,654	(128,574)	(22,457)	5,876,762
<b>Total amounts due to customers</b>	<b>5,934,951</b>	<b>700,079</b>	<b>(133,574)</b>	<b>(22,457)</b>	<b>6,478,999</b>

Amounts due to the Government, local authorities and State agencies correspond to the ANRU-PNRU funding in respect of 2020.

Amounts due to individuals are mainly related to accrued MOBILI aid in favour of professional mobility.

Amounts due to corporate entities correspond to funds received in the form of loans in respect of the PEEC, while other changes correspond to irrecoverable matured funds as well as conversions into subsidies of funds received as loans.

Other changes in amounts due to corporate entities reflect irrecoverable debts and the reclassification of items within subsidies.

Schedule of amounts due to customers:

In thousands of euros	31 December 2020	Less than 1 year	From 1 to 5 years	More than 5 years
Amounts due to the Government, local authorities and State agencies	216,000	216,000		
Amounts due to individuals	386,237	386,237		
Amounts due to corporate entities	5,876,762	707,669	824,543	4,344,550
<b>Total amounts due to customers</b>	<b>6,478,999</b>	<b>1,309,906</b>	<b>824,543</b>	<b>4,344,550</b>

## 5.9. OTHER LIABILITIES

Other liabilities include:

In thousands of euros	31 December 2020	31 December 2019
Other employee-related payables	41,840	46,536
Other taxes	8,571	24,358
Other supplier payables	32,149	31,610
Pass Foncier advances (low-interest loans to promote home ownership)	102,190	110,863
Other payables	60,137	43,948
<b>Total other liabilities</b>	<b>244,887</b>	<b>257,315</b>

## 5.10. PROVISIONS

Provisions are broken down as follows:

In thousands of euros	31 December 2019	Additions	Write-backs	Other changes	31 December 2020
Provisions for risks	2,929	2,615	(1,303)	286	4,527
Provisions for guarantees	68,558	23,232	(17,130)	2,207	76,867
Provisions for pension and retirement	50,731	4,565	(2,585)	(1)	52,710
Other provisions for expenses	72,162	5,265	(28,967)	(2,494)	45,966
<b>Total provisions</b>	<b>194,380</b>	<b>35,677</b>	<b>(49,985)</b>	<b>(2)</b>	<b>180,070</b>

Provisions for risks include provisions for negative net equity relating to Atriom and Martinique Habitat (€0.5 million) and a provision for a tenant dispute involving Solendi Expansion (€1.8 million).

Provisions for guarantees relate to the ALS guarantee fund and can be analysed as follows:

- €6.9 million related to the claims and management fees provision for the LOCA-PASS® system, net of settlements by generation of guarantees granted. This provision is estimated by actuaries;
- €0.4 million on the GURL fund (PASS-GRL® and GRL® systems);
- €68.0 million for claims and management fees related to the VISALE system;
- €1.6 million on the Sécurisation Accédants PASS fund.

With respect to pension and similar commitments, the main assumptions used for their valuation are as follows:

<b>Assumptions common to all subsidiaries</b>	
Discount rate	0.45%
Mortality table	INSEE H/F 2015-2017
<b>Assumptions specific to each subsidiary</b>	
Annual salary increase	From 2.5% to 3%
Staff turnover rate	Staff turnover tables decreasing based on age, and using values varying between 5% and 0%.
Retirement age	From 62 to 65 years old
Payroll tax rate by job category	From 50% to 57.00%

Other provisions for expenses mainly include:

- Provisions for IT expenses at ALS for €9.9 million;
- The CMVE provision for external voluntary mobility leave for €21.9 million (reflecting a €25.8 million write-back in the period related to the departure of 161 ALS employees under CMVE arrangements);
- A provision for long-service awards for €4.3 million;
- A provision for major overhauls for €2.3 million.

## 5.11. NET NON-BANKING INCOME

Net Non-Banking Income (PNNB) consists of the employers' contribution (collection) net of subsidies paid.

### 5.11.1. FUNDS RECEIVED IN THE FORM OF SUBSIDIES

In thousands of euros	2020	2019
Employer's contribution	1,600,462	1,535,589
<i>Funds received in the form of subsidies</i>	1,577,905	1,518,792
<i>Matured and prescribed funds</i>	21,349	16,729
<i>Transformation into subsidies of funds received as loans</i>	1,208	68
Subsidies received from another fund	312,335	372,508
Funds received	7,351	28,362
<i>Write-backs of subsidies</i>	7,351	28,362
<i>Other</i>		
<b>Total funds received in the form of subsidies</b>	<b>1,920,148</b>	<b>1,936,459</b>

Employer contributions increased by €64.9 million compared to 2019. The 2020 contribution reflects €238 million in Government compensation payments within the scope of the PACTE law and the increase in the workforce threshold for the PEEC contribution.

Subsidies received from another fund correspond to transfers of subsidies from different funds (PEEC and PEAE in particular) to the operating fund (see note on subsidies paid below).

### 5.11.2. SUBSIDIES PAID

In thousands of euros	2020	2019
Funding of national policies	(1,304,000)	(534,000)
Subsidies to corporate entities	(1,251,106)	(314,945)
Subsidies to individuals	(720,948)	(106,209)
Subsidies paid to another fund	(312,335)	(372,508)
Other subsidies	(7,351)	(28,362)
<b>Total subsidies paid</b>	<b>(3,595,740)</b>	<b>(1,356,024)</b>

National policy funding represented an outlay of €1,304 million and can be analysed as follows:

- ANIL-ADIL funding: - €9 million;
- ANRU-PNRU funding: €445 million;
- FNAL-FNAP funding: - €850 million.

Subsidies to corporate entities include subsidies paid to Action Logement Group subsidiaries (see Note 6.2 on transactions with related parties).

## 5.12. NET BANKING INCOME

Net Banking Income (PNB) is the net interest margin on customer loans.

### 5.12.1. INTEREST RECEIVABLE AND SIMILAR INCOME

In thousands of euros	2020	2019
Transactions with credit institutions	11,397	16,191
Transactions with individuals	51,515	57,326
Transactions with corporate entities	88,745	94,639
Other interest and similar income	357	8
<b>Total interest receivable and similar income</b>	<b>152,014</b>	<b>168,164</b>

The decrease in interest income is mainly related to the reduction in outstanding loans and the derecognition of high-yield assets in 2020.

### 5.12.2. INTEREST PAYABLE AND SIMILAR EXPENSES

In thousands of euros	2020	2019
Transactions with credit institutions	(18,474)	(23,231)
Transactions with customers	(1,027)	(5,495)
Bonds and other fixed income securities	(5,004)	(2,133)
Other interest payable and similar expenses	(5,452)	(2,170)
<b>Total interest payable and similar expenses</b>	<b>(29,957)</b>	<b>(33,029)</b>

### 5.13. OTHER OPERATING INCOME

In thousands of euros	2020	2019
Rents and service charges recovered	9,068	0
Other Income from ancillary activities	14,561	17,933
Sale of services	10,516	13,633
Recharged provision of staff	4,044	4,177
<b>Total other operating income</b>	<b>38,189</b>	<b>35,743</b>

Rents and rental expenses collected concern the activity of the National Sales Operator for HLM Social Housing (ONV).

Other income from ancillary activities includes brokerage and advisory fees relating to Projimmo Conseil and amounting to €6.7 million in 2020 and €10.3 million in 2019.

Sales of services mainly relates to Ma Nouvelle Ville mobility services.

### 5.14. GENERAL OPERATING EXPENSES

In thousands of euros	2020	2019
Staff Expenses	(183,331)	(193,005)
<i>Staff remuneration</i>	<i>(134,043)</i>	<i>(140,898)</i>
<i>Social security and health insurance expenses</i>	<i>(42,101)</i>	<i>(49,024)</i>
<i>Other staff charges</i>	<i>(7,187)</i>	<i>(3,083)</i>
Other administrative expenses	(133,619)	(189,301)
<i>Sub-contracting</i>	<i>(38,979)</i>	<i>(37,830)</i>
<i>Rents and rental expenses</i>	<i>(14,621)</i>	<i>(21,487)</i>
<i>Recoverable rental expenses</i>	<i>(1,003)</i>	
<i>Intermediaries, agent and external fees</i>	<i>(35,685)</i>	<i>(21,276)</i>
<i>Allowances to operating provisions</i>	<i>20,515</i>	<i>(43,054)</i>
<i>Maintenance and repairs</i>	<i>(9,079)</i>	<i>(9,635)</i>
<i>Miscellaneous taxes</i>	<i>(22,432)</i>	<i>(16,768)</i>
<i>ANCOLS/ACPR/Other contributions</i>	<i>(7,253)</i>	<i>(6,950)</i>
<i>Post and Telecommunications fees</i>	<i>(4,012)</i>	<i>(6,277)</i>
<i>Travel and entertainment</i>	<i>(2,427)</i>	<i>(3,011)</i>
<i>Insurance</i>	<i>(511)</i>	<i>(330)</i>
<i>Other administrative expenses</i>	<i>(18,132)</i>	<i>(22,683)</i>
<b>Total general operating expenses</b>	<b>(316,950)</b>	<b>(382,306)</b>

## 5.15. COST OF RISK

In thousands of euros	2020	2019
Losses on unrecoverable receivables - loans to individuals	(37,103)	(62,311)
Losses on unrecoverable receivables - loans to corporate entities	(15,117)	(13,579)
Additions to impairment - loans to individuals/corporate entities	(98,225)	(61,689)
Write-backs of impairment - loans to individuals/corporate entities	94,973	130,735
Additions to/write-back of other provisions for assigned funds		(821)
Additions to/write-back of provisions for guarantee funds	(6,102)	18,188
<b>Total cost of risk</b>	<b>(61,574)</b>	<b>10,523</b>

Losses on unrecoverable debts notably include an expense of €15.0 million relating to the cash pledge used to subsidise loans granted by CDC to social landlords. This expense is offset by the write-back of a provision for the same amount, shown under “Write-backs of impairment – loans to individuals/corporate entities”; the cash pledge has been written down in full.

## 5.16. GAINS AND LOSSES ON OTHER ASSETS

Gains and losses on other assets notably include €3.2 million in gross capital gains realised mainly by ALS.

## 5.17. INCOME TAX

Income tax concerns Solendi Expansion. The amount recognised for 2019 (€11.3 million) solely concerns capital gains tax on property sales.

## 5.18. COMMITMENTS GIVEN

In thousands of euros	31 December 2020	31 December 2019
Mortgages and collateral	150,775	150,775
LOCA-PASS and VISALE guarantees granted	4,910,144	2,823,964
Endorsements, security interests, guarantees given	3,193,762	3,061,838
<b>Sub-total guarantees given</b>	<b>8,254,681</b>	<b>6,036,577</b>
National policies (subsidies payable)	6,737,000	4,480,000
Loans to corporate entities	3,744,418	2,132,409
Loans to individuals	223,342	105,577
Payables on signed contracts - Rental transactions	287	160
Preliminary sale agreement	14,419	101,944
Other commitments given	679,676	2,140,727
<b>Commitments given</b>	<b>19,653,823</b>	<b>14,997,394</b>

Changes in LOCA-PASS and VISALE guarantees partly reflects the sharp increase in demand for these guarantees in 2020, but also the period covered by the guarantee for the second “generation” of support granted as from 2018, which was changed from the remaining period of the lease to a maximum of 36 incidences of unpaid rent (i.e., nine months’ rent). This change increased the commitment by €2,111 million.

Subsidy commitments in support of national policies include €1 billion for FNAL, as provided for in the 2021 Finance Act published in France’s *Journal Officiel* on 30 December 2020.

Other commitments given include €618 million and €50 million in subsidies earmarked for ALI and AFL, respectively.

## 5.19. COMMITMENTS RECEIVED

In thousands of euros	31 December 2020	31 December 2019
Endorsements, security interests, guarantees received		
<b>Sub-total guarantees received</b>		
Other loans received	65,405	70,676
Other commitments received	937	
<b>Commitments received</b>	<b>66,342</b>	<b>70,676</b>

## 6. OTHER INFORMATION

### 6.1. HEADCOUNT

The average headcount breaks down as follows:

	2020	2019
Executives including directors	991	923
Non-executive employees	1,921	2,077
<b>Average headcount (FTE)</b>	<b>2,912</b>	<b>3,000</b>

	2020	2019
Executives including directors	970	906
Non-executive employees	1,958	2,065
<b>Headcount at closing date (FTE)</b>	<b>2,928</b>	<b>2,971</b>



## 6.2. TRANSACTIONS WITH RELATED PARTIES

In thousands of euros		31 December 2020						
		Balance Sheet			Income Statement		Off-Balance Sheet commitments	Off-Balance Sheet commitments
ANCOLS No.	Company name	Gross amount of loans granted	Impairment	Net amount of loans granted	Interests and similar Income	Subsidies paid	Loan commitments given	Loan commitments given
7500100034	AFL	1,648,000		1,648,000	7,037	(144,000)		50,000
7500050216	IMMOBILIERE 3F	863,155	(699)	862,456	6,034	(726)	158,582	
7500530018	IN'LI (ex OGIF)	268,612		268,612	3,188		6,275	
7500050273	SEQENS (ex France Habitation)	528,591	(1,738)	526,853	3,741	(755)	222,873	
7500050547	SEQENS SOLIDARITE	13,851	(42)	13,809	174		5,327	
7500051033	3F RESIDENCES	244,947		244,947	1,327	(1,480)	59,207	
6900050040	ALLIADE HABITAT	112,504		112,504	984	(1,056)	32,525	
1300050013	UNICIL ( ex DOMICIL)	100,048		100,048	901	120	48,806	
5100050024	PLURIAL NOVILIA	108,409	(24)	108,385	518	(6,553)	49,587	
7500050497	ERIGERE	133,594	(50)	133,544	961		45,001	
9704050053	SHLMR - Palier SA D'HLM DE LA REUNION	89,831		89,831	990	(472)	34,939	
2500050019	NEOLIA	41,739		41,739	369	(4,334)	13,566	
0200050016	CLESENCE (EX Maison du Cti)	129,861	(36)	129,825	1,097	(2,688)	59,446	
3100050052	PROMOLOGIS	67,215		67,215	335	(1,473)	28,113	
3300050019	DOMOFRANCE	72,556	(49)	72,507	623		20,740	
7500050554	3F SEINE ET MARNE	70,049	(167)	69,882	454		32,775	
3800050022	SDH	29,653		29,653	267	(1,470)	14,644	
6900050032	IMMOBILIERE RHONE-ALPES	53,674	(145)	53,529	399	(2,848)	7,658	
7600050033	LOGEO SEINE (ex LOGEO SEINE ESTUAIRE)	53,322		53,322	464	(1,921)	16,326	
6800050041	DOMIAL (ex Habitat Familial A)	40,684		40,684	309	(330)	12,873	
7900050022	IMMOB. ATLANTIC AMENAGEMENT	36,908	(47)	36,861	287	(2,444)	7,737	
6900530032	IN'LI AURA (ex ENT.Habitat Im)	59,686		59,686	598		49,860	
3500050041	ESPACIL HABITAT	33,858		33,858	231	(744)	10,172	
4400050065	LA NANTAISE D'HABITATIONS	41,502	(135)	41,367	279		6,753	
7600050025	IMMOBILIERE BASSE SEINE	36,284		36,284	338	(576)	3,388	
6700050133	3F GRAND EST (ex Immo Grand Est)	30,766		30,766	315		4,452	
0600050012	3F SUD (ex Immob Méditerranée)	67,167	(1,024)	66,143	417	(9,469)	28,446	
9701050012	SIKOA	27,214		27,214	288		52,772	
4900050045	PODELIHA (ex Immob. Podeliha)	37,669	(334)	37,335	306	(1,022)	10,505	
0600530012	IN'LI PACA (ex PARLONIAM)	28,355		28,355	208		20,266	
4500050064	3F CENTRE VAL DE LOIRE	21,146		21,146	200	(1,259)	6,108	
5700050036	LOGIEST	26,030		26,030	194	(1,269)	15,436	
4500050015	VALLOIRE HABITAT (ex Vallogis)	20,014		20,014	167	(552)	10,248	
1000050016	MON LOGIS	23,965		23,965	174	(1,536)	9,211	
3300050068	CLAIRSIENNE	24,286		24,286	178		9,534	
3100530011	IN'LI SUD OUEST (ex Citéo Habitat)	24,298		24,298	247		82,072	
3100050029	LA CITE JARDINS	17,809		17,809	141	331	21,209	
4200050042	CITE NOUVELLE	15,548		15,548	120	(208)	2,018	
6300050012	AUVERGNE HABITAT	34,565	(1)	34,564	223	(1,376)	7,792	
6700530018	IN'LI GRAND EST (ex SICI)	10,714		10,714	136		10,339	
4700050021	CILIOPEE HABITAT (fusion dans DOMOFRANCE 2020)				131	(153)		
2100050013	HABELLIS (ex VILLEO)	33,810	(15)	33,795	253	(3,016)	6,074	
5900050224	3F NORD ARTOIS (Fusion dans NOTRE LOGIS en 2020)				100			
5400050039	SOCIETE LORRAINE D'HABITAT	9,129		9,129	85	(408)	3,840	
8100060018	MAISONS CLAIRES	8,170		8,170	57			
2700050025	LE LOGEMENT FAMILIAL DE L'EURE	14,649		14,649	78		1,138	
1600050010	NOALIS (ex Le Foyer Charentais 2019)	21,074		21,074	118	(2,413)	6,220	
8100050010	3F OCCITANIE (ex Immo Midi Pyrénées)	27,321	(117)	27,204	100	(2,560)	4,462	
6400050029	HABITELEM (fusion dans DOMOFRANCE 2020)				4	(48)		
5900050166	3F NOTRE LOGIS (ex NOTRE LOGIS)	26,315	(1)	26,314	161		8,422	
8900050020	BRENNUS HABITAT (fusion dans HABELLIS en 2020)				62			
7800530015	IMMOCILIA	1,200		1,200	29			
7600050041	SODINEUF HABITAT NORMAND	7,024		7,024	57	(1,310)	6,974	
6200050047	FLANDRE OPALE HABITAT (ex Logis62)	26,547		26,547	196	(1,549)	11,459	
6100050014	LE LOGIS FAMILIAL	3,840	(10)	3,830	40		160	
3300050027	ENEAL (ex LOGEVIE)	2,203	(21)	2,182	18	(282)	2,031	
3500050033	LA RANCE	4,157		4,157	28	(329)	1,384	
9702050038	OZANAM	5,494	(314)	5,180	35	(80)	36,586	
6100050022	SAGIM SA	2,758	(9)	2,749	38	(511)	1,828	
9400530015	LOGEO HABITAT	3,487		3,487	31		284	
5300060020	COOP LOGIS (déconsolidée 2020 - Sous seuils)	1,087		1,087	4			
1900060023	COPROD	466		466	3			
1300530039	LOCACIL	231		231	4			
9200860025	ASTRIA DEVELOPPEMENT	84		84	1			
7500103583	ACTION LOGEMENT IMMOBILIER	3,123		3,123	28	(856,000)		618,000
7500103581	ACTION LOGEMENT GROUPE					(22,698)		
7500100083	APAGL					(4,757)		
<b>Total</b>		<b>5,490,248</b>	<b>(4,978)</b>	<b>5,485,270</b>	<b>36,880</b>	<b>(1,086,224)</b>	<b>1,328,443</b>	<b>668,000</b>

### 6.3. STATUTORY AUDITORS' FEES

In thousands of euros (Including VAT)	2020			2019		
	Statutory audit, review of individual financial statements	Audit-related services	Total	Statutory audit, review of individual financial statements	Audit-related services	Total
KPMG	673		673	741		741
PricewaterhouseCoopers (PwC)	562	45	607	691		691
Others						
<b>Total fees paid to auditors</b>	<b>1,235</b>	<b>45</b>	<b>1,280</b>	<b>1,432</b>		<b>1,432</b>

## 7. RESERVATION RIGHTS

### Reservation rights (Article 121-111)

#### Reservation rights relative to occupied housing (applicable to successive tenants only)

Notes	Opening balance (A)	New rights (B)	Temporary assignments and returns during the year (C)	Rights lapsed or cancelled during the year (D)	Closing balance (E=A-B+C-D)
Action Logement Group					
Outside the Action Logement Group					
<b>Total</b>					

*Not applicable\**

#### Reservation rights relative to vacant housing

Notes	Opening balance (A)	New rights (B)	Temporary assignments and returns during the year (C)	Rights lapsed or cancelled during the year (D)	Closing balance (E=A+B-C-D)
<b>Reservation rights applicable to successive tenants</b>					
Action Logement Group					
Outside the Action Logement Group					
<b>Reservation rights applicable to a single tenant</b>					
Action Logement Group					
Outside Action Logement Group					
<b>Total</b>					

*Not applicable\**

\* "In light of the "ELAN" housing, urban planning and digital reform law of 24 November 2018 setting down the principle for managing reserved housing based on annual flows in exchange for financing provided by the landlords, the transformation of historical reservation rights into flows by 24 November 2021 and the launch of the AL'in platform in June 2020, these schedules can no longer be completed."

## 8. SUBSEQUENT EVENTS

### Change in governance

On 5 February 2021, the Board of Directors of Action Logement Services appointed (i) Olivier Rico as Chief Executive Officer to replace Jean-Michel Royo, and (ii) David Delage as Chief Operating Officer to replace Olivier Rico.

### Amendment to the 2018-2022 five-year agreement and the voluntary investment plan

During the talks initiated in December 2020 with the Ministry for Housing, the Ministry for the Economy, Finance and Recovery, and the Ministry for Public Accounts, Action Logement's social partners made commitments based on a shared observation, namely that the crisis has created new priorities in terms of housing. Drawing on the results of its 2018-2022 five-year agreement and its voluntary investment plan, and driven by its mission as a socially useful organisation, the Group decided to adapt its action to the needs laid bare by the crisis. It stepped up its support for economic recovery and construction to boost the appeal of France's regions and employment.

These efforts resulted in an amendment to the five-year agreement between the Action Logement Group and the French Government which was signed on 15 February 2021. This amendment sets out four major priority areas, around which it redefines a series of objectives and budgets for the five-year agreement and voluntary investment plan, namely:

- Support for 20,000 employees in purchasing new homes (first-time buyers) through benefits totalling €10,000 (subject to means-testing and depending on the type of purchase);
- Additional funding of €1.2 billion for the production of 250,000 affordable social housing units over a two-year period, including:
  - €250 million in loans and €450 million in subsidies, for the production of affordable housing;
  - €145 million in loans and €65 million in subsidies to finance 14,000 places in residences and housing for young workers and students, plus €10 million in subsidies to finance shared accommodation;
  - €250 million in loans and subsidies to finance 2,000 housing units and promote social diversity in areas within priority districts where housing supply covers demand and in run-down centres with substandard housing.
- Increased housing security and support for young people and employees through:
  - Increasing funding to support employees in difficulty, along with continued rent guarantees;
  - Extending the €1,000 mobility benefit to all young people aged under 25 years in rented homes entering employment, paid between 0.3 and 1.1 times the French minimum wage ("SMIC");
  - Extending the VISALE guarantees to all employees working in the private or farming sectors for over 30 years and with net take-home pay of less than €1,500 per month, in order to help them access rented housing in the private sector.
- Mobilising a further €1.4 billion to accelerate ANRU-led urban regeneration and social diversity projects in priority districts, thereby increasing NPNRU funding for urban regeneration projects from €10 billion to €12 billion together with the contribution of the French Government and HLM social housing bodies.

## 9. LIST OF CONSOLIDATED COMPANIES AT 31 DECEMBER 2020

ANCOLS No.	SIREN	Company name	Legal form	Movement	Consolidation method	% control	% interest
7500103582	824541148	ACTION LOGEMENT SERVICES	SASU		Parent company		
7500534459	849167002	OPERATEUR NATIONAL DE VENTES	SA	Entry	Full	100.00	99.99
9200500245	444222046	ASTRIA FONCIER	SCI		Full	100.00	100.00
9300860024	382373116	SOLENDI EXPANSION	SA		Full	100.00	100.00
3100531427	394003289	MA NOUVELLE VILLE	SA		Full	100.00	99.68
9300862434	391969094	PROJIMMO CONSEIL	SARL		Full	100.00	100.00