

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
ANNUAL FINANCIAL STATEMENTS AT December 31, 2017**

March 2018

DISSEMINATION OF INFORMATION

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

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

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I. PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT



Société anonyme (French limited company) with share capital of €220,000,000
Registered office: 6 Avenue de Provence – 75452 Paris Cedex 9
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Person responsible for the annual financial report
Mr. Christian Ander - Chief Executive Officer

Certification of the person responsible for the annual financial report

After taking all reasonable measures to this effect, I certify that, to the best of my knowledge, the information contained in the annual financial statements for the year ended December 31, 2017 is consistent with the facts and does not contain such omissions as may adversely affect its scope.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company, and that the attached management report gives a true and fair view of changes in the business, results and financial position of the company as well as a description of the main risks and uncertainties faced by the company.

The annual financial statements of the company as of December 31, 2017 are the subject of a statutory auditors' report with no observations.

Paris, March 29, 2018

Christian Ander
Chief Executive Officer

II. COMPANY STATUS AND ACTIVITIES

Crédit Mutuel – CIC Home Loan SFH was licensed by the French Credit Institutions and Investment Firms Committee (CECEI) at its meeting on May 31, 2007. At its meeting on March 28, 2011, the French Prudential Supervision and Resolution Authority (ACPR) authorized the company to opt for the status of "home loan financing company" (*Société de Financement de l'Habitat* - SFH).

The company's sole purpose is to help to refinance the Crédit Mutuel – CM11 group. As such, US 144A documentation was prepared in 2012 to enable the company to reach new investors in the United States.

1. KEY EVENTS DURING THE YEAR

In 2017, Crédit Mutuel – CIC Home Loan SFH completed two public issues for a total of €2 billion representing approximately 13% of the Crédit Mutuel CM11 group's medium- and long-term refinancing requirements:

- €750 million with a maturity of 8 years issued in February
- €1.25 billion with a maturity of 10 years issued in September.

Aside from a period of contraction related to the French elections in the first half of the year, 2017 was generally very favorable to issuers thanks to the continuation of the very accommodative policy of the European Central Bank (ECB).

2. FUTURE OUTLOOK

In 2018, our company will continue to make a positive contribution to the group's refinancing in the markets, very likely against a backdrop of normalization of the main central banks' monetary policies.

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 2017 fiscal year.

4. SUBSIDIARIES AND INVESTMENTS

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

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

No agreements falling within the scope of Articles L. 225-38 et seq. were signed during the past year.

6. 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.

III. RESULTS, FINANCIAL POSITION AND DEBT

1. STATEMENT OF FINANCIAL POSITION

a. ASSETS

ASSETS (€millions)	Note	2017 December 31	2016 December 31
Cash and central bank deposits			
Government securities and similar instruments			
Receivables due from credit institutions	2	22,581.3	23,992.7
Due to customers			
Bonds and other fixed-income securities			
Equities and other variable-income securities			
Long-term equity investments and securities			
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	1.3	1.0
Prepayments and accrued income	4	76.4	78.6
Total assets		22,659.0	24,002.3
Off-statement of financial position items		2017	2016
		December 31	December 31
Commitments received			
Financing commitments			
Commitments received from credit institutions			
Guarantee commitments			
Commitments received from credit institutions	10	31,001.0	31,001.1
Securities commitments			
Securities sold with repurchase or reacquisition option			
Other commitments received			

b. LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND SHAREHOLDERS' EQUITY (€millions)	Note	2017 December 31	2016 December 31
Central bank borrowing			
Due to credit institutions			
Due to customers			
Debt securities	5	21,993.0	22,275.0
Other liabilities	3	300.0	1,301.0
Prepayments and accrued income	4	76.5	78.8
Provisions			
Subordinated debt	6	60.0	120.0
Fund for general banking risks			
Shareholders' equity	7	229.5	227.5
- Subscribed capital		220.0	220.0
- Issue premiums			
- Reserves		1.5	1.3
- Revaluation reserve			
- Regulated provisions			
- Retained earnings		5.0	2.6
- Profit for the year		3.0	3.6
Total liabilities and shareholders' equity		22,659.0	24,002.3
Off-statement of financial position items		2017 December 31	2016 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.

In addition, the "Other liabilities" item, created after Fitch Ratings downgraded BFCM's short-term credit rating to F1 on July 17, 2013, represents collateral offered by BFCM in connection with the pre-maturity test. This item totaled €300 million at December 31, 2017.

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

The off-statement of financial position assets of €31 billion correspond to home loans offered as collateral by SFH's providers of collateral.

c. PROFIT

(€millions)	Note	2017 December 31	2016 December 31
+ Interest and similar income	15	517.4	598.2
+ Interest and similar expense	15	(511.9)	(591.8)
+ 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		5.5	6.4
+ Payroll costs			
+ Other administrative expenses		(0.8)	(0.9)
+ Depreciation and amortization			
= Operating expenses		(0.8)	(0.9)
= Gross operating income		4.7	5.5
+ Net additions to/reversals from provisions for loan losses			
= Operating income		4.7	5.5
+/- Gains (losses) on non-current assets			
= Income before non-recurring items		4.7	5.5
+/- Net non-recurring income (expense)			
+ Corporate income tax	16	(1.6)	(1.9)
+/- Additions to (reversals from) fund for general banking risks			
+/- Additions to (reversals from) regulated provisions			
= Net income		3.0	3.6

The company reported net income for the year of €3.0 million compared with €3.6 million in 2016.

d. NET CASH FLOW STATEMENT

(€ thousands)	12.2017	12.2016
Net income	3,048	3,622
Tax	1,553	1,886
Income before tax	4,601	5,508
+/- Net depreciation/amortization of property, plant and equipment and intangible assets	0	0
- Impairment of goodwill and other non-current assets	0	0
+/- Net charges to provisions	0	0
+/- Share of income of equity-accounted entities	0	0
+/- Net loss/gain from investment activities	0	0
+/- Expense from financing activities	0	0
+/- Other movements	3,026,202	27,454
= Total non-monetary items included in net income before tax and other adjustments	3,026,202	27,454
+/- Cash flows relating to interbank transactions	1,257,531	2,324,830
+/- Cash flows relating to customer transactions	0	0
+/- Cash flows relating to other transactions affecting financial assets and liabilities	0	0
+/- Cash flows relating to other transactions affecting non-financial assets and liabilities	(994,911)	(1,249,543)
- Tax paid	(2,929)	-1,088
= Net decrease in assets and liabilities from operating activities	259,691	1,074,199
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	3,290,494	1,107,161
+/- Cash flows relating to financial assets and equity interests	0	0
+/- Cash flows relating to investment property	0	0
+/- Cash flows relating to property, plant and equipment and intangible assets	0	0
TOTAL NET CASH FLOWS RELATING TO INVESTMENT ACTIVITIES	0	0
+/- Cash flows relating to transactions with shareholders	(990)	(660)
+/- Other net cash flows relating to financing activities	(3,348,820)	(1,104,623)
TOTAL NET CASH FLOWS RELATING TO FINANCING ACTIVITIES	(3,349,810)	(1,005,283)
IMPACT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	0	0
Net increase in cash and cash equivalents	(59,316)	1,878
Net cash flows from operating activities	3,290,494	1,107,161
Net cash flows relating to investment activities	0	0
Net cash flows relating to financing activities	(3,349,810)	(1,105,283)
Impact of changes in exchange rates on cash and cash equivalents	0	0
<u>Cash and cash equivalents at beginning of period</u>	<u>343,571</u>	<u>341,693</u>
Cash, central banks and postal checking accounts	0	0
Demand loans and accounts at credit institutions	343,571	341,693
<u>Cash and cash equivalents at end of period</u>	<u>284,255</u>	<u>343,571</u>
Cash, central banks and postal checking accounts	0	0
Demand loans and accounts at credit institutions	284,255	343,571
CHANGE IN NET CASH AND CASH EQUIVALENTS	(59,316)	1,878

e. COVER POOL

Collateral for secured loans consists of a portfolio of receivables made up entirely of mortgage-backed receivables totaling €31,001,029,692 at December 31, 2017.

The main characteristics of the home loan portfolio recognized at December 31, 2017, based on the capital outstanding at November 30, 2017, were as follows:

Capital outstanding	€31,001,029,692
Average outstanding loan	€81,942
Number of loans	378,330
Number of borrowers	324,744

Average age of loans (months)	69
Average residual maturity (months)	161

Proportion of fixed-rate loans	91.8%
Average interest rate on fixed-rate receivables	2.53%
Average interest rate on variable-rate receivables	1.97%

Breakdown by type of security		
Type of security	Total capital outstanding	Proportion by type of security
"Crédit Logement" guarantee	€8,915,102,846	29%
First-rate mortgage or lender's priority lien	€22,085,926,847	71%
TOTAL	€31,001,029,692	100%

Breakdown by type of loan		
Type of loan	Total capital outstanding	Number of loans
Standard	€27,401,464,196	323,509
Home savings plans/accounts	€43,743,746	6,187
Interest-free loans	€0	-
Low-income housing loans	€2,286,884,174	33,600
Regulated loans	€1,268,937,576	15,034
TOTAL	€31,001,029,692	378,330

Breakdown by number of loans in arrears		
Number of monthly repayments missed	Total capital outstanding	Number of loans
0	€31,001,029,692	378,330
>0		
TOTAL	€31,001,029,692	378,330

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

2. FINANCIAL POSITION AND PRUDENTIAL RATIOS

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

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

3. DEBT

Readers are reminded that the company's borrowing capacity is limited by its 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, issues of housing finance bonds are intended to refinance personal home loans granted by banks in the Crédit Mutuel CM11 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 laid down in applicable regulations.

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

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

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

1. CREDIT AND COUNTERPARTY RISK

Due to its limited corporate purpose, Crédit Mutuel – CIC Home Loan SFH's credit risk is strictly regulated. Funds may only be used as follows:

- On-lending of funds raised by issuing securities: these funds may only be lent to BFCM. This lending is itself secured by collateral in the form of home loans granted by the Crédit Mutuel CM11 group, on the basis of Article L. 211-36, paragraph II and Articles L. 211-38 to L. 211-40 of the French Monetary and

Financial Code. The overall amount of lending and compliance with loan eligibility criteria are checked monthly and documented in an “Asset Cover Test” report.

- On-lending of capital is governed by the following limits:
 - Regulatory limits: Articles L. 513-7 and R. 515-6 set minimum credit quality levels for these investments.
 - Contractual limits: rating agencies have laid down minimum credit ratings that vary according to the term of the loan.

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

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

Rating	Outstandings (€m) ⁽¹⁾	Percentage	Aggregate percentage
A	16,470	53%	53%
B	9,352	30%	83%
C	3,705	12%	95%
D+	883	3%	98%
D-	466	2%	100%
E+	125	0%	100%
E-	-	0%	100%
E=	-	0%	100%
F	-	0%	100%
TOTAL	31,001	100%	

(1) Outstandings at November 30, 2017 shown as guarantee commitments received in SFH’s financial statements at December 31, 2017

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

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

Type of security	Outstandings (€m) ⁽¹⁾
Home mortgage guarantees	22,086
Guarantees provided by a credit institution	8,915
TOTAL	31,001

(1) Outstandings at November 30, 2017 shown as guarantee commitments received in SFH’s financial statements at December 31, 2017

All of these guaranteed loans are secured by Crédit Logement.

The present LTV (ratio of the principal balance to the present value of the assets) is 63% on average.

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 lent 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.
- In accordance with the update to the issue program in July 2015 and with the approval of the rating agencies, this potential pass-through rate risk is covered by a natural matching of assets and liabilities and by overcollateralization. In fact, the vast majority (approximately 90%) of the cover pool assets are fixed-rate loans, and these assets are matched to liabilities in the same proportion by fixed-rate issues. The average interest rate of the cover pool (2.49% at 11/30/2017) and the average interest rate of bonds issued at fixed rates (2.10% at 11/30/2017) is monitored monthly. The overcollateralization rate resulting from the calculation of the Asset Cover Test negotiated with the rating agencies is always more than 74.9% (= Asset Percentage). The company is committed to maintaining this level of overcollateralization to meet the rating targets and regulatory requirements.

Foreign exchange risk

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

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

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

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

- The only way the company could be exposed to foreign exchange risk would be if BFCM were to default. The company would then need to enforce its security and would become the owner of the home loans, all of which are denominated in euros, while having to make repayments in foreign currencies. The issue program documentation requires Crédit Mutuel – CIC Home Loan SFH to enter into specific foreign currency swaps with counterparties that must meet specific rating criteria in order to hedge this risk as soon as BFCM's rating is downgraded.

- Since a first-level rating criterion has been met, a hedging swap has been set up. BFCM has the necessary rating level and so is the counterparty to these swaps. In fact, BFCM enjoys a strong enough rating to meet the eligibility criteria provided for in the issue program documents: A (long-term) from Standard & Poor's, P-1 (short-term) and Aa3 (long-term) from Moody's and F1 (short-term) / A+ (long-term) from Fitch.
Furthermore, since no collateral has been transferred, the company does not need these swaps to hedge its risk. They have therefore been neutralized with BFCM.

Market risk

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

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

3. LIQUIDITY RISK

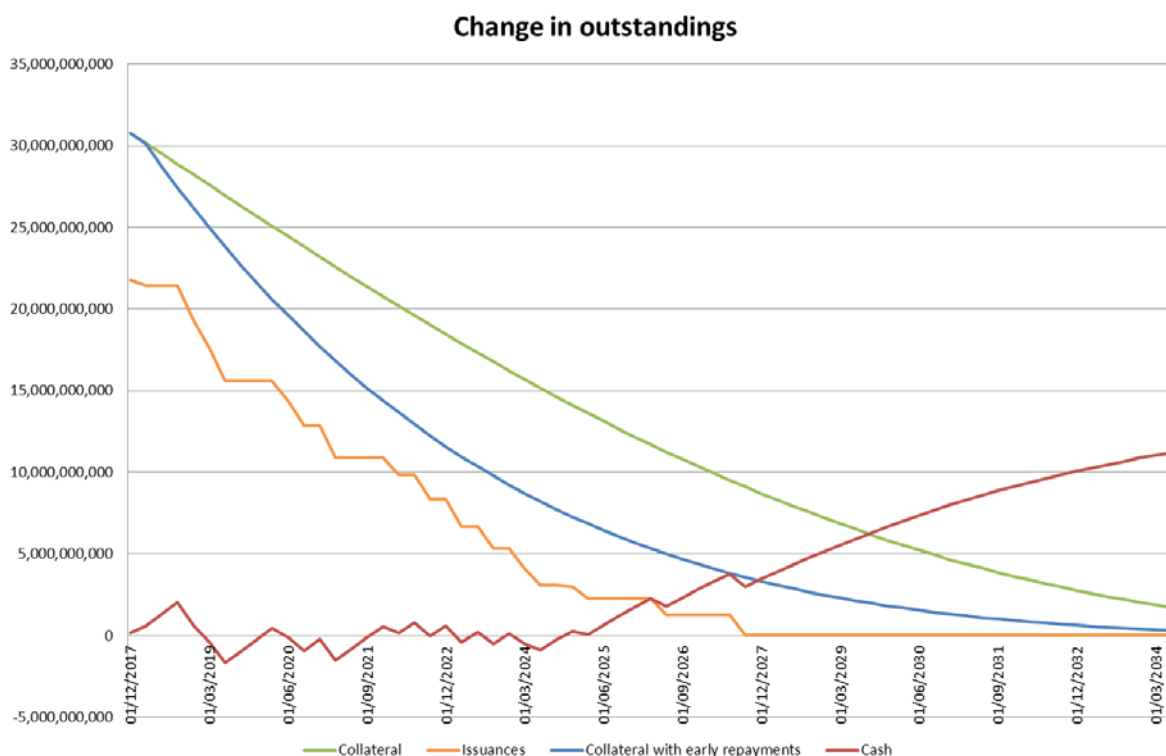
Crédit Mutuel – CIC Home Loan SFH operates in such a way that it is not exposed to liquidity risk. Since its sources and uses of funds are perfectly matched by term, Crédit Mutuel – CIC Home Loan SFH does not engage in maturity transformation.

- 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 security and would become the owner of the home loans. The issue program documentation provides for a pre-maturity test to prevent and manage this type of risk.
- The pre-maturity test requires BFCM to set aside a cash security deposit in the 180 business days before a covered bond issue matures. This deposit must be sufficient to cover the principal repayments falling due during the period in question. 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 issues 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 was €300 million at December 31, 2017.

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

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

The chart below shows the portfolio's amortization profile compared with the amortization of the issues and the resulting cash balance.



This simulation shows some occasional slight cash shortfalls, mainly in the second quarter of 2019 and the first quarter of 2021. However, this cash balance does not take account of early repayments, which would cover these theoretical shortfalls.

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

4. OPERATIONAL RISK

In line with its 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 defined by Group Compliance. The company's operational risk policy is in line with the global policy implemented by the Crédit Mutuel CM11 group, particularly in terms of the Emergency and Business Continuity Plan.

5. LEGAL RISK

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

V. 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.

VI. EMPLOYMENT AND ENVIRONMENTAL IMPACTS AND COMMITMENTS TO SUSTAINABLE DEVELOPMENT

Article 225 of the Grenelle II Act of July 12, 2010 and its implementing decree of April 24, 2012 extend the requirements, particularly for companies that issue securities on a regulated market, to publish information in their management report on the "employment and environmental impacts of their business and on their social commitments to sustainable development".

However, Crédit Mutuel - CIC Home Loan SFH has no employees. It is therefore unable to provide any employment information. Moreover, since the company has no buildings of its own, it has no direct environmental footprint. The environmental and social impact of its activities are covered by the policies defined by the Crédit Mutuel CM11 group and presented in the management report of Caisse Fédérale de Crédit Mutuel, which is the parent company as defined in Article L. 233-3 of the French Commercial Code.

VII. INFORMATION ON PAYMENT TERMS OF CUSTOMERS AND SUPPLIERS

Articles L. 441-6-1 and D. 441-4 of the French Commercial Code require companies to provide specific information on the due dates of amounts due to suppliers and from customers. In accordance with paragraph 8 of Article L. 441-6 of the French Commercial Code, the due dates of amounts due to suppliers and from customers of our company do not exceed 45 days end of month or 30 days from the invoice issue date.

Invoices received and issued not paid at the closing date of the year which are overdue

The sums in question are zero for Crédit Mutuel – CIC Home Loan SFH.

Invoices received and issued for which payment was late during the year (Article D. 441-4 § II)

There were no significant transactions for which payment was late in 2017.

VIII. EXECUTIVES, STATUTORY AUDITORS AND SPECIAL AUDITOR AND THEIR COMPENSATION

INFORMATION CONCERNING CORPORATE OFFICERS

None of the corporate officers received any compensation from the company in respect of their duties in 2017. The list of offices held is attached to the report on corporate governance.

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, because of their purpose or financial implications, are significant for the parties, have remained in effect. A list of these agreements and their purposes has been provided to the directors and 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: Hassan Baaj

Alternate Statutory Auditors:

Anik Chaumartin
63 Rue de Villiers
92208 Neuilly-sur-Seine Cedex

Picarle et Associés
Faubourg de l'Arche
11 Allée de l'Arche – Courbevoie
92037 Paris-La Défense Cedex

INFORMATION REGARDING THE SPECIAL AUDITOR

Principal Special Auditor:

Fides Audit
11 rue Marie Laurencin
75012 Paris
Partner: Stéphane Massa

The special auditor's actual compensation for 2017 was €145,650, including tax.

IX. RESOLUTIONS SUBMITTED TO THE ANNUAL ORDINARY SHAREHOLDERS' MEETING OF MAY 17, 2018

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 annual financial statements for the year ended December 31, 2017, as presented to them by the Board of Directors, which show a profit of €3,048,060.53.

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 fiscal year.

SECOND RESOLUTION

The shareholders resolve to appropriate the net profit for the year, totaling €3,048,060.53, plus the €5,015,560.56 in retained earnings, i.e. an available amount of €8,063,621.09, as follows:

- | | |
|---|---------------|
| - Allocation to the legal reserve | €152,403.03 |
| - Distribution of dividends
<i>i.e. a dividend of €0.355 per share</i> | €7,810,000.00 |
| - The balance to retained earnings | €101,218.06 |

In accordance with Article 243 bis of the French General Tax Code (Code général des impôts), we remind you that the following dividends had been paid in respect of previous years:

Fiscal year	2014	2015	2016
Dividend distributed	€0.03 per share	€0.03 per share	€0.045 per share

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.

X. THE COMPANY'S FINANCIAL RESULTS OVER THE PAST FIVE YEARS

Five-year financial summary (in €)

Nature of the information	2013	2014	2015	2016	2017
1. Financial position at the end of the fiscal year					
Share capital	220,000,000	220,000,000	220,000,000	220,000,000	220,000,000
Total number of shares issued	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000
"A" shares or common shares	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000
2. Total income from operations					
Banking income	3,234,651,556	3,214,124,993	1,634,392,074	598,229,243	517,398,483
Earnings before tax, profit-sharing, depreciation, amortization and provisions and non-recurring items	524,285	2,281,173	1,612,944	5,507,826	4,601,662
Corporate income tax	190,457	850,727	999,273	1,886,273	1,553,602
Profit-sharing					
Profits	333,828	1,431,003	613,670	3,621,553	3,048,060
Profits distributed		660,000	660,000	990,000	7,810,000
3. Earnings per share					
Profit after tax and employee profit-sharing but before depreciation, amortization and provisions	0.02	0.07	0.03	0.16	0.14
Net profits	0.02	0.07	0.03	0.16	0.14
Dividend per "A" share		0.03	0.03	0.045	0.355
4. Personnel					
Number of employees (average FTE)	-	-	-	-	-
Payroll expense	-	-	-	-	-
Employee benefits (social security, benefit plans, etc.)	-	-	-	-	-

XI. APPENDICES

- 1. STATUTORY AUDITORS' REPORT ON THE 2017 ANNUAL FINANCIAL STATEMENTS**
- 2. STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS**
- 3. REPORT ON CORPORATE GOVERNANCE**
- 4. REPORT ON INTERNAL CONTROL**
- 5. INDEPENDENT THIRD PARTY'S REPORT ON EMPLOYMENT, ENVIRONMENTAL AND SOCIAL INFORMATION**
- 6. FINANCIAL STATEMENTS**

1. STATUTORY AUDITORS' REPORT ON THE 2017 ANNUAL FINANCIAL STATEMENTS

Crédit Mutuel-CIC Home Loan SFH

Statutory Auditors' report on the annual financial statements

(Year ended December 31, 2017)

PricewaterhouseCoopers Audit
63 Rue de Villiers
92208 Neuilly-sur-Seine Cedex
French simplified limited company (S.A.S.) with capital of
€2,510,460
672 006 483 Nanterre Trade and Companies Register

Statutory Auditor
Member of the regional association
of accountants of Versailles

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable (French simplified limited company
with variable capital)
438 476 913 Nanterre Trade and Companies Register

Statutory Auditor
Member of the regional association
of accountants of Versailles

Statutory Auditors' report on the annual financial statements

(Year ended December 31, 2017)

To the Shareholders' Meeting,

Crédit Mutuel-CIC Home Loan SFH

6 Avenue de Provence
75452 Paris Cedex 9

Opinion

In accordance with the terms of the engagement entrusted to us at your shareholders' meeting, we have audited the annual financial statements of Crédit Mutuel-CIC Home Loan SFH for the year ended December 31, 2017, as appended to this report.

In our opinion, the annual 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.

The opinion expressed above is consistent with the content of our report to the Board of Directors performing the functions of the audit committee.

Basis for the opinion

Audit standards

We have conducted our audit in accordance with auditing standards applicable in France. We believe that the evidence we have gathered provides a sufficient and appropriate basis for our audit opinion.

Our responsibilities pursuant to these standards are indicated in the section of this report entitled "Responsibilities of the statutory auditors regarding the audit of the annual financial statements".

Independence

We have conducted our audit in compliance with the rules regarding independence applicable to us, for the period from January 1, 2017 to the date of issuance of our report and, in particular, we have not provided any of the services prohibited by Article 5, paragraph 1, of (EU) Regulation 537/2014 or by the code of ethics for statutory auditors.

Basis for our assessments - Key points of the audit

Pursuant to Articles L. 823-9 and R. 823-7 of the French Commercial Code regarding the basis for our assessments, we must inform you of the key points of the audit related to the risks of material misstatement which, in our professional judgment, were the most significant for the audit of the annual financial statements, as well as our responses to these risks.

We have determined that there were no key points of the audit to inform you of in our report.

Verification of the management report and the other documents sent to shareholders

In accordance with French generally accepted auditing standards, we have also performed the specific checks required by law.

Information provided in the management report and in the other documents sent to shareholders on the company's financial position and the annual financial statements

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

Information regarding corporate governance

We attest to the existence, in the corporate governance section of the Board of Directors' management report, of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

As regards the information provided in accordance with Article L.225-37-3 of the French Commercial Code on compensation 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 have the following comment: this information does not include the compensation and benefits paid by the company that controls your company to your company's corporate officers.

Information resulting from other legal and regulatory requirements

Appointment of the statutory auditors

We were appointed as statutory auditors of Crédit Mutuel-CIC Home Loan SFH by your shareholders' meeting on April 16, 2007.

At December 31, 2017, our firms had performed their duties for the 11th consecutive year.

Responsibilities of management and those charged with corporate governance regarding the annual financial statements

It is the responsibility of management to prepare annual financial statements that give a true and fair view in accordance with French accounting rules and principles and to implement internal control as it deems necessary for the preparation of annual financial statements that contain no material misstatements, whether such misstatements are the result of fraud or errors.

When preparing the annual financial statements, management must assess the company's ability to continue to operate, present in its financial statements, where applicable, the necessary information regarding the company's continued operation and apply the going concern accounting convention, unless there are plans to liquidate the company or discontinue its business.

The Board of Directors performing the functions of the audit committee must monitor the financial information preparation process and the effectiveness of the internal control, risk management and, where applicable, internal audit systems as regards the procedures related to the preparation and processing of accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors regarding the audit of the annual financial statements

Objective and audit approach

Our responsibility is to prepare a report regarding the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements, as a whole, contain no material misstatements. Reasonable assurance is a high level of assurance, yet without guaranteeing that an audit conducted in accordance with generally accepted auditing standards always leads to the detection of all material misstatements. Misstatements may result from fraud or errors and are considered material when there is a reasonable expectation that they can, when taken individually or combined, influence the economic decisions made by users of the financial statements on the basis of these financial statements.

As set out in Article L. 823-10-1 of the French Commercial Code, our task of certifying the financial statements does not entail guaranteeing the viability or quality of your company's management.

When conducting an audit in accordance with auditing standards applicable in France, the statutory auditor exercises his/her professional judgment throughout the audit. Moreover, he/she:

- identifies and assesses the risk that the annual financial statements contain material misstatements whether such misstatements result from fraud or errors, defines and implements audit procedures to address these risks, and collects information that he/she considers a sufficient and appropriate basis for such opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, as fraud may involve collusion, forgery, deliberate omissions, false statements or the override of internal control.
- reviews internal control relevant to the audit in order to define appropriate audit procedures under the circumstances, and not to express an opinion on the effectiveness of internal control;

- assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as related information provided in the annual financial statements;
- assesses the appropriateness of management's application of the going concern accounting convention and, based on the information collected, whether or not significant uncertainty exists regarding events or circumstances likely to call into question the company's ability to continue to operate. This assessment is based on information collected up to the date of his/her report, it being noted however that subsequent circumstances or events could call into question the company's continued operation. If the statutory auditor concludes that significant uncertainty exists, he/she brings the information provided in the annual financial statements regarding such uncertainty to the attention of readers of his/her report or, if such information is not provided or is not relevant, the statutory auditor issues a qualified opinion or a denial of opinion;
- assesses the overall presentation of the annual financial statements and determines whether they fairly present the underlying transactions and events.

Report to the Board of Directors performing the functions of the audit committee

We are submitting a report to the Board of Directors performing the functions of the audit committee which presents the scope of the audit and the work program implemented, as well as the conclusions of our audit. We are also informing it, where applicable, of the significant weaknesses of internal control that we have identified as regards the procedures related to the preparation and processing of accounting and financial information.

The information provided in the report to the Board of Directors performing the functions of the audit committee includes the risks of material misstatement which, in our opinion, are the most significant for the audit of the annual financial statements and are therefore the key points of the audit, which it is our duty to describe in this report.

We are also submitting to the Board of Directors performing the functions of the audit committee the statement referred to in Article 6 of (EU) Regulation 537-2014 confirming our independence, pursuant to the rules applicable in France as set out in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of ethics for statutory auditors. Where applicable, we are discussing with the Board of Directors performing the functions of the audit committee the risks regarding our independence and the precautionary measures taken.

Neuilly-sur-Seine and Paris-La Défense, March 29, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

ERNST & YOUNG et Autres

Jacques Lévi

Hassan Baaj

2. STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

Crédit Mutuel-CIC Home Loan SFH

**Statutory Auditors' Special Report
on regulated agreements and commitments**

**(Shareholders' meeting called to approve the financial statements
for the financial year ended December 31, 2017)**

PricewaterhouseCoopers Audit
63 Rue de Villiers
92208 Neuilly-sur-Seine Cedex
French simplified limited company (S.A.S.) with capital of
€2,510,460
672 006 483 Nanterre Trade and Companies Register

Statutory Auditor
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438 476 913 Nanterre Trade and Companies Register

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, 2017)

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

In our capacity as the company's Statutory Auditors, we present to you our report on regulated agreements and commitments.

It is our duty, based on the information provided to us, to inform you of the basic characteristics and terms and conditions and the basis of the benefits for the company of the agreements and commitments of which we have been informed or of which we may have become aware during our audit, without the need to express an opinion on their appropriateness and relevance or to determine the existence of other agreements and 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).

AGREEMENTS AND COMMITMENTS SUBJECT TO THE SHAREHOLDERS' MEETING FOR APPROVAL

We inform you that we have not been advised of any agreement or commitment authorized and entered into during the past year that must be submitted to the shareholders' meeting for approval pursuant to Article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

We inform you that we have not been advised of any agreement or commitment already approved by the shareholders' meeting that remained in force during the past year.

Neuilly-sur-Seine and Paris-La Défense, March 29, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

ERNST & YOUNG et Autres

Jacques Lévi

Hassan Baaj

3. REPORT ON CORPORATE GOVERNANCE

Article L. 225-37 of the French Commercial Code stipulates that the Board of Directors must present to the shareholders' meeting mentioned in Article L. 225-100 a report on corporate governance attached to the management report mentioned in the same article. However, the relevant information can be presented in a specific section of the management report.

This report describes the composition of the Board and the application of the principle of balanced representation of men and women on the Board, the conditions under which the Board prepares and organizes its work, the internal control and risk management procedures implemented by the company, and any limits placed on the powers of the Chief Executive Officer by the Board of Directors.

I. Preparation and organization of the Board's work

Composition of the Board

The operation of the Board of Directors is governed by Articles 10 to 16 of the bylaws, which do not contain any stipulations over and above the legal provisions.

Crédit Mutuel – CIC Home Loan SFH complies with current corporate governance regulations. It does not adhere to the AFEP-MEDEF code on this same subject, a number of whose recommendations are not suited to it given that 100% of its shares are held by Banque Fédérative du Crédit Mutuel.

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 issues relating to the company's operation and makes decisions on matters affecting it.

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 Alexandre Saada, who organizes and directs the Board of Directors' work and ensures that directors are able to perform their duties.

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

When determining the composition of the Board of Directors, several principles are applied.

1. Incompatibilities and prohibitions: at the time of his appointment, each director signs a statement certifying that he is not subject to the bans on banking services set out in Article L. 500-1 of the French Monetary and Financial Code.

2. Age limit: The composition of the Board takes into account a provision of the bylaws which stipulates that not more than one-third of the directors may be over the age of 70. For the sake of harmonization and coherence at the group level, it is proposed that, in December 2018, the individual age limit be set at 70 for each director and at 75 for each non-voting member. Offices held at this age end at the time of the shareholders' meeting following the anniversary date.

3. Combination with an employment contract: no director has an employment contract with the company and its controlled subsidiaries (except for directors representing employees, to whom the rules regarding concurrent directorships and employment contracts do not apply).

4. Application of the principle of balanced representation of men and women on the Board of Directors: the Copé-Zimmermann Law 2011-103 of January 27, 2011, amended in 2014 and in force as of January 1, 2017, does not apply to Crédit Mutuel – CIC Home Loan SFH, which does not meet the thresholds for mandatory balanced representation of men and women on Boards of Directors. Nevertheless, the appointment to the Board of a female director will be proposed in 2018.

5. Director competence and training: Crédit Mutuel - CIC Home Loan SFH places a great deal of importance on the competence of its directors. A specific training module for directors was introduced at the initiative of the inter-federal elected member training commission aimed at reinforcing the knowledge and skills of Crédit Mutuel – CIC Home Loan SFH's directors in light of the regulatory competencies required since the transposition of the CRD IV directive in France.

Specific skill-building training modules are also offered to members of the regulatory committees to help them complete the work of these committees.

6. Composition of the Board of Directors and independent directors: The Board of Directors of Crédit Mutuel-CIC Home Loan SFH consists of five members, including one independent director, appointed by the shareholders' meeting for six years, pursuant to Article 13 of the bylaws. There are no directors' fees or stock options.

The joint guidelines of the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) published on September 26, 2017 on the assessment of supervisory body members and effective managers as well as key function holders established 11 independence criteria applicable as of July 1, 2018 to all credit institutions within the European Union. These criteria will be transposed into French law in the first half of 2018.

The Board's work in 2017

The Board of Directors meets at least three times a year based on a predetermined schedule.

Depending on its scope, each item on the agenda is presented to the Board members for their information in the form of a file or presentation. The minutes provide a detailed account of the discussions, decisions and voting.

In 2017, the Board met six times. The average attendance rate was 72%.

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 8, 2017 and focused mainly on approving the financial statements at December 31, 2016, preparing for the ordinary shareholders' meeting of May 3, 2017, setting the cap on issues for the second quarter of 2017, the asset cover test and asset quality report, the composition of the Board of Directors in light of CRD IV (termination of François Migraine's duties), the operation of the company and the Board of Directors, and internal control procedures.

The purpose of the May 3, 2017 meeting was to set the cap on issues for the third quarter of 2017, review the quarterly accounts and conduct an annual review of regulated agreements, co-opt a director and appoint a new Chairman.

The third meeting held on July 18, 2017 focused mainly on approving the financial statements at June 30, 2017 and updating Crédit Mutuel-CIC Home Loan SFH's international program.

The purpose of the September 27, 2017 meeting was to assess business, set the cap on issues for the fourth quarter of 2017, review the asset cover test, asset quality and the affiliations of new Crédit Mutuel branches and to call an extraordinary shareholders' meeting concerning amendments to the bylaws.

The last Board meeting of the year, held on November 22, 2017, focused on the following matters: business and issues undertaken, the examination of the quarterly accounts at September 30, 2017, the asset cover test and the asset quality report as well as the special auditor's report on the company's business. During this meeting, the Board renewed the issue authorizations, set the cap on issues for the first quarter of 2018, reviewed the affiliations of new Crédit Mutuel branches and approved the annual coverage plan.

Operation of the Board. Executive Management operating methods

In accordance with Article L. 511-13 para. 2 of the French Monetary and Financial Code, the banking regulations require that the functions of Chairman of the supervisory body and effective manager of the establishment be separated. The establishment must have at least two effective managers. Effective managers have all the powers conferred upon them by banking and financial laws and regulations, both internally and vis-à-vis third parties.

Crédit Mutuel - CIC Home Loan SFH's effective managers are:

- Christian Ander, Chief Executive Officer
- Denis Reinsbach, Chief Administrative Officer

The effective managers receive no compensation for their functions at Crédit Mutuel – CIC Home Loan SFH. They are entitled to reimbursement of travel and entertainment expenses, upon presentation of receipts.

The Board meetings of December 11, 2014 and May 24, 2017 set no limits on the powers of the two effective managers, as defined by law and by our bylaws and internal rules.

Internal committees

In accordance with Articles L. 511-89 et seq. of the French Monetary and Financial Code, the Board is assisted by four specialized committees set up at the group level by the Board of Directors of Caisse Fédérale de Crédit Mutuel. These committees may invite any technical expert or representative of a group entity to help them with their work. The Board is regularly updated on the work of these committees.

Group Compensation Committee

Following the transposition of the CRD4 directive, and particularly Article 88, at its meeting on February 27, 2015 the Board of Directors set up a new specialized Board committee in accordance with Article L. 511-89 of the French Monetary and Financial Code.

This committee's scope includes:

- all the credit institutions and financing companies,
- the entities of the Caisse Fédérale de Crédit Mutuel (CIB 10278) consolidated group as the parent company of the Crédit Mutuel - CM11 consolidated group which, given their size, their internal organization and the type, scope, complexity and cross-border nature of their activity, are included in the scope at the decision of the Board of Directors,
- with the exception of entities which, given their activity, size or specific nature, have a committee in accordance with applicable laws and regulations. In this case, this individual committee reports to the Group Compensation Committee of Caisse Fédérale de Crédit Mutuel on the work carried out and the information provided.

The Compensation Committee analyzes and/or verifies the compensation principles and the annual guidance provided by executive management, particularly:

- applicable regulatory developments,
- the amounts allocated to risk-takers (MRT),
- distribution, individual allocation and payment terms,
- the list of compensation exceeding a certain amount and the list of employees identified as risk-takers,
- the compensation of the risk manager and the compliance officer

To perform these functions, the Compensation Committee draws on market practices by whatever means it deems appropriate.

Along these lines, the Compensation Committee makes proposals on a regular basis, and at least every year, regarding the compensation of the executive body and corporate officers, expresses an opinion on the group's general policy document on compensation and may issue opinions and make proposals or recommendations related to its duties to the Board of Directors.

In addition, the Compensation Committee works with executive management to ensure that the human resources department develops and implements the compensation policy in consultation with the risk, control and compliance departments.

The Compensation Committee also reviews the Audit department's annual report on the compensation policy and/or the audit follow-up report.

The committee reports to the Board of Directors on its work and submits its proposals to it. In its report, it issues opinions and recommendations as it deems appropriate

and makes proposals aimed at improving the effectiveness of the various procedures and of the overall policy or adapting them to a new situation and changes in regulations.

To ensure coherence within the group and in the absence of a related mechanism, a process was adopted at the February 26, 2016 Board of Directors' meeting to coordinate increases in the compensation of senior executives and chief executive officers of the group's entities.

For the chief executive officers of the federations, the chairmen of the federations are involved in this process and issue an advisory opinion.

The process brings together the Chairman of Caisse Fédérale de Crédit Mutuel, the executive management of Caisse Fédérale de Crédit Mutuel, the Group human resources department, the Group corporate affairs department and the Group risk department.

The Compensation Committee gives its opinion on the proposed coordination process. The Compensation Committee reports to the Board of Directors.

In this respect, the committee relies on the work carried out by the group human resources department, the group corporate affairs department and the group risk department. The group corporate affairs department serves as secretary for this committee's meetings.

The committee consists of five members elected for three years:

- Mr. Jacques Humbert, Chairman
- Mr. Gérard Bontoux
- Mr. Maurice Corgini
- Mr. André Gerwig
- Mr. Jean-François Jouffray,
- Mr. François Troillard, employee-director

Group Appointments Committee

Following the transposition of the CRD4 directive, and particularly Article 88, at its meeting on February 27, 2015 the Board of Directors set up a new specialized Board committee in accordance with Article L. 511-89 of the French Monetary and Financial Code.

This committee's scope includes:

- all the credit institutions and financing companies,
- the entities of the Caisse Fédérale de Crédit Mutuel (CIB 10278) consolidated group as the parent company of the Crédit Mutuel - CM11 consolidated group which, given their size, their internal organization and the type, scope, complexity and cross-border nature of their activity, are included in the scope at the decision of the Board of Directors,
- with the exception of entities which, given their activity, size or specific nature, have a committee in accordance with applicable laws and regulations. In this case, this individual committee reports to the Group Compensation Committee of Caisse Fédérale de Crédit Mutuel on the work carried out and the information provided.

The committee's primary functions are set out in Articles L. 511-98 to L. 511-101 of the French Monetary and Financial Code and include:

- identifying and recommending to the Board candidates who are able to serve as directors, non-voting directors, executives capable of being effective managers (Chief Executive Officer, Chief Operating Officer, Deputy Chief Operating Officer and other senior executives) in order to propose their candidacy to the appropriate body,
- assessing the balance and diversity of the knowledge, skills and experience of the Board members as individuals and as a group,
- specifying the duties and qualifications needed to perform the functions of Board member and estimating the amount of time spent on these functions,
- setting a target regarding the balanced representation of men and women on the Board and developing a policy to achieve this target (both must be published),
- periodically and at least once a year, assessing the structure, size, composition and effectiveness of the Board based on the duties assigned to it and submitting all useful recommendations to it,
- periodically and at least once a year, assessing the knowledge, skills and experience of the Board members, both as individuals and as a group, and reporting to the Board on its findings,
- periodically reviewing the Board's policies on the selection and appointment of the two effective managers, the Chief Operating Officers and the head of the risk management function and making recommendations on such matters,
- ensuring that the Board is not dominated by a person or a small group of people under conditions that could harm the bank's interest.

Moreover, to ensure coherence within the group and in the absence of a related mechanism, a process is in place to coordinate and discuss the appointment and replacement of senior executives and chief executive officers of the group's entities.

These appointments and replacements will be made from a list of identified executives whose career path matches that defined by the group.

For the chief executive officers of the federations, and following the coordination and discussion process, the appointments and replacements will be made by the Boards of Directors at the recommendation of the chairmen of the federations in accordance with their choices.

This coordination and discussion process will involve the Chairman of Caisse Fédérale de Crédit Mutuel, the executive management of Caisse Fédérale de Crédit Mutuel, the Group human resources department, the Group corporate affairs department and the Group risk department.

The Appointments Committee is therefore also responsible for issuing an opinion resulting from the coordination and discussion process. This opinion is then sent to the relevant entity in the form of an excerpt of the committee meeting minutes so that the legal decision regarding the appointment or replacement can be made by the appropriate body.

The committee remains informed of all banking and financial regulations and recommendations related to governance.

When necessary, the Chairman of the Board may consult with it on governance matters.

In this respect, the committee relies on the work carried out by the group corporate affairs department of Caisse Fédérale de Crédit Mutuel, together with the risk department and the human resources department. The group corporate affairs department of Caisse Fédérale de Crédit Mutuel serves as secretary for this committee's meetings.

The committee consists of five members elected for three years:

- Mr. Jacques Humbert, Chairman
- Mr. Gérard Bontoux
- Mr. Maurice Corgini
- Mr. André Gerwig
- Mr. Jean-François Jouffray

Group Audit and Financial Statements Committee

To satisfy the requirements resulting from the transposition of EU directive 2006/43/EC on statutory audits of annual financial statements and consolidated financial statements by Order No. 2008-1278 of December 8, 2008, Article L. 512-1-1 of the French Commercial Code, and those resulting from Regulation 97-02 (which became the order of November 3, 2014) on internal control of credit institutions and investment firms, a Group Audit and Financial Statements Committee was formed in June 2009 at CM5, which later became Crédit Mutuel CM11 (see internal control procedures below).

The Group Audit and Financial Statements Committee consists of directors representing the Crédit Mutuel federations that are members of Caisse Fédérale de Crédit Mutuel (in principle, one per federation), one representative of BFCM and two members of CIC's Board of Directors. The Committee elects a Chairman from among its members for a three-year period that can be renewed once.

The Group Audit and Financial Statements Committee:

- reviews the provisional internal control program,
- receives the consolidated annual internal control and risk monitoring report as well as the half-yearly internal control report,
- is informed of the findings of the main audits performed by the periodic control department as well as the results of permanent control and compliance audits,
- is informed of the findings of external controls, including any changes recommended by the regulatory authorities,
- is informed of actions taken to follow up on the main recommendations made in the internal and external control reports,
- assesses the efficiency of the internal control systems,
- is responsible for monitoring the financial reporting process,
- oversees the statutory audit of the annual financial statements and consolidated financial statements,
- participates in the choice of statutory auditors and has unrestricted access to them in order to be informed of their work plan, ensure that they are capable of conducting their audit and discuss with them the findings of their audit,
- reviews the annual and consolidated financial statements,
- assesses the conditions under which they are prepared and ensures the relevance and continuity of the accounting policies and methods.
- examines the group's exposure to risks based on normalized and periodic reporting of counterparty, market, interest rate and liquidity risks and more generally all of the risks to which the group is exposed,
- examines the risk-taking policies, the general risk management strategies, the limits imposed, the cost of risk and the related control systems as well as the crisis management policy.

The Group Audit and Financial Statements Committee has unrestricted access to the heads of the various control functions (periodic, permanent and compliance) and to the heads of the risk department and finance department. It can also meet with operational managers based on the topics discussed.

The Group Audit and Financial Statements Committee consists of 14 members:

- Jean-François Jouffray, Chairman
- Bernard Basse
- Jean-Pierre Bertin
- Michel Brard
- Maurice Corgini
- Christian Fouchard
- Patrice Garrigues
- Jacques Humbert
- Damien Lievens
- Yves Magnin
- Patrick Morel
- Jean-François Parra
- Francis Pernet
- Alain Pupel.

Group Risk Monitoring Committee

This committee is formed at the Crédit Mutuel CM11 Group level and consists of members of the governing bodies.

The functions and responsibilities of the Group Risk Monitoring Committee are as follows:

- Conducting a thorough review of the risks to which the CM11 Group is exposed. Thoroughness applies to both the types of risk and the activities carried out by the group's banking and non-banking entities in France and abroad;
- Reviewing exposures from the perspective of their quality, ratings, concentration and impairment in value;
- Analyzing short- and medium-term liquidity ratios and monitoring changes in them, including through the ILAAP process;
- Reviewing changes in the main regulatory and operating ratios, including those related to capital consumption, by business and by entity, the solvency and leverage ratios, and compliance with the amounts allocated by the governing bodies, including through the ICAAP process. Interpreting changes in results from the perspective of changes in risk, results and capital consumption and reviewing changes in external ratings;
- Assessing the quality of all the risks referred to in the order of November 3, 2014, particularly credit, market, overall interest rate, intermediation, settlement, liquidity and operational risks, for all the group's entities (mainly banks and insurance companies);
- Assisting the governing body in overseeing the application of risk policies and strategies by the executive management teams that form the group's executive body. As part of this task, compliance with risk indicator limits and possible breaches are observed;

- Advising the governing body on current and future risk-related strategies and tolerance. In this respect, the committee can recommend that the governing body make changes to the risk management system (addition of and changes to indicators and/or limits), propose specific reports or comment on a particular file or a specific or general risk;
- Reviewing the risk-taking policies, general risk management strategies, limits imposed, the cost of risk and the related control systems as well as the crisis management policy, risk measurement methodologies, risk-taking policies and crisis management policies, including the crisis recovery plans;
- Ensuring the existence of procedures to confirm compliance with legal and regulatory requirements and a process to identify and handle incidents and anomalies;
- Ensuring that the nature, coverage in terms of scope, granularity, form and frequency of risk-related information sent to the Committee are appropriate;
- Proposing to executive management all measures that may be necessary regarding limits or alert thresholds for key counterparties and economic or geographic sectors, as well as limits or alert thresholds for interest-rate, liquidity and market risk.

The group risk manager reports on changes to the main risks as set out in the order of November 3, 2014, particularly credit, market, overall interest rate, intermediation, settlement, liquidity and operational risks.

The group risk manager informs the monitoring committee of any changes to or breaches of limits and alert thresholds and comments on regulatory developments and inspections by regulators. He/she reviews changes in the group in its markets in France and around the world.

The Group Risk Monitoring Committee consists of 15 members:

- Daniel Schoepf, Chairman
- Laurent Benoit
- Gilles Berrée
- Jean-Louis Boisson
- Hubert Chauvin
- Gérard Bontoux
- Hervé Chatanay
- Pierre Hussherr
- Jean-François Jouffray
- Claude Lévêque
- Jean-Paul Panzani
- Daniel Rocipon
- Denis Schitz
- Nicolas Théry
- Michel Vieux

Deontology

The Crédit Mutuel CM11 Group's code of ethics was approved by the Board of Directors at its meeting on March 7, 2008.

This reference document, which incorporates all regulations related to ethics, sets out the principles to which each of the group's entities and employees must adhere in carrying out their activities. It reflects the general objectives set by the group in terms of customer service quality, integrity and precision in transaction processing and compliance with regulations. It is meant to serve as a reference in this area and be used by the various entities.

Compliance with the code of ethics applies not only to employees in the performance of their functions, but also to their entity. The entity must apply the principles outlined above, which refer to values embraced by the entire Crédit Mutuel CM11 Group.

This code is supplemented by provisions regarding corruption prevention and by two specific documents on information systems security and the prevention of workplace violence and harassment.

The code of ethics is available at the group's corporate affairs department.

Individuals who have inside information are periodically reminded of the rules applicable to them regarding their obligations.

Ethics and Deontology Committee

An Ethics and Deontology Committee was set up by the Chambre Syndicale on April 13 and 14, 2007 to assess the application of the code of ethics and deontology within the group's mutual banks affiliated with Caisse Fédérale de Crédit Mutuel.

It consists of 22 members appointed by the Chambre Interfédérale based on the principle of one elected member and one staff representative for each of the group's Federations:

- 11 elected members, proposed by the Board of Directors of their home Federation from among the elected members of that Federation who participate in the Chambre Interfédérale,
- 11 staff representatives, proposed by the works council of their home Federation from among the representatives who participate in the Chambre Interfédérale.

The following participate in the committee's work in an advisory capacity: the group's director of human resources, the group head of corporate affairs, the Inspector General, the compliance officers and those in charge of relations with the elected members of the Federations.

The committee is chaired by an elected member serving at the Chamber who represents the member banks and is proposed by the Board of Directors of the Fédération du Crédit Mutuel Centre Est Europe.

II. Rules and principles regarding compensation of identified employees (L. 511-71 et seq. of the French Monetary and Financial Code)

The compensation policy of the Crédit Mutuel CM11 Group, which belongs to its customers and members, is above all well thought-out and responsible, and endeavors to align the group's interests with those of its employees and protect the interests of its members and customers. It is therefore based on a strict application of the duty to advise.

The Crédit Mutuel CM11 Group is convinced that a company's compensation policy is vital to a coherent strategy and risk management. Along these lines, the Crédit Mutuel CM11 Group, true to its mutualist values, has defined a policy whose principles are consistent with regulatory requirements and industry practices aimed at:

- ensuring coherence between employees' behaviors and the group's long-term objectives, particularly in terms of developing risk management control,
- promoting career advancement through in-house training and encouraging employees' long-term commitment,
- ensuring fair salaries and retaining talented employees by offering appropriate compensation, taking into account the competitive environment and their level of seniority, expertise and professional experience,
- ensuring equal pay for men and women, based on classification, and more generally combating all forms of discrimination, and
- regularly increasing capital.

The compensation policy is in line with the Crédit Mutuel CM11 Group's risk appetite framework, which provides for compensation of the group's employees without encouraging excessive risk-taking and seeks to avoid conflicts of interest.

Therefore, the overall compensation policy does not encourage risk-taking that exceeds the risk level defined by the Crédit Mutuel CM11 Group. It is based on the principles of moderation and conservatism implemented by the Crédit Mutuel CM11 Group, including for risk-takers. Variable compensation, which is strictly limited to a few businesses or functions, is not an incentive for employees to engage in risk-taking that is not in line with the guidelines of executive management and the Board of Directors, particularly for those whose activities are liable to have a significant impact on the group's risk exposure.

The Board of Directors of CIC has approved the Crédit Mutuel CM11 Group's compensation policy, particularly the overall compensation policy for employees whose professional activities are liable to have a significant impact on the group's risk profile.

This general policy takes into account the provisions of Article 104 of the order of November 3, 2014, Articles L. 511-89 et seq. of the French Monetary and Financial Code, and Commission Delegated Regulation (EU) 604.2014 published on March 4, 2014, which establishes the appropriate qualitative and quantitative criteria for identifying these employee categories.

The most recent version of the memorandum on the compensation policy for risk-takers was approved by the Board of Directors on November 17, 2017.

Given the structure and cooperative values of the Crédit Mutuel CM11 Group, directors perform their functions on a volunteer basis and are entitled only to reimbursement of the expenses incurred by them in connection with their duties.

For all those at the Crédit Mutuel CM11 Group who meet the above criteria, the total amount for 2017 as set out in the aforementioned Article L. 511-73 was €73,750,000.

The choice of fixed compensation with variable compensation strictly limited to a few specialized activities

The Crédit Mutuel CM11 Group has chosen to emphasize fixed compensation in keeping with its mutualist values and its responsibility to serve its customers and members. Its policy reflects a constant focus on sustainable development and career advancement for its employees.

For most of the group's employees, including all those who work for the networks, the group has chosen¹ not to set individual customer sales targets that can result in variable compensation.

Generally speaking, additional compensation (benefits in kind, variable compensation, etc.) is subject to strict rules and limited to specific businesses or functions in light of special considerations. As in other banking groups, the specialized businesses within the group, including the trading room, specialized financing, asset management, private equity, private banking and consumer credit, generally provide for variable compensation.

A harmonized Crédit Mutuel CM11 Group compensation policy in 2018

At its meeting on July 27, 2017, CIC's Board of Directors approved the proposal submitted to it to include the entities covered by the AIFMD and UCITS V directives and those subject to the Solvency II Directive in its scope starting in 2018.

As a reminder, Article L. 511-91 of the French Monetary and Financial Code, created by Order 2014-158 of February 20, 2014 - Art. 3, stipulates that, when a credit institution is part of a group subject to oversight by the Autorité de contrôle prudentiel et de résolution (French prudential supervision and resolution authority - ACPR) on a consolidated basis, the Board of Directors of that institution may decide that the functions assigned to the regulatory committees (risk, appointments, compensation) be carried out by the committee of the credit institution at which oversight is provided on a consolidated or sub-consolidated basis.

Within the Crédit Mutuel CM11 Group, all the Boards of Directors of the group's entities – regardless of the activities and applicable regulations, in France and abroad – are delegating their compensation authority to the "umbrella" committee (Caisse Fédérale de Crédit Mutuel). This therefore includes the Federations and regional banks (which "control" Caisse Fédérale), the consumer credit business, the asset management business and the insurance entities (which are part of the consolidated reporting entity), the private equity, services and/or IT businesses, the group's EIGs and the foreign private banking activities and subsidiaries (including Banque

¹ With a few exceptions outside France

Transatlantique, Banque de Luxembourg, CIC Suisse, Targobank Germany and Targobank Spain, which until now had individual compensation committees).

This means that the scope is no longer limited to regulatory oversight of banking activities.

The Boards of Directors' delegations of authority will take effect at the beginning of 2018 and the regulatory committees of the group's entities, with the exception of Caisse Fédérale de Crédit Mutuel's "umbrella" committee, will be eliminated. The "umbrella" committee will report on its work to the Board of Directors of Caisse Fédérale de Crédit Mutuel, and to the Boards of Directors of the group's entities for information concerning them.

As of the drafting of the 2018 Compensation Policy, the Boards of Directors of the entities in question plan to formalize the legal delegations at their next meetings.

Coordination process for increasing the compensation of the group's senior executives

To ensure coherence within the group and in the absence of a related mechanism, a process was adopted at the February 26, 2016 Board of Directors' meeting to coordinate increases in the compensation of senior executives and chief executive officers of the group's entities. For the chief executive officers of the federations, the chairmen of the federations are involved in this process and issue an advisory opinion. The process brings together the Chairman of Caisse Fédérale de Crédit Mutuel, the effective managers of Caisse Fédérale de Crédit Mutuel, the Group human resources department, the Group risk department and the Group corporate affairs department.

The Compensation Committee gives its opinion on the proposed coordination process. The Compensation Committee reports to the Board of Directors.

III. Current delegations

There are no current delegations of authority to the Board of Directors concerning a capital increase.

LIST OF THE OFFICES HELD AND DUTIES PERFORMED BY THE CORPORATE OFFICERS IN 2017 PURSUANT TO ARTICLE L. 225-37-3 OF THE FRENCH COMMERCIAL CODE

To satisfy the requirements of Article L. 225-37-3 of the French Commercial Code, a list of all offices held and duties performed by each of the company's corporate officers at any company is provided in the appendix.

None of the corporate officers received any compensation from the company in respect of their duties in 2017.

Alexandre Saada

Born September 5, 1965 in Boulogne-Billancourt (92)

Work address: 34 rue du Wacken – 67000 Strasbourg

Offices	Function	Start of term	End of term
Banque Fédérative du Crédit Mutuel	Deputy CEO	June 6, 2017	Unspecified
Crédit Mutuel – CIC Home Loan SFH	Chairman of the Board of Directors	May 3, 2017	2019

Christian Ander

Born April 19, 1958 in Strasbourg (67)

Work address: 6 Avenue de Provence – 75009 Paris

Offices	Function	Start of term	End of term
Crédit Mutuel – CIC Home Loan SFH	Chief Executive Officer and effective manager	April 16, 2007	2019
CIC Iberbanco	Member of the Supervisory Board	May 11, 2016	2022
Caisse de Refinancement de l'Habitat	Perm. representative of BFCM on the Board of Directors	May 11, 2016	2022
CM-CIC Asset Management	Perm. representative of BFCM on the Board of Directors	May 11, 2016	2022
CM-CIC Bail	Perm. representative of BFCM on the Board of Directors	May 11, 2016	2022

Luc Chambaud

Born March 24, 1956 in Angoulême (16)

Work address: 14 Rue Antoine Galland – 14000 Caen

Offices	Function	Start of term	End of term
Caisse Régionale du Crédit Mutuel de Normandie (CRCMN)	Chief Executive Officer	December 20, 2010	Unspecified
Fédération du Crédit Mutuel de Normandie	Chief Executive Officer	February 20, 2010	Unspecified
Groupe des Assurances du Crédit Mutuel	Perm. representative of CRCMN on the Supervisory Board	June 30, 2015	2021
Euro Information Production	Member of the Supervisory Board	May 5, 2009	2021
Euro Information	Perm. representative of CRCMN on the Management Board	May 11, 2011	2020
Euro P3C	Director	June 16, 2003	2022
Euro TVS	Perm. representative of CRCMN on the Management Board	November 3, 2015	2021
Crédit Mutuel – CIC Home Loan SFH	Director	July 15, 2008	2019
CM-CIC Services	Member of the Supervisory Board	June 5, 2009	2021
Crédit Industriel et Commercial	Non-voting member	July 28, 2011	2023

Eric Platiau

Born July 15, 1965 in Blendecques (62)

Work address: 71 rue Négrier Prolongée – 59420 Mouvaux

Offices	Function	Start of term	End of term
Oney Bank (Poland branch)	Member of the Supervisory Board	April 1, 2017	2020
Crédit Mutuel – CIC Home Loan SFH	Independent director	May 3, 2017	2022

Denis Reinsbach

Born March 9, 1967 in Strasbourg (67)

Work address: 34 rue du Wacken – 67000 Strasbourg

Offices	Function	Start of term	End of term
Crédit Mutuel – CIC Home Loan SFH	Chief Administrative Officer and effective manager	July 28, 2016	Unspecified

Marc Bauer

Born June 15, 1955 in Colmar (68)

Address: 1 rue du Tabac – 67117 Fessenheim-le-Bas

Offices	Function	Start of term	End of term
Banque Fédérative du Crédit Mutuel	Deputy CEO	2011	Unlimited
LYF	Chief Operating Officer	July 27, 2017	2023
LYF	Member of the Board of Directors	January 8, 2014	2019
Devest 6	Chairman	May 28, 2010	Unlimited
Investmonde	Chairman	December 23, 2004	2021
Monetico International	Member of the Board of Directors	April 4, 2013	2018
Banque du Groupe Casino	Member of the Board of Directors	July 7, 2011	2022
Targo Deutschland GmbH	Member of the Board of Directors	September 21, 2011	2022
Targo Management AG	Member of the Board of Directors	September 21, 2011	2018
Targobank AG	Member of the Board of Directors	September 21, 2011	2022
Board of Directors CM-CIC Home Loan SFH	Permanent representative of Banque Fédérative du Crédit Mutuel as director	April 16, 2007	2019
Board of Directors Opuntia (Luxe TV)	Permanent representative of Banque Fédérative du Crédit Mutuel as director	April 1, 2011	2022
Société Civile Foncière et Financière REY & LESSE	Managing Partner		

Banque Fédérative du Crédit Mutuel

Registered office: 34 rue du Wacken – 67000 Strasbourg

Offices	Function	Start of term	End of term
CM-CIC Immobilier	Chairman	June 5, 2012	2020
Bischoffberg	Chairman	September 30, 2004	2022
Sofedis	Chairman	June 30, 2016	2020
ASTREE	Member of the Board of Directors	May 23, 2017	2020
Assurances du Crédit Mutuel Vie SAM	Member of the Board of Directors	May 13, 2015	2023
Assurances du Crédit Mutuel Vie SA	Member of the Board of Directors	May 11, 2011	2023
Assurances du Crédit Mutuel IARD SA	Member of the Board of Directors	May 11, 2011	2023
Banque Marocaine du Commerce Extérieur	Member of the Board of Directors	December 31, 2008	2020
Banque de Tunisie	Member of the Board of Directors	May 26, 2009	2018
Batigère	Member of the Board of Directors	March 22, 1996	2018
Caisse de Refinancement de l'Habitat	Member of the Board of Directors	October 12, 2007	2019
CM-CIC Epargne Salariale	Member of the Board of Directors	May 21, 2008	2020
CM-CIC SCPI Gestion	Member of the Board of Directors	January 30, 1990	2020
Crédit Mutuel - CIC Home Loan SFH	Member of the Board of Directors	April 16, 2007	2018
Crédit Industriel et Commercial	Member of the Board of Directors	May 19, 2011	2023
Crédit Mutuel Cartes de Paiements	Member of the Board of Directors	March 17, 1983	2018
Critel	Member of the Board of Directors	November 24, 1989	2020
Fédération du Crédit Mutuel Centre Est Europe	Member of the Board of Directors	September 29, 1992	Unlimited
Sofemo Group	Member of the Board of Directors	November 19, 1986	2020
SAEM Mirabelle TV	Member of the Board of Directors	November 30, 2009	2020

SAEM Locusem	Member of the Board of Directors	December 16, 2010	2023
SEM Caeb - Bischheim	Member of the Board of Directors	November 27, 1997	NC
SAEML Caléo - Guebwiller	Member of the Board of Directors	June 24, 2005	NC
SEM pour la Promotion de la ZAC Forbach Sud (on a rotational basis)	Member of the Board of Directors	February 24, 1989	NC
SEM Semibi Biesheim	Member of the Board of Directors	November 14, 1984	NC
Sibar	Member of the Board of Directors	May 27, 1999	NC
Société Fermière de la Maison de l'Alsace in Paris	Member of the Board of Directors	January 1, 1977	NC
Ventadour Investissement	Member of the Board of Directors	May 24, 1991	2018
GACM	Member of the Supervisory Board	June 30, 2015	2021
Quadral Investissement	Member of the Supervisory Board		2018
SAEM Mulhouse Expo	Member of the Supervisory Board	March 31, 2005	2018
SODEREC - Société d'Etudes et de Réalisation pour les Equipements Collectifs	Member of the Supervisory Board	May 30, 1978	2022
Sepamail	Member of the Supervisory Board	November 28, 2012	2018
STET	Member of the Supervisory Board	December 8, 2004	NC
Euro Information	Member of the Management Board	June 14, 2002	2020
Euro Protection Surveillance	Member of the Management Board	June 27, 1992	2020
Euro TVS	Member of the Management Board	November 27, 1979	2020
Euro Information Direct Service	Member of the Management Board	June 14, 2002	2020
Boréal	Member of the Management Board	January 25, 1991	2020
CM-CIC Asset Management	Non-voting member	November 28, 2016	2022
Safer d'Alsace	Non-voting member	May 30, 2006	Unlimited
SEM E Puissance 3 - Schiltigheim	Non-voting member	March 7, 1991	NC

4. REPORT ON INTERNAL CONTROL

Report on internal control

(Report prepared pursuant to Articles 258 to 266 of the order of November 3, 2014 on internal control of banking sector, payment services and investment services companies subject to ACPR supervision)

Fiscal year 2017

March 2018

This report, pursuant to Articles 258 to 266 of the order of November 3, 2014 on internal control of banking sector, payment services and investment services companies subject to ACPR supervision, was presented to the Board of Directors on March 7, 2018.

1. Presentation of the activities carried out

Crédit Mutuel – CIC Home Loan SFH was licensed by the French Credit Institutions and Investment Firms Committee (CECEI) at its meeting on May 31, 2007. At its meeting on March 28, 2011, the French Prudential Supervision and Resolution Authority (ACPR) authorized the company to opt for the status of "home loan financing company" (*Société de Financement de l'Habitat - SFH*).

The sole corporate purpose of Crédit Mutuel – CIC Home Loan SFH is to help to refinance the Crédit Mutuel CM11 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 of the French Monetary and Financial Code.

The company has an international EMTN program and a US144A program enabling it to reach a wide range of international investors.

The company's activities in 2017 were fully in line with this corporate purpose, without the development of new activities, and consisted of the following operations:

- 2 issues for a total of €2 billion:

Nominal amount in foreign currency	Foreign currency	Equivalent nominal amount in euros	Issue date	Maturity date
750,000,000	EUR	750,000,000	2/9/2017	2/10/2025
1,250,000,000	EUR	1,250,000,000	9/15/2017	9/15/2027

- on-lending of funds raised through these issues to BFCM.

In addition, the company's capital is deposited with BFCM.

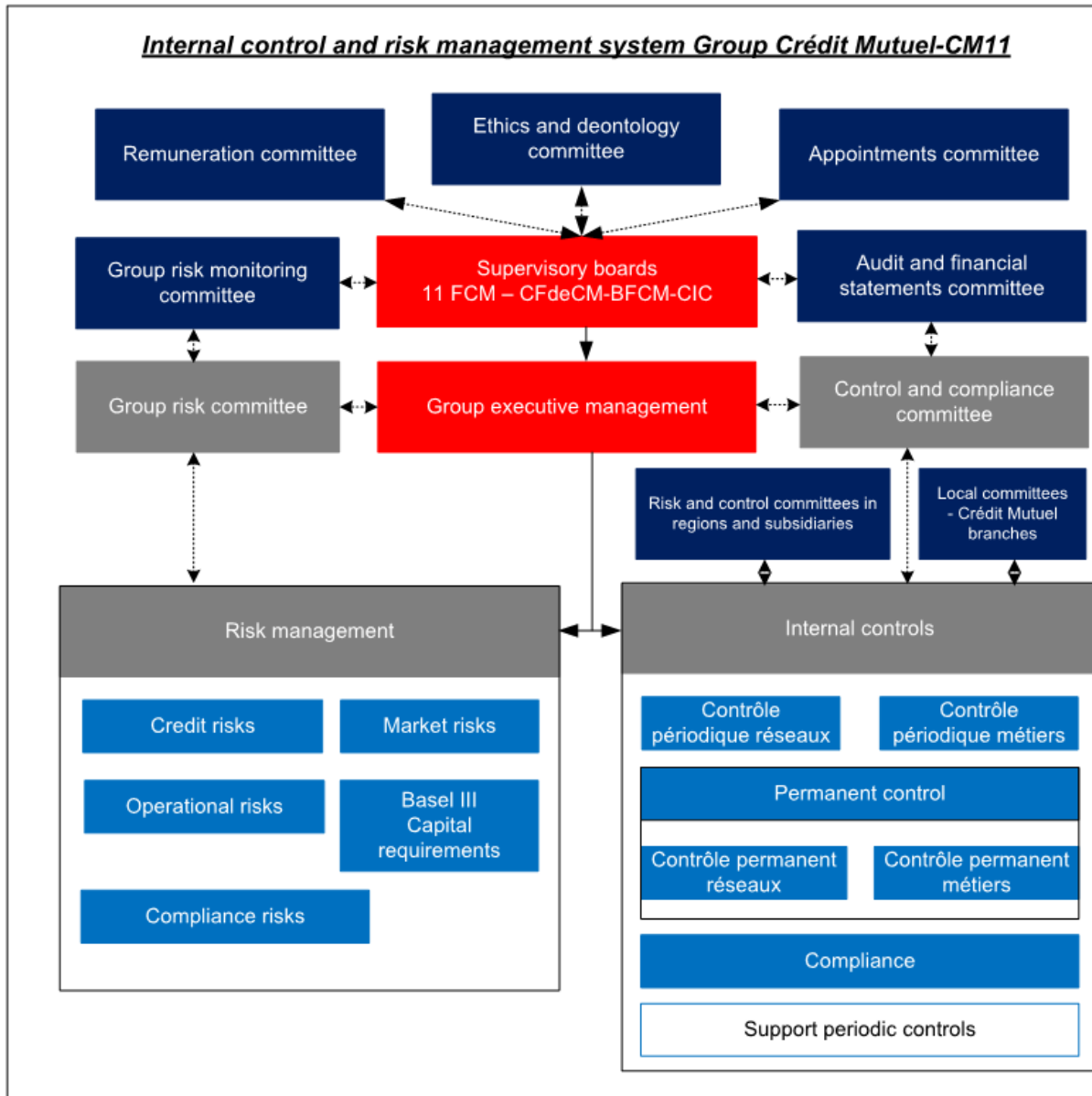
2. Overview of the internal control system

Organization at the Crédit Mutuel CM11 group level

The internal control system, along with the risk management organization, constitutes a coherent set of procedures tailored to the needs and organization of the Crédit Mutuel CM11 Group.

It meets the requirements of banking and financial regulations and adheres to the operating principles that the Crédit Mutuel CM11 group has established through its governing bodies, in the spirit of cooperation that has always guided its strategy.

The creation in late 2017 of a Risk, Permanent Control and Compliance Department, without changing the internal organization of these three functions, aimed to strengthen collaboration among the teams, facilitate resource pooling and support the dissemination of the risk management, control and compliance culture throughout the group. These measures were adopted by the Board of Directors of Caisse Fédérale de Crédit Mutuel on November 17, 2017.



In accordance with the order of November 3, 2014, the system consists of three functions:

- periodic control,
- permanent control,
- compliance.

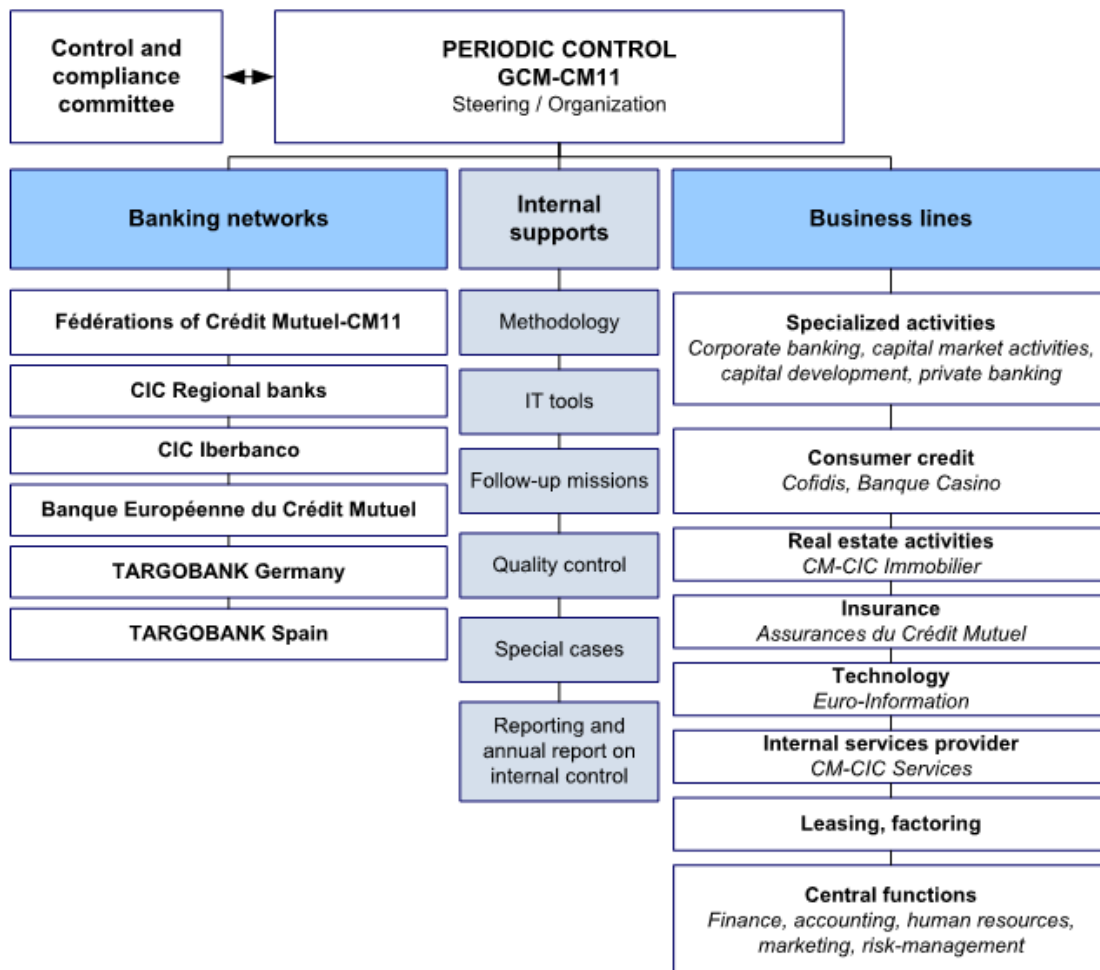
The last two functions, which are part of a common Risk, Permanent Control and Compliance Department, are subject to control by the first function.

The organization and responsibilities of the Crédit Mutuel CM11 Group's Periodic Control function are in line with General Confederal Decision No. 1/2017 on the internal control system at the Crédit Mutuel Group.

Periodic control and permanent control are divided into a network function and a business line function; a Control and Compliance Committee, chaired by a responsible officer, 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 supervisory bodies.

To perform their functions, the heads of the control departments have permanent and unrestricted access to individuals, premises, equipment, 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.

Outline of the internal control system:



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

Crédit Mutuel – CIC Home Loan SFH’s internal control system is in line with that of the Crédit Mutuel CM11 group.

The company has implemented a permanent control and compliance system, with the group’s assistance, that reflects its limited corporate purpose and lack of own resources.

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

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

The control system implemented on behalf of the company is also based on the following principles:

- *first-level control*: this is performed by all the operational teams involved in Crédit Mutuel - CIC Home Loan SFH's operation, particularly the Collateral Management and Monitoring and Front Office functions, on the one hand, and the Back Office and Middle Office functions, on the other. Issues related to the company's management are the responsibility of the group's funding structure teams and those related to operations and risk control are handled by the CM-CIC Marchés teams under the responsibility of the head of post-market activities.
- *second-level control*: a capital markets activities team, which acts exclusively as an auditor, is responsible for monitoring risk and the controls performed. This team reports to the Business Line Permanent Control department;
- *compliance controls*: these are also performed by the CM-CIC Marchés teams and by the Group Compliance department, particularly for regulatory watch and ethics matters.
- *periodic control*: this is performed by Group Audit, which works with a specialized team of inspectors. The network is also subject to periodic control, particularly as regards home loans offered to the company as collateral.

In addition, given the company’s status of “home loan financing company” (Société de Financement de l’Habitat – SFH), a special auditor is responsible for verifying compliance with all the obligations it assumes under this scheme with respect to its legal mandate.

3. Governance

The company’s Executive Management regularly informs Crédit Mutuel - CIC Home Loan SFH’s Board of Directors about the organization, activity and results of internal control.

In particular, any operational risk incident considered significant, as provided by the applicable regulations (see Articles 98 and 245 of the order of November 3, 2014), is reported based on the specific terms and procedures of the Crédit Mutuel CM11 group.

In 2017, no significant incidents were identified.

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 July 24, 2015 between Crédit Mutuel – CIC Home Loan SFH and BFCM, which covers the tasks required to achieve the company’s corporate purpose and, more specifically, to fulfill the duties of issuer calculation agent, comply with the issue program clauses and manage collateral and cash.

4. Results of periodic controls

The audit of Crédit Mutuel-CIC Home Loan SFH conducted in 2016 was followed by a monitoring assignment in September 2017. This follow-up assignment confirmed the implementation of all the recommendations, with the exception of one concerning an annual audit of Group Compliance, the results of which have not yet been published.

In addition, a "receivables securitization" audit was conducted by the Network Periodic Control function in 2017.

The main objective of this audit was to assess the receivables securitization process throughout the Crédit Mutuel CM11 Group. It included an analysis of the receivables transferred by the networks to all the refinancing vehicles and the quality of the data in the information system.

The related audit report is at the draft stage and is expected to be published in early 2018.

5. Identification of transactions with key executives, members of the supervisory body and principal shareholders

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

6. Internal capital adequacy assessment process

- 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.
- The collateral portfolio currently stands at €31 billion and equity totals €280 million.
- At the request of Crédit Mutuel – CIC Home Loan SFH, on June 19, 2014 the General Secretariat of the ACPR (SGACPR) agreed to allow the company to be exempt from the application on an individual basis of prudential requirements related to solvency ratios, the leverage ratio and major risks, as well as from application of the 75% ceiling on cash receipts for calculating liquidity coverage.

7. Compliance risk

8. Money laundering and terrorism financing risk

See a discussion of this risk in the Crédit Mutuel CM11 group’s consolidated report

9. Credit and counterparty risk

Due to its limited corporate purpose, Crédit Mutuel – CIC Home Loan SFH’s credit risk is strictly regulated. Funds may only be used as follows:

- On-lending of funds raised by issuing securities: these funds may only be lent to BFCM. This lending is itself secured by collateral in the form of home loans granted by the Crédit Mutuel CM11 group, on the basis of Article L. 211-36, paragraph II and Articles L. 211-38 to L. 211-40 of the French Monetary and Financial Code. The overall amount of lending and compliance with loan eligibility criteria are checked monthly and documented in an “Asset Cover Test” report.
- On-lending of capital is governed by the following limits:
 - Regulatory limits: Articles L. 513-7 and R. 515-6 set minimum credit quality levels for these investments.
 - Contractual limits: rating agencies have set minimum credit ratings that vary according to the term of the investments.

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

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

Rating	Outstandings (€m) ⁽¹⁾	Percentage	Aggregate percentage
A	16,470	53%	53%
B	9,352	30%	83%
C	3,705	12%	95%
D+	883	3%	98%
D-	466	2%	100%
E+	125	0%	100%
E-	-	0%	100%
E=	-	0%	100%
F	-	0%	100%
TOTAL	31,001	100%	

⁽¹⁾ Outstandings at November 30, 2017 shown as guarantee commitments received in SFH’s financial statements at December 31, 2017

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

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

Type of security	Outstandings (€m) ⁽¹⁾
Home mortgage guarantees	22,086
Guarantees provided by a credit institution	8,915
TOTAL	31,001

⁽¹⁾ Outstandings at November 30, 2017 shown as guarantee commitments received in SFH's financial statements at December 31, 2017

All guaranteed loans are secured by Crédit Logement.

The present LTV (ratio of the principal balance to the present value of the assets) is 63% on average.

10. Operational risk

In line 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 defined by Group Compliance.

The company's operational risk policy is in line with the global policy implemented by the Crédit Mutuel CM11 group, particularly in terms of the Emergency and Business Continuity Plan.

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.

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

More generally, under the above-mentioned agreements, Crédit Mutuel – CIC Home Loan SFH receives assistance from the Crédit Mutuel CM11 group for all its activities.

11. 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 lent 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.

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

In fact, the vast majority (approximately 90%) of the cover pool assets are fixed-rate loans, and these assets are

matched to liabilities in the same proportion by fixed-rate issues. The average interest rate of the cover pool (2.49% at 11/30/2017) and the average interest rate of bonds issued at fixed rates (2.10% at 11/30/2017) is monitored monthly. The overcollateralization rate resulting from the calculation of the Asset Cover Test negotiated with the rating agencies is always more than 74.9% (= Asset Percentage). The company is committed to maintaining this level of overcollateralization to meet the rating targets and regulatory requirements. In addition, an ex-ante analysis of the potential interest-rate risk using a look-through approach was carried out. It entails monitoring changes in the loans in the pool and issues within the group's asset-liability management tool. The interest-rate sensitivity (plus or minus 100 bp) of these two large volumes is highlighted in the next two years. SFH can easily bear this impact given its equity.

12. Foreign exchange risk

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

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

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

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

- The only way the company could be exposed to foreign exchange risk would be if BFCM were to default. The company would then need to enforce its security and would become the owner of the home loans, all of which are denominated in euros, while having to make repayments in foreign currencies. The issue program documentation requires Crédit Mutuel – CIC Home Loan SFH to enter into specific foreign currency swaps with counterparties that must meet specific rating criteria in order to hedge this risk as soon as BFCM's rating is downgraded.
- Since a first-level rating criterion has been met, a hedging swap has been set up. BFCM has the necessary rating level and so is the counterparty to these swaps. In fact, BFCM enjoys a strong enough rating to meet the eligibility criteria provided for in the issue program documents: A (long-term) from Standard & Poor's, P-1 (short-term) and Aa3 (long-term) from Moody's and F1 (short-term) / A+ (long-term) from Fitch. Furthermore, since no collateral has been transferred, the company does not need these swaps to hedge its risk. They have therefore been neutralized with BFCM.

13. 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.

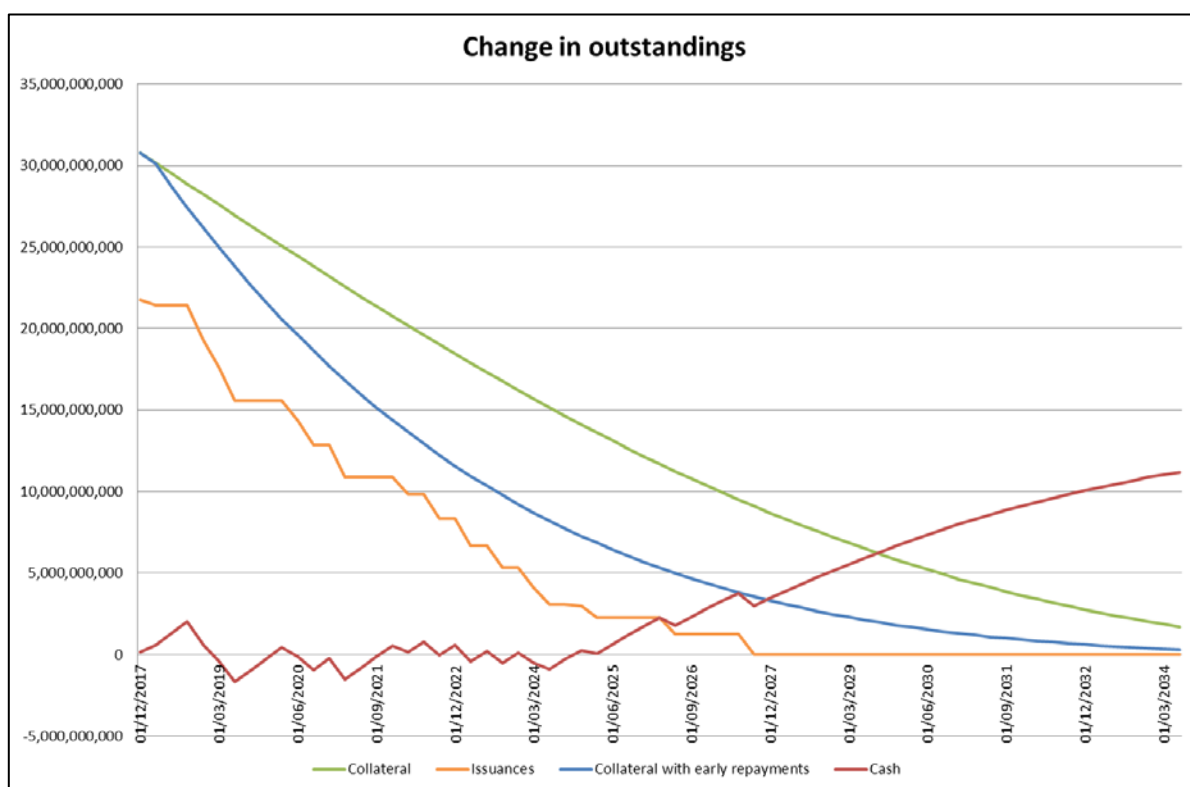
- The only way the company could be exposed to liquidity risk would be if BFCM were to default. As indicated

above, the company would then need to enforce its security and would become the owner of the home loans. The issue program documentation provides for a pre-maturity test to address this risk.

- The pre-maturity test requires BFCM to set aside a cash security deposit in the 180 business days before a covered bond issue matures. This deposit must be sufficient to cover the principal repayments falling due during the period in question. 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 issues 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 was €300 million at December 31, 2017.

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

- Should BFCM default, the company would become the owner of the home loans offered as collateral. The chart below shows the portfolio’s amortization profile compared with the amortization of the issues and the resulting cash balance.



This simulation shows some occasional slight cash shortfalls, mainly in the second quarter of 2019 and the first quarter of 2021. However, this cash balance does not take account of early repayments, which would cover these theoretical shortfalls.

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

**5. INDEPENDENT THIRD PARTY'S REPORT ON EMPLOYMENT,
ENVIRONMENTAL AND SOCIAL INFORMATION**

Crédit Mutuel - CIC Home Loan SFH
Year ended December 31, 2017

**Independent third party's report on the employment, environmental and
social information contained in the management report**

ERNST & YOUNG et Associés

Crédit Mutuel - CIC Home Loan SFH

Year ended December 31, 2017

Independent third party's report on the employment, environmental and social information contained in the management report

To the Shareholders,

In our capacity as an independent third party accredited by COFRAC

¹ under number 3-1050 and a member of the network of one of the statutory auditors of Crédit Mutuel - CIC Home Loan SFH, we present to you our report on the employment, environmental and social information for the fiscal year ended December 31, 2017 presented in the management report (hereinafter the "CSR Information") pursuant to Article L. 225-102-1 of the French Commercial Code.

Company's responsibility

It is the Board of Directors' responsibility to prepare a management report that includes the CSR information required by Article R. 225-105-1 of the French Commercial Code, in accordance with the reference frameworks used by the subsidiaries of Caisse Fédérale du Crédit Mutuel (hereinafter the "Reference frameworks").

Independence and quality control

Our independence is defined by the applicable regulations, the code of ethics for the profession and the provisions of Article L. 822-11-3 of the French Commercial Code. Moreover, we have developed a quality control system that includes documented policies and procedures to ensure compliance with the applicable ethics rules, professional standards and legal and regulatory provisions.

Independent third party's responsibility

It is our responsibility, based on our work, to:

- certify that the required CSR Information is included in the management report or, if it is omitted, to provide an explanation for such omission in accordance with paragraph 3 of Article R. 225-105 of the French Commercial Code (Certification of presence of CSR Information);

¹ Scope of accreditation available at www.cofrac.fr

- conclude with moderate assurance that all the significant aspects of the CSR Information, taken as a whole, are presented fairly, based on the Reference frameworks (Reasoned opinion on the fairness of the CSR Information).

However, it is not our responsibility to express an opinion on compliance with other applicable legal requirements, where relevant, particularly those set out in Article L. 225-102-4 of the French Commercial Code (vigilance plan) and in Law 2016-1691 of December 9, 2016 known as Sapin II (corruption prevention).

Our work was carried out between February and March 2018. It required a team of two people and took a total of about one week.

We conducted the work described below in accordance with the professional standards applicable in France and the order of May 13, 2013 which defines the terms under which an independent third party fulfills its duties and, with regard to the reasoned opinion of fairness, in accordance with international standard ISAE 3000².

1. Certification of presence of CSR Information

Nature and scope of the work

On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the company's sustainable development strategy with respect to the employment and environmental impact of its activities and its social commitments and, if applicable, any initiatives or programs it has implemented as a result.

We have compared the CSR Information presented in the management report with the list provided in Article R. 225-105-1 of the French Commercial Code.

When certain information was missing, we verified that explanations were given in accordance with paragraph 3 of Article R. 225-105 of the French Commercial Code.

Conclusion

On the basis of this work, we certify that the required CSR Information is included in the management report.

2. Reasoned opinion on the fairness of the CSR Information

Nature and scope of the work

We have interviewed the person responsible for the management report in order to assess the relevance of the explanations given regarding the complete or partial absence of certain information from the management report.

² ISAE 3000 – Assurance engagements other than audits or reviews of historical information

Conclusion

Based on this work, we have not identified any material misstatements that could call into question the fact that the CSR Information, taken as a whole, is presented fairly, based on the Reference frameworks.

Paris-La Défense, March 29, 2018

The Independent Third Party
ERNST & YOUNG et Associés

Caroline Delerable
Partner, Sustainable Development

Marc Charles
Partner

6. FINANCIAL STATEMENTS

CREDIT MUTUEL - CIC HOME LOAN SFH

Statutory financial statements

at DECEMBER 31, 2017

- Statement of financial position
- Income statement
- Notes

STATUTORY FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

ASSETS (€millions)	Note	2017 31 décembre	2016 31 décembre
Cash and central bank deposits			
Government securities and similar instruments			
Receivables due from credit institutions	2	22 581,3	23 922,7
Due to customers			
Bonds and other fixed-income securities			
Equities and other variable-income securities			
Long-term equity investments and securities			
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	1,3	1,0
Prepayments and accrued income	4	76,5	78,6
Total assets		22 659,1	24 002,3
Off-statement of financial position items		2017	2016
		31 décembre	31 décembre
Commitments received			
Financing commitments			
Commitments received from credit institutions			
Guarantee commitments			
Commitments received from credit institutions	10	31 001,0	31 001,1
Securities commitments			
Securities sold with repurchase or reacquisition option			
Other commitments received			

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY (€millions)	Note	2017 31 décembre	2016 31 décembre
Central bank borrowing			
Due to credit institutions			
Due to customers			
Debt securities	5	21 993,0	22 275,0
Other liabilities	3	300,0	1 301,0
Prepayments and accrued income	4	76,6	78,8
Provisions			
Subordinated debt	6	60,0	120,0
Fund for general banking risks			
Shareholders' equity	7	229,5	227,5
- Subscribed capital		220,0	220,0
- Issue premiums			
- Reserves		1,5	1,3
- Revaluation reserve			
- Regulated provisions			
- Retained earnings		5,0	2,6
- Profit for the year		3,0	3,6
Total liabilities and shareholders' equity		22 659,1	24 002,3

Off-statement of financial position items	2017 31 décembre	2016 31 décembre
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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	2017 31 décembre	2016 31 décembre
+ Interest and similar income	15	517,4	598,2
+ Interest and similar expense	15	(511,9)	(591,8)
+ 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		5,5	6,4
+ Payroll costs			
+ Other administrative expenses		(0,8)	(0,9)
+ Depreciation and amortization			
= Operating expenses		(0,8)	(0,9)
= Gross operating income		4,7	5,5
+ Net additions to/reversals from provisions for loan losses			
= Operating income		4,7	5,5
+/- Gains (losses) on non-current assets			
= Income before non-recurring items		4,7	5,5
+/- Net non-recurring income (expense)			
+ Corporate income tax	16	(1,6)	(1,9)
+/- Additions to (reversals from) fund for general banking risks			
+/- Additions to (reversals from) regulated provisions			
= Net income		3,0	3,6

NET CASH FLOW STATEMENT

(€ thousands)	12/2017	12/2016
Net income	3 048	3 622
Tax	1 553	1 886
Income before tax	4 601	5 508
+/- Net depreciation/amortization of property, plant and equipment and intangible assets		
- Impairment of goodwill and other non-current assets		
+/- Net charges to provisions		
+/- Share of income of equity-accounted entities		
+/- Net loss/gain from investment activities		
+/- Expense from financing activities		
+/- Other movements	3 026 202	27 454
= Total non-monetary items included in net income before tax and other adjustments	3 026 202	27 454
+/- Cash flows relating to interbank transactions	1 257 531	2 324 830
+/- Cash flows relating to customer transactions		
+/- Cash flows relating to other transactions affecting financial assets and liabilities		
+/- Cash flows relating to other transactions affecting non-financial assets and liabilities	-994 911	-1 249 543
- Tax paid	-2 929	-1 088
= Net decrease in assets and liabilities from operating activities	259 691	1 074 199
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	3 290 494	1 107 161
+/- Cash flows relating to financial assets and equity interests		
+/- Cash flows relating to investment property		
+/- Cash flows relating to property, plant and equipment and intangible assets		
TOTAL NET CASH FLOWS RELATING TO INVESTMENT ACTIVITIES		
+/- Cash flows relating to transactions with shareholders	-990	-660
+/- Other net cash flows relating to financing activities	-3 348 820	-1 104 623
TOTAL NET CASH FLOWS RELATING TO FINANCING ACTIVITIES	-3 349 810	-1 005 283
IMPACT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		
Net increase in cash and cash equivalents	-59 316	1 878
Net cash flows from operating activities	3 290 494	1 107 161
Net cash flows relating to investment activities		
Net cash flows relating to financing activities	-3 349 810	-1 105 283
Impact of changes in exchange rates on cash and cash equivalents		
<u>Cash and cash equivalents at beginning of period</u>	<u>343 571</u>	<u>341 693</u>
Cash, central banks and postal checking accounts		
Demand loans and accounts at credit institutions	343 571	341 693
<u>Cash and cash equivalents at end of period</u>	<u>284 255</u>	<u>343 571</u>
Cash, central banks and postal checking accounts		
Demand loans and accounts at credit institutions	284 255	343 571
CHANGE IN NET CASH AND CASH EQUIVALENTS	-59 316	1 878

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

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

Significant events in the period under review

In 2017, Crédit Mutuel-CIC Home Loan SFH issued €2.0 billion in EMTNs.

Taking into account issues that had reached maturity, total issues on the statement of financial position were €22.0 billion at December 31, 2017.

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 national accounting standards authority (*autorité des normes comptables* – ANC) regulation 2014-07 related to the financial statements of banking sector firms and included in the compendium of French accounting standards for the banking sector.

Loans

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

Foreign currency-denominated assets and liabilities

Assets and liabilities denominated in a currency other than the local currency are translated at the official 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 prorata temporis basis. Commissions are recorded using the cash receipt criterion, with the exception of commissions relating to financial transactions, which are recorded at the close of the issue or when invoiced.

NOTE 2 - Receivables due from credit institutions

	December 31, 2017		December 31, 2016	
	Demand	Term	Demand	Term
Current accounts	284.2		343.6	
Loans secured by notes and securities (*)		22,011.7		23,269.2
Repo / securities purchased under resale agreements				
Accrued income		285.4		309.9
Non-performing loans				
Impairment				
Total	284.2	22,297.1	343.6	23,579.1
Total receivables due from credit institutions		22,581.3		23,922.7
of which participating loans				
of which subordinated loans				

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

NOTE 3 - Other assets and liabilities

	December 31, 2017		December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
Premiums on options				
Guarantee deposits	1.0	300.0	1.0	1,300.0
Securities settlement accounts				
Debt representing securities borrowed				
Deferred taxes	0.3			
Other receivables and payables				1.0
Accrued income and interest				
Impairment				
Total	1.3	300.0	1.0	1,301.0

NOTE 4 - Accruals

	December 31, 2017		December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
Collection accounts				
Currency and off-statement of financial position adjustment accounts	5.4	5.4	7.5	7.5
Other accruals	71.1	71.2	71.1	71.3
Total	76.5	76.6	78.6	78.8

Accrual accounts - liabilities mainly concern EMTN issue premiums.

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

NOTE 5 - Debt securities

	December 31, 2017	December 31, 2016
Certificates of deposit		
Interbank instruments and negotiable debt securities		
Bonds	21,711.7	21,969.2
Other debt securities		
Accrued interest	281.3	305.8
Total	21,993.0	22,275.0

Borrowings are in EUR and NOK

NOTE 6 - Subordinated debt

	December 31, 2016	Issues	Repayments	Other changes	December 31, 2017
Subordinated debt	60.0				
Non-voting loan stock					
Perpetual subordinated notes	60.0				60.0
Accrued interest					0
Total	120.0				60.0

Main subordinated debt issues:

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

All loan stock is in euros.

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

	Share capital	Premiums	Reserves	Retained earnings	Profit for the year	Total	FRBG
Balance at January 1, 2016	220.0		1.2	2.6	0.6	224.5	
Profit for the year					3.6	3.6	
Appropriation of earnings from previous year			0.1	0.6	(0.6)	0.1	
Distribution of dividends				(0.6)		(0.6)	
Capital increase							
Impact of revaluations							
Other changes							
Impact of the merger							
Balance at December 31, 2016	220.0		1.3	2.6	3.6	227.5	
Balance at January 1, 2017	220.0		1.3	2.6	3.6	227.5	
Profit for the year					3.0	3.0	
Appropriation of earnings from previous year			0.2	3.4	(3.6)		
Distribution of dividends				(0.9)		(0.9)	
Capital increase							
Impact of revaluations							
Other changes							
Impact of the merger							
Balance at Dec. 31, 2017	220.0		1.5	5.1	3.0	229.5	

At December 31, 2017, 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 at December 31, 2017.

As such, it is fully consolidated in the consolidated financial statements of the Crédit Mutuel-CM11 Group and at the Crédit Mutuel national consolidation level.

The shareholders' meeting will be asked to allocate €8,063,621.09, of which €3,048,060.53 from 2017 profit and €5,015,560.56 from retained earnings, as follows:

Allocation to the legal reserve	€152,403.03
Dividends	€7,810,000.00
Retained earnings	€101,218.06
	€8,063,621.09

NOTE 8 – 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, 2017
ASSETS							
Receivables due from credit institutions	884.2	2,155.0	10,930.5	8,326.2		285.4	22,581.3
Receivables due from customers							
Bonds and other fixed-income securities							
LIABILITIES							
Due to credit institutions							
Due to customers							
Debt securities							
- Certificates of deposit							
- Interbank instruments and negotiable debt securities							
- Bonds	300.0	2,155.0	10,930.5	8,326.2		281.3	21,993.0
- Other							
Subordinated debt							

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

The euro equivalent of foreign currency-denominated assets and liabilities was -€111.8 million and €111.7 million respectively at December 31, 2017.

NOTE 10 - Guarantee commitments

The loans granted by Crédit Mutuel-CIC Home Loan SFH to BFCM are guaranteed by eligible home loans from the Crédit Mutuel CM11 Group's branch network, in accordance with Article 431-7 of the French Monetary and Financial Code.

At December 31, 2017, the amount of this guarantee was €31.0010 billion versus €31.0011 billion at December 31, 2016.

NOTE 11 - 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).

	Hedging	Dec. 31, 2017 Management transactions	Total	Hedging	December 31, 2016 Management transactions	Total
Firm transactions						
<i>Over-the-counter markets</i>						
Forward rate agreements						
Interest rate swaps	4,310.0		4,310.0		4,310.0	4,310.0
Financial swaps						
Other transactions						
Swaps - other						
Conditional transactions						
<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	4,310.0		4,310.0		4,310.0	4,310.0

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

	Dec. 31, 2017	Separate open position	Micro hedging	Overall interest rate risk	Specialized management	Total
Firm transactions						
Purchases						
Sales						
Swaps			4,310.0			4,310.0
Conditional transactions						
Purchases						
Sales						
December 31, 2016						
Firm transactions						
Purchases						
Sales						
Swaps			4,310.0			4,310.0
Conditional transactions						
Purchases						
Sales						

NOTE 12 - Analysis of forward financial instruments by residual maturity

Dec. 31, 2017	< 1 year	> 1 year < 5 years	> 5 years	Total
Interest rate instruments				
<i>Over-the-counter markets</i>				
Purchases				
Sales				
Interest rate swaps	310.0	4,000.00		4,310.0
Total	310.0	4,000.00		4,310.0

NOTE 13 - 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	Dec. 31, 2017	December 31, 2016
GROSS EXPOSURE		
Credit institution risk	36.5	57.80
Company risk		
TOTAL	36.5	57.8

Fair value of forward financial instruments	Dec. 31, 2017		December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
Fair value of forward financial instruments	36.6	36.6	56.2	56.2

NOTE 14 - Other off-statement of financial position commitments

	Dec. 31, 2017	Dec. 31, 2016
Foreign-currency transactions		
- Foreign currencies receivable		
- Foreign currencies payable		
Commitments on forward financial instruments		
Transactions carried out on organized and similar markets		
- Forward foreign exchange transactions		
. Hedging		
. Other transactions		
- Financial foreign exchange swaps		
. Separate open position		
. Micro hedging	243.4	1,986.00
. Overall interest rate risk		
. Specialized management		

NOTE 15 - Interest income and expense

	December 31, 2017		December 31, 2016	
	Income	Expense	Income	Expense
Credit institutions	508.4	47.4	591.9	
Customers				
Finance leases and operating leases				
Bonds and other fixed-income securities		464.5	6.3	591.5
Other	9.0			0.3
Total	517.4	511.9	598.2	591.8
of which subordinated debt expenses				0.6

NOTE 16- Corporate income tax

	December 31, 2017	December 31, 2016
Current income tax - Amount for the year	1.5	1.9
Current income tax - Prior-year adjustments		
Current income tax - Effect of tax consolidation		
Total	1.5	1.9
On ongoing operations	1.5	1.9
On non-recurring items		
Total	1.5	1.9

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

This tax consolidation scheme allows companies to pay corporate income tax on the total income obtained by taking the algebraic sum of the positive and negative results of the group's entities. CFCM's tax group consists of:

- CFdeCM itself, the head of the tax group,
- 1,383 Crédit Mutuel local mutual banks and 10 Crédit Mutuel regional mutual banks that belong to the member Federations of CM11, which are required to be members of this tax group,
- Banque Fédérative du Crédit Mutuel and 20 of its subsidiaries that opted to be part of it.

By agreement, each member of the tax group must pay CFdeCM, as a share of the payment of the group's corporate income tax and regardless of the actual amount of said tax, a sum equal to the tax that it would have paid on its income if the member were taxed separately, minus therefore all the tax deduction rights that members would have had if they were not consolidated.

The corporate income tax due for the year and additional contributions are determined in accordance with applicable tax regulations. Tax credits related to income from securities are not recognized, but are deducted directly from the tax expense.

"Corporate income tax" includes:

- The amount of corporate income tax and the additional contribution calculated as if the company were taxed separately,
- The additional 3% contribution on distributed income,
- Any adjustments related to prior years and additional assessments,
- The tax expense or income related to tax credits on interest-free and similar loans.

Difference between the tax recognized and the tax that the member is jointly and severally responsible for paying: NONE.

Difference between the tax recognized and the tax that the member would have borne if it were not consolidated: NONE.

Carry-over losses: NONE.

NOTE 17 - Statutory Auditors' fees in 2017

	PricewaterhouseCoopers Audit	ERNST & YOUNG et Autres
(€ thousands ex-VAT)		
Certification of the individual financial statements and limited review	16	16
Services other than certification of the financial statements (1)	26	26

(1) These services cover the services other than certification of the financial statements provided at the entity's request, which included comfort letters related to Crédit Mutuel-CIC Home Loan SFH's market transactions.

NOTE 18 - Subsequent events

No events that would materially affect the financial statements occurred between December 31, 2017 and the date of publication of the financial statements.