

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, 2022

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 real estate assets underlying the company's loans and the methods for periodically reviewing their value mentioned in the "report on the valuation of real estate assets as at December 31, 2022" attached to this certificate.

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, 2022.

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 real estate 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, 2022,
- the information contained in the attached report 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 observations to make concerning the compliance with the provisions of Articles 2 to 4 of CRBF Regulation 99-10 of the methods and results of valuation of real estate assets and the methods of periodic review of their value mentioned in the attached "Report on the valuation of real estate assets as of December 31, 2022".

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, 2023

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, 2022

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, 2022.

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 amended by the order of July 7, 2021, effective July 8, 2022.

A. Valuation of real estate assets

Article 1. - "Real estate assets financed or provided as collateral within the meaning of Articles L. 513-3 and L. 513-29 of the French Monetary and Financial Code" are subject to a prudent valuation excluding any speculative element. Prudent valuation means a valuation equal to or similar to the initial value of the property financed or provided as collateral, exclusive of fees and expenses, at the time the security interest in the property was created or at the time the loans were initially acquired by the mortgage company or the home loan financing company or provided as collateral, and revalued periodically in accordance with section 3."

Article 2. - "The prudent 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 by an independent and qualified appraiser, in writing in an impartial, clear, transparent and objective manner.

At the time of inclusion of the cover asset in the cover pool by the mortgage company or the home loan financing company or at the time of their pledging, the current value cannot be higher than the market value or the mortgage value.

As an exception, for residential properties, 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.

The total cost of the transaction is the sum of the amount of the financed project and the personal contribution, after deduction of duties, notary and negotiation fees."

Article 4. - "The valuation is carried out by an assessor who has the necessary qualifications, capacity and experience; and the appraiser is independent of the decision-making process regarding the granting of credit, does not take into account speculative elements in the assessment of the value of the physical assets used as collateral and establishes the value of the physical asset used as collateral in a clear and transparent manner, as specified in Articles R. 313-17 to R. 313-19, D. 313-20 of the French Consumer Code. "

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)":

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 is conducted annually and may be conducted 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.

More frequent monitoring is carried out when market conditions undergo significant changes.

A statistical method may be used. It aims to define a coefficient of readjustment fixed taking into account the real estate market and its evolution on the basis of the indices of variation of real estate prices published, by official bodies or similar, such as market data platforms, the most appropriate at the time of the revaluation, in terms of content and date.

In particular, it may result in the revaluation of a property based on changes, over the period in question, in property prices recorded by an index reflecting the relevant property transactions. In this case, the method must ensure that the revalued value thus obtained is less than or equal to the market value or the mortgage value at the revaluation date.

The statistical method used must be defined in writing in a clear, transparent, impartial, objective and verifiable manner based on a claim by claim audit trail covering the initial value of the real estate assets as defined in Article 2, the real estate price variation index published by official or similar bodies. "

Article 5. - "The methods and results of valuation of real estate assets as well as the methods of periodic review of their value accompanied by an audit trail, as specified in Article 3, are made available to the special auditor, mentioned in Article L. 513-23 of the French Monetary and Financial Code, which rules on their validity. They are published simultaneously with the annual financial statements, together with the assessment of the special auditor. The *Autorité de contrôle prudentiel et de résolution* may require them to be amended."

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.

This value is based on the total cost of the operation or determined by CMH EVALUATION.

1. Total cost of the operation

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.

Article 2 of CBRF Regulation 99-10 defines the total cost of the operation as *“the sum of the amount of the project financed and the personal contribution, after deduction of duties, notary and negotiation fees”*.

In addition, Appendix 2 to Instruction 2022-I-03 states that *“For loan repurchase transactions for residential real estate where the valuation may be based on the total cost of the original transaction, the total cost of the original transaction may be based on the amount originally retained for the project financed and the personal contribution, after deduction of duties, notary and negotiation fees, or failing that, the amount financed at the time of repurchase.”*

Our definition of the total cost of the operation complies with the regulations and corresponds to the value of the property recorded in the deed of sale, excluding duties and fees.

Our specificities are limited to the financing of works only and to the purchase of houses by settlement of balance for which we retain the global value of the financed property if the information is available. If this is not the case, we retain the amount of the loan granted.

2. Valuation by CMH ÉVALUATION

In other cases (and for some financing that does not exceed the above thresholds), the real estate 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.

B. Revaluation of real estate assets

The value of real estate assets offered as collateral is reviewed monthly 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).

The Perval indices are published by ADNOV for the departments outside the Paris region, and the Bien indices are published by Paris Notaire Service for the departments in the Paris region.

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, 2022 was performed on November 30 using the final indices for the first quarter of 2022, which correspond to sales completed during that same quarter and are the last known indices (see appendix).

Assets financed after the first quarter of 2022 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 2022:

Valuation of financed real estate assets offered as collateral (€ billions)			
	Number of loans	Initial value	⁽¹⁾ Reviewed value (statistical)
MORTGAGE LOANS	232,431	42.983	50.013
SECURED LOANS	109,030	21.212	24.510
Of which Crédit Logement	109,030	21.212	24.510
TOTAL	341,461	64.195	74.523

⁽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. 2022-I-03.

Paris, April 18, 2023

Eric Cuzzucoli

Chief Executive Officer

APPENDIX

Values from the most recent average final indices for the first quarter of 2022 used at the time of the revaluation on 11/30/2022:

Department	Index	Department	Index	Department	Index
001	128.5334	033	147.6546	065	116.6538
002	107.3805	034	120.3864	066	116.9977
003	117.6651	035	142.7849	067	133.0730
004	117.8742	036	109.5201	068	127.3549
005	115.3473	037	125.3908	069	143.0901
006	117.1552	038	123.0430	070	115.7447
007	124.4606	039	116.1102	071	115.4104
008	109.4976	040	140.4090	072	124.3557
009	117.6948	041	109.9379	073	127.2261
010	112.3118	042	125.0485	074	126.4122
011	116.8465	043	118.6926	075	133.8429
012	118.1507	044	148.9197	076	122.0067
013	122.3559	045	116.6215	077	112.8594
014	132.5924	046	123.1300	078	117.9228
015	118.6926	047	121.0329	079	118.6496
016	124.5348	048	118.9268	080	114.5969
017	135.2431	049	131.4052	081	119.9240
018	104.5498	050	133.7820	082	118.6996
019	116.3577	051	119.4696	083	119.8623
020	124.5082	052	108.1352	084	118.9016
021	120.6314	053	126.2440	085	140.4948
022	139.0117	054	121.2193	086	120.0267
023	111.6957	055	114.2218	087	117.6404
024	120.7727	056	146.7487	088	116.0172
025	117.9758	057	125.4766	089	107.1598
026	124.5618	058	106.4808	090	114.8186
027	119.2282	059	123.2995	091	114.4264
028	110.9987	060	114.5003	092	128.3746
029	142.4605	061	122.9386	093	129.8585
030	118.4467	062	120.0289	094	126.5147
031	126.3056	063	119.1927	095	115.5481
032	123.1300	064	140.9551	Outside Paris	126.8051

Arrondissement for department 75	Index
001	130.8510
002	130.4091
003	131.0562
004	131.4703
005	133.2600
006	132.5508
007	132.6120

Arrondissement for department 75	Index
008	133.1355
009	134.3314
010	134.5796
011	136.4268
012	132.4247
013	133.2047
014	131.9652

Arrondissement for department 75	Index
015	130.8089
016	132.3911
017	135.2665
018	140.1708
019	135.6994
020	136.6944
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