

CRÉDIT MUTUEL HOME LOAN SFH

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

6 Avenue de Provence
75452 Paris Cedex 9

Siren no.: Paris Trade and Companies Register no. 480 618 800

SPECIAL AUDITOR'S CERTIFICATION

ON THE REAL ESTATE VALUATION METHODS AND RESULTS AND THE
PERIODIC REAL ESTATE VALUE REVIEW METHODS

AT DECEMBER 31, 2020

Pursuant to Article 5 of CRBF Regulation 99-10

To the Directors,

In our capacity as special auditor of Crédit Mutuel Home Loan SFH and pursuant to the provisions of Article 5 of Regulation 99-10 of the French Banking and Financial Regulatory Committee (*Comité de la Réglementation Bancaire et Financière* - CRBF), we have verified, in light of the regulations in force, the validity of the methods and results of the valuation of the real estate underlying the company's loans and the methods for periodically reviewing their value, as published along with the annual financial statements for the year ended December 31, 2020 and appended to this certification.

The real estate valuation methods and results and the periodic real estate value review methods have been defined and implemented under the responsibility of your company's Chief Executive Officer.

Our responsibility is to assess their validity in light of the rules in force as of December 31, 2020.

We carried out the work we considered necessary in view of the professional standards of the French Statutory Auditors' Association (*Compagnie nationale des commissaires aux comptes*) relating to this assignment. Our work consisted of verifying the compliance of:

- the valuation procedures, methods and results, as well as the methods for periodic review, as regards their design and determination, with the regulations in force as of December 31, 2020,
- the information published along with the annual financial statements with, on the one hand, the valuation and review system actually applied and, on the other hand, the results of the application of the valuation system.

On the basis of our work, we have no comments as to the compliance with the provisions of Articles 2 to 4 of CRBF Regulation 99-10 of the real estate valuation methods and results and the methods for periodically reviewing their value published along with the annual financial statements.

This certification is governed by French law. The French courts have exclusive jurisdiction over any dispute, claim or disagreement arising out of our engagement letter or this certification or any matter relating thereto.

Paris, April 16, 2021

The special auditor
FIDES AUDIT
represented by Stéphane Massa

Crédit Mutuel

Home Loan SFH

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

REAL ESTATE VALUATION REPORT at December 31, 2020

Crédit Mutuel Home Loan SFH is a home loan financing company (*société de financement de l'habitat*) governed by Articles L. 513-28 *et seq.* of the French Monetary and Financial Code whose main purpose is to contribute to the medium- and long-term refinancing of home loans issued by **Crédit Mutuel Alliance Fédérale**.

This report on the valuation of real estate assets is prepared in accordance with the provisions of Article 5 of Regulation No. 99-10 of the French Banking and Financial Regulations Committee related to mortgage companies and home loan financing companies.

It is based on data available at December 31, 2020.

I. Review of the regulation: valuation method and revaluation method

The valuation of real estate assets financed or offered as collateral within the meaning of Articles L. 513-3 and L. 513-29 of the French Monetary and Financial Code is governed by Articles 1 to 5 of Section 1 of Regulation No. 99-10 of July 9, 1999 related to mortgage companies and home loan financing companies.

A. Valuation of real estate assets

Article 1. – Real estate assets “financed or offered as collateral within the meaning of Articles L. 513-3 and L. 513-29 of the French Monetary and Financial Code” (*order of February 23, 2011*) are valued conservatively and exclude any speculative factors.

Article 2. – “The valuation is based on the asset’s long-term and permanent characteristics, usual and local market conditions, the current use of the asset and other uses that it may have.

This value is determined in writing, in a clear and transparent way, and may not exceed the market value.

As an exception, the valuation may be based on the total cost of the initial transaction when this cost is less than €600,000 or when all the real estate loans financed by the mortgage company or home loan financing company and secured by the valued asset have a unit principal balance of less than €480,000, determined at the time of the acquisition or pledge of such loans.” (*order of February 23, 2011*)

Article 4. – “The valuation of real estate assets is performed by an independent expert within the meaning of Article 168 of the order of February 20, 2007 on the capital adequacy requirements of credit institutions and investment firms.” (*order of May 2007*)

B. Revaluation of real estate assets

Article 3. – “After their acquisition or pledge, the valuation of real estate assets is reviewed as part of the risk measurement system to which mortgage companies and home loan financing companies are subject pursuant to “the order of November 3, 2014 on internal control of companies in the banking, payment services and investment services sector subject to control by the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority)” (*order of November 3, 2014*):

- a) For residential properties, this review is conducted annually using a statistical method;
- b) For commercial properties for which all the real estate loans belonging to the mortgage company and secured by the valued asset have a unit principal balance of less than 30% of the total amount initially lent or less than €480,000, the review may be conducted annually using a statistical method;
- c) For commercial properties whose purchase price or whose last estimated value is less than €600,000 and when all the loans belonging to the mortgage company and secured by the valued asset have a unit principal balance of more than €480,000, this review is conducted individually every three years. Between two individual reviews, the value of these properties is reviewed annually using a statistical method;
- d) For commercial properties whose purchase price or whose last estimated value is more than €600,000 and when all the loans belonging to the mortgage company and secured by the valued asset have a unit principal balance of more than €480,000, this review is conducted annually and individually.” (*order of February 23, 2011*)

II. Method and procedure used by Crédit Mutuel Home Loan SFH

A. Valuation of real estate assets

Financed real estate assets are subject to a conservative initial valuation based on concrete, substantiated information. The valuation excludes any speculative factors and is based on usual and local market conditions and the current use of the asset.

Pursuant to the applicable regulations and as an exception, for financing of transactions whose total cost is less than €600,000 or for loans whose outstanding amount is less than €480,000, the valuation is based on the total cost of the initial transaction. This cost is defined as the value of the asset shown on the deed of sale, excluding fees and charges, or the value of the asset increased by the value of the construction or renovation work in case of financing of improvements. However, when the information is not available, the initial loan amount is used as the initial value of the asset.

In all other cases (and for some financing that does not exceed the above thresholds), the asset is valued by an expert who is not involved in the loan origination process and carries out the appraisal independently. This valuation is performed by CMH (*Cautionnement Mutuel de l'Habitat*), which has created a specialized service called CMH Évaluation. This expert carries out the appraisal independently and has many years of experience in real estate valuation.

For loan repurchases, the procedures for determining the initial value of the asset are the same as those for other types of loans.

However, if the information is not available at the time of the repurchase, the initial value of the asset is estimated based on the amount of the repurchased loan.

For repurchases of loans granted prior to May 30, 2016, the initial value of the asset is estimated on the loan repurchase date.

For repurchases of loans granted after May 30, 2016, the applications have been modified to allow the initial value to be estimated on the grant date of the repurchased loan.

B. Revaluation of real estate assets

The value of real estate assets offered as collateral has been reviewed monthly since October 31, 2016 (quarterly prior to that) using the most recent quarterly indices available and based on a statistical method in accordance with Article 3 of Regulation No. 99-10 of the French Banking and Financial Regulations Committee related to mortgage companies and home loan financing companies.

The value of the assets is updated based on price indices for existing homes in and outside the Paris region.

Sources of existing home price indices:

- The price indices for existing homes in the Paris region are calculated by Paris Notaires Services (PNS) and INSEE based on the real estate transaction data found in the BIEN (*Base d'Informations Économiques Notariales* - notarial economic database). This database is owned and managed by PNS and contains information provided by notaries in the Paris region.
- The price indices for existing homes outside the Paris region are calculated by Perval and INSEE based on the real estate transaction data found in the Perval database, which contains information provided by notaries outside the Paris region.

- The price indices for existing homes throughout mainland France are calculated by Perval and INSEE based on the real estate transaction data found in the databases managed by Perval and PNS.

Definition and calculation of existing home price indices:

The Notaires-INSEE price indices for existing homes provide a measurement of price changes for existing homes of consistent quality. The price used is the net selling price, excluding transfer fees, notary fees and agency commissions.

The indices apply only to homes and apartments considered existing for tax purposes, i.e. which are more than five years old or are being transferred for a second time. To avoid atypical transactions, non-standard properties such as rooms, lofts, studios or chateaux and purchases made by real estate professionals are excluded from the calculations. Moreover, assets are included only if they are:

- unoccupied at the time of the sale (or occupied by the seller);
- purchased in full ownership through a private sale;
- intended for residential use only.

The Notaires-INSEE indices changed in September 2018 and a new base of 100 was defined as the average of the quarters in 2015.

Receipt and use of the indices:

We receive updated housing price indices quarterly by department and, for Paris, by arrondissement (district). For the departments of Corsica, we use:

- the "Province" indices for assets prior to the 4th quarter of 2010
- the Corsican indices (department no. 20) for assets subsequent to or equal to the 4th quarter of 2010

We also use the "Province" indices for properties located in the French overseas departments and territories because there are no specific indices.

For the departments outside the Paris region, the Perval indices used are average smoothed indices, calculated based on the last four gross indices and a weighted average of the homes and apartments indices which reflects the existing housing stock. The weightings are specific to each department and are updated every two years. The notions of base stock and weighting are described in section 3 of INSEE Method No. 128, available on the INSEE website.

For the departments in the Paris region, we use the apartments indices and not the average apartments and homes indices.

Updating occurs by comparing the index's value at the time of financing to its most recent value.

The valuation of real estate assets at December 31, 2020 was performed on November 30 using the final indices for the first quarter of 2020, which correspond to sales completed during that same quarter and are the last known indices (see appendix).

Assets financed after the first quarter of 2020 are not revalued, and the reviewed value is then the initial value of the asset.

Moreover, as a precaution, a reduction is applied in case of an increase in the index and, since February 2012, an increase is applied in case of a decrease in the index.

It should also be noted that in 2009 a management rule was defined for recalculating the estimated value of the asset to take into account the status of construction and/or renovations. A valuation proportional to the advance granted and a reduction to take into account a safety margin are applied.

III. Results

Information regarding the pool used at end-December 2020:

Valuation of financed real estate assets offered as collateral (€ billions)			
	Number of loans	Initial value	⁽¹⁾ Reviewed value (statistical)
MORTGAGE LOANS	272,335	45.659	49.730
SECURED LOANS	123,122	22.545	24.132
Of which Crédit Logement	117,163	21.327	22.899
Of which Crédit Mutuel Caution Habitat SA	5,959	1.218	1.233
TOTAL	395,457	68.204	73.862

⁽¹⁾ Value declared to the ACPR in the report entitled "Basis of calculation of the coverage ratio and limit controls" referred to in ACPR Instruction No. 2016-I-09.

Paris, April 16, 2021

Eric Cuzzucoli

Chief Executive Officer

APPENDIX

Values from the most recent average final indices for the first quarter of 2020 used at the time of the revaluation on 11/30/2020:

Department	Index	Department	Index	Department	Index
001	110.1895	033	130.9960	065	103.4829
002	99.6379	034	105.9947	066	103.9221
003	105.5823	035	116.0875	067	115.5150
004	105.9828	036	101.3953	068	112.4782
005	103.8230	037	109.2592	069	122.6088
006	106.1400	038	106.9405	070	104.6668
007	110.6229	039	105.0330	071	103.1824
008	100.9276	040	117.0337	072	105.7144
009	103.9196	041	98.2233	073	109.6518
010	102.0019	042	109.8059	074	110.5808
011	103.7267	043	106.2050	075	127.8657
012	104.6712	044	123.0384	076	106.6873
013	108.1852	045	103.4780	077	103.3633
014	110.5730	046	109.7494	078	107.2601
015	106.2050	047	106.3124	079	106.0619
016	108.2618	048	104.9881	080	106.7564
017	113.5208	049	109.4986	081	106.4754
018	96.5549	050	111.3906	082	105.5939
019	101.1207	051	107.6413	083	106.9936
020	109.6497	052	99.8162	084	105.9088
021	105.0026	053	106.7809	085	114.7980
022	111.6358	054	106.4298	086	105.8402
023	99.2467	055	101.1259	087	101.6617
024	106.3059	056	114.5342	088	102.3317
025	105.2643	057	109.7239	089	97.4865
026	110.7597	058	96.2513	090	105.0101
027	104.6673	059	108.6981	091	103.9934
028	99.1761	060	103.9165	092	117.1474
029	112.6214	061	106.2608	093	115.7498
030	104.3875	062	106.8264	094	113.6127
031	112.8941	063	106.6261	095	104.4500
032	109.7494	064	116.3874	Outside Paris	110.3560

Arrondissement for department 75	Index	Arrondissement for department 75	Index	Arrondissement for department 75	Index
001	127.2619	008	126.8100	015	124.0727
002	127.0406	009	129.0745	016	126.2988
003	127.3573	010	128.8116	017	129.6453
004	127.5562	011	130.3577	018	133.0479
005	128.3971	012	125.8867	019	126.8762
006	128.0726	013	126.4673	020	130.1096
007	127.9781	014	126.5091	-	-