CAISSE DE REFINANCEMENT DE L'HABITAT

2020 ANNUAL REPORT

The English language version of this Universal Registration Document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters only the contents of the French documentation are binding on CRH.

- UNIVERSAL REGISTRATION DOCUMENT -

Incorporating by reference the 2019 and 2018 annual financial statements and the statutory auditors' reports on those financial statements, as presented in the universal registration document filed on 25 February 2020 and the registration document filed on 16 April 2019 with the *Autorité des Marchés Financiers (AMF)*. The information contained in those two documents, other than as referred to above, has, where relevant, been replaced and/or updated by the information set forth in this universal registration document.

Specialised credit institution (*Établissement de crédit spécialisé*)
French Corporation (*Société anonyme*) with share capital of 539 994 737.75 euros
Registered office: 3, rue La Boétie - 75008 PARIS
http://www.crh-bonds.com
333 614 980 R.C.S. PARIS - APE 6492Z
Telephone: + 33 1 42 89 49 10 - Facsimile: + 33 1 42 89 29 67

The universal registration document was filed on 7 May 2021 with the AMF, in its capacity as competent authority within the meaning of Regulation (EU) 2017/1129, without any prior approval in accordance with article 9 of that regulation.

The universal registration document may be used for the purposes of a public offering of financial securities or for the admission to trading of financial securities on a regulated market, if this document is supplemented by a securities note and, where applicable, a summary and all amendments made to the universal registration document. The whole so constituted is approved by the AMF in accordance with Regulation (EU) 2017/1129.

CONTENTS

Universal Registration Document

Schedules

AMF Correspondence Table

Table of correspondence with annexes 1 and 2 of delegated regulation 2019/980

Headings of Annexes 1 and 2 of delegated regulation 2019/980		Page n° of universal registration document filed with the AMF on 7 May 2021
Section 1	**Persons responsible, third-party information, experts' reports and competent authority approval**	2; 41; 138; 139
Section 2	**Statutory auditors**	42
Section 3	**Risk factors**	49-68
Section 4	**Information concerning the issuer**	
4.1	Corporate name and trading name	69
4.2	Place of registration, registration number and legal entity identifier (LEI)	69
4.3	Date of formation and term of incorporation	69
4.4	Registered office, legal form, legislation under which the issuer operates, country of incorporation, address, telephone number and website	69-73
Section 5	**Business overview**	
5.1	Principal activities	74-82
5.2	Principal markets	82
5.3	Important events in the development of the issuer's business	83
5.4	Strategy and objectives	83-84
5.5	Extent to which the issuer is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	84
5.6	Basis for any statements made by the issuer regarding its competitive position	84
5.7	Investments	/
Section 6	**Organisational structure**	
6.1	Brief description of the Group	85
6.2	List of significant subsidiaries	85
Section 7	**Operating and financial review**	
7.1	Financial position	13; 87
7.2	Operating results	11-13; 87
Section 8	**Capital resources and cash flow**	
8.1	Information concerning the issuer's capital resources	88
8.2	Source and amounts of the issuer's cash flows	88-108
8.3	Information on the borrowing requirements and funding structure of the issuer	88
8.4	Information regarding any restrictions on the use of capital resources that materially affected, or that could materially affect, the issuer's operations	89
8.5	Information regarding any anticipated funding resources that shall be necessary to fulfil commitments assumed in relation to any significant investments (whether in progress or in relation to which firm undertakings have been given)	78-82; 89; 127-129
Section 9	**Regulatory environment**	70-72
Section 10	**Trend information**	91
Section 11	**Profit forecasts or estimates**	92
Section 12	**Administrative, management and supervisory bodies and Senior Management**	
12.1	Administrative bodies	93-95
12.2	Conflicts of interest	95
Section 13	**Compensation and benefits**	

Headings of Annexes 1 and 2 of delegated regulation 2019/980		Page n° of universal registration document filed with the AMF on 7 May 2021
13.1	Amount of compensation paid and benefits in kind	96
13.2	Total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits	123
Section 14	**Board practices**	
14.1	Date of expiration of the current term of office	97
14.2	Service agreements with the members of the administrative bodies	97
14.3	Information about the issuer's audit committee and compensation committee	97
14.4	Statement as to whether or not the issuer complies with the applicable governance regime	26-27; 98
14.5	Potential material impact on corporate governance	N/A
Section 15	**Employees**	
15.1	Number of employees	99
15.2	Shareholdings and stock options of the directors	96
15.3	Arrangements for involving the employees in the capital of the issuer	99
Section 16	**Principal shareholders**	
16.1	Shareholders holding a percentage of the share capital or voting rights	100
16.2	Different voting rights held by the principal shareholders	100
16.3	Control of the issuer	101
16.4	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change of control of the issuer	101
Section 17	**Related-party transactions**	102
Section 18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
18.1	Historical financial information	9; 103-123
18.2	Interim and other financial information	N/A
18.3	Audit of historical annual financial information	9; 33-37
18.4	Pro forma financial information	130
18.5	Dividend policy	18; 21; 130; 164-165
18.6	Legal and arbitration proceedings	130
18.7	Significant changes in the issuer's financial position	131
Section 19	**Additional information**	
19.1	Share capital	25; 132
19.2	Memorandum and articles of association	133-136
Section 20	**Material contracts**	137
Section 21	**Documents available**	139

Pursuant to Article 19 of (EU) Regulation n° 2017/1129 of the European Parliament and of the Council of 14 June 2017, the following information is incorporated by reference into this universal registration document:

- The CRH individual company financial statements for the period from 1st January 2019 to 31 December 2019 and the related statutory auditors' report, shown on pages 29 to 33 of the 2019 universal registration document filed with the AMF on 25 February 2020 under number D20-0080;

- The CRH individual company financial statements for the period from 1st January 2018 to 31 December 2018 and the related statutory auditors' report, shown on pages 29 to 33 of the 2018 registration document filed with the AMF on 16 April 2019 under number D. 19-0343;

- The management report relating to the financial year ending on 31 December 2019 shown on pages 11 to 22 of the 2019 universal registration document filed with the AMF on 25 February 2020 under number D20-0080;

- The management report relating to the financial year ending on 31 December 2018 shown on pages 9 to 17 of the 2018 registration document filed with the AMF on 16 April 2019 under number D. 19-0343;

- a description of the principal markets on which CRH operates shown on page 73 of the 2019 universal registration document filed with the AMF on 25 February 2020 under number D20-0080.

The 2019 Registration Document may be consulted by following the link below:
http://www.crh-bonds.com/DocRef/2020-D20-0080.pdf
The 2018 Registration Document may be consulted by following the link below:
http://www.crh-bonds.com/DocRef/2019-034300.pdf.

Annual report correspondence table

Pursuant to Article 212-13 of the general regulations of the *Autorité des Marchés Financiers*, this document includes information from the annual financial report referred to in article L. 451-1-2 of the Monetary and Financial Code and article 222-4 of the general regulations of the *Autorité des Marchés Financiers*:

This universal registration document is available on the websites of CRH (www.crh-bonds.com) and the AMF (www.amf-france.org).

MANAGEMENT REPORT TO THE SHAREHOLDERS' COMBINED GENERAL MEETING HELD ON 15 APRIL 2021

Ladies, Gentlemen,

In accordance with the Law, we have called this general meeting to vote on the financial statements for the 2020 financial year.

1. CONDUCT OF THE COMPANY'S AFFAIRS

1.1. COMPANY'S POSITION DURING THE LAST FINANCIAL YEAR

1.1.1. BUSINESS OPERATIONS

Many countries around the world, affected by the Covid-19 pandemic, have implemented lockdown measures to protect the population and slow the spread of the virus. The economic and social repercussions are huge.

The CHR introduced, in a very short time, health measures to protect its employees' health while fully ensuring essential operations (debt servicing and collateral verification). The planned renewal of IT systems has been completed, strengthening cybersecurity capabilities.

Against this background, CRH's business was focused on the first semester with the amount raised totalling 3.25 billion euros.

In the 2nd semester 2020, banks' funding requirements were largely met thanks to the European Central Bank's (ECB) huge support package for the Eurozone economy which included a massive private and public debt purchase programme, together with loans granted to banks at a rate up to 50 basis points below the already negative deposit rate of 50 basis points.

The total amount of loans granted and settled since the company's formation rose to 93.85 billion euros and 2.4 billion Swiss francs, giving an aggregate amount, converted into euros, of 95.75 billion euros.

Taking into account contractual repayments for the financial year in a total amount of 4.1 billion euros and, in the absence of any contractual early redemptions, the nominal outstanding amount of loans as at 31 December 2020 stood at 24.3 billion euros (compared to 25.2 billion euros at 31 December 2019).

The balance sheet at 31 December 2020 totalled 25.4 billion euros (compared to 26.3 billion euros at 31 December 2019).

1.1.2. EARNINGS

It should be noted that refinancing transactions, in other words lending, borrowing but also repayments, have no direct impact on earnings. Indeed, CRH does not charge any interest margin on its transactions and lends to its shareholders all capital raised on the financial markets, on identical interest rate, maturity and currency terms.

As such, CRH's earnings derive from the income from own funds invested on the money markets, net of overhead expenses.

Net banking income

Since 2019, faced with the long-lasting historically low interest rate environment, CRH reoriented a significant part of its maturing investments towards long-term fixed-rate investments. This resulted in an increase in the average rate of return on investment from 0.09% in 2018 to 0.31% in 2019 and 0.39% in 2020. Investment income amounted to 2,177,824 euros, having totalled 1,715,240 euros at 31 December 2019.

This income is increased by the *prorata temporis* reversal in an amount of 71,066 euros of provisions previously set aside on available-for-sale securities transferred during the 2018 financial year to held-to-maturity securities.

With the posting of 52,283 euros for miscellaneous expenses from banking operations, net banking income amounted to 2,196,607 euros compared to 2,000,760 euros in 2019 including an operating grant in an amount of 250 000 euros.

Other income and expenses

As from 2015, against a background of extremely low interest rates, income from the investment of own funds was no longer sufficient to cover CRH's overheads as result of having to pay contributions introduced at European level under the single supervisory mechanism. Accordingly, these contributions were recharged to borrowers.

Thus in 2020, in accordance with the provisions of Article 5.1 of the internal regulations and clause 3.4 of the collateralisation ("*mobilisation*") agreements, the following expenses have been, or are in the process of being, recharged to borrowers, taking into account, where applicable, the specific features of the relevant borrower:

- the SRF contribution, in the amount immediately charged to expenses of 6,616,337 euros, with the amount paid by CRH being equal to 7,783,926 euros. Note however that since this contribution is determined in the aggregate per country, the portion attributable to CRH would, where applicable, have largely been allocated directly to CRH's shareholders.
- the ECB supervision contribution, which represents an expense of 924,479 euros.
- the ACPR (*Autorité de Contrôle Prudentiel et de Résolution*) and the *Single Resolution Board* expenses, in a cumulative amount of 271,969 euros.
- rating agencies' fees, fees incurred in connection with the EMTN programme and corresponding issue expenses, fiscal agency and paying agency fees.

Overhead expenses, excluding recharged expenses, in 2020 totalled 2.07 million euros compared to 1.90 million euros in 2019. Contributing to the increase in expenses are the following:

- payroll expenses with, in particular, the arrival of an extra staff member in the first quarter of 2020 compared to the previous year.
- rent, CRH having benefited from a one-month rent holiday last year.
- statutory auditors' fees associated with the independent appraisal of Swift installations.
- Lawyers' fees.

Corporation tax, due to the non-deductibility of the SRF contribution, amounted to 3,065,707 euros.

Net income after corporation tax amounted to 29,290 euros at 31 December 2020.

1.1.3. FINANCIAL POSITION

CRH's own funds presently consist solely in Common Equity Tier 1 Capital (CET1).

The 2019 Supervisory Review and Evaluation Process (SREP) did not change CRH's prudential capital requirements for 2020.

Thus, as at 1 January 2020, the overall solvency requirement equalled 11.50%, and the Common Equity Tier 1 (CET1) requirement stood at 8%, of which:

- 0.75% for the regulatory Pillar 2 requirement (P2R).
- 2.50% for the capital conservation buffer.
- 0.25% for the counter cyclical capital buffer.

As regards the counter cyclical capital buffer, between 1st July 2019 and 2 April 2020, the applicable rate remained 0.25% and was due to increase to 0.50% on 2 April 2020, in accordance with the earlier decisions of the Financial Stability Board (FSB). On 1 April 2020, the FSB decided to reduce this rate to 0% and it has remained unchanged since then.

Since 12 March 2020, following the ECB's decision to relax the composition of capital for the Pillar 2 (P2R) requirements against the background of the Covid-19 pandemic, the minimum capital composition under the Pillar 2 (P2R) requirements, previously held entirely in the form of CET1, is as follows:

P2R		Overall	CET1	AT1	T2
	Capital requirement	0.75%	0.421875%	0.140625%	0.1875%

The negative impact of the deduction from CET1 of the irrevocable payment commitment to the Single Resolution Fund (SRF), which amounted to 7.7 million euros at 31 December 2020, is 0.23%.

After deduction of this regulatory adjustment, CET1 amounts to 554.9 million euros. The solvency ratio is equal to 18.52%. In the absence of additional own funds, the solvency ratio on CET1 instruments is therefore at the same 18.52% level.

1.2. FORSEEABLE CHANGES IN THE COMPANY'S OUTLOOK

Over the last few years, European banking regulations and quantitative easing policy have created a highly challenging environment for CRH.

By amending its articles of association and internal regulations in March 2016, CRH was able to remove the obstacles created by the European regulations on major risks introduced at the beginning of 2014.

The reform of the European regulations on capital adequacy published in the Official Journal of the European Union on 7 June 2019 resulted, as stated in the conclusions of the legal opinion delivered to CRH, in CRH's refinancing operations being exempted from the base used to calculate its leverage ratio.

Fourteen months since receiving this legal opinion, the ECB's DGMS II appears to be disputing this conclusion by applying its own interpretation, although at this stage no supervisory decision has yet been taken. Discussions are ongoing.

The 3.25 billion euros issued in 2020 does not offset the 4.1 billion euros in redemptions for this year.

Nevertheless, this year confirms the successful return of CRH to the bond markets and the solidity of its reputation.

The business plan has been revised to reflect the impact of the Covid-19 pandemic. Due to the exceptional monetary policy measures taken by the ECB, output should amount to 1.5 billion euros in 2021. A return to the initial trajectory of 6 billion euros is planned over the next 3 years. Based on that assumption, with 17.6 billion euros repayments over the period, CRH's total assets should reach nearly 27 billion euros by 31 December 2024.

CRH's positioning as a benchmark issuer in the market enables it to meet these financial objectives, insofar as it is able to adapt to French residential property market practices, which is its next major project.

During the forthcoming year we will also have to incorporate the potential impact, on CRH's business and the market in which it operates, of new laws and regulations entering into force, as part of European harmonisation in particular, and with the aim of global financial stability, materialised by the Basel accords.

These new rules are likely to significantly impact the environment in which CRH and its credit institution shareholders operate.

Finally, relaxing of the constraints on income from invested capital will dovetail closely with the gradual normalisation of the ECB's monetary policy.

1.3. SIGNIFICANT EVENTS BETWEEN THE FINANCIAL YEAR END-DATE AND THE DATE OF THE MANAGEMENT REPORT

No significant event specific to the company and affecting, to any material extent, the assessment of its solvency, has occurred since 31 December 2020.

1.4. RESEARCH AND DEVELOPMENT

The company does not conduct any research and development activity.

1.5. ACTIVITY OF SUBSIDIARIES AND CONTROLLED COMPANIES BY INDUSTRY SECTOR

The company has no subsidiaries and does not control any companies.

2. HEDGING POLICY

CRH does not employ any hedging accounting system. Its exposure to credit risk and market risk is analysed in Chapter 4 paragraphs 4.2.1. to 4.2.5. of this universal registration document.

3. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATED TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The aim of the internal controls implemented by the Company is to meet the internal control and compliance obligations for credit institutions defined by the Order dated 3 November 2014.

In accordance with those regulations, a report on internal control, compliance and risk measurement and monitoring must be submitted to the board of directors at least once a year.

3.1. INTERNAL CONTROL PARTICIPANTS

The system of internal control has been adapted to meet the particular needs of the company, the main characteristics of which are its degree of specialisation and the transparency and security of its operations. Its organisational structure is also influenced by the limited number of the company's employees. For that reason, the chief executive officer and general secretary are responsible for monitoring the cogency and effectiveness of the internal control systems.

Also, in 2009, the board of directors decided to establish an audit committee. Furthermore, in October 2015, the board of directors decided to reactivate the risk committee and to create an appointments committee.

The chief executive officer reports regularly to the board of directors on the company's business operations and on the results of internal control and risk monitoring.

Internal control is enhanced by audit assignments carried out by the inspection and audit departments of CRH's credit institution shareholders, as specified in Article 9 of the internal regulations.

Under Article 9 of the internal regulations, an audit firm selected from the list of statutory auditors may be appointed to perform these controls.

Finally, CRH falls under the direct supervision of the European Central Bank (ECB) and is therefore subject each year to various audit and assessment procedures. Notwithstanding such direct supervision, CRH continues to be supervised by the ACPR pursuant to Article L. 313-49 of the Monetary and Financial Code.

3.2. ORGANISATION OF INTERNAL CONTROL WITH A VIEW TO PREPARATION OF FINANCIAL INFORMATION AND ACCOUNTS

The company's senior management is responsible for the preparation and integrity of the financial statements. These 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 conformity with the financial statements.

The company maintains a system of internal controls providing it with reasonable assurance as to the reliability of its financial information, the protection of its assets and the compliance of its operations, commitments and internal procedures with its obligations under all applicable regulations.

In technical terms, the internal control system is based on regularly updated written procedures and an organisational structure that strictly separates duties and responsibilities.

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

3.3. RISK MANAGEMENT PROCEDURES

As a preliminary remark, it is recalled that, in addition to senior management's control functions, the provisions of article L. 313-49 of the Monetary and Financial Code provide for a specific legal control of CRH's operations by the ACPR.

In accordance with applicable regulations, a risks map has been prepared and is periodically reviewed. The main risks are described in chapter 4 of this universal registration document, to which reference should be made. It should be noted that CRH makes no representation that such description is exhaustive.

Senior management regularly seeks to identify operational risks and the emergency and business continuity plan must, in principle, ensure the sustainability of operational procedures during and after any interruption of business. As a reminder, this risk was substantially reduced in 2009 with the establishment of the Euroclear procedure for direct payment via the Banque de France of the amounts required to service its debt.

IT system security rules are regularly reviewed and, if necessary, reinforced.

Since CRH's sole purpose is to lend all the proceeds of its issuance, credit risk is the most important structural risk. This risk only concerns credit institutions, which are now under the direct supervision of the ECB, and is covered by a specific pledge of refinanced loans in accordance with the requirements of articles L. 313-42 to L. 313-49 of the Monetary and Financial Code. This pledge in particular is the subject of the above-mentioned specific legal review.

CRH also regularly audits the borrowing banks' portfolios using a dedicated team of auditors.

The main aim of the procedures established within this team are to monitor the receivables pledged to CRH and to assess their effective coverage level, using controls conducted on a sample basis and on an examination of monthly electronic statements of duplicate pledged receivables lists.

A significant risk, brought by CRH to the attention of the relevant authorities more than five years ago, involves regulatory changes that were designed for major deposit and investment banks and that are therefore poorly suited to the specific nature of CRH's business.

The internal rules are as follows:

- a comprehensive report on CRH's loans is regularly submitted to the board of directors.

- limits on loans granted by CRH are set by senior management in accordance with the credit policy and rules established by the board of directors.

- these limits take into account in particular the institution's rating and the characteristics of the outstanding home-purchase loans eligible for refinancing.

The basic structure of the CRH mechanism is such that its credit operations are inherently non-profit making since CRH, as the market vehicle, borrows on behalf of its shareholder credit institutions and provides them with the funds raised without applying any margin.

CRH normally has very low exposure to market risks. This issue is addressed in Chapter 4 paragraphs 4.2.2. to 4.2.4. of this universal registration document.

In addition, the provisions of Article 8.3 of CRH's internal regulations allow it, if necessary and under certain conditions, to draw on lines of credit from its shareholders.

Finally, the board of directors has set the materiality threshold, for the purposes of the fraud alert defined in Article 98 of the Order dated 3 November 2014[1], at €10,000.

These procedures are regularly reviewed in line with the introduction of the new European regulatory framework.

4. LEGAL INFORMATION

4.1. SECURITIES CONFERRING RIGHTS TO SHARE CAPITAL

At the filing date of this document, there are no securities conferring, whether now or in the future, rights to acquire share capital in CRH other than the shares.

4.2. DISPOSAL OF SHARES (CROSS HOLDINGS)

CRH does not hold any shares in any company.

4.3. BONUS SHARE AWARDS

There is no bonus share award plan.

4.4. STOCK OPTION AWARDS

There is no stock option award plan.

4.5. TREASURY SHARES

As indicated above, CRH does not hold any shares in any company.

[1] Order dated 3 November 2014 relating to internal control of enterprises from the banking, payment services and investment services sectors, subject to the control of the ACPR (*Autorité de contrôle prudentiel et de resolution*).

4.6. WORKS COUNCIL OPINION ON CHANGES TO ECONOMIC OR LEGAL STRUCTURE

Due to the size of its workforce, CRH has not established a works council.

4.7. NON-TAX DEDUCTIBLE EXPENSES AND RE-INTEGRATED EXPENSES FOLLOWING A TAX REASSESSMENT

No non-tax deductible costs or expenses (as referred to in article 39(4) of the General Tax Code) were incurred by CRH during the last financial year.

4.8. PERSONS HOLDING SHARE CAPITAL OR VOTING RIGHTS

The identity of individuals or legal entities holding, directly or indirectly, more than one twentieth of the share capital or voting rights at general meetings and any changes that have occurred during the financial year are indicated in chapter 18, page 100.

4.9. DIVIDENDS

No dividend, or income eligible for the 40% allowance referred to in article 158-3-2° of the General Tax Code, or income not eligible for such allowance, has been distributed during the last three financial years.

4.10. SHARE BUYBACKS

There have been no share buybacks during the last financial year.

4.11. DIRECTORS' TRANSACTIONS ON SECURITIES

No transactions on securities falling within article 19 of Regulation (EU) n° 596/2014 have been entered into by directors during the past financial year.

4.12. EMPLOYEE SHARE OWNERSHIP

No employees hold shares in CRH.

4.13. ANTI-COMPETITIVE PRACTICES

No proceedings have been brought against CRH in connection with anti-competitive practices.

4.14. ACQUISITIONS OF HOLDINGS OR CONTROL

CRH has not during the financial year acquired any holdings in any company.

5. FINANCIAL RISKS ASSOCIATED WITH CLIMATE CHANGE

Due to the particular nature of its activities, CRH has no exposure to fossil energy or physical assets. Nevertheless, climate change may affect its bank counterparties whether as regards the risks referred to above and also the risks relating to transition to a low carbon economy. CRH also pays close attention to how the materialisation of such risks may potentially impact the valuation of its collateral.

6. MISCELLANEOUS INFORMATION

6.1. TRADE PAYABLES SETTLEMENT LEAD TIME

CRH complies with the rules applicable in this area. As of 31 December 2020, trade payables amounted to 11,315 euros. Such trade payables are generally settled in less than one month in compliance with the payment terms granted by suppliers.

CRH has no overdue trade payables.

Information on trade payables settlement lead times as mentioned in article D. 441-6

Article D. 441 I. - 1°: Overdue invoices **received** and not settled as at the financial year end-date	None
Article D. 441 II.: Invoices received during the financial year and settled belatedly	None

6.2. AMOUNT OF INTER-COMPANY LOANS GRANTED UNDER ARTICLE L. 511-6 3 BIS OF THE MONETARY AND FINANCIAL CODE

None.

BOARD OF DIRECTORS' PROPOSALS
TO THE SHAREHOLDERS' COMBINED GENERAL MEETING

Ladies and Gentlemen,

By way of ordinary business, we propose:

- Approving the financial statements for the 2020 financial year, as presented to you.

- Approving the agreements referred to in the statutory auditors' special report.

- Allocating income for the 2020 financial year as indicated below:

. Net income for the financial year to be allocated:	29,290.32 €
To be allocated as follows:	
. Legal reserve the amount of which is thereby increased to 3,258,700 €	1,480.00 €
. Retained earnings The amount of which is thereby increased to 426 832,41 €	27,810.32 €

As a reminder, no dividends were paid during the last three financial years.

- Renewing the directorships of BNP Paribas, BPCE, Caisse Centrale du Crédit Mutuel, Crédit Agricole SA, Crédit Lyonnais, Société Générale and Mr Olivier HASSLER, subject to ratification by the European Central Bank (ECB).

- Appointing Ernst & Young as a statutory auditor and re-appointing Auditeurs et Conseils Associés SA as statutory auditor, subject to ratification by the European Central Bank (ECB).

By way of extraordinary business, we propose:

- Amending the articles of association to change the age limit for acting as President of the board of directors and abolishing the obligation to appoint one or more alternate statutory auditors; since the Sapin II law, the appointment of an alternate statutory auditor is no longer required unless the holder is a physical person or single-member company.

TEXT OF RESOLUTIONS

ORDINARY DECISIONS

FIRST RESOLUTION

(Approval of the Company's financial statements for the financial year ending on 31 December 2020)

The general meeting, following a presentation by the board of directors of its management report on the Company's operations during the financial year ending on 31 December 2020, and having considered the corporate governance report and the report of the statutory auditors on the annual financial statements, approves the Company's financial statements for that financial year including the income statement, balance sheet and notes to the financial statements, as presented to it, together with the transactions recorded in such statements and summarised in these reports.

The general meeting notes that no non-tax deductible cost or expense, as referred to in article 39-4 of the General Tax Code, was incurred by the Company during the last financial year.

SECOND RESOLUTION

(Consideration and approval of the agreements referred to in article L. 225-38 of the Commercial Code)

The general meeting, having heard the statutory auditors' special report on the agreements referred to in articles L. 225-38 et seq. of the Commercial Code, notes the conclusions of such report and resolves to approve the agreements described therein.

THIRD RESOLUTION

(Allocation of net income, as proposed by the board of directors, for the financial year ending 31 December 2020)

The general meeting approves the allocation of net income for the 2020 financial year as follows:

. Net income for the financial year to be allocated:	29,290.32 €
To be allocated as follows:	
. Legal reserve the amount of which is thereby increased to 3,258,700 €	1,480.00 €
. Retained earnings The amount of which is thereby increased to 426 832,41 €	27,810.32 €

As a reminder no dividends were paid during the last three financial years.

FOURTH RESOLUTION

(Renewal of the directorship of BNP Paribas, subject to ratification by the ECB)

The general meeting, having read the report of the board of directors, notes the expiry of the term of office as director of BNP Paribas, *société anonyme*, whose registered office is in Paris (75009) 16, boulevard des Italiens, registered at the trade and companies registry in Paris under number 662 042 449.

The general meeting resolves to renew such appointment for a new period of six (6) years, namely expiring in 2027, following the general meeting held to vote upon the financial statements for the financial year ending 31 December 2026.

FIFTH RESOLUTION

(Renewal of the directorship of BPCE, subject to ratification by the ECB)

The general meeting, having read the report of the board of directors, notes the expiry of the term of office as director of BPCE, *société anonyme*, whose registered office is in Paris (75013) 50, avenue Pierre Mendès France, registered at the trade and companies registry in Paris under number 493 455 042.

The general meeting decides to renew such appointment for a new period of six (6) years, namely expiring in 2027, following the general meeting held to vote upon the financial statements for the financial year ending 31 December 2026.

SIXTH RESOLUTION

(Renewal of the directorship of Caisse Centrale du Crédit Mutuel, subject to ratification by the ECB)

The general meeting, having read the report of the board of directors, notes the expiry of the term of office as director of Caisse Centrale du Crédit Mutuel, *société anonyme*, whose registered office is in Paris (75017) 46, rue du Bastion, registered at the trade and companies registry in Paris under number 632 049 052.

The general meeting decides to renew such appointment for a new period of six (6) years, namely expiring in 2027, following the general meeting held to vote upon the financial statements for the financial year ending 31 December 2026.

SEVENTH RESOLUTION

(Renewal of the directorship of Crédit Agricole SA, subject to ratification by the ECB)

The general meeting, having read the report of the board of directors, notes the expiry of the term of office as director of Crédit Agricole SA, *société anonyme*, whose registered office is in Montrouge (92120) 12, place des États-Unis, registered at the trade and companies registry in Nanterre under number 784 608 416.

The general meeting decides to renew such appointment for a new period of six (6) years, namely expiring in 2027, following the general meeting held to vote upon the financial statements for the financial year ending 31 December 2026.

EIGHTH RESOLUTION

(Renewal of the directorship of Crédit Lyonnais, subject to ratification by the ECB)

The general meeting, having read the report of the board of directors, notes the expiry of the term of office as director of Crédit Lyonnais, *société anonyme*, whose registered office is in Lyon (69002) 18, rue de la République, registered at the trade and companies registry in Lyon under number 954 509 741.

The general meeting decides to renew such appointment for a new period of six (6) years, namely expiring in 2027, following the general meeting held to vote upon the financial statements for the financial year ending 31 December 2026.

NINTH RESOLUTION

(Renewal of the directorship of Société Générale, subject to ratification by the ECB)

The general meeting, having read the report of the board of directors, notes the expiry of the term of office as director of Société Générale, *société anonyme*, whose registered office is in Paris (75009) 29, boulevard Haussmann, registered at the trade and companies registry in Paris under number 552 120 222.

The general meeting decides to renew such appointment for a new period of six (6) years, namely expiring in 2027, following the general meeting held to vote upon the financial statements for the financial year ending 31 December 2026.

TENTH RESOLUTION

(Renewal of the directorship of Mr Olivier HASSLER, subject to ratification by the ECB)

The general meeting, having read the report of the board of directors, notes the expiry of the term of office as director of Mr Olivier HASSLER.

The general meeting decides to renew such appointment for a new period of six (6) years, namely expiring in 2027, following the general meeting held to vote upon the financial statements for the financial year ending 31 December 2026.

ELEVENTH RESOLUTION

(Appointment of Ernst & Young as statutory auditor, subject to ratification by the ECB)

The general meeting, having read the report of the board of directors, notes the expiry of the term of office as statutory auditor of KPMG SA of Paris La Défense Cedex (92066) 2, avenue Gambetta.

The general meeting resolves to appoint the audit firm Ernst & Young et Associés, represented by Mrs Claire ROCHAS at Courbevoie – Paris - La Défense 1 (92400) 1-2, place des Saisons, as statutory auditor for a period of six (6) years, namely expiring in 2027 following the general meeting held to vote upon the financial statements for the financial year ending 31 December 2026.

TWELFTH RESOLUTION

(Re-appointment as statutory auditor of Auditeurs et Conseils Associés SA, subject to ratification by the ECB)

The general meeting, having read the report of the board of directors, notes the expiry of the term of office as statutory auditor of the audit firm Auditeurs et Conseils Associés SA, represented by Mr Laurent CAZEBONNE in Paris (75017) 31, rue Henri Rochefort.

The general meeting resolves to renew such appointment for a new period of six (6) years, namely expiring in 2027, following the general meeting held to vote upon the financial statements for the financial year ending 31 December 2026, Auditeurs et Conseils Associés SA – Nexia International being henceforth represented by Mr Olivier LELONG.

EXTRAORDINARY DECISION

THIRTEENTH RESOLUTION
(Amendment of the articles of association)

The general meeting resolves to amend the Company's articles of association as follows:

FORMER WORDING	NEW WORDING
Art. 17. CHAIRMAN OF THE BOARD Paragraph 4 The term of office of the chairman of the board expires at the latest at the end of the general meeting held to vote upon the financial statements of the financial year during which he/she reaches the age of seventy one.	**Art. 17. CHAIRMAN OF THE BOARD** Paragraph 4 The term of office of the chairman of the board expires at the latest at the end of the general meeting held to vote upon the financial statements of the financial year during which he/she reaches the age of seventy two.
Art. 21. STATUTORY AUDITORS The company is audited by one or more statutory auditors in accordance with the terms and conditions set forth by law. One or more alternate statutory auditors which shall replace the titular auditor(s) in the event of death, unavailability or refusal to act, shall be appointed by the ordinary general meeting.	**Art. 21. STATUTORY AUDITORS** The statutory auditors are appointed and perform their functions in accordance with applicable laws and regulations.

COMMON DECISION

FOURTEENTH RESOLUTION
(Formalities and powers of attorney)

The general meeting confers full powers and authority on the holder of a copy or extract of these minutes to carry out all legal or regulatory formalities.

CAISSE DE REFINANCEMENT DE L'HABITAT

Financial results for the last five financial years

	2016	2017	2018	2019	2020
Share capital at year-end:					
. Share capital (in euros)	539 994 737.75	539 994 737.75	539 994 737.75	539 994 737.75	539 994 737.75
. Number of ordinary shares in issue	35 409 491	35 409 491	35 409 491	35 409 491	35 409 491
. Number of (non-voting) preference shares in issue	0	0	0	0	0
. Maximum number of shares for future issue (conversion of bonds or exercise of subscription rights)	0	0	0	0	0
Operations and income for the financial year (in thousands of euros)**:**					
. Turnover excluding taxes	1 588 892	1 323 841	1 055 388	925 741	773 583
. Income before tax, employee profit-sharing, depreciation, amortisation and provisions	6 173	3 128	3 751	3 341	3 103
. Corporation tax	4 223	3 078	3 712	3 292	3 066
. Employee profit-share due for the financial year	0	0	0	0	0
. Income after tax, employee profit-sharing, depreciation, amortisation and provisions	57	6	18	0	29
. Net income distributed	0	0	0	0	0
Earnings per share (in euros):					
. Income after tax, employee profit-sharing but before depreciation, amortisation and provisions	0.06	0.00	0.00	0.00	0.00
. Income after tax, employee profit-sharing, and depreciation, amortisation and provisions	0.00	0.00	0.00	0.00	0.00
. Net dividend per share	0.00	0.00	0.00	0.00	0.00
Staff:					
. Average headcount of compensated staff during the financial year (1)	10.33	10	8.77	8.71	9.29
. Payroll costs for the financial year (in thousands of euros)	925	765	723	730	808
. Amount by way of benefits paid in the financial year (Social Security, welfare funds etc…) (in thousands of euros)	437	384	338	347	375

(1) *Including compensated corporate officers.*

CORPORATE GOVERNANCE REPORT

1. BOARD OF DIRECTORS

The board of directors, which represents the shareholders, includes the majority of the main operators in the French housing loan market. Indeed CRH's shares, which are not listed, are split each year as provided in the articles of association between the institutions refinancing their operations with CRH in proportion with the regulatory capital adequacy requirements applicable to the refinancing granted to each institution.

1.1. COMPOSITION OF THE BOARD OF DIRECTORS (cf. chapter 14 of this document).

- **Mr Olivier HASSLER**	Chairman
- **Mr Henry RAYMOND (until 18/03/2020)**	Director
- **Banque Fédérative du Crédit Mutuel** represented by Mr Éric CUZZUCOLI	Director
- **BNP Paribas** represented by Mrs Valérie BRUNERIE	Director
- **BPCE** represented by Mr Roland CHARBONNEL	Director
- **Caisse Centrale du Crédit Mutuel** represented by Mrs Emmanuelle REVOLON	Director
- **Crédit Agricole SA** represented by Mrs Nadine FEDON	Director
- **Crédit Lyonnais** represented by Mr Gilles RAYNAUD	Director
- **Société Générale** represented by Mr Vincent ROBILLARD	Director

These directors are appointed for a period of six (6) years (cf. pages 93 to 95 of this document).

1.2. CORPORATE GOVERNANCE CODE

The Company refers to the AFEP / MEDEF listed companies corporate governance Code. This Code may be consulted on the following website: www.afep.com.

It is, however, specified that these principles and recommendations apply only insofar as they are relevant to the Company:

- CRH is a market institution who share capital belongs to banks distributing housing loans in France.
- The shares forming CRH's share capital are not listed.
- The attached voting rights are allotted in accordance with a formula set forth in the articles of association in order to maintain CRH's independence.
- CRH does not charge any margin on its transactions.
- The compensation of the Chairman and of the Chief Executive Officer is not dependent on CRH's economic performance due to its specific structural characteristics. Their

compensation consists solely of their salary which is determined by the board of directors as recommended by the compensation committee. These amounts are clearly indicated in this document.
- The other directors receive no compensation from CRH.

1.3. INDEPENDENT DIRECTORS

The board of directors includes one independent director, Mr Olivier HASSLER.

1.4. BALANCED MALE-FEMALE REPRESENTATION ON THE BOARD OF DIRECTORS

The board of directors includes three female permanent members, namely one third of its total number.

1.5. PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK

As a collegial body, the board deliberates on all matters relating to corporate life and in particular on strategic decisions.

There are no specific internal regulations governing the functioning of the board.

1.6. WORK OF THE BOARD OF DIRECTORS

The board met six (6) times in 2020. More than one half of its directors are regularly present or represented.

During the last financial year, the board primarily:

- Discussed and approved the financial results and company's financial statements for the 2019 financial year, reviewed the quarterly financial statements and discussed and approved the report on the half-yearly financial statements.

- Reviewed the annual report on the conduct of internal controls and held various discussions regarding internal control.

- Periodically reviewed business operations and the results of internal control and compliance.

- Reviewed the conclusions of the audit committee and the risk committee.

- Determined the compensation awarded to the Chairman and the Chief Executive Officer.

- Considered the draft decision of the ECB relating to minimum capital requirements.

- Reviewed the ICAAP and ILAAP documents.

- Determined the amount of the debt (bond) issuance authorisation delegated to the Chief Executive Officer.

- Considered the terms of issue of such bonds.

- Monitored CRH's transactions, and the level of protection for such transactions and compliance with applicable regulations.

- Considered and approved the recovery plan.

- Reviewed the report on the controls performed by the unit responsible for auditing the receivables portfolios pledged in favour of CRH.

1.7. RESTRICTIONS ON THE POWERS CONFERRED ON THE CHIEF EXECUTIVE OFFICER

The board of directors did not place any restrictions on the powers of the Chief Executive Officer.

2. SPECIAL COMMITTEES

CRH has established four special committees (appointments, compensation, audit and risk). The role of these committees is to prepare and facilitate the work of the board of directors on specific points for debate at board meetings. The respective attributes of these committees are clearly defined in a charter.

2.1. APPOINTMENTS COMMITTEE (For its composition, cf. chapter 16 paragraph 16.3.3. of this document, page 97)

The appointments committee has three (3) members selected from amongst the directors.

The committee's main responsibilities are as follows:

- The committee is responsible for making recommendations on the future composition of the company's governing bodies. It is primarily responsible for selecting corporate officers and determining their succession plan; it recommends appointments of directors, the members and chairman of each of the board's committees, while striving to reflect diverse experience and points of view to give the board of directors the necessary objectivity and independence as regards specific shareholders or shareholder groups in particular.
- The committee determines a target to be reached in terms of balanced male-female representation on the board of directors.
- It gives its opinion on the succession plan for the company's non-corporate officer directors. The appointments committee must strive to ensure that there is at least one independent director on the audit committee, the risk committee and the appointments committee.
- It considers each year on a case-by-case basis the position of each of the directors with regard to independence criteria and submits its proposals to the board of directors for their review of the position of each relevant person.

The committee met on 12 March 2020 to interview Mr Olivier HASSLER who was seeking re-appointment to his role as Chairman of the board of directors.

2.2. COMPENSATION COMMITTEE (For its composition, cf. chapter 16 paragraph 16.3.2. of this document, page 97)

The compensation committee has three (3) members selected from amongst the directors.

The committee's main responsibilities are as follows:

- Making recommendations to the Board on the compensation and benefits to be granted to corporate officers.
- Reviewing annually the principles of the company's compensation policy, in particular in respect of professional gender equality and the compensation payable to employees whose role is liable to have a material impact on the company's risk exposure.
- Preparing and submitting to the board, in draft form, all documents required by regulations applicable with regard to compensation and benefits granted to corporate officers.

The committee met on 12 March 2020.

At this meeting, the compensation committee:

- Voted on the compensation to be awarded to Mr Olivier HASSLER as Chairman of the board of directors.
- Voted on the compensation to be awarded to Mr Marc NOCART as Chief Executive Officer.
- Reviewed the 2019 global compensation policy.
- Prepared a report on the compensation policies and practices applicable to staff whose professional role is liable to have a material impact on the company's risk profile in 2019.

2.3. AUDIT COMMITTEE (For its composition, cf. chapter 16 paragraph 16.3.1., page 97 of this document)

The audit committee has three (3) members selected from amongst the directors.

The committee's main responsibilities are as follows:

- Submitting recommendations on the statutory auditors put forward for appointment by the general meeting and on their compensation.
- Satisfying themselves of the statutory auditors' independence.
- Determining the rules for instructing the statutory auditors for work other than auditing the accounts and verifying that they are properly applied.
- Reviewing the assumptions based upon which the financial statements were drawn up, studying the company's draft financial statements and related reports prior to review by the board of directors, whilst ensuring the quality, completeness, accuracy and fairness of such information and having regularly taken stock of the company's financial situation, cash flow and commitments.
- Assessing the appropriateness and consistency of application of the adopted accounting principles and methods and, if relevant, considering any necessary changes to such accounting principles and methods.
- Assessing the internal control procedures and ensuring that they function properly as regards the preparation and processing of financial and accounting information used in the preparation of the financial statements and, more generally, compliance by the company with relevant applicable regulations.
- Reviewing the statutory auditors' annual work programmes.
- Being kept up-to-date on the work of the statutory auditors and reviewing all reports or draft reports relating to financial or accounting information (statutory auditors, annual reports, half-yearly reports …).
- Reviewing the results of the statutory auditors' work, including if relevant any observations or suggestions they may have made.

The committee met on 12 February 2020, 16 July 2020 and 15 December 2020.

At these meetings, the audit committee mainly:

- Reviewed the operations, results and financial position of CRH at 31 December 2019 and reviewed the half-yearly financial statements dated 30 June 2020.
- Reviewed the forward-looking financial statements as at 31 December 2020.
- Interviewed CRH's senior management and its statutory auditors.
- Reviewed the statutory auditors' work programme.
- Reviewed the financial information.
- Reviewed and approved the ancillary responsibilities of the statutory auditors in connection with certification of the financial statements.
- Reviewed the dossier regarding reappointment of the statutory auditors.

2.4. RISK COMMITTEE (For its composition, cf. chapter 16 paragraph 16.3.4., page 98 of this document)

The risk committee has three (3) members selected from amongst the directors.

The Committee is responsible for assessing the effectiveness of the internal control and risk management systems. It issues opinions to the board of directors on all risk-related matters, and in particular the quality of internal controls, and the robustness of the risk measurement, monitoring and control systems. Insofar as necessary, it recommends further action in this regard.

The committee met on 12 February 2020, 16 April 2020, 16 July 2020 and 15 December 2020.

At these meetings, the risk committee mainly:

- Reviewed the results of the audit of the receivables portfolios pledged in favour of CRH.
- Reviewed the annual report on the conduct of internal controls.
- Reviewed the method for calculating the market share of the borrowing institutions.
- Reviewed the preventive recovery plan and related procedures.
- Reviewed the ICAAP / ILAAP processes.
- Reviewed the ECB's requirements and recommendations on regulatory capital and its Pillar 2 recommendations.
- Reviewed the business plan.
- Reviewed the recovery plan.

3. SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

The relevant provisions are set forth in article 23 of the articles of association (cf. Schedule 5 of this document).

4. COMPENSATION OF CORPORATE OFFICERS

The compensation paid to corporate officers is specified in the notes to the annual financial statements, note 16, page 123.

5. LIST OF CORPORATE OFFICES

The list of corporate offices is set forth in chapter 14 paragraph 14.1.3. of this document, pages 93 to 95.

6. LIST OF RELATED-PARTY AGREEMENTS AND UNDERTAKINGS

- **"Directors and officers liability" insurance contract**

At its meeting on 4 December 2007, the board of directors authorised the signing of a "directors and officers liability" insurance contract. This contract covers liability for the damages that a Company director/corporate officer would be liable to pay in respect of a claim brought against him for misconduct/negligence. The maximum cover amount under this contract is 3,000,000 euros.

Under this agreement, Caisse de Refinancement de l'Habitat paid 4,959.50 euros by way of net annual premium under this policy for the 2020 financial year.

- **Corporate officers' social guarantee (GSC)**

At its meeting on 12 July 2016, the board of directors authorised the signing of a loss of employment insurance policy for corporate officers. This agreement provides, in the event of loss of employment by a non-salaried corporate officer, for an annual indemnity equal to 70% of tranches A and B and 55% of tranche C of their annual income for a period of 12 months.

Under this agreement, Caisse de Refinancement de l'Habitat paid 8,223.96 euros by way of net annual premium under this policy for the 2020 financial year.

7. TABLE OF DELEGATIONS OF AUTHORITY

As at 31 December 2020, no currently valid delegations of authority have been granted by the shareholders' general meeting to the board of directors.

8. EXECUTIVE MANAGEMENT STRUCTURE

Directive 2013/36/EU of 6 June 2013 imposes on credit institutions an obligation to segregate the functions of the Chairman of the management body from those of the Chief Executive Officer. The effective segregation of the functions of the Chairman of the Board and those of the Chief Executive Officer has been in place since the Board meeting of 17 March 2015.

9. SHARE CAPITAL STRUCTURE

Shareholders or shareholder groups holding more than 3% of the voting rights are indicated in chapter 18, page 100.

10. SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

The provisions regarding participation of shareholders at general meetings are set forth in article 23 of the articles of association (cf. Schedule 5 of this document).

STATUTORY AUDITORS' REPORT

ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ending 31 December 2020

To the general meeting of shareholders of Caisse de Refinancement de l'Habitat,

1. OPINION

In performance of the mission with which you have entrusted us, we have conducted an audit of the annual financial statements of the company Caisse de Refinancement de l'Habitat in respect of the financial year ending on 31 December 2020, as attached to this report.

We certify that the annual financial statements are, having regard to French accounting rules and principles, regularly and fairly drawn-up and faithfully reflect the results of operations of the past financial year and the financial situation and assets of the company at the end of such year.

The opinion set forth above is consistent with the contents of our report to the Audit Committee.

2. BASIS OF OUR OPINION

Auditing standards

We have conducted our audit in accordance with the professional standards applicable in France. We consider that the information we have gathered to form the basis of our opinion is sufficient and appropriate.

The responsibilities incumbent upon us pursuant to these standards are set forth in the section entitled "Statutory auditors' responsibilities regarding the audit of the annual financial statements" of this report.

Independence

We have conducted our audit in compliance with the independence rules specified in the Commercial Code and in the statutory auditors' Professional Conduct Code, over the period from 1 January 2020 to the date of issuance of our report and in particular we have not supplied any services that are prohibited under article 5, paragraph 1 of Regulation (EU) n° 537/2014.

3. JUSTIFICATION OF OUR ASSESSMENTS - KEY POINTS OF THE AUDIT

The worldwide Covid-19 pandemic creates particular conditions in terms of preparing and auditing this year's annual financial statements. Indeed, this crisis and the exceptional measures taken against the background of the health state of emergency have had wide-ranging consequences for businesses, particularly on their operations and financing, accompanied by increased uncertainty surrounding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on the businesses' internal organisation and on the manner in which audits are conducted.

It is against this complex and evolving background that, pursuant to the provisions of articles L. 823 9 and R. 823 7 of the Commercial Code relating to the justification of our assessments, we draw your attention to the key points of the audit relating to the risk of material misstatements which, in our professional judgement, have been the most significant in auditing the annual financial statements for the financial year and to the responses we have given to address these risks.

The assessments made should be understood in the context of the audit of the annual financial statements taken as a whole and the formation of our opinion as expressed above. We express no opinion on individual items of these annual financial statements taken in isolation.

Investment securities and Commitments received

Identified risks

At 31 December 2020, investment securities amounted to 24.3 billion euros against a balance sheet total of 25.4 billion euros, as indicated in Note n° 3. Investment securities essentially comprise mortgage notes (*billets de mobilisation*) subscribed by shareholders.

Principal and interest under each mortgage note are secured by the pledge of a portfolio of receivables of the borrower credit institutions. The amount of the collateral commitments received totalled 35.4 billion euros at 31 December 2020 (Note n° 11, page 118).

We considered that proper credit risk protection in relation to these investment securities was a key point of the audit due to their material importance in the Company's financial statements.

Our response

For the purposes of auditing the annual financial statements of Caisse de Refinancement de l'Habitat, our work has involved in particular:

- Considering the internal control and risk management procedures implemented by your company;
- Reviewing the report on the controls performed by the unit responsible for auditing the receivables portfolios pledged in favour of la CRH;
- ensuring that the average over-collateralisation rates at the financial year-end were greater than or equal to the over-collateralisation rates notified;
- verifying that the mortgage notes on the assets side of Caisse de Refinancement de l'Habitat's balance sheet are matched in terms of maturity, interest rate and currency with the bonds on the liabilities side of Caisse de Refinancement de l'Habitat's balance sheet in accordance with the company's articles of association;
- verifying the appropriateness of the information supplied in the notes to the annual financial statements.

4. SPECIFIC AUDITS

We have also, in accordance with the professional standards applicable in France, carried out the specific audits required under applicable laws and regulations.

Information contained in the management report and in the other documents on the financial position and annual financial statements delivered to shareholders.

We have no observations to make regarding the fairness, and consistency with the annual financial statements, of the information contained in the management report of the board of directors and in the other documents regarding the financial position and the annual financial statements delivered to shareholders.

We certify the fairness, and consistency with the annual financial statements, of the information regarding payment terms referred to in article D. 441-6 of the Commercial Code.

Corporate governance report

We certify that the board of directors' report on corporate governance contains the information required under article L. 225-37-4 and L. 22-10-10 of the Commercial Code.

5. OTHER VERIFICATIONS OR INFORMATION REQUIRED UNDER APPLICABLE LAWS AND REGULATIONS

Presentation format for annual financial statements to be included in the annual report

In accordance with article 222-3-III of the AMF's general regulations, your company's executive management has informed us of its decision to delay application of the single electronic reporting format, as defined in European delegated Regulation n°2019/815 of 17 December 2018 to the financial years commencing on and from 1st January 2021. As a result, this report does not contain any conclusions on whether the presentation of the annual financial statements to be included in the annual report, as referred to in article L. 451-1-2-I of the Monetary and Financial Code, complies with this format.

Appointment of statutory auditors

We (the firms Aca Nexia and KPMG) have been appointed as statutory auditors of the company Caisse de Refinancement de l'Habitat by resolution of your shareholders' general meeting dated 16 April 1991.

Our appointments as statutory auditors of the company Caisse de Refinancement de l'Habitat were renewed by resolution of your shareholders' general meeting dated 17 March 2015.

At 31 December 2020, the firms Aca Nexia and KPMG were in their 30th year of uninterrupted service to CRH.

6. OTHER VERIFICATIONS OR INFORMATION REQUIRED UNDER APPLICABLE LAWS AND REGULATIONS

Executive management is responsible for preparing annual financial statements that present a true and fair view in accordance with applicable French accounting standards and principles and to implement such internal controls as it considers necessary to prepare annual financial statements that do not contain any material misstatements, whether as a result of fraud or error.

When preparing the annual financial statements, executive management must assess the Company's ability to continue operating, and must, if relevant, present in such financial statements any necessary information regarding business continuity and apply the continuing concern accounting convention, unless executive management intends to wind-up the Company or cease operating.

The Audit Committee is responsible for monitoring the financial information preparation process and the effectiveness of the internal control and risk management system and also, if relevant, of the internal audit systems, as regards the procedures concerning the preparation and processing of financial and accounting information.

The annual financial statements have been prepared by the board of directors.

7. STATUTORY AUDITORS' RESPONSIBILITIES CONCERNING THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Audit objective and approach

We are responsible for preparing a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements, taken as a whole, do not contain any material misstatements. Reasonable assurance is a high level of assurance, which however does not guarantee that an audit, conducted in accordance with professional standards, would systematically detect all existing material misstatements. Misstatements may result from fraud or error and are considered material if it can reasonably be anticipated that they may, whether taken individually or cumulatively, influence the economic decisions that persons using the financial statements may make in reliance thereon.

As provided in article L. 823-10-1 of the Commercial Code, our undertaking to certify the financial statements does not imply any guarantee of the viability or quality of the management of your Company. As part of an audit conducted in accordance with professional accounting standards applicable in France, the statutory auditor exercises his professional judgement throughout the audit process.

Furthermore:

- we identify and assess the risk that the annual financial statements may contain material misstatements, whether resulting from fraud or error, define and implement audit procedures in response to such risks, and gather sufficient and appropriate information on which to base our opinion. The risk of failure to detect a material misstatement resulting from fraud is higher than a material misstatement resulting from error, because fraud may involve collusion, falsification, voluntary omission, false statements or circumvention of internal controls;
- we review internal controls relevant to the audit in order to define audit procedures appropriate in the circumstances, and not with a view to expressing an opinion on the effectiveness of the internal controls;
- we assess the appropriateness of the selected accounting methods and the reasonableness of the accounting estimates made by management, and of the related information supplied in the annual financial statements;
- we assess the appropriateness of the application by management of the continuing concern accounting convention and, depending on the information gathered, whether or not there is any material uncertainty as to events or circumstances likely to undermine the Company's ability to continue operating. This assessment relies on information gathered up to the date of our report, it being recalled however that subsequent events or circumstances may jeopardise operational continuity. If we find that there is any material uncertainty, we draw readers' attention to our report on the information supplied in the annual financial statements concerning such uncertainty, or, if such information is not supplied or is not relevant, we will issue a qualified certificate or will refuse to issue a certificate;
- we assess the presentation of the annual financial statements as a whole and whether the annual financial statements reflect the effects of the underlying transactions and events so as to give a true and fair view of them.

We submit to the audit committee a report which presents the scope of the audit work and the programme of work carried out, together with the conclusions of such work. We also bring to its attention, if relevant, any material shortcomings in the internal controls that we have identified regarding the procedures used in preparing and processing financial and accounting information.

Among the items communicated in the report to the audit committee are the risks of the material misstatements which we consider to have been the most important in auditing the annual financial statements for the financial year and which accordingly constitute the key points of the audit which it is our responsibility to set forth in this report.

We also provide the audit committee with the declaration specified in article 6 of Regulation (EU) n° 537-2014 confirming our independence, within the meaning of the rules applicable in France, as set forth in particular in articles L. 822-10 to L. 822-14 of the Commercial Code and in the professional conduct code. If relevant, we discuss with the audit committee the risks to our independence and the safeguarding measures implemented to mitigate such risks.

Paris and Paris La Défense, 31 March 2021

The Statutory Auditors

ACA NEXIA	**KPMG SA**
Represented by Mr Laurent CAZEBONNE	Represented by Mrs Sophie SOTIL-FORGUES

SPECIAL REPORT OF THE STATUTORY AUDITORS ON RELATED-PARTY AGREEMENTS AND UNDERTAKINGS

Financial year ending on 31 December 2020

To the general meeting of shareholders of Caisse de Refinancement de l'Habitat,

In our capacity as statutory auditors of your company, we present herein our report on related-party agreements.

We are responsible for communicating to you, based on the information we have received, the key features, terms and conditions and corporate interest of the agreements and undertakings of which we have been made aware or which we have discovered during the performance of our mission, without expressing any opinion as to their usefulness or merit or ascertaining the existence of any other agreements. It is your responsibility, in accordance with article R. 225-31 of the Commercial Code, to assess the merits of signing such agreements with a view to their approval.

Furthermore, it is our responsibility, if relevant, to provide you with the information specified in article R. 225-31 of the Commercial Code relating to the performance, during the year under review, of the agreements already approved by the general meeting.

We have carried out the diligence procedures we considered necessary in line with the professional standards of the French national institute of statutory auditors (*Compagnie Nationale des Commissaires aux Comptes*) in relation to this assignment. These diligence processes involve verifying consistency between the information with which we have been supplied and the underlying source documents.

1. Agreements submitted for the approval of the general meeting

We hereby inform you that we have not been notified of any authorised agreement entered into during the last financial year to be submitted for the approval of your general meeting in accordance with the provisions of article L. 225-38 of the Commercial Code.

2. Agreements already approved by the general meeting

Pursuant to article R. 225-30 of the Commercial Code, we have been informed that the following agreements, already approved by the general meeting in previous financial years, have continued to be performed during the past financial year.

- **Corporate officers' social guarantee (GSC)**

At its meeting on 12 July 2016, the board of directors authorised the signing of a loss of employment insurance policy for corporate officers. This agreement provides, in the event of loss of employment by a non-salaried corporate officer, for an annual indemnity equal to 70% of tranches A and B and 55% of tranche C of their annual income for a period of 12 months.

Under this agreement, Caisse de Refinancement de l'Habitat paid 8,223.96 euros (incl. VAT) by way of net annual premium under this policy for the 2020 financial year.

- **“Directors and officers’ liability” insurance contract**

At its meeting on 4 December 2007, the board of directors authorised the signing of a “directors and officers liability” insurance contract. This contract covers liability for the damages that a Company director/corporate officer would be liable to pay in respect of a claim brought against him for misconduct/negligence. The maximum cover amount under this contract is 3,000,000 euros.

Under this agreement, Caisse de Refinancement de l’Habitat paid 4,959.50 euros (incl. VAT) by way of net annual premium under this policy for the 2020 financial year.

Paris and Paris La Défense, 31 March 2021

The Statutory Auditors

ACA NEXIA	**KPMG SA**
Represented by Mr Laurent CAZEBONNE	Represented by Mrs Sophie SOTIL-FORGUES

CHAPTER 1

PERSONS RESPONSIBLE

1.1. PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Mr Marc NOCART, Chief Executive Officer of CRH.

1.2. DECLARATION BY THE PERSON RESPONSIBLE

I certify, having taken all reasonable care to ensure that such is the case, that the information contained in this universal registration document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company, and that the management report set forth on pages 11 to 25 provides an accurate overview of developments in the company's business, results and financial situation and describes the main risks and uncertainties facing the company.

Paris, 7 May 2021

Marc NOCART
Chief Executive Officer

CHAPTER 2

STATUTORY AUDITORS

2.1. STATUTORY AUDITORS

2.1.1. Standing statutory auditors

1) AUDITEURS ET CONSEILS ASSOCIÉS SA
NEXIA International
Member of the Paris Regional Institute of Statutory Auditors

Address:	31 rue Henri Rochefort 75017 PARIS
Represented by:	Mr Laurent CAZEBONNE
Dates of appointment:	Initially appointed on 16 April 1991, reappointed on 4 March 1997, 4 March 2003, 3 March 2009, 17 March 2015 and 15 April 2021. H3C was consulted on the applicability of article 17 of European regulation 537/2014 limiting to 24 years the maximum duration of the appointment of joint-statutory auditors. On 28 July 2020, H3C considered that the start date for the 24 years in the case of Auditeurs et Conseils Associés SA was 25 July 2005 due to the significant changes made to its share capital structure and governance at that date.
Duration of current term of office:	The current six-year term of office shall terminate in 2027 following the ordinary general meeting held to vote on the financial statements for the financial year ending on 31 December 2026.

2) K.P.M.G. SA
Member of the Versailles Regional Institute of Statutory Auditors

Address:	Tour Eqho - 2 avenue Gambetta 92066 PARIS LA DÉFENSE CEDEX
Represented by:	Mrs Sophie SOTIL-FORGUES
Dates of appointment:	Initially appointed on 16 April 1991, reappointed on 4 March 1997, 4 March 2003, 3 March 2009 and 17 March 2015.
Duration of current term of office:	The current term of office shall terminate on 15 April 2021 in accordance with the provisions of article 17 of European regulation 537/2014 limiting to 24 years the maximum duration of the appointment of joint-statutory auditors.

2.1.2. Alternate statutory auditors

1) PIMPANEAU ET ASSOCIÉS SA
Alternate statutory auditor of AUDITEURS ET CONSEILS ASSOCIÉS SA
Member of the Paris Regional Institute of Statutory Auditors

Address:	31 rue Henri Rochefort 75017 PARIS
Represented by:	Mr Olivier JURAMIE

Date of appointment:	Appointed on 17 March 2015 and 15 April 2021.
Duration of current term of office:	The current six-year term of office shall terminate in 2027 following the ordinary general meeting held to vote on the financial statements for the financial year ending on 31 December 2026.

2) **K.P.M.G. AUDIT FS I**

Alternate statutory auditor of K.P.M.G. SA
Member of the Versailles Regional Institute of Statutory Auditors

Address:	Tour Eqho - 2 avenue Gambetta 92066 PARIS LA DÉFENSE CEDEX
Represented by:	Mrs Isabelle GOALEC
Date of appointment:	Appointed on 17 March 2015.
Duration of current term of office:	The current term of office shall terminate on 15 April 2021.

2.1.3. Fees paid to statutory auditors and members of their organisations in respect of the financial years ending 31 December 2020 and 31 December 2019

(in € thousands)

	Auditeurs et Conseils Associés				K.P.M.G. SA			
	Amount *		%		Amount *		%	
	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
Audit								
- Statutory audit, certification, review of individual and consolidated financial statements	35	34	85	94	35	34	58	94
- Ancillary assignments	0	0	0	0	0	0	0	0
Other services	6	2	15	6	25	2	42	6
Total	**41**	**36**	**100**	**100**	**60**	**36**	**100**	**100**

** Amounts including all taxes, fees and disbursements*

2.2. STATUTORY AUDITORS NOT REAPPOINTED

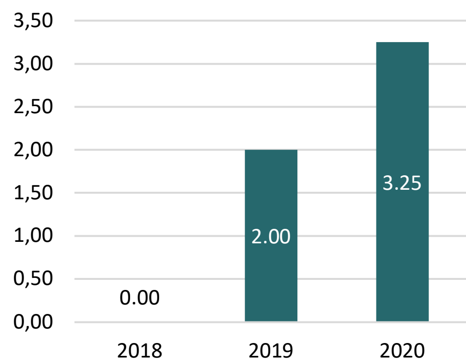
Not applicable.

CHAPTER 3

SELECTED FINANCIAL INFORMATION

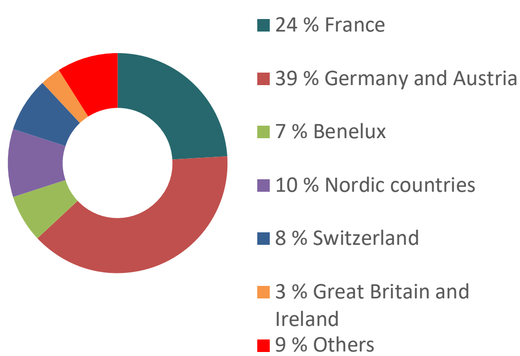
Covered bonds issued

In € billions

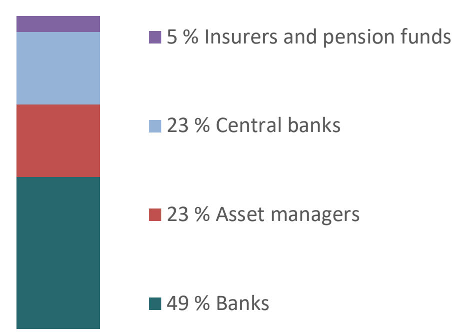


Breakdown of issues 2020

By geographical area



By investor type



Main balance sheet items at 31 December 2020

In € thousands

	31/12/2020
Total assets	25 352 304
Uses of funds: Mortgage Notes (BOH)	24 787 957
Sources of funds: Bond issues	24 787 957

Summary income statement

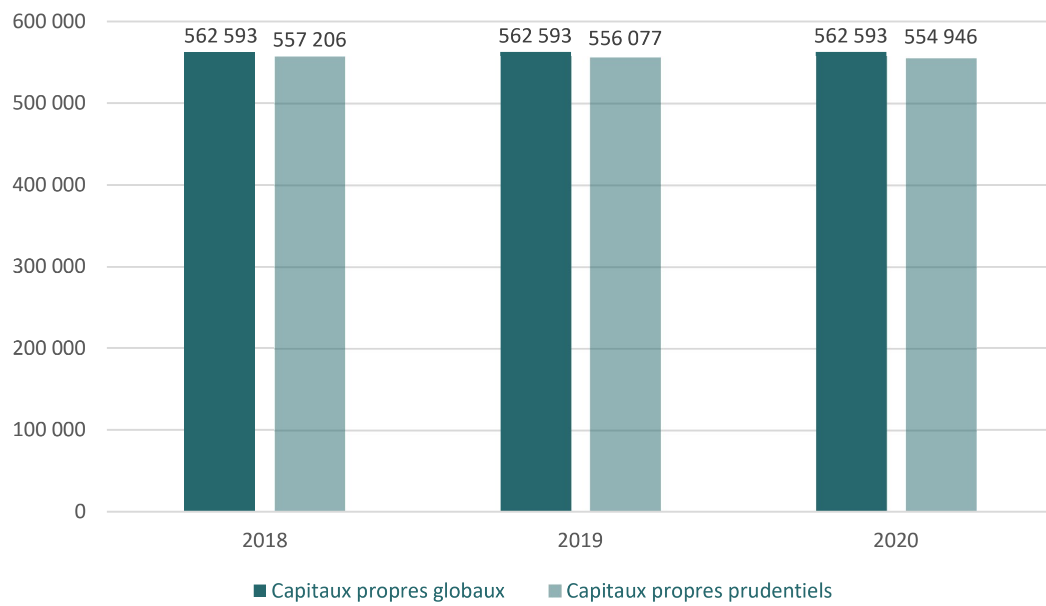
In € thousands

	31/12/2018	31/12/2019	31/12/2020
Net banking income	1 857	2 001	2 197
Gross operating income	3 704	3 292	3 095
Net income	18	0	29
Return on capital	0.0032%	0.0001%	0.0052%
Return on assets	0.0000%	0.0000%	0.0000%

CRH lends to its shareholders, without charging any margin, the capital it raises on the financial markets, and both the funds used by CRH and its sources of funds have identical interest rate, maturity and currency terms. CRH's earnings correspond to the proceeds of investment of its own funds, net of overheads

Capital

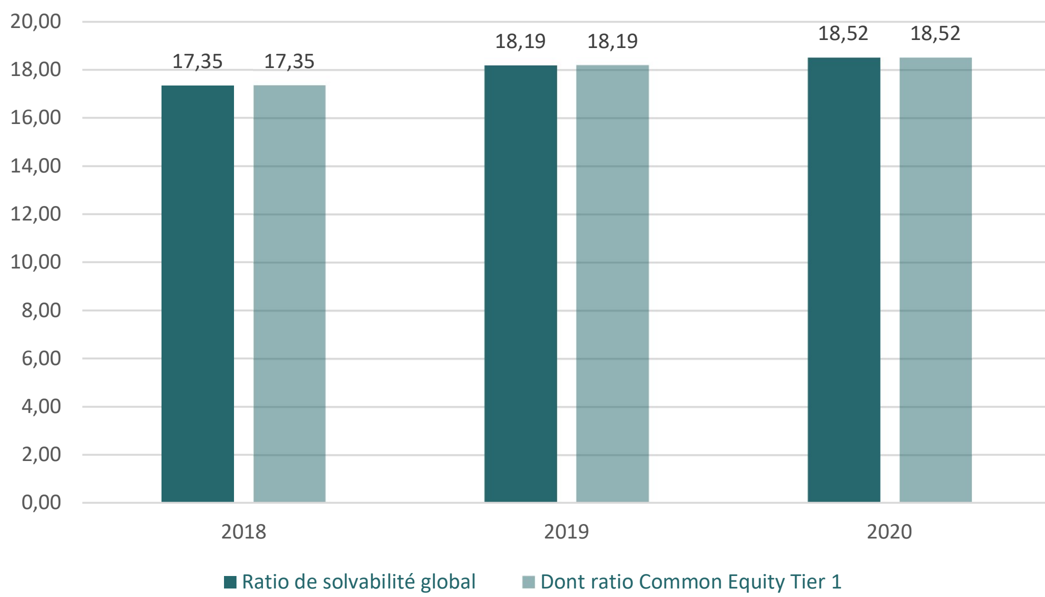
In € thousands



Overall capital *Prudential capital*

Phased solvency ratio

As%



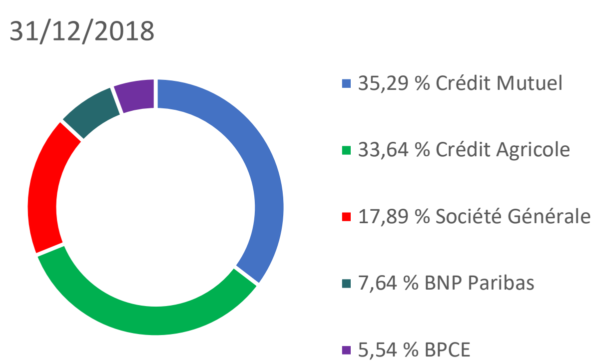
Overall solvency ratio *Of which CET1 solvency ratio*

Ratings at 31 December 2020

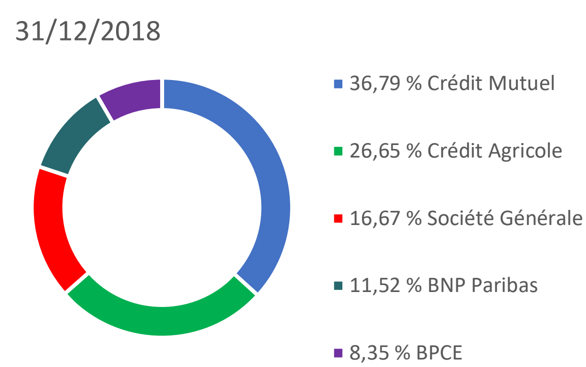
Agency	Short term	Long term	Outlook	Rating decision	Latest rating decision
Moody's	N/A	Aaa	Stable	LT rating maintained Outlook unchanged	27/01/2020
Fitch Ratings	N/A	AAA	Stable	LT rating maintained Outlook unchanged	07/09/2020

Changes in CRH's share ownership over the last three years among the main shareholder groups

As a percentage of the number of shares

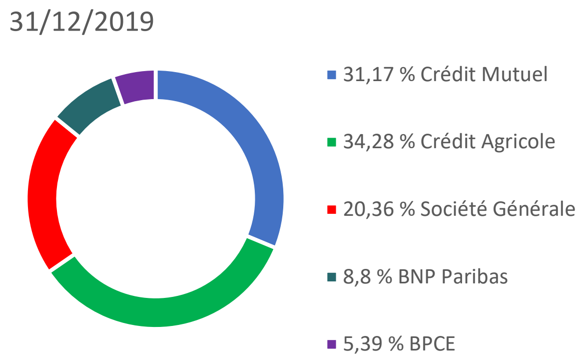


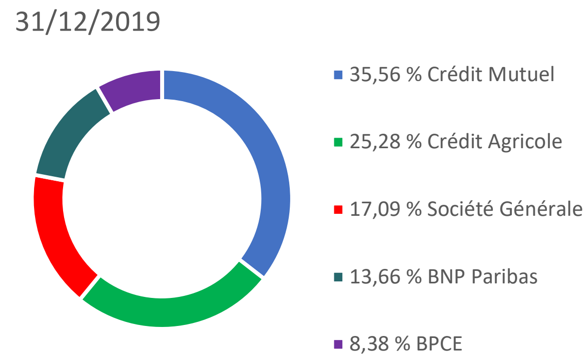
As a percentage of the number of voting rights[2]

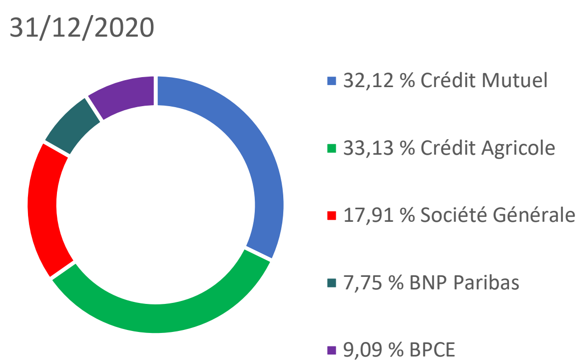


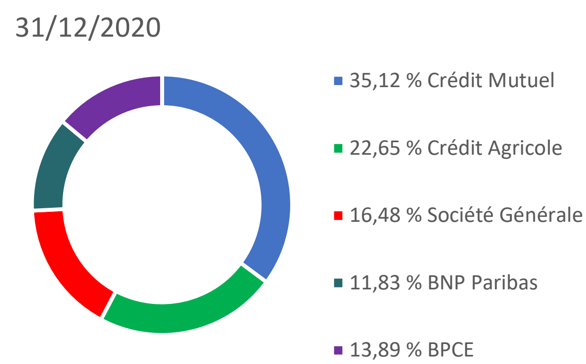
[2] For the calculation of voting rights, see Article 23 of the articles of association in Schedule 5.

As a percentage of the number of shares | As a percentage of the number of voting rights[3]







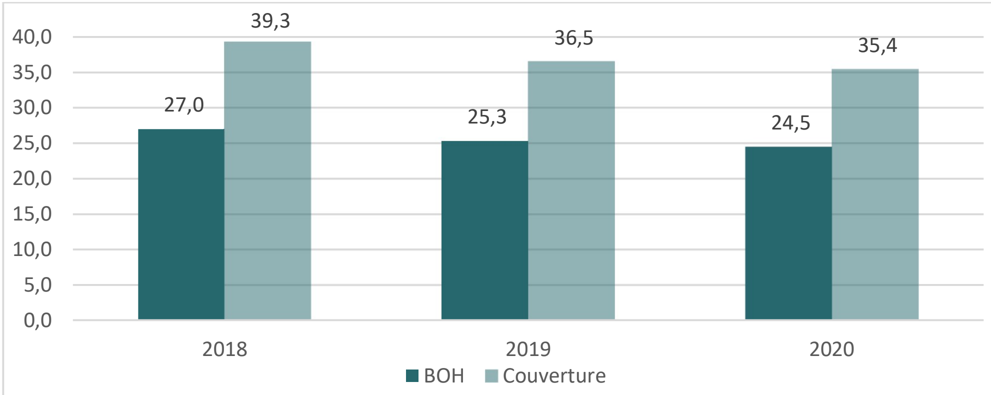


In accordance with CRH's constitutional documents (Articles 6 and 9 of its articles of association), the allocation of share capital is modified at least once each year, within thirty days after the approval of the company's annual financial statements by the shareholders' general meeting, so that the number of shares held by each shareholder is proportionate to the regulatory capital requirement linked to the refinancing granted by CRH to the relevant shareholder. 2018 and 2019 allocations were made on the basis of the situation existing as of 31 December of the preceding financial year. By decision of the board of directors, the 2020 allocation was made on the basis of the situation at 29 February 2020. The amount of share capital remained unchanged over the period at 539 994 737.75 euros, divided into 35 409 491 shares.

[3] For the calculation of voting rights, see Article 23 of the articles of association in Schedule 5.

Collateral commitments received from borrowers

In € billions



- BOH (Mortgage Notes) *- Collateral*

The principal and interest on Mortgage Notes are secured by a pledged portfolio of receivables under home-purchase loans, secured either by a first ranking mortgage or real property security interest conferring equivalent security, or by a guarantee (*cautionnement*) granted by a credit institution or insurance firm not included in the scope of consolidation of the credit institution issuing the Mortgage Note.

CHAPTER 4

RISK FACTORS

The Issuer considers that the following factors may affect its ability to satisfy its obligations under the terms of the covered bonds issued and may be important in assessing the market risks associated with such bonds. All of these factors are contingencies that may or may not occur and the Issuer is not able to express an opinion on the likelihood of their occurrence.

The Issuer considers that the factors described below represent the main intrinsic risks relating to an investment in the covered bonds issued, but the Issuer's inability to pay interest, capital and other amounts due on or in relation to these bonds may arise due to other reasons and the Issuer gives no representation that the statements made below concerning the risks associated with holding the bonds are exhaustive. Prospective investors must also read the detailed information set forth elsewhere in this document (including any document incorporated by reference into this document) and form their own opinion before taking any investment decision.

In each of the following sub-categories, the Issuer first presents the most significant risk, in its opinion, taking into account the level of their anticipated negative impact and the likelihood of their occurrence.

4.1. IDENTIFICATION OF RISK FACTORS

4.1.1. The Issuer is exposed to borrower credit risk and structural risks

The Issuer has sole liability and possesses limited assets

The Issuer is the only entity liable for payment of principal and interest on the covered bonds, and its ability to perform its obligations in such regard depends solely on its assets which shall be applied in priority towards payment of sums owing under the covered bonds and, if applicable, under any hedging agreement or other similarly preferred funds.

In accordance with article 13 of the Law n° 85-695 dated 11 July 1985, the Issuer, duly authorised by the Finance, Economy and Budget Minister, finances its shareholders, in their capacity as borrower, through Mortgage Notes, in accordance with articles L. 313-43 to L. 313-49 of the Monetary and Financial Code.

In this connection, in consideration for its loans, each borrower has previously undertaken to pledge, for the sole benefit of CRH, in accordance with article 13 of the law n°85-695 dated 11 July 1985, as supplemented by article 36 of the law n° 2006-872 dated 13 July 2006 and articles L. 313-42 to L. 313-49 of the Monetary and Financial Code, a portfolio (the specific cover portfolio) comprising only home-purchase loans with the security attached thereto (the cover pool, comprising all of the specific cover portfolios). In accordance with the Issuer's internal regulations, the Mortgage Notes are secured by a pledge of home-purchase loans, up to the amount respectively of at least 125% or 150% of their nominal value, depending on whether the loan is fixed or variable rate.

Neither the Issuer nor any other party guarantees the payment in full and by the due date by any of the borrowers of the amounts due, in principal or interest, under the Mortgage Notes.

In the event of payment default by the Issuer under its covered bonds, holders of the covered bonds will have no other external recourse than to request such payment from the Issuer and, in particular, will not have any direct recourse against the borrowers, or against the cover pool, or against the proceeds of the cash payments received under the home-purchase loans, or, if applicable, against any liquidity drawdown and/or similarly preferred asset (the overall cover pool is formed by the liquid assets provided by way of security, together with the loans made available as collateral). The ability of the Issuer to perform its obligations under the terms of the covered bonds will depend on the anticipated amount of principal and interest paid by each borrower under the Mortgage Notes and/or, as the case may be, amounts received under any agreement entered into with the Issuer and/or the proceeds of the income generated by permitted investments.

Failure by the Issuer to receive in good time payment in full by the borrowers of all amounts of principal or interest under the Mortgage Notes, may harm the Issuer's ability to make payments under the covered bonds. The Issuer may also be exposed to the materialisation of credit risk on the borrowers in respect of the Mortgage Notes.

In the event of payment default by a borrower under a Mortgage Note, including if such payment default results from a resolution procedure brought against it, the Issuer shall have the right to accelerate payment of amounts due under the Mortgage Notes and to enforce the security over the specific cover portfolio, resulting in transfer to the Issuer of title to the home-purchase loans, with no other formalities.

The ability of the Issuer to fully perform its obligations under the covered bonds will thereafter depend mainly on the amounts and proceeds received in respect of the transferred assets.

As of 31 December 2020, the cover pool amounted to 35.4 billion euros and comprised 595,737 loans. Should such amounts be insufficient to enable the Issuer to satisfy its obligations under the covered bonds, the Issuer's sole recourse will be to bring a claim against the defaulting borrower for the amounts unpaid, as an unsecured creditor. If the proceeds of the dual recourse against the relevant borrower and over the transferred home-purchase loans are insufficient to enable payments to be made until maturity under the covered bonds (for more information on the specific risks associated with the cover pool in the event of payment default under a Mortgage Note, see the section "Risk Factors - Risks relating to the cover pool" below), this may have a significant negative impact on the Issuer's ability to perform its payment obligations under the covered bonds. Accordingly, holders of covered bonds may lose all or part of their investment in these covered bonds.

In light of the above, the Issuer considers that the probability of such risk materialising is very unlikely, but that the impact of such risk could be very high.

The Issuer is exposed to credit risk on stakeholders

The Issuer's ability to make payments of principal and interest under the covered bonds will depend in part on the ability of stakeholders, in particular that of borrowers, which have agreed to provide services for the Issuer (in particular monitoring and managing eligible assets transferred by way of security, and providing liquidity if certain events arise or in the event of default by a borrower). The Issuer's ability to make payments under the covered bonds may be affected by the ability of other stakeholders to make their payments and fulfil their obligations.

Furthermore, the inability of a stakeholder to make an agreed payment or transfer on the due date may significantly affect the Issuer's ability to make a payment of principal or interest under the covered bonds.

In light of the above, the Issuer considers that the probability of such risk materialising is low, but that the impact of such risk could be high.

Conflicts of interest between stakeholders may arise

As regards the covered bonds, conflicts of interest may arise due to various factors involving in particular the borrowers, their respective affiliates and the other stakeholders identified below.

In particular, although a borrower may have established procedures for Chinese walls and managing conflicts of interest, it is possible that it may, from time to time, be involved, via its other banking activities, in transactions involving an index or its associated derivatives which may affect either the amounts receivable by covered bond holders during the life or at maturity of the securities, or indeed the market price, liquidity or value of the securities, which may accordingly be deemed harmful to the interests of covered bond holders.

Although there may not, in connection with the tasks assumed under the various roles they perform, be any conflict between the respective rights and obligations of the borrowers, and although they may be independent from one another, each borrower and/or its affiliates may find itself in a position of conflict of interest. Each borrower and/or its affiliates will only have the rights and responsibilities expressly accepted by the entity performing this role, and will not be deemed to have any other rights or responsibilities, or any other duty of care, than those assumed in such capacity, by virtue of it, and/or any of its affiliates, acting in any other capacity.

In light of the above, the Issuer considers that the likelihood of such risk arising is improbable, but that the impact of such risk could be high.

The Issuer is exposed to operational performance risk on third-party service providers

The Issuer has adequate staff to manage its bond issuance programme under normal operating conditions. If a borrower is in default, the Issuer may need to enter into agreements with various third parties for the provision of services. As of the date of this universal registration document, borrowers act for their own account and/or, if applicable, for the account of affiliate entities, as collateral providers and are subject to the Issuer's internal regulations.

The ability of the Issuer to make payments under the covered bonds may be adversely affected should any of such parties fail to satisfy their respective obligations in relation to their undertakings, including in the event of resolution proceedings relating to a borrower or any of its affiliates.

Under certain circumstances, the Issuer may need to replace a third party service provider. However, there is a risk that no appropriate successor may be found in good time, having regard to its experience or ability to perform the relevant services, on identical or similar terms to those previously existing, or having regard to the financial terms on which it would accept appointment. The ability of a third-party service provider to provide all of the required services would also depend, amongst other things, on the information, software and data available at the time of their contractual appointment.

Any inadequate operational performance or delay by a third party service provider, or any delay or inability to appoint a substitute entity, may affect the Issuer's ability to make payments of the required amounts and/or on the due date under the covered bonds. Accordingly, holders of covered bonds may lose all or part of their investment in their securities.

In light of the above, the Issuer considers that the likelihood of such risk materialising is very low, but that the impact of such risk could be high.

4.1.2. The Issuer may be exposed to liquidity and foreign exchange risk

Liquidity risk

The Issuer is not subject to laws or regulations relating to liquidity and operates as a simple intermediary, the covered bonds and related Mortgage Notes being of the same currency, interest rate and maturity.

Accordingly, the Issuer is not exposed to liquidity or market risk in the normal course of business.

In the event of default by a borrower and enforcement of the security, part of the funds available to the Issuer will derive from home-purchase loans.

There is a risk that the maturity date and repayment profile of the home-purchase loans in the cover pool do not match the redemption profile and maturity dates of the bonds. Any such mismatch would result in the Issuer having a potential liquidity requirement. As of 31 December 2020, the cover pool comprised 595,737 loans with an average duration of 83 months and weighted average residual term of 157 months. The nominal outstanding amount of bonds issued by the Issuer amounts to 24.5 billion euros and these bonds will mature no later than February 2035.

In accordance with its internal regulations, the Issuer may finance any temporary liquidity requirement that may arise as a result of a borrower default, by using liquidity advances that its shareholders have undertaken to procure.

The liquidity advances are confirmed facilities in an amount equal to 5% of the total value of Mortgage Notes in issue.

Pursuant to its internal regulations, the Issuer may also request its shareholders to provide additional liquidity support if the amount of such liquidity advances is insufficient to cover any temporary liquidity requirement.

The Issuer's ability to fulfil its obligations and, in particular, settlement on the due date of payments owed under the covered bonds, may be adversely affected if the Issuer is not able to meet its liquidity requirement.

In light of the above, the Issuer considers that the likelihood of such risk materialising is very low, but that the impact of such risk may be high.

Foreign exchange risk

Loans granted to borrowers through Mortgage Notes are denominated in the same currency as the covered bonds used to refinance them. As of the date of filing of the universal registration document, the Issuer has only issued covered bonds denominated in euros or Swiss francs (CHF). Mortgage notes refinanced by covered bonds denominated in euros are secured by home-purchase loans denominated in euros and Mortgage Notes refinanced by covered bonds denominated in Swiss francs are secured by home-purchase loans denominated in Swiss francs, the debtors of such loans being obliged to dispose of income in Swiss francs.

Accordingly, in the normal course of business, the Issuer is not exposed to currency risk between its claims on borrowers and its covered bonds.

In the event of a default by a borrower and enforcement of the security over the specific cover portfolio, the funds available to the Issuer derive in part from home-purchase loans and their ancillary rights.

In the event of default by a borrower, followed by the default of a home-purchase loan debtor, the proceeds of enforcement of the security in relation to the home-purchase loan, if located in France, will be denominated in euros which will expose the Issuer to currency risk, since the related secured obligation will be denominated in Swiss francs (CHF).

In light of the above, the Issuer considers that the likelihood of such risk materialising exists, but that the impact of such risk is low.

4.1.3. The Issuer may face risks relating to the cover pool which would materialise in the event of borrower default

Changes to the criteria for the granting of borrower loans

Each home-purchase loan granted by a borrower will have been granted in accordance with its then applicable lending criteria. It is expected that the lending criteria of each borrower will generally take into account the type of asset financed, the term of the loan, the age of the applicant, the loan-to-value ratio of the property, the status of the buyers, the amount of their deposit, the property value / debt service ratio, available income and credit history. Satisfaction by the debtor, prior to the granting of the home-purchase loan, of all criteria and conditions required by the originator, in accordance with its procedures, is one of the eligibility criteria for inclusion of such loan in the specific portfolio granted by way of security. Any change to the criteria that adversely impacts on the credit quality of the home-purchase loans may result in increased borrower payment defaults and affect the value of the cover pool, or part thereof, and significantly affect the ability of the Issuer to make payments under the covered bonds in the event of enforcement of the borrower's security. As of 31 December 2020, the cover pool comprised 595,737 loans with an average balance of 59,399 euros and a weighted average loan-to-value ratio of 37.3% (34.3% on a discounted basis).

In light of the above, the Issuer considers it probable that such a risk will materialise and that the impact of such risk may be very high.

Housing loan debtor solvency risk

Following a default by a borrower and enforcement of the security, the Issuer will be exposed to credit risk on the home-purchase loan debtors, being the persons who have borrowed to finance the acquisition of a residential property, and whose ability to make payments on the due date will depend mainly on their assets and liabilities, and their ability to generate sufficient income, which, in turn, could be adversely affected by a great many factors, some of which (i) specifically concern the debtor himself (ii) are more general in nature (change of tax policy, economic environment …).

Furthermore, these home-purchase loan debtors may benefit from favourable laws and regulations under the Consumer Code, pursuant to which any natural person may, under certain circumstances and on various conditions, request and obtain from the over-indebtedness commission (*Commission de Surendettement des Particuliers*), a grace period, a reduction, in whole or in part, of the amount of their debt and related interest and, potentially, the extinguishment, in whole or in part, of their debt owed to a credit institution.

Accordingly, the ability of the Issuer to fulfil its obligations under the covered bonds may be adversely affected. As of 31 December 2020, the amount of the cover pool totalled 35.4 billion euros, and comprised 595,737 loans with an average balance of 59,399 euros, a weighted average loan-to-value ratio of 37.3% (34.3% on a discounted basis), an average duration of 83 months and a weighted average residual term to maturity of 157 months.

In light of the above, the Issuer considers it probable that such a risk will materialise, but that the impact of such risk may be low.

Credit risk on the residential home-purchase loan guarantee provider (guaranteed loans)

Following a default by a borrower and enforcement of the security, the Issuer will be exposed, for home-purchase loans secured by a guarantee (*caution*), to credit risk on the guarantee provider(s), in the event that the loan debtor is himself in default. As of 31 December 2020, the cover pool comprises loans secured by a mortgage (*garantie hypothécaire*) (85.6% in value) (of which 9.7% benefit from an additional French State guarantee), and loans guaranteed by *Crédit Logement* (14.2%), an independent company which guarantees home-purchase loans and is authorised to operate as a finance company.

The ability of the Issuer to make payments owed under the covered bonds may be affected if, for any reason whatsoever, the guarantee provider does not pay, in whole or in part, or by the due date, the amounts payable under the relevant home-purchase loan guarantee.

In light of the above, the Issuer considers that the probability of such risk materialising is unlikely and that the impact of such risk may be high.

Value of mortgaged property (home-purchase loans secured by a mortgage)

Following a default by a borrower and enforcement of the security, the Issuer will be exposed, in the event of subsequent default of the home-purchase loan debtor, to the value of the relevant property. In any event, the value of the properties securing the home-purchase loans may decrease due to a number of factors, including the domestic or international economic environment, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of finance, returns on alternative investments, increased cost constraints and other day-to-day expenditure, political and government events. Since the properties securing these home-purchase loans are located in France, their value may decrease in the event of a widespread fall in French property values. As of 31 December 2020, 85.6% (in value) of the loans comprising the cover pool are mortgage loans (of which 9.7% benefit from an additional French State guarantee).

A fall in the value of a property may therefore affect the Issuer's ability to obtain an amount through enforcement of the security sufficient to cover all unpaid amounts owed by the relevant debtor and may, therefore, affect the Issuer's ability to satisfy all payment obligations under the covered bonds.

In light of the above, the Issuer considers that the likelihood of such risk materialising is probable and that the impact of such risk may be low.

Early redemptions and renegotiation of interest rates on home-purchase loans may affect the return on the cover pool

The rate of early redemptions of home-purchase loans is influenced by a wide variety of economic, social and other factors, including market interest rates, and changes in tax laws (including, but without limitation, changes in the tax deductibility of residential home-purchase loan interest), local and regional economic conditions, and changes in debtor behaviour (including, but without limitation, homeowner mobility). Furthermore, the debtors of the loans may periodically renegotiate the applicable interest rate which the relevant lender may accept.

Although such events may occur at any time and are difficult to quantify in advance, the probability of such early redemptions and renegotiations occurring is currently high due to the persistently low market interest rates.

A high level of early redemptions and interest rate negotiations would reduce the return on the cover pool and, accordingly, may affect the Issuer's ability to maintain sufficient funds to meet its payment obligations under the covered bonds in the event of default by a borrower.

In light of the above, the Issuer considers that the likelihood of such risk materialising is very probable and that the impact of such risk may be very low.

Operational and structural risks related to the cover pool

Notifying the debtors of home-purchase loan receivables may take time.

The terms of the Mortgage Notes provide that the receivables resulting from the home-purchase loans are assigned with full title by way of security in accordance with articles L.313-42 et seq. of the Monetary and Financial Code, without informing or notifying the debtors of the underlying loans. However, in the absence of such notice, any payment by the debtor in respect of these receivables to the relevant borrower, shall be deemed to have been validly made by the debtor.

The home-purchase loan debtors will only be notified by the Issuer in the event of default by a borrower and enforcement of the security.

As of 31 December 2020, the largest specific cover portoflio comprised 309,129 loans for a total amount of 12.1 billion euros. Accordingly, notifying the debtors of the relevant loans may take time, given that, notwithstanding such notice, there may be a delay before the Issuer actually receives payment directly from these debtors. This may affect payments being made by the due date under the covered bonds and may result in insufficient funds to meet interest payments or redemptions of principal.

In order to mitigate such delays and/or shortfalls, the Issuer may call on the liquidity advances granted by its shareholders, in accordance with its articles of association, and may also, if applicable, benefit from the maturity deferral period specified for deferrable financial securities.

However, these mitigation measures may be insufficient to fully cover these risks of delay and/or funding shortfall.

In light of the above, the Issuer considers that the likelihood of such risk materialising is very high, but that the impact of such risk may be low.

The value of the global cover pool may not be sufficient and the borrower's debt may not be repaid by the due date or in full

In the event of default by a borrower, the Issuer would be permitted to accelerate payment of all Mortgage Notes affected by such default and to take possession of the overall specific cover pool (including on any subsequent commencement of insolvency proceedings against the borrower). The inability of the borrower or any of its affiliates, acting as collateral provider, to transfer, in accordance with the Internal Regulations, any additional home-purchase loan receivables, in order to maintain the portfolio cover at the level required to satisfy the specific over-collateralisation ratio notified by the Issuer to each borrower, just as any fall in the market value of residential home-purchase loan receivables (for reasons of ineligibility, losses or decrease in the value of property, illiquidity of the home-purchase loan market, etc...) could result in insufficient funds being available to the Issuer to meet its payment obligations under the covered bonds. As of the date of this universal registration document, the minimum legal over-collateralisation ratio applicable to the Issuer is 105%. As of 31 December 2020, the Issuer's over-collateralisation ratio was 145%.

If, after the occurrence of a borrower event of default, the cover pool is insufficient to meet in full all payments due under the covered bonds until maturity, the Issuer will still have a claim against the borrower in respect of all amounts remaining unpaid, in accordance with the Internal Regulations, but this claim would only be an unsecured claim, in other words it would only be paid after secured and preferred creditors. There is therefore a risk that this remaining unsecured claim may not be paid in due time or for the full amount.

In light of the above, the Issuer considers that the likelihood of such risk materialising is low, but that the impact of this risk may be high.

Potential difficulties relating to enforcement of mortgages

Following a borrower default and enforcement of the security, the Issuer will be exposed, in the event of default by a home-purchase loan debtor, to the French legal procedures for the enforcement of mortgages, and related expenses, and the ability of the Issuer to effectively liquidate the mortgaged properties and obtain payment of the proceeds of enforcement in good time may be affected. As of 31 December 2020, 85.6% (in value) of the residential home-purchase loans underlying the secured assets are mortgage loans (9.7% of which benefit from an additional French State guarantee).

Seizure of real property is subject to very strict rules under French law. There are specific rules applicable to lenders' liens (*privilèges des prêteurs de deniers*) and mortgages registered in the

French *départements* Haut-Rhin, Bas-Rhin and Moselle. These specific rules do not substantially modify the main principles of the procedures explained below.

The seizure of real property assets located in France by secured creditors may require selling the asset at a public auction if the sale cannot be made voluntarily by the debtor (conversion to voluntary or amicable sale). The seizure procedure may take up to one and a half years under normal circumstances.

In accordance with article R. 321-1 et seq. of the French enforcement procedures Code, the first step in the seizure process involves the delivery by a bailiff or court official of a seizure notice to the debtor. This notice this filed with the relevant property and land charges registry (known since 1 January 2013 as the "*fichier immobilier*") of the place where the property is located.

The next stage involves instructing a local lawyer with a view to preparing the terms and conditions of the sale by auction, including the reserve price, of the relevant property (such instructions are not mandatory in the *départements* Haut-Rhin, Bas-Rhin and Moselle).

Finally, a number of legal opinions must be issued before the sale. The debtor may issue an objection to the seizure (including to the reserve price), the validity of which will be decided by the competent court. If no bids are received at the public auction, and provided that there is only one creditor enforcing the seizure, that creditor is declared the highest bidder and is therefore obliged to purchase the property at the reserve price specified in the terms of sale.

If no agreement is reached (for example, if the sale price of the property is significantly less than the amount of the secured debt), the third party will still have the right to offer to pay the sale price to the secured creditors in order to discharge all liens and mortgages granted over the relevant property (judicial discharge: articles 2476 et seq. of the Civil Code). The secured creditors may decline this offer if they consider the sale price to have been underestimated by the debtor and the third party. In such case, a sale by auction will be ordered with a minimum offer equal to the price offered to the secured creditor by the relevant third party, plus ten percent (10%).

Furthermore, the Issuer's ability to liquidate effectively and in good time the mortgaged property may be compromised by the commencement of insolvency proceedings against the debtor of the relevant home-purchase loan, which is an over-indebtedness procedure (postponement procedure) if the debtor is a natural person, which would result in the proceedings against him being suspended, or seizure which would again therefore cause delay for the Issuer in obtaining in good time the proceeds of enforcement of the mortgages. Such delay may therefore affect the Issuer's ability to meet its payment obligations under the covered bonds and, in particular, affect payments being made to holders within the required time limits.

In light of the above, the Issuer considers that the likelihood of such risk materialising exists, but that the impact of such risk may be low.

Set-off, against the Issuer, in limited circumstances, in connection with home-purchase loans

Under French law, set-off may be legal, contractual or judicial.

Legal set-off may operate automatically between two reciprocal debts, provided that such debts are simultaneously fungible, certain, liquid and due for payment. A contract or court may extend the reach of legal set-off where, in respect of two reciprocal and fungible debts, such debts are not simultaneously certain, liquid and due for payment. In particular, a court may not refuse set-off where it has been requested in respect of debts connected either by contract or from an economic perspective.

None of the terms of a residential home-purchase loan expressly permits the debtor to extend the reach of legal set-off, or expressly specifies a connection between the debts owed by a debtor to a collateral provider under a residential home-purchase loan and any claims that such debtor may have, if relevant, against such collateral provider under other contracts, such as a bank account or deposit agreement, etc... but no term to the contrary excludes this possibility. Accordingly, a debtor under a residential home-purchase loan is entitled to rely either on (i) legal or judicial set-off, or (ii) set-off based on connectedness if such connectedness is specified in an agreement other than the residential home-purchase loan agreement or results from the overall economic relationship existing between a debtor under a residential home-purchase loan and a collateral provider.

Any set-off, as referred to in points (i) or (ii) may only become a risk for the Issuer in the event of borrower default and enforcement of the security.

However, after notification of the transfer of the residential home-purchase loan to the Issuer, the debtor would only be entitled to rely on set-off against the Issuer if, prior to notification of the transfer, the conditions of legal set-off were satisfied or if the set-off relied upon is between two inter-connected debts. The connectedness of the debts will be determined on a case-by-case basis depending on the factual circumstances existing at the time. The most likely situation under which set-off between connected debts may be contemplated would be where, in respect of counter-claims under a current account relationship, a debtor is able to set-off its counter-claims against sums owed under a residential home-purchase loan. In this situation, however, French jurisprudence indicates that there is no inter-connection between these claims, notwithstanding the fact that payments under the residential home-purchase loan were made by automatic direct debit from the amounts standing to the credit of the relevant current account, since the parties had no intention from an economic point of view to establish a connection between their current account relationship and the loan transaction.

Due to the set-off of amounts owed by a debtor to the borrower against amounts owed by the borrower under home-purchase loans, the residential home-purchase loans will, in whole or part, be extinguished. Such extinguishment may affect the Issuer’s capacity to satisfy its obligations to holders under the covered bonds.

In light of the above, the Issuer considers that the likelihood of such risk materialising is very low and that the impact of such risk may be low.

4.1.4 Risks relating to the global health crisis

A new strain of coronavirus appeared in China in December 2019 and has since spread to more than 180 countries worldwide. In March 2020, the WHO declared a pandemic.

Both the pandemic and the governmental measures taken in response (closing of borders, travel restrictions, lockdowns) have had and will continue to have a major impact, directly and indirectly, on economic activity and the financial markets worldwide.

In particular, the sharp economic slowdown in numerous regions and the decrease in global trade in general, have had and will likely continue to have serious negative effects on the global economic situation since output, investments, supply chains and consumer spending have all been, and will continue to be, affected.

In response to the adverse economic and commercial consequences of the pandemic, various governments and central banks have taken or announced measures to support the economy (loan guarantee mechanisms, tax deferrals, extension of unemployment benefits...) or to improve financial market liquidity (increased asset purchasing, financing facilities...). Credit institutions are acting as a conveyor belt for these measures.

Nevertheless, there is no assurance that these measures are sufficient to offset the negative effects of the pandemic on the economy and the stability of the financial markets. Following a recovery during the summer, the economic environment is once again at risk of deteriorating with new public health measures being implemented across Europe. The overall impact on the global economy is unforeseeable due to the uncertainty surrounding the duration and scale of the pandemic.

The debtors - and shareholders – of CRH are the main French banking groups, with significant operations in France. The current health crisis may increase the likelihood and magnitude of the various risks confronting them such as: i) pressure on revenue due in particular to (a) a further fall in interest rates and a likely continuation of the low interest rate environment and (b) a decrease in asset management activity with a corresponding reduction of the associated income; ii) an increased risk of a rating downgrade by certain rating agencies; iii) a fall in liquidity due to various factors, in particular an increase in charges to clients and/or a fall in deposit balances and iv) an increase in asset risk-weightings due to a deterioration of risk parameters affecting their capital position.

Nevertheless, given their financial soundness, reflected by their credit ratings, liquidity levels and solvency ratios, as well as the support of the public authorities in managing this crisis, the health crisis should not have adverse consequences for holders of the covered bonds issued by CRH as regards payment of interest and redemption of principal under these bonds.

4.2. RISK ANALYSIS

4.2.1. Credit Risk

a) Breakdown of commitments

CRH's commitments are as follows:

In € thousands

Credit risk exposure	31/12/2019		31/12/2020	
	Balance sheet	Bad debt rate	Balance sheet	Bad debt rate
Mortgage notes	25 726 787	0%	24 787 957	0%
Negotiable debt instruments (TCN)	174 847	0%	159 916	0%
Demand deposits, term deposits	380 832	0%	395 239	0%
Other receivables (re-invoicing...)	762	0%	1 023	0%
Total exposure to credit institutions	**26 283 228**	**0%**	**25 344 135**	**0%**
Exposure to central bank	**37**	0%	**293**	0%
Exposure to public sector	**218**	0%	**28**	0%
Other exposure	**39**	0%	**41**	0%
Total credit risk exposure	**26 283 522**	**0%**	**25 344 497**	**0%**
Equity holdings, other long-term securities, fixed assets, prepayments and accrued income	**117**		**131**	
Exposure deducted from own funds	**6 517**		**7 676**	
Total balance sheet	**26 290 156**		**25 352 304**	

CRH has no off-balance sheet commitments.

In € thousands

Geographical breakdown of exposure	31/12/2019		31/12/2020	
	Balance sheet	%	Balance sheet	%
France	26 273 583	99.96	25 309 527	99.86
United Kingdom	9 939	0.04	34 970	0.14

A breakdown of outstanding loans in nominal value between the main borrowing institutions is provided in Chapter 6, paragraph 6.1.1.4. B).

A breakdown of Mortgage Notes, negotiable debt instruments and term deposits by residual maturity is provided in Chapter 20, note 4 of the notes to the annual financial statements.

b) Transaction selection process

Each borrower is subject to prior approval by the board of directors. Such authorisation may, where applicable, be subject to specific terms and conditions.

Rules concerning the granting of loans have been drawn up by the board of directors:

- lending decisions must take into account the institution's rating (determined by the level of its equity, profitability, shareholding structure and credit rating) and the characteristics of the loan portfolio to be refinanced.

- The amount of the loan is limited to a level such that the institution should be able to cover the loan granted without difficulty until its final maturity, assuming no further new lending and an average annual prepayment rate.

- To avoid an excessive concentration of CRH's commitments with a single institution, and despite the effective pledging of a cover pool, the proportion of CRH's total lending to any one institution is capped at 40% of the total amount outstanding.

- The following are also regularly monitored:

  - CRH's new loans as a percentage of the borrowing institution's annual new borrowing.

  - CRH's loans as a percentage of the total assets of the borrowing institution and of the amount of its own funds.

  - CRH's loans to the borrowing institution as a percentage of the amounts reported by the institution to the ACPR (*Autorité de contrôle prudentiel et de resolution*).

  - The ratio of liabilities covered (including CRH's loans) to the total assets of the borrowing institutions.

- The actual decision on whether or not to lend to an institution is made by CRH's senior management.

c) Credit risk mitigation mechanism

The aim of pledging home-purchase loans in France, covering up to at least 125% of the nominal amount of the Mortgage Notes, if the loans provided as collateral are fixed-rate loans, and 150%, if the loans provided as collateral are floating-rate loans, is to enable CRH to fully protect itself against credit risk.

These loans must themselves be secured either by a first ranking mortgage or real property security conferring equivalent security, or a guarantee (*cautionnement*) granted by a credit institution or insurance company whose share capital is greater than 12 million euros, which is not included in the consolidation scope of the institution to which the CRH loan is granted and whose credit quality rating is at least equal to 2.

The criteria for selecting loans provided as collateral are governed by the provisions applicable to SCFs (*sociétés de crédit foncier*), unless more stringent provisions have been defined by CRH. Thus, for each loan, restrictions have been introduced concerning the loan's residual maturity, which must be less than 25 years, and its unit amount, which may not exceed 1 million euros.

The provisions of Article L. 313-49 of the Monetary and Financial Code provide for a specific check by the ACPR. At the same time, CRH's Inspection Department carries out its own verifications. If non-qualifying loans are detected, then the amount of the pledged loans portfolio must be increased accordingly.

In € billions

Date	Mortgage Notes (nominal value assessed as of the closing date)	Amount of cover pool		Over-collateralisation rate	
		Gross	Net *	Gross	Net *
31/12/2019	25.3	36.5	33.3	44%	32%
31/12/2020	24.5	35.4	32.1	45%	31%

* Estimated amount of cover pool excluding non-qualifying loans

d) Use of credit derivatives

CRH does not use any credit derivatives.

e) Investment of own funds

CRH's own funds were originally invested in demand deposits with an interest rate close to the daily money market rate. However, an active investment management approach is now adopted, albeit a very conservative one, as shown in the analysis tables below (which exclude accrued interest):

In € thousands

Breakdown per type of investment	31/12/2019		31/12/2020	
	Balance sheet	%	Balance sheet	%
Sight deposit accounts	5 901	1.06	5 244	0.95
Term deposit accounts	374 000	67.43	389 000	70.21
Negotiable debt instruments (TCN)	174 771	31.51	159 842	28.86
Total	**554 672**	**100.00**	**554 086**	**100.02**

Breakdown per counterparty	31/12/2019				31/12/2020			
	Number	+ highest	+ lowest	Average	Number	+ highest	+ lowest	Average
Credit institutions	6	25.06%	1.79%	20.67%	7	25.25%	1.80%	20.26%

Breakdown per external rating as of 31 December 2020 (%)															
Standard & Poor's					Moody's				Fitch Ratings						
ST	LT	ST	LT	NA	ST	LT	ST	LT	ST	LT	ST	LT	ST	LT	NA
A-1	*A+*	*A-1*	*A*		*P-1*	*Aa3*	*P-1*	*A1*	*F1+*	*AA-*	*F1*	*A+*	*F1*	*A*	
61.08		37.12		1.80	47.33		52.67		43.73		28.31		26.16		1.80

In € thousands

Initial term of the investments excluding demand deposits and accrued interest	31/12/2019	31/12/2020
Three months and less	0	0
Three to six months	0	0
Six months to one year	0	0
One to two years	0	0
Two to three years	30 000	30 000
Three to five years	180 940	64 964
More than five years	337 831	453 878
Total	**548 771**	**548 842**

Fixed rate/floating rate breakdown (including sight deposits)	31/12/2019	31/12/2020
Fixed rate	34%	55%
Floating rate *	66%	45%
Total	100%	100%

** EONIA or 3 month Euribor only*

Average annual yield	**31/12/2019:** 0.31%	**31/12/2020:** 0.39%

4.2.2. Interest rate risk

In accordance with CRH's articles of association and internal regulations, CRH's bonds and loans are perfectly matched in terms of interest rate and term. In addition, CRH requires that portfolios of pledged receivables that may therefore become its property in the event of borrower default must also have the same interest rates and maturities as the related loans.

Furthermore, the minimum loan coverage of 125% imposed by CRH on its borrowers shields it to a large extent from any residual interest-rate risk.

CRH has no market activities, and its articles of association, amended in August 1999, prohibit it from carrying on any activity that is not strictly in line with its sole corporate objects.

CRH's income reflects a technical balance between proceeds from the investment of own funds on the money market and general and administrative expenses. Any decrease in money market rates leads directly to a decrease in income and vice versa:

In € thousands

Impact on pre-tax net income during the next 12 months as from 31 December 2020	
Impact of + 2 % increase in interest rates	+ 2 485
Impact of - 2 % decrease in interest rates	- 1 930

In order to neutralise the unwarranted volatility of the remuneration received each year by CRH on its fixed-rate investments held to maturity, a specific portfolio of investment (held-to-maturity) securities was created in 2018. Available-for-sale securities with a residual maturity of more than two years were re-classified into this portfolio.

Unrealised gains and losses related to securities forming part of the portfolio (comprised only of negotiable debt instruments) are valued as follows:

Available-for-sale securities (*Titres de placement*):

In € thousands

ISIN Code	Gross book value	Net book value	Unrealised gains	Unrealised losses
FR0125442899	10 000	10 000	96	0
FR0125443624	20 000	20 000	170	0
TOTAL	**30 000**	**30 000**	**266**	**0**

Held-to-maturity securities (*Titres d'investissement*):

In € thousands

ISIN Code	Gross book value	Net book value	Unrealised gains	Unrealised losses
FR0124497985	10 000	0	104	0
FR0124980220	15 000	15 000	234	0
FR0126566159	10 000	10 000	5	0
FR0013241775	10 000	0	0	14
FR0013247731	10 000	14	33	0
FR0013265667	10 000	0	0	92
FR0013285509	20 000	92	270	0
FR0013327681	10 000	10 000	0	1
FR0013265824	10 000	10 000	88	0
FR0014000LJ2	10 000	10 000	45	0
FR0014001400	15 000	15 000	30	0
TOTAL	**130 000**	**70 106**	**809**	**107**

However, CRH's operating rules mean that it is not exposed to interest-rate risk on its refinancing operations.

In € thousands

Residual term as at 31/12/2020	Assets: Mortgage Notes (a)		Liabilities: bond issues (b)		Net exposure before hedging (c) = (a) - (b)	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
No more than one year	3 800 182	0	3 800 182	0	0	0
One to two years	6 404 430	0	6 404 430	0	0	0
Two to five years	8 843 846	0	8 843 846	0	0	0
More than five years	5 260 229	0	5 260 229	0	0	0
Total	**24 308 687**	**0**	**24 308 687**	**0**	**0**	**0**

4.2.3. Foreign exchange risk

CRH generally does not operate in foreign currencies. Since 2010, in addition to its issues in euros, CRH issues bonds in Swiss francs (CHF). This type of transaction does involve any foreign exchange risk, since CRH borrows in CHF, lends in CHF and receives, in the cover pool of loans granted, loans in CHF.

In € thousands

As of 31/12/2020	Included in assets: Mortgage Notes (a)	Included in liabilities: bonds (b)	Foreign currency liabilities (c)	Position before hedging (d) = (a) – (b) +/- (c)
EUR	23 166 069	23 166 069	0	0
CHF	1 142 618	1 142 618	0	0
Total	**24 308 687**	**24 308 687**	**0**	**0**

As of 31/12/2020	Impact on pre-tax net income	
	10% increase	10% increase
CHF	0	0

4.2.4. Equity risk

CRH's articles of association prohibit it from buying equities. Similarly, CRH does not buy or sell on the credit derivatives market.

4.2.5. Liquidity risk

Under normal conditions, due to its sole activity and perfect matching of maturities, interest rate and currency between the Mortgage Notes forming its assets and bond issues forming its liabilities, CRH does not have liquidity risk exposure.

In the event of default by a borrower on a maturity date, the provisions of the internal regulations and articles of association, as amended for such purpose in 1995 and 1999, permit CRH to call on its shareholders to provide, by way of cash advance, the funds necessary for it to operate subject to a limit of 5% of total outstandings.

If the funds necessary for it to operate exceed this limit, which would imply over the medium-term the failure of one or two major French borrowing banks, the other shareholder banks would be called upon to lend CRH the shortfall. The shareholders are, in any event, obliged to provide CRH with the capital required under the banking regulations.

The table providing a breakdown of Mortgage Notes and bond issues by residual maturity, set forth in Chapter 20, note 4 of the notes to the annual financial statements, illustrates this perfect matching.

CRH, in its capacity as a credit institution, is subject to European Central Bank LCR reporting requirements.

In this regard, the provisions of article 425-1 of Regulation (EU) n° 575/2013 dated 26 June 2013 permit CRH to exclude the cash inflows from its Mortgage Notes from the 75% cap on cash outflows applied towards the service of its bond issues.

Normally:

- funds corresponding to interest payments on the euro-denominated Mortgage Notes are received on the interest due date of the euro-denominated bonds, with the same maturity and interest rate,

- funds corresponding to interest payments on Swiss franc Mortgage Notes are received on the business day preceding the interest due date of the Swiss franc bonds, with the same maturity and interest rate,

- funds corresponding to the final maturities of the euro and Swiss franc Mortgage Notes (principal and interest) are received five business days before the due date for redemption of the Euro bonds and Swiss franc bonds with the same maturity and interest rate,

- funds received before maturity are deposited with the central bank or are used in French government security *repo* transactions pending their maturity,

- in addition, CRH usually maintains readily available liquidity to enable it meet ad hoc liquidity requirements, notably intra-day requirements.

During the year 2020, CRH continued implementation of the measures that it had taken during the financial year 2015 in order to adjust to the level of the negative short-term interest rates as part of the ECB's monetary policy:

- the funds corresponding to interest payments due under CHF-denominated Mortgage Notes are provisionally received on the due date for interest payments under the bonds of the same currency, maturity and interest rate,

- the liquidity that was previously readily available was invested in an amount of 50 million euros in securities eligible for Eurosystem refinancing.

It should also be noted that CRH's bond issue agreements do not contain any event of default, early redemption event or covenant clause.

4.2.6. Industrial and environmental risks

Not applicable.

4.2.7. Legal risks

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

The legal risk associated with 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 law (*Loi Épargne et Sécurité Financière*) of 25 June 1999 to eliminate any uncertainty surrounding CRH's ownership rights over receivables pledged in the event that a borrower files for protection from creditors.

Furthermore, the validity of the security granted to CRH by borrowing institutions is regularly verified through controls carried out on a test basis by the CRH audit and inspection department.

In order to avoid any conflict of laws, CRH does not accept otherwise eligible loans extended in other European Union countries.

4.2.8. Operational risks

Since its inception in 1985, CRH has never suffered any events giving rise to operating risks and has therefore never incurred any operating losses. Its highly specialised activity, which has modest requirements in terms of technical and human resources, enables it to be extremely adaptable to all types of unforeseen circumstances or events. Similarly, CRH benefits from the infrastructure put into place by its counterparties, being mostly major French credit institutions.

Since 2009, CRH uses, for debt servicing purposes, the Banque de France's and Euroclear's direct payments procedure. This procedure greatly reduces operating risks by automating the settlement of amounts payable to bondholders, thereby enabling CRH to fully focus on monitoring the timely receipt of amounts due from borrowers. In 2016 this procedure migrated to the European TS2 (Target2-Securities) platform.

4.3. INTERNAL CONTROL

In accordance with the provisions of the Order dated 3 November 2014 related to the internal control of banking sector firms, a regular report on the internal control systems established at CRH is submitted to the board of directors.

Internal control is also the responsibility of the risk committee and the audit committee. Indeed, the risk committee is responsible for supporting the board of directors in order to help it ascertain the quality of internal control, while the audit committee must verify the reliability of the financial information supplied to shareholders.

The internal control system is tailored to CRH's specific circumstances:

- it is first necessary to highlight the transparency of CRH's operations which are described in a prospectus and summarised in the universal registration document;

- its operations are strictly limited by its corporate objects;

- its operations are codified by the internal regulations signed by the shareholders and published in the registration document;

- it has no foreign operations or subsidiaries;

- because of CRH's small headcount, Senior Management is responsible for monitoring the cogency and effectiveness of internal control.

In addition, CRH's internal regulations require it to be audited regularly by the audit and inspection departments of its shareholders or by an audit firm appointed by the audit committee or by the risk committee.

CHAPTER 5

INFORMATION CONCERNING THE ISSUER

5.1. HISTORY, DEVELOPMENT OF THE COMPANY, LEGISLATION

5.1.1. Corporate name

Since 10 August 1999, the Company's corporate name has been "C.R.H. - Caisse de Refinancement de l'Habitat". Previously it was named "Caisse de Refinancement Hypothécaire".

The Company is usually referred to as "CRH", a trademark registered with the French trademarks and patents office (INPI) on 23 February 1999 under n° 99777102, which is renewed every 10 years, and for the last time on 17 September 2018.

5.1.2. Registration at the trade and companies registry (RCS)

CRH is registered at the RCS Paris, under number: 333 614 980.
A.P.E. Code: 6492Z.
LEI no.: 969500TVVZM86W7W5194.

5.1.3. Date and term of incorporation

CRH was formed on 8 October 1985 for a term of 99 years.

5.1.4. Registered office - legal form – laws and regulations - other information regarding articles of association - general information on share capital

5.1.4.1. Registered office

CRH's registered office is located at 3, rue La Boétie - 75008 PARIS.
Telephone: + 33 1 42 89 49 10 - Facsimile: + 33 1 42 89 29 67 – Website: http://www.crh-bonds.com - email address: crh@crh-bonds.com.

5.1.4.2. Legal form

Caisse de Refinancement de l'Habitat (CRH), a French corporation (société anonyme), is a specialised credit institution. Upon its formation, CRH was licensed to operate as a specialised financial company (*société financière spécialisée*) by virtue of the decision made on 16 September 1985, by the French Credit Institutions Committee (*Comité des Établissements de Crédit*). CRH elected not to adopt the new status of financing company (*société de financement*) available to institutions that do not wish to be entirely governed by the regulatory framework for European credit institutions that came into force on 1 January 2014.

CRH is governed by the provisions of Articles L. 225 et seq. of the Commercial Code and Articles L. 511-1 et seq. of the Monetary and Financial Code.

Under the government-led mortgage market reforms, CRH was authorised to operate under article 13 of Act No. 85-695 of 11 July 1985 by a letter from the French Ministry of the Economy, Finance and Budget dated 17 September 1985.

CRH's articles of association comply with EU regulations on segregation of the functions of chairman of the board of directors and chief executive officer.

5.1.4.3. Laws and regulations

A) The laws and regulations governing CRH's operations are as follows:

- article 13 of the law n° 85-695 dated 11 July 1985, supplemented by article 36 of the Law n° 2006-872 dated 13 July 2006 (see Schedule 1);

- articles L. 313-42 to L. 313-49 of the Monetary and Financial Code codifying the provisions of article 16 of the Law n° 69-1263 dated 31 December 1969, as amended by articles 12 and 13 of the Law n° 85-695 dated 11 July 1985, by article 113 of the Law n° 99-532 dated 25 June 1999 and by article 16 of order n° 2008-556 dated 13 June 2008 (see Schedule 2);

- article L. 513-3 para. I on property finance companies (*sociétés de crédit foncier*) (see Schedule 2);

- article R. 214-21 of the Monetary and Financial Code (see Schedule 3);

- articles R. 313-20 to R. 313-25 of the Monetary and Financial Code (see Schedule 3);

- Order dated 17 February 2014 amending the order dated 23 December 2013 on the application of article 493 (3) of Regulation (EU) n° 575/2013 of the European Parliament and of the Council dated 26 June 2013 on the prudential requirements for credit institutions and investment firms (see Schedule 3);

- Regulation n° 99-10 of the French Banking and Financial Regulatory Committee on the valuation of financed assets to be taken into account in determining the portion of a loan that may be collateralised (see Schedule 4);

- Regulation (EU) n° 575/2013 of the European Parliament and of the Council dated 26 June 2013 referred to hereafter as the CRR;

- Directive 2013/36/EU of the European Parliament and of the Council dated 26 June 2013.

B) CRH's position with regard to banking regulations

Because of the amount of its total assets, CRH is subject to the direct prudential supervision of the European Central Bank.

As of 1 January 2020, CRH's overall capital requirement was 11.50%, and its Common Equity Tier 1 (CET1) requirement was 8%, of which:

- 0.75% for the regulatory Pillar 2 requirement (P2R).
- 2.50% for the capital conservation buffer.
- 0.25% for the counter cyclical capital buffer.

As regards the counter cyclical capital buffer, between 1st July 2019 and 2 April 2020, the applicable rate remained 0.25% and was due to increase to 0.50% on 2 April 2020, in accordance with the earlier decisions of the Financial Stability Board (FSB). On 1 April 2020, the FSB decided to reduce this rate to 0% and it has remained unchanged since then.

Since 12 March 2020, following the ECB's decision to reduce the capital composition burden under the Pillar 2 (P2R) requirement against the background of the Covid-19 pandemic, the minimum capital composition under the Pillar 2 (P2R) requirements, previously held entirely in the form of CET1, is as follows:

P2R		Overall	CET1	AT1	T2
	Capital requirement	0.75%	0.421875%	0.140625%	0.1875%

Under the 2020 *Supervisory Review and Evaluation Process* (SREP), the overall capital requirement is unchanged.

CRH is not subject to any additional requirements as a systemically important financial institution and its present position does not attract any restrictions or limitations on the payment of dividends, coupons or variable interest, other than under exceptional measures of the European authorities as a result of the Covid-19 pandemic.

The French authorities decided in 2014 to maintain the principle of treating, for prudential purposes, Mortgage Notes held by CRH in the same way as covered bonds (Order of the Minister for the Economy and Finance dated 17 February 2014 published in the Official Journal of 26 February 2014 and the ACPR letter dated 18 February 2014), without prejudice to any interpretation given by the competent European banking authorities in their efforts to seek convergence.

Since then, such equivalence has not been challenged by the European Central Bank during the annual SREP process.

In order to limit its regulatory capital requirement, CRH has asked for these Mortgage Notes to be rated. Thus, nearly 92% of the outstanding Mortgage Notes are rated, and only the Mortgage Notes issued by two institutions were not rated as of 31 December 2020.

All of the Mortgage Notes in respect of which CRH requested a rating received a rating corresponding to level 1 credit quality.

Under article 129 of the CRR Regulation, these Mortgage Notes therefore have a 10% weighting.

As regards the treatment of the Mortgage Notes in calculating the major risks base:

- since 1 January 2014, Mortgage Notes issued before 31 December 2013 are excluded from the major risks base in accordance with the above-mentioned ministerial decree.
- henceforth, Mortgage Notes will benefit until 2029 from the temporary exemption provided under Article 493-3 (e) of the CRR. When queried by the European Commission, the European Banking Authority recommended, in its report published on 24 October 2016, that such exemption be maintained.

The reform of the European capital requirements regulation published in the official Journal of the European Union on 7 June 2019, led, as concluded in the legal opinion delivered to CRH, to CRH's refinancing operations being exempt from inclusion in the base used to calculate its leverage ratio.

Also, the inter-dependent assets and liabilities provisions for the purpose of the calculation of the NSFR, were confirmed.

The provisions of the revised regulation shall apply effective from 28 June 2021.

C) Special prudential treatment of CRH bonds held by European credit institutions.

Article 36 of the Law n° 2006-872 dated 13 July 2006 conferred preferential status upon holders of CRH bonds. As provided in article 13 of the Law n° 85-695 dated 11 July 1985, as amended by such article 36, monetary or other valuable assets derived from promissory notes held by CRH are applied, in priority and under all circumstances, towards the payment of principal and interest under these bonds. This article also specifies that the provisions of Book VI of the Commercial Code on businesses under financial stress, or those governing equivalent foreign-law judicial or voluntary proceedings, shall not prejudice the exercise of this preferential status. The effect of this article was immediate and applied to all bonds issued before and after the law dated 13 July 2006, the preferential status applying automatically as of right in the absence of grant of the State guarantee.

By letter dated 31 October 2006 to the delegate general of the French financial companies association (ASF), the French banking authority (*Commission Bancaire*) indicated that the CRH bonds would be treated for prudential purposes in the same manner as real estate bonds (*obligations foncières*), thereby attracting a weighting of 10%, since CRH bonds are equivalent to covered bonds within the meaning of Directive 2006/48/EC (For text of directive, See Schedule 6 part 1 § 68).

Under the CRR regulation, covered bonds satisfying the requirements of CRR article 129 are treated equally insofar as they are rated as credit quality level 1. The treatment in such regard of the CRH bonds is therefore de facto unchanged.

D) Special prudential treatment of CRH bonds held by European UCITS (OPCVM).

The decree n° 2000-664 conferred upon the CRH bonds the special treatment referred to in article 4 of decree n° 89-623 dated 6 September 1989, corresponding to the provisions of article 52.4 of the European UCITS directive 1985. This derogation enables an undertaking for collective investment in transferable securities to invest up to 25% of its assets in CRH bonds (provided that the value of the bonds benefiting from this derogation does not exceed 80% of total assets). These provisions are codified in article R. 214-21 of the Monetary and Financial Code (see Schedule 3).

5.1.5. Recent events specific to the Issuer affecting, to a material extent, an assessment of its solvency

No recent event specific to the Issuer affecting, to a material extent, an assessment of its solvency, has occurred since 31 December 2020.

5.2. INVESTMENTS

5.2.1. Investments made during the last three financial years

The amounts invested in equipment or equity securities over the last three years has been as follows:

In € thousands

	2018	2019	2020
Tangible fixed assets	28	9	27
Intangible fixed assets	14	10	0
Research and Development expenses	0	0	0
A-Total equipment investments	**42**	**19**	**27**
Equity securities	0	0	0
B-Total investments (equity securities)	**0**	**0**	**0**
C-Total investments: A + B	**42**	**19**	**27**

Tangible fixed assets principally relate to acquisitions of computer equipment and fittings. In 2020, all computer equipment was replaced.

Intangible fixed assets relate to acquisitions of standard software.

Acquisitions of tangible and intangible fixed assets are financed out of own funds.

CRH does not hold any equity securities, as this is prohibited by its articles of association (Article 2 § 4 see Schedule 5).

5.2.2. Principal investments in progress

There are no investments in progress.

5.2.3. Main scheduled investments

As at 31 December 2020, no firm and definitive commitments have been entered into with any third party in respect of any material investments.

CHAPTER 6

BUSINESS OVERVIEW

6.1. PRINCIPAL ACTIVITIES

6.1.1. Company formation and description of business operations.

6.1.1.1. Formation

CRH was established in 1985 as an agency as part of the French government's mortgage market reforms in order to **refinance home-purchase loans granted by credit institutions by issuing bonds guaranteed by the French State**.

6.1.1.2. Business operations

Since 1988, the bonds issued by CRH are no longer guaranteed by the French State provided under the law of 1985. However, CRH's sole corporate objects remain the refinancing of home purchase loans granted by shareholder credit institutions for the purpose of financing property located in France.

CRH therefore contributes resources to the French banking system supplementing those derived in particular from deposits and covered or non-covered debt issues.

As such it plays a specific role in home financing in France by tapping into stable and non-monetary resources at lower cost.

The law n° 99-532 dated 25 June 1999 establishing property finance companies (*sociétés de crédit foncier or SCF*) reinforced CRH's security by aligning its scope of activities and eligibility criteria with those of the SCF. This law eliminated the mortgage market thereby creating an even larger market for refinancing housing loans on which certain guaranteed loans can also be refinanced.

Accordingly in 1999, in order to firmly anchor its business solely within the housing loan refinancing sector, CRH adopted the corporate name "CRH - Caisse de Refinancement de l'Habitat".

Its guarantee mechanism, the scale of the refinancing requirements as expressed by its shareholders and the policy of systematically consolidating (*assimiler*) its bond issues adopted by CRH have enabled it to become a major issuer on the European financial market with a total issuance since its formation (equal to that of its lending) of 90.4 billion euros, corresponding to 237 transactions. The French government used the CRH as a model when establishing the *Société de Financement de l'Économie Française* (SFEF) on 17 October 2008 to provide credit institutions with easier access to the financial markets.

6.1.1.3. Operating conditions

A) CRH's operations involve specific guarantees.

The various levels of security provided by the CRH mechanism are described in the CRH mechanism diagram in Schedule 8, page 183.

The refinancing loans granted by CRH are fully matched by its bond issues. Indeed it lends to its shareholders the full amount that it raises on the capital markets under the same interest rate and maturity terms.

Principal and interest on these loans are secured by a specific pledge referred to in articles L. 313-42 to L. 313-49 of the Monetary and Financial Code under which at least 125% of their nominal value is secured.

These laws provide that CRH may, without formality, become owner of the pledged portfolio in the event of default by the borrower notwithstanding any provisions to the contrary.

CRH has increased the security of this system by setting even more stringent internal rules in particular excluding from the cover pool provided by way of security, loans whose residual maturity is greater than 25 years, loans of a unitary amount in excess of €1,000,000 and RMBS.

B) Audit of pledged security

1. Since 1st January 1988, the French banking authority the *Commission Bancaire* (now the *Autorité de Contrôle Prudentiel et de Résolution*) is responsible for oversight of regulatory compliance of the refinancing operations (Order of the Finance Minister dated 15 December 1987 then article L. 313-49 of the Monetary and Financial Code).

2. Under currently applicable laws and regulations, borrowers are obliged to regularly submit duplicate lists of the receivables pledged in favour of CRH, enabling it to verify that the correct level of collateral has in fact been pledged.

3. Furthermore, on such regular basis as CRH may determine, or whenever it considers it appropriate, CRH carries out audits of its borrowers to verify by sample the existence and validity of the pledged receivables.

If any receivables are found to be invalid, the borrower institution must increase the amount of the pledged portfolio to compensate for the shortfall or, failing which, purchase on the market an equivalent amount of bonds corresponding to the loans granted and deliver them to CRH by way of repayment.

6.1.1.4. Refinancing

A) Changes in the amount of loans granted

The table below shows changes in the amount of the loans granted by CRH during the last three financial years.

In € billions

Financial year	2018	2019	2020
Amount of loans granted	0	2	3.25

B) Changes in loan amounts outstanding

The table below shows changes in the nominal value of CRH's loans outstanding since 31 December 2018.

In € millions

Borrowing credit institutions	At 31/12/2018	At 31/12/2019	At 31/12/2020	At 31/12/2020 (as %)
Crédit Agricole SA	8 387	8 024	7 874	32.4
Société Générale	5 194	5 481	4 426	18.2
Banque Fédérative du Crédit Mutuel	5 856	4 424	3 820	15.7
BPCE	1 478	1 951	2 780	11.4
Caisse Centrale du Crédit Mutuel	1 559	1 829	2 167	8.9
BNP Paribas	2 535	2 385	2 145	8.8
Crédit Lyonnais	1 620	892	844	3.5
Crédit Mutuel Arkéa	275	187	267	1.1
Crédit du Nord	0	0	0	0.0
All borrowers	**26 904**	**25 173**	**24 323**	**100.0**

As a general rule, changes in these outstanding levels reflect 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 the early repayment agreement implemented in 1994.

C) Outstanding loans of CRH's credit institution shareholders

Outstanding housing loans of credit institution shareholders are estimated on the basis of copies of quarterly SURFI returns, communicated by shareholders at CRH's request.

The overall amounts are shown in the following table:

At 30 September 2020

	Total outstanding loans for all credit institutions	Outstanding loans of CRH credit institution shareholders	
	In € billions (1)	In € billions (2)	As % of the total
Domestic home loans	1 239.1	1 008.8	81

(1) Source: Banque de France, Webstat statistics.
(2) Source: CRH estimates based on SURFI returns communicated by shareholders and shareholder publications.

CRH shareholder groups hold 81% of all domestic home loans.

D) Refinancing of home-purchase loans extended by monetary financial institutions (other than the Banque de France)

Various overall figures are presented in the table below:

Position at 30 September 2020

In € billions

Uses of funds by monetary financial institutions		Sources of funds of monetary financial institutions	
Domestic home loans	1 239.1	Regulated sources (*not including "Livrets A" and "Livrets bleus")*	736.3
		Covered bonds *- of which CRH 24.5*	242.0
Other uses	9 236.9	Other sources *- of which capital & reserves 661.0* *- of which non-regulated deposits 1 577.9*	9 497.7
Total uses	**10 476.0**	**Total sources**	**10 476.0**

Source:
This document is prepared on the basis of figures published by the Banque de France on the website Webstat.banque-france.fr and by covered bond issuers on their websites.

Generally, it is naturally difficult to assign specific sources of funds to a given use of funds.

Note however the following:

- that CRH's forced period of inactivity for 6 years had a very significant impact on its market share in covered bond refinancing of housing loans,

- that banks' regulated sources of funds contribute to a large extent to the financing of their housing loans,

- that certain "*covered bonds*" are used not only to refinance housing loans granted in France, but also mortgage loans to industrial and commercial companies, loans to the public sector and regional governments, or units in foreign debt securitisation funds and foreign residential mortgage-backed securities, whereas CRH only refinances home purchase loans granted in France.

E) Development of housing loans in France

The aggregate output of housing loans (excluding renegotiations and redemptions) over the year 2020 amounted to 192.4 billion euros, very similar to the amount of 193 billion euros in 2019.

Net of renegotiations and redemptions, new output in 2020 totalled 133 billion euros, compared to 136 billion euros in 2019.

Total residential home loans amounted to 1 239 billion euros at 30 September 2020, a year-on-year increase of 5.4%, slightly below that of the previous period (6.6%).

The buoyancy of the real estate market, despite the Covid 19 health crisis, did not noticeably dip in 2020 with a number of transactions in excess of 1,000,000.

Nevertheless the full economic effect of this pandemic remains to be seen.

The market price of older properties continued increasing (+5.2% between September 2019 and September 2020 - France as a whole), the increase for Paris being even higher (+6.9% for apartments).

In the French provinces over the same period, prices increased by 4.8% with sharp differences between regions.

Conversely, the new-build property market remained subdued due to falling supply, problems in launching new projects due to the rarity and high price of land, the burden of regulation and appeals and the increase in the timeframe for obtaining building permits.

6.1.1.5. Bond issues

CRH refinances credit institutions by issuing bonds. The bonds that it issues constitute debt within the meaning of article 13 of the Law n° 85-695 (see Schedule 1).

A) Changes in annual issuance amounts

During the year 2020, two bond issues were launched for an aggregate amount of 3 250 million euros. CRH redeemed 4 100 million euros in bonds on their contractual due dates bringing the outstanding nominal amount in issue to 24 323.07 million euros.

CRH's annual issuance amounts are summarised below:

Year	Number of issues in the year	Nominal amount (€ million)	
1985 (4th quarter)	2	551.87	25 issues guaranteed by the State in an amount of €5 774.77 million
1986	6	1 506.20	
1987	8	1 783.65	
1988	9	1 933.05	
1988	1	152.45	216 issues not guaranteed by the State in an amount of €89 972.09 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 [1]	6	2 143.43	
1999 [1]	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	
2008	6	7 400.00	
2009	15	5 050.00	
2010 [2]	17	9 201.01	
2011 [3]	14	12 132.57	
2012 [4]	6	5 530.42	
2013 [5]	5	2 534.83	
2014	0	0	
2015	0	0	
2016	0	0	
2017	0	0	
2018	0	0	
2019	2	2 000.00	
2020	2	3 250.00	
TOTAL	**241**	**95 746.86**	**95 746.86**

[1] *Including the public exchange offer during the course of the year.*
[2] *Including the Swiss franc-denominated bond issue settled on 21 July 2010 in an amount of 250 million CHF (€186.01 million).*
[3] *Including the Swiss franc-denominated bond issues settled:*
- *29 March 2011: CHF 625 million (€482.36 million)*
- *12 July 2011: CHF 175 million (€150.21 million)*

[4] *Including the Swiss franc-denominated bond issues settled:*
- *5 March 2012: CHF 625 million (€518.20 million)*
- *23 May 2012: CHF 375 million (€312.21 million)*

[5] *Including the Swiss franc-denominated bond issues settled:*
- *15 March 2013: CHF 200 million (€162.50 million)*
- *26 June 2013:CHF 150 million (€122.33 million)*

Since its formation, CRH has redeemed an amount of 71 423.79 million euros, including 4 100 million euros in 2020, bringing the outstanding nominal amount of bonds in issue to 24 323.07 million euros.

B) Bond issues completed during the financial year

As indicated above, two bond issues were launched during the year 2020 in a total aggregate amount of 3.25 billion euros.

The main features of these issues were as follows:

Issue N°	Issue	ISIN Code	Settlement date
20-01	0.25% February 2035	FR0013480514	07/02/2020
	0.01% February 2028	FR0013480522	07/02/2020
20-02	0.125% April 2027	FR0013510476	30/04/2020

Issues in euros					
Issue N°	**Issue**	**Amount in millions**	**Cost to issuer (as %)**	**Subscriber rate (as %)**	**6-month Euribor re-offer swap spread**
20-01	0.25% February 2035	750	0.34	0.31	6 c
	0.01% February 2028	1 250	-0.04	-0.08	2 c
20-02	0.125% April 2027	1 250	0.21	0.17	31 c
TOTAL		**3 250**			

C) Bond maturities as at 31 December 2020

Bond issue	Redemption date	ISIN Code	Number of securities	Nominal unit value	Outstanding (in millions)	Currency
CRH 3.90% January 2021	18/01/2021	FR0010989889	1 880 750 000	1	**1 881**	**EUR**
CRH 2.50% March 2021	29/03/2021	CH0125062262	105 000	5 000	**525**	**CHF**
CRH 3.60% September 2021	13/09/2021	FR0011108976	1 500 000 000	1	**1 500**	**EUR**
CRH 4.00% January 2022	10/01/2022	FR0011057306	2 081 700 000	1	**2 082**	**EUR**
CRH 1.875% May 2022	23/05/2022	CH0184777271	35 000	5 000	**175**	**CHF**
CRH 4.00% June 2022	17/06/2022	FR0011178946	2 000 000 000	1	**2 000**	**EUR**
CRH 3.30% September 2022	23/09/2022	FR0010945451	2 200 000 000	1	**2 200**	**EUR**
CRH 4.30% February 2023	24/02/2023	FR0011011188	2 895 000 000	1	**2 895**	**EUR**
CRH 1.375% March 2023	15/03/2023	CH0204477290	40 000	5 000	**200**	**CHF**
CRH 3.90% October 2023	20/10/2023	FR0011133008	1 381 325 000	1	**1 381**	**EUR**
CRH 2.375% March 2024	05/03/2024	CH0148606137	70 000	5 000	**350**	**CHF**
CRH 3.60% March 2024	08/03/2024	FR0011213453	2 500 000 000	1	**2 500**	**EUR**
CRH 2.40% January 2025	17/01/2025	FR0011388339	1 493 240 000	1	**1 493**	**EUR**
CRH 1.75% June 2025	26/06/2025	CH0212937244	30 000	5 000	**150**	**CHF**
CRH 0.01% November 2026	27/11/2026	FR0013463551	10 000	100 000	**1 000**	**EUR**
CRH 0.125% April 2027	30/04/2027	FR0013510476	12 500	100 000	**1 250**	**EUR**
CRH 0.01% February 2028	07/02/2028	FR0013480522	12 500	100 000	**1 250**	**EUR**
CRH 0.01% October 2029	08/10/2029	FR0013451796	10 000	100 000	**1 000**	**EUR**
CRH 0.25% February 2035	07/02/2035	FR0013480514	7 500	100 000	**750**	**EUR**
Total					**23 182**	**EUR**
					1 400	**CHF**

Since the outset substantially all of CRH's bond issues have been fixed rate. In accordance with its articles of association, they are fully matched with CRH's loans in terms of interest rate and maturity.

CRH's bonds have been rated Aaa and AAA by Moody's and Fitch ratings since 1999. These ratings were therefore assigned long before the bearers of these bonds were by law granted a preferential claim on the Mortgage Notes held by CRH.

The CRH bonds satisfy the requirements of article 129 of the CRR regulation and therefore receive the benefit of the special status referred to in article 52.4 of Directive 2009/65/EC.

Being treated as "covered" bonds within the meaning of the European regulations, they have a 10% risk-weighting under the standardised approach in calculating the solvency ratio of the European credit institutions that hold them.

CRH bonds are eligible for refinancing with the European Central Bank, which is now an attractive feature for certain subscribers.

D) Stock market trading volumes

In the absence of trading volume information, transactional statistics communicated by Euroclear France are presented below. These statistics only include transactions of Euroclear France members and therefore exclude Euroclear Bank and Clearstream transactions. They relate to stock market transactions, repos or other types of transfers.

In € millions

Bond issue	Initial listing date	ISIN Code	Nominal value of transactions in 2018	Nominal value of transactions in 2019	Nominal value of transactions in 2020
CRH 3.75% February 2020	19/02/2010	FR0010857672	246.1	224.2	193.3
CRH 3.50% June 2020	22/06/2010	FR0010910240	279.7	110.8	384.8
CRH 3.90% January 2021	18/01/2011	FR0010989889	193.6	92.4	375.8
CRH 3.60% September 2021	13/09/2011	FR0011108976	56.8	5.9	35.1
CRH 4.00% January 2022	08/06/2011	FR0011057306	172.8	111.1	274.5
CRH 4.00% June 2022	17/01/2012	FR0011178946	133.9	135.0	25.2
CRH 3.30% September 2022	23/09/2010	FR0010945451	597.8	72.9	74.9
CRH 4.30% February 2023	24/02/2011	FR0011011188	609.0	203.4	68.6
CRH 3.90% October 2023	20/10/2011	FR0011133008	347.3	308.5	97.1
CRH 3.60% March 2024	08/03/2012	FR0011213453	83.1	220.9	332.9
CRH 2.40% January 2025	17/01/2013	FR0011388339	65.4	184.2	57.4
CRH 0.01% November 2026	27/11/2019	FR0013463551	/	381.0	191.5
CRH 0.125% April 2027	30/04/2020	FR0013510476	/	/	978.4
CRH 0.01% February 2028	07/02/2020	FR0013480522	/	/	622.8
CRH 0.01% October 2029	08/10/2019	FR0013451796	/	190	277.1
CRH 0.25% February 2035	07/02/2020	FR0013480514	/	/	717.4
TOTAL			**2 785.5**	**2 240.3**	**4 706.8**

Although today it has become difficult to identify within these amounts those that relate solely to stock market transactions and whilst the overall amounts are not always comparable year-on-year, these figures do indicate that CRH's bonds are among the most liquid in the current climate of the European "*covered bonds*" market. This is undoubtedly due to the scale and security mechanisms of CRH's bond issues.

6.1.2. New business activities

CRH's business activities are limited by its articles of association and by the laws and regulations governing its operations.

6.2. PRINCIPAL MARKETS

CRH operates exclusively in France. Its sole activity is refinancing home-purchase loans offered by banks.

To achieve this, CRH issues Mortgage Notes as referred to in article 13 of the Law n° 85-695 dated 11 July 1985 which qualify as "*covered bonds*" within the meaning of article 129 of the CRR and are admitted to trading on Euronext Paris in the "Real estate bonds and equivalent securities" section.

6.3. IMPORTANT EVENTS THAT HAVE INFLUENCED THE ISSUER'S ACTIVITIES AND MARKETS

In the second semester 2020, banks' funding requirements were largely met thanks to the European Central Bank's (ECB) huge support package for the Eurozone economy which included a massive private and public debt purchase programme, together with loans granted to banks at a rate up to 50 basis points below the already negative deposit rate of 50 basis points.

The effects of the ECB's "*quantitative easing*" policy subsist, threatening the income derived from the investment of own funds, thereby forcing CRH to adapt its investment strategy.

6.4. STRATEGY AND OBJECTIVES

In mid-2013, European banking regulations obliged CRH to suspend its operations.

From then on, CRH's shareholders' objective has been to relaunch its activity within the new regulatory environment.

The strategy implemented to achieve this has focused primarily on removing the main regulatory stumbling blocks.

Initial progress was achieved in terms of major risks in March 2016 with the amendment of the articles of association and internal regulations. More recently, the reform of the European capital requirements regulation published in the Official Journal of the European Union on 7 June 2019 has exempted refinancing operations from the leverage ratio calculation.

With a view to returning to the bond markets, maintaining operational capacity was also a factor together with balancing the books in a negative interest rate environment.

CRH's successful return to the bond markets in 2019 was reaffirmed in 2020, judging by the amounts raised, the issue spreads, the granularity of the order books, which fully validates the cogency of the strategy pursued in recent years.

The business plan has been revised to reflect the impact of the Covid-19 pandemic. Due to the exceptional monetary policy measures taken by the ECB, output should amount to 1.5 billion euros in 2021. A return to the initial trajectory of 6 billion euros is planned over the next 3 years. Based on that assumption, with 17.6 billion euros repayments over the period, CRH's total assets should reach around 27 billion euros by 31 December 2024.

CRH's positioning as a benchmark issuer on the market enables it to meet these financial objectives, insofar as it is able to adapt to French residential property market practices, which is its next major project.

CRH's business, and the market in which it operates, may be impacted by proposed laws and regulations, either as part of European harmonisation or with the aim of global financial stability, materialised by the Basel accords.

These new rules are likely to significantly impact the environment in which CRH and its credit institution shareholders operate.

6.5. EXTENT TO WHICH THE ISSUER IS DEPENDENT ON PATENTS, LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS

To date, CRH is not dependent on any patents, licences or any industrial, commercial or financial agreements.

6.6. ISSUER STATEMENTS CONCERNING ITS COMPETITIVE POSITION

CRH competes with the issuers of secured bonds (home financing companies (SFH) and property finance companies (SCF)) which also focus on housing loan refinancing by issuing covered bonds. The largest of these issuers are 100% owned by CRH's shareholders.

Under the banking regulations, these special-purpose vehicles are consolidated, thereby neutralising their capital cost. In CRH's case, the capital cost contributed by the shareholders supplements the capital coverage of the collateral pools held on their books.

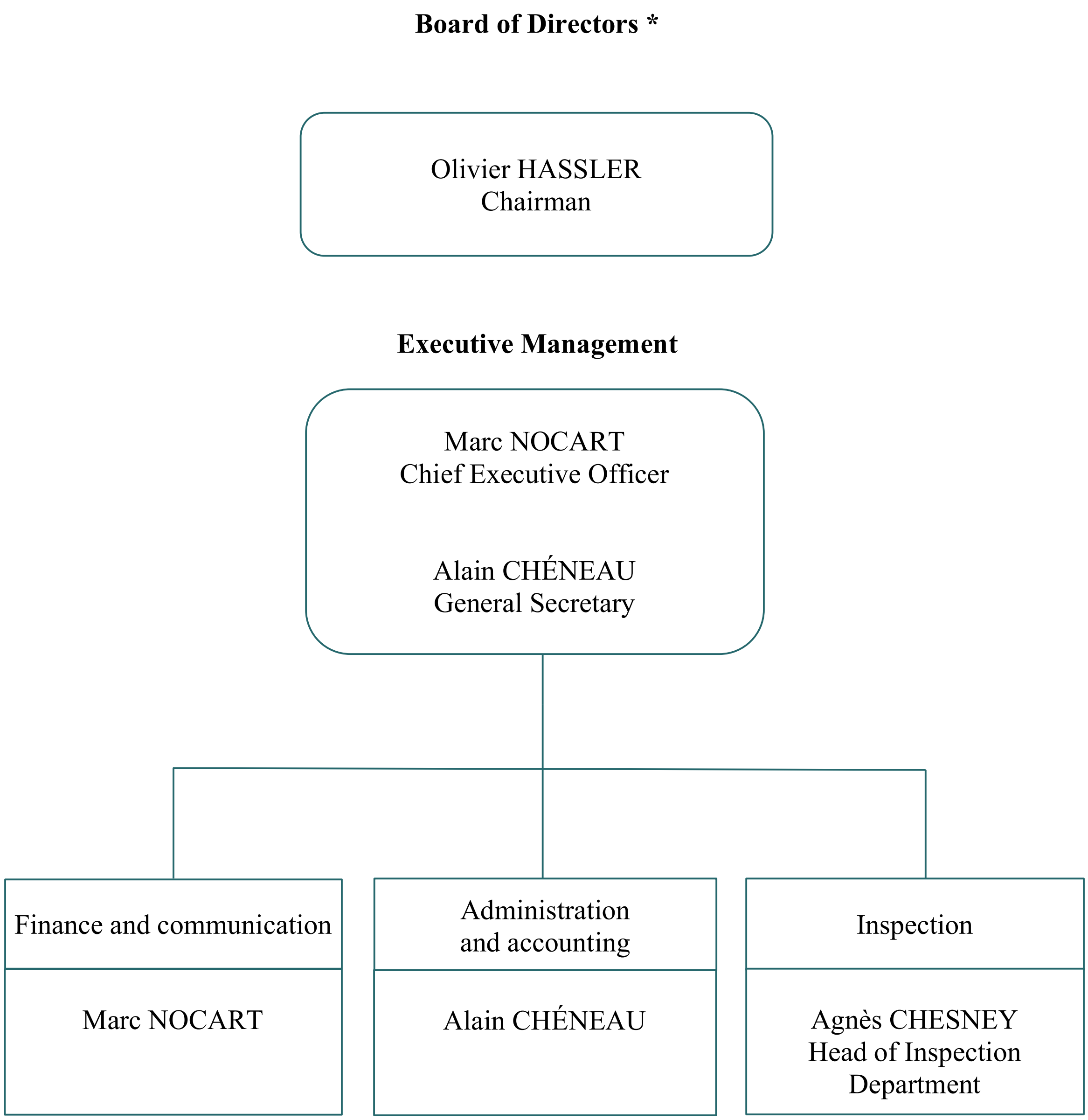
In the past, this regulatory competitive cost disadvantage was generally offset by CRH's better issuance terms.

The potential application of the leverage ratio to CRH's refinancing operations would bring this competitive disadvantage to unacceptable levels for the borrowing banks.

CHAPTER 7

ORGANISATIONAL CHART

7.1. COMPANY'S ORGANISATIONAL CHART



7.2. ISSUER'S DEPENDENCY ON OTHER GROUP ENTITIES

CRH has no subsidiaries and does not form part of any group.

* See the composition of the board of directors on page 93.

CHAPTER 8

REAL ESTATE PROPERTY, PLANT AND EQUIPMENT

8.1. SIGNIFICANT EXISTING OR PLANNED TANGIBLE FIXED ASSETS AND ANY MAJOR ENCUMBRANCES AFFECTING THEM.

CRH only rents offices located at 3 rue La Boétie, Paris 8th, with a total surface area of 179 m². These offices are rented from a third party unconnected to senior management.

CRH's operations do not require any heavy equipment. Its tangible fixed assets include computer equipment, office furniture and fittings.

The tangible fixed asset utilisation rate is 100%.

8.2. ENVIRONMENTAL ISSUES THAT MAY AFFECT THE ISSUER'S UTILISATION OF TANGIBLE FIXED ASSETS.

By virtue of its activities, CRH is not directly faced with any environmental constraints.

CHAPTER 9

OPERATING AND FINANCIAL REVIEW

The analysis of the 2019 financial position and earnings, summary of significant events during the financial year and foreseeable changes in the issuer's position are set forth in paragraph 1. (Conduct of the Company's affairs) of the management report, on pages 11 to 14 of the universal registration document filed with the *Autorité des Marchés Financiers* on 25 February 2020, under number D20-0080.

The analysis of the 2018 financial position and earnings, summary of significant events during the financial year and foreseeable changes in the issuer's position are set forth in paragraph 1. (Conduct of the Company's affairs) of the management report, on pages 9 to 12 of the 2018 registration document filed with the *Autorité des Marchés Financiers* on 16 April 2019, under number D. 19-0343.

9.1. FINANCIAL POSITION

The analysis of CRH's 2020 financial position is set forth in section 1.1.3. (Financial position) of the management report, on page 13 of the universal registration document.

9.2. OPERATING RESULTS

9.2.1 Description of the company's earnings

The analysis of 2020 earnings is detailed in section 1.1.2. (Earnings) of the management report, on page 11 of the universal registration document.

Significant events of the financial year are set forth in section 1.1.1. (Business operations) of the management report, on page 11 of the universal registration document.

9.2.2. Financial statements

Please refer to Chapter 20 (Financial information concerning the issuer's assets and liabilities, financial position and earnings), on page 103 of the universal registration document.

A table showing the company's financial results for the last five financial years is set forth on page 25 of the universal registration document.

9.2.3. Foreseeable changes in the Issuer's position are set forth in section 1.2. of the management report, on page 13 of the universal registration document.

CHAPTER 10

CAPITAL RESOURCES AND CASH FLOW

10.1. ISSUER'S CAPITAL RESOURCES (SHORT AND LONG-TERM)

The information relating to changes in CRH's own funds during the last three financial years are detailed in note 9 "Common Equity Tier 1 (CET1)" to the Company's financial statements in Chapter 20 of the universal registration document.

The breakdown of CRH's receivables and liabilities according to their remaining term for the last three financial years is detailed in note 4 "Breakdown of receivables and liabilities by residual maturity" to the Company's financial statements, in Chapter 20 of the universal registration document.

The details and maturity schedule of the CRH bonds are provided in paragraph 6.1.1.5. of the universal registration document. For the two preceding financial years, this information was included in paragraph 6.1.1.5 of the 2019 universal registration document filed with the *Autorité des Marchés Financiers* on 25 February 2020 under number D20-0080 and paragraph 6.1.1.5. of the 2018 registration document filed with the *Autorité des Marchés Financiers* on 16 April 2019, under number D. 19-0343.

CRH has no short-term debt.

10.2. SOURCES AND AMOUNTS, WITH NARRATIVE DESCRIPTION, OF THE ISSUER'S CASH FLOWS

The cash flow amounts recorded over the last three financial years are summarised in the net cash flow statement contained in CRH's financial statements in Chapter 20 of the universal registration document.

10.3. ISSUERS' BORROWING REQUIREMENT AND FUNDING STRUCTURE

CRH has no own funding requirement. Its borrowing capacity is limited, by virtue of its articles of association, to making bond issues in the form of mortgage bonds (*obligations hypothécaires*), used to refinance home-purchase loans granted by its shareholder banks.

Main balance sheet items at 31 December 2020

In € thousands

	31/12/2020
Total assets	25 352 304
Uses of funds: Mortgage Notes (BOH)	24 787 957
Sources of funds: Bond issues	24 787 957

10.4. RESTRICTIONS ON THE USE OF CAPITAL RESOURCES THAT HAVE MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT, DIRECTLY OR INDIRECTLY, THE ISSUER'S OPERATIONS

Not applicable.

10.5. ANTICIPATED SOURCES OF FUNDS NEEDED TO FULFIL COMMITMENTS MADE IN RELATION TO INVESTMENT DECISIONS

Not applicable.

CHAPTER 11

RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

The Issuer does not carry on any research and development activity.

CHAPTER 12

TREND INFORMATION

12.1. MAIN TRENDS AFFECTING THE COMPANY'S OPERATIONS DURING THE 2020 FINANCIAL YEAR

Many countries around the world, affected by the Covid-19 pandemic, have implemented lockdown measures to protect the population and slow the spread of the virus. The economic and social repercussions are huge.

CHR introduced, in a very short time, health measures to protect its employees' health while fully ensuring essential operations (debt servicing and collateral verification). The planned renewal of IT systems has been completed, strengthening cybersecurity capabilities.

Against this background, CRH's business was focused on the first semester with the amount raised totalling 3.25 billion euros. With these issues, CRH has resumed its position as a benchmark issuer in the covered bonds market.

In the second semester 2020, banks' funding requirements were largely met thanks to the European Central Bank's (ECB) huge support package for the Eurozone economy which included a massive private and public debt purchase programme, together with huge loans granted to banks at a rate up to 50 basis points below the already negative deposit rate of 50 basis points.

12.2. MISCELLANEOUS EVENTS AND TRENDS LIKELY TO AFFECT THE COMPANY'S OPERATIONS DURING THE 2021 FINANCIAL YEAR

During the forthcoming year CRH will have to factor in the potential impact, on its business and the market in which it operates, of proposed laws and regulations, either as part of European harmonisation or with the aim of global financial stability, materialised by the Basel accords.

These new rules are likely to significantly impact the environment in which CRH and its credit institution shareholders operate.

The measures already introduced or under consideration and which may have a significant impact on CRH's ongoing activities include, without limitation, the transposition into French law of the directive on European harmonisation of covered bonds regulations which enters into force in July 2022, and the implementation of the Basel IV accords in the Euro zone.

We have also identified Regulation (EU) 2016/1011 of the European Parliament and of the Council dated 8 June 2016 on indices used as benchmarks for financial instruments and financial contracts, the so-called "Benchmark Regulation" whose provisions will not materially affect CRH's activities.

CHAPTER 13

PROFIT FORECASTS OR ESTIMATES

This document does not contain any forward-looking information.

13.1. MAIN ASSUMPTIONS

Not applicable: CRH is an institution whose corporate objects do not include seeking to make profit.

13.2. STATUTORY AUDITORS' REPORT

Not applicable.

CHAPTER 14

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

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

14.1.0. Honorary chairmen

- Mr Georges PLESCOFF (†)
- Mr Claude PIERRE-BROSSOLETTE (†)
- Mr Henry RAYMOND

14.1.1. Board of directors

- Mr Olivier HASSLER Re-appointed as chairman on 15/04/2021 for a period of one year. First appointment as chairman on 17/03/2015 for a period of one year. First appointment as director on 17/03/2015, renewed for 6 years on 15/04/2021.	Chairman
- Banque Fédérative du Crédit Mutuel represented by Mr Éric CUZZUCOLI Head of Treasury Crédit Mutuel CIC Group 6 avenue de Provence – 75009 PARIS. First appointed by co-option by Compagnie Financière de CIC et de l'UE by the board of directors at its meeting of 17/10/1995, confirmed on 27/02/1996 as regards CIC, appointment confirmed on 04/03/2008 for 5 years, i.e. the residual term of CIC resigning as director, term of office renewed for 6 years on 14/03/2019.	Director
- BNP Paribas represented by Mrs Valérie BRUNERIE Head of Medium and Long-term Financing and Securitisation 3 rue d'Antin – 75002 PARIS. First appointment of Banque Nationale de Paris on 21/10/1985, appointment renewed for six years on 15/04/2021.	Director
- BPCE represented by Mr Roland CHARBONNEL Issues and Financial Reporting Director 50 avenue Pierre Mendès France – 75013 PARIS. First appointment of Caisse Centrale des Banques Populaires on 21/10/1985, appointment renewed for 6 years on 15/04/2021.	Director
- Caisse Centrale du Crédit Mutuel represented by Mrs Emmanuelle REVOLON Director of Markets and Research 46 rue du Bastion – 75017 PARIS. First appointment on 10/04/1990, appointment renewed for 6 years on 15/04/2021.	Director

- **Crédit Agricole SA** — Director
  represented by Mrs Nadine FEDON
  Group Head of Refinancing
  12 place des États Unis – 92127 MONTROUGE CEDEX.
  First appointment of Caisse Nationale de Crédit Agricole
  on 12/05/1987, appointment renewed for 6 years on 15/04/2021.
- **Crédit Lyonnais** — Director
  represented by Mr Gilles RAYNAUD
  Head of Financial Management
  10 avenue de Paris – 94800 VILLEJUIF
  First appointment on 19/04/1988,
  appointment renewed for 6 years on 15/04/2021.
- **Société Générale** — Director
  represented by Mr Vincent ROBILLARD
  Head of Group Funding
  17 cours Valmy – 92972 PARIS LA DÉFENSE CEDEX.
  First appointment on 21/10/1985,
  appointment renewed for 6 years on 15/04/2021.

14.1.2. Persons responsible for management

- Mr Marc NOCART — Chief Executive Officer
  appointed on 01/09/2016
  electing address for service at the Company's registered office.
- Mr Alain CHÉNEAU — General Secretary
  electing address for service at the Company's registered office.

14.1.3. Other positions held by corporate officers in 2020

Mr Olivier HASSLER	- No other corporate office
Mr Marc NOCART	- No other corporate office
Mrs Valérie BRUNERIE	- Director and Chairman & CEO of BNP Paribas Home Loan SFH - Director and CEO of BNP Paribas Public Sector SCF
Mr Roland CHARBONNEL	- CEO of BPCE SFH
Mr Éric CUZZUCOLI	- Director and CEO of Crédit Mutuel Home Loan SFH
Mrs Emmanuelle REVOLON	- No other corporate office

Mrs Nadine FEDON	- Director and CEO of Crédit Agricole Home Loan SFH
	- Director and CEO of Crédit Agricole Public Sector SCF
	- Director of European Data Warehouse (EDW)
Mr Gilles RAYNAUD	- Director of Armines
	- Director of Transvalor
	- Director of Cariou Holding
	- Director of LCL Émission
Mr Vincent ROBILLARD	- Director and deputy CEO of Société Générale SCF
	- Director and deputy CEO of Société Générale SFH
	- Member of the Executive Board of Société Générale LDG
	- Vice-Chairman of SGIS

14.2. CONFLICTS OF INTEREST CONCERNING THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

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

CHAPTER 15

COMPENSATION AND BENEFITS

15.1. COMPENSATION AWARDED TO CORPORATE OFFICERS

Gross total compensation paid in 2020	in €
Olivier HASSLER – Chairman of the board of directors	25 000
Marc NOCART – Chief Executive Officer	252 500

Benefits-in-kind in 2020	in €
Olivier HASSLER – Chairman of the board of directors	None
Marc NOCART – Chief Executive Officer	8 224

For further information, refer to Note 16 “Compensation awarded to corporate officers” in the notes to the company’s financial statements set forth in Chapter 20 of the universal registration document.

The other corporate officers do not receive any compensation from the company. CRH corporate officers do not receive any benefits-in-kind, pension scheme, stock options or variable compensation.

15.2. COMPENSATION POLICY

The compensation policy falls within the remit of the board of directors which makes its decisions based on the compensation committee’s recommendations.

The compensation committee’s main responsibilities are as follows:

- making recommendations to the Board on the compensation and benefits to be granted to corporate officers.

- reviewing annually the principles of the company’s compensation policy, in particular in respect of professional gender equality and the compensation payable to employees whose role is liable to have a material impact on the company’s risk exposure.

- preparing and submitting to the board, in draft form, all documents required by regulations applicable with regard to compensation and benefits granted to corporate officers.

CHAPTER 16

FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

16.1. EXPIRATION DATE OF THE APPOINTMENTS OF MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

Please refer to Chapter 14 “Administrative, management and supervisory bodies” of the universal registration document. The dates of appointment and the expiry of the terms of office of members of the administrative and management bodies are indicated in section 14.1.1.

16.2. INFORMATION ON SERVICE CONTRACTS OF MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

There are no service contracts between the Issuer and any of the members of the management and administrative bodies.

16.3. INFORMATION ON THE ISSUER’S AUDIT COMMITTEE AND COMPENSATION COMMITTEE

In addition to the audit committee and the compensation committee, CRH also has an appointments committee and a risk committee. These committees prepare and facilitate the work of the board of directors on specific points for discussion at meetings. A summary of their main attributes and activities during the 2020 financial year can be found in point 2 “Specialised committees” in the corporate governance report on page 26 of the universal registration document.

16.3.1 Audit committee

- Mr Gilles RAYNAUD	Crédit Lyonnais
- Mr Éric CUZZUCOLI	Banque Fédérative du Crédit Mutuel
- Mr Olivier HASSLER	Chairman of the board of directors

16.3.2 Compensation committee

- Mrs Emmanuelle REVOLON	Caisse Centrale du Crédit Mutuel
- Mrs Nadine FEDON	Crédit Agricole SA
- Mr Vincent ROBILLARD	Société Générale

16.3.3. Appointments committee

- Mrs Emmanuelle REVOLON	Caisse Centrale du Crédit Mutuel
- Mrs Nadine FEDON	Crédit Agricole SA
- Mr Vincent ROBILLARD	Société Générale

16.3.4. Risk committee

- Mr Gilles RAYNAUD	Crédit Lyonnais
- Mr Éric CUZZUCOLI	Banque Fédérative du Crédit Mutuel
- Mr Olivier HASSLER	Chairman of CRH

16.4. ISSUER'S COMPLIANCE WITH AFEP-MEDEF CORPORATE GOVERNANCE REGIME

Please refer to paragraph 1.2 "Corporate Governance Code" of the corporate governance report on page 26 of the universal registration document.

CHAPTER 17

EMPLOYEES

As at 31 December 2020, the Issuer had a total of 7 employees, all beneficiaries of an unlimited duration employment contract.

These employees do not hold any shares in the issuer's share capital or any stock options.

CHAPTER 18

PRINCIPAL SHAREHOLDERS

18.1. SHAREHOLDERS OR SHAREHOLDER GROUPS HOLDING MORE THAN 3% OF THE VOTING RIGHTS

In accordance with CRH's constitutional documents (article 6 of the articles of association), the allocation of the share capital is modified each year before 31 March, so that the number of shares held by each shareholder is proportionate to the regulatory capital requirement related to the refinancing granted by CRH to the shareholder concerned. Such allocation is made on the basis of the situation existing as of 31 December of the preceding financial year.

The table below lists CRH's main shareholders as at 31 December 2020 and the changes made to the shareholding structure over the last three years.

Shareholder groups	At 31 December 2018				At 31 December 2019				At 31 December 2020			
	Number of shares	%	Number of voting rights (1)	%	Number of shares	%	Number of voting rights (1)	%	Number of shares	%	Number of voting rights (1)	%
Crédit Agricole	9 570 914	27.03	1 108	16.69	10 305 922	29.10	1 110	17.23	10 408 146	29.39	1 110	16.95
Crédit Lyonnais	2 338 951	6.61	661	9.96	1 832 688	5.18	518	8.05	1 322 105	3.73	374	5.71
Sub-total Crédit Agricole Group	**11 909 865**	**33.64**	**1 769**	**26.65**	**12 138 610**	**34.28**	**1 628**	**25.28**	**11 730 251**	**33.12**	**1 484**	**22.66**
Caisse Centrale du Crédit Mutuel	3 973 775	11.22	1 013	15.26	3 967 834	11.21	1 013	15.73	5 418 462	15 .3	1 054	16.09
Banque Fédérative du Crédit Mutuel	7 365 081	20.8	1 101	16.59	6 378 963	18.01	1 081	16.78	5 258 247	14.85	1 049	16.01
Crédit Mutuel Arkéa	1 159 279	3.27	328	4.94	690 729	1.95	196	3.05	699 390	1.98	198	3.02
Sub-total Confédération Nationale du CM	**12 498 135**	**35.29**	**2 442**	**36.79**	**11 037 526**	**31.17**	**2 290**	**35.56**	**11 376 099**	**32.13**	**2 301**	**35.12**
Société Générale	6 233 826	17.60	1 077	16.22	7 209 977	20.36	1 101	17.09	6 339 965	17.91	1 080	16.48
Crédit du Nord	101 157	0.29	29	0.45	/	/	/	/	/	/	/	/
Sub-total Société Générale Crédit du Nord	**6 334 983**	**17.89**	**1 106**	**16.67**	**7 209 977**	**20.36**	**1 101**	**17.09**	**6 339 965**	**17.91**	**1 080**	**16.48**
BPCE	1 960 028	5.54	554	8.35	1 908 747	5.39	540	8.38	3 219 027	9.09	910	13.89
BNP Paribas	2 706 478	7.64	765	11.52	3 114 629	8.80	880	13.66	2 744 147	7.75	775	11.83
Mr Henry RAYMOND	1	0.00	1	0.01	1	0.00	1	0.01	1	0.00	1	0.01
Mr Olivier HASSLER	1	0.00	1	0.01	1	0.00	1	0.02	1	0.00	1	0.01
Total	**35 409 491**	**100.00**	**6 638**	**100.00**	**35 409 491**	**100.00**	**6 441**	**100.00**	**35 409 491**	**100.00**	**6 552**	**100.00**

(1) For calculation of voting rights, see article 23 of the articles of association in schedule 5.

18.2. EXISTENCE OF DIFFERENT VOTING RIGHTS

The calculation of voting rights is governed by article 23 of the articles of association (see article 23 of the articles of association in schedule 5). The articles of association do not contain any provisions granting different voting rights to specific classes of shares.

18.3. CONTROL OVER THE ISSUER

Article 23 of the articles of association provides for the dilution of voting rights attached to the shares in order to protect CRH's independence (see article 23 of the articles of association in schedule 5).

18.4. SHAREHOLDER AGREEMENTS/ PACTS

CRH is not aware of the existence of any shareholder agreements or pacts.

CHAPTER 19

RELATED-PARTY TRANSACTIONS

During the 2020 financial year, CRH did not enter into any transactions within the meaning of article R. 123-199-1 of the Commercial Code with any related party.

CHAPTER 20

FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

20.1. HISTORICAL FINANCIAL INFORMATION

20.1.1 Accounting standards

Regarding the use of IFRS (International Financial Reporting Standards), CRH enquired, through its statutory auditors, the French national statutory auditors' association (*Compagnie Nationale des Commissaires aux Comptes* (CNCC)) as to whether these standards apply to CRH. The CNCC's response dated 17 May 2004 communicated by CRH to the *Autorité des Marchés Financiers* (AMF) is as follows:

"*Having regard to the provisions of regulation 1606/2002 of the European Parliament, only companies that make public offerings of securities and publish consolidated financial statements are required to prepare these statements in accordance with international accounting standards.*"

Extending this requirement to the annual financial statements of companies that make public offerings is a decision for each European Union Member State.

To date, the competent authorities in France have not introduced any specific option or obligation for companies that make public offerings but do not publish consolidated financial statements.

The provisions of ordinance n° 2004-1382 dated 20 December 2004 adapting French domestic legislation to EU law on accounting regulations have not retained the option, which is available under EU regulations, of authorising or imposing international accounting standards for corporate financial statements. CRH cannot therefore publish its annual financial statements in accordance with international accounting standards.

No changes have been made to the accounting methods applied to the financial statements for the 2020 financial year.

The provisions adopted by the French accounting standards authority (*Autorité des Normes Comptables* (ANC)) which became mandatory in 2020, have had no material impact on CRH's financial statements.

20.1.2. Financial statements submitted for approval to the combined ordinary and extraordinary general meeting held on 15 April 2021.

BALANCE SHEET

In € thousands

ASSETS	Note	31/12/20	31/12/19	31/12/18
CASH, CENTRAL BANKS		**294**	**37**	**128**
LOANS AND ADVANCES TO CREDIT INSTITUTIONS		**395 239**	**380 832**	**396 241**
- Demand deposits		5 244	5 901	4 606
- Term deposits	4	389 000	374 000	391 423
- Accrued interest		995	931	212
BONDS AND OTHER FIXED INCOME SECURITIES		**24 947 873**	**25 901 634**	**27 698 929**
- Securities (held to maturity)	3-4-5-6	24 438 529	25 242 123	26 946 980
- Securities (available for sale)	4-5-6	30 000	80 000	65 000
- Accrued interest		479 344	579 511	686 949
INTANGIBLE FIXED ASSETS		**5**	**13**	**11**
TANGIBLE FIXED ASSETS		**40**	**27**	**30**
- Office furniture		0	1	1
- Fittings		11	12	14
- Miscellaneous equipment		8	10	4
- Office automation equipment		21	4	11
OTHER ASSETS	7	**8 762**	**7 523**	**7 269**
PREPAYMENTS AND ACCRUED INCOME	7	**91**	**90**	**73**
TOTAL		**25 352 304**	**26 290 156**	**28 102 681**

BALANCE SHEET

In € thousands

LIABILITIES	Note	31/12/20	31/12/19	31/12/18
CENTRAL BANKS		**1**	**0**	**0**
DEBTS REPRESENTED BY A SECURITY		**24 787 957**	**25 726 787**	**27 539 170**
- Bond issues	3-4	24 308 687	25 147 352	26 852 280
- Accrued interest		479 270	579 435	686 890
OTHER LIABILITIES	7	**119**	**210**	**382**
PREPAYMENTS AND ACCRUED INCOME	7	**1 384**	**331**	**331**
PROVISIONS	8	**221**	**235**	**205**
SHAREHOLDERS' EQUITY EXCLUDING FUNDS FOR GENERAL BANKING RISKS	9	**562 622**	**562 593**	**562 593**
- Subscribed share capital		539 995	539 995	539 995
- Share premium		17 820	17 820	17 820
- Statutory reserves		3 257	3 257	3 256
- Other reserves		1 122	1 122	1 122
- Retained earnings		399	399	382
- Net income for the year		29	0	18
TOTAL		**25 352 304**	**26 290 156**	**28 102 681**

OFF-BALANCE SHEET COMMITMENTS

In € thousands

COMMITMENTS RECEIVED	Note	31/12/20	31/12/19	31/12/18
FINANCING COMMITMENTS RECEIVED FROM CREDIT INSTITUTIONS	10	**1 216 154**	**1 258 654**	**1 345 204**
GUARANTEE COMMITMENTS RECEIVED FROM CREDIT INSTITUTIONS	11	**35 386 436**	**36 490 776**	**39 316 576**

INCOME STATEMENT

In € thousands

	Note	31/12/20	31/12/19	31/12/18
+ Interest and similar income	12	**758 669**	**901 647**	**1 052 163**
- on transactions with credit institutions				
. demand deposits		-32	-31	-23
. term accounts and loans		1 815	1 378	302
. advances under § 5.3 of the internal regulations		413	317	322
- on bonds and other fixed-income securities				
. securities (*available for sale*)		128	92	28
. securities (*held to maturity*)		756 345	899 891	1 051 534
- interest and similar expenses	12	**-767 043**	**-906 409**	**-1 051 655**
- on bonds and other fixed-income securities				
. interest		-756 007	-899 543	-1 051 208
. issuance and management fees		-11 036	-6 866	-447
+/- Translation differences	12	**0**	**0**	**0**
+/- Commissions	12	**-10**	**-7**	**-6**
+/- Other income from banking operations	12	**11 036**	**7 115**	**1 698**
+/- Other expenses from banking operations	12	**-455**	**-345**	**-343**
NET BANKING INCOME	12	**2 197**	**2 001**	**1 857**
- General operating expenses	13	**-9 870**	**-9 511**	**-10 067**
- payroll expenses		-1 301	-1 239	-1 191
- other administrative expenses				
. taxes and duties		-7 872	-7 697	-8 383
. external services		-697	-575	-493
- Depreciation, amortisation and provision expenses related to intangible and tangible fixed assets	13	**-22**	**-19**	**-12**
+ Other operating income	13	**10 790**	**10 821**	**11 926**
GROSS OPERATING INCOME		**3 095**	**3 292**	**3 704**
+/- Cost of risk		**0**	**0**	**0**
OPERATING INCOME		**3 095**	**3 292**	**3 704**
+/- Gains or losses on fixed assets		**0**	**0**	**-14**
NET INCOME FROM ORDINARY OPERATIONS		**3 095**	**3 292**	**3 690**
+/- Non-recurring items		**0**	**0**	**0**
- Corporation tax (*impôt sur les sociétés*)	15	**-3 066**	**-3 292**	**-3 712**
+/- Expenses/reversals related to FGBR and regulated provisions		**0**	**0**	**40**
NET INCOME		**29**	**0**	**18**

NET CASH FLOW STATEMENT

In € thousands

	At 31/12/20	At 31/12/19	At 31/12/18
Cash flow from operating activities			
Net income before taxes	**3 095**	**3 292**	**3 731**
Non-cash items:			
Depreciation and amortisation expenses	22	19	12
Net charge to provisions	-85	-41	-62
Net charge to FGBR	0	0	-40
Other non-cash items	991	-754	13
Total non-cash items included in net income and other adjustments	**928**	**-776**	**-77**
Changes in transactions with credit institutions:			
Increase in term deposits and TCN	-126 000	-223 062	-122 555
Term deposits having reached maturity	126 000	225 485	125 002
Changes in non-financial assets and liabilities:			
Other assets	-1 239	-155	-2 630
Other liabilities	-92	-172	-80
Taxes paid	-3 065	-3 390	-3 405
Net change in assets and liabilities from operating activities	**-4 396**	**-1 294**	**-3 668**
Net cash flow used in operating activities (A)	**-373**	**1 222**	**-14**
Net cash-flow from investment activities			
+/- Disposals or acquisitions of tangible fixed assets	-27	-9	-28
+/- Disposals or acquisitions of intangible and financial fixed assets	0	-9	-14
Net cash flow used in investment activities (B)	**-27**	**-18**	**-42**
Net cash flow from financing activities			
Capital increase in cash	0	0	0
Proceeds from bond issues	3 248 098	2 014 400	0
Bond repayments	-4 100 000	-3 731 008	-3 975 500
Acquisition of investment securities (Mortgage Notes)	-3 248 098	-2 014 400	0
Investment securities having reached maturity	4 100 000	3 731 008	3 975 500
Proceeds from subordinated bond issues	0	0	0
Redemptions of subordinated bond issues	0	0	0
Dividends paid	0	0	0
Net cash flow from financing activities (C)	**0**	**0**	**0**
Impact of changes in exchange rates (D)	**0**	**0**	**0**
Net change in cash flow (A + B + C + D)	**-400**	**1 204**	**-56**
Net cash and cash equivalents at start of period	5 938	4 734	4 790
Net cash and cash equivalents at end of period	5 538	5 938	4 734
NET CHANGE IN CASH POSITION	**-400**	**1 204**	**-56**

NOTES

PRESENTATION OF THE FINANCIAL STATEMENTS, ACCOUNTING POLICIES AND VALUATION METHODS

NOTE 1 - Presentation of the financial statements

CRH's annual financial statements are prepared and presented in accordance with the provisions of Regulation No. 2014-07 of the French accounting standards authority (*Autorité des Normes Comptables* – ANC) relating to the financial statements of companies in the banking sector.

NOTE 2 - Accounting principles and valuation methods

A - Information on the impact of the Covid-19 epidemic

CRH's annual financial statements dated 31 December 2020 have been prepared during the evolving background of the Covid-19 health crisis. It is not anticipated that the Covid-19 epidemic will have any consequences on CRH's continuing business operations. Furthermore, this crisis has not generated any major problems in organising operations, producing financial statements or estimating risk.

B – Foreign exchange transactions

CRH's foreign exchange transactions are recognised in accordance with Regulation No. 2014-07 referred to above. Therefore, as an exception to the provisions of Article L. 123-22, paragraph 1 of the French Commercial Code, the accounting documents related to the recording of foreign exchange transactions are prepared in each of the relevant currencies.

CRH does not take any foreign exchange positions.

CRH carries out refinancing transactions using Mortgage Notes in Swiss francs (CHF) guaranteed by home-purchase loans in CHF, by issuing bonds in CHF for the same amount.

These transactions are perfectly matched, since the translation differences on the Mortgage Notes are recognised in a symmetrical manner in respect of the differences recognised on the bonds.

C – Bond issues

Bonds issued are recorded at their issue price in an account entitled "Debt securities". When the issue price differs from the redemption price, the difference is amortised using the actuarial method.

Actuarial amortisation is non-straight-line amortisation 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 flow generated until its maturity are the same.

Yearly actuarial amortisation is equal to the difference between the cash flow of the period, calculated on the basis of the nominal rate, and the actuarial cash flow computed by applying the effective interest rate to the actuarial amortised price obtained at the end of the previous computation period.

As regards bonds issued in CHF, on each closing date:

- the bonds' issue prices, adjusted for actuarial amortisation of the issue premiums, are translated using the CHF historical exchange rate on the settlement date of each issue.
- accrued interest payable on these bonds is translated at the CHF spot rate and recognised in the income statement.
- amounts due (interest, repayment) are recognised at the rate prevailing on each of these settlements. A technical currency gain or loss is then recognised in the income statement.

Each bond issue has its own costs. These can be divided into new issue costs (legal fees incurred for the establishment and updating of the EMTN programme, AMF fees, legal fees incurred in respect of each issue, issue commissions, listing fees and rating agency fees) and those relating to the management of outstanding bonds (fiscal agency, paying agency, rating agency fees and contributions to prudential authorities).

Regardless of their nature, these expenses are reinvoiced to borrowers. Fees relating to the establishment and updating of the EMTN programme are charged pro rata their share of the home purchase loan market. Issue costs are charged pro rata their share of each new issue. The other expenses are broken down according to their share of each bond pool.

D - 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 admitted to trading on a market.

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

The securities portfolio held by CRH is mainly comprised of fixed-income securities: the Mortgage Notes subscribed by the shareholders.

CRH holds negotiable debt instruments (TCN) in connection with the investment of its own funds.

Mortgage Notes are recorded as investment securities. Indeed under Regulation No. 2014-07 referred to above, they are intended to be held to maturity and are financed through matching and earmarked bond issues. Maturities and interest rates for the notes and the bonds are identical, and thus the acquisition price of Mortgage Notes on the assets side of the balance sheet is equal to the issue price of the bonds on the liabilities side.

When the acquisition price differs from the redemption price, the difference is amortised using the actuarial method under exactly the same terms and conditions as for the bonds.

As regards the CHF Mortgage Notes, on each closing date:

- the notes' acquisition price, adjusted for actuarial amortisation, is valued on the basis of the CHF's historical exchange rate as of the date of the acquisition.
- accrued interest receipts on such notes are valued on the basis of the CHF spot rate and recognised in the income statement.
- amounts due (interest, repayment) are recognised on the basis of the exchange rate prevailing on the settlement date. A technical foreign currency gain or loss is then recognised in the income statement.

Disposals of held-to-maturity securities are limited to early redemptions of Mortgage Notes, by delivery of matching bonds by the relevant shareholders, or by the acquisition of the matching bonds by CRH as part of a public exchange offer. In the case of public exchange offers, as a consideration for such disposals, CRH acquires new Mortgage Notes matching the related bonds issued under the public exchange offer.

These disposals have no impact on CRH's earnings.

Negotiable debt instruments, with a maturity in excess of two years on the closing date of the financial year in which they were acquired, are recognised in a specifically created portfolio of held-to-maturity securities.

Where available-for-sale securities have been reclassified as investment (held to maturity) securities, previously recognised impairment charges are reversed over the residual term of the relevant securities.

The other negotiable debt instruments are recognised as available-for-sale securities. On each closing date, unrealised capital losses, if any, are calculated for each securities line and give rise to the recognition of an impairment charge without set-off against unrealised capital gains. Such capital losses are recognised as "Gains or losses related to portfolio investment operations", in the same manner as for the depreciation flows related to such securities. Unrealised capital gains are not recognised.

E – Loans and advances to credit institutions

Loans and advances to credit institutions include all loans and advances held in respect of banking operations, with the exception of those represented by a security. Loans and advances to credit institutions are stated on the balance sheet at their face value or acquisition cost in the case of loans and advances purchased, plus any accrued interest not yet due and net of provisions recognised in respect of credit risk.

CRH did not redeem any receivables. Also, CRH did not recognise any impairment charge related to the credit risk.

F – Fixed assets

Under the accounting regulations for fixed assets (CRC Regulations No. 2002-10 and 2003-12), fixed assets are recognised on the balance sheet at their historical acquisition cost. Depreciation and amortisation schedules are calculated on the basis of the rates approved by tax authorities.

Intangible fixed assets consist of software amortised on a straight-line basis over 3 years.

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, installations	5 to 15 years	straight-line
- office equipment	5 to 10 years	straight-line and declining balance for tax purposes
- IT equipment	3 years	declining balance for tax purposes

G – Other assets and liabilities

Other assets may consist of payments on account of tax, deductible VAT, security deposits and guarantees, costs and taxes to be recovered, salary advances to staff and interim dividends.

Other liabilities may consist of amounts due to Governmental, Social security and other welfare bodies, supervisory contributions payable in respect of the closed financial year, VAT collected, trade payables, compensation due to staff, dividends due to shareholders, bonds and other fixed-income securities issued by the institution, amortised and not yet repaid, and coupons in respect of securities issued by the institution and which are due but still remain to be paid.

H – Retirement benefits

The benefits to which CRH employees are entitled upon retirement are paid by the French social security system, with a complementary portion paid by third-party bodies managing the distribution of contributions made.

The employer's share of such contributions is expensed each year as 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.

Each year, CRH's actuarial liability pursuant to these policies, calculated in accordance with the provisions of the French collective agreement for finance companies, is recalculated.

NOTES TO THE BALANCE SHEET

NOTE 3 - Mortgage Notes and bond issues

CRH's lending activity is represented by debt securities in the form of mortgage notes (*billets de mobilisation*). Its borrowing activity takes 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.

In € thousands

	At 31/12/20		*At 31/12/19*		*At 31/12/18*	
	Assets	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*
SECURITIES TRANSACTIONS						
-bonds and other fixed-income securities						
. Mortgage Notes (*)	24 308 687		25 147 352		26 852 280	
. accrued interest not yet due on Mortgage Notes	479 270		579 435		686 890	
- Debt securities						
. bond issues (*)		24 308 687		25 147 352		26 852 280
. accrued interest not yet due on bonds		479 270		579 435		686 890
TOTAL	**24 787 957**	**24 787 957**	**25 726 787**	**25 726 787**	**27 539 170**	**27 539 170**

(*) ***Including amounts in nominal value:***

In € thousands

	At 31/12/20		*At 31/12/19*		*At 31/12/18*	
	Assets	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*
SECURITIES TRANSACTIONS						
- bonds and other fixed-income securities						
. Mortgage Notes	*23 182 015*		*24 032 015*		*25 535 015*	
- Debt securities						
. bond issues		*23 182 015*		*24 032 015*		*25 535 015*
TOTAL	***23 182 015***	***23 182 015***	***24 032 015***	***24 032 015***	***25 535 015***	***25 535 015***

In CHF thousands

	At 31/12/20		*At 31/12/19*		*At 31/12/18*	
	Assets	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*
SECURITIES TRANSACTIONS						
- bonds and other fixed-income securities						
. Mortgage Notes	*1 400 000*		*1 400 000*		*1 675 000*	
- Debt securities						
. bond issues		*1 400 000*		*1 400 000*		*1 675 000*
TOTAL	***1 400 000***	***1 400 000***	***1 400 000***	***1 400 000***	***1 675 000***	***1 675 000***

Note: Mortgage notes (*billets de mobilisation*) are not listed securities

NOTE 4 - Breakdown of receivables and liabilities by residual maturity

In € thousands

RECEIVABLES	At 31/12/20	At 31/12/19	At 31/12/18
Credit institutions: term deposits			
- Less than three months	30 000	0	50 423
- Three months to one year	0	66 000	150 000
- From one to five years	75 000	85 000	111 000
- More than five years	284 000	223 000	80 000
TOTAL	**389 000**	**374 000**	**391 423**
Negotiable debt instruments (TCN)			
- Less than three months	0	0	0
- Three months to one year	0	50 000	15 000
- From one to five years	124 842	124 771	129 700
- More than five years	35 000	0	15 000
TOTAL	**159 842**	**174 771**	**159 700**
Mortgage Notes (*billets de mobilisation*)			
- Less than three months	2 301 027	1 999 602	228 033
- Three months to one year	1 499 155	2 100 531	3 505 663
- From one to five years	15 248 276	17 424 607	18 704 958
- More than five years	5 260 229	3 622 612	4 413 626
TOTAL	**24 308 687**	**25 147 352**	**26 852 280**

Note: the amount of TCN eligible for refinancing through the European System of Central Banks (ESCB) is 50 million euros. The rest are not eligible.

In € thousands

LIABILITIES	At 31/12/20	At 31/12/19	At 31/12/18
Bond issues			
- Less than three months	2 301 027	1 999 602	228 033
- Three months to one year	1 499 155	2 100 531	3 505 663
- From one to five years	15 248 276	17 424 607	18 704 958
- More than five years	5 260 229	3 622 612	4 413 626
TOTAL	**24 308 687**	**25 147 352**	**26 852 280**

NOTE 5 - Monitoring of securities available-for-sale reclassified as securities held-to-maturity during the 2018 financial year

In € thousands

2020	Amount at start of financial year		Amount at financial year-end	
ISIN Code	Gross book value	Net book value	Impairment charge	Net book value
FR0124497985	10 000	9 844	43	9 887
FR0013241775	10 000	9 996	2	9 998
FR0013247731	10 000	10 000	0	10 000
FR0013265667	10 000	10 000	0	10 000
FR0013285509	20 000	19 987	4	19 991
FR0013265824	10 000	9 944	22	9 966
TOTAL	**70 000**	**69 771**	**71**	**69 842**

NOTE 6 - Valuation of securities held in the portfolio as of 31 December 2020

Securities available-for-sale:

In € thousands

ISIN Code	Gross book value	Net book value	Unrealised capital gains	Unrealised capital losses
FR0125442899	10 000	10 000	96	0
FR0125443624	20 000	20 000	170	0
TOTAL	**30 000**	**30 000**	**266**	**0**

Securities held-to-maturity:

In € thousands

ISIN Code	Gross book value	Net book value	Unrealised capital gains	Unrealised capital losses
FR0124497985	10 000	9 887	104	0
FR0124980220	15 000	15 000	234	0
FR0126566159	10 000	10 000	5	0
FR0013241775	10 000	9 998	0	14
FR0013247731	10 000	10 000	33	0
FR0013265667	10 000	10 000	0	92
FR0013285509	20 000	19 991	270	0
FR0013327681	10 000	10 000	0	1
FR0013265824	10 000	10 000	88	0
FR0014000LJ2	10 000	10 000	45	0
FR0014001400	15 000	15 000	30	0
TOTAL	**130 000**	**129 876**	**809**	**107**

NOTE 7 - Other assets, liabilities, prepayment and accruals amounts

In € thousands

ASSETS	At 31/12/20	At 31/12/19	At 31/12/18
Miscellaneous debtors	**8 762**	**7 523**	**7 269**
State – corporation tax (*impôt sur les sociétés*)	0	99	0
State – CVAE	0	0	0
State – VAT credit	24	77	0
State – Deductible VAT	4	42	8
Expenses recharged to borrowers	1 023	762	1 846
Guarantee deposit with the single resolution fund (SRF)	7 671	6 504	5 376
Other guarantee deposits and miscellaneous	40	39	39
Other prepayments	**91**	**90**	**73**
TOTAL	**8 853**	**7 613**	**7 342**

In € thousands

LIABILITIES	At 31/12/20	At 31/12/19	At 31/12/18
Miscellaneous creditors	**119**	**210**	**382**
State – corporation tax (*impôt sur les sociétés*)	0	0	307
State – VAT	34	124	8
Social security, payroll taxes and withholding tax	72	72	53
Trade payables	11	13	11
Other miscellaneous creditors	2	1	3
Accrued expenses	**1 384**	**331**	**331**
Payroll expenses and related expenses	232	215	197
Direct and indirect taxes	971	45	53
Other accrued expenses	181	71	81
TOTAL	**1 503**	**541**	**713**

NOTE 8 - Provisions

In € thousands

	Balance at 31/12/18	+ Expenses - Reversals	Balance at 31/12/19	+ Expenses - Reversals	Balance at 31/12/20
Provision for retirement benefits (note 19)	205	30	235	-14	221
TOTAL	**205**	**30**	**235**	**-14**	**221**

NOTE 9 - Common Equity Tier 1 (CET1) capital instruments

CRH's share capital is fully subscribed. Shares have a par value of €15.25. The total number of shares in issue is equal to 35 409 491.

In € thousands

	Balance at 31/12/18	+ Increase - Decrease	Balance at 31/12/19	+ Increase - Decrease	Balance at 31/12/20
Subscribed share capital	539 995	0	539 995	0	539 995
Share premium	17 820	0	17 820	0	17 820
Statutory reserve	3 256	1	3 257	0	3 257
Other reserves	1 122	0	1 122	0	1 122
Retained earnings	382	17	399	0	399
Net income	18	-18	0	29	29
TOTAL	**562 593**	**0**	**562 593**	**29**	**562 622**

For each financial year, changes in equity capital depend on the allocation of earnings for the previous financial year.

Under the *Supervisory Review and Evaluation Process* (SREP), the irrevocable payment undertaking to the SRF, which amounted to 7,671,081 euros at 31 December 2020, is deducted from CET1 capital; CET1 capital amounts to 554,946,122 euros after deduction of this undertaking and the other regulatory adjustments.

INFORMATION CONCERNING OFF-BALANCE SHEET ITEMS

NOTE 10 - Financing commitments received from credit institutions

Pursuant to the articles of association, credit institution shareholders are obliged to provide the cash advances required for CRH's operations up to the limit of 5% of total outstanding loans. This requirement is defined in CRH's internal regulations, approved by the Shareholders' Meeting of 27 February 1996.

At 31 December 2020, the amount of commitments received totalled 1,216,153,511.83 euros.

NOTE 11 - Guarantee commitments received from credit institutions

The principal and interest on each Mortgage Note are secured by a pledged portfolio of receivables representing secured home-purchase loans secured either by a first ranking mortgage or real property security conferring equivalent security, or a guarantee (*cautionnement*) granted by a credit institution or insurance company which is not included in the consolidation scope of the credit institution issuing the note.

At 31 December 2020, the amount of the portfolio of receivables pledged to CRH amounted to 35,386,435,619.37 euros.

NOTE 12 - Net Banking Income (NBI)

A - Analysis of NBI from bond issuance and lending operations

It should be noted that CRH lends under the same conditions as to interest rate and maturity as it borrows on the financial markets. It therefore does not charge any margin on its lending activities.

To facilitate the analysis of its net income, income and expenses from lending and borrowing activities are grouped together for purposes of equivalence of their amounts.

In € thousands

	At 31/12/20		At 31/12/19		At 31/12/18	
	Expenses	Income	Expenses	Income	Expenses	Income
Interest						
On bonds issued	756 007		899 543		1 051 208	
On Mortgage Notes		756 007		899 543		1 051 208
Translation differences *						
On bonds issued	3 877		16 978		1 453	
On Mortgage Notes		3 877		16 978		1 453
Issuance and management fees						
On bonds issued	11 036		6 866		447	
On Mortgage Notes		11 036		6 866		447
TOTAL	**770 920**	**770 920**	**923 387**	**923 387**	**1 053 108**	**1 053 108**

** Foreign exchange differences correspond to a technical balance between the foreign exchange gains and losses recorded upon the contractual maturities of CHF-denominated transactions.*

Since 2016, rating agency fees have been fully recharged to the borrowing institutions. The overall amounts recharged in 2020 totalled 932 500 euros.

These payments have no impact on CRH's net income.

B - Other income and expenses relating to banking operations

For the 2020 financial year, the other income from banking operations included interest earned on own funds invested on the money market in demand deposits, term deposits and negotiable debt instruments (TCN). Since 2019, reorienting a substantial proportion of matured investments towards fixed-rate products has helped mitigate the impact of negative interest rates. This income therefore represents a rate of return of 0.39% on the average capital invested during the 2020 financial year (0.31% in 2019 and 0.10% in 2018).

In order to protect the return on capital invested in negotiable instruments (TCN) for maturities in excess of two years, a specific portfolio of securities held-to-maturity was established. Impairment charges previously recognised are reversed over the residual term of the relevant securities (for details, see note 5).

In € thousands

	At 31/12/20	At 31/12/19	At 31/12/18
Interest on cash management transactions	1 783	1 347	279
Interest on securities available-for-sale (TCN)	128	92	28
Interest on securities held-to-maturity (TCN)	267	277	255
Interest on investment of advances under § 5.3 of Internal Regulations	-413	-317	-322
Reversal of impairment charges on re-classified securities	71	71	71
Fees on securities transactions	0	0	0
Operating subsidy received	0	250	1 250
A - Total other income from banking operations	**1 836**	**1 720**	**1 561**
Interest on advances under § 5.3 of the Internal Regulations	-413	-317	-322
Miscellaneous interest and expenses	52	35	25
Fees on securities transactions	0	1	1
Total other expenses from banking operations	**-361**	**-281**	**-296**
NET BANKING INCOME	**2 197**	**2 001**	**1 857**

Details of the valuation of portfolio securities as at 31 December 2020 are provided in note 6. No disposals of securities were made in 2020.

NOTE 13 – Other operating income and expenses

A – Operating expenses recharged to borrowers

Since 2015, under the new European regulatory framework, CRH has been obliged to pay two contributions:
- The European Central Bank (ECB) supervision contribution,
- the contribution to the Single Resolution Fund (SRF).

Since 2015, in order to enable CRH to meet these expenses, which significantly increase its operating expenses, while the profitability of its investments is impaired by the very low level of interest rates received on the money market, these contributions have been recharged to borrowers by neutralising the impact of the non-deductibility from corporate income tax of the contribution to the SRF, in accordance with the provisions of the internal regulations and the collateralisation agreements.

In 2016, the following were also recharged:

- The supervision contribution paid to the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR).
- The contribution to the Single Resolution Mechanism (SRM).

The same mechanism is applied to the fee payable to the *Autorité des Marchés Financiers* (AMF) in relation to the EMTN programme.

In € thousands

	At 31/12/20		At 31/12/19		At 31/12/18	
	Expenses	Income	Expenses	Income	Expenses	Income
Taxes other than income tax (excerpt)						
SRF contribution	6 616		6 389		7 207	
ECB contribution	924		924		810	
ACPR contribution	161		170		195	
SRM contribution	111		137		106	
AMF fee	5		5		0	
Other operating income						
Recharged contributions		10 790		10 820		11 922
Miscellaneous income		0		1		4

B – Other operating expenses

Not including recharged expenses, CRH's total administrative expenses, after depreciation and amortisation, amounted to:

- 2 million euros at 31 December 2020,
- 1.9 million euros at 31 December 2019,
- 1.8 million euros at 31 December 2018.

Total annual administrative expenses represented 0.0081% of average outstanding loans to shareholders as at 31 December 2020 (0.0077% at 31 December 2019, 0.0063% at 31 December 2018).

Details of the main items are as follows:

In € thousands

	At 31/12/20	At 31/12/19	At 31/12/18
Wages and salaries	819	754	734
Retirement expenses (1)	84	119	94
Other social security contributions	280	265	259
Payroll taxes and similar expenses	118	101	104
Total payroll expenses	**1 301**	**1 239**	**1 191**
Taxes other than income tax (excerpt)	**55**	**72**	**65**
Rental and leasing	244	219	159
Other external services and miscellaneous administrative expenses	453	356	334
Total other administrative expenses	**697**	**575**	**493**
Amortisation of intangible fixed assets	8	7	3
Amortisation of tangible fixed assets	14	12	9
Total amortisation and depreciation expenses	**22**	**19**	**12**

(1) *net of allowances and reversals of provisions for retirement benefits in an amount of 14,000 euros as of 31 December 2020.*

NOTE 14 – Statutory auditors' fees

The total amount of statutory auditors' fees recorded as at 31 December 2020 is equal to 100 892.80 euros and includes the following:

In €

	Auditeurs et Conseils Associés	KPMG
Fees in respect of 2020 statutory audit	34 800,00	34 800,00
Other services related to the 2020 statutory audit	4 602,00	24 820,80
Balance of fees relating to 2019 statutory audit	1 750,00	120,00
Total	**41 152,00**	**59 740,80**

NOTE 15 - Corporation tax

For companies whose turnover is equal to or greater than 250 million euros, the corporation tax rate in 2020 is 28% on profits of up to 500 000 euros and 31% on profits over and above that amount.

Accordingly, the corporation tax payable on the results for the 2020 financial year is an amount of 2,992,145 euros. Whilst this only covers recurring transactions, the amount is very significantly increased by (i) adding-back of the SRF contribution of 6,616,337.41 euros which is non-deductible and (ii) the corresponding recharge (Note 13 A). To this, it is necessary to add the social contribution in an amount of 73,562 euros.

NOTE 16 - Compensation paid to corporate officers

In €

Summary table of corporate officers' compensation				
	2020		2019	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Olivier HASSLER				
Fixed compensation	25 000	25 000	25 000	25 000
Variable compensation				
Extraordinary compensation				
Director's fees				
Benefits in kind				
TOTAL	**25 000**	**25 000**	**25 000**	**25 000**
Marc NOCART				
Fixed compensation	212 500	212 500	200 000	200 000
Variable compensation				
Extraordinary compensation	40 000	40 000	30 000	30 000
Director's fees				
Benefits in kind (GSC)	8 224	8 224	8 100	8 100
TOTAL	**260 724**	**260 724**	**238 100**	**238 100**

The other corporate officers received no compensation from the company.

NOTE 17 – List of related-party transactions

CRH did not enter into any transactions within the meaning of Article R. 123-199-1 of the Commercial Code with any related parties whatsoever during the 2020 financial year.

NOTE 18 - Employees

The average number of salaried staff members during 2020 was 7.3.

NOTE 19 - Provision for retirement benefits

Provisions set aside to cover retirement benefits as required by French law, which amounted to 221 000 euros, cover the full amount of CRH's estimated liability as of 31 December 2020.

CRH does not have any other retirement commitments.

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Leverage ratio

European regulations have, as one of the prudential indicators, introduced a leverage ratio which is determined by comparing the amount of an institution's CET1 capital to the amount of its overall exposure. Data collection in regulatory format commenced in 2014, and institutions have been obliged to publish their leverage ratio since 1 January 2015.

The European Commission, as part of its proposed reform of the CRR presented on 23rd November 2016, proposed implementing the recommendations of the EBA in its report, published on 3 August 2016, on the introduction and calibration of the leverage ratio. This proposal entailed a binding leverage ratio obligation equal to 3%. However, the Commission's proposed reform of the capital requirements regulation contained possible exemptions, based on decisive criteria decided by the EBA, applicable to certain types of exposure.

The text voted by the European Parliament at its first reading on 16 April 2019, as approved by the Council and published in the Official Journal of the European Union on 7 June 2019, enables a credit institution, when calculating the leverage ratio, to adjust certain exposures that are exempted from the total exposure measurement.

According to the legal opinion delivered to CRH, it is authorised, by virtue of its compliance with the conditions set forth in Article 429 bis, paragraph 1, point e) and paragraph 3 relating to the institution and the loans granted, and for the purposes of calculating the leverage ratio, to deduct the refinancing granted to the banks from its exposure.

By way of information, the leverage ratio calculated in accordance with these new provisions would be equal to 99.69% as of 31 December 2020. With no deduction, the ratio would be 2.19%.

Solvency ratio

The Supervisory Review and Evaluation Process (SREP) 2019 has not changed CHR's prudential capital requirement for 2020.

Therefore, as of 1 January 2020, CRH's overall capital requirement was 11.50%, and its Common Equity Tier 1 (CET1) requirement was 8%, of which:

- 0.75% for the regulatory Pillar 2 requirement (P2R).
- 2.50% for the capital conservation buffer.
- 0.25% for the counter cyclical capital buffer.

As regards the counter cyclical capital buffer, between 1st July 2019 and 2 April 2020, the applicable rate remained 0.25% and was due to increase to 0.50% on 2 April 2020, in accordance with the earlier decisions of the Financial Stability Board (FSB). On 1 April 2020, the FSB decided to reduce this rate to 0% and it has remained unchanged since then.

Since 12 March 2020, following the ECB's decision to reduce the capital composition burden under the Pillar 2 (P2R) requirement against the background of the Covid-19 pandemic, the minimum capital composition under the Pillar 2 (P2R) requirements, previously held entirely in the form of CET1, is as follows:

P2R		Overall	CET1	AT1	T2
	Capital requirement	0.75%	0.421875%	0.140625%	0.1875%

With a fully-loaded capital adequacy ratio of 18.52% as at 31 December 2020 and an identical CET 1 ratio in the absence of additional capital, CRH's compliance far exceeds the prudential requirements applicable as at 31 December 2020.

In €

Own funds disclosure Implementing regulation (EU) n° 1423/2013			Reference to relevant article of EU regulation n° 575/2013
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	557 815 273	26(1), 27, 28, 29
	Of which: ordinary shares	557 815 273	EBA List, 26 (3)
	Of which: type-2 instruments	0	EBA List, 26 (3)
	Of which: type-3 instruments	0	EBA List, 26 (3)
2	Retained earnings	399 022	26(1)(c)
3	Accumulated other comprehensive income (and other reserves)	4 408 312	26 (1)
3a	Funds for general banking risks	0	26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase-out from CET 1	0	486 (2)
5	Minority interests (amount allowed in consolidated CET 1)	0	84
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0	26 (2)
6	**Common Equity Tier 1 (CET 1) capital before regulatory adjustments**	**562 622 607**	**Sum of rows 1 to 5a.**
Common Equity Tier 1 (CET 1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-7 676 484	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	0	36 (1) (b), 37
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0	36 (1) (c), 38
11	Fair value reserves related to gains or losses on cash flow hedges	0	33 (1) (a)
12	Negative amounts resulting from the calculation of expected loss amounts	0	36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)	0	32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	33 (1) (b)
15	Defined-benefit pension fund assets (negative amount)	0	36 (1) (e), 41
16	Direct and indirect holdings by an institution of own CET 1 instruments (negative amount)	0	36 (1) (f), 42
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	36 (1) (g), 44

18	Direct, indirect and synthetic holdings by the institution of the CET 1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	36 (1) (h), 43, 45, 46, 49 (2) (3), 79
19	Direct, indirect and synthetic holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) à (3), 79
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0	36 (1) (k)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0	36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 15% threshold (negative amount)	0	48 (1)
23	Of which: direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities	0	36 (1) (i), 48 (1) (b)
25	Of which: deferred tax assets arising from temporary differences	0	36 (1) (c), 38, 48 (1) (a)
25a	Losses for the current financial year (negative amount)	0	36 (1) (a)
25b	Foreseeable tax charges relating to CET 1 items (negative amount)	0	36 (1) (l)
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	0	36 (1) (j)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET 1)**	**-7 676 484**	Sum of rows 7 to 20a, 21, 22 and 25a to 27
29	**Common Equity Tier 1 (CET 1) capital**	**554 946 123**	Row 6 minus row 28
Additional Tier 1 (AT1) capital: instruments		**0**	
Tier 2 (T2) capital: instruments and provisions		**0**	
Total capital (TC = CET1 + AT1 + T2)		**554 946 123**	
Total risk-weighted assets		**2 996 740 884**	
Capital ratios and buffers			
61	**Common Equity Tier 1 (as a percentage of total risk exposure amount)**	**18.52%**	**92 (2) (a)**
62	**Tier 1 (as a percentage of total risk exposure amount)**	**18.52%**	**92 (2) (b)**
63	**Total capital (as a percentage of total risk exposure amount)**	**18.52%**	**92 (2) (c)**
64	Institution specific buffer requirement (CET 1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	7.42%	CRD 128, 129, 130, 131, 133
65	Of which: capital conservation buffer requirement	2.50%	
66	Of which: countercyclical buffer requirement	0.00%	
67	Of which: systemic risk buffer requirement	0.00%	
67a	Of which: Global Systematically Important Institution (G-SII) or Other Systematically Important Institution (O-SII) buffer	0.00%	

68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	18.52%	CRD 128
Amounts below the thresholds for deduction (before risk weighting)		0	
Cap on inclusion of credit risk adjustments in T2 under standardised approach		37 459 261	62 (c)
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)		0	

LCR liquidity ratio

CRH's normal operating conditions are such that it has no non-covered liabilities. The provisions of Article 425-1 of Regulation (EU) n° 575/2013 of 26 June 2013 permit CRH to exclude the cash inflows from its Mortgage Notes from the 75% cap on cash outflows applied towards the service of its bond issues.

NSFR liquidity ratio

In accordance with its articles of association and internal regulations, CRH's debt issues and loans are fully interdependent (identical rates, terms and currencies).

The reform of the capital requirements regulation voted by the European Parliament at first reading on 16 April 2019, approved by the Council and published in the Official Journal of the European Union on 7 June 2019, implemented the Basel rules on interdependent assets and liabilities as regards the calculation of the NSFR in order to avoid the application of differentiated available stable funding (ASF) and required stable funding (RSF) coefficients to debt issues and loans maturing within six months.

Major risks

The amendments to the articles of association and internal regulations unanimously approved by the shareholders at the extraordinary general meeting held on 8 March 2016, permit, pursuant to the provisions of article 493-3 (e) of the CRR and article 2-1 (c) of the Order dated 23 December 2013[4], Mortgage Notes held by CRH to be fully exempt from the major risks rules until 1 January 2029.

Disclosure relating to assets encumbered as of 31 December 2020 (Order dated 19 December 2014 concerning disclosure of information relating to encumbered assets)

Template A – Assets

In € thousands

		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
		010	040	060	090
010	**Assets of reporting institution**	**24 725 030**		**565 408**	
030	Equity instruments	0	0	0	0
040	Debt securities	24 725 030	24 896 273	174 875	174 875
120	Other assets	0		390 533	

[4] Order dated 23 December 2013 implementing Article 493 (3) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council dated 26 June 2013 on prudential requirements for credit institutions and investment firms.

Template B – Collateral received

In € thousands

		Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
		010	040
130	**Collateral received by the reporting institution**	**0**	**35 464 373**
150	Equity instruments	0	0
160	Debt securities	0	0
230	Other collateral received	0	35 464 373
240	**Own debt securities issued, other than own covered bonds or ABS**	**0**	**0**

Template C – Encumbered assets/collateral received and associated liabilities

In € thousands

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued, other than covered bonds and encumbered ABS
		010	030
010	**Carrying amount of selected financial liabilities**	**24 725 030**	**35 464 373**

D – Information on importance of encumbered assets

1- CRH mode of operation

CRH operates within the specific framework of the Law n° 85-695 dated 11 July 1985 (cf. schedule 1).

In accordance with its sole corporate objects, it borrows on a long-term basis by issuing covered bonds on the market to refinance banks, on identical terms as to interest rate, maturity and currency.

The refinancing loans that CRH grants to the banks and the bonds that it issues on the financial markets are perfectly matched (see Schedule 6, internal regulations).

When CRH borrows 100 in nominal value, it grants a refinancing loan with a nominal value of 100, and requests as collateral a loans portfolio with a minimum nominal value of 125 (see Schedule 6, internal regulations).

The refinancing loans are represented by Mortgage Notes (*billets de mobilisation*).

Within the framework of articles L. 313-42 to L 313-48 of the Monetary and Financial Code (cf. Schedule 2), the refinanced bank pledges a portfolio of home-purchase loans satisfying the eligibility criteria (cf. schedule 7) to secure the loans granted to it by CRH.

If a refinanced bank defaults, CRH may, without any formalities, notwithstanding any provision to the contrary, acquire ownership of the portfolio pledged by the bank.

Finally, pursuant to article 13 of the Law dated 11 July 1985 referred to above, the amounts or proceeds derived from the above promissory notes are applied, in priority and under all circumstances, towards payment of the principal and interest under the issued bonds.

2- Information on encumbered assets (Article 3-4° of above-mentioned Order)

The disclosed data corresponds to the median value of the values observed on a quarterly basis over the previous twelve months.

The Mortgage Notes matching the CRH bonds and the related accrued interest are the only encumbered assets within the meaning of article 2 of that Order.

a) The amounts or proceeds derived from these promissory notes being, in priority and by law, applied towards the payment of interest on, or the repayment of, the matching covered bonds, the notes are secured for the benefit of the CRH bondholders, the sole creditors of CRH with the possible exception of insignificant amounts due to the State, employees, the social security bodies and CRH's suppliers.

Application towards servicing this debt is the sole encumbrance over the notes.

In addition, CRH does not make use of the derivative markets.

b) This allocation is unchanged since CRH's formation.

c) CRH is not part of a group.

d) There is no surplus collateral pledged to bondholders. Nevertheless, if a borrowing bank defaults, the bondholders benefit indirectly from the over-collateralisation of the pledged portfolio which becomes CRH's property.

Furthermore, the shareholder banks are required, if necessary, to provide CRH with liquidity facilities or regulatory capital (article 12 of the articles of association or article 8 of the internal regulations).

These provisions also indirectly benefit the covered bondholders.

e) Priority application towards servicing CRH's covered bond debt is stipulated under the above-mentioned Law dated 11 July 1985.

The collateral pledged to CRH to cover the Mortgage Notes is stipulated under articles L. 313-42 to L. 313-49 of the Monetary and Financial Code and the provisions of CRH's internal regulations, also referred to above.

The other assets that may be used to service the debt are investments of, and interest received on, own funds.

20.2. PRO FORMA FINANCIAL INFORMATION

In the absence of any significant changes to gross figures, CRH has not prepared any pro forma financial information.

20.3. CONSOLIDATED FINANCIAL STATEMENTS

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

20.4. AUDIT OF HISTORICAL ANNUAL FINANCIAL INFORMATION

The statutory auditors' general report on the financial statements for the year ending 31 December 2020 is included in the "Reports" section of this universal registration document, page 33.

The statutory auditors' general report on the financial statements for the year ending 31 December 2019 is included in the "Reports" section of the universal registration document for the 2019 financial year, page 29.

The statutory auditors' general report on the financial statements for the year ending 31 December 2018 is included in the "Reports" section of the registration document for the 2018 financial year, page 29.

20.5. DATE OF LATEST FINANCIAL INFORMATION

The financial information dated 31 December 2020 is the latest financial information to have been audited.

20.6. INTERIM AND OTHER FINANCIAL INFORMATION

CRH has not published any quarterly or half-yearly financial information since its financial statements dated 31 December 2020.

20.7. DIVIDEND DISTRIBUTION POLICY

The rules governing the distribution of dividends are set forth in article 26 of the articles of association.

20.8. JUDICIAL AND ARBITRATION PROCEEDINGS

As of the filing date of this document, there are no pending legal, governmental, regulatory, tax or arbitration proceedings that are likely to have a material impact on CRH's financial position or profitability.

20.9. SIGNIFICANT CHANGES TO THE ISSUER'S POSITION

As of the filing date of this document, there are no extraordinary events or litigation having had in the recent past, or that are likely in the future to have, a material impact on CRH's financial position, activity or results that have not been reflected in the financial statements dated 31 December 2020.

CHAPTER 21

ADDITIONAL INFORMATION

21.1. SHARE CAPITAL

21.1.1. Subscribed capital

The subscribed share capital amounts to 539,994,737.75 euros divided into 35,409,491 shares with a par value of 15.25 euros each.

These shares are not encumbered by any pledge.

At 31 December 2020, no currently valid powers have been conferred on the board of directors by the shareholders' general meeting to increase the share capital.

CRH's shares are not listed.

21.1.2. Share capital authorised and not subscribed

At 31 December 2020, there is no authorised share capital that has not been issued.

21.1.3. Convertible bonds and securities conferring rights to share capital

There are no existing convertible bonds or hybrid securities, that confer, now or in the future, rights to CRH's share capital.

21.1.4. Table showing changes in share capital

Please refer to the table showing the company's financial results for the last five financial years on page 25.

21.1.5. Allocation of share capital (Excerpt of articles of association, article 6 - see Schedule 5)

The number of shares held by a shareholder must be proportional to the regulatory capital requirement relating to the refinancing facilities granted by CRH to that shareholder.

21.2. MEMORANDUM AND ARTICLES OF ASSOCIATION

The full text of the articles of association is set forth in schedule 5 of the universal registration document , on page 155.

21.2.1. Corporate objects (Article 2 of the articles of association)

The objects of the company are:

- refinancing, for the benefit of the shareholders or credit institutions that have agreed to become shareholders in accordance with articles 6 to 9 below, Mortgage Notes subscribed or endorsed by such shareholders for the purpose of collateralizing receivables as referred to in Article L. 313-42 of the Monetary and Financial Code representing home-purchase loans,

- issuing, in consideration of the above, financial securities with features similar to those of the Mortgage Notes,

- and, more generally, carrying out all real or personal property transactions related to the above-mentioned objects, or any objects that are similar or connected, or likely to further the attainment thereof.

Pursuant to the provisions of Article 13 of the Law n° 85-695 dated 11 July 1985, the company provides, on restrictive terms, facilities for the refinancing of certain home-purchase loans granted to individuals by credit institutions, without charging any margin on its transactions.

Due to the perfect matching between the financial securities that it issues and the Mortgage Notes that it refinances, it offers a transparent service to credit institutions. The company's aim is to promote the home-purchase loan financing sector, without seeking to make a profit and by operating on a non-competitive basis.

The company is prohibited from taking any equity interests or conducting any business that does not conform with its corporate objects. In particular, the company does not incur any debts that do not conform with such objects.

It may, however, incur debt in the nature of own funds within the meaning of the prudential regulations. It may also, in the event of insolvency of a borrowing institution, and with the consent of the board of directors, incur any indebtedness that the situation requires.

21.2.2. Administration and auditing of the company (Section III of the articles of association)

The organisation and functioning of the board of directors are governed by articles 13 to 17 of the articles of association.

The organisation and functioning of senior management are governed by articles 18 and 19 of the articles of association.

Article 20 governs the appointment, status and role of the Government's representative. Article 21 determines the number of statutory auditors and the terms of appointment of the alternate statutory auditors.

21.2.3. Rights, privileges and restrictions attached to each category of existing shares

There are no existing shares conferring special rights of control. The issuer's share capital is comprised solely of ordinary shares. All shares are held mandatorily in registered form.

The articles of association include provisions specific to the issuer:

- Article 6 of the articles of association, 3rd §: The number of shares held by each shareholder shall be proportionate to the capital requirement corresponding to the refinancing facilities granted by the company to such shareholder.

- Article 9 of the articles of association, § 3 to 8: In order for the number of shares held by each shareholder to be proportional to the regulatory capital requirement in respect of the outstanding refinancing facilities granted to it by the company, each shareholder undertakes to acquire or sell the necessary number of shares from or to the present or future shareholders (or shareholder) designated by the company.

If, in order to comply with such proportion as regards one or more shareholders, one or more share transfers are required, each shareholder shall transfer or acquire, at the company's request, the number of shares required in order to comply with such proportion. Any fractional shares shall be allocated according to the largest remainder method.

When any change in the proportion of shares to be held by each shareholder results from changes in the amount outstanding of the loans refinanced by the company, such acquisitions or transfers shall be completed at least once per year, within thirty days from approval of the company's annual financial statements by the general meeting and whenever the board of directors so decides.

When the change results in whole or in part from an increase in the weighting of the amounts outstanding in the calculation of the regulatory capital requirements, in particular in case of deterioration of the financial rating of the Mortgage Notes issued by one or more shareholders or any change in the rules related to the prudential ratios applicable to the company, the acquisitions or transfers are completed within forty-five days from the date of such change.

The acquisitions or transfers are completed on the basis of a unit share price equal to the amount resulting from the division:

- of the net book value of the company determined on the basis of its own funds (without including the FGBR) shown in the most recent financial statements of the company: (i) either as of 31 December, of the preceding year, in the company's universal registration document; or (ii) as of 30 June, of the preceding year, in the financial statements drawn up by the board of directors and subject to a limited review by the statutory auditors. Such net book value takes into account possible allocations or contributions made between the reference date and the date of the acquisition or transfer.

- by the number of shares comprising the share capital as of the reference date referred to in the above paragraph.

The total price for each transfer is paid at the latest on the date of registration of the transfer, with the transferee being personally responsible for the payment of any such transfer duties as may be due.

- Article 12 of the articles of association: Each shareholder must pay to the company any amounts necessary in order to provide the company with the own funds determined by the ordinary general meeting in compliance with banking regulations. Such contributions correspond:

- either to the subscription or purchase of shares of the company, as discussed in Articles 6 to 9; or

- to the grant of loans to the company or to the acquisition of debt instruments issued by the company and having the character of equity within the meaning of prudential regulations. Such loans and instruments are hereinafter referred to as additional equity.

Such contributions are allocated for each shareholder and for each of the above categories, on a pro rata basis of the regulatory capital requirements related to the amount outstanding of the Mortgage Notes that the company has refinanced or endorsed in favour of such shareholder.

When it is decided to call additional equity from the shareholders, subject to the powers expressly reserved for general meetings of shareholders and within the limit of the corporate purpose, the board of directors determines the characteristics, amount and terms of such calls.

The board of directors may also decide to convert the additional own funds into capital, whether in whole or in part. Such decision is implemented in accordance with the articles of incorporation, prudential regulations and provisions of the law. Where applicable, such decision is implemented after being approved by prudential authorities.

In addition, each shareholder must provide the company, as cash advances, with the amounts necessary for its functioning within the limits and subject to the conditions determined by the board of directors, within the limit of 5% of total nominal amounts outstanding.

Such advances shall be allocated among shareholders on a pro rata basis of the refinanced amounts.

Any shareholder failing to pay the required amounts on the scheduled dates shall, automatically and without any prior notice, owe the company an indemnity under the terms set forth by the ordinary general meeting.

- Article 23 of the articles of association, 2nd §: Subject to the laws applicable to general meetings classed as constitutive general meetings, each member of the general meeting has the following number of votes:

- any shareholder owning a number of shares ranging between one share and 10% of the number of shares representing the share capital, shall have one vote for every 0.01% of that shareholder's percentage ownership of the share capital.

- any shareholder owning a number of shares ranging between 10% and 20% of the number of shares representing the share capital, shall have a number of votes equal to 1,000 plus one vote for every 0.01% of that shareholder's percentage ownership of the share capital over and above 10% of the share capital.

- any shareholder owning a number of shares greater than 20% of the number of shares representing the share capital, shall have a number of votes equal to 1,100 plus one vote for every 1% of that shareholder's percentage ownership of the share capital over and above 20% of the share capital.

- Where applicable, the number of votes so determined shall be rounded up to the nearest greater whole number.

- Article 27 of the articles of association: Internal regulations (*règlement intérieur*), drawn up by the board of directors, set forth the provisions governing the company's operations and various shareholder undertakings. The internal regulations supplement and clarify the articles of association. They are signed by the shareholders or the institutions committed to becoming shareholders.

21.2.4. Actions necessary to amend shareholders' rights

The shareholders in extraordinary general meeting have sole authority to amend the articles of association.

21.2.5. General meetings

Shareholders' general meetings are governed by articles 22 to 24 of the articles of association.

21.2.6. Provisions of the articles of association designed to prevent a change of control

There are no existing shares conferring special rights of control.

The voting rights allocation rules set forth in article 23 of the articles of association are intended to maintain CRH's independence (see para. 21.2.3. above).

21.2.7. Provisions of the articles of association determining the threshold above which any interest must be disclosed

The articles of association do not contain any provisions determining the threshold above which any interest must be disclosed.

21.2.8. Conditions imposed by the articles of association on changes to share capital where these conditions are stricter than required by law

The articles of association do not contain any specific conditions on changes to share capital and shareholders' rights.

CHAPTER 22

MATERIAL CONTRACTS

CRH has not, as of the filing date of this document, entered into any contracts other than in the normal course of business and that may confer on any member of the company any rights or obligations that may have a material impact on CRH's ability to fulfil its obligations to bondholders.

CHAPTER 23

INFORMATION ORIGINATING FROM THIRD PARTIES, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

This document does not contain any statement or report originating from third parties or experts.

23.1. EXPERT'S DECLARATIONS OR REPORTS

Not applicable.

23.2. THIRD PARTY ATTESTATIONS

Not applicable.

CHAPTER 24

DOCUMENTS ON DISPLAY

All prospectuses, registration documents and the universal registration document (the latter two containing the articles of association) may be consulted on CRH's website:

http://www.crh-bonds.com

These documents may be obtained free of charge and without obligation, by request to CRH,

By telephone + 33 1 42 89 49 10

By facsimile + 33 1 42 89 29 67

By email: crh@crh-bonds.com

Or by post to the following address:

CRH
Caisse de Refinancement de l'Habitat
3, rue La Boétie
75008 PARIS

A hard copy of the company's constitutive documents may be consulted at its registered office.

CHAPTER 25

INFORMATION ON INTERESTS HELD BY THE ISSUER

The Issuer does not hold any interest in any company.

SCHEDULE 1

ARTICLE 13 OF THE LAW N° 85-695
DATED 11 JULY 1985
(Supplemented by article 36 of the Law n° 2006-872 dated 13 July 2006
Official Journal dated 16 July 2006)

I. - Repealed

II. - the State guarantee may be granted in favour of bond issues issued by the holder of promissory notes representing loans granted to finance real estate transactions, secured by a first ranking mortgage or real estate lien, provided that such loans represent a maximum financing quotient established by decree or that the amount of the contracts, constituting the receivables offered as security for payment on the due date of the promissory notes, is greater by at least the percentage set by decree than the amount of these same promissory notes.

The promissory notes referred to in the previous paragraph are created under conditions determined in accordance with the provisions of article 16 of the Law n° 69-1263 dated 31 December 1969 as referred to above*.

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

IV. - Where the State guarantee is not granted, the amounts or proceeds derived from the above promissory notes are applied, in priority and under all circumstances, towards payment of the principal and interest on these bonds. They are credited upon receipt to a specially designated account opened by the holder of the promissory notes and against which the creditors of such holder, other than the bondholders referred to in II, may not bring any action in payment of their claims.

V. - The provisions of Book VI of the Commercial Code, or those governing equivalent foreign-law judicial or voluntary proceedings, shall not prejudice the application of IV.

* These provisions are codified in articles L. 313-42 to L. 313-49 of the Monetary and Financial Code.

After Art. 5 Quinquies No. 275

NATIONAL ASSEMBLY
13 January 2006

NATIONAL COMMITMENT TO HOUSING– (NO. 2709 rectified)

Commission	
Government	

AMENDMENT

No. 275

Presented by
the Government

ADDITIONAL ARTICLE

AFTER ARTICLE 5 QUINQUIES, insert the following article:

“Article 13 of the Law no. 85-695 dated 11 July 1985 on miscellaneous financial and economic measures, is supplemented by the following two paragraphs:

“IV. - Where the State guarantee is not granted, the amounts or proceeds derived from the above promissory notes are applied, in priority and under all circumstances, towards payment of the principal and interest on these bonds. They are credited upon receipt to a specially designated account opened by the holder of the promissory notes and against which the creditors of such holder, other than the bondholders referred to in II, may not bring any action in payment of their claims.

V. - The provisions of Book VI of the Commercial Code, or those governing equivalent foreign-law judicial or voluntary proceedings, shall not prejudice the application of the previous paragraph.”

OVERVIEW

The Caisse de Refinancement de l’Habitat (CRH) is a market credit institution which plays a specific role in financing residential housing in France. Its sole purpose is to finance home-purchase loans granted by its shareholder credit institutions by issuing bonds. With a total amount of loans granted since its formation of close to €30 billion and a current loan stock of €17 billion, CRH is a leading player in the French residential mortgage market.

When property finance companies (SCF) were created in 1999, the laws governing CRH’s operations were partly harmonised with those governing SCF, although the prudential regime applicable to real estate bonds (*obligations foncières*) is different than that which applies to CRH’s bonds.

The bonds issued by CRH are very secure (the promissory notes that it acquires must be covered as to at least 125% by the pledge of a portfolio of secured housing loans). Like real estate bonds (*obligations foncières*), they are rated Aaa by the rating agencies, but differ from them in particular in that the bondholder has no direct legal lien over the refinanced loans portfolio, although this lien is economically recognised.

The aim of the amendment is to expressly enshrine this lien into law, so that the bonds issued by CRH will be treated for prudential purposes in the same manner as real estate bonds (*obligations foncières*).

This improved prudential treatment of CRH's bonds comes at no cost to the State and will help reduce the cost of housing in France. Indeed, all of CRH's operations, which represent non-negligible amounts, are devoted to refinancing housing loans granted to homeowners in France.

Minister for the Economy,
Finance and the Budget

CAB/1C3/11
No. 68879 Paris, 17 September 1985

Mr President,

You have requested issuance of the approval specified in article 13 of the law introducing miscellaneous economic and financial measures dated 11 July 1985 for Caisse de Refinancement Hypothécaire.

I am honoured to grant you the requested approval.

I am pleased to note that the company in formation will from its inception constitute a true market institution. I hope it will be in a position to commence issuing from the month of October 1985.

I take this opportunity to express my congratulations on your appointment as Chairman of Caisse de Refinancement Hypothécaire.

Yours faithfully,

Pierre BÉRÉGOVOY

Mr G. PLESCOFF
Chairman of
CAISSE DE REFINANCEMENT HYPOTHECAIRE
41, rue de la Bienfaisance
75008 PARIS

MONETARY AND FINANCIAL CODE

LEGISLATIVE PART

Codifying the provisions of article 16 of the law dated 31 December 1969, as amended by the law n° 85-695 dated 11 July 1985, by the law n° 99-532 dated 25 June 1999, by ordinance n° 2008-556 dated 13 June 2008 by ordinance n° 2010-76 dated 21 January 2010 and by ordinance n° 2013-544 dated 27 June 2013

Paragraph 3

Refinancing of mortgages and other secured loans

Art. L. 313-42.

The provisions of the present paragraph apply to the promissory notes issued by credit institutions or finance companies (*societé de financement*) 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 a *société de financement* 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 1 January 2002, receivables represented by promissory notes must comply with the conditions laid down in paragraph I of Article L. 513-3 pursuant to terms determined by a Conseil d'Etat decree. That decree specifies the circumstances in which the quota may be exceeded if the amount of such receivables exceeds that of the promissory notes that they guarantee.

Art. 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 its 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.

Art. 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.

Art. 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 promissory note bearer'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 loans, 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 equal ranking.

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.

Art. 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.

Art. 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 2240 of the Civil Code if the act of discharge does not refer to the transaction concluded in their favour.

Art. 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 Commercial Code. These provisions apply to capitalisations effected before 29 June 1999 pursuant to the provisions of the present paragraph.

Art. L. 313-49.

The French prudential control and resolution authority (*Autorité de Contrôle Prudentiel et de Résolution* (ACPR)) is responsible for ensuring that the credit institutions and finance companies (*société de financement*) comply with the provisions of Articles L. 313-42 to L. 313-48.

Art. L. 313-49-1.

A Conseil d'Etat decree shall determine the conditions under which this sub-section is applicable to finance companies (*sociétés de financement*).

MONETARY AND FINANCIAL CODE

LEGISLATIVE PART

SECTION 2 OF CHAPTER III

SOCIÉTÉS DE CRÉDIT FONCIER
(property finance companies)

Art. L. 513-3 introduced by ordinance n° 2013-544 dated 27 June 2013 (extract).

I. - Guaranteed loans are loans associated with:

1. a first-ranking mortgage or a charge over real property conferring at least an equivalent guarantee;

2. Or, within the limits and under the conditions determined by Conseil d'Etat decree, and subject to the guaranteed loan being used solely to finance real property, a guarantee (*cautionnement*) from a credit institution or from a financing company (*société de financement*) or an insurance company which is not included in the scope of consolidation described in Article L. 233-16 of the Commercial Code of which the *société de crédit foncier* (SCF) forms part.

MONETARY AND FINANCIAL CODE

REGULATORY PART

Article R. 214-21 introduced by decree n° 2011-922 dated 1 August 2011, as amended by decree n° 2013-687 dated 25 July 2013 (extract).

IV. - By way of an exception to the 5% limit set in the first paragraph of I, an undertaking for collective investment in transferable securities:

1° May invest 35% of its assets in eligible financial securities and money market instruments of the type referred to under paragraphs 1 and 2 of Article L. 214-20 issued or guaranteed by a single issuer, provided these securities or instruments are issued or guaranteed by a member State of the European Union, or another State that is party to the agreement on the European Economic Area, by its public regional authorities, by a third-country or by a public international organisation provided one or more member States of the European Union or states that are party to the agreement on the European Economic Area are members thereof, or provided that the instruments have been issued by the *Caisse d'Amortissement de la Dette Sociale*;

2° May invest up to 25% of its assets in bonds issued by a single entity, and provided they are real property bonds (*obligations foncières*) issued by property finance companies (SCF) in application of paragraph 2 of Article L. 513-2, or bonds issued by a credit institution that has its registered office in a member State of the European Union or a state that is party to the agreement on the European Economic Area and that is the subject of specific public authority supervision designed to protect the holders of such bonds. In particular, the funds generated by the issue of the bonds must be invested, as required by law, in assets that can cover the resulting commitments for the entire duration of the bonds, and must be applied in priority towards the repayment of capital and the payment of accrued interest in the event of default by the issuer.

The exception provided in the 2nd paragraph above shall also apply to bonds issued by a credit institution whose sole objects are to refinance promissory notes complying with the provisions of articles L. 313-42 to L. 313-49, issued to collateralise long-term receivables in the form of home-purchase loans, provided the bonds' characteristics are identical to those of the promissory notes.

MONETARY AND FINANCIAL CODE

REGULATORY PART

Amended by decree n° 2007-745 dated 9 May 2007,
decree n° 2011-922 dated 1 August 2011
by ordinance n° 2013-544 dated 27 June 2013
and by decree n° 2014-1315 dated 3 November 2014

Article R. 313-20.

I. Pursuant to 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 Finance Minister.

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 entities referred to in Article L. 513-4 of this Code.

Article R. 313-22.

A real property security interest, which provides security equivalent to a first ranking 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 such security regardless of who may be in possession of 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. 513-3 Paragraph I.2, eligible secured receivables are defined as those for which a credit institution, a *société de financement* or an insurance company with capital of at least EUR 12 million has provided a joint and several guarantee (*caution solidaire*).

The total value of secured receivables funded may not exceed 35% of the total receivables made available 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 by a credit institution whose sole object is to refinance promissory notes complying with the provisions of Article L. 313-42 to L. 313-49 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. 214-21 Paragraph IV.2;
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.

26 February 2014 OFFICIAL JOURNAL OF THE FRENCH REPUBLIC Text 10 / 113

Decrees, orders, circulars

GENERAL TEXTS
MINISTER FOR THE ECONOMY AND FINANCE

Order dated 17 February 2014 amending the order dated 23 December 2013 relating to the application of article 493 (3) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council dated 26 June 2013 on prudential requirements for credit institutions and investment firms.

N0R: EFIT1332181A

The Minister for the Economy and Finance,

Having regard to Regulation (EU) no. 575/2013 of the European Parliament and of the Council dated 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) no. 648/2012, in particular its article 493, paragraph 3;

Having regard to the order dated 23 December 2013 on the application of article 493(3**)** of Regulation (EU) no. 575/2013 of the European Parliament and of the Council dated 26 June 2013 on prudential requirements for credit institutions and investment firms;

Having regard to the advice of the consultative committee on financial laws and regulations dated 22 January 2014,

Orders:

Art. 1. – In article 2 of the order dated 23 December 2013 above-mentioned, after paragraph 4, shall be added a paragraph 5 drafted as follows:

"By exception to 4º , up to 100%, for promissory notes satisfying the conditions of articles L.313-42 to L.313-49 of the Monetary and Financial Code issued prior to 31 December 2013 to mobilise long-term receivables representing home purchase loans with a credit institution whose sole objects are to refinance these promissory notes by issuing bonds with features identical to those of the promissory notes."

Art 2. – This order shall be published in the Official Journal of the French Republic.

Made on 17 February 2014

PIERRE MOSCOVICI

SCHEDULE 4

CRBF REGULATION N° 99-10
ON FRENCH PROPERTY FINANCE COMPANIES (*SOCIÉTÉS DE CRÉDIT FONCIER*) AND HOUSING FINANCE COMPANIES (*SOCIÉTÉS DE FINANCEMENT DE L'HABITAT*) (excerpt)
as amended by Regulation n° 2001-02 dated 26 June 2001
and n° 2002-02 dated 15 July 2002
and by orders of the Minister for the Economy, Finance and Industry
dated 7 May 2007, 23 February 2011, 26 May 2014 and 3 November 2014

Chapter I- Valuation of real property

Article 1.

Real property "financed or provided by way of collateral within the meaning of articles L. 513-3 and L. 513-29 of the Monetary and Financial Code" (order dated 23 February 2011) must be valued on an exclusively prudent, non-speculative basis.

Article 2.

The valuation must be made by reference to the property's sustainable long-term characteristics, to normal and local market conditions, to the property's present use and other uses it may potentially serve.
This value shall be determined in writing, in a clear and transparent manner, and may not exceed the market value.
Notwithstanding the above, the valuation may be based on the overall cost of the initial transaction where this cost is less than 600,000 euros or where the outstanding principal balance of the total amount of the real estate loans financed by the *société de crédit foncier* or by the *société de financement de l'habitat* and secured on the property being valued, determined at the time of their acquisition or their provision by way of collateral, is less than 480,000 euros (order dated 23 February 2011).

Article 3.

After their acquisition or provision by way of collateral, the valuation of the properties is reviewed as part of the risk measurement system governing *sociétés de crédit foncier* and *sociétés de financement de l'habitat* pursuant to the ministerial decree dated 3 November 2014 on the internal control of banking sector enterprises, payment services and investment services subject to the supervision of the ACPR (*Autorité de Contrôle Prudentiel et de Résolution*):

a) for residential properties, this review is carried out annually using a statistical method;

b) for commercial properties, where the aggregate outstanding principal on all real estate loans belonging to the *société de crédit foncier* and secured on the property being valued is less than 30% of the total amount initially lent or less than 480,000 euros, the review may be performed annually using a statistical method;

c) for commercial properties whose purchase price or latest estimated value is less than 600,000 euros and where the aggregate outstanding principal on all real estate loans belonging to the *société de crédit foncier* and secured on the property being valued is greater than 480,000 euros, an individual review is carried out every three years. Between two individual reviews, the value of these properties is reviewed annually using a statistical method;

d) for commercial properties whose purchase price or latest estimated value is greater than 600,000 euros and where the aggregate outstanding principal on all loans belonging to the *société de crédit foncier* and secured on the property being valued is greater than 480,000 euros, an individual review is performed annually (order dated 23 February 2011)

Article 4.

"The valuation of real properties is performed by an independent expert within the meaning of article 168 of the order dated 20 February 2007 on the capital requirements applicable to credit institutions and investment firms." (order dated 7 May 2007)

SCHEDULE 5

C.R.H. - CAISSE DE REFINANCEMENT DE L'HABITAT

ARTICLES OF ASSOCIATION

SECTION I – LEGAL FORM– OBJECTS – COMPANY NAME REGISTERED OFFICE - TERM OF INCORPORATION

Article 1. LEGAL FORM

The company is incorporated in the form of a "*société anonyme*". It is governed by all applicable laws and regulations and by these articles of association and the internal regulations appended hereto.

Article 2. OBJECTS

The objects of the company are:

- refinancing, for the benefit of the shareholders or credit institutions that have agreed to become shareholders in accordance with articles 6 to 9 below, Mortgage Notes subscribed or endorsed by such shareholders for the purpose of collateralizing receivables as referred to in Article L. 313-42 of the Monetary and Financial Code representing home-purchase loans,
- issuing, in consideration of the above, financial securities with features similar to those of the Mortgage Notes,
- and, more generally, carrying out all real or personal property transactions related to the above-mentioned objects, or any objects that are similar or connected, or likely to further the attainment thereof.

Pursuant to the provisions of Article 13 of the law n° 85-695 dated 11 July 1985, the company provides, on restrictive terms, facilities for the refinancing of certain home-purchase loans granted to individuals by credit institutions, without charging any margin on its transactions.

Due to the perfect matching between the financial securities that it issues and the Mortgage Notes that it refinances, it offers a transparent service to credit institutions. The company's aim is to promote the home-purchase loan financing sector, without seeking to make a profit and by operating on a non-competitive basis.

The company is prohibited from taking any equity interests or conducting any business that does not conform with its corporate objects. In particular, the company does not incur any debts that do not conform with such objects.

It may, however, incur debt in the nature of own funds within the meaning of the prudential regulations. It may also, in the event of insolvency of a borrowing institution, and with the consent of the board of directors, incur any indebtedness that the situation requires.

Article 3. COMPANY NAME

The name of the company is:
C.R.H. - CAISSE DE REFINANCEMENT DE L'HABITAT

Article 4. REGISTERED OFFICE

The company's registered office is at 3, rue La Boétie, 75008, Paris. If the board of directors decides to change the location of the registered office, as provided by law, the new registered office shall automatically replace the former office in this article.

Article 5. TERM OF INCORPORATION

The company is incorporated for a period of 99 years from the date of its registration with the trade and companies registry (RCS), unless wound-up early or its term of incorporation is extended.

SECTION II - SHARE CAPITAL – SHARES

Article 6. SHARE CAPITAL

The amount of the share capital is FIVE HUNDRED THIRTY-NINE MILLION NINE HUNDRED NINETY-FOUR THOUSAND SEVEN HUNDRED THIRTY-SEVEN EUROS and SEVENTY-FIVE CENTS.

The share capital is sub-divided into THIRTY-FIVE MILLION FOUR HUNDRED NINE THOUSAND FOUR HUNDRED NINETY-ONE SHARES OF EUR 15.25 each.

The number of shares held by each shareholder shall be proportionate to the capital requirement corresponding to the refinancing facilities granted by the company to such shareholder.

Article 7. SHARE CAPITAL INCREASE

The share capital may be increased, by any means and in accordance with any procedure provided for by law, by decision of the shareholders in extraordinary general meeting.

The extraordinary general meeting may confer on the board of directors any delegation of authority to determine the terms of any share capital increase decided by the general meeting, and may delegate powers authorising the board of directors itself to decide any share capital increase.

Article 8. SHARE CAPITAL DECREASE

If the amount of the company's capital is in excess of the regulatory requirement, the board of directors considers the possibility of redistributing to shareholders any excess capital and decides where applicable the terms of such redistribution.

Any share capital decrease may be authorised or decided by the extraordinary general meeting, under the conditions provided for by law and subject to the approval of the prudential authorities.

The extraordinary general meeting may confer on the board of directors any delegation of authority to determine the terms of any share capital decrease decided by the general meeting, and may delegate powers authorising the board of directors itself to decide any share capital decrease.

Article 9. FORM AND TRANSFER OF SHARES – SALE AND PURCHASE UNDERTAKING

The shares are mandatorily in registered form. Shares are registered in an account in accordance with the terms and conditions provided by applicable laws and regulations.

Shares are freely negotiable and transferable. Share transfers take effect as regards third parties, by a transfer order signed by the transferor or its agent.

In order for the number of shares held by each shareholder to be proportional to the regulatory capital requirement in respect of the outstanding refinancing facilities granted to it by the company, each shareholder undertakes to acquire or sell the necessary number of shares from or to the present or future shareholders (or shareholder) designated by the company.

If, in order to comply with such proportion as regards one or more shareholders, one or more share transfers are required, each shareholder shall transfer or acquire, at the company's request, the number of shares required in order to comply with such proportion. Any fractional shares shall be allocated according to the largest remainder method.

When any change in the proportion of shares to be held by each shareholder results from changes in the amount outstanding of the loans refinanced by the company, such acquisitions or transfers shall be completed at least once per year, within thirty days from approval of the company's annual financial statements by the general meeting and whenever the board of directors so decides.

When the change results in whole or in part from an increase in the weighting of the amounts outstanding in the calculation of the regulatory capital requirements, in particular in case of deterioration of the financial rating of the Mortgage Notes issued by one or more shareholders or any change in the rules related to the prudential ratios applicable to the company, the acquisitions or transfers are completed within forty-five days from the date of such change.

The acquisitions or transfers are completed on the basis of a unit share price equal to the amount resulting from the division:

- of the net book value of the company determined on the basis of its own funds (without including the FGBR) shown in the most recent financial statements of the company: (i) either as of 31 December, of the preceding year, in the company's universal registration document; or (ii) as of 30 June, of the preceding year, in the financial statements drawn up by the board of directors and subject to a limited review by the statutory auditors. Such net book value takes into account possible allocations or contributions made between the reference date and the date of the acquisition or transfer.
- by the number of shares comprising the share capital as of the reference date referred to in the above paragraph.

The total price for each transfer is paid at the latest on the date of registration of the transfer, with the transferee being personally responsible for the payment of any such transfer duties as may be due.

In the case of a cancellation of shares for the purpose of reducing the share capital authorised by the shareholders' extraordinary general meeting, the board of directors may decide that the company itself shall purchase its own shares.

Article 10. RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

Each share confers entitlement, to ownership of the corporate assets and sharing of profits and liquidation dividends, in proportion to the percentage of the share capital that such share represents.

Whenever it is necessary to hold several shares to exercise any particular right, owners of single shares or of an insufficient number of shares have no rights against the company unless they take such action as is necessary to assemble the necessary number of shares.

Ownership of a share automatically implies acceptance of the company's articles of association and decisions taken by the shareholders' general meeting.

Article 11. PAYMENT FOR SHARES

Outstanding amounts to be paid-up in cash on the shares shall be called by the board of directors on such conditions as it may determine.

Article 12. SHAREHOLDERS' OBLIGATIONS

Each shareholder must pay to the company any amounts necessary in order to provide the company with the own funds determined by the ordinary general meeting in compliance with banking regulations. Such contributions correspond:

- either to the subscription or purchase of shares of the company, as discussed in Articles 6 to 9; or
- to the grant of loans to the company or to the acquisition of debt instruments issued by the company and having the character of equity within the meaning of prudential regulations. Such loans and instruments are hereinafter referred to as additional equity.

Such contributions are allocated for each shareholder and for each of the above categories, on a pro rata basis of the regulatory capital requirements related to the amount outstanding of the Mortgage Notes that the company has refinanced or endorsed in favour of such shareholder.

When it is decided to call additional equity from the shareholders, subject to the powers expressly reserved for general meetings of shareholders and within the limit of the corporate purpose, the board of directors determines the characteristics, amount and terms of such calls.

The board of directors may also decide to convert the additional own funds into capital, whether in whole or in part. Such decision is implemented in accordance with the articles of incorporation, prudential regulations and provisions of the law. Where applicable, such decision is implemented after being approved by prudential authorities.

In addition, each shareholder must provide the company, as cash advances, with the amounts necessary for its functioning within the limits and subject to the conditions determined by the board of directors, within the limit of 5% of total nominal amounts outstanding.

Such advances shall be allocated among shareholders on a pro rata basis of the refinanced amounts.

Any shareholder failing to pay the required amounts on the scheduled dates shall, automatically and without any prior notice, owe the company an indemnity under the terms set forth by the ordinary general meeting.

SECTION III – ADMINISTRATION AND AUDIT OF THE COMPANY

Article 13. BOARD OF DIRECTORS

The company is administered by a board of directors comprised of no less than three members and no more than twelve members.

Directors are not required to hold at least one share of the company.

The directors' term of office is six years. Directors are always eligible for re-election.

As a departure from the above provisions, the number of directors who are over seventy years of age may not exceed one third of the number of directors comprising the board of directors. The board of directors notes whether the above limit is exceeded during the meeting deciding to give notice of the ordinary general meeting. The board then appoints, among those of its members who are over seventy years of age, the member(s) who shall remain in office.

If any office becomes vacant because of death, attainment of the age limit or resignation of one or more directors, the board of directors may, between two general meetings, appoint directors provisionally.

Article 14. NOTICE OF MEETINGS AND DELIBERATIONS OF THE BOARD OF DIRECTORS

The board of directors meets whenever the interests of the company so require, upon being convened by its chairman. Directors are given notice of the meetings of the board of directors by all means and even orally.

If the board of directors has not met for more than two months, at least one third of its members may ask the chairman to give notice of a meeting in relation to a specific agenda.

The Chief Executive Officer may also ask the chairman to give notice of a meeting of the board of directors in relation to a specific agenda.

Deliberations are made subject to the quorum and majority requirements mandated by law; in case of a split vote, the meeting chairman has a casting vote.

Minutes are prepared and copies or excerpts of the deliberations of the board of directors are issued and certified in accordance with applicable law.

Except when the board of directors meets in order to draw up the annual financial statements, review the annual management report or appoint or remove the chairman or the Chief Executive Officer, or determine their compensation, directors are also deemed present for the calculation of the quorum and majority when they participate in the meeting by videoconference or other means of telecommunication.

These means must allow for the directors' identification and must guarantee their actual participation. Such means must transmit at least the voice of the participants and must comply with technical requirements allowing for the continuous and simultaneous transmission of the deliberations.

The minutes must record any technical incident that disrupted the proceedings of the meeting, whether such incident affects a means of telecommunication or videoconference.

Article 15. POWERS OF THE BOARD OF DIRECTORS

The board of directors determines the policies of the company and oversees their implementation. Subject to the powers expressly reserved for shareholder meetings and within the limit of the corporate objects, the board of directors reviews any matter related to the sound management of the company and adopts deliberations pertaining to the matters concerning the company.

The board of directors carries out any such checks and inspections as it deems necessary.

The board of directors receives from the chairman or Chief Executive Officer of the company any and all documents and information necessary for the performance of its mandate.

Article 16. OBSERVERS

The general meeting may appoint one or more observers selected among those shareholders who are not directors. The general meeting determines their compensation.

The term of office of the observers is six years. Such term of office expires at the end of the ordinary general meeting reviewing the financial statements for the last financial year during the year in which their term of office expires.

Observers may be re-elected without any limitation; they may be removed at any time by a decision of the general meeting.

In case of death or resignation of one or more observers, the board of directors may co-opt the successor, with such provisional appointment being subject to ratification by the next general meeting.

Observers are responsible for the strict enforcement of the articles of association. They attend meetings of the board of directors without any voting right. They review the lists of assets and liabilities and the annual financial statements and submit in this respect their observations to the general meeting whenever they see fit.

Article 17. CHAIRMAN OF THE BOARD

The board of directors elects a chairman among those of its members who are natural persons, for a period determined by it, which may not exceed the term of the chairman's office as a director. The chairman organises and leads the work of the board of directors, and reports thereon to the general meeting. The chairman ensures the proper functioning of the bodies of the company and ensures in particular that the directors are in a position to discharge their duties.

The compensation of the chairman is determined freely by the board of directors, upon the recommendation of the compensation committee.

The chairman may be re-elected at any time subject to the provisions of the sub-paragraph below.

The office of Chairman shall expire at the latest at the end of the general meeting convened in order to review the financial statements for the financial year during which the Chairman has reached the age of seventy-one.

Without prejudice to the provisions of the first paragraph, when the Chairman reaches the age of sixty-nine, his term of office shall be subject to confirmation each year by the board of directors in the first meeting following the Chairman's birth date. Such term of office shall then be renewed for a maximum period of one year.

If the chairman dies or is temporarily unable to act, the board of directors may appoint a director in order to act as chairman.

In case of temporary inability to act, such appointment is made for a limited time and is renewable. In case of death, such appointment is valid until the election of the new chairman.

The board of directors also appoints a secretary and determines his term of office. The secretary need not be selected among the directors; if the secretary is not a director, he shall not have any voting right or advisory capacity within the board.

The chairman and the secretary form the bureau of the board of directors.

Article 18. SENIOR MANAGEMENT

The Senior Management of the company is carried out by a natural person, other than the chairman of the board of directors, who is appointed by the board of directors and has the title of Chief Executive Officer. The Chief Executive Officer may be a director.

The Chief Executive Officer has the broadest powers to act in all circumstances in the name of the company. The Chief Executive Officer exercises such powers within the limit of the corporate objects and subject to the powers expressly reserved by law for general meetings and for the board of directors.

The Chief Executive Officer represents the company in its relationships with third parties. The company is bound even by those actions of the Chief Executive Officer that fall outside the corporate objects, unless the company proves that the third party concerned knew that such action exceeded the corporate objects or could not be unaware of the same in view of the circumstances, provided that the mere publication of the articles of incorporation shall not be sufficient to constitute proof thereof.

The board of directors may limit the powers of the Chief Executive Officer, but such limitation is unenforceable against third parties.

The Chief Executive Officer may delegate part of his powers, whether temporarily or permanently, to as many agents as he shall see fit, with or without the power to subdelegate.

The Chief Executive Officer's compensation is determined freely by the board of directors, upon a recommendation of the compensation committee.

The Chief Executive Officer is asked to attend meetings of the board of directors, even if he is not a director.

The Chief Executive Officer may be removed at any time by the board. Any removal decided without cause may give rise to the payment of damages.

When the Chief Executive Officer is a director, he may not be appointed for a period exceeding his term of office as a director.

The office of Chief Executive Officer shall expire at the latest at the end of the general meeting convened in order to review the financial statements for the financial year during which the Chief Executive Officer has reached the age of seventy.

Without prejudice to the provisions of the first paragraph, when the Chief Executive Officer reaches the age of sixty-nine, his term of office shall be subject to confirmation each year by the board of directors in the first meeting following the Chief Executive Officer's birth date. Such term of office shall then be renewed for a maximum period of one year.

Article 19. DEPUTY CHIEF EXECUTIVE OFFICERS

Upon a recommendation made by the Chief Executive Officer, the board of directors may appoint, within the limits set forth by law, one or more natural persons responsible for supporting the Chief Executive Officer, and bearing the title of Deputy Chief Executive Officer.

In agreement with the Chief Executive Officer, the board of directors determines the scope and term of the powers granted to the Deputy Chief Executive Officers. However, the Deputy Chief Executive Officers have, vis-à-vis third parties, the same powers as the Chief Executive Officer.

When the Chief Executive Officer ceases discharging his duties or is unable to discharge his duties, the Deputy Chief Executive Officers remain in office, unless otherwise decided by the Board until the appointment of the new Chief Executive Officer.

The compensation of the Deputy Chief Executive Officer is determined freely by the board of directors, upon a recommendation from the compensation committee.

Even where the Deputy Chief Executive Officers are not members of the board of directors, they are asked to attend meetings of the board of directors.

Deputy Chief Executive Officer may be removed at any time by the board of directors upon a recommendation from the Chief Executive Officer. Any removal decided without cause may give rise to the payment of damages.

When a Deputy Chief Executive Officer is also a director, his term of office as a Deputy Chief Executive Officer may not exceed that of his office as a director.

The office of any Deputy Chief Executive Officer shall expire at the latest at the end of the general meeting convened in order to review the financial statements for the financial year during which the said Deputy Chief Executive Officer has reached the age of seventy.

Without prejudice to the provisions of the first paragraph, when the Deputy Chief Executive Officer reaches the age of sixty-nine, his term of office shall be subject to confirmation each year by the board of directors in the first meeting following the Deputy Chief Executive Officer's birth date. Such term of office shall then be renewed for a maximum period of one year.

Article 20. GOVERNMENT'S REPRESENTATIVE

The State may appoint a representative in order to attend the meetings of the Board of directors.

The Government's representative is not a director. The Government's representative ensures that the company complies with its corporate objects.

The Government's representative has no voting right. In case of disagreement with any decision that he deems contrary to the company's corporate objects, a reference to his position is noted in the minutes of the relevant meeting.

Article 21. STATUTORY AUDITORS

The company is audited by one or more statutory auditors in accordance with the terms and conditions set forth by law.

One or more alternate statutory auditors, who are to replace the standing statutory auditor(s) in case of death, inability to act or refusal to act, are appointed by the ordinary general meeting.

SECTION IV – SHAREHOLDERS' GENERAL MEETINGS

Article 22. GENERAL MEETINGS

Notice of general meetings is given in accordance with and as required by law.

Meetings are held at the registered office or at any other place specified in the notice of meeting.

The right to participate in general meetings is conditional on the registration of the shares in the accounts maintained by the company, at least five days before the date of the general meeting.

General meetings are chaired by the chairman of the board of directors or, in his absence, by a director especially appointed to that end by the board. Failing which, the general meeting itself appoints its chairman.

The two members of the general meeting who are present and hold the largest number of votes are appointed as scrutineers, if they accept such appointment.

The bureau appoints the secretary, who is not required to be a shareholder.

An attendance sheet is maintained in accordance with and as required by law.

The copies or excerpts of the minutes of general meetings are duly certified in accordance with and as required by law.

Article 23. ATTENDANCE AND REPRESENTATION AT GENERAL MEETINGS

All shareholders are entitled to participate in general meetings.

Subject to the laws applicable to general meetings classed as constitutive general meetings, each member of the general meeting has the following number of votes:

- any shareholder owning a number of shares ranging between one share and 10% of the number of shares representing the share capital, shall have one vote for every 0.01% of that shareholder's percentage ownership of the share capital.

- any shareholder owning a number of shares ranging between 10% and 20% of the number of shares representing the share capital, shall have a number of votes equal to 1,000 plus one vote for every 0.01% of that shareholder's percentage ownership of the share capital over and above 10% of the share capital.

- any shareholder owning a number of shares greater than 20% of the number of shares representing the share capital, shall have a number of votes equal to 1,100 plus one vote for every 1% of that shareholder's percentage ownership of the share capital over and above 20% of the share capital.

- Where applicable, the number of votes so determined shall be rounded up to the immediately higher whole number.

Any shareholder may be represented at general meetings by another shareholder.

Natural persons who are permanent representatives of legal entity shareholders on the board of directors shall participate in general meetings, whether or not they are personally shareholders.

Article 24. POWERS OF GENERAL MEETINGS

Ordinary and extraordinary general meetings deciding in accordance with the applicable quorum and majority rules, exercise the powers conferred upon them by law.

SECTION V – FINANCIAL YEAR - PROFITS

Article 25. FINANCIAL YEAR

The financial year begins on 1 January and ends on 31 December.

Exceptionally, the company's first financial year began on 23 September 1985 and ended on 31 December 1985.

Article 26. PROFITS AND LOSSES - DIVIDEND PAYMENTS

Distributable profits, as defined by law, are at the disposal of the general meeting which may decide to post them to reserves, carry them forward or distribute them. If it decides to distribute, the general meeting may grant the option of electing either a dividend payment in cash or in shares, under the conditions provided by law.

Furthermore, the general meeting may decide to distribute amounts withdrawn from available reserves, expressly indicating the specific reserves from which such withdrawal shall be made.

However, dividends in respect of a financial year are paid in priority out of the available distributable profits for that year.

Except in the case of a share capital reduction, no distribution may be made to shareholders if own funds are, or would as a result of such distribution, fall below the minimum amount required under applicable laws and regulations.

Losses, if any, are carried forward and applied against the profits of subsequent financial years until extinguished.

SECTION VI – INTERNAL REGULATIONS

Article 27. INTERNAL REGULATIONS

Internal regulations (*règlement intérieur*), drawn up by the board of directors, set forth the provisions governing the company's operations and various shareholder undertakings. The internal regulations supplement and clarify the articles of association. They are signed by the shareholders or the institutions committed to become shareholders.

SECTION VII – WINDING UP – LIQUIDATION

Article 28. LIQUIDATION OF THE COMPANY

When the company's term of incorporation expires, or upon its winding-up, the general meeting determines the manner of its liquidation and appoints, and determines the powers of, one or more liquidators who discharge their duties as required by law.

SCHEDULE 6

CRH - CAISSE DE REFINANCEMENT DE L'HABITAT

INTERNAL REGULATIONS

These internal regulations supplement and explain the articles of association, and clarify the provisions governing CRH's operations and certain shareholder undertakings. They apply to all present and future collateralisations and are deemed to amend all previous agreements.

These internal regulations are subject to amendment to comply with changes in prudential regulations.

1. CRH OPERATIONS

2. APPROVAL OF BORROWERS

3. RISK COMMITTEE'S POWERS IN RELATION TO REFINANCING

4. BOND ISSUES

5. COLLATERALISATION (*MOBILISATION*)

6. COLLATERALISATION GUARANTEE

7. BORROWER DEFAULT

8. SHAREHOLDER UNDERTAKINGS

9. CRH OPERATIONAL SUPERVISION

10. EXPRESS SHAREHOLDER APPROVAL OF INTERNAL REGULATIONS

1. CRH OPERATIONS

1.1 In accordance with its articles of association, CRH's sole activity is refinancing the home purchase loans of its shareholder credit institutions and all institutions committed to becoming shareholders and approved by CRH.

1.2 CRH issues financial securities (hereafter "bonds") whose features are identical to those of the promissory notes collateralised for the purposes of such refinancing, and as such CRH acts in complete transparency.

1.3 The commitments made by the borrower credit institutions to CRH and those made by CRH when issuing bonds on the financial market are accordingly perfectly matched.

1.4 CRH's financing operations are governed by the provisions of articles L. 313-42 to L. 313-49 of the Monetary and Financial Code.

2. BORROWER APPROVAL

2.1 To qualify for CRH refinancing, a borrower must:

- be a credit institution,
- undertake to become a CRH shareholder,
- undertake to comply with the laws and regulations applicable to CRH's operations, its articles of association as well as these internal regulations and in particular CRH's right to inspect the borrower's receivables portfolio,
- be approved by CRH and for this purpose, deliver a dossier including all financial and economic documents necessary to determine whether such approval is appropriate.

CRH may request all additional information and technical assessments it considers necessary for such purpose.

2.2 On the advice of the risk committee, CRH's board of directors decides whether to approve the borrower and the terms of its refinancing facilities.

In accordance with applicable banking regulations, the maximum amount of risk on a borrower may be reviewed by the board of directors at any time.

2.3 Prior to any refinancing:

- the borrower must sign the internal regulations and a subordinated loan agreement, which relates to the equity contribution referred to in paragraph 8.1 of these internal regulations,

- the borrower undertakes, throughout the duration of the refinancing, to provide CRH with in particular:

  • on a regular basis or at CRH's request, all documents necessary to monitor its activity and results in particular in the home-purchase loan sector,

  • where applicable, the characteristics of the outstanding assigned home-purchase loan receivables, whether or not remaining under its management,

• the amount of any Mortgage Notes issued in favour of any party other than CRH,

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

3. RISK COMMITTEE'S POWERS IN RELATION TO REFINANCING

The risk committee issues opinions on in particular the terms applicable to:

- the borrowers' approval and refinancing,
- the eligibility of the receivables,
- the collateral for the promissory notes,
- hedging of CRH's direct and indirect refinancing risks,
- determining the respective market shares of each of the approved credit institutions used for the granting of refinancing.

4. BOND ISSUES

4.1 CRH periodically requests the credit institutions to notify it of their refinancing requirements.

Having received and considered all requests submitted by these institutions, CRH informs them of its decision, prepares an issuance programme and delivers to them, for signing, the collateralisation agreement setting forth the terms of the refinancing.

4.2 CRH may issue bonds on the French or foreign financial markets.

CRH may appoint one or more credit institutions to place its bond issues or place them itself. It determines the terms of these placements depending on market conditions.

4.3 The amounts raised by CRH in a bond issue are shared between its borrower institutions as follows:

a) if the actual amount raised by CRH is equal to the overall amount of refinancing requested and accepted by CRH, such requests are fully met.

b) if the actual amount raised by CRH is less than the overall amount of refinancing requested and accepted by CRH, a theoretical allocation of the actual amount raised by CRH is calculated per institution pro rata the market shares of the relevant institutions.

Refinancing requests for an amount less than or equal to the theoretical allocation of an institution are fully met.

Unallocated amounts are assigned to institutions whose requests have not been fully met, within the limit of their application, pro rata their respective market share of the French home-purchase loan market.

These market shares are determined by the Chief Executive Officer upon the advice of the risk committee and after consultation with each relevant institution based on the latest figures submitted by these institutions to the ACPR and CRH. This determination is made following the shareholders' general meeting called to vote upon CRH's annual financial statements. It may be revised at any time upon the approval of a new institution.

4.4 Upon receipt of the issue proceeds, CRH pays to each borrower its relevant share, having deducted all transaction fees and commissions and, if required, the additional equity referred to in article 12 of the articles of association.

5. COLLATERALISATION

5.1 Issuance of Mortgage Notes

In accordance with the provisions of articles L. 313-42 to L. 313-49 of the Monetary and Financial Code and the collateralisation agreement (*contrat de mobilisation*), the borrowers are obliged to issue, in favour of CRH, Mortgage Notes representing their respective share of the issue. The notes are prepared in accordance with the terms of the Commercial Code and applicable standards in the form specified by CRH. The borrowers irrevocably undertake to pay all interest, fees, ancillary amounts and taxes, present or future, relating to the collateralisation pro rata their respective share and to comply with the undertakings set forth on the face and reverse side of these notes.

These notes are acquired by CRH upon disbursement of the funds.

These notes are denominated in the same currency and bear interest at the same rate and on the same dates as the bonds of the relevant issue and are repayable on the same terms.

5.2 Early repayment of Mortgage Notes

The borrower institutions may repay, in whole or in part, the Mortgage Notes before maturity, only as agreed and on terms defined by CRH and having signed an early repayment agreement. They must then deliver to CRH, by way of repayment, the bonds of the relevant issue.

CRH may suspend this right at any time.

5.3 Procedure for securing redemption instalments

Furthermore, in connection with the implementation of a procedure for securing the redemption of instalments under bond issues already issued or to be issued, the borrowers expressly agree to the following:

Five (5) business days before the redemption of an instalment under a bond issued by CRH, each borrower must advance to CRH an amount equal to the Mortgage Note principal amount to be redeemed, plus the associated Mortgage Note interest amount.

The corresponding funds are invested on the money market until the instalment redemption date, under a treasury notes (*Bons du Trésor*) sale and repurchase arrangement. These funds may also be deposited with the Central Bank.

This advance is repaid on the instalment redemption date, if applicable by set-off against amounts owed by the borrower in respect of the repayment of principal, and payment of the related interest, on the Mortgage Note.

The proceeds of investment of this advance on the money market are then paid to the borrowers. Any negative interest is borne by the borrowers.

In the case of foreign currency transactions, this advance may be called in euros.

5.4 Collateralisation by an endorsing agent

One or more borrowers may, under an agency agreement, request an institution duly approved by CRH, to subscribe in their name and on their behalf, to a single Mortgage Note representing the loans they intend to collateralise.

The agent endorses the note representing the capital and the notes representing the interest that it subscribes on behalf of its principals. It undertakes, in the event of default by its principals, to substitute itself for them and assume all of their obligations. Furthermore, it shall submit to CRH a copy of the signed agency agreement.

Each agent undertakes to comply with the collateralisation obligations in proportion to its share of the subscribed Mortgage Note. The agents may agree to be jointly and severally liable for performing all of such obligations.

The agent is not required to hold the receivables. However the agent guarantees that CRH's controls may be carried out at its premises if CRH so requests.

The agent is also responsible for obtaining from its principals all documents enabling it to require notaries and the courts, if necessary, to deliver original enforceable copies of the receivables. The agency agreement must include the option to transfer this right to CRH.

Furthermore, the agency agreement must specify that the principal has been informed of these internal regulations, accepts and agrees to comply with the terms thereof.

The agent signs the internal regulations both as agent and in his own name.

6. COLLATERALISATION GUARANTEE

6.1 Pledge of a portfolio of receivables

The servicing of interest payments on and the repayment of Mortgage Notes must be secured no later than the date of issue of the notes by a pledge ("making available") of receivables in accordance with articles L. 313-42 to L. 313-49 of the Monetary and Financial Code.

The grant of the pledge is materialised by a detailed list of the receivables, prepared by the borrower, for each Mortgage Note, in the form required by CRH, in compliance with the above-mentioned provisions.

The characteristics of the receivables made available and any specific terms governing the security for the collateralised loans are determined by CRH's board of directors in accordance with applicable laws. They are detailed in a document entitled "CRH loan eligibility criteria". Any subsequent amendments to this document must be agreed to in advance by the borrowers.

The portfolio of receivables made available must at all times have an average life equal to the residual term of the secured mortgage principal note and an average interest rate equal to or greater than that of the note. Its amount must at all times be equal at least to 125% of the nominal amount of the secured note. However, in cases of failure to comply with certain rules, in particular matching term and interest rate rules, CRH may require such minimum amounts to be increased.

The borrower accepts personal liability for the payment on the due date of all instalments payable by the debtors of these receivables.

It is expressly agreed that all receivables so made available by the borrower to CRH shall be applied towards securing all notes, present or future, subscribed by the borrower in favour of CRH.

6.2 Pledge-related restrictions

As provided in the above-mentioned law, the borrower may not transfer in any form whatsoever, in particular by way of transfer of title or as security, the receivables made available. In particular it may not assign them to a French or foreign securitisation fund.

The borrower recovers the right to freely dispose of the pledged receivables solely where these have been repaid, become due, are non-performing, disputed or doubtful. The borrower is then required to replace such receivables with an equivalent amount of eligible receivables.

A receivable is deemed to be non-performing or disputed where amounts in respect thereof are unpaid and such non-payment is the result of legal or political obstacles outside the control of the debtor or where the payment is contested.

A receivable is deemed to be doubtful if amounts in respect thereof are unpaid for a reason other than those referred to above.

The borrower undertakes to withdraw from those made available, all receivables invalidated upon any inspection and more generally all receivables not meeting CRH's loan eligibility criteria.

The borrower shall keep a list of receivables made available and send a monthly duplicate list to CRH in such format as CRH may require.

6.3 Inspections at the borrowers' premises

CRH shall verify the receivables pledged as collateral for the Mortgage Notes at the borrowers' or the potential borrowers' premises.

It shall verify in particular:

- the material existence of the receivables,
- that the borrower institution has full title to the receivables,
- that, in accordance with the law, they are free from any obligations in respect of any pledge or assignment in particular,
- that they satisfy the eligibility criteria.

For such purpose, CRH may request the inspected institutions to deliver such certificates as it may consider useful from their statutory auditors.

Where invalid receivables have been identified, in particular those referred to in paragraph 6.2 of these internal regulations, the borrower institution shall pledge in favour of CRH an additional portfolio of valid receivables to compensate for the shortfall identified.

6.4 Insufficient security for collateralisation purposes

Should the value of a portfolio made available by a borrower institution by way of security for its collateralisation purposes be insufficient, the institution must immediately make up the shortfall by making additional eligible receivables available to CRH. Failing which, in order to restore the collateral to the required level, the borrower undertakes without delay to acquire bonds of a sufficient nominal amount from the pool corresponding to the relevant Mortgage Note and to deliver such bonds to CRH by way of repayment.

CRH may agree to the deferral of such transactions.

In addition, borrowers undertake to notify CRH upon becoming aware that any such situation may arise.

6.5 Information system

The borrower undertakes to notify CRH, if relevant, of any proposed change likely to affect the filters used to select the receivables to be pledged in its favour.

7. BORROWER DEFAULT

If a borrower defaults on payment of the advance referred to in paragraph 5.3 of these internal regulations prior to a repayment instalment or on payment of the interest on a note, the following provisions shall apply:

7.1 Cash advance call

CRH's executive management may request from each shareholder the cash advances referred to in paragraph 8.3 below in order to honour on the due date CRH's commitments to its bondholders despite such default.

7.2 Acceleration of the notes

Default by a borrower shall result automatically in the acceleration of the term of all the notes it has issued in favour of CRH. Such notes shall accordingly become immediately due and payable.

7.3 Transfer of title

Upon determination of the default and after making the call for a cash advance and instructing the risk committee, CRH shall consider:

a) the appropriateness and, if relevant, the terms for transfer to itself of title to the pledged receivables under and in accordance with articles L. 313-42 to L. 313-49 of the Monetary and Financial Code, after notifying the borrower of the default,

b) the appropriateness of entrusting management of the receivables portfolio to the defaulting institution in accordance with the agreement appended hereto and on the terms approved by the prudential Authorities.

CRH shall then perform or cause to be performed a detailed audit of this portfolio to verify its overall characteristics and determine precisely the anticipated amounts and dates of payment flows.

7.4 Management of risks resulting from substitution of the receivables portfolio for the defaulting notes in CRH's assets

The revenue flows generated by the receivables portfolio must enable CRH to pay the interest on and repay the bonds associated with the defaulting notes. Nevertheless, the payment/repayment dates and amounts of these revenue flows need not match exactly.

Also, as soon as it knows the precise details of the portfolio, CRH may seek the necessary additional refinancing to perfectly match these flows.

CRH may also seek to retire its bond debt by selling the portfolio then buying back the relevant bonds in the same amount on market terms with a view to cancelling them.

7.5 Interest rate risk management

Upon default by a borrower, particular attention is paid to any potential resulting interest rate risk. To protect against this risk, CRH may use derivative products, but, insofar as possible must give priority to sales and purchases of fixed-income securities or eligible receivables.

Should CRH decide to sell the receivables portfolio and buyback bonds as referred to in paragraph 7.4 of these internal regulations, preparations shall include defining precise measures to control this risk. One of these measures may involve granting a specific mandate to a credit institution.

7.6 Settlement of accounts between the defaulting borrower and CRH

Final settlement of accounts should enable CRH to fully discharge itself of all debts and undertakings contracted on behalf of the borrower, with no remaining liabilities whatsoever resulting from the borrower's default.

In principle, final settlement takes place after the originally scheduled date for the last and final instalment under the borrower's Mortgage Notes.

The defaulting borrower remains liable for the following:

- the amount of all interest, repayments and tax liabilities, paid or to be paid, by CRH on behalf of the borrower since its default including interest on the cash advances of the other shareholders referred to in paragraph 8.3 of these internal regulations,

- the full amount of all disbursements paid by CRH (including interest and expenses) in respect of the bond buybacks referred to in paragraph 7.4 of these internal regulations,

- all legal expenses and, more generally, all expenses incurred by CRH as a result of the default.

8. SHAREHOLDER UNDERTAKINGS

In addition to their other legal, regulatory and contractual undertakings in respect of transactions, each shareholder gives the following undertakings:

8.1 Equity capital endowment

Each shareholder shall pay to CRH the amount necessary to ensure that it has the required capital to satisfy applicable banking regulations in accordance with the terms set forth in the articles of association.

8.2 Allocation of capital

Each shareholder undertakes to sell or purchase the required number of shares to ensure that the allocation of capital and the allocation of the regulatory capital requirement in respect of outstandings is perfectly proportionate, in accordance with the terms set forth in the articles of association.

8.3 Cash advances

In accordance with the articles of association, each CRH shareholder shall provide it, by way of cash advance, with the sums necessary for it to operate, within the limit of 5% of the total amounts refinanced.

a) By express delegation by the board of directors, CRH's executive management calls for cash advances, of its own volition and in any manner, whenever necessary, for the required amount.

b) In the event of default by a shareholder in servicing its debt owed to CRH, the cash advances of the other shareholders must enable CRH to pay on the due date all amounts owed on its behalf in particular to bondholders and the French treasury (*Trésor Public*).

Such advances are retained, if necessary, until final settlement of accounts between the defaulting shareholder and CRH.

c) The advances are apportioned between the shareholders pro rata the nominal value of their respective refinanced positions as at 31 December of the previous financial year or a subsequent date determined by the board of directors.

d) The board of directors determines, at the appropriate time, the interest payable on these advances depending on the circumstances and prevailing market conditions.

e) In order for CRH to receive these advances on first demand, each shareholder shall deliver a specific constantly updated data sheet indicating the names, postal and email addresses, telephone and facsimile numbers of at least two (2) employees authorised to receive cash advance demands from CRH's executive management.

f) Any shareholder failing to pay the required amount on the specified date shall automatically, and without prior formal notice of demand, be liable to pay the company an indemnity determined by the shareholders' ordinary general meeting.

8.4 Management agreement

Each shareholder automatically accedes to the management agreement referred to in paragraph 7.3 of these internal regulations.

8.5 Acceptance of the terms of the articles of association

Each shareholder, by virtue of its status as shareholder, automatically accepts the terms of the company's articles of association and decisions of the shareholders' general meeting.

8.6 Shareholder preventive recovery plan

Shareholders that are obliged to implement a preventive recovery plan undertake to include safeguarding the interests of CRH, in particular in terms of portfolio management.

9. CRH OPERATIONAL SUPERVISION

In accordance with applicable banking regulations, CRH has implemented an internal control structure, under the responsibility of executive management.

In addition, CRH's operations are the subject of controls performed by the inspection units of the various shareholder institutions or, if so decided by the board of directors, by an audit firm included on the list of statutory auditors.

10. EXPRESS SHAREHOLDER APPROVAL OF THE INTERNAL REGULATIONS

CRH's shareholders expressly undertake to comply with and to sign these internal regulations.

SCHEDULE 7

CRH LOAN ELIGIBILITY CRITERIA

REMINDER

Caisse de Refinancement de l'Habitat's sole business is to refinance home-purchase loans extended by banks. This refinancing (corresponding to the loans mobilised by the banks) is materialised by promissory notes issued by the banks and held on CRH's balance sheet. These notes have the same features as the bonds issued by CRH to refinance them and are secured by a specific pledge of the banks' loan stock.

The following criteria are subject to further review in order to fully comply with new European regulations.

INTRODUCTORY REMARK

The following provisions constitute the body of rules applicable to CRH's operations. Some of these are also likely to be amended, repealed or replaced in the coming months due to the introduction of the new European regulatory framework:

- article 13 of the Law n° 85-695 dated 11 July 1985 supplemented by articles 36 of the law n° 2006-872 dated 13 July 2006;

- articles L. 313-42 to L. 313-49 of the Monetary and Financial Code codifying the provisions of article 16 of the Law n° 69-1263 dated 31 December 1969, as amended by articles 12 and 13 of the Law n° 85-695 dated 11 July 1985, by article 113 of the Law n° 99-532 dated 25 June 1999, by article 16 of ordinance n° 2008-556 dated 13 June 2008 and by article 18 of ordinance n° 2010-76 dated 21 January 2010;

- article L. 513-3 para. I relating to property finance companies (*sociétés de crédit foncier*);

- article L. 312-3-1 of the Consumer Code relating to loans denominated in non-EU currencies;

- articles R. 313-20 to R. 313-25 of the Monetary and Financial Code, reiterating the provisions of decree n° 2000-664 dated 17 July 2000, as amended by the decree n° 2003-144 dated 19 February 2003, by the decree n° 2007-745 dated 9 May 2007 and by the decree n° 2014-1315 dated 3 November 2014;

- Regulation n° 99-10 of the French banking and finance regulatory committee (*Comité de la Réglementation Bancaire et Financière*) on the valuation of financed assets to be used in determining the collateralizable portion of a loan, such regulation having been amended by regulation n° 2002-02 and the orders dated 7 May 2007 and 23 February 2011;

- Regulation (EU) n° 575/13 of the European Parliament and of the Council dated 26 June 2013, referred to hereafter as the CRR;

- directive 2013/36/EU of the European Parliament and of the Council dated 26 June 2013;

- CRH’s internal regulations;

- this document setting forth the general provisions applicable to collateralisation, clarifying and supplementing the above rules. In accordance with CRH’s internal regulations, these provisions are determined by the board of directors.

LOAN ELIGIBILITY CRITERIA

The loan eligibility criteria for CRH’s operational purposes are derived from the provisions of article 129 of the European CRR regulation dated 26 June 2013 on covered bonds and provisions specific to CRH.

1 - BENEFICIARIES

The beneficiaries are private individuals or property investment companies (*sociétés civiles immobilières*) whose shareholders are private individuals, insofar as the latter do not conduct property development business.

2 - PURPOSE

The loans are intended to finance the construction or acquisition of **housing** or to finance both the acquisition of a building plot and the cost of construction works for **housing**. Works for the purpose of creating or transforming a habitable space, by extension or renovation, are considered for these purposes as construction.

Loans used to finance professional or commercial premises are therefore excluded. For hybrid operations (financing both housing and commercial or professional premises), the financing of the housing element will not be eligible unless that element has its own dedicated loan, mortgage registration and valuation.

3 - SECURITY

The collateralised loans must be secured either by:

1) a first ranking mortgage or lenders’ lien (*PPD*) over the financed property,

2) by a joint and several guarantee from an eligible protection provider within the meaning of article 129-e of the European CRR regulation.

The borrower institution must ensure that the real property security satisfies the requirements of the above-mentioned regulation.

4 - AMOUNT

The outstanding amount due on eligible loans is limited to 1 million euros.

5 – LOAN TERM

Eligible loans must have an original term of more than 1 year.

Eligible loans must have a residual term of no more than 25 years.

6 – COLLATERALISABLE PORTION OF A LOAN

The collateralisable portion of an eligible loan may not exceed the smaller of the following amounts:

- the outstanding principal amount of the loan,
- 90% of the value of the property financed or provided by way of security (or 100% in the case of social home-purchase loans (*Prêts à l'Accession Sociale – PAS*) - guaranteed by the *Fonds de Garantie à l'Accession Sociale - FGAS* -, or any other substitute fund, body, entity or person).

Where there are several co-existing loans (in particular home savings loans (*prêts épargne logement*), zero per cent interest rate loans), the sum of the principal amounts outstanding on all of such loans is used to calculate the collateraliseable portion.

7 - VALUATION OF THE FINANCED PROPERTY

Properties financed by eligible loans must be valued on a prudent, non-speculative basis by the borrowing bank.

The valuation must be carried out by an independent expert, in other words any person not involved in the loan granting decision-making process having the qualifications, skills and experience necessary to perform valuations.

The valuation must be made by reference to the property's sustainable long-term characteristics, to normal and local market conditions, to the property's present use and other uses it may potentially serve. This value shall be determined in writing, in a clear and transparent manner, and may not exceed the market value.

Notwithstanding the above, the valuation may be based on the overall cost of the initial transaction where this cost is less than 600,000 euros or where the outstanding principal balance of the total amount of the loans secured by the financed property is less than 480,000 euros.

The valuation of the properties is reviewed as part of the risk measurement system governing the borrower credit institutions pursuant to the ministerial decree dated 3 November 2014 on the internal control of banking sector enterprises, payment services and investment services subject to the supervision of the ACPR (*Autorité de Contrôle Prudentiel et de Résolution*). This review is carried out annually using a statistical method.

The property valuation methods and periodic valuation review methods are held at the disposal of the ACPR and CRH which may request modifications.

The borrowing institution must have procedures describing their lending policy and the types of property financed which must ensure that the property taken as security is duly insured against risk of damage.

8 - SPECIFIC CONDITIONS APPLICABLE TO GUARANTEED LOANS

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

For loans guaranteed by a joint and several guarantee (*caution solidaire*) the loan/income ratio may not be greater than 33% on the date of grant of the loan. This ratio constitutes the borrower's gross income element covering repayment of the loan, including interest.

As of this same date, no mortgage may be taken over the financed property.

The credit institution and the protection provider must both assess the credit quality of the borrower.

9 - SPECIFIC PROVISIONS

Throughout their duration, amounts collateralised must be covered by the pledge of a portfolio of eligible loans of an amount no less than 125% of the amount collateralised where loans are fixed-rate, and no less than 150% of the amount collateralised where the loans are variable rate.

However, in cases of failure to comply with certain rules, in particular matching interest rate rules, CRH may require such minimum amounts to be increased.

The borrower may not transfer, in any form whatsoever, the pledged receivables. Accordingly, it may not assign them in particular to a securitisation fund (FCC) or to a property finance company (SCF).

The borrower only recovers the right to freely dispose of these receivables where they have been repaid, become due, are non-performing, disputed or doubtful. The borrower is then required to replace such receivables with an equivalent amount of eligible receivables.

A receivable is deemed to be non-performing or disputed where amounts in respect thereof are unpaid and such non-payment is the result of legal or political obstacles outside the control of the debtor or where the payment is contested.

A receivable is deemed to be doubtful if amounts in respect thereof are unpaid for a reason other than those referred to above.

An unpaid receivable is considered as a receivable where the amount unpaid is equal to or greater than twice the amount of an instalment due.

The pledged loans portfolio must have an average life duration equal to the residual term of the collateralised amounts, and an average interest rate equal to or greater than the collateralised amounts.

CRH may request the inspected institutions to deliver such certificates as it may consider useful from their statutory auditors.

Where invalid receivables have been identified, in particular those referred to in paragraph 6.2 of the internal regulations, the borrower institution shall pledge in favour of CRH an additional portfolio of valid receivables to compensate for the shortfall identified.

Concerning loans granted in Swiss francs, the borrowing institution must ensure that the beneficiaries of such loans derive their income principally, or own assets, in Swiss francs as at the date of signing of the loan.

MISCELLANEOUS REMARKS

It should be noted that home savings loans (*prêts d'épargne logement*) and substitute loans (*prêts substitutifs*) are eligible on the same terms as other loans.

As provided by law, loans intended to finance a real estate property located in the European Economic Area are eligible. However presently, under these regulations, only transactions for the financing of a real estate property located in France are permitted.

SUPPORTING DOCUMENTS TO BE MAINTAINED BY LENDING INSTITUTIONS

Caisse de Refinancement de l'Habitat verifies the existence of each receivable and its compliance with the criteria set forth in this document. As part of the control process, it assesses, in particular, the following characteristics of each loan:

- purpose and location of the financed property,
- beneficiary,
- security,
- authorised amount,
- outstanding principal owed,
- repayment terms and conditions,
- completion date and interest payment and principal repayment dates,
- nominal interest rate and review terms,
- total financing transaction costs, cost of works,
- valuation of the financed property,
- collateralisable portion of a loan,
- unpaid amounts,
- loan/income ratio for guaranteed loans,
- for loans in Swiss francs, main source of income or assets in the same currency.

Lending institutions must therefore maintain the following items for submission to CRH:

1 - SECURITY

- For mortgage loans, enforceable execution copy, mortgage register entries (*bordereaux d'inscriptions*) and other mortgage documents,
- deed of guarantee (*acte de caution*) for guaranteed loans,
- loan offer and supplemental documents.

2 - VALUATION OF THE PROPERTY

- deed of sale, promise for sale (*promesse de vente*), reservation agreement (off-plan sales), deed of gift, notarised certificate, construction contract or all documents relevant to determining the overall cost of the transaction or the value of the financed property,
- summary statement of expenses incurred and amounts released,
- documents supporting the valuation of the financed property where required under applicable regulations (transaction value equal to or greater than 600,000 €),
- if a loan is to be acquired, all documents relevant to determining the purpose and value of the property financed by the original loan which must satisfy the eligibility criteria.

3 - CLIENT DATA

- for each dossier, a payment delinquency report as at the date of the selection list,
- amortisation tables for the loans financing the operation,
- analysis report, detailed financing plan,
- articles of association of the SCI,
- loan/income ratio upon grant of the guaranteed loan,
- proof of income or assets for Swiss franc denominated loans.

GLOSSARY

Collateralisable Portion of a Loan (*Partie mobilisable d'un prêt*): This is equal to the smaller of the following amounts: the outstanding principal amount of the loan or 90% of the value of the property financed or provided by way of security (or 100% in the case of social home-purchase loans (*Prêts à l'Accession Sociale – PAS*) - guaranteed by the *Fonds de Garantie à l'Accession Sociale - FGAS* -, or any other substitute fund, body, entity or person).

This value is estimated in accordance with the provisions of regulation n° 99-10 of the banking and financial regulation committee (CRBF).

Eligible receivable (*Créance éligible*): a receivable representing home-purchase loans complying with the eligibility criteria defined in accordance with articles L. 313-42 et seq. of the Monetary and Financial Code.

Invalid Receivable (*Créance invalide*): A receivable representing loans that do not comply with the eligibility criteria referred to above.

Make/made available (*Mise à disposition*): Pledge of a portfolio of eligible receivables in favour of CRH within the framework of articles L. 313-42 to L. 313-49 of the Monetary and Financial Code as collateral for the loan granted by CRH to the borrowing credit institution.

Matching rate (*Congruence de taux*): A provision of CRH's internal regulations requiring that the average interest rate on the receivables portfolio pledged in its favour is, at all times, equal to or greater than that of the mortgage (principal) note. This

Matching term (*Congruence de durée*): A provision of CRH's internal regulations requiring that the average life duration of the receivables portfolio pledged in its favour is, at all times, equal at least to the residual term of the mortgage (principal) note.

Mortgage market (*Marché hypothécaire*): Market established in 1966 enabling credit institutions to refinance, in accordance with the provisions of articles L. 313-42 to L. 313-49 of the Monetary and Financial Code, certain home-purchase loans. CRH replaced the mortgage market which is no longer limited to refinancing residential mortgage loans (under certain conditions).

Mortgage Note (*Billet de Mobilisation*): Security (promissory note) issued by a borrowing credit institution representing CRH's claim against it. The principal and interest under each note is secured by the pledge of a portfolio of eligible receivables. It is in essence a trade bill.

Over-collateralisation (*Surdimensionnement*): Minimum level of collateral coverage provided by the portfolio of receivables pledged in favour of CRH. The minimum level is 125% (as provided in article R. 313-21 of the Monetary and Financial Code).

Regulated European Covered Bonds (*Obligations garanties*): Bonds satisfying the conditions set forth in European Regulation (EU) n° 575/2013 CRR (article 129).

Subordinated loan (*Emprunt subordonné*): Funds loaned by way of additional equity to CRH by its borrowers pro rata their outstanding loans.

CRH mechanism diagram