

Société anonyme (French limited company) with share capital of €220,000,000
Registered office: 6 avenue de Provence – 75452 Paris Cedex 9
Paris Trade and Companies Register 480 618 800

**BOARD OF DIRECTORS' MANAGEMENT REPORT
STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2013**

DISSEMINATION OF INFORMATION

Regulatory reports, prospectuses and issuance documentation are available on Crédit Mutuel – CIC Home Loan SFH’s website:

<http://www.creditmutuelcic-sfh.com/en/covered-bonds/documentation/index-sfh.html>

CONTENTS

I. COMPANY STATUS AND ACTIVITIES.....	4
1. KEY EVENTS IN THE YEAR	4
2. FUTURE OUTLOOK	4
3. KEY EVENTS BETWEEN THE YEAR-END AND THE DATE OF THIS REPORT	4
4. SUBSIDIARIES AND INVESTMENTS	4
5. CROSS SHAREHOLDINGS.....	5
6. AGREEMENTS COVERED BY ARTICLE L.225-38 OF THE FRENCH COMMERCIAL CODE.....	5
7. CURRENT DELEGATIONS OF AUTHORITY CONCERNING INCREASES IN THE COMPANY’S CAPITAL	6
8. OWNERSHIP.....	7
II. RESULTS, FINANCIAL POSITION AND DEBT	8
1. STATEMENT OF FINANCIAL POSITION.....	ERREUR ! SIGNET NON DEFINI.
a. ASSETS.....	8
b. LIABILITIES AND SHAREHOLDERS’ EQUITY	9
c. RESULTS.....	11
d. COVER POOL.....	12
2. FINANCIAL POSITION AND PRUDENTIAL RATIOS	13
3. DEBT	13
III. DESCRIPTION OF KEY RISKS AND UNCERTAINTIES AND RISK MANAGEMENT SYSTEM	13
1. CREDIT RISK.....	13
2. INTEREST RATE, FOREIGN EXCHANGE AND MARKET RISK	14
3. LIQUIDITY RISK	16
4. OPERATIONAL RISK	17
5. LEGAL RISK	17
IV. RESEARCH AND DEVELOPMENT ACTIVITIES	17
V. SOCIAL AND ENVIRONMENTAL IMPACT AND COMMITMENT TO SUSTAINABLE DEVELOPMENT	18
VI. EXECUTIVES, STATUTORY AUDITORS AND SPECIAL AUDITOR AND THEIR REMUNERATION	18
VII. DRAFT RESOLUTIONS SUBMITTED TO SHAREHOLDERS AT THEIR ORDINARY GENERAL MEETING OF MAY 7, 2014	19
VIII. APPENDICES	20
1. LIST OF OFFICES AND DUTIES.....	21

2.	STATUTORY AUDITORS' 2013 GENERAL REPORT	23
3.	STATUTORY AUDITORS' 2013 SPECIAL REPORT	25
4.	REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING	30
5.	STATUTORY AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS.....	45
6.	FINANCIAL STATEMENTS.....	47

I. COMPANY STATUS AND ACTIVITIES

Crédit Mutuel – CIC Home Loan SFH (formerly CM-CIC Covered Bonds) was licensed by the French Credit Institutions and Investment Firms Committee (CECEI) at its meeting of May 31, 2007. At its meeting of March 28, 2011, the ACPR authorized the Company to opt for the status of “home loan provider” (*Société de Financement de l’Habitat – SFH*).

The Company’s sole purpose is to help refinance the CM11-CIC Group. As such, so-called “US144A” documentation was put in place in 2012 to enable the Company to reach new investors in the United States.

1. KEY EVENTS IN THE YEAR

Since market conditions were favorable for refinancing throughout most of 2013, the majority of the Company’s issuances were carried out under the BFCM name.

However, with issuances in the year totaling €2.843 billion, Crédit Mutuel – CIC Home Loan SFH accounted for 16% of CM11-CIC Group’s medium- and long-term external refinancing.

Three public issuances by Crédit Mutuel – CIC Home Loan SFH are worth noting in particular:

- €1.25 billion with a maturity of seven years (April 2013)
- £250 million with a maturity of three years (April 2013)
- €1.0 billion with a maturity of ten years (September 2013)

2. FUTURE OUTLOOK

Crédit Mutuel – CIC Home Loan SFH will continue to contribute to the CM11-CIC Group’s medium- and long-term refinancing in 2014.

We will endeavor to strengthen our European investor base and continue to diversify our funding base as far as possible across other geographical regions (USA, Australia, Canada, etc.).

3. KEY EVENTS BETWEEN THE YEAR-END AND THE DATE OF THIS REPORT

There are no key events to report since the end of the 2013 financial year.

4. SUBSIDIARIES AND INVESTMENTS

None.

5. CROSS SHAREHOLDINGS

None.

6. AGREEMENTS COVERED BY ARTICLE L.225-38 OF THE FRENCH COMMERCIAL CODE

A list of agreements authorized during the year ended December 31, 2013 to which Article L.225-38 of the French Commercial Code (*Code de Commerce*) applies and which are subject to ratification at a shareholders' meeting is set out below.

To validly conduct issuances, the Company must annually update (i) its Euro Medium Term Note program for issuances of *obligation de financement de l'habitat* bonds and other covered bonds (governed by French, German or Australian law) (the "**EMTN Program**") and (ii) its US Medium Term Note program for issuances of covered bonds (governed by New York State law) (the "**US MTN Program**") and, together with the EMTN Program, the "**Issuance Programs**").

At its meeting of July 19, 2013, the Board of Directors authorized the Company to enter into the following agreements, which make up the documentation of the EMTN Program. These updated amendments were approved in advance at the shareholders' meeting held on the same day:

I. Legal documentation concerning the structure of the EMTN Program:

- (i) a **Master Amendment to the Program Documentation** entered into between the Company (as Issuer and Lender) and Banque Fédérative du Crédit Mutuel ("**BFCM**") (as Borrower, Cash Collateral Provider, Collateral Provider, Issuer Accounts Bank and Issuer Calculation Agent);
- (ii) an amendment to the **Issuer Hedging Agreement** and a **Credit Support Annex to the Issuer Hedging Agreement** entered into between the Company and BFCM;
- (iii) an amendment to the **Borrower Hedging Agreement** entered into between the Company and BFCM; and
- (iv) an amendment to the **Credit Support Deed** entered into between the Company and BFCM

II. Concerning the EMTN Program:

- (i) an **Amended and Restated Dealer Agreement** entered into between the Company (as Issuer), BNP Paribas (as Arranger and Permanent Dealer) and BFCM (as Permanent Dealer)

At its meeting of September 11, 2013, the Board of Directors authorized the Company to enter into the following agreements, which make up the documentation of the US MTN Program. These updated amendments were approved in advance at the shareholders' meeting held on the same day:

I. Legal documentation concerning the structure of the US MTN Program:

- (i) the **Amendment to the Collateral Security Agreement** entered into between the Company as Issuer, the Collateral Providers and Banque Fédérative du Crédit Mutuel (“**BFCM**”) as Administrator and Borrower
- (ii) the **Amendment to the Master Definitions and Construction Agreement** entered into between the Company as Issuer and Borrower and BFCM as Administrator and Borrower

II. Concerning the US MTN Program:

- (i) the **Amended and Restated Dealer Agreement** entered into between the Company (as Issuer), Citigroup Global Markets Inc. (as Arranger and Dealer) and BFCM, Barclays Capital Inc., BNP Paribas Securities Corp., Crédit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities Plc and Morgan Stanley & Co. LLL (as Dealers)

These agreements are regulated agreements subject to the provisions of Article L.225-38 of the French Commercial Code insofar as they have been entered into with companies belonging to the same group and, in particular, with companies that hold more than 10% of voting rights in the Company, or that have executives in common with the Company.

In accordance with the provisions of Article R.225-30 of the French Commercial Code, the agreements entered into during 2013, as well as those entered into previously (and properly authorized by the Board of Directors during prior years) and that continued to have effect during 2013, have been provided to the Statutory Auditors, who will present their Special Report on this subject at the shareholders’ meeting.

7. CURRENT DELEGATIONS OF AUTHORITY CONCERNING INCREASES IN THE COMPANY’S CAPITAL

At the extraordinary general meeting of December 4, 2012, the Board of Directors was authorized, for a period of 26 months with effect from that date, in accordance with Article L.225-129-2, to increase the Company’s share capital by a maximum of €500 million, in one or more tranches, bringing the share capital to a maximum of €620 million.

On December 8, 2012, the Board of Directors decided to increase the Company’s capital by €100 million, bringing it to €220 million.

These non-preferred funds served to improve Crédit Mutuel – CIC Home Loan SFH’s coverage ratio and meet its liquidity needs.

8. OWNERSHIP

Crédit Mutuel – CIC 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)	Notes	2013 December 31	2012 December 31
Cash and central bank deposits			
Government securities and similar instruments			
Receivables due from credit institutions	2	25,596.5	21,012.8
Loans and receivables due from customers			
Bonds and other fixed-income securities			
Equities and other variable-income securities			
Long-term equity investments and securities		0.0	0.0
Investments in subsidiaries and associates			
Finance leases and similar transactions			
Intangible assets			
Property, plant and equipment			
Subscribed capital not paid			
Treasury stock			
Other assets	3	0.2	0.2
Prepayments and accrued income	4	460.6	427.0
Total assets		26,057.3	21,440.0

Off-statement of financial position assets		2013 December 31	2012 December 31
Commitments received			
Financing commitments			
Commitments received from credit institutions			
Guarantee commitments			
Commitments received from credit institutions	11	35,001.1	32,001.0
Securities commitments			
Securities sold with repurchase or reacquisition option			
Other commitments received			

b. LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND SHAREHOLDERS' EQUITY (€ millions)	Notes	2013 December 31	2012 December 31
Central bank borrowing			
Due to credit institutions	5		
Customer deposits			
Debt represented by securities	6	22,485.0	20,669.8
Other liabilities	3	2,768.3	
Accruals and deferred income	4	460.7	427.2
Provisions			
Subordinated debt	7	120.2	120.2
Fund for general banking risks			
Shareholders' equity	8	223.1	222.8
- Subscribed capital		220.0	220.0
- Issuance premiums			
- Reserves		1.1	1.1
- Revaluation reserve			
- Regulated provisions			
- Retained earnings		1.7	1.0
- Profit for the year		0.3	0.7
Total liabilities and shareholders' equity		26,057.3	21,440.0

Off-statement of financial position liabilities	2013 December 31	2012 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		
Securities acquired with reacquisition option		
Other commitments given		

Liabilities mainly consist of securities issued by SFH.

Furthermore, a new item, "Other liabilities", was added in 2013, totaling €2,768 million. It represents collateral offered by BFCM in connection with the Pre-Maturity Test after Fitch Ratings downgraded BFCM's short-term credit rating to F1 on July 17, 2013.

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

Off-statement of financial position assets of €35 billion correspond to home loans offered as collateral by providers of collateral to SFH. This figure was €32 billion at the end of 2012.

c. RESULTS

INCOME STATEMENT (€ millions)	Notes	Year ended December 31, 2013	Year ended December 31, 2012
+ Interest and similar income	16	3,234.6	3,216.5
+ Interest and similar expense	16	(3,233.0)	(3,214.4)
+ Income from variable-income securities			
+ Fee and commission income			
+ Fee and commission expense			
+/- Gains (losses) on trading portfolio transactions			
+/- Gains (losses) on investment portfolio and similar transactions			
+ Other banking operating income			
+ Other banking operating expense			
= Net banking income		1.6	2.1
+ Payroll costs			
+ Other administrative expenses		(1.0)	(1.0)
+ Depreciation and amortization			
= Operating expenses		(1.0)	(1.0)
Gross operating income		0.5	1.1
+ Net additions to/reversals from provisions for loan losses			
= Operating income		0.5	1.1
+/- Gains (losses) on non-current assets			
= Income before non-recurring items		0.5	1.1
+/- Net non-recurring income (expense)			
+ Corporate income tax	17	(0.2)	(0.4)
+/- Additions to (reversals from) fund for general banking risks			
+/- Additions to (reversals from) regulated provisions			
= Net income		0.3	0.7

The Company reported net income for the year of €0.3 million, compared with €0.7 million in 2012.

The decline in net income between 2012 and 2013 stemmed from a reduction in the return on on-lent capital.

d. COVER POOL

Collateral for secured loans consists of a portfolio of receivables made up entirely of mortgage-backed receivables, totaling €35,001,114,025 at December 31, 2013.

The main characteristics of the home loan portfolio recognized at December 31, 2013, based on the capital outstanding at November 30, 2013, were as follows:

Capital outstanding	€35,001,114,025
Average outstanding loan	€82,464
Number of loans	424,442
Number of borrowers	350,003

Average age of loans (months)	63
Average residual maturity (months)	177

Proportion of fixed-rate loans	84.17%
Average interest rate on fixed-rate receivables	3.83%
Average interest rate on variable-rate receivables	2.79%

BREAKDOWN BY TYPE OF SECURITY		
Type of security	Total capital outstanding	Proportion by type of security
Mortgage guarantee	€12,469,517,356	36%
First-rate mortgage or lender's priority lien	€22,531,596,669	64%
TOTAL	€35,001,114,025	100%

BREAKDOWN BY TYPE OF LOAN		
Type of loan	Total capital outstanding	Number of loans
Standard	€30,932,171,459	357,672
Home savings plans/accounts	€123,280,793	12,766
Interest-free loans	€0	
Social housing loans	2,276,468,734 €	35,385
Regulated loans	1,669,193,038 €	18,619
TOTAL	€35,001,114,025	424,442

BREAKDOWN BY NUMBER OF LOANS IN ARREARS		
Number of monthly repayments missed	Total capital outstanding	Number of loans
0	€35,001,114,025	424,442
> 0	€-	-
TOTAL	€35,001,114,025	424,442

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

Further to the ACPR's decision of March 28, 2011, and the adoption by the Company of the status of "home loan provider" (*Société de Financement de l'Habitat* – SFH), the Company has committed to comply with prudential regulations on an individual basis and, when calculating its solvency ratio and assessing limits for major risks, not to take into account receivables recognized in assets but rather assets received as collateral, whether pledged or given in full ownership.

The Company's solvency ratio at December 31, 2013 was 11.34%.

3. DEBT

Readers are reminded that the Company's borrowing capacity is limited by its bylaws: 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, housing finance bond issuances are intended to refinance residential home loans granted by banks in the CM11-CIC Group, 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 – CIC Home Loan SFH's borrowing capacity is dependent upon its compliance with prudential ratios prescribed by applicable regulations.

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

The sole corporate purpose of Crédit Mutuel – CIC Home Loan SFH is to help refinance CM11-CIC 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 (formerly 431-7-3) of the French Monetary and Financial Code (*Code Monétaire et Financier*).

1. CREDIT RISK

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

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 the CM11-CIC

Group, on the basis of Article L.211-36, paragraph II and Articles L.211-38 to L.211-40 (formerly 431-7-3) 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.515-7 lay down minimum credit quality levels for such on-lending.
 - Contractual limits: rating agencies have laid down minimum credit ratings that vary according to the term of the loan.

Minimum rating	S&P	Fitch	Moody's
< 30 days	A1/A	F1	P1
30 days to 1 year	A1+/AA-	F1+	P1
> 1 year	AAA	Aaa	AAA

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

The following table shows a breakdown of this collateral by internal credit rating on a scale of 12 ratings from A to F, highlighting the high quality of the loans in this portfolio.

	Outstandings (€m)	Percentage	Aggregate percentage
A	17,260	49%	49%
B	12,068	35%	84%
C	4,001	11%	95%
< C	1,672	5%	100%
TOTAL	35,001	100%	

2. INTEREST RATE, FOREIGN EXCHANGE AND MARKET RISK

Interest rate risk

Crédit Mutuel – CIC 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 loaned to BFCM at the same interest rates (plus 10% of the margin, with a minimum of 2 bps and a maximum of 10 bps) and for the same term. 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. The issuance program documentation requires Crédit Mutuel – CIC Home Loan SFH to enter into specific swaps with counterparties meeting specific rating criteria to hedge these risks as soon as BFCM’s rating is downgraded.
- Since the first-level rating criteria have been met, swaps have been put in place to hedge both assets and liabilities. Since BFCM meets the necessary rating criteria, it is the counterparty to these swaps.
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.

Foreign exchange risk

The program allows for the possibility of Crédit Mutuel – CIC Home Loan SFH carrying out issuances in foreign currency. In such cases, the funds are loaned to BFCM in the currency of the issuance.

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

Nominal amount in currency	Currency	Nominal amount in euros	Date issued	Maturity date
250,000,000	GBP	292,575,000	Apr 22, 2013	Apr 22, 2016
1,000,000,000	USD	785,130,000	Nov 16, 2012	Nov 16, 2017
300,000,000	NOK	39,698,293	Mar 22, 2012	Mar 22, 2022
750,000,000	NOK	96,961,862	Oct 7, 2011	Oct 7, 2024

The funds raised via these issuances were loaned 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 guarantee and would become the owner of the home loans, all of which are denominated in euros, while having to make repayments in foreign currency. The issuance program documentation requires Crédit Mutuel – CIC Home Loan SFH to enter into specific currency swaps with counterparties meeting rating criteria intended to hedge the risk of a deterioration in BFCM’s credit rating.
- Since the first-level rating criteria have been met, hedging swaps have been put in place. Since BFCM meets the necessary rating criteria, it is the counterparty to these swaps.
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 – CIC Home Loan SFH is not involved in any capital market activity other than issuing covered bonds and on-lending the funds raised to BFCM under the same terms.

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

3. LIQUIDITY RISK

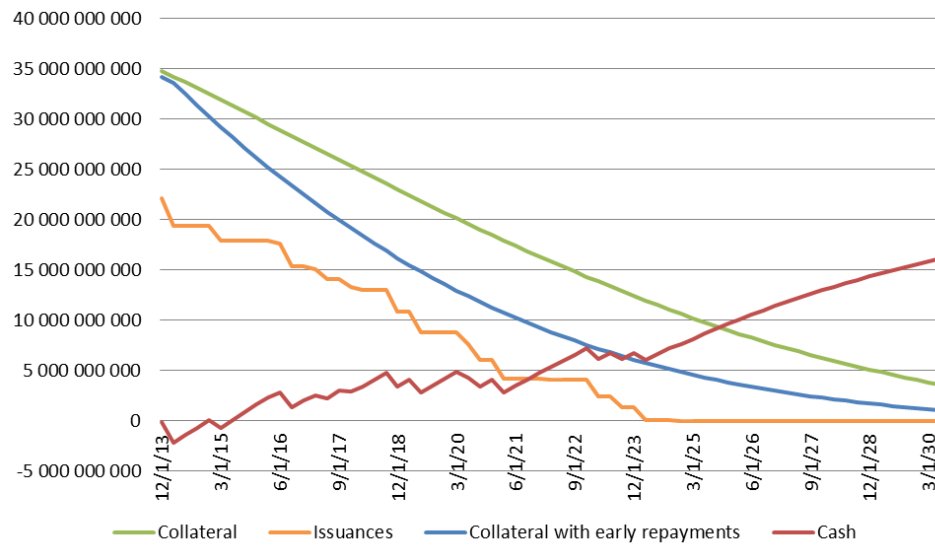
Crédit Mutuel – CIC Home Loan SFH operates in such a way that it is not exposed to liquidity risk. Since its sources and uses of funds are perfectly matched by term, Crédit Mutuel – CIC Home Loan SFH does not engage in maturity transformation.

- 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 guarantee and would become the owner of the home loans. The issuance program documentation provides for a Pre-Maturity Test to address this risk.
- The Pre-Maturity Test requires that, if BFCM's short-term credit rating is downgraded during the nine months before a covered bond issuance matures, BFCM must set aside a cash security deposit. This deposit must be sufficient to cover the principal repayments falling due during the period in question. Failure to meet this obligation would represent default by BFCM.
- 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 issuances due to mature within 180 business days, and the funds thus obtained were deposited in term accounts maturing in less than 30 days. The amount of this collateral stood at €2,768 million at December 31, 2013.

These mechanisms are considered compliant with the requirements of Article R.515-7-1 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 profile of the issuances and the resulting cash balance (not taking into account early redemptions).

Outstandings over time



4. OPERATIONAL RISK

In accordance with its bylaws, Crédit Mutuel – CIC 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 laid down by Group Compliance (see Article 42 report, section IV).

5. LEGAL RISK

To help it achieve its corporate purpose, Crédit Mutuel – CIC Home Loan SFH is advised by external legal advisers, in particular by law firms. Furthermore, its legal risk has been analyzed in detail by rating agencies, which have assigned their top rating (AAA) to Crédit Mutuel – CIC Home Loan SFH’s program.

In addition, under the agreements referenced above, Crédit Mutuel – CIC Home Loan SFH can rely on assistance from the CM11-CIC Group 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. SOCIAL AND ENVIRONMENTAL IMPACT AND COMMITMENT TO SUSTAINABLE DEVELOPMENT

Pursuant to Article R.225-105 of the French Commercial Code, the management report must set out actions taken and policies adopted by the Company to take into account the social and environmental impact of its activities.

Given the Company's particular organization, the information and indicators required by legislation and regulations are set out in the management report of Caisse Fédérale de Crédit Mutuel, which is the controlling company as defined in Article L.233-3 of the French Commercial Code.

VI. EXECUTIVES, STATUTORY AUDITORS AND SPECIAL AUDITOR AND THEIR REMUNERATION

INFORMATION CONCERNING CORPORATE OFFICERS

To meet the requirements of Article L.225-102-1 of the French Commercial Code, a list of all offices held and duties performed by each of the Company's corporate officers in any company is set out in the Appendices.

None of the corporate officers received any remuneration from the Company in respect of their duties in 2013. However, in accordance with Article L.225-42.1 of the French Commercial Code, in companies listed on a regulated market, remuneration received by the corporate officers from the Company itself, companies controlled by it or companies that control it must be indicated in the management report.

This requirement affects Christian Klein, Company Chairman, and Christian Ander, Chief Executive Officer, both of whom are employees of BFCM, from which they received total fixed remuneration of €485,171.40 and €322,968.60 respectively in 2013. BFCM owns 99.99% of Crédit Mutuel – CIC Home Loan SFH, which it controls as defined in the aforementioned Article L.225-42-1.

STATUTORY AUDIT

In accordance with legislation and regulations, the Statutory Auditors' reports are available for inspection.

Furthermore, readers are advised that current agreements entered into under normal conditions that, by virtue of their subject or financial implications, are significant for the parties, have continued to have effect. A list of the relevant agreements and their subjects has been provided to the directors and the Statutory Auditors.

Principal Statutory Auditors:

PricewaterhouseCoopers Audit
63 Rue de Villiers
92208 NEUILLY-SUR-SEINE CEDEX
Partner: Jacques Lévi

Ernst & Young et Autres
1/2 Place des Saisons
92400 COURBEVOIE, PARIS-La Défense 1
Partner: Olivier Durand

Alternate Statutory Auditors:

Picarle et Associés
Faubourg de l'Arche
11 Allée de l'Arche, COURBEVOIE
92037 PARIS-La Défense CEDEX

Mrs Anik Chaumartin
63 Rue de Villiers
92208 NEUILLY-SUR-SEINE CEDEX

INFORMATION REGARDING THE SPECIAL AUDITOR

Principal Special Auditor:

FIDES AUDIT
52 rue la Boétie
75008 Paris
Partner: Stéphane Massa

The special auditor's actual compensation for 2013 was €68,749.67, including tax.

**VII. DRAFT RESOLUTIONS SUBMITTED TO SHAREHOLDERS AT THEIR
ORDINARY GENERAL MEETING OF MAY 7, 2014**

FIRST RESOLUTION

In accordance with the quorum and majority conditions required for ordinary shareholders' meetings and after the management report prepared by the Board of Directors and the Statutory Auditors' reports had been read to them, the shareholders approved the statutory financial statements for the financial year ended December 31, 2013, as presented to them by the Board of Directors, which show a profit of €333,757.13.

The shareholders also approved the transactions entered in these financial statements or summarized in these reports.

Accordingly, they granted the directors full and unconditional discharge for their work during said financial year.

SECOND RESOLUTION

The shareholders resolved to appropriate the net profit of €333,757.13 plus the €1,625,575.43 in retained earnings, i.e. an available amount of €1,959,332.56, as follows:

- to the legal reserve:	€16,687.86
- to retained earnings:	<u>€1,942,644.70</u>
Total	€1,959,332.56

In accordance with Article 243 *bis* of the French Tax Code (*code général des impôts*), the shareholders recorded the fact that the following dividends had been distributed in respect of previous years:

Financial year	Dividend distributed
2010	-
2011	-
2012	-

THIRD RESOLUTION

In accordance with the quorum and majority conditions required for ordinary shareholders' meetings and after having familiarized themselves with the report prepared by the Board of Directors and having had the Statutory Auditors' special report on the agreements referred to in Article L.225-38 of the French Commercial Code read out to them, the shareholders approved the findings of said report and the agreements referred to therein.

VIII. APPENDICES

- LIST OF OFFICES AND DUTIES
- STATUTORY AUDITORS' 2013 GENERAL REPORT
- STATUTORY AUDITORS' 2013 SPECIAL REPORT
- REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS TO SHAREHOLDERS
- STATUTORY AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS
- FINANCIAL STATEMENTS

1. LIST OF OFFICES AND DUTIES

(Article L.225-102-1 of the French Commercial Code)
for financial year 2013

Christian Klein

Chairman of the Board of Directors of Crédit Mutuel-CIC Home Loan SFH

Deputy CEO: BFCM

Member of the Board of Directors: ESN North America (New York) • Investessor • SFEF – Société de Financement de l'Economie Française

Member of the Board of Directors - Deputy CEO: Carmen Holding Investissement

Member of the Supervisory Board: CIC Iberbanco

Permanent representative: BFCM (Director of CM-CIC Securities) • BFCM (Director of CM-CIC Aménagement Foncier) • BFCM (Director of Groupe Sofémo) • BFCM (Director of Boréal) • Sofinaction (Director of CM-CIC Bail) • Sofinaction (Director of CM-CIC Lease) • Cicoval (Director of CIC Lyonnaise de Banque) • Adepi (Director of CM-CIC AM)

Christian Ander

Member of the Board of Directors and Chief Executive Officer

Banque Fédérative du Crédit

Mutuel

Member of the Board of Directors

Chairman: Bischenberg • CM-CIC Immobilier

Director: • Assurances du Crédit Mutuel SAM • Assurances du Crédit Mutuel Vie SA • Assurances du Crédit Mutuel IARD SA • Banque de Tunisie • Boréal • Caisse de Refinancement de l'Habitat • CM-CIC Epargne Salariale • CM-CIC Securities • CM-CIC SCPI Gestion • Crédit Industriel et Commercial • Crédit Mutuel Cartes de Paiements • Crédit Mutuel Habitat Gestion • Critel • Fédération du Crédit Mutuel Centre Est Europe • Groupe des Assurances du Crédit Mutuel • Groupe Sofémo • SAEM Mirabelle TV • SAEM Locusem • SEM Action 70 • SEM Destination 70 • SEM CAEB-Bischheim • SEM CALEO – Guebwiller • SEM Euro Moselle Développement • SEM Nautiland • SEM pour la promotion de la ZAC Forbach Sud • SEM Semibi Biesheim • SIBAR • Société Fermière de la Maison de L'Alsace • Société Française d'Édition de Journaux et d'Imprimés Commerciaux "L'Alsace" • Ventadour Investissement

Member of the Management Committee: Euro Information • Euro Protection Surveillance • Euro TVS • Euro Information Direct Service

Member of the Management Board: Sofédis

Member of the Supervisory Board: Batigère • SAEM Mulhouse Expo • Société d'Etudes et de Réalisation pour les Equipements Collectifs (SODEREC) • STET - Systèmes Technologiques d'Échanges et de Traitement

Philippe Vidal

Member of the Board of Directors

Chairman of the Supervisory Board: CM-CIC Capital Finance

Chairman of the Board of Directors: CM-CIC Gestion • CIC Lyonnaise de Banque • CM-CIC Factor • Banque de Luxembourg • Banque CIC Suisse • Cigogne Management

Vice-Chairman of the Board of Directors: CM-CIC Bail

Deputy CEO: CIC

Director: Saint-Gobain PAM • CM-CIC Titres • Banque Transatlantique Belgium • Batipart Invest

Permanent representative: • CIC Participations (Director of CM-CIC Asset Management) • Adepi (Director of ACM Vie SA) • CM-CIC Capital Finance (Director of Lanson-BCC)

Luc Chambaud

Member of the Board of Directors

Member of the Supervisory Board: Euro Information Production • CM-CIC Services

Chief Executive Officer: CRCM de Normandie • Fédération du Crédit Mutuel de Normandie

Member of the Board of Directors: Euro P3C

Permanent representative: CRCM de Normandie (Member of the Board of Directors of Assurances du Crédit Mutuel Vie SA; member of the Management Board of Euro Information SAS - Euro GDS)

Vice-Chairman of the Board of Directors: Norfi

Non-voting member: Crédit Industriel et Commercial

François Migraine

Member of the Board of Directors

Vice-Chairman and member of the Supervisory Board: Cofidis Participations • Cofidis

2. STATUTORY AUDITORS' 2013 GENERAL REPORT

PricewaterhouseCoopers Audit

63 Rue de Villiers
92208 Neuilly-sur-Seine Cedex

Statutory Auditor

Member of the regional association
of accountants of Versailles

Ernst & Young et Autres

1/2 place des Saisons
92400 Courbevoie, Paris-La Défense 1

Statutory Auditor

Member of the regional association
of accountants of Versailles

Statutory Auditors' report on the statutory financial statements (Year ended December 31, 2013)

To the Shareholders,

In accordance with the terms of the engagement entrusted to us at your shareholders' meeting, we present herewith our report for the year ended December 31, 2013 on:

- our audit of the statutory financial statements of Crédit Mutuel – CIC Home Loan SFH, as appended to this report;
- the basis for our assessments;
- the specific verifications and information required by law.

The statutory financial statements have been signed off by the Board of Directors. It is our duty, on the basis of our audit, to express an opinion on these financial statements.

I - Opinion on the statutory financial statements

We have conducted our audit in accordance with generally accepted French auditing standards. These standards require that we carry out checks to obtain reasonable assurance that the statutory financial statements are free from material misstatement. An audit consists of verifying, on a test basis or using other selection methods, evidence supporting amounts and disclosures included in the statutory financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have gathered provides a sufficient and appropriate basis for our audit opinion.

In our opinion, the statutory financial statements present a true and fair view of the Company's assets, liabilities, financial position and performance at the end of the year under review, in accordance with French accounting rules and principles.

II - Basis for our assessments

In accordance with the provisions of Article L.823-9 of the French Commercial Code on the basis for our assessments, you are advised that our assessment related to the appropriateness of the accounting principles applied, the reasonableness of significant estimates used and the overall presentation of the

financial statements.

These assessments formed part of our audit of the statutory financial statements as a whole, and thus contributed to our opinion expressed in the first part of this report.

III - Specific checks and information

In accordance with professional standards applicable in France, we have also performed the specific checks laid down in law.

We have no comments as to the fair presentation of the information set out in the Board of Directors' management report and the documents sent to shareholders on the Company's financial position and the statutory financial statements, or its consistency with the statutory financial statements.

As regards the information provided in accordance with Article L.225-102-1 of the French Commercial Code on remuneration and benefits paid to corporate officers and commitments given in their favor, we have checked the consistency of this information with the information set out in the financial statements or with the data used to prepare the financial statements, and, where applicable, with the information received by the Company from companies that control it or are controlled by it. On the basis of this work, we certify that this information is accurate and fair.

Executed in Neuilly-sur-Seine and Paris-La Défense, March 28, 2014

The Statutory Auditors

PricewaterhouseCoopers Audit

Ernst & Young et Autres

Jacques Lévi

Olivier Durand

3. STATUTORY AUDITORS' 2013 SPECIAL REPORT

PricewaterhouseCoopers Audit

63 Rue de Villiers
92208 Neuilly-sur-Seine Cedex

Statutory Auditor

Member of the regional association
of accountants of Versailles

Ernst & Young et Autres

1/2 place des Saisons
92400 Courbevoie, Paris-La Défense 1

Statutory Auditor

Member of the regional association
of accountants of Versailles

Statutory Auditors' Special Report on regulated agreements and commitments

(Shareholders' meeting called to approve the financial statements for the financial year ended December 31, 2013)

To the Shareholders,

In our capacity as the Company's Statutory Auditors, we present herewith our report on regulated agreements and commitments.

It is our duty, based on the information provided to us, to inform you of the essential characteristics and terms of any agreements or commitments of which we have been informed or that we discovered during our audit. It is not within our remit to express an opinion on the appropriateness or merits of such agreements or commitments or to seek to identify other agreements or commitments. In accordance with Article R.225-31 of the French Commercial Code, it is your responsibility, in considering whether to approve these agreements or commitments, to determine whether they should have been entered into.

We are also required (where appropriate) to provide you with the information laid down in Article R.225-31 of the French Commercial Code on the performance during the past year of agreements and commitments already approved at a shareholders' meeting.

In fulfilling our engagement, we have carried out the checks we considered necessary in light of the professional policies of the *Compagnie nationale des commissaires aux comptes* (National Association of Statutory Auditors). These checks consisted of verifying that the information provided to us was consistent with the base documents from which it was taken.

AGREEMENTS AND COMMITMENTS SUBJECT TO APPROVAL AT A SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year under review

In accordance with Article L.225-40 of the French Commercial Code, we have been advised of the following agreements and commitments which were authorized previously by the Board of Directors.

With Banque Fédérative du Crédit Mutuel (BFCM)

Person concerned:

Marc Bauer, Deputy CEO of BFCM

Nature, purpose, and terms and conditions:

Authorized by the Board of Directors on July 19, 2013:

- ✓ the Amended and Restated Dealer Agreement to be entered into between the Company (as Issuer), BNP Paribas (as Arranger and Permanent Dealer) and BFCM (as Permanent Dealer)
- ✓ the Master Amendment to the Program Documentation to be entered into between the Company (as Issuer and Lender) and BFCM (as Borrower, Cash Collateral Provider, Collateral Provider, Issuer Accounts Bank and Issuer Calculation Agent)
- ✓ the amendment to the Issuer Hedging Agreement and the Credit Support Annex to the Issuer Hedging Agreement to be entered into between the Company and BFCM
- ✓ the amendment to the Borrower Hedging Agreement to be entered into between the Company and BFCM
- ✓ the amendment to the Credit Support Deed to be entered into between the Company and BFCM

Authorized by the Board of Directors on September 11, 2013:

- ✓ the Amendment to the Collateral Security Agreement to be entered into between the Company (as Issuer), the Collateral Providers and BFCM (in particular as Administrator and Borrower)
- ✓ the Amendment to the Master Definitions and Construction Agreement to be entered into between the Company (as Issuer and Borrower) and BFCM (in particular as Administrator and Borrower)
- ✓ the Amended and Restated Dealer Agreement to be entered into between the Company (as Issuer), Citigroup Global Markets Inc. (as Arranger and Dealer), BFCM and Citigroup Global Markets Limited (as Dealers)

AGREEMENTS AND COMMITMENTS ALREADY APPROVED AT A SHAREHOLDERS' MEETING

Agreements and commitments approved during previous years and which continued to have effect during the year under review

In accordance with Article R.225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved at shareholders' meetings during prior years, continued to have effect during the year under review.

With Banque Fédérative du Crédit Mutuel (BFCM)

Person concerned:

Marc Bauer, Deputy CEO of BFCM

Nature, purpose, and terms and conditions:

Authorized by the Board of Directors on January 9, 2012:

- ✓ the Issuer Hedging Agreement entered into between the Company and BFCM
- ✓ the Borrower Hedging Agreement entered into between the Company and BFCM
- ✓ the Credit Support Annex to the Issuer Hedging Agreement entered into between the Company and BFCM
- ✓ the Credit Support Deed entered into between the Company and BFCM
- ✓ any agreement entitled “Confirmation to the Issuer Hedging Agreement” and confirming the terms and conditions of transactions entered into under the Issuer Hedging Agreement
- ✓ any agreement entitled “Confirmation to the Borrower Hedging Agreement” and confirming the terms and conditions of transactions entered into under the Borrower Hedging Agreement

Authorized by the Board of Directors on June 4, 2012:

- ✓ the Amended and Restated Dealer Agreement entered into between the Company (as Issuer), BNP Paribas (as Arranger and Permanent Dealer) and BFCM (as Permanent Dealer)

Authorized by the Board of Directors on September 11, 2012:

- ✓ the Supplemental Dealer Agreement dated June 15, 2012 entered into between the Company (as Issuer), BNP Paribas (as Arranger and Dealer) and BFCM (as Dealer), which may, if applicable, take the form of an Amended and Restated Dealer Agreement
- ✓ the Master Amendment to the Program Documentation entered into between BFCM (as Administrator, Borrower, Cash Collateral Provider, Collateral Provider, Issuer Accounts Bank and Issuer Calculation Agent) and the Company (as Issuer and Lender)
- ✓ the U.S. Dealer Agreement relating to New York Law Covered Bonds entered into between the Company (as Issuer), Citigroup Global Markets Inc. (as Arranger and Dealer), BFCM and Citigroup Global Markets Limited (as Dealers)
- ✓ the Amended and Restated Dealer Agreement relating to Covered Bonds entered into between the Company (as Issuer), BNP Paribas (as Arranger and Dealer) and BFCM (as Dealer); the Master Amendment to the Program Documentation entered into between the Company (in various capacities) and BFCM (in various capacities) and amending agreements entered into on July 9, 2007 between (inter alia) the Company and BFCM
- ✓ the amendment to the Administrative Agreement entered into on July 9, 2007 between the Company and BFCM
- ✓ the amendment to the outsourcing and resource provision agreement entered into on July 9, 2007 between the Company, BFCM, Caisse Fédérale de Crédit Mutuel (CFdeCM) and Crédit Industriel et Commercial (CIC)

With Crédit Industriel et Commercial:

Persons concerned:

Banque Fédérative du Crédit Mutuel and Philippe Vidal, Deputy CEO of CIC

Nature, purpose, and terms and conditions:

The amendment to the outsourcing and resource provision agreement entered into on July 9, 2007 between the Company, BFCM, CFdeCM and CIC.

The agreements entered into in connection with the creation of the new refinancing vehicle, relating to various regulated agreements, as follows:

- ✓ the €60 million Subordinated Loan Agreement (upper tiers 2J) entered into between the Company (as Borrower) and BFCM (primarily as Lender)
- ✓ the €60 million Subordinated Loan Agreement (lower tiers 2J) entered into between the Company (as Borrower) and BFCM (primarily as Lender)
- ✓ the outsourcing and resource provision agreement entered into between the Company, CFCM CEE, CIC and BFCM
- ✓ the amendment to the tax consolidation agreement between the Company and BFCM
- ✓ the Administrative Agreement entered into between the Company (as Lender) and BFCM (as Administrator and Issuer Calculation Agent)
- ✓ the Calculation Services Agreement entered into between the Company and BFCM (as Administrator and Issuer Calculation Agent)
- ✓ the Asset Monitor Agreement entered into between the Company (as Issuer), BNP Paribas Securities Services (as Issuer Security Agent) and BFCM (as Administrator and Issuer Calculation Agent)
- ✓ the Issuer Accounts Agreement entered into between the Company (as Issuer) and BFCM (as Issuer Accounts Bank, Administrator and Issuer Calculation Agent)
- ✓ the Pledge Agreement over the Issuer Bank Accounts entered into between the Company (as Issuer and Pledgor), BNP Paribas Securities Services (as Issuer Security Agent acting for and on behalf of the holders of Covered Bonds) and BFCM (as Administrator)
- ✓ the Pledge Agreement over the Borrower Facility Receivable entered into between the Company (as Issuer and Pledgor), BNP Paribas Securities Services (as Issuer Security Agent acting for and on behalf of the holders of Covered Bonds) and BFCM (as Administrator)
- ✓ the Borrower Facility Agreement entered into between the Company (as Lender) and BFCM (as Borrower, Administrator and Issuer Calculation Agent)
- ✓ the TEG (*taux effectif global – effective global rate*) Letter appended to the Borrower Facility Agreement issued by the Company and signed by BFCM
- ✓ the Collateral Security Agreement entered into between the Company (as Lender), BFCM (as Collateral Security Agent, Collateral Provider, Administrator, Borrower and Issuer Calculation Agent) and the Collateral Providers
- ✓ the Cash Collateral Agreement entered into between the Company (as Lender) and BFCM (as Cash Collateral Provider, Administrator and Issuer Calculation Agent)
- ✓ the Hedging Approved Form Letter issued by BFCM and the Company concerning each of the Issuer Hedging Agreements and Borrower Hedging Agreements and each of the Borrower Hedging Agreements entered into between BFCM and the Company, templates for which (the ISDA Master Agreement including its Schedule, Credit Support Annex and applicable Confirmations) are included in the appendices to that Hedging Approved Form Letter
- ✓ all contracts, deeds and documents entered into pursuant to or in execution of the documents referred to above and templates for which are included in the appendices to those documents

agreements entered into after changes were made to the original agreement:

- ✓ the Amended and Restated Dealer Agreement entered into between the Company (as Issuer), BNP Paribas (as Dealer and Arranger) and BFCM (as Dealer)
- ✓ the Amendment to the Master Definition and Construction Agreement entered into between the Company (as Issuer and Lender), BFCM (as Administrator, Borrower, Issuer Accounts Bank, Issuer Calculation Agent, Collateral Security Agent and Cash Collateral Provider) and BNP Paribas Securities Services (as Issuer Security Agent).

Executed in Neuilly-sur-Seine and Paris-La Défense, March 28, 2014

The Statutory Auditors

PricewaterhouseCoopers Audit

Ernst & Young et Autres

Jacques Lévi

Olivier Durand

4. REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING

CHAIRMAN'S REPORT ON THE BOARD OF DIRECTORS' OPERATION AND INTERNAL CONTROL PROCEDURES

March 2014

The provisions of Article L. 225-37 of the French Commercial Code stipulate that the chairman of the board of directors of a limited company must present a separate report, which is submitted along with the annual report, on the conditions under which the board prepares and organizes its work, the internal control procedures implemented by the company, and any limits that the board has placed on the powers of the chief executive officer.

I. PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK

1. Composition of the Board

The Board of Directors of Crédit Mutuel-CIC Home Loan SFH consists of six members, including one independent director, appointed by the shareholders' meeting for six years, pursuant to Article 13 of the bylaws. The list of directors and a description of their functions at other companies is presented in the appendix in accordance with legal requirements. There are no directors' fees or stock options.

2. Operation of the Board

The Board of Directors sets the Company's business strategy and oversees its implementation. Subject to the powers expressly granted to shareholders' meetings and within the limit of the corporate purpose, it considers all issuances relating to the Company's operations and makes decisions on matters affecting the Company.

There are no internal rules formally stipulating how the Board of Directors should operate; it is subject to the statutory legal provisions.

Individually, directors have a duty of discretion and confidentiality on all matters related to the Company's purpose.

Pursuant to Article L.225-51-1 of the French Commercial Code, the Board has opted for a dual executive management structure.

The Board is chaired by Christian Klein. As such, he organizes and directs the Board of Directors' work and ensures that directors are able to perform their duties.

Mr. Klein receives no compensation for serving as Chairman of the Board of Directors. He is nevertheless entitled to reimbursement for travel and entertainment expenses, upon presentation of receipts.

Mr. Klein also performs the duties of responsible officer (*dirigeant responsable*) within the meaning of Article L.511-13 of the French Monetary and Financial Code.

3. Executive management operating methods

Christian Ander serves as Chief Executive Officer. As such, he has the broadest authority to act on behalf of the Company and to represent it vis-à-vis third parties.

With respect to shareholders, the powers of the Chief Executive Officer are limited by the terms of Article 19.2 of the Company's bylaws.

Mr Ander also performs the duties of responsible officer within the meaning of Article L.511-13 of the French Monetary and Financial Code.

Mr Ander receives no compensation for serving as Chief Executive Officer. He is entitled to reimbursement for travel and entertainment expenses, upon presentation of receipts.

In 2013, the Board met eight times. The average attendance rate was 66%.

Prior to each Board meeting, a comprehensive file on the agenda items is provided to all directors. Minutes of the meetings are submitted to all directors.

The first meeting was held on March 20, 2013 and focused on the approval of the financial statements at December 31, 2012; preparations for the ordinary shareholders' meeting of May 7, 2013; business; the setting of the cap on issuances for the second quarter of 2013; the asset cover test and asset quality report; the operation of the Company and of the Board of Directors; and internal control procedures.

The purpose of the meeting of May 7, 2013 was to renew the terms of office of the Chairman and the Chief Executive Officer, to set the cap on issuances for the third quarter of 2013, to renew the issuance authorizations and to modify the SFH margin.

The third meeting, held on July 4, 2014, focused on amending the program documents and the notice and agenda for the ordinary shareholders' meeting of July 19, 2013 called to update certain documents relating to the structure of the Issuance Programs and the documentation relating to the EMTN Program.

The meeting of July 19, 2013 authorized regulated agreements in connection with the Issuance Programs.

The Board meeting of August 26, 2013 focused on another amendment to the program documents and on the notice and agenda for the ordinary shareholders' meeting of September 11, 2013.

The sixth meeting of the year on September 11, 2013 authorized regulated agreements in connection with the update of the Issuance Programs.

The purpose of the meeting of September 27, 2013 was to approve the financial statements at June 30, 2013, review business, set the cap on issuances for the fourth quarter of 2013, and review the asset cover test at September 13, 2013, as well as asset quality. Internal rules were also adopted so that certain meetings could be held by videoconference.

The last Board meeting of the year, held on December 18, 2013, focused on business and issuances in the last quarter of 2013, renewed the issuance authorizations, set the cap on issuances for the first quarter of 2014, verified the asset cover test for November 2013 and prepared the asset quality report. The Board also noted the affiliation of 14 new Crédit Mutuel branches.

II. REPORT ON INTERNAL CONTROL

(report prepared pursuant to Articles 42, 43 and 43-1

of French banking and financial regulations committee (*Comité de la réglementation bancaire et financière*) regulation no. 97-02)

Crédit Mutuel – CIC Home Loan SFH (formerly CM-CIC Covered Bonds) was accredited by the French Credit Institutions and Investment Firms Committee (CECEI) at its meeting of May 31, 2007. At its meeting of March 28, 2011, the French Prudential Supervision and Resolution Authority (ACPR) authorized the Company to elect housing finance company (*société de financement de l'habitat* or SFH) status.

The Company's corporate purpose is limited; it consists solely of helping to refinance the CM11 - CIC group. As such, so-called U.S. Rule 144A documentation was established in 2012 to reach new investors in the United States.

The Company's activities in 2013 were in full compliance with this corporate purpose and consisted of the following operations:

- 6 issuances for a total of €2.8 billion:

Nominal amount in currency	Currency	Nominal amount in euros	Date issued	Maturity date
250,000,000	GBP	292,575,000	Apr 22, 2013	Apr 22, 2016
1,250,000,000	EUR	1,250,000,000	Apr 22, 2013	Apr 22, 2020
1,000,000,000	EUR	1,000,000,000	Sep 11, 2013	Sep 11, 2023
100,000,000	EUR	100,000,000	Oct 30, 2013	March 17, 2021
100,000,000	EUR	100,000,000	Nov 5, 2013	Sep 11, 2023
100,000,000	EUR	100,000,000	Nov 26, 2013	July 18, 2016

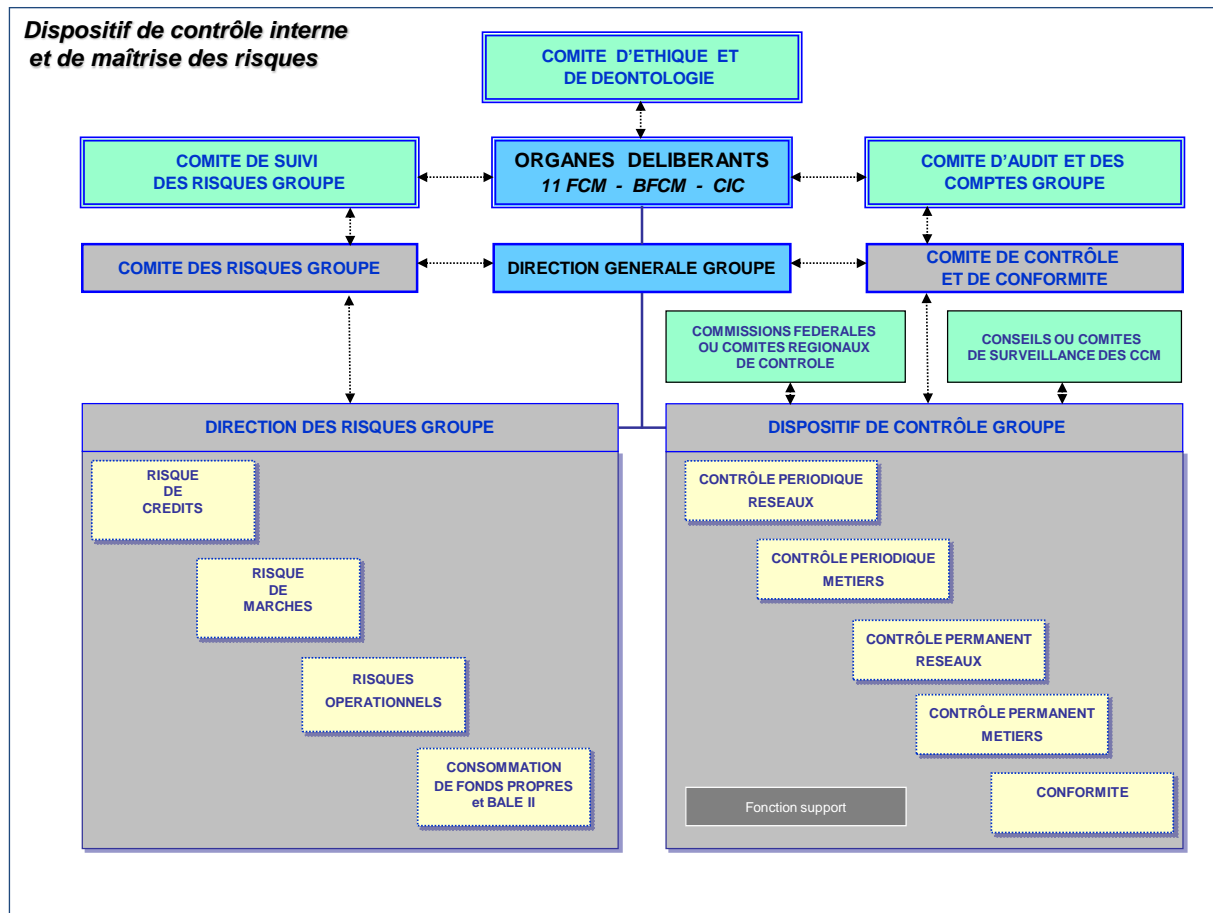
- on-lending of funds raised through these issuances to BFCM;
- on-lending of capital to BFCM.

I. Overview of the internal control system

Organization at the CM11-CIC Group level

The internal control system and risk management organization combine to form a cohesive set of procedures tailored to the needs and organization of the CM11-CIC Group.

The internal control system meets the requirements of banking and financial regulations and the operating principles the CM11-CIC Group has established through its governing bodies, in the spirit of cooperation that has always guided its strategy.



Dispositif de contôle interne et de maîtrise des risques	Internal control and risk management system
COMTIE D'ETHIQUE ET DE DEONTOLOGIE	ETHICS AND COMPLIANCE COMMITTEE
COMITE DE SUIVI DES RISQUES GROUPE	GROUP RISK MONITORING COMMITTEE
ORGANES DELIBERANTS 11 FCM - BFCM - CIC	GOVERNING BODIES 11 FCM - BFCM - CIC
COMITE D'AUDIT ET DES COMPTES GROUPE	GROUP AUDIT AND FINANCIAL STATEMENTS COMMITTEE
COMITE DES RISQUES GROUPE	GROUP RISK COMMITTEE
DIRECTION GENERALE GROUPE	GROUP EXECUTIVE MANAGEMENT
COMITE DE CONTROLE ET DE CONFORMITE	CONTROL AND COMPLIANCE COMMITTEE
COMMISSIONS FEDERALES OU COMITES REGIONAUX DE CONTROLE	FEDERAL COMMISSIONS OR REGIONAL CONTROL COMMITTEES
CONSEILS OU COMITES DE SURVEILLANCE DES CCM	CCM SUPERVISORY BOARDS OR COMMITTEES
DIRECTION DES RISQUES GROUPE	GROUP RISK DEPARTMENT
DISPOSITIF DE CONTRÔLE GROUPE	GROUP CONTROL SYSTEM
RISQUE DE CREDITS	CREDIT RISK
RISQUE DE MARCHES	MARKET RISK
RISQUES OPERATIONNELS	OPERATIONAL RISK
CONSOMMATION DE FONDS PROPRES et BALE II	CONSUMPTION OF EQUITY and BASEL II

CONTRÔLE PERIODIQUE RESEAUX	NETWORK PERIODIC CONTROL
CONTRÔLE PERIODIQUE METIERS	BUSINESS LINE PERIODIC CONTROL
CONTRÔLE PERMANENT RESEAUX	NETWORK PERMANENT CONTROL
CONTRÔLE PERMANENT METIERS	BUSINESS LINE PERMANENT CONTROL
CONFORMITE	COMPLIANCE
Fonction support	Support function

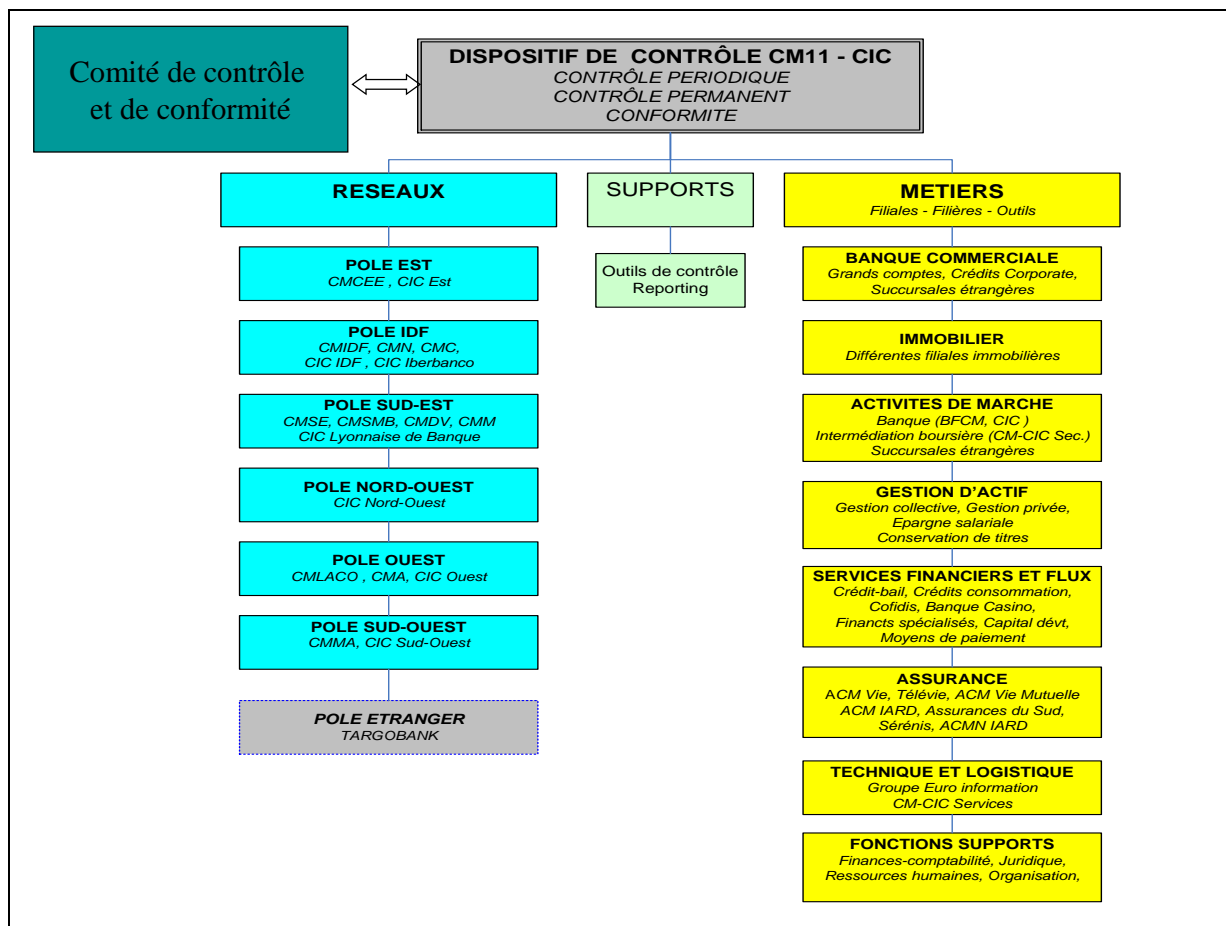
In accordance with regulation 97-02, as amended, the system comprises three functions:

- periodic control,
- permanent control,
- compliance,

the latter two being subject to periodic controls by the former.

To perform their functions, the heads of the control departments have permanent and unrestricted access to individuals, premises, hardware, software and information of any kind throughout the group. They may delegate any or all of their rights to their employees as needed for specific assignments.

Periodic control and permanent control are divided into a network function and a business line function; a Control and Compliance Committee, chaired by a member of the executive body, ensures the cohesiveness of the system as a whole. This Committee reports to the Group Audit and Financial Statements Committee, which represents the Group's governing bodies.



Comité de contrôle et de conformité	Control and Compliance Committee
DISPOSITIF DE CONTRÔLE CM11 - CC CONTRÔLE PERIODIQUE CONTRÔLE PERMANENT CONFORMITE	CM11-CIC CONTROL SYSTEM PERIODIC CONTROL PERMANENT CONTROL COMPLIANCE
RESEAUX	NETWORKS
POLE EST CMCEE, CIC Est	EAST DIVISION CMCEE, CIC Est
POLE IDF CMIDF, CMN, CMC, CIC IDF, CIC Iberbanco	GREATER PARIS DIVISION CMIDF, CMN, CMC, CIC IDF, CIC Iberbanco
POLE SUD-EST CMSE, CMSMB, CMDV, CMM, CIC Lyonnaise de Banque	SOUTHEAST DIVISION CMSE, CMSMB, CMDV, CMM, CIC Lyonnaise de Banque
POLE NORD-OUEST CIC Nord-Ouest	NORTHWEST DIVISION CIC Nord-Ouest
POLE OUEST CMLACO, CMA, CIC Ouest	WEST DIVISION CMLACO, CMA, CIC Ouest
POLE SUD-OUEST CMMA, CIC Sud-Ouest	SOUTHWEST DIVISION CMMA, CIC Sud-Ouest
POLE ETRANGER Targobank	FOREIGN DIVISION Targobank
SUPPORTS	SUPPORT
Outils de contrôle	Control Applications

Reporting	Reporting
METIERS Filiales, Filières, Outils	BUSINESS LINES Subsidiaries, Functions, Applications
BANQUE COMMERCIALE Grands comptes, Crédits corporate, Succursales étrangères	COMMERCIAL BANK Large accounts, Corporate lending, Foreign branches
IMMOBILIER Différentes filiales immobilières	REAL ESTATE Various real estate subsidiaries
ACTIVITES DE MARCHE Banque (BFCM, CIC), Intermédiation boursière (CM-CIC Sec.), Succursales étrangères	CAPITAL MARKETS ACTIVITIES Banks (BFCM, CIC), Financial markets brokerage (CM-CIC Sec.), Foreign branches
GESTION D'ACTIF Gestion collective, Gestion privée, Epargne salariale, Conservation de titres	ASSET MANAGEMENT Fund management, Private management, Employee savings, Securities custody
SERVICES FINANCIERS ET FLUX Crédit-bail, Crédits consommation, Cofidis, Banque Casino, Financts spécialisés, Capital-dévt, Moyens de paiement	FINANCIAL SERVICES AND PAYMENTS Leasing, Consumer credit, Cofidis, Banque Casino, Specialized financing, Private equity, Payments
ASSURANCE ACM Vie, Télévie, ACM Vie Mutuelle, ACM IARD, Assurances du Sud, Sérénis, ACMN IARD	INSURANCE ACM Vie, Télévie, ACM Vie Mutuelle, ACM IARD, Assurances du Sud, Sérénis, ACMN IARD
TECHNIQUE ET LOGISTIQUE Groupe Euro Information, CM-CIC Services	TECHNICAL SUPPORT AND LOGISTICS Euro Information Group, CM-CIC Services
FONCTIONS SUPPORTS Finances-comptabilité, Juridique, Ressources humaines, Organisation	SUPPORT FUNCTIONS Finance/accounting, Legal, Human resources, Organization

Crédit Mutuel – CIC Home Loan SFH's internal control system

Crédit Mutuel – CIC Home Loan SFH's internal control system is an integral part of the system defined at the Group level. Inspections are therefore conducted by the "business line" periodic control department.

The Company has implemented a permanent control and compliance system, with the Group's assistance, which reflects its limited corporate purpose and lack of own resources.

The units responsible for executing transactions are separated from those responsible for transaction validation, settlement and risk monitoring.

First-level controls are performed by all employees acting on the Company's behalf as part of their management of the accounting, administrative, regulatory and data processing transactions relating to the Company's activities. Some of these controls are pre-integrated into the IT processes (*e.g., access rights, limit checks and permission levels*).

In addition, the control system implemented on behalf of the Company is organized around:

- a middle office, which conducts first-level controls under the responsibility of the CM-CIC Marchés' head of post-market activities and is responsible, with the assistance of a dedicated team under the authority of the head of middle office accounting, for accounting issues and, with the assistance of a dedicated team under the responsibility of the head of middle office risk, for risk issues;
- a capital markets activities team that conducts second-level controls and is responsible for monitoring risk and the controls performed. This team reports to the Business Line Permanent Control department;
- compliance controls are also conducted by the CM-CIC Marchés teams and by the Group Compliance department, particularly for regulatory supervision and ethical matters.

II. Conditions for application of procedures established for new activities

Not applicable

III. Organization of internal control of foreign operations

Not applicable

IV. Organization of internal control of outsourced operations

Crédit Mutuel - CIC Home Loan SFH has no resources of its own. It depends fully on the group's entities for all of its operations. This organization is reflected in several agreements, the most important of which are:

- an "outsourcing and resource provision agreement" signed on July 6, 2007 and amended on June 10, 2011 between Crédit Mutuel – CIC Home Loan SFH and BFCM, CIC and CFdeCM, which covers legal and fiscal secretarial services and all tasks enabling compliance with contractual, legal and regulatory obligations;
- an "administrative agreement" signed on July 6, 2007 and amended on June 10, 2011 between Crédit Mutuel – CIC Home Loan SFH and BFCM which covers the tasks required to achieve the Company's corporate purpose and, more specifically, fulfill the duties of issuer calculation agent, comply with the issuance program clauses, and manage collateral and cash.

V. Conclusions drawn based on results of internal controls

The Business Line Periodic Control department conducted a control audit in 2012. This audit did not identify any major problems. No audits have been conducted since then.

The Company's activities in 2013 were in full compliance with its corporate purpose and were limited to the following operations:

- 6 issuances with a nominal value of €2.8 billion;
- on-lending of funds raised through these issuances to BFCM;

- on-lending of capital to BFCM.

VI. Control by the executive body and the governing body of the effectiveness of the systems and procedures implemented pursuant to the provisions of regulation 97-02

Identification of significant incidents

(within the meaning of Articles 17 *ter* and 38-1 to 3 of regulation no. 97-02)

At their respective meetings of June 26, 2009 and May 12, 2009, the governing bodies of the CM5-CIC Group and of CIC set the materiality criteria and thresholds used to identify incidents relating to operational risks to be brought to their attention. An excerpt of the minutes was sent to the Banking Commission (*Commission bancaire*) on October 8, 2009.

The regulatory thresholds for reporting to the French Prudential Supervision and Resolution Authority and to the CNCM are set at 0.5% of Tier 1 capital; all losses greater than or equal to €109.19 million for the CM11-CIC Group and €45.20 million for CIC are therefore reported.

Internal reporting thresholds have been set as follows:

- For losses greater than or equal to €1 million, the regional banks, Crédit Mutuel federations, subsidiaries and centers of expertise notify their own executive body, as well as that of CM11 or CIC, based on their affiliation;
- For losses greater than or equal to €2.5 million, these same entities notify their governing body, and that of CM11 or CIC, based on their affiliation.

The executive body is responsible for notifying the governing body and the supervisory authorities.

The operational risk managers must enter the loss in the Group's loss database (Riskop). For specific instances of civil liability claims, the report is made on the basis of the assessed amount alone.

This report pursuant to Article 42 and the report pursuant to Article 43 of regulation 97-02, as amended, will be submitted to the meeting of the Board of Directors on March 26, 2014.

VII. Appendix listing the agreements and transactions with key executives and shareholders (within the meaning of Article 6 *ter* of regulation no. 90-02)

Not applicable in terms of commitments likely to be deducted from equity.

Risk assessment and monitoring report

(Report prepared pursuant to Article 43 of French banking and financial regulations committee regulation no. 97-02)

The sole corporate purpose of Crédit Mutuel – CIC Home Loan SFH is to help refinance the CM11-CIC Group 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 (formerly 431-7-3) of the French Monetary and Financial Code.

Internal capital adequacy

- Due to the nature of its corporate purpose, Crédit Mutuel – CIC Home Loan SFH's use of funds is strictly regulated. It consists, with the exception of the on-lending of capital, exclusively of collateralized loans granted to BFCM.
- As the program was initially capped at €15 billion, these loans could not exceed this amount. The amount of equity (*€240 million*) was set in order to comply with a minimum solvency ratio of 4% in all possible cases. Since the implementation of Basel 2, loans to the parent company no longer generate capital requirements.
- The French Prudential Supervision and Resolution Authority notified the Company that, due to its new status as housing finance company, it was no longer eligible for the exemption under Article 4.1 of CRBF regulation no. 2000-03 of September 6, 2000 on prudential supervision on a consolidated basis and additional supervision, and would now be subject to prudential rules on an individual basis. This requirement will be fulfilled through transparency as regards credit risk. In light of the deterioration in the parameters used to calculate required capital under the advanced method for home loans, the Company was undercapitalized as of June 30, 2012. Once this determination had been made, it was decided to reduce the collateral portfolio from €35 billion to €32 billion, an amount sufficient to comply with coverage ratios, which allowed for a reduction in the amount of capital required and thus enabled compliance with the ratio. In April 2013, the collateral portfolio was increased to €35 billion.
- A capital increase was carried out at the same time. An extraordinary shareholders' meeting, held on December 4, 2012, authorized the Board of Directors to carry out a €500 million capital increase, in one or more transactions. At its meeting on December 8, 2012, the Board of Directors decided to carry out an initial capital increase of €100 million. This increase was completed on December 19, 2012. Capital is therefore sufficient to comply with Basel 2 ratios.

Credit risk

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

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 the CM11-CIC Group, on the basis of Article L.211-36, paragraph II and Articles L.211-38 to L.211-40 (formerly 431-7-3) 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.515-7 lay down minimum credit quality levels for such on-lending.
 - Contractual limits: rating agencies have laid down minimum credit ratings that vary according to the term of the loan.

Minimum rating	S&P	Fitch	Moody’s
< 30 days	A1/A	F1	P1
30 days to 1 year	A1+/AA-	F1+	P1
> 1 year	AAA	Aaa	AAA

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.

	Outstandings (€m)	Percentage	Aggregate percentage
A	17,260	49%	49%
B	12,068	35%	84%
C	4,001	11%	95%
D+	700	2%	97%
D-	719	2%	99%
E+	253	1%	100%
E-	-	0%	100%
E=	-	0%	100%
F	-	0%	100%
TOTAL	35,001	100%	

Interest rate risk

Crédit Mutuel – CIC 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 loaned to BFCM at the same interest rates (plus 10% of the margin, with a minimum of 2 bps and a maximum of 10 bps) and for the

same term. 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. The issuance program documentation requires Crédit Mutuel – CIC Home Loan SFH to enter into specific swaps with counterparties meeting specific rating criteria to hedge these risks as soon as BFCM’s rating is downgraded.
- Since the first-level rating criteria have been met, swaps have been put in place to hedge both assets and liabilities. Since BFCM meets the necessary rating criteria, it is the counterparty to these swaps.

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.

Liquidity risk

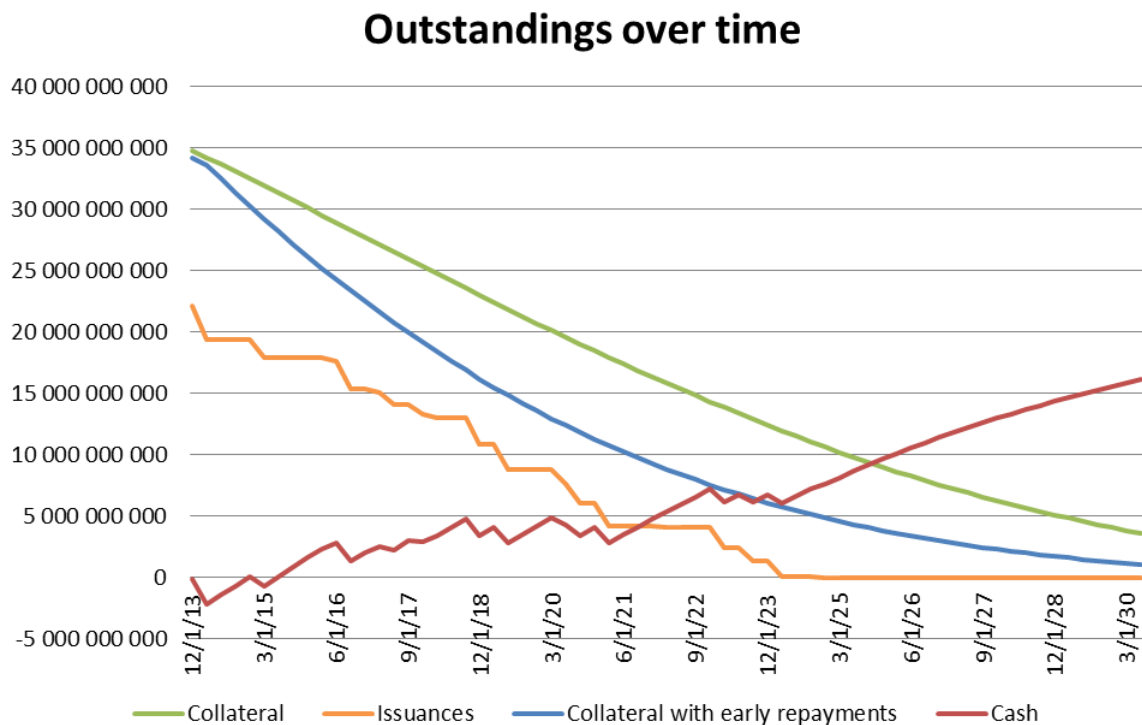
Crédit Mutuel – CIC Home Loan SFH operates in such a way that it is not exposed to liquidity risk. Since its sources and uses of funds are perfectly matched by term, Crédit Mutuel – CIC Home Loan SFH does not engage in maturity transformation.

- 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 issuance program documentation provides for a Pre-Maturity Test to address this risk.
- The Pre-Maturity Test requires that, if BFCM’s short-term credit rating is downgraded during the nine months before a covered bond issuance matures, BFCM must set aside a cash security deposit. This deposit must be sufficient to cover the principal repayments falling due during the period in question. Failure to meet this obligation would represent default by BFCM.
- 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 issuances due to mature within 180 business days, and the funds thus obtained were deposited in term accounts maturing in less than 30 days. The amount of this collateral stood at €2,768 million at December 31, 2013.

These mechanisms are considered compliant with the requirements of Article R.515-7-1 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 profile of the issuances and the resulting cash balance (not taking into account early redemptions).



Foreign exchange risk

The program allows for the possibility of Crédit Mutuel – CIC Home Loan SFH carrying out issuances in foreign currency. In such cases, the funds are loaned to BFCM in the currency of the issuance.

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

Nominal amount in currency	Currency	Nominal amount in euros	Date issued	Maturity date
250,000,000	GBP	292,575,000	Apr 22, 2013	Apr 22, 2016
1,000,000,000	USD	785,130,000	Nov 16, 2012	Nov 16, 2017
300,000,000	NOK	39,698,293	Mar 22, 2012	Mar 22, 2022
750,000,000	NOK	96,961,862	Oct 7, 2011	Oct 7, 2024

The funds raised via these issuances were loaned 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 currency. The issuance program documentation requires Crédit Mutuel – CIC Home Loan SFH to enter into specific swaps with counterparties meeting specific rating criteria to hedge this risk as soon as BFCM’s rating is downgraded.
- Since the first-level rating criteria have been met, hedging swaps have been put in place. Since BFCM meets the necessary rating criteria, it is the counterparty to these swaps. 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.

Operational risk

In accordance with its bylaws, Crédit Mutuel – CIC 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 laid down by Group Compliance (see Article 42 report, section IV).

Legal risk

To help it achieve its corporate purpose, Crédit Mutuel – CIC Home Loan SFH is advised by external legal advisers, in particular by law firms. Furthermore, its legal risk has been analyzed in detail by rating agencies, which have assigned their top rating (AAA) to Crédit Mutuel – CIC Home Loan SFH’s program.

In addition, under the agreements referenced above, Crédit Mutuel – CIC Home Loan SFH can rely on assistance from the CM11-CIC Group for all its activities.

5. STATUTORY AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

PricewaterhouseCoopers Audit

63 rue de Villiers,
92208 Neuilly-sur-Seine Cedex

Statutory Auditor
Member of the regional association of
accountants of Versailles

Ernst & Young et Autres

1/2 place des Saisons,
92400 Courbevoie – Paris-La Défense 1

Statutory Auditor
Member of the regional association of
accountants of Versailles

Statutory Auditors' report prepared in accordance with Article L. 225-235 of the French Commercial Code, on the report of the Chairman of the Board of Directors of Crédit Mutuel-CIC Home Loan SFH

(Year ended December 31, 2013)

To the Shareholders,

In our capacity as Statutory Auditors of Crédit Mutuel-CIC Home Loan SFH and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we present to you our report on the report prepared by your company's Chairman as provided by Article L. 225-37 of the French Commercial Code for the financial year ended December 31, 2013.

It is the Chairman's responsibility to prepare and submit to the Board of Directors for approval a report that describes the internal control and risk management procedures implemented at the Company and provides all other information required by Article L. 225-37 of the French Commercial Code related, in particular, to the corporate governance system.

It is our responsibility:

- to give you our observations based on the information contained in the Chairman's report regarding the internal control and risk management procedures related to the preparation and processing of accounting and financial information, and
- to certify that this report contains the other information required by Article L. 225-37 of the French Commercial Code, it being noted that it is not our responsibility to verify the accuracy of this information.

We have performed our work in accordance with the professional standards applicable in France.

Information regarding the internal control and risk management procedures related to the preparation and processing of accounting and financial information

The professional standards require that we follow certain procedures to assess the accuracy of the information regarding the internal control and risk management procedures related to the preparation

and processing of accounting and financial information contained in the Chairman's report. In particular, these procedures entail:

- reviewing the internal control and risk management procedures related to the preparation and processing of the accounting and financial information that forms the basis of the information provided in the Chairman's report, and the existing documentation;
- reviewing the work involved in preparing this information and the existing documentation;
- determining whether any major weaknesses in internal control related to the preparation and processing of accounting and financial information identified by us in the course of our audit have been properly disclosed in the Chairman's report.

Based on this work, we have no observation regarding the information about the Company's internal control and risk management procedures related to the preparation and processing of accounting and financial information contained in the Chairman of the Board of Directors' report, which was prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

Other information

We certify that the Chairman of the Board of Directors' report contains the other information required by Article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, March 28, 2014

The Statutory Auditors

PricewaterhouseCoopers Audit

Ernst & Young et Autres

Jacques Lévi

Olivier Durand

6. FINANCIAL STATEMENTS

CREDIT MUTUEL-CIC HOME LOAN SFH

Statutory financial statements

at DECEMBER 31, 2013

- Statement of financial position
- Income statement
- Notes

STATUTORY FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

ASSETS (€ millions)	Note	2013 December 31	2012 December 31
Cash and central bank deposits			
Government securities and similar instruments			
Receivables due from credit institutions	2	25,596.5	21,012.8
Loans and receivables due from customers			
Bonds and other fixed-income securities			
Equities and other variable-income securities			
Long-term equity investments and securities		0.0	0.0
Investments in subsidiaries and associates			
Finance leases and similar transactions			
Intangible assets			
Property, plant and equipment			
Subscribed capital not paid			
Treasury stock			
Other assets	3	0.2	0.2
Prepayments and accrued income	4	460.6	427.0
Total assets		26,057.3	21,440.0
Off-statement of financial position		2013 December 31	2012 December 31
Commitments received			
Financing commitments			
Commitments received from credit institutions			
Guarantee commitments			
Commitments received from credit institutions	11	35,001.1	32,001.0
Securities commitments			
Securities sold with repurchase or reacquisition option			
Other commitments received			

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY (€ millions)	Note	2013 December 31	2012 December 31
Central bank borrowing			
Due to credit institutions	5		
Customer deposits			
Debt represented by securities	6	22,485.0	20,669.8
Other liabilities	3	2,768.3	
Accruals and deferred income	4	460.7	427.2
Provisions			
Subordinated debt	7	120.2	120.2
Fund for general banking risks			
Shareholders' equity	8	223.1	222.8
- Subscribed capital		220.0	220.0
- Issuance premiums			
- Reserves		1.1	1.1
- Revaluation reserves			
- Regulated provisions			
- Retained earnings		1.7	1.0
- Profit for the year		0.3	0.7
Total liabilities and shareholders' equity		26,057.3	21,440.0
Off-statement of financial position		2013 December 31	2012 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			
Securities acquired with reacquisition option			
Other commitments given			

INCOME STATEMENT

(€ millions)	Note	Year ended December 31, 2013	Year ended December 31, 2012
+ Interest and similar income	16	3,234.6	3,216.5
+ Interest and similar expense	16	(3,233.0)	(3,214.4)
+ Income from variable-income securities			
+ Fee and commission income			
+ Fee and commission expense			
+/- Gains (losses) on trading portfolio transactions			
+/- Gains (losses) on investment portfolio and similar transactions			
+ Other banking operating income			
+ Other banking operating expense			
= Net banking income		1.6	2.1
+ Payroll costs			
+ Other administrative expenses		(1.0)	(1.0)
+ Depreciation and amortization			
= Operating expenses		(1.0)	(1.0)
= Gross operating income		0.5	1.1
+ Net additions to/reversals from provisions for loan losses			
= Operating income		0.5	1.1
+/- Gains (losses) on non-current assets			
= Income before non-recurring items		0.5	1.1
+/- Non-recurring income (loss)			
+ Corporate income tax	17	(0.2)	(0.4)
+/- Additions to (reversals from) fund for general banking risks			
+/- Additions to (reversals from) regulated provisions			
= Net income		0.3	0.7

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

The notes are presented in millions of euros.

Significant events in the period under review

In financial year 2013, Crédit Mutuel-CIC Home Loan SFH issued €2.8 billion in EMTN bonds, of which €1.3 billion in the second half of the year.

Taking into account investment lines that had reached maturity, total issuances on the statement of financial position were €22.1 billion at December 31, 2013.

Following Fitch Ratings' downgrade of BFCM's long-term rating to A+ on December 14, 2011, and in accordance with the prospectus, swaps were put in place to hedge the interest rate risk on assets and liabilities.

- All loans to customers (fixed-rate and variable-rate) were hedged using swaps against one-month Euribor.
- Issuances of housing finance bonds (formerly "covered bonds"), were also hedged using swaps against one-month Euribor.

Crédit Mutuel-CIC 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 French banking regulation committee (*Comité de la réglementation bancaire*, CRB) regulation 91-01 as amended by French accounting rules and regulations committee (*Comité de la réglementation comptable*, CRC) regulations 2000-03, 2004-16, 2005-04 and 2007-06.

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 year-end exchange rate.

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 year.

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 issuance or when invoiced.

NOTE 2 - Receivables due from credit institutions

	December 31, 2013		December 31, 2012	
	Demand	Term	Demand	Term
Current accounts	1.2		2.0	
Loans secured by notes and securities (*)		25,181.5		20,613.8
Repo / securities purchased under resale agreements				
Accrued interest		413.8		397.0
Non-performing loans				
Impairments				
Total	1.2	25,595.3	2.0	21,010.8
Total receivables due from credit institutions		25,596.5		21,012.8
of which non-voting loan stock				
of which subordinated loans				

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

NOTE 3 - Other assets and liabilities

	December 31, 2013		December 31, 2012	
	Assets	Liabilities	Assets	Liabilities
Premiums on options				
Guarantee deposits		2,768.0		
Securities settlement accounts				
Debt representing securities borrowed				
Deferred taxes				
Other receivables and payables	0.2		0.2	
Accrued interest		0.3		
Impairments				
Total	0.2	2,768.3	0.2	

NOTE 4 - Accruals

	December 31, 2013		December 31, 2012	
	Assets	Liabilities	Assets	Liabilities
Collection accounts				
Currency and off-statement of financial position adjustment accounts	422.8	422.8	410.0	410.0
Other accruals	37.8	37.9	17.0	17.2
Total	460.6	460.7	427.0	427.2

Accrual accounts - liabilities mainly concern EMTN issuance premiums.

Accrual accounts - assets reflect accruals - liabilities at the loan level.

NOTE 5 - Due to credit institutions

	December 31, 2013		December 31, 2012	
	Demand	Term	Demand	Term
Current accounts				
Term accounts				
Borrowings secured by notes and securities				
Reverse repo /securities sold under repurchase agreements				
Accrued interest				
Total				
Total due to credit institutions				

NOTE 6 - Debt represented by securities

	December 31, 2013	December 31, 2012
Certificates of deposit		
Interbank instruments and negotiable debt securities (*)		
Bonds	22,077.9	20,273.8
Other debt securities		
Accrued interest	407.1	396.0
Total	22,485.0	20,669.8

(*) Unamortized balance of the difference between the purchase price and the redemption price of debt securities. Borrowings are in EUR, GBP, NOK and USD.

NOTE 7 - Subordinated debt

	December 31, 2012	Issuances	Repayments	Other changes	December 31, 2013
Subordinated debt	60.0				60.0
Non-voting loan stock					
Perpetual subordinated notes	60.0				60.0
Accrued interest	0.2				0.2
Total	120.2				120.2

Main subordinated debt issuances:	OUTSTANDINGS	INTEREST RATE	MATURITY	EARLY REPAYMENT TERMS
TERM SUBORDINATED LOAN STOCK 2007	60.0	3-month Euribor + 0.22	2017	
PERPETUAL SUBORDINATED LOAN STOCK 2007	60.0	3-month Euribor + 0.66	**	
TOTAL	120.0			

All loan stock is in euros.

NOTE 8 - Shareholders' equity and FGBR

	Share capital	Premiums	Reserves	Retained earnings	Profit for the year	Total	FGBR
Balance at January 1, 2012	120.0		1.1	0.3	0.7	122.1	
Profit for the year					0.7	0.7	
Appropriation of earnings from previous year				0.7	(0.7)		
Distribution of dividends							
Capital increase	100.0					100.0	
Impact of remeasurements							
Other movements							
Impact of the merger							
Balance at December 31, 2012	220.0		1.1	1.0	0.7	222.8	
Balance at January 1, 2013	220.0		1.1	1.0	0.7	222.8	
Profit for the year					0.3	0.3	
Appropriation of earnings from previous year				0.7	(0.7)		
Distribution of dividends							
Capital increase							
Impact of remeasurements							
Other movements							
Impact of the merger							
Balance at December 31, 2013	220.0		1.1	1.7	0.3	223.1	

At December 31, 2013, the share capital comprised 22,000,000 shares with a par value of €10.

BFCM held 99.99% of the capital of Crédit Mutuel-CIC Home Loan SFH as of December 31, 2013.

As such, it is fully consolidated in the consolidated financial statements of the CM11CIC Group and at the Crédit Mutuel national consolidation level.

The shareholders' meeting will be asked to allocate €1,959,332.56, of which €333,757.13 from 2013 profit and €1,625,575.43 from retained earnings, as follows:

Allocation to the legal reserve	€16,687.86
Retained earnings	€1,942,644.70
	€1,959,332.56

NOTE 9 – Analysis of certain assets/liabilities by residual maturity

	< 3 months and demand	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Perpetual	Accrued interest	Total at December 31, 2013
ASSETS							
Receivables due from credit institutions	5,877.2		8,479.9	10,825.6		413.8	25,596.5
Receivables due from customers							
Bonds and other fixed-income securities							
LIABILITIES							
Due to credit institutions							
Due to customers							
Debt represented by securities							
- Certificates of deposit							
- Interbank instruments and negotiable debt securities							
- Bonds	2,768.0		8,481.3	10,828.6		407.1	22,485.0
- Other							
ordinated debt			60.0		60.0	0.2	120.2

NOTE 10 – Euro-equivalent of foreign currency-denominated assets and liabilities

The euro-equivalent of foreign currency-denominated assets and liabilities was €1,159.3 million at December 31, 2013.

NOTE 11 - Guarantee commitments

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

As of December 31, 2013, the amount of this guarantee was €35,001.1 million versus €32,001.1 million as of December 31, 2012.

NOTE 12 - Commitments on forward financial instruments

Transactions on forward financial instruments (based on the concept of micro/macro hedging transactions and open-position/specialized management transactions relating to firm and conditional transactions).

	December 31, 2013			December 31, 2012		
	Hedging	Management transactions	Total	Hedging	Management transactions	Total
Firm transactions						
<i>Organized markets</i>						
Interest rate contracts						
Foreign exchange contracts						
Other transactions						
<i>Over-the-counter markets</i>						
Forward rate agreements						
Interest rate swaps	111,846.0		111,846.0	102,746.0		102,746.0
Financial swaps						
Other transactions						
Swaps - other						
Conditional transactions						
<i>Organized markets</i>						
Interest rate options						
Purchased						
Sold						
Foreign-currency options						
Purchased						
Sold						
Equities and other options						
Purchased						
Sold						
<i>Over-the-counter markets</i>						
Interest rate cap and floor contracts						
Purchased						
Sold						
Interest rate, foreign-currency, equity and other options						
Purchased						
Sold						
Total	111,846.0		111,846.0	102,746.0		102,746.0

Analysis of over-the-counter interest rate contracts by type of portfolio

	Separate open position	Micro hedging	Overall interest rate risk	Specialized management	Total
12/31/2013					
Firm transactions					
Purchases					
Sales					
Swaps		111,846.0			111,846.0
Conditional transactions					
Purchases					
Sales					
12/31/2012					
Firm transactions					
Purchases					
Sales					
Swaps		102,746.0			102,746.0
Conditional transactions					
Purchases					
Sales					

NOTE 13 - Analysis of forward instruments by residual maturity

12/31/2013	< 1 year	> 1 year < 5 years	> 5 years	Total
Interest rate instruments				
<i>Organized markets</i>				
Purchases				
Sales				
<i>Over-the-counter markets</i>				
Purchases				
Sales				
Interest rate swaps	5,536.0	14,910.00	91,400.0	111,846.0
Foreign exchange instruments				
<i>Organized markets</i>				
Purchases				
Sales				
<i>Over-the-counter markets</i>				
Purchases				
Sales				
Financial swaps				
Other forward financial instruments				
<i>Organized markets</i>				
Purchases				
Sales				
<i>Over-the-counter markets</i>				
Purchases				
Sales				
Swaps				
Total	5,536.0	14,910.00	91,400.0	111,846.0

NOTE 14 - 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	December 31, 2013	December 31, 2012
GROSS EXPOSURE		
Credit institution risk	1,570.3	1,259.70
Company risk		
TOTAL	1,570.3	1,259.70

Fair value of forward financial instruments	December 31, 2013		December 31, 2012	
	Assets	Liabilities	Assets	Liabilities
Fair value of forward financial instruments	9,632.6	9,632.6	10,208.70	10,208.70

NOTE 15- Other off-statement of financial position commitments

	December 31, 2013	December 31, 2012
Foreign-currency transactions		
- Foreign currencies receivable		
- Foreign currencies payable		
Forward financial instrument commitments		
Transactions carried out on organized and similar markets		
- Forward foreign exchange transactions		
. Hedging		
. Other transactions		
- Financial foreign exchange swaps		
. Separate open position		
. Micro hedging	2,364.9	1,822.60
. Overall interest rate risk		
. Specialized management		

NOTE 16 - Interest income and expense

	December 31, 2013		December 31, 2012	
	Income	Expense	Income	Expense
Credit institutions	3,229.9		3,212.5	
Customers				
Finance leases and operating leases				
Bonds and other fixed-income securities	4.7	3,233.0	4.0	3,214.4
Other				
Total	3,234.6	3,233.0	3,216.5	3,214.4
of which subordinated debt expenses		0.8		1.4

NOTE 17- Corporate income tax

	December 31, 2013	December 31, 2012
Current income tax - Amount for the year	0.2	0.4
Current income tax - Prior year adjustments		
Current income tax - Effect of tax consolidation		
Total	0.2	0.4
On ongoing operations	0.2	0.4
On non-recurring items		
Total	0.2	0.4

Crédit Mutuel-CIC Home Loan SFH is part of BFCM's tax group for tax consolidation purposes.

The amount recognized for 2012 corresponds to the amount the Company would have paid if it had been taxed as a separate company.

There are no tax loss carryforwards.

Five-year financial summary (in €)

Nature of the information	2009	2010	2011	2012	2013
1. Financial position at the end of the financial year					
Share capital	120,000,000	120,000,000	120,000,000	220,000,000	220,000,000
Total number of shares issued	12,000,000	12,000,000	12,000,000	22,000,000	22,000,000
"A" shares or common shares	12,000,000	12,000,000	12,000,000	22,000,000	22,000,000
2. Total income from operations					
Banking income	469,355,125	436,676,817	585,526,347	3,216,593,980	3,234,651,556
Earnings before tax, profit-sharing, depreciation, amortization and provisions	911,475	200,688	800,138	1,062,449	524,285
and non-recurring items					
Corporate income tax	468,225	5,724	62,491	374,525	190,457
Profit-sharing	-				
Earnings	443,250	194,964	737,647	687,924	333,828
Earnings distributed	360,000				
3. Earnings per share					
Earnings after tax and profit-sharing, but before depreciation, amortization and provisions	0.04	0.02	0.06	0.03	0.02
Net earnings	0.04	0.02	0.06	0.03	0.02
Dividend per "A" share	0.03				
4. Employees					
Number of employees (average FTE)	-	-	-	-	-
Payroll expense	-	-	-	-	-
Employee benefits (social security, benefit plans, etc.)	-	-	-	-	-