

CRÉDIT MUTUEL HOME LOAN SFH

A French limited 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, 2021

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 Regulations 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 properties 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, 2021 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, 2021.

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, 2021,
- 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 property 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 19, 2022

The special auditor
FIDES AUDIT
represented by Stéphane Massa

Crédit Mutuel

Home Loan SFH

A French limited company (*société anonyme*) with share capital of €220,000,000
Registered office: 6 avenue de Provence, 75452 Paris Cedex 9
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REAL ESTATE VALUATION REPORT at December 31, 2021

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 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, 2021.

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 ADNOV 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 ADNOV and INSEE based on the real estate transaction data found in the databases managed by ADNOV 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, 2021 was performed on November 30 using the final indices for the first quarter of 2021, which correspond to sales completed during that same quarter and are the last known indices (see appendix).

Assets financed after the first quarter of 2021 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 2021:

Valuation of financed real estate assets offered as collateral (€ billions)			
	Number of loans	Initial value	⁽¹⁾ Reviewed value (statistical)
MORTGAGE LOANS	233,453	40.713	45.761
SECURED LOANS	134,924	25.522	28.105
Of which Crédit Logement	124,162	23.322	25.819
Of which Crédit Mutuel Caution Habitat SA	10,762	2.200	2.286
TOTAL	368,377	66.235	73.866

⁽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, 2022

Eric Cuzzucoli

Chief Executive Officer

APPENDIX

Values from the most recent average final indices for the first quarter of 2021 used at the time of the revaluation on 11/30/2021:

Department	Index	Department	Index	Department	Index
001	116.4331	033	137.1139	065	108.2739
002	105.2334	034	112.0311	066	108.5239
003	108.7292	035	127.4469	067	123.1442
004	109.4549	036	103.8149	068	118.3461
005	106.7662	037	116.0119	069	134.1725
006	109.8206	038	113.5734	070	108.0214
007	115.1133	039	108.7543	071	107.9262
008	104.7932	040	123.7681	072	112.2460
009	108.7787	041	101.4924	073	115.7851
010	105.1070	042	115.0514	074	115.6023
011	108.3912	043	110.2253	075	134.8400
012	110.0289	044	134.8232	076	112.3036
013	113.1712	045	108.3784	077	107.2268
014	118.9308	046	115.7524	078	112.8770
015	110.2253	047	111.3716	079	111.0747
016	115.6217	048	110.4640	080	111.6589
017	121.5893	049	117.8403	081	111.4904
018	98.4702	050	120.6435	082	110.8592
019	106.8497	051	112.5616	083	110.0570
020	114.2071	052	101.7162	084	109.8359
021	111.9420	053	113.8053	085	123.8253
022	121.4792	054	112.4141	086	111.9996
023	103.5602	055	109.5555	087	107.4770
024	111.1412	056	126.1040	088	110.7092
025	109.4778	057	114.9550	089	100.3814
026	115.1367	058	99.5693	090	107.9233
027	110.3345	059	115.8571	091	109.3871
028	102.7870	060	107.0721	092	124.9498
029	123.5478	061	112.4999	093	124.6757
030	109.7907	062	112.6320	094	121.9458
031	119.5252	063	111.2361	095	110.3698
032	115.7524	064	123.8913	Outside Paris	116.7404

Arrondissement for department 75	Index	Arrondissement for department 75	Index	Arrondissement for department 75	Index
001	131.2941	008	132.5957	015	130.9182
002	130.8668	009	135.6336	016	133.8521
003	131.4715	010	136.6388	017	136.6535
004	131.8890	011	138.5488	018	141.8930
005	133.9713	012	132.9383	019	135.3342
006	132.8918	013	134.6232	020	137.5361
007	133.1316	014	133.5339	-	-