

CREDIT MUTUEL CIC HOME LOAN SFH

AUDITORS' REPORT ON ANNUAL ACCOUNTS

Financial year ending 31 December 2012

This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

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

PricewaterhouseCoopers Audit

63 rue de Villiers
92208 Neuilly-sur-Seine Cedex
S.A. au capital de € 2.510.460

Commissaire aux comptes
Membre de la Compagnie Régionale
de Versailles

Ernst & Young Audit

1 / 2, place des Saisons
92400 Courbevoie Paris — La Défense 1
S.A.S à capital variable

Commissaire aux comptes
Membre de la Compagnie Régionale
de Versailles

Crédit Mutuel -CIC Home Loan SFH,
Financial year ending December 31st, 2012

AUDITORS' REPORT ON ANNUAL ACCOUNTS

To the shareholders,

In compliance with the assignment entrusted to us by your general meeting of shareholders, we hereby report to you, for the year ended December 31, 2012, on :

- the audit of the annual accounts for CM-CIC Home Loan SFH, as appended to this report;
- the justification for our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the annual accounts

We conducted our audit in accordance with professional standards applicable in France : those standards require that we plan and perform the audit to obtain reasonable assurance about to whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2012, and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification for our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you that we assessed the appropriateness of the accounting principles applied as well as the reasonableness of the significant estimates made.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders on the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code ("Code de commerce") relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Neuilly-sur-Seine and Paris la Défense, March 27th, 2013

Auditors

PricewaterhouseCoopers Audit

Agnès Husserr

Ernst & Young Audit

Olivier Durand

CM-CIC Home Loan SFH
Financial year ending 31 December

CREDIT MUTUEL - CIC HOME LOAN SFH

Company accounts

at 31 DECEMBER 2012

- Balance sheet
- Profit and loss account
- Appendices

COMPANY ACCOUNTS**BALANCE SHEET**

ACTIVE in millions of Euros	Notes	2012 31 december	2011 31 december
Cash and amounts due from central banks			
Government and similar securities			
Loans and receivables due from credit institutions	2	21,012.8	23,593.9
Loans and receivables due from customers / customer loans			
Bonds and other fixed income instruments			
Shares and other variable income instruments			
Held-to-maturity financial assets			0.0
Participations in group companies			
Leasing and similar transactions			
Intangible assets			
Tangible assets			
Unpaid subscribed shares			
Own shares			
Other assets	3	0.2	0.0
Settlement accounts	4	427.0	19.0
Total assets		21,440.0	23,612.9

Off balance sheet		2012 31 december	2011 31 december
Commitments received			
Finance commitments			
Commitments received from credit institutions			
Guarantee commitments			
Commitments received from credit establishments	11	32,001.0	34,708.6
Commitments on securities			
Securities sold with buyback or write-back facility			
Other commitments received			

BALANCE SHEET

LIABILITIES in millions of Euros	Notes	2012 31 december	2011 31 december
Cash and amounts due to central banks			
Due to credit institutions	5		
Due to customers / Customers deposits			
Debt securities issued	6	20,669.8	23,351.2
Other liabilities	3		
Settlement accounts	4	427.2	19.0
Provisions			0.0
Subordinated debts	7	120.2	120.6
Funds for general banking risks			
Shareholders' equity	8	222.8	122.1
- Subscribed shares		220.0	120.0
- Issue Premiums			
- Reserves		1.1	1.1
- Revaluation surplus			
- Regulated provisions			
- Balance carried forward		1.0	0.3
- Net Income (for the year)		0.7	0.7
Total liabilities		21,440.0	23,612.9

Off balance sheet

2012 31 december	2011 31 december
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Commitments given**Finance commitments**

Commitments made to credit institutions
Commitments made to customers

Guarantee commitments

Order commitments to credit institutions
Order commitments to customers

Commitments on securities

Securities acquired with write-back facility
Other commitments given

PROFIT AND LOSS ACCOUNT

in millions of Euros	Notes	2012 31 december	2011 31 december
+ Interest and similar income	16	3,216.5	585.5
+ Interest and similar costs	16	(3,214.4)	(583.9)
+ Revenue from variable income instruments			
+ Commissions (income)			
+ Commissions (costs)			
+/- Income or losses from transactions on trading portfolio			
+/- Income or losses on transactions on investment portfolio			
+ Other income from banking operations			
+ Other costs from banking operations			
= Net Banking Income		2.1	1.6
+ Personnel expenses			
+ Other administrative costs		(1.0)	(0.8)
+ Amortisation, depreciation and impairment of non current assets			
= Operating costs		(1.0)	(0.8)
= Gross Operating Profit		1.1	0.8
+ Cost of risk			
= Operating profit		1.1	0.8
+/- Income or losses on fixed assets			
= Earnings before tax and extraordinary items (EBIT)		1.1	0.8
+/- Exceptional income			
+ (Corporate) Income Tax	17	(0.4)	(0.1)
+/- Allowances/write-backs for FGFR			
+/- Allowances/write-backs for regulated provisions			
= Net Profit		0.7	0.7

INFORMATION ABOUT BALANCE SHEET AND OFF-BALANCE SHEET ITEMS AND PROFIT AND LOSS ACCOUNT

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

Significant events during the financial year

During financial year 2012, CREDIT MUTUEL-CIC HOME LOAN SFH issued EMTN bonds for a total value of 2,8 billion euros, of which 700 million euros were issued during 2nd semester. Including lines which reached maturity, total issues amounted to €20,3 billion.

Following the downgrading of the BFCM long-term credit rating to A+ by Fitch Ratings rating agency on 14 December 2011, and in accordance with the prospectus, swaps were set up to hedge the rate risk on assets and liabilities.

- All customer debts (at fixed or variable rates) are swapped against 1 month Euribor.
- Issues of home finance bonds or formerly 'covered bonds', are also swapped against 1 month Euribor.

CREDIT MUTUEL-CIC HOME LOAN SFH is a 99.99% subsidiary of the Crédit Mutuel Federative Bank.

NOTE 1: Accounting principles, assessment and presentation methods

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

Credits

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

Assets and liabilities entered in foreign currencies

Assets and liabilities denominated 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 recorded 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 prorata 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 - Loans and receivables due from credit institutions

	31/12/2012		31/12/2011	
	Demand	Forward	Demand	Forward
Ordinary accounts	2,0			0,1
Loans, reverse repurchased securities (*)		20 613,8		23 191,7
Securities received under repurchase agreements				
Associated advances		397,0		402,1
Bad debts				
Depreciation				
Total	2,0	21 010,8		23 593,9
Total of advances to credit institutions		21 012,8		23 593,9
including participating capital loans				
including subordinated loans				

(*) Loans granted only have BFCM as counterparty

NOTE 3 - Other assets and liabilities

	31/12/2012		31/12/2011	
	Asset	Liability	Asset	Liability
Premiums on options				
Transaction settlement accounts on securities				
Debts represented by borrowed securities				
Deferred taxes				
Miscellaneous debtors and creditors	0,2		0,0	0,0
Associated credits and debts				
Depreciation				
Total	0,2		0,0	0,0

INFORMATION ABOUT BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

NOTE 4 - Settlement accounts

	31/12/2012		31/12/2011	
	Asset	Liability	Asset	Liability
Cash accounts				
Foreign currency and off balance sheet adjustment accounts	410,0	410,0		
Other settlement accounts	17,0	17,2	19,0	19,0
Total	427,0	427,2	19,0	19,0

Liability settlement accounts are essentially made of EMTN issue premiums.

Asset settlement accounts are made of the reflection of liability settlement accounts.

NOTE 5 - Due to credit institutions

	31/12/2012		31/12/2011	
	Demand	Forward	Demand	Forward
Ordinary accounts				
Time deposit accounts				
Reverse repurchase securities				
Securities given under repurchase agreements				
Associated debts				
Total				
Total of debts to credit establishments				

NOTE 6 - Debts securities issued

	31/12/2012	31/12/2011
Medium-term notes		
Interbank certificates & tradable loan securities (*)		
Obligatory bonds	20 273,8	22 951,7
Other debts represented by a security		
Amounts owed to related parties	396,0	399,5
Total	20 669,8	23 351,2

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

Loans are in EUR, NOK and USD,

NOTE 7 - Subordinated debts

	31/12/2011	Issues	Reimbursements	Other variations	31/12/2012
Subordinated debts	60,0				60,0
Participating capital loans					
Open-ended subordinated debts	60,0				60,0
Amounts owed to related parties	0,6			(0,4)	0,2
Total	120,6			(0,4)	120,2

Principal subordinated debts:

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

All borrowings are in euros.

INFORMATION ABOUT BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

NOTE 8 - Shareholders' equity and FGBR

	Capital	Premiums	Reserves	Carry forward	Result financial year	Total	FGBR
Balance on 1.1.2011	120,0		1,1		0,2	121,3	
Profit for the accounting period					0,7	0,7	
Allocation of income from the previous financial year				0,2	(0,2)		
Distribution of dividends							
Increase in share capital							
Effect of revaluations							
Other variations				0,1		0,1	
Impact of merger							
Balance on 31.12.2011	120,0		1,1	0,3	0,7	122,1	
Balance on 1.1.2012	120,0		1,1	0,3	0,7	122,1	
Profit for the accounting period					0,7	0,7	
Allocation of income from the previous financial year				0,7	(0,7)		
Distribution of dividends							
Increase in share capital	100,0					100,0	
Effect of revaluations							
Other variations							
Impact of merger							
Balance on 31.12.2012	220,0		1,1	1,0	0,7	222,8	

The share capital at 31 December 2012 comprised 22,000,000 shares with a nominal value of 10 euros, following a share capital increase of 100 million euros.

BFCM held 99,99% of the share capital in CREDIT MUTUEL-CIC HOME LOAN SFH on 31 December 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.

Members attending the annual shareholders' meeting will be asked to allocate the sum of €1,659,971.61, €687,923.60 from the profit for 2012 and carrying forward €972,048.01, as follows:

Allowance to the legal reserve	34 396,18 €
Carried forward	1 625 575,43 €
	1 659 971,61 €

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 31 December 2012
ACTIVE							
Advances to credit institutions		2,0	1 000,0	8 425,9	10 847,9	340,0	21 012,8
Advances to customers						397,0	
Bonds and other fixed income instruments							
LIABILITIES							
Debts to credit establishments							
Customer creditor accounts							
Debts represented by a security							
- Short-term securities							
- Interbank certificates and TCN							
- Bonds		1 000,0	8 425,9	10 847,9		395,9	20 669,7
- Others							
Subordinated debts			60,0		60,0	0,2	120,2

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 31 December 2012 was € 909 million.

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, in accordance with article 431-7 of the Monetary Code.

The sum of this guarantee on 31 December 2012 was €32,001.00 million compared to €34,708.60 million on 31 December 2011.

INFORMATION ABOUT BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

NOTE 12 - Commitments on futures financial instruments

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

	Cover	31.12.2012 Transactions management	Total	Cover	31.12.2011 Transactions management	Total
Firm operations						
<i>Organised markets</i>						
Rate contracts						
Exchange contracts						
Other transactions						
<i>Over the counter markets</i>						
Future rate agreements						
Rate swaps	102 746,0		102 746,0			
Financial swaps						
Other transactions						
Other swaps						
Conditional operations						
<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						
Total	102 746,0		102 746,0			

Breakdown of OTC interest rate instrument contracts by type of portfolio

31.12.2012	Position open isolated	Micro hedge	Risk overall interest rate	Management specialised	Total
Firm operations					
Purchases					
Sales					
Exchange agreements		102 746,0			102 746,00
Conditional operations					
Purchases					
Sales					
31.12.2011					
Firm operations					
Purchases					
Sales					
Exchange agreements					
Conditional operations					
Purchases					
Sales					

INFORMATION ABOUT BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

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

31.12.2012	< 1 year	> 1 year < 5 years	> 5 years	Total
Rate instruments				
<i>Organised markets</i>				
Purchases				
Sales				
<i>Over the counter markets</i>				
Purchases				
Sales				
Rate swaps	2 000,0	15 336,00	85 410,0	102 746,0
Exchange instruments				
<i>Organised markets</i>				
Purchases				
Sales				
<i>Over the counter markets</i>				
Purchases				
Sales				
Financial swaps				
Other futures financial instruments				
<i>Organised markets</i>				
Purchases				
Sales				
<i>Over the counter markets</i>				
Purchases				
Sales				
Swaps				
Total	2 000,0	15 336,00	85 410,0	102 746,0

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	31.12.2012	31.12.2011
GROSS EXPOSURE		
Risks with credit institutions	1 259,7	
Risks with companies		
TOTAL	1 259,7	
Fair value of futures financial instruments		
	31.12.2012	31.12.2011
	Asset	Liability
Fair value of futures financial instruments	10 208,7	10 208,7

NOTE 15- Other off-balance sheet commitments

	31.12.2012	31.12.2011
Operations in foreign exchange		
- Currency to receive		
- Currency to supply		
Commitments on futures financial instruments		
Transactions carried out in organised and assimilated markets		
- Futures exchange transactions		
. Hedging		
. Other transactions		
- Financial exchange swaps		
. Isolated open position		
. Micro hedge	1 822,6	
. Overall rate risk		
. Specialised management		

NOTE 16 – Interest and similar income and costs

31 décembre 2012

31 décembre 2011

INFORMATION ABOUT BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

	Income	Charges	Income	Charges
Credit institutions	3 212,5		584,8	1,0
Customers				
Leasing and rental				
Bonds and other fixed income instruments	4,0	3 214,4		582,9
Others			0,7	
Total	3 216,5	3 214,4	585,5	583,9
including costs on mezzanine debts		1,4		

NOTE 17 - Corporate income tax

	31 décembre 2012	31 décembre 2011
Current tax - Amount for the financial year	0,4	0,1
Current tax - Settlement for previous financial years		
Current tax - Effect of tax integration		
Total	0,4	0,1
On current operations	0,4	
On exceptional items		
Total	0,4	0,1

CREDIT MUTUEL-CIC HOME LOAN SFH is integrated within the BFCM tax group for taxation purposes.
The amount recorded in 2012 corresponds to the tax charge the company would have paid if directly taxed.
There is no deficit carried forward.

Financial results for the last 5 financial years (in euros)

Nature of entries	2 008	2009	2010	2011	2012
1. Financial situation at the end of the period					
Shareholders' equity	120 000 000	120 000 000	120 000 000	120 000 000	220 000 000
Total number of shares issued	12 000 000	12 000 000	12 000 000	12 000 000	22 000 000
'A' shares or ordinary shares	12 000 000	12 000 000	12 000 000	12 000 000	22 000 000
2. Overall results of effective operations					
Banking income	322 953 692	469 355 125	436 676 817	585 526 347	3 216 593 980
Earnings before taxes, employee profit-sharing and depreciation provisions and exceptional income	4 336 523	911 475	200 688	800 138	1 062 449
Corporate income tax	1 581 259	468 225	5724	62491	374525
Employee profit-sharing for the financial year	-				
Profit	2 754 364	443 250	194 964	737 647	687 924
Distributed earnings	2 040 000	360 000			
3. Operating income per share					
Earnings after taxation and employee profit-sharing but before depreciation and provisions	0,23	0,04	0,02	0,06	0,03
Net profit	0,23	0,04	0,02	0,06	0,03
Dividend per 'A' share	0,17	0,03			
4. Personnel					
Number of employees (average FTE staff)	-	-	-	-	-
Amount of payroll	-	-	-	-	-
Amount of sums paid in company benefits (Social Security, Employee Benefits, etc.)	-	-	-	-	-