

# Crédit Mutuel Home Loan SFH

## **Investor Presentation**

September 2024

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Crédit Mutuel Alliance Fédérale ("The Group") represents the Group members of the Caisse Fédérale de Crédit Mutuel and the consolidated data of its subsidiaries: the Caisses de Crédit Mutuel Nord Europe, Centre Est Europe, Sud-Est, Ile de France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique & Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranée and Anjou, Massif Central, Antilles Guyane and their common Caisse fédérale (CF de CM), and of the Banque Fédérative du Crédit Mutuel, its main subsidiaries: ACM, CIC, Targobank Germany, Cofidis, BECM, EI and others.

Main change in scope:

Acquisition of the remaining 20% of Cofidis Group to become a 99.99% shareholder

NOTE: Unaudited financial statements – limited review currently being conducted by the statutory auditors.

# Crédit Mutuel Home-Loan SFH

# Crédit Mutuel Home-Loan SFH

## Overview

### Banque Fédérative du Crédit Mutuel (“BFCM” or the “Borrower”)

- Central financing entity of the Crédit Mutuel Alliance Fédérale
- Senior unsecured debt ratings of **Aa3 (stable)** / **A+ (stable)** / **AA- (stable)** by Moody's, S&P and Fitch Ratings respectively

### Crédit Mutuel Network & CIC Network (the “Collateral Provider”)

- One of largest retail bank in France in terms of number of branches
- Third largest provider of home loans in France

### Crédit Mutuel Home Loan SFH (the “Issuer”)

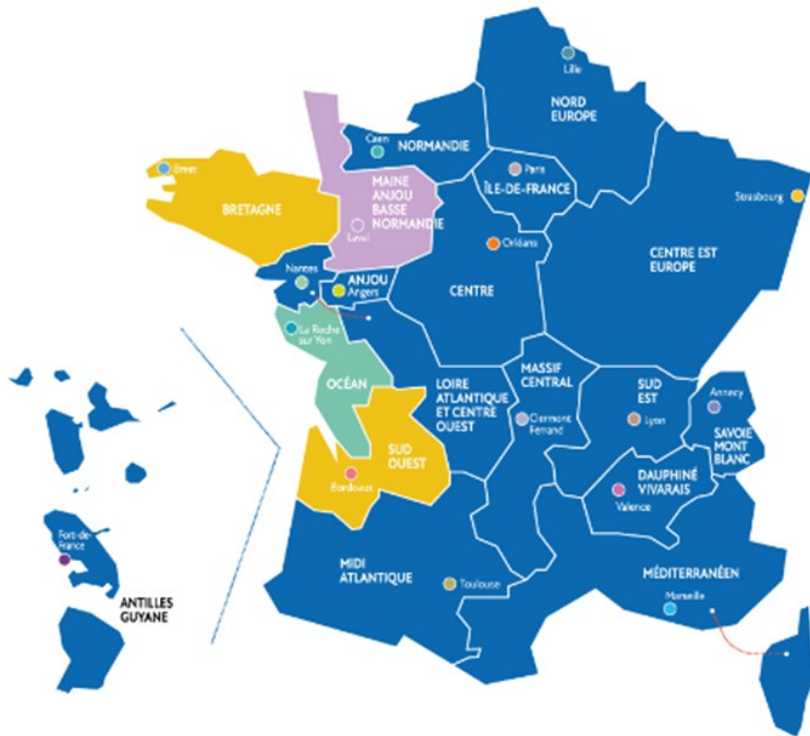
- Crédit Mutuel Home Loan SFH is a **specialised French credit institution** (établissement de crédit spécialisé) licensed and regulated by the regulator Autorité de Contrôle Prudentiel et de Résolution (ACPR)
- **AAA / Aaa / AAA** expected ratings issuance with hard or soft bullet maturities
- **Standard covered bond features:** Asset Cover Test with **80% LTV cap** and **92.5% maximum asset percentage**
- **Comfortable level of over-collateralization** with an **effective asset percentage** of **74.9%**
- A bankruptcy of BFCM cannot result in insolvency proceedings being extended to Crédit Mutuel Home Loan SFH

In July 2022, Crédit Mutuel Home Loan SFH has been authorized by the ACPR to use the **high-quality European covered bond label**

# The collateral Provider: Crédit Mutuel Alliance Fédérale

# Crédit Mutuel Group

## Structure & Governance



- **Crédit Mutuel Alliance Fédérale**

- Crédit Mutuel Arkéa

- Crédit Mutuel **Maine-Anjou, Basse-Normandie**

- Crédit Mutuel Océan

**c.1,990**  
Crédit Mutuel Local Banks

**18**  
Regional Federations

**4**  
« Caisses Fédérales »<sup>(1)</sup>

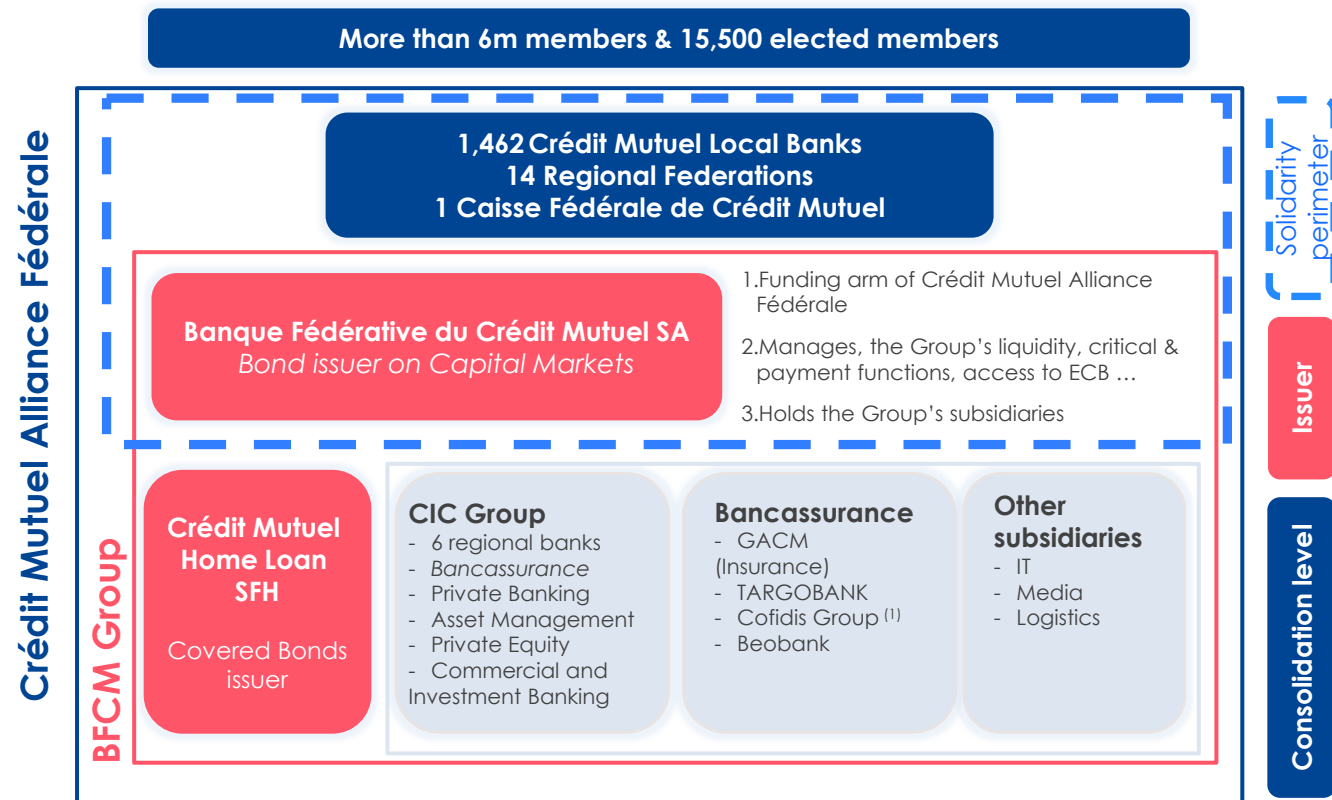
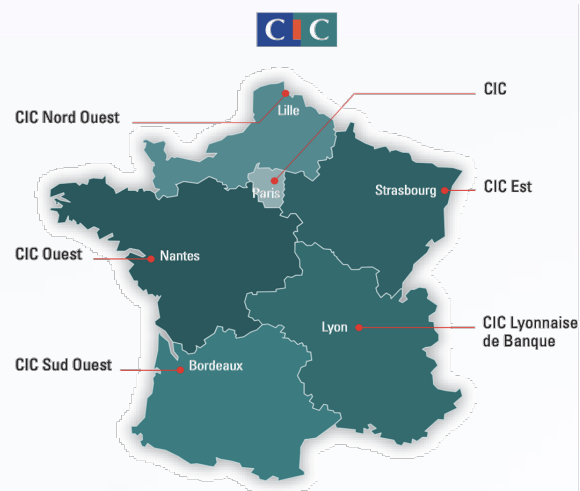
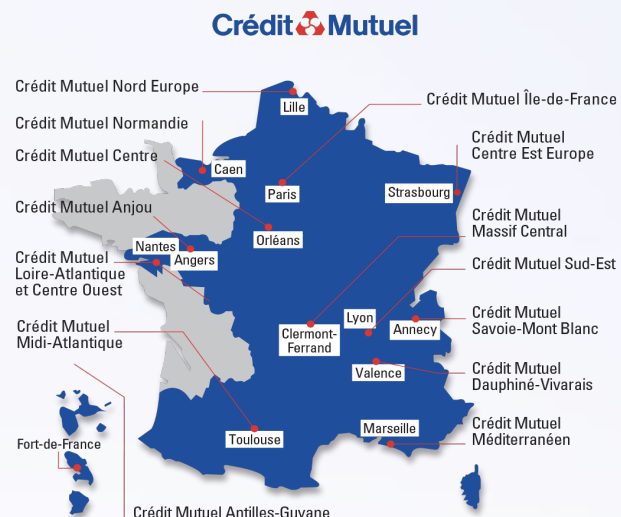
NATIONAL BODY

**Confédération  
Nationale du Crédit  
Mutuel**

(1) o/w « Caisse Fédérale de Crédit Mutuel »

# Crédit Mutuel Alliance Fédérale : the Collateral provider

## Crédit Mutuel & CIC networks



<sup>(1)</sup> April 2024: BFCM 99.99% shareholder

# Executive summary

*Solid results demonstrating the performance of the diversified bancassurance model*

**A real innovative cooperative group belonging to its customers, with a cross selling business**

Data as of 30/06/2024

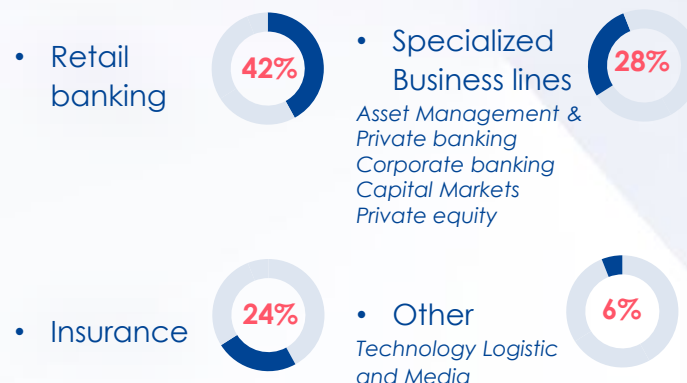
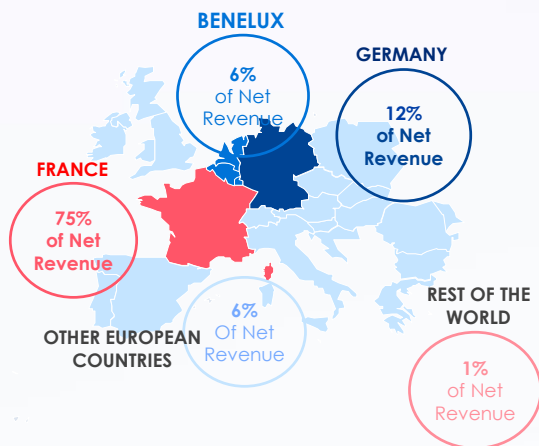
**77,127** employees  
**4,308** branches  
**31.8 million** customers  
**6.4 million** members



Total loans: c. **€523 bn**  
Total savings: c. **€948 bn**  
- o/w customer deposits c. €477 bn  
- o/w insurance savings c. €109 bn  
- o/w financial savings (under management & in custody) €362 bn  
Balance sheet total: c. **€922 bn**

Net Revenue: **€8.3 bn** with **87%** generated in France and Germany <sup>(1)</sup>

Net Income: **€2.0bn** o/w **66%** generated by Retail banking & Insurance



**Best rating among French & European Banks**  
Pertinence of the business model and low risk profile

Financial ratings reaffirmed  
**Moody's** Aa3 / P-1 / stable  
**Standard & Poor's** A+ / A-1 / stable  
**Fitch Ratings** AA- / F1+ / stable

Extra-financial ratings:  
**ISS ESG:** C  
**MSCI:** AA  
**Moody's ESG:** 64  
**Sustainalytics:** 19.7

**Strong capitalization and among the top solvency ratio in Europe**

- Shareholders' equity: **€64.1 bn**
- CET1: **18.5%**
- Overall solvency ratio: **20.9%**
- LCR (average during the 1st semester 2024): **178 %**
- Best ranking among universal banks in **2023 EU wide stress tests**

**Leading player in the environmental and social transition**

- Creation of the **Societal Dividend** in January 2023
- First bank to adopt the status of a **benefit corporation** in 2020
- **Stringent policies** to exit coal, conventional and unconventional oil and gas sectors

(1) As of 31/12/2023



# – Crédit Mutuel Alliance Fédérale 2024 Half-Year Results - Key Takeaways<sup>(1)</sup>

## Net revenue

€8.3bn +€272mn +3.4%

### Net revenue up despite strong pressure on net interest margin (in line with 2023)

- Stable retail banking: decline in the banking networks (-2.3%) offset by consumer credit (+6.6% or +€102m) and business line subsidiaries (factoring and leasing)
- Strong performance from insurance (+9.3%)
- Overall growth recorded for specialized business lines (+2.4%)

## Operating expenses

€4.7bn +€62mn +1.3%  
w/o SRF<sup>(1)</sup> +€276mn +6.2%

### Controlled rise in expenses, enabling us to maintain the best operating efficiency in the sector

- Increase in operating expenses, in particular as part of the implementation of 2024-27 strategic plan, involving high level of investment in IT
- Increase in employee benefit expenses (voluntary payroll increase) and Societal Dividend contributions (sponsorship expenses €56 mn)
- Reduction in supervision/resolution contributions: contributions to the SRF<sup>(1)</sup> reduced to €3m from €217m for H1-2023
- Cost-to-income ratio improved by 1.2pp to 57.1%; excluding the SRF, the scissors effect was negative by 1.5 pp

## Cost of risk

€957 mn +€279mn +41.1%

### Increase in the cost of risk with the end of public support measures

- Increase in proven cost of risk, up 39.5% (€258m) vs H1-2023, mainly due to a catch-up effect following the discontinuation of government measures to support economic activity
- Unproven cost of risk amounts to - €47m (vs - €26m in H1-2023) partly due to downgrades of ratings and the increase in stage 2 loans
- Cost of customer risk (annualised) is 35 bp, compared with 24 bp in June 2023, above pre-Covid levels

## Other items

**€54 mn in H1-2024** consisted of the share of net income of equity consolidated companies and an earn-out related to the performance of Euro-Information Telecom (sold in 2021)

## Net income

€2.0bn +€70mn +3.5%

**Net income up 3.5% to €2bn**

## Financial strength

- **CET1 ratio: 18.5%** (same as Dec. 2023)
- **LCR ratio** (average in H1-2024): **178%** (162,8 % average 2023)
- **LDR ratio: 109.4%** vs. 108.5% in Dec. 2023

Results of the 2023 EU-wide stress test  
**Crédit Mutuel ranks as  
the strongest French Universal Banks**

(1) SRF: Single Resolution Fund

The issuer:  
Crédit Mutuel Home Loan SFH

# Crédit Mutuel Home Loan SFH

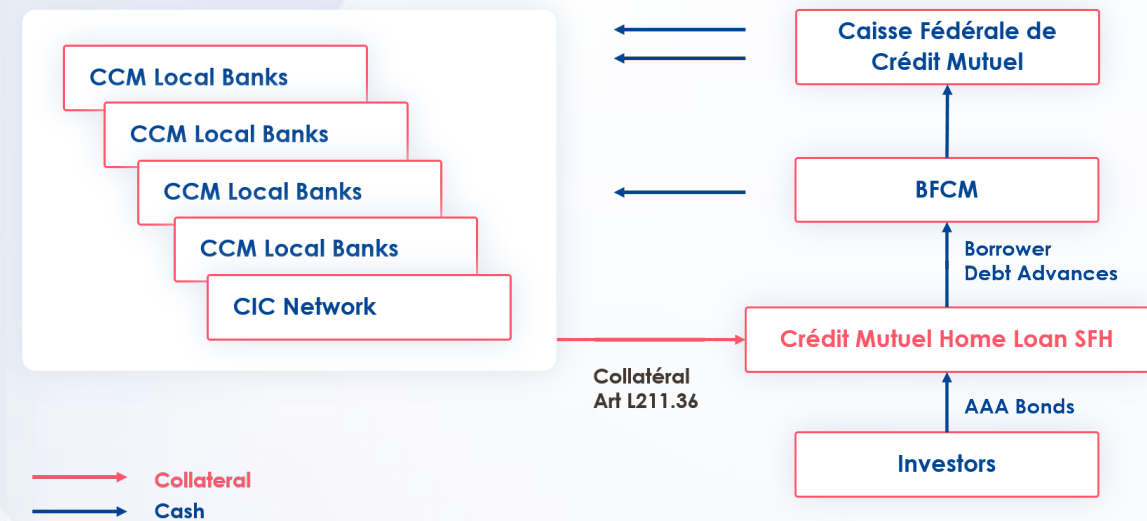
## Overview of the Credit Mutuel Home Loan SFH

### Restrictive eligibility criteria

- **French Covered Bond Structure**
- No area, no securitization, or asset substitution
- Only loans originated by the group's networks are eligible with an **origination in every region of France**
- Prime residential mortgages and guaranteed home loans only
- **Monthly annuity max. 33%** of disposable income for guaranteed loans
- **Restrictive** eligibility criteria

### Main characteristics of the program

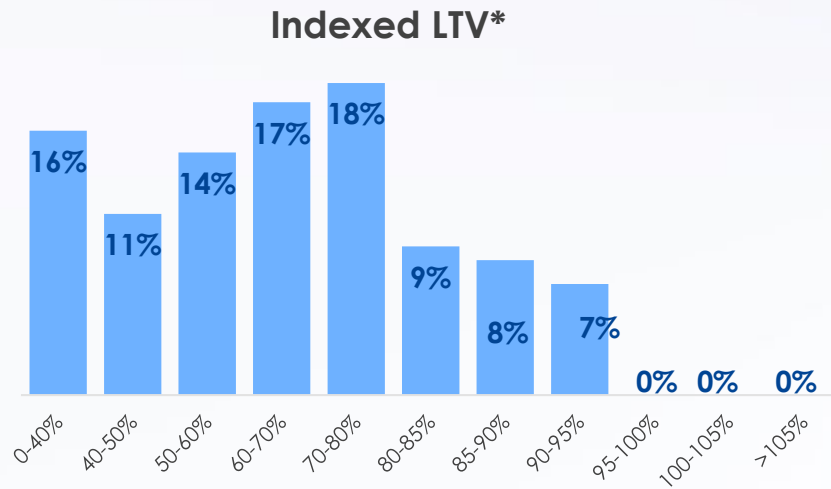
- **Program size: €70 bn**
- **Ratings: Aaa** (Moody's), **AAA** (S&P), **AAA** (Fitch)
- **Risk weighting:** ECBC + CRR / CRD4 compliant
- **Maturity type:** soft bullet
- **French law**



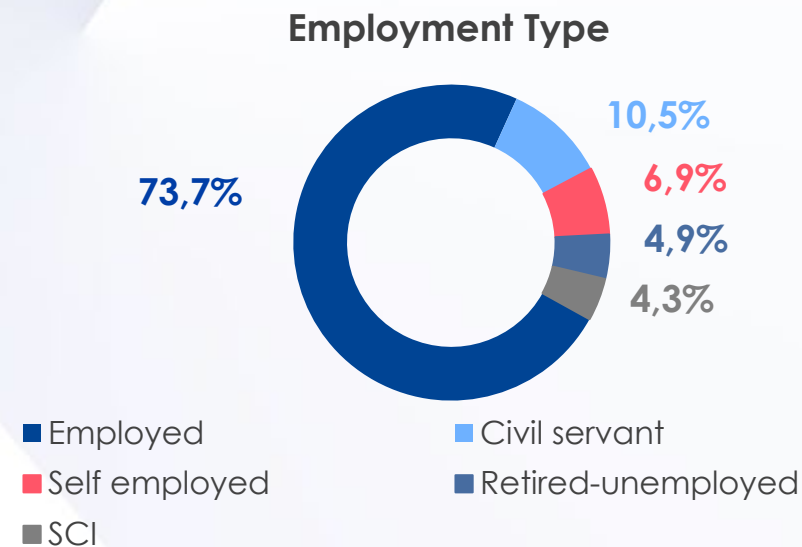
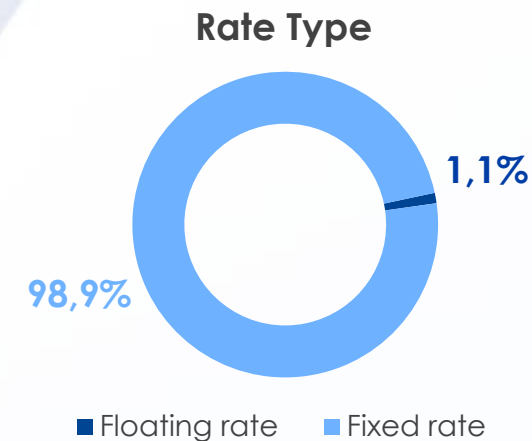
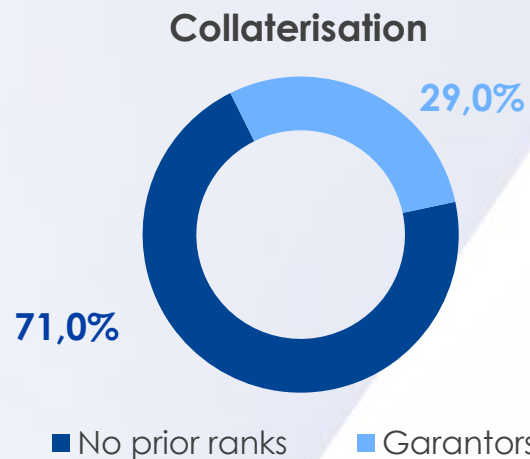
# Crédit Mutuel Home Loan SFH

## Cover Pool as at August 2024

- Total Loan Balance: **€65 bn**
- Number of loans: **600 k**
- Unindexed LTV: **68%**
- Indexed LTV (current value): **62%**



\* Source Investor report, august 2024

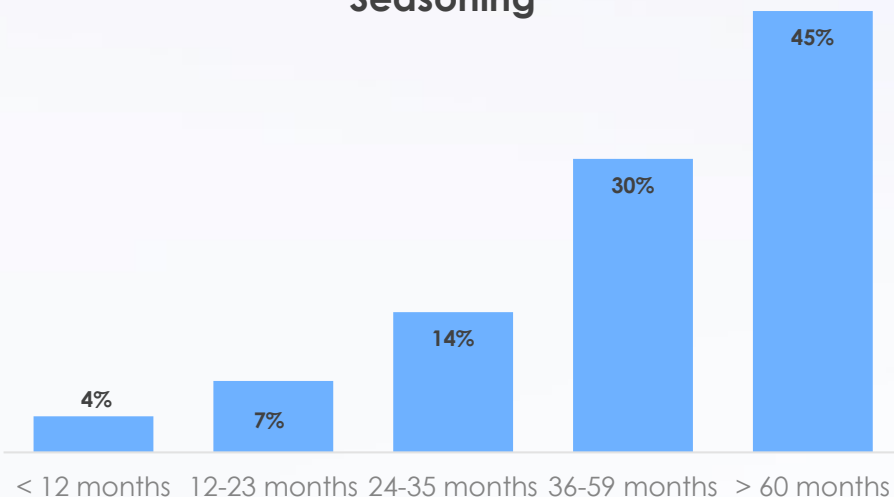


# Crédit Mutuel Home Loan SFH

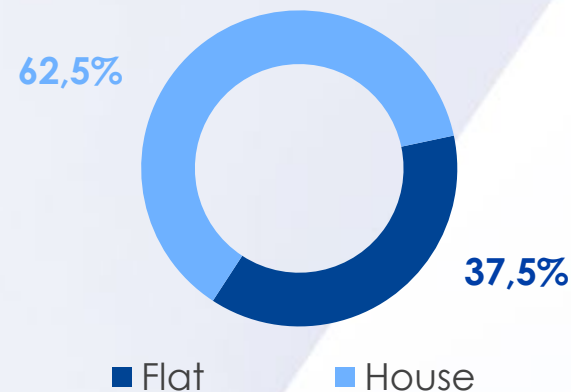
Cover Pool as at August 2024

- Average duration: **64 months**

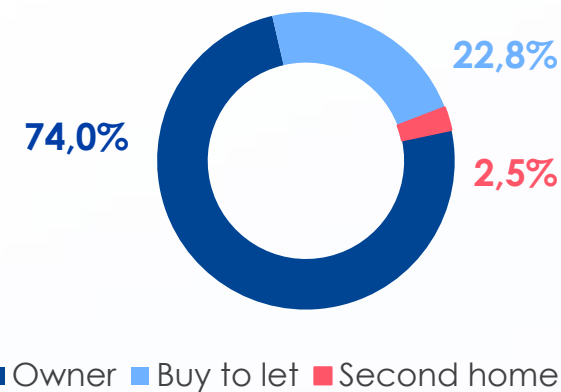
## Seasoning



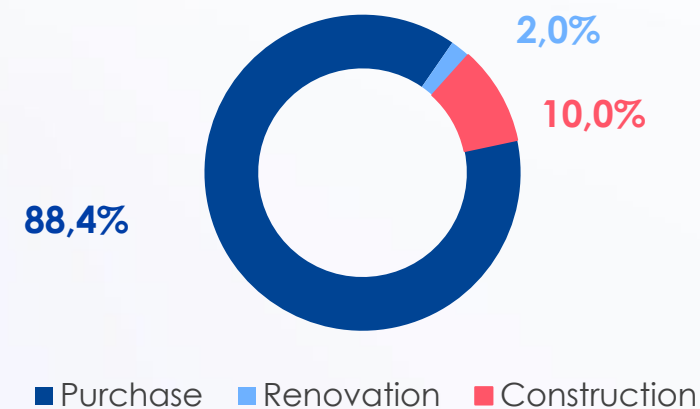
## Property Type



## Occupancy



## Loan Purpose



# The Borrower:

## Banque Fédérative du Crédit Mutuel

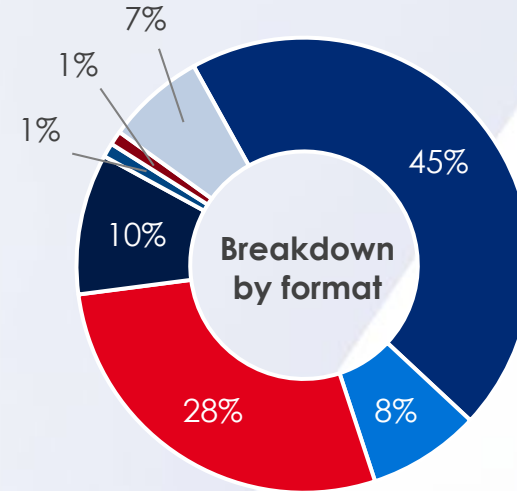
## — Funding program 2024

### Objective of **€16bn in MLT funding**

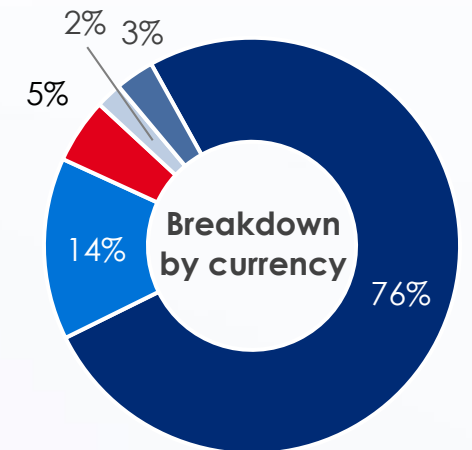
- SNP/Tier 2 : objective of c. €4bn<sup>(1)</sup>
- Annual issue of GSS bond<sup>(2)</sup>
- Public and private issues in various format under BFCM (EMTN, US 144A, Samurai) and SFH (covered bonds) names
- Diversification of the investor base through currencies (USD, GBP, CHF, YEN...)

As of 09 September 2024, **€15.3bn** has been raised in MLT issues  
i.e. **c.96%** of 2024 target  
With an average maturity of **6.24 years**

- 15 public issues for €12.3bn (details of emissions in appendix)
- Private placements: 17%



■ Senior preferred  
■ Covered bond  
■ MLT deposits  
■ CRH  
■ Senior non preferred  
■ Tier 2  
■ Senior-NEU MTN



■ EUR ■ USD ■ GBP  
■ CHF ■ AUD

(1) including €1.250bn - Senior non preferred issued in 2023 as prefunding for 2024

(2) Green Social and Sustainable bond

## — BFCM /Crédit Mutuel Home Loan SFH MLT Public issues 2024

ISIN	Serie	Currency	Global amount (€)	Support	Issuer	Issue Date	Maturity Date	Reoffer	Coupon
FR001400LWN3	565	EUR	1 250	SNP	BFCM	01/01/2024	10/11/2031	MS+155	0.048
FR001400N3I5	567	EUR	1 500	Tier 2	BFCM	11/01/2024	11/01/2034	MS+195	0.044
FR001400N6I8	570	EUR	1 000	SP	BFCM	17/01/2024	03/02/2034	MS+125	3.75%
CH1321113453	571	CHF	333	SP	BFCM	30/01/2024	30/01/2032	SARON+96	2.223%
US06675FBC05	29	USD	644	SP	BFCM	23/01/2024	23/01/2027	T+97	5.088%
US06675DCH35	30	USD	276	SP	BFCM	23/01/2024	23/01/2027	SOFR+113	SOFR+113
FR001400NIS7	58	EUR	1 500	Covered	CM SFH	30/01/2024	03/02/2031	MS+40	3.000%
FR001400OF12	574	GBP	701	SP	BFCM	06/03/2024	22/10/2029	UKT+105	5.000%
FR001400OZH2	59	EUR	1 250	Covered	CM SFH	28/03/2024	28/11/2030	MS+31	3.000%
FR001400Q0T5	575	EUR	750	SP-Green Bond	BFCM	15/05/2024	15/05/2031	MS+75	3.50%
AU3CB0309847	577	AUD	184	SP	BFCM	24/05/2024	24/05/2027	BBSW+107	5.126%
AU3FN0088043	576	AUD	276	SP	BFCM	24/05/2024	24/05/2027	BBSW+107	
US06675DCM20	31	USD	693	SP	BFCM	16/07/2024	16/02/2028	T+80	5.194%
US06675DCL47	32	USD	462	SP	BFCM	16/07/2024	16/02/2028	SOFR+107	SOFR+107
FR001400RNW0	67	EUR	1 500	Covered	CM SFH	23/07/2024	23/07/2029	MS+34	3.000%



# Real Estate market

# — Real estate market in France

*Sound French housing market and cautious lending practices*

## Characteristics of the French real estate market: highly regulated and with low risk

- Obligation for the borrower to:
  - take out **creditor insurance**
  - obtain a **guarantee** for the financed property (see opposite)
- Granting process that requires a **significant personal contribution** (which depends on the borrowing capacity)
- Compliance with **HCSF recommendations** <sup>(1)</sup>:
  - **Monthly annuity: max. 35%** of disposable income
  - **Maximum maturity: 25 years**
- Loans granted mainly at **fixed rates**
- **Social welfare** that mitigate the risk of income loss

**A very low loss ratio also demonstrated during European stress tests.**

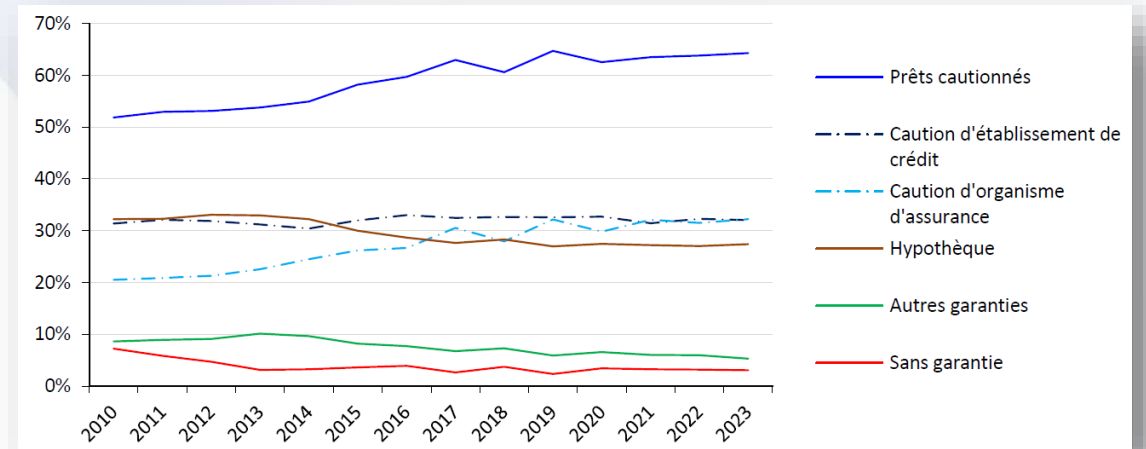
## In France, all home loans are guaranteed by:

**1/ Mortgages:** which are registered by notaries in the Land Registry

### 2/ Cautions:

- **Crédit Logement:** the market leader for residential home loan guarantees
  - **Owned by the major French banks: Crédit Mutuel** as **5th** major shareholder (10%, as at December 2021)
  - **Ratings: Aa3 stable** (Moody's), **AA low stable** (DBRS)
- **Internal caution:** owned by a banking group or an insurance company
  - **Cautionnement Mutuel de l'Habitat « CMH »** for Crédit Mutuel Alliance Fédérale

Breakdown by type of guarantee\*



# French real estate market

## Activity

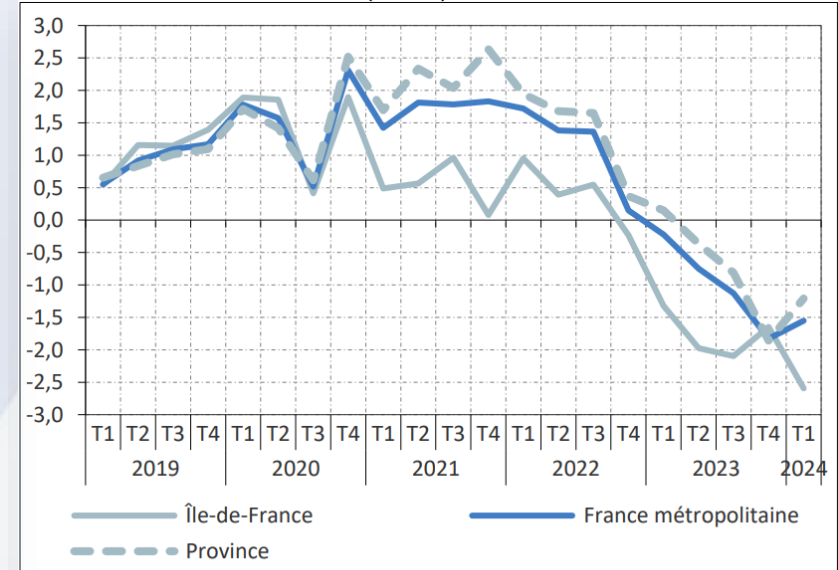
In the first Semester 2024, in the context of economic slowdown and political environment, rising interest rates and declining household purchasing power, the property market continued to be under pressure

- New housing starts and sales are at historically low levels.
- The rise in production costs and house prices remains high.
- In the existing home market, the volume of transactions is continuing to fall same as prices.

French home loan market remains sound

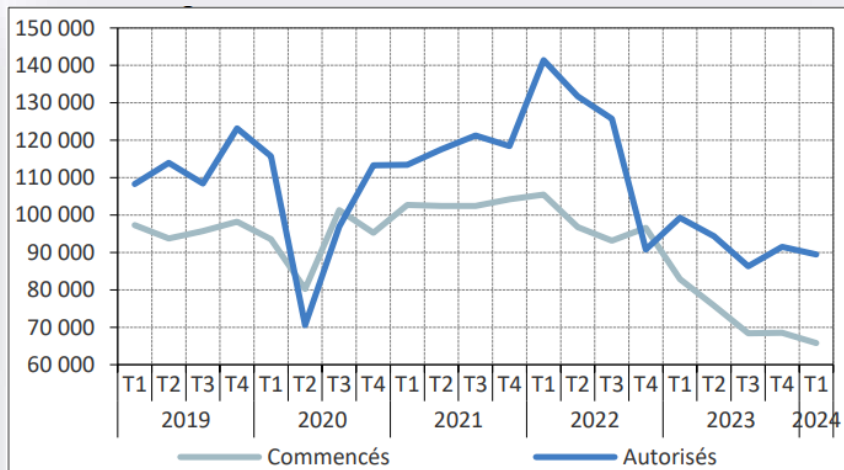
- Potential demand remains strong with a lower rate of home **ownership c.65%** of French households compared to other European countries 70% in the EU)
- **Structural housing deficit** accentuated by the reduction of the supply of new dwellings

Housing price in existing dwellings in France  
(in % Q/Q-1)



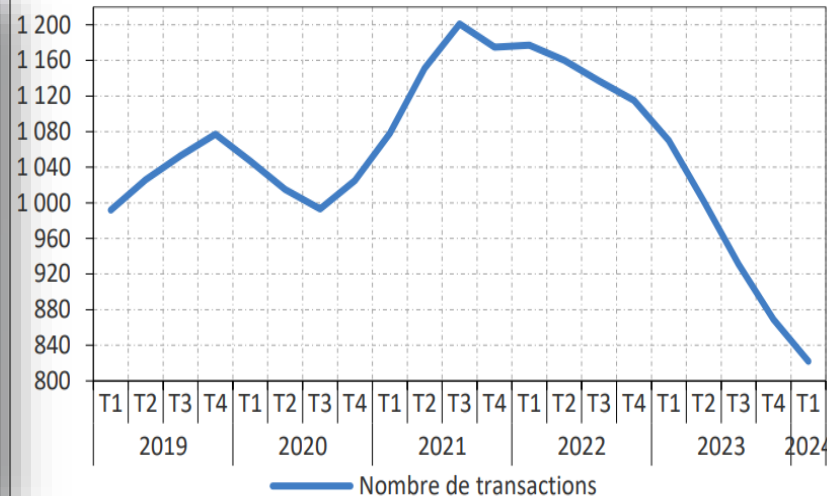
Source : Notaires-Insee, indice des prix des logements anciens

Housing starts and permits



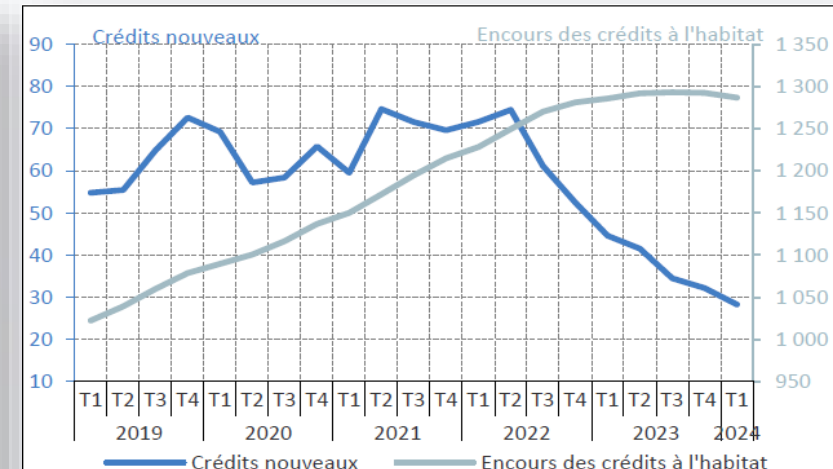
Source : SDES, Sitadel

Number of transaction in existing dwellings\*  
(in thousands)



\*Source : Statistical Data and Studies Department of the French Ministry of the ecological transition

Outstanding and monthly production of home loans  
(in €Bn)



Source : Banque de France

# Real estate market environment in France

*A market whose risk factors are under control*

## As at August 2024

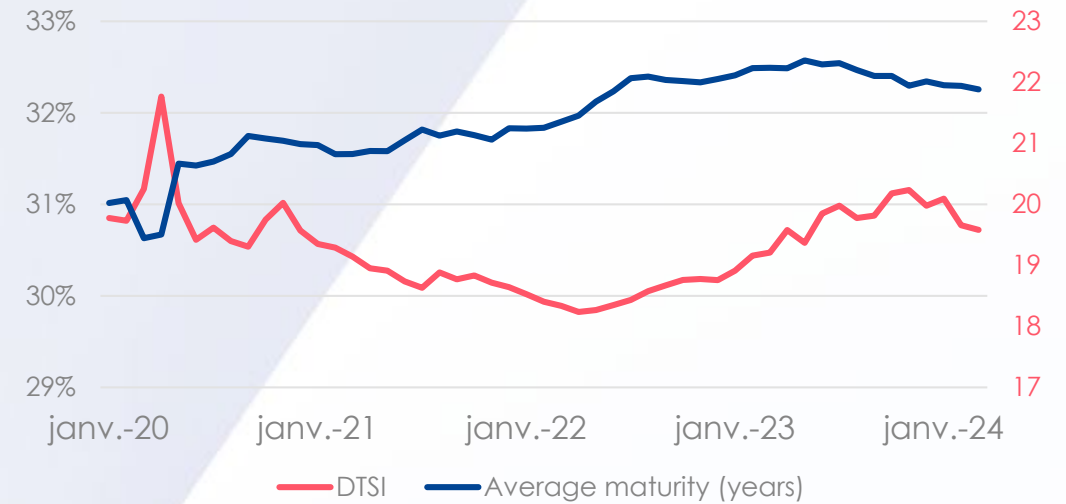
- Interest rate average : 3.62% vs 1.82% (08/2023)
- Average maturity: 20 years
- New business: -17,6% y-o-y

Competitive sector loan	Average loan (%)	15 years	20 years	25 years
December 2021	1.06	0.86	0.99	1.13
August 2022	1.82	1.71	1.85	1.96
December 2022	2.35	2.14	2.30	2.42
August 2023	3.78	3.72	3.92	4.08
December 2023	4.20	4.11	4.26	4.35
August 2024	3.62	3.51	3.54	3.63
December 2021	1.06	0.86	0.99	1.13
August 2021	1.82	1.71	1.85	1.96
December 2022	2.35	2.14	2.30	2.42
August 2023	3.78	3.72	3.92	4.08
December 2023	4.20	4.11	4.26	4.35
August 2024	3.62	3.51	3.54	3.63

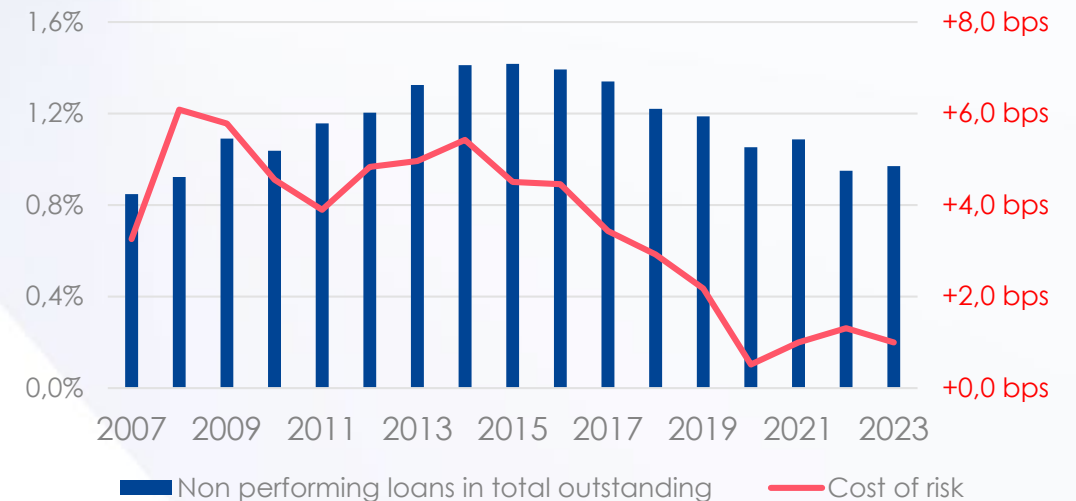
## Low default, a sign of contained risks as at December 2023

- 12-month default rate of 0.44% of outstanding loans
- NPL rate of 0.97% (+2bp compared to 2022)
- Cost of risk limited to 1bp in 2023, mitigating the risk of loss of income

DTSI and average maturity\*



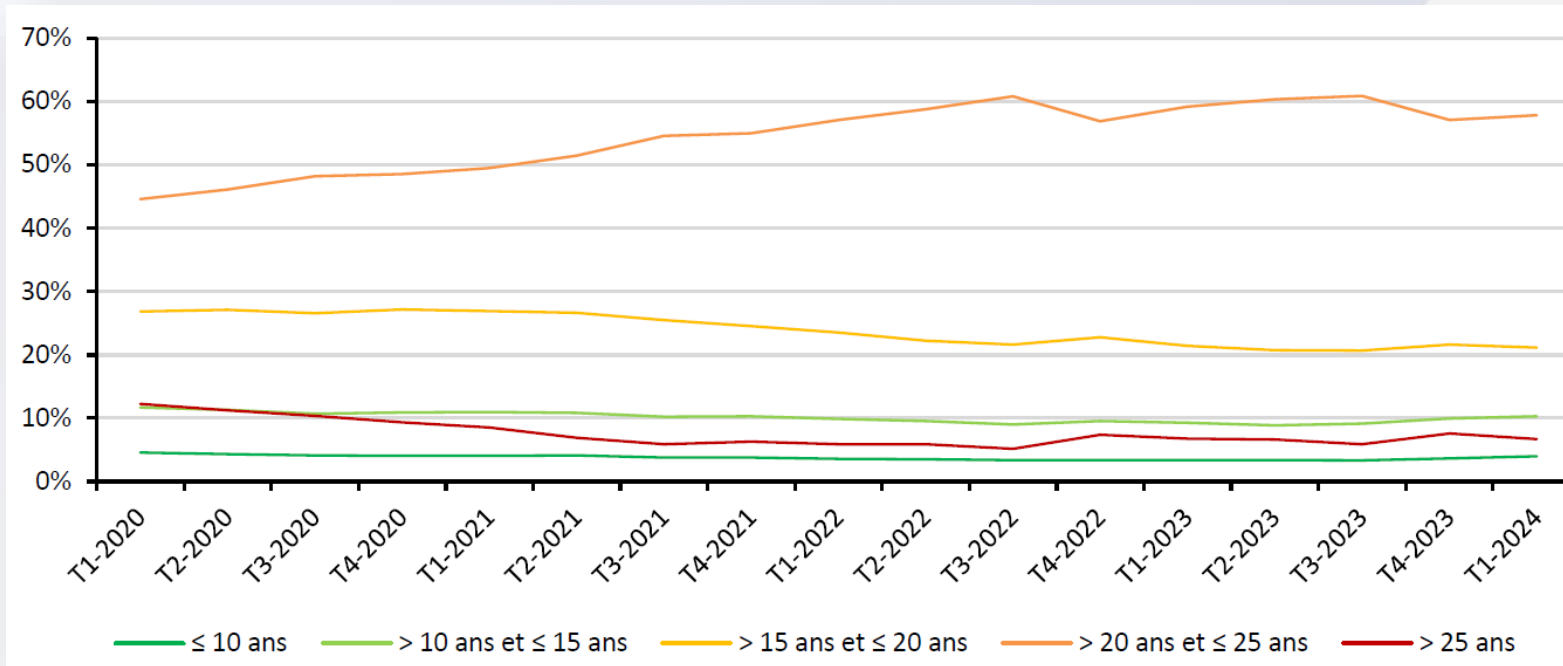
Non Performing Loan & cost of risk\*



\*Source : Banque de France

## — Real estate market environment in France

### Initial term (average and per tranche)



Source: Banque de France

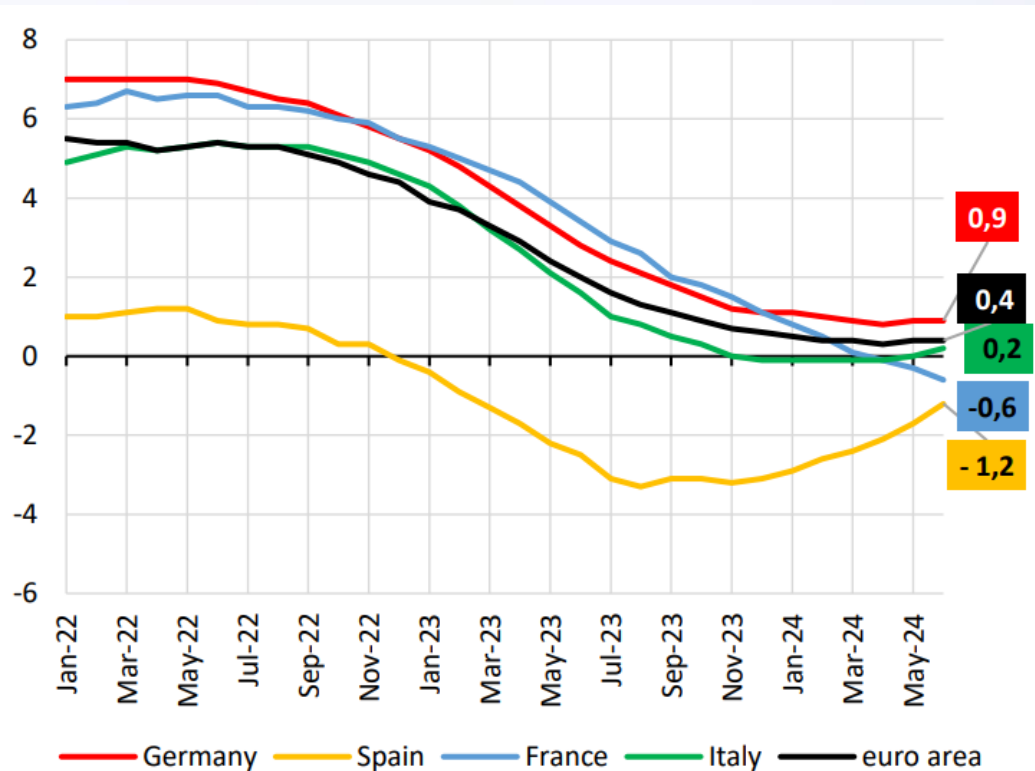
- The **average term** has risen sharply since 2020, although it is beginning to stabilize
- **Loans with minimum 20-year term** have accounted for more than **60% of new home loan production** (in terms of number of loans) since the end of 2020, and almost two-thirds in recent months. **Loans with a term of less than 10 years** are marginal (less than 5%).

# French real estate market vs European market

— Banque de France report as of june 2024

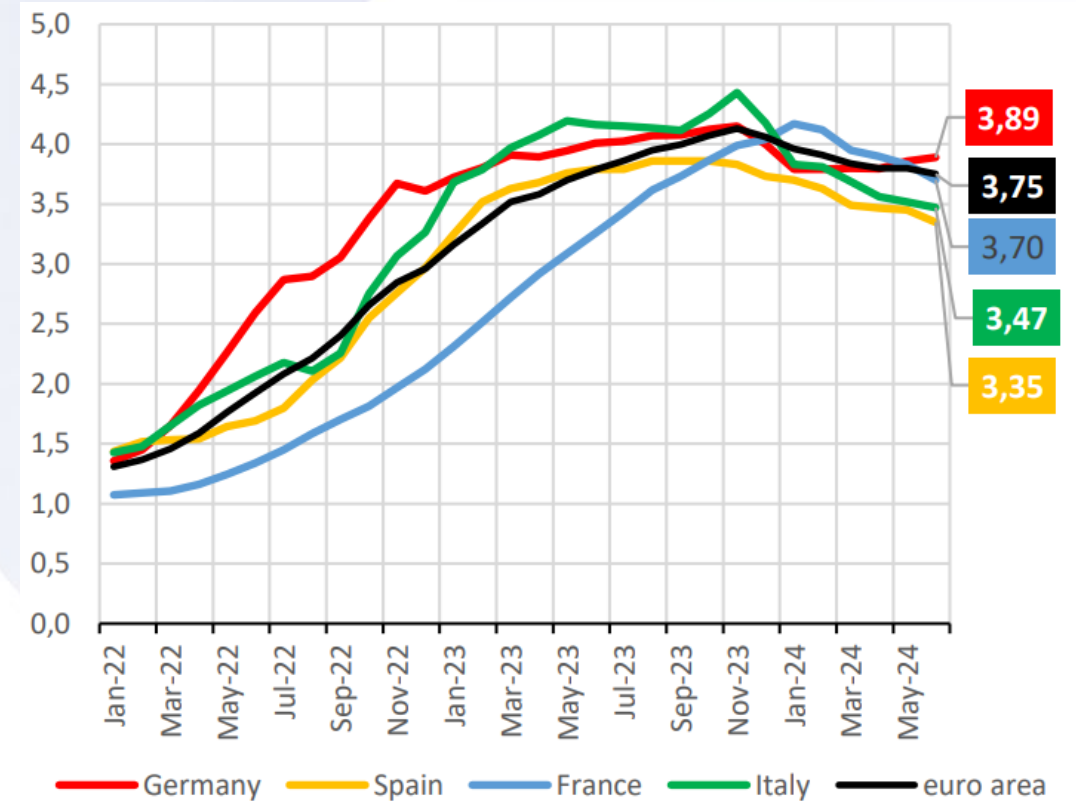
*Home loans in France are still the most plentiful and cheapest in Europe*

**Euro zone: Annual growth rate of outstanding home loans (%)**



Source: ECB

**Euro zone: Interest rates on new housing loans**  
(overall effective rate including fees and insurance – in %)



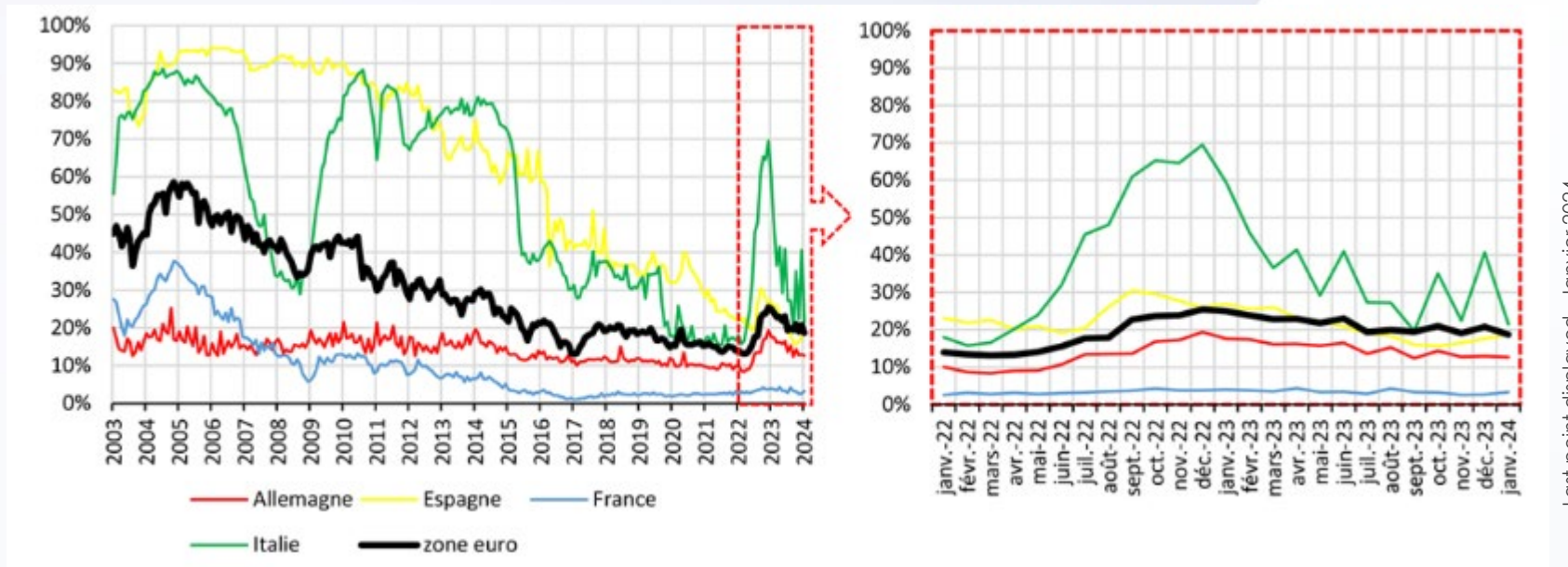


# French real estate market vs European market

Banque de France report as of january 2024

*Predominance of fixed rates in France : a resilience factor*

## Mortgages: share of variable-rate mortgages in new mortgages



Source: ECB

Fixed rates still dominate in France, approaching **99% of total outstanding loans** at the end of 2023, compared with 75% in the eurozone.

# Appendices

- 2024-2027 Strategic Plan
- Deposit & Loans of Crédit Mutuel Alliance Fédérale
- Focus societal dividend



# 2019-2023 Strategic Plan

Major catalyst for development and transformation to achieve sustainable and responsible performance



## Financial targets

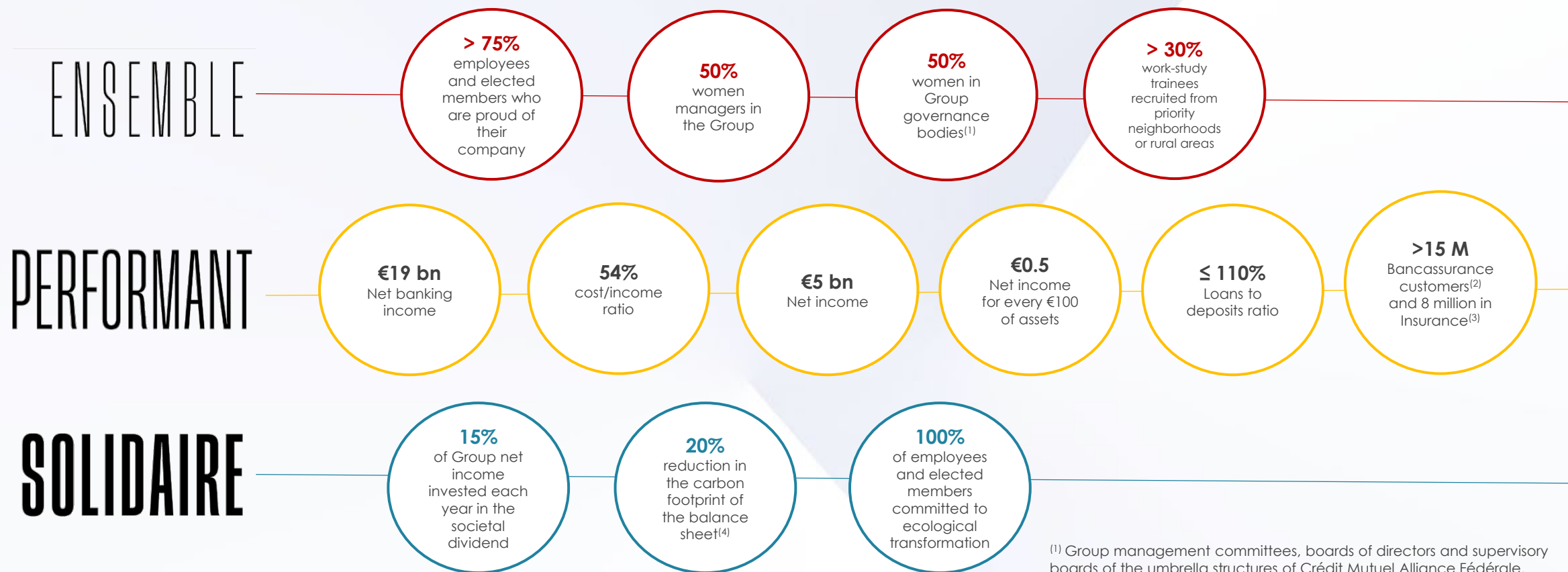
	2023	PMT objectives
Revenues	€16.1 bn	€14.6bn
Cost/income ratio	57.1%	61%
Net profit/(loss)	€4.1 bn	> €3bn
Return on regulatory assets	1.42%	b/w 1.2% and 1.4%
CET1	18.5%	b/w 17% and 18%

## Social and mutualist ambitions

	2023	PMT objectives
Employees trained in transformation	97.5%	100%
Gender equality in management and governance positions	44.5% 36%	50%
Membership rate	82.3%	>90%
Reduction of the group's carbon footprint	-30.4%	-30%
Increase in funding for projects with a high climate impact	+79.6%	+30%
Reduction in the carbon footprint of the customer portfolio	-57.6%	-15%

## — 2024-2027 strategic plan

*Stepping up its development ambitions to put its financial performance to work for the benefit of society*



<sup>(1)</sup> Group management committees, boards of directors and supervisory boards of the umbrella structures of Crédit Mutuel Alliance Fédérale. Average target for the Group. The individual objectives of each entity take into account the reality of the labor market for that activity

<sup>(2)</sup> Scope of French network

<sup>(3)</sup> Customers with a major product

<sup>(4)</sup> Scope: all loan and investment portfolios

# Customers loans

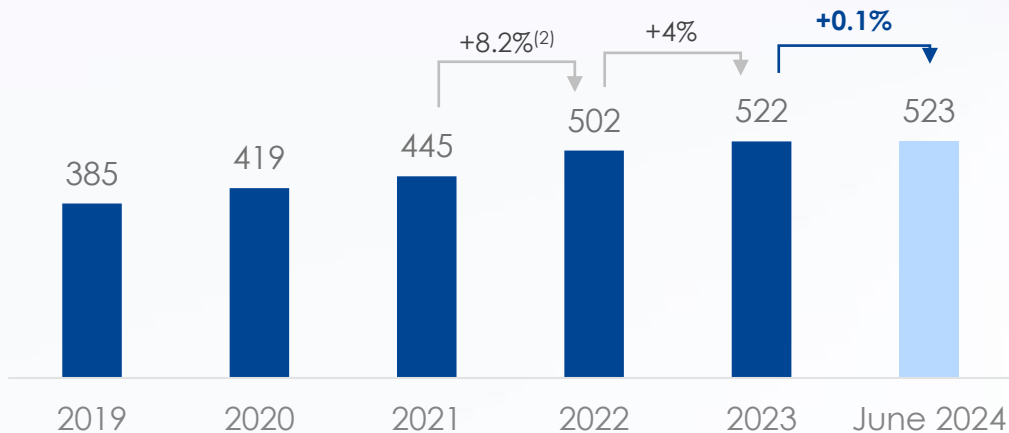
Stable outstandings in the first half of the year despite a sharp fall in new loans

- **Outstanding loans up 2.4%** y-o-y and +0.1% since end-2023
- **Growth in outstanding loans remains positive** for the main loan categories despite the **net slowdown in new lending** in H2-2023
  - **Loan production** fall in H1-2024, particularly for **home loans** (-29.3%) and **investment loans** (-11.1%)
- **Loan structure stable** compared with previous semester

outstanding end of year, in €bn

	June 2024	June 2023	change
Home loans	264.1	258.1	+2.3%
Consumer loans	55.0	53.5	+2.8%
Equipment and leasing	142.7	138.0	+3.4%
Operating loans <sup>(1)</sup>	49.5	52.1	-5.1%
Others	11.2	8.3	+34.6%
<b>Customer deposits loans</b>	<b>522.5</b>	<b>510.1</b>	<b>+2.4%</b>

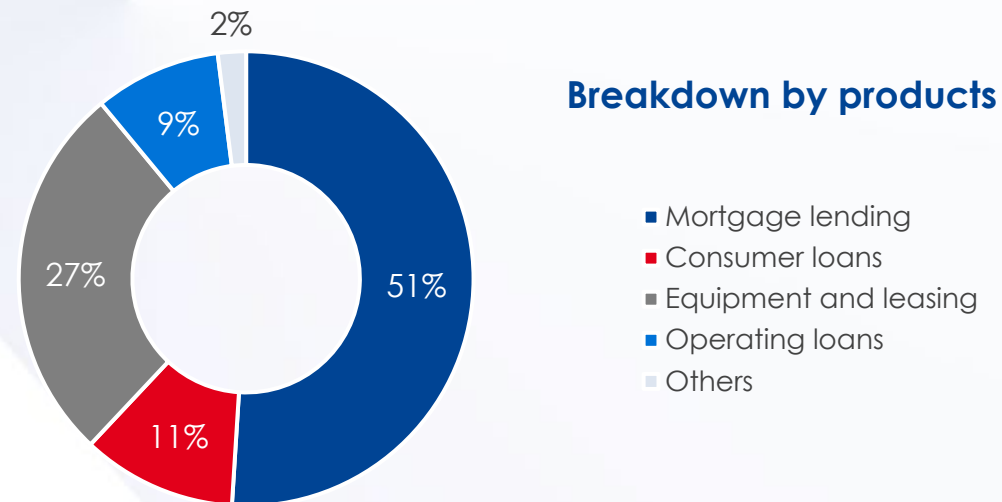
Evolution (in €bn)



(1) Current accounts in debit & cash flow loans

(2) 2022 change at constant perimeter

Breakdown by products



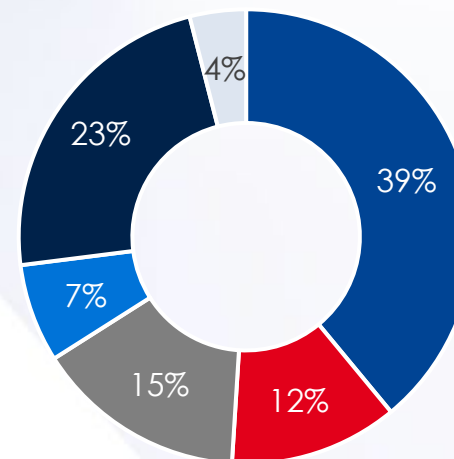
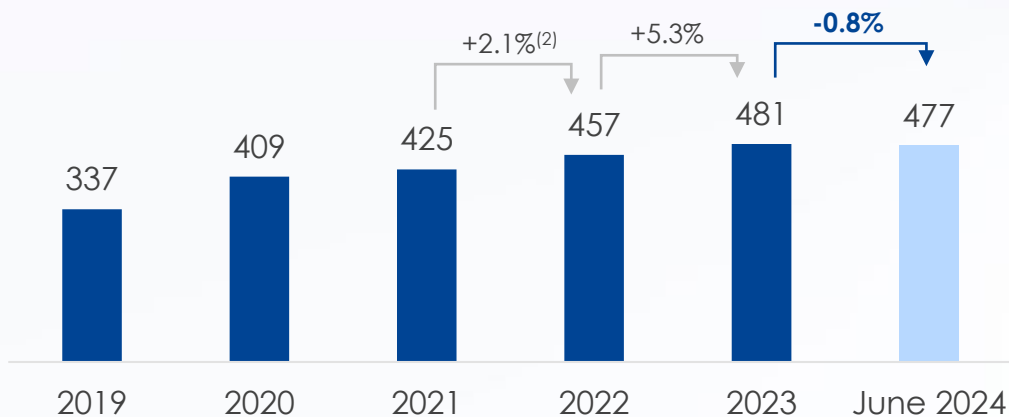
# Customer deposits

Outstanding deposits +3.7% yoy

- **Outstanding deposits up 3.7%** y-o-y and down slightly on December 2023 (-0.8%)
- **Significant inflows into Livret Bleu and Livret A** passbooks due to
  - continuation of favourable measures for regulated savings (higher remuneration for passbook vs savings accounts)
  - Preference for liquid and secure products due to financial environment
- **Negotiated deposits up 44%** y-o-y
- Continued **outflows from current accounts**, with a relative weighting of 39% (vs. 49% in 2022)

outstanding end of year, in €bn	June 2024	June 2023	change
Current accounts	188.3	197.2	-4.5%
Livrets Bleu & A	55.9	51.4	+8.8%
Other passbook accounts	69.7	75.2	-7.3%
Mortgage savings agreements	34.7	39.9	-13.0%
Term deposits <sup>(1)</sup>	112.1	77.6	44.4%
Others	16.8	19.2	-12.7%
<b>Customer deposits</b>	<b>477.4</b>	<b>460.5</b>	<b>+3.7%</b>

Evolution (in €bn)



Breakdown by products

- Current accounts
- Livrets Bleu & A
- Other passbook accounts
- Mortgage savings agreements
- Interest-serving deposits
- Others

(1) Term deposits and PEPs  
 (2) 2022 change at constant perimeter

# — Focus on the Societal Dividend

Putting financial performance to work for the benefit of the whole society



**15% of net income** allocated every year (€439 mn for 2023)

Allocation target: more than **€2.5bn by 2027**

**€415 mn<sup>(1)</sup>**

**Impact investments**  
through the Environmental and Solidarity  
Revolution Fund



**Focus on the acquisition of the Dambach forest**

- One of the biggest carbon sinks in the Grand Est region
- Enabling 23,000 tons of carbon to be sequestered a year
- Resources to be deployed to protect it (forest fires, proliferation of parasites, etc)

**€8 mn<sup>(2)</sup>**

**Services that benefit the community**

- **Renovation Advance Loan** (0%, no fee)
- **0% bicycle loan** and **0% student loan**
- **100% solidarity banking package** to support local cultural and sport associations
- **Facil'accès** for customers in financial difficulty, with an account at €1 net per month and no incident fees
- **Press offer** for under 26 years old

**€68 mn in 2023**  
**€56 mn in HY 2024**

**Sponsorship**



- **To preserve nature and the living world**
- **To fight against precariousness**
  - €137k and €300k to CRESUS Fondation and FNSF<sup>(3)</sup>
- **To fight against inequalities**
  - €4 mn to 66 associations for disability projects



(1) As of 30/06/2024, €363 mn were allocated as of 31/12/2023

(2) As of 31/12/2023

(3) FNSF - Fédération Nationale Solidarité Femmes

## — Contacts



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