MOODY'S INVESTORS SERVICE

CREDIT OPINION
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Credit Mutuel - CIC Home Loan SFH - Mortgage Covered Bonds

Update to New Issue Report, reflecting data as of June 30, 2019 – French covered bonds

Ratings

Exhibit 1

Cover Pool (€)	Ordinary Cover Pool Assets	Covered Bonds (€)	Rating
35,279,303,817	Residential Mortgage Loans	23,586,660,155	Aaa

Source: Moody's Investors Service

Summary

The covered bonds issued by Crédit Mutuel - CIC Home Loan SFH (the issuer) are full recourse to the issuer and are secured by a cover pool of French residential home loans.

Credit strengths include the credit strength of Banque Fédérative du Crédit Mutuel (BFCM, the sponsor bank or the borrower, Aa2(cr)) and the support provided by the French legal framework for *Sociétés de Financement de l'Habitat* (SFH) (the SFH law), which provides for the issuer's regulation and supervision.

Credit challenges include the high level of dependency on the issuer. As with most covered bonds in Europe, there are few restrictions on the future composition of the cover pool.

Our credit analysis takes into account the cover pool's credit quality, which is reflected in the collateral score of 5.0%, and the current over-collateralisation (OC) of 49.6% (on a nominal basis) as of 30 June 2019.

Credit strengths

» ***Recourse to the issuer***: The covered bonds are full recourse to the issuer, which is licensed as an SFH, a specialised credit institution wholly owned by the sponsor bank BFCM (Aa2(cr)). Through the collateralised loan structure, the issuer itself has a recourse against the sponsor bank. (See "Covered bond description")

» ***Support provided by the French legal framework - Société de Financement de l'Habitat (the SFH law)***: The covered bonds are governed by the SFH law, which provides for the issuer's regulation and supervision and sets certain minimum requirements for the covered bonds and the cover pool. (See "Moody's related publications: Covered Bond Legal Frameworks")

- ***High credit quality of the cover pool***: The covered bonds are supported by a cover pool of high-quality assets. Most of the assets are residential mortgage loans backed by properties in France. The collateral quality is reflected in the collateral score, which is currently 5.0%. (See "Cover pool analysis")
- ***Refinancing risk***: Following what we call a covered bond (CB) anchor event, refinancing risk would be mitigated by a well-established and deep market for French *Obligations de Financement de l'Habitat*, as well as the liquidity-matching requirements. Furthermore, following the insolvency of the issuer, the covered bonds would continue to be paid according to their original scheduled maturity dates, in accordance with the SFH law. A CB anchor event occurs when the issuer, or another entity within the issuer group that supports the issuer, ceases to service the payments on the covered bonds. (See "Covered bond analysis")
- ***Liquidity facility:*** as per the SFH law, the issuer is required to maintain a 180-day liquidity buffer at all times. (See "Covered bond analysis")
- ***Level of OC available to bondholders:*** The sponsor bank supports the covered bond programme with an OC commitment of 8.1%. (See "Cover bond description")
- ***Supervision:*** The issuer is a licensed financial institution regulated by the Autorité de Contrôle Prudentiel et de Résolution (ACPR). Pursuant to the SFH law, the issuer must appoint a specific controller (*contrôleur spécifique*) with the approval of the ACPR. (See "Covered bond analysis")

Credit challenges

- ***High level of dependency on the issuer:*** As with most covered bonds, before the insolvency of the issuer, the issuer can materially change the nature of the programme. For example, the issuer can add new assets to the cover pool, issue new covered bonds with varying promises and enter into new hedging arrangements. Also similar to most covered bonds in Europe, this programme has few restrictions on the future composition of the cover pool. These changes could affect the credit quality of the cover pool as well as the overall refinancing and market risks. Further, if the quality of the collateral deteriorates below a certain threshold, the issuer would have the ability, but not the obligation, to increase the OC in the cover pool. (See "Covered bond analysis")
- ***Cover pool concentration:*** The cover pool has geographical concentrations, with most of the loans backed by properties in France and in particular in Île-de-France (20.3%) and Grand Est (17.6%). (See "Cover pool analysis")
- ***Market risks***: Following a CB anchor event, covered bondholders, to achieve timely principal payment, might need to rely on proceeds raised through the sale of, or borrowing against, the cover pool assets. The market value of these assets may be subject to high volatility after a CB anchor event. In addition, covered bondholders might have exposure to interest rate risk. Interest rate risk is mitigated by the prematurity test in place and by a reserve to be funded at loss of P-1 of the sponsor bank. (See "Covered bond analysis")
- ***Time subordination***: After a CB anchor event, later-maturing covered bonds are subject to time subordination. Principal cash collections may be used on a first-come, first-served basis, paying earlier-maturing covered bonds before later-maturing covered bonds. This subordination could lead to the erosion of OC before any payments are made to later-paying covered bonds. (See "Covered bond analysis")

Key characteristics

Exhibit 2
Covered bond characteristics

Moody's Programme Number:	3
Issuer:	Crédit Mutuel - CIC Home Loan SFH
Covered Bond Type:	Residential mortgage loans
Issued under Covered Bonds Law:	Yes
Applicable Covered Bonds Law:	SFH Law
Entity used in Moody's TPI analysis:	Banque Federative du Credit Mutuel
CR Assessment:	Aa2(cr)
CB Anchor:	CR assessment +1 notch
Senior unsecured/deposit rating:	Aa3
Total Covered Bonds Outstanding:	€23,586,660,155
Main Currency of Covered Bonds:	EUR (99.4%)
Extended Refinance Period:	Yes
Principal Payment Type:	Soft bullet (53.0%), Hard bullet (47.0%)
Interest Rate Type:	Fixed rate covered bonds (95.8%) , Floating rate covered bonds (4.2%),
Committed Over-Collateralisation:	8.1%
Current Over-Collateralisation:	49.6% (on a nominal basis)
Intra-group Swap Provider:	Yes
Monitoring of Cover Pool:	Ernst & Young et Autres and PricewaterhouseCoopers Audit
Trustees:	n/a
Timely Payment Indicator:	Probable-High
TPI Leeway:	5 notches

Sources: Moody's Investors Service, issuer data

Exhibit 3

Size of Cover Pool:	€35,279,303,817
Main Collateral Type in Cover Pool:	Residential (99.2%), Supplementary assets (0.8%)
Main Asset Location of Ordinary Cover Assets:	France
Main Currency:	EUR (100.0%)
Loans Count:	402,523
Number of Borrowers:	350,169
WA Unindexed LTV:	66.0%
WA Indexed LTV:	64.0%
WA Seasoning (in months):	66
WA Remaining Term (in months):	169
Interest Rate Type:	Fixed rate assets (95.0%), Floating rate assets (5.0%)
Collateral Score:	5.0%
Cover Pool Losses:	26.5%
Further Cover Pool Details:	Please see the section 'Cover pool description'
Pool Cut-off Date:	30 June 2019

Sources: Moody's Investors Service, issuer data

Exhibit 4
Transaction counterparties

Counterparty Type	Transaction Counterparty
Sponsor	Banque Federative du Credit Mutuel
Servicer	Banque Federative du Credit Mutuel
Back-up Servicer	n/a
Back-up Servicer Facilitator	n/a
Cash Manager	n/a
Back-up Cash Manager	n/a
Account Bank	Banque Federative du Credit Mutuel
Standby Account Bank	n/a
Account Bank Guarantor	n/a

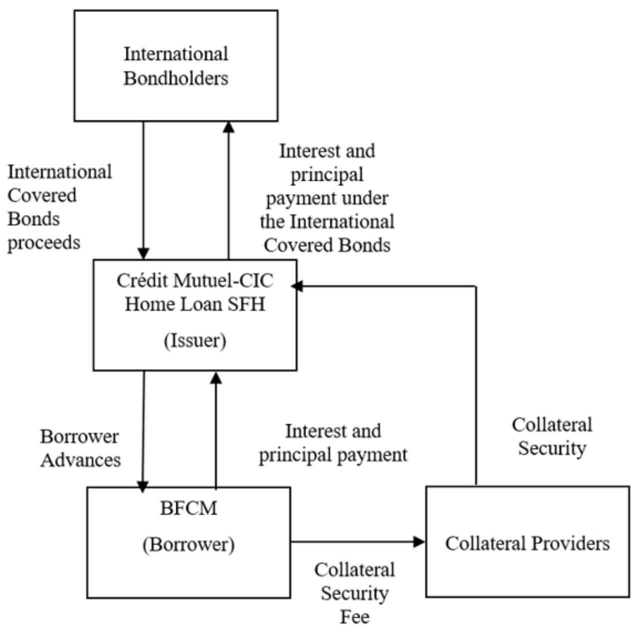
Sources: Moody's Investors Service, issuer data

Covered bond description

The covered bonds issued under the mortgage covered bond programme of Crédit Mutuel - CIC Home Loan SFH are full recourse to the issuer. Upon a CB anchor event, covered bondholders would have access to a cover pool of residential mortgage loan receivables.

Structural diagram

Exhibit 5
Structural diagram



Sources: Moody's Investors Service, issuer

Structure description

The bonds

Bonds with a "soft bullet" maturity benefit from a one-year maturity extension. This extension will occur automatically if the issuer fails to redeem the covered bonds on their scheduled maturity date. As of 30 June 2019, 53.0% of the bonds had a soft bullet maturity. The remaining covered bonds had a "hard bullet" repayment at maturity without any extension period for the repayment of the bonds.

The proceeds of the covered bond issuances are on-lent by the issuer to the sponsor bank by way of borrower advances under a multicurrency term facility agreement. The repayment of the borrower advances is secured by the collateral security to be made available by the sponsor bank and the collateral providers in line with the programme documents. The terms and conditions of the borrower advances mirror the final terms of the corresponding covered bonds.

Issuer recourse

The covered bonds are full recourse to the issuer. Therefore, the issuer is obliged to repay principal and pay interest on the covered bonds.

As a result of the borrower advances described above, the sponsor bank (Aa2(cr), P-1(cr)) owes to the issuer, under the borrower advances, amounts equivalent to interest and principal due under the covered bonds.

Recourse to cover pool and over-collateralisation

The holders of the covered bonds will have the indirect benefit of the collateral security constituted of French residential home loans. The obligations under the collateral security agreement, including the obligation to cure any breach of the asset cover test (ACT), will be secured pursuant to the terms of the collateral security (*remise à titre de garantie*) created in accordance with articles L.211-38 of the Monetary and Financial Code over the home loans satisfying the eligibility criteria. (See “Cover pool description” for the cover pool characteristics and “Cover pool analysis” for our analysis of the pool).

As of June 2019, the level of OC in the programme was 49.6% on a nominal value basis.

The current covered bond rating relies on:

» A level of OC that meets the minimum legal requirements of the French legal framework, whereby the OC must exceed the principal balance of the bonds by 5%

» The 8.1% committed OC provided by the sponsor bank under the ACT

Based on data as of 30 June 2019, the OC consistent with the current covered bond rating is 0%. This shows that our analysis does not currently rely on OC that is not in a committed form.

Although the issuer has the ability to increase the OC in the cover pool if collateral quality deteriorates below a certain threshold, the issuer does not have any obligation to do so. The failure to increase OC following a deterioration in the collateral could lead to a negative rating action.

Legal framework

The covered bonds are governed by the SFH law, which provides for the issuer's regulation and supervision, and sets certain minimum requirements for the covered bonds and the cover pool. (See France - Legal Framework for Covered Bonds, December 2016, for a description of the general legal framework for *Obligations de Financement de l'Habitat* governed by the SFH Law).

Other structural features

In accordance with the terms of a prematurity test, the sponsor bank is required to fund a cash collateral reserve if its short-term senior unsecured debt rating falls below P-1. This reserve will be equal to the amount of principal that will become due under the covered bonds (both hard bullet and soft bullet) for the following 180 days. All amounts payable by the sponsor bank in accordance with the prematurity test must be deposited in an account in the name of the issuer with a bank whose short-term senior unsecured debt rating is a least P-1.

Covered bond analysis

Our credit analysis of the covered bonds primarily focuses on the issuer's credit quality, refinancing risk, interest rate risk and currency risk, as well as the probability that payments on the covered bonds would be made in a timely fashion following a CB anchor event, which we measure using the Timely Payment Indicator (See “Timely Payment Indicator”).

Primary analysis

Issuer analysis - Credit quality of the issuer

The issuer is unrated. The issuer is a wholly owned subsidiary of BFCM ((Aa2(cr), P-1(cr)).

The reference point for the issuer's credit strength in our analysis is the CB anchor, which for covered bond programmes under the covered bond law in France is the Counterparty Risk (CR) Assessment plus one notch.

The covered bond rating is linked to the credit strength of the sponsor bank mainly because of the structure of the borrower advances described in the "Covered bond description" section. The support provided by the sponsor bank means that the reference point for our analysis will be the CB anchor of BFCM. The sponsor bank's commitment to the covered bond programme is further underlined by the range of functions it carries out on behalf of the issuer.

The issuer is a specialist credit institution, so it may continue to operate for a period after the sponsor defaults. BFCM's CR Assessment is Aa2(cr). For a description of the sponsor bank's rating drivers, see its Credit Opinion, published in May 2019.

Issuer analysis - Dependency on the issuer's credit quality

The credit quality of the covered bonds depends primarily on the credit quality of the issuer. If the issuer's credit strength were to deteriorate, there would be a greater risk that a CB anchor event would occur, leading to refinancing risk for the covered bonds. Consequently, the credit quality of the covered bonds would deteriorate unless other credit risks were to decrease.

In the event that the CB anchor deteriorates, the issuer would have the ability, but not the obligation, to increase the OC in the cover pool. Failure to increase the level of OC under these circumstances could lead to a negative rating action.

Under the programme, the sponsor bank acts as (1) borrower, (2) account bank, (3) calculation agent, (4) collateral provider, (5) administrator, and (6) servicer. The holders of the covered bonds will have the indirect benefit of the collateral security comprising eligible assets pledged by the collateral providers.

The appropriate level of collateral is secured through the ACT. In case the ACT is not complied with, the sponsor bank shall cure such noncompliance by causing the collateral providers to grant additional eligible assets, and this noncompliance must be cured within one month. During that period, the issuer will cease to grant any further borrower advances and no further covered bonds can be issued. If the ACT is not cured before the next monthly ACT date, this would constitute a breach of ACT and a borrower event of default will have occurred.

Reasons for the high level of dependency of the covered bonds with the issuer also include exposure to decisions made by the issuer in its discretion as manager of the covered bond programme. For example, before a CB anchor event, the issuer may add new assets to the cover pool and remove assets from the cover pool, issue further bonds and enter new hedging arrangements. Such actions could reduce the value of the cover pool.

As with most covered bonds in Europe, there are few contractual restrictions on the future composition of the cover pool, which creates substitution risk. Nevertheless, cover pool quality over time will be protected by, among other things, the requirements of the SFH law, which specifies what types of assets are eligible. (See "Moody's related publications: Covered Bond Legal Frameworks")

Refinancing risk

Following a CB anchor event, the "natural" amortisation of the cover pool assets alone cannot be relied on to repay the principal. We assume that funds must be raised against the cover pool at a discount if covered bondholders are to receive timely principal payment. Where the portion of the cover pool that is potentially exposed to refinancing risk is not contractually limited, our expected loss analysis typically assumes that this amount is in excess of 50% of the cover pool.

After a CB anchor event, the market value of these assets may be subject to volatility. Examples of the stressed refinancing margins we use for different types of prime-quality assets are published in our Rating Methodology. (See "Moody's related publications - Moody's Approach to Rating Covered Bonds")

The refinancing-positive factors outweigh the negative ones. The refinancing-positive aspects of this covered bond programme include:

» The requirement in the SFH law to maintain a 180-day liquidity buffer at all times

» All covered bonds benefit from a prematurity test and around 53.0% of the covered bonds have a 12-month extension period

» The SFH legal framework, which guarantees that the insolvency of the issuer will not trigger an acceleration of the covered bonds

» The ability of the issuer to sell or transfer part or all of the cover pool

» The legal requirement to limit asset-liability mismatches: Under the covered bond law, the difference between the weighted average life (WAL) of the cover pool (up to 105% of the covered bonds) and the WAL of the outstanding covered bonds must not exceed 18 months

The refinancing-negative aspects of this covered bond programme include:

» A portion of the home loans in the pool are secured by third-party guarantors (*société de cautionnement*). In the scenario of a combined default of the sponsor bank and of the guarantor, the refinancing cost of the home loans that have lost their guarantee, and which, as a consequence, have become unsecured loans, cannot be estimated on the basis of historical data because such *société de cautionnement* has never been subject to bankruptcy

Interest rate and currency risk

As with the majority of European covered bonds, there is potential for interest rate and currency risks, which could arise from the different payment promises and durations made on the cover pool and the covered bonds.

Exhibit 6

Overview of assets and liabilities

	WAL Assets (Years)	WAL Liabilities (Years)	Assets (%)	Liabilities (%)
Fixed rate	7.6	5.1	95.0%	95.8%
Variable rate	5.7	9.3	5.0%	4.2%

Sources: Moody's Investors Service, issuer data

In the event of issuer insolvency, we currently do not assume that the bankruptcy administrator would always be able to efficiently manage any natural hedge between the cover pool and the covered bonds. Therefore, following a CB anchor event, our model would separately assess the impact of increasing and decreasing interest rates on the expected loss of the covered bonds, taking the path of interest rates that leads to the worst result. The interest rate and currency stresses used over different time horizons are published in our Rating Methodology.

Aspects of this covered bond programme that are market-risk positive include:

» Low currency risk: As of the pool cutoff date, most of the covered bonds (99.4%) and all of the cover pool assets are denominated in euro. There is also a currency swap in place to further hedge this risk

» An interest rate reserve would be funded at loss of P-1 of the sponsor bank. This reserve will cover all interests falling due under the covered bonds for the next 90 days, plus any shortfall between interests to be paid under the covered bonds and interests to be received under the cover pool, on each ACT until the latest maturity of the covered bonds

Aspects of this covered bond programme that are market-risk negative include:

» The swap arrangement in place is an internal swap with BFCM as swap counterparty

» A potential sale of fixed-rate assets to meet payments due on covered bonds following a CB anchor event could lead to a crystallisation of mark-to-market losses caused by interest rate movements upon issuer default. Most of the cover pool assets are fixed rate loans

Timely Payment Indicator

Our Timely Payment Indicator (TPI) assesses the likelihood that timely payments would be made to covered bondholders following a CB anchor event, and thus determines the maximum rating a covered bond programme can achieve with its current structure while allowing for the addition of a reasonable level of OC. We have assigned a TPI of Probable-High to these covered bonds, in line with other mortgage covered bonds issued under the SFH law.

Based on the current TPI of Probable-High, the TPI leeway for this programme is five notches. This five-notch leeway implies that we might downgrade the covered bonds' rating because of a TPI cap if we were to lower the CB anchor by more than five notches, all other variables being equal.

The TPI-positive aspects of this covered bond programme include:

» The prematurity test and the extendable maturity of some covered bonds (53%)

» The SFH legal framework, which guarantees that an insolvency of the issuer will not accelerate payments under the covered bonds

» The ACT, designed to ensure that the cover pool has substantial value at the time of the occurrence of the borrower event of default

» The credit quality of the cover pool assets, reflected by the collateral score of 5.0%

» The positive factors mentioned in the “Refinancing risk” and “Interest rate and currency risk” sections above

The TPI-negative aspects of this covered bond programme include:

» All covered bonds outstanding have a bullet repayment at maturity, with a significant proportion (47.0%) of them without any extension period for the repayment of the bonds

» The negative factors mentioned in the “Refinancing risk” and “Interest rate and currency risk” sections above

Additional analysis

Liquidity

Cash flow from the assets may not be sufficient to meet the repayment obligations of the covered bonds issued under the programme. However, covered bondholders benefit from:

» The intervention of the specific controller, whose role is, among others, to monitor the balance between the issuer's assets and liabilities, and notify the issuer and the ACPR if it considers this balance to be unsatisfactory

» A 180-day liquidity buffer as provided by the SFH law

» The requirement under the SFH law that the difference between the remaining average life of the cover pool assets and that of the covered bonds must not exceed 18 months (based only on assets up to 105% of covered bonds)

Time subordination

After a CB anchor event, later-maturing covered bonds would be subject to time subordination. Principal cash collections may be used on a first-come, first-served basis, paying earlier-maturing covered bonds before later-maturing covered bonds. Such payments could result in the erosion of OC before any payments are made to later-paying covered bonds. However, this is mitigated by the following:

» The legal minimum 5% OC requirement

» The contractual minimum committed OC of 8.1%

» Because of the nature of the corporate object of the issuer and the provisions of the SFH law, the likelihood of bankruptcy proceedings being commenced against the issuer appears relatively remote

Cover pool description

Pool description as of 30 June 2019

As of 30 June 2019, the cover pool consisted of French residential mortgage loans backed by residential assets (99.2%) and other supplementary assets (0.8%). The majority of the cover assets are loans backed by properties in France, majority of them owner occupied (77.8%). The cover pool also comprises of buy-to-let loans (22.2%).

The loans included in the cover pool may be secured through either i) a first ranking mortgage, or a second ranking mortgage, but only in the event that the sponsor bank is also the beneficiary of the first ranking mortgage, or ii) a guarantee which may be provided, among others, *Credit Logement* or *Credit Mutuel Caution Habitat*.

On a nominal value basis, the cover pool assets total €35.3 billion, which back €23.6 billion in covered bonds, resulting in an OC level of 49.6% on a nominal basis.

Residential mortgage loans

As shown in exhibits below, the residential assets amount to €35.0 billion (99.2% of the cover pool) with a weighted average indexed LTV of 64.0% and weighted average seasoning of 66 months. All the properties backing the loans are in France with particular concentration in Île-de-France (20.3%), Grand Est (17.6%) and Auvergne-Rhône-Alpes (14.6%). All the loans are performing.

Exhibits below show more details about the cover pool characteristics.

Exhibit 7

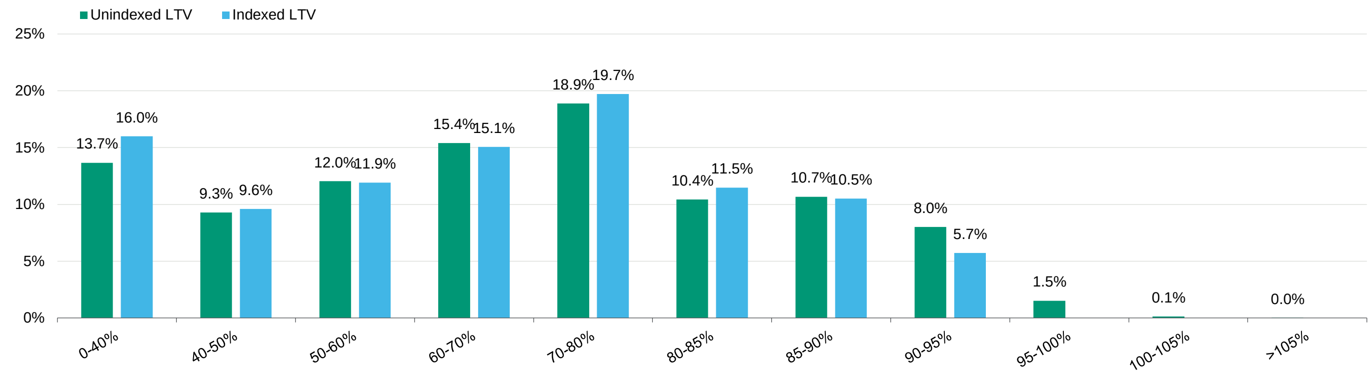
Cover pool summary

Overview		Specific Loan and Borrower characteristics	
Asset type:	Residential	Loans with an external guarantee in addition to a mortgage:	n/a
Asset balance:	35,001,049,609	Interest only Loans	0.0%
Average loan balance:	86,954	Loans for second homes / Vacation:	2.6%
Number of loans:	402,523	Buy to let loans / Non owner occupied properties:	22.2%
Number of borrowers:	350,169	Limited income verified:	0.0%
Number of properties:	369,217	Adverse credit characteristics (**)	0.0%
WA remaining term (in months):	169		
WA seasoning (in months):	66	**Performance**	
		Loans in arrears (≥ 2months - < 6months):	0.0%
Details on LTV		Loans in arrears (≥ 6months - < 12months):	0.0%
WA unindexed LTV (*)	66.0%	Loans in arrears (≥ 12months):	0.0%
WA Indexed LTV:	64.0%	Loans in a foreclosure procedure:	0.0%
Valuation type:	Market Value		
LTV threshold:	80.0%	**Multi-Family Properties**	
Junior ranks:	n/d	Loans to tenants of tenant-owned Housing Cooperatives:	n/a
Loans with Prior Ranks:	n/d	Other type of Multi-Family loans (***)	n/a

(note *) may be based on property value at time of origination or further advance or borrower refinancing.
(note **) Typically borrowers with a previous personal bankruptcy or borrowers with record of court claims against them at time of origination.
(note ***) This "other" type refers to loans directly to Housing Cooperatives and to Landlords of Multi-Family properties (not included in Buy to Let).
Sources: Moody's Investors Service, issuer data

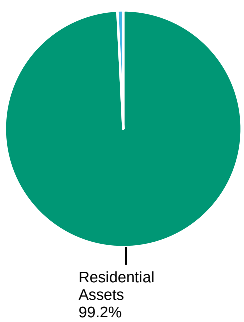
Exhibit 8
Cover pool characteristics

Exhibit A
Balance per LTV-band



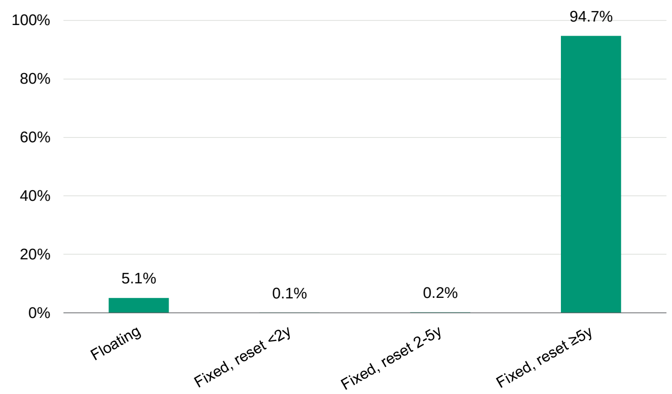
Sources: Moody's Investors Service, issuer data

Exhibit B
Percentage of residential assets



Sources: Moody's Investors Service, issuer data

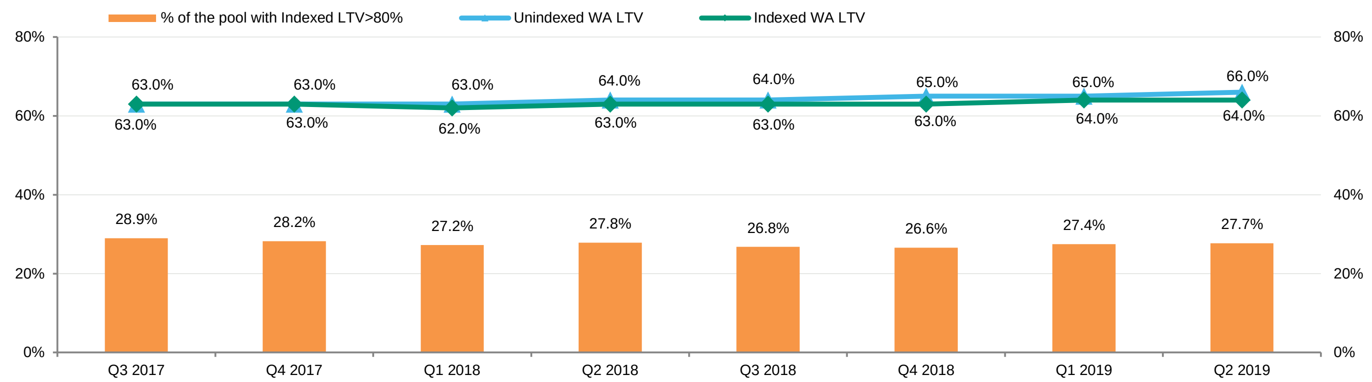
Exhibit C
Interest rate type



Sources: Moody's Investors Service, issuer data

Exhibit D

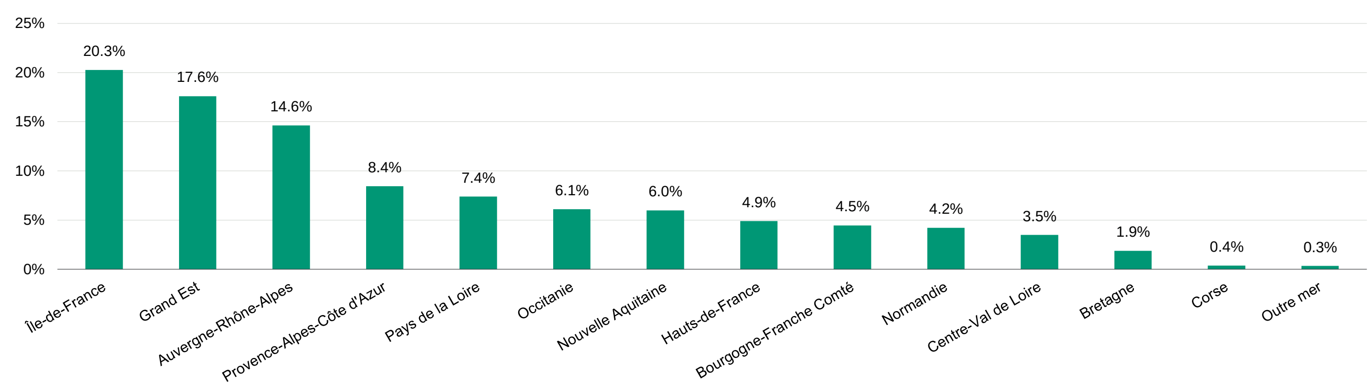
LTV



Sources: Moody's Investors Service, issuer data

Exhibit E

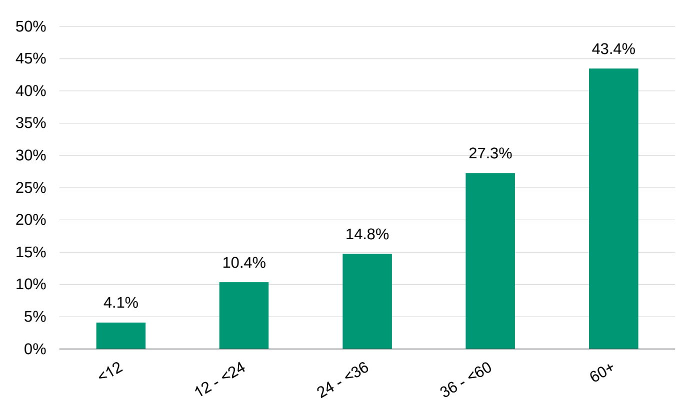
Main country regional distribution



Sources: Moody's Investors Service, issuer data

Exhibit F

Seasoning (in months)



Sources: Moody's Investors Service, issuer data

Substitute assets

€278.3 million of the cover pool are substitute assets. This represents 0.8% of the cover pool.

Cover pool monitor

Pursuant to the French covered bond law, a cover pool monitor (*contrôleur spécifique*) has been appointed by the issuer. (See "Moody's related publications: Covered Bond Legal Frameworks")

Cover pool analysis

Our credit analysis of the pool takes into account specific characteristics of the pool, as well as legal risks.

Primary cover pool analysis

We calculate the collateral score for the cover pool using a scoring model to assess the credit risk for the residential assets in the cover pool. Our analysis takes into account, among other factors, the LTV ratios of the mortgage loans, the seasoning and the geographical distribution.

For this programme, the collateral score of the current pool is 5.0%, which is in line with other French mortgage covered bonds. (For details, see "Moody's related publications - Moody's Global Covered Bonds Sector Update, Q2 2019").

From a credit perspective, we regard the following characteristics of the residential mortgage loans as credit positive:

» All loans in the cover pool are currently performing

» The weighted average unindexed LTV ratio of 66.0% and weighted average indexed LTV ratio of 64.0%

From a credit perspective, we regard the following characteristics of the residential mortgage loans as credit negative:

» All the outstanding covered bonds have a bullet payment with a significant proportion (47.0%) of them without any maturity extension.

Comparables

Exhibit 9

Comparables - Credit Mutuel - CIC Home Loan SFH - Mortgage Covered Bonds and other deals

PROGRAMME NAME	Credit Mutuel - CIC Home Loan SFH - Mortgage Covered Bonds	Credit Agricole Home Loan SFH - Mortgage Covered Bonds	HSBC SFH (France) - Mortgage Covered Bonds	Societe Generale SFH - Mortgage Covered Bonds
Overview				
Programme is under the law	SFH Law	SFH Law	SFH Law	SFH Law
Main country in which collateral is based	France	France	France	France
Country in which issuer is based	France	France	France	France
Total outstanding liabilities	23,586,660,155	31,199,685,835	4,428,874,877	31,900,000,000
Total assets in the Cover Pool	35,279,303,817	46,449,754,280	5,859,732,755	36,366,838,550
Issuer name	Crédit Mutuel - CIC Home Loan SFH	Credit Agricole Home Loan SFH	HSBC SFH (France)	Societe Generale SFH
Issuer CR assessment	n/a	n/a	n/a	n/a
Group or parent name	Banque Federative du Credit Mutuel	Crédit Agricole SA	HSBC France	Société Générale
Group or parent CR assessment	Aa2(cr)	Aa2(cr)	Aa2(cr)	A1(cr)
Main collateral type	Residential	Residential	Residential	Residential
Collateral types	Residential 99%, Commercial 0%, Public Sector 0%, Other/Supplementary assets 1%	Residential 99%, Commercial 0%, Public Sector 0%, Other/Supplementary assets 1%	Residential 100%, Commercial 0%, Public Sector 0%, Other/Supplementary assets 0%	Residential 100%, Commercial 0%, Public Sector 0%, Other/Supplementary assets 0%
Ratings				
Covered bonds rating	Aaa	Aaa	Aaa	Aaa
Entity used in Moody's EL & TPI analysis	Banque Federative du Credit Mutuel	Credit Agricole S.A.	HSBC France	Societe Generale
CB anchor	CR Assessment + 1 notch	CR Assessment + 1 notch	CR Assessment + 1 notch	CR Assessment + 1 notch
CR Assessment	Aa2(cr)	Aa2(cr)	Aa2(cr)	A1(cr)
SUR / LT Deposit	Aa3	Aa3	Aa3	A1
Unsecured claim used for Moody's EL analysis	Yes	Yes	Yes	Yes
Value of Cover Pool				
Collateral Score	5.0%	5.0%	5.0%	5.0%
Collateral Score excl. systemic risk	n/a	3.8%	2.9%	3.8%
Collateral Risk (Collateral Score post-haircut)	3.4%	3.4%	3.4%	3.4%
Market Risk	23.2%	15.0%	1.3%	12.5%
Over-Collateralisation Levels				
Committed OC*	8.1%	8.1%	8.1%	8.5%
Current OC	49.6%	48.9%	32.3%	14.0%
OC consistent with current rating	0.0%	0.0%	0.0%	6.5%
Surplus OC	49.6%	48.9%	32.3%	7.5%
Timely Payment Indicator & TPI Leeway				
TPI	Probable-High	Probable-High	Probable-High	Probable-High
TPI Leeway	5	5	5	3
Reporting date	30 June 2019	30 June 2019	31 March 2019	31 March 2019

Sources: Moody's Investors Service, issuer data

Additional cover pool analysis

Commingling risk

As a result of the cash management mechanisms, following the service by the issuer to the sponsor bank of a borrower enforcement notice and the transfer of title over the home loans to the issuer, the holders of the covered bonds will be exposed to the risk that (1) payments continue to be made to the collateral provider instead of being paid to the issuer directly; and (2) the collections standing to the credit of the collection accounts are not capable of being identified or are not transferred to the issuer in a timely manner. This may translate into a potential liquidity shortage or, if the collections have not been properly earmarked, into a credit issue. We believe that the above-mentioned risks are mitigated by the level of over collateralisation in the structure.

Set-off risk

Set-off may be possible between the claim of a collateral provider (in its capacity as lender) under the home loan and a claim of its debtor vis-à-vis the relevant collateral provider. In addition to any contractual set-off that may be agreed between the parties, set-off may be imposed if (1) the conditions for legal set-off are met, or (2) the claims of the relevant parties are reciprocal and interrelated (*connexes*). With respect to interrelated debt, the most likely circumstances where set-off would have to be considered are when counterclaims resulting from a current account relationship will allow a debtor to set-off such counterclaims against sums due under a home loan. Some mitigants for this risk are as follows: (1) contractual set-off is excluded by an eligibility criteria that provides that no borrower benefits from a contractual right of set-off, (2) set-off risk between interrelated claims (dettes connexes) is partly mitigated by eligibility criteria stating that, to be eligible, (a) home loans must not be subject to any current account relationship between the lender and its debtor, and (b) the opening of a bank account dedicated to the payment must not be a condition precedent to the granting of a loan.

Methodology and monitoring

The primary methodology we use in rating the issuer's covered bonds is "Moody's Approach to Rating Covered Bonds", published in February 2019. Other methodologies and factors that may have been considered in the rating process can also be found on http://www.moodys.com. In addition, we publish a weekly summary of structured finance credit, ratings and methodologies, available to all registered users of our website, at www.moodys.com/SFQuickCheck.

We expect the issuer to deliver certain performance data to us on an ongoing basis. In the event that this data is not made available to us, our ability to monitor the ratings may be impaired. This lack of data availability could negatively affect the ratings or, in some cases, our ability to continue to rate the covered bonds.

Moody's related publications

Rating Methodology

- Moody's Approach to Rating Covered Bonds, February 2019 (1154442)

Special Comments

- Covered Bonds: Sector update – Q2 2019: First positive impact and block chain covered bonds from France; Libor transition continues, August 2019 (1184222)
- Covered Bonds: Sector update – Q1 2019: EU covered bond law supports credit standards; first covered bonds from Romania, May 2019 (1166962)
- Covered Bonds - Global: 2019 Outlook, December 2018 (1141185)
- France - Legal Framework for Covered Bonds, December 2016 (1049200)
- Newly agreed EU covered bond law supports credit standards (1165167)

Performance Overview

- Credit Mutuel - CIC Home Loan SFH - Mortgage Covered Bonds (SF483605)

Credit Opinion

- Banque Federative du Credit Mutuel

Webpages

- Covered Bonds: www.moodys.com/coveredbonds
- Covered Bond Legal Frameworks: www.moodys.com/Pages/CoveredBondLegalFrameworks.aspx

To access any of these reports or webpages, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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