



CAISSE DE REFINANCEMENT DE L'HABITAT

This document is a free translation of a French-language original documentation. Only the contents of the French documentation are binding on CRH.

2007 ANNUAL REPORT

REGISTRATION DOCUMENT

Incorporating by reference the 2006 and 2005 financial statements and the reports of the auditors relative to these accounts as presented in the registration documents recorded February 6, 2007 and February 14, 2006 with the Autorité des Marchés Financiers (the French financial markets supervisory authority). All information included in these two registration documents, other than that mentioned above, has been, as necessary, replaced and/or updated by information included in this documentation.

**Credit institution licensed as a French « société financière »
A French corporation (société anonyme) with capital stock of EUR 149,663,500
Registered office: 35 rue La Boétie, 75008 Paris
<http://www.crh-bonds.com>
Paris Trade and Companies Register No.: 333 614 980 - APE code: 6492Z**

CONTENTS

Registration document in compliance with Appendix XI to Regulation 809/2004/EC of the European Parliament

| Reports | Page |
|---|------|
| Report of the Board of Directors to the Regular Shareholders' Meeting, including: the recommendations by the board of directors to the regular shareholders' meeting, the text of the proposed resolutions, the five-year financial summary and the supplementary report on use of the powers delegated on September 12, 2006 to increase the company's capital | 7 |
| Chairman's report on conditions for preparing and organizing the work of the Board of Directors and on internal control procedures implemented by the company | 17 |
| General report of the statutory auditors | 21 |
| Special report of the statutory auditors | 23 |
| Report of the statutory auditors on the Chairman's report on internal control procedures | 25 |
| | |
| Chapters | |
| 1 Responsibilities | 27 |
| 1.1. Person responsible for the registration document | 27 |
| 1.2. Statement of the person responsible | 27 |
| 2 Statutory auditors | 29 |
| 2.1. Statutory auditors | 29 |
| 2.2. (Unused) | 30 |
| 3 Risk factors | 31 |
| 3.1. Risk factors | 31 |
| 3.2. Internal control | 33 |
| 4 Information about the issuer | 35 |
| 4.1. Historical information, recent developments, applicable law | 35 |
| 4.2. Bonds | 40 |
| 5 Business overview | 47 |
| 5.1. Core businesses | 47 |
| 5.2. Refinancings | 48 |
| 5.3. Mortgage lending trends in France | 51 |

| | | |
|----|--|----|
| 6 | Organization chart | 53 |
| | 6.1. Organization of the company | 53 |
| | 6.2. (Unused) | 53 |
| 7 | Trend information | 55 |
| | 7.1. Principal trends affecting the company's business in 2007 | 55 |
| | 7.2. Trends and events likely to affect the company's business in 2008 | 55 |
| 8 | Profit forecasts or estimates | 57 |
| | 8.1. (Unused) | 57 |
| | 8.2. (Unused) | 57 |
| | 8.3. (Unused) | 57 |
| 9 | Corporate governance | 59 |
| | 9.1. Information concerning the members of the administrative, management and supervisory bodies | 59 |
| | 9.2. Conflicts of interest in the administrative, management and supervisory bodies | 61 |
| 10 | Major shareholders | 63 |
| | 10.1. Identification of the shareholders or groups of shareholders holding more than 3% of voting rights | 63 |
| | 10.2. Shareholder agreements | 63 |
| 11 | Financial information concerning the issuer's assets and liabilities, financial position and earnings | 65 |
| | 11.1. Historical financial information | 65 |
| | a) Balance sheet and off-balance sheet commitments | 66 |
| | b) Income statement | 70 |
| | c) Notes to the financial statements | 71 |
| | d) Additional information and net cash flow statement | 87 |
| | 11.2. Financial statements - Consolidated financial statements | 88 |
| | 11.3. Auditing of historical annual financial information | 88 |
| | 11.4. Age of latest financial information | 88 |
| | 11.5. Interim and other financial information | 89 |
| | 11.6. Legal and arbitration proceedings | 89 |
| | 11.7. Significant changes in the issuer's financial position | 89 |
| 12 | Major contracts | 91 |
| | 12.1. (Unused) | 91 |
| 13 | Third party information, statement by experts and declarations of any interest | 93 |
| | 13.1. (Unused) | 93 |
| | 13.2. (Unused) | 93 |
| 14 | Documents on display | 95 |

| |
|----------|
| Appendix |
|----------|

| | | |
|-------------|--|-----|
| Appendix 1 | Article 13 of Act 85-695 as complemented by Article 36 of Act 2006-872 of July 13th, 2006 and the text of the amendment n° 275 presented by the government on January 13th, 2006 | 97 |
| Appendix 2 | French Monetary and Financial Code Articles L.313-42 to L.313-49 completed by the article L.515-14 § I concerning the French <i>Sociétés de Crédit Foncier</i> | 99 |
| Appendix 3 | French Monetary and Financial Code Articles R.313-20 to R.313-25 | 103 |
| Appendix 4 | Extract from French Banking and Financial Regulation Committee Regulation n° 99-10 relative to French <i>Sociétés de Crédit Foncier</i> | 105 |
| Appendix 5 | Articles of incorporation and bylaws | 107 |
| Appendix 6 | Internal rules and regulations | 117 |
| Appendix 7 | Conditions of eligibility | 127 |
| Appendix 8 | Glossary | 133 |
| Appendix 9 | Summary presentation of CRH | 135 |
| Appendix 10 | CRH's mechanism | 143 |

This registration document is available on the web site of the CRH and on that of the AMF.

REPORT OF THE BOARD OF DIRECTORS TO THE REGULAR SHAREHOLDERS' MEETING HELD ON MARCH 4, 2008

To the Shareholders,

As required by law, we have called this Shareholders' Meeting to approve the financial statements for fiscal year 2007.

At the beginning of the year, Mr. Claude Pierre-Brossolette stated that he did not wish to request renewal of his term of office as Chairman which began in 1995. Upon his motion, the Board of Directors, in the meeting following our last meeting, appointed, to this office, Mr. Henry Raymond, who was then Chief Executive Officer. As a result, he now has the title of Chairman and Chief Executive Officer.

The Board of Directors designated Mr. Claude Pierre-Brossolette as honorary chairman to recognize his significant accomplishments during his various terms of office.

OPERATIONS

CRH's bonds were issued in turbulent markets.

In spite of this, the very strict and specific legal framework and regulations governing CRH and the internal rules that you approved - in particular with respect to oversizing and with respect to forbidding to refinance loans with a term of more than 25 years and the RMBS - enabled CRH to raise the necessary funds for the desired refinancings.

Such advantages enabled it to issue a EUR 2.5 billion benchmark bond in September 2007 in a completely closed market.

Total loans of EUR 8.3 billion were granted in the course of the year, up from EUR 7.7 billion in 2006 and EUR 3 billion in 2005.

Loans granted since the establishment of CRH totaled EUR 48.6 billion at December 31, 2007, compared with EUR 40.3 billion at December 31, 2006. In keeping with CRH's corporate purpose, this equals the total amount of bonds issued.

No contractual or early repayments were made in the course of the year.

Total outstanding loans at December 31, 2007, reached another all-time high of EUR 34 billion, compared with EUR 25.7 billion at December 31, 2006. This level of outstanding loans is four times as high as on June 30, 1999, when the mortgage credit companies (*sociétés de crédit foncier*) were originally set in place.

Total assets amounted to EUR 34.6 billion at December 31, 2007, compared with EUR 27 billion at December 31, 2006.

RESULTS, FINANCIAL SITUATION, AND DEBT

Analysis of the company's results, financial situation, and debt prepared in accordance with the new provisions of the French Commercial Code (Article L.225-100):

As stated in your company's half-year report, beginning on January 1, 2007, mortgage notes are recognized as assets at their acquisition price in accordance with the provisions of Regulation no. 2005-01 of the French Accounting Regulations Committee. The difference between the acquisition price and the face value of the mortgage notes is now spread out using an actuarial method. Bonds are recognized as liabilities using the same rule.

The financial statements and notes at December 31, 2007 use the historical accounts at December 31, 2007. The financial statements are also presented pro forma.

a) Results :

Funding transactions, i.e. lending, borrowing, and repayment have no direct impact on earnings. CRH does not generate an interest margin on these transactions, and lends all capital raised on financial markets to its shareholders at the same rates and with the same maturities.

As a result, CRH's earnings represent the proceeds of capital invested in the money market net of general and administrative expenses and interest paid to shareholders on subordinated loans.

Financial income is increasing every year due to the increasing amount of capital available and to rises in money market rates.

Interest on subordinated loans totaled EUR 4.9 million, compared with EUR 2.4 million in 2006.

General and administrative expenses are up from the prior year owing primarily to an increase in rent and taxes. Said expenses include additional costs related mainly to the overhaul of the company's IT systems during the year.

Provisions for risk associated with medium and long-term credit operations are at the regulatory ceiling and total EUR 200,000, compared with EUR 84,000 in 2006.

Net income came to EUR 2.5 million, compared with EUR 1 million in 2006.

This Meeting is asked to approve the distribution of EUR 2.36 million in dividends, i.e. EUR 0.24 per share.

b) Financial situation:

Because CRH extended a significant amount of loans during the year, the Board of Directors used your September 12, 2006 authorization to again increase share capital. It raised it from EUR 129.7 million in October 2007 to EUR 149.7 million. In December 2007, it again decided to increase the capital from EUR 149.7 million to EUR 169.6 million by January 30, 2008.

At December 31, 2007, CRH had shareholders' equity (excluding subordinated loans) of EUR 157.2 million, compared with EUR 136.2 million at December 31, 2006.

At December 31, 2007 CRH's capital adequacy ratio was 8.76%, i.e. at the same percentage under the Basel I and Basel II standards, compared with 8.94% at December 31, 2006 and 9.19% at December 31, 2005. The Basel II ratio is computed using the standardised method for credit risk and the base indicator approach for operational risk.

c) Debt:

CRH does not borrow for its own account but on behalf of banks. Debtor banks contribute the amounts required to service the debt when the interest and principal payments come due. CRH therefore does not have to generate operating cash flow to service and amortize its debt. As a result, an analysis of its debt is only of limited significance.

OUTLOOK

Because CRH does not generate any margin, neither the company's earnings nor its financial position is directly impacted by changes in the volume of its operations.

Volumes vary, obviously, as a function of the growth of the French economy.

Certain factors do, however, appear to foster growth:

- The contraction of banks' regulated loan resources will generate additional requirements for funding loans.
- This situation will prompt banks:
 - to seek new sources of funding. Some have established, or plan to establish, means of issuing covered bonds;
 - some of them may as a result turn increasingly to CRH for the types of housing loans provided for in its by-laws.
- This trend to seek greater financing from CRH is heightened by the difficult environment generated by the market crisis which makes banks' refinancing more costly.

A better understanding by investors of the features of CRH's bonds in terms of simplicity and safety could result in a relative fall of the cost of CRH bond issues and banks' refinancing with CRH and as a result accentuate this trend.

This is the aim of a more significant marketing and communication policy decided at the end of 2006. In 2007, the number of roadshows has risen sharply with trips to Southeast Asia,

including China, and to Japan and many European countries, including the Scandinavian countries. We need to continue to follow this policy.

COMPENSATION OF OFFICERS AND DIRECTORS AND STATUTORY AUDITORS

As required by law, compensation paid to corporate officers and directors is presented in Note 16 to the financial statements, on page 86.

The fees paid to the statutory auditors are presented on page 30.

LIST OF TERMS OF OFFICE

The list of corporate officers and directors during the year is presented in Chapter 9, on pages 59 and 60.

RECOMMENDATIONS BY THE BOARD OF DIRECTORS TO THE REGULAR SHAREHOLDERS' MEETING

To the Shareholders of CRH:

- We recommend that you approve the financial statements for 2007 as presented to you.
- We recommend that you approve the regulated agreements covered by the special report of the statutory auditors.
- We recommend that you allocate distributable income as indicated below:

| | |
|---------------------------------------|---------------------|
| . Net income for the year | 2,507,172.39 |
| + Retained earnings - opening balance | 67,531.12 |
| = Total distributable income | 2,574,703.51 |

To be allocated and distributed as follows:

| | |
|---|--------------|
| . Legal reserve | 130,000.00 |
| . Net dividend of EUR 0.24 per share for the 9,814,000 shares making up the share capital at December 31, 2007 with a divided payment date of January 1, 2007 and payable beginning on March 5, 2008. This income is eligible for the 40% tax credit for individual shareholders. | 2,355,360.00 |
| . Retained earnings - closing balance | 89,343.51 |

The dividends paid for the three previous fiscal years were as follows:

| (in € per share) | |
|------------------|--------------|
| Year | Net dividend |
| 2006 | 0.11 |
| 2005 | 0.08 |
| 2004 | 0.04 |

- As a result of the sale of all the CRH shares owned by Crédit Industriel et Commercial (CIC) to Banque Fédérative du Crédit Mutuel (BFCM) and the temporary appointment of BFCM as director replacing CIC, we propose that you ratify this temporary appointment by appointing BFCM as director for the remainder of CIC's term of office, i.e. until the close of the shareholders' meeting held to approve the financial statements for the year ending December 31, 2012.

PROPOSED RESOLUTIONS

FIRST RESOLUTION

Having read the report of the Board of Directors, the Chairman's report on the preparation and organization of the work of the Board of Directors and on the internal control procedures implemented by the company, the general report, and the report on the Chairman's report on internal controls by the statutory auditors, the Shareholders' Meeting approves the financial statements for the year ended December 31, 2007, together with notes and appendices, as presented.

SECOND RESOLUTION

Having read the special report of the statutory auditors prepared as required by the provisions of Article L.225-40 of the French Commercial Code, the Shareholders' Meeting approves the agreements covered therein.

THIRD RESOLUTION

The Shareholders' Meeting approves the allocation and distribution of net income for the year as presented below:

| | |
|---------------------------------------|-----------------------|
| . Net income for the year | 2,507,172.39 € |
| + Retained earnings - opening balance | 67,531.12 € |
| = Total distributable income | 2,574,703.51 € |

To be allocated and distributed as follows:

| | |
|--|----------------|
| . Legal reserve | 130,000.00 € |
| . Net dividend of EUR 0.24 per share for the 9,814,000 shares making up the share capital at December 31, 2007 with a dividend payment date of January 1, 2007 and payable beginning on March 5, 2008. This income is eligible for the 40% tax credit for individual shareholders. | 2,355,360.00 € |
| . Retained earnings - closing balance | 89,343.51 € |

As required by law, the Shareholders' Meeting notes the dividends paid for the three previous fiscal years:

(in € per share)

| Year | Net dividend |
|------|--------------|
| 2006 | 0.11 |
| 2005 | 0.08 |
| 2004 | 0.04 |

FOURTH RESOLUTION

The Shareholders' Meeting takes note of the sale of all CRH shares owned by Crédit Industriel et Commercial to Banque Fédérative du Crédit Mutuel. It resolves to ratify this temporary appointment of Banque Fédérative du Crédit Mutuel as director by the December 4, 2007 Board of Directors' meeting. It names Banque Fédérative du Crédit Mutuel as director to replace Crédit Industriel et Commercial until the close of the regular shareholders' meeting held to approve the financial statements for the year ending December 31, 2012.

FIFTH RESOLUTION

The Shareholders' Meeting authorizes the bearer of a copy or excerpt of these minutes to carry out all legal and regulatory formalities.

*(These resolutions have been approved
by the Regular Shareholders' Meeting of March 4, 2008).*

CAISSE DE REFINANCEMENT DE L'HABITAT

Five-years financial summary

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|-------------|-------------|-------------|--------------|-------------|
| Capital at year end: | | | | | |
| . Capital stock (in EUR) | 76,250,000 | 99,963,750 | 99,963,750 | 129,664,924 | 149,663,500 |
| . Number of common shares | 5,000,000 | 6,555,000 | 6,555,000 | 8,502,618 | 9,814,000 |
| . Number of non-voting preferred shares | 0 | 0 | 0 | 0 | 0 |
| . Maximum number of shares to be created though conversion of bonds or exercise of subscription rights | 0 | 0 | 0 | 0 | 0 |
| Business and earnings (EUR thousands): | | | | | |
| . Total revenues (excluding VAT) | 775,326 | 828,835 | 888,327 | 1,032,451 | 1,276,000 |
| . Income before tax, employee profit-sharing, depreciation, amortization and provisions | | | | | |
| Historical data | 65,620 | 62,625 | 71,341 | 88,664 | |
| Change of accounting method (1) | <i>587</i> | <i>454</i> | <i>876</i> | <i>1,677</i> | 4,02 |
| . Corporate income tax | 178 | 144 | 276 | 529 | 1,285 |
| . Employee profit-sharing | 0 | 0 | 0 | 0 | 0 |
| . Income after tax, employee profit-sharing, depreciation, amortization and provisions | 334 | 271 | 528 | 1,048 | 2,507 |
| . Net dividend per share | 300 | 262 | 524 | 935 | 2,355 |
| Earnings per share (in EUR): | | | | | |
| Income after tax, employee profit-sharing, depreciation and before amortization, depreciation and provisions | | | | | |
| Historical data | 13.12 | 9.53 | 10.84 | 10.37 | |
| Change of accounting method (1) | <i>0.08</i> | <i>0.05</i> | <i>0.09</i> | <i>0.14</i> | 0.28 |
| Income after tax, employee profit-sharing, depreciation, amortization and provisions | 0.07 | 0.04 | 0.08 | 0.12 | 0.26 |
| . Net dividend per share | 0.06 | 0.04 | 0.08 | 0.11 | 0.24 |
| Staff: | 0 | 0 | 0 | 0 | 0 |
| . Average number of employees during year | 9 | 9 | 9 | 9 | 9 |
| . Payroll expense (EUR thousands) | 556 | 567 | 584 | 596 | 596 |
| . Social security and other benefits (EUR thousands) | 243 | 249 | 247 | 270 | 280 |

(1) Change of accounting method: see Appendix, notes 2 page 73, figures in italics are pro forma.

Notes: - Readers are reminded that funding transactions, i.e., lending, borrowing and repayment, have no direct impact on earnings. CRH does not earn an interest margin on these transactions and lends all capital raised on the financial markets to its shareholders at the same rates and maturities. As a result, CRH earnings represent the proceeds of capital invested in the money market net of general and administrative expenses.

- The company's shares are held exclusively by the borrowing institutions and are not listed on any stock exchange.

**SUPPLEMENTARY REPORT ON USE OF THE POWERS
DELEGATED ON SEPTEMBER 12, 2006
TO INCREASE THE COMPANY'S CAPITAL
(ARTICLE L.225-129, PARAGRAPH 4 OF THE FRENCH COMMERCIAL CODE)**

On September 12, 2006, the Shareholders' Meeting authorized the Board of Directors to increase the company's capital, in one or several transactions, from EUR 99,963,750 to a maximum of EUR 199,927,500 at any time within the following five years.

On the same day, the Board of Directors voted to increase the capital from EUR 99,963,750 to EUR 129,952,875 through the creation of 1,966,500 shares with a par value of EUR 15.25 and an issue premium of EUR 0.53, fully paid through incorporation of subordinated loans at their fair market value. As a result of the number of shares actually subscribed – 1,947,618 shares – the capital subscribed increased to EUR 129,664,924.50.

On July 10, 2007, the Board of Directors, again using the meeting's authorization, resolved to increase the capital from EUR 129,664,924.50 to EUR 149,663,500 through the creation of 1,311,382 shares with a par value of EUR 15.25 and an issue premium of EUR 0.54 fully paid through incorporation of the subordinated loans at their fair market value.

On October 16, 2007, the Board of Directors duly noted that this capital increase had taken place.

As a result of the number of shares actually subscribed, i.e. all of the shares offered for subscription, the capital subscribed was increased to EUR 149,663,500.00. Consequently, the amount of share capital authorized but not yet subscribed currently totals EUR 50,264,000.

The shareholder structure resulting from this capital increase is presented in Paragraph 10.1 of this document.

The company's by-laws were consequently amended.

Because CRH's shares are not publicly listed there is no need to comment on the impact of this capital increase on the market values of the shares.

The Board of Directors, in its December 4, 2007 meeting, again using the shareholders' authorization of September 12, 2006, resolved to increase the capital from EUR 149,663,500 to EUR 169,641,000 by January 30, 2008.

CHAIRMAN'S REPORT ON CONDITIONS FOR PREPARING AND ORGANIZING THE WORK OF THE BOARD OF DIRECTORS AND ON INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY

1. CONDITIONS FOR PREPARING AND ORGANIZING THE WORK OF THE BOARD OF DIRECTORS

1.1. Operating rules

It should be remembered that CRH shares are not publicly traded and in accordance with the by-laws are allocated annually between borrowers pro rata to the loans outstanding. Their share of the company's capital is therefore equal to their share of the loans outstanding.

The Board of Directors of CRH – Caisse de Refinancement de l'Habitat – currently has nine members appointed for a period of six years. Its membership is designed to ensure representation of the main lenders in the French residential mortgage market.

The Board represents all shareholders as a collegial body. It deliberates on all questions concerning the life of the company and, in particular, on matters of strategy.

The Board has no operating rules.

1.2. Compensation Committee

The Board has set up a Compensation Committee consisting of three directors chosen by the Board. Its role is to make recommendations to the Board concerning the compensation of the Chairman and the Chief Executive Officer, and it meets once each year.

1.3. Work of the Board of Directors

The Board of Directors met six times in 2007.

More than half of the directors usually attended or were represented.

At the March 13, 2007 meeting, at the beginning of the meeting, the Board of Directors appointed me to serve as Chairman of the Board of Directors and Chief Executive Officer of the company for the duration of my term as director. My title is Chairman and Chief Executive Officer.

In addition to the appointment of the Chairman, the main business of the Board during the year included:

- appointment of a senior manager;
- discussion and approval of the results and the company financial statements for fiscal year 2006;

- setting the maximum level of bonds to be issued, the Board having granted me full authority to implement these issues and set the terms in accordance with the new provisions of Article L.228-40 of the French Commercial Code;
- the periodic review of the terms and conditions of bond issuance;
- review of the report on the conditions of exercise of internal controls;
- the periodic examination of internal control and compliance activities and results;
- examination of the outcome of checks on loans pledged to CRH (as of December 31, 2006);
- the monitoring, regulation and hedging of CRH's transactions, the provisions of the internal rules and the preparation of certain amendments to said rules;
- examination of certain proposed measures to transpose the CRD Directive concerning loan eligibility criteria;
- review of the quarterly financial statements and discussion and approval of the report on the six-month financial statements;
- decision to carry out two capital increases and examination of the terms of said capital increase;
- examination of the French Banking Commission's (*Commission Bancaire*) letter following its audit of the company during the prior fiscal year;
- examination of the conditions of the gathering of mortgage notes of the Crédit Industriel et Commercial into the Banque Fédérative du Crédit Mutuel.

2. THE COMPANY'S INTERNAL CONTROL PROCEDURES

The aim of the internal controls implemented by the company is to meet the internal control and compliance obligations for credit institutions contained in the French Banking and Financial Regulatory Committee (Comité de la Réglementation Bancaire et Financière - CRBF) Regulation 97-02.

Pursuant to the provisions of this regulation, companies must submit a report on internal control, compliance, and the measurement and monitoring of risks once a month to the Board of Directors. This report must include risk mapping and a business continuity plan.

2.1. Internal control participants

This system of internal control has been adapted to meet the particular needs of the company, the main characteristics of which are its degree of specialization and the transparency and security of its operations. Its organizational structure is also influenced by the limited number of employees. For that reason, the Chairman and Chief Executive Officer and the General Secretary have responsibility for monitoring the consistency and effectiveness of the internal control system.

The Chairman and Chief Executive Officer reports regularly to the Board of Directors on internal control and risk monitoring activities and results at least two times a year.

Internal control systems are enhanced by the audits of the audit departments of the CRH's credit institution shareholders.

2.2. Organization of internal control for preparing financial and accounting information

The company's general management is responsible for the preparation and the integrity of the financial statements presented to you. The financial statements have been prepared and are presented in accordance with generally accepted accounting principles and the regulations applicable to French credit institutions. The financial information presented elsewhere in the annual report is in accordance with the financial statements.

The company maintains a system of internal control providing it with reasonable assurance as to the reliability of its financial information, the protection of its assets and the compliance of its operations, its commitments and its internal procedures with all prevailing regulations. This system forms part of the overall systems implemented by the company to meet the internal control requirements of credit institutions set out in CRBF Regulation 97-02.

Technically, the internal control system is based on regularly-updated written procedures and an organizational structure that strictly separates duties and responsibilities.

The company's general management considers that these financial statements present accurately the financial position of the company, the results of its operations and its cash flows.

2.3. Outcome of controls

During the year under review, there were no major changes to the company's internal control systems nor any material deficiencies or weaknesses requiring corrective measures.

Henry Raymond

Chairman of the Board of Directors

GENERAL REPORT OF THE STATUTORY AUDITORS

For the fiscal year ended December 31, 2007

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2007 on:

- the audit of the accompanying financial statements of **Caisse de Refinancement de l'Habitat**;
- the basis of our opinions;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. OPINION ON THE FINANCIAL STATEMENTS

We performed our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit so as to obtain reasonable assurance that the financial statements are free from any material misstatement. An audit consists of an examination, on a sample basis, of evidence supporting the amounts and disclosures in the financial statements. An audit also involves an assessment of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for the opinion expressed below.

In our opinion, the financial statements present a true and fair view of the Company's financial position and its assets and liabilities at December 31, 2007 and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

Without calling into question the opinion expressed above, we draw your attention to the change in accounting method that took place during the 2007 fiscal year. This change results from the first-time adoption of Regulation no. 2005-01 of the French Accounting Regulation Committee (*Comité de la Réglementation Comptable*) as explained in note 2 of the Appendix to these financial statements.

2. THE BASIS OF OUR OPINION

In accordance with the requirements of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we hereby inform you that our assessments focused on the accounting principles applied and on the appropriateness of the material estimates used for the preparation of the financial statements.

The assessments we made of these items form part of the framework of our audit approach which relates to the financial statements as a whole and therefore contributed to the formation of the opinion expressed in the first part of this report.

3. SPECIFIC VERIFICATIONS AND INFORMATION

We also performed the specific verifications required by law, in accordance with professional standards applicable in France.

We have no observations regarding:

- The accuracy and consistency with the financial statements of the information provided in the management report of the Board of Directors and in the documents issued to the shareholders with respect to the Company's financial position and financial statements.
- The accuracy of the figures contained in the management report on the compensation paid and benefits awarded to the corporate officers as well as the guarantees given in their favor in connection with the taking, ending or change of offices or subsequent to them.

Paris La Défense and Paris, January 31, 2008

The statutory auditors

KPMG AUDIT

A division of KPMG SA
Member of the *Compagnie régionale des commissaires aux comptes de Versailles*
Represented by Marie-Christine Ferron-Jolys
Partner

AUDITEURS & CONSEILS ASSOCIÉS SA

Nexia International
Member of the *Compagnie régionale des commissaires aux comptes de Paris*
Represented by François Mahé
Partner

SPECIAL REPORT OF THE STATUTORY AUDITORS

Regarding regulated agreements For the fiscal year ended December 31, 2007

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby present your our report on regulated agreements

Agreements authorized during the year

In compliance with Article L.225-40 of the French Commercial Code, we have been informed of agreements requiring the prior authorization of your Board of Directors.

It is not part of our duties to verify the existence of other such agreements, but to inform you, on the basis of the information provided to us, of the features, terms, and conditions of the agreements of which we have been informed. It is not our duty to express an opinion on the usefulness and advisability of such agreements. It is your duty, pursuant to the provisions of Article R.225-31 of the French Commercial Code, to assess the interest of such agreements in view of their approval.

We prepared our report according to the professional standards applicable in France. Those standards require that we perform audits to check that the information provided to us is consistent with the reference documents from which it was taken.

Corporate officer liability insurance contract taken out from Chubb Insurance Company of Europe S.A.

Person covered: Henry Raymond.

The December 4, 2007 Board of Directors' meeting authorized the taking out of a corporate officer liability insurance contract. This contract enters into effect on January 1, 2008 and pays for the damages that an officer is ordered to pay as a result of any claims against him for misconduct or negligence.

This contract had no impact on the financial statements of Caisse de Refinancement de l'Habitat for the year ended December 31, 2007.

Agreements authorized during prior fiscal years, that remained in force during the year

In addition, in compliance with the French Commercial Code, we have been informed of the following agreement which was approved in a prior fiscal year, but which remained in force during the previous fiscal year.

Unemployment insurance agreement for the loss of employment of non-employee corporate officers not covered by ASSEDIC, the French unemployment insurance.

The March 8, 2005 Board of Directors' meeting authorized the principle of Caisse de Refinancement de l'Habitat providing for unemployment insurance coverage for corporate officers not covered by ASSEDIC unemployment insurance in the event of termination of their employment contract. Premiums under this plan amounted to EUR 6,261 in fiscal year 2007.

Paris La Défense and Paris, January 31, 2008

The statutory auditors

KPMG AUDIT

A division of KPMG SA
Member of the *Compagnie régionale des commissaires aux comptes de Versailles*
Represented by Marie-Christine Ferron-Jolys
Partner

AUDITEURS & CONSEILS ASSOCIÉS SA

Nexia International
Member of the *Compagnie régionale des commissaires aux comptes de Paris*
Represented by François Mahé
Partner

**REPORT OF THE STATUTORY AUDITORS
ON THE REPORT OF THE CHAIRMAN OF CAISSE DE
REFINANCEMENT DE L'HABITAT S.A. ON INTERNAL
CONTROLS OVER THE PREPARATION AND PROCESSING OF
THE ACCOUNTING AND FINANCIAL INFORMATION**

For the fiscal year ended December 31, 2007

Prepared in application of article L.225-235 of the French commercial code

In our capacity as statutory auditors of Caisse de Refinancement de l'Habitat S.A. and in application of the requirements of Article L.225-235 of the French Commercial Code, we present our report on the report prepared by the Chairman of your company for the year ended December 31, 2007 in accordance with the requirements of Article L.225-37 of the French Commercial Code.

It is the Chairman's responsibility to report, in the context of his report to shareholders, in particular on the preparation and organization of the Board of Directors' work and the internal control systems implemented within the company.

Our responsibility is to provide you with our comments on the information provided in the Chairman's report concerning the internal control procedures on the preparation and processing of accounting and financial information.

We conducted our work in accordance with professional guidelines generally accepted in France. Those guidelines require that we plan and perform our work so as to be able to assess whether the information and statements contained in the Chairman's report concerning the internal control procedures on the preparation and processing of accounting and financial information are presented fairly. Such work consists in particular of:

- familiarizing ourselves with the objectives and overall structure of the internal controls as well as the internal control procedures for the preparation and processing of accounting and financial information, as presented in the Chairman's report;
- familiarizing ourselves with the work supporting the information thus provided in the report.

Based on our work, we have no matters to report concerning the information about the company's internal control procedures for the preparation and processing of accounting and financial information, as contained in the report of the Chairman of the Board of Directors, prepared in accordance with the requirements of the last paragraph of Article L.225-37 of the French Commercial Code.

Paris La Défense and Paris, January 31, 2008

The statutory auditors

KPMG AUDIT

A division of KPMG SA
Member of the *Compagnie régionale des commissaires aux comptes de Versailles*
Represented by Marie-Christine Ferron-Jolys
Partner

AUDITEURS & CONSEILS ASSOCIÉS SA

Nexia International
Member of the *Compagnie régionale des commissaires aux comptes de Paris*
Represented by François Mahé
Partner

CHAPTER 1

RESPONSIBILITIES

1.1. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Henry Raymond, Chairman and Chief Executive Officer of CRH.

1.2. STATEMENT OF THE PERSON RESPONSIBLE

I declare, after taking all reasonable measures for this purpose and to the best of my knowledge, that the information contained in this registration document is in accordance with the facts and that it makes no omissions likely to affect its import.

I have obtained a completion letter from the statutory auditors in which they state that they have audited the information relating to the financial condition and the financial statements presented in this document and that they have read the document as a whole.

The historical financial data and the pro forma financial data presented in this document have been discussed in the statutory auditor's report found on pages 21, which contain one comment.

Paris, February 8, 2008

Chairman and Chief Executive Officer
Henry Raymond

CHAPTER 2

STATUTORY AUDITORS

2.1. STATUTORY AUDITORS

2.1.1. Principal statutory auditors

1) **Auditeurs & Conseils Associés S.A.**

Nexia International

Member of *Compagnie régionale des commissaires aux comptes de Paris*

Address: 33 rue Daru 75008 Paris

Represented by: François MAHE

Dates of appointment: Initially appointed on April 16, 1991, renewed on March 4, 1997 and on March 4, 2003.

Term of office: The present six-year term expires on closure of the Regular Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2008.

2) **KPMG Audit**

A division of KPMG S.A.

Member of *Compagnie régionale des commissaires aux comptes de Versailles*

Address: Immeuble le Palatin – 3 cours du Triangle
92939 PARIS LA DEFENSE CEDEX

Represented by: Marie-Christine FERRON-JOLY

Dates of appointment: Initially appointed on April 16, 1991, renewed on March 4, 1997 and on March 4, 2003.

Term of office: The present six-year term expires on closure of the Regular Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2008.

2.1.2. Deputy statutory auditors

1) **Olivier LELONG**

Deputy statutory auditor for Auditeurs & Conseils Associés S.A.

Member of *Compagnie régionale des commissaires aux comptes de Paris*

Address: 33 rue Daru 75008 Paris

Date of appointment: Initially appointed on March 4, 2003.

Term of office: The present six-year term expires on closure of the Regular Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2008.

2) Pascal BROUARD

Deputy statutory auditor for KPMG Audit

Member of *Compagnie régionale des commissaires aux comptes de Paris*

Address: 1 cours Valmy 92923 Paris La Défense

Date of appointment: Initially appointed on March 4, 2003.

Term of office: The present six-year term expires on closure of the Regular Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2008.

2.1.3. Fees paid to the statutory auditors and members of their organizations in 2007 and 2006

(EUR thousands)

| | Auditeurs & Conseils Associés | | | | KPMG Audit - a division of KPMG S.A. | | | |
|---|-------------------------------|------|------|------|--------------------------------------|------|------|------|
| | Amount | | % | | Amount | | % | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Audit | | | | | | | | |
| - Statutory auditing, certification, review of individual and consolidated financial statements | 16 | 16 | 80 | 89 | 16 | 16 | 89 | 89 |
| - Audit-related services | 4 | 2 | 20 | 11 | 2 | 2 | 11 | 11 |
| Other services | N/A | N/A | - | - | N/A | N/A | - | - |

2.2. STATUTORY AUDITORS RESIGNING OR REMOVED

(Unused)

CHAPTER 3

RISK FACTORS

(AMF interpretation no. 2 on the preparation of registration documents)

The following list of risk factors is not exhaustive. Most of these factors are related to contingent events. CRH is unable to express an opinion regarding the probability of occurrence of these events.

3.1. RISK FACTORS

CRH's sole corporate purpose is to fund housing loans granted by credit institutions. As a result, credit risk is the most significant risk.

3.1.1. Credit risk

However:

- a) Its exposure to credit risk is thus limited to credit institutions.
- b) This risk is monitored by CRH based on the financial information provided by the borrowers.
- c) This risk is covered by loans representing 125% of exposure and made up of housing loans in accordance with Article L.313-42 of the French Monetary and Financial Code. In the event of a borrower's default, CRH acquires, without further formality and "notwithstanding any provisions to the contrary", ownership of the portfolio of loans pledged by that borrower.

MARKET RISK

3.1.2. Interest rate risk

The current conditions under which CRH operates do not expose it to interest rate risk.

In accordance with its by-laws and internal rules and regulations, CRH bond issues and loans are perfectly matched in terms of rate and term (see Chapter 11, note 4). In addition, CRH requires that loan portfolios, which may become its property in the event of a borrower's default, also have the same interest rates and maturities.

Furthermore, the 125% loan coverage imposed by CRH on its borrowers shields it from any residual rate risk.

CRH has no market activities and its by-laws, which were amended in August 1999, forbid it from carrying out any activity that is not in strict accordance with its sole corporate purpose.

In principle, any change in market conditions would have no impact on CRH's earnings or balance sheet. However, since CRH's earnings represent the income earned by investing the company's shareholders' equity in the money markets less general and administrative expenses

and the compensation paid on the subordinated loans granted by the shareholders, a decline in money-market rates results in an automatic drop in CRH's earnings.

3.1.3. Foreign exchange risk

CRH has no activity in foreign currencies.

3.1.4. Equity risk

CRH's by-laws prohibit it from buying equities. As a result, CRH does not buy or sell credit derivatives on the market.

3.1.5. Liquidity risk

The usual conditions under which CRH operates are such that it is not exposed to liquidity risk. In the event of borrower default on maturity of a loan, the provisions of the company's internal rules and regulations and by-laws, which were amended to this effect in 1995 and 1999, enable CRH to ask its shareholders for cash advances equivalent to the amounts required for its operations. Such cash advances may not exceed 5% of the total loan outstanding.

INDUSTRIAL AND ENVIRONMENTAL RISKS

3.1.6. Not applicable.

LEGAL RISKS

3.1.7. Overall legal risks

CRH operates in such a manner that it is not exposed to intellectual property and product marketing risks.

The legal risk in CRH's operations has in the past been widely audited internally by the risk committee and the rating agencies, and is still subject to regular review by CRH with the assistance of eminent legal experts.

At CRH's request, specific provisions were added to the French Savings and Financial Security Act (*la loi Épargne et Sécurité Financière*) of June 25, 1999 to eliminate any uncertainty as to CRH's ownership rights over loans pledged in the event the borrower files for protection from creditors.

Furthermore, the validity of the surety granted to CRH by borrowing institutions is regularly verified through checks carried out by the CRH audit department.

In order to avoid any conflict of laws, CRH's internal rules and regulations prohibit it from accepting pledges of otherwise eligible loans extended in other European Union countries.

3.1.8. Current litigation

On the filing date this document, there are no exceptional events or litigation that have had a material impact in the recent past or are likely to have one.

Similarly, on this date, there are no legal, fiscal or regulatory proceedings underway likely to have a material impact on CRH's financial position, assets or liabilities.

OPERATING RISKS

3.1.9. Operating risk

CRH may also be exposed to a number of risks that are not exclusively financial and resulting from the inappropriateness or the insufficiency of procedures, staff or systems or from the occurrence of external events.

To face up to these various risks CRH has set in place a business continuity plan and written procedures. Similarly, in its organization, CRH systematically favors solutions that minimize the consequences of operating risks.

3.2 INTERNAL CONTROL

(see page 17 for the Chairman's report on conditions for preparing and organizing the work of the Board of Directors and on internal control procedures implemented by the company).

In accordance with CRBF (*Comité de la Réglementation Bancaire et Financière*) Regulation 97-02, the internal controls implemented by CRH are the subject of a regular report to the Board of Directors.

This internal control system is suited to CRH's particular circumstances:

- above all else, the complete disclosure of CRH's transactions should be stressed. Transactions are published in legal announcements in the BALO (French official gazette) and reported in the registration document;
- its transactions are limited strictly to its corporate purpose;
- its transactions are codified by its internal rules and regulations, which are approved by shareholders and published in the registration document;
- it has neither foreign activities nor any subsidiaries;
- because it has a small number of employees, responsibility for monitoring the consistency and effectiveness of the internal control system lies with General Management.

In addition, CRH's departments are audited regularly by the audit departments of its shareholders.

CHAPTER 4

INFORMATION ABOUT THE ISSUER

4.1. HISTORICAL INFORMATION, RECENT DEVELOPMENTS, APPLICABLE LAW

4.1.1. Corporate name

Since August 10, 1999 the company's corporate name is "C.R.H. - Caisse de Refinancement de l'Habitat." Previously, the corporate name was "Caisse de Refinancement Hypothécaire".

The company is usually referred to as "CRH," a trademark registered with INPI – the French trademarks and patents office - on February 23, 1999 under No. 99777102.

4.1.2. Corporate registration

CRH is registered with the Paris Trade and Companies Register (*Registre du Commerce et des Sociétés*) under the number 333 614 980 and was assigned APE industry category 6492Z.

4.1.3. Date of formation and duration

The company is established for a period of 99 years beginning on October 8, 1985.

4.1.4. Head office - Legal form - Applicable law - Other provisions of the by-laws - General information concerning the company's capital

4.1.4.1. Head office

CRH's head office is located at 35 rue La Boétie - 75008 Paris.
Telephone: +33 (0)1 42 89 49 10 - Fax: +33 (0)1 42 89 29 67.

4.1.4.2. Legal form

Caisse de Refinancement de l'Habitat (C.R.H.), a French corporation (*société anonyme*), is a credit institution licensed to operate as a financial company (*société financière*) on September 16, 1985 by the French Credit Institutions Committee (*Comité des Établissements de Crédit*).

CRH is therefore governed by the provisions of Articles L.210-1 to L.228-4 of the French Commercial Code (*Code de commerce*) and Articles 511-1 *et seq.* of the Monetary and Financial Code (*Code monétaire et financier*).

Under the government-led mortgage market reforms, CRH received approval under Article 13 of Act 85-695 of July 11, 1985 in a September 17, 1985 letter from the Minister for the Economy, Finance and the Budget.

The company has brought its by-laws into compliance with the provisions of the New Economic Regulations Act (*loi NRE*) on the separation of the offices of the Chairman and Chief Executive Officer – (see Articles 15, 16 and 17 of the appended by-laws) the Board of Directors' meeting of March 4, 2003 decided to separate such offices.

However, the right to appoint two separate individuals to the offices of Chairman and Chief Executive Officer has not been used to date. The March 13, 2007 Board of Directors' meeting appointed a single individual to the offices of Chairman and Chief Executive Officer.

A) The laws and regulations applicable to CRH transactions are as follows:

- Article 13 of Act no. 85-695 of July 11, 1985, as amended by Article 36 of Act no. 2006-872 of July 13, 2006 (see Appendix 1, page 97).
- Articles L.313-42 to L.313-49 of the French Monetary and Financial Code codifying the provisions of Article 16 of Act no. 69-1263 of December 31, 1969, as amended by Articles 12 and 13 of Act no. 85-695 of July 11, 1985 and by Article 113 of Act no. 99-532 of June 25, 1999 (see Appendix 2, page 99).
- Articles R.313-20 to R.313-25 of the French Monetary and Financial Code codifying the provisions of Decree no. 2000-664 of July 17, 2000, as amended by Decree no. 2003-144 of February 19, 2003 and by Decree no. 2007-745 of May 9, 2007 (see Appendix 3, page 103).
- Regulation no. 99-10 of the French Banking and Financial Regulation Committee (*Comité de la Réglementation Bancaire et Financière*) on the valuation of real estate assets financed to be taken into account in determining the eligible portion of a loan that may be collateralized. This regulation was amended by Regulation no. 2002-02 and the Order of May 7, 2007 (see Appendix 4, page 105).

B) New provisions

The transposition in French law of the provisions of the EU "Capital Requirements Directive" for covered bonds has changed the provisions governing CRH's transactions, as follows:

- the cut-off financing portion criterion was replaced by the maximum collateralizable portion of an eligible loan;
- the definition of the independent expert needed to value the asset financed was specified;
- the limit above which the valuation can be based on the total cost of the transaction was raised from EUR 350,000 to EUR 450,000;
- a new exemption makes it possible to use the total cost of the transaction, provided the remaining principal of the eligible loan is below EUR 360,000;
- the requirement to make a minimum personal down payment for secured loans was eliminated;
- the cap for the total amount of secured loans that may be pledged was raised from 20% to 35% of the total amount pledged by a borrower institution.

C) Decree 2000-664 mentioned in point A) granted bonds issued by CRH the exemption provided under Article 4 of Decree 89-623 of September 6, 1989, corresponding to the provisions of Article 22.4 of the European Directive on UCITS (undertakings for collective

investment in transferable securities). This Directive allowed UCITS to invest up to 25% of their assets in the securities of a single issuer, provided that investments in such securities do not exceed 80% of total assets. These provisions are codified in article R.214.7 of the French Monetary and Financial Code.

CRH securities are included on the list of exempted bonds that is published on the European Commission website:

(http://ec.europa.eu/internal_market/investment/legal_texts/instruments_fr.htm).

D) In December 2000, the French Banking Commission (*Commission Bancaire*) audited CRH's regulatory compliance with capital adequacy ratios (CRBF Regulation 91-05) and mitigation of major risks (CRBF Regulation 93-05). The results of the audit were transmitted to the company by the Chairman of the Banking Commission in a certified letter with return receipt requested dated January 5, 2001.

1) The Banking Commission confirmed that CRH's preexisting asset ratios complied with these regulations:

- for the purposes of Regulation 91-05, it determined that mortgage notes included in CRH assets that comply with Article 16 of the Act of December 31, 1969 (Articles L.313-42 to L.313-49 of the French Monetary and Financial Code) should be subject to the same legal requirements as preferred securities issued by a *société de crédit foncier* mortgage credit company. In calculating CRH's capital adequacy ratio, they should be weighted at 10%.

- for the purposes of Regulation 93-05, it recommended that, pending adoption of regulatory amendments implementing the Directive of December 21, 1992, which fully exempts mortgage bonds and equivalent securities from the limitations applicable to major risks, CRH's regulatory compliance should be assessed with regard to the beneficiaries of the loans it funds, as opposed to the issuers of the mortgage notes it holds. Accordingly, CRH complies with regulations governing major risk.

2) With respect to CRH's liabilities, the Banking Commission then determined that, inasmuch as holders of CRH bonds enjoy no preference over CRH's unsecured creditors, these bonds should continue to be weighted at 20% by the credit institutions which hold them and not at 10% like the preferred securities issued by a *société de crédit foncier*.

Since then, Article 36 of Law 2006-872 of July 13, 2006 has awarded preference to the bearers of CRH bonds. In accordance with the provisions of Article 13 of Act 85-695 of July 11, 1985, as amended by said Article 36, the amounts or values received in return for mortgage notes held by CRH are now allocated, with preference and under all circumstances, to the service of the debt, i.e. the payment of the interest and principal on its bonds. This legislation also specifies that the provisions of Book VI of the French Commercial Code on businesses in difficulty, as well as those concerning all legal or amicable proceedings filed on the basis of foreign laws, do not constitute an obstacle to the exercise of this preference. This legislation took immediate effect and applies to all bonds issued previous and subsequent to the Law of July 13, 2006, with the preference legally established as a right in the absence of the attribution of a State guarantee.

Under these conditions, as indicated in the French Banking Commission's October 31, 2006 letter to the General Delegate of the French Association of Financial Companies, CRH's bonds will now be subject to a risk-adjusted weighting of 10%, as the real estate and other

bonds issued by CRH indeed appear comparable to guaranteed bonds within the meaning of Directive 2006/48/EC (Appendix 6, Part 1, Section 68 of the Directive).

E) Moreover and lastly, the conditions currently being proposed to implement the latter Directive have given rise to several changes in the conditions of eligibility applicable to the housing loans in which CRH may participate (see new criteria in Appendix 7, page 127).

4.1.4.4. Other provisions of the by-laws

A) Corporate purpose

CRH's corporate purpose is to:

- to refinance, for the exclusive benefit of its shareholders or of establishments undertaking to become shareholders in accordance with the provisions of Articles 6 and 8 below, the promissory notes they have signed or endorsed to collateralize the loans referred to in Section L.313-42 of the French Monetary and Financial Code representing housing loans;
- to issue, in connection with this application of funds, bonds and other securities with features similar to those of the collateralized notes;
- in general, to enter into real estate and other transactions relating to the purposes described above or any similar or related purposes, or which may be of a nature to facilitate the realization thereof.

The company may not hold any interest or conduct any business that is not related to its corporate purpose. In particular, it may not contract any debt not related to this purpose, with the exception of subordinated debt to reinforce its shareholders' equity, or in the event of the default of the maker of a promissory note.

B) Fiscal year

The company's fiscal year begins on January 1 and ends on December 31.

C) Distribution of net income provided in the by-laws

See Article 24 of the by-laws in Appendix 5.

D) Convening of Shareholders' Meetings

See Article 20 of the by-laws in Appendix 5.

E) Attendance and representation at Shareholders' Meetings

See Article 21 of the by-laws in Appendix 5 concerning the calculation of voting rights.

4.1.4.5. General information concerning the company's capital

A) Subscribed capital

The September 12, 2006 special shareholders' meeting authorized the Board of Directors to increase the capital by a maximum amount of EUR 99,963,750 to EUR 199,927,500 during the next five years in one or more transactions.

Said authorization was used partially on October 17, 2006 when the capital was increased by EUR 99,963,750 to EUR 129,664,942.50 through the issue of 1,947,618 shares with a par value of EUR 15.25.

The July 10, 2007, Board of Directors' meeting resolved to increase the capital from EUR 129,664,924.50 to EUR 149,663,500 by October 16, 2007 through the issue of 1,311,382 shares with a par value of EUR 15.25 plus a EUR 0.54 issue premium, fully paid-up by offset against a deduction of the same amount from the total subordinated loans outstanding.

As a result of the number of shares actually subscribed as of December 31, 2007, the capital subscribed amounted to EUR 149,663,500. It is represented by 9,814,000 fully paid-up shares with a par value of EUR 15.25.

CRH's shares are not listed on any stock exchange.

None of these shares have been pledged.

The December 4, 2007, Board of Directors' meeting again resolved to increase the capital from EUR 149,663,500 to EUR 169,641,000 by January 30, 2008.

B) Authorized capital not subscribed

As of December 31, 2007 the amount of share capital authorized but not yet subscribed amounted to EUR 50,264,000.

C) Convertible bonds and other instruments entitling their holder to shares

There are no convertible bonds or composite securities likely to give their holders access to the company's capital now or in the future.

D) Changes in capital structure

See table of five-years financial summary on page 14.

E) Distribution of capital stock (excerpt from Article 6 of the by-laws - see Appendix 5)

Capital is reallocated each year before March 31 so as to ensure that each shareholder holds a percentage equal to its percentage of the total loans funded by CRH.

F) Dividend policy

CRH shares are not publicly traded. They are allocated to shareholders in accordance with the rules described in the previous paragraph. Accordingly, there are no considerations relative to the distribution policy.

Dividends paid to shareholders are summarized in the table of five-years financial summary on page 14.

The of limitation period of dividends is five years.

4.1.5. Recent developments specific to the issuer with a material impact on the assessment of its solvency

Apart from the capital increase noted by the January 30, 2008 Board of Directors' meeting raising the capital to EUR 169,641,000, no recent event specific to CRH has had a material impact on the assessment of its solvency since the end of fiscal year 2007.

4.2. BONDS

A) CRH issuing policy

CRH serves as a funding center for credit institutions by issuing bonds on their behalf. CRH's bond issues are issues cited at Article 13 of Act 85-695 (see Appendix 1).

Since its creation, CRH has consistently applied a policy of "assimilation" of its bonds to establish a large pool of very liquid securities. These securities are subject of a market making from the placing banks.

With some bond issues amounting to EUR 5 billion, CRH's bonds are among largest European residential mortgage-backed bond issues.

CRH plans to continue internationalizing its bond placements and to pursue its policy of actively presenting its securities to investors especially in Southeast Asia including China, Japan, the United Kingdom, the Netherlands, Italy, Hungary, Germany, Austria, and the Scandinavian countries.

CRH annual issues by are listed below:

| Year launched | Number of issues in the year | Nominal amount (EUR millions) | |
|--------------------------------|-------------------------------------|--------------------------------------|---|
| 1985 (4 th quarter) | 2 | 551.87 | 25 Government guaranteed issues totaling EUR 5,774.77 million |
| 1986 | 6 | 1,506.20 | |
| 1987 | 8 | 1,783.65 | |
| 1988 | 9 | 1,933.05 | |
| 1988 | 1 | 152.45 | 149 issues without Government guarantees totaling EUR 42,873.26 million |
| 1989 | 6 | 1,184.53 | |
| 1990 | 8 | 1,219.59 | |
| 1991 | 10 | 1,829.39 | |
| 1992 | 8 | 1,387.29 | |
| 1993 | 11 | 1,585.47 | |
| 1994 | 1 | 91.47 | |
| 1995 | 2 | 266.79 | |
| 1996 | 2 | 525.95 | |
| 1997 | 2 | 304.90 | |
| 1998 * | 6 | 2,143.43 | |
| 1999 * | 12 | 3,055.00 | |
| 2000 | 9 | 2,553.00 | |
| 2001 | 9 | 1,384.00 | |
| 2002 | 9 | 1,798.00 | |
| 2003 | 8 | 1,802.00 | |
| 2004 | 9 | 2,560.00 | |
| 2005 | 10 | 3,050.00 | |
| 2006 | 12 | 7,655.00 | |
| 2007 | 14 | 8,325.00 | |
| TOTAL | 174 | 48,648.03 | 48,648.03 |

**Including exchange offer during the course of the year.*

Since the creation of CRH, repayments totaled EUR 14,660.6 million, bringing the total outstanding to EUR 33,987.4 million.

B) Bonds issued during the year

During 2007, 14 bond issues were launched for a total of EUR 8,325 million.

Characteristics of these issues are provided below:

| Issue No | Bond | ISIN code | BALO publication date | AMF filing No |
|-----------------|----------------------|------------------|--------------------------------------|-------------------------|
| 07-01 | 4.00 % October 2009 | FR0000188864 | Jan. 26, 2007 | 07-024 of Jan. 23, 2007 |
| | 5.00 % October 2013 | FR0000488702 | | |
| | 4.00 % April 2018 | FR0010345181 | | |
| 07-02 | 4.00 % October 2009 | FR0000188864 | Mar. 19, 2007 | 07-086 of Mar. 15, 2007 |
| | 5.00 % October 2013 | FR0000488702 | | |
| | 3.50 % April 2017 | FR0010261495 | | |
| 07-03 | 4.00 % October 2009 | FR0000188864 | Apr. 27, 2007 | 07-133 of Apr. 24, 2007 |
| | 3.50 % April 2017 | FR0010261495 | | |
| 07-04 | 4.00 % October 2009 | FR0000188864 | May. 25, 2007 | 07-155 of May. 21, 2007 |
| | 4.10 % October 2015 | FR0010134379 | | |
| 07-05 | 4.00 % April 2018 | FR0010345181 | Jun. 08, 2007 | 07-168 of Jun. 05, 2007 |
| 07-06 | 4.00 % October 2009 | FR0000188864 | Jun. 29, 2007 | 07-223 of Jun. 27, 2007 |
| | 4.00 % April 2018 | FR0010345181 | | |
| 07-07 | 4.00 % October 2009 | FR0000188864 | Sep. 28, 2007 | 07-331 of Sep. 25, 2007 |
| 07-08 | 4.00 % April 2018 | FR0010345181 | Sep. 28, 2007 | 07-332 of Sep. 25, 2007 |
| 07-09 | 4.375 % October 2010 | FR0010526996 | Oct. 10, 2007 | 07-346 of Oct. 05, 2007 |
| 07-10 | 4.10 % October 2015 | FR0010134379 | Oct. 19, 2007 | 07-358 of Oct. 16, 2007 |
| 07-11 | 4.25 % October 2014 | FR0010018275 | Oct. 29, 2007 | 07-369 of Oct. 23, 2007 |
| 07-12 | 4.00 % April 2018 | FR0010345181 | Nov. 28, 2007 | 07-422 of Nov. 26, 2007 |
| 07-13 | 4.00 % April 2018 | FR0010345181 | Dec. 19, 2007 | 07-478 of Dec. 14, 2007 |
| 07-14 | 4.375 % October 2010 | FR0010526996 | Dec. 19, 2007 | 07-479 of Dec. 14, 2007 |

| Issue No. | Bond | Amount (EUR million) | All-in yield % | Reoffer yield (%) | Swap spread versus Euribor 6 months reoffert (%) |
|------------------|----------------------|-------------------------------------|---------------------------|----------------------------------|---|
| 07-01 | 4.00 % October 2009 | 30 | 4.06 | 3.98 | - 15.3 c |
| | 5.00 % October 2013 | 50 | 4.16 | 4.12 | - 4.5 c |
| | 4.00 % April 2018 | 210 | 4.32 | 4.28 | 1.1 c |
| 07-02 | 4.00 % October 2009 | 130 | 4.09 | 4.01 | - 18.0 c |
| | 5.00 % October 2013 | 200 | 4.16 | 4.12 | - 4.5 c |
| | 3.50 % April 2017 | 270 | 4.18 | 4.14 | - 1.6 c |
| 07-03 | 4.00 % October 2009 | 160 | 4.15 | 4.10 | - 14.8 c |
| | 3.50 % April 2017 | 585 | 4.36 | 4.33 | - 0.4 c |
| 07-04 | 4.00 % October 2009 | 220 | 4.28 | 4.23 | - 14.9 c |
| | 4.10 % October 2015 | 100 | 4.45 | 4.42 | - 3.6 c |
| 07-05 | 4.00 % April 2018 | 80 | 4.60 | 4.58 | - 1.9 c |
| 07-06 | 4.00 % October 2009 | 740 | 4.68 | 4.63 | - 14.7 c |
| | 4.00 % April 2018 | 300 | 4.95 | 4.93 | - 2.6 c |
| 07-07 | 4.00 % October 2009 | 700 | 4.48 | 4.43 | - 3.2 c |
| 07-08 | 4.00 % April 2018 | 100 | 4.53 | 4.50 | - 2.5 c |
| 07-09 | 4.375 % October 2010 | 2,500 | 4.59 | 4.56 | 4.0 c |
| 07-10 | 4.10 % October 2015 | 700 | 4.64 | 4.62 | 6.0 c |
| 07-11 | 4.25 % October 2014 | 150 | 4.66 | 4.63 | 2.4 c |
| 07-12 | 4.00 % April 2018 | 400 | 4.62 | 4.60 | 7.0 c |
| 07-13 | 4.00 % April 2018 | 350 | 4.62 | 4.62 | 8.0 c |
| 07-14 | 4.375 % October 2010 | 350 | 4.30 | 4.30 | - 1.0 c |
| TOTAL | | 8,325 | | | |

These terms place CRH among the most credit-worthy European issuers.

C) CRH bond maturities at December 31, 2007

| Bond issue | Redemption date | ISIN code | Number of shares | Nominal unit value | Outstandings (EUR millions) |
|--------------------------|-----------------|--------------|------------------|--------------------|-----------------------------|
| CRH 5.00 % April 2008 | Apr. 25, 2008 | FR0000572620 | 3,530,847,080 | 1 | 3,530.8 |
| CRH 4.00 % October 2009 | Oct. 25, 2009 | FR0000188864 | 3,265,000,000 | 1 | 3,265.0 |
| CRH 5.75 % April 2010 | Apr. 25, 2010 | FR0000186561 | 1,900,500,000 | 1 | 1,900.5 |
| CRH 4.375 % October 2010 | Oct. 11, 2010 | FR0010526996 | 2,850,000,000 | 1 | 2,850.0 |
| CRH 4.20 % April 2011 | Apr. 25, 2011 | FR0000186249 | 3,506,131 | 1,000 | 3,506.1 |
| CRH 5.00 % October 2013 | Oct. 25, 2013 | FR0000488702 | 3,195,000,000 | 1 | 3,195.0 |
| CRH 4.25 % October 2014 | Oct. 25, 2014 | FR0010018275 | 2,510,000,000 | 1 | 2,510.0 |
| CRH 4.10 % October 2015 | Oct. 25, 2015 | FR0010134379 | 4,970,000,000 | 1 | 4,970.0 |
| CRH 3.50 % April 2017 | Apr. 25, 2017 | FR0010261495 | 4,870,000,000 | 1 | 4,870.0 |
| CRH 4.00 % April 2018 | Apr. 25, 2018 | FR0010345181 | 3,390,000,000 | 1 | 3,390.0 |
| TOTAL | | | | | 33,987.4 |

Substantially all of CRH's bonds were issued at a fixed rate of interest. In accordance with the by-laws, they are perfectly matched to those of CRH's loans.

CRH's bonds are rated Aaa and AAA by the Moody's and Fitch rating services since 1999. So, this rating was assigned well in advance that law grant a privilege on the notes covering bonds to the bondholders.

They have the dispensatory statute set out in Article 22.4 of the 1985 UCITS Directive. (Their membership to this statute is indicated on the European Commission web site: http://ec.europa.eu/internal_market/investment/legal_texts/instruments_fr.htm).

They are regarded as "guaranteed" covered bonds within the meaning of the European Directive 2006/48 CRD and as such a 10 % risk weight is assigned in standardised approach for the calculation of the solvency ratio of the European banking institution, which hold them.

D) Amount of trading volumes

The trading volume statistics provided by Euroclear France are given below. They include only Euroclear France members' transactions. They exclude Euroclear Bank and Clearstream transactions. They are either trades or repos or other transfers.

In EUR million

| Bond | Initial listing date | ISIN Code | Par value of trades in 2005 | Par value of trades in 2006 | Par value of trades in 2007 |
|-------------------------|----------------------|--------------|-----------------------------|-----------------------------|-----------------------------|
| CRH 7.40% April 2005 | Apr. 15, 1993 | FR0000572604 | 8,153.4 | / | / |
| CRH 6.00% June 2006 | Jun. 06, 1996 | FR0000572612 | 5,999.6 | 897.7 | / |
| CRH 5.00% April 2008 | Feb. 04, 1998 | FR0000572620 | 30,710.1 | 48,181.1 | 51,115.0 |
| CRH 4.00% October 2009 | Dec. 06, 2002 | FR0000188864 | 3,435.9 | 25,679.6 | 62,302.5 |
| CRH 5.75% April 2010 | Jan. 24, 2000 | FR0000186561 | 3,304.2 | 18,653.7 | 16,247.4 |
| CRH 4.375% October 2010 | Oct. 11, 2007 | FR0010526996 | / | / | 15,989.8 |
| CRH 4.20% April 2011 | Jun. 08, 1999 | FR0000186249 | 4,296.2 | 7,476.4 | 6,007.6 |
| CRH 5.00% October 2013 | Mar. 22, 2002 | FR0000488702 | 3,584.9 | 3,059.3 | 19,879.6 |
| CRH 4.25% October 2014 | Sep. 29, 2003 | FR0010018275 | 4,039.2 | 4,149.1 | 5,996.7 |
| CRH 4.10% October 2015 | Nov. 22, 2004 | FR0010134379 | 19,812.8 | 8,943.7 | 9,578.7 |
| CRH 3.50% April 2017 | Dec. 21, 2005 | FR0010261495 | 194.0 | 11,490.9 | 7,041.3 |
| CRH 4.00% April 2018 | Jun. 30, 2006 | FR0010345181 | / | 5,169.3 | 5,478.4 |
| TOTAL | | | 83,530.3 | 133,700.8 | 199,637.0 |

The volumes of stock exchange trades (excluding Euroclear Bank and Clearstream) are as follows:

In EUR billions

| | 2005 | 2006 | 2007 |
|--|------|-------|-------|
| Total amount of CRH trading volumes (Euroclear France) | 68.8 | 110.3 | 167.7 |
| Average total CRH bonds outstanding | 17.1 | 20.8 | 28.7 |
| CRH bond turnover rate (excluding repos and other transfers) | 4.0 | 5.3 | 5.8 |

CRH is reportedly the only French covered bond issuer with the Article 22.4 UCITS Directive exemption to publish a turnover rate. This high turnover rate confirms that CRH's bonds are among the most liquid on the European covered bond market.

CHAPTER 5

BUSINESS OVERVIEW

5.1. CORE BUSINESSES

5.1.1. Core business and background

A) Core business

Since its creation in 1985 under the French government's mortgage reforms, CRH's sole purpose is to **fund residential mortgages granted by approved credit institutions by issuing bonds**.

CRH thus plays a special role in housing finance in France, providing stable, long-term resources at the lowest cost. It has replaced the traditional mortgage market and brought the banking system, medium and long term resources supplementing the resources coming from the regulated deposits.

Act 99-532 of June 25, 1999, by creating *sociétés de crédit foncier* strengthened the safety and soundness of CRH's lending and expanded its scope of activities by applying the same loan eligibility criteria used by *sociétés de crédit foncier* to CRH. This Act eliminated the mortgage market and created a much larger housing finance market in which certain secured loans could be funded.

Reflecting this change, the name of the company was changed in 1999 to CRH - Caisse de Refinancement de l'Habitat, highlighting its exclusive focus on funding residential mortgages.

CRH's loan guarantee-mechanisms, the scale of its shareholders' funding requirements, and the fungibility of issues resulting from its assimilation' policy have all made CRH one of the leading issuers in the European financial market. The total value of bonds issued since CRH was founded stands at nearly EUR 50 billion, equal to the total loans granted and representing 174 bond issues. The company's initial bonds issues were backed by French government guarantees.

B) Operating conditions

1) CRH's operations involve specific guarantees.

Appendix 10 of this report summarizes the different levels of security built into CRH's funding operations.

The funding loans granted by CRH are completely backed by its bond issues, since it lends all the capital raised on the financial markets to its shareholders at the same interest rates and maturities.

Principal and interest on such loans are secured by a specific pledge referred to in Articles L.313-42 to L.313-49 of the French Monetary and Financial Code which secures them up to at least 125% of their nominal value.

Said provisions provide that CRH may automatically become the owner of the pledge portfolio in the event of borrower default notwithstanding any provisions to the contrary.

CRH has strengthened the reliability of this system by setting stricter rules, especially by excluding loans with maturities of more than 25 years and RMBS from the portfolio pledged to secure the loans.

2) Regulatory oversight

1. On January 1, 1988, the French Banking Commission was charged with monitoring the legal and regulatory compliance of funding operations (Decree of the French Minister for the Economy Finance and the Budget of December 15, 1987 which subsequently became Article L.313-49 of the French Monetary and Financial Code).

2. Borrowers are required to regularly provide lists of the loans pledged to CRH to verify that the collateral has in fact been pledged in the agreed amounts.

3. CRH also conducts audits of its borrowers on a regular and as-needed basis to verify the existence, legality and validity of pledged loans through sampling.

Where loans are found to be improper, the borrowing institution is required to increase the amount of pledged assets to make up for the shortfall, or failing this, to purchase an equivalent amount of the corresponding bonds on the market and deliver them to CRH by way of repayment.

5.1.2. New activities

CRH's by-laws and rules of order prohibit the company from developing any activities other than its core business.

5.1.3. Principal markets

CRH's sole purpose is to fund residential mortgages extended by banks, in France.

To do so, the company issues bonds on the European financial market that are traded on the Euronext Eurolist under "Mortgage bonds and equivalent securities".

5.2. REFINANCINGS

Evolution of amount of the granted loans and eligible outstanding discounted bills in the refinancings of the CRH, the situation of refinancings of housing loans and the situation real-estate in France.

5.2.1. Evolution of new loans

The following table summarizes total lending by CRH over past three years.

| EUR billions | 2005 | 2006 | 2007 |
|-------------------|------|------|------|
| New loans granted | 3.0 | 7.7 | 8.3 |

5.2.2. Outstanding loans

The table below demonstrates the growth in CRH's total outstanding loans since December 31, 2005.

EUR millions

| Borrowing credit institutions | Dec. 31, 2005 | Dec. 31, 2006 | Dec. 31, 2007 | Dec. 31, 2007 (in %) |
|--|--------------------------|--------------------------|--------------------------|-------------------------------------|
| Crédit Agricole SA | 6,748 | 6,811 | 9,353 | 27.5 |
| Banque Fédérative du Crédit Mutuel * | 3,411 | 5,200 | 5,873 | 17.3 |
| Crédit Lyonnais | 1,405 | 4,655 | 4,655 | 13.7 |
| Caisse Centrale du Crédit Mutuel | 2,655 | 3,029 | 3,965 | 11.7 |
| Société Générale | 644 | 1,144 | 3,376 | 9.9 |
| BNP Paribas | 1,157 | 1,907 | 2,727 | 8.0 |
| CICM - CFCM | 1,005 | 1,305 | 1,588 | 4.7 |
| Banque Fédérale des Banques Populaires | 615 | 825 | 1,329 | 3.9 |
| Crédit du Nord | 184 | 384 | 584 | 1.7 |
| Banque Patrimoine et Immobilier | 352 | 260 | 260 | 0.8 |
| Other borrowers | 303 | 142 | 277 | 0.8 |
| TOTAL | 18,479 | 25,662 | 33,987 | 100 |

* At the request of the Banque Fédérative du Crédit Mutuel during 2007, loans granted by CRH to Crédit Industriel et Commercial were gathered with those granted to the Banque Fédérative du Crédit Mutuel. The amounts concerned at December 31, 2005 and at December 31, 2006 were calculated retrospectively.

Generally, changes in these levels are generated by changes in the total value of loans granted and repayments made by the borrowers, either at final maturity or by early repayment under the terms of an agreement set in place in 1994.

5.2.3. Outstanding loans eligible for CRH funding

Pursuant to statutory and regulatory amendments in 1999, Credit Foncier de France no longer publishes statistics on the mortgage market.

As a result, CRH has asked its shareholder credit institutions to submit copies of their quarterly BAFI reports to CRH as a basis for estimating their housing loans eligible for funding.

The table below summarizes those outstanding loans:

(EUR billions)

| At September 30, 2007 | Total outstanding loans. all credit institutions | Outstanding loans of CRH shareholder credit institutions | |
|-----------------------|--|--|---------------|
| | | Value (2) | As % of total |
| | Value (1) | | |
| Housing loans | 762.4 (3) | 644.2 | 85 |
| Loans to homeowners | 633.6 | 593.9 | 94 |

(1) Source: Banque de France Crédits France September 2007 (contact : DGEI, DESM)

(2) Source: CRH estimate based on BAFI forms provided by shareholders and annual reports

(3) Amount at June 30, 2007.

The groups of which CRH shareholders form a part hold nearly 90% of all outstanding loans to homebuyers in France.

5.2.4. Housing loan funding in France

The following table presents some global figures at December 31, 2006

(EUR billions)

| Applications of funds by Credit Institutions | | Sources of funds of Credit Institutions | |
|--|----------------|--|----------------|
| Housing loans to households | 572.6 | Regulated sources <i>(of which deposits notably Livret A et bleu)</i> | 535.8 |
| | | COFF mortgage bonds | 60.2 |
| | | CIF Euromortgage mortgage bonds | 14.8 |
| | | CRH bonds | 25.7 |
| Other applications | 5,468.3 | Other sources: <i>of which shareholder's equity 435.8</i> <i>of which non-regulated deposits 548.5</i> | 5,404.4 |
| Total applications | 6,040.9 | Total sources | 6,040.9 |

Sources: 2006 annual Report of the commission bancaire, periodic bulletins of the banque de France, COFF, CIF Euromortgage, and VMG publications

Generally, it is of course difficult to match up specific sources of funds to a given application.

Some observations may, nevertheless, be made:

- the amount of regulated bank sources largely exceeds that of housing loans,

- the mortgage bonds of Compagnie de Financement Foncier (COFF) finance housing loans granted in France but also mortgage loans to industrial and commercial companies, loans to the public sector and local and regional governments and – as is also the case for CIF Euromortgage bonds – shares of foreign debt securitization funds and Residential Mortgage Backed Securities (RMBS), where as CRH only finances home-purchase loans granted in France,
- that the securitization transactions not explicitly shown in this table and of a modest overall amount in France are represented primarily in the CIF Euromortgage and COFF transactions above.

5.3. MORTGAGE LENDING TRENDS IN FRANCE

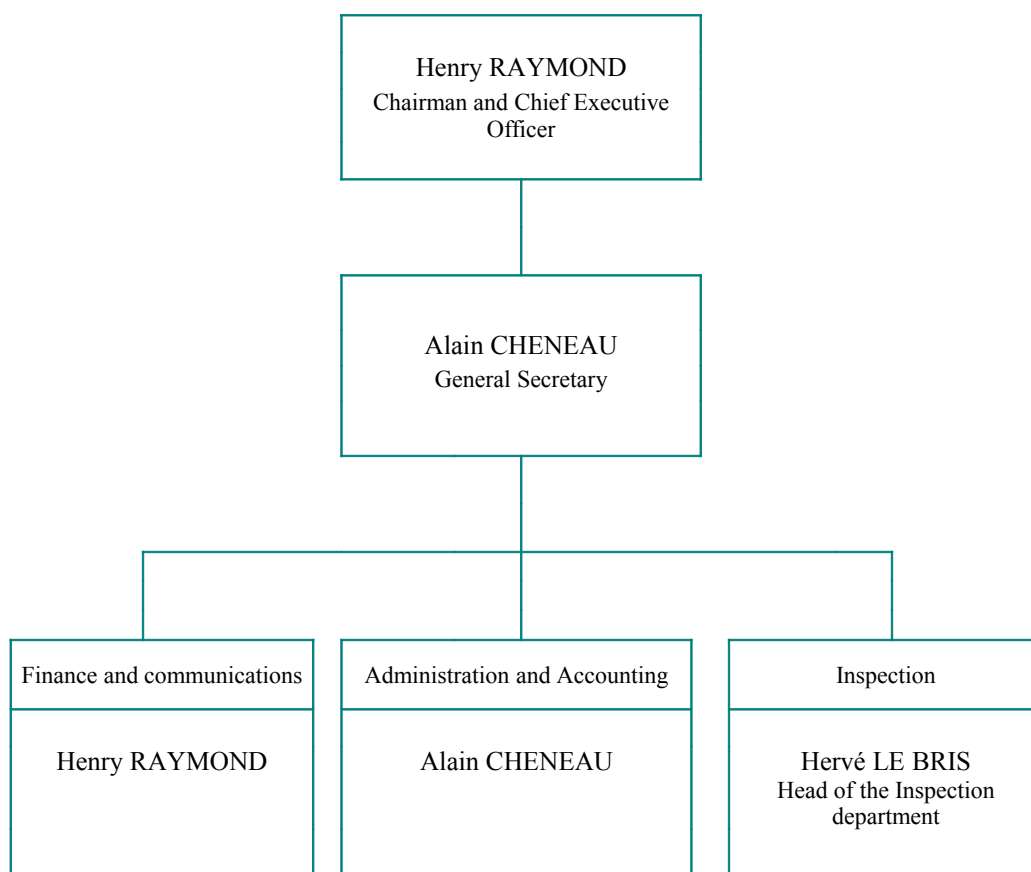
Residential mortgage lending continued to rise, increasing by 13% from September 2006 to September 2007. However, it slowed down compared to 16% in 2006 and 15% in 2005.

Mortgage lending will probably remain steady in 2008 even though it showed signs of slowing down in 2007 as a result of high prices and stricter banking requirements.

CHAPTER 6

ORGANIZATION CHART

6.1. ORGANIZATION OF THE COMPANY



CRH has no subsidiaries and is not part of any group.

6.2. (UNUSED)

CHAPTER 7

TREND INFORMATION

7.1. PRINCIPAL TRENDS AFFECTING THE COMPANY'S BUSINESS IN 2007

The decrease in housing saving plan deposits which began in 2006 continued in 2007, reducing banks' long term resources. What is more, the market crisis prevented them from refinancing.

These factors prompted banks to borrow more from CRH.

CRH affirms that its outlook has not materially worsened since it last published its audited financial statements.

It should nevertheless be recalled that CRH does not take any margin on its operations and that any decrease (or increase) in new funding has no direct impact on the company's earnings or its financial situation.

7.2. TRENDS AND EVENTS LIKELY TO AFFECT THE COMPANY'S BUSINESS IN 2008

In 2008, banks will again be prompted to seek new sources of financing, borrowing significantly from CRH as a result of the relatively low cost of funding.

CHAPTER 8
PROFIT FORECASTS OR ESTIMATES

This document does not contain any forecast data.

8.1. (UNUSED)

8.2. (UNUSED)

8.3. (UNUSED)

CHAPTER 9

CORPORATE GOVERNANCE

9.1. INFORMATION CONCERNING THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

9.1.0 Honorary Chairman

- Claude Pierre-Brossolette

9.1.1 Board of Directors

- | | |
|--|---|
| <p>- Henry Raymond Appointed March 13, 2007 First appointed as Director on March 13, 2007 for six years.</p> | <p>Chairman and Chief Executive Officer</p> |
| <p>- Banque Fédérale des Banques Populaires represented by Patrick Menu Head of the Treasury department Le Ponant de Paris - 5 rue Leblanc - 75015 Paris First appointed October 21, 1985 by Caisse Centrale des Banques Populaires Appointment renewed for six years on March 4, 2003.</p> | <p>Director</p> |
| <p>- Banque Fédérative du Crédit Mutuel represented by Jean-François Taurand Head of Asset/Liability Management 6 avenue de Provence - 75009 Paris Temporary appointment of Compagnie Financière de CIC et l'Union Européenne by the October 17, 1995 Board of Directors' meeting, confirmed by the February 27, 1996 Shareholders' Meeting. CIC term of office renewed for six years on March 13, 2007 Temporary appointment of Banque Fédérative du Crédit Mutuel by the December 4, 2007 Board of Directors' meeting to replace CIC which had resigned The March 4, 2008 Shareholders' Meeting was asked to ratify this temporary appointment.</p> | <p>Director</p> |
| <p>- BNP Paribas represented by Alain Fonteneau Head of Asset-Liability Management 3 rue d'Antin - 75002 Paris First appointed October 21, 1985 by Banque Nationale de Paris Appointment renewed for six years on March 4, 2003.</p> | <p>Director</p> |

- | | |
|--|-----------------|
| <p>- Caisse Centrale du Crédit Mutuel represented by Sophie Olivier Head of the Retail Market Division 88/90 rue Cardinet - 75017 Paris First appointed April 10, 1990 Appointment renewed for six years on March 4, 2003.</p> | <p>Director</p> |
| <p>- Crédit Agricole SA represented by Christophe Le Beaudour Head of solvency, liquidity, and foreign exchange risks with the Asset/Liability Management Department 91/93 boulevard Pasteur - 75015 Paris First appointed May 12, 1987 by Caisse Nationale de Crédit Agricole Appointment renewed for six years on March 4, 2003.</p> | <p>Director</p> |
| <p>- Crédit Lyonnais represented by Issiaka Béréte Head of the Asset-Liability Management department 19 boulevard des Italiens - 75002 Paris First appointed April 19, 1988 Appointment renewed for six years on March 4, 2003.</p> | <p>Director</p> |
| <p>- GE Money Bank represented by Francis Daniel Head of Treasury Tour Europlaza - La Défense 4 20 avenue André Prothin - 92063 Paris La Défense Cedex Appointed by BFIM Sovac on October 21, 1985 Appointment renewed for six years on March 13, 2001.</p> | <p>Director</p> |
| <p>- Société Générale represented by Agathe Zinzindohoué Head of Group Funding 17 cours Valmy - 92972 Paris La Défense Cedex First appointed October 21, 1985 Appointment renewed for six years on March 4, 2003.</p> | <p>Director</p> |

9.1.2 Management

- | | |
|--|--|
| <p>- Henry Raymond electing address for service at the company's head office.</p> | <p>Chairman and Chief Executive Officer</p> |
| <p>- Alain Chéneau electing address for service at the company's head office.</p> | <p>General Secretary</p> |

9.1.3 Compensation Committee

- Caisse Centrale du Crédit Mutuel
Sophie Olivier

- Crédit Agricole SA
Christophe Le Beaudour

- Société Générale
Agathe Zinzindohoué

9.2. CONFLICTS OF INTEREST IN THE ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

To the best of CRH's knowledge, no member of the administrative, executive or supervisory bodies has any conflict of interest between duties to the company and private interests and/or other duties.

CHAPTER 10

MAJOR SHAREHOLDERS

10.1. IDENTIFICATION OF SHAREHOLDERS OR GROUPS OF SHAREHOLDERS HOLDING MORE THAN 3% OF VOTING RIGHTS

Capital is reallocated each year before March 31 so as to ensure that each shareholder holds a percentage equal to its percentage of the total loans funded by CRH (refer to Article 6 of the by-laws on Appendix 5). This allocation is made based on the amounts at December 31 of the previous fiscal year.

The table below lists the principal shareholders at December 31, 2007 and changes in ownership structure over the past three years.

| Shareholders | At December 31, 2005 | | | | At December 31, 2006 | | | | At December 31, 2007 | | | |
|--------------------|----------------------|---------------|-------------------|---------------|----------------------|---------------|-------------------|---------------|----------------------|---------------|-------------------|---------------|
| | Number of shares | % | Voting rights (1) | % | Number of shares | % | Voting rights (1) | % | Number of shares | % | Voting rights (1) | % |
| Crédit Agricole | 2,937,146 | 44.81 | 2,120 | 29.13 | 3,759,869 | 44.22 | 1,879 | 26.83 | 4,384,986 | 44.68 | 2,188 | 32.99 |
| Crédit Mutuel | 2,427,713 | 37.03 | 3,341 | 45.91 | 3,261,191 | 38.36 | 3,380 | 48.28 | 3,646,325 | 37.15 | 2,627 | 39.61 |
| BNP Paribas | 439,144 | 6.70 | 670 | 9.21 | 533,374 | 6.27 | 627 | 8.95 | 729,147 | 7.43 | 743 | 11.20 |
| Société Générale | 255,348 | 3.90 | 390 | 5.36 | 381,886 | 4.49 | 449 | 6.41 | 584,396 | 5.96 | 596 | 8.98 |
| Banques Populaires | 190,587 | 2.91 | 291 | 4.00 | 283,604 | 3.34 | 334 | 4.77 | 315,503 | 3.21 | 321 | 4.84 |
| Other shareholders | 305,062 | 4.65 | 466 | 6.39 | 282,694 | 3.32 | 334 | 4.76 | 153,643 | 1.57 | 158 | 2.38 |
| Total | 6,555,000 | 100.00 | 7,278 | 100.00 | 8,502,618 | 100.00 | 7,003 | 100.00 | 9,814,000 | 100.00 | 6,633 | 100.00 |

(1) Calculation of voting rights, refer to Article 21 of the by-laws on Appendix 5.

10.2. SHAREHOLDER AGREEMENTS

CRH is unaware of the existence of any shareholder agreements.

CHAPTER 11

FINANCIAL INFORMATION ON THE ISSUER'S ASSETS LIABILITIES, FINANCIAL POSITION AND EARNINGS

11.1. HISTORICAL FINANCIAL INFORMATION (change of accounting method effective January 1, 2007: see Note 2, Appendix, page 71).

11.1.1. Financial standards

Regarding the implementation of new International Financial Reporting Standards (IFRS), CRH made an inquiry through its statutory auditors to the French National Association of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes - CNCC*) as to whether CRH would be subject to these standards. The May 17, 2004 response from CNCC, which was submitted to the AMF by CRH, was as follows:

*With regard to the dispositions of Regulation 1606/2002 of the European Parliament, only companies that raise capital through public offerings **and** publish consolidated financial statements are required to prepare these statements in accordance with the international accounting standards.*

The extension of this requirement to the financial statements of companies raising capital through public offerings is up to each Member State of the European Union.

At the date of this response, the relevant authorities in France have not introduced any option or special requirement for companies raising capital through public offerings and not publishing consolidated financial statements.

The provisions of Decree 2004-1382 of December 20, 2004 on the adaptation of French legislative measures to EU measures in the area of accounting regulations do not include the possibility under EU regulations of authorizing or requiring the use of international accounting standards for company financial statements. Therefore, CRH need not publish its annual financial statements in accordance with international accounting standards.

11.1.2 Financial statements submitted for approval to the Regular Shareholders' Meeting of March 4, 2008.

*(These financial statements have been approved
by the Regular Shareholders' Meeting of March 4, 2008).*

BALANCE SHEET

At December 31,

(EUR thousands)

| Assets | 2007 | 2006 | 2005 | Pro forma 2006 | Pro forma 2005 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash. central banks, post office banks | 1 | 1 | 1 | 1 | 1 |
| Loans and advances to credit institutions | 285,207 | 242,467 | 178,844 | 242,467 | 178,844 |
| - Demand deposits | 132,080 | 160,486 | 98,993 | 160,486 | 98,993 |
| - Term deposits | 151,251 | 81,237 | 79,138 | 81,237 | 79,138 |
| - Accrued interest | 1,876 | 744 | 713 | 744 | 713 |
| Bonds and other fixed-income securities | 34,360,728 | 26,193,893 | 18,863,658 | 26,043,183 | 18,878,351 |
| - Certificate of deposits | 32,060 | 0 | 0 | 0 | 0 |
| - Mortgage notes | 33,682,138 | 25,662,478 | 18,479,081 | 25,507,547 | 18,490,620 |
| - Accrued interest | 646,530 | 531,415 | 384,577 | 535,636 | 387,731 |
| Equity holdings and other long-term securities holding | 4 | 0 | 0 | 0 | 0 |
| Intangible fixed assets | 2 | 7 | 4 | 7 | 4 |
| Tangible fixed assets | 30 | 13 | 10 | 13 | 10 |
| - Office furniture | 1 | 2 | 2 | 2 | 2 |
| - Fittings | 1 | 0 | 0 | 0 | 0 |
| - Miscellaneous equipment | 9 | 11 | 7 | 11 | 7 |
| - IT equipment | 19 | 0 | 1 | 0 | 1 |
| Other assets | 144 | 178 | 153 | 178 | 153 |
| - Interest rate options purchased | 0 | 0 | 9 | 0 | 9 |
| - Miscellaneous debtors | 144 | 178 | 144 | 178 | 144 |
| Prepayment and accrued income | 90 | 561,347 | 431,102 | 93 | 74 |
| - Deferred charges and other prepaid charges | | | | | |
| . issue premiums on bonds issued below par | 0 | 346,612 | 200,625 | 0 | 0 |
| . premiums on mortgage notes bought above par | 0 | 214,642 | 230,403 | 0 | 0 |
| . other prepaid charges | 90 | 93 | 74 | 93 | 74 |
| Total | 34,646,206 | 26,997,906 | 19,473,772 | 26,285,942 | 19,057,437 |

BALANCE SHEET

At December 31,

Before distribution

(EUR thousands)

| Liabilities | 2007 | 2006 | 2005 | <i>Pro forma 2006</i> | <i>Pro forma 2005</i> |
|---|-------------------|--------------------|-------------------|---------------------------|---------------------------|
| Tradable securities | 34,328,585 | 26,193, 893 | 18,863,658 | 26,043,183 | 18,878,351 |
| - Bonds | 33,682,138 | 25,662,478 | 18,479,081 | 25,507,547 | 18,490,620 |
| - Accrued interest | 646,447 | 531,415 | 384,577 | 535,636 | 387,731 |
| Other liabilities | 386 | 390 | 297 | 390 | 297 |
| - Miscellaneous creditors | 386 | 390 | 297 | 390 | 297 |
| Accruals and deferred income | 239 | 561,466 | 431,230 | 212 | 202 |
| - Deferred income | | | | | |
| . premiums on mortgage notes bought below par | 0 | 346,612 | 200,625 | 0 | 0 |
| . issue premiums on bonds issued above par | 0 | 214,642 | 230,403 | 0 | 0 |
| - Accrued charges | 239 | 212 | 202 | 212 | 202 |
| Provisions for liabilities and charges | 69 | 59 | 59 | 59 | 59 |
| Subordinated liabilities | 157,181 | 104,827 | 72,595 | 104,827 | 72,595 |
| - Subordinated loans | 152,296 | 102,409 | 71,334 | 102,409 | 71,334 |
| - Accrued interest | 4,885 | 2,418 | 1,261 | 2,418 | 1,261 |
| Funds for general banking risks (FRBG) | 2,226 | 2,026 | 1,942 | 2,026 | 1,942 |
| Shareholders' equity excluding FRBG | 157,520 | 135,245 | 103,991 | 135,245 | 103,991 |
| - Subscribed capital | 149,663 | 129,665 | 99,964 | 129,665 | 99,964 |
| - Premiums | 2,602 | 1,897 | 868 | 1,897 | 868 |
| - Legal reserve | 2,680 | 2,620 | 2,590 | 2,620 | 2,590 |
| - Retained earnings | 68 | 15 | 41 | 15 | 41 |
| - Net income | 2,507 | 1,048 | 528 | 1,048 | 528 |
| Total | 34,646,206 | 26,997,906 | 19,473,772 | 26,285,942 | 19,057,437 |

BALANCE SHEET

At December 31,

After distribution

(EUR thousands)

| Liabilities | 2007 | 2006 | 2005 | Pro forma 2006 | Pro forma 2005 |
|---|-------------------|--------------------|-------------------|-------------------|-------------------|
| Tradable securities | 34,328,585 | 26,193, 893 | 18,863,658 | 26,043,183 | 18,878,351 |
| - Bonds | 33,682,138 | 25,662,478 | 18,479,081 | 25,507,547 | 18,490,620 |
| - Accrued interest | 646,447 | 531,415 | 384,577 | 535,636 | 387,731 |
| Other liabilities | 2,742 | 1,325 | 821 | 1,325 | 821 |
| - Miscellaneous creditors | 2,742 | 1,325 | 821 | 1,325 | 821 |
| Accruals and deferred income | 239 | 561,466 | 431,230 | 212 | 202 |
| - Deferred income | | | | | |
| . premiums on mortgage notes bought below par | 0 | 346,612 | 200,625 | 0 | 0 |
| . issue premiums on bonds issued above par | 0 | 214,642 | 230,403 | 0 | 0 |
| - Accrued charges | 239 | 212 | 202 | 212 | 202 |
| Provisions for liabilities and charges | 69 | 59 | 59 | 59 | 59 |
| Subordinated debt | 157,181 | 104,827 | 72,595 | 104,827 | 72,595 |
| - Subordinated loans | 152,296 | 102,409 | 71,334 | 102,409 | 71,334 |
| - Accrued interest | 4,885 | 2,418 | 1,261 | 2,418 | 1,261 |
| Funds for general banking risks (FRBG) | 2,226 | 2,026 | 1,942 | 2,026 | 1,942 |
| Shareholders' equity excluding FRBG | 155,164 | 134,310 | 103,467 | 134,310 | 103,467 |
| - Subscribed capital | 149,663 | 129,665 | 99,964 | 129,665 | 99,964 |
| - Premiums | 2,602 | 1,897 | 868 | 1,897 | 868 |
| - Legal reserve | 2,810 | 2,680 | 2,620 | 2,680 | 2,620 |
| - Retained earnings | 89 | 68 | 15 | 68 | 15 |
| Total | 34,646,206 | 26,997,906 | 19,473,772 | 26,285,942 | 19,057,437 |

OFF-BALANCE SHEET

At December 31,

(EUR thousands)

| Commitments received | 2007 | 2006 | 2005 | <i>Pro forma 2006</i> | <i>Pro forma 2005</i> |
|--|-------------|-------------|-------------|---------------------------|---------------------------|
| Financing commitments received from credit institutions | 1,699,374 | 1,283,124 | 923,954 | 1,283,124 | 923,954 |
| Guarantees received from credit institutions | 377,753 | 377,710 | 472,304 | 377,785 | 472,397 |
| Forward financial instruments | 0 | 70,000 | 70,000 | 70,000 | 70,000 |

INCOME STATEMENT

At December 31,

(EUR thousands)

| | 2007 | 2006 | 2005 | <i>Pro forma 2006</i> | <i>Pro forma 2005</i> |
|---|--------------------|--------------------|------------------|-------------------------------|-------------------------------|
| + Interest and similar income | 1,276,000 | 1,032,451 | 888,327 | 953,487 | 799,537 |
| - On transactions with credit institutions | | | | | |
| . demand deposits | 6,145 | 3,419 | 1,807 | 3,419 | 1,807 |
| . loans overnight money | 11 | 0 | 0 | 0 | 0 |
| . term accounts and loans | 3,911 | 2,224 | 1,719 | 2,224 | 1,719 |
| . securities purchased under collateralized reverse repos | 0 | 322 | 459 | 322 | 459 |
| - On bonds and other fixed-income securities | | | | | |
| . accrued interest on certificate of deposit | 510 | 0 | 0 | 0 | 0 |
| . accrued interest on mortgage notes | 1,265,423 | 939,499 | 813,877 | 947,522 | 795,552 |
| . accrued premiums on mortgage notes bought below par | 0 | 49,332 | 37,139 | 0 | 0 |
| - other interest and income | | | | | |
| . accrued issue premiums on bonds issued above par | 0 | 37,655 | 33,326 | 0 | 0 |
| - Interest and similar charges | (1,270,308) | (1,029,226) | (886,063) | (950,262) | -797,27 |
| - On transactions with credit institutions | | | | | |
| . subordinated loans | (4,885) | (2,418) | (1,261) | (2,418) | (1,261) |
| . interest on advances under Article 5.3 of CRH's internal rules and regulations | 0 | (322) | (460) | (322) | (460) |
| - On bonds and other fixed-income securities | | | | | |
| . accrued interest | (1,265,423) | (939,499) | (813,877) | (947,522) | (795,552) |
| . amortization of issue premiums on bonds issued below par | 0 | (49,332) | (37,139) | 0 | 0 |
| . deduction of accrued premiums on mortgage notes bought above par | 0 | (37,655) | (33,326) | 0 | 0 |
| - Commission paid | (2) | (3) | (3) | (3) | (3) |
| +/- Gains or losses on trading portfolio transactions | 0 | 0 | (8) | 0 | (8) |
| + Other income from banking operations | 0 | (2) | (10) | (2) | (10) |
| NET BANKING INCOME | 5,690 | 3,220 | 2,243 | 3,220 | 2,243 |
| - General operating charges | (1,682) | (1,551) | (1,388) | (1,551) | (1,388) |
| - Personnel charges | (955) | (965) | (932) | (965) | (932) |
| - Other administrative charges | | | | | |
| . taxes other than income tax | (214) | (167) | (40) | (167) | (40) |
| . external services | (513) | (419) | (416) | (419) | (416) |
| - Depreciation, amortization and provisions for intangible and tangible fixed assets | (16) | (7) | (7) | (7) | (7) |
| OPERATING INCOME | 3,992 | 1,662 | 848 | 1,662 | 848 |
| +/- Cost of risk | 0 | 0 | 0 | 0 | 0 |
| GROSS OPERATING INCOME | 3,992 | 1,662 | 848 | 1,662 | 848 |
| +/- Gains or losses on fixed assets | 0 | 0 | 0 | 0 | 0 |
| CURRENT INCOME BEFORE TAXES | 3,992 | 1,662 | 848 | 1,662 | 848 |
| +/- Extraordinary items | 2 | 0 | 0 | 0 | 0 |
| - Income tax | (1,287) | (530) | (276) | (530) | (276) |
| +/- Allocations to/write-backs of FRBG and regulated provisions | (200) | (84) | (43) | (84) | (43) |
| NET INCOME | 2,507 | 1,048 | 529 | 1,048 | 529 |

NOTES TO THE FINANCIAL STATEMENTS

PRESENTATION OF THE FINANCIAL STATEMENTS ACCOUNTING POLICIES AND VALUATION METHODS

NOTE 1 - Presentation of the financial statements

CRH's financial statements have been prepared and presented in accordance with the accounting principles generally accepted in France and in compliance with regulations applicable to credit institutions in France regulated by the French Banking and Financial Regulation Committee (*Comité de la Réglementation Bancaire et Financière*).

The summary financial statements as of December 31, 2007 have been prepared in compliance with Regulation 00-03 of the French Accounting Regulations Committee (*Comité de la Réglementation Comptable - CRC*).

NOTE 2 - Change of accounting method during the fiscal year

The aim of Regulation No. 2005-01 of the French Accounting Regulation Committee on accounting for securities transactions is to bring Regulation No. 90-01 on accounting for securities transactions of the French Banking and Financial Regulation Committee into line with standard IAS 39 on accounting for investment securities.

Consequently, paragraph two, Article 8 of Regulation No. 90-01 now requires that premiums and discounts on investment securities be amortized using the actuarial method. This regulation does away with the option between straight-line amortization – the method currently used by CRH – and actuarial amortization.

As a result, effective January 1, 2007, CRH changed the method for accounting for securities as assets and bonds as liabilities. This change has had no impact on shareholders' equity or earnings as a result of the mirroring of the restatements carried out.

Until January 1, 2007, mortgage notes and bonds were recognized at par value. The difference between the amount at which they were recognized on the balance sheet and their par value was recorded in accruals accounts in either assets or liabilities. The difference was amortized on a straight-line basis over their maturities.

Beginning on January 1, 2007, mortgage notes are recognized as assets at their purchase price. The difference between the purchase price and the par value of the mortgage notes is amortized using the actuarial method. On the liability side of the balance sheet, the same method is used to account the bonds.

In accordance with the provisions of the French General Chart of Accounts, the change in method was applied using the retrospective method which consists in recomputing the actuarial amortization of the mortgage notes and bonds since their issue.

Implementation of the provisions of Regulation No. 2005-01 also involved the method for computing the accrued interest on the mortgage notes and bonds. Prior to January 1, 2007, accrued interest was computed using a 360-year in both the numerator and the denominator, i.e. 12 months of 30 days each. Effective January 1, 2007, accrued interest is computed using the exact number of days in both the numerator and denominator.

To make the financial statements easy to read and comparable, CRH has presented them before the change in accounting method (historical financial statements) and after the change in accounting method (pro forma). The pro forma financial statements have been prepared using the retrospective method.

NOTE 3 – Accounting methods and valuation methods

A – Bonds issued

Bonds issued are recorded at their issue price in an account entitled “Tradable securities”. When the issue price differs from the redemption price, the difference is amortized using the actuarial method.

Actuarial amortization is non straight-line amortization computed using the effective interest rate. The effective interest rate is the discount rate used to ensure that the book value of a financial instrument and the discounted cash stream generated until its maturity are the same.

Yearly actuarial amortization is equal to the difference between the flows of the period computed at the nominal rate and the actuarial stream computed by applying the effective interest rate to the actuarial amortized price obtained at the end of the previous computation period.

Each bond issue has its specific costs. Bond issuance costs are split between new issue costs (issue fees, AMF fees, listing costs, disclosure costs) and those related to the management of outstanding bonds (financial services, securities services, annual listing fee paid to NYSE Euronext).

All such expenses, of whatever kind, are borne by the bond issuers. New issue costs are charged to bond issuers in proportion to their share in each new issue, with payment due immediately. Other expenses are charged annually in proportion to the borrowers’ interest in each outstanding issue.

B – Securities transactions

The term “Securities transactions” applies to securities, French Treasury notes and other negotiable debt instruments, interbank market instruments, and in general all debt represented by securities traded on a market.

Securities are classified in the annual financial statements according to the fixed or variable nature of the income whereas accounting classification is based on the purpose for which the securities were acquired or placed.

Securities in the CRH portfolio are mainly fixed-income securities: the mortgage notes issued by the shareholders. In addition, CRH may hold certificates of deposit corresponding to the investment of cash for short periods.

Mortgage notes are recorded as investment securities since CRBF Regulation 90-01 requires that they be held to maturity and financed through matching bond issues (bonds issued). Maturities and interest rates for the notes and the bonds are perfectly matched and thus the redemption value of notes on the assets side is equal to the issue value of the bonds on the liabilities side.

When the acquisition price differs from the redemption price, the difference is amortized using the actuarial method in the same manner as for the bonds.

Disposals of investment securities¹ are limited to scheduled redemption of mortgage notes either by delivery of matching bonds by the shareholders involved or by the acquisition of the matching bonds by CRH as part of a public exchange offer. In the case of public exchange offers, CRH acquires new mortgage notes matching the new bonds offered. There have been no such transactions by CRH over the last three years.

These disposals have no impact on CRH’s earnings.

Certificates of deposit are recorded as short-term investments.

C – Provisions for general banking risk

In compliance with French Banking and Financial Regulatory Committee (CRBF) Regulation 90-02, these provisions are appropriated at the discretion of the company’s officers and directors into a regulated reserve for risk for medium- and long-term credit transactions, to cover the general risks associated with CRH’s lending activity.

These provisions may be used to cover any actual occurrence of these risks over the course of the year.

D – Equity holdings and other long-term securities holdings

The certificate for the French Deposit Guarantee Fund (*Fonds de Garantie des dépôts*), which was recorded as an intangible fixed asset prior to January 1, 2007, is now recorded as an equity holdings and other long-term securities holdings in accordance with the recommendations of the French Banking Commission (information letter BAFI no. 2007-01).

E – Fixed assets

Under the new accounting regulations for fixed assets, (CRC Regulations 2002-10 and 2003-12), fixed assets are still reported on the balance sheet at their historical cost. Depreciation and amortization schedules established using the rates approved by the tax authorities also remain unchanged.

Intangible fixed assets consist of software amortized on a straight-line basis over twelve months.

Tangible fixed assets are depreciated on a straight-line or declining balance basis, depending on their expected useful life:

| | | |
|--------------------|---------------|-------------------------------------|
| - Office furniture | 10 years | straight-line |
| - Fittings | 5 years | straight-line |
| - Office equipment | 5 to 10 years | straight-line and declining balance |
| - IT equipment | 3 years | declining balance |

¹ No disposals were made in 2007, 2006, or 2005.

F – Retirement benefits

Benefits to which CRH employees are entitled on retirement are paid by the French social security system, with a supplementary portion paid by third-party bodies that manage the distribution of funds paid in.

The employer's share of such payments is charged to expense each year as they are incurred. In addition, CRH makes a lump-sum payment to retiring employees in an amount determined by the number of years spent with the company.

The company's liability pursuant to these policies is revised at the end of each fiscal year.

G – Financial instruments

CRH's financial instrument portfolio consists solely of interest-rate floor purchased.

These transactions are accounted for in accordance with the provisions of CRBF Regulation 88-02 as amended and Banking Commission Instruction 94-04. The nominal value of the commitment is shown as an off balance sheet item. This amount relates to the capital amount covered by the interest-rate floor and is not a reflection of CRH's exposure to market risk.

The premiums and, where applicable, accrued interest are recorded in the income statement *pro rata temporis*. Unrealized losses are covered by a provision for contingencies and losses, which takes into account any differential on unrealized accrued interest as well as the amount of premium deferred.

NOTES TO THE BALANCE SHEET

Note 4 - Mortgage notes and bonds issued

Mortgage notes are the instruments representing the loans granted by CRH, while its borrowings are in the form of bond issues.

Related items on the asset and liability sides of the balance sheet show a perfect match between borrowing and lending.

(EUR thousands)

| At December 31, | 2007 | | 2006 | | 2005 | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities |
| Securities transactions | | | | | | |
| - Bonds and other fixed-income securities | | | | | | |
| . mortgage notes (1) | 33,682,138 | | 25,662,478 | | 18,479,081 | |
| . accrued interest not yet due on mortgage notes | 646,447 | | 531,415 | | 384,577 | |
| - Debt securities | | | | | | |
| . bonds (2) | | 33,682,138 | | 25,662,478 | | 18,479,081 |
| . accrued interest not yet due on bonds | | 646,447 | | 531,415 | | 384,577 |
| Prepayments and accrued income | | | | | | |
| - Deferred charges and other prepayments (excerpt) | | | | | | |
| . issue premiums on bonds issued below par | 0 | | 346,612 | | 200,625 | |
| . premiums on mortgage notes bought above par | 0 | | 214,642 | | 230,403 | |
| - Deferred income | | | | | | |
| . premiums on mortgage notes bought below par | | 0 | | 346,612 | | 200,625 |
| . issue premiums on bonds issued above par | | 0 | | 214,642 | | 230,403 |
| Total | 34,328,585 | 34,328,585 | 26,755,147 | 26,755,147 | 19,294,686 | 19,294,686 |

(1) Nominal value at December 31, 2007 of mortgages notes in EUR thousands 33,987,478

(2) Nominal value at December 31, 2007 of bonds in EUR thousands 33,987,478

Pro forma

(EUR thousands)

| At December 31, | <i>2006</i> | | <i>2005</i> | |
|--|-------------------|--------------------|-------------------|--------------------|
| | <i>Assets</i> | <i>Liabilities</i> | <i>Assets</i> | <i>Liabilities</i> |
| Securities transactions | | | | |
| - Bonds and other fixed-income securities | | | | |
| . mortgage notes | 25,507,547 | | 18,490,620 | |
| . accrued interest not yet due on mortgage notes | 535,636 | | 387,731 | |
| - Debt securities | | | | |
| . bonds | | 25,507,547 | | 18,490,620 |
| . accrued interest not yet due on bonds | | 535,636 | | 387,731 |
| Prepayments and accrued income | | | | |
| - Deferred charges and other prepayments (excerpt) | | | | |
| . issue premiums on bonds issued below par | 0 | | 0 | |
| . premiums on mortgage notes bought above par | 0 | | 0 | |
| - Deferred income | | | | |
| . premiums on mortgage notes bought below par | | 0 | | 0 |
| . issue premiums on bonds issued above par | | 0 | | 0 |
| Total | 26,043,183 | 26,043,183 | 18,878,351 | 18,878,351 |

Note 5 - Breakdown of receivables and debt by current maturity

EUR thousands)

| Claim | Dec. 31, 2007 | Dec. 31, 2006 | Dec. 31, 2005 | <i>Pro forma Dec. 31, 2006</i> | <i>Pro forma Dec. 31, 2005</i> |
|---|--------------------------|--------------------------|--------------------------|---|---|
| Credit institutions: term deposits | | | | | |
| - less than 3 months | 126,546 | 25,725 | 25,222 | 25,725 | 25,222 |
| - 3 months to 1 year | 24,705 | 45,191 | 53,916 | 45,191 | 53,916 |
| - 1 to 5 years | 0 | 10,321 | 0 | 10,321 | 0 |
| Total | 151,251 | 81,237 | 79,138 | 81,237 | 79,138 |
| Certificate of deposits | | | | | |
| - 3 months to 1 year | 32,060 | 0 | 0 | 0 | 0 |
| Mortgage notes | | | | | |
| - 3 months to 1 year | 3,533,159 | 0 | 471,603 | 0 | 471,938 |
| - 1 to 5 years | 11,374,569 | 10,222,478 | 5,851,347 | 10,083,876 | 5,876,359 |
| - over 5 years | 18,774,410 | 15,440,000 | 12,156,131 | 15,423,671 | 12,142,323 |
| Total | 33,682,138 | 25,662,478 | 18,479,081 | 25,507,547 | 18,490,620 |

EUR thousands)

| Debt | Dec. 31, 2007 | Dec. 31, 2006 | Dec. 31, 2005 | <i>Pro forma Dec. 31, 2006</i> | <i>Pro forma Dec. 31, 2005</i> |
|----------------------|--------------------------|--------------------------|--------------------------|---|---|
| Bonds | | | | | |
| - 3 months to 1 year | 3,533,159 | 0 | 471,603 | 0 | 471,938 |
| - 1 to 5 years | 11,374,569 | 10,222,478 | 5,851,347 | 10,083,876 | 5,876,359 |
| - over 5 years | 18,774,410 | 15,440,000 | 12,156,131 | 15,423,671 | 12,142,323 |
| Total | 33,682,138 | 25,662,478 | 18,479,081 | 25,507,547 | 18,490,620 |

Note 6 - Other assets, other liabilities, prepayments and accrual accounts

(EUR thousands)

| Assets | Dec. 31, 2007 | Dec. 31, 2006 | Dec. 31, 2005 |
|---|--------------------------|--------------------------|--------------------------|
| Interest-rate options purchased | 0 | 0 | 9 |
| Residual premiums on floors purchased | 0 | 0 | 9 |
| Miscellaneous debtors | 144 | 178 | 144 |
| Charges paid on behalf of borrowers | 104 | 140 | 117 |
| Guarantee deposits with the French Deposit Guarantee Fund | 15 | 13 | 13 |
| Other guarantee deposits and miscellaneous | 25 | 25 | 14 |
| Prepayments and accrued income (1) | 90 | 93 | 74 |
| Total | 234 | 271 | 227 |

(1) excluding the CRH lending and bond issue transactions described in Note 4.

(EUR thousands)

| Liabilities | Dec. 31, 2007 | Dec. 31, 2006 | Dec. 31, 2005 |
|---------------------------------|--------------------------|--------------------------|--------------------------|
| Miscellaneous creditors | 386 | 390 | 297 |
| Government – income tax | 263 | 256 | 134 |
| Government – VAT | 2 | 2 | 2 |
| Social security and payroll tax | 104 | 98 | 96 |
| Other | 17 | 34 | 65 |
| Accrued charges | 239 | 212 | 202 |
| Personnel and related charges | 132 | 143 | 134 |
| Other | 107 | 69 | 68 |
| Total | 625 | 602 | 499 |

Note 7 - Provisions for liabilities and charges

(EUR thousands)

| | Balance at Dec 31, 2005 | +Charges -Writebacks | Balance at Dec. 31, 2006 | +Charges -Writebacks | Balance at Dec. 31, 2007 |
|---|-------------------------|----------------------|--------------------------|----------------------|--------------------------|
| Provision for retirement benefits (Note 19) | 50 | 9 | 59 | 10 | 69 |
| Provision on interest rate floor purchased | 9 | (9) | 0 | 0 | 0 |
| Total | 59 | 0 | 59 | 10 | 69 |

Note 8 - Shareholders' equity and funds for general banking risks

(EUR thousands)

| | Balance at Dec 31, 2005 | +Charges -Writebacks | Balance at Dec. 31, 2006 | +Charges -Writebacks | Balance at Dec. 31, 2007 |
|---------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|
| Subscribed capital | 99,964 | 29,701 | 129,665 | 19,998 | 149,663 |
| Premiums | 868 | 1,029 | 1,897 | 705 | 2,602 |
| Legal reserve | 2,590 | 30 | 2,620 | 60 | 2,680 |
| Retained earnings | 41 | (26) | 15 | 53 | 68 |
| Funds for general banking risks | 1,942 | 84 | 2,026 | 200 | 2,226 |
| TOTAL | 105,405 | 30,818 | 136,223 | 21,016 | 157,239 |

Subscribed capital had been reinforced during 2007 through the creation of 1,311,382 new shares with a par value of EUR 15.25 and an issue premium of EUR 0.54 fully paid through incorporation of subordinated loans at their fair market value (note 9).

The new amount of subscribed capital is EUR 149,663,500 increasing by EUR 19,998,575.50. Share premium amount to EUR 2,602,167.42 increasing by EUR 704,943.52 after deduction of EUR 3,202.76 relating to net of tax capital increase charges.

Other evolutions include the allocation of 2006 net income and the increase of the funds for general banking risks for 2007.

CRH's capital is fully subscribed. The company's stock has a par value of EUR 15.25 per share. A total of 9,814,000 shares have been issued.

Note 9 - Subordinated loans

Pursuant to the by-laws, shareholders are required to provide the equity capital needed to comply with banking regulations.

In calculating the solvency ratio, total capital includes shareholders' equity (Note 8) and secondary capital in the form of subordinated loans by shareholders in proportion to their outstanding borrowings.

These loans ensure that CRH will be able to continue operations in compliance with banking regulations despite any losses it might suffer.

CRH is required to repay these loans as the related risks are amortized, provided this does not impact compliance with prudential ratios. In the event of CRH's liquidation, subordinated loans would be repaid only after settlement of all other loans.

Interest is partly fixed and partly contingent on results for the previous year, and is payable only if CRH shows income for the year after allocation of this charge.

In view of these provisions, the French Banking Commission allows funds from subordinated loans to be treated under CRBF Regulation 90-02, Article 4c.

The following table summarizes changes in total subordinated loans since Dec. 31, 2006:

(EUR thousands)

| Transaction | Amount |
|--|----------------|
| Balance at December 31, 2006 | 102,409 |
| Increase | |
| - Payments relating to acquisitions of mortgage notes | 70,763 |
| Diminution | |
| - Incorporation to shareholders' equity | (20,707) |
| - Repayments relating to the allocation of 2006 net income | (85) |
| - Repayments relating to 2006 appropriation to the funds for general banking risks | (84) |
| Balance at December 31, 2007 | 152,296 |

NOTES TO THE OFF-BALANCE SHEET

Note 10 - Financing commitments from credit institutions

Pursuant to the by-laws, shareholders are bound to provide cash advances required for CRH operations up to 5% of total outstanding loans. This requirement is defined in CRH internal rules and regulations, approved by the Regular Meeting of Shareholders of February 27, 1996.

At December 31, 2007, these commitments represented a total of EUR 1,699,373,904.

Note 11 - Guarantees received from credit institutions

Principal and interest on certain mortgage notes held by CRH are guaranteed by a credit institution.

EUR thousands)

| | Dec. 31, 2007 | Dec. 31, 2006 | Dec. 31, 2005 | <i>Pro forma Dec. 31, 2006</i> | <i>Pro forma Dec. 31, 2005</i> |
|------------------------------|--------------------------|--------------------------|--------------------------|--|--|
| Principal | 365,743 | 365,743 | 457,212 | 365,743 | 457,212 |
| Accrued interest not yet due | 12,010 | 11,967 | 15,092 | 12,042 | 15,185 |
| Total | 377,753 | 377,710 | 472,304 | 377,785 | 472,397 |

Note 12 - Other guarantees received

The principal and interest of each note are secured by a portfolio representing secured housing loans, a first residential mortgage or property offering an equivalent guarantee, or a guarantee given by a credit institution or insurance company which is not a consolidated subsidiary of the credit institution issuing the note.

Mortgages pledged to CRH as collateral amounted to EUR 48.5 billion at Dec. 31, 2007.

NOTES TO THE INCOME STATEMENT

Note 13 - Income and charges from banking operations

A - Analysis of results of bond issue and lending operations

CRH lends at the same interest rates and maturities at which it borrows on the financial market. Its lending activities do not generate income.

The net zero impact of borrowing and lending activities is illustrated in the following table:

(EUR thousands)

| | Dec. 31, 2007 | | Dec. 31, 2006 | | Dec. 31, 2005 | |
|--|------------------|------------------|------------------|------------------|----------------|----------------|
| | Charges | Income | Charges | Income | Charges | Income |
| Interest | | | | | | |
| Bonds issued | 1,265,423 | | 939,499 | | 813,877 | |
| Mortgage notes | | 1,265,423 | | 939,499 | | 813,877 |
| Subtotal | 1,265,423 | 1,265,423 | 939,499 | 939,499 | 813,877 | 813,877 |
| Recoveries | | | | | | |
| (Issue premiums on bonds, discounts or premiums on mortgage notes) | | | | | | |
| Deferred charges | 0 | | 86,987 | | 70,465 | |
| Deferred income | | 0 | | 86,987 | | 70,465 |
| Subtotal | 0 | 0 | 86,987 | 86,987 | 70,465 | 70,465 |
| Total | 1,265,423 | 1,265,423 | 1,026,486 | 1,026,486 | 884,342 | 884,342 |

Pro forma

EUR Thousands)

| | Dec. 31, 2006 | | Dec. 31, 2005 | |
|--|---------------|---------|---------------|---------|
| | Charges | Income | Charges | Income |
| Interest | | | | |
| Bonds issued | 947,522 | | 795,552 | |
| Mortgage notes | | 947,522 | | 795,552 |
| Subtotal | 947,522 | 947,522 | 795,552 | 795,552 |
| Recoveries | | | | |
| (Issue premiums on bonds, discounts or premiums on mortgage notes) | | | | |
| Deferred charges | 0 | | 0 | |
| Deferred income | | 0 | | 0 |
| Subtotal | 0 | 0 | 0 | 0 |
| Total | 947,522 | 947,522 | 795,552 | 795,552 |

These transactions thus have no impact on CRH's net income.

B - Other income and charges from banking operations

In 2007, other income consists primarily of interest earned on capital invested in the money market in sight and term deposits with maturities of less than 18 months and in certificate of deposits of less than 6 months. This interest income fluctuates from year to year in close correlation with the average level of market interest rates. The rate of return on average capital invested came to 3.95% in 2007 (compared with 2.85% in 2006 and 2.13% in 2005).

In 2006 and in 2005, investment income on collateralized reverse repo operations carried out in connection with the advances requested by CRH of its shareholders as provided in Article 5.3. of the company's internal rules and regulations in order to ensure its bond redemptions.

Interest paid on the advances is included in expense from banking operations together with interest paid to shareholders on subordinated loans granted to CRH.

As provided by contract, interest payable on these subordinated loans consists of two components:

- a fixed portion calculated each quarter as the quarterly average overnight interbank rate less 5%, but not less than 1%. Interest calculated on this basis amounted to EUR 1,253,861.38 in 2007 (EUR 860,207.94 in 2006 and EUR 600,398.86 in 2005),
- a variable portion determined by the Board of Directors on the basis of results for the year. The amount calculated on this basis came to EUR 3,631,045.13 in 2007 (EUR 1,557,801.24 in 2006 and EUR 660,932.26 in 2005).

The average interest rate paid on subordinated loans was 3.95% in 2007 (2.85% in 2006 and 2.13% in 2005).

(EUR thousands)

| | Dec. 31, 2007 | Dec. 31, 2006 | Dec. 31, 2005 |
|--|---------------|---------------|---------------|
| Interest on cash management transactions | 10,067 | 5,643 | 3,526 |
| Interest on certificate of deposits | 510 | 0 | 0 |
| Interest on securities purchased under collateralized reverse repos | 0 | 322 | 459 |
| Writeback of provisions for contingencies and losses on financial instruments | 0 | 9 | 0 |
| A - Total other income from banking operations | 10,577 | 5,974 | 3,985 |
| Interest on subordinated loans | 4,885 | 2,418 | 1,261 |
| Interest on advances under Article 5.3 of CRH's internal rules and regulations | 0 | 322 | 460 |
| Other interest and expense | 1 | 3 | 2 |
| Fees on securities transactions | 1 | 1 | 1 |
| Amortization of premiums on interest rate options purchased | 0 | 9 | 8 |
| Contribution to the deposit guarantee fund | 0 | 1 | 1 |
| Charges to provisions for contingencies and losses on financial instruments | 0 | 0 | 9 |
| B - Total other charges from banking operations | 4,887 | 2,754 | 1,742 |
| NET INCOME FROM BANKING OPERATIONS | 5,690 | 3,220 | 2,243 |

Note 14 - Other general operating charges

CRH's total administrative charges, including depreciation and amortization, came to EUR 1.70 million in 2007 (EUR 1.56 million in 2006 and EUR 1.40 million in 2005).

Total administrative expense represented 0.0059% of average outstanding loans to shareholders in 2007 (0.008% in 2006 and 0.008% in 2005).

Main items are shown in the table below:

(EUR thousands)

| | Dec. 31, 2007 | Dec. 31, 2006 | Dec. 31, 2005 |
|--|---------------|---------------|---------------|
| Wages and salaries | 591 | 605 | 593 |
| Retirement payments (1) | 75 | 66 | 69 |
| Other social security charges | 210 | 212 | 190 |
| Taxes and other levies on payroll | 79 | 82 | 80 |
| Total personnel charges | 955 | 965 | 932 |
| Taxes other than income tax | 214 | 167 | 40 |
| Rental and leasing | 135 | 88 | 93 |
| Other external services and miscellaneous administrative charges | 378 | 331 | 323 |
| Total other administrative charges | 513 | 419 | 416 |
| Amortization of intangible assets | 6 | 2 | 0 |
| Depreciation of tangible fixed assets | 10 | 5 | 7 |
| Total depreciation and amortization | 16 | 7 | 7 |

(1) including a provision for retirement benefits of EUR 10.000 at December 31, 2007.

Note 15 - Income tax

Tax on 2007 earnings came to EUR 1,268,431 and concerned only income from usual operations. Must be added there the social contribution of 3.3% to EUR 16,679.

OTHER INFORMATION

NOTE 16 – Executive compensation

Total gross compensation paid to the two executive officers for the fiscal year ended December 31, 2007 amounted to EUR 213,355. Out of this amount EUR 17,342 was paid to the Chairman of the Board of Directors for his term of office which ended on March 13, 2007. The difference or EUR 196,013 was the compensation paid to the Chief Executive Officer for his term of office up to March 13, 2007, and subsequently, for his term office as Chairman of the Board of Directors and Chief Executive. Other corporate officers receive no compensation from the company.

An unemployment insurance policy has been taken out for the Chairman and Chief Executive Officer with the *Association pour la Garantie Sociale des Chefs et Dirigeants d'Entreprise*. The company's contribution amounted to EUR 6,261.

These officers received no other benefits from the company.

Note 17 - Proposed allocation of distributable income

It is recommended that net income for 2007, of EUR 2,507,172.39, plus the balance of EUR 67,531.12 brought forward from the prior fiscal year, after appropriation of EUR 130,000 to the legal reserve, be distributed in the form of dividends totaling EUR 2,355,360, and the balance of EUR 89,343.51 be carried forward.

Note 18 - Staff

CRH had an average of nine employees in 2007, as in the previous two fiscal years.

Note 19 - Provision for retirement benefits

Provisions set aside to cover retirement payments required by French law amount to EUR 69,000 and cover the full amount of CRH's liability as assessed as of December 31, 2007.

Note 20 – Career development allocations earned by staff under the French Individual Training Rights initiative (DIF)

At December 31, 2007, a total of 414 hours of training had been credited to staff under the French DIF initiative.

ADDITIONAL INFORMATION

| NET CASH FLOW STATEMENT | | | |
|--|----------------------|----------------------|----------------------|
| (EUR thousands) | | | |
| | Dec. 31, 2007 | Dec. 31, 2006 | Dec. 31, 2005 |
| Cash flow from operating activities | | | |
| Net income before taxes | 3,792 | 1,577 | 805 |
| Non-cash items: | | | |
| Depreciation and amortization | 16 | 8 | 7 |
| Provisions | 210 | 84 | 64 |
| Other non-cash items | 1,282 | 1,117 | 340 |
| Total non-cash items included in net income and other adjustments | 1,508 | 1,209 | 411 |
| Changes in transactions with credit institutions: | | | |
| Increase in term deposits | (386,190) | (72,751) | (50,483) |
| Term deposits having reached maturity | 284,116 | 70,652 | 70,050 |
| Changes in non-financial assets and liabilities: | | | |
| Other assets | 34 | (25) | 40 |
| Other liabilities | (271) | (167) | 33 |
| Taxes paid | (1,022) | (273) | (142) |
| Net change in assets and liabilities from operating activities | (103,333) | (2,564) | 19,498 |
| Net cash flow from operating activities (A) | (98,033) | 222 | 20,714 |
| Cash flow from investing activities | | | |
| Acquisitions of tangible fixed assets | (27) | (8) | 0 |
| Acquisitions of intangible and financial fixed assets | (6) | (5) | 0 |
| Net cash flow from investing activities (B) | (33) | (13) | 0 |
| Cash flow from financing activities | | | |
| Proceeds from bond issues | 8,283,852 | 7,595,365 | 3,232,532 |
| Bond repayments | 0 | (471,603) | (1,079,939) |
| Acquisition of investment securities (mortgage notes) | (8,283,852) | (7,595,365) | (3,232,532) |
| Investment securities having reached maturity | 0 | 471,603 | 1,079,939 |
| Proceeds from subordinated debt issues | 87,945 | 70,319 | 29,669 |
| Repayment of subordinated loans | (17,351) | (8,510) | (12,787) |
| Dividends paid | (935) | (525) | (262) |
| Net cash flow from financing activities (C) | 69,659 | 61,284 | 16,620 |
| Impact of exchange rates (D) | 0 | 0 | 0 |
| Net cash flow (A + B + C + D) | (28,407) | 61,493 | 37,334 |
| Net cash and equivalents at the beginning of the period | 160,487 | 98,994 | 61,660 |
| Net cash and equivalents at the end of the period | 132,080 | 160,487 | 98,994 |
| Net change in cash position | (28,407) | 61,493 | 37,334 |

Capital adequacy ratio

CRH had a capital adequacy ratio of 8.76% at December 31, 2007, compared with 8.94% at December 31, 2006 and 9.19% at December 31, 2005. The ratio at December 31, 2007 is at the same level in the reference frame of “Basle I” and “Basle II”. Calculation of the ratio “Basle II” is made using the standardised method for the credit risk and the basic indicator approach for the operational risk.

Control of major risk

At its meeting of December 22, 2000, the *Commission Bancaire* ruled that, in view of the legal status of the notes included in CRH assets, and until such time as implementation of the Directive of December 21, 1992 in French law allows full exemption of mortgage bonds and equivalent securities from the regulations relating to major risk, the regulatory compliance of CRH should be assessed with regard to the beneficiaries of the loans it funds rather than with regard to the issuers of the mortgage notes which it holds.

CRH thus complies with regulations governing major risk.

Liquidity ratio

CRH complies with the regulatory ratio at all times. The conditions under which CRH normally operates are such that there are no uncovered current liabilities. It thus meets liquidity ratio requirements at all times.

11.2. CONSOLIDATED FINANCIAL STATEMENTS

CRH has no subsidiaries and therefore is not required to prepare consolidated financial statements.

11.3. AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

The general report of the statutory auditors on the financial statements for the year ended December 31, 2007 is included in the Reports section of this registration document, on page 21.

The general report of the statutory auditors on the financial statements for the year ended December 31, 2006 is included in the Reports section of the 2006 registration document.

The general report of the statutory auditors on the financial statements for the year ended December 31, 2005 is included in Chapter 5 of the 2005 registration document.

11.4. AGE OF LATEST FINANCIAL INFORMATION

The most recently audited financial statements are those for the fiscal year ended December 31, 2007.

11.5. INTERIM AND OTHER FINANCIAL INFORMATION

CRH has not released any quarterly or six-month data subsequent to the December 31, 2007 financial statements.

11.6. LEGAL AND ARBITRATION PROCEEDINGS

On the date of filing this document, there are no legal, fiscal or regulatory proceedings underway likely to have a material impact on CRH's financial position, assets or liabilities.

11.7. SIGNIFICANT CHANGES IN THE ISSUER'S FINANCIAL POSITION

On the filing date of this document, there are no exceptional events or litigation that have had a material impact in the recent past or are likely to have one on the financial situation, the activity or the earnings of CRH that have not been reflected in the financial statements prepared at December 31, 2007.

Under the authorization granted by the September 12, 2006 Special Shareholders' Meeting, the December 4, 2007 Board of Directors' Meeting resolved to increase the capital from EUR 149,663,500 to EUR 169,641,000 by January 30, 2008 through the issue of 1,310,000 new shares fully paid by offset by deduction of the same amount from the subordinated loans outstanding.

The January 30, 2008 Board of Directors' meeting noted that the capital increase had been fully subscribed.

CHAPTER 12

MAJOR CONTRACTS

At the time this document was submitted the company had entered into no contracts other than those signed as part of normal operations that could grant a member of the company a right or a commitment that could have a material impact on CRH's ability to honor its commitments to its bondholders.

CHAPTER 13

THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATION OF ANY INTEREST

This document contains no testimony or disclosure from third parties or experts.

13.1. UNUSED

13.2. UNUSED

CHAPTER 14

DOCUMENTS ON DISPLAY

All registration documents (which contain the by-laws of the company) can be consulted on the web site of the CRH :

<http://www.crh-bonds.com>

These documents may be obtained free of charge and without obligation
by requesting them from CRH,

by telephone: 33 (0)1 42 89 49 10

by fax: 33 (0)1 42 89 29 67

by e-mail to: crh@wanadoo.fr

By mail at the following address:

**CRH
Caisse de Refinancement de l'Habitat
35 rue La Boétie
75008 PARIS**

The constitute act of the company can be consulted in paper version in the head office

**ARTICLE 13 OF ACT N° 85-695
DU 11 JUILLET 1985
Complemented by Article 36 of Act n° 2006-872 of July 13, 2006
(*Journal officiel* of July 16, 2006)**

I. - Superseded

II. - **The guarantee of the State may be accorded** to bonds issued by holders of promissory notes representing loans granted to finance real estate transactions, guaranteed by a mortgage or by a senior real estate lien, so long as these loans represent a maximum share established by decree or that the amount of the contracts constituting the loans set aside to guarantee the payment of these promissory notes at maturity is greater than the amount of these same notes in a minimum proportion established by decree.

The promissory notes cited in the preceding paragraph are created under conditions established in compliance with the provisions of Article 16 of the aforementioned Act 69-1263 of December 31, 1969*.

III. - The bonds cited in Paragraph II above may be issued by a company or by an economic interest grouping (*groupement d'intérêt économique*) that has been granted special approval by order of the Minister for the Economy, Finance and the Budget.

IV. - **When the guarantee of the State is not accorded**, the sums or amounts generated by the promissory notes mentioned above are allocated, as a matter of priority and under all circumstances, to the payment of the interest and principal on these borrowings. They are carried in a specially designated account that is opened by the holder of the promissory notes and from which the creditors of the latter, other than the holders of the bonds cited in Paragraph II, may not pursue the payment of their receivables.

V. - The provisions of Book VI of the French Commercial Code, or those governing all legal or equivalent amicable proceedings engaged on the basis of foreign laws, do not constitute an obstacle to the application of Paragraph IV.

*These dispositions are codified in article L.313-42 to L.313-49 of the French Monetary and Financial Code (*Code Monétaire et Financier*).

**AMENDMENT SUBMITTED BY
THE FRENCH GOVERNMENT ON JANUARY 13, 2006**

**ADDITIONAL ARTICLE
Insert the following article following Article 5 quinquies**

The following two paragraphs have been added to Article 13 of Act 85-695 of July 11, 1985 on various economic and financial provisions:

« IV. - When the guarantee of the State is not granted, the sums or amounts generated by the promissory notes mentioned above are allocated first, as a matter of priority and under all circumstances, to the payment of the interest and principal on these borrowings. They are carried in a specially designated account that is opened by the holder of the promissory notes and which the creditors of the latter, other than the holders of the bonds cited in Paragraph II, may not attach to obtain payment of their receivables. »

« V. - The provisions of Book VI of the French Commercial Code, or those governing all legal or equivalent amicable proceedings filed on the basis of foreign laws, do not constitute an obstacle to the application of Paragraph IV. »

OVERVIEW

Caisse de refinancement de l'habitat (CRH) is a market credit institution that plays a specific role in funding residential housing in France. Its sole purpose is to fund the housing loans extended by credit institution shareholders by issuing bonds. With nearly EUR 30 billion in loans extended and currently EUR 17 billion in loans outstanding, CRH is leading player on the French residential mortgage market.

When mortgage companies were created in 1999, the laws and regulations governing its transactions were in part brought into line with those governing mortgage companies. However, CRH's obligations are not governed by the same oversight regulations as property bonds.

CRH's bonds are very safe (the promissory notes issued by it must be secured up to 125% by the pledging of a portfolio of secured housing loans).

Like property bonds, they have been rated Aaa by the rating agencies. However, unlike property bonds, the bondholder has no direct legal lien over the portfolio of funded loans even though such a lien is recognized from a business point of view.

The aim of the amended is to enact such a lien order to bring the oversight treatment of CRH's bonds into line with that of property bonds.

Improved oversight treatment for CRH's obligations will not result in any cost for the French government and will lead to reducing the cost of housing in France. In fact, all of CRH's operations, which involve substantial amounts, are devoted to funding residential housing loans.

FRENCH MONETARY AND FINANCIAL CODE

LEGISLATIVE PART

Codifying the provisions of Section 16 of the Act of December 31, 1969 as amended by Act 85-695 of July 11, 1985 and Act 99-532 of June 25, 1999

Paragraph 3

Refinancing of mortgages and other secured loans

Section L.313-42

The provisions of the present paragraph apply to the promissory notes issued by credit institutions to refinance long-term receivables used to finance real property located in France or another European Economic Area Member state which are guaranteed by:

- a first-ranking mortgage or a charge over real property which provides a guarantee at least equal thereto;
- or a guarantee granted by a credit institution or an insurance company which is not included in the consolidation described in Article L.233-16 of the Commercial Code which the credit institution issuing the promissory note is subject to.

The units or debt instruments of securitisation funds are treated in the same way as the receivables referred to above if at least 90% of the fund's assets consist of receivables of the same type, with the exception of specific units or debt instruments issued to cover the risk of insolvency of the debtors.

With effect from January 1, 2002, receivables represented by promissory notes must comply with the conditions laid down in I of Article L.515-14 pursuant to terms determined by a Conseil d'Etat decree. The said decree specifies the circumstances in which the quota may be exceeded if the amount of the said receivables exceeds that of the promissory notes that they guarantee.

Section L.313-43

Since the contracts constitute the said loans and their guarantees, amendments made to the contracts to provide the lender with additional guarantees, and instruments signed by the borrower to ensure compliance with his obligations, if such instruments exist, must be made available to the bearer of the promissory note by the credit institution, if the bearer so requests, in a capital amount equal to the capital amount of the promissory note.

The credit institution provides safekeeping for the contracts and instruments made available to the bearers of the promissory notes by maintaining a nominal list of the bearers of all receivables corresponding to the aforementioned contracts and instruments, making a reference therein to Articles L.313-42 to L.313-49, and providing an updated indication of their amount.

Section L.313-44

I. Barring the application of Article L.313-46, the credit institution recovers, pro tanto, free disposal of the receivables referred to in Article L.313-43 as and when they become due or redeemable, or when it so chooses. It is required, while the promissory note remains in circulation, to replace the contracts and bills it recovers free disposal of, without discontinuity, with other debt instruments having a capital amount equal to those made available to the bearer of the promissory note as provided for in Article L.313-43.

II. Debt instruments made available to the bearer of the promissory note pursuant to I are automatically substituted, through real subrogation, for the debt instruments which the credit institution recovers free disposal of. Such substitution preserves the rights of the bearer of the promissory note and entails the effects set forth in Article L.313-45, even if the signing of the new debt instruments made available to that bearer is subsequent to the signing of the promissory note.

Section L.313-45

Making receivables and bills available to the bearer of the promissory note automatically entails creation of a pledge in favour of the successive bearers.

The bearer of the promissory note's right encompasses all receivables deriving for the benefit of the credit institution from the contracts and bills which have been made available to that bearer pursuant to the present paragraph, without any other formality. It also encompasses all interest and ancillary charges, as well as any guarantees associated with those advances, even if they derive from deeds distinct from the contracts or bills.

The bearer of the promissory note exercises that right preferentially in relation to the credit institution and, in the event of a single receivable being shared between several bearers of promissory notes, those bearers enjoy equality of rank.

While the receivables and bills remain available to the bearer of the promissory note, the credit institution cannot transfer those receivables or bills in any form whatsoever.

Section L.313-46

If the amount of the promissory note or the interest attached to it are not paid when due, and regardless of the remedies he might exercise against the credit institution, the bearer of the promissory note may obtain, upon request and in return for the said note, submission of the nominal list of the holders referred to in Article L.313-43 and also, if applicable, of the instruments made available to him pursuant to the present paragraph. Such submission transfers title of the receivables to him without any other formality, and with the interest, advantages and guarantees attaching thereto, within the limits of the rights he holds on account of the promissory note he held.

Section L.313-47

For deletion of registrations, no documentary proof is required to support the statements in the act of discharge which establishes that the instruments have been made available or handed over if the said statements are certified as accurate in that act. The beneficiaries of such availability or delivery are not considered to be interested parties within the meaning of Article

2157 of the Civil Code if the act of discharge does not refer to the transaction concluded in their favour.

Section L.313-48

In order to guarantee payment when due of the amount of the promissory note referred to in Article L.313-42, or the amount of the interest attached to that note, the bearer of that note may ask the credit institution to make contracts available to it which constitute long-term receivables, along with their guarantees, to be added to those already made available by virtue of Article L.313-43, for an agreed amount, given that those contracts may give rise to the creation of promissory notes having the characteristics of those referred to in Article L.313-42.

The contracts thus made available to the bearer to guarantee a note referred to in Article L.313-42 are indicated to that bearer at the same time as the availability of the contracts, pursuant to the procedure described in Articles L.313-43 and L.313-44. The effects of that availability by way of guarantee are described in Articles L.313-45 to L.313-47. Articles L.313-44 to L.313-46 are applicable notwithstanding any provision to the contrary, including those of Book VI of the French Commercial Code. These provisions apply to capitalisations effected before 29 June 1999 pursuant to the provisions of the present paragraph.

Section L 313-49

The Banking Commission is responsible for ensuring that the credit institutions comply with the provisions of Articles L.313-42 to L.313-48.

FRENCH MONETARY AND FINANCIAL CODE

LEGISLATIVE PART

SECTION 4 CHAPTER V

SOCIETES DE CREDIT FONCIER

Art. L 515-14 (excerpt).

I. - Guaranteed loans are loans associated with:

1. A first-ranking mortgage or a charge over real property conferring an equivalent guarantee, at least;
2. Or, within limits and under conditions determined in a Conseil d'Etat decree, a minimum personal contribution from the borrower and compliance with a fixed portion of the value of the property financed and subject to the guaranteed loan being used solely to finance real property, a guarantee from a credit institution or an insurance company which is not included in the consolidation described in Article L.233-16 of the Commercial Code relating to real-property credit companies.

FRENCH MONETARY AND FINANCIAL CODE

REGULATORY PART

ARTICLES R.313-20 TO R.313-25

Codifying the provisions of Decree 2000-664 of July 17, 2000, as modified by Decree 2003-144 of February 19, 2003 and Decree 2007-745 of May 9, 2007

Article R.313-20

- I. In application of the provisions of this Article, the portion of a secured receivable, within the meaning of Article L.313-42, that may be funded may not exceed the lesser of the two following values:
 1. The remaining principal balance of the receivable;
 2. The product of the financing percentage defined in section II multiplied by the value of the asset that is financed or provided as collateral.
- II. The financing percentage cited in I.2. is equal to:
 1. 60% of the value of the asset financed (in the case of secured receivables) or of the asset provided as collateral on mortgage loans;
 2. 80% of the value of the asset, in the case of loans provided by a company to natural persons holding promissory notes issued by that company, when these loans are used to finance the construction or acquisition of housing, or to finance both the acquisition of a buildable lot and the cost of building the housing.
All work performed to create or transform an inhabitable area by enlarging or renovating it for the purpose of building a residence is considered to be equivalent to the construction of housing.
- III. Assets that are financed or provided as collateral corresponding to funded receivables are evaluated by the issuers of promissory notes using the methods provided for by order of the minister of finance.

Article R.313-21

The percentage cited in Article R.313-20 Paragraph II.2. is increased to:

1. 90% of the value of the asset when the value of the funded receivables is at least 25% more than the value of the promissory notes they guarantee;
2. 100% of the value of the asset provided as collateral, in the case of the social housing ownership loans guaranteed by the Fonds de Garantie à l'Accession Sociale cited in Article L.312-1 of the French Construction and Housing Code, or by any person or entity taking its place, or in the case of covered loans, for that portion exceeding the percentage established, by a guarantee meeting the conditions established in Article L.313-42 of the present code, or by the guarantee of one or more public-law corporations cited in Article L.515-15 of the present code.

Article R.313-22

A real estate guarantee, which provides a guarantee equivalent to a senior mortgage, within the meaning of Article L.313-42, is one that confers upon a creditor, regardless of the legal position of the debtor, the right to force the sale of the building covered by this guarantee regardless of who may be occupying it, and to receive payment from the proceeds of the sale with seniority over other creditors.

Article R.313-23

Repealed.

Article R.313-24

For the application of Article L.515-14 Paragraph I.2, eligible secured receivables are defined as those for which a credit institution or insurance company with capital of at least €12 million has provided a binding guarantee.

The total value of secured receivables funded may not exceed 35% of the total receivables extended to the institution holding the promissory notes issued in application of Articles L.313-42 to L.313-48.

Article R.313-25

The issuance agreement for bonds issued under the terms of Article L.313-42 must explicitly state:

- 1° The purpose of the funding;
- 2° The exclusive purpose of the issuing credit institution;
- 3° The dispensation provided for in Article R.214-7;
- 4° The preferential claim enjoyed by the issuing credit institution, under the terms of the provisions of Articles L.313-42 to L.313-49.

**EXTRACT FROM FRENCH BANKING
AND FINANCIAL REGULATION COMMITTEE**

**REGULATION No. 99-10
RELATIVE TO SOCIETES DE CREDIT FONCIER**

**as amended by Regulation No. 2001-02 of June 26, 2001 and Regulation 2002-02 of July
15, 2002 and by Order of the Minister of the Economy, Finance and Industry
of May 7, 2007**

Chapter I – Valuation of real estate assets

Article 1

Real estate financed by loans eligible as assets of mortgage companies (*sociétés de crédit foncier*) or contributed as collateral for such loans shall be valued on a conservative basis excluding any amount of a speculative nature.

Article 2

The valuation shall be based on the real estate's long-term and permanent characteristics, usual and local market conditions, the current use of the asset and other uses to which it may be put. Such mortgage value shall be determined in writing, in a clear and transparent way, and shall not exceed the market value. Notwithstanding the above, the valuation may be based on the total cost of the transaction when this cost is less than EUR 450,000 or when the sum of the remaining principal balances of the loans acquired by the mortgage company and secured by the asset valued is less than EUR 360,000 determined at the time of said acquisition.

Article 3

The valuation of real estate assets shall be reviewed as part of the risk measurement system governing mortgage companies contained in Regulation 97-02. This review shall be performed individually once a year for commercial real estate whose purchase price or whose last estimated value is over EUR 450,000 and when all of the loans owned by the mortgage company and secured by the valued real estate asset have a unit principal over EUR 360,000. It shall be performed individually once every three years for commercial real estate whose purchase price or whose last estimated value is under EUR 450,000 and when all of the loans owned by the mortgage company and secured by the valued real estate asset have a unit principal over EUR 360,000. The value of said real estate assets between two individual reviews and the value of the housing shall be reviewed yearly using a statistical method.

When all of the loans acquired by the mortgage company and secured by the valued real estate have a remaining principal of less than 30% of the initial principal loaned or less than EUR 360,000, the real estate asset may be revalued using a statistical method.

Article 4

The appraisal of real estate assets shall be performed by an independent expert within the meaning of Article 168 of the Order of February 20, 2007 on the shareholders' equity requirements of credit institutions and investment firms.

CRH - CAISSE DE REFINANCEMENT DE L'HABITAT

**ARTICLES OF INCORPORATION AND BYLAWS
(January 31, 2008)**

TITLE I

Article 1 - LEGAL FORM

The company shall be a French corporation (*société anonyme*). It shall be governed by current and future laws and regulations and these Bylaws.

Article 2 - PURPOSE

The company's purpose is:

- to refinance, for the exclusive benefit of its shareholders or of establishments undertaking to become shareholders in accordance with the provisions of Articles 6 and 8 below, the promissory notes they have signed or endorsed to collateralize the loans referred to in Section L.313-42 of the French Monetary and Financial Code representing housing loans;
- to issue, in connection with this application of funds, bonds and other securities with features similar to those of the collateralized notes;
- in general, to enter into real estate and other transactions relating to the purposes described above or any similar or related purposes, or which may be of a nature to facilitate the realization thereof.

The company may not hold any interest or conduct any business that is not related to its corporate purpose. In particular, it may not contract any debt not related to this purpose, with the exception of subordinated debt to reinforce its shareholders' equity, or in the event of the default of the maker of a promissory note.

Article 3 – COMPANY NAME

The name of the company shall be C.R.H. - Caisse de Refinancement de l'Habitat.

Article 4 – REGISTERED OFFICE

The registered office of the company is located at 35, rue de la Boétie. Paris 75008. In the event that the Board of Directors changes the registered office in accordance with the provisions of the law, the new registered office shall automatically replace the former office in this Article.

Article 5 – PERIOD OF DURATION

The company shall exist for 99 years as from the date of its registration with the Trade and Companies Registry, except in the event of earlier dissolution or extension of the term.

Article 6 - CAPITAL

The stated capital of the company shall be set at one hundred sixty nine million six hundred and forty-one thousand euros euros.

It shall be divided into eleven million one hundred twenty four thousand euros shares with a par value of EUR 15.25 each.

The number of shares held by each shareholder must be in the same proportion as the outstanding amount of its loans refinanced by the company for that shareholder relative to the total loans refinanced by the company. For the calculation of the proportion, the guarantee shares held by the directors are to be deducted from the total number of shares. The number of shares shall be adjusted annually, as necessary, before the end of the third month of the financial year. Where calculation results in a fractional number, shares shall be distributed on the basis of the "greatest remainder" rule.

Article 7 – FORM AND TRANSFER OF SHARES - UNDERTAKINGS TO SELL

Shares must be in registered form, giving rise to a book entry in accordance with the conditions and procedures established by law.

Shares shall be freely negotiable and transferable. Transfers of shares to a person not belonging to the company shall be effected by a transfer order signed by the seller or its agent.

To ensure that each member of the company holds a number of shares proportional to the amount of loans refinanced on its behalf by the company. as provided under Article 6 above each company member undertakes to sell to the member indicated by the company or to the person so indicated undertaking to become a member. or to buy from such member or person the number of shares required to maintain this proportion.

The related sales and purchases shall be effected annually before the end of the third month of the financial year.

These sales and purchases shall be at a price equal to the net book value of the shares calculated on the basis of the last balance sheet at the end of the financial year preceding the transactions.

For the purpose of effecting sales and purchases of this kind, each member shall grant the company full powers to transfer shares from the seller's account to the buyer's account without further formality.

Article 8 – RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

Each share entitles its holder to ownership of company assets and an interest in company earnings and liquidation proceeds in the same proportion as one share to the total number of shares outstanding.

In all cases where several shares are required for the exercise of a given right, single shares or shares in insufficient numbers shall not give their holders any claim on the company.

it being their personal responsibility in such cases to combine interests to reach the required number of shares.

Ownership of a share shall mean full acceptance of the company's articles of incorporation and Bylaws and decisions of its Regular Shareholders' Meetings.

Article 9 – PAYMENT OF SHARES

Amounts remaining due for shares payable in cash shall be called by the Board of Directors in accordance with the conditions it shall establish.

Article 10 – SHAREHOLDERS' OBLIGATIONS

Each shareholder shall be required to pay to the company, as an advance, the amounts necessary to set shareholders' equity at the level determined by the Regular Shareholders' Meeting in accordance with banking regulations.

Advances due from each shareholder shall be proportional to the amount of promissory notes that shareholder has refinanced or endorsed with the company and for a period ending with the maturity of these notes.

These advances, thus adjusted to reflect changes in the amounts refinanced or endorsed by each shareholder, shall, in the event of the company's voluntary or court-ordered liquidation, be reimbursed only after all other creditors have received the amounts due to them.

Each shareholder shall further be required to provide the company, as a short-term advance, with the amounts necessary for its operation, subject to the limits and conditions set by the Board of Directors, the maximum amount of such advances being limited to 5% of total amounts outstanding.

Advances due from each shareholder shall be proportional to the amounts refinanced on its behalf.

Any shareholder failing to provide the required amounts by the specified date shall owe the company compensation in accordance with the conditions adopted by the Regular Shareholders' Meeting.

TITLE II - GOVERNING BODIES

ARTICLE 11 - BOARD OF DIRECTORS

The company shall be administered by a Board of Directors comprising at least three members and at most twelve.

Directors must hold at least one share throughout their term of office.

The term of office for directors shall be six years. However, the first directors shall be appointed for three years. Directors may always be reelected.

As an exception to the above, directors aged over 70 may not make up more than one-third of board membership. Compliance with this limit shall be verified each year by the meeting of the Board of Directors held to call the Regular Shareholders' Meeting. Where the

limit is exceeded, the Board decides which member or members aged over 70 are to remain in office.

In the event of a vacancy or vacancies resulting from the age limit or the death or retirement of one or more directors between two Regular Shareholders' Meetings, the Board may make provisional appointments.

Article 12 - CONVENING OF BOARD MEETINGS AND DECISIONS

Directors may be called to meetings by any appropriate means, including verbal announcement.

Decisions shall be taken subject to the conditions of quorum and majority provided for by law. Where votes are equally divided, the Chairman shall have the casting vote.

Minutes of Board meetings shall be drawn up and copies or excerpts filed and registered in compliance with the law.

Article 13 - POWERS OF THE BOARD OF DIRECTORS

The Board of Directors determines the broad lines of the company's business activities and ensures their implementation.. It shall deal with any question concerning the proper conduct of the company and through its deliberations shall determine any matters concerning the company, within the limits determined by the company's purpose and excluding those powers expressly reserved by law to Regular Shareholders' Meetings.

The Board of Directors shall perform such controls and verification procedures as it deems necessary.

The Board of Directors receive from the company's chairman or general manager all the documents and information necessary to perform this task.

Article 14 - CENSEURS (SUPERVISORY MEMBERS OF THE BOARD)

The Regular Shareholders' Meeting may appoint one or more *censeurs* from among company shareholders who are not directors, and shall determine the compensation to be paid to them.

Their term of office shall be six years. Said term shall end following the Regular Shareholders' Meeting called to examine the financial statements for the previous financial year and held in the year in which their term of office expires.

Censeurs may be reelected indefinitely and they may be removed from office at any time by a decision of the Regular Shareholders' Meeting.

In the event of the death or resignation of one or more *censeurs*, the Board of Directors may co-opt a successor or successors, this provisional appointment being subject to ratification by the next Regular Shareholders' Meeting.

The *censeurs* shall be responsible for ensuring strict compliance with the company's articles of incorporation and bylaws. They shall attend meetings of the Board of Directors in an advisory capacity. They shall examine statements of assets and liabilities and annual financial statements, and may present their observations on this subject to the Regular Shareholders' Meeting where they consider this appropriate.

Article 15 - CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors shall elect a Chairman from among its members who are natural persons for a term which it shall determine, but which shall not extend beyond the member's term of office as a director. The Chairman shall organize and direct the work of the Board of Directors, on which he or she shall report to the Regular Shareholders' Meeting. He or she shall ensure the company's management bodies function correctly and, in particular, that directors are capable of fulfilling the terms of their appointment.

The compensation of the Chairman shall be set at its discretion by the Board of Directors.

The Chairman may be reelected subject only to the restrictions described in the paragraph below.

The Chairman's term of office must expire at the latest at the close of the first Regular Shareholders' Meeting held after he or she has reached the age of 68. However, the Board of Directors may, at a meeting following that Regular Shareholders' Meeting, extend this period, on one or more occasions, in accordance with applicable law and regulations.

In the event of the temporary incapacity or death of the chairman, the Board of Directors may appoint one of its members as acting chairman.

Where this appointment is due to the temporary incapacity of the Chairman, it shall be for a set term, which shall be renewable. In the event of the Chairman's death, it shall be valid until the election of a new chairman.

The Board of Directors shall also appoint a Secretary for a term that it shall determine. The Secretary may be one of its members or not. In the latter case, the Secretary shall have neither voting nor advisory powers.

The Chairman and Secretary together form the Board's officers.

Article 16 - GENERAL MANAGEMENT

On the decision of the Board of Directors, general management of the company shall be assumed, at the company's responsibility, by either the Chairman of the Board of Directors or another natural person appointed by the Board as the Chief Executive Officer.

This decision shall be notified to shareholders and third parties in accordance with applicable regulations.

The terms and conditions for the exercise of general management powers, and the period for which such terms and conditions shall remain in force, shall be decided for the first time at the first meeting of the Board of Directors that shall follow adoption of these bylaws.

The Board of Directors shall be able to decide that its decision shall be valid for a limited time period.

In the event that the Board decides that the Chairman of the Board of Directors shall exercise general management powers, the provisions of these bylaws relative to the Chief Executive Officer shall apply to the Chairman of the Board of Directors, who shall take the title of Chairman and Chief Executive Officer.

Article 17 - CHIEF EXECUTIVE OFFICER

The broadest powers shall be vested in the Chief Executive Officer to act in the company's name in all circumstances. He or she shall exercise these powers within the limits determined by the company's purpose, excluding those expressly reserved by law to Regular Shareholders' Meetings or the Board of Directors.

The Chief Executive Officer shall represent the company in its relations with third parties. The company shall be liable for those acts of the Chief Executive Officer that do not fall within the company's purpose, except if it can prove that the third party was aware or, in the circumstances, could not have been unaware, that the act in question fell outside the company's purpose. Mere publication of the bylaws shall not constitute such proof.

The Board of Directors may limit the powers of the Chief Executive Officer, but not vis-à-vis relations with third parties.

The Chief Executive Officer may temporarily or permanently delegate part of his or her powers to such agents as he or she may notify, who may or may not in turn delegate such powers.

The compensation of the Chief Executive Officer shall be set at its discretion by the Board of Directors.

The Chief Executive Officer, even if not a director, shall be invited to meetings of the Board of Directors.

The Chief Executive Officer may be removed from office by the Board of Directors at any time. If the removal from office is proved to be unjust, it may give rise to the payment of damages except if the Chief Executive Officer takes over the functions of the Chairman of the Board of Directors.

If the Chief Executive Officer is also a director, the appointment shall not extend beyond his or her term of office as a director.

The Chief Executive Officer's term of office must expire at the latest at the close of the first Regular Shareholders' Meeting called to approve the financial statements for the year in which he or she reaches the age of 65. However, the Board of Directors may, at the meeting following that Regular Shareholders' Meeting, extend this limit, on one or more occasions, in accordance with applicable law and regulations.

Article 18 – VICE-PRESIDENTS

Acting on a proposal from the Chief Executive Officer, the Board of Directors may appoint, within the limits set by law, one or more natural persons to assist the Chief Executive Officer and who shall each be designated as a Vice-President.

In agreement with the Chief Executive Officer, the Board shall determine the scope of the powers of each Vice-President and his or her term of office. Each Vice-President shall have the same powers vis-à-vis third parties as the Chief Executive Officer.

Should the Chief Executive Officer cease to exercise his or her functions or be prevented from so doing, each Vice-President may continue to exercise his or her functions and powers until the appointment of a new Chief Executive Officer, save in the event of a decision to the contrary by the Board.

The compensation of each Vice-President shall be set at its discretion by the Board of Directors acting on a proposal from the Chief Executive Officer.

Each Vice-President, even if not a director, shall be invited to meetings of the Board of Directors.

Each Vice-President may be removed from office by the Board of Directors at any time acting on a proposal from the Chief Executive Officer. If the removal from office is proved to be unjust, it may give rise to the payment of damages.

If a Vice-President is also a director, the appointment shall not extend beyond his or her term of office as a director.

Each Vice-President's term of office must expire at the latest at the close of the first Regular Shareholders' Meeting called to approve the financial statements for the year in which he or she reaches the age of 65. However, the Board of Directors may, at the meeting following that Regular Shareholders' Meeting, extend this limit, on one or more occasions, in accordance with applicable law and regulations.

Article 19 - STATUTORY AUDITORS

The company shall be audited by one or more statutory auditors in accordance with the provisions of the law.

One or more deputy auditors shall be appointed by the Regular Shareholders' Meeting to replace these statutory auditors in the event of the death, inability or refusal to act of said statutory auditors.

Article 20 - REGULAR SHAREHOLDERS' MEETINGS

Regular Shareholders' Meetings shall be convened in accordance with the provisions of the law.

Meetings shall take place at the company's registered office or at any place indicated in the notice of meeting.

The right to participate in meetings shall be conditional on registration of shares on the company roll no less than five days prior to the date of the meeting.

Meetings shall be chaired by the Chairman of the Board of Directors or, where the Chairman is absent, by another director appointed for this purpose by the Board, or failing this, by a person elected by the meeting.

Votes shall be counted by the two members of the meeting with the largest number of votes who accept these duties.

The officers of the meeting shall appoint the secretary for the meeting, who is not required to be a shareholder.

A record of attendance shall be kept in accordance with the provisions of the law.

Copies and excerpts of the minutes of the meeting shall be properly certified as required by law.

Article 21 - ATTENDANCE AND REPRESENTATION AT MEETINGS

All shareholders shall have the right to attend the meetings.

Each member of a Regular Shareholders' Meeting shall have, subject to the special provisions of the law concerning meetings deemed to be constituent, the number of votes resulting from the following rules:

- shareholders with between one share and 10% of the shares representing the capital shall have one vote for each 0.01% of the capital they own;
- shareholders with between 10 and 20% of the shares representing the capital shall have 1.000 votes plus one vote for each 0.10% of the capital they own above 10%;
- shareholders with more than 20% of the shares representing the capital shall have 1.100 votes plus one vote for each 1% of the capital they own above 20%;
- where necessary, the number of votes calculated in this way shall be rounded up to the nearest integer.

A shareholder may be represented by another shareholder at a Regular Shareholders' Meeting.

Individuals representing legal entities shall participate in meetings whether or not they are themselves shareholders.

Article 22 - POWERS OF REGULAR SHAREHOLDERS' MEETINGS

Regular and Special Shareholders' Meetings shall adopt decisions in accordance with the conditions of quorum and majority legally applicable to each, and shall exercise the powers vested in them by law.

TITLE III FINANCIAL YEAR AND EARNINGS

Article 23 - FINANCIAL YEAR

The company's financial year shall begin on January 1 and end on December 31.

As an exception, the company's first financial year shall begin on the date of incorporation and end on December 31, 1985.

Article 24 - PROFITS AND LOSSES – PAYMENT OF DIVIDENDS

Distributable income, as this is defined by law, shall be at the disposal of the Regular Shareholders' Meeting, which may decide to allocate it to one or more reserves for which such meetings have the power to determine allocations or applications, to carry it forward to the following year. or to distribute it, In the event of distribution, the Regular Shareholders' Meeting may allow shareholders to choose between a dividend in cash or in shares as provided by law.

The Regular Shareholders' Meeting may also decide to distribute funds drawn from reserves that it controls, expressly indicating the reserve or reserves from which they shall be drawn.

However, dividends shall be to be paid out of distributable income first.

Except in the event that the capital is reduced, no distribution may be made if shareholders' equity is lower or would as a result of such distribution become lower than the sum of the capital and reserves which may not legally be distributed.

Any losses shall be carried forward and charged to future income until they are wiped out.

TITLE IV - DISSOLUTION - LIQUIDATION

Article 25

At the expiration of the company or in the event of its dissolution, the Regular Shareholders' Meeting shall determine the liquidation procedures and appoint one or more liquidators whose powers the same meeting shall determine, and who shall perform their duties in accordance with the provisions of the law.

CRH - CAISSE DE REFINANCEMENT DE L'HABITAT

INTERNAL RULES AND REGULATIONS

These internal rules are designed to complement and explain the Bylaws. They specify the provisions governing CRH's business and certain shareholder commitments. They apply to existing and future mortgage notes and supersede any previous agreements.

- 1. Activity**
- 2. Approval of borrowers**
- 3. Risk Committee**
- 4. Bond issuance procedure**
- 5. Mortgage notes**
- 6. Collateral for mortgage notes**
- 7. Borrower defaults**
- 8. Shareholders' obligations**
- 9. Internal controls and inspection**
- 10. Shareholder approval of internal rules and regulations**

1. ACTIVITY

1.1. In accordance with its Bylaws, the sole activity of CRH is the refinancing of housing loans granted by the credit institutions that are, or have agreed to become, its shareholders.

1.2. CRH issues bond loans (or other securities, also referred to in what follows as “bonds”) with the same features as its refinancing loans. It thus acts on behalf of its shareholders purely as an intermediary.

1.3. As a result, the borrowing institutions’ commitments exactly match those contracted by CRH when borrowing on the financial market.

1.4. CRH’s refinancing operations are governed by Sections L.313-42 to L.313-49 of the French Monetary and Financial Code (*Code monétaire et financier*).

1.5. As required by its Articles, CRH will not hold any equity interests or engage in any activity that is not part of its corporate purpose. In particular, it will not contract any debt not relating to this corporate purpose, excepting subordinated debt contracted for the purpose of consolidating shareholders’ equity; or in the event of default by the issuer of a promissory note.

2. APPROVAL OF BORROWERS

2.1. To be eligible for CRH refinancing, a borrower must:

- be a credit institution;
- undertake to become a CRH shareholder;
- undertake to comply with legislation and official regulations applicable to the operations of CRH, the Articles of Incorporation and Bylaws of CRH and these internal rules, in particular as regards the right of CRH to inspect the borrower’s loan portfolio;
- be approved by CRH and, to this end, submit documentation with all business and financial information necessary to determine whether such approval is appropriate.

CRH may request any additional information and technical assessments it considers necessary for this purpose.

2.2. After consulting, where appropriate, the Risk Committee, the CRH Board of Directors decides whether to grant approval, if necessary setting forth the conditions to which this approval is subject, and determining the financial conditions applicable to refinancing.

In accordance with French banking regulations, the Board of Directors may at any time reconsider the maximum amount of risk accepted in respect of any one borrower.

2.3. Before any refinancing is granted:

- the borrower must sign the internal rules and a subordinated loan agreement concerning the equity contribution referred to in Article 8.1 below;
- the borrower must undertake to provide CRH on a regular basis or at the request of CRH;
- with all documents necessary to monitor its business and earnings, in particular in the housing-loan sector;
- where applicable, this is to include information concerning housing-loan assets sold or transferred, whether or not the borrower continues to administer these loans;
- where applicable, it shall also include the amount of any mortgage notes issued in favor of any party other than CRH;

- the CRH inspection department may examine the borrower's loan portfolio.

3. RISK COMMITTEE

3.1. The Board of Directors or the management of CRH may convene a Risk Committee. The Board of Directors appoints the members of this committee from among its shareholders or their representatives, and determines the rules governing the operation of the committee.

3.2. The risk committee is an advisory body. At the request of the Board of Directors or management, it gives its opinion on issues such as, in particular, the conditions applying to:

- approval of borrowers and refinancing;
- eligibility of loans;
- collateral for mortgage notes;
- cover for the direct and indirect risk exposure of CRH.

4. BOND ISSUANCE

4.1. The credit institutions inform CRH of their refinancing requirements periodically.

After receiving and examining all applications. CRH informs the institutions of its decision, prepares an issuance program, and submits a lending agreement setting forth the terms and conditions of refinancing for signature by the institutions.

4.2. CRH may issue notes, bills, Bonds, negotiable debt instruments or any other security on French or foreign financial markets.

CRH may entrust one or more credit institutions with the placement of its securities or effect this placement itself. It determines the specifications of these securities in accordance with market conditions.

4.3. Once it has received the proceeds of its issues. CRH pays each borrower its full interest in these proceeds, less the required equity contribution and the fees and commissions relating to issuance. This equity contribution is in the form of a subordinated loan granted to CRH by the borrowers. CRH redeems subordinated loans in accordance with the conditions set forth in section 8.1 of these Regulations.

5. MORTGAGE NOTES

5.1. Issuance of mortgage notes

In accordance with the provisions of Sections L.313-42 to L.313-49 of the Monetary and Financial Code and the refinancing contract. borrowers must provide CRH with mortgage notes representing their interest in the bond. The mortgage notes are to be made out in accordance with the provisions of the Commercial Code and prevailing standards as defined in a model drawn up by CRH. Borrowers must give an irrevocable undertaking to pay the interest. Costs, incidental expenses and all current and future tax relating to these notes in proportion to their interest and to fulfill the commitments set forth on the front and back of these notes.

CRH purchases these notes when it receives the corresponding funds.

Principal notes bear interest at the same rate and dates as the related bond issue and are amortized in accordance with the same conditions.

5.2. Early repayment of notes

Borrowing institutions may repay notes in full or in part before maturity only with CRH's consent and subject to the conditions determined by CRH, after signing an early repayment agreement. In such event, the institution concerned delivers the related bonds to CRH as repayment.

CRH may suspend this right at any time.

5.3. Procedure to secure compliance with amortization schedules

In connection with the introduction of procedures to secure compliance with amortization schedules for existing or future bonds, borrowers expressly agree to comply with the following provisions:

- Five business days before a payment on a bond issued by CRH falls due, each borrower must pay CRH an advance in an amount equal to the principal note to be repaid, plus the amount of the associated interest note.
- The corresponding funds are invested on the money market up to the payment date through deliverable repurchase agreements on Treasury notes and bills.
- The advance is returned on the payment date, where applicable by offsetting the amount against sums due from the borrower on the principal note and the associated interest note.

The proceeds from the investment of advances on the money market are paid to the borrowers.

5.4. Endorsement by authorized guarantor

One or more borrowers may authorize an institution duly approved by CRH to issue in their name and on their behalf, a single refinancing note representing loans that the borrower or borrowers wish to refinance.

The institution so authorized endorses the principal and interest notes on behalf of the borrowers. It undertakes to stand in for the borrowers in the event of default and in such event is obligated to fulfill all the commitments of the borrower or borrowers concerned. It also provides CRH with a copy of its authorization.

Each borrower so authorizing the institution undertakes to fulfill all commitments relating to the refinancing in proportion to its interest in the note. The borrowers may enter into an agreement stipulating joint and several liability with regard to all these commitments.

The authorized institution does not need to be in possession of the loans, but must give an undertaking that CRH may, if it wishes, conduct inspections at its premises.

The authorized institution is also required to obtain from the borrowers it acts for all such documents as may be required to obtain, if necessary, enforceable copies of loan agreements from notaries and court registrars. The authorization it receives must provide for the transferability of this right to CRH.

The authorization must further expressly indicate that the principal is apprised of these internal rules, agrees to the conditions set forth herein and undertakes to comply with the same.

The authorized institution signs these internal regulations both in its own name and as the representative of its principal.

6. COLLATERAL FOR MORTGAGE NOTES

6.1. Pledging of loan portfolio

Interest payments and mortgage note repayments must be secured by a pledge of loans at the latest during as notes are issued, in accordance with the provisions of Sections L.313-42 to L.313-49 of the Monetary and Financial Code concerning provision of collateral.

Collateral is constituted by the borrower providing an itemized list of the loans securing each note, using a model prepared by CRH, in accordance with the aforementioned provisions.

The terms of the loans accepted as collateral and any particular conditions applying to refinancing are determined by the CRH Board of Directors in compliance with applicable law and are set forth in a document entitled “Eligibility of Loans for CRH Refinancing”. Borrowers consent in advance to any amendments that may in the future be made to this document.

The loans pledged must at all times have an average life nearby to the residual life of the principal note secured, and bear interest at an average rate equal to or higher than that on the note. The amount of these loans must at all times be equal to at least 125% of the note secured. However when certain of these conditions are not fulfilled, notably matching of interest rates and life of notes. CRH may require that this minimum amount be increased.

The borrower undertakes to employ its best efforts to ensure that debtors meet payments on due dates.

It is expressly agreed that all loan thus provided as collateral for CRH by the borrower is affected to the guaranty of all note subscribed or later on subscribed by the borrower at CRH's profit.

6.2. Restrictions applying to collateral

In accordance with the provisions of the Code referred to above, the borrower may not assign, in any manner or form, in particular by transfer of ownership or pledge, the loans provided as collateral. Transfers to a securitization fund or a *société de crédit foncier* are thus prohibited.

The borrower recovers the right to dispose freely of the pledged loans only when they are repaid, capitalized, disputed, fall due or become doubtful. In such cases, the borrower must immediately replace these loans with eligible loans in the same amount.

Loans are deemed disputed when due payments are not made, either because of legal or political obstacles beyond the control of the debtor, or because of contestation.

Loans are deemed doubtful when due payment is not made for reasons other than those referred to in the previous paragraph.

Borrower undertakes to withdraw from pledged collateral, all pledged loans un-validated during CRH's inspections and more broadly to withdraw all pledged loan not responding to CRH's criterias of eligibility for loans.

Borrowers keep a register of loans provided as collateral and **monthly** send copies of this register to CRH on a regular basis.

6.3. Inspection of borrowers

CRH inspects collateral for the notes issued by borrowers or to be issued by institutions that intend to borrow.

In particular, it verifies:

- the material existence of loans;
- full legal and beneficial ownership by the borrower;
- in accordance with the provisions of the law, the absence of related commitments, in particular concerning a pledge or sale.

To this end, it may require the institution inspected to provide all relevant declarations from its Statutory Auditors.

In cases where inspection reveals the inclusion of ineligible loans in the portfolio, in particular of the kind described in article 6.2 of these regulations, the institution must replace these with eligible loans to remedy the resulting shortfall.

6.4. Insufficient collateral

Should the amount of the loans provided as collateral for notes be insufficient. the institution concerned must immediately remedy this by pledging additional eligible loans to CRH. Failing this, the borrower undertakes to restore collateral to an adequate level through the immediate purchase of bonds in a sufficient amount from the pool corresponding to the note concerned and to deliver these bonds to CRH by way of repayment.

CRH may agree to the deferral of such transactions.

Borrowers undertake to inform CRH promptly as soon as they aware that such a situation may arise.

6.5. Information system

The borrower undertakes to inform CRH eventually, of any draft amendment likely to affect filters being used to select pledged loans.

7. BORROWER DEFAULT

Should a borrower default on payment of the advance referred to in Article 5.3 above prior to a repayment date or interest payment date the following provisions apply:

7.1. Call for cash advances

CRH management calls on each shareholder to supply the cash advances referred to in Article 8.3 below for the purpose of meeting commitments to bondholders at the due date despite the default.

7.2. Lapse of maturity dates on notes

When a borrower defaults on payment of interest or principal at a due date, the maturity date on all notes issued by the borrower in favor of CRH lapses and all such notes become ipso facto immediately due.

7.3. Transfer of ownership

On recognition of a borrower's default, CRH, having called cash advances and consulted the Risk Committee, considers:

a) the advisability of taking over ownership of collateral, together with the conditions applying to such action, in accordance with the provisions of Sections L.313-42 to L.313.49 of the Monetary and Financial Code, once notice of default has been served on the borrower.

b) the advisability of entrusting administration of the loans concerned to the defaulting institution in accordance with the appended agreement, if appropriate under the supervision of a provisional administrator appointed by the french *Commission Bancaire*.

CRH then carries out or commissions a detailed audit of the loan portfolio to ascertain its overall makeup and to determine precisely the amounts and dates of revenues it may be expected to generate.

7.4. Management of risks resulting from the substitution of loans for defaulting mortgage notes

The revenue flows generated by the loans are to enable CRH to pay interest and principal on bonds related to the defaulting notes. However, the dates and amounts of revenue flows may not exactly match those of payments.

In view of this, CRH may, once the loan portfolio has been fully assessed, seek additional refinancing to ensure a precise match between revenues and payments.

CRH may also retire its bond debt by selling the loan portfolio and buying back bonds in the same amount on market terms, then canceling these bonds.

7.5. Management of interest rate risk

When a borrower defaults, the interest rate risk that may result is the object of particular attention. CRH may use derivative products to cover this risk, but to the extent possible must give preference to the purchase or sale of fixed-income securities or loans eligible for its refinancing operations.

Should CRH decide to sell the loans to fund the purchase of bonds as described in 7.4 above, preparations for this will include the adoption of precisely defined measures to limit interest-rate risk. This may involve in particular entrusting a credit institution with an ad hoc mandate.

7.6. Settlement between defaulting borrowers and CRH

The final settlement with a defaulting borrower should release CRH in full from all debts and commitments entered into on behalf of the borrower, with no charge of any kind remaining as a result of the default.

The final settlement is in principle made after the latest maturity date initially set for the borrower's notes.

Payments due from the defaulting borrower include in particular:

- the amount of interest, repayments and tax paid or to be paid by CRH on behalf of the borrower since its default, including interest on the cash advances from other shareholders referred to in section 8.3 below;
- the full amount paid out by CRH (including expense and interest) in connection with the bond repurchases referred to under 7.4 above;
- all legal and other expenses borne by CRH as a result of the default.

8. SHAREHOLDERS' COMMITMENTS

In addition to the obligations resulting from the law, regulations and contractual agreements governing their operations, each shareholder must fulfill the following commitments.

8.1. Capital contributions

In accordance with the Articles of Incorporation and Bylaws, each shareholder must pay CRH the sums needed to meet the capital adequacy requirements of French banking regulations.

Each shareholder makes such payments in proportion to the outstanding mortgage notes refinanced by or endorsed by CRH and for the same period as these notes are valid. The amounts of payments are adjusted to reflect changes in outstanding notes

In the event of voluntary or court-ordered liquidation of CRH, these contributions are not repaid until all other creditors have been paid in full.

8.2. Ownership

In accordance with the Articles of Incorporation and Bylaws, shareholders undertake to sell or buy the number of shares required to ensure that the interest of each is in exactly the same proportion to total equity as its notes are to total notes outstanding.

Sales and purchases must be made before the end of the first quarter of each calendar year, at a price equal to the net book value of the shares as calculated on December 31 of the previous year.

8.3. Cash advances from shareholders

In accordance with the Bylaws, each shareholder must supply CRH with the amounts, in the form of cash advances, required for its operation, subject to a limit of 5% of outstanding loans.

a) The Board of Directors has expressly empowered CRH management to use any means at its disposal to call these cash advances at its own initiative, as soon as the need arises and in the amounts required.

b) Should a shareholder default on debt-related payments to CRH, cash advances from other shareholders allow CRH to timely pay all sums owed on behalf of the defaulting shareholder, in particular to bondholders and French tax authorities.

Where necessary, the sums advanced are held until a final settlement is made between the defaulting shareholder and CRH.

c) Advances are due from shareholders in proportion to their refinancing notes outstanding at December 31 of the previous year.

d) The Board of Directors determines, at the appropriate time, the interest to be paid on these advances on the basis of current market conditions.

e) To enable CRH to receive cash advances immediately on request, each shareholder provides it with an ad hoc file, kept up to date at all times. This file sets out the names, addresses and telephone and fax numbers of two employees authorized to deal with requests for cash advances from CRH management.

f) A shareholder failing to make payments at the due date is required, without further process and without notice, to pay compensation to the company. The terms of this compensation are determined by a Regular Shareholders' Meeting.

8.4. Management agreement

Each shareholder accepts, by operation of law, the terms of the management agreement referred to in Article 7.3 above.

8.5. Compliance with Articles of Incorporation and Bylaws

Each shareholder is required, by sole virtue of its status, to comply with the company's Articles of Incorporation and Bylaws and the resolutions adopted by Regular Shareholders' Meetings.

9. INTERNAL CONTROLS AND INSPECTIONS

In accordance with French banking regulations, CRH has implemented an internal control system under the direct responsibility of senior management.

CRH operations are also reviewed by the audit departments of shareholder institutions.

10. SHAREHOLDER APPROVAL OF INTERNAL RULES AND REGULATIONS

CRH shareholders expressly undertake to comply with these internal rules, as evidenced by their signatures below.

CONDITIONS OF ELIGIBILITY

REMINDER

The sole business of Caisse de Refinancement de l'Habitat is the funding of housing loans extended by banks. CRH provides funding to the banks by acquiring and holding the promissory notes they issue. These notes have the same characteristics as the bonds CRH issues to fund them, and are guaranteed by a specific pledge of the loans made by the banks.

INTRODUCTORY REMARK

The following provisions comprise the body of laws and regulations applicable to CRH's operations:

- Article 13 of Law 85-695 of July 11, 1985, along with Article 36 of Law 2006-872 of July 13, 2006;
- Articles L.313-42 through L.313-49 of the Monetary and Financial Code codifying the provisions of Article 16 of Act 69-1263 of December 31, 1969 as amended by Articles 12 and 13 of Act 85-695 of July 11, 1985 and by Article 113 of Act 99-532 of June 25, 1999;
- Articles R.313-20 to R.313-25 of the Monetary and Financial Code codifying the provisions of Decree 2000-664 of July 17, 2000 as amended by Decree 2003-144 of February 19, 2003 and by Decree 2007-745 of May 9, 2007;
- French Banking and Finance Regulatory Committee Regulation 99-10 as amended by Regulation 2002-02 and the Decree of May 7, 2007 on the valuation of financed assets to be used to determine the portion of a loan that may be collateralized;
- The company by-laws of CRH;
- This document, summarizing all of the general provisions related to the raising of capital, which details and supplements the above rules. In compliance with the by-laws of CRH, these provisions have been approved by the Board of Directors.

CONDITIONS OF ELIGIBILITY OF LOANS

The conditions of eligibility of the loans in which CRH: result of the capabilities of the European Directive “Capital Requirements Directive” CRD and for the European regulate covered and the capabilities appropriate for the CRH;

1 - BENEFICIARIES

Beneficiaries must be either natural persons or *société civile immobilière* real estate partnerships whose shareholders are natural persons. if the latter do not engage in property development activities.

2 - USE

The loans are intended to be used to finance the construction or acquisition of **Housing** or. in the financing of both the acquisition of a buildable property and the cost of the work for providing **Housing**. All work performed to create or transform a habitable area. by extending or renovating it. is considered to be construction.

Thus, all loans intended to be used to finance professional or commercial facilities are excluded. In the case of a mixed-use operation (financing of both housing and professional or commercial facilities), the financing of the housing part may be eligible only that part is broken out in a separate loan, mortgage registration and valuation.

3 - GUARANTEES

The loans financed must be guaranteed:

1) either by a senior mortgage or a PPD (*privilège de prêteur de deniers*) type surety on the asset financed;

2) or by a joint and several guarantee provided by a credit institution or an insurance company with net assets of at least EUR 12 million that is not included within the scope of consolidation of the lending institution.

4 - AMOUNT

The outstanding principal balance of the eligible loan must not exceed EUR 1 million.

5 - MATURITY

The term to maturity of the eligible loan must not exceed 25 years.

6 – PORTION OF AN ELIGIBLE LOAN THAT MAY BE FUNDED

The portion of an eligible loan that may be funded may not exceed the lower of the following two amounts:

- the remaining principal balance of the loan;
- 90% of the value of the asset financed or provided as collateral (or 100% in the case of *Prêts à l'Accession Sociale* social housing loans guaranteed by Fonds de Garantie à l'Accession Sociale or any other substitute fund. body. entity or person).

When several loans coexist (especially *prêts épargne logement* and zero-interest rate-type regulated housing loans), the portion eligible for CRH financing is calculated by taking the sum of the remaining principal balances of all of the loans.

7 - VALUATION OF THE ASSET FINANCED

All buildings financed by eligible loans are the subject of a prudent evaluation that excludes all speculative aspects. It is carried out by the borrowing bank.

This valuation must be performed by an independent expert, i.e. a person who is not part of the lending decision-making process and who possesses the qualifications, competence and experience necessary to perform such a valuation.

The valuation is performed taking into account the building's long-term characteristics, normal and local market conditions, the current use made of the asset and all other uses that might be made. This mortgage value must be explained plainly and transparently in writing, and may not be greater than the asset's market value.

By dispensation, the valuation may be based on the total cost of the operation when this cost is less than EUR 450.000 or when the sum of the remaining principal balances of the loans guaranteed by the asset financed is less than EUR 360.000.

The valuation of the buildings is reexamined as part of the risk measurement system required of borrowing credit institutions by CRBF Regulation 97-02. This examination is performed annually using statistical methods.

The methods used to value buildings and the periodic reexamination of their value must be made available to both the Banking Commission and CRH, who may request their modification.

8 - SPECIFIC CONDITIONS FOR GUARANTEED LOANS

Total guaranteed loans may not exceed 35% of the total amount pledged by a borrowing institution in favor of CRH.

9 - SPECIFIC PROVISIONS

Until such time as it matures, the funding provided must be secured by the pledging of a portfolio of eligible loans in an amount equal to at least 125% of the total amount of funding. When these loans are has fixed rate and at least equal in 150% of the total amount of funding when these loans are for revisable rate.

CRH may, however, require this minimum to be increased in situations where certain rules are not followed, especially rules regarding the congruence of interest rates.

The borrower may not transmit the pledged claims through any means. Consequently, it cannot sell them, notably to an FCC debt securitization fund or to a *société de crédit foncier* mortgage debt company.

The borrower is able to dispose freely solely of those claims that are reimbursed, due for payment, capitalized, disputed or doubtful. The borrower is then expected to replace them with the same amount of eligible claims.

All claims experiencing delinquent payments are considered to be capitalized or disputed if the delinquent payments result from legal or political obstacles independent of the will of the debtor or of any challenge.

All claims experiencing delinquent payments for a reason other than those mentioned above are considered to be doubtful.

It should be specified that a claim is considered to be experiencing delinquent payments once the delinquency represents two payments or more.

The portfolio of pledged loans must have an average life span equal to the term to maturity of the funding, and an average interest rate that is greater than or equal to that of the funding.

CRH may require controlled institutions to provide any useful opinions issued by their statutory auditors.

When invalid claims are discovered, especially those defined in Section 6.2. of the present by-laws, the borrowing institution must pledge an additional portfolio of valid claims in favor of CRH to compensate for the observed shortfall.

OTHER REMARKS

It may be observed that *prêts d'épargne logement* and similar regulated housing loans are eligible under the same terms and conditions as the other loans.

By law, loans are considered eligible if they are used to finance a real estate asset located within the European Economic Space or in the overseas territories of the French Republic. At present, however, the only operations authorized are those financing real estate assets in Metropolitan France and its overseas departments and territories.

SUPPORTING DOCUMENTS TO BE MAINTAINED BY THE BORROWING INSTITUTIONS

Caisse de Refinancement de l'Habitat verifies the materiality of each claim and its compliance with the criteria established in this document. It audits the following characteristics of each loan:

- **purpose and location of the asset financed,**
- **beneficiary,**
- **guarantees,**
- **amount authorized,**
- **remaining principal balance,**
- **clauses describing repayment methods,**
- **date of final maturity and payment dates for interest and principal,**
- **nominal interest rates and conditions for revision,**
- **total cost of the operation financed, cost of works,**
- **valuation of the asset financed,**
- **portion of loan eligible for funding,**
- **outstanding payments.**

Institutions are thus required to maintain the following supporting documents in order to present them to CRH:

1- GUARANTEES

- executory document. notices of registration and required documents for mortgage loans;
- guarantee document for guaranteed loans;
- loan offer and amendments.

2- VALUATION OF THE ASSET

- sale document, agreement of sale, VEFA-type reservation contract on future construction. notice of donation, notarized certificate, construction contract or any documents useful for establishing the total cost of the operation or the value of the asset financed;
- summary of expenses engaged and sums released;
- supporting documentation for the valuation of the asset financed. when so required by regulations (total value of the operation greater than or equal to EUR 450.000);
- in the event that a loan is acquired, all documents establishing the purpose and the value of the asset financed by the original loan. and ensuring that such loan satisfies all conditions of eligibility.

3- CUSTOMER DATA

- current delinquent payment status report for each loan;
- amortization tables of the loans used to finance the operation;
- analysis sheet, detailed financing projections;
- articles of incorporation of the SCI.

GLOSSARY

Mortgage note: Security (promissory note) issued by a borrowing credit institution representing CRH's claim on the latter. The principal and interest of each note is guaranteed by the pledging of a portfolio of eligible claims. This is essentially a trade bill.

Eligible claim: Housing loans compliant with the conditions of eligibility established by the provisions of Articles L.313-42 et seq. of the French Monetary and Financial Code.

Invalid claim: Loans that are not compliant with the conditions of eligibility cited above.

Congruence of term: Provision of the CRH's by-laws requiring that the average term of the portfolio of claims pledged in its favor be at all times greater than or equal to the term to maturity of the mortgage note.

Congruence of interest rates: Provision of the CRH's by-laws requiring that the average interest rate of the portfolio of claims pledged in its favor be, at all times, greater than or equal to the interest rate on the mortgage note.

Subordinated loans: Sums loaned to CRH by its borrowers, pro-rated upon their outstanding loans and accounted for as shareholders' equity.

Mortgage market: A market created in 1966 that, in accordance with the provisions of Articles L.313-42 to L.313-49 of the French Monetary and Financial Code, allows credit institutions to fund certain housing loans. CRH was substituted for the mortgage market, which is no longer restricted to the funding of residential mortgages (under certain conditions).

Collateral: Pledging of a portfolio of eligible claims in favor of CRH in accordance with the provisions of Articles L.313-42 to L.313-49 of the French Monetary and Financial Code to cover the amount lent by CRH to the borrowing credit institution.

Guaranteed bonds: Bonds that meet the criteria established by Directive CRD 2006/48/EC (Appendix 6, Part 1, Section 68).

Portion of an eligible loan that may be funded: may not exceed the lower of the two following amounts: the remaining principal balance of the loan or 90% of the value of the asset financed or provided as collateral (or 100% in the case of *Prêts à l'Accession Sociale* social housing loans guaranteed by Fonds de Garantie à l'Accession Sociale or any other substitute fund, body, entity or person).

This value is estimated in accordance with the provisions of French Banking and Financial Regulatory Committee Regulation 99-10.

Oversizing: Minimum level of coverage of fundings by the portfolio of claims pledged in favor of CRH. This minimum level is equal to 125% (provisions of Decree 2000-664 of July 17, 2000).

SUMMARY PRESENTATION OF CRH Investor presentation document



SUMMARY PRESENTATION OF CRH
Investor presentation document

CRH – THE LEADING FRENCH SOURCE FOR REFINANCING RESIDENTIAL MORTGAGE LOANS

Its sole activity is to refinance residential mortgage loans granted by banks

<http://www.crh-bonds.com>

1



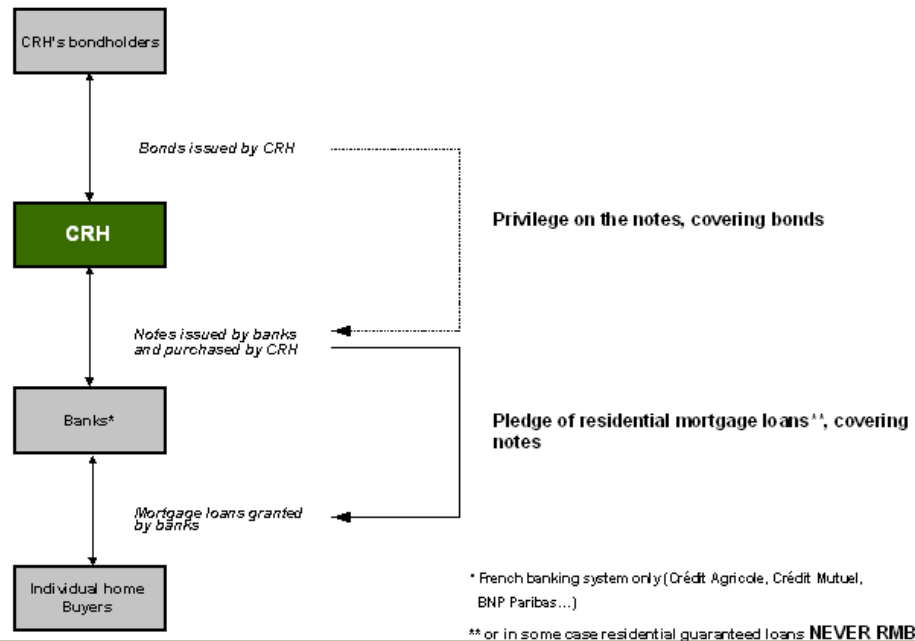
CRH at a glance

- CRH is a credit institution that plays a key role in French mortgage lending
- Its sole function is to refinance first rank residential mortgage loans granted by its participating banks. The refinanced loans remain on the banks' balance sheets, but are pledged as collateral for CRH' s loans to banks
- Since its founding in 1985, CRH has issued bonds totalling EUR 50 billion, of which EUR 6 billion were guaranteed by the French government
 - Since this date, no other agency of this type has been created in France
- Two of its bonds, the CRH 4,10% 2015 and CRH 3,50% 2017, are benchmarks for the pan-European market. With outstanding about EUR 5 billion, they are the two largest issues secured by housing loans
- CRH' debt is rated Aaa by Moody's and AAA by Fitch Ratings

2



CRH mecanism



3



CRH operations

- CRH receives applications for refinancing from its participating banks on a regular basis
- After accepting or limiting these requests and establishing projected financing requirements, CRH launches a bond issue on the financial market
- CRH lends all the proceeds of the issue to the borrowing banks at the same rates and maturities, without charging a margin or fees
- CRH loans take the form of promissory notes issued by the borrowing banks. These promissory notes carry the same terms as the CRH bonds. Then, the funds required to service CRH' s debt are provided in full by the borrowing banks at the bonds maturity dates*

* In CRH' s by-laws, five business days before, in order to give the possibility to CRH to call up back up lines from its shareholders if needed.

4



A strong specific legal framework governs CRH operations

- The 1969 Act creating the mortgage market, amended in 1985 (founding of CRH) and 1999 (new provisions governing both sociétés de crédit foncier and CRH) and 2006 (privilege for CRH' s bondholders)
 - Provisions governing CRH are codified as Sections L.313-42 to L.313-49 of the Monetary and Financial Code, except privilege for bondholders assigned in the article 13 of act 85-695 of July 1985. They are completed for the regular part by sections R. 313-20 to R.313-25 of the Monetary and Financial Code
- CRH has its own regulation strengthening the provisions of the law, notably:
 - Stricter eligibility criteria,
 - Over sizing of cover pool,
 - Commitments of borrowers to become shareholders and to supply equity and back up lines...

5



Default of a borrowing bank

- In the event of default by a borrowing Bank, provisions of the law give to CRH the full ownership of the pledged portfolio, without any formality and notwithstanding any provisions to the contrary
 - When CRH becomes owner of the pledged portfolio, CRH may sell the portfolio and use the proceeds to buy and then cancel the bonds corresponding to the loan made to the defaulting Bank
- In such a case, CRH may also, if required, call on the banks that are its shareholders to provide cash in an amount up to 5% of its outstanding loans

6



A highly transparent and secure cover pool

- CRH loans are backed by a cover pool (the pledged portfolio) comprising several hundred thousand French residential loans secured by first rank mortgages or, under certain conditions, guarantees
 - By law, neither substitution assets nor assets from countries out of E.U. eligible in the cover pool
 - In CRH by-laws, only French residential loans with a maturity under 25 years and size under €1million are eligible in the cover pool
 - In CRH by-laws, **RMBS** are not eligible in the cover pool

The total value of the pledged portfolio must equal at least 125% of the total amount of CRH loans (equal to the total amount of CRH bonds)

- *The average life of the pledged portfolio must at all times match the residual life of CRH bonds*
 - *The average interest rate of the pledged portfolio must equal or exceed that of CRH bonds*
- If ineligible loans are identified in this pledged portfolio :
 - CRH requires the bank in question to increase the pledged portfolio to compensate for the shortfall identified
 - If the bank's outstanding loans are insufficient to make up the shortfall, it is required to immediately acquire bonds corresponding to the borrowed funds and deliver them to CRH as repayment

7



Supervision of CRH operations

- CRH is subject to specific supervision by the Commission Bancaire, the French banking authority
- CRH audits the portfolio pledged by borrowing banks notably by:
 - Monthly electronic audits of the list of pledged loans inside the pledged portfolio
 - Regular audits, on a sampling basis, of these pledged loans by a fully dedicated CRH' s team carried out at the borrowing banks' offices.
- CRH is also subject to audit by its shareholder Banks

8



CRH equity

Share capital: 149,7 EUR millions by December 31, 2007

| <u>Group</u> | <u>in %</u> |
|--|-------------|
| • Crédit Agricole SA - Crédit Lyonnais | 44,7 |
| • Crédit Mutuel - CIC | 37,1 |
| • BNP Paribas | 7,4 |
| • Société Générale | 6,0 |
| • Banques Populaires | 3,2 |
| • CIF | 1,0 |
| • Caisse d'Epargne | 0,5 |

- Each borrowing bank must supply to CRH the equity capital required under banking regulations. Each year, equity is reallocated to the banks in proportion to their outstanding loans
- CRH' solvency ratio = 8,76 %

9



CRH income and results

- CRH does not charge fees or interest on its refinancing transactions
- It generates income by investing equity capital on the money market, which covers its modest operating expenses of approximately 0.006% of loans in 2007
- CRH results are technical and depend largely on prevailing money market interest rates. They do not represent compensation for entrepreneurial risk, and are distributed in full to its shareholder banks

10



Advantages CRH offers to borrowing banks

- On balance sheets financing, no capital gain or loss, loans and customer relationship retained
- The guarantee is established through an inventory of the loans assigned as collateral
- Reduced financing costs and highly liquid AAA issue
- Costs imposed by the CRH mechanism are negligible; CRH charges no commission
- Limited documentation costs and rapid execution

11



CRH bonds (1)

- AAA (Fitch Ratings) and Aaa (Moody's Investor Services)
- Highly liquid
- Accepted as collateral for Bank of France advances and accepted for investment of surplus resulting from special homebuyers savings plans (fonds libres d'epargne logement) of French banks
- Traded on the MTS France electronic trading platform
- Eligible for open-market operations of the European Central Bank (Tier1)
- Benefit from the exception referred to in Article 22.4 of the Directive on UCITS
- Compliant with "Capital Requirement Directive" - CRD and 10% Risk weighted by European credit institutions

12



CRH bonds (2)

December 2007, 31

| Bonds | | Size can be increased | Amount (Euros bn) |
|------------|------------|-----------------------|-------------------|
| CRH 5,0% | 25/04/2008 | no | 3,5 |
| CRH 4,0% | 25/10/2009 | no | 3,3 |
| CRH 5,75% | 25/04/2010 | no | 1,9 |
| CRH 4,375% | 11/10/2010 | yes | 2,8 |
| CRH 4,2 % | 25/04/2011 | no | 3,5 |
| CRH 5,0% | 25/10/2013 | yes | 3,2 |
| CRH 4,25% | 25/10/2014 | yes | 2,5 |
| CRH 4,10% | 25/10/2015 | no | 5,0 |
| CRH 3,50% | 25/04/2017 | no | 4,9 |
| CRH 4,00% | 25/04/2018 | yes | 3,4 |
| | | Total | 34,0 |

13



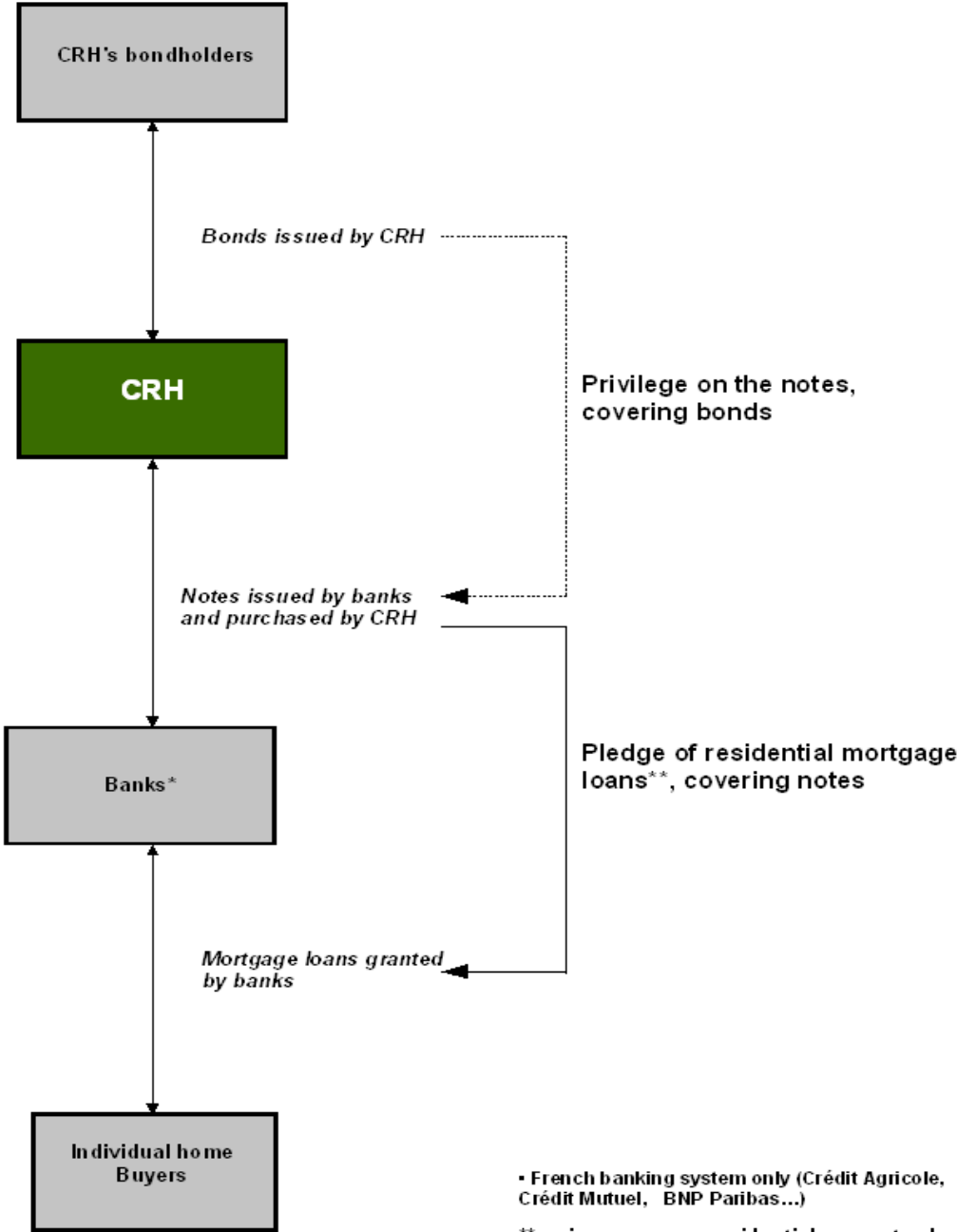
CRH bonds – advantages from an investor point of view

- CRH bonds offer the following advantages over bonds issued directly by credit institutions, whether covered or not :
 - They are issued by an independent, transparently organized entity which does not borrow on its own behalf and the sole object of which is to pool Bank borrowings and to add soundness
 - They are backed by a portfolio of direct loans (**without any RMBS**)
 - They are backed exclusively by residential loans located in FRANCE
 - They are backed by a portfolio of loans which is regularly audited and exceeds the bonds amount by 25%, this portfolio required to match the rates and maturities of CRH bonds
 - They are not affected by early repayment of loans included in the portfolio
 - They are protected by commitments from CRH's borrowing banks, providing for cash advances and capital contributions
 - They are protected within a highly favorable specific legal framework dedicated to them

14



CRH mecanism



• French banking system only (Crédit Agricole, Crédit Mutuel, BNP Paribas...)
** or in some case residential guaranteed loans NEVER RMBS