

CRH
CAISSE DE REFINANCEMENT DE L'HABITAT

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Only the contents of the French *Actualisation du Document de*
Reference are binding on CRH.

UPDATING OF THE REGISTRATION DOCUMENT
(ACTUALISATION DU DOCUMENT DE RÉFÉRENCE)
NO. D. 06-0061 RECORDED FEBRUARY 14, 2006 WITH THE

FRENCH FINANCIAL MARKETS SUPERVISORY AUTHORITY
(AUTORITÉ DES MARCHÉS FINANCIERS)

ADDITIONAL INFORMATION RECORDED
WITH THE FRENCH FINANCIAL MARKETS SUPERVISORY
AUTHORITY (AUTORITÉ DES MARCHÉS FINANCIERS)
AUGUST 17, 2006

Credit institution licensed as a finance company (*société financière*)
A French corporation (*société anonyme*) with capital stock of EUR 99,963,750
Registered office: 35 rue La Boétie, 75008 Paris - France
Paris Trade and Companies Register No: 333 614 980 - APE code: 652C
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Registration document in compliance with Appendix XI to Regulation 809/2004/EC of the European Parliament

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**REPORT OF THE STATUTORY AUDITORS ON THE LIMITED AUDIT OF THE
INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2006**

To the Shareholders of CRH,

As requested, and in our capacity as statutory auditors of **Caisse de Refinancement de l'Habitat**, we have performed a limited audit of the accompanying interim financial statements for the period from January 1 through June 30, 2006.

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 limited audit.

We performed our examination in accordance with professional standards applicable in France. Those standards require that we perform limited due diligence so as to obtain reasonable assurance, albeit less substantial than would result from a true audit, that the interim financial statements are free from any material misstatement. This type of examination does not include all the controls performed during an audit, being limited to the implementation of analytical procedures and obtaining from the company's management and all competent persons of the information we feel is required.

Our limited audit revealed no material misstatements that would call into question the true and fair view that the financial statements present of the Company's financial position and its assets and liabilities at June 30, 2006 and of the results of its operations for the six months then ended in accordance with accounting principles generally accepted in France

Paris La Défense and Paris, August 8, 2006

The statutory auditors

KPMG AUDIT
A division of KPMG S.A.
Represented by
Marie-Christine Ferron-Jolys

AUDITEURS & CONSEILS ASSOCIES
NEXIA INTERNATIONAL
Represented by
Fabrice Huglin

CHAPTER 1

RESPONSIBILITIES

1.1. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Henry Raymond, Chief Executive Officer of CRH.

1.2. STATEMENT OF THE PERSON RESPONSIBLE

To the best of our knowledge, and after having taken all reasonable steps to ensure so, the data contained in this registration document are true and correct; provide all information necessary for investors to form a judgment as to the issuer's assets, business, financial condition, earnings and prospects; and contain no omissions which would affect its scope

The company obtained a post-audit report from its statutory auditors in which they indicate having, in accordance with policies and procedures and professional standards generally accepted in France, examined the information relative to the financial position and historical financial statements as presented in this registration document, and having read the entire registration document.

Paris, August 17, 2006

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

Address: 33 rue Daru 75008 Paris
Represented by: François Mahé
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.

Address: 2 bis rue de Villiers 92300 Levallois Perret
Represented by: Marie-Christine Ferron-Jolys
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.

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

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.

CHAPTER 4

INFORMATION REGARDING THE ISSUER

4.1. HISTORICAL INFORMATION, RECENT DEVELOPMENTS, APPLICABLE LAW

4.1.4. Corporate name – Legal form – Applicable law – Other statutory information – General information concerning the company's capital

4.1.4.3. Applicable law

A) New provisions – Article 36 of the National Housing Commitment Act (2006-872)

These new provisions were announced in a release dated July 31, 2006:

The National Housing Commitment Act (2006-872) was published in the official newspaper on July 16, 2006.

The provisions of Article 36 reinforce the security and the attractiveness for investors of bonds issued by Caisse de Refinancement de l'Habitat (CRH).

The provisions specify that holders of these bonds will benefit from a preference on the proceeds generated by the promissory notes included in the assets of CRH.

These new provisions result from the French Parliament's adoption of Amendment 275, presented by the Government to the National Assembly on January 13, 2006. The summary presentation of this amendment indicates that these provisions are intended to explicitly establish this preference in the law in order to provide for the same capital adequacy treatment of bonds issued by the CRH as that accorded to mortgage bonds.

The latter are assigned a 10% weighting in the calculation of the capital adequacy ratio of those credit institutions holding them, whereas bonds issued by CRH had hitherto been assigned a 20% weighting.

B) The text of Article 13 of Act 85-695 as complemented by Article 36 of Act 2006-872 of July 13, 2006 is henceforth drafted as follows:

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 of the economy, finance and 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.

4.2. BONDS

A) CRH issuing policy

CRH 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	123 issues without Government guarantees totaling EUR 29,743.26 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 (6 months)	6	2,850.00	
Total	154	35,518.03	35,518.03
<i>* Including exchange offer during the course of the year.</i>			

Over the same period, repayments totaled EUR 14,661 million, bringing the total outstanding to EUR 20,857 million.

B) Bonds issued during the year

During the first half of the year, 6 bond issues were launched for a total of EUR 2,850 million.

These issues were made for the 4% October 2009, 4.10% October 2015, 3.50% April 2017 loan and a new 4% April 2018. Their characteristics are provided below:

Issue No	Bond	ISIN code	BALO publication date	AMF filing No.
06-01	3.50 % April 2017	FR0010261495	25/01/06	06-016 of Jan. 20, 2006
06-02	3.50 % April 2017	FR0010261495	17/03/06	06-071 of March 3, 2006
	4.00 % October 2009	FR0000188864		
06-03	3.50 % April 2017	FR0010261495	12/04/06	06-107 of April 7, 2006
	4.10 % October 2015	FR0010134379		
06-04	3.50 % April 2017	FR0010261495	22/05/06	06-142 of May 17, 2006
	4.10 % October 2015	FR0010134379		
06-05	4.00 % October 2009	FR0000188864	21/06/06	06-208 of June 16, 2006
	4.10 % October 2015	FR0010134379		
06-06	4.00 % April 2018	FR0010345181	30/06/06	06-228 of June 27, 2006

Issue No.	Bond	Amount (EUR mill ions)	OAT benchmark rate (%)	All-in cost (%)	Spread between All-in cost and OAT benchmark (%)
06-01	3.50 % April 2017	250	3.29	3.47	0.18
06-02	3.50 % April 2017	245	3.55	3.76	0.21
	4.00 % October 2009	100	3.18	3.32	0.14
06-03	3.50 % April 2017	240	3.67	3.88	0.21
	4.10 % October 2015	60	3.67	3.86	0.19
06-04	3.50 % April 2017	730	4.04	4.29	0.25
	4.10 % October 2015	50	4.02	4.21	0.19
06-05	4.00 % October 2009	275	3.60	3.76	0.16
	4.10 % October 2015	50	3.99	4.21	0.22
06-06	4.00 % April 2018	850	3.96	4.24	0.28
TOTAL		2,850			

The OAT benchmarks for CRH loans 4% October 2009, 4.10% October 2015 are, respectively, OAT October 25, 2009, October 25, 2015. Those of CRH loans 3.50% April 2017 and 4% April 2018 is October 25, 2016 (interpolated) and April 25, 2019.

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

C) CRH bond maturities at June 30, 2006

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	795,000,000	1	795.0
CRH 5.75 % April 2010	Apr. 25, 2010	FR0000186561	1,900,500,000	1	1,900.5
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	2,945,000,000	1	2,945.0
CRH 4.25 % October 2014	Oct. 25, 2014	FR0010018275	2,360,000,000	1	2,360.0
CRH 4.10 % October 2015	Oct. 25, 2015	FR0010134379	3,340,000,000	1	3,340.0
CRH 3.50 % April 2017	Apr. 25, 2017	FR0010261495	1,630,000,000	1	1,630.0
CRH 4.00 % April 2018	Apr. 25, 2018	FR0010345181	850,000,000	1	850.0
TOTAL					20,857.4

CHAPTER 7

TREND DATA

7.1. PRINCIPAL TRENDS AFFECTING THE COMPANY'S ACTIVITY DURING THE FIRST HALF OF 2006

7.1.1. New and outstanding loans and outstanding loans eligible for CRH funding, and housing loan funding and real estate trends in France

A) New loans

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

(EUR billions)	2003	2004	2005	2006 (6 months)
New loans granted	1.8	2.6	3.0	2.8

B) Outstanding loans

The table below demonstrates the growth in CRH's total outstanding loans since December 31, 2003.

Borrowing credit institutions	(EUR millions)				
	Déc. 31, 2003	Déc. 31, 2004	Déc. 31, 2005	Jun. 30, 2006	Jun. 30, 2006 (in %)
Crédit Agricole SA	4,642	5,642	6,748	6,811	33
Caisse Centrale du Crédit Mutuel	1,870	2,315	2,655	2,794	13
Crédit Lyonnais	1,756	1,756	1,405	2,405	12
Crédit Industriel et Commercial *	374	464	918	2,070	10
Banque Fédérative du Crédit Mutuel	1,043	1,468	1,445	1,745	8
BNP Paribas	961	1,106	1,157	1,556	8
Crédit Mutuel de Bretagne	888	887	1,005	1,156	5
Société Générale	444	544	644	844	4
Banque Fédérale des Banques Populaires	370	480	615	690	3
Crédit du Nord	99	99	184	384	2
Banque Patrimoine et Immobilier	390	390	352	260	1
Autres Emprunteurs	1,112	1,358	1,351	142	1
Total	13,949	16,509	18,479	20,857	100

* at the request of the Group Crédit Industriel et Commercial, the loans granted by the CRH to the Crédit Industriel de l'Ouest, Lyonnaise de Banque and the Société Nancéienne Varin Bernier were gathered with those granted to the Crédit Industriel et Commercial, at June 30, 2006.

CHAPTER 9

CORPORATE GOVERNANCE

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

Mr Patrick MENU, Director of the Treasury department at the Banque Fédérale des Banques Populaires, represents this establishment with the board of directors of the CRH to replace Mr Daniel SUEUR.

Mr Jean-François TAURAND, Head of Finance/Assets-Liabilities Management department at the Crédit Industriel et Commercial, represents this establishment with the board of directors of the CRH to replace Mr Bernard PIERRE.

CHAPTER 10

PRINCIPAL SHAREHOLDERS

10.1. IDENTIFICATION OF SHAREHOLDERS OR GROUPS OF SHAREHOLDERS HOLDING MORE THAN 3% OF VOTING RIGHTS AT JUNE 30, 2006

Shareholders	Number of shares	%	Voting rights	%
Groupe CRÉDIT AGRICOLE - CRÉDIT LYONNAIS	2,892,207	44	1,877	27
Groupe CRÉDIT MUTUEL - CRÉDIT INDUSTRIEL ET COMMERCIAL	2,508,608	38	3,376	48
BNP PARIBAS	410,288	6	626	9
Groupe SOCIÉTÉ GÉNÉRALE	293,759	5	448	6
BANQUE FÉDÉRALE DES BANQUES POPULAIRES	218,157	3	333	5
Groupe CRÉDIT IMMOBILIER DE FRANCE	128,312	2	195	3
Groupe CAISSE D'ÉPARGNE	103,135	2	157	2
Autres actionnaires	534	N.S. *	3	N.S. *
Total	6,555,000	100	7,015	100

* Non significant amount

CHAPTER 11

FINANCIAL DATA CONCERNING THE ISSUER'S ASSETS, FINANCIAL SITUATION AND EARNINGS

REPORT OF THE BOARD OF DIRECTORS ON THE INTERIM FINANCIAL STATEMENTS

BUSINESS REVIEW

During the first six months of 2006, the company granted EUR 2,850 million in new loans to its shareholders, significantly greater than the EUR 1,790 million recorded for the first six months of 2005.

Final repayments made during the same period amounted to EUR 472 million at the time of the contractual maturity of June 6, 2006. Moreover, no early repayments were made.

Thus, at June 30, 2006, total outstanding loans attained a historically high EUR 20.9 billion, compared with EUR 18.5 billion at December 31, 2005 and EUR 17.2 billion at June 30, 2005. The company will need to increase its tier one capital during the coming months to enable it to continue to satisfy the seemingly unflagging requirements of its borrowers.

In accordance with the corporate purpose of CRH, the total amount of loans outstanding is equal to the total amount of bonds issued.

EARNINGS

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 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 the interest paid on subordinated loans from its shareholders.

Interest income came to EUR 2.3 million at June 30, 2006, on average earning outstandings of EUR 183.8 million, compared with EUR 1.7 million at June 30, 2005 on average remunerated outstandings of 161.2 EUR million. This income represents an average yield of 2.51%, equivalent to the average level of money market rates, compared with an average yield of 2.12% for the first six months of 2005. The increase in interest income thus reflects both the increase in shareholders' equity invested - continuously adjusted through the use of subordinated borrowings to reflect changes in the loans made by CRH - and the rise in money market rates.

For the same reasons, the interest expense incurred on the subordinated loans increased from EUR 0.6 million to EUR 1 million.

General and administrative expenses, excluding income and other taxes, increased by 3%. Including these items, however, the increase amounted to 12% owing to the reform of the fixed annual income tax (IFA) that created a new tax burden starting in 2006.

Because of this, after allocation of EUR 0.8 million in general and administrative expenses, CRH reported net income of EUR 0.36 million at June 30, 2006, compared with EUR 0.27 million at June 30, 2005.

11.1. HISTORICAL FINANCIAL INFORMATION

Regarding the implementation of new International Financial Reporting Standards (IFRS), CRH made an inquiry through its statutory auditors to the 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.

BALANCE SHEET

(EUR thousands)

Assets	Jun. 30, 2006	Jun. 30, 2005	Dec. 31, 2005
Cash, central banks, post office banks	1	1	1
Loans and advances to credit institutions	199,226	167,018	178,844
- Demand deposits	118,465	87,730	98,993
- Time deposits	80,036	78,846	79,138
- Accrued interest	725	442	713
Bonds and other fixed-income securities	21,238,033	17,532,044	18,863,658
- Mortgage notes	20,857,478	17,219,081	18,479,081
- Accrued interest	380,555	312,963	384,577
Intangible assets	4	4	5
Tangible fixed assets	14	14	10
- Office furniture	2	3	2
- Fittings	0	0	0
- Miscellaneous equipment	11	8	7
- IT equipment	1	3	1
Other assets	235	183	153
- Interest rate options purchased	4	14	9
- Miscellaneous debtors	231	169	144
Prepaid expenses and other assets	476,152	398,585	431,102
- Deferred charges and other prepaid expenses			
. issue premiums on bonds issued below par	256,536	217,557	200,625
. premiums on mortgage notes bought above par	219,485	180,934	230,403
. other prepaid expenses	131	94	74
Total	21,913,665	18,097,849	19,473,773

BALANCE SHEET

(EUR thousands)

Liabilities and shareholders' equity	Jun. 30, 2006	Jun. 30, 2005	Dec. 31, 2005
Debt securities	21,238,033	17,532,044	18,863,658
- Bonds	20,857,478	17,219,081	18,479,081
- Accrued interest	380,555	312,963	384,577
Other liabilities	159	139	297
- Miscellaneous creditors	159	139	297
Accrued expenses and other liabilities	476,389	398,794	431,230
- Deferred income			
. premiums on mortgage notes bought below par	256,536	217,557	200,625
. issue premiums on bonds issued above par	219,485	180,934	230,403
- Accrued expenses	368	303	202
Provisions for contingencies and losses	54	38	59
Subordinated debt	93,261	61,204	72,595
- Subordinated loans	92,300	60,624	71,334
- Accrued interest	961	580	1,261
Fund for general banking risk (FRBG)	1,942	1,899	1,942
Shareholders' equity excluding FRBG	103,827	103,731	103,991
- Subscribed capital	99,964	99,964	99,964
- Share premium	868	868	868
- Legal reserve	2,620	2,590	2,590
- Retained earnings	15	41	41
- Net income	360	268	528
TOTAL	21,913,665	18,097,849	19,473,772

OFF-BALANCE SHEET COMMITMENTS

(EUR thousands)

Commitments received	Jun. 30, 2006	Jun. 30, 2005	Dec. 31, 2005
Loan commitments received from credit institutions	1,042,874	860,954	923,954
Guarantees received from credit institutions	368,953	460,804	472,304
Forward financial instruments	70,000	70,000	70,000

INCOME STATEMENT

(EUR thousands)

	Jun. 30, 2006	Jun. 30, 2005	Dec. 31, 2005
+ Interest and other income	483,853	439,161	888,327
- On transactions with credit institutions			
. demand deposits	1,303	846	1,807
. term accounts and loans	987	848	1,719
. securities purchased under collateralized reverse repos	322	459	459
- On bonds and other fixed-income securities			
. accrued interest on mortgage notes	442,241	402,516	813,877
. accrued premiums on mortgage notes bought below par	20,320	18,610	37,139
- other interest and income			
. accrued issue premiums on bonds issued above par	18,680	15,882	33,326
- Interest and other expense	(482,524)	(438,047)	(886,063)
- On transactions with credit institutions			
. subordinated loans	(961)	(580)	(1,261)
. interest on advances under Article 5.3 of CRH's internal rules and regulations	(322)	(459)	(460)
- On bonds and other fixed-income securities			
. accrued interest	(442,241)	(402,516)	(813,877)
. amortization of issue premiums on bonds issued below	(20,320)	(18,610)	(37,139)
. deduction of accrued premiums on mortgage notes	(18,680)	(15,882)	(33,326)
- Fees paid	(1)	(2)	(3)
+/-Gains or losses on trading portfolio transactions	0	(3)	(8)
+ Other income from banking operations	0	0	0
- Other expense from banking operations	0	0	(10)
NET INCOME FROM BANKING OPERATIONS	1,328	1,109	2,243
- General operating expenses	(786)	(700)	(1,388)
- Personnel expenses	(482)	(452)	(932)
- Other administrative expenses			
. taxes other than income tax	(79)	(17)	(40)
. external services	(225)	(231)	(416)
- Depreciation, amortization and provisions	(2)	(4)	(7)
OPERATING INCOME	540	405	848
+/- Cost of risk	0	0	0
NET OPERATING INCOME	540	405	848
+/- Gains or losses on fixed assets		0	0
NET INCOME BEFORE TAXES	540	405	848
+/- Non-recurring items	0	0	0
- Income tax	(180)	(137)	(276)
+/- Increases/uses of FRBG and regulated provisions	0	0	(43)
NET INCOME	360	268	529

NOTES TO THE FINANCIAL STATEMENTS

PRESENTATION OF THE FINANCIAL STATEMENTS ACCOUNTING POLICIES AND VALUATION METHODS

Note 1 - Presentation of the financial statements

CRH 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.

The summary financial statements as of June 30, 2006 have been prepared in compliance with Regulation 00-03 of the Accounting Regulations Committee (*Comité de la Réglementation Comptable* - CRC).

Note 2 - Accounting policies and valuation methods

A - Bonds issued

Bonds issued are recorded at nominal value under “Debt securities.” Issue premiums are recorded under “Prepaid expenses and other assets” for bonds issued below par and under “Accrued expenses and other liabilities” for bonds issued above par. In both cases, they are amortized on a straight-line basis over the life of the bond.

Bond issuance costs are split between new issue costs (issue fees, AMF fees, listing costs and advertising costs) and portfolio management expenses (financial services, securities services, annual listing fee paid to Euronext Paris SA).

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 French Treasury notes and other negotiable debt instruments, interbank market instruments and in general all indebtedness 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 securities were acquired or placed.

Securities in the CRH portfolio are all fixed-income securities consisting of the mortgage notes issued by its shareholders.

E – 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.

F – Financial instruments

The portfolio of financial instruments held by CRH consists solely of purchases of interest-rate floors.

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 interests 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 3 - 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)

	Jun. 30, 2006		Jun. 30, 2005		Dec. 31, 2005	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Securities transactions						
- Bonds and other fixed-income securities						
. mortgage notes	20,857,478		17,219,081		18,479,081	
. accrued interest not yet due on mortgage notes	380,555		312,963		384,577	
- Debt securities						
. bonds		20,857,478		17,219,081		18,479,081
. accrued interest not yet due on bonds		380,555		312,963		384,577
Prepaid expenses and other assets						
- Deferred charges and other prepaid expenses (excerpt)						
. issue premiums on bonds issued below par	256,536		217,557		200,625	
. premiums on mortgage notes bought above par	219,485		180,934		230,403	
- Deferred income						
. premiums on mortgage notes bought below par		256,536		217,557		200,625
. issue premiums on bonds issued above par		219,485		180,934		230,403
Total	21,714,054	21,714,054	17,930,535	17,930,535	19,294,686	19,294,686

Note 4 - Breakdown of receivables and debt by current maturity

(EUR thousands)

	Receivables		
	Jun. 30, 2006	Jun. 30, 2005	Dec. 31, 2005
Credit institutions: term deposits			
- less than 3 months	25,444	25,034	25,222
- 3 months to 1 year	54,592	43,812	53,916
- 1 to 5 years	0	10,000	0
Total	80,036	78,846	79,138
Mortgage notes			
- less than 3 months	0	0	0
- 3 months to 1 year	0	471,603	471,603
- 1 to 5 years	9,732,478	5,751,347	5,851,347
- over 5 years	11,125,000	10,996,131	12,156,131
Total	20,857,478	17,219,081	18,479,081

(EUR thousands)

	Debt		
	Jun. 30, 2006	Jun. 30, 2005	Dec. 31, 2005
Bonds			
- less than 3 months	0	0	0
- 3 months to 1 year	0	471,603	471,603
- 1 to 5 years	9,732,478	5,751,347	5,851,347
- over 5 years	11,125,000	10,996,131	12,156,131
Total	20,857,478	17,219,081	18,479,081

Note 5 - Other assets, other liabilities, prepayments and accrual accounts

(EUR thousands)

ASSETS	Jun. 30, 2006	Jun. 30, 2005	Dec. 31, 2005
Interest-rate options purchased	4	14	9
Residual premiums on floors purchased	4	14	9
Miscellaneous debtors	231	169	144
Government – income tax	136	70	0
Government – local business tax (<i>taxe professionnelle</i>)	0	0	0
Expenses paid on behalf of borrowers	60	72	117
Guarantee deposits with the <i>Fonds de Garantie des Dépôts</i>	11	10	13
Other guarantee deposits and miscellaneous	24	17	14
Deferred charges and other prepaid expenses (1)	131	94	74
Total	366	277	227

(1) excluding the CRH lending and bond issue transactions described in Note 3.

(EUR thousands)

LIABILITIES	Jun. 30, 2006	Jun. 30, 2005	Dec. 31, 2005
Miscellaneous creditors	159	139	297
Government – income tax	0	0	134
Government – VAT	0	0	2
Social security and payroll tax	100	96	96
Bonds and coupons on standby of payment	23	2	0
Other	36	41	65
Accrued expenses	368	303	202
Personnel and related expense	114	102	134
Estimated income tax at June 30, 2006	180	137	
Other	74	64	68
Total	527	442	499

Note 6 - Provisions for contingencies and losses

(EUR thousands)

	Balance at June 30, 2005	+Charges - Writebacks	Balance at December 31, 2005	+Charges -Writebacks	Balance at June 30, 2006
Provision for retirement benefits (Note 17)	38	12	50	0	50
Provision on interest rate options purchased	0	9	9	-5	4
Total	38	21	59	-5	54

Note 7 - Shareholders' equity and fund for general banking risk

(EUR thousands)

	Balance at June 30, 2005	+Charges - Writebacks	Balance at December 31, 2005	+Charges -Writebacks	Balance at June 30, 2006
Subscribed capital	99,964	0	99,964	0	99,964
Share premium	868	0	868	0	868
Legal reserve	2,590	0	2,590	30	2,620
Retained earnings	41	0	41	-26	15
Fund for general banking risk	1,899	43	1,942	0	1,942
TOTAL	105,362	43	105,405	4	105,409

The increase in shareholders' equity includes the allocation of 2005 net income and the increase in the fund for general banking risk for 2005.

CRH's capital is fully subscribed. The company's stock has a par value of EUR 15.25 per share. A total of 6,555,000 shares have been issued.

Note 8 - 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 7) 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 Banking Commission allows funds from subordinated loans to be treated as Tier 2 capital under CRBF Regulation 90-02, Article 4c.

The following table summarizes changes in total subordinated loans since June 30, 2005:

(EUR thousands)

Transaction	Amount
Balance at June 30, 2005	60,624
Increase	
- Payments relating to acquisitions of mortgage notes	10,710
Balance at December 31, 2005	71,334
Increase	
- Payments relating to acquisitions of mortgage notes	24,225
Diminution	
- Repayments relating to repayments of mortgage notes	(3,216)
- Repayments relating to the allocation of 2005 net income	0
- Repayments relating to 2005 appropriation to the fund for general banking risk	(43)
Balance at June 30, 2006	92,300

NOTES TO THE OFF-BALANCE SHEET

Note 9 - Loan commitments from credit institutions

Pursuant to the by-laws, shareholders are obligated 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 June 30, 2006, these commitments represented a total of EUR 1,042,873,904.07.

Note 10 - Guarantees received from credit institutions

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

(EUR thousands)			
	Jun. 30, 2006	Jun. 30, 2005	Dec. 31, 2005
Principal	365,742	457,212	457,212
Accrued interest not yet due		3,592	15,092
	3,211	2	2
Total	368,953	460	472

Note 11 - Forward financial instruments at June 30, 2006

Nature	Isolated positions	Current maturity
Options:		
OTC transactions		
Interest rate floors purchased	70,000	less than 6 months

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 affiliate of the credit institution issuing the note.

Mortgages pledged to CRH as collateral amounted to EUR 32.9 billion at June 30, 2006.

NOTES TO THE INCOME STATEMENT

Note 13 - Income and expense 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)

	Jun. 30, 2006		Jun. 30, 2005		Dec. 31, 2005	
	Expense	Income	Expense	Income	Expense	Income
Interest						
Bonds issued	442,241		402,516		813,877	
Mortgage notes		442,241		402,516		813,877
Subtotal	442,241	442,241	402,516	402,516	813,877	813,877
Recoveries						
(Issue premiums on bonds, discounts or premiums on mortgage notes)						
Deferred charges						
Deferred income	39,000					
Subtotal						
Total						

These transactions thus have no impact on CRH's earnings.

B - Other income and expense from banking operations

In the first half of 2006, other income consists primarily of:

1) interest earned on capital invested in the money market in sight and term deposits with maturities of less than 18 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 2.51% in the first half of 2006, compared with 2.12% for the first half of 2005, and 2.13% in 2005.

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 388,148.93 at June 30, 2006, compared with EUR 277,362.42 at June 30, 2005 and EUR 600,398.66 at December 31, 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 572,758.84 at June 30, 2006, compared with EUR 302,591.03 at June 30, 2005 and EUR 660,932.26 in 2005.

The average interest rate paid on subordinated loans was 2.51% at June 30, 2006, compared with 2.12% at June 30, 2005 and 2.13% in 2005

	(EUR thousands)		
	At June 30 2006	At June 30 2005	At December 31, 2005
Interest on cash management transactions	2,290	1,694	3,526
Interest on securities purchased under collateralized reverse repos	322	459	459
Writeback of provisions for contingencies and losses on financial instruments	4	0	0
Other income	0	0	0
A - Total other income from banking operations	2,616	2,153	3,985
Interest on subordinated loans	961	580	1,261
Interest on advances under Article 5.3 of CRH's internal rules and regulations	322	459	460
Other interest and expense	1	0	2
Fees on securities transactions	0	2	1
Amortization of premiums on interest rate options purchased	4	3	8
Contribution to the deposit guarantee fund	0	0	1
Charges to provisions for contingencies and losses on financial instruments	0	0	9
B - Total other expense from banking operations	1,288	1,044	1,742
NET INCOME FROM BANKING OPERATIONS	1,328	1,109	2,243

Note 14 - Other general operating expenses

CRH's total administrative expenses, including depreciation and amortization, came to EUR 0.8 million at June 30, 2006, compared with EUR 0.7 million at June 30, 2005 and EUR 1.4 million at December 31, 2005.

Total administrative expense represented 0.0083% of average outstanding loans to shareholders at June 30, 2006, compared with 0.0086% at June 30, 2005 and 0.008% at December 31, 2005.

Main items are shown in the table below:

	(EUR thousands)		
	At June 30, 2006	At June 30, 2005	At December 31, 2005
Wages and salaries	304	296	593
Retirement payments (1)	31	28	69
Other social security charges	106	88	190
Taxes and other levies on payroll	41	40	80
Total personnel expenses	482	4	93
Taxes other than income tax	79	1	40
Rental and leasing	38	4	93
Other external services and miscellaneous administrative expense	187	1	32
Total other administrative expenses	225	2	41
Amortization of intangible assets	0	0	0
Depreciation of tangible fixed assets	2	4	7
Total depreciation and amortization	2	4	7

(1) including a provision for retirement benefits of EUR 12,000 at December 31, 2005.

Note 15 - Income tax

Estimated Tax on 2006 earnings at June 30, came to EUR 180,281 and concerned only income from banking operations.

OTHER INFORMATION

Note 16 - Staff

CRH had an average of nine employees during the first half of 2006, as in the previous fiscal year.

Note 17 - Provision for retirement benefits

Provisions set aside to cover retirement payments required by French law amount to EUR 50,000 and cover the full amount of CRH's liability as assessed as of December 31, 2005. It's amount will be actualized at December 31, 2006.

ADDITIONAL INFORMATION

NET CASH FLOW STATEMENT			
	(EUR thousands)		
	At June 30, 2006	At June 30, 2005	At December 31, 2005
Cash flow from operating activities			
Net income before taxes	540	405	805
Non-cash items:			
Depreciation and amortization	2	4	7
Provisions	(4)		64
Other non-cash items	(378)	(127)	340
Total non-cash items included in net income and other adjustments	(380)	(123)	411
Changes in transactions with credit institutions:			
Increase in term deposits	(31,004)	(30,191)	(50,483)
Term deposits having reached maturity	30,105	50,050	70,050
Changes in non-financial assets and liabilities:			
Other assets	49	80	40
Other liabilities	(138)	9	33
Taxes paid	(136)	(70)	(142)
Net change in assets and liabilities from operating activities	-1,124	19,878	19,498
Net cash flow from operating activities (A)	-964	20,160	20,714
Cash flow from investing activities			
Acquisitions of tangible fixed assets	(5)	0	0
Acquisitions of intangible and financial fixed assets	0	0	0
Net cash flow from investing activities (B)	(5)	0	0
Cash flow from financing activities			
Proceeds from bond issues	2,807,432	1,893,467	3,232,532
Bond repayments	(471,603)	(1,079,939)	(1,079,939)
Acquisition of investment securities (mortgage notes)	(2,807,432)	(1,893,467)	(3,232,532)
Investment securities having reached maturity	471,603	1,079,939	1,079,939
Proceeds from subordinated debt issues	29,476	18,959	29,669
Repayment of subordinated loans	(8,511)	(12,787)	(12,787)
Dividends paid	(524)	(262)	(262)
Net cash flow from financing activities (C)	20,441	5,910	16,620
Impact of exchange rates (D)	0	0	0
Net cash flow (A + B + C + D)	19,472	26,070	37,334
Net cash and equivalents at the beginning of the period	98,994	61,661	61,660
Net cash and equivalents at the end of the period	118,466	87,731	98,994
Net change in cash position	19,472	26,070	37,334

Capital adequacy ratio

CRH had a capital adequacy ratio of 9.14% at June 30, 2006, compared with 9.29% at June 30, 2005 and 9.19% at December 31, 2005.

11.4. DATE OF THE MOST RECENT FINANCIAL STATEMENTS

The most recently audited financial statements are those for the first half of the year 2006.

11.5. INTERIM FINANCIAL STATEMENTS AND OTHER

CRH has not released any quarterly or six-month data subsequent to the June 30, 2006 financial statements.

11.6. LEGAL PROCEEDINGS AND ARBITRAGE EVENTS

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. MATERIAL CHANGES IN THE SITUATION OF THE ISSUER

On the date of filing this document, there are no exceptional events or litigation that have had in the recent past or are likely to have a material impact on the financial situation, the activity or the earnings of CRH that have not been reflected in the financial statements prepared at June 30, 2006.

CHAPTER 14

DOCUMENTS AVAILABLE TO THE PUBLIC

All registration documents (which contain the by-laws of the company) and the documents updating them may be consulted at CRH's registered office at 35 rue La Boétie 75008 Paris or on the *Autorité des Marchés Financiers* (AMF) and *Association des Sociétés Financières* (ASF) websites :

The following links concern the 2005 annual report:

<http://www.amf-france.org/Docdoif/txtint/rapostpdf/2006/2006-006100.pdf>

http://www.asf-france.com/asfmembres/indexoui/ra2005_crh.pdf

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, or by mail:

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