

Ratings Affirmed On All Of Crédit Mutuel-CIC Home Loan SFH's Outstanding Covered Bonds

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OVERVIEW

- We have affirmed our 'AAA' ratings on all of Crédit Mutuel-CIC Home Loan SFH's outstanding covered bond issuances.
- The outlook is stable.
- Today's actions have resulted from a review of the program following the French legislature's implementation of its Société de Financement de l'Habitat framework.

PARIS (Standard & Poor's) July 7, 2011--Standard & Poor's Ratings Services today affirmed its 'AAA' credit ratings on Crédit Mutuel-CIC Home Loan SFH's outstanding covered bond issuances. The outlook is stable. Credit Mutuel-CIC Home Loan SFH was previously called CM-CIC Covered Bonds.

Today's actions have resulted from a review of the program after the Crédit Mutuel-CIC Home Loan program received its Société de Financement de l'Habitat (SFH) agreement on March 28, 2011.

The SFH legislation is intended to give a legislative framework to French structured covered bonds backed by residential mortgages, and is similar to the "Société de Crédit Foncier" ("SCF") framework already applicable in France for "Obligations Foncières."

Under an SFH program, the issuer--a special-purpose entity licensed as a credit institution--issues "Obligations de Financement de l'Habitat" (OHs), which constitute unsubordinated senior secured obligations and rank pari passu among themselves.

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Under the SFH legislation, the holders of the OHs benefit from the privilege granted to these bonds over the SFH program's eligible assets. If the issuer becomes insolvent, the OHs and other privileged debts pay in accordance with their payment schedule, and have priority over any of the program's other debts or non-privileged creditors in relation to the program's assets. All privileged debts rank parri passu, i.e., there is no timing subordination between the OHs and any other privileged debt.

We are affirming all existing series of the program following a review of the program. We have based our rating decision on the results of our credit and cash flow analysis and on the additional comfort we believe the SFH framework provides to the program.

RELATED CRITERIA AND RESEARCH

- Request For Comment: Covered Bonds Counterparty And Supporting Obligations Methodology And Assumptions, March 23, 2011
- Counterparty And Supporting Obligations Update, Jan. 13, 2011
- Counterparty And Supporting Obligations Methodology And Assumptions, Dec. 6, 2010
- Revised Methodology And Assumptions For Assessing Asset-Liability Mismatch Risk In Covered Bonds, Dec. 16, 2009
- Methodology And Assumptions: Update To The Criteria For Rating French Residential Mortgage-Backed Securities, Jan. 6, 2009
- European Legal Criteria For Structured Finance Transactions, Aug. 28, 2008
- Methodology & Assumptions: Applying The Derivative Counterparty Framework To Covered Bonds, Feb. 26, 2008
- Criteria for Rating French Residential Mortgage-Backed Securities, July 16, 2003

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