

Crédit Mutuel

Home Loan SFH

August 2021

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

BANQUE FÉDÉRATIVE
Crédit  Mutuel

- **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 (As of Dec. 2021)

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

- Major player in retail banking in France in terms of number of branches
- One of the major providers of home loans in France

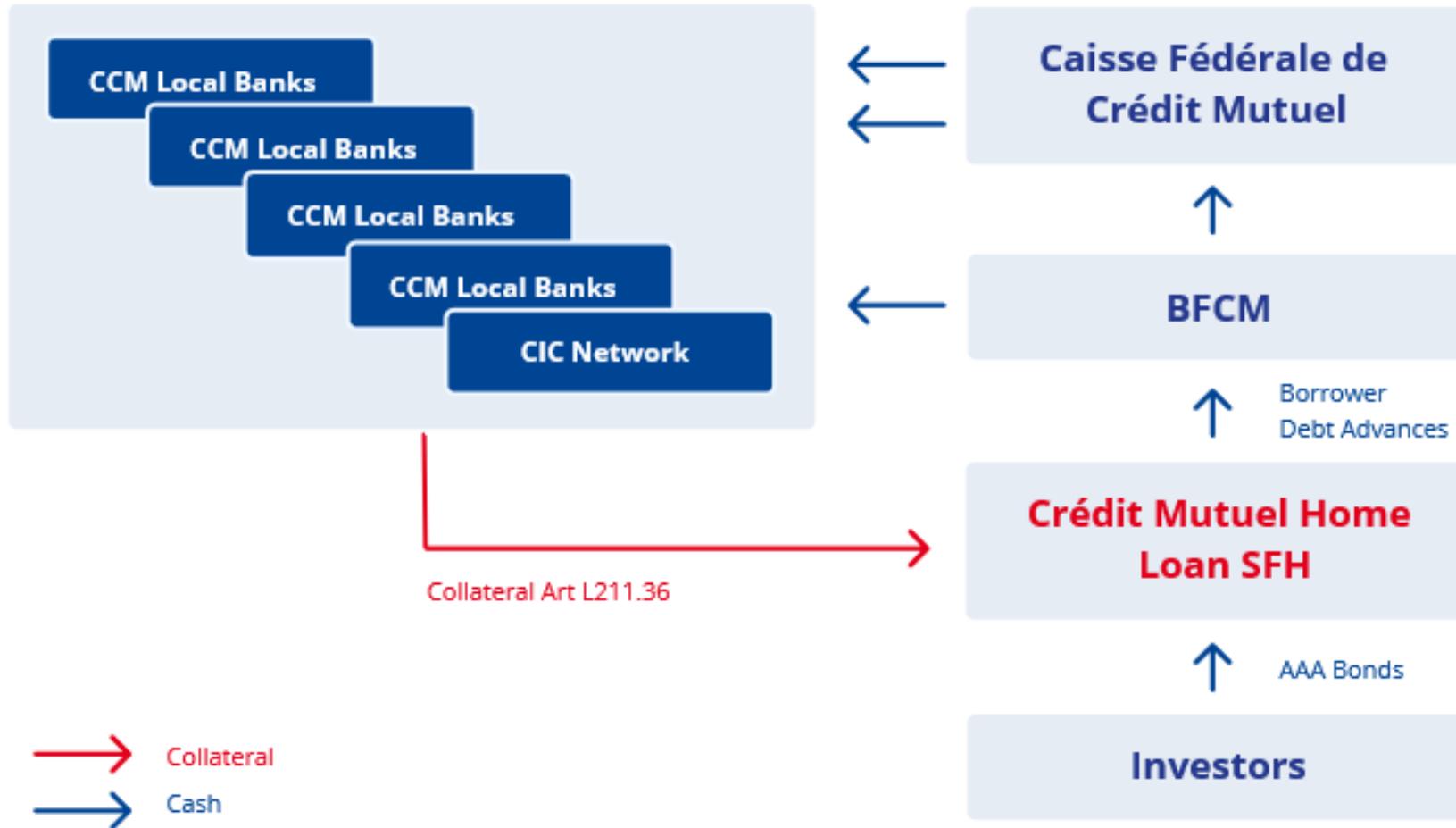
- **Crédit Mutuel Home Loan SFH (the “Issuer”)**

- Crédit Mutuel Home Loan SFH is a specialized French credit institution (établissement de crédit spécialisé) licensed and regulated by the regulator Autorité de Contrôle Prudentiel et de Résolution (ACPR)
- Full recourse obligation of the Issuer to BFCM
- 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
- A bankruptcy of BFCM cannot result in insolvency proceedings being extended to Crédit Mutuel Home Loan SFH

- **French Home Loan Cover Pool**

- Crédit Mutuel Alliance Fédérale French residential home loan portfolio, subject to Eligibility Criteria
- Prime residential mortgages and guaranteed home loans (“crédits cautionnés”)
- Weighted average indexed current LTV of 59%, weighted average seasoning of 70 months

OVERVIEW OF THE CRÉDIT MUTUEL HOME LOAN SFH PROGRAM



- **Prime residential mortgages and guaranteed home loans only**

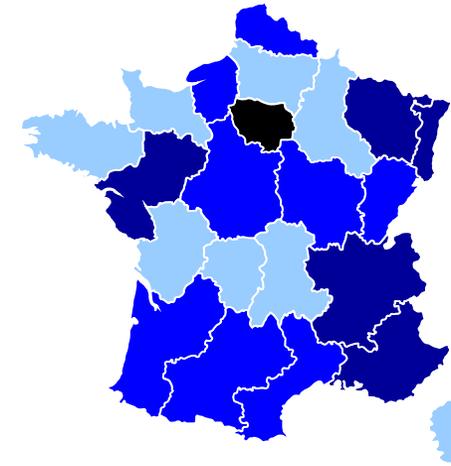
- no RMBS
- no securitization
- no substitution assets
- no loans in arrears in the cover pool

- **Cover Pool**

- Underlying properties exclusively located in France
- Only loans originated by the group's networks are eligible
- Restrictive eligibility criteria

- **Home Loan origination in every region of France**

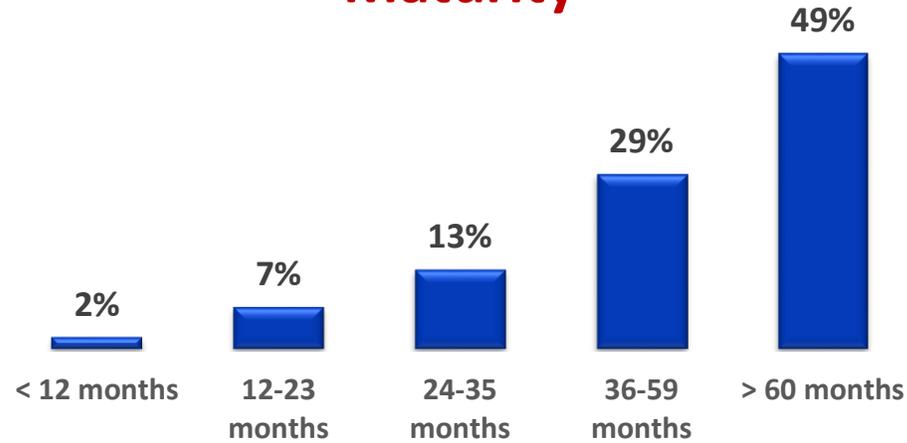
Cover pool % by region



Issuer	Crédit Mutuel Home Loan SFH
Program Size	€ 50bn
Ratings	Aaa (Moody's) / AAA (S&P) / AAA (Fitch)
Risik Weighting	ECBC + CRR / CRD4 compliant
Maturity Type	hard or soft bullet
Currency	any
Listing	Paris
Governing Law	french
Max. LTV	100% (with LTV cap at 80% for ACT)

Cover Pool	€35bn
Type	Prime French residential mortgages and guaranteed
Number of loans	386,736
WA Current LTV	65%
WA Indexed LTV	59%
Seasoning	70 months
Interest Type	97% fixed, 3% floating and indexed
Max. loan amount	€ 1,000,000
Collateralisation	69% mortgages, 31% guaranteed

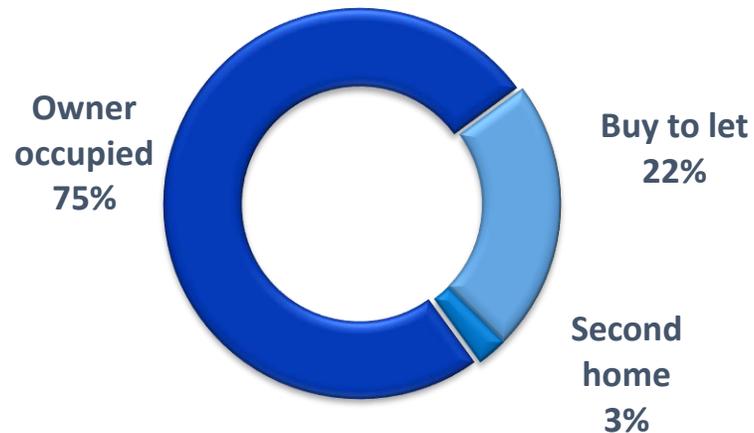
Maturity



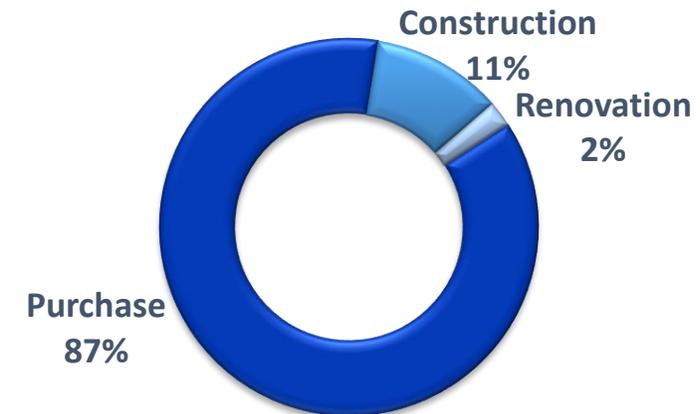
Property type



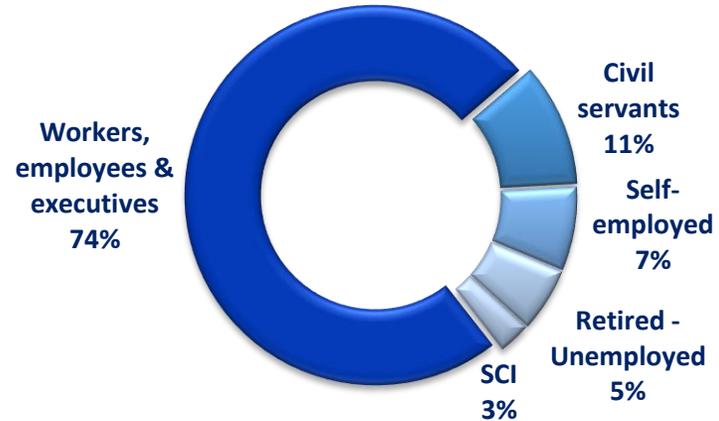
Occupancy



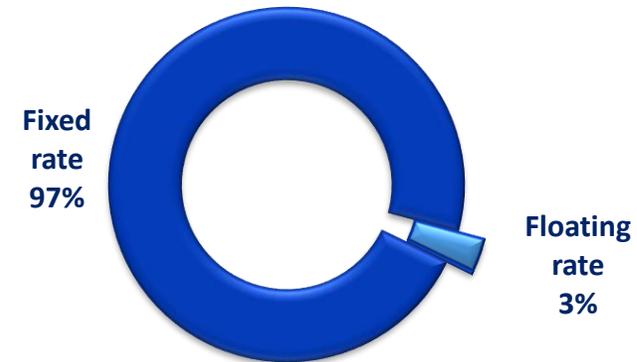
Loan Purpose



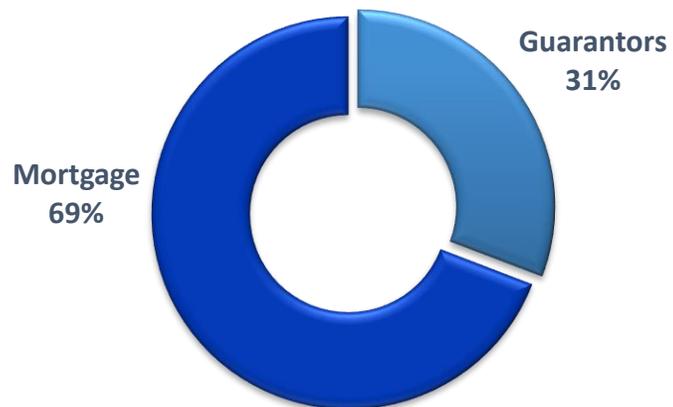
Employment type



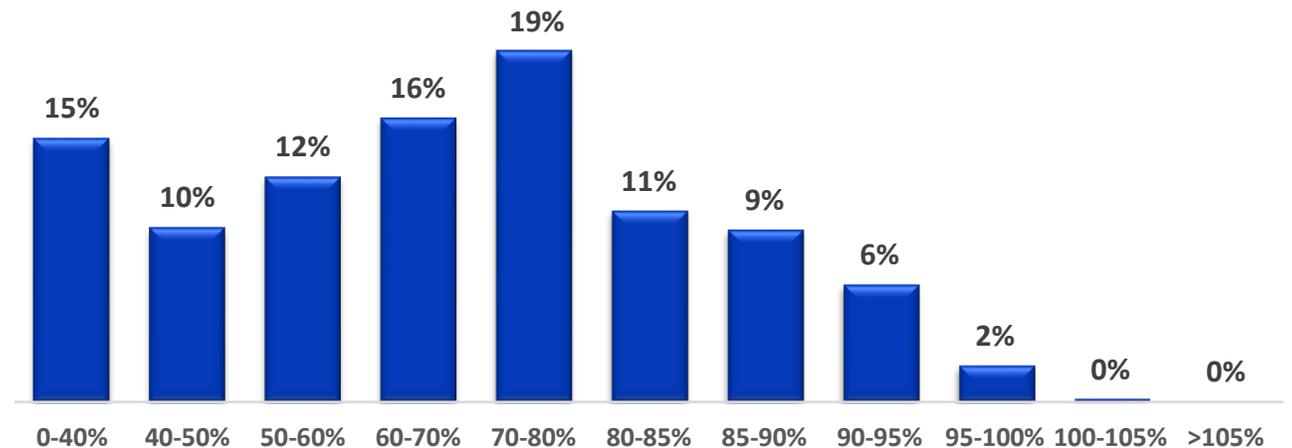
Rate type



Collateralization



Unindexed LTV



In France, all the home loans are guaranteed by:

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

or by

→ **Cautions:**

✓ **Crédit Logement:** the market leader for residential home loan guarantees

✓ owned by the major French banks (BNP 16.5%, LCL 16.5%, SG 16.5%, CA 16.0%, CM 10.0%, BPCE 8.5%, La Poste 7.0%, HSBC 3.0% as at Dec 2020)

✓ rated Aa3 / AA(Moody's/DBRS)

✓ Internal caution: owned by a banking group or an insurance company

In **Crédit Mutuel Alliance Fédérale** , all loans are guaranteed by:

→ Mortgages

→ Cautions:

✓ **Crédit Logement**

✓ **Cautionnement Mutuel de l'Habitat** « CMH » (not SFH eligible)

✓ **Crédit Mutuel Alliance Fédérale** has created a dedicated entity in order to provide SFH eligible guarantees:

Crédit Mutuel Caution Habitat has been agreed in 2016 as a « société de Financement », 100% BFCM subsidiary, directly supervised by the ACPR, segregated equity capital, rated by Fitch Rating :A+stable in March 2018.

Favorable structural factors

- growing population
- one of the lowest home ownership ratios in Europe
- inadequate growth in supply vis à vis strong and structural demand
- shortage of housing supply drives the evolution of prices in France

Low risk with a conservative origination policy

- borrower repayments cannot exceed 35% of disposable monthly income
- close analysis of the client
→ work status, regularity of income, credit history
- the vast majority of housing loans in France carry a fixed interest rate
- all the loans are collateralized by a “caution” or mortgage
- Despite the economic and financial environment, the home loan activity remains dynamic

“Market Indicators for France – Observatoire Crédit Logement August 2021”

Rate	Maturity
Average Interest rate 1.05% (1.06% July 2021)	Average maturity of housing loans 236 months (19.7 year)
Interest old property: 1.06% Interest new property: 1.10%	Average cost of a housing loan 4.7 years of a household's annual income
Loan activity (yoy)	+4.3% (new business) +2.9% (numbers of loans)

COMPARISON WITH EUROPEAN PEER FRAMEWORKS

Name of debt Instrument	Obligation à l'Habitat	Obligation Foncière	Hypothekenpfandbrief
Issuer	Société de Financement de l'Habitat (SFH)	Société de Credit Foncier (SCF)	Pfandbrief bank
Issuer status	Specialised credit Institution	Specialised credit Institution	Universal Credit Institution with special license
Dedicated Legal Framework	Yes	Yes	Yes
Specific Supervision	French banking regulator and specific supervisor (controleur spécifique)	French banking regulator, specific supervisor (controleur spécifique)	Bafin and cover pool monitor
Recourse on the credit institution	Yes, direct	Yes, direct,	Yes, direct
Who owns the cover assets	Credit Institution, but assets are pledged to the issuer (with transfer to the issuer upon trigger breach)	The issuer directly	The issuer directly
Eligible assets	Residential property loans Eligible RMBS notes	Public sector, Residential mortgages, guaranteed loans, unit of eligible ABS Public sector	Mortgage loans (including guaranteed real estate loans)
Legal Over-Collateralization	105%	105%	102%
Includes Commercial Real Estate	No	No	Yes
Location of real estate property	Domestic, EEA, non EEA AAA-AA	Domestic, EEA, non EEA AAA-AA	Domestic, EEA, non EEA AAA-AA
Maximum Loan-to-value to calculate collateralisation rate	80%	60 to 80% depending on the collateral	60%
Replacement securities /substitutional assets	15%	15%	20%
Acceleration of Covered Bonds	No	No	No
Liquidity Risk Management	180-day needs must be covered at all times	180-day needs must be covered at all times	180-day needs must be covered at all times
UCITS 52(4) compliant ?	Yes	Yes	Yes