

# **STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS**

This is a free translation into English of the statutory auditors' report on financial information issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit conclusion on the company financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit conclusion on the company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the company financial statements.

Crédit Mutuel-CIC Home Loan SFH

(Formerly CM-CIC Covered Bonds)

From January, 1st to June 30th , 2012

Auditor's limited examination report on individual interim accounts

**PricewaterhouseCoopers Audit**  
63, rue de Villiers  
92208 Neuilly-sur-Seine Cedex  
Joint stock company with capital of €2,510,460

Auditors  
Members of the Regional Company of  
Versailles

**ERNST & YOUNG *et al***  
1/2, place des Saisons  
92400 Courbevoie - Paris-La Défense 1  
Simplified joint stock company with variable  
capital

Auditors  
Members of the Regional Company of  
Versailles

## **Crédit Mutuel-CIC Home Loan SFH (Formerly CM-CIC Covered Bonds)**

Period from 1<sup>st</sup> January to 30 June 2012

### **Auditor's limited examination report on individual interim accounts**

For the attention of the Managing Director,

As the auditors for Crédit Mutuel-CIC Home Loan SFH and in response to your request, we have carried out a limited examination of the company's individual interim accounts, relating to the period from 1<sup>st</sup> January to 30 June 2012, as enclosed with this report.

These individual interim accounts were prepared under the responsibility of your board of directors. It is our role, based on our limited examination, to express our conclusions on these accounts.

We performed our limited examination in accordance with professional accounting standards applicable in France. A limited examination consists essentially of meeting members of senior management responsible for accounting and financial aspects and using analytical procedures. This work is less extensive than that required for an audit performed in accordance with professional accounting standards applicable in France. As a result, there is only a moderate assurance, obtained from a limited examination, that the individual interim accounts, taken as a whole, do not contain significant anomalies; the assurance level is less than obtained from a full audit.

Based on our limited examination, we have not identified significant anomalies compared to French accounting rules and principles of a nature to question the fact that the individual interim accounts present a fair assessment of the company's assets and financial position at 30 June 2012, as well as earnings from its transactions for the elapsed period.

This report is drafted for your attention in the context described above and should not be used, circulated or quoted for other purposes. If you wish our limited examination report to be disclosed to a third party in a different context to that in which it was prepared, you should first ask us for prior written authorisation. We will then set the procedures applicable to disclosure. In any event, we will not accept any responsibility to a third party to whom this report was to be circulated or disclosed.

**CREDIT MUTUEL-CIC HOME LOAN SFH**

Auditor's limited examination report on individual interim accounts  
Period from 1<sup>st</sup> January to 30 June 2012

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This report is governed by French law. French courts shall have exclusive jurisdiction over any dispute, claim or demand that may result from our letter of mission or this report, or over any issue relating to the same. Each party irrevocably waives its right to oppose action taken before such courts or claim that the action has been initiated before courts without jurisdiction or that such courts do not have jurisdiction.

Neuilly-sur-Seine and Paris-la Défense, 14 September 2012

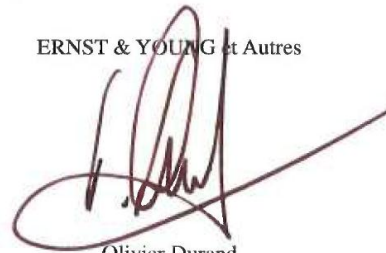
Auditors

PricewaterhouseCoopers Audit



Agnès Hussherr

ERNST & YOUNG et Autres



Olivier Durand

# **CREDIT MUTUEL-CIC HOME LOAN SFH**

## **Company accounts as at 30 June 2012**

- Balance sheet
- Profit and loss account
- Appendices

**INFORMATION ON ENTRIES ON THE BALANCE SHEET, OFF BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

The notes in the appendix are presented in million of euros.

**Significant events during the financial year**

During the first half of 2012, CREDIT MUTUEL-CIC HOME LOAN SFH issued bond EMTNs worth €2.1bn, representing a total issue of €8.2bn in the last twelve months. Given the lines reaching maturity, the total issues in the balance sheet were €22bn at 30 June 2012.

Following degradation of the BFCM long term rating to A + by Fitch Ratings on December 14, 2011 and according to the prospectus, swaps ..ve been set up to cover the risk of rates on assets and liabilities.

-All customer debts(at fixed rate or variable rate) are swapped against Euribor 1 month.  
"Obligation de Financement à l'Habitat" issues or formerly "covered bonds", are also swapped against Euribor 1 month

**NOTE 1: Accounting principles, assessment and presentation methods**

The accounts are prepared in accordance with regulation CRB 91-01 amended by regulations CRC 2000-03, CRC 2004-16, CRC 2005-04 and CRC 2007-06

**Credits**

Credits are entered in the balance sheet at their nominal value.

**Assets and liabilities entered in foreign currencies**

Assets and liabilities entered in a foreign currency other than the local currency are converted at the official exchange rate on the settlement date. Unrealised exchange income or losses resulting from these conversions are recognised in the profit & loss account with exchange differences made or incurred on transactions for the financial year.

**Interest and commissions**

Interest is recognised in the profit & loss account on a time-apportioned basis. Commissions are recorded according to the cashing criterion, with the exception of commissions relating to financial transactions, which are recorded at closure of the issue or when invoiced.

**NOTE 2 - Advances to credit establishments**

	30 June 2012		31 December 2011	
	Demand	Forward	Demand	Forward
Ordinary accounts	1,1			0,1
Loans, reverse repurchased securities (*)		22 252,4		23 191,7
Securities received under repurchase agreements				
Associated advances		376,7		402,1
Bad debts				
Depreciation				
<b>Total</b>	<b>1,1</b>	<b>22 629,1</b>		<b>23 593,9</b>
<b>Total of advances to credit establishments</b>		<b>22 630,2</b>		<b>23 593,9</b>
including participating capital loans				
including subordinated loans				

(\*) Loans granted only have BFCM as counterparty

**NOTE 3 - Other assets and liabilities**

	30 June 2012		31 December 2011	
	Asset	Liability	Asset	Liability
Premiums on options				
Transaction settlement accounts on securities				
Debts represented by borrowed securities				
Deferred taxes				
Miscellaneous debtors and creditors	0,0	0,4	0,0	0,0
Associated credits and debts				
Depreciation				
<b>Total</b>	<b>0,0</b>	<b>0,4</b>	<b>0,0</b>	<b>0,0</b>

**NOTE 4 - Settlement accounts**

	30 June 2012		31 December 2011	
	Asset	Liability	Asset	Liability
Cash accounts				
Foreign currency and off balance sheet adjustment accounts	328,8	328,8		
Other settlement accounts	19,0	19,4	19,0	19,0
<b>Total</b>	<b>347,8</b>	<b>348,2</b>	<b>19,0</b>	<b>19,0</b>

Accounts for Liability settlement accounts are essentially accounted for by EMTN issue premiums.

Accounts for Asset settlement accounts reflect them for loans from Liability settlement accounts.

**NOTE 5 - Debts to credit establishments**

	30 June 2012		31 December 2011	
	Demand	Forward	Demand	Forward
Ordinary accounts				
Time deposit accounts				
Reverse repurchase securities				
Securities given under repurchase agreements				
Associated debts				
<b>Total</b>				
<b>Total of debts to credit establishments</b>				

**NOTE 6 - Debts represented by a security**

	30 June 2012	31 December 2011
Medium-term notes		
Interbank certificates & tradable loan securities (*)		
Obligatory borrowings	22 012,4	22 951,7
Other debts represented by a security		
Associated debts	373,9	399,5
<b>Total</b>	<b>22 386,3</b>	<b>23 351,2</b>

(\*) The non-depreciated balance corresponds to the difference between the sum initially received and the repayment price of debts represented by a security.

All loans are in euros, except two in NOK.

**NOTE 7 - Mezzanine debts**

	31 December 2011	Issues	Reimbursements	Other variations	30 June 2012
Mezzanine debts	60,0				60,0
Participating capital loans					
Open-ended mezzanine debts	60,0				60,0
Associated debts	0,6			(0,3)	0,3
<b>Total</b>	<b>120,6</b>			<b>(0,3)</b>	<b>120,3</b>

Principal mezzanine debts:

	OUTSTANDING LOANS	INTEREST RATE	DUE DATE	EARLY REPAYMENT TERMS
MEZZANINE LOAN DUE IN 2007	60,0	Euribor 3 months + 0.22	2 017	
OPEN-ENDED MEZZANINE LOAN 2007	60,0	Euribor 3 months + 0.66	**	
<b>TOTAL</b>	<b>120,0</b>			

All borrowings are in euros.

**NOTE 8 - Shareholders' equity and FGBR**

	Capital	Premiums	Reserves (*)	Carry forward	Result financial year	Total	FGBR
<b>Balance on 1.1.2012</b>	<b>120,0</b>						
Result of the fiscal year of the first half			1,1	0,3	0,7	122,1	
Allocation of income from the previous financial year				0,7	(0,7)	0,7	
Distribution of dividends							
Increase in share capital (*)							
Effect of revaluations							
Other variations							
Impact of merger							
<b>Balance on 30.06.2012</b>	<b>120,0</b>		<b>1,1</b>	<b>1,0</b>	<b>0,7</b>	<b>122,8</b>	

Share capital at 30 June 2012 comprised 12,000,000 shares with a nominal value of 10 euros.

BFCM held 99.99 % of the equity in CREDIT MUTUEL-CIC HOME LOAN SFH on 30 June 2012.

In this context, it is consolidated by total incorporation in consolidated accounts of the CM11CIC Group, as well as in the national consolidation for Crédit Mutuel.

**NOTE 9 - Breakdown of certain assets / liabilities based on their residual term**

	< 3 months and demand	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Open- ended term	Associated debts advances	Total on 30 juin 2012
<b>ACTIVE</b>							
Advances to credit establishments	2 501,1	1 000,0	7 668,0	10 844,4	240,0	376,7	22 630,2
Advances to customers							
Bonds and other fixed income instruments							
<b>LIABILITIES</b>							
Debts to credit establishments							
Customer creditor accounts							
Debts represented by a security							
- Short-term securities							
- Interbank certificates and TCN							
- Obligatory borrowings	2 500,0	1 000,0	7 673,4	10 844,4		368,5	22 386,3
- Others							
Mezzanine debts				60,0	60,0	0,3	120,3

**NOTE 10 - Exchange value in euros of assets & liabilities in foreign currencies**

The exchange value in euros of assets and liabilities entered in foreign currencies on 30 June 2012 was €146.1m.

**NOTE 11 - Guarantee commitments**

Loans granted by CREDIT MUTUEL-CIC HOME LOAN SFH to BFCM are guaranteed by eligible home loans coming from the network of CM CIC branches, the Monetary Code, in accordance with article L. 431-7 of

The sum of this guarantee on 30 June 2012 was € 35,001.00 million compared to €34,708.60m on 31 December 2011.



**NOTE 12 - Commitments on futures financial instruments**

Operations on futures financial instruments (according to the notion of micro/macro hedging operations and open-position management/specialised management operations on firm and conditional operations).

	Cover	30 June 2012 Administrative transactions	Total	Cover	31 December 2011 Administrative transactions	Total
<b>Firm operations</b>						
<i>Organised markets</i>						
Rate contracts						
Exchange contracts						
Other transactions						
<i>Over the counter markets</i>						
Future rate agreements						
Rate swaps	113 746,0		113 746,0			
Financial swaps						
Other transactions						
Other swaps						
<b>Conditional operations</b>						
<i>Organised markets</i>						
Rate options						
Purchased						
Sold						
Exchange options						
Purchased						
Sold						
Shares and other options						
Purchased						
Sold						
<i>Over the counter markets</i>						
Ceiling and floor rate agreements						
Purchased						
Sold						
Rate, exchange, share and other options						
Purchased						
Sold						
<b>Total</b>		<b>113 746,0</b>	<b>113 746,0</b>			

**Breakdown of OTC interest rate instrument contracts by type of portfolio**

	30 June 2012	Isolated open position	Micro hedge	Overall interest rate risk	Specialised management	Total
<b>Firm operations</b>						
Purchases						
Sales						
Exchange agreements			113 746,0			113 746,00
<b>Conditional operations</b>						
Purchases						
Sales						
<b>31 December 2011</b>						
<b>Firm operations</b>						
Purchases						
Sales						
Exchange agreements						
<b>Conditional operations</b>						
Purchases						
Sales						

**NOTE 13 - Breakdown of futures instruments based on their residual term**

30 June 2012	< 1 year	> 1 year < 5 years	> 5 years	Total
<b>Rate instruments</b>				
<i>Organised markets</i>				
Purchases				
Sales				
<i>Over the counter markets</i>				
Purchases				
Sales				
Rate swaps	7 000,0	15 336,00	91 410,0	113 746,0
<b>Exchange instruments</b>				
<i>Organised markets</i>				
Purchases				
Sales				
<i>Over the counter markets</i>				
Purchases				
Sales				
Financial swaps				
<b>Other futures financial instruments</b>				
<i>Organised markets</i>				
Purchases				
Sales				
<i>Over the counter markets</i>				
Purchases				
Sales				
Swaps				
<b>Total</b>	<b>7 000,0</b>	<b>15 336,00</b>	<b>91 410,0</b>	<b>113 746,0</b>

**NOTE 14 - Futures financial instruments - Counterparty risk**

The counterparty risk associated with financial instruments is assessed according to the methodology selected for calculating prudential ratios

Credit risks on futures financial instruments	30 June 2012	31.12.2011
<b>GROSS EXPOSURE</b>		
Risks with credit institutions	1468,5	
Risks with companies		
<b>TOTAL</b>	<b>1468,5</b>	

Fair value of futures financial instruments	30 June 2012		31.12.2011	
	Asset	Liability	Asset	Liability
Fair value of futures financial instruments	5 992,5	5 992,5		

**NOTE 15- Other off-balance sheet commitments**

	30 June 2012	31.12.2011
<b>Operations in foreign exchange</b>		
- Currency to receive		
- Currency to supply		
<b>Commitments on futures financial instruments</b>		
<b>Transactions carried out in organised and similar markets</b>		
- Futures exchange transactions		
. Hedging		
. Other transactions		
- Financial exchange swaps		
. Isolated open position		
. Micro hedge		276,0
. Overall rate risk		
. Specialised management		

**NOTE 16 – Income and costs on interest**

	30 June 2012		30 June 2011	
	Income	Charges	Income	Charges
Credit establishments	1 724,9		249,8	
Customers				
Leasing and rental				
Bonds and other fixed income instruments	2,0	(1 724,5)		249,4
Others		(0,9)		
<b>Total</b>	<b>1 726,9</b>	<b>(1 725,4)</b>	<b>249,8</b>	<b>249,4</b>
Including costs on mezzanine debts		(0,9)		

**NOTE 17 - Corporation tax**

	30 June 2012	30 June 2011
Current tax - Amount for the financial year	(0,3)	
Current tax - Settlement for previous financial years		
Current tax - Effect of tax integration		
<b>Total</b>	<b>(0,3)</b>	
On current operations	(0,3)	
On exceptional items		
<b>Total</b>	<b>(0,3)</b>	

CREDIT MUTUEL-CIC HOME LOAN SFH is integrated into the BFCM tax group for taxation purposes.

The sum recognised for 2012 corresponds to the sum that the company would have paid if it had been taxed as a sole entity.

There is no deficit carried forward.

**COMPANY ACCOUNTS****BALANCE SHEET**

<b>ASSETS</b> in million of Euros	<b>Notes</b>	<b>2012</b> 30 June	<b>2011</b> 31 December
Cash on hand, balances at central banks			
Government and similar securities			
Advances to credit establishments	2	22 630,2	23 593,9
Transactions with customer base			
Bonds and other fixed income instruments			
Shares and other variable income instruments			
Holdings and other securities held for the long term		0,0	0,0
Holdings in associated companies			
Leasing and similar transactions			
Intangible assets			
Tangible assets			
Unpaid subscribed shares			
Own shares			
Other assets	3		0,0
Settlement accounts	4	347,8	19,0
<b>Total assets</b>		<b>22 978,0</b>	<b>23 612,9</b>
<b>Off balance sheet</b>		<b>2012</b>	<b>2011</b>
		30 June	31 December
<b>Commitments received</b>			
<b>Finance commitments</b>			
Commitments received from credit establishments			
<b>Guarantee commitments</b>			
Commitments received from credit establishments	11	35 001,0	34 708,6
<b>Commitments on securities</b>			
Securities sold with buyback or write-back facility			
Other commitments received			

**BALANCE SHEET**

<b>LIABILITIES</b> in millions of Euros	<b>Notes</b>	<b>2012</b> 30 June	<b>2011</b> 31 December
Central banks			
Debts to credit establishments	<b>5</b>		
Transactions with customer base			
Debts represented by a security	<b>6</b>	22 386,3	23 351,2
Other liabilities	<b>3</b>	0,4	
Settlement accounts	<b>4</b>	348,2	19,0
Provisions			0,0
Subornated debts	<b>7</b>	120,3	120,6
Funds for general banking risks			
Shareholders' equity	<b>8</b>	122,8	122,1
- Subscribed shares		120,0	120,0
- Issue premium			
- Reserves		1,1	1,1
- Revaluation surplus			
- Regulated provisions			
- Balance carried forward		1,0	0,3
- Income for the accounting period		0,7	0,7
<b>Total liabilities</b>		<b>22 978,0</b>	<b>23 612,9</b>
<b>Off balance sheet</b>		<b>2012</b> 30 June	<b>2011</b> 31 December
<b>Commitments given</b>			
<b>Finance commitments</b>			
Commitments made to credit establishments			
Commitments made to customers			
<b>Guarantee commitments</b>			
Order commitments to credit establishments			
Order commitments to customers			
<b>Commitments on securities</b>			
Securities acquired with write-back facility			
Other commitments given			

## PROFIT AND LOSS ACCOUNT

in millions of Euros	Notes	2012 30 June	2011 30 June
+ Interest and similar income	16	1 726,9	249,8
+ Interest and similar costs	16	(1 725,4)	(249,4)
+ Revenue from variable income instruments			
+ Commissions (income)			
+ Commissions (costs)			
+/- Income or losses on transactions for trading portfolios			
+/- Income or losses on transactions for investment and similar portfolios			
+ Other income from banking operations			
+ Other costs from banking operations			
<b>= Net Banking Income</b>		<b>1,5</b>	<b>0,3</b>
+ Manpower costs			
+ Other administrative costs		(0,5)	(0,7)
+ Allowances for depreciation			
<b>= Operating costs</b>		<b>(0,5)</b>	<b>(0,7)</b>
<b>= Gross Operating Profit</b>		<b>1,0</b>	<b>(0,4)</b>
+ Cost of risk			
<b>= Operating profit</b>		<b>1,0</b>	<b>(0,4)</b>
+/- Income or losses on fixed assets			
<b>= Earnings before tax and extraordinary items (EBIT)</b>		<b>1,0</b>	<b>(0,4)</b>
+/- Exceptional income			
+ Tax on profits	17	(0,3)	
+/- Allowances/write-backs for FGBR			
+/- Allowances/write-backs for regulated provisions			
<b>= Net Profit</b>		<b>0,7</b>	<b>(0,4)</b>