

CREDIT MUTUEL HOME LOAN SFH

**SPECIAL AUDITOR'S CERTIFICATION
OF THE VALUATION METHODS AND RESULTS AND
METHODS FOR PERIODICALLY REVIEWING
THE VALUE OF REAL ESTATE ASSETS AT DECEMBER 31, 2023**

**CAILLIAU DEDOUIT ET ASSOCIES
19, RUE CLEMENT MAROT
75008 PARIS**

CREDIT MUTUEL HOME LOAN SFH

6, Avenue de Provence

75009 Paris

SPECIAL AUDITOR'S CERTIFICATION OF THE VALUATION METHODS AND RESULTS AND METHODS FOR PERIODICALLY REVIEWING THE VALUE OF REAL ESTATE ASSETS AT DECEMBER 31, 2023

To the Board of Directors of Crédit Mutuel Home Loan SFH,

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, as published along with the annual financial statements for the year ended December 31, 2023 and appended to this certification.

The methods and results of the valuation of real estate assets and the methods for periodically reviewing their value have been defined and implemented under the responsibility of your company's management.

Our responsibility is to assess their validity in light of the rules in force as of December 31, 2023.

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, 2023;
- 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.

CREDIT MUTUEL HOME LOAN SFH

Special Auditor's certification of the valuation methods and results and methods for periodically reviewing the value of real estate assets at December 31, 2023

The work carried out by us leads us to make the following comments and observations:

- The methods and results of the valuation of real estate assets and the methods for periodically reviewing their value, published along with the annual financial statements for the year ended December 31, 2023, generally comply with Articles 2 to 4 of CRBF Regulation 99-10.
- However, it should be noted that, based on the tests performed by us, it appears that the operational application of the procedure for determining the initial value of real estate assets could be improved.

Paris, April 22, 2024

The Special Auditor

CAILLIAU DEDOUT ET ASSOCIES

Laurent BRUN

Crédit Mutuel

Home Loan SFH

Public limited 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, 2023

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, 2023.

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, as amended by the order of July 7, 2021 which came into force on 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 Article 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 and notary and negotiation fees.”

Article 4. – “The valuation is carried out by an appraiser who has the necessary qualifications, capacity and experience; the appraiser is independent of the decision-making process regarding the granting of credit, does not take into account speculative elements in the valuation 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 and Article 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 real estate assets is reviewed annually based on 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 readjustment coefficient that takes into account the real estate market and its evolution based on the indices of changes in real estate prices published by official or similar bodies, such as market data platforms, that are 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 real estate prices recorded by an index reflecting the relevant real estate 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 showing the initial value of the real estate assets as defined in Article 2 and the index of changes in real estate prices 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 referred to in Article L. 513-23 of the French Monetary and Financial Code, who decides on their validity. They are published at the same time as the annual financial statements along with the assessment of the special auditor. The *Autorité de Contrôle Prudentiel et de Résolution* may require that they 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 elements 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 transaction or determined by CMH ÉVALUATION.

1. Total cost of the transaction

Pursuant to the applicable regulations, for the financing of home loans 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 transaction as *“the sum of the amount of the financed project and the personal contribution, after deduction of duties and notary and negotiation fees”*.

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

The total cost of the transaction, which was determined for the property concerned, complies with the regulations and corresponds to the value of the property recorded in the deed of sale, excluding duties and fees.

The number of properties to which this method applies, i.e. 388,905 properties, represents an initial value of €73,702,000, i.e. 93.99% of the total value of the properties financed by Crédit Mutuel Home Loan SFH.

The specificities are limited to the financing of works only and the purchase of homes through a balancing payment, for which we use the overall value of the financed property if the information is available (total market value of the property). If this is not the case, we use the amount of the loan granted.

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

2. Valuation by CMH ÉVALUATION

For the financing of home loans exceeding the thresholds of €480,000 in respect of the principal balance and €600,000 in respect of the cost of the transaction (and for some financing that does not exceed the above thresholds), the property is valued through an appraisal carried out by an independent expert not involved in the loan origination process. 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.

The number of properties to which this method applies, i.e. 5,290 properties, represents an initial value of €4,709,000, i.e. 6.01% of the total value of the properties financed by Crédit Mutuel Home Loan SFH.

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 real estate 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) 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:

Updates to housing price indices by department and, for Paris, by arrondissement (district), are received quarterly.

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

For the departments in Corsica, the following are used:

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

For properties located in the French overseas departments and territories, the "Province" indices are also used as 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, the apartments indices are used 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.

Moreover, as a precaution, a reduction is applied in case of an increase in the index (80% of the increase is taken into account) and, since February 2012, an increase is applied in case of a decrease in the index (106% of the decrease).

The statistical revaluation of the residential properties at December 31, 2023 was performed on November 30 using the final indices for the first quarter of 2023, which correspond to sales completed during that same quarter (see appendix).

Assets financed after the first quarter of 2023 are not revalued, and the reviewed value is then the initial value of the asset, as defined above.

Back-testing of the value of financed assets:

The new regulatory back-testing requirement, set out in Article 3 of CRBF 99-10, entails ensuring that the revalued value is less than or equal to the market value of the assets on the revaluation date.

In 2023, 995 assets, selected from among the receivables assigned to SFH, were back-tested using the specialized CL ESTIM tool developed by Crédit Logement.

At the time of testing, these 995 assets, which had an initial value of €219 million, had a present value in our information system of €242 million. The corresponding present value in CL ESTIM was €247 million. This 2% difference is insignificant and remains conservative.

The value calculated in our information system is lower than the value predicted by the CL ESTIM tool. We can therefore assume that “our revalued value is less than or equal to the market value or the mortgage value at the revaluation date”, in accordance with Article 3 of CRBF 99-10.

III. Results

Information regarding the pool used at end-December 2023:

Valuation of financed real estate assets offered as collateral			
Geographic location of the asset (department number)	Number of assets	Initial value (€ millions)	Reviewed value (statistical) ⁽¹⁾ (€ millions)
01	6,377	1,386	1,701
02	2,321	328	346
03	913	123	139
04	773	132	154
05	1,036	191	222
06	8,434	1,942	2,234
07	2,749	460	546
08	1,192	149	160
09	266	34	39
10	1,768	254	280
11	901	138	160
12	502	72	83
13	14,483	3,190	3,800
14	6,398	1,184	1,484
15	316	44	50
16	890	136	168
17	2,867	634	815
18	1,301	166	176
19	406	51	58
20	1,760	366	425
21	4,831	811	950
22	1,220	225	296
23	215	23	25
24	423	67	80
25	3,988	658	759
26	3,916	722	860
27	3,950	663	761
28	4,069	653	718
29	2,460	430	588
30	3,613	694	811
31	4,762	923	1,106
32	246	39	46
33	5,319	1,301	1,677
34	5,873	1,144	1,353
35	2,742	551	725
36	954	106	115
37	3,484	624	755
38	9,410	1,869	2,229
39	1,375	207	234
40	1,440	290	378
41	2,997	442	492
42	5,839	934	1,124
43	1,856	280	320
44	15,530	2,914	3,930
45	5,620	926	1,047
46	355	57	66
47	758	111	131
48	353	51	60
49	8,459	1,368	1,728

50	1,733	300	378
51	2,919	488	554
52	2,098	240	256
53	417	62	77
54	6,432	997	1,171
55	1,199	142	158
56	2,228	442	605
57	12,693	2,139	2,617
58	757	90	94
59	20,026	3,619	4,258
60	4,194	835	928
61	1,136	150	179
62	9,126	1,463	1,712
63	1,740	290	332
64	2,074	441	576
65	559	82	95
66	1,860	306	352
67	16,758	3,311	4,160
68	11,461	2,249	2,691
69	15,649	3,737	4,736
70	1,477	202	228
71	2,912	407	463
72	2,069	313	379
73	3,470	731	912
74	5,640	1,501	1,845
75	8,146	3,039	3,523
76	7,757	1,368	1,605
77	12,194	2,681	2,979
78	6,921	1,953	2,194
79	1,188	161	189
80	2,864	443	494
81	815	128	148
82	604	96	111
83	8,662	2,055	2,423
84	3,435	703	824
85	2,609	474	633
86	2,579	364	435
87	1,191	166	190
88	3,252	434	493
89	1,421	192	202
90	941	148	167
91	6,831	1,596	1,778
92	6,456	2,215	2,558
93	8,009	1,742	2,078
94	6,432	1,774	2,069
95	6,881	1,594	1,788
97	2,670	493	607
TOTAL	394,195	78,411	93,646

⁽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 17, 2024

Eric Cuzzucoli

Chief Executive Officer

APPENDIX

Values from the most recent final indices for the first quarter of 2023 used at the time of the revaluation on November 30, 2023:

Department	Index	Department	Index	Department	Index
001	135.9149	033	156.5164	065	123.8508
002	110.2900	034	129.7058	066	125.2107
003	122.9497	035	153.0154	067	140.7117
004	127.1028	036	114.1475	068	133.7257
005	124.7596	037	131.9609	069	147.6183
006	124.8614	038	131.3002	070	119.6246
007	132.5869	039	120.7262	071	120.8802
008	112.4838	040	155.2168	072	132.2117
009	124.4227	041	115.5776	073	139.4934
010	118.4064	042	133.6348	074	136.6542
011	124.9274	043	124.0850	075	132.1762
012	125.0382	044	157.4960	076	128.6711
013	131.8781	045	120.8853	077	116.4391
014	143.0772	046	129.3318	078	121.0815
015	124.0850	047	130.6719	079	127.0512
016	135.6037	048	127.6173	080	120.2088
017	148.6185	049	140.6996	081	126.9276
018	108.2831	050	143.8939	082	125.4409
019	121.0899	051	124.2567	083	130.5471
020	128.0646	052	111.6725	084	127.5367
021	127.2706	053	134.9466	085	155.3612
022	155.6138	054	127.1946	086	129.1595
023	115.3521	055	118.9241	087	122.8827
024	130.3980	056	162.1461	088	121.5452
025	124.0687	057	134.4963	089	110.2120
026	133.0170	058	108.7560	090	119.7830
027	124.8724	059	127.9429	091	117.8362
028	114.1418	060	118.1451	092	128.4594
029	159.5056	061	131.2763	093	130.9545
030	126.5860	062	126.8610	094	127.7500
031	131.9971	063	124.9028	095	118.7420
032	129.3318	064	155.8766	Outside Paris	135.0957

Arrondissement for department 75	Index	Arrondissement for department 75	Index	Arrondissement for department 75	Index
001	130.6175	008	134.9103	015	127.2370
002	130.0803	009	133.5715	016	133.0840
003	130.8488	010	132.4709	017	134.8372
004	131.3256	011	133.2778	018	135.9742
005	132.7578	012	128.5907	019	131.5707
006	132.5721	013	131.4113	020	132.6810
007	133.1686	014	129.5706	-	-