



# INVESTOR PRESENTATION

June 2011

**Crédit Mutuel**  
*Banque Fédérative*

**Crédit Mutuel - CIC**  
*Home Loan SFH*

# Disclaimer

- This presentation has been prepared by Banque Fédérative du Crédit Mutuel ("BFCM") solely for use in the roadshow presentation
- CM5-CIC is constituted by the addition of 5 Crédit Mutuel fédérations : Centre-Est-Europe, Sud-est, Ile de France, Savoie Mont-Blanc and Midi-Atlantique Fédérations of Crédit Mutuel
- As of January 2011, 5 others fédérations have joined the Group : Loire Atlantique, Normandie, Centre, Dauphiné-Vivarais and Méditerranée to constitute CM10-CIC
- Crédit Mutuel-CIC represents the perimeter of CM5-CIC until the December 2010 and of CM10-CIC starting as of January 2011
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- Financial Dec 2010 are provisory and non audited data

# Agenda

- [Crédit Mutuel-CIC Group](#)
- Crédit Mutuel-CIC Group Funding Strategy
- Société de Financement à l'Habitat: New Legal Framework
- Crédit Mutuel Home Loan SFH Programme
- French Home Loan Market
- Conclusion
- Appendices

# Origins of Crédit Mutuel

- **Co-operatives roots**

- > At the end of the 19th century, Frédéric-Guillaume Raiffeisen (1818-1888), elaborated a new concept to fight against the poverty of farmers and handworkers
- > He imagined and encouraged the creation of mutual local banks managing the deposits and loans of their members, financing the local farming sector and development of new technologies, under the responsibility of the community members



- **The framework of the Crédit Mutuel is founded:**

- > 1882, creation of the first Caisse de Crédit Mutuel in Alsace (North-Eastern part of France)
- > Loans are granted only to members
- > Each member of the Caisse has only one vote
- > The directors are not remunerated (pro-bono)
- > The financial surplus is not distributed to the members but placed into a non distributable reserve



- **These principles still apply today**

- > Crédit Mutuel is a co-operative group at the service of its members
- > Which promotes a rationale development

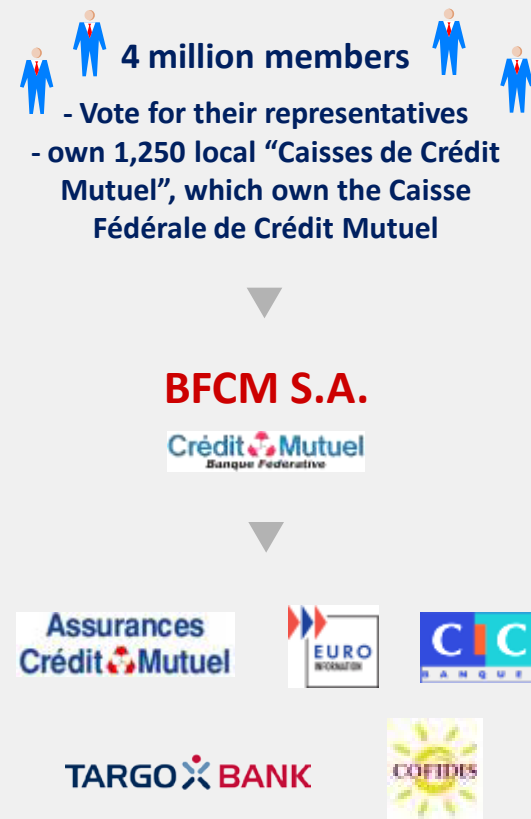


# Crédit Mutuel-CIC : a co-operative retail-oriented Group

- 1,250 Caisses de Crédit Mutuel (CCM) hold the capital of their central bank, the Caisse Fédérale de Crédit Mutuel (CFCM)
  - > CCM and CFCM share a unique banking license
- The Caisse Fédérale de Crédit Mutuel holds 95% of BFCM S.A., a commercial bank which :
  - > Coordinates activities of its subsidiaries : finance, insurance, real estate, IT
  - > Manages the liquidity and the debt issues of the Group
- 23.3 million customers
  - > Through 4,500 branches in France, Germany, Spain and West European countries
- Retail banking, insurance and related activities are the recurrent and dominant sources of revenues
  - > These related activities include private banking, private equity, Corporate & Investment banking
  - > 85% of Net Banking Income provides from the “Bancassurance” activity
- Financial strength due to mutual structure
  - > Pay out < 10%

## Crédit Mutuel-CIC's organization

As at January 1<sup>st</sup> 2011



# Latest developments: strategic positions reinforced throughout the financial crisis

Group

Funding

Crédit Mutuel Home Loan SFH

French Home Loan market

Conclusion

Appendices

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2008

2009

2010

## Internal growth

Opening of new branches

Partnerships in IT, insurance with other Crédit Mutuel "Fédérations"

## Acquisitions

Banco Popular France



Iberbanco

Citibank Deutschland



TARGO BANK

Cofidis



50% of Banque Casino



## Alliances & Partnerships

Long-term alliance with Banco Popular



Industrial Partnership with Dexia



- Acceleration of strategic focus on core business model (retail banking) with organic growth completed by acquisitions and partnerships
  - > Wider product coverage
  - > Geographical conquest

# Crédit Mutuel-CIC Networks



# 85% of Net Banking Income comes from “Bancassurance” activity

## Dynamism and resilient business model lead to an overall good performance in 2010 : € 2.3bn Net Result (+63%)

Group’s profitability driven by:

- Commercial dynamism

- > Strong rise in revenues confirmed: NBI +7,6% to €10.9bn
- > Proven strength of bancassurance model: +11,4%, representing 88% of consolidated NBI
- > CIB : Activities more client-driven
  - Corporate Banking’s resilient & profitable business
  - Investment Banking : Plan achieved to reduce equity capital allocated to market activities : from €550 to €350 m

- Operating efficiency

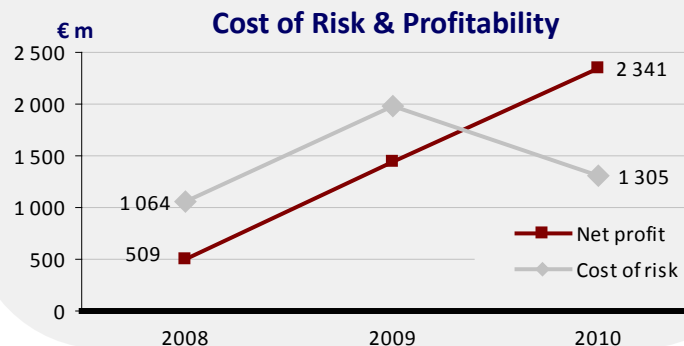
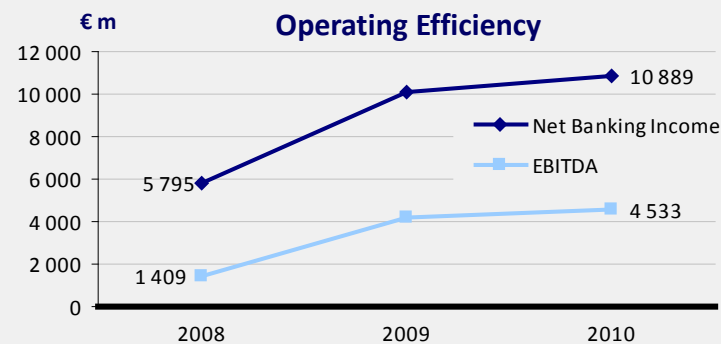
- > Recurrent ability to industrialize processes and lower cost-to-income ratio, despite reducing Inv Banking weight
- > 3,8 pts gain yoy in “Bancassurance” cost-to-income ratio, under 55%

- Continued reduction in the cost of risk

- > € 0.6bn (-34%)
- > Nature of the Retail banking oriented business model
- > Conservative and prudent approach to risk taking, strong risk management and monitoring

Revenues by Business Lines

Revenues (€ m)	2009	2010	var 10/09
Retail banking	7 661	8 401	+9,7%
Insurance	956	1 198	+25,3%
Private banking	397	404	+1,8%
CIB	1 532	1 074	-29,9%
PE	49	191	+289,8%
Holding & structure	-473	-379	-19,9%
<b>Total NBI</b>	<b>10 122</b>	<b>10 889</b>	<b>+7,6%</b>



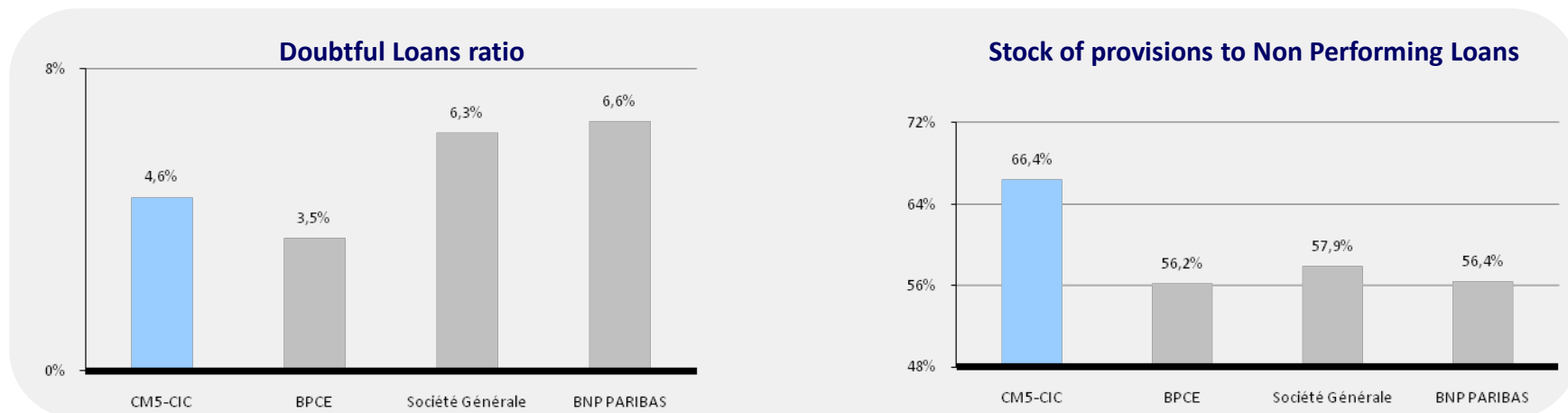


# 2010 assets quality vs peer group: a profile of performing and less risky assets, prudently managed

- Good operating performance achieved with high quality assets



- A risk profile under control, but an affirmed prudent policy



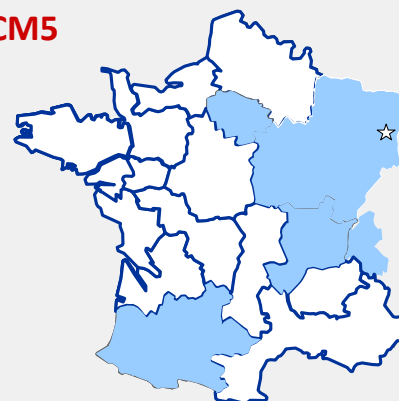
Source: banks press release (\*) estimated by CM analysts

# 2011 Q1: Good fundamentals have enabled the group to continue its sustainable development in Q1

- **Good overall performance**
  - > Retail banking, Insurance, Private Banking & CIB : performed
  - > Continued reduction in cost of risk in 2011
- **Integration of 5 Crédit Mutuel federations on January 1<sup>st</sup> 2011 to become CM10-CIC**
  - > A growing number of Crédit Mutuel federations join a strong and structuring partnership with the group
  - > To Access Group's financial balance / Liquidity systems / Refinancing capacities
  - > To access powerful growth sources in order to invest in the network, in a context of sharper competition
  - > To access efficient systems as Technologies, bancassurance, and CM-CIC Services
  - > & to participate the Group's governance and decision-making
  - > +1,5 million members / + 1,8 million clients...

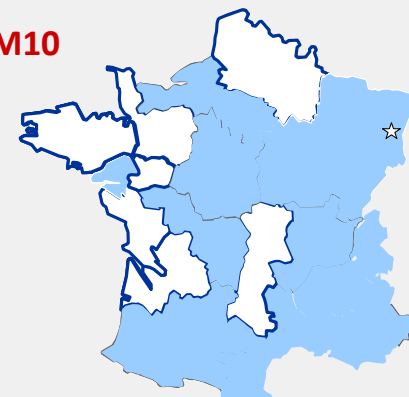
Q1 elements of P&L (€ m) Not audited ,excluded IAS 34	March 2011 CM10-CIC	March 2010 CM5-CIC	2011/2010 CONSTANT SCOPE
<b>NET BANKING INCOME</b>	<b>3 105</b>	<b>2 714</b>	<b>+3,7%</b>
of which retail	2 289	2 097	-2%
of which Insurance	284	227	+25.1%
of which CIB	435	377	+15,4%
of which private banking	126	97	+29,6%
of which private equity	29	43	-33,3%
of which structure &holding	86	44	+29,6%
of which inter activities	(144)	(170)	-15,3%
<b>Cost of risk</b>	<b>(267)</b>	<b>(411)</b>	<b>-38,7%</b>

CM5



2010 consolidation scope

CM10



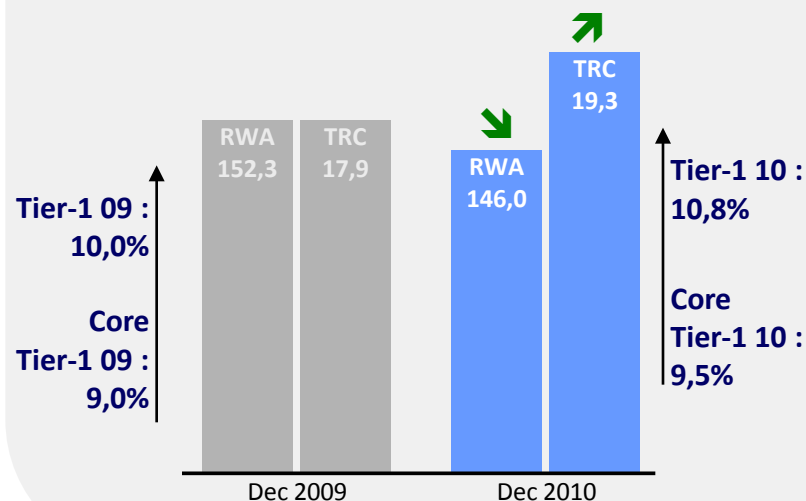
2011 consolidation scope

# Group's equity capital : 10.8% Tier One ratio, 9.5% Core Tier One ratio as at December 2010

- Due to cooperative status, core capital is constituted by members shares and reserves
  - > Each member can hold up to €50,000
  - > Average investment is €16,000
  - > Regular and continual inflow of subscription by the members
  - > Massive inflow of member's subscription by special campaign
- Low pay-out policy and automatic capitalization
  - > more than 90% of annual net profit are locked in by-law non-distributable reserves
- RWA down vs Regulatory capital up lead to continuous financial strengthening
  - > 10.8% tier-1
  - > 9.5% core tier-1
  - > €19.3 bn Reg capital

Capital's breakdown	June 30 <sup>th</sup> 2010
Members equity	20,1%
Non-distributable reserves	60,2%
Minority interests	13,4%
Perpetual Subordinated Notes	6,2%
<b>TOTAL</b>	<b>100%</b>

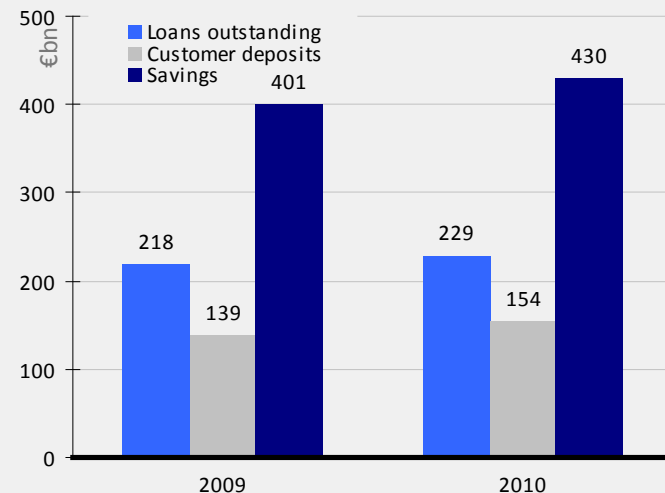
Total Regulatory Capital vs RWA (€ bn)



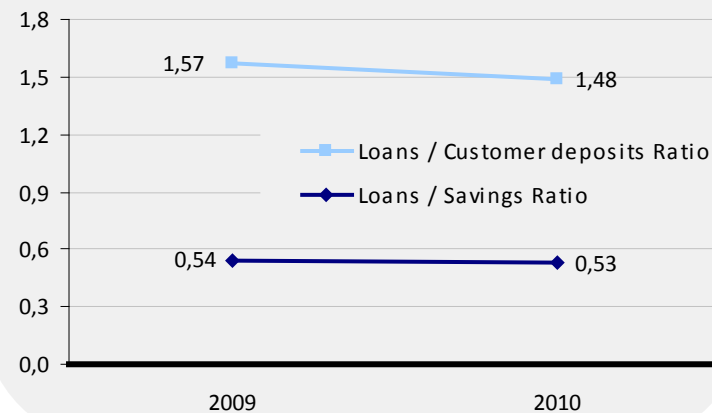
# A large deposits base : Clients maintain sound confidence in the Group's financial strength

- €30.0bn increase in savings to €430bn
  - > Of which € 15bn up in clients' deposits
  - > Of which € 5bn up in insurance savings
  - > Of which € 10bn up in financial savings
- Deposits grow twice as fast as Loans : +11.5% vs +5.2%
- Improvement of the Loan-to-deposit ratios

### Outstanding Loans, Customers Deposits & Savings



### Loans to Deposits ratio / Loans to Savings ratio



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# Sound Credit Ratings

**BFCM**  
Senior Unsecured  
  
Debt Ratings

<b>Short term</b>	<b>P-1</b>	<b>A-1</b>	<b>F1+</b>
<b>Long term</b>	<b>Aa3</b>	<b>A+</b>	<b>AA-</b>
<b>Outlook</b>	Stable	Stable	Stable
<b>as of</b>	March 2011	October 2010	June 2010

expected



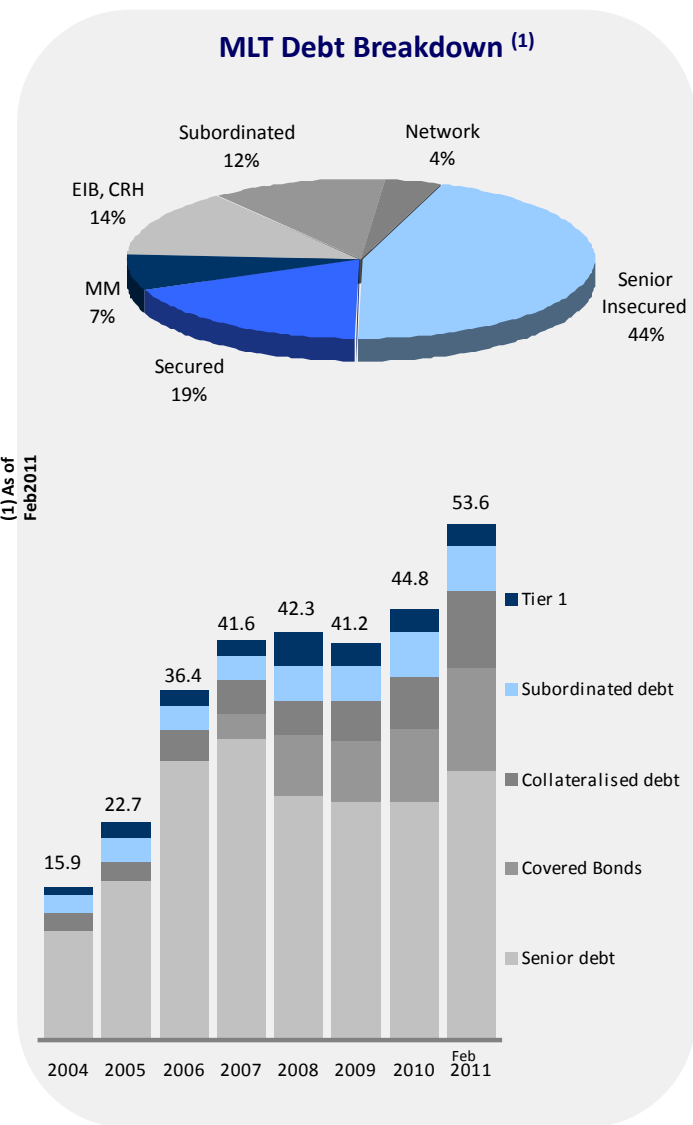
**Crédit Mutuel-CIC**  
Home Loan SFH

Debt Ratings

<b>Long term</b>	<b>Aaa</b>	<b>AAA</b>	<b>AAA</b>
<b>Outlook</b>	Stable	Stable	Stable

# A diversified funding strategy

- Large savings base : € 430 bn
- Crédit Mutuel-CIC applies a strict framework for the management of liquidity risk
  - > Monitored by BFCM SA which has the global vision of liquidity risk of the Group
  - > Based on a centralized ALM management, which defines common rules to all group entities
- The Group liquidity management policy relies on
  - > Applying a regulatory one month liquidity ratio for all the entities of the group
  - > Liquidity buffer assignable & ECB eligible, appropriate to specific and systemic stress
    - Covering more than 1 month of total closure of the markets combined with client stress
    - Can be raised in a few days up to 85% of short term funding requirements
  - > Limiting transformation ratios for commercial banking : 90% are matched by time bands from 3 months to 7 years
  - > Limiting the reliance on the interbank market
  - > Diversifying funding sources



<sup>(1)</sup> medium and long-term funding excluding deposits

<sup>(2)</sup> Bonds issued by BFCM for the retail network

# Crédit Mutuel-CIC's funding strategy

- A competitive position in selective debt markets
- 2011 MLT issuance plan estimated at €16bn
  - > €11.5bn have been already raised as at April
  - > Collateralized Public Issues: €6.2bn
  - > Unsecured Issues: €3.2bn
  - > Other: €1bn
- Total MLT outstanding: €67bn as at March'11
  - > Collateralized Public Issues: €20.6bn
  - > Unsecured Public Issues:€32bn
  - > Of which Retail Network Senior Issues:€2.5bn .....
- Objectives of the Crédit Mutuel Home Loan SHF funding
  - > Diversify Crédit Mutuel-CIC Group funding sources
  - > Provide a Aaa/AAA/AAA rated Crédit Mutuel-CIC instrument

## 2010-2011

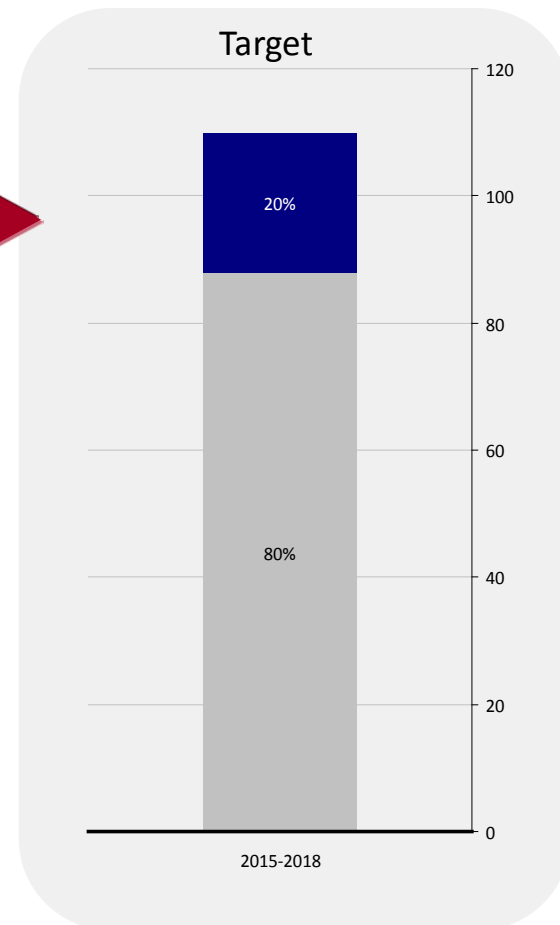
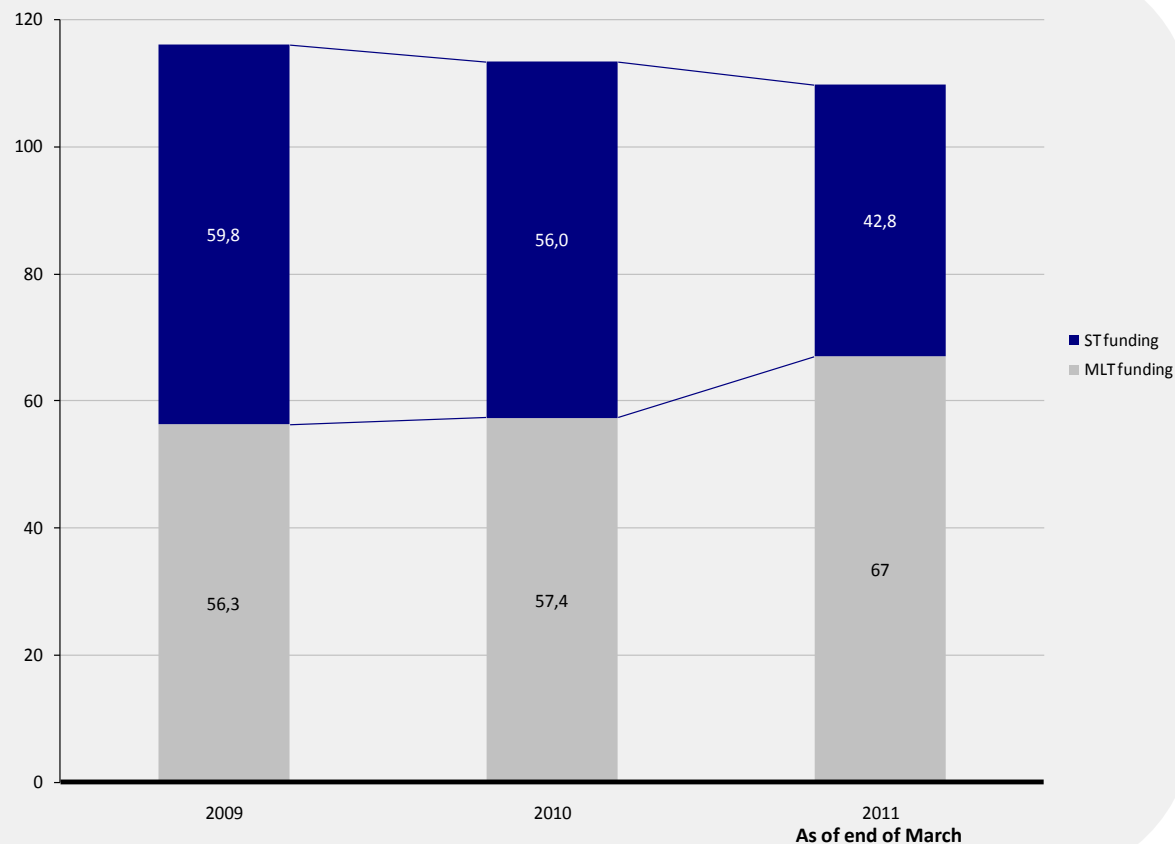
AA BFCM Senior Unsecured Bond	Size	Currency	Format	Maturity	Mid Swap +
janv-10	850	€	1.5Y	2011	40 bp
mars-10	1 250	€	3Y	2013	50 bp
juil-10	1 000	€	10Y	2020	135 bp
sept-10	500	€	2Y	2012	50 bp
oct-10	1 000	€	10Y	2020	143 bp
janv-11	1 750	€	2Y	2013	85 bp

AAA CM-CIC Covered Bond	Size	Currency	Format	Maturity	Mid Swap +
janv-10	1 500	€	5Y	2015	38 bp
Feb-10	1 000	€	7Y	2017	52 bp
juin-10	1 000	€	3Y	2013	35 bp
sept-10	1 000	€	10Y	2020	73 bp
janv-11	1 000	€	12Y	2023	85 bp
janv-11	500	€	9.5Y	2020	75,8 bp
févr-11	250	€	12Y	2023	82 bp
févr-11	1 500	€	3Y	2014	50 bp
mars-11	1 500	€	10 Y	2021	85 bp
mars-11	300	€	3 Y	2014	47 bp



# Re-balance of Medium Long Term / Short Term ressources

- To prepare Basel III
- With the objective to get 80% MLT funding by 2015-2018



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# Executive Summary

- **Banque Fédérative du Crédit Mutuel (“BFCM” or the “Borrower”)**
  - > Holding and central financing entity of the Crédit Mutuel-CIC Group
  - > Strong senior unsecured debt ratings of A+ (stable) / Aa3 (stable) / AA- (stable) by S&P, Moody’s and Fitch Ratings respectively
- **Crédit Mutuel-CIC (the “Collateral Provider”)**
  - > Third largest retail bank in France in terms of number of branches
  - > Third largest provider of home loans in France
- **Crédit Mutuel-CIC Home Loan SFH (the “Issuer”)**
  - > Crédit Mutuel-CIC Home Loan SFH is a French credit institution (établissement de crédit) approved and regulated by the regulator Autorité de Contrôle Prudentiel (ACP)
  - > Full recourse obligation of the Issuer to BFCM
  - > AAA / Aaa / AAA rated issuance with hard bullet maturities (expected)
  - > Standard covered bond features: Asset Cover Test with 80% LTV cap and 92.5% maximum asset percentage
  - > A bankruptcy of BFCM may not legally be extended to include Crédit Mutuel-CIC Home Loan SFH
- **French Home Loan Cover Pool**
  - > Only Crédit Mutuel-CIC’s French residential home loan portfolio, subject to Eligibility Criteria
  - > Prime residential mortgages and guaranteed home loans (crédits cautionnés)
  - > Weighted average indexed current LTV of 64%, weighted average seasoning of 52 months
  - > High quality and low risk Cover Pool (no arrears)
  - > Only French home loans which are very low risk by international standards

# Société de Financement de l'Habitat « SFH »:

## A new legislative framework to harmonise French Covered Bonds

- A creation of a new legal instrument: the Obligations de Financement de l'Habitat (OH), issued by the Société de Financement de l'Habitat (SFH)
  - > A dedicated Credit institution licensed & supervised by the French financial regulator (ACP)
- The Obligations de Financement de l'Habitat (OH) will :
  - > Be fully UCITS compliant
  - > Be ECB eligible
  - > Allow regulated investors to increase amounts they can invest in each SFH issuer to 25% (UCITS) and 40% (insurers)
  - > Applied 20% risk weighting in the standard approach of the CRD
- Allows to improve liquidity management
  - > 2% minimum Over-collateralization (OC)
  - > Obligation to cover all liquidity needs over a 180-day period on an ongoing base
  - > Possibility to use up to 10% of OH issued for ECB repo operations to manage liquidity proactively in the case of strain
- Bankruptcy remoteness strengthened:
  - > Insolvency/bankruptcy of its parent company can't be extended to the SFH (art. L515-27 of Code monétaire et financier)
  - > OH holders benefit from a statutory "privilège" (Art. L515-19 of Code monétaire et financier): Proceeds from the assets are allocated in priority to insure the full repayments of the "privileged" notes, even in case of insolvency/bankruptcy proceedings: Super senior (including the French Tax authority)
- Specific Controller
  - > will monitor on a monthly basis
  - > Yearly audit of the cover pool to insure compliance with legal criteria

# SFH:Framework French Peer Comparison

	Société de Financement de l'Habitat (SFH)	CRH	Structured Covered Bonds
Secured Issuances	Obligations de Financement de l'Habitat	Cover Bonds	Structured Covered Bonds
Dedicated Legal Framework	Yes	Yes	No
Eligible Assets	<p>1. Home Loans secured by:</p> <ul style="list-style-type: none"> <li>- a mortgage</li> <li>- an eligible guarantee (subject to additional specific weightings)</li> </ul> <p>2. Securitizations of the above (subject to specific rules and criteria)</p> <p>3. Replacement Assets</p>	<p>1. Home secured by:</p> <ul style="list-style-type: none"> <li>- a mortgage</li> <li>- an eligible guarantee (subject to additional specific weightings and limited to 35% of assets)</li> </ul>	<p>1. Home Loans secured by:</p> <ul style="list-style-type: none"> <li>- a mortgage</li> <li>- an eligible guarantee (subject to additional specific weightings)</li> </ul> <p>2. Replacement Assets</p>
Investor Protection	OC, 180-day liquidity needs coverage and ability to repo own issuances, controlled ALM	OC, full recourse to the participating banks in case of collateral shortfall	OC, pre-maturity and collection loss reserve tests, Hedging Strategy
Transfer of Benefit of Cover Pool	True Sale or Financial Guarantee	Financial Guarantee Only	True Sale or Financial Guarantee
Regulatory Supervision	French banking supervisor (ACP) and Specific Controller	ACP	ACP
Minimum OC	Legal (102%) and contractual (AAA compatible)	125%	Contractual (AAA compatible)
UCITS Compliance	Yes	Yes	No
CRD SA RW	20%	10%	20%

# SFH:Framework European Peer Comparison

	Société de Financement de l'Habitat (SFH)	Issuer of Hypothekenpfandbriefe
Legal Over-Collateralization	102%	102%
Underlying Real Estate property prudent re-appraisal	Yes	Yes
Maximum Loan-to-Financing	80%	60%
Include Commercial Real Estate	No	YES
Location of real estate property	UE, EEA, non EEA AAA-AA	UE, EEA, non EEA AAA (max 10%)
Replacement securities	15%	20%
Regulatory oversight	Yes, role played by the Specific Controller	Yes, role played by the Sachwalter
Acceleration of Covered Bonds	No	No
Liquidity Risk Management	180-day needs must be covered at all times	180-day needs must be covered at all times

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# Crédit Mutuel-CIC Home Loan SFH Programme

## Key Terms

Issuer	Crédit Mutuel-CIC Home Loan SFH
Programme Size	EUR 30 bn
Ratings (expected)	AAA (S&P) / Aaa (Moody's) / AAA (Fitch Ratings)
Risk Weighting	20%
Maturity Type	Hard bullet
Currency	Any
Listing	Paris
Governing Law	French
Maximum LTV	100% (with LTV cap at 80% for ACT)



# Crédit Mutuel-CIC Home Loan SFH Programme

Cover Pool as at March 2011

Group

Funding

**Crédit Mutuel Home Loan SFH**

French Home Loan market

Conclusion

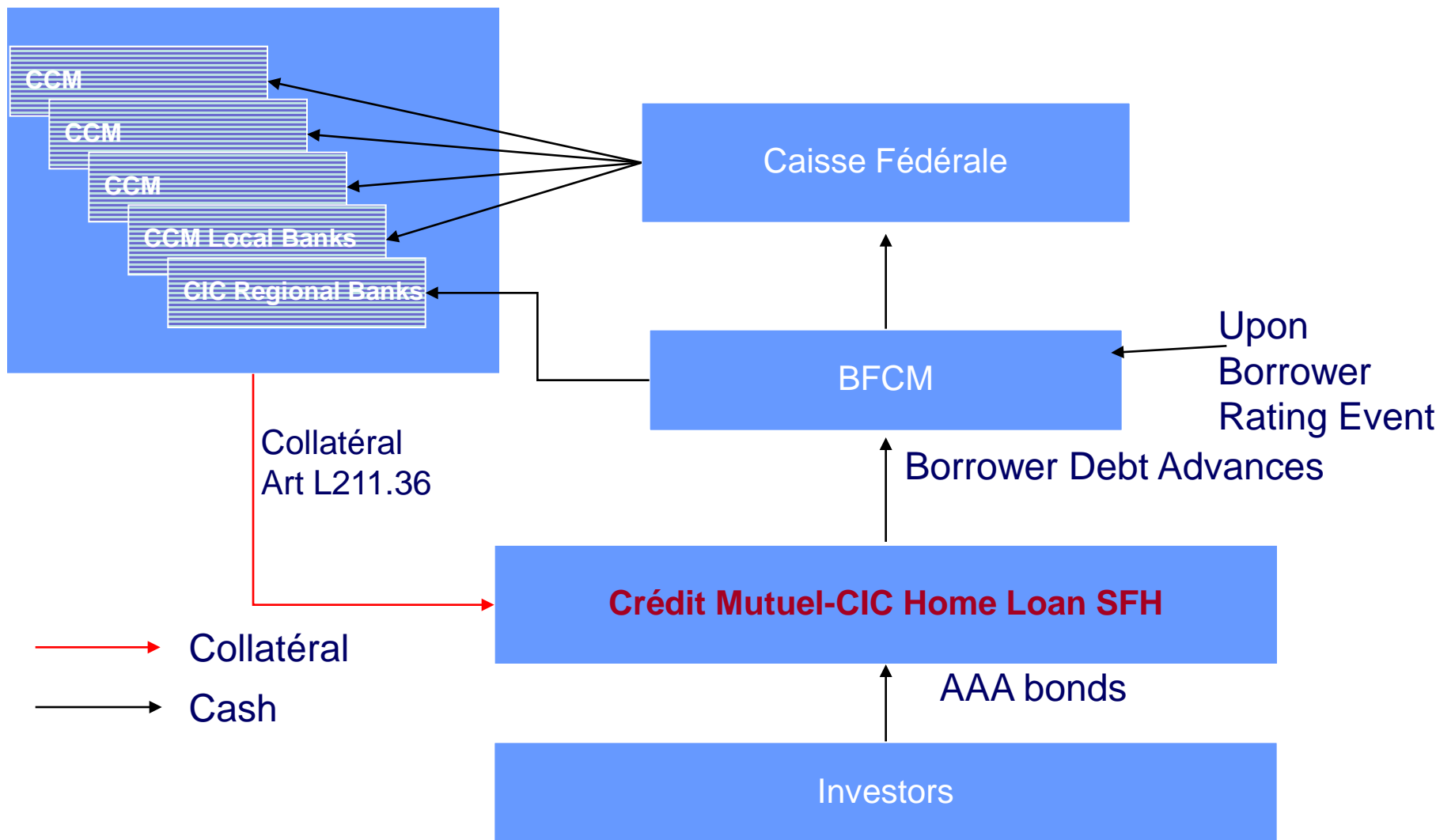
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<b>Pool Notional</b>	<b>EUR 27 bn</b>
<b>Type</b>	<b>Prime French residential mortgages and guaranteed home loans</b>
<b>Number of Loans</b>	<b>324,968</b>
<b>WA Current LTV</b>	<b>70%</b>
<b>WA Indexed LTV</b>	<b>64%</b>
<b>Seasoning</b>	<b>52 months</b>
<b>Rate Type</b>	<b>83% Fixed, 17% Floating and Indexed</b>
<b>Max Loan Amount</b>	<b>EUR 1 mn</b>
<b>Geographic Distribution</b>	<b>Ile-de-France 31%, Alsace-Lorraine 15%, Rhône-Alpes 13%, Bourgogne Franche-Comté 4%, PACA 5%, Nord Pas-de-Calais 3%.....</b>
<b>Breakdown of Cover Pool Outstanding</b>	<b>63% Mortgages, 37% guarantee</b>

# Crédit Mutuel-CIC Home Loan SFH Programme

## Structure Overview

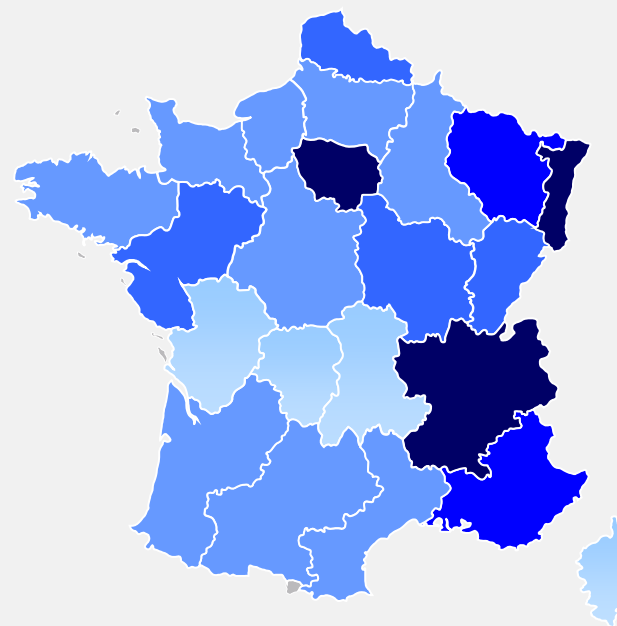
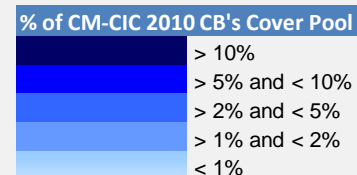


# Crédit Mutuel-CIC Home Loan SFH: the AAA issuer of Crédit Mutuel-CIC

- **Crédit Mutuel-CIC Home Loan SFH**
  - > A French credit institution, licensed and supervised by the Autorité de Contrôle Prudentiel (ACP), the French Banking Supervisory Authority
  - > Audited by Price waterhouse Coopers and Ernst & Young
- **Crédit Mutuel Home Loan SFH has a limited purpose designed to be bankruptcy remote**
  - > Its single purpose is to issue covered bonds and provide funding to the Group's entities
  - > Limited recourse and non petition clauses included in all contracts signed with third parties
  - > Double recourse to BFCM and to the collateral surety ("cover pool" of home loans)
- **In case of a Borrower Event of Default: automatic enforcement of the Collateral Surety**
  - > Regulated by common law: European collateral directive provisions transposed into the French Monetary and Financial Code (Article L211-38 July 2005)
  - > Segregation of the assets by the Collateral Providers (CM5-CIC) to the benefit of the Issuer (Crédit Mutuel Home Loan SFH)
  - > Assets will be entirely transferred in case of enforcement of the Collateral Surety
- **Crédit Mutuel-CIC Home Loan SFH will benefit from the new legal framework (SFH) which has been approved by French Parliament in October 2010 (Bankruptcy law, UCITS 22.4 compliance.)**

# Crédit Mutuel-CIC Home Loan SFH' Cover Pool

- Only prime residential mortgages and guaranteed home loans (no RMBS, no securitization, no substitution assets)
- Underlying properties exclusively located in France
- Only residential loans under French law
- Only loans originated by the group's networks are eligible
  - > Mastering the underwriting procedures
  - > Unique IT system to support the different processes
- No loans in arrears in the cover pool
- Restrictive eligibility criteria
- Home Loan origination
  - > Present in the whole country
  - > Over weighted in the wealthy areas (Paris, Lyon, Strasbourg, French Riviera )



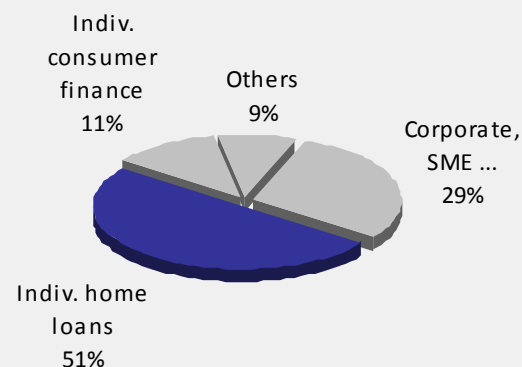
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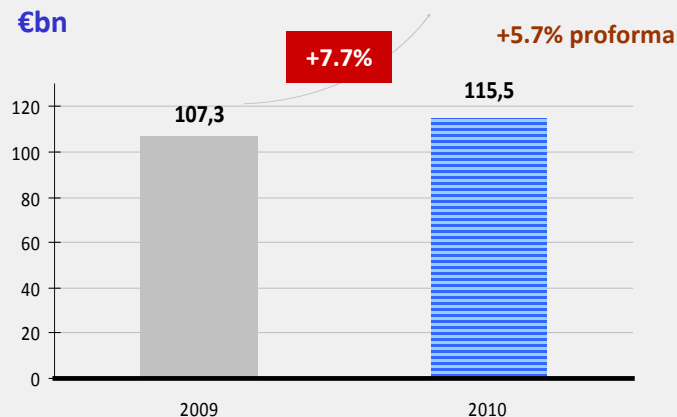
# A strong presence in the French home loan business

- Crédit Mutuel Group is one of the leader in this low risk profile French Home Loans market
  - > #3 in household home loans with a 21% market share
  - > € 115bn outstanding home loans as of end 2010
- Strengths of the group's home loan business
  - > Strong franchise in retail banking
  - > Knowledge of the local market and of clients
  - > Cross-selling with insurance business line
- Focus on organic growth

## Total Credit Outstanding = €229 bn



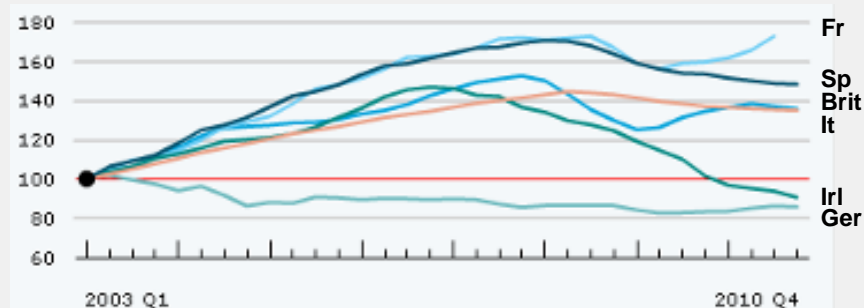
## Outstanding Home Loans



# A sound French housing market

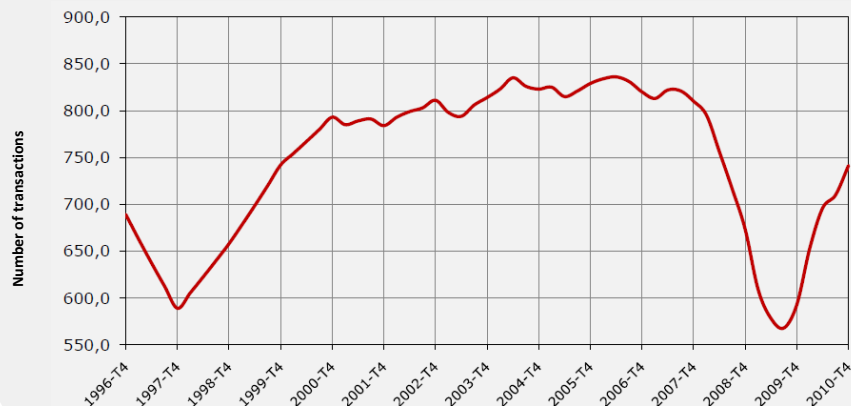
- Structurally the French home loan market is a sound and strong market
  - > Low home ownership ratio (57%) among the lowest in Europe
- Favourable structural factors
  - > French housing market characterized by inadequate growth in supply relative to growth in the number of households
  - > growing population
  - > strong and structural demand
  - > pension planning
- Prices recovery in 2010 : + 1,5%
  - > +5,3% vs low point reached in Q1 2009
  - > After a decrease of almost 8% in 2008 & 2009 , less than most European markets
- Sales volumes have increased by 25% y-o-y
  - > 1 000.000 operations in 2010

### House Price Index (Base100 = Sep/05)



Source: ESRI, Ministerio de Vivienda, Nationwide, INSEE, Hypoport

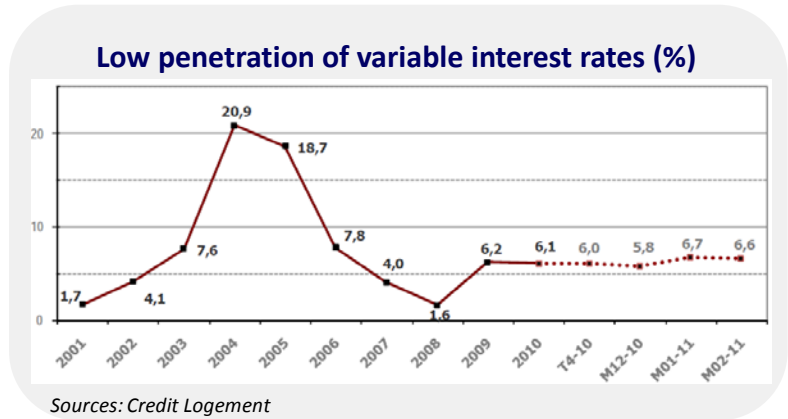
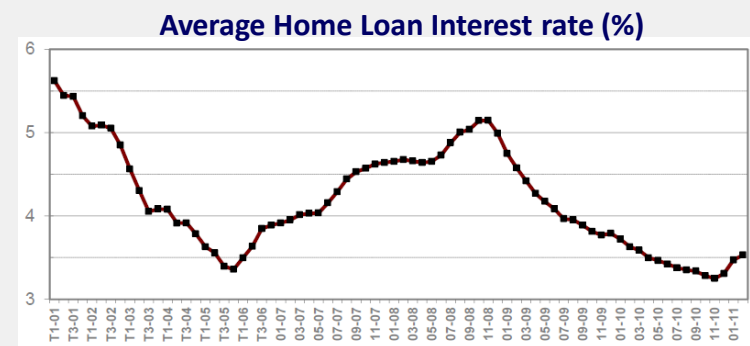
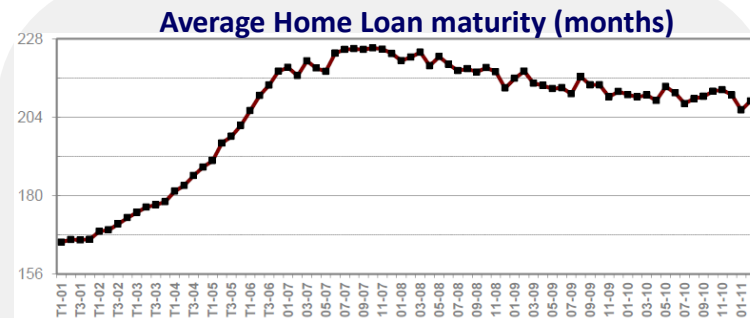
### Activity in volume (real estate)



Source: FNAIM/CGEDD

# A sound French housing market, prudently financed

- Low risk with only prime home loans and conservative origination policy
  - Borrowers' repayment cannot exceed 33% of the disposable income
  - Close analysis of the client (work status, regularity of income, credit history)
  - Home loans are attributed to the client and not to the asset
  - Sustainable maturity : < 18 years average
  - 94% of home loans have a fixed rate to maturity



Sources: Credit Logement





# Agenda

- Crédit Mutuel-CIC Group
- Crédit Mutuel-CIC Group Funding Strategy
- Société de Financement à l'Habitat: New Legal Framework
- Crédit Mutuel Home Loan SFH Programme
- French Home Loan Market
- [Conclusion](#)
- Appendices

# Conclusion

<p><b>Highly liquid and strongly rated instrument</b></p>	<p><b>AAA / Aaa / AAA by S&amp;P, Moody's and Fitch Ratings (expected)</b> <b>Exposure to the high quality French home loan market</b></p>
<p><b>Full support of the Crédit Mutuel-CIC Group</b></p>	<p><b>Third largest retail bank in France</b> <b>A+ (stable) / Aa3 (stable) / AA- (stable) by S&amp;P, Moody's and Fitch Ratings</b> <b>A stable and profitable financial structure with a low risk business model</b></p>
<p><b>Stable and growing high quality cover pool</b></p>	<p><b>Extremely low non-performing loan rate</b> <b>Tight customer scoring monitoring systems</b> <b>+7,7% individual home loan portfolio growth in 2010</b></p>
<p><b>Structural features of the programme</b></p>	<p><b>Asset Cover Test ensures overcollateralisation level and mitigates negative carry risk</b> <b>Hedging strategy and liquidity providers mitigate market and liquidity risks</b></p>

# Agenda

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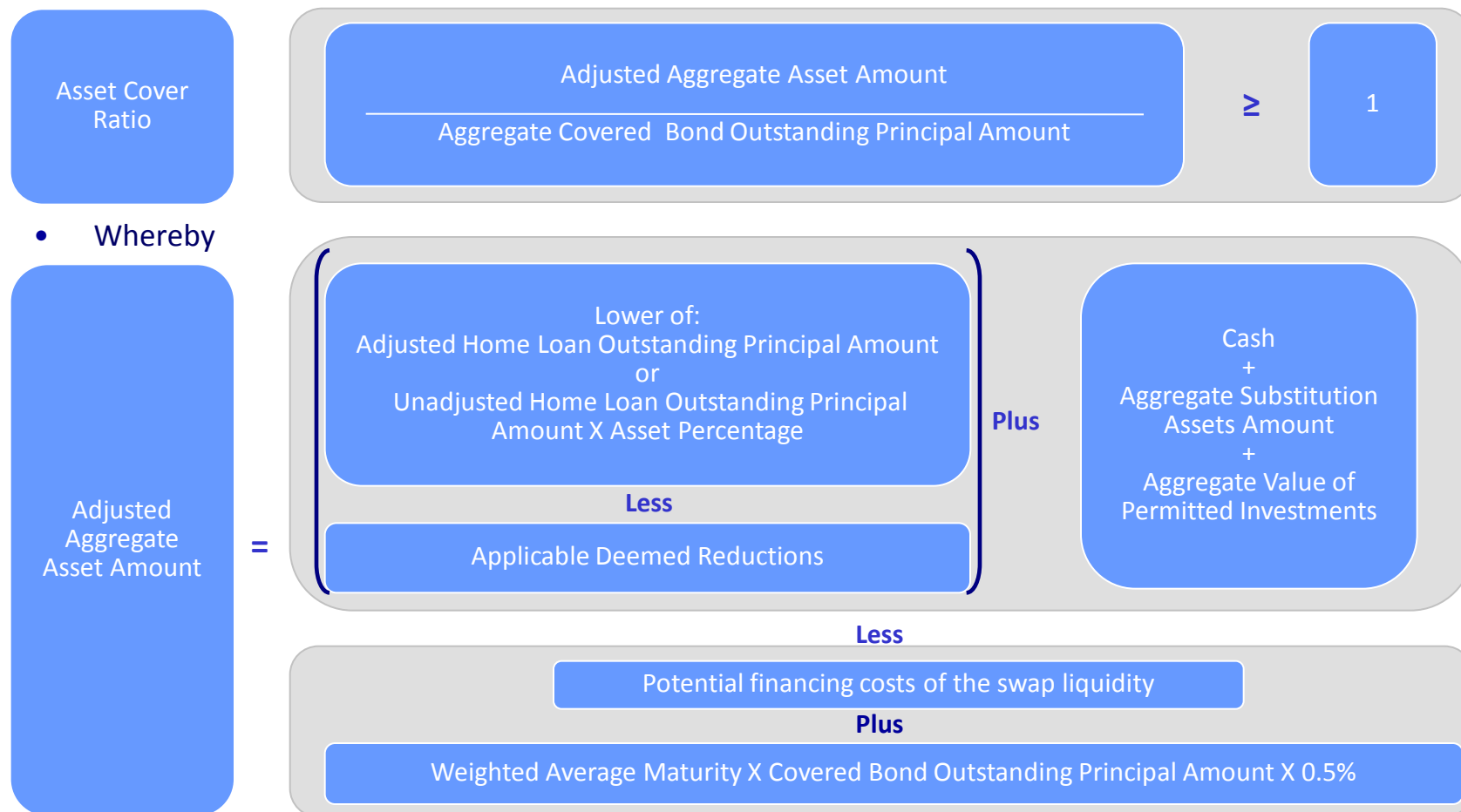
## APPENDICES

## 1. SFH structure details

# Crédit Mutuel-CIC Home Loan SFH Structure

## Asset cover test

- The Asset Cover Test (ACT) is designed to ensure that the collateral constituted by home loans, cash and other collateral is able to meet future cash flows (interest and principal) on the covered bonds (tested monthly by the Issuer calculation agent)



# Crédit Mutuel-CIC Home Loan SFH Structure Details

## Amortisation Test

- Amortisation Test is designed to ensure that the Issuer has the capacity to meet its obligation following the enforcement of a Borrower Event of Default: compliance with the Amortisation Test requires compliance with the amortisation ratio (RA)

$$\text{Amortisation Ratio} = \frac{\text{Transferred Aggregate Asset Amount}}{\text{Aggregate Covered Bond Outstanding Principal Amount}} \geq 1$$

- Whereby

$$\begin{aligned} \text{Transferred Aggregate Asset Amount} = & \left( \text{Home Loan1 Outstanding Principal Amount} \times \begin{matrix} X \\ (M=1 \text{ if loan less than 3 months in arrears ; } \\ M=0.7 \text{ if loan 3 months or more in arrears)} \end{matrix} \right) \\ & \text{Plus} \left( \begin{matrix} \text{Cash} \\ + \\ \text{Aggregate Substitution Asset Amount} \\ + \\ \text{Aggregate Value of Permitted Investments} \end{matrix} \right) \\ & \text{Less} \left( \text{Weighted Average Maturity} \times \text{Covered Bond Outstanding Principal Amount} \times 0.5\% \right) \end{aligned}$$

<sup>1</sup>All Home Loans title to which has been transferred to the Issuer upon enforcement of the Borrower Collateral Security and the Affiliate Collateral Security following the enforcement of a Borrower Event of Default

# Crédit Mutuel-CIC Home Loan SFH Structure Details

## Hedging Strategy

- Before an event of default, the Issuer is not exposed to any risk of an interest or currency rate mismatch arising between the payments received on the Borrower Advances and the payments to be made under the Covered Bonds
- Upon the occurrence of a Hedging Rating Trigger Event, the Issuer will enter into Hedging Agreements
  - > Swap agreements concluded by the Issuer with Eligible Hedging Providers (Issuer Hedging Agreements) to hedge any currency and interest rate mismatch between the Covered Bonds and the Cover Pool
  - > “Hedging Rating Trigger Event” means the event in which the senior unsecured, unsubordinated and unguaranteed debt obligations of BFCM become rated below A-1 by S&P, A1 by Moody's or F1+ by Fitch Ratings
- Upon the occurrence of a Borrower Event of Default, and the subsequent transfer in favour of the Issuer of title to the Home Loans, the Issuer will
  - > Maintain its rights and obligations under the existing Issuer Hedging Agreements
  - > Terminate immediately the Borrower Hedging Agreements



# Crédit Mutuel-CIC Home Loan SFH Structure Details

## Structural Highlights

- The Pre-Maturity Test is designed to ensure that the Borrower can provide sufficient liquidity in case of a downgrade
  - > If 9 months before the maturity of any Covered Bonds series the Borrower short-term ratings are below A1 by S&P, P-1 by Moody's or F1+ by Fitch Ratings, the Borrower must fund a cash collateral account up to a sufficient amount to insure the redemption of the Covered Bonds
  - > A non-compliance with the Pre-Maturity Test will prevent the Issuer from issuing any further series of Covered Bonds as long as it remains unremedied
- Liquidity Support
  - > Monthly payment under the Covered Bond Swap
  - > Funds held by the highly rated Covered Bond Swap provider until the annual payment of interest
- Account Agreement
  - > BFCM provides bank accounts to the Issuer
- Asset Servicing
  - > The Collateral Providers will perform the Asset Servicing. BFCM will provide Crédit Mutuel-CIC Home Loan SFH with Asset Reporting
  - > Crédit Mutuel-CIC Home Loan SFH will use reasonable efforts to enter into a master servicing agreement with an Eligible Servicer if downgraded below BBB by S&P, Baa2 by Moody's or BBB- by Fitch Ratings

# Crédit Mutuel-CIC Home Loan SFH Structure Details

## Cash Flow Priorities

Pre-Enforcement  
Priority Payment  
Order

- Senior Administrative and Tax Costs
- Covered Bonds Hedging Costs
- Interest on the Covered Bonds
- Principal on the Covered Bonds
- Hedging Termination Costs
- Dividend to the Issuer's shareholders and any payment under the subordinated loan

# Crédit Mutuel-CIC Home Loan SFH Structure Details

## Key Events (1/3)

Group

Funding

Crédit Mutuel Home Loan SFH

French Home Loan market

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Borrower Event of Default

- **The occurrence of any of the following events will constitute a Borrower Event of Default**
  - Default in the payment of principal or interest on any Borrower Facility not remedied within 3 business days after the due date
  - Breach of Pre-Maturity Test
  - Breach of Asset Cover Test
  - Breach of Amortisation Test
  - Failure to comply with any of the Borrower's material obligations
  - Occurrence of an Insolvency Event
  - Failure to enter into any Hedging Agreement within 30 days following a Hedging Rating Trigger Event
  - Failure to constitute a reserve within specified period of 10 days
- **A Borrower Event of Default will result in a Borrower Enforcement Notice**
  - Borrower advances due and payable
  - Enforcement of the Borrower Facility with transfer of assets to the Issuer

Controlled Post-Enforcement Priority Payment Order

- **Senior Administrative and Tax Costs**
- **Covered Bonds Hedging Costs**
- **Interest on the Covered Bonds**
- **Principal on the Covered Bonds**
- **Hedging Termination Costs**
- **Subject to full repayment of any outstanding Covered Bonds, distribution of remaining enforcement proceeds to the Borrower**

# Crédit Mutuel-CIC Home Loan SFH Structure Details

## Key Events (2/3)

Group

Funding

Crédit Mutuel Home Loan SFH

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Issuer  
Event of Default

- **The occurrence of any of the following events will constitute an Issuer Event of Default**
  - Default in the payment of principal or interest on any Covered Bond not remedied within 5 business days after the due date
  - Order made for the liquidation or winding up of the Issuer
  - The Issuer ceases to carry on all or a material part of its business
  - Breach of Amortisation Test
  - Failure to enter into any Hedging Agreement within 30 days following a Hedging Rating Trigger Event
- **An Issuer Event of Default will result in an Issuer Enforcement Notice and an Accelerated Post-Enforcement Priority Payment Order**

Accelerated Post-  
Enforcement Priority  
Payment Order

- **Senior Administrative and Tax Costs**
- **Covered Bonds Hedging Costs**
- **Interest on the Covered Bonds**
- **Principal on the Covered Bonds**
- **Hedging Termination Costs**
- **Subject to full repayment of any outstanding Covered Bonds, distribution of remaining enforcement proceeds to the Borrower**

# Crédit Mutuel-CIC Home Loan SFH Structure Details

## Key Events (3/3)

Group

Funding

Crédit Mutuel Home Loan SFH

French Home Loan market

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No further Issuance

- **The Issuer undertakes not to issue further Covered Bonds under the Programme**
  - As from the date a Borrower Enforcement Notice has been served
  - As from the date an Issuer Enforcement Notice has been served
  - For so long as Non Compliance with Asset Cover Test has occurred and is not remedied
  - For so long as, regarding the Pre-Maturity Test, a Non Compliance Notice has been delivered and is not withdrawn

## 2. Positioning & Rankings

# A local bank with very solid positions thanks to powerful competitive strengths

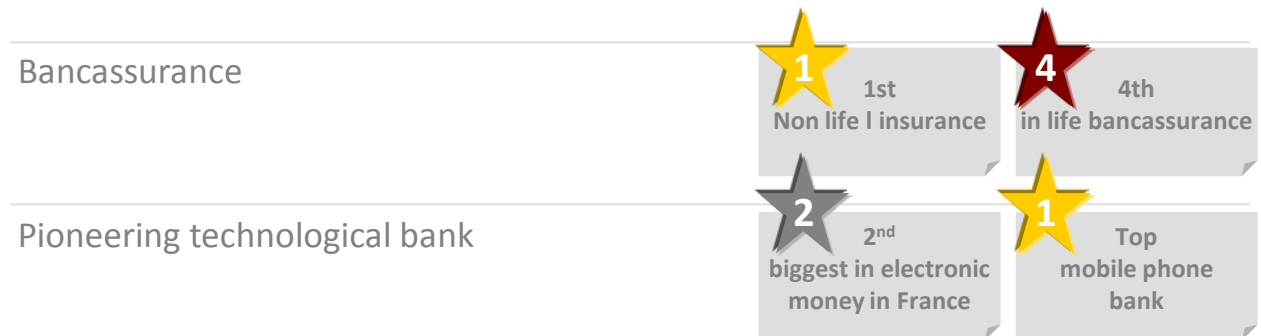
- A powerful distribution capacity, demonstrated by leading positions in France

- > Logistical and technological capacities to support growth of distribution network



- An innovative strategy to meet clients' needs

- > Major player in the growth of electronic payment methods
  - > Pioneer of bancassurance in France in 1970 and in mobile phone distribution in 2005
  - > Pioneer in CCTV, alarm and equipment protection systems



# Crédit Mutuel topped rankings for customers' relationship



« Podium TNS Sofres » 2010 award  
for best bank in customers relationship

Le Revenu Octobre 2010

1 <sup>er</sup>		Crédit Mutuel	✓
2 <sup>e</sup>		La Banque Postale	
3 <sup>e</sup>		CIC	✓
4 <sup>e</sup>		Société Générale	
5 <sup>e</sup>		BNP Paribas	
6 <sup>e</sup>		Crédit Agricole	
7 <sup>e</sup>		LCL	
8 <sup>e</sup>		Caisse d'Épargne	
9 <sup>e</sup>		Crédit du Nord	
10 <sup>e</sup>		Banque Populaire	
11 <sup>e</sup>		HSBC	





## 4. Financials

# Income statement for 2010 & 2009

2010 P&L (€ m)	Retail bkg	Insurance	Private bkg	CIB	Private Equity	Holding	Interco	TOTAL
<b>NET BANKING INCOME</b>	8 401	1 198	404	1 074	191	103	(482)	10 889
% of consolidated NBI	73,9%	10,5%	3,6%	9,4%	1,7%	0,9%		100,0%
Overheads	(4 890)	(367)	(320)	(262)	(35)	(963)	482	(6 356)
Cost-to-income ratio	-58,2%	-30,7%	-79,1%	-24,4%	-18,6%	-	-	-58,4%
<b>EBITDA</b>	3 511	831	84	812	155	(860)	0	4 533
Cost of risk	(1 154)	0	(15)	(32)	(0)	(105)	(0)	(1 305)
<b>EBIT</b>	2 357	831	70	780	155	(966)	0	3 228
Net gains/losses on other assets and equity accounted cics	30	(3)	1	(0)	(0)	(32)	(0)	(3)
<b>PRE-TAX PROFIT</b>	2 388	828	71	780	155	(997)	0	3 225
Income tax	(800)	(144)	(8)	(190)	(3)	261	0	(884)
<b>NET PROFIT</b>	1 588	684	62	590	153	(737)	0	2 341

2009 P&L (€ m)	Retail bkg	Insurance	Private bkg	CIB	Private Equity	Holding	Interco	TOTAL
<b>NET BANKING INCOME</b>	7 661	956	397	1 532	49	(104)	(369)	10 122
% of consolidated NBI	73,0%	9,1%	3,8%	14,6%	0,5%	-1,0%		100,0%
Overheads	(4 681)	(364)	(303)	(271)	(28)	(671)	369	(5 949)
Cost-to-income ratio	-61,1%	-38,0%	-76,4%	-17,7%	-57,3%	644,7%	-100,0%	-58,8%
<b>EBITDA</b>	2 980	593	94	1 262	21	(775)	0	4 174
Cost of risk	(1 538)	0	1	(379)	0	(71)	0	(1 987)
<b>EBIT</b>	1 442	593	95	882	21	(846)	0	2 187
Net gains/losses on other assets and equity accounted cics	22	21	0	(0)	(0)	(126)	(0)	(83)
<b>PRE-TAX PROFIT</b>	1 464	614	95	882	21	(972)	0	2 103
Income tax	(497)	(165)	(24)	(273)	(1)	293	(0)	(668)
<b>NET PROFIT</b>	967	448	70	610	20	(680)	0	1 435

- Credit risk evolution and provisions for doubtful loans
  - > Slight decrease of proportion of doubtful loans
  
- Cost of risk
  - > 2008-2009 increase of Group's average cost of risk due to the integration of new Consumer Finance Businesses
  - > General reduction in cost of risk confirmed in 2010

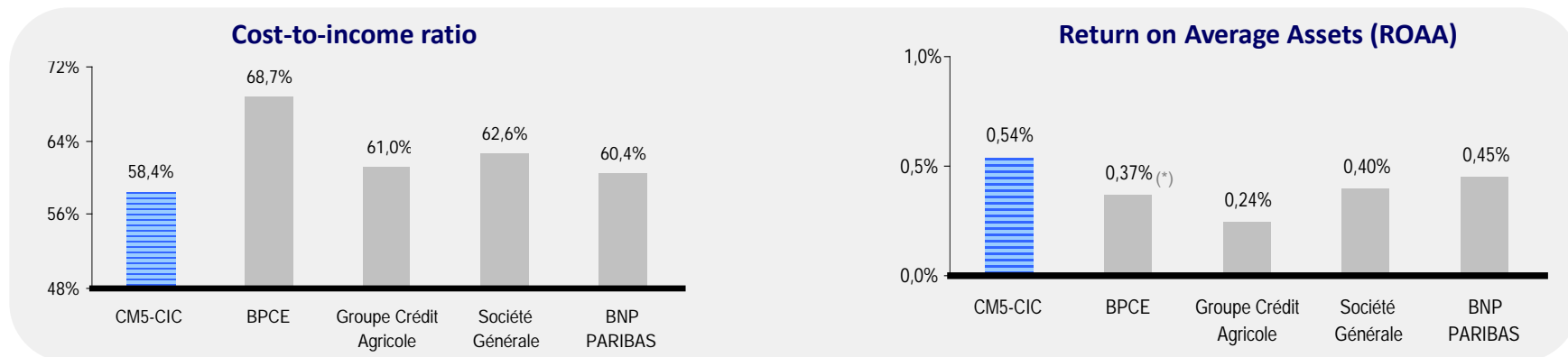
Doubtful loans & credit reserves (€ bn)	2009	2010
Gross customer loans outstanding	218,0	229,3
Non Performing Loans (NPL)	10,5	10,9
Loans loss reserves	6,2	6,8
Doubtful loan ratio	4.7%	4.6%
Stock of provisions to NPL	63,0%	66,3%

Cost of Risk, %	2009	2010
<b>Retail banking</b>	<b>-0,34%</b>	<b>-0,17%</b>
o/w Individuals	-0,11%	-0,11%
o/w Home Loans	-0,10%	-0,10%
o/w Retailer, Craftsmen....	-0,57%	-0,41%
o/w SME	-0,88%	-0,38%
<b>CIB</b>	<b>-0,93%</b>	<b>-0,22%</b>
<b>Private Banking</b>	<b>0,06%</b>	<b>-0,26%</b>
<b>Consumer Finance Targobank</b>	<b>-3,72%</b>	<b>-3,00%</b>
<b>Consumer Finance Cofidis</b>	<b>-5,47%</b>	<b>-5,00%</b>
<b>Total Cost of Risk</b>	<b>-0,77%</b>	<b>-0,52%</b>

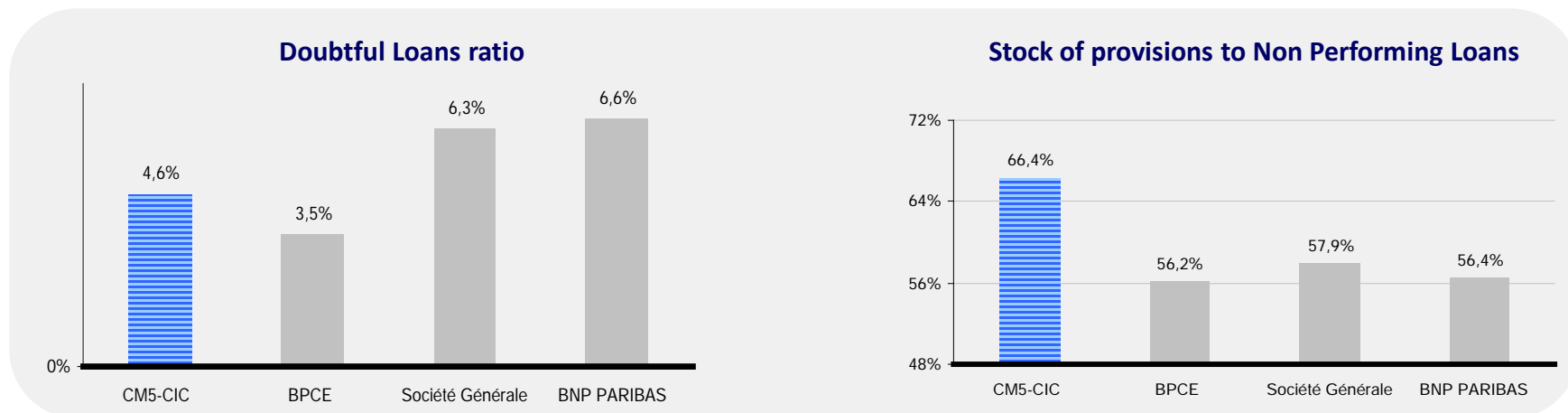
(€ bn)	Spain	Greece	Ireland	Italy	Portugal
Net exposure to sovereign risk	0,3	0,6	0,1	5,8	0,4

# vs peer group : a profile of performing and less risky assets, prudently managed

- Good operating performance achieved with high quality assets



- A risk profile under control, but an affirmed prudent policy



Source: banks press release  
 (\*) estimated by CM analysts

## 4. Investor Report

## Collateral Description

TOTAL_LOAN_BALANCE	27 618 739
AVERAGE_LOAN_BALANCE	84 989
NUMBER_OF_LOANS	324 968
WA_SEASONING	52
WA_REMAINING_TERM	192
NUMBER_BORROWERS	272 213
NUMBER_OF_PROPERTIES	284 331
WA UNINDEXED LTV	0,70
WA INDEXED LTV	0,64
WA INT FLOAT RATE	3,41

### Unindexed LTV ranges

Total Loan Balance	Nb borrowers
--------------------	--------------

0% to 40%	2 838 225	62 715
40% to 50%	2 219 006	27 740
50% to 60%	3 004 272	31 477
60% to 70%	3 947 825	36 637
70% to 80%	5 334 067	44 721
80% to 85%	3 297 747	25 937
85% to 90%	3 462 156	26 082
90% to 95%	2 601 823	18 958
95% to 100%	772 551	6 000
100% to 105%	119 793	1 002
105% to 999%	21 276	166

### Indexed LTV ranges

Total Loan Balance	Nb borrowers
--------------------	--------------

	4 566 158	89 687
	2 832 250	30 535
	3 588 062	33 254
	4 270 753	35 564
	4 955 319	38 203
	2 673 271	19 643
	2 633 641	19 083
	2 099 285	14 931
	0	0
	0	0

### Current arrears ranges distribution

Nb months in arrears	Total Loan Balance	Number of loans
0	27 618 739	324 968
> 0	-	-

# Portfolio Breakdown – March 2011

Unindexed LTV ranges	0 to 40%	> 40% to 50%	>50% to 60%	60% to 70%	> 70% to _80%	> 80% to 85%	> 85% to 90%	> 90% to 95%	95% to 100%	> 100% to 105%	> 105% to 999%	Total loans balance
<b>SEASONING in months</b>												
1m to 11	197 262	195 193	288 256	367 446	495 124	303 764	328 096	316 108	60 688	15 110	4 525	2 569 571
12m to 23	197 231	175 974	253 635	339 509	464 434	278 325	329 302	430 730	64 356	7 366	1 234	2 542 097
24m to 35	243 103	199 129	260 949	336 107	431 689	268 324	257 354	59 959	17 591	3 108	575	2 077 888
36m to 59	840 294	720 166	983 743	1 369 232	1 954 266	1 367 921	1 700 331	1 271 630	455 067	58 521	3 315	10 724 484
60m to 999	1 360 335	928 544	1 217 690	1 535 532	1 988 554	1 079 412	849 072	523 396	174 850	35 690	11 628	9 704 699
<b>PROPERTY TYPE</b>												
FLAT	945 343	741 924	1 044 997	1 415 992	2 020 271	1 320 106	1 464 122	1 159 491	349 935	46 648	10 138	10 518 968
HOUSE	1 892 882	1 477 082	1 959 275	2 531 834	3 313 795	1 977 640	1 998 033	1 442 332	422 615	73 146	11 138	17 099 772
<b>OCCUPANCY TYPE</b>												
BUY to LET	268 953	249 447	383 398	579 272	920 600	636 712	701 224	540 153	139 002	22 794	6 918	4 448 474
OWNER	2 438 697	1 883 655	2 506 187	3 237 459	4 243 843	2 571 715	2 671 193	1 982 647	620 780	94 898	13 683	22 264 756
SECOND HOME	130 574	85 904	114 688	131 095	169 624	89 320	89 739	79 023	12 768	2 101	675	905 509
<b>LOAN_PURPOSE</b>												
CONSTRUCTION	468 962	376 801	522 586	711 446	980 610	621 833	614 732	401 987	92 961	13 702	1 751	4 807 370
PURCHASE	2 302 981	1 796 848	2 428 483	3 158 029	4 246 599	2 612 359	2 775 384	2 128 913	609 575	93 909	18 647	22 171 728
RENOVATION	66 281	45 357	53 202	78 350	106 858	63 555	72 040	70 923	70 014	12 182	878	639 641
<b>PAY_FREQUENCY</b>												
MONTHLY	2 834 253	2 216 956	2 999 085	3 941 595	5 323 494	3 288 921	3 455 459	2 598 047	771 458	118 895	20 975	27 569 137
QUARTERLY	3 972	2 050	5 186	6 230	10 573	8 826	6 697	3 775	1 093	898	301	49 602
<b>INT_RATE_TYPE</b>												
FLOATING RATE	412 691	319 438	448 642	627 879	931 024	618 644	658 530	531 943	219 538	30 979	5 757	4 805 064
FIX-RESET < 2 years	1 204	997	1 811	2 313	2 392	1 749	1 935	1 315	194	187	0	14 099
FIX-RESET 2y to 5y	8 059	2 966	5 521	16 180	28 111	21 950	22 680	11 809	5 922	1 263	0	124 462
FIX-RESET > 5y	2 416 271	1 895 605	2 548 299	3 301 452	4 372 539	2 655 403	2 779 010	2 056 755	546 897	87 364	15 518	22 675 114
<b>RANKS</b>												
GARANTORS	1 332 897	984 794	1 266 910	1 580 073	1 940 604	1 045 464	963 393	629 131	135 329	16 690	1 754	9 897 039
NO PRIOR RANKS	1 505 328	1 234 212	1 737 362	2 367 752	3 393 462	2 252 283	2 498 763	1 972 692	637 222	103 103	19 522	17 721 700
<b>RANKS in numbers</b>												
GARANTORS	24 124	10 627	11 875	13 439	15 293	7 769	6 966	4 626	1 415	261	20	96 415
NO PRIOR RANKS	39 522	17 308	19 887	23 573	29 892	18 392	19 333	14 490	4 627	746	146	187 916

# Asset Cover Test – April, 18th 2011

$$R = \left[ \frac{\text{Adjusted Aggregate Asset Amount (AAAA)}}{\text{Aggregate Covered Bond Outstanding Principal Amount}} \right]$$

$$(AAAA) = A + B + C + D - (Y + Z)$$

R	Asset Cover Test Ratio	1,11
	Adjusted Aggregate Asset Amount (AAAA)	19 899 942 095
	Aggregate Covered Bond Outstanding Principal Amount	17 855 000 000
	<b>Asset Cover Test Result (PASS/FAIL)</b>	<b>PASS</b>

A	A = min(A1;A2)	20 686 435 593
A1	Adjusted Home Loan Outstanding Principal Amount	27 001 058 980
A2	a*b	20 686 435 593
	Unadjusted Home Loan Outstanding Principal Amount (a)	27 618 739 109
	Asset Percentage (b)	74,90%

B	Cash Collateral Account	0,00
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C	Aggregate Substitution Asset Amount (or ASAA )	0,00
	ASAA level limit	20,00%
	ASAA level is acceptable	TRUE

D	Permitted Investments	0,00
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Y	Payments under Issuer Hedging Agreement	0,00
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Y is equal to:

(i) ZERO before any Issuer Hedging Agreement shall be entered into by the Issuer subject to, and in accordance with, the hedging Strategy

(ii) otherwise, an amount equal to the payments due under the Issuer Hedging Agreements (plus Interest thereon) within the period of alpha plus 2 months preceding the relevant Asset Cover Test Date where alpha means the period between 2 Interest payment dates (first day of such period included and last day of such period excluded) under the relevant Issuer Hedging Agreements

Z	WAM Covered Bond Outstanding Principal Amount * 1,00%	786 493 498
	WAM	4,4 years
	Negative Carry Adjustment	1,00%

Name of Series	Outstanding Principal Amount	Scheduled Maturity Date	Remaining Maturity
Series 1	2 500 000 000	17-juil.-12	1,25 years
Series 4	155 000 000	8-oct.-18	7,47 years
Series 5	2 500 000 000	2-nov.-11	0,54 years
Series 7	3 000 000 000	27-nov.-13	2,61 years
Series 8	1 500 000 000	21-janv.-15	3,76 years
Series 9	1 000 000 000	25-avr.-17	6,02 years
Series 10	1 000 000 000	14-juin-13	2,16 years
Series 11	1 500 000 000	9-sept.-20	9,4 years
Series 12	1 250 000 000	16-janv.-23	11,75 years
Series 13	1 800 000 000	11-févr.-14	2,82 years
Series 14	1 650 000 000	17-mars-21	9,91 years



## 5. Contact details

# Contact details

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## web sites:



[www.bfcm.creditmutuel.fr](http://www.bfcm.creditmutuel.fr)

**CM-CIC Covered Bonds**

[www.cmcic-cb.com](http://www.cmcic-cb.com)

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[www.creditmutuelcic-SFH.com](http://www.creditmutuelcic-SFH.com)