



Issuer with Explicit French Government
Guarantee

Crédit Immobilier de France

Investor Presentation

January 2019

www.3cif.com



Investor Presentation

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Section 1

3CIF Group organisation and the French State Guarantee



3CIF Group Organisation

• Business

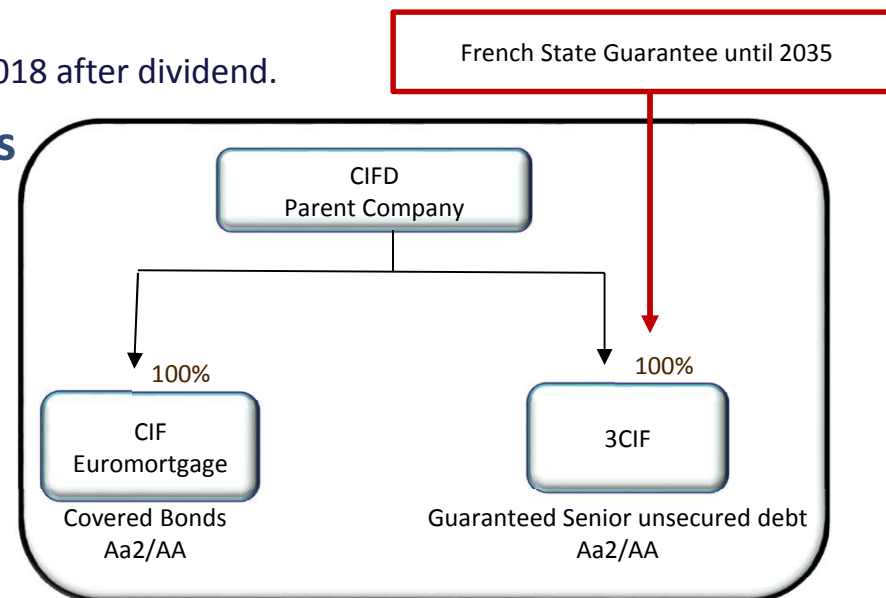
- A privately owned French banking group granting, until 2012, housing loans to individuals in France, specialised lender without customer deposits
- A solvent bank Tier 1 Ratio: 12,25% in 2013 and 14.6% as of June 2018 after dividend.

• Outcome of the negotiations after the 2012 crisis

- Hit by a liquidity crisis in 2012
- Requested the French State support in 2012
- No need for additional capital, no bail out of shareholders
- Since the 27th November 2013, CIF has definitely entered into an orderly resolution process up to 2035
- “Caisse Centrale du Crédit Immobilier de France” (“3CIF”) is the refinancing entity for the group, the issues of which are Guaranteed by the French State
- The State Guarantee price was tailored in order to calibrate an appropriate “burden sharing” for CIF shareholders

• Achievements since 2013

- Social Plans implemented, back offices credit processes outsourced to MCS Group (leading purchaser and manager of bank receivables)
- A streamlined organization and a centralized Governance: in 2014 CIFD owned 10 operating subsidiaries, in 2017 the merger process was achieved to keep only 3 entities (cf graph)





The French State Guarantee

• Key points of the French State Guarantee

- The Guarantee is unconditional, irrevocable and at first demand and will cover all 3CIF new issuances
- It will enable 3CIF to fund all the group needs arising during the orderly resolution process
- Amount (**€16bn**) and maturity (**Guarantee ending on year 2035**) were calibrated under the following conservative assumptions:
 - CIF is indeed in an orderly resolution process
 - No asset sales (except for bonds)
 - Minimal prepayments on mortgages
- A **5bp annual base fee**, applied to the Guarantee outstanding amount
- A **145bp “additional” annual fee** which will be paid annually, ONLY if:
 - After payment, CIF’s Tier 1 Ratio remains above 12%
 - The French Banks supervisory Authority “Autorité de Contrôle Prudentiel et de Résolution” (“ACPR”) agrees that no special situation of potential stress justifies a postponement of the payment
- The payment of any additional fee will be postponed as long as both of the above conditions are not met

• A tight supervision

- A French *Commissaire du Gouvernement* is sitting at the CIF’s board,
- Regular *Comité de suivi* headed by French Treasury representatives
- ACPR close supervision
- A monitoring trustee delegated by the European Commission



Section 2

Financial Performance



Financial Performance

Consolidated Balance Sheet

- Unaudited accounts as of 30 June 2018
- A safe and simple balance sheet

- Residential loans to individuals in France
- Liquid assets and hedging derivatives (for ALM purposes only)
- Mortgages in euro only
- No commercial real estate
- No trading activity
- No “toxic” assets

Assets (€bn)	31/12/2017	30/06/2018	Liabilities (€bn)	31/12/2017	30/06/2018
Interbank lending	1,1	1,2	Share Capital	1,2	1,0
Net Housing Loans (doubtful included)	14,8	13,6	Funding	14,9	14,2
Liquid securities Portfolio	0,5	0,4	Of which		
			Covered Bonds	7,6	7,2
			Senior Unsecured debt/notes GGB*	0,9	0,2
			GG short term debt securities and miscellaneous*	6,2	6,6
				0,2	0,2
Miscellaneous <i>Of which cash collateral</i>	2,2 1,6	2,2 1,4	Miscellaneous <i>Of which cash collateral</i>	2,5 1,2	2,2 0,9
Total	18,6	17,4	Total	18,6	17,4

*Government Guaranteed bonds

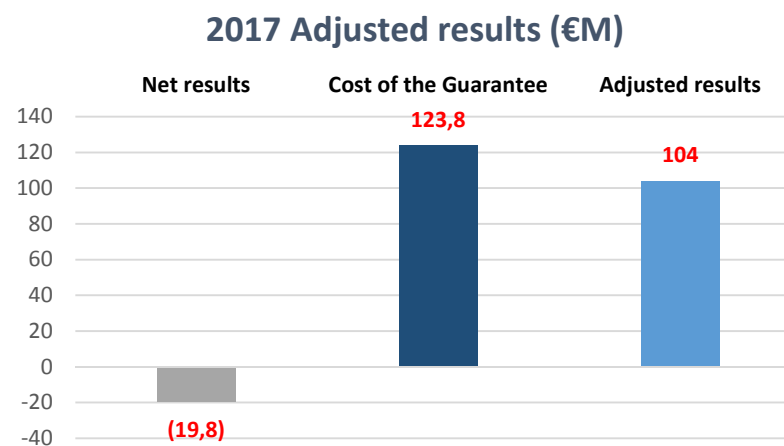
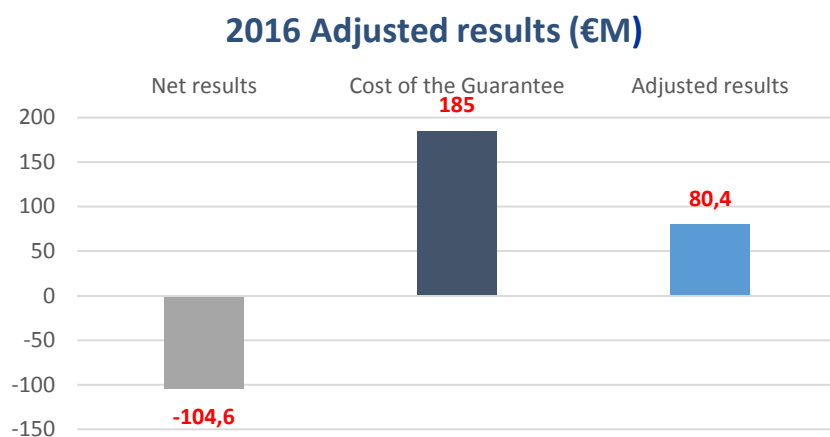
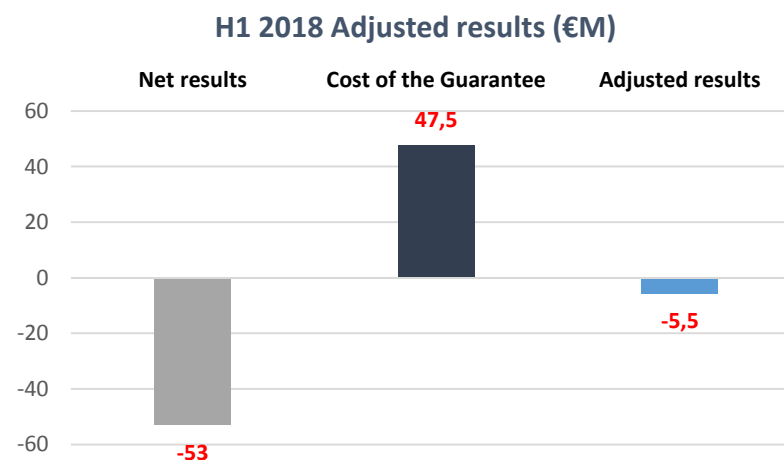
*Government Guaranteed Certificates of Deposits



Financial Performance

Income Statement

Income Statement (€M)	31/12/2016	31/12/2017	30/06/2018 Unaudited
Net Banking Income	162	102	44,2
Gross Operating Income	(14,9)	(50,3)	(23,1)
Cost of Risk	(55)	(31,7)	(24,2)
Income before Tax	(70,1)	(81,9)	(47,3)
Net Results	(104,6)	(19,8)	(53,0)





Financial Performance

Asset Quality

€M	Dec-2016	Dec-2017	Jun-2018
Gross Loans	19 135	15 400	14 244
Non Performing Loans ("NPL")	1 753	1 598	1 531
NPL /Gross Loans	9,16%	10,35%	10,75%
Cost of Risk	(55)	(31,7)	(24,2)
Cost of Risk / Gross Loans	0,29%	0,21%	0,17%
Writedowns (provisions)	709	673	665
Writedowns / Non performing loans	40,47%	42,13%	43,43%

In 2018 normative results compared to the 2015 exceptional provisions.

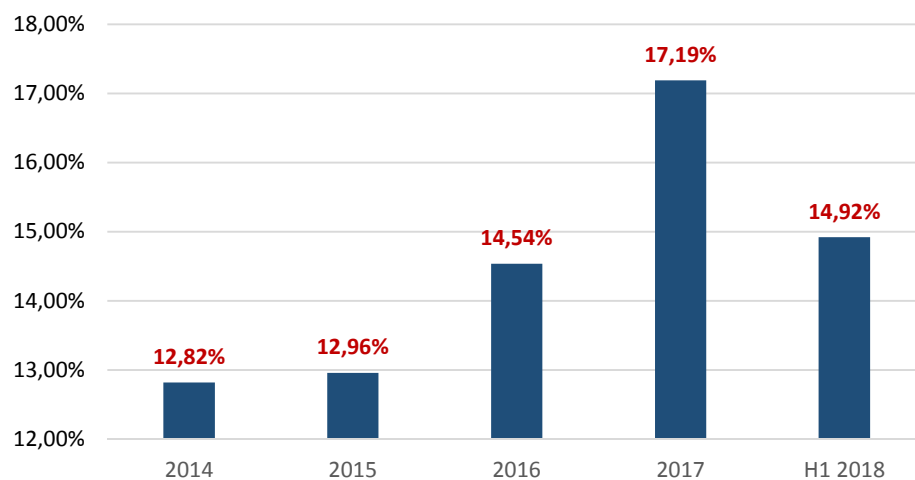
- **Risk key points:**
 - On about €800M of expected losses (probability of default up to 2035), €705M have been already provisioned (including €40M of collective provision)
 - Writedowns cover 43% of the €1 531M gross doubtful loans,
 - The non performing loans outstanding has decreased from €1 598M at 31 December 2017 to € 1 531 at 30 June 2018.
 - Any loan classified as non performing is provisioned up to its measured expected loss
 - A collateral is written down according to probabilities of some form of collection (amicable sale, auction, forced sale)
 - Collective provision allowance has been set up for standard and performing loans
 - Lowering losses
- **Early repayments decrease compared to 2017**



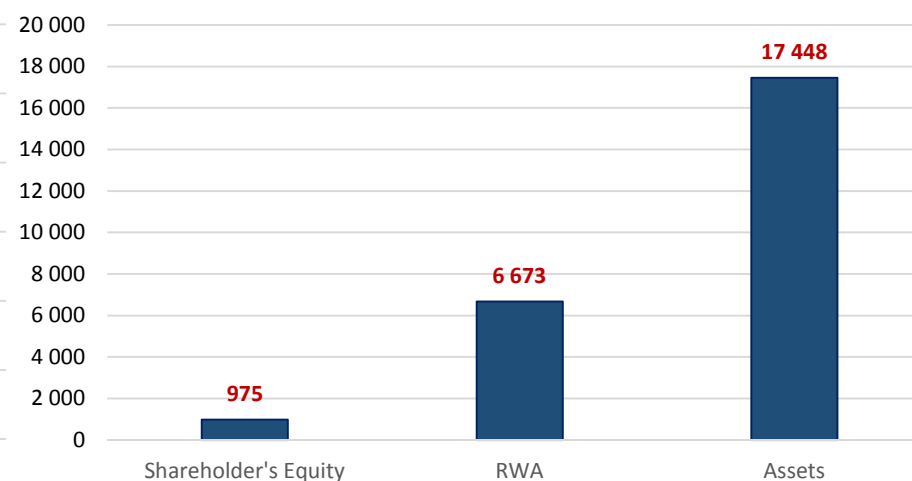
Financial Performance Solvency Position

(€m)	Dec 2016	Dec 2017	Jun-2018 unaudited
Shareholder's Equity*	1 211	1 197	975
Assets	23 040	18 599	17 448
RWA	8 751	7 122	6 673
European Solvency Ratio	14,5%	17,2%	14,9%
Core Tier One Ratio	13,8%	16,8%	14,6%

ESR



2018 Key Capital Metrics (€M)



*After regulatory adjustment



Section 3

Funding Considerations



Funding Considerations

• GGB Outstanding (as of 31 December 2018)

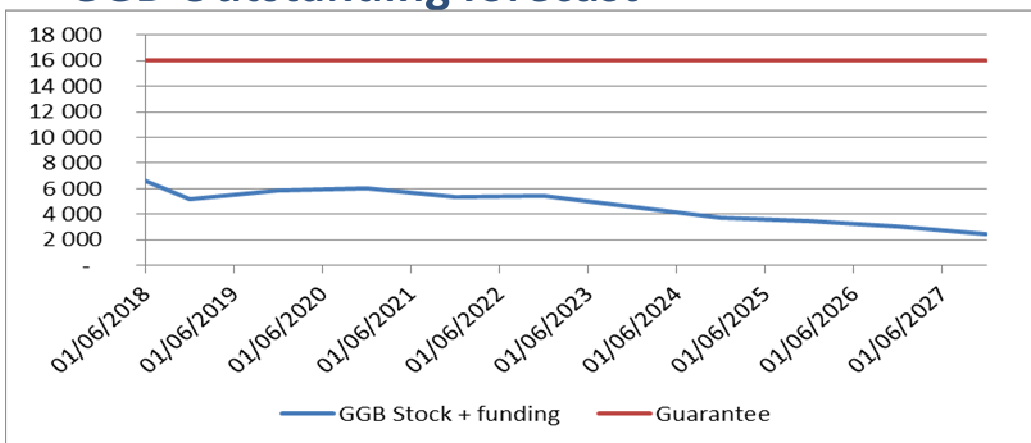
Global: €5,138bn

Of Which

- CDs: €0,0
- Public issues: €4,978bn
- Private placement issues: €0,16bn

In any scenario, the €16bn Guarantee will comfortably cover 3CIF's short term and long term funding needs

• GGB Outstanding forecast



• 2019 Funding Programme

Issuer	Amount	Maturity range
- 3CIF Guaranteed Government CDs	€0,5bn	3 to 12 months
- 3CIF Senior Unsecured Guaranteed Government Benchmarks	€1-3bn	1 to 5 years
Scheduled redemption <i>Among which GGB</i>	€3,7bn €1,2bn	-

State Guaranteed Funding (legal frame)	
Money Market	Debt Capital Markets
Issuer	3CIF
Maturity	3 to 12 months
Format	NECP*s (STEP labeled)
Documentation	French law
	Debt Capital Markets
	3CIF
	1 to 5 years
	EMTN and NEU MTN
	English law (EMTN) and French law (NEU MTN)

* New European Commercial Paper

3CIF GGB: ECB Eligible, 0% Risk Weight, LCR HQLA Level 1 definition compliant

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Useful Links



- **Legal documentation:** www.3cif.com/documentation-juridique
- **Annual reports:** www.3cif.com/rapports-annuels
- **Rating agencies reports:** www.3cif.com/agences-de-notation
- **State Guarantee details:** www.3cif.com/garantie-etat-francais
- **List of 3CIF outstanding issues:** www.3cif.com/liste-des-emissions
- **Investor relations:** www.3cif.com/presentation-investisseurs



Appendix

Financial Performance Achievements



• A streamlined Group in compliance with the resolution plan

Orderly resolution process	Achievements
Sale of the Non-Core Businesses	<p>2013: Sale of Assurance et Conseils</p> <p>2014: Sale of Sofiap</p> <p>2015: Sale of a €840m RMBS portfolio</p>
A streamlined Organization and a Centralized Governance	<p>2014: CIFD owns 100 % of the 10 operating Subsidiaries (vs 51 % before 16/12/2014)</p> <p>2015: The general meetings of shareholders approve the beginning of the merger process concerning CIFD and the subsidiaries</p> <p>2015: 3 Operating Regional Subsidiary merged with CIFD.</p> <p>2016: The last 6 Operating Regional Subsidiaries merged with CIFD</p> <p>2017: BPI merged with CIFD.</p>
Merging Operational system while Assets and Liabilities Decrease	<p>Social Plan implementation and new loans origination termination</p> <p>Employees December 2013: 1 964</p> <p>Employees December 2015: 1 067</p> <p>Employees December 2016 : 868</p> <p>Employees December 2017 : 844 and 510 as of 30 june 2018</p>
Strengthen the Outstanding Key Functions	<p>Hiring in Back Offices & claim collection (82 persons)</p> <p>Hiring in IT for a €10m cost</p> <p>As part of its extinctive process, the CIF Group plans to close 16 of its 25 back office plateforms in France, starting in 2017. MCS Group will steadily assume most of the management and collection of CIF's receivables.</p>
Core Tier One ratio over 12 %	<p>Core Tier One Ratio 12,8% as of December 2014, 12,3 % as of 31 December 2015, 13,8% in December 2016, 16,8% as of 31 December 2017 and 14,61% as of 30 June 2018. In June 2018, CIF paid an exceptional dividend worth €170 million to its shareholders, the first distribution since it was placed in run-off.</p>



Crédit Immobilier de France's Funding Programme

Key Aspects of the French Republic Guarantee

• Its Main Features

- Unconditional, irrevocable and at first demand
- A €16bn limit in principal
- EUR only
- 100% explicitly guaranteed by the Republic of France Aa2 (Moody's; Stable) AA/A-1+ (S&P; Negative) and AA (Fitch; Stable)
- State Guarantee granted to 3CIF under French Law (Competent courts "*Cour d'Appel de Paris*" have exclusive jurisdiction to settle any disputes relating thereto)
- 3CIF rated Aa2 (Moody's; Stable)/AA (Fitch; Stable) and P-1/F1+ (Moody's/Fitch)
- Valid once and for all up to 2035
- Not in PSPP list (Public Sector Purchase Programme)



The French State Funding Guarantee

Legal Aspects & Mechanism

• Governmental and Parliamentary Approvals

- **European Commission:** 27 November 2013 C (2013) 8432
- **French Parliament:** article 108 of the Finance law n°2012-1509 of 29 December 2012⁽¹⁾

• Process

- **No payment acceleration.** Calling the explicit Guarantee triggers payments by the French Republic in accordance with the normal payment schedule of the Guaranteed Obligations (“pay as you go”)
- Upon a default of 3CIF, a holder or a holders body representative has to send a letter to the Minister of Economy and Finance (139 rue de Bercy 75572 Paris Cedex 12), copy to the Director of Banking Services at Banque de France (39 Rue Croix des Petits Champs 75049 Paris Cedex 1)
- A holder or a representative of the body of bond holders has 45 business days after the contractual exigibility date of any sum due under the relevant debt instruments to send such a letter
- Explicit Guarantee payment period of 5 days for all debt issuance

⁽¹⁾http://www.legifrance.gouv.fr/affichTexteArticle.do;jsessionid=3395E3CDE2B268B2917B757D9CA10064.tpdjo10v_3?idArticle=LEGIARTI000027653066&cidTexte=LEGITEXT000026872634&dateTexte=20140318



A Group in an orderly resolution process

Cost of the French State Guarantee: Impact on the Results

- The French State Guarantee heavy cost (150bp) has an adverse impact on CIF's P&L. It is anticipated that CIF's results will remain negative during almost the entire orderly resolution process
- However, due to CIF's strong capitalisation and high level of solvency, it is also expected (as per the base scenario as retained by the European Commission) that:
 - Tier 1 ratio should stay above 12%
 - Payment of the additional fee should not be postponed
- In case these expectations would not be met, the French State Guarantee will not be challenged in any way

(€m)	2013	2014	2015	2016	2017	June 2018	2019	2020	2021
Sources	Audited annual results					<i>Unaudited</i>	EC decision as of 27 November 2013		
Guarantee Outstanding	12 148	14 030	14 085	9 510	6 731	6 876	10 800	11 500	10 900
Guarantee cost	120	214	212	185	124	47	163	174	165
Net results	(481) ⁽¹⁾	(205) ⁽²⁾	(390) ⁽³⁾	(105)	(20)	(53)	(11)	(43)	(50)
Tier 1 Ratio	12,25	12,82	12,30	13,84	16,81	14,61 ⁽⁴⁾	-	-	-

⁽¹⁾Of which workforce reduction costs (- €407m) and losses on the sale of subsidiaries (- €27m)

⁽²⁾Of which a €22m provision linked to the sale of the RMBS's portfolio, a €37m additional cost for a six month delay in the staff reduction Plan

⁽³⁾Including €278m due to a new provisioning standard)

⁽⁴⁾In June 2018, CIF paid an exceptional dividend worth €170 million to its shareholders, the first distribution since it was placed in run-off.



A Group in an orderly resolution process

Shareholders' Burden Sharing: A strong Incentive

- **European Commission decision (27 November 2013)**

- Findings (point 99 and 100)
 - Moral hazard must be avoided
 - CIF is entering into an orderly resolution process due to a liquidity shortfall, even though the Group is well capitalised and solvent (Tier 1 ratio up to 12%)
 - Therefore, there will be no recapitalisation and no ban on distributions to shareholders
- Distributions to shareholders are allowed yearly from the 2017 tax year and onwards, except for any objection from ACPR (French supervisor) if the following conditions are fulfilled.
 - If all due Guarantee fees have been paid to the French State
 - If CIF's Tier 1 ratio is above 12%
- Cumulated distribution to shareholders may not exceed €650m (Net Present Value of expected dividends with an 8% discount rate as of 2013)
- This mechanism is a strong incentive for shareholders to closely monitor the orderly resolution process.

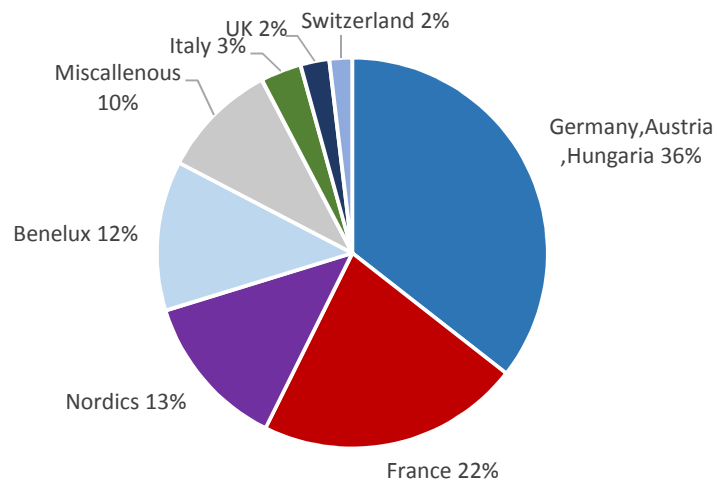
Source EC decision 27 November 2013-C(2013)8432 Final



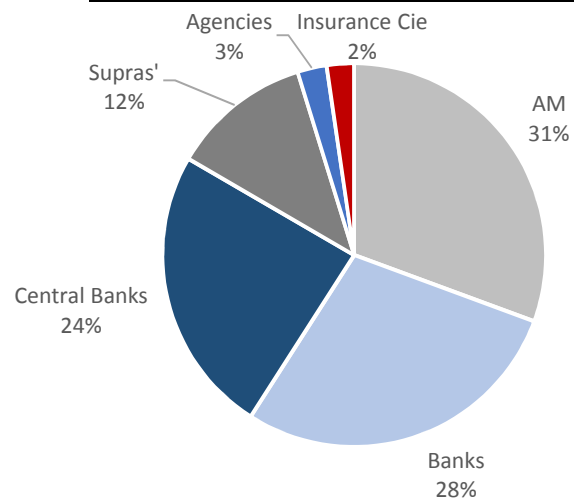
Funding consideration 2019

EUR 650M Long 4 year Government Guaranteed Benchmark

Distribution by Geography



Distribution by Investor Type



Transaction Highlights

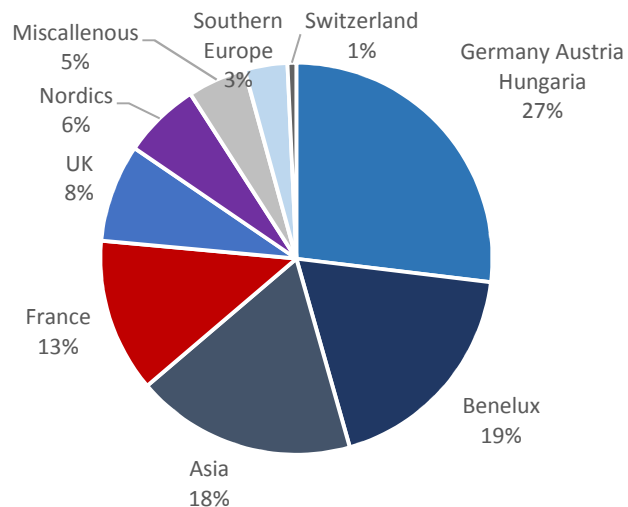
Issuer	Caisse Centrale du Crédit Immobilier de France (3CIF)
Type	Senior Unsecured Government Guaranteed Notes
Trade Date	10 January 2019
Issue Ratings	Aa2 / AA (Moody's / Fitch)
Joint-Bookrunners	Deutsche Bank Aktiengesellschaft, HSBC France, Natixis, Société Générale
Listing	Luxembourg Stock Exchange
Settlement Date	22 January 2019
Maturity Date	22 January 2023
Guarantor	The Republic of France (100%)
Nominal amount	EUR 650m
Coupon	0,000%
Reoffer Spread	Interpolated OAT + 30 bps
ISIN	XS1936850137



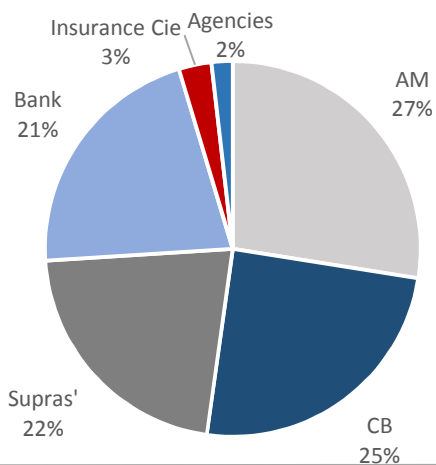
Funding consideration 2018

EUR 1 100M Long 4 year Government Guaranteed Benchmark

Distribution by Geography



Distribution by Investor Type



Transaction Highlights

Issuer	Caisse Centrale du Crédit Immobilier de France (3CIF)
Type	Senior Unsecured Government Guaranteed Notes
Trade Date	12 April 2018 & 12 July 2018 (tap)
Issue Ratings	Aa2 / AA (Moody's / Fitch)
Joint-Bookrunners	CACIB, Deutsche Bank, HSBC France, Natixis, Société Générale, Commerzbank
Listing	Luxembourg Stock Exchange
Settlement Date	26 April 2018 & 26 July 2018 (Tap)
Maturity Date	26 October 2022
Guarantor	The Republic of France (100%)
Nominal amount	EUR 800m
Tap amount	EUR 300m
Amount after tap	EUR 1 100m
Coupon	0,125%
Reoffer Spread	Interpolated OAT + 24 bps & interpolated OAT + 25 bps (tap)
ISIN	XS1810087251



Early repurchases and tender offer

Early repurchases and tender offer in 2017:

1. Strategy : Lower interest expenses and fit guarantee outstanding to 3CIF real needs

ISIN	Redemption	Outstanding Issued	Notional Offered	Notional Accepted	Cancelling date	Spread Offered	Spread Accepted	Banks
Total Private Issues repurchases	Various dates	1450	285,5	285,5	Various Dates	12	12	DB/HSBC/SG
Public Issues repurchases								
FR0012021632	11/07/2018	1000	169,4	143,3	13/10/2017	0 to 10	10	DB/HSBC/SG
FR0012326809	25/11/2018	1250	319,4	309	13/10/2017	0 to 10	5	DB/HSBC/SG
XS1057397487	22/04/2019	1500	504,7	279,7	13/10/2017	5 to 15	11	DB/HSBC/SG
FR0012872182	31/07/2020	1200	630	41,4	13/10/2017	10 to 20	20	DB/HSBC/SG
Total Public Issues repurchases		4950	1623,5	773,4				
Total Private and Public Issues repurchases		6400	1909	1058,9				

2. A successful tender offer allowing a €800M repurchase
 - A fairly positive participation (32,8% for the public issues repurchases)
 - A fair amount of non competitive demand (34,6% of the Notional Offered)
 - A fair deal for both investors and the Issuer



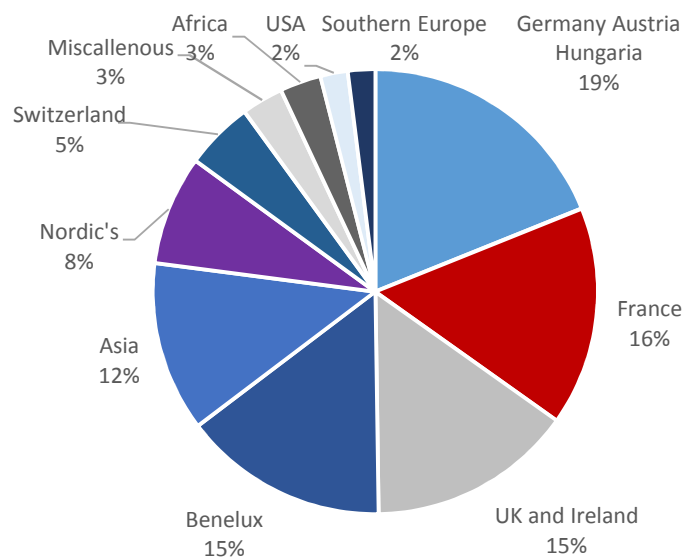
Funding Considerations from 2014 to 2019 period

	Maturity	Settlement date	Maturity date	Notional Amount	Coupon	Reoffer spread
2019	4 Year	22 January 2019	22 January 2023	€0,65bn	0,125%	Interpolated OAT + 30bp
	Total 2019			€0,65bn		
2018	4 Year	26 April 2018	26 October 2022	€0,80bn	0,125%	Interpolated OAT + 24bp
	4 Year	26 July 2018	26 October 2022	€0,30bn	0,125%	Interpolated OAT + 25bp
	Total 2018			€1.1bn		
2017	4 Year	01 March 2017	01 March 2021	€0,65bn	0,125%	Interpolated OAT + 26bp
2016	4 Year	02 August 2016	31 July 2020	€0,40bn	0,375%	Interpolated OAT + 23bp
2015	5 Year	05 February 2015	05 February 2020	€0,85bn	0,125%	Interpolated OAT + 12bp
	5 Year	31 July 2015	31 July 2020	€0,80bn	0,375%	Interpolated OAT + 17bp
	Total 2015			€1.65bn		
2014	5 Year	22 April 2014	22 April 2019	€1,50bn	1,125%	Interpolated OAT + 22bp
	3 Year	19 May 2014	19 May 2017	€1,50bn	0,500%	Interpolated OAT + 19bp
	4 Year	11 July 2014	11 July 2018	€1,00bn	0,500%	Interpolated OAT + 16bp
	4 Year	25 November 2014	25 November 2018	€1,25bn	0,250%	Interpolated OAT + 13bp
	Total 2014			€5.25bn		

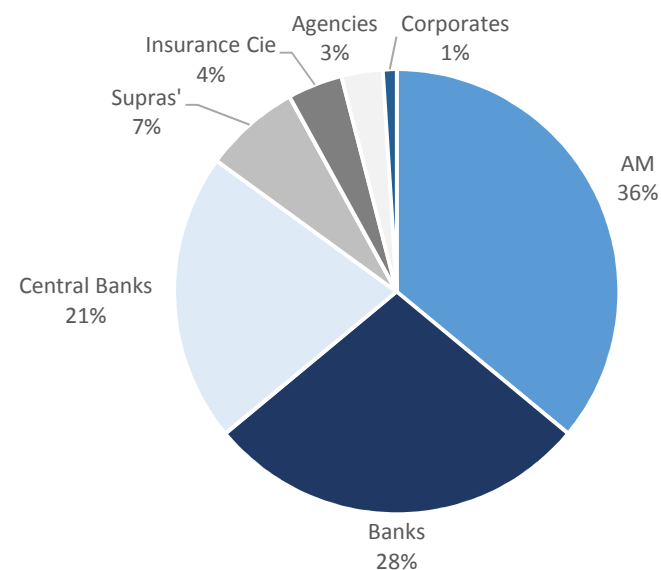


Funding Considerations from 2014 to 2019 period

Distribution by Geography



Distribution by Investor Type



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