



INTERIM FINANCIAL REPORT
JUNE 30, 2023

Crédit  Mutuel
Home Loan SFH

DISSEMINATION OF INFORMATION

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

<https://www.creditmutuel-homeloansfh.eu/en/index.html>



A French joint-stock company (*société anonyme*) with share capital of €220,000,000

Registered office: 6 avenue de Provence, 75452 Paris Cedex 9

Paris Trade and Companies Register No. 480 618 800

Person responsible for the interim financial report
Eric CUZZUCOLI - Chief Executive Officer

Certification of the person responsible for the interim financial report

I certify, that, to the best of my knowledge, the condensed financial statements for the six months just ended 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 interim activity report gives a true and fair view of the key events that occurred during the first half of the year, of their impact on the financial statements, of the main transactions between related parties, as well as a description of the main risks and uncertainties the company faces in the second half of the year.

Paris, 24 July 2023

Eric CUZZUCOLI
Chief Executive Officer

Crédit Mutuel
Home Loan SFH

A French limited company (*société anonyme*) with share capital of €220,000,000
Registered office: 6 avenue de Provence, 75452 Paris Cedex 9
Paris Trade and Companies Register No. 480 618 800

**MANAGEMENT REPORT OF THE BOARD OF DIRECTORS
INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2023**

July 2023

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I. COMPANY STATUS AND ACTIVITIES

Crédit Mutuel Home Loan SFH was licensed by the French Credit Institutions and Investment Firms Committee (*Comité des établissements de crédit et des entreprises d'investissement* - CECEI) at its meeting on May 31, 2007. At its meeting on March 28, 2011, the 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 contribute to the refinancing of Crédit Mutuel Alliance Fédérale. As such, US144A documentation was prepared in 2012 to enable the company to reach new investors in the United States.

1. KEY EVENTS DURING THE FIRST SIX MONTHS OF THE YEAR

After a turbulent 2022, a breeze of optimism blew through the first part of 2023, barely disturbed by the spring banking crisis (bankruptcy of US regional banks and forced takeover of Crédit Suisse by UBS). Indeed, despite the continuing rise in interest rates in the face of falling but persistent inflation, financial markets saw record activity in terms of volume, with volatility down overall.

The crisis of confidence in the banks now seems to have been forgotten, as renewed investor confidence has given the banks massive and regular access to the debt market, enabling them to cope with the end of central banks' accommodating policies.

Against this backdrop, the covered bond market has been very active, as it remains the preferred instrument for banks to replace maturing TLTRO refinancing. Primary supply of covered bonds reached record levels of €137 billion in the first half, €20 billion more than at the same time last year. The market also expects total supply for 2023 to reach €190 billion. Indeed, rising interest rates fueled the appetite of investors and bond funds, which benefited from large inflows of subscriptions.

SFH took advantage of these buoyant conditions to issue €3.5 billion, bringing forward its €5 billion 2023 program. However, the strong supply in the market caused spreads and issue premiums to widen.

We therefore carried out the following issues:

- €1,750 million SFH 4-year "long" at MS+15, *i.e.* a coupon of 3.125%
- €750 million SFH 10 years at MS+32, *i.e.* a coupon of 3.125%
- €1,000 million SFH 6 years at MS+26, *i.e.* a coupon of 3.25%

In addition, in order to partially offset the end of ACCs as eligible collateral for the central bank, we issued €2 billion retained covered-bond:

- €1,000 million SFH 10 years at MS+33, *i.e.* a coupon of 3.36%
- €1,000 million SFH 12 years at MS+38, *i.e.* a coupon of 3.42%

Outstanding SFH retained are now €6 billion. We reserve the right to increase this amount if necessary in the future, in order to maintain a sufficient volume of ECB-eligible collateral.

2. FUTURE OUTLOOK

For the second half of the year, we plan to complete our program with one or two issues to reach our target of €5 billion in 2023 production.

Of course, we reserve the right to issue more should this prove necessary in our refinancing strategy.

3. KEY EVENTS BETWEEN THE END OF THE REPORTING PERIOD AND THE DATE OF THIS REPORT

Not applicable.

4. BRANCHES

As of June 30, 2023, the company had no branches.

5. 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.

6. EMPLOYEE SHARE OWNERSHIP

Not applicable.

7. OWNERSHIP

Crédit Mutuel Home Loan SFH is a 99.99%-owned subsidiary of Banque Fédérative du Crédit Mutuel.

Readers are reminded that the company has no employees.

II. RESULTS, FINANCIAL POSITION AND DEBT

1. STATEMENT OF FINANCIAL POSITION

a. ASSETS

ASSETS (€ millions)	Note	2023 June 30	2022 June 30
Cash, central banks			
Government securities and similar instruments			
Receivables due from credit institutions	2	33,723.9	29,878.7
Client transactions			
Bonds and other fixed-income securities			
Equities and other variable-income securities			
Investments in subsidiaries and other long-term investments			
Investments in associates			
Lease and similar transactions			
Intangible assets			
Property, plant and equipment			
Subscribed capital not paid			
Treasury shares			
Other assets	3	3.9	3.8
Accruals	4	99.8	88.5
Total assets		33,827.5	29,971.0
Off-statement of financial position items		2023 June 30	2022 June 30
Commitments received			
Financing commitments			
Commitments received from credit institutions			
Guarantee commitments			
Commitments received from credit institutions	10	43,001.1	35,001.3
Securities commitments			
Optional repurchase agreements			
Other commitments received			

b. LIABILITIES

LIABILITIES	Note	2023	2022
(€ millions)		June 30	June 30
Central banks			
Due to credit institutions			
Client transactions			
Debt securities	5	30,827.3	26,447.5
Other liabilities	3	2,610.8	3,150.0
Accruals	4	100.2	88.6
Provisions			
Subordinated debt	6	60.6	60.1
Fund for general banking risks			
Shareholders' equity	7	228.6	224.8
- Subscribed capital		220.0	220.0
- Issue premiums			
- Reserves		2.7	2.3
- Revaluation reserve			
- Regulated provisions			
- Retained earnings			
- Profit (loss) for the period		5.9	2.5
Total liabilities		33,827.5	29,971.0
<hr/>			
Off-statement of financial position items		2023	2022
		June 30	June 30
<hr/>			
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			
Optional resale agreements			
Other commitments given			

Liabilities mainly consist of securities issued by SFH.

In addition, the "Other liabilities" item represents collateral offered by BFCM to cover regulatory liquidity requirements at 180 days. This item totaled €2,600 million at June 30, 2023.

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

The off-statement of financial position assets of €43 billion correspond to home loans offered as collateral by SFH's providers of collateral.

c. PROFIT/(LOSS)

(€ millions)	Note	2023 June 30	2022 June 30
+ Interest and similar income	13	248.9	144.5
+ Interest and similar expense	13	(240.0)	(140.6)
+ Income from variable-income securities			
+ Fee and commission income			
+ Fee and commission expense			
+/- Gains (losses) on trading portfolio transactions		(0.1)	(0.1)
+/- Gains (losses) on investment portfolio and similar transactions			
+ Other banking operating income			
+ Other banking operating expense			
= Net banking income		8.8	3.8
+ Employee benefits expense			
+ Other administrative expenses		(0.9)	(0.5)
+ Depreciation and amortization			
= Operating expenses		(0.9)	(0.5)
= Gross operating income		7.9	3.3
+ Cost of risk			
= Operating income		7.9	3.3
+/- Gains (losses) on non-current assets			
= Income before non-recurring items		7.9	3.3
+/- Non-recurring items			
+ Corporate income tax	14	(2.0)	(0.8)
+/- Movements in fund for general banking risks			
+/- Movements in regulated provisions			
= Net profit/(loss)		5.9	2.5

Net income for the first half of 2023 was €5.9 million, compared with €2.5 million at end-June 2022.

d. STATEMENT OF NET CASH FLOWS

(€ thousands)	6/30/2023	6/30/2022
Net profit	5,874	2,457
Tax	2,027	820
Profit/(loss) before tax	7,901	3,277
+/- Net depreciation and amortization of property, plant and equipment and intangible assets		
- Impairment of goodwill and other non-current assets		
+/- Net charges to provisions		
+/- Share of profit/(loss) of equity-consolidated companies		
+/- Net loss/gain from investing activities		
+/- Expense from financing activities		
+/- Other movements	-6,384	-2,738
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	-6,384	-2,738
+/- Cash flows relating to transactions with credit institutions	-3,442,746	-2,827,658
+/- Cash flows relating to client transactions		
+/- Cash flows relating to other transactions affecting financial assets and liabilities		
+/- Cash flows relating to other transactions affecting non-financial assets or liabilities	-393,321	610,881
- Tax paid	-1,786	-1,014
= Net decrease in assets and liabilities from operating activities	-3,837,853	-2,217,791
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	-3,836,336	-2,217,252
+/- Cash flows relating to financial assets and investments		
+/- Cash flows relating to investment property		
+/- Cash flows relating to property, plant and equipment and intangible assets		
TOTAL NET CASH FLOWS RELATING TO INVESTING ACTIVITIES		
+/- Cash flows relating to transactions with shareholders	-6,160	-4,400
+/- Other net cash flows relating to financing activities	3,850,000	2,221,010
TOTAL NET CASH FLOWS RELATING TO FINANCING ACTIVITIES	3,843,840	2,216,610
IMPACT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		
Net increase in cash and cash equivalents	7,500	-642
Net cash flows from operating activities	-3,836,340	-2,217,252
Net cash flows relating to investing activities		
Net cash flows relating to financing activities	3,843,840	2,216,610
Impact of changes in exchange rates on cash and cash equivalents		
<u>Cash and cash equivalents at beginning of period</u>	<u>278,858</u>	<u>277,862</u>
Cash, central banks and postal checking accounts		
Demand loans and accounts at credit institutions	278,858	277,862
<u>Cash and cash equivalents at end of period</u>	<u>286,358</u>	<u>277,166</u>
Cash, central banks and postal checking accounts		
Demand loans and accounts at credit institutions	286,358	277,166
CHANGE IN NET CASH AND CASH EQUIVALENTS	7,500	-642

e. COVER POOL

Collateral for secured loans consists of a portfolio of receivables made up entirely of mortgage-backed receivables, totaling €43,001,063,852 at June 30, 2023.

The main characteristics of the home loan portfolio recognized at June 30, 2023, based on the principal amount outstanding at May 31, 2023, were as follows:

	5/31/2023
Total principal amount outstanding	43,001,063,852
Average principal amount outstanding	104,586
Number of loans	411,155
Number of borrowers	361,258
Average age of loans (months)	63
Average residual maturity (months)	186
Proportion of fixed-rate loans	98.71%
Average interest rate on fixed-rate receivables	1.29%
Average interest rate on variable-rate receivables	2.78%

Breakdown by type of security		
Type of security	Total principal amount outstanding	Proportion by type of security
Crédit Logement guarantee	€12,648,026,753	29%
First-rate mortgage or lender's priority lien	€30,353,037,099	71%
TOTAL	€43,001,063,852	100%

Breakdown by type of loan		
Type of loan	Total principal amount outstanding	Number of loans
Standard	€39,033,968,688	364,561
Home savings plans/accounts	€5,485,037	1,412
Interest-free loans	€0	-
Low-income housing loans	€2,703,863,864	33,043
Regulated loans	€1,257,746,263	12,139
TOTAL	€43,001,063,852	411,155

Breakdown by number of loans in arrears		
Number of monthly repayments missed	Total principal amount outstanding	Number of loans
0	€43,001,063,852	411,155
> 0		
TOTAL	€43,001,063,852	411,155

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 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 articles of association: 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 the Crédit Mutuel Alliance Fédérale banks, 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 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 maturity dates of amounts due to suppliers. In the case of Crédit Mutuel Home Loan SFH, these amounts are negligible.

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

The sole corporate purpose of Crédit Mutuel Home Loan SFH is to contribute to the refinancing of Crédit Mutuel Alliance Fédérale 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.

1. CREDIT AND COUNTERPARTY RISK

Due to its limited corporate purpose, Crédit Mutuel 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 Crédit Mutuel Alliance Fédérale, 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.513-6 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	26,026	61%	61%
B	11,676	27%	88%
C	3,688	9%	96%
D+	535	1%	97%
D-	938	2%	100%
E+	138	0%	100%
E-	-	0%	100%
E=	-	0%	100%
F	-	0%	100%
TOTAL	43,001	100%	

(1) Outstandings at 5/31/2023 shown as guarantee commitments received in SFH's financial statements at 6/30/2023

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	30,353
Guarantees provided by a credit institution	12,648
TOTAL	43,001

(1) Outstandings at 5/31/2023 shown as guarantee commitments received in SFH's financial statements at 6/30/2023

All guaranteed loans are secured by Crédit Logement.

The present LTV (ratio of the principal amount outstanding to the present value of the assets) of these loans is 60% on average.

2. INTEREST RATE, FOREIGN EXCHANGE AND MARKET RISK

Interest rate risk

Crédit Mutuel 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 and for the same terms (plus 10% of the margin generated relative to an unsecured issue, with a minimum of 2bp). 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 99%) of the cover pool assets are fixed-rate loans, and these assets are matched to liabilities by fixed-rate issues in the same proportion. The average interest rate of the cover pool (1.60% at May 31, 2023) and the average interest rate of bonds issued (1.51% at May 31, 2023) are monitored monthly. The overcollateralization rate resulting from the Asset Cover Test calculation 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. This highlights the interest-rate sensitivity (plus or minus 200bp) of these two large volumes. SFH can easily bear this impact given its equity and overcollateralization.

Foreign exchange risk

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

- At the reporting date, Crédit Mutuel Home Loan SFH's foreign currency issues were limited to:

Nominal amount in foreign currency	Foreign currency	Equivalent nominal amount in euros	Issue date	Maturity date
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 Home Loan SFH to enter into specific foreign currency swaps with counterparties that must meet detailed 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, hedging swaps have been set up. BFCM has the necessary rating level and so is the counterparty to these swaps. It meets the following ratings-based eligibility criteria provided for in the issue program documentation: 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 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 Home Loan SFH's ability to raise funds in the bond market.

3. LIQUIDITY RISK

Crédit Mutuel 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 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 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.
- Fitch Ratings upgraded BFCM's short-term rating from F1 to F1+ on March 30, 2020. The use of the pre-maturity test is therefore no longer contractually required, but the decision was made to maintain the cash collateral for the 180-day regulatory liquidity requirements. The amount of this collateral was €2,600 million at June 30, 2023.

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

Crédit Mutuel Home Loan SFH does not have a cash shortfall within 180 days of June 30, 2023.

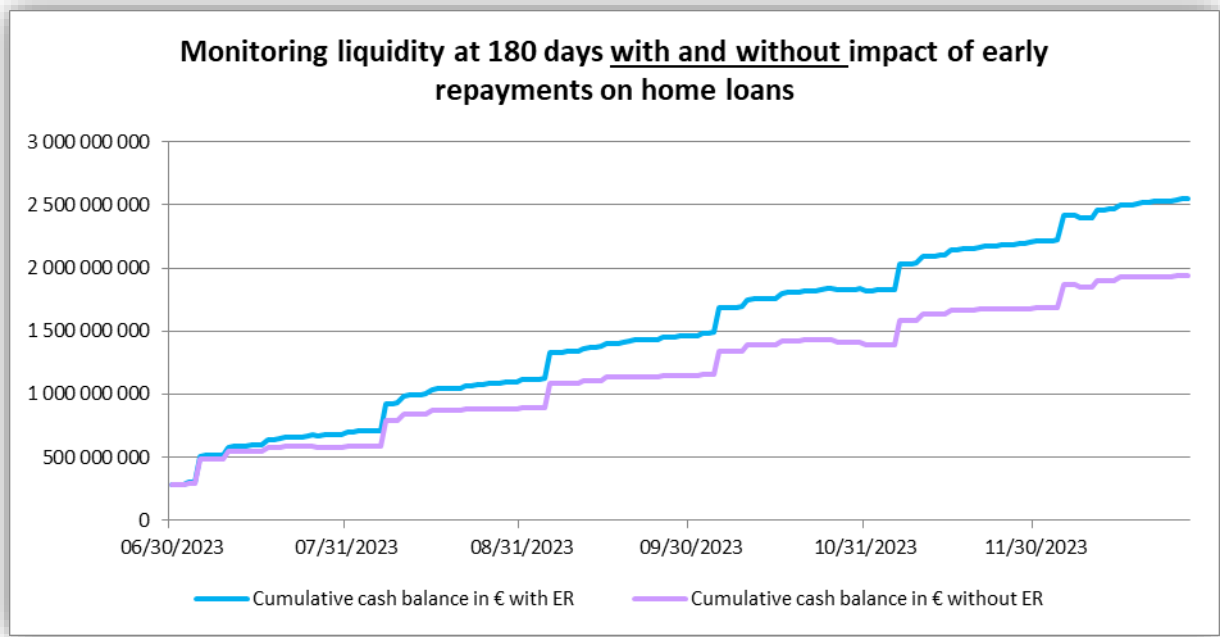
Total cash inflows in €	3,752,217,792
Total cash outflows in €	-1,487,404,914
Cash balance in € ⁽¹⁾	2,551,170,940

¹The cash balance at D+180 takes into account the initial balance of the current account of €286,358,062.

The graph below shows the projected liquidity situation with and without the impact of early repayments. In both cases, these situations do not give rise to a cash shortfall. Requirements at 180 days are covered.

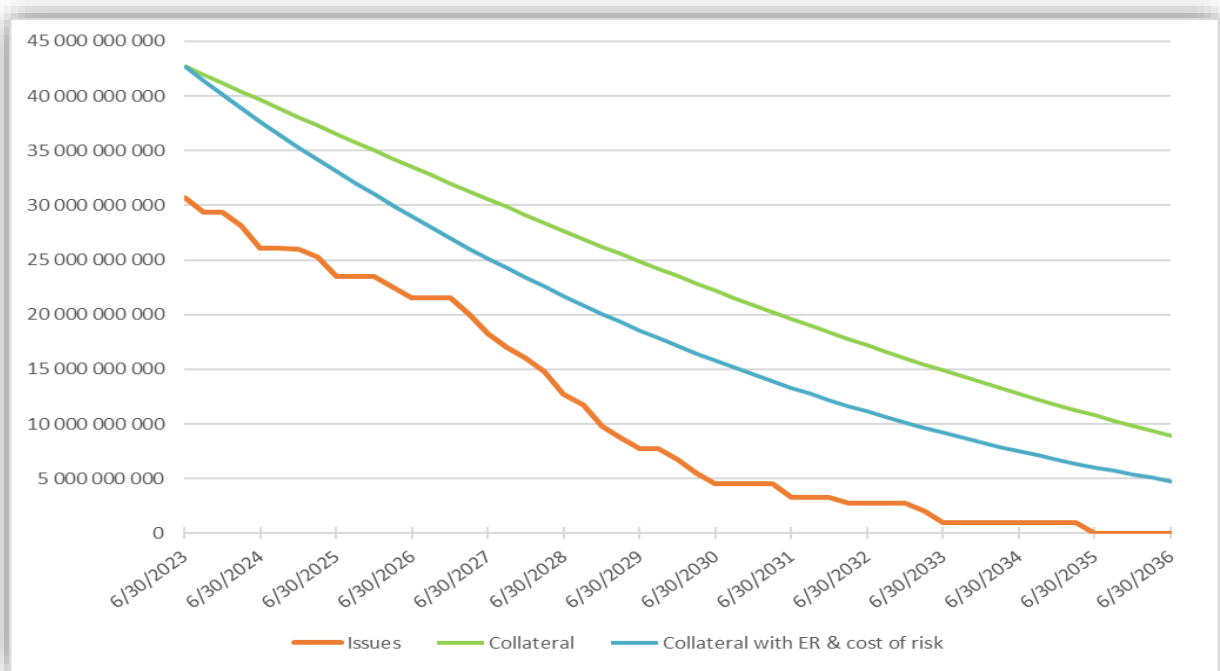
The amount corresponding to principal and interest redemptions on home loans before application of the early repayments rate amounts to €1,784,237,389.

The impact of early repayments is €613,760,421.



- 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 that at any given time the collateral is sufficient to cover issue maturities, including taking into account early repayments and the cost of risk.

- 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.

- The NSFR (Net Stable Funding Ratio) aims to ensure that assets and financing commitments considered at more than one year are financed by resources at more than one year. This one-year structural liquidity ratio is still respected, as SFH's assets and liabilities are backed and interdependent.

4. OPERATIONAL RISK

In line with its articles of association, Crédit Mutuel 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 Crédit Mutuel Alliance Fédérale, 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 Home Loan SFH's program.

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

More broadly, under the above-mentioned agreements, Crédit Mutuel Home Loan SFH receives assistance from Crédit Mutuel Alliance Fédérale for all its activities.

IV. RESEARCH AND DEVELOPMENT ACTIVITIES

In light of Article L.232-1 of the French Commercial Code, readers are informed that the company has not engaged in any research and development activity during the year under review.

V. APPENDICES

- 1. STATUTORY AUDITORS' REPORT ON INTERIM FINANCIAL INFORMATION**
- 2. FINANCIAL STATEMENTS**

Crédit Mutuel Home Loan SFH

**Statutory Auditors' report on interim
financial information**

(Period from January 1 to June 30, 2023)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
S.A.S. (French simplified limited company)
with capital of €2,510,460
Nanterre Trade and Companies
Register No.: 672 006 483

Statutory Auditor Member of the
Regional Association of Accountants
of Versailles and Centre

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)
Nanterre Trade and Companies
Register No. 483 476 913

Statutory Auditor Member of the
Regional Association of Accountants
of Versailles and Centre

Statutory Auditors' report on interim financial information

(Period from January 1 to June 30, 2023)

To the Shareholders
Crédit Mutuel Home Loan SFH
6 avenue de Provence,
75452 Paris Cedex 9

In fulfillment of the assignment entrusted to us by your Shareholders' meeting and pursuant to Article L.451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the interim financial statements of Crédit Mutuel Home Loan SFH for the period from January 1 to June 30, 2023, as appended to this report;
- verified the information provided in the interim activity report.

These interim financial statements were prepared under the responsibility of the Board of Directors. It is our duty, on the basis of our limited review, to report our conclusions on these financial statements.

I -Conclusions on the financial statements

We conducted our limited review according to auditing standards applicable in France.

A limited review primarily entails speaking with the members of management in charge of accounting and financial matters and applying analytical procedures. This review is less extensive than that required for an audit conducted according to auditing standards applicable in France. Therefore, the assurance obtained through a limited review that the financial statements as a whole are free of material misstatements is moderate and not as high as the assurance obtained through an audit.

Based on our limited review, we have not identified any material misstatements that could lead us to question, in accordance with French accounting rules and principles, that the interim financial statements are accurate and present a true and fair view of the company's assets, liabilities and financial position at the end of the half-year period and of its results for said period.

II - Specific verifications

We have also verified the information provided in the interim activity report regarding the interim financial statements covered by our limited review.

We have no comments regarding the fairness of this information and its consistency with the interim financial statements.

Signed in Neuilly-sur-Seine and Paris-La Défense, July 25, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit

ERNST & YOUNG ET AUTRES

Laurent Tavernier

Vanessa Jolivald

CREDIT MUTUEL HOME LOAN SFH

Statutory financial statements for the period ended JUNE 30, 2023

- Balance sheet
- Income statement
- Notes

STATUTORY FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

ASSETS (€ thousands)	Note	2023 June 30	2022 December 31
Cash, central banks			
Government securities and similar			
Receivables due from credit institutions	2	33,723,866	30,333,343
Client transactions			
Bonds and other fixed-income securities			
Equities and other variable-income securities			
Investments in subsidiaries and other long-term investments			
Investments in associates			
Lease and similar transactions			
Intangible assets			
Property, plant and equipment			
Subscribed capital not paid			
Treasury shares			
Other assets	3	3,865	3,033
Accruals	4	99,803	89,445
Total assets		33,827,533	30,425,821

Off-statement of financial position items		2023 June 30	2022 December 31
Commitments received			
Financing commitments			
Commitments received from credit institutions			
Guarantee commitments			
Commitments received from credit institutions	10	43,001,064	35,001,057
Securities commitments			
Optional repurchase agreements			
Other commitments received			

STATEMENT OF FINANCIAL POSITION

LIABILITIES (€ thousands)	Note	2023 June 30	2022 December 31
Central banks			
Due to credit institutions			
Client transactions			
Debt securities	5	30,827,272	27,044,342
Other liabilities	3	2,610,798	3,002,308
Accruals	4	100,174	89,860
Provisions			
Subordinated debt	6	60,640	60,375
Fund for general banking risks			
Shareholders' equity	7	228,650	228,936
- Subscribed capital		220,000	220,000
- Issue premiums			
- Reserves		2,671	2,343
- Revaluation reserve			
- Regulated provisions			
- Retained earnings		105	22
- Profit (loss) for the period		5,874	6,571
Total liabilities		33,827,533	30,425,821

Off-statement of financial position items	2023 June 30	2022 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		
Optional resale agreements		
Other commitments given		

INCOME STATEMENT

(€ thousands)	Notes	2023 June 30	2022 June 30
+ Interest and similar income	13	248,877	144,481.0
+ Interest and similar expense	13	(240,013)	(140,627.0)
+ Income from variable-income securities			
+ Fee and commission income			
+ Fee and commission expense			
+/- Gains (losses) on trading portfolio transactions		(93)	(58.0)
+/- Gains (losses) on investment portfolio and similar transactions			
+ Other banking operating income			
+ Other banking operating expense			
= Net banking income		8,771	3,796.0
+ Employee benefits expense			
+ Other administrative expenses		(870)	(519.0)
+ Depreciation and amortization			
= Operating expenses		(870)	(519.0)
= Gross operating income		7,900	3,277.0
+ Cost of risk			
= Operating income		7,900	3,277.0
+/- Gains (losses) on non-current assets		7,900	3,277.0
= Income before non-recurring items			
+/- Non-recurring items			
+ Corporate income tax	14	(2,027)	(820.0)
+/- Movements in fund for general banking risks			
+/- Movements in regulated provisions			
= Net profit/(loss)		5,874	2,457.0

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

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

Significant events during the period under review

In the first half of 2023, Crédit Mutuel Home Loan SFH issued €5.50 billion in EMTN bonds. Taking into account issues that had reached maturity, total issues on the statement of financial position were €30.7 billion at June 30, 2023.

Crédit Mutuel 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 *Autorité des normes comptables* (ANC - French Accounting Standards Authority) 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 exchange rate on the reporting date.

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 period.

Interest and commissions

Interest is recognized on the income statement on a *pro rata temporis* basis.

Commissions are recorded using the cash receipt criterion, with the exception of commissions relating to financial transactions, which are recorded at the close of the issue or when invoiced.

NOTE 2 - Receivables due from credit institutions

	June 30, 2023		December 31, 2022	
	Demand deposits	Term deposits	Demand deposits	Term deposits
Current accounts	286.4		278.9	
Loans and securities received under repurchase agreements (*)		33,264.1		29,821.3
Securities delivered under repurchase agreements				
Related receivables		173.4		233.2
Non-performing loans				
Impairment				
Total	286.4	33,437.5	278.9	30,054.5
Total receivables due from credit institutions		33,723.9		30,333.4

of which non-voting loan stock

of which subordinated loans

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

NOTE 3 - Other assets and liabilities

	June 30, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Premiums on options				
Guarantee deposits	3.9	2,600.0	3.0	3,000.0
Securities settlement accounts				
Debt representing securities borrowed				
Deferred tax				2.3
Other receivables and payables		10.8		
Receivables and related debt				
Impairment				
Total	3.9	2,610.8	3.0	3,002.3

NOTE 4 - Accruals

	June 30, 2023		December 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Collection accounts				
Currency and off-statement of financial position adjustment accounts	2.6	2.6	1.0	1.0
Other accruals	97.2	97.6	88.4	88.9
Total	99.8	100.2	89.4	89.9

Accrual accounts - liabilities mainly concern EMTN issue premiums.

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

NOTE 5 - Debt securities

	June 30, 2023	December 31, 2022
Certificates of deposit		
Interbank instruments and negotiable debt securities		
Bonds	30,664.1	26,821.3
Other debt securities		
Related liabilities	163.2	223.0
Total	30,827.3	27,044.3

Borrowings are in EUR and NOK

NOTE 6 - Subordinated debt

	December 31, 2022	Issues	Redemptions	Other changes	June 30, 2023
Subordinated debt					
Non-voting loan stock					
Perpetual subordinated debt	60.0				60.0
Related liabilities	0.4			0.2	0.6
Total	60.4			0.2	60.6

Main subordinated debt issues:

	OUTSTANDINGS	INTEREST RATE	MATURITY
PERPETUAL SUBORDINATED LOAN STOCK 2007	60.0	3-month Euribor + 1.41	**
TOTAL	60.0		

This is a "perpetual" subordinated loan in euros, with the option of early repayments (without payment conditions) at each interest payment date subject to approval by the ACPR.

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

	Share capital	Premiums	Reserves	Retained earnings	Profit (loss) for the period	Total	FRBG
Balance at January 1, 2022	220.0		2.1	0.1	4.6	226.8	
Profit (loss) for the period					6.6	6.6	
Appropriation of earnings from previous year			0.2	4.4	(4.6)		
Payment of dividends				(4.4)		(4.4)	
Capital increase							
Impact of revaluations							
Other changes							
Impact of the merger							
Balance at December 31, 2022	220.0		2.3	0.1	6.6	228.9	
Balance at January 1, 2023	220.0		2.3	0.1	6.6	229.0	
Profit (loss) for the period					5.9	5.9	
Appropriation of earnings from previous year			0.4	6.2	(6.6)	(0.0)	
Payment of dividends				(6.2)		(6.2)	
Capital increase							
Impact of revaluations							
Other changes							
Impact of the merger							
Balance at June 30, 2023	220.0		2.7	0.1	5.9	228.7	

At June 30, 2023, the share capital comprised 22,000,000 shares with a par value of €10 each.

BFCM held 99.99% of the capital of Crédit Mutuel Home Loan SFH at June 30, 2023.

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

NOTE 8 - Analysis of certain assets/liabilities by residual maturity

	< 3 months and Demand deposits	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Perpetual	Receivables related debt	Total at June 30, 2023
ASSETS							
Receivables due from credit institutions	4,270.4	3,274.2	13,365.5	12,813.9			33,723.9
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	1,377.1	3,274.0	13,365.0	12,811.1		30,827.3
- Other						
Subordinated debt					60.0	0.6
						60.6

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

The euro equivalent of foreign currency-denominated assets and liabilities was -€68.9 million and €68.9 million, respectively, at June 30, 2023.

NOTE 10 - Guarantee commitments

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

At June 30, 2023, the amount of this collateral was €43,001.1 million, *versus* €35,001.1 million at December 31, 2022.

NOTE 11 - 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	6/30/2023	12/31/2022
GROSS EXPOSURE		
Credit institution risk	32.2	25.3
Company risk		
TOTAL	32.2	25.3

Fair value of forward financial instruments	6/30/2023		12/31/2022	
	Assets	Liabilities	Assets	Liabilities
Fair value of forward financial instruments	1.7	1.7	4.0	4.0

NOTE 12- Other off-statement of financial position commitments

	6/30/2023	12/31/2022
Foreign currency transactions		
- Currencies receivable		
- 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	161.0	168.3
. Overall interest rate risk		
. Specialized management		

NOTE 13 - Interest income and expense

	June 30, 2023		June 30, 2022	
	Income	Expense	Income	Expense
Credit institutions	247.5	(29.7)	143.1	2.3
Customers				
Finance leases and operating leases				
Bonds and other fixed-income securities		(210.3)		(142.9)
Other	1.4		1.4	
Total	248.9	(240.0)	144.5	(140.6)
of which subordinated debt expense				

NOTE 14 - Corporate income tax

	June 30, 2023	June 30, 2022

Current income tax – Amount for the period	(2.0)	(0.8)
Current income tax – Prior-period adjustments		
Current income tax – Effect of tax consolidation		
Total	(2.0)	(0.8)
On ongoing operations	(2.0)	(0.8)
On non-recurring items		
Total	(2.0)	(0.8)

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

There are no loss carryforwards.

STATEMENT OF NET CASH FLOWS

(€ thousands)	6/30/2023	6/30/2022
Net profit	5,874	2,457
Tax	2,027	820
Profit before tax	7,901	3,277
+/- Net depreciation and amortization of property, plant and equipment and intangible assets		
- Impairment of goodwill and other current assets		
+/- Net charges to provisions		
+/- Share of profit/(loss) of equity-consolidated companies		
+/- Net loss/gain from investing activities		
+/- Expense from financing activities		
+/- Other movements	-6,384	-2,738
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	-6,384	-2,738
+/- Cash flows relating to transactions with credit institutions	-3,442,746	-2,827,658
+/- Cash flows relating to client transactions		
+/- Cash flows relating to other transactions affecting financial assets and liabilities		
+/- Cash flows relating to other transactions affecting non-financial assets or liabilities	-393,321	610,881
- Tax paid	-1,786	-1,014
= Net decrease in assets and liabilities from operating activities	-3,837,853	-2,217,791
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	-3,836,336	-2,217,252
+/- Cash flows relating to financial assets and investments		
+/- Cash flows relating to investment property		
+/- Cash flows relating to property, plant and equipment and intangible assets		
TOTAL NET CASH FLOWS RELATING TO INVESTING ACTIVITIES		
+/- Cash flows relating to transactions with shareholders	-6,160	-4,400
+/- Other net cash flows relating to financing activities	3,850,000	2,221,010
TOTAL NET CASH FLOWS RELATING TO FINANCING ACTIVITIES	3,843,840	2,216,610
IMPACT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		
Net increase in cash and cash equivalents	7,500	-642
Net cash flows from operating activities	-3,836,340	-2,217,252
Net cash flows relating to investing activities		
Net cash flows relating to financing activities	3,843,840	2,216,610
Impact of changes in exchange rates on cash and cash equivalents		
Cash and cash equivalents at beginning of period	278,858	277,862

Cash, central banks and postal checking accounts		
Demand loans and accounts at credit institutions	278,858	277,862
<u>Cash and cash equivalents at end of period</u>	<u>286,358</u>	<u>277,166</u>
Cash, central banks and postal checking accounts		
Demand loans and accounts at credit institutions	286,358	277,166
CHANGE IN NET CASH AND CASH EQUIVALENTS	7,500	-642