

## **ACTION LOGEMENT SERVICES**

### **Statutory Auditors' Report on the Financial Statements**

**(For the year ended 31 December 2017)**

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.*

*This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

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**Statutory Auditors' report on the financial statements**

**Year ended 31 December 2017**

**Action Logement Services**  
66 avenue du Maine  
75014 Paris

To the sole shareholder,

**Opinion**

In compliance with the engagement entrusted to us by the Articles of Association of your company, we have audited the accompanying financial statements of Action Logement Services (the "Company") for the year ended 31 December 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

**Basis for Opinion**

***Audit Framework***

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

***Independence***

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 22 December 2016 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

***Emphasis of Matter***

Whilst we uphold the opinion expressed above, we do draw attention to the following point outlined under the heading "Table for tracking of reservation rights" in the notes to the financial statements, specifying the context for quantitative estimation of these reservation rights.

**Justification of assessments**

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These assessments were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

**Transfer of assets and liabilities**

As stated in the note "1.2 Transfer of assets and liabilities" of the notes to the financial statements, as part of the reform of the Action Logement network presented in Note 1.1, your Company benefited from a partial transfer of assets and liabilities from the 20 former Interprofessional Housing Committees (CIL) and the former Union of Companies and Employees for Housing (UESL) for a total balance sheet amount of KEUR 19,757,035 after elimination of the intercompany debts and receivables, including KEUR 12,766,424 of reserves.

In connection with our assessment of these operations, we have inspected the methods for processing such transfers implemented by Action Logement Services, tested the reprocessing operations, and verified the correct integration and accounting for such transfers of assets and liabilities in your company's accounts.

**Restructuring operations**

Note "1.3 Restructuring operations" in the notes to the financial statements describes the impacts on your Company of the restructuring operations related to the reform of Action Logement.

As part of our assessment of these operations, we have ensured that they are properly reflected in the financial statements and that the information is disclosed adequately in the notes to the financial statements.

**Depreciation of loans to individuals**

Note "2.3.1. Depreciation of Transactions with customers" in the notes to the financial statements sets out the accounting rules and methods relating to the depreciation of loans granted to individuals.

In respect of our assessment of the accounting rules and principles followed applied by your Company, we have verified that the accounting practices specified above and the information provided in the notes are appropriate and gained satisfaction that they have been applied correctly.

**Provisions for risks associated with the guarantee arrangements**

Your Company recognises provisions to cover the risks associated with the guarantee arrangements, the estimate of which has been made by an independent actuary, as described in note "3/ Guarantee Fund" in the notes to the financial statements.

On the basis of the elements available to date, our assessment of the provisions was based on:

- awareness and appreciation of the approaches your company has used to make their estimates,

- an assessment of the procedures for monitoring and controlling the underlying data and assumptions on which these estimates are based, including a review of the sensitivity of provisions to these assumptions.

Within the context of our assessments, we have ensured the reasonableness of these estimates and the appropriateness of the information provided in the notes to the financial statements.

### **Specific verifications**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

#### ***Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders***

In relation to the payment deadlines mentioned in Article D.441-4 of the French Commercial Code (code de commerce) implementing Article L.441-6-1 of said code, we have a matter to report as to the fair presentation and the consistency with the financial statements of the information given in the management report and in the other documents with respect to the financial position and financial statements provided to the sole shareholder, related to the absence of disclosure, in the management report, of the number of supplier invoices and the breakdown of the amounts, by days outstanding, of invoices received and overdue but not acquitted at year-end.

#### ***Other information***

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management report.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors.

### **Statutory Auditors' Responsibilities for the Audit of the Financial Statements**

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore :

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

French original signed in Lyon and Paris, June 29, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

KPMG SA

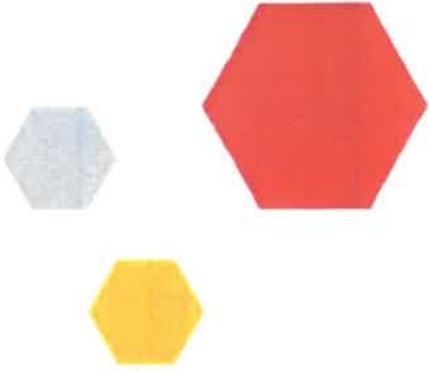
Elisabeth L'hermite

Erik Boulois and Michèle Vigel



# Company Accounts

as at 31 December 2017



 Balance Sheet

## ASSETS

(in €K)

	Notes	PEEC Fund	Guarantee funds	PEAAC Fund	PSEECC Fund	Operating fund	Grand total
<b>Cash, central banks, postal cheque account</b>							31
<b>Receivables from credit and similar institutions</b>	<u>1</u>	2,748,530	99,629	156,493	439,612	171,038	3,615,302
<b>Transactions with customers</b>	<u>2</u>	16,240,965	262,712	43,211	182,943	471	16,730,302
<b>State, local communities or State agency receivables</b>							
<b>Loans to individuals</b>	<u>4,426,379</u>	<u>262,712</u>	<u>43,211</u>	<u>99,495</u>	<u>471</u>	<u>4,832,268</u>	
<b>Loans to corporate</b>	<u>11,814,586</u>			<u>83,448</u>			<u>11,898,034</u>
<b>Bonds and other fixed income securities</b>							
<b>Shares and other variable income securities</b>							
<b>Holdings and other long-term securities</b>							
<b>Shares in affiliated companies</b>	<u>3</u>		<u>71</u>		10,899	76,742	87,712
<b>Intangible assets</b>	<u>4</u>					30,727	30,727
<b>Tangible assets</b>	<u>4</u>					51,207	51,207
<b>Other assets</b>							
<b>Receivables liaison account between funds</b>							
<b>Other assets</b>	<u>5</u>	<u>302,464</u>	<u>18,825</u>		<u>144</u>	<u>31,164</u>	<u>352,597</u>
<b>Accruals</b>							
<b>Total assets</b>	<b>Gross</b>	<b>19,292,030</b>	<b>381,166</b>	<b>199,704</b>	<b>633,598</b>	<b>361,380</b>	<b>20,867,878</b>
	<b>Amortisation and Depreciation</b>	<b>6</b>	<b>-433,086</b>	<b>-232,270</b>	<b>-109</b>	<b>-6,621</b>	<b>-63,258</b>
	<b>Net</b>	<b>18,858,944</b>	<b>148,896</b>	<b>199,595</b>	<b>626,977</b>	<b>298,122</b>	<b>20,132,534</b>

 Balance Sheet

## LIABILITIES

(in €K)

	Notes	PEEC Fund	Guarantee funds	PEAAC Fund	PSEEC Fund	Operating fund	Grand total
Central Banks, postal cheque account							
Debts with credit and related institutions	7	1,385,321				71	1,385,392
Transactions with customers	8	5,276,421			57	96,325	5,372,803
State, local communities or State agency liabilities		180,000					180,000
Liabilities to individuals		102,489		57	10		102,556
Corporate liabilities		4,993,932			96,315		5,090,247
Debts represented by a security							
Other liabilities		5,831	292	3	248	88,099	94,473
Liabilities liaison account between funds		5,831	292	3	248	88,099	94,473
Other liabilities	9						
Accruals							
Provisions	10	1,307	126,320			64,396	192,023
Shareholder equity	11	12,190,064	22,284	199,535	530,404	145,556	13,087,843
Subscribed Capital		20,000					20,000
Share premiums		2,900					8,023
Reserves		11,911,205	70,559	176,266	513,259	140,404	12,811,693
Revaluation surplus						39	39
Regulated provisions and Subsidies							
Balance brought forward (±)		255,959	-48,275	23,269	17,135		248,088
Result for the period (±)							
Total Liabilities		18,858,944	148,896	199,595	626,977	298,122	20,132,534

## Income Statement

		(in €K)						
		Notes	PEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total
+ Employers' Participation in the Construction Effort contribution		<u>12</u>	1,453,704		23,652	3,102		1,480,458
+ Subsidies received			110,000			318,219		428,219
Subsidies received from another fund						318,214		318,214
Other subsidies			110,000			5		110,005
- Subsidies Subsidies paid			-1,469,930	-95,921	-708	-2,165	-5	-1,568,729
Subsidies to Government agencies, local communities or State agencies								-959,000
Subsidies to individuals			-116,809		-463	-5		-117,277
Subsidies to legal entities			-160,712	-4,682				-165,394
Subsidies to another fund			-233,409	-82,401	-245	-2,160		-318,215
Other Subsidies				-8,838				-8,843
<b>NET NON-BANKING INCOME</b>		<u>13</u>	93,774	-95,921	22,944	937	318,214	339,948
+ Interest and related income		<u>14</u>	190,428	1834	351	2,135	17	194,765
Transactions with credit institutions			19,185	1,570				20,755
Transactions with individuals			66,100	264	351	965	14	67,694
Transactions with legal entities			105,143			1,170		106,313
Bonds and other fixed-income securities								
Other interest and related income								
- Interest payable and related charges			-23,717	-1,401				-25,118
Transactions with credit institutions			-22,506	-2				-22,508
Transactions with customers			-37	-1,399				-1,436
Bonds and other fixed-income securities								
Other interest payable and related charges								
+ Income from variable income securities								
+ Commissions (income)								
Commissions (charges)								
Gains or losses on investment portfolio transactions								
+ Other banking income		<u>16</u>	3,924	3,504		1		7,430
- Other banking expenses								
<b>NET BANKING INCOME</b>			170,635	3,937	352	2,151	17	177,092

## Income Statement

	Notes	PEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total
- General operating expenses	<u>17</u>	-6,395	-6				-293,481
- Staff expenses							-189,510
- Other administrative charges		-6,395	-6				-103,971
- Depreciation and amortisation of intangible and tangible assets	<u>17</u>						-5,961
<b>NET OPERATING INCOME</b>		-6,395	-6				<b>-299,442</b>
<b>GROSS OPERATING INCOME</b>		<b>258,014</b>	<b>-91,990</b>	<b>23,296</b>	<b>3,088</b>	<b>18,789</b>	<b>211,197</b>
- Cost of risk	<u>18</u>	-2,031	43,715	-27	20		<b>41,677</b>
<b>OPERATING INCOME</b>		<b>255,983</b>	<b>-48,275</b>	<b>23,269</b>	<b>3,108</b>	<b>18,789</b>	<b>252,874</b>
† Gains or losses on capital assets	<u>19</u>				-4,307	5,876	<b>1,569</b>
<b>PRE-TAX CURRENT INCOME</b>		<b>255,983</b>	<b>-48,275</b>	<b>23,269</b>	<b>-1,199</b>	<b>24,665</b>	<b>254,443</b>
† Non-recurring income	<u>20</u>	-24	-1		18,334	-24,736	<b>-6,427</b>
- Income tax					71		<b>71</b>
<b>† Allocations/Write-backs regulated reserves</b>							
<b>Net profit</b>		<b>255,959</b>	<b>-48,276</b>	<b>23,269</b>	<b>17,135</b>		<b>248,087</b>

## Off-balance sheet items

COMMITMENTS GIVEN		(in €K)		
Notes	PEEC Fund	Guarantee funds	PSEEC Fund	Operating fund
<u>21</u>				Grand total
Funding commitments		2,287,583	2,257	2,105
Commitments made to credit institutions		141,456	2,257	499
Commitments made to individuals		2,146,127	1,606	144,212
Commitments made to legal entities		2,384,042	2,209,049	2,147,733
Guarantee commitments		2,379,541	4,824	4,597,915
Commitments made to credit institutions		4,501	2,209,049	2,379,541
Commitments made to individuals				2,213,550
Commitments made to legal entities				4,824
Securities commitments				4,824
Subsidies commitment		3,504,000		3,504,000
Subsidies to the State, local communities or State agencies		3,504,000		3,504,000
Subsidies to individuals				
Subsidies to legal entities				
Other Subsidies				
Total commitments given		8,115,625	2,209,049	4,824
			2,105	10,393,860

Off-balance sheet items		(in €K)			
	Notes	PEEC Fund	Guarantee funds	PEAEC Fund	Operating fund
<b>COMMITMENTS RECEIVED</b>	<u>22</u>				
Funding commitments			82,296		
Commitments received from credit institutions					
Commitments received from legal entities					
Guarantee commitments					
Guarantee commitments received from the State, local communities or State agencies					
Commitments received from credit institutions					
Securities commitments					
Subsidies commitment to be received					
<b>Total commitments received</b>		<b>82,296</b>			

The annual accounts were approved by the Board of Directors on 26 April 2018. They show a total balance sheet of €20,132,534 K and a net income of €248,087 K.

► **Duration of the financial year**

Action Logement Services was created on 22 December 2016. The duration of the first financial year is twelve months and ten days.

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## ■ **1/ HIGHLIGHTS**

### **1.1 Reform of Action Logement**

Decree No. 2016-1408 of 20 October 2016 relating to the restructuring of the collection of the employers' participation in the construction effort (hereinafter "the Order") conducted an in-depth restructuring of the Action Logement network to simplify and streamline the collection of the employers' participation in the construction effort (hereinafter "PEEC") and the distribution of jobs for such participation.

This reform resulted in the disappearance of the various interprofessional housing committees (CIL), as well as the Union of Companies and Employees for Housing (hereinafter "UESL") and by centralising collection of the PEEC into a single collector, while implementing territorialisation to bring the social housing players closer geographically to the beneficiaries of their actions.

The Action Logement Group is now structured around three main parity governance bodies, the first of which holds the entire capital of the other two:

- the association **Action Logement Group** (hereinafter "ALG"), an umbrella structure responsible for steering the group, relations with the State and institutional communication,
  - the simplified joint stock company **Action Logement Services** (hereinafter "ALS"), a single structure for the collection of the PEEC and distribution of corporate support and services,
  - the simplified joint stock company **Action Logement Immobilier** (hereinafter "ALI") which relates to all the holdings of the former CILs.
- Transfer of assets and liabilities The vesting carried out on 31 December 2016 contributed to ALS all the assets and liabilities of the twenty ex-CILs, except for the securities and related accounts that were contributed to ALI, as well as the intervention funds and GURL fund of the ex-UESL.

The work producing ALS' opening balance sheet was carried out under the supervision of ALG and validated by the ALG Board of Directors on 27 April 2017, in the form of a balance sheet of transfer transactions by fund.

The work was reviewed by KPMG as part of a task of agreed procedures that resulted in a report dated 3 May 2017.

These vesting operations led to:

- ➔ the generation of input entries,
- ➔ reclassification entries between funds and adoption of the new chart of accounts,
- ➔ the transfer of the activities “securitisation 1% rental” (VISALE) and “securitisation of access to social housing acquisition loan” from the PEEC fund to the guarantee fund.

ALS' opening balance sheet stands at €26,453,210 K. The eliminations of intra-group loans and borrowing accounts (ex-CIL and between ex-CIL and ex-UESL) amounted to €6,696,175 K. This leads to a total opening balance sheet after elimination of €19,757,035 K, including €12,766,424 K of reserves.

## **1.2 *Restructuring operations***

The new Action Logement organisation that radically changes with the previous organisation, required many legal operations to move from a multi-polar structure with more than 700 different legal structures to a simplified structure, based on a clear distribution of roles between a limited number of entities acting under the authority of a common umbrella structure.

It is in this context that all the service businesses carried out previously in multiple structures were consolidated within a subsidiary dedicated to each business.

To achieve this, significant legal operations have been carried out, operations for which the Order has implemented a transitional regime to ensure tax neutrality subject to their effective achievement within twelve months of 20 October 2017.

ALS was thus impacted in FY17 by the following restructuring:

- Transfer of receivables in favour of ALS: 143 lease agreements for €18,467 K;
- Contribution of 27 office buildings for Solendi Expansion in return for Solendi Expansion securities valued at €33,940 K (market value).

These disposals were made free of charge based on the net book value of the transferred items. The consequences of this restructuring on the FY17 accounts have resulted in the recording of extraordinary charges of €28,295 K and extraordinary income of €52,221 K.

Furthermore, on 06 October 2017, by the contract for contribution of corporate entitlements, ALI contributed to ALS equity interests in seven entities for a net worth of €53,761 K, the consideration for which has had an impact on the reserves.

### **1.3 New five-year agreement**

Pursuant to the provisions of Article R-313-3 of the Construction and Housing Code (hereinafter "CHC"), on 16 January 2018 a five-year agreement for the 2018 - 2022 financial years was signed. This agreement supersedes the 2015 - 2019 State / Action Logement agreement of 2 December 2014, the provisions of which are ineffective. The amount of Subsidies to be paid over the period of the new five-year agreement in respect of national policies was recorded in off-balance sheet commitments as at 31 December 2017, amounting to €3,504,000 K.

The agreements made in implementation of the agreement of 2 December 2014 which must remain in force shall be subject to addenda made in implementation of this Agreement and shall remain in effect until such addenda are signed.

### **1.4 National policies**

Over 2017, the Subsidies recorded for public policy funding amounted to €959,000 K (see Note 13 - Subsidies paid), divided as follows:

► ANRU ..... €850,000 K

In July 2016, to meet cash requirements related to payment requests on the National Urban Renewal Programme (hereinafter "PNRU") and in accordance with the terms of the Cash Supplementation and Management Arrangement (Article 2-2-4 of the agreement dated 2 October 2015), the National Agency for Urban Renovation (hereinafter "ANRU") called for a cash supplement of €60,000 K from the ex-UESL.

The cash supplement mobilised in 2016 was deducted from the ALS contribution for 2017, thus bringing the envelope of €850,000 K provided for in Article 2-2-3 of the tri-partite State / ANRU / ex-UESL agreement to €790,000 K of disbursement.

Furthermore, taking into account the ANRU's positive cash position as at 31 December 2017, an amount of €180,000 K was recorded in accruals for the fourth quarter of 2017.

► ANAH ..... €100,000 K

The Addendum No. 1 of 21 July 2016 to the agreement dated 15 February 2015 signed with the National Housing Agency (hereinafter "ANAH"), brought ANAH funding by ALS to €100,000 K for 2017.

An advance of €50,000 K was paid to ANAH in October 2016. The balance of the 2017 envelope of €50,000 K was paid on 29 March 2017.

► ANIL/ADIL ..... €9,000 K

## **1.5 Subsidies paid by ALS to the Action Logement Group**

- **Operating Subsidies** (See Note 17 - General operating expenses)
  - ALG ..... €10,719 K (including €5,095 K for social partner funding)
  - ALI ..... €11,320 K
  - APAGL ..... €4,298 K
- Grant of €153,000 K to ALG in respect of the equity envelope planned in the five-year agreement for the recapitalisation of ALI subsidiaries (see Note 13 - Subsidies paid).

## **1.6 Association Foncière Logement (AFL)**

In accordance with the 21 July 2016 agreement, an agreement was signed on 14 November 2016. In application of this agreement, Action Logement paid €98,000 K in 2017 to the AFL as a loan, under the following conditions:

- Term ..... 35 years
- Deferred capital amortisation ..... 12 years
- Fixed annual interest rate ..... 0.50%

As at 31 December 2017, the balance of these loans is €1,648,000 K.

## ■ 2/ ACCOUNTING PRINCIPLES, RULES AND METHODS

### 2.1 Accounting referential

By Order No. 2016-1408 of 20 October 2016, ALS is qualified as a finance company and subject to the French Prudential Supervision and Resolution Authority (ACPR).

The Action Logement Services accounts department is governed by the following texts:

1. The ANC Regulation 2017-02 of 5 July 2017 on the annual and consolidated accounts of the Action Logement Group approved on 26 December 2017,
2. Subject to the adjustments provided for in the ANC Regulation 2017-02, ALS applies to the establishment of its annual accounts the provisions of ANC Regulation N°2014-07 dated 26 November 2014 relating to accounts of firms in the banking sector.
3. Decree No. 2017-1730 of 21 December 2017 instituting separate accounting by fund.

There are five funds:

- PEEC fund,
- guarantee fund,
- PEAECC fund (dedicated to the agricultural sector),
- PSEECC fund,
- operating capital (dedicated to investments and charges required for operation).

**The financial statements were presented to the Board of Directors on 26 April 2018, taking into account the draft decree, providing for the release of a zero accounting result from the operating fund by assigning an operating grant from the other funds.**

The Decree of 12 June 2018 was published in the Official Journal on 22 June 2018.

### 2.2 Accounting system

ALS' accounts have been established from twenty-two information systems and integrated into single accounting software.

## **2.3 Methods and rules for evaluation**

The general accounting treaties have been applied in compliance with the principle of prudence, in accordance with the basic assumptions:

- continuity of operation,
- independence of financial years,

and in accordance with the generally accepted rules for the production and presentation of annual financial statements and the ANC Regulation 2017-02.

The special provisions of the amended Decree No. 90-101 of 26 January 1990, relating to the rules for managing, impairing and provisioning the former collecting organisations, have been applied as specified below, in Note 2.3.1. ANC Regulation No. 2017-02 provides for the maintenance of these provisions (pending amendment to ANC Regulation No. 2014-07).

### **2.3.1 Depreciation of transactions with customers**

#### **Loans to individuals**

Loans whose overdue receivables have been unpaid for more than six months are depreciated to the amount of the unpaid amounts and capital remaining due, excluding secured loans.

#### **Loans to corporate**

Corporate loans whose overdue receivables have been unpaid for more than six months and for less than a year are depreciated to 50% (capital + interest), as well as the remaining capital due for less than five years.

Corporate loans whose overdue receivables have been unpaid for more than a year are depreciated in full (capital + interest), as well as the remaining capital due for less than five years.

Litigation cases or those that are the subject of court proceedings are depreciated based on risk assessment.

#### **Equity interests**

Equity interests are assessed by comparison of the net book value and the quota share held in the equity of the company in question.

### **2.3.2 Fixed assets**

The outstanding amounts on capital assets come from 30 original structures and depreciation principles and methods can be different within a single category.

Capital assets are recorded at the acquisition cost.

The amortisation applied to acquisitions for the financial year is calculated in linear mode over durations varying based on the nature of capital assets and actual usage

- times:
  - Software ..... 3 years to 5 years
  - Fixtures and fittings ..... 10 years
  - Transport equipment ..... 5 years
  - Computer hardware ..... between 3 and 5 years
  - Office furniture ..... 10 years

### 2.3.3 Employee-related Liabilities

**Retirement benefits and long service awards** were calculated by an external actuary, based on an internal Action Logement company agreement that was signed on 30 March 2018 (single system for entitlements that was being negotiated).

For a first assessment, the calculation was performed as at 1 January 2017 and 31 December 2017, to assess the impact of the commencement of harmonisation of accounting methods and actuarial assumptions previously retained by the former collectors.

The actuarial valuation method of commitments was carried out using the method called “Projected Unit Credit / Service Prorate”.

The calculations are made beneficiary per beneficiary according to the following process:

- **Probable Current Value Calculation (CVC):** the CVC is estimated by projection of the benefit at maturity and integration of financial discounting and probability factors:

- survival table: INSEE H/F 2010 / 2012 tables,
- turnover table: the tables are decreasing by age and range from 3.04% to 0%, none more than 50 years.
- **Determination of the Projected Benefit Obligation (PBO):** the calculation is based on the principle of linear allocation of rights over the employee's active life. It is equal to the fraction of the CVC corresponding to the rights acquired at year-end, pro rata to the length of service on that date relative to the total length of service of the employee on the date of payment of the benefit.

The assumptions and parameters retained are as follows:

- retirement age: 65 years for executives and 62 for non-executives,
- discount rate: 1.42% (iBoxx AA 10+ rate observed at end of October 2017) for retirement benefits and 0.9% for long service awards,
- salary change rate: 2.5% for non-executives and 3% for executives, inflation included,
- PMSS revaluation rate: 2.5 %,
- social charges rate: 57.2%.

### Provisions for employee-related liabilities as at 31/12/2017

Type of provision	Ex-CIL contribution (A)	01/01/2017 (B)	Allocation 2017		Allocation 2017 current result (in €K)
			extraordinary result (C = B-A)	31/12/2017 (D)	
IDR Provision	32,561	53,863	21,302	54,983	1,119
Long service award provision	1,907	4,487	2,580	4,533	47
<b>Total (I + II)</b>	<b>34,468</b>	<b>58,350</b>	<b>23,882</b>	<b>59,516</b>	<b>1,166</b>

The provision for IDR takes into account hedging assets for an amount of €1,051 K.

The impact on opening related to the harmonisation of the accounting methods of the former collectors and actuarial assumptions, i.e. €23,882 K, was recorded as non-recurring income (see Note 20- Non-recurring income).

## ■ 3/ GUARANTEE FUND

The guarantee fund records the operations related to the rental security aids implemented by Action Logement. These are broken down into four main arrangements (see guarantee fund appendix pages 60-65):

1. Other guarantees
2. VISALE
3. Universal Rental Risk Guarantee (GURL)
4. Securing Access Funds PAS

The estimate of provisions related to these guarantee arrangements was performed by an independent actuary, member of an actuary association accepted by ACPR.

### 3.1 “Other guarantees” arrangement

This arrangement is primarily comprised of implementation of LOCA-PASS®. Action Logement Services issues LOCA-PASS guarantees to cover unpaid payments in the social housing stock.

The arrangement is managed directly by ALS.

#### A/ Notes on the balance sheet

##### 1. Receivables from credit and similar institutions .....

The cash for the “Other guarantees” arrangement amounts to €32,526 K as at 31 December 2017.

##### 2. Transactions with customers .....

##### 3. Provisions .....

The outstanding amount of this item as at 31 December 2017 was €262,712 K, with a capital impairment amount of €231,494 K. It corresponds to the amounts of the receivables representative of the advances to the landlords in the context of the implementations provided for by the arrangement and the reimbursement of which is requested from tenants.

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3. Provisions ..... €56,688 K

The amount of the provision for claims and management fees, net of application by generation of guarantees granted, is subject to actuarial estimate and amounts to €56,688 K as at 31 December 2017, compared with €77,860 K in 2016.

- ➔ Provisions for claims outstanding (PSAP) are estimated using a “Chain-Ladder” method;
    - The ultimate implementation rates are applied to the amounts of the guarantees granted.
  - ➔ The provisions include an estimate of the claims management fee (PFGS); a uniform fee rate is applied to the ultimate claims fee.
  - ➔ The fee rate used for the assessment is the one recorded for the PASS-GRL® arrangement, a bond arrangement similar to the LOCA-PASS® arrangement.
- $PFGS = \text{Ultimate management fee} \times PSAP / \text{Ultimate claims charge.}$
- ➔ Finally, they take into account the projected cash collection (PRAE):
    - Applying a recovery rate to the ultimate claims charge, at a rate observed over 2011 - 2014 (down 5%).
    - Consideration of an assumption of a percentage yet to be collected based on the age since the claim.
- $PPAE = \text{Ultimate collections} - \text{Estimated amount of cash collected.}$

## B / Notes on Outcome of this arrangement

The cost of risk consists of:

- Losses on receivables ..... - €57,223 K
  - Allocations to depreciations ..... - €30,008 K
  - Write-backs of depreciations ..... €80,346 K
  - Net change in net risk provisions ..... + €21,173 K
- €14,288 K

The operating fund result is presented as balanced by a deduction in the form of a grant from each fund, being in respect of the “Other Guarantees” arrangement (within the guarantee fund) - €65,341 K resulting in a deficit net result of €50,401 K for this arrangement.

### **3.2 VISALE arrangement**

VISALE arrangement - Law No. 89-462 of 6 July 1989 and Articles 228 et seq. of the French Civil Code – relies on a deposit granted by ALS to the tenant, to cover payment of the rent and rental charges of its main residence in the private inventory in the event of default.

#### **A / VISALE Fund accounting methods and organisation**

On December 9, 2015, the ex-UESL and the APAGL signed a transitional agreement pending the organisation of ALS under the terms below:

The APAGL is responsible for ensuring the interface between VISALE beneficiaries (landlords, tenants, partners) and the ex-UESL, for financial transactions related to guarantee enforcement and debt collection, and for sending to the ex-UESL the information to enable financial flows.

It has been agreed that:

- ⇒ The APAGL manages and pays with specific bank accounts the financial transactions relative to the VISALE arrangement (payment of landlords, collection of outstanding amounts payment of litigation bodies);
- ⇒ The APAGL, in a specific accounting system, monitors on behalf of the ex-UESL the auxiliary accounting (third-party accounting) of the VISALE arrangement;
- ⇒ The ex-UESL, from the information communicated by the APAGL, ensures the general accounting of the VISALE arrangement and all securitisation arrangements (PASS-GRL®, GRL®);
- ⇒ The ex-UESL ensures the funding for Action Logement's securitisation arrangements, monitoring and compliance with the maximum envelopes determined in the five-year agreement of 2 December 2014 between the ex-UESL and the State, as well as the prudential hedging of such arrangements;
- ⇒ The ex-UESL ensures the payment of advances to APAGL of the amounts necessary for the payment of landlords and litigation bodies.

All of these arrangements were maintained in FY17 with ALS.

The retained accounting principles have been maintained and are as follows:

- The chart of accounts, as well as the key accounting records, have been established in consultation between APAGL and ALS. To facilitate monitoring of the arrangement. Three analytical axes are in place in the auxiliary accounting:
  - year of occurrence,
  - the type of public (e.g., a double-mobility employee, a young person on a confirmed permanent contract, an association with a management or sub-rental mandate, student, other young person),
  - the Regional Office (management centre).

#### B/ Notes on the balance sheet

##### **1. Receivables from credit and similar institutions .....** - €9,615 K

The cash for the VISALE arrangement amounts as at 31 December 2017 to - €9,615 K.

##### **2. Other assets .....** €3,572 K

Receivables mainly relate to:

- VISALE tenants for €2,803 K;
- The current account with APAGL for €769 K.

As previously seen, the VISALE arrangement operational management has been assigned to APAGL.

Claim settlement fees or collection fees are subject to cash calls by APAGL to the VISALE fund, taking into account the sums received by the APAGL on behalf of the VISALE fund, in the context of contentious or amicable settlements with tenants.

### 3. Provisions

..... €14,936 K

Provisions for claims outstanding as at 31/12/2017 (in €K)	
Type of provision	31/12/17
<b>Provisions for claims outstanding</b>	
<i>including provisions for claims outstanding in respect of lease deposits:</i>	
2016 impact	2,036
2017 impact	2,540
	<b>subtotal I</b>
	<b>4,576</b>
<b>Provisions for late claims</b>	
<i>including provisions for late claims in respect of lease deposits:</i>	
2016 impact	1,495
2017 impact	8,865
	<b>subtotal II</b>
	<b>10,360</b>
	<b>Total (I + II)</b>
	<b>14,936</b>

It should be noted that the valuation of provisions as at 31 December 2017 consists of estimating all benefits that will be paid over the duration of the various leases, in respect of the deposits granted during the years 2016 and 2017.

As such, such provisions include both the losses that occurred prior to 31 December 2017, and those that occurred after that date.

The calculation criteria retained for the provisions are as follows:

- **Provisions for late claims assessed according to a “Frequency x Appropriate Cost Method”**  
(Rate of which the guarantee is activated x duration of guarantee x Rent)..... €10,360 K

- Frequency  
The deposit implementation rate corresponds to the frequency of losses in relation to the leases affected by the VISALE arrangement. Frequency has been prospectively determined with respect to the characteristics of the VISALE arrangement based on statistical monitoring of the various lease guarantee arrangements such as GRL® and PASS-GRL® that the APAGL has carried out in the past;

- Duration of implementation

This is the maximum unpaid term that corresponds to the duration the lease is covered by the deposit. The duration of the implementation for each tenant category (categories 1-7) was communicated to the actuary by APAGL. These terms are those on the VISALE arrangement's business plan;

- Rental amount

The amount of rent paid by the tenant covered by the VISALE arrangement under the relevant Visa includes the monthly charges.

- Provisions for claims outstanding

€4,576 K

The provisions for claims outstanding are estimated using a lump sum method (equal to thirteen months of rent) based on the experience of the PASS-GRL arrangement. It should be noted that the provision recorded does not take into account, unlike other guarantee arrangements, forecasts of settlements to be collected, given the current uncertainty on the level of recovery related to the novelty of this arrangement.

#### C / Notes on the Income Statement

##### **1. Subsidies paid**

The transformation into Subsidies of advances granted for the funding of the 2016 VISALE arrangement was not transmitted to the former collectors by the ex-UESL It was recorded as a grant for €9,990 K in 2017.

- €9,990 K

##### **2. Operations with credit institutions**

Investment products are acquired in the VISALE arrangement.

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### **3. Transactions with customers..... - €490 K**

The item consists of fees (bailiffs, etc.) and legal and litigation fees.

### **4. Cost of risk..... - €4,776 K**

- Provisions for net risks of reversals ..... - €4,936 K
- Losses ..... - €2,475 K
- Claims ..... + €2,635 K

### **5. 2017 Result..... - €32,184 K**

The operating fund result is presented as balanced by a deduction in the form of a grant from each of the ALS funds, that is to say for the VISALE arrangement (within the guarantee fund) - €16,964 K resulting in a deficit result of €32,184 K.

### **3.3 “Rental Risk Guarantee” arrangement**

#### **A/Accounting Rules and Methods**

These arrangements being phased out are:

- The PASS-GRL® instituted by Decree No. 2007-92 of 24 January 2007;
- The GRL® that replaces the PASS-GRL since the release of Decree No. 2009-1621 of 23 December 2009, setting out the specifications provided for in paragraph 9 section 3 of Article L.313 of the CHC under the Universal Rental Risk Guarantee (hereinafter “GURL”).

The PASS-GRL and GRL arrangements are intended for both individual and professional landlords.

The financing of the Universal Rental Risk Guarantee” (hereinafter “GRL”) is by compensating losses incurred by insurers.

There are two types of compensation:

- Cash compensation, calculated from premiums collected, claims paid by insurers and settlements collected;
- Accounting compensation that takes into account the provisions to be formed and the forecasts of settlements to be collected.

Methods of provisioning claims to be paid for the GRL® arrangement are calculated using a settlement frequency method. This method, called the "Chain Ladder method", is to statistically examine the temporal development of the number of claims on open cases. The amount of the provision retained for the calculation of accounting compensation as at 31 December 2017 amounts to €43,802 K, compared with €96,688 K for FY16.

This reduction in provision is partly explained by the write-back linked to the funds paid to insurers for the GRL arrangement amounting to €24,394 K in FY17 and by the consideration as at 31 December 2017 of the forecast of settlement for all insurers of the GRL arrangement.

## B /Notes on the balance sheet

### **1. Receivables from credit and similar institutions .....**

#### **.....€125,346 K**

According to Article R.426-5 of Decree No. 2009-1620 of 23 December 2009, the provisions for risks in the "Universal Rental Risk Guarantee" arrangement shall at all times be covered by equivalent assets. The assets recognised covering the risk provisions of this arrangement are as follows:

1. Bonds and other securities issued or secured by a Member State of the European Community;
2. Securities issued by the Social Debt Amortisation Fund (CADES) instituted by Article 1 of Order No. 96-50 of 24 January 1996 on the reimbursement of social debt;
3. The units or shares of undertakings for collective investment in transferable securities that are invested and exposed for more than 90% of their assets on:
  - a. the securities mentioned in 1 and 2,
  - b. negotiable debt securities,
  - c. deposits or cash.
4. The future payments by the State that correspond to the management of the share of the claims of unpaid rent that are incumbent on it, in implementation of Article 85 of the Amending Finance Law No. 2007-1824 of 25 December 2007 for 2007;
5. Deposits with a licensed credit institution in a Member State of the European Community, or in another State party to the European Economic Area (EEA) agreement.

The arrangement's cash amounted to €125,346 K at the end of 2017, including €76,000 K of term accounts.

This covers the provisions for risks of the PASS-GRL® and GRL arrangements in the amount of 285%.

## 2. Other assets ..... €14,671 K

The receivables are recorded at their par value. They mainly include:

- The current accounts with the APAGL for €730 K;
- State receivables for €13,859 K.

The operational management of the PASS-GRL® and GRL® arrangements has been assigned to APAGL.

As part of the PASS-GRL arrangement, the APAGL is specifically responsible on behalf of ALS, for paying insurance benefits and collecting recoveries from defaulting tenants.

Claim settlement fees, or recovery fees, are initially subject to a cash call by APAGL to the GURL fund. Where policyholders or contractors are paid, the APAGL sends to the GURL fund a detailed report of the disbursements made on their behalf.

Conversely, the monies collected by the APAGL on behalf of the GURL fund, in the context of contentious or amicable settlement, are periodically transferred to the bank account of the GURL fund.

The State debt represents the share of the State's cumulative losses as a result of its participation in the financing of the arrangement, when it benefits the tenants covered by the State, after deduction of payments already made of €56,780, of which €5,730 K received in FY17.

Broken down by financier, the cash represents:

Balance Sheet - GURL Fund		
	Assets	(in €K)
	31/12/17	Current assets
Current assets	76,813	Marketable securities
Short-term deposit Investments	48,533	Cash and cash equivalents
Cash and cash equivalents	125,346	Cash
Cash	125,346	140,149
Coverage rate	285%	Coverage rate
for ALS	130,482	for ALS
for the State	-5,136	for the State
	125,346	140,149

The coverage rate is the "Cash/Provision" ratio.

**3. Other liabilities** ..... €164 K

This item mainly relates to the benefits due to landlords.

**4. Provisions** ..... €43,931 K

Balance Sheet - GURL Fund		
	Liabilities	(in €K)
Provisions	31/12/17	Provisions
Provisions for GLR risks	43,802	Provisions for GLR risks
Provisions for PASS-GRL risks	129	Provisions for risks PASS-GRL
Provisions for risks	43,931	Provisions for risks
		97,248

**4.1 Provisions for risks PASS-GRL (provisions for claims outstanding)**

The provision for claims outstanding (hereinafter "PSAP") represents the arrangement's commitment to settlement of benefits for claims that have occurred but are not yet paid in full. In practice, the amount of the provision will result from estimating the remaining benefits to be paid to policyholders for policies with claims prior to the closing date.

The provisioning method is based on a period of time (assessed by the Kaplan Meier method), which allows for each claim to be assessed for the residual duration of indemnity to be provisioned based on its age.

A provision made in 2013 for potential reopening of closed claims according to the nine-month rule for €800 K was reversed as at 31 December 2017.

**4.2 Provisions for risks GRL®**

In accordance with Section 3 of the Appendix to Decree No. 2009-1621 of 23 December 2009, funding by ALS and by the State of the GRL arrangement is made by a financial offsetting mechanism (excess losses).

The provision of the GRL arrangement corresponds to the difference between the amount of the accounting compensation calculated as at 31 December 2017 and the amounts already paid in respect of cash compensation since the implementation of the arrangement.

The formula to be applied for calculation of accounting compensation for each financial year to which it belongs is as follows:

#### **Compensation A**

- (= indemnifications + provisions for claims outstanding - collection of amicable settlements - 80% contentious claims collected - 80% forecasts of contentious claims)
- (**premiums acquired x reference rate**) if positive, 0 otherwise.

According to Article 10.IV.1 of Decree No. 2009-1621 of 23 December 2009, the reference rate is 55%.

The calculation of provisions was decided on the basis of the technical data available at 31 December 2017.

#### **C /Notes on the Income Statement**

##### **1. Subsidies paid .....** €3,626 K

The share of the State in respect of the 2017 GURL activity amounts to - €4,682 K and was recognised as an operating grant to present a net result ALS income.  
The transformation into Subsidies of advances granted for the funding of the 2016 GURL fund was not transmitted to the collectors by the ex-UESL. It was recorded as a grant for - €1,151 K in 2017.

The operating fund result is presented as balanced by a deduction in the form of a grant, - €96 K of which is for accountancy fees.

##### **2. Operations with credit institutions .....** €1,328 K

In accordance with the provisions of Decree No. 2009-1620 of 23 December 2009 regarding the accounting of the GURL funds, investment proceeds are vested in the GRL® Fund and are not subject to repayments to insurers.

##### **3. Transactions with customers.....** - €909 K

Litigation fees (bailiffs, etc.) and fees paid to companies responsible for collection from tenants. They are recorded separately, per year of occurrence and amount to €909 K.

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#### **4. Result .....,€28,627 K**

The cost of risk is a net reversal of €28,720 K and is broken down as follows:

- Net change in net risk provisions.....+ €53,316 K
- Charges associated with claims (paid to landlords) ..... - €202 K
- Cash off-setting with insurers ..... - €24,394 K

The operating fund result is presented as balanced by a deduction in the form of a grant from each of the ALS funds, being for the GURL arrangement (within the guarantee fund) - €96 K resulting in a net profit result of €28,627 K.

#### **3.4 “Secure Access PASS” arrangement**

##### A/ Notes on the balance sheet

###### **1. Receivables from credit institutions .....,€16,424 K**

The cash flow relating to the “Secure Access PASS” arrangement is €16,424 K as at 31 December 2017.

###### **2. Provisions .....,€10,764 K**

The SGFGAS is responsible for managing the PASS access fund securitisation arrangement and updated its forecasts following the low recourse by banking institutions in coverage of their losses.

There is a surplus on payments made to the fund for the 1999 to 2003 generations of €5,484 K which resulted in a write-back of the risk provision reducing the amount of €16,248 K to €10,764 K.

##### B/ Notes on the result

###### **1. Operations with credit institutions .....,€199 K**

Investment products acquired in the fund amounted over the 2017 financial year to €199 K.

###### **2. Cost of risk .....,€5,484 K**

The cost of risk corresponds to the net change in risk provision.

###### **3. Profit .....,€5,683 K**

The result of this arrangement amounts as at 31 December 2017 to a profit of €5,683 K.

## ■ 4/ OTHER INFORMATION

### 4.1 Off-balance sheet commitments

The guarantee commitments given by ALS as at 31 December 2017 are formed by:

- **The pledge of ALS receivables** in respect of the borrowings from the Caisse des dépôts et consignations (Bank for Official Deposits) (hereinafter "CDC").  
As at 31 December, the pledge amounts to €1,569,654 K and represents approximately 120% of the capital remaining due;
- **The securities given to financial institutions in respect of the AFL** amount to €809,809 K, including €625,930 K of capital and €183,960 K of interest;
- **The commitments made in respect of national policies** following the five-year agreement in respect of the 2018 - 2022 financial years signed on 16 January 2018 between the State and ALS.
  - Funding of ANIL / ADIL ..... €44,000 K
  - Urban Renovation funding (PNRU and NPNRU) ..... €3,460,000 K
- **LOCA-PASS® guarantee commitments** amount to €1,746,559 K and **VISALE guarantee commitments** to €462,490 K;
- **Funding commitments in favour of social landlords** amount to €2,147,733 K;
- **Loan commitments to individuals whose loan offer has been signed** amount to €144,212 K.

### 4.2 Consolidated accounts

According to ANC Regulation No. 2017-02, the date of first consolidation will relate to the financial year opened from 1 January 2018.

ALS shall establish consolidated accounts with its subsidiaries in accordance with the provisions of CRC Regulation No. 99-07 relating to consolidated accounts of firms in the banking sector. Its consolidated accounts will then be integrated into the consolidation of the ALG, in accordance with the provisions of Amended Regulation No. 99-02 on the Accounting Regulation Committee of 29 April 1999 relating to the consolidated accounts of commercial companies and public companies.

#### **4.3 Fiscal regime**

The Order of 26 October 2016 provides in its Article 5 for partial exemption of ALS' activities according to the general interest service criteria (SIEG) applicable to HLM organisations.

This Order is supplemented by a tax ruling dated 19 December 2017 with effective date of 1 January 2017.

The ruling sets out the principle of a distribution of income and charges between the sectors exempted and taxable by means of distribution keys.

Transactions concluded prior to 1 January 2017 are exempt from Corporation Tax.

The application of these principles leads to a tax result of - €58,326 K.

#### **4.4 Staff**

The workforce calculated as Full Time Equivalent (F.T.E.) as at 31 December 2017 is:

- |  |       |
|--|-------|
| • Permanent contract .....               | 2,400 |
| • Fixed contract .....                   | 515   |
| <i>including 34 work-study contracts</i> |       |

Total .....	2,915
-------------	-------

#### **4.5 Highest paid individuals**

The amount of gross compensation paid in 2017 to the ten highest paid individuals is €1,935 K. Travel and mission expenses are €78 K.

#### **4.6 Statutory Auditors' Fees**

The amount of statutory auditors' fees is €1,586 K.

These fees take into consideration the complexity of the environment in 2017: monitoring of operations within twenty-one information systems, consolidation of information to obtain the ALS entity summary, specific migration work, intervention by IS specialists.

● Note 1 - Receivables from credit and similar institutions

(in €K)

	Grand total	PEEC Fund	Guarantee funds	PEAAC Fund	PSEEC Fund	Operating fund	Grand total
<b>Banks current accounts</b>	<b>1,704,118</b>						
<b>Banking investments</b>	<b>1,911,184</b>						
<i>Passbooks</i>	498,404						
<i>Remunerated account</i>	462,305						
<i>Term account</i>	894,533						
<i>Other investments</i>	55,942						
	<b>3,615,302</b>						
<b>Total cash by fund</b>	<b>2,748,530</b>		<b>99,629</b>	<b>156,493</b>	<b>439,612</b>	<b>171,038</b>	<b>3,615,302</b>

◆ Note 2 - Transactions with customers

	RECEIVABLES WITH INDIVIDUALS			RECEIVABLES WITH LEGAL ENTITIES			
	PEEC Fund	Guarantee funds	PEAAC Fund	PEEC Fund	PSSEC Fund	Operating fund	(in €K)
Personal loans							Grand total
Overdue	7,806	25,566	11	193			
Loans outstanding (1)	4,346,830	237,065	43,178	98,797			33,576
Interest	55,541	81	22	243			4,725,870
Management mandates	5,631						55,887
Other	10,571						5,909
			-16	471			
							11,026
Grand total	4,426,379	262,712	43,211	99,495	471		4,832,268
(1) including €487,018 at less than one year							
Loans to legal entities							
Group (2)	3,304,227				48,479		
Out of Group (2)	8,501,182				34,872		3,352,706
Interest in financing to legal entities		9,177					8,536,054
							9,274
Grand total	11,814,586				83,448		11,898,034
(2) including €475,168 at less than one year							

● Note 3 - Interests in associated undertakings

(in €K)

ALS Securities Tracking Table - Gross, Provisions, Balance Sheets of Subsidiary Companies

Company name	Legal form	Fund	Number of securities held	Par value of securities	Gross value of securities held at 31.12.2017	Total acquisitions 2017	Disposal or exits 2017	Depreciation in securities at time of contribution	Depreciation in write-backs 2017	Depreciation in securities 2017	Net value of securities held at 31.12.2017	Share of capital held	Capital amount	Result amount	Net position	Own equity		
PEEC holding						71		9		9		71		77	1,733	1,935	1,935	
Astria Foncier	SCI	PEEC	51,650	1.50	71	71	71	9	9	9	9	71	71	100.00%	77	1,733	1,935	
PSEECEC holdings						10,899		3	4,307	3	4						6,591	
Ma nouvelle Ville *	SA	PSEECEC	478,203	15.00	9,489	9,489		4,307		4	4	5,181	99.67%					
Prolimmo Conseil	SARL	PSEECEC	5,000	16.00	76	76						76	76	100.00%				
Atiram	SA	PSEECEC	45,732	15.25	697	697						697	697	100.00%				
Réunion Habitat	SA	PSEECEC	5,985	10.00	599	599						599	599	99.75%	600	54	1,748	
Martinique Habitat	SA	PSEECEC	2,494	15.25	38	38		3	3	3	3	38	38	99.76%	38	-29	69	
Participation Opération						76,742						76,742	76,742	100.00%	67,343	8,804	92,014	92,014
Solendi Expansion	SA	Opération	4,489,517	15.00	76,742	76,742											83,404	
<b>Grand total</b>					87,712	87,641		12	4,307	12	4							

\* Ciléo Développement changed company name on 20 February 2018, to become Ma Nouvelle Ville.

## Note 4 - Fixed assets

(in €K)

	Gross value start of period	Increases	Reductions	Gross value end of period
	Acquisitions	Sub-item to sub- item transfers	Sub-item to sub-item transfers	Expenditure
<b>Intangible assets</b>				
<i>Leasehold right</i>	30,240	3,316	42	76
	457			2,795
<i>Software</i>	29,714	1,678	42	13
<i>Assets under construction</i>	69	1,638		63
<b>Tangible assets</b>				
<i>Land</i>	100,413	5,012	176	270
	4,929		30	54,124
<i>Buildings</i>	38,526	3		4,338
<i>General facilities</i>	26,946	621	7	3
<i>Transport equipment</i>	1,980		73	73
<i>Office equipment, IT, furniture</i>	27,742	1,821	66	48
<i>Assets under construction</i>	290	2,567		146
<b>Grand total</b>	<b>130,653</b>	<b>8,328</b>	<b>218</b>	<b>346</b>
				<b>56,919</b>
				<b>81,934</b>

● Note 5 - Other assets

					(in €K)	
	PEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total
Cash pledges	300,000					300,000
Accrued interest on cash pledges	2,043					2,043
Other receivables individuals		144			2,324	2,468
Other social and State payables			421			378
Other receivables		18,825			28,462	47,708
<b>Grand total</b>	<b>302,464</b>	<b>18,825</b>	<b>144</b>	<b>31,164</b>		<b>352,597</b>

## Note 6 – Amortisation and Depreciation

(in €k)

Amortisation	Amount of amortisation beginning of the financial year	Increase in allocations	Reduction in amortisation	Amount of amortisation end of the financial year					
				PEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total
<b>Intangible assets</b>	<b>24,427</b>	<b>2,558</b>	<b>2,778</b>	<b>24,207</b>					
Software	24,427	2,558	2,778	24,207					
<b>Tangible assets</b>	<b>60,438</b>	<b>3,402</b>	<b>26,146</b>	<b>37,694</b>					
Buildings	15,989	717	12,186	4,520					
General facilities	18,611	922	9,138	10,395					
Transport equipment	1,686	269	436	1,519					
Office equipment, IT, furniture	24,152	1,494	4,386	21,260					
<b>Grand total</b>	<b>84,865</b>	<b>5,960</b>	<b>28,924</b>	<b>61,901</b>					
<b>Impairment</b>	<b>PEEC Fund</b>	<b>Guarantee funds</b>	<b>PEAEC Fund</b>	<b>PSEEC Fund</b>	<b>Operating fund</b>	<b>Grand total</b>			
Cash pledges	300,000						300,000		
Personal loans	103,967	232,270	109	2,073	1,230	339,649	339,649		
Corporate loans	29,118			103			29,221		
Securities				4,308			4,308		
Other	1			137	126	264	264		
<b>Grand total</b>	<b>433,086</b>	<b>232,270</b>	<b>109</b>	<b>6,621</b>	<b>1,356</b>	<b>673,442</b>			

• Note 7 – Debts with credit institutions

	PEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total
						(in €K)
CDC loans						1,312,624
Overdue CDC loans	50,210					50,210
Accrued interests CDC loans	22,487					22,487
Loans credit institutions						71
Interest income loans credit institutions						71
<b>Grand total</b>	<b>1,385,321</b>					<b>1,385,392</b>

In 2013 and 2015, two loan agreements were signed between ex-UESL and the Caisse des Dépôts et Consignations (CDC) amounting to €1,700,000 K. All drawdowns amounted to €1,564,000 K. The amount outstanding at 31 December 2017 is €1,362,800 K, including €101,249 K at less than one year.

The amount of €72,700 K (capital + interest) was deducted on 2 January 2018 in respect of the 2017 payment due.

## Note 8 – Amounts due to Customers

	PEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total	(in €K)
<b>State, local commune or State agency liabilities</b>	180,000					180,000	
<b>ANRU - PNRU funding (1)</b>	180,000					180,000	
<b>Liabilities to individuals</b>	102,489		57	10		102,556	
<i>MOBILI support</i>	101,197		57	10		101,264	
<i>Social assistance</i>	1,292					1,292	
<b>Corporate liabilities</b>	4,993,932			96,315		5,090,247	
<i>Funds received as a CEP loan</i>							
<i>Loans outstanding (2)</i>	4,663,172			92,494		4,755,666	
<i>Loans due</i>	228,396			3,821		232,217	
<i>Third party beneficiaries of legal entity Subsidies</i>	102,364					102,364	

(1) the debt of €180,000 K in respect of the ANRU corresponds to the 4th call for funds in respect of the 2017 envelope not paid as at 31 December 2017.

(2) including €152,660 at less than one year

◆ Note 9 - Other liabilities

	PEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total	(in €K)
Other social payables						45,380	45,380
Other social and State payables						13,567	13,567
Other supplier payables	2,462	225		16	28,609	31,312	
Other payables	3,369	67	3	232	543	4,214	
<b>Grand total</b>	<b>5,831</b>	<b>292</b>	<b>3</b>	<b>248</b>	<b>88,099</b>	<b>94,473</b>	

## Note 10 – Provisions

	PSEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total	(in €K)
Provisions for risks	1,307		126,320			127,627	
Provisions for charges				64,396		64,396	
<b>Grand total</b>	<b>1,307</b>	<b>126,320</b>		<b>64,396</b>		<b>192,023</b>	

The **provisions for guarantee fund risk record**:

- the provision for LOCA-PASS® guarantee risk ..... €56,688 K
- the provision on GRL® and PASS-GRL® arrangements ..... €43,931 K
- the VISALE provision ..... €14,937 K
- the provision on PAS securitisation fund ..... €10,764 K

The **provisions for charges for operating funds** is broken down into:

- provision for retirement benefits ..... €54,983 K
- provision for long service award ..... €4,533 K
- provision for industrial disputes ..... €2,386 K
- other provisions for charges ..... €2,494 K

• Note 11 - Own equity

	PEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total
<b>Subscribed capital called paid</b>	20,000					20,000
Share capital merger bonus	2,900				10	5,113
Other reserves	11,911,205	70,559	176,266	513,259	140,404	12,811,693
Investment Subsidies					39	39
<b>Result for the period (±)</b>	<b>255,959</b>	<b>-48,275</b>	<b>23,269</b>	<b>17,135</b>		<b>248,088</b>
	<b>12,190,064</b>	<b>22,284</b>	<b>199,535</b>	<b>530,404</b>	<b>145,556</b>	<b>13,087,843</b>

The share capital is held in full by Action Logement Group (2,000 shares of €10,000 each).

● Note 12 - Funds received as a grant

	PEEC Fund	Guaranteee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total
<b>Participation of employers</b>						
Funds received as a grant	1,453,704		23,652	3,102		1,480,458
Overdue and prescribed funds	1,419,870		23,652	2,920		1,446,442
Fund grant transformation received in loans	34,121			182		34,303
Subsidies received from another fund (1)			-287			-287
Funds received				318,214		318,214
Subsidies write-back		110,000	110,000		5	110,005
Other				110,000		110,000
				5		5
<b>Grand total</b>						
	<b>23,652</b>		<b>3,102</b>		<b>318,219</b>	<b>1,908,677</b>

The amount of €110,000 K corresponds to the write-back of deferred income in the ex-UESL accounts and recorded as at 1 January 2017, for the payment of €60,000 K to ANRU and €50,000 K to ANAH in respect of the 2017 National Policy commitments.

- (1) Pursuant to the decree of 12 June 2018 on the conditions for the collection of 2017 resources from the fund provided for in Article L313-19-2, I, 5 of the CHC, ALS made a deduction from the PEEC fund, guaranteee fund, PEAEC fund and PSEEC fund for the benefit of the operating fund, which allows for the release of a zero accounting result. For the calculation of this deduction, the total charges for each fund were calculated based on the same allocation keys used for the calculation of the tax result.

● Note 13 - Subsidies paid

				(in €K)	
	PEEC Fund	Guarantee funds	PSEEC Fund	Operating fund	Grand total
National Policy Funding					-959,000
Subsidies to individuals	-959,000				-959,000
Subsidies to legal entities					-117,277
Subsidies to other participations	-116,809			-5	-117,277
Subsidies to other entities	-160,712	-4,682			-165,394
Subsidies to the Action Logement Group	-7,712	-4,682			-12,394
Subsidies to another fund (1)	-233,409	-82,401	-245	-2,160	-153,000
Other Subsidies					-318,215
					-8,838
					-5
					-8,843
					-5
					-1,568,729
Grand total	-1,469,930	-95,921	-708	-2,165	-5

The amount of €8,838 K (which is broken down into - €9,989 K and €1,151 K) corresponds to the result of the GURL fund not taken by the ex-CILs in 2016.

Pursuant to the decree of 12 June 2018 on the conditions for the collection of 2017 resources from the fund provided for in Article L313-19-2, I, 5 of the CHC, ALS made a deduction from the PEEC fund, guarantee fund, PEAECC fund and PSEEC fund for the benefit of the operating fund, which allows for the release of a zero accounting result.

(1) For the calculation of this deduction, the total charges for each fund were calculated based on the same allocation keys used for the calculation of the tax result.

• Note 14 -Interest receivable and similar income

	PEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total	(in €K)
<b>Transactions with credit institutions</b>							
<i>Income from financial investments</i>	19,185		1,570				20,755
	19,185		1,570				20,755
<b>Transactions with individuals</b>							
<i>Income from personal loans</i>	66,100		264	351	965	14	67,694
	63,694		78	329	960	14	65,075
<i>Accrued interest not due</i>	513			4	5		522
<i>Other revenue from ancillary activities</i>	1,893		186	18			2,097
<b>Transactions with legal entities</b>							
<i>Income from corporate loans</i>	105,143				1,170		106,313
	84,097				621		84,718
<i>Other legal claims</i>	21,046				549		21,595
<b>Other interest and related income</b>							
					3		

● Note 15 - Interest payable and similar charges

	PEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total	(in €K)
<b>Transactions with credit institutions</b>	<b>-22,506</b>		<b>-2</b>				<b>-22,508</b>
<i>CDC /loan interest</i>	-22,487						<b>-22,487</b>
<i>Other</i>	-19		-2				<b>-21</b>
 <b>Transactions with customers</b>	 <b>-37</b>	 <b>-1,399</b>					 <b>-1,436</b>
<i>Operating charges</i>							
<i>Litigation and legal fees</i>			-1,399				<b>-1,399</b>
<i>Other</i>			-37				<b>-37</b>
 <b>Other interest payable and related charges</b>	 <b>-1,174</b>						 <b>-1,174</b>
<i>Charges on management transactions</i>			-1,151				<b>-1,151</b>
<i>Other</i>			-23				<b>-23</b>

**Note 16 - Other banking income**

(in €K)

	PEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total
Related customer income	3,835	3,500	1	1		7,337
Other income	89	4				93
<b>Grand total</b>	<b>3,924</b>	<b>3,504</b>	<b>1</b>	<b>1</b>		<b>7,430</b>

## Note 17 - General operating expenses

	PEEC Fund	Guaranteee funds	PEAEC Fund	PSEECC Fund	Operating fund	(in €K)
<b>Staff expenses</b>						<b>Grand total</b>
Salaries, wages					-189,510	-189,510
Social security contributions and taxes	-110,207					-110,207
Profit-sharing and wages,	-69,567					-69,567
Works Council	-6,541					-6,541
Provisioning	-1,143					-1,143
	-2,052					-2,052
Other administrative charges	-6,395.00	-6.00				-103,971
ALG grant						-110,372
ALJ grant					-10,719	-10,719
APAGL grant					-11,320	-11,320
ANCOL S dues	-6,395.00	1			-4,298	-4,298
ACPR dues						-6,395
ASF dues					-1,000	-1,000
Real estate leases					-72	-72
Sub-contracts					-20,769	-20,769
Fees and litigation fees					-20,372	-20,372
Upkeep and repairs					-20,364	-20,364
Goods suppliers					-8,067	-8,067
Publications, receptions					-6,046	-6,046
Transportation, travel, relocations					-4,869	-4,869
Insurance					-3,048	-3,048
Miscellaneous Taxes (CV/AE, Office Tax, C3S, etc.)					-1,250	-1,250
Vacant premises rentals					-1,024	-1,024
Other	-3.00				-178	-178
Intra-group services					-1,237	-1,240
Amortisation of intangible and tangible assets					10,662	10,662
						-5,961
						-5,961

• Note 18 - Cost of risk

	PEEC Fund	Guaranteee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total	(in €K)
Legal entities						4,310	4,310
Allowances		-1,370				-1,370	
Write-backs		7,429				7,429	
Losses		-1,749				-1,749	
Individuals		-6,341	43,715	-27	20	37,367	
Allowances	-28,686		-146,697	-69	-330		-175,782
Write-backs	49,787		272,072	48	466		322,373
Losses	-27,442		-57,063	-6	-116		-84,627
Payments to insurers			-24,597				-24,597
Grand total		-2,031	43,715	-27	20	41,677	

● Note 19 - ± Gains or losses on capital assets

	PEEC Fund	Guaranteee funds	PEAAC Fund	PSEEC Fund	Operating fund	Grand total	(in €K)
<b>Income disposals tangible asset items</b>					-4,307	5,876	1,569
<b>Book value disposals tangible asset items</b>					(1)	34,172	34,172
<b>Book value disposals intangible asset items</b>						-28,272	-28,272
<b>Provision for depreciation</b>					(2)	-4,307	-4,307

- (1) The majority of which comes from the contribution of ALS' buildings to its subsidiary Solendi Expansion realised at market value.
- (2) The impairment provision of - €4,307 K corresponds to the impairment of Ma nouvelle Ville (formerly Cileo Development) securities, following the various restructuring operations (transfer of receivables, building transfer and securities disposals) realised during the year.

Non recurring income

	PEEC Fund	Guarantee funds	PEAEC Fund	PSEEC Fund	Operating fund	Grand total	(in €K)
Non-recurring income	-24	-1		18,334	-24,736	-6,427	
Allowances				(1)	-23,824	-23,824	
Write-backs					912	912	
Income			(2)	18,334	76	18,410	
Charges	-24	-1			-1,900	-1,925	
Taxes due in France				71		71	

(1) Including €23,882 K IFC / MDT one-off allocation (see Note 2.3.3 - Corporate Liabilities).

(2) Including €18,467 K income related to the sale of receivables to ALS, (see Note 1.3 - Restructuring operations) after deduction of borrowings of €225 K.

## SIEG (Service of general interest) and Non-SIEG Income Statement

	<b>SIEG</b>	<b>Non-SIEG</b>	<b>Grand total</b>
+ Employer equity	319,920	1,160,539	1,480,459
+ Subsidies received	243,686	184,533	428,219
Subsidies received from another fund	221,681	96,533	318,214
Other Subsidies	22,005	88,000	110,005
- Subsidies paid	-360,197	-1,208,533	-1,568,730
Subsidies to the State, local communities or State agencies			-959,000
Subsidies to individuals	-117,277		-117,277
Subsidies to legal entities	-12,395	-153,000	-165,395
Subsidies to another fund	-221,681	-96,533	-318,214
Other Subsidies	-8,844		-8,844
<b>NET NON-BANKING INCOME</b>	<b>203,409</b>	<b>136,539</b>	<b>339,948</b>

(in €K)

## SIEG and Non-SIEG Income Statement

	SIEG	Non-SIEG	Grand total	(in €K)
+ Interest and related income				
Transactions with credit institutions	175,589	19,177	194,766	
Transactions with individuals	2,068	18,687	20,755	
Transactions with legal entities	67,205	490	67,695	
Bonds and other fixed-income securities	106,313		106,313	
Other interest and related income	3		3	
- Interest payable and related charges				
Transactions with credit institutions	-25,118		-25,118	
Transactions with customers	-22,507		-22,507	
Bonds and other fixed-income securities	-1,436		-1,436	
Other interest payable and related charges	-1,175		-1,175	
+ Income from variable income securities				
+ Commissions (income)	14		14	
- Commissions (charges)				
± Gains or losses on investment portfolio transactions				
+ Other banking income	7,429		7,429	
- Other banking expenses				
<b>NET BANKING INCOME</b>	<b>157,901</b>	<b>19,191</b>	<b>177,092</b>	
<b>NET OPERATING INCOME</b>	<b>361,310</b>	<b>155,730</b>	<b>517,040</b>	

## SIEG and Non-SIEG Income Statement

	SIEG	Non-SIEG	Grand total
- General operating expenses	-271,277	-28,605	<b>-299,882</b>
Staff expenses	-189,510		<b>-189,510</b>
Other administrative charges	-81,767	-28,605	<b>-110,372</b>
- Depreciation and amortisation of intangible and tangible assets	-5,961		<b>-5,961</b>
<b>GROSS OPERATING INCOME</b>	<b>84,073</b>	<b>127,125</b>	<b>211,198</b>
- Cost of risk	41,677		<b>41,677</b>
<b>OPERATING INCOME</b>	<b>125,750</b>	<b>127,125</b>	<b>252,875</b>
± Gains or losses on capital assets	5,876	-4,307	<b>1,569</b>
<b>PRE-TAX CURRENT INCOME</b>	<b>131,626</b>	<b>122,818</b>	<b>254,444</b>
± Non-recurring income	-6,427		<b>-6,427</b>
- Income tax	71		<b>71</b>
± Allocations/Write-backs regulated reserves			
<b>Net profit</b>	<b>125,269</b>	<b>122,818</b>	<b>248,087</b>

• Note 21 - Commitments given

31/12/2017

	Activity (E3)	PEEC Fund	Guarantee funds	PEAEC Fund	PSEECC Fund	Operating fund	Grand total
Funding commitments		2,287,583		2,257	2,105		2,291,945
<u>Commitments made to credit institutions</u>		0		0			0
<u>Commitments made to individuals</u>		141,456		2,257	499		144,212
Acquisition loans		104,624		1,966	450		107,040
Works loans		20,341		241	17		20,599
Advances, LOCA-PASS ® guarantee deposits		5,141		5			5,146
Loan refinancing		3,017					3,017
Other		8,333		45	32		8,410
<u>Commitments made to legal entities</u>		2,146,127		1,606			2,147,733

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• Note 21 - Commitments given

				(in €K)	
Activity (E3)	PEEC Fund	Guarantee funds	PSEEC Fund	Operating fund	Grand total
<b>Guarantee commitments</b>					
<b>Commitments made to credit institutions</b>	<b>2,379,541</b>				<b>2,379,541</b>
<i>Endorsements, security interests, Foncière Logement association guarantee</i>	809,888				809,888
<i>Guarantees credit institutions (GMIN)</i>	1,569,653				1,569,653
					<b>2,213,550</b>
<b>Commitments made to individuals</b>	<b>4,501</b>	<b>2,209,049</b>			<b>4,501</b>
<i>Customer income individuals</i>	4,501				1,746,559
<i>LOCA-PASS ® charges rents guarantee</i>		1,746,559			462,490
<i>VISALE guarantee</i>			462,490		
					<b>4,824</b>
<b>Commitments made to legal entities</b>					<b>4,824</b>
<i>Endorsements, security interests, guarantees</i>					<b>2,435</b>
<i>Miscellaneous</i>					<b>2,389</b>
<b>Subsidies commitment</b>		<b>3,504,000</b>			<b>3,504,000</b>
<b>Subsidies to the State (New Five-Year Convention - National Policies)</b>	<b>3,504,000</b>				<b>3,504,000</b>
<i>ANIL-ADIL funding (R313-19-61)</i>	44,000				44,000
<i>ANRU - PNRU funding</i>	3,460,000				3,460,000
					<b>4,824</b>
<b>Grand total</b>	<b>8,175,625</b>	<b>2,209,049</b>	<b>2,257</b>	<b>2,105</b>	<b>10,393,860</b>

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● Note 22 - Commitments received

Activity (E3)	PEEC Fund	Guarantee funds	PEAAC Fund	PSEEC Fund	Operating fund	Grand total
Funding commitments	82,296			178		82,474
Funding loans acquisitions	3,537			178		3,715
Funding loans Works	103					103
PASS-FONCIER® funding	44,700					44,700
Cash pledge landlord	2,798					2,798
Other funding	31,158					31,158
<b>Grand total</b>	<b>82,296</b>			<b>178</b>		<b>82,474</b>

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Part of the ALS PASS-FONCIER® loans is covered by a bond guarantee with MNCAP.

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Table for tracking of reservation rights (Article 121-111)

**Reservation rights relative to occupied housing (continuation rights only)**

Headings	Notes	Stock at opening	New rights	Temporary allocations and returns made during the year (C)	Expired or cancelled rights during the year (D)	Stock at closing of financial year (E=A-B+C-D)
	(A)	(B)		(C)	(D)	
Action Logement Group		210,910	18,649	22,823	11,419	203,665
Non-Action Logement Group		382,799	29,411	39,411	18,493	374,306
<b>Grand total</b>		<b>593,709</b>	<b>48,060</b>	<b>62,234</b>	<b>29,912</b>	<b>577,971</b>

**Reservation rights relative to vacant housing**

Headings	Notes	Stock at opening	New rights	Temporary allocations and returns made during the year (C)	Expired or cancelled rights during the year (D)	Stock at closing of financial year (E=A-B+C-D)
	(A)	(B)		(C)	(D)	
Continuation reservation rights		24,521	66,406	59,775	8,474	22,678
Action Logement Group		11,181	23,116	21,377	2,329	10,591
Non-Action Logement Group		13,340	43,290	38,398	6,145	12,087
Single designation reservation right		7,878	20,614	18,196	4,143	6,153
Action Logement Group		2,978	6,855	5,157	1,961	2,715
Non-Action Logement Group		4,900	13,759	13,039	2,182	3,438
<b>Grand total</b>		<b>32,399</b>	<b>87,020</b>	<b>77,971</b>	<b>12,617</b>	<b>28,831</b>

The continuation rights inventory is 600,649 as at 31 December 2017.

Table for tracking of reservation rights (Article 121-111)

	Financial Year N-1	Financial Year N
<b>Unoccupied rentals paid to landlords</b>		<b>177,811.98</b>
<b>Reservation rights relative to housing not yet delivered</b>		

Headings	Notes	Stock at opening	New rights (B)	Temporary allocations and returns made during the year (C)	Expired or cancelled rights during the year (D)	Stock at closing of financial year (E=A+B-C-D)
<b>Continuation reservation rights</b>		<b>108,774</b>	<b>32,035</b>	<b>21,972</b>	<b>2,664</b>	<b>116,173</b>
<i>Action Logement Group</i>		38,877	13,654	7,991	800	43,740
<i>Non-Action Logement Group</i>		69,897	18,381	13,981	1,864	72,433
<b>Single designation reservation right</b>		<b>44,232</b>	<b>14,983</b>	<b>15,334</b>	<b>540</b>	<b>43,341</b>
<i>Action Logement Group</i>		15,735	5,351	5,581	67	15,438
<i>Non-Action Logement Group</i>		28,497	9,632	9,753	473	27,903
<b>Grand total</b>		<b>153,006</b>	<b>47,018</b>	<b>37,306</b>	<b>3,204</b>	<b>159,514</b>

The quantified data relating to reservation rights is derived from twenty different management systems and is the best quantitative estimate available at the date of production of the financial statements. An internal monitoring framework is being deployed to standardise the procedures for monitoring and auditing this information. This could result in adjustments or reclassifications between categories in the future.

## **GUARANTEE FUND APPENDIX**

**Balance Sheet**

**ASSETS**

						(in €K)
	Notes	Other guarantees	VISALE	GURL	Securitisation access PAS	Grand total
<b>Cash, central banks, postal cheque account</b>						
<b>Receivables from credit and similar institutions</b>						
<b>Transactions with customers</b>						
<i>State, local communities or State agency receivables</i>						
<i>Personal loans</i>	-32,526		-9,615	125,346	16,424	99,629
<i>Corporate loans</i>	262,712					
<b>Bonds and other fixed income securities</b>						
<b>Shares and other variable income securities</b>						
<b>Holdings and other long-term securities</b>						
<b>Shares in affiliated companies</b>						0
<b>Intangible assets</b>						
<b>Tangible assets</b>						
<b>Other assets</b>						
<i>Receivables liaison account between funds</i>						
<i>Other assets</i>	523		3,572	14,671	59	18,825
<b>Accruals</b>						
<b>Total assets</b>	<b>Gross</b>	<b>Amortisation and Depreciation</b>				
	230,709	-6,043	140,017	16,483	381,166	0
	-232,270				-232,270	0
	<b>Net</b>	<b>-1,561</b>	<b>-6,043</b>	<b>140,017</b>	<b>16,483</b>	<b>148,896</b>

## **ALS Company Accounts – GUARANTEE FUND**

**31/12/2017**

<b>LIABILITIES</b>							
		<b>Notes</b>	<b>Other guarantees</b>	<b>VISALE</b>	<b>GURL</b>	<b>Securitisation access PAS</b>	<b>Grand total</b>
Central Banks, postal cheque account							
Debts with credit and related institutions							
Transactions with customers							
State, local communities or State agency liabilities							
Liabilities to individuals							
Corporate liabilities							
Debts represented by a security							
Other liabilities							
Liabilities liaison account between funds							
Other liabilities							
Accruals							
Provisions							
Own equity							
Subscribed Capital							
Share premiums							
Reserves							
Revaluation surplus							
Regulated provisions and Subsidies							
Balance brought forward ( $\pm$ )							
Result for the period ( $\pm$ )							
<b>Total Liabilities</b>		<b>-1,561</b>	<b>-6,043</b>	<b>140,017</b>	<b>16,483</b>		<b>148,896</b>

## Income Statement

	Notes	Other guarantees	VISALE	GURL	Securitisation access PAS	Grand total
<i>(in €K)</i>						
+ Employer equity						
+ Subsidies received						
- Subsidies paid						
Subsidies to Government agencies, local communities or State agencies						
Subsidies to individuals						
Subsidies to legal entities						
Subsidies to another fund						
Other Subsidies						
<b>NET NON-BANKING INCOME</b>						
+ Interest and related income						
- Transactions with credit institutions						
- Transactions with individuals						
- Transactions with legal entities						
Bonds and other fixed-income securities						
Other interest and related income						
- Interest payable and related charges						
- Transactions with credit institutions						
- Transactions with customers						
Bonds and other fixed-income securities						
Other interest payable and related charges						
+ Other banking income						
- General operating expenses						
Staff expenses						
Other administrative charges						
External services						
- Depreciation and amortisation of intangible and tangible assets						

31/12/2017

		Income Statement (in €K)			Grand total
	Notes	Other guarantees	VISALE	GURL	Securitisation access PAS
<b>GROSS OPERATING INCOME</b>					
- Cost of risk		14,288	-4,776	28,720	5,484
<b>OPERATING INCOME</b>					
± Gains or losses on capital assets					
PRE-TAX CURRENT INCOME					
- Non-recurring income					-1
- Income tax					
± Allocations/Write-backs regulated reserves					
Net profit					
		<b>-50,401</b>	<b>-32,184</b>	<b>28,627</b>	<b>5,683</b>
					<b>-48,275</b>

Off-balance sheet items

	Notes	Other guarantees	VISALE	GURL	Securitisation access PAS	Grand total
	(in €K)					
<b>COMMITMENTS GIVEN</b>						
Funding commitments						
Commitments made to credit institutions						2,209,049
Commitments made to individuals						
Commitments made to legal entities						
Guarantee commitments						
Commitments made to credit institutions	1,746,559		462,490			
Commitments made to individuals	1,746,559		462,490			
Commitments made to legal entities						
Securities commitments						
Subsidies commitment						
Subsidies to the State, local communities or State agencies	1,746,559		462,490			
Subsidies to individuals						
Subsidies to legal entities						
Other Subsidies						
Total commitments given						2,209,049

