



CAISSE DE REFINANCEMENT DE L'HABITAT

**AMENDMENT A01
TO THE UNIVERSAL REGISTRATION DOCUMENT 2022**

**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.**

FILED WITH THE AMF ON 16 AUGUST 2023

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This first amendment to the universal registration document of 13 March 2023 was filed on 16 August 2023 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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AMF CROSS-REFERENCE TABLE

Table of cross-reference to annexes 1 and 2 of delegated regulation 2019/980

To facilitate reading this amendment to the Universal Registration Document, this cross-reference table uses the headings set forth in European Regulation 2019/980 (Annexes I and II), made pursuant to the so-called “Prospectus 3” Regulation and refers to the pages of the Universal Registration Document where the information under each heading can be found.

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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 1st January 2021 to 31 December 2021 and the related statutory auditors' report, shown on pages 30 to 33 of the 2021 universal registration document filed with the AMF on 30 March 2022 under number D22-0204;
- the CRH individual company financial statements for the period from 1st 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 7 May 2021 under number D21-0434
- the management report relating to the financial year ending on 31 December 2021 shown on pages 11 to 23 of the 2021 universal registration document filed with the AMF on 30 March 2022 under number D22-0204;
- 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 7 May 2021 under number D21-0434;
- a description of the principal markets on which CRH operates shown on page 75 of the 2021 universal registration document filed with the AMF on 30 March 2022 under number D22-0204;
- 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 7 May 2021 under number D21-0434.

The 2021 Registration Document may be consulted by following the link below :

<https://www.crh-bonds.com/DocRef/2022-D22-0204.pdf>

and in XHTML format, by following the link below :

<https://www.crh-bonds.com/DocRef/2022-D22-0204.xhtml>

The 2020 Registration Document may be consulted by following the link below:

<https://www.crh-bonds.com/DocRef/2020-D21-0434.pdf>

Annual report cross-reference 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) and the AMF (www.amf-france.org).

HALF-YEARLY MANAGEMENT REPORT

1. CONDUCT OF THE COMPANY'S AFFAIRS

1.1. THE COMPANY'S POSITION DURING THE LAST HALF-YEAR

1.1.1. BUSINESS OPERATIONS

In mid-2023, the global economy appears to be less impacted than a year ago by the direct consequences of the shocks that have occurred in recent years (Covid-19 pandemic, war in Ukraine in particular). Health restrictions have been fully lifted in China. Industrial supply chains are now less disrupted. Energy and numerous commodity prices have fallen sharply compared to the highs reached in the spring of 2022.

This gradual return of production conditions to normal is not however free of uncertainties and question marks. Western economies are facing simultaneously not only inflation, which remains relatively high (although it has begun to subside, especially as regards the energy component) but also the initial effects of central banks' efforts to control it through monetary tightening. High inflation weighs on household consumption, whereas high interest rates impact on corporate as well as household investment. In particular, the real estate market has gone into reverse in a number of Western countries.

As regards the French residential property market, household investment has been continuing to fall for a year, against a background of tightening access to credit. This fall translates in to a lower output of housing, both individual and collective, and more generally a fall in the number of property transactions. However, for the moment France seems less affected, compared to Germany, by the drop in real property prices, in other words corrected for inflation.

Banks' cost of financing has significantly increased in the first semester 2023 following the hikes of key interest rates by the European Central Bank (ECB), repayments by banks of funds borrowed under the third targeted longer-term refinancing operations series (TLTRO III) and a decrease in deposits.

Against this background where banks have had to increase their bond issues, CRH has secured from its shareholders 3.9 billion euros in refinancings by issuing an equivalent amount of bonds. The total amount of loans granted and settled since the company was established has therefore surpassed the threshold of 100 billion euros, to reach 101.5 billion euros, of which 99.7 billion euros and 2.4 billion Swiss francs.

Taking into account contractual repayments for the half-year in a total amount of 3 billion euros and, in the absence of any contractual early redemptions, the nominal outstanding amount of loans as at 30 June 2023 stood at 16.8 billion euros (compared to 15.9 billion euros at 31 December 2022 and 16.3 billion euros at 30 June 2022).

The total balance sheet at 30 June 2023 stood at 17.5 billion euros (compared to 16.8 billion euros at 31 December 2022 and 17.1 billion euros at 30 June 2022).

The next contractual repayments are due to take place in October 2023 in an amount of 1.4 billion euros.

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, given the sustained 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 0.44% in 2022 despite the continued fall in interest rates.

At 30 June 2023, the average rate of return on investments stood at 1.23%. This growth is the result of the increase in yields due to the sharp rise in interest rates.

The increase in rates has also made it possible to shorten the maturity of new investments to five years.

Therefore, investment income totalled 3,915,589 euros at 30 June 2023 (compared to 3,641,153 euros at 31 December 2022 and 1,252,338 euros at 30 June 2022).

Net banking income amounted to 4,076,208 euros at 30 June 2023 (compared to 3,689,753 euros at 31 December 2022 of which 230,000 euros in operating grants and 1,253,549 euros at 30 June 2022).

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 2023, 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 the specific features of the relevant borrower:

- the SRF contribution, in the amount immediately charged to expenses of 5,079,871 euros, with the amount paid by CRH being equal to 6,554,672 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 69,411 euros.
- the ACPR (*Autorité de Contrôle Prudentiel et de Résolution*) and the *Single Resolution Board* expenses, in a cumulative amount of 116,996 euros.
- the special controller's fees, the rating agencies' fees, fees incurred in connection with updating the EMTN programme, fiscal agency and paying agency fees, for a cumulative total of 587,000 euros.

The amount in respect of overhead expenses, excluding recharged expenses, stands at 1.2 million euros as at 30 June 2023 with an annual budget of 2.3 million euros. The increase in provisional expenses compared to 2022, when they totalled 2 million euros, factors in the changes to governance planned for the first semester 2023.

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

Net income after corporation tax amounted to 827,216 euros at 30 June 2023.

1.1.3. FINANCIAL POSITION

The prudential capital requirement level for the year 2023 is unchanged from 2022.

The Common Equity Tier 1 (CET1) capital requirement with which CRH must comply at 30 June 2023 is 7.92%, of which:

- 4.50% for the regulatory “Pillar 1 requirement”;
- 0.42% for the regulatory “Pillar 2 requirement” (excluding “Pillar 2 guidance”¹);
- 2.50% for the capital conservation buffer;
- 0.50% for the countercyclical capital buffer.

The overall (Total capital) requirement is set at 11.75% (excluding “Pillar 2 guidance”).

The negative impact of the deduction from CET1 of the irrevocable payment commitment to the Single Resolution Fund (SRF), which amounted to 11.9 million euros at 30 June 2023, is 0.40%.

After deduction of this regulatory adjustment, CET1 amounts to 591.8 million euros. With a solvency ratio of 26.35% at 30 June 2023 and an equivalent CET1 ratio, CRH is positioned well in excess of the prudential capital requirements applicable as at 30 June 2023.

The leverage ratio calculation is equal to 3.38% on 30 June 2023.

1.2. FORSEEABLE CHANGES IN THE COMPANY’S OUTLOOK

The deterioration of adverse factors in the first half of 2023 could lead to a more pronounced downside risk in the second half of 2023:

- high inflation which reduces households’ purchasing power and tightening of financing conditions which penalises investment.
- weak activity combined with labour market resilience increases the risk of inflationary pressure.
- increasing interest rates will significantly limit the output of residential property loans, due to the usury rate limit in the first quarter followed by the anticipated deterioration in borrower solvency, which may lead in due course to a fall in property prices.

On the bond markets, rates may remain at high levels during the second semester, close to the high reached at the end of 2022 (3.10% for French 10-year rates).

The ECB’s balance sheet reduction policy, combined with governmental financing requirements, should maintain sovereign rates under pressure.

¹ The total CET1 ratio requirement, including the “Pillar 2 guidance” component will not be published.

As a result, financial and non-financial risks will increase in the European financial sector. Potential intensification of geopolitical tensions in the future may further exacerbate the risk of a financial market correction and the threats linked to cyber security. Overall, the outlook for the economy and the capital markets remains very uncertain.

The exceptional monetary policy measures introduced at the beginning of the pandemic encouraged banks to increase their central bank financing (through, for example, the third targeted longer-term refinancing operations series, TLTRO III). Scheduled repayments, at maturity or on prepayment dates, will require that banks further diversify their sources of financing and find other solutions to partly replace their central bank financing.

In 2023, CRH intends to participate fully in its shareholders' diversification of their sources of financing by appealing to investors.

CRH will also have to factor in 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.

SIGNIFICANT EVENTS BETWEEN THE FINANCIAL YEAR END-DATE AND THE DATE OF THE HALF-YEARLY MANAGEMENT REPORT

No significant event specific to the company and affecting, to any material extent, the assessment of its solvency, has occurred since 30 June 2023.

1.3. RESEARCH AND DEVELOPMENT

The company does not conduct any research and development activity.

1.4. 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 once a year at least.

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.

In connection with the transposition of the European covered bonds directive, CRH has appointed a special controller to verify the company's compliance with its legal and regulatory obligations with respect to covered bond issues.

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 at €10,000 the materiality threshold, for the purposes of the fraud alert defined in Article 98 of the Order dated 3 November 2014¹.

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

4. LEGAL INFORMATION

4.1. SECURITIES CONFERRING RIGHTS TO SHARE CAPITAL

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

4.2. DISPOSAL OF SHARES (CROSS HOLDINGS)

CRH does not hold any shares in any company.

4.3. BONUS SHARE AWARDS

There is no bonus share award plan.

4.4. STOCK OPTION AWARDS

There is no stock option award plan.

4.5. TREASURY SHARES

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

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.

¹ 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).

4.8. 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 74.

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

Environmental risks, particularly those relating to climate change, are likely to impact on companies' corporate operations, results and financial situation. These risks may have an impact whether directly on a company's own operations or indirectly through its financing and investment activities.

These risks are of two types and mainly concern (i) physical risks associated with the effects of climate change and (ii) "carbon" risks resulting from transition towards a low carbon economy:

- (i) physical risks, a consequence of the direct impact of climate change on people and property due to the ever-increasing number of extreme meteorological events or long-term risks such as rising sea levels or increasing temperatures. In the absence of exposures to fossil fuels or physical goods, CRH is mindful of the potential impact of such risks materialising on the value of its collateral.
- ii) transition risks, associated with the process of transition towards a low carbon economy, which may impact on each shareholder through its credit portfolio of a number of its clients depending on the sector. The impact of transition risk on its shareholders' credit risk has been identified as CRH's main climate risk. To measure this impact, shareholders are invited to gradually establish indicators to

strengthen credit analysis on the most exposed counterparties in sectors identified as particularly vulnerable.

Furthermore, liability and reputation risks may flow from the above two categories of risk. This includes the damages that may be payable by a corporate entity if found liable for causing global warming.

CRH's policy thus stems from that of its shareholders in supporting profound transition towards a decarbonised economy. CRH is of the view that climate change risks are not a new category of risk but rather an aggravating factor of the risk categories already covered by its risk management systems. Integrating climate change risks therefore relies upon governance and existing processes and follows a traditional approach (identify, quantify, define risk appetite, control and mitigate).

6. MISCELLANEOUS INFORMATION

6.1. TRADE PAYABLES SETTLEMENT LEAD TIME

CRH complies with the rules applicable in this area. As of 30 June 2023, trade payables amounted to 75,463 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.

**STATUTORY AUDITORS' REPORT
ON HALF-YEARLY FINANCIAL INFORMATION**

Period from 1 January 2023 to 30 June 2023

Sir, Madam, Shareholders,

In performance of the mission entrusted to us by your Shareholders' General Meeting and pursuant to article L.451-1-2 III of the Monetary and Financial Code, we have:

- conducted a limited examination of the half-yearly financial statements of the company C.R.H. - Caisse de Refinancement de l'Habitat, in relation to the period from 1st January 2023 to 30 June 2023, as attached to this report;
- verified the information contained in the half-yearly management report.

The half-yearly financial statements have been prepared under the responsibility of your board of directors. It is our responsibility, based on our limited examination, to present our conclusion on these financial statements.

1 – CONCLUSION ON THE FINANCIAL STATEMENTS

We have carried out our limited examination in accordance with professional standards applicable in France. A limited examination essentially involves interviewing members of executive management responsible for financial and accounting aspects and implementing analytical procedures. This work is narrower in scope than that required for an audit conducted in accordance with professional standards applicable in France. Accordingly, the assurance obtained under a limited examination that the financial statements, taken as a whole, do not contain any material misstatements, is a moderate assurance, a lower assurance than that obtained under an audit.

Based on our limited examination, we have not discovered any material misstatements likely to call into question, having regard to French accounting rules and principles, the regularity and sincerity of the half-yearly financial statements and the true and fair view they give of the assets and financial position at the end of the semester, or of the company's results for the past semester.

2 – SPECIFIC VERIFICATION

We have also verified the information contained in the half-yearly management report commenting on the half-yearly financial statements on which our limited examination was based.

We have no observations to make on their sincerity and concordance with the half-yearly financial statements.

Paris and Paris-La-Défense, 21 July 2023

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 amendment to the 2022 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, to the best of my knowledge, that the full financial statements for the past semester have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and net income of the company, and that the half-yearly management report set forth on pages 10 to 19 gives an accurate overview of the significant events that have occurred during the first six months of the financial year, of their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Paris, 16 August 2023

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**

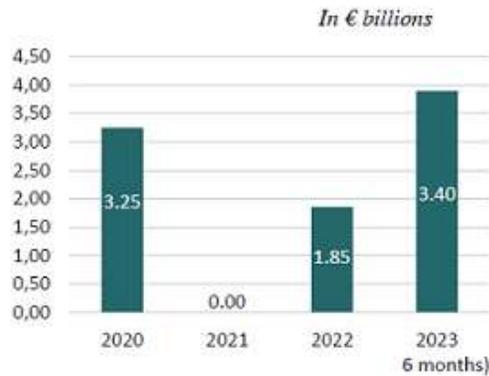
Member of the Versailles Regional Institute of Statutory Auditors

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.

CHAPTER 3

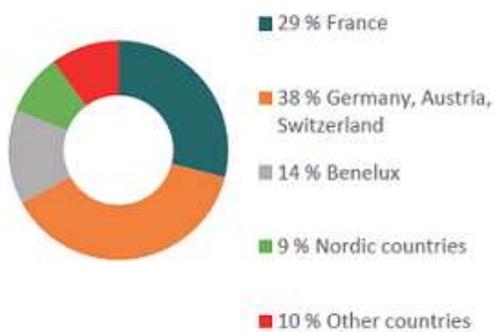
SELECTED FINANCIAL INFORMATION

Covered bonds issued

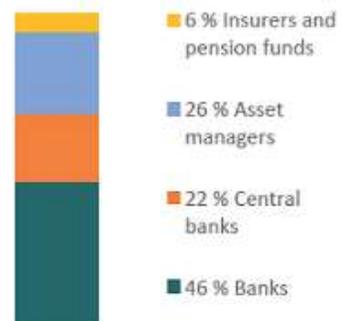


Breakdown of issues in first semester 2023

By geographical zone



By investor type



Main balance sheet items at 30 June 2023

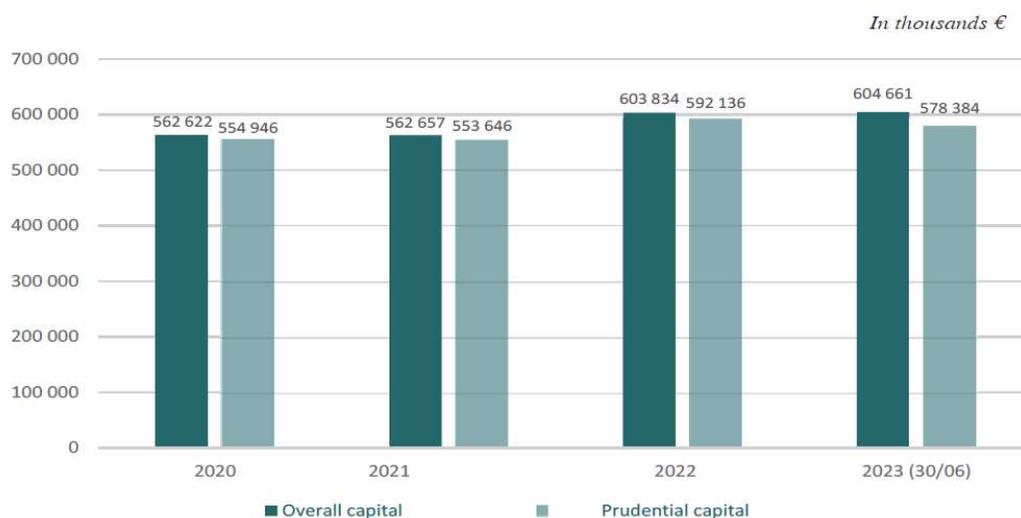
	In thousands €
	30/06/2023
Total assets	17 500 871
Uses of funds: Mortgage Notes (BOH)	16 894 976
Sources of funds: Bond issues	16 894 976

Summary income statement

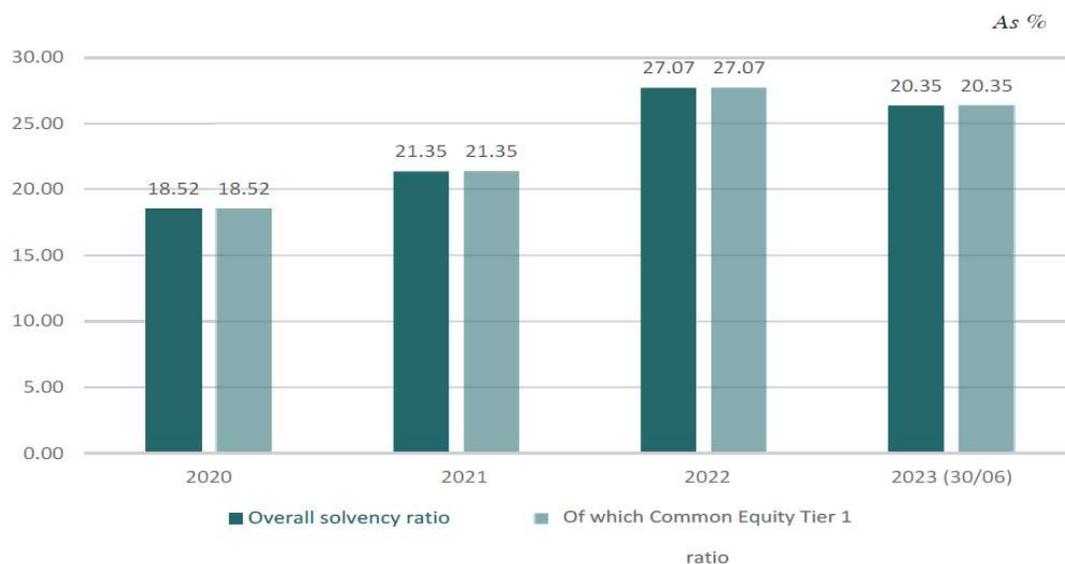
	31/12/2022	30/06/2022	30/06/2023
Net banking income	3 690	1 253	4 076
Gross operating income	4 557	3 113	2 883
Net income	1 177	99	827
Return on capital	0.1950 %	0.0164 %	0.01949 %
Return on assets	0.0070 %	0.0000 %	0.0000 %

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.

Own capital



Phased solvency ratio



CRH debt ratings at 30 June 2023

Agency	Short term	Long term	Outlook	Rating decision	Latest rating decision
Moody's	N/A	Aaa	Stable	Affirmation of LT rating outlook unchanged	02/06/2022
Fitch Ratings	N/A	AAA	Stable	Affirmation of LT rating outlook unchanged	28/04/2023

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

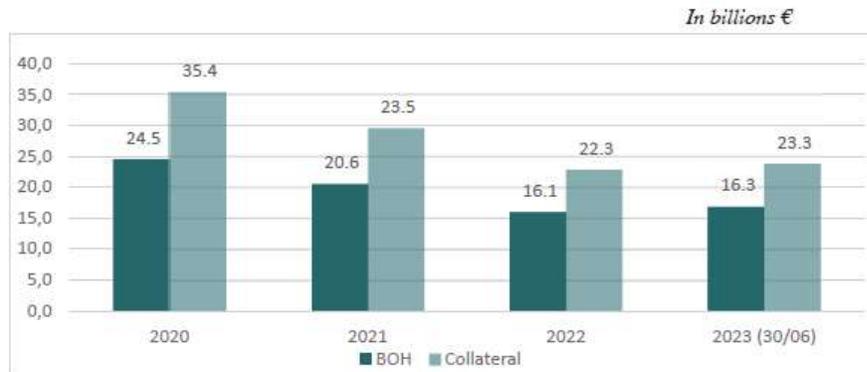


In accordance with CRH’s constitutional documents (Articles 6 and 9 of its articles of association), the allocation of share capital is modified at least once each year, within thirty days after the approval of the company’s annual financial statements by the shareholders’ general meeting, so that the 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 2022 allocation was made on the basis of the 31 January 2022 position and the 2023 allocation was made on the basis of the 31 March 2023 position.

At 30 June 2023, the capital allocation was not completely finalised, with two shareholders having crossed above one of the regulatory thresholds¹ in expectation of ECB authorisation.

The share capital at 31 December 2021 amounted to 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. This remains unchanged on 30 June 2023.

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.

¹ For the record : third, fifth or tenth of the voting rights and/or corporate rights

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. CRH is exposed to borrower credit risk and structural risks

CRH has sole liability and possesses limited assets

CRH 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, CRH, 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 CRH'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 CRH 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 CRH under its covered bonds, holders of the covered bonds will have no other external recourse than to request such payment from CRH 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 CRH 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 CRH and/or the proceeds of the income generated by permitted investments.

Failure by CRH to receive in good time payment in full by the borrowers of all amounts of principal or interest under the Mortgage Notes, may harm its ability to make payments under the covered bonds. CRH 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, CRH 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 its benefit of title to the home-purchase loans, with no other formalities.

The ability of CRH 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 30 June 2023, the cover pool amounted to 23.8 billion euros and comprised 452,625 loans. Should such amounts be insufficient to enable it to satisfy its obligations under the covered bonds, CRH'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 CRH'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, CRH considers that the probability of such risk materialising is very unlikely, but that the impact of such risk could be very high.

CRH is exposed to credit risk on stakeholders

CRH'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 CRH (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). CRH'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 CRH's ability to make a payment of principal or interest under the covered bonds.

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

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

CRH has adequate staff to manage its bond issuance programme under normal operating conditions. If a borrower is in default, CRH 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 CRH's internal regulations.

The ability of CRH 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, CRH 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 CRH'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, CRH considers that the likelihood of such risk materialising is very low, but that the impact of such risk could be high.

4.1.2. CRH may be exposed to liquidity and foreign exchange risk

Liquidity risk

CRH operates as a mere intermediary. Its covered bonds and related Mortgage Notes being of the same currency, interest rate and maturity, the company is not exposed to liquidity or market risk in the normal course of its business.

Following the entry into force, on 8 July 2022, of the directive (EU) 2019/2162, CRH, certified as an issuer of high quality European covered bonds, is now under an obligation to form a liquidity cushion of 180 days, as required under the terms of article L. 513-8, article 7 of the decree 2021-898 dated 6 July 2021 and article 8 of the decree 2022-766 dated 3 May 2022.

CRH also benefits from confirmed liquidity undertakings from its shareholders, for an amount equal to 5% of the outstanding mortgage notes in issue.

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

There is a risk that the maturity date and repayment profile of the home-purchase loans in the cover pool do not match the redemption profile and maturity dates of the bonds. Any such mismatch would result in CRH having a potential liquidity requirement. As of 30 June 2023, the cover pool comprised 452,625 loans with an average duration of 73 months and weighted average residual term of 139 months. The nominal outstanding amount of bonds issued by CRH amounts to 16.8 billion euros and these bonds will mature no later than February 2035.

In accordance with its internal regulations, CRH:

- may, in addition, finance any temporary liquidity requirement that may arise as a result of a borrower default, by also using liquidity advances that its shareholders have undertaken to procure;
- 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.

CRH'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 it is not able to meet its liquidity requirement.

In light of the above, CRH 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, CRH 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, CRH 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 CRH 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 CRH to currency risk, since the related secured obligation will be denominated in Swiss francs (CHF).

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

4.1.3. CRH 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 CRH to make payments under the covered bonds in the event of enforcement of the borrower's security. As of 30 June 2023, the cover pool comprised 452,625 loans with an average balance of 52,553 euros and a weighted average loan-to-value ratio of 41.6% (33.5% on a discounted basis).

In light of the above, CRH 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, CRH 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 CRH to fulfil its obligations under the covered bonds may be adversely affected. As of 30 June 2023, the amount of the cover pool totalled 23.8 billion euros, and comprised 452,625 loans with an average balance of 52,553 euros, a weighted average loan-to-value ratio of 41.6% (33.5% on a discounted basis), an average duration of 73 months and a weighted average residual term to maturity of 139 months.

In light of the above, CRH 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, CRH 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 itself is in default. As of 30 June 2023, the cover pool comprises loans secured by a mortgage (*garantie hypothécaire*) (85.6% in value) (of which 10.4% benefit from an additional French State guarantee), and loans guaranteed by *Crédit Logement* (13.6%), an independent company which guarantees home-purchase loans and is authorised to operate as a finance company.

The ability of CRH 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, CRH 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, CRH 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 30 June 2023, 85.6% (in value) of the loans comprising the cover pool are mortgage loans (of which 10.4% benefit from an additional French State guarantee).

A fall in the value of a property may therefore affect CRH'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 its ability to satisfy all payment obligations under the covered bonds.

In light of the above, CRH 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 potentially higher during an extended period of low interest rates.

A high level of early redemptions and interest rate negotiations would reduce the return on the cover pool and, accordingly, may affect CRH'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, CRH 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 CRH in the event of default by a borrower and enforcement of the security.

As of 30 June 2023, the largest specific cover portfolio comprised 222,210 loans for a total amount of 8 billion euros. Accordingly, notifying the debtors of the relevant loans may take time, given that, notwithstanding such notice, there may be a delay before CRH 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, CRH 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, CRH 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, CRH 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 CRH 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 CRH 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 CRH is 105%. As of 30 June 2023, CRH's over-collateralisation ratio was 141%.

If it is established that the cover pool is insufficient to meet in full all payments due under the covered bonds until maturity, following the occurrence of a borrower event of default, CRH 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, CRH 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, CRH 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 its ability to effectively liquidate the mortgaged properties and obtain payment of the proceeds of enforcement in good time may be affected. As of 30 June 2023, 85.6% (in value) of the residential home-purchase loans underlying the secured assets are mortgage loans (10.4% 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 at the "*Fichier immobilier*" (known until 1 January 2013 as the "*Registre foncier et des charges*" (property and land charges registry)) 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, CRH'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 CRH in obtaining in good time the proceeds of enforcement of the mortgages. Such delay may therefore affect CRH'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, CRH considers that the likelihood of such risk materialising exists, but that the impact of such risk may be low.

Set-off, against CRH, 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 CRH in the event of borrower default and enforcement of the security.

However, after notification of the transfer of the residential home-purchase loan to CRH, the debtor would only be entitled to rely on set-off against CRH 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 CRH's capacity to satisfy its obligations to holders under the covered bonds.

In light of the above, CRH 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 geopolitical and economic environment

The debtors – also shareholders - of CRH, as the largest French banking groups, are particularly sensitive to the macroeconomic and market conditions prevailing in the Eurozone.

The military invasion of Ukraine by Russia in February 2022 adds to the complexity of the situation created by the COVID 19 pandemic, by exacerbating price tensions on energy as well as basic food products through a growing set of economic sanctions and the retaliatory attrition of energy supplies between the European Union and Russia.

The conjunction of these economic vectors of confrontation, supported by the abundant liquidity resulting from previous “quantitative easing policies”, precipitated a surge in global inflation.

European governments are racing to diversify their fossil fuel sources of supply, while central banks are striving to curb inflation through successive interest rate hikes.

While the global economic situation has begun to improve, thanks to falling energy prices and a recovery in business and consumer confidence, the results, while encouraging in the short term in OECD countries, remain structurally more fragile in the Eurozone, where the question of needs - dependent among other things on winter weather conditions - and therefore energy prices will remain crucial, against a backdrop of heightened geo-political tensions.

From 4% early this year, Eurozone growth will, in the ECB’s opinion, reach only 0.9% in 2023 and 1.5% in 2024. After peaking at the end of 2022, inflation, which is gradually receding, could remain at the still-too-high level of 5% in the last quarter.

Furthermore, the abruptness of the rate hike cycle initiated by central banks is not without consequences for banking establishments, which are faced with a temporary yield imbalance between assets and liabilities, a drop in profitability due to potential arbitrage movements by customers towards investments offering a higher return than deposits, and a decline in household solvency.

Nevertheless, given their ability to adjust (temporary reduction in loan production, rate hedging), as well as the resilience of their financial strength, reflected by their credit ratings, and the focus of the central banks on the effects of their adjustment policies, this crisis should not have any adverse consequences for holders of covered bonds issued by CRH with respect to the payment of interest and redemption of the principal on such bonds.

4.2. RISK ANALYSIS

4.2.1. Credit Risk

a) Breakdown of commitments

CRH's commitments are as follows:

Credit risk exposure	31/12/2022		30/06/2023	
	Balance sheet	Bad debt rate	Balance sheet	Bad debt rate
Mortgage notes	16 187 717	0 %	16 894 976	0 %
Negotiable debt instr. (TCN)	130 237	0 %	120 428	0 %
Demand deposits, term deposits	463 003	0 %	462 094	0 %
Other receivables (re-invoicing)	872	0 %	895	0 %
Total exposure to Credit Inst.	16 781 829	0 %	17 478 393	0 %
Exposure to central bank	226	0 %	10 087	0 %
Exposure to public sector	103	0 %	79	0 %
Other exposures	45	0 %	181	0 %
Total credit risk exposure	16 782 203	0 %	17 488 740	0 %
Equity holdings, other long term securities, fixed assets prepayments and accrued income	119		142	
Exposures deducted from own capital	10 520		11 989	
Total balance sheet	16 792 842		17 500 871	

CRH has no off-balance sheet commitments.

Geographical breakdown of exposure	31/12/2022		30/06/2023	
	Balance sheet	As %	Balance sheet	As %
France	16 747 172	99.79	17 453 997	99.80
United Kingdom	35 031	0.21	35 089	0.20

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 52.

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 85.

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 benefit from a guarantee (*caution solidaire*) from a credit institution, a finance company or an insurance company having own funds of at least 12 million euros, which is not included in the consolidation scope of which CRH forms part 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.

A special controller has been appointed in accordance with article L. 513-23 of the Monetary and Financial Code. The provisions of Article L. 313-49 of the Monetary and Financial Code also 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 *
31/12/2022	16.1	22.8	20.8	42	30
30/06/2023	16.8	23.8	21.7	41	29

* Estimated amount of cover pool excluding non-qualifying loans

d) Use of credit derivatives

CRH does not use any credit derivatives.

e) Investment of own funds

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

In thousands €

Breakdown per type of investment	31/12/2022		30/06/2023	
	Balance sheet	As %	Balance sheet	As %
Sight deposit accounts	1 925	0.33	41 939	7.10
Term deposit accounts	459 000	77.67	429 000	72.60
Negotiable debt instr. (TCN)	129 971	22.00	119 995	20.31
Total	590 896	100.00	590 934	100.00

Breakdown per counterparty	Number	31/12/2022			30/06/2023			
		+ highest	+ lowest	Average	+ highest	+ lowest	Average	
Credit institutions	7	23.83 %	1.69 %	19.07 %	7	24.28%	1.72 %	14.29 %

Breakdown per external rating as of 30 June 2023 (as %)															
Standard & Poor’s				Moody’s				Fitch Ratings							
ST	LT	ST	LT	ST	LT	ST	LT	ST	LT	ST	LT	ST	LT		
A-1	A+	A-1	A	NA	P-1	Aa3	P-1	A1	F1+	AA-	F1	A+	F1	A	NA
54.32		43.95		1.72	49.89		50.11		48.17		30.31		21.52		0

CHAPTER 4 – RISK FACTORS

In thousands €		
Initial term of the investments excluding demand deposits and accrued interest	31/12/2022	30/06/2023
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	10 000	10 000
Three to five years	105 000	90 000
More than five years	473 971	448 995
Total	588 971	588 995
Fixed rate/floating rate breakdown (including sight deposits)	31/12/2022	30/06/2023
Fixed rate	71 %	76 %
Floating rate	29 %	24 %
Total	100 %	100 %

* €STR or 3 month Euribor only

Average annual yield	30/06/2022 : 0.44 %	30/06/2023 : 1.23 %
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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 €	
Impact on pre-tax net income during the next 12 months as from 30 June 2023	
Impact of + 2 % increase in interest rates	+ 1 473
Impact of - 2 % decrease in interest rates	- 1 568

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	
FR0013285509	20 000	19 999	0	532	
FR0013327681	10 000	10 000	0	115	
FR0014000LJ2	10 000	10 000	0	1 411	
FR0014001400	15 000	15 000	0	1 115	
FR0014001GH4	10 000	10 000	0	2 140	
FR0124497985	10 000	9 996	4	1	
FR0124980220	15 000	15 000	0	308	
FR0126566159	10 000	10 000	0	1 855	
FR0126818147	20 000	20 000	0	5 058	
Total	120 000	119 995	0	12 535	

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 30/06/2023	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	0	0	0	0	0
One to two years	4 173 041	0	4 173 041	0	0	0
Two to five years	6 958 589	0	6 958 589	0	0	0
More than five years	5 629 527	0	5 629 527	0	0	0
Total	16 761 157	0	16 761 157	0	0	0

4.2.3. Foreign exchange risk

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

CHAPTER 4 – RISK FACTORS

In thousands €

At 30/06/2023	Included in assets: Mortgage Notes (a)	Included in liabilities: bonds (b)	Foreign currency liabilities (c)	Net position before hedging (d) = (a) – (b) +/- (c)
EUR	16 348 342	16 348 342	0	0
CHF	412 815	412 815	0	0
Total	16 761 157	16 761 157	0	0

At 30/06/2023	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 85 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 COMPANY

The information relating to CRH, other than as updated below, is detailed in the universal registration document 2022 pages 62 to 67.

5.1. HISTORY, DEVELOPMENT OF THE COMPANY, LEGISLATION

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

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 103);
- article 5 of decree n° 2021-898 dated 6 July 2021 (see Schedule 1 page 106);
- 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 107);
- 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 107);
- 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 116);
- 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 116);
- 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 116);
- 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 116);
- 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 (see Schedule 4 page 125);

- 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

Since 1 January 2022, due to the decrease in the size of its balance sheet, CRH is under the prudential supervision of the ACPR. Previously, it came under the ECB's direct supervision.

The prudential capital requirement level for the year 2023 is unchanged from 2022.

The Common Equity Tier 1 (CET1) capital requirement with which CRH must comply at 30 June 2023 is 7.92%, of which:

- 4.50% for the regulatory "Pillar 1 requirement";
- 0.42% for the regulatory "Pillar 2 requirement" (excluding "Pillar 2 guidance"¹);
- 2.50% for the capital conservation buffer;
- 0.50% for the countercyclical capital buffer.

The overall (Total capital) requirement is set at 11.75% (excluding "Pillar 2 guidance").

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.

For the purpose of its solvency ratio calculation, CRH has asked for these Mortgage Notes to be rated. Thus, 88% of the outstanding Mortgage Notes are rated, and only the Mortgage Notes issued by two institutions were not rated as of 30 June 2023.

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.

¹ The total CET1 ratio requirement, 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, unfavourable to CRH, 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.

Since then, the leverage ratio calculated in accordance with the ECB's interpretation is above the minimum 3% threshold.

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).

In connection 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 is made to two covered bond labels, a first “European covered bonds” label for bonds complying with the provisions transposing the Directive and a second “high quality European covered bonds” label for bonds that also comply with the provisions adapting article 129 of regulation (EU) n° 575/2013 which is the case for CRH’s bonds.

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 116).

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

No other significant events specific to the company affecting, to a material extent, an assessment of its solvency, has occurred since 30 June 2023.

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 €			
	2020	2021	2022	2023*
Tangible fixed assets	27	3	1	11
Intangible fixed assets	0	34	0	0
Research and Development expenses	0	0	0	0
A-Total equipment investments	27	37	1	11
Equity securities	0	0	0	0
B-Total investments in equity securities	0	0	0	0
C-Total investments : A + B	27	37	1	11

* Figures at 30/06/2023.

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 30 June 2023, no firm and definitive commitments have been entered into with any third party in respect of any material investments.

CHAPTER 6

BUSINESS OVERVIEW

The information relating to the Issuer, other than as updated below, is detailed in the universal registration document 2022 pages 69 to 78.

6.1. PRINCIPAL ACTIVITIES

6.1.1. Company formation and description of business operations.

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	2020	2021	2022	2023*
Amount of loans granted	3,25	0	1.85	3.9

* Figures as at 30/06/2023.

B) Changes in loan amounts outstanding

The following table shows changes in the nominal value of CRH's loans outstanding since 31 December 2020.

	In thousands €				
Borrowing credit institutions	At 31/12/2020	At 31/12/2021	At 31/12/2022	At 30/06/2023	At 30/06/2023 (as%)
Crédit Agricole SA	7 874	6 950	5 554	5 586	33.3
BPCE	2 780	2 483	2 572	3 624	21.6
Caisse Centrale du Crédit Mutuel	2 167	1 964	1 854	2 248	13.4
Banque Fédérative du Crédit Mutuel	3 820	3 038	1 988	1 828	10.9
Société Générale	4 426	3 466	2 091	1 735	10.3
Crédit Lyonnais	844	689	509	782	4.6
BNP Paribas	2 145	1 665	1 045	515	3.1
Crédit Mutuel Arkéa	267	267	332	469	2.8
All borrowers	24 323	20 522	15 945	16 787	100.0

As a general rule, changes in these outstanding levels reflect changes in the total value of loans granted and repayments made by the borrowers, either at final maturity or by early repayment under the terms of the early repayment agreement implemented in 1994.

C) Outstanding loans of CRH’s credit institution shareholders

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

The overall amounts are shown in the following table:

At 31 March 2023

	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	1 423.1	1 161.0	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 31 March 2023

Uses of funds by monetary financial institutions		Sources of funds of monetary financial institutions	
		In € billions	
Domestic home loans	1 423.1	Regulated sources (not including “Livrets A” and “Livrets bleus”)	790.9
		Covered bonds - of which CRH 20.6	261.5
Other uses	10 299.4	Other sources - of which capital & reserves 752.0 - of which non-regulated deposits 1 667.5	10 670.1
Total uses	11 722.5	Total sources	11 722.5

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

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

Note however the following:

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

- that banks' regulated sources of funds contribute to a large extent to the financing of their housing loans,
- that certain “covered bonds” are used not only to refinance housing loans granted in France, but also mortgage loans to industrial and commercial companies, loans to the public sector and regional governments, or units in foreign debt securitisation funds and foreign residential mortgage-backed securities, whereas CRH only refinances home purchase loans granted in France.

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 103).

A) Changes in annual issuance amounts

During the first semester of 2023, three bond issues were launched for an amount of 3.9 billion euros.

CRH's annual issuance amounts are summarised below:

Year	Number of issues in the year	Nominal amount (€ million)	
1985 (4 th 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	
1989	6	1 184.53	
1990	8	1 219.59	
1991	10	1 829.39	
1992	8	1 387.29	
1993	11	1 585.47	
1994	1	91.47	
1995	2	266.79	
1996	2	525.95	
1997	2	304.90	
1998 ¹	6	2 143.43	
1999 ¹	12	3 055.00	
2000	9	2 553.00	
2001	9	1 384.00	
2002	9	1 798.00	
2003	8	1 802.00	
2004	9	2 560.00	
2005	10	3 050.00	
2006	12	7 655.00	
2007	14	8 325.00	
2008	6	7 400.00	220 issues not guaranteed by the State in an amount of €95 722.09 million
2009	15	5 050.00	
2010 ²	17	9 201.01	
2011 ³	14	12 132.57	
2012 ⁴	6	5 530.42	
2013 ⁵	5	2 534.83	

2014 to 2018	0	0.00	
2019	2	2 000.00	
2020	2	3 250.00	
2021	0	0.00	
2022	1	1 850.00	
2023 (6 months)	3	3 900.00	
TOTAL	245	101 496.86	101 496.86

¹ Including the public exchange offer during the course of the year.

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

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

⁴ 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).

⁵ 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 84 709.77 million euros, including 3 057.49 million euros in during the first semester of 2023, bringing the outstanding nominal amount of bonds in issue to 16 787.09 million euros.

B) Bond issues completed during the first semester of 2023

As indicated above, three bond issues were launched during the first semester of 2023 for an amount of 3 900 million euros. Their main features were as follows:

Series N°	Issue	ISIN Code	Settlement date	Redemption date	Extendable until
7	3% January 2030	FR001400F281	11/01/2023	11/01/2030	11/01/2031
8	3.125% Feb. 2033	FR001400FXU8	23/02/2023	23/02/2033	23/02/2034
9	3.375% June 2032	FR001400IUM5	28/06/2023	28/06/2032	28/06/2033

Series N°	Issue	Amount in millions of euros	Issuer yield (%)	Subscriber rate (%)	Euribor swap re-offer spread
7	3% January 2030	1 650	3.158	3.113	24 bps
8	3.125% Feb. 2033	1 250	3.211	3.172	28 bps
9	3.375% June 2032	1 000	3.457	3.416	31 bps

C) Bond issue timetable as of 30 June 2023

Issue	Redemption date	ISIN Code	Number of securities	Denomination	Outstanding in millions	Currency
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 0.001 % February 2028	07/02/2028	FR0013480522	12 500	100 000	1 250	EUR
CRH 2.75 % April 2028 *	12/04/2028	FR001400D5T9	18 500	100 000	1 850	EUR
CRH 0.001 % October 2029	08/10/2029	FR0013451796	10 000	100 000	1 000	EUR
CRH 3 % January 2030 *	11/01/2030	FR001400F281	16 500	100 000	1 650	EUR
CRH 3.375 % June 2032 *	28/06/2032	FR001400IUM5	10 000	100 000	1 000	EUR
CRH 3.125% February 2033*	23/02/2033	FR001400FXU8	12 500	100 000	1 250	EUR
CRH 0.25 % February 2035	07/02/2035	FR0013480514	7 500	100 000	750	EUR
Total					16 374	EUR
					500	CHF

* Extendable issues

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.

6.3. IMPORTANT EVENTS THAT HAVE INFLUENCED THE COMPANY’S ACTIVITIES AND MARKETS

Repayments under the ECB’s targeted longer-term refinancing operations scheme (TLTRO) have unsurprisingly greatly contributed to the significant increase (+15% over the year) in issues of covered bonds by European banks, and French institutions in particular, major users of this scheme in the past.

With 29 issues during the first semester, an increase of 12% over the year, the volume of issues by French issuers jumped 26%; this increase in the average amount of financing raised for each transaction reflects, given the ongoing uncertainties during this year, the willingness of issuers to take full advantage of the market whilst conditions remain in their favour.

Given the risk of a potential deterioration in the financing terms on long maturities (over 5 years), due in particular to the uncertainties surrounding the trajectory of inflation, and therefore potential corrective actions by central banks, CRH has brought forward the issuance timetable and launched 3 issues, in January, February and June 2023, thereby completing, at 3.9 billion euros, the programme for 2023 announced to investors, and enabling, depending on market conditions, an advance to be made on the 2024 programme throughout the rest of the year.

In terms of managing the investment of its own funds and reserves, CRH has taken advantage of the recent rise in interest rates to adjust its strategy implemented in recent years to deal with the effects of the ECB's "quantitative easing" policy in particular by shortening the maturities of its investments so as to reduce the sensitivity of its portfolio to interest rate movements.

6.4. STRATEGY AND OBJECTIVES

In 2013, developments in European banking regulations forced CRH to suspend its operations.

Since then, CRH's shareholders' objective has been to relaunch its activity within the new regulatory environment and to adapt constantly in order to be able to fulfil its corporate missions.

CRH's successful return to the bond markets since 2019, judging by the amounts raised, the issue spreads, the granularity of the order books, demonstrates the cogency of the strategy pursued in recent years.

CRH aims to fulfil its corporate missions to finance housing and support its shareholders' financing strategies.

6.6. STATEMENTS OF THE COMPANY ON ITS COMPETITIVE POSITION

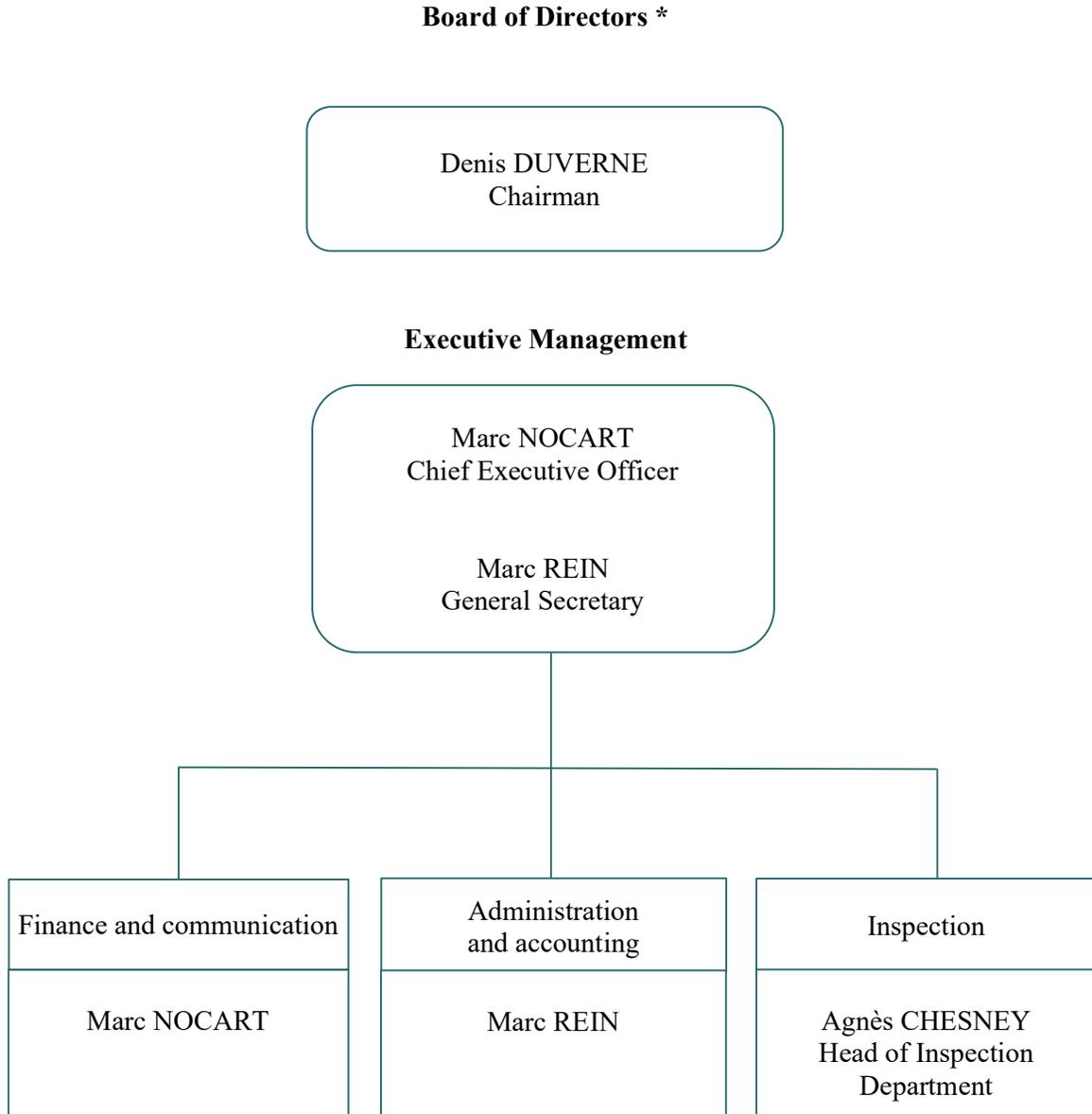
Like French issuers of covered bonds held entirely by one single establishment refinancing housing loans, CRH acts as an alternative provider of long-term liquidity, thereby offering its shareholders diversification in terms of sources of finance; strictly speaking, it is therefore not in a competitive 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 68.

CHAPTER 8

REAL ESTATE PROPERTY, PLANT AND EQUIPMENT

For Chapter 8, please refer to the universal registration document 2022, page 80.

CHAPTER 9

OPERATING AND FINANCIAL REVIEW

9.1. FINANCIAL POSITION

The analysis of CRH's 2023 financial position is set forth in section 1.1.3. (Financial position) of the half-yearly management report, on page 12 of this document.

9.2. OPERATING RESULTS

9.2.1 Description of the company's earnings

The analysis of the 2023 earnings is detailed in section 1.1.2. (Earnings) of the half-yearly management report, on page 10 of this document.

Significant events of the financial year are set forth in section 1.1.1. (Business operations) of the half-yearly management report, on page 10 of this 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 76 of the this document.

A table showing the company's financial results for the last five financial years is set forth on page 23 of the 2022 universal registration document.

9.2.3. Foreseeable outlook in the Issuer's position

The foreseeable outlook in the Company's position is set forth in section 1.2. of the half-yearly management report, on page 12 of this 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 110. Such information as updated is set forth in note 9 “Common Equity Tier 1 (CET1)” to the Company’s financial statements in Chapter 20 of this document, page 88.

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 107. Such information as updated is set forth in note 4 “Breakdown of receivables and liabilities by residual maturity” to the Company’s financial statements in Chapter 20 of this document, page 85.

The details and maturity schedule of the CRH bonds are provided in paragraph 6.1.1.5. of the universal registration document, page 73. Such information as updated is set forth in paragraph 6.1.1.5 of this document, page 54. For the two preceding financial years, this information was included in paragraph 6.1.1.5 of the 2021 universal registration document filed with the *Autorité des Marchés Financiers* on 30 March 2022, under number D22-0204 and 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.

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 100.

The cash flow amounts recorded over the period under review are summarised in the net cash flow statement contained in the CRH financial statements in Chapter 20 of this document, page 80.

10.3. 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.

CHAPTER 10 - CAPITAL RESOURCES AND CASH FLOW

Main balance sheet items:

	<i>In € thousands</i>
	30/06/2023
Total assets	17 500 891
Uses of funds: Mortgage Notes (BOH)	16 894 976
Sources of funds: Bond issues	16 894 976

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 FIRST SEMESTER 2023

In mid-2023, the global economy appears to be less impacted than a year ago by the direct consequences of the shocks that have occurred in recent years (Covid-19 pandemic, war in Ukraine in particular). Health restrictions have been fully lifted in China. Industrial supply chains are now less disrupted. Energy and numerous commodity prices have fallen sharply compared to the highs reached in the spring of 2022.

This gradual return of production conditions to normal is not however free of uncertainties and question marks. Western economies are facing simultaneously not only inflation, which remains relatively high (although it has begun to subside, especially as regards the energy component) but also the initial effects of central banks’ efforts to control it through monetary tightening. High inflation weighs on household consumption, whereas high interest rates impact on corporate as well as household investment. In particular, the real estate market has gone into reverse in a number of Western countries.

As regards the French residential property market, household investment has been continuing to fall for a year, against a background of tightening access to credit. This fall translates into a lower output of housing, both individual and collective, and more generally a fall in the number of property transactions. However, for the moment France seems less affected, compared to Germany, by the drop in real property prices, in other words corrected for inflation.

Banks’ cost of financing has significantly increased in the first semester 2023 following the hikes of key interest rates by the European Central Bank (ECB), repayments by banks of funds borrowed under the third targeted longer-term refinancing operations series (TLTRO III) and a decrease in deposits.

Against this background where banks have had to increase their bond issues, CRH has secured from its shareholders 3.9 billion euros in refinancings by issuing an equivalent amount of bonds.

12.2. MISCELLANEOUS EVENTS AND TRENDS LIKELY TO AFFECT THE COMPANY’S OPERATIONS DURING THE SECOND SEMESTER 2023

During the coming months, the situation as regards inflation should continue to influence the markets, before it peaks which will be the sign for a potential relaxation over time in interest rate levels, and above all a return to normal of the rate curve.

In this regard, CRH’s activities may be impacted by the potential actions of the European Central Bank.

Notwithstanding these uncertainties, the euro covered bonds market should continue to grow in this second semester and could reach a considerable amount, of around 190 billion euros, which illustrates its crucial role in terms of liquidity for banking institutions.

Against this background, CRH does not rule out, as a means of pre-financing its 2024 programme, tapping once again its investors in the second semester 2023, under the “high quality European covered bonds” label.

CHAPTER 13

PROFIT FORECASTS OR ESTIMATES

This document does not contain any forward-looking information.

CHAPTER 14

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The information on the administrative, management and supervisory bodies other than as updated herein, is detailed in the 2022 universal registration document, pages 88 to 90.

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 Denis DUVERNE
Appointed as chairman on 01/09/2022, confirmed on 15/12/2022
Appointed as director on 01/09/2022 for a period of 6 years. | Chairman |
| - Mr Olivier HASSLER
First appointment as director on 17/03/2015,
renewed for 6 years on 15/04/2021. | Director
(Chairman until 01/09/2022) |
| - Banque Fédérative du Crédit Mutuel
represented by Mr Éric CUZZUCOLI
Head of Treasury Crédit Mutuel CIC Group
6 avenue de Provence – 75009 PARIS.
First appointed by co-option by Compagnie Financière
de CIC et de l'UE by the board of directors at its meeting of
17/10/1995, confirmed on 27/02/1996 as regards CIC,
appointment confirmed on 04/03/2008 for 5 years, i.e. the residual
term of CIC resigning as director, term of office renewed for 6
years on 14/03/2019. | Director |
| - BNP Paribas
represented by Mrs Valérie BRUNERIE
Head of Medium and Long-term Financing and Securitisation
3 rue d'Antin – 75002 PARIS.
First appointment of Banque Nationale de Paris
on 21/10/1985, appointment renewed for 6 years on 15/04/2021. | Director |
| - BPCE
represented by Mr Jean-Philippe BERTHAUT
Head of Group Funding
7 promenade Germaine Sablon – 75013 PARIS.
First appointment of Caisse Centrale des Banques Populaires on
21/10/1985, appointment renewed for 6 years on 15/04/2021. | Director |

- | | |
|--|------------------------|
| <p>- Caisse Centrale du Crédit Mutuel
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.</p> | <p>Director</p> |
| <p>- Crédit Agricole SA
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.</p> | <p>Director</p> |
| <p>- Crédit Lyonnais
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.</p> | <p>Director</p> |
| <p>- Société Générale
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.</p> | <p>Director</p> |

14.1.2. Persons responsible for management

- | | |
|---|---------------------------------------|
| <p>- Mr Marc NOCART
appointed on 01/09/2016, electing address for service at the Company's registered office.</p> | <p>Chief Executive Officer</p> |
| <p>- Mr Marc REIN
electing address for service at the Company's registered office.</p> | <p>General Secretary</p> |

14.1.3. Other positions held by corporate officers at 30 June 2023

Mr Denis DUVERNE	<ul style="list-style-type: none">- Chairman of the supervisory board of Iris Capital Management- Chairman of the management committee of AXA Millésimes
Mr Olivier HASSLER	<ul style="list-style-type: none">- No other corporate office
Mr Marc NOCART	<ul style="list-style-type: none">- No other corporate office
Mrs Valérie BRUNERIE	<ul style="list-style-type: none">- Director and Chairman & CEO of BNP Paribas Home Loan SFH- Director and CEO of BNP Paribas Public Sector SCF
Mr Jean-Philippe BERTHAUT	<ul style="list-style-type: none">- CEO of BPCE SFH
Mr Éric CUZZUCOLI	<ul style="list-style-type: none">- Director and CEO of Crédit Mutuel Home Loan SFH
Mrs Emmanuelle REVOLON	<ul style="list-style-type: none">- No other corporate office
Mrs Nadine FEDON	<ul style="list-style-type: none">- 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	<ul style="list-style-type: none">- Director of Armines- Director of Transvalor- Director of Cariou Holding- Director of LCL Émission
Mr Arnaud MEZRAHI	<ul style="list-style-type: none">- Director and deputy CEO of Société Générale SCF- Director and deputy CEO of Société Générale SFH

CHAPTER 15

COMPENSATION AND BENEFITS

For Chapter 15, please refer to the 2022 universal registration document, page 91.

CHAPTER 16

FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

For the functioning of the administrative and management bodies, please refer to the 2022 universal registration document, pages 92 to 93.

CHAPTER 17

EMPLOYEES

For Chapter 17, please refer to the 2022 universal registration document, page 94.

CHAPTER 18

PRINCIPAL SHAREHOLDERS

The information on the principal shareholders, other than as updated herein, is detailed in the 2022 universal registration document, pages 95 to 96.

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

The allocation of the share capital must be modified each year, within a period of thirty (30) days following approval of the annual financial statements by the general assembly, 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 all of CRH’s shareholders as at 30 June 2023.

Shareholder groups	At 30 June 2023			
	Number of shares	As %	Number of voting rights (1)	As %
Crédit Agricole	12 751 700	33.62	1 114	17.17
Crédit Lyonnais	1 707 515	4.50	451	6.95
Sub-total Groupe Crédit Agricole	14 459 215	38.12	1 565	24.12
Banque Fédérative du Crédit Mutuel	5 806 223	15.31	1 054	16.24
Caisse Centrale du Crédit Mutuel	3 778 476	9.97	997	15.37
Crédit Mutuel Arkéa	1 042 442	2.75	275	4.24
Sub-total Confédération nationale du CM	10 627 141	28.03	2 326	35.85
Société Générale	5 936 079	15.65	1 057	16.29
BPCE	4 976 657	13.12	1 032	15.90
BNP Paribas	1 927 706	5.08	509	7.84
Total	37 926 798	100.00	6 489	100.00

(1) For calculation of voting rights, see article 23 of the articles of association in schedule 5, page 132.

At 30 June 2023, the capital allocation was not completely finalised, with two shareholders having crossed above one of the regulatory thresholds¹ in expectation of ECB authorisation.

¹ For the record : third, fifth or tenth of the voting rights and/or corporate rights.

CHAPTER 19

RELATED-PARTY TRANSACTIONS

During the first semester 2023, 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 COMPANY’S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

Details of the financial information on the Company’s assets and liabilities, financial position and profits and losses, other than as updated below, can be found in the 2022 universal registration document, pages 98 to 126.

20.1. HISTORICAL FINANCIAL INFORMATION

BALANCE SHEET

In thousands €				
ASSETS	Note	30/06/23	30/06/22	31/12/22
CASH, CENTRAL BANKS		10 087	323	226
LOANS AND ADVANCES TO CREDIT INSTITUTIONS		462 093	463 049	463 003
- Demand deposits		31 852	3 224	1 925
- Term deposits	4	429 000	459 000	459 000
- Accrued interest		1 241	825	2 078
BONDS AND OTHER FIXED-INCOME SECURITIES		17 015 404	16 614 004	16 317 954
- Securities (held to maturity)	3-4-5-6	16 881 152	16 427 895	16 068 081
- Securities (available for sale)	4-5-6	0	0	0
- Accrued interest		134 252	186 109	249 873
INTANGIBLE FIXED ASSETS		11	22	16
TANGIBLE FIXED ASSETS		19	20	13
- Office furniture		1	0	0
- Fittings		6	8	7
- Miscellaneous equipment		3	5	4
- Office automation equipment		8	7	2
OTHER ASSETS	7	13 133	12 005	11 523
PREPAYMENTS AND ACCRUED INCOME	7	123	115	107
TOTAL		17 500 871	17 089 538	16 792 842

CHAPTER 20 – FINANCIAL INFORMATION ON THE COMPANY’S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

BALANCE SHEET

		In thousands €		
LIABILITIES	Note	30/06/23	30/06/22	31/12/22
CENTRAL BANKS		0	58	0
DEBTS REPRESENTED BY A SECURITY		16 894 976	16 483 936	16 187 717
- Bond issues	3-4	16 761 157	16 297 947	15 938 110
- Accrued interest		133 819	185 989	249 607
OTHER LIABILITIES	7	643	1 796	414
PREPAYMENTS AND ACCRUED INCOME	7	491	759	645
PROVISIONS	8	100	233	232
SHAREHOLDERS’ EQUITY EXCL. FGBR*	9	604 661	602 756	603 834
- Subscribed share capital		578 384	578 384	578 384
- Share premium		19 432	19 432	19 432
- Statutory reserves		3 319	3 260	3 260
- Other reserves		2 699	1 122	1 122
- Retained earnings		0	459	459
- Net income for the year		827	99	1 177
TOTAL		17 500 871	17 089 538	16 792 842

*Funds for general banking risks

OFF-BALANCE SHEET

		In thousands €		
COMMITMENTS RECEIVED	Note	30/06/23	30/06/22	31/12/22
FINANCING COMMITMENTS RECEIVED FROM CREDIT INSTITUTIONS	10	839 354	814 749	797 229
GUARANTEE COMMITMENTS RECEIVED FROM CREDIT INSTITUTIONS	11	23 786 673	23 242 300	22 754 460

INCOME STATEMENT

		In thousands €		
	Note	30/06/23	30/06/22	31/12/22
+ Interest and similar income	12	182 583	241 092	436 637
- on transactions with credit institutions				
. demand deposits		78	-43	-35
. term accounts and loans		2 880	970	2 838
. advances under internal regulations (IR) §5.3		1 442	441	442
- on bonds and other fixed-income securities				
. securities (available for sale)		0	38	38
. securities (held to maturity)		178 183	239 686	433 334
- Interest and similar expenses	12	-191 068	-239 750	-437 577
- on transactions with credit institutions				
. advances under IR §5.3/Securities received under repo.		-1 447		
- on bonds and other fixed-income securities				
. interest		-177 195	-239 392	-432 525
. issuance and management fees		-12 425	-358	-5 052
+/- Translation differences	12	0	0	0
+/- Commissions	12	-3	-5	-10
+/- Other income from banking operations	12	12 565	358	5 056
+/- Other expenses from banking operations	12	0	-442	-416
NET BANKING INCOME	12	4 076	1 253	3 690
- General operating expenses	13	-6 344	-10 103	-11 042
- payroll expenses		-812	-687	-1 296
- other administrative expenses				
. taxes and duties		-5 200	-9 134	-9 152
. external services		-332	-282	-594
- Depreciation, amortisation and provision expenses related to intangible and tangible fixed assets	13	-10	-14	-28
+ Other operating income	13	5 111	11 977	11 937
GROSS OPERATING INCOME		2 833	3 113	4 557
+/- Cost of risk		0	0	0
OPERATING INCOME		2 833	3 113	4 557
+/- Gains or losses on fixed assets		0	0	0
NET INCOME FROM ORDINARY OPERATIONS		2 833	3 113	4 557
+/- Non-recurring items		0	0	0
- Corporation tax (impôt sur les sociétés)	14	-2 006	-3 014	-3 380
+/- Expenses/reversals related to FGBR and regulated provisions		0	0	0
NET INCOME		827	99	1 177

NET CASH FLOW STATEMENT

	In thousands €		
	30/06/23	30/06/22	31/12/22
Cash flow from operating activities			
Net income before taxes	2 883	3 114	4 557
Non-cash items :			
Depreciation and amortisation	-18	14	28
Net charge to provisions	-150	-52	-77
Net charge to FGBR	0	0	0
Other non-cash items	499	-440	-2 002
Total non-cash items included in net income and other adjustments	331	-478	-2 051
Changes in transactions with credit institutions :			
Increase in term deposits and TCN			
Term deposits and TCN having reached maturity	0	-100 000	-100 000
Changes in non-financial assets and liabilities :	40 000	60 000	60 000
Other assets	-1 611	-1 858	-1 376
Other liabilities	-88	-185	-102
Taxes paid	-1 690	-1 334	-3 164
Net change in assets and liabilities from operating activities	36 611	-43 377	-44 642
Net cash flow used in operating activities (A)	39 775	-40 741	-42 136
Net cash-flow from investment activities			
+/- Disposals or acquisitions of tangible fixed assets	11	0	-1
+/- Disposals or acquisitions of intangible and financial fixed assets	0	0	0
Net cash flow used in investment activities (B)	11	0	-1
Net cash flow from financing activities			
Capital increase in cash	0	40 000	40 000
Proceeds from bond issues	3 880 341	0	1 837 272
Redemption of bond issues	-3 057 496	-4 227 400	-6 427 400
Acquisition of investment securities (Mortgage Notes)	-3 880 341	0	-1 837 272
Investment securities having reached maturity	3 057 496	4 227 400	6 427 400
Proceeds from subordinated bond issues	0	0	0
Redemptions of subordinated bond issues	0	0	0
Dividends paid	0	0	0
Net cash flow from financing activities (C)	0	40 000	40 000
Impact of changes in exchange rates (D)	0	0	0
Net change in cash flow (A + B + C + D)	39 786	-741	-2 137
Net cash and cash equivalents at start of period	2 151	4 288	4 288
Net cash and cash equivalents at end of period	41 937	3 547	2 151
NET CHANGE IN CASH POSITION	39 786	-741	-2 137

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 Russia-Ukraine crisis

CRH’s half-yearly financial statements dated 30 June 2023 have been prepared against the background of the crisis caused by the ongoing Russia-Ukraine conflict. It is not anticipated that these events 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:

- 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.

	At 30/06/23		At 30/06/22		At 31/12/22	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
In thousands €						
SECURITIES TRANSACTIONS						
- bonds and other fixed-income securities						
. Mortgage Notes (*)	16 761 157		16 297 947		15 938 110	
. accrued interest not yet due on Mortgage Notes	133 819		185 989		249 607	
- Debt securities						
. bond issues (*)		16 761 157		16 297 947		15 938 110
. accrued interest not yet due on bonds		133 819		185 989		249 607
TOTAL	16 894 976	16 894 976	16 483 936	16 483 936	16 187 717	16 187 717

(*) Including amounts in nominal value:

	At 30/06/23		At 30/06/22		At 31/12/22	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
In thousands €						
SECURITIES TRANSACTIONS						
- bonds and other fixed-income securities						
. Mortgage Notes	16 374 565		15 719 565		15 369 565	
- Debt securities						
. bond issues		16 374 565		15 719 565		15 369 565
TOTAL	16 374 565	16 374 565	15 719 565	15 719 565	15 369 565	15 369 565

	At 30/06/23		At 30/06/22		At 31/12/22	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
in thousands CHF						
SECURITIES TRANSACTIONS						
- bonds and other fixed-income securities						
. Mortgage Notes	500 000		700 000		700 000	
- Debt securities						
. bond issues		500 000		700 000		700 000
TOTAL	500 000	500 000	700 000	700 000	700 000	700 000

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

CHAPTER 20 – FINANCIAL INFORMATION ON THE COMPANY’S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

NOTE 4 - Breakdown of receivables and liabilities by residual maturity

	In thousands €		
RECEIVABLES	At 30/06/23	At 30/06/22	At 31/12/22
Credit institutions: term deposits			
- Less than 3 months	0	0	0
- 3 months to 1 year	0	30 000	30 000
- From 1 to 5 years	140 000	165 000	165 000
- More than 5 years	289 000	264 000	264 000
TOTAL	429 000	459 000	459 000
Negotiable debt instruments (TCN)			
- Less than 3 months	9 995	0	0
- 3 months to 1 year	10 000	10 000	29 974
- From 1 to 5 years	45 000	54 948	34 997
- More than 5 years	55 000	65 000	65 000
TOTAL	119 995	129 948	129 971
Mortgage Notes (billets de mobilisation)			
- Less than 3 months	0	2 197 098	3 056 969
- 3 months to 1 year	4 173 041	3 056 066	1 380 551
- From 1 to 5 years	6 958 589	8 039 822	6 658 641
- More than 5 years	5 629 527	3 004 961	4 841 949
TOTAL	16 761 157	16 297 947	15 938 110

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

	In thousands €		
LIABILITIES	At 30/06/23	At 30/06/22	At 31/12/22
Bond Issues			
- Less than 3 months	0	2 197 098	3 056 969
- 3 months to 1 year	4 173 041	3 056 066	1 380 551
- From 1 to 5 years	6 958 589	8 039 822	6 658 641
- More than 5 years	5 629 527	3 004 961	4 841 949
TOTAL	16 761 157	16 297 947	15 938 110

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

In € thousands

2023 ISIN Code	Amount at start of financial year		Amount at financial year-end		
	Gross book value	Net book value	Impairment charge	Redemption	Net book value
FR0013265667	10 000	10 000	0	10 000	0
FR0013285509	20 000	19 997	2	0	19 999
FR0124497985	10 000	9 974	22	0	9 996
TOTAL	40 000	39 971	24	10 000	29 995

NOTE 6 - Valuation of securities held in the portfolio as of 30 June 2023

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

In € thousands

ISIN Code	Gross book value	Net book value	Unrealised gains	Unrealised losses
FR0013285509	20 000	19 999	0	532
FR0013327681	10 000	10 000	0	115
FR0014000LJ2	10 000	10 000	0	1 411
FR0014001400	15 000	15 000	0	1 115
FR0014001GH4	10 000	10 000	0	2 140
FR0124497985	10 000	9 996	4	1
FR0124980220	15 000	15 000	0	308
FR0126566159	10 000	10 000	0	1 855
FR0126818147	20 000	20 000	0	5 058
TOTAL	120 000	119 995	4	12 535

CHAPTER 20 – FINANCIAL INFORMATION ON THE COMPANY’S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

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

In € thousands

ASSETS	30/06/23	30/06/22	31/12/22
Miscellaneous debtors	12 994	12 005	11 523
State – corporation tax (<i>impôt sur les sociétés</i>)	0	0	0
State – CVAE	0	0	0
State – VAT credit	69	0	46
State – Deductible VAT	10	32	57
Expenses recharged to borrowers	896	1 429	872
Guarantee deposit with the single resolution fund (SRF)	11 978	10 503	10 503
Other guarantee deposits and miscellaneous	41	41	45
Other prepayments	123	115	107
TOTAL	13 117	12 120	11 630

In € thousands

LIABILITIES	30/06/23	30/06/22	31/12/22
Miscellaneous creditors	643	1 796	414
State – corporation tax (<i>impôt sur les sociétés</i>)	316	1 680	216
State – VAT	3	4	112
Social security, payroll taxes and withholding tax	239	87	78
Trade payables	75	24	5
Other miscellaneous creditors	10	1	3
Accrued expenses	491	759	645
Payroll expenses and related expenses	106	293	278
Direct and indirect taxes	75	301	301
Other accrued expenses	310	165	66
TOTAL	1 134	2 555	1 059

NOTE 8 - Provisions

In € thousands

	Balance at 30/06/22	+ Expenses - Reversals	Balance at 31/12/22	+ Expenses - Reversals	Balance at 30/06/23
Provision for retirement benefits (note 17)	233	-1	232	-132	100
TOTAL	233	-1	232	-132	100

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 37 926 798.

In € thousands

	Balance at 30/06/22	+ Increase - Decrease	Balance at 31/12/22	+ Increase - Decrease	Balance at 30/06/23
Subscribed share capital	578 384	0	578 384	0	578 384
Share premium	19 432	0	19 432	0	19 432
Statutory reserve	3 260	0	3 260	59	3 319
Other reserves	1 122	0	1 122	1 577	2 699
Retained earnings	459	0	459	-459	0
Net income	99	1 078	1 177	-350	827
TOTAL	602 756	1 078	603 834	827	604 661

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 11 978 106 euros at 30 June 2023, is deducted from CET1 capital; CET1 capital amounts to 591 844 704 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 30 June 2023, the amount of commitments received totalled 839 354 283.75 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 30 June 2023, the amount of the portfolio of receivables pledged to CRH amounted to 23 786 672.96 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

	30/06/23		30/06/22		31/12/22	
	Expenses	Income	Expenses	Income	Expenses	Income
Interest						
On bonds issued	177 195		239 392		432 525	
On Mortgage Notes		177 195		239 392		432 525
Translation differences *						
On bonds issued	45 730		26 730		26 730	
On Mortgage Notes		45 730		26 730		26 730
Issuance and management fees						
On bonds issued	12 425		358		5 052	
On Mortgage Notes		12 425		358		5 052
TOTAL	235 351	235 351	266 480	266 480	464 307	464 307

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

Issuance and management fees refer to fees charged back to borrower institutions.

At 30 June 2023, these include :

- Underwriting commission : 11 700 000 euros.
- Rating agency fees : 547 499.98 euros.
- Special controller fees : 39 500.00 euros.
- Fiscal agency fees for bond issues denominated in CHF : 91 379.10 euros.

All of such payments with respect to lending and borrowing operations therefore have no impact on CRH’s net income.

B - Other income and expenses relating to banking operations

For the 2023 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

CHAPTER 20 – FINANCIAL INFORMATION ON THE COMPANY’S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

instruments (TCN). From 2019 to 2021, in order to manage the exceptional negative rate environment, a substantial proportion of maturing investments were re-oriented towards fixed-rate placements. These products represent a rate of return of 1.23% on the average capital invested during the first semester 2023 (0.44% in the first semester 2022 and 0.62% for the full year 2022).

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

	In € thousands		
	At 30/06/23	At 30/06/21	At 31/12/22
Interest on cash management transactions	2 958	955	2 852
Interest on securities available-for-sale (TCN)	0	38	38
Interest on securities held-to-maturity (TCN)	965	259	751
Interest on investment of advances under § 5.3 of Internal Regulations	-1 147	-441	-442
Reversal of impairment charges on re-classified securities	22	35	58
Fees on securities transactions	0	0	0
Operating subsidy received	140	0	3
A - Total other income from banking operations	2 638	846	3 260
Interest on advances under § 5.3 of the Internal Regulations	- 1 442	-441	-442
Miscellaneous interest and expenses	4	34	12
Fees on securities transactions	0	0	0
B - Total other expenses from banking operations	- 1 438	-407	-430
NET BANKING INCOME	4 076	1 253	3 690

Details of the valuation of portfolio securities as of 30 June 2023 are provided in note 6. No disposals of securities were made in during the first semester 2023.

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 until 2022 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

	30/06/23		30/06/22		31/12/22	
	Expenses	Income	Expenses	Income	Expenses	Income
Taxes other than income tax (excerpt)						
SRF contribution	5 080		8 621		8 621	
ECB contribution	-84		297		297	
ACPR contribution	113		137		137	
SRM contribution	4		49		8	
AMF fee	5		0		0	
Other operating income						
Recharged contributions		5 111		11 977		11 937

B – Other operating expenses

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

- 1.1 million euros as of 30 June 2023
- 1 million euros as of 30 June 2022
- 2 million euros as of 31 December 2022.

Total annual administrative expenses represented 0.0096% of average outstanding loans to shareholders as at 30 June 2023 (0.0111% at 30 June 2022, 0.0117% at 31 December 2022).

CHAPTER 20 – FINANCIAL INFORMATION ON THE COMPANY’S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

Details of the main items are as follows:

	30/06/23	30/06/22	<i>In € thousands</i> 31/12/22
Wages and salaries	475	437	819
Retirement expenses (1)	62	36	80
Other social security contributions	188	151	281
Payroll taxes and similar expenses	87	63	116
Total payroll expenses	812	687	1 296
Taxes other than income tax (excerpt)	82	30	89
Rental and leasing	123	119	241
Other external services and miscellaneous administrative expenses	209	163	353
Total other administrative expenses	332	282	594
Amortisation of intangible fixed assets	6	6	12
Amortisation of tangible fixed assets	4	8	16
Total amortisation and depreciation expenses	10	14	28

(1) net of reversal of provisions for retirement benefits in an amount of 14 431 euros as of 30 June 2023.

NOTE 14- Corporation tax

The corporation tax rate in 2023 is 25%.

Accordingly, the estimated corporation tax charge on the interim results as of 30 June 2023 is an amount of 1 954 229 euros. Whilst this only covers recurring transactions, the amount is very significantly increased by adding-back of the SRF contribution of 5 079 870.85 euros which is non-deductible (Note 13 A). To this, it is necessary to add the social contribution in an amount of 51 900 euros.

OTHER INFORMATION

NOTE 15 – 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 first semester 2023.

NOTE 16 - Provision for retirement benefits

Provisions set aside to cover retirement benefits as required by French law, which amounted to 100 000 euros, cover the full amount of CRH’s estimated liability as of 30 June 2023.

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.

Since then, the leverage ratio calculated in accordance with the ECB’s interpretation is above the minimum 3% threshold. It stood at 3.38% on 30 June 2023.

Solvency ratio

The prudential capital requirement level for the year 2023 is unchanged from 2022.

The Common Equity Tier 1 (CET1) capital requirement with which CRH must comply at 30 June 2023 is 7.92%, of which:

- 4.50% for the regulatory “Pillar 1 requirement”;
- 0.42% for the regulatory “Pillar 2 requirement” (excluding “Pillar 2 guidance”¹);

¹ The total CET1 ratio requirement, including the “Pillar 2 guidance” component will not be published.

- 2.50% for the capital conservation buffer;
- 0.50% for the countercyclical capital buffer.

The overall (Total capital) requirement is set at 11.75% (excluding “Pillar 2 guidance”).

With a solvency ratio of 26.35% at 30 June 2023 and an equivalent CET1 ratio, CRH is positioned well in excess of the prudential capital requirements applicable as at 30 June 2023.

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 2013¹, Mortgage Notes held by CRH to be fully exempt from the major risks rules until 1 January 2029.

20.5. DATE OF LATEST FINANCIAL INFORMATION

The financial information dated 30 June 2023 is the latest financial information to have been audited.

¹ 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.

20.6. INTERIM AND OTHER FINANCIAL INFORMATION

CRH has not published any quarterly or half-yearly financial information since its financial statements dated 30 June 2023.

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 132.

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 COMPANY’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 30 June 2023.

CHAPTER 21

ADDITIONAL INFORMATION

Information on the share capital and articles of association (*statuts*), other than as updated below, is set forth in the 2022 registration document, pages 127 to 131.

21.1 SHARE CAPITAL

21.1.2 Authorised unsubscribed share capital

General Meeting Resolution N°	Purpose of the delegation of authority granted to the board of directors	Amount	Duration	Use of authorisations	Unused amount
General Meeting of 17 June 2021 1 st resolution	Increase the share capital by issuing ordinary shares	Nominal amount of increase of authorised share capital: 140 005 202.25 €	5 yrs	By decision of the board of directors on 16 December 2021, with subscription period ending on 11 January 2022 : 38 388 931.75 €	101 616 270.50 €

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.

CHAPTER 24
DOCUMENTS ON DISPLAY

All prospectuses, registration documents and universal registration documents (such documents containing the articles of association) may be consulted on CRH's website:

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

These documents may be obtained free of charge and without obligation, by request to CRH,

By telephone + 33 1 42 89 49 10

By facsimile + 33 1 42 89 29 67

By email: crh@crh-bonds.com

Or by post to the following address:

CRH
Caisse de Refinancement de l'Habitat
3, rue La Boétie
75008 PARIS

A hard copy of the company's constitutive documents may be consulted at its registered office.

CHAPTER 25

INFORMATION ON INTERESTS HELD BY THE ISSUER

CRH 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.

Furthermore, for the purpose of calculating coverage of cash flow requirements specified in article R. 513-7, the institution mentioned in III of the law n° 85-695 dated 11 July 1985 shall not take account of cash flow requirements associated with bonds 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.

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.

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 they 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 them pursuant to the present paragraph. Such submission transfers title of the receivables to them without any other formality, and with the interest, advantages and guarantees attaching thereto, within the limits of the rights over the promissory note that they 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.

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.

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*.

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.

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.

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.

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.

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*.

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.

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.

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*.

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 high 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.

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*.

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 “high 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.

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.

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.

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*).

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**

Prior to issuance, *obligations foncières* and other preferred resources specified in article L. 513-2 - I-2° are set forth in a programme defining the legal and contractual features of the securities, which is submitted for authorisation to the *Autorité de contrôle prudentiel et de résolution* (ACPR), subject to such conditions as that Authority may require.

The request for authorisation 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.

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.

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.

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° In the event of non-payment, on the originally scheduled due date, of any amount of principal or interest on a loan, granted by a *société de crédit foncier* to a credit institution and secured by the delivery, assignment or pledge of receivables (professional or otherwise) pursuant to articles L. 211-38 to L. 211-40 or articles L. 313-23 to L. 313-35. The same applies in the event of non-payment, by 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, of the principal or interest on such notes;
- 2° In the event of non-payment, on the originally scheduled due date, of any amount of principal or interest on *obligations foncières* by the *société de crédit foncier*;
- 3° Where a credit institution the beneficiary of loans granted by a *société de crédit foncier* and secured by the delivery, assignment or pledge of receivables (professional or otherwise)

pursuant to articles L. 211-38 to L. 211-40 or articles L. 313-23 to L. 313-35, or where 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;

- 4° Where a *société de crédit foncier* 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.

In the circumstances referred to in 4°, 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*.

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. 613-35 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^o, 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, 7 July 2021, 23
December 2021 and 1 December 2022**

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 relating to the financial statements of companies in the banking sector.

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 *privilege* 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*.

Where these tasks are outsourced as defined in (q) and (r) of article 10 of the order dated 3 November 2014 on the internal control of enterprises in the banking sector, of payment services and investment services subject to the supervision of the *Autorité de contrôle prudentiel et de résolution*, the personnel and resources to be identified include those of the service providers (Order dated 1 December 2022). 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 “high 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* which defines the terms for verification by the special controller of compliance with the requirements of article 129 of Regulation (EU) no. 575/2013.

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

Chapter VI – Overseas territory provisions

Article 17 – These regulations shall apply in New-Caledonia, French Polynesia and in the Wallis and Futuna Islands, in the version derived from the order dated 1 December 2022, subject to the following adaptations: (Order dated 1 December 2022)

- 1° The amounts in euros are replaced by their equivalent in CFP francs;
- 2° References to the consumer code shall be replaced with references to the equivalent provisions applicable locally;
- 3° In New-Caledonia and French Polynesia , references to the commercial code shall be replaced with references to the equivalent provisions applicable locally in relation to the same subject matter;
- 4° References to regulation n° 575/2013 of the European Parliament and of the Council dated 26 June 2013 are replaced by references to the regulation referred to in article L. 712-7-2° of the Monetary and Financial Code.

This order shall apply in Saint-Pierre-et-Miquelon, subject as provided in 4°.

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 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.

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, they shall not have any voting right or advisory capacity within the board of directors.

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 they 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/she 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/she may not be appointed for a period exceeding his/her 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 they deem 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.

- 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;
- 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 and by articles 1 to 6 of the decree no. 2022-776 dated 2 May 2022;

- 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, 7 July 2021, 23 December 2021 and 1 December 2022;
- 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 a lenders' lien (*PPD*) or a lender's special legal mortgage (*HLSPD*) 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,
- 80% of the value of the property financed or provided by way of security (or up to 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

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 of grant of the loan, 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 not exceeding by more than 18 months 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 € or principal outstanding greater than 480,000 €),
- 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

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 does not, at any time, exceed by more than 18 months the residual term of the mortgage (principal) note.

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 80% of the value of the property financed or provided by way of security (or up to 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).

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. This level is a minimum of 125% (as provided in article L.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

