



**CAISSE DE REFINANCEMENT DE L'HABITAT**

## **2021 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 2020 and 2019 annual financial statements and the statutory auditors' reports on those financial statements, as presented in the universal registration documents filed respectively on 7 May 2021 and 25 February 2020 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.

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The universal registration document was filed on 30 March 2022 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.

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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 1<sup>st</sup> January 2020 to 31 December 2020 and the related statutory auditors' report, shown on pages 33 to 37 of the 2020 universal registration document filed with the AMF on 5 May 2021 under number D21-0434;
- the CRH individual company financial statements for the period from 1<sup>st</sup> 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 management report relating to the financial year ending on 31 December 2020 shown on pages 11 to 25 of the 2020 universal registration document filed with the AMF on 5 May 2021 under number D21-0434;
- 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;
- a description of the principal markets on which CRH operates shown on page 82 to 83 of the 2020 universal registration document filed with the AMF on 5 May 2021 under number D21-0434.

The 2020 Registration Document may be consulted by following the link below: <https://www.crh-bonds.com/DocRef/2021-D21-0434.pdf>

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



## Annual report correspondence table

Pursuant to Article 212-13 of the general regulations of the *Autorité des marchés financiers*, (AMF) 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*:

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

## MANAGEMENT REPORT TO THE SHAREHOLDERS' COMBINED GENERAL MEETING

Ladies, Gentlemen,

In accordance with the Law, we have called this general meeting to vote on the financial statements for the 2021 financial year.

### 1. CONDUCT OF THE COMPANY'S AFFAIRS

#### 1.1. COMPANY'S POSITION DURING THE LAST FINANCIAL YEAR

##### 1.1.1. BUSINESS OPERATIONS

Although it continues to be hampered by supply chain disruption and over-burdened maritime transport capacity, the eurozone economy returned to growth in 2021. From a macroeconomic perspective, the bounce-back from the economic attrition since the spring of 2020 has been more rapid than expected at the beginning of the year. The combined effect of monetary and fiscal policy was decisive in seeking to ensure economic and corporate resilience.

Firstly, monetary policy has remained very accommodating; the support for the financial markets and the massive asset purchase programme have provided banks with a high level of liquidity and made borrowing costs, both for Governments and economic actors, extremely affordable, and, secondly, the temporary easing of European fiscal rules has enabled EU Member States to implement various support measures for the sectors hardest hit by the pandemic.

Finally, taking the measure of the necessary concerted post-crisis recovery, the European Union launched the NextGenerationEU programme in June 2021. Financed by issues on the capital markets, the European Union has established a new fiscal recovery instrument to help the Eurozone recover from the COVID-19 pandemic, and contribute to making it greener, more digital and more resilient. The European Union has thus become a new benchmark issuer in the market, with projected issuance amounts of considerable scale (€800 billion by the end of 2026).

Observing residential sector activity in France demonstrates the soundness of these policies: the Bank of France highlights an increase for this market of 16.6% compared to the previous year, producing a total of 225 billion euros.

Having made extensive use of the European Central Bank's TLTRO<sup>1</sup>, CRH's shareholder banks have not felt a substantial need for market financing, as reflected by the declining volume of covered bond issues.

It should also be noted that the uncertainty surrounding the outcome of the differences with the ECB in the interpretation of the CRR<sup>2</sup> regarding the exemption of its refinancing operations from the basis for calculating its leverage ratio was not going to strengthen the CRH's competitive position.

In the absence of any issuance on the markets, the total amount of loans granted and settled since the company's formation remains at the same level as the end of 2020, 93.85

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<sup>1</sup> Targeted longer-term refinancing operations

<sup>2</sup> Capital Requirements Regulation (EU) No. 575/2013

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 3.8 billion euros and, in the absence of any contractual early redemptions, the nominal outstanding amount of loans as at 31 December 2021 stood at 20.5 billion euros (compared to 24.3 billion euros at 31 December 2020).

The balance sheet at 31 December 2021 totalled 21.5 billion euros (compared to 25.4 billion euros at 31 December 2020).

### 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 has reoriented a significant part of its maturing investments towards long-term fixed-rate investments. This has resulted in an increase in the average rate of return on investment from 0.09% in 2018 to 0.39% in 2020.

In 2021, CRH had to renew investments reaching maturity and those for which the issuer had exercised an early redemption option, against a background of low interest rates, whilst containing the vulnerability to rising interest rates of its fixed rate investments in the context of ICAAP<sup>1</sup>. As a result there has been a decrease of 0.36% in the average return on investment, with investment income totalling 1,993,415 euros compared to 2,177,824 euros at 31 December 2020.

To remedy this circumstantial imbalance in the income statement, the Board of Directors, at its meeting on 16 December 2021, decided to request an operating grant from its borrower establishments. A total amount of 230,000 euros was called.

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 71,066 euros in income corresponding to the reversal *prorata temporis* of previously set aside provisions on available-for-sale securities transferred during the 2018 financial year to held-to-maturity securities and 55,407 euros for miscellaneous expenses from banking operations, net banking income amounted to 2,239,074 euros compared to 2,196,607 euros in 2020 without any operating grant.

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<sup>1</sup> Internal Capital Adequacy Assessment Process ICAAP

## 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 necessarily 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 2021, in accordance with the provisions of Article 5.1 of the internal regulations and clause 3.4 of the "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 7,427,785 euros, with the amount paid by CRH being equal to 8,738,571 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 681,631 euros.
- the ACPR (*Autorité de Contrôle Prudentiel et de Résolution*) and the *Single Resolution Board* expenses, in a cumulative amount of 255,539 euros.
- rating agencies' fees, fees incurred in connection with updating the EMTN programme, fiscal agency and paying agency fees, for a cumulative total of 626,156 euros.

Overhead expenses, excluding recharged expenses, have increased in 2021 to 2.09 million euros compared to 2.07 million euros in 2020 on account of lawyers' fees.

Corporation tax, due to the non-deductibility of the SRF contribution, amounted to 2,937,272 euros.

Net income after corporation tax amounted to 33,675 euros at 31 December 2021.

### 1.1.3. FINANCIAL POSITION

CRH received notification from the ECB of the results of the Supervisory Review and Evaluation Process (SREP) for 2021, indicating that the prudential capital requirements for 2021 remain in force for 2022.

The Common Equity Tier 1 (CET1) requirement with which CRH must comply is 7.42% at 1<sup>st</sup> January 2022, of which:

- 4.50% for the regulatory "Pillar 1 requirement";
- 0.42% for the regulatory "Pillar 2 requirement" (excluding "Pillar 2 guidance"<sup>1</sup>);
- 2.50% for the capital conservation buffer.

The overall (Total capital) requirement is set at 11.25% (excluding "Pillar 2 guidance"<sup>1</sup>).

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<sup>1</sup> The total CET1 ratio requirement established by the ECB, including the "Pillar 2 guidance" component will not be published.

The negative impact of the deduction from CET1 of the irrevocable payment commitment to the Single Resolution Fund (SRF), which amounted to 9 million euros at 31 December 2021, is 0.30%.

After deduction of this regulatory adjustment, CET1 amounts to 553.6 million euros. With a solvency ratio of 21.35% at 31 December 2021 and an equivalent CET1 ratio, CRH is positioned well in excess of the prudential capital requirements applicable as at 1st January 2022.

At the same time, CRH's regulatory compliance has been undermined by confirmation, on 3 December 2021, by the European Banking Authority (EBA) of the ECB's interpretation which contested the exemption of its refinancing operations from its leverage ratio calculation basis.

In these circumstances, with the joint agreement of the ECB and the *Autorité de contrôle prudentiel et de résolution*, CRH's supervisory body with effect from 1 January 2022, the Board of Directors has decided to satisfy this regulatory requirement by making a share capital increase in cash in an amount of forty million euros taking effect on 11 January 2022, in accordance with the delegation of authority received from the shareholders' extraordinary general meeting held on 17 June 2021.

Accordingly, on 31 December 2021, the leverage ratio fell temporarily below the 3% regulatory threshold to 2.58%. With CET1 increased to 593.6 million euros on 11 January 2022, the leverage ratio stood at 3.07%, a refinancing contractual repayment of 2.1 billion euros having been made on 10 January 2022.

## **1.2. FORSEEABLE CHANGES IN THE COMPANY'S OUTLOOK**

The emergence of negative factors during the second semester 2021 could disrupt the economic recovery in 2022:

- Supply-side bottlenecks could compromise growth in sectors such as construction.
- Significant resulting price increases for certain segments could dampen demand.
- Similarly the appearance of new covid variants could increase cautious behaviour thereby impacting on demand.

Like any banking establishment, CRH's business could be impacted by exceptional monetary policy measures that may be imposed by the ECB if changing circumstances so require, in particular by introducing or extending measures offering credit establishments liquidity on preferential terms, which would reduce banks' need for market financing.

Nevertheless, on the back of its successful return to the markets in 2019 and 2020, CRH intends to look once again to its investors.

CRH will also have to adapt to a new regulatory and legal environment resulting from the transposition into French law of the so-called covered bonds directive (EU) 2019/2162 which enters into force on 8 July 2022. It intends to obtain the "higher quality European covered bond" label.

More generally, CRH will also have to incorporate the potential impact, on its 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.

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

The decision taken at the Board of Directors' meeting held on 16 December 2021 to increase the share capital from 539,994,737.75 euros to 578,383,669.50 euros by issuing 2,517,307 new shares for subscription in cash at a unit price of 15.89 euros, with effect from 11 January 2022, has boosted CET1 by forty million euros with the leverage ratio now exceeding the minimum 3% threshold.

No other significant event specific to the company and affecting, to any material extent, the assessment of its solvency, has occurred since 31 December 2021.

### **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 CONTROLLERS**

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 is therefore, within the framework of bank supervision in the European Union, subject each year to various audit and assessment procedures. Notwithstanding such direct supervision, CRH's operations are also supervised by the *Autorité de contrôle prudentiel et de résolution* 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 *Autorité de contrôle prudentiel et de résolution*.

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<sup>1</sup>, at €10,000.

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

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<sup>1</sup> Order dated 3 November 2014 relating to internal control of banking, payment services and investment services sector undertakings under the supervision of the ACPR (Autorité de contrôle prudentiel et de résolution).



#### **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.

##### **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 96.

##### **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 2021, trade payables amounted to 44,690 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 specified 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 2021 financial year, as presented to you.
- Approving the agreements referred to in the statutory auditors' special report.
- Allocating income for the 2021 financial year as indicated below :

. Net income for the financial year to be allocated : 33,675.71 €

To be allocated as follows:

. Legal reserve 1,690.00 €

the amount of which is thereby increased to 3,260,390 €

. Retained earnings

The amount of which is thereby increased to 458,818.12 € 31,985.71 €

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

- Adopting the resolutions accurately recording the corporate name of the statutory auditor firm Ernst & Young appointed as statutory auditors by the general meeting held on 15 April 2021 and the non-reappointment of the alternate statutory auditors KPMG Audit and Pimpaneau & Associés.

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.

## TEXT OF RESOLUTIONS

### ORDINARY DECISIONS

#### FIRST RESOLUTION

*(Approval of the Company's financial statements for the financial year ending on 31 December 2021)*

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 2021, 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 2021)*

The general meeting approves the allocation of net income for the 2021 financial year as follows :

. Net income for the financial year to be allocated : 33,675.71 €

To be allocated as follows :

. Legal reserve 1,690.00 €

the amount of which is thereby increased to 3,260,390 €

. Retained earnings

The amount of which is thereby increased to 458,818.12 € 31,985.71 €

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

#### **FOURTH RESOLUTION**

*(Accurately recording the corporate name of the audit firm Ernst & Young et Autres)*

The general meeting acknowledges the corporate name of the audit firm Ernst & Young et Autres appointed as statutory auditors by the general meeting held on 15 April 2021.

#### **FIFTH RESOLUTION**

*(Details of the decision not to reappoint the audit firms KPMG Audit and Pimpaneau & Associés as alternate statutory auditors)*

The appointments of the audit firms KPMG Audit and Pimpaneau & Associés as alternate statutory auditors expired at the general meeting of 15 April 2021.

Since the appointment of one or more alternate statutory auditors is no longer a legal requirement and since the obligation to make such appointment as set forth in the articles of association has been abrogated by the general meeting on 15 April 2021, the general meeting has decided not to renew their appointment.

### **EXTRAORDINARY DECISION**

#### **SIXTH RESOLUTION**

*(Amendment of the articles of association)*

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

<b>FORMER WORDING</b>	<b>NEW WORDING</b>
<b>Art. 17. CHAIRMAN OF THE BOARD</b>  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.	<b>Art. 17. CHAIRMAN OF THE BOARD</b>  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-three.

### **COMMON DECISION**

#### **SEVENTH 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.

*(These resolutions were unanimously adopted by the shareholders present or represented at the combined shareholders general meeting of 21 March 2022).*

**CAISSE DE REFINANCEMENT DE L'HABITAT**  
**FINANCIAL RESULTS FOR THE LAST FIVE FINANCIAL YEARS**

	2017	2018	2019	2020	2021
<b>Share capital at year-end:</b>					
. 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
<b>Operations and income for the financial year (in thousands of euros):</b>					
. Turnover excluding taxes	1 323 841	1 055 388	925 741	773 583	675 762
. Income before tax, employee profit-sharing, depreciation, amortisation and provisions	3 128	3 751	3 341	3 103	3 025
. Corporation tax	3 078	3 712	3 292	3 066	2 937
. Employee profit-share due for the financial year	0	0	0	0	0
. Income after tax, employee profit-sharing, depreciation, amortisation and provisions	6	18	0	29	34
. Net income distributed	0	0	0	0	0
<b>Earnings per share (in euros):</b>					
. Income after tax, employee profit-sharing but before depreciation, amortisation and provisions	0	0	0	0	0
. Income after tax, employee profit-sharing, and depreciation, amortisation and provisions	0	0	0	0	0
. Net dividend per share	0	0	0	0	0
<b>Staff:</b>					
. Average headcount of compensated staff during the financial year (1)	10	8.77	8.71	9.29	9
. Payroll costs for the financial year (in thousands of euros)	765	723	730	808	773
. Amount by way of benefits paid in the financial year (Social Security, welfare funds etc...) (in thousands of euros)	384	338	347	375	361

(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 page 89 of this document).

- <b>Mr Olivier HASSLER</b>	Chairman
- <b>Banque Fédérative du Crédit Mutuel</b> represented by Mr <b>Éric CUZZUCOLI</b>	Director
- <b>BNP Paribas</b> represented by Mrs <b>Valérie BRUNERIE</b>	Director
- <b>BPCE</b> represented by Mr <b>Roland CHARBONNEL</b>	Director
- <b>Caisse Centrale du Crédit Mutuel</b> represented by Mrs <b>Emmanuelle REVOLON</b>	Director
- <b>Crédit Agricole SA</b> represented by Mrs <b>Nadine FEDON</b>	Director
- <b>Crédit Lyonnais</b> represented by Mr <b>Gilles RAYNAUD</b>	Director
- <b>Société Générale</b> represented by Mr <b>Arnaud MEZRAHI</b>	Director

These directors are appointed for a period of six (6) years.

#### 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](http://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 whose 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 more than 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 five (5) times in 2021. 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 2020 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 procedures handbook.
- 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.
- 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.
- Resolved to increase CRH's share capital.

### **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 93)

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 15 April 2021 to interview Mr Olivier HASSLER who was seeking re-appointment to his role as Chairman of the board of directors and Mr Arnaud MEZRAHI, potential appointee to the appointments and remuneration committees in replacement of Mr Vincent ROBILLARD.

### 2.2. COMPENSATION COMMITTEE (For its composition, cf. chapter 16 paragraph 16.3.2. of this document, page 93)

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 15 April 2021.

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 2020 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 2020.

### **2.3. AUDIT COMMITTEE (For its composition, cf. chapter 16 paragraph 16.3.1., page 93 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 15 February 2021, 15 July 2021 and 15 December 2021.

At these meetings, the audit committee mainly :

- Reviewed the operations, results and financial position of CRH at 31 December 2020 and reviewed the half-yearly financial statements dated 30 June 2021.
- Reviewed the forward-looking financial statements as at 31 December 2021.
- 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 dossiers regarding the application of the statutory auditors to replace KPMG.

#### **2.4. RISK COMMITTEE (For its composition, cf. chapter 16 paragraph 16.3.4., page 94 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 15 February 2021, 15 April 2021, 15 July 2021 and 15 December 2021.

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 on page 171 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 17, page 121.

## 5. LIST OF CORPORATE OFFICES

The list of corporate offices is set forth in chapter 14 paragraph 14.1.3. of this document, pages 90 to 91.

## 6. LIST OF RELATED-PARTY AGREEMENTS AND UNDERTAKINGS

### - Operating grant

At its meeting on 16 October 2018, the board of directors authorised the establishment of an agreement for an operating grant that may be requested by CRH from its borrower shareholders to cover cyclical deficits. At its meeting on 16 December 2021, the Board of Directors decided to request an operating grant from its borrower establishments. An amount of 230,000 euros was called for.

### - “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 6,594.50 euros by way of net annual premium under this policy for the 2021 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 8,946.61 euros by way of net annual premium under this policy for the 2021 financial year.

## 7. TABLE OF DELEGATIONS OF AUTHORITY

Summary table of delegations of authority valid at 31 December 2021 granted by the shareholders’ general meeting to the board of directors relating to share capital increases and the use made of such delegations.

General Meeting Resolution N°	Purpose of the delegation of authority given to the board of directors	Amount	Duration	Use of delegated authority	Unutilised amount
General meeting of 17 June 2021, 1st resolution	Increase of share capital by issuance of ordinary shares	Nominal amount of authorised share capital increase: 140,005,202.25 €	5 years	By decision of the Board of Directors taken on 16 December 2021, subscriptions to be completed by 11 January 2022 : 38,388,931.75 €	101,616,270.50 €

## **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 of Directors' 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 96.

## **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, page 180 of this document).

# STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ending 31 December 2021

To the general meeting of shareholders of the company C.R.H. - Caisse de Refinancement de l'Habitat,

## 1. OPINION

In performance of the mission which has been entrusted to us by your general meeting of shareholders, we have conducted an audit of the annual financial statements of the company C.R.H. - Caisse de Refinancement de l'Habitat in respect of the financial year ending on 31 December 2021, 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 2021 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 must 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.

We have determined that there were no key points of the audit to be communicated in our report.

#### **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 of the Commercial Code.

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

##### *Appointment of statutory auditors*

We have been appointed as statutory auditors of the company C.R.H. - Caisse de Refinancement de l'Habitat by resolution of your shareholders' general meeting dated 16 April 1991 in the case of the firm ACA NEXIA and 15 April 2021 in the case of the firm ERNST & YOUNG et Autres.

At 31 December 2021, the firm ACA NEXIA was in its thirty first year of uninterrupted service, and the firm ERNST & YOUNG et Autres in its first year of service, to C.R.H..

#### **6. RESPONSIBILITY OF EXECUTIVE MANAGEMENT AND PERSONS OVERSEEING CORPORATE GOVERNANCE RELATING TO THE ANNUAL FINANCIAL STATEMENTS**

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 it is planned 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, without however guaranteeing that an audit, conducted in accordance with professional standards, will systematically detect any 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:

- it identifies and assesses the risk that the annual financial statements may contain material misstatements, whether resulting from fraud or error, defines and implements audit procedures faced with such risks, and gathers information that it considers sufficient and appropriate on which to base its 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;
- it reviews 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;
- it assesses the appropriateness of the selected accounting methods and the reasonableness of the accounting estimates made by management, and the related information supplied in the annual financial statements;
- it assesses 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 it finds that there is any material uncertainty, it draws readers' attention to its report on the information supplied in the annual financial statements concerning such uncertainty, or, if such information is not supplied or is not relevant, it will issue a qualified certificate or will refuse to issue a certificate;

- it assesses the presentation of the annual financial statements as a whole and whether the annual financial statements reflect the underlying transactions and events so as to give a true and fair view of them.

### *Report to the audit committee*

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 statutory auditors' professional conduct Code. If relevant, we discuss with the audit committee the risks to our independence and the safeguarding measures implemented.

Paris and Paris La Défense, 3 March 2022

The statutory auditors

**ACA NEXIA**

*Member of Nexia International*

Represented by  
Mr Olivier LELONG

**ERSNT & YOUNG ET AUTRES**

Represented by  
Mrs Claire ROCHAS

## **SPECIAL REPORT OF THE STATUTORY AUDITORS ON RELATED-PARTY AGREEMENTS**

**FINANCIAL YEAR ENDING ON 31 DECEMBER 2021**

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 8,946.61 euros (incl. VAT) by way of net annual premium under this policy for the 2021 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 6,594.50 euros (incl. VAT) by way of net annual premium under this policy for the 2021 financial year.

- **Operating grant**

Entities involved: Crédit Mutuel, Crédit Agricole, Société Générale, BNP Paribas, BPCE, CRH shareholders.

At its meeting of 16 October 2018, your board of directors authorised the establishment of an operating grant payable by CRH’s borrower shareholders.

At 31 December 2021, the operating grant paid by CRH’s shareholders totalled 230,000 euros.

Paris and Paris La Défense, 3 March 2022

The statutory auditors

**ACA NEXIA**

*Member of Nexia International*

Represented by  
Mr Olivier LELONG

**ERSNT & YOUNG ET AUTRES**

Represented by  
Mrs Claire ROCHAS

## 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 10 to 18 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, 30 March 2022

Marc NOCART  
Chief Executive Officer

## CHAPTER 2

### STATUTORY AUDITORS OF THE FINANCIAL STATEMENTS

#### 2.1. STATUTORY AUDITORS

##### 2.1.1. Standing statutory auditors

###### 1) ACA NEXIA

NEXIA International

Member of the Paris Regional Institute of Statutory Auditors

Address: 31 rue Henri Rochefort 75017 PARIS  
Represented by: Mr Olivier LELONG  
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 general meeting held to vote on the financial statements for the financial year ending on 31 December 2026.

###### 2) ERNST & YOUNG ET AUTRES

Member of the Versailles Regional Institute of Statutory Auditors

Address: Tour First - 1-2 place des Saisons  
92037 PARIS LA DÉFENSE CEDEX  
Represented by: Mrs Claire ROCHAS  
Dates of appointment: Appointed on 15 April 2021.  
Duration of current term of office: The current term of office, of six years' duration, shall terminate in 2027 following the general meeting held to vote on the financial statements for the financial year ending on 31 December 2026.

**2.1.2. Fees paid to statutory auditors and members of their organisations in respect of the financial years ending 31 December 2021 and 31 December 2020**

In € thousands								
	ACA NEXIA				2021 : ERNST & YOUNG 2020 : KPMG SA			
	Amount *		%		Amount *		%	
	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20
<b>Audit</b>								
- Statutory audit, certification, review of individual and consolidated financial statements	36	35	92	85	36	35	90	58
- Ancillary assignments	0	0	0	0	0	0	0	0
<b>Other services</b>	3	6	8	15	4	25	10	42
<b>Total</b>	<b>39</b>	<b>41</b>	<b>100</b>	<b>100</b>	<b>40</b>	<b>60</b>	<b>100</b>	<b>100</b>

\* Amounts including all taxes, fees and disbursements

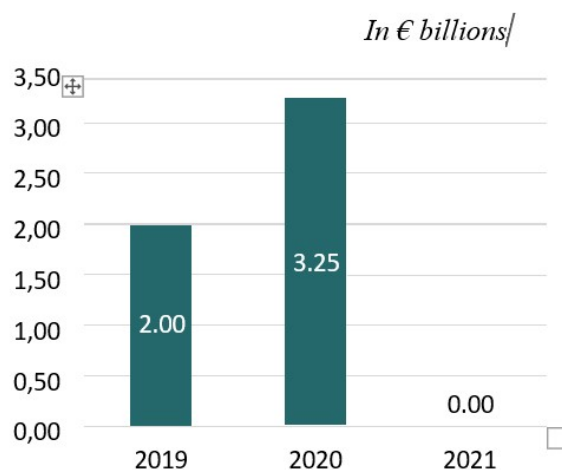
**2.2. STATUTORY AUDITORS NOT REAPPOINTED**

Not applicable.

## CHAPTER 3

### SELECTED FINANCIAL INFORMATION

#### Covered bonds issued



#### Main balance sheet items at 31 December 2021

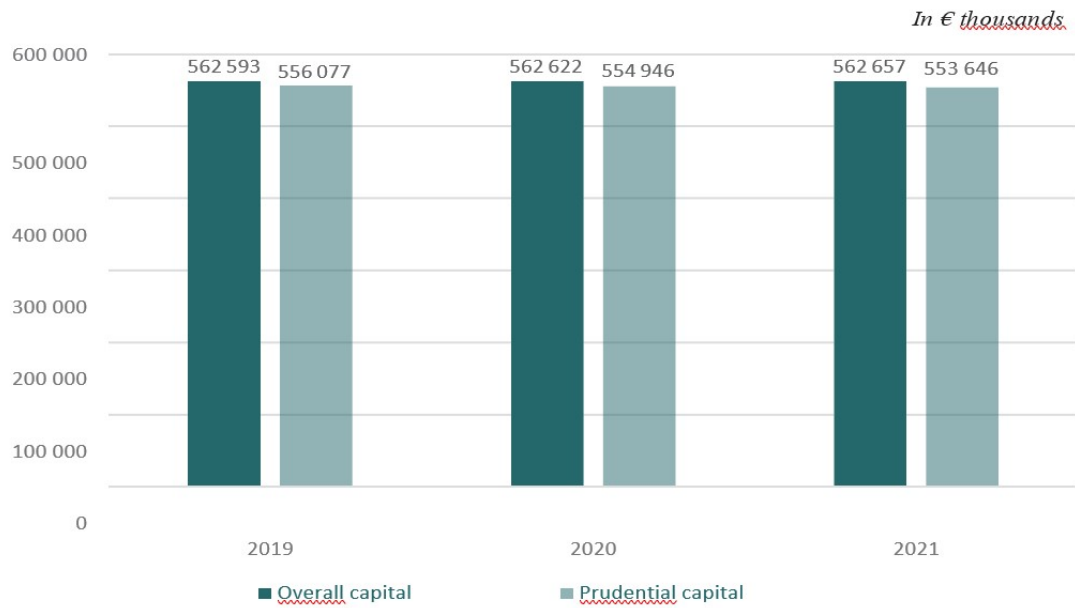
	<i>In € thousands</i>
	<b>31/12/2021</b>
Total assets	21 469 245
Uses of funds: Mortgage Notes (BOH)	20 904 843
Sources of funds: Bond issues	20 904 843

#### Summary income statement

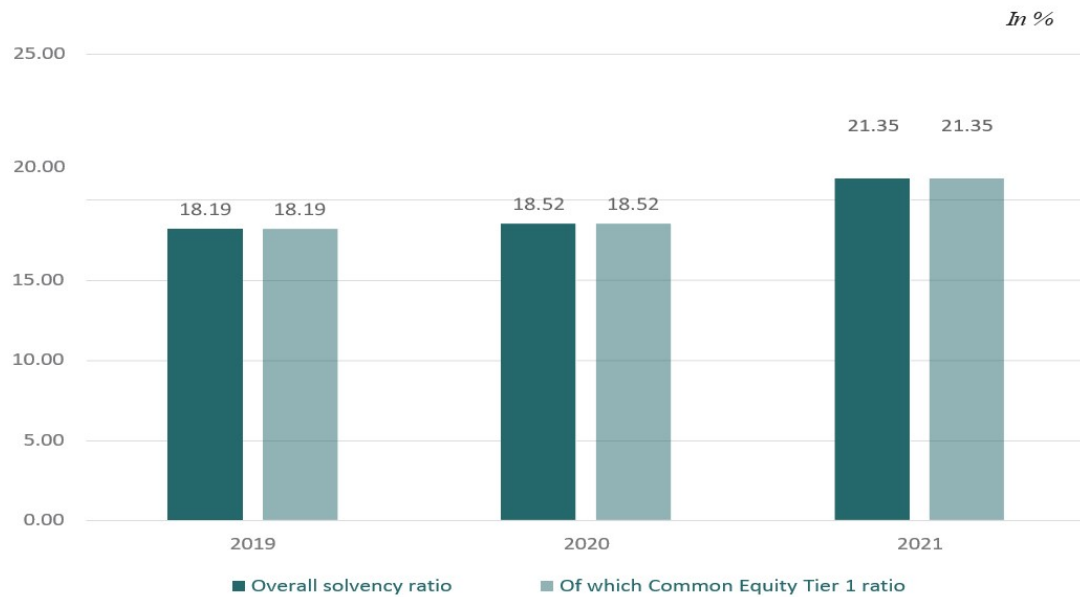
	<i>In € thousands</i>		
	31/12/2019	31/12/2020	31/12/2021
Net banking income	2 001	2 197	2 239
Gross operating income	3 292	3 095	2 971
Net income	0	29	34
Return on capital	0.0001 %	0.0052 %	0.0060 %
Return on assets	0.0000 %	0.0000 %	0.0000 %

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



## Phased solvency ratio





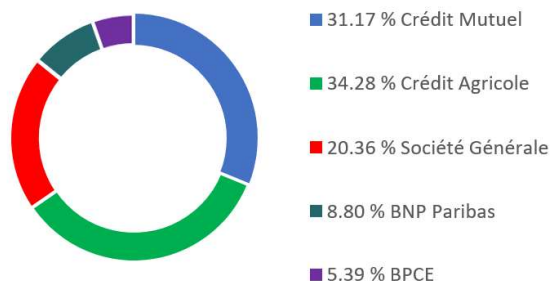
## CRH debt ratings at 31 December 2021

Agency	Short term	Long term	Outlook	Rating decision	Latest rating decision
Moody's	N/A	Aaa	Stable	Affirmation of LT rating outlook unchanged	09/02/2021
Fitch Ratings	N/A	AAA	Stable	Affirmation of LT rating outlook unchanged	22/07/2021

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

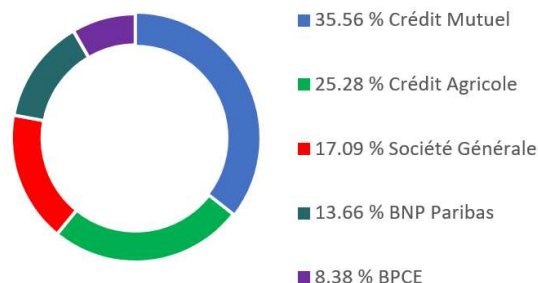
As percentage of number of shares

31/12/2019

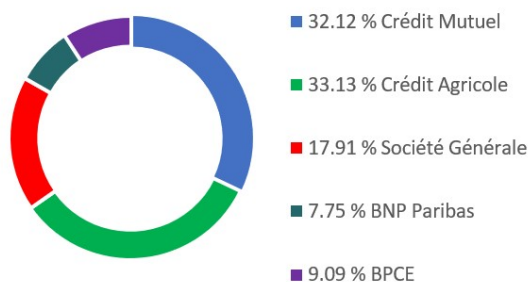


As percentage of number of voting rights

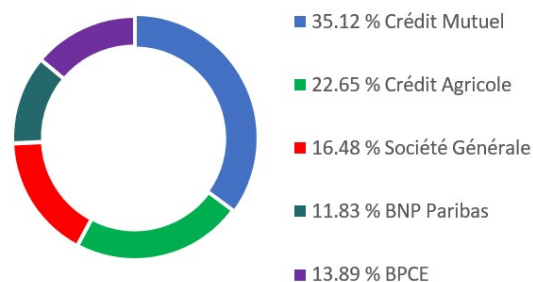
31/12/2019



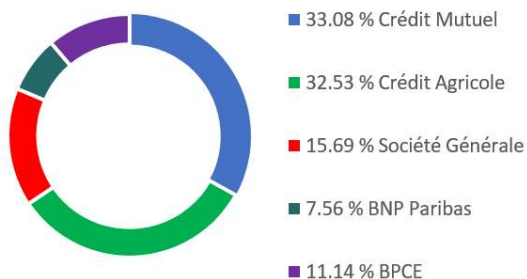
31/12/2020



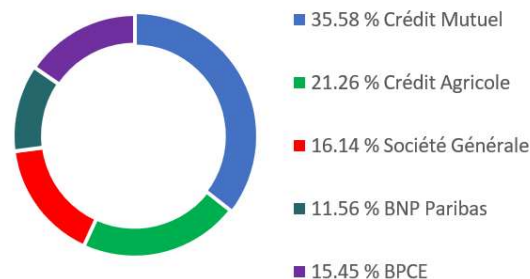
31/12/2020



31/12/2021



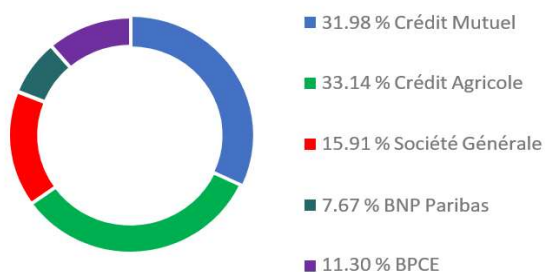
31/12/2021



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. The 2019 allocation was 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 and the 2021 allocation was made on the basis of the situation at 31 March 2021. The share capital has remained unchanged over the period at 539,994,737.75 euros divided into 35,409,491 shares. On 11 January 2022, the share capital was increased to 578,383,669.50 euros divided into 37,926,798 shares, distributed as follows:

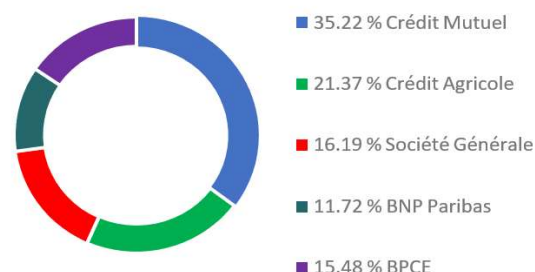
As percentage of number of shares

11/01/2022

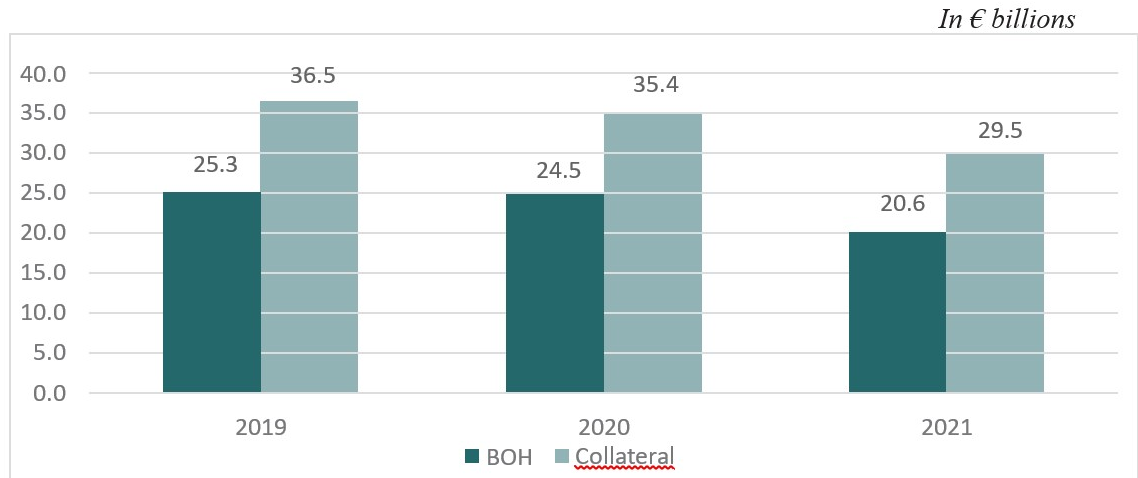


As percentage of number of voting rights

11/01/2022



## Collateral commitments received from borrowers



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 resources.

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 2021, the cover pool amounted to 29.5 billion euros and comprised 544,700 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 portfolio" 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 mis-match would result in the Issuer having a potential liquidity requirement. As of 31 December 2021, the cover pool comprised 554,700 loans with an average duration of 82 months and weighted average residual term of 155 months. The nominal outstanding amount of bonds issued by the Issuer amounts to 20.6 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, the available income and the 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 2021, the cover pool comprised 554,700 loans with an average balance of 53,200 euros and a weighted average loan-to-value ratio of 33.5% (29.7% 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 2021, the amount of the cover pool totalled 29.5 billion euros, and comprised 554,700 loans with an average balance of 53,200 euros, a weighted average loan-to-value ratio of 33.5% (29.7% on a discounted basis), an average duration of 82 months and a weighted average residual term to maturity of 155 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 2021, the cover pool comprises loans secured by a mortgage (*garantie hypothécaire*) (86.9% in value) (of which 11.2% benefit from an additional French State guarantee), and loans guaranteed by *Crédit Logement* (12.74%), 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 2021, 86.9% (in value) of the loans comprising the cover pool are mortgage loans (of which 11.2% 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 2021, the largest specific cover portfolio comprised 309,010 loans for a total amount of 10.6 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 2021, the Issuer's over-collateralisation ratio was 143 %.

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 2021, 86.9% (in value) of the residential home-purchase loans underlying the secured assets are mortgage loans (11.2% 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 is 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**

CRH's debtors - also its shareholders – are the major French banking groups particularly sensitive to macro-economic and market conditions in the Euro zone, where GDP fell by 6.1% during 2020. However, despite the continuation of numerous health measures, the year 2021 should witness a recovery with growth of 4.8%.

As a result of this health crisis, the main central banks, and supervisory authorities, respectively have taken or amplified quantitative easing measures, against a background of very low inflation.

States - and in particular France, through its State Guaranteed Loan scheme - have supplemented these measures with exceptional fiscal policy decisions to protect production capacity in the short-term and maintain social cohesion.

The economic recovery seen since the 3rd quarter 2020 has demonstrated the effectiveness of these combined measures, with credit risk remaining contained for now.

However, the scenario of a definitive exit from the crisis is facing growing complexity, due to the still active circulation of the virus and its mutations, severe disruption to supply chains, placing production capacities under stress, whilst raising the spectre of a risk of a sustained rise in inflation levels.

Against this uncertain background, our borrower banks may, over the medium-term, suffer the potentially lasting effects of the crisis such as a delayed recovery for certain economic sectors, like tourism or aviation, a persistently unfavourable interest-rate environment (negative interest rates or flat rate curve), increasing default levels due to the abandonment of public policies constrained by record sovereign debt levels, and the risks of financial instability, associated with market participants' lowered perception of the price of risk due to abundant liquidity, that have become systemic.

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

## 4.2. RISK ANALYSIS

### 4.2.1. Credit Risk

#### a) Breakdown of commitments

CRH's commitments are as follows :

Credit risk exposure	In € thousands			
	31/12/2020		31/12/2021	
	Balance sheet	Bad debt rate	Balance sheet	Bad debt rate
Mortgage notes	24 787 957	0 %	20 904 843	0 %
Negotiable debt instruments (TCN)	159 916	0 %	190 012	0 %
Demand deposits, term deposits	395 239	0 %	363 563	0 %
Other receivables (re-invoicing...)	1 023	0 %	1 114	0 %
<b>Total exposure to credit institutions</b>	<b>25 344 135</b>	<b>0 %</b>	<b>21 459 532</b>	<b>0 %</b>
<b>Exposure to central bank</b>	<b>293</b>	<b>0 %</b>	<b>525</b>	<b>0 %</b>
<b>Exposure to public sector</b>	<b>28</b>	<b>0 %</b>	<b>10</b>	<b>0 %</b>
<b>Other exposure</b>	<b>41</b>	<b>0 %</b>	<b>40</b>	<b>0 %</b>
<b>Total credit risk exposure</b>	<b>25 344 497</b>	<b>0 %</b>	<b>21 460 107</b>	<b>0 %</b>
<b>Equity holdings, other long-term securities, fixed assets, prepayments and accrued income</b>	<b>131</b>		<b>128</b>	
<b>Exposure deducted from own funds</b>	<b>7 676</b>		<b>9 010</b>	
<b>Total balance sheet</b>	<b>25 352 304</b>		<b>21 469 245</b>	

CRH has no off-balance sheet commitments.

Geographical breakdown of exposure	In € thousands			
	31/12/2020		31/12/2021	
	Balance sheet	%	Balance sheet	%
France	25 309 527	99.86	21 415 088	99.79
United Kingdom	34 970	0.14	45 019	0.21

A breakdown of outstanding loans in nominal value between the main borrowing institutions is provided in Chapter 6, paragraph 6.1.1.4. B), on page 72.

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, on page 109.



## **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 *Autorité de contrôle prudentiel et de résolution*.
  - 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 *Autorité de contrôle prudentiel et de résolution*. 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 as %	
		Gross	Net *	Gross	Net *
31/12/2020	24.5	35.4	32.1	45	31
31/12/2021	20.6	29.5	27.0	43	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):

Breakdown per type of investment	In € thousands			
	31/12/2020		31/12/2021	
	Balance sheet	%	Balance sheet	%
Sight deposit accounts	5 24 4	0.95	3 763	0.68
Term deposit accounts	389 000	70.20	359 000	64.96
Negotiable debt instruments (TCN)	159 842	28.85	189 913	34.36
<b>Total</b>	<b>554 086</b>	<b>100.00</b>	<b>552 676</b>	<b>100.00</b>

Breakdown per counterparty	31/12/2020				31/12/2021			
	Number	+ highest	+ lowest	Average	Number	+ highest	+ lowest	Average
Credit institutions	7	25.25 %	1.80 %	20.26 %	8	24.43 %	1.81 %	18.55 %

#### Breakdown per external rating as of 31 December 2021 (as %)

Standard & Poor's	Moody's	Fitch Ratings
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ST	LT	ST	L T	NA	ST	LT	ST	LT	ST	LT	ST	LT	ST	LT	NA
A-1	A+	A-1	A		P-1	Aa3	P-1	AI	FI+	AA	FI	A+	FI	A	
35.48		62.71	1.81		45.58		54.42		41.96		30.00		26.23		1.81

		In € thousands	
<b>Initial term of the investments excluding demand deposits and accrued interest</b>		<b>31/12/2020</b>	<b>31/12/2021</b>
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		64 964	34 988
More than five years		453 878	483 925
<b>Total</b>		<b>548 842</b>	<b>548 913</b>

<b>Fixed rate/floating rate breakdown (including sight deposits)</b>	<b>31/12/2020</b>	<b>31/12/2021</b>
Fixed rate	55 %	53 %
Floating rate *	45 %	47 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

\* €STR or 3 month Euribor only

<b>Average annual yield</b>	<b>31/12/2020 : 0.39 %</b>	<b>31/12/2021 : 0.36 %</b>
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#### 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

<b>Impact on pre-tax net income during the next 12 months as from 31 December 2021</b>	
Impact of + 2 % increase in interest rates	+ 2 380
Impact of - 2 % decrease in interest rates	- 1 610

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:

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

In € thousands				
ISIN Code	Gross book value	Net book value	Unrealised gains	Unrealised losses
FR0013241775	10 000	9 999	0	53
FR0013247731	10 000	10 000	0	9
FR0013265667	10 000	10 000	0	1
FR0013265824	10 000	9 989	68	0
FR0013285509	20 000	19 994	196	0
FR0013327681	10 000	10 000	0	12
FR0014000LJ2	10 000	10 000	0	137
FR0014001400	15 000	15 000	56	0
FR0014001GH4	10 000	10 000	0	264
FR0124497985	10 000	9 931	99	0
FR0124980220	15 000	15 000	156	0
FR0126566159	10 000	10 000	0	280
FR0126818147	20 000	20 000	0	763
<b>Total</b>	<b>160 000</b>	<b>159 913</b>	<b>575</b>	<b>1 519</b>

**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	68	0
FR0125443624	20 000	20 000	129	0
<b>Total</b>	<b>30 000</b>	<b>30 000</b>	<b>197</b>	<b>0</b>

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 31/12/2021	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	6 418 330	0	6 418 330	0	0	0
One to two years	4 435 539	0	4 435 539	0	0	0
Two to five years	5 414 029	0	5 414 029	0	0	0
More than five years	4 252 681	0	4 252 681	0	0	0
<b>Total</b>	<b>20 520 579</b>	<b>0</b>	<b>20 520 579</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 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 not 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.

I

n € thousands

As of 31/12/2021	Included in assets: Mortgage Notes (a)	Included in liabilities: bonds (b)	Foreign currency liabilities (c)	Net position before hedging (d) = (a) - (b) +/- (c)
EUR	19 798 926	19 798 926	0	0
CHF	721 653	721 653	0	0
<b>Total</b>	<b>20 520 579</b>	<b>20 520 579</b>	<b>0</b>	<b>0</b>

As of 31/12/2021	Impact on pre-tax net income	
	10% increase	10% decrease
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 page 109 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.

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](mailto: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, as amended by article 4 of order n° 2021-858 dated 30 June 2021 (see Schedule 1 page 139) ;
- article 5 of decree n° 2021-898 dated 6 July 2021 (see Schedule 1 page 139) ;
- 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 order n° 2008-556 dated 13 June 2008, by article 3 of order n° 2013-544 dated 27 June 2013 and by article 1 of order n° 2021-858 dated 30 June 2021 (see Schedule 2 page 146) ;
- articles L. 513-2 to L 513-27 of the Monetary and Financial Code relating to property finance companies (*sociétés de crédit foncier*) as amended by article 2 of order n° 2021-858 dated 30 June 2021 (see Schedule 2 page 146) ;
- article R. 214-21 of the Monetary and Financial Code as amended by article 1 of decree n° 2021-898 dated 6 July 2021 (see Schedule 3 page 154) ;
- articles R. 313-20 to R. 313-25 of the Monetary and Financial Code as amended by article 2 of decree n° 2021-898 dated 6 July 2021 (see Schedule 3 page 154) ;
- articles R. 513-1-A to R. 513-18 of the Monetary and Financial Code as amended by article 3 of decree n° 2021-898 dated 6 July 2021 (see Schedule 3 page 154) ;
- 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 page 154) ;
- 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 mobilisable portion of a (see Schedule 4 page 163) ;
- 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 ;

- Directive 2019/2162/EU of the European Parliament and of the Council dated 27 November 2019.

## **B) CRH's position with regard to banking regulations**

In 2021, CRH fell under the direct prudential supervision of the ECB. Due to the decrease in the size of its balance sheet, it will be supervised by the *Autorité de contrôle prudentiel et de résolution* with effect from 1<sup>st</sup> January 2022.

CRH received notification from the ECB of the results of the Supervisory Review and Evaluation Process (SREP) for 2021, indicating that the prudential capital requirements for 2021 remain in force for 2022.

The Common Equity Tier 1 (CET1) requirement with which CRH must comply is 7.42% at 1<sup>st</sup> January 2022, of which :

- 4.50 % for the regulatory "Pillar 1 requirement" ;
- 0.42 % for the regulatory "Pillar 2 requirement" (excluding "Pillar 2 guidance<sup>1</sup>) ;
- 2.50 % for the capital conservation buffer.

The overall (Total capital) requirement is set at 11.25% (excluding "Pillar 2 guidance"<sup>1</sup>).

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 *Autorité de contrôle prudentiel et de résolution* 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, 89% of the outstanding Mortgage Notes are rated, and only the Mortgage Notes issued by two institutions were not rated as of 31 December 2021.

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.

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<sup>1</sup> The total CET1 ratio requirement established by the ECB, including the "Pillar 2 guidance" component will not be published.

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 confirmed the provisions regarding inter-dependent assets and liabilities for the purpose of the NSFR calculation.

Similarly, as concluded in the legal opinion delivered to CRH, it resulted in CRH's refinancing operations being exempt from inclusion in the base used to calculate its leverage ratio. This interpretation was contested by the ECB during the month of July 2020.

On 3 December 2021, the European Banking Authority published the European Commission's interpretative response as to the conditions for the leverage ratio exemption to apply.

Given the conflicting interpretations, the European supervisory authority advised CRH that it may display the leverage ratio in accordance with its own interpretation, subject to the express condition of mentioning potential developments depending on the anticipated arbitration. CRH, whilst mentioning this disagreement of interpretation, published both versions of the ratio calculation.

CRH's board of directors acknowledged the unfavourable interpretation published by the EBA, and, accordingly, implemented, in consultation with the ECB and the *Autorité de contrôle prudentiel et de résolution*, a share capital increase taking effect on 11 January 2022, in accordance with the delegation of authority granted by the shareholders' extraordinary general meeting held on 17 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 a preferential claim (*privilège*) 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 *privilège*. The effect of this article was immediate and applied to all bonds issued before and after the law dated 13 July 2006, the *privilège* applying automatically as of right in the absence 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 property 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 regulation (EU) n° 575/2013, covered bonds satisfying the requirements of article 129 of that regulation 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.

With the transposition into French law of directive (EU) n° 2019/2162 dated 27 November 2019 on the issue of covered bonds and covered bond public supervision, as from 8 July 2022, reference shall be made to two covered bond labels, a first “European covered bonds” label for bonds complying with the provisions transposing the Directive and a second “higher quality European covered bonds” label for bonds that also comply with the provisions adapting article 129 of regulation (EU) n° 575/2013.

#### **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 page 154).

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

The decision taken at the board of directors’ meeting held on 16 December 2021 to increase the share capital from 539,994,737.75 euros to 578,383,669.50 euros by issuing 2,517,307 new shares for subscription in cash at a unit price of 15.89 euros, with effect from 11 January 2022, has boosted CET1 by forty million euros with the leverage ratio now exceeding the minimum 3% threshold.

No other significant events specific to the company affecting, to a material extent, an assessment of its solvency, has occurred since 31 December 2021.

## **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		
	2019	2020	2021
Tangible fixed assets	9	27	3
Intangible fixed assets	10	0	34

Research and Development expenses	0	0	0
<b>A-Total equipment investments</b>	<b>19</b>	<b>27</b>	<b>37</b>
Equity securities	0	0	0
<b>B-Total investments (equity securities)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C-Total investments: A + B</b>	<b>19</b>	<b>27</b>	<b>37</b>

Tangible fixed assets principally relate to acquisitions of computer equipment and fittings.

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 of 31 December 2021, 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 95.75 billion euros, corresponding to 241 transactions.

### 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 203.

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). As from 8 July 2022, a special auditor shall ensure the quality of the investments made, in compliance with regulatory and balance sheet equilibria, the quality of the internal control systems, the existence and effectiveness of the collateral and the validity of property valuations, underpinning the collateral.

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	2019	2020	2021
Amount of loans granted	2	3.25	0

##### B) Changes in loan amounts outstanding

The following table shows changes in the nominal value of CRH's loans outstanding since 31 December 2019.

				In € millions
Borrowing credit institutions	At 31/12/2019	At 31/12/2020	At 31/12/2021	At 31/12/2021 (%)
Crédit Agricole SA	8 024	7 874	6 950	33.9
Société Générale	5 481	4 426	3 466	16.9
Banque Fédérative du Crédit Mutuel	4 424	3 820	3 038	14.8
BPCE	1 951	2 780	2 483	12.1
Caisse Centrale du Crédit Mutuel	1 829	2 167	1 964	9.6
BNP Paribas	2 385	2 145	1 665	8.1
Crédit Lyonnais	892	844	689	3.3
Crédit Mutuel Arkéa	187	267	267	1.3
<b>All borrowers</b>	<b>25 173</b>	<b>24 323</b>	<b>20 522</b>	<b>100.0</b>

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 2021			
	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	1 321.2	1 087.6	82

(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 82 % 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 as of 30 September 2021

Uses of funds by monetary financial institutions		Sources of funds of monetary financial institutions	
In € billions			
Domestic home loans	1 321.2	Regulated sources ( <i>not including</i> <i>"Livrets A" and "Livrets bleus"</i> )	778.2
		Covered bonds <i>- of which CRH 20.6</i>	243.7
Other uses	9 807.8	Other sources	10 107.0
		<i>- of which capital &amp; reserves</i> <i>700.6</i>	
		<i>- of which non-regulated</i> <i>deposits 1 584.8</i>	
<b>Total uses</b>	<b>11 129.0</b>	<b>Total sources</b>	<b>11 129.0</b>

Source: This document is prepared on the basis of figures published by the Banque de France on the website [Webstat.banque-france.fr](http://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 cumulative output of housing loans (excluding renegotiations and redemptions) aggregated over the first nine months of the year 2021 amounted to 151 billion euros, an increase of 14.65 % compared to output in the same period of 2020, which amounted to 131 billion euros.

Total residential home loans amounted to 1 321 billion euros as of 30 September 2021, a year-on-year increase of 6.6 %, greater than that of the previous period (5.4 %).

The buoyancy of the real estate market, despite the Covid 19 health crisis, did not noticeably dip in 2021 with a number of transactions in excess of 1,000,000.

The market price of older properties continued increasing (+7.4 % between September 2020 and September 2021 - France as a whole), the increase for the provinces being even higher (+9.4 % for houses).

There was a shift from the main urban centres towards communes of a more human scale, but this was limited to certain geographical areas.

Conversely, the new-build property market remained subdued due to falling supply over several quarters, 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 page 139).

No bond issues were made during the year 2021.

## A) Changes in annual issuance amounts

CRH's annual issuance amounts are summarised below:

Year	Number of issues in the year	Nominal amount (€ million)	
1985 (4 <sup>th</sup> 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 <sup>1</sup>	6	2 143.43	
1999 <sup>1</sup>	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 <sup>2</sup>	17	9 201.01	
2011 <sup>3</sup>	14	12 132.57	
2012 <sup>4</sup>	6	5 530.42	
2013 <sup>5</sup>	5	2 534.83	
2014 to 2018	0	0.00	
2019	2	2 000.00	
2020	2	3 250.00	
2021	0	0.00	
<b>TOTAL</b>	<b>241</b>	<b>95 746.86</b>	<b>95 746.86</b>

<sup>1</sup> Including the public exchange offer during the course of the year.

<sup>2</sup> Including the Swiss franc-denominated bond issue settled on 21 July 2010 in an amount of 250 million CHF (€186.01 million).

<sup>3</sup> Including the Swiss franc-denominated bond issues settled on 29 March 2011 for CHF 625 million (€482.36 million) and on 12 July 2011 for CHF 175 million (€150.21 million).

<sup>4</sup> Including the Swiss franc-denominated bond issues settled on 5 March 2012 for CHF 625 million (€518.20 million) and on 23 May 2012 for CHF 375 million (€312.21 million).

<sup>5</sup> Including the Swiss franc-denominated bond issues settled on 15 March 2013 for CHF 200 million (€162.50 million) and on 26 June 2013 for CHF 150 million (€122.33 million).

Since its formation, CRH has redeemed an amount of 75 224.88 million euros, including 3 801.09 million euros in 2021, bringing the outstanding nominal amount of bonds in issue to 20 521.98 million euros.

## B) Bond issues completed during the financial year

As indicated above, no bond issues were launched during the year 2021.

## C) Bond issue timetable as of 31 December 2021

Bond issue	Redemption date	ISIN Code	Number of securities	Nominal unit value	Outstanding in millions	Currency
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
<b>Total</b>					<b>19 801</b>	<b>EUR</b>
					<b>875</b>	<b>CHF</b>

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 (*privilège*) 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 ECB, 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 2019	Nominal value of transactions in 2020	Nominal value of transactions in 2021
CRH 3.90 % January 2021	18/01/2011	FR0010989889	92.4	375.8	23.4
CRH 3.60 % September 2021	13/09/2011	FR0011108976	5.9	35.1	30.2
CRH 4.00 % January 2022	08/06/2011	FR0011057306	111.1	274.5	1 487.50
CRH 4.00 % June 2022	17/01/2012	FR0011178946	135.0	25.2	1 030.70
CRH 3.30 % September 2022	23/09/2010	FR0010945451	72.9	74.9	128.1
CRH 4.30 % February 2023	24/02/2011	FR0011011188	203.4	68.6	1 263.30
CRH 3.90 % October 2023	20/10/2011	FR0011133008	308.5	97.1	2 122.70
CRH 3.60 % March 2024	08/03/2012	FR0011213453	220.9	332.9	3 587.70
CRH 2.40 % January 2025	17/01/2013	FR0011388339	184.2	57.4	64.40
CRH 0.01% November 2026	27/11/2019	FR0013463551	381.0	191.5	1 885.30
CRH 0.125 % April 2027	30/04/2020	FR0013510476	0.0	978.4	1 008.10
CRH 0.01% February 2028	07/02/2020	FR0013480522	0.0	622.8	168.50
CRH 0.01% October 2029	08/10/2019	FR0013451796	190.0	277.1	188.80
CRH 0.25% February 2035	07/02/2020	FR0013480514	0.0	717.4	618.20
<b>Total</b>			<b>1 905.3</b>	<b>4 128.7</b>	<b>13 606.9</b>

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 property bonds and equivalent securities” section.

### **6.3. IMPORTANT EVENTS THAT HAVE INFLUENCED THE ISSUER’S ACTIVITIES AND MARKETS**

Since the month of June 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.

CRH has continued to suffer the effects of the ECB’s “*quantitative easing*” policy which, by threatening the income derived from the investment of own funds, has forced it 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, reaffirmed in the first semester of 2020, judging by the amounts raised, the issue spreads, the granularity of the order books, which fully validated the cogency of the strategy pursued in recent years.

CRH’s business could suffer the effects of the ECB’s extraordinary monetary policy measures and competition from the raising of European funds on the capital markets within the framework of the NextGenerationEU programme.

In 2022, CRH will also have to adapt to the new legal and regulatory environment resulting from the transposition into French law of the “covered bonds” Directive (EU) 2019/2162. More generally, it will also have to integrate the potential impact, both on its business and on its market, of laws and regulations entering into force, in particular as part of European harmonisation or with the aim of global financial stability, materialised by the Basel accords.

Nevertheless, boosted by its successful return to the markets in 2019 and 2020, CRH intends to solicit its investors once again in 2022, given the redemption of existing series of notes and the record housing loan output levels during this year 2021.

#### **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**

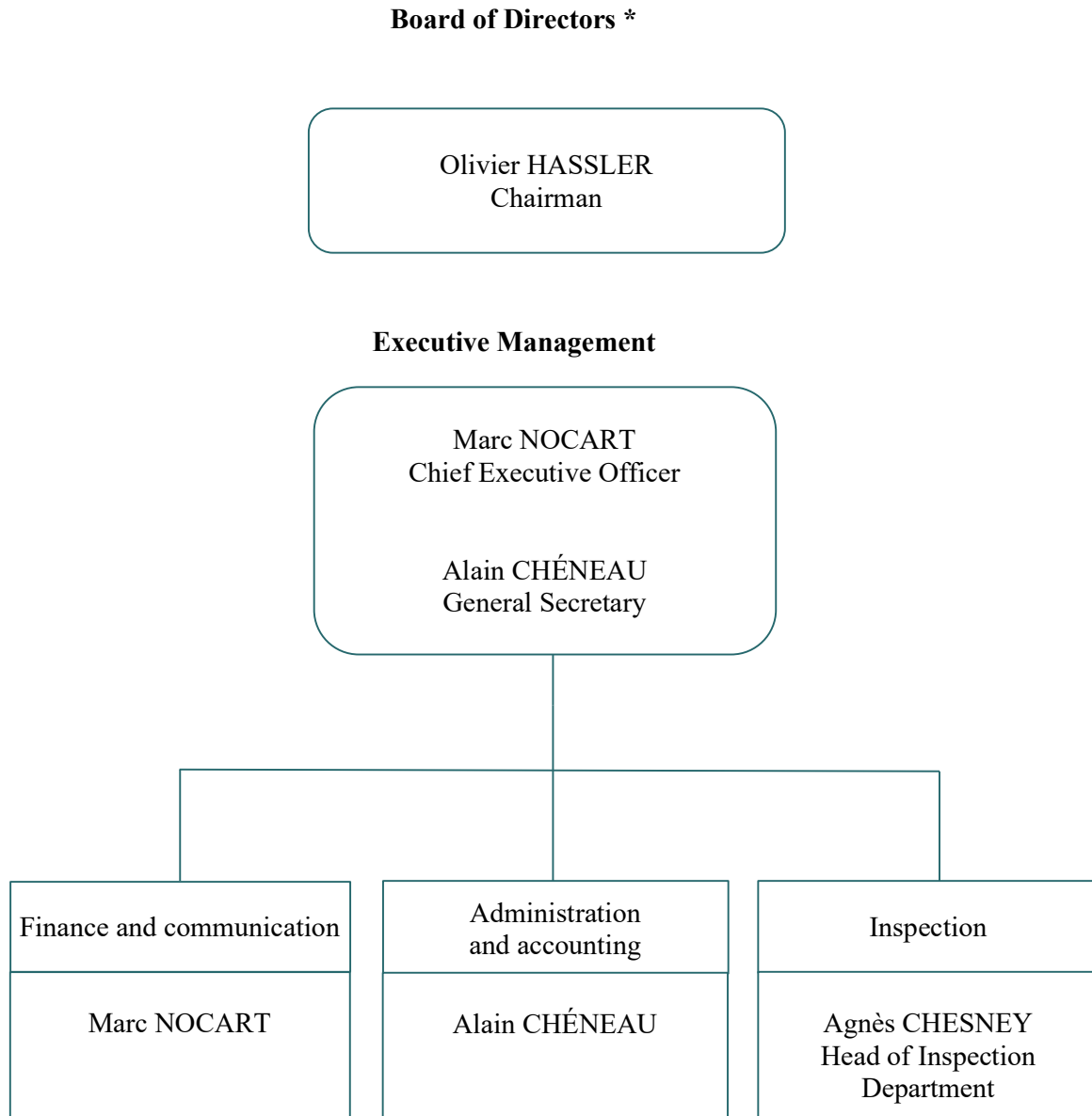
Like French issuers of covered bonds held entirely by one single establishment refinancing housing loans, CRH acts as an alternative provider of long-term liquidity, thereby offering its shareholders diversification in terms of sources of finance; strictly speaking, it is therefore not in a competitive environment.

Whereas its market vehicle status confers a high level of resilience, by its multi-sponsor nature, the associated advantages mean that its shareholders have to make additional regulatory contributions.

The increase in this contribution, due to its refinancing operations not being exempt from the leverage ratio calculation, makes the capital committed in CRH by each shareholder less optimal.

**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 89.



## 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 8<sup>th</sup>, with a total surface area of 179 m<sup>2</sup>. 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 2020 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 7 May 2021, under number D21-0434.

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.

#### 9.1. FINANCIAL POSITION

The analysis of CRH's 2021 financial position is set forth in section 1.1.3. (Financial position) of the management report, on page 12 of the universal registration document.

#### 9.2. OPERATING RESULTS

##### 9.2.1 Description of the company's earnings

The analysis of 2021 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 10 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 99 of the universal registration document.

A table showing the company's financial results for the last five financial years is set forth on page 22 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, page 113.

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, page 109.

The details and maturity schedule of the CRH bonds are provided in paragraph 6.1.1.5. of the universal registration document, page 74. For the two preceding financial years, this information was included in paragraph 6.1.1.5 of the 2020 universal registration document filed with the *Autorité des Marchés Financiers* on 7 May 2021 under number D21-0434 and 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.

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, page 103.

#### 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

*In € thousands*

	31/12/2021
Total assets	21 469 245
Uses of funds: Mortgage Notes (BOH)	20 904 843
Sources of funds: Bond issues	20 904 843

**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 2021 FINANCIAL YEAR

In 2021, the Eurozone economy returned to growth. From a macro-economic perspective, the recovery from the losses accumulated since the spring of 2020 was more rapid than anticipated at the beginning of the year.

Monetary policy, which remained very accommodating, was a favourable factor, through support for the financial markets and offering easy access on attractive financial terms, and also fiscal policy, assisted by low borrowing costs, which increased governments' headroom to support their economies.

In parallel, with the launch from the month of June 2021 of the NextGenerationEU programme financed by issues on the capital markets, the European Union established a new fiscal stimulus instrument to help Europe recover from the COVID-19 pandemic.

Against a background of limited bank market financing requirements, CRH's competitive position has also been weakened by the discussions with the European Central Bank (ECB) regarding the exemption of its refinancing operations from the leverage ratio calculation.

#### 12.2. MISCELLANEOUS EVENTS AND TRENDS LIKELY TO AFFECT THE COMPANY'S OPERATIONS DURING THE 2022 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.

Nevertheless, boosted by its successful return to the markets in 2019 and 2020, CRH intends to solicit its investors once again in 2022, given the redemption of existing series of notes and the record housing loan output levels during this year 2021.

## **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** Chairman  
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.
- **Banque Fédérative du Crédit Mutuel** Director  
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.
- **BNP Paribas** Director  
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.
- **BPCE** Director  
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.

- **Caisse Centrale du Crédit Mutuel** Director  
represented by Mrs Emmanuelle REVOLON  
Finance Director  
46 rue du Bastion – 75017 PARIS.  
First appointment on 10/04/1990,  
appointment renewed for 6 years on 15/04/2021.
- **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 Arnaud MEZRAHI  
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 2021

- |                      |   |
|----------------------|---|
| 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<br>- 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 Arnaud MEZRAHI	- Director and deputy CEO of Société Générale SCF - Director and deputy CEO of Société Générale SFH

#### **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

<b>Gross total compensation paid in 2021</b>	<b>in €</b>
Olivier HASSLER – Chairman of the board of directors	25 000
Marc NOCART – Chief Executive Officer	255 000

<b>Benefits-in-kind in 2021</b>	<b>in €</b>
Olivier HASSLER – Chairman of the board of directors	None
Marc NOCART – Chief Executive Officer	8 947

For further information, refer to Note 17 “Compensation awarded to corporate officers” in the notes to the company’s financial statements set forth in Chapter 20 of the universal registration document, page 121.

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, page 89. 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 COMMITTEES

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 2021 financial year can be found in point 2 “Specialised committees” in the corporate governance report on page 25 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 Arnaud MEZRAHI	Société Générale

##### 16.3.3. Appointments committee

- Mrs Emmanuelle REVOLON	Caisse Centrale du Crédit Mutuel
- Mrs Nadine FEDON	Crédit Agricole SA
- Mr Arnaud MEZRAHI	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 23 of the universal registration document.

## **CHAPTER 17**

### **EMPLOYEES**

As of 31 December 2021, 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 in Schedule 5, page 172), 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 generally made on the basis of the situation existing as of 31 December of the preceding financial year, unless the board of directors specifies another date.

The table below lists CRH's most recent main shareholders and the changes made to the shareholding structure over the last three years.

Shareholder groups	At 31 December 2019				At 31 December 2020				At 11 January 2022			
	Number of shares	as %	Number of voting rights (1)	as %	Number of shares	as %	Number of voting rights (1)	as %	Number of shares	as %	Number of voting rights (1)	as %
Crédit Agricole	10 305 922	29.10	1 110	17.23	10 408 146	29.39	1 110	16.95	11 478 733	30.27	1 111	16.97
Crédit Lyonnais	1 832 688	5.18	518	8.05	1 322 105	3.73	374	5.71	1 090 306	2.87	288	4.40
<b>Sub-total Crédit Agricole Group</b>	<b>12 138 610</b>	<b>34.28</b>	<b>1 628</b>	<b>25.28</b>	<b>11 730 251</b>	<b>33.12</b>	<b>1 484</b>	<b>22.66</b>	<b>12 569 039</b>	<b>33.14</b>	<b>1 399</b>	<b>21.37</b>
Caisse Centrale du Crédit Mutuel	3 967 834	11.21	1 013	15.73	5 418 462	15.30	1 054	16.09	6 130 440	16.16	1 062	16.23
Banque Fédérative du Crédit Mutuel	6 378 963	18.01	1 081	16.78	5 258 247	14.85	1 049	16.01	5 225 694	13.78	1 038	15.86
Crédit Mutuel Arkéa	690 729	1.95	196	3.05	699 390	1.98	198	3.02	775 776	2.04	205	3.13
<b>Sub-total Confédération nationale du CM</b>	<b>11 037 526</b>	<b>31.17</b>	<b>2 290</b>	<b>35.56</b>	<b>11 376 099</b>	<b>32.13</b>	<b>2 301</b>	<b>35.12</b>	<b>12 131 910</b>	<b>31.98</b>	<b>2 305</b>	<b>35.22</b>
Société Générale	7 209 977	20.36	1 101	17.09	6 339 965	17.91	1 080	16.48	6 032 801	15.91	1 060	16.19
BPCE	1 908 747	5.39	540	8.38	3 219 027	9.09	910	13.89	4 284 831	11.30	1 013	15.48
BNP Paribas	3 114 629	8.80	880	13.66	2 744 147	7.75	775	11.83	2 908 216	7.67	767	11.72
Mr Henry RAYMOND	1	0.00	1	0.01	1	0.00	1	0.01	0	0.00	0	0.00
Mr Olivier HASSLER	1	0.00	1	0.02	1	0.00	1	0.01	1	0.00	1	0.02
<b>Total</b>	<b>35 409 491</b>	<b>100.00</b>	<b>6 441</b>	<b>100.00</b>	<b>35 409 491</b>	<b>100.00</b>	<b>6 552</b>	<b>100.00</b>	<b>37 926 798</b>	<b>100.00</b>	<b>6 545</b>	<b>100.00</b>

(1) For calculation of voting rights, see article 23 of the articles of association in schedule 5, page 180.

#### 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, page 180). 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, page 180).

### **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 2021 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 ON 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 2021 financial year.

The provisions adopted by the French accounting standards authority (*Autorité des Normes Comptables* (ANC)) which became mandatory in 2021, 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 21 March 2022.**

**BALANCE SHEET**

In € thousands				
ASSETS	Note	31/12/21	31/12/20	31/12/19
<b>CASH, CENTRAL BANKS</b>		<b>525</b>	<b>294</b>	<b>37</b>
<b>LOANS AND ADVANCES TO CREDIT INSTITUTIONS</b>		<b>363 563</b>	<b>395 239</b>	<b>380 832</b>
- Demand deposits		3 763	5 244	5 901
- Term deposits	4	359 000	389 000	374 000
- Accrued interest		800	995	931
<b>BONDS AND OTHER FIXED INCOME SECURITIES</b>		<b>21 094 855</b>	<b>24 947 873</b>	<b>25 901 634</b>
- Securities (held to maturity)	3-4-5-6	20 680 492	24 438 529	25 242 123
- Securities (available for sale)	4-5-6	30 000	30 000	80 000
- Accrued interest		384 363	479 344	579 511
<b>INTANGIBLE FIXED ASSETS</b>		<b>28</b>	<b>5</b>	<b>13</b>
<b>TANGIBLE FIXED ASSETS</b>		<b>28</b>	<b>40</b>	<b>27</b>
- Office furniture		0	0	1
- Fittings		9	11	12
- Miscellaneous equipment		6	8	10
- Office automation equipment		13	21	4
<b>OTHER ASSETS</b>	7	<b>10 146</b>	<b>8 762</b>	<b>7 523</b>
<b>PREPAYMENTS AND ACCRUED INCOME</b>	7	<b>100</b>	<b>91</b>	<b>90</b>
<b>TOTAL</b>		<b>21 469 245</b>	<b>25 352 304</b>	<b>26 290 156</b>

## BALANCE SHEET

In € thousands				
LIABILITIES	Note	31/12/21	31/12/20	31/12/19
<b>CENTRAL BANKS</b>		<b>0</b>	<b>1</b>	<b>0</b>
<b>DEBTS REPRESENTED BY A SECURITY</b>		<b>20 904 843</b>	<b>24 787 957</b>	<b>25 726 787</b>
- Bond issues	3-4	20 520 579	24 308 687	25 147 352
- Accrued interest		384 264	479 270	579 435
<b>OTHER LIABILITIES</b>	7	<b>301</b>	<b>119</b>	<b>210</b>
<b>PREPAYMENTS AND ACCRUED INCOME</b>	7	<b>1 194</b>	<b>1 384</b>	<b>331</b>
<b>PROVISIONS</b>	8	<b>250</b>	<b>221</b>	<b>235</b>
<b>SHAREHOLDERS' EQUITY EXCLUDING FUNDS FOR GENERAL BANKING RISKS</b>	9	<b>562 657</b>	<b>562 622</b>	<b>562 593</b>
- Subscribed share capital		539 995	539 995	539 995
- Share premium		17 820	17 820	17 820
- Statutory reserves		3 259	3 257	3 257
- Other reserves		1 122	1 122	1 122
- Retained earnings		427	399	399
- Net income for the year		34	29	0
<b>TOTAL</b>		<b>21 469 245</b>	<b>25 352 304</b>	<b>26 290 156</b>

## OFF-BALANCE SHEET COMMITMENTS

In € thousands				
COMMITMENTS RECEIVED	Note	31/12/21	31/12/20	31/12/19
<b>FINANCING COMMITMENTS RECEIVED FROM CREDIT INSTITUTIONS</b>	<b>10</b>	<b>1 026 099</b>	<b>1 216 154</b>	<b>1 258 654</b>
<b>GUARANTEE COMMITMENTS RECEIVED FROM CREDIT INSTITUTIONS</b>	<b>11</b>	<b>29 509 760</b>	<b>35 386 436</b>	<b>36 490 776</b>

## INCOME STATEMENT

In € thousands

	Note	31/12/21	31/12/20	31/12/19
<b>+ Interest and similar income</b>	12	<b>618 490</b>	<b>758 669</b>	<b>901 647</b>
- on transactions with credit institutions				
. demand deposits		-120	-32	-31
. term accounts and loans		1 529	1 815	1 378
. advances under § 5.3 of the internal regulations		429	413	317
- on bonds and other fixed-income securities				
. securities ( <i>available for sale</i> )		120	128	92
. securities ( <i>held to maturity</i> )		616 532	756 345	899 891
<b>- Interest and similar expenses</b>	12	<b>-616 705</b>	<b>-767 043</b>	<b>-906 409</b>
- on bonds and other fixed-income securities				
. interest		-616 084	-756 007	-899 543
. issuance and management fees		-621	-11 036	-6 866
<b>+/- Translation differences</b>	12	<b>0</b>	<b>0</b>	<b>0</b>
<b>+/- Commissions</b>	12	<b>-10</b>	<b>-10</b>	<b>-7</b>
<b>+/- Other income from banking operations</b>	12	<b>851</b>	<b>11 036</b>	<b>7 115</b>
<b>+/- Other expenses from banking operations</b>	12	<b>-387</b>	<b>-455</b>	<b>-345</b>
<b>NET BANKING INCOME</b>	12	<b>2 239</b>	<b>2 197</b>	<b>2 001</b>
<b>- General operating expenses</b>	13	<b>-10 430</b>	<b>-9 870</b>	<b>-9 511</b>
- payroll expenses		-1 300	-1 301	-1 239
- other administrative expenses				
. taxes and duties		-8 423	-7 872	-7 697
. external services		-707	-697	-575
<b>- Depreciation, amortisation and provision expenses related to intangible and tangible fixed assets</b>	13	<b>-25</b>	<b>-22</b>	<b>-19</b>
<b>+ Other operating income</b>	13	<b>11 187</b>	<b>10 790</b>	<b>10 821</b>
<b>GROSS OPERATING INCOME</b>		<b>2 971</b>	<b>3 095</b>	<b>3 292</b>
<b>+/- Cost of risk</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATING INCOME</b>		<b>2 971</b>	<b>3 095</b>	<b>3 292</b>
<b>+/- Gains or losses on fixed assets</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>NET INCOME FROM ORDINARY OPERATIONS</b>		<b>2 971</b>	<b>3 095</b>	<b>3 292</b>
<b>+/- Non-recurring items</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>- Corporation tax (<i>impôt sur les sociétés</i>)</b>	15	<b>-2 937</b>	<b>-3 066</b>	<b>-3 292</b>
<b>+/- Expenses/reversals related to FGBR and regulated provisions</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>NET INCOME</b>		<b>34</b>	<b>29</b>	<b>0</b>

## NET CASH FLOW STATEMENT

In € thousands

	31/12/21	31/12/20	31/12/19
<b>Cash flow from operating activities</b>			
<b>Net income before taxes</b>	<b>2 971</b>	<b>3 095</b>	<b>3 292</b>
Non-cash items:			
Depreciation and amortisation expenses	25	22	19
Net charge to provisions	-42	-85	-41
Net charge to FGBR	0	0	0
Other non-cash items	-28	991	-754
<b>Total non-cash items included in net income and other adjustments</b>	<b>-45</b>	<b>928</b>	<b>-776</b>
Changes in transactions with credit institutions:			
Increase in term deposits and TCN	-180	-126 000	-223 062
Term deposits having reached maturity	180	126 000	225 485
Changes in non-financial assets and liabilities:			
Other assets	-1 384	-1 239	-155
Other liabilities	11	-92	-172
Taxes paid	-2 767	-3 065	-3 390
<b>Net change in assets and liabilities from operating activities</b>	<b>-4 140</b>	<b>-4 396</b>	<b>-1 294</b>
<b>Net cash flow used in operating activities (A)</b>	<b>-1 214</b>	<b>-373</b>	<b>1 222</b>
<b>Net cash-flow from investment activities</b>			
+/- Disposals or acquisitions of tangible fixed assets	-2	-27	-9
+/- Disposals or acquisitions of intangible and financial fixed assets	-34	0	-9
<b>Net cash flow used in investment activities (B)</b>	<b>-36</b>	<b>-27</b>	<b>-18</b>
<b>Net cash flow from financing activities</b>			
Capital increase in cash	0	0	0
Proceeds from bond issues	0	3 248 098	2 014 400
Bond repayments	-3 801 089	-4 100 000	-3 731 008
Acquisition of investment securities (Mortgage Notes)	0	-3 248 098	-2 014 400
Investment securities having reached maturity	3 801 089	4 100 000	3 731 008
Proceeds from subordinated bond issues	0	0	0
Redemptions of subordinated bond issues	0	0	0
Dividends paid	0	0	0
<b>Net cash flow from financing activities (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Impact of changes in exchange rates (D)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net change in cash flow (A + B + C + D)</b>	<b>-1 250</b>	<b>-400</b>	<b>1 204</b>
<b>Net cash and cash equivalents at start of period</b>	<b>5 538</b>	<b>5 938</b>	<b>4 734</b>
<b>Net cash and cash equivalents at end of period</b>	<b>4 288</b>	<b>5 538</b>	<b>5 938</b>
<b>NET CHANGE IN CASH POSITION</b>	<b>-1 250</b>	<b>-400</b>	<b>1 204</b>

## 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 2021 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 invoiced 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*

	31/12/21		31/12/20		31/12/19	
	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>
<b>SECURITIES TRANSACTIONS</b>						
-bonds and other fixed-income securities						
. Mortgage Notes (*)	20 520 579		24 308 687		25 147 352	
. accrued interest not yet due on Mortgage Notes	384 264		479 270		579 435	
- Debt securities						
. bond issues (*)		20 520 579		24 308 687		25 147 352
. accrued interest not yet due on bonds		384 264		479 270		579 435
<b>TOTAL</b>	<b>20 904 843</b>	<b>20 904 843</b>	<b>24 787 957</b>	<b>24 787 957</b>	<b>25 726 787</b>	<b>25 726 787</b>

(\*) Including amounts in nominal value:

*In € thousands*

	31/12/21		31/12/20		31/12/19	
	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>
<b>SECURITIES TRANSACTIONS</b>						
- bonds and other fixed-income securities						
. Mortgage Notes	19 801 265		23 182 015		24 032 015	
- Debt securities						
. bond issues		19 801 265		23 182 015		24 032 015
<b>TOTAL</b>	<b>19 801 265</b>	<b>19 801 265</b>	<b>23 182 015</b>	<b>23 182 015</b>	<b>24 032 015</b>	<b>24 032 015</b>

*In CHF thousands*

	31/12/21		31/12/20		31/12/19	
	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>
<b>SECURITIES TRANSACTIONS</b>						
- bonds and other fixed-income securities						
. Mortgage Notes	875 000		1 400 000		1 400 000	
- Debt securities						
. bond issues		875 000		1 400 000		1 400 000
<b>TOTAL</b>	<b>875 000</b>	<b>875 000</b>	<b>1 400 000</b>	<b>1 400 000</b>	<b>1 400 000</b>	<b>1 400 000</b>

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

#### NOTE 4 - Breakdown of receivables and liabilities by residual maturity

In € thousands

RECEIVABLES	31/12/21	31/12/20	31/12/19
<b>Credit institutions: term deposits</b>			
- Less than three months	0	30 000	0
- Three months to one year	0	0	66 000
- From one to five years	85 000	75 000	85 000
- More than five years	274 000	284 000	223 000
<b>TOTAL</b>	<b>359 000</b>	<b>389 000</b>	<b>374 000</b>
<b>Negotiable debt instruments (TCN)</b>			
- Less than three months	10 000	0	0
- Three months to one year	49 989	0	50 000
- From one to five years	64 924	124 842	124 771
- More than five years	65 000	35 000	0
<b>TOTAL</b>	<b>189 913</b>	<b>159 842</b>	<b>174 771</b>
<b>Mortgage Notes (<i>billets de mobilisation</i>)</b>			
- Less than three months	2 081 585	2 301 027	1 999 602
- Three months to one year	4 336 746	1 499 155	2 100 531
- From one to five years	9 849 567	15 248 276	17 424 607
- More than five years	4 252 681	5 260 229	3 622 612
<b>TOTAL</b>	<b>20 520 579</b>	<b>24 308 687</b>	<b>25 147 352</b>

Note: Portfolio TCN are not eligible for refinancing through the European System of Central Banks (ESCB).

In € thousands

LIABILITIES	31/12/21	31/12/20	31/12/19
<b>Bond issues</b>			
- Less than three months	2 081 585	2 301 027	1 999 602
- Three months to one year	4 336 746	1 499 155	2 100 531
- From one to five years	9 849 567	15 248 276	17 424 607
- More than five years	4 252 681	5 260 229	3 622 612
<b>TOTAL</b>	<b>20 520 579</b>	<b>24 308 687</b>	<b>25 147 352</b>

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

*In € thousands*

2021	Amount at start of financial year		Amount at financial year-end	
ISIN Code	Gross book value	Net book value	Impairment charge	Net book value
FR0013241775	10 000	9 998	1	9 999
FR0013247731	10 000	10 000	0	10 000
FR0013265667	10 000	10 000	0	10 000
FR0013265824	10 000	9 966	23	9 989
FR0013285509	20 000	19 991	3	19 994
FR0124497985	10 000	9 887	44	9 931
<b>TOTAL</b>	<b>70 000</b>	<b>69 842</b>	<b>71</b>	<b>69 913</b>

**NOTE 6 - Valuation of securities held in the portfolio as of 31 December 2021**

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

<i>In € thousands</i>				
ISIN Code	Gross book value	Net book value	Unrealised gains	Unrealised losses
FR0125442899	10 000	10 000	68	0
FR0125443624	20 000	20 000	129	0
<b>Total</b>	<b>30 000</b>	<b>30 000</b>	<b>197</b>	<b>0</b>

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

ISIN Code	Gross book value	Net book value	In € thousands	
			Unrealised gains	Unrealised losses
FR0013241775	10 000	9 999	0	53
FR0013247731	10 000	10 000	0	9
FR0013265667	10 000	10 000	0	1
FR0013265824	10 000	9 989	68	0
FR0013285509	20 000	19 994	196	0
FR0013327681	10 000	10 000	0	12
FR0014000LJ2	10 000	10 000	0	137
FR0014001400	15 000	15 000	56	0
FR0014001GH4	10 000	10 000	0	264
FR0124497985	10 000	9 931	99	0
FR0124980220	15 000	15 000	156	0
FR0126566159	10 000	10 000	0	280
FR0126818147	20 000	20 000	0	763
<b>Total</b>	<b>160 000</b>	<b>159 913</b>	<b>575</b>	<b>1 519</b>

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

*In € thousands*

ASSETS	31/12/21	31/12/20	31/12/19
<b>Miscellaneous debtors</b>	<b>10 146</b>	<b>8 762</b>	<b>7 523</b>
State – corporation tax ( <i>impôt sur les sociétés</i> )	0	0	99
State – CVAE	0	0	0
State – VAT credit	4	24	77
State – Deductible VAT	6	4	42
Expenses recharged to borrowers	1 114	1 023	762
Guarantee deposit with the single resolution fund (SRF)	8 982	7 671	6 504
Other guarantee deposits and miscellaneous	40	40	39
<b>Other prepayments</b>	<b>100</b>	<b>91</b>	<b>90</b>
<b>TOTAL</b>	<b>10 246</b>	<b>8 853</b>	<b>7 613</b>

*In € thousands*

LIABILITIES	31/12/21	31/12/20	31/12/19
<b>Miscellaneous creditors</b>	<b>301</b>	<b>119</b>	<b>210</b>
State – corporation tax ( <i>impôt sur les sociétés</i> )	170	0	0
State – VAT	14	34	124
Social security, payroll taxes and withholding tax	71	72	72
Trade payables	45	11	13
Other miscellaneous creditors	1	2	1
<b>Accrued expenses</b>	<b>1 194</b>	<b>1 384</b>	<b>331</b>
Payroll expenses and related expenses	258	232	215
Direct and indirect taxes	845	971	45
Other accrued expenses	91	181	71
<b>TOTAL</b>	<b>1 495</b>	<b>1 503</b>	<b>541</b>



## NOTE 8 - Provisions

*In € thousands*

	Balance at 31/12/19	+ Expenses - Reversals	Balance at 31/12/20	+ Expenses - Reversals	Balance at 31/12/21
Provision for retirement benefits (note 20)	235	-14	221	29	250
<b>TOTAL</b>	<b>235</b>	<b>-14</b>	<b>221</b>	<b>29</b>	<b>250</b>

## 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 31/12/19	+ Increase - Decrease	Balance at 31/12/20	+ Increase - Decrease	Balance at 31/12/21
Subscribed share capital	539 995	0	539 995	0	539 995
Share premium	17 820	0	17 820	0	17 820
Statutory reserve	3 257	0	3 257	2	3 259
Other reserves	1 122	0	1 122	0	1 122
Retained earnings	399	0	399	28	427
Net income	0	29	29	5	34
<b>TOTAL</b>	<b>562 593</b>	<b>29</b>	<b>562 622</b>	<b>35</b>	<b>562 657</b>

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 8 981 867 euros at 31 December 2021, is deducted from CET1 capital; CET1 capital amounts to 553 645 969 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.

As of 31 December 2021, the amount of commitments received totalled 1 026 099 069.38 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.

As of 31 December 2021, the amount of the portfolio of receivables pledged to CRH amounted to 29 509 759 970.38 euros.

## NOTES TO THE INCOME STATEMENT

### 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*

	31/12/21		31/12/20		31/12/19	
	Expenses	Income	Expenses	Income	Expenses	Income
<b>Interest</b>						
On bonds issued	616 084		756 007		899 543	
On Mortgage Notes		616 084		756 007		899 543
<b>Translation differences *</b>						
On bonds issued	56 420		3 877		16 978	
On Mortgage Notes		56 420		3 877		16 978
<b>Issuance and management fees</b>						
On bonds issued	621		11 036		6 866	
On Mortgage Notes		621		11 036		6 866
<b>TOTAL</b>	<b>673 125</b>	<b>673 125</b>	<b>770 920</b>	<b>770 920</b>	<b>923 387</b>	<b>923 387</b>

\* 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 2021 totalled 321 000 euros.

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

#### ***B - Other income and expenses relating to banking operations***

For the 2021 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 0.36% on the average capital invested during the 2021 financial year (0.39% in 2020 and 0.31% in 2019).

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*

	31/12/21	31/12/20	31/12/19
Interest on cash management transactions	1 497	1 783	1 347
Interest on securities available-for-sale (TCN)	120	128	92
Interest on securities held-to-maturity (TCN)	377	267	277
Interest on investment of advances under § 5.3 of Internal Regulations	-429	-413	-317
Reversal of impairment charges on re-classified securities	71	71	71
Fees on securities transactions	0	0	0
Operating subsidy received	230	0	250
<b>A - Total other income from banking operations</b>	<b>1 866</b>	<b>1 836</b>	<b>1 720</b>
Interest on advances under § 5.3 of the Internal Regulations	-429	-413	-317
Miscellaneous interest and expenses	56	52	35
Fees on securities transactions	0	0	1
<b>Total other expenses from banking operations</b>	<b>-373</b>	<b>-361</b>	<b>-281</b>
<b>NET BANKING INCOME</b>	<b>2 239</b>	<b>2 197</b>	<b>2 001</b>

Details of the valuation of portfolio securities as of 31 December 2021 are provided in note 6. No disposals of securities were made in 2021.

### **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 interest rate levels, 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 mobilisation agreements.

In 2016, the following were also recharged :

- The supervision contribution paid to the *Autorité de contrôle prudentiel et de résolution*.
- 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*

	31/12/21		31/12/20		31/12/19	
	Expenses	Income	Expenses	Income	Expenses	Income
<b>Taxes other than income tax (excerpt)</b>						
SRF contribution	7 428		6 616		6 389	
ECB contribution	682		924		924	
ACPR contribution	158		161		170	
SRM contribution	97		111		137	
AMF fee	5		5		5	
<b>Other operating income</b>						
Recharged contributions		11 187		10 790		10 820
Miscellaneous income		0		0		1

### ***B – Other operating expenses***

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

- 2.1 million euros as of 31 December 2021,
- 2 million euros as of 31 December 2020,
- 1.9 million euros as of 31 December 2019.

Total annual administrative expenses represented 0.0096% of average outstanding loans to shareholders as at 31 December 2021 (0.0081% at 31 December 2020, 0.0077% at 31 December 2019).

Details of the main items are as follows :

*In € thousands*

	31/12/21	31/12/20	31/12/19
Wages and salaries	788	819	754
Retirement expenses (1)	121	84	119
Other social security contributions	277	280	265
Payroll taxes and similar expenses	114	118	101
<b>Total payroll expenses</b>	<b>1 300</b>	<b>1 301</b>	<b>1 239</b>
<b>Taxes other than income tax (excerpt)</b>	<b>53</b>	<b>55</b>	<b>72</b>
Rental and leasing	236	244	219
Other external services and miscellaneous administrative expenses	471	453	356
<b>Total other administrative expenses</b>	<b>707</b>	<b>697</b>	<b>575</b>
Amortisation of intangible fixed assets	11	8	7
Amortisation of tangible fixed assets	14	14	12
<b>Total amortisation and depreciation expenses</b>	<b>25</b>	<b>22</b>	<b>19</b>

(1) net of allowances and reversals of provisions for retirement benefits in an amount of 29,000 euros as of 31 December 2021.

#### NOTE 14 – Statutory auditors’ fees

The total amount of statutory auditors’ fees recorded as at 31 December 2021 is equal to 81 466 euros and includes the following:

	ACA NEXIA	ERNST & YOUNG	KPMG SA
Fees in respect of 2021 statutory audit	36 000	36 000	
Other services related to the 2021 statutory audit	3 660	3 660	
Balance of fees relating to 2020 statutory audit			40
Balance of other services related to the 2020 statutory audit	-894		3 000
<b>Total</b>	<b>38 766</b>	<b>39 660</b>	<b>3 040</b>

## **NOTE 15 - Corporation tax**

For companies whose turnover is equal to or greater than 250 million euros, the corporation tax rate in 2021 is 27.50 %.

Accordingly, the corporation tax payable on the results for the 2021 financial year is an amount of 2 867 813 euros. Whilst this only covers recurring transactions, the amount is very significantly increased by (i) adding-back of the SRF contribution of 7 427 785.42 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 68 459 euros.

## ***POST-FINANCIAL YEAR END EVENTS***

### **NOTE 16 - Share capital increase: bringing the Company's situation into compliance with regulatory developments related to the interpretation of the provisions of the CRR on the leverage ratio**

On 3 December 2021, the EBA published the European Commission's interpretative response as to the conditions for the leverage ratio exemption to apply.

This response had been expected both by CRH and the ECB, the latter having decided at the end of July 2020 to contest the conclusions of the legal opinion delivered 14 months prior, which concluded that CRH's refinancing operations did indeed benefit from the exemption, under article 429 bis, paragraph 1 point e) and paragraph 3, for the purpose of its leverage ratio calculation.

Given the conflicting interpretations, the European supervisory authority advised CRH that it may display the leverage ratio in accordance with its own interpretation, subject to the express condition of mentioning potential developments depending on the anticipated arbitration. CRH, whilst mentioning this disagreement of interpretation, published both versions of the ratio calculation.

CRH's board of directors acknowledged the unfavourable interpretation published by the EBA, and, accordingly, implemented, in consultation with the ECB and the *Autorité de contrôle prudentiel et de résolution*, a share capital increase taking effect on 11 January 2022, in accordance with the delegation of authority granted by the shareholders' extraordinary general meeting held on 17 June 2021.

2 517 307 new shares with a unitary par value of 15.25 euros were offered for subscription. Each new share was issued at the 31 December 2020 net book value of the old share, namely 15.89, euros, giving an issue premium of 0.64 euros. The anticipated amount raised was therefore 40 000 008.23 euros.

The 2 517 307 new shares were subscribed in full. The company's share capital is henceforth 578 383 669.50 euros, divided into 37 926 798 shares with a par value of 15.25 euros each.

The share capital increase brings CET1 to 593 645 977.17 euros at 11 January 2022. On this date, with the contractual repayment of CRH's 4% bond issue due January 2022 and the corresponding refinancings, on 10 January 2022, in an amount of 2.1 billion euros, the leverage ratio stands at 3.07 %.



## OTHER INFORMATION

### NOTE 17 - Compensation paid to corporate officers

				In €	
Summary table of corporate officers' compensation					
		2021		2020	
		Amounts owed	Amounts paid	Amounts owed	Amounts paid
<b>Olivier HASSLER</b>					
Fixed compensation		25 000	25 000	25 000	25 000
Variable compensation					
Extraordinary compensation					
Director's fees					
Benefits in kind					
<b>TOTAL</b>		<b>25 000</b>	<b>25 000</b>	<b>25 000</b>	<b>25 000</b>
<b>Marc NOCART</b>					
Fixed compensation		215 000	215 000	212 500	212 500
Variable compensation					
Extraordinary compensation		40 000	40 000	40 000	40 000
Director's fees					
Benefits in kind (GSC)		8 947	8 947	8 224	8 224
<b>TOTAL</b>		<b>263 947</b>	<b>263 947</b>	<b>260 724</b>	<b>260 724</b>

The other corporate officers received no compensation from the company.

### NOTE 18 – 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 2021 financial year.

### NOTE 19 - Employees

The average number of salaried staff members during 2021 was 7.

### NOTE 20 - Provision for retirement benefits

Provisions set aside to cover retirement benefits as required by French law, which amounted to 250 000 euros, cover the full amount of CRH's estimated liability as of 31 December 2021.

CRH does not have any other retirement commitments.

## ADDITIONAL INFORMATION

### 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. This interpretation was contested by the ECB in the month of July 2020.

On 3 December 2021, the EBA confirmed the ECB's position.

In these circumstances, with the agreement of the ECB and the *Autorité de contrôle prudentiel et de résolution*, CRH's supervisory body with effect from 1 January 2022, the board of directors has decided to satisfy this regulatory requirement by making a share capital increase in cash to boost CET1 by an amount of forty million euros with effect on 11 January 2022, in accordance with the delegation of authority received from the shareholders' extraordinary general meeting held on 17 June 2021.

Accordingly, on 31 December 2021, the leverage ratio stood below the 3% regulatory threshold at 2.58 %.

With CET1 increased to 593.6 million euros on 11 January 2022, after a refinancing contractual repayment of 2.1 billion euros on 10 January 2022, the leverage ratio stands at 3.07 %.

### Solvency ratio

CRH received notification from the ECB of the results of the Supervisory Review and Evaluation Process (SREP) for 2021, indicating that the prudential capital requirements for 2021 remain in force for 2022.

The Common Equity Tier 1 (CET1) requirement with which CRH must comply is 7.42 % at 1<sup>st</sup> January 2022, of which :

- 4.50% for the regulatory “Pillar 1 requirement” ;
- 0.42% for the regulatory “Pillar 2 requirement” (excluding “Pillar 2 guidance”<sup>1</sup>) ;
- 2.50% for the capital conservation buffer.

The overall (Total capital) requirement is set at 11.25% (excluding “Pillar 2 guidance”<sup>1</sup>).

With a solvency ratio of 21.35% at 31 December 2021 and an equivalent CET1 ratio, CRH is positioned well in excess of the prudential capital requirements applicable as at 1st January 2022.

In €

Own funds disclosure Implementing regulation (EU) n° 1423/2013		Reference to relevant article of EU regulation n° 575/2013	
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
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	426 832	26(1)(c)
3	Accumulated other comprehensive income (and other reserves)	4 414 177	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)
<b>6</b>	<b>Common Equity Tier 1 (CET 1) capital before regulatory adjustments</b>	<b>562 656 282</b>	<b>Sum of rows 1 to 5a.</b>
<b>Common Equity Tier 1 (CET 1) capital: regulatory adjustments</b>			
7	Additional value adjustments (negative amount)	-9 010 313	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)

<sup>1</sup> The total CET1 ratio requirement established by the ECB, including the “Pillar 2 guidance” component will not be published.

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) a (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	<b>Total regulatory adjustments to Common Equity Tier 1 (CET 1)</b>	<b>-9 010 313</b>	Sum of rows 7 to 20a, 21, 22 and 25a to 27
29	<b>Common Equity Tier 1 (CET 1) capital</b>	<b>553 645 969</b>	Row 6 minus row 28
<b>Additional Tier 1 (AT1) capital: instruments</b>		<b>0</b>	
<b>Tier 2 (T2) capital: instruments and provisions</b>		<b>0</b>	
<b>Total capital (TC = CET1 + AT1 + T2)</b>		<b>553 645 969</b>	
<b>Total risk-weighted assets</b>		<b>2 593 584 191</b>	
<b>Capital ratios and buffers</b>			
61	<b>Common Equity Tier 1 (as a percentage of total risk exposure amount)</b>	<b>21.35%</b>	<b>92 (2) (a)</b>
62	<b>Tier 1 (as a percentage of total risk exposure amount)</b>	<b>21.35%</b>	<b>92 (2) (b)</b>
63	<b>Total capital (as a percentage of total risk exposure amount)</b>	<b>21.35%</b>	<b>92 (2) (c)</b>

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)	21.35%	CRD 128
Amounts below the thresholds for deduction (before risk weighting)		0	
Cap on inclusion of credit risk adjustments in T2 under standardised approach		32 419 802	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<sup>1</sup>, Mortgage Notes held by CRH to be fully exempt from the major risks rules until 1 January 2029.

<sup>1</sup> 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.

**Disclosure relating to assets encumbered as of 31 December 2021 (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
<b>010</b>	<b>Assets of reporting institution</b>	<b>21 560 427</b>		<b>564 966</b>	
030	Equity instruments	0	0	0	0
040	Debt securities	21 560 427	21 664 761	179 993	179 993
120	Other assets	0		384 974	

**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
<b>130</b>	<b>Collateral received by the reporting institution</b>	<b>0</b>	<b>30 600 964</b>
150	Equity instruments	0	0
160	Debt securities	0	0
230	Other collateral received	0	30 600 964
<b>240</b>	<b>Own debt securities issued, other than own covered bonds or ABS</b>	<b>0</b>	<b>0</b>

**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
<b>010</b>	<b>Carrying amount of selected financial liabilities</b>	<b>21 560 427</b>	<b>30 600 964</b>

**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, page 139).

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 page 183, 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 page 183, 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, page 146), the refinanced bank pledges a portfolio of home-purchase loans satisfying the eligibility criteria (cf. schedule 7, page 194) 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, page 174, or article 8 of the internal regulations, page 191).

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 2021 is included in the "Reports" section of this universal registration document, page 30.

The statutory auditors' general report on the financial statements for the year ending 31 December 2020 is included in the "Reports" section of the universal registration document for the 2020 financial year, 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.

## **20.5. DATE OF LATEST FINANCIAL INFORMATION**

The financial information dated 31 December 2021 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 2021.



## **20.7. DIVIDEND DISTRIBUTION POLICY**

The rules governing the distribution of dividends are set forth in article 26 of the articles of association in Schedule 5, page 181.

## **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 2021.

## CHAPTER 21

### ADDITIONAL INFORMATION

#### 21.1. SHARE CAPITAL

##### 21.1.1. Subscribed capital

The shareholders' extraordinary general meeting, held on 17 June 2021, delegated to the board of directors the powers necessary to increase the share capital on one or more occasions from 539 994 737.75 euros to a maximum amount of 679 999 940 euros over the next five years.

The board of directors, at a meeting held on 16 December 2021, having deliberated, decided to proceed with an initial share capital increase for cash in a maximum amount of 38 388 931.75 euros to be paid up in cash.

On 18 January 2022, the board of directors confirmed the effective completion of this share capital increase on 11 January 2022.

Given the actual number of shares subscribed, 2 517 307 new shares, the subscribed share capital amounts to 578 383 669.50 euros divided into 37 926 798 shares with a par value of 15.25 euros each.

These shares are not encumbered by any pledge.

CRH's shares are not listed.

##### 21.1.2. Share capital authorised and not subscribed

At 11 January 2022, the non-subscribed authorised share capital is 101 616 270.50 euros.

##### 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 22.

##### 21.1.5. Allocation of share capital (Excerpt of articles of association, article 6 - see Schedule 5 page 183)

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 162.

### **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 mobilising 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, 3<sup>rd</sup> §: 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 FGFR) 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, 2<sup>nd</sup> § : 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](mailto: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  
and amended by article 4 of ordonnance n° 2021-858 dated 30 June 2021)**

**I.** - Repealed

**II.** - Bonds may be issued by the holder of promissory notes governed by articles L. 313-42 to L. 313-49-1 of the Monetary and Financial Code.

**III.** - The bonds specified in II may be issued by a specialised credit institution referred to in article L. 513-1 of the Monetary and Financial Code that has been granted special approval by order of the Minister for the Economy. This institution may also raise other resources for which the contract or public information document within the meaning of article L. 412-1 of the Monetary and Financial Code or any equivalent document required for admission to trading on foreign regulated markets mentions the preferential claim (*privilège*) defined in IV and V.

**IV.** - Sums derived from the above promissory notes or claims arising from the enforcement of rights attached to such notes, including if relevant under mortgages, security, ancillary rights and insurance proceeds relating to such assets, the financial instruments referred to in article L. 513-10 of the Monetary and Financial Code, after set-off if relevant, and the claims associated with deposits made with credit establishments by the institution referred to in III, with the exception of investments and related income connected with the placement of share capital and reserves which fall outside the scope of the *privilège*, are applied, in priority and under all circumstances, towards payment of the principal and interest on the bonds and other preferred resources specified in III. The provisions of Book VI of the Commercial Code, or those governing equivalent foreign law based judicial or voluntary proceedings, shall not prejudice the application of this IV.

**V.** - Where the institution specified in III is the subject of safeguard proceedings, judicial reorganisation or liquidation or resolution proceedings commenced in accordance with article L. 613-49 of the Monetary and Financial Code, the bond issues and other preferred resources specified in III shall be paid on their contractual due date and until all rights and claims of the holders of such bond issues and other preferred resources specified in III have been satisfied in full, and no other creditor of the institution specified in III may rely on any rights whatsoever over the rights and property of the institution, in respect of both principal and accrued and future interest, included within the scope of the *privilège* defined in IV. If the assets within the scope of the *privilège* are not sufficient to satisfy all rights and claims of the holders of the bond issues and other privileged resources specified in III, such holders shall have a right of claim against the institution specified in III ranking equally with all unsecured creditors. The provisions of Book VI of the Commercial Code, or those governing equivalent foreign law based judicial or voluntary proceedings, shall not prejudice the application of IV.

The rules set forth in IV and V shall apply to ancillary costs related to the transactions specified in II, and to amounts payable, if any, under the contract referred to in article L. 513-15 of the Monetary and Financial Code.

**VI** - The institution specified in III is governed by the provisions of I bis, III and IV of article L. 513-2, by article L. 513-11-3 and articles L. 513-8 to L. 513-10, L. 513-12, L. 513-15 to L. 513-26-1 of the Monetary and Financial Code. For the purposes of these articles, any reference to the *privilège* defined in 1 and 2 of article L. 513-11 of the Monetary and Financial Code shall be construed as a reference to the *privilège* defined in IV and V of this article.

The provisions governing the application of this article shall be determined by decree of the *Conseil d'État*.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

## **MONETARY AND FINANCIAL CODE**

### **ARTICLE L. 513-1 LEGISLATIVE PART**

The specialised credit institutions specified in article L. 511-9 may only conduct the banking activities permitted under the laws and regulations specifically applicable to such institutions or in accordance with the regulatory approval granted to the relevant institution.

**SCHEDULE 1**  
**(Cont. 1)**

*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

## SCHEDULE 1 (Cont. 2)

### DECREE N° 2021-898 OF 6 JULY 2021

#### Chapter II : Provisions relating to Caisse de Refinancement de l'Habitat (Article 5)

##### Article 5

1° Decree n° 85-854 of 7 August 1985 is repealed;

2° The institution specified in III of article 13 of law n° 85-695 dated 11 July 1985 is governed by the provisions of articles R. 513-1-A, R. 513-7 to R. 513-11, R. 513-14 to R. 513-18 of the Monetary and Financial Code. For the purposes of these articles, any reference to the *privilège* defined in 1 and 2 of article L. 513-11 of the Monetary and Financial Code shall be construed as a reference to the *privilège* defined in IV and V of article 13 of the law n° 85-695 dated 11 July 1985 ;

The promissory notes specified in II of article 13 of the law n° 85-695 dated 11 July 1985 issued by the institution specified in III of the same article are governed by the provisions of articles R. 313-20, R. 313-22, R. 313-24, R. 313-25 and R. 313-25-1 of the Monetary and Financial Code.

#### Chapter IV : Transitional and final provisions (Articles 7 to 8)

##### Article 7

The provisions of this decree shall enter into force on 8 July 2022.

However, the provisions of article R. 513-8-1 shall not apply to real property bonds (*obligations foncières*), housing finance bonds (*obligations de financement de l'habitat*) and the bonds specified in III of article 13 of the law n° 85-695 dated 11 July 1985 issued prior to such date.

## SCHEDULE 2

### MONETARY AND FINANCIAL CODE ARTICLES L. 313-42 TO L. 313-49-1 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 by ordinance n° 2013-544 dated 27 June 2013 and by ordinance n° 2021-858 dated 30 June 2021**

#### Paragraph 3

#### Mobilisation of mortgage loans and similar receivables

##### Art. L. 313-42.

The provisions of the present paragraph apply to the promissory notes issued by credit institutions or finance companies (*société de financement*) to mobilise 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 at least equivalent security ;
- or a guarantee granted by a credit institution or a *société de financement* or an insurance company, which meets at least the second credit quality level assigned by an external credit rating agency recognised by the *Autorité de contrôle prudentiel et de résolution* pursuant to the provisions of article L. 511-44 and which does not fall within the scope of consolidation defined in article L. 233-16 of the Commercial Code of which the credit institution or *société de financement* issuing the promissory note forms part.

With effect from 1 January 2002, receivables mobilised in the form of promissory notes must comply with the conditions set forth 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.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

##### 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 pledge so created has the benefit of the provisions of articles L. 211-38 to L. 211-40.

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.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

#### **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 his rights over the promissory note that 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 mobilisations effected before 29 June 1999 pursuant to the provisions of the present paragraph.

#### **Art. L. 313-49.**

The *Autorité de contrôle prudentiel et de résolution* 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*).

**SCHEDULE 2 (Cont.)**

**MONETARY AND FINANCIAL CODE  
ARTICLE L. 513-2 ET SEQ.  
LEGISLATIVE PART**

**SECTION 2 OF CHAPTER III**

**SOCIÉTÉS DE CRÉDIT FONCIER**

**Art. L. 513-2 (excerpt)**

I bis.– For the purpose of financing the activities specified in I, property finance companies (*société de crédit foncier*) may issue real property bonds (*obligations foncières*) whose maturity date is extendable, on and subject to the terms and conditions defined by *Conseil d'État* decree.

III – *Sociétés de crédit foncier* may acquire and own all personal and real property necessary for the fulfilment of their corporate objects or derived from the recovery of their receivables.

IV. – Property finance companies may not hold equity stakes.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

**Art. L. 513-3 (excerpt).**

I - Guaranteed loans are loans secured by:

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 a real property asset, a guarantee (*cautionnement*) from a credit institution or from a finance company (*société de financement*) or an insurance company, which meets at least the second credit quality level assigned by an external credit rating agency recognised by the *Autorité de contrôle prudentiel et de résolution* pursuant to the provisions of article L. 511-44 and which does not fall within the scope of consolidation, defined in article L. 233-16 of the Commercial Code, of which the SCF forms part.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

### **Art. L. 513-8**

*Sociétés de crédit foncier* must ensure that their working capital requirements are at all times covered under and in accordance with the terms and conditions established by decree of the *Conseil d'État*.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

### **Art. L. 513-9**

*Sociétés de crédit foncier* shall publish quarterly on their website information relating to their issuance of *obligations foncières* and other preferred resources (*ressources privilégiées*) specified in article L. 513-2-I-2 enabling investors to assess the profile of the loans, securities, deposits and exposures to be financed together with the associated risks.

They shall quarterly provide the *Autorité de contrôle prudentiel et de résolution*, with information on their issuance of *obligations foncières* and other preferred resources specified in L. 513-2-I-2.

A list of the information required under the first and second sub-paragraphs is specified by order of the Minister for the Economy.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

### **Art. L. 513-10**

For the purpose of hedging transactions to manage loans and exposures referred to in articles L. 513- 3 to L. 513-7, *obligations foncières* or other resources having the benefit of the preferential claim (*privilège*) defined in article L. 513-11, *sociétés de crédit foncier* may use forward financial instruments, such as defined in article L. 211-1.

However, amounts payable under forward financial instruments concluded by *sociétés de crédit foncier* for the purpose of hedging assets and liabilities, after set-off if relevant, have the benefit of the *privilège* referred to in article L. 513-11, in the same manner as amounts payable under forward financial instruments concluded by *sociétés de crédit foncier* for the purpose of managing or hedging global risk on the assets, liabilities and off balance-sheet items of these companies.

*Sociétés de crédit foncier* shall ensure that the volume of forward financial instruments used is appropriate should the hedged risk be reduced and that such instruments are terminated once the hedged risk disappears.

Amounts payable under forward financial instruments used for hedging the operations referred to in article L. 513-2-II do not have the benefit of this *privilège*.

Securities and sums received by a *société de crédit foncier* as security for the hedging transactions referred to in this article are not included for the purpose of calculating the maximum proportion referred to in article L. 513-7.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

### **Art. L. 513-11**

Notwithstanding any provision of law to the contrary and in particular those of Book VI of the Commercial Code:

1. Sums derived from loans or equivalent receivables, exposures, securities and deposits specified in articles L. 513-3 to L. 513-7, including if relevant under mortgages, security, ancillaries and insurance proceeds relating to such assets, the financial instruments referred to in article L. 513-10, after set-off if relevant, and the claims associated with deposits made with credit establishments by the *société de crédit foncier*, shall be applied in priority towards payment of the *obligations foncières* and other preferred resources referred to in article L. 513-2-I-2 ;
2. Where safeguard proceedings, judicial reorganisation or liquidation or resolution proceedings are commenced against a *société de crédit foncier* in accordance with article L. 613-49, the receivables duly arising from the transactions referred to in article L. 513-2-I-2 shall be paid on their contractual due date and in priority to all other claims, whether or not benefiting from any lien or security, including any contractual interest, of whatever duration. Until all rights and claims of the holders of preferential claims (*créances privilégiées*) within the meaning of this article have been satisfied in full, no other creditor of the *société de crédit foncier* may rely on any right or claim whatsoever over the property and rights of such company, in respect of both principal and accrued and future interest ;
3. The commencement of safeguard proceedings, judicial reorganisation or liquidation or resolution proceedings against a *société de crédit foncier* in accordance with article L. 613-49 shall not have the effect of rendering due and payable the *obligations foncières* and other debts benefiting from the *privilège* referred to in 1 of this article. Notwithstanding any term or provision to the contrary, no termination, suspension, modification or set-off of an outstanding forward financial instrument entered into by the *société de crédit foncier* may be made solely as the result of safeguard proceedings, judicial reorganisation or liquidation or resolution proceedings being commenced in accordance with article L. 613-49 against it.

The rules set forth in 1 and 2 above shall apply to expenses ancillary to the transactions specified in article L. 513-2-I-1 and 2 as well as to amounts payable, if relevant, under the contract specified in article L. 513-15.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

#### **Art. L. 513-12**

The total amount of a *société de crédit foncier*'s assets must be greater than the amount of its liabilities having the benefit of the *privilège* referred to in article L. 513-11. The Minister for the Economy shall determine how such assets and liabilities are valued.

#### **Art. L. 513-15**

The administration or recovery of loans, exposures, equivalent receivables, securities and deposits, bonds or other resources specified in article L. 513-2 may be performed only by a credit institution or finance company (*société de financement*) to which the *société de crédit foncier* is contractually linked.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

#### **Art. L. 513-16**

The credit institution or finance company (*société de financement*) responsible for administration of the loans, exposures, equivalent receivables, securities and deposits, is authorised to act in legal proceedings whether as plaintiff or respondent and to exercise all rights and remedies for enforcement in the name and on behalf of the *société de crédit foncier*.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

#### **Art. L. 513-17**

If there is a change in the legal entity responsible for administering or recovering loans, securities, exposures or equivalent receivables, the debtors shall be informed thereof by simple letter.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

#### **Art. L. 513-18**

The provisions of article L. 632-2 of the Commercial Code do not apply to contracts entered into by or with a *société de crédit foncier*, nor to legal acts fulfilled by or on behalf of a *société de crédit foncier*, where such contracts or acts relate directly to the operations specified in article L. 513-2.

### **Art. L. 513-19**

Where a receiver (*administrateur provisoire*) or liquidator has been appointed to a *société de crédit foncier*, in accordance with articles L. 612-34 and L. 613-24, the provisions of article L. 613-25 shall apply.

### **Art. L. 513-20**

Notwithstanding any provision to the contrary, and in particular sections II to IV of Book VI of the Commercial Code, safeguard proceedings concerning, or judicial reorganisation or liquidation, of a company owning shares in a *société de crédit foncier* may not be extended to the *société de crédit foncier*.

### **Art. L. 513-21**

In the event of safeguard proceedings concerning, or judicial reorganisation or liquidation of, a company responsible for the administration or recovery, on behalf of a *société de crédit foncier*, of loans, exposures, equivalent receivables, securities and deposits, bonds or other resources specified in article L. 513-2, the contracts dealing with such administration or recovery may be terminated immediately notwithstanding any provision to the contrary and in particular those of sections II to IV of Book VI of the Commercial Code.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

### **Art. L. 513-22**

The *Autorité de contrôle prudentiel et de résolution* ensures that *sociétés de crédit foncier* comply with their obligations under this section and penalises any established breaches in accordance with the provisions of chapter II and sections 1 and 2 of chapter III of Title I of Book VI.

The *Autorité de contrôle prudentiel et de résolution* may adopt and implement guidelines as part of its mission to supervise the issuance of *obligations foncières*.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

### **Art. L. 513-23**

In each *société de crédit foncier*, a special controller and an alternate special controller chosen from amongst the persons on the list of statutory auditors are appointed for a

period of four years by the executive managers of the company, with the approval of the *Autorité de contrôle prudentiel et de résolution*.

The alternate special controller replaces the titular special controller in the event of refusal to act, prevention from acting, resignation or death. They shall cease to perform their functions on the date of expiry of their appointment, unless the impediment is only temporary in nature. In such case, once the impediment has ceased, the titular special controller shall resume their functions upon issuance of the report specified in the fifth sub-paragraph of this article.

Neither the statutory auditor of the *société de crédit foncier*, the statutory auditor of any company controlling, within the meaning of article L.233-3 of the Commercial Code, the *société de crédit foncier*, nor the statutory auditor of any company directly or indirectly controlled by a company controlling the *société de crédit foncier*, are eligible for appointment as special controller or alternate special controller.

The controller ensures compliance by the company with articles L. 513-2 to L. 513-12. It verifies that the contributions made to a *société de crédit foncier* conform with the objects defined in article L. 513-2 and satisfy the conditions specified in articles L. 513-3 to L. 513-7. Furthermore, in the case of *obligations foncières* for which the *société de crédit foncier* wishes to obtain, or has obtained, the higher quality European covered bond label referred to in article L. 513-26-1, it verifies, in accordance with the provisions of the order of the Minister for the Economy, compliance with the requirements of article 129 of Regulation (EU) n° 575/2013 dated 26 June 2013.

The controller certifies compliance with the above provisions of the documents addressed to the *Autorité de contrôle prudentiel et de résolution*. It prepares an annual report on the fulfilment of its mission addressed to the executive managers and deliberative bodies of the company of which a copy is delivered to the *Autorité de contrôle prudentiel et de résolution*.

It may attend all shareholders' general meetings and shall be heard, upon its request, by the board of directors or executive board.

The controller, together with its collaborators and experts, is bound by professional secrecy as regards all facts, acts and information of which it becomes aware in the performance of its functions. It is, however, released from its duty of professional secrecy as regards the *Autorité de contrôle prudentiel et de résolution* to which it shall immediately notify any fact or decision, of which it becomes aware in the performance of its functions, that is likely to be damaging to the operating conditions or continuity of the *société de crédit foncier*. The duty of professional secrecy is also waived, in connection with the conduct of their respective functions, as between the special controller and the statutory auditors of the *société de crédit foncier* and of any company controlling, within the meaning of article L. 233-3 of the Commercial Code, the *société de crédit foncier*. The special controller shall disclose to the State prosecutor (*procureur de la République*) any criminal acts of which it becomes aware, without incurring any liability as a result of such disclosure.

It is liable, both towards the company and third parties, for the harmful consequences caused by any wrongful act or negligence committed by it in the performance of its functions.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*



#### **Art. L. 513-24**

If safeguard proceedings, or judicial reorganisation or liquidation proceedings, are commenced against the *société de crédit foncier*, the special controller shall make the declaration specified in article L. 622-24 of the Commercial Code in the name and on behalf of the holders of the preferential claims defined in article L. 513-11.

The provisions of chapters II and IV of Title II of Book VIII of the Commercial Code shall apply to the special controller, subject to the provisions of this code, in particular article L. 612-44. The *Autorité de contrôle prudentiel et de résolution* may bring the action specified in article L. 823-7 of the Commercial Code.

Notwithstanding the provisions of article L. 823-14 of the Commercial Code, the controller's right to information may extend to receiving items, contracts and documents held by the company responsible for the administration or recovery of loans, exposures, equivalent receivables, securities and deposits, bonds and other resources, pursuant to article L. 513-15, provided that such items, contracts and documents directly relate to the operations performed by such company on behalf of the *société de crédit foncier*.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

#### **Art. L. 513-25**

Article L. 228-39 of the Commercial Code shall not apply to *sociétés de crédit foncier*.

#### **Art. L. 513-26**

Notwithstanding articles 1349 of the Civil Code and L. 228-44 and L. 228-74 of the Commercial Code, *sociétés de crédit foncier* may subscribe their own *obligations foncières* for the sole purpose of offering them as collateral for lending operations of the *Banque de France* in accordance with such procedures and conditions as the *Banque de France* may determine for its monetary policy and intra-day credit operations, in the event that *sociétés de crédit foncier* are unable to meet their working capital requirements by other means at their disposal.

The *obligations foncières* subscribed in such manner must satisfy the following conditions :

- 1° They may represent a maximum of 10% of the aggregate total amount of resources benefiting from the *privilège* on the date of acquisition ;
- 2° They are deprived of the rights specified under articles L. 228-46 to L. 228-89 of the Commercial Code for so long as they are held by the *société de crédit foncier* ;
- 3° They are offered by way of security to the *Banque de France*. Failing which, they are cancelled within a period of 8 days ;
- 4° They may not be subscribed by third parties.



The special controller certifies compliance with these conditions and issues a report to the *Autorité de contrôle prudentiel et de résolution*.

**Art. L. 513-26-1**

I. - *Sociétés de crédit foncier* may use the “European covered bond” label for *obligations foncières* and the other preferred resources specified in article L. 513-2-I-2 issued in compliance with the provisions of this section.

II. – *Sociétés de crédit foncier* may use the “higher quality European covered bond” label for *obligations foncières* and the other preferred resources specified in article L. 513-2-I-2 issued in compliance with the provisions of this section and article 129 of Regulation (EU) n° 575/2013 dated 26 June 2013.

The conditions under which this article shall apply are specified by order of the Minister for the Economy.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

### SCHEDULE 3

#### MONETARY AND FINANCIAL CODE

##### Article R. 214-21 (excerpt)

##### REGULATORY PART

I. (extract) – An OPCVM may not invest more than:

1° 5 % of its assets in eligible financial securities or money market instruments issued by the same issuer ;

2° 20 % of its assets in eligible financial securities or money market instruments issued by the same entity ;

IV. - Notwithstanding the limits set forth in I - 1° and 2°, an OPCVM :

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 *obligations foncières* issued by a *société de crédit foncier* pursuant to paragraph 2 of Article L. 513-2, home financing bonds (*obligations de financement de l'habitat*) issued by home financing companies (*sociétés de financement de l'habitat*) pursuant to I of article L. 513-30, other preferred resources as specified in article L. 513-2-I-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 this paragraph 2° 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 mobilise long-term receivables in the form of home-purchase loans, provided the bonds' characteristics are identical to those of the promissory notes.

V. – Where an OPCVM invests more than 5% of its assets in the bonds specified in 2° of IV and issued by one and the same issuer, the total value of such investments must not exceed 80% of the value of the OPCVM' assets.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

## SCHEDULE 3 (Cont.)

### MONETARY AND FINANCIAL CODE Article R. 313-20 et seq. REGULATORY PART

#### Article R. 313-20.

- I. A secured receivable, within the meaning of article L. 313-42, may be mobilised pursuant to the provisions of this article, within the limit of the smaller of the following two amounts :
  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 being financed or offered as security.
  
- II. The financing percentage referred to in I-2 is equal to :
  1. 60 % of the value of the property offered by way of security for mortgage loans where the property offered as security is commercial property ;
  2. 80% of the financed property for guaranteed loans (*prêts cautionnés*) or of the property offered by way of security for mortgage loans where the property financed or offered as security is a residential property. In the case of loans to finance the construction of housing or simultaneously the acquisition of a building plot and the construction of housing, with the exception of speculative property development financing, the value of the residential property for this purpose is the sale price of the property in a fully completed state ;
  3. 100 % of the value of the property offered by way of security, in respect of the portion of the loans guaranteed by the social housing guarantee fund (*fonds de garantie à l'accession sociale à la propriété*) specified in article L. 312-1 of the Construction and Housing Code or any entity replacing such fund.

For the purposes of 2, 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 financed or offered as security in respect of mobilised receivables are valued by the issuers of promissory notes in the manner specified by order of the Minister for the Economy.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

#### **Article R. 313-21.**

Repealed.

#### **Article R. 313-22.**

A security interest over real property, 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 purpose of article L. 513-3-I-2, eligible guaranteed receivables are those in respect of which a credit institution, a *société de financement* or an insurance company, whose own funds total at least 12 million euros, is a joint and several guarantor (*caution solidaire*).

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

#### **Article R. 313-25.**

The issuance agreement for bonds issued by a credit institution whose sole object is to refinance promissory notes satisfying the provisions of article L. 313-42 to L. 313-49 must explicitly state:

- 1° The purpose of the mobilisation;
- 2° The sole objects of the issuing credit institution;
- 3° The dispensation provided for in article R. 214-21-IV-2;
- 4° The *privilège* enjoyed by the issuing credit institution, under and in accordance with article L. 313-42 to L. 313-49.

#### **Article R. 313-25-1**

The issuance by finance companies (*sociétés de financement*) of securities referred to in articles L. 313-30 and L. 313-31 or of promissory notes referred to in article L. 313-42, must satisfy either of the following two conditions:

- 1° The subscription of securities issued pursuant to articles L. 313-30 and L. 313-31 or of promissory notes issued pursuant to article L. 313-42 is reserved for persons providing portfolio management services on behalf of third parties or for qualified investors within the meaning of article L. 411-2-1° and article D. 411-1 ;
- 2° The nominal value of each of such securities or promissory notes is equal to or greater than 100,000 euros.

**SCHEDULE 3 (Cont.)**  
**MONETARY AND FINANCIAL CODE**  
**Article R. 513-1-A et seq.**

**REGULATORY PART**

**Article R. 513-1-A**

The approval for *sociétés de crédit foncier* is delivered by the *Autorité de contrôle prudentiel et de résolution* (ACPR).

The request for approval addressed to the *Autorité de contrôle prudentiel et de résolution* must contain at least the following items relating to :

- 1° The activities programme specifying the issuance of *obligations foncières* or other preferred resources specified in article L. 513-12 - I-2° ;
- 2° The policies, procedures and methods aimed at protecting investors as regards the authorisation, modification, renewal and refinancing of loans forming part of the company's assets ;
- 3° The executive management and personnel devoted to the *obligations foncières* programme having the necessary qualifications and knowledge regarding the issuance of *obligations foncières* and managing a *société de crédit foncier* ;
- 4° The administrative framework for managing and monitoring the company's assets, satisfying the applicable requirements set forth in the provisions of this section and of section 2 of Chapter III of Title 1 of Book V of the legislative part.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

**Article R. 513-7**

*Sociétés de crédit foncier* must at all times ensure that their working capital requirements are covered for a period of 180 days, taking into account forecast principal and interest payments on its assets and net flows under the forward financial instruments specified in article L.513-10.

Working capital requirements must be covered by :

- 1° Liquid assets of level 1, 2A or 2B as defined in articles 10, 11 and 12 of delegated regulation (EU) 2015/61 dated 10 October 2014, which are valued in accordance with that regulation and which are issued neither by the *société de crédit foncier*, nor by its parent undertaking, unless such undertaking is a public sector entity within the meaning of article 116 of regulation (EU) n° 575/2013 dated 26 June 2013 not being a credit institution, nor by any subsidiary of its parent undertaking, nor by a securitisation vehicle or any similar entity governed by the laws of a Member State of the European Union to which it is closely connected ;

- 2° Short-term exposures to credit institutions, provided that these have been assigned the highest or second highest credit quality level by an external credit rating agency recognised by the *Autorité de contrôle prudentiel et de résolution* in accordance with article L.511-44, or short-term deposits with credit institutions that have been assigned the highest, the second highest or the third highest credit quality score by a external credit rating agency recognised by the *Autorité de contrôle prudentiel et de résolution* in accordance with article L.511-44.

Unsecured receivables considered to be in default, in accordance with article 178 of regulation (EU) n° 575/213 dated 26 June 2013, may not be used to cover working capital requirements.

Where the assets of the *société de crédit foncier*, excluding liquid assets and short-term exposures to credit institutions, include secured receivables pursuant to articles L. 211-36 to L. 211-40, L. 313-23 to L. 313-35, and L. 313-42 to L. 313-49, account is taken, for the purposes of calculating working capital requirements, not of forecast payment flows in respect of receivables forming part of the *société de crédit foncier*'s assets, but of those in respect of assets received by way of security, pledge or with full legal title.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

#### **Article R. 513-8**

*Sociétés de crédit foncier* are obliged to satisfy at all times a ratio of coverage of their preferred resources by assets, including sums receivable under forward financial instruments benefiting from the *privilège* defined in article L.513-11, equal at least to 105%, on the terms set forth by order of the Minister for the Economy.

For the purpose of calculating this ratio, where its assets include secured receivables pursuant to articles L. 211-38 to L. 211-40, L. 313-23 to L. 313-35, and L. 313-42 to L. 313-49, and unless these assets are liquid assets or short-term exposures to credit institutions, the *société de crédit foncier* takes account, not of these receivables but of assets received by way of security, pledge or with full legal title.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

#### **Article R. 513-8-1**

Where a *société de crédit foncier* issues *obligations foncières* with an extendable maturity date, the maturity date may only be extended in one or more of the following circumstances:

- 1° Adoption by the *Autorité de contrôle prudentiel et de résolution* of an administrative policy measure in accordance with section 6 of Chapter II of Title 1 of Book VI on the grounds of a determination that the *société de crédit foncier* has insufficient coverage of its working capital requirements pursuant to article R. 513-7 ;
- 2° Where a *société de crédit foncier*, a credit institution in receipt of loans granted by the *société de crédit foncier* and secured by a pledge of receivables pursuant to articles L. 211-38 to L. 211-40 or articles L. 313-23 to L. 313-35, whether such receivables are professional in nature or otherwise, or a credit institution issuer of promissory notes

subscribed by the *société de crédit foncier* in accordance with the terms of articles L. 313-43 to L. 313-48, is the subject of safeguard proceedings, judicial reorganisation or liquidation, or a resolution procedure commenced in accordance with article L.613-49.

These maturity extension events shall be specified in the contractual terms of the *obligations foncières*.

The final maturity date of the *obligations foncières* may be determined at any time.

If the credit institution issuer of the *obligations foncières* becomes insolvent or the subject of a resolution procedure, the maturity date extensions shall not affect the ranking of the *obligations foncière* investors nor inverse the order of the initial timetable of maturity of the *obligations foncières*.

*Nota: In accordance with article 7 of decree n° 2021-898 dated 6 July 2021, these provisions enter into force on 8 July 2022. However, these provisions do not apply to “obligations foncières”, “obligations de financement de l’habitat” or the bonds specified in III of article 13 of the law n° 85-695 of 11 July 1985 issued before that date.*

#### **Article R. 513-9**

Where a *société de crédit foncier* finances its activities by the issuance of bonds or resources benefiting from the *privilège* defined in article L. 513-11, the contract or document intended for public information within the meaning of article L. 412-1 or any equivalent document required for admission to trading on the regulated markets, must refer to the benefit of this *privilège* and the attestation specified in article R. 513-16-IV.

#### **Article R. 513-10**

The ancillary expenses referred to in the last sub-paragraph of article L. 513-11 include insurance and guarantee fees, amounts payable to the social housing accession guarantee fund (FGAS) referred to in article L. 312-1 of the Construction and Housing Code, amounts payable to the depository of the issue and those relating to the expert valuation of the receivables, to the upkeep and repair of properties of which the *société de crédit foncier* has become the owner subsequent to the enforcement of security available to it, and all other fees incurred for the conservation of assets and security received, and to protect the rights of preferred creditors.

#### **Article R. 513-11**

The schedule (*bordereau*), referred to in article L. 313-23, used to effect the assignment of receivables held by a *société de crédit foncier*, must include the following statements:

- 1° The description “deed of assignment of receivables”;
- 2° A statement that the deed is subject to the provisions of articles L. 313-23 to L. 313-35 and articles L. 515-13 to L. 515-33 (1);
- 3° The name or corporate name of the beneficiary credit institution or financing company (*société de financement*);



- 4° A description or individual identification of the assigned receivables or information enabling such description or individual identification, including specification of the debtor, place of payment, amount or valuation of the receivables and, if relevant, their due date.

However, where the transfer of the assigned receivables is made by a digital process enabling their identification, the *bordereau* may simply indicate, in addition to the information referred to in 1°, 2° and 3° above, the means by which the receivables are transferred, their number and overall amount.

#### **Article R. 513-14**

Credit institutions or financing companies (*société de financement*) contractually linked to a *société de crédit foncier* by any contract specified in article L. 513-15, shall identify the personnel and resources necessary to collect the receivables and enforce the contracts held by such company. They shall include in the business recovery plan specified in article L. 613-31-11 the arrangements for transfer if required of all technical resources and data necessary for the pursuit of recovery proceedings.

The terms for application of this article shall be defined by order of the Minister for the Economy.

#### **Article R. 513-15**

Where, pursuant to article L. 511-10, a company requests from the *Autorité de contrôle prudentiel et de résolution* the necessary approval to operate as a *société de crédit foncier*, it shall provide the *Autorité de contrôle prudentiel et de résolution* with the names of the special controllers, titular and alternate, that it intends to appoint.

If the *Autorité de contrôle prudentiel et de résolution* issues an unfavourable opinion, the directors of the *société de crédit foncier* must immediately propose another name.

#### **Article R. 513-16**

I. - The appointments of the special controllers, titular and alternate, expire after delivery of the report and certified statements drawn up at the end of the fourth financial year following their appointment. Their mandate is renewable. Where they wish to renew the mandate of these controllers, the directors of the *société de crédit foncier* submit their proposal to the *Autorité de contrôle prudentiel et de résolution* at least three months prior to the end of the fourth financial year following the appointment of such controllers.

II. - The special controller appointed in replacement of a person whose functions terminated prior to their normal expiry date shall complete the mandate of the person replaced.

III. - The provisions of article R. 823-5 of the Commercial Code shall apply to the special controller. A request to recuse the special controller, when made by the *Autorité de contrôle prudentiel et de résolution*, shall be given by registered letter with request for acknowledgement of receipt.

IV. - The special controller certifies compliance with the rules specified in article L. 513-12 based on a quarterly programme of issues of resources benefiting from the *privilège* referred



to in article L.513-11. The special controller shall certify compliance with the same rule for any issue of resources benefiting from this *privilège* and whose unit value is equal to or greater than 500 million euros, or the equivalent thereof in the monetary unit of the issue.

*Nota : In accordance with article 6 of ordonnance n° 2021-858 dated 30 June 2021, these provisions shall enter into force on 8 July 2022.*

#### **Article R. 513-17**

The period referred to in article L. 513-26-3° runs, as the case may be, from the date of settlement and delivery of the *obligations foncières* or the date from which they are no longer granted by way of security to the *Banque de France*.

#### **Article R. 513-18**

All *sociétés de crédit foncier* must maintain an up-to-date special statement of all loans that it has granted or acquired. This statement also shows the nature and value of any related security and the nature and amount of the preferential claims.

## SCHEDULE 3 (Cont.)

### MONETARY AND FINANCIAL CODE

Order of 17 February 2014

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.**

**NOR: 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 4<sup>o</sup>, 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*)**  
**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, 3 November 2014 and 25 July 2021**

### Chapter I- Valuation of real property assets

#### Article 1.

Real property assets “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” must be valued on an exclusively prudent, non-speculative basis.

Prudent valuation shall be construed to mean a valuation equal or similar to the initial value of the property financed or provided by way of collateral, excluding fees and duties, at the moment the security was granted over the real property asset or at the moment of the initial acquisition of the loans by the *société de crédit foncier* or by the housing finance company (*société de financement de l'habitat*) or their provision by way of collateral, and valued periodically in accordance with article 3.

#### Article 2.

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

At the time when the cover asset is included in the cover basket by the *société de crédit foncier* or by the *société de financement de l'habitat* or at the time when the asset is provided by way of collateral, the current value may not exceed the market value or the mortgage value.

Notwithstanding the above, for residential real property, 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.

The overall cost of the transaction shall be construed as the sum of the financed amount of the project and the personal contribution, after deduction of duties, notaries emoluments and sale negotiation fees.

### Article 3.

After their acquisition or provision by way of collateral, the valuation of the real 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, payment services and investment services sector undertakings supervised by the *Autorité de contrôle prudentiel et de résolution*:

- a) for residential real properties, this review is carried out annually using a statistical method ;
- b) for commercial real 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 is conducted annually and may be performed using a statistical method ;
- c) for commercial real 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 real properties is reviewed annually using a statistical method ;
- d) for commercial real 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.

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

A statistical method may be used. Its aim is to establish an adjustment coefficient determined with regard to the real estate market and its growth based on real estate price indices published by official or similar bodies, such as market data platforms, being the most appropriate at the time of the revaluation in terms of content and date. It may, in particular, result in a real property asset being revalued based on the growth, over the relevant period, in real estate prices recorded by an index reflecting relevant real estate transactions. In such case, the method must ensure that the reassessed value thus obtained is less than or equal to the market value or mortgage value on the revaluation date.

The statistical method used must be defined in writing in a clear, transparent, impartial, objective and controllable manner based on an audit trail showing for each individual receivable, the initial value of the real estate properties, as defined in article 2, and also the real estate price index published by official or similar bodies.

### Article 4.

The valuation is performed by an appraiser who has the necessary qualifications, capability and experience; and the appraiser must be independent of the decision-making procedure regarding the granting of credit, ignores speculative factors in appraising the value of physical assets used as collateral and establishes the value of the physical asset used as collateral in a

clear and transparent manner, as specified in articles R. 313-17 to R. 313-19, D. 313-20 of the Consumer Code.

#### **Article 5**

The methods and results of the real property asset valuation as well as the periodic valuation review methods, combined with an audit trail, as specified in article 3, are placed at the disposal of the special controller, referred to in article L. 513-23 of the Monetary and Financial Code, who decides whether or not they are valid. They shall be published simultaneously with the annual financial statements, together with the special controller's report. The *Autorité de contrôle prudentiel et de résolution* may require that they are amended.

#### **Article 5 bis.**

Loans financed by *sociétés de crédit foncier* and *sociétés de financement de l'habitat* must be suitably documented.

#### **Article 5 ter.**

*Sociétés de crédit foncier* and *sociétés de financement de l'habitat* shall have procedures in place to verify that the real property assets offered as security are adequately insured against the risk of damage and that rights in respect of insurance claims are included in the company's assets in accordance with article L. 513-11 of the Monetary and Financial Code.

### **Chapter II- Valuation of assets and**

#### **liabilities**

#### **Article 6.**

The *Autorité de contrôle prudentiel et de résolution* may grant a supervised institution a temporary waiver from the provisions of article R. 513-8 of the Monetary and Financial Code together with a deadline for it to rectify its position.

#### **Article 7.**

The items used for the purpose of calculating the ratio specified in article R. 513-8 of the Monetary and Financial Code are extracted from the financial accounts of supervised institutions in accordance with the rules set forth in the regulations of the accounting standards authority (ANC) n° 2014-07 of 26 November 2014 as referred to above.

#### **Article 8.**

The denominator of the ratio referred to in article R. 513-8 of the Monetary and Financial Code comprises the *obligations foncières*, or housing finance bonds (*obligations de*

*financement de l'habitat*), as well as all other resources benefiting from the *privilège* defined in article L. 513-11 of the Monetary and Financial Code, including debts related to these items and debts arising from the ancillary costs referred to in the third sub-paragraph of the same article, amounts due, if relevant, under the contract specified in article L. 513-15 of the same code and amounts payable under forward financial instruments benefiting from the *privilège* defined in article L. 513-11 of the same code, as well as the expected maintenance and management costs involved in terminating the *obligations foncières* or *obligations de financement de l'habitat* programme.

The expected maintenance and management costs involved in terminating the *obligations foncières* or *obligations de financement de l'habitat* programme may be defined as a percentage, on terms to be defined by the *Autorité de contrôle prudentiel et de résolution*.

#### **Article 9.**

The numerator of the ratio referred to in article R. 513-8 of the Monetary and Financial Code comprises all of the assets, exposures or receivables granted as security, including amounts receivable, after set-off if applicable, under the forward financial instruments benefiting from the *privilège* defined in article L. 513-11, to which the following weightings are assigned :

- 0 %, 80 % or 100 % for guaranteed loans depending on whether or not the guarantor falls within the scope of consolidation to which the *société de crédit foncier* or the *société de financement de l'habitat* belongs; and subject to the ratings requirements set forth in a schedule to these regulations ;
- 0 % for items deducted from own funds ;
- 50 % for fixed assets resulting from the acquisition of real property assets following enforcement of security ;
- 100 % for sufficiently secure and liquid securities, exposures and deposits, and also for other eligible assets, up to the amount of the portion eligible for refinancing.

The assets of the company available to satisfy the cover obligation include any collateral received in connection with positions under forward financial instruments.

Where the asset exposure on the undertakings specified in the third sub-paragraph of article R. 513-8 of the Monetary and Financial Code exceeds 25% of the institution's non-privileged resources, a deduction is made, for the purpose of calculating the above-mentioned numerator, of the difference between the exposure on these undertakings and the sum of 25% of the non-privileged resources and any assets received by way of collateral, pledge or with full title pursuant to articles L. 211-36 to L. 211-40, L. 313-23 to L. 313-35, and L. 313-42 to L. 313-49 of the Monetary and Financial Code in relation to this exposure, such assets then being counted in accordance with the weightings set forth in this article.

#### **Article 10.**

*Sociétés de crédit foncier* and *sociétés de financement de l'habitat* shall declare at 31 March, 30 June, 30 September and 31 December in each year, the following :

- the ratio specified in article R. 513-8 of the Monetary and Financial Code ;
- the elements of the calculation of coverage of their working capital requirements as specified in article R. 513-7 of the Monetary and Financial Code ;

- the average lifespan spread between the assets and liabilities referred to in article 12 of these regulations ;
- the estimate, specified in article 12 of these regulations, of coverage of preferred resources until their maturity having regard to the pool of available eligible assets and forecast new output based on conservative assumptions, together with details on their preparation;
- the information necessary for compliance with the requirements set forth in article 12 bis on derivatives contracts.

They shall also annually report on their issuance of *obligations foncières* and *obligations de financement de l'habitat*, including the terms applicable to extendable maturity structures. The details concerning information to be provided on derivatives contracts and issuance shall be determined by the *Autorité de contrôle prudentiel et de résolution*.

The information must be submitted including in the event of insolvency or resolution proceedings and more frequent ad hoc requests for information may also be made.

#### **Article 11.**

The *Autorité de contrôle prudentiel et de résolution* may object to the weighting attributed to an asset if it does not, in its opinion, satisfy the relevant conditions.

### **Chapter III- Management standards specific to *sociétés de crédit foncier***

#### **Article 12.**

*Sociétés de crédit foncier* and *sociétés de financement de l'habitat* must establish a system for measuring overall interest rate risk on the terms specified in “articles 134 to 139 of the order dated 3 November 2014” on the internal control of banking, payment services and investment services sector undertakings supervised by the *Autorité de contrôle prudentiel et de résolution*. The documentation and reports which, pursuant to the order dated 3 November 2014, must be made available or delivered to effective directors within the meaning of article 10 of the order dated 3 November 2014 on the internal control of banking, payment services and investment services sector undertakings supervised by the *Autorité de contrôle prudentiel et de résolution*, to the supervisory body within the meaning of article 10 (b) of the same order, to the Secretary-General of the *Autorité de contrôle prudentiel et de résolution* and to the statutory auditors, must also be made available or delivered to the special controller.

*Sociétés de crédit foncier* and *sociétés de financement de l'habitat* shall maintain an average lifespan for relevant eligible assets up to the minimum amount necessary to satisfy the cover ratio specified in article R. 513-8 of the Monetary and Financial Code which must not exceed, by more than eighteen (18) months, that of the preferred liabilities (*passifs privilégiés*). Where the assets, excluding sufficiently secure and liquid securities, exposures and deposits, as specified in article L. 513-7 of the Monetary and Financial Code, include secured receivables pursuant to articles L. 211-36 to L. 211-40, L. 313-23 to L. 313-35, and L. 313-42 to L. 313-49, the company shall take account, for the purpose of calculating this spread, not of these receivables but of the assets received by way of collateral, pledge or with full title. The *Autorité de contrôle prudentiel et de résolution* may relax this rule in the



case of new or expiring programmes and shall notify the special controller accordingly. *Sociétés de crédit foncier* and *sociétés de financement de l'habitat* shall estimate, based on an annual coverage plan approved by their governing body and submitted to the *Autorité de contrôle prudentiel et de résolution*, the level of coverage of preferred resources until their maturity having regard to the pool of available eligible assets and forecast new output based on conservative assumptions. This coverage level shall be reviewed by the special controller who shall advise the directors and the *Autorité de contrôle prudentiel et de résolution* if it considers that such level would put preferred creditors at excessive risk, having regard in particular to the average asset and liability lifespans, the absolute spreads between them, and the justifications for changes made in the underlying assumptions - in particular in terms of early repayment rates, new output of eligible assets and performance of the assets securing the preferred liabilities. The *Autorité de contrôle prudentiel et de résolution* may require that they be modified. Institutions that fail to comply with the obligations under this paragraph at 30 June 2014 have until 31 December 2015 to comply.

### **Article 12 bis.**

Derivatives contracts entered into by *sociétés de crédit foncier* or *sociétés de financement de l'habitat* must satisfy the following requirements :

- derivatives contracts must be included in the company's assets solely for the purpose of hedging risk, the amount thereof being adjusted if the hedged risk is reduced and they must be retired if the hedged risk disappears ;
- derivatives contracts must be adequately documented and standardised in accordance with current market practice ;
- derivatives contracts may not be terminated in the event of insolvency or resolution of the credit institution that issued the *obligations foncières* or *obligations de financement de l'habitat*.

### **Article 12 ter.**

The special controller shall annually review asset and liability rate matching levels and shall signal to the directors and to the *Autorité de contrôle prudentiel et de résolution* if it considers that such level would put preferred creditors at excessive risk.

The *Autorité de contrôle prudentiel et de résolution* shall specify the rules for consideration and valuation of forward financial instruments.

### **Article 13.**

In accordance with article L. 611-1-7° of the Monetary and Financial Code, *sociétés de crédit foncier* and *sociétés de financement de l'habitat* shall publish information on the quality of their financed assets and their outstanding *obligations foncières* and *obligations de financement de l'habitat* respectively.

The information shall include :

- the features and geographical distribution of the loans, exposures and security;
- valuation method ;
- amounts unpaid ;
- breakdown of receivables by amount and debtor category ;



- a list of international security identification numbers for all issues of *obligations foncières* and *obligations de financement de l'habitat* ;
- the proportion of early repayments ;
- details of market risk, in particular interest rate risk, foreign exchange risk, credit risk and liquidity risk ;
- the maturity structure of the financed assets and of the *obligations foncières* and *obligations de financement de l'habitat* respectively, including an overview of the maturity extension triggers, if relevant ;
- the consequences of insolvency or resolution proceedings against the credit institution issuer of the *obligations foncières* or *obligations de financement de l'habitat* on the extension of a maturity date ;
- the role in relation to extension of maturity of the *Autorité de contrôle prudentiel et de résolution* in accordance with article R. 513-8-1 of the Monetary and Financial Code and, if relevant, of the special administrator ;
- the levels of cover required and available, and the levels of legal, contractual and voluntary over- collateralisation.

This information shall be contained in a report submitted to the *Autorité de contrôle prudentiel et de résolution*.

#### **Article 13 bis.**

Pursuant to article L. 513-9 of the Monetary and Financial Code, the information referred to in the first sub-paragraph of article 13 shall be published within forty five days of the end of each quarter. The information shall be published in the mandatory legal announcements bulletin (BALO), in any official legal announcements journal, or on the company's website.

#### **Article 14.**

The forward financial instruments referred to in article L. 513-10 of the Monetary and Financial Code must satisfy the conditions set forth in article 2514-1 or in article 2522-1 (b) or (c) of the accounting standards authority (ANC) regulations n° 2014-07 dated 26 November 2014 as above-mentioned.

### **Chapter IV- Transfer plans relating to the continuing recovery of receivables and the applicability of contracts held by the *société de crédit foncier* or *société de financement de l'habitat***

#### **Article 15.**

In accordance with article R. 513-14 of the Monetary and Financial Code, credit institutions or financing companies (*sociétés de financement*) contractually linked to a *société de crédit foncier* or *société de financement de l'habitat* as specified in article L. 513-15 of the Monetary and Financial Code shall identify the personnel and resources necessary to collect the receivables and enforce the contracts held by the *société de crédit foncier* or *société de financement de l'habitat*. They are also obliged to put in place a transfer plan setting forth the arrangements for transfer of all technical resources and data

necessary for the pursuit of actions to recover debts and must update such plan at least annually.

The special controller shall verify annually that the transfer plan contains the required items. A list of the items to be included in the transfer plan shall be determined by the *Autorité de contrôle prudentiel et de résolution*. This transfer plan shall also be delivered to the *Autorité de contrôle prudentiel et de résolution*.

## **Chapter V - Granting and supervision of labels**

### **Article 16**

The *Autorité de contrôle prudentiel et de résolution* is responsible for the granting and supervision of the “European covered bond” and “higher quality European covered bond” labels. The specific arrangements and conditions for implementation of these responsibilities shall be determined by the *Autorité de contrôle prudentiel et de résolution*.

The *Autorité de contrôle prudentiel et de résolution* shall publish a list of the bonds eligible for such labels.

*Nota : The provisions of this order shall enter into force on 8 July 2022.*

## 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 mobilising 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 SEVENTY EIGHT MILLION THREE HUNDRED EIGHTY THREE THOUSAND SIX HUNDRED SIXTY NINE EUROS AND FIFTY CENTS.

The share capital is sub-divided into THIRTY SEVEN MILLION NINE HUNDRED TWENTY SIX THOUSAND SEVEN HUNDRED NINETY EIGHT 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-three.

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 mobilisations 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. MOBILISATION
6. MOBILISATION COLLATERAL
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 mobilised 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 mobilisation:

- 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 mobilisation, 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 mobilisation 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 *Autorité de contrôle prudentiel et de résolution* 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. MOBILISATION**

### **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 mobilisation 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 mobilisation 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 Mobilisation 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 mobilise.

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 mobilisation 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. MOBILISATION COLLATERAL**

### **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 mobilisation collateral 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 mobilisation collateral

Should the value of a portfolio made available by a borrower institution by way of mobilisation collateral 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 article 36 of the law n° 2006-872 dated 13 July 2006, and by article 4 of order n° 2021-858 dated 30 June 2021;
- article 5 of decree n° 2021-898 dated 6 July 2021;
- 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 order n° 2008-556 dated 13 June 2008, by article 3 of order n° 2013-544 dated 27 June 2013 and by article 1 of order n° 2021-858 dated 30 June 2021;
- articles L. 513-2 to L. 513-27 of the Monetary and Financial Code relating to *sociétés de crédit foncier* as amended by article 2 of order n° 2021-858 dated 30 June 2021;
- article R. 214-21 of the Monetary and Financial Code as amended by article 1 of decree n° 2021-898 dated 6 July 2021 ;
- 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 mobilisable portion of a loan, as amended by regulation n° 2002-02 and the orders dated 7 May 2007 and 23 February 2011 ;

- article L. 313-64 of the Consumer Code on loans denominated in non-European Union currencies ;
- articles R. 313-20 to R. 313-25 of the Monetary and Financial Code as amended by article 2 of decree n° 2021-898 dated 6 July 2021 ;
- articles R. 513-1-A to R. 513-18 of the Monetary and Financial Code as amended by article 3 of decree n° 2021-898 dated 6 July 2021 ;
- 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 ;
- 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 mobilisable portion of a loan, as amended by regulation n° 2002-02 and orders dated 7 May 2007, 23 February 2011, 26 May 2014, 3 November 2014 and 25 July 2021 ;
- 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;
- Directive 2019/2162/EU of the European Parliament and of the Council dated 27 November 2019 ;
- the Internal Regulations of CRH.

## 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 mobilised 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 – MOBILISABLE PORTION OF A LOAN

The mobilisable 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 mobilisable 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, payment services and investment services sector undertakings supervised by the *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 *Autorité de contrôle prudentiel et de résolution* 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 mobilised must be covered by the pledge of a portfolio of eligible loans of an amount no less than 125% of the amount mobilised where

loans are fixed-rate, and no less than 150% of the amount mobilised 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 *société de crédit foncier*.

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 mobilised amounts, and an average interest rate equal to or greater than the mobilised 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,
- mobilisable 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.



## SCHEDULE 7 (Cont.)

### GLOSSARY

**Mobilisable 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.

**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*):** A 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 mobilisation collateral 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.

SCHEDULE 8



### CRH mechanism diagram

