



INTERIM FINANCIAL REPORT

30 JUIN 2021

Crédit  Mutuel
Home Loan SFH

DISSEMINATION OF INFORMATION

Regulatory reports, prospectuses and issue documentation are available on Crédit Mutuel Home Loan SFH's website:

<https://www.creditmutuel-homeloansfh.eu/en/index.html>



A French joint-stock company (*société anonyme*) with share capital of €220,000,000

Registered office: 6 avenue de Provence, 75452 Paris Cedex 9

Paris Trade and Companies Register No. 480 618 800

Person responsible for the interim financial report

Eric Cuzzucoli - Chief Executive Officer

Certification of the person responsible for the interim financial report

I certify, that, to the best of my knowledge, the condensed financial statements for the six months just ended have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and that the attached interim activity report gives a true and fair view of the key events that occurred during the first half of the year, of their impact on the financial statements, of the main transactions between related parties, as well as a description of the main risks and uncertainties the company faces in the second half of the year.

Paris, 3 August 2021

Eric Cuzzucoli
Chief Executive Officer

Crédit  Mutuel
Home Loan SFH

A French joint-stock company (*société anonyme*) with share capital of €220,000,000

Registered office: 6 avenue de Provence, 75452 Paris Cedex 9

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BOARD OF DIRECTORS' MANAGEMENT REPORT
INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2021

July 2021

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I. COMPANY STATUS AND ACTIVITIES

Crédit Mutuel Home Loan SFH was licensed by the French Credit Institutions and Investment Firms Committee (*Comité des établissements de crédit et des entreprises d'investissement* - CECEI) at its meeting on May 31, 2007. At its meeting on March 28, 2011, the ACPR authorized the company to opt for the status of "home loan financing company" (*Société de Financement de l'Habitat* - SFH).

The company's sole purpose is to contribute to the refinancing of Crédit Mutuel Alliance Fédérale. As such, US 144A documentation was prepared in 2012 to enable the company to reach new investors in the United States.

1. KEY EVENTS DURING THE FIRST SIX MONTHS OF THE YEAR

The first six months of 2021 saw a gradual lifting of lockdown measures as headway was made with vaccination. This gradual return of confidence enabled a marked economic recovery that made up for the paltry figures of 2020. However, the rise in the delta variant in recent weeks weakened this recovery, leading central banks and governments to quite naturally maintain accommodative monetary and fiscal policies so as not to jeopardize the upturn. A certain volatility in fixed rates aside, financing conditions nonetheless remained largely tilted in borrowers' favor due to a sustained excess of liquidity and a thin supply of bond issues.

During this first half-year, Crédit Mutuel Home Loan SFH carried out one ten-year public issue for €1.25 billion in May (0.01% coupon).

2. FUTURE OUTLOOK

We expect to make a second, undoubtedly shorter-term SFH issue in the next six months of the year, to bring total new issuance to around €2 billion in 2021 and thus replace the €1.9 billion that matured in March.

3. KEY EVENTS BETWEEN THE END OF THE REPORTING PERIOD AND THE DATE OF THIS REPORT

There are no key events to report since the end of the half-year period.

4. BRANCHES

As of June 30, 2021, the company had no branches.

5. SUBSIDIARIES AND INVESTMENTS

In accordance with Article L.233-13 of the French Commercial Code regarding information on control of companies, the company has no subsidiaries.

6. EMPLOYEE SHARE OWNERSHIP

Not applicable.

7. OWNERSHIP

Crédit Mutuel Home Loan SFH is a 99.99%-owned subsidiary of Banque Fédérative du Crédit Mutuel.

Readers are reminded that the company has no employees.

II. RESULTS, FINANCIAL POSITION AND DEBT

1. STATEMENT OF FINANCIAL POSITION

a. ASSETS

ASSETS (€millions)	Note	2021 June 30	2020 December 31
Cash, central banks			
Government securities and similar instruments			
Receivables due from credit institutions	2	24,507.9	26,295.5
Client transactions			
Bonds and other fixed-income securities			
Equities and other variable-income securities			
Investments in subsidiaries and other long-term investments			
Investments in associates			
Lease and similar transactions			
Intangible assets			
Property, plant and equipment			
Subscribed capital not paid			
Treasury shares			
Other assets	3	2.6	2.3
Accruals and deferred income	4	83.7	76.6
Total assets		24,594.2	26,374.4
Off-statement of financial position items		2021 June 30	2020 December 31
Commitments received			
Financing commitments			
Commitments received from credit institutions			
Guarantee commitments			
Commitments received from credit institutions	10	35,001.2	35,001.0
Securities commitments			
Optional repurchase agreements			
Other commitments received			

b. LIABILITIES

LIABILITIES	Note	2021	2020
(€millions)		June 30	December 31
Central banks			
Due to credit institutions			
Client transactions			
Debt securities	5	23,226.1	24,061.3
Other liabilities	3	1,000.0	1,950.3
Accruals and deferred income	4	83.8	76.9
Provisions			
Subordinated debt	6	60.1	60.1
Fund for general banking risks			
Shareholders' equity	7	224.2	225.8
- Subscribed capital		220.0	220.0
- Issue premiums			
- Reserves		2.1	1.9
- Revaluation reserve			
- Untaxed provisions			
- Retained earnings		0.1	
- Profit/(loss) for the period		2.0	3.9
Total liabilities and shareholders' equity		24,594.2	26,374.4
<hr/>			
Off-statement of financial position items		2021	2020
		June 30	December 31
<hr/>			
Commitments given			
Financing commitments			
Commitments given to credit institutions			
Commitments given to customers			
Guarantee commitments			
Commitments given on behalf of credit institutions			
Commitments given on behalf of customers			
Securities commitments			
Optional resale agreements			
Other commitments given			

Liabilities mainly consist of securities issued by SFH.

In addition, the "Other liabilities" item represents collateral offered by BFCM to cover regulatory liquidity requirements at 180 days. This item totaled €1.000 billion at June 30, 2021.

Assets correspond to the on-lending of these funds to BFCM.

The off-statement of financial position assets of €35 billion correspond to home loans offered as collateral by SFH's providers of collateral.

c. PROFIT/(LOSS)

(€millions)	Note	2021 June 30	2020 June 30
+ Interest and similar income	13	162.0	211.1
+ Interest and similar expense	13	(158.8)	(208.4)
+ Income from variable-income securities			
+ Fee and commission income			
+ Fee and commission expense			
+/- Gains (losses) on trading portfolio transactions		0.1	
+/- Gains (losses) on investment portfolio and similar transactions			
+ Other banking operating income			
+ Other banking operating expense			
= Net banking income		3.2	2.7
+ Employee benefits expense			
+ Other administrative expenses		(0.5)	(0.4)
+ Depreciation and amortization			
= Operating expenses		(0.5)	(0.4)
= Gross operating income		2.7	2.3
+ Net additions to/reversals from provisions for loan losses			
= Operating income		2.7	2.3
+/- Gains (losses) on non-current assets			
= Income before non-recurring items		2.7	2.3
+/- Non-recurring items			
+ Corporate income tax	14	(0.8)	(0.7)
+/- Movements in fund for general banking risks			
+/- Movements in untaxed provisions			
= Net profit/(loss)		2.0	1.6

Net income in the first half of 2021 was €2 million, compared with €1.6 million at end-June 2020.

d. STATEMENT OF NET CASH FLOWS

(€ thousands)	06.2021	06.2020
Net profit/(loss)	1,994	1,618
Tax	753	698
Profit/(loss) before tax	2,747	2,316
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	0	0
- Impairment of goodwill and other non-current assets	0	0
+/- Net charges to provisions	0	0
+/- Share of profit/(loss) of equity-consolidated companies	0	0
+/- Net loss/gain from investing activities	0	0
+/- Expense from financing activities	0	0
+/- Other movements	4,009	-11,529
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	4,009	-11,529
+/- Cash flows relating to transactions with credit institutions	1,647,056	-2,439,774
+/- Cash flows relating to client transactions	0	0
+/- Cash flows relating to other transactions affecting financial assets and liabilities	0	0
+/- Cash flows relating to other transactions affecting non-financial assets or liabilities	-949,090	702,062
- Tax paid	-1,097	-780
= Net decrease in assets and liabilities from operating activities	696,869	-1,738,492
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	703,625	-1,747,705
+/- Cash flows relating to financial assets and investments	0	0
+/- Cash flows relating to investment property	0	0
+/- Cash flows relating to property, plant and equipment and intangible assets	0	0
TOTAL NET CASH FLOWS RELATING TO INVESTING ACTIVITIES	0	0
+/- Cash flows relating to transactions with shareholders	-3,630	-2,970
+/- Other net cash flows relating to financing activities	-700,000	1,750,000
TOTAL NET CASH FLOWS RELATING TO FINANCING ACTIVITIES	-703,630	1,747,030
IMPACT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	0	0
Net increase in cash and cash equivalents	-5	-675
Net cash flows from operating activities	-703,625	-1,747,705
Net cash flows relating to investing activities	0	0
Net cash flows relating to financing activities	-703,630	1,747,030
Impact of changes in exchange rates on cash and cash equivalents	0	0
<u>Cash and cash equivalents at beginning of period</u>	<u>277,824</u>	<u>278,123</u>
Cash, central banks and postal checking accounts	0	0
Demand loans and accounts at credit institutions	277,824	278,123
<u>Cash and cash equivalents at end of period</u>	<u>277,819</u>	<u>277,448</u>
Cash, central banks and postal checking accounts	0	0
Demand loans and accounts at credit institutions	277,819	277,448
CHANGE IN NET CASH AND CASH EQUIVALENTS	-5	-675

e. COVER POOL

Collateral for secured loans consists of a portfolio of receivables made up entirely of mortgage-backed receivables totaling €35,001,120,011 at June 30, 2021.

The main characteristics of the home loan portfolio recognized at June 30, 2021, based on the principal amount outstanding at May 31, 2021, were as follows:

Total principal amount outstanding as at 5/31/2021	€35,001,120,011
Average principal amount outstanding	€90,195
Number of loans	388,060
Number of borrowers	342,182

Average age of loans (months)	70
Average residual maturity (months)	171

Proportion of fixed-rate loans	97.0%
Average interest rate on fixed-rate receivables	1.88%
Average interest rate on variable-rate receivables	1.83%

Breakdown by type of security		
Type of security	Total principal amount outstanding	Proportion by type of security
Crédit Logement guarantee	€9,719,765,381	27.8%
Crédit Mutuel Caution Habitat (CMCH SA) guarantee	€954,835,345	2.7%
First-rate mortgage or lender's priority lien	€24,326,519,285	69.5%
TOTAL	€35,001,120,011	100%

Breakdown by type of loan		
Type of loan	Total principal amount outstanding	Number of loans
Standard	€31,146,053,454	336,324
Home savings plans/accounts	€13,557,407	2,727
Interest-free loans	€0	-
Low-income housing loans	€2,612,636,039	35,278
Regulated loans	€1,228,873,111	13,731
TOTAL	€35,001,120,011	388,060

Breakdown by number of loans in arrears		
Number of monthly repayments missed	Total principal amount outstanding	Number of loans
0	€35,001,120,011	388,060
> 0	-	-
TOTAL	€35,001,120,011	388,060

These loans are taken out by customers of CIC's regional banks and Crédit Mutuel's local banks and offered as collateral by BFCM.

2. FINANCIAL POSITION AND PRUDENTIAL RATIOS

At the request of Crédit Mutuel Home Loan SFH, on June 19, 2014 the General Secretariat of the ACPR (SGACPR) agreed to allow the company to be exempt from the application on an individual basis of prudential requirements related to solvency ratios, the leverage ratio and major risks, as well as from application of the 75% ceiling on cash receipts for calculating liquidity coverage.

The company is subject to the LCR on an individual basis but benefits from an exemption from application of the 75% ceiling on cash receipts, granted to it by the Supervisory College of the ACPR in a letter dated August 1, 2014. Accordingly, given the company's operating model (issues of securities on-lent to BFCM with the same characteristics), this ratio is always observed.

3. DEBT

Readers are reminded that the company's borrowing capacity is limited by its articles of association: it may only take on debt in the form of housing finance bonds (*obligations de financement à l'habitat*) and subordinated debt. In accordance with the company's corporate purpose, issues of housing finance bonds are intended to refinance personal home loans granted by the Crédit Mutuel Alliance Fédérale banks, full ownership of which is transferred as collateral by Banque Fédérative du Crédit Mutuel. As principal and interest repayments become due, BFCM repays the corresponding amounts in respect of the loans granted to it.

Furthermore, Crédit Mutuel Home Loan SFH's borrowing capacity is dependent upon its compliance with prudential ratios laid down in applicable regulations.

Articles L.441-6-1 and D.441-4 of the French Commercial Code require companies to provide specific information on the maturity dates of amounts due to suppliers. In the case of Crédit Mutuel Home Loan SFH, these amounts are negligible.

III. DESCRIPTION OF KEY RISKS AND UNCERTAINTIES AND RISK MANAGEMENT SYSTEM

The sole corporate purpose of Crédit Mutuel Home Loan SFH is to contribute to the refinancing of Crédit Mutuel Alliance Fédérale by issuing covered bonds based on a home loan portfolio pledged as collateral on the basis of Article L.211-36, paragraph II and Articles L.211-38 to L.211-40 of the French Monetary and Financial Code.

1. CREDIT AND COUNTERPARTY RISK

Due to its limited corporate purpose, Crédit Mutuel Home Loan SFH's credit risk is strictly regulated.

Funds may only be used as follows:

- On-lending of funds raised by issuing securities: these funds may only be lent to BFCM. This lending is itself secured by collateral in the form of home loans granted by Crédit Mutuel Alliance Fédérale, on the basis of Article L.211-36, paragraph II and Articles L.211-38 to L.211-40 of the French Monetary and Financial Code. The overall amount of lending and compliance with loan eligibility criteria are checked monthly and documented in an "Asset Cover Test" report.

- On-lending of capital is governed by the following limits:
 - Regulatory limits: Articles L.513-7 and R.513-6 set minimum credit quality levels for these investments.
 - Contractual limits: rating agencies have laid down minimum credit ratings that vary according to the term of the loan.

Duration/Minimum rating	S&P	Fitch	Moody's
< 30 days	A-1 or A	F1 and A	P-1
30 to 60 days	A-1	F1+ and/or AA-	P-1
60 days to 3 months	A-1+ or AA-	F1+ and/or AA-	P-1
< 1 year	A-1+ or AA-	F1+ and/or AA-	P-1

- Should BFCM default, the company would become the owner of the home loans offered as collateral. An analysis of this collateral by internal rating demonstrates the portfolio's high credit quality and is presented in the table below.

Rating	Outstandings (€m) ⁽¹⁾	Percentage	Aggregate percentage
A	21,276	61%	61%
B	9,589	27%	27%
C	2,977	9%	97%
D+	699	2%	99%
D-	368	1%	100%
E+	93	0%	100%
E-	-	0%	100%
E=	-	0%	100%
F	-	0%	100%
TOTAL	35,001	100%	

(1) Outstandings at 5/31/2021 shown as guarantee commitments received in SFH's financial statements at 6/30/2021

There are no non-performing or overdue loans in the portfolio offered as collateral.

The breakdown of these home loans by type of security is as follows:

Type of security	Outstandings (€m) ⁽¹⁾
Home mortgage guarantees	24,326
Guarantees provided by a credit institution	10,675
TOTAL	35,001

(1) Outstandings at 5/31/2021 shown as guarantee commitments received in SFH's financial statements at 6/30/2021

Guaranteed loans are secured either by Crédit Logement or by Crédit Mutuel Caution Habitat SA (CMCH SA), a subsidiary of BFCM.

Type of guarantee	Outstandings (€m) ⁽¹⁾
Crédit Logement	9,720
Crédit Mutuel Caution Habitat SA	955
TOTAL	10,675

(1) Outstandings at 5/31/2021 shown as guarantee commitments received in SFH's financial statements at 6/30/2021

The present LTV (ratio of the principal amount outstanding to the present value of the assets) of these loans is 60% on average.

2. INTEREST RATE, FOREIGN EXCHANGE AND MARKET RISK

Interest rate risk

Crédit Mutuel Home Loan SFH is required to operate in such a way that it is not exposed to interest rate risk.

- Funds collected by issuing securities must be lent to BFCM at the same interest rates and for the same terms (plus 10% of the margin generated relative to an unsecured issue, with a minimum of 2bp). This means that assets and liabilities are perfectly matched by term and interest rate.
- The only way the company could be exposed to interest rate risk would be if BFCM were to default. The company would then need to enforce its security and would become the owner of the home loans.

In accordance with the update to the issue program in July 2015 and with the approval of the rating agencies, this potential interest rate risk using a look-through approach is covered by a natural matching of assets and liabilities and by overcollateralization.

In fact, the vast majority (approximately 97%) of the cover pool assets are fixed-rate loans, and these assets are matched to liabilities in the same proportion by fixed-rate issues. The average interest rate of the cover pool (1.87% at May 31, 2021) and the average interest rate of bonds issued (1.13% at May 31, 2020) are monitored monthly. The overcollateralization rate resulting from the calculation of the Asset Cover Test negotiated with the rating agencies is always more than 74.9% (= Asset Percentage). The company is committed to maintaining this level of overcollateralization to meet the rating targets and regulatory requirements.

In addition, an ex-ante analysis of the potential interest rate risk using a look-through approach was carried out. It entails monitoring changes in the loans in the pool and issues within the Group's asset-liability management tool. This highlights the interest-rate sensitivity (plus or minus 200bp) of these two large volumes. SFH can easily bear this impact given its equity and overcollateralization.

Foreign exchange risk

The program allows for the possibility that Crédit Mutuel Home Loan SFH carry out issues in foreign currencies. In such cases, the loan to BFCM is also made in the issue currency.

- To date, Crédit Mutuel Home Loan SFH has carried out the following foreign currency issues:

Nominal amount in foreign currency	Foreign currency	Equivalent nominal amount in euros	Issue date	Maturity date
300,000,000	NOK	39,698,293	3/22/2012	3/22/2022
750,000,000	NOK	96,961,862	10/7/2011	10/7/2024

The funds raised via these issues were lent to BFCM under the same terms.

- The only way the company could be exposed to foreign exchange risk would be if BFCM were to default. The company would then need to enforce its security and would become the owner of the home loans, all of which are denominated in euros, while having to make repayments in foreign currencies. The issue program documentation requires Crédit Mutuel Home Loan SFH to enter into specific foreign currency swaps with counterparties that must meet detailed rating criteria in order to hedge this risk as soon as BFCM's rating is downgraded.
- Since a first-level rating criterion has been met, hedging swaps have been set up. BFCM has the necessary rating level and so is the counterparty to these swaps. It meets the following ratings-based eligibility

criteria provided for in the issue program documentation: A (long-term) from Standard & Poor's, P-1 (short-term) and Aa3 (long-term) from Moody's and F1 (short-term) / A+ (long-term) from Fitch. Furthermore, since no collateral has been transferred, the company does not need these swaps to hedge its risk. They have therefore been neutralized with BFCM.

Market risk

In accordance with its limited corporate purpose, Crédit Mutuel Home Loan SFH is not involved in any capital market activity other than issuing covered bonds and on-lending the funds raised in this way to BFCM under the same terms.

An adverse change in market conditions would only affect Crédit Mutuel Home Loan SFH's ability to raise funds in the bond market.

3. LIQUIDITY RISK

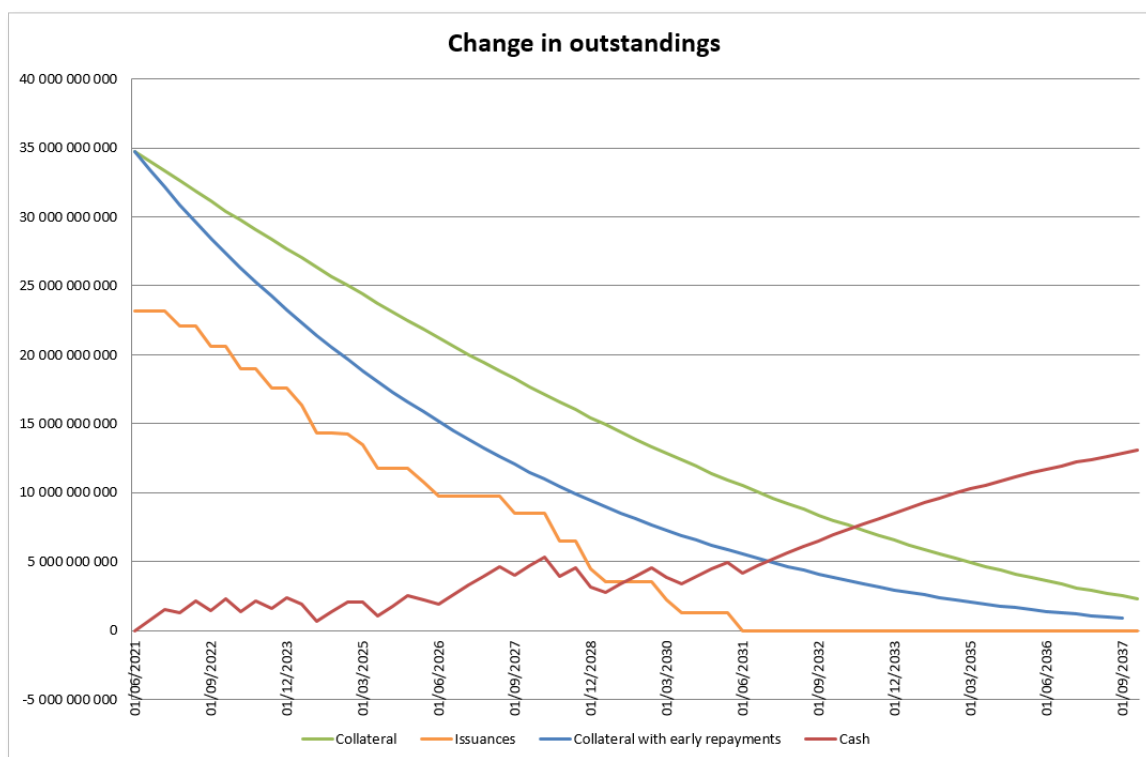
Crédit Mutuel Home Loan SFH operates in such a way that it is not exposed to liquidity risk. Since its sources and uses of funds are perfectly matched by term, Crédit Mutuel Home Loan SFH does not engage in maturity transformation.

- The only way the company could be exposed to liquidity risk would be if BFCM were to default. The company would then need to enforce its security and would become the owner of the home loans. The issue program documentation provides for a pre-maturity test to address this risk.
- The pre-maturity test requires BFCM to set aside a cash security deposit in the 180 business days before a covered bond issue matures. This deposit must be sufficient to cover the principal repayments falling due during the period in question.
- This pre-maturity test was triggered after Fitch Ratings downgraded BFCM's short-term credit rating to F1 on July 17, 2013. As a result, collateral was put in place to cover issues due to mature within 180 business days, and the funds thus obtained were deposited in term accounts maturing in less than 30 days.
- Fitch Ratings upgraded BFCM's short-term rating from F1 to F1+ on March 30, 2020. The use of the pre-maturity test is therefore no longer contractually required, but the decision was made to maintain the cash collateral for the 180-day regulatory liquidity requirements. The amount of this collateral was €1.000 billion at June 30, 2021.

These mechanisms are considered compliant with the requirements of Article R.513-7 of the French Monetary and Financial Code.

- Should BFCM default, the company would become the owner of the home loans offered as collateral.

The chart below shows the portfolio's amortization profile compared with the amortization of the issues and the resulting cash balance (not taking into account early repayments).



This simulation does not show any cash shortfalls.

- The company is subject to the LCR on an individual basis but benefits from an exemption from application of the 75% ceiling on cash receipts, granted to it by the Supervisory College of the ACPR in a letter dated August 1, 2014. Accordingly, given the company's operating model (issues of securities on-lent to BFCM with the same characteristics), this ratio is always observed.

4. OPERATIONAL RISK

In line with its articles of association, Crédit Mutuel Home Loan SFH has no resources of its own. All tasks are subcontracted to BFCM, CIC and CFdeCM under various agreements. Internal control of outsourced activities is organized in accordance with the process defined by Group Compliance.

The company's operational risk policy is in line with the global policy implemented by Crédit Mutuel Alliance Fédérale, particularly in terms of the Emergency and Business Continuity Plan.

5. LEGAL RISK

Legal risk has been analyzed in detail by rating agencies, which have assigned their top rating (AAA) to Crédit Mutuel Home Loan SFH's program.

To help it achieve its corporate purpose, Crédit Mutuel Home Loan SFH is advised by external legal advisers, including law firms.

More broadly, under the above-mentioned agreements, Crédit Mutuel Home Loan SFH receives assistance from Crédit Mutuel Alliance Fédérale for all its activities.

IV. RESEARCH AND DEVELOPMENT ACTIVITIES

In light of Article L.232-1 of the French Commercial Code, readers are informed that the company has not engaged in any research and development activity during the year under review.

V. APPENDICES

- 1. STATUTORY AUDITORS' REPORT ON INTERIM FINANCIAL INFORMATION**
- 2. FINANCIAL STATEMENTS**

Crédit Mutuel Home Loan SFH

**Statutory Auditors' report on interim
financial information**

(Period from January 1, 2021 to June 30, 2021)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
French simplified joint-stock company
(S.A.S.) with capital of €2,510,460
Nanterre Trade and Companies Register
No. 672 006 483

Statutory Auditor Member of
the Regional Association
of Accountants of Versailles and Centre

Ernst & Young et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
French simplified joint-stock
company with variable capital
(S.A.S. à capital variable)
Nanterre Trade and Companies
Register No. 438 476 913

Statutory Auditor Member of
the Regional Association
of Accountants of Versailles and Centre

Statutory Auditors' report on interim financial information

(Period from January 1, 2021 to June 30, 2021)

To the Shareholders,
Crédit Mutuel-CIC Home Loan SFH
6 avenue de Provence
75452 Paris Cedex 9

In fulfillment of the assignment entrusted to us by your shareholders' meeting and pursuant to Article L.451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the interim financial statements of Crédit Mutuel-CIC Home Loan SFH for the period from January 1, 2021 to June 30, 2021, as appended to this report, and
- verified the information provided in the interim activity report.

Due to the global crisis related to the Covid-19 pandemic, the interim financial statements were prepared and audited under unique conditions. This crisis and the exceptional measures taken in response to the health emergency had many consequences for companies, in particular for their business and their financing, and led to heightened uncertainty about their future outlook. Some of these measures, such as travel restrictions and remote working, also had an impact on companies' internal organization and on the procedures for carrying out our work.

These interim financial statements were prepared under the responsibility of the Board of Directors. It is our duty, on the basis of our limited review, to report our conclusions on these financial statements.

I - Conclusions on the financial statements

We have conducted our limited review according to auditing standards applicable in France.

A limited review primarily entails speaking with the members of management in charge of accounting and financial matters and applying analytical procedures. This review is less extensive than that required for an audit conducted according to auditing standards applicable in France. Therefore, the assurance obtained through a limited review that the financial statements as a whole are free of material misstatements is moderate and not as high as the assurance obtained through an audit.

Based on our limited review, we have not identified any material misstatements that could

lead us to question, in accordance with French accounting rules and principles, that the interim financial statements are accurate and present a true and fair view of the company's assets, liabilities and financial position at the end of the half-year period and of the results for said period.

II - Specific verification

We have also verified the information provided in the interim activity report regarding the interim financial statements covered by our limited review.

We have no comments regarding the fairness of this information and its consistency with the interim financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 30, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit

Ernst & Young et Autres

Nicolas Montillot

Hassan Baaj

CREDIT MUTUEL HOME LOAN SFH

Statutory financial statements for the period ended June 30, 2021

- Statement of financial position
- Income statement
- Notes

STATUTORY FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

ASSETS (€ millions)	Note	2021 June 30	2020 December 31
Cash, central banks			
Government securities and similar instruments			
Receivables due from credit institutions	2	24,507.9	26,295.5
Client transactions			
Bonds and other fixed-income securities			
Equities and other variable-income securities			
Investments in subsidiaries and other long-term investments			
Investments in associates			
Lease and similar transactions			
Intangible assets			
Property, plant and equipment			
Subscribed capital not paid			
Treasury shares			
Other assets	3	2.6	2.3
Accruals and deferred income	4	83.7	76.6
Total assets		24,594.2	26,374.4
Off-statement of financial position items			
		2021 June 30	2020 December 31
Commitments received			
Financing commitments			
Commitments received from credit institutions			
Guarantee commitments			
Commitments received from credit institutions	10	35,001.2	35,001.0
Securities commitments			
Optional repurchase agreements			
Other commitments received			

STATEMENT OF FINANCIAL POSITION

LIABILITIES (€ millions)	Note	2021 June 30	2020 December 31
Central banks			
Due to credit institutions			
Client transactions			
Debt securities	5	23,226.1	24,061.3
Other liabilities	3	1,000.0	1,950.3
Accruals and deferred income	4	83.8	76.9
Provisions			
Subordinated debt	6	60.1	60.1
Fund for general banking risks			
Shareholders' equity	7	224.2	225.8
- Subscribed capital		220.0	220.0
- Issue premiums			
- Reserves		2.1	1.9
- Revaluation reserve			
- Untaxed provisions			
- Retained earnings		0.1	
- Profit/(loss) for the period		2.0	3.9
Total liabilities and shareholders' equity		24,594.2	26,374.4
Off-balance sheet		2021	2020
		June 30	December 31
Commitments given			
Financing commitments			
Commitments given to credit institutions			
Commitments given to customers			
Guarantee commitments			
Commitments given on behalf of credit institutions			
Commitments given on behalf of customers			
Securities commitments			
Optional resale agreements Other commitments given			

INCOME STATEMENT

(€ millions)	Note	2021 June 30	2020 June
+ Interest and similar income	13	162.0	211.1
+ Interest and similar expense	13	(158.8)	(208.4)
+ Income from variable-income securities			
+ Fee and commission income			
+ Fee and commission expense			
+/- Gains (losses) on trading portfolio transactions		0.1	
+/- Gains (losses) on investment portfolio and similar transactions			
+ Other banking operating income			
+ Other banking operating expense			
= Net banking income		3.2	2.7
+ Employee benefits expense			
+ Other administrative expenses		(0.5)	(0.4)
+ Depreciation and amortization			
= Operating expenses		(0.5)	(0.4)
= Gross operating income		2.7	2.3
+ Net additions to/reversals from provisions for loan losses			
= Operating income		2.7	2.3
+/- Gains (losses) on non-current assets			
= Income before non-recurring items		2.7	2.3
+/- Non-recurring items			
+ Corporate income tax	14	(0.8)	(0.7)
+/- Movements in fund for general banking risks			
+/- Movements in untaxed provisions			
= Net profit/(loss)		2.0	1.6

STATEMENT OF CASH FLOWS

**1st half
2021** **1st half
2020**

(€ millions)

Net profit/(loss)	1,994	1,618
Taxes	753	698
Profit/(loss) before tax	2,747	2,316
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	0	0
- Impairment of goodwill and other non-current assets	0	0
+/- Net charges to provisions and impairment	0	0
+/- Share of profit/(loss) of equity-consolidated companies	0	0
+/- Net loss/gain from investing activities	0	0
+/- (Income)/expenses from financing activities		0
+/- Other movements	4,009	(11,529)
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	4,009	(11,529)
+/- Cash flows relating to transactions with credit institutions	1,647,056	(2,439,774)
+/- Cash flows relating to client transactions	0	0
+/- Cash flows relating to other transactions affecting financial assets and liabilities	0	0
+/- Cash flows relating to other transactions affecting non-financial assets or liabilities	(949,090)	702,062
- Tax paid	(1,097)	(780)
Net decrease/(increase) in assets and liabilities from operating activities	696,869	(1,738,492)
Total net cash flow generated by operating activity (A)	703,625	(1,747,705)
+/- Cash flows relating to financial assets and investments	0	0
+/- Cash flows relating to investment property	0	0
+/- Cash flows relating to property, plant and equipment and intangible assets	0	0
Total net cash flow generated from investing activities (B)	0	0
+/- Cash flows relating to transactions with shareholders (1)	(3,630)	(2,970)
+/- Other net cash flows from financing activities (2)	(700,000)	1,750,000
Total net cash flow generated from financing transactions (C)	(703,630)	1,747,030
Effect of exchange rate changes on cash and cash equivalents (D)	0	0
Net increase/(decrease) in cash and cash equivalents (A + B + C + D)	(5)	(675)
Net cash flow from operating activities (A)	703,625	(1,747,705)
Net cash flow from investment activities (B)	0	0
Net cash flow from financing activities (C)	(703,630)	1,747,030
Effect of exchange rate changes on cash and cash equivalents (D)	0	0
Cash and cash equivalents at beginning of period	277,824	278,123
Cash and central banks (assets and liabilities)	0	0
Accounts (assets and liabilities) and demand lending/borrowing with credit institutions	277,824	278,123
Cash and cash equivalents at end of period	277,819	277,448
Cash and central banks (assets and liabilities)	0	0
Accounts (assets and liabilities) and demand lending/borrowing with credit institutions	277,819	277,448
Change in net cash position	(5)	(675)

(1) Cash flows relating to transactions with shareholders include:

- dividends paid by CIC to its shareholders for -€493 million for 2020;
- dividends paid to non-controlling interests for -€6 million;

INFORMATION ON STATEMENT OF FINANCIAL POSITION, OFF-STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT ITEMS

The notes to the financial statements are presented in millions of euros.

Significant events during the period under review

In the first half of 2021, Crédit Mutuel Home Loan SFH issued €1.25 billion in EMTN bonds. Taking into account issues that had reached maturity, total issues on the statement of financial position were €23.1 billion at June 30, 2021.

Crédit Mutuel Home Loan SFH is a 99.99%-owned subsidiary of Banque Fédérative du Crédit Mutuel.

NOTE 1: Accounting principles, valuation and presentation methods

The statutory financial statements are prepared in accordance with *Autorité des normes comptables* (ANC - French Accounting Standards Authority) regulation 2014-07 related to the financial statements of banking sector firms and included in the compendium of French accounting standards for the banking sector.

Loans

Loans are recorded on the statement of financial position at their nominal value.

Foreign currency-denominated assets and liabilities

Assets and liabilities denominated in a currency other than the local currency are translated at the official exchange rate on the reporting date. Unrealized foreign exchange gains or losses resulting from these translations are recognized on the income statement with the exchange gains or losses realized or incurred on transactions carried out during the period.

Interest and commissions

Interest is recognized on the income statement on a pro rata temporis basis. Commissions are recorded using the cash receipt criterion, with the exception of commissions relating to financial transactions, which are recorded at the close of the issue or when invoiced.

NOTE 2 – Receivables due from credit institutions

	June 30, 2021		December 31, 2020	
	Demand deposits	Term deposits	Demand deposits	Term deposits
Current accounts	277.8		277.8	
Loans and securities received under repurchase agreements (*)		24,103.2		25,750.3
Securities delivered under Non-performing loans Impairment		126.9		267.4
Total	277.8	24,230.1	277.8	26,017.7
Total receivables due from credit institutions		24,507.9		26,295.5
of which non-voting loan stock of which				

(*) BFCM is the only counterparty to the loans granted.

NOTE 3 - Other assets and liabilities

	June 30, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Premiums on options				
Guarantee deposits	2.5	1,000.0	1.9	1,950.0
Securities settlement accounts				
Debt representing securities borrowed				
Deferred tax				0.3
Other receivables and payables		0.0		
Accrued interest	0.1		0.4	
Impairment				
Total	2.6	1,000.0	2.3	1,950.3

NOTE 4 - Accruals

	June 30, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Collection accounts				
Currency and off-statement of financial position adjustment accounts	3.1	3.1	1.9	1.9
Other accruals	80.6	80.7	74.7	75.0
Total	83.7	83.8	76.6	76.9

Accrual accounts - liabilities mainly concern EMTN issue premiums.
Accrual accounts - assets reflect accruals - liabilities at the loan level.

INFORMATION ON STATEMENT OF FINANCIAL POSITION AND OFF-STATEMENT OF FINANCIAL POSITION ITEMS

NOTE 5 - Debt securities

	June 30, 2021	December 31, 2020
Certificates of deposit		
Interbank instruments and negotiable debt securities		
Bonds	23,103.2	23,800.3
Other debt securities		
Accrued interest	122.8	261.0
Total	23,226.1	24,061.3

Borrowings are in EUR and NOK

NOTE 6 - Subordinated debt

	December 31, 2020	Issues	Redemptions	Other Change	June 30, 2021
Subordinated debt					
Non-voting loan stock					
Perpetual subordinated debt	60.0				60.0
Accrued interest	0.1				0.1
Total	60.1				60.1

Main subordinated debt issues:

	OUTSTANDINGS	INTEREST RATE	MATURITY
PERPETUAL SUBORDINATED LOAN STOCK 2007	60.0	3-month Euribor + 0.66	**
TOTAL	60.0		

This is an "indefinite term" subordinated loan, in euros, with the possibility of early repayment (without payment conditions) at each interest payment date, subject to ACPR approval.

NOTE 7 - Shareholders' equity and fund for general banking risks (FRBG)

	Share capital	Premiums	Reserves	Retained earnings	Profit (loss) for the	Total	FRBG
Balance at January 1, 2020	220.0		1.8		3.1	224.9	
Profit (loss) for the period					3.9	3.9	
Appropriation of earnings from previous year			0.2	2.9	(3.1)	(0.0)	
Distribution of dividends				(3.0)		(3.0)	
Capital increase							
Impact of revaluations							
Other changes							
Impact of the merger							
Balance at December 31, 2020	220.0		1.9	0.0	3.9	225.8	
Balance at January 1, 2021	220.0		1.9		3.9	225.8	
Profit (loss) for the period					2.0	2.0	
Appropriation of earnings from previous year			0.2	3.7	(3.9)	0.0	
Distribution of dividends				(3.6)		(3.6)	
Capital increase							
Impact of revaluations							
Other changes							
Impact of the merger							
Balance at June 30, 2021	220.0		2.1	0.1	2.0	224.2	

At June 30, 2021, the share capital comprised 22,000,000 shares with a par value of €10 each.

BFCM held 99.99% of the capital of Crédit Mutuel Home Loan SFH at June 30, 2021.

As such, it is fully consolidated in the consolidated financial statements of Crédit Mutuel Alliance Fédérale and at the Crédit Mutuel national consolidation level.

INFORMATION ON STATEMENT OF FINANCIAL POSITION AND OFF-STATEMENT OF FINANCIAL POSITION ITEMS

NOTE 8 – Analysis of certain assets/liabilities by residual maturity

	< 3 months and	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Perpetual	Accrued interest	Total at June 30, 2021
ASSETS							
Receivables due from credit institutions	1,277.7	1,032.3	12,422.5	9,775.4			24,507.9
Receivables due from customers							
Bonds and other fixed-income securities							
LIABILITIES							
Due to credit institutions							
Due to customers							
Debt securities							
- Certificates of deposit							
- Interbank certificates and negotiable debt							
- Bonds		1,032.1	12,419.9	9,774.1			23,226.1
- Other							
Subordinated debt					60.0	0.1	60.1

NOTE 9 – Euro-equivalent of foreign currency-denominated assets and liabilities

The euro equivalent of foreign currency-denominated assets and liabilities was -€112.0 million and €112.0 million, respectively, at June 30, 2021.

NOTE 10 - Guarantee commitments

The loans granted by Crédit Mutuel Home Loan SFH to BFCM are guaranteed by eligible home loans from the Crédit Mutuel Alliance Fédérale's branch network, in accordance with Article 431-7 of the French Monetary and Financial Code.

At June 30, 2021, the amount of this collateral was €35.0012 billion, versus €35.0010 billion at December 31, 2020.

NOTE 11 - Forward financial instruments - Counterparty risk

The counterparty risk associated with forward financial instruments is estimated according to the methodology used to calculate prudential ratios.

Credit risks on forward financial instruments	June 30, 2021	12/31/2020
GROSS EXPOSURE		
Credit institution risk	8.5	11.8
Company risk		
TOTAL	8.5	11.8

Fair value of forward financial instruments	June 30, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Fair value of forward financial instruments	14.2	14.2	18.2	18.2

NOTE 12 - Other off-statement of financial position commitments

	30.06.2021	12/31/2020
Foreign currency transactions		
- Currencies receivable		
- Currencies payable		
Commitments on forward financial instruments		
Transactions carried out on organized and similar markets		
- Forward foreign exchange transactions		
. Hedging		
. Other transactions		
- Financial foreign exchange swaps		
. Separate open position		
. Micro-hedging	239.9	236.9
. Overall interest rate risk		
. Specialized management		

NOTE 13 - Interest income and expense

	June 30, 2021		June 30, 2020	
	Income	Expense	Income	Expense
Credit institutions	160.6	(1.2)	208.6	2.0
Customers				
Finance leases and operating leases				
Bonds and other fixed-income securities		(157.6)		(210.5)

**INFORMATION ON STATEMENT OF FINANCIAL POSITION AND
OFF-STATEMENT OF FINANCIAL POSITION ITEMS**

Other	1.4		2.5	
Total	162.0	(158.8)	211.1	(208.4)
of which subordinated debt expense				

NOTE 14 - Corporate income tax

	June 30, 2021	June 30, 2020
Current income tax - Amount for the period	0.8	0.7
Current tax - Adjustments for previous periods		
Current income tax - Effect of tax consolidation		
TOTAL	(0.8)	(0.7)
On ongoing operations	(0.8)	(0.7)
On non-recurring items		
TOTAL	(0.8)	(0.7)

Effective January 1, 2016, Caisse Fédérale de Crédit Mutuel opted for "mutual tax consolidation" in accordance with Article 223 A, paragraph 5 of the French General Tax Code.

There are no tax loss carryforwards.