

CM CIC HOME LOAN SFH

**A *Société Anonyme* (joint stock company) with Board of Directors
of 120,000,000 euros capital**

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75452 Paris cedex 9

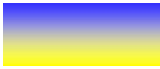
Registered in Paris under number 480 618 800

SPECIAL CERTIFICATION BY THE AUDITOR

**OF VALUATION METHODS AND RESULTS AND THE METHOD OF
PERIODIC RE-EXAMINATION OF PROPERTY VALUES**

AT 31 DECEMBER 2011

In application of article 5 of CRBF regulation 99-10



To the Directors,

In our capacity as special auditor of Crédit Mutuel CIC Home Loan SFH and in application of the provisions in article 5 of CRBF regulation 99-10, we have examined the validity, as regards current regulations, of methods and results of valuing property underlying loans and the methods of periodically re-assessing their value, as published simultaneously in the annual accounts to 31 December 2011, as appended to the present certification.

The methods and results of valuing property and methods of periodically re-assessing their value were specified and implemented under the responsibility of the Chairman of the Company's Board of Directors.

Our responsibility is to consider their validity as regards the rules current at 31 December 2011.

We conducted those checks and inspections that we considered necessary as regards the professional standards of France's *Compagnie nationale des commissaires aux comptes* (national association of auditors) relative to the remit. Our work consisted of checking the compliance of:

- valuation procedures, methods and results and the methods of periodic re-assessment, in their design and determination, with the regulations current at 31 December 2011,
- information published simultaneously in the annual accounts, firstly, with the valuation and re-assessment system actually applied and, secondly, with the results ensuing from application of the valuation system.

On the basis of our work, we have no particular comments to make as to compliance with the provisions in articles 2 to 4 of CRBF regulation 99-10, methods and results for valuing property and methods of periodically re-examining their value, published simultaneously in the annual accounts to 31 December 2011.

This certification is governed by French law. French jurisdictions alone are competent to consider any disputes, claims or disagreements that may result from our letter of assignment or from the present certification, or from any questions relating thereto.

1 June 2012

The special auditor
Fides Audit
represented by Stéphane Massa

REPORT ON THE VALUATION OF PROPERTY
at 31 December 2011

Crédit Mutuel-CIC Home Loan SFH is a mortgage company governed by articles L.515-34 et seq. of France's *Code monétaire et financier* (monetary and financial law) whose main object is to contribute to the medium and long term refinance of the CM10-CIC Group's home loans.

The present report on the valuation of property is produced in application of the provisions in article 5 of the *Comité de la réglementation bancaire et financière* (CRBF - the French financial sector regulatory authority) regulation number 99-10 on mortgage companies. The report is compiled on the basis of data available at 31 December 2011.

I. Summary of the regulation: valuation method, and re-valuation method

The valuation of property financed or offered as guarantee within the meaning of articles L. 515-14 and L. 515-35 of the *Code monétaire et financier* is governed by articles 1 to 5 of Chapter 1 of regulation number 99-10 dated 9 July 1999 on property mortgage companies and home loan companies.

A. Valuation of property

Article 1 — Property “financed or offered as guarantee” within the meaning of articles L. 515- 14 and L. 515-35 of France’s *Code monétaire et financier* (order dated 23 February 2011) is subject to conservative valuation excluding any consideration of a speculative nature.

Article 2. — “The valuation is made on the basis of the enduring long term characteristics of the property, normal, local market conditions, the current use of the property and other uses that may be made of it.

The value is determined clearly and transparently in writing and cannot be higher than the market value.

As an exemption, the valuation can be based on the total cost of the initial transaction when that cost is less than 600,000 euros or when all property loans funded by the mortgage company or by the home loan company that are guaranteed by the property valued have a unit capital remaining due, assessed at the time of acquisition of those loans or their contribution as guarantee, is less than 480,000 euros.” (order dated 23 February 2011);

Article 4. — “Property is valued by an independent expert within the meaning of article 168 of the order dated 20 February 2007 on the capital requirements applicable to lenders and investment companies.” (Order dated 7 May 2007)

B. Revaluation of property

Article 3. — “After their acquisition or contribution as guarantee, the valuation of property is reassessed as part of the routine measurement of risks to which property mortgage companies and home loan companies under regulation no. 97-02 are subject:

a) Properties used for residential purposes are assessed annually using a statistical method;

b) Properties used for business purposes for which all property loans from the mortgage company that are guaranteed by the property valued have a unit capital remaining due less than 30 % of the total amount initially lent or less than 480,000 euros, the assessment can be made annually by using a statistical method;

c) Properties used for business purposes for which the purchase cost or last estimated value is less than 600,000 euros and when all loans due to the mortgage company and guaranteed by the property valued have a unit capital remaining due of over 480,000 euros, are assessed individually every three years. Between two individual assessments, the value of those properties is reassessed annually using a statistical method;

d) Properties used for business purposes for which the purchase cost or last estimated value is more than 600,000 euros and when all loans due to the mortgage company and guaranteed by the property valued have a unit capital remaining due of over 480,000 euros are assessed annually and individually.”; (order dated 23 February 2011)

H. Method and procedure used by Crédit Mutuel —CIC Home Loan SFH

A. Valuation of property

The initial value of the property financed is equal to the total cost of the initial transaction (CTO), which is defined as the value of the property stated in the deed of sale, excluding fees and costs, or the value of the property plus the value of work in instances where improvements are financed.

The waiver in article 2 of regulation no. 9910 applies to the whole of the portfolio where property loans in the SFH collateral portfolio are used to finance a property of a value under 600,000 euros, or with a unit capital remaining due assessed at the time of their contribution as guarantee at less than 480,000 euros.

B. Revaluation of property

After their contribution as guarantee, the value of properties reassessed quarterly using a statistical method in application of article 3 of CRBF regulation no. 99-10 on property mortgage companies.

The value of property is updated by indexation on old housing price indices for Ile-de-France (greater Paris) and the French provinces.

Sources of old housing price indices:

Old housing price indices for Île-de-France are calculated by Paris Notaires Services (PNS) and the INSEE (French national statistics office) from data on property transactions in the BIEN (*Base d'Informations Économiques Notariales* – notaries' economic database) base belonging to and managed by PNS and input by notaries in Île-de-France.

Old housing price indices for the French provinces are calculated by Perval and the INSEE from data on property transactions in the Perval base and input by notaries in the provinces.

Old housing price indices for the whole of European the France are calculated by Perval and the INSEE from data on property transactions in the bases managed by Perval and PNS.

Specification and calculation of old housing price indices:

Old Notary-INSEE indices for housing prices provide a measurement of changes in old housing prices at constant quality. The price used is the net seller price, excluding transfer costs, notary's fees and agency commission.

The indices only cover houses and apartments that are “old” in the fiscal sense, in other words more than five years old or that have been transferred previously. In order to avoid atypical transactions, non standard properties such as bedrooms, lofts, workshops or mansions and acquisitions by property specialists are excluded from the calculations. In addition, properties are only used if they are:

vacant at the time of sale (or occupied by the seller);

bought for owner occupancy in a private sale;

intended solely for domestic occupancy.

Receipt and processing of indices:

We receive quarterly updates of raw housing price indices per department and, for Paris, per district.

Updating is done by comparing the value of the index when the finance is implemented with its most recent value.

The property valuation used at 31 December 2011 was calculated on 15 November using the indices for the 1st quarter 2011, for sales made during that same quarter, the last indices known (see appendix).

Additionally, a conservative markdown is applied in the event of a rise in the index.

III. Results

Information relative to the pool implemented at end December 2011.

Valuation of financed property offered as guarantee (billion euros)		
	Initial value	^(*) Reassessed value (statistical)
MORTGAGE LOANS	36,802	44,923
GUARANTEED LOANS	23,040	27,502

^(*) value stated to the *Autorité de contrôle prudentiel* in the “*Elément de calcul du ratio de couverture et de contrôles des limites*” (cover ratio and limit calculation) report as required by *Autorité de contrôle prudentiel* instruction no. 2011-1-06.

29 May 2012



Christian KLEIN
Chairman of the Board of Directors

APPENDIX

Values for the last final indices known at 31/12/2011

Department	Index
001	201,6383
002	193,0071
003	206,6359
004	222,6524
005	223,2616
006	233,2611
007	213,4554
008	186,2643
009	210,5195
010	191,5451
011	230,6112
012	194,9768
013	237,7842
014	195,5825
015	213,1944
016	201,0225
017	205,8908
018	189,5852
019	199,1765
021	182,7181
022	187,1462
023	205,7592
024	191,8838
025	169,9064
026	211,1608
027	189,7008
028	192,1415
029	182,0299
030	225,0843
031	215,5673
032	210,6483
033	228,1870

Department	Index
034	233,2257
035	175,2841
036	194,0297
037	190,0850
038	202,0299
039	176,6220
040	198,7515
041	177,5509
042	206,0474
043	220,7922
044	202,3282
045	180,5041
046	202,8410
047	195,4961
048	221,3046
049	180,0057
050	195,2520
051	182,5852
052	189,4959
053	186,1638
054	170,2135
055	181,0731
056	179,9866
057	166,8203
058	193,9611
059	212,9563
060	191,8791
061	196,6940
062	200,9749
063	199,6436
064	209,4991
065	193,0934

Department	Index
066	228,0054
067	175,2785
068	160,9023
069	224,6926
070	174,7515
071	189,9162
072	177,9578
073	208,5823
074	200,5921
075	241,9982
076	203,8486
077	224,7316
078	198,0153
079	178,1749
080	198,0341
081	199,2280
082	203,2175
083	229,2145
084	222,2947
085	194,7683
086	185,2800
087	175,9587
088	170,0575
089	187,7547
090	157,5472
091	211,9225
092	223,1461
093	250,5839
094	228,6119
095	233,9499

District	Index
001	260,2485
002	292,6379
003	279,7300
004	248,7145
005	226,9316
006	214,7066
007	216,4895

District	Index
008	222,7400
009	259,7098
010	293,5771
011	264,4233
012	247,6944
013	243,4164
014	234,0781

District	Index
015	225,5635
016	208,9213
017	232,8380
018	283,2365
019	268,9014
020	266,3877