



Limited company with capital of €220,000,000
Registered office: 6 Avenue de Provence – 75452 Paris Cedex 9
Paris Trade and Companies Register 480 618 800

BOARD OF DIRECTORS' MANAGEMENT REPORT
INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2016

July 2016

DISSEMINATION OF INFORMATION

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

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

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I. PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT



Société anonyme (French limited company) with
share capital of €220,000,000
Registered office: 6 Avenue de Provence – 75452 Paris Cedex 9
Paris trade and companies register no. 480 618 800

Person responsible for the interim financial report

Mr. Christian Ander - 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, July 28, 2016

Christian Ander - Chief
Executive Officer

II. COMPANY STATUS AND ACTIVITIES

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

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

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

The ECB continued and even expanded its asset purchases program, including covered bonds, during the period.

The European central bank's strong presence in issues continued to push down interest rates and weigh on the liquidity of these securities, prompting investors to demand higher spreads.

The Crédit Mutuel-CM11 Group staged one major issue in the first half of 2016 under the **Crédit Mutuel – CIC Home Loan SFH** name, with the following characteristics:

- Issue date: February 11, 2016
- Amount: €1,500m
- Term: Six years and seven months
- Coupon rate: 0.375%

2. FUTURE OUTLOOK

Another public issue is likely to take place in the second quarter with a view to consolidating the Crédit Mutuel-CM11's group medium and long-term refinancing on the markets.

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

There are no key events to report since the end of June 2016.

4. SUBSIDIARIES AND INVESTMENTS

None.

5. CROSS SHAREHOLDINGS

None.

6. CURRENT DELEGATIONS OF AUTHORITY CONCERNING INCREASES IN THE COMPANY'S CAPITAL

At the Extraordinary Shareholders' Meeting of December 4, 2012, the Board of Directors was authorized, for a period of 26 months with effect from that date, in accordance with Article L. 225-129-2 [of the French Commercial Code], to increase the company's share capital by a maximum of €500 million, in one or more transactions, bringing the share capital to a maximum of €620 million.

On December 8, 2012, the Board of Directors decided to increase the company's share capital by €100 million, bringing it to €220 million.

These non-privileged resources help Crédit Mutuel – CIC Home Loan SFH improve its coverage ratio and meet its liquidity needs.

7. OWNERSHIP

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

Readers are reminded that the company has no employees.

II. RESULTS, FINANCIAL POSITION AND DEBT

1. STATEMENT OF FINANCIAL POSITION

a. ASSETS

ASSETS (€millions)	Notes	2016 June 30	2015 December 31
Cash and central bank deposits			
Government securities and similar instruments			
Receivables due from credit institutions	2	27,232.6	26,272.2
Receivables due from customers			
Bonds and other fixed-income securities			
Equities and other variable-income securities			
Long-term equity investments and securities			
Investments in subsidiaries and associates			
Finance leases and similar transactions			
Intangible assets			
Property, plant and equipment			
Subscribed capital not paid			
Treasury stock			
Other assets	3	0.9	0.7
Prepayments and accrued income	4	87.5	92.8
Total assets		27,321.0	26,365.7
Off-statement of financial position items		2016 June 30	2015 December 31
Commitments received			
Financing commitments			
Commitments received from credit institutions			
Guarantee commitments			
Commitments received from credit institutions	10	31,001.0	30,001.0
Securities commitments			
Securities sold with repurchase or reacquisition option			
Other commitments received			

b. LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND SHAREHOLDERS' EQUITY (€millions)	Notes	2016 June 30	2015 December 31
Central bank borrowing			
Due to credit institutions			
Customer deposits			
Debt securities	5	24,386.9	23,370.9
Other liabilities	3	2,500.5	2,556.8
Accruals and deferred income	4	87.8	93.4
Provisions			
Subordinated debt	6	120.0	120.1
Fund for general banking risks			
Shareholders' equity	7	225.8	224.5
- Subscribed capital		220.0	220.0
- Issue premiums			
- Reserves		1.2	1.2
- Revaluation reserve			
- Regulated provisions			
- Retained earnings		2.6	2.6
- Profit for the year		1.9	0.6
Total liabilities and shareholders' equity		27,321.0	26,365.7

Off-statement of financial position items

2016 June 30	2015 June 30
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Commitments given

Financing commitments

Commitments given to credit institutions

Commitments given to customers

Guarantee commitments

Commitments given on behalf of credit institutions

Commitments given on behalf of customers

Securities commitments

Securities acquired with reacquisition option

Other commitments given

Liabilities mainly consist of securities issued by SFH.

Furthermore, a new item, "Other liabilities", was created in 2013. It represents collateral offered by BFCM in connection with the pre-maturity test after Fitch Ratings downgraded BFCM's short-term credit rating to F1 on July 17, 2013. This item totaled €2.5 billion as at June 30, 2016.

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

The off-statement of financial position assets of €31 billion correspond to home loans offered as collateral by providers of collateral to SFH. The equivalent figure at end-2015 was €30 billion.

c. RESULTS

(€millions)	Notes	2016 June 30	2015 June 30
+ Interest and similar income	15	303.5	1,481.0
+ Interest and similar expense	15	(300.2)	(1,478.9)
+ Income from variable-income securities			
+ Fee and commission income			
+ Fee and commission expense			
+/- Gains (losses) on trading portfolio transactions			
+/- Gains (losses) on investment portfolio and similar transactions			
+ Other banking operating income			
+ Other banking operating expense			
= Net banking income		3.3	2.1
+ Payroll costs			
+ Other administrative expenses		(0.4)	(0.3)
+ Depreciation and amortization			
= Operating expenses		(0.4)	(0.3)
= Gross operating income		2.9	1.8
+ Net additions to/reversals from provisions for loan losses			
= Operating income		2.9	1.8
+/- Gains (losses) on non-current assets			
= Income before non-recurring items		2.9	1.8
+/- Net non-recurring income (expense)			
+ Corporate income tax	16	(1.0)	(0.7)
+/- Additions to (reversals from) fund for general banking risks			
+/- Additions to (reversals from) regulated provisions			
= Net income		1.9	1.1

The Company reported net income for the half-year period of €1.9 million, compared with €1.1 million in the half year to end-June 2015.

d. CASH FLOW STATEMENT

NET CASH FLOW STATEMENT

	06.2016	06.2015
Net income	1,860	1,148
Tax	966	662
Income before tax	2,827	1,810
+/- Net depreciation/amortization of property, plant and equipment and intangible assets	0	0
- Impairment of goodwill and other non-current assets	0	0
+/- Net charges to provisions	0	0
+/- Share of income of equity-accounted entities	0	0
+/- Net loss/gain from investment activities	0	0
+/- Expense from financing activities	0	0
+/- Other movements	-18,892	100,095
= Total non-monetary items included in net income before tax and other adjustments	-18,892	100,095
+/- Cash flows relating to interbank transactions	-1,024,567	1,832,150
+/- Cash flows relating to customer transactions	0	0
+/- Cash flows relating to other transactions affecting financial assets and liabilities	0	0
+/- Cash flows relating to other transactions affecting non-financial assets and liabilities	-52,353	1,431,346
- Tax paid	-705	1,059
= Net decrease in assets and liabilities from operating activities	-1,077,625	399,745
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	-1,093,690	501,650
+/- Cash flows relating to financial assets and equity interests	0	0
+/- Cash flows relating to investment property	0	0
+/- Cash flows relating to property, plant and equipment and intangible assets	0	0
TOTAL NET CASH FLOWS RELATING TO INVESTMENT ACTIVITIES	0	0
+/- Cash flows relating to transactions with shareholders	-660	-660
+/- Other net cash flows relating to financing activities	-1,095,377	500,000
TOTAL NET CASH FLOWS RELATING TO FINANCING ACTIVITIES	1,094,717	500,600
IMPACT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	0	0
Net increase in cash and cash equivalents	1,027	990
Net cash flows from operating activities	-1,093,690	501,650
Net cash flows relating to investment activities	0	0
Net cash flows relating to financing activities	1,094,717	500,660
Impact of changes in exchange rates on cash and cash equivalents	0	0
<u>Cash and cash equivalents at beginning of period</u>	<u>341,693</u>	<u>2,616</u>
Cash, central banks and postal checking accounts	0	0
Demand loans and accounts at credit institutions	341,693	2,616
<u>Cash and cash equivalents at end of period</u>	<u>342,720</u>	<u>3,606</u>
Cash, central banks and postal checking accounts	0	0
Demand loans and accounts at credit institutions	342,720	3,606
CHANGE IN NET CASH AND CASH EQUIVALENTS	1,027	990

e. COVER POOL

Collateral for secured loans consists of a portfolio of receivables made up entirely of mortgage-backed receivables, totaling €31,001,044,142 at June 30, 2016.

The main characteristics of the home loan portfolio recognized at June 30, 2016, based on the capital outstanding at May 31, 2016, were as follows:

Total capital outstanding as at May 31, 2016	€31,001,044,142
Average outstanding loan	€80,469
Number of loans	385,253
Number of borrowers	325,856

Average age of loans (months)	69
Average residual maturity (months)	166

Proportion of fixed-rate loans	86.1%
Average interest rate on fixed-rate receivables	3.16%
Average interest rate on variable-rate receivables	2.36%

Breakdown by type of security		
Type of security	Total capital outstanding	Proportion by type of security
"Crédit Logement" guarantee	€8,207,046,624	26%
First-rate mortgage or lender's priority lien	€22,793,997,518	74%
TOTAL	€31,001,044,142	100%

Breakdown by type of loan		
Type of loan	Total capital outstanding	Number of loans
Standard	€27,125,216,518	324,333
Home savings plans/accounts	€71,277,239	8,788
Interest-free loans	€0	-
Low-income housing loans	€2,368,758,154	35,508
Regulated loans	€1,435,792,232	16,624
TOTAL	€31,001,044,142	385,253

Breakdown by number of loans in arrears		
Number of monthly repayments missed	Total capital outstanding	Number of loans
0	€31,001,044,142	385,253
> 0		
TOTAL	€31,001,044,142	385,253

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

2. FINANCIAL POSITION AND PRUDENTIAL RATIOS

At the request of Crédit Mutuel – CIC Home Loan SFH, on June 19, 2014 the General Secretariat of the ACPR (SGACPR) agreed to allow the company to be exempt from the application on an individual basis of prudential requirements relating 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 related to BFCM with the same characteristics) compliance with this ratio should be permanently ensured.

3. DEBT

Readers are reminded that the company's borrowing capacity is limited by its bylaws: it may only take on debt in the form of housing finance bonds (*obligations de financement à l'habitat*) and subordinated debt.

In accordance with the company's corporate purpose, issues of housing finance bonds are intended to refinance personal home loans granted by banks in the CM11 Group, full ownership of which is transferred as collateral by Banque Fédérative du Crédit Mutuel. As principal and interest repayments become due, BFCM repays the corresponding amounts in respect of the loans granted to it.

Furthermore, Crédit Mutuel – CIC Home Loan SFH's borrowing capacity is dependent upon its compliance with prudential ratios laid down in the applicable regulations.

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

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

The sole corporate purpose of Crédit Mutuel – CIC Home Loan SFH is to help refinance the CM11 Group by issuing covered bonds based on a home loan portfolio pledged as collateral on the basis of Article L. 211-36, paragraph II and Articles L. 211-38 to L. 211-40 (formerly 431-7-3) of the French Monetary and Financial Code (*Code Monétaire et Financier*).

1. CREDIT RISK

Due to its limited corporate purpose, Crédit Mutuel – CIC Home Loan SFH’s credit risk is strictly regulated.

Funds may only be used as follows:

- On-lending of funds raised by issuing securities: these funds may only be lent to BFCM. This lending is itself secured by collateral in the form of home loans granted by the CM11 Group, on the basis of Article L. 211-36, paragraph II and Articles L. 211-38 to L. 211-40 (formerly 431-7-3) of the French Monetary and Financial Code. The overall amount of lending and compliance with loan eligibility criteria are checked monthly and documented in an “Asset Cover Test” report.
- On-lending of capital is governed by the following limits:
 - Regulatory limits: Articles L. 513-7 and R. 515-6 set minimum credit quality levels for these investments.
 - Contractual limits: rating agencies have set minimum credit ratings that vary according to the term of the investments.

Term/Minimum rating	S&P	Fitch	Moody’s
< 30 days	A-1 or A	F1 and A	P-1
30 days 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.

Listing	Outstandings (€m)	Percentage	Aggregate percentage
A	16,060	52%	52%
B	9,125	29%	81%
C	4,135	13%	95%
D+	917	3%	98%
D-	616	2%	100%
E+	148	0%	100%
E-	0	0%	100%
E=	0	0%	100%
F	0	0%	100%
TOTAL	31,001	100%	

2. INTEREST RATE, FOREIGN EXCHANGE AND MARKET RISK

Interest rate risk

Crédit Mutuel – CIC Home Loan SFH is required to operate in such a way that it is not exposed to interest rate risk.

- Funds collected by issuing securities must be lent to BFCM at the same interest rates (plus 10% of the margin, with a minimum of 2 bps and a maximum of 10 bps) and for the same term. This means that assets and liabilities are perfectly matched by term and interest rate.
- The only way the company could be exposed to interest rate risk would be if BFCM were to default. The company would then need to enforce its security and would become the owner of the home loans. The issue program documentation requires Crédit Mutuel – CIC Home Loan SFH to enter into specific swaps with counterparties that must meet specific rating criteria in order to hedge these risks as soon as BFCM’s rating is downgraded.
- Since a first-level rating criterion has been met, swaps have been set up to hedge both assets and liabilities. BFCM has the necessary rating level and so is the counterparty to these swaps. 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.
- Other hedging mechanisms were agreed with the rating agencies (over-collateralization, in particular) when the issue program was updated in July 2015. Accordingly, the majority of swaps hedging interest rate risk were terminated as this risk is considered to be covered.
- Transactions hedging foreign exchange risk are still in effect. The counterparty to these swaps is currently BFCM which enjoys a strong enough rating to meet the eligibility criteria provided for in the issue program documents: A (long term) from Standard & Poor’s, P-1 (short term) and A2 (long term) from Moody’s and F1 (short term)/A (long term) from Fitch.

Foreign exchange risk

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

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

Nominal amount in foreign currency	Foreign currency	Equivalent nominal amount in euros	Issue date	Maturity date
250,000,000	GBP	292,575,000	4/22/2013	4/22/2016
1,000,000,000	USD	785,130,000	11/16/2012	11/16/2017
300,000,000	NOK	39,698,293	3/22/2012	3/22/2022
750,000,000	NOK	96,961,862	10/7/2011	10/7/2024

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

- The only way the company could be exposed to foreign exchange risk would be if BFCM were to default. The company would then need to enforce its security and would become the owner of the home loans, all of which are denominated in euros, while having to make repayments in foreign currencies. The issue program documentation requires Crédit Mutuel – CIC Home Loan SFH to enter into specific currency swaps with counterparties that must meet rating criteria in order to hedge this risk as soon as BFCM's rating is downgraded.
- Since a first-level rating criterion has been met, a hedging swap has been set up. BFCM has the necessary rating level and is the counterparty to these swaps. Furthermore, since no collateral has been transferred, the company does not need these swaps to hedge its risk. They have therefore been neutralized with BFCM.

Market risk

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

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

3. LIQUIDITY RISK

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

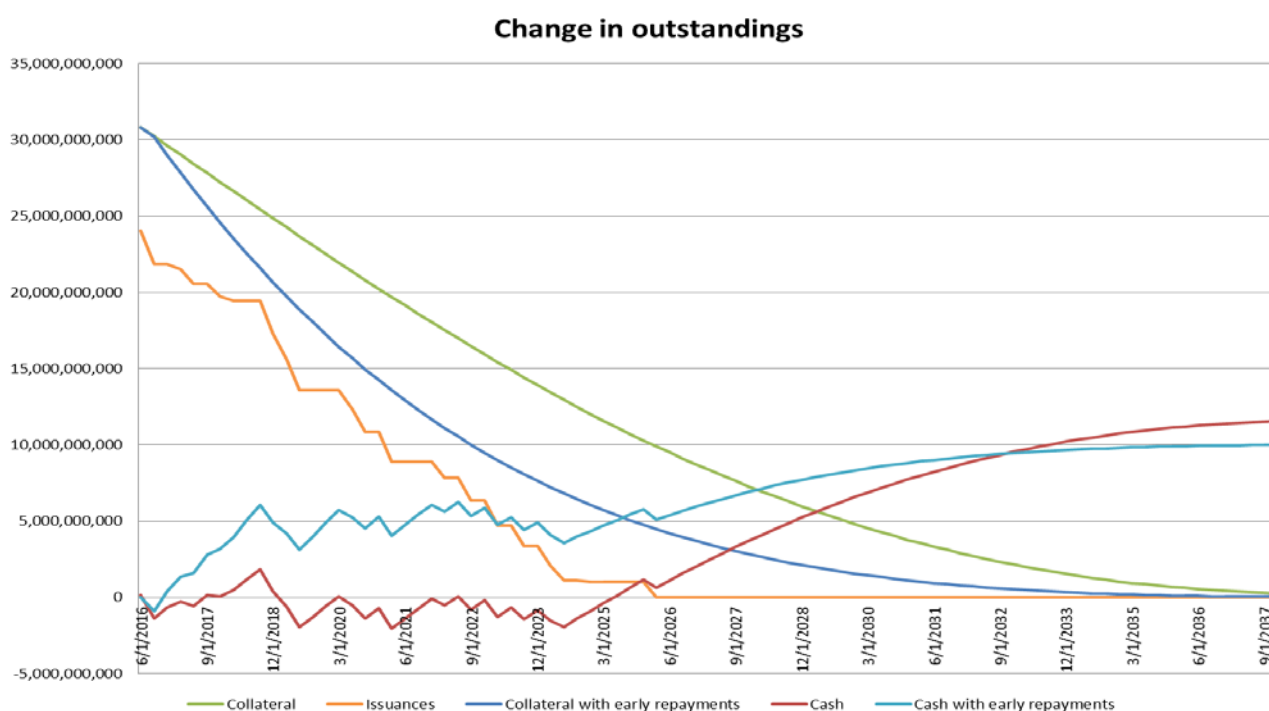
- The only way the company could be exposed to liquidity risk would be if BFCM were to default. The company would then need to enforce its security and would automatically become the owner of the home loans. The issue program documentation provides for a pre-maturity test to prevent and manage this type of risk.
- The pre-maturity test requires that, within the nine months before a covered bond issue matures, BFCM must set aside a cash security deposit. This deposit must be sufficient to cover the principal repayments falling due during the period in question. Failure to meet this obligation would represent default by BFCM.
- This pre-maturity test was triggered after Fitch Ratings downgraded BFCM's short-term credit rating to F1 on July 17, 2013. As a result, collateral was put in place to cover issues due to mature within 180 business days, and the funds thus obtained were deposited in term accounts maturing in less than 30 days. The amount of this collateral was €2.5 billion at June 30, 2016.

These mechanisms are considered compliant with the requirements of Article R. 513-7 of the French Monetary and Financial Code (article amended by Art. 1 of Decree 2014-526 of May 23, 2014).

In accordance with Article R. 513-8 of the French Monetary and Financial Code and Article 9 of CRBF Regulation 99-10 amended by the order of May 23, 2014, calculation of the coverage ratio takes into account the limitation in the numerator of the parent company's exposure to 25% of the non-privileged resources.

- 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 chart shows liquidity gaps when early repayments are not taken into account, but with a rate of 7.96% (early repayment rate at March 31, 2016), the cash balance no longer shows any liquidity gap.

- 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) compliance with this ratio should be permanently ensured.

4. OPERATIONAL RISK

In line with its bylaws, Crédit Mutuel – CIC Home Loan SFH has no resources of its own. All tasks are subcontracted to BFCM, CIC and CFdeCM under various agreements. Internal control of outsourced activities is organized in accordance with the process defined by Group Compliance (see Article 258 report).

5. LEGAL RISK

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

In addition, under the agreements referenced above, Crédit Mutuel – CIC Home Loan SFH receives assistance from the CM11 Group for all its activities.

IV. APPENDICES

- REPORT OF THE STATUTORY AUDITORS' LIMITED REVIEW OF THE INTERIM FINANCIAL STATEMENTS
- FINANCIAL STATEMENTS

**1. REPORT OF THE STATUTORY AUDITORS' LIMITED REVIEW OF THE INTERIM
FINANCIAL STATEMENTS**

Crédit Mutuel – CIC Home Loan SFH

Statutory Auditors' report

on interim financial information

PricewaterhouseCoopers Audit

63, rue de Villiers

92208 Neuilly-sur-Seine Cedex

French simplified limited company (S.A.S.) with capital of €2,510,460

Statutory Auditor

Member of the Versailles

Regional Institute of Accountants

ERNST & YOUNG et Autres

1/2 Place des Saisons

92400 Courbevoie – Paris-La Défense 1

S.A.S. à capital variable (French simplified limited company with variable capital)

Statutory Auditor

Member of the Versailles

Regional Institute of Accountants

Crédit Mutuel-CIC Home Loan SFH

(Period from January 1 to June 30, 2016)

Statutory Auditors' report on interim financial information

To the shareholders,

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-CIC Home Loan SFH for the period from January 1 to June 30, 2016, as appended to this report, and
- verified the information provided in the interim activity report.

These interim financial statements were prepared under the responsibility of your 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 have 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 the results for said period.

II. Specific verification

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.

Neuilly-sur-Seine et Paris-La Défense, on July 28, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit

ERNST & YOUNG et Autres

Jacques Lévi

Olivier Durand

2. FINANCIAL STATEMENTS

CREDIT MUTUEL-CIC HOME LOAN SFH

Statutory financial statements

**for the period ended June
30, 2016**

- Statement of financial position
- Income statement
- Notes

STATUTORY FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

ASSETS (€millions)	Notes	2016 30 June	2015 31 December
Cash and central bank deposits			
Government securities and similar instruments			
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		2016	2015
		30 June	31 December
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Commitments received from credit institutions			
Guarantee commitments			
Commitments received from credit institutions	10	31,001.0	30,001.0
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Other commitments received			

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY (€millions)	Notes	2016 30 June	2015 31 December
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Due to credit institutions			
Customer deposits			
Debt securities	5	24,386.9	23,370.9
Other liabilities	3	2,500.5	2,556.8
Accruals and deferred income	4	87.8	93.4
Provisions			
Subordinated debt	6	120.0	120.1
Fund for general banking risks			
Shareholders' equity	7	225.8	224.5
- Subscribed capital		220.0	220.0
- Issue premiums			
- Reserves		1.2	1.2
- Revaluation reserve			
- Regulated provisions			
- Retained earnings		2.6	2.6
- Profit for the year		1.9	0.6
Total liabilities and shareholders' equity		27,321.0	26,365.7
Off-statement of financial position items		2016	2015
		30 June	30 June
Commitments given			
Financing commitments			
Commitments given to credit institutions			
Commitments given to customers			
Guarantee commitments			
Commitments given on behalf of credit institutions			
Commitments given on behalf of customers			
Securities commitments			
Securities acquired with reacquisition option			
Other commitments given			

INCOME STATEMENT

(€millions)	Notes	2016 30 June	2015 30 June
+ Interest and similar income	15	303.5	1,481.0
+ Interest and similar expense	15	(300.2)	(1,478.9)
+ Income from variable-income securities			
+ Fee and commission income			
+ Fee and commission expense			
+/- Gains (losses) on trading portfolio transactions			
+/- Gains (losses) on investment portfolio and similar transactions			
+ Other banking operating income			
+ Other banking operating expense			
= Net banking income		3.3	2.1
+ Payroll costs			
+ Other administrative expenses		(0.4)	(0.3)
+ Depreciation and amortization			
= Operating expenses		(0.4)	(0.3)
= Gross operating income		2.9	1.8
+ Net additions to/reversals from provisions for loan losses			
= Operating income		2.9	1.8
+/- Gains (losses) on non-current assets			
= Income before non-recurring items		2.9	1.8
+/- Net non-recurring income (expense)			
+ Corporate income tax	16	(1.0)	(0.7)
+/- Additions to (reversals from) fund for general banking risks			
+/- Additions to (reversals from) regulated provisions			
= Net income		1.9	1.1

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

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

Significant events in the period under review

In the first half of 2016, Crédit Mutuel-CIC Home Loan SFH issued €1.5 billion in EMTN bonds.

Taking into account issues that had reached maturity, total issues recorded on the statement of financial position amounted to €24 billion at June 30, 2016

After Fitch Ratings downgraded BFCM's long-term credit rating to A+ on December 14, 2011 and as provided for in the prospectus, swaps were put in place to hedge interest-rate risk and foreign exchange risk on assets and liabilities. However, the swaps hedging interest rate risk were canceled in July 2015. Since then, this risk has been hedged using other mechanisms provided for in the documentation (particularly overcollateralization) Transactions hedging foreign exchange risk are still in effect.

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

NOTE 1: Accounting principles, valuation and presentation methods

The statutory financial statements are prepared in accordance with French accounting regulation ANC 2014-07. □

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 rate on the accounting cut-off date. Unrealized foreign exchange gains or losses resulting from these translations are recognized on the income statement with the foreign 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 prorata temporis basis. Commissions are recorded using the cash receipt criterion, with the exception of commissions relating to financial transactions, which are recorded at the close of the issue or when invoiced.

NOTE 2 - Receivables due from credit institutions

	June 30, 2016		June, 30 2016	December 31, 2015	
	Demand	Term		Demand	Term
Current accounts	342.7			341.7	
Loans secured by notes and securities (*)		26,618.7			25,594.0
Repo / securities purchased under resale agreements					
Accrued interest		271.2			336.5
Non-performing loans					
Impairment					
Total	342.7	26,889.9		341.7	25,930.5
Total receivables due from credit institutions		27,232.6			26,272.2
of which participating loans					
of which subordinated loans					

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

NOTE 3 - Other assets and liabilities

	June 30, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Premiums on options				
Guarantee deposits	0.9	2,500.0	0.7	2,556.6
Securities settlement accounts				
Debt representing securities borrowed				
Deferred taxes				
Other receivables and payables		0.5		0.2
Accrued income and interest				
Impairment				
Total	0.9	2500.5	0.7	2,556.8

The €64 million and €292.6 million guarantee deposits set up following the calculation of the pre-maturity test expired on, respectively, January 16, 2016 and April 22, 2016, the maturity dates of the EMTNs for which this test was calculated.

The follow-up of the pre-maturity test at 180 days led to the setting-up of the new €300 million guarantee deposit to cover the EMTN maturing on March 15, 2017 based on the value at June 20, 2016 (180 days).

NOTE 4 - Accruals

	June 30, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Collection accounts				
Currency and off-statement of financial position adjustment accounts	8.8	8.8	9.0	9.0
Other accruals	78.7	79.0	83.8	84.3
Total	87.5	87.8	92.8	93.3

Accrual accounts - liabilities mainly concern EMTN issue premiums.

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

NOTE 5 - Debt securities

	June 30, 2016	December 31, 2015
Certificates of deposit		
Interbank instruments and negotiable debt securities (*)		
Bonds	24,118.6	23,037.5
Other debt securities		
Accrued interest	268.3	333.4
Total	24,386.9	23,370.9

(*) The unamortized balance is the difference between the purchase price and the repayment price of debt securities.
Borrowings are in EUR, NOK and USD.

NOTE 6 - Subordinated debt

	December 31, 2015	Issues	Re-payments	Other changes	30 juin 2016
Subordinated debt	60.0				60.0
Non-voting loan stock					
Perpetual subordinated notes	60.0				60.0
Accrued interest	0.1				
Total	120.1				120.0

Main subordinated debt issues:

	OUTSTANDINGS	INTEREST RATE	MATURITY	TERMS EARLY REPAYMENT
TERM SUBORDINATED LOAN STOCK 2007	60.0	3-month Euribor + 0.22	2017	
PERPETUAL SUBORDINATED LOAN INDETERMINEE 2007	60.0	3-month Euribor + 0.66	**	
TOTAL	120.0			

All loan stock is in euros.

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

	Share capital	Premiums	Reserves	Retained earnings	Profit for the year	Total	FRBG
Balance at Jan. 1, 2015	220.0		1.1	2.0	1.4	224.5	
Profit for the year					0.6	0.6	
Appropriation of earnings from previous year			0.1	1.4	(1.4)		
Distribution of dividends				(0.7)		(0.7)	
Capital increase							
Impact of revaluations							
Other changes							
Impact of the merger							
Balance at Dec. 31, 2015	220.0		1.2	2.6	0.6	224.5	
Balance at Jan. 1, 2016	220.0		1.2	2.6	0.6	224.5	
Profit for the first half of the year					1.9		
Appropriation of earnings from previous year				0.6	(0.6)		
Distribution of dividends				(0.6)			
Capital increase							
Impact of revaluations							
Other changes							
Impact of the merger							
Balance at June 30, 2016	220.0		1.2	2.6	1.9	225.8	

At June 30, 2016, 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-CIC Home Loan SFH at June 30, 2016.

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

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

	< 3 months and at demand	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Perpetual	Accrued income and interest	Total at June 30, 2016
ASSETS							
Receivables due from credit institutions	5,042.7	1,300.0	11,755.7	8,862.9		271.3	27,232.6
Receivables due from customers							
Bonds and other fixed-income securities							
LIABILITIES							
Due to credit institutions							
Due to customers							
Debt securities	2,200.0	1,300.0	11,755.7	8,862.8		268.4	24,386.9
- Certificates of deposit							
- Interbank instruments and negotiable debt securities							
- Bonds							
- Other							
Subordinated debt			60.0	60.0			120.0

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

The euro-equivalent of foreign currency-denominated assets and liabilities was of, respectively, €1.024.8 billion and €1.024.7 billion at June 30, 2016.

NOTE 10 - Guarantee commitments

The loans granted by Crédit Mutuel-CIC Home Loan SFH to BFCM are guaranteed by eligible home loans from the CM CIC branch network, in accordance with Article 431-7 of the French Monetary and Financial Code. At June 30, 2016, the amount of this guarantee was €31,001.0 billion versus €30,001.0 billion at December 31, 2015.

NOTE 11 - Commitments on forward financial instruments

Transactions on forward financial instruments (based on the concept of micro/macro hedging transactions and open-position/specialized management transactions relating to firm and conditional transactions).

	Hedging	30.06.2016 Management transactions	Total	Hedging	31.12.2015 Management transactions	Total
Firm transactions						
<i>Over-the-counter markets</i>						
Forward rate agreements						
Interest rate sw aps	4,310.0		4,310.0	4,438.0		4,438.0
Financial sw aps						
Other transactions						
Sw aps - other						
Conditional transactions						
<i>Over-the-counter markets</i>						
Interest rate cap and floor contracts						
Purchased						
Sold						
Interest rate, foreign currency, equity and other options						
Purchased						
Sold						
Total	4,310.0		4,310.0	4,438.0		4,438.0

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

	Separate open position	Micro hedging	Overall interest rate risk	Specialized management	Total
30.06.2016					
Firm transactions					
Purchases					
Sales					
Sw aps		4310.0			4,310.0
Conditional transactions					
Purchases					
Sales					
31.12.2015					
Firm transactions					
Purchases					
Sales					
Sw aps		4438.0			4,438.0
Conditional transactions					
Purchases					
Sales					

NOTE 12 - Analysis of forward financial instruments by residual maturity

30.06.2016	< 1 year	> 1 year < 5 years	> 5 years	Total
Interest rate instruments				
<i>Over-the-counter markets</i>				
Purchases				
Sales				
Interest rate swaps		4,310.00		4,310.0
Total		4,310.00		4,310.0

NOTE 13 - Forward financial instruments - Counterparty risk

The counterparty risk associated with forward financial instruments is estimated according to the methodology used to calculate prudential ratios.

Credit risks on forward financial instruments	30.06.2016	December 31, 2015
GROSS EXPOSURE		
Credit institution risk	124.6	131.5
Company risk		
TOTAL	124.6	131.5

Fair value of forward financial instruments	30.06.2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Fair value of forward financial instruments	71.9	71.9	70.50	70.50

NOTE 14 - Other off-statement of financial position commitments

	June, 30 2016	December 31, 2015
Foreign-currency transactions		
- Foreign currencies receivable		
- Foreign currencies payable		
Forward financial instrument commitments		
Transactions carried out on organized and similar markets		
- Forward foreign exchange transactions		
. Hedging		
. Other transactions		
- Financial foreign exchange swaps		
. Separate open position		
. Micro hedging	1,935.4	2,582.80
. Overall interest rate risk		
. Specialized management		

NOTE 15 - Interest income and expense

	June, 30 2016		June, 30 2015	
	Income	Expense	Income	Expense
Credit institutions	299.5		1,477.1	
Customers				
Finance leases and operating leases				
Bonds and other fixed-income securities	4.0	23.1	3.9	1,478.6
Other		277.1		0.3
Total	303.5	300.2	1,481.0	1,478.9
of which subordinated debt expenses		0.2		0.3

NOTE 16- Corporate income tax

	June, 30 2016	June, 30 2015
Current income tax - Amount for the year	(1.0)	(0.7)
Current income tax - Prior-year adjustments		
Current income tax - Effect of tax consolidation		
Total	(1.0)	(0.7)
On ongoing operations	(1.0)	(0.7)
On non-recurring items		
Total	(1.0)	(0.7)

Crédit Mutuel-CIC Home Loan SFH is part of BFCM's tax group for tax consolidation purposes.

The amount recognized for 2016 corresponds to the amount the company would have paid if it had been taxed as a separate company.

There are no tax loss carryforwards.